We understand your world

Experiential Leadership

Enabling Personalized Customer Journeys Through Technology

Annual Report 2017-18

HIGHLIGHTS

Net Profit

₹ 17,487 crore

An increase of 20.2% compared to the previous year.

Balance Sheet Size

₹ 1,063,934 crore

An increase of 23.2% compared to the previous year.

Total Deposits

₹ 788,771 crore

An increase of 22.5% compared to the previous year.

Total Advances

₹ 658,333 crore

An increase of 18.7% compared to the previous year.

Capital Adequacy Ratio

14.8%

Tier I Capital Ratio

13.2%

Gross Non-performing Assets

1.30% of Gross Advances

Network

- Banking outlets: 4,787
- ATMs: 12,635
- Cities/Towns: 2,691

TABLE OF CONTENTS

BOARD AND MANAGEMENT

BOARD OF DIRECTORS

Shyamala Gopinath
Chairperson

Bobby Parikh

Partho Datta

Malay Patel

Umesh Chandra Sarangi

Srikanth Nadhamuni

Keki Mistry

Aditya Puri
Managing Director

Paresh Sukthankar
Deputy Managing Director

Kaizad Bharucha
Executive Director

KEY MANAGERIAL PERSONS

Aditya Puri
Managing Director

Paresh Sukthankar
Deputy Managing Director

Kaizad Bharucha
Executive Director

Sashidhar Jagdishan
Chief Financial Officer

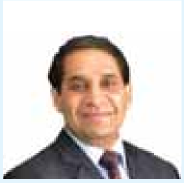
Sanjay Dongre
Executive Vice-President (Legal) & Company Secretary

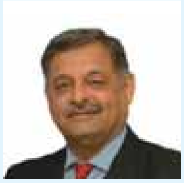
SENIOR MANAGEMENT TEAM


Abhay Aima


Arvind Kapil


Ashima Bhat


Ashish Parthasarthy


Ashok Khanna


Bhavesh Zaveri


Chakrapani Venkatachari


Jimmy M Tata


Munish Mittal


Navin Puri


Neil Francisco


Nirav Shah


Nitin Chugh


Parag Rao


Philip Mathew


Rahul Shukla


Rajesh Kumar R


Rakesh K Singh


Ravi Narayanan


Sashidhar Jagdishan


Smita Bhagat

STATUTORY AUDITORS

Deloitte Haskins & Sells

Chartered Accountants

REGISTERED OFFICE

HDFC Bank House,

Senapati Bapat Marg,

Lower Parel, Mumbai 400 013

Tel: + 91 22 6652 1000

Fax: + 91 22 2496 0737

CORPORATE IDENTIFICATION NO.

L65920MH1994PLC080618

REGISTRARS & TRANSFER AGENTS

Datamatics Business Solutions Limited (Formerly Datamatics Financial Services Limited)

Plot No. B 5, Part B,

Crosslane, MIDC, Marol,

Andheri (East), Mumbai- 400 093

Tel: + 91 22 6671 2213/14

Fax: + 91 22 6671 2011

e-mail: hdinvestors@datamaticsbpm.com

24TH ANNUAL GENERAL MEETING

DATE

June 29, 2018

DAY

Friday

TIME

2.30 p.m.

PLACE

Birla Matushri Sabhagar, 19, New Marine Lines,
Mumbai 400 020

RECORD DATE FOR DETERMINING ELIGIBILITY OF DIVIDEND

June 1, 2018 (both physical and electronic)

EVOLVING INTO AN EXPERIENCE BUSINESS, DIGITALLY

At HDFC Bank, customers are at the core of our digital evolution. Our suite of personalised products, services and digital experiences, redefine our commitment to provide an enhanced experience for our customers. Intuitive products, platform agnostic solutions and a holistic sophistication across devices enable us to create unique experiences for our customers. Importantly, they are for everyone - both customers who have a relationship with us as well as those who do not.

Shifting from transactional optimisation to experience differentiation

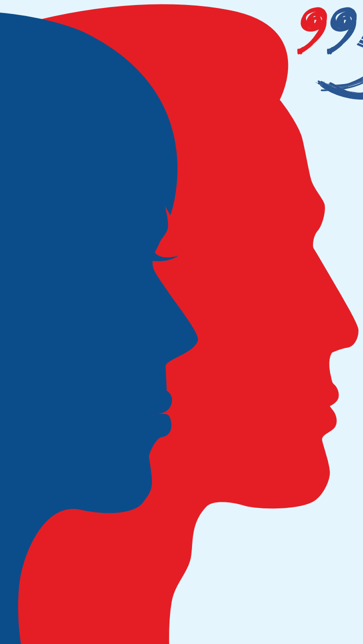
We believe that shifting our focus from transactional interactions to experience differentiation will give us a competitive advantage.

In today's age of multiple devices, it is imperative that we provide a cohesive and seamless experience to our customers. It is also important that we anticipate customer requirements and provide solutions with a first-time-right approach. Integrating existing systems with newer technology platforms can help us design more satisfying customer experiences. With these objectives in mind, we are well on our way to revamping all our digital solutions – our website, including the NetBanking experience, the MobileBanking app, our digital wallet PayZapp and our compare-and-shop portal SmartBuy, to offer a consistent, seamless, intuitive and contextual journey across all platforms.

For customers who prefer to explore by themselves, we have designed experiences, which enable them to select and purchase our most relevant solutions with ease. Our customers can select products ranging from loans to forex cards, and everything else that the bank can offer them, in an effortless and intuitive manner.

Creating a conversational experience

We endeavor to humanize conversations and transform how customers interact with us. Through meaningful exchanges with over four crore customers, we take every opportunity to improve the quality of interactions across touch-points and enhance customer experience by making interactions more friendly, familiar and relevant.



Our AI-based chatbot **EVA** (**E**lectronic **V**irtual **A**ssistant) is available on all digital platforms including the website, mobile site, and SmartBuy. EVA helps customers find information in a matter of seconds, eliminating the need to talk to a customer service agent. EVA amiably responds to both audio and text queries with élan. Today, EVA works in tandem with Google Assistant and Alexa. Our customers can simply say, "Ok Google, talk to HDFC Bank" or, "Alexa, what is the interest rate on an FD for a year?" to let EVA answer queries. Voice-activated banking automation is another key innovation that reiterates our commitment to high quality customer experience 24X7.

HDFC Bank is the first bank to provide bot-based social media banking services to its customers. The country's first social media banking bot, **OnChat**, helps customers transact on Facebook Messenger. Fast, easy and secure, OnChat enables our customers to search, discover, confirm, and pay for services, all within the same chat box. Using OnChat, customers can pay bills, check stock prices, recharge, book cabs, hotels, movie tickets and more.

Our **DCC** (**D**igital **C**ommand **C**entre) helps understand our customers better by learning from their preferences and concerns. Whether it is a complaint, a grievance, or an acknowledgement for our services, we respond immediately through our traditional and social media channels to ensure we are with and for our customers on a real time basis.

Experience differentiation through personalisation

Hyper-personalisation is another major step towards facilitating an enhanced customer experience and creating customized consumer journeys. This is done by offering customers the option to create a Customer ID of their own choice and real-time expense tracking. We were the first to offer customers the ability to personalize their most frequent transactions on an ATM over a decade ago.

We collaborate with leading technology providers to enable us to understand our customer requirements. As a result, our customer conversations are now more relevant and contextual. Using a combination of personalised interfaces like intelligent notifications, personalised banner displays etc., and digital apps, we are able to customize experiences through our virtual channels as well as offer it to more customers. Our **Insta Alerts** enable customers to remain aware of every account-related activity, anytime, anywhere. Each innovation is an attempt at enhancing our customers' experience.

Our mission is to script bespoke customer journeys in this age of experience. Our approach of 'Experience differentiation' aims to fulfil the needs of our customers, at every life stage, so that when they think about money, they think of HDFC Bank.

Setting the benchmark for effortless banking

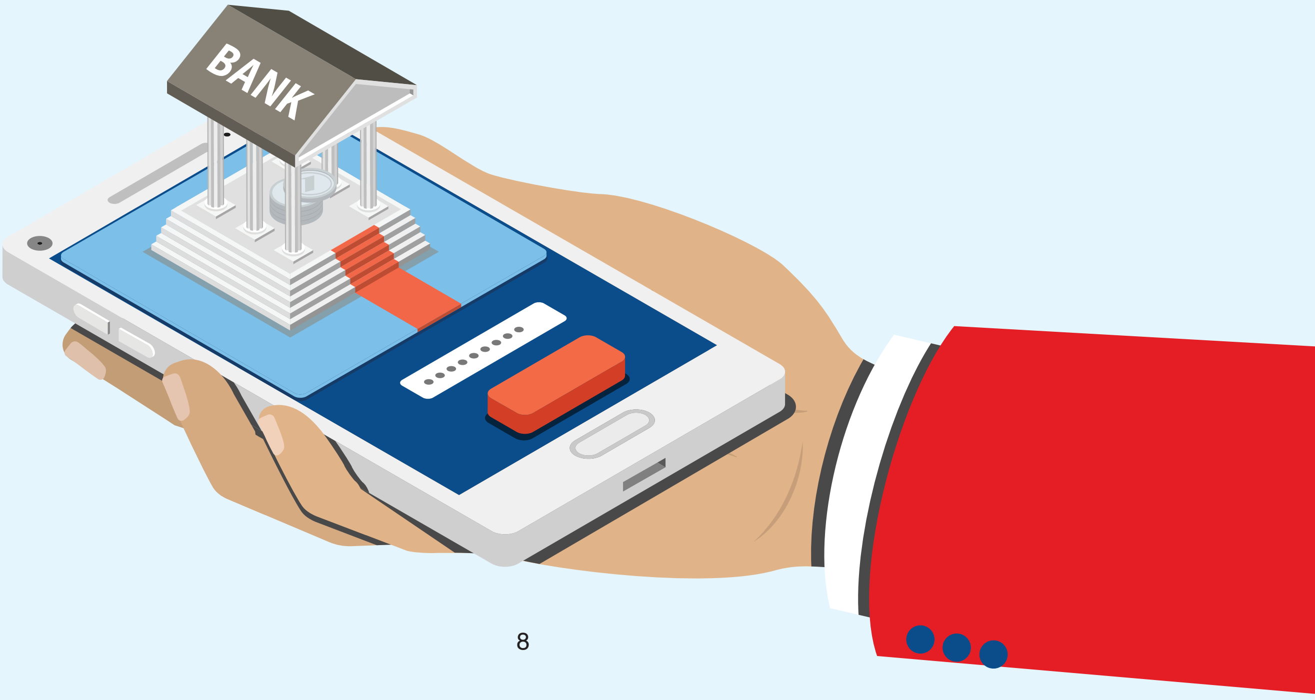
It is our aim to customize our products and services to meet the unique needs and preferences of every HDFC Bank customer. We are aware of the need for a completely effortless interface and experience, which customers can navigate with ease, in an unassisted manner.

Our **10 Second Loans** have redefined the rules of the game. Forget cumbersome loan processes; today, when a pre-approved HDFC Bank customer requires a loan he enjoys the benefit of having the funds in his account within seconds. This paperless service is available to him 24X7, at the touch of a button. Similarly, when a bank customer applies for a Credit Card, he has the option of receiving a virtual InstaCard that is instantly activated and ready for immediate use.

PayZapp – our digital wallet has empowered customers to make instant digital payments through more convenient options like Scan-to-Pay.

Using an industry-first approach, we have implemented a self-sustained accelerated rewards program. Our **SmartBuy** platform leverages the power of the bank to bring the best merchant offers to customers. It provides those searching online for products and services with a list of options, including offers from the most preferred retailers, as well as the cheapest deals available. Over 1.5 million users visit SmartBuy, every month.

To help customers unlock the value of their investments, without liquidating them during exigencies, we have created **Digital Loans against Securities and Mutual Funds**. Customers can now pledge their securities and mutual fund assets online and get an overdraft limit set in under three minutes. All of this happens in three easy steps through the HDFC Bank website.



HDFC Bank **SmartHub** solutions provide existing and prospective customers with assistance to manage a host of activities like payments, admissions, appointments, donations and more. Over 8,000 educational institutions and 2,500 government departments are active users on this platform. The **SmartHub Merchant App**, a counterpart of our smart banking solution, is a single merchant platform that customers use to make payments, monitor services and related servicing needs.

Innovating our way to the future

HDFC Bank is a trusted name in the banking sector today only because of the trust that our customers place in us. The passion to excel is in our DNA and every innovation intends to deliver an excellent digital banking experience to our customers. We ensure that we are truly the pioneers of experiential leadership in the banking sector, bringing the bank closer to the customer every day.

HDFC BANK PARIVARTAN – A STEP TOWARDS PROGRESS

At HDFC Bank, we believe the real development of a country is possible only when its communities are empowered. It is this belief that drives us to encourage the holistic growth of communities through our CSR initiative, HDFC Bank Parivartan.

HDFC Bank Parivartan addresses the need for socioeconomic empowerment through its five distinct areas of intervention:

- Rural Development
- Promotion of Education
- Skill Development and Livelihood Enhancement
- Healthcare and Hygiene
- Financial Literacy and Inclusion

Rural Development

Promoting holistic growth and development of rural communities.

Fighting the Maharashtra drought, one drop at a time

The continuing urbanization of India has indeed expanded opportunities for people. However, one cannot overlook the great decline that our agricultural sector has suffered. One of the many millions that had fallen victim to this hardship is Tukojirao Patil, a farmer from Jalgaon, Maharashtra. The lack of rainfall was plaguing his village with acute water shortage. The soil,

deprived of moisture, caused crop failure year after year thereby plummeting Patil to extreme poverty. Determined to bring about change, HDFC Bank Parivartan along with a local NGO partner, KVGPS, developed the village under its Holistic Rural Development Program (HRDP). Measures to tackle the drought by constructing 31 ground water recharge structures were implemented, improving the water levels and helping the village get back the water it was once rich with.

Total impact in the area of Rural Development

- Households covered: 2,98,066
- Villages impacted: 870

Promotion of Education

Create a conducive learning environment in communities across the country and promote learning.

Learning made fun

Learning is as much a matter of the heart as it is of the mind. While our education system strives to impart the right knowledge to the young minds of our country, at times, the individual needs of some are ignored. Shamshad Qureshi, a class 7 student, was one of these individuals. He lacked interest in studies and this was apparent from his poor attendance. This disinterest was largely because he lacked understanding of what was being taught in school. Project Disha, supported by HDFC Bank, helped teachers start using innovative methods and activity-based teaching to address this challenge. Equipped with these new ways to learn, Shamshad and his friends have now started looking forward to school and we hope in time, these innovative techniques will usher in a new perspective on education in India.

Total impact in the area of Promotion of Education

- Teachers oriented: 10,47,250
- Schools covered: 1,47,021

Skill Development and Livelihood Enhancement

To up-skill people in their occupations and train them for placements.

Ponsara girls create history

India has experienced rapid growth and development in the past years across various domains. Unfortunately, gender equality is not one of them. No nation can progress unless its women are given equal access to opportunities. HDFC Bank Parivartan is devoting its energies to overcome this hurdle by initiating skill development programmes across the nation. Under this initiative, the SWADHAAR Computer Training Course at Ponsara Centre equips women to join the workforce with core skill training development.

The programme recently succeeded in helping three women secure a job. Mamta Bhargav, Pavita Bijore and Radhika Yadav cleared the written test and interview conducted at a campus selection organized by SWADHAAR. They are now all set to take up their first Tele-calling job at Raipur.

Total impact in the area of Skill Development and Livelihood Enhancement

- Farmers up-skilled and youth trained: 82,121
- Women empowered: 7,45,127

Healthcare and Hygiene

Focuses on improving sanitation facilities, and promoting good and safe hygiene practices across several communities.

Raswanti brings open defecation to a close

As India enters a new era of leadership on the world stage, the nation, as a whole, has realized that change at home has a significant impact on this progress. Raswanti Rai, having followed the age-old practice of open defecation, was no longer willing to risk the safety and dignity of her daughter or herself. Facilitated by HDFC Bank's construction of Individual Household Latrines (IHHL) under the Swachh Bharat Mission, Raswanti pledged to use and maintain the toilet. She is now a key motivator in the village to eradicate open defecation.

Total impact in the area of Healthcare and Hygiene

- Sanitation units constructed: 23,254
- Health camps conducted: 5,669

Financial Literacy and Inclusion

Educate people to make informed financial decisions.

Sulochana empowers herself, inspires others

Women all over the world have proved that they can do great things if they are given a chance. Unfortunately, opportunities don't always come knocking at the doors of most women in rural India. Sulochana's story is no different. Her journey began in a small tailoring institute in Tamil Nadu where she used to attend sewing classes regularly. She was one of the brightest students in her class and was always willing to teach her peers who needed help. Soon, she mastered the art of dressmaking and started her own sewing institution with just two machines. HDFC Bank Parivartan enabled her to buy more machines that helped her grow her business. From the money earned, she renovated her house and is currently supporting her family of four. Today, Sulochana is a source of inspiration to many and is on a mission to empower women in her locality with just two machines.

Total impact in the area of Financial Literacy and Inclusion

- Participants covered under FLPs: 59,17,272
- Financial Literacy Programmes (FLPs) conducted: 6,83,319

With such efforts, we hope for HDFC Bank Parivartan to inspire communities to be self-reliant and make them equal partners in the growth of our nation. We are realizing this dream through our core value of sustainability—that enables families to break out of the vicious cycle of poverty and draws them into a cycle of growth, development and empowerment, while simultaneously maintaining the ecological balance. These small steps will pave the way for a giant transformation.

HDFC Bank's Parivartan has impacted 8 million lives, nationwide.

With HDFC Bank Parivartan, we aim to inspire people and empower communities by working with them and walking with them - one step at a time, towards a brighter future.

HDFC BANK
PARIVARTAN
A step towards progress

WORKING WITH THE GOVERNMENT

We, at HDFC Bank, have always believed that the role of any corporate/company is to assist in furthering the government's developmental agenda for the country. We understand and acknowledge that it is not merely our role but also our responsibility as corporate citizens. Over the years, we have collaborated with the government to deliver key changes that are critical to India's growth.

Here are some of the more recent initiatives that HDFC Bank has worked on in conjunction with the Government of India.

Digital India Initiative

The Ministry of Electronics & Information Technology (MeitY) has ranked HDFC Bank as the Number 1 bank for supporting several initiatives executed by the Ministry. We are proud to be one of the few banks that achieved the targets to install Point of Sale (PoS) units, integrate the Bharat QR payment system and promote the BHIM mobile app based on the Unified Payment Interface (UPI) following demonetization.

Banking on Bharat

Our vision is aligned to that of our government's to provide world-class services to everyone. We are actively working with panchayats across the country to provide them all banking solutions and have already opened over 60,000 panchayat accounts.

Startup India

HDFC Bank has created its own start-up fund to work with various state governments and accelerators and promote entrepreneurship:

- MoUs signed with three state governments to enable proper execution of their start-up policy. We provide start-ups with an opportunity to work with us and evaluate their need for funding.

- We collaborate with seven incubators certified by the Department of Science and Technology, including various IITs and IIMs, to identify social start-ups that require financial and advisory support.

Partnering on PFMS (Public Fund Management System) and e-Governance projects

HDFC Bank also plays an active role in the development of large projects like GeM and PFMS. Dedicated teams from the bank work closely with government authorities and play a critical role by providing real-time, on-ground feedback for refinement of project architectures. In addition, the bank enables automation and digitization for various government departments to help generate time and cost efficiencies. For example, we are developing end to end technology solutions for state governments to manage large impact schemes like National Health Mission, PMAY, MGNREGA, etc. more efficiently. The bank has been working on various e-Governance initiatives by running projects like MahaOnline (Maharashtra), Mee Seva (Andhra Pradesh) and currently evaluating a project for West Bengal.

Smart City and Urban Mobility projects

HDFC Bank has collaborated with Thane city to launch the first 'One-City-One-Card' solution as a part of the Smart City initiative. A similar solution has also been created for Panaji Smart City. A customized mobile app is in service in Kanpur to further support the Smart City initiative.

To promote the government's agenda to address the need to improve urban mobility, HDFC Bank has collaborated with various state governments including Rajasthan and U.P. to provide Transit Cards and payment solutions.

Customized Banking Solution for Government Employees

HDFC Bank has designed a customized banking package for government employees at both the state and central levels. This includes an overdraft secured by their salary account, complimentary insurance covers, zero-cost consumer durable offers on premium brands and the best pricing on loans.

Government e-Marketplace (GeM)

HDFC Bank has collaborated with the Government for its e-Marketplace (GeM) platform to provide banking solutions for online buyers and sellers on the e-Procurement platform.

Customized Collection and Payment Services

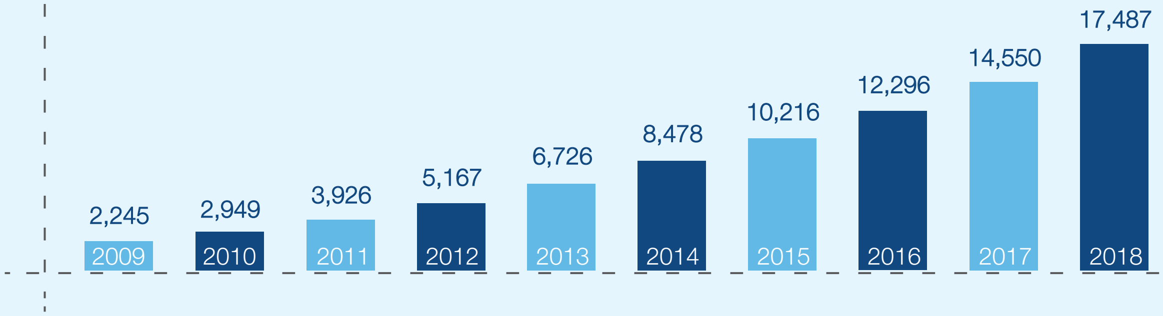
HDFC Bank has designed a customized Collection and Payment Services solution that conforms to various departments and schemes of the Government of India. For instance, the Uttar Pradesh State Industrial Development Corporation (UPSIDC), the Naya Raipur Development Authority (NRDA) Scheme and the National Health Mission (NHM) currently use made-to-order solutions from HDFC Bank.

HDFC Bank has signed an MoU with the Indian Army to offer them salary accounts and a host of banking products and services.

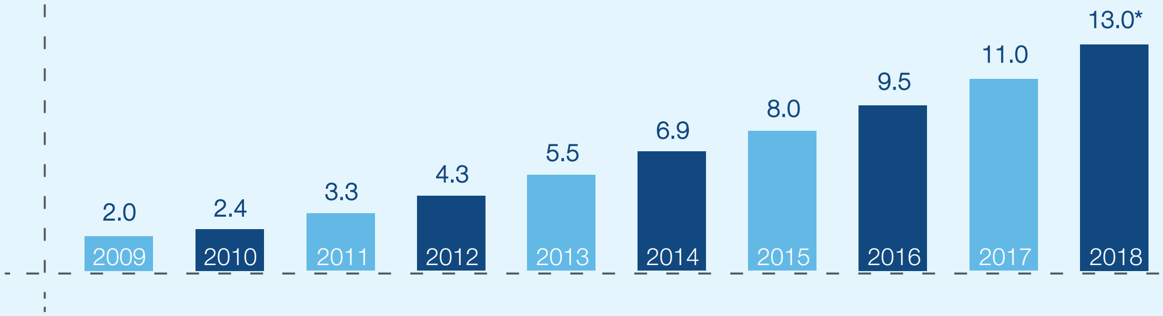
HDFC Bank has signed an MoU with the Government of Maharashtra in their endeavour to make Mumbai a Fintech hub. Smita Bhagat, Group Head - Branch Banking, Government and Institutional Business, E-commerce with Shri Devendra Fadnavis, Hon'ble CM of Maharashtra.

GRAPHICAL HIGHLIGHTS

PROFIT AFTER TAX (₹ crore)

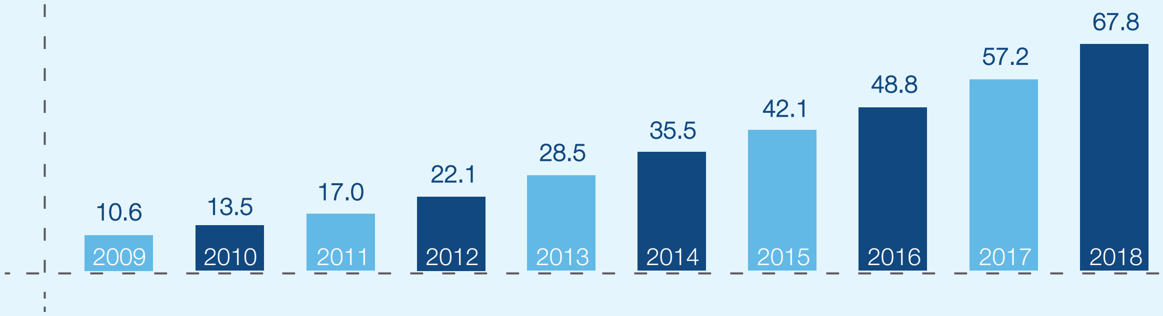


DIVIDEND PER SHARE (₹)



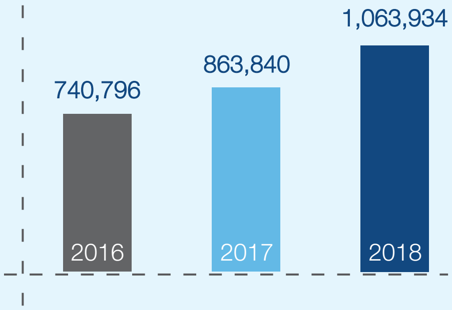
* Proposed

EARNING PER SHARE (₹)

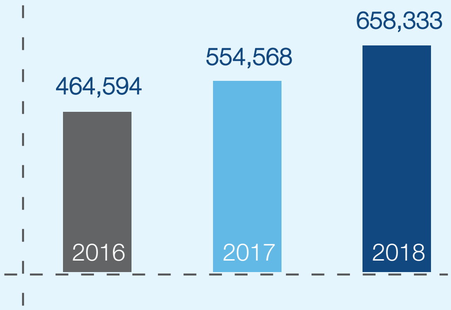


GRAPHICAL HIGHLIGHTS

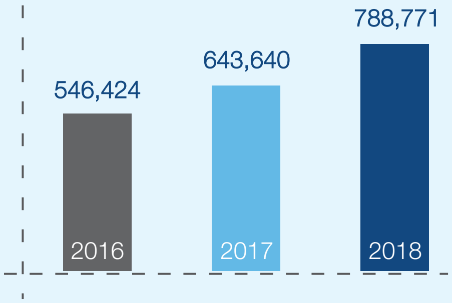
BALANCE SHEET SIZE (₹ crore)



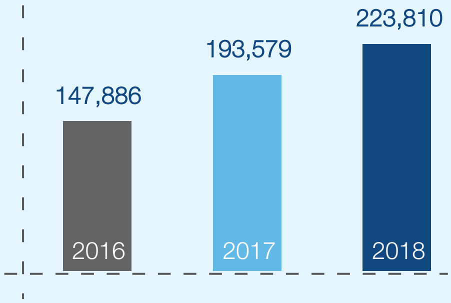
ADVANCES (₹ crore)



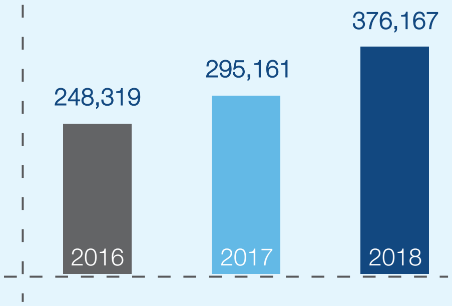
DEPOSITS (₹ crore)



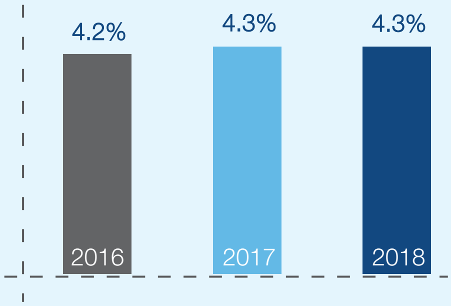
SAVING DEPOSITS (₹ crore)



RETAIL ASSETS (₹ crore)

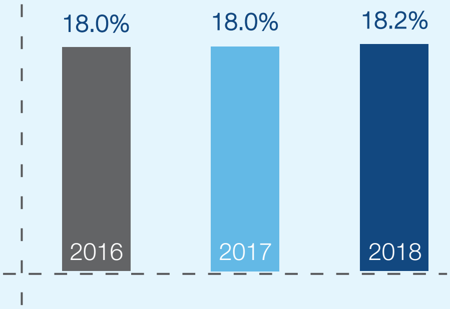


NET INTEREST MARGIN

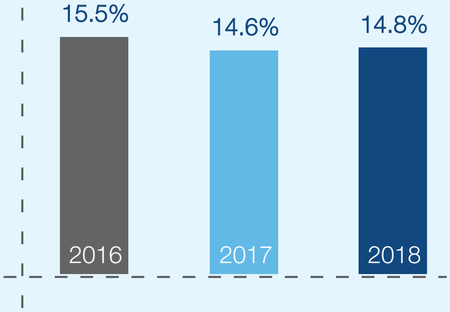


GRAPHICAL HIGHLIGHTS

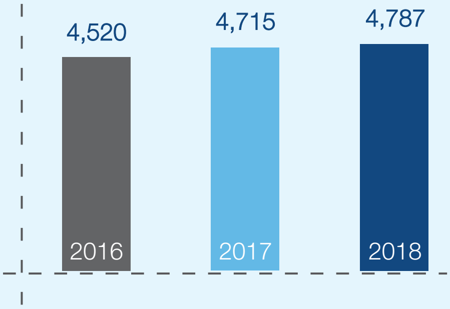
RETURN ON CAPITAL



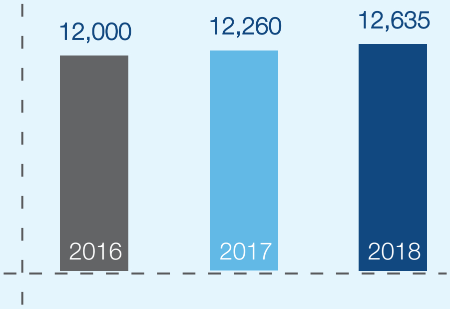
CAPITAL ADEQUACY



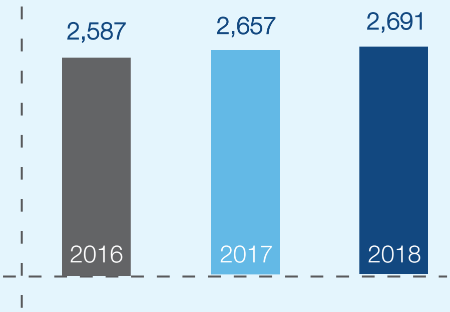
BANKING OUTLETS (Nos.)



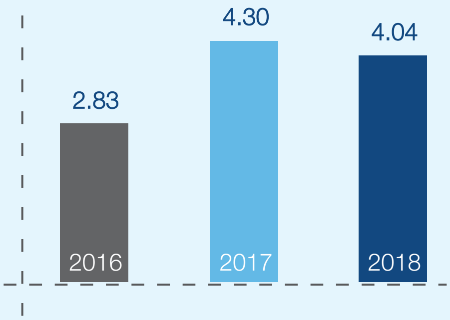
ATMs (Nos.)



CITIES / TOWNS (Nos.)

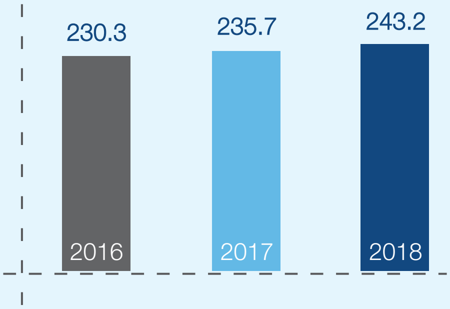


POS TERMINALS INSTALLED (Nos. in lac)

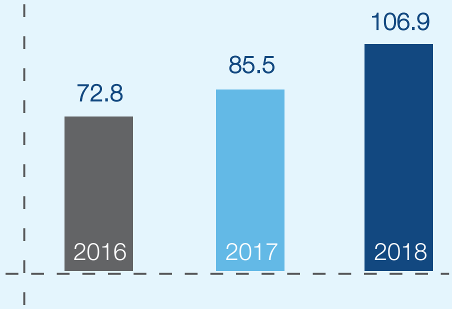


GRAPHICAL HIGHLIGHTS

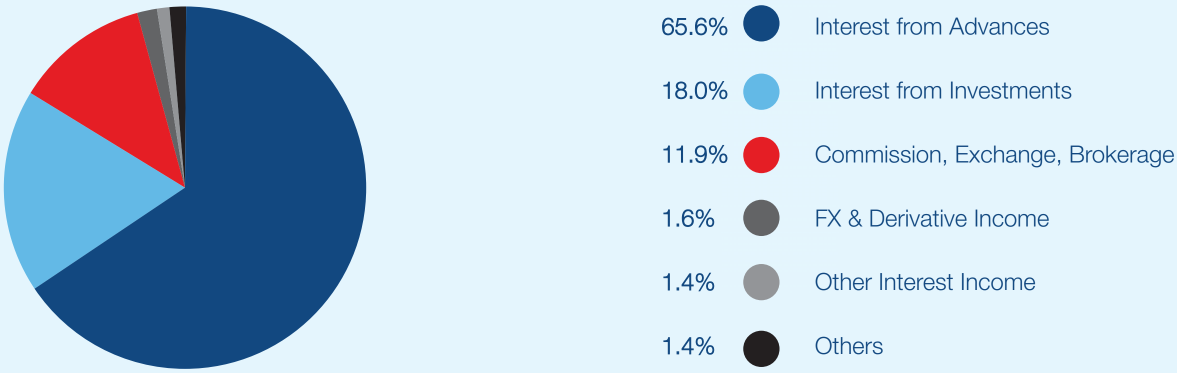
DEBIT CARDS (Nos. in lac)



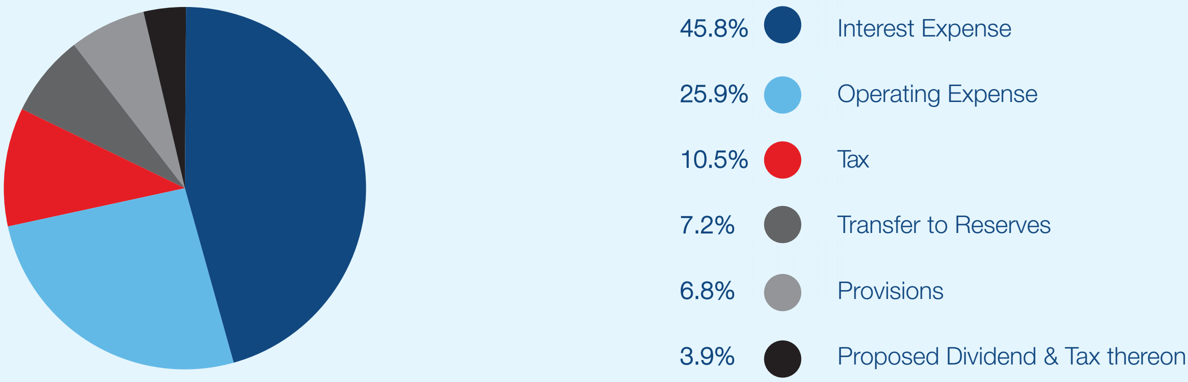
CREDIT CARDS (Nos. in lac)



RUPEE EARNED



RUPEE SPENT



Financial Highlights

	2008-2009	2009-2010	2010-2011
Interest income	16,584.01	16,467.92	20,380.77
Interest expense	8,911.10	7,786.30	9,385.08
Net interest income	**7,672.91**	**8,681.62**	**10,995.69**
Other income	3,700.65	4,573.63	4,945.23
Net revenues	**11,373.56**	**13,255.25**	**15,940.92**
Operating costs	5,950.54	6,475.71	7,780.02
Operating result	**5,423.02**	**6,779.54**	**8,160.90**
Provisions and contingencies	2,123.78	2,490.40	2,342.24
Loan loss provisions	1,970.35	2,288.74	1,198.55
Others	153.43	201.66	1,143.69
Profit before tax	**3,299.24**	**4,289.14**	**5,818.66**
Provision for taxation	1,054.31	1,340.44	1,892.26
Profit after tax	**2,244.93**	**2,948.70**	**3,926.40**
Funds :			
Deposits	142,811.58	167,404.44	208,586.41
Subordinated debt	8,738.58	6,353.10	7,393.05
Stockholders' equity	14,646.33	21,519.58	25,376.35
Working funds	183,270.77	222,458.57	283,634.24
Loans	98,883.05	125,830.59	159,982.67
Investments	53,309.31	51,013.32	67,952.59
Key Ratios :			
Earnings per share (₹) *	10.57	13.51	17.00
Return on average networth	16.12%	16.80%	16.52%
Tier 1 capital ratio	10.58%	13.26%	12.23%
Total capital ratio	15.69%	17.44%	16.22%
Dividend per share (₹) *	2.00	2.40	3.30
Dividend payout ratio	22.17%	21.72%	22.72%
Book value per share as at March 31 (₹) *	68.86	94.02	109.09
Market price per share as at March 31 (₹) **	194.68	386.70	469.17
Price to earnings ratio	18.42	28.62	27.59

₹ 1 Crore = ₹ 10 Million

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

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

*** Proposed

(₹ crore)

2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
27,874.19	35,064.87	41,135.53	48,469.91	60,221.45	69,305.96	80,241.35
14,989.58	19,253.75	22,652.90	26,074.23	32,629.93	36,166.74	40,146.49
12,884.61	**15,811.12**	**18,482.63**	**22,395.68**	**27,591.52**	**33,139.22**	**40,094.86**
5,783.62	6,852.62	7,919.64	8,996.34	10,751.72	12,296.49	15,220.31
18,668.23	**22,663.74**	**26,402.28**	**31,392.02**	**38,343.24**	**45,435.71**	**55,315.17**
9,277.64	11,236.11	12,042.20	13,987.55	16,979.69	19,703.32	22,690.36
9,390.59	**11,427.63**	**14,360.08**	**17,404.47**	**21,363.55**	**25,732.39**	**32,624.81**
1,877.44	1,677.01	1,588.03	2,075.75	2,725.61	3,593.30	5,927.49
1,091.77	1,234.21	1,632.58	1,723.58	2,133.63	3,145.30	4,910.43
785.67	442.80	(44.56)	352.17	591.98	448.00	1,017.06
7,513.15	**9,750.62**	**12,772.05**	**15,328.72**	**18,637.94**	**22,139.09**	**26,697.32**
2,346.08	3,024.34	4,293.67	5,112.80	6,341.71	7,589.43	9,210.57
5,167.07	**6,726.28**	**8,478.38**	**10,215.92**	**12,296.23**	**14,549.66**	**17,486.75**
246,706.45	296,246.98	367,337.48	450,795.65	546,424.19	643,639.66	788,770.64
11,105.65	16,586.75	16,643.05	16,254.90	15,090.45	13,182.00	21,107.00
29,924.37	36,214.15	43,478.63	62,009.42	72,677.77	89,462.38	106,295.03
345,248.26	421,327.31	491,599.50	595,695.13	740,796.07	863,840.19	1,063,934.32
195,420.03	239,720.64	303,000.27	365,495.04	464,593.96	554,568.20	658,333.09
89,967.10	111,303.21	100,111.88	156,833.82	195,836.29	214,463.34	242,200.24
22.11	28.49	35.47	42.15	48.84	57.18	67.76
18.37%	20.07%	20.88%	20.36%	17.97%	18.04%	18.22%
11.60%	11.08%	11.77%	13.66%	13.22%	12.79%	13.25%
16.52%	16.80%	16.07%	16.79%	15.53%	14.55%	14.82%
4.30	5.50	6.85	8.00	9.50	11.00	13.00 ***
22.70%	22.77%	22.68%	23.62%	23.51%	23.32%	23.26%
127.52	152.20	181.23	247.39	287.47	349.12	409.60
519.85	625.35	748.80	1,022.70	1,071.15	1,442.55	1,929.00
23.51	21.95	21.11	24.26	21.93	25.23	28.47

HDFC BANK
We understand your world

Dear Shareholders,

Your Directors take great pleasure in presenting the 24th Annual Report on the business and operations of your Bank, together with the audited accounts for the year ended March 31, 2018.

It has been a challenging but historic year for India's economy, especially for the banking sector, with heightened asset quality stress levels and operating risks. While the effects of demonetisation spilled over into the first quarter, the second quarter marked the rollout of the much awaited Goods and Services Tax (GST). The introduction of this composite tax saw many levies being done away with and marked a huge step towards transforming India into a giant common market. In the long run, GST is expected to give a fillip to the economy as a whole; in the short term, however, this led to initial growth pangs, particularly in the cash-dependent sectors of the industry such as Small and Medium Enterprises (SMEs).

In the year under review, your Bank:

- Witnessed consistent improvement in a majority of its key financial parameters
- Saw increased digitisation
- Stepped up its social commitment activities
- Secured more awards and recognition
- Firmed up its fund raising plans

Financial Parameters

Your Bank recorded an improvement in a majority of its key financial parameters. At ₹ 17,486.8 crore, Net Profit went up by 20.2 per cent. Similarly, at ₹ 40,094.9 crore, Net Interest Income rose by almost 21 per cent. Core Net Interest Margin remained stable at 4.3 per cent. Net Non-Performing Assets (NPAs) at 0.4 per cent is among the lowest in the industry. This was largely due to the Bank's prudent credit evaluation of the targeted customer profile and having a diversified loan book spread across customer segments, products, sectors and managing risk-return decisions with discipline.

Increased Digitisation

Your Bank today caters to more than 4.36 crore customers. Although it has 4,787 banking outlets, what is noteworthy is that an overwhelming 85 per cent of transactions are through digital channels. This has led to a larger distribution footprint and a superior customer experience resulting in higher market share at lower cost.

Greater Social Commitment

The Bank's guiding force is the belief that businesses cannot prosper if the communities in which they operate fail. Towards this end, your Bank has chosen to bring about a holistic change in the lives of people. You will be happy to know that for the second consecutive year it met the mandatory 2 per cent Corporate Social Responsibility (CSR) expenditure with a spend of ₹ 374 crore. *Parivartan*, the new umbrella CSR brand, is expected to lend a sharper focus to these efforts. To put matters in perspective, the Bank's social journey began about a decade ago through its board mandated Sustainable Livelihood Initiative (SLI) to make a difference to the lives of 1 crore households. SLI helps people improve their lives by upgrading their skillsets and, thus, enabling them to break out of the cycle of poverty. Under its Holistic Rural Development Programme (HRDP), the Bank transforms lives in rural India and thus helps bridge the gap with urban India.

Awards and Recognition

The Bank continues to be awarded and win laurels. Notably, it was named India's most valuable brand for the fourth year in a row in the BrandZ survey of Top 50 Most Valuable Indian Brands. Forbes Asia said in an article that your Bank was among the five companies that shaped Asia and the world.

Fund Raising

The Bank is awaiting the receipt of relevant approvals for raising of additional capital up to an aggregate sum of ₹ 24,000 crore, of which such number of equity shares of face value of ₹ 2/- each aggregating up to ₹ 8,500 crore are proposed to be allotted to Housing Development Finance Corporation Limited, the Bank's promoter, on a preferential basis and the balance amount by issue of equity shares and / or convertible securities / depository receipts pursuant to a Qualified Institutions Placement / American Depository Receipts / Global Depository Receipts program. This additional capital proposed to be raised is intended to support growth over the next few years. Notably, your Bank has been diversifying its funding base. For example, it was the first bank in the country to issue ₹ 2,300 crore worth of masala bonds in the international markets. It also raised Additional Tier I capital by issuing Perpetual bonds of ₹ 8,000 crore and Tier II capital of ₹ 2,000 crore.

Summary

In another development in the year under review, the Reserve Bank of India (RBI) has identified your Bank as a Domestic Systemically Important Bank (D-SIB). This means that its continued functioning is critical for the uninterrupted availability of essential banking services to the economy. To sum up, your Bank is geared up for the next phase of growth, given the looming market opportunities and its strong positioning in each of its major franchises. This, of course, would not have been possible without the contribution of over 88,000 employees across the country, who represent the brand and take it forward every day.

Summary of Financial Performance

(₹ crore)

Particulars	For the year ended / As on	
	March 31, 2018	March 31, 2017
Deposits and Other Borrowings	9,11,875.6	7,17,668.5
Advances	6,58,333.1	5,54,568.2
Total Income	95,461.7	81,602.5
Profit Before Depreciation and Tax	27,603.6	22,972.2
Profit After Tax	17,486.8	14,549.7
Profit Brought Forward	32,668.9	23,527.7
Total Profit Available for Appropriation	50,155.7	38,077.3
Appropriations		
Transfer to Statutory Reserve	4,371.7	3,637.4
Transfer to General Reserve	1,748.7	1,455.0
Transfer to Capital Reserve	235.5	313.4
Transfer to / (from) Investment Reserve	(44.2)	4.3
Dividend (including tax / cess thereon) pertaining to previous year paid during the year, net of dividend tax credits *	3,390.6	(1.7)
Balance carried over to Balance Sheet	40,453.4	32,668.9

** 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 Bank had not appropriated the proposed dividend from the Statement of Profit and Loss for the year ended March 31, 2017. Hence, the same has been appropriated basis actual payout.*

The Bank's Total Income rose to ₹ 95,461.7 crore for the year under review from ₹ 81,602.5 crore in the previous year. Net Profit increased by 20.2 per cent to ₹ 17,486.8 crore from ₹ 14,549.7 crore.

Appropriations from Net Profit have been effected as per the table given above.

Dividend

Your Bank has a dividend policy that, *inter alia*, balances the objectives of appropriately rewarding shareholders and retaining capital in order to fund future growth. It has a consistent track record of steady increase in dividend distribution, with the Dividend Payout Ratio ranging between 20 per cent and 25 per cent - a range that the Board endeavours to maintain. The dividend policy of your Bank is available on the Bank's website at the following link: http://www.hdfcbank.com/htdocs/common/pdf/corporate/Dividend-Distribution-Policy.pdf

Consistent with this policy and in recognition of the overall performance during the year under review, your Directors are pleased to recommend a dividend of ₹ 13 per equity share of ₹ 2 as against ₹ 11 per equity share in the previous year. As you are aware, this dividend will be subject to tax to be paid by the Bank. 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 Bank has not appropriated proposed dividend from Statement of Profit and Loss for the year ended March 31, 2018. However, the effect of the proposed dividend, including tax on dividend aggregating to ₹ 4,067.07 crore, has been reckoned in determining capital funds in the computation of capital adequacy ratio as at March 31, 2018.

Ratings

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

Issuance of Equity Shares and Employee Stock Options (ESOP)

As on March 31, 2018, the issued, subscribed and paid up capital of your Bank stood at ₹ 519,01,80,534 comprising 259,50,90,267 equity shares of ₹ 2 each. During the year under review, 3,25,44,550 equity shares were allotted to employees in respect of the equity stock options. The information pertaining to ESOPs is given in **ANNEXURE 1** to this report.

Capital Adequacy Ratio (CAR)

As on March 31, 2018 your Bank's total CAR, calculated in line with Basel III capital regulations, stood at 14.8 per cent, well above the regulatory minimum of 10.875 per cent including the Capital Conservation Buffer of 1.875 per cent. Of this, Tier I CAR was 13.2 per cent. The effect of the proposed dividend has been taken into account in computing these ratios.

MANAGEMENT DISCUSSION AND ANALYSIS

Macroeconomic and Industry Developments

Over the last two years, the Government has taken some key policy decisions including a recapitalisation plan of ₹ 2,10,000 crore for public sector banks and introduction of the GST. As mentioned earlier, the growth pangs are only short-term and in the long run, GST is expected to give a fillip to the economy as a whole.

The slowdown in growth witnessed during 2016-17 (compared with 2015-16) intensified in the first quarter of 2017-18; GDP growth slowed to a 13-quarter low of 5.7 per cent, sharply lower than 7.9 per cent expansion in the same quarter of the preceding year. But, as the transitory impact of both GST and the demonetisation shock is on the wane, the economy appears to be gradually regaining momentum. GDP growth rebounded to 6.5 per cent in the second quarter of 2017-18, and further to 7.2 per cent in the third quarter of 2017-18 after slowing down in the past five quarters. Going by the 2018 Union Budget, the focus of fiscal policy in the coming year will be on revival of the rural economy and infrastructure expenditure.

Notwithstanding some positive uptake in private investment growth in the second quarter, we believe incremental pick-up in private capital expenditure is likely to be sector and sub-sector specific and gradual. We expect a more formidable recovery in private capital expenditure cycle by the first half of the year ending March 31, 2019. Overall, on the back of the assumption of a pick-up in private consumption, gradual recovery in private capital expenditure and continued support from Government-led capital spending we expect the real GDP growth for 2018-19 to rise to 7.3 per cent from 6.6 per cent in 2017-18.

The moderation in inflation which was seen in 2016-17 continued in the early part of 2017-18 as well, with the CPI falling to a series low of 1.5 per cent in June 2017 driven by both lower food and core inflation. Having averaged 2.6 per cent in the first half of 2017-18, inflation inched up slightly in the second half (average close to 4.4 per cent in second half of 2017-18). Going ahead in FY19, CPI inflation could inch-up to 5.1 per cent on average in the first half of FY19 with much of the rise likely to be on account of an adverse base. Thereafter, in the second half of FY19, while the base effect could be favourable and lead to some moderation in inflation, a lot would depend on how other risks like rising oil prices, higher minimum support prices impact of housing rent allowance increase by several state governments pan out.

Given the recent softer inflation prints while the RBI can afford to wait longer and maintain *status quo*, eventually, we believe, that elevation of some of the upside risks along with the revival in rural demand could lead to a rate hike by the last quarter of 2018-19.

Going forward, a major risk to the economy could be a sharp increase in oil prices, which could adversely affect inflation, fiscal deficit and the current account deficit. Risks on the external front continue to loom on account of monetary policy uncertainty in the developed nations (particularly on rate hikes' side), Brexit related uncertainty in the UK and rising protectionist tendencies, especially in the US.

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. This year, the objective has been to continue building sound customer franchises across distinct businesses so as to be a preferred banking services provider to achieve healthy growth in profitability consistent with the Bank's risk appetite.

In line with the above, your Bank's business strategy was to take digitisation to the next level to achieve the following:

- Deliver superior experience and greater convenience to customers
- Increase market share in India's expanding 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 is committed to do this while ensuring the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance. This is articulated through a well-documented Code of Conduct that every employee has to affirm annually that he / she will abide by.

Financial Performance

The financial performance of your Bank during the year ended March 31, 2018, remained healthy with Total Net Revenue (Net Interest Income Plus Other Income) rising by 21.7 per cent to ₹ 55,315.2 crore from ₹ 45,435.7 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 21 per cent to ₹ 40,094.9 crore due to acceleration in loan growth coupled with Core Net Interest Margin (CNIM) of 4.3 per cent.

Other Income grew by 23.8 per cent to ₹ 15,220.3 crore. The largest component was Fees and Commissions, which increased by 29.3 per cent to ₹ 11,393.9 crore. Foreign Exchange and Derivatives revenue was ₹ 1,523.5 crore, gain on revaluation and sale of investments was ₹ 924.7 crore and recoveries from written-off accounts was ₹ 1,093.8 crore.

Operating (Non-Interest) Expenses rose to ₹ 22,690.4 crore from ₹ 19,703.3 crore. During the year, your Bank has set up 72 new banking outlets and 375 ATMs. This, along with strong growth in retail asset and card products, resulted in higher infrastructure and staffing expenses. Staff expenses also went up due to annual wage revisions. Despite higher infrastructure expenses, the Cost to Income Ratio improved to 41 per cent from 43.4 per cent.

Total Provisions and Contingencies were ₹ 5,927.5 crore as compared to ₹ 3,593.3 crore the preceding year. Your Bank's provisioning policies remain more stringent than regulatory requirements.

The Coverage Ratio based on specific provisions alone excluding Write-offs is 70 per cent; including General and Floating provisions, it is 121 per cent. Your Bank made General Provisions of ₹ 597.4 crore during the year.

Profit Before Tax grew by 20.6 per cent to ₹ 26,697.3 crore. After providing for Income Tax of ₹ 9,210.6 crore, Net Profit increased by 20.2 per cent to ₹ 17,486.8 crore from ₹ 14,549.7 crore. The Return on Average Net Worth was 18 per cent while the Basic Earnings Per Share was ₹ 67.8, up from ₹ 57.2.

As on March 31, 2018, your Bank's Total Balance Sheet stood at ₹ 1,063,934 crore, an increase of 23.2 per cent over ₹ 8,63,840 crore on March 31, 2017. Total Deposits rose by 22.5 per cent to ₹ 7,88,771 crore from ₹ 6,43,640 crore. The Current Account and Savings Account (CASA) Deposit growth also increased.

Savings Account Deposits grew by 15.6 per cent to ₹ 2,23,810 crore while Current Account Deposits rose by 3.2 per cent to ₹ 1,19,283 crore. Time Deposits stood at ₹ 4,45,678 crore, representing an increase of 33.2 per cent. CASA Deposits accounted for 43.5 per cent of Total Deposits. Advances stood at ₹ 6,58,333 crore, an increase of 18.7 per cent. The Bank's domestic loan portfolio of ₹ 6,43,794 crore grew by 19.5 per cent over March 31, 2017. The Bank had a share of approximately 6.7 per cent in Total Domestic Deposits and 7.4 per cent in Total Domestic Advances. Its Credit Deposit (CD) Ratio stood at 83 per cent on March 31, 2018.

BUSINESS OPERATIONS

Our Bank's operations are split into domestic and international, albeit small.

DOMESTIC BUSINESS

Our domestic business comprises the following:

A) Retail Banking

Your Bank's Retail Banking Business registered robust growth in the year under review. Total Retail Deposits grew by 14.4 per cent to ₹ 5,80,006 crore from ₹ 5,06,843 crore in the preceding year while Retail Advances rose by 27.4 per cent to ₹ 3,76,167 crore from ₹ 2,95,161 crore.

Growth in Retail Assets was led by Personal Loans, Auto Loans and, Credit Cards.

The Bank is a leader in the Auto Loans Segment with a strong presence in commercial vehicle and two-wheeler financing. Four-wheeler financing registered a strong 22.8 per cent growth.

In Two-Wheeler Financing, your Bank is the first in the country to cross the 10 lakh vehicles milestone. In the Commercial Vehicle Segment, your Bank was able to ward off intense competition and log robust profitable growth using its strong brand equity and service. It chose not to compete on price.

The Personal Loan Business also surged to ₹ 71,876 crore on the back of strong product offerings and speedy disbursals. The Bank is a pioneer in various digital loans. Your Bank's 10 second Personal Loan and Digital Loan Against Shares were industry firsts.

In the credit card business, your Bank achieved yet another milestone during the fiscal by becoming the first bank in the country to issue one crore cards. Existing customers accounted for 82 per cent of the new cards issued.

In addition to this, the Bank operates in the Home Loan business in conjunction with HDFC Limited. As per this arrangement, the Bank sells HDFC Home Loans while HDFC Ltd approves and disburses them. The Bank receives sourcing fee for these loans and has the option to purchase up to 70 per cent of the fully disbursed loans either through the issue of mortgage backed Pass Through Certificates (PTCs) or by a direct assignment of loans. The balance is retained by HDFC Limited. Your Bank originated, on an average, ₹ 2,000 crore of Home Loans every month in the year under review.

The Bank also distributes Life Insurance, General Insurance and Mutual Funds, often referred to as Third-Party Products.

Income from this business grew by 51 percent from ₹ 1,381 crore to ₹ 2,091 crore and accounted for 18 per cent of total fee income in the year ended March 31, 2018 , compared with 16 per cent in the preceding year. This was primarily on account of distribution of mutual funds of the top asset management companies in the country. Mutual Fund industry saw an unprecedented flow of household savings into the mutual funds. In the system the AUM of the individual investors grew by 36.8 per cent to about ₹ 11.7 lakh crore* as of March 31, 2018.

Your bank has adopted an open architecture model by entering into multiple corporate agency agreements in life, general and health insurance distribution. During the year under review your Bank tied up with two life insurance, two general insurance and three health insurance service providers in addition to the existing tie-ups.

**Source for Industry numbers (AMFI India)*

As regards physical distribution network the Bank also added 72 banking outlets during the year taking the total to 4,787 spread across 2,691 cities / towns. The share of semi-urban and rural outlets in the total network is 53 per cent, reflecting our continued focus on them. The number of ATMs also increased, to 12,635 from 12,260. The number of customers your Bank catered to as on March 31, 2018 was over 4.36 crore from 4.05 crore in the previous year.

The Payments Business where your Bank has a dominant presence merits a special mention. With 2.43 crore debit cards, 1.07 crore credit cards and 4.04 lakh POS terminals and m-PoS installations, it is among the largest facilitators of cashless payments using plastic in the country.

The Bank has made rapid strides in adopting other aspects of digitisation as well. The Bank's payments business has launched digital offerings such as Bharat QR Code, UPI, Aadhaar and SMS pay solutions. It has also pioneered path-breaking products such as the SmartHub app for small merchants and DigiPos, which enables traditional PoS machines to accept digital payments. Merchants and customers alike have found these solutions useful.

In the year under review, the Virtual Relationship Management (VRM) programmme gained substantial traction. Through this, relationship managers reach out to customers through remote and digital platforms, leading to deeper engagement in a cost-effective manner. These managers are a single point of contact for customers banking and financial needs. This programme which offers tailor-made solutions, using carefully drawn customer level plans has been well received in the 18 months since its launch. The number of customers has trebled during this period.

B) Wholesale Banking

This business focuses on institutional customers such as the Government, Large and Emerging Corporates, and SMEs. Your Bank's offerings in this segment 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 the year with a loan book size of approximately ₹ 2,88,000 crore constituting about 43 per cent of the Bank's total book.

This was an increase of about 9.5 per cent over approximately ₹ 2,63,000 crore recorded in the previous year. The performance in this segment must be seen in the wider context of an otherwise subdued credit environment and excess liquidity in the banking system, which exercised a downward pressure on interest rates for much of the year. The Bank was able to expand its share of the customer wallet, primarily using sharper customisation and cross-selling.

Corporate Banking, which focuses on large, well-rated companies, continued to remain the biggest contributor to Wholesale Banking in terms of asset size. Despite a subdued credit environment, 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 acquisition 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.

The year under review has been a challenging but defining one for Micro, Small and Medium Enterprises (MSMEs). The sector faced temporary challenges arising from clarity and compliance issues in the implementation of GST. Your Bank fine-tuned its strategy and capitalised on new opportunities to grow the business. The Bank's advances to MSMEs amounted to ₹ 89,042.1 crore as on March 31, 2018.

The Investment Banking business cemented its already prominent position in the Debt Capital Markets. For three consecutive years now, your Bank has been ranked 2nd in the Bloomberg rankings of Rupee Bond book runners.

In the Government business, the Bank sustained its focus on tax collections, collecting direct tax of ₹ 2.61 lakh crore and indirect tax of ₹ 0.85 lakh crore during the year. In addition to the taxes / duties collected on behalf of several state governments, the Bank also collected ₹ 1.01 lakh crore in the form of GST. We continue to enjoy a pre-eminent position among the country's major stock and commodity exchanges in both Cash Management Services and Cash Settlement Services.

The Bank has, as part of its digitisation drive, ensured a larger conversion of cash payments into electronic ones. The 'Trade-on-Net' offering, which gives clients access to a host of services such as Remittances, Letters of Credit and Guarantees, has gained acceptance. *SM@Bank*, our online solution for SME customers, also continued to gather momentum.

Your Bank's pre-eminent position in the Wholesale Business was recognised in a survey conducted by Greenwich Associates, a leading global provider of market and intelligence services. It rated your Bank as number one in India in the middle market segment in terms of market penetration and number two in the large corporate segment.

C) Treasury

The Treasury is the custodian of the Bank's cash / liquid assets and handles its investments in securities, foreign exchange and cash instruments. It manages the liquidity and interest rate risks on the balance sheet and is also responsible for meeting reserve requirements. The vertical also helps manage the treasury needs of customers and earns a substantial part of its revenues through fee income generated from transactions customers undertake with the 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. The Bank recorded revenue of ₹ 1,523.5 crore from foreign exchange and derivative transactions in the year under review. While plain vanilla forex products were in demand across all customer segments, the demand for derivative products came mostly from large and emerging corporates.

As a part of prudent risk management, the Bank enters into foreign exchange and derivative 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 the Bank enters into foreign currency derivative 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, the 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. The Bank also deals in derivatives on its own account, including for the purpose of its own balance sheet risk management.

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

The Bank is in the process of implementing a new Treasury solution provided by Murex. The first phase of implementation went live this year and full implementation will be completed in the next 12-18 months. This will be an integrated solution for front-office, mid-office and back-office and will replace many existing software / systems.

D) Partnering with the Government

You will be happy to know that your Bank has been closely working with the Government both at the Central and State levels primarily in the following three areas:

1) Digitisation and Digital India

a) Ministry of Electronics & Information Technology (MeitY) has ranked your Bank as the Number 1 Bank for supporting many of its initiatives. Your Bank is proud to be one of the few banks that was able to meet the targets in installing Point of Sale (PoS) units, Bharat QR and BHIM app following demonetisation.

b) The Bank partnered with Thane city to launch the first one-city-one-card as part of the Smart City initiative. A similar solution has also been created for Panaji Smart City. In Kanpur, a customised mobile app has been created to further support the Smart City initiative. To further the government's objective to improve urban mobility, your Bank has partnered with various states including Rajasthan and Uttar Pradesh to provide transit cards and payment solutions.

c) Your Bank is working to ensure that funds under a host of schemes including Direct Benefit Transfer (DBT) and Mahatma Gandhi National Rural Employee Guarantee Act reach the intended beneficiaries. Towards this end, it has partnered with various Panchayats across the country for the Public Fund Management System (PFMS). Dedicated teams from the Bank work closely with government authorities and play a critical role by providing real-time, on-ground feedback for refining project architectures. The Bank also enables automation and digitisation in various government departments to help improve both time and cost efficiencies. For example, the Bank is developing a technology solution in partnership with a software company to manage the National Health Mission (Madhya Pradesh scheme) more efficiently. It has also been working on various on e-Governance initiatives such as MahaOnline (Maharashtra) and *Mee Seva* (Andhra Pradesh).

2) **Customised Banking Solution for Government Employees**

Your Bank has designed a banking package to suit the needs of government employees, at the state and central levels. The offering includes an overdraft secured by their salary account, complimentary insurance covers and fine pricing on loans.

3) **Start-Up Fund and SmartUp Banking**

Through its SmartUp Programme for Start-ups and Start-Up Fund, your Bank is working with various state governments and incubators / accelerators to promote entrepreneurship. Memoranda of Understanding have already been signed with three state governments to enable execution of varied aspects of their respective start-up policies. Your Bank also works with seven incubators certified by the Department of Science and Technology, including various Indian Institutes of Technology and Indian Institutes of Management, to identify Social Start-ups that require financial and advisory support.

E) Rural

1) Agriculture and Allied Activities

Your Bank's credit to Agriculture and Allied activities stood at ₹ 1,13,160.6 crore on March 31, 2018, representing an increase of 45.2 per cent over ₹ 77,921.0 crore in the previous year.

Over half of India's population depends on agriculture for livelihood. The key to the Bank's success here has been its ability to tap the opportunities herein through the following:

- Wide product range
- Faster turnaround time
- Digital solutions

Our product range includes Pre and Post-Harvest Crop Loans, Two-Wheeler and Auto Loans and Loans against Gold Jewellery, Personal Loans and other mortgage loans. Consequently, the Bank has established a strong footprint in the rural hinterland with Crop Loans. Apart from advising the farmers on their financial needs, your Bank is increasingly focusing on facilitating them on benefits of various government / regulatory schemes such as crop insurance and interest subvention.

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

Using technology, we are able to disburse some loans within three working days (in select geographies) and loan enhancements in a few seconds through ATMs and mobile phones. Our products such as Post-Harvest Cash Credit and Warehouse Receipt Financing enable faster cash flows to the farmer. Credit is also disbursed to allied agricultural activities such as Dairy, Pisciculture, and Sericulture.

Twelve farmer centres or *Kisan Dhan Vikas Kendras* have been rolled out in Punjab, Maharashtra, Uttar Pradesh and Madhya Pradesh. At these centres, farmers secure information on soil health, *mandi* prices, various government initiatives and expert advice. These services are also available on the Bank's website in vernacular languages. The Bank also provides advisory on weather, cropping, and harvesting through SMS.

Digitising Payments, Easing Cash Flow: This is our effort to facilitate transparency in the milk procurement and payment process. Under this initiative, 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 farmers' account to enable faster payments. MFTs have cash dispensers that function as standard ATMs. The transparency in the milk collection process, including the quality of milk, benefits both farmers and society. Payments are credited without the difficulties associated with the cash distribution process. What is more, this creates a credit history that can then be used as the basis for accessing bank credit. Apart from Dairy and Cattle Loans, customers gain access to all bank products including digital offerings such as 10 Second Personal Loans, Kisan Credit Card, Bill Pay, and Missed Call Mobile Recharge.

Replacing the Moneylender: Loans against Gold Jewellery grew to over ₹ 5,500 crore from over ₹ 4,800 crore the preceding year. Your Bank is slowly making inroads into a market traditionally dominated by the unorganised sector and pawn brokers. The entry of organised players into the sector has increased both awareness and transparency. The Bank has been able to serve the section of people who would traditionally rely on the moneylender through faster turnaround times.

Helping Farmers: Farm yield and income are subject to the vagaries of the weather. Factors like soil health, input quality (seeds and fertilizers), availability of water and government policy also impact this. So do price realisation and storage facilities. Your Bank has launched a variety of products to ease the stress on farm income and rural households.

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

Lending to the agriculture sector, including to the small and marginal farmers is a regulatory mandate as part of priority sector lending requirements. This has inherent credit risks. Your Bank has built policies and product programmes and engages closely with farmers to mitigate risks and protect portfolio quality. The Bank is also exploring the use of remote sensing technologies and analytics to strengthen crop and farm level assessment.

2) Micro, Small and Medium Enterprises (MSME)

Advances to the MSME segment as on March 31, 2018 stood at ₹ 89,042.1 crore as against ₹ 85,166.6 crore a year ago. Its advances to the Micro Enterprises alone stood at ₹ 40,644.7 crore. The Emerging Enterprises and Business Banking Groups cater to the Micro Enterprises and SME segments respectively.

The MSME sector serves as an important engine for economic growth. It contributes 33 per cent to India's manufacturing output and 45 per cent to exports. With 12 crore people employed across five crore MSME units, it is the second largest employer after agriculture accounting for 40 per cent of the workforce. This is the fastest growing segment in the commercial lending space and constituted 23 per cent of credit outstanding in the year under review. Credit to Micro Enterprises grew at a faster clip of 20 per cent as against nine per cent for SMEs.

The year ended March 31, 2018 was a challenging one for the MSME business due to the introduction of GST in terms of clarity and compliance. It also led to temporary increase in working capital requirement for customers. GST implementation is seen as a positive in the long run as it is expected to lead to further formalisation of the informal sector and thus open up new and safer opportunities for bank financing. Needless to say, in the case of existing firms too, greater transparency will lead to better credit quality.

Implementation of GST, demonetisation, the Government push and the advent of the next-generation of entrepreneurs have all driven a steady shift towards digital transactions. In what could be a potential game changer for the business, Your Bank's complete online solution the *SM@Bank* for SME customers, is seeing greater customer adoption across geographies. Through this, customers can access credit facility information, request temporary overdraft facilities, ask for new facilities and submit documents to the Bank for straight through processing on a 24*7 basis. This is now poised to gain further momentum. Like in every other business unit, increasing use of analytics is giving your Bank an edge.

3) Taking Banking to the Unbanked

Your Bank is fully committed to taking banking to the remotest parts of the country through the combination of an extensive physical network and a robust digital suite of products and services. Today, over 53 per cent of the Bank's outlets are located in rural and semi-urban areas. The Bank also offers last mile access through mobile applications such as BHIM, UPI, USSD, Scan and Pay, Aadhaar, and RuPay enabled Micro-ATMs.

To bring more under-banked sections of the population into formal financial channels, your Bank has opened over 17.72 lakh accounts under the *Pradhan Mantri Jan Dhan Yojana* (PMJDY) and enrolled over 29.37 lakh customers in social security schemes since their inception. We now rank among the leading private sector banks in this regard. In the year under review, loans to the tune of ₹ 6,621.41 crore were extended under the *Pradhan Mantri Mudra Yojana* (PMMY) and nearly ₹ 134.24 crore under the 'Stand Up India' scheme to Scheduled Caste / Scheduled Tribe and women borrowers.

4) Sustainable Livelihood Initiative

This is primarily a social initiative with elements of business. It entails skill training, livelihood financing, and creating market linkages. Further details are provided in the section below on *Parivartan*.

INTERNATIONAL BUSINESS

As on March 31, 2018, the balance sheet size of this business was US $ 4.13 billion. Advances constituted close to 3.1 per cent of the Bank's gross advances. The total income of the overseas branches constituted 0.86 per cent of the Bank's total income for the year. Though the number is small, what is significant is that your Bank is able to cater to a large and growing Indian diaspora.

As you would know, your Bank has overseas branches in Bahrain, Hong Kong, and the Dubai International Finance Centre (DIFC). These branches cater to the needs of our overseas clients both corporate, and individual. They offer Banking, Trade Finance and Wealth Management (primarily for non-resident individual customers). In addition, the Bank has Representative Offices in Abu Dhabi, Dubai and Nairobi.

You will be happy to know that your Bank now has a presence in International Financial Service Centre (IFSC) at GIFT City in Gandhinagar, Gujarat. This unit, which opened in June 2017, is akin to a foreign branch. Customers can avail of products such as Trade Credits, Foreign Currency Term Loans including External Commercial Borrowings (ECB), and derivatives to hedge loans.

NON -BUSINESS OPERATIONS / SOCIAL COMMITMENT

Parivartan - A Step Towards Progress

Parivartan is your Bank's umbrella brand for all its social initiatives. *Parivartan* or 'Change' as it means in English seeks to bring about change in the lives of people making them self-reliant and part of the national mainstream. Working largely through communities, *Parivartan* focuses on the following fundamental areas:

- Rural Development
- Skill Training and Livelihood Enhancement
- Promotion of Education
- Healthcare and Hygiene
- Financial Literacy and Inclusion

As noted before, Sustainability is one of your Bank's core values. Your Bank's belief is that businesses should support the communities in which they operate. We are happy to report that your Bank, through its several social initiatives (including SLI) has made a difference to the lives of over 3.5 crore Indians.

Rural Development

The Holistic Rural Development Programme (HRDP) is born out of the conviction that the nation will progress only when rural India grows. Over half the country's population lives in rural areas and is primarily dependent on agriculture for their livelihood. Our efforts here are focused on areas of soil, water and natural resource management and sanitation, issues that rural India is often plagued by. These are often multi-pronged interventions. Soil conservation for instance will typically cover educating people about use of organic fertilisers. Water management will entail construction, renovation and maintenance of water harvesting structures for improving surface and ground water availability. Likewise educating people on renewable energy often forms part of our natural resource management efforts.

Spread over 16 states, the programme covers over 2.9 lakh households across 870 villages. Over 18,000 acres of arable land have been treated to enhance productivity. *Umpathaw* in Meghalaya, became the 750th village to be covered under the programme in the year under review.

Promoting Education

There is no better gift to humanity than education. Improving the quality of education is a focus area under *Parivartan*. Your Bank's efforts in this area include teacher training, scholarships and career guidance. It also includes providing infrastructure support, such as building toilets in schools and improving classrooms. At the community level, this entails educating people on the importance of Water, Sanitation and Hygiene (WaSH) and creating awareness on issues related to road safety and healthy financial practices.

The flagship programme here is Zero Investment Innovations for Education Initiatives (ZIIEI). This 'Teaching The Teacher' programme (3T) seeks to transform education in government schools across India. This is a unique programme which is committed to improving the skills of teachers, which in turn benefits the pupils.

This 3T programme was launched nationally at Jaipur in Rajasthan during the year under review, after the successful completion of a pilot project in Uttar Pradesh. The Bank is committed to train 15 lakh teachers in 6.2 lakh government schools across 12 states and 1 Union Territory. The project is being executed jointly with a leading non-governmental organisation.

Skills Training and Livelihood Enhancement

Formal education remains a dream for lakhs of Indians. Your Bank under Skills Training and Livelihood Enhancement targets people in this section of society in rural India and imparts income generating skills, primarily in agriculture and allied areas such as dairy and poultry. The objective is to help these people find jobs locally, enhance their household income, and prevent migration.

The nationwide programme has benefitted over 51,000 individuals.

The programme also has another leg where placement-linked training is provided to youth and career counselling is provided to young school students. So far over 3,000 have received skill development training.

The flagship programme under Skills Training and Livelihood Enhancement is the Sustainable Livelihood Initiative (SLI).

Sustainable Livelihood Initiative

This initiative aims at 'Creating Sustainable Communities'. It does so by empowering women and helping them break the vicious circle of poverty. Empowering women, we believe, means empowering families. Women form Self Help Groups (SHGs) or Joint Liability Groups (JLGs). The women under the programme are given occupational skills training, financial literacy, credit counselling and livelihood finance and market linkage. The Bank is mandated by its Board to cover 1 crore households and so far 81.8 lakh have been covered.

It's a unique programme with perhaps no parallel globally. What makes it so are the following:

1) It's an all-women programme
2) It covers womenfolk across the length and breadth of a country as vast as India. It is present in 27 states and over 400 districts
3) With 81 lakh women or households (81.8 X 4 = 3.27 crore individuals) impacted, this is one of the world's largest such programmes
4) Over 9,000 dedicated, passionate Bank employees are running the programme

Healthcare and Hygiene

Your Bank's initiatives in the area of Healthcare and Hygiene, focusing on both schools as well as the community, have made a substantial difference to the lives of students in rural India.

At the heart of these programmes are community-led sanitation campaigns that promote hygienic conditions in rural areas

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through appropriate wastewater disposal. These initiatives are supplemented by construction of toilets and provision of clean drinking water. Over 16,521 households and 924 schools in rural India have been covered under the toilet programme so far.

Your Bank also organises health camps, nutrition programmes, and vaccination drives. The flagship programme under this pillar is the Annual Blood Donation Drive.

In the 11th edition in 2017, your Bank collected 2.2 lakh units of blood in a single day. This was almost 30 per cent higher than the previous year.

What started off as a small initiative in 2007 with the participation of just 4,000 volunteers has now grown into a movement where 2.5 lakh people from all walks of life participated. This included those from schools, colleges, employees of private and public sector, both State and Central Governments and the defence establishment.

While bank employees are central to this effort, of the 3,045 camps held across the country, a majority were held offsite. Almost 1,100 camps in colleges and 475 in companies.

Financial Literacy

Financial literacy is the first step towards real financial inclusion. Lakhs of people have learnt about the fundamentals of savings, investment and organised finance from financial literacy camps conducted by the Bank at its banking outlets as well as financial literacy centres across the country.

This is a multi-pronged programme where literacy is imparted at branches, through business units as well as through its NGO partners. Over 19 lakh participants have benefitted in the year under review.

The flagship scheme under this pillar is *Digidhan*.

Modelled on the Bank's financial literacy-on-wheels programme - *Dhanchayat, Digidhan*, criss-crosses the length and breadth of the country's hinterland explaining the benefits of digital banking. The medium is through film and the location is often high-footfall pockets such as bazaars, *mandis* and bus-stands.

The Bank is fully compliant with the requirements of the Companies Act 2013, having spent ₹ 374 crore on CSR and emerging as one of the highest spenders in this space in India.

The disclosures pertaining to CSR as required under Rule 8 of the Companies (Accounts) Rules, 2014 have been given in **ANNEXURE 2** to this report.

Environmental Sustainability

Maintaining a balance between natural capital and communities is now integral to our functioning.

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

BUSINESS ENABLERS

1) People, Culture, Integrity and Ethics

'People' is one of your Bank's Core Values. It is extremely proud of them, the integrity and ethics that they demonstrate and, indeed, the culture that promotes these values. This culture ensures that the people with the right values are hired, groomed and encouraged. The Bank has an institutionalised, well-documented code of conduct, which every employee has to affirm annually.

The five pillars of our People strategy are as follows:

Recruitment: Recruiting the right talent isn't enough anymore in an industry like banking. What is critical is recruiting and deploying them fast. Your Bank has an agile hiring mechanism that ensures this. This often entails leveraging online portals and new age channels like social media. Campus hiring and internship programs enable us to expand the hiring base further.

The Bank has also started scaling up on a digital job-ready model to attain scale and quality. The Bank also has a battery of assessment tools, like AMCAT, Assesshub and Talview to strengthen its selection process.

Career Management: Core to your Bank's career philosophy is to create opportunities for employees to develop and grow. The systematic investment of time in career discussion with employees, competency assessment and intensive functional and behavioural training, through *Gurukul* our in-house programme, are also aimed at achieving that result. The Bank also facilitates inter-departmental job switches to employees to help them stay motivated, productive and happy.

Employee Engagement: Employee engagement has two planks, namely events and fun learning. The events are conducted at both local and national levels. While most of these events are open to employees, some are meant for families as well.

These are some of the popular events:

1. ***Josh Unlimited***: Pan-India sports event conducted in 29 cities, covering a population of more than 60,000 employees
2. ***Stepathlon***: An Employee wellness initiative which witnessed participation of more than 550 employees
3. ***Hunar***: Pan-India in-house talent competition
4. ***HDFC Bank Voice Hunt Contest***: Talent search in association with Shankar Mahadevan Academy

5. ***Corporate Photography Contest:*** An inter-corporate event.
6. ***Xpressions***: Pan-India in-house drawing competition for the employees and their children
7. ***Corporate Online Library***: A knowledge resource available to all employees for accessing nearly 1.5 lakh books

On the learning side, 'Kwiz Kat', is a Banking quiz competition open to all employees. 'There is also the Learning Fest', which focuses on sharpening employee skills on subjects such as Happy Parenting, Magical Marriages, Health and Fitness, Financial Planning and Team Building. Each of these work on the tenet that "If you manage your team at home, you can manage your team at the office." This is, of course, backed up by formal training.

Training and Development: Training plans for businesses are developed based on needs identified in consultation with the business leaders. An extensive bouquet of training programmes are delivered, covering on-boarding, product and process training, advanced programmes and behavioural training. The on-boarding training ensures that new employees are trained comprehensively and equipped with necessary know-how, as well as functional and behavioural skills required for the role.

The product training and advanced programmes enable skill development, regular updates and build expertise. The training methodology has evolved to application based training including simulations, case studies, and games. Leveraging technology, many of the class room programmes are now being delivered online. The role-specific learning plan ensures effective use of blended learning method. The accent has now shifted to online training supplemented by offline support. In addition to this, to ensure that employees are assisted on the job, there is a help-line 'Ask the Trainers' which responds to any clarification on a banking query within 24 hours of its initiation.

Rewards and Recognition: The Rewards and Recognition programs of the Bank is based on a sound performance management system. Your Bank has a pay-for-performance culture based on meritocracy. There is equal emphasis on recognition as well. Extraordinary commitment towards work is rewarded. So is at times going beyond the call of duty. *ICON Awards* was launched this year to recognise employees for demonstrating individual, leadership and collaborative excellence in driving customer focus and operational excellence.

2) Digital Innovation

Innovation is the common thread that runs through the multiple businesses and functions in the Bank. Besides products, it manifests itself at levels of concepts and ideas. A testament to this is the fact that more than 85 per cent of the transactions in the year under review occurred over the Internet and Mobile. The Bank's engagement with start-ups and fintechs moved to the next level through the 'Industry Academia Initiative', which helps in mentoring them. The annual Digital Innovation Summit, continues to generate interest among the start-up community and benefits the Bank through useful solutions.

The Bank's focus on leveraging Artificial Intelligence (AI) and Machine Learning (ML) has started yielding results. Eva, the virtual assistant on the Bank's website; and Bank on Chat, the bank's Facebook Messenger chat bot, have elicited encouraging response from customers. For instance, Eva handled over 30 lakh queries on the website with an accuracy ratio of over 85 per cent. In just 12 months, the Facebook app garnered over three lakh users, who used it for making bill payments, movie / travel bookings and mobile recharges.

To encourage digital payments, your Bank has launched all-in-one DigiPoS machines that enable UPI, Bharat QR, SMS, and PayZapp transactions on a single machine.

Another innovative product the Bank has launched is the SmartHub, an umbrella digital platform for online payments to government departments, educational institutions and small merchants.

Your Bank also introduced an Instant credit card, which is issued electronically within an hour and can be used by the customer to make purchases online. Over three lakh Instant credit cards were issued during the year.

In the unsecured loan segment, the Bank's digital acquisition solution, 10 seconds loans, continued to delight customers. To further enhance the customer experience and improve cost management, the Bank is now developing a platform for end-to-end digital acquisition of business.

Your Bank has the distinction of being the first bank in the country to introduce Digital Loan Against Shares (LAS). In the automobile segment customers continued to buy cars and two-wheelers through online services such as Zip Drive and Quick Money.

To sum up, the year under review has seen ample demonstration of '*Go Digital, Bank Aapki Muththi Mein*' strategy. Innovation is now embedded in the DNA of your Bank with digital innovation emerging as the prime driver across businesses.

3) **Information Technology**

In the technology space, your Bank is considered a leader. Both in terms of being able to identify the right technology solutions for the business and deploying them in a timely manner to create customer experience. The 10-second Personal Loan is a case in point. Missed call banking is another. These products were not only industry firsts but have also gone on to become extremely popular with customers.

In the year under review, your Bank has gone further with the implementation of an Open API based Service Oriented Architecture Middleware platform. This enables different systems to talk to each other and thus ensures a seamless flow of information. In the Bank's context it facilitates over 2.5 crore digital banking transactions from its mobility and online platforms such as PayZapp Wallet, SmartBuy market place, enhanced Mobile Banking App and a dedicated Retail Lending App named LoanAssist.

Another important development in the year under review has been the Digital Application (DAP) Platform which brings together process, digital technologies and lifecycle management efficiencies to deliver a better customer experience. This has seen a huge shift to digital channels be it applying for loans, credit cards or overdraft facilities. Over 95 per cent of the branch retail origination is now powered by DAP. Linkages for this have been established with search engines and fintechs.

This has been further supplemented with an assisted Savings Bank account opening App in the branch which relationship managers use to open digital savings accounts. The volumes have been doubling every month since the launch in the third quarter of the year under review.

The other important innovations in the year under review have been:

1) A four click process for 'Do Your Own Loan Against Shares'

2) Creating a real time overdraft with Digital Loan Against Mutual Funds on a 24*7 basis through the bank's website

3) Offering digital consumer loans

4) Tying up with social media platforms, e-commerce portals, and traditional retail stores to facilitate ordering products online.

5) Reducing turnaround time for first time borrowers

6) Lowering transaction costs in Trade On Net / Trade Finance through an API based application form filling process

7) Using Artificial Intelligence and Neural Networks based deep learning ability to give stronger teeth to its Card Payment Fraud Detection ability

8) Implementing a state-of-the-art Core Banking System for both Retail and Wholesale Banking to process 4.5 crore transactions daily in an accurate, speedy and secure manner.

4) **Cyber Security**

Your Bank has an effective framework in place to manage cyber security. This encompasses requisite manpower, machine and training. The Chief Information Security Officer (CISO) is the person who is overall responsible for this. There is also a committee of the Board which dedicatedly looks into cyber security issues and preparedness.

In the year under review, the Bank has enhanced its cyber security protocol by constituting a RED Team. The RED team is a designated group of individuals that test the security posture of the organisation. The Bank also widened coverage of Security Incident and Event Management (SIEM), which provides a comprehensive and centralised view of the security scenario of IT infrastructure. Deception Technology Solution was deployed to detect, analyse and defend against advanced attacks often in real-time. In the case of your Bank, it also covers emails and endpoints, besides the network.

Firewalls have been upgraded to Next Generation with deep packet inspection (DPI) ability. DPI analyses 'packets' which are nothing but parcels of digital information transmitted across the web in a formatted piece of structured data. Protection against malware, ransomware and denial of service attacks have been strengthened further.

Regular tests to assess the vulnerability of the IT infrastructure and applications and remedy where necessary are routine. As are anti-phishing services that help in shutting down phishing sites and protecting the customers from fraud. Risk engine and transaction monitoring systems monitor suspicious transactions on Internet Banking, ATM and e-commerce channels.

The Bank has PCI DSS 3.0 and ISO 27001 certifications. PCI DSS is a proprietary information security standard for organisations that handle credit card information and transactions. It is meant to increase controls around cardholder data to reduce fraud. In layman's terms the certification is an assurance that your Bank's card customers enjoy a very high level of safety while transacting with it. The ISO 27001 certification pertains to best practices with respect to information security.

On building awareness your bank has a regular programme for both employees and customers.

5) **Service Quality Initiatives and Grievance Redressal**

Your Bank has various lines of businesses. In a highly competitive environment, ensuring product quality, and service delivery is vital for business growth. The Bank seeks to achieve this by regularly reviewing service levels and capturing feedback from customers.

Moreover, in line with regulatory norms, the Bank has constituted three committees at different levels to monitor customer service - Branch Level Customer Service Committees, Standing Committee on Customer Service and Customer Service Committee of the Board.

Against the backdrop of increasing digital frauds, RBI issued a circular during the year on 'Customer Protection - Limiting Liability of Customers in Unauthorised Electronic Banking Transactions.' In it, RBI defined customer liability clearly so that customers feel secure while conducting digital transactions. The regulator also mandated banks to formulate a Board Approved Customer Protection Policy. Accordingly, your Bank has fortified its existing processes. It is also augmenting its training and skill development mechanism to empower employees to boost service quality.

As a part of its efforts to enhance service quality, the Bank undertakes mystery shopping across branches and retail asset centres to continuously evaluate regulatory compliance, process adherence and quality of service delivery. The effectiveness is reviewed periodically at different levels including the Customer Service Committee of the Board. Lean and Six Sigma methodologies are used to improve processes.

In addition to the aforementioned measures, in compliance with regulatory guidelines, your Bank has appointed a senior retired banker as Internal Ombudsman. Our sustained efforts to improve service delivery have been noted and the Bank has received written appreciation from many Banking Ombudsmen appointed by RBI across locations such as Andhra Pradesh, Gujarat, Kerala and Lakshadweep, Punjab, Rajasthan, Tamil Nadu, Puducherry, West Bengal and Sikkim.

CHECKS, BALANCES AND REPORTING

I. Risk Management and Portfolio Quality

The Bank is exposed to risk by the very nature of its business. The key risks are Credit Risk, Market Risk, Liquidity Risk and Operational Risk. These risks not only have a bearing on the Bank's financial strength and operations but also its reputation. Keeping this in mind, your Bank has put in place a Board approved risk strategy and policy whose implementation is supervised by the Board's Risk Policy and Monitoring Committee (RPMC). The committee periodically reviews risk levels and direction, portfolio composition, status of impaired credits and limits for treasury operations.

The hallmark of the Bank's risk management process function is its independence, with credit decisions being made by a credit underwriting vertical.

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

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

Credit Risk

This is the risk of loss arising from a default and is, therefore, also known as default risk. Your Bank has distinct policies and processes for managing credit risk in both its retail and wholesale businesses. Wholesale lending is managed on an individual as well as portfolio basis. By contrast, retail lending, given the granularity of individual exposures, is managed largely on a portfolio basis across various products and customer segments. For both categories there are robust front-end and back-end systems in place to ensure credit quality and minimise loss from default.

The factors considered while sanctioning retail loans include income, demographics, previous credit history of the borrower and the tenor of the loan. In wholesale loans, credit risk is managed by capping exposures on the basis of borrower group / industry / credit rating grades and country. This is backed by portfolio diversification, stringent credit approval processes and periodic post-disbursement monitoring / remedial measures.

Your Bank has been able to ensure strong asset quality even in an otherwise challenging business environment by stringently adhering to the aforementioned norms and institutionalising processes.

As on March 31, 2018, your Bank's ratio of Gross Non-Performing Assets (GNPAs) to gross advances was 1.30 per cent. Net Non-Performing Assets (Gross Non-Performing Assets Less Specific Loan Loss provisions) was 0.4 per cent of Net Advances. Total restructured assets (including applications under process for restructuring) was 0.24 per cent of gross advances.

The Bank has a conservative and prudent policy for specific provisions on NPAs. It provides more towards NPAs than the minimum regulatory requirements even while adhering to regulatory norms for the provision of Standard Assets.

Digital Lending and Credit Risk

Driven by rapid advances in technology, digitisation is increasingly becoming a key differentiator of 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 the Bank's pre-existing customers. Often, these clients are customers across multiple products so their credit history and risk profile is already known. This makes it possible to evaluate and decide on their fresh requirements almost instantly. Besides, most of the credit checks and scores used by the Bank in traditional process underwriting are replicated in digital loans. Finally, 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 and back-tested; and corrective action is taken whenever needed.

Market Risk

Market risk arises largely from the Bank's statutory reserve management and trading activity and is managed through a well-defined Board-approved Investment Policy and Market Risk Policy that caps risk in different trading desks or various securities through trading risk limits / triggers. These include position limits, gap limits, tenor restrictions, sensitivity limits, namely, PV01, Modified Duration of Hold To Maturity Portfolio and Option Greeks, Value-at-Risk (VaR) Limit, Stop Loss Trigger Level (SLTL) and Potential Loss Trigger Level (PLTL). 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.

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 Liquidity-Management policy that is implemented, monitored and periodically reviewed by the Asset Liability Committee (ALCO). As a part of this process, the Bank has established various Board approved limits to mitigate both liquidity and interest risks. While the maturity gap and stock ratio limits help manage liquidity risk, the 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.

The Liquidity Coverage Ratio (LCR) is a global minimum standard used to measure a bank's liquidity position. LCR seeks to ensure that the Bank has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. Based on Basel III norms, RBI has mandated a minimum LCR of 80 per cent on January 1, 2017; that limit progressively increases by 10 percentage points each year to 100 per cent on January 1, 2019. Your Bank's LCR stood at 104.5 per cent on a consolidated basis for the year ended March 31, 2018.

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.

1) Framework and Process

To manage operational risks, the Bank has in place a comprehensive and operational risk management framework, whose implementation is supervised by the Operational Risk Management Committee (ORMC) and reviewed by the RPMC of the Board. An independent Operational Risk Management Department (ORMD) implements the framework.

Under the framework, the Bank has three lines of defence. The first layer of protection is provided by the Business line (including support and operations) management. These managers are primarily responsible for not only managing operational risk on a daily basis, but also for maintaining strict internal controls, designing and implementing internal control-related policies and procedures.

The second line of defence is the ORMD, which develops and implements policies, procedures, tools and techniques to assess and monitor the adequacy and effectiveness of the Bank's internal controls.

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

2) Internal Control

Your Bank has implemented sound internal control practices across all processes, units and functions. The Bank has

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well laid down policies and processes for management of its day-to-day activities. The Bank follows established, well-designed controls, which include traditional four eye principles, effective separation of 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.

3) Information Technology and Security Practices

The 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 amongst others. The Bank has put in a governance framework, information security practices and business continuity plan to mitigate information technology related risks. An independent assurance team within Internal Audit provides assurance on the management of information technology related risks.

The 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 is put in place. In addition, employees mandatorily periodically undergo information security training and sensitisation exercises.

4) Fraud Monitoring and Control

The Bank has put in a whistle blower policy, and a central vigilance team oversees implementation of fraud prevention measures. Frauds are investigated to identify the root cause and relevant corrective steps are taken to prevent recurrence. Fraud prevention committees at the senior management and board level also deliberate on material fraud events and initiate preventive action. 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. The Bank has a Compliance Policy to ensure highest standards of compliance. A dedicated team of subject matter experts in the Compliance department work with Business and Operations Teams to ensure active compliance risk management and monitoring. They also provide 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 regularly and updated as and when regulators issue fresh instructions. The Compliance team also seeks regular feedback on regulatory compliance from Product, Business and Operation teams through self-certifications and monitoring.

ICAAP

The 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 Bank's Board approved ICAAP Policy. Additionally, the Board approved Stress Testing Policy and Framework entails the use of various techniques to assess potential vulnerability to extreme but plausible stressed business conditions. Changes in the Bank's risk levels and in the on / off balance sheet positions are assessed under such assumed scenarios using sensitivity factors that generally relate to their impact on profitability and capital adequacy.

Group Risk

Your Bank has two subsidiaries, HDB Financial Services Ltd and HDFC Securities Ltd. The Boards of each subsidiary is responsible for managing their respective risks (credit risk, market risk, operational risk, liquidity risk, reputation risk etc.) within the ICAAP framework. 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.

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

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

Your Bank formed a steering committee comprising members from cross-functional areas for the purpose of implementation oversight. Under the guidance of the steering committee, the Bank formed working groups, including external consultants, dedicated to specific functional areas. The objective of these working groups was to undertake a review of the diagnostic analysis of the differences between the current accounting framework and IND-AS, review the accounting policy options provided under IND-AS 101-First Time Adoption, determine the methodologies for each accounting treatment, finalise process and system changes, review and update policies and incorporate in business planning any specific action points over the transition period. In addition, the Audit Committee of the Board of Directors oversees the progress of the IND-AS implementation process.

The Bank has undertaken a diagnostic analysis of the differences between the current accounting framework and IND-AS, including the disclosure requirements. Your Bank has reviewed the accounting policy options provided under IND-AS including the preparation of draft accounting policies under IND-AS subject to any RBI guidelines in this regard. The Bank has evaluated the systems requiring significant changes and identified additional system and process requirements for implementation of IND-AS. The Bank is engaging with vendors for technology solutions for implementation of IND-AS. The Bank has also undertaken training programs for its personnel in business and support functions.

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

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

2) Interest will be recognised in the income statement using the effective interest method, whereby 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 expense 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. The Bank will be generally required to recognize either a 12-Month or Lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. IND-AS 109 will change the Bank's current methodology for calculating the provision for standard assets and non-performing assets (NPAs). The 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 Months ECL

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

Stage 2: Lifetime ECL - Not Credit Impaired

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

Stage 3: Lifetime ECL - Credit Impaired

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

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

5) Accounting impact on the application of IND-AS at the transition date shall be recognised in Equity (Reserves and Surplus).

The implementation of IND-AS by banks requires certain legislative changes in the format of financial statements to comply with disclosures required by IND-AS. The change in 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. The RBI would issue necessary instructions / guidelines and clarifications to facilitate the implementation of the new accounting standards. Considering the amendments needed to the Banking Regulation Act, 1949, as well as the level of preparedness of several banks, the RBI vide its Statement on Developmental and Regulatory

Policies dated April 5, 2018 deferred the implementation of IND-AS by one year by when the necessary legislative amendments are expected. Scheduled commercial banks in India will now be required to prepare IND-AS based financial statements for the accounting periods beginning from April 1, 2019 onwards with comparatives for the periods beginning April 1, 2018.

III. Internal Controls, Audit and Compliance

The 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, mid-office and back office. The front-office units usually act as customer touch-points and sales and service outlets. The entire processing, accounting and settlement of transactions is carried out by the back-office 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.

The Bank has set up various executive-level committees, having 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 amongst 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, the Bank has a mix of preventive and detective controls implemented through systems and processes ensuring a robust framework in the Bank to enable correct and complete accounting, identification of outliers (if any) by the Management on a timely basis for corrective action and mitigate operational risks.

The Bank has various Preventive controls viz, (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-a-vis creation of user IDs (d) Segregation of duty in processing of transactions vis-a-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 (h) Additional authorisation leg in payment interface systems in applicable cases (i) Audit logs directly extracted from systems (j) Empowerment grid.

The Bank also has detective controls in place viz, (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 outstandings (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 that is 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 action. A strong oversight on the operations is also kept through off-site monitoring.

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

Any new product / process introduced in the Bank is reviewed by Compliance function in order to ensure adherence to regulatory guidelines and also by Internal Audit from the perspective of existence of internal controls. The Audit function also pro-actively 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 to regulatory guidelines and promotes a compliance culture in the Bank.

The 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, Risk Management, Customer Identification Procedures and Monitoring of Transactions. The policy, duly approved by the Board is subjected to review annually.

The Bank has taken significant measures in developing and enhancing an effective and sustainable KYC AML and CFT Compliance Programme. The adherence to the guidelines prescribed in the policy is monitored by the Bank at various stages of the customer life-cycle. Bank has robust controls in place to ensure adherence to the KYC guidelines at the time of account opening. The Bank also has a continuous review process in the form of transaction monitoring including a dedicated AML CFT monitoring team, which carries out extensive transaction reviews for identification of suspicious patterns / trends which acts as an early warning signal for the Bank to carry out enhanced due diligence and appropriate action 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 AML team undergoes regular training both in-house and external on a continuous basis in order to equip the team with the necessary know-how and expertise to carry out the function.

The Audit Committee of the Board reviews the effectiveness of controls, compliance to regulatory guidelines as also the performance of the Audit and Compliance functions in the 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 in order to ensure a robust compliance and governance structure.

IV. Responsible Financing

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

The key aspects of the assessment process are:

- For all loans exceeding ₹ 10 crore in amount and five years in tenure, borrowers have to submit a declaration of compliance with EHS norms.
- In select large-ticket projects, the Bank appoints a Lender's Independent Engineer (LIE) who conducts due diligence across several parameters including EHS. The findings of the LIE's assessment report are then discussed with the client to ensure compliance.
- The LIE regularly monitors such projects during the construction period through site visits and reports progress which includes status of approvals and relief and rehabilitation measures undertaken. Your Bank officials also conduct independent site inspections from time to time to ensure that the project is progressing to the Bank's satisfaction.
- After the project becomes operational, the borrower has to submit an annual declaration of compliance with various national laws including those related to EHS. This is also followed up by onsite visits of bank executives.

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

  The RM records outstanding EHS issues if any and follows them up with the client for prompt resolution. The Bank levies penal interest in case of deviations and, thus, ensures compliance with the agreed EHS norms. If there are significant deviations that could affect the viability of the project, the Bank reserves the right to either reduce its exposure or recall the loan. Most significantly, your Bank, as part of its credit policy, requires all projects perceived as carrying high or unusual EHS risk to be approved by an authority no less than the Head - Wholesale Credit Risk or Chief Risk Officer or the Deputy Managing Director or the Managing Director as the case may be.

V. Integrated Reporting (IR)

Your Bank has been releasing Sustainability Reports in line with Global Reporting Initiative (GRI) framework. From the current year, your Bank has started work on Integrated Reporting (IR).

IR aims at providing investors a compact communication about how strategy, governance, performance and prospect create value over time. IR today is a growing trend globally providing investors and interested stakeholders relevant information that an investor will find useful in making his investment decision.

As a leading responsible Indian corporation, it was only appropriate that we took the lead in this regard. Towards this end, the Bank has identified its value created for its stakeholders. Aspects identified as relevant for the Bank, under the capital heads are discussed below.

Financial Capital: This capital refers to the pool of funds used by the Bank for providing its services. This also covers funds received through financing or generated through operations. Financial Capital covers Revenue, Profit After Tax, Earnings Per Share, Lending Portfolio and CSR Spend amongst others.

Manufactured Capital: This capital is an aggregation of all physical assets used by the Bank for delivering its products and services or are created by it. This includes Branch Network, IT Infrastructure, IT Security, Infrastructure Development through Portfolio and Infrastructure Development through CSR Projects.

Intellectual Capital: This capital covers the knowledge-based intangibles of the Bank, which help it gain competitive advantage. This capital also includes the initiatives of the Bank for improving financial inclusion. This capital can be substantiated by products for every section of the society, service orientation, risk management, innovation and digitisation approach, skilling communities through CSR, financial inclusion initiatives, etc.

Human Capital: This capital refers to the motivation, commitment and competency of the Bank's employees. This reflects in employee retention rates, employee diversity, training, appraisals and career guidance, compensation and benefits, grievance redressal, community skilling through CSR Projects. Also for the Bank, this capital covers the empowerment of communities.

Social and Relationship Capital: This capital covers the approach adopted by the Bank for developing and maintaining its relationship with multiple institutions and stakeholders. The Bank's performance on this capital can be understood through the processes of stakeholder engagement, employee satisfaction, customer satisfaction, compliance, CSR engagements, etc.

Natural Capital: This capital refers to the environmental resources used by the Bank for delivering its products and services. The impact of this capital can be understood through energy consumption (fuel / electricity), energy efficiency / conservation, CO2 emissions, paper consumption, waste management, environmental impact of project portfolio.

The elaborate discussion on the process and outcomes of Integrated Reporting will be discussed in the upcoming Sustainability Report. In the coming years, the Bank will endeavour to augment its integrated approach towards delivering value to stakeholders.

Subsidiary Companies

Your Bank has two subsidiaries, HDB Financial Services Limited (HDBFSL) and HDFC Securities Limited (HSL). HDBFSL is a major NBFC that caters primarily to segments not covered by the Bank while HSL is among India's largest retail broking firms. The detailed financial performance of the companies is given below.

1) HDB Financial Services Limited - Reimagining Opportunities

HDBFSL's Net Interest Income grew by 36.9 per cent to ₹ 2,788.9 crore for the year ended March 31, 2018 from ₹ 2,037.2 crore in the previous year. Net Profit rose 39.1 per cent to ₹ 951.7 crore from ₹ 684.2 crore. Net NPA levels stood at about one per cent.

The company caters to the growing needs of an aspirational India, serving both retail and commercial clients through a network of 1,165 branches across 831 cities / towns. Using a convergence of physical and digital channels enabled by a digital backbone, it offers financial solutions to individuals, micro enterprises and emerging businesses across manufacturing, trading and services sectors.

With a robust risk management framework backed by technology, distribution and human capital, HDBFSL brings in simplicity and efficiency in delivering financial solutions to its customers.

The underwriting process at HDB is customised to the needs of the customer segment, ranging from instant workflow-based loan approvals for consumer loans to personalised credit appraisal for large business loans.

Additionally, the company provides Business Process Outsourcing (BPO) solutions to HDFC Bank. Its BPO services division delivers back office services such as forms processing, documents verification, finance and accounting services and correspondence management. HDB also delivers front office services such as contact centre management, outbound marketing and collection services.

HDBFSL's long-term debt is rated AAA by CARE and its short-term debt is rated A1+ by CRISIL, indicating the highest degree of safety regarding timely servicing of financial obligations. As on March 31, 2018, your Bank held 95.9 per cent stake in the company.

2) HDFC Securities Limited

HSL's Total Income rose by 42.5 per cent to ₹ 788.3 crore from ₹ 553.2 crore in the previous year. Net Profit grew by 59.5 per cent to ₹ 344.4 crore from ₹ 215.9 crore.

The surge in capital markets (led by higher foreign institutional investor inflows and improved corporate performance) and focus on quality acquisition and activation boosted HSL's performance.

The company has a customer base of 19.35 lakh to whom it offers a large bouquet of financial services. In the year under review, HSL had 6.87 lakh transacting customers, the second highest number of active (transacting) customers among all broking houses.

In line with the thrust on digital channels within the bank, the percentage of customers accessing HSL's services digitally increased to 70 per cent from 63 per cent in the previous year. In particular the percentage accessing it through the mobile app jumped to 33 per cent from 20 per cent.

In a conscious effort to rationalise the distribution network with greater emphasis on digital offerings, HSL consolidated its existing branches to end with 259 branches at the end of the year.

It also secured many awards. It was adjudged Best Broker in the Assocham Capital Market Intermediaries Excellence Awards 2017 and was also a winner in the Best Retail Broker category, at the Outlook Money Awards 2017. Other notable awards include PFRDA Awards for National Pension Scheme (NPS) namely, Best Point of Presence (POP) All Citizen, Best POP NPS Corporate and Best POP NPS Private Sector. HSL has been consistently improving its IT infrastructure and platforms. This has resulted it in being, recognised in the Enterprise Mobility and Enterprise Applications categories at the BFSI Digital Innovation Awards, Express Computers 2017.

As on March 31, 2018, your Bank held 97.7 per cent stake in HSL.

During the year, pursuant to approval received from the Reserve Bank of India, the Bank made an offer to acquire the residual equity shares of HDBFSL and HSL held by their respective shareholders ("Offer"), at a price per share of ₹ 261/- and ₹ 4,818/- respectively, determined on the basis of the valuation report submitted by two independent valuers engaged for this purpose. Pursuant to the Offer, the Bank acquired 29,749 equity shares of HSL from the eligible shareholders who had tendered equity shares in the Offer. No equity shares were offered and acquired in HDBFSL pursuant to the Offer.

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

Other Statutory Disclosures

Number of Meetings of the Board

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.

Extract of Annual Return

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

Directors' Responsibility Statement

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any
- 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, 2018 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 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 ensure 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

Auditors

The Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, have been the Statutory Auditors of the Bank since the year ended March 31, 2015. As per regulations of the Reserve Bank of India (RBI), the same auditors cannot be re-appointed for a period beyond four years. It is proposed to appoint M/s. S. R. Batliboi & Co, LLP, Chartered Accountants (Firm Registration No. 301003E/E300005) as the new Statutory Auditors of the Bank. Fee payable for the statutory audit is proposed at ₹ 1.9 crore plus applicable taxes and outlays, subject to the approval of the members and the RBI. Members are requested to consider the appointment of M/s. S. R. Batliboi & Co, LLP as the Statutory Auditors of the Bank for financial year 2018-19.

Your Directors place on record their sincere appreciation of the professional services rendered by M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Bank.

During the year under review, fees paid to the auditors viz. M/s. Deloitte Haskins & Sells were as follows:

Fees (including taxes)	(₹ in crore)
Statutory audit	1.90
Certification & other attest services	0.41
Non-audit services	-
Outlays and Taxes	0.32
Total	2.63

Disclosure under Foreign Exchange Management Act, 1999

The Bank is in compliance with the Foreign Exchange Management Act, 1999 and the Regulation thereunder ("FEMA provisions") with respect to downstream investments made in its subsidiaries. Further, the Bank has obtained a certificate from its statutory auditors certifying that the Bank is in compliance with the FEMA provisions with respect to downstream investments made in its subsidiary in the year under review.

Related Party Transactions

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

Particulars of Loans, Guarantees or Investments

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

Financial Statements of Subsidiaries and Associates

In terms of Section 134 of the Companies Act, 2013 and read with Rule 8 (1) of the Companies (Accounts) Rules, 2014 the performance and financial position of the Bank's subsidiaries and associates are enclosed as **ANNEXURE 5** to this report.

During the year, International Asset Reconstruction Company Private Limited ("IARC") ceased to be an associate of the Bank since the percentage of paid-up equity capital held by the Bank in IARC has been diluted to less than 20 per cent due to further issue of equity shares made by IARC during the financial year, in which the Bank did not participate. As of March 31, 2018, the Bank held 19.22 per cent of the share capital of IARC.

Whistle Blower Policy / Vigil Mechanism

The Bank encourages an open and transparent system of working and dealing amongst its stake holders. While the Bank's "Code of Conduct & Ethics Policy" directs employees to uphold company values and conduct business with integrity and highest ethical standards, the Bank has also adopted a "Whistle Blower Policy" which encourages its employees and various stake holders to bring to the notice of the Bank any issue involving compromise / violation of ethical norms, legal or regulatory provisions, actual or suspected fraud etc., without any fear of reprisal, discrimination, harassment or victimization of any kind. All such concerns / complaints are received by the Chief of Internal Vigilance of the Bank and / or by the Whistle Blower Committee through a dedicated email ID or by way of letters etc. All such complaints are enquired into by the appropriate authority within the Bank while ensuring confidentiality of the identity of such complainants. On the basis of their investigation, if the allegations are proved be correct, then the Competent Authority shall recommend to the appropriate Disciplinary Authority to take suitable action against the responsible official. The decision of the Whistle Blower Committee is final and binding on all. Preventive measures or any other action considered necessary is also taken by the Competent Authority.

Details of Whistle Blower complaints received and subsequent action taken and the functioning of the Whistle Blower mechanism are reviewed periodically by the Audit Committee of the Board. During the financial year 2017-18, a total of 46 such complaints were received and taken up for investigation.

Declaration by Independent Directors

Mrs. Shyamala Gopinath, Mr. Partho Datta, Mr. Bobby Parikh, Mr. Malay Patel and Mr. Umesh Chandra Sarangi are Independent Directors on the Board of the Bank as on March 31, 2018. All the Independent Directors have given their respective declarations under Section 149 (6) and (7) of the Companies Act, 2013 and the Rules made thereunder. In the opinion of the Board, the Independent Directors fulfil the conditions relating to their status as Independent Directors as specified in Section 149 of the Companies Act, 2013 and the Rules made thereunder.

Board Performance Evaluation

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

Your Bank has in place a process wherein declarations are obtained from the Directors regarding fulfilment of the 'fit and proper' criteria in accordance with RBI guidelines. The declarations from the Directors other than members of the NRC are placed before the NRC and the declarations of the members of the NRC are placed before the Board. Assessment on whether the Directors fulfil the said criteria is made by the NRC and the Board on an annual basis. In addition, the framework / policy approved by the NRC provides for a performance evaluation of the Non-Independent Directors by the Independent Directors on key personal and professional attributes and a similar performance evaluation of the Independent Directors by the Board, excluding the Director being evaluated. Such performance evaluation has been duly completed as above.

Policy on Appointment and Remuneration of Directors and Key Managerial Personnel

The NRC recommends the appointment of Directors to the Board.

It identifies persons who are qualified to become Directors on the Board and evaluates criteria such as academic qualifications, previous experience, track record and integrity of the persons identified before recommending their appointment to the Board.

The remuneration of whole time Directors is governed by the compensation policy of the Bank. The same is available at the weblink https://www.hdfcbank.com/aboutus/cg/codes-and-policies.htm. 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. 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 Schedule 18 Notes forming part of the Accounts - Note no. 24. Non-Executive Directors are paid remuneration by way of sitting fees for attending meetings of the Board and its Committees, which are determined by the Board based on applicable regulatory prescriptions. Further expenses incurred by them for attending meetings of the Board and Committees are reimbursed at actuals. Pursuant to the relevant RBI guidelines and approval of the shareholders, the Non-Executive Directors, other than the Chairperson, are paid profit-related commission of ₹ 10,00,000 (Rupees Ten Lakh Only) per annum for each Non-Executive Director.

Mr. Aditya Puri is the Non-Executive Chairman of HDB Financial Services Limited, subsidiary of the Bank. Mr. Puri does not receive any remuneration from the subsidiary. None of the Directors of your Bank other than Mr. Puri is a director of the Bank's subsidiaries as on March 31, 2018.

Succession Planning

The Bank's Nomination and Remuneration Committee (NRC) also oversees matters of succession planning of its Directors, Senior Management and Key executives of the Bank. With respect to the tenure of the current Managing Director ending in October 2020, the Board will identify a successor and work to ensure that this is done in a manner that will allow appropriate time for an effective transition of responsibilities.

Significant and Material Orders Passed By Regulators

During the current financial year 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 has 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 has 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 will need to include 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 has directed the Bank to complete the inquiry within a period of three months from the date of the SEBI Directions and thereafter, file a report with SEBI in this regard within a further period of seven days.

Directors and Key Managerial Personnel

In compliance with Section 152 of the Companies Act, 2013, Mr. Keki Mistry will retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

During the year, after serving as Board members for close to seven years each, Mrs. Renu Karnad and Mr. A. N. Roy resigned from the Board of the Bank with effect from January 20, 2018 and January 31, 2018 respectively. Mrs. Karnad and Mr. Roy resigned due to other commitments and personal considerations respectively. The Board places on record its sincere appreciation of the contribution made by Mrs. Karnad and Mr. Roy during their tenure with the Bank and wishes them well in future endeavours.

The brief resume / details regarding the Director proposed to be re-appointed as above is furnished in the report on Corporate Governance. There have been no changes in the Directors and Key Managerial Personnel of the Bank other than the above.

Particulars of Employees

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

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

(A) Conservation of Energy

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

- Installation of green locks and AC controllers in air conditioning machines in order to save energy and support go-green initiative
- Installation of energy capacitors at high consumption offices to control the power factor and to reduce energy consumption
- All main signboards in branches switched off post 10 p. m.
- Put controls on usage of lifts, ACs, common passage lights and other electrical equipment
- Reduction of contract demand at Kanjurmarg Hub, resulting in energy savings
- Replacement of CFL Lamps with LED fixtures at Kanjurmarg Hub
- Provision of LED lamps at branches and offices
- Provision of solar panels for captive power generation at our offices in Pune and Bhubaneswar

Monitoring and energy saving initiative for 100 branches resulting in power saving of over 10 per cent. The Bank won an award in National Energy Efficiency Circle Competition 2017 - Winner Best Energy Efficient Case study held by CII in May 2017. Considering the benefits accrued, we have further extended the monitoring programme to an additional 500 branches across the country

(B) Technology Absorption

Your Bank has been at the forefront of using technology absorption and evaluates innovative technology with multiple fintech partners. It has launched a formal Consumer Durable Loans portfolio and product with on-line real-time Digital API based collaboration with third party and fintech application sourcing platforms. Your Bank is leveraging API based Service Oriented Architecture and Middleware for enabling digital initiatives and empowering relationship managers at branches with digital products and services platforms. Your Bank has also begun using robotics and artificial intelligence in digital commerce, corporate supply chain and payment settlement systems to reduce time to market and turnaround time.

(C) Foreign Exchange Earnings and Outgo

During the year, the total foreign exchange earned by the Bank was ₹ 1,523.5 crore (on account of net gains arising on all exchange /derivative transactions) and the total foreign exchange outgo was ₹ 192.9 crore towards the operating and capital expenditure requirements.

Secretarial Audit

In terms of Section 204 of the Companies Act, 2013 and the Rules made thereunder, M/s. BNP & Associates, Practising Company Secretaries have been appointed as Secretarial Auditors of the Bank for the financial year 2017-18. The report of the Secretarial Auditors is enclosed as **ANNEXURE 8** to this Report. With regard to the observation made by the Secretarial Auditors in the Secretarial Audit Report in connection with the directions issued by SEBI to the Bank on February 23, 2018 to inter alia, (a) strengthen the Bank's processes / systems / controls forthwith to ensure that instances of leakage of unpublished price sensitive information ("**UPSI**") does not recur in future, and submit a report to SEBI on inter alia, the present systems and controls and how they have been strengthened ("**Report**"); and (b) conduct an internal inquiry into the leakage of UPSI relating to its financial figures including non-performing assets during the quarter ended December 2015 and June 2017, and submit a report to SEBI ("**Internal Inquiry Report**"), the Bank has appointed:

1. Cyril Amarchand Mangaldas to assist the Bank in inter alia reviewing and conducting an assessment of the policies, systems and processes of the Bank in relation to storing, handling and communication of UPSI in terms of the SEBI (Prohibition of Insider Trading) Regulations, 2015,

specifically, the information flow and process steps involved in preparation and finalization of financial results by the Bank, and in preparation of the Report; and

2. Haribhakti & Co., LLP for the purposes of preparing the Internal Inquiry Report.

   The preparation of the aforementioned reports is underway and the same will be submitted to SEBI within the timelines specified in its directions.

Corporate Governance

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

Business Responsibility Report

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

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

The relevant information is included in Section E-Principle 3 of the Business Responsibility Report for 2017-18.

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 been a challenging year for the global as well as Indian economy. The global economy is facing risks from the increasing tide of protectionism, uncertainty regarding Brexit and the forthcoming elections in Italy. The US-North Korea relationship, notwithstanding recent signs of a rapprochement, will continue to cast a shadow on the geopolitical situation till it settles down one way or the other.

On the positive side, India continues to remain among the two fastest growing economies in the world. The transitory impact of the GST too appears to be over. Private capital expenditure is expected to pick up in the first half of the current financial year.

Your Bank has continued to grow faster than the system. It now plans to raise capital of ₹ 24,000 crore to fund growth for the next few years.

As always, your Bank will continue to be judicious. It will continue to leverage its distribution strength and digital platforms to offer a similar experience to customers across urban, semi-urban and rural India.

Needless to say, the Bank will continue to focus on its five core values, namely, Customer Focus, Operational Excellence, Product Leadership, People and Sustainability. Its commitment to the highest possible standards of corporate governance remains unwavering even as it embarks on the next stage of its evolution, increasingly leveraging artificial intelligence and analytics, to continue delivering sustainable growth to all stakeholders.

On behalf of the Board of Directors

Mrs. Shyamala Gopinath
Chairperson

Mumbai, May 22, 2018

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, 2018

Plan/ Schemes	Date of Shareholders' Approval	Total No. of Options Approved	Grant Price (₹)	Number of Options Outstanding at the beginning of the year	Number of Options Granted / Options Re-instated	Options Vested	Number of Options Exercised & Shares Allotted during the year	Number of Options Forfeited during the year	Number of Options Lapsed during the year	Number of Options in Force at the end of the year
Plan E-ESOS XVIII	30th June, 2010	100,000,000	468.40	2,139,400	-	-	2,136,000	-	3,400	-
Plan E-ESOS XIX	30th June, 2010	100,000,000	680.00	12,955,200	-	-	6,730,300	-	-	6,224,900
Plan D-ESOS XX	16th June, 2007	75,000,000	680.00	3,334,300	-	-	1,698,600	-	-	1,635,700
Plan C-ESOS XXI	17th June, 2005	50,000,000	680.00	4,318,400	-	-	1,176,900	-	-	3,141,500
Plan C-ESOS XXIII	17th June, 2005	50,000,000	835.50	326,000	-	126,300	196,100	5,100	4,800	120,000
Plan F-ESOS XXIV	27th June, 2013	100,000,000	835.50	28,671,900	-	10,581,900	11,483,750	137,100	18,700	17,032,350
Plan F ESOS XXV	27th June, 2013	100,000,000	1,092.65	40,408,100	-	12,396,400	9,122,900	844,600	36,300	30,404,300
Plan F -ESOS XXVI	27th June, 2013	100,000,000	1,097.80	3,000	-	900	-	-	-	3,000
Plan F -ESOS XXVII	27th June, 2013	100,000,000	1,433.20	-	16,865,850	-	-	-	-	16,865,850
Plan F -ESOS XXVIII	27th June, 2013	100,000,000	1,462.15	-	16,200	-	-	-	-	16,200
TOTAL				**92,156,300**	**16,882,050**	**23,105,500**	**32,544,550**	**986,800**	**63,200**	**75,443,800**

Options Exercised during the aforesaid period	32,544,550
Share Capital Money received during the above period (₹)	65,089,100
Share Premium Money received during the above period (₹)	27,194,008,660
Perquisite Tax Amount collected during the aforesaid period (₹)	10,383,882,817
Total Amount collected during the aforesaid period (₹)	37,642,980,577

Note:

One (1) share of the face value of ₹ 2/- each would arise on exercise of One (1) Equity Stock Option.

Vesting Requirements	Except for the death / permanent disablement or retirement of the employee, the options will vest only if the employee is in the continuous employment of the Bank as on the date of vesting
Maximum Term of Options	Provided the employee is in the continuous employment of the Bank, the options vested will lapse in case the same are not exercised by the employee within 4 years from the date of vesting. Except in the case of death / permanent disablement or retirement of the employee, all unvested options get forfeited on the employee's last working date in the Bank.
Source of shares	Primary
Variation in terms of ESOS	Nil

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

Sr. No.	Employee Name	Grade	No. of options
1	Aditya Puri	Managing Director	701,600
2	Paresh Sukthankar	Deputy Managing Director	319,000
3	Kaizad Bharucha	Executive Director	232,000
4	Abhay Aima	Group Head	180,000
5	Ashish Parthasarthy	Group Head	180,000
6	Ashima Bhat	Group Head	126,000
7	Ashok Khanna	Group Head	126,000
8	Arvind Kapil	Group Head	126,000
9	Bhavesh Zaveri	Group Head	180,000
10	Chakrapani Venkatachari	Group Head	153,000
11	Dhiraj Relli (on deputation to HDFC Securities Limited, the Bank's subsidiary)	Group Head	126,000
12	Jimmy Tata	Group Head	180,000
13	Munish Mittal	Group Head	126,000
14	Navin Puri	Group Head	180,000
15	Neil Francisco	Group Head	126,000
16	Nitin Chugh	Group Head	126,000
17	Nirav Shah	Group Head	126,000
18	Parag Rao	Group Head	126,000
19	Philip Mathew	Group Head	126,000
20	Rahul Shukla	Group Head	-
21	Rakesh K Singh	Group Head	153,000
22	Rajesh Kumar R	Group Head	126,000
23	Ravi Narayanan	Group Head	126,000
24	Smita Bhagat	Group Head	67,500
25	Sashidhar Jagdishan	CFO (KMP)	180,000
26	Sanjay Dongre	Executive Vice-President (Legal) & Company Secretary	11,900

ii. Other employees who receive a grant in any one year of options amounting to 5 % or more of options granted during that year	None
iii. Identified employees who were granted options, during any one year, equal to or exceeding 1 percent of the issued capital (excluding outstanding warrants and conversions)	None
Diluted Earnings Per Share (EPS) pursuant to the issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) - 20 (Earnings Per Share)	The diluted EPS of the Bank calculated after considering the effect of potential equity shares arising on account of exercise of options is ₹ 66.8

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 ₹ 650.4 crore. Consequently profit after tax would have been lower by ₹ 650.4 crore and the basic EPS of the Bank would have been ₹ 65.2 per share (lower by ₹ 2.5 per share) and the diluted EPS would have been ₹ 64.4 per share (lower by ₹ 2.4 per share)
Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock options	The weighted average price of the stock options exercised is ₹ 837.6 and the weighted average fair value is ₹ 299.5
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 internally developed and tested model with the following assumptions
I. Risk-free interest rate	6.73 percent to 7.20 percent
II. Expected life	1 to 7.25 years
III. Expected volatility	19.94 per cent to 21.65 percent
IV. Expected dividends	0.65 percent to 0.66 percent
V. The price of the underlying share in the market at the time of option grant	The market price per share was ₹ 1433.20 and ₹ 1462.15 at the time of grant of options under ESOS XXVII and ESOS XXVIII respectively.
vi. The weighted average market price of Bank's shares on NSE at the time of option grant	₹ 1433.35 and ₹ 1461.72 at the time of grant of options under ESOS XXVII and ESOS XXVIII respectively.
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.
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.
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 2017–2018

1. Brief outline of the CSR Policy

HDFC Bank, has worked towards the vision of "Creating Sustainable Communities" through its CSR Programmes. In line with the requirements of Section 135 of the Companies Act, 2013 the Bank has instituted the CSR Policy, duly approved by the Board. HDFC Bank's CSR policy outlines the Bank's mission to contribute to social and economic development of the communities at large. During the financial year 2017-18, the Bank has undertaken CSR Programmes aligned to the CSR Policy in the below focus areas -

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

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

2. Composition of CSR Committee

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

- Mr. Umesh Chandra Sarangi, Chairman (Independent Director)
- Mr. Bobby Parikh (Independent Director)
- Mr. Partho Datta (Independent Director)
- Mr. Aditya Puri
- Mr. Paresh Sukthankar
- Mr. Malay Patel (Independent Director) - Inducted as a member effective March 27, 2018

  (Mrs. Renu Karnad ceased to be the Chairperson and member of the Committee pursuant to her resignation as Director of the Bank with effect from January 20, 2018)

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

INR 18,246 CR

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

INR 365 CR

5. Details of CSR spent during the financial year

- Total amount spent during the financial year : INR 374 CR
- Amount unspent, if any: NIL

- The manner in which the amount is spent during the financial year is detailed below

Sr. no	CSR project / Activity	Sector (Schedule VII)	Projects or programs 1. Local area or others 2. State and district	Amount outlay (project-wise) (INR Cr)	Amount spent (INR Cr) 1.Direct expenditure 2.Overheads	Cumulative expenditure up to reporting period (INR Cr)*	Amount spent: Direct or through *implementing agency (INR Cr)
1	Promoting Education	Promotion of Education	Pan India	41.29	1. 7.56 2. 0.33	99.92	Implementing Agency – 33.40
2	Skill Training and Livelihood Enhancement	Skill development and Vocational Training	Pan India	17.31	1. 4.41 2. 0.14	78.24	Implementing Agency – 12.76
3	Health Care	Preventive and Curative Healthcare	Pan India	15.19	1. 15.07 2. 0.12	54.29	Direct
4	Environmental Sustainability	Environment	Pan India	0.73	1. 0.72 2. 0.01	3.41	Direct
5	Eradicating Poverty	Eradicating poverty	Pan India	4.18	1. 0.00 2. 0.03	11.00	Implementing Agency – 4.15
6	Rural Development	Rural Development Projects	Pan India	295.85	1. 174.79 2. 2.34	737.80	Implementing Agency – 118.71

*Details of the implementing agencies are listed below:

Promotion of Education: Banasthali Vidyapith, Bangalore Oniyavara Seva Coota, Bodh Shiksha Samiti , Isha Education, K.C. Mahindra Education Trust, Katha, Magic Bus India Foundation, Meljol, Moinee Foundation, Participatory Action for Community Empowerment, Pratham Education Foundation, Shree Shantadurga Shikshan Samiti, Society for Action in Community Health, Sri Aurobindo Society, Sri Sathya Sai Trust, Teach To Lead, United way of Mumbai; **Rural Development :** Abhinav, Abhyuday Sanstha, Action For Food Production, Action for Social Advancement, Aga Khan Rural Support Programme (India), Ambuja Cement Foundation, Anarde Foundation, Aroh Foundation, BAIF Development Research Foundation, Centre for Advance Research and Development, Community Advancement & Rural Development Society, Family Health India, FXB India Suraksha, Gram Vikas, Gramalaya Trust, Gram Vikas Trust, Gramya Vikash Mancha, Haritika, Indo Global Social Service Society, Integrated Development Foundation, Kalptaru Vikas Samiti, KGVK, Krushi Vikas Va Gramin Prashikshan Sanstha, MYRADA, Nav Bharat Jagriti Kendra, Navrachna Mahila Vikas Trust, Network for Enterprise Enhancement and Development Support (NEEDS), Participatory Action for Community Empowerment, Peoples Action for National Integration, S.M. Sehgal Foundation, Sahbagi Shikshan Kendra, Sai Jyoti Gramodoyog Samaj Seva Samiti, Sanjeevani Institute for Empowerment & Development, Share Society to Heal Aid Restore Educate, Shikhar Yuva Manch, Shramik Bharti, Society for Action in Community Health, Vikalp, Voluntary Association for People Service, Vrutti, Watershed Organisation Trust, Yuva Rural Association, Yuva Unstoppable; **Skills Training & Livelihood Enhancement:** Access Development Services, Antarang Foundation, Aroh Foundation, Dr M L Dhawale Memorial Trust, End Poverty, Friends Union for Energizing Lives, FXB India Suraksha, Incubation Centres, Indo Global Social Service Society, Jan Jagran Sanstha, Pune City Connect Development Foundation, SIFE India, Tata Institute of Social Sciences, Voluntary Association for People Service; **Eradicating poverty / Other Donations:** Chetana Foundation, Commissioner of Municipal Administration, CSC Academy, GiveIndia, Mandya Institute of Medical Sciences, National Sports Development Fund, Rotary Club of Panaji, Sneha Society for Nutrition Education and Health Action, The Aagan Trust

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

NA

7. A responsibility statement of CSR committee:

The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Bank are in compliance with the CSR objectives and CSR Policy of the Company

Mr. Aditya Puri
Managing Director

Mr. Umesh Chandra Sarangi
Chairman - CSR Committee

Date: April 18, 2018

ANNEXURE 3 to the Directors' Report

Form No. MGT-9
Extract of the Annual Return as on the financial year ended March 31, 2018

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

I. REGISTRATION AND OTHER DETAILS:

i. CIN: L65920MH1994PLC080618

ii. Registration Date: August 30, 1994

iii. Name of the Company: HDFC Bank Limited

iv. Category / Sub-category of the Company: Company limited by shares / Indian Non-Government Company

v. Address of the Registered office and contact details:

HDFC Bank Limited

HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. Tel: 022 3976 0000

vi. Whether listed: Yes

vii. Name, Address and contact details of Registrar and Transfer Agent:

Datamatics Business Solutions Limited (Formerly known as Datamatics Financial Services Limited)
Plot No. B5, Part B, Cross Lane, MIDC, Marol, Andheri East, Mumbai 400 093.
Tel: 022- 6671 2213/14, E-mail: hdinvestors@datamaticsbpm.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES*:

Sr. no.	Name and Address of the Company	CIN/ GLN	Holding / Subsidiary / Associate	Percentage of shares held	Applicable section
1	**HDB Financial Services Limited** Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380 009.	U65993GJ2007PLC051028	Subsidiary	95.87	Sec 2(87) of Companies Act, 2013
2	**HDFC Securities Limited** I Think, Techno Campus, Building-B, "Alpha" office, 8th Floor, opposite Crompton Greaves, Kanjurmarg (East), Mumbai - 400 042.	U67120MH2000PLC152193	Subsidiary	97.67	Sec 2(87) of Companies Act, 2013

** During the year, International Asset Reconstruction Company Limited ("IARC") ceased to be an associate company of the Bank since the percentage of paid-up equity capital held by the Bank in IARC has been diluted to less than 20% due to further issue of equity shares made by IARC during the financial year in which the Bank did not participate. As of March 31, 2018, the Bank held 19.22% of the share capital of IARC.*

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

(i) Category-wise Share Holding

Category code	Category of shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				Percentage Change during the year
(I)	(II)	Demat	Physical	Total	Percentage of total shares	Demat	Physical	Total	Percentage of total shares	
(A)	**Promoters**									
(a)	Individuals/HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Bodies Corporate (#)	543,216,100	0	543,216,100	21.20#	543,216,100	0	543,216,100	20.93#	(0.27)
(e)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (A)(1)	**543,216,100**	**0**	**543,216,100**	**21.20#**	**543,216,100**	**0**	**543,216,100**	**20.93#**	**(0.27)**
2	**Foreign**									
(a)	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (A)(2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**543,216,100**	**0**	**543,216,100**	**21.20#**	**543,216,100**	**0**	**543,216,100**	**20.93#**	**(0.27)**
(B)	**Public shareholding**									
1	**Institutions**									
(a)	Mutual Funds	206,150,669	33,185	206,183,854	8.05	256,405,086	2,000	256,407,086	9.88	1.83
(b)	Banks / FI	2,308,514	17,390	2,325,904	0.09	2,965,413	8,115	2,973,528	0.11	0.02
(c)	Central Government	2,767,437	0	2,767,437	0.11	2,784,112	0	2,784,112	0.11	0.00
(d)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Insurance Companies	61,511,040	0	61,511,040	2.40	56,983,145	0	56,983,145	2.20	(0.20)
(g)	FIIs	880,321,745	15,170	880,336,915	34.35	857,886,518	2,000	857,888,518	33.06	(1.30)
(h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(j)	Alternate Investment Funds	313,796	0	313,796	0.01	1,443,123	0	1,443,123	0.06	0.04
(k)	Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (B)(1)	**1,153,373,201**	**65,745**	**1,153,438,946**	**45.01**	**1,178,467,397**	**12,115**	**1,178,479,512**	**45.41**	**0.40**

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Category code	Category of shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				Percentage Change during the year
(I)	(II)	Demat	Physical	Total	Percentage of total shares	Demat	Physical	Total	Percentage of total shares	
2	**Non-institutions**									
(a)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(a)(i)	Indian	165,798,090	181,005	165,979,095	6.48	152,990,372	121,430	153,111,802	5.90	(0.58)
(a)(ii)	Overseas	1,248	10,075	11,323	0.00	0	270	270	0.00	0.00
(b)	Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)(i)	Individuals - shareholders holding nominal share capital up to ₹ 1 Lakh	147,394,271	16,210,855	163,605,126	6.38	158,476,509	13,810,769	172,287,278	6.64	0.25
(b)(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	56,969,465	191,000	57,160,465	2.23	61,550,251	191,000	61,741,251	2.38	0.15
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Other (specify)	0	0	0	0.00	2,762,224	0	2,762,224	0.11	0.11
d-i	NRI Rep	2,308,878	41,295	2,350,173	0.09	1,990,585	38,385	2,028,970	0.08	(0.01)
d-ii	NRI Non -Rept	3,756,747	2,265	3,759,012	0.15	8,471,200	1,925	8,473,125	0.33	0.18
d-iii	Foreign Bodies	21,000	0	21,000	0.00	0	0	0	0.00	0.00
d-iv	Foreign National	1,068	0	1,068	0.00	1,588	0	1588	0.00	0.00
	Sub Total (B)(2)	**376,250,767**	**16,636,495**	**392,887,262**	**15.33**	**386,242,729**	**14,163,779**	**400,406,508**	**15.43**	**0.10**
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**15,296,23,968**	**16,702,240**	**1,546,326,208**	**60.34**	**1,564,710,126**	**14,175,894**	**1,578,886,020**	**60.84**	**0.50**
	Total (A+B)	**2,072,840,068**	**16,702,240**	**2,089,542,308**	**81.54**	**2,107,926,226**	**14,175,894**	**2,122,102,120**	**81.77**	**0.23**
(C)	**Custodians for GDRs and ADRs**	473,003,409	0	473,003,409	18.46	472,988,147	0	472,988,147	18.23	(0.23)
	GRAND TOTAL (A)+(B)+(C)	**2,545,843,477**	**16,702,240**	**2,562,545,717**	**100.00**	**2,580,914,373**	**14,175,894**	**2,595,090,267**	**100.00**	**0.00**

 # Promoters are Indian Companies incorporated under the Indian Companies Act 1956 and are managed by Indian management. Foreign shareholding in the principal promoter company exceeds 51 per cent of their paid up share capital and accordingly the shareholding of the company in the Bank may be deemed as indirect foreign shareholding in terms of the extant FDI Policy.

The percentage of share capital held by the promoters has been calculated after including the equity shares underlying the depository receipts of the Bank in the total number of equity shares. Pursuant to the Circular No. CIR/CFD/CMD/13/2015 dated November 30, 2015 issued by the Securities and Exchange Board of India ("SEBI"), the percentage of promoter shareholding after excluding the equity shares underlying depository receipts from the total number of shares would be 25.60% of Bank's share capital.

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			Percentage change in shareholding during the year**
		No.of Shares	Percentage of total Shares	Percentage of Shares Pledged / encumbered to total shares	No.of Shares	Percentage of total Shares	Percentage of Shares Pledged / encumbered to total shares	
1	HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED	393,211,100	15.35	0.00	393,211,100	15.15	0.00	(0.20)
2	HDFC INVESTMENTS LIMITED	150,000,000	5.85	0.00	150,000,000	5.78	0.00	(0.07)
3	HDFC HOLDINGS LIMITED	5,000	0.00	0.00	5,000	0.00	0.00	0.00
	Total	**543,216,100**	**21.20**	**0.00**	**543,216,100**	**20.93**	**0.00**	**(0.27)**

(iii) Change in Promoters' Shareholding:

Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	Percentage of total Shares	No.of Shares	Percentage of total Shares
At the beginning of the year	543,216,100	21.20		
Date wise Increase / Decrease in Promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus / sweat / equity etc.) **				
At the end of the year			543,216,100	20.93

*** During the year under review, there was no change with respect to the shares held by the promoters. However, there is a change in the percentage to capital because of issuance and allotment of additional equity shares by the Bank upon exercise of equity stock options by the employees during the FY 2017-18.*

(iv) Shareholding Pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs):

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares	No. of shares	Percentage of total shares
1	Europacific Growth Fund	At the beginning of the Year	31-MAR-2017	100,311,759	3.92		
		Increase	12-MAY-2017	676,700	0.03	100,988,459	3.94
		Increase	23-JUN-2017	240,000	0.01	101,228,459	3.94
		Decrease	06-OCT-2017	(1,839,189)	(0.07)	99,389,270	3.85
		Decrease	13-OCT-2017	(523,396)	(0.02)	98,865,874	3.83
		At the END of the Year	31-MAR-2018	-	-	98,865,874	3.81
2	Life Insurance Corporation Of India	At the beginning of the Year	31-MAR-2017	55,457,815	2.16		
		Decrease	07-APR-2017	(302,533)	(0.01)	55,155,282	2.15
		Decrease	14-APR-2017	(476,098)	(0.02)	54,679,184	2.13
		Decrease	21-APR-2017	(1,080,747)	(0.04)	53,598,437	2.09
		Decrease	28-APR-2017	(1,266,569)	(0.05)	52,331,868	2.04
		Decrease	05-MAY-2017	(384,084)	(0.02)	51,947,784	2.03
		Decrease	12-MAY-2017	(117,000)	(0.01)	51,830,784	2.02
		Decrease	19-MAY-2017	(19,090)	0.00	51,811,694	2.02
		Decrease	02-JUN-2017	(500)	0.00	51,811,194	2.02
		Decrease	09-JUN-2017	(800)	0.00	51,810,394	2.02
		Decrease	09-MAR-2018	(58,000)	0.00	51,752,394	2.00
		Decrease	16-MAR-2018	(93,890)	0.00	51,658,504	1.99
		Decrease	23-MAR-2018	(71,986)	0.00	51,586,518	1.99
		Decrease	30-MAR-2018	(51,500)	0.00	51,535,018	1.99
		At the END of the Year	31-MAR-2018	-	-	51,535,018	1.99
3	SBI-Etf Nifty 50	At the beginning of the Year	31-MAR-2017	30,660,186	1.20		
		Increase	07-APR-2017	1,184,347	0.05	31,844,533	1.24
		Increase	14-APR-2017	228,371	0.01	32,072,904	1.25
		Increase	21-APR-2017	50,754	0.00	32,123,658	1.25
		Increase	28-APR-2017	2,163,001	0.08	34,286,659	1.34
		Increase	05-MAY-2017	536,490	0.02	34,823,149	1.36
		Decrease	12-MAY-2017	(77,339)	0.00	34,745,810	1.35

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares	No. of shares	Percentage of total shares
		Increase	19-MAY-2017	153,998	0.01	34,899,808	1.36
		Increase	26-MAY-2017	44,365	0.00	34,944,173	1.36
		Increase	02-JUN-2017	378,917	0.02	35,323,090	1.38
		Decrease	09-JUN-2017	(140,755)	(0.01)	35,182,335	1.37
		Increase	16-JUN-2017	139,607	0.01	35,321,942	1.38
		Decrease	23-JUN-2017	(115,023)	0.00	35,206,919	1.37
		Decrease	30-JUN-2017	(197,221)	(0.01)	35,009,698	1.36
		Increase	07-JUL-2017	211,139	0.01	35,220,837	1.37
		Increase	14-JUL-2017	281,763	0.01	35,502,600	1.38
		Increase	17-JUL-2017	28,759	0.00	35,531,359	1.38
		Increase	21-JUL-2017	118,439	0.01	35,649,798	1.39
		Increase	28-JUL-2017	354,574	0.01	36,004,372	1.40
		Increase	04-AUG-2017	1,222,500	0.05	37,226,872	1.45
		Increase	11-AUG-2017	332,122	0.01	37,558,994	1.46
		Decrease	18-AUG-2017	(14,098)	0.00	37,544,896	1.46
		Increase	25-AUG-2017	211,410	0.01	37,756,306	1.47
		Decrease	01-SEP-2017	(5,031)	0.00	37,751,275	1.46
		Increase	08-SEP-2017	152,392	0.01	37,903,667	1.47
		Decrease	15-SEP-2017	(97,064)	0.00	37,806,603	1.47
		Increase	22-SEP-2017	252,058	0.01	38,058,661	1.47
		Increase	29-SEP-2017	148,541	0.01	38,207,202	1.48
		Increase	06-OCT-2017	838,061	0.03	39,045,263	1.51
		Increase	13-OCT-2017	41,307	0.00	39,086,570	1.51
		Increase	20-OCT-2017	224,969	0.01	39,311,539	1.52
		Increase	27-OCT-2017	214,071	0.01	39,525,610	1.53
		Increase	31-OCT-2017	56,163	0.00	39,581,773	1.53
		Decrease	03-NOV-2017	(115,452)	0.00	39,466,321	1.53
		Decrease	10-NOV-2017	(109,662)	0.00	39,356,659	1.52
		Increase	17-NOV-2017	639,432	0.03	39,996,091	1.55
		Increase	24-NOV-2017	716,636	0.03	40,712,727	1.57
		Increase	01-DEC-2017	657,782	0.03	41,370,509	1.60
		Increase	08-DEC-2017	832,787	0.03	42,203,296	1.63
		Increase	15-DEC-2017	277,746	0.01	42,481,042	1.64
		Increase	22-DEC-2017	248,136	0.01	42,729,178	1.65
		Decrease	29-DEC-2017	(11,264)	0.00	42,717,914	1.65
		Increase	05-JAN-2018	243,407	0.01	42,961,321	1.66
		Increase	12-JAN-2018	421,655	0.02	43,382,976	1.68
		Increase	19-JAN-2018	684,767	0.03	44,067,743	1.70
		Decrease	26-JAN-2018	(236,736)	(0.01)	43,831,007	1.69
		Decrease	02-FEB-2018	(256,140)	(0.01)	43,574,867	1.68
		Decrease	09-FEB-2018	(159,102)	(0.01)	43,415,765	1.68
		Increase	16-FEB-2018	335,480	0.01	43,751,245	1.69
		Decrease	23-FEB-2018	(81,209)	0.00	43,670,036	1.68
		Increase	02-MAR-2018	192,055	0.01	43,862,091	1.69

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares	No. of shares	Percentage of total shares
		Increase	09-MAR-2018	240,745	0.01	44,102,836	1.70
		Increase	16-MAR-2018	248,224	0.01	44,351,060	1.71
		Increase	23-MAR-2018	690,340	0.03	45,041,400	1.74
		Decrease	30-MAR-2018	(47,397)	0.00	44,994,003	1.73
		At the END of the Year	31-MAR-2018	-	-	44,994,003	1.73
4	HDFC Trustee Company Limited A/C HDFC Balanced Fund	At the beginning of the Year	31-MAR-2017	20,125,387	0.79		
		Increase	07-APR-2017	3,445,051	0.13	23,570,438	0.92
		Decrease	14-APR-2017	(709)	0.00	23,569,729	0.92
		Decrease	21-APR-2017	(13,887)	0.00	23,555,842	0.92
		Decrease	28-APR-2017	(18,250)	0.00	23,537,592	0.92
		Increase	05-MAY-2017	2,173	0.00	23,539,765	0.92
		Decrease	12-MAY-2017	(3,167)	0.00	23,536,598	0.92
		Increase	19-MAY-2017	49,408	0.00	23,586,006	0.92
		Increase	26-MAY-2017	298,610	0.01	23,884,616	0.93
		Increase	02-JUN-2017	401,614	0.02	24,286,230	0.95
		Decrease	09-JUN-2017	(120,610)	(0.01)	24,165,620	0.94
		Increase	16-JUN-2017	849,625	0.03	25,015,245	0.97
		Increase	23-JUN-2017	275,726	0.01	25,290,971	0.99
		Increase	30-JUN-2017	353,156	0.01	25,644,127	1.00
		Increase	07-JUL-2017	15,571	0.00	25,659,698	1.00
		Increase	14-JUL-2017	54,083	0.00	25,713,781	1.00
		Decrease	17-JUL-2017	(136)	0.00	25,713,645	1.00
		Increase	21-JUL-2017	244,001	0.01	25,957,646	1.01
		Increase	28-JUL-2017	230,331	0.01	26,187,977	1.02
		Increase	04-AUG-2017	1,227,119	0.05	27,415,096	1.07
		Decrease	11-AUG-2017	(125,730)	(0.01)	27,289,366	1.06
		Decrease	18-AUG-2017	(228,485)	(0.01)	27,060,881	1.05
		Increase	25-AUG-2017	216,398	0.01	27,277,279	1.06
		Increase	01-SEP-2017	349,040	0.01	27,626,319	1.07
		Increase	08-SEP-2017	214,909	0.01	27,841,228	1.08
		Increase	15-SEP-2017	486,072	0.02	28,327,300	1.10
		Increase	22-SEP-2017	114,055	0.00	28,441,355	1.10
		Decrease	29-SEP-2017	(151,670)	(0.01)	28,289,685	1.10
		Increase	06-OCT-2017	1,929,259	0.08	30,218,944	1.17
		Increase	13-OCT-2017	49,950	0.00	30,268,894	1.17
		Decrease	20-OCT-2017	(295)	0.00	30,268,599	1.17
		Decrease	27-OCT-2017	(186,002)	(0.01)	30,082,597	1.16
		Increase	31-OCT-2017	91,816	0.00	30,174,413	1.17
		Decrease	03-NOV-2017	(1,038)	0.00	30,173,375	1.17
		Decrease	10-NOV-2017	(89,302)	0.00	30,084,073	1.16
		Decrease	17-NOV-2017	(96,809)	0.00	29,987,264	1.16
		Increase	24-NOV-2017	637,492	0.03	30,624,756	1.18
		Increase	01-DEC-2017	338,128	0.01	30,962,884	1.20
		Increase	08-DEC-2017	281,986	0.01	31,244,870	1.21

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares	No. of shares	Percentage of total shares
		Increase	15-DEC-2017	411,178	0.02	31,656,048	1.22
		Decrease	22-DEC-2017	(4,553)	0.00	31,651,495	1.22
		Decrease	29-DEC-2017	(3,535)	0.00	31,647,960	1.22
		Increase	05-JAN-2018	705,717	0.03	32,353,677	1.25
		Increase	12-JAN-2018	1,536	0.00	32,355,213	1.25
		Increase	19-JAN-2018	296,119	0.01	32,651,332	1.26
		Decrease	26-JAN-2018	(10,919)	0.00	32,640,413	1.26
		Decrease	02-FEB-2018	(11,663)	0.00	32,628,750	1.26
		Decrease	09-FEB-2018	(329,177)	(0.01)	32,299,573	1.25
		Decrease	16-FEB-2018	(184,463)	(0.01)	32,115,110	1.24
		Decrease	23-FEB-2018	(62,967)	0.00	32,052,143	1.24
		Increase	02-MAR-2018	6,841	0.00	32,058,984	1.24
		Increase	09-MAR-2018	54,049	0.00	32,113,033	1.24
		Increase	16-MAR-2018	449,850	0.02	32,562,883	1.25
		Increase	23-MAR-2018	4,940	0.00	32,567,823	1.25
		Decrease	30-MAR-2018	(9,970)	0.00	32,557,853	1.25
		At the END of the Year	31-MAR-2018	-	-	32,557,853	1.25
5	ICICI Prudential Life Insurance Company Limited	At the beginning of the Year	31-MAR-2017	35,864,792	1.40		
		Decrease	07-APR-2017	(224,277)	(0.01)	35,640,515	1.39
		Increase	14-APR-2017	100,134	0.00	35,740,649	1.40
		Decrease	21-APR-2017	(503,387)	(0.02)	35,237,262	1.38
		Increase	28-APR-2017	644,429	0.03	35,881,691	1.40
		Increase	05-MAY-2017	194,099	0.01	36,075,790	1.41
		Increase	12-MAY-2017	125,112	0.01	36,200,902	1.41
		Decrease	19-MAY-2017	(122,105)	(0.01)	36,078,797	1.41
		Decrease	26-MAY-2017	(630,703)	(0.03)	35,448,094	1.38
		Increase	02-JUN-2017	3,127	0.00	35,451,221	1.38
		Decrease	09-JUN-2017	(621)	0.00	35,450,600	1.38
		Decrease	16-JUN-2017	(586,657)	(0.02)	34,863,943	1.36
		Decrease	23-JUN-2017	(178,752)	(0.01)	34,685,191	1.35
		Decrease	30-JUN-2017	(709,274)	(0.03)	33,975,917	1.32
		Decrease	07-JUL-2017	(72,243)	0.00	33,903,674	1.32
		Increase	14-JUL-2017	450,189	0.02	34,353,863	1.34
		Increase	17-JUL-2017	78	0.00	34,353,941	1.34
		Decrease	21-JUL-2017	(58,593)	0.00	34,295,348	1.33
		Decrease	28-JUL-2017	(523,190)	(0.02)	33,772,158	1.31
		Decrease	04-AUG-2017	(410,475)	(0.02)	33,361,683	1.30
		Decrease	11-AUG-2017	(216,394)	(0.01)	33,145,289	1.29
		Decrease	18-AUG-2017	(152,330)	(0.01)	32,992,959	1.28
		Decrease	25-AUG-2017	(230,243)	(0.01)	32,762,716	1.27
		Decrease	01-SEP-2017	(336,456)	(0.01)	32,426,260	1.26
		Decrease	08-SEP-2017	(33,144)	0.00	32,393,116	1.26
		Decrease	15-SEP-2017	(295,604)	(0.01)	32,097,512	1.24
		Decrease	22-SEP-2017	(88,542)	0.00	32,008,970	1.24

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares	No. of shares	Percentage of total shares
		Decrease	29-SEP-2017	(722,967)	(0.03)	31,286,003	1.21
		Increase	06-OCT-2017	211,821	0.01	31,497,824	1.22
		Decrease	13-OCT-2017	(57,147)	0.00	31,440,677	1.22
		Increase	20-OCT-2017	18,441	0.00	31,459,118	1.22
		Decrease	27-OCT-2017	(12,647)	0.00	31,446,471	1.22
		Decrease	31-OCT-2017	(52,941)	0.00	31,393,530	1.21
		Increase	03-NOV-2017	37,231	0.00	31,430,761	1.22
		Decrease	10-NOV-2017	(5,744)	0.00	31,425,017	1.22
		Decrease	17-NOV-2017	(145,162)	(0.01)	31,279,855	1.21
		Decrease	24-NOV-2017	(48,496)	0.00	31,231,359	1.21
		Decrease	01-DEC-2017	(125,823)	(0.01)	31,105,536	1.20
		Increase	08-DEC-2017	228,340	0.01	31,333,876	1.21
		Increase	15-DEC-2017	360,721	0.01	31,694,597	1.23
		Increase	22-DEC-2017	240,097	0.01	31,934,694	1.23
		Increase	29-DEC-2017	233,826	0.01	32,168,520	1.24
		Decrease	05-JAN-2018	(82,820)	0.00	32,085,700	1.24
		Increase	12-JAN-2018	344,060	0.01	32,429,760	1.25
		Decrease	19-JAN-2018	(282,314)	(0.01)	32,147,446	1.24
		Decrease	26-JAN-2018	(105,107)	0.00	32,042,339	1.24
		Decrease	02-FEB-2018	(330,710)	(0.01)	31,711,629	1.22
		Increase	09-FEB-2018	1,806	0.00	31,713,435	1.22
		Increase	16-FEB-2018	27,066	0.00	31,740,501	1.23
		Decrease	23-FEB-2018	(22,144)	0.00	31,718,357	1.22
		Increase	02-MAR-2018	95,559	0.00	31,813,916	1.23
		Increase	09-MAR-2018	21,716	0.00	31,835,632	1.23
		Decrease	16-MAR-2018	(21,890)	0.00	31,813,742	1.23
		Increase	23-MAR-2018	229,432	0.01	32,043,174	1.24
		Increase	30-MAR-2018	119,200	0.01	32,162,374	1.24
		At the END of the Year	31-MAR-2018	-	-	32,162,374	1.24
6	Government Of Singapore	At the beginning of the Year	31-MAR-2017	30,115,330	1.18		
		Decrease	07-APR-2017	(137,758)	(0.01)	29,977,572	1.17
		Decrease	14-APR-2017	(525,648)	(0.02)	29,451,924	1.15
		Decrease	21-APR-2017	(762,530)	(0.03)	28,689,394	1.12
		Increase	26-MAY-2017	7,290	0.00	28,696,684	1.12
		Increase	09-JUN-2017	5,004	0.00	28,701,688	1.12
		Decrease	07-JUL-2017	(27,922)	0.00	28,673,766	1.11
		Increase	14-JUL-2017	35,351	0.00	28,709,117	1.12
		Increase	17-JUL-2017	49,834	0.00	28,758,951	1.12
		Increase	08-SEP-2017	138,023	0.01	28,896,974	1.12
		Decrease	15-SEP-2017	(2,077)	0.00	28,894,897	1.12
		Increase	29-SEP-2017	25,065	0.00	28,919,962	1.12
		Increase	06-OCT-2017	47,935	0.00	28,967,897	1.12
		Increase	13-OCT-2017	44,202	0.00	29,012,099	1.12
		Increase	20-OCT-2017	54,971	0.00	29,067,070	1.13

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares	No. of shares	Percentage of total shares
		Decrease	27-OCT-2017	(158,935)	(0.01)	28,908,135	1.12
		Increase	31-OCT-2017	184,369	0.01	29,092,504	1.13
		Increase	10-NOV-2017	424,968	0.02	29,517,472	1.14
		Increase	24-NOV-2017	21,467	0.00	29,538,939	1.14
		Increase	01-DEC-2017	19,570	0.00	29,558,509	1.14
		Decrease	08-DEC-2017	(193,845)	(0.01)	29,364,664	1.14
		Decrease	15-DEC-2017	(22,009)	0.00	29,342,655	1.13
		Decrease	29-DEC-2017	(7,272)	0.00	29,335,383	1.13
		Decrease	05-JAN-2018	(274,846)	(0.01)	29,060,537	1.12
		Increase	12-JAN-2018	77,850	0.00	29,138,387	1.13
		Increase	19-JAN-2018	10,418	0.00	29,148,805	1.13
		Decrease	16-FEB-2018	(20,802)	0.00	29,128,003	1.12
		Increase	02-MAR-2018	28,385	0.00	29,156,388	1.12
		Decrease	09-MAR-2018	(497,540)	(0.02)	28,658,848	1.11
		Decrease	23-MAR-2018	(33,544)	0.00	28,625,304	1.10
		At the END of the Year	31-MAR-2018	-	-	28,625,304	1.10
7	Capital World Growth And Income Fund	At the beginning of the Year	31-MAR-2017	37,636,610	1.47		
		Decrease	05-MAY-2017	(865,000)	(0.03)	36,771,610	1.43
		Decrease	26-MAY-2017	(1,005,000)	(0.04)	35,766,610	1.39
		Decrease	16-JUN-2017	(690,000)	(0.03)	35,076,610	1.37
		Decrease	14-JUL-2017	(699,740)	(0.03)	34,376,870	1.34
		Decrease	17-JUL-2017	(428,260)	(0.02)	33,948,610	1.32
		Decrease	21-JUL-2017	(563,000)	(0.02)	33,385,610	1.30
		Decrease	04-AUG-2017	(133,010)	(0.01)	33,252,600	1.29
		Decrease	11-AUG-2017	(431,892)	(0.02)	32,820,708	1.28
		Decrease	18-AUG-2017	(527,784)	(0.02)	32,292,924	1.25
		Decrease	25-AUG-2017	(49,495)	0.00	32,243,429	1.25
		Decrease	01-SEP-2017	(1,437,507)	(0.06)	30,805,922	1.19
		Decrease	08-SEP-2017	(36,687)	0.00	30,769,235	1.19
		Decrease	15-SEP-2017	(1,179,625)	(0.05)	29,589,610	1.15
		Decrease	22-SEP-2017	(348,290)	(0.01)	29,241,320	1.13
		Decrease	29-SEP-2017	(171,710)	(0.01)	29,069,610	1.13
		Decrease	01-DEC-2017	(173,000)	(0.01)	28,896,610	1.12
		Decrease	08-DEC-2017	(520,000)	(0.02)	28,376,610	1.10
		Decrease	09-MAR-2018	(3,038,000)	(0.12)	25,338,610	0.98
		At the END of the Year	31-MAR-2018	-	-	25,338,610	0.98
8	Reliance Capital Trustee Co Ltd A/C-Reliance Regular Savings Fund-Balanced Option	At the beginning of the Year	31-MAR-2017	21,357,460	0.83		
		Increase	07-APR-2017	1,145,032	0.05	22,502,492	0.88
		Increase	14-APR-2017	411,316	0.02	22,913,808	0.89
		Increase	21-APR-2017	437,569	0.02	23,351,377	0.91
		Decrease	28-APR-2017	(2,160,487)	(0.08)	21,190,890	0.83
		Decrease	05-MAY-2017	(42,037)	0.00	21,148,853	0.83
		Increase	12-MAY-2017	126,484	0.01	21,275,337	0.83
		Increase	19-MAY-2017	473,649	0.02	21,748,986	0.85

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares	No. of shares	Percentage of total shares
		Increase	26-MAY-2017	539,104	0.02	22,288,090	0.87
		Increase	02-JUN-2017	869,157	0.03	23,157,247	0.90
		Increase	09-JUN-2017	266,411	0.01	23,423,658	0.91
		Decrease	16-JUN-2017	(581,500)	(0.02)	22,842,158	0.89
		Decrease	23-JUN-2017	(443,168)	(0.02)	22,398,990	0.87
		Decrease	30-JUN-2017	(273,934)	(0.01)	22,125,056	0.86
		Increase	07-JUL-2017	774,887	0.03	22,899,943	0.89
		Increase	14-JUL-2017	12,058	0.00	22,912,001	0.89
		Decrease	17-JUL-2017	(39,287)	0.00	22,872,714	0.89
		Decrease	21-JUL-2017	(83,692)	0.00	22,789,022	0.89
		Increase	28-JUL-2017	192,039	0.01	22,981,061	0.89
		Increase	04-AUG-2017	440,766	0.02	23,421,827	0.91
		Decrease	11-AUG-2017	(230,418)	(0.01)	23,191,409	0.90
		Decrease	18-AUG-2017	(29,186)	0.00	23,162,223	0.90
		Increase	25-AUG-2017	85,394	0.00	23,247,617	0.90
		Increase	01-SEP-2017	323,100	0.01	23,570,717	0.91
		Increase	08-SEP-2017	220,072	0.01	23,790,789	0.92
		Decrease	15-SEP-2017	(18,502)	0.00	23,772,287	0.92
		Decrease	22-SEP-2017	(390,296)	(0.02)	23,381,991	0.91
		Decrease	29-SEP-2017	(439,042)	(0.02)	22,942,949	0.89
		Decrease	06-OCT-2017	(258,229)	(0.01)	22,684,720	0.88
		Decrease	13-OCT-2017	(52,243)	0.00	22,632,477	0.88
		Decrease	20-OCT-2017	(102,764)	0.00	22,529,713	0.87
		Increase	27-OCT-2017	177,336	0.01	22,707,049	0.88
		Increase	31-OCT-2017	166,007	0.01	22,873,056	0.88
		Increase	03-NOV-2017	155,691	0.01	23,028,747	0.89
		Decrease	10-NOV-2017	(50,981)	0.00	22,977,766	0.89
		Decrease	17-NOV-2017	(240,754)	(0.01)	22,737,012	0.88
		Decrease	24-NOV-2017	(62,628)	0.00	22,674,384	0.88
		Decrease	01-DEC-2017	(68,231)	0.00	22,606,153	0.87
		Increase	08-DEC-2017	54,726	0.00	22,660,879	0.88
		Increase	15-DEC-2017	82,429	0.00	22,743,308	0.88
		Decrease	22-DEC-2017	(130,223)	(0.01)	22,613,085	0.87
		Decrease	29-DEC-2017	(61,522)	0.00	22,551,563	0.87
		Increase	05-JAN-2018	208,156	0.01	22,759,719	0.88
		Increase	12-JAN-2018	117,441	0.01	22,877,160	0.88
		Decrease	19-JAN-2018	(556,086)	(0.02)	22,321,074	0.86
		Decrease	26-JAN-2018	(106,690)	0.00	22,214,384	0.86
		Increase	02-FEB-2018	602,300	0.02	22,816,684	0.88
		Decrease	09-FEB-2018	(129,419)	(0.01)	22,687,265	0.88
		Decrease	16-FEB-2018	(77,323)	0.00	22,609,942	0.87
		Increase	23-FEB-2018	73,916	0.00	22,683,858	0.88
		Increase	02-MAR-2018	764,524	0.03	23,448,382	0.90
		Increase	09-MAR-2018	156,083	0.01	23,604,465	0.91

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares	No. of shares	Percentage of total shares
		Increase	16-MAR-2018	79,354	0.00	23,683,819	0.91
		Increase	23-MAR-2018	731,626	0.03	24,415,445	0.94
		Increase	30-MAR-2018	657,021	0.03	25,072,466	0.97
		At the END of the Year	31-MAR-2018	-	-	25,072,466	0.97
9	ICICI Prudential Balanced Advantage Fund	At the beginning of the Year	31-MAR-2017	29,700,967	1.16		
		Decrease	07-APR-2017	(705,796)	(0.03)	28,995,171	1.13
		Decrease	14-APR-2017	(16,435)	0.00	28,978,736	1.13
		Decrease	21-APR-2017	(83,910)	0.00	28,894,826	1.13
		Decrease	28-APR-2017	(403,146)	(0.02)	28,491,680	1.11
		Decrease	05-MAY-2017	(374,481)	(0.02)	28,117,199	1.10
		Increase	12-MAY-2017	61,599	0.00	28,178,798	1.10
		Decrease	19-MAY-2017	(859,558)	(0.03)	27,319,240	1.07
		Decrease	26-MAY-2017	(389,892)	(0.02)	26,929,348	1.05
		Decrease	02-JUN-2017	(498,496)	(0.02)	26,430,852	1.03
		Decrease	09-JUN-2017	(733,554)	(0.03)	25,697,298	1.00
		Increase	16-JUN-2017	195,489	0.01	25,892,787	1.01
		Decrease	23-JUN-2017	(202,518)	(0.01)	25,690,269	1.00
		Decrease	30-JUN-2017	(11,038)	0.00	25,679,231	1.00
		Decrease	07-JUL-2017	(905,836)	(0.04)	24,773,395	0.96
		Decrease	14-JUL-2017	(471,906)	(0.02)	24,301,489	0.94
		Increase	17-JUL-2017	217,383	0.01	24,518,872	0.95
		Decrease	21-JUL-2017	(75,313)	0.00	24,443,559	0.95
		Decrease	28-JUL-2017	(523,527)	(0.02)	23,920,032	0.93
		Decrease	04-AUG-2017	(648,357)	(0.03)	23,271,675	0.90
		Decrease	11-AUG-2017	(296,657)	(0.01)	22,975,018	0.89
		Decrease	18-AUG-2017	(10,190)	0.00	22,964,828	0.89
		Decrease	25-AUG-2017	(761,447)	(0.03)	22,203,381	0.86
		Decrease	01-SEP-2017	(303,941)	(0.01)	21,899,440	0.85
		Decrease	08-SEP-2017	(83,896)	0.00	21,815,544	0.85
		Decrease	15-SEP-2017	(131,702)	(0.01)	21,683,842	0.84
		Decrease	22-SEP-2017	(398,720)	(0.02)	21,285,122	0.83
		Decrease	29-SEP-2017	(33,836)	0.00	21,251,286	0.82
		Decrease	06-OCT-2017	(88,207)	0.00	21,163,079	0.82
		Increase	13-OCT-2017	175,208	0.01	21,338,287	0.83
		Decrease	20-OCT-2017	(2,281)	0.00	21,336,006	0.83
		Increase	27-OCT-2017	1,064,247	0.04	22,400,253	0.87
		Increase	31-OCT-2017	1,664,956	0.06	24,065,209	0.93
		Increase	03-NOV-2017	367,903	0.01	24,433,112	0.95
		Increase	10-NOV-2017	974,895	0.04	25,408,007	0.98
		Increase	17-NOV-2017	888,721	0.03	26,296,728	1.02
		Decrease	24-NOV-2017	(418,363)	(0.02)	25,878,365	1.00
		Increase	01-DEC-2017	82,137	0.00	25,960,502	1.00
		Increase	08-DEC-2017	586,157	0.02	26,546,659	1.03
		Increase	15-DEC-2017	213,925	0.01	26,760,584	1.03

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares	No. of shares	Percentage of total shares
		Decrease	22-DEC-2017	(965,932)	(0.04)	25,794,652	1.00
		Decrease	29-DEC-2017	(90,811)	(0.00)	25,703,841	0.99
		Decrease	05-JAN-2018	(369,638)	(0.01)	25,334,203	0.98
		Increase	12-JAN-2018	636,817	0.03	25,971,020	1.00
		Decrease	19-JAN-2018	(538,553)	(0.02)	25,432,467	0.98
		Decrease	26-JAN-2018	(746,219)	(0.03)	24,686,248	0.95
		Increase	02-FEB-2018	648,691	0.03	25,334,939	0.98
		Increase	09-FEB-2018	107,041	0.00	25,441,980	0.98
		Increase	16-FEB-2018	37,712	0.00	25,479,692	0.98
		Decrease	23-FEB-2018	(354,946)	(0.01)	25,124,746	0.97
		Increase	02-MAR-2018	172,816	0.01	25,297,562	0.98
		Decrease	09-MAR-2018	(1,339,691)	(0.05)	23,957,871	0.92
		Decrease	16-MAR-2018	(869,127)	(0.03)	23,088,744	0.89
		Decrease	23-MAR-2018	(631,212)	(0.02)	22,457,532	0.87
		Increase	30-MAR-2018	274,417	0.01	22,731,949	0.88
		At the END of the Year	31-MAR-2018	-	-	22,731,949	0.88
10	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Frontline Equity Fund	At the beginning of the Year	31-MAR-2017	12,774,852	0.50		
		Increase	28-APR-2017	441,995	0.02	13,216,847	0.52
		Increase	05-MAY-2017	1,147,500	0.05	14,364,347	0.56
		Decrease	12-MAY-2017	(190,000)	(0.01)	14,174,347	0.55
		Decrease	19-MAY-2017	(15,000)	0.00	14,159,347	0.55
		Decrease	26-MAY-2017	(57,342)	0.00	14,102,005	0.55
		Increase	02-JUN-2017	103,266	0.00	14,205,271	0.55
		Increase	16-JUN-2017	75,000	0.00	14,280,271	0.56
		Increase	23-JUN-2017	28,143	0.00	14,308,414	0.56
		Decrease	30-JUN-2017	(30,000)	0.00	14,278,414	0.56
		Increase	28-JUL-2017	964,524	0.04	15,242,938	0.59
		Increase	04-AUG-2017	558,572	0.02	15,801,510	0.61
		Decrease	11-AUG-2017	(650)	0.00	15,800,860	0.61
		Increase	18-AUG-2017	3,061	0.00	15,803,921	0.61
		Increase	25-AUG-2017	84,547	0.00	15,888,468	0.62
		Increase	01-SEP-2017	50,381	0.00	15,938,849	0.62
		Increase	08-SEP-2017	496,822	0.02	16,435,671	0.64
		Increase	15-SEP-2017	779,400	0.03	17,215,071	0.67
		Increase	22-SEP-2017	1,046,187	0.04	18,261,258	0.71
		Increase	29-SEP-2017	1,205,878	0.05	19,467,136	0.75
		Increase	06-OCT-2017	224,500	0.01	19,691,636	0.76
		Decrease	13-OCT-2017	(20,500)	0.00	19,671,136	0.76
		Decrease	20-OCT-2017	(20,000)	0.00	19,651,136	0.76
		Increase	27-OCT-2017	65,790	0.00	19,716,926	0.76
		Increase	31-OCT-2017	995,000	0.04	20,711,926	0.80
		Decrease	10-NOV-2017	(231,000)	(0.01)	20,480,926	0.79
		Increase	17-NOV-2017	4,803	0.00	20,485,729	0.79
		Decrease	01-DEC-2017	(265)	0.00	20,485,464	0.79

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Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares	No. of shares	Percentage of total shares
		Decrease	15-DEC-2017	(49,257)	0.00	20,436,207	0.79
		Decrease	29-DEC-2017	(80,280)	0.00	20,355,927	0.79
		Decrease	05-JAN-2018	(34,000)	0.00	20,321,927	0.79
		Decrease	12-JAN-2018	(150,177)	(0.01)	20,171,750	0.78
		Increase	19-JAN-2018	562	0.00	20,172,312	0.78
		Increase	26-JAN-2018	554,600	0.02	20,726,912	0.80
		Increase	02-FEB-2018	378,900	0.02	21,105,812	0.81
		Decrease	09-FEB-2018	(1,715)	0.00	21,104,097	0.81
		Decrease	16-FEB-2018	(46,082)	0.00	21,058,015	0.81
		Increase	02-MAR-2018	265,231	0.01	21,323,246	0.82
		Increase	09-MAR-2018	135,660	0.01	21,458,906	0.83
		Decrease	16-MAR-2018	(252,218)	(0.01)	21,206,688	0.82
		Decrease	23-MAR-2018	(11,842)	0.00	21,194,846	0.82
		Decrease	30-MAR-2018	(61,655)	0.00	21,133,191	0.81
		At the END of the Year	31-MAR-2018	-	-	21,133,191	0.81

**** Date of transfer has been considered as the date on which the beneficiary position was provided by the Depositories to the Bank.*
Increase = Purchase of shares of the Bank   Decrease = Sale of shares of the Bank

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares	No. of shares	Percentage of total shares
1	Aditya Puri	At the beginning of the Year	31-MAR-2017	3,441,544	0.13		
		Decrease	29-DEC-2017	(100,000)	0.00	3,341,544	0.13
		Increase	26-JAN-2018	225,000	0.01	3,566,544	0.14
		At the END of the Year	31-MAR-2018	-	-	3,566,544	0.14
2	Bobby Kanubhai Parikh	At the beginning of the Year	31-MAR-2017	6,263	0.00		
		Increase [$]	12-MAY-2017	950	0.00	7,213	0.00
		Increase [$]	29-SEP-2017	445	0.00	7,658	0.00
		At the END of the Year	31-MAR-2018	-	-	7,658	0.00
	Jointly With Relatives	At the beginning of the Year	31-MAR-2017	3,538	0.00		
		At the END of the Year	31-MAR-2018	-	-	3,538	0.00
3	Kaizad Maneck Bharucha	At the beginning of the Year	31-MAR-2017	938,051	0.04		
		Decrease	23-JUN-2017	(10,000)	0.00	928,051	0.04
		Decrease	28-JUL-2017	(10,000)	0.00	918,051	0.04
		Increase	01-SEP-2017	22,000	0.00	940,051	0.04
		Decrease	15-SEP-2017	(20,000)	0.00	920,051	0.04
		Increase	27-OCT-2017	20,000	0.00	940,051	0.04
		Decrease	02-FEB-2018	(10,000)	0.00	930,051	0.04
		Increase	23-MAR-2018	20,000	0.00	950,051	0.04
		At the END of the Year	31-MAR-2018	-	-	950,051	0.04
	Jointly With Relatives	At the beginning of the Year	31-MAR-2017	500	0.00		
		At the END of the Year	31-MAR-2018	-	-	500	0.00

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares	No. of shares	Percentage of total shares
4	Keki Minoo Mistry	At the beginning of the Year	31-MAR-2017	291,915	0.01		
		At the END of the Year	31-MAR-2018	-	-	291,915	0.01
	Jointly With Relatives	At the beginning of the Year	31-MAR-2017	4,215	0.00	4,215	0.00
		At the END of the Year	31-MAR-2018	-	-	4,215	0.00
5	Paresh D Sukthankar	At the beginning of the Year	31-MAR-2017	811,155	0.03		
		Decrease	19-MAY-2017	(15,000)	0.00	796,155	0.03
		Decrease	16-JUN-2017	(15,000)	0.00	781,155	0.03
		Decrease	23-JUN-2017	(15,000)	0.00	766,155	0.03
		Increase	30-JUN-2017	17,500	0.00	783,655	0.03
		Decrease	04-AUG-2017	(7,000)	0.00	776,655	0.03
		Decrease	11-AUG-2017	(8,000)	0.00	768,655	0.03
		Decrease	15-SEP-2017	(10,000)	0.00	758,655	0.03
		Decrease	22-SEP-2017	(8,000)	0.00	750,655	0.03
		Decrease	29-SEP-2017	(2,000)	0.00	748,655	0.03
		Increase	22-DEC-2017	20,000	0.00	768,655	0.03
		Decrease	29-DEC-2017	(40,000)	0.00	728,655	0.03
		Increase	26-JAN-2018	69,000	0.00	797,655	0.03
		Decrease	02-FEB-2018	(19,000)	0.00	778,655	0.03
		Increase	23-FEB-2018	25,000	0.00	803,655	0.03
		Increase	23-MAR-2018	20,000	0.00	823,655	0.03
		At the END of the Year	31-MAR-2018	-	-	823,655	0.03
	Jointly With Relatives	At the beginning of the Year	31-MAR-2017	3,250	0.00		
		At the END of the Year	31-MAR-2018	-	-	3,250	0.00
6	Sashidhar Jagdishan	At the beginning of the Year	31-MAR-2017	651,594	0.03		
		Decrease	29-DEC-2017	(24,000)	0.00	627,594	0.02
		Increase	26-JAN-2018	46,000	0.00	673,594	0.03
		At the END of the Year	31-MAR-2018	-	-	673,594	0.03
7	Sanjay Dongre	At the beginning of the Year	31-MAR-2017	130,750	0.01		
		Decrease	15-DEC-2017	(1,000)	0.00	129,750	0.01
		Increase	22-DEC-2017	65,000	0.00	194,750	0.01
		Decrease	29-DEC-2017	(2,500)	0.00	192,250	0.01
		Decrease	30-DEC-2017	(1,000)	0.00	191,250	0.01
		Decrease	26-JAN-2018	(15,886)	0.00	175,364	0.01
		Decrease	02-FEB-2018	(9,114)	0.00	166,250	0.01
		At the END of the Year	31-MAR-2018	-	-	166,250	0.01

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

V. INDEBTEDNESS

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

	Secured Loans excluding deposits (1)	Unsecured Loans (2)	Deposits (3)	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	74,028.9		74,028.9
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	-	918.8		918.8
Total (i+ii+iii)	**-**	**74,947.7**		**74,947.7**
Change in Indebtedness during the financial year				
• Addition	14,242.4	37,830.0		52,072.4
• Reduction	-	(2,075.0)		(2,075.0)
Net change	**14,242.4**	**35,755.0**		**49,997.4**
Indebtedness at the end of the financial year				
i) Principal Amount	14,240.0	108,865.0		123,105.0
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	2.4	1,837.7		1,840.1
Total (i+ii+iii)	**14,242.4**	**110,702.7**		**124,945.1**

(1) Secured borrowings represent borrowings under collateralized borrowing and lending obligations and transactions under liquidity adjustment facility and marginal standing facility.

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Sr. no.	Particulars of Remuneration	Name of Managing Director / Whole Time Director / Manager			Total Amount
		Aditya Puri (Managing Director)	Paresh Sukthankar (Deputy Managing Director)	Kaizad Bharucha (Executive Director)	
1	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	72,655,583	42,136,068	34,533,068	149,324,719
	b) Value of perquisites u/s. 17(2) of Income Tax Act, 1961 except stock options	18,254,678	7,777,620	6,681,521	32,713,819
	c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961.	-	-	-	-
2	Stock options exercised during the year***	314,122,500	206,087,825	78,095,100	598,305,425
3	Sweat Equity	-	-	-	-
4	Commission - as per cent of profits - others, specify	-	-	-	-
5	Others *	5,589,360	3,097,223	2,125,680	10,812,263
	Total (A) **	**96,499,621**	**53,010,911**	**43,340,269**	**192,850,801**
	Ceiling as per the Act^				

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

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

** *Does not include the value of the stock options exercised during the year.*

*** *This includes stock options granted and vested over several previous years, but exercised during the last financial year.*

B. Remuneration to other Directors: (₹)

Sr. no.	Name of Director	Particulars of Remuneration			Total Amount
		Fees for attending Board / committee meetings	Commission#	Others	
	Independent Directors				
1	Mrs. Shyamala Gopinath	2,350,000	-	3,123,662	5,473,662
2	Mr. Partho Datta	1,950,000	1,000,000	-	2,950,000
3	Mr. Bobby Parikh	2,250,000	1,000,000	-	3,250,000
4	Mr. A.N. Roy (resigned w.e.f. January 31, 2018)	1,950,000	1,000,000	-	2,950,000
5	Mr. Malay Patel	1,650,000	1,000,000	-	2,650,000
6	Mr. Umesh Chandra Sarangi	1,450,000	1,000,000	-	2,450,000
	Sub total (i)	**11,600,000**	**5,000,000**	**3,123,662**	**19,723,662**
	Other Non-Executive Directors				
1	Mrs. Renu Karnad (resigned w.e.f. January 20, 2018)	1,400,000	1,000,000	-	2,400,000
2	Mr. Keki Mistry	1,450,000	1,000,000	-	2,450,000
3	Mr. Srikanth Nadhamuni	1,350,000	1,000,000	-	2,350,000
	Sub total (ii)	**4,200,000**	**3,000,000**	**-**	**7,200,000**
	Total (i+ii)	**15,800,000**	**8,000,000**	**3,123,662**	**26,923,662**
	Ceiling as per the Act^				

\# *Pursuant to RBI Guidelines on Compensation To Non-Executive Directors of Private Sector Banks dated June 1, 2015 and the resolution passed by the shareholders at the 22nd Annual General Meeting of the Bank held on July 21, 2016, the non-executive directors, including the independent directors, other than the Chairperson, were paid profit-related commission of ₹ 10,00,000/- each. The commission paid during FY 2017-18 pertains to the FY 2016-17.*

Total Managerial Remuneration = (A)+(B) = ₹ 219,774,463

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

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

(₹)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Sanjay Dongre (Company Secretary)	Mr. Sashidhar Jagdishan (Chief Financial Officer)	Total
1	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,036,774	19,878,305	2,99,15,079
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 except stock options	211,042	1,586,613	1,797,655
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2	Stock options exercised during the year***	73,370,700	64,153,900	137,524,600
3	Sweat Equity	-	-	-
4	Commission - as percent of profits - others, specify	-	-	-
5	Others*	339,312	519,588	858,900
	Total**	**10,587,128**	**21,984,506**	**32,571,634**

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

*** Does not include the value of stock options exercised during the year.*

**** This includes stock options granted and vested over several previous years, but exercised during the last financial year.*

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

ANNEXURE 4 to the Directors' Report

Form No. AOC - 2

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

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

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

(₹ crore)

(a) Name(s) of the related party	HDFC Limited					HDB Financial Services Limited							HDFC Securities Limited
Nature of relationship	Promoter of the Bank					Subsidiary of the Bank							Subsidiary of the Bank
(b) Nature of contracts /arrangements / transactions	Receipt of Deposits	Income from sourcing of home loans	Purchase of home loans and payment of servicing fees	Derivative and Foreign exchange transactions	Syndicator / Arranger & Investor	Receipt of Deposits	Payment towards collection services availed	Payment of Back Office Support Service Fees	Payment of Sales Support Service Fees	Credit facility provided	Interest earned on Credit Facility provided	Syndicator / Arranger & Investor	Receipt of Deposits
(c) Duration of the contracts / arrangements / transactions	Varying maturities	1 year	1 year	Varying maturities	Varying maturities	Varying maturities	Until termination	5 years	2 years	Up to 42 months	-	Varying maturities	Varying maturities
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Term and demand deposits placed with the Bank. Outstanding Value: 3,250.77	The Bank sources home loans for HDFC Ltd. through its branches / channels. Value: 245.10	The Bank has an option to purchase up to 70% of the loans sourced by it. HDFC Ltd. continues servicing of the assigned portfolio for which Bank pays servicing fees. Home loans purchased: 5,623.94 Servicing fees: 386.67	Derivative and foreign exchange transactions with the Bank. Outstanding Credit Exposure: 80.76	Syndicator / Arranger & Investor for NCDs / Bonds. Investment Value: 2,105.00	Term and demand deposits placed with the Bank. Outstanding Value: 114.32	Services availed for follow-up and collection of customer dues. Value: 133.44	Back office support services such as data processing availed by the Bank. Value: 640.47	Sales support services for loans and third party products provided by the Bank. Value: 983.89	Term Loans provided. Outstanding Value: 1,590.91	Interest earned. Value: 104.83	Syndicator / Arranger & Investor for NCDs / Bonds. Investment Value: 1,885.00	Term and demand deposits placed with the Bank. Outstanding Value: 250.97
(e) Date(s) of approval by the Board, if any:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(f) Amount paid as advances, if any:	Nil	Nil	Nil	Nil	Nil	Nil	Security deposit: 9.75	Nil	Nil	Nil	Nil	Nil	Nil

- The above mentioned transactions were entered into by the Bank in its ordinary course of business. Materiality threshold is as prescribed in Rule (3) of the Companies (Meetings of Board and its Powers) Amendment Rules, 2017.

ANNEXURE 5 to the Directors' Report

Performance and financial position of subsidiaries and associates of the Bank as on March 31, 2018

(₹ crore)

Name of entity	Net assets as of March 31, 2018		Profit or loss for the year ended March 31, 2018	
	As % of consolidated net assets**	Amount***	As % of consolidated profit or loss	Amount***
Parent:				
HDFC Bank Limited	96.99%	106,295.03	94.47%	17,486.75
Subsidiaries*:				
1. HDFC Securities Limited	0.91%	1,000.78	1.86%	344.42
2. HDB Financial Services Limited	5.66%	6,202.23	5.14%	952.00
Minority Interest in all subsidiaries	0.33%	356.33	0.28%	51.34

**The subsidiaries are domestic entities*

***Consolidated net assets are total assets minus total liabilities including minority interest*

****Amounts are before inter-company adjustments.*

(₹ crore)

Name of entity	Investment as per equity method as of March 31, 2018		Share of profit or loss for the year ended March 31, 2018	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Associate*:				
International Asset Reconstruction Company Private Limited **	19.20%	Refer Note	0.003%	0.52

**The associate is a domestic entity*

***During the year ended March 31, 2018, the Bank's stake in IARC, hitherto at 29.4%, reduced to 19.2% due to further issue of equity shares made by IARC in which the Bank did not participate. Accordingly, IARC ceased to be an associate company of the Bank with effect from March 9, 2018.*

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ANNEXURE 6 to the Directors' Report

Disclosures on Remuneration

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

Designation	Ratio
Managing Director	209:1
Deputy Managing Director	118:1
Executive Director	98:1

Note:

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

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

c. *The above includes all employees of the Bank excluding overseas employees.*

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

Designation	Percentage Increase
Managing Director	15.00
Deputy Managing Director	12.00
Executive Director *	12.00
Chief Financial Officer	3.50
Company Secretary	2.00

**The increase in the remuneration includes increase given for salary alignment with Whole Time Directors both internally and externally.*

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

The percentage increase in median remuneration of employees in the financial year was 11.17 per cent.

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

As of March 31, 2018 the number of permanent employees on the rolls of the Bank was 88,253.

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

The average percentage increase for Key Managerial Personnel : 8.90 per cent

The average percentage increase for Non Managerial Staff : 8.97 per cent

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

ANNEXURE 7 to the Directors' Report

Statement under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for year ended March 31, 2018

Sr. No.	Name of the Employee	Designation	Date of joining the Bank	Qualifications	Age	Exp.	Total (₹)	Last Employment
	Persons in service for the whole year and drawing emoluments more than ₹ 1,02,00,000/- per annum Details of top ten employees in terms of remuneration drawn							
1	Aditya Puri	Managing Director	12-Sep-94	B.Com, CA.	67	45.0	96,499,621	Citibank
2	Paresh Sukthankar	Deputy Managing Director	1-Sep-94	B.Com, M.M.S, A.M.P (Harvard Business School)	55	32.9	53,010,911	Citibank
3	Kaizad M. Bharucha	Executive Director	4-Oct-95	B.Com	53	32.3	43,340,269	SBI Commercial & Intl. Bank Ltd.
4	Abhay Aima	Group Head	2-Jan-95	Grad. from National Defence Academy	56	31.2	26,269,979	INDSEC Securities & Finance Ltd.
5	Roli Jamthe*	Dy. Vice President	5-Apr-11	MBA, B.Sc, PGDSM	41	16.8	25,957,720	Royal Bank Of Scotland
6	Rakesh Singh	Group Head	11-Apr-11	MBA, B.Sc	49	25.0	23,747,990	Roth Child
7	Ashish Parthasarthy	Group Head	1-Nov-94	B.E, PGDM	50	28.8	22,878,088	INDSEC Investments Ltd.
8	Navin Puri	Group Head	1-Feb-99	B.Com, MBA, CA.	60	35.3	22,437,897	ANZ Grindlays Bank
9	Sashidhar Jagdishan	Group Head	5-Feb-96	B.Sc, ACA., M.A. (Economics)	53	28.6	21,984,506	Deutsche Bank
10	Bhavesh Zaveri	Group Head	13-Apr-98	M.Com, CAIIB	52	29.0	21,797,245	Barclays Bank
	Persons in service for the whole year and drawing emoluments more than ₹ 1,02,00,000/- per annum, other than above							
1	Abhishek Bhuwalka	Sr Vice President-I	10-Jun-99	MBA, CWA, B.Com	41	22.5	13,398,871	Matchless Packaging Industries (P) Ltd.
2	Aditya Dhananjai Kumat	Senior Manager	1-Jun-12	MBA, B.Tech	29	5.9	10,722,540	Fresher
3	Ajay Kumar Kapoor	Sr Exe Vice President	9-Oct-95	M.Sc.	54	32.1	13,420,136	Times Bank Ltd.
4	Ajit Cherian Kuruvilla	Sr Vice President-II	23-Aug-99	Diploma, CA, B.Com	51	24.7	12,090,266	Global Trust Bank
5	Akshat Lakhera	Sr Vice President-I	9-Sep-10	PGDM, B.Sc	41	16.7	16,766,987	BNP Paribas
6	Ameya Shekhar Shenoy	Sr Vice President-I	20-Mar-06	MBA, CA, B.Com	39	13.8	10,831,509	Tionale Enterprises Pvt Ltd
7	Amit Dayal	Exe. Vice President	19-Dec-94	B.Sc, DBM	51	26.9	17,054,750	SBI Commercial & Intl. Bank Ltd
8	Amit Prakash Kapadia	Dy. Vice President	6-Sep-06	PGDBM, M.Com	39	12.7	12,026,855	Citibank N A
9	Anand Dusane	Exe. Vice President	1-Jan-96	CAIIB, M.Com	46	25.3	10,311,744	State Bank Of Travancore
10	Anil L. Bhavnani	Exe. Vice President	16-Jun-03	CS, B.Com	45	23.9	12,213,324	CitiCorp Finance I Ltd.
11	Ankush Pitale	Exe. Vice President	28-Jul-14	MMS	46	22.4	11,797,299	Religare Capital Markets Pvt. Limited
12	Anupama Rajesh Munagekar	Sr Vice President-I	14-Feb-07	LLB, B.Com	50	26.4	17,774,821	Strategic Capital Corporation Pvt Ltd
13	Arun Mohanty	Sr Exe Vice President	9-Nov-05	BA	60	35.6	16,789,065	Reserve Bank Of India
14	Arup Kumar Rakshit	Sr Exe Vice President	1-Aug-06	PGDM, BE	49	25.8	21,572,908	ABN Amro Bank
15	Arvind Kapil	Group Head	18-Dec-98	MMS, B.E	47	24.1	14,581,309	GE Countrywide Consumer Financial Services Ltd.
16	Ashima Khanna Bhat	Group Head	7-Nov-94	B. Bus, MMS	47	25.3	16,181,625	A F Ferguson & Co
17	Ashok Khanna	Group Head	19-Jun-02	MA	61	36.8	16,534,435	Centurion Bank
18	Ashtosh Raina	Sr Vice President-I	3-Sep-07	CAIIB, B.Sc.	50	27.5	12,601,001	State Bank Of India
19	Atul Sadashiv Barve	Sr Exe Vice President	28-Feb-07	MMS, MA, B.Sc	55	33.6	11,562,195	IDBI Ltd
20	Bardan Sharma	Sr Vice President-II	23-Nov-11	Master's Degree / Dip, B.Com	44	18.5	10,402,830	Diageo India Pvt Ltd

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Sr. No.	Name of the Employee	Designation	Date of joining the Bank	Qualifications	Age	Exp.	Total (₹)	Last Employment
21	Beena Shah	Dy. Vice President	26-May-15	MBA, B.Com	40	14.0	17,122,400	Kotak Mahindra Bank
22	Benjamin Frank	Sr Exe Vice President	5-Apr-04	MBA, B.Sc	54	31.9	13,763,821	IDBI Bank Ltd.
23	Benson Benadict	Dy. Vice President	27-Nov-13	MBA, B.Tech	39	13.5	12,282,119	Standard Chartered Bank
24	Bharat Badhwar	Sr Vice President-II	28-Sep-02	BA	45	23.7	10,285,665	Bharti Telenet Ltd
25	Bhaskar C. Panda	Sr Vice President-II	21-Nov-97	BA	56	32.7	15,972,742	Times Bank Ltd.
26	Charmaine Pereira	Sr Vice President-II	1-Nov-94	DBM, BA	45	23.4	14,146,458	Fresher
27	Cheshta Chopra Sharma	Vice President	22-Aug-00	PGDBA, BA	45	18.7	10,274,140	N S E of India Ltd
28	Debajeet Das	Exe. Vice President	6-Aug-96	MA	46	22.6	18,214,557	Texport syndicate
29	Deepak Kumar Mohanty	Sr Exe Vice President	24-Dec-03	M.Sc, MBA	55	24.6	10,593,359	ICICI Bank Ltd
30	Dolreich D'Mello*	Dy. Vice President	9-Jan-97	B.Com	42	21.5	11,998,920	ANZ Grindlays Bank
31	Fayaz Ainodin Patel*	Asst. Vice President	2-Aug-10	MBA, B.Com	39	11.3	11,613,706	Sharekhan Ltd
32	Gourab Roy	Exe. Vice President	1-Mar-96	M.Com	51	25.2	11,881,467	UTI Bank Ltd
33	Harrish Mahadevan	Dy. Vice President	6-Apr-11	BCA	34	13.1	14,533,128	Citibank
34	Harsh S Gupta*	Sr Vice President-II	4-Sep-00	PGDBA, B.Sc	42	20.1	18,385,111	ICICI Cap Ltd
35	Jay Prakash Chandrashekar*	Dy. Vice President	5-Jul-04	MBA, B.Com	40	16.8	14,565,480	Global Trust Bank
36	Jay Sonawala	Sr Vice President-II	12-Aug-99	MMS, B.Com	42	18.6	13,104,168	Fresher
37	Jimmy Tata	Group Head	15-Dec-94	B.Com., M.F.M., CFA	52	30.2	19,601,483	Apple Industries Ltd.
38	K. Manohara Raj	Sr Exe Vice President	6-Dec-96	CAIIB, B.Com	60	38.1	12,062,687	Times Bank Ltd.
39	Kapil Bansal	Sr Vice President-I	30-Sep-04	PGPM, B.Com	40	18.8	12,907,772	ICICI Bank Ltd.
40	Kartik Hirachand Nagda	Sr Vice President-II	29-Nov-04	MBA, B.Sc	42	16.4	10,507,796	GE Countrywide Consumer Financial Services Ltd
41	Kinjul Sharma*	Asst. Vice President	22-Sep-08	Master's Degree/Dip, B.Com	37	13.1	10,933,376	Citifinancial
42	Madhusoodan Hegde	Sr Exe Vice President	11-Feb-97	CAIIB, B.Sc.	57	33.3	12,775,234	Times Bank Ltd.
43	Mahesh Kumar Jugal Kishoretaparia	Sr Vice President-I	11-Jun-05	LLB, CS, CA, B.Com	41	16.1	10,913,216	UTI Bank Ltd
44	Maheswara P Reddy	Sr Vice President-II	6-May-02	MBA, BA	47	22.2	14,269,272	American Express Bank
45	Manu Joseph*	Dy. Vice President	13-Nov-11	MMS, BE	41	15.6	13,550,155	Citibank
46	Mathew Varghese*	Asst. Vice President	15-Jul-10	MMS, BE	39	15.9	10,353,503	Citibank
47	Mayuresh Vasant Apte	Sr Vice President-II	6-Nov-00	MMS, B.Tech	49	24.8	11,770,418	Centurion Bank Ltd
48	Meghna Atul Vaidya	Sr Vice President-II	1-Aug-08	MMS, B.Com	44	20.8	10,502,253	Barclays Bank PLC
49	Mohammed Hannan Abdul *	Asst. Vice President	1-Jul-09	MBA, B.Sc	39	15.3	16,130,352	Barclays Bank PLC
50	Mohammed Mansoor Azher*	Dy. Vice President	10-Feb-03	MBA, B.Com	39	15.2	10,727,031	Fresher
51	Munish Mittal	Group Head	17-Aug-96	PGDM, B.Sc.	50	30.7	14,632,802	Bank Of Punjab
52	N. Srinivasan	Sr Exe Vice President	11-Nov-96	CA, CWA, CS., B.Com	50	27.7	12,959,878	Credential Finance
53	Neil Percy Francisco	Group Head	20-May-02	MBA, M.Sc, BE	56	27.3	13,235,464	Standard Chartered bank
54	Niloy Dey	Dy. Vice President	1-Apr-05	CFA, MBA, B.Com	42	14.1	12,024,702	ING Vysya Financial Services Ltd
55	Nirav Shah	Group Head	15-Jul-99	MMS, B.Com	46	22.8	21,542,762	Global Trust Bank
56	Nitin Chugh	Group Head	16-Apr-01	PGDM, B.Tech	47	23.1	17,064,842	Standard Chartered Bank

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Sr. No.	Name of the Employee	Designation	Date of joining the Bank	Qualifications	Age	Exp.	Total (₹)	Last Employment
57	Nitish Nagori	Exe. Vice President	1-Jun-10	PG Diploma, B.Sc	47	15.2	11,028,563	ICICI Bank Ltd
58	Pallava Rathore*	Vice President	27-Jun-08	B.Sc	42	17.2	15,826,571	IDBI Bank Ltd
59	Parag Rao	Group Head	15-Apr-02	MMS, B.E.	53	28.6	14,791,387	IBM Global Services
60	Payal Mandhyan*	Vice President	18-Jan-05	PGDBM	40	14.5	18,761,708	India Bulls Securities Ltd.
61	Philip Mathew	Group Head	3-Apr-02	MA, B.Sc.	55	28.6	12,107,445	SSKI Investor Services
62	Pranav Bharat Shah	Dy. Vice President	21-Jul-11	PGDBM, B.Com	37	11.8	11,294,161	Citibank N A
63	Pratap Luthra	Dy. Vice President	13-Aug-05	MBA, BA	36	15.1	13,747,206	ABN Amro Bank Ltd
64	Prem Chand	Exe. Vice President	13-Aug-07	BA	59	40.5	10,206,461	UTI Bank Ltd
65	Pushkar Raghavan Surendran	Dy. Vice President	11-Jan-11	MBA, B.Com	39	15.4	13,965,721	HSBC
66	Rahul Bhandari*	Vice President	5-Feb-02	PGDBM, B.Com	40	16.2	13,901,833	Fresher
67	Rajeev Sengupta	Sr Exe Vice President	21-Sep-07	PG (Gen Mgmt), BE	57	34.7	11,291,157	Hutchison Essar Ltd
68	Rajeev Wariar*	Vice President	15-Apr-10	PGDBA, BE	43	18.8	15,677,840	Citi Bank
69	Rajesh Kumar Rathanchand	Group Head	22-May-00	PGDM, B.Sc.	47	28.7	13,937,695	Trans America Apple Finance Ltd.
70	Rajesh Sharma	Sr Vice President-II	15-Nov-00	CA, CS, B.Com	42	23.6	12,661,663	LCC Infotech Ltd
71	Rajinder Babbar	Exe. Vice President	16-Jan-01	LLB, B.Sc	51	30.5	14,707,546	Centurion Bank Ltd
72	Rashmi Singh	Dy. Vice President	29-Mar-10	MBA, B.Sc	34	10.1	11,528,932	Religare Macquarie Wealth Management Ltd
73	Raveesh Kumar Bhatia	Sr Exe Vice President	3-May-10	PGDM, B.Com	52	27.4	14,762,920	Fore Consultants Pvt Ltd
74	Ravi Narayan	Group Head	3-May-99	MBA, B.Tech	49	24.8	15,004,158	Bank Of America
75	Ravi Santhanam	Exe. Vice President	1-Mar-17	PG Diploma, BE	48	25.0	13,881,196	Vodafone India
76	Ravi Ssn	Sr Vice President-II	26-Nov-10	B.Com	50	25.3	11,987,760	Deutsche Bank
77	Reji John*	Senior Manager	30-Aug-10	PG Diploma, MA	37	13.7	11,571,927	Aviva India Life Insurance Co Ltd
78	Resham A. Mahtani	Sr Vice President-I	1-May-01	PGPIM, PGDBM, BA	42	19.9	13,207,273	Mecklai Financial & Commercial Services Ltd.
79	Rheetu Karthik*	Vice President	15-Mar-05	MBA, MA	47	19.5	12,257,331	MetLife India Insurance Co Ltd
80	Ritesh Sampat	Sr Vice President-II	3-Jan-12	CA, B.Com	42	17.9	16,996,885	Standard Chartered Bank
81	Roopesh H. Patil	Sr Vice President-I	28-Feb-00	MBA, B.Com	44	22.2	14,980,550	Dalal & Broacha Stock Broking Pvt Ltd
82	Samrat Bose	Sr Vice President-II	17-May-02	Master's Degree/Dip - Others, B.Com	42	18.0	15,030,397	Parasmoney Investments
83	Sanjay Dongre	Exe. Vice President	2-May-95	B.Com, ACS, CWAINT, LLB.	60	35.8	10,587,128	Boehringer Mannheim Ltd.
84	Sanjay K.Singla	Sr Vice President-II	10-Nov-07	PGDM, B.Com	59	36.3	14,703,083	State Bank of India
85	Sanmoy Chakrabarti	Sr Exe Vice President	15-Jun-10	MS, B.Sc	43	19.2	14,491,077	Bank Danamon
86	Saroj Kumar Swain	Sr Vice President-I	25-Aug-04	MBA, B.Com	41	16.8	14,882,797	Jaquar& Co Ltd
87	Sathyamurthy Sampath Kumar	Sr Exe Vice President	7-Aug-00	B.Com	46	27.6	15,987,458	Integrated Finance Co. Ltd.
88	Satish Chandra	Sr Vice President-I	16-Dec-04	B.Com	51	28.4	10,415,407	Global Trust Bank (Merged into Oriental Bank of Commerce)
89	Sharad Kourani*	Senior Manager	10-Aug-08	B.Com	39	21.8	13,732,483	HDFC Bank Ltd
90	Sharad Rungta	Sr Vice President-II	2-Jun-12	CFA, CA, B.Com	41	17.4	18,726,875	Credit Suisse AG
91	Sharad Vijay Goenka	Sr Vice President-I	27-Jan-11	CA, B.Com	39	15.3	10,821,247	HSBC

Sr. No.	Name of the Employee	Designation	Date of joining the Bank	Qualifications	Age	Exp.	Total (₹)	Last Employment
92	Sheetal Garg	Dy. Vice President	5-Sep-11	MMS, B.Com	39	12.7	10,269,397	DBS Bank Ltd
93	Sheetal Kapadia*	Dy. Vice President	6-May-09	PGDMS, B.Com	41	18.0	14,466,555	ICICI Bank Ltd
94	Silvestre Anthony Pereira	Vice President	15-Sep-06	MBA, PG Diploma, B.Com	40	15.8	12,013,317	UTI Bank Ltd
95	Sitanshu Mitra	Sr Exe Vice President	1-Sep-95	MBA, B.Sc	50	30.2	10,247,031	ABN Amro Bank Ltd.
96	Smita Bhagat	Group Head	12-Jul-99	M.Com, MBA	53	29.8	12,192,885	PDCOR Ltd.
97	Steven Noronha*	Dy. Vice President	19-Jul-11	B.Com	42	10.8	10,953,694	Al Maha Financial Services Ltd
98	Sudesh Puthran	Exe. Vice President	28-Dec-15	Master's Degree/Dip-Others, BE	49	25.3	13,214,215	CIBIL
99	Sukarm Bali*	Sr Vice President-I	23-Jul-99	CA, B.Com	51	25.9	16,225,128	Times Bank Ltd.
100	Sumant Rampal	Exe. Vice President	10-Aug-99	MBA, B.Com	43	20.8	13,099,459	Walchand Capital Ltd.
101	Sundaresan M.	Exe. Vice President	2-May-02	BE (Mechanical), PSG, MBA	47	24.0	10,809,507	GE Countrywide Consumer Financial Services Ltd.
102	Umashankar Gopalan*	Dy. Vice President	13-Dec-12	B.Com	50	24.0	18,622,028	ICICI Bank
103	V S Unnikrishnan*	Vice President	12-Apr-03	MBA, B.Sc, PUC	43	20.2	12,889,601	Global Trust Bank Ltd
104	V. Chakrapani	Group Head	24-Nov-94	B.Com, CAIIB, ACS	54	33.9	16,857,723	Standard Chartered Bank
105	Veeresh Hiremath*	Asst. Vice President	28-Apr-08	B.Com	37	12.0	11,854,058	RAK Bank
106	Vijay Krishna Mulbagal	Exe. Vice President	2-Jan-07	PGPM, B.Sc	47	23.1	14,569,441	Diamond Management & Technology Consultants
107	Vikas Rathore	Dy. Vice President	16-Jun-08	MMS, B.Tech	34	9.9	16,890,785	Fresher
108	Vitthal Mangesh Kulkarni	Sr Vice President-II	22-Sep-07	M.Sc, BE	47	24.1	11,863,078	Barclays Capital
	Employed for part of the year							
109	Aseem Dhru	Group Head	2-May-15	CA,CWA, B.Com	48	22.5	11,613,839	HDFC Securities Ltd
110	Deepak Dnyandeo Koyande	Vice President	27-Sep-10	LLB, M.Com	61	36.7	5,985,949	SPA Securities Ltd
111	Deepam Sanghi	Sr Vice President-II	10-Jul-17	PGDBM, B.Tech	43	20.9	8,987,922	Rothschild (India) Private Limited
112	Govind Pandey	Sr Exe Vice President	5-Aug-98	M.Sc	61	35.3	4,547,115	State Bank of Saurashtra
113	K Balasubramanian	Group Head	3-May-16	CA, ICWA, B.Com	47	21.6	15,985,965	Citibank
114	Nishikant Das	Exe. Vice President	23-Apr-12	PGDM, B.Tech	46	20.0	18,318,036	Standard Chartered Bank
115	Nitin Subramanya Rao	Group Head	25-Jul-02	BE, MBA	51	27.0	17,838,796	BNP Paribas
116	Rahul Shukla	Group Head	1-Mar-18	MBA, B.Tech	49	26.2	1,620,891	Citibank NA
117	Rajender Sehgal	Group Head	23-Feb-98	B.Sc., MBA	63	40.4	4,543,755	Times Bank Ltd.
118	Sonit Singh	Sr Vice President-I	5-Mar-18	PG Diploma, MBA, B.Com	40	14.2	757,587	Standard Chartered Bank
119	Unmesh Sharma	Sr Vice President-I	4-Dec-17	CFA, MBA, BE	38	14.4	3,395,109	Macquarie Capital Securities
120	Vivek Nigam	Sr Vice President-II	3-Apr-17	MBA, B.Tech	49	27.0	10,739,975	ICICI BANK

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 months' 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, 2018.
6. Other than Mr. Aditya Puri, Managing Director who holds 0.14% of the paid up share capital of the Bank, the shareholding of the employees listed above does not exceed 0.05% of the paid up share capital of the Bank as at March 31, 2018.
7. None of the employees listed above is a relative of any director of the Bank.

ANNEXURE 8 to the Directors' Report

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the financial year ended 31st March 2018
[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
HDFC Bank House,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai - 400 013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by **HDFC Bank Limited** (hereinafter called the 'Bank') for the audit period covering the financial year from 01st April 2017 to 31st March 2018 ('the audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Bank has, during the audit period complied with the statutory provisions listed hereunder and also that the Bank has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:

   (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 *except that SEBI has vide its Directions dated 23rd February,2018 came to prima facie inference that the Unpublished Price Sensitive Information relating to financials of the Bank for the first quarter of 2017-18 was leaked due to inadequacy of the processes, controls, systems put in place by the Bank to prohibit Insider Trading and hence, inter alia, directed the Bank to strengthen the same so that the same do not recur in the future and to conduct an internal inquiry into the said leakage and take action against those responsible for the same;*

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

   (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;

   (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   (h) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;

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

   (j) The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014;

   (k) The Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996.

(vi) The Banking Regulation Act, 1949 as specifically applicable to the Bank.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India related to Board meetings and General Meetings;

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

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

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

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

(iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;

We further report that-

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

Proper notice is given to all Directors to schedule the Board meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013, agenda and detailed notes on agenda were sent at least seven days in advance and where the same were given at shorter notice than 7 (seven) days, proper consent thereof were obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period, the Bank has following specific events:

a) The Bank has issued and allotted on May 12, 2017 on a private placement basis 8.85% Unsecured, Subordinated, Fully Paid-Up, Non-Convertible, Basel III compliant, Perpetual Debt Instruments in the nature of debentures for inclusion in Additional Tier I Capital amounting to ₹ 8,000 Crores (80000 Bonds of face value ₹ 10,00,000/- each.

b) The Bank has issued and allotted on June 29, 2017 on a private placement basis 7.56% Unsecured, Subordinated, Fully Paid-Up, Non-Convertible, Basel III compliant, Tier 2 Bonds for inclusion in Tier 2 Capital for capital adequacy purpose amounting to ₹ 2,000 Crores (20000 Bonds of face value ₹ 10,00,000/- each.

c) The Bank has obtained the consent of the members on July 24, 2017 for borrowing/raising funds in Indian currency by issue of perpetual Debt Instruments (parts of Additional Tier I capital), Tier II Capital Bonds and Senior Long Term Infrastructure Bonds in domestic market on a private placement basis in one or more tranches of an amount not exceeding Rs 50,000 crore.

d) The Bank has obtained the consent of the Members at Extraordinary General Meeting dated January 19, 2018 to raise additional funds aggregating up to ₹ 24,000 Crores, of which such number of Equity Shares aggregating upto ₹ 8,500 Crores by way of preferential issue of equity shares of face value of ₹ 2/- each are proposed to be issued to Housing Development Finance Corporation Limited (the Bank's promoters) and the balance shall be through the issuance of equity shares / convertible securities / depository receipts pursuant to a Qualified Institutions Placement (QIP) / American Depository Receipts (ADR) / Global Depository Receipt (GDR) program.

e) The Bank has issued INR 23 billion rupee denominated bonds on 15th March, 2018, which are in the nature of external commercial borrowings and the Reserve Bank of India approval received for the same.

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]

B Narasimhan
Partner
FCS No.: 1303
C P No.: 10440

Place: Mumbai
Date: May 22, 2018

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

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. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.

5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]

B Narasimhan
Partner
FCS No.: 1303
C P No.: 10440

Place: Mumbai
Date: May 22, 2018

To the Members of HDFC Bank Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of HDFC BANK LIMITED ("the Bank"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended, in so far as applicable to banks ("Accounting Standards"), other accounting principles generally accepted in India and the Guidelines issued by the Reserve Bank of India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that 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.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Bank's preparation of the standalone financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, and evaluating the overall presentation of the standalone financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 and the Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the state of affairs of the Bank as at 31st March, 2018, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act and Section 30 of the Banking Regulation Act, 1949, based on our audit, 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 and found them to be satisfactory.

   b) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the Bank.

   c) As explained in paragraph 2 below, the financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by the Branches.

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

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

f) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable to Banks.

g) On the basis of the written representations received from the Directors of the Bank as at 31st March, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as at 31st March, 2018 from being appointed as a Director in terms of Section 164 (2) of the Act.

h) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank’s internal financial controls over financial reporting.

i) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements;

   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;

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

2. We report that during the course of our audit we performed select relevant procedures at 111 branches. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the core banking systems, it does not require its branches, to submit any financial returns. Accordingly our audit is carried out centrally at the Head Office and Central Processing Units, based on the necessary records and data required for the purposes of the audit being made available to us.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm’s Registration No. 117365W)

Porus B. Pardiwalla
Partner
(Membership No. 40005)

Mumbai
April 21, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1.h under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of HDFC BANK LIMITED ("the Bank") as at 31st March, 2018 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. These responsibilities include the design, implementation and maintenance of adequate 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 Companies Act, 2013, the Banking Regulation Act, 1949 and the Guidelines issued by the Reserve Bank of India.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 and other applicable regulations. A company's internal financial control over financial reporting 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 company; (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 company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, to the best of our information and according to the explanations given to us, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting 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.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

Porus B. Pardiwalla
Partner
(Membership No. 40005)

Mumbai
April 21, 2018

Balance Sheet

As at March 31, 2018

	Schedule	As at 31-Mar-18	As at 31-Mar-17
			₹ in '000
CAPITAL AND LIABILITIES			
Capital	1	**5,190,181**	5,125,091
Reserves and surplus	2	**1,057,759,776**	889,498,416
Deposits	3	**7,887,706,396**	6,436,396,563
Borrowings	4	**1,231,049,700**	740,288,666
Other liabilities and provisions	5	**457,637,181**	567,093,181
	Total	**10,639,343,234**	8,638,401,917
ASSETS			
Cash and balances with Reserve Bank of India	6	**1,046,704,730**	378,968,755
Balances with banks and money at call and short notice	7	**182,446,097**	110,552,196
Investments	8	**2,422,002,416**	2,144,633,366
Advances	9	**6,583,330,908**	5,545,682,021
Fixed assets	10	**36,072,045**	36,267,379
Other assets	11	**368,787,038**	422,298,200
	Total	**10,639,343,234**	8,638,401,917
Contingent liabilities	12	**8,754,882,292**	8,178,695,893
Bills for collection		**427,538,250**	308,480,352
Significant accounting policies and notes to the financial statements	17 & 18		
The schedules referred to above form an integral part of the Balance Sheet.			

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

P. B. Pardiwalla
Partner
Membership No.: 40005

Mumbai, April 21, 2018

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Paresh Sukthankar
Deputy Managing Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Aditya Puri
Managing Director

Kaizad Bharucha
Executive Director

Sashidhar Jagdishan
Chief Financial Officer

Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Umesh Sarangi
Directors

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Statement of Profit and Loss

For the year ended March 31, 2018

		Schedule	Year ended 31-Mar-18	Year ended 31-Mar-17
				₹ in '000
I	**INCOME**			
	Interest earned	13	**802,413,550**	693,059,578
	Other income	14	**152,203,042**	122,964,990
		Total	**954,616,592**	816,024,568
II	**EXPENDITURE**			
	Interest expended	15	**401,464,913**	361,667,334
	Operating expenses	16	**226,903,821**	197,033,442
	Provisions and contingencies		**151,380,575**	111,827,380
		Total	**779,749,309**	670,528,156
III	**PROFIT**			
	Net profit for the year		**174,867,283**	145,496,412
	Balance in Profit and Loss account brought forward		**326,689,434**	235,276,891
		Total	**501,556,717**	380,773,303
IV	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		**43,716,821**	36,374,103
	Proposed dividend [Refer Schedule 18(1)]		**-**	-
	Tax (including cess) on dividend [Refer Schedule 18(1)]		**-**	-
	Dividend (including tax / cess thereon) pertaining to previous year paid during the year, net of dividend tax credits		**33,905,804**	(16,909)
	Transfer to General Reserve		**17,486,728**	14,549,641
	Transfer to Capital Reserve		**2,355,227**	3,134,100
	Transfer to / (from) Investment Reserve Account		**(442,018)**	42,934
	Balance carried over to Balance Sheet		**404,534,155**	326,689,434
		Total	**501,556,717**	380,773,303
V	**EARNINGS PER EQUITY SHARE (Face value ₹ 2 per share)**		**₹**	₹
	Basic		**67.76**	57.18
	Diluted		**66.84**	56.43
	Significant accounting policies and notes to the financial statements	17 & 18		
	The schedules referred to above form an integral part of the Statement of Profit and Loss.			

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

P. B. Pardiwalla
Partner
Membership No.: 40005

Mumbai, April 21, 2018

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Aditya Puri
Managing Director

Bobby Parikh
Keki Mistry
Malay Patel
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Directors

Paresh Sukthankar
Deputy Managing Director

Kaizad Bharucha
Executive Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Sashidhar Jagdishan
Chief Financial Officer

For the year ended March 31, 2018

₹ in '000

	Year ended 31-Mar-18	Year ended 31-Mar-17
Cash flows from operating activities		
Profit before income tax	**266,972,951**	221,390,750
Adjustments for:		
Depreciation on fixed assets	**9,063,418**	8,331,247
(Profit) / loss on revaluation of investments	**1,570,448**	(87,543)
Amortisation of premia on held to maturity investments	**3,599,102**	1,756,569
(Profit) / loss on sale of fixed assets	**3,102**	14,735
Provision / charge for non performing assets	**51,784,408**	33,443,592
Provision for dimunition in value of investment	**304,543**	(76,417)
Floating provisions	**-**	250,000
Provision for standard assets	**5,974,259**	3,921,811
Dividend from subsidiaries / associates / joint ventures	**(2,416,454)**	(1,628,640)
Contingency provisions	**3,891,829**	384,640
	340,747,606	267,700,744
Adjustments for:		
(Increase) / decrease in investments	**(282,699,813)**	(177,259,533)
(Increase) / decrease in advances	**(1,089,405,183)**	(933,161,021)
Increase / (decrease) in deposits	**1,451,309,833**	972,154,643
(Increase) / decrease in other assets	**63,297,493**	(38,752,713)
Increase / (decrease) in other liabilities and provisions	**(120,347,372)**	223,763,890
	362,902,564	314,446,010
Direct taxes paid (net of refunds)	**(102,161,907)**	(78,591,989)
Net cash flow from operating activities	**260,740,657**	235,854,020
Cash flows used in investing activities		
Purchase of fixed assets	**(7,699,194)**	(10,681,751)
Proceeds from sale of fixed assets	**95,089**	94,269
Investment in subsidiaries / associates / joint ventures	**(143,331)**	(10,603,674)
Dividend from subsidiaries / associates / joint ventures	**2,416,454**	1,628,640
Net cash used in investing activities	**(5,330,982)**	(19,562,516)

For the year ended March 31, 2018

₹ in '000

	Year ended 31-Mar-18	Year ended 31-Mar-17
Cash flows from financing activities		
Money received on exercise of stock options by employees	**27,259,099**	22,615,161
Increase / (decrease) in borrowings (excluding subordinate debt, perpetual debt and upper Tier II instruments)	**411,511,034**	(90,316,657)
Proceeds from issue of Additional Tier I and Tier II Capital Bonds	**100,000,000**	-
Redemption of subordinated debt	**(20,750,000)**	(19,084,500)
Dividend paid during the year	**(28,312,716)**	(24,083,093)
Tax on dividend	**(5,593,088)**	(4,807,223)
Net cash (used in) / from financing activities	**484,114,329**	(115,676,312)
Effect of exchange fluctuation on translation reserve	**105,872**	(282,622)
Net increase in cash and cash equivalents	**739,629,876**	100,332,571
Cash and cash equivalents as at April 1st	**489,520,951**	389,188,380
Cash and cash equivalents as at March 31st	**1,229,150,827**	489,520,951

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

P. B. Pardiwalla
Partner
Membership No.: 40005

Mumbai, April 21, 2018

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Paresh Sukthankar
Deputy Managing Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Aditya Puri
Managing Director

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Chief Financial Officer

Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Umesh Sarangi
Directors

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As at March 31, 2018

₹ in '000

		As at 31-Mar-18	As at 31-Mar-17
SCHEDULE 1 - CAPITAL			
Authorised capital			
3,25,00,00,000 (31 March, 2017: 3,25,00,00,000) Equity Shares of ₹ 2/- each		**6,500,000**	6,500,000
Issued, subscribed and paid-up capital			
2,59,50,90,267 (31 March, 2017: 2,56,25,45,717) Equity Shares of ₹ 2/- each		**5,190,181**	5,125,091
	Total	**5,190,181**	5,125,091
SCHEDULE 2 - RESERVES AND SURPLUS			
I **Statutory reserve**			
Opening balance		**183,758,858**	147,384,755
Additions during the year		**43,716,821**	36,374,103
	Total	**227,475,679**	183,758,858
II **General reserve**			
Opening balance		**71,669,150**	57,119,509
Additions during the year		**17,486,728**	14,549,641
	Total	**89,155,878**	71,669,150
III **Balance in profit and loss account**		**404,534,155**	326,689,434
IV **Share premium account**			
Opening balance		**284,263,301**	261,716,858
Additions during the year		**27,194,009**	22,546,443
	Total	**311,457,310**	284,263,301
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		**12,000,683**	8,866,583
Additions during the year		**2,355,227**	3,134,100
	Total	**14,355,910**	12,000,683
VII **Investment reserve account**			
Opening balance		**442,018**	399,084
Additions during the year		**45,086**	109,506
Deductions during the year		**(487,104)**	(66,572)
	Total	**-**	442,018
VIII **Foreign currency translation account**			
Opening balance		**39,408**	322,030
Additions / (deductions) during the year		**105,872**	(282,622)
	Total	**145,280**	39,408
	Total	**1,057,759,776**	889,498,416

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As at March 31, 2018

₹ in '000

		As at 31-Mar-18	As at 31-Mar-17
SCHEDULE 3 - DEPOSITS			
A I Demand deposits			
(i) From banks		**27,237,788**	20,806,377
(ii) From others		**1,165,587,962**	1,134,932,192
	Total	**1,192,825,750**	1,155,738,569
II Savings bank deposits		**2,238,102,098**	1,935,786,335
III Term deposits			
(i) From banks		**72,775,645**	53,520,609
(ii) From others		**4,384,002,903**	3,291,351,050
	Total	**4,456,778,548**	3,344,871,659
	Total	**7,887,706,396**	6,436,396,563
B I Deposits of branches in India		**7,847,886,299**	6,396,405,854
II Deposits of branches outside India		**39,820,097**	39,990,709
	Total	**7,887,706,396**	6,436,396,563
SCHEDULE 4 - BORROWINGS			
I Borrowings in India			
(i) Reserve Bank of India		**138,000,000**	-
(ii) Other banks		**47,848,399**	21,202,156
(iii) Other institutions and agencies		**342,299,500**	224,500,000
(iv) Upper and lower tier II capital and innovative perpetual debts		**211,070,000**	131,820,000
(v) Bonds and Debentures (excluding subordinated debt)		**126,750,000**	126,750,000
	Total	**865,967,899**	504,272,156
II Borrowings outside India		**365,081,801**	236,016,510
	Total	**1,231,049,700**	740,288,666

Secured borrowings included in I and II above: Nil (March 31, 2017: Nil) except borrowings of ₹ 14,239.95 crore (March 31, 2017: Nil) under Collateralised Borrowing and Lending Obligation and transactions under Liquidity Adjustment Facility and Marginal Standing Facility.

		As at 31-Mar-18	As at 31-Mar-17
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I Bills payable		**82,217,908**	166,670,863
II Interest accrued		**56,278,541**	38,488,877
III Others *(including provisions)*		**289,244,562**	338,011,290
IV Contingent provisions against standard assets		**29,896,170**	23,922,151
	Total	**457,637,181**	567,093,181

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As at March 31, 2018

		As at 31-Mar-18	₹ in '000 As at 31-Mar-17
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I Cash in hand *(including foreign currency notes)*		**75,323,281**	42,635,945
II Balances with Reserve Bank of India:			
(a) In current accounts		**364,381,449**	284,332,810
(b) In other accounts		**607,000,000**	52,000,000
	Total	**971,381,449**	336,332,810
	Total	**1,046,704,730**	378,968,755
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I In India			
(i) Balances with banks:			
(a) In current accounts		**8,369,114**	5,107,980
(b) In other deposit accounts		**1,169,512**	6,686,831
	Total	**9,538,626**	11,794,811
(ii) Money at call and short notice:			
(a) With banks		**-**	-
(b) With other institutions		**45,018,623**	-
	Total	**45,018,623**	-
	Total	**54,557,249**	11,794,811
II Outside India			
(i) In current accounts		**26,124,304**	36,772,777
(ii) In deposit accounts		**6,191,625**	2,529,150
(iii) Money at call and short notice		**95,572,919**	59,455,458
	Total	**127,888,848**	98,757,385
	Total	**182,446,097**	110,552,196
SCHEDULE 8 - INVESTMENTS			
A Investments in India in			
(i) Government securities		**1,883,648,036**	1,624,186,994
(ii) Other approved securities		-	-
(iii) Shares		**1,197,947**	1,113,742
(iv) Debentures and bonds		**347,873,284**	194,698,472
(v) Subsidiaries / joint ventures		**38,264,875**	38,433,239
(vi) Others (Units, CDs / CPs, PTCs and security receipts)		**135,541,438**	275,020,773
	Total	**2,406,525,580**	2,133,453,220
B Investments outside India in			
(i) Government securities (including Local Authorities)		**4,218,786**	-
(ii) Other investments			
(a) Shares		**28,375**	28,375
(b) Debentures and bonds		**11,229,675**	11,151,771
	Total	**15,476,836**	11,180,146
	Total	**2,422,002,416**	2,144,633,366

As at March 31, 2018

₹ in '000

				As at 31-Mar-18	As at 31-Mar-17
C	**Investments**				
	(i) Gross value of investments				
		(a) In India		**2,408,997,713**	2,134,071,702
		(b) Outside India		**15,606,451**	11,206,487
			Total	**2,424,604,164**	2,145,278,189
	(ii) Provision for depreciation				
		(a) In India		**2,472,133**	618,482
		(b) Outside India		**129,615**	26,341
			Total	**2,601,748**	644,823
	(iii) Net value of investments				
		(a) In India		**2,406,525,580**	2,133,453,220
		(b) Outside India		**15,476,836**	11,180,146
			Total	**2,422,002,416**	2,144,633,366

SCHEDULE 9 - ADVANCES

				As at 31-Mar-18	As at 31-Mar-17
A	(i)	Bills purchased and discounted		**216,592,055**	287,159,641
	(ii)	Cash credits, overdrafts and loans repayable on demand		**1,681,643,640**	1,336,174,162
	(iii)	Term loans		**4,685,095,213**	3,922,348,218
			Total	**6,583,330,908**	5,545,682,021
B	(i)	Secured by tangible assets*		**4,712,405,892**	3,988,893,240
	(ii)	Covered by bank / government guarantees		**191,682,760**	227,526,268
	(iii)	Unsecured		**1,679,242,256**	1,329,262,513
			Total	**6,583,330,908**	5,545,682,021
** Including advances against book debts*					
C	**I**	**Advances in India**			
		(i) Priority sector		**1,728,666,886**	1,625,180,583
		(ii) Public sector		**137,708,318**	157,741,065
		(iii) Banks		**8,357,208**	9,092,668
		(iv) Others		**4,505,343,473**	3,555,635,492
			Total	**6,380,075,885**	5,347,649,808
C	**II**	**Advances outside India**			
		(i) Due from banks		**33,046,352**	6,500,391
		(ii) Due from others			
		(a) Bills purchased and discounted		**1,052,278**	2,560,707
		(b) Syndicated loans		**18,265,990**	17,845,564
		(c) Others		**150,890,403**	171,125,551
			Total	**203,255,023**	198,032,213
			Total	**6,583,330,908**	5,545,682,021

(Advances are net of provisions)

HDFC BANK
We understand your world

As at March 31, 2018

₹ in '000

		As at 31-Mar-18	As at 31-Mar-17
SCHEDULE 10 - FIXED ASSETS			
A Premises *(including land)*			
Gross block			
At cost on 31 March of the preceding year		**16,110,799**	15,511,704
Additions during the year		**978,572**	669,442
Deductions during the year		**(77,395)**	(70,347)
	Total	**17,011,976**	16,110,799
Depreciation			
As at 31 March of the preceding year		**4,778,473**	4,246,842
Charge for the year		**592,562**	590,691
On deductions during the year		**(74,579)**	(59,060)
	Total	**5,296,456**	4,778,473
Net block		**11,715,520**	11,332,326
B Other fixed assets *(including furniture and fixtures)*			
Gross block			
At cost on 31 March of the preceding year		**80,918,907**	72,467,567
Additions during the year		**7,988,185**	10,604,552
Deductions during the year		**(1,140,239)**	(2,153,212)
	Total	**87,766,853**	80,918,907
Depreciation			
As at 31 March of the preceding year		**55,983,854**	50,300,856
Charge for the year		**8,471,338**	7,738,599
On deductions during the year		**(1,044,864)**	(2,055,601)
	Total	**63,410,328**	55,983,854
Net block		**24,356,525**	24,935,053
C Assets on lease *(plant and machinery)*			
Gross block			
At cost on 31 March of the preceding year		**4,546,923**	4,546,923
Additions during the year		**-**	-
	Total	**4,546,923**	4,546,923

As at March 31, 2018

₹ in '000

		As at 31-Mar-18	As at 31-Mar-17
Depreciation			
As at 31 March of the preceding year		**4,104,467**	4,104,467
Charge for the year		**-**	-
	Total	**4,104,467**	4,104,467
Lease adjustment account			
As at 31 March of the preceding year		**442,456**	442,456
Charge for the year		**-**	-
	Total	**442,456**	442,456
Unamortised cost of assets on lease		**-**	-
	Total	**36,072,045**	36,267,379

SCHEDULE 11 - OTHER ASSETS

			As at 31-Mar-18	As at 31-Mar-17
I	Interest accrued		**90,737,523**	83,095,335
II	Advance tax / tax deducted at source (net of provisions)		**18,456,556**	17,442,504
III	Stationery and stamps		**333,306**	267,871
IV	Non banking assets acquired in satisfaction of claims		**-**	-
V	Security deposit for commercial and residential property		**5,004,128**	4,934,536
VI	Others*		**254,255,525**	316,557,954
		Total	**368,787,038**	422,298,200

**Includes deferred tax asset (net) of ₹ 3,344.02 crore (previous year: ₹ 2,447.34 crore) and deposits placed with NABARD / SIDBI / NHB on account of shortfall in lending to priority sector of ₹ 13,357.25 crore (previous year: ₹ 11,882.37 crore)*

SCHEDULE 12 - CONTINGENT LIABILITIES

			As at 31-Mar-18	As at 31-Mar-17
I	Claims against the bank not acknowledged as debts - taxation		**11,359,333**	10,721,500
II	Claims against the bank not acknowledged as debts - others		**1,042,772**	1,081,701
III	Liability on account of outstanding forward exchange contracts		**4,344,675,713**	4,699,301,366
IV	Liability on account of outstanding derivative contracts		**3,482,687,822**	2,723,068,634
V	Guarantees given on behalf of constituents:			
	- In India		**448,741,092**	366,232,012
	- Outside India		**557,296**	953,405
VI	Acceptances, endorsements and other obligations		**395,452,699**	359,613,744
VII	Other items for which the Bank is contingently liable		**70,365,565**	17,723,531
		Total	**8,754,882,292**	8,178,695,893

For the year ended March 31, 2018

₹ in '000

			Year ended 31-Mar-18	Year ended 31-Mar-17
SCHEDULE 13 - INTEREST EARNED				
I	Interest / discount on advances / bills		**626,617,888**	520,552,624
II	Income from investments		**162,223,679**	159,443,391
III	Interest on balance with RBI and other inter-bank funds		**5,238,842**	5,320,205
IV	Others		**8,333,141**	7,743,358
		Total	**802,413,550**	693,059,578
SCHEDULE 14 - OTHER INCOME				
I	Commission, exchange and brokerage		**113,938,744**	88,115,530
II	Profit / (loss) on sale of investments (net)		**10,817,025**	11,306,936
III	Profit / (loss) on revaluation of investments (net)		**(1,570,448)**	87,543
IV	Profit / (loss) on sale of building and other assets (net)		**(3,102)**	(14,735)
V	Profit / (loss) on exchange / derivative transactions (net)		**15,234,978**	12,633,895
VI	Income earned by way of dividends from subsidiaries / associates and / or joint ventures abroad / in India		**2,416,454**	1,628,640
VII	Miscellaneous income		**11,369,391**	9,207,181
		Total	**152,203,042**	122,964,990
SCHEDULE 15 - INTEREST EXPENDED				
I	Interest on deposits		**327,713,471**	313,314,571
II	Interest on RBI / inter-bank borrowings		**72,903,298**	46,727,790
III	Other interest		**848,144**	1,624,973
		Total	**401,464,913**	361,667,334
SCHEDULE 16 - OPERATING EXPENSES				
I	Payments to and provisions for employees		**68,057,439**	64,836,646
II	Rent, taxes and lighting		**14,197,682**	13,373,647
III	Printing and stationery		**4,803,103**	4,757,998
IV	Advertisement and publicity		**1,652,205**	1,475,165
V	Depreciation on bank's property		**9,063,418**	8,331,247
VI	Directors' fees / remuneration, allowances and expenses		**29,596**	32,021
VII	Auditors' fees and expenses		**26,301**	25,758
VIII	Law charges		**1,648,413**	1,249,095
IX	Postage, telegram, telephone etc.		**4,456,040**	4,149,947
X	Repairs and maintenance		**12,933,744**	12,562,041
XI	Insurance		**8,273,244**	6,906,612
XII	Other expenditure*		**101,762,636**	79,333,265
		Total	**226,903,821**	197,033,442

**Includes professional fees, commission to sales agents, card and merchant acquiring expenses and system management fees.*

For the year ended March 31, 2018

SCHEDULE 17 - Significant accounting policies appended to and forming part of the financial statements for the year ended March 31, 2018

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 Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013, 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 Statement of Profit and Loss 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 Statement of Profit and Loss. 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 Statement of Profit and Loss to “Capital Reserve” in accordance with the RBI Guidelines.

Short sale:

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

Valuation:

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

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

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

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

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

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

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

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

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

Investment in unquoted Venture Capital Fund (VCF) are categorised under HTM category for the initial period of three years and valued at cost. Such investment are required to be transferred to AFS thereafter.

Pass Through Certificates (PTC) including Priority Sector-PTCs are valued by using FIMMDA credit spread as applicable for the NBFC category, based on the credit rating of the respective PTC over the YTM rates for government securities published by FIMMDA.

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

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

Non-performing investments are identified and depreciation / provision 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 Statement of Profit and Loss until received.

Repo and reverse repo transactions:

In accordance with the RBI guidelines, repurchase and reverse repurchase transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively.

Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

2 Advances

Classification:

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

Provisioning:

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

The specific provision levels for retail non-performing assets are also based on the nature of product and delinquency levels. Specific loan loss provisions in respect of non-performing advances are charged to the Statement of Profit and Loss and included under Provisions and Contingencies.

Non-performing advances are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognised in the Statement of Profit and Loss and included under other income.

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

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

Provisions made in 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 prudential basis makes provisions on advances or exposures which are not NPAs, but has reasons to believe on the basis of the extant environment or specific information 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 installments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines. Restructuring of an account is done at a borrower level.

3 Securitisation and transfer of assets

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

The Bank enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates ('PTCs').

The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines. The Bank amortises any profit received for every individual securitisation or direct assignment transaction based on the method prescribed in these guidelines.

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

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

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

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 fulfillment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfillment of priority sector obligation through the 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 the Statement of Profit and Loss. These are amortised over the period of the Certificate.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Statement of Profit and Loss and if the sale is for a value higher than the net book value, the excess provision is credited to the Statement of Profit and Loss in the year the amounts are received.

The Bank invests in PTCs issued by other SPVs. These are accounted for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

4 Fixed assets and depreciation

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

Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis. The management believes that the useful life of assets assessed by the Bank, pursuant to 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 equipment and installations	6 to 10 years	10 years
Office equipment	3 to 6 years	5 years
Computers	3 years	3 years
Modems, routers, switches, servers, network and related IT equipment	3 to 6 years	6 years
Motor cars	4 years	8 years
Furniture and fittings	16 years	10 years

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

5 Impairment of assets

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

6 Transactions involving foreign exchange

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

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

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

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

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

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

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

7 Derivative contracts

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

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

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

8 Revenue recognition

Interest income is recognised in the Statement of Profit and Loss on an accrual basis, except in the case of non-performing assets. 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 guidelines.

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.

9 Employee Benefits

Employee Stock Option Scheme ('ESOS'):

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

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

Gratuity:

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

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

Superannuation:

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

Provident fund:

In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund. The Bank contributes an amount, on a monthly basis, at a determined rate (currently 12% of employee's basic salary). Of this, the Bank contributes an amount equal to 8.33% of employee's basic salary up to a maximum salary level of ₹ 15,000/- per month, to the Pension Scheme administered by the Regional Provident Fund Commissioner ('RPFC'). The balance amount is contributed to a fund set up by the Bank and administered by a Board of Trustees. In respect of eCBoP employees, employer's and employee's share of contribution to Provident Fund till March 2009, was administered by RPFC and from April 2009 onwards, the same is transferred to the fund set up by the Bank and administered by the Board of Trustees. In respect of eLKB employees, the Bank contributes to a fund set up by eLKB and administered by a Board of Trustees. The Bank recognises such contributions as an expense in the year in which it is incurred. Interest payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Bank.

The guidance note on implementing AS-15, 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 relevant government scheme calculated as a percentage of the employees' salaries. The Bank's obligations are limited to these contributions, which are expensed when due, as such contribution is in the nature of defined contribution.

Leave encashment / Compensated absences:

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

Pension:

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

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

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

10 Debit and credit cards reward points

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

11 Bullion

The Bank imports bullion including precious metal bars on a consignment basis. 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 classified under 'Commission Income'.

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

12 Lease accounting

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

13 Income tax

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

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

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

14 Earnings per share

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

15 Share issue expenses

Share issue expenses are adjusted 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 Bank recognises provisions when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

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

A disclosure of contingent liability is made when there is:

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

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

Onerous contracts

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

18 Cash and cash equivalents

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

19 Corporate social responsibility

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

For the year ended March 31, 2018

SCHEDULE 18 - Notes forming part of the financial statements for the year ended March 31, 2018

Amounts in notes forming part of the financial statements for the year ended March 31, 2018 are denominated in rupee crore to conform to extant RBI guidelines, except where stated otherwise.

1 Proposed dividend

The Board of Directors, at their meeting held on April 21, 2018 have proposed a dividend of ₹ 13.00 per equity share (previous year: ₹ 11.00) aggregating ₹ 4,067.07 crore (previous year: ₹ 3,392.71 crore) inclusive of tax on dividend. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of the 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 Bank has not appropriated the proposed dividend from the Statement of Profit and Loss. However, the effect of the proposed dividend has been reckoned in determining capital funds in the computation of the capital adequacy ratios.

2 Capital adequacy

The Bank's capital to risk-weighted asset ratio ('Capital Adequacy Ratio') as at March 31, 2018 is calculated in accordance with the RBI guidelines on Basel III capital regulations ('Basel III'). The phasing-in of the minimum capital ratio requirement under Basel III is as follows:

(% of RWAs)

Minimum ratio of capital to risk-weighted assets	As at March 31,		
	2017	**2018**	**2019**
Common equity tier 1 (CET1)	6.750	7.375	8.000
Tier I capital	8.250	8.875	9.500
Total capital	10.250	10.875	11.500

The above minimum CET1, tier I and total capital ratio requirements include the capital conservation buffer. During the year, the RBI identified the Bank as a Domestic-Systemically Important Bank (D-SIB) under the bucketing structure as provided in the D-SIB framework. As an identified D-SIB, the Bank will be required to maintain additional CET1 of 0.15% effective April 1, 2018 and 0.20% effective April 1, 2019.

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

(₹ crore)

Particulars	March 31, 2018	March 31, 2017
Tier I capital	106,004.90	81,829.30
Of which CET1 capital	98,004.90	81,829.30
Tier II capital	12,535.47	11,302.66
Total capital	118,540.37	93,131.96
Total risk weighted assets	800,125.98	640,029.93
Capital adequacy ratios under Basel III		
Tier I	13.25%	12.79%
Of which CET1	12.25%	12.79%
Tier II	1.57%	1.76%
Total	**14.82%**	**14.55%**

During the year ended March 31, 2018, the Bank raised debt capital instruments eligible for inclusion in Additional Tier I capital and Tier II capital under the Basel III capital regulations amounting to ₹ 8,000.00 crore (previous year: Nil) and ₹ 2,000.00 crore (previous year: Nil) respectively.

As on March 31, 2018, the Bank's subordinated and perpetual debt capital instruments amounted to ₹ 13,107.00 crore (previous year: ₹ 13,182.00 crore) and ₹ 8,000.00 crore (previous year: Nil) respectively.

For the year ended March 31, 2018

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, 2018, the Bank allotted 3,25,44,550 equity shares (previous year: 3,43,59,200 equity shares) aggregating to face value ₹ 6.51 crore (previous year: ₹ 6.87 crore) in respect of stock options exercised. Accordingly, the share capital increased by ₹ 6.51 crore (previous year: ₹ 6.87 crore) and the share premium increased by ₹ 2,719.40 crore (previous year: ₹ 2,254.64 crore).

The Board of Directors of the Bank, at their meeting held on December 20, 2017 approved the raising of funds aggregating up to ₹ 24,000.00 crore, of which an amount up to a maximum of ₹ 8,500.00 crore shall be through the issuance of equity shares of face value of ₹ 2/- each pursuant to a preferential issue to Housing Development Finance Corporation Limited (the Bank's promoters) and the balance shall be through the issuance of equity shares/ convertible securities/ depository receipts pursuant to a Qualified Institutions Placement (QIP)/ American Depository Receipts (ADR)/ Global Depository Receipt (GDR) program. The said raising of funds was approved by the shareholders of the Bank at its Extra Ordinary General meeting held on January 19, 2018 and is subject to the receipt of all relevant regulatory approvals.

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

Particulars	**March 31, 2018**	**March 31, 2017**
Opening balance	512.51	505.64
Addition pursuant to stock options exercised	6.51	6.87
Closing balance	519.02	512.51

3 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 ₹ 17,486.75 crore (previous year: ₹ 14,549.66 crore) and the weighted average number of equity shares outstanding during the year of 2,58,05,38,505 (previous year: 2,54,43,33,609).

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

Particulars	**For the years ended**	
	March 31, 2018	**March 31, 2017**
Nominal value per share (₹)	2.00	2.00
Basic earnings per share (₹)	67.76	57.18
Effect of potential equity shares (per share) (₹)	(0.92)	(0.75)
Diluted earnings per share (₹)	66.84	56.43

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

Particulars	**For the years ended**	
	March 31, 2018	**March 31, 2017**
Weighted average number of equity shares used in computing basic earnings per equity share	2,58,05,38,505	2,54,43,33,609
Effect of potential equity shares outstanding	3,55,30,885	3,40,55,428
Weighted average number of equity shares used in computing diluted earnings per equity share	2,61,60,69,390	2,57,83,89,037

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4 Reserves and Surplus

Draw down from reserves

Share Premium

The Bank has not undertaken any drawdown from share premium during the years ended March 31, 2018 and March 31, 2017.

Statutory Reserve

The Bank has made an appropriation of ₹ 4,371.68 crore (previous year: ₹ 3,637.41 crore) out of profits for the year ended March 31, 2018 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, 2018, the Bank appropriated ₹ 235.52 crore (previous year: ₹ 313.41 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 ₹ 1,748.67 crore (previous year: ₹ 1,454.96 crore) out of profits for the year ended March 31, 2018 to the General Reserve.

Investment Reserve Account

During the year ended March 31, 2018, the Bank has transferred ₹ 44.20 crore (net) from the Investment Reserve Account to the Profit and Loss Account as per the RBI guidelines. In the previous year, the Bank had appropriated ₹ 4.29 crore (net) from the Profit and Loss Account to the Investment Reserve Account as per RBI guidelines.

5 Dividend on shares allotted pursuant to exercise of stock options

The Bank may allot equity shares after the Balance Sheet date but before the book closure date pursuant to the exercise of any employee stock options. These equity shares will be eligible for full dividend for the year ended March 31, 2018, if approved at the ensuing Annual General Meeting.

6 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 grant. The period in which the options may be exercised cannot exceed five years. During the years ended March 31, 2018 and March 31, 2017, no modifications were made to the terms and conditions of ESOPs as approved by the NRC.

For the year ended March 31, 2018

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, 2018:

Particulars	**Number of options**	**Weighted average exercise price (₹)**
Options outstanding, beginning of year	9,21,56,300	904.97
Granted during the year	1,68,82,050	1,433.23
Exercised during the year	3,25,44,550	837.59
Forfeited / Lapsed during the year	10,50,000	1,050.05
Options outstanding, end of year	7,54,43,800	1,050.22
Options exercisable	4,68,10,250	901.44

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2017:

Particulars	**Number of options**	**Weighted average exercise price (₹)**
Options outstanding, beginning of year	12,86,54,300	840.19
Granted during the year	-	-
Exercised during the year	3,43,59,200	658.20
Forfeited / Lapsed during the year	21,38,800	972.97
Options outstanding, end of year	9,21,56,300	904.97
Options exercisable	5,63,14,000	835.06

- The following table summarises the information about stock options outstanding as at March 31, 2018:

Plan	**Range of exercise price (₹)**	**Number of shares arising out of options**	**Weighted average life of options (in years)**	**Weighted average exercise price (₹)**
Plan C	680.00 to 835.50	32,61,500	1.32	685.72
Plan D	680.00	16,35,700	1.43	680.00
Plan E	680.00	62,24,900	1.51	680.00
Plan F	835.50 to 1,462.15	6,43,21,700	3.59	1,113.95

- The following table summarises the information about stock options outstanding as at March 31, 2017:

Plan	**Range of exercise price (₹)**	**Number of shares arising out of options**	**Weighted average life of options (in years)**	**Weighted average exercise price (₹)**
Plan C	680.00 to 835.50	46,44,400	2.34	690.91
Plan D	680.00	33,34,300	2.33	680.00
Plan E	468.40 to 680.00	1,50,94,600	2.18	650.01
Plan F	835.50 to 1,097.80	6,90,83,000	3.90	985.92

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 1,68,82,050 options during the year ended March 31, 2018 (previous year: Nil). The various assumptions considered in the pricing model for the ESOPs granted during the year ended March 31, 2018 are:

Particulars	March 31, 2018
Dividend yield	0.65% to 0.66%
Expected volatility	19.94% to 21.65%
Risk-free interest rate	6.73% to 7.20%
Expected life of the options	1 to 7.25 years

Impact of the fair value method on the net profit and earnings per share

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, 2018	March 31, 2017
Net profit (as reported)	17,486.75	14,549.66
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	650.41	812.75
Net profit *(proforma)*	16,836.34	13,736.91
	(₹)	**(₹)**
Basic earnings per share (as reported)	67.76	57.18
Basic earnings per share *(proforma)*	65.24	53.99
Diluted earnings per share (as reported)	66.84	56.43
Diluted earnings per share *(proforma)*	64.36	53.28

7 Other liabilities

- The Bank held contingent provisions towards standard assets amounting to ₹ 2,989.62 crore as at March 31, 2018 (previous year: ₹ 2,392.22 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%.

- 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, 2018 include unrealised loss on foreign exchange and derivative contracts of ₹ 5,093.04 crore (previous year: ₹ 13,880.38 crore).

8 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, 2018 the Bank holds standard asset provisions of ₹ 180.30 crore (previous year: ₹ 108.31 crore) and maintains capital (including capital conservation buffer) of ₹ 723.08 crore (previous year: ₹ 396.86 crore) in respect of the unhedged foreign currency exposure of its customers.

9 Investments

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

Particulars	March 31, 2018	March 31, 2017
Gross value of investments		
- In India	240,899.77	213,407.17
- Outside India	1,560.65	1,120.65
Provisions for depreciation on investments		
- In India	247.21	61.85
- Outside India	12.96	2.63
Net value of investments		
- In India	240,652.56	213,345.32
- Outside India	1,547.69	1,118.02

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

Particulars	March 31, 2018	March 31, 2017
Opening balance	64.48	119.54
Add: Provision made during the year	204.91	37.33
Less: Write-off, write back of excess provision during the year	9.22	92.39
Closing balance	260.17	64.48

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

For the year ended March 31, 2018

- **Repo transactions**

✓ Details of repo / reverse repo deals (in face value terms) done during the year ended March 31, 2018: **(₹ crore)**

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2018
Securities sold under repo				
1. Government securities	-	20,557.80	1,433.97	13,454.44
2. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
1. Government securities	-	62,745.05	8,672.06	62,745.05
2. Corporate debt securities	-	-	-	-

✓ Details of repo / reverse repo deals (in face value terms) done during the year ended March 31, 2017: **(₹ crore)**

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2017
Securities sold under repo				
1. Government securities	-	32,620.54	7,445.30	-
2. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
1. Government securities	-	31,413.37	6,900.12	4,690.56
2. Corporate debt securities	-	132.00	30.74	-

- **Non-SLR investment portfolio**

✓ Issuer-wise composition of non-SLR investments as at March 31, 2018: **(₹ 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	225.31	100.00	-	-	-
2	Financial institutions	4,723.31	1,414.21	-	-	-
3	Banks	839.15	80.00	-	270.94	270.94
4	Private corporate	33,929.42	29,475.13	-	39.46	5,106.35
5	Subsidiaries / Joint ventures	3,826.49	3,826.49	-	-	-
6	Others	10,128.88	2,113.15	-	-	-
7	Provision held towards depreciation	(258.99)				
	Total	**53,413.57**	**37,008.98**	-	**310.40**	**5,377.29**

Amounts reported under these columns above are not mutually exclusive.

(1) *Excludes investments in non-Indian government securities by overseas branches amounting to ₹ 421.88 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.*

✓ Issuer-wise composition of non-SLR investments as at March 31, 2017: **(₹ crore)**

Sr. No.	Issuer	Amount	Extent of private placement#	Extent of "below investment grade" securities#	Extent of "unrated" securities# (1)	Extent of "unlisted" securities# (2)
1	Public sector undertakings	2,225.18	2,174.65	-	-	-
2	Financial institutions	1,400.31	1,360.00	-	-	-
3	Banks	700.36	-	-	-	-
4	Private corporate	41,069.41	39,337.27	-	33.51	3,793.61
5	Subsidiaries / Joint ventures	3,843.32	3,843.32	-	-	-
6	Others	2,870.54	2,860.53	-	-	-
7	Provision held towards depreciation	(64.48)				
	Total	**52,044.64**	**49,575.77**	**-**	**33.51**	**3,793.61**

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

(1) *Excludes investments in equity shares and units of equity oriented mutual funds in line with extant RBI guidelines.*

(2) *Excludes investments in equity shares, units of equity oriented mutual funds, pass through certificates, security receipts, commercial paper and certificate of deposits in line with extant RBI guidelines.*

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

Particulars	March 31, 2018	March 31, 2017
Opening balance	51.57	87.02
Additions during the year	41.00	34.61
Reductions during the year	0.50	70.06
Closing balance	92.07	51.57
Total provisions held	**76.67**	**38.02**

- **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, 2018				As at March 31, 2017			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Government securities	2,471.38	49,272.32	137,042.98	188,786.68	1,736.34	35,614.27	125,068.09	162,418.70
Other approved securities	-	-	-	-	-	-	-	-
Shares	-	122.63	-	122.63	-	114.21	-	114.21
Debentures and bonds	5,023.15	29,466.48	1,420.67	35,910.30	1,734.61	17,550.42	1,300.00	20,585.03
Subsidiary / Joint ventures	-	-	3,826.49	3,826.49	-	-	3,843.32	3,843.32
Others	8,005.72	5,544.68	3.75	13,554.15	-	27,502.08	-	27,502.08
Total	**15,500.25**	**84,406.11**	**142,293.89**	**242,200.25**	**3,470.95**	**80,780.98**	**130,211.41**	**214,463.34**

For the year ended March 31, 2018

- **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,	
		2018	2017
I.	Securities kept as margin with Clearing Corporation of India towards:		
	a) Collateral and funds management - Securities segment	1,520.00	1,520.00
	b) Collateral and funds management - Collateralised Borrowing and Lending Obligation (CBLO) segment	25,770.78	24,488.31
	c) Default fund - Forex Forward segment	100.00	100.00
	d) Default fund - Forex Settlement segment	41.05	11.05
	e) Default fund - Rupee Derivatives (Guaranteed Settlement) segment	41.00	41.00
	f) Default fund - Securities segment	65.00	65.00
	g) Default fund - CBLO segment	25.00	25.00
II.	Securities kept as margin with the RBI towards:		
	a) Real Time Gross Settlement (RTGS)	90,130.65	42,730.27
	b) Repo transactions	16,307.49	41,473.92
	c) Reverse repo transactions	58,341.00	4,690.56
III.	Securities kept as margin with National Securities Clearing Corporation of India (NSCCIL) towards NSE Currency Derivatives segment.	16.00	16.00
IV.	Securities kept as margin with Indian Clearing Corporation Limited towards BSE Currency Derivatives segment.	241.00	5.00
V.	Securities kept as margin with Metropolitan Clearing Corporation of India towards MCX Currency Derivatives segment.	13.00	13.00

- Other investments as at the Balance Sheet date include commercial paper amounting to ₹ 3,357.99 crore (previous year: ₹ 24,494.53 crore).

- The Reserve Bank of India, vide its circular under reference DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 granted banks an option to spread provisioning for mark to market losses on investments held in AFS and HFT for the quarters ended December 31, 2017 and March 31, 2018. The circular states that the provisioning for each of these quarters may be spread equally over up to four quarters, commencing with the quarter in which the loss was incurred. The Bank has recognised the entire net mark to market loss on investments in the year ended March 31, 2018 and has not availed of the said option.

- The Bank had made investments in certain companies wherein it held more than 25% of the equity shares of those companies. Such investments did not fall within the definition of a joint venture as per AS-27, Financial Reporting of Interest in Joint Ventures and the said accounting standard was thus not applicable. However, pursuant to RBI guidelines, the Bank had classified and disclosed these investments as joint ventures as of March 31, 2017. There were no such investments outstanding as of March 31, 2018.

- During the year ended March 31, 2018, there has been no sale from, and transfer to / from, the HTM category in excess of 5% of the book value of investments held in the HTM category at the beginning of the year.

  During the year ended March 31, 2017, the aggregate book value of investment sold from, and transferred to / from, HTM category was in excess of 5% of the book value of investments held in the HTM category at the beginning of the year. The market value of investments (excluding investments in subsidiaries / joint ventures) under HTM category as at March 31, 2017 was ₹ 130,187.42 crore and was higher than the book value thereof as at that date.

For the year ended March 31, 2018

In accordance with the RBI guidelines, sales from, and transfers to / from, HTM category exclude the following from the 5% cap:

- ✓ 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;
- ✓ sales to the RBI under pre-announced open market operation auctions;
- ✓ repurchase of Government securities by Government of India from banks.
- ✓ additional shifting of securities explicitly permitted by the RBI from time to time; and
- ✓ direct sales from HTM for bringing down SLR holdings in the HTM category.

10 Derivatives

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

Sr. No.	Particulars	March 31, 2018	March 31, 2017
i)	The total notional principal of swap agreements	308,463.47	238,644.16
ii)	Total losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	1,063.13	917.35
iii)	Collateral required by the Bank upon entering into swaps	-	-
iv)	Concentration of credit risk arising from swaps**	60.62%	69.96%
v)	The fair value of the swap book	113.36	45.32

** 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, 2018 and March 31, 2017.*

The nature and terms of Rupee IRS outstanding as at March 31, 2018 are set out below: **(₹ crore, except numbers)**

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	6	225.00	INBMK	Fixed receivable v/s floating payable
Trading	5	275.00	INBMK	Floating receivable v/s fixed payable
Trading	4	1,250.00	INCMT	Floating receivable v/s fixed payable
Trading	1,764	119,743.42	OIS	Fixed receivable v/s floating payable
Trading	1,737	119,993.50	OIS	Floating receivable v/s fixed payable
Trading	272	18,590.00	MIFOR	Fixed receivable v/s floating payable
Trading	200	11,499.00	MIFOR	Floating receivable v/s fixed payable
Total		**271,575.92**		

The nature and terms of foreign currency IRS as on March 31, 2018 are set out below: **(₹ crore, except numbers)**

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	2	808.08	EURIBOR	Fixed receivable v/s floating payable
Trading	2	808.10	EURIBOR	Floating receivable v/s fixed payable
Trading	92	13,236.99	USD Libor	Fixed receivable v/s floating payable
Trading	191	21,827.06	USD Libor	Floating receivable v/s fixed payable
Total		**36,680.23**		

For the year ended March 31, 2018

The nature and terms of foreign currency FRA as on March 31, 2018 are set out below: **(₹ crore, except numbers)**

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	6	103.66	USD Libor	Payable FRA
Trading	6	103.66	USD Libor	Receivable FRA
Total		**207.32**		

The nature and terms of rupee IRS as on March 31, 2017 are set out below: **(₹ crore, except numbers)**

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	6	225.00	INBMK	Fixed receivable v/s floating payable
Trading	6	375.00	INBMK	Floating receivable v/s fixed payable
Trading	4	1,250.00	INCMT	Floating receivable v/s fixed payable
Trading	1,179	78,502.69	OIS	Fixed receivable v/s floating payable
Trading	1,167	76,008.42	OIS	Floating receivable v/s fixed payable
Trading	292	21,019.00	MIFOR	Fixed receivable v/s floating payable
Trading	218	12,959.00	MIFOR	Floating receivable v/s fixed payable
Trading	7	450.00	MIOIS	Floating receivable v/s fixed payable
Total		**190,789.11**		

The nature and terms of foreign currency IRS as on March 31, 2017 are set out below: **(₹ crore, except numbers)**

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	1	17.80	GBP Libor	Fixed receivable v/s floating payable
Trading	1	17.80	GBP Libor	Floating receivable v/s fixed payable
Trading	2	692.93	EURIBOR	Fixed receivable v/s floating payable
Trading	2	692.93	EURIBOR	Floating receivable v/s fixed payable
Trading	110	18,404.28	USD Libor	Fixed receivable v/s floating payable
Trading	194	24,786.81	USD Libor	Floating receivable v/s fixed payable
Hedging	3	3,242.50	USD Libor	Fixed receivable v/s floating payable
Total		**47,855.05**		

There were no foreign currencies FRA outstanding as at March 31, 2017.

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

Sr. No.	Particulars	March 31, 2018	March 31, 2017
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 and exchange rates or indices. These include forwards, swaps, futures and options. The notional amounts of financial instruments such as foreign exchange contracts and derivatives provide a basis for comparison with the instruments recognised on the Balance Sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The following sections outline the nature and terms of the derivative transactions generally undertaken by the Bank.

Interest rate contracts

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

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

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

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

Exchange rate contracts

Forward foreign exchange contracts are agreements to buy or sell fixed 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 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 asset or an instrument at a certain date in the future, at a specified price. The underlying instrument of a currency future contract is the rate of exchange between one unit of foreign currency and the INR.

The Bank's derivative transactions relate to sales and trading activities. Sale activities include the structuring and marketing of derivatives to customers to enable them to hedge their market risks (both interest rate and exchange risks), within the framework of regulations as 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 or yields. The Bank also deals in derivatives to hedge the risk embedded in some of its Balance Sheet assets or liabilities.

Constituents involved in derivative business

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

Derivative policy

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

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

Classification of derivatives book

The derivative book is classified into trading and hedging book. Classification of the derivative book is made on the basis of the definitions of the trading and hedging books specified in the RBI guidelines. The trading book is managed within the trading limits approved by the RPMC and 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 are not marked to market unless their underlying asset or liability is marked to market. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Statement of Profit and Loss in the relevant period. Gain or losses arising from hedge ineffectiveness, if any, is recognised in the Statement of Profit and Loss. Foreign exchange forward contracts not intended for trading, that are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction, and are outstanding at the Balance Sheet date, are effectively valued at the closing spot rate. The premia or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

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

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

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

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

Sr. No.	Particulars	Currency derivatives		Interest rate derivatives	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
1	Derivatives (notional principal amount)				
	a) Hedging	-	156.95	-	3,242.50
	b) Trading	39,591.46	32,999.13	308,677.32	235,908.28
2	Marked to market positions				
	a) Asset (+)	684.79	649.32	1,064.77	918.74
	b) Liability (-)	(722.09)	(571.42)	(951.41)	(857.33)
3	Credit exposure	2,740.20	2,487.65	3,509.79	2,941.53
4	Likely impact of one percentage change in interest rate (100*PV01)				
	a) On hedging derivatives	-	0.08	-	15.79
	b) On trading derivatives	7.62	25.70	33.94	19.11
5	Maximum of 100*PV01 observed during the year				
	a) On hedging	0.24	0.09	15.93	43.06
	b) On trading	31.32	35.47	80.86	79.70
6	Minimum of 100*PV01 observed during the year				
	a) On hedging	-	0.02	-	15.79
	b) On trading	0.88	21.27	26.92	19.11

✓ As at March 31, 2018, the notional principal amount of outstanding foreign exchange contracts classified as hedging and trading amounted to ₹ 14,070.60 crore (previous year: ₹ 6,302.40 crore) and ₹ 420,396.97 crore (previous year: ₹ 463,627.74 crore) respectively.

✓ 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.

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

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

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

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

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

For the year ended March 31, 2018

11 Asset quality

- **Movements in NPAs (funded)** **(₹ crore)**

Particulars	March 31, 2018	March 31, 2017
(i) Net NPAs to net advances	0.40%	0.33%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	5,885.66	4,392.83
(b) Additions (fresh NPAs) during the year	12,958.99	7,126.17
(c) Reductions during the year:	10,237.68	5,633.34
- Upgradation	4,163.60	1,519.42
- Recoveries (excluding recoveries made from upgraded accounts)	2,808.25	1,727.98
- Write-offs	3,265.83	2,385.94
(d) Closing balance	8,606.97	5,885.66
(iii) Movement of net NPAs		
(a) Opening balance	1,843.99	1,320.37
(b) Additions during the year	4,917.84	2,357.87
(c) Reductions during the year	4,160.81	1,834.25
(d) Closing balance	2,601.02	1,843.99
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	4,041.67	3,072.46
(b) Additions during the year	8,041.15	4,768.30
(c) Write-offs	3,265.83	2,385.94
(d) Write-back of excess provisions	2,811.04	1,413.15
(e) Closing balance	6,005.95	4,041.67

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

- **Technical or prudential write-offs**

Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the books of the branches, but have been written-off (fully or partially) at the head office level. 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, 2018	March 31, 2017
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: ₹ 1,248.01 crore) have been included under “Other Liabilities”. Movement in floating provision is given below: **(₹ crore)**

Particulars	March 31, 2018	March 31, 2017
Opening balance	1,248.01	1,335.64
Provisions made / reinstated during the year	523.99	25.00
Draw down made during the year	(320.72)	(112.63)
Closing balance	1,451.28	1,248.01

Floating provisions have been 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**

  As part of its supervisory process for the year ended March 31, 2017, the RBI had pointed out certain modifications in respect of the Bank's asset classification of three accounts as on March 31, 2017, as per the table below: **(₹ crore)**

Sr. No.	Particulars	Amount
(1)	Gross NPAs as at March 31, 2017 as reported by the bank	5,885.66
(2)	Gross NPAs as at March 31, 2017 as assessed by RBI	7,937.42
(3)	Divergence in Gross NPAs (2-1)	2,051.76
(4)	Net NPAs as at March 31, 2017, as reported by the bank	1,843.99
(5)	Net NPAs as at March 31, 2017, as assessed by RBI	3,102.36
(6)	Divergence in Net NPAs (5-4)	1,258.37
(7)	Provisions for NPAs as at March 31, 2017, as reported by the bank	4,041.67
(8)	Provisions for NPAs as at March 31, 2017, as assessed by RBI	4,835.06
(9)	Divergence in provisioning (8-7)	793.39
(10)	Reported Net Profit after Tax (PAT) for the year ended March 31, 2017	14,549.66
(11)	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning	14,028.24

In respect of each of these accounts, the Bank was a member of the Joint Lenders' Forum (JLF) formed under the then prevailing regulatory framework for revitalizing distressed assets in the economy. The Bank classified these accounts as NPAs during the year ended March 31, 2018 and made adequate provisions for the said accounts.

In relation to one of the above accounts, the Bank had participated in a project loan which underwent flexible structuring under the then prevailing regulatory framework as approved by the JLF in February 2016. Pursuant to a regulatory communication, in October 2017 the said customer account was classified by the Bank as non-performing with effect from March 2016. The JLF in its meeting on December 30, 2017 received confirmations from all lenders, including the Bank, regarding satisfactory performance of the account during the specified period (post February 2016) including confirmation of nil overdues as on December 30, 2017. Hence, in terms of para 17.2.3 of the RBI Master Circular DBR. No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015, the JLF decided to upgrade the account classification to 'standard'. The Bank accordingly upgraded the account classification to 'standard' in its books. The account continues to remain standard at March 31, 2018.

The position as at March 31, 2018 in relation to the divergence is as follows: **(₹ crore)**

Sr. No.	Particulars	Amount
1.	Gross NPAs as at March 31, 2017	2,051.76
2.	Upgraded based on JLF decision	(1,707.18)
3.	Net reductions	(45.61)
4.	Balance Gross NPAs as at March 31, 2018	298.97
5.	Specific provisions held for balance Gross NPAs as at March 31, 2018	269.07
6.	Net NPAs as at March 31, 2018 (4-5)	29.90

For the year ended March 31, 2018

- **Disclosure on accounts subjected to restructuring for the year ended March 31, 2018:**

(₹ crore, except numbers)

Sr. No.	Type of restructuring		Under Corporate Debt Restructuring (CDR) Mechanism					Under Small & Medium Enterprises (SME) Debt Restructuring Mechanism					Others					Total				
	Asset Classification →		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
	Details ↓																					
1	Restructured accounts as at April 1, 2017*	No. of borrowers	3	1	2	-	6	-	-	-	-	-	2	-	4	3	9	5	1	6	3	15
		Amount outstanding	57.69	13.70	26.98	-	98.37	-	-	-	-	-	172.46	-	33.55	7.16	213.17	230.15	13.70	60.53	7.16	311.54
		Provision thereon	2.50	1.00	0.44	-	3.94	-	-	-	-	-	0.50	-	1.44	0.15	2.09	3.00	1.00	1.88	0.15	6.03
2	Fresh restructuring during the year #	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	1	1	1	3	-	1	1	1	3
		Amount outstanding	-	1.43	-	-	1.43	-	-	-	-	-	-	2.16	1,764.84**	1.51	1,768.51	-	3.59	1,764.84	1.51	1,769.94
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradation to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	+1	-	-1	-	-	+1	-	-1	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	1,707.18	-	-1,707.18	-	-	1,707.18	-	-1,707.18	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Advances not shown as restructured standard advances at the beginning of the next year^	No. of borrowers	-1				-1	-				-	-				-	-1				-1
		Amount outstanding	-10.36				-10.36	-				-	-				-	-10.36				-10.36
		Provision thereon	-				-	-				-	-				-	-				-
5	Down gradation of restructured accounts during the year	No. of borrowers	-2	+2 -1	+1	-	-	-	-	-	-	-	-1	-	+1 -1	+1	-	-3	+2-1	+1+1-1	+1	-
		Amount outstanding	-47.33	33.63	13.70	-	-	-	-	-	-	-	-169.63	-	149.72	19.91	-	-216.96	33.63	163.42	19.91	-
		Provision thereon	-2.50	1.50	1	-	-	-	-	-	-	-	-	-	-	-	-	-2.50	1.50	1	-	-
6	Write-offs of restructured accounts during the year ##	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	2	-	3	1	-	2	-	3
		Amount outstanding	-	4.26	0.03	-	4.29	-	-	-	-	-	409.60	-	41.53	3.63	454.76	409.60	4.26	41.56	3.63	459.05
7	Restructured accounts as at March 31, 2018*	No. of borrowers	-	2	3	-	5	-	-	-	-	-	1	1	2	5	9	1	3	5	5	14
		Amount outstanding	-	44.50	40.65	-	85.15	-	-	-	-	-	1,300.41	2.16	199.40	24.95	1,526.92	1,300.41	46.66	240.05	24.95	1,612.07
		Provision thereon	-	2.50	0.79	-	3.29	-	-	-	-	-	-	-	0.50	1.06	1.56	-	2.50	1.29	1.06	4.85

* 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 an account classified by the Bank during the year as non-performing pursuant to regulatory communication received during the year. (Refer note 11).

\# includes ₹ 27.16 crore of additional sanction (3 accounts and provision ₹ 1 crore) to existing restructured accounts in CDR and other package.

\## includes ₹ 446.60 crore (5 accounts and provision ₹ 3.48 crore) of reduction in existing restructured accounts by way of recovery / sale; and ₹ 12.43 crore (3 accounts and provision ₹ 0.54 crore) which are no longer required to be reported as restructured.

- **Disclosure on accounts subjected to restructuring for the year ended March 31, 2017:**

(₹ crore, except numbers)

Sr. No.	Type of restructuring		Under Corporate Debt Restructuring (CDR) Mechanism					Under Small & Medium Enterprises (SME) Debt Restructuring Mechanism					Others					Total				
	Asset Classification →		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
	Details ↓																					
1	Restructured accounts as at April 1, 2016*	No. of borrowers	2	1	7	-	10	-	-	-	-	-	2	2	5	-	9	4	3	12	-	19
		Amount outstanding	33.60	41.65	203.56	-	278.81	-	-	-	-	-	172.46	26.69	18.70	-	217.85	206.06	68.34	222.26	-	496.66
		Provision thereon	1.50	-	1.57	-	3.07	-	-	-	-	-	4.00	1.62	0.77	-	6.39	5.50	1.62	2.34	-	9.46
2	Fresh restructuring during the year #	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	0.46	-	-	0.46	-	-	-	-	-	-	-	0.24	-	0.24	-	0.46	0.24	-	0.70
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradation to restructured standard category during the year	No. of borrowers	+2	-	-2 -1	-	-1	-	-	-	-	-	+1	-	-	-	+1	+3	-	-3	-	-
		Amount outstanding	59.98	-	-63.51	-	-3.53	-	-	-	-	-	3.53	-	-	-	3.53	63.51	-	-63.51	-	-
		Provision thereon	0.36	-	-0.87	-	-0.51	-	-	-	-	-	0.51	-	-	-	0.51	0.87	-	-0.87	-	-
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	-	-	-	-	-	-	-	-	-	-2	+2 -3	+3	-	-1	-1	-1	+3	-
		Amount outstanding	-13.24	+13.24	-	-	-	-	-	-	-	-	-	-26.69	+18.64	+8.05	-	-13.24	-13.45	18.64	8.05	-
		Provision thereon	-1.00	+1.00	-	-	-	-	-	-	-	-	-	-1.62	+1.45	+0.17	-	-1.00	-0.62	+1.45	+0.17	-
6	Write-offs of restructured accounts during the year ##	No. of borrowers	-	1	2	-	3	-	-	-	-	-	1	-	-	-	1	1	1	2	-	4
		Amount outstanding	22.65	41.65	113.07	-	177.37	-	-	-	-	-	3.53	-	4.03	0.89	8.45	26.18	41.65	117.10	0.89	185.82
7	Restructured accounts as at March 31, 2017*	No. of borrowers	3	1	2	-	6	-	-	-	-	-	2	-	4	3	9	5	1	6	3	15
		Amount outstanding	57.69	13.70	26.98	-	98.37	-	-	-	-	-	172.46	-	33.55	7.16	213.17	230.15	13.70	60.53	7.16	311.54
		Provision thereon	2.50	1.00	0.44	-	3.94	-	-	-	-	-	0.50	-	1.44	0.15	2.09	3.00	1.00	1.88	0.15	6.03

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

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

include ₹ 0.70 crore of additional sanction (2 accounts and provision ₹ 1.50 crore) to existing restructured accounts in CDR and other package.

include ₹ 55.91 crore (15 accounts and provision ₹ 4.53 crore) in existing restructured accounts by way of recovery and ₹ 0.05 crore (1 account) is no longer required to be reported as restructured.

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

Particulars	March 31, 2018	March 31, 2017
Number of accounts	-	-
Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
Aggregate considerations	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain / (loss) over net book value	-	-
Provision made to meet shortfall in sale of NPA	-	-
Amount of unamortised provision debited to 'other reserve'	-	-

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

	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total March 31, 2018
(i)	Backed by NPAs sold by the Bank as underlying*	190.90	-	-	190.90
	Provision held against (i)	-	-	-	-
(ii)	Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	9.72	3.15	-	12.87
	Provision held against (ii)	-	-	-	-
	Total	**200.62**	**3.15**	**-**	**203.77**

* During the year ended March 31, 2018, contingent provision of ₹ 76.36 crore was made towards investment in security receipts backed by NPAs sold by the Bank.

	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, 2017
(i)	Backed by NPAs sold by the Bank as underlying	195.34	0.52	-	195.86
	Provision held against (i)	-	-	-	-
(ii)	Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	17.17	10.12	-	27.29
	Provision held against (ii)	-	-	-	-
	Total	**212.51**	**10.64**	**-**	**223.15**

- During the years ended March 31, 2018 and March 31, 2017, no non-performing financial assets were sold, excluding those sold to SC / RC.
- During the years ended March 31, 2018 and March 31, 2017, 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, 2018 and as at March 31, 2017.
- Accounts under the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on March 31, 2018: Nil (previous year: Nil).

For the year ended March 31, 2018

- **Disclosure on Stressed Assets**

(i) Disclosures on Flexible Structuring of Existing Loans **(₹ crore, except numbers)**

Financial year ended	No. of borrowers taken up for flexible structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
March 31, 2018	-	-	-	-	-
March 31, 2017	1	39.12	-	8 years	9.5 years

(ii) Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ crore, except numbers)

Financial year ended	No. of accounts where SDR has been invoked	Amount outstanding		Amount outstanding with respect to accounts where conversion of debt to equity is pending		Amount outstanding with respect to accounts where conversion of debt to equity has taken place	
		Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
March 31, 2018	-	-	-	-	-	-	-
March 31, 2017	1	73.06	-	-	-	73.06*	-

*of which ₹ 32.87 crore of loans where conversion to equity has taken place.

(iii) Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period) as at March 31, 2018: Nil (previous year: Nil).

(iv) Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period) as at March 31, 2018 : Nil (previous year: Nil).

12 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, 2018	March 31, 2017
a) Direct exposure	**73,654.38**	**65,289.89**
(i) Residential mortgages*	41,460.65	42,401.22
(of which housing loans eligible for inclusion in priority sector advances)	(16,475.22)	(18,951.24)
(ii) Commercial real estate	32,185.51	22,877.26
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
(a) Residential	8.21	11.41
(b) Commercial real estate	-	-
b) Indirect exposure	**22,249.51**	**17,832.36**
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	22,249.51	17,832.36
Total exposure to real estate sector	**95,903.89**	**83,122.25**

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

Of the above, exposure to real estate developers as at March 31, 2018 is 0.6% (previous year: 0.5%) of total advances.

For the year ended March 31, 2018

- **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, 2018	March 31, 2017
(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	90.61	90.97
(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	158.96	186.94
(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	5,421.51	3,604.58
(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	232.66	169.59
(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers	10,915.99	8,165.08
(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	2,262.75	1,390.31
(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)	4.10	0.25
	Total exposure to capital market	**19,086.58**	**13,607.72**

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

Risk Category	March 31, 2018		March 31, 2017	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	18,538.08	-	17,177.70	-
Low	9,103.81	-	9,653.78	-
Moderately low	486.54	-	247.75	-
Moderate	350.17	-	164.44	-
Moderately high	37.20	-	9.48	-
High	-	-	-	-
Very high	0.18	-	-	-
Total	**28,515.98**	**-**	**27,253.15**	**-**

For the year ended March 31, 2018

- **Details of factoring exposure**

  The factoring exposure of the Bank as at March 31, 2018 is ₹ 2,334.53 crore (previous year: ₹ 2,036.11 crore).

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

  The RBI has prescribed single and group borrower exposure limits linked to a bank's capital funds. These limits can be enhanced by a further 5 percent thereof with the approval of the Board of Directors of the Bank. During the year ended March 31, 2018 and March 31, 2017 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, 2018 (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, 2018 was ₹ 24,454.84 crore (previous year: ₹ 7,500.00 crore).

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

a) Concentration of deposits **(₹ crore, except percentages)**

Particulars	March 31, 2018	March 31, 2017
Total deposits of twenty largest depositors	50,066.89	35,562.76
Percentage of deposits of twenty largest depositors to total deposits of the Bank	6.3%	5.5%

b) Concentration of advances **(₹ crore, except percentages)**

Particulars	March 31, 2018	March 31, 2017
Total advances to twenty largest borrowers	92,114.45	83,962.09
Percentage of advances of twenty largest borrowers to total advances of the Bank	9.0%	9.4%

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

c) Concentration of exposure **(₹ crore, except percentages)**

Particulars	March 31, 2018	March 31, 2017
Total exposure to twenty largest borrowers / customers	1,04,796.59	90,046.09
Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	9.7%	9.5%

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, 2018	March 31, 2017
Total gross exposure to top four NPA accounts	708.09	588.99

e) **Sector-wise advances** (₹ crore)

Sr. No.	Sector	March 31, 2018			March 31, 2017		
		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	73,513.50	2,514.60	3.42%	63,186.16	1,279.98	2.03%
2	Advances to industries eligible as priority sector lending	28,405.11	483.71	1.70%	26,209.92	480.78	1.83%
3	Services	52,995.58	990.26	1.87%	52,361.67	678.46	1.30%
4	Personal loans	20,514.50	19.26	0.09%	22,350.27	14.43	0.06%
	Sub-total (A)	**175,428.69**	**4,007.83**	**2.28%**	**164,108.02**	**2,453.65**	**1.50%**
B	**Non Priority sector**						
1	Agriculture and allied activities	14,131.18	149.41	1.06%	6,905.78	74.89	1.08%
2	Industry	141,126.81	1,783.60	1.26%	127,366.08	1,243.07	0.98%
3	Services	155,844.46	1,114.86	0.72%	127,937.51	1,037.87	0.81%
4	Personal loans	177,723.19	1,451.16	0.82%	132,249.25	1,016.40	0.77%
	Sub-total (B)	**488,825.65**	**4,499.03**	**0.92%**	**394,458.62**	**3,372.23**	**0.85%**
	Total (A) + (B)	**664,254.34**	**8,506.86**	**1.28%**	**558,566.64**	**5,825.88**	**1.04%**

• **Details of Priority Sector Lending Certificates (PSLCs)** (₹ crore)

Type of PSLCs	For the year ended March 31, 2018		For the year ended March 31, 2017	
	PSLC bought during the year	PSLC sold during the year	PSLC bought during the year	PSLC sold during the year
Agriculture	-	-	-	500.00
Small and Marginal farmers	22,251.00	-	3,269.50	21.25
Micro Enterprises	5,520.00	-	-	-
General	-	730.75	-	1,000.00
Total	**27,771.00**	**730.75**	**3,269.50**	**1,521.25**

13 Other fixed assets

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

Particulars	March 31, 2018	March 31, 2017
Cost		
As at March 31 of the previous year	2,139.70	1,737.09
Additions during the year	251.89	402.61
Deductions during the year	-	-
Total (a)	**2,391.59**	**2,139.70**

For the year ended March 31, 2018

(₹ crore)

Particulars	March 31, 2018	March 31, 2017
Depreciation		
As at March 31 of the previous year	1,473.76	1,218.53
Charge for the year	274.85	255.23
On deductions during the year	-	-
Total (b)	**1,748.61**	**1,473.76**
Net value (a-b)	**642.98**	**665.94**

14 Other assets

- Other assets include deferred tax asset (net) of ₹ 3,344.02 crore (previous year: ₹ 2,447.34 crore). The break-up of the same is as follows: (₹ crore)

Particulars	March 31, 2018	March 31, 2017
Deferred tax asset arising out of:		
Loan loss provisions	2,780.22	2,079.97
Employee benefits	177.65	167.38
Others	439.88	321.47
Total (a)	**3,397.75**	**2,568.82**
Deferred tax liability arising out of:		
Depreciation	(53.73)	(121.48)
Total (b)	**(53.73)**	**(121.48)**
Deferred tax asset (net) (a-b)	**3,344.02**	**2,447.34**

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

Particulars	March 31, 2018	March 31, 2017
Deposit with NABARD / SIDBI / NHB - PSL shortfall	13,357.25	11,882.37
Unrealised gain on foreign exchange and derivative contracts*	5,091.67	14,014.05
Deferred tax assets	3,344.02	2,447.34
Deposits & amounts paid in advance	1,802.24	1,740.75
Accounts receivable	1,827.87	1,568.79
Residual items	2.50	2.50
Total	**25,425.55**	**31,655.80**

**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.*

15 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, 2018	1 day	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Loans & advances	7,576.77	15,595.85	8,998.08	16,761.35	25,923.12	24,479.04	54,180.80	73,835.48	309,575.08	67,750.31	53,657.21	658,333.09
Investments	42,520.53	20,050.34	5,008.14	4,991.47	6,668.55	11,161.33	16,409.62	24,204.36	70,557.07	9,961.29	30,667.54	242,200.24
Deposits	8,764.67	27,879.20	19,884.35	20,288.79	39,865.37	30,966.08	73,988.61	111,569.04	310,254.54	14,733.73	130,576.26	788,770.64
Borrowings	580.88	18,304.43	3,700.57	3,367.61	3,347.70	3,768.64	19,821.93	17,665.13	18,394.64	17,178.45	16,975.00	123,104.98
Foreign currency assets	2,201.21	14,178.73	3,697.27	7,013.44	3,729.18	4,106.12	5,741.10	2,185.58	3,847.69	1,601.45	497.32	48,799.09
Foreign currency liabilities	1,096.38	3,413.00	2,262.86	4,359.14	5,105.05	4,910.08	10,960.50	10,188.61	6,372.52	1,930.31	9,181.63	59,780.08

(₹ crore)

As at March 31, 2017	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	6,539.06	15,084.56	9,469.18	23,487.16	23,100.12	22,790.90	44,683.49	63,909.96	246,074.88	55,114.69	44,314.20	554,568.20
Investments	41,394.34	5,785.29	5,563.97	8,019.55	10,862.06	10,667.74	13,380.35	20,057.43	60,186.46	7,944.59	30,601.56	214,463.34
Deposits	10,336.50	26,933.57	16,982.56	14,231.55	23,725.46	23,778.34	43,975.61	69,790.72	287,584.72	13,494.82	112,805.81	643,639.66
Borrowings	313.31	3,248.71	1,622.08	3,545.16	5,072.85	2,588.29	6,431.74	16,178.33	12,543.50	6,319.90	16,165.00	74,028.87
Foreign currency assets	4,588.42	9,521.48	2,432.05	5,393.34	3,493.54	3,532.92	4,448.81	3,636.09	4,247.19	1,724.90	303.32	43,322.06
Foreign currency liabilities	1,595.20	2,863.76	2,144.67	4,356.23	5,713.99	3,212.35	4,487.00	7,486.47	11,400.66	1,784.51	1,231.75	46,276.59

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 excluds off-Balance Sheet item.

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For the year ended March 31, 2018

16 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, 2018	March 31, 2017
Opening provision for reward points	431.24	306.36
Provision for reward points made during the year	261.95	334.24
Utilisation / write-back of provision for reward points	(222.07)	(209.36)
Closing provision for reward points	471.12	431.24

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

Particulars	March 31, 2018	March 31, 2017
Opening provision	311.90	344.56
Movement during the year (net)	2.11	(32.66)
Closing provision	314.01	311.90

c) Provision pertaining to fraud accounts

Particulars	March 31, 2018	March 31, 2017
No. of frauds reported during the year	3,612	2,319
Amount involved in fraud (₹ crore)	146.55	165.20
Amount involved in fraud net of recoveries / write-offs as at the end of the year (₹ crore)	119.02	20.83
Provisions held as at the end of the year (₹ crore)	119.02	20.83
Amount of unamortised provision debited from "other reserves" as at the end of the year (₹ crore)	-	-

d) Description of contingent liabilities

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

**Also refer Schedule 12 - Contingent liabilities*

For the year ended March 31, 2018

17 Business ratios / information

Particulars	March 31, 2018	March 31, 2017
Interest income as a percentage to working funds[1]	8.86%	8.95%
Net interest income as a percentage to working funds	4.43%	4.28%
Non-interest income as a percentage to working funds	1.68%	1.59%
Operating profit[2] as a percentage to working funds	3.60%	3.32%
Return on assets (average)	1.93%	1.88%
Business[3] per employee (₹ in crore)	15.08	12.36
Profit per employee[4] (₹ in crore)	0.20	0.16
Gross non-performing assets to gross advances[5]	1.30%	1.05%
Gross non-performing advances to gross advances	1.28%	1.04%
Percentage of net non-performing assets[6] to net advances[7]	0.40%	0.33%
Provision coverage ratio[8]	69.78%	68.67%

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

18 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, 2018 amounting to ₹ 160.59 crore (previous year: ₹ 256.64 crore).

19 Earnings from standard assets securitised-out

There are no Special Purpose Vehicles ('SPV's) sponsored by the Bank for securitisation transactions. During the years ended March 31, 2018 and March 31, 2017, 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, 2018 was ₹ 223.25 crore (previous year: ₹ 224.31 crore) and outstanding servicing liability was ₹ 0.05 crore (previous year: ₹ 0.07 crore).

For the year ended March 31, 2018

20 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, 2018 includes fees of ₹ 1,192.34 crore (previous year: ₹ 798.35 crore) in respect of life insurance business, of which ₹ 406.77 crore (previous year: ₹ 228.63 crore) is for displaying publicity materials at the Bank's branches / ATMs and ₹ 203.43 crore (previous year: ₹ 157.58 crore) is in respect of general insurance business.

- **Miscellaneous income**

  Miscellaneous income includes recoveries from written-off accounts amounting to ₹ 1,093.84 crore (previous year: ₹ 864.31 crore).

21 Other expenditure

Other expenditure includes commission paid to sales agents amounting to ₹ 2,427.96 crore (previous year: ₹ 1,906.80 crore), exceeding 1% of the total income of the Bank.

22 Provisions and contingencies

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

Particulars	March 31, 2018	March 31, 2017
Provision for income tax		
- Current	10,107.25	7,916.97
- Deferred	(896.68)	(327.54)
Provision for NPAs	4,910.43	3,145.30
Provision for diminution in value of non-performing investments	30.45	(7.64)
Provision for standard assets	597.43	392.18
Other provisions and contingencies*	389.18	63.46
Total	**15,138.06**	**11,182.73**

**Includes provisions for tax, legal and other contingencies ₹ 390.04 crore (previous year: ₹ 38.34 crore), floating provisions Nil (previous year: ₹ 25.00 crore), provisions / (write-back) for securitised-out assets ₹ 2.14 crore (previous year: ₹ 2.62 crore) and standard restructured assets ₹ (3.00) crore (previous year: ₹ (2.50) crore).*

23 Employee benefits

Gratuity **(₹ crore)**

Particulars	March 31, 2018	March 31, 2017
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	488.00	390.47
Interest cost	35.12	26.36
Current service cost	65.19	62.57
Benefits paid	(39.53)	(38.49)

For the year ended March 31, 2018

Particulars	March 31, 2018	March 31, 2017
Actuarial (gain) / loss on obligation:		
Experience adjustment	10.44	35.48
Assumption change	(16.25)	11.61
Present value of obligation as at March 31	**542.97**	**488.00**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	355.57	287.93
Expected return on plan assets	27.02	22.52
Contributions	73.21	47.95
Benefits paid	(39.53)	(38.49)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	0.13	32.44
Assumption change	-	3.22
Fair value of plan assets as at March 31	**416.40**	**355.57**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	416.40	355.57
Present value of obligation as at March 31	(542.97)	(488.00)
Asset / (liability) as at March 31	**(126.57)**	**(132.43)**
Expenses recognised in Statement of Profit and Loss		
Interest cost	35.12	26.36
Current service cost	65.19	62.57
Expected return on plan assets	(27.02)	(22.52)
Net actuarial (gain) / loss recognised in the year	(5.94)	11.42
Net cost	**67.35**	**77.83**
Actual return on plan assets	27.15	58.18
Estimated contribution for the next year	88.29	73.21
Assumptions		
Discount rate	7.5% per annum	7.1% per annum
Expected return on plan assets	7.0% per annum	7.0% per annum
Salary escalation rate	8.0% per annum	8.0% per annum

Experience adjustment **(₹ crore)**

Particulars	Years ended March 31,				
	2018	2017	2016	2015	2014
Plan assets	416.40	355.57	287.93	242.88	172.60
Defined benefit obligation	542.97	488.00	390.47	310.59	237.43
Surplus / (deficit)	(126.57)	(132.43)	(102.54)	(67.71)	(64.83)
Experience adjustment gain / (loss) on plan assets	0.13	32.44	(13.69)	21.35	1.87
Experience adjustment (gain) / loss on plan liabilities	10.44	35.48	16.24	4.59	5.87

For the year ended March 31, 2018

Expected rate of return on investments is determined based on the assessment made by the Bank at the beginning of the year with regard to its existing portfolio. Major categories of plan assets as a percentage of fair value of total plan assets as of March 31, 2018 are given below:

Category of plan assets	**% of fair value to total plan assets as at March 31, 2018**
Government securities	25.2%
Debenture and bonds	28.9%
Equity shares	43.1%
Others	2.8%
Total	**100.0%**

Pension **(₹ crore)**

Particulars	**March 31, 2018**	**March 31, 2017**
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	73.55	70.88
Interest cost	5.19	4.80
Current service cost	0.74	1.23
Benefits paid	(8.75)	(6.62)
Actuarial (gain) / loss on obligation:		
Experience adjustment	3.95	4.65
Assumption change	(1.62)	(1.39)
Present value of obligation as at March 31	**73.06**	**73.55**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	36.16	38.38
Expected return on plan assets	2.36	2.61
Contributions	0.94	1.03
Benefits paid	(8.75)	(6.62)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	0.59	0.39
Assumption change	-	0.37
Fair value of plan assets as at March 31	**31.30**	**36.16**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	31.30	36.16
Present value of obligation as at March 31	(73.06)	(73.55)
Asset / (liability) as at March 31	**(41.76)**	**(37.39)**
Expenses recognised in Statement of Profit and Loss		
Interest cost	5.19	4.80
Current service cost	0.74	1.23
Expected return on plan assets	(2.36)	(2.61)

For the year ended March 31, 2018

(₹ crore)

Particulars	March 31, 2018	March 31, 2017
Net actuarial (gain) / loss recognised in the year	1.74	2.50
Net cost	**5.31**	**5.92**
Actual return on plan assets	2.95	3.37
Estimated contribution for the next year	13.79	7.18
Assumptions		
Discount rate	7.5% per annum	7.1% per annum
Expected return on plan assets	7.0% per annum	7.0% per annum
Salary escalation rate	8.0% per annum	8.0% per annum

Experience adjustment (₹ crore)

Particulars	Years ended March 31,				
	2018	2017	2016	2015	2014
Plan assets	31.30	36.16	38.38	41.91	47.99
Defined benefit obligation	73.06	73.55	70.88	57.45	58.89
Surplus / (deficit)	(41.76)	(37.39)	(32.50)	(15.54)	(10.90)
Experience adjustment gain / (loss) on plan assets	0.59	0.39	1.43	(2.38)	3.45
Experience adjustment (gain) / loss on plan liabilities	3.95	4.65	17.35	(0.19)	3.62

Expected rate of return on investments is determined based on the assessment made by the Bank at the beginning of the year with regard to its existing portfolio. Major categories of plan assets as a percentage of fair value of total plan assets as of March 31, 2018 are given below:

Category of plan assets	% of fair value to total plan assets as at March 31, 2018
Government securities	5.9%
Debenture and bonds	78.9%
Others	15.2%
Total	**100.0%**

Provident fund

The guidance note on AS-15, Employee Benefits, states that employer established provident funds, where interest is guaranteed are to be considered as defined benefit plans and the liability has to be valued. The 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, 2018 (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, 2018	March 31, 2017
Discount rate (GOI security yield)	7.5% per annum	7.1% per annum
Expected guaranteed interest rate	8.6% per annum	8.7% per annum

The Bank does not have any unfunded defined benefit plan. The Bank contributed ₹ 222.84 crore (previous year: ₹ 216.86 crore) to the provident fund and ₹ 67.68 crore (previous year: ₹ 78.67 crore) to the superannuation plan.

Compensated absences

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the Bank is given below:

(₹ crore)

Particulars	March 31, 2018	March 31, 2017
Privileged leave	259.46	237.24
Sick leave	61.91	52.95
Total actuarial liability	**321.37**	**290.19**
Assumptions		
Discount rate	7.5% per annum	7.1% per annum
Salary escalation rate	8.0% per annum	8.0% per annum

24 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 three independent directors as of March 31, 2018. Further, two members of the NRC are also members of the Risk Policy and Monitoring Committee (hereinafter, the 'RPMC') of the Board.

The NRC is comprised of Mrs. Shyamala Gopinath, Mr. Partho Datta and Mr. Bobby Parikh. Further, Mrs. Shyamala Gopinath and Mr. Partho Datta are also members of the RPMC. Mr. Bobby Parikh is the chairperson of the NRC. During the year ended March 31, 2018, Mr. A. N. Roy ceased to be a member of the NRC pursuant to his resignation from the Board of Directors of the Bank.

Mandate of the NRC

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

External Consultants

The Bank employed the services of the following consulting firms in the area of compensation and benefits and human resources:

AON: The Bank employed the services of AON in the area of compensation market benchmarking and executive compensation. AON, apart from being a globally reputed consulting firm, has the longest running year on year banking study in India and was found to be the most appropriate by the NRC.

Cedar Consulting: The Bank employed the services of Cedar Consulting to review and recommend key scorecard measures for the Whole Time Directors.

Scope of the Bank's Remuneration Policy:

The Remuneration Policy of the Bank includes within its scope all business lines, all permanent staff in its domestic as well as international offices. Further the principles articulated in the compensation policy are universal, however in the event there are any statutory provisions in overseas locations the same 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 compensation policy. The number of employees covered under the compensation policy was 87,983 as at March 31, 2018 (previous year: 84,041).

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

I. Key Features and Objectives of Remuneration Policy

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

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

The NRC reviews the following critical principles enunciated in the policy and ensures that:

(a) the compensation is adjusted for all types of prudent risk taking;

(b) compensation outcomes are symmetric with risk outcomes;

(c) compensation payouts are sensitive to the time horizon of risk; and

(d) the mix of cash, equity and other forms of compensation are aligned with risk.

II. Design and Structure of Remuneration

a) Fixed Pay

The NRC ensures that the fixed component of the compensation is reasonable, taking into account all relevant factors including industry practice.

Elements of Fixed Pay

The fixed pay component of the Bank's compensation structure typically consists of elements such as base salary, allowances, perquisites, retirement and other employee benefits. Perquisites extended are in the nature of company car, hard furnishing, company leased accommodation, club membership and such other benefits or allowances in lieu of such perquisites / benefits. Retirement benefits include contributions to provident fund, superannuation fund (for certain job bands) and gratuity. The Whole Time Directors of the Bank are entitled to other post-retirement benefits such as car and medical facilities, in accordance with specified terms of employment as per the policy of the Bank, subject to RBI approval. The Bank also provides pension to certain employees of the erstwhile Lord Krishna Bank (eLKB) under the Indian Banks' Association ('IBA') structure.

Determinants of Fixed Pay

The fixed pay is primarily determined by taking into account factors such as the job size, performance, experience, location, market competitiveness of pay and is designed to meet the following key objectives of:

(a) fair compensation given the role complexity and size;

(b) fair compensation given the individual's skill, competence, experience and market pay position;

(c) sufficient contribution to post retirement benefits; and

(d) compliance with all statutory obligations.

For Whole Time Directors additional dimensions such as prominence of leadership among industry leaders, consistency of the Bank's performance over the years on key parameters such as profitability, growth and asset quality in relation to its own past performance and that of its peer banks would be considered. The quantum of fixed pay for Whole Time Directors is approved by the NRC as well as the Board and is subject to the approval of the RBI.

b) Variable Pay

The performance management system forms the basis for variable pay allocation of the Bank. The Bank ensures that the performance management system is comprehensive and considers both, quantitative and qualitative performance measures.

Whole Time Directors

The bonus for Whole Time Directors does not exceed 70% of the fixed pay in a year, thereby ensuring that there is a balance between the fixed and variable pays. The variable pay for Whole Time Directors is approved by the NRC as well as the Board and is subject to the approval of the RBI. The variable pay component is paid out subject to the following conditions:

- Where the variable pay constitutes 50% or more of the fixed pay, a portion of the same would be deferred as per the schedule mentioned in the table below:

Portion of Variable Pay	Timelines
60%	Payable effective April 1 of the financial year immediately following the performance year.
13.33%	Payable effective April 1 of the second financial year following the reference performance year.
13.33%	Payable effective April 1 of the third financial year following the reference performance year.
13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

- The Bank has devised appropriate malus and claw back clauses as a risk mitigant for any negative contributions of the Bank and / or relevant line of business in any year. Under the malus clause the incumbent foregoes the vesting of the deferred variable pay in full or in part. Under the claw back clause the incumbent is obligated to return all the tranches of payout received of bonus amounts pertaining to the relevant performance year. 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. Employees on the annual bonus plan are not part of performance-linked plans. The following is taken into account while administering the annual bonus:

✓ In the event the proportion of variable pay to fixed pay is substantially high (variable pay exceeding 50% of fixed pay), the Bank may devise an appropriate deferment schedule after taking into consideration the nature of risk, time horizon of risk, and the materiality of risk.

✓ In cases of deferment of variable pay the Bank makes an assessment prior to the due date for payment of the deferred portion for any negative contribution. The criteria for negative contribution are decided basis pre-defined financial benchmarks. The Bank has in place appropriate methods for prevention of vesting of deferred variable pay or any part thereof, on account of negative contribution. The Bank also has in place claw back arrangements in relation to amounts already paid in the eventuality of a negative contribution.

- Performance-linked Plans (PLPs)

  PLPs are formulated for sales personnel who are given 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 year to provide for any unforeseen performance risks.

  Review of Remuneration Policy of the Bank

  The Compensation Policy of the Bank was reviewed by the NRC during the year ended March 31, 2018 and the following material changes were incorporated therein:

  ✓ Inclusion of definition of inadequacy of profits as per section 197 of the Companies Act, 2013

  ✓ With effect from April 1, 2017, the Bank has amended its policy for grant of ESOPs. Under this policy, ESOPs granted to eligible employees vest over three tranches spread over a period of 39 months vis-à-vis 36 months for the earlier grants. The first tranche will vest after fifteen months from the date of grant vis-à-vis twelve months for earlier grants. Vesting for all ESOPs granted subsequent to April 1, 2017 shall be based on the assessment of performance of the employee at the time of vesting.

c) Guaranteed Bonus

Guaranteed bonuses may not be consistent with sound risk management or pay for performance principles of the Bank and therefore do not form an integral part of the general compensation practice.

For critical hiring for some select strategic roles, the Bank may consider granting of a sign-on bonus as a prudent way to avoid loading the entire cost of attraction into the fixed component of the compensation which could have a long term cost implication for the Bank. For such hiring, the sign-on bonus is generally decided by taking into account appropriate risk factors and market conditions.

For hiring at levels of Whole Time Directors / Managing Director a sign-on bonus, if any, is limited to the first year only and is in the form of Employee Stock Options.

d) Employee Stock Option Plan ('ESOP's)

The Bank considers ESOPs as a vehicle to create a balance between short term rewards and long term sustainable value creation. ESOPs play a key role in the attraction and retention of key talent. The Bank grants equity share options to its Whole Time Directors and other employees above a certain grade. All plans for grant of options are framed in accordance with the SEBI guidelines, 1999 as amended from time to time and are approved by the shareholders of the Bank. These plans provide for the grant of options post approval by the NRC.

The grant of options is reviewed and approved by the NRC. The NRC grants options after considering parameters such as the incumbent's grade and performance rating, and such other factors as may be deemed appropriate by the NRC. Equity share options granted to the Whole Time Directors are subject to the approval of the NRC, the Board and the RBI. With effect from April 1, 2017, the Bank has amended its policy for grant of ESOPs. Under this policy, ESOPs granted to eligible employees vest over three tranches spread over a period of 39 months vis-à-vis 36 months for the earlier grants. The first tranche will vest after fifteen months from the date of grant vis-à-vis twelve months for earlier grants. Vesting for all ESOPs granted subsequent to April 1, 2017 shall be based on the assessment of performance of the employee at the time of vesting.

e) Severance Pay

The Bank does not grant severance pay other than accrued benefits (such as gratuity, pension) except in cases where it is mandated by any statute.

f) Hedging

The Bank does not provide any facility or fund or permit its Whole Time Directors and employees to insure or hedge their compensation structure to offset the risk alignment effects embedded in their compensation arrangement.

g) **Statutory Bonus**

Some section of employees are also paid statutory bonus as per the Payment of Bonus Act (1965) as amended from time to time.

III. **Remuneration Processes**

Fitment at the time of Hire

Pay scales of the Bank are set basis the job size, experience, location and the academic and professional credentials of the incumbent.

The compensation of new hires is in line with the existing pay ranges and consistent with the compensation levels of the existing employees of the Bank at similar profiles. The pay ranges are subject to change basis market trends and the Bank's talent management priorities. While the Bank believes in the internal equity and parity as a key determinant of pay it does acknowledge the external competitive pressures of the talent market. Accordingly, there could be certain key profiles with critical competencies which may be hired at a premium and treated as an exception to the overall pay philosophy. Any deviation from the defined pay ranges is treated as a hiring exception requiring approval with appropriate justification.

Increment / Pay Revision

It is the endeavor of the Bank to ensure external competitiveness as well as internal equity without diluting the overall focus on optimising cost. In order to enhance our external competitiveness the Bank participates in an annual salary survey of the banking sector to understand key market trends as well as get insights on relative market pay position compared to peers. The Bank endeavors to ensure that most employees progress to the median of the market in terms of fixed pay over time. This coupled with key internal data indicators like performance score, job family, experience, job grade and salary budget form the basis of decision making on revisions in fixed pay.

Increments in fixed pay for majority of the employee population are generally undertaken effective April 1 every year. However promotions, confirmations and change in job dimensions could also lead to a change in the fixed pay during other times of the year.

The Bank also makes salary corrections and adjustments during the year for those employees whose compensation is found to be below the market pay and who have a good performance track record. However such pay revisions are done on an exception basis.

Risk, Control and Compliance Staff

The Bank has separated the Risk, Control and Compliance functions from the Business functions in order to create a strong culture of checks and balances thereby ensuring good asset quality and to eliminate any possible conflict of interest between revenue generation and risk management and control. Accordingly, the overall variable pay as well as the annual salary increment of the employees in the Risk, Control and Compliance functions is based on their performance, functional objectives and goals. The Bank ensures that the mix of fixed to variable compensation for these functions is weighted in favour of fixed compensation.

C. **Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks**

The Bank takes into account various types of risks in its remuneration processes. The Bank follows a comprehensive framework that includes within its ambit the key dimensions of remuneration such as fixed pay, variable pay and long term incentives (i.e. Employee Stock Options).

Fixed pay: The Bank conducts a comprehensive market benchmarking study to ensure that employees are competitively positioned in terms of fixed pay. The Bank follows a robust salary review process wherein revisions in fixed compensation are based on performance. The Bank also makes salary adjustments taking into consideration pay positioning of employees vis-à-vis market reference points. Through this approach the Bank endeavors to ensure that the talent risk due to attrition is mitigated as much as possible. Fixed pay could be revised downwards as well in the event of certain proven cases of misconduct by an employee.

Variable pay: The Bank has distinct types of variable pay plans as given below:

(a) Quarterly / monthly performance-linked pay (PLP) plans:

All quarterly / monthly PLP plans are based on the principle of balanced scorecard framework that includes within its ambit both quantitative and qualitative factors including key strategic objectives that ensure future competitive advantage for the Bank. PLP plans, by design, have deterrents that play a role of moderating payouts based on the non-fulfillment of established quantitative / qualitative risk factors. Deterrents also include risks arising out of non-compliance, mis-sell etc. Further, a portion of all payouts under the PLP plans is deferred till the end of the year to provide for any unforeseen performance risks.

(b) Annual bonus plan:

The Bank takes into consideration the fact that a portion of the Bank's profits are directly attributable to various types of risks the Bank is exposed to such as credit risk, market risk, operational risk and other quantifiable risks.

The framework developed by the Bank in order to arrive at the quantum of bonus pool is based on the performance of the Bank and profitability. The annual bonus is distributed based on business unit and individual performance. The business unit performance is based on factors such as growth in revenue, growth in profit, cost to income ratio and achievement vis-à-vis plans and key objectives. Bonus pay out for an individual employee in a particular grade is linked to the performance rating of the employee and subject to meeting the Bank's standards of ethical conduct.

The Bank has devised appropriate malus and claw back clauses as a risk mitigant for any negative contributions of the Bank and / or relevant line of business in any year for Whole Time Directors. Under the malus clause the incumbent foregoes the vesting of the deferred variable pay in full or in part. Under the claw back clause the incumbent is obligated to return all the tranches of bonus payout pertaining to the reference performance year. The deferred bonus is paid out post review and approval by the NRC.

The bonus for Whole Time Directors is capped at 70% of the fixed pay in a year. The variable pay for Whole Time Directors is approved by the NRC as well as the Board of Directors of the Bank and is subject to the approval of the RBI.

The variable pay component is paid out subject to the following conditions:

Where the variable pay constitutes 50% or more of the fixed pay, a portion of the same would be deferred as per the schedule mentioned in the table below:

Portion of Variable Pay	Timelines
60%	Payable effective April 1 of the financial year immediately following the performance year.
13.33%	Payable effective April 1 of the second financial year following the reference performance year.
13.33%	Payable effective April 1 of the third financial year following the reference performance year.
13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

(c) Long term incentives (employee stock options):

The Bank also grants employee stock options to employees in certain job bands. The grant is based on performance rating of the individual.

D. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

The Bank has a very comprehensive multi-dimensional performance measurement metrics that takes into consideration multiple factors that include qualitative as well as quantitative factors. The following are the key performance measurement metrics for the Bank. These also form part of the key metrics for the measurement of the performance of Whole Time Directors and impact the final remuneration:

A. Business Growth - This includes growth in advances and deposits;

B. Profitability - This includes growth in profit after tax;

C. Asset Quality - Gross NPA, Net NPA and % of Restructured assets to net advances;

D. Financial Soundness - Capital Adequacy Ratio Position and Tier I capital;

E. Shareholder value creation - Return on equity; and

F. Financial Inclusion - Growth in number of households covered, growth in the value of loans disbursed under this category and achievement against priority sector lending targets.

Most of the above parameters are evaluated in two steps:

A. Achievement against the plans of the Bank; and

B. Achievement against the performance of peers.

Apart from the factors related to business growth there is also a key qualitative factor such as regulatory compliance. Compliance is the key qualitative factor that acts as the moderator in the entire organisation evaluation process. A low score on compliance can significantly moderate the other performance measures and depending on severity may even nullify their impact.

While the above parameters form the core evaluation parameters for the Bank each of the business units are measured on the following from a remuneration standpoint:

A. Increase in plan over the previous year;

B. Actual growth in revenue over previous year;

C. Growth in net revenue (%);

D. Achievement of net revenue against plan (%);

E. Actual profit before tax;

F. Growth in profit before tax compared to the previous year;

G. Current cost to income; and

H. Improvement in cost to income over the previous year.

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

At the conclusion of every financial year the Bank reviews the fixed pay portion of the compensation structure basis merit-based increments and market corrections. These are based on a combination of performance rating, job band and the functional category of the individual employee. For a given job band, the merit increment is directly related to the performance rating. The Bank strives to ensure that most employees progress to the median of the market in terms of fixed pay over time. All other things remaining equal, the correction percentage is directly related to the performance rating of the individual.

Variable Pay

Basis the performance of the business unit, individual performance and role, the Bank has formulated the following variable pay plans:

- **Annual Bonus Plan**

  The Bank's annual bonus is computed as a percentage of the gross salary for every job band. The bonus multiple is based on performance of the business unit (based on the parameters above), performance rating, job band and the functional category of the individual employee. The business performance level determines the multiplier for the bonus. All other things remaining equal, for a given job band, the bonus is directly related to the performance rating. The proportion of variable pay to fixed pay increases with job band. Employees on the annual bonus plan are not part of the PLPs.

- **Performance-linked Plans (PLPs)**

  The Bank has formulated PLPs for its sales personnel who are given sales targets basis a balanced scorecard methodology. All PLP payouts are subject to the achievement of individual targets enumerated in the respective scorecards of the employees and moderated by qualitative parameters. A portion of the PLP payouts is deferred till the end of the year to provide for any unforeseen performance risks. All PLP plans are based on balanced scorecard framework.

E. Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance

A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting

Whole Time Directors

The bonus for Whole Time Directors 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:

Portion of Variable Pay	Timelines
60%	Payable effective April 1 of the financial year immediately following the performance year.
13.33%	Payable effective April 1 of the second financial year following the reference performance year.
13.33%	Payable effective April 1 of the third financial year following the reference performance year.
13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

- The Bank has devised appropriate malus and claw back clauses as a risk mitigant for any negative contributions of the Bank and / or relevant line of business in any year.

  ✓ Malus clause

  Under the malus clause the incumbent foregoes the vesting of the deferred variable pay in full or in part. In the event there is a deterioration in specific performance criteria (such as criteria relating to profit or asset quality) that are laid down by the 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 that financial year merits a withdrawal. The deferred bonus is paid out post review and approval by the NRC.

  ✓ Claw back clause

  Under the claw back clause the incumbent is obligated to return all the tranches of payout received of bonus amounts pertaining to the relevant performance year. In the event there is any act attributable to the concerned Whole Time Director / Managing Director resulting in an incident of willful and deliberate misinterpretation / misreporting of financial performance (inflating the financials) of the Bank, for a financial year, which comes to light in the subsequent three years, the incumbent is obligated to return all the tranches of bonus payout received pertaining to the relevant performance year.

The specific criteria on the applicability of malus and claw back arrangements are reviewed by the NRC annually.

Employees other than Whole Time Directors

The Bank has formulated the following variable pay plans:

- **Annual bonus plan**

  The quantum of variable payout is a function of the performance of the Bank, performance of the individual employee, job band of the employee and the functional category. Basis these key determinants and due adjustment for risk alignment, a payout matrix for variable pay is developed. Market trends for specific businesses / functions along with inputs from compensation surveys may also be used in finalising the payout.

  Bonus pools are designed to meet specific business needs therefore resulting in differentiation in both the quantum and the method of payout across functions. Typically higher levels of responsibility receive a higher proportion of variable pay vis-à-vis fixed pay. The Bank ensures that the time horizon for risk is assessed and the deferment period, if any, for bonus is set accordingly. Employees on the annual bonus plan are not part of the PLPs.

  The following is taken into account while administering the annual bonus:

  ✓ In the event the proportion of variable pay to fixed pay is substantially high (typically variable pay exceeding 50% of fixed pay), the Bank may devise an appropriate deferment schedule after taking into consideration the nature of risk, time horizon of risk, and the materiality of risk.

  ✓ In cases of deferment of variable pay the Bank makes an assessment prior to the due date for payment of the deferred portion for any negative contribution. The criteria for negative contribution are decided basis pre-defined financial benchmarks. The Bank has in place appropriate methods for prevention of vesting of deferred variable pay or any part thereof, on account of negative contribution. The Bank also has in place claw back arrangements in relation to amounts already paid in the eventuality of a negative contribution.

- **Performance-linked Plans (PLPs)**

  PLPs are formulated for sales personnel who are given sales targets but have limited impact on risk since credit decisions are exercised independent of the sales function. All PLP payouts are subject to the achievement of individual targets enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the year to provide for any unforeseen performance risks.

F. Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilises and the rationale for using these different forms

The Bank recognises the importance of variable pay in reinforcing a pay for performance culture. Variable pay stimulates employees to stretch their abilities to exceed expectations.

- **Annual bonus plan**

  These are paid to reward performance for a given financial year. This covers all employees and excludes employees receiving PLP payouts. This is based on performance 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 year to provide for any unforeseen performance risks.

- **Employee stock option plan**

  This is to reward for contribution of employees in creating a long term, sustainable earnings and enhancing shareholder value. Only employees in a certain job band and with a specific performance rating are eligible for stock options. Performance is the key criteria for granting stock options.

Quantitative disclosures

The quantitative disclosures cover the Bank's Whole Time Directors and Key Risk Takers. Key Risk Takers are individuals who can materially set, commit or control significant amounts of the Bank's resources, and / or exert significant influence over its risk profile. The Bank's Key Risk Takers include Whole Time Directors, Group Heads, Business Heads directly reporting to the Managing Director and select roles in the Bank's Treasury and Investment Banking functions.

Sr. No.	Subject	March 31, 2018	March 31, 2017
(a)	Number of meetings held by the NRC during the financial year and remuneration paid to its members	Number of meetings: 7 Remuneration paid: ₹ 0.13 crore	Number of meetings: 10 Remuneration paid: ₹ 0.20 crore
(b) (i)	Number of employees having received a variable remuneration award during the financial year	34 employees	33 employees
(b) (ii)	Number and total amount of sign-on awards made during the financial year	None	None
(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 ₹ 2.80 crore.	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 4.62 crore.
(c) (ii)	Total amount of deferred remuneration paid out in the financial year	₹ 1.82 crore	₹ 1.45 crore
(d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	₹ 55.43 crore (Fixed*) ₹ 11.76 crore (variable pay pertaining to financial year ended March 31, 2017, 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 year ended March 31, 2017 is awaited. There were no other employees where there was deferment of pay. Number of stock options granted during the financial year: 47,11,100	₹ 54.75 crore (Fixed*) ₹ 12.90 crore (variable pay pertaining to financial year ended March 31, 2016, in relation to employees where there was no deferment of pay). ₹ 7.34 crore (variable pay pertaining to financial year ended March 31, 2016, in relation to employees where there was a deferment of pay), of which ₹ 4.41 crore was non-deferred variable pay and ₹ 2.93 crore was deferred variable pay. Number of stock options granted during the financial year: Nil
(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 ₹ 2.80 crore.	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 4.62 crore.
(e) (ii)	Total amount of reductions during the financial year due to ex-post explicit adjustments	Nil	Nil
(e) (iii)	Total amount of reductions during the financial year due to ex-post implicit adjustments	Nil	Nil

* *Excludes gratuity benefits, since the same is computed at Bank level.*

25 Segment reporting

Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. The Bank operates in the following segments:

a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending, gains or losses on investment operations and on account of trading in foreign exchange and derivative contracts.

b) Retail banking

The retail banking segment serves retail customers through a branch network and other delivery channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof.

Revenues of the retail banking segment are derived from interest earned on retail loans, interest earned from other segments for surplus funds placed with those segments, subvention received from dealers and manufacturers, fees from services rendered, foreign exchange earnings on retail products etc. Expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

c) Wholesale banking

The wholesale banking segment provides loans, non-fund facilities and transaction services to large corporates, emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers, interest / fees earned on the cash float arising from transaction services, earnings from trade services and other non-fund facilities and also earnings from foreign exchange and derivative transactions on behalf of customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

d) Other banking business

This segment includes income from para banking activities such as credit cards, debit cards, third party product distribution, primary dealership business and the associated costs.

e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes capital and reserves, debt classified as Tier I or Tier II capital and other unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Interest income is charged by a segment that provides funding to another segment, based on yields benchmarked to an internally approved yield curve or at a certain agreed transfer price rate. Transaction charges are levied by the retail banking segment to the wholesale banking segment for the use by its customers of the retail banking segment's branch network or other delivery channels. Such transaction costs are determined on a cost plus basis. Segment capital employed represents the net assets in that segment.

Geographic segments

The geographic segments of the Bank are categorised as domestic operations and foreign operations. Domestic operations comprise branches in India and foreign operations comprise branches outside India.

For the year ended March 31, 2018

Segment reporting for the year ended March 31, 2018 is given below:

Business segments: (₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	19,841.37	73,843.05	41,504.13	12,259.14	147,447.69
2	Unallocated revenue					-
3	Less: Inter-segment revenue					51,986.03
4	Income from operations (1) + (2) - (3)					95,461.66
5	Segment results	1,540.00	9,971.72	11,720.51	5,487.90	28,720.13
6	Unallocated expenses					2,022.81
7	Income tax expense (including deferred tax)					9,210.57
8	Net profit (5) - (6) - (7)					17,486.75
9	Segment assets	350,894.38	371,906.59	297,040.57	37,595.49	1,057,437.03
10	Unallocated assets					6,497.28
11	Total assets (9) + (10)					1,063,934.31
12	Segment liabilities	55,349.70	598,785.46	270,287.20	4,081.50	928,503.86
13	Unallocated liabilities					29,135.42
14	Total liabilities (12) + (13)					957,639.28
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	295,544.68	(226,878.87)	26,753.37	33,513.99	128,933.17
16	Unallocated (10) - (13)					(22,638.14)
17	Total (15) + (16)					106,295.03
18	Capital expenditure	5.77	729.47	73.05	88.39	896.68
19	Depreciation	11.58	723.91	92.36	78.49	906.34
20	Provisions for non - performing assets / others*	35.36	3,539.06	1,565.79	773.10	5,913.31
21	Unallocated other provisions*					14.18

**Represents material non-cash charge other than depreciation and taxation.*

Geographic segments: (₹ crore)

Particulars	Domestic	International
Revenue	94,643.54	818.12
Assets	1,036,987.78	26,946.53
Capital expenditure	896.33	0.35

Segment reporting for the year ended March 31, 2017 is given below:

Business segments: (₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	20,326.18	66,147.50	32,587.85	9,046.69	128,108.22
2	Unallocated revenue					-
3	Less: Inter-segment revenue					46,505.77
4	Income from operations (1) + (2) - (3)					81,602.45
5	Segment results	1,659.11	8,432.16	10,123.04	3,365.33	23,579.64
6	Unallocated expenses					1,440.55
7	Income tax expense (including deferred tax)					7,589.43
8	Net profit (5) - (6) - (7)					14,549.66
9	Segment assets	263,356.40	295,828.92	272,148.83	27,205.88	858,540.03
10	Unallocated assets					5,300.18
11	Total assets (9) + (10)					863,840.21
12	Segment liabilities	38,732.49	525,792.90	191,254.90	3,142.74	758,923.03
13	Unallocated liabilities					15,454.80
14	Total liabilities (12) + (13)					774,377.83
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	224,623.91	(229,963.98)	80,893.93	24,063.14	99,617.00
16	Unallocated (10) - (13)					(10,154.62)
17	Total (15) + (16)					89,462.38
18	Capital expenditure	32.85	846.56	150.30	97.69	1,127.40
19	Depreciation	10.15	659.66	90.78	72.53	833.12
20	Provisions for non - performing assets / others*	(7.64)	2,159.35	841.13	605.17	3,598.01
21	Unallocated other provisions*					(4.71)

**Represents material non-cash charge other than depreciation and taxation.*

Geographic segments: (₹ crore)

Particulars	Domestic	International
Revenue	80,578.80	1,023.65
Assets	839,928.73	23,911.48
Capital expenditure	1,125.94	1.46

26 Liquidity coverage ratio

Quantitative information on Liquidity Coverage Ratio (LCR) for year ended March 31, 2018 is given below: **(₹ crore)**

	Particulars	Quarter ended March 31, 2018		Quarter ended December 31, 2017		Quarter ended September 30, 2017		Quarter ended June 30, 2017	
		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)		159,124.53		144,640.70		139,746.99		129,486.04
2	Retail deposits and deposits from small business customers, of which:	451,439.43	41,543.33	437,781.88	40,242.17	424,604.50	39,008.20	416,803.77	38,258.84
(i)	*Stable deposits*	72,012.25	3,600.61	70,720.40	3,536.02	69,044.92	3,452.25	68,430.67	3,421.53
(ii)	*Less stable deposits*	379,427.18	37,942.72	367,061.48	36,706.15	355,559.58	35,555.95	348,373.10	34,837.31
3	Unsecured wholesale funding, of which:	217,228.50	108,512.17	218,185.05	108,548.59	208,551.94	103,584.62	193,071.47	97,650.85
(i)	*Operational deposits (all counterparties)*	30,439.14	7,531.20	32,391.28	8,019.39	27,759.15	6,860.56	26,283.04	6,494.60
(ii)	*Non-operational deposits (all counterparties)*	177,618.56	91,810.17	176,441.84	91,177.28	172,534.99	88,466.26	156,271.16	80,638.98
(iii)	*Unsecured debt*	9,170.80	9,170.80	9,351.92	9,351.92	8,257.80	8,257.80	10,517.27	10,517.27
4	Secured wholesale funding		8,812.39		4,075.92		2,629.35		1,109.89
5	Additional requirements, of which:	100,425.78	66,017.10	89,779.68	61,816.62	97,874.66	65,983.77	86,528.11	56,903.77
(i)	*Outflows related to derivative exposures and other collateral requirement*	55,868.70	55,868.70	52,671.96	52,671.96	57,282.24	57,282.24	48,362.71	48,362.71
(ii)	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
(iii)	*Credit and liquidity facilities*	44,557.08	10,148.40	37,107.72	9,144.66	40,592.42	8,701.53	38,165.40	8,541.06
6	Other contractual funding obligation	18,406.90	18,406.90	16,645.61	16,645.61	16,735.66	16,735.66	22,232.29	22,232.29
7	Other contingent funding obligations	59,074.58	1,772.24	57,544.60	1,726.34	53,170.78	1,595.12	55,532.12	1,870.86
8	**Total Cash Outflows**		**245,064.13**		**233,055.25**		**229,536.72**		**218,026.50**
9	Secured lending (e.g. reverse repo)	60.11	-	685.87	-	457.78	-	1,158.69	-
10	Inflows from fully performing exposures	51,397.30	27,229.36	48,750.21	25,705.12	42,881.46	22,698.40	41,246.92	21,944.76
11	Other cash inflows	72,083.27	66,513.09	66,728.00	61,994.69	69,006.74	63,779.42	59,786.42	55,149.29
12	**Total Cash Inflows**	**123,540.68**	**93,742.45**	**116,164.08**	**87,699.81**	**112,345.98**	**86,477.82**	**102,192.03**	**77,094.05**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**		**159,124.53**		**144,640.70**		**139,746.99**		**129,486.04**
14	**Total Net Cash Outflows**		**151,321.68**		**145,355.44**		**143,058.90**		**140,932.45**
15	**Liquidity Coverage Ratio (%)**		**105.16%**		**99.51%**		**97.68%**		**91.88%**

** The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarters.*

For the year ended March 31, 2018

Quantitative information on Liquidity Coverage Ratio (LCR) for year ended March 31, 2017 is given below: **(₹ crore)**

	Particulars	Quarter ended March 31, 2017		Quarter ended December 31, 2016		Quarter ended September 30, 2016		Quarter ended June 30, 2016	
		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)		137,711.74		149,957.35		128,702.05		109,539.23
2	Retail deposits and deposits from small business customers, of which:	417,330.77	38,198.75	415,071.84	37,863.08	373,552.53	34,159.65	359,804.34	32,862.93
(i)	*Stable deposits*	70,686.63	3,534.33	72,882.13	3,644.11	63,912.08	3,195.60	62,350.08	3,117.50
(ii)	*Less stable deposits*	346,644.14	34,664.42	342,189.71	34,218.97	309,640.45	30,964.05	297,454.26	29,745.43
3	Unsecured wholesale funding, of which:	184,624.84	91,871.70	184,555.12	93,303.55	173,841.76	87,591.52	157,036.26	80,630.67
(i)	*Operational deposits (all counterparties)*	27,567.30	6,814.73	26,530.40	6,556.63	24,314.59	6,008.20	21,290.21	5,262.08
(ii)	*Non-operational deposits (all counterparties)*	147,686.64	75,686.06	148,806.54	77,528.74	142,196.70	74,252.85	130,159.94	69,782.48
(iii)	*Unsecured debt*	9,370.90	9,370.91	9,218.18	9,218.18	7,330.47	7,330.47	5,586.11	5,586.11
4	Secured wholesale funding		161.11		-		2,150.00		-
5	Additional requirements, of which:	85,739.97	54,644.47	94,703.09	61,891.19	90,930.14	57,181.27	93,163.68	57,797.70
(i)	*Outflows related to derivative exposures and other collateral requirement*	44,943.06	44,943.06	51,903.36	51,903.36	47,316.91	47,316.91	46,907.18	46,907.18
(ii)	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
(iii)	*Credit and liquidity facilities*	40,796.91	9,701.41	42,799.73	9,987.83	43,613.23	9,864.36	46,256.50	10,890.52
6	Other contractual funding obligation	24,420.02	24,420.02	20,914.62	20,914.62	17,944.34	17,944.34	15,940.48	15,940.48
7	Other contingent funding obligations	52,591.16	2,596.66	50,409.16	1,512.27	49,183.26	1,475.50	47,915.37	1,437.46
8	**Total Cash Outflows**		**211,892.71**		**215,484.71**		**200,502.28**		**188,669.24**
9	Secured lending (e.g. reverse repo)	-	-	1,333.33	-	5,033.33	-	1,355.17	3.28
10	Inflows from fully performing exposures	39,276.52	21,397.60	36,889.88	19,466.20	35,305.32	18,815.99	33,897.47	18,070.68
11	Other cash inflows	58,695.96	53,161.71	65,066.62	59,505.52	66,471.65	61,083.74	62,858.78	57,290.61
12	**Total Cash Inflows**	**97,972.48**	**74,559.31**	**103,289.83**	**78,971.72**	**106,810.30**	**79,899.73**	**98,111.42**	**75,364.57**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**		**137,711.74**		**149,957.35**		**128,702.05**		**109,539.23**
14	**Total Net Cash Outflows**		**137,333.40**		**136,512.99**		**120,602.55**		**113,304.67**
15	**Liquidity Coverage Ratio (%)**		**100.28%**		**109.85%**		**106.72%**		**96.68%**

** In accordance with RBI guidelines, average weighted and unweighted amounts are calculated taking simple daily average for the quarter ended March 31, 2017 and simple average for the months in respective previous quarters in the financial year ended March 31, 2017.*

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 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, 2018 is 90%.

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), as well as for undrawn commitments and derivative-related exposures, and which partially offset with inflows emanating from assets maturing within the same time period. Given below is the average LCR maintained by the Bank quarter-wise over the past two years:

Quarter ended	LCR Maintained (Average)	LCR Required
March 31, 2018	105.16%	90.00%
December 31, 2017	99.51%	80.00%
September 30, 2017	97.67%	80.00%
June 30, 2017	91.88%	80.00%
March 31, 2017	100.28%	80.00%
December 31, 2016	109.85%	70.00%
September 30, 2016	106.72%	70.00%
June 30, 2016	96.68%	70.00%

The average LCR for the quarter ended March 31, 2018 was at 105.16% as against 100.28% for the quarter ended March 31, 2017, and well above the present prescribed minimum requirement of 90%. The average HQLA for the quarter ended March 31, 2018 was ₹ 159,124.53 crore, as against ₹ 137,711.74 crore for the quarter ended March 31, 2017. During the same period the composition of government securities and treasury bills in the HQLA increased from 75% to 87%.

For the quarter ended March 31, 2018, derivative exposures (net of cash inflows) / collateral requirements and undrawn commitments constituted just about 0.3% and 4% respectively of average cash outflow, in line earlier periods. A strong and diversified liabilities profile has been at the helm of the Bank's growth strategy. The Bank has consistently maintained a robust funding profile with a significant portion of funding through deposits. As of March 31, 2018 the top 20 depositors comprised of 6% of total deposits, as against 5% as of March 31, 2017.

27 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

Associate

International Asset Reconstruction Company Private Limited (ceased to be an associate with effect from March 9, 2018)

Welfare trust of the Bank

HDB Employees Welfare Trust

Key management personnel

Aditya Puri, Managing Director

Paresh Sukthankar, Deputy Managing Director

Kaizad Bharucha, Executive Director

Related parties to key management personnel

Salisbury Investments Private Limited, Tanaksh Innovations Private Limited, Akuri by Puri, Anita Puri, Amit Puri, Amrita Puri, Adishwar Puri, Aarti Sood, Sangeeta Sukthankar, Dattatraya Sukthankar, Shubhada Sukthankar, Akshay Sukthankar, Ankita Sukthankar, Madhavi Lad, Havovi Bharucha, Huzaan Bharucha, Danesh Bharucha, Daraius Bharucha.

In accordance with paragraph 5 of AS-18, the Bank has not disclosed certain transactions with relatives of key management personnel as they are in the nature of banker-customer relationship.

The significant transactions between the Bank and related parties for year ended March 31, 2018 are given below. A specific related party transaction is disclosed as a significant transaction wherever it exceeds 10% of all related party transactions in that category:

- Interest paid: HDFC Securities Limited ₹ 11.65 crore (previous year: ₹ 25.03 crore); HDB Financial Services Limited ₹ 2.47 crore (previous year: ₹ 7.17 crore); Housing Development Finance Corporation Limited ₹ 5.96 crore (previous year: ₹ 5.57 crore).
- Interest received: HDB Financial Services Limited ₹ 136.61 crore (previous year: ₹ 139.21 crore).
- Rendering of services: Housing Development Finance Corporation Limited ₹ 264.27 crore (previous year: ₹ 207.45 crore).
- Receiving of services: HDB Financial Services Limited ₹ 1,759.67 crore (previous year: ₹ 1,453.54 crore); Housing Development Finance Corporation Limited ₹ 405.17 crore (previous year: ₹ 343.10 crore).
- Dividend paid: Housing Development Finance Corporation Limited ₹ 432.53 crore (previous year: ₹ 373.55 crore).
- Dividend received: HDB Financial Services Limited ₹ 112.59 crore (previous year: ₹ 102.22 crore); HDFC Securities Limited ₹ 129.06 crore (previous year: ₹ 60.64 crore).

The Bank's related party balances and transactions for the year ended March 31, 2018 are summarised as follows: **(₹ crore)**

Items / Related party	Promoter	Subsidiaries	Associates	Key management personnel	Total
Deposits taken	3,250.77 (3,250.77)	365.55 (811.29)	- -	14.10 (37.45)	3,630.42 (4,099.51)
Deposits placed	0.47 (0.47)	10.62 (10.62)	- -	2.51 (2.51)	13.60 (13.60)
Advances given	- -	1,590.92 (1,590.92)	- -	3.16 (3.45)	1,594.08 (1,594.37)
Fixed assets purchased from	-	-	-	-	-
Fixed assets sold to	-	-	-	-	-
Interest paid to	5.96	14.12	1.70	1.05	22.83
Interest received from	13.28	136.62	-	0.12	150.02
Income from services rendered to	264.27	28.96	-	-	293.23
Expenses for receiving services from	405.17	1,768.09	-	0.76	2,174.02
Equity investments	- -	3,826.49 (3,826.49)	- -	- -	3,826.49 (3,826.49)

For the year ended March 31, 2018

(₹ crore)

Items / Related party	Promoter	Subsidiaries	Associates	Key management personnel	Total
Other investments	1,603.88 (1,603.88)	1,120.04 (1,165.58)	- -	- -	2,723.92 (2,769.46)
Dividend paid to	432.53	-	-	5.67	438.20
Dividend received from	-	241.65	-	-	241.65
Receivable from	28.34 (60.79)	1.40 (7.74)	- -	- -	29.74 (68.53)
Payable to	32.78 (36.17)	72.04 (175.20)	- -	- -	104.82 (211.37)
Guarantees given	0.25 (0.27)	- -	- -	- -	0.25 (0.27)
Remuneration paid	-	-	-	19.29	19.29
Loans purchased from	5,623.94	-	-	-	5,623.94

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.

Remuneration paid excludes value of employee stock options exercised during the year.

The Bank being an authorised dealer, deals in foreign exchange and derivative transactions with parties which include its promoter. The foreign exchange and derivative transactions are undertaken in line with the RBI guidelines. The notional principal amount of foreign exchange and derivative contracts transacted with the promoter that were outstanding as at March 31, 2018 is ₹ 5,972.14 crore (previous year: ₹ 665.77 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms is ₹ 80.76 crore (previous year: ₹ 40.18 crore).

During the year ended March 31, 2018, the Bank purchased debt securities from Housing Development Finance Corporation Limited ₹ 2,105.00 crore (previous year: ₹ 2,320.00 crore) and from HDB Financial Services Limited ₹1,885.00 crore (previous year: ₹ 1,427.00 crore) issued by these entities.

During the year ended March 31, 2018, the Bank paid rent of ₹ 0.66 crore (previous year: ₹ 0.66 crore) to party related to the Bank's key management personnel in relation to residential accommodation. As at March 31, 2018, the security deposit outstanding was ₹ 3.50 crore (previous year: ₹ 3.50 crore).

The deposit outstanding from HDB Employees Welfare Trust as at March 31, 2018 was ₹ 49.26 crore (previous year: ₹ 48.52 crore). The Bank also paid interest on deposit from HDB Employees Welfare Trust aggregating to ₹ 3.21 crore (previous year: ₹ 3.68 crore).

The Bank's related party balances and transactions for the year ended March 31, 2017 are summarised as follows: **(₹ crore)**

Items / Related party	Promoter	Subsidiaries	Associates	Key management personnel	Total
Deposits taken	2,500.25 (2,500.25)	597.93 (816.14)	25.05 (25.05)	13.61 (60.14)	3,136.84 (3,401.58)
Deposits placed	0.15 (0.15)	10.62 (10.65)	- -	2.51 (2.51)	13.28 (13.31)
Advances given	- -	1,180.15 (1,588.18)	0.05 (0.05)	3.44 (3.44)	1,183.64 (1,591.67)
Fixed assets purchased from	-	0.23	-	-	0.23
Fixed assets sold to	-	-	-	-	-
Interest paid to	5.57	32.20	0.51	1.02	39.30
Interest received from	-	139.21	-	0.03	139.24
Income from services rendered to	207.45	28.37	-	-	235.82
Expenses for receiving services from	343.10	1,456.69	-	0.76	1,800.55

HDFC BANK
We understand your world

For the year ended March 31, 2018

(₹ crore)

Items / Related party	Promoter	Subsidiaries	Associates	Key management personnel	Total
Equity investments	-	3,812.15	31.17	-	3,843.32
	-	(3,812.15)	(31.17)	-	(3,843.32)
Other Investments	-	675.00	-	-	675.00
	(126.48)	(675.00)	-	-	(801.48)
Dividend paid to	373.55	-	-	4.49	378.04
Dividend received from	-	162.86	-	-	162.86
Receivable from	23.16	2.05	-	-	25.21
	(23.16)	(2.38)	-	-	(25.54)
Payable to	33.67	103.25	-	-	136.92
	(33.67)	(137.18)	-	-	(170.85)
Guarantees given	0.12	-	-	-	0.12
	(0.14)	(0.05)	-	-	(0.19)
Remuneration paid	-	-	-	20.79	20.79
Loans purchased from	13,845.65	-	-	-	13,845.65

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.

28 Intra-Group exposure

Intra-Group exposures in accordance with RBI guidelines are as follows: (₹ crore)

Particulars	March 31, 2018	March 31, 2017
Total amount of intra-group exposures	7,137.13	4,502.47
Total amount of top 20 intra-group exposures	7,137.13	4,502.47
Percentage of intra-group exposures to total exposure of the Bank on borrowers / customers	0.67%	0.48%
Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil	Nil

29 Leases

Operating leases primarily comprise office premises, staff residences and Automated Teller Machines (‘ATM’s), which are renewable at the option of the Bank. The details of maturity profile of future operating lease payments are given below:

(₹ crore)

Particulars	March 31, 2018	March 31, 2017
Not later than one year	958.85	939.53
Later than one year and not later than five years	3,107.95	2,980.22
Later than five years	3,540.07	3,043.98
Total	**7,606.87**	**6,963.73**
The total of minimum lease payments recognised in the Statement of Profit and Loss for the year	1,166.50	1,094.86
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	6.33	25.33
Sub-lease amounts recognised in the Statement of Profit and Loss for the year	7.77	11.31
Contingent (usage based) lease payments recognised in the Statement of Profit and Loss for the year	174.87	138.79

For the year ended March 31, 2018

The Bank has sub-leased certain of its properties taken on lease.

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

30 Transfers to Depositor Education and Awareness Fund (DEAF)

The details of amount transferred during the respective year to DEAF are as under: **(₹ crore)**

Particulars	March 31, 2018	March 31, 2017
Opening balance of amounts transferred to DEAF	230.50	136.85
Add: Amounts transferred to DEAF during the year	139.93	95.10
Less: Amounts reimbursed by DEAF towards claims	(2.75)	(1.45)
Closing balance of amounts transferred to DEAF	367.68	230.50

31 Penalties levied by the RBI

During the year ended March 31, 2018, RBI did not impose any penalty on the Bank (previous year ₹ 2.00 crore).

32 Disclosure for customer complaints / unimplemented awards of Banking Ombudsman

- **Customer complaints**

(A) Customer complaints other than ATM transaction disputes

Particulars	March 31, 2018	March 31, 2017
(a) No. of complaints pending at the beginning of the year	2,349	651
(b) No. of complaints received during the year	1,20,439	96,454
(c) No. of complaints redressed during the year	1,18,724	94,756
(d) No. of complaints pending at the end of the year	4,064	2,349

(B) ATM transaction disputes relating to the Bank's customers on the Bank's ATMs

Particulars	March 31, 2018	March 31, 2017
(a) No. of complaints pending at the beginning of the year	145	101
(b) No. of complaints received during the year	19,105	12,703
(c) No. of complaints redressed during the year	19,025	12,659
(d) No. of complaints pending at the end of the year	225	145
(e) Complaints per ten thousand transactions	1.00	0.62

(C) ATM transaction disputes relating to the Bank's customers on other banks' ATMs

Particulars	March 31, 2018	March 31, 2017
(a) No. of complaints pending at the beginning of the year	1,464	1,118
(b) No. of complaints received during the year	1,27,307	95,415
(c) No. of complaints redressed during the year	1,26,218	95,069
(d) No. of complaints pending at the end of the year	2,553	1,464
(e) Complaints per ten thousand transactions	4.98	3.69

(D) Total customer complaints and ATM transaction disputes [total of tables (A), (B) and (C) above]

Particulars	March 31, 2018	March 31, 2017
(a) No. of complaints pending at the beginning of the year	3,958	1,870
(b) No. of complaints received during the year	2,66,851	2,04,572
(c) No. of complaints redressed during the year	2,63,967	2,02,484
(d) No. of complaints pending at the end of the year	6,842	3,958

Note: ATM transaction disputes reported in the above tables are in accordance with RBI guidelines on disclosure of customer complaints.

- **Awards passed by the Banking Ombudsman (BO)**

Particulars	March 31, 2018	March 31, 2017
(a) No. of unimplemented awards at the beginning of the year	-	-
(b) No. of awards passed by the BO during the year	-	-
(c) No. of awards implemented during the year	-	-
(d) No. of unimplemented awards at the end of the year	-	-

- **Top areas of customer complaints**

The average number of customer complaints per branch, including ATM transaction disputes, was 4.7 per month during the year ended March 31, 2018 (previous year: 3.7 per month). For the year ended March 31, 2018, retail liability segment accounted for 76.46% of the total complaints (previous year: 74.61%), followed by credit cards at 17.14% of the total complaints (previous year: 18.15%), retail assets at 5.57% of the total complaints (previous year: 6.08%), while other segments accounted for 0.83% of total complaints (previous year: 1.16%). The top 10 areas of customer complaints for the year ended March 31, 2018, including ATM transaction disputes, aggregated 2,03,045 complaints (previous year: 1,48,462 complaints) and accounted for 76.09% of total complaints (previous year: 72.57%). The top 5 areas of customer complaints on which the Bank is working towards root cause remediation are - ‘cash not dispensed or less cash dispensed in the Bank’s ATMs’, phishing / unauthorized usage through debit card online, transaction dispute related - credit cards, phishing / unauthorized usage through debit card done at other bank’s ATM’s and Sales related - credit cards.

- **Position of BO complaints as per RBI annual report**

As per a report published by the RBI for the year ended June 30, 2017, the number of BO complaints per branch for the Bank was 2.07 (previous year: 1.68). The number of BO complaints other than credit cards per 1,000 accounts was at 0.14 (previous year: 0.13).The number of BO complaints (credit card related) per 1,000 cards was at 0.08 (previous year: 0.08) for the Bank.

33 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, 2018 and March 31, 2017.

For the year ended March 31, 2018

34 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, 2018 and March 31, 2017. The above is based on the information available with the Bank which has been relied upon by the auditors.

35 Overseas assets, NPAs and revenue **(₹ crore)**

Particulars	March 31, 2018	March 31, 2017
Total Assets	26,946.53	23,911.48
Total NPAs	134.64	121.59
Total Revenue	818.12	1,023.65

36 Off-Balance Sheet SPVs

There are no Off-Balance Sheet SPVs sponsored by the Bank, which need to be consolidated as per accounting norms.

37 Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2018 (previous year: Nil).

38 Corporate social responsibility

Operating expenses include ₹ 374.54 crore (previous year: ₹ 305.42 crore) for the year ended March 31, 2018 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

The Bank has spent 2.04 % (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, 2018. 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, 2018			March 31, 2017		
		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	374.54	-	374.54	305.42	-	305.42

39 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, 2018 and March 31, 2017.

For the year ended March 31, 2018

40 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, 2018 amounted to ₹ 1.58 crore (previous year: ₹ 1.67 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, 2018 amounted to ₹ 0.80 crore (previous year: ₹ 0.80 crore).

41 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Aditya Puri
Managing Director

Paresh Sukthankar
Deputy Managing Director

Kaizad Bharucha
Executive Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Sashidhar Jagdishan
Chief Financial Officer

Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Umesh Sarangi
Directors

Mumbai, April 21, 2018

As at March 31, 2018

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.

To the Members of HDFC Bank Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of HDFC BANK LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its associate, comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements") - [See paragraph 5 below]

2. **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associate in accordance with provisions of Section 29 of the Banking Regulation Act, 1949, Accounting Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), the other accounting principles generally accepted in India, and guidelines issued by the Reserve Bank of India, as applicable to the respective entities. The respective Board of Directors of the companies included in the Group and the associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and the associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Holding Company, as aforesaid.

3. **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, and evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph (a) of paragraph 5 below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

4. **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the matters referred to in paragraph 5 below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the applicable Accounting Standards and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, and the consolidated profit and consolidated cash flows for the year ended on that date.

5. **Other Matters**

a) We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of ₹ 46,391.72 crores as at 31st March, 2018, total revenues of ₹ 7,829.17 crores and net cash (outflows) amounting to ₹ 63.52 crores 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 subsection (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.

b) The consolidated financial statements also include the Group's share of net profit of ₹ 0.52 crores for the period from 1st April 2017 to 9th March 2018, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited financial statements as certified by the Management of that associate. In our opinion and according to the information and explanations given to us by the Holding Company's Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management of the associate.

6. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements of subsidiaries referred to in paragraph 5 above we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.

(e) On the basis of the written representations received from the directors of the Holding Company as at 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the subsidiary companies not audited by us, none of the directors of the Group companies is disqualified as at 31st March, 2018 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 over financial reporting and the operating effectiveness of such controls, refer to our separate report in "Annexure A" which is based on the auditor's report of the Bank and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting of those companies, for the reasons stated therein.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, 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;

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;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

Porus B. Pardiwalla
Partner
(Membership No. 40005)

Mumbai
April 21, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 6.f under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 Holding Company as of and for the year ended 31st March, 2018 we have audited the internal financial controls over financial reporting of the Group [See paragraphs 1 and 5 of our Report on the Consolidated Financial Statements].

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company'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 Companies Act, 2013, the Banking Regulation Act, 1949 and the Guidelines issued by the Reserve Bank of India, as applicable.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, 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 adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 and the audit evidence obtained by the other auditors, in terms of their reports referred to in paragraph 5 of our Report on the Consolidated Financial Statements, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 company's internal financial control over financial reporting 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 company; (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 company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 to the best of our information and according to the explanations given to us and based on the matters referred to in paragraph 5 of our Report on the Consolidated Financial Statements, the Group has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on 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.

Our opinion is not modified in respect of the matters referred to in paragraph 5 of our Report on the Consolidated Financial Statements.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

Porus B. Pardiwalla
Partner
(Membership No. 40005)

Mumbai
April 21, 2018

Consolidated Balance Sheet

As at March 31, 2018

₹ in '000

	Schedule	As at 31-Mar-18	As at 31-Mar-17
CAPITAL AND LIABILITIES			
Capital	1	**5,190,181**	5,125,091
Reserves and surplus	2	**1,090,801,062**	912,814,397
Minority interest	2A	**3,563,322**	2,914,389
Deposits	3	**7,883,751,419**	6,431,342,479
Borrowings	4	**1,564,420,848**	984,156,439
Other liabilities and provisions	5	**484,134,863**	587,088,812
	Total	**11,031,861,695**	8,923,441,607
ASSETS			
Cash and balances with Reserve Bank of India	6	**1,046,882,074**	379,105,485
Balances with banks and money at call and short notice	7	**183,733,488**	114,005,711
Investments	8	**2,384,609,240**	2,107,771,120
Advances	9	**7,000,338,363**	5,854,809,871
Fixed assets	10	**38,105,583**	38,146,997
Other assets	11	**378,192,947**	429,602,423
	Total	**11,031,861,695**	8,923,441,607
Contingent liabilities	12	**8,757,769,674**	8,182,842,892
Bills for collection		**427,538,250**	308,480,352
Significant accounting policies and notes to the Consolidated financial statements	17 & 18		
The schedules referred to above form an integral part of the Consolidated Balance Sheet			

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

P. B. Pardiwalla
Partner
Membership No.: 40005

Mumbai, April 21, 2018

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Paresh Sukthankar
Deputy Managing Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Aditya Puri
Managing Director

Kaizad Bharucha
Executive Director

Sashidhar Jagdishan
Chief Financial Officer

Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Umesh Sarangi
Directors

Consolidated Statement of Profit and Loss

For the year ended March 31, 2018

₹ in '000

		Schedule	Year ended 31-Mar-18	Year ended 31-Mar-17
I	**INCOME**			
	Interest earned	13	**852,878,437**	732,713,529
	Other income	14	**160,566,041**	128,776,329
		Total	**1,013,444,478**	861,489,858
II	**EXPENDITURE**			
	Interest expended	15	**423,814,803**	380,415,844
	Operating expenses	16	**239,272,220**	207,510,707
	Provisions and contingencies		**164,749,045**	120,689,285
		Total	**827,836,068**	708,615,836
III	**PROFIT**			
	Net profit for the year		**185,608,410**	152,874,022
	Less: Minority interest		**513,389**	367,165
	Add: Share in profits of associates		**5,221**	23,393
	Consolidated profit for the year attributable to the Group		**185,100,242**	152,530,250
	Impact on amalgamation [Refer Schedule 18(1)]		**-**	274,507
	Balance in Profit and Loss account brought forward		**345,323,284**	248,255,886
		Total	**530,423,526**	401,060,643
IV	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		**45,620,310**	37,771,634
	Proposed dividend [Refer Schedule 18(2)]		**-**	-
	Tax (including cess) on interim / proposed dividend		**507,653**	255,959
	Dividend (including tax / cess thereon) pertaining to previous year paid during the year, net of dividend tax credits		**33,905,804**	(16,909)
	Transfer to General Reserve		**17,486,728**	14,549,641
	Transfer to Capital Reserve		**2,355,227**	3,134,100
	Transfer to / (from) Investment Reserve Account		**(442,018)**	42,934
	Balance carried over to Balance Sheet		**430,989,822**	345,323,284
		Total	**530,423,526**	401,060,643
V	**EARNINGS PER EQUITY SHARE (Face value ₹ 2 per share)**		₹	₹
	Basic		**71.73**	59.95
	Diluted		**70.76**	59.16
	Significant accounting policies and notes to the Consolidated financial statements	17 & 18		
	The schedules referred to above form an integral part of the Consolidated Statement of Profit and Loss			

As per our report of even date.

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

P. B. Pardiwalla
Partner
Membership No.: 40005

Mumbai, April 21, 2018

Shyamala Gopinath
Chairperson

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Deputy Managing Director

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Umesh Sarangi
Directors

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Consolidated Cash Flow Statement

For the year ended March 31, 2018

₹ in '000

	Year ended 31-Mar-18	Year ended 31-Mar-17
Cash flows from operating activities		
Consolidated profit before income tax	**284,131,068**	233,311,478
Adjustments for:		
Depreciation on fixed assets	**9,667,819**	8,861,876
(Profit) / loss on revaluation of investments	**1,570,448**	(87,543)
Amortisation of premia on held to maturity investments	**3,599,102**	1,756,569
(Profit) / loss on sale of fixed assets	**11,833**	16,229
Provision / charge for non performing assets	**57,553,339**	37,024,296
Provision for dimunition in value of Investments	**308,075**	(76,417)
Floating provisions	**-**	250,000
Provision for standard assets	**6,575,746**	4,312,322
Contingency provisions	**3,961,191**	388,440
Share in current year's profits of associates	**(5,221)**	(23,393)
	367,373,400	285,733,857
Adjustments for:		
(Increase) / decrease in investments (excluding investments in subsidiaries)	**(282,310,524)**	(173,257,700)
(Increase) / decrease in advances	**(1,203,053,719)**	(1,018,904,990)
Increase / (decrease) in deposits	**1,452,408,940**	972,609,590
(Increase) / decrease in other assets	**52,336,433**	(44,855,329)
Increase / (decrease) in other liabilities and provisions	**(114,511,772)**	228,337,692
	272,242,758	249,663,120
Direct taxes paid (net of refunds)	**(100,098,994)**	(76,847,189)
Net cash from operating activities	**172,143,764**	172,815,931
Cash flows used in investing activities		
Purchase of fixed assets	**(8,477,746)**	(11,577,570)
Proceeds from sale of fixed assets	**99,204**	100,768
Investment in subsidiaries and / or joint ventures	**(143,331)**	-
Net cash used in investing activities	**(8,521,873)**	(11,476,802)

Consolidated Cash Flow Statement

For the year ended March 31, 2018

₹ in '000

	Year ended 31-Mar-18	Year ended 31-Mar-17
Cash flows from financing activities		
Increase in minority interest	**666,553**	818,605
Money received on exercise of stock options by employees	**27,259,098**	22,615,161
Increase / (decrease) in borrowings (excluding subordinate debt, perpetual debt and upper Tier II instruments)	**501,014,409**	(33,898,658)
Proceeds from issue of Additional Tier I and Tier II Capital Bonds	**100,000,000**	-
Redemption of subordinated debt	**(20,750,000)**	(19,084,500)
Dividend paid during the year	**(28,312,716)**	(24,083,093)
Tax on dividend	**(6,100,741)**	(5,297,258)
Net cash (used in) / from financing activities	**573,776,603**	(58,929,743)
Effect of exchange fluctuation on translation reserve	**105,872**	(282,622)
Cash and cash equivalents on amalgamation [Refer Schedule 18(1)]	**-**	295,617
Net increase in cash and cash equivalents	**737,504,366**	102,422,381
Cash and cash equivalents as at April 1st	**493,111,196**	390,688,815
Cash and cash equivalents as at March 31st	**1,230,615,562**	493,111,196

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

P. B. Pardiwalla
Partner
Membership No.: 40005

Mumbai, April 21, 2018

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Paresh Sukthankar
Deputy Managing Director

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Executive Vice President (Legal) & Company Secretary

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Managing Director

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Executive Director

Sashidhar Jagdishan
Chief Financial Officer

Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Umesh Sarangi
Directors

As at March 31, 2018

₹ in '000

		As at 31-Mar-18	As at 31-Mar-17
SCHEDULE 1 - CAPITAL			
Authorised capital			
3,25,00,00,000 (31 March, 2017: 3,25,00,00,000) Equity Shares of ₹ 2/- each		**6,500,000**	6,500,000
Issued, subscribed and paid-up capital			
2,59,50,90,267 (31 March, 2017: 2,56,25,45,717) Equity Shares of ₹ 2/- each		**5,190,181**	5,125,091
	Total	**5,190,181**	5,125,091
SCHEDULE 2 - RESERVES AND SURPLUS			
I Statutory reserve			
Opening balance		**187,703,201**	149,931,567
Additions during the year		**45,620,310**	37,771,634
	Total	**233,323,511**	187,703,201
II General reserve			
Opening balance		**71,919,150**	57,369,509
Additions during the year		**17,486,728**	14,549,641
	Total	**89,405,878**	71,919,150
III Balance in profit and loss account		**430,989,822**	345,323,284
IV Share premium account			
Opening balance		**284,751,089**	262,204,646
Additions during the year		**27,194,008**	22,546,443
	Total	**311,945,097**	284,751,089
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		**12,000,683**	8,866,583
Additions during the year		**2,355,227**	3,134,100
	Total	**14,355,910**	12,000,683
VII Investment reserve account			
Opening balance		**442,018**	399,084
Additions during the year		**45,086**	109,506
Deductions during the year		**(487,104)**	(66,572)
	Total	**-**	442,018
VIII Foreign currency translation account			
Opening balance		**39,408**	322,030
Additions / (deductions) during the year		**105,872**	(282,622)
	Total	**145,280**	39,408
	Total	**1,090,801,062**	912,814,397

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As at March 31, 2018

₹ in '000

			As at 31-Mar-18	As at 31-Mar-17
SCHEDULE 2A - MINORITY INTEREST				
Minority interest at the date on which parent subsidiary relationship came into existence			**276,029**	276,029
Subsequent increase			**3,287,293**	2,638,360
		Total	**3,563,322**	2,914,389

Includes reserves of Employee Welfare Trust of ₹ 76.78 crore (previous year ₹ 70.83 crore)

					As at 31-Mar-18	As at 31-Mar-17
SCHEDULE 3 - DEPOSITS						
A	**I**	**Demand deposits**				
		(i)	From banks		**27,237,788**	20,806,377
		(ii)	From others		**1,162,864,325**	1,132,892,089
				Total	**1,190,102,113**	1,153,698,466
	II	**Savings bank deposits**			**2,237,968,679**	1,935,786,271
	III	**Term deposits**				
		(i)	From banks		**72,775,645**	53,520,609
		(ii)	From others		**4,382,904,982**	3,288,337,133
				Total	**4,455,680,627**	3,341,857,742
				Total	**7,883,751,419**	6,431,342,479
B	**I**	**Deposits of branches in India**			**7,843,931,322**	6,391,351,770
	II	**Deposits of branches outside India**			**39,820,097**	39,990,709
				Total	**7,883,751,419**	6,431,342,479

				As at 31-Mar-18	As at 31-Mar-17
SCHEDULE 4 - BORROWINGS					
I	**Borrowings in India**				
	(i)	Reserve Bank of India		**138,000,000**	-
	(ii)	Other banks		**168,280,179**	97,371,546
	(iii)	Other institutions and agencies		**371,460,868**	249,710,383
	(iv)	Upper and lower Tier II capital and innovative perpetual debts		**231,070,000**	149,020,000
	(v)	Bonds and Debentures (excluding subordinated debt)		**290,528,000**	252,038,000
			Total	**1,199,339,047**	748,139,929
II	**Borrowings outside India**			**365,081,801**	236,016,510
			Total	**1,564,420,848**	984,156,439

Secured borrowings included in I & II above: ₹ 27,269.82 crore (previous year: ₹ 20,606.90 crore) except borrowings of ₹ 14,239.95 crore (March 31, 2017: Nil) under Collateralised Borrowing and Lending Obligation and transactions under Liquidity Adjustment Facility and Marginal Standing Facility.

			As at 31-Mar-18	As at 31-Mar-17
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS				
I	Bills payable		**82,217,908**	166,670,863
II	Interest accrued		**66,759,768**	45,914,476
III	Others (including provisions)		**303,545,722**	349,467,514
IV	Contingent provisions against standard assets		**31,611,465**	25,035,959
		Total	**484,134,863**	587,088,812

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As at March 31, 2018

₹ in '000

		As at 31-Mar-18	As at 31-Mar-17
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I Cash in hand *(including foreign currency notes)*		**75,500,625**	42,772,675
II Balances with Reserve Bank of India:			
(a) In current accounts		**364,381,449**	284,332,810
(b) In other accounts		**607,000,000**	52,000,000
	Total	**971,381,449**	336,332,810
	Total	**1,046,882,074**	379,105,485
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I In India			
(i) Balances with banks:			
(a) In current accounts		**8,734,805**	5,531,745
(b) In other deposit accounts		**2,091,212**	9,716,581
	Total	**10,826,017**	15,248,326
(ii) Money at call and short notice:			
(a) With banks		**-**	-
(b) With other institutions		**45,018,623**	-
	Total	**45,018,623**	-
	Total	**55,844,640**	15,248,326
II Outside India			
(i) In current accounts		**26,124,304**	36,772,777
(ii) In deposit accounts		**6,191,625**	2,529,150
(iii) Money at call and short notice		**95,572,919**	59,455,458
	Total	**127,888,848**	98,757,385
	Total	**183,733,488**	114,005,711
SCHEDULE 8 - INVESTMENTS			
A Investments in India in			
(i) Government securities		**1,883,648,036**	1,624,186,994
(ii) Other approved securities		**-**	-
(iii) Shares		**1,396,772**	1,219,538
(iv) Debentures and bonds		**336,681,684**	187,965,272
(v) Investment in associates		**-**	402,955
(vi) Others (Units, CDs / CPs, PTCs and security receipts)		**147,405,912**	282,816,215
	Total	**2,369,132,404**	2,096,590,974
B Investments outside India in			
(i) Government securities (including Local Authorities)		**4,218,786**	-
(ii) Other investments			
(a) Shares		**28,375**	28,375
(b) Debentures and bonds		**11,229,675**	11,151,771
	Total	**15,476,836**	11,180,146
	Total	**2,384,609,240**	2,107,771,120

₹ in '000

					As at 31-Mar-18	As at 31-Mar-17
C	**Investments**					
	(i)	**Gross value of investments**				
		(a)	In India		**2,371,618,039**	2,097,219,426
		(b)	Outside India		**15,606,451**	11,206,487
				Total	**2,387,224,490**	2,108,425,913
	(ii)	**Provision for depreciation**				
		(a)	In India		**2,485,635**	628,452
		(b)	Outside India		**129,615**	26,341
				Total	**2,615,250**	654,793
	(iii)	**Net value of investments**				
		(a)	In India		**2,369,132,404**	2,096,590,974
		(b)	Outside India		**15,476,836**	11,180,146
				Total	**2,384,609,240**	2,107,771,120

SCHEDULE 9 - ADVANCES

A	(i)	Bills purchased and discounted			**216,592,055**	287,159,641
	(ii)	Cash credits, overdrafts and loans repayable on demand			**1,681,643,640**	1,336,174,162
	(iii)	Term loans			**5,102,102,668**	4,231,476,068
				Total	**7,000,338,363**	5,854,809,871
B	(i)	Secured by tangible assets*			**5,042,641,201**	4,232,238,514
	(ii)	Covered by bank / government guarantees			**191,682,760**	227,526,268
	(iii)	Unsecured			**1,766,014,402**	1,395,045,089
				Total	**7,000,338,363**	5,854,809,871

** Including advances against book debts*

C	I	**Advances in India**				
		(i)	Priority sector		**1,765,302,486**	1,646,022,483
		(ii)	Public sector		**137,708,318**	157,741,065
		(iii)	Banks		**8,357,208**	9,092,668
		(iv)	Others		**4,885,715,328**	3,843,921,442
				Total	**6,797,083,340**	5,656,777,658
C	II	**Advances outside India**				
		(i)	Due from banks		**33,046,352**	6,500,391
		(ii)	Due from others			
			(a) Bills purchased and discounted		**1,052,278**	2,560,707
			(b) Syndicated loans		**18,265,990**	17,845,564
			(c) Others		**150,890,403**	171,125,551
				Total	**203,255,023**	198,032,213
				Total	**7,000,338,363**	5,854,809,871

(Advances are net of provisions)

As at March 31, 2018

			₹ in '000
		As at 31-Mar-18	As at 31-Mar-17
SCHEDULE 10 - FIXED ASSETS			
A Premises *(including land)*			
Gross block			
At cost on 31 March of the preceding year		**16,384,648**	15,785,543
Additions during the year		**978,572**	669,452
Deductions during the year		**(77,395)**	(70,347)
	Total	**17,285,825**	16,384,648
Depreciation			
As at 31 March of the preceding year		**4,798,856**	4,262,700
Charge for the year		**597,187**	595,216
On deductions during the year		**(74,579)**	(59,060)
	Total	**5,321,464**	4,798,856
Net block		**11,964,361**	11,585,792
B Other fixed assets *(including furniture and fixtures)*			
Gross block			
At cost on 31 March of the preceding year		**84,574,310**	74,900,241
Additions on amalgamation		**-**	377,694
Additions during the year		**8,752,421**	11,525,792
Deductions during the year		**(1,216,788)**	(2,229,417)
	Total	**92,109,943**	84,574,310
Depreciation			
As at 31 March of the preceding year		**58,013,105**	51,626,108
Additions on amalgamation		**-**	245,859
Charge for the year		**9,071,123**	8,264,659
On deductions during the year		**(1,115,507)**	(2,123,521)
	Total	**65,968,721**	58,013,105
Net block		**26,141,222**	26,561,205
C Assets on lease *(plant and machinery)*			
Gross block			
At cost on 31 March of the preceding year		**4,546,923**	4,546,923
Additions during the year		-	-
	Total	**4,546,923**	4,546,923

As at March 31, 2018

₹ in '000

			As at 31-Mar-18	As at 31-Mar-17
	Depreciation			
	As at 31 March of the preceding year		**4,104,467**	4,104,467
	Charge for the year		**-**	-
		Total	**4,104,467**	4,104,467
	Lease adjustment account			
	As at 31 March of the preceding year		**442,456**	442,456
	Charge for the year		**-**	-
		Total	**442,456**	442,456
	Unamortised cost of assets on lease		**-**	-
		Total	**38,105,583**	38,146,997

SCHEDULE 11 - OTHER ASSETS

			As at 31-Mar-18	As at 31-Mar-17
I	Interest accrued		**90,775,781**	83,177,119
II	Advance tax / tax deducted at source (net of provisions)		**18,304,321**	17,270,130
III	Stationery and stamps		**333,306**	267,871
IV	Non banking assets acquired in satisfaction of claims		**-**	-
V	Security deposit for commercial and residential property		**5,167,669**	5,095,162
VI	Others *		**263,611,870**	323,792,141
		Total	**378,192,947**	429,602,423

**Includes deferred tax asset (net) of ₹ 3,532.07 crore (previous year: ₹ 2,587.06 crore), goodwill of ₹ 197.57 crore (previous year: ₹ 185.00 crore) and deposits placed with NABARD / SIDBI / NHB on account of shortfall in lending to priority sector of ₹ 13,357.25 crore (previous year: ₹ 11,882.37 crore)*

SCHEDULE 12 - CONTINGENT LIABILITIES

			As at 31-Mar-18	As at 31-Mar-17
I	Claims against the bank not acknowledged as debts - taxation		**11,359,710**	10,724,100
II	Claims against the bank not acknowledged as debts - others		**1,985,622**	2,010,238
III	Liability on account of outstanding forward exchange contracts		**4,344,675,713**	4,699,301,366
IV	Liability on account of outstanding derivative contracts		**3,482,687,822**	2,723,068,634
V	Guarantees given on behalf of constituents			
	- in India		**448,741,092**	366,232,012
	- outside India		**557,296**	953,405
VI	Acceptances, endorsements and other obligations		**395,452,699**	359,613,744
VII	Other items for which the Bank is contingently liable		**72,309,720**	20,939,393
		Total	**8,757,769,674**	8,182,842,892

For the year ended March 31, 2018

₹ in '000

			Year ended 31-Mar-18	Year ended 31-Mar-17
SCHEDULE 13 - INTEREST EARNED				
I	Interest / discount on advances / bills		**676,589,047**	559,861,841
II	Income from investments		**162,297,863**	159,515,563
III	Interest on balance with RBI and other inter-bank funds		**5,406,186**	5,448,567
IV	Others		**8,585,341**	7,887,558
		Total	**852,878,437**	732,713,529
SCHEDULE 14 - OTHER INCOME				
I	Commission, exchange and brokerage		**122,935,083**	94,767,987
II	Profit / (loss) on sale of investments (net)		**11,005,345**	11,447,093
III	Profit / (loss) on revaluation of investments (net)		**(1,570,448)**	87,543
IV	Profit / (loss) on sale of building and other assets (net)		**(11,833)**	(16,229)
V	Profit / (loss) on exchange / derivative transactions (net)		**15,234,978**	12,633,895
VI	Miscellaneous income		**12,972,916**	9,856,040
		Total	**160,566,041**	128,776,329
SCHEDULE 15 - INTEREST EXPENDED				
I	Interest on deposits		**327,540,435**	312,955,921
II	Interest on RBI / inter-bank borrowings		**95,426,124**	65,834,950
III	Other interest		**848,244**	1,624,973
		Total	**423,814,803**	380,415,844
SCHEDULE 16 - OPERATING EXPENSES				
I	Payments to and provisions for employees		**91,939,035**	85,047,014
II	Rent, taxes and lighting		**15,231,599**	14,305,273
III	Printing and stationery		**4,821,103**	4,773,398
IV	Advertisement and publicity		**1,719,205**	1,523,765
V	Depreciation on bank's property		**9,667,819**	8,861,876
VI	Directors' fees / remuneration, allowances and expenses		**32,496**	35,221
VII	Auditors' fees and expenses		**26,301**	25,758
VIII	Law charges		**1,648,413**	1,249,095
IX	Postage, telegram, telephone etc.		**4,850,740**	4,491,632
X	Repairs and maintenance		**13,149,745**	12,717,968
XI	Insurance		**8,286,960**	6,914,913
XII	Other expenditure*		**87,898,804**	67,564,794
		Total	**239,272,220**	207,510,707

**Includes professional fees, commission to sales agents, card and merchant acquiring expenses and system management fees.*

For the year ended March 31, 2018

SCHEDULE 17 - Significant accounting policies appended to and forming part of the consolidated financial statements for the year ended March 31, 2018

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' and 'Group's' share of profits in an associate.

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. Further, the Bank accounts for investments in associates under equity method of accounting in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, specified under Section 133 of the Companies Act, 2013.

C BASIS OF PREPARATION

The consolidated financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013, 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 and associate:

Name	Relation	Country of incorporation	Ownership interest**
HDFC Securities Limited	Subsidiary	India	97.7%
HDB Financial Services Limited	Subsidiary	India	95.9%
International Asset Reconstruction Company Private Limited***	Associate	India	19.2%
HDB Employee Welfare Trust	*	India	

* *The accounts of HDB Employee Welfare Trust, a trust established for providing general welfare measures such as medical relief and educational assistance to the employees of the Bank and their dependents has been entirely consolidated.*

** *Denotes HDFC Bank's direct interest.*

*** *The un-audited financial statements of an associate have been drawn for the period ended December 31, 2017. International Asset Reconstruction Company Private limited ceased to be an associate with effect from March 9, 2018 on account of reduction in ownership interest from 29.4% to 19.2%.*

During the year ended March 31, 2018 the Bank's shareholding in HDB Financial Services Limited decreased from 96.2% to 95.9% on account of the stock options exercised by minority stakeholders.

During the year ended March 31, 2018 the Bank's shareholding in HDFC Securities Limited decreased from 97.9% to 97.7% on account of the stock options exercised by minority stakeholders and additional stake purchased from minority.

During the year ended March 31, 2017, Atlas Documentary Facilitators Company Private Limited and HBL Global Private Limited, associates of the Bank as at March 31, 2016, amalgamated with HDB Financial Services Limited, pursuant to the approval of the Honourable High courts of Gujarat and Bombay with effect from December 1, 2016. The appointed date of the merger as per the scheme of amalgamation was April 1, 2014. Accordingly, the consolidated financial statements include the effect of the said amalgamation.

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, 2018.

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 Statement of Profit and Loss 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 Statement of Profit and Loss. 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 Statement of Profit and Loss to "Capital Reserve" in accordance with the RBI Guidelines.

Short sale:

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

Valuation:

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

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

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

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

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

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

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

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

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

Investment in unquoted Venture Capital Fund (VCF) are categorised under HTM category for the initial period of three years and valued at cost. Such investment are required to be transferred to AFS thereafter.

Pass Through Certificates (PTC) including Priority Sector-PTCs are valued by using FIMMDA credit spread as applicable for the NBFC category, based on the credit rating of the respective PTC over the YTM rates for government securities published by FIMMDA.

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

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

Non-performing investments are identified and depreciation / provision 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 Statement of Profit and Loss until received.

Repo and reverse repo transactions:

In accordance with the RBI guidelines, repurchase and reverse repurchase 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.

Interest on borrowings is recognised in the Statement of Profit and Loss on an accrual basis. Costs associated with borrowings are grouped under financial charges along with the interest costs.

HDB Employees Welfare Trust

Long-term investments are stated at cost of acquisition. Provision for diminution is made if such diminution is considered as being other than temporary in nature.

2 Advances

HDFC Bank Limited

Classification:

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

Provisioning:

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

The specific provision levels for retail non-performing assets are also based on the nature of product and delinquency levels. Specific loan loss provisions in respect of non-performing advances are charged to the Statement of Profit and Loss and included under Provisions and Contingencies.

Non-performing advances are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognised in the Statement of Profit and Loss and included under other income.

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

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

Provisions made in 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 prudential basis makes provisions on advances or exposures which are not NPAs, but has reasons to believe on the basis of the extant environment or specific information 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 installments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines. Restructuring of an account is done at a borrower level.

HDB Financial Services Limited

Classification:

Advances are classified as standard, sub-standard and doubtful assets as per the Company policy approved by the Board. The rates applied for making provisions on non-performing advances are higher than those required by the relevant RBI guidelines. Interest on non-performing advances is transferred to an interest suspense account and not recognised in the Statement of Profit and Loss until received. Loan assets are recognised on disbursement of loan and in case of new asset financing on the transfer of ownership.

Provisioning:

The Company assesses all receivables for their recoverability and accordingly recognises provision for non-performing and doubtful assets as per approved Company policies and guidelines. The Company ensures provisions made are not lower than as stipulated by RBI guidelines.

The Company provides 0.40% on standard assets as stipulated by RBI master direction (RBI/DNBR/2016-17/45 Master Direction DNBR PD 008/03.10.119/2016-17) issued on September 1, 2016 Non-Banking Financial Company – Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016 as amended.

Loan origination costs:

Brokerage, commission, incentive to employee, etc. paid at the time of acquisition of loans are charged to expenses.

3 Securitisation and transfer of assets

HDFC Bank Limited

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

The Bank enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates ('PTCs').

The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines. The Bank amortises any profit received for every individual securitisation or direct assignment transaction based on the method prescribed in these guidelines.

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

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

The Bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating, the aggregate amount of the participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

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 fulfillment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfillment of priority sector obligation through the 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 Statement of Profit and Loss. These are amortised over the period of the Certificate.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Statement of Profit and Loss and if the sale is for a value higher than the net book value, the excess provision is credited to the Statement of Profit and Loss in the year the amounts are received.

The Bank invests in PTCs issued by other SPVs. These are accounted for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

HDB Financial Services Limited

- Prior to Issuance of RBI Circular dated August 21, 2012
  - a) On receivables being assigned / securtised, the assets are de-recognised as all the rights, title, future receivables & interest thereof are assigned to the purchaser.
  - b) Gains arising on assignment of receivables will be recognised at the end of the tenure of assignment contract as per the RBI guidelines, while loss, if any is recognised upfront.
- Post Issuance of RBI Circular dated August 21, 2012
  - a) Securitised receivables are de-recognised in the Balance Sheet when they are sold i.e. they meet true sale criteria.
  - b) Gains arising out of securitisation of assets are recognised over the tenure of the securities issued by Special Purpose Vehicle Trust (SPV).
  - c) The excess interest spread on the securitisation transactions are recognised in the Statement of Profit and Loss only when it is redeemed in cash by the SPV after adjusting for overdue receivable for more than 90 days. Losses, if any, are recognised upfront.

4 Fixed assets and depreciation

HDFC Bank Limited

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

Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis. The management believes that the useful life of assets assessed by the Bank, pursuant to 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 equipment and installations	6 to 10 years	10 years
Office equipment	3 to 6 years	5 years
Computers	3 years	3 years
Modems, routers, switches, servers, network and related IT equipment	3 to 6 years	6 years
Motor cars	4 years	8 years
Furniture and fittings	16 years	10 years

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

HDFC Securities Limited

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price and expenses directly attributable to bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements.

Gains or losses arising from disposal or retirement of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" or "Other Expenses", as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement.

Capital work-in-progress are fixed assets which are not yet ready for their intended use. Such assets are carried at cost comprising direct cost and related incidental expenses.

Depreciation is provided on a pro-rata basis to fully depreciate the assets using the straight-line method over the estimated useful lives of the assets.

For the following categories of assets, depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013:

Asset	Estimated useful life
Computer hardware	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Leasehold improvements	Over the remaining period of the lease
Electricals	10 years
Office premises	60 years

For the year ended March 31, 2018

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 estimate 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 Statement of Profit and Loss as an expense unless it is probable that such expenditure will enable the intangible asset increase the future benefits from the existing asset beyond its previously assessed standard of performance and such expenditure can be measured and attributed to the intangible asset reliably, in which case, such expenditure is capitalised.
- Expenditure on software development eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.
- Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each reporting date. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.
- Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss in the year of disposal.

The estimated useful lives of intangible assets used for amortisation are:

Asset	Estimated useful life
Computer software licenses	5 years
Electronic trading platform (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, except for assets as under:

Asset	Estimated useful life as assessed by the Company	Estimated useful life under Schedule II of Companies Act, 2013
Motor cars	4 years	8 years

- Improvements to lease hold premises are charged off over the primary period of lease or its useful life, whichever is lower.
- Items costing less than ₹ 5,000 are fully depreciated in the year of purchase.
- The Company has estimated Nil residual value at the end of the useful life for all block of assets.
- For assets purchased and sold during the year, depreciation is being provided on pro-rata basis by the Company.

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to bring the same in working condition and the useful life of the same is estimated at 3 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.

5 Impairment of assets

Group

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

6 Transactions involving foreign exchange

HDFC Bank Limited

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

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

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

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

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

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

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

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 Statement of Profit and Loss. 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 Statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

7 Derivative contracts

HDFC Bank Limited

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

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

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

8 Revenue recognition

HDFC Bank Limited

- Interest income is recognised in the Statement of Profit and Loss on an accrual basis, except in the case of non-performing assets. 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 guidelines.
- 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 service tax, 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 Statement of Profit and Loss on an accrual basis. In case of Non Performing Assets (NPA) interest income is recognised upon realisation as per the RBI Guidelines. Interest accrued and not realised before the classification of the asset as an NPA is reversed and credited to the interest suspense account.
- Income from BPO services and other financial charges are recognised on an accrual basis, except in case of cheque bouncing charges, late payment charges, foreclosure charges and application money, which are accounted as and when received.
- Upfront / processing fees are recovered and recognised at the time of disbursement of loan.
- Income from dividend is recognised in the Statement of Profit and Loss when the right to receive is established.

HDB Employees Welfare Trust

- Income is recognised on an accrual basis.

9 Employee benefits

HDFC Bank Limited

Employee Stock Option Scheme ('ESOS')

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

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

Gratuity:

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

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

Superannuation:

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

Provident fund:

In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund. The Bank contributes an amount, on a monthly basis, at a determined rate (currently 12% of employee's basic salary). Of this, the Bank contributes an amount equal to 8.33% of employee's basic salary up to a maximum salary level of ₹ 15,000/- per month, to the Pension Scheme administered by the Regional Provident Fund Commissioner ('RPFC'). The balance amount is contributed to a fund set up by the Bank and administered by a Board of Trustees. In respect of eCBoP employees, employer's and employee's share of contribution to Provident Fund till March 2009, was administered by RPFC and from April 2009 onwards, the same is transferred to the fund set up by the Bank and administered by the Board of Trustees. In respect of eLKB employees, the Bank contributes to a fund set up by eLKB and administered by a Board of Trustees. The Bank recognises such contributions as an expense in the year in which it is incurred. Interest payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Bank.

The guidance note on implementing AS-15, 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 relevant government scheme calculated as a percentage of the employees' salaries. The Bank's obligations are limited to these contributions, which are expensed when due, as such contribution is in the nature of defined contribution.

Leave encashment / Compensated absences:

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

Pension:

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

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

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

HDFC Securities Limited

Short term

Short term employee benefits include salaries and performance incentives. A liability is recognised for the amount expected to be paid under short-term cash bonus or 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 Statement of Profit and Loss at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

Long term

The Company offers its employees long term benefits by way of defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the National Pension Scheme, Employees' Provident Fund, Family Pension Fund and Superannuation Fund. The Company's payments to the defined-contribution plans are re-ported as expenses during the period in which the employees perform the services that the payment covers.

Defined-benefit plans

Expenses for defined-benefit gratuity plan are calculated as at the Balance Sheet date by an independent actuary in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. The fair values of the plan assets are deducted in determining the net liability. When the fair value of plan assets exceeds the commitments computed as aforesaid, the recognised asset is limited to the net total of any cumulative past service costs and the present value of any economic benefits available in the form of reductions in future contributions to the plan.

Actuarial losses or gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Other employee benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be availed in twelve months immediately following the year in which the employee has rendered service are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits.

Share-based payment transactions

Equity settled stock options granted under the Company's Employee Stock Option Schemes are accounted for as per the accounting treatment prescribed by the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The intrinsic value of the option being excess of fair value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense equal to the unamortised portion.

HDB Financial Services Limited

Long term employee benefits

Gratuity

The Company provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to fund administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The defined benefit plan are valued by an independent external actuary as at the Balance Sheet date using the projected unit credit method to determine the present value of defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the Statement of Profit and Loss.

Provident fund

In accordance with the applicable law, all employees of the Company are entitled to receive benefits under the Provident Fund Act, 1952. The Company contributes an amount, on a monthly basis, at a determined rate 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 Statement of Profit and Loss.

Compensated absences

The Company does not have a policy of encashment of unavailed leaves for its employees but are permitted to carry forward subject to a prescribed maximum days. The Company provides for compensated absences in accordance with AS-15 (revised 2005) Employee Benefits issued by The Institute of Chartered Accountants of India. The provision is based on an independent external actuarial valuation at the Balance Sheet date.

10 Debit and credit cards reward points

HDFC Bank Limited

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

11 Bullion

HDFC Bank Limited

The Bank imports bullion including precious metal bars on a consignment basis. 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 classified under 'Commission Income'.

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

12 Lease accounting

Group

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

13 Income tax

Group

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

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

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

14 Earnings per share

Group

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

15 Share issue expenses

HDFC Bank Limited

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

16 Segment information

Group

The 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

Group

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

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

A disclosure of contingent liability is made when there is:

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

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

Onerous contracts

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

18 Cash and cash equivalents

Group

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

19 Corporate social responsibility

Group

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

For the year ended March 31, 2018

SCHEDULE 18 - Notes forming part of the consolidated financial statements for the year ended March 31, 2018

Amounts in notes forming part of the consolidated financial statements for the year ended March 31, 2018 are denominated in rupee crore to conform to extant RBI guidelines, except where stated otherwise.

1 Amalgamation of Atlas Documentary Facilitators Company Private Limited and HBL Global Private Limited with HDB Financial Services Limited

During the year ended March 31, 2017, Atlas Documentary Facilitators Company Private Limited and HBL Global Private Limited, associates of the Bank as at March 31, 2016, amalgamated with HDB Financial Services Limited, pursuant to the approval of the Honourable High courts of Gujarat and Bombay with effect from December 1, 2016. The appointed date of the merger as per the scheme of amalgamation was April 1, 2014. Accordingly, the consolidated financial statements include the effect of the said amalgamation.

2 Proposed dividend

The Board of Directors of the Bank, at their meeting held on April 21, 2018, have proposed a dividend of ₹ 13.00 per equity share (previous year: ₹ 11.00) aggregating ₹ 4,067.07 crore (previous year: ₹ 3,392.71 crore), inclusive of tax on dividend. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of the 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 Bank has not appropriated the proposed dividend from the Statement of Profit and Loss. However, the effect of the proposed dividend has been reckoned in determining consolidated capital funds in the computation of the capital adequacy ratios.

3 Capital infusion

During the year ended March 31, 2018, the Bank allotted 3,25,44,550 equity shares (previous year: 3,43,59,200 equity shares) aggregating to face value ₹ 6.51 crore (previous year: ₹ 6.87 crore) in respect of stock options exercised. Accordingly, the share capital increased by ₹ 6.51 crore (previous year: ₹ 6.87 crore) and the share premium increased by ₹ 2,719.40 crore (previous year: ₹ 2,254.64 crore).

The Board of Directors of the Bank, at their meeting held on December 20, 2017 approved the raising of funds aggregating up to ₹ 24,000 crore, of which an amount up to a maximum of ₹ 8,500 crore shall be through the issuance of equity shares of face value of ₹ 2/- each pursuant to a preferential issue to Housing Development Finance Corporation Limited (the Bank's promoters) and the balance shall be through the issuance of equity shares / convertible securities / depository receipts pursuant to a Qualified Institutions Placement (QIP) / American Depository Receipts (ADR) / Global Depository Receipt (GDR) program. The said raising of funds was approved by the shareholders of the Bank at its Extra Ordinary General meeting held on January 19, 2018 and is subject to the receipt of all relevant regulatory approvals.

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

Particulars	March 31, 2018	March 31, 2017
Opening balance	512.51	505.64
Addition pursuant to stock options exercised	6.51	6.87
Closing balance	519.02	512.51

4 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 ₹ 18,510.02 crore (previous year: ₹ 15,253.03 crore) and the weighted average number of equity shares outstanding during the year of 2,58,05,38,505 (previous year: 2,54,43,33,609).

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

Particulars	For the years ended	
	March 31, 2018	March 31, 2017
Nominal value per share (₹)	2.00	2.00
Basic earnings per share (₹)	71.73	59.95
Effect of potential equity shares (per share) (₹)	(0.97)	(0.79)
Diluted earnings per share (₹)	70.76	59.16

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, 2018	**March 31, 2017**
Weighted average number of equity shares used in computing basic earnings per equity share	2,58,05,38,505	2,54,43,33,609
Effect of potential equity shares outstanding	3,55,30,885	3,40,55,428
Weighted average number of equity shares used in computing diluted earnings per equity share	2,61,60,69,390	2,57,83,89,037

5 Reserves and Surplus

Drawdown from reserves

Share Premium

The Bank has not undertaken any drawdown from share premium during the years ended March 31, 2018 and March 31, 2017.

Statutory Reserve

The Bank and a subsidiary has made an appropriation of ₹ 4,562.03 crore (previous year: ₹ 3,777.16 crore) out of profits for the year ended March 31, 2018 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, 2018, the Bank appropriated ₹ 235.52 crore (previous year: ₹ 313.41 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 ₹ 1,748.67 crore (previous year: ₹ 1,454.96 crore) out of profits for the year ended March 31, 2018 to the General Reserve.

Investment Reserve Account

During the year ended March 31, 2018, the Bank has transferred ₹ 44.20 crore (net) from the Investment Reserve Account to the Profit and Loss Account as per the RBI guidelines. In the previous year, the Bank had appropriated ₹ 4.29 crore (net) from the Profit and Loss Account to the Investment Reserve Account as per RBI guidelines.

6 Dividend on shares allotted pursuant to exercise of stock options

The Bank may allot equity shares after the Balance Sheet date but before the book closure date pursuant to the exercise of any employee stock options. These equity shares will be eligible for full dividend for the year ended March 31, 2018, if approved at the ensuing Annual General Meeting.

7 Accounting for employee share based payments

HDFC Bank Limited

The shareholders of the Bank approved the grant of equity share options under Plan “C” in June 2005, Plan “D” in June 2007, Plan “E” in June 2010, Plan “F” in June 2013 and Plan “G” in July 2016. Under the terms of each of these Plans, the Bank may issue to its employees and Whole Time Directors, Equity Stock Options (‘ESOPs’) each of which is convertible into one equity share. All the plans were framed in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and as applicable at the time of the grant. The accounting for the stock options has been in accordance with the 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 grant. The period in which the options may be exercised cannot exceed five years. During the years ended March 31, 2018 and March 31, 2017, no modifications were made to the terms and conditions of ESOPs as approved by the NRC.

Activity in the options outstanding under the Employee Stock Options Plans

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2018:

Particulars	Number of Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	9,21,56,300	904.97
Granted during the year	1,68,82,050	1,433.23
Exercised during the year	3,25,44,550	837.59
Forfeited / Lapsed during the year	10,50,000	1,050.05
Options outstanding, end of year	7,54,43,800	1,050.22
Options exercisable	4,68,10,250	901.44

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2017:

Particulars	Number of Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	12,86,54,300	840.19
Granted during the year	-	-
Exercised during the year	3,43,59,200	658.20
Forfeited / Lapsed during the year	21,38,800	972.97
Options outstanding, end of year	9,21,56,300	904.97
Options exercisable	5,63,14,000	835.06

- The following table summarises the information about stock options outstanding as at March 31, 2018:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	680.00 to 835.50	32,61,500	1.32	685.72
Plan D	680.00	16,35,700	1.43	680.00
Plan E	680.00	62,24,900	1.51	680.00
Plan F	835.50 to 1,462.15	6,43,21,700	3.59	1,113.95

- The following table summarises the information about stock options outstanding as at March 31, 2017:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	680.00 to 835.50	46,44,400	2.34	690.91
Plan D	680.00	33,34,300	2.33	680.00
Plan E	468.40 to 680.00	1,50,94,600	2.18	650.01
Plan F	835.50 to 1,097.80	6,90,83,000	3.90	985.92

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 1,68,82,050 options during the year ended March 31, 2018 (previous year: Nil). The various assumptions considered in the pricing model for the ESOPs granted during the year ended March 31, 2018 are:

Particulars	March 31, 2018
Dividend yield	0.65% to 0.66%
Expected volatility	19.94% to 21.65%
Risk - free interest rate	6.73% to 7.20%
Expected life of the options	1 - 7.25 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, 2018	March 31, 2017
Net profit (as reported)	17,486.75	14,549.66
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock based compensation expense determined under fair value based method (*proforma*)	650.41	812.75
Net profit (*proforma*)	16,836.34	13,736.91
	(₹)	(₹)
Basic earnings per share (as reported)	67.76	57.18
Basic earnings per share (*proforma*)	65.24	53.99
Diluted earnings per share (as reported)	66.84	56.43
Diluted earnings per share (*proforma*)	64.36	53.28

HDFC Securities Limited

The Shareholders of the Company approved a stock option scheme (viz. ESOS - II) in February 2017 ("Company Options"). Under the terms of the scheme, the Company issues stock options to employees, whole time director, managing director and directors (excluding Independent Directors) of the Company, each of which is convertible into one equity share.

Scheme ESOS - II provides for the issuance of options at the recommendation of the Compensation Committee of the Board of Directors (the "Compensation Committee") at a price of ₹ 1,136/- per share, being the fair market value of the share arrived by considering the average price of the two independent valuation reports. Method of settlement of this options are equity shares of the Company. Weighted average remaining contractual life of these options is 22 months.

Such options vest at definitive dates, save for specific incidents, prescribed in the scheme as framed / approved by the Compensation Committee. Such options are exercisable for a period following the vesting at the discretion of the Compensation Committee.

Method used for accounting for shared based payment plan

The Company uses the Intrinsic Value method to account for the compensation cost of stock options to employees of the Company.

Activity in the options outstanding under the Employee Stock Options Plan

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2018:

Particulars	Company options	Weighted average exercise price (₹)
Options outstanding, beginning of year	2,80,000	1,136
Granted during the year	-	-
Exercised during the year	69,550	1,136
Forfeited / Lapsed during the year	9,000	1,136
Options outstanding, end of year	2,01,450	1,136
Options exercisable	2,01,450	1,136

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2017:

Particulars	Company options	Weighted average exercise price (₹)
Options outstanding, beginning of year	-	-
Granted during the year	2,80,000	1,136
Exercised during the year	-	-
Forfeited / Lapsed during the year	-	-
Options outstanding, end of year	2,80,000	1,136
Options exercisable	-	-

- The following table summarises the information about stock options outstanding as at March 31, 2018:

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	201,450	1.8 Years	1,136

- The following table summarises the information about stock options outstanding as at March 31, 2017:

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	2,80,000	4.1 years	1,136

Fair value methodology

The fair value of options used to compute *proforma* net income and earnings per equity share have been estimated on dates of each grant using the Black and Scholes model. The shares of the Company are not listed on any stock exchange. Accordingly, the Company has considered the volatility of its stock price as an average of the historical volatility of similar listed enterprises for the purpose of calculating the fair value to reduce any company specific variations. The various assumptions considered in the pricing model for the stock options granted by the Company.

Particulars	March 31, 2017
Dividend yield	3.52%
Expected volatility	43.53% to 42.48%
Risk - free interest rate	6.60% to 6.90%
Expected life of the options	3 to 5 years

Impact of the fair value method on the net profit and earning per share

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

(₹ crore)

Particulars	March 31, 2018	March 31, 2017
Net Profit (as reported)	344.42	215.90
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method (*proforma*)	2.64	0.78
Net Profit (*proforma*)	341.78	215.12
	(₹)	(₹)
Basic earnings per share (as reported)	222.40	139.45
Basic earnings per share (*proforma*)	220.69	138.95
Diluted earnings per share (as reported)	221.84	139.45
Diluted earnings per share (*proforma*)	220.14	138.95

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-5 on July 27, 2011, ESOS-6 on June 11, 2012, ESOS-7 on July 19, 2013, ESOS-8 on July 14, 2015, ESOS-9 on October 18, 2016 and ESOS-10 on October 13, 2017. Under the term of the schemes, the Company may issue stock options to employees and directors of the Company, each of which is convertible into one equity share.

Such options vest at a definitive date, save for specific incidents, prescribed in the scheme as framed / approved by the NRC. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to a maximum of two years from the date of vesting for ESOS-5, ESOS-6, ESOS-7 and ESOS-8 and maximum of four years from the date of vesting for ESOS-9 and ESOS-10.

Method used for accounting for shared based payment plan

The Company uses intrinsic value to account for the compensation cost of stock options to employees of the Company.

Activity in the options outstanding under the Employee Stock Option Plans

- Activity in the options outstanding under the various Employee Stock Option Plan as at March 31, 2018:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	58,78,660	112.46
Granted during the year	33,40,250	213.00
Exercised during the year	26,91,960	106.74
Forfeited / Lapsed during the year	2,57,000	114.01
Options outstanding, end of year	62,69,950	168.41

- Activity in the options outstanding under the various Employee Stock Option Plan as at March 31, 2017:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	48,42,950	88.41
Granted during the year	31,17,500	137.00
Exercised during the year	15,79,440	77.86
Forfeited / Lapsed during the year	5,02,350	93.46
Options outstanding, end of year	58,78,660	112.46

For the year ended March 31, 2018

- The following table summarises the information about stock options outstanding as at March 31, 2018:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
ESOS - 8	88.00	11,15,000	2.47	88.00
ESOS - 9	137.00	18,44,200	5.02	137.00
ESOS- 10	213.00	33,10,750	5.69	213.00

- The following table summarises the information about stock options outstanding as at March 31, 2017:

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 - 6	31.00	1,200	0.50	31.00
ESOS - 7	56.00	1,02,700	0.50	56.00
ESOS - 8	88.00	27,71,260	2.74	88.00
ESOS - 9	137.00	30,03,500	5.49	137.00

Fair Value methodology

The fair value of options used to compute *proforma* net income and earnings per equity share have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company has considered the volatility of its stock price as zero, since historical volatility of similar listed enterprise was not available. The various assumptions considered in the pricing model for the stock options granted by the Company during the year ended March 31, 2018 are:

Particulars	March 31, 2018	March 31, 2017
Dividend yield	0.70%	0.88%
Expected volatility	Nil	Nil
Risk-free interest rate	6.44%	6.54%
Expected life of the option	3.05 years	3 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, 2018	March 31, 2017
Net Profit (as reported)	951.74	684.21
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method (*proforma*)	12.03	8.36
Net Profit (*proforma*)	939.71	675.85
	(₹)	(₹)
Basic earnings per share (as reported)	12.18	9.64
Basic earnings per share (*proforma*)	12.03	9.52
Diluted earnings per share (as reported)	12.16	9.64
Diluted earnings per share (*proforma*)	12.01	9.52

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, 2018	March 31, 2017
Net Profit (as reported)	18,510.02	15,253.03
Less: Stock-based compensation expense determined under fair value based method (*proforma*)	665.08	821.89
Net Profit (*proforma*)	17,844.94	14,431.14
	(₹)	(₹)
Basic earnings per share (as reported)	71.73	59.95
Basic earnings per share (*proforma*)	69.15	56.72
Diluted earnings per share (as reported)	70.76	59.16
Diluted earnings per share (*proforma*)	68.21	55.97

8 Other liabilities

The Bank has presented gross unrealised gain on foreign exchange and derivative contracts under other assets and gross unrealised loss on foreign exchange and derivative contracts under other liabilities. Accordingly, other liabilities as at March 31, 2018 include unrealised loss on foreign exchange and derivative contracts of ₹ 5,093.04 crore (previous year: ₹ 13,880.38 crore).

9 Investments

HDFC Bank Limited

The details of securities that are kept as margin are as under:

(₹ crore)

Sr. No.	Particulars	Face value as at March 31,	
		2018	2017
I.	Securities kept as margin with Clearing Corporation of India towards:		
	a) Collateral and funds management - Securities segment	1,520.00	1,520.00
	b) Collateral and funds management - Collateralised Borrowing and Lending Obligation (CBLO) segment	25,770.78	24,488.31
	c) Default fund - Forex Forward segment	100.00	100.00
	d) Default fund - Forex Settlement segment	41.05	11.05
	e) Default fund - Rupee Derivatives (Guaranteed Settlement) segment	41.00	41.00
	f) Default fund - Securities segment	65.00	65.00
	g) Default fund - CBLO segment	25.00	25.00
II.	Securities kept as margin with the RBI towards:		
	a) Real Time Gross Settlement (RTGS)	90,130.65	42,730.27
	b) Repo transactions	16,307.49	41,473.92
	c) Reverse repo transactions	58,341.00	4,690.56
III.	Securities kept as margin with National Securities Clearing Corporation of India (NSCCIL) towards NSE Currency Derivatives segment.	16.00	16.00
IV.	Securities kept as margin with Indian Clearing Corporation Limited towards BSE Currency Derivatives segment.	241.00	5.00
V.	Securities kept as margin with Metropolitan Clearing Corporation of India towards MCX Currency Derivatives segment.	13.00	13.00

For the year ended March 31, 2018

HDFC Securities Limited

(₹ crore)

Sr. No.	Particulars	March 31, 2018	March 31, 2017
I.	Mutual funds marked as lien with stock exchange for margin requirement	599.06	182.56

10 Other fixed assets

Other fixed assets includes amount capitalised relating to software, Bombay Stock Exchange card and electronic trading platform. Details regarding the same are tabulated below: (₹ crore)

Particulars	March 31, 2018	March 31, 2017
Cost		
As at March 31 of the previous year	2,188.08	1,774.82
Additions during the year	266.40	413.26
Deductions during the year	-	-
Total (a)	**2,454.48**	**2,188.08**
Depreciation		
As at March 31 of the previous year	1,509.12	1,248.71
Charge for the year	282.61	260.41
On deductions during the year	-	-
Total (b)	**1,791.73**	**1,509.12**
Net value (a-b)	**662.75**	**678.96**

11 Other assets

Other assets include deferred tax asset (net) of ₹ 3,532.07 crore (previous year: ₹ 2,587.06 crore). The break-up of the same is as follows:

(₹ crore)

Particulars	March 31, 2018	March 31, 2017
Deferred tax asset arising out of:		
Loan loss provisions	2,945.98	2,207.53
Employee benefits	186.11	175.39
Others	446.58	322.66
Total (a)	**3,578.67**	**2,705.58**
Deferred tax liability arising out of:		
Depreciation	(46.60)	(118.52)
Total (b)	**(46.60)**	**(118.52)**
Deferred tax asset (net) (a-b)	**3,532.07**	**2,587.06**

12 Provisions and contingent liabilities

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

For the year ended March 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
Opening provision for reward points	431.24	306.36
Provision for reward points made during the year	261.95	334.24
Utilisation / write back of provision for reward points	(222.07)	(209.36)
Closing provision for reward points	471.12	431.24

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

Particulars	March 31, 2018	March 31, 2017
Opening provision	311.90	344.56
Movement during the year (net)	2.11	(32.66)
Closing provision	314.01	311.90

c) Provision pertaining to fraud accounts

Particulars	March 31, 2018	March 31, 2017
No. of frauds reported during the year	3,612	2,319
Amount involved in fraud (₹ crore)	146.55	165.20
Amount involved in fraud net of recoveries / write-offs as at the end of the year (₹ crore)	119.02	20.83
Provisions held as at the end of the year (₹ crore)	119.02	20.83
Amount of unamortised provision debited from “other reserves” as at the end of the year (₹ crore)	-	-

d) Description of contingent liabilities

Sr. No.	Contingent liability*	Brief description
1	Claims against the Group not acknowledged as debts - taxation	The Group is a party to various taxation matters in respect of which appeals are pending. The Group expects the outcome of the appeals to be favourable 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.

For the year ended March 31, 2018

Sr.No.	Contingent liability*	Brief description
3	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter-bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest / principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments such as foreign exchange contracts and derivatives provide a basis for comparison with instruments recognised on the Balance Sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms.
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the Bank's customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
5	Other items for which the Group is contingently liable	These include: a) Credit enhancements in respect of securitised-out loans; b) Bills rediscounted by the Bank; c) Capital commitments; d) Underwriting commitments; e) Investment purchases pending settlement; f) Amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF).

**Also refer Schedule 12 - Contingent Liabilities*

13 Commission, exchange and brokerage income

Commission, exchange and brokerage income is net of correspondent bank charges.

14 Provisions and contingencies

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

Particulars		March 31, 2018	March 31, 2017
Provision for income tax	- Current	10,848.11	8,424.16
	- Deferred	(945.03)	(346.04)
Provision for NPAs		5,487.32	3,503.37
Provision for diminution in value of non-performing investments		30.80	(7.64)
Provision for standard assets		657.58	431.23
Other provisions and contingencies*		396.12	63.85
Total		**16,474.90**	**12,068.93**

**Includes provisions for tax, legal and other contingencies ₹ 396.98 crore (previous year: ₹ 38.72 crore), floating provisions Nil (previous year: ₹ 25.00 crore), provisions / (write back) for securitised-out assets ₹ 2.14 crore (previous year: ₹ 2.62 crore) and standard restructured assets ₹ (3.00) crore (previous year: ₹ (2.50) crore).*

For the year ended March 31, 2018

15 Employee benefits

Gratuity (₹ crore)

Particulars	March 31, 2018	March 31, 2017
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	548.50	401.93
Addition due to amalgamation	-	33.48
Interest cost	39.12	29.11
Current service cost	78.58	74.76
Benefits paid	(48.11)	(45.47)
Actuarial (gain) / loss on obligation:		
Experience adjustment	13.69	39.69
Assumption change	(17.72)	15.00
Present value of obligation as at March 31	**614.06**	**548.50**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	390.23	295.46
Addition due to amalgamation	-	20.76
Expected return on plan assets	29.87	24.83
Contributions	87.71	60.10
Benefits paid	(48.11)	(45.47)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	(2.35)	31.19
Assumption change	-	3.36
Fair value of plan assets as at March 31	**457.35**	**390.23**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	457.35	390.23
Present value of obligation as at March 31	(614.06)	(548.50)
Asset / (liability) as at March 31	**(156.71)**	**(158.27)**
Expenses recognised in Statement of Profit and Loss		
Interest cost	39.12	29.11
Current service cost	78.58	74.76
Expected return on plan assets	(29.87)	(24.83)
Net actuarial (gain) / loss recognised in the year	(1.68)	20.13
Net cost	**86.15**	**99.17**
Actual return on plan assets	27.52	59.38
Estimated contribution for the next year	114.31	94.73
Assumptions (HDFC Bank Limited)		
Discount rate	7.5% per annum	7.1% per annum
Expected return on plan assets	7.0% per annum	7.0% per annum
Salary escalation rate	8.0% per annum	8.0% per annum
Assumptions (HDFC Securities Limited)		
Discount rate	7.4% per annum	6.8% per annum
Expected return on plan assets	8.0% per annum	7.6% per annum
Salary escalation rate	11.0% per annum	12.0% per annum
Assumptions (HDB Financial Services Limited)		
Discount rate	7.2% per annum	6.4% - 6.5% per annum
Expected return on plan assets	7.5 % per annum	7.5% per annum
Salary escalation rate	5.0% - 7.0% per annum	5.0% - 7.5% per annum

Experience adjustment (₹ crore)

Particulars	Years ended March 31,				
	2018	2017	2016	2015	2014
Plan assets	457.35	390.23	295.46	248.13	176.20
Defined benefit obligation	614.06	548.50	401.93	318.37	242.71
Surplus / (deficit)	(156.71)	(158.27)	(106.47)	(70.24)	(66.51)
Experience adjustment gain / (loss) on plan assets	(2.35)	31.19	(13.61)	21.27	1.82
Experience adjustment (gain) / loss on plan liabilities	13.69	39.69	16.27	4.84	6.30

Expected rate of return on investments is determined based on the assessment made by the Group at the beginning of the year with regard to its existing portfolio. Major categories of plan assets as a percentage of fair value of total plan assets as at March 31, 2018 are given below:

Category of plan assets	HDFC Bank Limited	HDFC Securities Limited	HDB Financial Services Limited
Government securities	25.2%	43.0%	93.1%
Debenture and bonds	28.9%	43.0%	4.1%
Equity shares	43.1%	11.0%	-
Others	2.8%	3.0%	2.8%
Total	**100.0%**	**100.0%**	**100.0%**

Pension (₹ crore)

Particulars	March 31, 2018	March 31, 2017
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	73.55	70.88
Interest cost	5.19	4.80
Current service cost	0.74	1.23
Benefits paid	(8.75)	(6.62)
Actuarial (gain) / loss on obligation:		
Experience adjustment	3.95	4.65
Assumption change	(1.62)	(1.39)
Present value of obligation as at March 31	**73.06**	**73.55**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	36.16	38.38
Expected return on plan assets	2.36	2.61
Contributions	0.94	1.03
Benefits paid	(8.75)	(6.62)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	0.59	0.39
Assumption change	-	0.37
Fair value of plan assets as at March 31	**31.30**	**36.16**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	31.30	36.16
Present value of obligation as at March 31	(73.06)	(73.55)
Asset / (liability) as at March 31	**(41.76)**	**(37.39)**

For the year ended March 31, 2018

Particulars	March 31, 2018	March 31, 2017
Expenses recognised in Statement of Profit and Loss		
Interest cost	5.19	4.80
Current service cost	0.74	1.23
Expected return on plan assets	(2.36)	(2.61)
Net actuarial (gain) / loss recognised in the year	1.74	2.50
Net cost	**5.31**	**5.92**
Actual return on plan assets	2.95	3.37
Estimated contribution for the next year	13.79	7.18
Assumptions		
Discount rate	7.5% per annum	7.1% per annum
Expected return on plan assets	7.0% per annum	7.0% per annum
Salary escalation rate	8.0% per annum	8.0% per annum

Experience adjustment **(₹ crore)**

Particulars	Years ended March 31,				
	2018	2017	2016	2015	2014
Plan assets	31.30	36.16	38.38	41.91	47.99
Defined benefit obligation	73.06	73.55	70.88	57.45	58.89
Surplus / (deficit)	(41.76)	(37.39)	(32.50)	(15.54)	(10.90)
Experience adjustment gain / (loss) on plan assets	0.59	0.39	1.43	(2.38)	3.45
Experience adjustment (gain) / loss on plan liabilities	3.95	4.65	17.35	(0.19)	3.62

Expected rate of return on investments is determined based on the assessment made by the Bank at the beginning of the year with regard to its existing portfolio. Major categories of plan assets as a percentage of fair value of total plan assets as at March 31, 2018 are given below:

Category of plan assets	% of fair value to total plan assets as at March 31, 2018
Government securities	5.9%
Debenture and bonds	78.9%
Others	15.2%
Total	**100.0%**

Provident fund

The guidance note on AS-15, Employee Benefits, states that employer established provident funds, where interest is guaranteed are to be considered as defined benefit plans and the liability has to be valued. The 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, 2018 (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, 2018	March 31, 2017
Discount rate (GOI security yield)	7.5% per annum	7.1% per annum
Expected guaranteed interest rate	8.6% per annum	8.7% per annum

The Bank does not have any unfunded defined benefit plan. The Group contributed ₹ 308.21 crore (previous year: ₹ 292.00 crore) to the provident fund. The Bank contributed ₹ 67.68 crore (previous year: ₹ 78.67 crore) to the superannuation plan.

Compensated absences

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the Group is given below:

(₹ crore)

Particulars	March 31, 2018	March 31, 2017
Privileged leave	283.08	254.28
Sick leave	62.67	56.12
Total actuarial liability	**345.75**	**310.40**
Assumptions (HDFC Bank Limited)		
Discount rate	7.5% per annum	7.1% per annum
Salary escalation rate	8.0% per annum	8.0% per annum
Assumptions (HDFC Securities Limited)		
Discount rate	7.4% per annum	6.8% per annum
Salary escalation rate	11.0% per annum	12.0% per annum
Assumptions (HDB Financial Services Limited)		
Discount rate	7.2% per annum	6.4% - 6.5% per annum
Salary escalation rate	5.0% - 7.0% per annum	5.0% - 7.5% per annum

16 Segment Reporting

Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. The Group operates in the following segments:

(a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending, gains or losses on investment operations and on account of trading in foreign exchange and derivative contracts.

(b) Retail banking

The retail banking segment of the Bank serves retail customers through a branch network and other delivery channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof.

Revenues of the retail banking segment are derived from interest earned on retail loans, interest earned from other segments for surplus funds placed with those segments, subvention received from dealers and manufacturers, fees from services rendered, foreign exchange earnings on retail products etc. Expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

(c) Wholesale banking

The wholesale banking segment provides loans, non-fund facilities and transaction services to large corporates, emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers, interest / fees earned on the cash float arising from transaction services, earnings from trade services and other non-fund facilities and also earnings from foreign exchange and derivative transactions on behalf of customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

(d) Other banking business

This segment includes income from para banking activities such as credit cards, debit cards, third party product distribution, primary dealership business and the associated costs. This segment also includes Bank's subsidiaries.

(e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes capital and reserves, debt classified as Tier I or Tier II capital and other unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Interest income is charged by a segment that provides funding to another segment, based on yields benchmarked to an internally approved yield curve or at a certain agreed transfer price rate. Transaction charges are levied by the retail banking segment to the wholesale banking segment for the use by its customers of the retail banking segment's branch network or other delivery channels. Such transaction costs are determined on a cost plus basis. Segment capital employed represents the net assets in that segment.

Geographic segments

The geographic segments of the Bank are categorised as domestic operations and foreign operations. Domestic operations comprise branches in India and foreign operations comprise branches outside India.

Segment reporting for the year ended March 31, 2018 is given below:

Business segments: **(₹ crore)**

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	19,841.37	73,843.05	41,504.13	18,141.93	153,330.48
2	Unallocated revenue					-
3	Less: Inter-segment revenue					51,986.03
4	Income from operations (1) + (2) - (3)					101,344.45
5	Segment results	1,540.00	9,971.72	11,720.51	7,254.51	30,486.74
6	Unallocated expenses					2,022.81
7	Income tax expense (including deferred tax)					9,903.08
8	Net profit (5) - (6) - (7)					18,560.85
9	Segment assets	350,894.38	371,906.59	297,040.57	76,847.35	1,096,688.89
10	Unallocated assets					6,497.28
11	Total assets (9) + (10)					1,103,186.17
12	Segment liabilities	55,349.70	598,785.46	270,287.20	39,672.93	964,095.29
13	Unallocated liabilities					29,135.42
14	Total liabilities (12) + (13)					993,230.71
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	295,544.68	(226,878.87)	26,753.37	37,174.42	132,593.60
16	Unallocated (10) - (13)					(22,638.14)
17	Total (15) + (16)					109,955.46
18	Capital expenditure	5.77	729.47	73.05	164.81	973.10
19	Depreciation	11.58	723.91	92.36	138.93	966.78
20	Provisions for non - performing assets / others*	35.36	3,539.06	1,565.79	1,417.43	6,557.64
21	Unallocated other provisions*					14.18

**Represents material non-cash charge other than depreciation and taxation*

For the year ended March 31, 2018

Geographic segments: (₹ crore)

Particulars	Domestic	International
Revenue	100,526.33	818.12
Assets	1,076,239.64	26,946.53
Capital expenditure	972.75	0.35

Segment reporting for the year ended March 31, 2017 is given below:

Business segments: (₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	20,326.18	66,147.50	32,587.85	13,593.23	132,654.76
2	Unallocated revenue					-
3	Less: Inter-segment revenue					46,505.77
4	Income from operations (1) + (2) - (3)					86,148.99
5	Segment results	1,659.11	8,432.16	10,123.04	4,591.77	24,806.08
6	Unallocated expenses					1,440.55
7	Income tax expense (including deferred tax)					8,078.12
8	Net profit (5) - (6) - (7)					15,287.41
9	Segment assets	263,356.40	295,828.92	272,148.83	55,709.83	887,043.98
10	Unallocated assets					5,300.18
11	Total assets (9) + (10)					892,344.16
12	Segment liabilities	38,732.49	525,792.90	191,254.90	29,023.68	784,803.97
13	Unallocated liabilities					15,454.80
14	Total liabilities (12) + (13)					800,258.77
15	Capital Employed (9) - (12) (Segment Assets - Segment Liabilities)	224,623.91	(229,963.98)	80,893.93	26,686.15	102,240.01
16	Unallocated (10) - (13)					(10,154.62)
17	Total (15) + (16)					92,085.39
18	Capital expenditure	32.85	846.56	150.30	227.58	1,257.29
19	Depreciation	10.15	659.66	90.78	125.60	886.19
20	Provisions for non - performing assets / others*	(7.64)	2,159.35	841.13	1,002.68	3,995.52
21	Unallocated other provisions*					(4.71)

** Represents material non-cash charge other than depreciation and taxation*

Geographic segments: (₹ crore)

Particulars	Domestic	International
Revenue	85,125.34	1,023.65
Assets	868,432.68	23,911.48
Capital expenditure	1,255.83	1.46

For the year ended March 31, 2018

17 Related party disclosures

As per AS-18 Related Party Disclosures, the Group's related parties are disclosed below:

Promoter

Housing Development Finance Corporation Limited

Associates

International Asset Reconstruction Company Private Limited (ceased to be an associate with effect from March 9, 2018)

Key management personnel

Aditya Puri, Managing Director

Paresh Sukthankar, Deputy Managing Director

Kaizad Bharucha, Executive Director

Related parties to key management personnel

Salisbury Investments Private Limited, Tanaksh Innovations Private Limited, Akuri by Puri, Anita Puri, Amit Puri, Amrita Puri, Adishwar Puri, Aarti Sood, Sangeeta Sukthankar, Dattatraya Sukthankar, Shubhada Sukthankar, Akshay Sukthankar, Ankita Sukthankar, Madhavi Lad, Havovi Bharucha, Huzaan Bharucha, Danesh Bharucha, Daraius Bharucha.

In accordance with paragraph 5 of AS - 18, the Bank has not disclosed certain transactions with relatives of key management personnel as they are in the nature of banker-customer relationship.

A specific related party transaction is a significant transaction wherever it exceeds 10% of all related party transactions in that category. Transactions between the Bank and Housing Development Finance Corporation Limited exceed 10% of all related party transactions in that category.

The Group's related party balances and transactions for the year ended March 31, 2018 are summarised as follows: **(₹ crore)**

Items / related party	Promoter	Associates	Key management personnel	Total
Deposits taken	3,250.77 (3,250.77)	- -	14.10 (37.45)	3,264.87 (3,288.22)
Deposits placed	0.47 (0.47)	- -	2.51 (2.51)	2.98 (2.98)
Advances given	- -	- -	3.16 (3.45)	3.16 (3.45)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-
Interest paid to	5.96	1.70	1.05	8.71
Interest received from	13.28	-	0.12	13.40

For the year ended March 31, 2018

Items / related party	Promoter	Associates	Key management personnel	Total
Income from services rendered to	264.27	-	-	264.27
Expenses for receiving services from	405.17	-	0.76	405.93
Equity investments	- -	- -	- -	- -
Other investments	1,603.88 (1,603.88)	- -	- -	1,603.88 (1,603.88)
Dividend paid to	432.53	-	5.67	438.20
Dividend received from	-	-	-	-
Receivable from	28.34 (60.79)	- -	- -	28.34 (60.79)
Payable to	32.78 (36.17)	- -	- -	32.78 (36.17)
Guarantees given	0.25 (0.27)	- -	- -	0.25 (0.27)
Remuneration paid	-	-	19.29	19.29
Loans purchased from	5,623.94	-	-	5,623.94

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.

Remuneration paid excludes value of employee stock options exercised during the year.

The Bank being an authorised dealer, deals in foreign exchange and derivative transactions with parties which include its promoter. The foreign exchange and derivative transactions are undertaken in line with the RBI guidelines. The notional principal amount of foreign exchange and derivative contracts transacted with the promoter that were outstanding as at March 31, 2018 is ₹ 5,972.14 crore (previous year: ₹ 665.77 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms is ₹ 80.76 crore (previous year: ₹ 40.18 crore).

During the year ended March 31, 2018, the Bank purchased debt securities from Housing Development Finance Corporation Limited ₹ 2,105.00 crore (previous year: ₹ 2,320.00 crore) issued by it.

During the year ended March 31, 2018, the Bank paid rent of ₹ 0.66 crore (previous year: ₹ 0.66 crore) to party related to the Bank's key management personnel in relation to residential accommodation. As at March 31, 2018, the security deposit outstanding was ₹ 3.50 crore (previous year: ₹ 3.50 crore).

The Group's related party balances and transactions for the year ended March 31, 2017 are summarised as follows: **(₹ crore)**

Items / related party	Promoter	Associates	Key management personnel	Total
Deposits taken	2,500.25 (2,500.25)	25.05 (25.05)	13.61 (60.14)	2,538.91 (2,585.44)
Deposits placed	0.15 (0.15)	- -	2.51 (2.51)	2.66 (2.66)
Advances given	- -	0.05 (0.05)	3.44 (3.44)	3.49 (3.49)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-
Interest paid to	5.57	0.51	1.02	7.10

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For the year ended March 31, 2018

Items / related party	Promoter	Associates	Key management personnel	Total
Interest received from	-	-	0.03	0.03
Income from services rendered to	207.45	-	-	207.45
Expenses for receiving services from	343.10	-	0.76	343.86
Equity investments	- -	31.17 (31.17)	- -	31.17 (31.17)
Other investments	- (126.48)	- -	- -	- (126.48)
Dividend paid to	373.55	-	4.49	378.04
Dividend received from	-	-	-	-
Receivable from	23.16 (23.16)	- -	- -	23.16 (23.16)
Payable to	33.67 (33.67)	- -	- -	33.67 (33.67)
Guarantees given	0.12 (0.14)	- -	- -	0.12 (0.14)
Remuneration paid	-	-	20.79	20.79
Loans purchased from	13,845.65	-	-	13,845.65

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.

18 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, 2018	March 31, 2017
Not later than one year	1,016.13	995.56
Later than one year and not later than five years	3,303.45	3,185.49
Later than five years	3,626.31	3,154.93
Total	**7,945.89**	**7,335.98**
The total of minimum lease payments recognised in the Statement of Profit and Loss for the year	1,231.87	1,150.97
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	7.08	25.33
Sub-lease amounts recognised in the Statement of Profit and Loss for the year	8.06	11.31
Contingent (usage based) lease payments recognised in the Statement of Profit and Loss for the year	174.87	138.79

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.

19 Penalties levied by the RBI

During the year ended March 31, 2018, RBI did not impose any penalty on the Bank (previous year: ₹ 2.00 crore).

For the year ended March 31, 2018

20 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, 2018 and March 31, 2017. 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, 2018 was ₹ 0.03 crore (previous year: ₹ 0.02 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, 2018 was Nil (previous year: Nil).

21 Corporate social responsibility

Operating expenses include ₹ 391.92 crore (previous year: ₹ 313.31 crore) for the year ended March 31, 2018 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, 2018			March 31, 2017		
		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	391.92	-	391.92	313.31	-	313.31

22 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.

23 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation.

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Aditya Puri
Managing Director

Paresh Sukthankar
Deputy Managing Director

Kaizad Bharucha
Executive Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Sashidhar Jagdishan
Chief Financial Officer

Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Umesh Sarangi
Directors

Mumbai, April 21, 2018

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, 2017 to March 31, 2018	Reporting period of the subsidiary is the same as that of the holding company i.e. April 1, 2017 to March 31, 2018
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	15.55	782.94
5.	Reserves & surplus	985.24	5,419.29
6.	Total assets	1,637.80	44,753.92
7.	Total liabilities	637.01	38,551.69
8.	Investments	743.95	430.71
9.	Turnover	788.25	7,061.99
10.	Profit before taxation	524.16	1,464.52
11.	Provision for taxation	179.74	512.78
12.	Profit after taxation	344.42	951.74
13.	Proposed dividend (including tax thereon)*	205.91	150.78
14.	Extent of shareholding (in percentage)	97.7%	95.9%

* *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 Statement of Profit and Loss for the year ended March 31, 2018.*

Notes:

1. There are no subsidiaries that are yet to commence operations.
2. No subsidiaries were liquidated or sold during the year.

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Part B: Associate Companies and Joint Ventures

(₹ crore)

Sr. No.	Name of Associates or Joint Ventures	International Asset Reconstruction Company Private Limited ('IARC')
1.	Latest audited Balance Sheet Date	March 31, 2017*
2.	Date on which the Associate or Joint venture was associated or acquired	May 23, 2008
3.	Shares of Associate or Joint Ventures held by the company on the year end:	
	Number of shares	16,175,507
	Amount of investment in associates or joint venture	31.17
	Extent of holding (in percentage)	19.2%
4.	Description of how there is significant influence	Not Applicable (Refer Note 4)
5.	Reason why the associate or joint venture is not consolidated	Not Applicable (Refer Note 4)
6.	Net worth attributable to the Bank's shareholding	39.58*
7.	Profit / Loss for the period:	
	i. Considered in consolidated financial statements	0.52*
	ii. Not considered in consolidated financial statements	3.07*

* *Unaudited financial statements drawn up to December 31, 2017 have been considered for the purpose of the Consolidated Financial Statements for the year ended March 31, 2018.*

Notes:

1. There are no joint ventures as per Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures.
2. There are no associates or joint ventures that are yet to commence operations.
3. No associates or joint ventures were liquidated or sold during the year.
4. During the year ended March 31, 2018, the Bank's stake in IARC, hitherto at 29.4%, reduced to 19.2% due to further issue of equity shares made by IARC in which the Bank did not participate. Accordingly, IARC ceased to be an associate company of the Bank with effect from March 9, 2018.

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Paresh Sukthankar
Deputy Managing Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Aditya Puri
Managing Director

Kaizad Bharucha
Executive Director

Sashidhar Jagdishan
Chief Financial Officer

Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Umesh Sarangi
Directors

Mumbai, April 21, 2018

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Certificate of Compliance of Conditions of Corporate Governance

To The Members of
HDFC Bank Limited

We have examined the compliance of conditions of corporate governance by **HDFC Bank Limited** (the 'Company') for the year ended March 31, 2018, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company 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 Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of LODR.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]

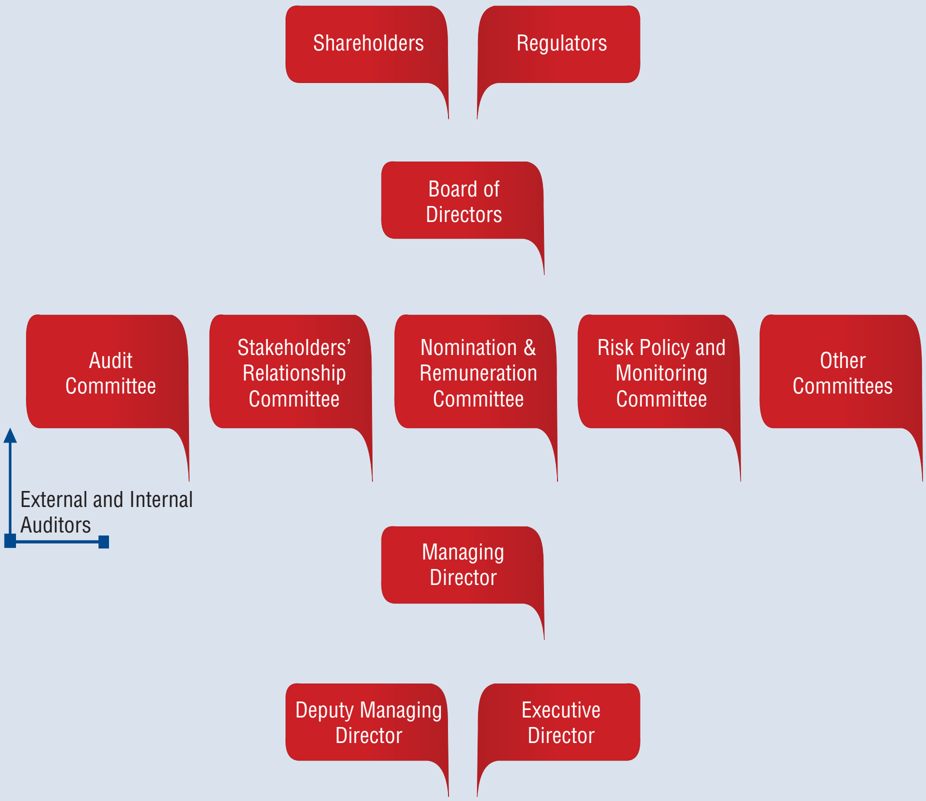
B Narasimhan
Partner
FCS No.: 1303
COP No.: 10440

Place: Mumbai

Date: May 22, 2018

[Report on Corporate Governance pursuant to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {"the SEBI Listing Regulations"} and forming a part of the report of the Board of Directors]

CORPORATE GOVERNANCE FRAMEWORK



- The Board of Directors of the Bank are the ultimate custodians of governance.
- The Board of Directors are accountable to various stakeholders such as-shareholders and regulatory authorities such as Reserve Bank of India, Securities and Exchange Board of India, Ministry of Corporate Affairs, etc.
- The Board of Directors has constituted various committees under it, each with defined roles and responsibilities - such as Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Risk Policy and Monitoring Committee, and other committees. The Statutory Auditors have a reporting responsibility to the Audit Committee.
- The Managing Director is responsible for the overall affairs of the Bank, under the superintendence, guidance and control of the Board of Directors.
- The Deputy Managing Director and the Executive Director, under the guidance of the Managing Director, have over-sight over important functions such as credit, risk management, finance, wholesale banking, etc.

PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Bank believes in adopting and adhering to the best recognized corporate governance practices and continuously benchmarking itself against each such practice. The Bank understands and respects its fiduciary role and responsibility towards its shareholders and strives hard to meet their expectations.

The Bank believes that best board practices, transparent disclosures and shareholder empowerment are necessary for creating shareholder value.

The Bank has infused the philosophy of corporate governance into all its activities. The philosophy on corporate governance is an important tool for shareholder protection and maximization of their long term values. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, sustainability, etc. serve as the means for implementing the philosophy of corporate governance in letter and 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 and the listing requirements of the Indian Stock Exchanges where the securities issued by the Bank are listed.

The Board has ten (10) Directors as on March 31, 2018.

Composition of the Board of Directors of the Bank as on March 31, 2018: Executive Directors: Mr. Aditya Puri (Managing Director), Mr. Paresh Sukthankar (Deputy Managing Director) and Mr. Kaizad Bharucha (Executive Director)

Non-Executive Directors: Mr. Keki Mistry and Mr. Srikanth Nadhamuni

Mr. Keki Mistry represents Housing Development Finance Corporation Limited (HDFC Limited) on the Board of the Bank.

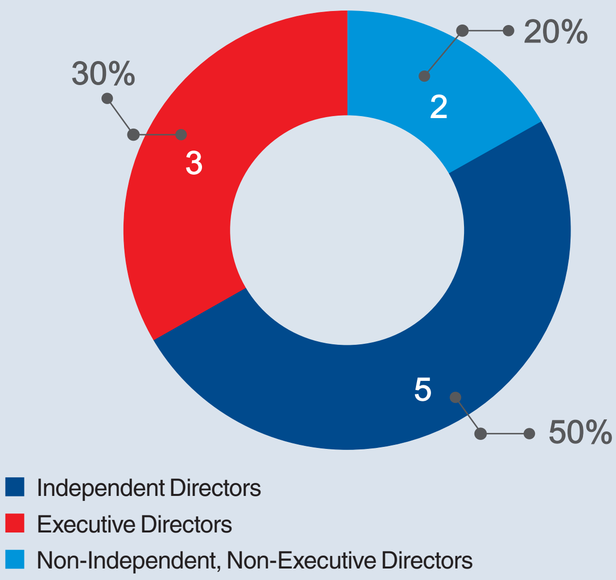
Independent Directors: Mrs. Shyamala Gopinath (Part-time Non Executive Chairperson), Mr. Partho Datta, Mr. Bobby Parikh, Mr. Malay Patel and Mr. Umesh Chandra Sarangi.

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.

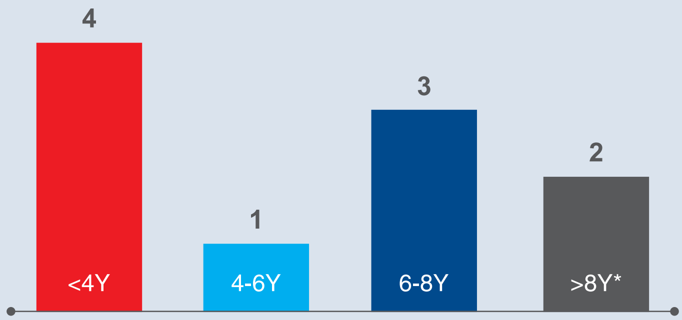
None of the Directors are related to each other.

Mrs. Renu Karnad and Mr. A. N. Roy resigned as directors of the Bank with effect from January 20, 2018 and January 31, 2018 respectively.

BOARD COMPOSITION

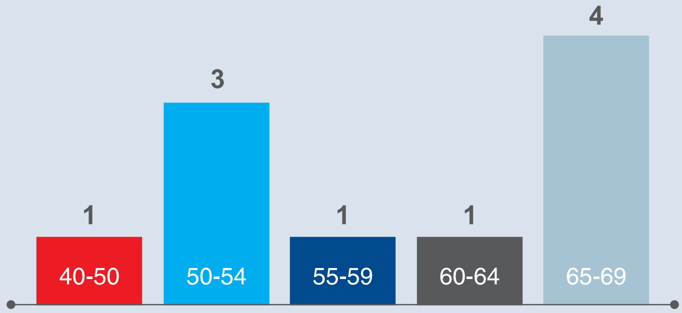


LENGTH OF SERVICE OF DIRECTORS - No. of years (Y)



*Pursuant to Banking Regulation Act, 1949, only the Chairperson and Wholetime directors may hold office for a period exceeding eight years.

AGE GROUP OF DIRECTORS



Details of directorships, memberships and chairpersonships of the committees of other companies for the current Directors of the Bank are as follows:

Name of Director	Directorships on the Board of other companies*	Memberships of Committees of other companies *
Mrs. Shyamala Gopinath	5	4 (1)
Mr. Partho Datta	2	2 (1)
Mr. Bobby Parikh	5	4 (1)
Mr. Malay Patel	-	-
Mr. Keki Mistry	8 (1)	8 (4)
Mr. Aditya Puri	(1)	-
Mr. Paresh Sukthankar	-	-
Mr. Kaizad Bharucha	-	-
Mr. Umesh Chandra Sarangi	-	-
Mr. Srikanth Nadhamuni	-	-

** 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/Chairperson, all public limited companies, whether listed or not, are included. Private Limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 are excluded. Further, Chairpersonships/ Memberships of only the Audit Committee and the Stakeholders' Relationship Committee have been considered.

PROFILE OF BOARD OF DIRECTORS

The profile of the Directors of the Bank as on March 31, 2018 is as under:

Mrs. Shyamala Gopinath

Mrs. Shyamala Gopinath, aged 68 years, holds a Master's Degree in Commerce and is a CAIIB. Mrs. Shyamala Gopinath has over 40 years of experience in financial sector policy formulation in different capacities at RBI. As Deputy Governor of RBI for seven years, and a member of the RBI's Board of Directors, she guided and influenced national policies in diverse areas such as regulation and supervision, development of financial markets, capital account management, management of government borrowings, forex reserves management and payment and settlement system. She has served on several Committees while with the RBI. During 2001-03, she worked as senior financial sector expert in the then Monetary Affairs and Exchange Department of the International Monetary Fund (Financial Institutions Division). She was on the Corporate Bonds and Securitisation Advisory Committee (CoBoSAC), a Sub-Committee of SEBI. She served as the Chairperson on the Advisory Board on Bank, Commercial and Financial Frauds for two years from 2012 to 2014. She was an Independent Director on the Boards of Clearing Corporation of India Limited, Indian Oil Corporation Limited and GAIL (India) Limited. Apart from HDFC Bank, she is an Independent Director on few other companies including not for profit entities. She is also Chairperson of the Board of Governors of Indian Institute of Management, Raipur.

Mrs. Gopinath does not hold any shares in the Bank as on March 31, 2018.

Mr. Aditya Puri

Mr. Aditya Puri, aged 67 years, holds a Bachelor's degree in Commerce from Punjab University and is an Associate Member of the Institute of Chartered Accountants of India.

Prior to joining the Bank, Mr. Puri was the Chief Executive Officer of Citibank, Malaysia from 1992 to 1994. Mr. Puri has been the Managing Director of the Bank since September 1994. Mr. Puri has over four decades of experience in the banking sector in India and abroad.

Mr. Puri has provided outstanding leadership as the Managing Director and has contributed significantly to enable the Bank scale phenomenal heights under his stewardship. During the year, Mr. Puri was awarded the Lifetime Achievement Award by Businessworld magazine for his contribution to banking. The numerous awards won by Mr. Puri and the Bank are a testimony to the tremendous credibility that Mr. Puri has built for himself and the Bank over the years.

The Bank has made good and consistent progress on key parameters like balance sheet size, total deposits, net revenues, earnings per share and net profit during Mr. Puri's tenure.

The rankings achieved by the Bank amongst all Indian banks with regard to market capitalization, profit after tax and balance sheet size remain amongst the top 10.

During his tenure, Mr. Puri has led the Bank through two major mergers in the Indian banking industry i.e. merger of Times Bank Limited and Centurion Bank of Punjab Limited with HDFC Bank Limited. The subsequent integrations have been smooth and seamless under his inspired leadership.

Mr. Puri's vision and strategy have been the driving force behind the Bank's foray into the world of “Digital Banking” resulting in the roll out of several digital banking products like EVA Webchat Bot, UPI, 10 - second loans, PayZapp, Chillr, etc.

Mr. Puri, along with his relatives, holds 3,566,544 equity shares in the Bank as on March 31, 2018.

Mr. Keki Mistry

Mr. Keki Mistry, aged 63 years, holds a Bachelor's Degree in Commerce from the Mumbai University. Mr. Mistry is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Mistry brings with him over three decades of varied experience in banking and financial services domain.

Mr. Mistry started his career with AF Ferguson & Co, a renowned Chartered Accountancy firm, followed by stints at Hindustan Unilever Limited and Indian Hotels Company Limited.

In the year 1981, Mr. Mistry joined Housing Development Finance Corporation Limited (HDFC Ltd.). Mr. Mistry was inducted on to the Board of HDFC Ltd. as an Executive Director in the year 1993 and was elevated to the post of Managing Director in November 2000. In October 2007, Mr. Mistry was appointed as Vice Chairman & Managing Director of HDFC Ltd. and became the Vice Chairman & CEO in January 2010. As a part of the management team, Mr. Mistry has played a critical role in the successful transformation of HDFC Ltd. into India's leading Financial Services Conglomerate by facilitating formation of companies including HDFC Bank Ltd., HDFC Asset Management Company Ltd., HDFC Standard Life Insurance Company Ltd. and HDFC Ergo General Insurance Company Ltd.

Mr. Mistry, along with his relatives, holds 296,130 equity shares in the Bank as on March 31, 2018.

Mr. Partho Datta

Mr. Partho Datta, aged 69 years, is an Associate Member of the Institute of Chartered Accountants of India. Mr. Datta joined Indian Aluminium Company Limited (INDAL) and was with INDAL and its parent company in Canada for 25 years and held positions as Treasurer, Chief Financial Officer and Director Finance during his tenure. Mr. Datta joined the Chennai based Murugappa Group thereafter as the head of Group Finance and was a member of the Management Board of the Group, as well as Director in several Murugappa Group companies. Post retirement from the Murugappa Group, Mr. Datta was an advisor to the Central Government appointed Board of Directors of Satyam Computers Services Limited during the restoration process and has also been engaged in providing business / strategic and financial consultancy on a selective basis.

Mr. Datta has rich and extensive experience in various financial and accounting matters including financial management, mergers and amalgamations and capital markets strategy.

Mr. Datta is one of the financial experts on the Audit Committee of the Board.

Mr. Datta does not hold any equity shares in the Bank as on March 31, 2018.

Mr. Bobby Parikh

Mr. Bobby Parikh, aged 54 years, holds a Bachelor's degree in Commerce from the Mumbai University and has qualified as a Chartered Accountant in 1987. Mr. Parikh was a Senior Partner with BMR & Associates LLP and led its financial services practice. Mr. Parikh was also the Chief Executive Officer of Ernst & Young in India and held that responsibility until December 2003. Mr. Parikh worked with Arthur Andersen for over 17 years and was its Country Managing Partner until the Andersen practice combined with that of Ernst & Young in June 2002.

Over the years, Mr. Parikh has had extensive experience in advising clients across a range of industries. India has witnessed significant deregulation and a progressive transformation of its policy framework. An area of focus for Mr. Parikh has been to work with businesses, both Indian and multinational, in interpreting the implications of the deregulation as well as the changes to India's policy framework, to help businesses better leverage opportunities that have become available and to address challenges that resulted from such changes. Mr. Parikh has led teams that have advised clients in the areas of entry strategy (MNCs into India and Indian companies into overseas markets), business model identification, structuring a business presence, mergers, acquisitions and other business reorganizations. Mr. Parikh works closely with regulators and policy formulators, in providing inputs to aid in the development of new regulations and policies, and in assessing the implications and efficacy of these and providing feedback for action.

Mr. Parikh led the Financial Services industry practice at Arthur Andersen and then also at Ernst & Young and has advised a number of banking groups, investment banks, brokerage houses, fund managers and other financial services intermediaries in establishing operations in India, mergers and acquisitions and in developing structured financial products, besides providing tax and business advisory and tax reporting services.

Mr. Parikh has been a member of a number of trade and business associations and their management or other committees, as well as on the advisory or executive boards of non-Governmental and not-for-profit organizations.

Mr. Parikh, along with his relatives, holds 11,196 equity shares in the Bank as on March 31, 2018.

Mr. Paresh Sukthankar

Mr. Paresh Sukthankar, aged 55 years, completed his graduation from Sydenham College, Mumbai and holds a Bachelor of Commerce (B.Com) degree from University of Mumbai. He has done his Masters in Management Studies (MMS) from Jamnalal Bajaj Institute (Mumbai). Mr. Sukthankar has also completed the Advanced Management Program (AMP) from the Harvard Business School.

Mr. Sukthankar has been associated with the Bank since its inception in 1994 and has total banking experience of over three decades. At the Bank, he has contributed in various key areas including Credit, Risk Management, Finance, Human Resources, Investor Relations, Corporate Communications, Corporate Social Responsibility and Information Security. He was appointed as Executive Director on the Bank's Board in October 2007. In June 2014, Mr. Sukthankar was elevated to the post of Deputy Managing Director.

Prior to joining the Bank, Mr. Sukthankar worked in Citibank for around 9 years, in various departments including corporate banking, risk management, financial control and credit administration. Mr. Sukthankar has been a member of various Committees formed by Reserve Bank of India and Indian Banks' Association.

Mr. Sukthankar, along with his relatives, holds 826,905 equity shares in the Bank as on March 31, 2018.

Mr. Kaizad Bharucha

Mr. Kaizad Bharucha, aged 53 years, holds a Bachelor of Commerce degree from University of Mumbai. He has been associated with the Bank since 1995. In his current position as Executive Director, he is responsible for Wholesale Banking covering areas of Corporate Banking, Emerging Corporate Group, Business Banking, Healthcare Finance, Agri Lending and Department for Special Operations. He has driven growth and profitability in the aforesaid areas of the Wholesale Banking segment of the Bank.

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, along with his relatives, holds 950,551 equity shares in the Bank as on March 31, 2018.

Mr. Malay Patel

Mr. Malay Patel, aged 41 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. Malay Patel does not hold any shares in the Bank as on March 31, 2018.

Mr. Umesh Chandra Sarangi

Mr. Umesh Chandra Sarangi, aged 66 years, holds a Master's Degree in Science (Botany) from the Utkal University (gold medalist).

Mr. Sarangi has 35 years of experience in the Indian Administrative Services and brought in significant reforms in modernization of agriculture, focus on agro processing and export. As the erstwhile Chairman of the National Bank for Agriculture and Rural Development (NABARD) from December 2007 to December 2010, Mr. Sarangi focused on rural infrastructure, accelerated initiatives such as microfinance, financial inclusion, watershed development and tribal development.

Mr. Sarangi has been appointed as a Director having specialized knowledge and experience in agriculture and rural economy pursuant to Section 10-A (2)(a) of the Banking Regulation Act, 1949.

Mr. Sarangi does not hold any shares in the Bank as on March 31, 2018.

Mr. Srikanth Nadhamuni

Mr. Srikanth Nadhamuni, aged 54 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 28 years of experience in the areas of CPU design, Healthcare, e-Governance, National ID, Biometrics, Financial Technology and Banking sectors.

Mr. Nadhamuni presently is 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, creation of Municipal ERP suite which improves service delivery of cities.

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 does not hold any shares in the Bank as on March 31, 2018.

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 in this regard.

Video-conferencing facility is also provided at the Board / Committee meetings in case any director is unable to attend but wishes to participate in the meetings.

At the Board/Committee meetings, presentations and deep-dive sessions are made covering important areas of the Bank such as annual plans and strategies, investment banking, financial inclusion, Basel framework, digital banking, cyber security, etc. The Managing Director gives a commentary on the current state of affairs of the Bank and macro-economic outlook, so as to give an insight to the Board of Directors on industry trends and developments.

During the financial year under review, eight (8) Board Meetings were held. The meetings were held on April 21, 2017, May 29, 2017, July 24, 2017, September 8, 2017, October 24, 2017, December 20, 2017, January 19, 2018 and March 7, 2018.

Details of attendance at the Board Meetings held during the financial year under review and attendance at the last AGM are as follows:

Name of the Director	Board Meetings attended during the year	Attendance at last AGM (July 24, 2017)
Independent Directors		
Mrs. Shyamala Gopinath	7	Present
Mr. A.N. Roy*	7	Present
Mr. Partho Datta	7	Present
Mr. Bobby Parikh	7	Present
Mr. Malay Patel	8	Present
Mr. Umesh Chandra Sarangi	8	Present
Non-executive Directors		
Mr. Keki Mistry#	6	Absent
Mrs. Renu Karnad*	7	Present
Mr. Srikanth Nadhamuni	8	Present
Executive Directors		
Mr. Aditya Puri	8	Present
Mr. Paresh Sukthankar	7	Present
Mr. Kaizad Bharucha	8	Present

**Mrs. Renu Karnad and Mr. A.N. Roy resigned as Directors of the Bank with effect from January 20, 2018 and January 31, 2018 respectively.*

 # Mr. Mistry could not attend 2 board meetings held in the FY 2017-18 i.e. on January 19, 2018 and March 7, 2018. Mr. Mistry had prior commitments on January 19, 2018 and he was travelling abroad on March 7, 2018. Further, he could not attend the last AGM of the Bank held on July 24, 2017 since he was not well. (Mr. Mistry has attended all the Board meetings of the Bank held during FY 2016-17, as well as the AGM of the Bank held for FY 2016-17.)

REMUNERATION OF DIRECTORS

Managing Director and other Executive Directors:

The details of the remuneration paid to Mr. Aditya Puri, Managing Director; Mr. Paresh Sukthankar, Deputy Managing Director and Mr. Kaizad Bharucha, Executive Director during the financial year 2017-18 are as under: (Amount in ₹)

Particulars	Mr. Aditya Puri	Mr. Paresh Sukthankar	Mr. Kaizad Bharucha
Basic	45,328,032	24,560,202	16,464,000
Allowances and Perquisites	29,701,519	16,315,495	18,952,529
Provident Fund	5,439,360	2,947,223	1,975,680
Superannuation	6,799,205	3,684,031	2,469,600
Performance Bonus (refers to the deferred bonus tranches for earlier financial years)	9,231,505	5,503,960	3,478,460
# Bonus pertaining to FY 2016-17 paid out in FY 2017-18	-	-	-
Number of stock options granted *	701,600	319,000	232,000

 # At present, the bonus pertaining to the year 2016-17 proposed to be paid out in FY 2017-18 is pending RBI approval. Therefore, after RBI approval is obtained, the approved amounts, if any, will be paid and disclosed in the Corporate Governance Report for the next financial year.

** The stock options granted to Mr. Aditya Puri, Mr. Paresh Sukthankar and Mr. Kaizad Bharucha have not been issued at discount and the same have been granted at the closing market price prevailing on the day prior to the date of grant on the National Stock Exchange of India Ltd. The Bank follows a method of conditional vesting, i.e. vesting of each tranche is subject to performance. The vesting schedule for the stock options is - 40% of options after expiry of fifteen months from date of grant, 30% options after expiry of twenty seven months from the date of grant and the balance options after expiry of thirty nine months from date of grant, subject to performance. The options so vested are to be exercised within 4 years from the respective dates of vesting.*

The criteria for evaluation of performance of Whole-Time Directors include performance vis-à-vis business plans, performance vis-à-vis banking system, and performance in relation to regulatory and compliance requirements.

All the Whole-Time Directors of the Bank have been appointed for a period of three (3) years each. The notice period for each of them, as specified in their respective terms of appointments, is three months.

The remuneration of Mr. Aditya Puri, Mr. Paresh Sukthankar and Mr. Kaizad Bharucha as above has been approved by the RBI.

The Bank provides for gratuity in the form of lump-sum payment on retirement or on death while in employment or on termination of employment of an amount equivalent to 15 (fifteen) days basic salary payable for each completed year of service.

The Bank makes annual contributions to funds administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The Bank accounts for the liability for future gratuity benefits based on an independent external actuarial valuation carried out annually.

Perquisites (evaluated as per Income Tax Rules, 1962 wherever applicable and at actual cost to the Bank otherwise) such as the benefit of the Bank's furnished accommodation, gas, electricity, water and furnishings, club fees, personal accident insurance, use of car and telephone at residence, medical reimbursement, leave and leave travel concession and other benefits like provident fund, superannuation and gratuity are provided in accordance with the rules of the Bank in this regard.

No sitting fees are paid to Mr. Puri, Mr. Sukthankar and Mr. Bharucha for attending meetings of the Board and / or its Committees.

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. Non-Executive directors including independent directors other than the Chairperson also receive profit related commission as per the limits prescribed in the RBI guidelines. No stock options are granted to any of the non-executive directors.

During the year, Mrs. Shyamala Gopinath was paid remuneration of ₹ 3,123,662. The remuneration of the Chairperson has been approved by the Reserve Bank of India. Pursuant to the provisions of Companies Act, 2013, the Directors are paid sitting fees of ₹ 50,000 and ₹ 100,000 per meeting for attending Committee & Board meetings respectively.

Pursuant to RBI guidelines dated June 1, 2015 on Compensation to Non-executive Directors of Private Sector Banks and read with the relevant shareholders' resolution in this regard, non-executive directors, including the independent directors, other than the Chairperson, also receive profit related commission as per the limits prescribed in the RBI guidelines. Pursuant to these guidelines and shareholders' resolution passed at the 22nd Annual General Meeting of the Bank held on July 21, 2016, the Non-executive directors were paid profit related commission of ₹ 1,000,000 each during the financial year 2017-18 pertaining to financial year 2016-17. 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 2017-18 is as under:

(Amount in ₹)

Name of the Director	Sitting Fees	Commission #
Mrs. Shyamala Gopinath	2,350,000	-
Mr. Partho Datta	1,950,000	10,00,000
Mr. Bobby Parikh	2,250,000	10,00,000
Mr. A. N. Roy*	1,950,000	10,00,000
Mr. Malay Patel	1,650,000	10,00,000
Mr. Keki Mistry	1,450,000	10,00,000
Mrs. Renu Karnad*	1,400,000	10,00,000
Mr. Umesh Chandra Sarangi	1,450,000	10,00,000
Mr. Srikanth Nadhamuni	1,350,000	10,00,000

** Mrs. Renu Karnad and Mr. A.N. Roy resigned as Directors of the Bank with effect from January 20, 2018 and January 31, 2018 respectively.*

 # Refers to commission for FY 2016-17, paid out in FY 2017-18.

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 2017-18.

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 falling within their terms of reference.

The Board's Committees are as follows:

Classification	Director's Name	Audit	Nomination & Remuneration	Stakeholders' Relationship	Corporate Social Responsibility	Risk & Policy Monitoring	Fraud Monitoring	Customer Service	Credit Approval	Premises	Review: Wilful Defaulters' Identification	Review: Non Cooperative Borrowers	Digital Transactions Monitoring	IT Strategy*
Non Executive Directors	Mrs. Shyamala Gopinath	Member	Member			Member	Chairperson	Chairperson			Chairperson	Chairperson		Member
	Mr. Bobby Parikh	Chairperson	Chairperson		Member						Member	Member		Member
	Mr. Partho Datta	Member	Member		Member	Member	Member				Member	Member		
	Mr. Malay Patel			Member	Member		Member	Member	Member	Member			Member	
	Mr. Srikanth Nadhamuni					Chairperson		Member					Chairperson	Chairperson
	Mr. Keki Mistry						Member	Member	Chairperson	Chairperson				
	Mr. Umesh Chandra Sarangi	Member		Chairperson	Chairperson		Member							
Executive Directors	Mr. Aditya Puri			Member	Member	Member	Member	Member	Member	Member	Member	Member	Member	
	Mr. Paresh Sukthankar			Member	Member	Member							Member	Member
	Mr. Kaizad Bharucha								Member					

** Not a Board level Committee*

Chairperson Member

Audit Committee:

Brief Terms of Reference / Roles and responsibilities:	a. Overseeing the Bank's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible; b. Recommending appointment and removal of external auditors and fixing of their fees; c. Reviewing with management the annual financial statements and auditor's report before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards, disclosure of related party transactions and other legal requirements relating to financial statements; d. Reviewing the adequacy of the Audit and Compliance functions, including their policies, procedures, techniques and other regulatory requirements; and e. Any other terms of reference as may be included from time to time in the Companies Act, 2013, SEBI Listing Regulations, 2015, including any amendments / re-enactments thereof from time to time. The Board has also adopted a Charter for the Audit Committee in accordance with certain United States regulatory standards as the Bank's securities are also listed on the New York Stock Exchange.

HDFC BANK
We understand your world

Composition:	Mr. Bobby Parikh (Chairman), Mrs. Shyamala Gopinath, Mr. Partho Datta and Mr. Umesh Chandra Sarangi. All members are independent directors. Mr. Bobby Parikh and Mr. Partho Datta are the members of Audit Committee having financial expertise. (During the year, Mr. A. N. Roy ceased to be a member of the Committee pursuant to his resignation as director of the Bank.) Mr. Sanjay Dongre, Company Secretary of the Bank, acts as the Secretary of the Committee.
Meetings:	The Committee met eight (8) times during the year on April 20, 2017; July 21, 2017; August 7, 2017; September 8, 2017, October 23, 2017; December 20, 2017; January 18, 2018 and March 6, 2018.

Nomination and 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 following are the criteria to assess competency of the persons nominated: • academic qualifications, • previous experience, • track record; and • integrity of the candidates. For assessing the integrity and suitability, features like criminal records, financial position, civil actions undertaken to pursue personal debts, refusal of admission to and expulsion from professional bodies, sanctions applied by regulators or similar bodies and previous questionable business practices are considered. The Bank's compensation policy provides a fair and consistent basis for motivating and rewarding employees appropriately according to their job profile / role size, performance, contribution, skill and competence. 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.
Composition:	Mr. Bobby Parikh (Chairman), Mrs. Shyamala Gopinath and Mr. Partho Datta. (During the year, Mr. A. N. Roy ceased to be a member of the Committee pursuant to his resignation as director of the Bank.) All the members are independent directors.
Meetings:	The Committee met seven (7) times during the year on April 20, 2017; May 11, 2017; July 21, 2017; August 7, 2017; October 23, 2017; February 15, 2018 and March 27, 2018.

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 powers to approve share transfers and dematerialization requests have been delegated to executives of the Bank to avoid delays that may arise due to non-availability of the members of the Committee. Mr. Sanjay Dongre, Executive Vice President (Legal) & Company Secretary of the Bank is the Compliance Officer responsible for expediting the share transfer formalities. As on March 31, 2018, five (5) instruments of transfer for 1535 equity shares were pending for transfer, which have since been processed. The details of the transfers are reported to the Board from time to time. During the year ended March 31, 2018, the Bank received 2620 complaints from the shareholders. The Bank attended to all the complaints. 12 complaints remained pending and 2 complaints have not been solved to the satisfaction of the shareholders as on March 31, 2018. Besides, 7082 letters were received from the shareholders relating to change of address, nomination requests, email id and contact details updation, IFSC / MICR code updation, National Automated Clearing House (NACH) Mandates, claim of shares from Unclaimed Suspense account, queries relating to the annual reports, sub-division of shares of face value of ₹ 10/- each to ₹ 2/- each, amalgamation, request for re-validation of dividend warrants and other investor related matters. These letters have also been responded to.
Composition:	Mr. Umesh Chandra Sarangi (Chairman), Mr. Aditya Puri, Mr. Malay Patel and Mr. Paresh Sukthankar. (During the year, Mr. A. N. Roy and Mrs. Renu Karnad ceased to be members of the Committee pursuant to their resignation as directors of the Bank and Mr. Umesh Chandra Sarangi and Mr. Malay Patel were appointed as members of the Committee.)
Meetings:	The Committee met four (4) times during the year on April 21, 2017; May 29, 2017; October 24, 2017 and January 19, 2018.

Risk Policy and Monitoring Committee:

Brief Terms of Reference / Roles and responsibilities:	The Committee has been formed as per the guidelines of Reserve Bank of India on Asset Liability Management / Risk Management Systems. The Committee develops Bank's credit and market risk policies and procedures, verifies adherence to various risk parameters and prudential limits for treasury operations and reviews its risk monitoring system. The Committee also ensures that the Bank's credit exposure to any one group or industry does not exceed the internally set limits and that the risk is prudentially diversified.
Composition:	Mr. Srikanth Nadhamuni (Chairman), Mrs. Shyamala Gopinath, Mr. Partho Datta, Mr. Aditya Puri and Mr. Paresh Sukthankar. (During the year, Mrs. Renu Karnad ceased to be a member of the Committee pursuant to her resignation from the Bank and Mr. Srikanth Nadhamuni was appointed as a member of the Committee.)
Meetings:	The Committee met five (5) times during the year on April 13, 2017; June 28, 2017; July 14, 2017; October 12, 2017 and January 12, 2018.

Credit Approval Committee:

Brief Terms of Reference / Roles and responsibilities:	The Committee evaluates and approves credit exposures, which are beyond the powers delegated to executives of the Bank. This facilitates quick response to the needs of the customers and timely disbursement of loans.
Composition:	Mr. Keki Mistry, Mr. Malay Patel, Mr. Aditya Puri and Mr. Kaizad Bharucha. (Mr. Bobby Parikh ceased to be a member of the Committee and Mr. Malay Patel was appointed as a member of the Committee with effect from May 22, 2018.)
Meetings:	The Committee met nine (9) times during the year on April 21, 2017; May 29, 2017; July 24, 2017; August 29, 2017; October 24, 2017; November 21, 2017; December 12, 2017; January 12, 2018 and March 1, 2018.

Premises Committee:

Brief Terms of Reference / Roles and responsibilities:	The Committee approves purchases and leasing of premises for the use of Bank's branches, back offices, ATMs and residence of executives in accordance with the guidelines laid down by the Board.
Composition:	Mr. Keki Mistry, Mr. Aditya Puri and Mr. Malay Patel. (During the year, Mrs. Renu Karnad ceased to be a member of the Committee pursuant to her resignation from the Bank and Mr. Keki Mistry was appointed as a member of the Committee.)
Meetings:	The Committee met five (5) times during the year on April 21, 2017; May 29, 2017; July 24, 2017; October 17, 2017; and January 19, 2018.

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 to the concerned regulatory and enforcement agencies. The terms of reference of the Committee are as under: a. Identify the systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same; b. Identify the reasons for delay in detection, if any and report to top management of the Bank and RBI; c. Monitor progress of Central Bureau of Investigation / Police Investigation and recovery position; d. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time; e. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls; and f. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.
Composition:	Mrs. Shyamala Gopinath (Chairperson), Mr. Partho Datta, Mr. Keki Mistry, Mr. Malay Patel, Mr. Umesh Chandra Sarangi and Mr. Aditya Puri. (During the year, Mr. A. N. Roy ceased to be a member of the Committee pursuant to his resignation from the Bank and Mr. Umesh Chandra Sarangi was appointed as a member of the Committee.)
Meetings:	The Committee met four (4) times during the year on April 21, 2017; July 21, 2017; October 24, 2017 and January 12, 2018.

Customer Service Committee:

Brief Terms of Reference / Roles and responsibilities:	The Committee monitors the quality of services rendered to the customers and also ensures implementation of directives received from the RBI in this regard. The terms of reference of the Committee are to formulate comprehensive deposit policy incorporating the issues arising out of the demise of a depositor for operation of his account, the product approval process, annual survey of depositor satisfaction and the triennial audit of such services.
Composition:	Mrs. Shyamala Gopinath (Chairperson), Mr. Keki Mistry, Mr. Malay Patel, Mr. Srikanth Nadhamuni and Mr. Aditya Puri. (During the year, Mr. A. N. Roy ceased to be a member of the Committee pursuant to his resignation from the Bank.)
Meetings:	The Committee met five (5) times during the year on April 21, 2017; July 21, 2017; August 7, 2017, October 24, 2017 and January 12, 2018.

Corporate Social Responsibility Committee:

Brief Terms of Reference / Roles and responsibilities:	The Board has constituted a Corporate Social Responsibility (CSR) Committee with the following terms of reference: • To formulate the Bank's CSR Strategy, Policy and Goals • To monitor the Bank's CSR policy and performance • To review the CSR projects / initiatives from time to time • To ensure legal and regulatory compliance from a CSR viewpoint • To ensure reporting and communication to stakeholders on the Bank's CSR
Composition:	Mr. Umesh Chandra Sarangi (Chairman), Mr. Partho Datta, Mr. Bobby Parikh, Mr. Malay Patel, Mr. Aditya Puri and Mr. Paresh Sukthankar. (During the year, Mrs. Renu Karnad ceased to be a member of the Committee pursuant to her resignation from the Bank and Mr. Malay Patel was appointed as a member of the Committee.)
Meetings:	The Committee met four (4) times during the year on April 13, 2017; July 14, 2017; October 17, 2017; and January 12, 2018.

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.
Composition:	Mrs. Shyamala Gopinath, Mr. Aditya Puri, Mr. Bobby Parikh and Mr. Partho Datta. The Committee is chaired by Mrs. Shyamala Gopinath or Mr. Aditya Puri in her absence. (During the year, Mr. A. N. Roy ceased to be a member of the Committee pursuant to his resignation from the Bank.)
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.
Composition:	Mrs. Shyamala Gopinath, Mr. Aditya Puri, Mr. Bobby Parikh and Mr. Partho Datta. The Committee is chaired by Mrs. Shyamala Gopinath or Mr. Aditya Puri in her absence. (During the year, Mr. A. N. Roy ceased to be a member of the Committee pursuant to his resignation from the Bank.)
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 during the year. 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, IBA, 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. Any other terms of reference as may be specified by the Government, regulatory authorities, IBA, etc. from time to time.
Composition:	Mr. Srikanth Nadhamuni, Mr. Malay Patel, Mr. Aditya Puri and Mr. Paresh Sukthankar.
Meetings:	The Committee met two (2) times during the year on September 8, 2017 and March 7, 2018.

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.
Composition:	This Committee is not a Board level Committee. However, Mr. Srikanth Nadhamuni, Mr. Bobby Parikh, Mrs. Shyamala Gopinath and Mr. Paresh Sukthankar are members of the Committee along with other executives of the Bank and an external expert.
Meetings:	The Committee met four (4) times during the year on April 13, 2017; July 14, 2017; October 17, 2017 and February 26, 2018.

Meeting of the Independent Directors:

The Independent Directors of the Bank held a meeting on March 6, 2018 without the presence of the non-independent Directors and senior management team of the Bank. All the Independent Directors attended the meeting. The Independent Directors discussed matters as required under the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations, 2015.

ATTENDANCE AT THE COMMITTEE MEETINGS HELD DURING FINANCIAL YEAR 2017-18

Audit Committee		Credit Approval Committee	
[Total eight meetings held]		**[Total nine meetings held]**	
Name	No. of meetings attended	Name	No. of meetings attended
Mrs. Shyamala Gopinath	8	Mr. Bobby Parikh	7
Mr. Bobby Parikh	8	Mr. Keki Mistry	8
Mr. A. N. Roy #	7	Mr. Aditya Puri	8
Mr. Partho Datta	6	Mr. Kaizad Bharucha	9
Mr. Umesh Chandra Sarangi	8		

Stakeholders' Relationship Committee		Customer Service Committee	
[Total four meetings held]		**[Total five meetings held]**	
Name	No. of meetings attended	Name	No. of meetings attended
Mr. A. N. Roy #	4	Mrs. Shyamala Gopinath	5
Mrs. Renu Karnad*	4	Mr. Aditya Puri	5
Mr. Aditya Puri	4	Mr. A. N. Roy #	5
Mr. Paresh Sukthankar	4	Mr. Keki Mistry	5
Mr. Umesh Chandra Sarangi**	-	Mr. Malay Patel	5
Mr. Malay Patel***	-	Mr. Srikanth Nadhamuni	5

Nomination and Remuneration Committee		Premises Committee	
[Total seven meetings held]		**[Total five meetings held]**	
Name	No. of meetings attended	Name	No. of meetings attended
Mrs. Shyamala Gopinath	7	Mrs. Renu Karnad*	4
Mr. Partho Datta	7	Mr. Malay Patel	5
Mr. A. N. Roy #	5	Mr. Aditya Puri	5
Mr. Bobby Parikh	7	Mr. Keki Mistry$	-

Fraud Monitoring Committee		Risk Policy & Monitoring Committee	
[Total four meetings held]		**[Total five meetings held]**	
Name	No. of meetings attended	Name	No. of meetings attended
Mrs.Shyamala Gopinath	4	Mrs. Renu Karnad*	3
Mr. Aditya Puri	4	Mrs. Shyamala Gopinath	4
Mr. Partho Datta	4	Mr. Paresh Sukthankar	5
Mr. A. N. Roy #	4	Mr. Partho Datta	4
Mr. Keki Mistry	4	Mr. Aditya Puri	5
Mr. Malay Patel	4	Mr. Srikanth Nadhamuni@	-
Mr. Umesh Chandra Sarangi **	-		

Corporate Social Responsibility Committee		Digital Transactions Monitoring Committee	
[Total four meetings held]		[Total two meetings held]	
Name	No. of meetings attended	Name	No. of meetings attended
Mrs. Renu Karnad*	3	Mr. Srikanth Nadhamuni	2
Mr. Partho Datta	4	Mr. Malay Patel	2
Mr. Bobby Parikh	4	Mr. Aditya Puri	2
Mr. Aditya Puri	4	Mr. Paresh Sukthankar	2
Mr. Paresh Sukthankar	4		
Mr. Umesh Chandra Sarangi	4		

 # Mr. A. N. Roy resigned as director of the Bank with effect from January 31, 2018.

** Mrs. Renu Karnad resigned as director of the Bank with effect from January 20, 2018.*

*** Mr. Umesh Chandra Sarangi was appointed as a member with effect from March 27, 2018.*

**** Mr. Malay Patel was appointed as a member with effect from March 27, 2018.*

$ Mr. Keki Mistry was appointed as member with effect from March 27, 2018

@ Mr. Srikanth Nadhamuni was appointed as a member with effect from March 27, 2018.

OWNERSHIP RIGHTS

Certain rights that a shareholder in a company enjoys:

- To transfer the shares and receive the share certificates upon transfer within the period prescribed in the 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 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 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 percent to twenty-six per cent. The Master Direction - Ownership in Private Sector Banks, Directions, 2016 issued by RBI on May 12, 2016, states that the current level of ceiling on voting rights is at fifteen per cent.
- To requisition an extraordinary general meeting of the Bank by shareholders who collectively hold not less than 1/10th of the total paid-up capital of the company.
- To move amendments to resolutions proposed at general meetings.
- To receive dividend and other corporate benefits like rights, bonus shares, etc. as and when declared / announced.
- To inspect various registers of the company, minute books of general meetings and to receive copies thereof after complying with the procedure prescribed in the Companies Act, 2013 as amended from time to time.
- To make nomination in respect of shares held by the shareholder.
- To participate in and be sufficiently informed of the decisions concerning fundamental corporate changes.
- To be informed of the rules, including voting procedures, that govern general shareholder meetings.
- To have adequate mechanism to address the grievances of the shareholders.
- To ensure protection of minority shareholders from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and effective means of redress.

The rights mentioned above are prescribed in the Companies Act, 2013, the SEBI Listing Regulations and Banking Regulation Act, 1949, wherever applicable, and should be followed only after careful reading of the relevant sections. These rights are not necessarily absolute.

GENERAL BODY MEETINGS

(Following are the details of general body meetings for the previous three financial years held at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400020 at 2.30 p. m.)

Sr. No.	Particulars of meeting	Day & Date	Number of Special Resolutions passed, if any	Nature of Special Resolutions
1	21st Annual General Meeting	Tuesday, July 21, 2015	3 (Three)	1. Increase in approved borrowing limits under Section 180 (1)(c) of Companies Act, 2013 2. Approval of related party transactions with Housing Development Finance Corporation Limited 3. Approval of related party transactions with HDB Financial Services Limited
2	22nd Annual General Meeting	Thursday, July 21, 2016	3 (Three)	1. Alternation of Memorandum of Association on account of increase in authorized share capital 2. Issue of perpetual debt instruments, Tier II capital bonds and senior long-term infrastructure bonds on private placement basis 3. Grant of equity stock options
3	23rd Annual General Meeting	Monday, July 24, 2017	2 (Two)	1. Re-appointment of Mrs. Shyamala Gopinath as Part-Time Non-Executive Chairperson of the Bank 2. Issue of perpetual debt instruments, Tier II capital bonds and senior long-term infrastructure bonds on private placement basis
4	Extra-Ordinary General Meeting	Friday, January 19, 2018	Total 3 (Three) special businesses transacted, out of which 2 (Two) were special resolutions	1. Raising of funds through issue of equity shares and/ or equity shares through depository receipts and/ or convertible securities 2. Preferential issue of equity shares to Housing Development Finance Corporation Limited

POSTAL BALLOT

During the financial year 2017-18, no resolutions were passed by means of postal ballot.

DISCLOSURES

Material Subsidiary

The Bank has 2 subsidiaries namely- HDB Financial Services Limited and HDFC Securities Limited, neither of which qualifies to be a material subsidiary 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 http://www.hdfcbank.com/htdocs/common/pdf/Policy-for-determining-material-subsidiary.pdf

Related Party Transactions

During the year the Bank has entered into transactions with the related parties in the ordinary course of business. The Bank has not entered into any materially significant transactions with the related parties including promoters, directors, the management, subsidiaries or relatives of the Directors, which could lead to a potential conflict of interest between the Bank and these parties. Transactions with related parties were placed before the Audit Committee/Board 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, 2018 are given in Schedule 18, Note No. 27 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 http://www.hdfcbank.com/htdocs/common/pdf/policy_for_dealing_with_related_party_transactions.pdf

HDFC BANK
We understand your world

Commodity Price Risks and Foreign Exchange Risks and hedging activities

Being in the banking business, currently the Bank does not deal in any “commodity”. The Bank may, however, be exposed to the commodity price risks of its customers in its capacity as lender/ banker.

The Bank being an authorized dealer, deals in foreign exchange including Gold and derivative transactions with various counterparties, both interbank and customers, in accordance with the RBI guidelines. Thus, as part of foreign exchange trading, the Bank enters into foreign exchange contracts such as spot, outright forwards, forex swaps, currency options, long term forwards, currency and interest rate swaps and exchange traded products in specific currency pairs and interest rate securities. These contracts are managed in the trading portfolio within the forex trading risk limits viz. Net overnight open position limit, Intraday open position limit, Gap limits, Value-at-Risk limit, Stop Loss Trigger Level, Sensitivity limit and Option Greeks (viz. Delta / Gamma / Vega) stipulated as part of the Bank’s Treasury Limits Package. In addition, Bank also enters into foreign exchange contracts to hedge the currency risk in the balance sheet on account of foreign currency deposits and loans, which are managed as hedge positions as per extant guidelines. Also, the Bank has initiated acceptance of gold through gold monetization scheme and any exposures arising are accordingly hedged through the normal course of business or forward transactions.

The foreign exchange spot, forward and swap contracts outstanding as on the Balance Sheet date, that are 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 year is implied from MIFOR and LIBOR curves. For other currency pairs, where the rates / tenors are not published by FEDAI, the spot and forward points are obtained from Reuters for valuation of the foreign exchange deals. The forex 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 discounting yields. The resulting profit or loss on valuation is recognized in the Statement of Profit and Loss.

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

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

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

Accounting Treatment

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India (‘GAAP’), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India (‘RBI’) from time to time and Accounting Standards (‘AS’) specified under Section 133 of the Companies Act, 2013, in so far as they apply to banks.

There are no deviations from the statutory provisions.

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

The relevant details are furnished in the Directors’ Report, which may be referred to.

Appointment / Resignation of Director

During the year, after serving as Board members for close to seven years each, Mrs. Renu Karnad and Mr. A. N. Roy resigned from the Board of the Bank with effect from January 20, 2018 and January 31, 2018 respectively. Mrs. Karnad and Mr. Roy resigned due to other commitments and personal considerations respectively. The Board places on record its sincere appreciation of the contribution made by Mrs. Karnad and Mr. Roy during their tenure with the Bank and wishes them well in future endeavours.

Familiarization of Independent Directors

The details of familiarization programmes imparted to Independent Directors are available on the website of the Bank at http://www.hdfcbank.com/aboutus/cg/Familiarization.htm

Strictures and Penalties for last three financial years:

During the current financial year 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 has 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 has directed HDFC Bank Limited 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 will need to include 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 has directed the Bank to complete the inquiry within a period of three months from the date of the SEBI Directions and thereafter, file a report with SEBI in this regard within a further period of seven days.

During the financial year 2016-17, further to the media reports in October 2015 about irregularities in advance import remittances in various banks, the Reserve Bank of India (RBI) had conducted a scrutiny of the transactions carried out by the Bank under Section 35(1A) of the Banking Regulation Act, 1949. The RBI issued a Show Cause Notice to which the Bank had submitted its detailed response. After considering the Bank's submission, the RBI imposed a penalty of ₹ 2.00 crore on the Bank vide its letter dated July 19, 2016 on account of pendency in receipt of bill of entry relating to advance import remittances made and lapses in adhering to KYC / AML guidelines in this respect. The penalty has since been paid. The Bank has implemented a comprehensive corrective action plan, to strengthen its internal control mechanisms so as to ensure that such incidents do not recur.

During the financial year 2015-16, there were no penalties imposed on the Bank.

During the financial year 2014-15, FIU had imposed a penalty of ₹ 26 lakhs in 26 cases reported by Cobrapost.com, stating that there was a failure in the Bank's internal mechanism for detecting and reporting attempted suspicious transactions. The Bank has filed an appeal before the Appellate Tribunal, Prevention of Money Laundering Act ("PMLA") at New Delhi against the impugned order stating that there were only roving enquiries made by the reporters of Cobrapost.com and there were no instances of any attempted suspicious transactions. On June 28, 2017, Appellate Tribunal, Prevention of Money Laundering Act passed the judgment that the prescribed matter was covered u/s 13(2)(a) and not u/s 13(2)(d) of the PMLA, 2002 and accordingly, the penalty of ₹ 26 lakhs in 26 cases was not sustainable as on merit. The Appellate Tribunal further ordered that the Fixed Deposit Receipt ("FDR") deposited by the Bank as per the interim order of the Appellate Tribunal be released forthwith and the appeal was disposed of accordingly. The Bank had communicated to FIU-IND requesting their consent for liquidation of the FDR of ₹ 26 lakhs. FIU-IND, in response, has informed the Bank that the FIU-IND has challenged the order of the Appellate Tribunal before the Hon'ble High Court of Delhi, with regard to the direction to release the FDR u/s 42 of the PMLA. The FIU-IND further advised that the appeal, including application for stay, is to be listed before the Hon'ble High Court of Delhi in due course and accordingly, at this stage the Bank's request to liquidate the FDR is premature. The Bank has received notice of summons in this regard and the matter is pending before the Hon'ble High Court of Delhi as on date.

Other than the above, no penalties or strictures were imposed on the Bank by any of the Stock Exchanges or SEBI or any statutory authority on any matter relating to capital markets, during the last three (3) years.

COMPLIANCE WITH MANDATORY REQUIREMENTS

The Bank has complied with all the applicable mandatory requirements of the Code of Corporate Governance as prescribed under the SEBI Listing Regulations.

PERFORMANCE EVALUATION

The Bank has put in place a mechanism for performance evaluation of the Directors. The details of the same have been included in the Directors' Report.

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

a) Board of Directors

The Bank maintains the expenses relating to the office of non-executive Chairperson of the Bank and reimburses all the expenses incurred in performance of her duties. Pursuant to Section 10-A (2)(a) of the Banking Regulation Act, 1949, none of the directors, other than the Chairperson and/or whole-time directors, is permitted to hold office continuously for a period exceeding eight (8) years.

All the independent directors of the Bank possess requisite qualifications and experience which enable them to contribute effectively to the Bank.

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

Mrs. Shyamala Gopinath is the Chairperson of the Bank and Mr. Aditya Puri is the Managing Director of the Bank.

e) Reporting of Internal Auditor

The Internal Auditor of the Bank reports directly to the Audit Committee of the Bank.

GENERAL SHAREHOLDER INFORMATION:

SHAREHOLDERS HOLDING MORE THAN 1% OF THE SHARE CAPITAL OF THE BANK AS AT MARCH 31, 2018			
Sr No.	**Name of the Shareholder**	**No. of Shares held**	**% to share capital**
1	JP Morgan Chase Bank, NA	472988147*	18.23
2	Housing Development Finance Corporation Limited	393211100	15.15
3	HDFC Investments Limited	150000000	5.78
4	Euro Pacific Growth Fund	98865874	3.81
5	Life Insurance Corporation of India	51535018	1.99
6	SBI- ETF Nifty 50	44994003	1.73
7	HDFC Trustee Company Limited A/c HDFC Balanced Fund	32557853	1.25
8	ICICI Prudential Life Insurance Company Ltd	32162374	1.24
9	Government of Singapore	28625304	1.10

** One (1) American Depository Share (ADS) represents three (3) underlying equity shares of the Bank. Two (2) GDRs represent one (1) underlying equity share of the Bank.*

DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2018					
Share Range From	**Share Range To**	**No. of Shares**	**% To Capital**	**No. of Holders**	**% To No. Of Holders**
1	2500	100919731	3.89	520007	97.68
2501	5000	19305672	0.74	5397	1.01
5001	10000	18830285	0.73	2656	0.50
10001	15000	11118315	0.43	890	0.17
15001	20000	8486116	0.33	486	0.09
20001	25000	9319220	0.36	412	0.08
25001	50000	29271496	1.13	824	0.16
50001	100000	38777714	1.49	549	0.10
100001	and above	2359061718	90.91	1147	0.22
TOTAL :-		**2595090267**	**100.00**	**532368**	**100.00**

481,259 Folios comprising of 2,580,914,373 equity shares forming 99.45 % of the share capital are in demat form.

51,109 Folios comprising of 14,175,894 equity shares forming 0.55 % 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, 2018 which could have an impact on the equity capital of the Bank.

SHARE PRICE / CHART

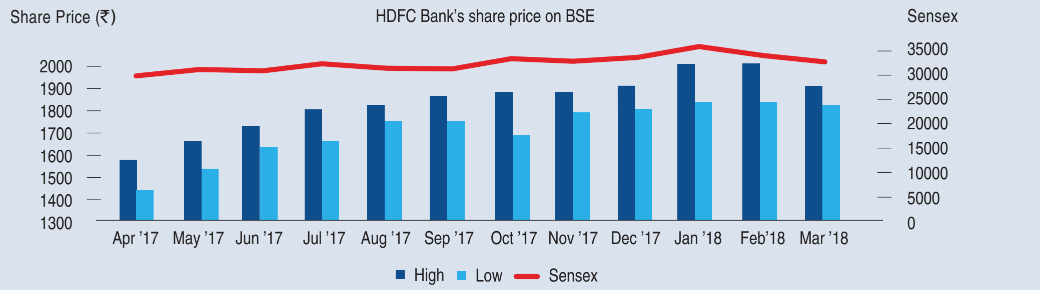
The monthly high and low quotation of Bank's equity shares traded on BSE Ltd (BSE) and The National Stock Exchange of India Ltd (NSE) during FY 2017-18 and its performance vis-à-vis BSE SENSEX and S&P CNX NIFTY respectively is as under:

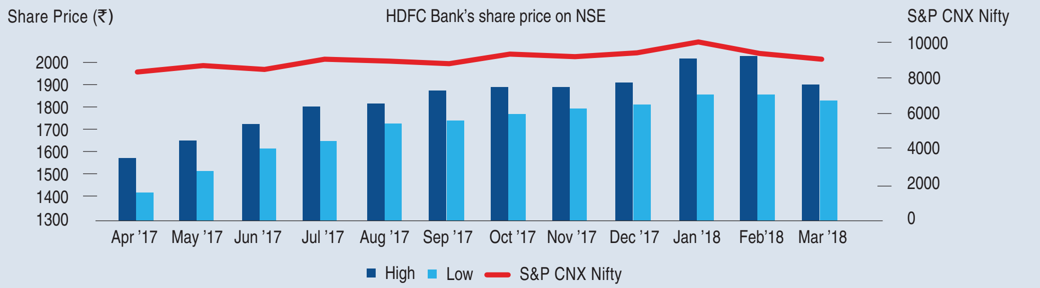
BSE Ltd			
MONTH	HIGH	LOW	SENSEX Closing
Apr-17	1572.30	1425.00	29918.40
May-17	1648.00	1524.35	31145.80
Jun-17	1715.60	1623.00	30921.61
Jul-17	1797.85	1646.00	32514.94
Aug-17	1810.00	1732.80	31730.49
Sep-17	1868.00	1740.00	31283.72
Oct-17	1876.95	1685.00	33213.13
Nov-17	1875.00	1791.30	33149.35
Dec-17	1905.00	1797.45	34056.83
Jan-18	2011.90	1832.95	35965.02
Feb-18	2014.00	1837.00	34184.04
Mar-18	1910.30	1830.00	32968.68

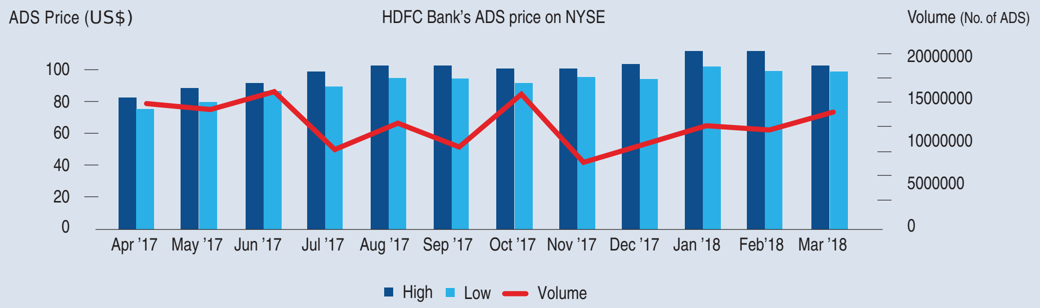
The National Stock Exchange of India Ltd			
MONTH	HIGH	LOW	NIFTY closing
Apr-17	1573.95	1425.05	9304.05
May-17	1648.00	1522.60	9621.25
Jun-17	1716.00	1620.55	9520.90
Jul-17	1798.80	1645.00	10077.10
Aug-17	1809.15	1731.15	9917.90
Sep-17	1868.00	1738.00	9788.60
Oct-17	1879.60	1757.85	10335.30
Nov-17	1875.50	1788.00	10226.55
Dec-17	1903.10	1799.00	10530.70
Jan-18	2013.50	1850.50	11027.70
Feb-18	2015.00	1836.30	10492.85
Mar-18	1900.00	1828.50	10113.70

The monthly high and low quotation and the volume of Bank's American Depository Shares (ADS) traded on New York Stock Exchange (NYSE) during FY 2017-18

New York Stock Exchange			
MONTH	HIGHEST (US$)	LOWEST (US$)	MONTHLY VOLUME
Apr-17	81.69	75.03	15604624
May-17	87.85	79.30	15270303
Jun-17	89.84	85.90	17214400
Jul-17	97.20	87.10	10185046
Aug-17	99.77	92.84	13308000
Sep-17	100.26	92.08	10621668
Oct-17	99.29	89.07	17211742
Nov-17	98.81	92.41	8465100
Dec-17	101.98	92.69	10811200
Jan-18	109.68	100.28	12892200
Feb-18	110.16	96.27	12651300
Mar-18	100.11	95.05	14749700



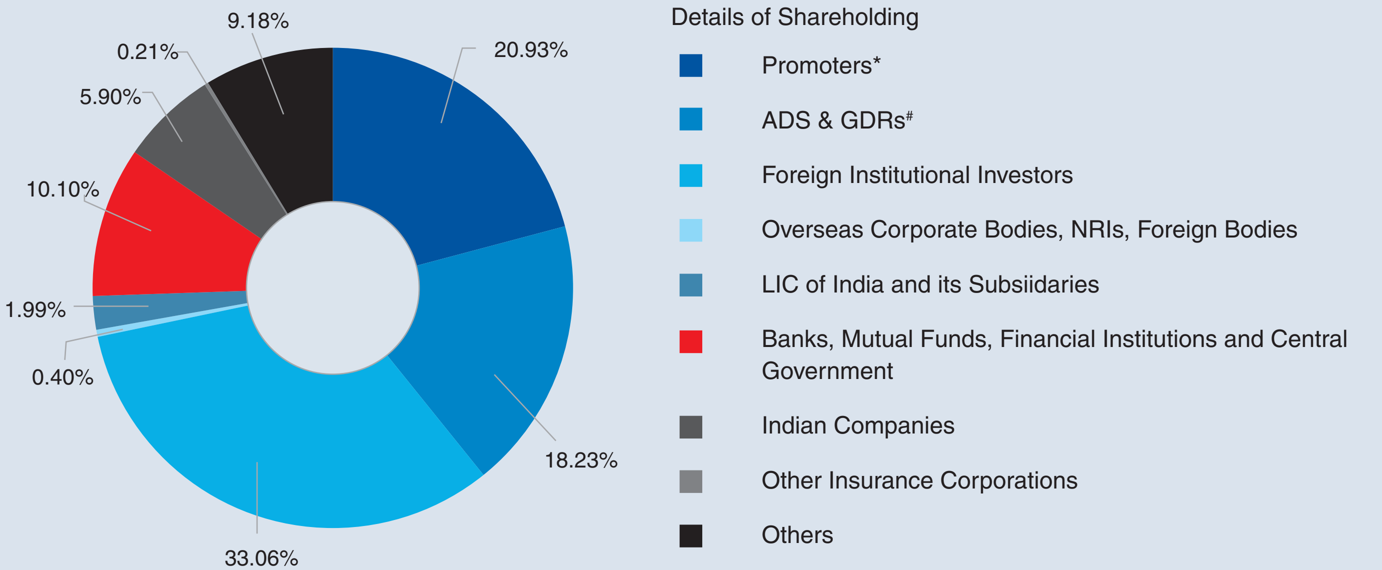




HDFC BANK
We understand your world

CATEGORIES OF SHAREHOLDERS AS AT MARCH 31, 2018		
	No of shares	% to Capital
Promoters (*)	543216100	20.93
ADS and GDRs (#)	472988147	18.23
Foreign Institutional Investors	857888518	33.06
Overseas Corporate Bodies, Foreign Bodies, Foreign National and Non Resident Indians	10503953	0.40
Financial Institutions, Banks, Mutual Funds and Central Government	262164726	10.10
Life Insurance Corporation and its subsidiaries	51535018	1.99
Other Insurance Corporations	5448127	0.21
Indian Companies	153111802	5.90
Others	238233876	9.18
TOTAL	**2595090267**	**100.00**

Categories of shareholders as on March 31, 2018



(*) None of the equity shares held by the Promoter Group are under pledge.

(#) JP Morgan Chase Bank is the Depository for both the ADS (461557764 underlying equity shares) & GDRs (11430383 underlying equity shares).

GLOBAL DEPOSITORY RECEIPTS ("GDRs")*

The monthly high and low quotation of the Bank's GDRs traded on Luxembourg Stock Exchange are as under: **(in US$)**

Month	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
High	12.27	12.67	13.17	13.94	14.09	14.49	14.36	14.57	14.74	15.70	15.60	14.60
Low	11.02	11.86	12.62	12.69	13.60	13.51	13.73	13.76	13.95	14.63	14.30	14.10

* 2 GDRs represent one underlying equity share of the Bank

MONTHLY VOLUMES OF THE BANK'S SHARES TRADED ON NSE AND BSE

Month	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
NSE	33404392	25075665	23376096	31346795	25634365	39056437	33680354	25459963	29716571	35760436	27602788	28352209
BSE	3024629	1789092	1482822	2280179	1110570	1567786	1908447	3203117	5687868	2938260	1404268	2027874

FINANCIAL CALENDAR	
[April 1, 2018 to March 31, 2019]	
Board Meeting for consideration of accounts	April 21, 2018
Dispatch of Annual Reports	May 28, 2018 to June 2, 2018
Record date for purpose of determining eligibility of dividend	Electronic and physical: June 1, 2018
Last date for receipt of proxy forms	June 27, 2018 (up to 2.30 p.m.)
Date, Time and Venue of the 24th AGM	June 29, 2018 at 2.30 p.m. Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400020
Dividend declaration date	June 29, 2018
Probable date of payment of dividend	Electronic: July 2, 2018 Physical: July 3, 2018
Board Meeting for considering unaudited results for first three quarters of FY 2018-19	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 www.hdfcbank.com. All the Directors and senior management personnel have affirmed compliance with the Code of Conduct / Ethics as approved and adopted by the Board.

LISTING

Listing on Indian Stock Exchanges :

The equity shares of the Bank are listed at the following Stock Exchanges and the annual fees for 2018-19 have been paid:

Sr. No.	NAME AND ADDRESS OF THE STOCK EXCHANGE	STOCK CODE
1.	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 023.	500180
2.	The National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.	HDFCBANK

Names of Depositories in India for dematerialization of equity shares (ISIN No. INE040A01026)

- National Securities Depository Limited (NSDL)
- Central Depository Services (India) Limited (CDSL)

International Listing :

Sr. No.	Security description	Name & Address of the International Stock Exchange	Name & Address of Depository
1	The American Depository Shares (ADS) (CUSIP No. 40415F101)	The New York Stock Exchange (Ticker - HDB) 11, Wall Street, New York, NY 10005	J P Morgan Chase Bank, N.A. 4, New York Plaza, 12th Floor, New York, NY 10004
2	Global Depository Receipts (GDRs) (ISIN/ Trading Code : US40415F2002)	Luxembourg Stock Exchange **Postal Address :** Societe De La Bourse De Luxembourg Societe Anonyme, 35A Boulevard Joseph II L-1840 Luxembourg. **Mailing Address :** B.P. 165, L - 2011, Luxembourg	J P Morgan Chase Bank, N.A. 4, New York Plaza, 12th Floor, New York, NY 10004

The Depository for ADS and GDRs is represented in India by: J.P Morgan Chase Bank N.A., India Sub Custody, J P Morgan Chase Bank NA, 6th Floor, Paradigm "B" Wing, Behind Toyota Showroom, Mindspace, Malad (West), Mumbai - 400 064.

SHARE TRANSFER PROCESS AND SYSTEM

The Bank's shares which are in compulsory dematerialized (demat) list are transferable through the depository system. Shares in physical form are processed by the Registrar and Share Transfer Agents, Datamatics Business Solutions Limited (Formerly known as Datamatics Financial Services Limited) and approved by the Stakeholders' Relationship Committee of the Bank or authorized officials of the Bank. The share transfers are generally processed within a period of fifteen (15) days from the date of receipt of the transfer documents by Datamatics Business Solutions Limited.

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 web-site at www.hdfcbank.com.

The shareholders can visit the Bank's web-site for financial information, shareholding information, dividend policy, key shareholders' agreements, if any, Memorandum and Articles of Association of the Bank, etc. The web-site also gives a link to www.sec.gov where the investors can view statutory filings of the Bank with the Securities and Exchange Commission, USA.

The information relating to the Bank's financial results and shareholding pattern are displayed on the websites of the Stock Exchanges on which the Bank's shares are listed.

Other information such as press releases, stock exchange disclosures and presentations made to investors and analysts, etc. are regularly displayed on the Bank's web-site.

CODE FOR PREVENTION OF INSIDER TRADING

The Bank has adopted a share dealing code for the prevention of insider trading in the shares of the Bank as well as in other listed companies. The share dealing code, inter-alia, prohibits purchase / sale of shares of the Bank by insiders while in possession of unpublished price sensitive information in relation to the Bank.

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**, Axis House, Ground Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai 400025. 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
Counter Timings : 10:00 a. m. to 4:30 p. m.
(Monday to Friday except public holidays)

For the convenience of investors, transfers up to 500 shares and complaints from investors are accepted at the Bank's Office at 2nd Floor, Zenith House, Keshavrao Khadye Marg, opposite Race Course Gate no. 5 & 6, Mahalaxmi (West), Mumbai 400 034.

Shareholders' Helpdesk Timings : 10:30 a.m. to 3:30 p.m.
Between Monday to Friday (except on Bank holidays)
Telephone : +91-022-3976 0000 Extn : 0012 & 0556
Email : shareholder.grievances@hdfcbank.com

Queries relating to the Bank's operational and financial performance may be addressed to:
shareholder.grievances@hdfcbank.com

Name of the Compliance Officer of the Bank: Mr. Sanjay Dongre, Executive Vice President (Legal) & Company Secretary
Telephone : +91-022-3976 0000

BANKING CUSTOMER HELPDESK

In the event of any queries / complaints, banking customers can directly approach the Branch Manager or can call / write to the Bank using the following contact details:

Call at: Our customer care (Phone Banking) numbers.

Location wise list of customer care numbers are available at:
http://www.hdfcbank.com/personal/find-your-nearest/find-phone-banking

Write to:

HDFC Bank Ltd., New Building,
"A" Wing, 2nd Floor, 26-A Narayan Property,
Chandivali Farm Road, Off Saki Vihar Road, Chandivali,
Andheri (East), Mumbai - 400 072.
Email : support@hdfcbank.com

Contact us online:

Fill up the "Complaint Form" available at the following website link:

https://leads.hdfcbank.com/applications/webforms/apply/complaint_form_new.asp

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 4787 branches in 2691 cities / towns as on March 31, 2018. The locations of the branches are also displayed on the Bank's website.

COMPLIANCE CERTIFICATE OF THE AUDITORS

The Secretarial Auditors have certified that the Bank has complied with the conditions of Corporate Governance as stipulated in the listing requirements of the Indian Stock Exchanges where the Bank's securities are listed. The same is annexed to the Annual Report.

The Certificate from the Secretarial Auditors will be sent to the Stock Exchanges along with the Annual Report of the Bank.

On behalf of the Board of Directors

Shyamala Gopinath
Chairperson

Mumbai, May 22, 2018

DECLARATION

I confirm that for the year under review, all directors and senior management have affirmed their adherence to the provisions of the Code of Conduct of Directors and senior management personnel.

Aditya Puri
Managing Director

Mumbai, May 22, 2018

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. 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, all the eligible shareholders holding shares in demat mode are requested to update with their respective Depository Participants before June 01, 2018, 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 in the Bank Account electronically. Updation of E-Mail IDs and Mobile No(s) will enable sending communication relating to credit of dividend, unencashed dividend etc.

Shareholders holding shares in physical form may communicate details relating to their bank account, 9 digit MICR Code, 11 digit IFSC Code, E- Mail ID and Mobile No(s) to the Registrar and Share Transfer Agents viz. Datamatics 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, before June 01, 2018 by quoting the reference folio number and attaching a photocopy of the Cheque leaf of their active bank account and a self-attested copy of their PAN card and a utility payment (not more than six month old) / Bank Pass Book / Passport to validate the present address of the shareholder.

Various modes for making payment of Dividends under Electronic mode:

In case the shareholder has updated the complete and correct core banking account details (including 9 digit MICR Code and 11 digit IFSC code) before the record date, i.e. June 01, 2018, which is fixed for the purpose of payment of dividend, then the Bank shall make the payment of dividend to such shareholder under any one of the following modes:

1. National Automated Clearing House (NACH)
2. National Electronic Fund Transfer (NEFT)
3. Direct credit in case the bank account is 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 on its records on the said dividend warrant to avoid fraudulent encashment of the warrants.

Transfer of Shares to Investors Education and Protection Fund (IEPF) account

Pursuant to the applicable provisions of Section 124 (6) of the Companies Act, 2013 all shares in respect of which dividend has / have remained unpaid or unclaimed for consecutive seven years the corresponding shares have to be transferred in the name of IEPF Account which is being 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 28.02.2017 issued in this regard (Collectively the “IEPF Rules”). As per said IEPF Rules, Companies are required to transfer the shares in IEPF Account where seven years as provided under Section 124 (5) have been completed and upon completion of 3 months from the date of the notification as stated hereinabove.

In compliance with the aforesaid provision your Bank on 30th November, 2017 has transferred, 2762224 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 Central Depository Services Limited (CDSL) with Depository Participant at SBI CAP Securities Ltd. As required under the said provisions all subsequent corporate benefits that will be accrue in relation to the above shares will also be credited to the said IEPF Account.

As per the terms of Section 124(6) of the Companies Act, 2013 the Rule 7 of the IEPF Rules the share holders can claim the shares from IEPF Account by making an online application in Form IEPF 5 which is available at http://www.iepf.gov.in.

Guidelines to file your claim:

Download the IEPF - 5 form from the website of IEPF (http://www.iepf.gov.in) for filing the claim for refund of shares Read the instructions provided on the website / instructions kit along with the e-form carefully before filling the form. After filling the form save it on your computer and submit the duly filled form by following the instructions given in the upload link on the website. On successful uploading the acknowledgment will be generated indicating the SRN. This SRN is to be used for future tracking of the form.

Printout of the duly filled IEPF - 5 and the acknowledgment issued after uploading the form will have to be submitted. together with an Indemnity Bond in original, Copy of acknowledgment and self attested copy of e-Form along with the other documents as mentioned in the Form IEPF-5 to Nodal Officer (IEPF) of the Bank in a envelope marked “Claim for refund from IEPF Authority”. In the process general information about the Bank which have to be provided 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 (W), Mumbai 400013

(d) email ID of the company:- shareholder.grievances@hdfcbank.com

Unclaimed Dividends

As per the applicable provisions of the Companies Act, the Bank is statutorily required to transfer to the Investor Education & Protection Fund (IEPF) all dividends remaining unclaimed for a period of 7 (seven) years from the date they became due for payment. Dividends for and up to the financial year ended March 31, 2010 have already been transferred to the IEPF and the dividend for the financial year ended March 31, 2011 will be transferred to IEPF after July 05, 2018. The details of unclaimed dividends for the financial year 2011-12 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, 2011	July 6, 2011	July 5, 2018
March 31, 2012	July 13, 2012	July 12, 2019
March 31, 2013	June 27, 2013	June 26, 2020
March 31, 2014	June 25, 2014	June 24, 2021
March 31, 2015	July 21, 2015	July 20, 2022
March 31, 2016	July 21, 2016	July 20, 2023
March 31, 2017	July 24, 2017	July 23, 2024

B) SHARES LYING IN UNCLAIMED SUSPENSE ACCOUNT

Particulars	Records / No of shareholders	Shares
Opening Balance as on April 1, 2017	12861	2116465
Add: Transfer during the year 2017-18	0	0
Less: Claims received and shares transferred*	179	61870
Less: Shares transferred to IEPF account**	10759	1652815
Closing Balance as on March 31, 2018***	**1923**	**401780**

*Number of shareholders who approached the Bank for the transfer of shares from the suspense account.

**This shares are transferred pursuant to the applicable provisions of Section 124 (6) of the Companies Act, 2013

***Voting rights on these shares shall remain frozen till the rightful owners of such shares claim these shares.

Nomination Form
[Pursuant to section 72 of the Companies Act, 2013 and rule 19(1)
of the Companies (Share Capital and Debentures) Rules 2014J

To
Datamatics Business Solutions Limited
Unit HDFC Bank Limited,
Plot No B-5, Part B Crosslane, MIDC,
Andheri (East), Mumbai 400093

Dear Sir

I/We... the holder(s) of the ……………. Shares against Folio No HB ………………………….. bearing share certificate no …………………………………………. and having distinctive nos from …………………….. to …………………….. wish to make nomination and do hereby nominate the persons whose details are as under in whom shall vest all my / our rights in respect of the aforesaid shares in the event of my / our death.

My email address is ………………………..…………………………………….. my contact no is ………………………………………………………………………………… my active bank account particulars is as per the copy of the unsigned cheque leaf attached herewith and I am also attaching the self attested copy(ies) of my / our PAN Card

Name, address and signatures of all the shareholder(s)

1

2

3

Name, address, signature and contact number of the Witness

1

2

PARTICULARS OF NOMINEE

Name	
Date of Birth	
Father / Mother / Spouse Name	
Occupation	
Nationality	
Address of the Nominee	
Email Id of the Nominee	
Relationship with the shareholder	
Applicable only if the Nominee is minor	
Date of attending majority	
Name of the Guardian	
Address of the Guardian	
Email Id of the Guardian	
Contact details of the Guardian	

Shareholders holding shares in Physical mode are requested to submit the Nomination Form (in duplicate), duly filled and signed after attaching the required documents, at the address provided in the form, so that the shares would get transferred in the name of the person nominated upon the demise of the holder of shares.

Nomination Form is provided for your convenience at page no 236.

Mandate Form (applicable for the shareholders holding shares in physical mode)

Mandate for Electronic Communication and Direct Credit of dividend in Bank account

I / We .... hereby authorize you to update the following e-mail ID / Contact details / Bank Account details for receipt of communication in electronic mode and for crediting the dividend amount directly in my Bank account.

E-mail ID : ....

1. Folio No. : ....
2. Name of the Bank : ....
3. Name of the Branch : ....
4. Account No. : ....
5. Account Type (Saving / Current) : ....
6. 9 digit Code No. : ....
7. 11 digit IFSC Code : ....
8. My Mobile No. : ....
9. My Telephone No. (Incl. STD Code) : ....

I / We shall keep the Bank's Registrar and Transfer Agent Viz Datamatics Business Solutions Ltd. informed as and when there is a change in my e-mail address. I am also enclosing the unsigned photocopy of a cheque / blank cancelled cheque issued by the Bank for verifying the accuracy of the details furnished above and the self attested copy of my PAN Card.

MAIL TO ☛

Datamatics Business Solutions Ltd,
Unit: HDFC Bank, Plot No. B 5,
Part B Crosslane, MIDC, Marol,
Andheri (East), Mumbai 400 093.
E-mail : hdinvestors@datamaticsbpm.com

....

Signature of the Shareholder

Shareholders holding shares in Physical form and whose complete active bank account details are not updated on the Registrars records, are requested to submit the Mandate Form duly filled and signed after attaching the required documents, to take advantage of getting the dividend amount directly credited in their bank account. This can avoid interception of dividend warrant during its postal transit and can also avoid fraudulent encashment of dividend warrant.

Bank Mandate Form is provided for your convenience at page no 238.

NOTES

ACCOLADES

Asiamoney Best Brands in Finance Survey 2017

- Best Banking Brand in India

10th BW Businessworld-PwC Best Banks' 2017 Survey

- Fastest Growing Large Bank
- Best Large Bank
- Lifetime Achievement Award - Aditya Puri

BrandZ Top 50 Most Valuable Indian Brands

- India's Most Valuable Brand for the 4th year in a row

Businessworld Digital Leadership and CIO Awards 2017

- Best Analytics Implementation

Business India 19th Best Bank Survey

- Best Bank of the Year

Business Today Best Bank Awards 2017

- Bank of the Year
- Best Large Bank
- Best in Innovation
- Fastest Growing Large Bank

CNBC-TV18 Financial Advisor Awards 2016-17

- Best Performing Bank - Private Sector

Euromoney Awards for Excellence 2017

- India's Best Bank

Forbes' List of 5 Companies that have shaped Asia, and the world

- HDFC Bank in Top 5 companies that have shaped Asia, and the world

Euromoney Private Banking and Wealth Management Survey 2018

- Net-worth-specific services (High - Net Worth Clients US$ 5-30 MN)
- Asset Management
- SRI/Social Impact Investing
- International Clients

Forbes Asia 13th Fab 50 Companies List

- HDFC Bank in Forbes Asia's Top 50 List for 10 years

Fortune

- Aditya Puri on 'Businessperson of the Year' list

Greenwich Associates Survey

- No. 1 in large corporate relationships, mid-market penetration

IDRBT Banking Technology Excellence Awards 2016-17

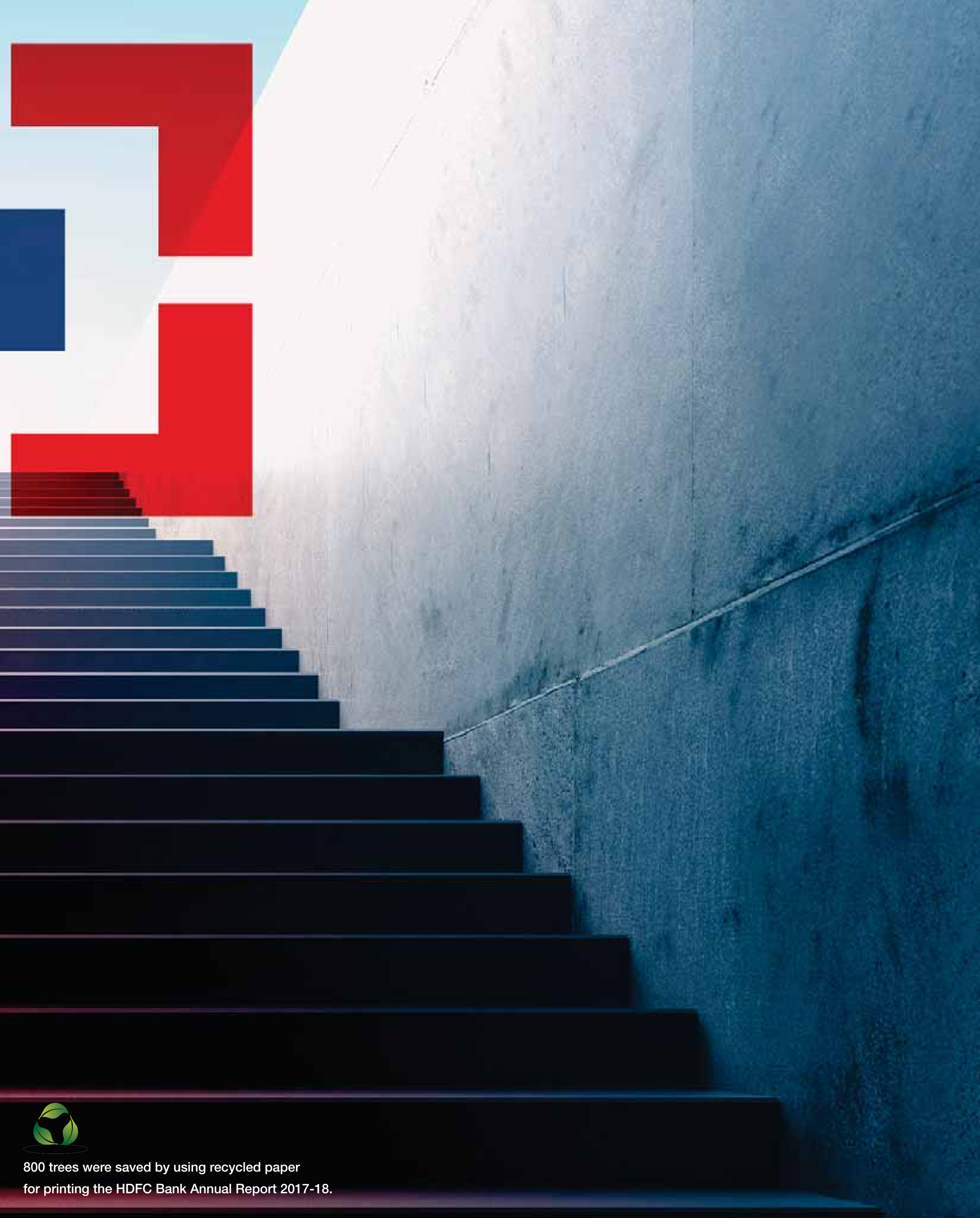
- Best Bank - Cyber Security and Defense (Large Banks)
- Best Bank - Innovative Use of Technology (Large Banks)
- Best Bank - Use of Technology for Fraud Prevention (Large Banks)

The Asian Banker Technology Innovation Awards 2017

- Best HR System Project
- Best Lending Systems Project

The Financial Express India's Best Banks 2017

- Best Bank of the Year



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