ANNUAL REPORT
2015-2016

Do more
With Digital Banking.

GET INSTANT LOANS
Personal Loan
Car & Bike Loan
Loan against FD, Securities & Credit Card

EMPOWERING BHARAT
E-learning centres
Instant loan & top-ups
Mobile Banking without internet
Sustainable Livelihood Initiative

SHOP ANYTIME, ANYWHERE WITH SMARTBUY
Flights
Hotels
Movies
Electronics

PAY IN 1 CLICK
Recharge
Pay bills
Send money
Shop

OPEN INSTANT ACCOUNTS
Savings
Salary
Current
Fixed Deposits

MAKE BUSINESS SMARTER
Collections
Payments
Trade Online

The People's Bank.

bank aapki mutthi mein

HDFC BANK
We understand your world

ACCOLADES

Asiamoney - Cash Management Poll 2015
- Best Overall Cross-Border Cash Management Services in India

Atal Pension Yojana Phase 1
- Best Performing Bank - Private Sector

Atal Pension Yojana Phase 2
- Best Performing Bank - Private Sector
- Best Performing Bank - Maximum APY Subscribers
- Best Performing Bank - APY Carnivals

Barron’s list of World's 30 Best CEOs
- Aditya Puri named in the list of World’s 30 Best CEOs

Business Today Best Companies to Work for 2015
- Winner - BFSI sector

Business Today India's Best CEOs 2015
- Aditya Puri - Large companies

Business Today - KPMG India's Best Banks 2015
- Bank of the year
- Best Large Bank
- Best Digital Banking Initiative

Business World - PwC India's Best Banks 2015
- Fastest Growing Large Bank
- Best Large Bank

Business World India's Most Valuable CEOs 2015
- Aditya Puri - Heavyweight category

CII’s Centre of Excellence for Sustainable Development (CESD)
- Sustainable Plus Gold for efforts in
Environment Protection, Social and Governance

Dun & Bradstreet Corporate Awards 2015
- India's Top Bank

DSCI Excellence Awards, 2015
- DSCI Excellence Award for Raising Security Awareness

FinanceAsia poll -Asia's Best Companies 2016
- Best Managed Public Company - Rank 1
- Most committed to Corporate Governance - Rank 1

FinanceAsia Country Awards
- Best Asian Bank 2015
- Best Domestic Bank in India
- Best Equity Deal in Asia 2015

Forbes Asia
- Forbes' Fab 50 Companies List for 9th year

IBA Banking Technology Awards 2014-15
- Technology Bank of the year
- Best use of Digital and Channels Technology
- Best Payment Initiatives

IDC Insights Awards 2015
- Excellence in Customer Experience Award in the BFSI category

IDRBT Banking Technology Excellence Awards
- Best Bank Award for Cyber Security Risk Management among Large Banks

NABARD Status of Microfinance Report 2014-15
- HDFC Bank SLI Model to be emulated

NABARD
- Best Performing Branch in Microfinance - Navelim Branch, Goa
- Best Bank in JLG credit linkage - Assam, Rajasthan & Uttar Pradesh
- Best Bank in SHG Credit Linkage in Tamil Nadu

NPCI National Payments Excellence Awards 2015
- Best Bank in Cheque Truncation System
- Best Bank in National Financial Switch

Outlook Money Awards 2015
- Institutional Financial Distributor of the year

The Asset Triple A - Treasury, Trade and Risk Management Awards 2016
- Best in Treasury and Working Capital (SMEs) - India

The Financial Express - EY India's Best Banks 2015
- Strength & Soundness - Rank 1
- Efficiency - Rank 1
- Profitability - Rank 1

HIGHLIGHTS

- **Net Profit:**
  ₹ 12,296 crore. An increase of 20.4% compared to the previous year

- **Balance Sheet Size:**
  ₹ 708,846 crore. An increase of 20.0% compared to the previous year

- **Total Deposits:**
  ₹ 546,424 crore. An increase of 21.2% compared to the previous year

- **Total Advances:**
  ₹ 464,594 crore. An increase of 27.1% compared to the previous year

- **Capital Adequacy Ratio:**
  15.5%

- **Tier I Capital Ratio:**
  13.2%

- **Gross Non-Performing Assets:**
  0.94% of Gross Advances

- **Network:**
  - Branches: 4,520
  - ATMs: 12,000
  - Cities/Towns: 2,587

Do more, Live more!

Do more! These two simple, yet powerful words capture the promise of our digital services. Just as little bits of streaming data come together to deliver more, we have leveraged the power of digital, so that our customers can buy, sell, invest or make payments in an instant. Our focus is on making our customers' lives better, so that 'doing more' translates into getting more out of their money and life – 'living more by achieving more'.

Our customers are rapidly adopting technology in their daily lives, driven by growth in mobile penetration, availability of low-cost data plans and a shift from offline to online commerce. We have kept abreast of their evolving needs and behavior, and enabled access to a wide range of banking and payment services through our digital platforms. If last year was all about putting in place the foundations of our digital infrastructure, this year was devoted to using innovation in digital technologies across all channels to deliver the power of speed and convenience to all customer segments across urban and rural markets. We are now truly a Digital Bank to a Digital India. Indeed, going digital has placed the Bank in the palm of customers' hands, so that when they think money, they think HDFC Bank. Our foray into wearable technology with WatchBanking is another instance of giving more power and convenience to customers.

Our strength in providing backbone infrastructure to varied businesses, including e-tailers, offers us significant leverage with our online payment solutions. Our widely accepted and comprehensive mobile payment solution – PayZapp – went live across mobile platforms, including iOS, and will be made available to customers of other banks as well.

PayZapp offers the unique combination of the convenience of 1-click payments and the stability as well as the security of a large, reputed bank like HDFC Bank. Our customers need only a single click to recharge their mobiles, pay utility bills, transfer money to a friend, avail online shopping offers, shop for groceries, buy movie tickets and compare prices to buy flight tickets while planning their travel without having to share their card details with anyone outside the bank. PayZapp for Business allows merchants to bill their customers and receive payments instantly over the mobile, thereby making it easier for them to collect payments remotely and expand their reach. Doing more has never been so easy.

Empowering customers to 'do more' means giving them greater convenience and access to solutions when they need it. If urgent money is needed at midnight to pay for a medical emergency, eligible customers can walk into any nearby HDFC Bank ATM to have money credited into their account with an instant loan through the ATM. Our accounts take customers into a new world of multi-channel banking, where they can access services from home, at the office, or on-the-go through Mobile Banking, SMS Banking, PhoneBanking, ATMs and NetBanking.

The Bank also understands that time is of essence when it comes to doing more. Our branches offer instant activation of accounts and 'tatkal' delivery of cheque books and debit cards. NetBanking users can instantly access our offerings, such as a personal loan in 10 seconds or an instant credit card approval, that are of direct relevance or interest to them. Customers can conveniently update 'Know Your Customer' (KYC) details, or make nominations for accounts and deposits digitally. NRIs too can now receive online fixed deposit and savings interest certificates and update their KYC details via NetBanking. To avoid being taxed twice, they can now apply for a Double Taxation Avoidance Agreement (DTAA) through NetBanking. NetBanking now offers over 200 services and has witnessed 78 million financial cum non-financial transactions per month, with over 180% increase in users over the previous year.

Four wheelers and two wheelers have become an integral part of our lives, enhancing our productivity and giving us mobility. The Bank has brought all services related to buying a vehicle under one roof. Eligible customers can obtain a car loan in less than three minutes from the convenience of their homes. All our ATMs and branches now offer instant loans to select customers. ZipRide and ZipDrive are two services that offer instant and pre-approved loans, while Autopedia is a user-friendly app for research, test drives and vehicle selection. A top-up car loan can be obtained via NetBanking or an ATM in just a few seconds.

Enabling customers to do more by providing convenience and speed across our products and touch points has been our mantra to deliver benefits to all segments and geographies.

Managing investments for Private Banking clients is simpler and faster. Clients can now easily access our research reports both online and on mobile via the AAG app, capitalize on investment opportunities quickly through NetBanking and MobileBanking, and track investments using our InvestTrack app. For high net worth individuals, we offer the services of a Virtual Relationship Manager, with whom they can interact face-to-face through the MobileBanking app and fulfill all their banking and investment requirements effortlessly on a 24x7 basis.

Our Retail Agri Business offerings are faster, more convenient and suited to individual needs. Kisan Gold Card (KGC) Tez allows a farmer to get a loan within three days, while Kisan Turant can enhance an existing loan within three seconds through an ATM, over mobile or via a branch. KGC Mil-app allows tracking and monitoring of agri loans in real time. The Kisan Gold Card is our flagship rural product, used by farmers from the orchards of Kashmir to the plantations of Kerala. The Kisan Dhan Vikas Kendra is powered through mobile apps and websites and provides information on mandi prices, government schemes and farm purchases.

Our Wholesale Banking solutions empower the entire supply chain to 'do more' by enabling collections, payments and trade processes to be made digitally. E-collections and payments have done away with physical cheque clearing for faster cash flows. The trade lifecycle, from letters of credit and funding to bank guarantees, is now online for the complete supply chain network. For cash management, trade finance, treasury and supply chain services, dynamic digital platforms like Enet and Trade On Net offer value additions at every stage of the financial value chain.

With Trade Finance Mobile, the services are now accessible anytime, anywhere, allowing customers to authorize transactions on-the-go with OTP-based security.

Our digital drive is making lives easier in the rural hinterlands as well. Given poor or no connectivity, rural customers need innovative alternatives for availing banking and other services. Keeping this in mind, the Bank has launched its new MobileBanking Lite app which works even without an internet connection and is thus ideal for customers with no data plans or poor connectivity for accessing basic banking services.

Recharging mobile phones is now just a missed call away with Missed Call Mobile Recharge, which lets our customers recharge their prepaid mobile plans by just giving a missed call.

Our focus on making customers accomplish more comes with the assurance that our services are secure and protected. The Bank has set up a Digital Security Assessment Desk, which works with other teams to monitor and set up new security enhancements. The Bank also uses real-time risk engines and transaction monitoring systems and collaborates with third party vendors to shut down phishing and Trojan infested sites. It's the Bank's philosophy to be the best-in-class in cyber security.

At HDFC Bank, we understand our customers' needs, priorities and ambitions and have enabled them to achieve more in all that they do. The digital transformation needed is part of our DNA and is embedded across all our products, channels and touch points, thereby making the future of banking a reality. For our customers, the empowerment to 'do more' has a new meaning, with the power of banking now in their hands...Bank aap ki mutthi mein... Bank at your fingertips.

BANKING ON BHARAT

Digital technology is opening new frontiers in banking services, and the geography that is the biggest beneficiary is rural India, aptly called Bharat. It comprises 68% of the country's households, and through mobility, digital access and government initiatives, Bharat has the potential to grow larger than urban India in the next five to ten years. HDFC Bank has been the first to understand this opportunity and enjoys the first mover advantage by expanding distribution of designing the right mix of products, technology and support.

The scope that Bharat offers to banking is immense. Though the rural and semi-urban markets have a considerable penetration by FMCG and consumer goods, financial services are largely unorganized and dominated by non-institutional channels such as money lenders with usury practices. HDFC Bank has supplemented branches and ATMs with technology to connect with rural markets and fulfill their financial requirements. Today, 55% of its branches and 31% of its ATMs are located in villages and smaller towns.

The Bank's rural flagship product, Kisan Gold Card (KGC), a pre and post harvest working capital product offering, has been designed to help farmers across geographies and cropping segments by considering seasonality of the crop harvesting cycle. It has marked its footprints by recording the fastest village penetration of 10% across India. The scheme has been acknowledged and appreciated in various forums across states such as Punjab, Himachal Pradesh, Maharashtra, Haryana, Andhra Pradesh and Jammu and Kashmir.

The various offerings under KGC have been customized through continuous refinement of processes and digital innovation. 'KGC Tez' offers agricultural loans within 3-4 working days, and with 'KGC Turant', eligible farmers can avail an enhancement anytime and anywhere in just a few seconds by sending an SMS or a request through an ATM. Furthermore, to cater to complete financial requirements of the rural customers for their diverse needs, such as vehicle loans, personal loans and credit cards, an umbrella limit called the 'Kisan Dhan Shakti' Account is available with cash flow based and convenient repayment schedules.

Apart from extending rural credit facilities in deeper geographies, the Bank has also taken various steps to bring about a change in the overall economic conditions of farmers. With this objective, Kisan Dhan Vikas Kendras are being opened all across the country. The centres offer farmers easy access to services such as free soil health cards, financial literacy, digital literacy, expert crop advice, 'mandi' prices, dairy health camps and information on government schemes. Additionally, 'Dhanchayat' and 'Dhanshala' are two programs that deliver financial literacy related information. Farmers can also access the services of Kisan Dhan Vikas Kendra digitally through an exclusive farmer webpage, Kisan Dhan Vikas e-Kendra, and a mobile application 'HDFC Bank Agri App'.

Farmers today face challenge of access to quality inputs and are prone to market exploitation. In a first of its kind digital initiative, the Bank has enabled online purchase of quality agri inputs such as seeds, pesticides and insecticides to the doorsteps of farmers. Farmers can also now buy quality agri inputs at special discounts, through the 'KGC Farmguru SmartBuy' segment, which is an aggregation of various merchant discount offerings under one umbrella.

Today a typical wheat farmer has to wait for 15-20 days to receive the final payment via a cheque or demand draft. This time has been drastically cut down to a mere 48 hours by using smart cards for procurement agents, installing EDMs at 'mandis'. For other activities such as dairy, fishery and fruits, Point of Sale (PoS) and micro-ATMs have been used to create an instant cycle of capturing produce data, creating account entries and crediting the farmers. HDFC Bank thus participates in every cycle of the supply chain and offers working capital loans to ensure a running cash flow. Digital technology has again played the winning role for HDFC Bank by simplifying data capture and access to its products. It has thus seen a five-fold increase in savings balances through its credit facilities for small and middle level businesses. The 'Milk to Money' and Pungrain schemes have given rural populations easy access to money.

However, rural banking is not just about providing customised innovations. There's a large market for an entire suite of products – car loans, two-wheeler loans, tractor loans, light commercial vehicle loans, small working capital loans to traders, personal loans, gold loans, commodity finance, along with the more conventional agricultural credit. There's also a strong demand for savings products, ranging from basic savings accounts to recurring deposits and life and general insurance products. Of course, ticket sizes are smaller, but break even thresholds for branches are similar to urban branches as costs are lower.

Just like urban areas, the rural population too is experiencing the digital revolution with the rise in use of mobile phones. As digital wallets and mobile payments become popular, this segment is poised to grow twice the rate of urban India. Through PayZapp and SmartBuy, HDFC Bank is building a bridge to bring these customers closer to the marketplace. Villages and small towns should soon blossom into a networked global village.

HDFC Bank has shown that catering to the rural population need not be seen as a social or economic obligation. By successfully executing the above strategies with the right mix of technology, business models and outreach, it is making Bharat catch up fast with urban India. In the near future, #BankingOnBharat may soon become a necessary tag for the banking and finance sector.

Sustainable Livelihood Initiative

Since 2010, the Sustainable Livelihood Initiative (SLI) of the Bank has been providing holistic banking, capacity building and livelihood programs in rural areas. This year it achieved a major feat by being recognized as a model to be emulated by other banks in the annual publication, Status of Microfinance in India 2014-15, brought out by NABARD. The publication serves as a reference document for policy makers, researchers and other officials involved with developmental finance. Despite being young, the program uses time tested, holistic models leveraged on technology platforms and has therefore found success with its target audience which is relatively less literate.

The recognition by the apex body is a clear message of its reach and success. SLI operates from branch units, where 8-10 outreach officers enable access to both financial and related services, including financial literacy, livelihood and capacity building programs. The services are offered to both individuals and families. With technology, the program avoids lengthy paperwork by using data captured once to process loans, recurring deposits, overdraft, insurance, etc., and also provides digital e-KYC and scan-based disbursements. As of March 31, 2016, SLI has covered approximately 5.7 million households from the bottom of the pyramid in many villages spread across 361 districts and over 25 states providing banking services on a sustainable basis. The Bank has a board approved program to financially include 10 million households at the bottom of the pyramid in the next few years.

The SLI program has also been recognized with several other accolades: 'Best Bank in Assam' (2014-15) for the highest JLG Bank Linkage Program by NABARD; First prize under New Private Sector Commercial Bank for excellence in performance under SHG Bank Linkage Program in Tamil Nadu (2014-15); 'Best Bank in Rajasthan (2014-15) for the highest JLG Bank Linkage Program by NABARD; 'Best Bank in JLG credit Linkage in the state of Uttar Pradesh' from NABARD (2014-15) and 'Best Performing Branch in JLG credit Linkage in Goa under Private Sector Bank' award from Govt of Goa (2014-15).

Sustaining rural entrepreneurship

A lack of credit often hinders growth of entrepreneurial spirit in rural areas. Ranjana Laxman Kate from Solapur, Maharashtra, runs a grocery (kirana) store, which also sells packaged milk. Lack of cold storage facility prevented her from buying more milk despite increasing local demand. With the Bank's credit support, this hurdle was removed. "I bought a refrigerator, and started stocking milk packets in larger quantities. Now I can earn an additional ₹ 200 a day," she says.

Geetha from Nanjangud, Karnataka, joined the program with no prior knowledge of its services. The first loan offer allowed her to start basket making and support her children's education. With the third loan, her business grew and she could employ four other women. "Now I am well positioned to handle both my family and business due to the credit support from the Bank," Geetha says.

SLI also provides support for small scale businesses exposed to uncertain returns. Pratima Sen, Madhyagram, West Bengal, did not have a savings account and thus lost out on interest. The Bank's recurring deposit allowed her to get additional returns. "I save ₹ 100 every month through a recurring deposit, which guarantees me additional returns," she says.

Kalpanaben from Rajpipla, Gujarat, who runs a grocery shop, saw the business slow down as she found it difficult to purchase stocks. "HDFC Bank staff came and told us about the credit support given by the Bank. We formed a group and took a loan from the Bank to expand business. Now, I have availed a second loan from the Bank and earn enough income along with saving the surplus for future business requirements."

Pradhan Mantri Jan Dhan Yojana

Ms. Snehlata Srivastava (Special Secy. DFS) presenting the award in the presence of Mr. Hemant Contractor (Chairman - PFRDA)

HDFC Bank is among the top industry leaders in moving towards total financial inclusion for every Indian household. As part of the Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme, it has continually extended basic banking services to the allocated rural and urban areas through branches and business correspondents.

The Bank's adoption of digital technology will most benefit the common man. Its financial inclusion initiatives are based on the unique philosophy of 'Jan Dhan - Aadhaar - Mobile' (J-A-M) which is well suited to align with the government's 'Digital India' initiative.

J-A-M allows the Bank to aggressively pursue total financial inclusion by extending customer friendly technologies to the common man. The Bank's Aadhaar and Rupay enabled micro-ATMs are compliant with UIDAI set standards and located at its Bank Mitra locations. Aadhaar seeding ensures that government benefits easily reach the end consumer.

Till date, the Bank has created 15.79 lakh accounts under the PMJDY scheme, and ranks No. 1 in terms of account value among private sector banks. It also has the lowest percentage of zero balance accounts among leading private sector banks.

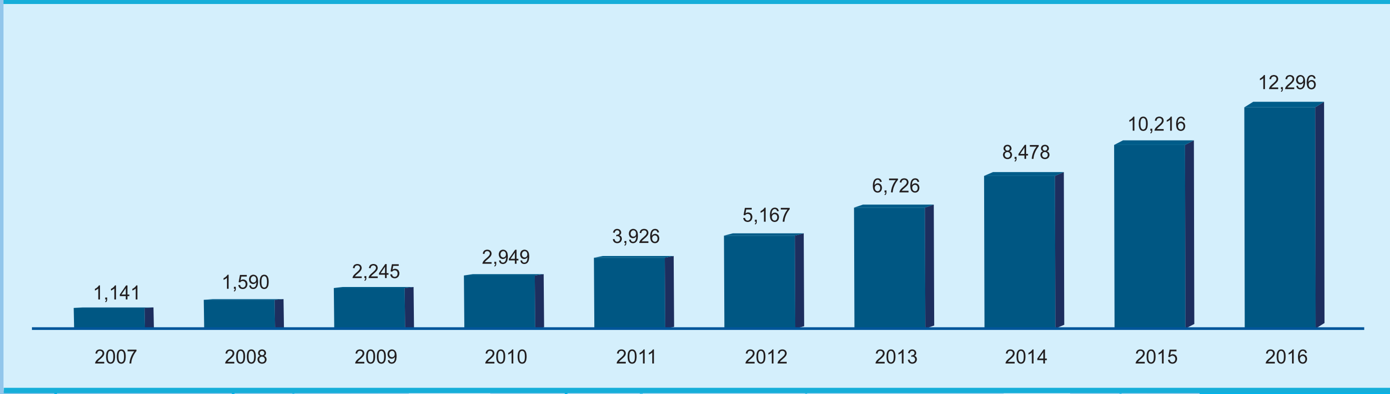
This year the government has launched various social security schemes for the common man for risk cover at minimal costs. The Bank has actively participated in these schemes. It has emerged among the leading private sector banks in Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana, and as the No. 1 private sector bank for enrollments under Atal Pension Yojana. Overall, it has enrolled 24.51 lakh customers in these schemes. It has received the "Best Performing Private Sector Bank" award from PFRDA for the Atal Pension Yojana in February 2016 (for period June'15 - January'16) and again has been adjudged the "Best Performing Bank - Maximum APY subscribers" and "Best Private Sector Bank" in April 2016 (for period February'16 - March'16).

The Bank has also led in advancing the Pradhan Mantri Mudra Yojana, launched by the honourable Prime Minister in April 2015. Mudra loans (for non-farm enterprises in manufacturing, trading and services for credit below ₹ 10 lakh) have been disbursed in all three categories: Shishu (loans up to ₹ 50,000), Kishore (₹ 50,000 to ₹ 5 lakh), and Tarun (₹ 5 lakh to ₹ 10 lakh). The total amount disbursed by the Bank stands at ₹ 5,357 crore, and includes meeting 212% of the annual target for the Shishu loan category.

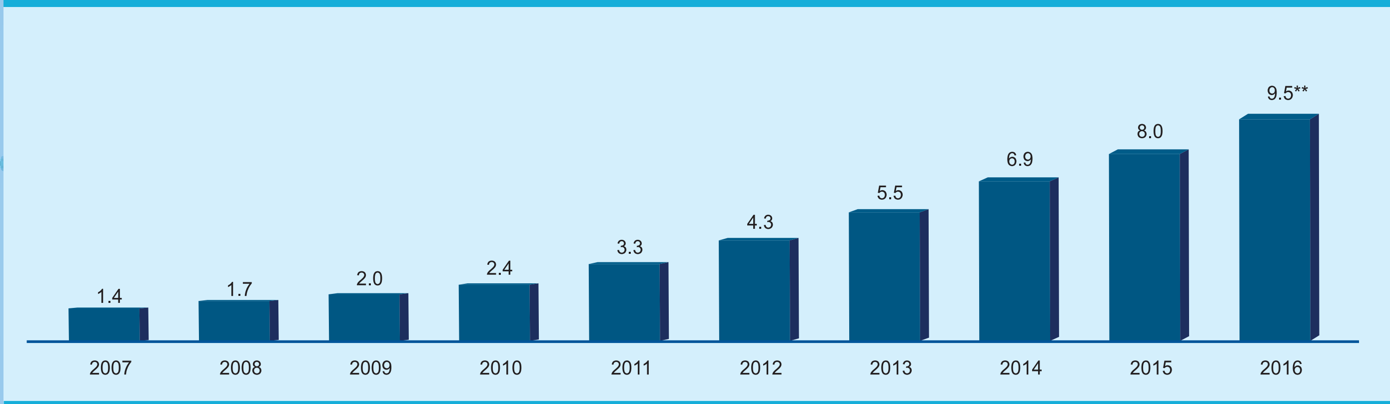
Believing that Aadhaar identification is key to achieving a complete 'Digital India', the Bank relies on its digital power to offer access to various government and non-government subsidies, banking and financial services, mobile connections and so on. Aadhaar seeding is now simplified through branches and all digital channels, making it easy for millions of customers to avail transfer of subsidies in schemes such as DBT, DBT-LPG, etc. Customers can also avail Aadhaar based e-KYC services at all Bank Mitra locations and its branches. For financial inclusion too, the Bank's micro-ATMs allow customers to carry out banking transactions using the Aadhaar Enabled Payments System.

Award for the Best Performing Bank - Private Sector Bank

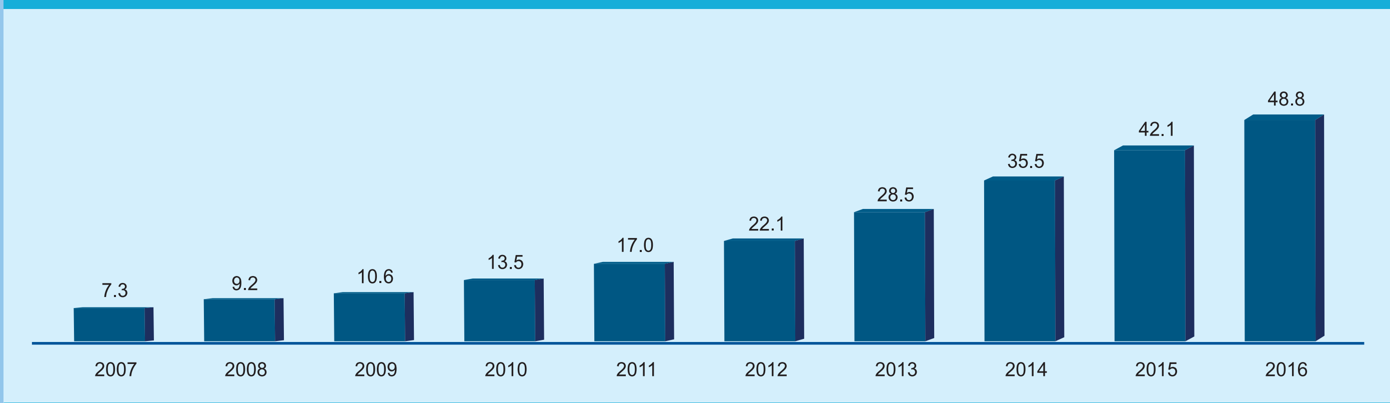
PROFIT AFTER TAX (₹ crore)



DIVIDEND PER SHARE* (₹)



EARNING PER SHARE* (₹)



* Previous year figures have been changed to reflect split of shares of FV ₹ 10 per share into FV of ₹ 2 per share
** Proposed Dividend

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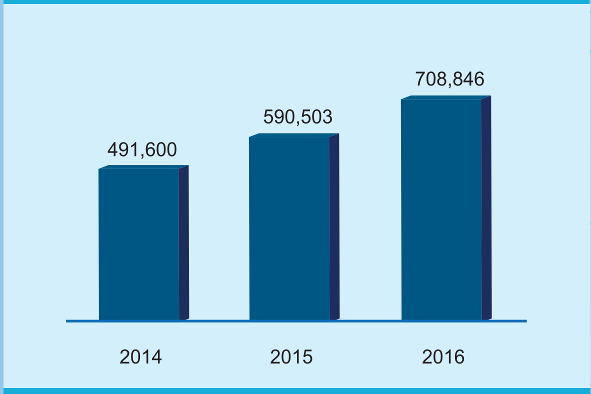
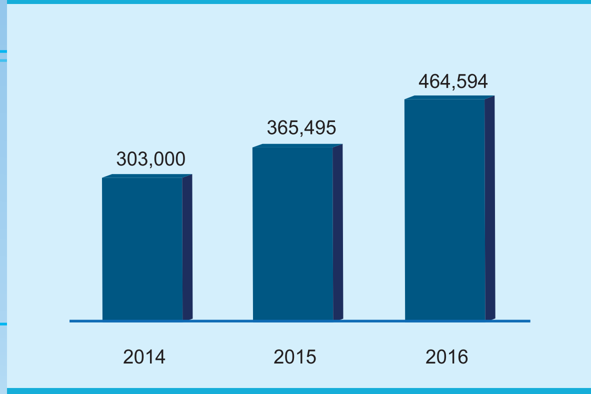
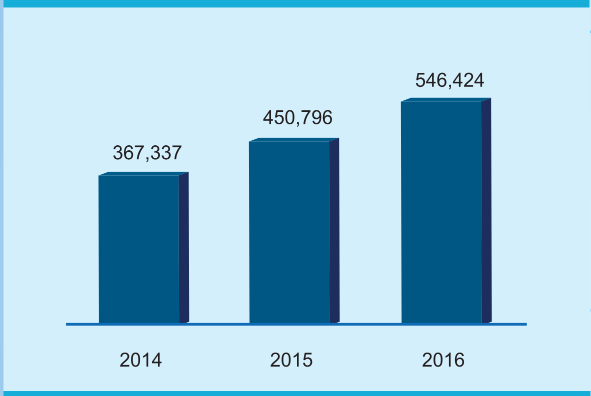
BALANCE SHEET SIZE (₹ crore)



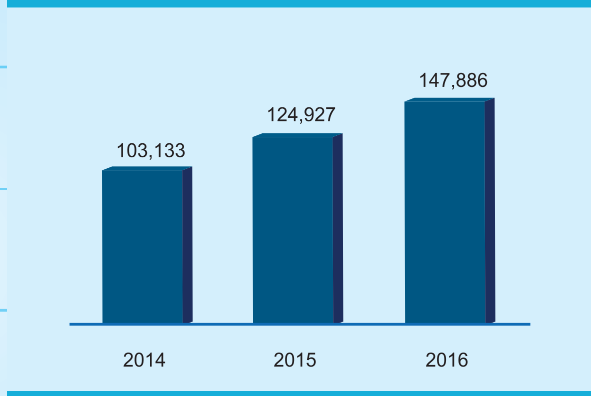
ADVANCES (₹ crore)



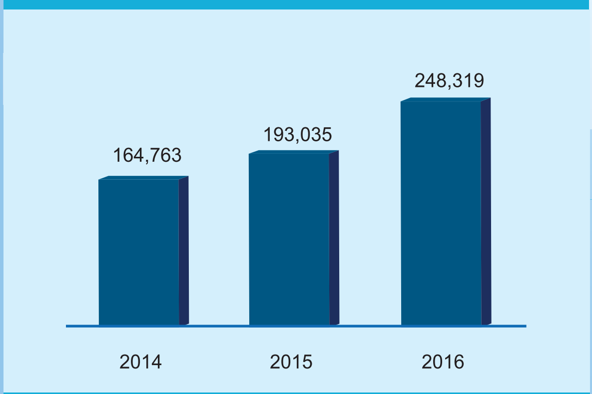
DEPOSITS (₹ crore)



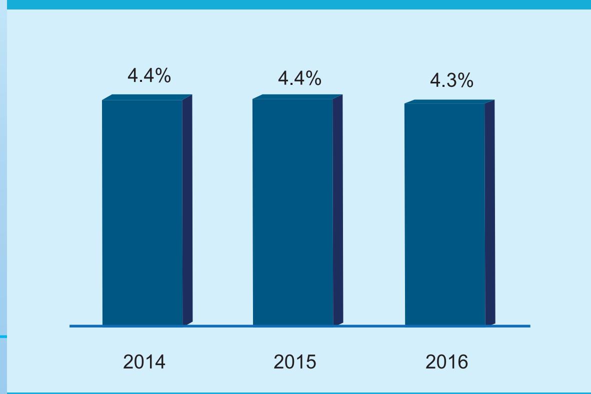
SAVING DEPOSITS (₹ crore)

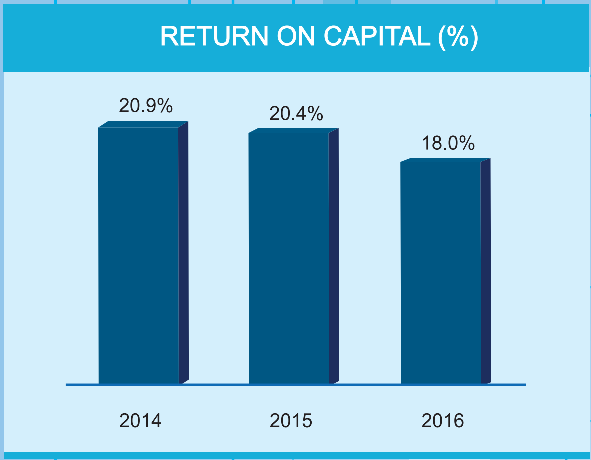


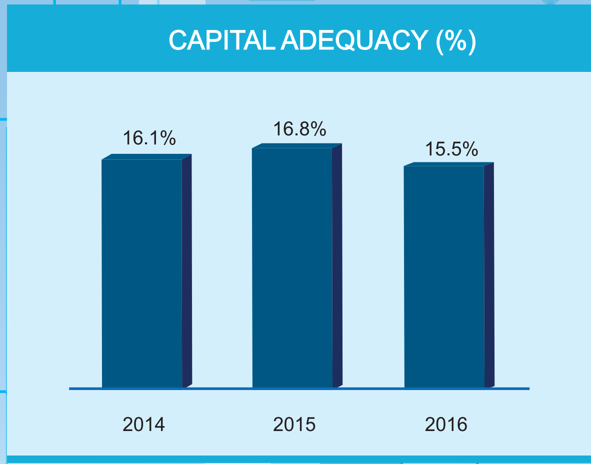
RETAIL ASSETS (₹ crore)

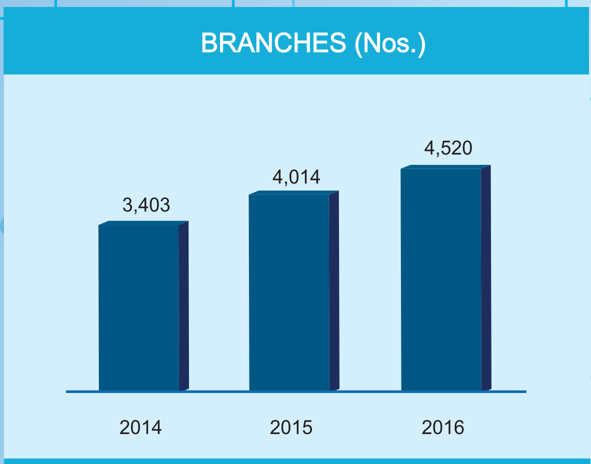


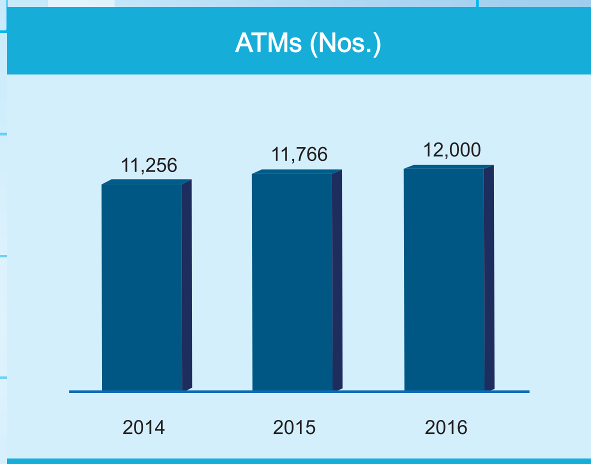
NET INTEREST MARGIN (%)

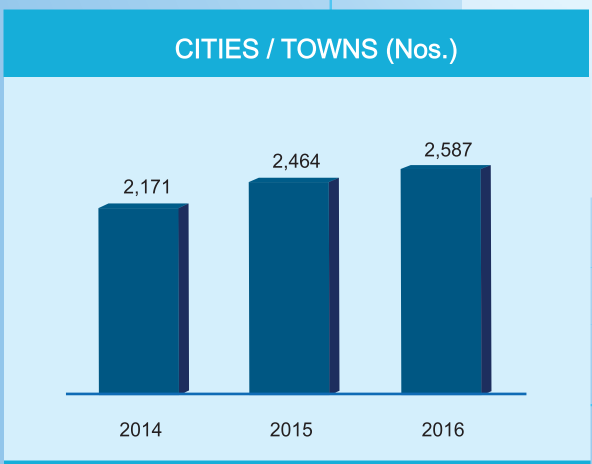


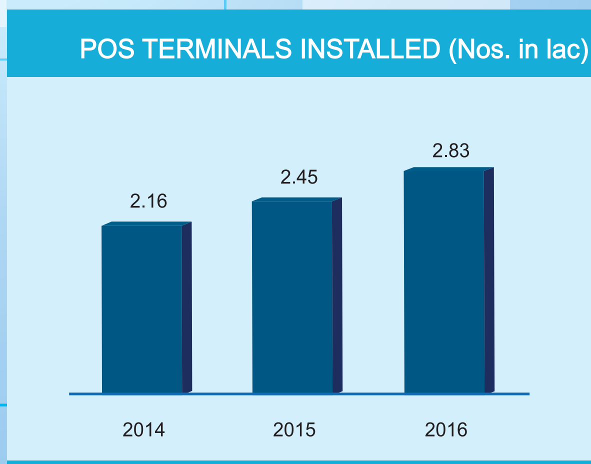












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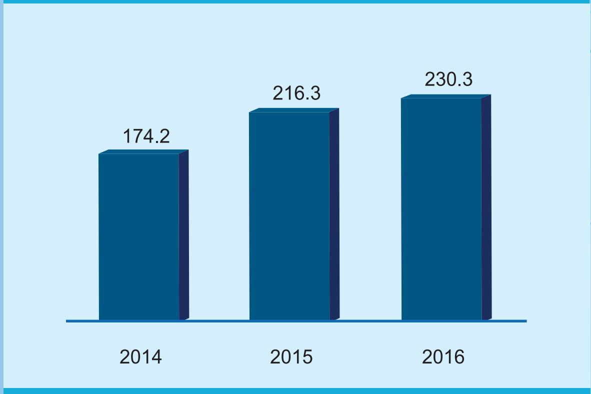
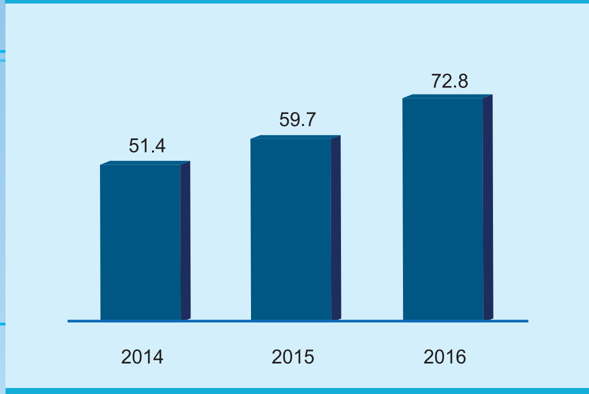
DEBIT CARDS (Nos. in lac)



CREDIT CARDS (Nos. in lac)



RUPEE EARNED

Interest from Advances	63.2%
Income from Investments	20.9%
Commission, Exchange, Brokerage	10.9%
Other Interest Income	1.8%
FX & Derivative Income	1.7%
Others	1.5%

RUPEE SPENT

Interest Expense	49.4%
Operating Expense	25.7%
Tax	9.6%
Transfer to Reserve	6.8%
Dividend & Tax on Dividend	4.4%
Provisions	4.1%

	2006-2007	2007-2008	2008-2009
Interest income	7,055.35	10,530.43	16,584.01
Interest expense	3,179.45	4,887.12	8,911.10
Net interest income	**3,875.90**	**5,643.31**	**7,672.91**
Other income	1,679.21	2,495.94	3,700.65
Net revenues	**5,555.11**	**8,139.25**	**11,373.56**
Operating costs	2,975.08	4,311.03	5,950.54
Operating result	**2,580.03**	**3,828.22**	**5,423.02**
Provisions and contingencies	941.28	1,547.59	2,123.78
Loan loss provisions	877.13	1,278.84	1,970.35
Others	64.15	268.75	153.43
Profit before tax	**1,638.75**	**2,280.63**	**3,299.24**
Provision for taxation	497.30	690.45	1,054.31
Profit after tax	**1,141.45**	**1,590.18**	**2,244.93**
Funds :			
Deposits	68,297.94	100,768.60	142,811.58
Subordinated debt	3,282.60	3,249.10	8,738.58
Stockholders' equity	6,433.15	11,497.23	14,646.33
Working funds	91,235.61	133,176.60	183,270.77
Loans	46,944.78	63,426.90	98,883.05
Investments #	30,281.96	48,908.96	55,784.95
Key Ratios :			
Earnings per share (₹) *	7.26	9.24	10.57
Return on average networth	19.40%	16.05%	16.12%
Tier I capital ratio	8.58%	10.30%	10.58%
Total capital ratio	13.08%	13.60%	15.69%
Dividend per share (₹) *	1.40	1.70	2.00
Dividend payout ratio	22.92%	22.17%	22.17%
Book value per share as at March 31 (₹) *	40.28	64.88	68.86
Market price per share as at March 31 (₹) **	190.83	266.25	194.68
Price to earnings ratio	26.29	28.80	18.42

₹ 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

Figures for the previous years have been adjusted to reflect the effect of reclassification as mentioned in Schedule 18, Note no. 1 forming part of 'Notes to Accounts'.

(₹ crore)

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
16,467.92	20,380.77	27,874.19	35,064.87	41,135.53	48,469.91	60,221.45
7,786.30	9,385.08	14,989.58	19,253.75	22,652.90	26,074.23	32,629.93
8,681.62	**10,995.69**	**12,884.61**	**15,811.12**	**18,482.63**	**22,395.68**	**27,591.52**
4,573.63	4,945.23	5,783.62	6,852.62	7,919.64	8,996.34	10,751.72
13,255.25	**15,940.92**	**18,668.23**	**22,663.74**	**26,402.28**	**31,392.02**	**38,343.24**
6,475.71	7,780.02	9,277.64	11,236.11	12,042.20	13,987.55	16,979.69
6,779.54	**8,160.90**	**9,390.59**	**11,427.63**	**14,360.08**	**17,404.47**	**21,363.55**
2,490.40	2,342.24	1,877.44	1,677.01	1,588.03	2,075.75	2,725.61
2,288.74	1,198.55	1,091.77	1,234.21	1,632.58	1,723.58	2,133.63
201.66	1,143.69	785.67	442.80	(44.56)	352.17	591.98
4,289.14	**5,818.66**	**7,513.15**	**9,750.62**	**12,772.05**	**15,328.72**	**18,637.94**
1,340.44	1,892.26	2,346.08	3,024.34	4,293.67	5,112.80	6,341.71
2,948.70	**3,926.40**	**5,167.07**	**6,726.28**	**8,478.38**	**10,215.92**	**12,296.23**
167,404.44	208,586.41	246,706.45	296,246.98	367,337.48	450,795.65	546,424.19
6,353.10	7,393.05	11,105.65	16,586.75	16,643.05	16,254.90	15,090.45
21,519.58	25,376.35	29,924.37	36,214.15	43,478.63	62,009.42	72,677.77
222,458.57	277,352.59	337,909.50	400,331.90	491,599.50	590,503.08	708,845.57
125,830.59	159,982.67	195,420.03	239,720.64	303,000.27	365,495.04	464,593.96
53,113.32	61,670.94	84,728.34	97,342.80	105,831.88	151,641.77	163,885.78
13.51	17.00	22.11	28.49	35.47	42.15	48.84
16.80%	16.52%	18.37%	20.07%	20.88%	20.36%	17.97%
13.26%	12.23%	11.60%	11.08%	11.77%	13.66%	13.22%
17.44%	16.22%	16.52%	16.80%	16.07%	16.79%	15.53%
2.40	3.30	4.30	5.50	6.85	8.00	9.50 ***
21.72%	22.72%	22.70%	22.77%	22.68%	23.62%	23.51%
94.02	109.09	127.52	152.20	181.23	247.39	287.47
386.70	469.17	519.85	625.35	748.80	1,022.70	1,071.15
28.62	27.59	23.51	21.95	21.11	24.26	21.93

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BOARD OF DIRECTORS

Mrs. Shyamala Gopinath, *Chairperson*
Mr. A. N. Roy
Mr. Bobby Parikh
Mr. Keki Mistry
Dr. Pandit Palande
(Retired as Director w.e.f. close of business hours on April 23, 2015)
Mr. Partho Datta
Mrs. Renu Karnad
Mr. Malay Patel
Mr. Umesh Chandra Sarangi
(Appointed as Additional Director w.e.f. March 1, 2016)
Mr. Aditya Puri, *Managing Director*
Mr. Paresh Sukthankar, *Deputy Managing Director*
Mr. Kaizad Bharucha, *Executive Director*

KEY MANAGERIAL PERSONS

Mr. Aditya Puri, *Managing Director*
Mr. Paresh Sukthankar, *Deputy Managing Director*
Mr. Kaizad Bharucha, *Executive Director*
Mr. Sashidhar Jagdishan, *Chief Financial Officer*
Mr. Sanjay Dongre, *Executive Vice President (Legal) & Company Secretary*

SENIOR MANAGEMENT TEAM

Mr. Abhay Aima
Mr. Ashish Parthasarthy
Mrs. Ashima Bhat
Mr. Ashok Khanna
Mr. Arvind Kapil
Mr. Aseem Dhru
Mr. Bhavesh Zaveri
Mr. Chakrapani Venkatachari
Mr. Deepak Maheshwari
Mr. Dhiraj Relli *(on deputation to HDFC Securities Limited, the Bank's subsidiary)*
Mr. Jimmy M Tata
Mr. Munish Mittal
Mr. Navin Puri
Mr. Nitin Chugh
Mr. Nitin Rao
Mr. Nirav Shah
Mr. Parag Rao
Mr. Rajender Sehgal
Mr. Rakesh K. Singh
Mr. Rajesh Rathanchand
Mr. Ravi Narayanan

STATUTORY AUDITORS

Deloitte Haskins & Sells
Chartered Accountants

REGISTERED OFFICE

HDFC Bank House,
Senapati Bapat Marg,
Lower Parel,
Mumbai 400 013.
Tel: + 91 22 66521000
Fax: + 91 22 24960737
Website: www.hdfcbank.com

CORPORATE IDENTIFICATION NO

CIN - L65920MH1994PLC080618

REGISTRARS & TRANSFER AGENTS

Datamatics Financial Services Ltd
Plot No. B 5,
Part B Crosslane,
MIDC, Marol, Andheri (East),
Mumbai 400 093.
Tel: + 91 22 66712213-14
Fax: + 91 22 66712011
E-mail: hdinvestors@dfssl.com

22nd ANNUAL GENERAL MEETING

Date	:	July 21, 2016
Day	:	Thursday
Time	:	2.30 p.m.
Place	:	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020
Record date for determining eligibility of dividend	:	June 30, 2016 (both physical and electronic)

Contents

To the Members,

Introduction:

Your Directors take great pleasure in presenting the 22nd Annual Report on the business and operations of your Bank, together with the audited accounts for the year ended March 31, 2016.

It's been a transformational year for your Bank in more ways than one. Led by a slew of digital innovations, many of them pioneering and several initiatives in rural India, your Bank was able to cement its position as a premier Bank across markets, from metros to the hinterland. The Bank's singular endeavour to offer an agnostic customer experience across all its geographies has enabled it to garner not just substantial mindshare but also market share.

Your Bank has also contributed as a corporate citizen substantially through its Sustainable Livelihood Initiative, which skills those at the Bottom of the Pyramid and enables them to earn a livelihood by providing captial and in the process substituting usurious lending by the unorganized financial sector. Through its CSR programme, your Bank is helping create sustainable communities. These initiatives helped the larger society bond better with the Bank. They were also instrumental in establishing your Bank as India's Most Valuable Brand for the 2nd consecutive year in a study conducted by Millward Brown, a leading global research agency specializing in media and brand equity research and a part of communications group WPP.

While the Bank's operations complemented by new initiatives during the year led to higher revenues and profitability, its traditional prudence ensured that it did not come at the cost of asset quality.

Summary of Financial Performance

(₹ crore)

Particulars	For the year ended / As on	
	March 31, 2016	March 31, 2015
Deposits and Other Borrowings	599,442.7	496,009.2
Advances	464,594.0	365,495.0
Total Income	70,973.2	57,466.3
Profit Before Depreciation and Tax	19,343.8	15,985.0
Profit After Tax	12,296.2	10,215.9
Profit Brought Forward	18,627.8	14,654.2
Total Profit Available for Appropriation	30,924.0	24,870.1
Appropriations		
Transfer to Statutory Reserve	3,074.1	2,554.0
Transfer to General Reserve	1,229.6	1,021.6
Transfer to Capital Reserve	222.2	224.9
Transfer to / (from) Investment Reserve	(8.5)	27.5
Proposed Dividend	2,401.8	2,005.2
Tax Including Surcharge and Education cess on Dividend	488.9	408.2
Dividend (including tax / cess thereon) pertaining to previous year paid during the year, net of dividend tax credits	(11.7)	0.8
Balance carried over to Balance Sheet	23,527.6	18,627.8

The Bank posted total income and net profit of ₹ 70,973.2 crore and ₹ 12,296.2 crore respectively for the year ended March 31, 2016 as against ₹ 57,466.3 crore and ₹ 10,215.9 crore respectively for the year ended March 31, 2015. Appropriations from net profit have been effected as per the table given above.

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Dividend

Your Bank has had a dividend policy that balances the dual objectives of appropriately rewarding shareholders through dividends and retaining capital in order to maintain a healthy capital adequacy ratio to support future growth. It has had a consistent track record of steady increase in dividend distribution over its history with the dividend pay-out ratio ranging between 20-25 per cent. Consistent with this policy and in recognition of the overall performance during this financial year, your Directors are pleased to recommend a dividend of ₹ 9.50 per equity share of ₹ 2 for the year ended March 31, 2016 as against ₹ 8 per equity share of ₹ 2 for the year ended March 31, 2015. This dividend shall be subject to tax on dividend to be paid by the Bank.

Ratings

Instrument	Rating	Rating Agency	Comments
Fixed Deposit Programme	CARE AAA (FD)	CARE Ratings	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
	IND Taaa	India Ratings	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
Certificate of Deposits Programme	CARE A1+	CARE Ratings	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
	IND A1+	India Ratings	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry 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 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 lowest credit risk.
Tier 1 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 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 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 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 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 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 lowest credit risk.

Issuance of Equity Shares

During the year under review, 2,16,91,200 equity shares were allotted to the employees of your Bank in respect of the equity stock options exercised under the Employee Stock Option schemes. As on March 31, 2016, the issued, subscribed and paid-up capital of your Bank stood at ₹ 5,056,373,034 comprising 2,52,81,86,517 equity shares of ₹ 2 each.

Employee Stock Options

The information pertaining to Employee Stock Options is given in **ANNEXURE 1** to this report.

Capital Adequacy Ratio

Your Bank's total Capital Adequacy Ratio (CAR) calculated in line with Basel III capital regulations stood at 15.5 per cent, well above the regulatory minimum of 9 per cent. Of this, Tier I CAR was 13.2 per cent.

Subsidiary Companies

Your Bank has two subsidiaries, HDB Financial Services Limited ('HDBFS') and HDFC Securities Limited ('HSL').

HDB Financial Services Limited

HDBFS is a non-deposit taking non-bank finance company ('NBFC'). The customer segments being addressed by HDBFS are typically underserviced by larger commercial banks, and thus create a profitable niche for the company. Apart from lending to individuals, the company grants loans to micro, small and medium business enterprises. It also operates call centres for collection services to the Bank's retail loan products.

During the year ended March 31, 2016, the company's total income increased by 31 per cent to ₹ 3,302 crore as compared to ₹ 2,527.3 crore in the previous year. During the same period, the company's net profit after tax grew by 52.9 per cent to ₹ 534.4 crore compared to ₹ 349.5 crore in the previous year.

HDBFS offers its loan and asset finance products through its branches and digital and assisted channels. It has 929 branches in 623 cities. As on March 31, 2016, your Bank held 97.1 per cent stake in HDBFS.

A Scheme of Amalgamation has been proposed for the amalgamation of Atlas Documentary Facilitators Company Private Limited and HBL Global Private Limited (associates of the Bank) with HDBFS. Necessary procedures have been initiated in this regard and are pending as on the date of this Report.

HDFC Securities Limited

HDFC Securities Limited (HSL) is among India's largest retail broking firms and offers a large bouquet of financial services. As on March 31, 2016, your Bank continued to hold 97.9 per cent stake in HSL.

HSL increased its physical distribution network by a further 12 branches during the year, taking the total to 262 branches across 189 cities in the country. During the year under review, HSL's total income amounted to ₹ 401.6 crore as against ₹ 417 crore in the previous year. During the same period, the net profit after tax was ₹ 133.3 crore compared to ₹ 165 crore in the previous year.

During the year under review, HSL won the prestigious IDC Insights Award 2015 for Excellence in Customer Experience in the BFSI category and the Digital Business Leader Award for Best CRM Implementation. It was adjudged runner up in the Best e-Brokerage category at the Outlook Money Awards 2015.

The annual reports of HDBFS and HSL are available on the website of the Bank. Shareholders who wish to have a copy of the annual accounts and detailed information on HDBFS and HSL may write to the Bank. These documents shall also be available for inspection by shareholders at the registered offices of the Bank, HDBFS and HSL.

MANAGEMENT DISCUSSION AND ANALYSIS

Macroeconomic and Industry Developments

India's economy recorded a growth rate of 7.6 per cent in terms of real Gross Domestic Product (GDP) in 2015-16. This was the highest in five years despite the continued slowdown in global growth and two consecutive years of deficient monsoons in India. Inflation moderated, with the average level of Consumer Price Inflation declining to 5 per cent in 2015-16 from 6 per cent in 2014-15. Domestic manufacturing growth improved to a robust 9.5 per cent compared to 5.5 per cent in financial year 2014-15. It reflects stronger value addition due to subdued input prices, which was a result of the declining global commodity cycle. Foreign Direct Investment inflows (FDI) increased by 40 per cent in the April–December period of 2015 over the corresponding period of the previous year.

A range of supply side measures, including prudent food stock management, appropriate monetary policy action and subdued global commodity prices aided the decline in inflation. Meanwhile, initiatives such as 'Make in India', power sector reforms, the liberalization of FDI rules and higher government capital expenditure spending indicate an incipient revival in domestic investment activity.

Going forward, weakness in private investment cycle and asset quality strain in the banking sector could prevent a full-fledged recovery, though some improvement in the growth rate is quite likely. Risks on the external front continue to loom in the form of a wider emerging market slowdown, especially on account of China and the likely volatility in global financial markets.

The growth inflation mix should improve for 2016-17 as the Government is expected to undertake more structural reforms and the RBI is likely to be more accommodative in its monetary policy. Going by the Union Budget, the focus of fiscal policy in the coming year will be the revival of rural economy and sustained increase in capital expenditure. Besides, higher outlay on various social sector programmes and implementation of Seventh Central Pay Commission recommendations should boost consumption spending. Going forward, headline GDP growth should increase to 7.8 per cent in 2016-17 from 7.6 per cent in 2015-16.

Mission, Business Strategy and Approach to Business

Your Bank's mission is to be a "World Class Indian Bank" benchmarking itself against international standards and best practices in terms of product offerings, technology, customer service levels, risk management, audit and compliance. The objective is to continue building sound customer franchises across distinct businesses so as to be a preferred provider of banking services for its target retail and wholesale customer segments and to achieve a healthy growth in profitability, consistent with the Bank's risk appetite.

Your Bank's business philosophy is based on five core values: Customer Focus, Operational Excellence, Product Leadership, People and Sustainability. Based on these cornerstones, it is your Bank's aim to meet the financial needs of customers while ensuring service of the highest quality.

Your Bank is committed to do this while ensuring the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance. The Bank understands and respects its fiduciary role and responsibility to all stakeholders and strives to meet their expectations. The cardinal principles of independence, accountability, responsibility, transparency, fair and timely disclosures serve as the basis of your Bank's approach to corporate governance.

Your Bank believes that diversity and independence of the Board, transparent disclosures, shareholder communication and effective regulatory compliance are necessary for creating and sustaining shareholder value. Your Bank has infused these principles into all its activities.

Your Bank also has a well-documented Code of Ethics / Conduct which defines the high business responsibility and ethical standards to be adhered to while conducting the business of the Bank and mandates compliance with legal and regulatory requirements. All employees, including senior management have to affirm annually that they have adhered to the Code of Conduct rules.

Consistent with the mission and approach, your Bank's business strategy emphasises the following:

- Increase market share subject to striking an optimal balance between risk and margin, in India's expanding banking and financial services industry
- Increase geographical reach
- Cross-sell broad financial product portfolio across customer base
- Continue investments in technology to support digital strategy
- Maintain strong asset quality through disciplined credit risk management
- Maintain a low cost of funds
- Integrating activities in community development, social responsibility and environmental responsibility with business practices and operations

Financial Performance

The financial performance of your Bank during the year ended March 31, 2016 remained healthy with total net revenues (net interest income plus other income) increasing by 22.1 per cent to ₹ 38,343.2 crore from ₹ 31,392 crore in the previous financial year. Revenue growth was driven by an increase in both Net Interest Income and Other Income. Net Interest Income grew by 23.2 per cent due to acceleration in loan growth coupled with a Net Interest Margin (NIM) of 4.3 per cent for the year ended March 31, 2016.

Other Income grew 19.5 per cent over that of the previous year to ₹ 10,751.7 crore during the year ended March 31, 2016. The largest component of Other Income was fees and commissions, which increased by 17.8 per cent to ₹ 7,759 crore with the primary drivers being commissions on debit and credit cards, transactional charges, fees on deposit accounts, fees on retail assets and commission on distribution of mutual funds and insurance products. Foreign exchange and derivatives revenue was ₹ 1,227.7 crore, gain on revaluation and sale of investments was ₹ 731.8 crore and recoveries from written-off accounts were ₹ 808 crore in the year ended March 31, 2016.

Operating (Non-Interest) expenses increased to ₹ 16,979.7 crore for the year under review from ₹ 13,987.6 crore in the previous year. During the year, your Bank opened 506 new branches and 234 ATMs coupled with strong growth in retail asset and card products, which resulted in higher infrastructure and staffing expenses. Staff expenses also increased on account of annual wage revisions. Despite the addition to the infrastructure, your Bank maintained its Cost to Income ratio at 44.3 per cent for the year ended March 31, 2016, as against 44.6 per cent for the previous year.

Total Provisions and Contingencies were ₹ 2,725.6 crore for the year ended March 31, 2016 as compared to ₹ 2,075.8 crore during the previous year. Your Bank's provisioning policies remain higher than regulatory requirements. The coverage ratio based on specific provisions alone excluding write-offs was around 70 per cent and including general and floating provisions was around 146 per cent as on March 31, 2016. Your Bank made General Provisions of ₹ 440 crore during the year ended March 31, 2016.

Your Bank's Profit before Tax was ₹ 18,637.9 crore, an increase of 21.6 per cent over the year ended March 31, 2015. After providing for Income Tax of ₹ 6,341.7 crore, the Net Profit for year ended March 31, 2016 was ₹ 12,296.2 crore, up 20.4 per cent over the year ended March 31, 2015. Return on Average Net worth was 18 per cent while the Basic Earnings per Share increased from ₹ 42.1 to ₹ 48.8 per equity share.

As on March 31, 2016, your Bank's total balance sheet stood at ₹ 708,846 crore, an increase of 20 per cent over ₹ 590,503 crore in the previous year. Total Deposits increased by 21.2 per cent to ₹ 546,424 crore as on March 31, 2016 from ₹ 450,796 crore as on March 31, 2015.

Savings Account Deposits grew by 18.4 per cent to ₹ 147,886 crore while Current Account Deposits grew by 20.2 per cent to ₹ 88,425 crore as on March 31, 2016. The proportion of Current and Savings Deposits to total deposits was at 43 per cent as on March 31, 2016.

During the financial year under review, Net Advances grew by 27.1 per cent to ₹ 464,594 crore. The Bank had a market share of approximately 5.4 per cent and 5.8 per cent in total Domestic System Deposits and Advances respectively. Your Bank's Credit Deposit (CD) Ratio was 85 per cent as on March 31, 2016.

Business Segments' Update

Consistent with its past performance, your Bank has achieved healthy growth across various operating and financial parameters in the last financial year. This performance reflected the strength and diversity of three primary business franchises - retail banking, wholesale banking and treasury and of its disciplined approach to risk-reward management.

Retail Banking

The growth in your Bank's retail banking business was robust during the year ended March 31, 2016. Your Bank's total Retail Deposits grew by 20.9 per cent to ₹ 436,383 crore in the year ended March 31, 2016, driven by Retail Term Deposits which grew faster at 23.4 per cent during the same period.

The Bank's Retail Advances grew by 28.6 per cent to ₹ 248,319 crore during the year ended March 31, 2016 driven primarily by growth in Personal Loans, Auto Loans, Home Loans, and Credit Cards. Retail Advances include loans which fulfil the criteria of orientation, nature of product, granularity and low value of individual exposures for retail exposures as laid down by the Basel Committee.

The growth in Retail Advances has been primarily due to two factors. First is the extensive network of branches across the length and breadth of the country which allows the Bank to reach out to different customer segments. Second is the emphasis on innovation across multiple channels, which offers customers choice, convenience and a superior experience. Faster and more efficient platform deliveries across ATMs, Internet, Phones and Mobiles have been the cornerstone of the growth in Retail Advances. Focus on cutting edge analytics and Customer Relationship Management (CRM) has helped the Bank to understand the customers' life cycle better and offer them products appropriate to their profile and needs. Further, analytics also allow the Bank to target potential customers in a cost effective manner. This enables your Bank to strengthen its relationship with existing customers, as well as forge new relationships. Focus on analytics and CRM also helps in understanding the risk profile of customers and helps improve fraud control and collections.

During the year under review, your Bank added 506 branches taking its physical distribution network to 4,520 branches in 2,587 cities / towns from 4,014 branches in 2,464 cities / towns as on March 31, 2015. Number of ATMs increased to 12,000 from 11,766 during the same period. The Bank's focus on semi-urban and under-banked markets continued with 55 per cent of its branches in such areas. The Bank's customer base has grown to 3.77 crore.

In order to provide its customers greater choice, flexibility and convenience, your Bank continued to make significant headway (investments) in its multichannel servicing strategy, offering its customers the use of ATMs, Internet, Phones and MobileBanking in addition to its expanded branch network to serve their banking needs. PhoneBanking services are available even for Non Resident Indian (NRI) customers across the globe.

The Bank continued its focus on existing customers for its credit cards portfolio, with over 75 per cent of new cards issued to this segment. As part of its strategy to drive usage of its credit cards, the Bank also has a significant presence in the 'merchant acquiring' business, with the total number of point-of-sale (POS) terminals installed crossing 2.8 lakh.

In addition to the aforementioned products, the Bank operates in the home loan business in conjunction with HDFC Limited. Under this arrangement, the Bank sells loans provided by HDFC Limited through its branches. HDFC Limited approves and disburses the loans, with the Bank receiving a sourcing fee for these loans. The Bank has the option to purchase up to 70 per cent of the fully disbursed home loans sourced under this arrangement 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. A fee is paid to HDFC Limited for the administration and servicing of the loans. Your Bank originated, on an average, approximately ₹ 1,300 crore of home loans every month in the year under review. During the same period, the Bank purchased from HDFC Limited home loans worth ₹ 12,773 crore under the "loan assignment" route.

Your Bank also distributes Life Insurance, General Insurance and Mutual Fund products through its tie-ups with insurance companies and mutual fund houses. Third Party Distribution Income contributed approximately 14 per cent of total fee income for the year ended March 31, 2016, compared to 15 per cent of the total fee income for the previous year.

The Bank's data warehouse, customer relationship management (CRM) and analytics solutions have helped it target existing and potential customers in a cost effective manner and offer them products appropriate to their profile and needs. Apart from reducing costs of acquisition, this has also helped in deepening customer relationships and greater efficiency in fraud control and collection activities resulting in lower credit losses. The Bank is committed to investing in advanced technology in this area which will provide a cutting edge to its product and service offerings.

Wholesale Banking

Your Bank provides its corporate and institutional clients a wide range of commercial and transactional banking products, backed by high quality service and relationship management. The Bank's Wholesale Banking business covers not only the top end of the corporate sector but also the Emerging Corporate Segment and SMEs. It has a number of business groups catering to various segments with a wide range of banking services covering their Working Capital, Term Finance, Trade Services, Cash Management, Investment Banking services, Foreign Exchange and Electronic Banking requirements.

Your Bank provides its customers' access to both Working Capital and Term Financing. Working Capital Loans and Short Tenor Term Loans continued to account for a large share of its Wholesale Advances. During the year ended March 31, 2016, growth in the Wholesale Banking business continued to be driven by new customer acquisition and securing a higher share of the wallet of existing customers by cross-selling with a focus on optimizing yields and increasing product penetration.

Your Bank's Financial Institutions and Government Business Group (FIG) offers commercial and transaction banking products to financial institutions, mutual funds, insurance companies, public sector undertakings, central and state government departments. The main focus for this segment remained the offering of various deposit and transaction banking products besides deepening these relationships by offering Funded, Non-Funded, Treasury and Foreign Exchange products. Your Bank is authorised to collect Direct Taxes. It made a total collection of nearly ₹ 1,90,000 crore during the year and was ranked second in terms of total collections made by any Bank. Your Bank is also authorised to collect Excise as well as Service Tax and collected over ₹ 97,000 crore, during the year. Governments of 13 States have authorised your Bank to collect State Taxes / Duties. These mandates enable a greater convenience to customers and help the exchequer in mobilizing resources in a seamless manner.

The Bank continues to be the market leader in cash settlement services for major stock and commodity exchanges in the country.

Your Bank's Investment Banking Group has established itself as a leading player in Debt Capital Markets and Project Finance. In recognition of the strong position enjoyed by the Bank in the Debt Capital Market, Bloomberg ranked it No. 2 amongst book runners in INR bonds for Calendar Year 2015.

Your Bank has executed a well thought out strategy of offering a full range of banking products under one roof to the commercial vehicle and infrastructure equipment market. It has, in a short span of time, established itself as one of the preferred and trusted brands in this segment with an enviable list of MoUs and Programmes with the leading commercial vehicles and Original Equipment Manufacturers (OEMs). Your Bank offers under one roof, Commercial Vehicle and Equipment Working Capital Loans, Bank Guarantee, Tax Payments, Cash Management Services and other banking services enabling it to cut down on transaction time and costs for customers.

Your Bank's Cash Management Business (CMS) (including all outstation collection, disbursement and electronic fund transfer products across its various customer segments) registered volumes of over ₹ 39 lakh crore. The Bank is one of the front runners in making significant progress in web-enabling its CMS business. In line with the Bank's overall drive towards digitization, it has further ensured a larger conversion of physical payments into electronic in the Cash Management Business.

The Bank has succeeded in leveraging its market position, expertise and technology to create a competitive advantage and build market share by offering customised solutions. From customised ERP integrations to high-end SAP certified solutions, the Bank has been a leading proponent of adopting innovative technology.

As part of the Bank's on-going digital transformation, the Bank extended its "Trade on Net" offering on mobile. This product enables customers to avail of Remittances, Letters of Credit, and Guarantees through the net platform. It gained enormous acceptance with customers due to the savings and convenience it offers.

International Operations

Your Bank currently has three overseas branches: a Wholesale Banking branch in Bahrain, a branch in Hong Kong and a branch at Dubai International Finance Centre (DIFC) in Dubai. The overseas branches offer multiple banking services including Treasury Products, Trade Finance and Loans to customers. The DIFC branch offers advisory services to High Net Worth Individuals and Corporates. Your Bank also has Representative Offices in Abu Dhabi and Nairobi which are engaged in promotional and marketing activities of the Bank's brand name among the Non-Resident Indians. As of March 31, 2016, the combined balance sheet size of overseas branches was over $ 5 billion. Advances at overseas branches constituted close to 7 per cent of the Bank's gross advances as on March 31, 2016. The total income of the overseas branches constituted over 1.5 per cent of the Bank's total income for the year.

Your Bank mobilized $ 3.4 billion in special FCNR (B) deposits from NRI clients under RBI swap window in 2013. This was the highest among all Banks. NRI clients had availed of loans amounting to $ 1.8 billion from the Bahrain branch towards booking these deposits. As a major portion of these deposits was for a 3 year tenor, this would come up for maturity during September - November 2016.

Treasury

The Treasury Group is responsible for compliance with reserve requirements and management of liquidity and interest rate risk on the Bank's balance sheet. On the foreign exchange and derivatives front, revenues were driven primarily by spreads on customer transactions based on trade flows and customers' demonstrated hedging needs. The year ended March 31, 2016 recorded ₹ 1,227.7 crore in revenues from foreign exchange and derivative transactions. These revenues were distributed across large and emerging corporates, business banking and retail customer segments for plain vanilla foreign exchange products and across primarily large and emerging corporate segments for derivatives. The Bank offers Indian Rupee and foreign exchange derivative products to its customers, who use them to hedge their market risks. The Bank enters into foreign exchange and derivative deals with counterparties after it has set up appropriate counterparty credit limits based on its evaluation of the ability of the counterparty to meet its obligations in the event of crystallization of the exposure. Appropriate credit covenants may be stipulated where required as trigger events to call for collaterals or terminate a transaction and contain the risk. Where the Bank enters into foreign currency derivative contracts, not involving the Indian Rupee, with its customers it 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 crystallized payables or mark-to-market losses). The Bank also deals in derivatives on its own account, including for the purpose of its own balance sheet risk management.

Given the regulatory requirement of holding government securities to meet the Statutory Liquidity Ratio (SLR) requirement, your Bank maintains a portfolio of Government Securities. While a significant portion of these SLR securities are held in the "Held-to-Maturity" (HTM) category, some of these 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.

Information Technology

Technology is a key enabler and facilitator to the critical goals of your Bank allowing it to make systems and processes even more efficient. Since inception, your Bank continued to invest heavily in technology to provide better products and superior customer experience.

Your Bank continues to spread its electronically linked branch network with state-of-the-art IT enabled core banking platform to ensure customers have access to 24*7 banking services.

Your Bank now has a large branch network in rural India. There are infrastructure limitations in deep geography. Your Bank has taken steps to address these issues, so that the Bank can offer various products and seamless services to clients across the length and breadth of the country. Your Bank also implemented Desktop Virtualisation, a cloud technology solution, to ensure that your Bank is able to overcome limitations of telecom networks. Bandwidth acceleration and compression technology has been implemented to empower rural / semi urban branches to improve the speed of the telecommunication network. QuickBanking, a mobile app catering to the off-line Internet has been launched by your Bank.

Your Bank has a large presence in the transactional processing space in most products including RTGS, NEFT and other electronic payments, Retail Assets and Direct Banking. Your Bank has made significant investments in technology re-engineering, system design and architecture and smart storage capacity. Your Bank maintains state-of-the-art IT Infrastructure, Products and Services to meet growing business needs. It's imperative that these services are provided without any disruption. Your Bank has sophisticated architecture and well-rehearsed Disaster Recovery set-up, so as to ensure 99.5 per cent up-time of important applications.

These initiatives reaffirmed your Bank's commitment to a significantly enhanced customer experience across all channels including Digital Banking.

Your Bank is glad to share that technology initiatives of your Bank have also been recognized in the form of many awards and accolades including from Institute for Development and Research in Banking Technology (IDRBT) and Indian Banks' Association (IBA).

Cyber Security

Your Bank has setup an effective governance framework to manage cyber security. A suitable organizational structure has been put in place to ensure that your Bank monitors various cyber security threats and minimizes them.

Your Bank conducts the cyber security threat assessment and mitigation requirements on a continuous basis and is committed to implement necessary improvements in an on-going manner.

The Bank has implemented various security initiatives to counter these:

- Regular Vulnerability Assessments and Penetration Tests are carried out to assess and remedy the vulnerabilities in applications and IT Infrastructure
- Anti-Phishing services have been subscribed to ensure that the phishing sites are shutdown in a timely manner. This ensures that customers are not lured to fraudulent sites
- Risk Engine and Transaction Monitoring systems are implemented to monitor suspicious transactions on Internet Banking, ATM and e-commerce channel
- To monitor cyber-attacks targeted at critical information assets, the Bank has setup 24*7 Cyber Security Command Centre
- Humans being the weakest link in Cyber Security, your Bank has been carrying out continuous awareness among employees and customers
- The critical websites of the Bank are scanned and monitored continuously for early detection of any malware

A testimony to the Bank's crisis preparedness is that it has secured PCI DSS and ISO 27001 certification for its critical information assets. Its efforts have been further recognized through awards from IDRBT, Data Security Council of India-National Association of Software and Services Companies (NASSCOM) for various cyber security initiatives.

Service Quality Initiatives

A regular process of reviewing the service levels and capturing feedback from customers is undertaken for continuous improvement in product, processes and service levels. This has gained even more criticality as the customer can now access the Bank's services across traditional touch points like branches, ATMs as well as the digital ones like the Internet and Mobile. Thanks to the new digital products on offer from the Bank - constantly monitoring the customer experience, securing feedback and acting on it becomes even more imperative. Your Bank has therefore augmented the training and skill development mechanism to empower and equip employees to deliver improved quality of Customer Service, as well as put in place a more stringent grievance monitoring and redressal mechanism across different delivery channels. The effectiveness of these measures is reviewed periodically at different levels including the Board of Directors. All these initiatives have helped in consistent reduction in total number of customer complaints. It is also a testimony to the Bank's strong and objective review mechanism. These are done by an independent cross functional team of senior staff to ensure unbiased resolution. In addition to the aforementioned measures, in compliance with Regulatory guidelines, your Bank has appointed a senior retired banker as Chief Customer Service Officer (Internal Ombudsman) who heads the review mechanism.

As a result of the continued focus on customer service, your Bank has received written appreciation from many of the Banking Ombudsmen appointed by Reserve Bank of India across locations such as Andhra Pradesh, Chhattisgarh, Goa, Gujarat, Haryana, Madhya Pradesh, Maharashtra, Punjab, Sikkim, Uttarakhand, Uttar Pradesh and West Bengal.

Risk Management and Portfolio Quality

Integral to its business, the Bank takes on various types of risk, the most important of which are credit risk, market risk, liquidity risk and operational risk. The identification, measurement, monitoring and management of risks remain a key focus area for the Bank. Sound risk management and balancing risk-reward trade-offs are critical to the Bank's success. Business and revenue growth are therefore to be weighed in the context of the risks implicit in the Bank's business strategy. The Board of Directors of your Bank endorses the risk strategy and approves the risk policies. The Risk Policy and Monitoring Committee of the Board supervises implementation of the risk strategy. It guides the development of policies, procedures and systems for managing risk. The committee periodically reviews risk level and direction, portfolio composition, status of impaired credits as well as limits for treasury operations.

To manage credit risk, the Bank has a comprehensive centralized risk management function, independent from the operations and business units of the Bank. Distinct policies, processes and systems are in place for the retail and wholesale lending businesses. In the retail loan businesses, the credit cycle is managed through appropriate front-end credit, operational and collection processes. For each product, programmes defining customer segments, underwriting standards and security structure are specified to ensure consistency of credit buying patterns. Given the granularity of individual exposures, retail credit risk is monitored largely on a portfolio basis, across various products and customer segments. For wholesale credit exposures, management of credit risk is done through target market definition, appropriate credit approval processes, ongoing post-disbursement monitoring and remedial management procedures. Overall portfolio diversification, prudential ceilings across various dimensions (individual/ borrower group, industry, credit risk rating grades, and country), product mix, security structures and periodic as well as proactive reviews facilitate risk mitigation and management.

The asset quality of the Indian banking industry came under severe pressure during the year due to broader macroeconomic factors as well as issues specific to certain sectors in the economy. The banking industry on a collective basis saw a sharp spike in non-performing assets as also flexible structuring of loans under the RBI framework. Your Bank did not witness any significant deterioration in overall asset quality and continues to maintain the highest standards of governance in respect of recognition and provisioning of non-performing loans.

During the year ended March 31, 2016, your Bank's ratio of gross non-performing assets (NPAs) to gross advances was 0.9 per cent. Net non-performing assets (gross non-performing assets less specific loan loss provisions) were 0.3 per cent of net advances as of March 31, 2016. Total restructured assets (including applications under process for restructuring) were 0.1 per cent of gross advances as of March 31, 2016. The specific loan loss provisions that the Bank has made for its non-performing assets continue to be more conservative than the regulatory requirements. In addition, the Bank has made general provisions for standard assets which are as per the regulatory prescription. The coverage ratio taking into account specific, general and floating provisions was 146 per cent as of March 31, 2016.

A dedicated team within the risk management function is responsible for assessment, monitoring and reporting of operational risk exposures across the Bank. A Board approved Operational Risk Management Framework has been put in place. A bottom up risk control self-assessment process identifies high risk areas so that the Bank can initiate timely remedial measures. Key Operational Risk Indicators are employed to alert the Bank on impending problems in a timely manner to ensure risk mitigation actions. Material operational risk losses are examined thoroughly to identify areas of risk exposures and gaps in controls on the basis of which appropriate risk mitigating actions are initiated.

Market Risk in the trading portfolio of your Bank has been adequately managed through a well-defined Board approved market risk policy and stringent trading risk limits such as positions limits, gap limits, tenor restrictions, sensitivity limits viz. PV01, Modified Duration and Option Greeks, Value-at-Risk (VaR) limit and Stop Loss Trigger Level (SLTL). The Bank also has an approved investment policy which is adhered to while investing or trading. Additionally, the Bank has a Board approved stress testing policy and framework which encompasses the market risk stress test scenarios and simulations so that stress losses can be measured and adequate control measures can be initiated.

Liquidity risk is the risk that the Bank may not be able to fund increases in assets or meet obligations as they fall due without incurring unacceptable losses. Interest rate risk is the risk where changes in market interest rates affect the Bank's earnings through changes in its net interest income (NII) and the market value of equity through changes in the economic value of its interest rate sensitive assets, liabilities and off-balance sheet positions. The policy framework for liquidity and interest rate risk management is established in the Bank's ALM policy which is guided by regulatory instructions. Your Bank has established various Board approved limits viz., maturity gap limits and limits on stock ratios for liquidity risk and limits on income impact and market value impact for interest rate risk. Your Bank's Asset Liability Committee (ALCO) is responsible for adherence to liquidity risk and interest rate risk limits. Additionally, your Bank has a comprehensive Board approved stress testing programme covering liquidity and interest rate risk which is aligned with the regulatory guidelines. The Liquidity Coverage Ratio (LCR) is a global minimum standard for Bank liquidity. The ratio aims to ensure that a 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 for a 30 calendar day liquidity stress scenario. In June 2014, RBI released Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity

Risk Monitoring Tools and LCR Disclosure Standards. Based on the guidelines, LCR became effective on January 1, 2015. The minimum requirement for the ratio was 70 per cent on January 1, 2016, increasing in equal annual increments to reach 100 per cent on January 1, 2019. As per the prevailing guidelines, your Bank's monthly average LCR, for the quarter ended March 31, 2016 was 80 per cent.

In accordance with RBI's guidelines, the Bank is currently on the Standardized Approach for Credit Risk, the Basic Indicator Approach for Operational Risk and the Standardized Approach for Market Risk. Parallely, the Bank is progressing with its initiatives for migrating to the advanced approaches for these risks. The framework of the advanced approaches is in harmony with the Bank's objective of adopting best practices in risk management.

The Bank has a structured management framework in the Internal Capital Adequacy Assessment Process (ICAAP) for the identification and evaluation of the significance of all risks that the Bank faces, which may have a material adverse impact on its business and financial position. The Bank considers the following as material risks it is exposed to in the course of its business and therefore, factors these while assessing / planning capital:

- 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
- Group Risk (covering HDB Financial Services Ltd and HDFC Securities Ltd)

The Bank has a Board approved Stress Testing Policy and Framework which forms an integral part of the Bank's ICAAP. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible stressed business conditions. The changes in the levels of various risks and the changes in the on and off balance sheet positions of the Bank are assessed under assumed stress scenarios and sensitivity factors. Typically, these relate, inter alia, to the impact on the Bank's profitability and capital adequacy.

Internal Controls, Audit and Compliance

Your Bank has Internal Audit and Compliance functions which are responsible for independently evaluating the adequacy of all internal controls and ensuring operating and business units adhere to internal processes and procedures as well as to regulatory and legal requirements. The audit function also proactively recommends improvements in operational processes and service quality. To mitigate operational risks, the Bank has put in place extensive internal controls including audit trails, appropriate segregation of front and back office operations, post transaction monitoring processes at the back end to ensure independent checks and balances, adherence to the laid down policies and procedures of the Bank and to all applicable regulatory guidelines. The internal audit function 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. Your Bank has always adhered to the highest standards of compliance and governance and has put in place controls and an appropriate structure to ensure this. To ensure independence, the internal audit function has a reporting line to the Chairman of the Audit Committee of the Board and only a dotted line reporting to the Managing Director. The Audit Committee of the Board also reviews the performance of the audit and compliance functions and reviews the effectiveness of controls and compliance with regulatory guidelines.

Corporate Social Responsibility - Building Sustainable Communities

Building sustainable communities especially in rural India is a core CSR objective of the Bank. Your Bank has identified Integrated Rural Development as a vehicle for socio-economic change and community building. This encompasses Education, Sanitation, Skill Development and Livelihood Creation. Within these broad areas, particular focus is to impart financial literacy / inclusion and sanitation. The recipients of these interventions are primarily women from the marginal sections of society.

The Integrated Rural Development Programme (IRDP) is spread across diverse geographies ranging from the arid regions of Marathwada in Maharashtra to the wet lands of Meghalaya.

In the endeavour to create sustainable livelihood, the Bank promotes activities that are economically empowering while keeping in mind the socio-economic context and the ecology of the region. These include providing assistance to villages in soil and water conservation, water management, construction, renovation and maintenance of water harvesting structures for improving surface and ground water availability, in partnership with the Village Development Committees. Soil and water conservation work has been initiated in 550 acres of land (covering over 140 farmer families) with 65 acres brought under irrigation for the first time and 45 acres brought under assured irrigation. In one such intervention in Madhya Pradesh, the development of a cluster of seven villages situated in Mandla district has been undertaken. This region is home to a significant tribal population, which is largely cut off from mainstream development.

Similar programmes are in progress at Maharashtra and Chhattisgarh. Raigarh in Maharashtra is a case in point, where ESR (Elevated Storage Reservoir) has been provided which ensures that every house has a water connection. Your Bank has also installed solar street lights which benefit the entire community especially women / girls as they face difficulties in venturing out after sunset.

Since economic and social empowerment are the end objective of the development interventions, the Bank's CSR efforts are reinforced by its direct intervention on financial inclusion and literacy, thereby creating economically sustainable communities. The disclosures as required under Rule 8 of the Companies Act (Accounts) Rules, 2014 have been given at **ANNEXURE 2** to this report.

Skill Development and Livelihood

The livelihood initiatives of the Bank centre around providing training and capacity development to youth and women from sections of society that have no access to formal education. The support programmes are aimed at providing competency-based, skill-oriented technical and vocational training. With various combinations of initiatives based on agriculture and allied businesses, your Bank has supported more than 4,000 households, trained more than 500 youth on different trades enabling them to be entrepreneurs. Another 600 have been trained to become employable. In 2015-16 alone, the Bank trained over 85,000 people through the Sustainable Livelihood Initiative.

In 2015-16, your Bank initiated a pilot programme in skill development: The National University Students Skill Development Programme in association with the Tata Institute of Social Sciences which focuses on increasing employability of university students by imparting knowledge and skills that make them job ready. The students are trained and certified in vocational skills in addition to their university graduate degree. There is also a need to ensure that a minimum 80 per cent of the students secure jobs on completion of graduation. About 4,200 students have undergone such training.

Your Bank has also initiated entrepreneurship and youth skills development programme in the villages around Bilaspur and Ponsara in Chhattisgarh which provide training in the fields of IT enabled Skills (ITeS), Industrial Electrician and Agriculture.

Education is the key to initiating change. Keeping this in mind, programmes are structured to ensure that the children are provided with basic infrastructure to create a conducive learning environment to acquire quality education. Continuing with its mission to provide clean sanitation in schools, your Bank has covered over 850 such institutions in more than 500 villages across Chhattisgarh, Gujarat, Haryana, Maharashtra, Madhya Pradesh, Meghalaya, Punjab and Rajasthan. In addition to construction of toilets, the Bank has tied up with over 10 NGO partners to implement a behavioural change programme which is oriented towards hygiene. The School Management Committee is encouraged to take ownership of maintaining the units. The interventions under WASH (Water Sanitation and Hygiene) have also addressed the need for clean drinking water in schools.

In addition to this, 30,000 students have benefited from an on-going programme of financial literacy, offered with a partner NGO in 300 schools of Chhattisgarh and Bihar. Some other key initiatives under education are teachers training, learning camps and career guidance programmes. In one such programme, your Bank has undertaken the challenging task of implementing an innovative programme 'Zero Investment Innovation in Education Initiative' across schools in Uttar Pradesh to encourage low cost innovation. The first phase has seen over 2 lakh teachers oriented on this concept with over 1 lakh innovative ideas submitted. Twenty five shortlisted ideas will be recognized and implemented across the state run schools in Uttar Pradesh.

Environment Sustainability

Maintaining a balance between the natural capital and communities is now integral to the Bank's functioning. Towards this end, Bank's ATMs have gone paperless, enabling reduction of carbon footprint. The Bank has given this effort a further fillip by ensuring multichannel delivery through NetBanking, PhoneBanking and MobileBanking. This reduces carbon emission from operations as well as on account of reduced customer travel requirements. Another source for reducing the environmental footprint is solar ATMs. These use rechargeable Lithium Ion batteries that bring down the consumption of power generated using conventional sources.

Blood Donation Campaign

The ninth year of Blood Donation campaign witnessed unprecedented participation with more than 1.75 lakh individuals contributing nearly 1.5 lakh units of blood. The campaign recorded highest participation in terms of number of cities, number of camps and number of colleges in the year under review. Apart from branch and college level camps, the Bank also tied up with Corporate and Defence establishments to organize camps on their premises, thus increasing the reach and spread of this social campaign.

Financial Inclusion

It is well accepted that increased financial inclusion leads to enhanced GDP growth. The potential in India is especially enormous as 40 per cent of the country's total population does not have access to formal banking services. Your Bank's financial inclusion initiatives are integrated across its various businesses and product groups.

Your Bank is committed to furthering financial inclusion under the Pradhan Mantri Jan Dhan Yojana (PMJDY) and social security schemes. In line with the Government's philosophy of "Digital India" it has implemented customer friendly technology solutions to make basic banking available to the common man through Aadhaar and Rupay Card enabled micro-ATMs (compliant to Unique Identification Authority of India) at every Bank Mitra or Business Correspondent location.

Complementing the Government's efforts, your Bank has aggressively advocated and pursued the "J-A-M" (Jandhan, Aadhaar, Mobile) trinity to ensure a holistic coverage of customers and easy access through digital channels as well as Aadhaar seeding to ensure Government benefits reach the end-customer. The Bank has opened 15.8 lakh PMJDY accounts since the launch of the scheme.

Prior to the launch of PMJDY, the Bank had been mobilising Basic Banking Savings Deposit Accounts (BBSDA) with the specific objective of providing customers a platform to inculcate savings habit. The Bank periodically tracks the behaviour in these accounts to ensure that the accounts opened are active. The total number of BBSDA was 73.8 lakh (including those opened under PMJDY umbrella) as on March 31, 2016 as against 49.35 lakh as on March 31, 2015.

The Government launched social security schemes in May 2015 with an objective of providing risk cover at minimal cost. The Bank offers all three schemes i.e. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY) through its branches, business correspondents and digital channels.

The Bank is among the leading Private Sector Banks in PMJJBY and PMSBY and is a leader in APY, enrolling a total of 24.5 lakh customers in these three social security schemes.

As on March 31, 2016, your Bank has brought over one crore households into the banking fold, which were hitherto excluded from basic banking services. Of these, over 55 lakh households are in over 5,000 villages with a population less than 2,000. These have been largely excluded from the formal banking sector.

Your Bank firmly believes that financial literacy is the first step towards financial inclusion. In order to educate people who do not have access to formal banking channels and bring them within this fold, various training programmes for customers and even intermediaries like Business Correspondents have been put in place.

Dhanchayat and Other Financial Literacy Initiatives

In the period under review, your Bank rolled out its programme "Dhanchayat: Financial Literacy on Wheels". Dhanchayat is an educational film to raise awareness on the perils of unorganised finance and how the malpractices associated with it hurt the dignity of the individual. Launched under the aegis of Swachch Banking - the Bank's CSR initiative for rural India, HDFC Bank-branded Dhanchayat video vans travelled to villages to educate the rural populace. The initiative covered nearly 4,900 villages thus benefiting nearly 10 lakh people.

Your Bank regularly undertakes training programmes on credit counselling and inculcating the savings habit. Besides, it also provides information on asset creation, insurance, and income generation programmes. During the year almost over 1.4 lakh financial awareness programmes covering over 22 lakh households were conducted.

As on the year ended March 31, 2016, your Bank had 1,025 branches in rural areas and 1,439 branches in semi urban areas.

Agriculture and Allied Activities

A large portion of India's un-banked population relies on agriculture as its main source of livelihood. It is imperative that banks replace the traditional unorganized money lending channels by providing transparent credit to farmers through various methods, while simultaneously enabling income generating activities. Your Bank provides various loans to farmers through its suite of specifically designed products such as the Kisan Gold Card, Tractor and Cattle Loans. In addition, the Bank offers post-harvest cash credit, warehouse receipt financing and bill discounting facilities to *Mandi* (markets for grain and other agricultural produce) participants and farmers. These facilities enable the *Mandi* participants to make timely payments to farmers. The Bank carries out this business through branches that are located in close proximity to *Mandis*. For the year ended March 31, 2016, the Bank's credit to agriculture and allied activities was about ₹ 65,250 crore as against approximately ₹ 49,085 crore in the previous year.

The Bank targets specific sectors to capture supply chain of certain crops from the production to the sales stages. On the basis of these cash flows, your Bank is able to finance specific needs of the farmers. This model has currently been implemented with sugar, fruit, vegetable, and tea crops, as well as dairy farmers. The initiative currently underway with dairy farmers includes the appointment of dairy societies as business correspondents, through whom the Bank opens accounts of individual farmers attached to these societies. The societies route payments through these accounts.

A number of retail credit products such as two-wheeler loans, car loans, mortgages that are consumption products in urban centres are also means of income generation for rural consumers. Apart from loans directly linked to agriculture, your Bank is one of the few to offer many other credit products under one roof to aid financial betterment in rural locations. Your Bank has extended provision of its retail loans to large segments of the rural population, where the end use of the products acquired (by availing Bank loans) is used for income generating activities. For example, loans for tractors, commercial vehicles, two wheelers supplement the farmer's income by improving productivity and reducing expenses.

Milk-to-Money

The use of appropriate technology is necessary to bring about efficiency in the agri-value chain, reducing the time taken between delivery of produce by the farmer to his final payment. One such innovative technology initiative is the Milk-to-Money for dairy supply chain. Under the initiative, your Bank has deployed Multifunction Terminals (MFTs), also known as Milk-to-Money ATMs, in dairy societies at the villages. The MFTs link to the milk procurement system of the dairy society to facilitate payment of milk proceeds into farmers' accounts on payment day. The entire process is done by the society without any intervention by the Bank at the front-end. MFTs have cash dispensers that function as standard ATMs enabling the farmer to withdraw the amount from his account immediately. The transparency in the milk collection process benefits both farmers and the society as they get payments quickly without the hassle of cash distribution. Based on the payment data, the Bank is able to lend to the farmers which improves the collection of the society and ultimately milk production.

The Bank's MFT footprint now encompasses Gujarat, Maharashtra, Punjab and Rajasthan with over 800 Milk-to-Money ATMs and Micro ATMs, servicing about 2.5 lakh farmers. These centres also enable rural customers to receive the direct benefit transfers from the Government in the same account. Apart from dairy and cattle loans, customers gain access to all bank products such as Vehicle Loans, 10 Second Personal Loans and Kisan Credit Card. The farmers also avail other digital facilities such as Bill Pay, Missed Call Banking and Mobile Recharge. They are also enabled to transact digitally with local merchants using products like PayZapp. This also provides a transacting point for other customers in the village, thus creating a complete rural ecosystem.

Loans against Gold Jewellery

Loans against gold jewellery have traditionally been an important source of credit, dominated by the unorganized sector and pawn brokers. Banks and other organized institutions have expanded their product suite and reach to offer gold loans.

The entry of such players has resulted in increased awareness, and at the same time provided greater transparency, substituting the money lenders. The availability of the asset and the ease of securing a loan has made this a convenient and viable credit option. For the year ended March 31, 2016, loans against gold jewellery stood at over ₹ 4,500 crore as against above ₹ 4,000 crore as on March 31, 2015.

Small and Micro Enterprises

The Micro, Small and Medium Enterprises (MSME) segment is a vital component of the Indian economy. It contributes 45 per cent to the country's total manufacturing output and 30 per cent to exports. Your Bank has been a very active participant in this segment and in order to engage better with businesses of different sizes, the Bank has created specialized verticals. It offers complete banking solutions to micro, small and medium scale enterprises across industry segments including manufacturing, retailing, wholesale, trading and services. The entire suite of financial products including Cash Credit, Overdrafts, Term Loans, Bill Discounting, Export Packing Credit, Letter of Credit, Bank Guarantees, Cash Management Services and other structured products are available to these customers.

To drive the growth in MSME segment, your Bank organized outreach programmes for SME customers. The programmes were also used to create awareness among customers about the new digital offerings of the Bank to improve efficiencies. In the year 2015-16, your Bank conducted 27 loan meets across 17 cities including Guntur, Guwahati, Kanpur, Kutch, Lucknow, Nagpur, Vijayawada, and Visakhapatnam.

The Bank's advances to Micro, Small and Medium Enterprises has grown by 35.8 per cent in the year ended March 31, 2016 to touch more than ₹ 74,500 crore from close to ₹ 55,000 crore for the year ended March 31, 2015. The Bank exceeded the overall priority sector lending requirement of net Bank credit.

Sustainable Livelihood Initiative (SLI)

SLI is a board mandated programme to financially include and uplift one crore households at the Bottom of the Pyramid through a holistic approach to empowering people and making a difference to their lives. It entails occupational training, financial literacy, credit counselling, livelihood finance, and market linkages.

Over the last six years, your Bank has accelerated its direct linkage programme to people at the Bottom of the Pyramid through Self-Help Groups and Joint Liability Groups. The Bank engages with women in villages to conduct financial literacy and credit counselling programmes, form groups, and then funds these groups for income generating activities. This enables the delivery of viable credit to the rural poor in a sustainable manner and at the same time inculcates saving and banking habits. As on March 31, 2016, your Bank has covered approximately over 55 lakh households in villages spread over 360 districts in more than 25 states including Assam, Bihar, Chhattisgarh, Meghalaya, Madhya Pradesh, Odisha, Rajasthan, Sikkim, Tripura, Uttar Pradesh and Uttarakhand.

In keeping with your Bank's commitment to this initiative, SLI has about 6,900 dedicated employees, who are trained to identify and cater to diverse customer needs. They recognize that villages are not homogeneous, but have their unique socio-economic and cultural characteristics. This leads to formulation of village specific strategies for customer acquisition and retention. Given the profile of the clientele, the transactions are often low in value but high in volume.

In keeping with the Bank's "GoDigital" focus, it has leveraged technology to reduce transaction costs and enhanced ease of doing business. The "GoDigital" drive has resulted in reduced response time in processing customer requests. Lengthy forms have been shortened for greater convenience to customers. These initiatives have reduced turnaround time for customers by as much as 30 per cent. e-KYC and Credit bureau check without PAN have addressed the issue of data validation to a great extent. Transaction based on mobile Apps / platforms to move villages towards cashless economies are in the offing.

The success of the SLI programme has been validated by various awards and recognitions. One such accolade has come from National Bank for Agriculture and Rural Development. In its annual publication, 'The Status of Microfinance in India 2014-15' the status of micro finance initiatives in the country is illustrated and gives a glimpse of interventions by various banks across geographies. The publication serves as a reference point for people in policy making functions, researchers and others involved in developmental finance.

A special mention commending the SLI programme of the bank has been made in the publication. It recognizes that the SLI model of HDFC Bank may be studied for adoption by other Banks. It is interesting to note that SLI is a relatively new model that has been in operation since 2010.

Innovation

Innovation is now embedded in the DNA of HDFC Bank. Employees are encouraged across functions to continuously come up with new ideas and act as digital evangelists.

Innovation in the Bank has been driven by digitization, the building block for which was laid two decades ago by investing in technology. Digitization has been a theme for the Bank in the last two years and it gained substantial momentum in the year under review. The Bank is happy to share that it has a Digital Innovation team, perhaps the only such group in the Indian banking context, to scout for and experiment with technology both contemporary and even futuristic.

Your Bank hosted a Digital Innovation Summit in March 2016 to tap into emerging technological trends that are shaping the financial technology space. We are happy to report that five companies have been chosen as potential partners in its journey. These companies have been drawn from the domains of Artificial Intelligence, Marketing, Mobile Payments, Quality Assurance and Biometric Payments.

Some of the major digital innovations introduced this year are:

Innovations in Retail Business

- **PayZapp with SmartBuy**: A comprehensive, convenient and secure payment solution which allows customers to link their cards once and then pay through one click. Smart Buy within PayZapp brings the best deals and discounts offered by merchant partners exclusively for HDFC Bank customers. PayZapp offers the unique combination of the convenience of 1-click payments and security. PayZapp for business allows merchants to bill their customers and receive payments instantly over the mobile, thereby making it easier for them to collect cash remotely and expand their business.
- **10 second Personal Loan**: A pre-approved instant loan on NetBanking which is offered to select customers and is disbursed within 10 seconds of applying.
- **ZipDrive**: An instant auto loan approval, which allows customers to generate an online approval with reference number, walk into a dealership and drive out with the car of their choice. This approval, valid for 30 days, enables the dealer to request HDFC Bank for the already pre-approved loan sanctioned to the customer.

- **Virtual Relationship Manager**: Offered to High Net Worth customers by invitation, this is a 24*7 access to a relationship manager through a safe and secure video interface on the mobile banking app.

- **Chillr**: Your Bank's partner app, which allows customers to send and receive money using phone book contacts. The app also allows customers to recharge mobiles, DTH, data cards and make merchant payments.

- **Design Your Own Loan Against Securities (LAS)**: This combines the power of a loan and a bank account. LAS can be availed against securities ranging from equity to mutual funds to Kisan Vikas Patra. What's more, customers can design the loan on the basis of these securities.

- **Loans on ATMs**: Your Bank offers 10 second personal loans on ATMs. Various consumer loans and top-up of existing loans to customers through ATMs will also be made available in the future.

- **Missed Called Recharge**: A simple and innovative way of recharging pre-paid mobile phones. It requires one-time activation of the service. The mobile number gets recharged for the selected amount, every time the customer gives a missed call to a particular number.

- **MobileBanking Liteapp**: A mobile banking app, offering several basic transactions in Hindi and English targeted at semi-urban as well as rural customers. This app caters to the off-line internet customers.

Innovations in Wholesale Business

- **Trade on Net and E Net on Mobile for corporate customers**: For cash management, trade finance, treasury and supply chain services, dynamic digital platforms like 'Enet' and 'Trade on Net' offer value additions at every stage of the financial value chain. With Trade Finance Mobile, the services are now accessible anytime, anywhere, allowing customers to authorize transactions on-the-go with OTP-based security.

People

People are a core value of the Bank and they constitute Human Capital. Your Bank firmly believes that a well-trained and motivated workforce is critical to achieving its strategic goals. The Bank's HR strategy is closely allied to its business strategy as enunciated in the section on 'Mission, Business Strategy and Approach to Business'.

The five broad pillars of HDFC Bank's People strategy are:

- **Resourcing and Staffing**: In an industry where agility in talent acquisition and deployment is key to geographic expansion and growth, your Bank has leveraged online recruitment along with other channels like job ready model to develop reach and quality of hires. It has created a strong leadership pipeline across levels by identifying the right talent internally and grooming them for challenging roles. This has resulted in an 85,000 plus strong work force that is well motivated, and trained to deliver value to the customer.

- **Career Management**: Your Bank's talent management processes 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 the Gurukul programmes sends a strong message of the Bank's commitment to employees on career progression.

- **Employee Engagement**: The Bank has nurtured an enabling performance culture in line with its vision to be a "World Class Indian Bank". The performance management system aligns organization goals with key objectives for each business which drives individuals to strive for excellence. In addition, your Bank strives to strengthen its connect with employees and has created employee engagement events, conducted both at local and national levels.

    - **Josh Unlimited**: Pan-India Sports event conducted in 26 cities
    - **Stepathlon**: Almost 2500 employees participated in the employee wellness initiative
    - **Hunar**: In-house Talent competition conducted in 9 cities
    - **Corporate Online Library**: Inculcates reading habit. Almost 1.5 lakh books made available
    - **Kwiz Kat**: National Banking Quiz with participation by 200 teams

In addition to the aforementioned programmes, employees can participate in the "HDFC Bank Voice Hunt Contest" in association with Shankar Mahadevan Academy and "STILLS" which is an inter-corporate photography contest.

The Bank encourages employees to participate in community and social work. Through your Bank's "Employee Payroll Giving" programme, employees can choose to donate a certain amount from their salary each month for specific causes.

The other flagship programmes are the Blood Donation Drive and the Bank's volunteering programme which involves employees imparting financial literacy as well as relief efforts like the J&K flood relief.

"HDFC Bank Cares" is an initiative to address healthcare needs of employees. Activities under this programme include Health mailers, Doctor on Call, Health check-up camps and Health Talks by experts. The Bank runs an on-site crèche at Kanjurmarg, Mumbai.

These initiatives help create a connect among employees and also helps them forge an emotional bond with the organization. Further, a strong feedback mechanism helps shape the programmes and aligns them with people's expectations and organization policies.

- **Training and Development**: Training plans are developed based on analysis of training needs done in consultation with various businesses. 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 in staff. The training methodology has evolved to application based training to include simulations, case studies and games. Today, over 100 courses can be availed on e-learning platforms.

- **Rewards**: Merit is the driving force in the organization. The distinctive part of the milieu of rewards both financial and non-financial is the objectivity and transparency with which it is done. This fair and equitable approach encourages staff to give off their best. The compensation policy ensures that remuneration is not only competitive but also includes wealth creation opportunities through long term rewards like ESOPs. The Bank has a comprehensive compensation policy that has been articulated in line with the Reserve Bank of India's guidelines. The "Star Awards" is an institutionalized recognition programme that periodically recognizes performers. The "Tejaswini Awards" is a special category to recognize women achievers.

Other Statutory Disclosures

Board and Board Committees

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**.

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 judgements 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, 2016 and of the profit of the Bank for the year ended on that date

- We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities

- We have prepared the annual accounts on a going concern basis

- We have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were 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, will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. Members are requested to consider their re-appointment for financial year 2016-17 on an annual remuneration of ₹ 1,90,00,000 (previous year ₹ 1,10,00,000 and additional fees, proposed for ratification by the members, of ₹ 40,00,000 for reporting on internal financial controls for financial year 2015-16) plus service taxes as applicable, which has been approved by the Audit Committee of the Board.

Disclosure under Foreign Exchange Management Act, 1999

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

Related Party Transactions

The details of transactions entered into with related parties are enclosed as **ANNEXURE 4** to this report.

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 by a banking company in the ordinary course of business. Further, in terms of the Companies (Removal of Difficulties) Order, 2015, nothing in Section 186 except sub section (1) shall apply to any acquisition 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. There were no entities which became or ceased to be the Bank's subsidiaries, associates or joint ventures during the year.

Whistle Blower Policy / Vigil Mechanism

The Bank has adopted a Whistle Blower Policy pursuant to which employees of the Bank can raise their concerns relating to fraud, malpractice or any other activity or event which is against the interest of the Bank or society as a whole. Details of complaints received and the action taken are reviewed by the Audit Committee.

The functioning of the Whistle Blower mechanism is reviewed by the Audit Committee from time to time. None of the Bank's personnel have been denied access to the Audit Committee.

Declaration by Independent Directors

Mrs. Shyamala Gopinath, Mr. Partho Datta, Mr. Bobby Parikh, Mr. A. N. Roy and Mr. Malay Patel are Independent Directors on the Board of the Bank as on March 31, 2016. 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. The said framework / policy was duly reviewed during the year. A questionnaire for the evaluation of the Board and its Committees, 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 the guidelines of the Reserve Bank of India. 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 Nomination and Remuneration Committee (NRC) recommends the appointment of Directors to the Board. The NRC 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 compensation policy of the Bank, duly reviewed and recommended by the NRC has been articulated in line with the 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 like 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. Non-Executive Directors are also reimbursed expenses incurred by them for attending meetings of the Board and its Committees at actuals. The remuneration payable to the Non-Executive Directors and Independent Directors is governed by the provisions of the Banking Regulation Act, 1949, RBI guidelines issued from time to time and the provisions of the Companies Act, 2013 and related rules to the extent it is not inconsistent with the provisions of the Banking Regulation Act, 1949 and RBI guidelines. The Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and dynamic business environment have placed more onerous responsibilities on the Non-Executive Directors, particularly the Independent Directors. These require the Directors to play a more pro-active role, along with greater involvement in Board's decision making process. In order to enable the Bank to attract and retain professional directors, it is essential that such Directors are appropriately compensated. In terms of the guidelines issued by RBI for compensation of Non-Executive Directors of private sector banks dated June 1, 2015, the Board has, subject to the approval of the members at the ensuing Annual General Meeting of the Bank, approved payment of profit-related commission to its non-executive directors, other than the Chairperson, not exceeding ₹ 10,00,000/- (Rupees Ten Lakh only) per annum for each Non-Executive Director.

None of the Directors of your Bank other than Mr. Kaizad Bharucha is a director of the Bank's subsidiaries as on March 31, 2016. Mr. Bharucha is paid sitting fees by the subsidiary for attending meetings of the Board and Committees of the subsidiary. During the year, Mr. Bharucha was paid sitting fees of ₹ 4,50,000 by the subsidiary. Mr. Bharucha has not received any commission from the subsidiary.

The Board of Directors of HDB Financial Services Limited, the Bank's subsidiary, has appointed Mr. Aditya Puri as the Non-Executive Chairman on the Board of their company with effect from May 1, 2016.

Significant and Material Orders Passed By Regulators

During the year under review no significant or material Orders were passed by any regulators or courts or tribunals against the Bank other than those disclosed separately in the financial statements and in the Corporate Governance Report.

Directors and Key Managerial Personnel

Mrs. Renu Karnad and Mr. Keki Mistry will retire by rotation at the ensuing Annual General Meeting of the Bank and are eligible for re-appointment. During the year, Dr. Pandit Palande ceased to be a Director on the Bank from the close of business hours on April 23, 2015, on completing the maximum permitted tenure of eight years as per Banking Regulation Act, 1949. Your Directors wish to place on record their sincere appreciation of the contribution made by Dr. Palande during his tenure with the Bank.

Mr. Umesh Chandra Sarangi was appointed as Additional Director with effect from March 1, 2016 to hold office till the conclusion of the ensuing Annual General Meeting. Mr. Sarangi has been appointed as a director having specialized knowledge and practical experience in agriculture and rural economy as per the provisions of Section 10-A (2)(a) of the Banking Regulation Act, 1949. In terms of Section 149 of the Companies Act, 2013, it is proposed to appoint Mr. Sarangi as an Independent Director for a tenure of five (5) years, determined in accordance with the applicable provisions of the Banking Regulation Act, 1949 and the guidelines of RBI in this regard. The Bank has received a notice from a member proposing the candidature of Mr. Sarangi as Director of the Bank at the ensuing Annual General Meeting.

The brief resume / details regarding the Directors proposed to be appointed / re-appointed as above are 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.

Familiarization Programme for Independent Directors

The various programmes undertaken for familiarizing Independent Directors with the functions and procedures of the Bank are disclosed in the Corporate Governance Report.

Particulars of Employees

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

The Bank had 87,555 employees as on March 31, 2016. There were 311 employees employed throughout the year who were in receipt of remuneration of more than ₹ 60 lakh per annum and 23 employees employed for part of the year who were in receipt of remuneration of more than ₹ 5 lakh per month. The details of such employees in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are appended separately and form part of this report. The Report and Accounts are being sent to the shareholders excluding these particulars and any shareholder interested in obtaining the said details may write to the Company Secretary at the Registered Office of the Bank.

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:

- Replacing obsolete server infrastructure with servers with virtualization thus saving on Data Centre power and cooling
- Installing energy capacitors at its high consumption offices to reduce energy consumption
- Installing energy saving electrical devices for saving energy and supporting go-green initiative. (Device in ACs)
- Advocated switching off lights and ACs when not required, turning off PCs when not in use (post 10 PM through remote control) setting higher temperatures on ACs to reduce consumption
- All main Sign Boards in Branches switched off during the night post 10 pm
- Put controls on usage of Lifts, ACs, Common Passage lights and other electrical equipment

(B) Technology Absorption

Your Bank has been at the forefront of technology absorption. Technology has continued to provide business and customers with state-of-the-art products and services. Through adoption of carefully evaluated technology solutions, the Bank has been able to offer an enhanced customer experience at optimal costs. This is made possible by using advanced analytics to create a 360 degree view of all 3.7 crore customers. The analytics engine uses machine learning to analyse structured and unstructured data - transactional, behavioural, demographics, system logs, click streams, bureau data and more - for insights. This helps in offering relevant recommendations using a mix of advanced algorithms, behavioural micro-segments, real time action and event triggers built on the backbone of cutting edge big data technologies. These recommendations are served via personalised campaigns, delivered through an Omni channel approach.

The Bank's Technology Absorption is illustrated further by:

- Successfully migrating to MPLS technology
- Making Internet facing infrastructure and applications IPV6 compliant
- Implementing cutting edge P2P payment solution in partnership with relevant industry players
- Implementing straight through processing, using SOA (services oriented architecture) enabled bio-metric authorization for 30 minutes Vehicle Loan Approval
- Implementing a Risk Intelligence Management System for Retail Assets to enable monitoring from loan pre-disbursement to repayment / closure
- Embarking on a programme of Implementation of RBI guidelines on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds
- Strengthening technology infrastructure to ensure uninterrupted service to customers

The expenditure incurred on Research and Development

Being in the Financial Services Space, your Bank evaluates innovative technology solutions that are readily available or near-ready for deployment and broadly fit its business requirements. Solutions that are commercially viable are then tested in collaboration with the relevant technology partners. Once proven, the technology solutions are then procured and commissioned for active business use.

(C) Foreign Exchange Earnings and Outgo

During the year the total foreign exchange earned by the Bank was ₹ 1,227.7 crore (on account of net gains arising on all exchange / derivative transactions) and the total foreign exchange outgo was about ₹ 151.12 crore towards the operating and capital expenditure requirements.

Secretarial Audit

In terms of Section 204 of the Companies Act, 2013 and the Rules made there under, M/s. BNP & Associates, Practising Company Secretaries have been appointed as Secretarial

Auditors of the Bank for the financial year 2015-16. The report of the Secretarial Auditors is enclosed as **ANNEXURE 7** to this Report. The observations in the said report are self-explanatory and no further comments / explanations are called for.

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 website 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 2015-16.

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

Your Bank believes that the Indian economy is expected to grow faster in 2016-17. The Bank is well positioned to continue to grow faster than the banking system both in retail and wholesale segments. A good monsoon holds the key to accelerated GDP growth and consequently to that of the banking industry. Over the next couple of years, the Bank will leverage on its distribution strength and digital platforms especially in the rural and semi-urban parts of the country for a more sustained growth. Your Bank will continue its focus on five core values of Customer Focus, Operational Excellence, Product Leadership, People and Sustainability. Needless to say, your Bank will continue to operate with the strongest possible commitment to Corporate Governance. All of this will help the Bank on its onward growth journey and help create long term shareholder value.

On behalf of the Board of Directors

Mrs. Shyamala Gopinath
Chairperson

Mumbai, May 19, 2016

ANNEXURE 1 to 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, 2016

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 XVI	30th June, 2010	100,000,000	440.16	9,219,200	-	-	7,521,200	-	24,000	1,674,000
Plan E- ESOS XVII	30th June, 2010	100,000,000	508.23	180,100	-	-	68,500	-	-	111,600
Plan E- ESOS XVIII	30th June, 2010	100,000,000	468.40	17,504,400	-	-	4,937,400	-	14,500	12,552,500
Plan E- ESOS XIX	30th June, 2010	100,000,000	680.00	29,014,200	-	9,364,000	5,081,100	410,600	10,400	23,512,100
Plan D- ESOS XX	16th June, 2007	75,000,000	680.00	6,402,300	-	2,002,200	1,078,200	190,200	-	5,133,900
Plan C- ESOS XXI	17th June, 2005	50,000,000	680.00	6,233,000	-	2,013,300	798,200	174,000	-	5,260,800
Plan E- ESOS XXII	30th June, 2010	100,000,000	664.45	21,800	-	-	21,800	-	-	-
Plan C- ESOS XXIII	17th June, 2005	50,000,000	835.50	545,000	-	212,400	28,400	35,000	1,600	480,000
Plan F- ESOS XXIV	27th June, 2013	100,000,000	835.50	39,913,000	-	15,965,800	2,156,400	1,308,000	6,400	36,442,200
Plan F- ESOS XXV	27th June, 2013	100,000,000	1092.65	-	44,833,200	-	-	1,349,000	-	43,484,200
Plan F- ESOS XXVI	27th June, 2013	100,000,000	1097.80	-	3,000	-	-	-	-	3,000
Total :-				**109,033,000**	**44,836,200**	**29,557,700**	**21,691,200**	**3,466,800**	**56,900**	**128,654,300**

Options Exercised during the aforesaid period	21,691,200
Share Capital Money received during the above period (₹)	43,382,400
Share Premium Money received during the above period (₹)	12,185,626,317
Perquisite Tax Amount collected during the aforesaid period (₹)	3,645,181,338
Total Amount collected during the aforesaid period (₹)	15,874,190,055

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

HDFC BANK
We understand your world

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. Directors & Senior Managerial Personnel

DETAILS OF OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGERIAL PERSONNEL

Sl No	Employee Name	Grade	No. of Options
1	Aditya Puri	Managing Director	639,000
2	Paresh Sukthankar	Deputy Managing Director	390,000
3	Kaizad Bharucha	Executive Director	335,000
4	Abhay Aima	Group Head	200,000
5	Ashish Parthasarthy	Group Head	200,000
6	Ashima Bhat	Group Head	108,000
7	Ashok Khanna	Group Head	41,700
8	Arvind Kapil	Group Head	108,000
9	Aseem Dhru	Group Head	140,000
10	Bhavesh Zaveri	Group Head	170,000
11	Chakrapani Venkatachari	Group Head	140,000
12	Deepak Maheshwari	Group Head	42,800
13	Dhiraj Relli (on deputation to HDFC Securities Limited, the Bank's subsidiary)	Group Head	75,000
14	Jimmy M Tata	Group Head	170,000
15	Munish Mittal	Group Head	108,000
16	Navin Puri	Group Head	200,000
17	Nitin Chugh	Group Head	108,000
18	Nitin Rao	Group Head	75,000
19	Nirav Shah	Group Head	75,000
20	Parag Rao	Group Head	108,000
21	Rajender Sehgal	Group Head	40,400
22	Rakesh K. Singh	Group Head	140,000
23	Rajesh Rathanchand	Group Head	108,000
24	Ravi Narayanan	Group Head	108,000
25	Sashidhar Jagdishan	CFO (KMP)	170,000
26	Sanjay Dongre	Executive Vice President - Legal & Company Secretary (KMP)	39,700

ii. Other employee who receives a grant in any one year of options amounting to 5 per cent 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 per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of the grant	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 ₹ 48.3
Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	Had the Bank followed fair value method for accounting, the stock option compensation expense would have been higher by ₹ 1,265.9 crore. Consequently profit after tax would have been lower by ₹ 1,265.9 crore and the basic EPS of the Bank would have been ₹ 43.8 per share (lower by ₹ 5.0 per share) and the diluted EPS would have been ₹ 43.3 per share (lower by ₹ 5.0 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 ₹ 563.8 and the weighted average fair value is ₹ 191.4
A description of the method and significant assumptions used during the year to estimate the fair value of options, at the time of the 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	7.71 per cent to 8.07 per cent
ii. Expected life	1 to 7 years
iii. Expected volatility	23.29 per cent to 26.46 per cent
iv. Expected dividends	0.73 per cent
v. The price of the underlying share in the market at the time of option grant	The per share market price was ₹ 1,092.65 and ₹ 1,097.80 at the time of grant of options under ESOS XXV and ESOS XXVI respectively.
vi. Weighted average market price of Bank's shares on NSE at the time of option grant	₹ 1,091.82 and ₹ 1,098.11 at the time of grant of options under ESOS XXV and ESOS XXVI 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 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 Directors' Report

HDFC Bank Annual CSR Report 2015-2016

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, 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 2015-16, the Bank has undertaken CSR Programmes aligned to the CSR Policy in the following focus areas:

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

The Bank's CSR Policy can be found on the corporate website at http://www.hdfcbank.com/assets/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 composition of the Committee is as follows:

- Mrs. Renu Karnad
- Mr. Bobby Parikh (Independent Director)
- Mr. Partho Datta (Independent Director)
- Mr. Aditya Puri
- Mr. Paresh Sukthankar

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

₹ 12,385 crore

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

₹ 248 crore

5. Details of CSR spent during the financial year

- Total amount spent during the financial year: ₹ 194.81 crore
- Amount unspent, if any: ₹ 53.19 crore

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

Sr. no	CSR project / Activity	Sector (Schedule VII)	Projects or programs 1. Local area or others 2. State and district	Amount outlay (project-wise) (₹ crore) (Budget)	Amount spent (₹ crore) 1. Direct expenditure 2. Overheads	Cumulative expenditure up to reporting period (₹ crore)*	Amount spent: Direct or through *implementing agency (₹ crore)
1.	Financial Literacy and Empowerment	Promotion of Education	Pan India	1.00	1. 0.74 2. 0.26	8.67	Direct
2.	Promoting Education	Promotion of Education	Pan India	24.59	1. 9.41 2. 0.26	33.15	Implementing Agency - 14.92
3.	Skill Training and Livelihood Enhancement	Skill development and Vocational Training	Pan India	17.99	1. 14.33 2. 0.26	30.52	Implementing Agency - 3.40
4.	Health Care	Preventive and Curative Healthcare	Pan India	8.26	1. 8.00 2. 0.26	15.54	Direct
5.	Environmental Sustainability	Environment	Pan India	0.72	1. 0.72 2. 0.00	1.67	Direct
6.	Eradicating Poverty	Eradicating poverty	Pan India	1.36	1. 0.00 2. 0.00	2.36	Implementing Agency - 1.36
7.	Rural Development	Rural Development Projects	Pan India	140.89	1. 92.78 2. 0.26	221.45	Implementing Agency - 47.85

*Details of the implementing agencies are listed below:

Promotion of Education: KC Mahindra Education Trust, Nisvartha Foundation, Tomorrows Foundation, Friends Union For Energising Lives, Katha, Parivaar Education Society, Meljol, Nabha Foundation, Bodh Shiksha Samiti, Navjyoti India Foundation, Kasturi Shiksha Samiti, Pratham Education Foundation, Shri Aurobindo Society, Teach to Lead, Isha Education, Bombay Scottish Orphanage Society, Magic Bus India Foundation. Skills Training & Livelihood Enhancement: Dr M.L. Dhawale Trust, Aide-et-Action India, HOPE Foundation, Nav Bharat Jagriti Kendra, SGBS Trust, Quest Alliance, Gram Unnati Foundation, Tata Institute of Social Sciences, BAIF Development Research Foundation, Aroh Foundation, Indo Global Social Service Society, Voluntary Association for People Service, Enactus, FXB Suraksha India, The Leprosy Mission Trust India, Navrachana Mahila Vikas Trust; Rural Development Programme: Watershed Organisation Trust, Share Society to Heal, Aid, Restore, Educate, Action for Food Production, Sanjeevani Institute for Empowerment and Development, Mysore Resettlement And Development Agency, Krushi Vikas Va Gramin Prashikshan Sanstha, Indo Global Social Service Society, Professional Assistance for Development Action, Society for Action in Community Health, Navrachana Mahila Vikas Trust, Shaktishali Mahila Sanghatan Samithi, Aroh Foundation, Shikhar Yuva Manch, Community Advancement & Rural Development Society, SAKSHI - Centre for Information, Education and Communication; Eradicating Poverty: Give India, HelpAge India

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.

Building upon and scaling up on various interventions initiated in areas prescribed in our CSR policy, we increased our overall CSR spend by 64 per cent from ₹ 118.55 crore last year to ₹ 194.81 crore this year, i.e. to 1.6 per cent of the average net profit for the last three financial years.

Given the absolute size and the substantial increase in the magnitude of our CSR spend, it was important that we identify appropriate implementation partners and further strengthen our resources and systems to ensure that projects are executed effectively and have the desired impact. With the strong foundations that we laid towards this end in this year, and the proposed scaling up of a number of our CSR Projects, we believe we have made meaningful progress towards reaching the target in the coming financial year.

7. A responsibility statement of CSR committee:

Our CSR activities are guided by the vision and objectives as provided in our CSR Policy. We have also put in place a robust monitoring and reporting mechanism to ensure effective implementation of our CSR activities, in line with the requirements of Companies Act, 2013.

A description of our current projects is included in the Directors' report.

Mr. Aditya Puri
Managing Director

Mrs. Renu Karnad
Chairperson, CSR Committee

Date: April 21, 2016

ANNEXURE 3 to Directors' Report

Form No. MGT-9
Extract of the Annual Return as on the financial year ended March 31, 2016

[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 2498 8484

vi. Whether listed: Yes

vii. Name, Address and Contact Details of Registrar and Transfer Agent:

Datamatics Financial Services Ltd.,
Plot No. B 5, Part B, Cross Lane, MIDC, Marol, Andheri East, Mumbai- 400 093
Tel: 022- 6671 2213/14, Email: hdinvestors@dfssl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Name and Description of the main products / services	NIC Code	Per cent 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 Ltd.** Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad- 380 009.	U65993GJ2007PLC051028	Subsidiary	97.12	Sec 2(87) of Companies Act, 2013
2	**HDFC Securities Ltd.** I Think, Techno Campus, Building-B, "Alpha" office, 8th Floor, opposite Crompton Greaves, Kanjurmarg (East), Mumbai- 400 042.	U67120MH2000PLC152193	Subsidiary	97.91	Sec 2(87) of Companies Act, 2013
3	**Atlas Documentary Facilitators Company Pvt. Ltd** 29A, Narayan Properties, 1st Floor, Bldg A, Chandivali, Off Saki Naka, Andheri (East), Mumbai- 400 072	U74999MH1997PTC107143	Associate	28.99	Sec 2(6) of Companies Act, 2013
4	**HBL Global Pvt. Ltd** Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013	U74140MH2000PTC129812	Associate	NIL	Sec 2(6) of Companies Act, 2013
5	**International Asset Reconstruction Company Pvt. Ltd.** 709, 7th Floor, Ansal Bhavan, 16, Kasturba Gandhi Marg, New Delhi-110 001	U74999DL2002PTC117357	Associate	29.41	Sec 2(6) of Companies Act, 2013

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				Percentage change during the year
	Demat	Physical	Total	Percentage of Total shares	Demat	Physical	Total	Percentage of Total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp#	543,216,100	0	543,216,100	21.67	543,216,100	0	543,216,100	21.49	(0.19)
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub Total (A)(1)	**543,216,100**	**0**	**543,216,100**	**21.67**	**543,216,100**	**0**	**543,216,100**	**21.49**	**(0.19)**
(2) Foreign									
a) NRIs -Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI's									
e) Any Other									
Sub Total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**543,216,100**	**0**	**543,216,100**	**21.67**	**543,216,100**	**0**	**543,216,100**	**21.49**	**(0.19)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	168,641,437	33,185	168,674,622	6.73	211,659,875	33,185	211,693,060	8.37	1.64
b) Banks / FI's	4,342,137	17,390	4,359,527	0.17	2,822,510	17,390	2,839,900	0.11	(0.06)
c) Central Govt / State Govt(s)	1,505,225	0	1,505,225	0.06	2,676,950	0	2,676,950	0.11	0.05
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Insurance Companies	69,215,256	0	69,215,256	2.76	68,146,983	0	68,146,983	2.70	(0.06)
f) FIIs	816,373,592	15,170	816,388,762	32.57	814,448,518	15,170	814,463,688	32.21	(0.36)
g) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
h) Others (specify) Qualified Foreign Investors	0	0	0	0	0	0	0	0	0
Sub Total (B)(1)	**1,060,077,647**	**65,745**	**1,060,143,392**	**42.30**	**1,099,754,836**	**65,745**	**1,099,820,581**	**43.50**	**1.21**
2. Non-Institutions									
a) Bodies Corporate	216,171,947	224,880	216,396,827	8.63	185,438,125	183,245	185,621,370	7.34	(1.29)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	140,615,965	18,492,186	159,108,151	6.35	146,520,140	17,200,720	163,720,860	6.47	0.12
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	47,024,976	259,500	47,284,476	1.89	55,330,724	191,000	55,521,724	2.20	0.31

Category of Shareholders	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
	Demat	Physical	Total	Percentage of Total shares	Demat	Physical	Total	Percentage of Total shares	
c) Others (specify)									
i. Non Resident Indians (Repat)	2,532,721	48,320	2,581,041	0.10	2,360,398	41,720	2,402,118	0.10	(0.00)
ii. Non Resident Indians (Non- Repat)	4,705,498	2,765	4,708,263	0.19	4,833,762	2,765	4,836,527	0.19	0
iii. Overseas Corporate Bodies	0	10,075	10,075	0.00	1,248	10,075	11,323	0	0
iv. Foreign Corporate Bodies	41,000	0	41,000	0	31,000	0	31,000	0	0
v. Foreign Nationals	1,335	0	1,335	0	1,505	0	1,505	0	0
Sub Total (B)(2)	**411,093,442**	**19,037,726**	**430,131,168**	**17.16**	**394,516,902**	**17,629,525**	**412,146,427**	**16.30**	**(0.86)**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**1,471,171,089**	**19,103,471**	**1,490,274,560**	**59.46**	**1,494,271,738**	**17,695,270**	**1,511,967,008**	**59.80**	**0.34**
C. Shares held by Custodian for GDRs & ADRs	473,004,657	0	473,004,657	18.87	473,003,409	0	473,003,409	18.71	(0.16)
Grand Total (A+B+C)	**2,487,391,846**	**19,103,471**	**2,506,495,317**	**100**	**2,510,491,247**	**17,695,270**	**2,528,186,517**	**100**	**0**

 # Promoters are Indian Companies incorporated under the Indian Companies Act 1956 and are controlled 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 Bank has made a representation to the Ministry of Finance stating that the shareholding of the Indian Promoters should not be treated as foreign shareholding. Confirmation is awaited from the Ministry of Finance in this regard.

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No.of Shares	Percentage of total Shares of the company	Percentage of Shares Pledged / encumbered to total shares	No.of Shares	Percentage of total Shares of the company	Percentage of Shares Pledged / encumbered to total shares	Percentage change in shareholding during the year**
1	Housing Development Finance Corporation Ltd	393,211,100	15.69	0	393,211,100	15.55	0	0
2	HDFC Investments Ltd	150,000,000	5.98	0	150,000,000	5.93	0	0
3	HDFC Holdings Ltd	5,000	0	0	5,000	0	0	0
	Total	**543,216,100**	**21.67**	**0**	**543,216,100**	**21.49**	**0**	**0**

(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 of the company	No.of Shares	Percentage of total Shares of the company
At the beginning of the year	543,216,100	21.67	543,216,100	21.49 (**)
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	21.49 (**)

*** During the year under review, there is 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 2015-16.*

(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 of the company	No. of shares	Percentage of total shares of the company
1	EUROPACIFIC GROWTH FUND	At the beginning of the Year	31-MAR-2015	96,200,435	3.84		
		Increase	10-APR-2015	324,964	0.01	96,525,399	3.85
		Increase	17-APR-2015	729,360	0.03	97,254,759	3.88
		Increase	25-DEC-2015	20,274	0.00	97,275,033	3.85
		Increase	29-JAN-2016	350,000	0.01	97,625,033	3.87
		Increase	19-FEB-2016	413,431	0.02	98,038,464	3.88
		At the END of the Year	31-MAR-2016	0	0.00	98,038,464	3.88
2	LIFE INSURANCE CORPORATION OF INDIA	At the beginning of the Year	31-MAR-2015	64,087,196	2.56		
		Decrease	24-APR-2015	(80,000)	(0.00)	64,007,196	2.55
		Decrease	01-MAY-2015	(60,000)	(0.00)	63,947,196	2.55
		Increase	15-MAY-2015	1,759,576	0.07	65,706,772	2.62
		Increase	22-MAY-2015	409,006	0.02	66,115,778	2.64
		Increase	12-JUN-2015	2,588	0.00	66,118,366	2.64
		Increase	19-JUN-2015	584,551	0.02	66,702,917	2.66
		Decrease	14-JUL-2015	(260,000)	(0.01)	66,442,917	2.65
		Decrease	17-JUL-2015	(861,471)	(0.03)	65,581,446	2.61
		Decrease	24-JUL-2015	(2,303,102)	(0.09)	63,278,344	2.52
		Decrease	31-JUL-2015	(1,860,174)	(0.07)	61,418,170	2.44
		Decrease	07-AUG-2015	(863,871)	(0.03)	60,554,299	2.41
		Decrease	14-AUG-2015	(292,039)	(0.01)	60,262,260	2.40
		Decrease	21-AUG-2015	(47,951)	(0.00)	60,214,309	2.40
		Increase	28-AUG-2015	45,000	0.00	60,259,309	2.40
		Increase	04-SEP-2015	10,000	0.00	60,269,309	2.39
		Decrease	09-OCT-2015	(1,131,724)	(0.05)	59,137,585	2.35
		Decrease	16-OCT-2015	(904,923)	(0.04)	58,232,662	2.31
		Decrease	23-OCT-2015	(1,470,489)	(0.06)	56,762,173	2.25
		Decrease	30-OCT-2015	(1,954,286)	(0.08)	54,807,887	2.17
		Decrease	06-NOV-2015	(325,665)	(0.01)	54,482,222	2.16
		Increase	15-JAN-2016	752,772	0.03	55,234,994	2.19
		Increase	22-JAN-2016	1,465,705	0.06	56,700,699	2.25
		Increase	29-JAN-2016	724,226	0.03	57,424,925	2.27
		Increase	05-FEB-2016	200,000	0.01	57,624,925	2.28
		Increase	12-FEB-2016	350,000	0.01	57,974,925	2.30
		Increase	19-FEB-2016	1,420,353	0.06	59,395,278	2.35
		Increase	26-FEB-2016	1,244,374	0.05	60,639,652	2.40
		Increase	04-MAR-2016	642,520	0.03	61,282,172	2.42
		Increase	11-MAR-2016	20,853	0.00	61,303,025	2.43
		At the END of the Year	31-MAR-2016	0	0.00	61,303,025	2.43

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares of the company	No. of shares	Percentage of total shares of the company
3	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	At the beginning of the Year	31-MAR-2015	41,029,927	1.64		
		Increase	10-APR-2015	184,396	0.01	41,214,323	1.64
		Increase	17-APR-2015	173,620	0.01	41,387,943	1.65
		Increase	24-APR-2015	5,584	0.00	41,393,527	1.65
		Increase	01-MAY-2015	3,843	0.00	41,397,370	1.65
		Increase	08-MAY-2015	108,845	0.00	41,506,215	1.66
		Increase	15-MAY-2015	130,737	0.01	41,636,952	1.66
		Increase	22-MAY-2015	64,924	0.00	41,701,876	1.66
		Decrease	29-MAY-2015	(199,833)	(0.01)	41,502,043	1.65
		Decrease	05-JUN-2015	(269,191)	(0.01)	41,232,852	1.64
		Increase	12-JUN-2015	116,535	0.01	41,349,387	1.65
		Increase	19-JUN-2015	37,068	0.00	41,386,455	1.65
		Decrease	26-JUN-2015	(24,683)	(0.00)	41,361,772	1.65
		Decrease	30-JUN-2015	(189,019)	(0.01)	41,172,753	1.64
		Decrease	03-JUL-2015	(149,362)	(0.01)	41,023,391	1.63
		Increase	10-JUL-2015	151,619	0.01	41,175,010	1.64
		Decrease	14-JUL-2015	(730,118)	(0.03)	40,444,892	1.61
		Decrease	17-JUL-2015	(135,635)	(0.01)	40,309,257	1.61
		Increase	24-JUL-2015	115,297	0.01	40,424,554	1.61
		Decrease	31-JUL-2015	(148,100)	(0.01)	40,276,454	1.60
		Increase	07-AUG-2015	40,666	0.00	40,317,120	1.60
		Increase	14-AUG-2015	13,800	0.00	40,330,920	1.60
		Increase	21-AUG-2015	2,241	0.00	40,333,161	1.60
		Increase	28-AUG-2015	342,054	0.01	40,675,215	1.62
		Increase	04-SEP-2015	39,273	0.00	40,714,488	1.62
		Increase	11-SEP-2015	342,418	0.01	41,056,906	1.63
		Decrease	18-SEP-2015	(165,658)	(0.01)	40,891,248	1.63
		Increase	25-SEP-2015	176,982	0.01	41,068,230	1.63
		Decrease	30-SEP-2015	(408,613)	(0.02)	40,659,617	1.62
		Decrease	02-OCT-2015	(439,842)	(0.02)	40,219,775	1.60
		Increase	09-OCT-2015	79,373	0.00	40,299,148	1.60
		Decrease	16-OCT-2015	(110,469)	(0.00)	40,188,679	1.60
		Decrease	23-OCT-2015	(20,649)	(0.00)	40,168,030	1.60
		Decrease	30-OCT-2015	(6,592)	(0.00)	40,161,438	1.59
		Decrease	06-NOV-2015	(10,920)	(0.00)	40,150,518	1.59
		Increase	13-NOV-2015	199,726	0.01	40,350,244	1.60
		Decrease	20-NOV-2015	(41,957)	(0.00)	40,308,287	1.60
		Increase	27-NOV-2015	141,088	0.01	40,449,375	1.61
		Increase	04-DEC-2015	297,128	0.01	40,746,503	1.62
		Decrease	11-DEC-2015	(121,662)	(0.01)	40,624,841	1.61
		Increase	18-DEC-2015	202,489	0.01	40,827,330	1.62
		Decrease	25-DEC-2015	(17,223)	(0.00)	40,810,107	1.62
		Increase	31-DEC-2015	181,289	0.01	40,991,396	1.62
		Decrease	08-JAN-2016	(135,885)	(0.01)	40,855,511	1.62

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares of the company	No. of shares	Percentage of total shares of the company
		Decrease	15-JAN-2016	(59,368)	(0.00)	40,796,143	1.62
		Increase	22-JAN-2016	112,549	0.00	40,908,692	1.62
		Decrease	29-JAN-2016	(3,721)	(0.00)	40,904,971	1.62
		Increase	05-FEB-2016	2,513	0.00	40,907,484	1.62
		Increase	12-FEB-2016	1,091	0.00	40,908,575	1.62
		Increase	19-FEB-2016	185,671	0.01	41,094,246	1.63
		Increase	26-FEB-2016	132,442	0.01	41,226,688	1.63
		Increase	04-MAR-2016	27,254	0.00	41,253,942	1.63
		Increase	11-MAR-2016	197,524	0.01	41,451,466	1.64
		Increase	18-MAR-2016	728	0.00	41,452,194	1.64
		Increase	25-MAR-2016	168,574	0.01	41,620,768	1.65
		Decrease	31-MAR-2016	(96,966)	(0.00)	41,523,802	1.64
		At the END of the Year	31-MAR-2016	0	0.00	41,523,802	1.64
4	CAPITAL WORLD GROWTH AND INCOME FUND	At the beginning of the Year	31-MAR-2015	22,191,303	0.89		
		Increase	10-APR-2015	380,800	0.02	22,572,103	0.90
		Increase	17-APR-2015	3,066,149	0.12	25,638,252	1.02
		Increase	24-APR-2015	3,242,386	0.13	28,880,638	1.15
		Increase	01-MAY-2015	1,494,430	0.06	30,375,068	1.21
		Increase	08-MAY-2015	505,614	0.02	30,880,682	1.23
		Increase	30-JUN-2015	164,661	0.01	31,045,343	1.24
		Increase	03-JUL-2015	796,498	0.03	31,841,841	1.27
		Increase	10-JUL-2015	705,156	0.03	32,546,997	1.30
		Increase	14-JUL-2015	725,266	0.03	33,272,263	1.33
		Increase	17-JUL-2015	564,504	0.02	33,836,767	1.35
		Increase	24-JUL-2015	143,766	0.01	33,980,533	1.35
		Increase	31-JUL-2015	405,149	0.02	34,385,682	1.37
		Increase	16-OCT-2015	515,000	0.02	34,900,682	1.39
		Increase	23-OCT-2015	159,444	0.01	35,060,126	1.39
		Increase	12-FEB-2016	600,000	0.02	35,660,126	1.41
		Increase	19-FEB-2016	100,000	0.00	35,760,126	1.42
		Increase	26-FEB-2016	825,000	0.03	36,585,126	1.45
		At the END of the Year	31-MAR-2016	0	0.00	36,585,126	1.45
5	ICICI PRUDENTIAL FOCUSED BLUECHIP EQUITY FUND	At the beginning of the Year	31-MAR-2015	29,828,619	1.19		
		Increase	10-APR-2015	372,453	0.02	30, 201,072	1.21
		Increase	17-APR-2015	90,317	0.00	30,291,389	1.21
		Increase	24-APR-2015	465,547	0.02	30,756,936	1.23
		Increase	01-MAY-2015	170,199	0.01	30,927,135	1.23
		Increase	08-MAY-2015	863,024	0.03	31,790,159	1.27
		Increase	15-MAY-2015	1,232,676	0.05	33,022,835	1.32
		Increase	22-MAY-2015	175,099	0.01	33,197,934	1.32
		Increase	29-MAY-2015	31,341	0.00	33,229,275	1.32
		Decrease	05-JUN-2015	(320,975)	(0.01)	32,908,300	1.31

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares of the company	No. of shares	Percentage of total shares of the company
		Increase	12-JUN-2015	803,348	0.03	33,711,648	1.34
		Increase	19-JUN-2015	3,065,970	0.12	36,777,618	1.47
		Decrease	26-JUN-2015	(142,090)	(0.01)	36,635,528	1.46
		Decrease	30-JUN-2015	(250,000)	(0.01)	36,385,528	1.45
		Increase	03-JUL-2015	233,638	0.01	36,619,166	1.46
		Decrease	14-JUL-2015	(145,865)	(0.01)	36,473,301	1.45
		Increase	17-JUL-2015	8,814	0.00	36,482,115	1.45
		Decrease	24-JUL-2015	(583,859)	(0.02)	35,898,256	1.43
		Increase	31-JUL-2015	50,519	0.00	35,948,775	1.43
		Increase	07-AUG-2015	141,948	0.01	36,090,723	1.44
		Increase	14-AUG-2015	385,907	0.02	36,476,630	1.45
		Increase	21-AUG-2015	55,330	0.00	36,531,960	1.45
		Increase	28-AUG-2015	965,631	0.04	37,497,591	1.49
		Increase	04-SEP-2015	778,847	0.03	38,276,438	1.52
		Increase	11-SEP-2015	156,527	0.01	38,432,965	1.53
		Decrease	25-SEP-2015	(23,879)	(0.00)	38,409,086	1.53
		Increase	30-SEP-2015	2,121	0.00	38,411,207	1.53
		Increase	09-OCT-2015	12,272	0.00	38,423,479	1.53
		Decrease	16-OCT-2015	(17,778)	(0.00)	38,405,701	1.53
		Decrease	23-OCT-2015	(30,533)	(0.00)	38,375,168	1.52
		Decrease	30-OCT-2015	(659,275)	(0.03)	37,715,893	1.50
		Decrease	06-NOV-2015	(365,251)	(0.01)	37,350,642	1.48
		Decrease	13-NOV-2015	(586,838)	(0.02)	36,763,804	1.46
		Increase	20-NOV-2015	9,690	0.00	36,773,494	1.46
		Increase	27-NOV-2015	230,531	0.01	37,004,025	1.47
		Increase	04-DEC-2015	390,511	0.02	37,394,536	1.48
		Decrease	11-DEC-2015	(351,517)	(0.01)	37,043,019	1.47
		Decrease	18-DEC-2015	(256,011)	(0.01)	36,787,008	1.46
		Decrease	25-DEC-2015	(131,774)	(0.01)	36,655,234	1.45
		Decrease	31-DEC-2015	(137,848)	(0.01)	36,517,386	1.45
		Increase	08-JAN-2016	228,726	0.01	36,746,112	1.46
		Increase	15-JAN-2016	150,745	0.01	36,896,857	1.46
		Decrease	22-JAN-2016	(212,119)	(0.01)	36,684,738	1.45
		Decrease	29-JAN-2016	(63,717)	(0.00)	36,621,021	1.45
		Decrease	05-FEB-2016	(2,646,146)	(0.11)	33,974,875	1.35
		Decrease	12-FEB-2016	(1,801,876)	(0.07)	32,172,999	1.27
		Decrease	19-FEB-2016	(1,318,753)	(0.05)	30,854,246	1.22
		Decrease	26-FEB-2016	(1,068,871)	(0.04)	29,785,375	1.18
		Decrease	04-MAR-2016	(413,600)	(0.02)	29,371,775	1.16
		Decrease	11-MAR-2016	(594,623)	(0.02)	28,777,152	1.14
		Decrease	18-MAR-2016	(33,481)	(0.00)	28,743,671	1.14
		Increase	25-MAR-2016	2,102	0.00	28,745,773	1.14
		Decrease	31-MAR-2016	(37,610)	(0.00)	28,708,163	1.14
		At the END of the Year	31-MAR-2016	0	0.00	28,708,163	1.14

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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 of the company	No. of shares	Percentage of total shares of the company
6	GOVERNMENT OF SINGAPORE	At the beginning of the Year	31-MAR-2015	29,581,912	1.18		
		Decrease	10-APR-2015	(39,981)	(0.00)	29,541,931	1.18
		Decrease	17-APR-2015	(13,582)	(0.00)	29,528,349	1.18
		Decrease	01-MAY-2015	(121,659)	(0.01)	29,406,690	1.17
		Decrease	15-MAY-2015	(315,919)	(0.01)	29,090,771	1.16
		Increase	12-JUN-2015	6,214	0.00	29,096,985	1.16
		Increase	26-JUN-2015	75,760	0.00	29,172,745	1.16
		Decrease	14-JUL-2015	(9,702)	(0.00)	29,163,043	1.16
		Decrease	17-JUL-2015	(4,288)	(0.00)	29,158,755	1.16
		Increase	14-AUG-2015	4,239	0.00	29,162,994	1.16
		Increase	04-SEP-2015	22,074	0.00	29,185,068	1.16
		Increase	11-SEP-2015	5,594	0.00	29,190,662	1.16
		Increase	25-SEP-2015	86,259	0.00	29,276,921	1.16
		Increase	09-OCT-2015	20,166	0.00	29,297,087	1.16
		Decrease	30-OCT-2015	(186,653)	(0.01)	29,110,434	1.16
		Increase	13-NOV-2015	101,916	0.00	29,212,350	1.16
		Increase	20-NOV-2015	116,500	0.01	29,328,850	1.16
		Decrease	04-DEC-2015	(330,214)	(0.01)	28,998,636	1.15
		Increase	15-JAN-2016	15,662	0.00	29,014,298	1.15
		Increase	22-JAN-2016	66,883	0.00	29,081,181	1.15
		Increase	29-JAN-2016	165,000	0.01	29,246,181	1.16
		Decrease	12-FEB-2016	(25,166)	(0.00)	29,221,015	1.16
		Decrease	19-FEB-2016	(244,309)	(0.01)	28,976,706	1.15
		Decrease	26-FEB-2016	(25,440)	(0.00)	28,951,266	1.15
		Decrease	04-MAR-2016	(473,744)	(0.02)	28,477,522	1.13
		Decrease	11-MAR-2016	(2,831)	(0.00)	28,474,691	1.13
		At the END of the Year	31-MAR-2016	0	0.00	28,474,691	1.13
7	RELIANCE CAPITAL TRUSTEE CO. LTD A/C RELIANCE VISION FUND	At the beginning of the Year	31-MAR-2015	20,061,322	0.80		
		Decrease	10-APR-2015	(174,431)	(0.01)	19,886,891	0.79
		Decrease	17-APR-2015	(98,787)	(0.00)	19,788,104	0.79
		Decrease	24-APR-2015	(296,202)	(0.01)	19,491,902	0.78
		Decrease	01-MAY-2015	(98,656)	(0.00)	19,393,246	0.77
		Increase	08-MAY-2015	198,719	0.01	19,591,965	0.78
		Decrease	15-MAY-2015	(608,829)	(0.02)	18,983,136	0.76
		Increase	22-MAY-2015	259,074	0.01	19,242,210	0.77
		Increase	29-MAY-2015	310,552	0.01	19,552,762	0.78
		Increase	05-JUN-2015	532,106	0.02	20,084,868	0.80
		Decrease	12-JUN-2015	(270,744)	(0.01)	19,814,124	0.79
		Decrease	19-JUN-2015	(153,807)	(0.01)	19,660,317	0.78
		Increase	26-JUN-2015	1,521,179	0.06	21,181,496	0.84
		Increase	30-JUN-2015	965,740	0.04	22,147,236	0.88
		Increase	03-JUL-2015	493,324	0.02	22,640,560	0.90
		Increase	10-JUL-2015	280,485	0.01	22,921,045	0.91
		Increase	14-JUL-2015	4,032	0.00	22,925,077	0.91
		Increase	17-JUL-2015	25,850	0.00	22,950,927	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 of the company	No. of shares	Percentage of total shares of the company
		Increase	24-JUL-2015	32,680	0.00	22,983,607	0.92
		Increase	31-JUL-2015	565,554	0.02	23,549,161	0.94
		Decrease	07-AUG-2015	(4,465)	(0.00)	23,544,696	0.94
		Increase	14-AUG-2015	270,209	0.01	23,814,905	0.95
		Increase	21-AUG-2015	235,255	0.01	24,050,160	0.96
		Increase	28-AUG-2015	163,313	0.01	24,213,473	0.96
		Increase	04-SEP-2015	575,929	0.02	24,789,402	0.99
		Decrease	11-SEP-2015	(13,085)	(0.00)	24,776,317	0.98
		Increase	18-SEP-2015	28,152	0.00	24,804,469	0.99
		Decrease	25-SEP-2015	(282,314)	(0.01)	24,522,155	0.97
		Decrease	30-SEP-2015	(283,995)	(0.01)	24,238,160	0.96
		Increase	02-OCT-2015	48,817	0.00	24,286,977	0.96
		Decrease	09-OCT-2015	(67,522)	(0.00)	24,219,455	0.96
		Decrease	16-OCT-2015	(118,226)	(0.01)	24,101,229	0.96
		Decrease	23-OCT-2015	(122,827)	(0.01)	23,978,402	0.95
		Increase	30-OCT-2015	366,897	0.02	24,345,299	0.97
		Increase	06-NOV-2015	398,099	0.02	24,743,398	0.98
		Increase	13-NOV-2015	131,830	0.01	24,875,228	0.99
		Increase	20-NOV-2015	243,191	0.01	25,118,419	1.00
		Increase	27-NOV-2015	44,360	0.00	25,162,779	1.00
		Increase	04-DEC-2015	212,950	0.01	25,375,729	1.01
		Increase	11-DEC-2015	88,958	0.00	25,464,687	1.01
		Decrease	18-DEC-2015	(287,071)	(0.01)	25,177,616	1.00
		Decrease	25-DEC-2015	(168,431)	(0.01)	25,009,185	0.99
		Increase	31-DEC-2015	627,488	0.03	25,636,673	1.02
		Increase	08-JAN-2016	569,361	0.02	26,206,034	1.04
		Decrease	15-JAN-2016	(6,546)	(0.00)	26,199,488	1.04
		Decrease	22-JAN-2016	(584,784)	(0.02)	25,614,704	1.01
		Decrease	29-JAN-2016	(496,060)	(0.02)	25,118,644	0.99
		Increase	05-FEB-2016	95,369	0.00	25,214,013	1.00
		Decrease	12-FEB-2016	(195,504)	(0.01)	25,018,509	0.99
		Decrease	19-FEB-2016	(25,721)	(0.00)	24,992,788	0.99
		Increase	26-FEB-2016	641,436	0.03	25,634,224	1.01
		Increase	04-MAR-2016	307,449	0.01	25,941,673	1.03
		Increase	11-MAR-2016	96,956	0.00	26,038,629	1.03
		Decrease	18-MAR-2016	(297,220)	(0.01)	25,741,409	1.02
		Increase	25-MAR-2016	199,346	0.01	25,940,755	1.03
		Decrease	31-MAR-2016	(855,382)	(0.03)	25,085,373	0.99
		At the END of the Year	31-MAR-2016	0	0.00	25,085,373	0.99
8	HDFC TRUSTEE COMPANY LIMITED - HDFC TOP 200 FUND	At the beginning of the Year	31-MAR-2015	13,815,526	0.55		
		Increase	10-APR-2015	257,000	0.01	14,072,526	0.56
		Decrease	17-APR-2015	(100,000)	(0.00)	13,972,526	0.56
		Decrease	24-APR-2015	(244,855)	(0.01)	13,727,671	0.55
		Increase	01-MAY-2015	51,408	0.00	13,779,079	0.55
		Increase	08-MAY-2015	221,200	0.01	14,000,279	0.56
		Increase	15-MAY-2015	355,000	0.01	14,355,279	0.57
		Increase	22-MAY-2015	52,546	0.00	14,407,825	0.58

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				No. of shares	Percentage of total shares of the company	No. of shares	Percentage of total shares of the company
		Increase	29-MAY-2015	264,516	0.01	14,672,341	0.59
		Increase	05-JUN-2015	15,066	0.00	14,687,407	0.59
		Increase	12-JUN-2015	683,078	0.03	15,370,485	0.61
		Increase	19-JUN-2015	216,179	0.01	15,586,664	0.62
		Increase	26-JUN-2015	199,673	0.01	15,786,337	0.63
		Increase	30-JUN-2015	128,750	0.01	15,915,087	0.63
		Decrease	03-JUL-2015	(45,538)	(0.00)	15,869,549	0.63
		Decrease	10-JUL-2015	(436)	(0.00)	15,869,113	0.63
		Increase	17-JUL-2015	101,500	0.00	15,970,613	0.64
		Increase	24-JUL-2015	83,656	0.00	16,054,269	0.64
		Increase	31-JUL-2015	22,000	0.00	16,076,269	0.64
		Increase	07-AUG-2015	80,226	0.00	16,156,495	0.64
		Increase	14-AUG-2015	37,750	0.00	16,194,245	0.64
		Increase	21-AUG-2015	182,500	0.01	16,376,745	0.65
		Increase	28-AUG-2015	300,723	0.01	16,677,468	0.66
		Increase	04-SEP-2015	161,696	0.01	16,839,164	0.67
		Increase	11-SEP-2015	147,559	0.01	16,986,723	0.68
		Increase	18-SEP-2015	550,466	0.02	17,537,189	0.70
		Increase	25-SEP-2015	250,086	0.01	17,787,275	0.71
		Increase	30-SEP-2015	278,250	0.01	18,065,525	0.72
		Increase	09-OCT-2015	177,630	0.01	18,243,155	0.72
		Increase	16-OCT-2015	28,929	0.00	18,272,084	0.73
		Increase	23-OCT-2015	203,338	0.01	18,475,422	0.73
		Increase	30-OCT-2015	282,695	0.01	18,758,117	0.74
		Decrease	06-NOV-2015	(100,000)	(0.00)	18,658,117	0.74
		Increase	13-NOV-2015	503,480	0.02	19,161,597	0.76
		Increase	20-NOV-2015	205,421	0.01	19,367,018	0.77
		Increase	27-NOV-2015	108,213	0.00	19,475,231	0.77
		Increase	04-DEC-2015	21,330	0.00	19,496,561	0.77
		Increase	11-DEC-2015	284,509	0.01	19,781,070	0.78
		Increase	18-DEC-2015	243,749	0.01	20,024,819	0.79
		Increase	25-DEC-2015	17,931	0.00	20,042,750	0.79
		Increase	31-DEC-2015	116,771	0.01	20,159,521	0.80
		Increase	01-JAN-2016	50,000	0.00	20,209,521	0.80
		Decrease	08-JAN-2016	(39,834)	(0.00)	20,169,687	0.80
		Increase	15-JAN-2016	42,307	0.00	20,211,994	0.80
		Increase	22-JAN-2016	330,318	0.01	20,542,312	0.81
		Increase	29-JAN-2016	337,635	0.01	20,879,947	0.83
		Increase	05-FEB-2016	225,171	0.01	21,105,118	0.84
		Increase	12-FEB-2016	737,843	0.03	21,842,961	0.87
		Increase	19-FEB-2016	726,457	0.03	22,569,418	0.89
		Decrease	26-FEB-2016	(198,080)	(0.01)	22,371,338	0.89
		Increase	04-MAR-2016	154,248	0.01	22,525,586	0.89
		Increase	11-MAR-2016	279,504	0.01	22,805,090	0.90
		Decrease	18-MAR-2016	(35,474)	(0.00)	22,769,616	0.90
		Decrease	25-MAR-2016	(56,285)	(0.00)	22,713,331	0.90
		Increase	31-MAR-2016	3,379	0.00	22,716,710	0.90
		At the END of the Year	31-MAR-2016	0	0.00	22,716,710	0.90

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares of the company	No. of shares	Percentage of total shares of the company
9	HDFCSL SHAREHOLDERS SOLVENCY MARGIN ACCOUNT	At the beginning of the Year	31-MAR-2015	17,694,392	0.71		
		Increase	10-APR-2015	412,098	0.02	18,106,490	0.72
		Increase	17-APR-2015	564,323	0.02	18,670,813	0.75
		Increase	24-APR-2015	591,334	0.02	19,262,147	0.77
		Increase	01-MAY-2015	284,870	0.01	19,547,017	0.78
		Decrease	08-MAY-2015	(11,637)	(0.00)	19,535,380	0.78
		Increase	15-MAY-2015	329,900	0.01	19,865,280	0.79
		Increase	22-MAY-2015	209,310	0.01	20,074,590	0.80
		Increase	29-MAY-2015	32,344	0.00	20,106,934	0.80
		Increase	05-JUN-2015	234,700	0.01	20,341,634	0.81
		Increase	12-JUN-2015	159,410	0.01	20,501,044	0.82
		Increase	19-JUN-2015	21,319	0.00	20,522,363	0.82
		Increase	26-JUN-2015	10,295	0.00	20,532,658	0.82
		Increase	30-JUN-2015	142,140	0.01	20,674,798	0.82
		Decrease	03-JUL-2015	(200,000)	(0.01)	20,474,798	0.82
		Decrease	10-JUL-2015	(39,809)	(0.00)	20,434,989	0.81
		Decrease	24-JUL-2015	(12,762)	(0.00)	20,422,227	0.81
		Decrease	14-AUG-2015	(14,403)	(0.00)	20,407,824	0.81
		Decrease	28-AUG-2015	(39,560)	(0.00)	20,368,264	0.81
		Increase	04-SEP-2015	234,343	0.01	20,602,607	0.82
		Increase	11-SEP-2015	838,505	0.03	21,441,112	0.85
		Decrease	18-SEP-2015	(15,696)	(0.00)	21,425,416	0.85
		Increase	25-SEP-2015	10,000	0.00	21,435,416	0.85
		Increase	30-SEP-2015	110,119	0.00	21,545,535	0.86
		Decrease	02-OCT-2015	(249,999)	(0.01)	21,295,536	0.85
		Increase	09-OCT-2015	190,000	0.01	21,485,536	0.85
		Increase	16-OCT-2015	25,277	0.00	21,510,813	0.85
		Increase	23-OCT-2015	310,131	0.01	21,820,944	0.87
		Increase	30-OCT-2015	120,097	0.01	21,941,041	0.87
		Increase	06-NOV-2015	191	0.00	21,941,232	0.87
		Increase	13-NOV-2015	113,192	0.00	22,054,424	0.88
		Increase	20-NOV-2015	72,396	0.00	22,126,820	0.88
		Increase	04-DEC-2015	46,836	0.00	22,173,656	0.88
		Decrease	11-DEC-2015	(95,590)	(0.00)	22,078,066	0.88
		Increase	18-DEC-2015	87,164	0.00	22,165,230	0.88
		Decrease	01-JAN-2016	(100,000)	(0.00)	22,065,230	0.87
		Decrease	08-JAN-2016	(126,017)	(0.01)	21,939,213	0.87
		Increase	15-JAN-2016	72,000	0.00	22,011,213	0.87
		Decrease	22-JAN-2016	(103,321)	(0.00)	21,907,892	0.87
		Increase	29-JAN-2016	99,995	0.00	22,007,887	0.87
		Increase	05-FEB-2016	50,308	0.00	22,058,195	0.87
		Increase	12-FEB-2016	28,053	0.00	22,086,248	0.87
		Increase	19-FEB-2016	41,514	0.00	22,127,762	0.88
		Increase	26-FEB-2016	25,383	0.00	22,153,145	0.88
		Increase	04-MAR-2016	65,235	0.00	22,218,380	0.88
		Increase	11-MAR-2016	1,169	0.00	22,219,549	0.88

Sl. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares of the company	No. of shares	Percentage of total shares of the company
		Increase	18-MAR-2016	26,783	0.00	22,246,332	0.88
		Increase	25-MAR-2016	80,362	0.00	22,326,694	0.88
		Decrease	31-MAR-2016	(299,000)	(0.01)	22,027,694	0.87
		At the END of the Year	31-MAR-2016	0	0.00	22,027,694	0.87
10	VIRTUS EMERGING MARKETS OPPORTUNITIES FUND	At the beginning of the Year	31-MAR-2015	19,225,805	0.77		
		Increase	10-APR-2015	236,803	0.01	19,462,608	0.78
		Increase	24-APR-2015	175,979	0.01	19,638,587	0.78
		Increase	01-MAY-2015	2,359,860	0.09	21,998,447	0.88
		Increase	08-MAY-2015	1,629,494	0.07	23,627,941	0.94
		Decrease	31-JUL-2015	(459,821)	(0.02)	23,168,120	0.92
		Decrease	07-AUG-2015	(135,079)	(0.01)	23,033,041	0.92
		Decrease	22-JAN-2016	(105,534)	(0.00)	22,927,507	0.91
		Decrease	29-JAN-2016	(1,121,466)	(0.04)	21,806,041	0.86
		Decrease	18-MAR-2016	(311,500)	(0.01)	21,494,541	0.85
		Decrease	31-MAR-2016	(347,100)	(0.01)	21,147,441	0.84
		At the END of the Year	31-MAR-2016	0	0.00	21,147,441	0.84

**** 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

Sr. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares of the company	No. of shares	Percentage of total shares of the company
1	Aditya Puri	At the beginning of the Year	31-MAR-2015	2,731,544	0.11		
		Increase	30-OCT-2015	337,500	0.01	3,069,044	0.12
		At the END of the Year	31-MAR-2016			3,069,044	0.12
2	Bobby Parikh	At the beginning of the Year	31-MAR-2015	3,837	0.00		
		At the END of the Year	31-MAR-2016			3,837	0.00
	Jointly With Relatives	At the beginning of the Year	31-MAR-2015	3,538	0.00		
		At the END of the Year	31-MAR-2016			3,538	0.00
3	Kaizad Bharucha	At the beginning of the Year	31-MAR-2015	829,455	0.03		
		Decrease	30-OCT-2015	(15,000)	(0.00)	814,455	0.03
		Decrease	20-NOV-2015	(80,000)	(0.00)	734,455	0.03
		Increase	04-DEC-2015	129,000	0.00	863,455	0.03
		Increase	25-DEC-2015	21,000	0.00	884,455	0.04
		At the END of the Year	31-MAR-2016			884,455	0.04
	Jointly With Relatives	At the beginning of the Year	31-MAR-2015	500	0.00		
		At the END of the year	31-MAR-2016			500	0.00
4	Keki Mistry	At the beginning of the year	31-MAR-2015	291,915	0.01		
		At the END of the year	31-MAR-2016			291,915	0.01
	Jointly With Relatives	At the beginning of the year	31-MAR-2015	4,215	0.00		
		At the END of the year	31-MAR-2016			4,215	0.00
5	Paresh Sukthankar	At the beginning of the year	31-MAR-2015	617,655	0.02		
		Increase	29-MAY-2015	30,000	0.00	647,655	0.03

Sr. No.	Name	Remarks	Date ***	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	Percentage of total shares of the company	No. of shares	Percentage of total shares of the company
		Increase	26-JUN-2015	5,000	0.00	652,655	0.03
		Increase	04-DEC-2015	20,000	0.00	672,655	0.03
		Increase	25-DEC-2015	170,000	0.00	842,655	0.03
		At the End of the year	31-MAR-2016			842,655	0.03
	Jointly With Relatives	At the beginning of the year		3,250	0.00		
		At the END of the year				3,250	0.00
6	Renu Karnad	At the beginning of the year	31-MAR-2015	294,620	0.01		
		At the END of the year	31-MAR-2016			294,620	0.01
7	Sashidhar Jagdishan	At the beginning of the year	31-MAR-2015	575,194	0.02		
		Increase	25-DEC-2015	7,400	0.00	582,594	0.02
		At the END of the year	31-MAR-2016			582,594	0.02
8	Sanjay Dongre	At the beginning of the year	31-MAR-2015	60,750	0.00		
		Decrease	22-MAY-2015	(5,000)	(0.00)	55,750	0.00
		Increase	25-SEP-2015	12,000	0.00	67,750	0.00
		Increase	30-OCT-2015	12,500	0.00	80,250	0.00
		Decrease	06-NOV-2015	(4,500)	(0.00)	75,750	0.00
		Decrease	20-NOV-2015	(12,500)	(0.00)	63,250	0.00
		Increase	04-DEC-2015	28,000	0.00	91,250	0.00
		Decrease	05-FEB-2016	(6,000)	(0.00)	85,250	0.00
		At the END of the year	31-MAR-2016			85,250	0.00

*** *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

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans (1)	Deposits (2)	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	45,213.6		45,213.6
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	-	298.9		298.9
Total (i+ii+iii)	**-**	**45,512.5**		**45,512.5**
Change in Indebtedness during the financial year	-			
• Addition	-	9,092.0		9,092.0
• Reduction	-	(1,202.0)		(1,202.0)
Net change	**-**	**7,890.0**		**7,890.0**
Indebtedness at the end of the financial year	-			
i) Principal Amount	-	53,018.5		53,018.5
ii) Interest due but not paid		-		-
iii) Interest accrued but not due		384.0		384.0
Total (i+ii+iii)	**-**	**53,402.5**		**53,402.5**

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

(2) *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 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	79,869,230	42,338,451	27,921,726	150,129,407
	b) Value of perquisites u/s. 17(2) of Income Tax Act, 1961 except stock options	13,393,447	6,828,293	5,329,498	25,551,238
	c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961.	-	-	-	-
2	Stock options exercised during the year	218,046,125	137,508,300	94,969,070	450,523,495
3	Sweat Equity	0	0	0	0
4	Commission				
	- as per cent of profits	0	0	0	0
	- others, specify	0	0	0	0
5	Others *	4,041,568	2,292,880	1,360,000	7,694,448
	Total (A) **	**97,304,245**	**51,459,624**	**34,611,224**	**183,375,093**
	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*

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	25,00,000	-	30,00,000	55,00,000
2	Mr. Partho Datta	20,00,000	-		20,00,000
3	Mr. Bobby Parikh	24,00,000	-		24,00,000
4	Mr. A.N. Roy	21,00,000	-		21,00,000
5	Mr. Malay Patel	13,00,000	-		13,00,000
6	Dr. Pandit Palande (retired w.e.f. April 23, 2015)	3,50,000	-		3,50,000
	Sub total (i)		-		1,36,50,000
	Other Non-Executive Directors		-		
1	Mrs. Renu Karnad	11,00,000	-		11,00,000
2	Mr. Keki Mistry	16,00,000	-		16,00,000
3	Mr. Umesh Chandra Sarangi (appointed w.e.f March 1, 2016)	-	-	-	-
	Sub total (ii)		-		**27,00,000**
	Total (i+ii)		-		**1,63,50,000**
	Overall ceiling as per the Act ^				

Total Managerial Remuneration = (A)+(B) = ₹ 199,725,093

^ *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	8,956,421	17,076,921	26,033,342
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 except stock options	323,832	3,196,943	3,520,775
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	0	0	0
2	Stock options exercised during the year	32,346,755	4,541,158	36,887,913
3	Sweat Equity	0	0	0
4	Commission			
	-as per cent of profits	0	0	0
	-others, specify	0	0	0
5	Others*	276,748	417,832	694,580
	Total**	**9,557,001**	**20,691,696**	**30,248,697**

** Includes Provident Fund and tax exempted portion of superannuation.*
*** Does not include the value of stock options exercised during the 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	HDB Financial Services Limited						HDFC Securities Limited	Atlas Documentary Facilitators Company Private Limited		HBL Global Private Limited
Nature of relationship	Subsidiary of the Bank						Subsidiary of the Bank	Associate of the Bank		Associate of the Bank
(b) Nature of contracts/ arrangements/ transactions	Receipt of Deposits	Payment towards collection services availed	Credit facility provided	Interest earned on Credit Facility provided	Syndicator / Arranger & Investor	Securitisation	Receipt of Deposits	Receipt of Deposits	Payment of Back Office Support Service Fees	Payment of Sales Support Service Fees
(c) Duration of the contracts / arrangements/ transactions	Varying maturities	5 years	42 months	-	Upto 30 days	Upto 53 months	Varying maturities	Varying maturities	5 years	2 years
(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: 130.70	Services availed for follow-up and collection of customer dues and claims from insurance companies Value: 79.85	Term Loans provided Outstanding Value: 1,590.00	Interest earned Value: 100.06	Syndicator / Arranger Fees for NCDs/ Bonds Value: 0.46 Investment Value: 322.00	Investment in Pass Through Certificates Value: 1,748.66	Term and demand deposits placed with the Bank Outstanding Value: 379.16	Term and demand deposits placed with the Bank Outstanding Value : 57.73	Back office support services such as data processing availed by the Bank Value: 471.20	Sales support services for loans and third party products provided by the Bank Value: 701.21
(e) Date(s) of approval by the Board, if any:	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
(f) Amount paid as advances, if any:	Nil	Security deposit-9.75	Nil	Nil	Nil	Nil	Nil	Nil	Advance-4.66	Nil

The above mentioned transactions were entered into by the Bank in its ordinary course of business. Materiality threshold is as prescribed in Rule 15(3) of the Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014.

ANNEXURE 5 to the Directors' Report

Performance and financial position of subsidiaries and associates of the Bank as on March 31, 2016

(₹ crore)

Name of entity	Net assets as of March 31, 2016		Profit or loss for the year ended March 31, 2016	
	As percentage of consolidated net assets**	Amount***	As percentage of consolidated profit or loss	Amount***
Parent:				
HDFC Bank Limited	97.81	72,677.77	96.05	12,296.23
Subsidiaries*:				
1. HDFC Securities Limited	0.90	666.04	1.04	133.34
2. HDB Financial Services Limited	4.79	3,561.80	4.17	534.41
Minority Interest in all subsidiaries	0.24	180.62	0.15	19.72

**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, 2016		Share of profit or loss for the year ended March 31, 2016	
	As percetage of consolidated net assets	Amount	As percentage of consolidated profit or loss	Amount
Associates*:				
1. Atlas Documentary Facilitators Company Private Limited (ADFC) **	0.03	23.45	0.02	2.69
2. International Asset Reconstruction Company Private Limited	0.05	37.96	0.01	1.04

**The associates are domestic entities*
***Includes proportionate share of profit / loss of HBL Global Private Limited, which is a subsidiary of ADFC*

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	179:1
Deputy Managing Director	107:1
Executive Director	78:1

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.*

d. *The ratios include all on-roll employees including 22,960 frontline sales staff, who got absorbed on the rolls of the Bank during FY 15-16. The ratios excluding front line sales staff would have been MD-138:1, DMD-83:1, ED-60:1.*

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

Designation	Percentage Increase
Managing Director	20.00
Deputy Managing Director	20.00
Executive Director *	50.00
Chief Financial Officer	17.80
Company Secretary	12.00

**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 the median remuneration of the employees in the financial year was 9.63 per cent.

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

As of March 31, 2016 the number of permanent employees on the rolls of the Bank was 87,555.

5. Explanation on relationship between average increase in remuneration and the Bank's performance

The remuneration for Bank employees is governed by an elaborate and comprehensive Compensation Policy that has been articulated in alignment with the Reserve Bank of India guidelines. The Compensation Policy clearly lays down the principles for determining remuneration.

The 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 also takes into account factors like roles, skills / competencies, experience and grade / seniority to differentiate pay appropriately on the basis of contribution, skill and availability of talent. Further, in line with the philosophy of prudent risk taking, remuneration is subject to adjustment against all types of risk.

The average increase in employee remuneration for the year has been 10.88 per cent. The growth of profit (PBT) during the similar period has been 21.6 per cent.

Note:

Includes employees who were eligible for salary increase in the financial year 2014-2015 and 2015-2016

6. **Comparison of Remuneration of KMP against performance of the Bank :**

For FY 15 - 16, KMPs were paid approximately 0.08 per cent of the PBT for the year.

Note:
We have considered the fixed annualised salary for Key Managerial Personnel vis-à-vis the profit of the Bank.

7. **Variations in the market capitalisation of the Bank, price earnings ratio as at the closing date of the current FY and the previous FY and percentage increase or decrease in market quotations of the shares of the Bank in comparison to the rate at which the Bank came out with the last public offer.**

	March 31, 2016	March 31, 2015
Market Capitalisation (in ₹ Billion)	2,708.1	2,563.4
Price / Earnings Ratio	21.9	24.3
Percentage Increase / Decrease in market quotations of the shares of the Bank in comparison to the rate at which the Bank came out with last public offer *	6.7 per cent	2.0 per cent
Percentage Increase / Decrease in market quotations of the shares of the Bank in comparison to the rate at which the Bank came out with last public offer. (Annualised)*	5.9 per cent	14.6 per cent

** Last public offer considered for the above was the ADR issue in Feb 2015.*

8. **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 : 23.95 per cent

The average percentage increase for Non Managerial Staff : 10.88 per cent

9. **Comparison of each remuneration of the Key Managerial Personnel against the performance of the Bank**

Particulars	Percentage of PBT
Company Secretary	0.005
Chief Financial Officer	0.009
Managing Director	0.034
Deputy Managing Director	0.020
Executive Director	0.015

The above is based on the ratio of Fixed Pay to Profit before tax.

10. **Key Parameters for any variable component of remuneration availed by the Directors**

The variable pay for Directors is based on a comprehensive framework governed by the compensation policy of the Bank framed in accordance with the Reserve Bank of India Guidelines. The variable remuneration is based on multiple parameters:

Computation of Bonus Pool:

The Pool for Bonus is computed based on the profitability of the Bank. The bonus pool is computed as a per cent of the surplus generated post adjustment for all types of risk as approved by the Nomination and Remuneration Committee of the Board. The variable pay for Whole-time Directors too is part of the aforementioned pool.

Distribution of Variable Pay:

The distribution of Variable Pay is **principally performance linked**. This is based on a comprehensive evaluation of each of the Directors as per the ***Performance Evaluation Framework***. The framework takes into consideration performance against set objectives, performance vis-à-vis peer group and adherence to compliance standards.

Capping and Deferment:

The variable pay of Whole Time Directors is capped at 70 per cent of Fixed Pay. Further in the event variable pay exceeds 50 per cent of fixed pay, 60 per cent would be paid on immediate approval by the Reserve Bank of India. 40 per cent of the Variable Pay will be deferred over a period of 3 years

Malus and Clawback:

In the event there is a deferment of variable pay the deferred portion of variable pay shall be subject to Malus and Clawback subject to the terms and conditions as defined in the Compensation policy of the Bank.

Malus: The Malus clause that governs variable pay is aimed at ensuring withdrawal of the deferred bonus subject to the performance of the Bank in the future and as decided and approved by Nomination and Remuneration Committee of the Board.

Clawback: The clawback clause provides for the return of any bonus paid to the Director subject to terms and conditions as may be decided and approved by the Nomination and Remuneration Committee of the Board.

11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director: NA

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

ANNEXURE 7 to the Directors' Report

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the financial year ended 31st March, 2016
[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of 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 ended on 31st March, 2016. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of Secretarial Audit; and subject to our separate letter attached as Annexure I; we hereby report that in our opinion, the Bank has, during the audit period generally 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, 2016 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 (SCRA) 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 there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (e) 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;
- (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (g) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;
- (h) The Securities and Exchange Board of India (Bankers to an Issue) Regulation, 1994

(vi) The Banking Regulation Act, 1949.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India related to meetings and minutes
2. Listing Agreement entered into by the Bank with the Stock Exchanges(s)

During the period under review, the Bank has generally 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009;

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

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

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 generally sent at least seven days in advance 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-

1. Obtained approval of members by way of special resolution under section 180 (1) (c) of the Act to authorize the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Bank, but not exceeding a sum of ₹50,000 crore.
2. Issued and allotted 29750 Senior Unsecured Redeemable Long Term Non-Convertible Bonds in nature of Debentures of face value of ₹ 10,00,000/- each aggregating to ₹ 2975 crore on private placement basis.

For BNP & Associates
Company Secretaries

Place: Mumbai
Date: May 19, 2016

Keyoor Bakshi
Partner
FCS 1844 / CP No. 2720

Annexure I to the Secretarial Audit Report for the financial year ended 31st March, 2016

To,
The Members,
HDFC Bank Limited

Our secretarial audit report of even date is to be read along with this letter.

1. Maintenance of Secretarial records and compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records and compliance based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

For BNP & Associates
Company Secretaries

Place: Mumbai
Date: May 19, 2016

Keyoor Bakshi
Partner
FCS 1844/ CP No. 2720

HDFC securities

In the high speed securities market, HDFC securities Limited is blazing the trail with its completely digitized services. A wholly owned subsidiary of HDFC Bank and a CRISIL AAA rated full financial services brokerage firm, it offers integrated financial solutions for retail, high-net-worth individuals and institutional investors through 262 branches across the country.

A pioneer of mobile trading in India, HDFC securities is today the market leader with its mobile trading apps for smart phones and tablets on iOS and Android. With technology-driven products, it now aims to meet evolving investor needs with comprehensive investment solutions for both resident and NRI customers.

Consumers of HDFC securities receive a seamless trading and transacting experience for its products and services, all under a single umbrella:

- **NextGen trading and investment platform:**
  Benchmarked to global industry standards, the trading platform can be customized by users and is supported by features such as interactive charts, watch lists, research calls and market news.
- **Portfolio on mobile app:**
  The always accessible app simplifies managing investment portfolios with features such as pie chart and asset-wise summary, buy and sell stocks, summary of short/long-term capital gain, net worth and portfolio performance.
- **Investment suite:**
  Allows users to invest in a range of services designed to address their trading needs across asset classes and product types.
- **Multiple trading platforms:**
  Designed to allow customers to choose the way they want to trade - online, via a mobile app, or through call centres and branches.

The digital innovations, technology prowess and customer focus of HDFC securities have earned it industry respect and several awards. These include the ‘Best Retail Broker (Runner-up)’ award at the Outlook Money Awards 2015, the ‘Business Technology Awards 2015’ at Dataquest in the Enterprise Applications category, and the ‘IDC Insights Awards 2015’ for excellence in customer experience.

HDB FINANCIAL SERVICES

Consumers of financial services today expect digital technology to make their financial lives easier with anywhere, anytime services, instant approvals and quick access to information. This has led HDB Financial Services Limited (HDB), a leading non-banking financial company, to step into the digital age with market leading products and services.

HDB caters to the growing needs of salaried and self-employed individuals. It offers a wide range of loans and services to suit every need: from personal, auto, business and consumer durable loans to enterprise business loans and loans against property, gold jewellery, shares and securities, as well as commercial vehicle loans, construction equipment loans and insurance products. The company has 925 branches across 624 locations and a strong presence outside metros.

Technology forms the backbone of HDB for service delivery to its customers. Any customer can thus connect instantly with HDB from the comfort of their home or office. For those on the move, the mobility solution – "HDB ON THE GO" allows conveniently managing and viewing details of loans, such as loans summary, outstanding balance, interest/IT certificate, repayment schedules, etc.

Another technological edge of HDB lies in straight-through-processing of loan applications via its mobility solution. This has enabled instant decision making and faster turnaround times, and allows customers to get real time status update on their application applied through any of its multiple channels.

HDB also runs a Collections BPO line of business offering end-to-end, specialized collections services with domain expertise in collections telecalling, recovery management, collections analytics and cash reconciliation management. The BPO operates from 13 state-of-the-art call centres, hosting over 3,500 seats. HDB has dedicated fulfilment infrastructure in over 500 towns across the country, and is a DRA certified training establishment with certified trainers for collections training.

HDB Financial Services enjoys CARE AAA and CRISIL AAA ratings for long-term bank facilities and A1+ rating for short-term debt and commercial paper. It is now ISO 9001:2008 certified for its centralized operations.

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, 2016, 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 principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, in so far as applicable to banks, 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 financial statements.

We believe that the audit evidence we have obtained 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 principles generally accepted in India, of the state of affairs of the Bank as at 31st March, 2016, 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, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, 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.

g) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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 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, 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 financial statements - Refer Schedule 17/C-17 and Schedule 18 Note 16(b) and Note 16(c) to the financial statements;

   ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts-Refer Schedule 17/C 17 and Schedule 18 Note 16 to the financial statements;

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

2. We report that during the course of our audit we have performed select relevant procedures at 54 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 and made available to us.

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

Porus B. Pardiwalla
Partner
(Membership No. 40005)

Mumbai
April 22, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1.h under 'Report on Other Legal and Regulatory Requirements' 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, 2016 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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, 2016, 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 22, 2016

As at March 31, 2016

₹ in '000

	Schedule	As at 31-Mar-16	As at 31-Mar-15
CAPITAL AND LIABILITIES			
Capital	1	**5,056,373**	5,012,991
Reserves and surplus	2	**721,721,274**	615,081,174
Deposits	3	**5,464,241,920**	4,507,956,425
Borrowings	4	**530,184,746**	452,135,582
Other liabilities and provisions	5	**367,251,338**	324,844,559
	Total	**7,088,455,651**	5,905,030,731
ASSETS			
Cash and balances with Reserve Bank of India	6	**300,583,087**	275,104,536
Balances with banks and money at call and short notice	7	**88,605,293**	88,209,982
Investments	8	**1,638,857,691**	1,516,417,540
Advances	9	**4,645,939,589**	3,654,950,312
Fixed assets	10	**33,431,573**	31,217,343
Other assets	11	**381,038,418**	339,131,018
	Total	**7,088,455,651**	5,905,030,731
Contingent liabilities	12	**8,533,181,145**	9,752,339,539
Bills for collection		**234,899,997**	223,049,263
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 22, 2016

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

Anami Roy
Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Renu Karnad
Umesh Sarangi
Directors

HDFC BANK
We understand your world

Statement of Profit and Loss

For the year ended March 31, 2016

₹ in '000

		Schedule	Year ended 31-Mar-16	Year ended 31-Mar-15
I	**INCOME**			
	Interest earned	13	**602,214,451**	484,699,044
	Other income	14	**107,517,233**	89,963,521
		Total	**709,731,684**	574,662,565
II	**EXPENDITURE**			
	Interest expended	15	**326,299,330**	260,742,352
	Operating expenses	16	**169,797,000**	139,875,416
	Provisions and contingencies		**90,673,223**	71,885,608
		Total	**586,769,553**	472,503,376
III	**PROFIT**			
	Net profit for the year		**122,962,131**	102,159,189
	Balance in Profit and Loss account brought forward		**186,277,944**	146,541,532
		Total	**309,240,075**	248,700,721
IV	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		**30,740,533**	25,539,798
	Proposed dividend		**24,017,772**	20,051,963
	Tax (including cess) on dividend		**4,889,453**	4,082,107
	Dividend (including tax / cess thereon) pertaining to previous year paid during the year, net of dividend tax credits		**(117,135)**	8,411
	Transfer to General Reserve		**12,296,213**	10,215,919
	Transfer to Capital Reserve		**2,221,532**	2,249,166
	Transfer to / (from) Investment Reserve Account		**(85,184)**	275,413
	Balance carried over to Balance Sheet		**235,276,891**	186,277,944
		Total	**309,240,075**	248,700,721
V	**EARNINGS PER EQUITY SHARE (Face value ₹ 2 per share)**		₹	₹
	Basic		**48.84**	42.15
	Diluted		**48.26**	41.67
	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 22, 2016

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

Anami Roy
Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Renu Karnad
Umesh Sarangi
Directors

Cash Flow Statement

For the year ended March 31, 2016

₹ in '000

	Year ended 31-Mar-16	Year ended 31-Mar-15
Cash flows from operating activities		
Profit before income tax	**186,379,247**	153,287,238
Adjustments for:		
Depreciation on fixed assets	**7,058,390**	6,562,963
(Profit) / loss on revaluation of investments	**173,689**	(556,306)
Amortisation of premia on held to maturity investments	**1,002,801**	805,534
(Profit) / loss on sale of fixed assets	**626**	(111,598)
Provision / charge for non performing assets	**22,963,803**	18,794,809
Provision for dimunition in value of investment	**151,722**	(38,184)
Floating provisions	**1,150,000**	-
Provision for standard assets	**4,399,962**	2,962,495
Provision for wealth tax	**-**	7,500
Contingency provisions	**218,102**	589,904
	223,498,342	182,304,355
Adjustments for:		
(Increase) / decrease in investments (excluding investments in subsidiaries and joint ventures)	**(123,768,363)**	(445,894,140)
(Increase) / decrease in advances	**(1,015,961,758)**	(647,034,038)
Increase / (decrease) in deposits	**956,285,495**	834,581,648
(Increase) / decrease in other assets	**(37,562,160)**	66,122,651
Increase / (decrease) in other liabilities and provisions	**32,720,884**	(94,828,734)
	35,212,440	(104,748,258)
Direct taxes paid (net of refunds)	**(67,459,133)**	(53,874,446)
Net cash flow (used in) / from operating activities	**(32,246,693)**	(158,622,704)
Cash flows used in investing activities		
Purchase of fixed assets	**(8,159,133)**	(7,356,260)
Proceeds from sale of fixed assets	**111,518**	329,189
Investment in subsidiaries and / or joint ventures	**-**	(12,415,656)
Net cash used in investing activities	**(8,047,615)**	(19,442,727)

For the year ended March 31, 2016

₹ in '000

	Year ended 31-Mar-16	Year ended 31-Mar-15
Cash flows from financing activities		
Money received on exercise of stock options by employees	**12,229,008**	9,954,171
Increase / (decrease) in borrowings (excluding subordinate debt, perpetual debt and upper Tier II instruments)	**89,693,664**	61,627,164
Proceeds from issue of shares under Qualified Institutions Placement and American Depository Receipt offering (net of issue expenses)	**-**	97,227,855
Redemption of subordinated debt	**(12,020,000)**	(4,140,000)
Dividend paid during the year	**(20,091,666)**	(16,492,770)
Tax on dividend	**(3,925,269)**	(2,742,009)
Net cash generated from financing activities	**65,885,737**	145,434,411
Effect of exchange fluctuation on translation reserve	**282,433**	109,160
Net increase / (decrease) in cash and cash equivalents	**25,873,862**	(32,521,860)
Cash and cash equivalents as at April 1st (Schedules 6 and 7)	**363,314,518**	395,836,378
Cash and cash equivalents as at March 31st (Schedules 6 and 7)	**389,188,380**	363,314,518

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

P. B. Pardiwalla
Partner
Membership No.: 40005

Mumbai, April 22, 2016

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

Anami Roy
Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Renu Karnad
Umesh Sarangi
Directors

HDFC BANK
We understand your world

As at March 31, 2016

₹ in '000

		As at 31-Mar-16	As at 31-Mar-15
SCHEDULE 1 - CAPITAL			
Authorised capital			
2,75,00,00,000 (31 March, 2015 : 2,75,00,00,000) Equity Shares of ₹ 2/- each		**5,500,000**	5,500,000
Issued, subscribed and paid-up capital			
2,52,81,86,517 (31 March, 2015 : 2,50,64,95,317) Equity Shares of ₹ 2/- each		**5,056,373**	5,012,991
	Total	**5,056,373**	5,012,991
SCHEDULE 2 - RESERVES AND SURPLUS			
I **Statutory reserve**			
Opening balance		**116,644,222**	91,104,424
Additions during the year		**30,740,533**	25,539,798
	Total	**147,384,755**	116,644,222
II **General reserve**			
Opening balance		**44,823,296**	34,607,377
Additions during the year		**12,296,213**	10,215,919
	Total	**57,119,509**	44,823,296
III **Balance in profit and loss account**		**235,276,891**	186,277,944
IV **Share premium account**			
Opening balance		**249,531,232**	142,564,095
Additions during the year		**12,185,626**	108,477,413
Deductions during the year [Refer Schedule 18(4)]		**-**	(1,510,276)
	Total	**261,716,858**	249,531,232
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		**6,645,051**	4,395,885
Additions during the year		**2,221,532**	2,249,166
	Total	**8,866,583**	6,645,051
VII **Investment reserve account**			
Opening balance		**484,268**	208,855
Additions during the year		**76**	310,612
Deductions during the year [Refer Schedule 18(4)]		**(85,260)**	(35,199)
	Total	**399,084**	484,268
VIII **Foreign currency translation account**			
Opening balance		**39,597**	(69,563)
Additions during the year		**282,433**	109,160
	Total	**322,030**	39,597
	Total	**721,721,274**	615,081,174

As at March 31, 2016

₹ in '000

		As at 31-Mar-16	As at 31-Mar-15
SCHEDULE 3 - DEPOSITS			
A I Demand deposits			
(i) From banks		**22,017,200**	16,319,866
(ii) From others		**862,229,501**	719,334,552
	Total	**884,246,701**	735,654,418
II Savings bank deposits		**1,478,861,798**	1,249,266,089
III Term deposits			
(i) From banks		**25,095,540**	18,405,279
(ii) From others		**3,076,037,881**	2,504,630,639
	Total	**3,101,133,421**	2,523,035,918
	Total	**5,464,241,920**	4,507,956,425
B I Deposits of branches in India		**5,397,071,812**	4,449,045,841
II Deposits of branches outside India		**67,170,108**	58,910,584
	Total	**5,464,241,920**	4,507,956,425
SCHEDULE 4 - BORROWINGS			
I Borrowings in India			
(i) Reserve Bank of India		**-**	-
(ii) Other banks		**15,792,856**	14,851,586
(iii) Other institutions and agencies		**59,750,000**	30,000,000
(iv) Upper and lower tier II capital and innovative perpetual debts		**144,279,000**	156,299,000
	Total	**219,821,856**	201,150,586
II Borrowings outside India*		**310,362,890**	250,984,996
	Total	**530,184,746**	452,135,582

**Includes Upper Tier II debt of ₹ 662.55 crore (previous year: ₹ 625.00 crore)*
Secured borrowings included in I & II above: Nil (previous year: Nil)

		As at 31-Mar-16	As at 31-Mar-15
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I Bills payable		**73,784,974**	60,853,248
II Interest accrued		**35,987,631**	29,949,880
III Others *(including provisions)*		**208,559,451**	194,323,194
IV Contingent provisions against standard assets		**20,012,057**	15,584,167
V Proposed dividend *(including tax on dividend)*		**28,907,225**	24,134,070
	Total	**367,251,338**	324,844,559

As at March 31, 2016

		As at 31-Mar-16	₹ in '000 As at 31-Mar-15
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I Cash in hand *(including foreign currency notes)*		**55,694,577**	53,214,928
II Balances with Reserve Bank of India :			
(a) In current accounts		**242,888,510**	219,889,608
(b) In other accounts		**2,000,000**	2,000,000
	Total	**244,888,510**	221,889,608
	Total	**300,583,087**	275,104,536
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I In India			
(i) Balances with banks :			
(a) In current accounts		**2,380,626**	2,316,337
(b) In other deposit accounts		**6,824,510**	21,126,770
	Total	**9,205,136**	23,443,107
(ii) Money at call and short notice :			
(a) With banks		**-**	2,500,000
(b) With other institutions		**1,359,867**	2,238,499
	Total	**1,359,867**	4,738,499
	Total	**10,565,003**	28,181,606
II Outside India			
(i) In current accounts		**23,909,955**	16,465,876
(ii) In deposit accounts		**3,776,535**	625,000
(iii) Money at call and short notice		**50,353,800**	42,937,500
	Total	**78,040,290**	60,028,376
	Total	**88,605,293**	88,209,982
SCHEDULE 8 - INVESTMENTS			
A Investments in India in			
(i) Government securities		**1,257,105,578**	1,203,902,956
(ii) Other approved securities		**-**	-
(iii) Shares		**739,032**	1,284,423
(iv) Debentures and bonds		**48,873,774**	11,254,750
(v) Subsidiaries / joint ventures		**27,829,565**	27,829,565
(vi) Others (Units, CDs/CPs, PTCs and security receipts)		**290,582,987**	261,087,214
	Total	**1,625,130,936**	1,505,358,908
B Investments outside India in			
Other investments			
(a) Shares		**28,375**	9,396
(b) Debentures and bonds		**13,698,380**	11,049,236
	Total	**13,726,755**	11,058,632
	Total	**1,638,857,691**	1,516,417,540

As at March 31, 2016

₹ in '000

		As at 31-Mar-16	As at 31-Mar-15
C Investments			
(i) Gross value of investments			
(a) In India		**1,626,326,344**	1,506,498,794
(b) Outside India		**13,726,755**	11,058,632
	Total	**1,640,053,099**	1,517,557,426
(ii) Provision for depreciation			
(a) In India		**1,195,408**	1,139,886
(b) Outside India		**-**	-
	Total	**1,195,408**	1,139,886
(iii) Net value of investments			
(a) In India		**1,625,130,936**	1,505,358,908
(b) Outside India		**13,726,755**	11,058,632
	Total	**1,638,857,691**	1,516,417,540
SCHEDULE 9 - ADVANCES			
A (i) Bills purchased and discounted		**185,136,903**	177,134,003
(ii) Cash credits, overdrafts and loans repayable on demand		**1,242,774,115**	993,671,410
(iii) Term loans		**3,218,028,571**	2,484,144,899
	Total	**4,645,939,589**	3,654,950,312
B (i) Secured by tangible assets*		**3,458,703,399**	2,735,499,707
(ii) Covered by bank / government guarantees		**114,128,823**	63,453,979
(iii) Unsecured		**1,073,107,367**	855,996,626
	Total	**4,645,939,589**	3,654,950,312
** Including advances against book debts*			
C I Advances in India			
(i) Priority sector		**1,417,909,585**	1,061,040,411
(ii) Public sector		**134,556,082**	118,066,442
(iii) Banks		**4,659,631**	51,278
(iv) Others		**2,767,906,764**	2,187,379,246
	Total	**4,325,032,062**	3,366,537,377
C II Advances outside India			
(i) Due from banks		**6,879,777**	16,094,350
(ii) Due from others			
(a) Bills purchased and discounted		**1,245,263**	1,849,427
(b) Syndicated loans		**38,624,247**	14,652,002
(c) Others		**274,158,240**	255,817,156
	Total	**320,907,527**	288,412,935
	Total	**4,645,939,589**	3,654,950,312

(Advances are net of provisions)

HDFC BANK
We understand your world

As at March 31, 2016

			₹ in '000
		As at 31-Mar-16	As at 31-Mar-15
SCHEDULE 10 - FIXED ASSETS			
A **Premises** *(including land)*			
Gross block			
At cost on 31 March of the preceding year		**14,756,943**	14,169,660
Additions during the year		**839,927**	793,539
Deductions during the year		**(85,166)**	(206,256)
	Total	**15,511,704**	14,756,943
Depreciation			
As at 31 March of the preceding year		**3,764,471**	3,337,178
Charge for the year		**551,090**	519,617
On deductions during the year		**(68,719)**	(92,324)
	Total	**4,246,842**	3,764,471
Net block		**11,264,862**	10,992,472
B **Other fixed assets** *(including furniture and fixtures)*			
Gross block			
At cost on 31 March of the preceding year		**65,329,178**	58,341,584
Additions during the year		**8,548,465**	7,807,332
Deductions during the year		**(1,410,076)**	(819,738)
	Total	**72,467,567**	65,329,178
Depreciation			
As at 31 March of the preceding year		**45,104,307**	39,774,886
Charge for the year		**6,510,901**	6,045,463
On deductions during the year		**(1,314,352)**	(716,042)
	Total	**50,300,856**	45,104,307
Net block		**22,166,711**	20,224,871
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, 2016

₹ in '000

			As at 31-Mar-16	As at 31-Mar-15
	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	**33,431,573**	31,217,343

SCHEDULE 11 - OTHER ASSETS

			As at 31-Mar-16	As at 31-Mar-15
I	Interest accrued		**75,482,713**	56,319,984
II	Advance tax / tax deducted at source (net of provisions)		**17,646,013**	14,935,373
III	Stationery and stamps		**220,786**	168,394
IV	Non banking assets acquired in satisfaction of claims		**-**	-
V	Bond and share application money pending allotments		**-**	-
VI	Security deposit for commercial and residential property		**4,626,811**	4,232,087
VII	Others*		**283,062,095**	263,475,180
		Total	**381,038,418**	339,131,018

**Includes deferred tax asset (net) of ₹ 2,116.62 crore (previous year: ₹ 1,950.74 crore) and deposits placed with NABARD / SIDBI / NHB on account of shortfall in lending to priority sector of ₹ 13,719.68 crore (previous year: ₹ 14,818.19 crore)*

SCHEDULE 12 - CONTINGENT LIABILITIES

			As at 31-Mar-16	As at 31-Mar-15
I	Claims against the bank not acknowledged as debts - taxation		**11,877,300**	8,979,600
II	Claims against the bank not acknowledged as debts - others		**762,010**	713,542
III	Liability on account of outstanding forward exchange contracts		**5,290,757,746**	6,740,520,896
IV	Liability on account of outstanding derivative contracts		**2,570,471,528**	2,433,779,738
V	Guarantees given on behalf of constituents :			
	- In India		**301,311,242**	240,381,176
	- Outside India		**31,094,714**	32,080,401
VI	Acceptances, endorsements and other obligations		**317,525,754**	279,900,503
VII	Other items for which the Bank is contingently liable		**9,380,851**	15,983,683
		Total	**8,533,181,145**	9,752,339,539

For the year ended March 31, 2016

₹ in '000

			Year ended 31-Mar-16	Year ended 31-Mar-15
SCHEDULE 13 - INTEREST EARNED				
I	Interest / discount on advances / bills		**448,278,559**	371,807,856
II	Income from investments		**141,200,321**	98,584,846
III	Interest on balance with RBI and other inter-bank funds		**3,616,100**	5,170,990
IV	Others		**9,119,471**	9,135,352
		Total	**602,214,451**	484,699,044
SCHEDULE 14 - OTHER INCOME				
I	Commission, exchange and brokerage		**77,590,448**	65,842,024
II	Profit / (loss) on sale of investments (net)		**7,491,483**	5,259,706
III	Profit / (loss) on revaluation of investments (net)		**(173,689)**	556,306
IV	Profit / (loss) on sale of building and other assets (net)		**(626)**	111,598
V	Profit / (loss) on exchange / derivative transactions (net)		**12,277,267**	10,279,548
VI	Income earned by way of dividends from subsidiaries / associates and / or joint ventures abroad / in India		**1,490,542**	325,932
VII	Miscellaneous income		**8,841,808**	7,588,407
		Total	**107,517,233**	89,963,521
SCHEDULE 15 - INTEREST EXPENDED				
I	Interest on deposits		**291,782,889**	235,138,320
II	Interest on RBI / inter-bank borrowings		**33,664,532**	24,785,390
III	Other interest		**851,909**	818,642
		Total	**326,299,330**	260,742,352
SCHEDULE 16 - OPERATING EXPENSES				
I	Payments to and provisions for employees		**57,021,980**	47,509,591
II	Rent, taxes and lighting		**12,326,423**	10,520,867
III	Printing and stationery		**4,234,603**	3,861,460
IV	Advertisement and publicity		**2,483,938**	1,874,691
V	Depreciation on bank's property		**7,058,390**	6,562,963
VI	Directors' fees / remuneration, allowances and expenses		**25,761**	9,696
VII	Auditors' fees and expenses		**19,331**	14,508
VIII	Law charges		**998,702**	717,718
IX	Postage, telegram, telephone etc.		**3,997,235**	3,995,952
X	Repairs and maintenance		**10,287,303**	8,499,506
XI	Insurance		**5,613,318**	4,470,026
XII	Other expenditure*		**65,730,016**	51,838,438
		Total	**169,797,000**	139,875,416

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

For the year ended March 31, 2016

SCHEDULE 17 - Significant accounting policies appended to and forming part of the financial statements for the year ended March 31, 2016

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 and Dubai. 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 and current practices prevailing within the banking industry in India.

Use of estimates

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered 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 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.

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 repo and reverse repo transactions in government securities and corporate debt securities (excluding transactions conducted under Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI) 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 are accounted for as interest income.

In respect of repo transactions under LAF and MSF with RBI, amount borrowed from RBI is credited to investment account and reversed on maturity of the transaction. Costs thereon are accounted for as interest expense. In respect of reverse repo transactions under LAF, amount lent to RBI is debited to investment account and reversed on maturity of the transaction. Revenues thereon are 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, 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.

In accordance with RBI guidelines, accelerated provision is made on non-performing advances which were not earlier reported by the Bank as Special Mention Account under "SMA-2" category to Central Repository of Information on Large Credits (CRILC). Accelerated provision is also made on non-performing advances which are erstwhile SMA-2 accounts with Aggregate Exposure (AE) ₹ 1,000 million or above and Joint Lenders' Forum (JLF) is not formed or they fail to agree upon a common Corrective Action Plan (CAP) within the stipulated time frame.

Accounts 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. In accordance with RBI guidelines, provision is made against standard assets representing all exposures to the wholly owned step down subsidiaries of the overseas subsidiaries of Indian companies, sanctioned / renewed after December 31, 2015. Provision for standard assets is included under other liabilities.

Provisions made in excess of 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 have been 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.

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, the 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, subject to the Minimum Holding Period ('MHP') criteria and the Minimum Retention Requirements ('MRR') of RBI, 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, not exceeding 20% of the total securitised instruments, in line with RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

The Bank also 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'), subject to the RBI prescribed MHP criteria and the MRR. 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.

Pursuant to these guidelines, the Bank amortises any profit received in cash for every individual securitisation or direct assignment transaction. This amortisation is calculated as the maximum of either of the three parameters stated below:

- the losses incurred on the portfolio, including marked to market losses in case of securitisation transactions, specific provisions, if any, and direct write-offs made on the MRR and any other exposures to the securitisation transaction (other than credit enhancing interest only strip); or
- the amount of unamortised cash profit at the beginning of the year multiplied by the amount of principal amortised during the year as a proportion to the amount of unamortised principal at the beginning of the year; or
- the amount of unamortised cash profit at the beginning of the year divided by residual maturity of the securitisation or the direct assignment transaction.

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.

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. If the sale is for a value higher than the net book value, the excess provision is not reversed but is utilised to meet the shortfall / loss on account of sale of other non-performing advances. The RBI issued new guidelines on sale of non-performing advances on February 26, 2014. In accordance with these guidelines, if the sale of non-performing advances is at a price below the net book value, the shortfall is charged to the Statement of Profit and Loss spread over a period of two years. 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 based on Effective Interest Rate (EIR) method.

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 Bank, pursuant to the Companies Act, 2013, has carried out a technical assessment of the useful life of its assets taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use. 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 where it is recognised upon realisation as per RBI norms.

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, except in cases where the Bank is uncertain 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 makes 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 said 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 for selling to its wholesale and retail customers. The imports are typically on a back-to-back basis and are priced to the customer based on an estimated price quoted by the supplier. The Bank earns a fee on such wholesale bullion transactions. The fee is classified under commission income.

The Bank also sells bullion to its retail customers. The difference between the sale price to customers and actual price paid to the supplier is recorded 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 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.

SCHEDULE 18 - Notes forming part of the financial statements for the year ended March 31, 2016

Amounts in notes forming part of the financial statements for the year ended March 31, 2016 are denominated in rupee crore to conform to extant RBI guidelines.

1 Change in classification

Pursuant to RBI circular dated July 16, 2015, deposits placed, with NABARD, SIDBI and NHB aggregating to ₹ 13,719.68 crore (previous year: ₹ 14,818.19 crore), arising out of the shortfall in meeting the priority sector lending targets / sub-targets, have been included under 'Other Assets' and interest thereon aggregating to ₹ 861.15 crore (previous year: ₹ 847.12 crore) under 'Interest Earned - Others'. Hitherto, these were included under 'Investments' and 'Interest Earned - Income on Investments' respectively. Figures for the previous year have been regrouped / reclassified to conform to current year's classification. The above change in classification has no impact on the profit of the Bank for the years ended March 31, 2016 and March 31, 2015.

2 Capital adequacy

The Bank's capital to risk-weighted asset ratio ('Capital Adequacy Ratio') as on March 31, 2016 is calculated in accordance with the RBI's guidelines on Basel III capital regulations ('Basel III'). The phasing in of the minimum capital requirement under Basel III is as follows:

(% of RWAs)

Minimum ratio of capital to risk-weighted assets	As on April 1, 2013	As on March 31,					
		2014	2015	2016	2017	2018	2019
Common equity tier I ratio	4.5	5.0	5.5	5.5	5.5	5.5	5.5
Capital conservation buffer	-	-	-	0.625	1.25	1.875	2.5
Tier I capital ratio	6.0	6.5	7.0	7.0	7.0	7.0	7.0
Total capital adequacy ratio	9.0	9.0	9.0	9.0	9.0	9.0	9.0

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

(₹ crore)

Particulars	March 31, 2016	March 31, 2015
Tier I capital	70,032.52	57,722.07
Of which common equity tier I capital	70,032.52	57,722.07
Tier II capital	12,243.44	13,244.22
Total capital	82,275.96	70,966.29
Total risk weighted assets	529,768.14	422,669.92
Capital adequacy ratios under Basel III		
Tier I	13.22%	13.66%
Of which common equity tier I	13.22%	13.66%
Tier II	2.31%	3.13%
Total	**15.53%**	**16.79%**

The Bank has not raised any additional tier I and tier II capital during the year ended March 31, 2016 and March 31, 2015.

Subordinated debt (lower Tier II capital), upper Tier II capital and innovative perpetual debt instruments outstanding as at March 31, 2016 are ₹ 10,812.00 crore (previous year: ₹ 12,014.00 crore), ₹ 4,078.45 crore (previous year: ₹ 4,040.90 crore) and ₹ 200.00 crore (previous year: ₹ 200.00 crore) respectively.

In accordance with RBI guidelines, banks are required to make Pillar 3 disclosures under Basel III capital regulations. The Bank has made these disclosures which 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.

2 Capital Infusion

During the year ended March 31, 2016, the Bank allotted 2,16,91,200 equity shares (previous year: 2,27,00,740 equity shares) aggregating to face value ₹ 4.34 crore (previous year: ₹ 4.54 crore) in respect of stock options exercised. Accordingly, share capital increased by ₹ 4.34 crore (previous year: ₹ 4.54 crore) and share premium increased by ₹ 1,218.56 crore (previous year: ₹ 990.88 crore).

Pursuant to the shareholder and regulatory approvals, the Bank on February 10, 2015, concluded a Qualified Institutions Placement (QIP) of 1,87,44,142 equity shares at a price of ₹ 1,067 per equity share aggregating ₹ 2,000 crore and an American Depository Receipt (ADR) offering of 2,20,00,000 ADRs (representing 6,60,00,000 equity shares) at a price of USD 57.76 per ADR, aggregating USD 1,271 million. Pursuant to these issuances, the Bank allotted 8,47,44,142 additional equity shares. Accordingly, share capital increased by ₹ 16.95 crore and share premium increased by ₹ 9,705.84 crore, net of share issue expenses of ₹ 151.03 crore.

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

Particulars	March 31, 2016	March 31, 2015
Opening balance	501.30	479.81
Addition pursuant to QIP / ADR offering	-	16.95
Addition pursuant to stock options exercised	4.34	4.54
Closing balance	505.64	501.30

3 Earnings per equity share

Basic and diluted earnings per equity share have been calculated based on the net profit after taxation of ₹ 12,296.23 crore (previous year: ₹ 10,215.92 crore) and the weighted average number of equity shares outstanding during the year of 2,51,74,29,120 (previous year: 2,42,37,77,245).

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

Particulars	For the years ended (₹)	
	March 31, 2016	March 31, 2015
Nominal value per share	2.00	2.00
Basic earnings per share	48.84	42.15
Effect of potential equity shares (per share)	(0.58)	(0.48)
Diluted earnings per share	48.26	41.67

Basic earnings per equity share have been computed by dividing net profit for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have 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, 2016	March 31, 2015
Weighted average number of equity shares used in computing basic earnings per equity share	2,51,74,29,120	2,42,37,77,245
Effect of potential equity shares outstanding	3,04,43,320	2,77,45,406
Weighted average number of equity shares used in computing diluted earnings per equity share	2,54,78,72,440	2,45,15,22,651

4 Reserves and Surplus

Draw down from reserves

Share Premium

The Bank has not undertaken any drawdown from reserves during the years ended March 31, 2016 and March 31, 2015, except towards share issue expenses of ₹ 151.03 crore, incurred for the equity raised through the Qualified Institutions Placement (QIP) and American Depository Receipt (ADR) routes during the year ended March 31, 2015, which have been adjusted in that year against the share premium account in terms of Section 52 of the Companies Act, 2013.

Statutory Reserve

The Bank has made an appropriation of ₹ 3,074.05 crore (previous year: ₹ 2,553.98 crore) out of profits for the year ended March 31, 2016 to 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, 2016, the Bank appropriated ₹ 222.15 crore (previous year: ₹ 224.92 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 Profit and Loss Account to Capital Reserve Account.

General Reserve

The Bank has made an appropriation of ₹ 1,229.62 crore (previous year: ₹ 1,021.59 crore) out of profits for the year ended March 31, 2016, to General Reserve pursuant to provisions of the Companies Act, 2013.

Investment Reserve Account

During the year ended March 31, 2016, the Bank has transferred ₹ 8.52 crore (net) from Investment Reserve Account to Profit and Loss Account and in the previous year, the Bank appropriated ₹ 27.54 crore (net) from Profit and Loss Account to 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, 2016, if approved at the ensuing Annual General Meeting.

6 Accounting for employee share based payments

The shareholders of the Bank approved grant of equity share options under Plan "C" in June 2005, Plan "D" in June 2007, Plan "E" in June 2010 and Plan "F" in June 2013. Under the terms of each of these Plans, the Bank may issue Equity Stock Options ('ESOPs') to employees and Whole Time Directors of the Bank, 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 grant. 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 and F provide for the issuance of options at the recommendation of the Nomination & Remuneration Committee at the closing price on the working day immediately preceding the date when options are granted. The price being the closing price of the share on an Indian stock exchange with the highest trading volume as of the working day preceding the date of grant.

Vesting conditions applicable to the options are at the discretion of the Nomination & Remuneration Committee. These options are exercisable on vesting, for a period as set forth by the Nomination & Remuneration Committee at the time of grant. The period in which options may be exercised cannot exceed five years. During the years ended March 31, 2016 and March 31, 2015, no modifications were made to the terms and conditions of ESOPs as approved by the Nomination & Remuneration Committee.

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, 2016:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	10,90,33,000	683.16
Granted during the year	4,48,36,200	1,092.65
Exercised during the year	2,16,91,200	563.78
Forfeited / Lapsed during the year	35,23,700	895.09
Options outstanding, end of year	12,86,54,300	840.19
Options exercisable	4,96,81,000	661.84

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2015:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	9,24,76,600	556.06
Granted during the year	4,16,59,000	835.50
Exercised during the year	2,27,00,740	438.50
Forfeited / Lapsed during the year	24,01,860	744.09
Options outstanding, end of year	10,90,33,000	683.16
Options exercisable	4,18,71,400	537.99

- Following table summarises the information about stock options outstanding as at March 31, 2016:

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	57,40,800	3.34	693.00
Plan D	680.00	51,33,900	3.32	680.00
Plan E	440.16 to 680.00	3,78,50,200	2.49	598.71
Plan F	835.50 to 1,097.80	7,99,29,400	4.80	975.41

- Following table summarises the information about stock options outstanding as at March 31, 2015:

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	67,78,000	4.32	692.50
Plan D	680.00	64,02,300	4.26	680.00
Plan E	440.16 to 680.00	5,59,39,700	3.05	573.70
Plan F	835.50	3,99,13,000	5.22	835.50

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 binomial option-pricing model. The Bank estimates the volatility based on the historical share prices. 4,48,36,200 options were granted during the year ended March 31, 2016 (previous year: 4,16,59,000). The various assumptions considered in the pricing model for the ESOPs granted during the years ended March 31, 2016 and March 31, 2015 were:

Particulars	March 31, 2016	March 31, 2015
Dividend yield	0.73%	0.82%
Expected volatility	23.29% to 26.46%	24.30% to 32.00%
Risk-free interest rate	7.71% to 8.07%	8.42 % to 8.63 %
Expected life of the options	1 to 7 years	1 to 7 years

Impact of fair value method on 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 and earnings per share would have been as per the *proforma* amounts indicated below:

(₹ crore)

Particulars	March 31, 2016	March 31, 2015
Net profit (as reported)	12,296.23	10,215.92
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	1,265.93	944.47
Net profit *(proforma)*	11,030.30	9,271.45
	(₹)	**(₹)**
Basic earnings per share (as reported)	48.84	42.15
Basic earnings per share *(proforma)*	43.82	38.25
Diluted earnings per share (as reported)	48.26	41.67
Diluted earnings per share *(proforma)*	43.29	37.82

7 Other liabilities

- The Bank held contingent provisions towards standard assets amounting to ₹ 2,001.21 crore as on March 31, 2016 (previous year: ₹ 1,558.42 crore). These are included under other liabilities.

- Provision for standard assets is made in accordance with RBI guidelines. 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 and @ 5% on restructured standard advances. Provision for standard assets is made @ 2% on all exposures to the wholly owned step down subsidiaries of the overseas subsidiaries of Indian companies, sanctioned / renewed after December 31, 2015. For housing loans offered at a comparatively lower rate of interest in the first few years after which rates are reset at higher rates (teaser rate loans), provision for standard assets is made @ 2% until after one year from the date on which the rates are reset at higher rates. For accounts classified under special mention account "SMA-2" category, provision for standard advances is made @ 5% where the Bank under consortium / multiple banking arrangement has the largest Aggregate Exposure (AE) or second largest AE with aggregate exposure of ₹ 1,000 million or above and Joint Lenders' Forum (JLF) is not formed or the JLF fails to agree upon a common corrective action plan within the stipulated time frame. 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 at levels stipulated by RBI from time to time. 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. For all other loans and advances provision for standard assets is made @ 0.40%. Provision for standard assets of overseas branches has been made at higher of rates prescribed by the overseas regulator or RBI.

- 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 on March 31, 2016 include unrealised loss on foreign exchange and derivative contracts of ₹ 7,524.88 crore (previous year: ₹ 6,914.10 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 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 will be encouraged to enter into appropriate risk hedging mechanisms with the Bank. Alternatively, the Bank will satisfy 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 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, provisions held for standard assets and capital maintained by the Bank as at March 31, 2016 in respect of the unhedged foreign currency exposure of customers was ₹ 114.84 crore (previous year: ₹ 76.49 crore) and ₹ 275.44 crore (previous year: ₹ 199.59 crore) respectively.

9 Investments

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

Particulars	March 31, 2016	March 31, 2015
Gross value of investments		
- In India	162,632.63	150,649.88
- Outside India	1,372.68	1,105.86
Provisions for depreciation on investments		
- In India	119.54	113.99
- Outside India	-	-
Net value of investments		
- In India	162,513.09	150,535.89
- Outside India	1,372.68	1,105.86

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

Particulars	March 31, 2016	March 31, 2015
Opening balance	113.99	173.44
Add: Provision made during the year	36.51	7.55
Less: Write-off, write back of excess provision during the year	30.96	67.00
Closing balance	119.54	113.99

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

- **Repo transactions**

In accordance with RBI's guidelines, accounting of repo / reverse repo transactions excludes those done with the RBI. Following are the details of the repo / reverse repo transactions deals done during the years ended March 31, 2016 and March 31, 2015:

✓ Details of repo / reverse repo deals (in face value terms) done during the year ended March 31, 2016: **(₹ crore)**

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2016
Securities sold under repo				
1. Corporate debt securities	-	-	-	-
2. Government securities	-	11,144.49	745.11	-
Securities purchased under reverse repo				
1. Corporate debt securities	-	211.60	144.49	132.00
2. Government securities	-	8,948.60	539.25	-

✓ Details of repo / reverse repo deals (in face value terms) done during the year ended March 31, 2015: **(₹ crore)**

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2015
Securities sold under repo				
1. Corporate debt securities	-	-	-	-
2. Government securities	-	7,719.96	468.30	-
Securities purchased under reverse repo				
1. Corporate debt securities	-	520.40	308.49	211.60
2. Government securities	-	5,420.07	356.74	-

✓ Outstanding repo and deals with RBI under liquidity adjustment facility / marginal standing facility as of March 31, 2016 were ₹ 31,830.24 crore (previous year: ₹ 5,200.00 crore). There were no outstanding reverse repo deals with RBI under liquidity adjustment facility / marginal standing facility as of March 31, 2016 and as of March 31, 2015.

- **Non-SLR investment portfolio**

✓ Issuer-wise composition of non-SLR investments as at March 31, 2016: **(₹ crore)**

Sr. No.	Issuer	Amount	Extent of private placement#	Extent of "below investment grade" securities#	Extent of "unrated" securities#*	Extent of "unlisted" securities#**
1	Public sector undertakings	1,357.71	1,357.71	-	-	-
2	Financial institutions	4,875.28	4,775.38	-	-	-
3	Banks	873.92	1.00	-	-	-
4	Private corporate	24,911.15	23,242.35	-	83.80	431.21
5	Subsidiaries / Joint ventures	2,782.96	2,782.96	-	-	-
6	Others	3,493.73	3,490.73	-	-	-
7	Provision held towards depreciation	(119.54)				
	Total	**38,175.21**	**35,650.13**	**-**	**83.80**	**431.21**

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

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

** *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.*

✓ Issuer-wise composition of non-SLR investments as at March 31, 2015: **(₹ crore)**

Sr. No.	Issuer	Amount	Extent of private placement#	Extent of "below investment grade" securities#	Extent of "unrated" securities# *	Extent of "unlisted" securities# **
1	Public sector undertakings	596.92	596.92	-	-	-
2	Financial institutions	100.00	100.00	-	-	-
3	Banks	6,240.26	5,604.09	-	-	-
4	Private corporate	19,136.11	18,200.81	-	351.80	152.92
5	Subsidiaries / Joint ventures	2,782.96	2,782.96	-	-	-
6	Others	2,509.18	2,506.18	36.68	-	-
7	Provision held towards depreciation	(113.97)				
	Total	**31,251.46**	**29,790.96**	**36.68**	**351.80**	**152.92**

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

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

** *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, 2016**	**March 31, 2015**
Opening balance	101.30	107.38
Additions during the year	19.13	0.49
Reductions during the year	33.41	6.57
Closing balance	87.02	101.30
Total provisions held	**84.33**	**96.14**

- **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) is as under: **(₹ crore)**

Particulars	**As at March 31, 2016**				**As at March 31, 2015**			
	HFT	**AFS**	**HTM**	**Total**	**HFT**	**AFS**	**HTM**	**Total**
Government securities	5,444.11	46,212.83	74,053.62	125,710.56	5,913.40	32,362.64	82,114.26	120,390.30
Other approved securities	-	-	-	-	-	-	-	-
Shares	-	76.74	-	76.74	-	129.38	-	129.38
Debentures and bonds	1,474.90	4,282.31	500.00	6,257.21	100.00	2,130.40	-	2,230.40
Subsidiary / Joint ventures	-	-	2,782.96	2,782.96	-	-	2,782.96	2,782.96
Others	-	29,058.30	-	29,058.30	-	26,108.72	-	26,108.72
Total	**6,919.01**	**79,630.18**	**77,336.58**	**163,885.77**	**6,013.40**	**60,731.14**	**84,897.22**	**151,641.76**

- Other investments as at the Balance Sheet date include the following: **(₹ crore)**

Other Investments	**March 31, 2016**	**March 31, 2015**
Certificate of deposits	-	5,603.08
Commercial paper	25,431.18	17,822.55

- Investments include securities of Face Value (FV) aggregating ₹ 1,520.00 crore (previous year: FV ₹ 1,563.00 crore) which are kept as margin for clearing of securities, of FV ₹ 13,729.30 crore (previous year: FV ₹ 16,249.30 crore) which are kept as margin for Collateralised Borrowing and Lending Obligation (CBLO) and of FV aggregating ₹ 56.00 crore (previous year: FV ₹ 63.25 crore) which are kept as margin for Forex Forward segment - Default Fund with the Clearing Corporation of India Ltd.

- Investments include securities of FV aggregating ₹ 16.00 crore (previous year: FV ₹ 16.00 crore) which are kept as margin with National Securities Clearing Corporation of India Ltd. ('NSCCIL'), of FV aggregating ₹ 13.00 crore (previous year: FV ₹ 13.00 crore) which are kept as margin with MCX - SX Clearing Corporation Ltd. and of FV aggregating ₹ 1.00 crore (previous year: ₹ 2.00 crore) which are kept as margin with Indian Clearing Corporation Limited in the BSE currency derivatives segment.

- Investments having FV aggregating ₹ 35,937.22 crore (previous year: FV ₹ 34,127.16 crore) are kept as margin towards Real Time Gross Settlement (RTGS) and those having FV aggregating ₹ 13,091.46 crore (previous year: ₹ 19,077.83 crore) are kept as margin towards repo transactions with the RBI.

- The Bank has made investments in certain companies wherein it holds more than 25% of the equity shares of those companies. Such investments do 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 is thus not applicable. However, pursuant to RBI guidelines, the Bank has classified and disclosed these investments as joint ventures.

- During the year ended March 31, 2016, 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 HTM category at the beginning of the year. The market value of investments (excluding investments in subsidiaries / joint ventures and Non SLR bonds) under HTM category as on March 31, 2016 was ₹ 75,466.02 crore (previous year: ₹ 83,733.68 crore) and was higher than the book value thereof as of that date. In accordance with the RBI guidelines, sale from, and transfer to / from, HTM category excludes:

  ✓ 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; and

  ✓ sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM at the beginning of January, July and September 2015, in addition to the shifting permitted at the beginning of the accounting year, i.e, April 2015.

10 Derivatives

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

Sr. No.	Particulars	March 31, 2016	March 31, 2015
i)	The total notional principal of swap agreements	220,137.21	221,218.07
ii)	Total losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	912.36	701.72
iii)	Concentration of credit risk arising from swaps*	83.02%	85.95%
iv)	Collateral required by the Bank upon entering into swaps	-	-
v)	The fair value of the swap book	(48.40)	(22.30)

** Concentration of credit risk arising from swaps is with banks as on March 31, 2016 and March 31, 2015.*

** Interest Rate Swaps comprises of INR Interest Rate Swaps and FCY Interest Rate Swaps.

The nature and terms of rupee IRS as on March 31, 2016 are set out below:

Nature	Nos.	Notional principal (₹ crore)	Benchmark	Terms
Trading	7	275.00	INBMK	Fixed receivable v/s floating payable
Trading	8	450.00	INBMK	Floating receivable v/s fixed payable
Trading	4	1,250.00	INCMT	Floating receivable v/s fixed payable
Trading	944	67,667.84	OIS	Fixed receivable v/s floating payable
Trading	901	61,759.95	OIS	Floating receivable v/s fixed payable
Trading	323	23,437.00	MIFOR	Fixed receivable v/s floating payable
Trading	239	15,135.00	MIFOR	Floating receivable v/s fixed payable
Trading	8	620.00	MIOIS	Floating receivable v/s fixed payable
Total		**170,594.79**		

The nature and terms of foreign currency IRS as on March 31, 2016 are set out below:

Nature	Nos.	Notional principal (₹ crore)	Benchmark	Terms
Trading	1	29.41	GBP Libor	Fixed receivable v/s floating payable
Trading	1	29.41	GBP Libor	Floating receivable v/s fixed payable
Trading	2	753.95	EURIBOR	Fixed receivable v/s floating payable
Trading	2	753.95	EURIBOR	Floating receivable v/s fixed payable
Trading	90	14,568.32	USD Libor	Fixed receivable v/s floating payable
Trading	184	26,816.42	USD Libor	Floating receivable v/s fixed payable
Hedging	3	3,312.75	USD Libor	Fixed receivable v/s floating payable
Hedging	6	2,848.97	USD Libor	Floating receivable v/s fixed payable
Total		**49,113.18**		

The nature and terms of foreign currency FRA as on March 31, 2016 are set out below:

Nature	Nos.	Notional principal (₹ crore)	Benchmark	Terms
Trading	1	214.63	USD Libor	Payable FRA
Trading	1	214.63	USD Libor	Receivable FRA
Total		**429.26**		

The nature and terms of rupee IRS as on March 31, 2015 are set out below:

Nature	Nos.	Notional principal (₹ crore)	Benchmark	Terms
Trading	18	600.00	INBMK	Fixed receivable v/s floating payable
Trading	15	675.00	INBMK	Floating receivable v/s fixed payable
Trading	4	1,250.00	INCMT	Floating receivable v/s fixed payable
Trading	1	15.00	FIX TO FIX	Fixed receivable v/s fixed payable
Trading	783	69,773.34	OIS	Fixed receivable v/s floating payable
Trading	757	78,003.28	OIS	Floating receivable v/s fixed payable
Trading	304	18,939.00	MIFOR	Fixed receivable v/s floating payable
Trading	259	16,150.00	MIFOR	Floating receivable v/s fixed payable
Trading	13	600.00	MIOIS	Floating receivable v/s fixed payable
Total		**186,005.62**		

The nature and terms of foreign currency IRS as on March 31, 2015 are set out below:

Nature	Nos.	Notional principal (₹ crore)	Benchmark	Terms
Trading	1	36.62	GBP Libor	Fixed receivable v/s floating payable
Trading	1	36.62	GBP Libor	Floating receivable v/s fixed payable
Trading	2	671.90	EURIBOR	Fixed receivable v/s floating payable
Trading	2	671.90	EURIBOR	Floating receivable v/s fixed payable
Trading	84	10,812.94	USD Libor	Fixed receivable v/s floating payable
Trading	151	16,047.63	USD Libor	Floating receivable v/s fixed payable
Trading	3	3,125.00	USD Libor	Fixed receivable v/s floating payable
Trading	7	3,000.00	USD Libor	Floating receivable v/s fixed payable
Total		**34,402.61**		

The nature and terms of foreign currency FRA as on March 31, 2015 are set out below:

Nature	Nos.	Notional principal (₹ crore)	Benchmark	Terms
Trading	2	404.92	USD Libor	Payable FRA
Trading	2	404.92	USD Libor	Receivable FRA
Total		**809.84**		

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

Sr. No.	Particulars	March 31, 2016	March 31, 2015
i)	The total notional principal amount of exchange traded interest rate derivatives undertaken during the year ended March 31, (instrument-wise): (a) 10 year Government Security Notional Bond	Nil	0.40
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 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. All such instruments are carried at fair value, determined based on either FEDAI rates or on 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. Option premia paid or received is recorded in Statement of Profit and Loss for rupee options at the expiry of the option and for foreign currency options on premium settlement 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 may apply 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 and 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 and value-at-risk limits that are approved by the Board and the Risk Policy and Monitoring Committee ('RPMC'). All methodologies used to assess credit and market risks for derivative transactions are specified by the 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.

Hedging policy

For derivative contracts designated as hedge the Bank documents, at inception, 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, are 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, 2016	March 31, 2015	March 31, 2016	March 31, 2015
1	Derivatives (notional principal amount)				
	a) Hedging	160.35	151.26	6,161.72	6,125.00
	b) Trading	36,149.17	21,383.65	214,575.93	215,718.07
2	Marked to Market positions				
	a) Asset (+)	740.09	533.77	911.43	706.49
	b) Liability (-)	(494.47)	(393.68)	(964.86)	(718.18)
3	Credit Exposure	2,114.96	1,411.84	2,355.78	2,460.14
4	Likely impact of one percentage change in interest rate (100*PV01)				
	a) On hedging derivatives	0.09	0.03	32.24	28.13
	b) On trading derivatives	35.06	0.36	30.84	152.12
5	Maximum of 100*PV01 observed during the year				
	a) On hedging	0.21	6.87	44.04	40.08
	b) On trading	39.41	13.94	116.25	152.12
6	Minimum of 100*PV01 observed during the year				
	a) On hedging	0.02	Nil	30.02	1.18
	b) On trading	0.21	0.36	30.84	77.60

✓ The notional principal amount of foreign exchange contracts classified as hedging and trading outstanding as on March 31, 2016 amounted to ₹ 23,182.85 crore (previous year: ₹ 21,868.96 crore) and ₹ 505,892.93 crore (previous year: ₹ 652,183.13 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 interest rate swaps.

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

✓ 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.

11 Asset quality

- **Movements in NPAs (funded)**

(₹ crore)

Particulars	March 31, 2016	March 31, 2015
(i) Net NPAs to net advances	0.28%	0.25%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	3,438.38	2,989.28
(b) Additions (fresh NPAs) during the year	5,712.64	4,790.12
(c) Reductions during the year:	4,758.19	4,341.02
- Upgradation	1,377.12	1,076.64
- Recoveries (excluding recoveries made from upgraded accounts)	1,438.65	1,413.04
- Write-offs	1,942.42	1,851.34
(d) Closing balance	4,392.83	3,438.38
(iii) Movement of net NPAs		
(a) Opening balance	896.28	820.03
(b) Additions during the year	1,968.39	1,461.31
(c) Reductions during the year	1,544.30	1,385.06
(d) Closing balance	1,320.37	896.28
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	2,542.10	2,169.25
(b) Additions during the year	3,744.25	3,328.81
(c) Write-offs	1,942.42	1,851.34
(d) Write-back of excess provisions	1,271.47	1,104.62
(e) Closing balance	3,072.46	2,542.10

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 given below: **(₹ crore)**

Particulars	March 31, 2016	March 31, 2015
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 provisions of ₹ 1,335.64 crore (previous year: ₹ 1,523.22 crore) have been included under "Other Liabilities". Movement in floating provision is given below: **(₹ crore)**

Particulars	March 31, 2016	March 31, 2015
Opening balance	1,523.22	1,835.03
Provisions made during the year	115.00	-
Draw down made during the year	(302.58)	(311.81)
Closing balance	1,335.64	1,523.22

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.

- **Disclosure on accounts subjected to restructuring for the year ended March 31, 2016:**

(₹ 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 on April 1, 2015*	No. of borrowers	3	-	7	-	10	-	-	-	-	-	6	3	1	-	10	9	3	8	-	20
		Amount outstanding	70.48	-	236.88	-	307.36	-	-	-	-	-	192.32	9.02	7.74	-	209.08	262.80	9.02	244.62	-	516.44
		Provision thereon	2.10	-	5.78	-	7.88	-	-	-	-	-	16.02	0.23	1.34	-	17.59	18.12	0.23	7.12	-	25.47
2	Fresh restructuring during the year #	No. of borrowers	-	-	1	-	1	-	-	-	-	-	-	1	1	-	2	-	1	2	-	3
		Amount outstanding	3.29	1.48	6.70	-	11.47	-	-	-	-	-	9.00	3.80	2.95	-	15.75	12.29	5.28	9.65	-	27.22
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.75	0.01	-	0.76	-	0.75	0.01	-	0.76
3	Upgradation to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Advances not shown as restructured standard advances at the beginning of the next year^	No. of borrowers	-				-	-				-	-				-	-				-
		Amount outstanding	-				-	-				-	-				-	-				-
		Provision thereon	-				-	-				-	-				-	-				-
5	Down gradation of restructured accounts during the year	No. of borrowers	-1	+1	-	-	-	-	-	-	-	-	-1	+1 -3	+3	-	-	-2	+2 -3	+3	-	-
		Amount outstanding	-40.17	40.17	-	-	-	-	-	-	-	-	-24.74	15.72	9.02	-	-	-64.91	55.89	9.02	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-0.81	+0.58	+0.23	-	-	-0.81	+0.58	+0.23	-	-
6	Write-offs of restructured accounts during the year ##	No. of borrowers	-	-	1	-	1	-	-	-	-	-	3	-	-	-	3	3	-	1	-	4
		Amount outstanding	-	-	40.02	-	40.02	-	-	-	-	-	4.12	1.85	1.01	-	6.98	4.12	1.85	41.03	-	47.00
7	Restructured accounts as on March 31, 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

* 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 ₹ 14.80 crore of additional sanction (5 accounts and provision ₹ 6.11 crore) to existing restructured accounts in CDR and other package.

\## include ₹ 10.79 crore (10 accounts and provision ₹ 5.18 crore) in existing restructured accounts by way of recovery and ₹ 1.01 crore (2 accounts and provision ₹ 0.17 crore) is no longer required to be reported as restructured.

• **Disclosure on accounts subjected to restructuring for the year ended March 31, 2015:**

(₹ 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 on April 1, 2014*	No. of borrowers	2	-	10	-	12	-	-	-	-	-	4	2	1	-	7	6	2	11	-	19
		Amount outstanding	67.08	-	385.08	-	452.16	-	-	-	-	-	12.64	18.80	7.87	-	39.31	79.72	18.80	392.95	-	491.47
		Provision thereon	-	-	17.83	-	17.83	-	-	-	-	-	0.19	-	0.03	-	0.22	0.19	-	17.86	-	18.05
2	Fresh restructuring during the year #	No. of borrowers	2	-	-	-	2	-	-	-	-	-	4	-	-	-	4	6	-	-	-	6
		Amount outstanding	34.28	-	0.02	-	34.30	-	-	-	-	-	189.16	-	-	-	189.16	223.44	-	0.02	-	223.46
		Provision thereon	2.10	-	-	-	2.10	-	-	-	-	-	15.98	-	-	-	15.98	18.08	-	-	-	18.08
3	Upgradation to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Advances not shown as restructured standard advances at the beginning of the next year^	No. of borrowers	1				1	-				-	-				-	1				1
		Amount outstanding	30.88				30.88	-				-	-				-	30.88				30.88
		Provision thereon	-				-	-				-	-				-	-				-
5	Down gradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-2	+2	-	-	-	-2	+2	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-7.08	+7.08	-	-	-	-7.08	+7.08	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-0.23	+0.23	-	-	-	-0.23	+0.23	-	-	-
6	Write-offs of restructured accounts during the year ##	No. of borrowers	-	-	3	-	3	-	-	-	-	-	-	1	-	-	1	-	1	3	-	4
		Amount outstanding	-	-	148.22	-	148.22	-	-	-	-	-	2.40	16.86	0.13	-	19.39	2.40	16.86	148.35	-	167.61
7	Restructured accounts as on March 31, 2015*	No. of borrowers	3	-	7	-	10	-	-	-	-	-	6	3	1	-	10	9	3	8	-	20
		Amount outstanding	70.48	-	236.88	-	307.36	-	-	-	-	-	192.32	9.02	7.74	-	209.08	262.80	9.02	244.62	-	516.44
		Provision thereon	2.10	-	5.78	-	7.88	-	-	-	-	-	16.02	0.23	1.34	-	17.59	18.12	0.23	7.12	-	25.47

* 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 ₹ 4.00 crore of additional sanction (2 accounts and provision Nil) to existing restructured accounts in CDR package.

\## include ₹ 8.69 crore (12 accounts and provision ₹ 11.45 crore) to existing restructured accounts by way of recovery and ₹ 111.27 crore (3 accounts and provision ₹ 5.5 crore) reduction from existing restructured account as CDR package is revoked.

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

Particulars	March 31, 2016	March 31, 2015
Number of accounts	1	3
Aggregate value (net of provisions) of accounts sold to SC / RC	3.96	313.59
Aggregate considerations	2.95	296.45
Additional consideration realised in respect of accounts transferred in earlier years	-	7.86
Aggregate gain / (loss) over net book value	(1.01)	(17.14)

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

Particulars	March 31, 2016	March 31, 2015
(i) Backed by NPAs sold by the Bank as underlying	203.80	219.72
(ii) Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	36.05	42.86
Total	**239.85**	**262.58**

- During the years ended March 31, 2016 and March 31, 2015, no non-performing financial assets were sold, excluding those sold to SC / RC.
- During the years ended March 31, 2016 and March 31, 2015, 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, 2016 and as at March 31, 2015.

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, 2016	March 31, 2015
a) Direct exposure	**49,428.76**	**36,278.61**
(i) Residential mortgages*	32,245.03	24,678.61
(of which housing loans eligible for inclusion in priority sector advances)	(18,697.97)	(19,310.94)
(ii) Commercial real estate	17,118.59	11,471.80
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
(a) Residential	65.14	128.20
(b) Commercial real estate	-	-
b) Indirect exposure	**14,490.76**	**10,007.37**
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	14,490.76	10,007.37
Total exposure to real estate sector	**63,919.52**	**46,285.98**

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

Of the above, exposure to real estate developers as at March 31, 2016 is 0.5% (previous year: 0.3%) of total advances.

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- **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, 2016	March 31, 2015
(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	86.50	72.61
(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	158.75	166.37
(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	3,133.85	1,636.51
(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	48.31	30.81
(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers	6,881.17	6,462.82
(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	2,576.32	1,888.90
(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)	0.20	1.70
	Total exposure to capital market	**12,885.10**	**10,259.72**

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

Risk Category	March 31, 2016		March 31, 2015	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	13,857.28	-	11,561.34	-
Low	8,222.23	-	6,802.22	-
Moderately low	370.13	-	123.03	-
Moderate	143.82	-	63.62	-
Moderately high	20.23	-	1.67	-
High	5.25	-	0.97	-
Very high	-	-	-	-
Total	**22,618.94**	**-**	**18,552.85**	**-**

- **Details of factoring exposure**

  The factoring exposure of the Bank as on March 31, 2016 is ₹ 3,515.98 crore (previous year: ₹ 3,298.59 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 and such 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, 2016 the Bank was within the limits prescribed by the RBI. During the year ended March 31, 2015 the Bank's exposure to single and group borrowers were within the limits prescribed by RBI except, with the prior approval of the Board of the Bank, in respect of single borrower limits for Reliance Industries Limited.

- **Unsecured advances**

  Advances for which intangible collaterals such as rights, licenses, authority 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 on March 31, 2016 (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 of March 31, 2016 was ₹ 6,450.00 crore (previous year: ₹ 7,600.00 crore).

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

a) Concentration of deposits **(₹ crore)**

Particulars	March 31, 2016	March 31, 2015
Total deposits of twenty largest depositors	28,890.12	28,137.41
Percentage of deposits of twenty largest depositors to total deposits of the Bank	5.3%	6.2%

b) Concentration of advances **(₹ crore)**

Particulars	March 31, 2016	March 31, 2015
Total advances to twenty largest borrowers	81,781.38	67,842.14
Percentage of advances of twenty largest borrowers to total advances of the Bank	11.9%	12.5%

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)**

Particulars	March 31, 2016	March 31, 2015
Total exposure to twenty largest borrowers / customers	89,137.40	83,922.23
Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	12.3%	14.3%

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, 2016	March 31, 2015
Total gross exposure to top four NPA accounts	497.16	348.83

e) Sector-wise advances **(₹ crore)**

Sr. No.	Sector	March 31, 2016			March 31, 2015		
		Outstanding total advances	Gross non-performing loans	Percentage of gross non-performing loans to total advances in that sector	Outstanding total advances	Gross non-performing loans	Percentage of gross non-performing loans to total advances in that sector
A	**Priority sector**						
1	Agriculture and allied activities	52,867.24	764.18	1.45%	39,244.74	511.52	1.30%
2	Advances to industries eligible as priority sector lending	24,059.96	386.90	1.61%	18,426.43	280.00	1.52%
3	Services	44,202.22	431.43	0.98%	27,045.25	293.85	1.09%
4	Personal loans	21,730.26	79.58	0.37%	22,182.38	77.54	0.35%
	Sub-total (A)	**142,859.68**	**1,662.09**	**1.16%**	**106,898.80**	**1,162.91**	**1.09%**
B	**Non Priority sector**						
1	Agriculture and allied activities	7,303.08	85.77	1.17%	360.25	8.81	2.45%
2	Industry	98,854.02	793.83	0.80%	74,595.34	649.16	0.87%
3	Services	104,002.56	967.17	0.93%	92,033.54	923.78	1.00%
4	Personal loans	114,560.04	788.74	0.69%	93,999.91	521.15	0.55%
	Sub-total (B)	**324,719.70**	**2,635.51**	**0.81%**	**260,989.04**	**2,102.90**	**0.81%**
	Total (A) + (B)	**467,579.38**	**4,297.60**	**0.92%**	**367,887.84**	**3,265.81**	**0.89%**

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, 2016	March 31, 2015
Cost		
As at March 31 of the previous year	1,575.65	1,282.08
Additions during the year	161.45	293.63
Deductions during the year	(0.01)	(0.06)
Total (a)	**1,737.09**	**1,575.65**

Particulars	March 31, 2016	March 31, 2015
Depreciation		
As at March 31 of the previous year	1,022.83	857.49
Charge for the year	195.71	165.40
On deductions during the year	(0.01)	(0.06)
Total (b)	**1,218.53**	**1,022.83**
Net value (a-b)	**518.56**	**552.82**

14 Other assets

- Other assets include deferred tax asset (net) of ₹ 2,116.62 crore (previous year: ₹ 1,950.74 crore). The break-up of the same is as follows: **(₹ crore)**

Particulars	March 31, 2016	March 31, 2015
Deferred tax asset arising out of:		
Loan loss provisions	1,748.18	1,599.07
Employee benefits	148.17	114.51
Others	314.12	310.09
Total (a)	**2,210.47**	**2,023.67**
Deferred tax liability arising out of:		
Depreciation	(93.85)	(72.93)
Total (b)	**(93.85)**	**(72.93)**
Deferred tax asset (net) (a-b)	**2,116.62**	**1,950.74**

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

Particulars	March 31, 2016	March 31, 2015
Deposit with NABARD / SIDBI / NHB - PSL shortfall	13,719.68	14,818.19
Unrealised gain on foreign exchange and derivative contracts*	8,566.14	7,199.56
Deferred tax assets	2,116.62	1,950.74
Deposits & amounts paid in advance	1,282.19	1,234.97
Accounts receivable	1,274.66	933.25
Margin for LAF with RBI	1,344.51	200.00
Residual items	2.41	10.80
Total	**28,306.21**	**26,347.51**

**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, 2016	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	5,899.80	9,363.35	6,715.02	20,239.90	22,687.23	20,790.59	34,648.74	61,882.67	207,986.19	40,680.30	33,700.17	464,593.96
Investments	14,316.76	7,351.78	6,909.17	12,010.84	13,677.05	8,799.02	11,515.93	13,973.17	45,249.83	3,515.43	26,566.79	163,885.77
Deposits	7,833.76	24,410.58	14,502.58	12,873.38	18,947.05	17,868.01	39,301.81	78,240.13	222,890.76	12,361.51	97,194.62	546,424.19
Borrowings	42.51	2,094.41	1,253.61	2,669.86	5,693.61	2,648.99	3,960.08	10,046.25	8,977.05	1,767.55	13,864.55	53,018.47
Foreign currency assets	3,613.68	5,965.52	2,006.00	6,326.41	4,309.81	3,188.70	5,275.05	15,829.01	5,571.21	1,326.15	603.60	54,015.14
Foreign currency liabilities	828.63	1,429.21	1,553.38	3,620.26	6,334.19	3,127.67	6,554.33	35,293.92	14,418.24	1,290.48	719.14	75,169.45

** The bucketing structure has been revised based on the RBI guideline dated March 23, 2016.*

(₹ crore)

As at March 31, 2015	1 day	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Loans & advances	6,764.59	7,778.78	6,316.87	11,172.07	38,323.22	26,873.66	38,013.90	173,512.31	28,247.41	28,492.22	365,495.03
Investments	34,261.82	3,517.54	5,225.91	4,951.89	13,319.41	8,379.78	13,395.23	37,188.41	2,003.11	29,398.65	151,641.75
Deposits	7,390.14	14,685.74	10,400.51	9,196.91	22,948.57	24,432.11	31,266.55	203,410.51	10,386.61	116,677.99	450,795.64
Borrowings	0.05	1,872.39	1,445.86	1,278.81	7,222.95	1,911.49	2,188.15	14,461.86	2,875.00	11,957.00	45,213.56
Foreign currency assets	2,416.33	4,912.44	1,315.69	4,197.02	7,636.95	4,467.90	2,367.13	18,601.38	1,124.41	232.50	47,271.75
Foreign currency liabilities	731.47	810.48	1,676.86	1,320.11	8,005.42	2,823.16	4,336.73	37,666.57	4,365.14	671.59	62,407.53

Classification of assets and liabilities under the different 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 is excluding Off Balance Sheet item.

16 Provisions, contingent liabilities and contingent assets

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, 2016	March 31, 2015
Opening provision for reward points	200.07	150.91
Provision for reward points made during the year	179.50	112.92
Utilisation / write-back of provision for reward points	(73.21)	(63.76)
Closing provision for reward points	306.36	200.07

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

Particulars	March 31, 2016	March 31, 2015
Opening provision	354.91	352.61
Movement during the year (net)	(10.35)	2.30
Closing provision	344.56	354.91

c) 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 the provisions of Income Tax Act, 1961.
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.

**Also refer Schedule 12 - Contingent liabilities*

17 Business ratios / information

Particulars	March 31, 2016	March 31, 2015
Interest income as a percentage to working funds[1]	9.40%	9.59%
Net interest income as a percentage to working funds	4.31%	4.43%
Non-interest income as a percentage to working funds	1.68%	1.78%
Operating profit[2] as a percentage to working funds	3.34%	3.44%
Return on assets (average)	1.92%	2.02%
Business[3] per employee (₹ in crore)	11.39	10.10
Profit per employee[4] (₹ in crore)	0.15	0.10
Gross non-performing assets to gross advances[5]	0.94%	0.93%
Gross non-performing advances to gross advances	0.92%	0.89%
Percentage of net non-performing assets[6] to net advances[7]	0.28%	0.25%
Provision coverage ratio[8]	69.94%	73.93%

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.*
3. *"Business" is the total 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 interest in suspense, 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 received during the year ended March 31, 2016 on units of mutual funds, equity and preference shares amounting to ₹ 182.03 crore (previous year: ₹ 192.58 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, 2016 and March 31, 2015, 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 on 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, 2016 was ₹ 225.65 crore (previous year: ₹ 345.79 crore), and liquidity enhancement was Nil (previous year: ₹ 8.10 crore). Outstanding servicing liability was ₹ 0.10 crore (previous year: ₹ 0.14 crore).

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, 2016 includes fees of ₹ 661.75 crore (previous year: ₹ 454.01 crore) in respect of life insurance business and ₹ 156.13 crore (previous year: ₹ 137.07 crore) in respect of general insurance business.
- **Miscellaneous income**

  Miscellaneous income includes recoveries from written-off accounts amounting to ₹ 807.99 crore (previous year: ₹ 716.33 crore).

21 Other expenditure

Other expenditure includes outsourcing fees amounting to ₹ 764.76 crore (previous year: ₹ 671.38 crore) and commission paid to sales agents amounting to ₹ 1,671.88 crore (previous year: ₹ 1,305.11 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, 2016**	**March 31, 2015**
Provision for income tax		
- Current	6,507.59	5,204.03
- Deferred	(165.88)	(91.23)
Provision for wealth tax	-	0.75
Provision for NPAs	2,133.63	1,723.58
Provision for diminution in value of non-performing investments	15.17	(3.82)
Provision for standard assets	440.00	296.25
Other provisions and contingencies*	136.81	59.00
Total	**9,067.32**	**7,188.56**

**Includes provisions for tax, legal and other contingencies ₹ 37.28 crore (previous year: ₹ 36.47 crore), floating provisions ₹ 115.00 crore (previous year: Nil), provisions / (write-back) for securitised-out assets ₹ (2.85) crore (previous year: ₹ 4.60 crore) and standard restructured assets ₹ (12.62) crore (previous year: ₹ 17.93 crore).*

23 Employee benefits

Gratuity **(₹ crore)**

Particulars	**March 31, 2016**	**March 31, 2015**
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	310.59	237.43
Interest cost	22.38	18.24
Current service cost	53.78	50.47
Benefits paid	(24.30)	(15.99)
Actuarial (gain) / loss on obligation:		
Experience adjustment	16.24	4.59
Assumption change	11.78	15.85
Present value of obligation as at March 31	**390.47**	**310.59**

For the year ended March 31, 2016

Particulars	March 31, 2016	March 31, 2015
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	242.88	172.60
Expected return on plan assets	21.23	16.62
Contributions	61.81	48.30
Benefits paid	(24.30)	(15.99)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	(13.69)	21.35
Assumption change	-	-
Fair value of plan assets as at March 31	**287.93**	**242.88**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	287.93	242.88
Present value of obligation as at March 31	(390.47)	(310.59)
Asset / (liability) as at March 31	**(102.54)**	**(67.71)**
Expenses recognised in Statement of Profit and Loss		
Interest cost	22.38	18.24
Current service cost	53.78	50.47
Expected return on plan assets	(21.23)	(16.62)
Net actuarial (gain) / loss recognised in the year	41.71	(0.91)
Net cost	**96.64**	**51.18**
Actual return on plan assets	7.54	37.97
Estimated contribution for the next year	47.95	61.64
Assumptions		
Discount rate	7.5% per annum	7.9% per annum
Expected return on plan assets	8.0% per annum	8.0% per annum
Salary escalation rate	8.0% per annum	8.0% per annum

Experience adjustment **(₹ crore)**

Particulars	Years ended March 31,				
	2016	2015	2014	2013	2012
Plan assets	287.93	242.88	172.60	130.22	91.86
Defined benefit obligation	390.47	310.59	237.43	206.28	166.30
Surplus / (deficit)	(102.54)	(67.71)	(64.83)	(76.06)	(74.44)
Experience adjustment gain / (loss) on plan assets	(13.69)	21.35	1.87	2.00	(0.93)
Experience adjustment (gain) / loss on plan liabilities	16.24	4.59	5.87	2.72	1.25

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, 2016 are given below:

Category of plan assets	% of fair value to total plan assets March 31, 2016
Government securities	33.3%
Debenture and bonds	23.1%
Equity shares	37.2%
Others	6.4%
Total	**100.0%**

Pension (₹ crore)

Particulars	March 31, 2016	March 31, 2015
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	57.45	58.89
Interest cost	3.92	4.37
Current service cost	1.12	1.02
Benefits paid	(10.18)	(7.94)
Actuarial (gain) / loss on obligation:		
Experience adjustment	17.35	(0.19)
Assumption change	1.22	1.30
Present value of obligation as at March 31	**70.88**	**57.45**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	41.91	47.99
Expected return on plan assets	3.21	3.60
Contributions	2.01	0.64
Benefits paid	(10.18)	(7.94)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	1.43	(2.38)
Assumption change	-	-
Fair value of plan assets as at March 31	**38.38**	**41.91**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	38.38	41.91
Present value of obligation as at March 31	(70.88)	(57.45)
Asset / (liability) as at March 31	**(32.50)**	**(15.54)**
Expenses recognised in Statement of Profit and Loss		
Interest cost	3.92	4.37
Current service cost	1.12	1.02
Expected return on plan assets	(3.21)	(3.60)
Net actuarial (gain) / loss recognised in the year	17.14	3.48
Net cost	**18.97**	**5.27**
Actual return on plan assets	4.64	1.22
Estimated contribution for the next year	14.00	15.70
Assumptions		
Discount rate	7.5% per annum	7.9% per annum
Expected return on plan assets	8.0% per annum	8.0% per annum
Salary escalation rate	8.0% per annum	8.0% per annum

Experience adjustment **(₹ crore)**

Particulars	Years ended March 31,				
	2016	2015	2014	2013	2012
Plan assets	38.38	41.91	47.99	48.88	51.14
Defined benefit obligation	70.88	57.45	58.89	58.19	56.85
Surplus / (deficit)	(32.50)	(15.54)	(10.90)	(9.31)	(5.71)
Experience adjustment gain / (loss) on plan assets	1.43	(2.38)	3.45	(1.58)	(1.29)
Experience adjustment (gain) / loss on plan liabilities	17.35	(0.19)	3.62	6.12	1.36

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, 2016 are given below:

Category of plan assets	% of fair value to total plan assets March 31, 2016
Government securities	6.6%
Debenture and bonds	83.3%
Others	10.1%
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 on March 31, 2016 (previous year: ₹ 0.52 crore), towards the present value of the guaranteed interest benefit obligation. The actuary has followed deterministic approach as prescribed by the guidance note.

Assumptions

Assumptions	March 31, 2016	March 31, 2015
Discount rate (GOI security yield)	7.5% per annum	7.9% per annum
Expected guaranteed interest rate	9.0% per annum	9.0% per annum

The Bank does not have any unfunded defined benefit plan. The Bank contributed ₹ 188.94 crore (previous year: ₹ 160.02 crore) to the provident fund and ₹ 56.54 crore (previous year: ₹ 53.68 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, 2016	March 31, 2015
Privileged leave	222.07	185.75
Sick leave	47.40	38.26
Total actuarial liability	**269.47**	**224.01**
Assumptions		
Discount rate	7.5% per annum	7.9% 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 four independent directors and is chaired by the Board of Directors of the Bank. 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 the Chairperson, Mrs. Shyamala Gopinath, Mr. A N Roy, Mr. Partho Datta and Mr. Bobby Parikh. Further, Mrs. Shyamala Gopinath and Mr. Partho Dutta are also members of the RPMC. Mr. Bobby Parikh is the chairperson of the NRC.

Mandate of the NRC

The primary mandate of the NRC is to oversee the implementation of compensation policies of the Bank.

The NRC periodically reviews the overall compensation policy of the Bank with a view to attract, retain and motivate employees. In this capacity it is required to review and approve the design of the total compensation framework, including compensation strategy programs and plans, on behalf of the Board of Directors. The compensation structure and pay revision for Whole Time Directors is also approved by the NRC. The NRC co-ordinates with the RPMC to ensure that compensation is aligned with prudent risk taking.

External Consultants

The Bank 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.

Ernst and Young: The Bank employed the services of Ernst and Young to review the compensation policy of the Bank in light of the best in class practices in the banking industry.

Mercer Consulting: The Bank employed the services of Mercer Consulting in the area of job evaluation. Mercer's International Position Evaluation system is a globally reputed job evaluation tool.

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 shall 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 87,263 as of March 31, 2016 (previous year: 75,977).

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 will 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.

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 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 during the past year:

The Compensation Policy of the Bank was reviewed by the NRC. The Bank has appointed Ernst and Young a globally reputed consulting firm to assess the compensation policy of the Bank in light of best in class practices. The study is currently underway.

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. Options are also granted to employees in the talent pool across all levels. 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 number of options granted varies at the discretion of the NRC after considering parameters such as the incumbent’s grade and performance rating, and such other appropriate relevant 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.

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.

III. **Remuneration Processes**

Fitment at the time of Hire

Pay ranges 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**

An overview of the key risks that the Bank takes into account when implementing remuneration measures.

The Bank takes into account all types of risks in its remuneration processes. 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 Bank uses the capital charge on these risks as a key measure to evaluate the quantum of risk. The Bank takes into consideration the surplus available post adjustment of the cost of capital to cover all such risks and pre bonus profit as the basis for allocation of variable pay. Further the Bank also evaluates the impact of such remuneration on the overall cost to income ratio of the Bank. The Bank takes into consideration both Ex-Ante as well as Ex-Post risks. The above mentioned risks are Ex-Ante in their approach. The Bank also provides for deferment of bonus in the event the proportion of variable pay as compared to fixed pay is substantially high. The Bank has also 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. This is an Ex-Post risk management provision.

The Bank also takes into consideration key steps to mitigate talent risk. The key measures here include attrition rate of employees as well as key talent. In order to moderate talent risk the Bank conducts a comprehensive market benchmarking exercise to ensure that employees are competitively positioned against market in terms of fixed, variable as well as long term incentives (LTI).

The risk measures and the models for assessing risk were introduced for the first time in financial year ended March 31, 2013. Post the introduction of the risk models the adjustment of risk for remuneration has become fundamentally more comprehensive and robust in coverage both from an Ex-Ante as well as an Ex-Post approach. There have not been any changes to the Bank's risk adjustment model over the past year.

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 re-categorised into different performance levels. The 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.

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

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Whole Time Directors

The bonus for Whole Time Directors will 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.

  ✓ 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 payout received of bonus amounts 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, 2016	March 31, 2015
(a)	Number of meetings held by the NRC during the financial year and remuneration paid to its members	Number of meetings: 9 Remuneration paid: ₹ 0.17 crore	Number of meetings: 5 Remuneration paid: ₹ 0.04 crore
(b) (i)	Number of employees having received a variable remuneration award during the financial year	30 employees	23 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 ₹ 3.13 crore.	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 1.81 crore.
(c) (ii)	Total amount of deferred remuneration paid out in the financial year	₹ 1.20 crore	₹ 1.20 crore
(d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	₹ 46.04 crore (Fixed*) ₹ 9.75 crore (variable pay pertaining to financial year ended March 31, 2015, in relation to employees where there was no deferment of pay). ₹ 6.32 crore (variable pay pertaining to financial year ended March 31, 2015, in relation to employees where there was a deferment of pay), of which ₹ 3.79 crore was non-deferred variable pay and ₹ 2.53 crore was deferred variable pay. Number of stock options granted during the financial year: 40,86,600	₹ 34.58 crore (Fixed*) ₹ 10.48 crore (variable pay pertaining to financial year ended March 31, 2014, in relation to employees where there was no deferment of pay). Deferred variable pay pertaining to financial year ended March 31, 2014: Nil Number of stock options granted during the financial year: 30,42,000
(e) (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 3.13 crore.	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 1.81 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.

Segment reporting for the year ended March 31, 2016 is given below:

Business segments: (₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	18,264.88	59,252.34	27,162.39	7,554.42	112,234.03
2	Unallocated revenue					-
3	Less: Inter-segment revenue					41,260.86
4	Income from operations (1) + (2) - (3)					70,973.17
5	Segment results	1,489.21	7,522.30	8,219.93	2,832.27	20,063.71
6	Unallocated expenses					1,425.77
7	Income tax expense (including deferred tax)					6,341.71
8	Net profit (5) - (6) - (7)					12,296.23
9	Segment assets	203,381.47	252,690.65	226,242.65	21,633.06	703,947.83
10	Unallocated assets					4,897.74
11	Total assets (9) + (10)					708,845.57
12	Segment liabilities	45,389.87	448,313.40	120,425.52	2,476.31	616,605.10
13	Unallocated liabilities					19,562.70
14	Total liabilities (12) + (13)					636,167.80
15	Capital employed (9) - (12)	157,991.60	(195,622.75)	105,817.13	19,156.75	87,342.73
	(Segment assets - Segment liabilities)					
16	Unallocated (10) - (13)					(14,664.96)
17	Total (15) + (16)					72,677.77
18	Capital expenditure	5.09	729.46	134.59	69.70	938.84
19	Depreciation	6.16	540.47	101.67	57.54	705.84

Geographic segments: (₹ crore)

Particulars	Domestic	International
Revenue	69,816.77	1,156.40
Assets	672,888.69	35,956.88
Capital expenditure	937.95	0.89

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Segment reporting for the year ended March 31, 2015 is given below:

Business segments: **(₹ crore)**

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	12,903.89	48,814.18	23,152.60	6,201.02	91,071.69
2	Unallocated revenue					8.62
3	Less: Inter-segment revenue					33,614.06
4	Income from operations (1) + (2) - (3)					57,466.25
5	Segment results	618.30	6,228.83	7,471.83	2,486.89	16,805.85
6	Unallocated expenses					1,477.13
7	Income tax expense (including deferred tax)					5,112.80
8	Net profit (5) - (6) - (7)					10,215.92
9	Segment assets	190,609.16	197,144.15	181,325.74	16,995.47	586,074.52
10	Unallocated assets					4,428.56
11	Total assets (9) + (10)					590,503.08
12	Segment liabilities	36,352.78	371,355.13	98,250.45	1,537.93	507,496.29
13	Unallocated liabilities					20,997.36
14	Total liabilities (12) + (13)					528,493.65
15	Capital employed (9) - (12)	154,256.38	(174,210.98)	83,075.29	15,457.54	78,578.23
	(Segment assets - Segment liabilities)					
16	Unallocated (10) - (13)					(16,568.80)
17	Total (15) + (16)					62,009.43
18	Capital expenditure	6.02	587.72	214.09	52.26	860.09
19	Depreciation	5.91	521.71	79.44	49.24	656.30

Geographic segments: **(₹ crore)**

Particulars	Domestic	International
Revenue	56,493.08	973.17
Assets	558,753.03	31,750.05
Capital expenditure	857.85	2.24

26 Liquidity coverage ratio

Quantitative information on Liquidity Coverage Ratio (LCR) is given below:

(₹ crore)

	Particulars	Quarter ended March 31, 2016		Quarter ended December 31, 2015		Quarter ended September 30, 2015		Quarter ended June 30, 2015		Quarter ended March 31, 2015	
		Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)**	Total weighted value (average)**	Total unweighted value (average)***	Total weighted value (average)***	Total unweighted value (average)****	Total weighted value (average)****	Total unweighted value (average)*****	Total weighted value (average)*****
High Quality Liquid Assets											
1	Total High Quality Liquid Assets (HQLA)		87,390.70		82,923.58		85,380.05		84,103.02		71,931.23
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:	345,295.41	31,521.71	336,581.15	30,736.15	327,063.80	29,851.26	303,371.26	27,605.03	298,532.79	27,201.35
(i)	*Stable deposits*	60,156.65	3,007.83	58,439.26	2,921.96	57,102.27	2,855.11	54,641.85	2,732.09	53,038.47	2,651.92
(ii)	*Less stable deposits*	285,138.76	28,513.88	278,141.89	27,814.19	269,961.53	26,996.15	248,729.41	24,872.94	245,494.32	24,549.43
3	Unsecured wholesale funding, of which:	152,346.46	77,310.79	150,761.23	78,144.79	143,971.45	76,153.26	132,334.88	67,639.08	120,490.90	42,115.36
(i)	*Operational deposits (all counterparties)*	25,513.50	6,310.16	21,315.02	5,260.88	20,460.39	5,067.45	21,646.72	5,345.21	94,657.70	23,462.23
(ii)	*Non-operational deposits (all counterparties)*	120,422.61	64,590.28	120,973.12	64,410.82	117,518.89	65,093.64	105,628.67	57,234.38	21,196.95	14,016.88
(iii)	*Unsecured debt*	6,410.35	6,410.35	8,473.09	8,473.09	5,992.17	5,992.17	5,059.49	5,059.49	4,636.25	4,636.25
4	Secured wholesale funding		-		-		-		-		-
5	Additional requirements, of which:	97,373.97	61,003.46	104,680.45	57,231.91	167,835.96	111,671.11	185,435.72	129,455.26	208,124.92	160,260.03
(i)	*Outflows related to derivative exposures and other collateral requirement*	49,752.81	49,752.81	46,028.74	46,028.74	101,182.99	101,182.99	118,889.35	118,889.35	148,674.26	148,674.26

26 Liquidity coverage ratio (contd.)

Quantitative information on Liquidity Coverage Ratio (LCR) is given below:

(₹ crore)

	Particulars	Quarter ended March 31, 2016		Quarter ended December 31, 2015		Quarter ended September 30, 2015		Quarter ended June 30, 2015		Quarter ended March 31, 2015	
		Total unweighted value (average)*	**Total weighted value (average)***	**Total unweighted value (average)****	**Total weighted value (average)****	**Total unweighted value (average)*****	**Total weighted value (average)*****	**Total unweighted value (average)******	**Total weighted value (average)******	**Total unweighted value (average)*******	**Total weighted value (average)*******
(ii)	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-	-	-
(iii)	*Credit and liquidity facilities*	47,621.16	11,250.65	58,651.71	11,203.17	66,652.97	10,488.12	66,546.37	10,565.91	59,450.66	11,585.77
6	Other contractual funding obligation	14,349.84	14,349.84	12,831.35	12,831.35	13,763.63	13,763.63	14,798.60	14,798.60	12,892.37	12,892.37
7	Other contingent funding obligations	46,936.27	1,724.24	45,128.25	2,256.41	42,615.71	2,130.79	43,401.88	2,170.09	37,477.11	1,873.86
8	**Total Cash Outflows**		**185,910.04**		**181,200.61**		**233,570.05**		**241,668.06**		**244,342.97**
Cash Inflows											
9	Secured lending (e.g. reverse repo)	166.67	-	39.05	5.86	5,333.33	-	3,212.00	-	4,271.83	14.69
10	Inflows from fully performing exposures	32,497.40	17,346.90	29,098.80	15,554.48	28,536.42	15,502.29	25,435.62	13,600.86	31,251.60	17,569.84
11	Other cash inflows	65,636.78	60,149.17	58,287.62	52,863.62	116,296.73	110,836.09	134,027.18	129,022.10	162,241.27	155,398.02
12	**Total Cash Inflows**	**98,300.85**	**77,496.07**	**87,425.47**	**68,423.96**	**150,166.48**	**126,338.38**	**162,674.80**	**142,622.96**	**197,764.70**	**172,982.55**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**		**87,390.70**		**82,923.58**		**85,380.05**		**84,103.02**		**71,931.23**
14	**Total Net Cash Outflows**		**108,413.96**		**112,776.65**		**107,231.67**		**99,045.10**		**71,360.42**
15	**Liquidity Coverage Ratio (%)**		**80.61%**		**73.53%**		**79.62%**		**84.91%**		**100.80%**

* *The average weighted and unweighted amounts are calculated taking simple average of January 2016, February 2016 and March 2016 figures.*

** *The average weighted and unweighted amounts are calculated taking simple average of October 2015, November 2015 and December 2015 figures.*

*** *The average weighted and unweighted amounts are calculated taking simple average of July 2015, August 2015 and September 2015 figures.*

**** *The average weighted and unweighted amounts are calculated taking simple average of April 2015, May 2015 and June 2015 figures.*

***** *The average weighted and unweighted amounts are calculated taking simple average of January 2015, February 2015 and March 2015 figures.*

Qualitative disclosure on LCR

The Liquidity Coverage Ratio (LCR) is a global minimum standard for bank liquidity. It aims to ensure that a 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 for a 30 calendar day liquidity stress scenario.

The LCR is calculated by dividing the amount of High Quality Liquid unencumbered Assets (HQLA) by the estimated net outflows over a stressed 30 calendar day period. The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities (deposits, unsecured and secured wholesale borrowings), as well as to undrawn commitments and derivative-related exposures, partially offset by inflows from assets maturing within 30 days. The average LCR was at 80.61% for the quarter ended March 2016. The average HQLA was ₹ 87,390.70 crore of which government securities constituted about 73%. The outflows related to derivative exposures (net of cash inflows) / collateral requirements and undrawn commitments constituted about 2% and 6% respectively of average cash outflow of ₹ 185,910.04 crore. Average inflows from assets were ₹ 77,496.07 crore.

Average LCR for the quarter ended March 2016 is 80.61%, which is comfortably above RBI prescribed minimum requirement of 70%.

Major reasons for movement in average LCR as compared to the previous quarter ended December 2015 are as follows:

- HQLA for the quarter ended March 2016 increased as additional FALLCR (3% of NDTL) is permitted by RBI to be considered as HQLA from February 2016.
- Within the unsecured wholesale funding, the proportion of unsecured debt which attracts higher outflow factors has decreased.
- Within the retail deposits, the proportion of less stable funding which attract higher outflow factors, has increased.
- Inflows from performing advances have increased.
- Other cash inflows have increased mainly on account of increase in inflows from short term lending.
- A strong and diversified liabilities profile has been at the helm on Bank's growth strategy. The Bank has consistently maintained a robust funding profile with a significant portion of funding through deposits. As of March 2016 the top 20 depositors comprised of around 5% of total deposits.

Note:

1. CCIL guaranteed deals were netted for computing FX & Derivatives numbers from December 2015 quarter end. Hence, the numbers for serial number 5(i) and 11 are not strictly comparable with previous quarter numbers.
2. LCR for the quarter end March 2015 had been computed based on the guidelines applicable at that point in time. Subsequently there have been amendments in the RBI guidelines w.e.f. April 2015. Hence, the previous year end numbers are not comparable with current financial year.

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

Associates

Atlas Documentary Facilitators Company Private Limited

HBL Global Private Limited

International Asset Reconstruction Company Private Limited

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, 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, 2016 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of all related party transactions in that category:

- Interest paid: HDFC Securities Limited ₹ 18.96 crore (previous year: ₹ 2.89 crore); Housing Development Finance Corporation Limited ₹ 7.25 crore (previous year: ₹ 7.60 crore); HDB Financial Services Limited ₹ 4.52 crore (previous year: ₹ 1.99 crore); Atlas Documentary Facilitators Company Private Limited ₹ 3.84 crore (previous year: ₹ 4.25 crore).
- Interest received: HDB Financial Services Limited ₹ 100.06 crore (previous year: ₹ 117.17 crore).
- Rendering of services: Housing Development Finance Corporation Limited ₹ 178.83 crore (previous year: ₹ 144.37 crore); HDFC Securities Limited ₹ 21.07 crore (previous year: ₹ 13.94 crore).
- Receiving of services: HBL Global Private Limited ₹ 702.20 crore (previous year: ₹ 589.50 crore); Atlas Documentary Facilitators Company Private Limited ₹ 471.44 crore (previous year: ₹ 449.50 crore); Housing Development Finance Corporation Limited ₹ 247.21 crore (previous year: ₹ 139.83 crore).
- Dividend paid: Housing Development Finance Corporation Limited ₹ 314.57 crore (previous year: ₹ 269.35 crore).
- Dividend received: HDB Financial Services Limited ₹ 88.40 crore (previous year: ₹ 25.00 crore); HDFC Securities Limited ₹ 60.64 crore (previous year: ₹ 7.58 crore).
- Purchase of fixed assets: HDFC Securities Limited ₹ 0.12 crore (previous year: Nil).

The Bank's related party balances and transactions for the year ended March 31, 2016 are summarised as follows: **(₹ crore)**

Items / Related party	Promoter	Subsidiaries	Associates	Key management personnel	Total
Deposits taken	4,405.56 (4,405.56)	509.86 (811.10)	100.02 (100.02)	10.12 (11.50)	5,025.56 (5,328.18)
Deposits placed	0.15 (0.15)	10.51 (10.51)	0.10 (7.10)	2.51 (2.51)	13.27 (20.27)
Advances given	- -	1,590.12 (1,590.12)	0.22 (36.95)	0.95 (0.99)	1,591.29 (1,628.06)
Fixed assets purchased from	-	0.12	-	-	0.12
Fixed assets sold to	-	-	-	-	-
Interest paid to	7.25	23.48	3.89	0.84	35.46
Interest received from	-	100.06	2.27	0.02	102.35
Income from services rendered to	178.83	24.12	6.07	-	209.02
Expenses for receiving services from	247.21	81.77	1,173.64	0.76	1,503.38
Equity investments	- -	2,751.77 (2,751.77)	31.19 (31.19)	- -	2,782.96 (2,782.96)
Dividend paid to	314.57	-	-	3.37	317.94
Dividend received from	-	149.04	0.01	-	149.05
Receivable from	16.30 (28.42)	0.08 (1.81)	- (0.38)	- -	16.38 (30.61)
Payable to	26.93 (26.93)	21.57 (25.65)	39.85 (102.70)	- -	88.35 (155.28)
Guarantees given	0.14 (0.14)	0.05 (0.05)	- -	- -	0.19 (0.19)
Remuneration paid	-	-	-	18.34	18.34
Loans purchased from	12,773.37	-	-	-	12,773.37

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 on March 31, 2016 is ₹ 491.21 crore (previous year: ₹ 100.00 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms is ₹ 18.90 crore (previous year: ₹ 2.80 crore).

During the year ended March 31, 2016, the Bank purchased debt securities from Housing Development Finance Corporation Limited ₹ 1,415.00 crore (previous year: Nil) and from HDB Financial Services Limited ₹ 322.00 crore (previous year: ₹ 485.00 crore) issued by these entities.

During the year ended March 31, 2016, the Bank made investment of ₹ 1,748.66 crore (previous year: ₹ 204.05 crore) in pass through certificates in respect of assets securitised out by HDB Financial Services Limited.

During the year ended March 31, 2016, the Bank paid rent of ₹ 0.66 crore (previous year: ₹ 0.66 crore) to parties related to the Bank's key management personnel in relation to residential accommodation. As at March 31, 2016, the security deposit outstanding was ₹ 3.50 crore (previous year: ₹ 3.50 crore).

The deposit outstanding from HDB Employees Welfare Trust as of March 31, 2016 was ₹ 46.46 crore (previous year: ₹ 44.13 crore). The Bank also paid interest on deposit from HDB Employees Welfare Trust aggregating to ₹ 3.88 crore (previous year: ₹ 4.19 crore).

The Bank's related party balances and transactions for the year ended March 31, 2015 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Subsidiaries	Associates	Key management personnel	Total
Deposits taken	2,203.45	471.78	113.06	12.68	2,800.97
	(2,203.45)	(471.78)	(113.06)	(12.68)	(2,800.97)
Deposits placed	0.15	10.52	13.35	2.51	26.53
	(0.15)	(10.52)	(33.45)	(2.51)	(46.63)
Advances given	-	1,006.36	25.67	0.95	1,032.98
	-	(1,259.54)	(46.55)	(0.95)	(1,307.04)
Fixed assets purchased from	-	-	-	-	-
Fixed assets sold to	-	-	-	-	-
Interest paid to	7.60	4.88	4.27	0.99	17.74
Interest received from	-	117.17	4.53	0.02	121.72
Income from services rendered to	144.37	17.22	12.25	-	173.84
Expenses for receiving services from	139.83	77.66	1,039.00	0.71	1,257.20
Equity investments	-	2,751.77	31.19	-	2,782.96
	-	(2,751.77)	(31.19)	-	(2,782.96)
Dividend paid to	269.35	-	-	2.95	272.30
Dividend received from	-	32.58	0.01	-	32.59
Receivable from	14.89	2.39	-	-	17.28
	(14.89)	(2.39)	(1.30)	-	(18.58)
Payable to	19.25	12.63	5.99	-	37.87
	(19.25)	(20.09)	(92.45)	(0.03)	(131.82)
Guarantees given	0.11	0.05	-	-	0.16
	(0.11)	(0.05)	-	-	(0.16)
Remuneration paid	-	-	-	15.10	15.10
Loans purchased from	8,249.21	-	-	-	8,249.21

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, 2016	March 31, 2015
Total amount of intra-group exposures	2,413.58	1,436.10
Total amount of top 20 intra-group exposures	2,413.58	1,436.10
Percentage of intra-group exposures to total exposure of the Bank on borrowers / customers	0.33%	0.26%
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, 2016	March 31, 2015
Not later than one year	887.30	783.02
Later than one year and not later than five years	2,805.03	2,591.87
Later than five years	2,481.82	1,974.45
Total	**6,174.15**	**5,349.34**
The total of minimum lease payments recognised in the Statement of Profit and Loss for the year	1,005.70	866.97
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	37.13	38.05
Sub-lease amounts recognised in the Statement of Profit and Loss for the year	10.67	16.01
Contingent (usage based) lease payments recognised in the Statement of Profit and Loss for the year	180.53	169.44

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, 2016	March 31, 2015
Opening balance of amounts transferred to DEAF	92.14	Nil
Add : Amounts transferred to DEAF during the year	45.89	94.45
Less : Amounts reimbursed by DEAF towards claims	(1.18)	(2.31)
Closing balance of amounts transferred to DEAF	136.85	92.14

31 Penalties levied by the RBI

During the year ended March 31, 2016, RBI has not imposed any penalties on the Bank.

During the previous year ended March 31, 2015, RBI levied on the Bank a penalty of ₹ 0.05 crore on the grounds that the Bank failed to exchange information about the conduct of a corporate borrower's account with other banks at intervals as prescribed in the RBI guidelines on 'Lending under Consortium Arrangement / Multiple Banking Arrangements' and the same was paid by the Bank.

32 Disclosure for customer complaints / unimplemented awards of Banking Ombudsman

- **Customer complaints**

(A) Customer complaints other than ATM transaction disputes

Particulars	March 31, 2016	March 31, 2015
(a) No. of complaints pending at the beginning of the year	496	455
(b) No. of complaints received during the year	62,224	72,075
(c) No. of complaints redressed during the year	62,069	72,034
(d) No. of complaints pending at the end of the year	651	496

(B) ATM transaction disputes relating to the Bank's customers on the Bank's ATMs

Particulars	March 31, 2016	March 31, 2015
(a) No. of complaints pending at the beginning of the year	71	159
(b) No. of complaints received during the year	13,170	11,300
(c) No. of complaints redressed during the year	13,140	11,388
(d) No. of complaints pending at the end of the year	101	71
(e) Complaints per ten thousand transactions	0.50	0.42

(C) ATM transaction disputes relating to the Bank's customers on other banks' ATMs

Particulars	March 31, 2016	March 31, 2015
(a) No. of complaints pending at the beginning of the year	1,334	1,601
(b) No. of complaints received during the year	89,975	82,572
(c) No. of complaints redressed during the year	90,191	82,839
(d) No. of complaints pending at the end of the year	1,118	1,334
(e) Complaints per ten thousand transactions	3.86	3.91

(D) Total customer complaints and ATM transaction disputes [total of tables (A), (B) and (C) above]

Particulars	March 31, 2016	March 31, 2015
(a) No. of complaints pending at the beginning of the year	1,901	2,215
(b) No. of complaints received during the year	1,65,369	1,65,947
(c) No. of complaints redressed during the year	1,65,400	1,66,261
(d) No. of complaints pending at the end of the year	1,870	1,901

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, 2016	March 31, 2015
(a) No. of unimplemented awards at the beginning of the year	Nil	Nil
(b) No. of awards passed by the BO during the year	Nil	Nil
(c) No. of awards implemented during the year	Nil	Nil
(d) No. of unimplemented awards at the end of the year	Nil	Nil

- **Top areas of customer complaints**

The average number of customer complaints per branch, including ATM transaction disputes, was 3.3 per month during the year ended March 31, 2016 (previous year: 3.8 per month). For the year ended March 31, 2016, retail branch banking segment accounted for 82.60% of the total complaints (an increase from 76.62% for the previous year) followed by credit cards at 11.86% of the total complaints (a reduction from 14.09% for the previous year), retail assets at 3.68% of the total complaints (a reduction from 4.52% for the previous year), while other segments accounted for 1.86% of total complaints (as against 4.77% in the previous year). The top 10 areas of customer complaints for the year ended March 31, 2016, including ATM transaction disputes, accounted for 1,23,323 complaints and were 74.57% of total complaints as against 1,16,708 complaints which were 70.33% of the total complaints for the year ended March 31, 2015. 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', 'instant account not activated - personal details not updated', 'statement related - credit cards', 'delay in closure of account' and 'marketing 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, 2015, the number of BO complaints per branch for the Bank was 1.36 (previous year: 1.44). The number of BO complaints other than credit cards per 1,000 accounts was at 0.10 (previous year: 0.09).The number of BO complaints (credit card related) per 1,000 cards was at 0.06 (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, 2016 and March 31, 2015.

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.

35 Overseas assets, NPAs and revenue **(₹ crore)**

Particulars	March 31, 2016	March 31, 2015
Total Assets	35,956.88	31,750.05
Total NPAs	124.23	157.44
Total Revenue	1,156.39	973.17

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, 2016 (previous year: Nil).

38 Corporate social responsibility

Operating expenses include ₹ 194.81 crore (previous year: ₹ 118.55 crore) for the year ended March 31, 2016 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

The Bank has spent 1.6% (previous year: 1.2%) of its average net profit for the last three financial years as part of its CSR for the year ended March 31, 2016. 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, 2016			March 31, 2015		
		Amount spent	Amount unpaid / provision	Total	Amount spent	Amount unpaid / provision	Total
(i)	Construction / acquisition of any asset	Nil	Nil	Nil	Nil	Nil	Nil
(ii)	On purpose other than (i) above	186.46	8.35	194.81	111.54	7.01	118.55

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.

40 Disclosure on remuneration to Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of sitting fees for attending meetings of the Board and its committees. Sitting fees are paid at the rate of ₹ 100,000 per Board meeting and at the rate of ₹ 50,000 per meeting of the Board Committees. An amount of ₹ 1.33 crore was paid as sitting fees to the Non-Executive Directors during the year ended March 31, 2016 (previous year: ₹ 0.76 crore).

In accordance with RBI guidelines, the Board of Directors has, subject to the approval of the shareholders at the ensuing Annual General Meeting, approved payment of profit related commission to all Non-Executive Directors at the rate of ₹ 10 lacs per annum per Director other than the Chairperson.

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

Anami Roy
Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Renu Karnad
Umesh Sarangi
Directors

Mumbai, April 22, 2016

As at March 31, 2016

The Reserve Bank of India (RBI) vide its circular under reference DBOD.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 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

We have audited the accompanying consolidated financial statements of **HDFC BANK LIMITED** (hereinafter referred to as "the Bank" or "the Holding Company") and its subsidiaries (the Bank and its subsidiaries together referred to as "the Group") and its associates, comprising the Consolidated Balance Sheet as at 31st March, 2016, 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").

Management's Responsibility for the Consolidated Financial Statements

The Bank'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 including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, the Banking Regulation Act, 1949 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 its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities, the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, 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 control relevant to the Bank'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 Bank's Board of Directors, as well as 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 reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

a) We did not audit the financial statements of 2 subsidiaries whose financial statements reflect total assets of ₹ 2,611,598 lacs as at 31st March, 2016, total revenues of ₹ 371,041 lacs and net cash outflows amounting to ₹ 4,140 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 267 lacs for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us. 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 associates, 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 ₹ 104 lacs for the year ended 31st March, 2016, 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 Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section143(3) of the Act, 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 on 31st March, 2016 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31st March, 2016 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 Report in "Annexure A", which is based on the auditors' reports of the Bank, subsidiary companies and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's / subsidiary company's / associate company's incorporated in India internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates.

   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 Bank and its subsidiary companies and associate companies.

For **Deloitte Haskins & Sells**

Chartered Accountants
(Firm's Registration No. 117365W)

Porus B. Pardiwalla
Partner
(Membership No. 40005)

Mumbai
April 22, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1.f under 'Report on Other Legal and Regulatory Requirements' 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** (hereinafter referred to as "the Holding Company"), its subsidiary companies, and its associate companies, which are companies incorporated in India, as of 31st March, 2016 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year then ended.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining 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. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, its associate companies which are companies incorporated in India 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 other Auditors' Report on the Internal Financial Controls over Financial Reporting, furnished to us by management, in relation to two subsidiaries and two associates which are not audited by us, which are companies incorporated in India, and as referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the aforesaid entities.

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 taking into consideration the reports of the other auditors referred to in the Other Matters paragraph below the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, 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, 2016, 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 issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies and two associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

The financial statements and internal financial controls over financial reporting in relation to one associate company, which is a company incorporated in India, is unaudited. Our opinion on the internal financial controls over financial reporting of the aforesaid entities excludes consideration of the internal financial controls over financial reporting in respect of this associate. In our opinion and according to the information and explanations given to us by the Holding Company's management, the financial statements of the associate, and the related internal financial controls over financial reporting are not material to the consolidated financial statements, and the related internal financial control over financial reporting of the aforesaid entities.

Our opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting 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 representation of the Board of Director and management.

For **Deloitte Haskins & Sells**

Chartered Accountants
(Firm's Registration No. 117365W)

Porus B. Pardiwalla
Partner
(Membership No. 40005)

Mumbai
April 22, 2016

Consolidated Balance Sheet

As at March 31, 2016

₹ in '000

	Schedule	As at 31-Mar-16	As at 31-Mar-15
CAPITAL AND LIABILITIES			
Capital	1	**5,056,373**	5,012,991
Reserves and surplus	2	**737,984,869**	626,527,660
Minority interest	2A	**1,806,228**	1,616,274
Deposits	3	**5,458,732,889**	4,502,836,477
Borrowings	4	**717,634,520**	594,782,505
Other liabilities and provisions	5	**381,403,308**	340,189,270
	Total	**7,302,618,187**	6,070,965,177
ASSETS			
Cash and balances with Reserve Bank of India	6	**300,765,846**	275,222,870
Balances with banks and money at call and short notice	7	**89,922,969**	90,041,344
Investments	8	**1,616,833,398**	1,494,544,156
Advances	9	**4,872,904,174**	3,834,079,720
Fixed assets	10	**34,796,976**	32,249,444
Other assets	11	**387,394,824**	344,827,643
	Total	**7,302,618,187**	6,070,965,177
Contingent liabilities	12	**8,535,273,826**	9,752,785,962
Bills for collection		**234,899,997**	223,049,263
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 22, 2016

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

Anami Roy
Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Renu Karnad
Umesh Sarangi
Directors

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Consolidated Statement of Profit and Loss

For the year ended March 31, 2016

₹ in '000

		Schedule	Year ended 31-Mar-16	Year ended 31-Mar-15
I	**INCOME**			
	Interest earned	13	**631,615,614**	506,664,925
	Other income	14	**112,116,541**	95,456,835
		Total	**743,732,155**	602,121,760
II	**EXPENDITURE**			
	Interest expended	15	**340,695,748**	272,884,553
	Operating expenses	16	**178,318,808**	145,775,249
	Provisions and contingencies		**96,544,349**	76,461,474
		Total	**615,558,905**	495,121,276
III	**PROFIT**			
	Net profit for the year		**128,173,250**	107,000,484
	Less : Minority interest		**197,212**	144,068
	Add : Share in profits of associates		**37,278**	32,494
	Consolidated profit for the year attributable to the Group		**128,013,316**	106,888,910
	Balance in Profit and Loss account brought forward		**195,508,642**	152,074,676
		Total	**323,521,958**	258,963,586
IV	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		**31,809,345**	26,238,698
	Proposed dividend		**24,017,772**	20,051,963
	Tax (including cess) on dividend		**5,123,529**	4,245,374
	Dividend (including tax / cess thereon) pertaining to previous year paid during the year, net of dividend tax credits		**(117,135)**	8,411
	Transfer to General Reserve		**12,296,213**	10,385,919
	Transfer to Capital Reserve		**2,221,532**	2,249,166
	Transfer to/(from) Investment Reserve Account		**(85,184)**	275,413
	Balance carried over to Balance Sheet		**248,255,886**	195,508,642
		Total	**323,521,958**	258,963,586
V	**EARNINGS PER EQUITY SHARE (Face value ₹ 2 per share)**		₹	₹
	Basic		**50.85**	44.10
	Diluted		**50.24**	43.60
	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 Deloitte Haskins & Sells
Chartered Accountants

P. B. Pardiwalla
Partner
Membership No.: 40005

Mumbai, April 22, 2016

For and on behalf of the Board

Shyamala Gopinath
Chairperson

Aditya Puri
Managing Director

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Deputy Managing Director

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Executive Director

Sanjay Dongre
Executive Vice President (Legal) & Company Secretary

Sashidhar Jagdishan
Chief Financial Officer

Anami Roy
Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Renu Karnad
Umesh Sarangi
Directors

Consolidated Cash Flow Statement

For the year ended March 31, 2016

₹ in '000

	Year ended 31-Mar-16	Year ended 31-Mar-15
Cash flows from operating activities		
Consolidated profit before income tax	**194,949,948**	160,682,894
Adjustments for:		
Depreciation on fixed assets	**7,380,326**	6,804,512
(Profit) / loss on revaluation of investments	**173,689**	(556,306)
Amortisation of premia on held to maturity investments	**1,002,801**	805,534
(Profit) / loss on sale of fixed assets	**1,185**	(111,264)
Provision / charge for non performing assets	**25,179,864**	20,377,433
Provision for dimunition in value of investments	**146,543**	(38,184)
Floating provisions	**1,150,000**	321,959
Provision for standard assets	**4,648,890**	3,103,466
Provision for wealth tax	**-**	7,676
Contingency provisions	**218,602**	590,405
Share in current year's profits of associates	**(37,278)**	(32,494)
	234,814,570	191,955,631
Adjustments for:		
(Increase) / decrease in investments (excluding investments in subsidiaries and joint ventures)	**(123,574,997)**	(450,203,993)
(Increase) / decrease in advances	**(1,066,012,996)**	(703,560,180)
Increase / (decrease) in deposits	**955,896,412**	832,033,154
(Increase) / decrease in other assets	**(38,485,747)**	66,328,224
Increase / (decrease) in other liabilities and provisions	**31,324,658**	(92,889,220)
	(6,038,100)	(156,336,384)
Direct taxes paid (net of refunds)	**(70,730,944)**	(56,473,398)
Net cash flow (used in) / from operating activities	**(76,769,044)**	(212,809,782)
Cash flows used in investing activities		
Purchase of fixed assets	**(8,771,635)**	(7,723,564)
Proceeds from sale of fixed assets	**116,125**	331,066
Investment in subsidiaries and / or joint ventures	**-**	(715,656)
Net cash used in investing activities	**(8,655,510)**	(8,108,154)

Consolidated Cash Flow Statement

For the year ended March 31, 2016

₹ in '000

	Year ended 31-Mar-16	Year ended 31-Mar-15
Cash flows from financing activities		
Increase in minority interest	**189,954**	491,482
Money received on exercise of stock options by employees	**12,229,008**	9,954,171
Increase / (decrease) in borrowings (excluding subordinate debt, perpetual debt and upper tier II instruments)	**134,496,515**	97,696,829
Proceeds from issue of shares under Qualified Institutions Placement and American Depository Receipt offering (net of issue expenses)	**-**	97,227,855
Proceeds from issue of upper and lower tier II capital instruments	**-**	5,000,000
Redemption of subordinated debt	**(12,020,000)**	(4,140,000)
Dividend paid during the year	**(20,091,666)**	(16,492,770)
Tax on dividend	**(4,237,089)**	(2,798,859)
Net cash generated from financing activities	**110,566,722**	186,938,708
Effect of exchange fluctuation on translation reserve	**282,433**	109,160
Net increase / (decrease) in cash and cash equivalents	**25,424,601**	(33,870,068)
Cash and cash equivalents as at April 1st (Schedules 6 and 7)	**365,264,214**	399,134,282
Cash and cash equivalents as at March 31st (Schedules 6 and 7)	**390,688,815**	365,264,214

As per our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

P. B. Pardiwalla
Partner
Membership No.: 40005

Mumbai, April 22, 2016

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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Anami Roy
Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Renu Karnad
Umesh Sarangi
Directors

As at March 31, 2016

₹ in '000

		As at 31-Mar-16	As at 31-Mar-15
SCHEDULE 1 - CAPITAL			
Authorised capital			
2,75,00,00,000 (31 March, 2015 : 2,75,00,00,000) Equity Shares of ₹ 2/- each		**5,500,000**	5,500,000
Issued, subscribed and paid-up capital			
2,52,81,86,517 (31 March, 2015 : 2,50,64,95,317) Equity Shares of ₹ 2/- each		**5,056,373**	5,012,991
	Total	**5,056,373**	5,012,991
SCHEDULE 2 - RESERVES AND SURPLUS			
I **Statutory reserve**			
Opening balance		**118,122,222**	91,883,524
Additions during the year		**31,809,345**	26,238,698
	Total	**149,931,567**	118,122,222
II **General reserve**			
Opening balance		**45,073,296**	34,687,377
Additions during the year		**12,296,213**	10,385,919
	Total	**57,369,509**	45,073,296
III **Balance in profit and loss account**		**248,255,886**	195,508,642
IV **Share premium account**			
Opening balance		**250,019,020**	143,051,883
Additions during the year		**12,185,626**	108,477,413
Deductions during the year [Refer Schedule 18 (4)]		**-**	(1,510,276)
	Total	**262,204,646**	250,019,020
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		**6,645,051**	4,395,885
Additions during the year		**2,221,532**	2,249,166
	Total	**8,866,583**	6,645,051
VII **Investment reserve account**			
Opening balance		**484,268**	208,855
Additions during the year		**76**	310,612
Deductions during the year [Refer Schedule 18 (4)]		**(85,260)**	(35,199)
	Total	**399,084**	484,268
VIII **Foreign currency translation account**			
Opening balance		**39,597**	(69,563)
Additions during the year		**282,433**	109,160
	Total	**322,030**	39,597
	Total	**737,984,869**	626,527,660

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As at March 31, 2016

₹ in '000

				As at 31-Mar-16	As at 31-Mar-15
SCHEDULE 2A - MINORITY INTEREST					
Minority interest at the date on which parent subsidiary relationship came into existence				**276,029**	276,029
Subsequent increase				**1,530,199**	1,340,245
			Total	**1,806,228**	1,616,274
Includes reserves of Employee Welfare Trust of ₹ 63.85 crore (previous year: ₹ 61.68 crore)					
SCHEDULE 3 - DEPOSITS					
A	I	**Demand deposits**			
		(i) From banks		**22,017,200**	16,319,866
		(ii) From others		**860,725,166**	717,067,581
			Total	**882,742,366**	733,387,447
	II	**Savings bank deposits**		**1,478,861,198**	1,249,266,040
	III	**Term deposits**			
		(i) From banks		**25,095,540**	18,405,279
		(ii) From others		**3,072,033,785**	2,501,777,711
			Total	**3,097,129,325**	2,520,182,990
			Total	**5,458,732,889**	4,502,836,477
B	I	**Deposits of branches in India**		**5,391,562,781**	4,443,925,893
	II	**Deposits of branches outside India**		**67,170,108**	58,910,584
			Total	**5,458,732,889**	4,502,836,477
SCHEDULE 4 - BORROWINGS					
I	**Borrowings in India**				
	(i)	Reserve Bank of India		**-**	-
	(ii)	Other banks		**98,174,819**	86,817,617
	(iii)	Other institutions and agencies		**151,517,811**	87,380,892
	(iv)	Upper and lower Tier II capital and innovative perpetual debts		**157,579,000**	169,599,000
			Total	**407,271,630**	343,797,509
II	**Borrowings outside India***			**310,362,890**	250,984,996
			Total	**717,634,520**	594,782,505
**Includes Upper Tier II debt of ₹ 662.55 crore (previous year: ₹ 625.00 crore)*					
Secured borrowings included in I & II above: ₹ 15,781.77 crore (previous year: ₹ 12,591.32 crore)					
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS					
I	Bills payable			**73,784,974**	60,853,248
II	Interest accrued			**40,976,952**	33,697,037
III	Others (including provisions)			**216,913,280**	205,283,077
IV	Contingent provisions against standard assets			**20,735,354**	16,058,571
V	Proposed dividend (including tax on dividend)			**28,992,748**	24,297,337
			Total	**381,403,308**	340,189,270

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As at March 31, 2016

₹ in '000

		As at 31-Mar-16	As at 31-Mar-15
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I Cash in hand (including foreign currency notes)		**55,877,336**	53,333,262
II Balances with Reserve Bank of India:			
(a) In current accounts		**242,888,510**	219,889,608
(b) In other accounts		**2,000,000**	2,000,000
	Total	**244,888,510**	221,889,608
	Total	**300,765,846**	275,222,870
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I In India			
(i) Balances with banks:			
(a) In current accounts		**2,596,227**	2,466,929
(b) In other deposit accounts		**7,926,585**	22,807,540
	Total	**10,522,812**	25,274,469
(ii) Money at call and short notice:			
(a) With banks		**-**	2,500,000
(b) With other institutions		**1,359,867**	2,238,499
	Total	**1,359,867**	4,738,499
	Total	**11,882,679**	30,012,968
II Outside India			
(i) In current accounts		**23,909,955**	16,465,876
(ii) In deposit accounts		**3,776,535**	625,000
(iii) Money at call and short notice		**50,353,800**	42,937,500
	Total	**78,040,290**	60,028,376
	Total	**89,922,969**	90,041,344
SCHEDULE 8 - INVESTMENTS			
A Investments in India in			
(i) Government securities		**1,257,105,578**	1,203,902,956
(ii) Other approved securities		**-**	-
(iii) Shares		**885,214**	1,437,392
(iv) Debentures and bonds		**48,882,174**	11,263,150
(v) Investment in associates*		**614,020**	576,872
(vi) Others (Units, CDs/CPs, PTCs and security receipts)		**295,619,657**	266,305,154
	Total	**1,603,106,643**	1,483,485,524
**Includes goodwill of ₹ 0.70 crore (previous year: ₹ 0.70 crore) and capital reserve of ₹ 0.43 crore on account of investment in associates (previous year: ₹ 0.43 crore)*			
B Investments outside India in			
Other investments			
(a) Shares		**28,375**	9,396
(b) Debentures and bonds		**13,698,380**	11,049,236
	Total	**13,726,755**	11,058,632
	Total	**1,616,833,398**	1,494,544,156

HDFC BANK
We understand your world

As at March 31, 2016

₹ in '000

			As at 31-Mar-16	As at 31-Mar-15
C	**Investments**			
(i)	**Gross value of investments**			
	(a) In India		**1,604,312,021**	1,484,640,559
	(b) Outside India		**13,726,755**	11,058,632
		Total	**1,618,038,776**	1,495,699,191
(ii)	**Provision for depreciation**			
	(a) In India		**1,205,378**	1,155,035
	(b) Outside India		**-**	-
		Total	**1,205,378**	1,155,035
(iii)	**Net value of investments**			
	(a) In India		**1,603,106,643**	1,483,485,524
	(b) Outside India		**13,726,755**	11,058,632
		Total	**1,616,833,398**	1,494,544,156

SCHEDULE 9 - ADVANCES

			As at 31-Mar-16	As at 31-Mar-15
A (i)	Bills purchased and discounted		**185,136,903**	177,134,003
(ii)	Cash credits, overdrafts and loans repayable on demand		**1,242,774,115**	993,671,410
(iii)	Term loans		**3,444,993,156**	2,663,274,307
		Total	**4,872,904,174**	3,834,079,720
B (i)	Secured by tangible assets*		**3,648,290,355**	2,894,274,719
(ii)	Covered by bank / government guarantees		**114,128,823**	63,453,979
(iii)	Unsecured		**1,110,484,996**	876,351,022
		Total	**4,872,904,174**	3,834,079,720
** Including advances against book debts*				
C I	Advances in India			
	(i) Priority sector		**1,427,201,985**	1,066,872,841
	(ii) Public sector		**134,556,082**	118,066,442
	(iii) Banks		**4,659,631**	51,278
	(iv) Others		**2,985,578,949**	2,360,676,224
		Total	**4,551,996,647**	3,545,666,785
C II	Advances outside India			
	(i) Due from banks		**6,879,777**	16,094,350
	(ii) Due from others			
	(a) Bills purchased and discounted		**1,245,263**	1,849,427
	(b) Syndicated loans		**38,624,247**	14,652,002
	(c) Others		**274,158,240**	255,817,156
		Total	**320,907,527**	288,412,935
Advances are net of provisions		**Total**	**4,872,904,174**	3,834,079,720

As at March 31, 2016

			As at 31-Mar-16	As at 31-Mar-15
				₹ in '000
SCHEDULE 10 - FIXED ASSETS				
A	**Premises** *(including land)*			
	Gross block			
	At cost on 31 March of the preceding year		**15,030,782**	14,443,499
	Additions during the year		**839,927**	793,539
	Deductions during the year		**(85,166)**	(206,256)
		Total	**15,785,543**	15,030,782
	Depreciation			
	As at 31 March of the preceding year		**3,775,762**	3,343,891
	Charge for the year		**555,657**	524,195
	On deductions during the year		**(68,719)**	(92,324)
		Total	**4,262,700**	3,775,762
	Net block		**11,522,843**	11,255,020
B	**Other fixed assets** *(including furniture and fixtures)*			
	Gross block			
	At cost on 31 March of the preceding year		**67,150,536**	59,825,186
	Additions during the year		**9,208,628**	8,219,396
	Deductions during the year		**(1,458,923)**	(894,046)
		Total	**74,900,241**	67,150,536
	Depreciation			
	As at 31 March of the preceding year		**46,156,112**	40,662,007
	Charge for the year		**6,828,000**	6,282,551
	On deductions during the year		**(1,358,004)**	(788,446)
		Total	**51,626,108**	46,156,112
	Net block		**23,274,133**	20,994,424
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, 2016

₹ in '000

			As at 31-Mar-16	As at 31-Mar-15
	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	**34,796,976**	32,249,444
SCHEDULE 11 - OTHER ASSETS				
I	Interest accrued		**75,547,122**	56,365,672
II	Advance tax / tax deducted at source (net of provisions)		**17,625,441**	15,138,242
III	Stationery and stamps		**220,786**	168,394
IV	Non banking assets acquired in satisfaction of claims		**-**	-
V	Bond and share application money pending allotment		**-**	-
VI	Security deposit for commercial and residential property		**4,791,869**	4,339,629
VII	Others *		**289,209,606**	268,815,706
		Total	**387,394,824**	344,827,643

**Includes deferred tax asset (net) of ₹ 2,227.23 crore (previous year: ₹ 2,031.98 crore), goodwill of ₹ 187.16 crore (previous year: ₹ 187.16 crore) and deposits placed with NABARD / SIDBI / NHB on account of shortfall in lending to priority sector of ₹ 13,719.68 crore (previous year: ₹ 14,818.19 crore)*

			As at 31-Mar-16	As at 31-Mar-15
SCHEDULE 12 - CONTINGENT LIABILITIES				
I	Claims against the bank not acknowledged as debts - taxation		**11,879,900**	8,982,200
II	Claims against the bank not acknowledged as debts - others		**777,310**	719,342
III	Liability on account of outstanding forward exchange contracts		**5,290,757,746**	6,740,520,896
IV	Liability on account of outstanding derivative contracts		**2,570,471,528**	2,433,779,738
V	Guarantees given on behalf of constituents			
	- in India		**301,310,742**	240,818,699
	- outside India		**31,094,714**	32,080,401
VI	Acceptances, endorsements and other obligations		**317,525,754**	279,900,503
VII	Other items for which the Bank is contingently liable		**11,456,132**	15,984,183
		Total	**8,535,273,826**	9,752,785,962

HDFC BANK
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For the year ended March 31, 2016

₹ in '000

			Year ended 31-Mar-16	Year ended 31-Mar-15
SCHEDULE 13 - INTEREST EARNED				
I	Interest / discount on advances / bills		**477,361,879**	393,346,623
II	Income from investments		**141,254,962**	98,627,289
III	Interest on balance with RBI and other inter-bank funds		**3,751,556**	5,429,360
IV	Others		**9,247,217**	9,261,653
		Total	**631,615,614**	506,664,925
SCHEDULE 14 - OTHER INCOME				
I	Commission, exchange and brokerage		**83,067,577**	71,243,564
II	Profit / (loss) on sale of investments (net)		**7,525,247**	5,320,048
III	Profit / (loss) on revaluation of investments (net)		**(173,689)**	556,306
IV	Profit / (loss) on sale of building and other assets (net)		**(1,185)**	111,264
V	Profit / (loss) on exchange / derivative transactions (net)		**12,277,267**	10,279,548
VI	Miscellaneous income		**9,421,324**	7,946,105
		Total	**112,116,541**	95,456,835
SCHEDULE 15 - INTEREST EXPENDED				
I	Interest on deposits		**291,509,468**	235,047,802
II	Interest on RBI / inter-bank borrowings		**33,664,532**	24,785,390
III	Other interest		**15,521,748**	13,051,361
		Total	**340,695,748**	272,884,553
SCHEDULE 16 - OPERATING EXPENSES				
I	Payments to and provisions for employees		**63,061,367**	51,626,755
II	Rent, taxes and lighting		**12,740,606**	10,878,565
III	Printing and stationery		**4,251,803**	3,871,910
IV	Advertisement and publicity		**2,584,338**	1,903,378
V	Depreciation on bank's property		**7,380,326**	6,804,512
VI	Directors' fees / remuneration, allowances and expenses		**28,861**	10,871
VII	Auditors' fees and expenses		**19,331**	14,508
VIII	Law charges		**998,702**	717,718
IX	Postage, telegram, telephone etc.		**4,217,982**	4,162,472
X	Repairs and maintenance		**10,417,860**	8,602,081
XI	Insurance		**5,618,738**	4,476,139
XII	Other expenditure*		**66,998,894**	52,706,340
		Total	**178,318,808**	145,775,249

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

For the year ended March 31, 2016

SCHEDULE 17 - Significant accounting policies appended to and forming part of the consolidated financial statements for the year ended March 31, 2016

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 and Dubai. 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 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 of associates.

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 and current practices prevailing within the banking industry in India.

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires the management to make estimates and assumptions considered 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.

HDB Financial Services Limited is a non-banking financial company and a subsidiary of the Bank. HDFC Securities Limited is a financial services provider along with broking as core product and a subsidiary of the Bank.

The consolidated financial statements present the accounts of HDFC Bank Limited with its following subsidiaries and associates:

Name	Relation	Country of incorporation	Ownership interest**
HDFC Securities Limited	Subsidiary	India	97.9%
HDB Financial Services Limited	Subsidiary	India	97.1%
Atlas Documentary Facilitators Company Private Limited	Associate	India	29.0%
International Asset Reconstruction Company Private Limited	Associate	India	29.4%
HBL Global Private Limited	Associate	India	Nil
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.*

During the year ended March 31, 2016 the shareholding in HDB Financial Services Limited decreased from 97.2% to 97.1% on account of 7,02,550 stock options exercised by minority stakeholders.

The audited financial statements of the subsidiary companies, entity controlled by the Bank, associates and the un-audited financial statements of an associate have been drawn up to the same reporting date as that of the Bank, i.e. March 31, 2016.

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 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.

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 repo and reverse repo transactions in government securities and corporate debt securities (excluding transactions conducted under Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI) 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 are accounted for as interest income.

In respect of repo transactions under LAF and MSF with RBI, amount borrowed from RBI is credited to investment account and reversed on maturity of the transaction. Costs thereon are accounted for as interest expense. In respect of reverse repo transactions under LAF, amount lent to RBI is debited to investment account and reversed on maturity of the transaction. Revenues thereon are 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 investment are recognised as short term / current investments and are valued at lower of cost and net realisable value.

Interest on borrowings is recognised in 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, 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.

In accordance with RBI guidelines, accelerated provision is made on non-performing advances which were not earlier reported by the Bank as Special Mention Account under "SMA-2" category to Central Repository of Information on Large Credits (CRILC). Accelerated provision is also made on non-performing advances which are erstwhile SMA-2 accounts with Aggregate Exposure (AE) ₹ 1,000 million or above and Joint Lenders' Forum (JLF) is not formed or they fail to agree upon a common Corrective Action Plan (CAP) within the stipulated time frame.

Accounts 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. In accordance with RBI guidelines, provision is made against standard assets representing all exposures to the wholly owned step down subsidiaries of the overseas subsidiaries of Indian companies, sanctioned / renewed after December 31, 2015. Provision for standard assets is included under other liabilities.

Provisions made in excess of 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 have been 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.

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, the 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, substandard 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 0.30% on standard assets as stipulated by Circular No. DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014 issued by RBI under the head “Contingent Provision against Standard Assets”.

Loan origination costs:

Brokerage, commission, incentive to employee, etc. paid at the time of acquisition of loans are charged to revenue.

3 Securitisation and transfer of assets

HDFC Bank Limited

The Bank securitises out its receivables subject to the Minimum Holding Period (‘MHP’) criteria and the Minimum Retention Requirements (‘MRR’) of RBI, 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, not exceeding 20% of the total securitised instruments, in line with RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

The Bank also 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’), subject to the RBI prescribed MHP criteria and the MRR. 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.

Pursuant to these guidelines, the Bank amortises any profit received in cash for every individual securitisation or direct assignment transaction. This amortisation is calculated as the maximum of either of the three parameters stated below:

- the losses incurred on the portfolio, including marked to market losses in case of securitisation transactions, specific provisions, if any, and direct write-offs made on the MRR and any other exposures to the securitisation transaction (other than credit enhancing interest only strip); or
- the amount of unamortised cash profit at the beginning of the year multiplied by the amount of principal amortised during the year as a proportion to the amount of unamortised principal at the beginning of the year; or
- the amount of unamortised cash profit at the beginning of the year divided by residual maturity of the securitisation or the direct assignment transaction.

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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.

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. If the sale is for a value higher than the net book value, the excess provision is not reversed but is utilised to meet the shortfall / loss on account of sale of other non-performing advances. The RBI issued new guidelines on sale of non-performing advances on February 26, 2014. In accordance with these guidelines, if the sale of non-performing advances is at a price below the net book value, the shortfall is charged to the Statement of Profit and Loss spread over a period of two years. 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 based on Effective Interest Rate (EIR) method.

HDB Financial Services Limited

- Prior to Issuance of RBI Circular dated August 21, 2012
  - a) On receivables being assigned / secturised, 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. 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 Bank, pursuant to the Companies Act, 2013, has carried out a technical assessment of the useful life of its assets taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use. 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, 2016

For the following categories of assets, the Company has assessed useful life based on technical advice, taking into account the nature of the asset, the estimates usage of asset, the operating condition of asset, anticipated technological changes and utility in the business, as below:

Asset	Estimated useful life
Vehicles	4 years
Network & servers	4 years

- All tangible and intangible assets costing less than ₹ 5,000 individually are fully depreciated in the year of purchase.
- Useful lives are reviewed at each financial year end and adjusted if appropriate.
- 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. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. 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	5 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 of 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.

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 where it is recognised upon realisation as per RBI norms.
- 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, except in cases where the Bank is uncertain of ultimate collection.

HDFC Securities Limited

- Income from services rendered as a brokerage is recognised upon rendering of the services.
- Commissions are recorded on a trade date basis as the securities transaction occurs.
- 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, 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 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 The Institute of Actuaries of India (IAI) and provision towards this liability is made.

The overseas branches of the Bank makes 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 profit sharing plans 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 reported as expenses during the period in which the employees perform the services that the payment covers.

Defined-benefit plans

Expenses for defined-benefit gratuity plan are calculated as at the Balance Sheet date by an independent actuary in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. The fair values of the plan assets are deducted in determining the net liability. When the fair value of plan assets exceeds the commitments computed as aforesaid, the recognised asset is limited to the net total of any cumulative past service costs and the present value of any economic benefits available in the form of reductions in future contributions to the plan. Actuarial losses or gains are recognised in the 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.

Where there are restrictions on availment of such accrued benefit or where the availment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

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 or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to fund administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The defined benefit plan are valued by an independent external actuary as at the Balance Sheet date using the projected unit credit method to determine the present value of defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the 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 (currently 12% of employee's basic salary) to the Pension Scheme administered by the Regional Provident Fund Commissioner (RPFC) and the Company has no liability for future provident fund benefits other than its annual contribution. Since it is a defined contribution plan, the contributions are accounted for on an accrual basis and recognised in the 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 Insititute 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 said 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 for selling to its wholesale and retail customers. The imports are typically on a back-to-back basis and are priced to the customer based on an estimated price quoted by the supplier. The Bank earns a fee on such wholesale bullion transactions. The fee is classified under commission income.

The Bank also sells bullion to its retail customers. The difference between the sale price to customers and actual price paid to the supplier is recorded 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.

For the year ended March 31, 2016

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 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.

SCHEDULE 18 - Notes forming part of the consolidated financial statements for the year ended March 31, 2016

Amounts in notes forming part of the financial statements for the year ended March 31, 2016 are denominated in rupee crore to conform to extant RBI guidelines.

1 Change in classification

Pursuant to RBI circular dated July 16, 2015, deposits placed with NABARD, SIDBI and NHB aggregating to ₹ 13,719.68 crore (previous year: ₹ 14,818.19 crore), arising out of the shortfall in meeting the priority sector lending targets / sub-targets, have been included under 'Other Assets' and interest thereon aggregating to ₹ 861.15 crore (previous year: ₹ 847.12 crore) under 'Interest Earned - Others'. Hitherto, these were included under 'Investments' and 'Interest Earned - Income on Investments' respectively. Figures for the previous year have been regrouped / reclassified to conform to current year's classification. The above change in classification has no impact on the profit of the Bank for the years ended March 31, 2016 and March 31, 2015.

2 Capital Infusion

During the year ended March 31, 2016, the Bank allotted 2,16,91,200 equity shares (previous year: 2,27,00,740 equity shares) aggregating to face value ₹ 4.34 crore (previous year: ₹ 4.54 crore) in respect of stock options exercised. Accordingly, share capital increased by ₹ 4.34 crore (previous year: ₹ 4.54 crore) and share premium increased by ₹ 1,218.56 crore (previous year: ₹ 990.88 crore).

Pursuant to the shareholder and regulatory approvals, the Bank on February 10, 2015, concluded a Qualified Institutions Placement (QIP) of 1,87,44,142 equity shares at a price of ₹ 1,067 per equity share aggregating ₹ 2,000 crore and an American Depository Receipt (ADR) offering of 2,20,00,000 ADRs (representing 6,60,00,000 equity shares) at a price of USD 57.76 per ADR, aggregating USD 1,271 million. Pursuant to these issuances, the Bank allotted 8,47,44,142 additional equity shares. Accordingly, share capital increased by ₹ 16.95 crore and share premium increased by ₹ 9,705.84 crore, net of share issue expenses of ₹ 151.03 crore.

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

Particulars	March 31, 2016	March 31, 2015
Opening balance	501.30	479.81
Addition pursuant to QIP/ADR offering	-	16.95
Addition pursuant to stock options exercised	4.34	4.54
Closing balance	505.64	501.30

3 Earnings per equity share

Basic and diluted earnings per equity share have been calculated based on the consolidated profit attributable to the Group of ₹ 12,801.33 crore (previous year: ₹ 10,688.89 crore) and the weighted average number of equity shares outstanding during the year of 2,51,74,29,120 (previous year: 2,42,37,77,245).

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

Particulars	For the year ended (₹)	
	March 31, 2016	March 31, 2015
Nominal value per share	2.00	2.00
Basic earnings per share	50.85	44.10
Effect of potential equity shares (per share)	(0.61)	(0.50)
Diluted earnings per share	50.24	43.60

Basic earnings per equity share have been computed by dividing net profit for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have 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 year ended	
	March 31, 2016	March 31, 2015
Weighted average number of equity shares used in computing basic earnings per equity share	2,51,74,29,120	2,42,37,77,245
Effect of potential equity shares outstanding	3,04,43,320	2,77,45,406
Weighted average number of equity shares used in computing diluted earnings per equity share	2,54,78,72,440	2,45,15,22,651

4 Reserves and Surplus

Drawdown from reserves

Share Premium

The Bank has not undertaken any drawdown from reserves during the years ended March 31, 2016 and March 31, 2015, except towards share issue expenses of ₹ 151.03 crore incurred for the equity raised through the Qualified Institutions Placement (QIP) and American Depository Receipt (ADR) routes during the year ended March 31, 2015, which have been adjusted in that year against the share premium account in terms of Section 52 of the Companies Act, 2013.

Statutory Reserve

The Group has made an appropriation of ₹ 3,180.93 crore (previous year: ₹ 2,623.87 crore) out of profits for the year ended March 31, 2016 to 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, 2016, the Bank appropriated ₹ 222.15 crore (previous year: ₹ 224.92 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 Profit and Loss Account to Capital Reserve Account.

General Reserve

The Group has made an appropriation of ₹ 1,229.62 crore (previous year: ₹ 1,038.59 crore) out of profits for the year ended March 31, 2016 to General Reserve pursuant to provisions of the Companies Act, 2013.

Investment Reserve Account

During the year ended March 31, 2016, the Bank has transferred ₹ 8.52 crore (net) from Investment Reserve Account to Profit and Loss Account and in the previous year the Bank appropriated ₹ 27.54 crore (net) from Profit and Loss Account to 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, 2016, if approved at the ensuing Annual General Meeting.

6 Accounting for employee share based payments

HDFC Bank Limited

The shareholders of the Bank approved grant of equity share options under Plan “C” in June 2005, Plan “D” in June 2007, Plan “E” in June 2010 and Plan “F” in June 2013. Under the terms of each of these Plans, the Bank may issue Equity Stock Options (‘ESOPs’) to employees and Whole Time Directors of the Bank, 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 grant. 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 and F provide for the issuance of options at the recommendation of the Nomination & Remuneration Committee at the closing price on the working day immediately preceding the date when options are granted. The price being the closing price of the share on an Indian stock exchange with the highest trading volume as of the working day preceding the date of grant.

Vesting conditions applicable to the options are at the discretion of the Nomination & Remuneration Committee. These options are exercisable on vesting, for a period as set forth by the Nomination & Remuneration Committee at the time of grant. The period in which options may be exercised cannot exceed five years. During the years ended March 31, 2016 and March 31, 2015, no modifications were made to the terms and conditions of ESOPs as approved by the Nomination & Remuneration Committee.

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, 2016:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	10,90,33,000	683.16
Granted during the year	4,48,36,200	1,092.65
Exercised during the year	2,16,91,200	563.78
Forfeited / Lapsed during the year	35,23,700	895.09
Options outstanding, end of year	12,86,54,300	840.19
Options exercisable	4,96,81,000	661.84

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2015:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	9,24,76,600	556.06
Granted during the year	4,16,59,000	835.50
Exercised during the year	2,27,00,740	438.50
Forfeited / Lapsed during the year	24,01,860	744.09
Options outstanding, end of year	10,90,33,000	683.16
Options exercisable	4,18,71,400	537.99

- Following table summarises the information about stock options outstanding as at March 31, 2016:

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	57,40,800	3.34	693.00
Plan D	680.00	51,33,900	3.32	680.00
Plan E	440.16 to 680.00	3,78,50,200	2.49	598.71
Plan F	835.50 to 1,097.80	7,99,29,400	4.80	975.41

- Following table summarises the information about stock options outstanding as at March 31, 2015:

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	67,78,000	4.32	692.50
Plan D	680.00	64,02,300	4.26	680.00
Plan E	440.16 to 680.00	5,59,39,700	3.05	573.70
Plan F	835.50	3,99,13,000	5.22	835.50

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 binomial option-pricing model. The Bank estimates the volatility based on the historical share prices. 4,48,36,200 options were granted during the year ended March 31, 2016 (previous year: 4,16,59,000). The various assumptions considered in the pricing model for the ESOPs granted during the years ended March 31, 2016 and March 31, 2015 were:

Particulars	March 31, 2016	March 31, 2015
Dividend yield	0.73%	0.82%
Expected volatility	23.29% to 26.46%	24.30% to 32.00%
Risk - free interest rate	7.71% to 8.07%	8.42 % to 8.63 %
Expected life of the options	1 to 7 years	1 to 7 years

Impact of fair value method on 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 and earnings per share would have been as per the *proforma* amounts indicated below:

(₹ crore)

Particulars	March 31, 2016	March 31, 2015
Net profit (as reported)	12,296.23	10,215.92
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock based compensation expense determined under fair value based method *(proforma)*	1,265.93	944.47
Net profit *(proforma)*	11,030.30	9,271.45
	(₹)	(₹)
Basic earnings per share (as reported)	48.84	42.15
Basic earnings per share *(proforma)*	43.82	38.25
Diluted earnings per share (as reported)	48.26	41.67
Diluted earnings per share *(proforma)*	43.29	37.82

HDFC Securities Limited

The Shareholders of the Company approved a stock option scheme (viz. ESOS-001) in February 2010 ("Company Options"). Under the terms of the scheme, the Company issues stock options to employees, whole time director, managing director and directors of the Company, each of which is convertible into one equity share.

Scheme ESOS-001 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 ₹ 135/- per share, being the fair market value of the share arrived by a category 1 merchant banker.

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, subject to a maximum of two years from the date of vesting.

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 Employees Stock Options Plan as at March 31, 2016:

Particulars	Company options	Weighted average exercise price (₹)
Options outstanding, beginning of year	-	-
Granted during the year	-	-
Exercised during the year	-	-
Forfeited / Lapsed during the year	-	-
Options outstanding, end of year	-	-
Options exercisable	-	-

There were no stock options outstanding as at March 31, 2016 as well as at March 31, 2015.

- Activity in the options outstanding under the Employees Stock Options Plan as at March 31, 2015:

Particulars	Company options	Weighted average exercise price (₹)
Options outstanding, beginning of year	8,700	135.00
Granted during the year	-	-
Exercised during the year	8,000	135.00
Forfeited / Lapsed during the year	700	135.00
Options outstanding, end of year	-	-
Options exercisable	-	-

Impact of fair value method on net profit and EPS

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:

Particulars	March 31, 2016	March 31, 2015
Net Profit (as reported)	133.34	164.97
Add: Stock-based employee compensation expense included in net income	-	-
(Less) / Add: Stock-based compensation expense determined under fair value based method *(proforma)*	-	-
Net Profit *(proforma)*	133.34	164.97
	(₹)	(₹)
Basic and diluted earnings per share (as reported)	86.16	106.60
Basic and diluted earnings per share *(proforma)*	86.16	106.60

HDB Financial Services Limited

In accordance with resolution approved by the shareholders, the Company has reserved shares, for issue to employees through ESOP Scheme. On the approval of Nomination and Remuneration Committee (NRC), each ESOP scheme is issued. The NRC has approved stock option schemes ESOS-4 in October, 2010 and ESOS-5 on July 27, 2011 and ESOS-6 on June 11, 2012, ESOS-7 on July 19, 2013 and ESOS-8 on July 14, 2015. 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.

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 Employee Stock Option Plan as at March 31, 2016:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	14,37,250	50.62
Granted during the year	44,13,000	88.00
Exercised during the year	7,02,550	48.25
Forfeited / Lapsed during the year	3,04,750	76.22
Options outstanding, end of year	48,42,950	88.41

- Activity in the options outstanding under the Employee Stock Option Plan as at March 31, 2015:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	21,51,700	49.17
Granted during the year	-	-
Exercised during the year	5,65,800	46.42
Forfeited / Lapsed during the year	1,48,650	45.54
Options outstanding, end of year	14,37,250	50.62

- Following table summarises the information about stock options outstanding as at March 31, 2016:

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 - 5	25.00	4,000	0.50	25.00
ESOS - 6	31.00	70,650	1.30	31.00
ESOS - 7	56.00	5,60,300	1.35	56.00
ESOS - 8	88.00	42,08,000	1.40	88.00

- Following table summarises the information about stock options outstanding as at March 31, 2015:

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 - 4	17.50	6,400	0.50	17.50
ESOS - 5	25.00	7,000	1.07	25.00
ESOS - 6	31.00	2,90,650	2.16	31.00
ESOS - 7	56.00	11,33,200	2.28	56.00

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 the Company's 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, 2016 are:

Particulars	March 31, 2016	March 31, 2015
Dividend yield	0.80%	Nil
Expected volatility	Nil	Nil
Risk-free interest rate	7.70%	Nil
Expected life of the option	2.21 years	Nil

Impact of fair value method on net profit and EPS

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, 2016	March 31, 2015
Net Profit (as reported)	534.41	349.45
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	4.87	1.45
Net Profit *(proforma)*	529.54	348.00
	(₹)	(₹)
Basic earnings per share (as reported)	7.64	6.63
Basic earnings per share *(proforma)*	7.57	6.60
Diluted earnings per share (as reported)	7.64	6.63
Diluted earnings per share *(proforma)*	7.57	6.60

Group

Impact of fair value method on net profit and EPS 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, 2016	March 31, 2015
Net Profit (as reported)	12,801.33	10,688.89
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	1,270.80	945.92
Net Profit *(proforma)*	11,530.53	9,742.97
	(₹)	(₹)
Basic earnings per share (as reported)	50.85	44.10
Basic earnings per share *(proforma)*	45.80	40.20
Diluted earnings per share (as reported)	50.24	43.60
Diluted earnings per share *(proforma)*	45.26	39.74

7 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 on March 31, 2016 include unrealised loss on foreign exchange and derivative contracts of ₹ 7,524.88 crore (previous year: ₹ 6,914.10 crore).
- Other Liabilities include deferred tax liability (net) of ₹ 0.45 crore as on March 31, 2015 relating to HDFC Securities Limited. The breakup of the same is as follows:

(₹ crore)

Particulars	March 31, 2015
Deferred tax asset arising out of:	
Employee Benefits	1.04
Others	0.17
Total (a)	**1.21**
Deferred tax liability arising out of:	
Depreciation	(1.66)
Total (b)	**(1.66)**
Deferred tax (liability) / asset, net	**(0.45)**

8 Investments

- Investments include securities of Face Value (FV) aggregating ₹ 1,520.00 crore (previous year: FV ₹ 1,563.00 crore) which are kept as margin for clearing of securities, of FV ₹ 13,729.30 crore (previous year: FV ₹ 16,249.30 crore) which are kept as margin for Collateralised Borrowing and Lending Obligation (CBLO) and of FV aggregating ₹ 56.00 crore (previous year: FV ₹ 63.25 crore) which are kept as margin for Forex Forward segment - Default Fund with the Clearing Corporation of India Ltd.
- Investments include securities of FV aggregating ₹ 16.00 crore (previous year: FV ₹ 16.00 crore) which are kept as margin with National Securities Clearing Corporation of India Ltd. ('NSCCIL'), of FV aggregating ₹ 13.00 crore (previous year: FV ₹ 13.00 crore) which are kept as margin with MCX - SX Clearing Corporation Ltd., and of FV aggregating ₹ 1.00 crore (previous year: ₹ 2.00 crore) which are kept as margin with Indian Clearing Corporation Limited in the BSE currency derivatives segment.
- Investments having FV aggregating ₹ 35,937.22 crore (previous year: FV ₹ 34,127.16 crore) are kept as margin towards Real Time Gross Settlement (RTGS) and those having FV aggregating ₹ 13,091.46 crore (previous year: ₹ 19,077.83 crore) are kept as margin towards repo transactions with the RBI.

9 Other fixed assets

Other fixed assets includes amount capitalised relating to software, Bombay Stock Exchange card and electronic trading platform. Summary regarding the same is tabulated below: **(₹ crore)**

Particulars	March 31, 2016	March 31, 2015
Cost		
As at March 31 of the previous year	1,609.52	1,311.52
Additions during the year	165.31	298.06
Deductions during the year	(0.01)	(0.06)
Total (a)	**1,774.82**	**1,609.52**
Depreciation		
As at March 31 of the previous year	1,049.45	881.25
Charge for the year	199.27	168.26
On deductions during the year	(0.01)	(0.06)
Total (b)	**1,248.71**	**1,049.45**
Net value (a-b)	**526.11**	**560.07**

10 Other assets

- Other assets include deferred tax asset (net) of ₹ 2,227.23 crore (previous year: ₹ 2,031.98 crore). Deferred tax asset (net) also includes deferred tax asset (net) of ₹ 0.13 crore (previous year: Nil) relating to HDFC Securities Limited. The break-up of the same is as follows: **(₹ crore)**

Particulars	March 31, 2016	March 31, 2015
Deferred tax asset arising out of:		
Loan loss provisions	1,856.51	1,679.06
Employee benefits	150.77	115.18
Others	314.47	310.09
Total (a)	**2,321.75**	**2,104.33**
Deferred tax liability arising out of:		
Depreciation	(94.52)	(72.35)
Total (b)	**(94.52)**	**(72.35)**
Deferred tax asset (net) (a-b)	**2,227.23**	**2,031.98**

11 Provisions, contingent liabilities and contingent assets

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, 2016	March 31, 2015
Opening provision for reward points	200.07	150.91
Provision for reward points made during the year	179.50	112.92
Utilisation / write back of provision for reward points	(73.21)	(63.76)
Closing provision for reward points	306.36	200.07

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

Particulars	March 31, 2016	March 31, 2015
Opening provision	354.91	352.61
Movement during the year (net)	(10.35)	2.30
Closing provision	344.56	354.91

c) Description of contingent liabilities

Sr. No.	Contingent liability*	Brief description
1	Claims against the Group not acknowledged as debts-taxation	The Group is a party to various taxation matters in respect of which appeals are pending. The Group expects the outcome of the appeals to be favorable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and the provisions of Income Tax Act, 1961.
2	Claims against the Group not acknowledged as debts-others	The Group is a party to various legal proceedings in the normal course of business. The Group does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, results of operations or cash flows.
3	Liability on account of forward exchange and derivative contracts	The 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.

**Also refer Schedule 12 - Contingent Liabilities*

12 Commission, exchange and brokerage income

Commission, exchange and brokerage income is net of correspondent bank charges.

13 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, 2016	March 31, 2015
Provision for income tax	- Current	6,889.36	5,492.37
	- Deferred	(195.70)	(112.97)
Provision for wealth tax		-	0.77
Provision for NPAs		2,344.37	1,868.20
Provision for diminution in value of non-performing investments		14.65	(3.82)
Provision for standard assets		464.89	310.35
Other provisions and contingencies*		136.86	91.25
	Total	**9,654.43**	**7,646.15**

**Includes provisions for tax, legal and other contingencies ₹ 37.33 crore (previous year: ₹ 36.52 crore), floating provisions ₹ 115.00 crore (previous year: ₹ 32.20 crore), provisions / (write back) for securitised-out assets ₹ (2.85) crore (previous year: ₹ 4.60 crore) and standard restructured assets ₹ (12.62) crore (previous year: ₹17.93 crore).*

14 Employee benefits

Gratuity **(₹ crore)**

Particulars	March 31, 2016	March 31, 2015
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	318.37	242.71
Interest cost	22.98	18.68
Current service cost	56.53	52.21
Benefits paid	(24.88)	(16.31)
Actuarial (gain) / loss on obligation:		
Experience adjustment	16.27	4.84
Assumption change	12.66	16.24
Present value of obligation as at March 31	**401.93**	**318.37**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	248.13	176.20
Expected return on plan assets	21.72	16.97
Contributions	64.10	50.00
Benefits paid	(24.88)	(16.31)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	(13.61)	21.27
Assumption change	-	-
Fair value of plan assets as at March 31	**295.46**	**248.13**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	295.46	248.13

Particulars	March 31, 2016	March 31, 2015
Present value of obligation as at March 31	(401.93)	(318.37)
Asset / (liability) as at March 31	**(106.47)**	**(70.24)**
Expenses recognised in Statement of Profit and Loss		
Interest cost	22.98	18.68
Current service cost	56.53	52.21
Expected return on plan assets	(21.72)	(16.59)
Net actuarial (gain) / loss recognised in the year	42.54	(0.20)
Net Cost	**100.33**	**54.10**
Actual return on plan assets	8.11	38.25
Estimated contribution for the next year	53.08	66.17
Assumptions (HDFC Bank Limited)		
Discount rate	7.5% per annum	7.9% per annum
Expected return on plan assets	8.0% per annum	8.0% per annum
Salary escalation rate	8.0% per annum	8.0% per annum
Assumptions (HDFC Securities Limited)		
Discount rate	7.6% per annum	8.0% per annum
Expected return on plan assets	7.6% per annum	8.0% per annum
Salary escalation rate	9.0% per annum	7.0% per annum
Assumptions (HDB Financial Services Limited)		
Discount rate	7.8% per annum	7.8% per annum
Expected return on plan assets	8.0% per annum	8.0% per annum
Salary escalation rate	6.0% per annum	5.0% per annum

Experience adjustment **(₹ crore)**

Particulars	Years ended March 31,				
	2016	2015	2014	2013	2012
Plan assets	295.46	248.13	176.20	132.60	93.32
Defined benefit obligation	401.93	318.37	242.71	209.82	168.60
Surplus / (deficit)	(106.47)	(70.24)	(66.51)	(77.22)	(75.28)
Experience adjustment gain / (loss) on plan assets	(13.61)	21.27	1.82	2.00	(0.95)
Experience adjustment (gain) / loss on plan liabilities	16.27	4.84	6.30	2.61	1.22

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 of March 31, 2016 are given below:

Category of plan assets	HDFC Bank Limited	HDFC Securities Limited	HDB Financial Services Limited
Government securities	33.3%	54.0%	52.0%
Debenture and bonds	23.1%	31.0%	39.6%
Equity shares	37.2%	9.0%	-
Others	6.4%	6.0%	8.4%
Total	**100.0%**	**100.0%**	**100.0%**

Pension (₹ crore)

Particulars	March 31, 2016	March 31, 2015
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	57.45	58.89
Interest cost	3.92	4.37
Current service cost	1.12	1.02
Benefits paid	(10.18)	(7.94)
Actuarial (gain) / loss on obligation:		
Experience adjustment	17.35	(0.19)
Assumption change	1.22	1.30
Present value of obligation as at March 31	**70.88**	**57.45**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	41.91	47.99
Expected return on plan assets	3.21	3.60
Contributions	2.01	0.64
Benefits paid	(10.18)	(7.94)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	1.43	(2.38)
Assumption change	-	-
Fair value of plan assets as at March 31	**38.38**	**41.91**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	38.38	41.91
Present value of obligation as at March 31	(70.88)	(57.45)
Asset / (liability) as at March 31	**(32.50)**	**(15.54)**
Expenses recognised in Statement of Profit and Loss		
Interest cost	3.92	4.37
Current service cost	1.12	1.02
Expected return on plan assets	(3.21)	(3.60)
Net actuarial (gain) / loss recognised in the year	17.14	3.48
Net cost	**18.97**	**5.27**
Actual return on plan assets	4.64	1.22
Estimated contribution for the next year	14.00	15.70
Assumptions		
Discount rate	7.5% per annum	7.9% per annum
Expected return on plan assets	8.0% per annum	8.0% per annum
Salary escalation rate	8.0% per annum	8.0% per annum

Experience adjustment **(₹ crore)**

Particulars	Years ended March 31,				
	2016	2015	2014	2013	2012
Plan assets	38.38	41.91	47.99	48.88	51.14
Defined benefit obligation	70.88	57.45	58.89	58.19	56.85
Surplus / (deficit)	(32.50)	(15.54)	(10.90)	(9.31)	(5.71)
Experience adjustment gain / (loss) on plan assets	1.43	(2.38)	3.45	(1.58)	(1.29)
Experience adjustment (gain) / loss on plan liabilities	17.35	(0.19)	3.62	6.12	1.36

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, 2016 are given below:

Category of plan assets	% of fair value to total plan assets
Government securities	6.6%
Debenture and bonds	83.3%
Others	10.1%
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 on March 31, 2016 (previous year: ₹ 0.52 crore) towards the present value of the guaranteed interest benefit obligation. The actuary has followed deterministic approach as prescribed by the guidance note.

Assumptions:

Particulars	March 31, 2016	March 31, 2015
Discount rate (GOI security yield)	7.5% per annum	7.9% per annum
Expected guaranteed interest rate	9.0% per annum	9.0% per annum

The Bank does not have any unfunded defined benefit plan. The Group contributed ₹ 206.93 crore (previous year: ₹ 172.49 crore) to the provident fund. The Bank contributed ₹ 56.54 crore (previous year: ₹ 53.68 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 as of March 31, 2016 is given below: **(₹ crore)**

Particulars	March 31, 2016	March 31, 2015
Privileged leave	227.40	189.68
Sick leave	47.88	38.66
Total actuarial liability	**275.28**	**228.34**
Assumptions (HDFC Bank Limited)		
Discount rate	7.5% per annum	7.9% per annum
Salary escalation rate	8.0% per annum	8.0% per annum
Assumptions (HDFC Securities Limited)		
Discount rate	7.6% per annum	8.0% per annum
Salary escalation rate	9.0% per annum	7.0% per annum
Assumptions (HDB Financial Services Limited)		
Discount rate	7.8% per annum	7.8% per annum
Salary escalation rate	6.0% per annum	5.0% per annum

15 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 investments 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, 2016 is given below:

Business segments: (₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	18,264.88	59,252.34	27,162.39	10,954.46	115,634.07
2	Unallocated revenue					0.01
3	Less: Inter-segment revenue					41,260.86
4	Income from operations (1) + (2) - (3)					74,373.22
5	Segment results	1,489.21	7,522.30	8,219.93	3,705.31	20,936.75
6	Unallocated expenses					1,425.76
7	Income tax expense (including deferred tax)					6,693.66
8	Net profit (5) - (6) - (7) (net profit before minority interest and earnings from associates)					12,817.33
9	Segment assets	203,381.47	252,690.65	226,242.65	43,049.31	725,364.08
10	Unallocated assets					4,897.74
11	Total assets (9) + (10)					730,261.82
12	Segment liabilities	45,389.87	448,313.40	120,425.52	22,085.58	636,214.37
13	Unallocated liabilities					19,562.70
14	Total liabilities (12) + (13)					655,777.07
15	Capital employed (9) - (12) (Segment Assets - Segment Liabilities)	157,991.60	(195,622.75)	105,817.13	20,963.73	89,149.71
16	Unallocated (10) - (13)					(14,664.96)
17	Total (15) + (16)					74,484.75
18	Capital expenditure	5.09	729.46	134.59	135.72	1,004.86
19	Depreciation	6.16	540.47	101.67	89.73	738.03

Geographic segments: (₹ crore)

Particulars	Domestic	International
Revenue	73,216.82	1,156.40
Assets	694,304.94	35,956.88
Capital expenditure	1,003.97	0.89

Segment reporting for the year ended March 31, 2015 is given below:

Business segments: **(₹ crore)**

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	12,903.89	48,814.18	23,152.60	8,946.94	93,817.61
2	Unallocated revenue					8.63
3	Less: Inter-segment revenue					33,614.06
4	Income from operations (1) + (2) - (3)					60,212.18
5	Segment results	618.30	6,228.83	7,471.83	3,237.61	17,556.57
6	Unallocated expenses					1,477.12
7	Income tax expense (including deferred tax)					5,379.40
8	Net profit (5) - (6) - (7) (net profit before minority interest and earnings from associates)					10,700.05
9	Segment assets	190,609.16	197,144.15	181,325.74	33,588.91	602,667.96
10	Unallocated assets					4,428.56
11	Total assets (9) + (10)					607,096.52
12	Segment liabilities	36,352.78	371,355.13	98,250.45	16,825.11	522,783.47
13	Unallocated liabilities					20,997.36
14	Total liabilities (12) + (13)					543,780.83
15	Capital employed (9) - (12)	154,256.38	(174,210.98)	83,075.29	16,763.80	79,884.49
	(Segment Assets - Segment Liabilities)					
16	Unallocated (10) - (13)					(16,568.80)
17	Total (15) + (16)					63,315.69
18	Capital expenditure	6.02	587.72	214.09	93.46	901.29
19	Depreciation	5.91	521.71	79.44	73.39	680.45

Geographic segments: **(₹ crore)**

Particulars	Domestic	International
Revenue	59,239.01	973.17
Assets	575,346.47	31,750.05
Capital expenditure	899.05	2.24

16 Related party disclosures

As per AS-18 on Related Party Disclosures, the Group's related parties are disclosed below:

Promoter

Housing Development Finance Corporation Limited

Associates

Atlas Documentary Facilitators Company Private Limited

HBL Global Private Limited

International Asset Reconstruction Company Private Limited

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, 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, 2016 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of all related party transactions in that category:

- Interest paid: Housing Development Finance Corporation Limited ₹ 7.25 crore (previous year: ₹ 7.60 crore); Atlas Documentary Facilitators Company Private Limited ₹ 3.84 crore (previous year: ₹ 4.25 crore).
- Interest received: International Asset Reconstruction Company Private Limited ₹ 2.27 crore (previous year: ₹ 4.53 crore).
- Rendering of services: Housing Development Finance Corporation Limited ₹ 178.83 crore (previous year: ₹ 144.37 crore).
- Receiving of services: HBL Global Private Limited ₹ 702.20 crore (previous year: ₹ 589.50 crore); Atlas Documentary Facilitators Company Private Limited ₹ 471.44 crore (previous year: ₹ 449.50 crore); Housing Development Finance Corporation Limited ₹ 247.21 crore (previous year: ₹ 139.83 crore).
- Dividend paid: Housing Development Finance Corporation Limited ₹ 314.57 crore (previous year: ₹ 269.35 crore).

For the year ended March 31, 2016

The Group's related party balances and transactions for the year ended March 31, 2016 are summarised as follows:

(₹ crore)

Items / related party	Promoter	Associates	Key management personnel	Total
Deposits taken	4,405.56 (4,405.56)	100.02 (100.02)	10.12 (11.50)	4,515.70 (4,517.08)
Deposits placed	0.15 (0.15)	0.10 (7.10)	2.51 (2.51)	2.76 (9.76)
Advances given	- -	0.22 (36.95)	0.95 (0.99)	1.17 (37.94)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-
Interest paid to	7.25	3.89	0.84	11.98
Interest received from	-	2.27	0.02	2.29
Income from services rendered to	178.83	6.07	-	184.90
Expenses for receiving services from	247.21	1,173.64	0.76	1,421.61
Equity investments	- -	31.19 (31.19)	- -	31.19 (31.19)
Dividend paid to	314.57	-	3.37	317.94
Dividend received from	-	0.01	-	0.01
Receivable from	16.30 (28.42)	- (0.38)	- -	16.30 (28.80)
Payable to	26.93 (26.93)	39.85 (102.70)	- -	66.78 (129.63)
Guarantees given	0.14 (0.14)	- -	- -	0.14 (0.14)
Remuneration paid	-	-	18.34	18.34
Loans purchased from	12,773.37	-	-	12,773.37

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 on March 31, 2016 is ₹ 491.21

crore (previous year: ₹ 100.00 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms is ₹ 18.90 crore (previous year: ₹ 2.80 crore).

During the year ended March 31, 2016, the Bank purchased debt securities from Housing Development Finance Corporation Limited ₹ 1,415.00 crore (previous year: Nil) issued by it.

During the year ended March 31, 2016, the Bank paid rent of ₹ 0.66 crore (previous year: ₹ 0.66 crore) to parties related to the Bank's key management personnel in relation to residential accommodation. As at March 31, 2016, 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, 2015 are summarised as follows: **(₹ crore)**

Items / related party	Promoter	Associates	Key management personnel	Total
Deposits taken	2,203.45 (2,203.45)	113.06 (113.06)	12.68 (12.68)	2,329.19 (2,329.19)
Deposits placed	0.15 (0.15)	13.35 (33.45)	2.51 (2.51)	16.01 (36.11)
Advances given	- -	25.67 (46.55)	0.95 (0.95)	26.62 (47.50)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-
Interest paid to	7.60	4.27	0.99	12.86
Interest received from	-	4.53	0.02	4.55
Income from services rendered to	144.37	12.25	-	156.62
Expenses for receiving services from	139.83	1,039.00	0.71	1,179.54
Equity investments	- -	31.19 (31.19)	- -	31.19 (31.19)
Dividend paid to	269.35	-	2.95	272.30
Dividend received from	-	0.01	-	0.01
Receivable from	14.89 (14.89)	- (1.30)	- -	14.89 (16.19)
Payable to	19.25 (19.25)	5.99 (92.45)	- (0.03)	25.24 (111.73)
Guarantees given	0.11 (0.11)	- -	- -	0.11 (0.11)
Remuneration paid	-	-	15.10	15.10
Loans purchased from	8,249.21	-	-	8,249.21

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.

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We understand your world

17 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, 2016**	**March 31, 2015**
Not later than one year	925.82	807.72
Later than one year and not later than five years	2,947.21	2,676.05
Later than five years	2,564.32	2,023.02
Total	**6,437.35**	**5,506.79**
The total of minimum lease payments recognised in the Statement of Profit and Loss for the year	1,038.00	889.93
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	37.13	38.07
Sub-lease amounts recognised in the Statement of Profit and Loss for the year	10.67	16.02
Contingent (usage based) lease payments recognised in the Statement of Profit and Loss for the year	180.53	169.44

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.

18 Penalties levied by the RBI

During the year ended March 31, 2016, RBI has not imposed any penalties on the Bank.

During the previous year ended March 31, 2015, RBI levied on the Bank a penalty of ₹ 0.05 crore on the grounds that the Bank failed to exchange information about the conduct of a corporate borrower’s account with other banks at intervals as prescribed in the RBI guidelines on ‘Lending under Consortium Arrangement / Multiple Banking Arrangements’ and the same was paid by the Bank.

19 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.

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, 2016 was ₹ 0.02 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, 2016 was Nil (previous year: Nil).

20 Corporate social responsibility

Operating expenses include ₹ 197.10 crore (previous year: ₹ 119.02 crore) for the year ended March 31, 2016 towards Corporate Social Responsibility (CSR), in accordance with the Companies Act, 2013.

The details of amount spent during the respective years towards CSR are as under: (₹ crore)

Sr. No.	Particulars	March 31, 2016			March 31, 2015		
		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	188.75	8.35	197.10	112.01	7.01	119.02

21 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 the items which are not material have not been disclosed in the Consolidated Financial Statements.

22 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

Anami Roy
Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Renu Karnad
Umesh Sarangi
Directors

Mumbai, April 22, 2016

Statement pursuant to Section 129 of the Companies Act, 2013

Form AOC - 1: Pursuant to the first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statements of subsidiaries, associate companies and joint ventures

Part A: Subsidiaries

(₹ crore)

Sr. No.	Name of the subsidiary	HDFC Securities Limited	HDB Financial Services Limited
1.	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, 2015 to March 31, 2016	Reporting period of the subsidiary is the same as that of the holding company i.e. April 1, 2015 to March 31, 2016
2.	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
3.	Share capital	15.48	700.17
4.	Reserves & surplus	650.56	2,861.63
5.	Total assets	1,054.52	25,189.07
6.	Total liabilities	388.48	21,627.27
7.	Investments	149.79	348.42
8.	Turnover	401.60	3,302.02
9.	Profit before taxation	201.89	817.81
10.	Provision for taxation	68.55	283.40
11.	Profit after taxation	133.34	534.41
12.	Proposed dividend (including tax thereon)*	37.27	101.13
13.	% of shareholding	97.9%	97.1%

** Includes interim dividend on equity shares paid during the year.*

Notes:

1. There are no subsidiaries that are yet to commence operations.
2. No subsidiaries were liquidated or sold during the year.

Part B: Associate Companies and Joint Ventures

(₹ crore)

Sr. No.	Name of Associates / Joint Ventures	Atlas Documentary Facilitators Company Private Limited (ADFC)	International Asset Reconstruction Company Private Limited
1.	Latest audited Balance Sheet Date	March 31, 2016	March 31, 2015*
2.	Shares of Associate / Joint Ventures held by the company on the year end:		
	Number of shares	1,30,500	1,61,75,507
	Amount of investment in associates / joint venture	0.02	31.17
	Extent of holding %	29.0%	29.4%
3.	Description of how there is significant influence	Extent of equity holding in the associate company exceeds 20%	Extent of equity holding in the associate company exceeds 20%
4.	Reason why the associate / joint venture is not consolidated	Not applicable	Not applicable
5.	Net worth attributable to the Bank's shareholding	23.88**	36.72*
6.	Profit / Loss for the year:		
	i. Considered in consolidated financial statements	2.69**	1.04*
	ii. Not considered in consolidated financial statements	6.59**	3.55*

* *Unaudited financial statements drawn up to March 31, 2016 have been considered for the purpose of the Consolidated Financial Statements for the year ended March 31, 2016.*

***Includes proportionate share in HBL Global Private Limited, which is a subsidiary of ADFC.*

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.

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

Anami Roy
Bobby Parikh
Keki Mistry
Malay Patel
Partho Datta
Renu Karnad
Umesh Sarangi
Directors

Mumbai, April 22, 2016

HDFC BANK
We understand your world

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 Bank') for the year ended 31 March 2016, as stipulated in Clause 49 of the Listing Agreement executed by the Bank with the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE') for the period from 1st April 2015 to 30th November 2015; and as prescribed in regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) for the period from 1st December 2015 to 31st March 2016. We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / LODR.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For BNP Associates
Company Secretaries

Keyoor Bakshi
FCS 1844 / CP no. 2720

Place: Mumbai
Date: May 19, 2016

[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]

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 eleven (11) Directors as on March 31, 2016.

Composition of the Board of Directors of the Bank as on March 31, 2016:

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 Mrs. Renu Karnad

Independent Directors: Mrs. Shyamala Gopinath (Chairperson), Mr. Partho Datta, Mr. Bobby Parikh, Mr. A. N. Roy and Mr. Malay Patel

Mr. Umesh Chandra Sarangi has been appointed as an Additional Director of the Bank with effect from March 1, 2016, to hold office till the conclusion of the ensuing Annual General Meeting of the Bank.

Mr. Keki Mistry and Mrs. Renu Karnad represent Housing Development Finance Corporation Limited (HDFC Limited) on the Board of the Bank.

None of the Directors on the Board is a member of more than ten (10) Committees* and Chairman of more than five (5) Committees* across all the 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 is related to each other.

(Only Audit Committee and Stakeholders' Relationship Committee are considered for the purpose of this limit)*

Details of directorship, memberships and chairmanships of the committees of other companies for each Director of the Bank are as follows:

Name of Director	*Directorships on the Board of other companies **	*Chairmanships on the Board of other companies*	*Memberships of Committees of other companies **	*Chairmanships of Committees of other companies*
Mrs. Shyamala Gopinath	3	-	1	2
Mr. Partho Datta	3	-	1	1
Mr. Bobby Parikh	4	-	-	3
Mr. A. N. Roy	3	-	-	1
Mr. Malay Patel	-	-	-	-
Mr. Keki Mistry	8	1	5	3
Mrs. Renu Karnad	9	-	5	1
Mr. Aditya Puri	-	-	-	-
Mr. Paresh Sukthankar	-	-	-	-
Mr. Kaizad Bharucha	1	-	-	-
Mr. Umesh Chandra Sarangi $	-	-	-	-

* *Chairmanships not counted*

$ *Mr. Umesh Chandra Sarangi was appointed as an Additional Director w.e.f March 1, 2016.*

Note: For the purpose of considering the limit of the Directorships and limits of Committees on which the directors are members / Chairmanships, 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, Chairmanships/Memberships of only the Audit Committee and the Stakeholders' Relationship Committee have been considered.

PROFILE OF BOARD OF DIRECTORS

The profiles of the Directors of the Bank as on March 31, 2016 are as under:

Mrs. Shyamala Gopinath

Mrs. Shyamala Gopinath, aged 66 years, holds a Master's Degree in Commerce and is a CAIIB. Mrs. 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, Mrs. Gopinath had been guiding and influencing the national policies in the diverse areas of financial sector regulation and supervision, development of financial markets, capital account management, management of government borrowings, forex reserves management and payment and settlement systems.

During 2001-03, Mrs. Gopinath worked as senior financial sector expert in the then Monetary Affairs and Exchange Department of the International Monetary Fund (Financial Institutions Division). She was responsible for preparing the accompanying document to the Guidelines on Foreign Exchange Reserve Management detailing country practices. Mrs. Gopinath was a member of the FSAP (Financial Sector Assessment Program) missions to Tanzania, Nigeria, Hungary and Poland and the Foreign Exchange and Reserve Management team to Turkey and Kosovo.

Mrs. Gopinath was actively involved in managing India's balance of payments crisis in 1991, the fall out of the Asian and the Russian crisis, nuclear sanctions against India, Kargil war with Pakistan and the transmission of the recent financial crisis to Indian financial system and the markets.

Mrs. Gopinath does not hold any shares in the Bank as on March 31, 2016.

Mr. Aditya Puri

Mr. Aditya Puri, aged 65 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 40 years 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 named amongst the best 30 CEOs in the world in the Barron's list. 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 10 - second loans, PayZapp, Chillr, etc.

Mr. Puri, along with his relatives, holds 30,69,044 equity shares in the Bank as on March 31, 2016.

Mr. Keki Mistry

Mr. Keki Mistry, aged 61 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 Directors 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.

Mr. Mistry, along with his relatives, holds 2,96,130 equity shares in the Bank as on March 31, 2016.

Mrs. Renu Karnad

Mrs. Renu Karnad, aged 63 years, is a law graduate and also holds a Master's Degree in Economics from Delhi University. Mrs. Karnad is a Parvin Fellow-Woodrow Wilson School of International Affairs, Princeton University, U.S.A.

Mrs. Karnad joined HDFC Ltd in 1978. After spending two decades in various positions, Mrs. Karnad was inducted on to the Board as Executive Director in 2000 and was further elevated to the post of Managing Director with effect from January 1, 2010.

Over the years, Mrs. Karnad has to her credit, numerous awards and accolades. Known for her wit and diplomacy, Mrs. Karnad has always had a humane approach towards solving complex issues. Mrs. Karnad firmly believes that people are key to an organization's success, especially in the service domain and propagates self-belief as the strongest weapon in achieving excellence.

Mrs. Karnad, along with her relatives, holds 2,94,620 equity shares in the Bank as on March 31, 2016.

Mr. Partho Datta

Mr. Partho Datta, aged 67 years, is an Associate Member of the Institute of Chartered Accountants of India. Mr. Datta joined Indian Aluminum 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, 2016.

Mr. Bobby Parikh

Mr. Bobby Parikh, aged 52 years, holds a Bachelor's degree in Commerce from the Mumbai University and has qualified as a Chartered Accountant in 1987. Mr. Parikh is a Senior Partner with BMR & Associates LLP and leads its financial services practice. Prior to joining BMR & Associates LLP, Mr. Parikh was 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 7,375 equity shares in the Bank as on March 31, 2016.

Mr. A. N. Roy

Mr. A. N. Roy, aged 66 years, is an M. A., M. Phil and is a distinguished retired civil servant. During his long career of 38 years in the Indian Police Service (IPS), Mr. Roy held with great distinction a range of assignments, including some of the most prestigious, challenging and sensitive ones, both in the state of Maharashtra and Government of India, including Commissioner of Police, Mumbai and DGP, Maharashtra before retiring in the year 2010.

Mr. Roy's areas of specialization include policy planning, budget, recruitment, training and other finance and administration functions in addition to all operational matters.

A firm believer in technology in Police for providing solutions to a variety of complex problems or citizen facilitation and as 'force-multiplier', Mr. Roy brought in technology in a very big way in the Police department with full co-operation and support of the entire IT Industry. Mr. Roy also held the position of Director General of the Anti-Corruption Bureau, in which capacity Mr. Roy initiated a policy document on vigilance matters for Government of Maharashtra.

Mr. Roy has wide knowledge and experience of security and intelligence matters at the state and national level. Having handled multifarious field and staff assignments, Mr. Roy has a rich and extensive experience of functioning of the government at various levels and of problem solving.

Mr. Roy does not hold equity shares in the Bank as on March 31, 2016.

Mr. Paresh Sukthankar

Mr. Paresh Sukthankar, aged 53 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 rich experience in areas such as Risk Management, Finance, Human Resources, Investor Relations and Corporate Communications, etc.

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. At present, Mr. Sukthankar is the Deputy Managing Director of the Bank.

Mr. Sukthankar, along with his relatives, holds 8,45,905 equity shares in the Bank as on March 31, 2016.

Mr. Kaizad Bharucha

Mr. Kaizad Bharucha, aged 51 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, Capital Markets & Commodities Business, Agri Lending, Investment Banking, Financial Institutions & Government Business and Department for Special Operations.

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 29 years 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 8,84,955 equity shares in the Bank as on March 31, 2016.

Mr. Malay Patel

Mr. Malay Patel, aged 39 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, 2016.

Mr. Umesh Chandra Sarangi

Mr. Umesh Chandra Sarangi, aged 64 years, has been appointed as an Additional Director on the Board of the Bank with effect from March 1, 2016 to hold office till the conclusion of the ensuing Annual General Meeting of the Bank. Mr. Sarangi 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 Agricultural and Rural Development (NABARD) from December 2007 to December 2010, Mr. Sarangi focused on rural infrastructure, accelerated initiatives such as microfinance, financial inclusion, watershed development and tribal development.

Mr. Sarangi has been appointed as a Director having specialized knowledge and experience in agriculture and rural economy pursuant to Section 10-A (2)(a) of the Banking Regulation Act, 1949.

Mr. Sarangi does not hold any shares in the Bank as on March 31, 2016.

BOARD MEETINGS

During the year under review, seven (7) Board Meetings were held. The meetings were held on April 23, 2015, July 21, 2015, August 27, 2015, September 29, 2015, October 21, 2015, January 25, 2016 and February 17, 2016.

Details of attendance at the Board Meetings held during the year under review, are as follows:

1. Mrs. Shyamala Gopinath, Mr. Bobby Parikh, Mr. Malay Patel, Mr. Keki Mistry and Mr. Paresh Sukthankar attended 7 Board meetings each
2. Mr. Partho Datta, Mr. A. N. Roy, Mr. Aditya Puri and Mr. Kaizad Bharucha attended 6 Board meetings each.
3. Mrs. Renu Karnad attended 5 Board meetings.
4. Dr. Pandit Palande attended 1 Board meeting. (Dr. Palande ceased to be a Director w.e.f close of business hours on April 23, 2015)
5. Mr. Umesh Chandra Sarangi has not attended any Board Meetings as he was appointed as an Additional Director w.e.f March 1, 2016.

ATTENDANCE AT LAST AGM

All the directors of the Bank who were on the Board of the Bank as on the date of previous Annual General Meeting held on July 21, 2015 attended the meeting.

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 year 2015-16 are as under: (Amount in ₹)

Particulars	Mr. Aditya Puri	Mr. Paresh Sukthankar	Mr. Kaizad Bharucha
Basic	32,846,400	18,273,960	10,500,000
Allowances and Perquisites	30,434,539	13,251,279	14,733,614
Provident Fund	3,941,568	2,192,880	1,260,000
Superannuation	4,926,960	2,741,094	1,575,000
Performance Bonus #	25,154,778	15,000,411	6,542,610
Number of Stock Options granted *	639,000	390,000	335,000
# Bonus belonging to FY 14-15 paid out in FY 2015-16	19,650,725	11,716,054	6,542,610
Deferred Bonus tranches for earlier financial years	5,504,053	3,284,357	0

* The stock options granted to Mr. Aditya Puri, Mr. Paresh Sukthankar and Mr. Kaizad Bharucha have not been issued at discount. The vesting schedule for the stock options is - 40% of options after expiry of 1 year from date of grant, 30% options after expiry of 2 years from date of grant and 30% options after expiry of 3 years from date of grant. 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 years each. The notice period for each of them, as specified in their terms of appointments, is three months.

The remuneration, including grant of stock options, of Mr. Aditya Puri, Mr. Paresh Sukthankar and Mr. Kaizad Bharucha as above has been approved by the Reserve Bank of India (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 DIRECTORS

All the non-executive directors other than the Chairperson receive remuneration only by way of sitting fees for each meeting of the Board and its various committees. No stock options are granted to any of the non-executive directors.

During the year, Mrs. Shyamala Gopinath was paid remuneration of ₹ 30,00,000. Mrs. Gopinath is also paid sitting fees for attending Board and Committee meetings. The remuneration of the Chairperson has been approved by the Reserve Bank of India.

Pursuant to the provisions of Companies Act, 2013, Directors are paid sitting fees @ ₹ 50,000 and ₹ 100,000 for attending Committee & Board meetings respectively.

The details of sitting fees paid to non-executive directors during the year for attending meetings of the Board and its various Committees are as under:

Name of the Director	Sitting Fees (₹)
Mrs. Shyamala Gopinath	25,00,000
Mr. Partho Datta	20,00,000
Mr. Bobby Parikh	24,00,000
Mr. A. N. Roy	21,00,000
Mr. Malay Patel	13,00,000
Mr. Keki Mistry	16,00,000
Mrs. Renu Karnad	11,00,000
Dr. Pandit Palande *	3,50,000
Mr. Umesh Chandra Sarangi $	NIL

* *Dr. Pandit Palande ceased to be a director of the Bank w.e.f close of business hours on April 23, 2015*

$ *Mr. Umesh Chandra Sarangi was appointed as Additional Director of the Bank w.e.f March 1, 2016*

COMPOSITION OF COMMITTEES OF DIRECTORS 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:

Audit Committee:

The Audit Committee of the Bank comprises Mrs. Shyamala Gopinath, Mr. Bobby Parikh, Mr. Partho Datta and Mr. A. N. Roy. During the year, Dr. Pandit Palande ceased to be a member of the Audit Committee, pursuant to his cessation as Director, and Mr. A. N. Roy was appointed as a member on the Committee during the year. The Committee is chaired by Mrs. Shyamala Gopinath. All the members of the Committee are independent directors. Mr. Sanjay Dongre, Company Secretary of the Bank, acts as the Secretary of the Committee.

The Committee met nine (9) times during the year on April 22, 2015; May 6, 2015; July 20, 2015; August 28, 2015; October 20, 2015; November 20, 2015; January 22, 2016; February 26, 2016 and March 16, 2016.

The brief terms of reference of the Audit Committee include, inter-alia, the following:

a) Overseeing the Bank's financial reporting process and ensuring correct, adequate and credible disclosure of financial information;

b) Recommending appointment and removal of external auditors and fixing of their fees;

c) Reviewing with management the annual financial statements before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning 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.

Nomination and Remuneration Committee:

The brief terms of reference of the Nomination and Remuneration Committee includes 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.

The Committee also formulates criteria for evaluation of performance of individual directors, the Board of Directors and its Committees. The criteria for evaluation of performance of 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.

Mrs. Shyamala Gopinath, Mr. Partho Datta, Mr. Bobby Parikh and Mr. A. N. Roy are the members of the Committee. During the year, Dr. Pandit Palande ceased to be a member of the Committee, pursuant to his cessation as Director. Mr. A. N. Roy was appointed as a member of the Committee during the year. Mr. Bobby Parikh is the Chairman of the Committee.

All the members of the Committee are independent directors.

The Committee met nine (9) times during the year on April 22, 2015; May 6, 2015; May 11, 2015; July 20, 2015; August 1, 2015; October 20, 2015; November 20, 2015; January 22, 2016 and March 16, 2016.

Stakeholders' Relationship Committee:

The Stakeholders' Relationship 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 complaints from shareholders relating to transfer of shares, non-receipt of Annual Report, dividends etc.

The Committee is comprised of Mr. A. N. Roy, Mrs. Renu Karnad, Mr. Aditya Puri and Mr. Paresh Sukthankar. The Committee is chaired by Mr. A. N. Roy, who is an independent director. 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) & the Company Secretary of the Bank is the Compliance Officer responsible for expediting the share transfer formalities.

As on March 31, 2016, seven (7) instruments of transfer for 3,300 equity shares were pending for transfer and these have since been processed. The details of the transfers are reported to the Board from time to time.

During the year ended March 31, 2016, 2668 complaints were received from the shareholders. The Bank had attended to all the complaints. 10 complaints remained pending and 4 complaints have not been solved to the satisfaction of the shareholders as on March 31, 2016. Besides, 5671 letters were received from the shareholders relating to change of address, nomination requests, email id and contact details updation, IFSC / MICR code updation, ECS / NECS 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 revalidation of dividend warrants and other investor related matters. These letters have also been responded to.

The Committee met four (4) times during the year on April 23, 2015; July 21, 2015; October 19, 2015 and January 22, 2016.

Risk Policy and Monitoring Committee:

The Risk Policy and Monitoring 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.

The Committee consists of Mrs. Renu Karnad, Mrs. Shyamala Gopinath, Mr. Partho Datta, Mr. Aditya Puri and Mr. Paresh Sukthankar. The Committee is chaired by Mrs. Renu Karnad.

The Committee met five (5) times during the year on April 23, 2015; June 25, 2015; July 21, 2015; October 21, 2015 and January 22, 2016.

Credit Approval Committee:

The Credit Approval Committee 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 speedy disbursement of loans.

The Committee consists of Mr. Bobby Parikh, Mr. Keki Mistry, Mr. Aditya Puri and Mr. Kaizad Bharucha.

The Committee met eight (8) times during the year on April 23, 2015; July 16, 2015; August 25, 2015; September 19, 2015; October 14, 2015; December 1, 2015; January 25, 2016 and March 22, 2016.

Premises Committee:

The Premises 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.

The Committee consists of Mrs. Renu Karnad, Mr. Aditya Puri and Mr. Malay Patel. During the year, Dr. Pandit Palande ceased to be a member of the Committee pursuant to his cessation as Director. Mr. Malay Patel was appointed as a member of the Committee during the year.

The Committee met four (4) times during the year on April 23, 2015; July 21, 2015; October 19, 2015 and January 25, 2016.

Fraud Monitoring Committee:

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.

The members of the Committee are Mrs. Shyamala Gopinath, Mr. Partho Datta, Mr. A. N. Roy, Mr. Keki Mistry, Mr. Malay Patel and Mr. Aditya Puri. During the year, Dr. Pandit Palande ceased to be a member of the Committee pursuant to his cessation as Director. Mr. Malay Patel was appointed as a member of the Committee during the year.

The Committee met five (5) times during the year on April 22, 2015; July 17, 2015; August 28, 2015; October 19, 2015 and January 25, 2016.

Customer Service Committee:

The Customer Service 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.

The members of the Committee are Mrs. Shyamala Gopinath, Mr. A. N. Roy, Mr. Keki Mistry, Mr. Malay Patel and Mr. Aditya Puri. During the year, Dr. Pandit Palande ceased to be a member of the Committee pursuant to his cessation as Director. Mr. Malay Patel was appointed as a member of the Committee during the year.

The Committee met five (5) times during the year on April 22, 2015; July 17, 2015; October 19, 2015; January 25, 2016 and February 8, 2016.

Corporate Social Responsibility Committee:

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

The members of the CSR Committee are Mrs. Renu Karnad, Mr. Partho Datta, Mr. Bobby Parikh, Mr. Aditya Puri and Mr. Paresh Sukthankar.

The Committee met three (3) times during the year on July 21, 2015; October 19, 2015; and January 22, 2016

Review Committee for Willful Defaulters' Identification:

The Board has constituted a Review Committee for Willful Defaulters' Identification to review the orders passed by the Committee of Executives for Identification of Willful Defaulters and provide the final decision with regard to identified willful defaulters. Mrs. Shyamala Gopinath, Mr. Aditya Puri, Mr. Bobby Parikh, Mr. Partho Datta and Mr. A. N. Roy are the members of the Committee. The Committee is chaired by Mrs. Shyamala Gopinath or Mr. Aditya Puri in her absence.

The Committee met twice during the year on August 28, 2015 and January 25, 2016.

Review Committee for Non-Cooperative Borrowers:

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. Mrs. Shyamala Gopinath, Mr. Aditya Puri, Mr. Bobby Parikh, Mr. Partho Datta and Mr. A. N. Roy are the members of the Committee. The Committee is chaired by Mrs. Shyamala Gopinath or Mr. Aditya Puri in her absence. No meetings of the Committee were held during the year.

Meeting of the Independent Directors:

The Independent Directors of the Bank held a meeting on March 16, 2016 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.

COMPOSITION OF COMMITTEES OF DIRECTORS AND ATTENDANCE AT THE COMMITTEE MEETINGS

Audit Committee

[Total nine meetings held]

Name	No. of meetings attended
Mrs. Shyamala Gopinath	9
Mr. Bobby Parikh	9
Mr. A. N. Roy #	8
Mr. Partho Datta	8
Dr. Pandit Palande *	1

Credit Approval Committee

[Total eight meetings held]

Name	No. of meetings attended
Mr. Bobby Parikh	8
Mr. Keki Mistry	8
Mr. Aditya Puri	6
Mr. Kaizad Bharucha	8

Stakeholders' Relationship Committee

[Total four meetings held]

Name	No. of meetings attended
Mr. A. N. Roy	3
Mrs. Renu Karnad	3
Mr. Aditya Puri	4
Mr. Paresh Sukthankar	4

Nomination and Remuneration Committee

[Total nine meetings held]

Name	No. of meetings attended
Mrs. Shyamala Gopinath	9
Mr. Partho Datta	8
Mr. A. N. Roy #	8
Mr. Bobby Parikh	9
Dr. Pandit Palande *	1

Customer Service Committee

[Total five meetings held]

Name	No. of meetings attended
Mrs. Shyamala Gopinath	5
Mr. Aditya Puri	5
Mr. A. N. Roy	4
Mr. Keki Mistry	5
Mr. Malay Patel $	4
Dr. Pandit Palande *	1

Premises Committee

[Total four meetings held]

Name	No. of meetings attended
Mrs. Renu Karnad	3
Mr. Malay Patel $	3
Mr. Aditya Puri	4
Dr. Pandit Palande *	1

Fraud Monitoring Committee

[Total five meetings held]

Name	No. of meetings attended
Mrs.Shyamala Gopinath	5
Mr. Aditya Puri	4
Mr. Partho Datta	3
Mr. A. N. Roy	4
Mr. Keki Mistry	5
Mr. Malay Patel $	4
Dr. Pandit Palande *	1

Corporate Social Responsibility Committee

[Total three meetings held]

Name	No. of meetings attended
Mrs. Renu Karnad	3
Mr. Partho Datta	2
Mr. Bobby Parikh	3
Mr. Aditya Puri	3
Mr. Paresh Sukthankar	3

Risk Policy & Monitoring Committee

[Total five meetings held]

Name	No. of meetings attended
Mrs. Renu Karnad	3
Mrs. Shyamala Gopinath	4
Mr. Paresh Sukthankar	5
Mr. Partho Datta	4
Mr. Aditya Puri	5

Review Committee for Willful Defaulters' Identification

[Total two meetings held]

Name	No. of meetings attended
Mrs. Shyamala Gopinath	2
Mr. Aditya Puri	0
Mr. Bobby Parikh	0
Mr. Partho Datta	2
Mr. A. N. Roy	2

 # Mr. A. N. Roy was appointed as a member of the Committee w.e.f April 23, 2015.

** Dr. Pandit Palande ceased to be a member of the Committee, pursuant to his cessation as Director of the Bank w.e.f. close of business hours on April 23, 2015.*

$ Mr. Malay Patel was appointed as a member of the Committee w.e.f April 23, 2015.

HDFC BANK
We understand your world

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, as amended from time to time.
- To receive notice of general meetings, annual report, the balance sheet and profit and loss account and the auditors' 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 per cent 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

(During the previous three financial years)

Sr. No.	Particulars of meeting	Date, time and venue of the meeting	Special Resolutions passed, if any
1	19th Annual General Meeting	June 27, 2013 at 2.30 P.M. Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020	One special resolution passed
2	20th Annual General Meeting	June 25, 2014 at 2.30 P.M. Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020	Eight special resolutions passed
3	21st Annual General Meeting	July 21, 2015 at 2.30 P.M. Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020	Three special resolutions passed

POSTAL BALLOT

During the year, 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 not entered into any materially significant transactions with the 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, other than the transactions entered into in the normal course of business. Transactions with related parties entered into by the Bank in the normal course of business were placed before the Audit Committee. There were no material individual transactions with related parties, which were not in the normal course of business, nor were there any material transactions with related parties or others, which were not at an arm's length basis. Details of related party transactions entered into during the year ended March 31, 2016 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

Commodity Price Risks and Foreign Exchange Risks and hedging activities

Being in the banking business, 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 authorised dealer, deals in foreign exchange 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. 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 Delta 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.

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' Assocation 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 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 recognised 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 computed 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 amortised as expense or income over the life of the contract.

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.

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, Accounting Standards ('AS') specified under section 133 of the Companies Act, 2013, in so far as they apply to banks and current practices prevailing within the banking industry in India.

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. 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.

Appointment / Resignation of Director

During the year, Dr. Pandit Palande ceased to be a Director of the Bank at the close of business hours on April 23, 2015, on completing eight years as Director, the maximum term permitted for directorship as per the Banking Regulation Act, 1949. Mr. Umesh Chandra Sarangi was appointed as Additional Director with effect from March 1, 2016 to hold office till the conclusion of the ensuing Annual General Meeting of the Bank. Mr. Sarangi has been appointed as Director having specialized knowledge and experience in agriculture and rural economy pursuant to the Banking Regulation Act, 1949.

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

During the current year there were no penalties imposed on the Bank.

During the financial year 2014-15, the RBI carried out a scrutiny of a corporate borrower's accounts maintained with 12 banks, including HDFC Bank. The RBI had issued show cause notices to these banks in March 2014 and based on its assessment, the RBI in its press release dated July 25, 2014, levied penalties totalling ₹ 1.5 crore on the 12 banks. The RBI levied a penalty of ₹ 0.05 crore on HDFC Bank on the grounds that the Bank failed to exchange information about the conduct of the corporate borrower's account with other banks at intervals as prescribed in the RBI guidelines on 'Lending under Consortium Arrangement / Multiple Banking Arrangements'. The penalty has since been paid.

During the previous year 2014-15, FIU had imposed a penalty of Rs 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 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. The hearing of the appeal is still in progress.

During 2013-14 a www.Cobrapost.com release claimed to have carried out a sting operation named "Operation Red Spider" on banks over a period of several months. The allegations made in the release indicated that banks including HDFC Bank could assist in channelizing vast amounts of black money into the regular banking system as laundered white money. The Bank had immediately engaged the services of M/s Amarchand & Mangaldas and Suresh A. Shroff & Co., to coordinate and advise the Bank on legal issues in respect of the potential allegations posted by Cobrapost.com. M/s Deloitte Touche Tohmatsu India Pvt. Ltd was appointed by the said firm to carry out an independent forensic investigation. Further, the RBI had also conducted a special scrutiny into the matter. The scrutiny did not bring out any incident of money laundering. However certain irregularities/ violations were found by the RBI with respect to adherence to KYC for walk-in customers for sale of third party insurance products, arrangement of at-par payments of cheques drawn by co-operative banks, exceptions in risk profiling in some cases, sale of gold coins against cash in excess of INR 50,000/- in few cases etc. Based on its assessment, the RBI imposed a monetary penalty of INR 4.5 crore on the Bank in June 2013, which has since been paid. In the light of the observations / violations reported by RBI, the Bank has taken steps to further strengthen its controls and processes in the said areas including discontinuation of sale of third party products and gold to non-customers and further tightening the process with respect to arrangement with co-operative banks and risk profiling of customers.

Other than the above, no penalties or strictures were imposed on the Bank by any of the Stock Exchanges 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 Chairman and/or whole-time directors, is permitted to hold office continuously for a period exceeding 8 (eight) 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 Chairman 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.

SHAREHOLDERS HOLDING MORE THAN 1 % OF THE SHARE CAPITAL OF THE BANK AS AT MARCH 31, 2016			
Sr No.	**Name of the Shareholder**	**No. of Shares held**	**% to share capital**
1	JP Morgan Chase Bank, NA *	473003409	18.71
2	Housing Development Finance Corporation Limited	393211100	15.55
3	HDFC Investments Limited	150000000	5.93
4	Euro Pacific Growth Fund	98038464	3.88
5	Life Insurance Corporation of India	61303025	2.43
6	ICICI Prudential Life Insurance Company Ltd	41523802	1.64
7	Capital World Growth and Income Fund	36585126	1.45
8	ICICI Prudential Focused Bluechip Equity Fund	28708163	1.14
9	Government of Singapore	28474691	1.13

* One (1) American Depository Share (ADS) represents three (3) underlying equity shares of the Bank.

DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2016					
Share Range From	**Share Range To**	**No. of Shares**	**% To Capital**	**No. of Holders**	**% To No. Of Holders**
1	2500	101873903	4.03	468716	97.68
2501	5000	18383106	0.73	5112	1.06
5001	10000	15914496	0.63	2242	0.47
10001	15000	10342329	0.41	832	0.17
15001	20000	7853285	0.31	446	0.09
20001	25000	7466213	0.30	331	0.07
25001	50000	25377051	1.00	713	0.15
50001	100000	33137429	1.31	460	0.10
100001	and above	2307838705	91.28	1017	0.21
TOTAL		**2528186517**	**100.00**	**479869**	**100.00**

416,010 Folios comprising of 251,04,91,247 equity shares forming 99.30 % of the share capital are in Demat Form.

63,859 Folios comprising of 1,76,95,270 equity shares forming 0.70 % of the share capital are in physical form.

CATEGORIES OF SHAREHOLDERS AS AT MARCH 31, 2016		
	No of shares	**% to capital**
Promoters (*)	543216100	21.49
ADS and GDRs (#)	473003409	18.71
Foreign Institutional Investors	814463688	32.21
Overseas Corporate Bodies, Foreign Bodies, Foreign National and Non Resident Indians	7282473	0.29
Financial Institutions, Banks, Mutual Funds and Central Government	217209910	8.59
Life Insurance Corporation and its subsidiaries	61303025	2.43
Other Insurance Corporations	6843958	0.27
Indian Companies	185621370	7.34
Others	219242584	8.67
TOTAL	**2528186517**	**100.00**

(*) 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 (11445645 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-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
High	8.469	8.228	8.377	8.765	8.596	8.156	8.574	8.281	8.182	8.047	7.817	8.084
Low	7.777	7.421	7.822	8.343	7.629	7.369	8.158	7.929	7.792	7.493	6.877	7.277

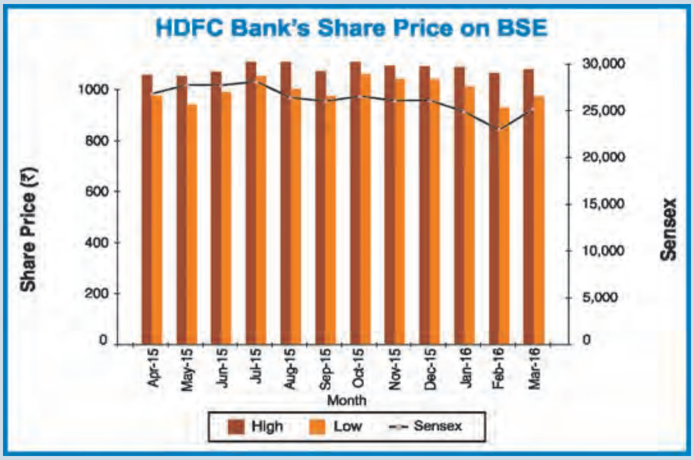
* 2 GDRs represent one underlying equity share of the Bank

SHARE PRICE / CHART

The monthly high and low quotation of Bank's equity shares traded on BSE Ltd (BSE) and National Stock Exchange of India Ltd (NSE) during FY 2015-16 and its performance vis-à-vis BSE SENSEX and S&P CNX NIFTY respectively is as under:

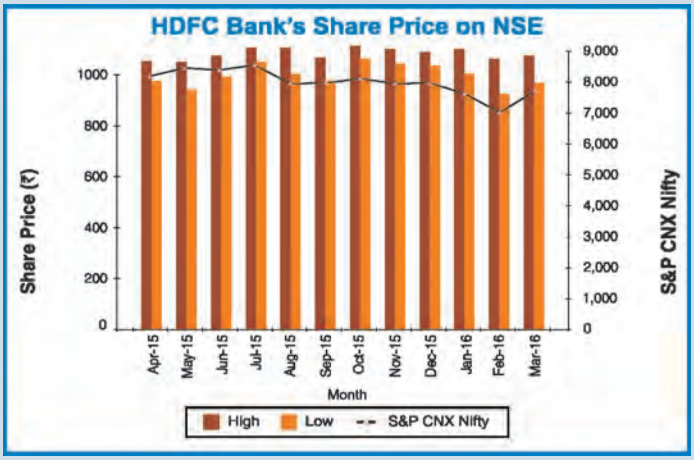
BSE Limited			
Month	High (₹)	Low (₹)	Sensex Closing
April 2015	1058.00	979.35	27011.31
May 2015	1054.50	944.70	27828.44
June 2015	1072.10	990.25	27780.83
July 2015	1127.90	1055.05	28114.56
August 2015	1117.90	1007.05	26283.09
September 2015	1074.00	977.60	26154.83
October 2015	1124.45	1060.20	26656.83
November 2015	1097.90	1040.50	26145.67
December 2015	1090.90	1040.00	26117.54
January 2016	1090.00	1008.35	24870.69
February 2016	1066.95	928.80	23002.00
March 2016	1078.70	972.50	25341.86

Source : www.bseindia.com



National Stock Exchange of India Limited			
Month	High (₹)	Low (₹)	Nifty Closing
April 2015	1059.00	979.05	8181.50
May 2015	1054.00	944.20	8433.65
June 2015	1072.00	990.15	8368.50
July 2015	1128.00	1054.05	8532.85
August 2015	1117.50	1005.70	7971.30
September 2015	1073.90	977.00	7948.90
October 2015	1124.00	1059.35	8065.80
November 2015	1098.10	1041.00	7935.25
December 2015	1092.70	1040.10	7946.35
January 2016	1108.00	1007.90	7563.55
February 2016	1067.00	928.00	6987.05
March 2016	1078.90	971.85	7738.40

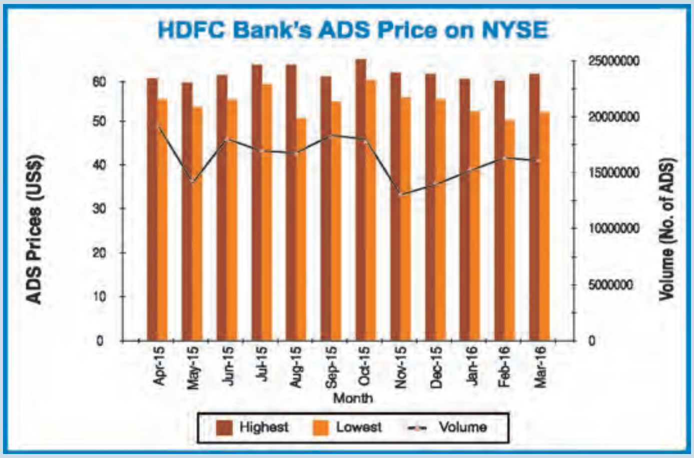
Source : www.nseindia.com



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 2015-16.

New York Stock Exchange Limited			
Month	Highest (US$)	Lowest (US$)	Monthly Volume
April 2015	60.92	56.09	19247427
May 2015	59.91	54.20	14218588
June 2015	61.79	56.03	18023483
July 2015	64.12	59.58	16943214
August 2015	64.13	51.64	16757351
September 2015	61.44	55.51	18394324
October 2015	65.44	60.42	17977013
November 2015	62.24	56.57	13000162
December 2015	61.91	56.12	14002234
January 2016	60.86	53.13	15224958
February 2016	60.48	51.11	16376608
March 2016	61.95	53.14	16100585

Source : www.nyse.com



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, 2016 which could have an impact on the equity capital of the Bank.

FINANCIAL CALENDAR [April 1, 2016 to March 31, 2017]	
Board Meeting for Consideration of accounts	April 22, 2016
Dispatch of Annual Reports	June 22, 2016 to June 27, 2016
Record date for purpose of determining eligibility of dividend	Electronic and physical: June 30, 2016
Last date for receipt of proxy forms	July 19, 2016
Date, Time and Venue of 22nd AGM	July 21, 2016 at 02:30 pm: Birla Matushri Sabhagar 19, New Marine lines, Mumbai - 400020
Dividend Declaration Date	July 22, 2016
Probable date of payment of dividend	Electronic : July 22, 2016 onwards Physical: July 27, 2016 onwards
Board Meeting for considering unaudited results for first three quarters of FY 2016-17	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 2016-17 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, Mumbai 400 051.	HDFCBANK

Names of Depositories in India for dematerialisation 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, N.Y. 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

The Bank's shares which are in compulsory dematerialised (demat) list are transferable through the depository system. Shares in physical form are processed by the Registrars and Share Transfer Agents, Datamatics Financial Services Limited and approved by the Stakeholders' Relationship Committee of the Bank or authorised 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 Financial Services Limited.

MEANS OF COMMUNICATION

The quarterly and half-yearly unaudited / audited financial results are published in 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

SEBI vide circular number CIR/IMD/CDF/18/2013 dated October 29, 2013 requires 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, 2nd Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli Mumbai 400025. Tel : 022-24255215/16
3. **IL&FS Trust Company Limited,** The IL&FS Financial Centre, Plot C-22/G Block, Bandra Kurla Complex, Bandra East Mumbai 400051. Tel : 022-26593112

SHAREHOLDERS' HELPDESK

Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of Registrars and Transfer Agents.

For lodgement of transfer deeds and any other documents or for any grievances / complaints, shareholders / investors may contact at the following address :

Mr. C. R. Rao / Ms. Manisha Parkar / Mr. Tukaram Thore

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@dfssl.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, Trade House, Senapati Bapat Marg, Kamala Mills Compound, Lower Parel (West), Mumbai 400 013.

Shareholders' Helpdesk Timings : 10:30 a.m. to 3.30 p.m.

Between Monday to Friday (except on Bank holidays)

Telephone : +91-022-2498 8484 Extn : 3458, 3463 & 3621

Fax : +91-022-2496 5235

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 : +91-022-2498 8484 Extn : 3473

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.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 4,520 branches in 2,587 cities / towns as on March 31, 2016. 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
Mumbai, May 19, 2016 Chairperson

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
Mumbai, May 19, 2016 Managing Director

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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 30, 2016, their correct Bank 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 Financial Services Limited, having address at Plot No. B 5, Part B Crosslane, MIDC, Marol, Andheri (E), Mumbai-400 093, before June 30, 2016 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.

Various modes for making payment of Dividends under Electronic mode:

In case the shareholder has updated the complete and correct Bank account details (including 9 digit MICR Code and 11 digit IFSC code) before the record date 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 payment by electronic mode is returned or rejected by the corresponding bank due to some 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.

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. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank or the IEPF. Dividends for and up to the financial year ended March 31, 2008 have already been transferred to the IEPF and the dividend for the financial year ended March 31, 2009 will be transferred to IEPF after July 13, 2016. The details of unclaimed dividends for the financial year 2009-10 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, 2009	July 14, 2009	July 13, 2016
March 31, 2010	June 30, 2010	June 29, 2017
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

B) SHARES LYING IN UNCLAIMED SUSPENSE ACCOUNT

Particulars	Records / No of shareholders	Shares
Opening Balance as on April 1, 2015	13328	2272015
Add: Transfer during the year 2015-16	0	0
Less: Claims received and shares transferred	253	83870
Closing Balance as on March 31, 2016*	**13075**	**2188145**

* Voting rights on these shares shall remain frozen till the rightful owners of such shares claim these shares.

Route Map to Venue of the 22nd AGM of HDFC Bank Limited

Venue : Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400020

Date : July 21, 2016

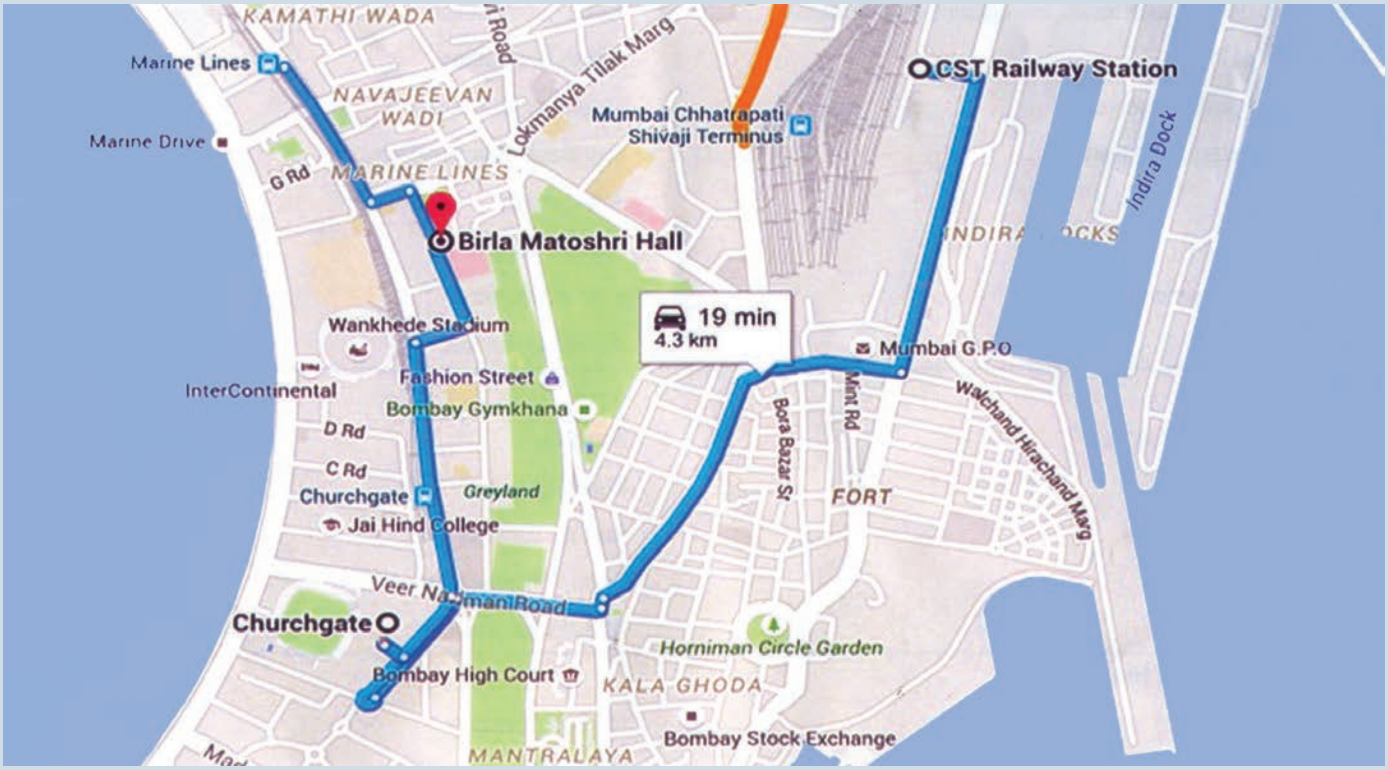
Day and Time : Thusday, 2.30 p.m.

Land Mark : Next to Bombay Hospital

Distance from **Churchgate Station** : 1 km

Distance from **Chhatrapati Shivaji Terminas** : 1.2 km

Distance from **Marine Lines Station** : 0.8 km



Shares held 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 for receipt of communication in electronic mode and for crediting the dividend amount directly in my Bank account.

E- mail ID : ....

1. Folio No against holding in **HDFC Bank Ltd.** : ....
2. Name of the Bank : ....
3. Name of the Branch : ....
4. Account No. : ....
5. Account Type (Saving / Current) : ....
6. 9 Digit Code No. : ....
7. IFSC Code : ....
8. STD Code & Phone No. of Branch : ....

I / We shall keep the Bank's Registrar and Transfer Agent viz Datamatics Financial Services Ltd. informed as and when there is a change in my e-mail address. I am also enclosing the photocopy of a cheque / blank cancelled cheque issued by the Bank for verifying the accuracy of the details furnished hereinabove and a self-attested copy of PAN Card of the holder(s).

MAIL TO ☛

Datamatics Financial Services Ltd,
Unit : HDFC Bank, Plot No. B 5,
Part B Crosslane, MIDC, Marol,
Andheri (East), Mumbai 400 093.
E-mail : hdinvestors@dfssl.com

....
Signature of all the Shareholder(s)

....

Shares held in Demat mode

- Shareholders to obtain form from their Depository Participant by providing original PAN card(s) for verification by all the holder(s).
- Shareholders to submit required proof like cancelled cheque as advised by their Depository Participant along with duly signed form and self attested copy of PAN card(s).

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NOTES

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