

Corporate Office, Chennai

Notes forming part of Standalone and Consolidated Audited Financial Results for the Quarter and Year ended March 31, 2021

1. The above financial results have been reviewed by the Audit Committee of the Board and approved by the Board of Directors in their respective meetings held on 28.05.2021. The results have been subjected to audit by the Statutory Central Auditors of the Bank in line with the guidelines issued by the Reserve Bank of India and as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. The above financial results have been arrived at after considering provision for loan losses, restructured assets, standard assets, stressed sector accounts, income tax, depreciation on investments and fixed assets, provision for employees' benefits and other necessary provisions on the basis of prudential norms and directions issued by RBI. Provision for employee benefits pertaining to Pension, Gratuity and Leave Encashment has been made on the basis of actuarial valuation.
3. In accordance with RBI Circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 and DBR.No.BP.BC.80/21.06.201/2014-15 dated 31.03.2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standard Amendments', the banks are required to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under Basel III capital requirements. The disclosures are available on the Bank's website www.indianbank.in.
4. In accordance with Securities and Exchange Board of India (SEBI) regulations, for the purpose of consolidated financial results of the year ended March 31, 2021, minimum eighty percent of each of consolidated revenue, assets and profits have been subject to audit.
5. The Government of India (GoI), Ministry of Finance Department of Financial Services has issued Gazette Notification No. CG-DL-E-04032020-216535 dated 4th March, 2020, approving the scheme of Amalgamation of Allahabad Bank into Indian Bank in exercise of the powers conferred by Section 9 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970 and Section 9 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1980. The amalgamation came into force with effect from April 1, 2020. The results for quarter / year ended March 31, 2021 include the operations of erstwhile Allahabad Bank. Hence the quarterly / yearly results of current financial year are not comparable with corresponding quarterly / yearly results of previous financial year.

The amalgamation is accounted under the "pooling of interest" method as prescribed in AS-14 on Accounting for Amalgamations, to record amalgamation of erstwhile Allahabad Bank with the Bank w.e.f April 01, 2020.

Indian Bank and Allahabad bank have merged during the year. Though Indian Bank and Erstwhile Allahabad Bank had the same IT infrastructure, due to different policies and parameterisation, there were challenges faced during integration. This has also thrown up



operational difficulties of integration and differences in figures during the year end. The Management is in the process of carrying out a migration audit. Errors if any will be corrected after the integration is completed. In Management's estimate the impact of the same to the financial statement is not expected to be material.

The difference of Rs. 4006.92 crores (net-off adjustments) between the net assets of amalgamating banks and the amount of shares issued to shareholders of the amalgamating banks has been recognized as Amalgamation Adjustment Reserve. The Bank has considered this amount under CET-1 for the purpose of calculation of CRAR.

6. In line with the Government of India Notification No. CG-DL-E 23032020-218862 dated March 23, 2020 and as permitted by RBI vide its letter dated December 08, 2020, the Bank utilized the Share Premium of Rs 18975.53 Crores towards setting off its entire accumulated losses. Required approval from shareholder was obtained through EGM.

7. Based on the available financial statements and the declaration from borrowers, the Bank has estimated the liability towards Unhedged Foreign Currency Exposure to their constituents in terms of RBI circular DBOD.NO.BP.BC.85/21.06.200/2013-14 dated January 15, 2014 and holds a provision of Rs 9.49 Crores as on 31.03.2021. During the quarter ended 31st March 2021 there was retrieval of provision amounting to Rs 1.59 Crore.

8. In accordance with the RBI Cir. No. DBR.No.BP. BC. 18/21.04.048/2018-19 dated 01.01.2019, DOR.No.BP. BC 34/21.04.048/2019-20 dated 11.02.2020 and RBI/2020-21/17 DOR.No. BP.BC/4/21.04.048/2020-21 dated 06.08.2020 on "Relief for MSME borrowers either exempted or registered under Goods and Service Tax (GST)", the details of MSME restructured accounts under the scheme are as under;

No. of Accounts Restructured	Outstanding on 31.03.2021 (Amt in crores)
95862	4414.93

9. During Financial Year 2020-21, the Bank has raised Additional Tier 1 capital in three tranches aggregating to Rs 2000 Crores through private placement of Basel III compliant AT 1 Perpetual Bonds in the quarter ended 31.12.2020 and Tier 2 Capital of Rs. 2000 Crores through private placement of Basel III compliant Tier 2 Bonds in the month of January 2021.

10. Non-Performing Loan Provision Coverage ratio is 82.12% as on March 31st, 2021.

11. The spread of COVID-19 across the globe resulted in declined economic activity and increased volatility in financial markets. Though the calibrated and gradual withdrawal of lockdown by the government had led to resumption of economic activities, the current second wave of COVID 19 pandemic, has resulted in imposition of localised / regional lockdown measures in various parts of the country. In this situation, the challenges continue to unfold and the Bank is gearing itself on all fronts to meet the same and is evaluating the situation on an ongoing basis. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments, to the business environment. Considering the regulatory actions, Government intervention to support the economic recovery, the Bank expects realisable value of the assets not to be significantly impacted.



12. In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27th March, 2020, 17th April, 2020 and 23rd May 2020, and clarification issued by RBI through Indian Banks' Association, dated 6th May 2020, the Bank has granted moratorium on the payment of installments and / or interest, as applicable, falling due between 1st March, 2020 and 31st August, 2020 ('moratorium period') to eligible borrowers classified as Standard, even if overdue, as on 29th February, 2020 without considering the same as restructuring. In accordance with RBI guidelines, the moratorium period, wherever granted, is excluded by the Bank from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. The Bank holds provisions as on 31st March 2021 against the potential impact of COVID-19 based on the information available up to a point in time. Following are the details of such accounts and provisions made by the Bank:

(₹ in crores)		
Sr. No.	Particulars	As on 31st March, 2021
1	Advances outstanding in SMA/overdue categories, where the moratorium/ deferment was extended as per COVID-19 Regulatory Package (total outstanding)	NIL
2	Advances outstanding where asset classification benefits is extended (total outstanding)	NIL
3	Provisions made during Q4 of FY 2020-21	NIL
4	Total provisions held as on 31.03.2021	NIL
5	Provisions adjusted during Q4 of FY 2020-21	1517.53

13. The Honourable Supreme Court of India, in its interim order dated September 3, 2020 in the Public Interest Litigation case of Gajendra Sharma vs Union of India & Anr has directed Banks that the accounts which were not classified as NPA till August 31, 2020 should not be so classified till further orders of Supreme Court. Pursuant to the order, the Bank did not classify any domestic borrowal account which had not been classified as NPA as at August 31, 2020 as per RBI Prudential Norms on Income Recognition, Asset Classification, Provisioning and other related matters, as NPA after August 31, 2020. However, as a matter of prudence, the Bank made an additional provision of Rs 1517.53 Crores till 31.12.2020

In view of the above, and pursuant to the Supreme Court's final order dated March 23, 2021 and in accordance with the instructions of RBI circular dated 07.04.2021 issued in this connection, the Bank has classified these borrower accounts as per extant IRAC norms with effect from 01.09.2020 and utilized the above provisions towards provision on these accounts.

14. In accordance with the instructions of RBI Circular dated 07.04.2021 on "Asset Classification and Income Recognition following the expiry of COVID 19 regulatory package", the Bank shall refund / adjust 'interest on interest' charged to all borrowers including those who had availed of working capital facilities during moratorium period i.e. 01.03.2020 to 31.08.2020, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount to be refunded / adjusted for different facilities has been circulated by the Indian Banks' Association (IBA) as required by RBI notification. Accordingly the bank has created



an estimated liability of Rs. 230 crores towards interest relief. The Bank has reversed the same from interest income.

15. In accordance with the RBI guidelines relating to Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts dated 26th Oct, 2020, the Bank has paid the amount of Rs 74.79 Crores and this is to be received from GOI.

16. During the quarter ended March 31, 2021, the Bank has reported 27 borrowal accounts as fraud. The Total amount involved was Rs. 429.16 Crores. In respect of loans and advances classified as fraud, Bank holds 100% provision.

17. The disclosures as required under RBI circular DOR.No.BP.BC.62/21.04.048/2019-20 dated April 17, 2020 with respect to the number of accounts and the amount involved in those accounts where the Resolution period was extended is given below for the year ended March 31, 2021:

No. of Accounts in which Resolution Plan extended	NIL
Amount involved (Rs in Crores)	NIL

18. Details of resolution plan implemented under the Resolution Framework for COVID-19 related Stress as per RBI circular dated August 6, 2020 are given below:

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted in to other securities	(D) Additional funding sanctioned, if any, including invocation of the plan and implementation	(E) Increase in provision on account of the implementation of the resolution
Retail	3506	374.01	-	-	37.40
MSME	15126	1457.03	-	-	72.85
Corporate	7	468.03	-	-	46.80
Others	-	-	-	-	-
Total	18639	2299.07	-	-	157.05

19. As per RBI Circular No DBR.No. BP.15199/21.04.048/2016-17 dated 23.06.2017 and DBR No BP.1949/21.04.048/2017-18 dated 28.08.2017, for the accounts covered under the provisions of Insolvency and Bankruptcy Code (IBC), the Bank is holding total provision of Rs 6475.32 Crores (100% of total outstanding) as on 31.03.2021. Central Government, in exercise of its Powers conferred by the proviso to Section 4 of IBC, 2016 vide Notification No.1076 dated 24/03/2020 has specified Rs.1.00 crore as the minimum amount of default for referring the cases under IBC. Further due to COVID 19, the Insolvency & Bankruptcy Code 2016 was amended by an Ordinance Promulgated on 05.06.2020 and accordingly for any default arising on or after 25th March 2020, no application for initiating Corporate Insolvency Resolution Process (CIRP) of a Corporate Debtor shall be filed for period of six months or such period, not exceeding one year as may be notified. Though there is restriction on Bank to initiate action under IBC for defaults above Rs.1.00 crore from 25.03.2020, the Bank will



continue to initiate recovery measures under SARFAESI Act, as well as by filing suit against the borrower and invocation of personal guarantee of the Guarantors / Corporate Guarantors under DRT. Insolvency and Bankruptcy Code (IBC) restriction is no longer there from 25.03.2021.

20. As per RBI Circular No DBR.BP.BC.No.32/21.04.018/2018-19 dated 01.04.2019 on disclosure in the "Notes to Accounts" to the Financial Statements – Divergence in the asset classification and provisioning, banks should disclose divergences, if either or both of the following conditions are satisfied:

- (i) the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period, and
- (ii) the additional Gross NPAs identified by RBI exceed 15% of the published incremental Gross NPAs for the reference period

Divergences are within threshold limits in the Bank as specified above and hence no disclosure is required with respect to RBI's annual supervisory process for FY 2019-20.

21. The Government of India has pronounced Sect 115BAA of the Income Tax Act, 1961 through Taxation Laws (Amendment) Ordinance 2019. The Bank has exercised the said option permitted under Section 115BAA of the Income Tax Act, 1961 from Assessment Year 2020-21.

22. The current tax expenses and deferred tax expenses are determined in accordance with the provisions of the Income Tax Act, 1961 and as per the Accounting Standard 22- "Accounting of Taxes on Income" respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions.

23. The Bank is eligible to set off the carry forward losses of Rs 32,571.29 Crores of erstwhile Allahabad Bank as declared in its return in Assessment Year 2020-21 in accordance with the provisions of the Income Tax Act, 1961. In view of the ongoing litigation it is difficult to ascertain the amount of carried forward losses that would be available for the bank to set off against future profits. Hence no DTA is created during the current year. Bank proposes to do a detailed study of the ongoing litigations and create DTA at the appropriate time.

24. Considering the accumulated losses of e-Allahabad Bank, no provision for income tax has been made during the current year. The Bank has reversed DTA of Rs 813.18 Crores created by e-AB on carried forward losses in first three quarters of FY 2020-21. Further Net DTA of Rs 922.84 Crores has been created during quarter ended Mar 2021.

25. Impact of RBI Circular No RBI/2018-19/2013 DBR No BP.BC.45/21.04.048/2018-19 dated 07.06.2019 on resolution of stressed assets - Revised framework:

(Rs in crores)

Amount of loans impacted by RBI circular (a)	Amount of loans to be classified as NPA (b)	Amount of loans as on 31.03.2021, out of (b) classified as NPA (c)	Addl. provision required for loans covered under RBI circular (d)	Provision out of (d) already made by 31.03.2021 (e)
14857.60	13421.55	13421.55	1422.70	1422.70



26. Disclosure in respect of Delhi Airport Metro Express Pvt. Ltd. (DAMEPL)

As per the directions of RBI vide letter 10655/21.04.048/2018-19 dated 21.06.2019 disclosure is being made as below:-

Position as on 31st March 2021

Particulars	(Rs in Crores)		
	Amount not treated as NPA as per IRAC norms	Provisions required to be made as per IRAC norms	Provisions actually held
Principal	117.23	29.31	117.23
Interest	33.19	33.19	33.19
Total	150.42	62.50	150.42

*Out of the total provision of Rs 150.42 Crores, the Bank has already made the provision of Rs 145.75 Crores upto December 2020.

27. The Board of the bank has recommended dividend for the financial year 2020-21 @ 20% of the paid up capital of the bank i.e. Rs 2.00 per equity share.

28. The consolidated financial results are prepared in accordance with Accounting Standard 21 on "Accounting for consolidated Financial Statement", Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures" issued by Institute of Chartered Accountant of India.

29. The Bank has subsidiaries namely: Indbank Merchant Banking Services Ltd (64.84%) and Ind Bank Housing Ltd. (51%), Associates namely Tamilnadu Grama Bank (35%), Saptagiri Grameena Bank (35%), Pudukkottai Bharathiar Grama Bank (35%) and joint ventures namely Universal Sompo General Insurance Company Ltd (28.52%) and ASREC (India) Ltd (38.26%). The consolidated financial results are prepared in accordance with section 133 of the Companies Act, 2013 and Regulation 33 of Securities the SEBI (Listing Obligations and Disclosure Requirements, 2015) Regulations, 2015.

30. The figures for the quarter ended March 31,2021 and the corresponding quarter ended in the previous year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published reviewed year to date figures up to end of third quarter of the relevant financial year.

31. The above financial results have been prepared following the same accounting policies and practices as those followed in the Annual Financial Statements of Indian Bank for the year ended March 31, 2020 except on the following.

- There is a change in the estimated useful life of Fixed Assets. The impact due to the change is increase in depreciation and decrease in net profit for the year ended 31.03.2021 by Rs. 82.38 crores.
- The financial statements of Singapore Branch, for the current reporting period have been prepared in accordance with the accounting principles generally accepted in India. Preceding to the current financial year, the same were prepared as per the Singapore Financial Reporting Standards.



- c. Income from Bancassurance products hitherto accounted on receipt basis has been changed to accrual basis of accounting. The impact due to the change is increase in income for the year ended 31.03.2021 by Rs. 5.69 crores.


32. In erstwhile Allahabad Bank, LC/BG commission was recognized as revenue on pro rata basis to the extent accrued for the period. Pursuant to the amalgamation of Allahabad bank into Indian Bank, LC/BG commission is recognized as revenue on receipt basis. Due to this harmonization of policy, there is an increase in other income and net profit for the year ended 31.03.2021 by Rs. 52.65 crores.

33. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions. The Bank will assess the impact and its evaluation **once** the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.


34. Figures for the corresponding previous periods have been regrouped / reclassified wherever considered necessary.

35. The number of investors' complaints received and disposed off during the period from Jan 01, 2021 to Mar 31, 2021:

Beginning : Nil	Received :55	Resolved :55	Closing : Nil
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(Imran Amin Siddiqui)
Executive Director


(K Ramachandran)
Executive Director


(Sheny Vishwanath V)
Executive Director


(Padmaja Chunduru)
Managing Director & CEO

Place: Chennai
Date: 28.05.2021

