



Corporate Office, Chennai

Notes forming part of Standalone & Consolidated audited Financial Results of the Bank for the Quarter / Year ended March, 31, 2020

1. The above audited 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 23.06.2020. 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, employees' wage revision, 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 banks are required to make Pillar 3 disclosures under Basel III capital requirements. The disclosures are available on the Bank's website www.indianbank.in.
4. 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. 8.82 Crores as on 31.03.2020. During the quarter ended 31st March 2020 there was retrieval of Rs. 0.35 crore
5. In accordance with the RBI Cir. No. DBR.No.BP. BC. 18/21.04.048/2018-19 dated 01.01.2019 and BP. BC 34/21.04.048/2019-20 dated 11.02.2020 on "Relief for MSME borrowers registered under GST", the details of MSME restructured accounts under the scheme are as under;

No. of Accounts Restructured	Outstanding on 31.03.2020(Amt in crore)
54167	2065

6. Pending settlement of the Bipartite Agreement on wage revision (due from November, 2017), an adhoc amount of Rs.39 crores has been provided during the current quarter towards wage revision and cumulative provision held as on March 31, 2020 for wage revision is Rs.377 crores.
7. Bank has reported one loan account in the Power and Steel sector in consortium lending of 33 lenders, under Borrowal Fraud category to RBI during Quarter II of FY 2019-20 and the amount of outstanding was Rs. 854.92 crores as on 31.03.2020. The account was already under NPA category since FY 2016 and provision amounting to Rs. 854.92 crores is held in the account as at 31.03.2020. In respect of another advance account declared as fraud in Q1 of FY 2020-21, the Bank has provided Rs.307.98 crore (25%) as on 31.03.2020 and the remaining unprovided amount of Rs.923.94 crore has been debited to Revenue reserves and credited to



provisions in line with RBI circular No BP.BC.92/21.04.048/2015-16 dated 18.04.2016.

8. Non-Performing Loan Provision Coverage ratio is 73.05% as on March 31, 2020.
9. During Quarter II of the current Financial Year, Bank received Rs.2534 crores from Government of India towards preferential allotment of Equity shares. On 11.12.2019, Bank has allotted 11,72,65,954 equity shares of face value of Rs.10/- each at an issue price of Rs.216.09 (including premium of Rs.206.09) per share to Govt of India, Promoter of the Bank, on preferential basis, in accordance with the applicable provisions.
10. During Q1 of FY 2019-20 the Bank raised Equity Share Capital of Rs.295.48 crore by way of Employees Share Purchase Scheme (ESPS) with one-year lock in period and allotted 1,12,42,975 shares of Rs.10 each at a premium of Rs.252.82 per share to employees. The Bank offered discount of Rs.73.88 crore @ 25% of floor price of Rs.262.82 per share and the same was debited to Profit & Loss account.
11. On September 20, 2019, vide the Taxation Laws (Amendment) Ordinance, 2019, the Government of India inserted Section 115BAA in the Income Tax Act 1961, which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective April 01, 2019 subject to certain conditions. The Bank has exercised the said option permitted under Section 115BAA of the Income Tax Act, 1961. Accordingly, the Bank has recognised provision for income tax in Q3 of FY 2019-20 and re-measured the balance of net deferred tax assets on the basis of the rate prescribed in the aforesaid section and recognised the effect of change in the profit and loss account. The re-measurement resulted in a write down of the net deferred tax assets pertaining to earlier years by Rs.142.59 crores which has been fully charged to the profit and Loss account in Q3. Based on the review and certainty of availability of future taxable income, the Bank has recognised Net Deferred Tax Assets of Rs. 374.56 crores for the quarter and year ended 31st March 2020 in accordance with Accounting Standard 22 issued by Institute of Chartered Accountants of India.
12. The disclosure made by the Bank to stock Exchange on 01.11.2019 in respect of divergence in Asset Classification and Provisioning for NPAs in terms of Risk Assessment Report (RAR) of RBI for the year 2018-19 is as under:

S No	Particulars	Rs. In Crore
1	Gross NPAs as on March 31, 2019 as reported by the Bank	13353.45
2	Gross NPAs as on March 31, 2019 as assessed by RBI	13537.45
3	Divergence in Gross NPAs (2-1)	184.00
4	Net NPAs as on March 31, 2019 as reported by the Bank	6793.11
5	Net NPAs as on March 31, 2019 as assessed by the RBI	5973.11
6	Divergence in Net NPAs (5-4)	(-)820.00
7	Provisions for NPAs as on March 31, 2019 as reported by the Bank	6131.86
8	Provisions for NPAs as on March 31, 2019 as assessed by the RBI	7135.86
9	Divergence in Provisioning (8-7)	1004.00
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2019	^ 321.95
11	Adjusted (notional) Net Profit after Tax (PAT) for the year Ended March 31, 2019 after taking into account the divergence provisioning	^ (333.21)

^ After considering impact of DTA.



13. The spread of COVID-19 across the globe has resulted in declined economic activity and increased volatility in financial markets. In this situation, though the challenges continue to unfold, the Bank is gearing itself on all fronts to meet the same. The situation continues to be uncertain and the Bank 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, which are highly uncertain. Major challenges for the Bank would be from extended working capital cycle and reduced cash flows. The Bank's capital and liquidity position is strong and would continue to be the focus area for the Bank during this period.
14. RBI vide Notifications dated 27.03.2020 and 17.04.2020 has announced measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses. The measures, inter alia, included Rescheduling of Payments -Term Loans and Working Capital Facilities, Easing of Working Capital Financing, Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA) et c. Accordingly the Bank has made the following provisions: -
- Provision @15% aggregating to Rs. 108.90 Crore against the accounts with outstanding of Rs. 725.99 Crores which were standard as on 29.02.2020 but would have slipped to NPA/Sub-standard category as on 31.03.2020 had the RBI debt servicing relief as above not been reckoned.
 - In respect of above accounts, interest income aggregating Rs. 39.46 Crore has been reckoned in operating profit and an equal amount has been made as additional provision against those Assets.
15. 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. 2322.10 crore (98.78% of total outstanding) as on 31.03.2020. 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, 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.
16. 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:

(Amt in crores)

Amount of loans impacted by RBI circular (a)	Amount of loans to be classified as NPA (b)	Amount of loans as on 31.03.2020, out of (b) classified as NPA (c)	Addl.provision required for loans covered under RBI circular (d)	Provision out of (d) already made by 31.03.2020 (e)
4856.22	4201.04	4201.04	263.78	263.78

17. The Reserve Bank of India, vide its circular dated 17.04.2020 has decided that banks shall not make any dividend payouts from profits pertaining to financial year ended



March 31 2020 until further instructions. Accordingly, the Board of directors of the Bank at their meeting held on 23.06.2020 has not proposed any dividend for FY ended 31.03.2020.

18. As per Govt. of India Gazette notification dated 04.03.2020 Allahabad Bank has been amalgamated into Indian Bank wef 01.04.2020. On 05.03.2020 the Board of Directors of the Bank and the Board of Directors of Allahabad Bank at their respective meetings, approved amalgamation. The respective Banks have also approved the swap ratio of 115 shares of face value Rs. 10/- each of Indian Bank for every 1000 equity shares of Face Value of Rs. 10/- each of Allahabad Bank.
19. The consolidated financial results are prepared in accordance with Accounting Standard 21 on "Accounting for consolidated Financial Statement" and Accounting Standard 23 on Accounting for "Investment in Associates" issued by Institute of Chartered Accountants of India.
20. The consolidated financial statement of the group companies comprises the result of Indian Bank and its subsidiaries namely: Ind Bank Merchant Banking Services Ltd (64.84%) and Ind Bank Housing Ltd. (51%) and Associates namely Tamilnadu Grama Bank (35%), Saptagiri Grameena Bank (35%), Pudukkottai Bharathiar Grama Bank (35%). The consolidated financial results are prepared in accordance with section 133 of the Companies Act, 2013 and regulation 33 of Securities Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements, 2015).
21. The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published reviewed figures up to the third quarter of financial year 2019-20.
22. The above financial results have been prepared following the same accounting policies and practices as those followed in the Annual Financial Statements for the year ended March 31, 2019.
23. Figures for the corresponding previous periods have been regrouped / reclassified wherever considered necessary.
24. The number of investors' complaints received and disposed off during the period from January 01, 2020 to March 31, 2020:

Beginning : Nil	Received : 5	Resolved : 5	Closing : Nil
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K. Ramachandran Shenoy Vishwanath V M K Bhattacharya Padmaja Chunduru
Executive Director Executive Director Executive Director Managing Director & CEO

Place: Chennai
Date: 23.06.2020

