ANNEXURE I

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020
[*See* Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016](Consolidated)

I

Sl.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
		(In Crores)	
1	Turnover / Total income	13,223.23	15,583.38
2	Total Expenditure	10,662.34	13,065.06
3	Net Profit/(Loss) after tax	2,199.80	2,204.13
4	Earnings Per Share(Rs. Per share)	51.70	51.81
5	Total Assets	1,02,872.03	1,02,872.03
6	Total Liabilities	87,334.38	87,334.38
7	Net Worth	15,537.65	15,537.65
8	Any other financial item(s) (as felt appropriate by the management)	-	-

II

a. Details of Audit Qualification:
In respect of the consolidated financial results, as explained in note 8 the gain on deemed disposal of the Holding Company's investment in associate arising due to a reduction of its effective holding in the associate and consequent loss of significant influence has been recorded in other comprehensive income. The above pertains only to accounting treatment as prescribed in Ind AS 28 "Investments in Associates and Joint Ventures" and constitutes a departure therefrom which requires that difference between the fair value on the date of cessation of the associate and carrying value of the associate needs to be recognized in the Statement of Profit and Loss. Had this gain on deemed disposal of the Company's investment in associate recorded in the Statement of Profit and Loss, the profit after tax would have increased by Rs.1,802.33 crores. As noted in Note 10 of the consolidated financial results, due to this there is no resultant impact on the carrying value of the total equity, assets and liabilities of the Company.

In respect of Holding Company, as more fully explained in Note 9 to the consolidated financial results, which explain the impairment on financial instruments recorded during the year ended March 31, 2020, including due to impact of COVID-19 on the Company's borrowers, the Holding Company has debited impairment on financial instruments amounting to Rs.1,798 crores (net of tax impact) to Other Comprehensive Income which should have been debited to the Statement of Profit and Loss as required by Ind AS 109 "Financial Instruments". The above pertains only to accounting treatment as prescribed in Ind AS 109 "Financial Instruments" and constitutes a departure therefrom. Had the Holding Company recorded the amount of impairment on financial instruments in the Statement of Profit and Loss, the profit after tax would have reduced by Rs.1,798 crores. As noted in Note 10 of the consolidated financial results, due to this there is no resultant impact on the carrying value of the total equity, assets and liabilities of the Company.

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of qualification: Has appeared for the first time

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:
The outbreak of COVID–19 virus continues to spread across the globe including India, resulting into a significant decline and volatility in financial markets and a significant decrease in global and local India's economic activities. The Government of India announced a strict 40-day nation-wide lockdown to contain the spread of the virus till May 3, 2020, which was further extended till June 08, 2020. This has led to significant disruptions and dislocations for individuals and businesses. The recent directions from Government allows for calibrated and gradual withdrawal of lockdown and partial resumption of selected economic activities. The extent to which the COVID 19 pandemic will impact the Company's business is dependent on several factors including, but not limited to, pace of easing of the lockdown restrictions.

During the quarter, in respect of Oaknorth Holdings Limited ("Oaknorth" or "investee Company"), the Company has lost significant influence due to a reduction of its effective holding in the investee company, which is considered a deemed disposal of the Company's investment in associate as per Ind AS 28 "Investments in Associates and Joint Ventures" (Ind AS 28). ₹ 1,802 Crs of gain (net of tax) on deemed disposal of the Company's investment in associate arising due to a reduction of its effective holding in the associate [OakNorth Holdings Limited] and consequent loss of significant influence has been recorded as Other Comprehensive Income. The gain on deemed disposal as per Ind AS 28 i.e., difference between the fair value on the date of cessation of the associate and carrying value of the associate which should be recognized in the Statement of Profit and Loss has been recorded in Other Comprehensive Income to harmonize the accounting with the recording of impairment of financial instruments in the Other Comprehensive income in the standalone financial statements of the Company, as in the past, in the standalone financial statements, the Company had recorded fair value gains and realised gains on its investment in OakNorth Holdings limited in Other Comprehensive Income.

The Company's total amount of impairment of financial instruments reflects among other things, an increased risk of deterioration in macro-economic factors and the impact on the Company's borrowers caused by the COVID-19 pandemic. Accordingly, during the year ended March 31, 2020 the Company has debited an amount of ₹ 1,798 Crs on account of impairment on financial instruments to Other Comprehensive Income to harmonize the accounting with the gains recorded on deemed disposal of OakNorth Holdings Limited. In the past, the Company had recorded fair value gains and realised gains on its investment in OakNorth Holdings limited in Other Comprehensive Income in the standalone financial statements.

To counter any adverse impact of COVID-19 in the future and other contingencies, at a consolidated level, the Company has built a robust, conservative total provisioning buffer of Rs. 3,741 Crs.

e. For Audit Qualification(s) where the impact is not quantified by the auditor: NA

III

Signatories:
- CEO/Managing Director — GAGAN BANGA, Digitally signed by GAGAN BANGA, Date: 2020.07.03 18:44:03 +05'30'

- CFO — MUKESH KUMAR GARG, Digitally signed by MUKESH KUMAR GARG, Date: 2020.07.03 18:44:38 +05'30'

- Audit Committee Chairman

- Statutory Auditor — VIREN H MEHTA, Digitally signed by VIREN H MEHTA, DN: cn=VIREN H MEHTA, c=IN, o=Personal, email=viren.mehta@srb.in, Date: 2020.07.03 19:52:44 +05'30'

Place : Mumbai
Date : July 03, 2020