

INDUSIND BANK LIMITED

Earnings Update – Q2 & H1 FY 2006-07

Unaudited Quarterly Results

September 30, 2006

Quarterly Results

The Board of Directors of IndusInd Bank Ltd., one of the fastest growing private sector banks in the country, at their meeting held on October 31, 2006, took on record the unaudited quarterly financial results for the second quarter ended September 30, 2006.

Financial Data & Highlights for the Second Quarter ended September 30, 2006:

Profit & Loss Account

Rs. Crore

	Q2 FY2006-07	Q2 FY2005-06	Growth (%)	Q1 FY 2006-07	Sequential Growth (%)
Gross Interest Income	360.60	303.89	18.66%	333.82	8.02%
Net Interest Income	65.75	91.41	-28.08%	57.04	15.26%
Treasury Income	15.55	(2.92)	-632.63%	4.01	287.77%
Others	52.86	51.06	3.52%	52.31	1.05%
Total Income	134.16	139.56	-3.87%	113.36	18.35%
Operating Costs	85.07	77.05	10.41%	76.41	11.33%
Of which:					
Staff Cost	23.55	19.32	21.89%	21.67	8.69%
Rent, Taxes and Lighting	8.58	7.57	13.30%	6.76	26.89%
Depreciation	9.22	10.17	-9.34%	8.46	8.96%
Other Costs	-	-	-	-	-
Total Expenditure	85.07	77.05	10.41%	76.41	11.33%
Operating Profit	49.09	62.51	-21.47%	36.95	32.85%
Other Provisions & Contingencies	20.60	15.41	33.68%	24.69	-16.57%
Provision for Tax	11.31	15.61	-27.55%	4.25	166.12%
Net Profit	17.18	31.49	-45.46%	8.01	114.55%
Paid up Equity Capital	290.51	290.51		290.51	
EPS (Rs.) (not annualised)	0.59	1.08		0.28	

The operating profit for the quarter ended Sept. 30 2006 at Rs. 49.09 crores was lower as compared to Rs. 62.51 crores in the corresponding quarter of the last year due to the following reasons:-

- Income from securitisation was Nil as compared to Rs.23.91 crs. in the corresponding quarter of the previous year.
- Bad debts recovery was lower at Rs. 16.99 crs as against Rs. 23.03 crs in the corresponding quarter of the previous year.
- Pressure on NIM due to increase in cost of deposit.

Balance Sheet

Rs. crores

	Q2 FY2006-07	Q2 FY2005-06	Growth (%)	Q1 FY 2006-07	Sequential Growth (%)
Capital & Liabilities					
Capital	290.51	290.51	0.00%	290.51	0.00%
Reserves & Surplus	600.74	610.58	-1.61%	583.55	2.95%
Deposits	15,986.48	13,912.84	14.90%	15,400.06	3.81%
Borrowings	1,273.86	714.71	78.23%	1,716.22	-25.78%
Other Liabilities & Provisions	1,338.52	1,151.26	16.27%	1,200.05	11.54%
Total	19,490.11	16,679.90	16.85%	19,190.40	1.56%
Assets					
Cash & Bank Balance	848.64	579.99	46.32%	891.37	-4.79%
Balance with Bank and Money at Call & Short Notice	769.28	628.75	22.35%	514.56	49.50%
Investments	5,653.95	4,740.99	19.26%	5,515.63	2.51%
SLR Investments	4,773.22	3,954.05	20.72%	4,687.89	1.82%
Non SLR Investments	880.73	786.94	11.92%	827.74	6.40%
Advances	10,723.61	9,082.30	18.07%	10,809.15	-0.79%
Fixed Assets	341.74	337.70	1.20%	337.67	1.21%
Other Assets	1,152.89	1,310.17	-12.00%	1,122.02	2.75%
Total	19,490.11	16,679.90	16.85%	19,190.40	1.56%
Core Banking (Advances+ Deposits) Business	26,710.09	22,995.14	16.16%	26,209.21	1.91%

Performance Highlights for the second quarter ended September 30, 2006:

General

- Capital Adequacy Ratio (CAR) as on September 30, 2006 was 10.31% as against 9.85% as on June 30, 2006
- Book value per share (face value Rs. 10 each) of the Bank as on September 30, 2006 works out to Rs. 30.70 as against Rs. 31.03 as on September 30, 2005. The adjusted book value works out to Rs. 24.39 as against Rs. 22.55 earlier.
- Networth of the Bank stands at Rs. 891.25 crores at the end of the Q2 FY07.
- Net Interest Margin (NIM) for Q2 FY07 was 1.34% as against 2.24% in Q2 FY06 and 1.22% in Q1 FY07.
- Other Income for Q2 FY07 was at Rs.68.41 crores as against Rs. 48.14 crores in Q2 FY06 and Rs. 56.32 crore in Q1 FY07.

Advances

- Vehicle Financing at Rs. 5449 crores was up 170.82% YoY from Rs.2012 crores; sequentially up by 14.82 %from Q1 FY07.
- Retail Advances on the banking side were at Rs. 1493 crores in Q2 FY07 as against Rs. 970 crores in Q2 FY06 and Rs. 1351 crore in Q1 FY07 registering a growth of 53.92% QoQ and 10.51% sequentially
- Corporate Advances stood at Rs. 3782 crores in Q2 FY07 as against Rs. 6100 crores in Q2 FY06 and Rs. 4712 crore in Q1 FY07 registering a reduction of 38.01% QoQ and (19.75)% sequentially.
- Net Advances at Rs.10,724 crores grew 18.08% YoY in Q2 FY07; sequentially down by 0.79 %
- Vehicle Advances constitute 50.81% of the Total Loan Book as of Q2 FY07; they constituted 22.15% of the total Loan Book at the end of Q2 FY06

Vehicle and Construction Equipment Advances

	Rs. crore				
	Amount Lent in Q2 FY07	Amount Lent in Q2 FY06	YoY Growth (%)	Amount Lent in Q1 FY07	QoQ Growth (%)
Commercial Vehicles	685.39	508.46	34.80%	857.91	-20.11%
Personal Products - (TW)	176.55	159.41	10.75%	162.95	8.34%
Cars	127.71	176.07	-27.47%	160.25	-20.30%
Utility Vehicles	46.71	57.47	-18.72%	58.00	-19.46%
Equipments	153.69	106.18	44.74%	176.75	-13.04%

Recoveries, NPAs and Securitisation

- The Bank recovered Rs. 16.99 crores of bad debts in Q2 FY07 as against Rs. 23.03 crores in Q2 FY06 and Rs. 9.78 crore in Q1 FY07
- Gross NPAs stand at Rs. 252.36 crores (2.34%) in Q2 FY07 while Net NPAs stand at Rs. 183.06 crores (1.71%). This compares with Rs. 330.73 crores (3.61%) of Gross NPAs and Rs.246.31 crores (2.71%) of Net NPAs at the end of Q2 FY06; Gross NPAs stood at Rs. 275.21 crore (2.53 %) and Net NPAs at Rs. 199.24 crore (1.84%) at the end of Q1 FY07

- The Bank did not securitise any assets in Q2 FY07 as against Rs. 903 crores in Q2 FY06 and Nil in Q1 FY07. The profit booked in interest earned on account of this in Q2 FY07 was Nil as against Rs. 23.91 crores in Q2 FY06 and Nil in Q1 FY07

Deposits

- Total Deposits at the end of Q2 FY07 was Rs.15,986 crore, as against Rs.13,913 crores at the end of Q2 FY06, up 14.90% YoY; QoQ up 3.81% from Rs 15,400 crores in Q1 FY07.
- Current Deposits, at Rs. 1,447 crore, grew 39.42% YoY from Rs.1,038 crores and 15.15% QoQ from Rs 1,257 crores in Q1 FY07
- Savings Deposits stood at Rs. 794 crore, up 30.90% YoY from Rs.607 crore; they were up 0.65 % QoQ from Rs 789 crores in Q1 FY07
- Average Cost of Deposits stood at 6.54% as against 5.83% in Q2 FY06 and 6.48 % in Q1 FY07
- CASA (Current Accounts-Savings Accounts) Ratio has improved to 14.02 % against 11.82% in Q2 FY06 and 13.28% in Q1 FY07
- Credit-Deposit (CD) Ratio stood at 67.08% as against 65.28% in Q2 FY06 and 70.19% in Q1 FY07

Half-Yearly Results

The Board of Directors of IndusInd Bank Ltd., one of the fastest growing private sector banks in the country, at their meeting held on October 31, 2006, took on record the unaudited quarterly financial results for the half year ended September 30, 2006.

Financial Data & Highlights for the Half Year ended September 30, 2006:

Profit & Loss Account

Rs. Crore

	Half year ending FY2006-07	Half year ending FY2005-06	Growth (%)
Gross Interest Income	694.41	577.45	20.26%
Net Interest Income	122.78	162.42	-24.41%
Treasury Income	19.56	14.86	31.63%
Others	105.18	109.58	-4.02%
Total Income	247.52	286.86	-13.71%
Operating Costs	161.48	146.84	9.97%
Of which:			
Staff Cost	45.22	38.17	18.47%
Rent, Taxes and Lighting	15.34	14.44	6.25%
Depreciation	17.68	18.41	-3.97%
Other Costs	-	-	-
Total Expenditure	161.48	146.84	9.97%
Operating Profit	86.04	140.02	-38.55%
Other Provisions & Contingencies	45.29	35.41	27.90%
Provision for Tax	15.56	32.76	-52.50%
Net Profit	25.19	71.85	-64.94%
Paid up Equity Capital	290.51	290.51	
EPS (Rs.) (not annualised)	0.87	2.47	

The operating profit for the half year ended Sept. 30 2006 at Rs. 86.04 crores was lower as compared to Rs. 140.02 crores in the corresponding period of the last year due to the following reasons:-

- Bad debts recovery was lower at Rs. 26.77 crores as compared to Rs. 57.90 crores in the corresponding period of the previous year.
- Income from securitisation was NIL as compared to Rs. 41.84 crores in the corresponding period of the previous year.
- Pressure on NIM due to increase in cost of deposit

Balance Sheet

Rs. crores

	H1 FY2006-07	H1 FY2005-06	Growth (%)	Q1 FY 2006-07	Sequential Growth (%)
Capital & Liabilities					
Capital	290.51	290.51	0.00%	290.51	0.00%
Reserves & Surplus	600.74	610.58	-1.61%	583.55	2.95%
Deposits	15,986.48	13,912.84	14.90%	15,400.06	3.81%
Borrowings	1,273.86	714.71	78.23%	1,716.22	-25.78%
Other Liabilities & Provisions	1,338.52	1,151.26	16.27%	1,200.05	11.54%
Total	19,490.11	16,679.90	16.85%	19,190.40	1.56%
Assets					
Cash & Bank Balance	848.64	579.99	46.32%	891.37	-4.79%
Balance with Bank and Money at Call & Short Notice	769.28	628.75	22.35%	514.56	49.50%
Investments	5,653.95	4,740.99	19.26%	5,515.63	2.51%
SLR Investments	4,783.51	3,954.05	20.98%	4,687.89	2.04%
Non SLR Investments	876.08	786.94	11.33%	827.74	5.84%
Advances	10,723.61	9,082.30	18.07%	10,809.15	-0.79%
Fixed Assets	341.74	337.70	1.20%	337.67	1.21%
Other Assets	1,152.89	1,310.17	-12.00%	1,122.02	2.75%
Total	19,490.11	16,679.90	16.85%	19,190.40	1.56%
Core Banking Business (Advances+Deposits)	26,710.09	22,995.14	16.16%	26,209.21	1.91%

Performance Highlights for the half year ended September 30, 2006:

General

- Capital Adequacy Ratio (CAR) as on September 30, 2006 was 10.31 % as against 10.88% as on September 30, 2005
- Book value per share (face value Rs. 10 each) of the Bank as on September 30, 2006 works out to Rs. 30.70 as against Rs. 31.03 as on September 30, 2005.
- Networth of the Bank stands at Rs. 891.25crore at the end of the H1 FY07.
- Net Interest Margin (NIM) for H1 FY07 was 1.28% as against 2.06% in H1 FY06.
- Other Income for H1 FY07 was at Rs. 124.74 crores as against Rs. 124.44 crores in H1 FY06.

Advances

- Vehicle Financing at Rs. 5,449 crores was up 170.82% YoY from Rs. 2,012 crores in H1 FY06.
- Retail Advances on the banking side were at Rs. 1,493 crores in H1 FY07 as against Rs. 970 crores in H1 FY06.
- Corporate Advances stood at Rs. 3,782 crores in H1 FY07 as against Rs.6,100 crores in H1 FY06.
- Net Advances at Rs. 10,724 crores grew 18.08% YoY in H1 FY07.
- Vehicle Advances constitute 50.81% of the Total Loan Book at the end of H1 FY07 as compared to 22.15% at the end of H1 FY06

Recoveries, NPAs and Securitisation

- The Bank recovered Rs. 26.77 crores of bad debts in H1 FY07 as against Rs. 57.90 crores in H1 FY06.
- Gross NPAs stand at Rs. 252.36 crores (2.34 %) at the end of H1 FY07 while Net NPAs stand at Rs. 183.06 crores (1.71%). This compares with Rs. 330.73 crores (3.61%) of Gross NPAs and Rs.246.31 crores (2.71%) of Net NPAs at the end of H1 FY06.
- The Bank did not securitise any assets in H1 FY07 as against Rs.1630.68 crores in H1 FY06. The profit booked in interest earned on account of this in H1 FY07 was Nil as against Rs.41.84 crores in H1 FY06.

Deposits

- Total Deposits at the end of H1 FY07 was Rs.15,986 crore, as against Rs. 13,913 crores at the end of H1 FY06, up 14.90% YoY.
- Current Deposits, at Rs. 1,447 crores at the end of H1 FY07, grew 39.42% YoY from Rs. 1,038 crores at the end of H1 FY06.
- Savings Deposits stood at Rs.794 crore, up 30.90% YoY from Rs.607 crores at the end of H1 FY06.
- Average Cost of Deposits stood at 6.51 % as against 5.83% at the end of H1 FY06.
- CASA (Current Account-Savings Accounts) Ratio has improved to 14.02 % against 11.82% at the end of H1 FY06.
- Credit-Deposit (CD) Ratio stood at 67.08 % as against 65.28% at the end of H1 FY06.

Segmental Revenues & Profits:

Revenues

Rs crore

Particulars	Quarter ended 30.09.2006	Quarter ended 30.09.2005	Half year ended 30.09.2006	Half year ended 30.09.2005
Segment Revenues				
i) Treasury	127.26	83.90	245.87	177.93
ii) Other Banking Operations	379.03	336.05	726.99	645.63
Less: Inter-segment revenue	(77.28)	(67.92)	(153.71)	(121.67)
Total	429.01	352.03	819.15	701.89
Segment Results				
i) Treasury	17.61	(7.87)	30.70	7.84
ii) Other Banking Operations	41.76	81.00	76.57	150.88
Total	59.37	73.13	107.27	158.72
Unallocated Expenses	10.28	10.62	21.23	18.70
Operating Profit before Provisions & Contingencies	49.09	62.51	86.04	140.02
Provisions & Contingencies				
i) Treasury	7.13	9.72	19.93	18.70
ii) Other Banking Operations	13.47	5.69	25.36	16.71
iii) Income Tax and Others	11.31	15.61	15.56	32.76
Total	31.91	31.02	60.85	68.17
Net Profit	17.18	31.49	25.19	71.85
Other Information				
Segment Assets :				
i) Treasury	6610.16	5508.13	6610.16	5508.13
ii) Other Banking Operations	11920.50	10037.28	11920.50	10037.28
iii) Unallocated Assets	959.46	1134.49	959.46	1134.49
Total Assets	19490.12	16679.90	19490.12	16679.90
Segment Liabilities				
i) Treasury	1922.69	1004.02	1922.69	1004.02
ii) Other Banking Operations	16355.41	14276.74	16355.41	14276.74
iii) Unallocated Liabilities	1212.02	1399.14	1212.02	1399.14
Total Liabilities	19490.12	16679.90	19490.12	16679.90

Break-up of Assets and Liabilities:
Assets
Rs crores

	As on September 30, 2006	As on September 30, 2005	Growth (%)	As on June 30, 2006	Sequential Growth (%)
Advances					
Corporate Lending	3782	6100	-38.01%	4,712	-19.75%
Vehicle Finance Division Lending #					
· Commercial Vehicle Loans	3,451	1,416	143.70%	3,089	11.70%
· Utility Vehicle Loans	231	85	172.26%	422	-45.11%
· Car Loans	616	175	251.73%	537	14.70%
· 2/3-Wheeler Loans	546	216	152.88%	208	162.24%
· Equipment Financing	605	120	404.24%	490	23.50%
Total (VFD)	5449	2,012	170.82%	4,746	14.82%
Retail Division Lending					
· Personal Loans	82	59	38.98%	90	-8.43%
· Home Loans	144	93	54.84%	151	-4.79%
· Other Retail Loans to individuals	1267	818	54.89%	1,110	14.12%
Total (Retail)	1493	970	53.92%	1,351	10.51%
Total Advances	10,724	9,082	18.08%	10,809	-0.79%
Investments / Treasury Assets	5,654	4,741	19.26%	5,516	2.51%
Total Advances & Assets	16,378	13,823	18.48%	16,324	0.33%

Liabilities

Rs. Crores

	As on September 30, 2006	As on September 30, 2005	Growth (%)	As on June 30, 2006	Sequential Growth (%)
Deposits	15986	13,913	14.90%	15,400	3.81%
Of which:					
Demand Deposit	2241	1,645	36.28%	2,046	9.56%
Time Deposit	13,745	12,268	12.04%	13,354	2.93%
Borrowings	1274	715	78.23%	1,716	-25.78%

Lending to Sensitive Sectors

Rs. Crores

	As on September 30, 2006	As on September 30, 2005	Growth (%)	As on June 30, 2006	Sequential Growth (%)
Capital Markets	43.10	28.72	50.07%	33.30	29.43%
Real Estate**	489.64	752.63	-34.94%	675.64	-27.53%

** includes Advances given to Housing Finance Companies Rs.251.38 crores (as on 30.09.2006) as per revised RBI definition

Break-up of Deposits & Investments:

Categorisation of Deposits:

Rs. crore

	As on September 30, 2006	As on September 30, 2005	Growth (%)	As on June 23, 2006 Last Friday	Sequential Growth (%)
Up to - 14 Days	2,006	1,544	29.91%	1,675	19.77%
14 Days - 28 Days	782	684	14.36%	502	55.86%
28 Days - 3 Months	2,211	1,923	14.99%	1,934	14.34%
3 Months - 6 Months	1,392	1,566	-11.07%	1,494	-6.81%
6 Months - 12 Months	1,972	1,254	57.29%	1,677	17.57%
12 Months - 3 Years	4,025	3,113	29.28%	4,018	0.17%
3 Years - 5 Years	1,849	1,806	2.38%	1,881	-1.69%
Over - 5 Years	1,749	2,023	-13.55%	1,630	7.30%
TOTAL	15,986	13,913		14,811	

Categorisation of Investments:

Rs. crore

	As on September 30, 2006	As on September 30, 2005	Growth (%)	As on June 30, 2006	Sequential Growth (%)
Held to Maturity (HTM)					
· G-Secs	4,025.45	3,402.31	18.32%	3,896.01	3.32%
· T-Bills	-	-	-	-	-
· Other Approved	2.55	-	-	2.55	-
· Debt Instruments	-	-	-	-	-
· Equity Shares	-	-	-	-	-
· Mutual Fund Units	-	-	-	-	-
· Other Investments (RIDF)	700.33	-	-	641.29	-
	4,728.33	3,402.31	38.97%	4,539.85	4.15%
Held for Trading (HFT)	-	-	-	-	-
Available for Sale (AFS)					
· G-Secs	150.00	254.80	-41.13%	-	-
· T-Bills	628.25	320.37	96.10%	817.42	-23.14%
· Debt Instruments	131.77	649.30	-79.71%	134.14	-1.77%
· Equity Shares	15.60	38.98	-59.98%	24.22	-35.59%
· Mutual Fund Units	-	75.22	-100.00%	-	-
	925.62	1,338.67	-30.86%	975.78	-5.14%
SLR Investments	4,773.22	3,977.48	20.01%	4,687.89	1.82%
Non SLR Investments	880.73	763.50	15.35%	827.74	6.40%
Total Investments	5,653.95	4,740.98	19.26%	5,515.63	2.51%
Modified Duration(AFS)	0.86	0.97		0.26	
Modified Duration(HTM)	5.40	5.90		5.49	

Analytical Ratios:

	As on September 30, 2006	As on September 30, 2005	Growth (%)	As on June 30, 2006	Sequential Growth (%)
Networth after minority interest (Rs crore)	891.25	901.09	-1.09%	874.06	1.97%
Book Value per Share (Rs)	30.70	31.03	-1.07%	30.11	1.97%
Adjusted Book Value per Share (Rs.) Net of NPAs	24.39	22.55	8.16%	23.24	4.94%
EPS (Rs)	0.87	2.47	-64.86%	0.28	214.72%
Retail Assets / Customer Assets					
Gross NPAs (Rs crore)	252.36	330.73	-23.70%	275.21	-8.30%
Gross NPAs (%)	2.34%	3.61%	-35.23%	2.53%	-7.58%
Net NPAs (Rs crore)	183.06	246.31	-25.68%	199.24	-8.12%
Net NPAs (%)	1.71%	2.71%	-37.01%	1.84%	-7.22%
Provision Cover (%)	27.46%	25.53%	7.58%	27.60%	-0.52%
Annualised Return on Assets (%)	0.53	0.90	-41.48%	0.17	206.66%
Annualised Return on Networth (%)	11.31	15.95	-29.11%	3.66	208.65%
Net Interest Margins (NIM) (%)	1.28%	2.06%	-37.86%	1.22%	4.59%
Capital Adequacy Ratio (CAR) (%)	10.31%	10.88%	-5.28%	9.85%	4.59%
Interest Cost/ Total Income (%)	69.78%	59.13%	18.02%	70.94%	-1.64%
Credit / Deposit (%)	67.08%	65.28%	2.76%	70.19%	-4.43%
Average Cost of Deposits	6.51%	5.83%	11.68%	6.48%	0.49%
Current Accounts (Rs crore)	1,447.08	1,037.95	39.42%	1256.65	15.15%
Savings Accounts (Rs crore)	794.30	606.79	30.90%	789.16	0.65%
CASA Ratio (%)	14.02%	11.82%	18.60%	13.28%	5.54%
Network					
Branches	147	131	12.21%	145	1.38%
Extension Counters	-	9	-	-	-
Offsite ATMs	84	82	2.44%	83	1.20%
Vehicle Finance Division Offices	26	26	0.00%	26	0.00%
Total Network	257	248	3.63%	254	1.18%
Geographical Locations	118	110	7.27%	116	1.72%
State/ Union Territories covered	24	24	0.00%	24	0.00%
State Capitals covered	20	21	-4.76%	20	0.00%
Foreign Locations (Representative offices)	2	2	0.00%	2	0.00%

Customers					
- Retail	595674	368423	61.68%	517318	15.15%
- Retail (VFD)	784609	620000	26.55%	738419	6.26%
- HNI	61212	50239	21.84%	64372	-4.91%
Total Employees	2470	2451	0.78%	2465	0.20%

Business Update

People & Infrastructure:

- IndusInd Bank's employee strength stands at 2470 as at the end of Q2 & H1 FY07 as compared to 2451 at the end of Q2 & H1 FY06.
- The Bank has 147 branches, and 84 offsite ATMs as of September 30, 2006.
- The branches are spread across 118 geographical locations in India at the end of September 30, 2006.
- The Bank added 1,21,386 new customers during this quarter up 38.78% YoY and 9.20% QoQ; The number of customers has moved from 10,38,662 at the end of September 30, 2005, to 14,41,495 at the end of September 30, 2006

Key Initiatives taken during the Quarter:

- Launched the *Indus Tax Saver Scheme*
- Launched the *Indus Gift Card* for the Bank's customers and non-customers
- Launched the *Indus Gold Debit Card* in association with VISA
- Launched the *E-Remittance facility* for seamless transfer of funds in association with Doha Bank

Other Highlights of the Quarter:

- RBI authorization to the Bank to open 10 more new branches and 100 off-site ATMs

Management Outlook for the Banking Sector:

IndusInd Bank's outlook for the Banking sector continues to remain stable and the factors those were likely to guide the outlook to positive continue to remain valid.

- The Global economic scenario is poised for safe landing with crucial economic and price indicators turning less volatile and into stability
- The interest rate scenario has become clear post 'unchanged' stance of FED – an indication of interest rates having already peaked or very near its peak, either of the fact should prepare the economy for reversal of interest rate cycle or allow it to remain at present levels.
- The continuation of current 'bull phase' for the Indian economy and terrific performance of 'Corporate India' should throw up many opportunities for Banks to cater to their domestic and off-shore needs
- Manufacturing sector being the key driver, growth in industrial production to remain robust to further open up demand for credit
- SME and Small Business enterprises (traders and intermediaries) will be the target segments to look at – as the benefits of economic liberalization have started accruing to them
- Retail segment will continue to remain attractive on the back of all-round wealth creation. The demand for asset funding (through personal products and housing) will continue to remain steady, while wealth management opportunities will grow multifold
- Technology will continue to be the key driver for banking business with extension of e-banking facility from retail to corporate entities, thus improving the customer service capabilities of Banks.

Overall, with India growth story remaining strong, foreign entities look for a foot-hold in India and Indian companies becoming global, it is indeed a terrific opportunity for banking sector in the medium term, if not long term. Rightly so, banking stocks have outperformed others and command higher premium.

Management Outlook for IndusInd Bank:

We have been highlighting the growth story for IndusInd Bank mainly through improved NIM and higher non-interest income. This has been demonstrated and we expect the momentum to kick in from Q3 onwards:

- Despite a steady drop in Money Market yields in Q2 by 50-80bp across various tenors, the yield on loan portfolio continue to move up driven by Vehicle Finance and Personal Products portfolio
- The cost of deposits is maintained under control by matching the cost escalation through higher CASA. The Bank has most of the technology driven, retail products/services to attract the retail segment for higher market share. The existing gap in servicing the retail segment is being addressed.
- Coupled with the above and replacement of low yielding loans (on maturity) with high yielding new loans will improve the NIM in a more tangible way going forward
- The Bank will continue to have its thrust in retail, Small Business segment (mainly traders) and SME segments for higher yield on the loan portfolio

- The Bank has demonstrated its ability to ramp up non-interest income through Third Party distribution and various other product/service driven initiatives to the Corporate Segment. The thrust will continue to remain till the ultimate objective of meeting the operating cost through non-interest income is met
- The focus will be to build non-credit relationships through sale of high-end products/services covering Transaction Banking, Trade Finance and Treasury & Risk management products, with an objective to improve the account profitability and the return on capital (through generation of non-interest income through exchange, commission and build CA book)
- The cross-sell initiatives of Wholesale Banking Group will contribute to retail business from employees, management and promoters of Corporate relationships

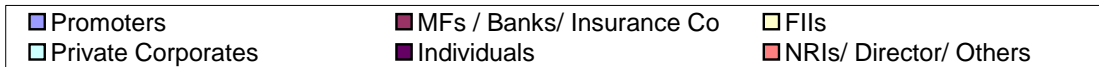
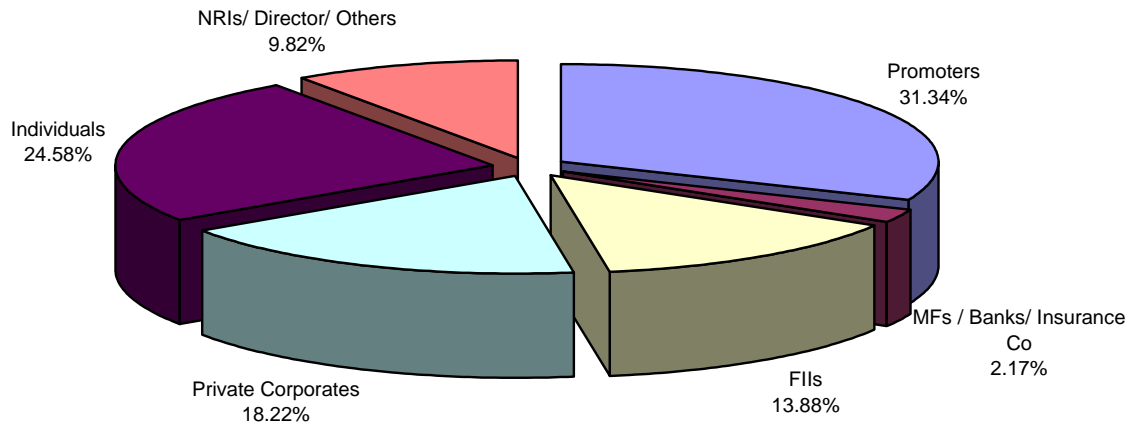
IndusInd Banks has positioned well for enhanced product delivery with superior customer satisfaction focusing on 'bottom-line' impact to the financials. We believe, going forward, from Q3 onwards, the 'financial numbers' should speak the 'growth story' of IndusInd Bank.

Shareholding Pattern (as on September 30, 2006):

Total Equity	Rs 290.51 crore
Total Shareholders	1,31,237

	Category	% of shareholding
A.	Promoters holding	
1	Promoters*	
	a Indian Promoters	
	b Foreign Promoters	31.34
2	Persons acting in Concert #	
	Sub Total	31.34
B.	Non-Promoters Holding	
3	Institutional Investors	
	a Mutual Funds and UTI	0.66
	b Financial Institutions/ Banks	0.31
	c Insurance Companies	1.20
	d Foreign Institutional Investors	13.88
	Sub Total	16.05
4	Others	
	a Bodies Corporate	18.22
	b Individuals	24.58
	c Clearing Member	3.61
	d Non- Executive Directors	0.01
	e Non- Executive Director (Non-resident & Foreign national)	0.06
	f Overseas Corporate Bodies	2.38
	g Non Resident Indians	3.76
	Sub Total	52.61
	GRAND TOTAL	100.00

Shareholding pattern - September 30, 2006



About IndusInd Bank Ltd.

IndusInd Bank Ltd., a fast-growing new-generation private-sector bank in India, commenced operations in 1994 and has a net worth of Rs. 866 crore as at March 31, 2006. Driven by technology, it has taken steps to establish and upgrade its support systems for the introduction of retail banking products and alternative delivery channels, while continuing to expand its network of branches. In its twelve-year existence, the Bank has displayed its commitment to global benchmarks in retail banking by proactively adopting the requirements of ISO 9001:2000 quality certification for its entire network of branches. It was one of the first banks to go live on the RTGS platform and enjoys clearing bank status for both major stock exchanges and both major commodity exchanges in the country, i.e. BSE, NSE, MCX and NCDEX. It also offers DP facilities for stock and commodity segments. Since the merger of Ashok Leyland Finance in June 2004, the Bank has expanded its retail portfolio. It is a significantly large player in the financing of commercial vehicles, utility vehicles, cars, 2/3-wheelers and construction equipment. The Bank has been given the highest P1+ rating for its FDs by CRISIL, who have also assigned the highest safety ratings to the Bank's Pass Through Certificates. It has also been given the highest rating of F1+ for its Certificates of Deposit by Fitch Ratings India Pvt. Ltd. The Bank's Tier-II Bonds have been rated LA+ by ICRA and A+ (ind) by Fitch. For more details, visit us at www.indusind.com

Safe Harbour

This document contains certain forward-looking statements based on current expectations of the IndusInd Bank management. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the businesses of IndusInd Bank as well as its ability to implement the strategy. IndusInd Bank does not undertake to update these statements.

This document does not constitute an offer or recommendation to buy or sell any securities of IndusInd Bank or any of its associate companies. This document also does not constitute an offer or recommendation to buy or sell any financial products offered by IndusInd Bank.

For more information, contact:

S V Zaregaonkar

Executive Vice President & CFO
IndusInd Bank Ltd.
Tel: +91 22 66412200
Fax: +91 22 66412376
E-mail: zaregaonkar@indusind.com

Hemant Batra

Group Head
Adfactors PR Pvt. Ltd.
Tel: +91 22 22813565
Fax: +91 22 22813569
E-mail: hemant@adfactorspr.com

####