INDUSIND BANK LIMITED

Earnings Update - Q1 FY2008-09

Unaudited Quarterly Results

June 30, 2008

Quarterly Results

The Board of Directors of IndusInd Bank Ltd at their meeting held on July 25 2008, took on record the unaudited quarterly financial results for the first quarter ended June 30, 2008.

Financial Data & Highlights for the First Quarter ended June 30, 2008:

Profit & Loss Account

Rs. Crores

	Q1 FY 2008-09	Q1 FY 2007-08	Growth (%)	Q4 FY 2007-08	Sequential Growth (%)
Gross Interest Income	528.18	431.84	22.31%	525.53	0.50%
Net Interest Income	102.80	57.40	79.09%	96.90	6.09%
Other Income					
Commission, Exchange and Misc. Income	58.06	47.28	22.80%	53.58	8.36%
Profit on exchange transaction	11.95	6.45	85.27%	10.50	13.80%
Recovery from Bad Debts	6.29	13.58	-53.68%	13.52	-53.48%
HTM Ammortisation & others	-21.25	-3.55		-12.09	
Total Income	**157.85**	**121.16**	**30.28%**	**162.41**	**-2.81%**
Operating Costs	111.98	89.11	25.66%	111.14	0.76%
Of which:					
Staff Cost	37.30	26.44	41.07%	34.94	6.75%
Rent, Taxes and Lighting	9.66	7.80	23.85%	9.74	-0.82%
Depreciation	10.63	8.56	24.18%	11.87	-10.45%
Total Expenditure	**111.98**	**89.11**	**25.66%**	**111.14**	**0.76%**
Operating Profit	**45.87**	**32.05**	**43.12%**	**51.27**	**-10.53%**
Other Provisions & Contingencies	15.39	11.78	30.65%	27.82	-44.68%
Provision for Tax	11.38	7.05	61.42%	9.00	26.44%
Net Profit	**19.10**	**13.22**	**44.48%**	**14.45**	**32.18%**
Paid up Equity Capital	355.19	320.00	11.00%	320.00	11.00%
EPS (Rs.) (not annualised)	**0.59**	0.41	**43.90%**	0.45	**31.11%**

- Operating Profit for Q1 FY09 at Rs 45.87 crores, was up 43.12% as against Rs 32.05 crores of Q1 last year.
- Net Profit for Q1 FY09 at Rs 19.10 crores, was up 44.48% as against Rs.13.22 crores of Q1 last year.

Balance Sheet

Rs. Crores

	Q1 FY 2008-09	**Q1 FY 2007-08**	**Growth (%)**	**Q4 FY 2007-08**	**Sequential Growth (%)**
Capital & Liabilities					
Capital	355.19	320.00	11.00%	320.00	11.00%
Reserves & Surplus	1229.39	750.01	63.92%	1,029.72	19.39%
Deposits	18,116.00	17,328.98	4.54%	19,037.42	-4.84%
Borrowings	2,913.35	546.42	433.17%	1,095.43	165.95%
Other Liabilities & Provisions	1,750.13	1,613.19	8.49%	1,779.31	-1.64%
Total	**24,364.06**	**20,558.60**	**18.51%**	**23,261.88**	**4.74%**
Assets					
Cash & Bank Balance	1,629.54	1,177.90	38.34%	1,526.26	6.77%
Balance with Bank and Money at Call & Short Notice	516.03	789.21	-34.61%	651.77	-20.83%
Investments	7,270.44	5,749.98	26.44%	6,629.70	9.66%
SLR Investments	6,020.43	4,639.95	29.75%	5,362.39	12.27%
Non SLR Investments	1,250.01	1,110.03	12.61%	1,267.31	-1.37%
Advances	13,268.24	11,469.28	15.69%	12,795.31	3.70%
Fixed Assets	628.00	378.26	66.02%	625.15	0.46%
Other Assets	1,051.81	993.97	5.82%	1,033.69	1.75%
Total	**24,364.06**	**20,558.60**	**18.51%**	**23,261.88**	**4.74%**
Core Banking (Advances+Deposit)	**31,384.24**	**28,798.26**	**8.98%**	**31,832.73**	**-1.41%**

Performance Highlights for the quarter ended June 30, 2008:

General

- Networth of the Bank stands at Rs 1,345.73 crore at the end of the Q1 FY09. This includes Rs. 222.19 crore raised through issue of Global Depository Receipts (GDRs) during Q1 FY09.
- Core Banking operations (Advances + Deposits) of the Bank have shown a growth of 8.98% in Q1 FY09 on a YoY basis.
- Capital Adequacy Ratio (CAR) as on June 30, 2008 was 13.16% as against 12.16% as on June 30, 2007, of which Tier I account for 8.10%.
- Book value per share (face value Rs. 10 each) of the Bank as on June 30, 2008 works out to Rs 37.91 as against Rs. 33.44 as on June 30, 2007. The adjusted book value works out to Rs 28.89 as against Rs. 24.42 earlier.
- Net Interest Margin (NIM) for Q1 FY09 was 1.68% as against 1.12% in Q1 FY08 and 1.64% in Q4 FY08.
- Other Income for Q1 FY09 was at Rs 55.05 crore as against Rs 63.76 crore in Q1 FY08 and Rs 65.51 crore in Q4 FY08.

Advances

- Consumer Finance Division (erstwhile VFD) Advances at Rs 7,649.00 crore were up 11.11% YoY from Rs 6,884.00 crore.
- Corporate and Commercial Banking Advances were at Rs 5,619.00 crore in Q1 FY09 as against Rs 4,935.00 crore in Q1 FY08 and Rs 5,671.00 crore in Q4 FY08 registering a growth of 13.86 % Y-o-Y.
- Net Advances at Rs 13,268.00 crore grew 15.69% YoY in Q1 FY08-09.
- Consumer Finance Division (erstwhile VFD) Advances constitute 57.65 % of the Total Loan Book as of Q1 FY09; they constituted 58.25 % of the total Loan Book at the end of Q1 FY08.

Consumer Finance Division (erstwhile VFD) Advances

Rs. Crores

	Amount Lent in Q1 FY08-09	Amount Lent in Q1 FY07-08	YoY Growth (%)	Amount Lent in Q4 FY07-08	QoQ Growth (%)
Commercial Vehicles	654.28	536.81	21.88%	608.45	7.53%
Personal Products - (TW)	186.69	179.03	4.28%	231.36	-19.31%
Cars	81.35	68.04	19.56%	71.01	14.56%
Utility Vehicles	85.13	51.32	65.88%	64.48	32.03%
Equipments	189.82	205.17	-7.48%	212.79	-10.79%

Recoveries, NPAs and Securitisation

- The Bank recovered Rs 6.29 crore of bad debts in Q1 FY09 as against Rs 13.58 crore in Q1 FY08 and Rs 13.52 crore in Q4 FY08.
- Gross NPAs stand at Rs 431.24 crore (3.22%) in Q1 FY09 while Net NPAs stand at Rs 320.08 crore (2.41%). This compares with Rs 362.07 crore (3.14%) of Gross NPAs and Rs 288.08 crore (2.51%) of Net NPAs at the end of Q1 FY08; Gross NPAs stood at Rs 392.31 crores (3.04%) and Net NPAs at Rs 291.02 crores (2.27%) at the end of Q4 FY08.

Deposits

- Total Deposits at the end of Q1 FY09 was Rs 18,116.00 crore, as against Rs 17,328.98 crore at the end of Q1 FY08, up 4.54% YoY; QoQ down 4.84% from Q4 FY08.
- Current Account Balances at Rs 1,945.02 crore, grew 17.56% YoY from Rs 1,654.53 crore and grew 7.94% QoQ.
- Savings Account Balances stood at Rs 1,244.64 crore, up 31.40% YoY from Rs 947.18 crore; they were up 4.91 % QoQ.
- Average Cost of Deposits stood at 7.79% in Q1 FY09 as against 7.94% in Q1 FY08 and 7.84% in Q4 FY08.
- CASA (Current Account-Savings bank deposit accounts) Ratio improved to 17.61% in Q1 FY09 against 15.01% in Q1 FY08 and 15.70% in Q4 FY08.
- Credit-Deposit (CD) Ratio stood at 73.24% in Q1 FY09 as against 66.19% in Q1 FY08 and 67.21% in Q4 FY08.

Break-up of Assets and Liabilities:
Assets

Rs Crores

	As on June 30,2008	As on June 30,2007	Growth (%)	As on March 31,2008	Sequential Growth (%)
Advances					
Consumer Finance Division (erstwhile VFD) Lending					
Commercial Vehicle Loans	4,609.00	4,306.00	7.04%	4,351.00	5.93%
Utility Vehicle Loans	359.00	254.00	41.34%	329.00	9.12%
Car Loans	593.00	611.00	-2.95%	605.00	-1.98%
2/3-Wheeler Loans	796.00	649.00	22.65%	788.00	1.02%
Equipment Financing	1,062.00	814.00	30.47%	1,060.00	0.19%
Personal Loans	50.00	71.00	-29.58%	53.00	-5.66%
Home Loans	180.00	179.00	0.56%	163.00	10.43%
Total	**7,649.00**	**6,884.00**	11.11%	**7,349.00**	4.08%
Corporate and Commercial Banking					
Corporate Banking	3,899.00	3,496.00	11.53%	4,071.00	-4.23%
Loans to Small Businesses	1,720.00	1,439.00	19.53%	1,600.00	7.50%
Total	**5,619.00**	**4,935.00**	13.86%	**5,671.00**	-0.91%
Total Advances before IBPC/ BRDS	**13,268.00**	**11,819.00**	12.25%	**13,020.00**	1.90%
Less: IBPC/ BRDS	**-**	**350.00**	-	**225.00**	-
Total Advances after IBPC/ BRDS	**13,268.00**	**11,469.00**	15.69%	**12,795.00**	3.70%
Investments / Treasury Assets	**7,270.00**	**5,750.00**	26.43%	**6,630.00**	9.65%
Total Advances & Assets	**20,538.00**	**17,569.00**	16.90%	**19,650.00**	4.52%

Liabilities

Rs. Crores

	As on June 30,2008	As on June 30,2007	Growth (%)	As on March 31,2008	Sequential Growth (%)
Deposits	18,116.00	17,329.00	4.54%	19,037.00	-4.84%
Of which:					
Demand Deposit	3,189.66	2,602.00	22.58%	2,988.00	6.75%
Time Deposit	14,926.34	14,727.00	1.35%	16,049.00	-7.00%
Borrowings	2,913.35	546.00	433.58%	1,095.00	166.06%

Lending to Sensitive Sectors

Rs. Crores

	As on June 30,2008	As on June 30,2007	Growth (%)	As on March 31,2008	Sequential Growth (%)
Capital Markets	351.83	421.58	-16.54%	350.87	0.27%
Real Estate	426.32	440.13	-3.14%	468.02	-8.91%

Break-up of Deposits & Investments:

Categorisation of Deposits:

Rs. Crores

	As on June 30, 2008	As on June 30, 2007	Growth (%)	As on March 31, 2008	Sequential Growth (%)
Up to - 14 Days	958.95	1,780.00	-46.13%	1,081.97	-11.37%
14 Days - 28 Days	478.03	675.00	-29.18%	366.29	30.51%
28 Days - 3 Months	2,092.28	2,180.00	-4.02%	2,699.21	-22.49%
3 Months - 6 Months	1,136.43	886.00	28.27%	1,369.21	-17.00%
6 Months - 12 Months	2,323.22	1,938.00	19.88%	1,995.82	16.40%
12 Months - 3 Years	6,424.09	5,152.00	24.69%	6,685.37	-3.91%
3 Years - 5 Years	2,396.91	2,401.00	-0.17%	2,468.72	-2.91%
Over - 5 Years	2,306.09	2,317.00	-0.47%	2,370.83	-2.73%
TOTAL	**18,116.00**	**17,329.00**	4.54%	**19,037.42**	-4.84%

Categorisation of Investments:

Rs. Crores

	As on June 30,2008	As on June 30, 2007	Growth (%)	As on March 31, 2008	Sequential Growth (%)
Held to Maturity (HTM)					
· G-Secs	5,359.48	4,055.37	32.16%	4,677.88	14.57%
· T-Bills	-	-	-	-	-
· Other Approved	-	1.55	-	-	-
· Debt Instruments	-	-	-	-	-
· Equity Shares	5.85	5.85	-	5.85	-
· Mutual Fund Units	-	-	-	-	-
· Other Investments (RIDF)	1,111.14	913.36	21.65%	1,102.52	0.78%
	6,476.47	**4,976.13**	**30.15%**	**5,786.25**	**11.93%**
Held for Trading (HFT)					
· G-Secs	-	-	-	**178.44**	-
Available for Sale (AFS)					
· G-Secs	299.47	111.59	168.37%	137.74	117.42%
· T-Bills	434.51	544.59	-20.21%	441.66	-1.62%
· Other Approved	3.63	3.66	-0.82%	3.76	-3.46%
· Debt Instruments	18.11	48.72	-62.83%	40.21	-54.96%
· Other Investment (PTC)	7.60	30.59	-75.16%	7.94	-4.28%
· Equity Shares	30.65	34.70	-11.67%	33.70	-9.05%
	793.97	**773.85**	2.60%	**665.01**	19.39%
SLR Investments	6,020.43	4,639.95	29.75%	5,362.39	12.27%
Non SLR Investments	1,250.01	1,110.03	12.61%	1,267.31	-1.37%
Total Investments	**7,270.44**	**5,749.98**	26.44%	**6,629.70**	9.66%
Modified duration(AFS)	0.58	1.23		1.58	
Modified duration(HTM)	4.83	4.74		5.02	

Analytical Ratios:

	As on June 30, 2008	As on June 31, 2007	Growth (%)	As on March 31, 2008	Sequential Growth (%)
Networth after minority interest (Rs crore)	1,345.73	1,070.00	25.77%	1,109.91	21.25%
Book Value per Share (Rs)	37.91	33.44	13.37%	34.71	9.22%
Adjusted Book Value per Share (Rs.) Net of NPAs	28.89	24.42	18.30%	25.61	12.81%
EPS (Rs)	0.59	0.41	43.90%	2.35	-74.89%
Gross NPAs (Rs crore)	431.24	362.07	19.10%	392.31	9.92%
Gross NPAs (%)	3.22%	3.14%	2.55%	3.04%	5.92%
Net NPAs (Rs crore)	320.08	288.08	11.11%	291.02	9.99%
Net NPAs (%)	2.41%	2.51%	-3.98%	2.27%	6.17%
Provision Cover (%)	25.78%	20.44%	26.13%	25.82%	-0.15%
Annualised Return on Assets (%)	0.31	0.26	19.23%	0.34	-8.82%
Annualised Return on Networth (%)	5.68	4.94	14.98%	6.76	-15.98%
Net Interest Margins (NIM) (%)	1.68%	1.12%	50.00%	1.64%	2.44%
Capital Adequacy Ratio (CAR) (%)	13.16%	12.16%	8.22%	11.91%	10.50%
Interest Cost/ Total Income (%)	72.93%	75.55%	-3.47%	72.53%	0.55%
Credit / Deposit (%)	73.24%	66.19%	10.65%	67.21%	8.97%
Average Cost of Deposits	7.79%	7.94%	-1.89%	7.84%	-0.64%
Current Accounts (Rs crore)	1,945.02	1,654.53	17.56%	1,801.90	7.94%
Savings Accounts (Rs crore)	1,244.64	947.18	31.40%	1,186.42	4.91%
CASA Ratio (%)	17.61%	15.01%	17.32%	15.70%	12.17%
Network					
Branches	180	170	5.88%	180	-
Extension Counters	-	-	-	-	-
Offsite ATMs	184	117	57.26%	183	0.55%
Consumer Finance Division(erstwhile VFD) Offices	26	26	-	26	-
Total Network	**390**	**313**	**24.60%**	**389**	**0.26%**

Geographical Locations	147	141	4.26%	147	-
State/ Union Territories covered	28	27	3.70%	28	-
State Capitals covered	25	23	8.70%	25	-
Foreign Locations (Representative offices)	2	2	-	2	-
Customers					
- Retail	1,998,234	1,533,797	30.28%	1,934,534	3.29%
Total Employees	3,069	2,773	10.67%	2,869	6.97%

Business Update

People & Infrastructure:

- IndusInd Bank's employee strength stands at 3,069 as at the end of Q1 FY09 as compared to 2,773 at the end of Q1 FY08.
- The Bank has 180 branches and 184 offsite ATMs as of June 30, 2008.
- The branches are spread across 147 geographical locations in India at the end of Q1 FY09.
- The total number of customers has moved from 15,33,797 in Q1 FY08 to 19,98,234 in Q1 FY09.

Key Initiatives taken during the Quarter:

The Bank announced appointments of a few more key officials. Mr Ramesh Ganesan joined the Bank as Head ï Transaction Banking, Mr Sanjeev Anand as Head ï Commercial Banking, Mr Soumitra Sen as Head ï Branch Distribution and Mr Anish Behl as Head ï Strategy & Wealth Management, Consumer Banking.

Management Outlook for Banking Sector:

IndusInd Bankôs outlook for the Banking Sector remains weak in the short-term (up to Q3) given the global and domestic uncertainties on various macro and micro economic factors. However, good signs of medium term recovery on factors impacting the growth and market indicators causing inflationary pressures, should limit the short term weakness to pave way for bullish phase ahead for improved performance.

We base our outlook in the backdrop of the following factors:

Global cues:

- US economy is showing signs of recovery, although not clearly out of its problems. Although the GDP growth has improved a bit, there are other factors like down-turn in Consumer spending; slower growth in business investment; increased unemployment rate; depressed profitability from corporate entities and financial institutions; bearish stock markets are causing a great concern for the US authorities.
- The current concerns remain on tight credit and liquidity conditions as the bail-out to sub-prime struck financial institutions has been rolled over for another year.
- Despite the subdued GDP growth, inflationary pressures continue to remain leading to stagflation and FED is finding it hard to push growth numbers ahead of inflation numbers despite repeated rate cuts. With FED Fund rate already at 2%, FED is likely to go into pause mode till December 2008. In the likely event of easing inflationary pressures triggered by lower crude oil and other essential commodities, FED is likely to increase its key rates in the next year.
- All the above-said factors continue to keep the USD weak against all major currencies and no clear signals of short term recovery. Hence, all factors emerging out of US economy do not signal short term recovery in the Global Economy.
- Elsewhere, UK economy is facing a severe crisis with depressed growth, higher inflation and rising unemployment. To address the growth ahead of inflation, Bank of England kept key rates steady but pressures to hike rates do exist.
- European Central Bank (ECB) on the other hand continued to hold on to inflation concerns and increased the key rate by 0.25%. This benefited the Euro, which held on to its gains against most of the major currencies, although loosing its recent gains marginally against US Dollar. ECB is expected to follow FED and we might see rate hikes tracking USD interest rate, after a brief pause mode.
- Japanese economy seems to be faltering again as most of the economic data point towards a slowdown. Hence, Bank of Japan is expected to keep rates steady at 0.5%.
- The only positive factor emerging out of global markets is the easing of commodity prices which if sustains could guide soft landing of global inflationary pressure. Crude Oil has come off from its recent high of $149 a barrel to below $125 so as the other essential commodities, thus pulling the global commodity index down by 14% in July 2008. This was mainly on the concerns expressed by G8 nations and the slow down in the demand.
- Overall, it is expected that sustained reversal in the commodity prices coupled with USD gaining as a currency (through possible concerted intervention) should help to remove inflationary pressures and to shift focus on growth momentum. The expected lag time for this to happen will be 3-6 months.

Domestic cues:

- The Indian economy continues to reel under inflationary pressure mainly driven by external price-push factors and growing demand over stagnant supplies. The price push factors are mainly from imported items of crude oil, base metals and essential food items. Despite Governmentøs fiscal and administrative measures coupled with RBIøs monetary policies through series of CRR hike and Repo hike, inflationary pressures continue to prevail with headline WPI crossing 12% and Money Supply around 20%. The UPA Government having won its crucial confidence vote should now focus on inflation control not to fall into a stagflation trap with a 8X8 strategy ï plus 8% growth with sub 8% inflation. This might necessitate further control of money supply through CRR hikes and a minimal dose of hikes in key rates.
- RBI delivered an aggressive dose of monetary measures with 0.5% hike in Repo rate and 0.25% hike in CRR (both now at 9%) to focus on three critical factors ï contain inflationary pressures, squeeze money supply and arrest rupee depreciation. This will guide Call Money rates in the 9.0-9.5% range; 10Y yield in the 9.25-9.50% range which will push the Banksô lending rates by minimum 0.5% across the board.
- Banksô term deposits which are already gone into double digit are likely to remain in the 9.5-11.5% range across 3-12 month tenors.
- However, positive developments in the political front and signs of easing in the crude oil price (down from close to crucial $150 to below $125, over 15% recovery in less than a monthsô time) did bring cheer to the currency market with rupee recovering from a low of close to 43.50 to 41.82. The quick reversal back to 42.50-75 ahead of the Monetary Policy was very negative. Given the continued expectations of tightened liquidity and higher interest rate regime, rupee should extend its gains to trade 41.50-42.00 in the short term.
- The domestic stock market is also in bearish phase ï mainly on liquidity squeeze both from the domestic and off-shore market and likely higher interest rate regime greatly affecting the corporate performance. Companies are expected to pursue ñbusiness as usualò rather than working towards capacity expansion and new projects. The Sensex fell from the high of 17500 to below our short term target of 13000 (posted a low of 12400) to recover back to 15000 on the back of UPA victory in the vote of confidence. However, post monetary policy measures and good selling pressure over 15000 saw the index back into 13000-15000 range. We believe any overshoot beyond 13000 should be a good medium term investment.
- While the short term looks bearish, we remain bullish on the medium term (Q4 and beyond) on the positives that would emerge out of India-US Nuclear deal; good chance of Crude Oil moving towards $100 level and improved global liquidity moving into India. The likely banking and financial sector reforms will improve the India appetite to generate more off-shore flows.

Impact on banking sector:

- The higher inflation and resultant higher interest rate regime and liquidity squeeze through hike in Repo rate and CRR to 9% will impact the performance of the banking sector. The current bond yields higher than the 30th June 2008 (10Y yield at 9.40% as against 8.65%) level will further increase the provision on Banksô Investment portfolio. However, Banks having higher component of CASA in their liability book will stand to benefit to post better Net Interest Income to off-set the losses from their investment portfolio (which is already witnessed from Q1 results).
- The expectation is that the loan yield curve will shift upwards by 1-2% while deposit yield curve is likely to shift upwards by 0.75-1.0% to help retain the margin on financial intermediation. Higher yield on incremental SLR investments would be an icing on the cake.
- The demand for ñcreditò might see a slow down with companies resorting to ñbusiness as usualò without any credit demand for capacity expansion or new projects. But, it is likely that the reduction in supplies will be more than the reduced demand to push the lending rates higher by 0.5-1.0% with most Banks (if not all) hiking the BPLR by minimum 0.5% post the monetary measures of 29th July 2008.
- It is also expected that if things are back to normalcy by October/December 2008 on soft landing of inflation at least to sub 10% ahead of 8%, we might see steady interest rate in Q4 and easing there after.
- This is based on expectations that inflationary pressures driven by domestic factors are likely to ease with reduced demand and increased supplies. The only concern will be the imported content from the crude oil. If by then, crude oil is back below $100-110 (or in the worst scenario do not go past $150), it is likely that interest rates will peak in Q2/Q3 and reverse there after. The risk is of crude oil moving past $150, in which case tight liquidity and higher interest regime will continue till Q4 and beyond.
- Most banks have already exhibited the ability to move away from traditional óf financial intermediationô model to óprovider of financial supermarket serviceô thereby considerably de-risking their balance sheet from rate market cycles and gearing to ramp up non-interest income through distribution, transaction banking and off-balance sheet products/services.
- Overall, banking sector should move into higher gear to maintain its ñmarginò on intermediation through control of cost of funds and focus towards other income.

Management Outlook for IndusInd Bank:

Having rolled out the new organization structure and business strategies with a judicious mix of existing and new team in March 2008, the roll-out of the same at Zonal, Cluster and Branch level has also been completed in Q1. The benefits from the revamped manpower infrastructure will start kicking in the ensuing quarters.

The focus for IndusInd Bank will revolve around the following:

- The challenge would be to control cost of deposits through acceleration of CASA acquisition and build-up of float funds through transaction banking products as the incremental cost of term deposits will be higher than the replacement cost, thus pushing the cost of deposits up marginally.
- The higher interest rate regime will improve the yield on advances as well, most benefit arising from the Corporate, Commercial and Business Banking portfolios which are getting re-priced at a better pace. These loans being at floating rate linked either to BPLR or with re-set terms will stand to gain the most. The benefit will also accrue from higher pricing from the Consumer Finance portfolio and the focus will be on high yielding auto loans. The re-pricing of low yielding advances (moving out of the books) being replaced at much higher yields should further add benefit to improvement in yields on loan portfolio.
- The continued thrust towards aggressive build up of CASA will help in reduction of cost of deposits and the granulation of time deposits will widen the retail term deposit base.
- The significant growth achieved in non-interest income will have to be sustained through Third Party distribution space in the Consumer Segment and thrust in non-credit products/ services to the Corporate Segment.
- An additional focus for the current year would be to ramp up the transactional business through offer of cash and trade products. For this purpose, a dedicated product vertical team under Transaction Banking has been set up supported by product specialists from Global Markets Group. The objective is to pull cross-border transactions of customers through the Bank and to engage them further through provision of Forward Contract limits to manage their currency risks.
- The Bank is also ramping up its infrastructure to offer off-shore investment products to NRI/PIOćs and resident Indians to offer attractive returns on off-shore investment products through its foreign representative office and regional alliance partners.
- The Investment portfolio of the Bank was being run based on expectations of higher yields, thus maintaining most of the investments in Held to Maturity (HTM) segment since April 2008. The AFS/HFT portfolios were maintained at very low duration. This strategy helped the Bank in Q1 with very little provisioning while marking-to-market. However, with yields at reasonably high levels with 10Y yield over 9.40%, there exists a good opportunity to lock-in these high yielding bonds (on incremental needs) for good appreciation in Q4, thus boosting the other income.

- While efficient business acquisition infrastructure managed by highly skilled manpower is in place to ramp up business/revenue volumes, the only risk factor is the market risk (liquidity at higher price on ALM mismatch) driven by bearish economic/monetary factors which will anyway affect the entire banking system.
- Q2 will witness the commencing of large scale market penetration through newly constituted Client Acquisition Teams and Relationship Managers.
- A slew of customized products have also been lined up for launch by the Consumer Banking Group.
- On the cost side, a slew of initiatives e.g centralization, vendor rationalization etc are expected to cause savings and productivity gains.

Shareholding Pattern (as on 30th June 2008)

	Category	No. of shares held	% of shareholding
A.	**Promoters holding**		
1	**Promoters**		
	a Indian Promoters		
	b Foreign Promoters	90,999,984	25.63
2	**Persons acting in Concert**		
	Sub Total	90,999,984	25.63
B.	**Non-Promoters Holding**		
3	**Institutional Investors**		
	a Mutual Funds and UTI	4,364,767	1.23
	b Financial Institutions/ Banks	34,082	0.01
	c Insurance Companies	3,215,182	0.91
	d Foreign Institutional Investors	62,404,302	17.58
	Sub Total	70,018,333	19.73
4	**Others**		
	a Bodies Corporate	58,143,496	16.38
	b Individuals	54,138,938	15.25
	c Clearing Member	1,453,645	0.41
	d Non- Executive Directors	2,980	0.00
	e Non- Executive Director (Non-resident & Foreign national)	83,900	0.02
	f Overseas Corporate Bodies	5,069,493	1.43
	g Non Resident Indians	10,406,867	2.93
	Sub Total	129,299,319	36.42
C.	**Shares held by Custodians and against which depository receipts have been issued.**	64,682,364	18.22
	GRAND TOTAL	355,000,000	100.00

About IndusInd Bank Ltd.

IndusInd Bank Ltd. is one of the new-generation private-sector banks in India which commenced its operations in 1994. The Bank currently has a network of 180 branches, spread over 147 geographical locations in 28 states and union territories across the country. The Bank also has a Representative Office each in Dubai and London.

The Bank is driven by state-of-the-art technology since its inception. It has multi-lateral tie-ups with other banks providing access to more than 18000 ATMs for its customers. It enjoys clearing bank status for both major stock exchanges - BSE and NSE - and three major commodity exchanges in the country ï MCX, NCDEX, and NMCE. It also offers DP facilities for stock and commodity segments.

IndusInd Bank has been awarded the highest A1+ rating for its Certificates of Deposits by ICRA and the highest P1+ rating for its FDs by CRISIL, which has also assigned the highest safety ratings to the Bankôs Pass through Certificates for securitized assets.

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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.

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