

INDUSIND BANK LIMITED

Earnings Update

Q4 & Full year 2008-09

Audited Quarterly & Full-Year Results

March 31, 2009

Quarterly Results

The Board of Directors of IndusInd Bank Ltd., at their meeting held on May 05, 2009 took on record the audited quarterly financial results for the fourth quarter ended March 31, 2009.

Financial Data & Highlights for the Fourth Quarter ended March 31, 2009:

Profit & Loss Account

	Rs. crores				
	Q4 FY 2008-09	Q4 FY 2007-08	Growth (%)	Q3 FY2008- 09	Sequential Growth (%)
Gross Interest Income	613.80	515.60	19.05%	627.48	-2.18%
Net Interest Income	144.27	86.97	65.88%	116.58	23.75%
<u>Other Income</u>					
Commission, Exchange and Brokerage	39.20	25.78	52.06%	42.23	-7.17%
Profit on Exchange Transaction	20.25	10.50	92.86%	24.79	-18.31%
Recovery from Bad Debts (excl. CFD)	12.46	13.52	-7.84%	1.78	-
Others	97.41	25.64	279.91%	64.27	51.56%
Total Income	313.59	162.41	93.09%	249.65	25.61%
Operating Costs	162.30	111.14	46.03%	145.65	11.43%
Of which:					
Staff Cost	51.56	34.94	47.57%	53.56	-3.73%
Rent, Taxes and Lighting	15.57	9.74	59.86%	13.00	19.77%
Depreciation	11.28	11.87	-4.97%	11.26	0.18%
Other Costs	83.89	54.59	53.67%	67.83	23.68%
Total Expenditure	162.30	111.14	46.03%	145.65	11.43%
Operating Profit	151.29	51.27	195.08%	104.00	45.47%
Other Provisions & Contingencies	78.80	27.82	183.25%	29.89	163.63%
Provision for Tax	21.97	9.00	144.11%	29.05	-24.37%
Net Profit	50.52	14.45	249.62%	45.06	12.12%
Paid up Equity Capital	355.19	320.00		355.19	
EPS (Rs.) (not annualised)	1.42	0.45		1.27	

The operating profit for the quarter ended March 31, 2009 stood at Rs. 151.29 crore as compared to Rs. 51.27 crore recorded in the corresponding quarter of the last year, a growth of 195.08%

The net profit for Q4 FY09 at Rs. 50.52 crore recorded as increase of 249.62% Y-o-Y, and 12.12 % sequentially as compared to Rs. 14.45 crore recorded in Q4 FY08 and Rs. 45.06 crore recorded in Q3 FY09.

Balance Sheet

Rs. crores					
	Q4 FY 2008-09	Q4 FY 2007-08	Growth (%)	Q3 FY 2008-09	Sequential Growth (%)
Capital & Liabilities					
Capital	355.19	320.00	11.00%	355.19	-
Employee Stock Options Outstanding	1.15	0.51	-	0.74	-
Reserves & Surplus	1,308.05	1,029.21	27.09%	1,308.49	-0.03%
Deposits	22,110.25	19,037.42	16.14%	20,634.36	7.15%
Borrowings	1,856.46	1,095.43	69.47%	1,814.27	2.33%
Other Liabilities & Provisions	1,983.58	1,779.31	11.48%	1,972.03	0.59%
Total	27,614.68	23,261.88	18.71%	26,085.08	5.86%
Assets					
Cash & Bank Balance	1,190.79	1,526.26	-21.98%	1,251.65	-4.86%
Balance with Bank and Money at Call & Short Notice	732.90	651.77	12.45%	706.08	3.80%
Investments	8,083.41	6,629.70	21.93%	7,815.34	3.43%
SLR Investments	6,298.11	5,439.48	15.79%	6,206.82	1.47%
Non SLR Investments	1,785.30	1,190.22	50.00%	1,608.52	10.99%
Advances	15,770.64	12,795.31	23.25%	14,383.40	9.64%
Fixed Assets	623.19	625.15	-0.31%	623.26	-0.01%
Other Assets	1,213.75	1,033.69	17.42%	1,305.35	-7.02%
Total	27,614.68	23,261.88	18.71%	26,085.08	5.86%
Core Banking (Advances+Deposit)	37,880.89	31,832.73	19.00%	35,017.76	8.18%

Performance Highlights for the Fourth Quarter ended March 31, 2009:

General

- Networth of the Bank (excluding revaluation reserve) stands at Rs 1,428.76 crore at the end of the Q4 FY09.
- Core Banking operations (Advances + Deposits) of the Bank have shown a growth of 19.00 % in Q4 FY09 on a Y-o-Y basis.
- Capital Adequacy Ratio (CAR) as on March 31, 2009 was 12.33% as against 11.91% as on March 31, 2008.
- Book value per share (face value Rs. 10 each) of the Bank as on March 31, 2009 works out to Rs 40.25 as against Rs 34.69 as on March 31, 2008. The adjusted book value works out to Rs 35.20 as against Rs 25.59 earlier.

- Net Interest Margin (NIM) for Q4 FY09 was 2.48 % as against 1.64% in Q4 FY08. Post amortization, the same works out to 2.33 % as against 1.47%.
- Other Income for Q4 FY09 stood at Rs 169.32 crore as against Rs. 75.44 crore in Q4 FY08 and Rs 133.07 crore in Q3 FY09

Advances

- Consumer Finance Division (erstwhile VFD) Advances at Rs 7,179.90 crore was down by 2.31% Y-o-Y from Rs 7,349.34 crore.
- Corporate and commercial Banking Advances were at Rs 8,670.74 crore in Q4 FY09 as against Rs 5,670.96 crore in Q4 FY08 and Rs 6,797.97 crore in Q3 FY09 registering a growth 52.90% Y-o-Y and 27.55% Q-o-Q.
- Net Advances at Rs 15,770.64 crore grew 23.25% Y-o-Y in Q4 FY09.
- Consumer Finance Division (erstwhile VFD) Advances constitute 45.53% of the Total Loan Book as of Q4 FY09; they constituted 57.44% of the total Loan Book at the end of Q4 FY08

Vehicle and Construction Equipment Advances

Rs. crores

	Amount Lent in Q4 FY09	Amount Lent in Q4 FY08	YoY Growth (%)	Amount Lent in Q3 FY08	QoQ Growth (%)
Commercial Vehicles	519.58	608.45	-14.61%	421.46	23.28%
Personal Products - (TW)	163.64	231.36	-29.27%	225.7	-27.50%
Cars	52.20	71.01	-26.49%	38.96	33.98%
Utility Vehicles	76.84	64.48	19.17%	60.21	27.62%
Equipments	157.44	212.79	-26.01%	107.91	45.90%

Recoveries, NPAs and Securitisation

- The Bank recovered Rs 12.46 crores of bad debts in Q4 FY09 as against Rs 13.52 crores in Q4 FY08 and Rs 1.78 crores in Q3 FY09.
- Gross NPAs stand at Rs 255.02 crores (1.61%) in Q4 FY09 while Net NPAs stand at Rs 179.13 crores (1.14%). This compares with Rs 392.31 crores (3.04%) of Gross NPAs and Rs 291.02 crores (2.27%). of Net NPAs at the end of FY08; Gross NPAs stood at Rs 263.59 crores (1.82%) and Net NPAs at Rs 187.44 crores (1.30%) at the end of Q3 FY09.

Deposits

- Total Deposits at the end of Q4 FY09 was Rs 22,110.25 crores, as against Rs 19,037.42 crores at the end of Q4 FY08, up 16.14% YoY; QoQ 7.15% from Q3 FY09.
- Current Deposits, at Rs 2,954.97 crores, grew 63.99% YoY from Rs 1,801.90 crores and 14.93% QoQ.
- Savings Deposits stood at Rs 1,299.94 crores, up 9.57% YoY from Rs 1186.42 crores; they were up 6.29% QoQ.

- Average Cost of Deposits stood at 8.38% as against 7.85% in Q4 FY08 and 8.79% in Q3 FY09
- CASA (Current Account-Savings Account) Ratio has improved to 19.24% against 15.70% in Q4 FY08 and 18.39% in Q3 FY09.
- Credit-Deposit (CD) Ratio stood at 71.33% as against 67.21% in Q4 FY08 and 69.71% in Q3 FY09.

Annual Results

The Board of Directors of IndusInd Bank Ltd., at their meeting held on May 05, 2009 took on record the audited financial results for the year ended March 31, 2009.

Financial Data & Highlights for the Year ended March 31, 2009:

Profit & Loss Account

	Rs. crores		
	Year ending 31/03/2009	Year ending 31/03/2008	Growth (%)
Gross Interest Income	2309.47	1880.67	22.80%
Net Interest Income	459.04	300.81	52.60%
<u>Other Income</u>			
Commission, Exchange and Brokerage	139.10	100.98	37.75%
Profit on Exchange Transaction	71.88	28.89	148.81%
Recovery from Bad Debts (excl. CFD)	23.84	42.30	-43.64%
Others	221.42	125.40	76.57%
Total Income	915.28	598.38	52.96%
Operating Costs	547.03	402.19	36.01%
Of which:			
Staff Cost	187.14	121.90	53.52%
Rent, Taxes and Lighting	49.64	36.59	35.67%
Depreciation	44.17	40.16	9.99%
Other Costs	266.08	203.54	30.73%
Total Expenditure	547.03	402.19	36.01%
Operating Profit	368.25	196.19	87.70%
Other Provisions & Contingencies	140.76	81.91	71.85%
Provision for Tax	79.15	39.23	101.76%
Net Profit	148.34	75.05	97.65%
Paid up Equity Capital	355.19	320.00	
EPS (Rs.) (not annualised)	4.28	2.35	82.13%

The operating profit for the year ended March 31, 2009 stood at Rs. 368.25 crore as compared to Rs. 196.19 crore recorded in the last year, a growth of 87.70 %

The net profit for year ended March 31, 2009 at Rs. 148.34 crore recorded as increase of 97.65 % Y-o-Y as compared to Rs. 75.05 crore recorded in last year.

Balance Sheet

	Rs. crores		
	Year ending 31/03/2009	Year ending 31/03/2008	Growth (%)
Capital & Liabilities			
Capital	355.19	320.00	11.00%
Employee Stock Options Outstanding	1.15	0.51	125.49%
Reserves & Surplus	1,308.05	1,029.21	27.09%
Deposits	22,110.25	19,037.42	16.14%
Borrowings	1,856.46	1,095.43	69.47%
Other Liabilities & Provisions	1,983.58	1,779.31	11.48%
Total	27,614.68	23,261.88	18.71%
Assets			
Cash & Bank Balance	1,190.79	1,526.26	-21.98%
Balance with Bank and Money at Call & Short Notice	732.90	651.77	12.45%
Investments	8,083.41	6,629.70	21.93%
SLR Investments	6,298.11	5,439.48	15.79%
Non SLR Investments	1,785.30	1,190.22	49.99%
Advances	15,770.64	12,795.31	23.25%
Fixed Assets	623.19	625.15	-0.31%
Other Assets	1,213.75	1,033.69	17.42%
Total	27,614.68	23,261.88	18.71%
Core Banking (Advances+Deposit)	37,880.89	31,832.73	19.00%

Performance Highlights for the Year ended March 31, 2009:

General

- Networth of the Bank (excluding revaluation reserve) stands at Rs 1,428.76 crore at the end of FY09 as against Rs. 1,109.40 crore at the end of FY08.
- Capital Adequacy Ratio (CAR) as on March 31, 2009 was 12.33 % as against 11.91% as on March 31, 2008.
- Book value per share (face value Rs. 10 each) of the Bank as on March 31, 2009 works out to Rs 40.25 as against Rs 34.69 as on March 31, 2008. The adjusted book value works out to Rs 35.20 as against Rs 25.59 earlier.

- Net Interest Margin (NIM) for FY09 was 1.96% as against 1.53% in FY08. Post amortization, the same works out to 1.80 % as against 1.35 %
- Other Income for FY09 stood at Rs 456.24 crore as against Rs 297.57 crore in FY08.

Advances

- Consumer Finance Division (erstwhile VFD) Advances at Rs 7,179.90 crore was down marginally 2.31 % Y-o-Y from Rs 7,349.34 crore.
- Corporate and commercial Banking Advances were at Rs 8,670.74 crore in FY09 as against Rs 5,670.96 crore in FY08.
- Net Advances at Rs 15,770.64 crore grew 23.25 % Y-o-Y in FY09.
- Consumer Finance Division (erstwhile VFD) Advances constitute 45.53 % of the Total Loan Book in FY09; they constituted 57.44 % of the total Loan Book at the end of FY08

Recoveries, NPAs and Securitisation

- The Bank recovered Rs 23.84 crores of bad debts during the year as against Rs 42.30 crores in the last year.
- Gross NPAs stand at Rs 255.02 crores (1.61%) at the end of FY09 while Net NPAs stand at Rs 179.13 crores (1.14%). This compares with Rs 392.31 crores (3.04%) of Gross NPAs and Rs 291.02 crores (2.27%) of Net NPAs at the end of FY08.

Deposits

- Total Deposits at the end of FY09 stands at Rs 22,110.25 crores as against 19,037.42 crores up 16.14 % Y-o-Y
- Current Deposits have gone up by 63.99 % Y-o-Y, to Rs 2,954.97 crores
- Savings Deposits grew by 9.57 % Y-o-Y, to Rs 1,299.94 crores
- CASA (Current accounts-Savings accounts) Ratio has improved to 19.24 % against 15.70 % at the end of FY08.
- Average Cost of Deposits stands at 8.22 % as against 7.84 % at the end of FY08.
- Credit-Deposit (CD) Ratio stood at 71.33 % as against 67.21 % at the end of FY08.

Segmental Revenues & Profits:
Rs crores

Particulars	Quarter ended 31.03.2009	Quarter ended 31.03.2008	Year ended 31.03.2009 (Audited)	Year ended 31.03.2008 (Audited)
(a) Segment Revenue				
I) Treasury Operations	219.24	146.27	689.38	491.09
ii) Corporate / Wholesale Banking	265.70	}	1122.41	1040.68
iii) Retail Banking	370.41		1498.22	1244.11
iv) Other banking Business	(2.32)	742.74	22.47	24.40
Total	853.03	889.01	3332.48	2800.28
Less : Inter-segment Revenue	(69.91)	(297.97)	(566.76)	(622.04)
Total Income	783.12	591.04	2765.72	2178.24
(b) Segment Results				
I) Treasury Operations	53.52	(2.34)	72.48	(86.67)
ii) Corporate / Wholesale Banking	36.04	}	90.97	60.15
iii) Retail Banking	73.12		245.29	271.66
iv) Other banking business	(0.10)	67.05	3.69	2.17
Total	162.58	64.71	412.43	247.31
Unallocated Revenue	0.00	0.00	0.00	0.00
Unallocated expenses	11.29	13.44	44.18	51.12
Operating Profit	151.29	51.27	368.25	196.19
Less: Provisions & Contingencies	78.80	27.82	140.76	81.91
Net Profit before tax	72.49	23.45	227.49	114.28
Taxes including deferred Taxes	21.97	9.00	79.15	39.23
Extraordinary Profit / loss	0.00	0.00	0.00	0.00
Net Profit	50.52	14.45	148.34	75.05
d) OTHER INFORMATION:				
Segment Assets				
I) Treasury Operations	9260.66	8242.34	9260.66	8242.34
ii) Corporate / Wholesale Banking	6726.08	3619.44	6726.08	3619.44
iii) Retail Banking	10682.94	10082.15	10682.94	10082.15

iv) Other banking business	0.00	0.00	0.00	0.00
Unallocated assets	945.00	1317.95	945.00	1317.95
Total assets	27614.68	23261.88	27614.68	23261.88
Segment liabilities				
I) Treasury Operations	1877.35	1045.66	1877.35	1045.66
ii) Corporate / Wholesale Banking	11522.05	11084.34	11522.05	11084.34
iii) Retail Banking	11064.63	8435.72	11064.63	8435.72
iv) Other banking business	0.00	0.00	0.00	0.00
Unallocated liabilities	1486.26	1346.45	1486.26	1346.45
Capital & Other Reserves	1664.39	1349.71	1664.39	1349.71
Total liabilities	27614.68	23261.88	27614.68	23261.88

Break-up of Assets and Liabilities:

Assets	Rs crores				
	Year ending 31/03/2009	Year ending 31/03/2008	Growth (%)	Period ending 31/12/2008	Sequential Growth (%)
Advances					
Consumer Finance Division (erstwhile VFD)Lending					
· Commercial Vehicle Loans	4,163.86	4,350.71	-4.29%	4,520.19	-7.88%
· Utility Vehicle Loans	428.70	329.46	30.12%	414.87	3.33%
· Car Loans	510.77	604.87	-15.56%	531.23	-3.85%
· 2 -Wheeler Loans	863.75	787.89	9.63%	889.85	-2.93%
· Equipment Financing	1,005.50	1,060.42	-5.18%	1,039.43	-3.26%
· Personal Loans	34.84	53.00	-34.26%	39.67	-12.18%
· Home Loans	172.48	163.00	5.82%	175.19	-1.55%
Total (CFD)	7,179.90	7,349.35	-2.31%	7,610.43	-5.66%
Corporate & Commercial Banking					
· Corporate Banking	6704.61	4,070.96	64.69%	5189.97	29.18%
· Loan to Small Business	1966.13	1,600.00	22.88%	1608.00	22.27%
Total	8,670.74	5,670.96	52.90%	6,797.97	27.55%
Total Advances before IBPC/BRDS	15,850.64	13,020.31	21.74%	14,408.40	10.01%
Less: IBPC/BRDS	80.00	225.00		25.00	
Total Advances after IBPC/BRDS	15,770.64	12,795.31		14,383.40	
Investments	8,083.41	6,629.70	21.93%	7,815.34	3.43%
Total Advances & Investments	23,854.05	19,425.01	22.80%	22,198.74	7.46%

Liabilities

	Rs. crores				
	Year ending 31/03/2009	Year ending 31/03/2008	Growth (%)	Period ending 31/12/2008	Sequential Growth (%)
Deposits	22,110.25	19,037.42	16.14%	20,634.36	7.15%
Of which:					
Demand Deposit	4,254.90	2,988.32	42.38%	3,794.21	12.14%
Time Deposit	17,855.35	16,049.10	11.25%	16,840.15	6.03%
Borrowings	1,856.46	1,095.43	69.47%	1,814.27	2.33%

Lending to Sensitive Sectors

	Rs. crores				
	Year ending 31/03/2009	Year ending 31/03/2008	Growth (%)	Period ending 31/12/2008	Sequential Growth (%)
Capital Markets	375.27	350.87	6.95%	387.62	-3.19%
Real Estate	665.81	468.02	42.26%	460.24	44.67%

Break-up of Deposits & Investments:

Categorisation of Deposits

	Rs. crores				
	Year ending 31/03/2009	Year ending 31/03/2008	Growth (%)	Period ending 31/12/2008	Sequential Growth (%)
Next Day	84.81	80.28	5.64%	281.00	-69.82%
2 Days - 7 Days	583.10	647.44	-9.94%	612.44	-4.79%
8 Days - 14 Days	494.28	354.25	39.53%	519.24	-4.81%
15 Days - 28 Days	697.80	366.29	90.50%	630.84	10.61%
29 Days - 3 Months	2,478.16	2,699.21	-8.19%	2,395.69	3.44%
3 Months - 6 Months	1,755.45	1,369.21	28.21%	1,337.74	31.23%
6 Months - 12 Months	2,374.02	1,995.82	18.95%	1,920.80	23.60%
12 Months - 3 Years	8,175.24	6,685.37	22.29%	7,664.50	6.66%
3 Years - 5 Years	2,747.42	2,468.72	11.29%	2,638.62	4.12%
Over - 5 Years	2,719.97	2,370.83	14.73%	2,633.49	3.28%
TOTAL	22,110.25	19,037.42		20,634.36	

Categorisation of Investments

	Rs. crores				
	Year ending 31/03/2009	Year ending 31/03/2008	Growth (%)	Period ending 31/12/2008	Sequential Growth (%)
Held to Maturity (HTM)					
· G-Secs	5,493.95	4,677.88	17.45%	5,577.56	-1.50%
· T-Bills	-	-	-	-	-
· Other Approved	-	-	-	-	-
· Debt Instruments	-	-	-	-	-
· Equity Shares	5.85	5.85	-	5.85	-
· Mutual Fund Units	-	-	-	-	-
· Other Investments (RIDF)	1,656.71	1,102.52	50.27%	1,480.41	11.91%
	7,156.51	5,786.25	23.68%	7,063.82	1.31%
Held for Trading (HFT)					
· G-Secs	-	178.44	-	-	-
Available for Sale (AFS)					
· G-Secs	-	137.74	-	50.04	-
· T-Bills	800.41	441.66	81.23%	575.42	39.10%
· Other Approved	3.75	3.76	-0.27%	3.81	-1.57%
· Debt Instruments	14.25	40.21	-64.56%	14.01	1.71%
· Other Investments (PTC)	78.12	7.94	-	77.80	0.41%
· Equity Shares	30.37	33.70	-9.88%	30.44	-0.23%
	926.90	665.01	39.38%	751.52	23.34%
SLR Investments	6,298.11	5,439.48	15.79%	6,206.82	1.47%
Non SLR Investments	1,785.30	1,190.22	50.00%	1,608.53	10.99%
Total Investments	8,083.41	6,629.70	21.93%	7,815.35	3.43%
Modified Duration(AFS)	1.22	1.58		0.65	
Modified Duration(HTM)	5.39	5.02		5.99	

Analytical Ratios:

	Year ending 31/03/2009	Year ending 31/03/2008	Growth (%)	Period ending 31/12/2008	Sequential Growth (%)
Networth after minority interest (Rs crore)	1,428.76	1,109.40	28.79%	1,427.68	0.08%
Book Value per Share (Rs)	40.25	34.69	16.02%	40.22	0.07%
Adjusted Book Value per Share (Rs.) Net of NPAs	35.20	25.59	37.55%	34.94	0.74%
Basic EPS (Rs)	4.28	2.35	82.13%	3.79	12.93%
Gross NPAs (Rs crore)	255.02	392.31	-35.00%	263.59	-3.25%
Gross NPAs	1.61%	3.04%	-47.04%	1.82%	-11.54%
Net NPAs (Rs crore)	179.13	291.02	-38.45%	187.44	-4.43%
Net NPAs	1.14%	2.27%	-49.78%	1.30%	-12.31%
Provision Cover	29.76%	25.82%	15.26%	28.89%	3.01%
Annualised Return on Assets	0.58%	0.34%	70.59%	0.52%	11.54%
Annualised Return on Networth	10.38%	6.76%	53.55%	6.85%	51.53%
Net Interest Margins (NIM)	1.80%	1.35%	33.33%	1.67%	7.78%
Capital Adequacy Ratio (CAR)	12.33%	11.91%	3.53%	12.40%	-0.56%
Interest Cost/ Total Income	66.91%	72.53%	-7.75%	67.17%	-0.39%
Credit / Deposit	71.33%	67.21%	6.13%	69.71%	2.32%
Average Cost of Deposits	8.22%	7.84%	4.85%	8.16%	0.74%
Current Accounts (Rs crore)	2,954.97	1,801.90	63.99%	2,571.14	14.93%
Savings Accounts (Rs crore)	1,299.94	1,186.42	9.57%	1,223.07	6.29%
CASA Ratio	19.24%	15.70%	22.55%	18.39%	4.62%
Network					
Branches	180	180	-	180	-
Onsite ATM	174	163	6.75%	172	1.16%
Offsite ATM	182	173	5.20%	182	-
Consumer Finance Division Offices	26	26	-	26	-
Total Network	562	542	3.69%	560	-
Geographical Locations	147	147	-	147	-
State/ Union Territories covered	28	28	-	28	-
State Capitals covered	25	25	-	25	-
Foreign Locations (Representative offices)	2	2	-	2	-
Customers	1977109	1934534	2.20%	2094367	-5.60%
Total Employees	4251	2869	48.17%	4120	3.18%

Business Update

People & Infrastructure:

- The Bank added 131 people during Q4 and a total of 1,382 people during the year, taking total employee strength to 4,251 at the end of the year; This compares with 2,869 as at the end of FY08.
- During the year, the Bank opened 20 ATMs.
- The Bank had 180 branches and 356 ATMs as on March 31, 2009.
- The numbers of branches are spread across 147 geographical locations in India at the end of FY09.
- The Bank added 42,575 new customers during FY09 up by 2.20 % Y-o-Y; The number of customers has moved from 19,34,534 last year to 19,77,109 at the end of this year.

Accolades:

In recent past, the Bank was awarded The Smart Workplace Award by Economic Times in association with Acer and Intel for enhancing the productivity of the employees through optimum use of resources as well as technology.

Ratings:

- IndusInd Bank has been awarded the highest A1+ rating for its Certificates of Deposit by ICRA.
- CRISIL has given the highest P1+ rating to the Bank for its Fixed Deposits and Certificates of Deposit.

Schemes & products launched in the Year:

During the year, the Bank launched the following products and services:

- **Indus Money** – A Savings Account product that rewards IndusInd Bank customers through an unique cash-back program
- **Indus YoungSaver** – A Savings Account product that has been specially designed to build and secure your child's future
- **Indus Escrow** – to safeguard funds or products / service thereby ensuring peace of mind to our esteemed customer
- **Indus Collect** – A service that offers quick collection of cheques from IndusInd Bank Customers
- **Indus Fast Remit** - a remittance platform which will assist US based NRIs send money back into India, in a convenient manner.
- **Tie-up with World Gold Council** - for joint promotion of packaged and certified gold coins and ingots in India
- **New look model branches** – launched the first such branch at Bandra based on a concept perceived by the Bank that offers an enhanced banking experience to its retail customers
- **Signed MoU with Crisil Ratings and ICRA** - to assign ratings to the Bank's loans and its other exposures, under the standardized approach of RBI's New Capital Adequacy Framework for Basel-II.

Management Outlook for the Banking Sector:

IndusInd Bank's outlook for the Banking Sector continues to remain steady to positive given its important role of being the catalyst to address growth issues. This critical role is being emphasized by Reserve Bank of India to ensure flow of adequate credit through banking system (and by liquidity support to NBFCs/MFIs) at affordable cost to productive and economic sensitive sectors.

We base our outlook in the back drop of the following factors:

- G7 economies have taken extreme (and unconventional) steps to prevent run-away recessionary pressures, by rolling out huge liquidity support measures to financial system and to large corporate entities to arrest systemic collapse. This has created liquidity over-hang in the system to mitigate ALM and Liquidity risks to a great extent. The next immediate concern of injecting adequate capital to finance the economic growth is being pursued aggressively.
- The Central Banks have also sent clear signals to keep interest rates soft for extended period of time till their economies are put back on track for strong reversal.
- The aggressive stance of the Governments and Central Banks has helped in reversal of bearish phase in the global markets into a steady to bullish phase. There has been a significant rally in stock markets from the recent lows; commodity prices are trading at comfortable levels; Fixed Income yields are trading at unattractive rates and dollar has reversed its recent gains on positive hopes on overall global economy.
- It is the same trend in Indian Economy with roll-out of economic stimulus measures and Reserve Bank of India opening up the liquidity window through cut in statutory reserves; provision of refinance against lending to sensitive sectors and guiding a softer interest rate regime through aggressive cut in policy rates. The resultant liquidity over-hang in the system has guided money market rates lower to affordable levels.
- There is no inflationary pressure with WPI at close to zero percent and signs of appreciable fall in CPI. All these positive cues have guided market and price stability to help RBI to focus on growth issues as a single-point agenda. There has been significant reversal in stock market with SENSEX/NIFTY up by 40% since the recent lows seen in Q4; rupee has shed its weakness by recouping 5% of its recent losses; bond yields are steady at low levels with 1Y T-bill at 4.6% and 10Y yield at 6.25%.
- The critical agenda ahead for RBI is liquidity management and direction of credit flow to sectors which carry higher credit risk. The huge government borrowing of Rs.50000 Crores per month will put pressure on liquidity despite availability of excess liquidity flowing into RBI's Reverse Repo counter at 3.25% and on-tap funds from its Repo counter at 4.75%.
- The excess liquidity has resulted in significant interest cost reduction to good and medium risk borrowers with risk aversion in the minds of lenders to extend credit to high risk borrowers who are very sensitive (and vulnerable) to economic downturn. The reversal of growth momentum is essential for lenders to give more weight to reward with comfort of reduced credit risk.
- The benefits for the Banking system will be significant interest cost reduction for better Net Interest Income as stable (and declining) interest rates would help to re-price the shorter tenor liability portfolio while retaining the yield on the longer tenor loan portfolio. The critical factor will be the management of credit quality of the loan book.

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- The other key contributor will be the non-interest income. The subdued demand for Mutual Funds will pick-up to increase the level of activity in third party distribution business both in equity and fixed income segment. There would be good contribution from profit on sale of investments from bonds and equity.
 - Overall, banking sector is expected to maintain the higher level of contribution from Net Interest Income and Other income while managing costs and NPA provision will be critical for Banks to remain in the top league with Capital induction not being a constraint.

Management Outlook for IndusInd Bank:

The financial year 2008-09 has been satisfactory having achieved significant growth in all key parameters – profitability, productivity and efficiency. There has been great improvement in operational efficiency, compliance and the image make-over of the Bank. This financial year, the management will work towards enjoying richer benefit having established the platform for growth.

We base our outlook based on the following key parameters:

- The focus will continue to be on driving core business where more benefit is expected to accrue on build up of robust customer/business acquisition platform. Hence, significant growth is expected to be achieved in Net Interest Income (for improved NIM) and other income from sale of banking/financial products and services.
- The Bank is expected to ride the stable and declining interest rate regime with major portion of loan portfolio carrying fixed yield, thus in an enviable position to avoid slippage in loan portfolio yield. The huge benefit is expected to accrue from the liability book with a much shorter duration, thus getting the huge benefit of lower interest expenses month-on-month with cost of out-going deposits much higher than the incoming funds.
- The other income from non-core business is expected to grow significantly with increased thrust on Wealth Management (including Non Resident coverage) and third party distribution of investment products. The Bank will be able to maintain its significant growth in profit on sale of investments and Foreign Exchange operations.
- The Bank is expected to grow the Investment Banking business where the necessary infrastructure has been put in place. The focus will be on having a decent market share in debt and equity raising program of corporate clients.
- The Bank has managed the credit risk of both corporate and Consumer Finance portfolios to keep delinquencies under control. The provision coverage has also been improved through plough-back of profits, hence not considered as a risk factor.

Overall, the management is confident and up-beat on posting a repeat good performance for FY10, towards the set 3-3-3 objectives by maintaining the stellar growth achieved in profitability, productivity and efficiency.

Shareholding Pattern (as on March 31, 2009):

	Category	No. of shares held	% of shareholding
A.	Promoters holding		
1	Promoters		
	a Indian Promoters		
	b Foreign Promoters	90999984	25.63
2	Persons acting in Concert		
	Sub Total	90999984	25.63
B.	Non-Promoters Holding		
3	Institutional Investors		
	a Mutual Funds and UTI	288075	0.08
	b Financial Institutions/ Banks	38907	0.01
	c Insurance Companies	3215182	0.91
	d Foreign Institutional Investors	66523764	18.74
	Sub Total	70065928	19.74
4	Others		
	a Bodies Corporate	52010061	14.65
	b Individuals	55840759	15.73
	c Clearing Member	9202394	2.59
	d Non- Executive Directors	2980	0.00
	e Non- Executive Director (Non-resident & Foreign national)	0	0.00
	f Overseas Corporate Bodies	1737719	0.49
	g Non Resident Indians	10457811	2.95
	Sub Total	129251724	36.41
C.	Shares held by Custodians and against which depository receipts have been issued.	64682364	18.22
	GRAND TOTAL	355000000	100.00

About IndusInd Bank Ltd.

IndusInd Bank Ltd. is one of the leading 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 Business turnover touched Rs. 37,880.89 crores as on March 31, 2009 as against Rs. 31,832.73 crores in the corresponding period of the previous year.

The Bank is driven by state-of-the-art technology since its inception. It has multi-lateral tie-up with other banks providing access to more than 17000 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 – 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 Bank's Pass through Certificates for securitized assets.

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.

Visit us at www.indusind.com

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