

Press Release

## IndusInd Bank's Retail Credit records robust growth

Total Business up by 19.4%  
Demand Deposits up by 34%

**Mumbai, 29 July, 2006:** The Board of Directors of IndusInd Bank today adopted its Unaudited Financial Results for the first quarter ended June 30, 2006.

### **Performance highlights for the quarter ended June 30, 2006:**

- Gross Income was at Rs. 390.14 crore as compared to Rs 349.86 crore in the corresponding quarter of the previous year, up 11.51%.
- Interest Income rose at Rs.333.82 crore as compared to Rs. 273.56 crore in the corresponding quarter of the previous year, up by 22.02%. Interest Expense was at Rs. 276.78 crore as compared to Rs 202.56 crore in the corresponding quarter of the previous year.
- The non-interest income of the Retail division was Rs. 20.97 crore as compared to Rs.12.64 crore in the corresponding quarter of the previous year, up 65.90%
- Operating Profit was Rs 36.95 crore as against Rs 77.51 crore in the corresponding quarter of the previous year.
- Profit After Tax was at Rs 8.01 crore as against Rs 40.36 crore in the corresponding quarter of the previous year.
- The drop in Profits was on account of:
  - Lower profit recorded on sale of investments
  - Absence of income from securitisation
  - Lower volume of Bad Debt recoveries
- Fee Income comprising Commission, Exchange, and Brokerage for the quarter stood at Rs 14.53 crore *vis-à-vis* Rs 6 crore in the corresponding quarter of the previous year. Other Miscellaneous fee income (processing charges, depository income) for the quarter stood at Rs. 40.90 crores *vis-à-vis* Rs. 51.28 crores in the corresponding quarter of the previous year.
- The quarterly EPS works out to Rs 0.28 (annualized Rs 1.12) on an equity capital base of Rs 290.51 crore

- Advances as on June 30, 2006 were at Rs 10,809.15 crore as compared to Rs. 8,859.79 crore in the corresponding quarter of the previous year, recording a growth of 22%
- Total deposits as on June 30, 2006 were at Rs. 15,400.06 crore as compared to Rs 13,080.88 crore in the corresponding quarter of the previous year, recording a growth of 17.73%
- Capital Adequacy Ratio as on June 30, 2006 was 9.85% as against the requirement of 9%
- During the quarter, the Bank upgraded its 8 extension counters into Bank branches. As on June 30 2006, the Bank had 145 branches and 83 offsite ATMs spread over 116 geographical locations in 24 states and Union Territories

Commenting on the Bank's performance **Bhaskar Ghose, Managing Director & Chief Executive Officer, said,** "Rising interest rates continue to put pressure on our margins, resulting in a dip in our NIMs. But, our Low Cost Deposits in Q1 of FY07 have gone up by 39%, which will help us record better NIMs in the coming quarters. Our retail deposits have shown a sharp increase of 42% which is very encouraging, and our retail customer base also expanded by 127% in Q1 compared to the same quarter in the previous year. We expect to ramp up our retail banking numbers in the next few quarters."

The Vehicle Finance Division of the Bank has recorded robust growth. **Mr. Ghose further added,** "Our advances in the Vehicle Finance Division (VFD) have shown a sharp rise of 180% in the first quarter of the financial year 2006-07 over the corresponding quarter of the previous year. The disbursement numbers have recorded a rise of 41% with disbursements for three-wheelers being the highest, at 97%. In spite of the rise in disbursements, our VFD's overhead costs for the quarter increased by only 3%. We have also increased our VFD lending rates by 1% in mid-May, which will soon start being reflected in our profit numbers."

During the quarter the Bank also announced its strategic alliance with Doha Bank in Qatar. This alliance will encompass a wide range of banking services, including deposit accounts, remittance business, loans, wealth management advisory, distribution of third party products, trade finance, global banking, and investment banking including corporate finance. Through this partnership, IndusInd Bank and Doha Bank will treat each other as preferred partners, with reciprocity of business flows and promotion of each other's banking services.

As on date, IndusInd Bank has arrangements with seventeen exchange houses from the UAE, Kuwait, Bahrain, Qatar and Oman to provide convenient, cost-effective, and quick funds-transfer facilities to NRIs. These arrangements have also made a significant contribution to the Bank's income. On this, **Mr. Ghose said,** "The income from our overseas tie-ups has also started flowing in at a more rapid rate than last year. Apart from the seventeen arrangements that we already have, we have applied for three more licenses which will take our final number of arrangements to 20 which is the maximum number of such arrangements that RBI allows at present."

The newly-formed Investment Banking Division of the Bank also achieved a milestone in the first quarter of the financial year 2006-07 by acting as financial advisor to the divestment of Hinduja TMT Ltd.'s 5.11% equity stake of Hutchison Essar to Hutchison Telecommunication. The deal was worth US \$ 450,000,000. The Bank has some more deals in the pipeline.

The Capital and Commodity Markets arm of the Bank established tie-ups with seven mutual funds in the first quarter of the financial year 2006-07, for on-line redemption and collection arrangements. At present the Bank has tie-ups with 28 mutual funds and is in discussion with some more.

The Wholesale Banking division of the Bank ventured into lending to the Aviation Sector in the first quarter of the financial year 2006-07. The Bank has established relations with leading airlines during this period, and plans to associate with Oil PSUs soon.

### **About IndusInd Bank**

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 - BSE and NSE and both major commodity exchanges in the country – 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 large player in the financing of commercial vehicles, utility vehicles, 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. Visit us at [www.indusind.com](http://www.indusind.com)

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