

**INDUSIND BANK LIMITED**

Earnings Update – Q2 & H1 FY 2007-08

Unaudited Quarterly Results

*September 30, 2007*

## 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 27, 2007, took on record the unaudited quarterly financial results for the second quarter ended September 30, 2007.

### Financial Data & Highlights for the Second Quarter ended September 30, 2007:

#### Profit & Loss Account

Rs. Crore

	Q2 FY 2007-08	Q2 FY 2006- 07	Growth (%)	Q1 FY 2007-08	Sequential Growth (%)
Gross Interest Income	460.48	360.60	28%	431.84	7%
Net Interest Income	85.73	65.75	30%	57.40	49%
Profit on sale of investments	5.56	15.55	-64%	0.78	613%
Others	59.43	43.02	38%	62.98	-6%
<b>Total Income</b>	<b>150.72</b>	<b>124.32</b>	<b>21%</b>	<b>121.16</b>	<b>24%</b>
Operating Costs	102.82	85.07	21%	89.11	15%
Of which:					
Staff Cost	33.98	23.55	44%	26.44	29%
Rent, Taxes and Lighting	9.73	8.58	13%	7.80	25%
Depreciation	9.50	9.22	3%	8.56	11%
Other Costs		-			
<b>Total Expenditure</b>	<b>102.82</b>	<b>85.07</b>	<b>21%</b>	<b>89.11</b>	<b>15%</b>
<b>Operating Profit</b>	<b>47.90</b>	<b>39.25</b>	<b>22%</b>	<b>32.05</b>	<b>49%</b>
Other Provisions & Contingencies	13.98	10.76	30%	11.78	19%
Provision for Tax	11.58	11.31	2%	7.05	64%
<b>Net Profit</b>	<b>22.34</b>	<b>17.18</b>	<b>30%</b>	<b>13.22</b>	<b>69%</b>
Paid up Equity Capital	320.00	290.51	10%	320.00	-
<b>EPS (Rs.) (not annualised)</b>	<b>0.70</b>	<b>0.59</b>	<b>19%</b>	<b>0.41</b>	<b>71%</b>

The operating profit for the quarter ended Sept. 30 2007 was Rs.47.90 crores compared to Rs. 39.25 crores in the corresponding quarter of the last year recording a growth of 22%.

The company recorded a jump of 30% in net profit for the second quarter at Rs 22.34 crores compared to Rs 17.18 crores recorded in the second quarter of last year.

**Balance Sheet**

Rs. crores

	Q2 FY2007-08	Q2 FY2006-07	Growth (%)	Q1 FY 2007-08	Sequential Growth (%)
<b>Capital &amp; Liabilities</b>					
Capital	320.00	290.51	10%	320.00	0%
Reserves & Surplus	772.35	600.74	29%	750.01	3%
Deposits	17,640.15	15,986.48	10%	17,328.98	2%
Borrowings	1,421.89	1,273.86	12%	546.42	160%
Other Liabilities & Provisions	1,767.29	1,338.52	32%	1,613.19	10%
<b>Total</b>	<b>21,921.68</b>	<b>19,490.11</b>	<b>12%</b>	<b>20,558.60</b>	<b>7%</b>
<b>Assets</b>					
Cash & Bank Balance	1,406.60	848.64	66%	1,177.90	19%
Balance with Bank and Money at Call & Short Notice	689.96	769.28	-10%	789.21	-13%
Investments	6,285.66	5,653.95	11%	5,749.98	9%
SLR Investments	5,113.08	4,773.22	7%	4,664.08	10%
Non SLR Investments	1,171.58	880.73	33%	1,085.89	8%
Advances	12,073.34	10,723.61	13%	11,469.28	5%
Fixed Assets	377.50	341.74	10%	378.26	0%
Other Assets	1,088.62	1,152.89	-6%	993.97	10%
<b>Total</b>	<b>21,921.68</b>	<b>19,490.11</b>	<b>12%</b>	<b>20,558.60</b>	<b>7%</b>
Core Banking (Advances+Deposit)	29,713.49	26,710.09	11%	28,798.26	3%

## Performance Highlights for the second quarter ended September 30, 2007:

### General

- Capital Adequacy Ratio (CAR) as on September 30, 2007 was 11.77% as against 12.16% as on June 30, 2007.
- Book value per share (face value Rs 10 each) of the Bank as on September 30, 2007 works out to Rs 34.13 as against Rs 30.70 as on September 30, 2006. The adjusted book value works out to Rs. 24.96 as against Rs. 24.39 earlier.
- Networth of the Bank stands at Rs 1092.35 crores at the end of the Q2 FY08.
- Net Interest Margin (NIM) for Q2 FY08 was 1.57% as against 1.34% in Q2 FY07 and 1.12% in Q1 FY08.
- Other Income for Q2 FY08 was at Rs 64.99 crores as against Rs 58.57 crores in Q2 FY07 and Rs. 63.76 crores in Q1 FY08.

### Advances

- Vehicle Financing at Rs. 6826 crores was up 25% YoY from Rs. 5449 crores; sequentially up by 3% from Q1 FY08.
- Retail Advances on the banking side were at Rs. 1753 crores in Q2 FY08 as against Rs. 1493 crores in Q2 FY07 and Rs. 1689 crores in Q1 FY08, registering a growth of 17% QoQ and 4% sequentially.
- Corporate Advances stood at Rs.3720 crores in Q2 FY08 as against Rs. 3782 crores in Q2 FY07 and Rs. 3496 crores in Q1 FY08 registering a growth of (2%) QoQ and 6% sequentially. (IBPC / BRDS of Rs. 225 crs)
- Net Advances at Rs. 12073 crores grew 13% YoY in Q2 FY08; sequentially up by 5%.
- Vehicle Advances constitute 57% of the Total Loan Book as of Q2 FY08; they constituted 51% of the total Loan Book at the end of Q2 FY07.

### Vehicle and Construction Equipment Advances

	Rs. crore				
	Amount Lent in Q2 FY08	Amount Lent in Q2 FY07	YoY Growth (%)	Amount Lent in Q1 FY08	QoQ Growth (%)
Commercial Vehicles	527.75	685.39	-23%	536.81	-2%
Personal Products - (TW)	176.08	176.55	0%	179.03	-2%
Cars	68.44	127.71	-46%	68.04	1%
Utility Vehicles	43.03	46.71	-8%	51.32	-16%
Equipments	198.34	153.69	29%	205.17	-3%

### Recoveries, NPAs and Securitisation

- The Bank recovered Rs. 6.47 crores of bad debts in Q2 FY08 as against Rs. 16.99 crores in Q2 FY07 and Rs. 13.31 crores in Q1 FY08.
- Gross NPAs stand at Rs. 370.10 crores (3.05%) in Q2 FY08 while Net NPAs stand at Rs. 293.33 crores (2.43%). This compares with Rs. 252.36 crores (2.34%) of Gross NPAs and Rs.183.06 crores (1.71%) of Net NPAs at the end of Q2 FY07; Gross NPAs stood at Rs. 362.07 crores (3.14%) and Net NPAs at Rs. 288.08 crores (2.51%) at the end of Q1 FY08.

### **Deposits**

- Total Deposits at the end of Q2 FY08 was Rs. 17,640 crores, as against Rs. 15,986 crores at the end of Q2 FY07, up 10% YoY; QoQ up 2% from Rs 17,329 crores in Q1 FY08.
- Current Deposits, at Rs. 1995 crore, grew 38% YoY from Rs. 1,447 crores and 21% QoQ from Rs 1655 crores in Q1 FY08.
- Savings Deposits stood at Rs. 1009 crore, up 27% YoY from Rs. 794 crore; they were up 7% QoQ from Rs 947 crores in Q1 FY08.
- Average Cost of Deposits stood at 7.77% as against 6.54% in Q2 FY07 and 7.94% in Q1 FY08.
- CASA (Current Accounts-Savings Accounts) Ratio improved to 17.03% against 14.02% in Q2 FY07 and 15.01% in Q1 FY08.
- Credit-Deposit (CD) Ratio stood at 68.44% as against 67.08% in Q2 FY07 and 66.19% in Q1 FY08.

## 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 27, 2007, took on record the unaudited quarterly financial results for the half-year ended September 30, 2007.

### Financial Data & Highlights for the Half Year ended September 30, 2007:

#### Profit & Loss Account

Rs. Crore

	Half year ending FY2007-08	Half year ending FY2006-07	Growth (%)
Gross Interest Income	892.32	694.42	28%
Net Interest Income	143.13	122.79	17%
Profit on sale of investments	6.34	19.56	-68%
Others	122.41	85.28	44%
<b>Total Income</b>	<b>271.88</b>	<b>227.63</b>	<b>19%</b>
Operating Costs	191.93	161.48	19%
Of which:			
Staff Cost	60.42	45.22	34%
Rent, Taxes and Lighting	17.53	15.34	14%
Depreciation	18.06	17.68	2%
Other Costs		-	-
<b>Total Expenditure</b>	<b>191.93</b>	<b>161.48</b>	<b>19%</b>
<b>Operating Profit</b>	<b>79.95</b>	<b>66.15</b>	<b>21%</b>
Other Provisions & Contingencies	25.76	25.40	1%
Provision for Tax	18.63	15.56	20%
<b>Net Profit</b>	<b>35.56</b>	<b>25.19</b>	<b>41%</b>
Paid up Equity Capital	320.00	290.51	
<b>EPS (Rs.) (not annualised)</b>	<b>1.11</b>	<b>0.87</b>	<b>28%</b>

## Balance Sheet

Rs. crores

	H1 FY2007-08	H1 FY2006-07	Growth (%)	Q1 FY 2007-08	Sequential Growth (%)
<b>Capital &amp; Liabilities</b>					
Capital	320.00	290.51	10%	320.00	0%
Reserves & Surplus	772.35	600.74	29%	750.01	3%
Deposits	17,640.15	15,986.48	10%	17,328.98	2%
Borrowings	1,421.89	1,273.86	12%	546.42	160%
Other Liabilities & Provisions	1,767.29	1,338.52	32%	1,613.19	10%
<b>Total</b>	<b>21,921.68</b>	<b>19,490.11</b>	<b>12%</b>	<b>20,558.60</b>	<b>7%</b>
<b>Assets</b>					
Cash & Bank Balance	1,406.60	848.64	66%	1,177.90	19%
Balance with Bank and Money at Call & Short Notice	689.96	769.28	-10%	789.21	-13%
Investments	6,285.66	5,653.95	11%	5,749.98	9%
SLR Investments	5,113.08	4,773.22	7%	4,664.08	10%
Non SLR Investments	1,171.58	880.73	33%	1,085.89	8%
Advances	12,073.34	10,723.61	13%	11,469.28	5%
Fixed Assets	377.50	341.74	10%	378.26	0%
Other Assets	1,088.62	1,152.89	-6%	993.97	10%
<b>Total</b>	<b>21,921.68</b>	<b>19,490.11</b>	<b>12%</b>	<b>20,558.60</b>	<b>7%</b>
Core Banking (Advances+Deposit)	29,713.49	26,710.09	11%	28,798.26	3%

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**Performance Highlights for the half-year ended September 30, 2007:****General**

- Capital Adequacy Ratio (CAR) as on September 30, 2007 was 11.77% as against 10.31% as on September 30, 2006
- Book value per share (face value Rs. 10 each) of the Bank as on September 30, 2007 works out to Rs. 34.13 as against Rs. 30.70 as on September 30, 2006.
- Networth of the Bank stands at Rs. 1092.35 crores at the end of the H1 FY08.
- Net Interest Margin (NIM) for H1 FY08 was 1.35% as against 1.28% in H1 FY07.
- Other Income for H1 FY08 was at Rs. 128.75 crores as against Rs. 104.84 crores in H1 FY07.

**Advances**

- Vehicle Financing at Rs. 6,826 crores was up 25% YoY from Rs. 5,449 crores in H1 FY07.
- Retail Advances on the banking side were at Rs. 1,753 crores in H1 FY08 as against Rs. 1,493 crores in H1 FY07.
- Corporate Advances stood at Rs. 3,720 crores in H1 FY08 as against Rs. 3,782 crores in H1 FY07. (IBPC / BRDS of Rs. 225 crs)
- Net Advances at Rs. 12,073 crores grew 13% YoY in H1 FY08.
- Vehicle Advances constitute 57% of the Total Loan Book at the end of H1 FY08 as compared to 51% at the end of H1 FY07.

**Recoveries, NPAs and Securitisation**

- The Bank recovered Rs. 19.78 crores of bad debts in H1 FY08 as against Rs. 26.77 crores in H1 FY07.
- Gross NPAs stand at Rs. 370.10 crores (3.05%) at the end of H1 FY08 while Net NPAs stand at Rs. 293.33 crores (2.43%). This compares with Rs. 252.36 crores (2.34%) of Gross NPAs and Rs. 183.06 crores (1.71%) of Net NPAs at the end of H1 FY07.

**Deposits**

- Total Deposits at the end of H1 FY08 was Rs. 17,640 crore, as against Rs. 15,986 crores at the end of H1 FY07, up 10% YoY.
- Current Deposits, at Rs. 1,995 crores at the end of H1 FY08, grew 38% YoY from Rs. 1,447 crores at the end of H1 FY07.
- Savings Deposits stood at Rs. 1,009 crore, up 27% YoY from Rs. 794 crores at the end of H1 FY07.
- Average Cost of Deposits stood at 7.85% as against 6.51% at the end of H1 FY07.
- CASA (Current Account-Savings Accounts) Ratio has improved to 17.03% against 14.02% at the end of H1 FY07.
- Credit-Deposit (CD) Ratio stood at 68.44% as against 67.08% at the end of H1 FY07.

**Segmental Revenues & Profits:**
**Revenues**

Rs crore

Particulars	Quarter ended 30.09.2007	Quarter ended 30.09.2006	Half year ended 30.09.2007	Half year ended 30.09.2006
<b>Segment Revenues</b>				
i) Treasury	117.68	117.42	233.10	225.98
ii) Other Banking Operations	496.34	379.03	986.66	726.99
Less: Inter-segment revenue	(88.55)	(77.28)	(198.69)	(153.71)
<b>Total</b>	<b>525.47</b>	<b>419.17</b>	<b>1021.07</b>	<b>799.26</b>
<b>Segment Results</b>				
i) Treasury	(5.56)	7.77	(26.83)	10.81
ii) Other Banking Operations	69.69	41.76	136.40	76.57
<b>Total</b>	<b>64.13</b>	<b>49.53</b>	<b>109.57</b>	<b>87.38</b>
Unallocated Expenses	16.23	10.28	29.62	21.23
Operating Profit before Provisions & Contingencies	<b>47.90</b>	<b>39.25</b>	<b>79.95</b>	<b>66.15</b>
<b>Provisions &amp; Contingencies</b>				
i) Treasury	(2.40)	(2.71)	(4.58)	0.04
ii) Other Banking Operations	16.38	13.47	30.34	25.36
iii) Income Tax and Others	11.58	11.31	18.63	15.56
<b>Total</b>	<b>25.56</b>	<b>22.07</b>	<b>44.39</b>	<b>40.96</b>
<b>Net Profit</b>	<b>22.34</b>	<b>17.18</b>	<b>35.56</b>	<b>25.19</b>
<b>Other Information</b>				
Segment Assets:				
i) Treasury	7786.03	6610.16	7786.03	6610.16
ii) Other Banking Operations	13299.27	11920.50	13299.27	11920.50
iii) Unallocated Assets	836.38	959.46	836.38	959.46
<b>Total Assets</b>	<b>21921.68</b>	<b>19490.12</b>	<b>21921.68</b>	<b>19490.12</b>
Segment Liabilities				
i) Treasury	1377.68	1922.69	1377.68	1922.69
ii) Other Banking Operations	19160.97	16355.41	19160.97	16355.41
iii) Unallocated Liabilities	1383.03	1212.02	1383.03	1212.02
<b>Total Liabilities</b>	<b>21921.68</b>	<b>19490.12</b>	<b>21921.68</b>	<b>19490.12</b>

**Break-up of Assets and Liabilities:**

**Assets**

Rs crores

	As on Sept 30, 2007	As on Sept 30, 2006	Growth (%)	As on June 30,2007	Sequential Growth (%)
<b>Advances</b>					
<b>Corporate Lending</b>	<b>3,720</b>	<b>3,782</b>	-2%	<b>3,496</b>	6%
<b>Vehicle Finance Division Lending</b>					
· Commercial Vehicle Loans	4,187	3,451	21%	4,306	-3%
· Utility Vehicle Loans	703	231	204%	254	177%
· Car Loans	643	616	4%	611	5%
· 2/3-Wheeler Loans	288	546	-47%	649	-56%
· Equipment Financing	1,005	605	66%	814	23%
<b>Total (VFD)</b>	<b>6,826</b>	<b>5,449</b>	25%	<b>6,634</b>	3%
<b>Retail Division Lending</b>					
· Personal Loans	65	82	-21%	71	-8%
· Home Loans	180	144	25%	179	1%
· Other Retail Loans to traders	1,508	1,267	19%	1,439	5%
<b>Total (Retail)</b>	<b>1,753</b>	<b>1,493</b>	17%	<b>1,689</b>	4%
<b>Total Advances before IBPC</b>	<b>12,298</b>	<b>10,724</b>	15%	<b>11,819</b>	4%
<b>Less: IBPC / BRDS</b>	<b>225</b>	<b>-</b>		<b>350</b>	
<b>Total Advances after IBPC</b>	<b>12,073</b>	<b>10,724</b>	13%	<b>11,469</b>	5%
Investments / Treasury Assets	<b>6,286</b>	<b>5,654</b>	11%	<b>5,750</b>	9%
<b>Total Advances &amp; Assets</b>	<b>18,359</b>	<b>16,378</b>	12%	<b>17,219</b>	7%

## Liabilities

Rs. Crores

	As on September 30,2007	As on September 30,2006	Growth (%)	As on June 30,2007	Sequential Growth (%)
Deposits	17,640	15,986	10%	17329	2%
Of which:					
Demand Deposit	3,004	2,241	34%	2602	15%
Time Deposit	14,636	13,745	6%	14,727	-1%
Borrowings	1,422	1,274	12%	546	160%

## Lending to Sensitive Sectors

Rs. Crores

	As on September 30,2007	As on September 30,2006	Growth (%)	As on June 30,2007	Sequential Growth (%)
Capital Markets *	379.93	43.10	8%	421.58	-10%
Real Estate	457.40	489.64	0%	440.13	4%

\* In terms of guidelines issued by RBI vide circular DBOD No. Dir. BC. 33/13.03.00/2006-07 dated 10/10/2006, the exposure to capital market as on 30.09.2007 is reported based on the criteria of outstanding or section limit whichever is higher. The corresponding figures for the previous year however represent the outstanding exposures and hence not comparable to the current period disclosure to that extent.

## Break-up of Deposits & Investments:

### Categorisation of Deposits:

Rs. Crores

	As on Sept 30, 2007	As on Sept 30, 2006	Growth (%)	As on June 30, 2007	Sequential Growth (%)
Up to - 14 Days	1,605.49	2,006.11	-20%	1,780.00	-10%
14 Days - 28 Days	533.01	782.39	-32%	675.00	-21%
28 Days - 3 Months	2,306.50	2,211.25	4%	2,180.00	6%
3 Months - 6 Months	1,468.50	1,392.29	5%	886.00	66%
6 Months - 12 Months	1,975.70	1,971.65	0%	1,938.00	2%
12 Months - 3 Years	5,428.75	4,024.63	35%	5,152.00	5%
3 Years - 5 Years	2,224.80	1,849.22	20%	2,401.00	-7%
Over - 5 Years	2,097.40	1,748.95	20%	2,317.00	-9%
<b>TOTAL</b>	<b>17,640.15</b>	<b>15,986.49</b>	<b>10%</b>	<b>17,329.00</b>	<b>2%</b>

**Categorisation of Investments:**

Rs. crores

	As on Sept. 30, 2007	As on Sept. 30, 2006	Growth (%)	As on June 30,2007	Sequential Growth (%)
<b>Held to Maturity (HTM)</b>					
· G-Secs	4,503.21	4,025.45	12%	4,055.37	11.04%
· T-Bills	-	-			
· Other Approved	1.55	2.55	-39%	1.55	-
· Debt Instruments	-	-		-	-
· Equity Shares	5.85	-	-	5.85	-
· Mutual Fund Units	-	-		-	-
· Other Investments (RIDF)	975.62	700.33	39%	913.36	6.82%
	<b>5,486.23</b>	<b>4,728.33</b>	<b>16%</b>	<b>4,976.13</b>	<b>10.25%</b>
<b>Held for Trading (HFT)</b>					
· G-Secs	<b>24.34</b>	-		-	-
<b>Available for Sale (AFS)</b>					
· G-Secs	50.29	150.00	-66%	62.57	-19.63%
· T-Bills	561.42	628.25	-11%	544.59	3.09%
· Debt Instruments	128.89	131.77	-2%	131.99	-2.35%
· Equity Shares	33.49	15.60	115%	34.70	-3.49%
	<b>774.09</b>	<b>925.62</b>	<b>-16%</b>	<b>773.85</b>	<b>0.03%</b>
<b>SLR Investments</b>	5,113.08	4,773.22	7%	4,664.08	9.63%
<b>Non SLR Investments</b>	1,171.58	880.73	33%	1,085.90	7.89%
<b>Total Investments</b>	<b>6,284.66</b>	<b>5,653.95</b>	<b>11%</b>	<b>5,749.98</b>	<b>9.30%</b>
<b>Modified Duration (AFS)</b>	1.38	0.86		1.23	-
<b>Modified Duration (HTM)</b>	5.03	5.40		4.74	-

**Analytical Ratios:**

	Half year ended Sept 30, 2007	Half year ended Sept 30, 2006	Growth (%)	Quarter Ended June 30,2007	Sequential Growth (%)
Networth after minority interest (Rs crore)	1,092.35	891.25	23%	1,070.00	2%
Book Value per Share (Rs)	34.13	30.70	11%	33.44	2%
Adjusted Book Value per Share (Rs.) Net of NPAs	24.96	24.39	2%	24.42	2%
EPS (Rs)	0.70	0.87	-20%	0.41	70%
Gross NPAs (Rs crore)	370.10	252.36	47%	362.07	2%
Gross NPAs (%)	3.05%	2.34%	30%	3.14%	-3%
Net NPAs (Rs crore)	293.33	183.06	60%	288.08	2%
Net NPAs (%)	2.43%	1.71%	42%	2.51%	-3%
Provision Cover (%)	20.74	27.46	-24%	20.44	2%
Annualised Return on Assets (%)	0.33	0.26	29%	0.26	30%
Annualised Return on Networth (%)	6.51	5.65	15%	4.94	32%
Net Interest Margins (NIM) (%)	1.35%	1.28%	5%	1.12%	21%
Capital Adequacy Ratio (CAR) (%)	11.77%	10.31%	14%	12.16%	-3%
Interest Cost/ Total Income (%)	73.37%	69.78%	5%	75.55%	-3%
Credit / Deposit (%)	68.44%	67.08%	2%	66.19%	3%
Average Cost of Deposits	7.85%	6.51%	21%	7.94%	-1%
Current Accounts (Rs crore)	1,995.21	1,447.08	38%	1,654.53	21%
Savings Accounts (Rs crore)	1,009.17	794.30	27%	947.18	7%
CASA Ratio (%)	17.03%	14.02%	21%	15.01%	13%
Cost/ Net Income Ratio	70.59	65.24	8%	73.55	-4%
<b>Network</b>					
Branches	172	147	17%	170	1%
Extension Counters	-	-	-	-	0%
Offsite ATMs	159	84	89%	117	36%
Vehicle Finance Division Offices	26	26	0%	26	0%
<b>Total Network</b>	<b>357</b>	<b>257</b>	<b>39%</b>	<b>313</b>	<b>14%</b>
Geographical Locations	141	118	19%	141	0%
State/ Union Territories covered	27	24	13%	27	0%
State Capitals covered	23	20	15%	23	0%
Foreign Locations (Representative offices)	2	2	0%	2	0%
<b>Customers</b>	<b>1597279</b>	<b>1441495</b>	<b>11%</b>	<b>1533797</b>	<b>4%</b>
<b>Total Employees</b>	<b>2780</b>	<b>2470</b>	<b>13%</b>	<b>2773</b>	<b>0%</b>

## **Business Update**

### **People & Infrastructure:**

- IndusInd Bank's employee strength stands at 2780 as at the end of Q2 & H1 FY08 as compared to 2470 at the end of Q2 & H1 FY07.
- The Bank has 172 branches, and 159 offsite ATMs as of September 30, 2007.
- The branches are spread across 141 geographical locations in India at the end of September 30, 2007.
- The Bank added 1,55,784 new customers during this quarter up 11% YoY and 4% QoQ; The number of customers has moved from 14,41,495 at the end of September 30, 2006, to 15,97,279 at the end of September 30, 2007

### **Key Initiatives taken during the Quarter:**

- The Bank signed an agreement with National Multi Commodity Exchange Ltd. (NMCE) to become their Clearing Bank. It already had such agreements with MCX and NCDEX
- The Bank also entered into a tie-up with Religare Securities and now offers a value-added 3-in-1 savings accounts-linked package to customers – comprising a savings bank account, a depository account, and an Internet trading account powered by Religare.
- The International division of the Bank has shown an average number of daily remittance flows, as on September 30, 2007, more than doubled to 1300 from 600 a year ago. Earnings from this division showed a significant growth of 40.52%.. An average remittance flow of 1USD million per day
- The bullion business of the Bank has also gained momentum over a period of time. During the half year ended September 30, 2007 the Bank's gold sales turnover under consignment was Rs 1,613 crore as against Rs 1,379 crore recorded last year.
- Rs. 17,100 crores of Forex Merchant Turnover (Trade Finance) achieved during the quarter, as against Rs. 12,975 crores in the same quarter last year
- Contact Centre (set up recently) became fully functional during the quarter

### **Management Outlook for the Banking Sector:**

IndusInd Bank's outlook for the Banking Sector continues to remain "positive", with a remote risk of down-side correction in the ensuing quarters, based on the following factors:

#### **Global factors:**

- US economy is under recessionary pressure post sub-prime crisis, with more clarity to emerge on the extent of losses in the financial system which would impact the global economic conditions. Any adverse impact is likely to impact the growth of global economy and economies having larger growth will be the worst hit
- The continued weakness in US currency is a concern, which is making commodities a "safe-haven" investment. The sustainability of bullishness in commodities – crude oil, base metals, agro products etc – to put inflationary pressure in the global economy, to guide interest rates higher, thus hampering economic growth
- US stance of reducing interest rate as a tool to reduce impact of sub-prime crisis may lead to inflationary pressure – an expectation of rate cut in US Federal Reserve October meeting is high but any thing beyond is unwarranted. Overall interest rates are likely to remain steady to easy in the next 3-6 months and need to watch developments in US for the next direction
- International oil prices have firmed up beyond USD 85 per barrel ahead of winter demand with a risk of inching closer to USD 100 level, which is very negative for Asian economies in particular.

#### **Domestic factors:**

- There is a slackness in credit growth despite ample liquidity in the system – which has guided the interest rates lower by more than 100 bp from May 2007
- The more-than-warranted rupee appreciation from 41.70 to 39.50 in quick time despite two bouts of RBI's measures, to reduce inflows and to accelerate outflows, is a concern. RBI's act of cushioning rupee gains through dollar purchases is also adding to liquidity with a risk of inflationary pressure. Hence, there is a need to absorb these excess liquidity through CRR hikes and through other monetary measures – the cost of these measures is a concern with a need to address issues relating to fundamental factors of reducing cash supplies and accelerating forward demand. Growing foreign currency reserves with continued deficit on Current Account flows (and through short term capital account flows) is a cost to exchequer. This brings a need for reduction in interest rates to bridge the interest differential between Rupee and US Dollar
- Inflation is well under control below 3.5% (as against the set range of 4.5-5%) despite higher crude oil and other commodity prices is comforting signal. A lower interest will also help pick up credit growth and better corporate performance
- Capital Market at all time high with Sensex close to 19000 is unbelievable mainly driven by handful of stocks. The higher earning multiple does not suggest enough upside near term. A deeper correction in stock market which would bring in a desired correction in rupee value will be the immediate need of the hour – lower interest will provide the momentum to guide the FX, Money and Capital Market to more realistic levels

- There is no reason to doubt the sustainability of strong economic growth despite global uncertainties – GDP growth should continue to remain in the set 8.5-9% range and to prepare for move into 10% zone in the coming years

**Impact on banking sector:**

- As expected, banking sector has outperformed Q1 mainly on declining trend in interest rates from May 2007. This has resulted in lower cost of funds, higher net interest income and better Net Interest Margin. This trend is likely to continue in the next two quarters
- The Credit growth is likely to pick in the busy season given the good monsoon across India – lower interest rates and ample liquidity to keep lending rates steady despite credit growth.
- RBI's curbs on off-shore fund raising to keep up the demand for rupee funds mainly from the strong growth sectors of infrastructure, telecom, retail, energy etc. There will good opportunity for Banks to build loan portfolio with reduced cost of funds, the profitability of Banks likely to remain high with good growth on y-on-y basis
- The demand for consumer durable goods should improve on declining interest rate trend to give a push to retail loan portfolio, which has been a laggard in the first two quarters
- Overall, any impact on profitability on higher Cash Reserve requirements will adequately get compensated through higher Net Interest Income driven mainly by reduction in cost of funds – expectation is that while yield on loans to remain steady, cost of funds and yield on investments should have declining trend. Any Bank who has locked into longer tenor fixed rate loan and investment portfolio should stand to benefit from reduced cost of funds.
- The non-interest income from banking sector would continue to maintain the handsome growth from opportunities in Fixed Income market (tracking declining interest rate trend) and Capital Market (any deep correction to be viewed as a good medium/long term investment). Increased cross-border trade and investment activity would help Banks to add to bottom line.
- The lower P/E of Banking sector relative to other sectors should help guide large investments into Banking sector to help Bankers to gain market cap significantly – more so, ahead of 2009 which is not far away.

Shareholding Pattern (as on September 30, 2007):

	Category	No. of shares held	% of shareholding
<b>A.</b>	<b>Promoters holding</b>		
<b>1</b>	<b>Promoters</b>		
	a Indian Promoters		
	b Foreign Promoters	90999984	28.45
<b>2</b>	<b>Persons acting in Concert</b>		
	<b>Sub Total</b>	90999984	28.45
<b>B.</b>	<b>Non-Promoters Holding</b>		
<b>3</b>	<b>Institutional Investors</b>		
	a Mutual Funds and UTI	7135271	2.23
	b Financial Institutions/ Banks	58300	0.02
	c Insurance Companies	3405324	1.06
	d Foreign Institutional Investors	58861874	18.41
	<b>Sub Total</b>	69460769	21.72
<b>4</b>	<b>Others</b>		
	a Bodies Corporate	53116532	16.61
	b Individuals	56731388	17.74
	c Clearing Member	2922325	0.91
	d Non- Executive Directors	680	0.00
	e Non- Executive Director (Non-resident & Foreign national)	255802	0.08
	f Overseas Corporate Bodies	6889093	2.15
	g Non Resident Indians	9941063	3.11
	<b>Sub Total</b>	129856883	40.60
<b>C.</b>	<b>Shares held by Custodians and against which depository receipts have been issued.</b>	29490300	9.22
	<b>GRAND TOTAL</b>	319807936	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 recently had a successful GDR issue and its net worth touched Rs. 1092 crores as on September 30, 2007. The Bank posted a total business turnover of Rs.29,714 crores (as on September 30, 2007) and is poised for greater growth in the years ahead. Its network expansion received a fillip with the Bank securing 40 authorizations from Reserve Bank of India for new branches and 100 offsite ATMs in the last calendar year. The Bank currently has a network of 172 branches, spread over 141 geographical locations in 27 states and union territories across the country. The remaining 8 authorisation will be used shortly and the total number of branches would reach 180. In addition, IndusInd Bank also has a representative office each in Dubai and London.

Driven by technology, IndusInd constantly upgrades its support systems for the introduction of retail banking products and alternative delivery channels. The Bank continues to display its commitment to global benchmarks in technology, as testified by its winning the prestigious IBA Award for the year 2006 (Runner Up) for the Overall Implementation of Straight Through Processing between various systems. 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. It is one of the first banks to go live on the Real Time Gross Settlement (RTGS) initiative of RBI. 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.*

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