



IndusInd

12th November 2020

Dear Shareholders,

I wish you and your family happy Dhanteras and a joyous Diwali. Just as the light from Diyas take out the darkness, may this festival of lights bring much needed relief to the society by driving the pandemic away.

Countries across the globe are facing resurgence of the COVID-19 cases. Global cases of COVID-19 are nearing 51 million with a total of 1.23 million fatalities. However, on a positive note, coronavirus vaccine in a matter of weeks has sparked hopes that the global economy could bounce back strongly next year. While a successful vaccine could indeed give the economy a shot in the arm in 2021, it will take longer to heal from a historic blow to jobs, investment and businesses—a task complicated by the current surge in infections in much of the West, necessitating lockdown across nations.

In context of India, declining infection rate, lower fatalities per ten thousand and higher recovery rate, market in India is faring better than its western counterparts. As per a recent Morgan Stanley report, India along with Indonesia and the Philippines is better placed than most Asian economies in the post-COVID-19 pandemic recovery stage. India stands high on Emerging Markets segment attracting FDIs. It is a good opportunity for India to realize the dream of emerging as manufacturing hub of the world to make for India (for import substitution) and make for the world (to boost exports).

Reserve Bank of India has also stated that the Indian economy could turn the corner and register positive growth earlier than expected, but the unrelenting pressure of inflation and a second global Covid-19 wave may pose a risk to growth. Data for the month of October 2020 have brightened prospects and stirred up consumer and business confidence. There is optimism that the revival of economic activity is stronger than the mere satiation of pent-up demand released by unlocks and the rebuilding of inventories. If this upturn is sustained in the ensuing two months, there is a strong likelihood that the Indian economy will break out of contraction of the six months gone by and return to positive growth in Q3-2020-21, ahead by a quarter. India looks better placed in this Goldilocks environment, as it stands to benefit more from early vaccine availability and the Fed's AIT (average inflation targeting) framework.

I am glad to share with you that Indusind Bank has performed exceedingly well in first half of current financial year. With lockdown being lifted gradually across India, Bank the flagship investee company of Indusind International Holdings Ltd (IIHL) has positioned itself well to participate in the economic revival. The Bank raised capital of Rs 3288 Cr from marquee investors including your Company which had raised its capital adequacy to a comfortable 16.55% for expanding its business.

For the quarter ended 30th September 2020 while Net Profit was Rs 663 Cr up by 30% over the June quarter, other key numbers were - NIM at 4.16%, GNPA at 2.21% (reduction by 32 bps sequentially), Total loan related provision at 132% of GNPA Provision coverage Ratio for NPA was significantly raised to 77% (from 67% in June quarter) resulting in net NPA falling to just 0.52% (from 0.86% QoQ).

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Mr Sumant Kathpalia - MD and CEO, of the Bank remains prudently optimistic of growth prospects for the rest of the fiscal year. Most of the brokerage firms ,national and international, have given 'Buy' recommendation for the Bank' share whose price has vaulted to Rs 769 from Rs 236 in March 20. On another note, he dismissed media reports of a merger with Kotak Mahindra Bank, calling it speculative and malicious. He also added that the bank management has the full support of the promoters.

The book value of your company's share has witnessed a consistent increase over the last couple of quarters. The book value as of 12th November 2020 is US\$ 34.92 up from value of US\$ 26.67 as of September 2020 and up from value of US\$ 20.23 as of March 2020.

Post Regulatory approval from FSC, Mr. Moses Harding has been appointed as President & CEO of your company effective from 1st October 2020, Mr. Moses is familiar with the Company, Financial sector and Mauritius, having worked with IndusInd Bank during 1994-1999 and then in second stint from 2003 to 2013, as Executive Vice President, whereas in Mauritius he was with SBM Holdings Ltd from 2016 to 2018 in capacity as Advisor to Chairman and CEO, India & East Africa.

With Seasons' Greetings,

Yours sincerely,

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Mr. Ashok P Hinduja
Chairman

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