

# INDUSIND INTERNATIONAL HOLDINGS LTD

LEVEL 3, EBENE HOUSE, HOTEL AVENUE,  
33 CYBERCITY, EBENE, 72201, REPUBLIC OF MAURITIUS



December 31, 2019

**Dear Esteemed Shareholder,**

The Board of Directors have great pleasure in wishing you and your family a happy and prosperous New Year 2020.

## **Global Economic Outlook**

According to Nov-Dec 2019 IMF Survey, the global economic growth is projected to decline from 3.6% in 2018 to 3.3% in 2019 and is only expected to recover marginally in 2020. Two issues in the year played key role in shaping this trend - US China Trade conflict which damaged the import & export growth worldwide and BREXIT uncertainty which ran for almost the entire year too had a decelerating effect on business investments.

Recent developments however indicate positive shift in the situation. US and China have now announced that they have reached a tentative agreement for the first phase of a trade deal for modest de-escalation while more comprehensive talks continue. The deal rolls back some tariff increases and suspends new ones. On political front, US House of Representatives have approved two Articles of Impeachment, one of abuse of power, the other of obstructing the Congressional enquiry against President Trump. The Speaker of the House of Representatives has to send the Articles of Impeachment to the Senate which is required for a trial. Since the Senate is controlled by Republicans, doubt is cast on the success of the impeachment proceedings. On the other hemisphere, UK Prime Minister Boris Johnson won a resounding election victory in mid-December, ending three years of political paralysis over Brexit, promising to take Britain out of the European Union by Jan. 31 2020.

Long term stagnation in the global economy can be avoided by combining structural reforms with targeted spending and tax policies. Of late a notable shift towards increased monetary policy accommodation by US Fed and other Central Banks including Reserve Bank of India (RBI) has brought some respite from the impact of rising trade and geo-political tensions.

On the Mauritius side, Country has recently completed its national elections and Prime Minister Mr.Pravind Jugnauth was re-elected with thumping majority. New cabinet in place will pave the way for faster development of the country. Prime Minister in his speech after re-election has promised to bring suitable reforms to facilitate rapid economic growth.

## **Performance of your Company**

India where your Company has made most of its investments continues to be the fastest growing economy in the world despite RBI's revision of country's GDP growth downwards from 6.1% to 5% in 2019-20. Growth is expected to pick-up in 2020-21 to 6.3% due to the measures initiated by the government over the last few months to revive sentiment and spur domestic demand.

Investments in India are doing well and as a result, your Company is expected to earn a net profit of US\$ 9.1 Mn for the period of 9 months against a net profit of US\$ 10.18 Mn for the entire year ended 31<sup>st</sup> March 2019.

IndusInd Bank stock has maintained an upward momentum consistently for about two months now, which earlier in the year was heavily downplayed by the NBFC crisis. Market is responding positively to robust

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performance by the Bank and to the government support for industry at large. This is a positive development for your Company which is the promoter of the Bank.

The book value of your Company's share with face value of US\$ 1 is US\$ 65.3 as on 31<sup>st</sup> December 2019 as against US\$ 74 in FY19. The fall in book value is largely due to fluctuation in the Bank share price and weakening of Indian rupee against US dollar. As per the market reports, Indusind Bank was rated as the most consistent wealth creator delivering Price CAGR of 49% and a PAT CAGR of 35% over a period of 10 years. Leading analyst reports opine Indusind Bank offers good risk-reward among mid-sized lenders especially after the merger with highly successful micro-finance institution Bharat Financial Inclusion Ltd. (BFIL) with a price target of Rs. 1,800 against the present price of about Rs. 1,500. Further as per the reports book value of the Company's share is likely to rise suitably in the days ahead.

## Other Updates

It will be recalled that since the Company was not listed this year, it was proposed to the shareholders to buy-back 10% of their original shareholding at a price of US\$ 20 per share. The objective of this exercise was to help and reward the loyal original pre-Rights Issue shareholders who were looking for an exit and book value of growth in their investment. Only 41 shareholders participated which amounted to a total buy-back of 126,650 shares for a total consideration of US\$ 2.53 Mn

Further, as per the terms and conditions of the 1<sup>st</sup> and 2<sup>nd</sup> tranches of Rights Issue, if the shares were not listed by 6<sup>th</sup> September 2019, the shareholder would have the right (Put Option) to require the Company to purchase the shares for an amount of US\$ 26 per share for shares allotted under the 1<sup>st</sup> Rights Issue and US\$ 38.50 per share for shares allotted under the 2<sup>nd</sup> Rights Issue. Only 41 of the eligible shareholders exercised their Put Option rights and were paid US\$ 28.48 Mn.

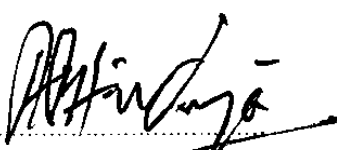
It will be observed that most of the eligible shareholders did not avail of the buy-back scheme or the right to exercise Put Option under the two tranches of Rights Issues. This bears ample testimony to the faith of the shareholders in the functioning of your Company and continuing their association with it, for which we are thankful to the shareholders.

In consonance with our vision of creating long-term shareholder value, your Board continues to examine diversification of our investments to make the Company a vibrant organization with accelerated profitability. We shall keep you informed as and when opportunities for profitable investments materialise.

We once again wish you and family a happy and prosperous 2020.

Yours faithfully,

For Board of Directors



Ashok P Hinduja

Chairman