ANNUAL REPORT
2013-14

IndusInd Bank

SMART INNOVATION.
SIMPLIFYING BANKING.

Get your favourite numbers as
your Bank Account Number

Board of Directors (as at March 31, 2014)

Mr. R. Seshasayee, Chairman
Mr. Ajay Hinduja
Mr. S. C. Tripathi
Mr. Ashok Kini
Mrs. Kanchan Chitale
Mr. Vijay Vaid
Mr. T. Anantha Narayanan
Mr. Romesh Sobti, Managing Director & CEO
Mr. Y. M. Kale (Alternate Director to Mr. Ajay Hinduja)

Company Secretary

Mr. Haresh K. Gajwani

Auditors

M/s B S R & Co. LLP
Lodha Excelus
1st Floor, Apollo Mills Compound
N. M. Joshi Marg
Mahalakshmi, Mumbai 400 011

Solicitors

M/s Crawford Bayley & Co.
Solicitors & Advocates
State Bank Building
NGN Vaidya Marg
Mumbai – 400 023

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai – 400 078
Tel : 022 25946980 / 25963838
Fax : 022 25946969

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Registered Office
2401, Gen. Thimmayya Road
(Cantonment)
Pune - 411001

Corporate Office
8th Floor, Tower 1, One Indiabulls Centre
841, Senapati Bapat Marg
Elphinstone Road (W)
Mumbai – 400 013

Secretarial & Investor Services
731, Solitaire Corporate Park
167, Guru Hargovindji Marg
Andheri (E), Mumbai 400 093

Message from Managing Director

Dear Shareholders,

The Board of Directors and the Management Team are privileged, once again, to present your Bank's Annual Report for the Financial Year 2013-14.

The year 2013-14 was especially significant for all of us in the Bank as it completed 20 years of operations in the banking industry.

During that financial year, your Bank adopted several coping actions to counter the weakened operating environment and strengthen its platform for profitable growth and improve on key success parameters viz., Net Profit, Operating Profit, Net Interest Income, Fee Income, Return on Assets and Return on Equity. The Bank's Loan Book remained healthy with stable Gross and Net Non-Performing Assets.

Six years running, thus, IndusInd Bank has delivered consistently robust growth and earnings.

The Bank's customer centric stance has continued to help maintain its growth trajectory. Keeping in line with the theme of 'Responsive Innovation', which is deeply ingrained in our business model, the Bank continued to introduce market-first products - the latest being 'My Account My Number' which enables customers to choose the Bank Account Numbers of their choice.

The Bank's expanding network has been one of its major strengths; as on March 31, 2014, IndusInd Bank had 602 branches and 1110 ATMs spread across 404 geographical locations of the country with representative offices in London and Dubai, enabling the Bank to cater to the evolving financial requirements of its customers.

The Bank also won several awards and accolades; it was awarded 'Fastest Growing Mid-Size Bank' from Business World-PwC Best Bank Survey 2013, the 'Best Private Sector Bank - Priority Sector Lending' at Dun & Bradstreet - Polaris Financial Technology Banking Awards 2013 and was also awarded with 'Best Initiative of the Year-TACK India, Indus Pro' at the Global World Congress. In addition, IndusInd Bank received the 'Financial Inclusion Payment Systems Award 2013' organized by Elets Technomedia, also 'Best Bank Award for Customer Management and Business Intelligence Initiatives' - Among Small Banks 2012-13 by IDRBT.

As a committed practioner of Green Banking and Sustainability, the Bank continues to adopt supportive practices. In recognition, it has also been conferred with ABP News Global CSR Excellence & Leadership Awards in the category 'Best Use of CSR Practices in Banking & Finance'. These awards are bestowed for the Best innovative use of CSR Practices in Banking & Finance at the Global CSR Excellence & Leadership Awards 2013.

I place on record my sincere appreciation of the contribution of all our employees and also thank all stakeholders, especially our Board of Directors for supporting us. This has helped your Bank achieve the level of performance as reflected in this report.

I look forward to being in touch with you and sharing my perceptions in future also, at the coming AGM.

With best wishes to each one of you and your family members.

Yours sincerely,

Romesh Sobti
Managing Director & CEO

Key Business Highlights

NET WORTH MOVED TO
₹ 8,646 CRORES

NET PROFIT UP BY
33% TO ₹ 1,408.02 CRORES

NET INTEREST INCOME UP BY
29% TO ₹ 2,890.71 CRORES

CORE FEE INCOME UP BY
30% TO ₹ 1,609.72 CRORES

CAPITAL ADEQUACY RATIO (CAR) AT
13.83%
CAPITAL ADEQUACY RATIO - TIER I AT
12.71%

RETURN ON ASSETS (ROA) AT
1.81%
AS AGAINST
1.63%

NET NPA AT 0.33%
AS ON MARCH 31, 2014
AS COMPARED WITH
0.31% THE PREVIOUS YEAR

PROVISIONING COVERAGE RATIO
AGAINST NPAs AT
70.35%
AS AGAINST
70.13%

BRANCH NETWORK INCREASED TO
602 & 1110 ATMs
SPREAD ACROSS 404 GEOGRAPHIC LOCATIONS OF THE COUNTRY

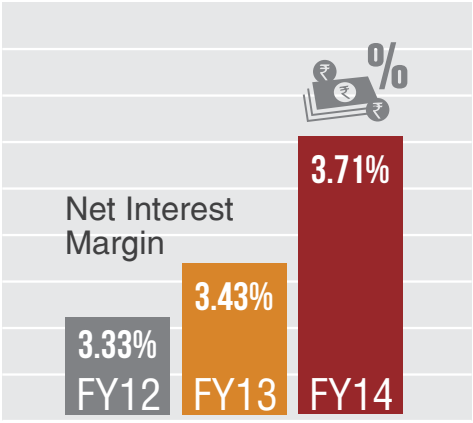
EARNINGS PER SHARE (BASIC)
INCREASED TO
₹ 26.85
FROM
₹ 21.83

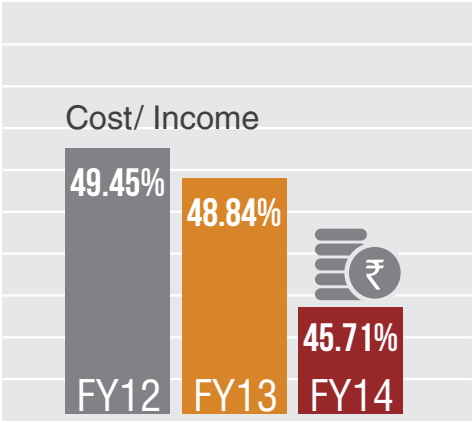
DIVIDEND DECLARED OF
35%
AS AGAINST
30%
THE PREVIOUS YEAR

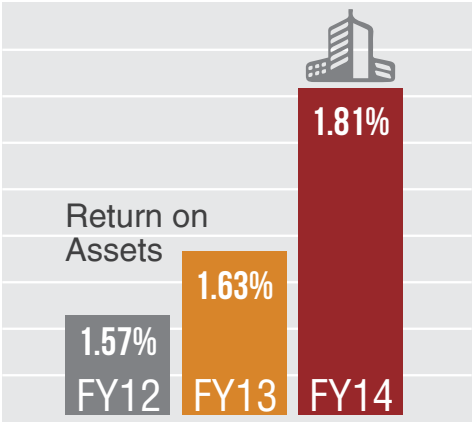
Ratings

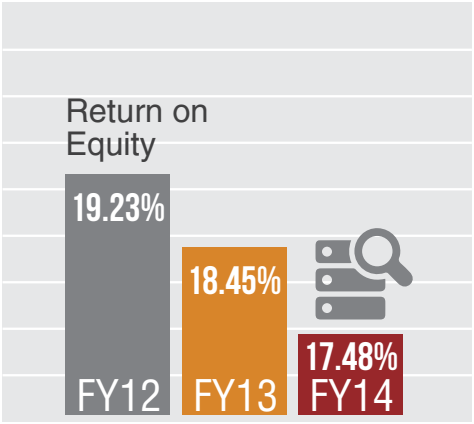
- ICRA AA for Lower Tier II subordinate debt program by ICRA
- ICRA AA- for Upper Tier II bond program by ICRA
- CRISIL A1+ for certificate of deposit program by CRISIL
- CARE AA for Lower Tier II subordinate debt program by CARE
- IND A1+ Short Term rating by India Ratings and Research
- IND AA for Lower Tier II subordinate debt program by India Ratings and Research
- IND AA- for Upper Tier II bond program by India Ratings and Research

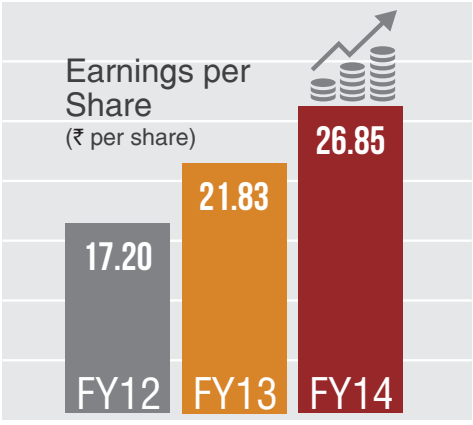
Consistent delivery over the past 3 years

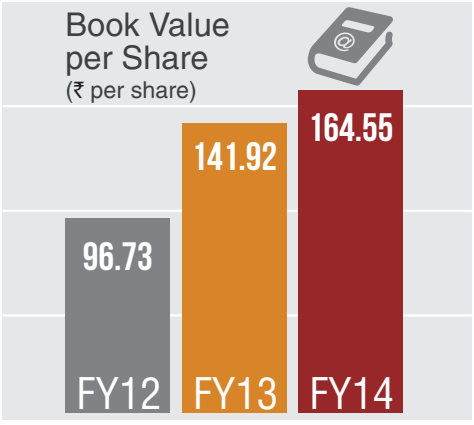












Awards and Accolades

'Banking Frontier - Finnoviti Awards 2013' for My Account My Number

'Financial Inclusion Payment Systems Award 2013' organized by Elets Technomedia

'Best Initiative of the Year - TACK India' at the Global World Congress held at Athens for Indus Pro

'Best Private Sector Bank - Priority Sector Lending' at Dun & Bradstreet - Polaris Financial Technology Banking Awards 2013

'Fastest Growing Mid-Size Bank' by Businessworld-PwC Best Banks Survey 2013

'Banker of the Year' awarded to Mr. Romesh Sobti at Businessworld-PwC Best Bank Survey 2013

'Roll of Honour - India's Best CEOs' by Business Today-KPMG India Listing of India's top 100 CEOs

'IT Excellence Award' by VMware, for Virtualisation of Critical business applications

CISO - Awarded one of the Top 100 Chief Information Security Officer awards 2014

'Best Bankers Awards 2013 - Best Banker - Growth, Mid-Sized' by The Sunday Standard

'Best Bank Award' - Customer Management and Business Intelligence Initiatives among Small Banks 2012-13 by IDRBT.

'Best Use of CSR Practices in Banking & Finance' at ABP News Global CSR Excellence & Leadership Awards 2013

'Mixed Media Category' for My Account My Number, awarded by Paul Writers, at the Marketing Hall of Fame 2014

'5th Retail Banker International Asia Trailblazer Summit' - Excellence in Customer Centricity & Dynamic Third Party Partnerships, for Super Saver Packs

'Best use of Technology in Training and E-Learning (1st Runners-up) at IBA Banking Technology Awards 2012-13

'Infosec Maestros Award' by Infosecurity, for information security initiatives at the Bank

The Core Executive Team

Romesh Sobti
Managing Director & CEO

Paul Abraham
Chief Operating Officer

Suhail Chander
Head - Corporate & Commercial Banking

Sumant Kathpalia
Head - Consumer Banking

K. S. Sridhar
Chief Risk Officer

Arun Khurana
Head - Global Markets Group

S. V. Parthasarathy
Head - Consumer Finance

Ramesh Ganesan
Head - Transaction Banking

S. V. Zaregaonkar
Chief Financial Officer

Sanjeev Anand
Deputy Head - Corporate & Commercial Banking

Zubin Mody
Head - Human Resources

Sanjay Mallik
Head - Investor Relations & Strategy

Roopa Satish
Head - Corporate, Institutions & Investment Banking

Driving the future with smart innovations

During the year 2013-14, IndusInd Bank drove the wheels of innovation through initiatives that helped widen the brand visibility. Your Bank took an interesting and innovative year long multimedia communication approach by making it more relatable and contemporary.

Strengthening its position as a leading banking institution, your Bank laid focus on having well-thought out marketing campaigns coupled with below-the-line activities at branch levels, which enhanced your Bank's image and recall value.

My Account My Number

In line with the theme of Smart Innovation, IndusInd Bank launched a pioneering proposition service called 'My Account. My Number.' - A unique marketing initiative that gave people more power and personalization when it came to selecting their Bank Account Number. Customers could choose 10 out of 12 digits of their Account Number based on their preference for favorite numbers of their choice. The novelty and simplicity of this innovation helped build a stronger, personalized association in the minds of the customers.

To build on this innovation, IndusInd Bank adopted a 360 degree integrated marketing approach. Television, OOH, Radio, Digital and Cinema were leveraged for mass awareness. One such interesting channel of communication which your Bank explored, was the creation of an interactive application uploaded on the Bank's Facebook page. This application enabled users to know their lucky number, in turn encouraging them to open a Bank account with the same number. The interactivity and novelty of the application helped the Facebook fanbase increase manifold, garner rave reviews from online users and thereby brought in tremendous visibility.

IndusInd Cybercity

Another feather to the cap, your Bank acquired the 'Naming and Branding Rights' of a Rapid Metro Station in Gurgaon called as the 'IndusInd Cybercity'. Your Bank has become the First Bank in India to have a Metro Station named after it thus making this an excellent example of transit mode of advertising in the country. IndusInd Bank Cybercity station has a rich aesthetic and artistic feel to it as the interiors and exteriors of the station don the brand colours conveying the inherent brand values of the Bank. The grand illustrations at the station have brought alive the great heritage of one of the oldest civilisations of the world- the Indus Valley civilisation from where the Bank derives its name and inspiration.