



IndusInd Bank

CELEBRATING
THE PAST
EXCITED BY
THE FUTURE



Annual Report 2018-19

Board of Directors (as at March 31, 2019)

Mr. R. Seshasayee, Chairman
 Mrs. Kanchan Chitale
 Dr. T. T. Ram Mohan
 Mr. Shanker Annaswamy
 Mr. Yashodhan Kale
 Mrs. Akila Krishnakumar
 Mr. Arun Tiwari
 Mr. Siraj Chaudhry
 Mr. Rajiv Agarwal
 Mr. Romesh Sobti, Managing Director & CEO

Company Secretary

Mr. Haresh K. Gajwani

Auditors

M/s. S.R. Batliboi & Co. LLP,
 Chartered Accountants,
 12th Floor, The Ruby,
 29 Senapati Bapat Marg,
 Dadar (West), Mumbai - 400028

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
 C 101, 247 Park
 L. B. S. Marg, Vikhroli (West)
 Mumbai – 400 083
 Tel: (022) 4918 6280, 4918 6000
 Fax: (022) 4918 6060

Contents

Page No.

| | |
|---|-----|
| Management Discussion and Analysis | 18 |
| Directors' Report | 65 |
| Corporate Governance | 81 |
| Annexures to the Reports | 114 |
| Independent Auditors' Report | 148 |
| Balance Sheet | 156 |
| Profit and Loss Account | 157 |
| Cash Flow Statement | 158 |
| Schedules | 159 |
| Significant Accounting Policies | 164 |
| Notes on Accounts | 172 |
| Disclosures under Basel III Capital Regulations | 262 |
| Balance Sheet in US Dollars | 265 |
| Notice of Annual General Meeting | 266 |
| Branch Network | 285 |
| Route Map | 286 |
| Proxy Form | 287 |

Company CIN: L65191PN1994PLC076333

Registered Office

2401, Gen. Thimmayya Road
 (Cantonment)
 Pune – 411001
 Tel: (020) 2623 4000 /10

Corporate Office

8th Floor, Tower 1, One Indiabulls Centre
 841, Senapati Bapat Marg
 Elphinstone Road (West), Mumbai – 400013
 Tel: (022) 3049 3999

Secretarial & Investor Services cell

731, Solitaire Corporate Park
 167, Guru Hargovindji Marg
 Andheri (East), Mumbai – 400093
 Tel: (022) 66412487 / 66412359

Message from Managing Director



Dear Shareholders,

2019 is indeed a memorable year for IndusInd Bank as this is the year your Bank turns 25! As we cross this milestone, there is exuberance and joy at what your Bank has achieved, but more importantly, there is a sense of anticipation and promise of what lies ahead. I can assure you that the future looks very bright for IndusInd Bank.

I derive great pleasure in sharing with you that the merger between IndusInd Bank and Bharat Financial Inclusion Ltd. (BFIL) has worked out very well. We now have a more sustainable platform for financial inclusion, and the merged entity is a perfect fit to your Bank's rural banking and microfinance theme. We have successfully leveraged the new-found access to best-in-class micro-lending capabilities and domain expertise in microfinance. BFIL had 1,854 branches across 381 districts, which complement IndusInd Bank's 1,665-strong branch network (including 250 rural branches) and 845 vehicle finance outlets. Post-merger, your Bank will now have over 4,364 banking points (excluding ATMs), serving more than 22.2 million customers.

In our endeavour to serve our client's needs for wealth management, your Bank introduced 'PIONEER' Banking Wealth Management, a platform that effortlessly merges bespoke wealth management solutions with a gamut of personal and commercial banking products for discerning customers.

Another important addition to our suite of digital offerings this year was the launch of 'IndusSmart', an online mutual fund platform that has been specifically designed to help our valued customers to learn, invest and plan for their investment goals. The portal is built with enriched information related to investments using various creative formats.

As digital innovation is at the heart of everything we do, your Bank continued to follow the mantra of 'Responsive Innovation' through which we enhance customer satisfaction, delight and retention. During FY 2018-19, your Bank pioneered several innovations in the banking sector with service and product offerings that created disruptions within the banking space. Your Bank conceptualised these products by understanding the needs of the customer by analysing their lifestyle through primary and secondary research.

We launched multiple products; including the 'DUO' Card, India's first debit-cum-credit card; the 'Nexxt' Credit Card, India's first interactive card with buttons; IndusAssist, an Alexa-backed artificial intelligence based banking service, and banking on 'WhatsApp'; a new service on WhatsApp platform.

That's not all, we also did a host of strategic and tactical tie-ups and partnerships to enhance value propositions for our customers. These partnerships were spread across an array of categories including Travel, Lifestyle, Food & Beverage, Health & Wellness among others.

Your Bank is committed to running its business in a way that generates sustainable value for its customers, clients, shareholders and employees. Your Bank also recognises that since its sphere of activity and influence extends beyond the boundaries of the financial system, it needs to work through various CSR initiatives for social upliftment and environmental conservation. Our efforts included watershed development, installation of water ATMs, rainwater harvesting, restoration of water bodies, rural electrification in 29 villages across Rajasthan, and supporting 60 female athletes under our Girl Power Programme in association with a reputed sports foundation. We take immense pride in the fact that three of these athletes won medals at the Asian Games and the Commonwealth Games.

Operating performance vectors of the Bank showed good momentum during the year. Loan book at ₹1,86,394 crores and Deposits at ₹1,94,868 crores recorded a growth of 29%. Net Interest Income at ₹8,846.18 crores was up by 18%. Non-Interest Income rose at 19% to ₹5,646.72 crores. Operating Profit for the year increased to ₹8,088.22 crores from ₹6,656.11 crores for the previous year showing an increase of 22% over previous year. Net Profit for the year was lower at ₹3,301.10 crores as against ₹3,605.99 crores for the previous year on account of one-off impact of a large Group NPA in Infrastructure.

It is gratifying to see that our hard work throughout the year was acknowledged and rewarded by numerous accolades. We were honoured with the 'Dream Employer of the Year' award at the 8th Edition of the ET Now Dream Companies of Work for Awards Organised by the World HRD Congress, 'Best Digital Payment Facilitator' at the Global Digital Marketing Award by the World Digital Marketing Congress, 'Asia's Leading Partner Bank' at the IDC FIIA 2019 Financial Insights Innovation Award. Your Bank also made it to the list of 40 'Best Indian Brands' of 2019 compiled by Interbrand, the world's leading brand consultancy, and an Omnicom subsidiary. This is the second time since 2017 that the Bank has been featured in the coveted list.

I would like to thank the regulatory authorities and agencies for their constant support. Finally, my sincere appreciation to my colleagues and members of the Board for guiding and supporting the management team in its endeavours.

Yours Sincerely,

Romesh Sobti
Managing Director & CEO

Key Business Highlights



Net Profit
at **₹3,301 Cr**

Net Interest Margin
at **3.80%**

Net Interest Income
up by **18%** to
₹8,846 Cr

Operating Profit
up by **22%** to
₹8,088 Cr

Loan Book Growth
up by **29%** to
₹1,86,394 Cr

Capital Adequacy
Ratio (CAR) at
14.16%

Core Fee Income
up by **21%** to
₹5,068 Cr

Book Value
per share
₹437.38

Increased Network
1,665 Branches
2,545 ATMs
736 Geographic
Locations

Ratings



DOMESTIC RATING

- **CRISIL AA+** for Infra Bonds program
- **CRISIL AA** for Additional Tier I Bonds program
- **CRISIL A1+** for certificate of deposit program
- **IND AA+** for Senior Bonds program by India Ratings and Research
- **IND AA** for Additional Tier I Bonds program by India Ratings and Research
- **IND A1+** for Short-Term Debt Instruments by India Ratings and Research

INTERNATIONAL RATING

- **Baa3** for Issuer, Bank Deposits and Senior Unsecured MTN ratings by Moody's Investors Service
- **P3** as Short-Term Issuer Rating by Moody's Investors Service

Consistent delivery over the past 3 years



RETURN ON ASSETS (%)



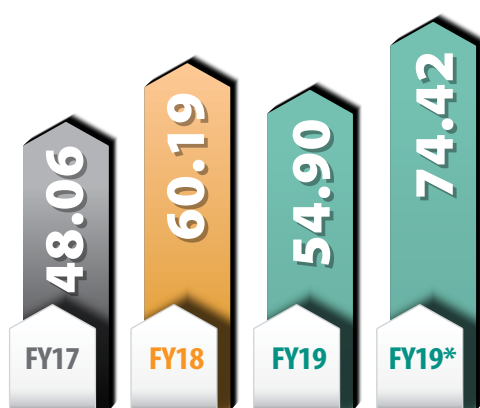
RETURN ON EQUITY (%)



NET INTEREST MARGIN (%)



COST/ INCOME (%)



EARNINGS PER SHARE
(₹ PER SHARE)



BOOK VALUE PER SHARE
(₹ PER SHARE)

*(Excluding impact of a large group NPA in infrastructure)

Board of Directors 2019



Mr. R. Seshasayee

Chairman



Mrs. Kanchan Chitale

Non-Executive
Independent Director



Dr. T. T. Ram Mohan

Non-Executive
Independent Director



Mr. Shanker Annaswamy

Non-Executive
Independent Director



Mr. Yashodhan M. Kale

Non-Executive
Non-Independent Director



Mrs. Akila Krishnakumar

Additional Director
(Non-Executive Independent)



Mr. Arun Tiwari

Additional Director
(Non-Executive Independent)



Mr. Siraj Chaudhry

Additional Director
(Non-Executive Independent)



Mr. Rajiv Agarwal

Additional Director
(Non-Executive Independent)



Mr. Romesh Sobti

Managing Director & CEO

The Core Executive Team



Mr. Romesh Sobti
Managing Director & CEO



Mr. Paul Abraham
Chief Operating Officer



Mr. Suhail Chander
Head - Corporate &
Commercial Banking



Mr. Sumant Kathpalia
Head - Consumer Banking



Mr. K. S. Sridhar
President



Mr. S. V. Zaregaonkar
Chief Financial Officer



Mr. S. V. Parthasarathy
Head - Consumer Finance



Mr. Arun Khurana
Head - Global Markets Group



Mr. Ramesh Ganesan
Head - Transaction Banking



Mr. Sanjeev Anand
Country Head - Commercial
Banking & Deputy Head -
Corporate & Commercial Banking



Mr. Zubin Mody
Head - Human Resources



Mr. Sanjay Mallik
Head - Investor
Relations & Strategy



**Mr. Ramaswamy
Meyyappan**
Chief Risk Officer



Mrs. Roopa Satish
Country Head -
Corporate, Institutions &
Investment Banking



**Mr. Bijayananda
Pattanyak**
Head - Gems and Jewellery

25 Years of Sustained Growth



WE ARE #Just25

2019 is indeed a very memorable year for your Bank, as this is the year your Bank turns 25! For all the employees of your Bank, this is an important milestone. While across the Bank, there is exuberance and joy at what your Bank has achieved over the years, there is also a strong sense of anticipation and promise of what lies ahead. Your Bank has had a series of celebratory events and internal and external campaigns to mark the 25th year celebrations, and this will continue during the course of the year. Apart from a far-reaching advertising campaign which embodies the vital energy your Bank has, and its unwavering commitment to serving our customers, your Bank also organised large Town Hall functions that became a platform for colleagues and the senior management to engage at a personal level, and to celebrate the youthful energy and spirit of turning 25 years. The recognition and celebration of this milestone will continue through the year and shall be a platform for customer and employee engagement with your Bank, during the year.



INCLUSIVE BANKING: FINANCING LIVELIHOODS

Foraying into rural markets will go a long way in determining the success and growth of every organisation. Keeping this in view, your Bank has extended opportunities of sustainable livelihood among under-privileged and economically disadvantaged groups, thereby encouraging rural development in a significant way. Your Bank believes in bridging the gap between urban and rural India by bringing the unbanked and under-banked a step closer to mainstream banking.

Agricultural & Related Supply Chains

Your Bank supported growth in agri and agri-allied sectors with total loan disbursement of ₹109.46 billion.



Microfinance for Women

Your Bank disbursed microloans to 7.53 million women across 28 states in FY 2018-19. Interestingly, 70% of these women borrowers are repeat customers, signifying your Bank's success in building reliability and satisfaction in our brand in rural areas.

