

CREATING ECONOMIC VALUE THROUGH  
**SUSTAINABILITY**



Annual Report 2019-20





**Board of Directors (as at March 31, 2020)**

Mr. Arun Tiwari, Chairman

Mr. Shanker Annaswamy

Dr. T. T. Ram Mohan

Mrs. Akila Krishnakumar

Mr. Rajiv Agarwal

Mr. Sanjay Asher (Additional Director)

Mr. Sanjeev Kumar Asthana (Additional Director) (Resigned w.e.f. July 27, 2020)

Mrs. Bhavna Doshi (Additional Director)

Mr. Sumant Kathpalia, Managing Director &amp; CEO (Additional Director)

**Company Secretary**

Mr. Haresh K. Gajwani

**Auditors**

M/s. Haribhakti &amp; Co. LLP

Chartered Accountants

705, Leela Business Park

Andheri Kurla Road, Andheri (East)

Mumbai 400 059

Tel: (022) 6672 9999

Fax: (022) 6672 9777

**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

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**Company CIN:** L65191PN1994PLC076333**Registered Office**2401, Gen. Thimmayya Road  
(Cantonment)

Pune – 411001

Tel: (020) 26234000-10

**Corporate Office**

8th Floor, Tower 1, One Indiabulls Centre

841, Senapati Bapat Marg

Elphinstone Road (West), Mumbai – 400013

Tel: (022) 30493999

**Secretarial & Investor Services cell**

731, Solitaire Corporate Park

167, Guru Hargovindji Marg

Andheri (East), Mumbai – 400093

Tel: (022) 66412487 / 66412359





Dear Shareholders,

At the outset, I hope you and your family are taking due care, and are safe during these testing times. India has been through one of the most stringent lockdowns in the world. The country is, however, opening up in a calibrated manner since May. IndusInd Bank as an organisation responded exceedingly well amidst the crisis, with branches, contact centres, ATMs remaining fully operational, and catering to the financial needs of our customers. We continue to monitor the situation, and shall take all possible steps to safeguard the valued interests of our customers and our employees. I am confident that over the next few quarters, India will develop a "new normal" and as a Bank, we will drive value by being responsive to our stakeholders through convenient and simple banking.

It's been over 100 days since I took on my new role as the MD and CEO of IndusInd Bank, and consider myself extremely privileged to have been a part of this institution since 2008. The Bank has been on a journey of growth with profitability and today, we have truly transformed into a universal bank, respected and looked up to for our innovative, sophisticated and robust customer solutions on our "best-in-class" banking platforms. In my 12 years of service with IndusInd Bank, I am proud of what we have achieved as an organisation, always staying firmly committed to the strong values and the rich legacy that we have. A legacy that spans over 25 years of commitment to our customers. As a part of the overarching

strategy of the Bank, the management team and I will focus on "sustainability" as a theme to drive long-term stakeholder value.

The Bank successfully completed the merger with Bharat Financial Inclusion Limited (BFIL) on July 4, 2019, following all the requisite approvals. The merger serves two very important criteria (1) being a change agent for financial inclusion as BFIL has nearly 8 million women customers mainly in rural villages where we help create livelihoods by financing their "Kirana" stores, providing livestock financing and cottage industry loans to name a few and (2) delivering growth and profitability to the Bank by providing wider banking services like savings and recurring deposits, payments, basic consumer durable loans to hitherto unbanked or under-banked persons.

As you are aware, in the recent past, the financial markets have witnessed extreme volatility owing to the COVID-19 outbreak and challenging financial markets. Stock prices turned volatile and this fuelled unwarranted market speculation including the share price of your Bank. This period may have been a cause of concern to you. I would like to assure you that IndusInd Bank remains financially strong, well-capitalised and liquid. To demonstrate our financial soundness, you will be aware that the Bank sought and obtained approval from shareholders as recently as August 25, 2020 to raise ₹3,288 crores from marquee investors and the Bank's Promoter through preferential issuances of equity shares.

Next, I would like to come to the financial highlights for the year:

- FY20 witnessed a healthy growth in top line with revenues up 31% and operating profit up by 34%.
- Net interest income grew 36% and fees 24%. NIM improved a good 34 bps from 3.80% to 4.14%.
- The Bank maintained liquidity as measured by Liquidity Coverage Ratio in the 110% - 120% range, well in excess of minimum regulatory requirements. We have bolstered our liquidity position even further in the current financial year FY21.
- We slowed our balance sheet growth due to COVID-19 towards the end of the financial year resulting in 11% YoY loan growth.
- Our Retail business grew faster with the Retail to Corporate mix at the year-end being 56%:44%.
- Our provisions during the year were higher than our usual run-rate as we increased our provision coverage ratio (PCR)

from 43% to 63% during the year and fully provided for a large infra group NPA. We also made prudent provisions for COVID-19.

- Our Profit After Tax grew by 35% to ₹4,442 crores despite taking higher provisions. Our ROA was 1.6% and a year-end capital adequacy maintained at 15.04%.

It is gratifying to see our work acknowledged and rewarded at various reputed forums and platforms. We were honoured with:

- 'Best Bank Award' in the mid-sized bank category at the 24th edition of the Business Today - Money Today Financial Awards.
- Best use of IT and Data Analytics for Business Outcome & Best Payment Initiative amongst Private Sector Banks at the IBA Best Technology Bank Awards.
- Spirit of Innovation Award for the launch of IndusCorp, Duo & Nexxt Credit Cards and Data Warehouse & Power BI Implementation Projects at the 8th Edition of the Finnoviti 2020 Conference & Awards.
- The Bank also recorded the highest growth in brand value amongst global banks, according to The Banker's Top 500 Banking Brands 2020 Report.

The Bank is deeply embedded in the communities and plays an important role through its Corporate Social Responsibilities. We are proud of the ecosystem we support and a few of these initiatives include:

- Setting up of 177 mini health clinics across 20 backward districts.
- Nurturing 40 girl athletes to provide them with high-performance training and coaching in the field of Hockey as well as supporting the development of over 55 young athletes to make them champions in the disciplines of wrestling, athletics and field hockey.
- The Bank also pledged its support to the Government in its effort to combat the COVID-19 pandemic by supplying relief materials such as face masks, hand sanitisers and gloves to the affected areas, and also facilitated Personal Protective Equipment (PPE) for medical officials on duty.

The Bank has seen a good turnaround since the management change in 2008. I think there is still a long growth runway for us and I am committed to improving the quantity and quality of our earnings. I believe character of any organisation is evident in the troubled times. I think the Bank has shown strong resilience facing heavy headwinds in the last 3-4 months. We have braved these out and the only way hereon is up. I am confident that together we can make it happen.

Since the outbreak of global pandemic and "Countrywide Lockdown" that began in last week of March, the digital business and innovation around the product offerings has assumed centre stage. Your Bank has taken the lead in launching various digital initiatives to remain agile, responsive and competitive in providing ease of operations to its customers without moving out of their homes. The introduction of digital video-based KYC (vKYC) by your Bank which provides an alternate to in-person KYC process has been widely accepted. The opening of a bank account, placing of deposits and conducting operations through internet banking has become simplified in a big way. Besides, Bank is gearing up to move internal efficiency parameters on digital offerings through revamped business models using digitisation as a backbone. I am sure you will witness further new innovations to cater to the rapid changes taking place to address to the 'New normal' behavioural pattern emerging post COVID-19.

I would like to thank the regulatory authorities and agencies for their constant support. My sincere appreciation to my colleagues and members of the Board for guiding and supporting the management team in its endeavours. The Bank has an extremely strong franchise of 25 million customers served by over 30,000 employees today and I would like to acknowledge the support of our customers and our highly committed and capable workforce.

Yours Sincerely,



**Sumant Kathpalia**  
Managing Director & CEO

## KEY BUSINESS HIGHLIGHTS



Net Profit  
at ₹4,418 Cr

Net Interest  
Margin  
at 4.14%

Operating  
Profit up by  
33% to  
₹10,773 Cr

PCR at  
63.34%

Loan Book  
Growth up by  
11% to  
₹2,06,783 Cr

Capital  
Adequacy  
Ratio (CAR)  
at 15.04%

Core Fee  
Income  
up by 14% to  
₹5,786 Cr

Book Value  
per share  
₹495.57

Increased  
Network  
1,911 Branches  
2,760 ATMs  
751 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/short term fixed deposits 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 RATINGS (ASSIGNED ON JUNE 2, 2020)

- ★ **Ba1** for Senior Unsecured MTN program by Moody's Investors Service

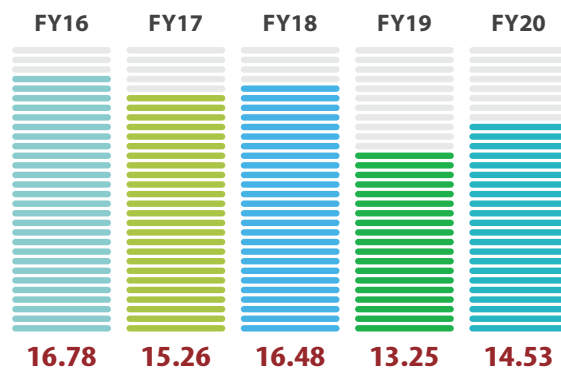
## STRONG DELIVERY OVER THE PAST 5 YEARS



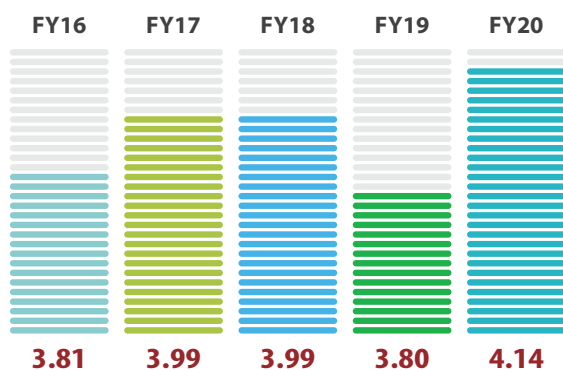
### RETURN ON ASSETS (%)



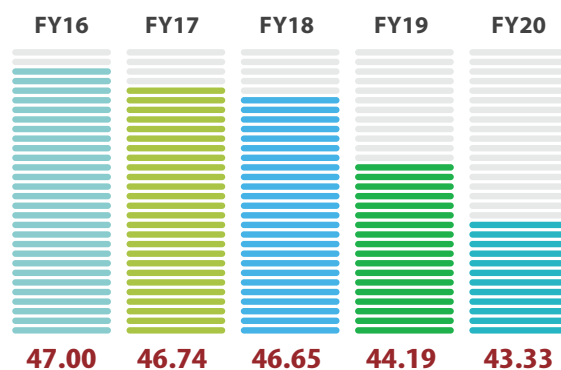
### RETURN ON EQUITY (%)



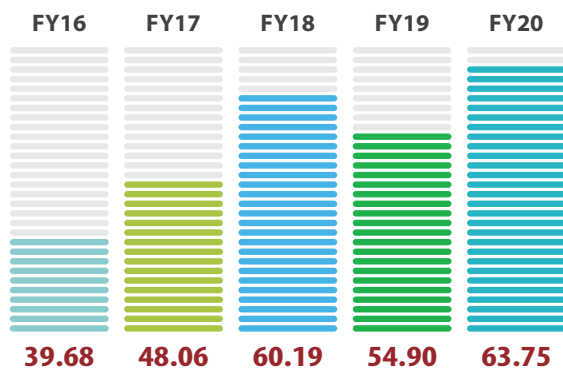
### NET INTEREST MARGIN (%)



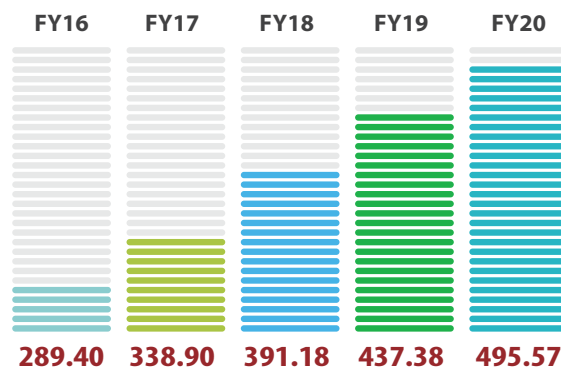
### COST / INCOME (%)



### EARNINGS PER SHARE (₹)



### BOOK VALUE PER SHARE (₹)





**BOARD OF DIRECTORS 2020**



**Mr. Arun Tiwari**  
Chairman



**Mr. Shanker Annaswamy**  
Director



**Dr. T T Ram Mohan**  
Director



**Mrs. Akila Krishnakumar**  
Director



**Mr. Rajiv Agarwal**  
Director



**Mr. Sanjay Asher**  
Director



**Mr. Sanjeev Asthana**  
Director



**Mrs. Bhavna Doshi**  
Director



**Mr. Sumant Kathpalia**  
Managing Director & CEO

## MANAGEMENT TEAM



**Sumant Kathpalia**  
Managing Director & CEO



**Arun Khurana**  
Deputy CEO &  
Head - Global Markets,  
Transaction Banking and  
Financial Institutions  
& Public Sector



**SV Zaregaonkar**  
Chief Financial Officer &  
Head - Corporate Services



**SV Parthasarathy**  
Head - Consumer Finance



**Sanjeev Anand**  
Head - Commercial &  
Rural Banking



**Ramesh Ganesan**  
Head - Technology  
and Corporate &  
Global Market Operations



**Zubin Mody**  
Chief Human Resources  
Officer



**Sanjay Mallik**  
Head - Investor Relations,  
Strategy & Portfolio  
Management  
(Wholesale Banking)



**Ramaswamy Meyyappan**  
Chief Risk Officer