



10th March 2020

Dear Esteemed Shareholder,

On behalf of Directors of IIHL, I wish you and family a joyous festival of Holi and pray to God Almighty that it may usher in a period of peace and prosperity.

We thought of writing this letter to brief you on recent developments at the Bank and to touch upon the points playing active role in the global market and at national level. With this letter we assure you of the safety and profitability of IIHL's investments in India especially the stake in IndusInd Bank (IBL) as promoter of the Bank.

Mr. Romesh Sobti, MD & CEO, who turned around the Bank a decade ago with the band of colleagues from ABN AMRO has retired and Mr. Sumant Kathpalia, Head-Consumer Banking in IBL, a qualified Chartered Accountant with over 20 years of rich experience in banking will be assuming charge as MD & CEO with effect from the 24th March 2020. Mr. Kathpalia is a career banker with over 33 years of experience in multi-national banks such as Citibank, Bank of America, and ABN AMRO. He has successfully held several leadership roles over his career with a focus on driving business growth and innovation. He has diversified experience across various functions including Business Strategy, Sales & Distribution, Operations, Systems, Risk & Credit Management and Financial Management.

Mr. R. Seshasayee, Non-Executive Chairman of the Bank since 2007 has retired and Mr. Arun Tiwari who has over 38 years of professional experience in banking and financial market operations and was Chairman & Managing Directors of Union Bank of India has taken over as the Chairman of the Bank. With smooth top-level transition, the Bank is well-poised to realize its growth potential and scale new heights in performance.

Due to panic caused by the pandemic of Coronavirus in China which has spread to various parts of the world and due to the turmoil in the oil industry, financial markets have been affected worldwide

Indian financial market is going through a difficult time on account of NBFC crisis but steps have been taken to strengthen the NBFC sector. The Regulator RBI will not allow any bank to fail as evidenced by the efforts to rehabilitate Yes Bank through State Bank of India. The political situation too is a little charged on account of Citizenship Amendment Act but things are improving.

IBL is comfortably placed with regard to its capital requirements backed by support from its strong promoters. Net profit of the Bank for the 9 months ended the 31st December 2019 was Rs. 4,143 Crores as against Rs. 2,941 Crores in the corresponding period of the previous year showing a growth of 41%. Net NPA at 1.05% is one of the lowest in the industry. The balance sheet size of the Bank as

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on 31st December 2019 was Rs. 307,943 Crores with Y-O-Y growth of 20%. Apprehensions around fall of Vodafone sparked fear in the banking sector lately; exposure of the Bank to Vodafone is getting resolved. The Bank's Provision Covering Ratio of 53% is one of the highest for the industry.

As compared to peer level banks, IBL has a much more diversified loan book with more than 50% in retail. The advantage with the Bank is that it has a high margin and high ROA (4% and 2% respectively). The high margin is coming mainly from retail book which is stable. The downward trend in the share price of IndusInd Bank is a speculative phase and is not the reflective of Bank's true potential and strength. Things will change for better soon.

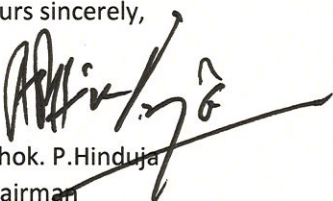
In the earlier turbulent times, the Bank stood by its core business and was focussed on creating value for its shareholders. Your Company as promoter played an important role in helping the Bank by merging a highly successful NBFC in 2004 to strengthen its capital in a difficult time. Other instances of support were to subscribe to the Bank's preferential issue in 2015 and to the warrants in June 2019 during the merger of Bharat Financial Inclusion Ltd. (BFIL).

Your Company is also applying to Reserve Bank of India to increase its equity stake in the Bank from 15% to 26% to demonstrate the strength of the promoters.

We shall keep the shareholders informed of the progress of the Bank in growing up to our expectations.

With all best wishes.

Yours sincerely,



Ashok. P.Hinduja
Chairman

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