

February 7, 2018

**The Asst. Vice President
Listing Department
National Stock Exchange of India Ltd.**
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (East),
Mumbai – 400 051

**The Deputy General Manager
Corporate Relationship Dept.
BSE Ltd.**
1st Floor, New Trading Ring
Rotunda Building, P. J. Towers
Dalal Street, Fort
Mumbai – 400 001

NSE Symbol: INDUSINDBK

BSE Scrip Code: 532187

Madam / Dear Sir,

Subject: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We enclose herewith the Presentation on “Indian Banking at Inflection – Topical Themes” made in Mumbai on February 7, 2018, at the Edelweiss Conference on “India 2025 : Another Tryst with Destiny”

In compliance with the Regulation 46, the Presentation is also being hosted on the Bank's website at www.indusind.com.

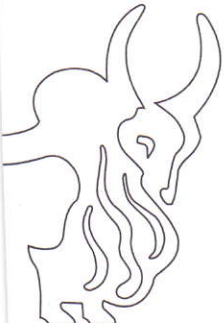
Kindly take the same on record and oblige.

Thanking you,

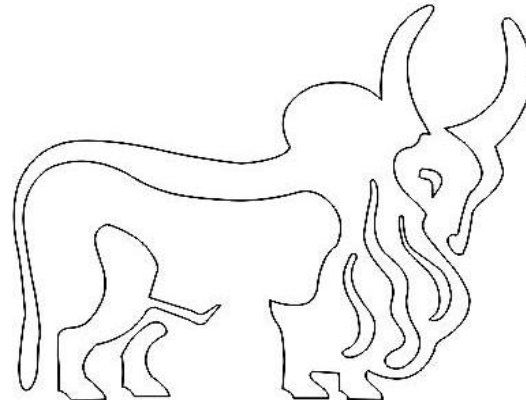
Yours faithfully,
For IndusInd Bank Limited



**Akshata Shete
Asst. Company Secretary**



Edelweiss Conference
“India 2025: Another Tryst with Destiny”

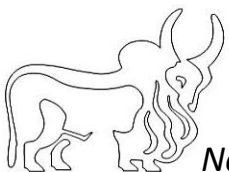
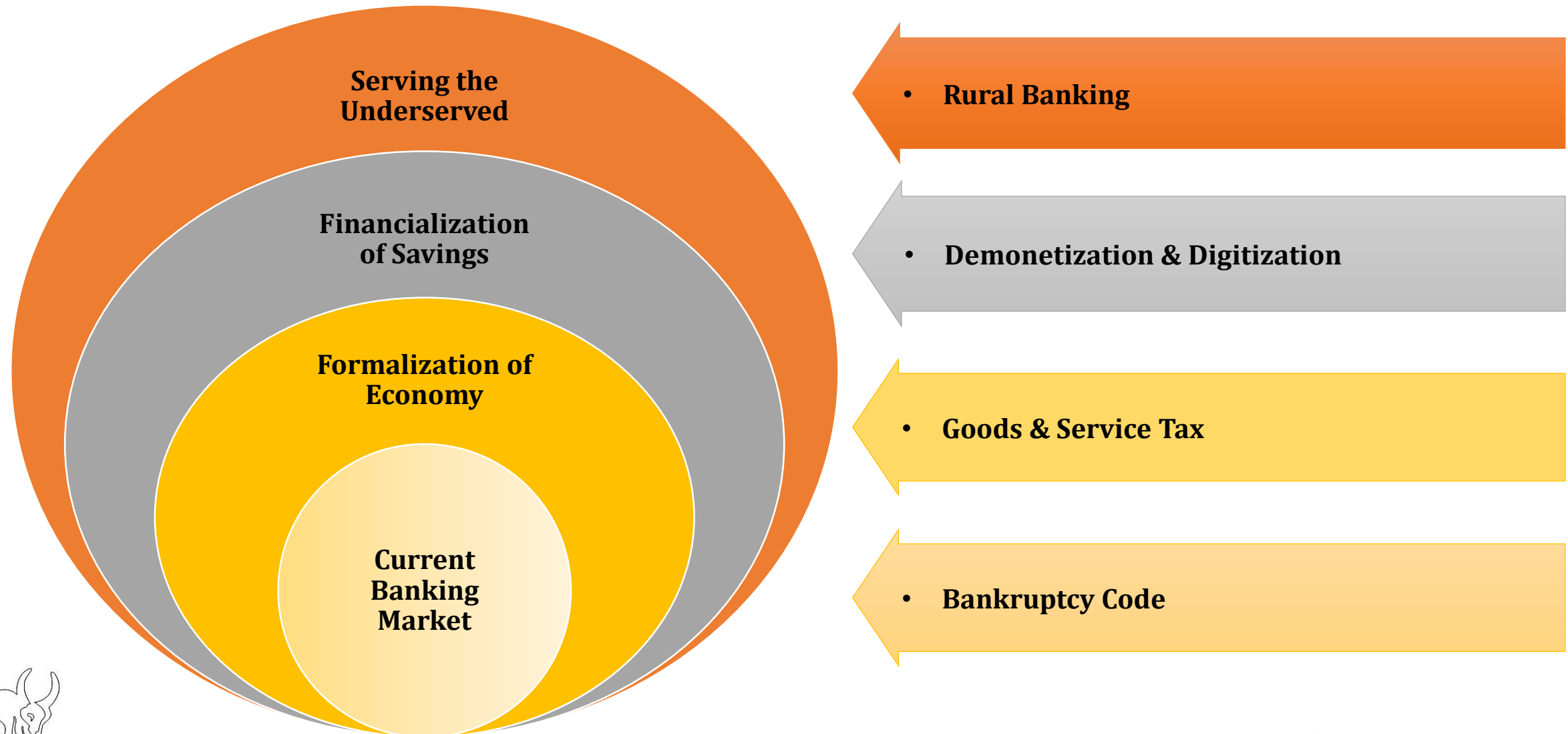


IndusInd Bank

Indian Banking at Inflection – Topical Themes

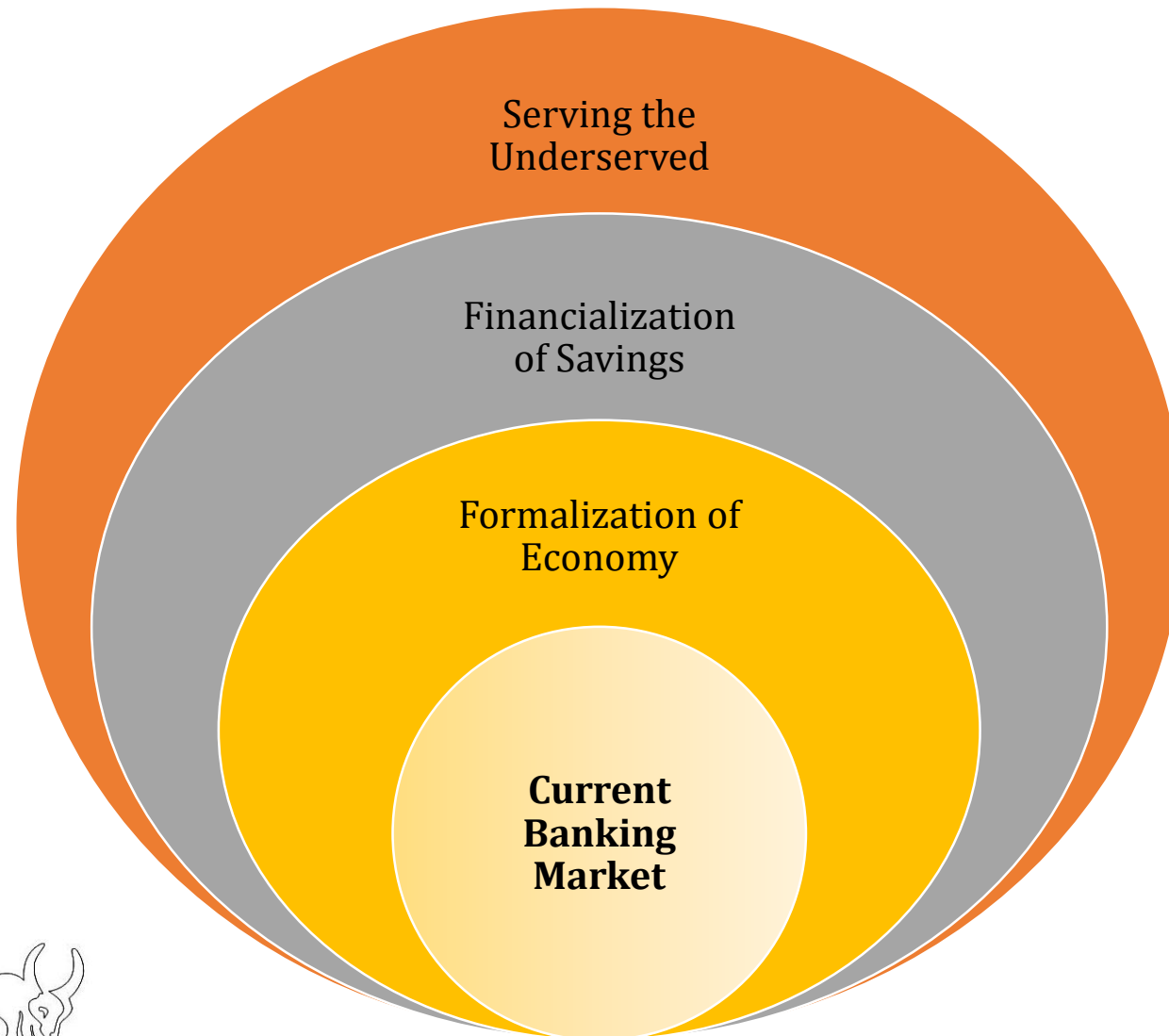
February 07, 2018

Reforms Set to Expand the Banking Opportunity



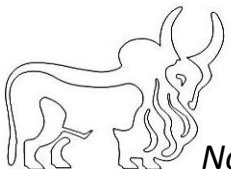
Note: Bubbles not to scale

Reforms Set to Expand the Banking Opportunity

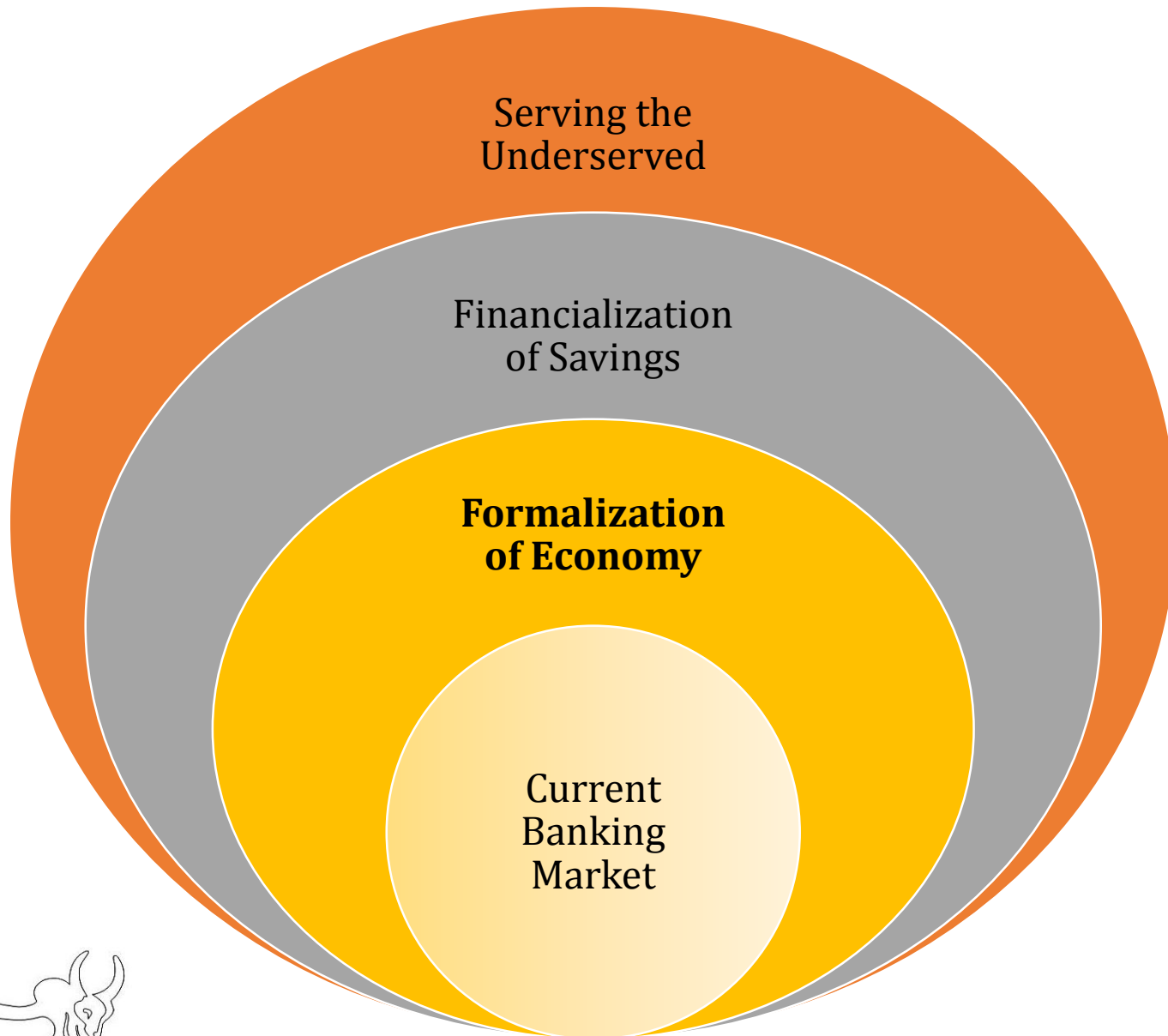


1. Legislation well drafted and thought through
2. Time lines being adhered
3. Haircuts??

- Bankruptcy Code



Note: Bubbles not to scale

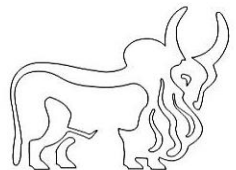


• Rural Banking

• Demonetization & Digitization

• **Goods & Service Tax:
Benefits far outweigh initial hiccups**

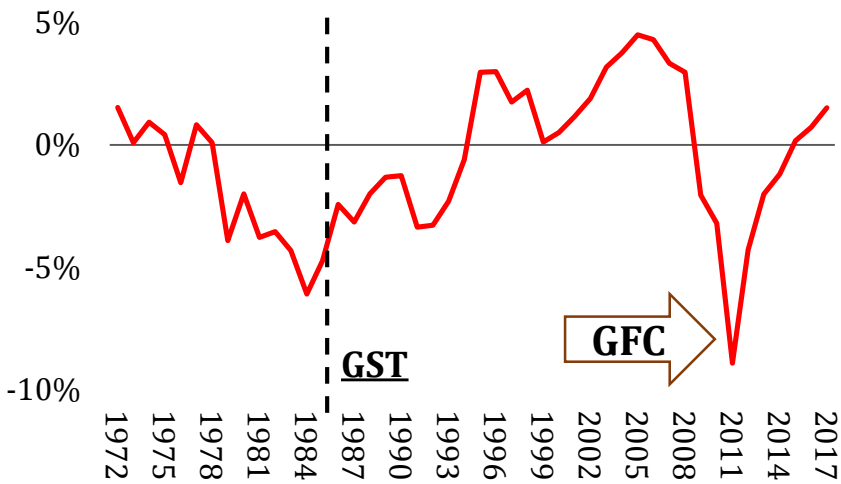
• Bankruptcy Code



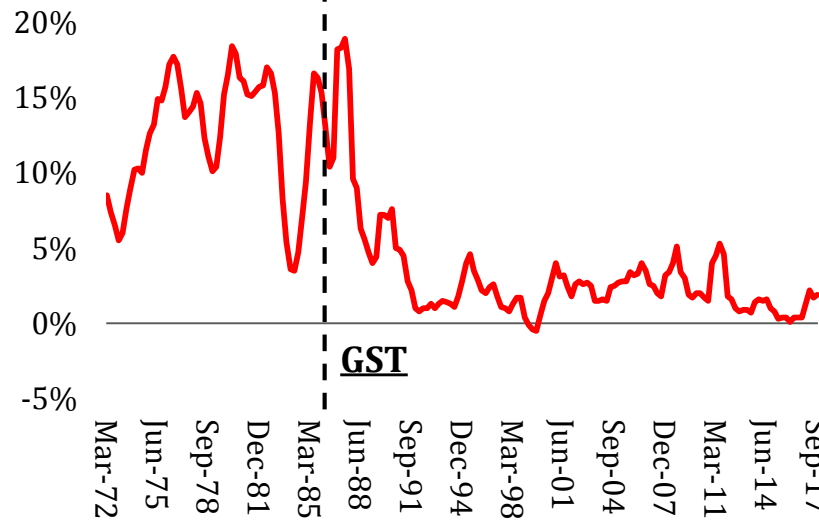
GST in New Zealand – A Case in Point

- Pre-GST New Zealand (NZ) exhibited macro characteristics similar to India on inflation, fiscal deficit and rates
- NZ economy has improved consistently post implementation of GST in 1986. NZ today is one of the highest tax productive nations (GST Revenue / GDP Ratio) among OECD nations ⁽¹⁾ and has a Fiscal Surplus!
- Evidence from other countries indicate one-off effects dissipated after one to two years of implementation

Fiscal Surplus / Deficit (% of GDP)⁽²⁾



Consumer Price Index

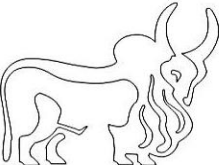


Govt. 10 Year Bond Yield



(1) Source : IMF 2015

(2) Source: NZ Treasury; Adjusted Financial Balance till 1993; Operating Balance Before Gains and Losses Post 1993

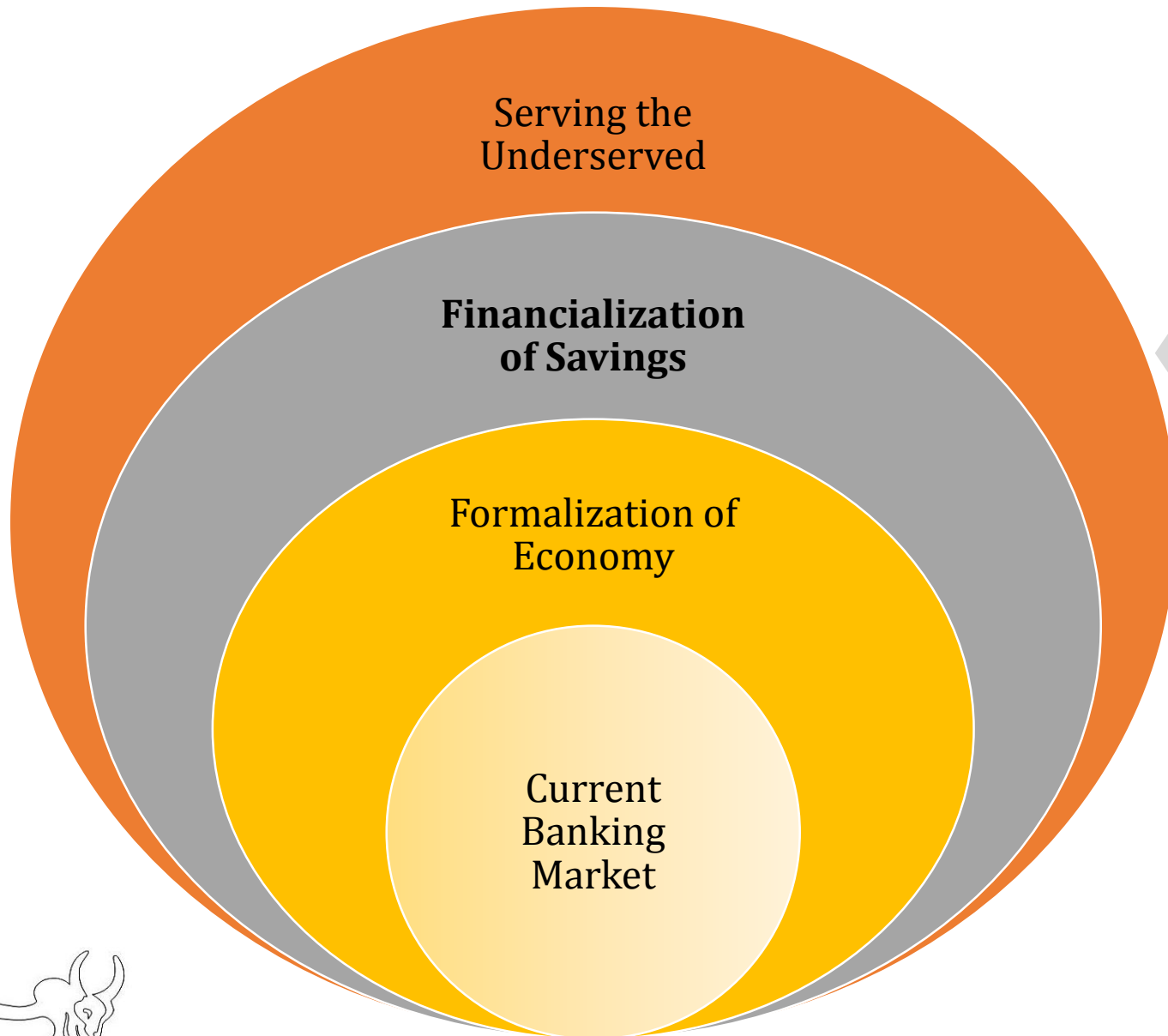


GST To Benefit Growth & Profitability of Banks

- **Informal Economy – Demonetization addressed the stock while GST addresses the flow.**
- **Demonetization & GST driving Direct Tax triangulation; Direct tax collections for 9MFY18 up 18.2%**
- **GST to boost economic growth by additional 0.5% to 1% with a stable and transparent tax system**
- **Formalization of cash economy with improved quality of information enhancing bankable wallet**
- **Lower government borrowings means lower SLR & CRR freeing capital to fund the economy (*more benefit to banks with higher difference between investment and loan yields*)**
- **SME, MSME invoice / bill discounting to get a fillip with GSTN bills being offered / financed on TReDS***

* Trade Receivables e-Discounting System



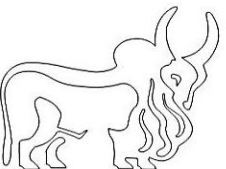


- Rural Banking

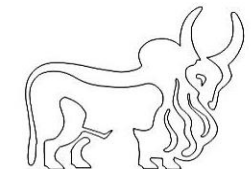
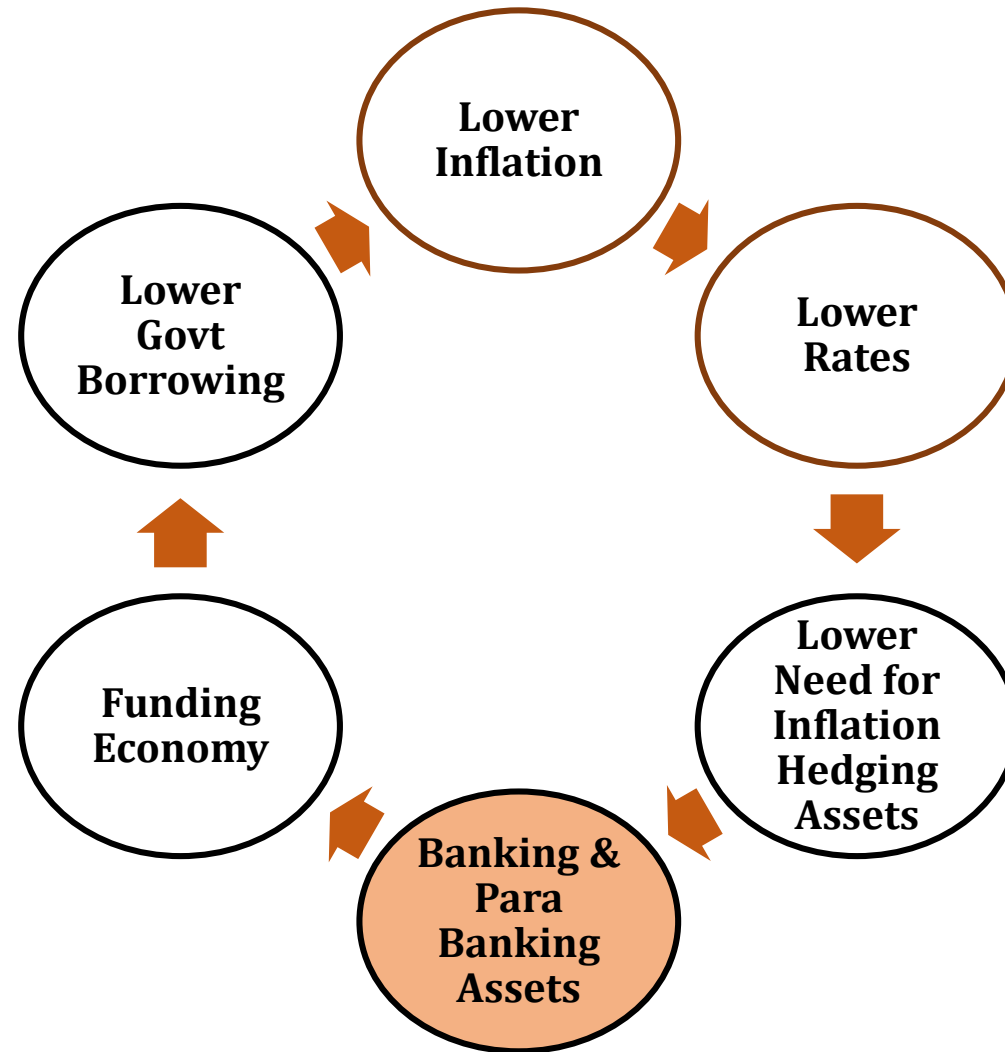
- **Demonetization & Digitization:
To Expand Banking & Para Banking**

- Goods & Service Tax:
Benefits far outweigh initial hiccups

- Bankruptcy Code

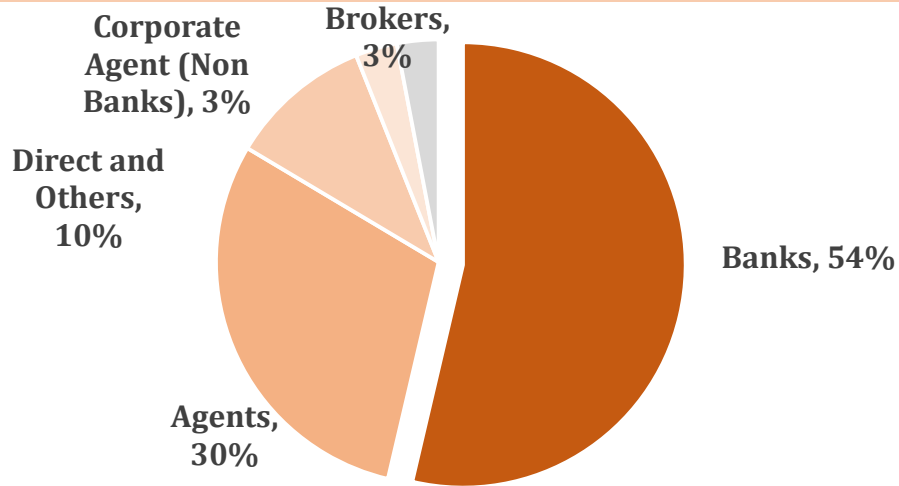


Financialization is Now a Virtuous Cycle

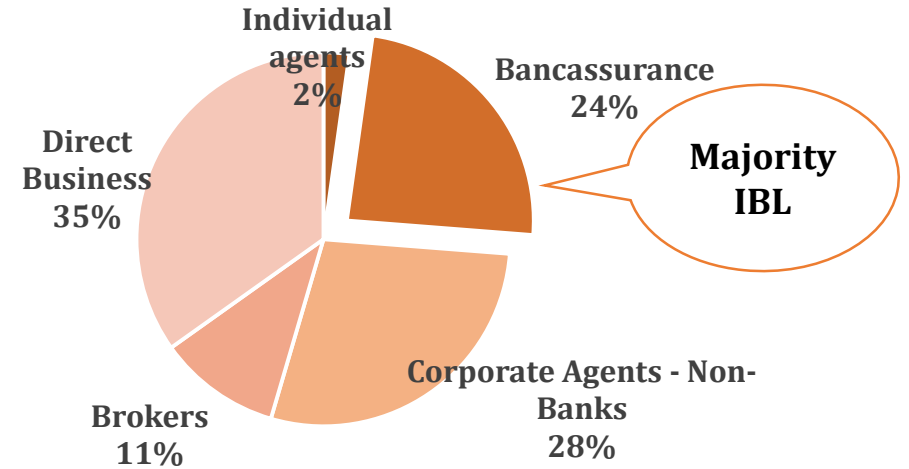


Banks Are Natural Homes for Para-Banking Products

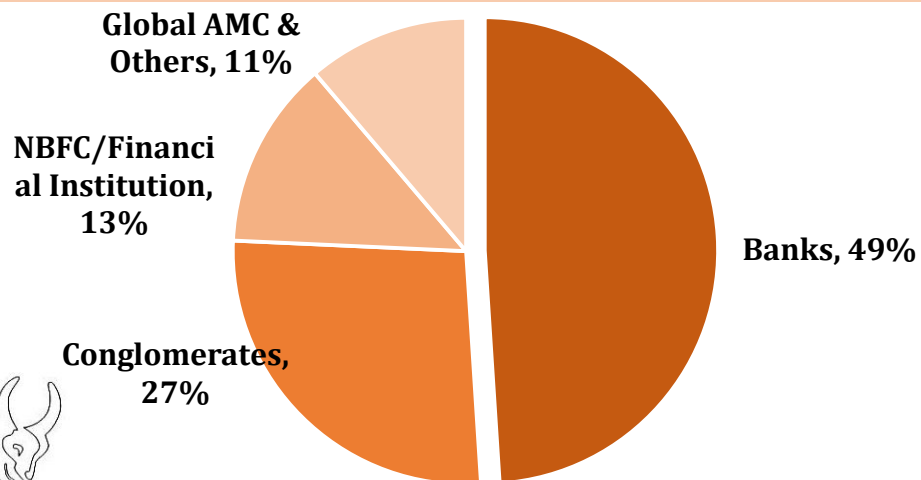
Private Life Insurers - New Business Premiums by Channel



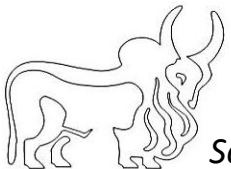
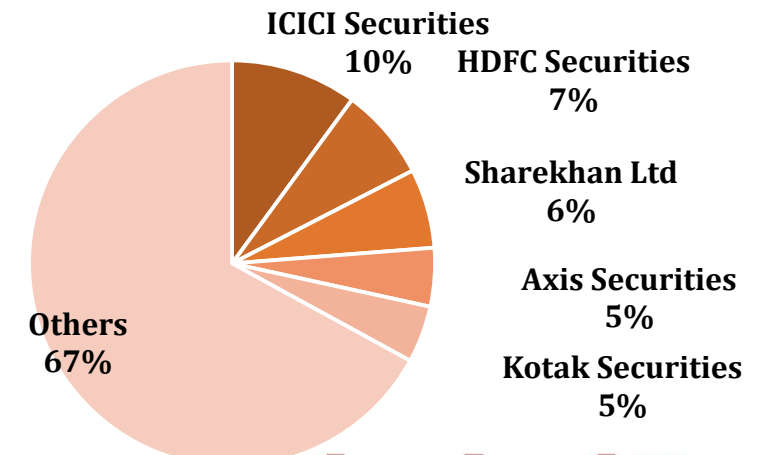
General Insurance - IBL A Large Distributor



AMC AUMs by Parent Entity



Top 5 Retail Brokers are Linked to Banks

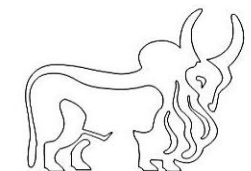


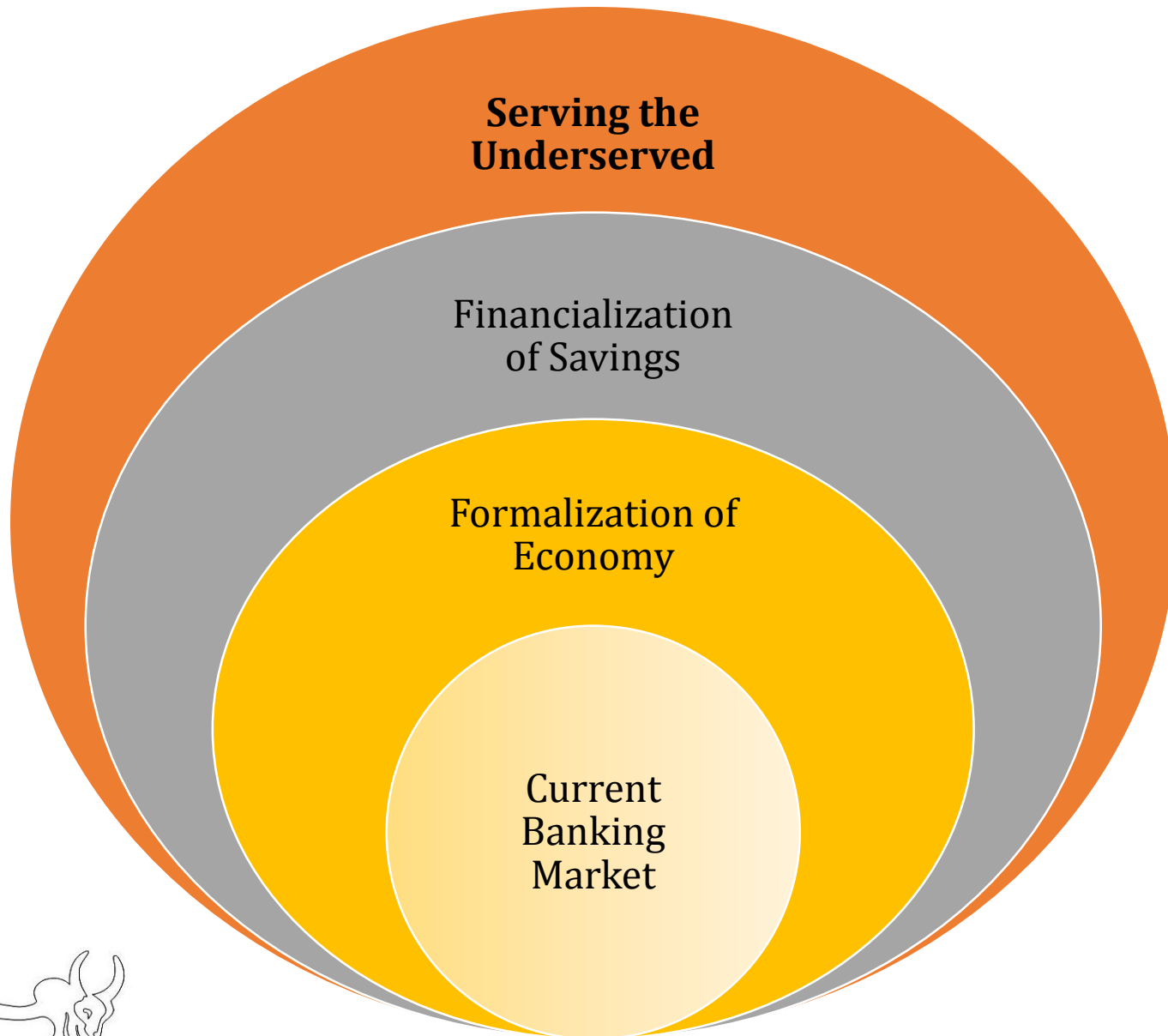
Source: IRDA, AMFI, NSE, Management Estimates

Para Banking – Manufacture or Distribute?

- What is attracting IndusInd management attention ?

	Preferred Approach	
	High	Low
Capital Consumption	Inorganic / JV	Organic
Gestation Period	Inorganic / JV	Organic
Investment Size	Issuance of Shares	Cash
Specialist Skills	Inorganic / JV	Organic / Bolt-on
IBL Franchise	Valuation for Franchise	



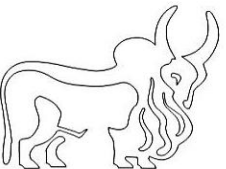


• Rural Banking: Next Growth Frontier

• Demonetization & Digitization:
Taking Para Banking to Next Orbit

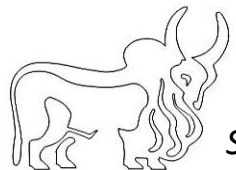
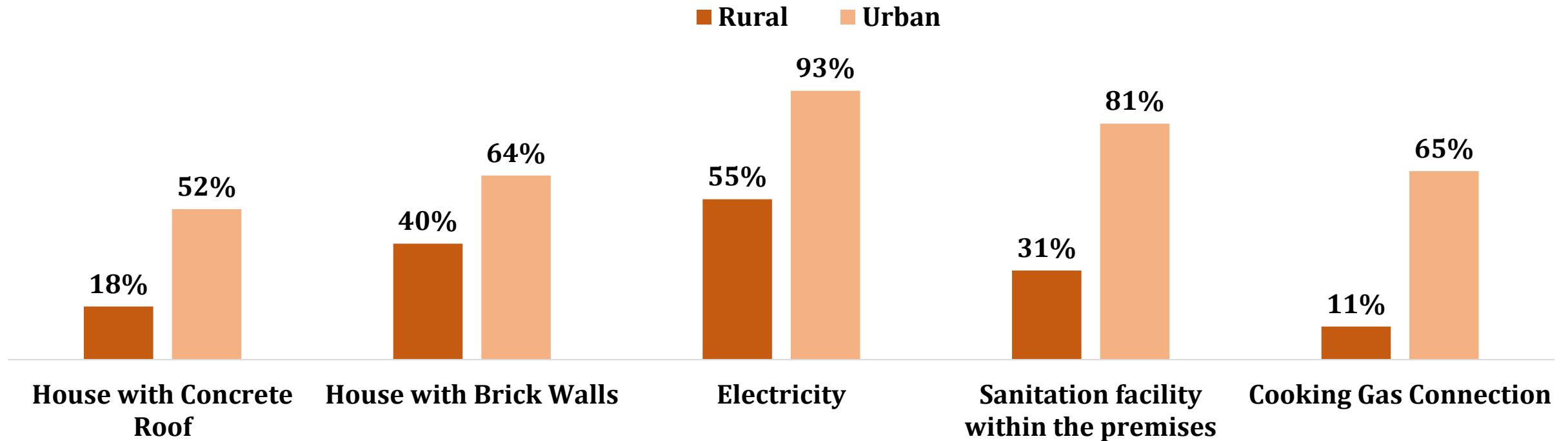
• Goods & Service Tax:
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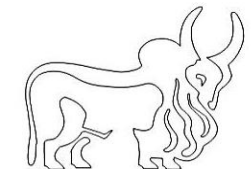
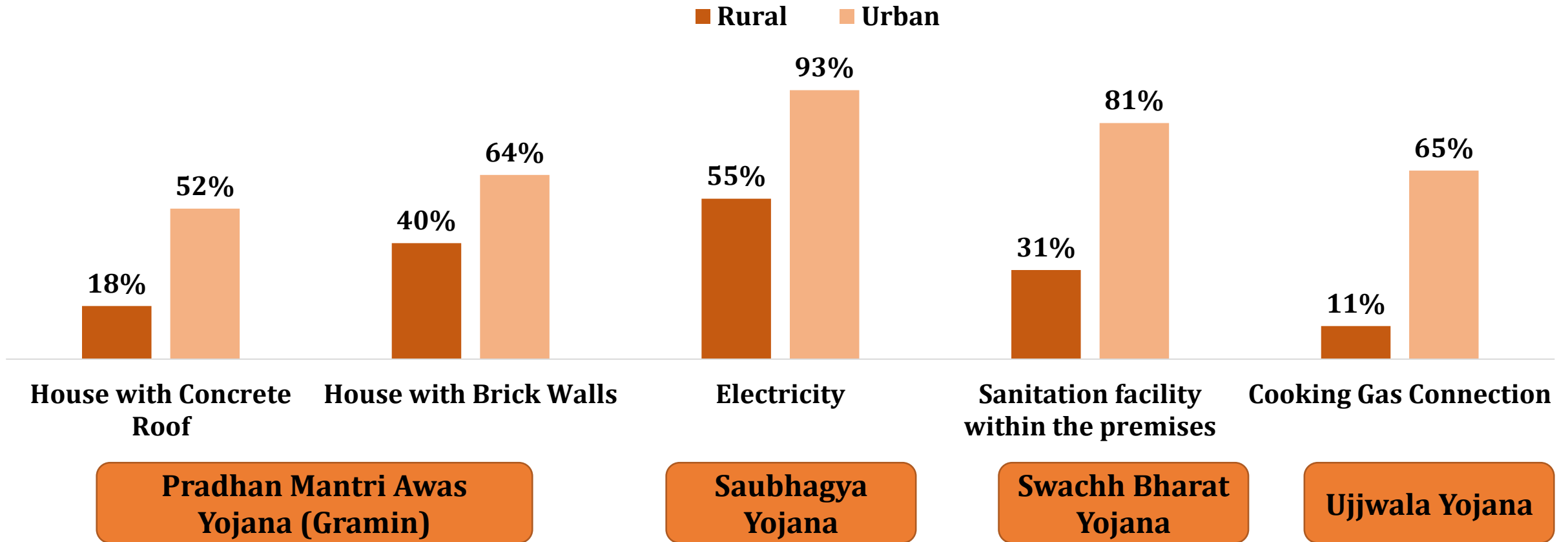
The Urban / Rural Divide

Household Details (2011 Census)



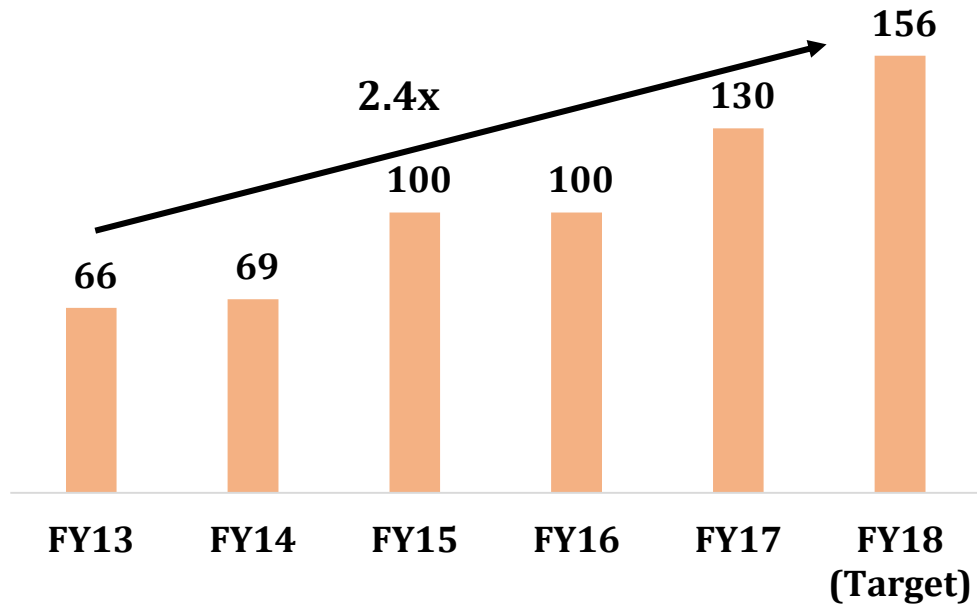
Government Schemes Are Bridging the Divide...

Household Details (2011 Census)

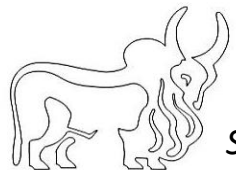
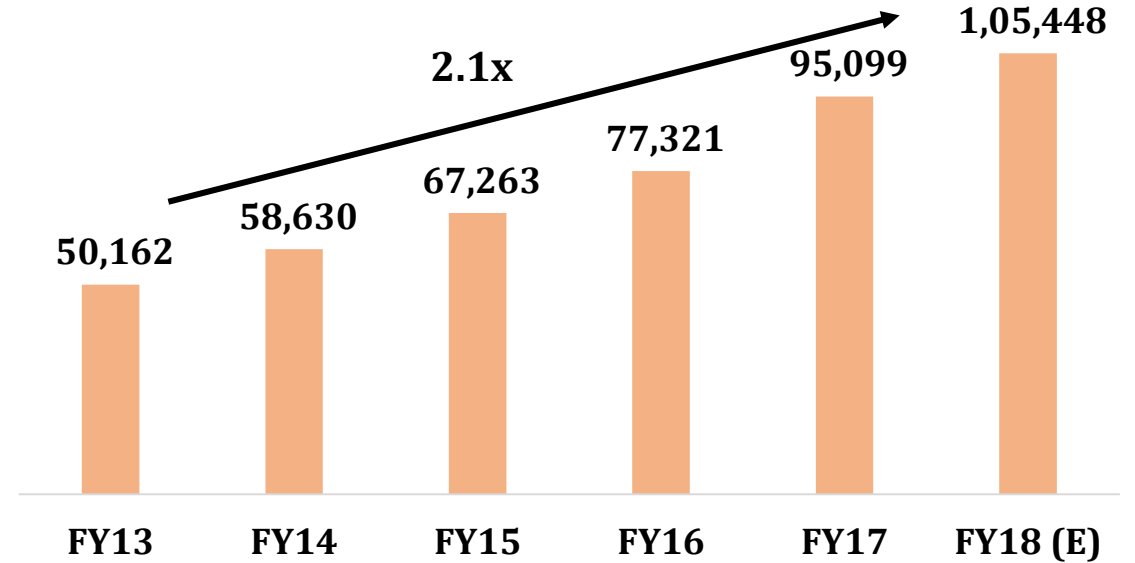


... And Are Well Executed

Average Daily Rural Roads Constructed (km)



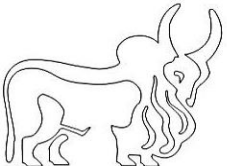
Expenditure on Rural Development Schemes (Rs cr)



Source: Ministry of Rural Development

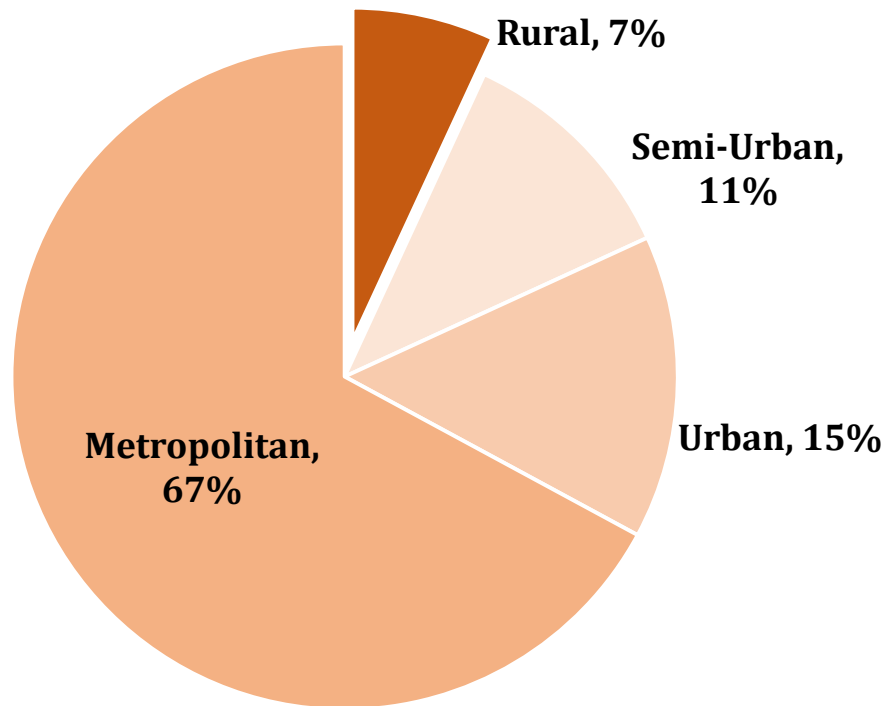
Union Budget 2018-19 Promises More

- **Increasing Farm Income** – Minimum Support Price for major crops at 1.5x the cost of production
- **National Health Protection scheme** – Health insurance for 100 mn rural households; Pilot of Rs 20 bn to be ramped up in subsequent years.
- **Swachh Bharat Mission** – targets additional ~19 mn individual household sanitation facilities
- **Ujjwala (LPG connections to BPL households)** – increased target from 50 mn to 80 mn households
- **Saubhagaya (Electricity connection to households)** – targets additional 17.5 mn households with electric point in every house.

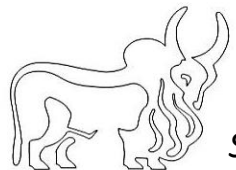
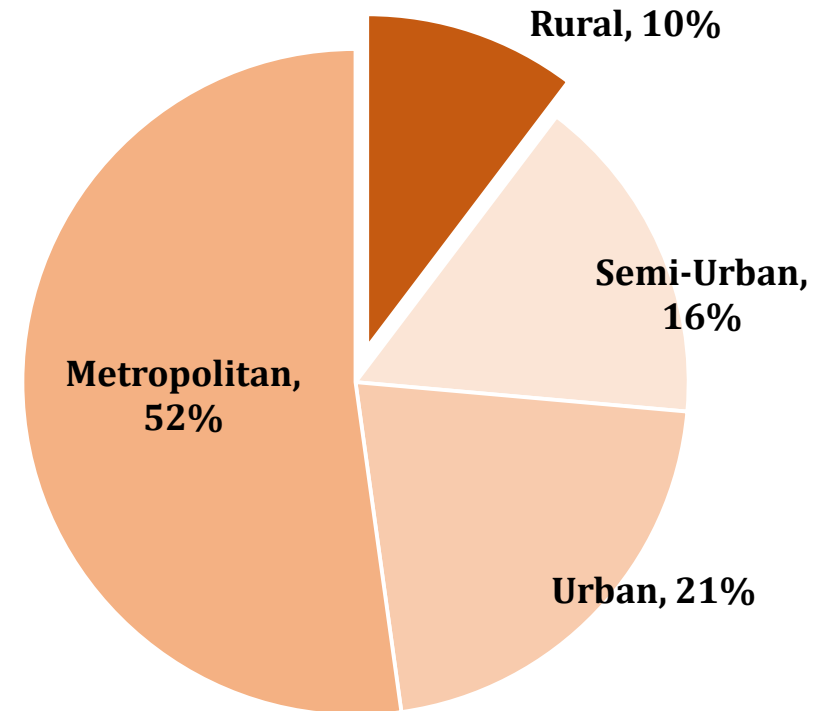


Rural India Under-served for both Assets & Liabilities

Credit by Population Category



Deposits by Population Category



Source: RBI, Data as of March 2017

Rural Bankability is Improving

Enablers in Place to Serve the Un-served and the Under-served

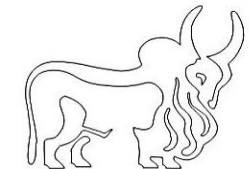
Building Blocks of “Rural Stack”

- Credit Bureau Coverage
- Mobile Penetration
- Jan Dhan Accounts
- GST to formalize MSME
- Govt + Private Customer Service Centre Infrastructure

Government Schemes / Reforms

- Pradhan Mantri Awas Yojana – Housing for all by 2022
- Soubhagya Scheme – Electrification of all villages
- Pradhan Mantri Gram Sadak Yojana
- Mahatma Gandhi National Rural Employment Guarantee Act
- Target to Double Farmer Income

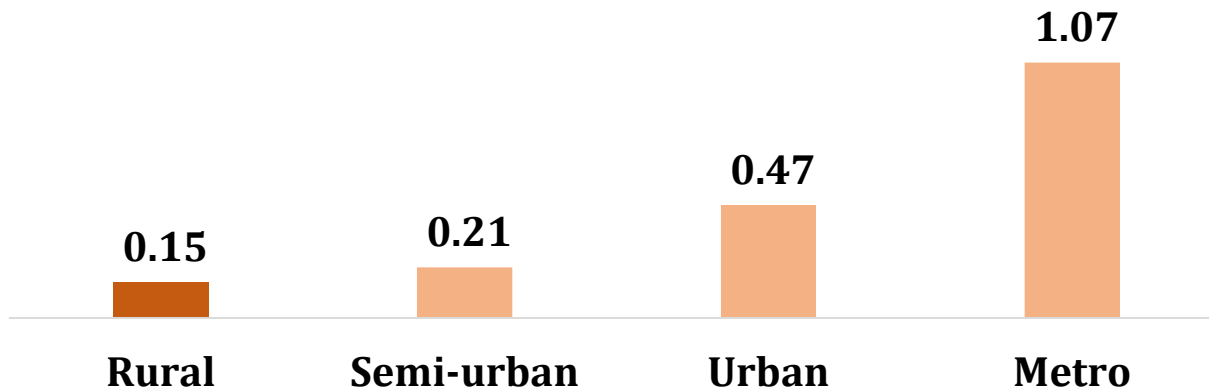
Cost of Delivery Falling Rapidly !



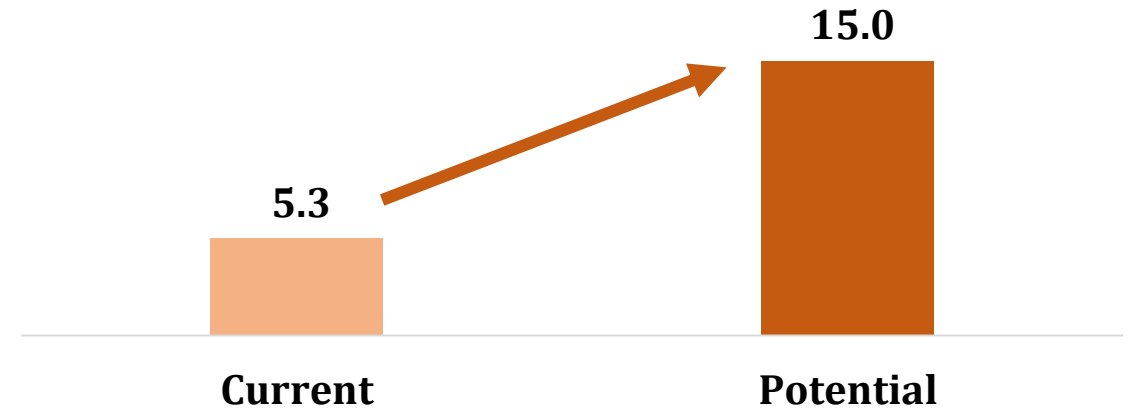
Rural Opportunity >3x the Current Market

- Rural India HouseHolds: 168 mn
- Less: Accessibility: 20%; Credit Rejection: 20%
- Balance HouseHolds: 100mn
- Average HouseHold Borrowing: Rs 1,50,000

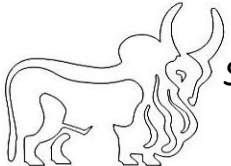
Average Outstanding Credit Per Account (Rs mn)



Rural Credit Market (Rs. Trillion)



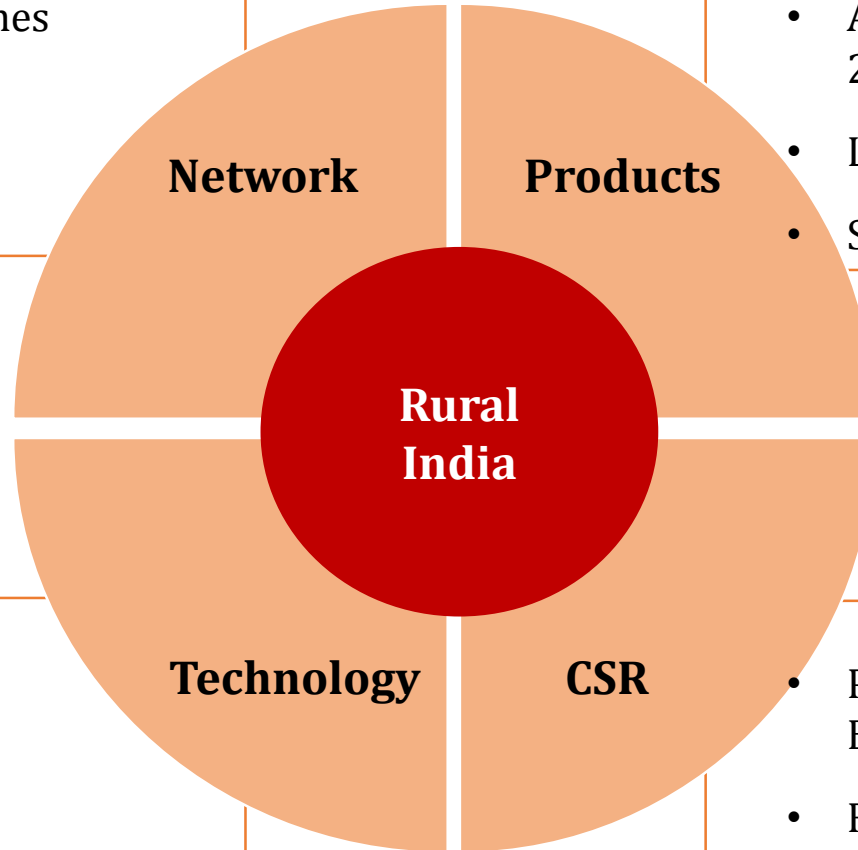
Source: Census 2011, RBI Population Group-wise Outstanding Credit Of Scheduled Commercial Banks – March 2017



IndusInd Being Positioned to Harness the Opportunity

- Over 1,700 IBL + BFIL Rural Branches
- Access to 1,00,000+ Villages
- Doorstep Delivery

- Assets: Microfinance, Home Improvement, 2-Wheeler, Consumer Durable Finance
- Liabilities: Saving A/C, Recurring Deposits
- Services: DBT, Remittances

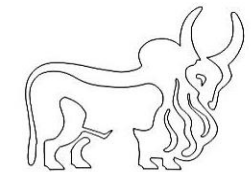


- Cashless Collections & Disbursals
- Online Credit Underwriting
- Facilitate e-commerce

- Part of local ecosystem with Health, Education & Water Initiatives
- Financial & Legal Literacy Programs



Pilots Validating Retail Distribution Service Point Model (RDSP)



Thank You

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