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# INDIA'S BEST BANKS 2011



A BUSINESSWORLD-PwC SURVEY

**1**  
INDIA'S No. 1  
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Best Bank-  
Mid Size

Rank **1**

**INDUSIND BANK**

MD & CEO:

**Romesh Sobti**

Size of balance sheet:

**Rs 45,636 crore**

Net profit:

**Rs 577 crore**

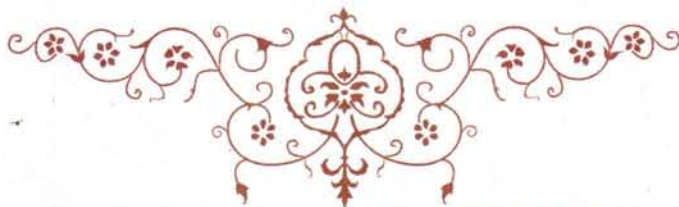


**INDIA'S  
BEST  
BANKS**

2011

A BW-PwC SURVEY

SUBHABRATA DAS



## Best Bank-Mid Size: INDUSIND BANK

# Quiet Flows The Indus

Once an also-ran, the bank is now on a fast track by **Raghu Mohan**

**I**F you had asked somebody a couple of years ago as to what they thought of the Hinduja-promoted IndusInd Bank, you would have got an indifferent response. It was just another face in the crowd. If you had walked into managing director and CEO Ramesh Sobti's office on the eighth floor of Tower One of IndiaBulls Centre in Lower Worli in Mumbai, you would not have seen cupboards full of trophies the bank had won for excellence. This year IndusInd Bank will have one to be proud of: the Best Mid-size Bank\* in the BW-PwC Best Bank Survey 2011.

Sportsmen somersault, not banks. For all its 17 years, IndusInd never had much to show. Peers of its vintage are way ahead: ICICI Bank had a balance-sheet of Rs 4,06,234 crore at 31 March 2011, while that of HDFC Bank stood at Rs 2,77,353 crore. Axis Bank had Rs 2,42,713 crore and IDBI Bank, Rs 2,53,377 crore. IndusInd's size, Rs 45,636 crore, is smaller than seven-year-olds such as Yes Bank and Kotak Mahindra Bank: Rs 59,007 crore and Rs 50,851 crore.

It is an indicator of the lost years. IndusInd was an aggressive private bank when it started off. But lost the plot as bad corporate loans mounted. It missed the retail banking story completely; merged a Hinduja-group concern — Ashok Leyland Finance — with the bank, and got into a tiff with the RBI in 2007 over the way the bank was being run. The only reason IndusInd escaped a forced merger (like a Global Trust Bank with Oriental Bank of Commerce; or Bank of Rajasthan with ICICI Bank), sources say, is thanks to its promoters — the Hindujas.

Of course, IndusInd was never a basket case like GTB. Nor did it flirt dangerously with the regulator like Bank of Rajasthan did. But the central bank has had its way: the Hindujas will have to cut stake to 10 per cent by March 2011. It was at about 22 per cent when Sobti took over in January 2008.

### The Shortlist



#### YES BANK

Rank: 2

Founder MD & CEO: **Rana Kapoor**  
Rs 59,007 crore  
Net profit: Rs 727



#### KOTAK MAHINDRA BANK

Rank: 3

Executive VC & MD: **Uday Kotak**  
Rs 50,851 crore  
Net profit: Rs 818 crore



#### DENA BANK

Rank: 4

CMD: **Nupur Mitra**  
Rs 70,838 crore  
Net profit: Rs 612 crore



#### JAMMU & KASHMIR BANK

Rank: 5

Chairman & CEO: **M. Ahmad**  
Rs 50,508 crore  
Net profit: Rs 615 crore

\*Size of balance sheet

The grapevine has it that when the Hindujas buzzed Sobti — then the country-head of ABN Amro India for a decade — sometime in 2007, Sobti's condition was his entire team will troop into IndusInd. The Hindujas and Sobti shook hands. IndusInd, too, was shaken up. The entire brass of ABN moved with him. "It is never easy when a new team comes in as marines from Mars. Old timers never like it. However, the need for change was felt by them, too," Sobti says.

"We plotted the turnaround right in the middle of the global meltdown. My only worry was if we could pull it off. You can plan and plan, and still not deliver," says Sobti. Two months ago, he told investors that IndusInd will grow the book and double the balance-sheet size to over Rs 1 lakh crore in two years' time. The bank is now full service, from wholesale to retail. On retail, it acquired the credit card business of Deutsche Bank, which gave it access to nearly 200,000 card customers and the entire operating platform. It also sells home loans of HDFC. The only other bank to do so is HDFC Bank.

But there is still a catch. As on September 2011, 47 per cent (Rs 14,081 crore) of its advances was accounted for by vehicle financing, and half the same was commercial vehicle finance. "About six months ago, there was a chorus about increasing delinquencies in vehicle financing. Now that freight rates have gone up 3-4 per cent in the past four months, collections are better. So, there are a few dynamics that we don't understand."

What he and his team understand is that IndusInd is back in business. It is some achievement for a bank that the RBI alluded to in a draft paper for more private banks as "one bank, has just about survived". IndusInd is the survivor, not the winner of the reality show.

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