

HARIBHAKTI & CO. LLP

Chartered Accountants

Independent Auditor's Report on Compliance with Conditions of the Proposed Preferential Issue

The Board of Directors

IndusInd Bank Limited
8th Floor, Tower 1, One Indiabulls Centre,
841, Senapati Bapat Marg,
Elphinstone Road,
Mumbai – 400013
Maharashtra, India.

Dear Sirs,

1. We, Haribhakti & Co. LLP, Chartered Accountants, have been requested by IndusInd Bank Limited (the "Bank") having its corporate office at the above mentioned address, to issue a report with respect to the Bank's compliance with the provisions of Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations", and such report, the "Report"), to the extent applicable in connection with the proposed preferential issue of the Bank (the "Preferential Issue") of 6,27,47,245 equity shares of face value of Rs. 10 each (the "Equity Shares", and Equity Shares to be allotted in the Preferential Issue, the "Issue Shares") to be conducted by the Bank in accordance with the provisions of the Companies Act, 2013, as amended and the rules framed thereunder (the "Companies Act") and the ICDR Regulations.

The accompanying statement set out in Annexure A hereto containing details of the Bank's compliance with the ICDR Regulations in connection with the Preferential Issue (the "Statement"), prepared by the management and initialed by us for identification purposes only. Accordingly, this Report is issued in accordance with the terms of our engagement letter dated August 17, 2020.

Management's Responsibility for the Statement

2. The preparation of the accompanying Statement is the responsibility of the management of the Bank (the "Management"), which responsibility includes the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation, and making judgement that are reasonable in the circumstances.
3. The Management is also responsible for ensuring that the Bank complies with the below requirements of the ICDR Regulations in connection with the Preferential Issue:
 - i. Determination of the relevant date, being the date thirty days prior to the date on which the meeting of the Bank's shareholders is proposed to be held to consider the Preferential Issue (the "Relevant Date");
 - ii. Determination of the minimum price of Issue Shares for Qualified Institutional Buyers and non-Qualified Institutional Buyers as per the relevant regulation of ICDR Regulations; and
 - iii. Compliance with the other requirements set out under Chapter V of the ICDR Regulations.



Haribhakti & Co. LLP, Chartered Accountants Regn. No. AAC- 3768, a limited liability partnership registered in India (converted on 17th June, 2014)
From Haribhakti & Co. FRN: 103523W)
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Auditor's Responsibility

4. Pursuant to the requirements of Regulation 163(2) of Chapter. V of the ICDR Regulations, it is our responsibility to provide limited assurance and conclude as to whether the details of the proposed Preferential Issue provided in the Statement are in compliance with the applicable requirements of the ICDR Regulations as applicable to the Preferential Issue. Accordingly, our scope of work did not include verification of compliance with other requirements of the ICDR Regulations, the Companies Act, other circulars, notification, etc. as issued by relevant regulatory authorities from time to time, and any other laws and regulations applicable to the Bank.
5. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and the Guidance Note on Reports in Company Prospectuses (Revised 2019) both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements", issued by ICAI.
7. The procedure performed in a limited assurance engagement vary in nature and timing, and are less in extent than for, a reasonable assurance. Consequently, the level of assurance obtained in a limited assurance is substantively lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we have performed the following procedures in relation to the Statement:
 - a) Noted the Relevant Date i.e. July 24, 2020, being the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed Preferential Issue;
 - b) Verified the calculation of the minimum price of the Issue Shares to be allotted in the Preferential Issue as per ICDR Regulations;
 - c) Obtained and read a certified copy of resolution of the Board of Directors of the Bank (the "Board") dated July 28, 2020 approving the Preferential Issue;
 - d) Obtained the notice for extraordinary general meeting dated July 28, 2020 (the "Notice") containing the proposed special resolution(s) and the corresponding explanatory statement under Section 102 of the Companies Act seeking approval of the members of the Bank for the preferential issue at an issue price of Rs 524/- per Issue Share, including premium of Rs 514/- per Issue Share (the "Issue Price");
 - e) Verified that the disclosures required under Regulation 163(1) of ICDR Regulations have been made in the explanatory statement to the Notice;
 - f) Obtained confirmation from the Share Registrar of the Bank confirming that pre-Preferential Issue shareholding of the proposed investors/allottees are held in dematerialized form;
 - g) Obtained direct confirmation from the Share Registrar of the Bank regarding transaction details during the period from January 24, 2020 to July 23, 2020 for assuring that none of the proposed investors/allottees has sold or transferred any Equity Shares during the six months preceding the Relevant Date, except in the case of ICICI Prudential Life Insurance Company Limited pursuant to the relaxation available to insurance companies under Regulation 158(5) of the ICDR Regulations.



Continuation Sheet

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- h) Obtained confirmation from the Management that the Bank has met with the condition of continuous listing as required under the listing agreement;
- i) Verified Permanent Account Number ('PAN') of each proposed investor subscribing to the Issue Shares from <https://www.tdscpc.gov.in>, as per requirements of Regulation 160 of Chapter V of the ICDR Regulations; and
- j) Obtained representation from the Management for Compliance with the ICDR Regulations and relevant provisions of the Companies Act.

Conclusion

8. Based on our examination as above, and the information, explanations and management representations provided to us, nothing has come to our attention that causes us to believe that the details of the proposed Preferential Issue provided in the Statement are not in compliance with the applicable requirements of the ICDR Regulations as applicable to the Preferential Issue.

Restriction on Use

9. This Report is addressed to and provided to the Board of the Bank solely and for being made available on the website of the Bank to facilitate online inspection by the members of the Bank from August 22, 2020 to August 24, 2020 being the last date of e-voting, in compliance of Regulation 163(2) of the ICDR Regulations and for further submission to BSE Limited and National Stock Exchange of India Limited (together, the "Stock Exchanges"). This Report should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this Report is shown or into whose hands it may come without our prior consent in writing. We shall not be liable to the Bank, the Stock Exchanges or to any other concerned for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

For Haribhakti & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 103523W/W100048

**PURUSHOTTA
M S NYATI**

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PURUSHOTTAM S NYATI
Date: 2020.08.21 17:32:58
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Purushottam Nyati

Partner

Membership Number: 118970

UDIN: 20118970AAAAGU2400

Place: Mumbai

Date: August 21, 2020

Encl: Annexure A

(Attached Separately)



Continuation Sheet

Annexure A

Statement of compliance with the conditions prescribed under the provisions of Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"), to the extent applicable to the Preferential Issue

1. Calculation of Minimum Issue Price per equity share as per prescribed under the ICDR Regulations

Deemed Date of passing of Special Resolution by the Members of the IndusInd Bank Limited (the "Bank"): August 25, 2020.

Relevant Date as per Regulation 161(a) of the ICDR Regulations (i.e., the date 30 days prior to the deemed date of passing of the Special Resolution by the Members of the Bank): July 24, 2020.

For issuance of Equity Shares on Preferential basis to Qualified Institutional Buyers

Average of weekly high and low of the volume weighted average price of the Equity Shares of the Bank quoted on the National Stock Exchange of India Limited (which had the highest trading volume in respect of the Equity Shares) during the last two weeks preceding the relevant date, i.e., July 24, 2020, in accordance with Regulation 164(4) of the ICDR Regulations is set out below:

| Week | From | To | High | Low | Average |
|--------|--------------|--------------|--------|----------|---------|
| Week 1 | July 17,2020 | July 23,2020 | 530.71 | 514.96 | 522.84 |
| Week 2 | July 10,2020 | July 16,2020 | 542.18 | 507.48 | 524.83 |
| | | | | Average* | 523.83 |

* Average of 2 weeks high and low of the volume weighted average price: 523.83

Applicable minimum price per equity share: Rs. 523.83

For issuance of Equity Shares on Preferential basis to non-Qualified Institutional Buyers

Higher of average of weekly high and low of the volume weighted average price of the Equity Shares of the Bank quoted on the National Stock Exchange of India Limited (which had the highest trading volume in respect of the Equity Shares) during the last twelve weeks or two weeks preceding the relevant date, i.e., July 24, 2020, in accordance with Regulation 164B of the ICDR Regulations is set out below:

| Week | From | To | High | Low | Average |
|---------|--------------|--------------|--------|----------|---------|
| Week 1 | July 17,2020 | July 23,2020 | 530.71 | 514.96 | 522.84 |
| Week 2 | July 10,2020 | July 16,2020 | 542.18 | 507.48 | 524.83 |
| Week 3 | July 03,2020 | July 09,2020 | 560.57 | 489.81 | 525.19 |
| Week 4 | June 26,2020 | July 02,2020 | 500.33 | 478.81 | 489.57 |
| Week 5 | June 19,2020 | June 25,2020 | 513.40 | 476.78 | 495.09 |
| Week 6 | June 12,2020 | June 18,2020 | 507.13 | 485.82 | 496.48 |
| Week 7 | June 05,2020 | June 11,2020 | 530.88 | 420.59 | 475.74 |
| Week 8 | May 29,2020 | June 04,2020 | 442.37 | 390.00 | 416.19 |
| Week 9 | May 22,2020 | May 28,2020 | 390.31 | 339.97 | 365.14 |
| Week 10 | May 15,2020 | May 21,2020 | 421.11 | 354.58 | 387.85 |
| Week 11 | May 08,2020 | May 14,2020 | 462.27 | 432.18 | 447.23 |
| Week 12 | May 01,2020 | May 07,2020 | 443.06 | 420.87 | 431.97 |
| | | | | Average* | 464.84 |

* Average of 12 weeks high and low of the volume weighted average price



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| Week | From | To | High | Low | Average |
|--------|--------------|--------------|--------|----------------|---------------|
| Week 1 | July 17,2020 | July 23,2020 | 530.71 | 514.96 | 522.84 |
| Week 2 | July 10,2020 | July 16,2020 | 542.18 | 507.48 | 524.83 |
| | | | | Average | 523.83 |

* Average of 2 weeks high and low of the volume weighted average price

Applicable minimum price per equity share:

- Average of the high and low of the volume weighted average price during the 12 weeks preceding the relevant date: 464.84
- Average of the high and low of the volume weighted average price during the 2 weeks preceding the relevant date: 523.83
- Applicable minimum price per equity share being the higher of (a) and (b): Rs. 523.83

2. Bank's compliance with the other requirements under the ICDR Regulations

The Bank confirms its compliance with the conditions and requirements (including any disclosure requirements) set out under ICDR Regulations.

In particular, for the purpose of complying with such requirements of the ICDR Regulations:

- with respect to conditions specified in Regulation 159 and 160 of the ICDR Regulations, the Bank has undertaken the following procedures to confirm its compliance with required conditions:
 - obtained requisite undertakings from each proposed investor/allottee to ensure that none of them have sold or transferred any Equity Shares during the six months preceding the Relevant Date of July 24, 2020, except for ICICI Prudential Life Insurance Company Limited, an insurance company registered with the Insurance Regulatory and Development Authority of India which is exempted from compliance with this condition under Regulation 158(5) of the ICDR Regulations;
 - obtained confirmation from the Registrar and Transfer Agent of the Bank (i.e., Link Intime India Private Limited) to verify the 'pre-Preferential Issue holding' of the Equity Shares (as of July 24, 2020) held by the proposed investors/allottees, if any and such 'pre-Preferential Issue holding' is held in dematerialized form;
 - specifically mentioned in the Notice issued by it to ensure that the Preferential Issue of Equity Shares shall be made fully paid-up at the time of allotment and the Equity Shares issued in the Preferential Issue shall be held in dematerialized form;
 - confirmed in the Notice issued by it that it has adhered to conditions for continuous listing of Equity Shares as specified in the listing agreement with the Stock Exchanges where the Equity Shares are listed; and
 - Verified Permanent Account Number of each of the proposed investors/ allottees.
- with respect to conditions specified in Regulation 163(1) of the ICDR Regulations, the Bank has specifically made the following disclosure in the Notice:
 - the objects of the Preferential Issue;
 - Lock-in of share allotted pursuant to preferential issue;
 - the maximum number of Equity Shares to be issued;



- the intent of the directors or key managerial personnel of the Bank to subscribe to the Preferential Issue;
 - the shareholding pattern of the Bank before and after the Preferential Issue;
 - the timeframe within which the Preferential Issue shall be completed; and
 - the identity of the natural persons who are the ultimate beneficial owners of the Equity Shares proposed to be allotted and/or who ultimately control the proposed investors/allottees and the percentage of post Preferential Issue capital that may be held by them and change in control in the Bank consequent to the preferential issue except in the case of listed company, mutual fund, scheduled commercial bank, insurance company registered with the Insurance Regulatory and Development Authority of India where the regulation exempts disclosure of ultimate beneficial owner of such proposed investors/allottees.
 - Other required disclosures
- (c) The Bank also confirms that the Equity Shares are "frequently traded shares" as per Regulation 164(5) of the ICDR Regulations.
- (d) In relation to the disclosure requirement of Regulation 163(1)(i) of the ICDR Regulations, the Bank has confirmed in the Notice that, neither the Bank's name nor the name of any of its Directors is appearing in the list of wilful defaulters categorized by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India nor have they been identified as fugitive economic offenders as per the Fugitive Economic Offenders Act, 2018, as amended.
- (e) With respect to compliance with Regulation 164(4) of the ICDR Regulations, the Bank has obtained requisite undertakings from each proposed investor/allottee to ensure that each of the proposed investors/allottees is a "qualified institutional buyer" in terms of Regulation 2(ss) of the ICDR Regulations and the number of proposed investors/allottees is not exceeding 5 (five).

For IndusInd Bank Limited



S.V. Zaregaonkar
Chief Financial Officer
Mumbai

Date: August 21, 2020

