DATE: 17/03/2025


# INDUSIND BANK

*Review of IndusInd Bank and
Recommendations for Retail Investors*

### *IndusInd Bank's Current Situation*

IndusInd Bank is facing a significant downturn, with its share price declining 1.84% to ₹672.1 on Thursday. This places the stock *57.35% below its 52-week high, reflecting a substantial loss of investor confidence. The primary reason for this decline stems from a recently discovered miscalculation in the bank's **foreign exchange derivative portfolio, which has led to an estimated **loss of 2.35% of its net worth*.

The issue is serious enough that the *Institute of Chartered Accountants of India (ICAI) has been asked to review the bank's books of accounts, while the **National Stock Exchange (NSE) has placed IndusInd Bank under additional surveillance*. These developments indicate regulatory scrutiny and heightened risks, which may lead to further volatility in the bank's stock.

### *Potential Consequences*

1. *Regulatory Scrutiny and Further Investigation*

   - The involvement of ICAI suggests that the miscalculation could have accounting or governance implications, which may lead to stricter compliance measures or penalties.

   - NSE's additional surveillance implies that the stock will be monitored closely, possibly restricting speculative trading or leading to temporary trading limitations.

2. *Potential Removal from Benchmark Indices*

- Due to the ongoing crisis, IndusInd Bank faces the risk of being *removed from the BSE Sensex and NSE Nifty. If this happens, institutional investors such as mutual funds and exchange-traded funds (ETFs) that track these indices may be forced to sell their holdings, leading to **further downward pressure on the stock price*.

3. *Stock Price Decline*

- Given the financial losses and regulatory concerns, *the stock may continue to decline* in the short term. Investors may expect further volatility as more details emerge regarding the extent of the miscalculation and potential corrective measures taken by the bank.

### *What Should Retail Investors Do?*

*1. Avoid Panic Selling, But Stay Cautious*

- While the stock is under pressure, panic selling may not be the best option. Retail investors should evaluate the situation carefully and track how the bank and regulators respond to the issue.

*2. Monitor Regulatory Developments*

- Investors should keep an eye on ICAI's audit findings and any further announcements from the Reserve Bank of India (RBI) or stock exchanges. If the miscalculation is found to be an isolated incident, the bank may recover over time.

*3. Reassess Portfolio Exposure*

- If IndusInd Bank constitutes a large portion of your portfolio, consider diversifying your holdings to reduce exposure to further downside risks. *Those with a high risk appetite may choose to hold, while conservative investors may consider reducing their stake.*

*4. Look for a Potential Rebound Opportunity*

- If the bank takes corrective actions and strengthens internal controls, the stock could offer a rebound opportunity for long-term investors. However, this is contingent on strong corporate governance measures being implemented.

*5. Consider Alternatives*

- If regulatory scrutiny leads to prolonged financial instability, retail investors may want to explore other banking stocks with stronger fundamentals and lower risk exposure, such as HDFC Bank, ICICI Bank, or SBI.

### *Conclusion*

IndusInd Bank’s current crisis highlights the importance of *risk management and corporate governance* in banking stocks. Retail investors should remain vigilant, closely monitor developments, and make informed decisions rather than reacting impulsively. While the stock may experience further declines, a long-term recovery could be possible if the bank successfully navigates regulatory scrutiny and restores investor confidence.

# Research Report Disclaimer and Disclosure

- I, Anupam Bajpai is a SEBI Registered Research Analyst having registration number – INH000016339.

- No penalties / directions have been issued by SEBI under the SEBI Act or Regulations made there under against us.

- **General Disclaimers**: This Research Report (hereinafter called 'Report') is prepared and distributed for information purposes only. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through the Company nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security(ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers.

  No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by the firm to be reliable. Firm or its employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the employees, affiliates or representatives of the Firm shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report.

- Niether me nor none of my employees have:
  - received any compensation from the company which is subject matter of recommendation/research;
  - managed or co-managed the public offering of any company;
  - received any compensation for investment banking or merchant banking or brokerage services from the subject company;
  - received any compensation for products or services from the subject company;
  - received any compensation or other benefits from the Subject Company or 3rd party in connection
  - served as an officer, director or employee of the subject company;
  - been engaged in market making activity of the subject company.

- Also, the subject company was not my client during twelve months preceding the date of report.

- There are no actual or potential conflicts of interest arising from any connection to or association with any issuer of products/ securities, including any material information or facts that might compromise its objectivity or independence in the carrying on of Research Analyst services. Such conflict of interest will be disclosed to the client as and when they arise.

- Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

- **Risks**: Investment in securities market are subject to market risks. Read all the related documents carefully before investing. There are no assurances or guarantees that the objectives of any of trading / investment in securities will be achieved. The trades/ investments referred to herein may not be suitable to all categories of traders/investors. The names of securities mentioned herein do not in any manner indicate their prospects or returns. The value of securities referred to herein may be adversely affected by the performance or otherwise of the respective issuer companies, changes in the market conditions, micro and macro factors and forces affecting capital markets like interest rate risk, credit risk, liquidity risk and reinvestment risk. Derivative products may also be affected by various risks including but not limited to counter party risk, market risk, valuation risk, liquidity risk and other risks. Besides the price of the underlying asset, volatility, tenor and interest rates may affect the pricing of derivatives.

- Our subscribers, a third party or anyone else have no rights to forward or share our calls or SMS or Reports or any information provided by us to/with anyone (through any medium) which is received directly or indirectly by them. If found so then legal action can be taken. Please note, any evidence of distribution, unauthorised access, copying, forwarding of reports/calls will lead to automatic cancellation of subscription without any refunds.

- You, and not Anupam Bajpai, assume the entire cost and risk of any trading you choose to undertake. You are solely responsible for making your own investment decisions. If you choose to engage in transactions with or without seeking advice from a licensed and qualified financial advisor or entity, then such decision and any consequences flowing there from are your sole responsibility. Anupam Bajpai or any employees are in no way liable for the use of the information by others in investing or trading in investment vehicles.

- Anupam Bajpai and/or his employees take no responsibility for the veracity, validity and the correctness of the expert recommendations or other information or research. Although we attempt to research thoroughly on information provided herein, there are no guarantees in consistency. The information presented in this report has been gathered from various sources believed to be providing correct information. Anupam Bajpai and/or employees are not responsible for errors, inaccuracies if any in the content provided in this report

- For a comprehensive understanding of the disclosure

Anupam.

**Anupam Bajpai**
SEBI Registered Research Analyst Registration No. INH000016339
(Type of Registration- Individual, Validity of Registration- 14.06.2024 to Perpetual)
Registered Address: House no. B- 140 Silicon City, Indore Rajendra Nagar, Indore,
Madhya Pradesh - 452012
Principal Officer & Compliance Officer: Mr. Anupam Bajpai
Contact No: +91 9713664720, Email: anupamvajpayee0731@gmail.com

SEBI office address - **SEBI Head Office (HO)**
**Address:** Plot No.C4-A, 'G' Block, Bandra-Kurla Complex, Bandra (East),
Mumbai - 400051, Maharashtra
**Tel. Board:** +91-22-26449000 / 40459000
**E-mail:** sebi@sebi.gov.in