

IndusInd Bank Limited

May 30, 2025

Credit Update

On May 28, 2025, IndusInd Bank Limited (IBL, rated 'CARE A1+') informed the stock exchanges of Securities and Exchange Board of India's (SEBI's) interim order, which restricts the former CEO, former Deputy CEO, and three employees from engaging in securities transactions until further notice. The action was taken based on SEBI's findings that these individuals had allegedly traded while in possession of unpublished price-sensitive information.

The bank has published its FY25 financials and has reported net loss of ₹2,236 crore for Q4FY25 and profit after tax (PAT) of ₹2,643 crore for FY25 (₹8,950 in FY24). The losses reported in Q4FY25 were mainly considering the following:

- Reversal of other income (accumulated notional profits written-off as a prior period item) by ₹1,960 crore considering derivative accounting-related discrepancies.
- Reversal of revenue of ₹423 crore (net of interim provisions and accrued interest) towards the accounting error identified by the Internal Audit team in the review of microfinance business.
- The bank noted misclassification of certain microfinance loans as standard and accrual of interest income. Bank corrected this classification resulting in additional non-performing asset (NPA) recognition of ₹1,885 crore. The bank provided at the rate of 95% for these advances aggregating to ₹1,791 crore in Q4FY25.

CARE Ratings Limited (CareEdge Ratings) also notes that management's commentary during the Q4FY25 earnings call, where the management stated that the financial impact of the various adverse issues identified has been fully accounted for in the FY25 financials. The joint auditors have issued an unmodified audit opinion on the FY25 financials, while also filing a letter under Section 143(12) of the Companies Act, highlighting a suspected offence involving fraud.

As on March 31, 2025, the bank maintained a comfortable capital adequacy ratio (CAR) of 16.24% and a strong liquidity coverage ratio (LCR) of 136.2%, supported by surplus liquidity of ₹62,000 crore. For Q4FY25, the bank reported an average LCR of 118%, backed by excess liquidity of ₹39,600 crore. The average LCR for Q1FY26 (up to May 15, 2025) stood at 139%.

The Reserve Bank of India (RBI) has directed the bank to submit its proposals for the appointment of a new CEO by June 30, 2025. The bank is currently at an advanced stage in the selection process and anticipates submitting its recommendation to the RBI ahead of the stipulated deadline.

CareEdge Ratings will continue to monitor the bank's performance, liquidity profile, leadership transition, and further developments related to issues discussed above.

For the detailed press release of IBL, please [click here](#).

About the company

Established in 1994, IBL is a new-generation private-sector bank promoted by the Hinduja group. In June 2004, the Hinduja group merged its flagship company, Ashok Leyland Finance Ltd, one of the largest auto and commercial vehicle financing non-banking finance companies (NBFCs), with IBL. The merger was effective, April 01, 2003, and benefited the bank in terms of branch network, improved margins due to high-yielding retail portfolio catapulted it into one of the leading financiers of commercial vehicles, two and three-wheelers, and construction equipment. Currently, it is the fifth-largest private bank in India in terms of total assets and total business as on March 31, 2025. The bank has a pan-India presence with 3,081 bank branches, 3,796 branches of its wholly owned subsidiary, Bharat Financial Inclusion Ltd (BFIL), 297 vehicle finance marketing outlets, and 3,027 ATMs as on March 31, 2025. It also has representative office in Dubai, Abu Dhabi, and London. The bank offers a wide range of products and services for individuals and corporates, including microfinance, personal loans, personal and commercial vehicle loans, credit cards, and SME loans. BFIL was acquired by IBL in July 2019 and is its 100% wholly owned subsidiary. BFIL surrendered its NBFC license as NBFC-MFI post-acquisition and is working as a business correspondent (BC) of IBL offering the bank's asset and liability product solutions.

Brief Financials - Standalone (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total income	55,136	56,352
PAT	8,950	2,643
Total assets*	514,935	554,018
Net NPA (%)	0.57	0.95
ROTA (%)	1.84	0.49

A: Audited; Note: these are latest available financial results.

* Total Assets are adjusted for intangible and deferred tax assets in the absence of detailed balance sheet.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in	Analytical Contacts Sanjay Agarwal Senior Director CARE Ratings Limited Phone: +91-22-6754 3500 E-mail: Sanjay.agarwal@careedge.in Priyesh Ruparelia Director CARE Ratings Limited Phone: +91 22 6754 1593 E-mail: priyesh.ruparelia@careedge.in Sudam Shrikrushna Shingade Associate Director CARE Ratings Limited Phone: +91 - 22 - 6754 3453 E-mail: sudam.shingade@careedge.in
--	--

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CareEdge Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CareEdge Ratings.

**For detailed Rationale Report and subscription information,
please visit www.careratings.com**