

'RBI is lukewarm to the idea of IndusInd promoters raising stake in the bank'

WHAT AUDIT SHOWS. An independent forensic audit revealed an adverse accounting impact of ₹1,960 crore from derivatives trades

Our Bureau
 Mumbai

The Reserve Bank of India is understood to be lukewarm to the idea of the promoters of IndusInd Bank raising their stake in the lender, especially in the current environment of turmoil within the bank, sources said.

The central bank will not be in a hurry to agree to the promoters' plans amidst the investigations into the accounting lapses in the bank's derivatives transactions and ongoing review of its microfinance portfolio, the sources said.

They added that the central bank will wait for the dust to settle in the private sector bank before taking a call on the promoter's shareholding.

In March, Chairman Ashok P Hinduja had told



ACCOUNTABILITY IN QUESTION. Over the last couple of days, the bank has been roiled by successive resignations

businessline that IndusInd International Holdings Ltd and IndusInd Ltd (IndusInd Bank's promoters) were ready to increase stake in India's fifth largest private sector lender to up to 26 per cent, once they get approval from RBI.

The promoter group held

15.83 per cent as at March-end 2025, down from 16.29 per cent as at December-end 2024.

Over the last couple of days, the bank has been roiled by the successive resignations of its MD & CEO Sumant Kathpalia and Deputy CEO & ED Arun

Khurana. Kathpalia said he took moral responsibility for the incorrect accounting of the derivatives trades, while Khurana said he had oversight of the treasury front office functions. The resignations come in the backdrop of the Board saying it is taking necessary steps to fix accountability of the persons responsible for the lapses at the Bank.

An independent forensic audit revealed an adverse accounting impact of ₹1,960 crore from its derivatives trades.

Following the resignations, the bank has constituted a committee of executives comprising head of consumer banking Soumitra Sen and Chief Administrative Officer Anil Rao to oversee the operations of the bank under the oversight and guidance of an oversight committee of the Board.

The committee, approved by the RBI, would be overseeing the running of the bank until a new MD & CEO assumes charge or a period of three months from the date of relieving the incumbent MD&CEO, whichever is earlier.

The oversight committee would be chaired by the Chairman of the Board and comprise the chairs of Audit Committee, the Compensation and Nomination & Remuneration Committee and the Risk Management Committee as members, the bank said.

HIGH STANDARDS

"The bank is taking all necessary steps to ensure stability and continuity of its operations while maintaining high standards of governance," it said.

Akshat Khetan, Founder, AU Corporate Advisory and

Legal, said the RBI's intervention via an interim executive committee in the Bank is a stabilising move. It also underscored the regulator's growing impatience with institutional complacency.

WAKE-UP CALL

"The fall of leadership at IndusInd Bank is not just a corporate shake-up, it's a stark reminder that in banking, trust is built in decades but can unravel in days. Governance isn't optional; it's the backbone of stability.

"For the banking sector, it is a wake-up call to revisit compliance frameworks and leadership succession planning with renewed rigour," he said.

Bankers' say this episode raises questions about accountability, the efficacy of board oversight and the integrity of treasury operations in private sector banks.