

November 6, 2021

National Stock Exchange of India Ltd. (Symbol: INDUSINDBK)

BSE Ltd. (Scrip Code: 532187)

India International Exchange (Scrip Code: 1100027)

Singapore Stock Exchange

Luxembourg Stock Exchange

Madam / Dear Sir,

The Bank is issuing a Press Release dated November 6, 2021 in response to a news item titled “Whistleblowers Raise Loan Evergreening Issue at IndusInd Arm” published in The Economic Times Mumbai edition on November 5, 2021. A copy of the same is enclosed for your kind perusal and record.

This disclosure is being submitted in accordance with Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

A copy of this letter is being hosted on the Bank’s website at [www.indusind.com](http://www.indusind.com)

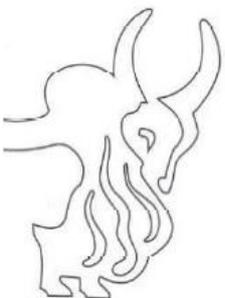
Thanking you,

Yours faithfully,

**For IndusInd Bank Ltd.**

**Haresh Gajwani**

**Company Secretary**



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CIN: L65191PN1994PLC076333

## Press Release

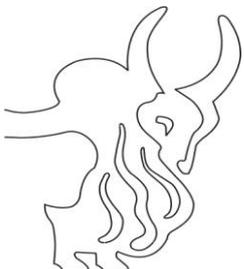
**Mumbai, November 6, 2021:** The allegations made by certain anonymous individuals purportedly acting as whistleblowers, as published in the Mumbai edition of The Economic Times on November 5, 2021 titled as “Whistleblowers Raise Loan Evergreening Issue at IndusInd Arm” are grossly inaccurate and baseless. The statements quoted in the report overlook factual aspects and the Bank wishes to provide the following clarification:

### Governance and Control

- All the loan products managed by BFIL in the capacity of a Business Correspondent, are approved by IndusInd Bank and are fully compliant with extant regulatory guidelines, issued from time to time. The processes followed by BFIL pass through audit, inspection, and risk and compliance checks. The NPA recognition process is fully automated in accordance with the regulatory norms that are applicable to the Bank.
- BFIL has an executive level Risk Management Committee which meets every month. This committee was put in place immediately after the merger. In June 2021, the Bank further strengthened the Governance framework through a Board approved policy, to ensure a cross-functional review of the activities of BFIL.

### Ever greening

- The Bank strongly denies the allegations of “evergreening”. All the loans originated and managed by BFIL, including during the Covid period which saw the first and second waves ravaging the countryside, are fully compliant with the regulatory guidelines.
- The Bank, through BFIL, provides micro loans to women in rural India for income generating activities under the Joint Liability Group format. This customer segment represents the bottom of pyramid in terms of economic wealth and is the target segment for Financial Inclusion.
- During the pandemic, the customers faced operational difficulties and some have turned intermittent payers, though a large part of them demonstrated a strong intent to repay on many occasions. Basis the requirements, the Bank adopted a multi-pronged approach depending upon the need of the client:
  - Additional liquidity support to the extent of 20% of the outstanding as on Feb 29, 2020 as applicable under the ECLGS scheme
  - Restructured loan under applicable regulatory guidelines including extension of moratorium to help tide the immediate cash flow mismatch.
  - Additional loan with a longer tenor and lower EWI for customers, after they cleared of their arrears and with their due consent.
- All the loans follow a weekly repayment model and the customers are required to make payments week on week; if there is any default, the same gets recorded as missed instalments. In view of the weekly repayment model, the concept of ever greening is infeasible.
- The NPA recognition process runs on a daily basis; the data from BFIL system flows directly to the centralized NPA system of the Bank, without any manual intervention.



## Loans without customer consent

- 82% of the BFIL serviced customers are in rural and deep rural India where the access to banking services is limited. This issue further got aggravated owing to operational issues arising out of the Covid-19 pandemic including lockdown, containment zones, and restrictions at the village/panchayat level, and necessitated disbursement of some loans in cash.
- All loans disbursed by BFIL are through Biometric authorisation of the customers (except the technical glitch reported below). In October 2021, nearly 100% of the loan disbursements were in the bank accounts of the customers, as in pre-Covid time.
- Due to a technical glitch in May 2021, nearly 84,000 loans were disbursed without the customer consent getting recorded at the time of loan disbursement. This issue was highlighted by the field staff within two days and the technical glitch was rectified expeditiously. Out of the above, only 26,073 clients were active with the loan outstanding at Rs.34 crore, which is 0.12% of the September-end portfolio. The Bank carries necessary provision against his portfolio. The Standard Operating Procedure has since been revised to make biometric authorization compulsory.

The Bank wishes to reiterate that there is a strong risk management and control framework in place, both within the Bank and at BFIL. Nevertheless, an independent review has been initiated by the Bank to see if there is any process lapse or accounting failure at BFIL. Should there be any need, the Bank will immediately take corrective action as appropriate and keep all the stakeholders adequately informed. The Bank has been following a conservative provisioning approach and reiterates that there is no change in the credit cost estimates including that in the micro-finance business.

## The Bank once again denies all the allegations.

### About IndusInd Bank

IndusInd Bank, which commenced operations in 1994, caters to the needs of both consumer and corporate customers. Its technology platform supports multi-channel delivery capabilities. As on September 30, 2021, IndusInd Bank has 2,015 Branches/Banking Outlets and 2,886 ATMs spread across 760 geographical locations of the country. The Bank also has representative offices in London, Dubai and Abu Dhabi. The Bank believes in driving its business through technology. It enjoys clearing bank status for both major stock exchanges - BSE and NSE - and major commodity exchanges in the country, including MCX, NCDEX and NMCE. IndusInd Bank was included in the NIFTY 50 benchmark index on April 1, 2013.

## RATINGS

### Domestic Rating(s):

- CRISIL AA + for Infra Bonds program/Tier II Bonds
- CRISIL AA for Additional Tier I Bonds program
- CRISIL A1+ for certificate of deposit program/short term FD programme
- IND AA+ for Senior bonds program/Tier II Bonds by India Ratings and Research
- IND AA for Additional Tier I Bonds program by India Ratings and Research



# IndusInd Bank

- IND A1+ for Short Term Debt Instruments by India Ratings and Research

**International Rating(s):**

- Ba1 for Senior Unsecured MTN programme by Moody's Investors Service

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