

Amid IndusInd Bank stock crash, Devina Mehra explains why she is a 'nervous investor in banks'

'It is in the structure of the business where negative surprises will ALWAYS outweigh positive surprises,' the founder & CMD of First Global said in a post on X platform

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As shares of [IndusInd Bank](#) crashed nearly 27 percent on March 11 after the private bank reported discrepancies in its derivative portfolio, ace investor Devina Mehra explained why she remains a "nervous investor" in banks and lenders.

"It is in the structure of the business where negative surprises will ALWAYS outweigh positive surprises," the founder & CMD of First Global said in a post on X platform (formerly Twitter).

"This is one business where higher than expected growth may not be a good thing at all except that you come to know of the problems created only some years later," Mehra further said.

She added that the risk of losses is very high as a bank is "inherently a leveraged institution". She explained this with the example of the 200-year-old Barings Bank which collapsed in 1995 after a single trader lost \$1.3 billion in unauthorised trades. She also highlighted how Silicon Valley Bank (SVB) collapsed in US due to troubles arising in its bond book, rather than credit.

"It is at the end of the day, a highly leveraged precarious business. More important, as an outside investor, you never know where the problems are hiding in either the credit or the trading book," she added.

She reiterated that she invests while being scared, while disclosing that she herself was a banker one upon a time.

The shares of [IndusInd Bank crashed 27 percent](#) after the bank reported discrepancies in its derivatives portfolio, resulting in an estimated impact of 2.35 percent on the network of the bank. The bank's stock recorded its biggest ever single day fall.

The discrepancies can potentially impact the bank's profit by around Rs 1,500 crore, according to a person familiar with the matter. The final hit may be higher as an external review is underway, Moneycontrol earlier reported.