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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

May 03, 2022

- **Bank of Baroda cuts car loan rates by 25 basis points, trims processing fee:** Bank of Baroda cut its lending rate on loans by 25 basis points to 7.0 per cent to buy new car, seeking to push its retail loan book. The state-owned lender's new rate beginning at seven per cent for car loans would be linked to a borrower's credit profile. The bank also announced a reduction in processing charges to a flat Rs 1,500 plus Good and Services Tax (GST), BOB said in a statement today. The bank, in April, cut the lending rate for home loans by 25 basis points to 6.5 per cent till end of June 2022. This rate is available across all loans amounts and is linked to a borrower's credit profile.
https://www.business-standard.com/article/finance/bank-of-baroda-cuts-car-loan-rates-by-25-basis-points-till-june-30-122050200838_1.html
- **RRA recommends withdrawal of 225 more circulars:** RBI: The Reserve Bank of India (RBI) on Monday said the Regulations Review Authority has recommended the withdrawal of additional 225 redundant circulars. The Reserve Bank of India had set up the Regulations Review Authority (RRA 2.0) with an objective to reduce the compliance burden on regulated entities (REs). "Regulations Review Authority (RRA 2.0) has recommended withdrawal of additional 225 circulars in the third tranche of recommendations," the central bank said in a statement. The notifications containing the list of specific instructions recommended for withdrawal are being issued separately, it added.
<https://www.moneycontrol.com/news/business/rra-recommends-withdrawal-of-225-more-circulars-rbi-8443891.html>
- **HDFC Ltd Q4 net profit rises 16.4% as disbursements hit record levels in March:** The country's largest mortgage financier HDFC Ltd recorded its highest monthly individual disbursements ever in March, boosted by demand for home loans and strong loan applications. The company reported a 16.4 per cent increase in its standalone net profit for the fourth quarter of the last fiscal year. Its net profit was Rs 3,700.32 crore for the quarter ended March 31, 2022 as against Rs 3,179.83 crore in the same period in 2020-21. Its total income rose 5.1 per cent to Rs 12,308.46 crore in the fourth quarter of last fiscal from Rs 11,707.53 crore a year ago. The net interest income for the quarter ended March 31, 2022 stood at ₹ 4,601 crore compared to ₹ 4,027 crore in the previous year, representing a growth of 14 per cent. Net interest margin was stable at 3.5 per cent as on March 31, 2022, unchanged from a year ago.
<https://www.thehindubusinessline.com/money-and-banking/hdfc-ltd-q4-net-profit-rises-164-per-cent/article65375241.ece>
- **IDBI Bank Q4 net rises 35 per cent to Rs 691 cr:** IDBI Bank has reported a 35 per cent year-on-year (y-o-y) increase in standalone net profit at ₹691 crore in the fourth quarter of the previous fiscal against ₹512 crore in the same period a year ago. The write-back in provisions towards bad loans, standard assets and restructured assets helped prop up the bottomline. The bank clocked a 79 per cent y-o-y



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jump in net profit to ₹2,439 crore in FY22 against ₹1,359 crore in FY21. In the reporting quarter, net interest income (difference between interest earned and interest expended) declined 25 per cent y-o-y to ₹2,420 crore (from ₹3,240 crore).

<https://www.thehindubusinessline.com/money-and-banking/idbi-bank-q4-net-rises-35-per-cent-to-rs-691-cr/article65375268.ece>

- **IDBI Bank aims to bring down GNPA's to below 14% by FY23-end:** IDBI Bank is planning to bring down its gross non-performing assets (GNPAs) to below 14 per cent of gross advances by March-end 2023, and below 12 per cent by March-end 2024, according to MD and CEO Rakesh Sharma. As at March-end 2022, GNPA's were at 19.14 per cent against 22.37 per cent as at March-end 2021. "Our GNPA's did not come down because we did not do technical write-off (because of tax purposes) and some of the (stressed) assets, which we had thought of transferring to NARCL (National Asset Reconstruction Company Ltd), did not happen. "But during the current year, this (assets transfer to NARCL) will happen and we will be able to bring down GNPA. If we do technical write-off of all 100 per cent provided NPA accounts, our GNPA will come down to less than 2 per cent," explained Sharma.

<https://www.thehindubusinessline.com/money-and-banking/idbi-bank-aims-to-bring-down-gnpas-to-below-14-by-fy23-end/article65376285.ece#:~:text=IDBI%20Bank%20is%20planning%20to,as%20at%20March%20Dend%202021.>

- **IDFC First Bank Q4 net profit surges 168 per cent on strong growth in operating income, lower provisioning:** IDFC First Bank reported a 168.2 per cent jump in its standalone net profit for the fourth quarter of last fiscal driven by strong growth in core operating income and lower provisioning. For the quarter ended March 31, 2022, the bank's standalone net profit was ₹342.73 crore compared to ₹127.81 crore in the fourth quarter of 2020-21. The private sector lender's net profit for fiscal year 2021-22 however, fell 68 per cent to ₹145 crore as against ₹452 crore in 2020-21. In a statement on Saturday, the bank said this was due to higher provisioning in the first quarter of last fiscal to manage the Covid-19 second wave impact on its assets.

<https://www.thehindubusinessline.com/money-and-banking/idfc-first-bank-q4-net-profit-surges-168-per-cent-on-strong-growth-in-operating-income-lower-provisioning/article65369995.ece#:~:text=The%20bank%20has%20not%20utilised,operating%20income%20and%20lower%20provisioning.>

- **Kotak Mahindra bank backed Phoenix ARC set to acquire Bank of India's VVF (India) loan:** Kotak Mahindra Bank-backed Phoenix ARC is soon set to acquire some outstanding loans of VVF (India) from Bank of India at a discount of 50%, two people aware of the development told ET. The bank will declare Phoenix ARC as the winning bidder following an uncontested Swiss challenge auction held Saturday evening to sell Rs 210 crore of loans given to VVF (India). Phoenix ARC offered Rs 105 crore as an anchor bidder, people said. The 50% recovery by the government-owned bank from selling the loan will reflect in its FY23 first-quarter earnings.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/kotak-mahindra-bank-backed-phoenix-arc-set-to-acquire-bank-of-indias-vvf-india-loan/articleshow/91248284.cms>



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- **Fino Payments Bank holdco says changes in board composition due to policy decision:** After Fino Payments Bank shareholders rejected a proposal to reappoint two independent directors, the parent firm Fino Paytech on Monday said the changes in the board composition are on account of a "policy decision on the reappointment". Fino Payments Bank on April 30 had said that its shareholders rejected the proposals to increase the authorised share capital of the bank and alteration of capital clause of Memorandum of Association (MoA); as well as the reappointment of independent directors Mahendra Kumar Chouhan and Punita Kumar Sinha. Shareholders also rejected the proposal on the amendment in Fino Payments Bank -Employee Stock Option Policy, 2020.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/fino-payments-bank-holdco-says-changes-in-board-composition-due-to-policy-decision/articleshow/91260903.cms>
- **IDBI Bank net profit jumps 79% YoY to Rs 2,439 crore:** IDBI Bank's net profit has increased by 79% year-on-year to Rs 2,439 crore for financial year 2021-22, according to its earnings results published after a board meeting on Monday. The Government-owned bank which was classified by Reserve Bank of India as a private sector bank in March 2019 reported net interest income of Rs. 9162 crore for the financial year 2021-22, recording an increase of 7%.It brought down its cost of deposits to 3.56% from 4.29% a year ago. It had made gross advances of Rs. 1,78,207 crore in the financial year ended 31 March 2022.The loan portfolio of the bank is split 37:63 between corporate and retail. The government and state-run Life Insurance Corporation of India together hold 95% of IDBI Bank. The government had announced plans for the privatisation of IDBI Bank in February 2021.
<https://economictimes.indiatimes.com/markets/stocks/earnings/idbi-bank-net-profit-jumps-79-yoy-to-rs-2439-crore/articleshow/91258954.cms?from=mdr>
- **L&T Finance to lower exposure to infra, real estate sectors:** As part of the strategy to have over 80 per cent retail lending on its books by 2026, L&T Finance Holdings plans to lower its exposure to infrastructure and real estate. The objective will be to reduce the overall wholesale portfolio through sale or transfer of assets to drive retailisation.In infrastructure financing, it will continue with an asset light model and will explore divestment or tie up with a strategic investor.In real estate financing, the NBFC will not do any new underwriting and will explore exit through various inorganic structures. "We have built an excellent and solid platform for infrastructure financing. As we go ahead, we will continue with that but explore partnerships. L&T Finance will limit capital going into that business," said Dinanath Dubhashi, Managing Director and CEO, L&T Finance Holdings.
<https://www.thehindubusinessline.com/money-and-banking/lt-finance-to-lower-exposure-to-infra-real-estate-sectors/article65375844.ece#:~:text=As%20part%20of%20the%20strategy,of%20assets%20to%20drive%20retailisation.>
- **LIC IPO gets strong demand from anchor investors:** The mega initial public offering of Life Insurance Corporation of India has kicked off well with the anchor investor portion understood to be over subscribed with bids of over ₹7,000 crore received. Of the proposed ₹21,000 crore IPO, LIC is looking to raise about ₹5,360 crore through anchor investors at the upper end of the price band. Sources indicated that anchor investors had bid for twice the size of the book with a lot of interest from



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sovereign wealth funds as well as domestic mutual funds. At least 20 investors had previously evinced interest.

<https://www.livemint.com/companies/news/lic-initial-share-sale-sees-strong-demand-from-anchor-investors-11651516498408.html>

- **SBI Card expects to sustain Q4 performance if no external disturbance: CEO:** Encouraged by strong show in 2021-22, SBI Cards and Payment Services Limited (SBI Card), the country's largest pure play credit card issuer, wants to accelerate its pace of business growth in 2022-23 even while being prudent, its Managing & Director & CEO Rama Mohan Rao Amara has said. This credit card issuer expects to ride on the increased consumer confidence post the economic recovery seen since June last year. Bancassurance channel, which was subdued in April-May 2021, started contributing in a big way and helped source 1 million new accounts in each of the quarters of December 2021 and March 2022. Overall, SBI Card added 3.5 million accounts in 2021-22 and in aggregate has about 13.8 million accounts, up 17 per cent over the previous fiscal.
<https://www.thehindubusinessline.com/money-and-banking/sbi-card-expects-to-sustain-q4-performance-if-no-external-disturbance-ceo/article65375816.ece>
- **M&M Financial Q4 net profit jumps 300 per cent on large-scale disbursements:** Mahindra & Mahindra Financial Services reported a 300 per cent surge in its standalone net profit to ₹600.8 crore in the fourth quarter of last fiscal from ₹149.97 crore a year ago. It was, however, 32.8 per cent lower on a sequential basis compared with the net profit of ₹893.81 crore in the third quarter of 2021-22. Its standalone net profit for 2021-22 also shot up by 195 per cent to ₹988.75 crore against ₹335.15 crore in 2020-21. For the quarter ended March 31, 2022, total income declined 6.5 per cent to ₹2,466.36 crore from ₹2,637.51 crore a year ago. "The decline was primarily due to provision for excess interest refund amounting to ₹142 crore in compliance with RBI directions. The company continues to maintain a healthy margin on existing book," Mahindra Finance said in a statement.
<https://www.thehindubusinessline.com/money-and-banking/mm-financial-q4-net-profit-jumps-300-per-cent-on-higher-disbursements/article65375555.ece>
- **IRDAI suggests new modules for low-income group, small businesses:** A committee appointed by regulator IRDAI has suggested over a dozen low-cost "micro insurance" modules with a view to expand protection plans for uncovered population and small businesses. The committee has suggested that the insurers should be allowed to adopt a modular approach using various permutations and combinations for Combi MI (Micro Insurance) products. 'MI' aims to protect low-income people with insurance products that are affordable. The objective of MI is to empower people to cope with and recover from common risks such as death of the breadwinner, paying for treatment of serious illnesses, reconstructing destroyed homes and businesses, among others.
https://www.business-standard.com/article/finance/irdai-suggests-new-modules-for-low-income-group-small-businesses-122050100402_1.html



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- **Fintechs fear new RBI credit card rules will cut off their data lifeline:** Fintech firms betting on co-branded credit cards fear that latest Reserve Bank of India (RBI) rules on credit card issuance will cut off their access to customer transaction data. The rules limit the role of a co-branding partner entity to marketing and customer acquisition. “The USP of fintechs was getting that data, analyzing it, and customizing solutions for customers. While enforcing this (stopping data access) is another challenge, if you stop that data flow, this is going to hit fintechs badly,” said Shilpa Mankar Ahluwalia, partner, Shardul Amarchand Mangaldas.
<https://www.livemint.com/industry/banking/fintechs-fear-new-rbi-credit-card-rules-will-cut-off-their-data-lifeline-11651424869590.html>
- **Merger of two Shriram NBFCs likely to be completed by December:** To facilitate a hassle-free merger of Shriram City Union Finance (Shriram City) with Shriram Transport Finance (STFC), the former has started a pilot project to train employees to cross-sell STFC products. The project, currently being carried out in around 50 branches, will be expanded to all branches and continue till the merger is completed, YS Chakravarti, MD & CEO, Shriram City, told a select group of media persons. “The merger process with STFC, the market leader in used truck finance, is progressing as per plans and is expected to be completed by December 2022, which will give us a competitive edge,” Chakravarti said.
<https://www.financialexpress.com/industry/banking-finance/merger-of-two-shriram-nbfc-likely-to-be-completed-by-december/2509677/>
- **Credit growth tops Rs 10 lakh cr in FY22 driven by retail loans; inflation could play spoilsport: SBI Ecowrap:** Credit growth in India rose by 9.6 per cent year-on-year to Rs 10.5 lakh crore in fiscal year 2022, according to a report by SBI Ecowrap. This was led by sharp acceleration in retail loans followed by credit in MSMEs and infrastructure, the report added. Going ahead, in FY 2023, credit growth is expected to remain positive, however the current inflation trends could play a ‘spoilsport’ as rate hikes could dampen the credit demand, the report said. “Due to the various measures taken by the RBI & Government, the signs of recovery became visible in FY22. With this, ASCB’s credit grew by 9.6% in 2021-22, driven by all the major sectors,” according to the report. “It is now evident that an expansion in public sector bank (PSB) credit is crowding in credit growth from private sector banks (PVB). Once this trend turns into a self-fulfilling prophecy, the economy stands to benefit,” it added.
<https://www.financialexpress.com/industry/banking-finance/credit-growth-tops-rs-10-lakh-cr-in-fy22-driven-by-retail-loans-inflation-could-play-spoilsport-sbi-ecowrap/2510317/>
- **After rap from Gujarat HC, SBI issues no-dues certificate withheld over farmer's outstanding amount of 31 paise:** The State Bank of India on Monday told the Gujarat High Court that it has issued a no-dues certificate to a borrower in a land sale matter, which was withheld over non-payment of an outstanding amount of just 31 paise. Last week, the HC had pulled up the country’s largest public sector lender for not issuing a no-dues certificate, observing this was nothing but harassment.
<https://www.moneycontrol.com/news/business/after-rap-from-gujarat-hc-sbi-issues-no-dues-certificate-withheld-over-farmers-outstanding-amount-of-31-paise-8443091.html>



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- **RBI penalises Shree Kadi Nagarik Sahakari Bank for rule violations:** The Reserve Bank of India (RBI) on May 2 imposed a monetary penalty of Rs 4 lakh on Gujarat-based Shree Kadi Nagarik Sahakari Bank for contravention of certain directions issued by the regulator. An inspection revealed that the bank had sanctioned loans to trusts or firms in which one of the bank's directors or a relative of one of the bank's directors had an interest, the RBI said in a release. That apart, the bank had sanctioned credit facility to individuals where relatives of the bank's directors stood as guarantor, had sanctioned credit facility to a stockbroker, and had made a donation to a trust where a relative of one of the directors of the bank was a trustee.
<https://www.moneycontrol.com/news/business/rbi-penalises-shree-kadi-nagarik-sahakari-bank-for-rule-violations-8443991.html>
- **RBI Board approves nomination of Rajiv Ranjan as MPC ex-officio member:** The Board of Reserve Bank of India (RBI) on May 2 approved the nomination of Rajiv Ranjan, executive director as an ex-officio member of the Monetary Policy Committee (MPC), the central bank said in a release. The 595th meeting of the Central Board of Directors of Reserve Bank of India was held today under the Chairmanship of Shri Shaktikanta Das, Governor, through video conferencing. The Board approved the nomination of Dr. Rajiv Ranjan, Executive Director as an ex-officio member of the Monetary Policy Committee," the RBI said.
<https://www.moneycontrol.com/news/business/banks/rbi-board-approves-nomination-of-rajiv-ranjan-as-mpc-ex-officio-member-8444551.html>
- **Sensex ends lower by 85 points, Nifty slips below 17,100 amid volatility:** The BSE Sensex closed at 56,975.99, down 84.88 points or 0.15 per cent. It recorded an intraday high of 57,054.23 and a low of 56,412.62. The Nifty 50 closed at 17,069.10, down 33.45 points or 0.2 per cent, near the day's high of 17,092.25. It recorded an intraday low of 16,917.25. IndusInd Bank, Coal India, Powergrid, Tata Steel and ITC were the top gainers on the Nifty 50 while Eicher Motor, Apollo Hospitals, Titan, Bajaj Auto and Wipro were the top losers.
<https://www.thehindubusinessline.com/markets/sensex-ends-lower-by-85-points-nifty-slips-below-17100-amid-volatility/article65375399.ece>
- **Rupee gains 6 paise against US dollar in early trade:** The rupee appreciated 6 paise to 76.44 against the US dollar in opening trade on Monday amid a pullback in global crude prices. However, a weak trend in domestic equities and a strong dollar in the overseas market capped the rupee's gains, forex traders said. At the interbank foreign exchange, the rupee opened strong at 76.48 and gained further ground to quote 76.44 against the American dollar, registering a rise of 6 paise from the last close. In the previous session, the rupee had settled at 76.50 against the greenback.
<https://www.moneycontrol.com/news/business/markets/rupee-gains-6-paise-to-76-44-against-us-dollar-in-early-trade-8441091.html>

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