



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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DAILY NEWS DIGEST BY BFSI BOARD

February 04, 2023

SBI Q3 RESULTS: LENDER POSTS HIGHEST-EVER QUARTERLY PAT OF RS 14,205 CRORE, UP 69% YoY:

State Bank of India on Friday reported a 68.5% year-on-year (YoY) increase in net profit for the quarter ended December 2022 to Rs 14,205.34 crore. This was the highest-ever quarterly profit posted by India's largest bank. Net interest income (NII), rose 24% on year to Rs 38,068.62 crore. The Bank saw provisions for the quarter drop by more than 17% on year to Rs 5,761 crore. Of this, provision for non-performing assets was Rs 1,586.5 crore compared with Rs 3,096 crore a year ago. The bank's operating profit grew by over 36% on year to Rs 25,219 crore. The gross non-performing asset ratio dropped to 3.14% as of December, from 4.50% a year ago, and 3.52% a quarter ago. Net non-performing asset ratio at 0.77%, was down from 1.34% a year ago, and 0.80% a quarter ago. The capital adequacy ratio as of December 31 stood at 13.27%, compared with 13.51% a quarter ago. Credit growth was 17.60% YoY in the quarter where as the deposits grew by 9.50% YoY.

(Economic Times)

SBI's OVERALL EXPOSURE TO ADANI GROUP AT RS 27,000 CR, SAYS CHAIRMAN:

The country's largest lender SBI on Friday said its overall exposure to the Adani Group is at 0.88 per cent of the book or around Rs 27,000 crore. SBI chairman Dinesh Khara said the bank does not envisage the embattled ports-to-mining group facing any challenge to service its debt obligations and stressed that SBI has not given any loans against shares to the group. Lending to Adani Group projects is with regard to ones having tangible assets and adequate cash flows, Khara said, adding that the group has an excellent repayment record.

(Financial Express)

RBI ON ADANI: BANKING SECTOR REMAINS RESILIENT AND STABLE:

The Reserve Bank of India on February 3 said India's banking sector remains resilient and stable, amid speculations of potential risk in banks' exposure to the crisis-ridden Adani group. The Adani group plunged into a crisis after a research report by US-based short seller Hindenburg alleged of gaps in the group's financials, high debt burden and risk of overvaluation, leading to a carnage in the shares of group companies. "As per the Reserve Bank's current assessment, the banking sector remains resilient and stable," the RBI said in the statement released on Friday evening. Typically, the RBI issues such statements to calm stakeholders when banking system is gripped with fears of a potential liquidity crisis following certain events. Making a tangent reference to the Adani Group, the RBI said it is monitoring the exposure of Indian banking sector to a "certain business conglomerate".

(Moneycontrol)



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SEBI TWEAKS OPERATIONAL FRAMEWORK ON CREDIT RATING AGENCIES:

Sebi on Friday tweaked its operational circular on credit rating agencies (CRAs), asking them to have a detailed policy by March-end in respect of non-submission of crucial information, including quarterly financial numbers, by the issuers. Also, the detailed policy should contain methodology in respect of assessing the risk of non-availability of information from the issuers, including non-cooperative issuers and the steps to be taken under various scenarios in order to ascertain the status of non-cooperation by the issuer company. Further, CRAs will have to follow a uniform practice of three consecutive months of non-submission of no-default statement (NDS) as a ground for considering migrating the ratings to INC (issuers not cooperating) and need to tag such ratings within 7 days of three consecutive months of non-submission of NDS. In its fresh circular for CRAs, the regulator said that these requirements would be applicable by March 31, 2023.

(Moneycontrol)

BANK OF BARODA Q3 NET PROFIT RISES 75% TO ₹3,853 CRORE: Bank of Baroda (BOB) on Friday said it has declared highest ever quarterly standalone net profit of ₹3,853 crore for the third quarter ended December 2022 (Q3 FY23), which is up by over 75% from the year ago quarter of ₹2,197 crore. The lender said it achieved a total business of ₹20,73,385 crore as of December 2022, registering a growth of 18.5% YoY. Its operating profit grew by 50% in Q3 to ₹8,232 crore. The bank's asset quality improved as NPA came at 4.53% versus 5.31% from the previous quarter of September 2022 whereas net NPA stood at 0.99%.

(Mint)

GOVT AGREES TO CONVERT VODA IDEA INTEREST DUES WORTH OVER RS 16000 CRORE INTO EQUITY: The government has agreed to convert Vodafone Idea's accrued interest on deferred adjusted gross revenue (AGR) due to equity. The total amount to be converted into equity shares is Rs 16,133.18 crore and the company has been directed to issue 1613.31 crore equity shares of face value of Rs 10 each at an issue price of Rs 10 each.

(Economic Times)

S&P GLOBAL RATINGS REVISES OUTLOOK ON ADANI PORTS, ADANI ELECTRICITY TO NEGATIVE:

S&P Global Ratings on Friday revised outlook on Adani Ports and Adani Electricity to negative from stable while affirming the rating. A US short-seller report alleging significant governance issues for the Adani Group, many of which relate to disclosures and actions at the shareholder level, has triggered a sharp fall in Adani Group entities' equity and bond prices. The company has responded to the allegations and also decided to return funds from a fully subscribed USD 2.4-billion offer of shares in the promoters' flagship company Adani Enterprises Ltd due to market volatility. As a result, it revised the rating outlook to negative from stable on Adani Electricity and Adani Ports. "We affirmed our issuer and issue ratings on the entities as their business fundamentals remain intact, short-



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term liquidity is adequate, and debt maturities in the next 12 months are manageable,” it added.

(Financial Express)

FITCH RATINGS SAYS NO IMMEDIATE IMPACT ON ADANI COMPANIES’

CREDIT PROFILES: Fitch Ratings said on Friday it will be monitoring Adani group companies’ access to financing, cost of financing, or any other developments that could affect their credit profiles and consequently their ratings. It added that there was no immediate impact on the rating of the companies and securities issued by them following the allegations of malpractices by Hindenberg Research last week.

(Business Line)

WHEAT PRICES FALL OVER 10% IN 7 DAYS ON SELLING OF FCI STOCK IN

OPEN MARKET: Food Corporation of India’s (FCI) sale of 920,000 tonnes of wheat through its e-auction at a reserve price of Rs 2,474 per quintal since Wednesday has brought down prices by almost 10 per cent. The auction generated Rs 2,290 crore for the corporation on February 1 and 2, an official statement said. Recently the Centre decided to offload 3 million tonnes from the buffer stock in the open market under the open market sale scheme (OMSS). Of this, 2.5 million tonnes will be sold to bulk consumers and flour millers, 300,000 tonnes to institutions like Nafed, and the rest to state governments. “The e-auction has left an impact of a fall in market prices by more than 10 per cent in the past one week,” the food ministry said in a statement.

(Business Standard)

NO ANGEL TAX ON PAST FOREIGN INVESTMENTS IN STARTUPS: India will provide grandfathering to past investments by non-residents in startups and the proposed changes to the angel tax provision were prospective said CBDT chairman Nitin Gupta. The government has proposed to amend the so-called angel tax provision or the Section 56(2) (vii) of the income tax act in the budget. The provision states that any premium paid by an investor in excess of the fair market value (FMV) of the shares of an unlisted company is taxable in the hands of the company at a rate of 20% or above. The government has now proposed to bring foreign investors under the ambit of the angel tax which hitherto applied to Indian residents and funds not registered as Alternative Investment Funds (AIFs).

(Economic Times)

INDIA'S FOREX RESERVES RISE FOR THIRD STRAIGHT WEEK, HITS 6-

MONTH HIGH: India's foreign exchange reserves rose above a six-month high of \$576.76 billion in the week through Jan. 27, the Reserve Bank of India's (RBI) statistical supplement showed on Friday. This is the third consecutive week that the country's reserves have risen. In



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the week to Jan. 20, the reserves stood at \$573.73 billion. The RBI has intervened to buy dollars as the rupee stabilised, according to forex market participants. This, coupled with valuation changes, adds to the central bank's forex reserves.

(Mint)

RAILWAYS GAVE RS 59,837 CRORE SUBSIDY ON PASSENGER TICKETS IN

2019-20: The Indian Railways gave subsidies worth Rs 59,837 crore on passenger tickets in 2019-20, which comes to an average concession of around 53 per cent for every person travelling, Railways Minister Ashwini Vaishnaw told Rajya Sabha

(Economic Times)



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FINANCIAL TERMINOLOGY/CONCEPTS

CAPACITY COST

- ❖ An expenditure or cost incurred by a company in order to expand its business operations. In other words, these are expenses incurred by an organization to increase its capacity to conduct business operations.
- ❖ The Capacity costs are fixed in nature. They remain constant even when the level of output varies. This part of a company's expenditure is intended to help expansion and increase activities, or for establishment of premises from where the business operations can be conducted. This expense remains fixed irrespective of the level of business activity.
- ❖ For any business, it is difficult to avoid costs like insurance, rent payments, property taxes, depreciation on equipment, etc. These are examples of capacity costs. These can be avoided or minimized only by shutting down the business or outsourcing the services.



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RBI KEY RATES

Repo Rate: 6.25%
SDF: 6.00%
MSF & Bank Rate: 6.50%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 82.2296
INR / 1 GBP : 100.4813
INR / 1 EUR : 89.5985
INR /100 JPY : 63.9400

EQUITY MARKET

Sensex: 60841.88 (+909.64)
NIFTY: 17854.00 (+243.60)
Bnk NIFTY: 41499.70 (+830.40)

Courses conducted by BFSI Board

- ❖ **Certificate Course on Concurrent Audit of Banks**
- ❖ **Certificate Course on Credit Management of Banks**
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- ❖ **Certificate Course on Investment Management**
- ❖ **Certificate Course on General Insurance.**

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Publications by BFSI Board

- ❖ **Aide Memoire on Infrastructure Financing.**
- ❖ **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).**
- ❖ **Guidance Note on the Internal Audit of General Insurance Companies.**
- ❖ **BFSI Chronicle (quarterly issue of BFSIB)**

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CMA Chittaranjan Chattopadhyay

Chairman,

Banking, Financial Services & Insurance Board

The Institute of Cost Accountants of India

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