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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

February 5, 2022

- **Bank of India Q3 profit soars 90% to ₹1,027 crore:** Bank of India (BoI) reported a 90 per cent year-on-year (yoy) jump in third quarter standalone net profit at ₹1,027 crore against ₹541 crore in the year ago period, supported by a steep drop in total provisions. The public sector bank's net interest income (difference between interest earned and interest expended) was down about 9 per cent yoy to ₹3,408 crore (₹3,739 crore in the year ago quarter). Other income, comprising fee-based income, treasury income and miscellaneous income, declined about 3 per cent yoy to ₹1,835 crore (₹1,897 crore). A break-up of the total provisions shows that provisions towards bad & doubtful assets rose 11 per cent yoy to ₹693 crore (₹623 crore) and that towards depreciation on non-performing investments jumped 284 per cent yoy to ₹173 crore (₹45 crore).
<https://economictimes.indiatimes.com/markets/stocks/earnings/bank-of-india-q3-results-profit-surges-90-to-rs-1027-cr/articleshow/89343870.cms>
- **BharatPe board unlikely to accept Ashneer Grover's payout demand:** The BharatPe board is unlikely to accept cofounder Ashneer Grover's demand for a payout amid a full blown battle between the two parties, according to several people in the know. The saga is expected to lead to a complex legal battle between Grover and the fintech startup's board, these people said. Grover, according to sources, is unlikely to leave BharatPe without "adequate compensation" ET had first reported on January 31 that Grover, who is on leave until the end of March, had hired New Delhi law firm Karanjawala & Co. amid mounting pressure on him to exit the company permanently.
<https://economictimes.indiatimes.com/tech/startups/bharatpe-board-unlikely-to-accept-ashneer-grover-payout-demand/articleshow/89349418.cms>
- **Overseas staff strength, number of branches of Indian banks declined during 2020-21: RBI survey:** Foreign banks expanded their branch network and employee base in India marginally whereas overseas staff strength and number of branches of Indian banks and their subsidiaries recorded some decline during 2020-21, a Reserve Bank of India (RBI) survey showed on February 4. The consolidated balance sheet of overseas branches of Indian banks expanded despite outflow of deposits and reduction in credit during 2020-21, which indicates a larger role of borrowing and investment portfolios in their business expansion, the survey on International Trade in Banking Services (ITBS) said.
<https://www.moneycontrol.com/news/business/overseas-staff-strength-number-of-branches-of-indian-banks-declined-during-2020-21-rbi-survey-8041591.html>
- **Advent weighs \$1 billion bet on Yes Bank, due diligence on:** Private equity group Advent International is evaluating a Rs 7,500 crore (\$1 billion) investment in Yes Bank to further capitalise its balance sheet as the private lender, now under the stewardship of State Bank of India (SBI), tries to stabilise operations. Yes Bank faced a run on deposits in early 2020 after which an SBI-led consortium took over in March of that year. Advent is currently conducting due diligence and may form a



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consortium. Sources said the private lender is keen to rope in at least one more bulge-bracket player for co-investing.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/advent-weighs-1-billion-bet-on-yes-bank-due-diligence-on/articleshow/89333833.cms>

- **RBI likely to leave policy rates unchanged till April: Report:** Striking a different note from its peers, US brokerage Bank of America Securities has maintained that the Reserve Bank will leave rates unchanged next week, recognising growth-focused and capex-driven fiscal expansion, which though poses huge price pressure and interest rate risks later. The RBI's rate setting panel Monetary Policy Committee (MPC) will begin its deliberations next Monday and announce the policy moves on Wednesday (February 9) in the backdrop of a massive spike in bond yields post the Budget. Almost all major central banks are in the process of hiking rates to tame inflation. The key repo rate has been at 4 per cent since May 2020, an all-time low, even though bond yields have been heading north for many months now.
<https://economictimes.indiatimes.com/news/economy/policy/rbi-likely-to-leave-policy-rates-unchanged-till-april-report/articleshow/89344938.cms>
- **Forex reserves down by \$4.531 billion to \$629.755 billion:** The country's foreign exchange reserves declined by USD 4.531 billion to stand at USD 629.755 billion in the week ended January 28, RBI data showed on Friday. In the previous week ended January 21, the reserves had decreased by USD 678 million to USD 634.287 billion. It touched a lifetime high of USD 642.453 billion in the week ended September 3, 2021. During the reporting week ended January 28, the decrease in the reserves was on account of a fall in the foreign currency assets (FCAs), a major component of the overall reserves, and gold reserves. FCAs tumbled by USD 3.504 billion to USD 566.077 billion, as per weekly data by the Reserve Bank of India (RBI).
<https://economictimes.indiatimes.com/news/economy/finance/forex-reserves-down-by-4-531-billion-to-629-755-billion/articleshow/89350186.cms>
- **Bid rigging in SBI tender: Competition panel imposes penalty on seven entities:** The Competition Commission of India (CCI) has imposed penalty on seven entities for indulging in anti-competitive agreement for signages supply to branches/offices/ATMs of State Bank of India (SBI). Amongst these seven entities, one party was a lesser penalty applicant before CCI. This matter was initiated suo moto by CCI based on complaint received in 2018 alleging bid-rigging and cartelisation in the tender floated by SBI Infra Management Solutions Pvt. Ltd. The investigation inter alia found e-mails exchanged between the parties which formed the basis for manipulation of the bidding process.
<https://www.thehindubusinessline.com/money-and-banking/bid-rigging-in-sbi-tender-competition-panel-imposes-penalty-on-seven-entities/article64967079.ece>
- **Mahindra Finance: Collection efficiencies, loan disbursements see further improvement:** Mahindra and Mahindra Financial Services expects collection efficiencies as well as loan disbursements to improve over the next couple of quarters with economic activities normalising and only a marginal impact of Omicron on the rural economy. "For the last couple of quarters, we are clearly seeing growth coming back to normalcy and therefore disbursements picking up. In the next couple of



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quarters, we'll start seeing growth in assets under management. Collection efficiencies are also showing an improvement," said Ramesh Iyer, Vice Chairman and Managing Director, Mahindra Finance.

<https://www.thehindubusinessline.com/money-and-banking/mahindra-finance-collection-efficiencies-loan-disbursements-sees-further-improvement/article64966451.ece>

- **Suryoday Small Finance Bank net up at ₹4.72 crore in Q3:** Suryoday Small Finance Bank (SSF) reported a 354 per cent jump in third quarter net profit at Rs 4.72 crore against Rs 1.04 crore in the year ago period on the back of robust growth in net interest income (NII). This was a turnaround quarter for SSF as in the preceding quarter it had posted a net loss of Rs 1.92 crore. NII (difference between interest earned and interest expended) was up 53 per cent to Rs 167.31 crore (Rs 109.63 crore in the year ago quarter).
<https://www.thehindubusinessline.com/money-and-banking/suryoday-small-finance-bank-net-up-at-472-crore-in-q3/article64965981.ece>
- **Financial discrepancies at Bharatpe says preliminary report, even as company denies :** A preliminary report by international consulting firm Alvarez and Marsal (A&M) which had been appointed to look into allegations of financial fraud by one of its co-founders & Managing Director Ashneer Grover and his wife Madhuri Jain Grover has indicated that there were indeed financial discrepancies. A copy of the report which was seen by Business Line indicates that the fintech firm was said to be paying recruitment fees to a number of 'consultants' for the employees recruited through them. In five such cases, employees have confirmed their joining date as the one mentioned in the vendor invoice but they had no knowledge of being recruited or engaged through the said 'consultants.'
<https://www.thehindubusinessline.com/money-and-banking/independent-audit-uncovers-fraudulent-transactions-at-bharatpe/article64966737.ece>
- **Reserve Bank of India likely to tweak norms to reduce MFI risk:** The Reserve Bank of India (RBI) may tweak the qualifying assets threshold for microfinance institutions (MFIs) to 75 per cent of their net assets, compared with the current level of 85 per cent of net assets. The parameters for MFIs' qualifying assets are exposure to households with annual income limits of Rs 1.25 lakh (rural) and Rs 2 lakh (urban), are collateral-free loans with no prepayment penalty, and flexibility of repayment periodicity. The loan amount limit is Rs 1.25 lakh (Rs 75,000 in the first cycle and exclusion of loans for meeting education and medical expenses from the loan limit), and a minimum tenure of 24 months for loans above Rs 30,000.
https://www.business-standard.com/article/finance/reserve-bank-of-india-likely-to-tweak-norms-to-reduce-mfi-risk-122020400044_1.html
- **Insurers seek legal recourse for surety bond biz, urge changes in key laws:** General insurance companies are seeking changes in Indian Contract Act and Insolvency and Bankruptcy Code (IBC) to bring surety bonds at par with bank guarantees when it comes to recourse available to them in case of a default. In her budget speech this year, the finance minister said that surety bonds can be used as a substitute for bank guarantees for government procurement in order to reduce the indirect cost for suppliers and work contractors. The insurance industry has hailed this as a very positive move as this



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will give a big boost to project financing with overall improvement in project viability. The general insurance companies are evaluating various aspects of the surety bonds business, including pricing, reinsurance arrangement, and the risk factor associated with it, before filing products with the insurance regulator.

https://www.business-standard.com/article/finance/insurers-seek-legal-recourse-for-surety-bond-biz-urge-changes-in-key-laws-122020400841_1.html

- **Yes Bank ARC bid process enters final round as deadline ends Friday:** The process to find investors for setting up an asset reconstruction company by Yes Bank enters the last stage with the deadline for submitting bids ending on Friday. The private sector lender is planning to set up an asset reconstruction company to transfer its entire stressed pool of loans of Rs 50,000 crore so that its nonperforming assets become zero. Among the investors submitted bids, three to four private equity players are expected to make it to the shortlist. These are JC Flowers and Company, Oaktree Capital, Cerberus Capital, and Apollo Global Management.
https://www.business-standard.com/article/finance/yes-bank-arc-bid-process-enters-final-round-as-deadline-ends-friday-122020401358_1.html
- **Banks act against Future Retail for missing payments:** Lenders to Future Retail have started classifying loans to the firm as a 'non-performing asset' after the retailer missed payments to the banks, they told the Supreme Court in a filing. The lenders also said they would be required to provision ₹80-90 billion in their books on account of the default by the retailer. "Lenders have already classified/begun classifying the loan account of FRL as a non-performing asset (NPA) since the payment was not made within" the stipulated time, they said in the filing.
<https://www.thehindu.com/business/Industry/banks-act-against-future-retail-for-missing-payments/article38373248.ece>
- **Sensex drops over 220 points in early trade; Nifty slips below 17,500:** The BSE gauge was trading 220.21 points or 0.37 per cent lower at 58,567.81 in early trade. Likewise, the Nifty fell 72.85 points or 0.41 per cent to 17,487.35. Titan was the top loser in the Sensex pack, shedding 1.39 per cent, followed by Wipro, TCS, Infosys, Reliance Industries, HCL Tech and HDFC. On the other hand, Tata Steel, PowerGrid, Sun Pharma, ITC and NTPC were among the gainers.
<https://www.thehindu.com/business/markets/sensex-drops-over-220-points-in-early-trade-nifty-slips-below-17500/article38375150.ece>
- **Rupee gains 17 paise to 74.71 against US dollar in early trade:** The rupee appreciated 17 paise to 74.71 against the US dollar in opening trade on Friday, tracking the weakness of the American currency in the overseas market. However, the surge in the rupee was restricted amid elevated crude oil prices and muted domestic equities. At the interbank foreign exchange, the rupee opened at 74.71 against the American dollar, registering a rise of 17 paise from the last close.
<https://www.thehindu.com/business/markets/rupee-gains-17-paise-to-7471-against-us-dollar-in-early-trade/article38375296.ece>



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