



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

March 5, 2022

- **Ukraine crisis: UCO, SBI meet RBI today on payments to Russian firms:** The Reserve Bank of India (RBI) is likely to meet some of the state-run lenders, including State Bank of India and UCO Bank, on Friday to discuss payment mechanisms to Russian companies. Indian banks have stopped processing payments to Russian firms after the US imposed sanctions on Russian banks following the invasion of Ukraine last week. According to banking sources aware of the development, senior central bank officials will meet the banks on Friday. Earlier this week, banks were told to submit details of their exposure to the banking regulator.
https://www.business-standard.com/article/finance/ukraine-crisis-uco-sbi-meet-rbi-today-on-payments-to-russian-firms-122030400011_1.html
- **Canara bank raises ₹1K cr via AT-1 bonds at 8.07 per cent coupon:** Canara Bank has raised ₹1,000 crore through an issuance of Basel III compliant Additional Tier I Bonds at 8.07 per cent coupon rate. The Bengaluru-headquartered public sector bank received bids aggregating ₹3,133 crore, out of which full issuance of ₹1000 crore was accepted, per a regulatory filing. The Bonds are non-convertible, perpetual, taxable, subordinated, fully paid-up, and unsecured. They have been allotted to 12 investors. The issuance had a base issue size of ₹250 crore and green shoe option of 750 crore.
<https://www.thehindubusinessline.com/money-and-banking/canara-bank-raises-1k-cr-via-at-1-bonds-at-807-per-cent-coupon/article65190791.ece>
- **Indian Oil, Kotak Mahindra Bank partner for co-branded credit card:** Kotak Mahindra Bank and Indian Oil Corporation on Friday announced a strategic partnership to launch the Indian Oil Kotak co-branded fuel credit card. “The collaboration will offer more value to customers in the form of an enhanced rewards programme giving customers value on fuel spends and on special non-fuel and frequent-spend categories, such as dining and groceries,” said a joint statement by the two companies. Sandeep Makker, Executive Director (Retail Transformation), Indian Oil Corporation said the new co-branded credit card will be another initiative to promote the government’s vision of a Digital India. “More than 98 per cent of the Indian Oil’s 33,000 plus fuel stations accept credit card, debit card and wallet payments,” he further said.
<https://www.livemint.com/companies/news/indian-oil-partners-kotak-mahindra-bank-for-co-branded-credit-card-11646375153251.html>



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- **PNB Housing Finance board to take call on fundraising on March 9:** Mortgage lender PNB Housing Finance's board would take a call on raising capital, including through rights issue, next week after a failed attempt to garner Rs 4,000 crore by selling stake to Carlyle Group last year. A meeting of the Board of Directors of PNB Housing Finance Limited is scheduled to be held on March 9 to consider fund raising options by issue of equity shares through appropriate methods (including rights issue), subject to requisite approvals, the company said in a regulatory filing on Friday.
<https://www.moneycontrol.com/news/business/pnb-housing-finance-board-to-take-call-on-fundraising-on-march-9-8195141.html>
- **Geopolitical tensions new challenge to monetary policy: RBI governor:** The Russian invasion of Ukraine and economic sanctions have worsened central banks' policy options which were already challenged by conflicting objectives of reviving economic growth and put a lid on price pressures, said Reserve Bank of India Governor Shaktikanta Das. "Recent geo-political developments have further aggravated the challenges and dilemmas for the central banks. Amidst these uncertainties, central banks have to find the optimal grounds with attendant communication challenges" Das said at a conference speaking on "Monetary Policy and Central Bank Communication " at the National Defence College, New Delhi.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/russias-invasion-of-ukraine-worsens-rbis-policy-option-shaktikanta-das/articleshow/89990311.cms>
- **Carlyle plans to acquire 10 per cent in Yes Bank for \$500-600 million:** Private equity group Carlyle is considering a Rs 3,750–4,500 crore (\$500-600 million) investment in Yes Bank along with peer Advent International, according to people in the know. The lender is in talks with the private equity (PE) investors to raise Rs 7,500-11,250 crore (\$1-1.5 billion) of growth capital to further bolster its balance sheet two years after the regulator put it under stewardship of the State Bank of India to stave off a possible run on its deposits. The bank's board, on January 21, 2021, approved a proposal to raise Rs 10,000 crore through modes including qualified institutional placements and foreign currency convertible bonds. That approval was to lapse on February 22, 2022.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/carlyle-plans-to-acquire-10-in-yes-bank-for-500-600-million/articleshow/89978450.cms>
- **Revised norms led to spike in NBFC NPAs in Q3, will moderate going forward: Crisil:** RBI's revised norms led to a 1.50 per cent jump in the non-bank lenders' reported gross non-performing assets to 6.80 per cent in the December quarter, a credit ratings agency said on Friday. If not for the revised norms, the improvement in economic activity would have led to a 0.30 per cent improvement in GNPA's during the December quarter to 5.3 per cent, Crisil said. The GNPA's for the NBFCs (non-banking finance companies) are, however, expected to



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reduce going ahead as the players have bolstered their collection processes and economic activity is also improving, Crisil said in a note.

<https://economictimes.indiatimes.com/industry/banking/finance/revised-norms-led-to-spike-in-nbfc-npas-in-q3-will-moderate-going-forward-crisil/articleshow/89998935.cms>

- **Forex reserves decline by USD 1.425 bn on a dip in currency assets:** India's forex reserves declined by USD 1.425 billion to USD 631.527 billion for the week ended in February 25 due to a dip in currency assets, according to the Reserve Bank data released on Friday. The overall reserves had increased by USD 2.762 billion to USD 632.952 billion in the previous reporting week. During the reporting week, the foreign currency assets (FCA) declined by USD 2.228 billion to USD 564.832 billion. Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.
<https://economictimes.indiatimes.com/news/economy/finance/forex-reserves-decline-by-usd-1-425-bn-on-a-dip-in-currency-assets/articleshow/89996043.cms>
- **CryptoWire in advanced talks to license its IC15 crypto index, says CEO Massey:** CryptoWire, a global crypto Super App, is in talks with international bourses including crypto exchanges domiciled abroad to license out its IC15 index, Joseph Massey, Managing Director & CEO, has said. IC15 is the first crypto index to come out of India. This index has been developed by a division of CryptoWire, which is a knowledge company. Massey reiterated that CryptoWire is neither a crypto exchange nor a cryptocurrency. IC15 is a rule-based broad market index by market capitalisation that tracks and measures the performance of the top 15 widely traded liquid cryptocurrencies listed on leading crypto exchanges of the world.
<https://www.thehindubusinessline.com/money-and-banking/cryptocurrency/cryptowire-in-advanced-talks-to-license-its-ic15-crypto-index-says-ceo-massey/article65186965.ece>
- **Russia-Ukraine war: New Development Bank puts new transactions in Russia on hold:** The New Development Bank (NDB) has put new transactions in Russia on hold in the light of unfolding uncertainties and restrictions. This development comes in the wake of Russia invading Ukraine, leading to Western nations imposing sanctions on the former. Russia sees Ukraine's move to be part of the European Union and NATO as a threat. The sanctions include freezing the Russian central bank's assets, banning people and businesses from dealing with Russia, and removing select banks from the SWIFT financial messaging system.
<https://www.hindustantimes.com/world-news/new-development-bank-puts-new-transactions-in-russia-on-hold-amid-ukraine-invasion-101646394192925.html>



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- **GNPAs of NBFCs to fall going ahead: CRISIL:** Improvement in economic activities and collection efficiencies will help reduce gross non-performing assets (GNPAs) of non-banking finance companies going ahead, which could come down by as much as 150 to 200 basis points by March 31, 2022, CRISIL Ratings said on Friday. Krishnan Sitaraman, Senior Director and Deputy Chief Ratings Officer, CRISIL Ratings, "We expect GNPAs for NBFCs to reduce 150-200 bps by March 31, 2022. Some of the NBFCs that didn't see a material impact on their NPAs, due to the implementation of the revised recognition norms, are not expected to revert to the earlier framework."
<https://www.thehindubusinessline.com/money-and-banking/gnpas-of-nbfc-to-fall-going-ahead-crisil/article65189856.ece>
- **PFS Board meeting: SEBI denies permission yet again:** For the second time in a row, market regulator SEBI has denied the request of crisis-hit PTC India Financial Services (PFS) to hold a board meeting without independent directors. It may be recalled that in January this year, all the three independent directors — Kamlesh Shivji Vikamsey, Santosh B Nayar, and Thomas Mathew T — on the company's board resigned over corporate governance issues and other matters.
<https://www.thehindubusinessline.com/money-and-banking/pfs-board-meeting-sebi-denies-permission-yet-again/article65189466.ece#:~:text=PFS%20board%20approached%20SEBI%20this,board%20meeting%20without%20independent%20directors.>
- **Lending rates on fresh loans rise 10 bps month-on-month in January:** The weighted average lending rate (WALR) on fresh loans rose by 10 basis points (bps) for the banking system to 7.82% in January from the previous month, as per data released by the Reserve Bank of India (RBI). This marks the steepest increase in fresh loan rates since April 2021, resulting from a rise in money market rates and an improvement in credit offtake. As banks roll back their special festive season pricing offers and the recovery in credit growth becomes more entrenched, analysts and sector experts are taking the view that lending rates may be bottoming out. At 12 bps, the WALR hike was most pronounced at private banks, while public sector banks' (PSBs) WALR on fresh loans rose 8 bps.
<https://www.financialexpress.com/industry/banking-finance/lending-rates-on-fresh-loans-rise-10-bps-month-on-month-in-january/2450308/>
- **Axis Bank set to acquire Citibank's retail business in India, deal worth \$2-\$2.5 bn: Sources:** Citibank's retail business in India is set to be acquired by Axis Bank and a closure of the deal is expected to be finalised by next week, reported CNBC-TV18. "Citibank is set to announce the closure of deal for its consumer business in India next week," sources told CNBC-TV18. It also reported that the size of the deal is between \$2 and \$2.5 billion. As part of the deal, Citibank will continue to service the customers during the integration period so that the transition is



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seamless and no one is inconvenienced. "Total size of the deal expected between \$2 to \$2.5 billion including cash component and incentives. Citi may continue to service customers during the integration period with Axis as part of the deal," sources added.

<https://www.moneycontrol.com/news/business/banks/axis-bank-set-to-acquire-citibanks-retail-business-in-india-deal-worth-2-2-5-bn-sources-8194151.html>

- **Market falls for the third straight day; Sensex down 768 pts, Nifty below 16,300** : While the Sensex closed at 54,333.81, down 768.87 points (1.40 per cent), the Nifty 50 closed at 16,245.35, down 252.70 points (1.53 per cent). It recorded an intraday high of 16,456.00 and a low of 16,133.80. Dr Reddy's, ITC, Tech Mahindra, BPCL and Ultratech Cement were the top gainers on the Nifty 50 while Titan, Maruti, Asian Paints, Hero Motocorp and Tata Motors were the top laggards.

<https://www.thehindubusinessline.com/markets/market-falls-for-the-third-straight-day-sensex-down-768-pts-nifty-below-16300/article65189957.ece>

- **Indian rupee slumps 11 paise to 76.05 against US dollar in early trade**: The rupee declined 11 paise to 76.05 against the US dollar in the opening trade on Friday, tracking the surge in international crude prices amid the intensifying Russia-Ukraine conflict. Unabated foreign fund outflows and a weak trend in domestic equities also weighed on investor sentiment, forex traders said. At the interbank foreign exchange, the rupee opened weak at 76.06 against the US dollar, then gained slightly to 76.05, registering a decline of 11 paise from the last close. On Thursday, the rupee had settled at 75.94 against the US dollar.

<https://www.moneycontrol.com/news/business/markets/indian-rupee-slumps-11-paise-to-76-05-against-us-dollar-in-early-trade-8192531.html>

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