



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

April 8, 2022

- **Bank of Maharashtra to divest entire 4% stake in ISAR:** Public sector lender Bank of Maharashtra on Thursday said it will divest its entire stake of 4 per cent in India SME Asset Reconstruction Company for nearly Rs 4 crore. Bank of Maharashtra (BoM) has executed a share purchase agreement dated April 6, 2022 for sale of entire equity stake of 4 per cent in India SME Asset Reconstruction Company Ltd (ISARC), the bank said in a regulatory filing. The bank's 4 per cent stake, equivalent to 40,00,000 equity shares, will be sold at Rs 9.80 per share for a cash consideration for Rs 3.92 crore, it said. The stake sale is subject to RBI approval for change in sponsor shareholder of ISARC. The transaction is expected to be completed by the end of December, 2022.
https://www.business-standard.com/article/finance/bank-of-maharashtra-to-divest-entire-4-stake-in-isarc-for-nearly-rs-4-cr-122040700789_1.html
- **Axis Bank inks USD 150 mn partial guarantee pact with ADB to support supply chain financing:** Axis Bank on Thursday said it has collaborated with Asian Development Bank (ADB) for a partial guarantee programme with initial outlay of USD 150 million (Rs 1,139.85 crore), aimed at supporting supply chain financing for impact sectors. Special focus will be towards ESG and priority sectors. Axis Bank has signed a partial guarantee facility agreement (PGFA) with ADB to support supply chain financing for impact sectors, under which ADB will provide guarantees (variable) to the lending done by Axis Bank, the bank said in a release. The programme is scalable, with an initial foundational ramp-up of nearly USD 150 million, it said.
<https://www.financialexpress.com/industry/banking-finance/axis-bank-inks-usd-150-mn-partial-guarantee-pact-with-adb-to-support-supply-chain-financing/2484979/>
- **Fitch Ratings: Axis Bank to benefit from acquisition of Citi India's retail business :** Fitch Ratings on Thursday said Axis Bank's retail franchise will benefit from the acquisition of Citibank India's retail business and turn the private sector lender into one of the three largest credit-card operators in the country with over 1 crore cards. This will be provided execution risks and capitalisation are well-managed, it said. "The acquisition will affect Axis' capitalisation directly due to increased risk-weighted assets (RWA) and indirectly from a one-off goodwill charge that will sharply reduce near-term profitability. However, this will not affect Axis' Viability Rating as we expect earnings to sharply recover in the following year," Fitch Ratings said. Axis Bank is rated at BB+/Negative/bb by the agency.
<https://www.thehindubusinessline.com/money-and-banking/fitch-ratings-axis-banks-retail-franchise-to-benefit-from-acquisition-of-citi-indias-retail-business/article65298879.ece#:~:text=Axis%20Bank%20is%20rated%20at,with%20over%201%20crore%20cards.>
- **Cost rises for micro borrowers as RBI deregulates lending rates:** Borrowing costs for bottom-of-the-pyramid customers have begun to climb as the regulator removed the margin cap on NBFC-MFIs. Certain lenders have revised their lending rates upward by as much as 400 basis points as they apply risk-based pricing to arrest the asset quality degradation and the loss they suffered in the last three years. Several others are expected to follow suit, industry captains said. "With deregulation of interest rates, we can now price for credit risk. So, a new-to-credit customer would pay slightly higher rates. But they can enjoy the benefit of lower rates after a few credit cycles if they show good credit behaviour and repayment record," Arohan Financial Services Managing Director Manoj Kumar Nambiar told ET.



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<https://economictimes.indiatimes.com/industry/banking/finance/banking/cost-rises-for-micro-borrowers-as-rbi-deregulates-lending-rates/articleshow/90712067.cms>

- **Bandhan-led group to buy IDFC MF, deal valued at ₹4,500 crore:** Bandhan Financial Holdings won the bid to buy IDFC Asset Management Company in a deal valued at ₹4,500 crore, marking the entry of a financier that began its life as a bottom-of-the-pyramid lender into the ritzy business of asset management dominated by bulge-bracket financial groupings such as ICICI, HDFC and the State Bank of India. This is the largest deal to date in the Indian asset management space. The consortium led by the Kolkata-based owner of Bandhan Bank trumped the US based Invesco that partnered with buyout firm Warburg Pincus and Kedaara Capital, paying 3.6% of the assets under management. The winning group includes Lathe Investments Pte. Ltd, an affiliate of Singapore sovereign wealth fund GIC, and local private equity fund ChrysCapital. JM Financial was advising the Bandhan-led consortium in the deal.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bandhan-led-group-to-buy-idfc-mf-deal-valued-at-4500-crore/articleshow/90695810.cms>
- **Govt should sell all its stake in PSU banks, insurers, says Prem Watsa:** Billionaire investor Prem Watsa has suggested that the Indian government completely exit the public sector banks it was privatising for them to attract investors. Hyderabad-born Watsa is the founder and chairman of the \$53-billion Toronto-based investment giant Fairfax Financial Holdings. He was responding to questions about the government's plan for the privatisation of IDBI Bank and two other lenders and also one insurance company, during an exclusive interaction with ET. "My recommendation is that they sell 100% of public sector banks and insurance companies that they are privatising. Foreign investors and foreign banks will be encouraged by this and they will come in and implement the innovation needed. So, why do you need the 10% or 20% that the government owns," Watsa said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/govt-should-sell-all-its-stake-in-psu-banks-insurers-says-prem-watsa/articleshow/90695797.cms>
- **IBBI puts voluntary liquidation processes on fast-track mode:** The Insolvency and Bankruptcy Board of India (IBBI) has made several changes to its voluntary liquidation regulations so as to fast track the process, thereby providing quicker exits for corporate persons, release idle resources faster and put them into productive uses. The changes include crunching the timelines in preparation of list of stakeholders; distribution of proceeds from realisation and submission of final report to the adjudicating authority. The idea is to curtail the unwarranted time spent on various activities so as to ensure early completion of voluntary liquidation process.
<https://www.thehindubusinessline.com/economy/ibbi-puts-voluntary-liquidation-processes-on-fast-track-mode/article65296427.ece>
- **Paytm aiming for EBITDA breakeven in next six quarters, says CEO Vijay Shekhar Sharma:** Paytm expects to achieve EBITDA breakeven in the next six quarters. This would be achieved without compromising on any of its growth plans, the fintech's founder and Chief Executive Officer Vijay Shekhar Sharma has said. In a letter to its shareholders, which was filed with the bourses, Sharma also said the Paytm team is committed to building a successful, profitable company and creating long-term shareholder value. The stock has nosedived about 70 per cent from its IPO issue price of ₹2,150 in November 2021. "Against the backdrop of volatile market conditions for high growth stocks globally, our shares are down significantly from the IPO. Rest assured, the entire Paytm team is committed to build a successful, profitable company and create long-term shareholder value. Aligned with this, my stock grants will be vested to me only when our market cap has crossed the IPO level on a sustained basis," Sharma said in the letter.
<https://www.thehindubusinessline.com/money-and-banking/paytm-aiming-for-breakeven-in-six-quarters-ceo-vijay-shekhar-sharma-to-shareholders/article65295507.ece>



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- **SMEs facing elevated working capital pressures: Ind-Ra** : Small and micro enterprises (SMEs) are facing elevated working capital pressures, largely on account of rising receivables and lack of a similar increase in creditors, according to India Ratings and Research (Ind-Ra). The increase in receivables has largely been driven by higher commodity prices — particularly key inputs such as steel, cement and crude derivatives — along with delayed payments from large customers, the rating agency said in a report. Additionally, credit terms from key suppliers have not been extended.
<https://www.thehindubusinessline.com/economy/smes-facing-elevated-working-capital-presses-ind-ra/article65299101.ece>
- **ICICI Securities partners CoverStack for insurance selling**: ICICIdirect— a financial products distributor — and CoverStack — a B2B digital platform for insurance services — have entered into a partnership whereby ICICIdirect’s customers can use CoverStack to search, customise, compare, and buy health and motor insurance. CoverStack, which also operates Coverfox Insurance (coverfox.com), follows a plug-and-play model, providing technological solutions and insurance infrastructure to banking, financial services, and Insurance players.
<https://www.thehindubusinessline.com/money-and-banking/icici-securities-partners-coverstack-for-insurance-selling/article65298698.ece>
- **IRDAI seeks business plans from three loss-making PSU general insurers**: The insurance regulator IRDAI has sought revised business plans from the three loss-making public sector general insurers — National Insurance Company, Oriental Insurance Company and United Insurance Company. Fund infusion into the three companies will be based on their meeting certain regulatory milestones. “For these three public sector general insurance companies, we have asked for revised business plans. The fund infusion would depend on their compliance with certain milestones we have laid out so that there is a calibrated way of coming out of this situation,” said TM Alamelu, Member (non-life), IRDAI on Thursday. The Centre has sought ₹5,000 crore for recapitalisation of the PSU general insurers and is expected to announce a plan on this soon. The Centre has sought ₹5,000 crore for recapitalisation of the PSU general insurers and is expected to announce a plan on this soon.
<https://www.thehindubusinessline.com/money-and-banking/irdai-seeks-business-plans-from-three-loss-making-psu-general-insurers/article65300089.ece#:~:text=The%20insurance%20regulator%20IRDAI%20has,their%20meeting%20certain%20regulatory%20milestones.>
- **‘Setting up digital banks should be part of banks’ digital banking strategy’**: To expand digital financial services and financial inclusion, the Reserve Bank of India (RBI) has permitted Scheduled Commercial Banks (SCBs) with past digital banking experience to open Digital Banking Units (DBUs) in Tier 1 to Tier 6 centres . The central bank, on Thursday, released guidelines for SCBs (other than Regional Rural Banks, Payment Banks and Local Area Banks) on establishment of DBUs. This is pursuant to an announcement made in the Union Budget FY23 for setting up of 75 DBUs in 75 districts to commemorate 75 years of India’s independence.
<https://www.thehindubusinessline.com/money-and-banking/setting-up-digital-banks-should-be-part-of-banks-digital-banking-strategy/article65300159.ece>
- **RBI imposes curbs on Shushruti Souharda Sahakara Bank Niyamita**: RBI on Thursday imposed several restrictions on Bengaluru-based Shushruti Souharda Sahakara Bank Niyamita, including a withdrawal cap of Rs 5,000 per account, following a deterioration in the lender's financial position. The directions shall remain in force for a period of six months from the close of business on April 7, 2022, and are subject to review, the Reserve Bank said in a statement. The co-operative bank cannot, without prior approval from RBI, grant or renew any loans and advances, make any investment, incur any liability and accept fresh deposits, among other restrictions. "In particular, a sum not exceeding Rs 5,000 of the total balance across all savings bank or current accounts or any other account of a depositor, may be allowed to be withdrawn," the central bank said.



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https://www.business-standard.com/article/finance/rbi-imposes-curbs-on-shushruti-souharda-sahakara-bank-niyamita-122040701238_1.html

- **CARE upgrades rating for YES Bank's tier-II, infra bonds to "BBB+":** Rating agency CARE has upgraded the rating for YES Bank's tier-II bonds and infrastructure bonds from "BBB" to "BBB+" on stabilisation of operations, growth in business and continued improvement in profitability. The ratings continue to factor in the improvement in the credit profile of the bank post the implementation of the reconstruction scheme for the private sector lender, CARE said in a statement. In March 2020, Reserve Bank of India, with approval from the government, crafted a reconstruction scheme to protect depositors' money, provide capital support, liquidity support and reconstitute the Board for better governance. The bank reported CAR of 17.74 per cent with CET I Ratio of 11.63 per cent as on December 31, 2021.
https://www.business-standard.com/article/finance/care-upgrades-rating-for-yes-bank-s-tier-ii-infra-bonds-to-bbb-122040700243_1.html
- **Sensex down 575 points at closing, Nifty slips below 17,700:** The BSE Sensex closed at 59,034.95, down 575.46 points or 0.97 per cent. It recorded an intraday high of 59,504.92 and a low of 58,977.35. The Nifty 50 closed at 17,639.55, down 168.10 points or 0.94 per cent. It recorded an intraday high of 17,787.50 and a low of 17,623.70. Axis Bank, Divi's Lab, Hindustan Unilever, ICICI Bank and Dr Reddy's were the top gainers on the Nifty 50 while Adani Ports, Titan, HDFC, ONGC and TCS were the top losers. Axis Bank, Divi's Lab, Hindustan Unilever, ICICI Bank and Dr Reddy's were the top gainers on the Nifty 50 while Adani Ports, Titan, HDFC, ONGC and TCS were the top losers.
<https://www.thehindubusinessline.com/markets/sensex-down-575-points-at-closing-nifty-slips-below-17700/article65299148.ece>
- **Rupee falls 11 paise to settle at 75.95 against US dollar:** The rupee declined 11 paise to close at 75.95 (provisional) against the US dollar on Thursday as the hawkish stance of the US Federal Reserve affected investor sentiments in global markets and bolstered the American currency. At the interbank foreign exchange, the rupee opened lower at 75.88 against the US dollar, then slipped further to quote 75.99. It finally settled at 75.95, down 11 paise over its previous close.
<https://economictimes.indiatimes.com/markets/forex/rupee-falls-11-paise-to-settle-at-75-95-against-us-dollar/articleshow/90708354.cms>

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