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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

June 16, 2021

- **Canara Bank to be lead sponsor of bad bank, to pick up 12% stake:** The Board of Canara Bank has given in-principle approval for participating in the National Asset Reconstruction Company Ltd (NARCL) as a sponsor by taking 12 per cent equity stake. The Bengaluru-headquartered public sector bank has sought the Reserve Bank of India's approval for the same, the Bank said in a regulatory filing. Banks such as State Bank of India, Bank of Baroda, Bank of India and IDBI Bank are expected to take up to 10 per cent stake in NARCL. Stressed consortium loans (₹500 crore and above) will be transferred to NARCL. Banks have so far identified 22 stressed assets aggregating about ₹89,000 crore for transfer to NARCL. Overall, stressed loans aggregating up to ₹2 lakh crore are expected to be transferred by Banks to the company.
<https://www.thehindubusinessline.com/money-and-banking/canara-bank-to-be-lead-sponsor-of-bad-bank-to-pick-up-12-stake/article34824004.ece>
- **SBI Cards raises Rs 500 crore by issuing bonds, allots 5,000 NCDs:** SBI Cards and Payment Services on Monday said its has raised Rs 500 crore by issuing bonds. Its board of directors has approved the allotment of 5,000 fixed rate, unsecured, rated, taxable, redeemable and senior non-convertible debentures aggregating to Rs 500 crore on a private placement basis, SBI Card said in a regulatory filing. The coupon on the bonds is 5.55 per cent per annum. The bonds have been allotted on June 14, 2021. The company said the bonds are set to mature on June 14, 2024. SBI Card said it will list the bonds on the wholesale debt market segment of the BSE. The company's shares on Monday closed 1.58 per cent down at Rs 1078.35 apiece on the BSE.
https://www.business-standard.com/article/pti-stories/sbi-card-raises-rs-500-cr-by-issuing-bonds-121061401577_1.html
- **HDFC Bank to consider dividend for FY21 on June 18:** HDFC Bank said on June 15 that its board would meet on June 18 to consider a proposal for paying dividend to its shareholders for FY21. "With reference to the Regulations, we wish to inform you that the Board of Directors of HDFC Bank Limited ("the Bank"), at its meeting scheduled to be held on June 18, 2021, shall inter alia consider a proposal for recommendation of dividend on the equity shares of the Bank for the financial year ended March 31, 2021, in view of the notification of the Reserve Bank of India pertaining to declaration of dividend by banks released on April 22, 2021," the lender said in a notification to the exchanges.
<https://www.livemint.com/companies/news/hdfc-bank-to-consider-interim-dividend-for-fy21-11623726485529.html>
- **HDFC Bank app suffers hour-long outage due to unspecified issues:** HDFC Bank's mobile app suffered a temporary outage on Tuesday due to some unspecified issues, at a time when India's biggest private lender is facing intense regulatory scrutiny over its online banking operations. The issues were resolved in an hour. In the meanwhile, the bank urged customers to use netbanking. "We are experiencing some issues on the MobileBanking App. We are looking into this on priority and will update shortly," Rajiv Banerjee, HDFC Bank's head of corporate communications, tweeted, regretting



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the inconvenience caused. We are experiencing some issues on the MobileBanking App. An hour later, he tweeted that the issues around the HDFC Bank app were resolved and customers can use both net banking, which is accessed from browsers over laptops and desktop, and also the dedicated mobile banking app.

<https://economictimes.indiatimes.com/tech/tech-bytes/hdfc-bank-app-down-again/articleshow/83535751.cms>

- **15 banks to start new trade finance system using blockchain tech:** Fifteen banks have come together to form a new company which will use blockchain technology to process inland letters of credit (LCs) in a first such initiative. Bankers said that the new system will verify data using invoices on goods and services tax (GST) and e-way bills which will quicken transactions and also eliminate risk of frauds. The company called Indian Banks' Blockchain Infrastructure Co Pvt Ltd (IBBIC) will have fifteen shareholders holding an identical 6.66% stake in the company. These banks include ten private sector, four public sector and one foreign bank. They are RBL Bank, ICICI Bank, HDFC Bank, Kotak Mahindra Bank, Axis Bank, IndusInd Bank, Yes Bank, South Indian Bank, Federal Bank and IDFC First Bank. Public sector banks State Bank of India (SBI), Bank of Baroda (BoB) and Indian Bank and foreign lender Standard Chartered are the shareholders. Individual banks could not be reached for comment. Bankers said using blockchain technology will eliminate paper work and reduce transaction time to a few years in a secure environment.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/15-banks-to-start-new-trade-finance-system-using-blockchain-tech/articleshow/83545043.cms?from=mdr>
- **LIC Housing Finance Q4 profit falls 5% to ₹399 crore:** LIC Housing Finance Ltd (LICHFL) reported a 5 per cent year-on-year (y-o-y) decline in fourth quarter standalone net profit at ₹399 crore against ₹421 crore in the year ago quarter as provision towards impairment on financial instruments jumped. The board of directors recommended a dividend of ₹8.50 per equity share (425 per cent) of ₹2 each, subject to approval of the members of the company at the forthcoming Annual General Meeting. Net interest income rose 33 yoy to ₹1,505 crore (₹1,134 crore in the year ago quarter). Provision towards impairment on financial instruments shot up to ₹977 crore (₹27 crore). Employee benefit expenses came down 33 per cent yoy to ₹59 crore (₹88 crore). Loan portfolio increased about 10 per cent yoy to ₹2,28,114 crore as at March-end.
<https://www.thehindubusinessline.com/money-and-banking/lic-housing-finance-q4-profit-falls-5-to-399-crore/article34821770.ece>
- **Piramal, DHFL merger: The road ahead remains bumpy due to legal hurdles:** Even as Piramal Enterprises is all set to merge its latest acquisition, Dewan Housing Finance Corporation (DHFL), with its own financial services business, its fight to buy the bankrupt company is far from over. The acquisition, awaiting the market regulator's clearance, will create a financial services giant with total assets of Rs 1.27 trillion and revenues of Rs 16,000 crore (see chart). The acquisition has already received the green signal from the Reserve Bank of India, the Competition Commission of India and the National Company Law Tribunal (NCLT). But legal experts said the road ahead remains bumpy because there are still a few important legal hurdles that Piramal needs to clear. This, however, may



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not be a big dampener for the Piramals as they already fought a bitter bidding war with US fund house, Oaktree.

https://www.business-standard.com/article/companies/piramal-dhfl-merger-the-road-ahead-remains-bumpy-due-to-legal-hurdles-121061401491_1.html

- **RBI imposes penalties on co-operative banks in Bijnor, New Delhi for non-compliance with directions:** The Reserve Bank of India (RBI) on June 15 imposed monetary penalties on Bijnor Urban Co-operative Bank and National Urban Co-operative Bank, New Delhi. The Bijnor bank was fined Rs 6 lakh for failing to adhere to the provisions related to prohibition on director-related loans. National Urban Co-operative Bank was fined Rs 5 lakh for violation of specific directions issued to the bank by the RBI under the supervisory action framework. The inspection report of Bijnor Urban Co-operative Bank based on its financial position as on March 31, 2019, revealed that the bank failed to adhere to the provisions related to prohibition on director-related loans and issue of performance guarantee, the central bank said in a statement.
<https://www.moneycontrol.com/news/business/rbi-imposes-penalties-on-co-operative-banks-in-bijnor-new-delhi-for-non-compliance-with-directions-7039121.html>
- **Navi General Insurance launches health insurance through EMI option:** Navi General Insurance has introduced a subscription-based health insurance in Kerala through monthly EMIs instead of paying an upfront annual premium. The health insurance policies can be purchased using EMIs starting as low as ₹240 per month. With no agents and a completely digital and paperless process, customers can buy health insurance via the Navi Health app within 2 minutes, with the policy issued to them instantly on the app. The company offers health insurance cover ranging from ₹2 lakh to ₹1 crore for individuals and families.
<https://www.thehindubusinessline.com/money-and-banking/navi-general-insurance-launches-health-insurance-through-emi-option/article34820336.ece>
- **Flexmoney raises \$4.8 million in Series A funding:** Flexmoney, a digital credit network platform for lenders and merchants, has raised \$4.8 million in Series A funding, led by Pravega Ventures with participation from Silicon Valley-based Z5 Capital. The round also saw participation from several marquee individual investors including Ben Davey, former Group Head of Strategy, Barclays Bank & CEO Barclays Ventures; Mike Smith, former Chief Product & Technology Officer, Barclays Ventures & Director, Amazon Core Display Ad Platform; Ambarish Malpani, successful serial entrepreneur and technologist and Rishad Byramjee, Group MD and CEO Casby Logistics & Board Member, Centrum Group.
<https://www.thehindubusinessline.com/companies/flexmoney-raises-48-million-in-series-a-funding/article34821505.ece>
- **Bharti AXA General Insurance back in black in FY21; reports ₹120 crore PAT:** Bharti AXA General Insurance recorded a net profit of ₹120 crore on a gross written premium of ₹3,183 crore during financial year 2020-21. The private general insurer had recorded a net loss of ₹243.63 crore on a gross written premium of ₹3,157 crore in FY20. Bharti AXA General Insurance achieved a lower combined ratio at 110.5 per cent during FY21 compared to 120.7 per cent in FY20 on account of improved



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profitability. Market ranking of the company in the private General Insurance sector also improved to 10th from 11th position in previous year despite the pandemic.

<https://www.thehindubusinessline.com/money-and-banking/bharti-axa-general-insurance-back-in-black-in-fy21-reports-120-crore-pat/article34823815.ece>

- **Spike in May retail inflation leads to drop in G-Sec prices:** Government Securities (G-Sec) prices dropped on Tuesday as the retail inflation reading for May 2021 spiked above the monetary policy committee's upper tolerance threshold of 6-6.30 per cent against 4.2 per cent in April. Given that MPC tracks the retail (consumer price index/ CPI-based) inflation gauge closely, if the reading sustains above the 6 per cent mark for another month or two, it will have to do a hard re-think on its ultra-loose monetary policy to tamp down inflation.
<https://www.thehindubusinessline.com/money-and-banking/spike-in-may-retail-inflation-leads-to-drop-in-g-sec-prices/article34823860.ece>
- **ICICI Prudential Life Insurance optimistic about growth opportunities in FY22:** ICICI Prudential Life Insurance is optimistic about growth opportunities this fiscal despite the second wave of the Covid-19 pandemic that has impacted many lives and livelihood. "Our aspiration of doubling the value of new business (VNB) growth by 2020-23 is guided by APE growth or overall topline premium growth. We need to typically grow at 25 per cent to 28 per cent on VNB annually for next two years," said Amit Palta, Chief Distribution Officer, ICICI Prudential Life Insurance, adding that margin expansion now has limited scope for growth.
<https://www.thehindubusinessline.com/money-and-banking/icici-prudential-life-insurance-optimistic-about-growth-opportunities-in-fy22/article34820936.ece>
- **No Annuity rider for NPS withdrawals upto ₹5 lakh: PFRDA:** Pension regulator PFRDA has allowed National Pension System (NPS) subscribers with savings of upto ₹5 lakhs in NPS to take the entire amount at retirement without mandating any investment in annuity. Hitherto, this facility (without annuity rider) was available only for withdrawal of NPS corpus or savings upto ₹2 lakh at the time of retirement. Simultaneously, the Pension Fund Regulatory and Development Authority (PFRDA) has also raised the premature withdrawal limit on a lumpsum basis for NPS to ₹2.5 lakh from ₹1 lakh earlier, Supratim Bandyopadhyay, Chairman, PFRDA told Business Line.
<https://www.thehindubusinessline.com/economy/policy/no-annuity-rider-for-nps-withdrawals-upto-5-lakhs-pfrda/article34821367.ece>
- **Deutsche Bank to hire over 3,000 techies this year:** Deutsche Bank will hire over 3,000 techies this year to strengthen its technology centres in India, Russia, Romania and the US. The bank would hire over 1,000 people in India including 300 engineering graduates of various disciplines from 30 different campuses of NITs and IITs. These freshers are expected to come on board in July. The bank has recently streamlined its global technology development landscape (which contained over 20 big, small and fragmented tech talent groups in over 60 countries) to ramp up focus through key tech locations such as Pune, Bengaluru, Moscow, St. Petersburg, Bucharest and Cary.
<https://www.thehindubusinessline.com/money-and-banking/deutsche-bank-to-hire-over-3000-techies-this-year/article34820363.ece>



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- **With ₹2,887-cr bid, Authum Infra emerges top contender for Reliance Home Finance:** Authum Infrastructure and Investment resolution plan for debt ridden Reliance Home Finance is set to be the successful bid and has received over 75 per cent of the voting by value and over 60 per cent by numbers. Lenders to the housing finance company are expected to receive ₹2,887 crore of which about 90 per cent or ₹2,587 crore will be paid upfront. The balance 10 per cent amounting to ₹300 crore will be repaid within one year. Sources indicated that about ₹1,800 crore of cash available with Reliance Home Finance will be distributed to lenders along with the proceeds from the resolution plan. But with a debt of ₹11,200 crore, lenders would still face a haircut of about 60 per cent.
https://www.business-standard.com/article/companies/mumbai-based-authum-investment-leads-race-to-acquire-reliance-housing-fin-121061501108_1.html
- **Rupee ends lower at 73.31 per dollar:** Indian rupee erased early gains and ended lower at 73.31 per dollar, amid buying saw in the domestic equity market. It opened marginally higher at 73.19 per dollar against previous close of 73.27 and traded in the range of 72.16-73.34. At close, the Sensex was up 221.52 points or 0.42% at 52773.05, and the Nifty was up 57.40 points or 0.36% at 15869.30.
<https://www.moneycontrol.com/news/business/markets/rupee-opens-marginally-higher-at-73-19-per-dollar-7034941.html>
- **Gold prices today slide for 3rd day in a row, down ₹8,000 from record high:** Gold and silver rates remained weak today in Indian market amid recent downtrend in international rates. On MCX, gold slipped to ₹48493 per 10 gram, extending losses to the third day, while silver fell 0.8% to ₹71301 per kg. In the previous session, gold had dipped 0.8% while silver had declined 0.56%. MCX gold has support at ₹47,350 and resistance at ₹49200, say analysts. Gold has failed to hold to gains after hitting 5-month highs of ₹49,700 earlier this month. In August last year, gold had touched a record high of ₹56,200.
<https://www.livemint.com/market/commodities/gold-prices-today-slide-for-3rd-day-in-a-row-down-rs-8-000-from-high-silver-drops-11623726940916.html>
- **Sensex, Nifty close at all-time highs:** The BSE Sensex closed at a fresh high of 52,773.05, up 221.52 points or 0.42 per cent. It breached the 52,800-mark during the morning session to record a fresh all-time high of 52,869.51. It recorded an intraday low of 52,671.29. The Nifty 50, which breached the 15,900-mark to record a fresh all-time high of 15,901.60, closed at a new high of 15,869.25, up 57.40 points or 0.36 per cent. It recorded an intraday low of 15,842.40. The breadth of the market turned positive with 1,943 stocks advancing, 1,280 declining and 145 remaining unchanged on the BSE. As many as 565 securities hit the upper circuit and 185 the lower circuit; 530 hit their 52-week high while 24 touched a 52-week low. Asian Paints, HDFC Life, Axis Bank, ICICI Bank and Hindustan Unilever were the top gainers on the Nifty 50; while Divi's Labs, Adani Ports, Coal India, Tata Motors and Bajaj Finserv were the top laggards.
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-nifty-close-at-all-time-highs/article34821804.ece>



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