



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
**CMA BHAWAN**  
**12, SUDDER STREET, KOLKATA – 700 016.**

Telephones : +91-33- 2252-1031/1034/1035  
+ 91-33-2252-1602/1492/1619  
+ 91-33- 2252-7143/7373/2204  
Fax : +91-33-2252-7993  
+91-33-2252-1026  
+91-33-2252-1723  
Website : www.icmai.in

## DAILY NEWS DIGEST BY BFSI BOARD, ICAI

July 18, 2021

- **Central Bank of India to seek shareholders' nod to set off accumulated loss of Rs 18,724 cr:** State-owned Central Bank of India will seek shareholders' approval in its ensuing annual general meeting (AGM) next month to set off accumulated loss of over Rs 18,724 crore from the share premium account of the bank. The next AGM is scheduled for August 10, 2021 through audio/video means. The bank said it will seek shareholders' consent to set off the accumulated losses of Rs 18,724.22 crore as on March 31, 2021 by utilising the balance standing to the credit of share premium account of the bank as on date to set off and take the same into account during the current financial year 2021-22."The bank is of the view that this is the most practical and economically efficient option available to the bank in the present scenario so as to present a true and fair view of the financial position of the bank," it said in a regulatory filing. Central Bank of India said the setting off of accumulated loss would benefit the shareholders of the bank as their holding will yield better value. It will also enable the bank to explore opportunities to the benefit of the shareholders of the bank. It will also put the bank in a better position to achieve its turnaround plans in time-bound manner, the lender said. Share premium balance is a reserve that can only be used for the defined purposes.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/central-bank-of-india-to-look-for-shareholders-nod-to-set-off-accumulated-loss-of-rs-18724-crore/articleshow/84486470.cms?from=mdr>
- **HDFC Bank Q1 results: Profit rises 16.1% to Rs 7,730 crore, misses Street estimates:** HDFC Bank on Saturday reported a 16.1 per cent year-on-year rise in standalone net profit at Rs 7,729.60 crore compared with Rs 6,658.60 crore in the same quarter last year. The profit figure missed the Rs 7,900 crore forecast by analysts in an ET NOW poll. The private bank said the second wave of Covid disrupted business activity for close to two-third of the quarter, leading to a drop in efficiency in collection efforts and higher levels of provisions. Net interest income (NII) for the quarter rose to Rs 17,009 crore from Rs 15,665.70 crore YoY, led by 14.4 per cent rise in advances and a core net interest margin of 4.1 per cent, the bank said in a BSE filing.  
<https://economictimes.indiatimes.com/markets/stocks/earnings/hdfc-bank-q1-results-profit-rises-16-1-to-rs-7730-crore-misses-street-estimates/articleshow/84496868.cms>
- **Will bounce back strongly after pandemic behind us: HDFC Bank MD:** Private lender HDFC Bank which posted a 16% rise in its net profit believes that it will bounce back sharply on all business metrics once the pandemic is behind and business normalcy returns. "We have seen a decent healthy growth in our business metrics when we consider that this is one of the worst times in history and for the June quarter we were able to step out only 40 days," said Sashidhar Jagdishan, MD, HDFC Bank while addressing shareholders at its annual general meeting. "Once the pandemic is behind us I am sure that your bank will bounce back strongly." Jagdishan added that the bank has a clearly focus on digitising and improving productivity without laying off people. The bank is currently facing a ban from the RBI on launching new digital initiatives and onboarding new credit card customers. "It's not at



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outages are only for us, public available shows that outages happens to global banks too, we are not the worst and not are we the best,” he said.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/will-bounce-back-strongly-after-pandemic-behind-us-hdfc-bank-md/articleshow/84502293.cms?from=mdr>

- **Failover mechanism protects us from MasterCard ban: HDFC Bank MD Sashidhar Jagdishan:** India’s largest lender HDFC Bank’s open architecture framework and failover systems will protect it from the RBI ban imposed on global card network provider MasterCard, the lender’s managing director Sashidhar Jagdishan said on Saturday. “MasterCard is a significant franchise partner for the bank, but the good part is like in most of our businesses we patronise on open architecture,” he said while addressing shareholders at the bank’s annual general meet. “Whether it’s for cards, insurance, mutual funds, we distribute a lot of company products, even in cards we have a lot of franchisees whether it’s Visa, MasterCard or Rupay. So, the bank today is protected today by its fail over mechanisms, so until the ban on MasterCard is lifted and when our ban is lifted the new cards could be on either of the platforms.”  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/failover-mechanism-protects-us-from-mastercard-ban-hdfc-bank-md-sashidhar-jagdishan/articleshow/84503517.cms?from=mdr>
- **Second wave impact: HDFC Bank’s NBFC arm sees bad loans double in three months:** The second COVID wave exacerbated asset quality metrics for non-bank financial companies with HDB Financial Services the NBFC arm of HDFC Bank saw its gross bad loans almost triple in a year. The bank on Saturday said that it’s non-bank lender posted gross non-performing asset ratio of 7.75% at the end of June 30, 2021 against 2.86% same period a year ago. The bad loans doubled in just one quarter showed a sequential comparison of numbers. The GNPA ratio was at 3.89% as on March 31, 2021. “Since HDB is catering to a customer segment which is one or two notches below, the pandemic has had a huge impact on them purely because of supply side constraints,” said Sashidhar Jagdishan, MD, HDFC Bank. “The research done by our credit team suggests that the casualties of customers is 4-5 times higher than we see on a normal basis, that’s extremely unfortunate. But, this is a temporary phenomenon and it will recover when normalcy returns, our customers are not wilful defaulters.”  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/second-wave-impact-hdfc-banks-nbfc-arm-sees-bad-loans-double-in-three-months/articleshow/84497579.cms>
- **Reduction in NPAs for PSBs due to write-offs at Rs 1,31,894 cr in FY21: RTI:** Reduction in non-performing assets (NPAs) due to write-offs for public sector banks (PSBs) stood at Rs 1,31,894 crore during fiscal 2020-21, according to an RTI response. The RTI query was filed by Nagpur-based Sanjay Thul seeking information on non-performing assets (NPAs) of state-run banks and bad loans write-off by PSBs in the last ten years from the Reserve Bank of India (RBI). 'Reduction in NPA - due to write-off' for PSBs for 2020-21 stood at Rs 1,31,894 crore, the RBI said in the RTI reply. In FY2019-20, the number stood at Rs 1,75,877 crore, the RBI said in the RTI reply.  
[https://www.business-standard.com/article/finance/reduction-in-npas-for-psbs-due-to-write-offs-at-rs-1-31-894-cr-in-fy21-rti-121071601566\\_1.html](https://www.business-standard.com/article/finance/reduction-in-npas-for-psbs-due-to-write-offs-at-rs-1-31-894-cr-in-fy21-rti-121071601566_1.html)



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- **Recovery Officer Debt Recovery Tribunal sells Rs 716-cr shares in United Spirits:** Recovery Officer Debt Recovery Tribunal on Friday offloaded shares worth over Rs 716 crore in United Spirits Ltd, through an open market transaction. Bulk deal data on the BSE showed that Recovery Officer I DRT II sold over 1.13 crore shares at an average price of Rs 630.93 apiece. This translated into a total deal value of Rs 716.15 crore. On the BSE, shares of United Spirits ended 2.27 per cent higher at Rs 665.6 apiece.  
<https://economictimes.indiatimes.com/industry/cons-products/liquor/recovery-officer-debt-recovery-tribunal-sells-rs-716-cr-shares-in-united-spirits/articleshow/84478987.cms?from=mdr>
- **With no chief, decisions hang fire at IRDAI:** The delay in the appointment of a new chief has affected key policy decisions at the Insurance Regulatory and Development Authority of India. The post of IRDAI chairman has been vacant since May first week after Subhash C Khuntia demitted office on completion of his term.  
<https://www.thehindubusinessline.com/money-and-banking/with-no-chief-decisions-hang-fire-at-irdai/article35371060.ece>
- **L&T Finance Holdings net profit up 20 per cent in Q1:** L&T Finance Holdings reported a 20 per cent increase in its net profit for the quarter ended June 30, 2021 at ₹178 crore as against ₹148 crore in the first quarter of last fiscal. Total income fell 5.8 per cent to ₹3,201.49 crore in the April to June 2021 quarter as against ₹3,397.53 crore a year ago. Total revenue from operations also fell 7.3 per cent to ₹3,140.12 crore in the first quarter of the fiscal as against ₹3,387.06 crore a year ago. Its total lending book fell by 11 per cent to ₹88,440 crore in the first quarter of the fiscal. “The Covid second wave did impact business on account of restrictions and closures of dealerships. Despite this, the company’s collection led disbursement strategy backed by concerted on-field efforts as well as data analytics led prioritisation and resource allocation led to responsible growth in the first quarter of the fiscal,” it said in a statement.  
<https://www.thehindubusinessline.com/money-and-banking/lt-finance-holdings-net-profit-up-20-per-cent-in-q1/article35368613.ece>
- **Mallya/Nirav Modi fraud cases: Latest recovery of ₹1,850 cr redeems 58% of banks’ losses:** Banks have now recovered 58 per cent of the amount they were defrauded by Vijay Mallya, Nirav Modi and Mehul Choksi. While the SBI-led consortium got another ₹792.11 crore from sale of shares held in Mallya’s Kingfisher airline, other banks have got ₹1,060-crore assets from the Fugitive Economic Offences Court in the PNB-Nirav Modi Case The Enforcement Directorate on Friday said while the public sector banks were defrauded of ₹22,585.83 crore, recovery and transfer of assets as of date total ₹12,762.25 crore. The ED has attached assets worth ₹18,217.27 crore under the provision of the Prevention of Money Laundering Act from the three fugitives. “Today, the SBI-led consortium has realised ₹792.11 crore by sale of shares in Kingfisher Airlines/Vijay Mallya case. These shares were handed over by the ED to the consortium. Earlier, SBI led consortium had realised ₹7,181.50 crore by liquidating assets handed over to it,” said an ED statement.  
<https://www.thehindubusinessline.com/economy/latest-recovery-of-1850-cr-redeems-58-of-banks-losses/article35370991.ece>



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- **PFRDA throws FDI door wide open for Pension Funds:** The legal decks have now been cleared for foreign companies to hold — directly or indirectly — up to 74 per cent stake in pension funds with the pension regulator PFRDA notifying the new revised limit. Foreign investment limit in pension funds was earlier capped at 49 per cent. The Pension Fund Regulatory and Development Authority (PFRDA) has for this purpose amended the Pension Fund regulations. This latest move comes on the heels of the pension regulator opening from June 30 an “on tap” window for grant of licences for pension fund managers. Such a window allows applicants to seek licence at any time, thereby quickening the entire process on setting up business.  
<https://www.thehindubusinessline.com/money-and-banking/pfrda-throws-fdi-door-wide-open-for-pension-funds/article35379495.ece>
- **Authum Investment to buy Reliance Commercial Fin in ₹1,629-cr deal:** Authum Investment and Infrastructure is set to acquire Anil Ambani-led Reliance Commercial Finance (RCFL) on completion of the resolution process under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019. Lenders have approved the ₹1,629 crore bid placed by Authum in the meeting held on Thursday and letter of intent was issued in favour of the company's bid. The resolution will result in overall debt reduction of Reliance Capital by over Rs 9,000 crore.  
<https://www.thehindubusinessline.com/money-and-banking/authum-investment-to-buy-reliance-commercial-fin-in-1629-cr-deal/article35379102.ece>
- **India's forex reserves rise by \$1.88 billion to record high of \$611.89 billion:** The country's foreign exchange reserves increased by \$1.883 billion to touch a record high of \$611.895 billion in the week ended July 9, RBI data showed on Friday. In the previous week ended July 2, the reserves had surged by \$1.013 billion to \$610.012 billion. In the reporting week ended July 9, the increase in forex reserves was on account of the rise in foreign currency assets (FCA), a major component of the overall reserves, the Reserve Bank of India's (RBI) weekly data showed. FCA rose by \$1.297 billion to \$568.285 billion in the reporting week. 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://www.moneycontrol.com/news/business/economy/indias-forex-reserves-rise-by-1-88-billion-to-record-high-of-611-89-billion-7185231.html>

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