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DAILY NEWS DIGEST BY BFSI BOARD

19 April 2024

BANKING & FINANCE



Deepak Parekh steps down as chairman, non-executive director of HDFC

Life: Deepak Parekh has stepped down from the role of chairman and non-executive director of HDFC Life Insurance, the company said in an exchange filing on Thursday. Keki M Mistry is the new board chairman. "Deepak S Parekh has decided to step down as the chairman and non-executive director of the company with effect from close of the business hours on April 18, 2024," said the company. "The board has unanimously approved the appointment of Keki M Mistry as the chairman of the Board with immediate effect subject to approval of the Insurance Regulatory and Development Authority."

(Business Standard)

Avaada Energy inks refinancing deal worth Rs 4,471 crore with NaBFID:

Avaada Energy on Thursday said it closed a refinancing deal of Rs 4,471 crore with National Bank for Financing Infrastructure and Development (NaBFID) for its four solar projects in Rajasthan. The financing from NaBFID will enable Avaada Energy to prepay existing loans to multiple lenders. The facility, sanctioned and disbursed as a 20-year rupee term loan, achieves significant commercial improvements over the earlier facilities prepaid, the company said in a statement.

(Business Standard)

RBI imposes Rs 60.3 lakh penalty on five co-operative banks:

The Reserve Bank has imposed penalties totalling Rs 60.3 lakh on five co-operative banks for contravention of various regulatory norms. A penalty of Rs 43.30 lakh has been imposed on Rajkot Nagarik Sahakari Bank for non-compliance with RBI directions on 'ban on loans and advances to directors and their relatives, and firms/concerns in which they are interested', 'prohibition on opening of saving bank accounts in the names of certain bodies/organizations' and 'maintenance of deposit accounts'. The central bank has imposed a monetary penalty of Rs 5 lakh each on The Kangra Co-operative Bank



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(New Delhi), Rajdhani Nagar Sahkari Bank (Lucknow), and Zila Sahakari Bank, Garhwal (Kotdwar, Uttarakhand). Besides, a penalty of Rs 2 has been imposed on District Co-operative Bank (Dehradun).

(Economic Times)

PSBs finding it hard to fill IT roles on boards; seek relaxation in RBI rule that mandates tech strategy panels: State-owned lenders have approached the government seeking relaxation in the Reserve Bank of India's guidelines regarding the composition of board-level information technology strategy committees (ITSCs), said people aware of the development. Banks are increasingly finding it difficult to ensure inclusion of nominee directors with requisite IT expertise and want professional IT consultants advising these committees to be considered towards compliance, they said. In PSBs, such board-level appointments require government approval. "To find such board-level candidates with the requisite experience is very difficult, and then all other government clearances are required before the final appointment, which also leads to delays," said one of the bank executives. In November 2023, the RBI came out with comprehensive master directions related to IT governance, risk, controls and assurance practices for banks and NBFCs. The guidelines mandated that from April 1 this year, regulated entities establish a board-level ITSC with a minimum of three directors who are technically competent. "The chairperson of the ITSC shall be an independent director and have substantial IT expertise in managing and guiding IT initiatives," said the guidelines. Bankers argue that there is a case for relaxation given that the RBI has stated that only a person with a minimum of seven years of experience in managing information systems, leading, guiding technology, cybersecurity initiatives or projects can be appointed. "PSBs have also decided to approach the RBI because banks will be in violation of the November 2023 directive, which can cause penalties," said another bank executive.

(Economic Times)



ECONOMY

Sensex, Nifty see sudden steep fall, stock investors clueless: Steep declines on key stock indices Sensex and Nifty at about 1:30 pm on Thursday baffled many stock investors. The BSE Sensex fell over 500 points within a few seconds while the NSE Nifty fell over 200 points, making investors wonder whether it was a case of basket selling. The BSE Sensex, which was off its day's high of



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73,473.05, was trading at 73,360 level, before it saw strong selling pressure that took the index to about 72,800 level within seconds. In the case of Nifty, the NSE barometer fell to 22,100 level from 22,300 within seconds. This index hit a low 22,080.95 so far. Technical charts were already reflecting weakness.

(Business Today)

IMF tells Asian central banks not to follow Fed too closely: The International Monetary Fund urged Asian central banks to focus on domestic inflation and avoid tying their policy decisions too closely to anticipated moves by the U.S. Federal Reserve. Receding expectations for a near-term interest cut by the Fed have fed steady dollar gains that have pushed down some Asian currencies such as the Japanese yen and the South Korean won.

(Economic Times)

IREDA's GIFT City office to boost Green Hydrogen and Renewable Energy Manufacturing Projects: Indian Renewable Energy Development Agency Ltd. (IREDA) has opened an office in GIFT City, Gandhinagar, which will specialize in providing debt options denominated in foreign currencies. This will facilitate natural hedging and significantly reduce the financing costs for Green Hydrogen and Renewable Energy Manufacturing projects. The strategic initiative which would contribute to the country's journey towards a greener future was highlighted by Chairperson & Managing Director of IREDA Shri Pradip Kumar Das, during a panel discussion on “Future Growth Opportunities for Long Duration Energy Storage”, held at the World Future Energy Summit 2024 in Abu Dhabi on April 17, 2024.

(PiB)

Indian banks among best-performing lenders versus peers in Asia: S&P Global Market Intelligence: Three Indian lenders made it to the list of top 50 banks by assets in the Asia-Pacific region in 2023, up from two in 2022, according to a report by S&P Global Market Intelligence. These Indian banks are the State Bank of India, HDFC Bank, and ICICI Bank. According to the financial information and analytics firm, Indian banks have been among the best-performing lenders among peers in Asia. Improvement in financial metrics, coupled with high credit growth in a robust economic environment, has boosted banks' assets in recent years. The aggregate assets of the lenders rose sharply by 50.5 per cent to USD 1.510 trillion in 2023, the report said. According to it, a large part of the increase was due to the merger of HDFC Bank Ltd with its parent Housing Development Finance Corp in July 2022.

(Economic Times)



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INDUSTRY OUTLOOK



Elon Musk's Tesla initiates formal dialogue with govt on new EV policy: In its first official engagement with the Indian government, Elon Musk-led Tesla and other global automotive manufacturers sought clarification on the new electric vehicle (EV) policy, specifically regarding investment guidelines and the timeline for the Domestic Value Addition (DVA) requirement. Officials who attended the meeting told Business Standard that the Original Equipment Manufacturers (OEMs) tried to understand whether the complete investment would be made within three or five years and the duration they would have to achieve the 50 per cent Domestic Value Addition (DVA). “The consultation meeting was convened to address queries from automobile Original Equipment Manufacturers (OEMs). We answered the queries regarding the timeline for investment and DVA,” Hanif Qureshi, additional secretary, Ministry of Heavy Industries (MHI), told this paper.

(Business Standard)

Infosys Q4 results: Net profit jumps 30% to Rs 7,969 crore, revenue up 1.3%: IT major Infosys, on Thursday, reported a consolidated net profit increase of 30 per cent to Rs 7,969 crore for the quarter of January-March in the financial year 2024 (Q4FY24), compared to Rs 6,128 crore reported during the same period last year. The consolidated revenue went up 1.3 per cent to Rs 37,923 crore, compared to Rs 37,441 crore reported during Q4FY23. The company expects revenue to grow by 1-3 per cent in constant currency for the financial year 2025 (FY25). For FY24, Infosys reported a net profit increase of 8.9 per cent to Rs 26,233 crore from Rs 24,095 crore recorded at the end of FY23.

(Business Standard)

NCLT grants one week to Byju's, Teleperformance to settle debt dispute: The National Company Law Tribunal (NCLT) at Bengaluru on Thursday granted a week's time to Teleperformance Business Services India to settle its dispute with Think & Learn Pvt Ltd, the parent company of edtech firm Byju's, in relation to a default in payment by the latter, according to the law platform Bar & Bench. This came after Byju's counsel, Senior Advocate Pramod Nair, informed the NCLT that it was trying to resolve the issue with Teleperformance, the creditor.

(Business Standard)



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REGULATION & DEVELOPMENT

FSSAI to examine claims of Nestle adding sugar and honey to baby food: The Food Safety and Standards Authority of India (FSSAI) will “closely examine” claims of Nestlé adding sugar and honey to its infant milk and cereal range sold in low- and middle-income countries, sources in the know told Business Standard on Thursday. The move comes a day after the British publication The Guardian reported an investigation, which revealed that the global packaged goods major added sugar in the form of sucrose or honey in its Nido and Cerelac range sold in Asia, Africa, and Latin America. The list and modes of monetisation based on its own plans going forward. The investigation was carried out by Public Eye, a Swiss investigative organisation in collaboration with the International Baby Food Action Network.

(Business Standard)

Govt mulls allowing sale of common medicines in general stores: A government-appointed committee is contemplating the idea of making commonly used drugs like cough and cold medicines, antacids, and fever-reducing drugs available at general stores in India. The committee, entrusted with formulating India's over-the-counter (OTC) drug policy, discussed this proposal during a recent meeting, reported the Times of India. "Many countries, like the US, allow sale of commonly used medicines in grocery stores also. A suggestion was made by some of the experts looking into India's OTC drug policy to allow the same here also for improved accessibility, especially in the rural areas. However, no decision has been taken yet," Times of India reported quoting a source. OTC medicines are those that can be purchased without a doctor's prescription, with countries like the USA, UK, and Australia having well-defined guidelines for their sale and regulation.

(Economic Times)



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FINANCIAL TERMINOLOGY

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- ❖ A qualified institutional buyer (QIB) is a class of investor that can safely be assumed to be a sophisticated investor and hence does not require the regulatory protection that the Securities Act's registration provisions give to investors. In broad terms, QIBs are institutional investors that own or manage on a discretionary basis at least \$100 million worth of securities.
- ❖ The SEC allows only QIBs to trade Rule 144A securities, which are certain securities deemed to be restricted or control securities, such as private placement securities for example.
- ❖ Under Rule 144A, QIB's are allowed to trade restricted and control securities on the market, which increases the liquidity for these securities.
- ❖ As per SEBI, QIBs are institutional investors who possess the necessary expertise and financial strength to carefully evaluate and invest in capital markets.
- ❖ SEBI defines the following as Qualified Institutional Investors (QIBs): Mutual Funds, Foreign institutional investor registered with SEBI, Scheduled commercial bank, Public financial institution, Insurance Company etc.



RBI KEY RATES

Repo Rate: 6.50%
SDF: 6.25%
MSF & Bank Rate: 6.75%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 83.5170
INR / 1 GBP : 104.2476
INR / 1 EUR : 89.2736
INR /100 JPY: 54.1800

EQUITY MARKET

Sensex: 72488.99 (-454.69)
NIFTY: 21995.85 (-152.05)
Bnk NIFTY: 47069.45 (-415.35)

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- ❖ Certificate Course on Treasury and International Banking
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 - ❖ BFSI Chronicle (quarterly issue of BFSIB)
 - ❖ Handbook on Stock & Book Debts Audit (Revised and Enlarged 2nd Edition)
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