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DAILY NEWS DIGEST BY BFSI BOARD

20 January 2025



ECONOMY

India's forex reserves hit 10-month low at \$625.87 billion; rupee drags: India's foreign exchange reserves (Forex) continue to decline, extending their slump for the sixth consecutive week, standing at \$625.87 billion as of January 10, 2025, according to the weekly data released by the Reserve Bank of India (RBI). As of January 10, the country's foreign exchange kitty declined by \$8.72 billion to \$625.871 billion, making its ten-month low, the latest data from the central bank showed. The reserves had been falling ever since it touched an all-time high of \$704.89 billion in September. It had been declining likely due to RBI intervention aimed at aggressively preventing a sharp depreciation of the rupee.

(Business Line)

India sending biggest-ever contingent at World Economic Forum in Davos; Union ministers, CMs of Maharashtra, AP in attendance: India is set to make a prominent appearance at the World Economic Forum's (WEF) Annual Meeting in Davos, which begins Monday. The country is sending its largest-ever delegation, comprising five union ministers, three state chief ministers, and nearly 100 CEOs and leaders from government, civil society, and the arts. India's presence highlights its "unity in diversity" as it looks to showcase its growing economic power and global influence. Union Minister Ashwini Vaishnaw, who will lead the Indian delegation, stressed on WEF's interest in understanding India's economic policies, digital transformation, and the country's new digital infrastructure under the Digital India initiative.

(Financial Express)

Rupee REER declines in December after November peak, shows RBI data: The Real Effective Exchange Rate (REER) of the rupee moderated in December to 107.20 after hitting a peak of 108.14 in November, latest data released by the Reserve Bank of India (RBI) showed. The REER was 103.66 in January 2024. The rupee depreciated around 3 per cent against the dollar in 2024. REER,



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which represents the inflation-adjusted, trade-weighted average value of a currency against its trading partners, is often used as an indicator of external competitiveness. The rupee had depreciated by 1.31 per cent in December. The dollar index rose by 2.75 per cent to 108.48 during the month. It measures the strength of the greenback against a basket of six major currencies.

(Business Standard)

BANKING & FINANCE



IIFL Finance also taps global debt markets: Canadian billionaire Prem Watsa-backed IIFL Finance became the third firm from India to raise funds from the global debt capital markets (DCM) this week, with local issuers seemingly racing against the clock to avoid anticipated volatility in benchmark yields through the initial months of Donald Trump's second presidency. IIFL Finance raised \$325 million at 8.75% for a 3.5-year bond, joining Tata Capital and Vedanta Resources in tapping global debt markets this week. This move reflects strong investor interest in India's financial sector, helping IIFL Finance diversify funding sources amidst domestic liquidity constraints. Over 55% of subscribers were US investors.

(Economic Times)

NCLAT restores IFIN's Rs 593-cr claim in Attivo with 39% vote share in lenders' panel: The National Company Law Appellate Tribunal (NCLAT) has restored claims worth Rs 593 crore of IL&FS Financial Service (IFIN) along with its voting rights in the committee of creditors in the ongoing insolvency resolution process of Attivo Economic Zones. Earlier the interim resolution professional of Attivo Economic Zones, a part of Kolkata-based Srei Infrastructure Finance (SIFL) and in the business of developing managing and marketing industrial parks, had on September 12, 2023, rejected t ..

(Economic Times)

Punjab & Sind Bank to raise ₹2,000 cr via QIP this quarter: MD & CEO Swarup Kumar Saha: Punjab and Sind Bank plans to raise ₹2,000 crore through Qualified Institutional Placement (QIP) during the ongoing quarter, a top official of the bank said. The bank has already appointed merchant bankers and legal advisers for the proposed QIP, Punjab & Sind Bank managing director and CEO Swarup Kumar Saha told PTI. "With the QIP, the government holding in the bank would come down 3-4 per cent and capital adequacy ratio would rise at the end of March 2025," he said. The



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government of India holds 98.25 per cent stake in Punjab & Sind Bank at the end of December 2024, he said.

(Mint)

Kotak Mahindra Bank Q3 results: Consolidated net up 10% at Rs 4,701 crore: Private sector lender Kotak Mahindra Bank reported a consolidated net profit of Rs 4,701 crore during the quarter ended December, up 10 per cent year-on-year (Y-o-Y). Kotak Securities net profit grew 46 per cent y-o-y to Rs 448 crore while Kotak Asset Management & Trustee Company's net profit increased 65 per cent to Rs 240 crore. On a standalone basis, the lender's net profit for the period under review went up to Rs 3,305 crore from Rs 3,005 crore during the previous year, an increase of 10 per cent driven by both core and non-core income.

(Business Standard)

INDUSTRY OUTLOOK



Donald Trump to revive TikTok, but wants 50% US ownership: President-elect Donald Trump said he would revive TikTok access in the U.S. by executive order after he is sworn in on Monday, but said he wants the popular social media app to be at least half owned by U.S. investors. TikTok stopped working for its 170 million American users late on Saturday before a law shutting it down on national security grounds took effect on Sunday. U.S. officials had warned that under Chinese parent company ByteDance, there was a risk of Americans' data being misused. Trump said he would "extend the period of time before the law's prohibitions take effect, so that we can make a deal to protect our national security." "I would like the United States to have a 50% ownership position in a joint venture. By doing this, we save TikTok, keep it in good hands and allow it to say up," he wrote on Truth Social.

(Moneycontrol)

'Baseless and defamatory': Motilal Oswal refutes bribery allegations surrounding Kalyan Jewellers investment after stock crash: Motilal Oswal Asset Management Company (AMC) has issued a strong rebuttal to rumours circulating on social media regarding its investments in Kalyan Jewellers. The allegations suggested that fund managers at Motilal Oswal AMC were bribed to increase holdings in the jewellery firm. In a statement released on Sunday, the AMC called the claims "baseless, malicious, and defamatory." The leadership of Kalyan Jewellers, whose shares have faced consistent selling pressure over the past two weeks, previously denied these allegations during



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an analyst call last week. Motilal Oswal AMC echoed this stance, dismissing the claims as an attack on its integrity.

(Financial Express)

Hindenburg founder Nate Anderson under investigation for sharing reports with hedge fund: Nate Anderson, the founder of Hindenburg Research, recently announced the closure of his nearly eight-year-old activist short-selling firm. However, the company, which gained global attention in 2023 for its critical report on Gautam Adani's conglomerate, now faces allegations of collusion with hedge funds in preparing bearish reports. According to a report by a Canadian portal, Market Frauds, court documents from a defamation lawsuit filed in the Ontario Superior Court of Justice suggest that Anderson collaborated with Moez Kassam, the head of Canada's Anson Funds. The documents reportedly indicate that Hindenburg and Anson worked together on crafting bearish reports targeting companies, raising questions about securities fraud.

(Financial Express)



REGULATION & DEVELOPMENT

Budget: Govt could cut customs duty on raw materials to boost manufacturing: The government could reduce customs duty on inputs used in manufacturing medical equipment, electronic goods and footwear industries in the forthcoming Budget to boost local manufacturing, according to tax experts. Key demands from the Customs side from the 2025-26 Budget, to be tabled in Parliament on February 1, would be rate rationalisation, simplification of the regime, and litigation and dispute management. "In the lines of the phased manufacturing plan, we expect some duty cuts in raw materials in electronics, home appliances, healthcare products, and pharmaceuticals. These are the industries where the government wants to give impetus in terms of manufacturing, and hence, we will see the raw materials declining in these sectors," Singh told PTI.

(Business Standard)

Piyush Goyal discusses FTA with EU Commissioner during Brussels visit: Union Minister of Commerce and Industry Piyush Goyal began his visit to Brussels on Saturday with a meeting with Maros Sefcovic, the European Union Commissioner for Trade and Economic Security. The two leaders discussed bilateral issues, including trade relations and the India-EU Free Trade Agreement. Goyal is on a visit to Brussels for a High-Level Dialogue with Maros Sefcovic from January 18-20.

(Business Standard)



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Finance Ministry dept to meet business correspondents, banks next week: The Department of Financial Services (DFS) has called a meeting of the monitoring committee on the functioning of business correspondents (BCs) on January 21. Among the key discussion points, sources said, are the payment of fixed commissions to BCs in rural centres by banks and the waiver of penalties. The setting up of an infrastructure and equity fund for corporate BCs is to be explored, with the option of tapping the National Bank for Agriculture and Rural Development's Financial Inclusion Fund and the Reserve Bank of India's (RBI's) Payments Infrastructure Development Fund for the same.

(Business Standard)



FINANCIAL TERMINOLOGY

ANNUAL REVENUE RUN RATE (ARR)

- ❖ Annual revenue run rate is a financial metric that estimates a company's future revenue by projecting current revenue over a year. It's also known as sales run rate or data annualization.
- ❖ To calculate the ARR; Divide the total revenue for a given period by the number of days in that period and then multiply the result by 365.
- ❖ It helps companies forecast future revenue and plan budgets.
- ❖ It helps companies compare their performance to others in their industry.
- ❖ It's useful for companies that are growing rapidly, young, or trying to raise funds.
- ❖ However some factors that can affect annual revenue run rate, such as; Month-to-month sales can be volatile, which can affect the annual revenue run rate.



RBI KEY RATES

Repo Rate: 6.50%
SDF: 6.25%
MSF & Bank Rate: 6.75%
CRR: 4.00%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 86.5844
INR / 1 GBP : 105.7138
INR / 1 EUR : 89.0798
INR /100 JPY: 55.6300

EQUITY MARKET

Sensex: 76619.33 (-423.49)
NIFTY: 23203.20 (-108.60)
Bnk NIFTY: 48540.60 (-738.10)

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