



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

June 24, 2021

- **HDFC Life announces Rs 2,180-crore bonus for participating insurance plan subscribers:** HDFC Life on Wednesday announced a bonus of Rs 2,180 crore to its policyholders subscribing to participating insurance plans. Under a participating plan, a policyholder is eligible to get a share in the profits of company in the form of bonus. The eligible participating policyholders will get a share of the surplus generated in the participating fund and their benefit amount will increase with declaration of bonuses every year, HDFC Life said in a statement. It exceeds the previous year's bonus by 44 per cent. A total of 15.49 lakh policyholders are eligible for this bonus, it said. Out of the total amount, Rs 1,438 crore will be payable to policies in this financial year as bonus on maturing policies or as cash bonuses, said the insurer. The remaining bonus amount would be payable in the future when policies exit on maturity, death or surrender.
<https://economictimes.indiatimes.com/industry/banking/finance/insure/hdfc-life-announces-rs-2180-crore-bonus-for-participating-insurance-plan-subscribers/articleshow/83775351.cms>
- **Carlyle deal: PNB Housing Fin EGM outcome contingent upon SAT order next month:** PNB Housing Finance on Wednesday said it will disclose the outcome of shareholders' meeting held a day earlier -- on Rs 4,000 crore capital infusion led by Carlyle Group -- in accordance with the order of the Securities Appellate Tribunal next month. The company moved the tribunal on Monday after the capital markets regulator asked it on June 18 not to go ahead with the proposed capital raise plan by allotting preference shares to the investors until it carried out a valuation of shares from an independent registered valuer. The SAT in an order dated June 21 allowed the company to go ahead with the EGM, but restricted it not to announce the voting results by the shareholders, as the matter is pending before the court. The housing finance company promoted by state-owned Punjab National Bank ran into trouble as concerns were raised about its preference issue of shares to a set of investors led by US-based Carlyle group, and that it was not in the interest of minority shareholders and the promoter.
<https://economictimes.indiatimes.com/industry/banking/finance/carlyle-deal-pnb-housing-fin-egm-outcome-contingent-upon-sat-order-next-month/articleshow/83778850.cms?from=mdr>
- **Federal Bank donates 10,000 Covid vaccine carriers to Kerala:** Continuing its support to the state's fight against COVID-19, the Federal Bank has donated 10,000 vaccine carriers to the tune of Rs.92.04 lakh to the Kerala government. This was part of various infrastructure, logistical and awareness programmes that the Federal Bank Hormis Memorial Foundation, the CSR arm of the bank major, recently undertook to help combat the second wave of the pandemic in the country. The Federal Bank team, led by Reji P G, Deputy Vice President-II, formally handed over the contributed equipment to the state Health Minister Veena George here recently, an official statement said here. Nisha K Das, Regional Head and Deputy Vice President-II, Thiruvananthapuram and Kavitha K Nayar, State Business Head, Government Business were among those officials who were present during the occasion, it said.
<https://economictimes.indiatimes.com/industry/federal-bank-donates-10000-covid-vaccine-carriers-to-kerala/articleshow/83773878.cms>



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- **Have redoubled efforts to fix tech loopholes: HDFC Bank CEO:** Private lender HDFC Bank has redoubled efforts to fix the IT infrastructure glitches and has embarked on a scale changing technology adoption. The RBI sanctioned IT audit of the lender is also complete, the report is now submitted to the regulator and the bank is now awaiting further directions, HDFC Bank's managing director and CEO, Shashidhar Jagdishan in the bank's annual report 2020-2021. "As a Bank we are certainly sorry for what has happened and have taken this as an opportunity to improve and redouble our efforts to fix this problem for good," he said. "We have now embarked on a scale changing technology adoption and transformation agenda to help drive our ambitious future growth plans."
<https://economictimes.indiatimes.com/industry/banking/finance/banking/have-redoubled-efforts-to-fix-tech-loopholes-hdfc-bank-ceo/articleshow/83776647.cms?from=mdr>
- **Bandhan Bank gets branding rights of Salt Lake Sector V Metro station:** Bandhan Bank has received the branding rights of the entire Salt Lake Sector V Metro station, a bank official said. The metro station of Salt Lake Sector V in Kolkata will henceforth be known as "Bandhan Bank Salt Lake Sector V Metro station" the official said. The bank said on Wednesday that it has entered into an arrangement with Kolkata Metro for the branding rights of the entire station of Salt Lake Sector V. This is the first of its kind arrangement for the Indian Railways where a private entity has been given the branding rights to an entire station, the bank said in a statement. "While such arrangements are seen across various metro stations in other larger cities, this is the first for Indian Railways and also for the city of Kolkata, whose metro service is the oldest in the country," the bank official said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bandhan-bank-gets-branding-rights-of-salt-lake-sector-v-metro-station/articleshow/83776782.cms?from=mdr>
- **Central bank digital currencies can offer finality, liquidity, integrity: BIS:** Central bank digital currencies can offer "finality, liquidity and integrity", and could provide strong data governance as well as privacy standards based on digital identities, the Bank for International Settlements (BIS) said on Wednesday. The backing for such currencies by the Switzerland-headquartered BIS, which is also known as the central bank of all central banks, also comes at a time when there are ongoing intense discussions in India and many other countries on crypto currencies. Noting that central banks stand at the centre of a rapid transformation of the financial sector and the payment system, BIS said Central Bank Digital Currencies (CBDCs) represent a unique opportunity to design a technologically advanced representation of central bank money, one that offers the unique features of finality, liquidity and integrity. "Innovations such as crypto currencies, stable coins and the walled garden ecosystems of big techs all tend to work against the public good element that underpins the payment system."
<https://bfsi.economictimes.indiatimes.com/news/banking/central-bank-digital-currencies-can-offer-finality-liquidity-integrity-bis/83798924>
- **Banks getting ready for rise in credit demand, raising capital:** As business gets back on track with the number of Covid infections slowing down, banks have started working on their pent-up capital raising plans. State-owned Indian Bank has launched a Rs 4,000-crore share sale to institutional investors, while the country's largest lender State Bank of India received its board's approval to raise Rs 14,000 crore through issuance of additional tier 1 capital. Kolkata-based Uco Bank too received a board approval for Rs 500 crore tier 2 issue on Wednesday, over and above an earlier approval for up to Rs



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3,000 crore through share sales. The non-food year-on-year credit growth was recorded at 5.7% as on June 4, slower than 6.2% seen a year back, Reserve Bank of India data showed. This reflects risk aversion from both borrowers and lenders. However, bankers and brokerages are expecting an uptrend here on. "We continue to believe that credit growth will bounce back in the near-term from the short-term 'second wave' disruption," HDFC Securities said in a note earlier in the month, with a caution that a sustained recovery in loan growth could be elusive until the capex cycle revives.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-getting-ready-for-rise-in-credit-demand-raising-capital/articleshow/83781334.cms?from=mdr>

- **CredAvenue facilitates ₹ 337.5-crore debenture issue from Spandana Sphoorty:** Chennai-based CredAvenue on Wednesday announced that it has facilitated the largest ever Market Linked Debenture (MLD) issuance of ₹337.5 crore in the microfinance (MFI) sector through its online bond platform "Plutus". The enterprise debt marketplace said, the MLD issue from Spandana Sphoorty Financial Ltd (SSFL) received very strong interest and participation from HNI investors, family offices and corporate treasuries. SSFL MLDs have been assigned a rating of IND PP-MLD A/ Stable by India Ratings, implying low credit risk. "We are excited to partner with CredAvenue in this landmark transaction. It is good to see heightened interest from retail investors in both our company and the microfinance sector. Funds raised through this issuance will help us scale our business profitably at an accelerated pace," Padmaja Reddy, Founder and MD, SSFL said.
<https://www.thehindubusinessline.com/money-and-banking/credavenue-facilitates-3375-crore-debenture-issue-from-spandana-sphoorty/article34935450.ece>
- **HDFC Bank looks to grow investment banking business:** Private sector lender HDFC Bank is looking to grow its investment banking business and possibly double it over the next two years. "We are investing in the business. Organically, we are growing and inorganically also we are happy to look at options of partnership and ways to grow this business," said Rakesh Singh, Group Head – Investment Banking, Private Banking, Marketing and Products, HDFC Bank. The focus will be more on the equity side as the bank has been doing well on the debt side. In an interaction with BusinessLine, Singh said the lender is hiring people and strengthening its teams in divisions including equity research and sales investment banking.
<https://www.thehindubusinessline.com/money-and-banking/hdfc-bank-looks-to-grow-investment-banking-business/article34922932.ece>
- **DHFL creditors vote against higher distribution of funds to small investors:** The Committee of Creditors of Dewan Housing Finance Corporation Ltd (DHFL) has voted against the proposal for redistribution of funds to small deposit holders. Sources said 89.19 per cent of the votes by financial creditors, including fixed deposit holders, were cast against the proposal. Only 2.96 per cent of votes were in favour of the proposal while 7.85 per cent abstained from voting. This will mean that the current distribution pattern for DHFL will continue. Fixed deposit holders will get about ₹1,241 crore, that is 23 per cent of their admitted claims of about ₹5,400 crore. The National Company Law Tribunal (NCLT), in its order on June 7, had suggested 40 per cent recovery to small deposit holders on the lines of that of financial creditors.



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<https://www.thehindubusinessline.com/companies/dhfl-creditors-vote-against-higher-distribution-of-funds-to-small-investors/article34932244.ece>

- **Customer retention is a challenge for HFCs: Deepak Parekh:** HDFC Ltd Chairman Deepak Parekh has highlighted the challenge for housing finance companies to retain customers amidst low-interest rates being offered by several banks and increased loan amounts. "It would be of great comfort for all HFCs to have this issue put to rest," Parekh said in a letter to shareholders. "Another niggling point for HFCs is retention of customers. Lenders are susceptible to losing their existing customers to other players who often lure them through lower interest rates or increased loan amounts. As there are no prepayment penalties on floating rate loans, a lender can take over a home loan rather effortlessly," Parekh said in a letter to shareholders.
<https://www.thehindubusinessline.com/money-and-banking/customer-retention-is-a-challenge-for-hfcs-deepak-parekh/article34933080.ece>
- **Barclays CEO Staley says bad loan concern is diminishing:** Barclays Plc Chief Executive Officer Jes Staley said the bank is increasingly optimistic about the multibillion-dollar loan books it feared could sour because of the pandemic. "Concerns around impairment will come down quite a bit," Staley said in an interview at Bloomberg's Qatar Economic Forum broadcast on Wednesday. "We have a very large impairment reserve as we were very conservative last year and, given what we see right now with the economy, that gives us a lot of cushion." Rival British banks including Lloyds Banking Group Plc and NatWest Group Plc have already begun to release some of the provisions they built up in anticipation of bad loans as Covid-19 battered the economy. Barclays, though, has kept the 4.8 billion pounds (\$6.7 billion) it set aside last year. Staley had previously said the bank could free up some funds during 2021 if activity rebounded. "I'm actually quite encouraged, as we go to the second half of this year, that economic growth is going to be robust, and we're going to come out of this pandemic," said Staley.
<https://www.livemint.com/industry/banking/barclays-ceo-staley-says-bad-loan-concern-is-diminishing-11624459124838.html>
- **DHFL creditors, depositors reject new distribution plan:** The committee of creditors (CoC) to Dewan Housing Finance Corp Ltd (DHFL) has rejected a proposal to increase recoveries for smaller investors, including fixed deposit holders, by an overwhelming majority of 89.19%, documents showed. Interestingly, the proposal was also rejected by depositors who have a voting share of 6.18%. This means they are now likely to receive ₹1,241 crore or 23% of their total claim of ₹5,299 crore. DHFL's committee of creditors voted on a proposal to approve an additional ₹966 crore for FD holders from the recoveries made. Lenders also put to vote proposals to distribute an additional ₹540 crore for unsecured non-convertible debenture (NCD) holders, ₹263.6 for small secured NCD holders. Others eligible for more funds than originally envisaged include the Army Group Insurance Fund, which will get ₹21.85 crore; the Navy Children School, which will get ₹1.95 crore; and the Air Force Group Insurance Society, which will get ₹56.09 crore.
<https://www.livemint.com/industry/banking/dhfl-creditors-depositors-reject-new-distribution-plan-11624433253296.html>



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- **ED attached assets more than money due to banks: Mehul Choksi's lawyer:** After the Enforcement Directorate transferred a portion of attached assets in cases of Vijay Mallya, Nirav Modi, and Mehul Choksi to Public Sector Banks (PSBs) and the Central Government, the lawyer of Mehul Choksi has issued a statement on Wednesday and claimed that the ED has indeed attached assets much more than the money due to the banks." Advocate Vijay Aggarwal, in the Mehul Choksi case, said, "ED has indeed attached assets much more than the money due to the banks. Further, if one looks at the principal amount and the kind of haircut banks are taking in NCLT (National Company Law Tribunal) or otherwise in OTS, in this case, banks will recover more than a hundred per cent of the principal as well as interest." "However, for the people, who have been declared fugitive, I have my doubts as to how will banks get the money as in the Fugitive Economic Offenders Act. There is no provision to give the money to the victims and the money is confiscated by the central government. However in the prevention of money laundering act, there is an amendment in 2019 in the prevention of money laundering restoration of property rules 2016, now bank as a victim can approach the special Judge PMLA and seek the property seized to satisfy their dues," he added.
https://www.business-standard.com/article/finance/ed-attached-assets-more-than-money-due-to-banks-mehul-choksi-s-lawyer-121062300845_1.html
- **Eoi for sale of IDBI Bank likely by September:** The department of investment and public asset management (DIPAM) in the finance ministry on Tuesday floated a Request For Proposal (RFP), inviting transaction and legal advisers for strategic disinvestment of IDBI Bank. Once these advisers are appointed, the department would promptly invite expressions of interest (Eois) for purchase of the stakes on offer and this would likely be by September, a senior official told FE. According to the RFQ, the applications can be filed till July 13. Once these advisers are appointed, the department will promptly invite expressions of interest (Eois) for purchase of the stakes on offer and this would likely be by September, the official added. As per the plan, the government will exit the bank by divesting its entire 45.48% stake worth about Rs 19,000 crore at the current market prices and promoter Life Insurance Corporation will offer to sell a portion of its 49.24% stake with an intent to relinquish management control.
<https://www.financialexpress.com/industry/banking-finance/eoi-for-sale-of-idbi-bank-likely-by-september/2276504/>
- **RBI imposes penalties on three co-operative banks in Maharashtra for not complying with regulations:** The Reserve Bank of India (RBI) on June 23 imposed monetary penalties on Janseva Sahakari Bank, Pune, Excellent Co-operative Bank, Mumbai, and The Ajara Urban Co-operative Bank, Kolhapur, for non-compliance with various regulations. Excellent Co-operative Bank, Mumbai, was fined Rs four lakh for contravention of the directions issued by RBI on 'Maintenance of Deposit Accounts' and 'Know Your Customer (KYC)'. Janseva Sahakari Bank was fined Rs two lakh for contravention of the direction issued by the RBI on KYC. The Ajara Urban Co-operative Bank was also fined Rs two lakh for contravention of direction issued by the RBI on maintenance of deposit accounts.
<https://www.moneycontrol.com/news/business/rbi-imposes-penalties-on-three-co-operative-banks-in-maharashtra-for-not-complying-with-regulations-7078511.html>



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- **IDBI Bank share price surges 6% as govt plans to sell 26% stake in the company:** IDBI Bank share price surged 6 percent in the early trade on June 23 on report the government may sell 26 percent stake in the company. The Centre, on June 22, kick-started the process of selling its stake in IDBI Bank, by issuing Request for Proposals (RFP) to hire transaction and legal advisors to advice on the sale process. However, these RFPs have deviated from previous transactions in a very crucial way. In previous divestment RFPs, whether to hire advisors or seek bids from prospective investors, it has been clearly mentioned how much stake in the relevant company the government would like to offload. Not in the case of IDBI Bank though. The government has not yet finalized how much stake to sell and will do so in consultation with the Reserve Bank of India, LIC Ltd, and the appointed transaction advisor, a senior government official told Moneycontrol.
<https://www.moneycontrol.com/news/business/stocks/idbi-bank-share-price-surges-6-as-govt-plans-to-sell-26-stake-in-the-company-7073841.html>
- **Sensex slips 282 points, Nifty below 15,700 on profit-booking:** The BSE Sensex closed at 52,306.08, down 282.63 points or 0.54 per cent. It hit an intraday high of 52,912.35 and a low of 52,264.12. The Nifty 50 closed near the day's low of 15,673.95 at 15,686.95, down 85.80 points or 0.54 per cent. It hit an intraday high of 15,862.95. Maruti, Titan, Bajaj Finserv, M&M and ONGC were the top gainers on the Nifty 50 while Adani Ports, Wipro, Divi's Labs, Shree Cements and JSW Steel were the top laggards.
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-jumps-over-100-points-nifty-tops-15800/article34921277.ece>
- **Rupee ends 10 paise higher against US dollar:** The rupee snapped its two-day losing streak to settle 10 paise higher at 74.27 against the US dollar on Wednesday, tracking a weak greenback overseas. At the interbank forex market, the local unit opened at 74.26 against the American currency and witnessed an intra-day high of 74.07 and a low of 74.39. It finally ended at 74.27 against the US dollar, registering a rise of 10 paise over its previous close. On Tuesday, the rupee had settled at 74.37. The dollar index, which gauges the greenback's strength against a basket of six currencies, dipped 0.01 per cent to 91.74.
<https://www.thehindubusinessline.com/markets/forex/rupee-surges-12-paise-to-7425-against-us-dollar/article34921840.ece>

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