



**THE INSTITUTE OF
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DAILY UPDATES BY BFSI COMMITTEE, ICAI

May 20, 2021

- **Central Bank of India gets shareholder nod to allot Rs 4,800-cr preference shares to govt:** Central Bank of India on Tuesday said its shareholders have approved allotment of preference shares to the government for a Rs 4,800-crore capital infusion. At the virtual extraordinary general meeting (EGM), the state-owned bank's Chairman Tapan Ray said the preference share allotment to the government has been worked out at Rs 17.11 per share. The consent of the shareholders was given with over 97 per cent votes in favour of the resolution to issue and allot up to 2,80,53,76,972 equity shares to government on a preferential basis aggregating up to Rs 4,800 crore, the bank said. Shares of the bank closed 0.56 per cent down at Rs 17.90 apiece on the BSE. - economic time
- **Shaktikanta Das asks PSBs to quickly implement measures announced by RBI:** RBI Governor Shaktikanta Das on Wednesday asked state-owned banks to quickly implement measures announced by the central bank recently in the "right earnest", and to continue focussing on steps to enhance the resilience of their balance sheets. Das during a meeting with the MDs and CEOs of public sector banks acknowledged the important role being played by PSBs in extending various banking facilities including credit facilities to individuals and businesses while tackling the challenges brought on by the pandemic. "He impressed upon the banks to quickly implement the measures announced by RBI recently in the right earnest. He also urged the banks to continue focussing on steps to enhance the resilience of their balance sheets," the RBI said in a statement post the meeting held over video conference. - economic times
- **IDBI Bank launches fully automated loan processing system:** IDBI Bank has launched a fully digitised, end-to-end Loan Processing System (LPS) for its MSME (micro, small and medium enterprise) and agriculture customers. The bank, in a statement, said the new system seamlessly integrates with data fintechs, bureau validations, document storage/ retrieval, account opening/ management, customer notifications, and portfolio management capabilities, along with embodied credit policy/ knock off parameters. Suresh Khatanhar, Deputy Managing Director, IDBI Bank, said more than 50 product lines will be on LPS, which will offer seamless credit lifecycle. "LPS integrates with the existing core database, human resource management system, and various other applications of the bank. - Business Line
- **NCLT directs DHFL's administrator to submit Kapil Wadhawan's resolution plan to lenders:** The Mumbai bench of the National Company Law Tribunal (NCLT) on Wednesday has directed the Reserve Bank of India (RBI) appointed administrator of Dewan Housing Finance (DHFL) to put the resolution plan, proposed by its ousted promoter Kapil Wadhawan, to the lenders. As



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per the tribunal’s oral order, the lenders will have 10 days time to review the plan. The division bench of a judicial member HP Chaturvedi and a technical member Ravikumar Duraisamy in an oral order directed the administrator of DHFL to table the Kapil Wadhawan’s resolution plan to the Committee of Creditors (CoC) and has adjourned the matter for further hearing to May 31. “We are not interfering with the commercial wisdom of the lenders and CoC but all we are saying is that they can consider the plan and gave their decision within 10 days,” said the tribunal in its oral order. - economic times

- **Q1 is challenging but we expect 3 good quarters this fiscal: Ujjivan SFB:** Even as the second wave of Covid-19 infections affects collection efficiencies and hampers credit demand, Ujjivan Small Finance Bank is hopeful of a recovery by June-end. “We are hopeful that now that cases have started to decline, the situation should become normal in another 30 days or by the end of June, and there would be a gradual restoration of business activities, including in rural areas,” said Nitin Chugh, Managing Director and CEO, Ujjivan SFB. “This quarter is going to be challenging but we are hopeful that as things return to normal, hopefully by the end of the quarter, we should have three good quarters in the year,” he told BusinessLine. - Business Line
- **Bounce rates of auto debit transactions rise in April:** In a worrying repetition of last year’s Covid-19 led economic distress, bounce rates for recurring transactions were elevated in April. Data captured by the National Payments Corporation of India from its National Automated Clearing House (NACH) platform, too reveal that the number of unsuccessful auto debit requests in the month of April had once again begun to climb up after remaining low in March. According to NPCI’s data, of the total of 8.54 crore auto debit transactions on the NACH platform in April, 5.63 crore were successful while 2.9 crore were returned. This reflects a return or bounce rate of 34.05 per cent in April compared to 32.76 per cent in March. - Business Line
- **HSBC India’s digital banking for corporate customers:** HSBC India has launched digital banking solutions for its corporate customers. “HSBC SmartServe and HSBC IntelliSign are first-of-its-kind digital solutions aimed at ensuring a quick, secure and seamless on-boarding process for corporate clients,” it said in a statement on Wednesday. The API-enabled solutions provide an accelerated on-boarding experience, replacing the documentation process with a digital platform, including the use of electronic signatures, as well as leveraging existing data assets to complete account opening requirements, it further said. - Business Line
- **Kumbhat Financial to be taken over by 3 investors for ₹9 crore:** Kumbhat Financial Services, a Chennai-based non-deposit accepting non-banking finance company (NBFC), will be taken over by investors Sunil Khetpalia, Maneesh Parmar and Ravindran R for a cash consideration



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of ₹9 crore. The company will make a preferential issue of 90,00,000 equity shares on a private placement basis. The acquirers of the BSE-listed company have also floated an open offer for 35.75 lakh fully paid-up equity shares representing 26 per cent of Emerging Voting Share Capital of Kumbhat Financial as their collective holding post preferential share allotment is estimated to be over 65 per cent, triggering SEBI's open offer clause. - Business Line

- **Indiabulls Housing Finance Q4 net profit up 102%:** Indiabulls Housing Finance reported a 102 per cent increase in its net profit to ₹276 crore for the quarter ended March 31, 2021 as against ₹137 crore in the same period in the previous fiscal. However, for 2020-21, its net profit fell to ₹1,201.5 crore from ₹2,165.92 crore in 2019-20. Its total revenue from operations declined 19.6 per cent to ₹2,371.71 crore in the fourth quarter of last fiscal from ₹2,950.04 crore a year ago. Its loan book also fell to ₹66,047 crore in the fourth quarter last fiscal from ₹73,065 crore a year ago. "Total provisions held are ₹ 2,458 crore or 3.7 per cent of loan book, which is 2.7x times of the regulatory requirement," it said on Wednesday. - Business Line
- **NBFCs had objected to RBI rules on auditor change, called for expert panel:** Non-banking finance companies (NBFC) had opposed the RBI move on changing auditors' mid-way in the financial year, and had asked the central bank to set up an expert committee instead, with representations from NBFCs and audit firms before coming with rules on audit. The RBI had said in its guidelines that all banks and NBFCs, except non-deposit taking ones below Rs 1,000 crore, should change their auditors. A minimum of two audit firms should conduct the audit, the RBI had said in its guidelines released on April 27. However, NBFCs had the flexibility to change their auditors from the second half of the current fiscal. Prior approval of the RBI was needed for such change in banks, but NBFCs could do with just notifying such change. The regulatory amendments "have wider impact and require significant planning by all the stakeholders," NBFC lobby group Finance Industry Development Council (FIDC) had written to the RBI in a letter dated April 28, a day after the guidelines were announced. - Business Standard
- **Nirmala Sitharaman urges CMs to end police manhandling of bank staff:** Finance Minister Nirmala Sitharaman has urged chief ministers of all the states to instruct the local law enforcement authorities not to hinder movement of employees of bank and insurance companies while they are on their way to their work. Observing that staff of banks and other financial sector entities played a critical role in providing essential services during the pandemic, Sitharaman, in a strongly worded letter to the heads of states, said, "I am writing to you because I note with dismay several unfortunate incidents which have taken place recently in different states where bank employees have been manhandled by State law enforcement authorities." Business Standard reviewed the letter. - Business Standard



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- **Despite 2nd Covid wave, govt targets to conclude AI, BPCL privatisation in FY22:** Notwithstanding the disruption to businesses caused by the second wave of COVID-19, the government is aiming to conclude privatisation of PSUs like Air India, BPCL and Shipping Corporation - where the divestment process has already started - this fiscal, sources said on Wednesday. The worst outbreak of pandemic in the country has led to disrupting the timetable of scheduled activities such as physical due diligence because of travel restrictions. But the process is likely to get back on track from September, the sources with the direct knowledge of the government's privatisation plans said. The process of privatisation of Air India, BPCL, Pawan Hans, BEML, Shipping Corp and NINL has already moved to the second stage after the government received multiple expressions of interest (EoI) for these CPSEs. The Budget for 2021-22 has set a disinvestment target of ₹1.75 lakh crore, higher than ₹32,835 crore garnered in the last fiscal. Of the ₹1.75 lakh crore, ₹1 lakh crore is to come from selling government stake in public sector banks and financial institutions. ₹75,000 crore would come as CPSE disinvestment receipts. - Live Mint
- **Kotak Mahindra Bk arm buys 74% stake in HKR Roadways for 715 cr:** Kotak Special Situations Fund (KSSF) on Tuesday said it has acquired a 74 per cent stake in HKR Roadways, a non-performing asset for banks, for Rs 715 crore. The consideration paid for HKR, a special purpose vehicle owned by a consortium led by the Gayatri Group, also includes a one-time settlement for funding the debt with all the lenders, KSSF said in a statement. The USD 1 billion KSSF is managed by Kotak Investment Advisors, which focuses on alternate assets business, and this funding and resolution of debt is the fund's first bet on the road sector. "Acquiring controlling stake in stressed assets like HKR is in line with our overall strategy of settling lenders in full cash against their dues and taking over such projects," KSSF chief executive Eshwar Karra said. - financial express
- **Sensex sheds 290 points, Nifty closes weak but above 15,000:** The BSE Sensex slipped below the 50,000-mark closing at 49,902.64, down 290.69 points or 0.58 per cent. It hit an intra-day high of 50,279.01 and a low of 49,831.4. Nifty 50 closed at 15,030.15, down 77.95 points or 0.52 per cent. It hit an intra-day high of 15,133.40 and a low of 15,008.85. The breadth of the market remained positive with 1,794 stocks advancing, 1,264 declining and 174 remaining unchanged on the BSE. As many as 437 securities hit the upper circuit and 154 the lower circuit; 309 hit their 52-week high while 20 touched 52-week low. Coal India, Cipla, Sun Pharma, UPL and Nestle India were among the top gainers on the Nifty 50 while Tata Motors, Bajaj Finserv, Mahindra & Mahindra, HDFC and JSW Steel were among the top laggards.
- **Rupee snaps 3-day winning streak, drops 13 paise to 73.18/USD:** Halting its three-day winning run, the rupee on Wednesday declined by 13 paise to close at 73.18 (provisional) against the US dollar in line with the fall in the domestic equity market. At the interbank



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foreign exchange market, the domestic currency opened at 73.02 against the American currency, but pared the gains to close at 73.18, registering a decline of 13 paise over its previous close.

- **Gold prices today fall for second day in a row, silver rates slump:** Gold prices in India dipped today for second day in a row despite positive global cues. On MCX, gold futures fell 0.12% to ₹48,250 per 10 gram while silver future slumped 0.9% to ₹72,540 per kg. In international markets, gold prices were flat near a four-month high, ahead of the release of minutes from the US Federal Reserve's last policy meeting. Gold traders are likely to look for more clues on policymakers' view on inflation. MCX gold has support at ₹46360 and resistance at ₹49,400, say analysts.