



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

May 22, 2021

- **SBI Q4 results: Net profit soars 80% YoY as provisions drop:** State Bank of India, the country's largest lender by assets, on Friday reported an 80 per cent year-on-year rise in net profit to Rs 6,450.75 crore for the quarter ended March, slightly above analysts' estimates. The lender's provisions and contingencies in the quarter fell to Rs 11,051 crore for the final quarter of the last financial year as against Rs 13,495.1 crore it had reported for the corresponding period a year ago. The bank's board declared a dividend of Rs. 4 per share for the financial year ended March. SBI's net interest income saw healthy growth of 19 per cent on year to Rs 27,067 crore, above analysts' estimates. The lender's asset quality improved dramatically in the quarter as gross the non-performing assets ratio came in at 4.98 per cent in Q4 from 5.44 per cent in the previous quarter. Similarly, the net NPA ratio improved to 1.5 per cent in the March quarter from 1.81 per cent in the three months to December 31. - economic times
- **Union Bank of India mops up ₹1,447 cr via QIP issue:** Union Bank of India (UBI) received application forms for an aggregate amount of ₹1447.17 crore from eligible Qualified Institutional Buyers (QIBs) under Qualified Institutions Placement (QIP) of equity shares. The public sector bank's Committee of Directors for Raising of Capital Funds approved the closure of QIP issue on May 20, 2021. The issue had opened on May 17, 2021. The Committee determined and approved the issue price of ₹33.82 per equity share of ₹10 each (including a premium of ₹23.82 per equity share), the bank said in a regulatory filing on Thursday evening. - Business Line
- **Open NGOs' A/Cs under FCRA in 10 days of central nod:** HC to SBI: The Delhi High Court directed the State Bank of India (SBI) on Thursday to ensure it opens accounts under the Foreign Contribution (Regulation) Act (FCRA) for non-governmental organisations (NGOs) within 10 days of receiving approval from the Centre. Justice Rekha Palli issued the order after the court was informed by some NGOs that despite receiving the approval from the Union home ministry, the SBI was delaying opening of accounts under the FCRA. The court was told that the bank was not operationalising the FCRA accounts in time, even after the necessary approval certificate was submitted to it, and that this was leading to delay in receipt of foreign contributions. The home ministry informed the court that it has extended till June 30 the deadline for NGOs to open FCRA accounts. - economic times
- **PSU bank employees to get small windfall as incentive:** Employees of many public sector banks are in for a small windfall due to the performance-linked component in the wage agreement signed with the Indian Banks' Association (IBA) in November 2020. Canara Bank



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this week paid out a performance-linked incentive to its employees, equivalent to 15 days' pay, soon after announcing its financial results. This followed the bank reporting a net profit of Rs 2,557 crore for FY21 as compared to a Rs 5,838-crore loss in the preceding year. Bank of Maharashtra, one of the earliest to report its results, had posted a net profit of Rs 165 crore for the fourth quarter, an increase of 187%. The Pune-based bank has also distributed a performance-linked incentive to its employees. State Bank of India, the largest employer with 2.5 lakh employees, is also expected to announce an improvement in profits. Brokerage firm Sharekhan has forecast an 82% rise in its third quarter profits. In terms of the wage agreement, employees would get an incentive of five days' salary if their bank reported an increase in operating profit of between 5% and 10%, and 10 days' if the increase is between 10% and 15%, and 15 days for any increase above 15%. This is available to all employees irrespective of their rank or designation. - economic times

- **Supreme Court allows personal bankruptcy cases on tycoons:** India's Supreme Court has allowed personal bankruptcy cases to resume against individuals including tycoons who were once among the country's richest. The top court upheld the legal validity of the country's law that allowed lenders to drag them into bankruptcy court. The two-judge panel headed by Justice L. Nageswara Rao said petitions challenging the law are dismissed. The federal government in 2019 introduced the law that allowed lenders to file parallel bankruptcies against defaulting firms and the individuals who guaranteed those loans. Lenders last year filed bankruptcy cases against businessmen including Reliance Group's Anil Ambani, Dewan Housing Finance Corp Ltd.'s Kapil Wadhawan and Bhushan Power & Steel Ltd.'s Sanjay Singal. The cases were halted on appeals filed in higher courts. - economic times
- **Supreme Court's order on defaulter tycoons plugs an important bankruptcy loophole:** The Supreme Court's endorsement of invoking personal guarantee's of defaulting promoters fills an important loophole in the bankruptcy law which will increase the chances of recovery and act as a solid deterrent against default bankers and lawyers said. The courts order clears the way for banks to attach personal assets of Reliance Group's Anil Ambani, Dewan Housing Finance Ltd's Kapil Wadhawan, Videocon Group's Venugopal Dhoot and Bhushan Power & Steel's Sanjay Singal among others. In a 82 page order the two judge bench of L Nageswara Rao and S Ravindra Bhat held that the approval of a resolution plan does not discharge a personal guarantor (of a corporate debtor) of her or his liabilities under the contract of guarantee. The court dismissed the writ petitions, transferred cases and transfer petitions without costs. Bankers welcomed the court decision with caution. - economic times
- **RBI to transfer 73 per cent higher surplus to the government in FY21:** The Reserve Bank of India has raised its surplus transfer to the government by nearly 73 percent at close to Rs. 1 lakh crore beating market expectations and even the budget projection by the Centre, probably helped by gains in revaluation of foreign exchange reserves and kept the



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contingency risk buffer at the lower end of the range prescribed by the Jalan committee. After setting aside all the prescribed provision, the RBI board approved the transfer of Rs 99,122 crore as surplus to the Central Government for the accounting period of nine months ended March 31, 2021, while deciding to maintain the Contingency Risk Buffer at 5.50% at the lower end of the range of 5.5-6 per cent prescribed by the Jalan committee which reviewed RBI's economic capital framework. This is 73.5 higher than Rs 57128 crore surplus transfer made in FY'20. The RBI's financial year ended in March this year for the first time from its earlier practice of ending its financial year in June. This is in line with the Bimal Jalan Committee's recommendation so that the government and the RBI's financial years coincide.

- economic times

- **AIBEA says over 1,300 bank staff succumbed to COVID; urges IBA to issue weekly health bulletin:** With more than 1,300 bank employees succumbing to COVID-19, bank union AIBEA has urged the Indian Banks' Association (IBA) to publish weekly health bulletin on the number of staff who have been affected by the virus. Besides, the All India Bank Employees' Association (AIBEA) has asked the IBA to help staff in getting vaccination on a priority basis so that they can discharge their duties without fear. In a letter to the IBA, the union said it has been observed that even though the number of people infected under the second wave is increasing, the toll in the banking sector is much higher and also deaths. This is creating a lot of scare and panic amongst the bank employees, AIBEA General Secretary C H Venkatachalam said in the letter addressed to IBA CEO Sunil Mehta. As per the IBA data, as many as 600 bankers had lost their lives to COVID as of January 2021. As per the AIBEA, the tally has increased to 1,300. - economic times
- **Allowing Wadhawan to present settlement offer could derail DHFL resolution process: RBI:** Permitting Kapil Wadhawan, erstwhile promoter DHFL to present a settlement offer would enable him to benefit from his own wrong and could eventually lead to the liquidation of the company, the Reserve Bank of India has submitted to the National Company Law Tribunal (NCLT). "...affording the Applicant even an opportunity of presenting a purported settlement offer may amount to permitting the Applicant to take benefit of its own wrong, which led to complete downfall of DHFL and resultantly, the various stakeholders," the RBI said in its affidavit to the NCLT, noting that Wadhawan is in judicial custody with proceedings against him on allegations of cheating, fraud, siphoning of funds and such other serious offences. - Business Line
- **SBI's asset quality improves, but Covid may intensify pain in agri, corporate and SME portfolios:** The stock of SBI rallied more than 4 per cent on Friday, following stellar numbers posted by the PSU bank in the March 2021 quarter. The bank's net profit for the quarter jumped 80 per cent (yoy), led largely by growth in other income and lower credit costs. Investors also loaded on the stock following the bettering trends in the bank's asset quality.



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For the first nine months of FY21, the six-month moratorium on loan repayments, and the ensuing asset classification standstill kept bad loans at bay. This resulted in a chunk of slippages being recognised by the bank in the March quarter (₹21,934 crore) – more than double the slippages recognised in the corresponding quarter last year. However, this still constitutes just about 0.9 per cent of the bank’s gross advances. Besides, the bank’s prudent provisioning in the last quarters helped keep the credit costs in check — it ended FY21 with a credit cost of just 1.12 per cent. - Business Line

- **Sundaram Home Finance Q4 profit up 68 per cent:** Sundaram Home Finance’s net profit for the fourth quarter of FY21 was down 55 per cent to ₹36.6 crore. The company reported a net profit of ₹82 crore in the same period last year. However, the company, a wholly owned subsidiary of Sundaram Finance, said that the results of the two periods are not comparable as net profit in the year-ago quarter had an exceptional item of ₹60 crore on account of write back of deferred tax liability. The company said that on a comparable basis, profit from continuing operations for Q4FY21 went up 68 per cent to ₹36.60 crore (₹21.68 crore), excluding the one-time exceptional item of ₹60 crore during Q4FY20. - Business Line
- **SaveIN raises undisclosed pre-seed funding from global, Indian investors:** SaveIN, a social finance-based neobank, has raised an undisclosed amount in pre-seed funding from a clutch of global and Indian angel investors and industry stalwarts. The Gurgaon-based firm will use the funds for expansion plans and product development. The names of the investors – who were from banking, consulting, blockchain and fintech – were not immediately disclosed. “The company is looking to use the recently raised funds to expand its market reach, accelerate product development and strengthen its in-house team. We aim to reach over 5 lakh users by the end of this financial year from the present 10,000,” Jitin Bhasin, Founder and Chief Executive Officer at SaveIN said. - Business Line
- **South Indian Bank posts net profit of nearly ₹7 crore in Q4:** South Indian Bank has registered a net profit of ₹6.79 crore in the fourth quarter of FY21 against a loss of ₹143.69 crore during the corresponding period of the previous year. The net profit for the entire FY21 is ₹61.91 crore as against ₹104.59 crore of the previous financial year. Murali Ramakrishnan, Managing Director & CEO said the lower quarterly profit was mainly on account of credit cost on the fresh slippages during the fourth quarter, as a result of additional stress in the economy due to Covid-19 pandemic. “Bank has strengthened the review and monitoring system of the advance portfolio to improve the credit quality and thereby bringing drastic reduction in the slippages and improve upgrades/ recovery,” Ramakrishnan said. - Business Line
- **Exim bank eyes to raise \$3 billion in FY22:** Export-Import Bank of India may raise about \$3 billion in FY22, as against \$2 billion in FY21, to support Indian exports, as the global trade is gradually opening up. David Rasquinha, MD & CEO of the bank, said that he sees demand for



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pharmaceuticals, chemicals, home textiles, among others, gaining traction as advanced economies are gradually coming out of the Covid-19 pandemic. “This opens up an opportunity for Indian exporters,” said Rasquinha. Exim Bank expects credit growth in the 7-12 per cent range in FY22 (against 7 per cent in FY21), depending on how quickly the economy revives and how the exchange rate moves. - Business Line

- **Shriram Life Insurance FY21 net profit at ₹106 crore:** Private insurer Shriram Life Insurance reported a three fold increase in its net profit to ₹106 crore in 2020-21. Gross premium increased by 23 per cent to ₹2,019 crore last fiscal while the number of policies increased by eight per cent to 2,95,838. - Business Line
- **Kotak Mahindra Bank issues India's first FPI licence to GIFT AIF:** Kotak Mahindra Bank has issued the first-ever foreign portfolio investor (FPI) licence to the GIFT IFSC alternative investment fund (AIF) of True Beacon Global. This is the first FPI licence issued to an AIF incorporated in GIFT IFSC by any custodian bank or designated depository participant (DDP) in the country. - Business Standard
- **HDFC Bank's credit card base shrinks by 3L during Dec-Mar :** The Reserve Bank of India's (RBI) embargo on sourcing of new credit card customers by HDFC Bank may have started to affect the lender's card base. According to data released by the central bank, the number of credit cards outstanding at HDFC Bank fell by about 3.23 lakh between December 2020 and March 2021 to 1.5 crore. The lender has long been the market leader in terms of cards in circulation as also spends, but the RBI's decision to penalise the lender for lapses in its digital services may be slowing down the growth. It was not immediately clear whether the card base shrank due to a churn in cards or a conscious weeding out of inactive cards by the bank. Queries sent to the bank remained unanswered till the time of going to press. - financial express
- **RBI mandate: Wallets, cards to be made interoperable:** The Reserve Bank of India (RBI) has mandated that all prepaid payment instruments (PPIs) or wallets that are fully KYC-compliant be made interoperable by March 31, 2022. The central bank announced this through a notification issued late on Wednesday. “It shall be mandatory for PPI issuers to give the holders of full-KYC PPIs (KYC-compliant PPIs) interoperability through authorised card networks (for PPIs in the form of cards) and UPI (for PPIs in the form of electronic wallets),” the notification said. - financial express
- **Gold trades flat at Rs 48,553/10 gm on rupee appreciation, rises 1.67% for the week, silver declines:** Gold prices were steady at Rs 48,553 per 10 gram in the Mumbai retail market on continuing appreciation in rupee and rally in equity markets. The optimism around a swift US economic recovery lifted appeal for riskier assets although precious metal recovered due to a



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weaker dollar and growing inflationary pressure limited losses and is on track for a third straight weekly rise. The precious metal ended the week with a gain of Rs 796 or 1.67 percent in the domestic market. The rate of 10 gram 22-carat gold in Mumbai was Rs 44,475 plus 3 percent GST, while 24-carat 10 gram was Rs 48,553 plus GST. The 18-carat gold quoted at Rs 38,415 plus GST in the retail market. Silver prices eased by Rs 296 to Rs 71,245 per kg against its closing price on May 20. - Moneycontrol.

- **Bulls' return fire up Sensex by 975 points:** The BSE Sensex closed at 50,540.48, up 975.62 points or 1.97 per cent. During intra-day, the benchmark touched a high 50,591.12 and a low of 49,832.72. Nifty 50 closed at 15,175.30, up 269.25 points or 1.81 per cent. The index hit an intraday high of 15,190.00 and a low of 14,985.85. The breadth of the market remained positive with 1,952 stocks advancing, 1,167 declining and 165 remaining unchanged on the BSE. As many as 440 securities hit the upper circuit and 179 the lower circuit; 327 hit their 52-week high while 21 touched 52-week low. State Bank of India, HDFC Bank, HDFC, ICICI Bank and Axis Bank were the top gainers on the Nifty 50 while Grasim, PowerGrid, IOC, Eicher Motors and Dr Reddy were among the top laggards. - Business Line
- **Rupee rallies 29 paise to close at 72.83 against US dollar:** The rupee strengthened by 29 paise to end at 72.83 (provisional) against the US dollar on Friday, tracking positive domestic equities and weaker American currency in the overseas market. At the interbank forex market, the local unit opened at 72.98 against the greenback and witnessed an intra-day high of 72.83 and a low of 73.09. It finally ended at 72.83, registering a rise of 29 paise over its previous closing. On Thursday, the rupee had settled at 73.12 against the US dollar.