

CRACKS IN CO-OPS?

Despite RBI's initiatives and interventions, cases of irregularities in urban cooperative banks keep cropping up. A closer scrutiny of the sector might be in order



SUBRATA PANDA & ABHIJIT LELE
Mumbai, 25 February

The cooperative banking sector is in the headlines again – not for the right reasons, though. An urban cooperative bank (UCB) has invited regulatory ire for alleged financial irregularities. It is not the first one.

This is despite the many initiatives of the Reserve Bank of India (RBI) to promote sound governance practices in UCBs. These include introducing a four-tiered regulatory framework, direct engagement with directors on UCB boards, and efforts to address IT and cybersecurity risks within these banks.

Earlier this month, the RBI prohibited the Mumbai-based New India Cooperative Bank from issuing fresh loans, and also suspended deposit withdrawals for six months, starting February 13. However, it has now allowed depositors to withdraw up to ₹25,000, which in effect means 50 per cent of the bank's depositors will be able to retrieve all their money. Meanwhile, the Deposit Insurance and Credit Guarantee Corporation has also started the process of claim settlement, which is to be completed by May 14.

The RBI's intervention was triggered by allegations of fund misappropriation by some officials of New India Cooperative Bank.

Since the Economic Offences Wing of the Mumbai Police lodged a first information report (FIR) on the complaint of the bank's chief compliance officer, the authorities have arrested Hitesh Mehta, the former general manager who allegedly embezzled ₹122 crore from the bank's safe.

Dharmesh Paun, a developer who allegedly helped Mehta route the embezzled funds, and the bank's former chief executive officer, Abhimanyu Bhoan, have also been arrested.

Satish Marathe, senior banker and director on the RBI's board, is of the view that the collapse of New India Cooperative Bank was the fault of the bank's board. The situation was the result of a complete lack of checks and balances, a degraded work culture, and dynastic control over the bank, he said.

Marathe also highlighted that the bank had been on the RBI's radar for some time. "The bank's working and governance will need to be overhauled. That is the reason the RBI has appointed an administrator and advisory panel," he said, adding that the regulator's priority would be to salvage the bank, if possible, rather than shut it down.

The merger option

Earlier, merging struggling UCBs with sound banks was an option, since these cooperative banks operated through branch licences, Marathe said. But that's not the case anymore. With the easing of norms to open branches, banks now prefer to set up branches on their own and are less keen on absorbing troubled banks to expand their presence, he explained.

During the Punjab and Maharashtra Cooperative (PMC) Bank crisis, for instance, the RBI and the central government had intervened to prevent

DOWN THE BRANCH

Tier-wise distribution of urban cooperative banks (Amount in ₹ cr; share in %)

Tier Type	UCBs		Deposits		Advances		Total Assets	
	Number	Share	Amount	Share	Amount	Share	Amount	Share
1	850	57.7	63,627	11.5	41,842	12.1	88,669	12.5
2	538	36.5	1,71,039	30.8	1,03,498	29.8	2,17,142	30.7
3	78	5.3	1,93,105	34.8	1,16,143	33.5	2,39,240	33.8
4	6	0.4	1,27,698	23	85,420	24.6	1,62,618	23
All UCBs	1,472	100	5,55,469	100	3,46,903	100	7,07,669	100

Source: RBI

its liquidation and had amalgamated it with Unity Small Finance Bank, a newly created institution.

In 2019, the RBI had imposed regulatory restrictions on PMC Bank over irregularities in loan accounts related to real estate player Housing Development and Infrastructure (HDIL). HDIL promoters had allegedly colluded with PMC bank's management to draw loans. The bank's officials did not classify these as non-performing loans, despite their non-payment. PMC Bank's overall exposure to the HDIL group was more than 73 per cent of all of its advances – and all of it had turned sour.

As its immediate aftermath, the central government intervened to reform and fortify the sector by increasing the RBI's regulatory powers under the Banking Regulation Act. This was done to resolve the issue of dual regulation of the sector (earlier states too could regulate UCBs). It also granted cooperative banks greater freedom to raise capital, and introduced deposit insurance reforms to boost depositor confidence in the sector.

Additionally, the government raised the deposit insurance coverage from ₹1 lakh to ₹5 lakh – a measure it undertook after nearly 27 years.

The insurance cover

The crisis facing New India Cooperative Bank has brought the question of raising deposit insurance cover to the fore again.

M Nagaraju, secretary, financial services, Ministry of Finance, said at a press conference that a proposal to increase deposit insurance is being considered, and the finance ministry will notify it once the Cabinet takes a decision on it.

Meanwhile, despite reforms in the sector after the PMC Bank crisis, there have been frequent instances of irregularities in such banks, which have subsequently invited regulatory action.

In November 2023, the RBI superseded the board of the Mumbai-based Abhyudaya Cooperative Bank due to concerns of poor governance. Similarly, in April 2024, the regulator imposed restrictions on Sarvodaya Cooperative Bank, also based in Mumbai, because of its deteriorating financial condition. Then in July 2024, the RBI imposed restrictions on the Bengaluru-based National Cooperative Bank due to its weak financial position.

According to Ashvin Parekh, managing partner, Ashvin Parekh Advisory Services, the cooperative banking system presents a significant systemic challenge for the RBI due to the sheer number of such banks. Lack of technological upgrade in these banks means that the regulator often relies on onsite audits.

However, given their sheer number, it is not easy for the RBI to assess them all effectively.

Additionally, many of these banks engage in creative accounting practices to conceal poor decision-making, further complicating the RBI's ability to maintain control over the sector, he said.

"While there have been efforts to reduce the number of such banks, including the RBI's encouragement for consolidation, political factors also influence the situation," Parekh added. "Despite there being regulations and frameworks for UCBs, the sheer volume of these entities makes it challenging for both the system and the regulator to conduct thorough audits."

The number of UCBs surged in the 1990s following a liberal licensing policy. Over the years, nearly a third of the newly licensed banks became financially unsound. Starting 2004-05, the RBI initiated a process of consolidation, including the amalgamation of unviable UCBs with their viable counterparts, closure of non-viable entities, and suspension of new licences. As a result, the number of UCBs declined over the last two decades – from 1,926 to 1,472. Since 2004-05, the sector has witnessed 156 mergers, including six in 2023-24.

A few bad eggs?

In its Trend and Progress Report for 2023-24, the RBI highlighted that the UCB sector had shown an improvement in capital buffers, profitability, and asset quality.

This raises the question: Is it fair to paint the entire sector with the same brush because of a few entities? Ajay Seth, secretary, Department of Economic Affairs, doesn't think so.

"Cooperative banks in the country are generally quite robust, and the RBI takes regulatory action whenever issues arise," Seth said at a press conference in Mumbai earlier this month while addressing depositors' concerns. "It's not fair to generalise for the entire sector based on regulatory action against one bank. Across different states, many cooperative banks are operating effectively. It is a well-regulated sector now," he added.

According to R Gandhi, former deputy governor, RBI, certain lessons will be learnt from this event. For example, he added, the RBI may consider the following measures: The need for cash reconciliation by assurance through an annual audit; surprise checks during the course of the year by the RBI or through its appointed auditors; back-office analysis like the pattern in cash movements, etc.

In the last few years, the RBI has been encouraging cooperative banks to become small finance banks to improve their governance practices. Small finance banks have a mandate to list on the bourses once their business reaches a certain threshold.

However, not many UCBs have shown interest in this. Incidents, such as the crisis in New India Cooperative Bank, only reaffirm the view that the sector might require closer scrutiny.

Aditya Birla Sun Life Mutual Fund



MUTUAL FUNDS

Aditya Birla Sun Life AMC Limited (Investment Manager for Aditya Birla Sun Life Mutual Fund) Registered Office: One World Center, Tower 1, 17th Floor, Jupiter Mills, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013. Tel: 4356 8000. Fax: 4356 8110/8111. CIN: L65991MH1994PLC08081

Corrigendum

This corrigendum is with reference to the Notice dated February 20, 2025, published in Business Standard and Navshakti on February 21, 2025, regarding the dividend declaration. The correct details of Aditya Birla Sun Life Long Duration Fund (An open ended debt scheme investing in instruments with Macaulay duration greater than 7 years. A relatively high interest rate risk and relatively low credit risk) are provided below:

Plans/Options	Quantum of Distribution per unit# on face value of Rs.10/- per unit	NAV as on February 18, 2025 (Rs.)
Regular Plan – IDCW Payout	0.746	11.4760
Direct Plan – IDCW Payout	0.759	11.6678

#As reduced by the amount of applicable statutory levy.

All other details of the Notice remain unchanged.

For Aditya Birla Sun Life AMC Limited (Investment Manager for Aditya Birla Sun Life Mutual Fund)

Sd/-
Authorised Signatory

Date : February 25, 2025
Place : Mumbai

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Balaxi Pharmaceuticals Limited

Registered Office: Plot No.409, H. No. 8-2-293, Maps Towers, 3rd Floor, Phase-III, Road No. 81, Jubilee Hills, Hyderabad, Telangana, India - 500096.

CIN: L25191TG1942PLC121598 | Phone: +91 40 23555300 | Email: secretarial@balaxi.in | Website: www.balaxipharma.in

NOTICE OF POSTAL BALLOT AND REMOTE E-VOTING INFORMATION

NOTICE is hereby given pursuant to Section 110 read with Section 108 and other applicable provisions, if any, of the Companies Act, 2013, (Act) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, (Rules), Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India (SS-2), each as amended, and in accordance with the guidelines prescribed by the Ministry of Corporate Affairs (MCA) for holding general meetings/conducting postal ballot process through e-voting vide General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 8, 2021, 3/2022 dated May 5, 2022, 11/2022 dated December 28, 2022 and 09/2023 dated September 25, 2023, 09/2024 dated September 19, 2024 (collectively the "MCA Circulars"), to transact the special business as given below by passing resolution through postal ballot by way of remote e-voting:

S.NO.	TYPE OF RESOLUTION	PARTICULARS
1.	Special Resolution	Approval for payment of Remuneration to Mr. Ashish Maheshwari (DIN:01575984), Managing Director of the Company

In line with the MCA Circulars, the Company has dispatched the Postal Ballot Notice (Notice) along with the explanatory statement on Tuesday, February 25, 2025 only in electronic form to those members whose names appear in the Register of Members/ List of Beneficial Owners as received from the Depositories/ Registrar and Transfer Agent (RTA) as on Friday, February 21, 2025 (Cut-Off Date) and whose e-mail addresses are registered with the Company/ RTA/ Depositories. Accordingly, physical copy of the Notice along with Postal Ballot Form and postage prepaid self-addressed Envelope is not being sent to the Members for this Postal Ballot. The communication of the assent or dissent of the Members would take place only through remote e-voting.

In compliance with Regulation 44 of the SEBI Listing Regulations and pursuant to the provisions of Section 108 and Section 110 of the Act read with the Rules, the MCA Circulars and SS-2, the Company is providing remote e-voting facility to its members, to enable them to cast their votes electronically instead of submitting the Postal Ballot Form physically. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) for the purpose of providing remote e-voting facility to its members. The instructions for remote e-voting are provided as part of the notice which the members are requested to read carefully before casting their vote.

Members may download the Notice along with explanatory statement from the Company's website at <https://balaxipharma.in/general-meetings-notices> or from CDSL's website at <https://www.evotingindia.com/>. A copy of the Notice is also available on the website of NSE at www.nseindia.com.

All members are further informed that:

a. The remote e-voting shall commence on Wednesday, February 26, 2025 at 9.00 a.m. (IST) and shall end on Thursday, March 27, 2025 at 5.00 p.m. (IST). During this period, Members of the Company holding shares in physical or electronic form as on the Cut-Off Date may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

b. The cut-off date for determining the eligibility of members to vote by remote e-voting is Friday, February 21, 2025.

c. Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participant(s) and in respect of shares held in physical form by writing to the Company's RTA, Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad - 500 029. E-mail: info@arthiconsultants.com.

d. The Board of Directors of the Company at their meeting held on Monday, February 10, 2025, have appointed Mr. Yogundhan S, Designated Partner of BVR & Associates Company Secretaries LLP as the Scrutinizer to scrutinize the postal ballot by way of remote e-voting in a fair and transparent manner.

After completion of the scrutiny of the electronic votes, the Scrutinizer will submit his report to the Chairman. The results of the Postal Ballot along with Scrutinizer's Report will be announced within two working days of the conclusion of Postal Ballot through remote e-voting. The said results would be displayed at the Registered Office of the Company and on its website at www.balaxipharma.in and simultaneously intimated to the CDSL and National Stock Exchange of India Limited (NSE). The Scrutinizer's decision on the validity of votes cast will be final.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futrex, Malafal Mill Compounds, N M Joshi Marg, Lower Panel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call at toll free no. 1800 22 55 33.

Place: Hyderabad
Date: February 25, 2025

For Balaxi Pharmaceuticals Limited
Mohit Kumar Khandelwal
Company Secretary and Compliance Officer
Membership No.: F11243

RAIN INDUSTRIES LIMITED

CIN: L26942TG1974PLC001693

Regd. Office : "Rain Center", 34, Srinagar Colony, Hyderabad-500 073, Telangana State, India.
Ph.No.: 040-40401234; Fax: 040-40401214; Email: secretarial@rain-industries.com; www.rain-industries.com

Statement of Audited Standalone and Consolidated Financial Results (Extract) for the Quarter and Year ended December 31, 2024

Particulars	(Rupees in Millions except per share data)				
	Consolidated				
	Quarter ended		Current Year ended		Previous Year ended
	Dec.31, 2024	Sept. 30, 2024	Dec. 31, 2023	Dec.31, 2024	Dec.31, 2023
	Audited	Un-Audited	Audited	Audited	Audited
	See Note 3 below		See Note 3 below		
Revenue from operations	36,757.27	39,342.79	41,005.80	1,53,743.91	1,81,414.85
Net loss for the period/year (Attributable to Owners of the Company)	(1,614.10)	(1,791.10)	(1,187.52)	(5,642.69)	(9,379.06)
Total comprehensive loss for the period/year (Comprising net loss and other comprehensive income/(loss) net of tax) (Attributable to Owners of the Company)	(3,134.20)	(1,148.90)	(10,149.70)	(6,712.40)	(10,506.66)
Paid-up equity share capital (Face value of INR 2/- per share)	672.69	672.69	672.69	672.69	672.69
Reserves (excluding Revaluation Reserve as shown in the Balance Sheet)				65,703.93	72,752.68
Loss Per Share - Basic and Diluted (of INR 2/- each)	(4.80)	(5.33)	(33.26)	(16.78)	(27.89)
(Rupees in Millions except per share data)					
Particulars	Standalone				
	Quarter ended		Current Year ended		Previous Year ended
		Dec.31, 2024	Sept. 30, 2024	Dec.31, 2024	Dec.31, 2023
	Audited	Un-Audited	Audited	Audited	Audited
	See Note 3 below		See Note 3 below		
Revenue from operations	413.08	426.73	347.79	1,414.62	1,241.48
Net Profit/(loss) for the period/year	161.33	295.40	(45.51)	389.45	530.57
Total comprehensive income/(loss) for the period/year (Comprising net profit/(loss) and other comprehensive income/(loss), net of tax)	161.47	295.09	(47.21)	389.03	528.74
Paid-up equity share capital (Face value of INR 2/- per share)	672.69	672.69	672.69	672.69	672.69
Reserves (excluding Revaluation Reserve as shown in the Balance Sheet)				8,605.67	8,552.99
Earnings/(loss) Per Share - Basic and Diluted (of INR 2/- each)	0.48	0.88	(0.14)	1.16	1.58

Notes:
1 The above is an extract of the detailed format of Quarterly Audited Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of Audited Standalone and Consolidated Financial Results of the Company are available on the Company's website www.rain-industries.com, on the BSE Limited's website www.bseindia.com and on the National Stock Exchange of India Limited's website www.nseindia.com.
2 The Audited Standalone and Consolidated Financial Results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on February 24, 2025 and February 25, 2025 respectively.
3 The figures for the quarter ended December 31 are the balancing figures between the audited figures in respect of the full financial year ended December 31 and the unaudited figures for the nine months ended September 30.

For and on behalf of the Board of Directors
Rain Industries Limited
Jagan Mohan Reddy Nellore
Managing Director
DIN: 00017633

Place : Hyderabad
Date : February 25, 2025

