



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
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Dear Comrades,

15th November , 2017

News of Interest 15th NOV

MOTIVATIONAL QUOTES

“WHAT YOU DO TODAY CAN IMPROVE ALL YOUR TOMORROWS. “
RALPH MARSTON

HIGHLIGHTS

1. GOVT SEEKS SPECIAL DIVIDEND FROM RBI FOR BANK RECAPITALISATION
2. BANK OF BARODA Q2 NET DOWN 36% AT RS RS 355 CR ON BAD LOANS
3. CLIX CAPITAL IN TALKS TO INVEST UP TO RS 800 CRORE IN CATHOLIC SYRIAN BANK
4. DHANLAXMI BANK NET UP 19.4% IN H1
5. KARUR VYSYA BANK Q2 PROFIT TANKS 40% ON HIGHER PROVISIONS; NPA SPIKES TO 3.24%

Business Standard

1. Govt seeks special dividend from RBI for bank recapitalisation

To be used to fund a part of Rs 2.11-lakh crore plan to recapitalise banks

Arup Roychoudhury

The government has sought a special dividend from the Reserve Bank of India (RBI) to fund a part of its Rs 2.11-lakh crore plan to recapitalise public sector banks.

“The RBI has been asked if it can pay a special dividend, apart from the yearly surplus that it pays the Centre. This dividend, if agreed to by the central bank, will be used only for bank recapitalisation,” said an official aware of the deliberations.

Provided talks on the matter are fruitful, the dividend payout will be made during the current RBI financial year ending June 30, 2018.

"It remains to be seen whether the central bank will have room for a special dividend," the official said.

The RBI had for its financial year 2016-17 transferred Rs 30,659 crore of its surplus to the government, less than half of the Rs 65,876 crore it had handed over a year earlier. The government had in the Budget for 2017-18 accounted for a dividend of Rs 74,901 crore from the RBI and nationalised banks.

Economic Affairs Secretary Subhash Garg had said in August that the RBI's share was expected to be Rs 58,000 crore. According to him, the RBI had Rs 14,000 crore more in surplus from the previous financial year for provisioning. He had said the Centre would ask the RBI to pay some of that amount as well.

The official quoted above said the matter, which was separate from the Centre's request for a special dividend, was still being pursued.

News reports have suggested that the RBI will participate in the Rs 1.35-lakh crore bond programme that is a component of the bank recapitalisation plan. Another official said the proposal was not being pursued.

The government may issue the first tranche of the bank recapitalisation bonds around the first week of December. This tranche could comprise bonds with 10-year tenure and an interest rate of 7 per cent.

The quantum of the first tranche has not yet been decided. Senior finance ministry officials have said these bonds will be front-loaded over the next three or four quarters.

In October, the government announced the capital infusion plan for state-owned banks. Out of the total commitment, Rs 1.35-lakh crore will come from the sale of bonds and the balance Rs 76,000 crore will be through budgetary allocation and fundraising from the markets. The bank recapitalisation package marks a sharp increase over the current budgetary allocation. Under the Indradhanush plan, the government has allocated Rs 20,000 crore towards bank recapitalisation over the current and next fiscal years.

SOURCE OF FUNDS

- As talks with banks and the RBI advance, Centre seeks special dividend
- RBI has not yet agreed to proposal; no clarity on if it has space in its FY18 books
- Proceeds from any such dividend to be used for bank recapitalisation
- Govt still pursuing RBI for additional surplus from FY17
- No proposal for RBI to buy bank recapitalisation bonds from govt, sources say

2. Bank of Baroda Q2 net down 36% at Rs Rs 355 cr on bad loans

Provisions for non-performing assets rose about 13% to Rs 1,847 crore

Reuters

State-run Bank of Baroda Ltd reported a 36 per cent fall in second-quarter net profit on Tuesday, hurt by higher provisions for bad loans.

Net profit dropped to Rs 355 crore (\$54.26 million) for the quarter ended Sept. 30, from Rs 552 crore a year earlier, India's fifth-largest bank by assets said.

Analysts on average had expected a net profit of Rs 474 crore, Thomson Reuters data showed.

Gross bad loans as a percentage of total loans came in at 11.16 per cent at end-September, compared with 11.40 per cent in the previous quarter, and 11.35 per cent a year earlier.

Provisions for non-performing assets rose about 13 per cent to Rs 1,847 crore.

Economic Times

3. Clix Capital in talks to invest up to Rs 800 crore in Catholic Syrian Bank

By Saloni Shukla

Clix Capital, a commercial lending and leasing company promoted by Genpact founder Pramod Bhasin and former GE Capital head Anil Chawla, is in talks to invest Rs 600-800 crore in Kerala-based Catholic Syrian Bank for a significantly minority stake.

This comes after negotiations between the unlisted private sector bank and Canadian billionaire Prem Watsa-controlled Fairfax fell through due to differences over valuation, two people with direct knowledge of the development said.

CVR Rajendran, managing director at Catholic Syrian Bank (CSB), confirmed talks with Clix Capital, but said nothing has been finalised. "We are in the process of raising capital through a preferential issue," he said. "We have met large number of investors including Pramod Bhasin and Anil Chawla during our road shows."

Chawla declined to comment on the matter.

Investing more than 5% of the post issue capital through preferential allotment in the bank would require prior approval from the Reserve Bank of India, said one of the sources cited earlier. "Clix will seek permission from the Reserve Bank as it is keen to buy a significantly minority stake in the bank," the person said. "The final quantum of stake will depend on RBI."

Clix entered financial services in January by purchasing the GE Capital's commercial lending and leasing business for \$360 million, with the backing of American private equity fund Aion Capital.

Clix will follow the same strategy in the case of CSB "by teaming up with one or two private equity investors to purchase the stake", said second source cited earlier. CSB has appointed investment bank JM Financial, while Avendus Capital advises Clix.

Clix, which has assets of \$300 million, focuses on consumer loans, loans to small and medium enterprises and commercial lending, including financing of consumer durables and used cars, and personal and educational loans.

ETon its August 8 edition had reported that InCred Finance, backed by former Deutsche Bank co-CEO Anshu Jain, private equity giant Warburg

Pincus and Aion Capital were interested in buying a controlling stake in CSB.

Around 25-30 investors had shown interest in the bank that is considering its stock market debut in the next one and a half years.

Business Line

4. Dhanlaxmi Bank net up 19.4% in H1

OUR BUREAU

Kerala-based Dhanlaxmi Bank recorded a net profit of ₹14.03 crore for the first half of this fiscal against ₹11.75 crore in the same period last year, registering a growth of 19.40 per cent.

The standalone net profit for Q2 was almost flat at ₹6.05 crore (₹6.02 crore in the corresponding quarter in the previous fiscal).

The operating profit improved to ₹56.56 crore from ₹44.56 crore in H1 FY17. The increase recorded is 26.93 per cent.

The deposit under current and savings accounts increased to ₹3,367 crore from ₹2,987 crore recorded a year ago, a growth of 12.72 per cent. The ratio of CASA deposits increased to 30.61 per cent from 26.65 per cent.

In H1 FY18, the CRAR improved to 11.62 per cent (9.03 per cent in H1 FY17). The total expenditure fell to ₹512.99 crore from ₹568.96 crore in H1 FY17. Net interest margin (NIM) increased from 2.81 per cent to 23.93 per cent within one year.

The cost of funds came down to 6.09 per cent (6.78 per cent). The cost-to-income ratio came down to 75.13 per cent as on September 30 from 80.64 per cent as on end-September last year.

The gross NPA as on September 30 was ₹389.16 crore, a decrease of ₹91.39 crore from the ₹480.55 crore recorded in the corresponding period of the previous year.

The gross NPA ratio dropped to 6.11 per cent (6.86 per cent).

The thrust areas for the current year are retail loans, NPA recovery, low-cost deposits and other income.

Money control News

5. Karur Vysya Bank Q2 profit tanks 40% on higher provisions; NPA spikes to 3.24%

Provisions for bad loans for the quarter stood at Rs 321.4 crore, higher by 37.7 percent sequentially and 76.2 percent YoY.

Private sector lender Karur Vysya Bank's second quarter (July-September) profit fell sharply by 40.1 percent year-on-year to Rs 75.6 crore, dented by higher provisions and weak asset quality performance. Profit for year-ago quarter was at Rs 126.3 crore.

Net interest income during the quarter grew by 12.1 percent to Rs 555 crore YoY, with loan growth of 11 percent at Rs 43,435 crore.

Profit missed analyst expectations while NII was in line. Net profit was expected at Rs 157.8 crore and net interest income at Rs 560.7 crore for the quarter, according to average of estimates of analysts polled by CNBC-TV18.

Asset quality deteriorated further as gross non-performing assets (NPA) for the quarter were higher at 4.83 percent compared with 4.27 percent in previous quarter and net NPAs were also higher at 3.24 percent against 2.85 percent QoQ.

In absolute terms, gross and net NPAs were higher by 18 percent each at Rs 2,136.2 crore and Rs 1,407 crore compared with previous quarter.

Provisions for bad loans for the quarter stood at Rs 321.4 crore, higher by 37.7 percent sequentially and 76.2 percent YoY.

Provision coverage ratio declined to 54.09 percent in Q2, from 57 percent in previous quarter.

At 13:06 hours IST, the stock price was quoting at Rs 124.05, down Rs 4.55, or 3.54 percent on the BSE.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY