



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)

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Dear Comrades,

9th April , 2019

News of Interest 9th APR

QUOTE OF THE DAY

“HARDSHIPS OFTEN PREPARE ORDINARY PEOPLE FOR AN EXTRAORDINARY DESTINY”. – C.S. LEWIS

HIGHLIGHTS

1. GIC SELLS DLF'S 70 MILLION SHARES IN BLOCK DEAL FOR RS 1,344 CRORE
2. UK COURT DENIES VIJAY MALLYA PERMISSION TO APPEAL AGAINST EXTRADITION
3. PNB TO GET CAPITAL BOOST; HOUSING FINANCE STAKE SALE CREDIT POSITIVE FOR PSU BANK
4. WILL LVB-IBHF MARRIAGE PASS RBI TEST? ANALYSTS HAVE DOUBTS
5. NCLAT SEEKS DETAILS ABOUT 4 IL&FS GROUP ENTITIES
6. SBI BIFURCATES MUMBAI CIRCLE

Business Standard

1. GIC sells DLF's 70 million shares in block deal for Rs 1,344 crore

The shares have been bought by existing investors who had pumped in Qualified Institutional Placement (QIP) programme at Rs 192

Karan Choudhury

GIC, Singapore government's sovereign wealth fund, on Monday sold 70 million shares of the country's largest real estate developer, DLF, in a block deal for around Rs 1,344 crore.

The shares have been bought by existing investors who had pumped in Qualified Institutional Placement (QIP) programme at Rs 192. After the block deal broke, DLF share prices cracked by almost 8.4 per cent to close at Rs 184.60.

“As a long-term investor, GIC has steadily grown our investments in DLF, one of India’s most established real estate developers, since 2011. Today, we remain invested significantly in DLF across various investment groups in our diversified portfolio. GIC will continue to strengthen our partnership with DLF to tap on investing opportunities in India’s real estate sector,” Lay Choon Mah, senior vice-president, corporate affairs and communications.

In 2016-17, GIC through its property arm had bought 70 million shares of DLF. GIC continues to hold its larger investments in DLF through commercial and residential arms. Their investment in DLF is valued at \$1.8 billion. “This appears to be a trading call based on their portfolio optimisation and should not affect the strong relationship we have,” DLF spokesperson said.

The company last month announced the launch of a QIP programme to raise Rs 3,175 crore. This is part of an earlier decision to cut its then massive debt, of Rs 28,500 crore only two years earlier. With the latest step, the aim is to bring this down to Rs 1,600 crore.

The QIP plan was approved by the board of directors in mid-December 2018, approved by the shareholders a month after. The debt total at end-December was Rs 7,224 crore.

Other than the QIP, the promoters would put in another Rs 2,500 crore, thus reducing the total of debt to a little less than Rs 1,600 crore.

The turnaround in this regard had begun in August 2017 when K P Singh and his family — the promoters — sold their entire 40 per cent stake in rental arm DLF Cyber City Developers (DCCDL) for Rs 11,900 crore. This comprised sale of a 33.34 per cent stake in DCCDL for Rs 8,900 crore to GIC, the Singapore government’s sovereign wealth fund, and a buyback of the remaining shares worth Rs 3,000 crore by DCCDL.

DLF had also announced a second joint venture (JV) with global realty investment, development and management firm Hines. DLF Home Developers (DHDL), a wholly-owned subsidiary, and Green Horizon Trustee (an affiliate of Hines) had formally signed the JV, for developing a high-end commercial project in Gurugram, worth Rs 7,000 crore. Total investment by the two partners would be Rs 1,900 crore.

2. UK court denies Vijay Mallya permission to appeal against extradition

Mallya has living in the UK since March 2016 and remains on bail on an extradition warrant executed by Scotland Yard in April 2017

Press Trust of India

A London court has denied businessman Vijay Mallya permission to appeal against his extradition to India where he is accused of defrauding lenders of Rs 9,000 crore.

Mallya, 63, had filed the application in the High Court after UK's home secretary Sajid Javid signed off on a Westminster Magistrates' Court order for his extradition to face the Indian courts back in February.

"The application for permission to appeal was refused by Mr Justice William Davis on 05/04/2019," said a spokesperson for the UK judiciary. "The appellant (Mallya) has five business days to apply for oral consideration. If a renewal application is made, it will be listed before a High Court judge and dealt with at a hearing."

The application seeking "leave to appeal" had been passed on to a single judge, who was to make a decision on the basis of papers submitted as part of the application. Now that the "judge on papers" application has been rejected by Judge Davis, Mallya has the option to submit for a "renewal".

The renewal process will lead to a brief oral hearing during which Mallya's legal team and the Crown Prosecution Service (CPS) on behalf of the Indian government will renew their respective claims for and against an appeal for a judge to determine if it can proceed to a full hearing.

Mallya has been living in the UK since March 2016 and remains on bail on an extradition warrant executed by Scotland Yard in April 2017.

In her verdict at the end of a year-long extradition trial in December last year, Judge Emma Arbuthnot had ruled that the "flashy" billionaire had a "case to answer" in the Indian courts.

Financial Express

3. PNB to get capital boost; housing finance stake sale credit positive for PSU bank

By: [PTI](#)

Last month state-run Punjab National Bank announced that it will sell 13 per cent stake in PNB Housing Finance for Rs.1,850 crore (USD 270 million) to global private equity firm General Atlantic Group and alternative investment firm Varde Partners.

The sale of Punjab National Bank's 13 per cent stake in PNB Housing Finance is credit positive as it will strengthen the bank's capital, Moody's said Monday. Last month state-run Punjab National Bank announced that it will sell 13 per cent stake in PNB Housing Finance for Rs.1,850 crore (USD 270 million) to global private equity firm General Atlantic Group and alternative investment firm Varde Partners.

"The proceeds of the sale will strengthen the bank's capital, a credit positive. We estimate that the sale will increase PNB's Common Equity Tier 1 (CET1) ratio by about 40 basis points from the 6.9 per cent reported in December 2018," Moody's said in a statement.

The stake sale provided timely support to bank's capitalisation, which has been challenged by high credit costs and investment losses, in addition to the negative effect of fraudulent transactions PNB discovered between February and March 2018, it added. "We expect the bank's internal capital generation to improve gradually as declining credit costs alleviate pressure

on its capitalisation over the next 12-18 months," Moody's said. It said the recent government capital infusion in February 2019, increased the bank's pro forma CET1 ratio by around 150 basis points. The lender's the overall pro forma ratio is nearly 9 per cent.

Upon completion of the sale, PNB will retain a 19.8 per cent stake in PNB Housing Finance worth around Rs.3,000 crore (USD 440 million). "The stake will remain a key potential source of capital for PNB, given its limited access to the equity capital markets following the substantial decline in its share price over the past year," the US-based agency said.

Moody's estimates that a sale of the remaining stake at a valuation similar to the current deal would increase PNB's CET1 ratio by approximately 70 basis points. Despite the bank's losses over the past few quarters, PNB's reported CET1 ratio has improved as a result of government capital infusions and a reduction in risk weighted assets, Moody's said. "PNB's core profitability remains robust given its strong franchise as one of the leading public sector banks in India supported by a superior funding profile and strong net interest margins," it added.

Economic Times

4. Will LVB-IBHF marriage pass RBI test? Analysts have doubts

RBI looks at each deal very closely, said Jagannadham Thunuguntla, Centrum Broking

By Amit Mudgill

Following the announcement of merger of Lakshmi Vilas Bank NSE 4.96 % and Indiabulls Housing Finance (IBHF), the Reserve Bank of India (RBI) over the weekend clarified that it has not taken any call on the deal as the two entities have not sought its approval yet.

Analysts feel the deal is easier said than done. While there have been a few NBFC-bank mergers of late, they do not mean an easy passage for the LVB-IBHF merger, they say.

Indiabulls Housing Finance had in 2013 applied for a banking licence, but RBI has rejected the application.

When they (Indiabulls) were not given direct licence back then, should they be given a licence at this stage? That is the question RBI will face from a logical and regulatory perspective," Sandeep Parekh, Founder, Finsec Law Advisors, told ETNOW.

Parekh said RBI would consider a host of things, including the asset-liability mismatch, which is inherent in most financial institutions.

Lakshmi Vilas Bank itself has faced regulatory scrutiny, he noted, adding that it too would require a fairly detailed scrutiny before RBI gives go ahead.

The central bank on Saturday clarified that presence of RBI-nominated additional directors on the board of LVB in no way implies its approval to the merger proposal. In a statement, it said the additional directors have clearly mentioned at the meeting that they have 'no view on the proposal'.

In January, RBI cleared the merger of housing finance company Gruh Finance with a balance sheet of Rs 20,000 crore with Bandhan Bank (Rs 47,000 crore balance sheet). Also, NBFC Capital First merged with IDFC Bank in December last year.

RBI looks at each deal very closely, said Jagannadham Thunuguntla of Centrum Broking .

"It may not use a blanket template to give go ahead to every merger of this format. They will probably have to go through the backgrounds and corporate structures. At this juncture, we will have to wait and watch, because if this deal goes through, probably we can expect at least five to 10 more such deals," Thunuguntla told ETNOW.

Indiabulls Housing claims it fits all the criteria for a banking licence as per guidelines for 'on tap' licensing of universal banks. It said all of its board members are nominated by resident Indians on the nomination and remuneration committee, as prescribed. It said the HFC has a track record of nearly 20 years.

The company has been profitable in each year of its operations, meets the criteria of having total assets in excess of Rs 5,000 crore. It has 100 per cent of its assets and profits from financial sector against RBI's requirement of at least 60 per cent.

Even considering all companies sharing the Indiabulls brand name and a common promoter, 88.5 per cent of total assets and 81.2 per cent of gross income are from financial services businesses, the HFC claims. Other than this, it has foreign ownership of 56 per cent against the RBI limit of 74 per cent.

Besides, the proposed amalgamated entity will also meet all parameters, including minimum voting equity capital requirements and shareholding pattern, corporate governance, prudential and exposure norms, it said.

Analysts say the Indiabulls entity's large exposure to real estate should not be concerning.

While 2013 RBI guidelines talked about aversion to large companies and sensitive sectors like real estate and brokerages, the updated 2016 guidelines had no such mention.

Edelweiss wondered whether the deal measures up to the regulatory rigour RBI is known for. "While the deal makes the compliance cut-off and is within the purview of the policy framework, similar transactions in the past indicate an element of subjectivity in handing out bank licences by RBI," the brokerage said.

Indiabulls Housing says the capital adequacy ratio of amalgamated entity would be 20.6 per cent against the regulatory requirement of 10.87 per cent, with tier 1 requirement of 14.4 per cent against 8.87 per cent that the norms demand.

Indiabulls MD Gagan Banga told ETNOW on Friday that the management has spoken at various levels at RBI and got some sense of comfort informally. "We have done our checking of the boxes and we are confident that this deal will go through," he said.

At the time of writing this report, shares of Indiabulls Housing traded 0.48 per cent higher at Rs 907.50.

5. NCLAT seeks details about 4 IL&FS group entities

The NCLAT also made clear that it has not stopped IL&FS and its group entities from going for resolution process

PTI

The National Company Law Appellate Tribunal Monday directed debt-ridden IL&FS to submit information over investment made by pension and provident funds in its four group firms, and also sought details of financial liabilities of those entities.

These four 'amber' companies are -- Hazribagh Ranchi Expressway, Jharkhand Road Project Implementation Company, Moradabad Bareilly Expressway and West Gujarat Expressway.

The NCLAT also made clear that it has not stopped IL&FS and its group entities from going for resolution process.

During the proceedings of the appellate tribunal, a two-member bench headed by Justice S J Mukhopadhaya observed that the money invested by pension fund, and provident fund in the IL&FS companies should be released first.

"Provident fund and pension fund have nothing to do with this, this is not your money, it is related to the employees."

"We want that it should be released first," the bench said.

The NCLAT had directed 4 out of 13 amber entities to prepare charts, and held that the remaining 9 firms will also try to prepare charts by the next date of hearing, which is April 16.

Earlier on March 29, the NCLAT had sought financial details about 13 entities of IL&FS group that have been classified under the 'amber' category.

Under its resolution plan, the government has categorised IL&FS group entities into green, amber and red categories based on their respective financial positions.

Entities classified as 'green' are those which continue to meet their payment obligations, while 'amber' category firms can meet only operational payment obligations to senior secured financial creditors.

Those falling in the 'red' category are the entities which cannot meet their payment obligations towards even senior secured financial creditors.

Earlier, the corporate affairs ministry submitted the debt resolution plan for IL&FS.

The entire resolution process is based on the principles enunciated in the Insolvency and Bankruptcy Code, as per the ministry.

During the previous hearing on March 19, IL&FS had informed the NCLAT that the number of 'green' companies has increased to 50 from 21.

The number of 'amber' entities also increased to 13 from 10.

Business Line

6. SBI bifurcates Mumbai circle

[Our Bureau](#)

State Bank of India, on Monday, launched Mumbai Metropolitan Business region as a separate circle. The new circle has been formed by bifurcating the Mumbai circle. India's largest bank, in a statement, said the existing Mumbai circle has been bifurcated to form two circles – Mumbai (metro) and Maharashtra circle – with effect from April 1, 2019. The new circle is the bank's 17th circle.

The new Mumbai (metro) circle has 423 branches, 26 central processing cells, 10 regions, four zones, and two networks.

It covers branches in Mumbai, Thane, Palghar, and Raigad districts. The total deposits and advances of the Mumbai (metro) circle as on March 31, 2019, was Rs.1,44,398 crore and Rs.42,036 crore, respectively. The erstwhile Mumbai circle covering Maharashtra and Goa State was the largest circle under the SBI's National Banking Group.

Rajnish Kumar, Chairman SBI, said: "We believe at the new Mumbai (metro) circle there would be seamless business process mobilisation that will help the bank give focussed attention to customers of Mumbai and surrounding areas, which contribute a major share of business of the circle."

With kind regards,

Yours Comradely,



(**N. GOVINDRAJULU**)
GENERAL SECRETARY