



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

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Dear Comrades,

29th March , 2019

News of Interest 29th MAR

QUOTE OF THE DAY

“BELIEVE YOU CAN AND YOU’RE HALFWAY THERE”. — THEODORE ROOSEVELT

HIGHLIGHTS

1. NCLT READS INSOLVENCY RULES AT ORCHID PHARMA'S PROMOTER GROUP FIRM
2. INDIA'S FIRST FOREIGN OWNED BANK IS PREPARING FOR A \$58 MILLION IPO
3. ICICI BANK EXPECTS OUTSTANDING HOME LOAN BOOK AT RS 2L CRORE BY MARCH 2020
4. FIVE PSU LENDERS GET CAPITAL INFUSION OF RS 21,428 CRORE FROM GOVERNMENT
5. UNSECURED LENDING CATEGORIES DRIVE CONSUMER CREDIT GROWTH

Business Standard

1. NCLT reads insolvency rules at Orchid Pharma's promoter group firm

The bank's dues, by July 2018, were Rs 215.7 crore

Gireesh Babu

The insolvency resolution procedure will be applied on Orchid Healthcare, a promoter group company of Chennai-based Orchid Pharma, which is already under this procedure. The order, from the bench of the National Company Law Tribunal, was in response to a petition from IDBI Bank. It had loaned Rs 191 crore in July 2014 to Orchid Pharma, for which Orchid Healthcare was guarantor.

The bank's dues, by July 2018, were Rs 215.7 crore (a consortium of 24 banks had lent a total of about Rs 3,200 crore to the drug maker). With the borrower not repaying and also under the Corporate Insolvency Resolution

Procedure, the petition from IDBI asked that this be also initiated on Orchid Healthcare. Noting there was no objection from the company, the tribunal's bench of B S V Prakash Kumar and S Vijayaraghavan has agreed to the request. And, appointed an interim Resolution Professional. Orchid Healthcare has 22.64 per cent stake in Orchid Pharma, the biggest shareholder in the promoter group, as on end-December, according to the BSE. Orchid Pharma has been under financial stress for some years

The NCLT appointed an IRP for it with effect from mid-August 2017, on a petition from an operational creditor, Lakshmi Vilas Bank. Later, the Committee of Creditors (CoC) approved a resolution plan of US-based Ingen Capital, though with a significant haircut (dues write-off). However, Ingen did not pay the required amount and the NCLT nullified that resolution plan, on the RP's request.

Earlier this month, the RP called for a fresh Expression of Interest (EoI) from those interested, on a resolution plan for Orchid Pharma. The tribunal, through the order, also allowed 105 days for the CIRP, considering the time lost from the date of the previous EoI, of mid-November 2017, to the date of annulment of the approved resolution plan of Ingen. It has also reinstated the RP and the CoC, to ensure the company stays a going concern.

The RP has told the tribunal that it has e-mails from Divi's Laboratories, Gland Celsus Biochemicals and Fidelity Trading Corporation. And, oral enquiries from ART Capital (India), Everstone Group, Aion Capital, Piramal Capital and Finquest Group, expressing interest in proposing Resolution Plans.

2. India's first foreign owned bank is preparing for a \$58 million IPO

Last year, Toronto-based Fairfax agreed to invest \$168 million for a 51% stake in the Syrian Catholic Bank, the first time the RBI allowed a foreign firm to take a majority interest in a local lender

Canadian investor Prem Watsa's Indian bank has started preparations for a stock market listing this year, its chief executive said.

Catholic Syrian Bank Ltd., in which Watsa's Fairfax India Holdings Corp. received approval to take a controlling stake, is gearing up for a listing that may involve a Rs 4 billion (\$58 million) initial public offering, according to Chief Executive Officer C. VR. Rajendran.

Last year, Toronto-based Fairfax agreed to invest \$168 million for a 51 percent stake in the bank, the first time the Reserve Bank of India allowed a foreign firm to take a majority interest in a local lender. At the same time, the RBI told privately held Catholic Syrian Bank that it should list its shares before Sept. 30 this year, according to Fairfax India's latest annual report.

Catholic Syrian Bank has hired Axis Capital Ltd. to manage the listing, and is debating exactly which route to market it will take, Rajendran said in a recent interview. He said he's seeking approval from the Securities and Exchange Board of India for a direct listing -- where all existing shares become tradable without the need for an initial public offering. But if the bank doesn't get the nod from Sebi, he will instead pursue an IPO that may involve the sale of both new and existing shares, Rajendran added.

Fairfax Financial Holdings Ltd. owns assets around the world, with Watsa particularly enthused by opportunities in India. Since August 2015 he has invested about \$1.6 billion in Indian assets, from chemicals manufacturers to financial services providers, according to the Fairfax annual report.

Direct Listing

The advantage of a direct listing is that it won't dilute Fairfax's holding in the bank, Rajendran said. But direct listings for companies not already quoted on one of India's various exchanges are unusual, and so approval from Sebi isn't a foregone conclusion, according to Sandeep Parekh, a former executive director at the regulator.

The shareholding agreement reached last year gave Fairfax 18 months from October to build its stake to 51 percent via purchases of privately held shares and warrants.

Catholic Syrian is undergoing a change of strategy, reversing a move into large-scale corporate lending after many of the loans soured, Rajendran said. With backing from Fairfax, the bank wants to return to its roots in handing out loans to the gold and retail sectors, and to small and mid-sized enterprises.

The listing plans aren't driven by any need for further capital, as the injection from Fairfax will provide sufficient funding for the next two or three years, said Rajendran.

"We don't need capital. This is only for compliance," he added.

Financial Express

3. ICICI Bank expects outstanding home loan book at Rs 2L crore by March 2020

By: [FE Bureau](#)

With no visible signs of distress in its retail portfolio as of now, private lender ICICI Bank expects to grow its outstanding home loan book to Rs 2 lakh crore by March 2020, from Rs 1.7 lakh crore currently. ICICI Bank, one of the largest mortgage players among private banks, has repeatedly maintained that outreach to tier II, III cities and micro-markets, along with focus on affordable housing and digitisation, has been key to growth in its portfolio.

"Some demand is certainly coming to ICICI," said Anup Bagchi, executive director, ICICI Bank, when asked whether the bank has benefitted from the recent liquidity crisis facing housing finance companies after the IL&FS default led to sale of debt and redemption in mutual funds hurting non-banking finance companies and HFCs that rely on banks and MFs for borrowings to finance their loans.

The private lender, which has been witnessing a compound annual growth rate of over 20% in its disbursements against an industry average growth of 12%, on Thursday launched a secured home loan product 'Instant Home Loan' for pre-approved salaried customers that promises digital final sanction letters with a validity of six months and instant loans up to Rs 1 crore for a tenure of up to 30 years. For final disbursement, the customer will

have to visit the branch along with the sanction letter and documents to the home they wish to purchase.

A second product 'Insta Top Up Loan' will allow customers instant top ups on existing home loans of up to Rs 20 lakh for a tenure of up to 10 years, and will be treated by the bank on its books as unsecured loans and inviting a slightly higher rate of interest than the home loans products.

Economic Times

4. Five PSU lenders get capital infusion of Rs 21,428 crore from government

The capital infusion will be by way of preferential allotment of equity shares of the bank during 2018-19

PTI|

Five state-owned banks, including PNB, Bank of Baroda and Union Bank, Thursday received shareholders' approval for capital infusion to the tune of Rs 21,428 crore in lieu of preferential allotment of shares to the government.

This capital infusion is for the current fiscal ending March 31, 2019.

Punjab National Bank (PNB) in a regulatory filing said that an extraordinary general meeting of shareholders was held on March 28 for obtaining shareholders' approval to issue and allot 80,20,63,535 equity shares at a premium of Rs 71.66 per share amounting up to Rs 5,908 crore on preferential basis to the government.

Bank of Baroda said the finance ministry informed about its decision to infuse capital of Rs 5,042 crore in the bank.

"The capital infusion will be by way of preferential allotment of equity shares (special securities/bonds) of the bank during 2018-19, as government's investment," Bank of Baroda said.

Union Bank said: "The Committee of Directors for Raising of Capital Funds (CDRCF) of the bank at its meeting held on Thursday considered and approved the allotment of 52,15,62,658 equity shares at an issue price of Rs 78.84 aggregating to Rs 4,111.99 to government in accordance with the applicable provisions."

The board of the Chennai-headquartered Indian Overseas Bank (IOB) in an extraordinary general meeting decided to allot preferential shares to government to get capital infusion of Rs 3,806 crore.

"The Board for Issue of Equity Share Capital at its meeting held today has issued and allotted 269,54,67,422 equity shares at an issue price of Rs 14.12 per equity share (including premium of Rs 4.12 per equity share) to government by way of preferential allotment," IOB said.

With this allotment, the government holding has increased from 89.39 per cent to 92.52 per cent in the bank, it added.

"This capital infusion will help the bank to shore up its capital adequacy

requirements and enable the bank to build a robust loan book," R Subramaniakumar, MD & CEO, Indian Overseas Bank told PTI.

He also said that various initiatives have been taken by the bank for turnaround and there was a visible improvement in the bank's performance as seen in the third quarter results.

Subramaniakumar hoped that the bank will be able to return to the black in the next fiscal year beginning April 1, 2019.

Earlier, the bank raised Rs 261 crore to its share capital in January under Employee Stock Purchase Scheme (ESPS) in which as much as 92 per cent of the employees participated which resulted into over-subscription of bank stock.

"With this capital infusion and taking into account the capital raised through ESPS as well as sale of non core assets, CRAR (capital to risky asset ratio) will improve considerably," he said.

Central Bank of India allotted 68,72,48,322 equity shares at Rs 37.25 aggregating upto Rs 2,560 crore.

With this allotment, shareholding of government has increased from 89.40 per cent to 91.20, said Central Bank of India.

Business Line

5. Unsecured lending categories drive consumer credit growth

[Our Bureau](#)

Consumer durable loans, credit cards and personal loans grew 31% in the last quarter of 2018: TransUnion CIBIL

Consumer credit continues to be the key driver of the Indian economy on the back of strong growth in unsecured lending categories such as credit cards, personal loans and consumer durable loans.

Between them, at a total balance level, these categories grew 31.3 per cent year-on-year (y-o-y) in the last quarter of calendar year 2018, according to TransUnion CIBIL.

Secured lending categories – loans against property (LAP), auto loans and home loans – experienced more moderate total balance growth by comparison, expanding at the still-robust levels of 21.8 per cent, 17.4 per cent and 17.1 per cent, respectively, over the year ended CYQ4 2018, the credit information company said in its industry insights report.

These healthy growth levels demonstrate that credit demand by Indian consumers remains strong, and lenders have continued to make credit available to borrowers to meet that demand, it added. "Although GDP growth has decelerated in recent quarters, the rate of overall consumer lending growth in India is still significantly higher than for most other major economies in the world," said Yogendra Singh, Vice-President of Data Science and Analytics, TransUnion CIBIL.

Singh elaborated that as Indian lenders continue to increase in size and complexity, and look to expand the universe of consumers they can

prudently extend credit to, they are evolving their underwriting capacity and sophistication accordingly with new data sources and analytic tools.

Potential headwinds

This continued evolution in capabilities is increasingly important in maintaining retail lending growth as external factors such as funding availability and the global economic outlook present potential headwinds, he added.

Referring to data from Oxford Economics, the Trans Union Cibil report said y-o-y GDP growth for India slowed to 6.6 per cent in CYQ4 2018, compared to 7 per cent in the third quarter, and levels above 7 per cent in the first half of 2018.

All major consumer lending products experienced double-digit percentage growth in the total number of accounts in the fourth quarter. The total number of accounts in the case of credit cards increased 28.6 per cent y-o-y to 3.78 crore, with the average balance per borrower nudging up by only 0.3 per cent to R.35,000.

The total number of accounts in the case of personal loan increased 29.3 per y-o-y to 1.60 crore, with the average balance per borrower going up by 5.2 per cent to Rs.2,61,000. The total number of accounts in the case of home loans rose by 10.5 y-o-y to 1.35 crore, with the average balance per borrower increasing by 17.9 per cent to Rs.19,11,000.

Auto loans

The total number of accounts in the case of auto loans climbed 11.1 per y-o-y to 1.11 crore, with the average balance per borrower going up by 8.3 per cent to Rs.40,900.

In the case of loans against property, while the total number of accounts jumped by 30.4 y-o-y to 19 lakh, the average balance per borrower came down by 13.6 per cent to Rs.30,85,000.

"It is clear there is still significant demand for credit among Indian consumers, with enquiries increasing 40 per cent y-o-y in CYQ4 2018. However, supply has not quite kept pace and approval rates have displayed a consistent declining trend from Q1 2017 onwards.

"This effect is driven by an increasing percentage of non-prime, higher-risk consumers entering the credit marketplace, and shows lenders are actively managing their risk exposure and thus the profile of their overall portfolio," said Singh.

With kind regards,

Yours Comradely,



(**N. GOVINDRAJULU**)
GENERAL SECRETARY