



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
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Dear Comrades,

21st May , 2019

News of Interest 21st May

QUOTE OF THE DAY

“WHAT THE MIND CAN CONCEIVE AND BELIEVE, AND THE HEART DESIRE, YOU CAN ACHIEVE” - NORMAN VINCENT PEALE

HIGHLIGHTS

1. ORCHID PHARMA SAYS CLOSER TO RESOLUTION AS RP HAS RECEIVED THREE PLANS
2. BANK CREDIT TO INFRA SECTOR GROWS 18.5% IN FY19: RBI DATA
3. KARNATAKA BANK LAUNCHES SAVINGS BANK PRODUCT FOR SALARIED CLASS
4. RBI TO HOLD ‘STRUCTURED MEETINGS’ WITH BANK AUDITORS TO DEAL WITH DIVERGENCES
5. YOUR HEALTH POLICY MAY SOON COVER ALL FLANKS

Business Standard

1. Orchid Pharma says closer to resolution as RP has received three plans

NCLT had earlier cancelled the resolution plan by US-based Ingen Capital after it refused to infuse the upfront amount, seeking certain data from the drug maker

Gireesh Babu

Orchid Pharma Ltd is one step closer to finalising its second attempt to find a resolution plan under the Corporate Insolvency Resolution Process (CIRP) it initiated earlier, as the Resolution Professional (RP) received three resolution plans as on May 17, 2019.

The National Company Law Tribunal (NCLT) had earlier cancelled the resolution plan by US-based Ingen Capital after it refused to infuse the upfront amount, seeking certain data from the pharmaceutical company.

According to a company filing with the exchanges, Orchid Pharma has said that the RP has received three resolution plans from prospective resolution applicants as on May 17, 2019.

Resolution plans were invited on April 10, as per the order from NCLT on February 28, 2019, and the last date of submission of the plans was on May 10, which was later extended to May 17.

The RP will evaluate the resolution plans now and the compliant ones would be placed before the Committee of Creditors (CoC), which is expected to meet late this week or early next week to take it forward. As per the timeline fixed by the NCLT, the 105 days' time allowed by the Tribunal to conclude the selection of resolution plan will end on June 13.

Earlier during the month, the company had said the potential investors have urged the RP to share the provisional financials of the company for 2018-19, before submission of resolution plan.

The RP responded stating that the statutory audit for FY19 would not be completed before the due date for submission of resolution plans as the audit is for the full financial year.

As Orchid Pharma is a listed entity and the details sought for are price sensitive, the RP informed CoC that the financial information requested would also be uploaded in the website of the company, he added.

The RP refused to comment on the investors who have submitted the resolution plan now. Earlier in a submission with the NCLT, related to the non-payment of upfront amount by Ingen Capital, the RP has said he had received e-mails from Divi's Laboratories Ltd, Gland Celsus Biochemicals Pvt Ltd and Fidelity Trading Corporation and oral enquiries from ART Capital (India) Pvt Ltd, Everstone Group, Aion Capital, Piramal Capital and Finquest Group expressing interest in proposing Resolution Plans.

Recently, the National Company Law Appellate Tribunal has directed the Central Government to take action against US-based investor Ingen Capital Group LLC, its managing director and other directors for not implementing its resolution plan for Chennai-based Orchid Pharma after its proposal being selected by the Committee of Creditors (CoC) and National Company Law Tribunal (NCLT) for implementation. The action comes on an appeal filed by Ingen Capital against the Resolution Professional (RP) earlier with the Appellate Tribunal.

The Appellate Tribunal directed the Central Government through the Ministry of Corporate Affairs to take appropriate steps against Ingen Capital Group and its Managing Director and other Directors who tried to take advantage of the resolution process but later on failed to implement its proposal without any basis and imposed a cost of Rs 10 lakh on Ingen Capital to be paid in favour of CoC within 30 days.

The Bench observed that while earlier it was given opportunity to deposit the upfront amount but Ingen Capital failed to deposit the same.

Ingen Capital approached the NCLAT with an appeal assailing the order passed by the NCLT Bench directing to deposit one third of Rs 1000 crore payable to secured creditors. The Appellate Tribunal directed it to unconditionally agree to deposit at least Rs 1000 crore with the NCLT, Chennai, Registrar.

Ingen Capital's resolution plan was approved by the NCLT on September 17, 2018, and as per the approved Resolution Plan, Ingen Capital was expected to deposit Rs 1000 crore upfront to the financial creditors, while the resolution plan was approved for consideration of Rs 1490 crore with a considerable haircut to the Banks.

Ingen Capital had to pay the amount in 30 days and settle the banks by that time. A consortium of 24 banks has lent a total of over Rs 3200 crore to the drug maker.

With Ingen Capital allegedly not paying the upfront money, NCLT has directed it to pay one third of the payment due to the financial creditors of the pharmaceutical company, which is around Rs 334 crore, in a fixed timeframe.

It was at this point Ingen Capital approached the NCLAT with its appeal. Earlier, Ingen Capital had alleged a difference between the assets they had been shown and the actual situation on ground. The allegation was denied by the RP.

For Ingen Capital, this was its second unsuccessful bid for Orchid. The private equity investor's earlier bid, lower than the liquidation value of Orchid, was almost thrown out by the CoC. Ingen Capital later offered to pay Rs 100 crore more than the liquidation value and this was subsequently approved by the panel, and then by the NCLT.

Meanwhile, the NCLT nullified Ingen Capital's resolution plan and allowed 105 days to the RP and the CoC to carry out fresh expression of interest, the deadline which will come to an end in the middle of June, this year.

Financial Express

2. Bank credit to infra sector grows 18.5% in FY19: RBI data

By: [PTI](#)

Bank credit to infrastructure sector grew by 18.5 per cent to Rs 10.55 lakh crore as of 2018-19, the highest since 2012-13 fiscal, RBI data showed.

Outstanding bank credit to the sector was Rs 8.91 lakh crore as at March 2018. In the fiscal year ended March 2013, loans to infrastructure sector had grown by 15.83 per cent to Rs 7.29 lakh crore. In FY18 and FY17, growth in bank credit to the sector was negative at 1.7 per cent and 6.1 per cent, respectively.

"Just because banks are sitting on pile of bad loans from the infrastructure sector, we cannot completely stop lending to the sector. There are couple of companies in the sector that are doing well," said the head of a public sector bank.

Since the growth in the manufacturing sector is subdued, banks are also willing to lend to the infrastructure segment, he said. Earlier banks had curtailed lending to the sector due to higher NPAs.

"Post the asset quality review conducted by the RBI, all the NPAs from the infrastructure sector have been recognised. Banks are now willing to lend to the sector and demand for credit from the sector has also increased," Care Ratings Chief Economist, Madan Sabnavis, said.

Though the lending to infrastructure sector has increased, bankers are not allowing the infrastructure companies to over leverage.

As per the RBI data, bank loans to the overall industrial sector grew by 6.9 per cent to Rs 28.58 lakh crore in FY19. In FY18, loans to industries had grown by 0.7 per cent.

Within infrastructure, bank loans to power sector had increased by 9.5 per cent to Rs 5.69 lakh crore compared to Rs 5.19 lakh crore in FY18.

Roads sector witnessed a credit growth of 12.2 per cent to Rs 1.86 lakh crore as of end-March 2019.

Credit to telecommunications and other infrastructure (excluding roads, power and telecom) rose by 36.7 per cent and 53.5 per cent, respectively over FY18, the RBI data showed.

In FY19, total bank credit rose 13.24 per cent and deposits grew by 10.03 per cent.

This is the second consecutive double-digits credit growth after the same had declined to 4.54 per cent, which was the lowest since 1963, it said.

Economic Times

3. Karnataka Bank launches savings bank product for salaried class

According to the release, the bank will provide, free of cost, an insurance coverage of up to Rs 50,000 against chain snatching, theft and burglary for women employees falling in the top category of the salary scheme

ET Bureau

Private sector lender Karnataka Bank on Monday launched a new savings bank product called "KBL SB Salary" for salaried class with three variants of Executive, Prime and Classic.

"All these 3 variants of our KBL SB Salary Scheme are available for the Salaried People with a host of Digitally Powered features and without any Minimum Balance Criteria. No annual charge on Debit Cards, Unlimited free access to Karnataka Bank ATMs, Free Cash Deposit facility across all branches, Free Fund Transfer within the Bank, Free NEFT & RTGS through Internet and Mobile Banking, Free Outstation Cheque Collection, No Annual Fee on Demat & Trading Accounts are some of the major features of these Schemes," the bank said in a press release.

According to the release, the bank will provide, free of cost, an insurance coverage of up to Rs 50,000 against chain snatching, theft and burglary for women employees falling in the top category of the salary scheme. "We have designed these 3 variants to cater all the financial needs of the entire 'Employer-Employee Ecosystem' said Bank's MD Mahabaleshwara M S.

Business Line

4. RBI to hold 'structured meetings' with bank auditors to deal with divergences

[K Ram Kumar](#)

To deal with the issue of banks diverging from the prescribed asset classification norm and consequent under-provisioning, the Reserve Bank of India (RBI) has kickstarted the process of holding structured meetings with their statutory central auditors (SCAs) at the end of every quarter.

The move comes in the backdrop of the central bank flagging divergence in asset classification and loan-loss provisioning in respect of certain accounts as reported by banks, and its own assessment in the last couple of years.

Downward revision

Whenever the RBI's assessment of non-performing assets (NPAs), which is based on risk-based supervision for the previous financial year, is higher than what a bank has reported, the latter has to revise the NPA figures and make additional provisions. This results in downward revision in profit numbers. So, by organising the quarterly meetings with SCAs, the RBI seems to be wanting to minimise such divergences.

"There was the question of interpretation of income recognition and asset classification norms. But now the RBI has structured meeting with the SCAs of all banks.

"So, before banks' quarterly audit begins, the regulator briefs their SCAs as to which accounts they have to look at closely. This is now part of the supervisory programme," said a senior banker. S Ravi, a practising Chartered Accountant, explained that the central bank wants a closer interaction with the auditors as it came across significant divergences in the views of statutory auditors, and RBI's inspection pertaining to income recognition and NPA classification.

The banker quoted above said the regulator has told the auditors that if they find some deficiencies in both the conduct of an account as well as provisions, they have to take a closer look at it. If auditors are not satisfied, a bank has to downgrade the account and make provisions.

"The auditors have become very cautious. So, should a borrower miss a loan repayment for a day or two due to genuine reasons, they will brook no delay.

"The account will be downgraded and provisions will have to be made. There should be a serious re-think on this as it impacts banks," elaborated the banker.

5. Your health policy may soon cover all flanks

[G Naga Sridhar](#)

IRDAI panel for weeding out many exclusions

Currently available health covers are likely to get more broad-based soon with a panel constituted by the Insurance Regulatory and Development Authority of India (IRDAI) calling for scrapping many exclusions currently in place.

No health insurance policy should incorporate exclusions such as diseases contracted after buying the health cover, injury or illness associated with hazardous activities, and impairment of a person's intellectual faculties due to usage of drugs and stimulants or depressants prescribed by a medical practitioner, the panel said.

The panel has also addressed one of the key issues faced in relation to critical-care patients who fail to recover despite significant expenditure on treatment.

Providing for life support

Artificial life maintenance, including the use of a life-support machine, wherein such treatment will not result in a recovery or restoration of the previous state of health, should not be treated as an exclusion "under any circumstances", the committee has said.

In the case of a patient in a vegetative state, as certified by the treating medical practitioner, expenses up to the date of confirmation by the treating doctor should be covered, it said.

Similarly, the cover should be extended for the treatment of mental illness and stress or psychological and neurodegenerative disorders besides puberty and menopause-related ailments.

Internal congenital diseases and genetic disorders are also not to be included under exclusions.

Curtailing waiting period

When contacted, Shanai Ghosh, Chief Marketing & Commercial, Strategy Edelweiss General Insurance, told *BusinessLine* that the suggestions, once implemented, will benefit customers.

Typically, health insurance policies have 'wait periods' for specific diseases. In the current draft, the regulator has advised that for lifestyle diseases related to hypertension, diabetes and heart ailments, the waiting period should not be more than 30 days.

"Usually, the wait periods tend to be 90 days or more, and in some instances, even years. Reducing this to 30 days is extremely beneficial to customers – all their claims beyond 30 days are now payable," she said.

This will impact the loss ratios of the product which will, in all probability, go up. "Therefore, insurers will also need to review their pricing, which may lead to reworking of the premium," Ghosh added.

In another fundamental shift, insurance companies will now focus on the preventive aspects of the business.

The regulator is expected to take a decision on the recommendations soon.

Thanking you,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**