

Equities

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India Banking Bits

November 16, 2011

- **In News Today** — ICICI Bank to repatriate capital from Canada arm; Bol's exposure to aviation sector stands at Rs40bn: N Seshadri, ED, Bank of India; Debt recast for Kingfisher may be only option for banks; Panel reports on banking, insurance Bills may be delayed; Financial sector growth out of sync with that of real sector: Subbarao.
- **ICICI Bank to repatriate capital from Canada arm** — ICICI Bank plans to repatriate a part of the capital of its Canadian arm, as business growth has been crippled by stringent regulation. The private sector lender has decided to send home a part of the capital of ICICI Bank Canada as the subsidiary is finding it difficult to grow its loan portfolio after the regulator said it must lend money within the country if it raised deposits locally. (Business Standard, Nov 16) business-standard.com/india/news/icici-bank-to-repatriate-capitalcanada-arm/455659/
- **Bol's total exposure to aviation sector at Rs40bn: N Seshadri, ED, Bank of India** — In an interview, N Seshadri did not disclose the exposure the bank had to Kingfisher while informing that the bank had exposure of little less than Rs40bn for the entire sector. He also denied getting any instructions or guidance from the Finance Ministry on restructuring debt given to airline companies. (Economic Times, Nov 16) economictimes.indiatimes.com/opinion/interviews/bois-total-exposure-to-aviation-sector-stands-at-rs-4000-cr-n-seshadri-executive-director-bank-of-india/articleshow/10739609.cms
- **Debt recast for Kingfisher may be only option for banks** — Bankers are working on a formula that would aim to keep the re-payment period and the net present value of the asset specified during the first restructuring intact, by increasing the interest rate. In this case, there would be no increase in provisioning requirement. Pratip Chaudhuri, chairman, SBI, the leader of the lenders' consortium to Kingfisher, said it was difficult for the bank to stop fresh loans to airline companies. (Business Standard, Nov 16) business-standard.com/india/news/debt-recast-for-kingfisher-may-be-only-option-for-banks/455618/
- **Panel reports on banking, insurance Bills may be delayed** — The Standing Committee of Finance has indicated that it might not be able to submit its report on banking and insurance Bills during the winter session, which is scheduled to start from November 22. Sources said, "Serious differences within the committee are yet to be resolved. So, it is not sure if the reports will be tabled during the winter session." (Business Line, Nov 16) thehindubusinessline.com/todays-paper/article2631111.ece
- **Rise in loans to real estate, retail disproportionate** — It is the real sector that must drive the financial sector, not the other way round, said Dr D. Subbarao, Governor, Reserve Bank of India. He pointed out that while historical experience may tempt one to believe that financial sector development aids growth and therefore, more of it must be better, the actual experience was different. (Business Line, Nov 16) thehindubusinessline.com/todays-paper/tp-money-banking/article2631165.ece

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- Industry Overview
- Daily

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Industry

RBI will act if there's strain on liquidity: Gokarn

"The RBI does not target yields. Our objective is to manage liquidity. If we find there is stress on liquidity, we would take action to ease the stress, not with direct objective to target bond yields," Subir Gokarn told reporters on the sidelines of a banking event. (Business Standard, Nov 16) business-standard.com/india/news/rbi-will-act-if-theres-strainliquidity-gokarn/150920/on

Bank employees threaten strike

The All India Bank Employees' Association has threatened a strike if banks proceeded with a bailout proposal for cash-trapped Kingfisher Airline. The association also alleged banks had bought the airlines' shares for 260 per cent more than market prices, and that there had been over-valuation to accommodate the airline. (Business Standard, Nov 16) business-standard.com/india/news/bank-employees-threaten-strike/455619/

Export credit ceiling raised by 150 bps

The RBI has increased the ceiling rate on export credit in foreign currency by 150 basis points, to LIBOR plus 350 basis points from the present ceiling rate of LIBOR plus 200 basis points, with immediate effect till from March 31, 2012. (Business Line, Nov 16) thehindubusinessline.com/todays-paper/tp-money-banking/article2631167.ece

Banks / Financial Institutions

Mehrotra poised to get LIC top job

Decks have been cleared for acting chairman D K Mehrotra to become the regular chairman of Life Insurance Corporation, as the finance ministry has decided to send his name to the Appointment Committee of Cabinet (ACC) for final approval. A senior finance ministry official said on Tuesday that Mehrotra has been cleared by a high-level committee headed by finance secretary R S Gujral. (Business Standard, Nov 16) business-standard.com/india/news/mehrotra-poised-to-get-lic-top-job/455639/

Karnataka Bank's branch network may cross 500 this fiscal

Karnataka Bank Ltd is targeting a total branch network of 550 branches by March 2013, according to Mr P. Jayarama Bhat, Managing Director and Chief Executive Officer of the bank. Speaking on the sidelines of the inauguration of the new premises of the Hampankatta branch of the bank in Mangalore on Tuesday, Mr Bhat said that the bank has 486 branches in the country. (Business Line, Nov 16) thehindubusinessline.com/todays-paper/tp-money-banking/article2631169.ece

Q&A: Ramesh Iyer, MD, Mahindra Finance

Mahindra Finance, with Rs170bn of assets under management, has registered robust loan growth of 35% over the last six months, even amidst the rising interest rates. Managing Director Ramesh Iyer tells Malvika Joshi how the growing business in rural areas has helped the non-banking financial company (NBFC) to offset the negative impact of higher borrowing costs. (Business Standard, Nov 16) business-standard.com/india/news/qa-ramesh-iyer-md-mahindra-finance/455621/

Future Generali hopes to collect Rs7bn in new premium business

Future Generali India is hoping to collect up to Rs7bn in new premiums in the life insurance business for the current year with an expected growth of 20% on the back of new product launches and expansion of marketing operations. The company collected Rs1.68bn new premium business in the first half of the current financial year and expects to make substantial business in the last quarter, according to its MD Deepak Sood. (Business Standard, Nov 16) business-standard.com/india/news/future-general-hopes-to-collect-rs-700-cr-in-new-premium-business/455554/

Appendix A-1

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