

QUICKLY

Rupee surges 24 paise versus dollar
Mumbai, March 15
Rising for the fifth straight session, the rupee, on Friday, jumped 24 paise to close at 69.10 against the US dollar on sustained foreign fund inflows and heavy buying in domestic equities. Forex traders said the dollar's weakness against its key rivals overseas and easing crude prices strengthened the market sentiment domestically. At the interbank forex market, the domestic unit opened at 69.28 and advanced to a high of 69.03 during the day. It finally settled at 69.10, a rise of 24 paise against the dollar over its previous close. The rupee had strengthened by 20 paise on Thursday to close at 69.34 against the US dollar. **PTI**

MtGox founder sentence suspended
Tokyo, March 15
A Japanese court sentenced the former high-flying creator of the MtGox bitcoin exchange to a suspended jail sentence of two-and-a-half years on Friday after finding him guilty of data manipulation. The Tokyo District Court convicted Mark Karpeles, a 33-year-old computer whizz from France, for tampering with computer data, but acquitted him over charges of embezzling millions from client accounts. The sentence was suspended for four years. In a summary of the ruling, the court said Karpeles had "harmed users' trust greatly" by manipulating data and "abused his expertise as an IT engineer and his position and authority". **PTI**

Allahabad Bank aims to raise up to ₹600 cr via sale of non-core assets

OUR BUREAU
Kolkata, March 15
Allahabad Bank, which recently came out of the Prompt Corrective Action (PCA) framework of the Reserve Bank of India, is planning to raise ₹500-600 crore through sale of non-core assets next fiscal. According to SS Mallikarjuna Rao, MD and CEO, the bank is hopeful of raising ₹200-300 crore through stake-dilution in its insurance venture, Universal Sompco General Insurance. The bank has appointed a consultant - Choice Consultant - for valuation of its stake. Universal Sompco is a joint venture between the two public sector banks - Allahabad Bank and Indian Overseas Bank, Karnataka Bank, Dabur Investment Corporation, and Sompco Japan Nipponkoa Insurance. While Allahabad Bank holds 28.52 per cent equity stake, IOB



(From left) ON Singh, Chairman, Universal Sompco, and SS Mallikarjuna Rao, MD and CEO, Allahabad Bank, at the launch of an insurance portal in Kolkata on Friday **DEBASISH BHADURI**

holds 18.06 per cent, Sompco Japan 34.6 per cent, Karnataka Bank 6.02 per cent, and Dabur Investment Corporation 12.8 per cent stake in the venture. "We have appointed a consultant for valuation. We are waiting for the March figures (for the insurance venture), so that it can be taken into consideration for valuation," said Rao. He was talking to newsper-

sions on the sidelines of the launch of an online portal by Universal Sompco to issue a co-branded health insurance product, Allahabad Health Care Plus (ABHCP). The bank is also looking to raise close to ₹300 crore through sale of land and properties. It has identified 11-12 properties, of which, three to four are in Mumbai, and the remaining across Lucknow, Jhansi, and other cities. The bank, said Rao, had recently invited bids for the property, but did not receive any as the reserve price was on a higher side at ₹220 crore. So the bank is re-working on the reserve price, and is expecting to float a tender soon. The bank is hopeful of raising ₹150-200 crore through the sale of this property. Allahabad Bank had recently received a fund infusion of ₹6,896 crore from the government. This was utilised to make loan-loss provision to bring down the net NPA ratio and also to shore up its capital base. While the capital infused is enough to take care of its regulatory requirements, it might have to raise some capital to fund its growth needs, he pointed out. The bank is expecting to grow its advances by 8-10 per cent in FY20.

Bajaj Allianz Life Insurance 'to focus on living benefits', says CEO

SURABHI
Mumbai, March 15
Private sector Bajaj Allianz Life Insurance is working to provide differentiated products to customers, and is focussing on living benefits as it expands beyond the

mass market. "One big difference we made in the last one year is that from death benefits, we have moved to living benefits. The way we define living benefits is that the person should see the benefit, a unique benefit coming dur-

ing the time when somebody is alive," said Tarun Chugh, Chief Executive Officer, Bajaj Allianz Life Insurance, adding that this is very prominent in the health products. The insurer is now moving to the affluent class from its mass focus, and has also re-validated its product range. "We have ensured that we

get a lot more innovation in products," he told *BusinessLine*, adding that the insurer has introduced the concept of return of mortality charge (ROMC) in the wealth-creation space. The concept of ROMC, under which the customer receives all mortality charges deducted over the course of the policy term at the time of

maturity, was introduced as part of the online unit-linked product, Bajaj Allianz Life Goal Assure, in February 2018. Since then, the insurer has sold over 27,000 policies, clocking an annualised premium of more than ₹263 crore. Elaborating on the insurer's plans for the new

fiscal 2019-20, Chugh said it will continue to focus on living benefits, and will also work on continued innovation in the tech and innovation space. In terms of distribution, Bajaj Allianz Life Insurance plans to launch a point of sale (POS) channel. "This year we have already started our other channel

called proprietary sales, which is upselling to our existing customers," said Chugh, adding that the company will also focus on the online ULIP space. It posted a 13.4 per cent increase in gross written premium to ₹5,567 crore in the first nine months of the fiscal, against ₹4,908 crore a year ago.

Sources said the insurer has sold four policies since the launch of title insurance in July last year, and is currently in talks with a few developers. Title insurance has been mandated under the Real Estate Regulation and Development Act 2016 (RERA) for all new and ongoing property developments registered with the regulatory body. However, there have been few takers for the product, as it is yet to be notified by many State governments.

Intain Fintech plans to raise \$2 million more

RAJESH KURUP
Mumbai, March 15
Singapore-based Intain Fintech, an Artificial Intelligence and blockchain-based software products firm, is in talks to raise another \$2-million funding, in exchange for a nominal stake. The firm is in talks with existing investors, Blockseed Ventures and Hamon Private Equity, part of Hamon Investment Group, for the funding. Intain Fintech, which is present in India through an operating subsidiary, Intain Technology, had raised a similar amount of seed funding in 2018. "We are covered for the whole of 2019, but in the next quarter (April-June quarter), we will raise funding for further expansion and covering ourselves for 2020. We will raise a similar amount, much in line with the seed funding, with a very small dilution," Siddhartha S, Intain Founder and CEO, told *BusinessLine*. The company will also talk to some global blockchain-focused investors for the fund-raising, which would be used to double the size of its AI automation laboratory and to set up a technology team in the United States. Intain Fintech has three subsidiaries - Emulya Fintech in Singapore, Intain Technologies in India, and Intain in the US.

'India's bond market faces worst crisis since Lehman bankruptcy'

BLOOMBERG
March 15
Shashikant Rathi, who has dominated India's local bond underwriting business for over a decade at Axis Bank, says the industry now faces its biggest challenge since the global financial crisis. Shock defaults since last year by IL&FS Group and a new electronic bidding platform have disrupted the \$108-billion market, where underwriters like Rathi help companies raise money by selling debt securities. Sales of rupee corporate bonds that tend to pay the highest fees have fallen this quarter to a 2016 low. "The market is in complete chaos," said Rathi, the 41-year-old executive vice-president and head of treasury and markets at Axis Bank in Mumbai. "I have not seen such a crisis since the 2008 Lehman bankruptcy."

RBI rate cut
A surprise rate cut by the central bank last month, and expectations of further easing as early as April, have not lowered funding costs much, with spreads on top-rated 10-year corporate paper near



A surprise rate cut by the RBI last month has not lowered funding costs much, with spreads on top-rated 10-year corporate paper near the highest levels since 2009

the highest levels since 2009. It may take until after Indian elections in May for the market to settle down and issuance to pick up, says Rathi. The bumps have slowed India's drive to make the local corporate bond market bigger. Rathi is trying to weather it by doing what he is always doing, using long-standing relationships to arrange more deals. India's company debt market remains puny compared with the funding needs of the \$2.6-trillion economy, and big issuers are still for the most part limited to quasi-state enterprises. Policy makers are trying to change that. Starting April, large companies will be re-

quired to meet 25 per cent of their annual funding requirements from the bond market. This rule will help volume grow by 20 to 25 per cent each year going forward, said Rathi. Overall, rupee bond sales have risen nearly 18 per cent so far this year, but that is mainly driven by issuance by state firms that don't tend to pay underwriting fees. Deals that bankers rely on to earn commissions without AAA ratings have dropped 49 per cent this quarter from the last three months of 2018. Complicating matters for arrangers is the introduction of an electronic bidding platform, which enables investors to put in buy orders for any issuer without going through a broker. New rules last year that required investors to make some of their bids on the e-platform, which can be viewed by the public, caused rupee bond sales to slump. Rathi said there remains a big role for arrangers in India's primary market, which is not fully developed. "Issuers still need arrangers as we are the bankers who can give them a firm

commitment, advice on the right borrowing level and help market-making," he said. The credit market slump is a threat to one of the world's fastest-growing economies, affecting everyone from electronics shop owners to home buyers. That's because such business owners and consumers depend on shadow banks, and those lenders themselves are now having trouble getting financing. Such non-bank financing firms have provided 30 per cent of all new loans in the economy over the past three years, according to Nomura Holdings research. **Rising spreads** Companies also have been coughing up more for money. The spread of top-rated 10-year corporate paper over similar government bonds has climbed to around 121 basis points, not far from levels last seen in 2009. In spite of the market's weakness, Rathi is still making big deals. He helped raise \$1 billion as the lead underwriter this month for Reliance Industries, the country's biggest corporate issuer.

Jet Airways crisis: SBI sees clarity on final resolution within a week

Lenders keen that airline continues to be operational

OUR BUREAU
Mumbai, March 15
The consortium of banks, led by State Bank of India (SBI), expects clarity to emerge on final resolution of debt-laden Jet Airways in a week's time. A senior SBI official said lenders are keen that the airline continues to be operational. Towards this end, a comprehensive resolution plan is being put together. The financially-stressed airline has loans of more than ₹8,400 crore, with SBI being its biggest lender. The exposure of India's largest bank is said to be close to ₹2,000 crore. Due to financial crunch, the private sector carrier has delayed salaries to pilots, senior staff and engineers, including payments to its lessors and

lenders for the past several months. In mid-January, the airline said pursuant to a delay in payment of interest and principal instalment due to the consortium of Indian banks, led by SBI, on December 31, 2018, by the company, "SBI, in consultation with the other members of the consortium and other stakeholders, has been working on a comprehensive resolution plan towards a turnaround of the company for its sustained growth and restoration of financial health." The said resolution plan, inter alia, contemplates various options on the debt-equity mix, proportion of equity infusion by the various stakeholders, and the consequent change in the composition of the company's board of directors. Meanwhile, SBI, on Friday, launched 'YONO Cash' on its mobile-banking platform 'YONO SBI'



SBI is the biggest lender to Jet Airways, which has a total debt of more than ₹8,400 crore

for cardless withdrawal of cash at more than 16,500 SBI ATMs across the country. The ATMs enabled for this service will also be termed YONO Cash Point, the bank said. "Customers can initiate the

cash withdrawal process on the YONO app and set a six-digit YONO cash pin for the transaction. They will also get a six-digit reference number for the transaction on their registered mobile number

via SMS. The cash withdrawal has to be completed within the next 30 minutes at the nearest YONO Cash point using both PIN and the reference number received," said Rajnish Kumar, Chairman.

Kotak Mahindra Bank board undergoes rejig

OUR BUREAU
Mumbai, March 15
The board of directors of Kotak Mahindra Bank has undergone a revamp with the appointment of two Independent Directors and two Additional Directors. The board also approved the payment of dividend on Non-Convertible Perpetual Non-Cumulative Preference Shares (PNCPS) for the period from August 2, 2018, till March 31, 2019. "The record date fixed for the purpose of payment of dividend is on March 22, 2019," the lender said in a regulatory filing.

The bank had, in last August, issued 100 crore non-convertible PNCPS of face value ₹5 each to eligible investors at an issue price of ₹5 per PNCPS, aggregating to ₹500 crore. The dividend rate on the PNCPS is 8.10

per cent per annum. It had also helped bring down promoter shareholding to about 20 per cent to meet the Reserve Bank of India's norms, though the issue is now sub-judice and is being heard by the Bombay High Court. Meanwhile, the board, in its meeting on Thursday and Friday, approved the re-appointment of Prakash Apte as Independent Director of the bank for a five-year period from March 16, 2019, to March 17, 2024. The board also appointed Uday Shankar, President of 21st Century Fox, Asia, as Independent Director of the bank from March 16, 2019, for a period of five years. The board also recommended the appointment of KVS Manian initially as an Additional Director acting as

Whole-Time Director of the bank for a three-year period, effective from the date of approval of the Reserve Bank of India. It also recommended the appointment of Gaurang Shah initially as an Additional Director acting as Whole-Time Director of the bank for a three-year period from the time of RBI approval. All appointments will also be subject to necessary approvals from shareholders, the bank said.

"The board also noted appointment of Narayan SA as Non-Executive Chairman of Kotak Securities, a subsidiary of the bank, with effect from March 14, 2019," it further said. Shares of Kotak Mahindra Bank rose 4.31 per cent and closed at ₹1,325.30 apiece on the BSE.

Bandhan Bank gets RBI nod to buy Gruh Finance

PRESS TRUST OF INDIA
New Delhi, March 15
Bandhan Bank, on Friday, said it has received 'no-objection' from the Reserve Bank of India (RBI) for the proposed acquisition of Gruh Finance. "The RBI has, by its letter dated March 14, 2019, conveyed its no-objection for the voluntary amalgamation of Gruh Finance into and with Bandhan Bank, subject to compliance with the terms and conditions therein," the bank said in a regulatory filing. Gruh Finance, the affordable housing finance arm of HDFC, was taken over in January by Kolkata-based Bandhan Bank in a share-swap deal. As part of the deal, Bandhan Bank has to transfer 14.9 per cent stake to HDFC for merging Gruh with itself. The deal will allow Bandhan Bank's promoter Bandhan Financial Holdings' stake to come down to about 61 per cent from about 82 per cent, and HDFC will hold around 15 per cent in the merged entity, compared to about 57 per cent in Gruh.

Shraddha Landmark adopts HDFC Ergo's title insurance for Mumbai project

OUR BUREAU
Mumbai, March 15
HDFC Ergo General Insurance, on Friday, said Shraddha Landmark Private Ltd has adopted its title insurance policy for their upcoming project in Bhandup (west) in Mumbai. "The adoption of this policy by Shraddha Landmark will provide their upcoming project and subsequent buyers with the much-needed safety against financial losses that may arise due to defects in the title of the property when the ownership of the property is transferred," it said in a statement. Anuj Tyagi, Executive Director and Chief Distribution Officer, HDFC ERGO General Insurance, said: "The policy will provide indemnity to Shraddha Landmark and subsequent home-owners with the peace of mind from title risks arising out of third-party challenges." Sources said the insurer has sold four policies since the launch of title insurance in July last year, and is currently in talks with a few developers. Title insurance has been mandated under the Real Estate Regulation and Development Act 2016 (RERA) for all new and ongoing property developments registered with the regulatory body. However, there have been few takers for the product, as it is yet to be notified by many State governments.

Participants may face regulatory action if market abuse is found: RBI

OUR BUREAU
Mumbai, March 15
Participants found guilty of market abuse may be subject to regulatory action, including temporary or permanent stoppage of access to markets in one or more instruments, according to the Reserve Bank of India's draft directions on prohibition of market abuse. Market abuse includes market manipulation, and/or benchmark manipulation, and/or misuse of information, and/or any other similar practice. Market manipulation means any transaction or any act of omission or commission by a market participant, or a group of market participants acting in collusion, that may result in a false or misleading impression as to the price of, or supply of or demand for a financial instrument, carried out with the intention of making a financial gain or any other material benefit from such transactions or other actions. The central bank said no action will be taken without providing reasonable opportunity to the market participant concerned to defend its actions, or without giving due regard to underlying intentions and circumstances surrounding its actions.

Global trade union meeting to discuss ways to safeguard banks

OUR BUREAU
Thiruvananthapuram, March 15
The All India Bank Officers' Confederation and The Global Labour University will jointly organise what is being touted as the first global banking trade union convention for three days here from Sunday. The main theme of the convention is 'Challenges Before the Banking Sector and Trade Union Responses', according to Soumya Datta, General Secretary of the confederation. Eminent banking trade unionists from India and abroad will take part. Among them are representatives of the International Labour Organisation, as well as economists and social activists. Prominent Indians on the list are: CP Chandrasekhar, Prasenjit Bose, Partha Pratim Pal, Usha Ramanathan, Meenakshi Rajeev, Rammanohar Reddy, Pradip Biswas, and Ritobroto Maitra. Those from abroad are: Paulo Malerba and Javier Ghibandhi, from Brazil, and Tom Pasemann and Christoph Scherrer, from Germany. The convention will seek to understand the global changes taking place in the banking sector and critically look at the policies pronounced by the Basel Com-

mittee, the Financial Stability Board, and central banks. It will share experiences of different countries and highlight the success stories and alternatives and seek to debunk the myth that "if public sector banks do not perform well, they create huge NPAs", said Datta. The session will also come out with coping strategies and build global alliances to safeguard the banking industry with special focus on public banking. Datta noted that there is very little sharing of problems and experiences at the few international level meetings, which not all union representatives can hope to participate and, which, in any case, have not yet spawned any major campaign of resistance. "Hence, the need for a global convention to discuss the various onslaughts on the industry, record successful responses, and build networks," he said. The broad themes suggested for deliberations are: ways to keep banks committed to the public mission; macro-economic policies, prescriptions, and role of finance capital; financial markets, privatisation of banks and impact; technological changes and imperatives for future of work; and assessment of financial inclusion.