

Assam MFI Bill may hit collections in short term

Sector roiled by pandemic and natural calamities may face a repayment crisis

SHOBHA ROY

Kolkata, January 7

The Assam Micro Finance Institutions (Regulation of Money Lending) Bill 2020, which was recently passed by the Assam Assembly, is likely to create "some confusion" in the minds of borrowers and could affect collections in the region in the short term.

While the Bill is still not available in public domain, however, certain reports indicate that the key provisions of the Bill would include restriction on the deployment of collection agents, coercive collection practices and door-to-door collection; cap on the number of lenders per borrower as well as on the overall loan outstanding; and a minimum three-month loan repayment moratorium in case of natural adverse events.

The Bill will turn into a law once the Governor

signs it and detailed guidelines would be issued by the Finance Secretariat thereafter.

Collection rate

According to Manoj Kumar Nambiar, Managing Director, Arohan Financial Services Ltd, the collection rate in the region has dipped for the sector as a whole in the last 2-3 days, and this could be an area of concern.

"Though we do not have a copy of the Bill, but whatever little we can make out based on what the local media has reported so far, most of the technical terms are as per RBI guidelines."

"The issue right now is there is a bit of confusion on the field as to what it will allow us to do and what not, and confused customers tend to get swayed by mischievous report and local activists may create more confusion. As a sector, in the last 2-3 days, collec-



What's in it

- Bill reportedly imposes curbs on deployment of collection agents
- Recommends 3-month moratorium on repayment in case of natural calamities
- Fixes cap on number of lenders per borrower and overall loan outstanding

Source: Local media reports

of the pandemic and natural calamities, including flood and cyclone. The East and North-East accounted for 34 per cent of the total NBFC-MFI portfolio, which stood at ₹71,147 crore as on September 30, 2020.

"But we are hoping that better sense will prevail because the government has made it clear that its intention to help promote an orderly growth of the sector," said Nambiar.

Impact on banks, NBFCs

According to a report on BFSI-Banks put out by Emkay, Assam has nearly 45 MFI lenders with a portfolio

of ₹12,000 crore, of which, Bandhan contributes 55 per cent, followed by Arohan at 8 per cent, Ujjivan/Satin at 3 per cent each, and the balance by other small players.

Assam has seen sharp growth in the past few years, albeit on a small base. The average ticket size of loans in Assam is ₹47,263, which is the second highest after West Bengal.

While NBFC-MFIs are regulated institutions under the RBI regime, universal banks, SFBs and NBFCs do not have any RBI guidelines on microfinance lending. So, the regulations by Assam government could have an impact on them, industry experts pointed out.

"As of now, the RBI guidelines are applicable only to NBFC-MFIs and not to banks (including SFBs). However, we believe that most of the State guidelines, particularly regarding collections and moratorium, may be applicable to banks as well. Restrictions related to loan caps need to be followed

voluntarily, if not mandated to banks, as concerns remain around multiple lenders and overleveraging in the MFI space in States such as West Bengal, Assam and Tamil Nadu, among others, have been raging, even attracting the RBI's attention recently," the report said.

However, a senior executive from the banking industry felt that the Bill may primarily seek to regulate NBFC-MFIs or other such entities that are in the MFI business, as it mainly talks about MFI lending and not much about micro lending or micro banking practised by banks.

Moreover, banks come under the supervision of the Banking Regulation Act, which is under the Central Parliament; hence, the State government guidelines may not impact its operations, he opined.

Bandhan Bank refused to comment on the impact of the proposed regulations on its business as it is in the silent period.

LIC rolls out fresh campaign to revive lapsed policies

Insurer to offer concession of up to 30% in late fees for eligible policies

OUR BUREAU

Mumbai, January 7

Life Insurance Corporation (LIC) of India has launched a fresh campaign to revive lapsed individual life cover policies.

"To encourage continuation of risk cover in the current circumstances of the pandemic and high risk, LIC brings an excellent opportunity for its policyholders to revive their lapsed policies," it said in a statement on Thursday.

The special revival campaign was launched on January 7 and will continue till March 6.

"Policies of specific eligible plans can be revived within five years from date of the first unpaid premium, subject to terms and conditions. Certain concession in health requirements is also being offered,

subject to eligibility," it further said. Most policies can be revived only on the basis of declaration of good health and a Covid questionnaire to be submitted by the proposer or life assured.

LIC has also authorised its 1,526 satellite offices to revive policies, where special medical tests are not required.

It is also offering concession of up to 30 per cent in late fees for eligible policies. It, however, said that high-risk plans such as term assurance, health insurance and multiple risk policies are not eligible for the concession.

"The campaign is launched to benefit those policy holders who were not able to pay premiums due to unavoidable circumstances and their policy lapsed," LIC further said.

It had previously also launched a similar campaign to revive lapsed policies between August 10 and October 9, 2020.

LIC currently services almost 30 crore policies across the country.

Oaktree Cap wants CoC to consider its 'additional offer' of ₹1,700 cr for DHFL

OUR BUREAU

Mumbai, January 7

Oaktree Capital has fired a fresh salvo, asking the Committee of Creditors to consider its additional offer of ₹1,700 crore for Dewan Housing Finance Corporation Ltd.

In a letter to the CoC, Oaktree Capital said: "...we committed to provide additional interest income of ₹1,700 crore, a right we reserved in our resolution plan, that commitment is being ignored.

"If the second highest bidder was awarded the opportunity to provide additional interest income, we should be permitted

the same opportunity, and should derive the same benefit in the evaluation of the bids."

The global alternative investment management firm has further contended that the ₹1,000 crore of value it has prescribed to the life insurance subsidiary - Pramerica Life Insurance - is not being considered.

It has sought that the ascribed value should be given credit for "what it is" - upfront cash to the benefit of the financial creditors.

"We have respected the resolution process, answered your questions, provided clarifications when they were required, and accommodated the con-

Bank advances rise in Q3, but asset quality still a concern

With the economy picking up, collection efficiency is expected to improve further

SURABHI

Mumbai, January 7

Advances by banks seem to be slowly on the rise as provisional data from the third quarter suggest. While asset quality continues to remain a concern, lenders say it is likely to be better than previously estimated.

"Restructuring requests are lower than expected and largely lesser than the provisioning for it. Most borrowers have shown a willingness to pay. The pain is likely to be lesser than initially thought of

but everyone is cautious," said a banker who did not wish to be named. The loan restructuring window came to an end last month, and with economic activity on the mend, collection efficiencies are expected to improve further.

A clearer picture will emerge when banks start to report their performance for the September to December 2020 quarter later this month.

Provisional data being reported by banks to the stock exchanges indicate that advances growth, which had been

muted in previous quarters, is now picking up. HDFC Bank reported a 16 per cent growth in advances at ₹10.82-lakh crore as on December 31, 2020, compared to ₹9.36-lakh crore a year ago, while Bandhan Bank Bandhan Bank reported a 23 per cent growth in loans and advances at ₹80,255 crore in the third quarter of this fiscal compared to a year ago. Most lenders, in-

cluding NBFCs, have said their disbursements are slowly inching back to pre-Covid levels, but many say credit demand is muted for fresh expansion plans.

"With bounce in high frequency-led indicators, increased spending and consumption, we expect credit growth to rise quarter-on-quarter by three per cent to four per cent translating to seven per cent to nine per cent year-on-year growth.

"SME lending (under ECLGS), some pick-up in industry and service sector credit, robust momentum in credit card and other retail loans will provide support," said ICICI Securities

in a report. Motilal Oswal Institutional Equities said in a report that loan growth is likely to pick up, led by improving consumer sentiment and a good festive season.

"On the other hand, wholesale lending remains muted. Growth is driven by a secured retail book as the bank remains cautious of higher stress in the unsecured portfolio," it said.

It, however, said it remains watchful of asset quality as banks recognise non-performing loans from moratorium and overdue loans.

"Although, overall trends have fared better than earlier expected, led by sharp improvement in collection efficiency," it said.

IDFC FIRST Bank Limited

(formerly IDFC Bank Limited)

Registered Office: KRM Tower, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031. Tel: +91 44 4571 6400

Corporate Office: Naman Chambers, C-32, G-Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051. Tel: +91 22 7132 5500

CIN: L65110TN2014PLC097792 | Website: www.idfcfirstbank.com

REDEMPTION/MATURITY NOTICE OF TRANCHE 3 - LONG TERM INFRASTRUCTURE BONDS ISSUED BY IDFC LIMITED (Now Transferred to IDFC FIRST Bank Limited)

Notice is hereby given that the Tranche 3 (Series 1 & 2) - Long Term Infrastructure Bonds ("LTIBs") issued by IDFC Limited during financial year 2010-11 is maturing on Tuesday, March 30, 2021 ("Maturity Date")* and as per the terms of Prospectus dated February 21, 2011, no interest shall be payable on the said LTIBs thereafter. The proceeds would be paid to those bondholders whose names are appearing in the Register of Bondholders as on Monday, March 15, 2021 ("Record Date").

The details of Redemption amount (**Principal per Bond and Interest per Bond**) payable on Maturity date for each series (Series 1 and 2) covered under Tranche-3 is available on the website of the Bank at www.idfcfirstbank.com. Please note that the Redemption and Interest amount is gross of TDS and the TDS, as applicable, may be deducted from the maturity proceeds.

The Bank has separately sent an intimation letter regarding Redemption of Tranche 3 - LTIBs in electronic mode to the concerned bondholders at their registered e-mail address and the said communication is also sent in physical mode through courier / speed post / registered post to those bondholders whose e-mail id is not registered with our Registrar and Share Transfer Agent ("RTA") as on Friday, December 25, 2020.

If there is any mismatch / change in your Name, Address or Bank account, you are requested to update the requisite information, by following the detailed instructions as mentioned on the website of the Bank at www.idfcfirstbank.com. This will help us to pay the Maturity proceeds to you on time.

The attention of Physical Certificate Bondholders and Demat Bondholders is drawn on below enumerated points in regard to redemption procedure of Bonds:

1. Physical Certificate Bondholders	The Original Bond Certificate is NOT required to be surrendered for receiving redemption amount and during the course of maturity process. The maturity proceeds shall primarily be paid through NACH (National Automated Clearing House) or any other electronic mode of payment mode. The templates for updation / change of Bank mandate, Name & Address are available in the 'Investors' tab of the Bank's website at www.idfcfirstbank.com .
2. Demat Bondholders	Please ensure to keep your Demat Account status 'Active' latest by Sunday, March 14, 2021, being a day prior to the Record Date fixed for Redemption of Tranche 3 - LTIBs, with updated bank account details.

OTHER IMPORTANT INSTRUCTIONS:

1. In case payment of redemption amount is unsuccessful through NACH or any other electronic mode on maturity date / Bank account details are not available or are invalid, the Bank shall issue Warrants / Demand Drafts in the name of Bondholders, whose names appear in the Register of Bondholders as maintained by our RTA, KFin and/or as provided by the Depositories ("NSDL and CDSL") and the same shall be sent by speed / registered post at the Bondholder's sole risk.

The Bank shall not be responsible for any delay to the Bondholder receiving credit of Maturity Amount, so long as the Bank has initiated the process in time. No interest will be accrued / payable on LTIBs after the Maturity Date.

2. For instructions regarding treatment of Tax Deducted at Source ("TDS") on Redemption amount (*including Interest per Bond*) and downloading templates of Form 15G / 15H, please visit the 'Investors' tab on the Bank's website at www.idfcfirstbank.com.

3. This Redemption of Tranche 3 - LTIBs shall be governed by the Terms & Conditions as set out in the Prospectus.

4. We earnestly request all the Bondholders to support the 'GREEN Initiative', by registering / updating your e-mail address with your Depository Participant (Demat Bondholder) or our RTA, KFin Technologies Private Limited (Physical Certificate Bondholders) or to the Bank, for receiving all communications electronically.

Pursuant to the applicable provisions of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended (the "Rules"), the LTIBs issued by IDFC Limited in March 2011 (FY 2010-2011), and the interest / redemption amount (principal and interest) which remains unclaimed by the bondholders for seven (7) consecutive years or more will be transferred by the Bank to the demat account of the Investor Education and Protection Fund Authority (the "Authority").

No claim shall lie against the Bank in respect of the Bonds transferred to the Authority. However, the unclaimed bonds and interest/redemption amount (principal and interest) transferred to the Authority, if any, can be claimed back by the concerned bondholders from the Authority after following the procedure prescribed by the Rules.

DISCLAIMER AND NOTIFICATION

As a responsible organization, we would like to spread a word of caution among all bondholders.

The Bondholders are advised to be cautious in dealing with any unauthorized or fraudulent agencies or individuals who are posing as representatives or agents of IDFC FIRST Bank. Please note that IDFC FIRST Bank has not appointed any such agents/representatives for the LTIBs and anyone dealing with the aforesaid individuals or agencies would be doing so at his / her own risk and IDFC FIRST Bank will not be responsible for any loss or damage suffered by such bondholders, directly or indirectly.

In case of any queries, kindly contact our RTA, KFin Technologies Private Limited (Unit: IDFC FIRST Bank - Bonds), Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana, India or contact on Toll Free No.: 1800 345 4001 or send an E-mail at einward.ris@kfintech.com. Alternatively, you can also contact us on Toll Free No. 1800 266 0404 or send an E-mail at ig@idfcfirstbank.com.

You may also refer Frequently Asked Questions ("FAQs") on Redemption or any other information pertaining to Maturity of Bonds by visiting the 'Investors' section of the Bank's website at www.idfcfirstbank.com.

By order of the Board of Directors
For IDFC FIRST Bank Limited

Sd/-
Satish Gaikwad

Head - Legal & Company Secretary

Place: Mumbai

Date : January 07, 2021

IDFC FIRST Bank Limited

(formerly IDFC Bank Limited)

Registered Office: KRM Tower, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031. Tel: +91 44 4571 6400

Corporate Office: Naman Chambers, C-32, G-Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051. Tel

