

initiative aimed at creating a digitally empowered society and knowledge economy. The panels have been formed with captains of industry as members including Mr. Sandeep Bakshi, CEO, ICICI Prudential Life Insurance PrudentialLife Insurance Company Ltd., and Mr. TapenSinghel, CEO, Bajaj Allianz General Insurance Company Ltd.

They will identify opportunities of e-commerce in the insurance sector, recommend technological solutions for e-commerce, suggest regulatory and other facilitation measures for the growth of e-commerce and synergize with Centre's Digital India initiative.

CAPITAL MARKET NEWS

Amazon quickest to reach \$10b gross merchandise for India. India likely to overtake Japan, Germany, UK to become largest overseas market for Amazon.-Business Line – October news

Two of the new Banks in Small bank category, Ujjivan and Equitas file IPO. More small banks are expected to file IPO in due course.- Business line October news

Coffee Day Enterprises IPO oversubscribed by 1.81 times – Business Line October

In the biggest IPO in nearly three years (till Indigo came up with a higher issue subsequently), leading coffee chain operator Coffee Day Enterprises' Rs 1,150-crore public issue was over-subscribed 1.81 times on the last day of the bidding today.

The initial public offer of Coffee Day Enterprises, which runs Cafe Coffee Day (CCD) chain, generated demand worth about Rs 2,000 crore, as it received bids for 4,66,90,830 shares against the total issue size of 2,58,14,198 shares.

This is the largest IPO in the Indian market since Bharti Infratel's over Rs 4,000 public offer in December, 2012.

Kotak Investment Banking, Citigroup, Morgan Stanley, Axis Capital, Edelweiss and Yes Bank are handling the IPO

IndiGo IPO subscribed more than six times – Business Line news

India's biggest and profitable airline IndiGo's Rs 3,200 crore initial public offer (IPO), hit the market on October 27 with a price band of Rs.700-765. This is the biggest IPO in the past three years since Bharti Infratel's Rs 4155 crore offer in December 2012.

Inter Globe Aviation posted a net profit of Rs.640.43 crore for the three months ended 30 June on a revenue of Rs.4,317.19 crore. However, company has reported a negative net worth of Rs.139.38 crore as of 30 June with an interim dividend of Rs.1,207.08 crore for fiscal 2016.

The three-day initial public offering (IPO) of Inter Globe Aviation Ltd, owner of India's largest and most profitable airline, IndiGo, received demand for 6.14 times the shares it offered investors, as financial institutions and rich individuals sought to tap the world's fastest growing aviation market.

Interest from retail investors picked up towards the end of the last day of the Rs.3,130 crore IPO, and 90% of the shares set apart for them were bought.

MF assets hit record high of Rs 13.24 lakh crore in October – NDTV Profit news

Driven by strong inflows in equity and liquid schemes, the asset base of country's mutual fund industry surged 11.5 per cent to an all-time high of over Rs 13.24 lakh crore in October.

The country's 44 fund houses together had an average assets under management (AUM) of over Rs 11.87 lakh crore in September, the latest data of the Association of Mutual Funds in India (AMFI) showed.



FINSCAPE

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From Editorial Desk

Dear Readers,

Welcome to the October edition of FINSCAPE.

The success of Initial Public Offers (IPOs) of Coffee Day Enterprises and Indigo corner the October edition of FINSCAPE news. Both the issues are oversubscribed with a good margin and their success is good news for capital markets. The mood of the corporate sector is buoyant with this news. The mutual funds Assets Under Management (AUM) have crossed Rs.13 lac crores in October.

Overall, October has been a good month for capital markets.

Hinting the growth in ecommerce space in India, Indian market has crossed 1 billion gross merchandise in record time beating European and other Asian markets for Amazon. We can expect Amazon to raise its stakes in India.

Happy reading,

VenugopalRajamanuri
Co-ordinator- CFS

Prof. Srinivas R Gangidi
Director

Head lines:

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IDBI Bank to Raise Rs 2,800 crore via Further Public Offer

Moody's Raises Indian Banks' Outlook to Stable Banks' Bad Loan Pressure to Subside, Green Shoots Visible: Fitch

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RBI imposes Rs 1 cr penalty on Dhanlaxmi Bank

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Insurers' approved investments can only be in CNX200, BSE200 companies

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Equitas first Small bank to file IPO.

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BANKING & FINANCE

IDBI Bank to Raise Rs 2,800 Crore via Further Public Offer-Press Trust of India | November 04, 2015

State-owned IDBI Bank today said it plans to raise Rs 2,800 crore from foreign investors or public offer, a move that will bring down the stake of the government in the lender.

"The board of the bank at its meeting held on November 4, has granted in-principle approval to raise equity capital for an aggregate amount not exceeding Rs 2,800 crore including premium) through Qualified Institutional Placement route (including 144A issue and/or Reg S issue) and/ or Further Public Offer (FPO)," the bank said in a statement. The government holding in the bank is 76.5 per cent at the end of June.

Moody's Raises Indian Banks' Outlook to Stable - <http://profit.ndtv.com/news/banking-finance/article>

Rating agency Moody's Investors Service revised its outlook on India's banking system to "stable" from "negative" on Monday, saying an improving economy would help temper problem-loans on banks' books. Moody's, however, cautioned that any recovery in asset quality would be gradual given the high debt levels in Indian companies.

Indian banks, particularly state-run banks, have been saddled with bad loans estimated at nearly \$50 billion as the economy slowed sharply in the last three years. But recent earnings reports, including from top private sector lender ICICI Bank, suggested asset quality may be stabilising.

Moody's said it expected India's economy to grow around 7.5 per cent in 2015 and 2016 each, supported by low inflation and gradual implementation of structural reforms.

Banks' Bad Loan Pressure to Subside, Green Shoots Visible: Fitch

Fitch Ratings on Tuesday said the growth in non-performing loans (NPLs) of the Indian banking system will slow down in the current fiscal and some green shoots are visible with regard to their asset quality.

"Fitch Ratings expects Indian banks' stressed asset ratio to improve marginally to 10.9 per cent in the current fiscal from

11.1 per cent in FY 2014-15," it said in a report on Indian banks' asset quality.

It said the growth in new non-performing loans would slow down further with cyclical recovery, and a moderate pick-up in loan growth will also provide a support.

RBI tightens NPA rule on credit card dues

'Past due' status of a credit card account for the purpose of asset classification would be reckoned from the payment due date mentioned in the monthly credit card statement. Consequently, in case of banks, a credit card account will be treated as Non-Performing Asset if the minimum amount due, as mentioned in the statement, is not paid fully within 90 days from the payment due date mentioned in the statement. However, banks shall report a credit card account as 'past due' to Credit Information Companies (CICs) or levy penal charges, viz., late payment charges, etc., if any, only when a credit card account remains 'past due' for more than three days.

RBI imposes Rs 1 cr penalty on Dhanlaxmi Bank—[Financial express/article/industry/banking-finance](http://express/article/industry/banking-finance)

The Reserve Bank has imposed Rs 1 crore penalty on Dhanlaxmi Bank for violation of Know Your Customer (KYC) and Anti Money Laundering (AML) norms.

RBI further said that "this action" is based on deficiencies in regulatory compliance and is "not intended" to pronounce upon the validity of any transaction or agreement entered into by the bank and its customers.

INSURANCE

Insurers, reinsurers may not get tax incentives in GIFT City - Business Standard – 13th October 2015

Gujarat International Finance Tec-City (GIFT), which was to enable India to become a global reinsurance hub, might not offer any tax incentives to the insurers and reinsurers setting up offices in the area. This

area, which will be an International Financial Services Centre (IFSC), will allow insurers and reinsurers to offer foreign currency policies from India. Large companies such as General Insurance Corporation of India already have presence at GIFT City. Some private insurers have also expressed interest to set up offices there. "We have been told separate tax incentives will not be provided for setting up offices in GIFT City. This could be a dampener for many Indian insurers and foreign reinsurers to set up presence here," said a senior industry official.

GIFT is conceptualised as a global financial and IT services hub, a first of its kind in India, designed to be on par with globally bench-marked financial centres such as Shinjuku in Tokyo, Lujiazui in Shanghai, La Defense in Paris, London Dockyards, among others.

India: Persistency becoming a concern after three years – Asia Insurance Review

The persistency ratio of insurance policies from the fourth year onwards is becoming a concern for life insurance companies. On an average, persistency for all life insurance industry hovers around 30-40% for the fourth year. From the fifth year onwards, it drops to below 30%, according to industry disclosures. While insurers have been able to improve the 13th and 24th-month persistency, getting customers to stay invested beyond the fifth year has been an issue, reported Business Standard.

Previously, the Insurance Regulatory and Development Authority of India (IRDAI) had laid down a fixed formula for assessing agent performance based on persistency. In these earlier persistency guidelines issued and subsequently revised in 2011, IRDAI had said for all renewals prior to 31 March 2015, the average persistency rate for each agent for 2011-12, 2012-13 and 2013-14 should be at least 50%. It had said from 2014-15, the persistency rate for each agent shall be at least 75%.

However, due to several agents quitting the industry, the regulator later said that insurers could decide their own persistency measures to retain agents.

Insurance Ombudsman seeks more powers – Asia Insurance Review

The Office of the Insurance Ombudsman is seeking more powers so that it can deal with claim cases involving higher sums as the number of complaints against insurers

continues to increase.

The Ombudsman proposes to increase the limit on cases it deals with to INR 5 million due to a rise in high value policies, reported The Hindu. At present, Ombudsman offices are dealing with claims of up to INR 2 million US\$30,730). This limit was set in 1998 and has remained unchanged since then.

Health Insurance cos face steep rise in Dengue claims - Financial Chronicle – 8 October 2015

The tropical mosquito borne disease dengue is posing a momentous challenge not only for various state governments but also to insurance companies. Non-life insurance companies have seen a steep increase in the number of claims intimated for dengue fever.

The largest private non-life insurer ICICI Lombard General Insurance has so far received 1,600 claims for dengue fever in the last eight months while Max Bupa Health Insurance has received 588 claims between June-August compared to 282 in the same period last year.

Insurers' approved investments can only be in CNX200, BSE200 companies- IIBF Vision

In its new draft on investments, IRDAI has said that only the equity investments in CNX200 or BSE200 can be considered as approved investments. Other approved instruments for investment would also include debentures by first charge on immovable property. Approved securities would include preference shares of any company which has paid dividends on its ordinary shares or preference shares of any company on which dividends have been paid. Rated debentures including bonds along with other secured debt instruments will be considered as approved instruments.

IRDAI group to explore opportunities in insurance-e-commerce – IIBF Vision

IRDAI is constituting two groups - one in life insurance and one in general insurance - to explore opportunities in the e-commerce sector. They are inclined to facilitate the promotion of e-commerce in insurance space to reduce the cost of transacting insurance business along with bringing higher efficiencies and greater reach. This will suitably leverage the government's Digital India