

Complying with RBI deadline, PNB, UBI and Andhra Bank put NPAs of Rs 4,441 crore on sale

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As per the Reserve Bank of India's (RBI) February 12 circular, NPA accounts in which banks have an exposure of Rs 2,000 crore or more must be referred to the insolvency courts unless they were resolved by August 27.

Three public sector banks (PSBs) —Punjab National Bank (PNB), Andhra Bank and United Bank of India (UBI) — have put non-performing assets (NPAs) worth Rs 4,441 crore up for sale as the 15-day deadline to resolve such accounts comes closer.

As per the Reserve Bank of India's (RBI) February 12 circular, NPA accounts in which banks have an exposure of Rs 2,000 crore or more must be referred to the insolvency courts unless they were resolved by August 27. The circular gives banks another 15 days to move to the court.

PNB has put on sale 21 accounts with an outstanding of Rs 1,320 crore, of which the largest are Moser Baer Solar, with an outstanding of Rs 233 crore, Divine Alloys & Power Co (Rs 201 crore) and Divine Vidyut (Rs 133 crore). Bids have been invited on both cash basis and as a mix of cash and security receipts (SRs) for most accounts. Seven of them are being offered on a 100% cash basis.

The reserve prices put out by PNB suggest that it is willing to take a haircut of up to 92% in at least one account — Birla Surya — which is being offered only on a full-cash basis. For the three largest accounts on sale, the haircuts could range between 5% and 66%. PNB intends to incur no haircut on its exposure to The Mobile Store Services, for which the reserve price has been set on par with the outstanding of `24 crore.

Andhra Bank's tranche of accounts consists of its exposure to 53 different entities with a total outstanding of Rs 2,549 crore. The largest exposures are Corporate Power (Rs 299 crore), Visa Steel (Rs 207 crore) and Tulsyan NEC (Rs 152 crore). Two of the Transstroy group's road projects, with a cumulative exposure of Rs 245 crore, have also been put on the block. Visa Steel and Transstroy India are known to be part of the RBI's second list of large NPA accounts marked out for resolution under the Insolvency and Bankruptcy Code (IBC). Andhra Bank has not listed reserve prices for the accounts in its bid document.

Kolkata-headquartered UBI has sought bids for its exposures to 30 accounts with a cumulative outstanding of `572 crore. The names of individual accounts could not be immediately ascertained.

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