

Business News > Industry > Banking/Finance > Banking

Search for News, Stock Quotes & NAV's

<p>Benchmarks > Nifty CLOSED 12,110.20 78.70</p>	<p>Stock Screener ></p>	<p>Search, Select & Invest in Top Stocks</p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="388 479 619 544">Top Growth Stocks</div> <div data-bbox="640 479 882 544">Stocks with Regular Payout</div> <div data-bbox="903 479 1134 544">Mid-Cap Growth Stocks</div> </div>	<p>FEATURED FUNDS HDFC Mid-Cap Opportunities Direct Plan-Growth ★★★★★</p>	<p>5Y RETURN 10.54 % INVEST NOW</p>	<p>Stock Analysis, IPO, Mutual Funds, Bonds & More Market Watch</p>
--	--	--	--	---	--

US fund house eyes big stake: Lakshmi Vilas Bank and Tilden Park Capital Management seek RBI's blessings

BY [SUGATA GHOSH](#) & [JOEL REBELLO](#), ET BUREAU | UPDATED: FEB 11, 2020, 08.03 AM IST

[Post a Comment](#)

MUMBAI: US fund house [Tilden Park Capital Management](#) has sounded out the Reserve Bank of India (RBI) for buying a sizeable stake in [Lakshmi Vilas Bank](#) (LVB), an old private sector lender which is scouting for investors to shore up capital.

An official of the New York-headquartered asset manager and senior members of LVB management recently met RBI to explore the possibility.

Tilden was introduced to LVB by [Cantor Fitzgerald](#), the New York-based financial services firm where former Deutsche Bank co-CEO Anshu Jain is part of the top leadership team.

In any 'control transaction', where the investor plans to acquire a substantial — even if not a majority — interest, the regulator as well as the investee bank have to do a detailed check of the background and credentials of the investor. In such cases, RBI may even consult the regulator of the overseas investor's home country. Any investment of 5% or more in a private bank requires prior approval of RBI.

RELATED COMPANIES EXPAND

- [Lakshmi Vila...](#)
- [Indiabulls H...](#)

Big Change:
[The end of Five-Year Plans: All you need to know](#)

There is regulatory precedence of allowing a strategic investor to acquire a large stake in a private bank with the condition that it has to dilute holding to 15% over a period of time following a lock-in term.

According to regulatory circles, after RBI disallowed the merger of LVB with [Indiabulls Housing Finance](#), the bank wants to make sure that the regulator approves the investor.



Newly wed woman makes Rs. 15000/day by working from home.

Career Journal

Recommended By Colombia

Capital Gains
Lakshmi Vilas Bank needs to raise **₹1,000-1,500 cr** immediately

It's looking for investors since deal with Indiabulls collapsed

DBS of Singapore, Capri Global have also shown interest

Capri led by Rajesh Sharma holds almost **5%** in LVB

RBI, LVB have to see whether Tilden fulfils criteria

Talks with Tilden at preliminary stage

It is understood that talks with Tilden are at a preliminary stage and key issues such as pricing or fund infusion have not been discussed.

LVB is operating under regulatory restrictions laid down in RBI's prompt corrective action (PCA) framework. The bank, with an asset size

of Rs 31,500 crore, will need at least Rs 1,000-1,500 crore of immediate fund infusion with its capital adequacy level at 5.56% at the end of September against the minimum 8% required under regulations. It suffered a loss of Rs 357 crore after providing Rs 312 crore for bad loans in the quarter ended September.

DBS of Singapore, which is keen to expand its presence in India, has also shown interest in the Indian bank. "LVB's 560-odd branches is an attraction for the Singapore bank. DBS, which functions as a subsidiary of the Singapore parent, is believed to have approached Indian authorities on the matter," said an industry source.

ET's email queries to Tilden went unanswered till the time of going to press while LVB CEO S Sundar could not be reached. A DBS spokesperson said: "As a matter of policy, we do not comment on such matters."

The LVB stock has declined 69% to Rs 18 in the past one year. During the period, entities belonging to Capri Group led by Rajesh Sharma have bought more than 4.6% of LVB shares from the open market. Last year, Capri had expressed interest to infuse capital in the bank, but this was not pursued by the board which had initiated talks with Indiabulls.

Stay on top of business news with The Economic Times App. [Download it Now!](#)