

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
LIC BUILDING SECRETARIAT ROAD HYDERABAD 500 063
(E-mail: aiieahyd@gmail.com)

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10th May, 2021

To,
All the Zonal/Divisional/State/Regional Units

Dear Comrades,

We have addressed a letter today to the Chairman, LIC expressing our concerns on the issue of reduction of LIC's shareholding in the IDBI Bank. The letter is self-explanatory. This may be brought to the notice of all our members.

With Greetings,

Comradely Yours

Shreekanth Mishra

General Secretary

The Chairman
L.I.C. of India
Central Office
MUMBAI

Date: 10.05.2021

Dear Sir,

Re: Reducing LIC's shareholding in IDBI Bank

We have come across a number of news reports quoting from reliable sources that LIC Board has approved a resolution to pare LIC's stake in the IDBI Bank and relinquish management control as well. This decision has given rise to serious misgivings amongst important stake holders of the institution, especially the policy holders.

You are aware that there was widespread criticism when LIC decided to acquire a controlling stake in the then ailing IDBI Bank. The AIIEA however stoutly defended this move of LIC on the ground that this would provide synergy to our operations and help LIC gain a foothold in the banking space. True to our expectations, LIC's acquiring a 49.24 per cent controlling stake and becoming the promoter of the Bank brought about substantive improvements. From the position of a loss making bank with high non-performing assets under the Prompt Corrective Action (PCA) framework of the RBI, the IDBI Bank has come a long way. Recently, the RBI has removed the IDBI bank from its PCA framework. The bank has reported a nearly four fold jump

in its standalone profit after tax to Rs. 512 crore in the March quarter compared to Rs.135 crore during the same period of last year. The Bank has also recorded an impressive 38 per cent growth in its net interest income. According to media reports, the Bank has also turned profitable on an annual basis after five years reporting a standalone profit of Rs. 1359 crore for 2020-21 fiscal against a loss of Rs. 12,887 crore last year.

We understand that LIC has a comfortable 12 year time frame to stay invested in the IDBI bank as per regulatory norms. There is no need therefore for any hasty move to reduce LIC's shareholding in the IDBI Bank, particularly at a time when the bank is making significant turnaround. The LIC today is acknowledged as the most trusted service brand. This trust has been earned through our commitment to safeguard the interests of the policy holders while at the same time making significant contribution to nation building activities.

We would therefore request you to see that the interests of the policy holders are not undermined while taking a decision to reduce our stakes in IDBI bank and give up management control of the bank.

Thanking You,

Yours faithfully
Sd/-
General Secretary
