

YES Bank has option to extend deadline on binding offer

DEV CHATTERJEE
Mumbai, 18 November

Embattled private sector lender YES Bank has the option to extend the deadline on the binding offer made by a US-based investor to invest \$1.2 billion as equity in the bank. The deadline for the binding offer by investors to pick up sizeable equity in the bank expires on November 30.

According to a source close to the development, the bank is still in talks with the investor and has not taken any decision on the offer which would help the bank to shore up its finances and help mitigate its weakening financial position. There is no clarity from the Reserve Bank of India (RBI) for the transaction as it would involve acquisition of substantial stake in the bank - taking into account the current market price. "The ball is in the RBI's court," said a source close to the development. A YES Bank source said both parties have the option to extend the deadline for the binding offer and the bank expects fresh capital to come in by December-end. The bank had made the announcement on October 31 that it has received a binding offer from an investor, but did not disclose the investor's name.

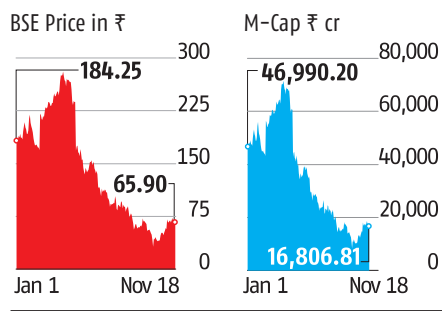
If the bank fails to shore up its finances in time, it risks a downgrade by rating agencies as indicated by global rating firm Moody's on November 6. Moody's had said the bank's weakening financial position can be offset by the planned capital raise. But, it said, there are significant execution risks around the timing, price, and regulatory approvals required for the investment. During its review period for the bank, Moody's said it would focus on the bank's ability to raise new equity capital and warned that an inability to raise the planned equity capital would negatively impact the bank's credit profile and rating. The threat of a downgrade has put more pressure on the bank to finalise the transaction.

An email sent to YES Bank did not elicit a comment. On Monday, the YES Bank stock closed 4 per cent down at ₹65.90 a share — giving it total market valuation of ₹16,807 crore. Since the bank has made the announcement of the binding offer, its share price has gone up by 16 per cent.

In August this year, the bank had raised ₹1,930 crore via qualified institutional placement at an issue price of ₹83.55 a share. The bank is in dire need of capital to not only pro-



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vide for bad assets but also for growth. The Common Equity Tier 1 capital stood at 8.7 per cent as of September, close to the regulatory requirement of 8 per cent till March 2020.

The bank's asset quality deteriorated sharply in the September quarter, with its gross non-performing asset (NPA) ratio at 7.39 per cent in the second quarter (Q2) of 2019-20 (FY20), compared to 1.6 per cent reported in the September quarter of 2018-19. The net NPA ratio stood at 4.35 per cent in Q2FY20, against 0.84 per cent in Q2 of 2018-19. Its gross slippages were ₹5,945 crore for September. The bank had lent funds to almost every stressed company in the past few years, which finally culminated in the bank reporting huge losses as these companies defaulted in repaying loans.

Amazon doing very well in India, says Jeff Bezos

PRESS TRUST OF INDIA
Washington, 18 November

E-commerce giant Amazon is doing "extremely well" in India, its founder and CEO Jeff Bezos has said while expressing hope for regulatory stability in the country.

Bezos' remarks came in response to a question on Amazon's concerns over some Indian policies with regard to digitization.

"Regulatory stability is the

thing that we would always hope for India. Whatever the regulations are ... they are stable in time and that's one of the things we're hoping will now be true. We'll see," Bezos, 55, said here on Sunday.

He said Amazon was doing very well in India. "Our business in India is doing extremely well. It's growing very rapidly," Bezos said. He said the head of his India operations Amit Agarwal, with whom he has worked for 20 years, was

an extraordinary leader and is doing really well.

Responding to another question, the Amazon head said he "definitely" wants to go to space, asserting that he is having a great deal of fun doing everything that he does.

Ruling out a 2020 White House run, Bezos said he has a lot of other things that he wants to accomplish and is currently focused on them. "Governing and running are two different skill sets," he said.

Moped sales skid 26% in Apr-Oct on poor rural show

TE NARASIMHAN
Chennai, 18 November

Moped sales in the country dropped 25.6 per cent in the first seven months of this financial year (April-October), hurt by poor demand in the rural market, where the cheap and lightly powered vehicle is used for both travel and carrying goods.

TVS Motor Company, the only entity in India to make mopeds, said export dropped by nearly 40 per cent in the same period. However, it is confident that sales will improve after the new BS-VI emission norms take effect (from April 1).

Domestic moped sales dropped to 392,586 units in April-October from 527,505 units a year before, according to numbers from the Society of Indian Automobile Manufacturers. Moped export dropped to 8,232 units, from 13,688 a year before in that period.

Scooter sales at TVS in the period dropped 15.9 per cent to 36,97,553 units; motorcycle sales fell 15.3 per cent to 73,63,858 units.

Advent to buy majority stake in Bharat Serums

RANJU SARKAR
New Delhi, 18 November

Private equity (PE) firm Advent International has signed a definitive agreement to acquire majority interest in Bharat Serums and Vaccines (BSV) for an undisclosed sum.

BSV is a biopharmaceutical player in women's health care, assisted reproductive treatment, critical care and emergency medicine in India and emerging markets.

OrbiMed PE and Kotak PE, which previously held minority positions in Bharat Serums, will fully exit their investments in the firm. The Daftary family, which founded Bharat Serums, is retaining a meaningful equity stake and is partnering Advent on the company's next stage of growth, Advent said.

Founded in 1971 in Mumbai, Bharat Serums is one of the fastest-growing biopharmaceutical firms in India. BSV researches, develops, manufactures and markets specialised injectable medicines with a portfolio focused on biotech and biological products.

It has multiple niche products that are leading brands across women's health, assisted reproductive treatment, critical care and emergency medicine. With this deal, Advent has committed \$2.2 billion in seven companies across the health care industry in 2019, further expanding its depth and commitment to the sector globally. The firm has also invested or committed more than \$600 million in five Indian businesses this year in sectors such as health care, consumer products and financial services. "Bharat Serums has a differentiated portfolio of biotech and biological offerings in high-growth segments," said Pankaj Patwari, a director at Advent International in Mumbai.

"We are also excited about the company's robust R&D pipeline, which offers the potential to capture white-space both in Indian and global markets," said Shweta Jalan, MD and head of India at Advent. "Advent's high level of investment activity in India this year demonstrates the attractiveness of the market and our commitment to investing here," she said.

