

# YES Bank reports asset quality divergence of ₹3,277 cr in FY19

After providing for in Q2, incremental gross NPA is ₹2,018 cr; additional provision required is ₹632 cr

ANUP ROY  
Mumbai, 19 November

Private sector lender YES Bank on Tuesday reported asset quality divergence of ₹3,277 crore, based on receipt of the Reserve Bank of India's (RBI's) final risk assessment report for 2018-19.

If the divergence between what the RBI finds as gross non-performing assets (NPA) and what the bank reported is more than 15 per cent, the bank needs to disclose it to the public.

In a notification on the exchanges, YES Bank said the divergence amounts to ₹3,277 crore, but of this, the bank has already classified as NPA ₹1,259 crore as on September 30, setting aside ₹346 crore of provisions.

The incremental gross NPA now stands at ₹2,018 crore, for which the bank will have to record additional provision of ₹632 crore. This should dent the December quarter profits of the bank.

"The bank's management stands irrevocably committed to ensuring the highest standards of accounting and governance transparency," the bank said in its notification.



Market regulator Securities Exchange Board of India (Sebi) in October had said that banks need to disclose any divergence in asset quality immediately upon receipt of the RBI's final assessment report. Earlier, the divergence used to be disclosed as part of the annual report.

The bank said it took proactive measure of taking ₹2,100 crore of 'contingency provision' on exposures which were fully 'standard' as on March 31, 2019.

Also, "in the current financial year, the bank has made material policy and personnel changes to ensure the fullest regulatory compliance," it said.

The bank will also hold a board meeting at the end of this month finalise its capital-raising plan. Ravneet Gill, chief executive officer and managing director of the bank, took charge on March 1 this year after former chief Rana Kapoor's reappointment was not approved by the RBI, largely because of huge divergence showed by the bank.

In 2015-16, the divergence was more than ₹4,176.70 crore, but in 2016-17, this divergence increased to ₹6,335 crore. But in 2107-18, the RBI did not find any divergence.

## Rana Kapoor sells all but 900 shares of YES Bank

ANUP ROY  
Mumbai, 19 November

YES Bank founder Rana Kapoor is virtually out of the bank now, holding just 900 shares worth less than ₹60,000. Kapoor, with his brother-in-law Ashok Kapur and others, set up YES Bank in 2003, holding 26 per cent in the bank. Now, his stake is close to zero per cent after the holding company YES Capital (India) sold 20.4 million shares worth ₹142.75 crore.

He had compared YES Bank shares with diamonds in September last year. "Diamonds are Forever: My Promoter shares of @YESBANK are invaluable to me," Kapoor had tweeted. "I will eventually bequeath my @YESBANK promoter shares to my three daughters and subsequently to their children, with a request in my Will stating not to sell a single share," he had added.

### SHAREHOLDING PATTERN (%)

Promoter	Mar, '19	Jun, '19	Aug, '19	Sep, '19	Nov 15, '19
Morgan Credits	3.04	3.03	2.76	0.00	0.00
Rana Kapoor	4.32	4.32	3.92	3.92	0.00
YES Capital (India)	3.27	3.26	2.97	0.80	900*
Total	10.63	10.61	9.65	4.72	0.00

\* Shares only; Source: Capitaline; compiled by BS Research Bureau

But his 3.92 per cent pledged shares were invoked in October, putting Kapoor's direct holding in the bank zero. Under Kapoor, total assets of the bank grew at a compound annual growth rate of 34 per cent in 10 years through March 2018, outpacing its peers among Indian banks, according to Bloomberg.

As YES Bank reported huge divergence, more than ₹10,000 crore in two years to financial year 2017, the Reserve Bank of India (RBI) refused to approve Kapoor's extension in the bank at the start of this year.

Kapoor was also engaged in a protracted board room battle with Madhu Kapur, wife of late Ashok Kapur, over board positions. The Bombay High Court ruled in favour of Madhu Kapur, giving her say in the appointment of board members. The Madhu Kapur camp was against Rana's reappointment as the CEO.

## A SNAPSHOT OF HOW MUCH MINISTRIES SPENT OF THE 2019-20 BUDGETED ESTIMATE

On September 30, 53.4 per cent of BE 2019-20 was spent by various ministries/departments, the finance ministry said on Tuesday



Source: MoS Finance Anurag Thakur in Rajya Sabha

### Top 6

Ministries	%
Petroleum and natural gas	82
Chemicals and fertilisers	72
Tribal affairs	66
Consumer affairs, food and food distribution/law and justice	65
Communications/atomic energy	64
Road transport and highways/MSME	62

### Bottom 6

Ministries	%
Steel	10
Minority affairs	17
Panchayati Raj	19
Civil aviation	25
Food processing	33
Agriculture and farmers' welfare	39

## Mitra calls for 'urgent' GST meet to plug loopholes

DILASHA SETH  
New Delhi, 19 November

In light of the dismal goods and services tax (GST) collection, West Bengal Finance Minister Amit Mitra has written to his Union counterpart Nirmala Sitharaman, urging her to convene a GST Council meeting "urgently" to exclusively discuss revenue augmentation and tax fraud detection.

GST revenue fell below the

₹1-trillion mark for the third straight month in October, and was 5.3 per cent lower than the corresponding month last year, at ₹95,380 crore. In September, the GST mop-up had dropped to a 19-month low of ₹91,916 crore.

"May I suggest that a meeting be convened urgently to discuss revenue augmentation and setting up of an effective mechanism to detect and avert tax frauds... we need to take a

detailed look at the composition of revenue and sources from which they are not being effectively collected," Mitra said in the letter. He requested that these issues be the focus of such a meeting, with "no other routine and procedural agenda items".

In October, a 12-member panel comprising officers from the Centre and the state was formed to recommend measures for revenue augmentation.

## Not sure about a jeweller's credibility? IBJA to help buyers make right choice

DILIP KUMAR JHA  
Mumbai, 19 November

To prevent consumers from getting trapped in malpractices of some jewellers, apex industry body India Bullion and Jewellers Association (IBJA) has advised them against dealing with non-credible retailers.

IBJA issued two advisories for consumers on Tuesday. In the first, on monthly deposit schemes, the body asked consumers to check with it about credentials and goodwill of the firm and its directors before participating in the deposit scheme of a jeweller. IBJA urged consumers to invest through cheques in these schemes.

The advisory urged retailers to conclude these schemes in 12 months from the date of opening and prevent accruing any interest on these. Normally, jewellers run deposit schemes for nine months with an interest equivalent to 75 per cent of the first instalment. They offer the interest as a discount without any formal receipt.

"After defaults by a couple of jewellers, government representatives, industry, and the media started raising questions about self-regulation practices. If consumers ask us before investing in any scheme, we will help them with the credentials of the IBJA member and its directors. The decision would be investors' own," said National Secretary Surendra Mehta.

In the second advisory, IBJA directed jewellery consumers not to buy ornaments that are not Bureau of Indian Standard (BIS) -hallmarked, and to check the buyback policy before making a purchase.

These advisories could be IBJA's attempt to restore jewellers credibility in the wake of the ₹12,000-crore Punjab National Bank (PNB)-Nirav Modi scam, which came to light about two years ago, besides recent defaults by two domestic jewellers — Goodwin and Rasiklal.

The advisories should help consumers get a broader awareness about the companies and individuals they are dealing with.

But jewelers do not seem convinced. "IBJA is just a trade body, not a credit rating agency. It does not issue ratings on jewellers that consumers might follow. We don't know the basis for their advisories," said Anantha Padmanabhan, chairman, All India Gems and Jewellery Domestic Council (GJC). Industry estimates suggest that 60 per cent of jewellers' working capital comes from monthly and periodic deposit schemes. In fact, deposit schemes have proved a saviour for jewellers, helping improve their liquidity in the times of slow funding from banks.

Padmanabhan further said that IBJA's advisories would have no impact on consumers and jewellery business at all. "Consumers invest in any jewellery scheme based on the trust which is built over several years. Consumers redeem their jewellery investment schemes and renew them. Default by one or two jewellers would not set a benchmark for the entire jewellery industry."

## Cong-NCP meet today to discuss likely tie-up with Sena

PRESS TRUST OF INDIA  
New Delhi, 19 November

Nationalist Congress Party and Congress leaders are expected to discuss a myriad of issues — right from the name of their likely alliance if they join hands with the ideologically opposite Shiv Sena to the contours of their tie-up in the coming polls in meeting scheduled for Wednesday, an NCP leader said.

The Congress and the NCP are not comfortable with the name 'Maha Shiv Aghadi' (a grand alliance comprising the Shiv Sena), the leader said. "We don't want name of any party in the alliance. Even in the NDA and the UPA alliances don't have names of parties," the leader added.

The Congress-NCP alliance is known as 'Aghadi' (front) and the Shiv Sena-BJP-RPI and other smaller parties are known by the term 'Mahayuti' (the grand alliance). The two parties would also discuss whether they would contest the civic body polls with the Shiv Sena if the three parties join hands to form the government in the state. Polls to several civic bodies, including the Brihanmumbai Municipal Corporation, are to be held in 2022.

A meeting with the Congress scheduled on Tuesday to further discuss the possibility of government formation in Maharashtra was called off due to preoccupation of Congress leaders with Indra Gandhi's birth anniversary events.