

YES Bank board considers Citax offer; Erwin Singh still in fray

NIDHI RAI
Mumbai, 10 December

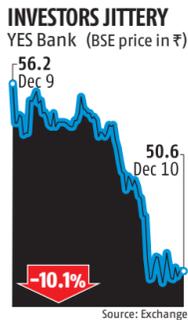
Private sector lender YES Bank has told the exchanges it is considering the \$500-million offer made by Citax Holdings and Citax Investment Group. A decision regarding allotment will be taken in the next board meeting.

The note said, "The Board is willing to favourably consider the \$500-million offer made by Citax Holdings and Citax Investment Group and the final decision regarding allotment will follow at the next board meeting, subject to requisite regulatory approval(s)."

YES Bank also told the exchanges it is still considering the binding offer of \$1.2 billion from Canadian businessman Erwin Singh Braich and SPGP Holdings.

The lender has already extended the deadline for the binding term sheet for Erwin Singh Braich and SPGP Holdings to December 31 from November 30.

The note also said the bank is evalu-



ating other potential investors to raise capital up to \$2 billion.

In a late night communication on November 30, the bank told the exchanges it has increased the size of its equity capital offer to \$2 billion from \$1.2 billion earlier on "strong interest" shown by NRI investors.

Other prominent suitors are the Aditya Birla Family Office (\$25 million),

GMR Group and Associates (\$50 million), and Rekha Jhunjhunwala (\$25 million). Besides, a top-tier US fund house has evinced interest to invest \$120 million. Discovery Capital will take \$50 million and Ward Ferry, another \$30 million.

The bank said in the note that these shares will be issued on preferential allotment. None of the investors will be

allotted equity shares such that their holding exceeds 25 per cent of the bank's share capital.

Global rating agency Moody's on Thursday downgraded the bank's long-term foreign currency rating from "Ba3" to "B2". Moody's said the bank has potentially stressed assets and low loss-absorbing buffers which may add pressure to its funding and liquidity. This may create additional risks to its stand-alone credit profile.

YES Bank's regulatory capital adequacy ratio (Basel III) stood at 16.3 per cent (CET-I of 8.7 per cent and Tier-I of 11.5 per cent) as on September 30.

The Reserve Bank of India (RBI) has also identified several lapses and regulatory breaches in various areas of the bank's functioning in fiscal 2018. The divergence includes higher non-performing loans and lower profitability as compared to the metrics disclosed by YES Bank in fiscal 2019. This is the third year when the RBI identified a divergence in the bank's reported financials.

Coming soon, the Lamborghini home

The family that used to make the legendary sports car wants to bring the same design panache to luxury flats

AVISHEK RAKSHIT
Kolkata, 10 December

Fancy a home with the sensual dips and undulations of a Lamborghini? With that intoxicating scent of rich leather and wood interiors that hits you when you slide inside? The family may no longer make the eponymous car but the family's new avatar, Tonino Lamborghini Company, plans to bring the same flair to real estate in India.

In its quest to generate 15 per cent of its total revenues from India in the next five years, Tonino Lamborghini Company plans to be in luxury apartments in the next six months and is looking for a partner.

The partner will develop and execute the project while Tonino Lamborghini's role will be branding and bringing its legendary Italian design panache to the residential complex.

After China and the UAE, India is the third country where the company, founded by the successors of Ferruccio Lamborghini of the iconic car (now made by Volkswagen) wants to start real estate projects.

"We have already started the conversation for the Indian market. I cannot disclose too much but I can guarantee you that the goal is to finalise at least one agreement on real estate in the next six months," Ferruccio Lamborghini, CEO and vice president — and the namesake of the brand's founder — told *Business Standard*.

The company is targeting Mumbai, Pune, Bengaluru, New Delhi, Kolkata, and Hyderabad. The selection of a partner will be a forensic exercise. Lamborghini is too valuable a global brand for anything to go wrong.

"What we do is we give our name and put our face on the project which gives it credibility and the trust of luxury and quality. But if something goes wrong, nobody will remember the name of a local partner but will remember Tonino Lamborghini," said Lamborghini.

The apartments will be for those who want to buy into



India is the third country where the firm wants real estate projects, after China and the UAE

LAMBORGHINI'S INDIA PLANS

- Luxury beverages line in metro cities in the next few months
- Luxury watches collection soon
- Residential real estate deal to be finalised in six months
- Has formed a JV with the Kinetic group to launch electronic golf carts
- Looking at opportunities in cafes
- Eyes 15% turnover share from India in five years

everything the famous Lamborghini logo — a Miura bull in a 'Veronica' position as he charges against the bullfighter — represents, namely, the style and chic of the Italian way of life.

"Customers nowadays are more careful not just about the quality of the building but also the design of the interiors. We can deliver the brand to the building and also offer the full range of Tonino Lamborghini products," such as tiles, flooring, faucets, ducts, and lighting etc," said Lamborghini.

The futuristic apartments will be laid out with lavish fixtures and furnishings, art, the latest flooring and lighting, and embedded with technology for climate and temperature control — all from the company's designers.

While the pricing of the

flats has yet to be worked out, the Tonino Lamborghini Residences in Dubai start from UAE Dirham 1829 (around ₹35,307) per square foot. Flats here start from UAE Dirham 1504675 (around ₹2.90 crore).

This project in the UAE, which is being developed by a Chinese real estate developer, Oriental Pearls, is the first luxury residential community project the company has embarked on. It is expected to be completed by 2024.

Tonino Lamborghini Residences Dubai has been conceived as part of the Chinese government's bold Belt and Road initiative that aims to promote the economic development of the Asian region with infrastructure projects, along with the industrial and cultural cooperation of countries in the area.

Asked if it is the right time to venture into real estate in India given the stagnation at the macro level, Lamborghini replied: "I really think it is an advantage. I am not scared of the market situation because usually when there is a slowdown, there is another boost following. So I think this is the right moment because if you want to start a building today, it will be ready in two to three years."

The company also intends to introduce cafeterias in India modelled on the lines of its cafes in Kuwait, Saudi Arabia, and other countries. It also plans to launch luxury beverages and watches soon.

New GST rates likely from April

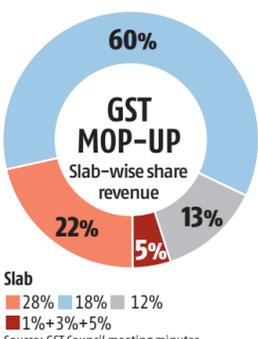
DILASHA SETH
New Delhi, 10 December

Consumers must brace themselves for higher goods and services tax (GST) rates from April 1, with the GST Council likely to decide on overhauling the rate structure next week in a bid to boost revenue collection. Proposals from the Centre's side include raising the 5 per cent slab to anywhere between 6 and 8 per cent, and doing away with the 12 per cent slab. A few states may oppose such a move because it involves hiking tax on items consumed by the poor. They have instead proposed raising the 18 per cent slab.

"Various options will be placed before the Council. One way is to increase the 5 per cent slab to 6 per cent, which will be easy to do. One may go higher, but not over 8 per cent. In that case, the 12 per cent slab can be removed with those items spread between 8 per cent and 18 per cent," said a government official.

The Council will meet on December 18 to discuss measures to improve GST collections.

Kerala Finance Minister Thomas Isaac told *Business Standard* that the proposal of tweaking the lower slabs would be strongly opposed. "It is a bizarre proposal. I will not accept increasing tax burden on the poor. It will be unjust," he said, adding that Kerala had proposed increasing the 18 per cent slab to 22 per cent to improve collections. "Raise the upper slab, if



PROPOSALS ON THE TABLE

- Raise 5% slab to up to 8%
- Do away with 12% slab or increase it to 15%
- Impose GST on exempt items that were taxed earlier. Such items include curd, butter, soybean, printed books, jute fibres, and coffee beans
- Kerala proposes increasing 18% slab to 22% or 25%
- Punjab pitches for a 2-slab structure — merging 5% and 12%, and clubbing 18% and 28%

needed. The 18 per cent slab can go up to 22 per cent or to 25 per cent," said Isaac.

The 5 per cent slab covers mainly essential commodities such as basic clothing, footwear, and food items.

Bihar Deputy Chief Minister Sushil Modi said that raising the 5 per cent slab would not help meet the objective. "Although I would not like to comment on the matter till a final proposal comes to me, but hiking the 5 per cent slab will make little difference. It is touching the 18 per cent slab which may help, but difficult to say if it's feasible," he said.

Increasing the 5 per cent slab to 6 per cent will mean an additional revenue of ₹1,000 crore per month, assuming GST collection of ₹1 trillion, while raising it to 8 per cent will mean an additional mop-up of ₹3,000 crore. About

60 per cent of the revenue comes from items in the 18 per cent rate slab, 13 per cent from items in the 12 per cent slab, 22 per cent from items under 28 per cent, and the rest from the 5, 3 and 1 per cent slab. Hiking the 18 per cent slab to 22 per cent, as proposed by Kerala, will mean an additional mop up of ₹13,000 crore per month.

Punjab has proposed a two-slab formula of clubbing the 5 per cent and 12 per cent slabs, and merging 18 per cent and 28 per cent. "The 5 per cent and 12 per cent slab could be merged to, say, 10 per cent and the other slab could be of 20 per cent or 22 per cent, which will simplify the GST rate structure and improve revenues," said an official.

Pratik Jain, partner, PwC India, said that increasing rates was a better option

than selectively increasing the rates on a few items. "If the 5 per cent slab gets increased to, say, 8 per cent, then the Council should consider merging the 12 and 18 per cent slabs into a single rate of, say, 15 or 16 per cent. This will lead to simplification of the tax structure as we will then move to a three-tier structure — One standard rate, a lower rate for essential commodities, and a higher rate for luxury and demerit items," said Jain.

Officials added that whatever changes would come into effect will be from the next financial year onward to make the process least inconvenient to industry. "The Council will be informed that compensation requirement of states will be met this year and therefore slabs will be changed from the next fiscal year," an official said.

M S Mani, partner, Deloitte India, said a change of slabs across the board or a change of rates for specific products would require businesses to make significant changes across their value chain and, hence, sufficient time should be given to industry if these changes were necessary. Some items will also be removed from the exemption list that attracted some form of taxation in the pre-GST regime. Items like curd, lassi, soyabean oilseeds, kaju, coconut fibre, and printed books attracted 6 per cent value added tax, but have been exempt under GST. The need for re-looking at GST slabs arose as the cess collection under GST has fallen short of the requirement to meet states' compensation requirements.

AROUND THE WORLD

ANOTHER STEP TOWARDS TRUMP IMPEACHMENT

Charges unveiled: Abuse of power, obstruction

White House accuses Democrats of engaging in 'baseless and partisan' exercise

REUTERS
Washington, 10 December

Democrats in the US House of Representatives announced formal charges against President Donald Trump on Tuesday that accuse him of abusing power by pressuring Ukraine to probe a political rival and obstructing Congress' investigation into the scandal.

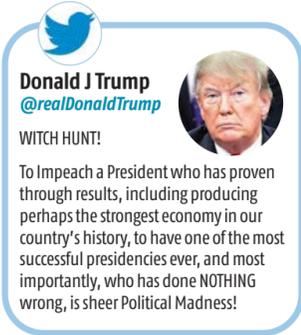
The move, which followed weeks of investigation and hearings, sets the stage for a vote on the charges, or articles of impeachment, in the full Democratic-controlled House. That could happen next week.

The House is almost certain to vote to impeach the Republican president. A trial would then be held in the Republican-controlled Senate, likely in January. No Republican in either the House or Senate has come out in favour of Trump's removal from office.

House Judiciary Committee Chairman Jerrold Nadler told reporters Democrats had to take action because Trump had endangered the US Constitution, undermined the integrity of the 2020 election and jeopardized national security.

"No one, not even the president, is above the law," Nadler said at a news conference to announce the formal impeachment charges. He was joined by House Speaker Nancy Pelosi and other Democratic leaders involved in the impeachment probe.

"Our elections are a cornerstone of



To Impeach a President who has proven through results, including producing perhaps the strongest economy in our country's history, to have one of the most successful presidencies ever, and most importantly, who has done NOTHING wrong, is sheer Political Madness!

"WITCH HUNT!" Earlier, he attacked the impeachment effort, tweeting that to impeach a president when the country has such a strong economy "and most importantly, who has done NOTHING wrong, is sheer Political Madness!" He is the fourth US president to face impeachment.

Democratic President Bill Clinton was impeached in 1998 over a sexual relationship he had with a White House intern, but he was acquitted in the Senate. Republican President Richard Nixon resigned in 1974 before he was impeached over his involvement in the Watergate scandal. Democratic President Andrew Johnson was impeached in 1868 but not convicted in the Senate.

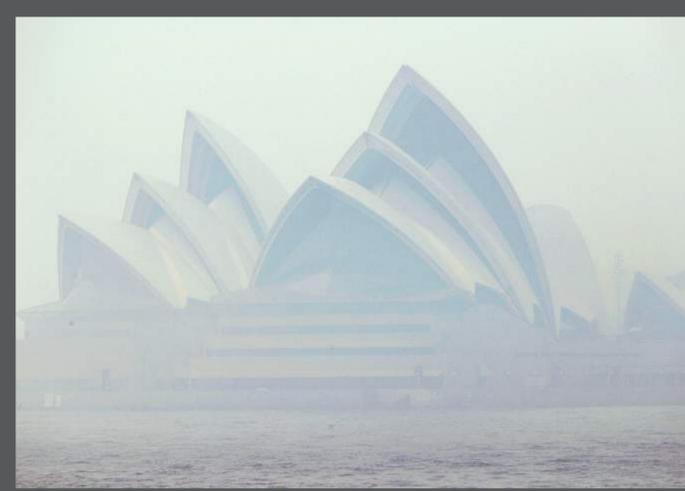
Obstruction and stalemate

Democrats have moved rapidly since launching their inquiry in late September after a whistleblower complaint about a July 25 telephone call in which Trump sought help from Ukrainian President Volodymyr Zelenskyy to investigate former Vice President Joe Biden.

The abuse of power charge accuses Trump of using nearly \$400 million in US security aid and a possible White House meeting with his Ukrainian counterpart to solicit Ukraine to publicly announce the investigations of Biden and a debunked theory that Ukraine, not Russia, interfered in the 2016 US election.

The obstruction charge accuses the president of defying and impeding the House's efforts to investigate the scandal.

CAN'T SEE OPERA HOUSE? BLAME POLLUTION



Thick smoke from wildfires shrouds the Opera House in Sydney on Tuesday. Bushfire smoke smothered the city, setting off fire alarms in office buildings, suspending ferry services and triggering health warnings over choking air pollution. Besides, ash has been washing up on the city's usually pristine beaches. The Air Quality Index reached as high as 2,552 in some eastern suburbs — soaring past the "hazardous" threshold of 200. The number of people seeking treatment at Sydney hospitals increased by about 25 per cent

PHOTO: PTI

WTO chief makes final bid to save appeals court

AFP/PTI
Geneva, 10 December

The head of the World Trade Organization on Tuesday said that he intends to put new issues "on the table" in negotiations to save the body's appeals court. The comment came hours before the court shut down.

The appellate branch of the WTO's Dispute Settlement Body, sometimes called the supreme court of world trade, will stop functioning from Wednesday onwards after years of relentless US opposition.

Washington, which accuses the court of serious overreach, has blocked the appointment of new judges, leaving it without the quorum

of three needed to hear cases due to mandatory retirements. Months of talks to break the deadlock that has pitted the US against the WTO's 163 other members have been led by New Zealand's ambassador David Walker.

WTO Director General Roberto Azevedo reaffirmed Wednesday that the Walker process had failed, saying: "as of tomorrow, the appellate body will no longer be able to review new dispute rulings." Azevedo had on Tuesday announced plans to personally lead negotiations to solve the impasse.

Speaking to reporters on Wednesday, he said his effort would aim to address the "missing pieces of the puzzle" that the Walker process had missed.

Morgan Stanley lays off 1,500, including MDs

Morgan Stanley is cutting about 1,500 jobs globally, including several managing directors, as part of a year-end efficiency push.

The cuts are skewed toward technology and operations divisions, but also include executives in sales, trading and research operations, said people in the know. The reductions amount to about 2 per cent of the firm's workforce, they said.

Investment banks around the world have been trimming staff amid a multiyear slump in trading revenue and the expectation that more of the business will move to electronic platforms that require fewer humans. Citigroup and Deutsche Bank are among firms that have cut hundreds of trading jobs this year. A spokesman at New York-based Morgan Stanley declined to comment. The Wall Street firm has been in the spotlight for an investigation into its currency-options desks. The bank is probing whether traders improperly valued the esoteric securities, concealing as much as \$140 million in losses, *Bloomberg* reported last month.

BLOOMBERG