Bill Gates exits Microsoft board

REUTERS

Microsoft Corp. co-founder Bill Gates stepped down from the board on Friday to focus on philanthropic work related to global health, education and climate change.

The billionaire and his wife Melinda run one of the world's largest charities, the Gates Foundation, which has billions in assets and funds global health programmes to combat disease and poverty.

Mr. Gates quit his full-time executive role at Microsoft in 2008 and remained as chairman of the board till 2014.

Since then he has been a board member. Gates also stepped down from the board of Warren Buffett's Berkshire Hathaway Inc., where he has served since 2004.

Yes Bank posts ₹18,564 cr. Q3 loss

Provisions zoom; capital adequacy ratio below mandated level

SPECIAL CORRESPONDENT
MUMBAI

The impact of the moratorium on the depositor confidence is uncertain, Yes Bank said. • AFP

Private sector lender Yes Bank posted a whopping ₹18,564 crore loss for the third quarter of the current financial year as bad loans surged. The bank had posted a net profit of ₹1,000 crore during the corresponding period of the previous year.

The lender had delayed the announcement of its earnings for the third quarter. Last week, the government had put the lender under moratorium while dismantling the board and appointed an administrator.

Gross non-performing assets went up to ₹40,709 crore, which is 18.87% of gross advances, from ₹17,134 crore, or 7.39%, at the end of the second quarter. Net NPAs jumped to ₹11,114 crore from ₹9,757 crore sequentially. As a result, provisions excluding tax expenses, were ₹24,765 crore for the third quarter as compared to ₹1,336 crore reported in the second quarter. The bank recognised additional provisions of ₹15,422 crore in the most recent quarter.

Higher provisions depleted its capital adequacy ratio, which fell much below the regulatory requirement. The ratio as on end December 2019 was 4.1%, as compared to 16.3% in end September.

The bank said its deposit base was reduced from ₹2,09,497 crore as on September 30, 2019 to ₹1,65,755 crore as on December 31, 2019. "The impact of the said moratorium on the depositor confidence is uncertain. However, the bank has additional liquidity from RBI and expects to raise funds from CD issuance to take care of any probable outflow of deposits on withdrawal of the moratorium," the bank said in the notes of account.

For the nine-month period, the loss of the bank stood at ₹19,046 crore.

"The bank has a total deferred tax asset of ₹8,029.2 crore as at December 31, 2019. Based on financial projections approved by the administrator, the bank is expected to have sufficient future taxable income to utilise the said deferred tax assets," the lender said.

"The bank has Basel III complaint additional Tier 1 bonds of ₹8,695 crore and believes AT 1 bonds amounting to ₹8,695 crore can be utilised to enhance the common equity as of date," the notes said.

Yes Bank withdrawal curbs to be lifted on March 18

Investors with over 100 shares subject to three-year lock-in

SPECIAL CORRESPONDENT
NEW DELHI

The government has notified the reconstruction scheme for crisis-hit Yes Bank, according to which the restrictions on withdrawals from its accounts will be lifted in 'three working days' or by Wednesday (March 18).

On March 5, the RBI had placed Yes Bank under a moratorium, restricting withdrawals to ₹50,000 per depositor till April 3. It had also superseded the board and placed it under an administrator, Prashant Kumar, former deputy MD and CFO of SBI.

"The order of moratorium on the reconstructed bank issued by the Government of India... shall cease to have effect on the third working day at 1800 hours from the date of commencement of this scheme," the notification, issued late on Friday, said, adding that the reconstruction scheme would come into force on March 13, 2020.

Prashant Kumar appointed as Chief Executive Officer and Managing Director

Under the scheme, Mr. Kumar has been appointed as the CEO and MD of Yes Bank, with Sunil Mehta, former Non-Executive Chairman of Punjab National Bank as Non Executive Chairman, and Mahesh Krishnamurthy and Atul Bheda as Non-Executive Directors. The new board will be formed within seven days from the cessation of the moratorium. SBI will also nominate two officers as directors and the RBI may also appoint one or more additional directors.

The notification states existing shareholders holding over 100 shares in Yes Bank are subject to a three-year 'lock-in' for 75% of their investment.

"There shall be a lock-in period of three years from the commencement of this scheme to the extent of seventy-five per cent. in respect of (a) shares held by existing shareholders on the date of commencement; (b) shares allotted to the investors under this scheme" for those holding more than 100 shares.

No immediate impact from virus, says Nasscom

DoT relaxes rules for work-from-home

SPECIAL CORRESPONDENT
BENGALURU

Nasscom, the representative entity for the technology services industry, clarified there was "no immediate business impact" from the spread of COVID-19 across the world.

"Based on discussions with our members, we do not see any immediate business impact; however, we are following developments around this issue closely. The industry has a large footprint of on-shore / off-shore centres and client requirements can be met through such centres, if required. The industry has also put in place business continuity plans and has internal taskforces to monitor the situation continuously," said Nasscom. It added that it was fully committed to deploying necessary precautions to deal with the situation arising from the spread of the virus..

In accordance with Nasscom recommendations, the Department of Telecom and Ministry of Telecommuncation have decided to grant a slew of relaxations around work-from-home (WFH) options up to March 30, 2020.

"The industry is also putting in place contingency measures and leveraging technology to ensure business continuity for customers and employees," said Nasscom.

COVID-19 hurts textile exports

Supply chain disrupted, yarn exports fall 30% in Jan.-Feb.

M. SOUNDARIYA PREETHA
COIMBATORE

Textile and clothing exporters have started feeling the impact of Covid-19 because of supply chain disruptions, fall in exports and cancellation of international events.

According to the Cotton Textiles Export Promotion Council (Texprocil), 11 countries buy 41% of India's cotton yarn exports and these countries have reported COVID-19 cases.

Yarn exports are down 30% in value terms in January-February compared with a year earlier. There is a sharp fall in cotton yarn exports to China, Iran, Korea and Vietnam.

Exporters are unable to get appointments from buyers for Market Week

2020 to be held in New York later this month, pointed out Siddhartha Rajagopal, executive director of the council. In the case of home textiles, the biggest markets include France, Germany and the U.S. "We need to wait and watch (the market situation in) these countries. China is the largest supplier and India can tap opportunities for specific products," he said.

Texprocil has also called off Ind-Texpo 2020, its flagship event which is a reverse buyer-seller meet, to have been held in Coimbatore between March 17 and 19.

The Apparel Export Promotion Council had asked garment exporters who depend on China largely for their import requirements to explore other sources.

In a communique to members, the council listed suppliers from Japan for woven fabric made out of artificial filament yarn, slide fasteners and parts, sewing machines, furniture, bases and covers, and sewing machine needles. "AEPC has made a preliminary study on the possible impact of disruptions of supply of raw materials from China," said chairman A. Sakthivel.

Apple goes flexible as virus spreads globally

Relaxed rules apply to 5,000 India staff

MINI TEJASWI
BENGALURU

The global spread of COVID-19 has steered Apple towards flexible work arrangements worldwide outside of Greater China, said Apple CEO Tim Cook in a statement.

"There is no mistaking the challenge of this moment," Mr. Cook said, addressing employees and customers.

As per the new arrangement at Apple, all team members are asked to work remotely if their job allows, and those whose work requires them to be onsite should follow guidance to maximise interpersonal space. "Extensive, deep cleaning will continue at all sites. In all our offices, we are rolling out new health screenings and temperature checks," he said.

Apple has 5,000 employees in India, including contract workers. A majority of its staff is located in its Hyderabad development centre, while a small number is in Bengaluru to support sales and marketing.

"We have expanded our leave policies to accommodate personal or family health circumstances created by COVID-19, including recovering from an illness, caring for a sick loved one, mandatory quarantining, or childcare challenges due to school closures."

2 more banks to invest in Yes Bank

PRESS TRUST OF INDIA
NEW DELHI

Two more banks – Federal Bank and Bandhan Bank – have committed to invest ₹300 crore each in crisis-hit Yes Bank. "The bank has issued an equity commitment letter to invest ₹300 crore in Yes Bank Ltd. for subscription of 30 crore equity shares of Yes Bank at a price of ₹10 per equity share," Federal Bank said in a filing on Saturday.

Bandhan Bank said late on Friday that ts board had granted approval for an equity investment of ₹300 crore for acquiring up to 30 crore equity shares of ₹2 each of Yes Bank Limited, for cash, at a premium of ₹8 per equity share.

INTERVIEW | C.H. VENKATACHALAM

'It's wrong to presume that mergers will solve banks' woes'

Customers may find banking with a 'stranger' entity difficult

N. ANAND

Mergers of nationalised banks will lead to closure of certain branches and doubling or trebling of depositors. It would be a big challenge for the bank with limited staff to servicing them as before, says All India Bank Employees Association general secretary **C.H. Venkatachalam**. *Besides, the recovery of NPAs would take a back seat as witnessed in the case of SBI. Excerpts from an interview:*

Do you foresee hurdles in the proposed merger of nationalised banks?

■ The main hurdle will be to the smooth process of integration. In our country, all our banks have their own importance in terms of origin, growth, expansion and geographical [focus], and have been contributing to economic development in their own way. When banks were nationalised in 1969, they were small.

In the last 50 years, all of them have grown in terms of branch network, business volume and customer reach. Merger of banks will take away their identity and customers will find it difficult to deal with the new bank. Secondly, branch rationalisation and branch closures are bound to happen on account of mergers.

What challenges would investors and depositors face?

■ By merging branches in a certain locality, the number of customers to be taken care of by the merged branch will double or treble. Hence, customer attention and quality of customer service are bound to be affected adversely. When every customer wants better service, the branch will face a big hurdle in this regard.

Borrowers also are used to a particular branch servicing their requirements. They will now be compelled to deal with a new branch. The branch staff too will not be aware of the borrower's history.

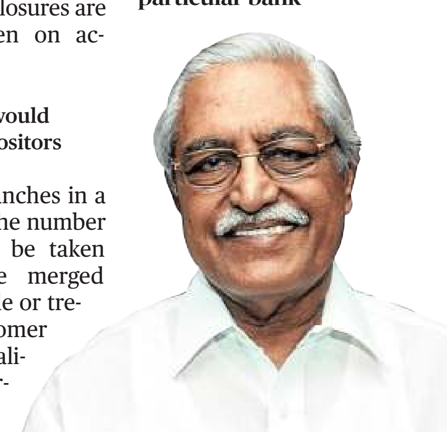
Investors have made their savings in various banks based on preference, convenience, etc. There are customers dealing with such banks for years and for a few generations.

Banking is no simple commercial transaction, but one accompanied by personal experiences and relationship with a particular bank. Now, in the name of mergers, they will be forced to bank with a lender not of their choice.

What would be the status of employee unions as some banks have more than one?

■ All banks in India are covered by a common and uniform industry-level settlement covering their wages and service conditions. In this regard, the unions will not face any problem, because even after the mergers, employees will continue to have the same wages and service conditions. But, the policies pertaining to transfers and promotions are different in each bank, governed by each bank-level settlement.

Banking is no simple commercial transaction, but one accompanied by personal experiences and relationship with a particular bank



Mergers of banks will create a lot of problems for employees in inter-se seniority, transfers to their place of choice, etc. This will pose a challenge to the unions dealing with these problems.

Further, there are many welfare schemes, fringe benefits and other schemes that vary from bank to bank. Mergers will impact these benefits and schemes and unionists have to address these issues to harmonise these benefits.

Further, due to rationalisation and closure of branches, employees may be displaced and deployed to other centres, which will be an important problem to be addressed by the unions.

Will recovery of bad debts take a back seat?

Mergers will totally divert the attention of the banks from loan recovery and it is bound to take a back seat.

The new entity bank will not know the background of the defaulters and borrowers. The volume of borrowal accounts in a branch will rise This is one reason why we are opposing mergers. After merger of six associate banks with SBI, non-performing assets went up.

Hence, it is also a wrong presumption that the proposed move [to merge] will resolve problems faced by the banks.

Accord Pharma eyes expansion via acquisitions

N. ANAND
CHENNAI

Accord Life Spec Pvt. Ltd. (Accord Pharma) has drawn up plans to grow its pharma business through organic and inorganic route and has set aside ₹2,000 crore for the purpose, said a top executive.

"At one point of time, we were talking to four pharma companies. Unfortunately, we lost Orchid Pharma," Manish Choube, global chief executive officer, Accord Pharma, said.

Accord Pharma recently bid for debt-ridden Orchid Pharma under the Corporate Insolvency Resolution Process and went to the National Company Law Appellate Tribunal seeking that its revised bid should be considered, against the National Company Law Tribunal-approved bid by Dhanuka Laboratories. However, it was turned down.

On the status of the remaining three firms, he said the second one too was dropped and it would take some more time to conclude the due diligence of the remaining firms.

The company has invested around ₹600 crore in Oragadam facility and plans to invest around ₹1,500 crore by March 2022, for R&D, acquisitions and others.

Mr. Choube said initially the company would focus on R&D, manufacturing and supply of sterile and non-sterile formulation products and API across countries. It has one unit in Oragadam and second one is coming up at Cuddalore in Tamil Nadu.

As a first step, Accord Group is venturing into the domestic market with the introduction of two key therapies oncology and nephrology.

Mr. Choube said the company would be focusing more on the export market.