

# YES Bank plans to raise ₹20,000 cr through CDs

CRISIL has assigned 'A2' rating to the programme

ABHIJIT LELE  
Mumbai, 19 March

ailing private lender YES Bank will hit the market with certificate of deposits (CDs), a money market instrument, to raise up to ₹20,000 crore from institutional players, mostly banks. This is the first large-scale (short-term) fundraising effort by the bank after being bailed out under a reconstruction scheme.

Rating agency CRISIL has assigned 'A2' rating to the ₹20,000-crore CDs programme of YES Bank. The instruments carrying this rating are considered to have strong degree of safety regarding timely payment of financial obligations. Such instruments carry low credit risk, CRISIL said in a statement.

The rating factors in the expectation of continued extraordinary systemic support from key stakeholders, along with sizeable ownership of State Bank of India (SBI). YES Bank witnessed a steady outflow of deposits in the past few quarters given the challenges faced by it and the adverse news reports with respect to the bank.

Between December 31, 2019, and March 5, 2020, the deposit base shrank by around ₹28,000 crore. Since March 31, 2018, the deposit base has declined by over ₹63,000 crore.

Nevertheless, the bank added depositors even in recent quarters.

The bank has also been in touch with existing depositors to address concerns. Key stakeholders have provided public assurances regarding the safety of deposits in YES Bank.

Given the recent events, it remains to be seen whether there is



## Bank reassures on safety of deposits

As banking services resume fully at YES Bank, administrator Prashant Kumar on Thursday once again assured depositors about the safety of their money and said there is ample liquidity with the bank. Kumar is the MD and CEO designate of the reconstructed YES Bank. The banking services resumed at 6 pm on March 18, 2020, and customers were able to get full services by visiting the branches from March 19, 2020. "The bank has ample liquidity and there is no need to depend on external sources," Kumar said in a statement. Bank branches will open one hour earlier, at 8:30 am from March 19 to 21, 2020, so as to serve the customers better. The bank has also extended banking hours across branches for its senior citizen customers, from March 19 to March 27, 2020 - 4:30 pm to 5:30 pm.

PTI

any significant withdrawal by depositors after the moratorium was lifted.

Nevertheless, liquidity support measures provide a good mitigant to significant withdrawals, CRISIL said.

The bank's liquidity coverage ratio was 74.6 per cent as on December 31, 2019, against the reg-

ulatory requirement of 100 per cent.

The CRISIL report said it understands that the ratio has improved as on latest date supported by capital infusion into the bank.

Also, as on the latest date, the bank's statutory liquidity ratio is also in line with regulatory requirements.

# ED asks Anil Ambani to appear again on Mar 30

Subhash Chandra to join probe on Saturday

SHRIMI CHOUDHARY  
New Delhi, 19 March

Reliance Group Chairman Anil Ambani appeared before the Enforcement Directorate (ED) on Thursday to clarify on the group's exposure to YES Bank, and sought more time from the agency to provide further clarifications on some specific queries. The probe agency has asked him to appear again on March 30.

Ambani had been called by the ED in connection with an ongoing money laundering case against YES Bank co-founder Rana Kapoor. Ambani was asked to furnish some important details which are crucial for the case, said an ED official. ADAG is amongst the largest borrower of the bank, with an exposure of around ₹13,000 crore.

Sources said that the ED during questioning asked for his replies on queries related to the group's functioning, utilisation of credit sanctioned and the agreement with the private-sector lender, the official said. An email sent to Reliance group on the specific queries went unanswered.

In a media statement, Reliance group said, "Anil Ambani met ED officials (on Thursday) to clarify on the Reliance Group's exposure to YES Bank. He reiterated that the Reliance Group's entire exposure to YES Bank is fully secured and transacted in the ordinary course of business. All transactions between the Reliance Group and YES Bank are in compliance with the law and financial regulations."

Ambani also clarified to the agency that Reliance Group had no direct or indirect exposure to Rana Kapoor or his wife or daughters, or any entities controlled by Kapoor or his family.

Ambani assured that the Reliance Group will continue to extend its full support and cooperation to all



Anil Ambani leaving the ED office in Mumbai on Thursday

BS PHOTO

authorities, in its statement.

The central agency had issued summons to Ambani to appear last on March 16, but he had sought adjournment and requested an extension, and the agency then asked him to make a personal appearance on Thursday.

Meanwhile, other big defaulters of YES Bank who had been summoned by the ED to appear this week did not show up. This includes Jet Airways founder Naresh Goyal, who will be issued fresh summons. Essel Group Chairman Subhash Chandra has been given a fresh date and asked to join the probe on Saturday, as he could not appear because he was attending the parliament session. Chandra is a member of parliament in Rajya Sabha.

Indiabulls group founder Sameer Gehlaut also requested for postponing his questioning as he is in the UK and unable to appear due to travel restrictions. DHFL's Kapil and Dheeraj Wadhawans also skipped the summons date citing coronavirus.



# SoftBank seeks to raise \$10 billion for Vision Fund

BLOOMBERG  
19 March

SoftBank Group is seeking to raise an additional \$10 billion so its first Vision Fund can support portfolio companies battered amid the coronavirus pandemic, according to people with knowledge of the matter.

SoftBank is in talks with outside investors to provide \$5 billion, which will be matched by a \$5 billion contribution from the Japanese conglomerate, said the people, who requested anonymity because the talks are private.

To be sure, SoftBank may be unable to secure sufficient commitments from investors, in part because West Asian sovereign wealth funds have been rocked by the steep decline in the price of oil.

The Vision Fund — which counts Saudi Arabia's Public Investment Fund and Abu Dhabi's Mubadala Investment as its biggest backers — had spent \$80.5 billion of its \$98.6 billion total as of December 31, according to filings.

The fund plans to reserve some of the remaining cash to pay back a coupon attached to the Saudi investment, said some of the people. The new capital would

be used to support struggling portfolio companies and to fund opportunistic acquisitions of smaller rivals whose valuations have also been battered, some of the people said.

SoftBank is also reviewing the 88 companies in the first Vision Fund as well as ones in its nascent successor, Vision Fund 2, to ascertain their viability amid the pandemic, some of the people said. Some of these companies may not have sufficient cash on hand to survive for more than a year, one of the people added.

Representatives for SoftBank and SoftBank Investment Advisers, the entity that manages the Vision Fund, declined to comment.

Already, some of the fund's largest investments have taken a hit. Uber Technologies shares have more than halved in the past month, in part because its ride-sharing service Uber Pool has been banned in certain geographies.

Some of the other closely held companies including food delivery companies DoorDash are poised to be beneficiaries as consumers around the world observe "shelter in place" orders and other mandated quarantining.

# Rotomac, Frost Int'l bosses arrested

RUCHIKA CHITRAVANSHI  
New Delhi, 19 March

The Serious Fraud Investigation Office (SFIO) on Thursday arrested Rahul Kothari, director of Rotomac Group along with Frost International's CEO Sujay Desai and Managing Director Uday Desai for fraudulent round tripping of funds, abusing the scheme of merchanting trade.

Kothari, a whole-time director of the pen company Rotomac, and the Mumbai-based company's bosses were remanded to SFIO custody by a magistrate court. The investigation revealed that in order to obtain bank funds, Kothari, along with Sujay Desai and Uday Desai, manipulated their financial statements.

"They inter alia issued fictitious debit notes to many foreign entities, which were under their control, in order to fraudulently transfer these foreign exchange losses incurred during the fraudulent merchanting trade to trade receivables," a senior official said.

Following this modus operandi, they were able to show a healthy balance sheet. The SFIO probe found that Rotomac manipulated books in the form of trade receivables to the tune of ₹3,000 crore, while the total amount for Frost International was around ₹3,500 crore.

Rotomac Group of Companies and Frost International have total outstanding liability of ₹4,000 crore and ₹3,500 crore towards 14 public sector banks against which they have defaulted.

The provision to arrest for SFIO — which deals with white collar crimes and fraud under companies law, was notified only two years ago.

In May 2018, the Central Bureau of Investigation (CBI) filed its charge sheet against Rotomac Global and its promoters, in connection with the ₹4.56 billion alleged loan default involving Bank of Baroda (BoB). The investigative agency also booked Frost International for an alleged bank fraud, to the tune of over ₹3,592 crore.

