

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 to 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



DOWNWARD MOVE



₹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 provide for bad assets but also for growth. The Common Equity Tier 1 capital stood at 8 per cent as of September, close to the regulator 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 slippage 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.

Urban Ladder turns profitable

Clocks first net profit of ₹49 crore for FY19; sales rise twofold

YUVRAJ MALIK
Bengaluru, 18 November

CLIMBING THE LADDER

Online furniture retailer Urban Ladder has joined the league of select Indian start-ups such as Byju's, PolicyBazaar, and OLX by turning profitable on net basis. The seven-year-old company

■ FY18 ■ FY19
▲ (% change)
▲ (187)
434.0

₹458 crore in the previous financial year. With investors now cautious of funding loss-making businesses, start-ups have turned their focus on profitability and unit economics. Urban Ladder could not be immediately reached for comments. The Bengaluru based firm, started by IIM-B alumni Ashish Goel and Rajiv Srivatsa in 2012, had been on a major business realignment on its way to profitability and this also resulted in layoffs and bringing down focus to specific cities and states, instead of going on an expansion spree with its offline stores. Most recently, Srivatsa, who was also the chief product and technology officer of the company, announced his exit from executive roles.

In the year under review,

Urban Ladder's revenues jumped 187 per cent to ₹434 crore, according to the company's regulatory filing accessed by business intelligence platform, Tofler. The overall revenue in this period was primarily aided by the rise in 'other income', which went up to ₹135.5 crore from ₹54 crore in FY18. Key components of 'other income' could not be immediately ascertained.

The start-up's total expenditure went up 41 per cent to ₹382 crore, even as employee-related expenses dropped 3 per cent to ₹51.98 crore. In July this year, Urban Ladder has let go around 90 employees and the move is expected to further bring down its employee benefits costs in the current financial year.

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20% SHARES IN NICCO PARKS AND RESORTS LIMITED Subject to the Joint Sector Agreement, 1990
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For details and conditions, visit: <http://vinodkothari.com/nicco-liquidation/> or
Email us: niccoliquidation@gmail.com

Last date for receipt of EOI 27th November, 2019

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All EOIs/bids subject to invitation dated 18.11.2019.

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Date: 18.11.2019

Advent to pick up majority stake in Bharat Serums

RANJU SARKAR
New Delhi, 18 November

Private equity (PE) firm Advent International has signed a definitive agreement to

Amazon doing well in India, says Jeff Bezos

PRESS TRUST OF INDIA
Washington, 18 November

E-commerce giant Amazon is

Global Exhibition on Services

an Opportunity

November 2019
Bangalore Palace



Department of Commerce & Industries