

## **SBI says YES Bank rescue math by Monday, due diligence underway**

SBI Chairman told a press conference that the bank's legal team has been doing due diligence.

State Bank of India (SBI) on Saturday said it has time till Monday to respond back to the Reserve Bank of India (RBI) on the draft scheme for rescue of Yes Bank, India's fifth private lender.

SBI Chairman Rajnish Kumar told a press conference in Mumbai that the bank's legal team has been doing due diligence on draft scheme proposed by RBI for bringing the bank back to health.

A day after superseding the Rana Kapoor-promoted Yes Bank board and capped cash withdrawals at Rs 50,000 (Rs 5 lakh in exceptional situations), RBI on Friday came out with the "draft reconstruction scheme" under which SBI will bring in Rs 2,500 crore for a 49% stake in the crisis-ridden private sector bank.

Kumar said SBI will try to implement the resolution plan before the RBI deadline.

Buying a 49% stake in Yes Bank would involve an investment of Rs 2,400 crore, that is if it decides to go alone. Kumar also said many potential investors, 23 in total, have approached SBI after seeing the investment scheme.

"Whether SBI takes a 49% or 26% stake in Yes Bank will depend on the investment involved. We are also examining the interest received from some other investors. SBI board will take the final call on this," Kumar said.

The reconstruction scheme envisages increasing the authorised capital of the bank manifold to Rs 5,000 crore from Rs 800 crore. Sources in the government said the RBI has decided against merging Yes with SBI because it would have put pressure on the balance sheet of the government-owned lender.

Kumar asserted it is purely an investment from SBI's standpoint and SBI shareholders' interest would be fully protected.

The scheme proposes full repayment of all deposits, dilution of equity, and write-off of Rs 10,800 crore of additional tier one (AT-1) bonds. Kumar refused to comment on the 81 bonds being written off in the draft scheme.

The minimum investment for SBI would be Rs 5,500 crore if it picks 26% stake in Yes Bank. "SBI may or may not pick the entire 49% in the bank," he said. Kumar hoped that SBI would get many co-investors to implement this scheme.

He said a credible name was needed in this reconstruction effort, which is why SBI has come forward.

Kumar said there would be no conflict of interest in the Yes Bank investment and SBI management would not be involved in the day-to-day management of the private lender.

*(Economic Times)*