Seven investors join SBI to put over Rs 12,000 crore into YES Bank

Synopsis
ICICI, HDFC Bank, Axis, Kotak, Jhunjhunwala, Damani and Azim Premji Trust likely to pick up stake in private lender.

Mumbai: Government-owned State Bank of India will be joined by private lenders ICICI Bank, HDFC Bank, Axis Bank and Kotak Mahindra Bank as well as investors Radhakishan Damani, Rakesh Jhunjhunwala and the Azim Premji Trust in the rescue plan for Yes Bank to invest more than Rs 12,000 crore, said three people aware of the development. As per the proposal sent to the Reserve Bank of India (RBI), these investors will together hold more than 49%, with SBI holding the largest share at 45%, they said.

SBI has also recommended appointing Yes Bank administrator Prashant Kumar as the new CEO of the bank.

In the six-page plan sent to the RBI, the state-owned lender detailed how much capital each investor will bring and by when will the plan be executed.

Public sector banks will bring in Rs 30,000 crore as bulk deposits, as per the proposal. “The final plan has been sent to the RBI, these need not be final set of investors, as of now. In all, apart from SBI there are seven other investors,” said an official aware of the details. “All the investors are local and their collective share is slightly more than what SBI is investing on its own. They are investing in phases and it is possible that they will invest more in the future or foreign funds will join in later.”

In an exchange filing on Thursday afternoon, SBI had said it will invest Rs 7,250 crore in Yes Bank for a 49% stake, in line
with a rescue plan drawn up by the Reserve Bank of India (RBI).

“The executive committee of (SBI’s) central board has approved purchase of 725 crore shares in Yes Bank Ltd at a price of Rs 10 per share subject to all regulatory approvals,” SBI said in an exchange announcement. “Our shareholding in Yes Bank Ltd. will remain within 49% of the paid-up capital of Yes Bank.”

Sources indicated that the private sector banks could chip in with around Rs 1,000 crore each and the high net worth investors could contribute Rs 500 crore each.