

Yes Bank gave loans of over ₹2,000 cr to companies linked to Indiabulls

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- The firms the lender lent to either had a negative net worth or had an average equity capital of just ₹1 lakh
- Yes loaned to 8 shell firms which had either negative net worth or had average equity capital of ₹1 lakh

MUMBAI : Private sector lender [Yes Bank Ltd](#) had lent over ₹2,000 crore to several companies linked to the [Indiabulls Group](#) that either have negative net worth or an average equity capital of ₹1 lakh, an additional affidavit filed by Citizens Whistle Blower Forum in the Delhi high court has alleged.

According to documents which were submitted by the NGO as part of the affidavit, Yes Bank loaned ₹2,183 crore to eight unlisted companies of the Indiabulls Group which had either negative net worth or had an average equity capital of ₹1 lakh each.

While the case was filed on 13 September, the additional affidavit was filed on 22 October and has been reviewed by *Mint*.

These companies include Airmid Aviation Services Ltd, Tupelo Constructions Pvt. Ltd, Tupelo Land Development Pvt. Ltd, Paidia Conconnection Pvt. Ltd, Viswamukha Properties Pvt. Ltd, Paidia Softinfo Pvt. Ltd, Keysha Mining Pvt. Ltd and Bobinar Infrastructure Pvt. Ltd.

For instance, Tupelo Constructions which received loans of ₹335 crore from Yes Bank between 2013 and 2016 has an equity capital of ₹1 lakh; Tupelo Land Development which got loans of ₹375 crore in the same period also has a capital of ₹1 lakh; Airmid Aviation Services with a negative net worth as of 31 March 2018, got loans of ₹245 crore in 2015 from Yes Bank.

To be sure, while these loans have been repaid by the Indiabulls Group, the grant of over ₹2,000 crore loans to companies with so little equity could raise suspicions of lax due diligence by the

bank. Indiabulls repaid all the loans in question by January. The last was in Airmid Aviation where the charge was satisfied on 7 January, showed Registrar of Companies (RoC) data.

The loan amounts and the repayment date mentioned here are based on charges registered with the RoC. These loans were given when Yes Bank co-founder Rana Kapoor was at the helm.

“Many of these companies are shell companies with negative net worth, no income from business operations and a huge amount of accumulated losses,” the affidavit alleged. “Most of these companies have used the loan amount to give loan/advances to other companies or to invest in compulsorily convertible debentures with 0.001% (coupon) of other companies,” Citizens Whistle Blower Forum, led by activist and lawyer Prashant Bhushan, has alleged in the affidavit. While banks have their own internal criteria on how much they can sanction in relation to the borrower’s net worth, they are known to make exceptions on a case-to-case basis.

Alipak Banerjee, leader (international dispute resolution and investigations practice), Nishith Desai Associates said that there are three possible outcomes of this petition.

“We will have to wait until the next date of hearing to find out whether the court orders an investigation and directly monitors the same, as have happened in the past; or will they direct the regulators to complete a timebound investigation; or will they direct the petitioner to approach the regulators with a specific complaint and seek a redressal,” said Banerjee.

Emails sent to Yes Bank and [Rana Kapoor](#) remained unanswered till the time of going to press.

A spokesperson for Indiabulls said that promoter of Indiabulls has no loans outstanding from Yes Bank and all loans were fully paid back to Yes Bank a few years back, as stated in the company’s rejoinder to the Delhi high court and the affidavit.

“Petitioners have intentionally misrepresented to the court. You may please check with Yes Bank also if they have any loans outstanding to promoter of Indiabulls. The companies named in your email have no loans outstanding as on date. Promoter of Indiabulls has no loans outstanding from any lender and none of his shares are pledged,” the spokesperson said.