

June 17th, 2015

PRESS RELEASE

Mrs. Madhu Kapur & family Versus YES Bank & its Board of Directors

YES Bank is pleased to convey that the Hon'ble Bombay High Court has today released its Judgment dated June 4, 2015 on subject Civil Suit.

Key findings of the Hon'ble Bombay High Court:

1. Re: Articles of Association:

The Honourable Court has held that "I have very little doubt that there are Articles that require amendments, both for consistency going forward and also to resolve the present disputes"

2. Re: Shagun Kapur Gogia's rejection on the Board of YES Bank is final:

The Plaintiffs have sought to appoint Shagun Kapur Gogia [*daughter of Madhu Kapur*] on the Board of YES Bank, which was rejected by the Board of Directors of YES Bank, as she did not satisfy the '*fit and proper*' guidelines of RBI.

The Hon'ble Bombay High Court has upheld the decision of the Board of Directors. The Hon'ble Court maintained that "*Whether or not the Board found Shagun's work profile and background commensurate is not for me to assess. This is entirely outside my remit*"

The Hon'ble Court has also observed that "*the Plaintiffs do not have the right to demand that the 2nd Plaintiff (Shagun Kapur Gogia) be accepted onto the Board without Rana Kapoor's concurrence and consent.*"

3. Re: NO Reservation of a seat for Mrs. Madhu Kapur & her family members on the Board of YES Bank:

The Hon'ble Court amongst other observations unequivocally held that *"Nothing in the Articles leads to the conclusion that the Plaintiffs are entitled to a 'reserved seat' on YES Bank's Board"*.

"Apart from anything else, a demand for a seat on the Board seems to me to fly in the face of YES Bank's ethos. It is said to be the professional's bank. That necessarily means that it cannot run like a family estate. Consequently, I do not believe it is open to the Plaintiffs to demand that any of them take a seat reserved for them on Yes Bank's Board."

4. Re: Appointment of Mr. Rana Kapoor as MD & CEO of YES Bank upheld and is final:

The Hon'ble Court has rejected all the contentions raised by the Plaintiffs against Mr. Rana Kapoor.

The Court has unequivocally held that the appointment of Mr. Rana Kapoor has been approved by the RBI and the shareholders. *"It is not as if YES Bank is operating entirely without shareholder and regulatory oversight. It is not possible to accept the Plaintiffs submission in relation to the appointment of Rana Kapoor"*

The Hon'ble Court has also observed that *"under his (Rana Kapoor) stewardship, in the seven years since Ashok Kapur's death, YES Bank has grown and progressed exponentially, to the benefit of all, not least, the Plaintiffs themselves."*

Further, the Hon'ble Court observed that *"the appointment of a Managing Director is not an 'office or place of profit" per se. Rana Kapoor's appointment is one of the matters in the ordinary course of YES Bank's business. It is an arms-length transaction"*.

NB: The shareholders at the Bank's AGM on June 6, 2015 fully supported the resolutions for reappointment of Mr. Rana Kapoor as the MD & CEO of the Bank for a further period of 3 years.

5. **Re: Appointment of Mr. Diwan Arun Nanda & Mr. Ajay Vohra as Independent Directors:**

The Hon'ble Court has held that the Bank had not procedurally complied with the necessary formalities for appointment of these directors as Independent Directors. However, the Hon'ble Court pointed out that *"whether or not this can be rectified is for YES Bank to determine"*

The Hon'ble Court has further observed that *"YES Bank to take the necessary steps to revalidate, appoint or reappoint the persons in question (subject to them meeting statutory requirements of course, including the age limits). There is no finding of disqualification of any of these directors for want of ability or credentials."*

6. **Re: Appointment of Mr. M.R. Srinivasan & Mr. Ravish Chopra:**

The Hon'ble Court has held that there was a procedural infirmity in these appointments in view of the interpretation regarding the Articles of Association of the Bank. However, the Hon'ble Court has held that *"There is sufficient space and room for YES Bank to correct its course in the time ahead."*

It may also be noted that the Hon'ble Court has clarified that *"YES Bank to take the necessary steps to revalidate, appoint or reappoint the persons in question (subject to them meeting statutory requirements of course, including the age limits). There is no finding of disqualification of any of these directors for want of ability or credentials."*

7. **Re: The Proposed Appointment of Whole-time Directors**

The Hon'ble Court has held that the proposed appointment of the aforesaid Whole-time directors is procedurally improper in view of the interpretation of the existing language of the Articles of Association. The Hon'ble Court itself has suggested that these Articles of Association require redrafting.

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ACTIONS taken by YES Bank at the 11th AGM held on June 6, 2015:

- Mr. Diwan Arun Nanda and Mr. Ajay Vohra were duly elected as Independent Directors at the 11th AGM held on June 6, 2015.
- Mr. M.R.Srinivasan was also duly re-elected as a director at the 11th AGM held on June 6, 2015.

Thus, procedural infirmities in their appointment which the Hon'ble Court has found (though not admitted by the Bank) would not impede their continuance on the Board as Directors. With regard to Mr. Ravish Chopra, the Bank will be taking appropriate steps, to revalidate his appointment as suggested by the Hon'ble Court.

GOING FORWARD:

The Bank will decide on its further legal course of action in accordance with advice which will be received from their Solicitors-CAM - Cyril Amarchand Mangaldas including as to whether the Articles ought to be amended as suggested by the Hon'ble Court.

The Hon'ble Court has in any event also stayed the operation of its own Judgment for a period of 5 weeks from today i.e., June 17, 2015. Thus, there is no immediate impact whatsoever on the Bank's Board of Directors or its Management . Few procedural infirmities were pointed out by the Hon'ble Court, which are curable, and the Bank and its Board of Directors do not foresee any material impact even in the mid to long term.

CONCLUSION:

It can be noted from the contents of the order, the impact of the operation of the Hon'ble Court's order is minimal on YES Bank's Board of Directors and its Management. The reservations expressed by the Hon'ble Court with respect to the appointment of some of the Directors have already been addressed in the ordinary course, as mentioned above and any further necessary procedural steps, which are required, will be taken in accordance with law.

PLEASE READ THIS IN CONJUNCTION WITH YES BANK'S AGM - PRESS RELEASE DATED JUNE 6TH 2015 (ATTACHED).

About YES BANK

YES BANK, India's fifth largest private sector Bank with a pan India presence across all 29 states and 7 Union Territories of India, headquartered in the Lower Parel Innovation District (LPID) of Mumbai, is the outcome of the professional & entrepreneurial commitment of its Founder Rana Kapoor and its top management team, to establish a high quality, customer centric, service driven, private Indian Bank catering to the future businesses of India. YES BANK has adopted international best practices, the highest standards of service quality and operational excellence, and offers comprehensive banking and financial solutions to all its valued customers.

YES BANK has a knowledge driven approach to banking, and offers a superior customer experience for its retail, corporate and emerging corporate banking clients. YES BANK is steadily evolving as the Professionals' Bank of India with the long term mission of "Building the Finest Quality Bank of the World in India" by 2020.

For further information, please contact:

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