



Policy for determining Material Subsidiaries

YES BANK Limited

1. Introduction

The Board of Directors (the “**Board**”) of YES Bank Limited (the “**Bank or Company**”) have adopted the following policy and procedures with regard to determination of material subsidiaries, in line with the requirements of Revised Clause 49(V)(D) of the Listing Agreement on Corporate Governance (hereinafter referred to as ‘**RC 49**’).

The Board will review and may amend this policy from time to time.

2. Purpose

The objective of this policy is to determine material subsidiaries of the Bank and to provide governance framework for such subsidiaries.

3. Applicability

This policy will be applicable to the Bank with effect from October 1, 2014.

4. Key Definition

- I. **Material Subsidiary** is a subsidiary that satisfies any of the following conditions:
 - a) In which the Investment of the Bank, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
 - b) Which have generated twenty per cent of the consolidated income of the Bank during the previous financial year
- II. **Material Non Listed Indian Subsidiary** shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.
- III. **Significant Transaction or Arrangement** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

IV. “Subsidiary” shall be as defined under the Companies Act, 2013.

5. Policy on Material Subsidiaries

- I. A subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:
 - a) if the investment of the Bank in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year. OR
 - b) if the subsidiary has generated twenty per cent of the consolidated income of the Bank during the previous financial year.
- II. One independent director on the Board of Directors of the Bank shall be a director on the Board of Directors of its material non-listed Indian subsidiary company.
- III. The Audit Committee of the Bank shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- IV. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Bank.
- V. The management shall on a half yearly basis bring to the attention of the Board of Directors of the Bank, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company.
- VI. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary

The Financial Management team will be responsible for monitoring these and to determine which of the subsidiaries fall within the definition of material subsidiary. As regards point no. 1 (a), the monitoring will happen every time whenever there is an investment by the Bank in a subsidiary. For point no. 1(b), the monitoring will be done at the time of finalizing the consolidated audited accounts.

6. Disposal of Material Subsidiary

The Bank, without passing a special resolution in its General Meeting, shall not:

- a) dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%*; or
- b) ceases the exercise of control over the Subsidiary*; or
- c) sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

* except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal

7. Disclosure

The above policy will be modified as and when there are changes to the regulations including the Companies Act, Listing Agreement and guidelines issued by SEBI. The Bank shall disclose the Policy for determining 'material' subsidiaries on its website and a web link thereto shall be provided in the Annual Report.