YBL/CS/2020-21/20

June 12, 2020

National Stock Exchange of India Limited
Exchange Plaza,
Plot no. C/1, G Block,
Bandra - Kurla Complex
Bandra (E), Mumbai - 400 051
NSE Symbol: YESBANK

BSE Limited
Corporate Relations Department
P.J. Towers, Dalal Street
Mumbai – 400 001
Tel.: 2272 8013/15/58/8307
BSE Scrip Code: 532648

Dear Sirs,

Sub: Re-classification of Promoters / Promoter Group

In furtherance to our earlier communication dated June 10, 2020 on the application made by the Bank for re-classification of the Promoters / Promoter Group, we are enclosing herewith the letter dated June 09, 2020 received from the Securities and Exchange Board of India granting exemption to the Bank from the applicability of sub-regulation (3) and (4) of Regulation 31A and clause (a) & (b) of sub-regulation (8) of Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for reclassification of the Promoters/ Promoter Group and certain directions to the Bank.

You are requested to take the same on records.

Thanking you,

Yours faithfully,
For **YES BANK LIMITED**



Shivanand R. Shettigar
Group Company Secretary

Encl.: As above.

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

General Manager
Compliance and Monitoring Division
Corporation Finance Department

SEBI/HO/CFD/CMD1/OW/2020
June 9, 2020

Mr. Prashant Kumar, MD & CEO,
Yes Bank Limited,
15th Floor, YES Bank Tower, IFC 2,
Senapati Bapat Marg Elphinstone Road (W),
Mumbai-400013

Sir,

Sub: Exemption sought under regulation 102 of SEBI ('Listing Obligations and Disclosure Requirements) Regulations 2015 ('SEBI LODR') for reclassification of existing promoter(s)/persons belonging to the promoter group of Yes Bank Limited ('Yes Bank' /'Bank')

1. This has reference to your application dated April 29, 2020 to SEBI for reclassification of Promoters/Promoter Group of YES Bank Limited pursuant to the Yes Bank Limited Reconstruction Scheme 2020 and other correspondence resting with email dated June 8, 2020 on the captioned subject.

2. The following major submissions are gathered from your application/letters/emails dated April 7, 2020, April 29, 2020, May 13, 2020, May 21, 2020, May 30, 2020, June 5, 2020 and June 8, 2020:
   a. Ministry of Finance, Government of India on March 13, 2020, vide notification no G.S.R. 174(E), in exercise of its powers conferred in terms of sub-section (4) and sub-section (7) of the Section 45 of the Banking Regulation Act, 1949 ('**BR Act**'), notified the final '*Yes Bank Limited Reconstruction Scheme, 2020*' ("**the Scheme**");
   b. The Scheme, *inter-alia,* provided for fresh capital infusion, appointment of new Board of Directors of the Bank and deletion/omission of certain articles from the Articles of Association of the Bank ("**AoA**"). The Scheme came into effect on March 13, 2020;
   c. The Scheme had the effect of negating / nullifying the special rights conferred on the Promoters/Promoter Group under the AoA;
   d. As on 1st May 2020, the combined shareholding of the Rana Kapoor Group (*Rana Kapoor, Yes Capital (India) Private Limited, Morgan Credits Pvt. Ltd.*) and the Madhu Kapur Group (*Madhu Kapur, Mags Finvest Pvt. Ltd.*) is 1.42% of the total paid up equity share capital of the Bank;
   e. National Stock Exchange (NSE), vide letter dated April 24, 2020 has stated that it will *only* be able to process the application for reclassification with the relaxation / exemption sought, with prior approval from SEBI;

f. The Bank is in urgent need of funds to meet the regulatory requirement of maintaining a minimum Common Equity Tier 1 (**"CET 1"**) of 7.375% which is being increased to 8% w.e.f. September 1, 2020;

g. The Bank is not getting any support from its Promoters, Promoter Group and Group Companies and the situation is hostile. This causes serious prejudice to the Bank from undertaking any fund raise, as the eligibility criteria and disclosure requirements associated with any mode of fund raise requires various information and confirmations from its Promoters, Promoter Group and Group Companies;

h. RBI, vide letter dated May 20, 2020, has directed the Bank to approach the appropriate authority under law for declassifying the existing promoter/promoter group of the Bank;

i. There is an interim restraint order of the Bombay High Court in the Notice of Motion No.944 of 2013 in the civil suit filed by Ms. Madhu Kapur and family. The Bank has been restrained from initiating, taking or continuing any steps for de-classifying and/or changing the category of Ms. Madhu Kapur and family as the Promoter of the Bank;

j. One of the promoter groups i.e., Madhu Kapur Group, vide letter dated May 28, 2020, has given its consent for being reclassified as non-promoter shareholders of the Bank;

k. Pursuant to the Scheme and deletion of Articles 110(b), 127(b), 127A(a) and 127A(b) of the AoA of the Bank, the Promoter/Promoter Group, as on the date:
   i. hold 1.42 percent of the total voting rights in the Bank;
   ii. no longer exercise control over the affairs of the Bank directly and/or indirectly;
   iii. do not have any special rights with respect to the Bank through formal and/or informal arrangements, including through any shareholder agreements;
   iv. are not represented on the board of directors of the Bank (including through any nominee director); and
   v. do not act as key managerial personnel in the Bank.

l. The Scheme did not delete Article 110(c), and specific portions of Article 111(d), Article 118(b) and Article 121 of the AoA of the Bank, which have become redundant, infructuous and inconsequential pursuant to omission of the deleted Articles under the Scheme. The RBI has advised the Bank to carry out further amendments to the AoA in accordance with the procedure prescribed under Companies Act, 2013;

m. The Bank is of the view that re-classification has already taken place by operation of law pursuant to the Scheme *(which has overriding effect on any other law in terms of the provisions of Section 45(14) of the BR Act)*, and hence, the Bank would not be in breach or violation of the Interim Order in seeking a formal approval from its concerned statutory authorities/regulator(s) on the re-classification of Rana Kapoor Group and Madhu Kapur Group from 'Promoter / Promoter Group' to 'Public'.

3. After examination of your application/letters/emails, the following are observed:
    a. Section 45(14) of the BR Act states the provisions of the Scheme shall prevail even if its provisions are contrary to any other law in force for the time being. It doesn't exempt the Bank from complying with statutory requirements pursuant to notification of a scheme of reconstruction / amalgamation.
    b. The scheme notified by the Central Govt. declares the investor Bank (*State Bank of India*) and the other investors as '*public shareholders*' for a period of five years. It has not explicitly reclassified the existing promoters as public shareholders.
    c. RBI, vide letter dated May 20, 2020, has advised the Bank to approach the competent authority for reclassification of the existing promoters. Hence, the Bank has to reclassify the existing promoters as per the SEBI LODR.
    d. Regulation 31A(9) of SEBI LODR provides certain exemptions to listed entities from the procedure to be followed for reclassification, if such reclassification is pursuant to an approved resolution plan under Section 31 of IBC. Though the Scheme has been notified by the Central Govt. under Section 45 of the BR Act, the scheme is similar to a resolution plan under the IBC. With fresh infusion of capital, deletion of certain provisions of the AoA and appointment of new board of directors, there has been a change in management and control of the Bank.
    e. The scheme has stripped the existing promoters off the special rights given to them in matters of appointment of director(s), selection of chairman and MD/CEO etc. as per the AoA. This, in a way, has extinguished the rights and privileges enjoyed by them as promoters of the Bank. Further, post infusion of capital by State Bank of India and other financial institutions, the combined shareholding of the promoter group is only 1.42% of the paid up equity share capital of the Bank. The earlier board, including the nominee directors of the promoter group has been superseded.
    f. As submitted by the Bank, by virtue of the Scheme, the Promoter/Promoter Group, as on the date:
        i. hold only 1.42% of the total voting rights in the Bank;
        ii. no longer exercise control over the affairs of the Bank directly and/or indirectly;
        iii. do not have any special rights with respect to the Bank through formal and/or informal arrangements, including through any shareholder agreements;
        iv. are not represented on the board of directors of the Bank (including through any nominee director); and
        v. do not act as key managerial personnel in the Bank.

4. In view of the aforesaid, the Competent Authority has approved your application under Regulation 102(1)(d) of SEBI LODR and exempted the applicability of sub-regulation (3) & (4) of Regulation 31A and clause (a) & (b) of sub-regulation (8) of Regulation 31A of SEBI LODR for reclassification of the existing promoters/person(s) belonging to the promoter group since, in this context, reclassification is a procedural formality and a consequence of the Scheme approved and notified by the Central Govt.

5. The Bank shall abide by the following directions:
   a. The Bank shall file an affidavit before the Bombay High Court informing the Court about the Scheme and the consent received from Madhu Kapur Group for reclassification. The Bank shall also take steps to get the stay vacated;
   b. The application to be submitted to the Stock Exchange(s) for reclassification of the promoters/person(s) belonging to the promoter group as public shareholders shall be disclosed in accordance with the provisions of SEBI LODR, including this letter from SEBI;
   c. The fact of reclassification of the promoter(s)/persons belonging to the promoter group shall be informed to the shareholders, in the next AGM/EGM;
   d. The Bank shall take necessary steps to modify/delete Article 110(c) and specific portions of Article 111(d), Article 118(b) and Article 121 of its AoA which have become redundant, infructuous and inconsequential pursuant to omission of the deleted Articles under the Scheme.

Yours faithfully,

Pradeep Kamakrishnan

Copy to: **BSE and NSE**