

# RBI asks Yes Bank to review audit panel chief's status

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- Uttam Prakash Agarwal was found to have failed to disclose details of criminal cases filed against him
- Under RBI's fit and proper criteria, directors on bank boards have to disclose several details

**Mumbai:** The Reserve Bank of India has asked [Yes Bank Ltd](#) to re-examine the "fit and proper" status of the lender's audit committee chairman Uttam Prakash Agarwal after it was found that he had failed to disclose details of criminal cases filed against him, according to three people familiar with the matter.

"The bank is now in receipt of an email from RBI dated 5 September 2019 addressed to the chairman of the bank advising that the bank must re-examine the fit and proper status of Shri. Agarwal. Based on the re-examination, the decision taken by the board of the bank be advised to the department of banking regulation, RBI," said an RBI email addressed to Yes Bank's chairman. *Mint* has partially reviewed the letter.

[Yes Bank](#) received a whistleblower complaint questioning Agarwal's fit and proper status in November 2018, soon after he was appointed as an independent director during the tenure of co-founder and former managing director Rana Kapoor.

According to the Election Commission (EC) website, Agarwal, a former chairman of Institute of Chartered Accountants of India, had contested Maharashtra assembly polls as a Shiv Sena candidate in 2014. At that time, he had disclosed that there were criminal cases against him under IPC 406, 420, 504 and 34, all of which are charges related to cheating and criminal breach of trust.

[Under RBI's fit and proper criteria](#), directors on bank boards have to disclose several details, including if there are any criminal proceedings "pending or commenced or resulting in conviction in the past against the director".

While Agarwal submitted a fresh declaration to the bank with details of the past cases pending in the criminal court, the bank sought external opinion from law firm Khaitan & Co. and a senior retired judge, both of whom concluded that Agarwal has suppressed material information before being appointed, said one of the people cited earlier.

Agarwal, however, claimed to the board that this was just an omission and that all cases pending against him were civil in nature and had been dismissed in 2015 itself. In his defence, Agarwal's appointment for five years as an independent director was passed by the shareholders in the AGM in June. Consequently, his appointment seems to have the approval of both the Yes Bank board and shareholders.

"The board will need to ascertain whether it's a genuine oversight or wilful suppression of facts. If it's an oversight or the unreported infraction more technical, then the board can take a more benign view. Else he should be asked to go," said Amit Tandon, founder and managing director, Institutional Investor Advisory Services.