

**Karur Vysya Bank***Smart way to bank*

IRC:F48:42: 633 :2014

21.08.2014

The Manager
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No.C/1
G Block, Bandra-Kurla Complex,
Bandra (E), Mumbai 400051.

Fax : 022.- 26598237/8238

Dear Sir,

**Reg: Minutes of the 95th Annual General Meeting of the Bank -
Clause 31(d) of the Listing Agreement**

We enclose a copy of the minutes of the 95th Annual General Meeting of
the Bank held on 23rd July 2014 at the Registered and Central Office of
the Bank at Karur.

Please acknowledge.

Yours faithfully,

R.Kannan
Company Secretary &
Deputy General Manager

Encl: a.a.

THE KARUR VYSYA BANK LIMITED

INVESTOR RELATIONS CELL

Registered & Central Office,
Erode Road, KARUR - 639 002.

☎ (04324) D : 227133 G : 269581, 82,83,84

Fax : (04324) 225700 / 205595

E.mail : kvbshares@kvbmail.com

CIN: L65110TN1916PLC001295



MINUTES OF THE 95TH ANNUAL GENERAL
MEETING HELD ON JULY 23, 2014

**MINUTES OF THE 95TH ANNUAL GENERAL MEETING OF THE BANK
HELD AT THE REGISTERED OFFICE OF THE BANK ON
WEDNESDAY, THE 23RD JULY 2014 AT 10.00 A.M.**

The 95th Annual General Meeting of the bank presided over by the Chairman Shri K P Kumar, was attended by 205 shareholders in person and 9 shareholders by proxy.

As directed by the Chairman, Company Secretary informed the shareholders that proxies accounting for 76,65,816 shares were lodged and on scrutiny all proxies lodged were found to be valid

The Chairman and the MD & CEO were garlanded by Shri K Ramasamy and Shri C Palaniappan, shareholders of the Bank respectively.

Shri K P Kumar, Chairman of the Bank welcomed the shareholders.

In his brief speech he mentioned that the Indian Economy witnessed yet another year of economic slowdown during the last fiscal third time in a row with the GDP growth staying sub 5% for seven successive quarters. He added that as per the provisional estimates by the Central Statistical Organization (CSO), GDP growth was estimated at 4.7% for 2013-14, slightly higher compared to 4.5% registered in fiscal 2012-13. The inflation rate was also moderated during FY14. While the farm sector recorded a healthy growth of 4.7%, a deep slowdown in the Manufacturing sector in FY14 saw a growth contraction of 0.7% in this sector- a first since 1991-92. There was also a moderation in services sector growth which had hitherto remained resilient to the weakness in the rest of the economy. Caused by the slowdown in the domestic economy and a lukewarm global recovery, Indian Banking sector's deposits and credit grew at a moderate pace of 14.6% and 14.3% respectively in the last fiscal. Despite the challenging environment, he informed that the bank's performance was encouraging.

He has stated that the total business of your bank reached ₹ 77,984 Cr with Deposits at ₹ 43,758 Cr and Advances at ₹ 34,226 Cr. The operating profit was at ₹ 838 Cr and the net profit was at ₹ 430 Cr. The bank has expanded its outreach to have net work of 572 branches and 1617 ATMs as at the end of March 2014. He has added that due to the several initiatives /concerted action taken in recovery from overdue loans, the bank could maintain the net NPA to 0.41% in the fiscal gone by.

He has also informed the members about the several awards received during the fiscal under report which included 1. Best Small Bank award

given by Business World Magna Awards 2014, 2. Sunday Standard Best Bankers Award 2013, 3. Best Bank Award among Small Banks by IDRBT for 'Banking Technology (Electronic Payment Systems) etc.,

He further said that he would not like to go at length on the financials as the MD & CEO would be making a very detailed presentation on the highlights of the bank's performance in 2013-14. However he wanted to make a special mention that the bank has maintained a dividend of ₹ 13 per share for the fiscal. Also mentioned that since 2003-04, the bank was paying 100%

He concluded his speech by expressing thanks and gratitude to the shareholders of the bank, customers and all the stake holders for their support and patronage. He has also thanked the various Regulatory Authorities and Government for their timely support and guidance.

After the welcome address, the Chairman took the permission of the members for taking the Notice convening the 95th Annual General Meeting as read.

The Chairman then called upon the Company Secretary to read the Auditors Report. After completion of reading of the Auditors Report by the Company Secretary, the Managing Director & Chief Executive Officer Shri K Venkataraman addressed the shareholders.

The Managing Director in his address to the shareholders, dwelt at length on Indian Macro Economic Scenario that prevailed during the fiscal 2013-14, performance highlights of the Bank during FY 14, Priority Sector lending, Financial Inclusion Programme, the asset quality, Capital Adequacy, Net work and Delivery Channel, Technological initiatives carried out during the fiscal 2013-14, Golden Vision initiatives of the Bank, Human Resources Development, Corporate Social Responsibility activities undertaken during the fiscal gone by and Awards and accolades received from various organizations of repute during the fiscal 2013-14.

In his concluding remarks, he mentioned that the general outlook of the economy is expected to take an upturn growth path, bringing about positive impact on macro economic environment, stimulating growth in various segments. He mentioned that the bank is looking at profitable growth further enhancing CASA position and improving the growth of advances in view of the increasing demand. He informed the members that the Bank would continue to focus on arresting slippages and focused efforts would be made to improve the bottom line of the Bank.

The Bank would also pursue its branch expansion plan in the years ahead which has positive connotations for our CASA Book and blended cost of funds. The bank would continue the retail focus in the business mix so as to enhance a profitable growth trajectory.

Before concluding his speech, he expressed sincere gratitude and thanks to the Reserve Bank of India, Government of India, Stock Exchanges, SEBI, IRDA, and other Regulatory Authorities for the valuable guidance and support received from them. He had also thanked the financial institutions, Correspondent Banks, partners in business for their cooperation and support. He also acknowledged with thanks the contribution of Auditors, Legal Advisors and Consultants Boston Consulting Group. He added that he is fortunate to have a professional, Competent Board for guidance. He had also placed deep sense of appreciation for the dedicated and committed service made by all staff members for overall growth and development of Bank amid challenges.

The Chairman requested the Company Secretary to make announcement on the latest changes effected in the Companies Act, 2013 applicable to the Annual General Meeting.

The Company Secretary informed the Members That "The Securities and Exchange Board of India (SEBI)" has mandated all listed companies to offer electronic voting facility to its members for all shareholder resolutions. This mandatory provision has been made by amending Clause 35 B of the Listing Agreement. The issuer shall continue to enable those shareholders who do not have access to the e-voting facility to send their assent or dissent in writing on a postal ballot as per the provisions of the Companies (Management and Administration) Rules, 2014. Hence the Bank, being a listed entity with NSE, offered to the shareholders with both the E-voting facility and the Postal Ballot facility for all the 12 resolutions mentioned in the Notice of the 95th Annual General Meeting.

The Board of the Bank had appointed Shri S Solaiyappan, Practicing Company Secretary, to be the Scrutinizer for the E-voting and Postal Ballot voting process in a fair and transparent manner. As mandated by the Board, the scrutinizer has submitted his report to the Chairman of the Bank on 22.07.2014 by collating the votes polled through E-voting and through the physical Ballot Forms. The Chairman would be declaring the results of the votes polled through the said processes as per the Report of the Scrutinizer for each of the resolutions when respective agenda item is being taken up for consideration and discussed.

In terms of Section 108 read with Rule 20 of the Companies (Management and Administration) Rules 2014 and Clause 35 of the Listing Agreement, the Bank provided E-voting facility and facility of voting through Postal Ballot forms to the members vide 95th AGM Notice dated 15.06.2014 despatched on 28.06.2014. Members voted through e-voting facility provided by the Bank and the shareholders (who do not have access to e-voting) voted through the physical ballot forms sent to them by the Bank till July 18, 2014, being the last date fixed for e-voting and for receipt of Postal Ballot forms by the Scrutinizer. In view of this, voting by show off hands was not allowed in the AGM in terms of the provisions of Section 107 of the Companies Act, 2013 & not relevant in view of MCA's clarification of June 17, 2014. Also the provisions for Demand of Poll were not also applicable in view of the fact that the Bank offered e-voting as also exercise voting by physical ballot forms through post in terms of Clause 35 B of the Listing Agreement.

The Chairman then took up the agenda items in seriatim.

ORDINARY BUSINESS

Item No.1 ADOPTION OF ACCOUNTS AND REPORTS OF DIRECTORS AND AUDITORS

Chairman informed the members that the first item of business was the adoption of Accounts, Reports of the Directors and Auditors thereon. He called upon the members to seek clarification if any, on the financial accounts.

Shri K Ravindrakumar (IN30017510019904), shareholder, appreciated the overall growth posted by the bank and said that the deposits rose by 13.2% and advances increased by 15.22%. He further added that the Capital Adequacy Ratio at 12.77% was comfortable. The rating agencies CRISIL & ICRA have accorded best rating. He expressed cause of concern in the dip in Net Profit. He added that the factors such as opening of new branches, installation of new ATMs, increase in staff position resulting in higher staff cost, decrease in NIM etc., might be the reasons for the dip, but these investments would bear fruits in the years to come

He congratulated the MD and the employees of the Bank for having put up their best efforts and shown good results despite the challenges faced in FY 2014. He appreciated the Bank for declaring dividend of 130% to shareholders and rewarding of shareholders with 100% and more for the 10 years since 2004.



Shri N Palaniappan (1601010300002058), a shareholder:

While thanking the management for continuously rewarding the shareholders with 100% dividend, he mentioned that there was no appreciable growth in the business when compared with the performance of peer group banks. There has been no improvement in CASA front. Although more number of branches have been opened and ATMs installed and staff strength increased, there seem to be no vertical growth and the growth should have been maintained at least at the same level. The results were disappointing both under the bottom line and at the top line. The Operating and Net profits have shown a dip.

He stated that unless the CASA grows, bank cannot improve its performance appreciably. He suggested for effective and aggressive marketing. NPA level and provision coverage ratio were the positive signs. He had stated that another disturbing factor was that a lot of provision was been made on investments, resulting in the net profit coming down. On the credit growth, Jewel Loans have grown more than 23%. Granting Jewel Loans at the rate of 1900/- per gram, when there are other players who are granting loans at Rs 1600/- per gram, the pickup may not be there for KVB's jewel portfolio. However these loans need stricter monitoring on regular basis as otherwise the overdues may be higher than the value of jewels pledged in view of the high per gram rate offered by the Bank. He queried as to whether the Bank has studied the impact of announcement made by the Andhra Pradesh Government for waiver of farm loans.

While appreciating the excellent 'Corporate Presentation' displayed at the Bank's website, he said he was impressed by the same as it provides lot of financial information to the investors. He had sought for the steps proposed to achieve the Corporate Goal of ₹ 125000 Cr by the Centenary Year of the Bank in 2016, when the total business of the Bank in FY14 was ₹ 78000 cr. He had also suggested to complete the QIP issue for which the Bank has a mandate from the shareholders and all the banks have gone for the issue and let KVB not miss the opportunity as the QIP will give better valuation. Also the Board may consider the stock split which is being asked for by the shareholders often. While closing his remarks, he had told that the above points were to be treated as a constructive criticism and thanked for having given sufficient time to air his views.

Chairman informed the members that the Managing Director would be replying to the members after completion of the agenda items.


5

The Company Secretary read the following resolution.

"RESOLVED THAT the Balance Sheet as at 31st March 2014 and the Profit and Loss Account for the year ended 31st March 2014 together with the Schedules attached thereto, Directors' Report and Auditors' Report thereon be and the same are hereby received, approved and adopted."

The Chairman called upon the Company Secretary to inform the details of voting.

Company Secretary informed that the votes cast in favour of the resolution were 2,48,58,805 and the votes cast against were 1621.

As the votes cast in favour of the resolution were more than the number of votes cast against, the Chairman declared the **resolution was carried by majority.**

Item No.2 DECLARATION OF DIVIDEND

Chairman informed the members that he was glad that the Board of Directors of the Bank in the meeting held on 28th May 2014 recommended dividend at the rate of ₹ 13/- per share of face value of ₹ 10/- each. He further informed that this is the eleventh year in succession in declaring dividend at 100% and above.

As directed by the Chairman, Company Secretary read the resolution and inform voting details.

"RESOLVED THAT that dividend at the rate of ₹ 13/- per share (tax free) on the paid up share capital of the bank be and is hereby declared to be paid for the financial year 2013-2014 to those members whose names appear on the Register of Members as at 5th July 2014 and to the beneficial owners as at the closure of the business hours on 5th July 2014 as per the details furnished by the Depositories".

Company Secretary announced that 2,48,35,846 votes were cast in favour of the resolution and 35,147 votes cast against it.

As the votes cast in favour of the resolution were more than the votes cast against, the Chairman declared the **resolution was carried by majority.**



6

RE-APPOINTMENT OF DIRECTORS

Item No.3 RE-APPOINTMENT OF SHRI A J SURIYANARAYANA AS A DIRECTOR

Chairman informed that Shri A J Suriyanarayana was retiring by rotation at this Annual General Meeting and being eligible offered himself for re-appointment. He called upon the Company Secretary to present the recommendations of the Nomination Committee on the candidature of Shri A J Suriyanarayana and read the resolution.

Company Secretary apprised the members that the Nomination Committee of the Board in the meeting held on 29th May 2014 carried out scrutiny of the Declaration and Undertaking furnished by Shri A J Suriyanarayana and based on the other 'fit and proper' criteria confirmed the suitability of Shri A J Suriyanarayana for re-appointment as a director of the Bank.

"RESOLVED THAT Shri A J Suriyanarayana, be and is hereby appointed as a Director of the Bank, liable to retire by rotation."

Chairman called upon the Company Secretary to announce the details of voting. Company Secretary announced that 2,43,94,508 votes were cast in favour of the resolution and 4,76,375 votes cast against it.

As the votes cast in favour of the resolution were more than the votes cast against, the Chairman declared the **resolution was carried by majority.**

Chairman congratulated Shri A J Suriyanarayana on his re-appointment as a Director of the Bank.

Item No.4 APPOINTMENT OF STATUTORY AUDITORS

The Chairman called upon the Company Secretary to explain and to read the resolution for the appointment of Central Statutory Auditors.

Company Secretary informed that the retiring Statutory Auditors M/s R K Kumar & Co., Chartered Accountants, Chennai, who have been associated with the bank continuously for the last four years as Statutory Auditors were not eligible for reappointment in terms of the guidelines issued by the Reserve Bank of India under Section 30 (1A) of the Banking Regulation Act, 1949.

94 7

The Board of the Bank in the meeting held on 2nd May 2014 recommended the name of M/s Abarna & Ananthan, Chartered Accountants, Bangalore and sought approval from the Reserve Bank of India for their appointment as the Central Statutory Auditors of the Bank. The Reserve Bank of India, vide letter DBS.ARS.No.15260/08.12.005/2013-14 dated June 3, 2014, accorded approval for their appointment as Central Statutory Auditors for the year 2014-15 for the first year. The said Auditors shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Bank.

Accordingly the following resolution for appointment of the Audit Firm M/s Abarna & Ananthan, Chartered Accountants, Bangalore was read:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the applicable provisions of Banking Regulation Act, 1949, including statutory modification(s) or re-enactment thereof for the time being in force, and the Rules, Circular, Guidelines issued by the Reserve Bank of India as applicable, M/s Abarna & Ananthan, Chartered Accountants, Bangalore be and are hereby appointed as Statutory Auditors of the Bank to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General meeting of the Bank on such remuneration and reimbursement of out of pocket expenses as may be fixed by the Board of Directors on the recommendation of the Audit Committee of the Board".

The Chairman called upon the Company Secretary to inform the details of voting. Company Secretary informed that 2,45,58,906 votes were cast in favour of the resolution and 3,11,970 votes cast against it.

As the votes cast in favour were more than the votes cast against, the Chairman declared that the **resolution was carried by majority**.

SPECIAL BUSINESS

Item No.5 APPOINTMENT OF BRANCH AUDITORS

The members were informed by the Company Secretary that the Branch offices of the Bank had to be audited by qualified Auditors and the bank intended to entrust the Audit of the Branch Offices either to the Statutory Auditors or other qualified Auditors in consultation with Statutory Auditors on such remuneration and on such terms and reimbursement of out of pocket expenses incurred by them in connection

with the Audit, based on the recommendation of the Audit Committee of the Board. He then read the following resolution.

"RESOLVED THAT the Board of Directors of the Bank be and is hereby authorised to appoint, in consultation with Statutory Auditors, the Branch Auditors who are qualified to act as Auditors, including Statutory Auditors pursuant to Section 139, 143(8) and other applicable provisions of the Companies Act, 2013 and the Rules made there under for the purpose of audit of the branches of the Bank and to decide the Branch Offices to be audited by such Branch Auditors and to fix their remuneration and reimbursement of out of pocket expenses incurred in connection with the Audit, based on the recommendation of the Audit Committee of the Board."

Chairman called upon the Company Secretary to announce the details of voting. Company Secretary announced that the votes cast in favour of the resolution were 2,45,58,906 and the votes cast against the resolution were 3,11,970.

As the votes cast in favour were more than the votes cast against, the Chairman declared that the **resolution was carried by majority.**

**Item No.6 REAPPOINTMENT OF SHRI K P KUMAR AS THE
(PART TIME) NON-EXECUTIVE INDEPENDENT
CHAIRMAN OF THE BANK**

Chairman requested Shri S Ganapathi Subramanian, Director to conduct the proceedings, as the Agenda item was pertaining to his re-appointment.

Shri S Ganapathi Subramanian, Director, who chaired the proceedings for this agenda item, called upon the Company Secretary to inform the recommendations of the Board to the members present at the meeting and read the resolution.

Company Secretary informed the members that the Board of the Bank in the meeting held on 13th September 2013 carried out scrutiny of the Declaration and Undertaking submitted by Shri K P Kumar and based on the 'fit and proper' criteria, confirmed the suitability of Shri K P Kumar for re-appointment as a Chairman of the Bank for a period of two years with effect from 24.09.2013 till 23.09.2015. Board recommended re-appointment of the Chairman for a period of 2 years from 24.09.2013 to 23.09.2015 at the Board Meeting held on 13.09.2013. The Bank made an application to the Reserve Bank of India seeking approval for

JK 9

re-appointment and Reserve Bank of India vide its letter DBOD/6227/08.41.001/2013-14 dated 1st October 2013 accorded approval for the re-appointment of Shri K P Kumar as (Part-time) Non-Executive-Independent Chairman of the Bank for a period of two years with effect from 24.09.2013 and also the terms and conditions detailed in the resolution.

"RESOLVED THAT pursuant to Article 25 of the Articles of Association of the Bank and approval accorded by the Reserve Bank of India in terms of Sec 10 B(1A) of the Banking Regulation Act, 1949 and other applicable provisions of the Companies Act, 2013 the appointment of Shri K P Kumar as the (Part-time) Non-Executive - Independent Chairman of the Bank for a period of two years with effect from 24.09.2013 to 23.09.2015 as per the following terms and conditions be and the same is hereby approved."

TERMS OF APPOINTMENT		
1.	Honorarium	₹ 9,00,000/- per annum
2.	Telephone	Provision of residential phone with mobile
3.	Travelling and Halting allowance	As applicable to Bank's other Directors as per RBI circular No. BC 54/08.95.004/98 dated June 10, 1998.
4.	Insurance cover	Insurance cover up to ₹ 10 lakh for journey by Air/Road/Rail for official purposes.
5.	Other benefits, if any	Entitled to sitting fees for attending Board and Committee Meetings as applicable to other Directors of the Bank.

Presiding Chairman Shri S Ganapathi Subramanian, requested the Company Secretary to announce the details of voting. The Company Secretary announced that 2,48,25,781 votes were cast in favour of the resolution and the votes cast against the resolution were 45,077.

As the votes cast in favour was more than the votes cast against, Shri S Ganapathi Subramanian declared that the **resolution was carried by majority**. He congratulated Shri K P Kumar on his re-election and requested him to proceed with further agenda items.

**Item No.7: RE-APPOINTMENT OF SHRI K VENKATARAMAN, AS
MD& CEO OF THE BANK**

Chairman called upon the Company Secretary to explain and read the resolution to the members.

Company Secretary informed the members that the Board, in the meeting held on 29th March 2014 approved the re-appointment of Shri K Venkataraman as MD & CEO for a period of three years from 1st June 2014 to 31st May 2017, subject to the approval of Reserve Bank of India. Board also based on the recommendation of the Compensation and Remuneration Committee, approved revision in remuneration payable to MD & CEO as detailed in the resolution. RBI vide its letter DBOD No. 18973/ 08.41.001/2013-14 dated May 23, 2014 accorded its approval for the re-appointment of MD & CEO for a period of three years commencing from 01.06.2014 as recommended by the Board.

"RESOLVED THAT pursuant to Article 25 of the Articles of Association of the Bank and approval accorded by the Reserve Bank of India in terms of Sec 35 B of the Banking Regulation Act, 1949 and other applicable provisions of the Companies Act, 2013, the re-appointment of Shri K Venkataraman as the MD & CEO of the Bank for a period of three years with effect from 1st June 2014 to 31st May 2017 be and the same is here by approved."

"Further Resolved that the Salary (Fixed Pay) and other allowances and perquisites payable to Shri K Venkataraman, MD & CEO of the Bank as detailed below be and are hereby approved subject to the approval of the Reserve Bank of India."

Sl. No.	Particulars	Amount in ₹
1	Salary – (a) Fixed Pay (b) Variable Pay	₹ 66 lakh per annum. As may be decided by Board subject to RBI approval.
2	Entertainment Allowance	Reimbursement of ₹ 60,000 p.a. inclusive of entrance fee/ subscription fee, etc. for two clubs.
3	Perquisites - Furnished House	Standard rent of ₹ 660.05 is recoverable towards quarters.
4	Free use of Bank's Car for - Official Purposes - For private purpose on compensation the bank	Yes, with Driver. Recovery at ₹ 250 p.m. for journey not exceeding 750 kms. Above that, 60% of the rate fixed by RTA.

	- Telephone	No restriction on use of telephone / mobile / fax / e-mail for office use.
	- Subscription to news papers / journals, etc.	As may be required by the CEO.
5	Provident Fund / Gratuity	12% of Salary (pay) on contributory basis. Gratuity - one month's pay for each completed year of service.
6	Travelling & Halting Allowances	Single return fare by business / executive class for air travel on official purposes. Halting allowances, boarding charges and lodging charges as may be decided by the board of directors from time to time.
7	Medical Aid	Medical Aid: Reimbursement of medical expenses for self and dependent family members up to ₹ 20,000 p.a. on declaration basis. Hospitalisation Scheme - Reimbursement of hospitalization charges to the extent of 100% in the case of MD & CEO and 75% in case of his dependent family members Upon the MD & CEO laying down his office the bank will pay or reimburse the full premia payable/ paid on the policy or policies issued under medical Insurance plan covering hospitalisation and other medical expenses under the medical insurance policy with a sum assured to ₹ 10 lakh.
8	Other Benefits, if any	Not entitled for Sitting Fees.
	Leave - Casual Leave	12 days a year.
	Ordinary Leave/ Fare Concession	1 day for every 11 days of service.
	Sick Leave	30 days for each completed year of service.

	Leave Fare Concession	Air travel for himself, family members and dependents. Leave Travel Concession for MD & CEO and his family once a year to and fro to any place in India.
	Encashment of Leave	In case the facility is not used in a year, the same can be carried over to next block, as applicable to other executives of the Bank. Encashment of privilege leave at credit at the time of demitting office.
	Insurance cover	Insurance cover up to ₹ 10,00,000/- for Journey by Air/Road/ Rail for official purposes.
9	ESOP	Eligible/entitled for allotment of stock options as may be decided by the Board/Compensation Committee of the Board and when Bank's stock options scheme is implemented by the Bank as per SEBI regulations, with prior approval of RBI.

Chairman called upon the Company Secretary to announce the results of voting. Company Secretary announced that the votes cast in favour of the resolution were 2,48,67,824 and the votes cast against the resolution were 3,059

As the votes cast in favour were more than the votes cast against, the Chairman declared the **resolution was carried by majority**.

Chairman informed the members that the Bank has since received the approval of RBI vide letter DBOD.No.20633/08.41.001/2013-14 dated 24th June 2014 for the revision in fixed pay and other emoluments and perquisites payable to MD & CEO as proposed by the Board and approved by the members.

Chairman congratulated Shri K Venkataraman, whose re-appointment as MD& CEO of the Bank was approved by the August Body.

As the agenda item Nos. 8 to 10 pertain to appointment of Independent Directors, Chairman called upon the Company Secretary to inform the provisions relating to the appointment of Independent Directors under the Companies Act, 2013 and also explain the resolutions to the members.

Company Secretary apprised the members that pursuant to Sections 149 and 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 every listed company needs to have at least one-third of the total number of directors as Independent Directors. In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company but shall be eligible for appointment on passing a special resolution by the company for a further period of up to five years. Further pursuant to Sec 10 A(2A) of the Banking Regulation Act, 1949 and the Rules and Circulars and Guidelines issued by the Reserve Bank of India, no director (other than Managing or Whole time Director) of a Banking Company can continuously hold office for a period exceeding eight years from the date of appointment. Accordingly, it was proposed to appoint the Directors Shri K K Balu, Shri N S Srinath and Shri B Swaminathan as Independent Directors of the Bank to hold office up to the periods as mentioned against in the respective Agenda Item Nos. 8,9 and 10.

Item No.8 APPOINTMENT OF SHRI K K BALU AS AN INDEPENDENT DIRECTOR

Chairman called upon the Company Secretary to apprise the members, the recommendation of the Board on the resolution, read the resolution and inform the voting details on the resolution.

Company Secretary informed the members that the Board of the Bank in the meeting held on 29th May 2014 carried out scrutiny of the Declaration and Undertaking submitted by Shri K K Balu and based on the 'fit and proper' criteria, confirmed the suitability of Shri K K Balu for appointment as an Independent Director of the Bank. He then read the following resolution.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to Sec 10 A(2A) of the Banking Regulation Act, 1949, Shri K K Balu be and is hereby appointed as an Independent Director of the Bank and shall hold office up to a period of 2 (Two) years and that he shall not be liable to retire by rotation."

On this resolution, the Company Secretary informed that 2,48,65,679 votes were cast in its favour and 4,444 votes were cast against the resolution.

Chairman declared that the **resolution was carried by majority** as the votes cast in its favour were more than the votes cast against the resolution.

Chairman congratulated Shri K K Balu on his appointment as an Independent Director of the Bank.

**Item No.9 APPOINTMENT OF SHRI N S SRINATH AS AN
INDEPENDENT DIRECTOR**

Company Secretary informed the members that the Board of the Bank in the meeting held on 29th May 2014 carried out scrutiny of the Declaration and Undertaking submitted by Shri N S Srinath and based on the 'fit and proper' criteria, confirmed the suitability of Shri N S Srinath for appointment as an Independent Director of the Bank.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to Sec 10 A(2A) of the Banking Regulation Act, 1949, Shri N S Srinath be and is hereby appointed as an Independent Director of the Bank and shall hold office up to a period of 3 (Three) years and that he shall not be liable to retire by rotation."

The Company Secretary announced that 2,48,63,887 votes were cast in favour of the resolution and 6,154 votes were cast against it.

Chairman declared that the **resolution was carried by majority** as the votes cast in its favour were more than the votes cast against the resolution.

Chairman congratulated Shri N S Srinath on his election as an Independent Director of the Bank.

**Item No.10 APPOINTMENT OF SHRI B SWAMINATHAN AS AN
INDEPENDENT DIRECTOR**

Chairman called upon the Company Secretary to inform the recommendations of the Nomination Committee, read the resolution and inform the voting details on the resolution.

Company Secretary informed the members that the Nomination Committee Board of the Bank in the meeting held on 29th May 2014 carried out scrutiny of the Declaration and Undertaking submitted by

Shri B Swaminathan and based on the 'fit and proper' criteria, confirmed the suitability of Shri B Swaminathan for appointment as an Independent Director of the Bank.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to Sec 10 A(2A) of the Banking Regulation Act, 1949, Shri B Swaminathan be and is hereby appointed as an Independent Director of the Bank and shall hold office up to a period of 3 (Three) years and that he shall not be liable to retire by rotation."

Company Secretary announced that 2,13,73,976 votes were cast in favour and 34,95,890 votes were cast against the resolution.

As the votes cast in favour was more than the votes cast against the resolution, the Chairman declared the **resolution was carried by majority.**

Chairman congratulated Shri B Swaminathan on his election as an Independent Director of the Bank.

Item No.11 APPOINTMENT OF DR V G MOHAN PRASAD AS AN INDEPENDENT DIRECTOR

Chairman called upon the Company Secretary to apprise the members about the resolution and inform the voting details.

Dr V G Mohan Prasad was co-opted as an Additional Director of the Bank in the Board Meeting held on 15.06.2014 under the provisions of Section 161 of the Companies Act, 2013 and Article 27 of the Articles of Association of the Bank. His co-option was preceded by the Nomination Committee at its meeting held on 15.06.2014 finding him 'fit and proper' to hold the position of Director. He holds the office up to the date of the 95th Annual General Meeting. Bank received a notice from him signifying his candidature for the office of the director of the Bank along with deposit as prescribed under the provisions of Sec 160 of the Companies Act, 2013.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to Sec 10 A(2A) of the Banking Regulation Act, 1949, Dr V G Mohan Prasad be and is hereby appointed as an Independent

Director of the Bank and shall hold office up to a period of 3 (Three) years and that he shall not be liable to retire by rotation."

Company Secretary further announced that 2,48,65,453 votes were cast in favour of the resolution and 4,713 votes were cast against it.

As the votes cast in favour was more than the votes cast against the resolution, the Chairman declared that the **resolution was carried by majority.**

Chairman congratulated Dr V G Mohan Prasad, who was appointed as an Independent Director of the Bank.

Item No.12 AMENDMENTS TO ARTICLES OF ASSOCIATION OF THE BANK

The Chairman called upon the Company Secretary to explain, read and inform the voting details on the resolution.

Company Secretary informed that the Companies Act, 1956 was replaced with the new Companies Act, 2013. The Government has also notified rules relating to the said Companies Act, 2013. The Bank reviewed the existing Articles of Association in this regard with the objective to align the existing clauses and the provisions under the new Act. Also the resolution seeks to align with the provisions of the amendment made by the Government during 2012 under the Banking Regulation Act, 1949, in regard to voting rights.

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013, and rules made there under and any statutory modifications or re-enactment thereof for the time being in force, and subject to the necessary approvals required, if any, in this regard from Reserve Bank of India or any other authority, consent of the members of the Bank be and is hereby accorded to the alternation of the Bank's Articles of Association in the manner and to the extent hereinafter provided."

Article No.	Existing	Amendments/Alterations/ Deletions proposed
1 (a)	<p>Application of Table "A"</p> <p>The Regulations contained in Table "A" of Schedule I to the Companies Act, 1956 shall apply to the Company except where and to the extent they are expressly or by implication excluded or varied by the following Articles.</p>	<p>To be altered as:</p> <p>Application of Table "F"</p> <p>The Regulations contained in Table "F" of Schedule I to the Companies Act, 2013 shall apply to the Bank except where and to the extent they are expressly or by implication excluded or modified by the following Articles.</p>
1 (b)	<p>Notwithstanding anything contained herein the Banking Regulation Act, 1949 and any statutory modifications thereto shall apply to the company.</p>	<p>The regulations contained herein shall apply in so far as the said provisions are not inconsistent with the provisions of The Banking Regulation Act, 1949 (10 of 1949) and/or any statutory modifications thereto.</p>
6	<p>The Board of Directors may subject to the right of appeal conferred by Section 111 of the Companies Act, decline to register any transfer of a share, to a person of whom they do not approve. Provided however that registration of a transfer shall not be refused on the ground that the transferor is indebted to the Company on any account.</p>	<p>The Board of Directors may subject to the right of appeal conferred by Section 58 (3) of the Companies Act, 2013 decline to register any transfer of a share, to a person of whom they do not approve.</p>

6(A)	Notwithstanding anything contained in the Articles of Association the Board shall not accept application for sub-division of shares into denominations of less than Fifty (50) except when such a sub-division is required to be made to comply with a statutory order or an order of a Competent Court of Law.	To delete.
6(B)	The Board may refuse to consider a proposal for transfer of shares comprised in a share certificate involving sub-division of less than Fifty (50) shares if on the face of it such sub-division /transfer appears to be unreasonable or without a genuine need.	To delete.
6(C)	<p>Directors shall not accept applications for transfer of less than one hundred Equity Shares (100) of the Company provided, however, that those restrictions shall apply to:</p> <p>(i) Transfer of equity Shares made in pursuance of a Statutory Order or an Order of a competent Court of Law.</p> <p>Transfer of the entire Equity Shares by an existing equity shareholder of the company holding less than one hundred Equity shares (100) by a single transfer to a single or joint names.</p> <p>Transfer of more than one hundred Equity Shares (100) in favour of the same transferee</p>	To delete.

	<p>under one or more transfer deeds one or more of them relating to transfer of less than one hundred Equity Shares (100).</p> <p>Provided that where a member is holding shares in lots higher than the transferable unit of trading and transfers in lots of transferable unit, the residual shares shall be permitted to stand in the name of such transferor notwithstanding that the residual holding would be below one hundred (100).</p> <p>Transfer of Equity Shares held by a member which are less than one hundred (100) but which have been allotted to him as a result of an issue of bonus and /or Rights Shares.</p>	
6(D)	<p>Acquisition of shares by a person/group which would take his/ its holding to a level of 5% or more of the total paid up capital of the bank or such other percentage as may be prescribed by the Reserve Bank of India from time to time should be with the prior approval of Reserve Bank of India.</p>	<p>Acquisition of shares by a person/group which would take his/ its holding to a level of 5% or more of the total paid up capital of the bank or such other percentage as may be prescribed by the Reserve Bank of India from time to time should be with the prior approval of Reserve Bank of India.</p> <p>The exercise of voting rights of any person/group shall be subject to such ceiling on voting rights as may be prescribed by the Reserve Bank of India from time to time.</p>

10	The Company shall have a first and paramount lien on all partly paid up shares in respect of monies called or payable at a fixed time in respect of such shares and dividends thereon. Fully paid up shares in the Company shall be free from all lien.	To delete.
14	The Board may, before recommending any dividend set apart out of the profits of the Bank such sums as it thinks prudent as a reserve or reserves which shall at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied including provision for meeting contingencies or for equalizing dividends.	The Board may, before recommending any dividend set apart out of the profits of the Bank such sums as it thinks prudent as a reserve or reserves which shall at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied including provision for meeting contingencies or for equalizing dividends and pending such application, at the discretion of the Board either be employed in the business of the Bank or be invested in such investments including securities issued by companies or banks (other than the shares of the Bank) as the Board may, from time to time, think fit.
15	Reserves created for contingencies may, pending their application in such contingencies, at the discretion of the Board either be employed in the business of the Bank or be invested in such investments including shares or debentures of joint stock companies or banks (other than the shares of the Bank) as the Board may, from time to time, think fit.	
16	Before declaring any dividend, an amount representing 1% of the net profits shall always be set apart each year for common good or charity out of which such sums may be applied on or paid to such items of charity	To delete.

	or institutions, from time to time as the directors may deem fit, worthy or expedient.	
20(i)	20 members personally present shall be a quorum for any General Meeting.	30 members personally present shall be a quorum for any General Meeting.
20(iv)	<p>All questions in General Meeting shall be decided by show of hands, unless a poll is demanded before the decision arrived at on the show of hands is recorded, by not less than five members of the Bank personally present.</p> <p>Provided that in the case of equality of votes the Chairman will have a second or casting vote.</p>	To delete.
21(a)	<p>On a show of hands every member present in person shall have one vote irrespective of the number of shares held by him and on a poll every member shall have one vote in respect of each share held by him.</p> <p>Provided that the voting rights of any one shareholder shall not exceed one percent of the total voting rights of all the shareholders.</p>	<p>Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote and on a poll or voting carried out electronically or by postal ballot, the voting rights of members shall be in proportion to his/her share in the paid up equity share capital of the Bank.</p> <p>However, the voting rights shall be subject to ceiling on voting rights as prescribed by the Reserve Bank of India from time to time under Sec 12 (B) of the Banking Regulation Act, 1949, which may be from 10% to 26%.</p>

28 (i)	At every Annual General Meeting of the Bank, one third of the Directors for the time being who are liable to retire by rotation, or if their number is not three or multiples of three, then the number nearest to one third shall retire from office.	Subject to the provisions of Section 152 of Companies Act, 2013, at every Annual General Meeting of the Bank, one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is neither three nor a multiple of three, then, the number nearest to one third, shall retire from office.
28 (iii)	A Director retiring by rotation shall be eligible for re-appointment	A Director retiring by rotation shall be eligible for re-appointment, if he is qualified for appointment and satisfies the 'fit and proper' criteria.
29	Except on becoming disqualified in any way the retiring directors shall as far as possible be re-elected	To delete.
30(i)	The office of a Director, shall become vacant: On the happening of any one or more of the contingencies provided in Section 283 of the Companies Act. Or If he appropriates or converts to himself or to any other person any money or property of the Bank or makes any secret profits of his office.	To delete.
31 (ii)	The Chairman may and on the requisition of a Director shall, at any time, summon a meeting of the Board.	To delete.
31 (iii)	Notice of 72 hours shall be given of any meeting of Board of Directors.	To delete.

37(c)	<p>To delegate subject to the provision of Section 292 of the Companies Act or any statutory modifications thereof by a resolution passed at a meeting to any Committee of Directors, or Executive Chairman or Managing Director / Chief Executive Officer of the Bank or other Officers of the Bank.</p> <ul style="list-style-type: none"> i. power to borrow money otherwise than on debentures. ii. the power to invest the funds of the Bank. iii. the power to make loans. 	<p>To delegate subject to the provisions of Sec 179 (3) of the Companies Act, 2013, the powers specified in Clause (d) to (f) of Sec 179 (3) and on such conditions as it may specify to any Committee of Directors, the Managing Director, Director or any other principal officer of the Bank.</p>
37(f)	<p>To make, sign, draw, accept, endorse otherwise execute all cheques, promissory notes, drafts, hundies, orders, bills of exchange, bills of lading and other Negotiable Instrument to make and give receipts, releases and other discharges for moneys payable to the Bank, to make contracts and to execute deeds, provided however the provisions of section 46, 47 and 48 of the Companies Act, 1956 or any statutory modifications thereof shall be complied with.</p>	<p>To make, sign, draw, accept, endorse otherwise execute all cheques, promissory notes, drafts, hundies, orders, bills of exchange, bills of lading and other Negotiable Instruments to make and give receipts, releases and other discharges for moneys payable to the Bank, to make contracts and to execute deeds, provided however the provisions of sections 21 & 22 of the Companies Act, 2013 or any statutory modifications thereof shall be complied with.</p>

37(h)	<p>To appoint officers, clerks and servants for permanent, temporary or special service as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require security in such instances and to such amount as the Board may think fit, and to remove or suspend any such officers, clerks and servants.</p> <p>PROVIDED however that in making such appointments the provisions of Section 314 of the Companies Act, 1956 and Section 10 of the Banking Regulation Act, 1949 or any statutory modifications thereof shall be complied with.</p>	<p>To appoint officers, clerks and servants for permanent, temporary or special service as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require security in such instances and to such amount as the Board may think fit, and to remove or suspend any such officers, clerks and servants.</p>
37 (q)	<p>To exercise the powers conferred by Section 50 of the Companies Act, 1956 or any statutory modifications thereof with regard to having an official seal for use aboard.</p>	<p>To delete.</p>
37 (r)	<p>To exercise the powers conferred on the Bank by Section 157 and 158 of the Companies Act, 1956 or any statutory modification thereof with regard to the keeping of foreign registers.</p>	<p>To exercise the powers conferred on the Bank by Section 88 (4) of the Companies Act, 2013 with regard to the keeping of foreign registers.</p>
38(v)	<p>All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of</p>	<p>All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Section 89 of the Act shall apply to a Depository in respect of the securities held by it on</p>

	the securities held by it on behalf of the Beneficial owner.	behalf of the Beneficial owner.
38(x)	Nothing contained in Section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.	To delete.
38(xiii)	Nothing contained in Articles 6A, 6B, 7 and 9 shall apply to shares held in dematerialised form.	Nothing contained in Articles 7 & 9 shall apply to shares held in dematerialised form.
38(A)	<p>Register and Index of Members</p> <p>The Bank shall cause to be kept a Register and Index of Members in accordance with applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms either with the Bank or with Depository(ies) in any media as may be permitted by law.</p>	<p>Register and Index of Members</p> <p>The Bank shall cause to be kept Register of Members including Index of the names included therein in accordance the Companies Act, 2013 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms either with the Bank or with Depository(ies) in any media as may be permitted by law.</p>

"Resolved further that wherever the words "The Companies Act, 1956" appearing in any of the Article in the Articles of Association of the Bank be and are hereby substituted with the words "The Companies Act, 2013".

"Resolved further that the Board of Directors be and is hereby authorized to renumber the existing Articles taking into account the alterations as also the deletions as aforesaid."

"Resolved further that the Articles of Association of the Bank, duly modified as aforesaid, be and is hereby adopted as the Articles of Association of the Bank."

The Company Secretary has announced that the Votes cast in favour of the resolution were 2,48,64,929 and 5,277 votes were cast against it.

As the votes cast in favour was more than three times of the votes cast against it, the Chairman declared the **resolution was carried by requisite majority.**

The Chairman after having completed the agenda items as proposed in the notice of the meeting, requested MD & CEO to reply to the various points raised by the shareholders.

MD & CEO then replied to the various points/observations raised by the shareholders during the deliberations as detailed below:

We do accept that the results were not encouraging as pointed out by our shareholders. This performance reflected the economic conditions prevailed in the country across all sectors during the last fiscal. We have decided to tread a cautious path under the stress situations. We have decided to go in for high quality and highly rated assets as in the economic downturn we should not pick up unwanted assets which may add to slippages. When we compromise on quality we may get higher returns but good quality and rated assets will not give higher margin and in the process, NIM will be slightly lower. We have also tightened our credit norms which filtered out weaker accounts coming on to the books

Regarding Jewel Loans, we are maintaining 75% LTV and the accounts are monitored regularly. Our Department is monitoring the gold price movements and also the fixation of rate per gram limits under Jewel Loan category. As regards the Farm Loan Waiver announced in Andhra Pradesh by the new Government, most of our Agriculture advances are under Jewel Loan category and also tie up loans to seed producers etc. We have studied the impact and there is no worry in this regard.

Going forward we are working on improving the NIM and the ROA and we would try to enhance the ratios. We hope with the economy showing improvement and with the credit pick up, we would be able to post good results.

Director Shri M G S Ramesh Babu proposed vote of thanks.

After National Anthem, Chairman declared that the meeting was concluded.



Chairman