आन्ध्रा बैंक ANDHRA BANK

(भारत सरकार का उपक्रम A Govt. of India Undertaking)

प्रधान कार्यालय HEAD OFFICE::हैदराबाद HYDERABAD

MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF THE BANK HELD ON WEDNESDAY, 23RD MARCH, 2011 AT 10.30 A.M. AT SHILPAKALA VEDIKA, SHILPARAMAM, CRAFTS VILLAGE, NEAR HI-TECH CITY, MADHAPUR, HYDERABAD – 500 081

The following Directors were present:

Shri R. Ramachandran	Chairman & Managing Director
Shri Anil Girotra	Executive Director
Shri A.A. Taj	Executive Director
Shri Shaibal Gupta	Director
Shri Rajib Sekhar Sahoo	Director
Shri V.H. Ramakrishnan	Director
Shri K. Raghuraman	Director
Shri N.V.R. Reddy	Director
Shri N. Raja Gopal Reddy	Director

M/s. MCS Limited, Mumbai, Registrars & Share Transfer Agents, had made proper arrangements for the issue of Attendance Slips-cum-Entry Pass to the shareholders and also for the conduct of poll, counting, etc., at the venue of the Meeting.

Based on Attendance Slips-cum-Entry Pass, the position of attendance was as under:

		Attendance	Shares
Individual Shareholders and Authorised Representatives		462	33,79,35,290
Proxies		15	1,710
Total		477	33,79,37,000

COMMENCEMENT OF PROCEEDINGS:

Smt. Y. Prameela Rani, General Manager (Corporate Communications), Andhra Bank, welcomed and introduced the Directors on the Board of the Bank and also welcomed the shareholders to the Extraordinary General Meeting of the Bank and requested Sri R Ramachandran, Chairman and Managing Director to conduct the proceedings.

Andhra Bank M.B. Division H.O. Hyd.

Sri R.Ramachandran, Chairman & Managing Director chaired the meeting and conducted the proceedings. He welcomed all the shareholders present at the meeting and with the requisite quorum of five shareholders pursuant to Regulation 58 (i) of the Andhra Bank (Shares & Meetings) Regulations, 2003 being present, he called the meeting to order.

He outlined the business to be transacted at the meeting stating that the meeting had been convened to seek approval of the shareholders of the Bank to raise capital by creating, offering, issuing and allotting 7,45,80,366 equity shares of Rs.10/- each for cash at a premium of Rs.147.28 per share, on preferential basis to Government of India, as determined in accordance with Regulation 76 (1) of SEBI (ICDR) Regulations, 2009, aggregating to Rs.1173 Crore, by the Board of the Bank on 18.02.2011 and 05.03.2011 with a view to maintain a minimum Tier-I Capital Adequacy Ratio at 8%.

He further informed that out of 29 proxies received by the Bank from the individual shareholders upto the close of working hours of Friday, the 18th March, 2011, 26 proxies representing 7,558 equity shares of the Bank were valid and were in order constituting 0.02% of the total paid-up capital of the Bank and that the Bank had received 93 Certified true copies of Resolutions and Power of Attorneys appointing duly authorised representatives from Bodies Corporate / Companies which were shareholders of the Bank, of which 90 were valid and in order representing 33,73,81,219 equity shares of the Bank and constituting 69.56% of the total paid-up capital of the Bank.

The Chairman informed that the Notice dated 23.02.2011 convening the Extraordinary General Meeting and the Modification dated 16.03.2011 to the said Notice were mailed to all the shareholders and also published in the newspapers on 25.02.2011 and 17.03.2011 in English & in Telugu and with the consent of the shareholders, the Notice convening the meeting was taken as read.

The Chairman informed the shareholders that the Bank has received a communication from Government of India authorizing **Shri M. S. AZAD, Under Secretary**, Ministry of Finance, Department of Financial Services, Government of India, New Delhi, to attend and vote in the meeting as its nominee. The Central Government, the major shareholder, holds **25,00,00,000** shares, being **51.55 %** of the paid up Equity Share Capital of the Bank.

The Chairman informed that in terms of guidelines issued by Reserve Bank of India, Banks are required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9 percent on an ongoing basis and Banks are encouraged to maintain a Tier-I CRAR of atleast 6 percent. As per the financials subjected to limited review as at 31st December 2010, our total Capital Adequacy Ratio was 12%, out of which Tier I Capital Adequacy Ratio was 7.06%. As per our audited financial statements as at 31st March 2010, our total Capital Adequacy Ratio was 13.93%, out of which Tier I Capital Adequacy Ratio was 8.18%.

The Reserve Bank of India requires Banks to have robust risk management systems in place, which is measured in terms of Capital Adequacy in compliance with global capital standards. Growth in the business levels of banks in tune with the growth of the economy entail an ever increasing need to augment their capital levels.



The Chairman appraised that with a view to comply with BASEL (II & III) requirements relating to Capital Adequacy, there is an ever increasing need to raise capital. In order to enable the Bank maintain a Tier I CRAR of 8%, as well as GoI shareholding percentage in the Bank at 58%, the Government of India has decided to infuse Rs.1173 crore (Rupees One Thousand One Hundred and Seventy Three Crore only) as equity share capital on preferential basis and requested the Bank to complete the process by 31st March 2011. The capital thus raised would be utilized to shore up the Capital Adequacy of the Bank and to fund the general business needs of the Bank.

The Chairman further informed that the proposed issue is being made in terms of Chapter VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009, the Issue Price was to be calculated in accordance with the said Regulations and the same works out to Rs.157.28 per equity share.

The Chairman also informed that the Bank has obtained a certificate from M/s.K.K.Ghei & Company, one of the Statutory Auditors of the Bank, certifying the correctness of Issue Price and compliance with SEBI (ICDR) Regulations, which was placed before the Members in the meeting.

Based on the "Issue Price" of Rs.157.28, the number of shares to be issued and allotted to Government of India works out to 7,45,80,366 only. The details of the issue are as under:

The Issued Capital also includes a premium of Rs.1098.42 crore

After the proposed infusion of capital by Government of India, their stake in the Bank would increase to 58%.

Then the Chairman moved the RESOLUTION for raising the Capital by way of preferential allotment of equity capital in favour of Government of India, to pass the following SPECIAL RESOLUTIONS:

Mr.Kamal Kishore Folio No.1203070000031491 proposed the Resolution and the same was seconded by Mr. Suresh Chand Jain, Folio no. 1205450000013791.

Before putting the Special Resolution to vote, the Chairman requested the shareholders to make their observations, if any, on the agenda item. The Chairman requested the shareholders to be brief and that he would certainly endeavour to respond to the queries, if any, at the end of the discussion.

Discussion:

1. Sri Sureshchand Jain

   He enquired the following:

   (i) lock in period in respect of the proposed preferential allotment;
   (ii) Any proposal of a Rights Issue or Follow-on Public Offers which will benefit the shareholders



2. Sri Veerabhadra Rao

   He observed that while he had acquired shares from the secondary market at Rs.170/- per share the Bank was allotting equity shares to Government of India @ Rs.157.28 per share and wanted to know the reasons for the same.

3. Sri N. Gopalakrishna Rao, a shareholder desired that the Bank should consider issuance of further equity to the existing shareholders rather than consider the matter of issuance of equity shares to the Government of India on a preferential basis.

4. Sri Shantilal C Shah – Client ID 20207829 DPID IN301022

   He stated that he will support the Resolution of the Bank allotting shares to Government of India on preferential basis. He desired that the Bank should also go for QIB Issue and Rights Issue at an appropriate time to enhance investors' wealth. Further, he enquired the name of the Statutory Auditor who had given the Certificate relating to the price of the preferential issue as per SEBI guidelines.

5. Sri Ramini Sivakumar, a shareholder requested the Bank to increase the dividend for the current Financial Year and also to consider issuing further shares to the existing shareholders.

6. One of the shareholders wanted to know the date of conducting the Annual General Meeting and also wanted the venue of the AGM to be within the City limits.

Responses to the Queries:

1. (i) The lock in period in respect of Preferential allotment to Government of India would be three years from the date of allotment of specific securities / equity shares as per the existing Regulations.

   (ii) The present proposal is in connection with the allotment of equity shares on preferential basis to Government of India as per SEBI (ICDR) Regulations to meet the Capital requirements of the Bank. The Bank shall examine all the options available to the Bank including the Rights issue, at an appropriate time when the Bank needs further capital.

2. There is a specific formula for pricing of equity shares to be offered on a preferential basis, which is applicable to all the listed entities. The price of the equity shares which are offered on preferential basis to Government of India is determined in terms of the SEBI Regulations and the Bank has no role in this context.

3. The Bank was established in 1923 and has brand equity in the State of Andhra Pradesh and in the Country. The Bank is committed to customer satisfaction and ensures that its services are effective and satisfactory. Capital infusion by Government is being done to provide additional capital for the growth of the Bank. The Bank will strive to render quality customer service and effective steps will be taken to plug the deficiencies, if any.

4. M/s. K.K. Ghei & Company, Chartered Accountants, New Delhi, a reputed Chartered Accountants firm has certified the Issue Price of the equity shares to be offered on a preferential basis to the Government of India. The firm is also one of the Statutory Auditors of our Bank.

   With regard to QIB issue, the Bank will examine all the options including QIB Issue at an appropriate time when the Bank requires additional capital based on its business growth.

5. The Bank will examine all the options to consider issuance of shares including a Rights Issue / follow-on public offer, QIB, etc. The Bank may not access the market atleast for a year as the present capital infusion by the Government on a preferential basis will take care of the incremental needs of the Bank.

6. The date, time and venue of the ensuing Annual General Meeting will be finalized after the audit of the books of accounts for the Financial Year.

Since there were no further questions from the shareholders present, the Chairman put the Special Resolution to vote.

The following RESOLUTION was passed unanimously:

"RESOLVED THAT pursuant to the provisions of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 and Andhra Bank (Shares and Meetings) Regulations, 1998 and amended from time to time and subject to the approvals, consents, sanctions, if any, of Reserve Bank of India (RBI), Government of India (GoI), Securities and Exchange Board of India (SEBI), and / or any other authority as may be required in this regard and subject to such terms, conditions and modifications thereto as may be prescribed by them in granting such approvals and which may be agreed to by the Board of Directors of the Bank and subject to SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 (SEBI (ICDR) Regulations, 2009) and regulations prescribed by RBI and all other relevant authorities from time to time and subject to the Listing Agreements entered into with the Stock Exchanges where the equity shares of the Bank are listed, consent of the shareholders of the Bank be and is hereby accorded to the Board of Directors of the Bank (hereinafter called "the Board" which shall be deemed to include Capital Issues Committee which the Board may have constituted or hereafter constitute, to exercise its powers including the powers conferred by this Resolution) to raise capital by creating, offering, issuing and allotting 7,45,80,366 equity shares of Rs.10/- each for cash at a premium of Rs.147.28p. per share as determined by the Board in accordance with Regulation 76(1) of SEBI (ICDR) Regulations, 2009, and aggregating to Rs.1173 Crore on preferential basis to Government of India.

"RESOLVED FURTHER THAT the Relevant Date for determination of the Issue Price is 21.02.2011.

"RESOLVED FURTHER THAT the Board shall have authority and power to accept any modification in the proposal as may be required or imposed by the Government of India / Reserve Bank of India / Securities and Exchange Board of India/ Stock Exchanges where the shares of the Bank are listed or such other appropriate



authorities at the time of according / granting their approvals, consents, permissions and sanctions to issue, allotment and listing thereof and as agreed to by the Board."

"RESOLVED FURTHER THAT the said equity shares to be issued shall rank *pari passu* with the existing equity shares of the Bank and shall be entitled to dividend declared, if any, in accordance with the statutory guidelines that are in force at the time of such declaration."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper and desirable and to settle any question, difficulty or doubt that may arise in regard to the issue of the equity shares and further to do all such acts, deeds, matters and things, finalise and execute all documents and writings as may be necessary, desirable or expedient as it may in its absolute discretion deem fit, proper or desirable without being required to seek any further consent or approval of the shareholders or authorise to the end and intent that the shareholders shall be deemed to have given their approval thereto expressly by the authority of this resolution"

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred on it, to the Chairman and Managing Director / Executive Director in the absence of the Chairman and Managing Director to give effect to the aforesaid Resolution."

The Chairman & Managing Director thanked the shareholders present for the cooperation extended in the smooth conduct of the meeting and then declared the meeting as closed.

Sd/-

(R.Ramachandran)
Chairman & Managing Director

Hyderabad
Dated: 18th April, 2011

टी.आर. रामभद्रन
T.R. RAMABHADRAN
उप महाप्रबंधक & कंपनी सचिव
D.G.M. & Company Secretary

आंध्रा बैंक Andhra Bank H.O. Hyd.