

MINUTES OF THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF KOTAK MAHINDRA BANK LIMITED HELD ON THURSDAY, JULY 18, 2013 AT 11.30 A.M. AT INDIAN MERCHANTS CHAMBER, WALCHAND HIRACHAND HALL, 4TH FLOOR, CHURCHGATE, MUMBAI – 400 020.

PRESENT	Dr. Shankar Acharya	} Chairman
	Mr. Uday Kotak	} Executive Vice-Chairman and Managing Director and Member
	Mr. Amit Desai	} Director and Member
	Prof. S. Mahendra Dev	} Directors
	Mr. Prakash Apte	}
	Mr. N. P. Sarda	}
	Mr. Dipak Gupta	} Joint Managing Directors and
	Mr. C. Jayaram	} Members
	Ms. Bina Chandarana	} Company Secretary and Member

And 82 Members, present in person or by proxy.

Dr. Shankar Acharya, the Chairman of the Board of Directors of the Bank, presided.

The Chairman announced that as there was a quorum present, the Meeting was in order and welcomed the Members.

The Register of Directors' Shareholdings under Section 307 of the Companies Act, 1956, ("the Act"), the certificate from the Statutory Auditors of the Bank pursuant to Clause 14 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the proxies and representations under Section 187 of the Act, validly registered with the Bank, along with the Register in which they had been entered, were laid on the table.

NOTICE

The Chairman inquired whether the Notice of the Meeting could be taken as read. The Members present agreed and the Notice was taken as read.

AUDITORS' REPORT

The Auditors' Report was read by the Company Secretary.

The Chairman then proceeded with the business of the Meeting.

The Chairman stated that the banking and financial services sector globally had experienced a phase of sustained and painful turmoil. In such an environment, the two qualities that could go a long way in ensuring confidence, sustainable operations, and profitability were simplicity and prudence.

The Chairman further stated that the Bank believed that extraordinary results could be achieved by doing the simple things right. And in so doing, kept in mind the principle of prudence that must be applied to all decisions. The Bank was constantly aware that it was operating this business in trust for its stakeholders and that was the theme for the Bank's annual report this year. It outlined areas in which the Bank had demonstrated the application of both simplicity and prudence. He was confident that these two traits would serve the Bank well going ahead. It would enable the Bank to build the institution that was envisioned, with the support and encouragement of the members.



He then briefed the members on the broader economic and banking scenario stating that the fundamentals of the Indian economy weakened significantly in 2012-13 on the back of global financial market volatility, weak demand conditions in the global arena, major infrastructure bottlenecks and other domestic policy problems. The economy was plagued by a twin deficit problem with a still high fiscal deficit and a substantially higher current account deficit in the balance of payments. Economic growth had already slowed to a real GDP growth of 6.2% in 2011-12 and this slowdown phase worsened in 2012-13, with growth at barely 5 %. In the first quarter of 2012-13, the economy grew by 5.5% but slowed to a nine-year low of 4.5% in the final quarter.

Headline WPI inflation had ended at 7.7% in March 2011-12 and was perceived to be falling in 2012-13. Based on this and sluggish growth, the RBI had reduced the Repo rate by 50 basis points at its April 2012 monetary policy review. In 2012-13, the RBI's monetary policy maintained focus on the growth-inflation dynamics via a combination of measured steps for liquidity easing and policy rate cuts. During the year, reserve money growth was muted mainly on account of no addition to the system via foreign resource infusion. With the structural liquidity constraints evident in the credit growth for the banking sector being higher than the deposit growth, the liquidity deficit of the system also increased due to frictional factors of the government maintaining higher surpluses with the RBI.

A significant area of macroeconomic stress that had emerged in 2011-12 and worsened in 2012-13 was the marked widening of the Current Account Deficit to a nearly 5 % of GDP, as exports slowed and imports soared especially of oil and gold. The combination of ample global liquidity and policy measures to strengthen the economy and attract more capital inflows helped ensure that this record high deficit was funded in 2012-13. However, the heightened degree of external vulnerability had proven to be a significant problem, leading to substantial volatility and depreciation of the rupee relative to major international currencies.

The rupee-dollar exchange rate fluctuated between 50 and 57 in 2012-13, with a clearly depreciating trend. The equity markets were also volatile due to shift of investor preference towards debt, commodities and realty. These pressures and uncertainties had continued in recent months.

Despite this challenging economic environment of slowing growth, still high inflation and widening external deficits, he was happy to report that the Bank has done quite well in 2012-13.

Consolidated profit after tax grew 19.4% to Rs 2,188 crore. The consolidated net profit of the group had shown a steady increase over the years. In 2012-13, the financing business contributed 85% of the consolidated profit before tax, followed by Capital Market businesses at 7%, Insurance at 6% and Asset management at 2%.

The consolidated earnings per share was ₹ 29.33 for 2012-13 as against ₹ 24.67 for 2011-12. The consolidated total income was ₹ 15,950 crore during 2012-13 as against ₹ 13,014 crore in 2011-12.

Profit before tax of the Bank for 2012-13 was ₹ 1,972 crore as against ₹ 1,600 crore for 2011-12. Profit after tax of the Bank was ₹ 1,361 crore in 2012-13 compared with ₹ 1,085 crore in 2011-12.

In relation to BASEL II norms, the Bank's capital adequacy was comfortable, with Tier I and Total Capital ratios of the Bank at 14.7% and 16.0%, respectively, as on 31st March 2013.



The deposits of the Bank grew by 32.4% from ₹ 38,537 crore as at 31st March 2012 to ₹ 51,029 crore as at 31st March 2013.

The Bank has a strong network of 437 full-fledged branches and 961 ATMs across 255 locations as on 31st March 2013.

He also mentioned the various significant awards won by the Bank.

He further added that he would like to welcome Heliconia Pte. Ltd., an affiliate of Government of Singapore Investment Corporation Pte. Ltd. (GIC) as an investor. In April 2013, the Bank had accepted an offer from Helconia to subscribe to a preferential issue of 2 crore equity shares of the Bank at a price of ₹ 648 per share, amounting to approximately 2.6% shareholding in the Bank (as of 31st March 2013) on a post-issue basis. The entry of a reputed and large global financial institution of the stature of GIC as the Bank's shareholder underscored the strong fundamentals of the Bank.

The year 2012-13 had been a challenging one for the Indian Economy. Nevertheless, the Group believed that with sound risk management and strong capital adequacy, the India of the future offered opportunities for growth.

He then thanked the valuable shareholders, all the regulators, and Central and State Governments, on behalf of the Board of Directors of the Bank, for the continued encouragement, sustained support, timely guidance and generous advice that the Group benefited from.

ADOPTION OF ACCOUNTS

The Chairman moved the following resolution regarding adoption of accounts which was proposed by Mr. Babulal Parekh and seconded by Mrs. Ashalata Maheshwari as an Ordinary Resolution:

"RESOLVED that Profit and Loss Account for the year ended 31st March 2013 and the Balance Sheet as at that date together with the Auditors' Report and the Directors' Report be and are hereby approved and adopted."

Before putting the Resolution to vote, the Chairman invited queries and comments from the Members relevant to the Annual Report and Accounts.

The following members of the Bank commented on the operations, accounts and asked certain queries:

1. Mr. Ratanchand Surana
2. Mrs. Ashalata Maheshwari
3. Mr. Joseph Martins
4. Mr. Hariram Chaudhary
5. Mr. Michael Martins
6. Mrs. Shobhana Mehta
7. Mr. Vinod Agarwal
8. Mr. Adi Nalladaru
9. Mr. Dinesh Bhatia
10. Mr. Babulal Parekh
11. Mrs. Celestine Mascarenhas

The members commented / enquired on various matters including the following:

1. Reason for increase in NPA provisioning and other accounts related queries.
2. Expected impact of the recent RBI measures on interest rates and cost of funds.
3. Low rate of dividend.
4. Details of the penalty imposed by the Reserve Bank of India for violation of certain KYC norms. Amount spent by the Bank on CSR activities.
5. Expected growth in CASA in the financial year 2013-2014.



6. Impact of the new banking licenses to be issued by the RBI on the business of the Bank.
7. Congratulated the Bank for the number of significant awards won by it.
8. Control Measures put in place by the Bank to ensure that there is no mis-selling of products by any staff.
9. Any Proposal for issue of bonus shares to the members of the Bank.
10. Number of branches of the Bank, ratio of owned and leased branches and break-up of urban and rural branches.
11. Reduction in the promoter shareholding in terms of the RBI directive.
12. Details of professional charges and stamping expenses incurred.
13. Stock Appreciation Rights granted to employees.
14. Any seminars proposed to be arranged for investor education.
15. Number of reverse mortgage accounts presently with the Bank.
16. Proposed capital expenditure for the financial year 2013-2014.
17. Whether the Bank has a whistle blower policy in place.
18. Any exposure of the Bank on airline industry.

The Chairman requested the Executive Vice – Chairman and Managing Director to respond to the aforesaid queries/ comments of the members.

The Executive Vice – Chairman and Managing Director responded to the queries and comments to the satisfaction of the members.

The Chairman then put the Resolution to vote and on a show of hands, Ms. Homayun Pouredahi opposed the resolution. The Chairman declared it carried with the requisite majority.

DIVIDEND

Mr. Babulal Parekh proposed and Mr. Surendrakumar Jain seconded the following as an Ordinary Resolution:

“RESOLVED that, pursuant to the recommendation of the Board of Directors of the Company, a dividend be declared for the year ended 31st March, 2013 out of the profits of the Company for the said financial year at the rate of ₹ 0.70 (Seventy Paise only) per share on the paid-up equity share capital of the Company, and that the said dividend be paid on or after 19th July, 2013 to those members whose names appear on the Register of Members of the Company on 8th July 2013.”

The Resolution was put to vote and on a show of hands, the Chairman declared it carried nem con.

RE-APPOINTMENT OF MR. ASIM GHOSH

Mrs. Ashalata Maheshwari proposed and Mr. Vinod Agarwal seconded the following as an Ordinary Resolution:

“RESOLVED that Mr. Asim Ghosh, the Director of the Bank, who retires by rotation at this meeting and, being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Bank.”

The Resolution was put to vote and on a show of hands, Ms. Homayun Pouredahi opposed the resolution. The Chairman declared it carried with the requisite majority.



RE-APPOINTMENT OF MR. PRAKASH APTE

Mr. Joseph Martins proposed and Mr. Babulal Parekh seconded the following as an Ordinary Resolution:

"RESOLVED that Mr. Prakash Apte, the Director of the Bank, who retires by rotation at this meeting and, being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Bank."

The Resolution was put to vote and on a show of hands, Ms. Hodayun Pouredahi opposed the resolution. The Chairman declared it carried with the requisite majority.

RE-APPOINTMENT OF M/S. S. B. BILLIMORIA & CO., AS STATUTORY AUDITORS

Mr. Hariram Chaudhary proposed and Mrs. Ashalata Maheshwari seconded the following as an Ordinary Resolution:

"RESOLVED that, pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Reserve Bank of India, M/s. S. B. Billimoria & Co., Chartered Accountants (Registration No. 101496W), be and are hereby re-appointed as Auditors of the Bank to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Bank and that their remuneration be fixed by the Audit Committee of the Board of Directors of the Bank."

The Resolution was put to vote and on a show of hands, the Chairman declared it carried nem con.

APPOINTMENT OF PROF. S. MAHENDRA DEV AS THE DIRECTOR OF THE BANK

Mrs. Shobhana Mehta proposed and Mr. Babulal Parekh seconded the following as an Ordinary Resolution:

"RESOLVED that Prof. S. Mahendra Dev, who was appointed as an Additional Director of the Bank with effect from 15th March, 2013, pursuant to the provisions of Section 260 of the Companies Act, 1956, ("the Act") and who holds office up to the date of this Annual General Meeting and in respect of whom the Bank has received a notice from a shareholder proposing his candidature for the office of Director under Section 257 of the Act, be and is hereby appointed a Director of the Bank."

The Resolution was put to vote and on a show of hands, the Chairman declared it carried nem con.

INCREASE IN THE AUTHORISED SHARE CAPITAL OF THE BANK

Mr. Babulal Parekh proposed and Mr. Hariram Chaudhary seconded the following as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 94 and other applicable provisions of the Companies Act, 1956 the Authorized Share Capital of the Bank be altered and increased from the present ₹400,00,00,000 (Rupees Four Hundred Crore Only) consisting of 80,00,00,000 (Eighty Crore) Equity Shares of ₹ 5 (Rupees Five Only) each to ₹ 500,00,00,000 (Rupees Five Hundred Crore Only) divided into 100,00,00,000 (One Hundred Crore) Equity Shares of ₹ 5 (Rupees Five Only) each."

The Resolution was put to vote and on a show of hands, Ms. Hodayun Pouredahi opposed the resolution. The Chairman declared it carried with the requisite majority.



ALTERATION OF THE MEMORANDUM OF ASSOCIATION OF THE BANK CONSEQUENT TO INCREASE IN THE AUTHORISED SHARE CAPITAL OF THE BANK.

Mr. Jitendra Maheshwari proposed and Mr. Vinod Agarwal seconded the following as an Ordinary Resolution:

"RESOLVED that, pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956 and such approvals as may be necessary, the existing Clause V of the Memorandum of Association of the Bank relating to the Share Capital be substituted with the following clause :

- 'V. The authorised share capital of the Company is ₹ 500,00,00,000 (Rupees Five Hundred Crore Only) divided into 100,00,00,000 (One Hundred Crore) Equity Shares of ₹ 5 (Rupees Five Only) each. The Company has power from time to time to increase or reduce or cancel its capital and to attach thereto respectively such preferential, cumulative, convertible, guarantee, qualified or other special rights, privilege, condition or restriction, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such right, privilege or condition or restriction in such manner as may for the time being be permitted by the Articles of Association or the legislative provisions for the time being in force in that behalf.

Provided however, that the subscribed capital of the Company shall not be less than one-half of the authorized capital and the paid-up capital, if not the same as the subscribed capital, shall not be less than one-half of the subscribed capital and that, if the capital is so increased, the Company shall comply with the conditions prescribed, within such period not exceeding two years as the Reserve Bank of India may allow.'

"AND RESOLVED FURTHER that any Director or the Secretary of the Bank be and is hereby authorised to do all such acts, deeds and things as may be necessary and incidental to give effect to the aforesaid Resolution."

The Resolution was put to vote and on a show of hands, Ms. Hodayun Pouredeshi opposed the resolution. The Chairman declared it carried with the requisite majority.

INCREASE IN THE CEILING LIMIT ON THE TOTAL HOLDINGS OF FOREIGN INSTITUTIONAL INVESTORS

Mrs. Shobhana Mehta proposed and Mr. Babulal Parekh seconded the following as a Special Resolution:

"RESOLVED that pursuant to the applicable provisions of the Companies Act, 1956, Foreign Exchange Management Act, 1999 ("FEMA"), Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000, the Master Circular on Foreign Investment in India dated 2nd July 2012 issued by the Reserve Bank of India ("RBI"), Consolidated FDI Policy dated 5th April 2013 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India and other applicable rules, guidelines, regulations, notifications, circulars, provisions, if any, (including any amendments, or re-enactments or re-notification thereof for the time being in force), and subject to the approval of the Reserve Bank of India and such other statutory/regulatory approvals as may be necessary, consent of the Bank be and is hereby accorded to increase the ceiling limit on total holdings of Foreign Institutional Investors (FIIs)/ Securities and Exchange Board of India approved sub-account of FIIs in the equity share capital of the Bank, through primary or secondary route, from 35% to 37% of the paid-up equity capital of the Bank with effect from such date(s) as may be decided by the Board from time to time.



"AND RESOLVED FURTHER that any of the Directors of the Bank be and are hereby severally authorised to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to giving effect to the above Resolution and to delegate all or any of its powers to any Committee of Directors of the Bank in this regard."

The Resolution was put to vote and on a show of hands, Ms. Homayun Pouredahi opposed the resolution. The Chairman declared it carried with the requisite majority.

TERMINATION OF THE MEETING

There being no other business, the Meeting terminated with a vote of thanks to the Chair.

CHAIRMAN OF THE MEETING

