KVB Karur Vysya Bank
Smart way to bank

IRC: F48:02:08:2018 02.01.2018

The Manager,
National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No. C/1, 'G' Block,
Bandra- Kurla Complex,
Bandra (East)
Mumbai 400 051

Sir/Madam,

Sub: Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 --- Notice of Postal Ballot and Postal Ballot Form.

****

In Continuation to our intimation IRC: F-48:109:1135:2017 dated December 22, 2017 and in terms of Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of the postal ballot notice and form for seeking approval of the shareholders of the Bank for Variation to the terms of Karur Vysya Bank Employee Stock Option Scheme 2011(KVB ESOS- 2011) as also to align with the SEBI (Share Based Employee Benefits) Regulations, 2014 as a special resolution through postal ballot process.

The Bank has engaged the services of NSDL for the purpose of providing e-voting facility to all its members. The voting/e-voting period commences on Wednesday, January 3, 2018 (10.00 A.M.) and ends on Thursday, February 01, 2018 (5:00 P.M.).

Please take on record of the same.

Yours faithfully,

Srinivasarao M
Company Secretary

Encl: as above

THE KARUR VYSYA BANK LIMITED
Investor Relations Cell, Registered & Central Office,
Erode Road, KARUR - 639 002.
✆ : 04324-269440-44, Fax : 225700
E.mail : kvbshares@kvbmail.com
Website : www.kvb.co.in
CIN : L65110TN1916PLC001295

KVB Karur Vysya Bank
Smart way to bank

THE KARUR VYSYA BANK LIMITED

REGD. & CENTRAL OFFICE: ERODE ROAD, KARUR 639002
[CIN No: L65110TN1916PLC001295] [e-mail: kvbshares@kvbmail.com]
[Website: www.kvb.co.in] [Tel No: 04324-269440-44] [Fax No: 04324-225700]

NOTICE OF POSTAL BALLOT

[Pursuant to Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Amendment Rules, 2015]

To

The Members of The Karur Vysya Bank Limited,

Notice is hereby given that, pursuant to Section 110 of the Companies Act, 2013 ('the Act') read with Rule 22 of the Companies (Management and Administration) Amendment Rules, 2015 ('the Rules'), including any statutory modification(s) or re-enactment thereof, for the time being in force, and other applicable laws if any and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended and other applicable laws and regulations, if any, that the Bank is seeking approval of the Members of the Bank for the Variation in Karur Vysya Bank Employees' Stock Option Scheme, 2011 (KVB-ESOS-2011) as also to align with SEBI (Share Based Employee Benefits) Regulations, 2014 (SEBI (SBEB) Regulation, 2014), to be passed through Postal Ballot process which includes voting by electronic means (E-voting).

The Board of Directors ('Board) in compliance with Rule 22(5) of the Companies (Management and Administration) Amendment Rules, 2015 has appointed Shri CS S Solaiyappan, Practicing Company Secretary, as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

Members desiring to exercise their vote by Postal Ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the same duly completed in the enclosed self-addressed Business Reply Envelope. The consent must be accorded by recording the assent in the Column "FOR" or dissent in the Column "AGAINST" by placing a tick mark (✓) in the appropriate column. The postage will be borne by the Bank. However, envelopes containing postal ballots, if sent by courier or registered/speed post at the expense of the Members will also be accepted. The postal ballot form(s) may also be deposited in person at the address given thereon. The duly completed Postal Ballot Form(s) should reach the Scrutinizer not later than 5.00 p.m. on Thursday, February 1, 2018, to be eligible for being considered, failing which, it will be considered that no reply from the Member has been received. Please note that any Postal Ballot form(s) received after the said date will be treated as invalid. No other form or photocopy thereof is permitted.

Members desiring to opt for e-voting are requested to read the instructions in the Notes under the section "E-Voting". The e-voting facility is available at the link: https://www.evotingindia.com from 10.00 a.m. onwards on Wednesday, January 3, 2018 till Thursday, February 1, 2018 up to 5.00 p.m.

The Scrutinizer will submit his report to the Chairman or any other Director of the Bank after the completion of scrutiny, and the result of the voting by postal ballot (including e-voting) will be announced by the Chairman or any other Director of the Bank duly authorized on or before Saturday, February 3, 2018 by 5.00 pm at the Registered Office of the Bank and will also be displayed on the website of the Bank at www.kvb.co.in and www.evoting.nsdl.com besides being communicated to the Stock Exchanges i.e., National Stock Exchange of India Limited where our Bank shares are listed and also at BSE limited where our Bank shares are traded under permitted category.

SPECIAL BUSINESS:

To consider and if thought fit, to give assent or dissent to the following resolution to be passed as a **Special Resolution** through Postal Ballot/e-voting.

"RESOLVED THAT pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014 ("the SEBI Regulations") issued by the Securities and Exchange Board of India ("SEBI") and as amended from time to time and in terms of Article 18 of Karur Vysya Bank Employees Stock Option Scheme-2011 (KVB ESOS-2011) and further subject to the applicable provisions of the Companies Act, 2013 and other applicable Rules, Regulations, Guidelines, provisions of Memorandum and Articles of Association of the Bank, and further subject to necessary approval, if any, of the National Stock Exchange of India Limited and other appropriate authorities, the consent of the Shareholders be and is hereby accorded to the Board / Nomination and Remuneration Committee to vary and amend KVB ESOS-2011 scheme, which was approved by the shareholders at the 92nd Annual General Meeting held on July 27, 2011, such that the options to be granted to the Eligible Employees, present and future, including Whole Time Directors of the Bank under KVB ESOS -2011 shall be governed by the amended terms and conditions of KVB ESOS-2011 as set out hereunder:

A. The following Articles of the KVB ESOS-2011 shall be modified, added, substituted, deleted in the place of the corresponding existing Article as detailed hereunder:

Sl. No.	Proposed Article content modified, added, substituted, deleted
1	**Article No 2- Approvals for the Scheme**
	The Bank has granted an aggregate of 14,71,656 options out of the 40,00,000 options under KVB ESOS 2011 Scheme and 12,43,074 stock options were exercised by the eligible employees up to March 31, 2015. There are 1,37,84,630 stock options of face value of ₹ 2/- each (i.e., 27,56,926 stock options of equity shares of face value of ₹ 10/- each) available for grant to the employees under KVB ESOS 2011 Scheme hereafter.

	The equity shares of the face value of ₹ 10/- each have been split into shares of the face value of ₹ 2/- each with an effective date of November 18, 2016.
2	**Article No 4- Definitions and Interpretations**
	Modified (v) "Compensation Committee (CC)" means the Nomination and Remuneration Committee of the Board constituted as per the provisions under Section 178 of the Companies Act, 2013 and entrusted with the authority to formulate and implement the Scheme. (vi) 'Corporate Action' includes mergers, demergers, spin-offs, consolidation, amalgamation, bonus, stock split etc., and other reorganization of the Issuer Bank in which the Shares are converted into or exchanged for: · a different class of securities of the Issuer Bank; or · any securities of any other issuer; or · cash; or · other property (ix) 'Employee' means (i) a permanent employee of the company who has been working in India or outside India; or (ii) a director of the company, whether a whole time director or not but excluding an independent director [as defined under Section 149 of Companies Act, 2013]; or (iii) an employee as defined in clause (i) or (ii) of a subsidiary, in India or outside India, or of a holding company of the company but does not include (a) an employee who is a promoter or a person belonging to the promoter group; or (b) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company. (xiii) 'Exercise Price' means the price fixed by the Compensation Committee which is payable by an Optionee in order to exercise the option granted to him in pursuance of the KVB-ESOS-2011 and it shall not be less than the par value of the Shares of the Bank and not more than its Market Price. (xvii) 'Misconduct' means conduct, as determined by the Board/Compensation Committee involving the commission of an act of theft, embezzlement, fraud, dishonesty or moral turpitude, the deliberate disregard of the rules of the Bank or on such other disciplinary grounds which resulted in or on the Board's determination may result in loss, damage or injury to the Bank, the unauthorized disclosure of any trade secret or confidential information of the Bank, or the commission of an act which constitutes unfair competition or a conduct not appropriate for the status or work profile of the employee and any decision in this regard of the Board/Compensation Committee shall be final. (xxi) 'Promoter' shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (xxii) 'Promoter Group' shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009: Provided where the promoter or promoter group of a company is a body corporate, the promoters of that body corporate shall also be deemed to be promoters of such company **Added** (xv) 'Letter of Grant' is the letter to be issued by the Officer of the Bank who is authorised for this purpose by the CC to intimate the eligible employees of the Options Granted to them. (xx) 'Optionee' means an Option Grantee in whom the options have been vested (but which have not been exercised or lapsed) who has a right but not an obligation to exercise the Options.

	(xxvi) "SEBI Regulations" means the Securities Exchange Board of India (Share Based Employee Benefits) Regulation, 2014, issued by the Securities Exchange Board of India under the Securities Exchange Board of India Act, 1992 and shall include any alterations, amendments, additions, deletions, modifications or variations thereof from time to time. **Deleted** (vii) 'Director' ; (xv) 'Fair Value of an Option' ; (xvi) 'Intrinsic value'
3	**Article No 5- Administration of the Scheme**
	Added under Article 5.3 (xii) Compensation Committee may re-price the Options which are not exercised, whether or not they have been vested if the Scheme is rendered unattractive due to fall in the price of the Shares in the market, provided that such re-pricing is not detrimental to the interest of the Grantees and subject to necessary approvals prescribed by regulations governing the Scheme. **Deleted under Article 5.3 (ix)** b. for this purpose global best practices in this area including the procedure followed by the derivative markets in India and abroad shall be considered; **Deleted under Article 5.3 (xi)** The procedure for cashless exercise of options if required.
4	**Article No 8 -Grant of Options**
	Added Under article 8.3 The maximum number of options to be granted per employee/director during any one year shall not exceed 1% of the subscribed share capital of the Bank. **Added Under article 8.4** At all points of time the Options already granted (but not lapsed) and proposed to be granted under KVB-ESOS-2011 shall not, in the aggregate, exceed 5% of total number of fully paid up shares of the bank as at the end of the financial year immediately prior to the Financial Year in which the computation is being made. **Deleted Under article 8.1** However, no eligible employees /non-executive Directors shall be granted more than 10000 options under the scheme. Maximum number of options to be granted in aggregate shall not exceed 10% of total options reserved under the scheme
5	**Article No 11- Vesting of Options**
	Modified Under article 11.8 In the event of an Option Grantees: i. Death while in the employment or engagement of the Bank all the options, granted to him under the scheme till such date shall vest in nominee or if no nominee has been appointed, the legal heirs of the deceased employee.; or ii. Permanent incapacity while in the employment of the Bank all the options, granted to him under a scheme as on the date of permanent incapacitation, shall vest in him on that day. In case of his inability to exercise the option granted to him, his legal heirs may be vested with this option; or iii. Resignation by employee, all the options, which are granted and yet not vested as on that day shall expire. However, The Compensation Committee at its absolute discretion to take decision on all vested Options which are not exercised as on that date of resignation. iv. Retirement, all the options, granted to him shall vest in him on the day of his retirement, or in case of his death or permanent incapacity post retirement, his nominee or legal heirs who shall be entitled to exercise the Options as if Exercise Period has commenced immediately on the date of his death or permanent incapacity; v. Abandonment of service, or dismissal pursuant to commencement of any enquiry or for any other reason, where his services with the Bank have been terminated, all options granted, whether already vested or not but which were not exercised at the time of abandonment of service, shall lapse forthwith.

	vi. Being away from service due to Long leave, shall not have any effect on the Scheme as applicable to any other Option Grantee. vii. Becoming insolvent, all the options granted, whether vested or not but which were not exercised, shall lapse. viii. Suspension/termination of employment etc., for reasons of misconduct, all options which are unvested, vested but not exercised, at the time of the event of misconduct shall lapse. Provided that the Compensation Committee may, in its absolute discretion, as it may deem fit, take decision in the event of above cases of an eligible employee notwithstanding anything to the contrary stated elsewhere in this Scheme.
6	**Article No 12 -Method of Valuation**
	The Bank shall value the Options granted in accordance with the applicable Accounting Standards.
7	**Article No 13 - Exercise of Option**
	Added under article 13.2 This shall however be subject to any extension or reduction of exercise period provided by Compensation Committee in case of any events occurring as specified in Article 11.8. **Deleted Under Article 13.7** The options may also be exercised by the Eligible employees using the cashless manner according to the procedure determined by the Compensation Committee, from time to time. **Added under article 13.10** The shares arising out of the exercise of stock options must be held for a minimum lock in period as may be specified by the Board/ Committee at the time of the allotment of shares.
8	**Article No 14- Termination of relationship as an employee**
	Entire article is being added to vesting of options under Article 11.8 hence the said article is Deleted.
9	**Article No 19- General (New Article No. 18)**
	Accounting Treatment :The "Guidance Note on Accounting for Share Based Payments" (Guidance Note) or the relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein shall apply.
10	**Article No 22- Statutory disclosures (New Article No. 21)**
	Disclosure Documents as required under Regulation 16(2) of SEBI (Share Based Employee Benefits) Regulations, 2014, are annexed to this Scheme and shall be deemed to be a part of the Scheme

B. The relevant Articles and clauses in the scheme have been renumbered and reframed & realigned in tune with the new SEBI (SBEB) Regulation, 2014 which are not material in nature and not detrimental to the interest of the employees.

RESOLVED FURTHER THAT subject to the aforesaid variation of the terms the existing KVB ESOS-2011 shall remain in force and Board / Nomination and Remuneration Committee of the Board (NRC), as the case may be, shall implement the same in accordance and in compliance of the terms of the KVB ESOS-2011.

RESOLVED FURTHER THAT the Board / NRC be and is hereby authorised on behalf of the Bank to do all such deeds, matters and things as may be necessary or expedient including listing the new shares issued upon exercise of Options in National Stock Exchange of India Limited and to sign up agreements with Depositories and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the members of the Bank in this regard, subject to the relevant applicable Regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to Managing Director or Company Secretary of the Bank severally for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters

arising out of and incidental thereto, and to execute all deeds, applications, documents and writings that may be required, on behalf of the Bank and generally to all acts, deeds, matters and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this resolution."

By Order of the Board
For **The Karur Vysya Bank Limited**
Srinivasa Rao M
Company Secretary

Registered Office:
Erode Road, Karur

Place : Karur
Date : December 22, 2017

NOTES:

1. Explanatory Statement as required under Section 102 of the Companies Act, 2013 and SEBI (SBEB) Regulation, 2014 setting forth the material facts and reasons for the proposal is annexed to this Notice. A Postal Ballot Form is also enclosed.
2. Members whose names appear on the Register of Members / List of Beneficial Owners as on December 22, 2017 will be considered for the purpose of voting. Any person who is not a member as on the cut-off date shall treat this notice for information only. Hence, the Postal Ballot Notice is being sent to the Members whose names appear on the Register of Members /List of Beneficial Owners as received from the Depositories as on December 22, 2017 i.e., "the cut-off date". The Postal Ballot Notice is being sent to Members in electronic form to the email addresses registered with their Depository Participants (in case of shares held in electronic mode) / M/s S.K.D.C. Consultants Limited, Coimbatore. For those shareholders whose email IDs are not registered, physical copies of the Postal Ballot Notice are being sent by permitted mode along with a postage prepaid self-addressed Business Reply Envelope.
3. A member may request for a duplicate Postal Ballot Form, if so required. All such requests should be addressed to the Bank's Registrar and Share Transfer Agent of the Bank M/s S.K.D.C. Consultants Limited, (Unit: KVB Ltd), 1391/A-1, Third Floor, Kanapathy Towers, Sathy Road, Ganapathy, Coimbatore- 641006, Phone Nos. 0422-4958995, 2539835-836, Email: info @skdc-consultants.com.
4. Resolution passed by the Members through postal ballot are deemed to have been passed as if they have been passed at a General Meeting of the Members.
5. In compliance with Sections 108 of the Companies Act, 2013 and the Rules made thereunder, the Bank has provided the facility to the Members to exercise their votes electronically and vote on all the resolutions through the e-voting service facility arranged by NSDL. The instructions for electronic voting are annexed to this Notice.
6. All the material documents referred to in the statement pursuant to Section 102 of the Companies Act, 2013 and rules related thereto will be available for inspection at the Registered Office of the Bank during office hours on all working days from the date of dispatch of the Notice till Thursday, February 01, 2018.
7. The last date of receipt of duly completed Postal Ballot form or e-voting i.e., Thursday, February 1, 2018 shall be the date on which the resolution would be deemed to have been passed, if approved by requisite majority.
8. The Notice of Postal Ballot along with the Postal Ballot Form will also be available on the website of the Bank www.kvb.co.in.
9. The Members can opt for only one mode of voting, i.e., either by Postal ballot or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Postal Ballot Forms will be treated as invalid.
10. Incomplete, Unsigned or incorrect, defaced or mutilated Postal Ballot forms will be rejected. The Scrutinizer's decision on the validity of the Postal Ballot will be final and binding.

E-VOTING:

The procedure for the same is as under:

(i) In case a Members receives an email from NSDL (for members whose email IDs are registered with the Bank / Depository Participants):

   1. Open email and open PDF file viz., "KVBe-voting.pdf" with the your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
   2. Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/
   3. Click on Shareholder– Login.

4. Put user ID and passwords and initial password/PIN noted in step (1) above. Click Login.
5. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
6. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
7. Select "EVEN" of "The Karur Vysya Bank Limited".
8. Now you are ready for remote e-voting as Cast Vote page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
10. Upon confirmation, the message "Vote cast successfully" will be displayed.
11. Once you have voted on the resolution, you will not be allowed to modify your vote.
12. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution / Authority Letter etc., together with attested specimen signature of the duly authorised signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to solaiofficeballot@gmail.com with a copy marked to evoting@nsdl.co.in

(ii) In case a Member received physical copy of the Notice of Postal Ballot (for members whose email IDs are not registered with the Bank/Depository Participants or requesting physical copy):

a) Initial password is provided as below/at the bottom of the Postal Ballot form

EVEN (Remote E-Voting Event Number) USED ID PASSWORD/PIN

b) Please follow all steps from Sl No.(2) to Sl No.(12) above, to cast vote.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.1800-222-990.

Any queries or grievance connected with the E-voting can be addressed to Mr. Rajiv Ranjan, Asst. Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. Email: evoting@nsdl.co.in.

Login to the remote e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password/PIN.

If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

Note: Members who forgot the User Details/ Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

In case Members are holding shares in demat mode, USER ID is the combination of DP ID +Client ID.

In case Members are holding shares in physical mode, USERID is the combination of EVEN No + Folio No

You can also update your mobile number and e-mail id in the use profile details of the folio which may be used for sending future communication(s).

The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Bank as on the cut-off date of December 22, 2017

The e-voting period commences from 10.00 a.m. onwards on **January 3, 2018 till February 1, 2018** up to 5.00 p.m. The e-voting module shall be disabled by NSDL for voting thereafter.

A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date shall either be entitled to avail the facility of remote e-voting or physical postal ballot form. In case Members cast their votes through both the modes, voting done through e-voting shall prevail and votes casted through Postal Ballot Forms shall be treated as invalid.

For any queries/grievances, in relation to voting through Post or electronic means, Members may contact Registrar and Share Transfer Agent of the Bank M/s S.K.D.C. Consultants Limited, (Unit: KVB Ltd), 1391/A-1, Third Floor, Kanapathy Towers, Sathy Road, Ganapathy, Coimbatore- 641006, Phone Nos. 0422-4958995, 2539835-836, Email: info @skdc-consultants.com.

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013 & SEBI (SBEB) Regulations, 2014.

Board /committee at its meeting held on December 22, 2017 proposed certain amendments to the existing KVB ESOS-2011 scheme and in tune with the Regulations which has the effect of varying the terms of the existing KVB ESOS-2011, details of which are provided in the resolution.

As per Article 18 of the KVB ESOS 2011 scheme provides power to Compensation Committee to vary, modify, withdraw, suspend, review, or terminate the Scheme, to an extent, subject to and after compliance with requirements of applicable laws and read with the Regulations there under and the proposed variations to the scheme shall not be detrimental to the interests of the employees.

Further the said variations to the terms of KVB ESOS 2011 scheme shall be carried out by special resolution in a general Meeting to govern the options yet to be granted under the said Scheme.

As per Regulations promulgated by the SEBI (Share Based Employee Benefits) Regulations, 2014 (Regulations) vide its Notification dated 28th October, 2014 which will replace the SEBI (Employee Stock Option Scheme and Employee Share Purchase Scheme) Guidelines, 1999 (Guidelines) under which the KVB ESOS-2011 Scheme was formulated.

Article 8.1 of the existing ESOS 2011 scheme specifies that "no eligible employees/non-executive directors shall be granted more than 10000 options of face value of ₹10/- each (which amounts to 50000 options of face value of ₹ 2/- each) under the scheme. Maximum number of options to be granted in aggregate shall not exceed 10% of total options reserved under the scheme". The said clause is being varied to provide enhanced benefit to the employees as the regulation provides a grant of up to 1 per cent of paid up capital of the bank. With a view to attract best talent, enhance employee motivation and retention, Grant of ESOS will enable participation in the long-term value creation of the Bank and also align employee interest with the long-term objectives of the Bank. Article 8.4 has also been added which states that "The maximum number of options to be granted per employee/director during any one year shall not exceed 5 per cent of the paid up Capital of the bank. The other variations to the scheme have been made to align with the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014. None of the proposed variations are prejudicial to the interests of the employees or shareholders of the bank.

The main features of the KVB ESOS-2011 Scheme after the Variations are as under:

A. Brief description of the scheme & the total number of options, shares or benefits, as the case may be, to be granted:

The Employees' Stock Option Scheme (KVB ESOS 2011) was created in the year 2011 as an effective tool to attract, reward, retain and motivate the employees, after obtaining the approval of shareholders at the 92nd Annual General Meeting held on July 27, 2011 for 40,00,000 stock options (one stock option entitles for one equity shares of face value of ₹ 10/- each). Bank has granted an aggregate of 14,71,656 options out of the 40,00,000 options under KVB ESOS 2011 Scheme and 12,43,074 stock options were exercised by the eligible employees up to March 31, 2015.

There are 1,37,84,630 stock options of face value of ₹ 2/- each (27,56,926 stock options of equity shares of face value of ₹ 10/- each) available for grant to the employees under KVB ESOS 2011 Scheme.

The KVB ESOS-2011 scheme has been proposed to be amended in order to enable the Bank to grant further options in line with the SEBI (Share Based Employee Benefits) Regulations, 2014.

B. Identification of classes of employees entitled to participate and be beneficiaries in the scheme:

All the present employees as well as future employees working in the bank, who qualify for the issue of options under the Scheme and who fulfill the conditions as decided in the appraisal process by the Compensation Committee.

C. Requirements of vesting and period of vesting:

Options Granted under this Scheme would vest based upon the performance criteria or any other criteria as may be decided by the Committee and specified in the Grant Letter. The vesting period shall commence any time after the expiry of 1 (one) year from the date of the Grant of such options and shall end over a maximum period of 3 (three) years from the Grant date.

D. Maximum period within which the options shall be vested:

The maximum period within which options granted under amended KVB ESOS 2011 shall vest would not be more than 3 (three) years from the date of grant of such options.

E. Exercise price or pricing formula

Exercise price means the price fixed by the Compensation Committee which is payable by an Optionee in order to exercise the option granted to him in pursuance of the KVB ESOS-2011 and it shall not be less than the par value of the Shares of the Bank and not more than its Market Price.

F. Exercise period and the process of Exercise

Eligible Employee will be permitted to exercise vested options on and from the date of vesting of the options for an exercise period as may be determined by the Committee and set out in the Grant Letter. However, in no event shall the Exercise Period exceed a period of 5 (five) years from the date of grant of option. The vested options shall be exercisable by the employees by submitting an application to the Company/Committee expressing his/her desire to exercise such vested options in such manner and in such format as may be prescribed by the Committee. The vested options shall lapse if not exercised within the specified exercise period.

There are certain conditions in case of termination of employment for misconduct/resignation or disassociation with the Bank due to various reasons, whereby as per Article 11.8 of KVB ESOS 2011, the Compensation Committee would modify/prohibit the rights of eligible employee from exercising their options or options may lapse.

G. Appraisal process for determining the eligibility of employees under KVB ESOS 2011

The appraisal process for determining the eligibility shall be decided by the Committee from time to time.

H. Maximum quantum of benefits to be provided per employee under the KVB ESOS-2011

The maximum quantum of benefits underlying the options issued to an eligible employee shall be equal to the difference between the option exercise price and the market price of the shares as on the exercise date.

I. Implementation or administration of Scheme

The Scheme shall be implemented and administered directly by the Bank/Committee.

J. Disclosure and Accounting Policies

The Company shall comply with the accounting policies and disclosure requirements prescribed under Regulation 15 of Securities Exchange Board of India (Share Based Employee Benefits) Regulation, 2014.

K. Method of option valuation

The Compensation committee shall adopt the methods as per applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India or prescribed under any other statutory provisions from time to time for valuation of options.

L. Declaration (if applicable)

In case the Company has opted for Intrinsic Value method for expensing of the benefits of the scheme, the difference between the Employee compensation cost so computed and the Employee compensation cost that shall have been recognized if it had used the Fair Value, will be disclosed in the Directors' Report and the impact of this difference on profits and on Earnings Per Share ("EPS") of the Company will also be disclosed in the Directors' Report.

A copy of the scheme 'as amended' is available for inspection by members during office hours at the registered office of the Bank on all working days upto the date of declaration of the results of the E-voting/Postal Ballot.

Accordingly the resolution specified is being placed for the approval of shareholders as **Special Resolution** through postal ballot.

The Board of Directors recommends the Resolution for the approval by the members.

None of the Promoter Directors, Independent Directors and their relatives thereof are in any way, concerned or interested in this resolution except the Managing Director and key managerial personnel of the Bank to the extent of stock options to be granted to them, if any, under the scheme.

Registered Office:
Erode Road, Karur

Place : Karur
Date : December 22, 2017

By Order of the Board
For **The Karur Vysya Bank Limited**
Srinivasa Rao M
Company Secretary

Karur Vysya Bank
Smart way to bank

THE KARUR VYSYA BANK LIMITED
REGD. & CENTRAL OFFICE: ERODE ROAD, KARUR 639002
[CIN No: L65110TN1916PLC001295] [e-mail: kvbshares@kvbmail.com]
[Website: www.kvb.co.in] [Tel No: 04324-269440-44] [Fax No: 04324-225700]

POSTAL BALLOT FORM

(Please read the instructions printed overleaf carefully and return the form on or before Thursday, February 01, 2018)

Name(s) and Registered Address of the sole/first named Shareholder / Beneficial Owner, including joint holder(s), if any (in block letters)

I/We hereby exercise my/our vote in respect of the Resolution to be passed through Postal Ballot for the business stated in the Postal Ballot Notice of the Bank by conveying my/our assent or dissent to the said Resolution by placing the tick (✓) mark at the appropriate box below.

Item No.	Description	Type of Resolution (Ordinary/ Special)	No. of Shares held	I/We assent to the resolution **(FOR)**	I/We dissent to the resolution **(AGAINST)**
1.	Variation in terms of Karur Vysya Bank Employees Stock Option Scheme, 2011 (KVB ESOS 2011) as also to align with SEBI (Share Based Employee Benefits) Regulations, 2014.	Special			

Place :

Date :

Signature of Member
(Refer instructions No.3 & 4 over leaf)

ELECTRONIC VOTING PARTICULARS		
EVEN (Remote E-Voting Event Number)	**USER ID**	**PASSWORD/PIN**
108119		
FOLIO No / DP / CLIENT ID		**NO. OF SHARES HELD**

The E-Voting facility will be available during the following voting period:

Commencement of E-Voting	End of E-Voting
Wednesday, January 03, 2018 at 10.00 a.m.	Thursday, February 01, 2018 at 05.00 p.m.

Please read the instructions printed below carefully before filling this form and for e-voting please refer the instructions for voting through electronic means provided in the Postal Ballot Notice sent herewith.

INSTRUCTIONS FOR VOTING THROUGH POSTAL BALLOT FORM

1. A Member desiring to exercise his/her vote by Postal Ballot Form should complete this Postal Ballot Form, sign and send in the enclosed self-addressed postage pre-paid business envelope which bears the name of the Scrutinizer, appointed by the Board of Directors of the Bank so as to reach the Scrutinizer as per the instruction no: 5 at the address Shri CS S Solaiyappan, Scrutinizer, C/o M/s S. K. D. C. Consultants Limited, Unit: The Karur Vysya Bank Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641006. Postage will be borne and paid by the Bank. Envelopes containing Postal Ballot, if deposited in person or sent by courier or registered/ speed Post at the expenses of the Members will also be accepted.
2. The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark (✓) in the appropriate box in the Postal Ballot Form. A Member need not use all votes nor does need to cast votes in the same way.
3. The Postal Ballot Form should be completed and signed by the Members. In the case of joint shareholding, this form should be completed and signed by the first named Member and in his absence, by the next named Member(s). Incomplete and unsigned or incorrect Postal Ballot Forms will be rejected.The signature of the Postal Ballot Form must tally with the specimen signature registered with the Bank/ Depositories.
4. In case the shares are held by Companies, Trust, Society etc., a certified true copy of the Resolution/ power of attorney/ attested specimen signature, authorizing such representative to vote on the resolution should accompany the Form. If the same is/are already registered with the Bank/Depository Participant, please quote the Registration Number beneath the signature.
5. Duly completed Postal Ballot Forms should reach the Scrutinizer not later than **5.00 p.m. on Thursday, February 01, 2018.** Any Postal Ballot Form received after this time and date will be treated as if the reply from the Member has not been received.
6. A Member may request for a duplicate Postal Ballot Form, if so required. All such requests should be addressed to the Bank's Registrar and Share Transfer Agent of the Bank M/s S.K.D.C. Consultants Limited, (Unit: KVB Ltd), Kanapathy Towers, 1391/A-1, Third Floor, Sathy Road, Ganapathy, Coimbatore - 641006, Phone Nos. 0422-4958995, 2539835-836, Email: info@skdc-consultants.com. However the duly filled in duplicate Postal Ballot Form should reach the Scrutinizer not later than the time and date specified at Item No. 5 above.
7. Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members on **Friday, December 22, 2017,** which is the cut-off date fixed for this purpose.
8. The Members are requested not to send any other document along with the Postal Ballot Form in the enclosed self-addressed envelope as all such envelopes will be delivered to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.
9. There will be only one Postal Ballot Form for every FOLIO / DP / CLIENT ID irrespective of the number of joint member(s).
10. The Scrutinizer's decision on the validity of a Postal Ballot Form will be final and binding.
11. The right of e-voting and Postal Ballot Form through post shall not be exercised by a Proxy.
12. The Members can opt for only one mode of voting, i.e., either by Postal Ballot Form or e-voting. In case Members cast their votes through both the modes,voting done by e-voting shall prevail and votes cast through Postal Ballot Forms will be treated as invalid.
13. The result of the Postal Ballot will be posted on the Website of the Bank www.kvb.co.in & www.evoting.nsdl.com, NSE, BSE for the information of the shareholders.
14. The last date of receipt of duly completed Postal Ballot form or e-voting i.e., Thursday, February 1, 2018 shall be the date on which the resolution would be deemed to have been passed, if approved by requisite majority.