ఆంధ్రాబ్యాంక్
(భారత ప్రభుత్వ సంస్థ)
आन्ध्रा बैंक
(भारत सरकार का उपक्रम)
ANDHRA BANK
(A Govt. of India Undertaking)

आन्ध्रा बैंक
प्रधान कार्यालय
"डॉ. पट्टाभि भवन"
5-9-11, सैफाबाद
हैदराबाद - 500 004

ANDHRA BANK
HEAD OFFICE
"Dr. PATTABHI BHAVAN",
5-9-11, SAIFABAD,
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Merchant Banking Division
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Lr.No.666/25/P.71P/206 Dt:12.08.2014

The National Stock Exchange
Of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (East)
Mumbai – 400 051.
Fax: 022-26598237/38

SYMBOL: ANDHRABANK

Dear Sirs,

Sub: Minutes of the Annual General Meeting of shareholders of the Bank held on 18th July, 2014 at Hyderabad - Clause 31(d) of the Listing Agreement

In pursuance of Clause 31(d) of the Listing Agreement, we forward herewith a copy of the Minutes of the Fourteenth Annual General Meeting of shareholders of the Bank held on Friday, 18th July, 2014, at Hyderabad, for your information and records.

Encl: as above

Yours sincerely,

टी.आर. रामभद्रन (T.R.Ramabhadran)
महा प्रबन्धक General Manager
& कंपनी सचिव Company Secretary

Copy to File No. P.30

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MINUTES OF THE FOURTEENTH ANNUAL GENERAL MEETING HELD ON FRIDAY, THE 18TH JULY, 2014 AT 2.30 P.M. AT SRI SATHYA SAI NIGAMAGAMAM, 8-3-987/2, SRI NAGAR COLONY, HYDERABAD - 500073.

The following directors were present:

Sri C. VR. Rajendran	Chairman & Managing Director
Sri S.K. Kalra	Executive Director
Sri Pankaj Chaturvedi	Director
Sri N.V.R. Reddy	Director
Sri K. Raghuraman	Director
Sri Nandlal L Sarda	Director
Sri Amit Goel	Director

M/s. MCS Limited, Mumbai, Registrars & Share Transfer Agents, had made proper arrangements for issue of Attendance Slips-cum-Entry Pass to the shareholders.

The number of valid proxies received and the attendance recorded at the meeting is as under:

Nature of Representatives	No.of proxies / authorization letters received	No.of shares	No. of representatives attended	No. of shares
Shareholders attended in person	---	---	823	403469
Proxies	172	15899	172	15899
Authorised Representatives (incl. Govt of India)	44	404337870	44	404337870
Total	216	404353769	1039	404757238

Commencement of Proceedings:

Sri S.V Venkatasubramanian, General Manager (Corporate Communications), Andhra Bank, welcomed the Directors on the Board of the Bank and introduced the Directors to the shareholders of the Bank. Thereafter, he welcomed the shareholders to the Fourteenth Annual General Meeting of the Bank.

He then requested Sri C.VR.Rajendran, Chairman & Managing Director of the Bank to conduct the proceedings.

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The Chairman & Managing Director greeted all the members 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.

Further Chairman & Managing Director of the Bank announced that the Bank has received 172 valid proxies for 15,899 Equity Shares and 43 letters appointing the Authorised Representatives for 4,97,22,967 Equity Shares, till Saturday, the 12th July, 2014 being the last day for the receipt of Proxies. The same are valid and are in order.

He informed that the Bank has received a communication from Government of India authorising Sri Suresh C Arya, SRO, Department of Financial Services, Ministry of Finance, New Delhi, to attend and vote in the meeting as its nominee. The Central Government, the major shareholder, holds 35,46,14,903 Equity Shares of the Bank.

It was further stated that in terms of Regulation 46(i) of the Andhra Bank (Shares & Meetings) Amendment Regulations, 2009, the Notice to the shareholders was published in the Newspapers - Business Line (English) and Andhra Prabha (Telugu) on June 03, 2014 and printed in the Annual Report of the Bank which were sent to all the shareholders of the Bank. Hence, the Notice was taken as read.

Further Chairman & Managing Director of the Bank , stated that the soft copy of annual report of the Bank for the year 2013-14 had already been sent by e-mail to such shareholders whose e-mail ids were registered. Physical Abridged Annual Reports of the Bank were sent by post to those shareholders whose e-mail ids were not available with the Bank/Registrars/Depository Participants. The Abridged Annual Report of the Bank has been sent to those shareholders whose e-mail ids were not available. And in case of the Shareholder's requests for the Full Annual report, the same was sent to their registered address. The Bank has also placed the Annual report of the Bank on the Bank's website. He informed that with the consent of the shareholders, the Balance Sheet of the Bank as at 31st March, 2014, Profit and Loss Account for the year ended 31st March, 2014, the Report of the Board of Directors on the working and activities of the Bank for the period covered by the Accounts and the Auditors Report on the Balance Sheet & Accounts as already circulated to the shareholders was taken as read.

Chairman's Speech:

The Chairman then addressed the shareholders on the performance of the Bank during the Financial Year 2013-14.

Adoption of Accounts:

The Chairman then took the item on the Agenda:

Mr. Shantilal C Shah, a shareholder, Folio No. 10203369 proposed the following resolution:

"RESOLVED that the Audited Balance Sheet of the Bank as at 31st March 2014 together with the Profit and Loss Account for the year ended 31st March 2014, together with the Directors' Report and Auditors' Report thereon, be and are hereby discussed and adopted"

This Resolution was seconded by Mr. Ch. Raja Rao (Client ID10009859 DPID IN302734).

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Discussion:

The Chairman then requested the shareholders present to discuss the Balance Sheet of the Bank and the Profit & Loss Account for the Financial Year ended 31st March, 2014, the Director's Report and the Auditor's Report on the Balance Sheet and Accounts. Thereafter, the under noted shareholders shared their views / observations as follows:

SHANTILAL C SHAH (Client ID – 1203070000178377)

The Shareholder desired to know the reasons for Bank not declaring final dividend for the financial year 2013-14 and whether the coming year will be good year in terms of profit for the Bank. He stated that the shareholder eagerly wait for the dividend. He wanted to know about the effect on the bank's business after the division of the Andhra Pradesh state. He further requested the Chairman & Managing Director of the Bank to form a proper committee for providing loans to the farmers.

He appreciated the Bank's effort for providing SME loans and desired that the Bank should continue to give such type of loans.

He wanted to know about the performance of the Bank in the insurance sector and whether any new activities will be initiated by the Bank in respect of insurance in future.

SHAREHOLDERS

1) A shareholder showed his concern on the dwindling of profit in the year 2013-14.

He further enquired whether the provision for NPAs will increase any further as it has increased from Rs 615.12 crores in 2012-13 to Rs 1477.17 crores in 2013-14.

He further enquired about the penalty of Rs. 2.50 crore imposed on the Bank by Reserve of Bank of India.

2) Another shareholder reported that there is no passbook printer in Santoshnagar Branch and there are number of branches where passbook printer is not available. He further suggested that there should be a separate queue for the senior citizens and ladies.

3) Another shareholder stated that the rate of write-off on credit cards is very high, i.e. 7%.

SIDDILINGAM SOMA (Client ID - IN300020/10685184)

The shareholder expressed his concern on the non-declaration of final dividend.

He further stated that the NPAs are increasing in Andhra Bank

The shareholder informed that he is facing difficulty to transfer the money through Net Banking, especially on Saturday and Sunday.

GNANA SUNDARA REDDY SANGAM (Client ID – 1203520000103183)

The shareholder wanted to know the advantages of being appointed as the SLBC Leader in Andhra Pradesh State and the details of NPAs written off by the Bank.

He enquired about the big ticket lending to M/s. Deccan Chronicle Holding and others. He wanted to know whether the Bank has written off all the NPAs and whether in the first quarter NPA is higher in number as compared to last year.

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VENUGOPAL (Client ID -IN300394/10257416)

He wanted to know the reason of skipping of final dividend.

B.SRINIVAS RAO (Client Id -1201350000038574)

He wanted to know the reason for the decline in the value of shares of Andhra Bank over a period of time.

SOMA RAVINDERNATH- IN300476/42435366

He enquired as to when the bank is going to start printing the account holder names on the cheque leaves. He further informed that SBI has already started this.

P VENKATESWARA RAO- 1205450009660470

He asked whether Andhra Bank is going to provide any insurance policy to the shareholders and scholarship to the children's of the shareholder.

VEPA SURYANARAYANA SASTRY (Client Id - 00066562)

He asked whether Bank is providing any scheme of income either monthly or regular income to the senior shareholder

VASAN R S (Client Id - IN300239/10417519)

He wanted to know as to whether the bank is going to be merged.

MANKI KESAVA RAO (Client ID- IN300484/11491849)

He expressed his disappointment as the non-home branches are not updating passbook and accepting cheques for collection other than the home branches.

KAPULA JOGARAO (Client Id - IN302324/10717096)

He suggested that the locker size in the Bank should be enlarged from the current size i.e., 4*4 and it should be atleast 9*4 and he further informed that earlier also he has made the same request but till today it has not been heeded to.

R. KISHOR (Folio No - 00066684)

He informed that there were very clear instructions for the bank branches that they should open minimum one account as per the household as a part of financial inclusion but branches are not opening one account for household in rural areas.

He suggested that the Bank can give loan of Rs.50,000/- to small traders. Further he suggested that dairy loans should be given for atleast two animals, it will be helpful for the villagers and Bank can open a good number of accounts.

KESAVA REDDY LAKKI REDDI (Client Id - IN301313/20614717)

The shareholder stated that the quantum of gross NPAs is 5.29% which is one of the high in the banking industry we are second only to the United Bank of India and Allahabad Bank. He enquired about the remedial measure being taken by the bank management.

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P. SUNDER RAJA (Client ID-1205450000103119)

He asked for the Bonus Shares for the shareholders.

GANGADHAR SHINDE (Client ID-1205450000026239)

He stated that for small farmers the Bank has not made any loan waiver in spite of less rains and unable to repay the loans.

CMD Replies:

CMD expressed happiness that shareholders have given their valuable suggestions.

Answering the queries of the shareholders, CMD stated that as far as dividend is concerned Bank has given 11% interim Dividend. During the financial year 2013-14 profits were insufficient to give any further dividend. Last year was exceptionally a bad year for the Andhra Pradesh as a whole.

The Bank's exposure in the infrastructure companies and Power companies are slightly larger so the Bank has 21% of our loan portfolio in the infrastructure and power companies. Most of the infrastructure and power companies are not working today because there was no coal supply or no gas supply. When these Companies are going to the Corporate Debt Restructuring route, the interest charged on these accounts is not taken as income, it is credited to the FITL account. It will be treated as income only when it is collected from the parties as per the prevailing accounting system, so huge amount of interest were reversed from these account and the Bank is not able to account for the interest due during the current year also which has brought down the Bank's income very substantially.

He stated that as far as the Bank's NPAs are concerned, most of the NPAs is either from infrastructure sector or from the construction related activity. In the entire Country, 80% of construction and contractors are coming from Andhra Pradesh. Andhra Bank is one of the major bankers for any infrastructure company in our Country today and when infrastructure is going through the bad times naturally it will have an impact on Bank's working and bottom-line.

As far as SMEs and other Sectors are concerned, because of division of the State and since agitations were going on during the last year, many times branches were not even open and the business establishments were not functioning and these accounts slipped into NPAs and these NPAs have become larger mainly because of the local political conditions at that point of time. During the current year, the Bank is hopeful that these NPAs will come down substantially. The Bank is expecting to come out with Gross NPAs of 4% and Net NPAs of 2% by the end of the year but in between there is a small problem which is cropped up again that both the Telangana Government and Andhra Pradesh Government have announced the loan waiver scheme for the farmers. Loan waiver is good provided that the Government will pay to these farmers. The Budget announced by the Government is not having any provision to pay to these farmers as a result today Government is also not paying and farmers are also not paying. During the current quarter alone more than Rs. 1000 crores have slipped into NPAs for the Bank, unless the decision is taken by the Government immediately many more accounts will slip into NPAs during the next quarter. RBI and Government have assured the Bank that they will finalise the scheme guidelines in next two-three days and will announce the same, once the scheme is announced Government will pay in some cases and in some cases farmers will start to pay. Most of the farmers have balance in their SB accounts with the Bank. When the scheme is announced and the farmers who are not eligible will come and pay and if they are eligible Government will pay so that the Bank will be in a position to reduce the NPAs in next two quarters. Had the Bank considered only corporate loan then the NPAs could have come down substantially in the first quarter itself.

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Indications will come true probably during the current year; the Bank will be able to restore the higher rate of dividend as declared in the past. The Bank is working very hard towards this.

As far as insurance business is concerned, Andhra Bank alongwith Bank of Baroda and Legal & General Group Plc of UK has formed a joint venture life insurance company names IndiaFirst Life Insurance Co Ltd and this Company is going to break-even during the current year i.e., 2014-15. Probably in next two to three years, the Bank will be in a position to receive some dividend from this investment.

Regarding the penalty of Rs. 2.50 crore on the non-compliance of KYC norms, the CMD stated that during the audit conducted by RBI this non-compliance was noticed. Like our Bank, most of the Banks were also levied penalty because of some omissions in the KYC's compliances. Now the Bank has issued strict guidelines on these KYC norms and have strictly warned the concerned people. Further actions have been taken to control this situation internally.

As far as Santosh Nagar Branch is concerned, we will provide passbook printer within the next month. We are trying to provide more passbook printers to the various branches but in most of the places where we have provided passbook printers, it is not being used properly and if it is not used properly it will become a waste for the Bank.

The write off in respect of credit cards is 7% which is high but when compared to industrial level, it is low. In the previous year the Bank has not written off but this time a decision is taken not to hold it any further so the same is being written off during the current year. It is also assured that in any standard this 7% is not very high the business is capable of absorbing it.

Regarding the separate queues for senior citizens and ladies, CMD stated that the Bank will consider the suggestion in the coming days.

It is noted that the transfer of money through net banking during the night is creating a problem. The Bank will redress this issue since Net Banking Services should be available at all times.

As far as appointment of Andhra Bank as a lead Banker for Andhra Pradesh is concerned, the CMD stated that it is a big responsibility and it is a prestige attached to it. With this, the Bank is in a one-to-one relationship with the entire administration today. The Bank is also a part of the planning of the State as a whole. During the last two months the CMD of the Bank met the Chief Minister of Andhra Pradesh State seven times for various agendas which is advantageous business-wise for the Bank; Otherwise, being the Lead Bank does not generate any income and one have to encash upon it to create incomes.

Further he stated that the NPA problem is related to be the location specific. Other Banks are also affected. In Andhra Pradesh, infrastructure has not happened during the last two years. 80% of work is done by Andhra Contractors who have not received payment from the Government during last year. This has affected the banks operating in Andhra Pradesh in a very big way. The other banks having Head Quarter in Andhra Pradesh is also having high number of NPAs accounts. Now the things are improving, policies are being made by the Central Government. It is only a question of time that most of the NPAs will be recovered. As a part of the strategy, the Bank has moved its exposure from large accounts to smaller accounts. 53% of accounts were corporate lending earlier but today the same has been brought down to 49%. The Bank is trying to reduce it further during the course of time. Unless and until the economy improves, the Bank will reduce its exposure to such corporate accounts. All these were the problems of previous decisions which were taken during the

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good time when infrastructure was doing well. CMD further assured that the said NPAs will turn into good assets and recovery is possible. It is only time consuming at present.

He further stated that NPA has a recurring effect on the bank. NPAs are bound to be there and without NPAs, Bank cannot do business.

The CMD stated that the Bank's NPAs are backed up with sufficient assets. It may be a road project or a power project which is not running today because there are no fuel linkages. Once the policy related issues are addressed all these assets will become very good assets and will start performing. Whatever interest amount which the Bank has not recovered yet, the Bank will be in a position to get back, since the loans are secured. The NPAs are postponement of the realisation of the profits so the quality of the NPAs are better secured and definitely realisable to a large extent. Even though the Bank's NPAs are slightly above the industry level at this point of time because of the regional concentration which we have today due to division of Andhra Pradesh and Telangana States, the possibility of growth oriented Balance sheet for the Andhra Bank is assured.

Comparatively, NPA in large accounts is a reality. Corporate Accounts have become a casualty during the economic recession. Small Businesses, Agriculture were not affected by the recession whereas the large businesses were affected. The NPA account which the shareholder has referred is fully collaterally secured and the Bank will be in a position to realise after certain period of time due to lengthy legal proceedings. Once the process is completed, the realisation will become easy. The Bank has not written off many of the accounts as unrecoverable advances. This will happen when there are no securities at all. Write off is done only for getting income tax benefits otherwise write off does not mean closure of the Bank's right against its borrower and it will not affect the balance sheet in any way.

CMD stated that it is expected that the quantum of NPA will not exceed the last year's quantum and that no large NPAs will come up.

Small accounts will have a problem during the current year because of agriculture waiver. Otherwise, this year will be a good year. Internal target is 4% for gross NPA as against 5.29%. The Bank is hopeful that it will be achieved by March 2015.

Regarding the dividend, CMD informed the shareholders that it was a very painful decision to reduce the rate of dividend during the current year. The payout ratio is decided by the Government. At the maximum, the Bank can pay 20% of its accrued profit. For the banking business as per Basel III more capital is required and the Bank is looking for raising further capital. Either the Bank has to raise the capital or has to conserve the capital so when 11% dividend was declared, giving another 9% dividend certainly will cost a lot. Hence, the same was withheld.

Further, it is stated that if the Bank's profit projections for the current year come true, then the Bank will be able to restore the 50% dividend as was declared in the last year. According to the CMD, there are five stake holders in a Company, viz., a shareholder, the customer, staff, public and then the Government. The interests of all these stakeholders should always be protected. The Bank could not pay 50% dividend and this was beyond the Bank's control.

At present, the book value per share is Rs. 145/-. It is stated by the CMD that during the last AGM the Bank's shares were quoted at Rs.45/- and subsequently it moved up to Rs. 107.00. Now, again it has come down to Rs. 87.00 mainly because of the problem related to the loan waiver in the market. Because of loan waiver, the Bank's NPA is likely to go up which is known in the market. But, once the clarity in the loan waiver policy comes, the recovery

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efforts will also increase. The Bank has recovered Rs. 300.00 crore during the last year. Further, the Bank has almost recovered Rs.1000.00 crores in NPA Accounts in the first four months of this year and the recovery efforts are very good. CMD stated that he is confident that the loan waiver problem will be sorted out. Andhra Bank's performance will improve and the share price will also move to atleast to the book value which public sector banks are enjoying.

CMD informed the shareholders that the Bank is providing cheque book with the accountholder's name printed on it but there are no RBI guidelines in respect to this. The issuance of personalised cheque books are being given since introduction of CTS clearing.

In response to a shareholder's query on availability of insurance scheme for the shareholders, CMD informed that at present there are no such schemes but assured to enquire about the possibility of the same.

On a shareholder's query on monthly income plans for senior citizens, the CMD informed that the Monthly income plans are already available under the fixed deposit schemes of the Bank.

With regard to merger of Andhra Bank with some other bank, it is informed that the Merger is on the agenda of Government of India for discussion for quite a long time, as a part of banking reforms. CMD further informed that so far there is no information as such in this regard.

On a query of non-updation of passbook and acceptance of cheque/cash by non-home branches, CMD informed that recently the differentiated SB accounts called Silver, Diamond and Gold account is being introduced by the Bank. Those people who are having these accounts can transact in any of the branches without any restrictions. Other customers can do transaction upto Rs. 50,000/- in non-home branches which is a practise in all the other Banks also. In branches unlimited access is not provided. Now the Bank is launching e-launches shortly in Somajiguda and in Jubilee Hills Branch, where the customers can deposit and draw the cash and also can get the pass book printed. This e-launch facility will enable a customer, who have access to the internet banking, can even talk to a person on internet phone and also see the person other side. These e-launches will increase over a period of time which will provide more services to the customers.

Regarding the facility of bigger size locker, CMD stated that the Bank has come out with the advertisement in a Telugu newspaper inviting requests for registration for the locker facility in Andhra Pradesh in their nearby branches. Within Six months, these requests will be considered. It is further stated that the Bank is trying to expand the locker capacity across the country and where ever there is a demand, the facility will be extended. The Bank is taking additional premises exclusively for the lockers in Vijayawada and Guntur, which will facilitate the customers to operate these lockers till 9 o'clock in the evening and it will be kept open even on Sundays. Such facility will be further extended to other places also based on the demand for the same.

As far as household account is concerned Government has announced that the Banks have to open two accounts of each household - one in the wife's name one in the husband's name under financial inclusion. CMD stated that the Bank will be finishing this before August 2015. Every household should have two accounts.

With regard to the query on issuance of Bonus shares, CMD informed that no Nationalised Bank has ever issued bonus shares to the shareholders. If the nationalised banks are authorised in this regard, the same will be considered.

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In reply to the query of a shareholder of Adilabad-Chennur Village, the CMD clarified for farmers, Bank do not charge 14% interest. Bank is charging 7% on crop loan out of which 3% is given as an interest subvention by the Central Government and 4% is given under 'the Vaddi Runaalu' scheme. Bank is not charging any interest to the farmers who have taken loans only upto Rs.3.00 lakhs and the Bank cannot waive the loan on its own.

If the Government decides to waive the loan then Government has to pay the loan. If the loan waiver is there farmers have to pay or the Government has to pay. Depositor will not pay for the loan waiver. If Government is paying the Bank has no objection in this regard. If the Government is repaying over a period of time, that is also acceptable to the Bank but beyond that the loan can not be waived since the Bank is doing business with public money.

CMD assured that the current year will be extremely good for the Bank and next year will be much better year for the economy as well as for the Bank. Efforts are being made to give good results quarter after quarter which will make the Bank turn around.

The Chairman thanked the shareholders for actively participating and discussing various issues concerning the Bank and informed that the combined result of E-voting and Physical Ballot on the agenda will be posted on the bank's website.

Sri S.V.Venkatasubramanian, General Manager & Chief Financial Officer proposed a Vote of Thanks to the shareholders.

The Chairman then declared that the Fourteenth Annual General Meeting of the Bank as closed.

Sd/-

(C.VR.Rajendran)
Chairman & Managing Director

Place: Hyderabad
Date: 11.08.2014

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