

NOTICE OF THE 95TH ANNUAL GENERAL MEETING

Notice is hereby given that the 95th Annual General Meeting of the Bank will be held at the Registered Office of the Bank, Erode Road, Karur-639 002 on Wednesday the 23rd July 2014 at 10.00 a.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To Declare Dividend.
3. To appoint a Director in the place of Shri A J Suriyanarayana, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

NOTE:

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

The Board of the Bank in the meeting held on 02.05.2014 recommended the name of M/s. Abarna & Ananthan, Chartered Accountants, Bangalore and sought the approval from the Reserve Bank of India for their appointment as Statutory Auditors of the Bank. The Reserve Bank of India, vide letter DBS.ARS.No.15260/08.12.005/2013-14 dated June 3, 2014, accorded approval for the appointment of M/s. Abarna & Ananthan, Chartered Accountants, Bangalore as Statutory Auditors of the Bank for the year 2014-15 for their first year. The said Auditors shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Bank. Accordingly the resolution for appointment of the Audit Firm M/s Abarna & Ananthan, Chartered Accountants, Bangalore is placed before the shareholders for their approval.

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and

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

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution.

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

6. To consider and if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution.

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

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

7. To consider and if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Article 25 of the Articles of Association of the Bank and approval accorded by the Reserve Bank of India in terms of Sec 35 B of the Banking Regulation Act, 1949 and other applicable provisions of the Companies Act, 2013, the re-appointment

of Shri K Venkataraman as the MD & CEO of the Bank for a period of three years with effect from 01.06.2014 to 31.05.2017 be and the same is hereby approved.

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

Sl. No.	Particulars	Amount in ₹
1	Salary – (a) Fixed Pay (b) Variable Pay	₹ 66 lakh per annum. As may be decided by Board subject to RBI approval.
2	Entertainment Allowance	Reimbursement of ₹ 60,000 p.a. inclusive of entrance fee/ subscription fee, etc., for two clubs.
3	Perquisites - Furnished House	Standard rent of ₹ 660.05 is recoverable towards quarters.
4	Free use of Bank's Car for - Official Purposes - For private purpose on compensation by the Bank - Telephone - Subscription to news papers / journals, etc.	Yes, with Driver. Recovery at ₹ 250 p.m. for journey not exceeding 750 kms. Above that, 60% of the rate fixed by RTA. No restriction on use of telephone / mobile / fax / e-mail for office use. As may be required by the CEO.
5	Provident Fund / Gratuity	12% of Salary (pay) on contributory basis. Gratuity - one month's pay for each completed year of service.
6	Travelling & Halting Allowances	Single return fare by business / executive class for air travel on official purposes. Halting allowances, boarding charges and lodging charges as may be decided by the Board of Directors from time to time.
7	Medical Aid	Medical Aid: Reimbursement of medical expenses for self and dependent family members up to ₹ 20,000 p.a. on declaration basis. Hospitalisation Scheme – Reimbursement of hospitalization charges to the extent of 100% in the case of MD & CEO and 75% in case of his dependent family members. Upon the MD & CEO laying down his office, the bank will pay or reimburse the full premia payable/paid on the policy or policies issued under medical Insurance plan covering hospitalisation and other medical expenses under the medical insurance policy with a sum assured to ₹ 10 lakh.

Sl. No.	Particulars	Amount in ₹
8	Other Benefits, if any	Not entitled for Sitting Fees.
	Leave - Casual Leave	12 days a year.
	Ordinary Leave/ Fare Concession	1 day for every 11 days of service.
	Sick Leave	30 days for each completed year of service
	Leave Fare Concession	Air travel for himself, family members and dependents, Leave Travel Concession for MD &CEO and his family once a year to and fro to any place in India.
	Encashment of Leave	In case the facility is not used in a year, the same can be carried over to next block, as applicable to other executives of the Bank. Encashment of privilege leave at credit at the time of demitting office.
	Insurance cover	Insurance cover up to ₹ 10,00,000/- for Journey by Air/Road/ Rail for official purposes.
9	ESOP	Eligible/entitled for allotment of stock options as may be decided by the Board/Compensation Committee of the Board and when Bank's stock options scheme is implemented by the Bank as per SEBI regulations, with prior approval of RBI.

8. To consider and if thought fit, to pass with or without modification/s, the following Resolution as an Ordinary Resolution.

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

9. To consider and if thought fit, to pass with or without modification/s, the following Resolution as an Ordinary Resolution.

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

10. To consider and if thought fit, to pass with or without modification/s, the following Resolution as an Ordinary Resolution.

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

11. To consider and if thought fit, to pass with or without modification/s, the following Resolution as an Ordinary Resolution:

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

12. To consider and, if thought fit, to pass with or without modification/s the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013, and rules made there under and any statutory modifications or re-enactment thereof for the time being in

force, and subject to the necessary approvals required, if any, in this regard from Reserve Bank of India or any other authority, consent of the members of the Bank be and is

hereby accorded to the alteration of the Bank's Articles of Association in the manner and to the extent hereinafter provided:

Article No.	Existing	Amendments/Alterations/Deletions proposed
1 (a)	<p>Application of Table "A"</p> <p>The Regulations contained in Table "A" of Schedule I to the Companies Act, 1956 shall apply to the Company except where and to the extent they are expressly or by implication excluded or varied by the following Articles.</p>	<p>To be altered as:</p> <p>Application of Table "F"</p> <p>The Regulations contained in Table "F" of Schedule I to the Companies Act, 2013 shall apply to the Bank except where and to the extent they are expressly or by implication excluded or modified by the following Articles.</p>
1 (b)	Notwithstanding any thing contained herein the Banking Regulation Act, 1949 and any statutory modifications thereto shall apply to the company.	The regulations contained herein shall apply in so far as the said provisions are not inconsistent with the provisions of The Banking Regulation Act, 1949 (10 of 1949) and/or any statutory modifications thereto.
6	The Board of Directors may, subject to the right of appeal conferred by Section 111 of the Companies Act, decline to register any transfer of a share to a person of whom they do not approve. Provided however that registration of a transfer shall not be refused on the ground that the transferor is indebted to the Company on any account.	The Board of Directors may subject to the right of appeal conferred by Section 58 (3) of the Companies Act, 2013 decline to register any transfer of a share, to a person of whom they do not approve.
6(A)	Notwithstanding anything contained in the Articles of Association the Board shall not accept application for sub-division of shares into denominations of less than Fifty (50) except when such a sub-division is required to be made to comply with a statutory order or an order of a Competent Court of Law.	To delete.
6(B)	The Board may refuse to consider a proposal for transfer of shares comprised in a share certificate involving sub-division of less than Fifty (50) shares if on the face of it such sub-division transfer appears to be unreasonable or without a genuine need.	To delete.
6(C)	<p>Directors shall not accept applications for transfer of less than one hundred Equity Shares (100) of the Company provided, however, that those restrictions shall apply to:</p> <p>(i) Transfer of equity Shares made in pursuance of a Statutory Order or an Order of a competent Court of Law.</p> <p>Transfer of the entire Equity Shares by an existing equity shareholder of the company holding less than one hundred Equity shares (100) by a single transfer to a single or joint names.</p> <p>Transfer of more than one hundred Equity Shares (100) in favour of the same transferee under one or more transfer deeds one or more of them relating to transfer of less than one hundred Equity Shares (100).</p> <p>Provided that where a member is holding shares in lots higher than the transferable unit of trading and transfers in lots of transferable unit, the residual shares shall be permitted to stand in the name of such transferor notwithstanding that the residual holding would be below one hundred (100).</p> <p>Transfer of Equity Shares held by a member which are less than one hundred (100) but which have been allotted to him as a result of an issue of bonus and/or Rights Shares.</p>	To delete.

Article No.	Existing	Amendments/Alterations/Deletions proposed
6(D)	Acquisition of shares by a person/group which would take his/ its holding to a level of 5% or more of the total paid up capital of the bank or such other percentage as may be prescribed by the Reserve Bank of India from time to time should be with the prior approval of Reserve Bank of India.	Acquisition of shares by a person/group which would take his/ its holding to a level of 5% or more of the total paid up capital of the bank or such other percentage as may be prescribed by the Reserve Bank of India from time to time should be with the prior approval of Reserve Bank of India. The exercise of voting rights of any person/ group shall be subject to such ceiling on voting rights as may be prescribed by the Reserve Bank of India from time to time.
10	The Company shall have a first and paramount lien on all partly paid up shares in respect of monies called or payable at a fixed time in respect of such shares and dividends thereon. Fully paid up shares in the Company shall be free from all lien.	To delete.
14	The Board may, before recommending any dividend set apart out of the profits of the Bank such sums as it thinks prudent as a reserve or reserves which shall at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied including provision for meeting contingencies or for equalizing dividends.	The Board may, before recommending any dividend set apart out of the profits of the Bank such sums as it thinks prudent as a reserve or reserves which shall at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied including provision for meeting contingencies or for equalizing dividends and pending such application, at the discretion of the Board either be employed in the business of the Bank or be invested in such investments including securities issued by companies or banks (other than the shares of the Bank) as the Board may, from time to time, think fit.
15	Reserves created for contingencies may, pending their application in such contingencies, at the discretion of the Board either be employed in the business of the Bank or be invested in such investments including shares or debentures of joint stock companies or banks (other than the shares of the Bank) as the Board may, from time to time, think fit.	
16	Before declaring any dividend, an amount representing 1% of the net profits shall always be set apart each year for common good or charity out of which such sums may be applied on or paid to such items of charity or institutions, from time to time as the directors may deem fit, worthy or expedient.	To delete.
20(i)	20 members personally present shall be a quorum for any General Meeting.	30 members personally present shall be a quorum for any General Meeting.
20(iv)	All questions in General Meeting shall be decided by show of hands, unless a poll is demanded before the decision arrived at on the show of hands is recorded, by not less than five members of the Bank personally present. Provided that in the case of equality of votes the Chairman will have a second or casting vote.	To delete.

Article No.	Existing	Amendments/Alterations/Deletions proposed
21(a)	<p>On a show of hands every member present in person shall have one vote irrespective of the number of shares held by him and on a poll every member shall have one vote in respect of each share held by him.</p> <p>Provided that the voting rights of any one shareholder shall not exceed one percent of the total voting rights of all the shareholders.</p>	<p>Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote and on a poll or voting carried out electronically or by postal ballot, the voting rights of members shall be in proportion to his/her share in the paid up equity share capital of the Bank.</p> <p>However, the voting rights shall be subject to ceiling on voting rights as prescribed by the Reserve Bank of India from time to time under Sec 12 (B) of the Banking Regulation Act, 1949, which may be from 10% to 26%.</p>
28(i)	At every Annual General Meeting of the Bank, one third of the Directors for the time being who are liable to retire by rotation, or if their number is not three or multiples of three, then the number nearest to one third shall retire from office.	Subject to the provisions of Section 152 of Companies Act, 2013, at every Annual General Meeting of the Bank, one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is neither three nor a multiple of three, then, the number nearest to one third, shall retire from office.
28(iii)	A Director retiring by rotation shall be eligible for re-appointment	A Director retiring by rotation shall be eligible for re-appointment, if he is qualified for appointment and satisfies the 'fit and proper' criteria.
29	Except on becoming disqualified in any way, the retiring directors shall as far as possible be re-elected	To delete.
30(i)	<p>The office of a Director shall become vacant:</p> <p>On the happening of any one or more of the contingencies provided in Section 283 of the Companies Act, or</p> <p>If he appropriates or converts to himself or to any other person any money or property of the Bank or makes any secret profits of his office.</p>	To delete.
31(ii)	The Chairman may and on the requisition of a Director shall, at any time, summon a meeting of the Board.	To delete.
31(iii)	Notice of 72 hours shall be given of any meeting of Board of Directors.	To delete.
37(c)	<p>To delegate subject to the provision of Section 292 of the Companies Act or any statutory modifications thereof by a resolution passed at a meeting to any Committee of Directors, or Executive Chairman or Managing Director / Chief Executive Officer of the Bank or other Officers of the Bank.</p> <p>(i) Power to borrow money otherwise than on debentures.</p> <p>(ii) The power to invest the funds of the Bank.</p> <p>(iii) The power to make loans.</p>	To delegate subject to the provisions of Sec 179 (3) of the Companies Act, 2013, the powers specified in Clause (d) to (f) of Sec 179 (3) and on such conditions as it may specify to any Committee of Directors, the Managing Director, Director or any other principal officer of the Bank.

Article No.	Existing	Amendments/Alterations/Deletions proposed
37(F)	To make, sign, draw, accept, endorse otherwise execute all cheques, promissory notes, drafts, hundies, orders, bills of exchange, bills of lading and other Negotiable Instrument to make and give receipts, releases and other discharges for moneys payable to the Bank, to make contracts and to execute deeds, provided however the provisions of section 46, 47 and 48 of the Companies Act, 1956 or any statutory modifications thereof shall be complied with.	To make, sign, draw, accept, endorse otherwise execute all cheques, promissory notes, drafts, hundies, orders, bills of exchange, bills of lading and other Negotiable Instrument to make and give receipts, releases and other discharges for moneys payable to the Bank, to make contracts and to execute deeds, provided however the provisions of Sections 21 & 22 of the Companies Act, 2013 or any statutory modifications thereof shall be complied with.
37(h)	To appoint officers, clerks and servants for permanent, temporary or special service as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require security in such instances and to such amount as the Board may thinks fit, and to remove or suspend any such officers, clerks and servants. PROVIDED however that in making such appointments the provisions of Section 314 of the Companies Act, 1956 and Section 10 of the Banking Regulation Act, 1949 or any statutory modifications thereof shall be complied with.	To appoint officers, clerks and servants for permanent, temporary or special service as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require security in such instances and to such amount as the Board may thinks fit, and to remove or suspend any such officers, clerks and servants.
37(q)	To exercise the powers conferred by Section 50 of the Companies Act, 1956 or any statutory modifications thereof with regard to having an official seal for use aboard.	To delete.
37(r)	To exercise the powers conferred on the Bank by Section 157 and 158 of the Companies Act, 1956 or any statutory modification thereof with regard to the keeping of foreign registers.	To exercise the powers conferred on the Bank by Section 88 (4) of the Companies Act, 2013 with regard to the keeping of foreign registers.
38(v)	All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Section 153,153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial owner.	All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Section 89 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial owner.
38(x)	Nothing contained in Section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.	To delete.
38(xiii)	Nothing contained in Articles 6A, 6B, 7 and 9 shall apply to shares held in dematerialised form.	Nothing contained in Articles 7 & 9 shall apply to shares held in dematerialised form.
38(A)	Register and Index of Members The Bank shall cause to be kept a Register and Index of Members in accordance with applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms either with the Bank or with Depository(ies) in any media as may be permitted by law.	Register and Index of Members The Bank shall cause to be kept Register of Members including Index of the names included therein in accordance with the Companies Act, 2013 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms either with the Bank or with Depository(ies) in any media as may be permitted by law.

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

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

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

By Order of the Board
For The Karur Vysya Bank Limited

Place: Karur

Date : 15.06.2014

R. Kannan
Company Secretary

NOTES

1. DATES OF BOOK CLOSURE

The Register of Members and Share Transfer Books of the Bank will remain closed from 07.07.2014 to 23.07.2014 (both days inclusive).

2. PROXIES

A member/beneficial owner entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself / herself and such a proxy need not be a member of the bank. A person shall not act as proxy for more than Fifty (50) members and holding in the aggregate not more than 10% of the total share capital of the Bank carrying voting rights. The proxies in order to be effective should be lodged with the registered office of the bank not less than 48 hours before the commencement of the meeting.

3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Bank a certified copy of the Board resolution authorizing their representative to attend on their behalf at the Meeting.

4. All relevant documents referred to in this Notice requiring the approval of the members at the meeting shall be available for inspection by the members at the registered office of the Bank on all working days between 10 a.m. to 12 noon upto 23rd July 2014. This notice and the Annual Report will also be available on the Bank's website www.kvb.co.in for download.

5. EXPLANATORY STATEMENT

The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business is annexed hereto.

6. JURISDICTION

In terms of Article 20(v) of the Articles of Association of the Bank, only Courts in Karur shall have exclusive jurisdiction to entertain any suits against the Bank to restrain the proceedings of any General Meeting or consideration of any Resolution or item of business in its Agenda.

7. DIVIDEND ENTITLEMENT

Dividend, when approved, will be paid to such of the members whose names appear in the Register of Members of the Bank as on 23.07.2014.

In respect of shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership as on 05.07.2014 as per details furnished by the Depositories for this purpose.

8. MULTIPLE FOLIOS

If any shareholder is holding more than one folio for the same set of names, the shareholder/s concerned may please write to the Registrars and Transfer Agents of the bank viz: M/s SKDC Consultants Ltd., Coimbatore so that their holdings can be consolidated into one folio. This would help the shareholder/s concerned to effectively monitor their holdings as also the Dividend receivable. The shareholders will also save on expenses for dematerialisation.

9. DEMATERIALISATION OF SHARES

The shares of the Bank have been traded compulsorily in Dematerialised form with effect from 25th June 2001 in the Stock Exchanges. The shareholders who have not so far dematerialized their shares are requested to do so in their own interest having regard to the safety and benefits attached thereto.

10. CHANGE OF ADDRESS

Shareholders are requested to notify changes in their addresses along with PINCODE to the Registrars and Transfer Agents of the bank whose address is given below:

M/s. S K D C Consultants Ltd.,
(Unit: KVB Ltd),
Kanapathy Towers, 1391/A-1, Third Floor,
Sathy Road, Ganapathy, Coimbatore 641 006.
Tel: (0422) 6549995, 2539835-36, Fax: 2539837
e-mail: info@skdc-consultants.com

If the shares are held in dematerialised form the beneficial owners have to intimate about any change in Bank account details, address for communication and nomination **only to the Depository Participant** concerned and not directly to the Bank or to its Registrars and Transfer Agents.

11. UNCLAIMED DIVIDENDS

All the shareholders and Beneficial Owners who have not so far encashed/claimed the dividends for the last 7 years i.e. from 2006-07 to 2012-2013, have to submit the dividend warrant/s if any available with them for revalidation to the Company Secretary, Karur Vysya Bank Limited, Erode Road, Karur 639 002.

In terms of the Section 205C of the Companies (Amendment) Act, 1999 the dividends which are unclaimed for a period of seven years have to be transferred to "Investor Education and Protection Fund" maintained with Central Government and the shareholders/Beneficial Owners cannot make any claim for the dividends once the unclaimed dividends are transferred to such Fund.

12. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Bank for payment of dividend. The Bank or its Registrar and Transfer Agents, M/s SKDC Consultants Ltd cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Bank / SKDC Consultants Ltd.

14. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Bank. The nomination form can be downloaded from the Bank's website www.kvb.co.in under the section "Shareholders corner".

15. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Bank electronically.

16. As the Bank, being a listed company and having more than 1000 shareholders, is compulsorily required to provide e-voting facility to its members in terms of Sec 108 of the Companies Act, 2013 read with the Rules made thereunder and Clause 35 B of the Listing Agreement, voting by show of hands will not be available to the members at the 95th Annual General Meeting in lieu of further provisions of Sec 107 read with Sec 114 of the said Act. Hence the items of Business given in this notice is proposed to be transacted through electronic voting/postal ballot system and the Bank is providing e-voting facility to the members who are the members as on 20.06.2014 (cut off date for the purpose of exercising voting rights.)

17. ***In support of the "Green Initiative" announced by the Government of India, electronic copy of the Annual Report and Notice inter alia indicating the process and manner of e-voting along with attendance slip and proxy form are being sent by e-mail to those shareholders whose e-mail addresses have been made available to the Bank / Depository Participants unless member has requested for a hard copy of the same.***

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

Item No.5

In terms of the provisions of Companies Act, 2013 and the Rules, if any, made there under, the Branch Offices of the Bank have to be audited either by Statutory Auditors or other qualified Auditors. Bank intends to entrust the Audit of Branch Offices either to the Statutory Auditors or to other qualified Auditors in consultation with Statutory Auditors on such remuneration and on such terms and conditions as the Board deems fit based on the recommendations of the Audit Committee of the Board.

None of the Directors and Key Managerial Personnel and their relatives are concerned or interested in this resolution.

Item No.6

Shri K P Kumar was appointed as the (Part-time) Non-Executive – Independent Chairman, for a period of three years from 24.09.2010 till 23.09.2013. The Bank has made an application to Reserve Bank of India for his re-appointment and Reserve Bank of India vide their letter DBOD/6227/08.41.001/2013-14 dated 01.10.2013 accorded their approval for the re-appointment of Shri K P Kumar as (Part-time) Non-Executive – Independent Chairman of the Bank for a period of two years with effect from 24.09.2013 till 23.09.2015 on the terms and conditions as mentioned in the resolution.

Save and except Shri K P Kumar, none of the other Directors nor Key Managerial Personnel or relatives thereof are, in any way, concerned or interested in this Resolution.

The profile of Shri K P Kumar as required under Clause 49 of the Listing Agreement has been furnished in Corporate Governance Report and the same be deemed to have been included herein and forms an integral part of this explanatory statement.

Item No.7

Shri K Venkataraman was appointed as the Managing Director and Chief Executive Officer of the Bank for a period of three years effective from 01.06.2011 on the terms and conditions mentioned in the notice of the 92nd Annual General Meeting. The terms and conditions of his appointment were approved by the RBI vide its approval DBOD No.16517/08.41.001/2010-11 dated 26.04.2011. The shareholders have also approved the terms and conditions of appointment at the said 92nd Annual General Meeting held on 27th July 2011.

Board in the meeting held on 29th March, 2014, approved the re-appointment of Shri K Venkataraman as MD & CEO for a period of three years from 01.06.2014 to 31.05.2017, subject to the approval of RBI. Board also, based on the recommendation of the Compensation & Remuneration Committee, approved revision in remuneration payable to MD & CEO as detailed

in the Resolution. RBI, vide its letter DBOD No.18973/08.41.001/2013-14 dated May 23, 2014 accorded its approval for the re-appointment of MD & CEO for a period of three years commencing from 01.06.2014 as recommended by the Board.

RBI's approval for the revision in fixed pay and other emoluments and perquisites payable to MD & CEO is awaited.

Your Directors recommend passing of resolution, in terms of Reserve Bank of India's approval for re-appointment of Shri K Venkataraman as MD & CEO of the Bank till 31.05.2017 and approving the remuneration for Shri K Venkataraman, MD & CEO of the Bank with effect from 01.06.2014.

Save and except Shri K Venkataraman, none of the Directors nor Key Managerial Personnel or relatives thereof are, in any way, concerned or interested in this resolution.

The profile of Shri K Venkataraman as required under Clause 49 of the Listing Agreement has been furnished in Corporate Governance Report and the same be deemed to have been included herein and forms an integral part of this explanatory statement.

Item No.8 to 10

Pursuant to Sections 149 and 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 every listed public company needs to have at least one-third of the total number of directors as Independent Directors. In terms of section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company but shall be eligible for appointment on passing a special resolution by the company for a further period of up to five years. Further pursuant to Sec 10 A (2A) of the Banking Regulation Act, 1949 and the Rules and Circulars and Guidelines issued by the Reserve Bank of India, no director (other than Managing or Whole Time Director) of a Banking Company can continuously hold office for a period exceeding eight years from the date of appointment. Accordingly it is proposed to appoint the following Directors as Independent Directors of the Bank to hold office upto the periods mentioned against their names.

Shri K K Balu as an Independent Director of the Bank upto a period of two years. Shri K K Balu was first appointed as an Additional Director on 27.01.2012. Thereafter the shareholders have confirmed the appointment of Shri K K Balu as Director on 30.07.2012.

Shri N S Srinath as an Independent Director of the Bank upto a period of three years. Shri N S Srinath was first appointed as an Additional Director on 29.06.2012. Thereafter the shareholders

have confirmed the appointment of Shri N S Srinath as Director on 30.07.2012.

Shri B Swaminathan as an Independent Director of the Bank upto a period of three years. Shri B Swaminathan was first appointed as an Additional Director on 31.01.2013. Thereafter the shareholders have confirmed the appointment of Shri B Swaminathan as Director on 19.07.2013.

The Board of Directors recommend the appointments of the Directors mentioned above as Independent Directors of the Bank. In the opinion of the Board of Directors each of the Independent Directors mentioned above fulfill the conditions specified in the Companies Act, 2013 and the Rules made there under and is independent of the Management. The said Independent Directors are not liable to retire by rotation.

None of the Directors and Key Managerial Personnel of the Bank other than the Directors who are to be appointed under the respective resolutions and their relatives are concerned or interested in the passing of the respective resolutions.

The profile of above mentioned three Directors as required under Clause 49 of the Listing Agreement has been furnished in Corporate Governance Report and the same be deemed to have been included herein and forms an integral part of this explanatory statement.

Item No.11

Dr V G Mohan Prasad (DIN 00002802) was co-opted as an Additional Director of the Bank in the Board Meeting held on 15.06.2014 under the provisions of Section 161 of the Companies Act, 2013 and Article 27 of the Articles of Association of the Bank. He holds the office upto the date of this Annual General Meeting. Bank has received a notice from him signifying his candidature for the office of the director of the Bank, along with deposit as prescribed under the provisions of Sec. 160 of the Companies Act, 2013.

Dr V G Mohan Prasad is engaged in Agriculture and also a Medical Practitioner. He is an MD., D.M., F.C.C.P., M.I.A.S.L. He represents majority sector Agriculture. He was on the Board of the Bank from 28.07.2003 till 27.07.2011. He holds 32,203 shares in the Bank.

In terms of Section 149 read with Schedule IV of the Companies Act 2013, the Board of Directors have reviewed the declaration made by Dr V G Mohan Prasad that he meets the criteria of Independence as provided in Section 149 (6) of the Companies Act, 2013 and the Board is of opinion that he fulfills the conditions

specified in the Companies Act, 2013 and the rules made there under and is independent of the management.

In terms of section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company but shall be eligible for re-appointment on passing a special resolution by the company for a further period of up to five years. Further, in terms of section 10A(2A) of the Banking Regulation of Act, 1949, no director of a banking company, other than its Chairman or whole-time Director, by whatever name called, shall hold office continuously for a period exceeding 8 years. In view of the above provisions, the proposal for the appointment of Dr V G Mohan Prasad as an Independent Director, not liable to retire by rotation, up to a period of three years has been put up for the approval of shareholders.

Further, Dr V G Mohan Prasad's appointment is in compliance with the provisions of Section 10A of the Banking Regulation Act, 1949, in particular, on account of Dr V G Mohan Prasad the requisite experience/expertise required under Section 10A (2) of the Banking Regulation Act, 1949.

Save and except Dr V G Mohan Prasad, none of the Directors nor Key Managerial Personnel or relatives thereof are, in any way, concerned or interested in this Resolution.

Item No. 12

The Companies Act, 1956, was replaced with the new Companies Act, 2013. The Government has also notified rules relating to the said Companies Act, 2013. The Bank reviewed the existing Articles of Association in this regard with the objective to align the provisions under the new Act.

Also the resolution seeks to align with the provisions of the amendment made by the Government during 2012 under the Banking Regulation Act, 1949, in regard to voting rights.

The Board of Directors has approved the proposed amendments to the Articles of Association of the Bank as detailed in the resolution and recommends for approval of the members by way of a Special Resolution at Item No. 12 of the accompanying notice.

None of the Directors and Key Managerial Persons and their relatives are concerned or interested in this Resolution.

Place : Karur
Date : 15.06.2014.

By Order of the Board
For The Karur Vysya Bank Limited

R. Kannan
Company Secretary

