



# The Karnataka Bank Limited

Regd. & Head Office: Mahaveera Circle, Kankanady, Mangaluru - 575002  
CIN:L85110KA1924PLC001128, email: investor.grievance@ktkbank.com  
[Website: www.karnatakabank.com, Tel. no. 0824-2228222, Fax No. 0824-2225588]

## **NOTICE TO THE MEMBERS**

Notice is hereby given that the Ninety First Annual General Meeting of THE KARNATAKA BANK LIMITED will be held as scheduled below:

Date : July 16, 2015  
Day : Thursday  
Time : 11.30AM  
Place : Registered & Head Office:  
The Karnataka Bank Ltd.,  
Mahaveera Circle, Kankanady,  
Mangaluru - 575 002

to transact the following businesses:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited financial statements for the financial year ended March 31, 2015 (Balance Sheet as at March 31, 2015 and Profit & Loss Account etc. for the year ended on that date) together with the reports of the Auditors and the Directors thereon.
2. To declare dividend.
3. To appoint M/s. Kamath & Rau (Firm Reg. No.001689S), Chartered Accountants, Karangalpady, Mangaluru-575003 and M/s. Abarna & Ananthan (Firm Reg. No.000003S), Chartered Accountants, # 521, 3rd Main, 6th Block, 2nd Phase, BSK 3rd Stage, Bengaluru-560085 jointly as Statutory Central Auditors of the Bank to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the of the next AGM and also authorise the Board of Directors to appoint from time to time and in consultation with the Bank's Statutory Central Auditors, one or more persons qualified for appointment as auditor/s to audit the accounts for the year ending 31st March, 2016 of such of the branches / offices of the Bank as are not proposed to be audited by the Bank's Statutory Central Auditors pursuant to Section 139 and 143(8) of the Companies Act, 2013 and subject to the approval of Reserve Bank of India as per Section 30(1A) of the Banking Regulation Act, 1949 on such remuneration and subject to such terms and conditions as may be fixed by the Board of Directors.

### **SPECIAL BUSINESS**

4. To consider the passing of the following resolution, as an ORDINARY RESOLUTION, with or without modifications.

“RESOLVED THAT in accordance with applicable provisions of the Companies Act, 2013 and the Rules made thereunder and the Articles of Association of the Bank, Mr. B A Prabhakar, who was appointed as an Additional Director of the Bank by the Board of Directors on September 6, 2014, pursuant to Article 38(d) of the Articles of Association of the Bank and Section 161(1) of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting and in respect of whom a written Notice pursuant to Section 160 of the Companies Act, 2013, has been received from a member signifying his intention to propose Mr. B A Prabhakar as a candidate for the office of Director of the Bank pursuant to the provisions of Sections 149,152 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 and the Circulars and Guidelines issued by the Reserve Bank of India, Mr. B A Prabhakar be and is hereby appointed as an Independent Director of the Bank who shall hold office upto September 5, 2019 and that he shall not be liable to retire by rotation”.

5. To consider the passing of the following resolution, as an ORDINARY RESOLUTION, with or without modifications.

“RESOLVED that subject to the approval of Reserve Bank of India, appointment of Mr. P Jayarama Bhat as the Managing Director and CEO of the Bank for a further period of three years w.e.f. July 14, 2015 be and is hereby approved.

RESOLVED FURTHER that subject to the approval of the Reserve Bank of India, approval of members of the Bank be and is hereby accorded for the payment of remuneration and other benefits/perquisites to Mr. P Jayarama Bhat upon his re-appointment for a further period of 3 years w.e.f. July 14, 2015 as set out in the explanatory statement to this notice or with such modification/s in the remuneration etc as may be advised by the Reserve Bank of India while conveying their approval and acceptable to the Board”.

6. To consider the passing of the following resolution, as an ORDINARY RESOLUTION, with or without modifications.

RESOLVED THAT pursuant to Section 61(1)(a) of the Companies Act, 2013 read with Companies (Share Capital and Debenture) Rules, 2014 and Article 15(1)(a) of the Articles of Association of the Bank, the Authorized Share Capital of the Bank be and is hereby increased from the existing ₹300,00,00,000/- divided into 30,00,00,000 Equity shares of ₹10/- each to ₹500,00,00,000/- divided into 50,00,00,000 Equity Shares of ₹10/- each and in that connection, the Clause 5 of the Memorandum of Association of the Bank be and is hereby amended to read as under:

*“The Authorised Share Capital of the Bank is ₹500,00,00,000/- divided into 50,00,00,000 Equity shares of ₹ 10/- each”.*

7. To consider the passing of the following resolution as a SPECIAL RESOLUTION with or without modifications.

RESOLVED THAT pursuant to Section 14 and other applicable provisions, if any, of the Companies Act 2013 read with Companies (Share Capital and Debenture) Rules, 2014, the Article 3(a) of the Articles of Association of the Bank be and is hereby amended to read as under:

*“The Authorized Share Capital of the Bank is ₹500,00,00,000/- divided into 50,00,00,000 Equity shares of ₹10/- each”.*

8. To consider and, if thought fit to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT pursuant to Section 14 of the Companies Act, 2013 read with all other applicable provisions and Rules made thereunder and subject to such approvals as may be necessary, the Articles of Association of the Bank be and are hereby amended as follows:

1. Substitute the following in place of existing Article 1(a):

**1(a)** *“The “Act” means the Companies Act, 1956 or the Companies Act, 2013 and / or the Depositories Act, 1996. Wherever reference to the Companies Act, 1956 has been made in these Articles which is not repugnant to the corresponding provisions of the Companies Act, 2013 and the rules framed thereunder the same would continue to operate and in case of inconsistency or variation of any of the Articles with the Companies Act, 2013/ Rules thereunder, the provisions of the Companies Act, 2013/Rules for the time being in force, shall prevail and the said Article(s) shall be deemed to have been amended to that extent.”*

2. Insert the following Article as Article 3(bb) after the existing Article 3(b):

**3(bb)** *“The Board of Directors of the Bank, may at its discretion and subject to Section 62(1)(a) of the Companies Act, 2013 and other applicable Regulation/Rules, issue further shares on rights basis to the persons who at the date of offer, are holders of equity shares of the Bank and also deal with the fractional entitlements, if any.”*

3. Delete the following Article from the Articles of Association:

Article 3(c): The Bank shall have powers to issue shares at a discount, but in doing so, it shall comply with the provisions of Section 79 of the Act and Section 13 of the Banking Regulation Act, 1949.

4. Substitute the following in the place of Article 25(c):

**25(c)** *“The appointment of proxy shall be in the Form No. MGT.11 of the Companies (Management and Administration) Rules, 2014 or such other form as may be prescribed thereunder.”*

5. Substitute the following in the place of Article 31(a):

**31(a)** *“No business shall be transacted at any general meeting unless a quorum of members as prescribed under the Act/Rules framed thereunder is present at the time when the meeting proceeds to business.”*

6. Substitute the following in the place of second sentence appearing in Article 33(a):

**33(a)** *“Notwithstanding the aforesaid provisions, no person holding shares shall in respect of any shares held by him, exercise voting rights on poll in excess of ten per cent of the voting rights of all the shareholders of the Bank or such percentage as may be prescribed by Reserve Bank of India.”*

7. Insert the following at the end of existing Article 38(a):

**38(a)** *“Bank shall have at least one third of the total number of directors or such other number as may be prescribed under the Act/Rules as Independent Directors and shall have at least one or such higher number as may prescribed as Woman Director.”*

8. Substitute the following in the place of existing Article 68(f):

**68(f)** *“The Board of Directors of the Bank may, subject to the provisions of Section 63 of the Companies Act, 2013, recommend the issue of Bonus shares in accordance with regulation 39 and 40 of Table F of Schedule I of the Companies Act, 2013.”*

9. To consider and, if thought fit to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof, for the time being in force), Banking Regulation Act, 1949, Foreign Exchange Management Act, 1999, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the Regulations), Listing Agreement and in accordance with the provisions of the Memorandum and Articles of Association of the Company (also called “the Bank”) and such other approvals/permissions as may be necessary, the Board of Directors of the Bank (hereinafter referred to as “the Board”) or a Committee of Directors (hereinafter referred to as “the Committee”) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution, be and is hereby authorized to offer, issue and allot, by way of Qualified Institutions Placement (QIP) to Qualified Institutional Buyers (QIBs) in terms of Chapter VIII of the Regulations, whether or not such investors are existing Members of the Bank, through one or more tranches, such number of Equity Shares of face value of ₹10 (Ten) each as may be decided by the Board at the appropriate time at such price or prices including premium on each share, as the Board or the Committee of the Board may determine in accordance with the Guidelines and where necessary in consultation with the Lead Managers and such that aggregate amount to be raised from the issue and allotment of such Equity Shares shall not exceed ₹500 (Rupees five hundred) crore.

RESOLVED FURTHER that the QIP issue shall be completed within 12 months from the date of passing of this resolution or any other applicable provision.

RESOLVED FURTHER that the allotment to each Qualified Institutional Buyer (QIB) in the proposed QIP issue will not exceed 5% (Five percent) of the paid up capital of the Bank after such issue.

RESOLVED FURTHER that the relevant date for determining the floor price of the equity shares to be issued by way of this QIP shall be the date of the meeting in which the Board of Directors of the Bank or the Committee thereof duly authorized by the Board decide to open the proposed issue.

RESOLVED FURTHER that the Equity shares so issued shall rank pari-passu with the existing Equity shares of the Bank in all respects including dividend.

RESOLVED FURTHER that for the purpose of giving effect to any offer, issue or allotment of Equity shares, the Board or a Committee be and is hereby authorized on behalf of the Bank to do all such acts, deeds, matters and things as it may, in its absolute discretion, deems necessary or desirable for such purpose, including without limitation, signing of any agreement, the determination of the terms thereof, for entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement document(s), and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Bank to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit”.

Registered Office:  
Mahaveera Circle  
Kankanady  
Mangaluru - 575002  
Date: May 22, 2015

By order of the Board of Directors

Y V Balachandra  
Company Secretary

**Note:**

1. **SUBJECT TO THE PROVISIONS OF SECTION 105 OF THE COMPANIES ACT, 2013 AND COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014 A MEMBER OF THE BANK ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE BANK. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 AND HOLDING IN THE AGGREGATE NOT MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE BANK. THE INSTRUMENT APPOINTING PROXY IN ORDER TO BE VALID AND EFFECTIVE SHOULD BE LODGED/DEPOSITED WITH THE BANK AT ITS REGISTERED OFFICE AT LEAST FORTY EIGHT (48) HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Bank will remain closed from **July 10, 2015 to July 16, 2015** (both days inclusive).
3. Members are requested to be in their seats at the meeting hall before the scheduled time for commencement of the Meeting.
4. Members/proxies should fill up the attendance slips for attending the meeting and bring the same to the meeting.
5. Members are requested to immediately notify change of their address, if any, to the Registrar & Share Transfer Agent of the Bank-M/s. Integrated Enterprises (India) Ltd, 30, Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bengaluru-560003 (Tel no. 080-23460815) in respect of shares held in physical form. In case the shares are held in electronic form (demat), changes, if any, in their addresses shall be communicated to the Depository Participants (DPs) where the beneficiary account is maintained.
6. Dividend on equity shares as recommended by the Board of Directors for the year ended March 31, 2015, upon declaration at this meeting will be payable to those eligible members whose names stand on the Register of Members /Register of Beneficial holders of shares as the case may be for shares held in physical and electronic (demat) form respectively on **July 9, 2015**.
7. Members who have not encashed their dividend warrants of the previous years are hereby requested to encash the same at the earliest. The dividend remaining unclaimed for a period of seven years from the date of declaration shall be transferred to the Investor Education and Protection Fund (IEPF) as per the provisions of Section 205C of the Companies Act, 1956 or corresponding provisions under Section 125 of the Companies Act, 2013. Further the details of the unclaimed dividend of the shareholders are also uploaded on the website of IEPF as well as the website of the Bank and the shareholders can verify the details from the above websites.
8. Members desiring any information about the annual accounts at the meeting are requested to write to the Bank so as to reach the Bank at least five (5) days in advance of the Annual General Meeting.

9. Brief profile and other details as per Clause 49 of the Listing Agreement entered into with Stock Exchanges in respect of director proposed to be appointed is annexed to this Notice.
10. In support of the 'Green Initiative' of the Ministry of Corporate Affairs, the Bank has emailed the financial statements and other documents relating to this meeting to all those members whose e-mail Ids are available with the Bank's Registrar and Share Transfer Agent. Further, we request members to encourage the 'Green Initiative' by registering / updating their e-mail Ids with their respective Depository Participant(s) or with M/s. Integrated Enterprises (India) Ltd for shares held in electronic form (Demat) or in physical form respectively.
11. The relevant statement pursuant to Section 102 of the Companies Act, 2013, in respect of the special business set out above is annexed.
12. Article 74A of the Articles of Association of the Bank states that any suit by a member or members relating to any Annual General Meeting or Extraordinary General Meeting of the Bank or any meeting of its Board of Directors or a Committee of Directors or to any item of business on the agenda of any such meeting shall be subject to the exclusive jurisdiction of courts in Mangaluru city.
13. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
14. In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
15. Pursuant to Section 107 and 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement, the Bank is pleased to provide members the facility to exercise votes at the 91st Annual General Meeting (AGM) by electronic means and the business may be transacted through remote e-voting. Members holding shares on the cut-off date only are eligible to vote by electronic means or in the General Meeting. The schedule of e-voting is as under:
  - (a) Date and time of commencement of remote voting through electronic means: **July 12, 2015 at 9.00 a.m.**
  - (b) Date and time of end of voting through electronic means (remote e-voting) beyond which voting will not be allowed: **July 15, 2015 at 5.00 p.m.**
  - (c) Details of website: [www.evotingindia.com](http://www.evotingindia.com)
  - (d) Details of persons to be contacted for issues relating to remote e-voting: Mr. Vijayagopal / Mr. Giridhar, M/s.Integrated Enterprises (India) Ltd. Phone No. 080-23460815-18 Fax No. 080-23460819, email: [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or [investor.grievance@ktkbank.com](mailto:investor.grievance@ktkbank.com) or [irg@integratedindia.in](mailto:irg@integratedindia.in)
  - (e) Instructions for remote e-voting are given on page Nos. 14 to 16 of this notice.The remote e-voting module shall be disabled for voting on **July 15, 2015, after 5.00 p.m.** Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently. The voting right of members shall be in proportion to their shares in the paid up capital of the Bank, as on the cut-off date i.e. **July 9, 2015**, subject to restrictions contained in the Banking Regulation Act, 1949.

The Board of Directors has appointed Mr. M V Shanker Bhat, Advocate, Mangaluru, as a Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.

The results on the above resolutions shall be declared not later 48 hours from the conclusion of the Annual General Meeting of the Bank. The results declared along with the Scrutinizer's Report will be made available on the Bank's website and on the service provider's website i.e. [www.cdslindia.com](http://www.cdslindia.com) and the same shall be simultaneously communicated to the stock exchanges within 48 hours from the conclusion of the Annual General Meeting.

16. Members who have not voted through remote e-voting will be permitted to exercise their vote through physical ballot or e-voting at the meeting. It may be noted that the shareholder whose name appear in the register of members of the Bank as on the cut-off date i.e. July 9, 2015 only are allowed to vote at the Annual General Meeting.
17. Members who have exercised their right to vote by remote e-voting may attend Annual General Meeting but shall not vote at the Annual General Meeting. If a member has opted for e-voting, then he/she should not vote through the physical ballot form also. However, in case members have cast their votes via physical ballot and e-voting, then e-voting shall prevail and the vote done through the physical ballot shall be treated as invalid.
18. Resolutions assented to by the requisite majority of the members by means of e-voting shall be deemed to have been duly passed at the Annual General Meeting.

Registered Office:  
Mahaveera Circle  
Kankanady  
Mangaluru - 575002  
Date: May 22, 2015

By order of the Board of Directors

Y V Balachandra  
Company Secretary



## **Annexure to Notice**

### **Note on appointment of Statutory Central Auditors**

In terms of Section 139(1) of the Companies Act, 2013, (the 'Act') every company shall, at the first Annual General Meeting, appoint an individual or a firm as an Auditor who shall hold office from the conclusion of that meeting till the conclusion of its sixth Annual General Meeting (AGM) and thereafter till the conclusion of every sixth meeting. However, in terms of the RBI Circular issued on the Appointment of Statutory Central Auditors for Indian private sector banks, an audit firm can continue as the Statutory Central Auditor for a period of four years and thereafter the said firm should be compulsorily rested for two years. The Board of Directors has proposed the appointment of M/s. Kamath & Rau (Firm Reg No.001689S), Chartered Accountants, Mangaluru, and M/s. Abarna & Ananthan (Firm Reg No.000003S), Chartered Accountants, Bengaluru, being the retiring Statutory Auditors for the third and second year term respectively. Application seeking the approval from Reserve Bank of India has been submitted pursuant to Section 30(1A) of the Banking Regulation Act, 1949, for the above appointment. Further, pursuant to Section 143(8) of the Companies Act, 2013, Bank shall also appoint branch auditors for audit of such of the branches or offices as are not proposed to be audited by the Statutory Central Auditors.

Accordingly your Bank propose to appoint above two audit firms as Statutory Central Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and also authorise the Board to appoint Branch auditors, subject to the approval of the Reserve Bank of India as set out in item No. 3 of the Notice.

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (the "Act").**

In conformity with Section 102(1) of the Act, the following explanatory statement sets out the material facts relating to item Nos. 4 to 9 appearing in this Notice dated May 22, 2015.

#### **Item No. 4**

The Board of Directors of the Bank at the meeting held on September 6, 2014 appointed Mr. B A Prabhakar (DIN: 02101808) as an Additional Director of the Bank under Section 161(1) of the Companies Act, 2013. He holds office upto the date of this Annual General Meeting. A notice has been received from a member of the Bank under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. B A Prabhakar for the office of Director. A copy of the notice is available on our website viz. [www.karnatakabank.com](http://www.karnatakabank.com). The Bank has received from Mr. B A Prabhakar (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 (ii) intimation in Form DIR-8 in terms of above Rules to the effect that he is not disqualified under sub-section 2 of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013. Further pursuant to Section 149 read with Schedule IV of the Companies Act, 2013, the Board of Directors having taken into consideration the declaration received from Mr. B A Prabhakar, is of the view that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013. The Board is of the opinion that he fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he 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 upto five consecutive years on the Board of a company but shall be eligible for reappointment on passing of a special resolution by the company for a further period upto five years. Further in terms of Section 10A(2A) of the Banking Regulation 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 eight years. In terms of extant guidelines, the upper age limit for a director in a bank is fixed at 70 years. In view of the above provisions, the proposal for appointment of Mr. B A Prabhakar as an Independent Director not liable to retire by rotation for a consecutive period of five years upto September 05, 2019 has been put up for the approval of the shareholders. His appointment is also in compliance with the provisions of Section 10A(2) of the Banking Regulation Act, 1949 by virtue of having required experience/expertise in the field mentioned therein.

The brief profile of Mr. B A Prabhakar is as under:

Mr. B A Prabhakar, aged 61 years, is a commerce graduate from the University of Mysore and a Chartered Accountant. He retired as Chairman and Managing Director of Andhra Bank in August 2013 after serving various banks for about 37 years. Prior to that he had served as the Executive Director of Bank of India for a period of 3 years from October 2008 to December 2011. Before that, he had served Bank of Baroda from October 1977 to October 2008 having worked in all areas of banking. He also worked abroad for about eight years in Zambia and U.K. He was the Chief Executive of Bank of Baroda, UK operations.

Mr. B A Prabhakar had served on various Boards representing the Banks he had worked. He was the Chairman of Bank of India (Tanzania) and Bank of India (Indonesia). He was also on the Board of Star Union Daichi Insurance Ltd, India International Bank (Malaysia).

At present he is also on the Board of M/s. ASREC (INDIA) Ltd, M/s. JBF Industries Ltd, M/s. L&T Housing Finance Ltd, M/s. Family Credit Ltd, M/s. Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd and M/s. L&T Vrindavan Properties Ltd. He is the Chairman of the Audit Committee of M/s. Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd., and member of Audit Committee and Nomination & Remuneration Committee of M/s. ASREC (INDIA) Ltd., Member of Audit Committee of M/s. L&T Housing Finance Ltd, Member of Audit Committee and Nomination & Remuneration Committee of M/s. Family Credit Ltd.

Mr. B A Prabhakar holds 150 shares of the Bank. He is not related to any of the Directors of the Bank.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the stock exchanges.

The knowledge and expertise of Mr. B A Prabhakar in the field of banking is well known and widely appreciated and his appointment as an Independent Director on the Board of the Bank is expected to provide substantial value addition to the Bank in achieving its future objectives.

Accordingly, your Board recommends the resolution for the approval of the members appointing Mr. B A Prabhakar as an Independent Director of the Bank, not liable to retire by rotation for a period mentioned above.

Except Mr. B A Prabhakar, no other Director or Key Managerial Personnel of the Bank or their respective relatives are in any way concerned or interested, financial or otherwise, in this resolution.

**Item No. 5**

The appointment including remuneration of Mr. P Jayarama Bhat, Managing Director and CEO of the Bank was approved by the members of the Bank at the Annual General Meeting held on August 30, 2012 for a period of three (3) years w.e.f July 14, 2012. Pursuant to the recommendations of the Nomination and Remuneration Committee, the Board at its meeting held on March 27, 2015, after considering the progress made by the Bank during the tenure of Mr. P Jayarama Bhat as the Managing Director and CEO of the Bank, has resolved to re-appoint him for a further period of three (3) years w.e.f July 14, 2015, subject to the approval of the Reserve Bank of India, and also proposed the revision in the salary and other benefits/perquisites payable to him. Necessary application for the above re-appointment and revision in the remuneration has been submitted to the Reserve Bank of India seeking their approval.

The details of the remuneration and other benefits/perquisites proposed by the Board to be paid to Mr. P Jayarama Bhat is set out below:

<b>Remuneration etc</b>	<b>Particulars</b>
1. Salary	i) Fixed Pay: ₹4,00,000 per month (₹48.00 lakh p.a.) ii) Variable Pay: Such amount of variable pay for each financial year as may be decided by Board/Nomination & Remuneration Committee as per the Compensation Policy of the Bank subject to approval of the Reserve Bank of India.
2. Dearness Allowance	20% of Basic salary.
3. House Rent Allowance	Free furnished residential accommodation. Proper upkeep and security arrangement to the residential accommodation to be provided by the Bank. Till the Bank arranges to provide an independent house to the Managing Director, allowance @ 15% of Basic Pay be given.
4. Conveyance Allowance	Nil
5. Entertainment Allowance	₹50,000/- pa. Membership fees of two clubs, if any, will be adjustable within this ceiling.
6. Other Allowances, if any	Nil
<b>Perquisites</b>	
1. Free Furnished House	House Rent Allowance as in serial No 3 supra is to be paid.
2. Free use of Bank's Car	

<p>i. For Official purpose</p> <p>ii. For Private purpose on compensating the Bank with suitable amount</p>	<p>Free use of Bank's Car for official purpose (journeys from residence to office and vice versa to be treated as duty runs).</p> <p>For personal use ₹250/- per month to be recovered.</p>
<p>3. Provident Fund, Gratuity &amp; Pension</p>	<p>Provident Fund: 12% of the Basic Pay.</p> <p>Gratuity: As applicable to the officer staff of the Bank, without the restriction of minimum service required. The Bank should seek approval of the Reserve Bank of India as and when the gratuity is proposed to be paid.</p> <p>Pension: NA</p>
<p>4. Travelling and Halting Allowance</p>	<p>As may be decided by the Board from time to time.</p>
<p>5. Medical Benefits</p>	<p>Reimbursement upto ₹25,000/- p.a. for self and family on declaration basis.</p> <p>Re-imburement of actual expenses incurred including hospitalization in full for self and spouse and to the extent of 50% for his dependent children or in lieu thereof suitable medical insurance policy with a cover of upto ₹10 lakh may be taken by the Bank.</p>
<p>6. Other benefits</p> <p>1. Insurance Cover</p> <p>2. Telephone</p> <p>3. Bonus &amp; sitting fees</p> <p>4. Employee Stock Options</p>	<p>1. Personal accident insurance cover upto ₹20,00,000/-</p> <p>2. All communication facilities like telephone / FAX, internet, email, Cell Phone etc.</p> <p>3. Bonus and sitting fees: NIL</p> <p>4. ESOP- such number of employee stock options as may be granted by the N&amp;RC and approved by the Board subject to approval of Reserve Bank of India.</p>
<p><b>Leave</b></p>	
<p>1. Casual Leave</p>	<p>As applicable to the Officers of the Bank.</p>
<p>2. Ordinary Leave</p>	<p>As applicable to the Officers of the Bank.</p> <p>Encashable at the time of demission of office upto the limit as applicable to the Officers of the Bank</p>
<p>3. Sick Leave</p>	<p>As applicable to the Officers of the Bank.</p>
<p>4. Leave Fare Concession</p>	<p>Highest class by whichever mode of travel within the country once a year for self and family including dependent children.</p>

The resolution set out under item No. 5 seeks members' approval for re-appointment and the payment of salary, allowances and other perquisites/benefits to Mr. P Jayarama Bhat upon his re-appointment as the Managing Director and CEO of the Bank.

Except Mr. P Jayarama Bhat, no other Director of the Bank or Key Managerial Personnel or their respective relatives is concerned or interested, financial or otherwise in the above resolution. The Board recommends the resolution for approval.

**Item No. 6 & 7**

In order to support and sustain the business growth and to meet regulatory requirements of capital as envisaged in the Basel III accord, augmenting the capital fund of the Bank is very much essential on an on going basis. The Capital to Risk Weighted Assets Ratio under Basel III as on March 31, 2015 stood at 12.41 percent. In order to augment capital fund, Bank may enter the capital market by issue of equity shares.

The present Authorized and Paid-up Capital of the Bank is ₹300 crore and ₹188.45 crore respectively. It is proposed to increase the Authorized Share Capital of the Bank from ₹300 crore to ₹500 crore to facilitate further issue of equity shares. Resolution set out in Item Nos. 6 and 7 are for the purpose of altering the Memorandum and Articles of Association dealing with Authorised Share Capital of the Bank.

None of the Director of the Bank or Key Managerial Personnel or their respective relatives are concerned or interested, financially or otherwise in the above resolution.

The Board of Directors recommend the resolution for approval by the members.

**Item No. 8**

With the enactment of Companies Act, 2013 replacing the Companies Act, 1956, some of the provisions in the Articles of Association of the Bank have become inconsistent and these include provisions relating to further issue of shares, issue of shares at discount, bonus issue, proxy form, Quorum at the General Meeting etc. and new concepts such as appointment of independent director, woman director etc. have also been introduced. Further, being a banking company, voting rights of members shall be in accordance with the provisions of the Banking Regulation Act, 1949. Taking into account the above, after screening the existing Articles of Association, it was felt necessary to carryout alterations and accordingly the Board of Directors has recommended the same for approval of the members.

None of the Director of the Bank or Key Managerial Personnel or their respective relatives are concerned or interested, financial or otherwise in the above resolution.

The Board of Directors recommend the resolution for approval by the members.

**Item No. 9**

With a view to maintain Capital to Risk Weighted Assets Ratio(CRAR) above the minimum prescribed by Reserve Bank of India and to strengthen the capital base to support the business growth of the Bank, the Bank may augment its capital funds by issue of equity shares. Therefore, it is proposed, inter-alia, to issue equity shares through the mechanism of Qualified Institutions Placement (QIP) in accordance with Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. It is proposed to issue and allot, in one or more tranches, such number of equity shares at such price as the Board of the Bank may determine from time to time, in such a way that the aggregate amount to be raised shall not exceed ₹500 crore.

These shares will be issued only to Qualified Institutional Buyers (QIBs) as per the SEBI Regulations and there will not be any issue to retail individual investors. The issue price, proportion, timing of the issue etc. will be decided by the Board in due course.

As per Chapter VIII of the Regulations, the issue of equity shares on QIP basis shall be made at a price which is not less than the average of the weekly high and low of the closing prices of the equity shares of the same class quoted on the stock exchange during the two weeks preceding the relevant date.

The relevant date for the above purpose will be the date of the meeting in which the Board of Directors of the issuer or the committee of directors duly authorised by the Board of Directors of the issuer decides to open the proposed issue.

The shares to be allotted through the above issue shall not be sold by QIB for a period of one year from the date of allotment except on recognized stock exchange.

Section 62(1)(c) of the Companies Act, 2013, inter-alia, provides that whenever it is proposed to increase the subscribed capital by a further issue and allotment of shares, such shares shall be offered to the existing shareholders of the company in the manner laid down in the said section, unless the shareholders decide otherwise in a general meeting.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 62(1)(c) and all other applicable provisions of the Companies Act, 2013, SEBI Regulations and in terms of the provisions of the Listing Agreement with Stock Exchanges for authorizing the Board to issue, offer and allot equity shares as stated in the resolution through QIP in such manner and upon such terms and conditions as the Board may in its absolute discretion deems fit.

None of the Directors and Key Managerial Personnel or their respective relatives is interested financially or otherwise in this item of business.

The Board of Directors recommend the resolution for approval by the members.

Documents relating to the special items to be transacted in this Annual General Meeting are available for inspection by any member during the normal business hours of the Bank.

Registered Office:  
Mahaveera Circle  
Kankanady  
Mangaluru - 575002  
Date: May 22, 2015

By order of the Board of Directors  
  
Y V Balachandra  
Company Secretary

**The instructions for shareholders voting electronically are as under:**

- (i) The remote e-voting period begins on July 12, 2015 at 9.00 a.m. and ends on July 15, 2015 at 5.00 p.m. During this period, shareholders of the Bank holding shares either in physical form or in dematerialized form, as on the **cut-off date i.e. July 9, 2015**, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the remote e-voting website [www.evotingindia.com](http://www.evotingindia.com).

- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user, follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Bank/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of the Karnataka Bank Ltd.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same, the option "YES/NO" for voting. Select the option YES or NO as desired. The

option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take print out of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) Any person, who acquires shares of the Bank and become a member after despatch of the notice and holding shares as on the cut -off date i.e., July 9, 2015 may obtain the login Id and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or [investor.grievance@ktkbank.com](mailto:investor.grievance@ktkbank.com), or [irg@integratedindia.in](mailto:irg@integratedindia.in).

However, if you are already registered with CDSL for remote e-voting, then you can use your existing user ID and password for casting your vote

In case of members receiving the physical copy:

Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.

In case you have any queries or issues regarding remote e-voting, you may refer the Frequently Asked Questions (“FAQs”) and remote e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).