

Secretarial Department

SD/ F 24/ /2017-18

08th May 2017

The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), <u>Mumbai – 400 051.</u>	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Floor 25, Dalal Street, <u>MUMBAI – 400 001</u>
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Dear Sir,

Sub: Approval of Members through Postal Ballot

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you the following:

We enclose herewith the Postal Ballot Notice and Postal Ballot Form sent to the members of the bank in terms of the provisions of Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014. Approval of the members is being sought for the following resolutions:

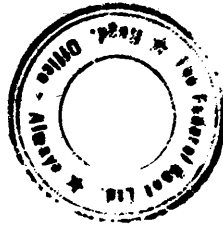
1. Special Resolution for the Raising of Capital of the Bank through Issuance of Securities.
2. Special Resolution for increasing the ceiling limit on total holdings of FII/FPIs through primary or secondary market route, up to an aggregate limit of 74% of the paid-up share capital of the Bank.

The Postal Ballot Form and Postal Ballot Notice is also uploaded on the website of the Bank www.federalbank.co.in.

Thanking You,
Yours Faithfully,

For The Federal Bank Ltd


Girish Kumar G
Company Secretary
Encl: as above



THE FEDERAL BANK LTD.

**REG. OFFICE: P.B NO: 103, FEDERAL TOWERS , ALUVA, KERALA - 683 101,INDIA.
Phone: 0484-2622263, Fax: 0484-2623119, E-mail : secretarial@federalbank.co.in,
website: www.federalbank.co.in, CIN: L65191KL1931PLC000368**

POSTAL BALLOT NOTICE

**(Notice pursuant to Section 110 of Companies Act, 2013 read with the Companies
(Management and Administration) Rules, 2014)**

Dear Member(s),

Notice is hereby given pursuant to the provisions of Section 110 of the Companies Act, 2013 (the "Act") read with applicable rules of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to other applicable laws and regulations, that the Resolutions appended below for raising of capital of the Bank by way of creation, offer, issue and allotment of securities through various forms and increase of ceiling limit of FII/FPI shareholding are proposed to be passed by the Members through Postal Ballot/Electronic voting (e-voting). The Board of Directors of the Bank has appointed Mr. P Sivakumar, Managing Partner of SVJS & Associates, Practicing Company Secretaries as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. Members desiring to exercise their vote by Postal Ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the same duly completed in the enclosed self-addressed Business Reply Envelope. Postage will be borne and paid by the Bank. Postal Ballot Form(s), if sent by courier or by registered post/speed post at the expense of the Member(s) will also be accepted. The Postal Ballot Form(s) may also be deposited personally at the address given thereon. The duly completed Postal Ballot Form(s) should reach the Scrutinizer not later than 5:00 p.m. on June 07, 2017 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member. Members desiring to opt for e-voting as per facilities arranged by the Bank are requested to read the instructions in the Notes under the section "Voting through electronic means". The Scrutinizer will submit his report to the Chairman or MD & CEO of the Bank after the completion of the scrutiny of the postal ballots (including e-voting). The result of postal ballot shall be declared on or before 5.00pm (IST), Friday June 09, 2017 at the Registered Office of the Bank. The result of the Postal Ballot along with the Scrutinizer's Report will also be displayed on the Bank's website www.federalbank.co.in and shall be communicated to the stock exchanges where the Bank's shares are listed. The result of the Postal Ballot will also be displayed at the Registered Office of the Bank.

Special Business

Item No. 1- Raising of Capital of the Bank through Issuance of Securities

To consider and, if thought fit, to pass the following Resolution, with or without modification(s) as a special resolution:

RESOLVED THAT pursuant to the provisions of Sections 23, 41, 42, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, the Companies (Share Capital and Debentures) Rules, 2014, as amended and other applicable rules made thereunder, including any statutory modifications or re-enactment thereof for the time being in force (the "Act"), the Banking Regulation Act, 1949, as amended, the Foreign Exchange Management Act, 1999, as amended, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended, and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended, the Depository Receipts Scheme, 2014, the current Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India and amended from time to time, the Master Directions – Issue and Pricing of Shares by Private Sector Banks, Directions, 2016, the Master Directions – Ownership in Private Sector Banks, Directions, 2016, the rules, regulations, guidelines, notifications and circulars, if any, prescribed by the Government of India, Reserve Bank of India (the "RBI"), the Registrar of Companies, Kerala, the stock exchanges where the equity shares of The Federal Bank Limited (the "Bank") are listed, the Securities and Exchange Board of India (the "SEBI") including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") or any other competent authority, whether in India or abroad, from time to time, to the extent applicable including enabling provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), and in accordance with the provisions of the Memorandum and Articles of Association of the Bank and subject to approvals, consents, permissions and sanctions as might be required from various regulatory authorities (including those noted above) and subject to such conditions as might be prescribed while granting such

approvals, consents, permissions and sanctions and which may be agreed to by, the Board of Directors of the Bank (hereinafter referred to as the "Board", which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the consent, authority and approval of the shareholders of the Bank, be and is hereby accorded to the Board to create, offer, issue and allot (including with the reservation on firm allotment and/or competitive basis of such part of the issue and for such categories of persons as may be permitted by law then applicable) from time to time in one or more tranches, with or without green shoe option, in the course of domestic and/ or international offering(s) in one or more foreign markets, by way of a rights issue to the existing members of the Bank (whether resident or non-resident), public issue, preferential issue, qualified institutions placement ("QIP"), private placement/ private placement in public equity or a combination thereof of equity shares of Rs. 2/- each (the "Equity Shares") or through an issuance of Global Depository Receipts ("GDRs"), American Depository Receipts ("ADRs"), Foreign Currency Convertible Bonds ("FCCBs"), fully convertible debentures/partly convertible debentures, and/or any other financial instruments or securities convertible into Equity Shares with or without detachable or non-detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form, whether rupee denominated or denominated in foreign currency (hereinafter collectively referred to as the "Securities") or any combination of Securities, to all eligible investors, including residents and/or non-residents and/or institutions/banks and/or incorporated bodies and/or individuals and/or trustees and/or stabilizing agent or otherwise, Qualified Institutional Buyers as defined under the ICDR Regulations ("QIBs"), foreign investors, Foreign Institutional Investors ("FIIs"), Foreign Portfolio Investors ("FPIs"), Foreign Corporate Bodies (FCBs)/Companies/Mutual Funds/Pension Funds/Venture Capital Funds/Banks, to all or any other category of investors who are authorized to invest in the Securities of the Bank as per extant regulations/guidelines or any combination of the above as may be deemed appropriate by the Board in its absolute discretion and whether or not such investors are members of the Bank (collectively the "Investors"), through one or more prospectus and/or letter of offer or circular or placement document, on such terms and conditions considering the prevailing market conditions and other relevant factors wherever necessary, for an amount not exceeding in the aggregate **₹ 2500 Crore (Rupees Two Thousand Five Hundred Crore only)** or its equivalent amount in such foreign currencies as may be necessary, inclusive of any premium and green shoe option attached thereto, at such price or prices, (whether at prevailing market price(s) or at permissible discount or premium to market price(s) in terms of applicable regulations) and on such terms and conditions at the Board's absolute discretion including the discretion to determine the categories of Investors, considering the prevailing market conditions and other relevant factors wherever necessary, to whom the offer, issue and allotment of Securities shall be made to the exclusion of others, in such manner, including allotment to stabilizing agent in terms of green shoe option, if any, exercised by the Bank, and where necessary in consultation with the book running lead managers and/or underwriters and/or stabilizing agent and/ or other advisors or otherwise on such terms and conditions, including issue of Securities as fully or partly paid, making of calls and manner of appropriation of application money or call money, in respect of different class(es) of investor(s) and/ or in respect of different Securities, deciding of other terms and condition like number of securities to be issued, face value, number of equity shares to be allotted on conversion/redemption/extinguishment of debt(s), rights attached to the warrants, period of conversion, fixing of record date or book closure terms if any, as the Board may in its absolute discretion decide, in each case subject to applicable law.

RESOLVED FURTHER THAT in case of issue and allotment of Securities by way of QIP in terms of Chapter VIII of the ICDR Regulations (hereinafter referred to as "Eligible Securities" within the meaning of the ICDR Regulations):

- i. the allotment of the Eligible Securities, or any combination of the Eligible Securities as may be decided by the Board, shall be completed within 12 months from the date of this resolution or such other time as may be allowed under the ICDR Regulations;
- ii. the Equity Shares issued shall rank pari passu in all respects including entitlement to dividend with the existing Equity Shares of the Bank in all respects as may be provided under the terms of issue and in accordance with the placement document(s);
- iii. in the event Equity Shares are issued, the relevant date for the purpose of pricing of the Equity Shares to be issued, shall be the date of the meeting in which the Board or Committee of Directors duly authorized by the Board decides to open the proposed issue of Equity Shares, subsequent to the receipt of members' approval in terms of provisions of Companies Act, 2013 and other applicable laws, rules, regulations and guidelines in relation to the proposed issue of the Equity Shares; in the event that Eligible Securities issued are eligible convertible securities, the relevant date for the purpose of pricing of the convertible securities to be issued, shall be the date of the meeting in which the Board or Committee of Directors duly authorized by the Board decides to open the proposed issue;

- iv. Any issue of Eligible Securities made by way of a QIP shall be at such price which is not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the ICDR Regulations (the "QIP Floor Price"). The Board may, however, at its absolute discretion, issue Equity Shares at a discount of not more than five percent or such other discount as may be permitted under applicable regulations to the QIP Floor Price;
- v. The Equity Shares shall not be eligible to be sold for a period of 1 year from the date of allotment, except on a recognized stock exchange or except as may be permitted from time to time by the ICDR Regulations;
- vi. The total amount raised in such manner through the QIP, together with other QIP(s) made in the same financial year, if any, should not exceed five times the net worth of the Bank as per the audited Balance Sheet of the previous financial year;

RESOLVED FURTHER THAT in the event the Securities are proposed to be issued, as ADRs or GDRs, the pricing of the Securities and the relevant date, if any, for the purpose of pricing of the Securities to be issued pursuant to such issue shall be determined in accordance with the provisions of applicable law including the provisions of the Depository Receipts Scheme, 2014 (the "2014 Scheme"), the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 and such other notifications, clarifications, circulars, guidelines, rules and regulations issued by relevant authorities (in each case including any statutory modifications, amendments or re-enactment thereof).

RESOLVED FURTHER THAT in the event the Securities are proposed to be issued as FCCBs, the pricing of the Securities and the relevant date, if any, shall be determined in accordance with the provisions of the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 issued by the Ministry of Finance and such other notifications, clarifications, circulars, guidelines, rules and regulations issued by relevant authorities (in each case including any statutory modifications, amendments or re-enactment thereof).

RESOLVED FURTHER THAT the issue to the holders of the Securities, which are convertible into or exchangeable with Equity Shares at a later date shall be, inter alia, subject to the following terms and conditions:

- (a) in the event the Bank is making a bonus issue by way of capitalization of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;
- (b) in the event of the Bank making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which they are offered to the existing members;
- (c) in the event of merger, amalgamation, takeover or any other re-organization or restructuring or any such corporate action, the number of Equity Shares, the price and the time period as aforesaid shall be suitably adjusted; and
- (d) in the event of consolidation and/or division of outstanding Equity Shares into smaller number of Equity Shares (including by way of stock split) or reclassification of the Securities into other securities and/or involvement in such other event or circumstances which in the opinion of concerned stock exchange requires such adjustments, necessary adjustments will be made.

RESOLVED FURTHER THAT, without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of dividend, issue of additional Equity Shares, variation of the conversion price of the Securities or period of conversion of Securities into Equity Shares during the duration of the Securities and the Board be and is hereby authorized, in its absolute discretion, in such manner as it may deem fit, to dispose-off such of the Securities that are not subscribed.

RESOLVED FURTHER THAT in pursuance of the aforesaid resolutions the Equity Shares that may be issued by the Company (including issuance of the Equity Shares pursuant to conversion of any Securities, as the case may be in accordance with the terms of the offering) shall rank pari passu with the existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT, for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board 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, deem necessary or desirable for such purpose, including without limitation, the determination of the nature of the issuance, terms and conditions for issuance of Securities including the number of Securities that may be offered in domestic and international markets and proportion thereof, issue price and discounts as permitted under applicable law, premium amount on issue/conversion of the Securities, if any, rate of interest, timing for issuance of such Securities and shall be entitled to vary, modify or alter any of the terms and conditions as it may deem expedient, entering into and executing arrangements for managing, underwriting, marketing, listing, trading and entering into and executing arrangements with Merchant Bankers, Lead managers, legal advisors, depository, custodian, registrar, stabilizing agent, paying and conversion agent, trustee, escrow agent and executing other agreements, including any amendments or supplements thereto, as necessary or appropriate and to finalize, approve and issue any document(s) or agreements, including but not limited to prospectus and/or letter of offer and/or circular or placement document, registration statement, and filing of such documents (in draft or final form) with any Indian or foreign regulatory authority or stock exchanges, including RBI and 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 the issue, offer or allotment of Securities and take all steps which are incidental and ancillary in this connection, including in relation to utilization of the issue proceeds, as it may in its absolute discretion deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution and all actions taken by the Board or any duly authorised committee constituted by the Board to exercise its powers, in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects.

RESOLVED FURTHER THAT, without prejudice to the generality of the above, for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board be and is hereby authorized on behalf of the Bank to seek listing of any or all of such Securities on one or more Stock Exchanges in India or outside India and the listing of Equity Shares underlying the ADRs and/or GDRs on the Stock Exchanges in India.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any its powers herein conferred by this resolution to any Committee of Director or, subject to applicable law, any Director(s) or any one or more executives of the Bank to give effect to the above resolutions.

Item No.2 - Increasing the ceiling limit on total holdings of FII/FPIs through primary or secondary market route, up to an aggregate limit of 74% of the paid-up share capital of the Bank.

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

RESOLVED THAT pursuant to provisions of the Foreign Exchange Management Act, 1999 (FEMA), as applicable, including the regulations, guidelines and circulars issued thereunder, and all other applicable rules, regulations, guidelines, circulars, policies and laws, as applicable (including any modifications or reenactment(s) thereof, from time to time) and subject to all applicable approval(s), permission(s), sanction(s), consent(s) and intimation(s), as may be required including, if required, the approval of the Reserve Bank of India ("RBI"), and subject to such condition(s) as may be prescribed by the RBI, or any other the relevant authorities, while granting such approval(s), permission(s), sanction(s) and consent(s), as may be required, the consent of the members of the Bank be and is hereby accorded to increase the limit of investment by Foreign Portfolio Investors ("FPIs") and Foreign Institutional Investors ("FIIs"), as defined under the relevant regulations by the Securities and Exchange Board of India, including their sub-accounts, to acquire and hold Equity Shares of the Bank, by purchase or acquisition through primary or secondary market route, and under the 'Foreign Portfolio Investment Scheme' under FEMA or otherwise, up to an aggregate limit of **74%** of the paid-up share capital of the Bank, provided however that the shareholding of foreign investors, including FPI or FII, on its own account and on behalf of each of their sub-accounts in the Bank, shall not exceed such limits as are or as may be prescribed, from time to time, under applicable laws, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Bank be and is hereby authorized to take all such steps and actions, including making applications for such approvals/consents, as may be required, determination of the permissible limit of aggregate holding of FPIs, FIIs and their sub account in the Bank and intimating or getting approval from RBI of such increase in the investment limit for FPIs/FIIs, and giving such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate including settling any question that may arise in this regard.

RESOLVED FURTHER THAT the Board of Directors be and is hereby severally authorized to execute all such documents, deeds, intimations and writings as may be required for the aforesaid purpose and which it may deem fit in the interest of the Bank, to delegate all or any its powers herein conferred by this resolution to any Committee of Director or Directors or any one or more executives of the Bank, and do all such acts, deeds and things as may be deemed necessary in order to give effect to the above resolution.

NOTES:

1. The relevant Explanatory Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 in respect of Item No. 1 and Item No. 2 set out in the Notice is annexed hereto.
2. All documents referred to in this Postal Ballot Notice and Explanatory Statement setting out material facts are open for inspection by the Members at the Registered Office of the Bank between 10.00 AM and 5 PM on all working days of the Bank from the date hereof up to Wednesday, June 07, 2017.
3. The Board of Directors has appointed Mr. P Sivakumar, Managing Partner of M/s SVJS & Associates, Company Secretaries, as Scrutinizer to scrutinize the postal ballot process in a fair and transparent manner.
4. In terms of Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, as amended, read with the Companies (Management and Administration) Rules, 2014 and in compliance with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), the Bank is pleased to offer remote e-voting facility to all the Members of the Bank. The Bank has appointed National Securities Depository Limited ("NSDL") for facilitating e-voting to enable the Members to cast their votes electronically (the "Remote e-voting") instead of dispatching Postal Ballot Form. Please note that e-voting is optional.
5. The Postal Ballot Notice is being sent to the Members whose names appear on the Register of Members/List of Beneficial Owners as received from National Securities Depository Limited and Central Depository Services (India) Limited as on April 28, 2017. The Postal Ballot Notice is being sent to Members in electronic form to the email address registered with their Depository Participant in case of electronic shareholding and in case of Members whose email id is not registered, physical copy of Postal Ballot Notice is being sent by permitted mode along with a postage pre-paid self addressed Business Reply Envelope.
6. Members who have received Postal Ballot Notice by e-mail and who wish to vote through Physical Postal Ballot Form can download Postal Ballot Form from the website of the Bank www.federalbank.co.in or seek duplicate Postal Ballot Form by sending an e-mail to secretarial@federalbank.co.in; / csdstd@integratedindia.in. The Registrar and Transfer Agent/Bank shall forward the same along with postage pre-paid self addressed Business Reply envelope to the Member.
7. The Members whose names appear on the Register of Members/List of Beneficial Owners as on April 28, 2017 will be considered for the purpose of voting. A person who is not member as on record date should treat this notice for information purpose only.
8. Resolutions passed by the Members through Postal Ballot are deemed to have been passed as if the same have been passed at a General Meeting of the Members.
9. The Members can opt for only one mode of voting, i.e., either by physical ballot or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical postal ballot form will be treated as invalid.

10. Voting through electronic means:

In compliance with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108, 110 and other applicable provisions of the Companies Act, 2013 read with the related Rules, the Bank is pleased to provide e-voting facility to all its Members, to enable them to cast their votes electronically instead of dispatching the physical Postal Ballot Form by post. The Bank has engaged the services of National Securities Depository Limited (NSDL) for the purpose of providing e-voting facility to all its Members.

a. The instructions for e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

- (i) Open email and open PDF file viz; "FBL.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of "Federal Bank".
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sivarkn@svjs.in with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Postal Ballot Form [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) User ID and Initial password are as provided in the Postal Ballot Form

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
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 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
11. The e-voting period commences on May 09, 2017 (9:00 am) and ends on June 07, 2017 (5:00 pm). During this period Members of the Bank, holding shares either in physical form or in dematerialised form, as on the relevant date (record date) of April 28, 2017, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
12. If the Members are voting through Postal Ballot Form in Physical mode, Members are requested to carefully read the instructions printed on the Postal Ballot Form sent herewith and return the form duly completed along with assent (**FOR**) or dissent (**AGAINST**), in the attached postage pre-paid self-addressed business reply envelope (BRE) so as to reach the Scrutinizer **on or before 5.00 P.M. on Wednesday, June 07, 2017**. The postage cost will be borne by the Bank. However, envelopes containing Postal Ballot Forms, if sent by courier or registered/speed post or delivered by the Member in person at his expense at the address as mentioned in the BRE will also be accepted. **Assent / Dissent received after 5:00 P.M. on Wednesday, June 07, 2017 would be strictly treated as if reply from the Member(s) has not been received. No other form or photocopy thereof is permitted.**
13. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Bank as on the relevant date (record date) of April 28, 2017 subject to the provisions of the Banking Regulation Act, 1949.
14. Any grievance connected with e-voting and postal ballot voting should be addressed to the Company Secretary, The Federal Bank Limited, Federal Towers, Aluva - 683 101 or emailed to secretarial@federalbank.co.in

By order of the Board of Directors

Girish Kumar Ganapathy
Company Secretary

Aluva , April 28 2017

EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No.1- Raising of Capital of the Bank through Issuance of Securities

The Bank had last raised equity capital from public during the Financial Year 2007-08. Since then the business of the Bank has grown considerably and also the regulatory requirements have undergone many changes. As on 31st December 2016, Bank's Common Equity Tier 1 (CET 1) ratio was 11.63%, it is down from 14.81% recorded as on 31st March 2015. This is primarily due to the strong year on year (YoY) growth of nearly 32% in total advances of the bank recorded in Q3 of financial year 2016-17. As on 31st December 2016, total Capital to Risk Weighted Asset Ratio (CRAR) of the bank was 12.28%. Bank has stipulated an internal risk appetite of 11.50% Common Equity Tier 1 (CET 1) - Capital to Risk Weighted Asset Ratio (CRAR). In order to maintain CET1 CRAR above the internal risk appetite, to support growth plans and to enhance business of the bank, it is important that the Bank has adequate capital.

Accordingly, the Bank proposes to raise additional capital aggregating upto ₹ 2500 Crore (Rupees Two Thousand Five Hundred Crore only) or its equivalent amount in such foreign currencies as may be necessary, inclusive of any premium, by way of placement of Securities or a combination thereof to Qualified Institutional Buyers through Qualified Institutions Placement (QIP) and/ or private placement in international markets through ADRs/ GDRs or foreign currency convertible bonds or issue of fully convertible debentures/partly convertible debentures, and/or any other financial instruments or securities convertible into Equity Shares with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form, whether rupee denominated or denominated in foreign currency or a public issue or rights issue or any other methods. The issue of securities may be consummated in one or more tranches at such time or times at such price, at a discount or premium to market price or prices in such manner and on such terms and conditions as the Board may in its absolute discretion decide, taking into consideration prevailing market conditions and other relevant factors and wherever necessary in consultation with advisors, lead managers, underwriters and such other authority or authorities as may be necessary and subject, to, as applicable, the ICDR Regulations, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, the Depository Receipts Scheme, 2014, and other applicable guidelines, notifications, rules and regulations, each as amended.

The Board may in their discretion adopt any one or more of the mechanisms prescribed above to meet its objectives as stated in the aforesaid paragraphs without the need for fresh approval from the members of the Bank.

Basis or Justification of Price : The pricing of the Securities that may be issued to qualified institutional buyers pursuant to a qualified institutions placement shall be freely determined subject to such price not being less than the price calculated in accordance with Chapter VIII of the ICDR Regulations. The Bank may, in accordance with applicable law, offer a discount of not more than 5% or such percentage as permitted under applicable law on the floor price determined pursuant to the ICDR Regulations or such other discount as may be permitted under applicable law. The "Relevant Date" for this purpose in case of allotment of Equity Shares, will be the date when the Board or the Committee of the Board decides to open the qualified institutions placement for subscription or, in case of convertible securities, the date of the meeting in which the Board or Committee of Directors duly authorized by the Board decides to open the proposed issue.

The Equity Shares allotted would be listed on one or more stock exchanges in India and in case of ADR/GDR, internationally. The offer/ issue / allotment would be subject to the availability of the regulatory approvals, if any. The conversion of Securities held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap and relevant foreign exchange regulations. As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchanges as may be required under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

Section 62(1)(a) of the Companies Act, 2013 provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further Equity Shares, such further Equity Shares shall be offered to the existing members of such company in the manner laid down therein unless the members by way of a special resolution in a General Meeting decide otherwise. Since, the Special Resolution proposed in the business of the Notice of Postal Ballot may result in the issue of Equity Shares of the Bank to persons other than existing members of the Bank, consent of the members, by way of a special resolution, is being sought pursuant to the provisions of Section 62(1)(c) and other applicable provisions of the Companies Act, 2013 as well as applicable rules notified by the Ministry of Corporate Affairs and in terms of the provisions of the Listing Regulations.

This Special Resolution, if passed, will have the effect of allowing the Board to offer, issue and allot Securities or a combination thereof to the investors who may or may not be the existing members of the Bank.

Your Directors, therefore, recommend the passing of the special resolution as set forth in Item No. 1 of this Notice.

The Directors, Key Managerial Personnel of the Bank and their respective relatives may be deemed to be concerned or interested in the passing of resolution to the extent of securities issued / allotted to them or to the companies in which they are director or member. Save as aforesaid, none of the Directors, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No.2- Increasing the ceiling limit on total holdings of FII/FPIs through primary or secondary market route, up to an aggregate limit of 74% of the paid-up share capital of the Bank.

Pursuant to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA 2000") and the 'Consolidated FDI Policy' (issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India) ("FDI Policy"), issued prior to 2016, foreign investment of up to 74% of the paid-up share capital was permitted in private sector banks, with 49% being under the automatic route and beyond 49% under the approval route. Further, under FEMA 2000 and FDI Policy, the total investment by all Foreign Portfolio Investors ("FPIs") and Foreign Institutional Investors ("FIIs") registered with the Securities and Exchange Board of India ("SEBI"), including their sub-accounts, under the portfolio investment scheme, is not to exceed 24% of the paid-up share capital of the Bank. However, this limit can be increased to the applicable sectoral cap (which was 49% of the paid-up share capital of the Bank under the automatic route prior to 2016) after approval by the board of directors and members of the Bank by way of a special resolution and subject to intimation to the Reserve Bank of India ("RBI"). In this regard, the Board of Directors of the Bank, pursuant to their resolution dated January 08, 2006 and the members, pursuant to a special resolution dated February 23, 2006 approved the increase in FII holding to 49% and NRI limit to 24 % of the paid-up equity share capital of the Bank. Subsequently, on February 12, 2014, the Foreign Investment Promotion Board ("FIPB"), Ministry of Finance, Government of India granted an approval to increase foreign investment in the Bank up to 74% of its paid-up capital, subject to the aggregate investment in the Bank by FIIs not exceeding 49%, in accordance with the restrictions applicable under the FDI Policy at that time.

The Union Budget for 2015–2016 announced that distinction between different types of foreign investments, especially between foreign portfolio investments and foreign direct investments to be done away with and replaced with composite cap.

Thus as per the Consolidated FDI Policy 2016 (effective from June 7, 2016) and the approval of the FIPB dated February 12, 2014, the aggregate limit for all FII/FPI can be raised up to sectoral limit of 74 % of the total paid up capital of the Bank with the approval of the Board followed by a special resolution to that effect passed in the General Meeting, and an intimation to the RBI. In order to tap the increased limit and considering the fact also that Bank is proposing to raise capital in order to meet the capital requirements to match with the future growth of the Bank, the resolution is now put up for shareholders approval, to increase the limit on investment by FPIs/FIIs under the portfolio investment scheme from 49% to 74 % of the Bank's paid-up capital, provided that the overall aggregate foreign investment in the Bank shall also capped at 74% of its paid-up capital.

Your Directors, therefore, recommend the passing of the special resolution as set forth in Item No. 2 of this Notice.

None of the Directors or Key Managerial Personnel of the Bank or their respective relatives are in anyway interested or concerned in the above resolution, except to the extent of the equity shares of the Bank held by him/her or their relatives.

By order of the Board of Directors

Girish Kumar Ganapathy

Company Secretary

Aluva , April 28 2017

THE FEDERAL BANK LTD.

REG. OFFICE: P.B NO: 103 , FEDERAL TOWERS, ALUVA, KERALA, INDIA-683 101.
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website : www.federalbank.co.in, CIN: L65191KL1931PLC000368

POSTAL BALLOT FORM

Serial No.

1.	Name(s) of the Member(s) (including joint- holder(s) if any)	
2.	Registered Address of the sole/first named Member	
3.	Folio No./ DP ID* /Client ID* (*applicable only to Member holding Shares in dematerialized form)	
4.	Number of Equity Share(s) held	

I/We hereby exercise my/our vote(s) in respect of the following Resolution(s) to be passed through Postal Ballot for the special business in the Postal Ballot Notice dated April 28, 2017 of The Federal Bank Limited (“the Bank”), by conveying my/our assent or dissent to the said Resolution(s) by placing the tick(✓) mark at the appropriate box below:

Sr. No.	Details of Resolution	No of Equity Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1.	Special Resolution for issuing specified securities in the said resolution in one or more tranches for an amount not exceeding in the aggregate ₹ 2500 Crore (Rupees Two Thousand Five Hundred Crore only) or its equivalent amount in such foreign currencies as may be necessary, inclusive of any premium by way of public issue, private placement, or rights issue including Qualified Institutions Placement (“QIP”)			
2.	Special Resolution for increasing the ceiling limit on total holdings of FII/FPIs through primary or secondary market route, up to an aggregate limit of 74% of the paid-up share capital of the Bank.			

Place:

Date:

Signature of the Member

#E-mail address:.....Tel No:.....

#To be provided by the Members holding Equity Shares in physical form. Members holding shares in electronic form who have not registered their email ID with the depository participant (DP) may please update email IDs/contact number with their DP.

ELECTRONIC VOTING PARTICULARS

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

Note : Please read the instructions carefully before exercising your vote through this form or e-voting.

Instructions for filling Postal Ballot Form

- I. A Member desirous of exercising his/her vote by Postal Ballot should complete and sign this Postal Ballot Form and sent it to the Scrutinizer, Mr. Sivakumar P, FCS, Managing Partner-SVJS & Associates, The Federal Bank Limited, Federal Towers, Secretarial Department, Aluva - 683101, in the attached postage pre-paid self-addressed Business Reply Envelope (BRE). Postage charges will be borne and paid by the Bank. Postal Ballot Form(s), if deposited in person or sent by courier or registered/speed post at the expense of the Member will also be accepted.
- II. The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark(✓) in the appropriate box in the Postal Ballot Form. The assent or dissent received in any other physical form shall be considered invalid.
- III. This Form should be completed and signed by the Member (as per the specimen signature registered with the Bank/Registrar and Transfer Agent (RTA)/ Depository Participant. In case of joint-holding, this Form should be completed and signed by the first named Member and in his/her absence, by the next named Member.
- IV. In case of Equity Shares held by companies, trusts, societies etc. the duly completed Postal Ballot Form should be accompanied by a certified copy of the relevant board resolution/ appropriate authorization with the specimen signature (s) of the authorized signatory(ies) duly certified/ attested.
- V. Duly completed Postal Ballot Form should reach the Scrutinizer not later than Wednesday, June 07,2017. All Postal Ballot Forms received after this date will be considered invalid. The Scrutinizer will submit the report to the Chairman or MD & CEO of the Bank after completion of the scrutiny and the results of the Postal Ballot will be announced on June 09,2017.
- VI. Incomplete, unsigned, incorrect, defaced or mutilated Postal Ballot Forms will be rejected. The Scrutinizer's decision on the validity of a Postal Ballot Form will be final and binding.
- VII. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed postage pre-paid self- addressed BRE, as all such envelopes will be sent to the Scrutinizer and any extraneous paper found in such envelope would not be considered and would be destroyed by the Scrutinizer.
- VIII. The Bank is also offering e-voting facility as an alternate, for all its Members to enable them to cast their votes electronically instead of using the Postal Ballot Form. The detailed procedure for e-voting has been enumerated in the Notes to the Postal Ballot Notice dated April 28, 2017.
- IX. For every Folio No./DP ID/Client ID, there will be only one Postal Ballot Form/ e-voting irrespective of the number of joint-holder(s). Voting rights in the Postal Ballot/ e-voting cannot be exercised by a proxy.
- X. The voting rights of the Members shall be in proportion to their Equity Shares in the total paid-up Equity Share capital of the Bank as on April 28, 2017, subject to the provisions of the Banking Regulation Act, 1949.
- XI. Members can opt for only one mode of voting i.e either by Postal Ballot or through e-voting. In case you are opting for voting by Postal Ballot, then please do not cast your vote by e-voting and vice versa. In case Members cast their votes both by Postal Ballot and e-voting, the votes cast through e-voting shall prevail and the votes cast through Postal Ballot Form shall be considered invalid.**
- XII. In case of non-receipt of the Postal Ballot Form or for any query relating thereto, the Members may contact the Bank's RTA, Integrated Registry Management Services Private Limited, 2nd Floor, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai – 600 017, Phone No: (044) 28140801, 28140802, email : csdstd@integratedindia.in, or send an e-mail at secretarial@federalbank.co.in.