



# Karnataka Bank Ltd.

Estd : 1924

CIN : L85110KA1924PLC001128

Regd. & Head Office  
P.B. No. 599, Mahaveera Circle  
Kankanady, Mangalore – 575 002

Phone : 0824 - 2228222 Fax : 0824-2225588  
Website : [www.karnatakabank.com](http://www.karnatakabank.com)  
email : [info@ktkbank.com](mailto:info@ktkbank.com)

## SECRETARIAL DEPARTMENT

28.06.2018

HO/SEC/192/2018-19

1. The Manager

Listing Department

**National Stock Exchange of India Limited**

Exchange Plaza,C-1, Block G

Bandra-Kurla Complex

Bandra (E), MUMBAI-400051

2. The General Manager

**BSE Limited**

Corporate Relationship Dept

Phiroze Jeejeebhoy Towers

Dalal Street

MUMBAI-400001

Dear Sir,

**Sub: Notice of 94<sup>th</sup> Annual General Meeting (AGM) of members of the Bank**

**Ref: Notice of book closure-letter dated 16.05.2018**

Pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015 and in continuation to our letter cited above, we hereby submit a copy of the Notice of 94<sup>th</sup> AGM to be held on Saturday, 21<sup>st</sup> July 2018 at Registered & Head Office of the Bank at Mahaveera Circle, Kankanady, Mangaluru-575002.

The aforesaid notice is made available on our website [www.karnatakabank.com](http://www.karnatakabank.com) under 'Investors Portal/ Annual Report/ AGM Notice'

Thank you,

Yours faithfully,

Asst. Company Secretary

# **The Karnataka Bank Limited**

Regd. & Head Office : Mahaveera Circle, Kankanady, Mangaluru - 575 002.  
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 Fourth Annual General Meeting of THE KARNATAKA BANK LIMITED will be held as scheduled below :

Date : July 21, 2018  
Day : Saturday  
Time : 11.30 AM  
Place : Registered & Head Office :  
**The Karnataka Bank Limited**  
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, 2018 together with the reports of the Auditors and the Directors thereon.
2. To declare dividend.
3. To appoint a director in place of Mr. P. Jayarama Bhat (DIN: 00041500), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. The Board proposes to appoint M/s Manohar Chowdhry & Associates, (Firm Registration No.001997S) Chartered Accountants, New No. 27, Subramaniam Street, Abiramapuram, Chennai-600018 and M/s Badari, Madhusudhan & Srinivasan, (Firm Registration No.005389S) Chartered Accountants, No. 132, II Floor, Kantha Court, Lalbagh Road, Bengaluru-560027, jointly as Statutory Central Auditors of the Bank to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting. Necessary approval in terms of Section 30(1A) of the Banking Regulation Act, 1949, has been obtained from the Reserve Bank of India for the above appointment vide their letter DBS.ARS.No.6447/08.11.005/2017-18 dated May 9, 2018.
5. To authorize the Board of Directors to appoint branch auditors in consultation with the Bank's Statutory Central Auditors to audit the accounts for the year ending 31<sup>st</sup> March, 2019 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 under 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**

6. 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, Mrs. Mythily Ramesh (DIN : 06959991), who was appointed as an Additional Director by the Board of Directors on March 14, 2018, 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 Mrs. Mythily Ramesh 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, Mrs. Mythily Ramesh be and is hereby appointed as an Independent Director of the Bank who shall hold office upto March 13, 2023 and that she shall not be liable to retire by rotation”.

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

“RESOLVED THAT subject to approval of Reserve Bank of India (RBI) under Section 35B of the Banking Regulation Act, 1949 and subject to the applicable provisions of the Companies Act, 2013, the basic salary payable to Mr. Mahabaleshwara M S, Managing Director & CEO of the Bank be and is hereby revised to ₹ 4,00,000/- per month (i.e., ₹ 48.00 lakh per annum) from ₹ 3,50,000/- per month (i.e., ₹ 42.00 lakh per annum) effective from 01.04.18 till the remaining period of his term.

RESOLVED FURTHER THAT all other terms and conditions of his appointment permitted by RBI vide its letter DBR Appt. No.11838/08.40.001/2016-17 dated April 05, 2017 and approved by the shareholders in the 93<sup>rd</sup> Annual General Meeting of the Bank held on 17.07.2017 remains the same.

RESOLVED FURTHER THAT the Board/any Officer of the Bank duly authorized by the Board be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution.”

8. 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 ₹ 500,00,00,000/- divided into 50,00,00,000 Equity shares of ₹ 10/- each to ₹ 800,00,00,000/- divided into 80,00,00,000 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 ₹ 800,00,00,000/- divided into 80,00,00,000 Equity shares of ₹ 10/- each”.*

9. 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 ₹ 800,00,00,000/- divided into 80,00,00,000 Equity shares of ₹ 10/- each”.*

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

“RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, 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. Ashok Haranahalli (DIN : 05339634), Independent Director of the Bank, 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 him as a candidate for re-appointment as an Independent Director of the Bank, be and is hereby

re-appointed as an Independent Director of the Bank who shall hold office upto September 13, 2020 (i.e., period of 8 years from the original date of appointment in terms of Section 10A(2A) of Banking Regulation Act) and that he shall not be liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, 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. Rammohan Rao Belle (DIN : 02370794), Independent Director of the Bank, 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 him as a candidate for re-appointment as an Independent Director of the Bank, be and is hereby re-appointed as an Independent Director of the Bank who shall hold office upto October 20, 2021 (i.e., period of 8 years from the original date of appointment in terms of Section 10A(2A) of Banking Regulation Act) and that he shall not be liable to retire by rotation.”

12. 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 is hereby amended as follows:

Substitute the following in place of existing Article 51(u):

**51(u)** *To constitute and to delegate to a committee or committees of Directors or to the Managing Director & CEO, the power to dispose off share transmission applications and any other matters delegation of which is not prohibited by the Companies Act, 2013”.*

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

“RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or re-enactment thereof for the time being in force, subject to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time and other Rules, Regulations, Guidelines, provisions of Memorandum and Articles of Association of the Bank and further subject to such approval, permissions and sanctions as may be necessary from Securities and Exchange Board of India, the Stock Exchanges, Reserve Bank of India, Govt. of India and other appropriate authorities as may be required and subject to such terms and conditions that may be prescribed or imposed by such authorities while granting such approval which may be agreed to or accepted by the Board of Directors (hereinafter referred to as “the Board” which expression shall include Committee/s of the Board including Nomination & Remuneration Committee (NRC) of the Board), the consent of the members of the Bank be and is hereby accorded to create, issue, grant/allot upto 50,00,000 (fifty lakh) equity stock options to employees of the Bank as defined under aforesaid SEBI regulations in one or more tranches through KBL-Stock Option Scheme 2018 (ESOS 2018) of the Bank which entitles the option holders to subscribe to 1 (ONE) equity share of the Bank of ₹ 10 each aggregating face value of ₹ 5,00,00,000/- at such price as defined under the draft ESOS 2018 scheme, in such manner, during such period and on such terms and conditions and in the manner as may be determined by the “Board”.

RESOLVED FURTHER that without prejudice to the generality of the above but subject to terms as approved by the members, the Board be and is hereby authorised to implement the scheme (with or without modification/s and variation/s) in one or more tranches in such manner as it may determine.

RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of equity shares as may be required upon exercise of options from time to time in pursuance of scheme and that equity

shares so issued and allotted subject to the provisions of Memorandum and Articles of Association of the Bank shall rank *pari-passu* in all respects with the existing fully paid up equity shares of the Bank including dividend, if any, during year of allotment of shares pursuant to exercise of options vested in the employees.

RESOLVED FURTHER that in case Bank's equity share capital or its valuation is affected due to any corporate actions like issue of bonus/rights shares, any split or consolidation of face value of equity shares or any event of merger/ consolidation, capitalization or other reorganization of the Bank, tender offer of equity shares, the Board be and is hereby authorised to make such adjustments with respect to outstanding Stock Options and such other action as it deems necessary or appropriate in this regard.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution the Board be and is hereby authorised to do all such deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose on behalf of the Bank to settle any issues, questions, difficulties, doubts that may arise in this regard."

Registered Office:  
Mahaveera Circle,  
Kankanady, Mangaluru-575002  
Date: June 18, 2018

By order of the Board of Directors

Prasanna Patil  
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/HERSELF 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 13, 2018 to July 21, 2018** (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 i.e. Integrated Registry Management Services Pvt. Ltd., No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bengaluru-560003 (Tel no. 080-23460815 - 18, Fax : 23460819) 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, 2018, upon declaration at this meeting will be payable to those members whose names stand on the Register of Members on **July 12, 2018** in respect of shares held in physical form and Register of Beneficial holders of shares for shares held in electronic (demat) form on **July 12, 2018**.
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 125 of the Companies Act, 2013. Further, the details of the unclaimed dividend of the shareholders are also available on the website of IEPF as well as the website of the Bank for information of the shareholders.

8. Pursuant to Section 124(6) of Companies Act, 2013, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Bank in the name of Investor Education and Protection Fund after sending reminders to the shareholders at the latest available address.
9. 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.
10. Brief profile and other details of directors proposed to be appointed as per Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed to this Notice.
11. In support of the 'Green Initiative' of the Ministry of Corporate Affairs, the Bank has sent through email the financial statements and other documents relating to this meeting to all those members whose e-mail ID's are available with the Bank's Registrar and Share Transfer Agent. Further, the members are requested to encourage 'Green Initiative' by registering /updating their e-mail ID's with their respective Depository Participant(s) or with Integrated Registry Management Services, Pvt. Ltd. for shares held in electronic form (Demat) or in physical form respectively to service the documents etc. electronically in future.
12. The relevant statement pursuant to Section 102 of the Companies Act, 2013, in respect of the special businesses set out above is annexed.
13. 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.
14. 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.
15. 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.
16. Pursuant to Section 107 and 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank is pleased to provide members the facility to exercise votes at the 94th AGM by electronic means and the business may be transacted through remote e-voting. Members holding the shares on the cut-off date only are eligible to vote by electronic means or in the general meeting. The schedule of remote e-voting is as under;
  - (a) Date and time of commencement of remote voting through electronic means: **July 17, 2018 at 9.00 a.m** (IST).
  - (b) Date and time of end of voting through electronic means (remote e-voting) beyond which voting will not be allowed: **July 20, 2018 at 5.00 p.m.** (IST).
  - (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 Registry Management Services Pvt Ltd. Tel No. 080-23460815-18 Fax No. 080-23460819, Email: [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or [irg@integratedindia.in](mailto:irg@integratedindia.in)
  - (e) Instructions for remote e-voting are given on page Nos. 18 to 19 of this notice.

The remote e-voting module shall be disabled for voting on **July 20, 2018, 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 12, 2018**, 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 of voting on the above resolutions shall be declared not later than 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 website of Central Depository Services (India) Limited and the same shall be simultaneously communicated to the stock exchanges.

17. Members who have not voted through remote e-voting will be provided with the facility for voting either through electronic voting or ballot or polling paper at the meeting. It may be noted that the shareholders whose names appear in the Register of Members of the Bank as on the cut-off date i.e. **July 12, 2018** only are allowed to vote at the AGM.
18. 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 remote-voting, then he/she should not vote at the venue. However, in case such members have cast their votes at the venue then, remote e-voting shall prevail and the vote done at venue shall be treated as invalid.
19. Resolutions assented to by the requisite majority of the members by means of venue voting and remote e-voting shall be deemed to have been duly passed at the AGM.

Registered Office:  
Mahaveera Circle,  
Kankanady, Mangaluru-575002  
Date: June 18, 2018

By order of the Board of Directors

Prasanna Patil  
Company Secretary

## **Annexure to Notice**

### **Annexure to Item No. 3**

#### **Re-appointment of Mr. P. Jayarama Bhat as Director and to hold the post of Part-Time Non-Executive Chairman of the Bank.**

Mr. P. Jayarama Bhat has been on the Board of the Bank since the year 2009. He held the position of MD & CEO of the Bank from 13<sup>th</sup> July 2009 to 11<sup>th</sup> April 2017. As a well-thought succession planning, he relinquished the post ahead of the tenure approved by the RBI and took up the position of Part-Time Non-Executive Chairman of the Bank pursuant to the approval received from Reserve Bank of India vide DBR.Appt. No.12034/08.40.001/2016-17 dated April 10, 2017 in accordance with Section 10B(1A) of the Banking Regulation Act, 1949, for a period of three years from the date of taking charge.

In terms of Section 152 of the Companies Act, 2013, since Mr. P Jayarama Bhat was holding a key post in the Bank prior to his appointment as Part-Time Non-Executive Chairman, he is liable to retire by rotation, and being eligible, offers himself for re-appointment. Hence the resolution is submitted before the shareholders seeking approval for his re-appointment.

#### **Brief Profile of Mr. P Jayarama Bhat**

He is a Post Graduate in Chemistry (with First Rank) from University of Mysore and is a Certified Associate of Indian Institute of Bankers (CAIIB). He has banking experience of over 4 decades. He joined Karnataka Bank as an Officer in the year 1973 and over a period of time he was promoted to hold various positions. In the year 2005, he was promoted as Chief General Manager of the Bank. Thereafter he was promoted as MD&CEO of the Bank and held the position for about eight years. He is holding post of Part- time Non-Executive Chairman of the Bank with effect from 12th April 2017. Mr. P. Jayarama Bhat has rich experience in all the facets of banking operations. He is also on the Board of Universal Sompo General Insurance Company Ltd., a joint venture of the Bank.

He was the member of Management Committee of the Indian Banks' Association (IBA) from August 2010 to August 2014, during which period he was also the Chairman of 'IBA Committee on Member Private Sector Banks'.

During his tenure as a Managing Director, the Bank had secured many awards in the field of IT, CSR, MSME instituted by IDRBT, IBA, CIMSME, ASSOCHAM etc.

He figured in the list of Top 30 best CEOs of BFSI sector for the year 2016-2017 published by 'Business Today' magazine.

**Additional Information as per Secretarial Standard-2 (SS-2)**

Name of the Director	P Jayarama Bhat
Age	66 years
Qualification	M.Sc., CAIIB
Experience	Banking, Agriculture and IT
Terms and conditions of appointment	Appointed as Part time Non-executive Chairman of the Bank w.e.f 12.04.2017.
Remuneration details	Remuneration of ₹ 27.72 Lakhs (i.e. includes salary upto 11.04.2017 and variable pay pertaining to FY 2016-17 in the capacity of MD & CEO and includes consolidated remuneration paid for holding the post of Part-Time Non-Executive Chairman w.e.f. 12.04.2017) and sitting fees of ₹ 28,40,000/- was paid during the year 2017 - 18.
Date of first appointment on the Board as Chairman	12.04.2017
Shareholding	6,000 shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any Director, Manager or Key Managerial Personnel of the Bank
Number of meetings of the Board attended during the year	17
Other Directorships, Membership/ Chairmanship of Committees of other Boards	Universal Sompo General Insurance Company Ltd. Investment Committee-Member

**Annexure to Item No. 4 & 5**

**Appointment of Statutory Central Auditors and Branch 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. Further, at every subsequent Annual Meeting, ratification for the appointment of Statutory Central Auditors shall be obtained from the members of the Bank.

However, in terms of RBI circular No. DBS.ARS.BC 04/08.91.001/2017-18 dated July 27, 2017 an audit firm, after completing its four year tenure in a particular private bank, will not be eligible for appointment as SCA of the same bank for a period of six years.

M/s. Abarna & Ananthan (Firm Registration No. 000003S), Chartered Accountants, Bengaluru, one of the retiring statutory central auditors, who will be completing the period of four years at the conclusion of ensuing Annual General Meeting, are subject to resting period as aforesaid.

M/s. R K Kumar & Co, (Firm Registration No.001595S), Chartered Accountants, Chennai, the other joint statutory auditor, will be completing a period of one year at the conclusion of the ensuing Annual General Meeting. The firm was appointed at the 93<sup>rd</sup> Annual General Meeting held on July 17, 2017 after completion of resting period of two



years as per then applicable RBI extant guidelines. However, revision in the resting period from two years to six years for Statutory Central Auditors in private Banks has necessitated the resting of M/s. R K Kumar & Co since the firm had completed resting period of 3 years before their current term beginning from 2017-18.

Therefore, the Board of Directors has proposed the appointment of M/s Manohar Chowdhry & Associates, (Firm Registration No.001997S) Chartered Accountants, New No.27, Subramaniam Street, Abirampuram, Chennai-600018 and M/s Badari, Madhusudhan & Srinivasan, (Firm Registration No.005389S) Chartered Accountants, No. 132, II Floor, Kantha Court, Lalbagh Road, Bengaluru-560027 jointly as Statutory Central Auditors of the Bank to hold office upto the conclusion of 95<sup>th</sup> AGM, in respect of whom, the approval from the Reserve Bank of India has been obtained under Section 30(1A) of the Banking Regulation Act, 1949.

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 that are not proposed to be audited by the Statutory Central Auditors.

Accordingly, your Bank proposes to appoint the above two audit Firms as Statutory Central Auditors and also to authorise the Board to appoint Branch auditors and fix their remuneration, subject to the approval of the Reserve Bank of India as set out in item No. 4 and 5 of this 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. 6 to 13 appearing in this Notice dated June 18, 2018.

#### **Item No. 6**

The technological revolution over the past few years has changed the landscape of banking and new concepts such as blockchain, Artificial Intelligence (AI), Machine Language (ML) etc. are emerging as disruptive technologies and it is inevitable for the banking industry to be familiar with such technological revolutions. Therefore, having regard to the business necessities and pivotal role of Information Technology in banking, your Bank was scouting for an expert in the field of IT to be inducted as a Board Member.

Accordingly, the Board of Directors of the Bank at its meeting held on March 14, 2018 appointed Mrs. Mythily Ramesh (DIN: 06959991), an IT professional having more than 25 years of experience in handling technological processes and systems in her career, as an Additional Director of the Bank under Section 161(1) of the Companies Act, 2013. She 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 Mrs. Mythily Ramesh for the office of Director. A copy of the notice is available on our website viz., [www.karnatakabank.com](http://www.karnatakabank.com). Further, Bank has received from Mrs. Mythily Ramesh (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 she is not disqualified under sub-section 2 of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that she 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 Mrs. Mythily Ramesh, is of the view that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013. The Board is of the opinion that she fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and she 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 re-appointment 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 view of the above provisions, the proposal for appointment of Mrs. Mythily Ramesh as an Independent Director not liable to retire by rotation for a period upto March 13, 2023 i.e., up to a term of five consecutive years, has been submitted before the shareholders for approval. Her appointment is also in compliance with the provisions of Section 10A(2) of the Banking Regulation Act, 1949.

**A brief profile of Mrs. Mythily Ramesh is as under :**

Name of the Director	Mythily Ramesh
Age	53 years
Qualification	1. BE in Computer Science from College of Engineering, Guindy 2. MBA from IIM Ahmedabad 3. Six Sigma Black Belt Achiever 4. CPIM and CPM Certified Professional
Experience	More than 25 years of experience in the field of Information Technology.
Date of first appointment on the Board	14.03.2018
Terms and conditions of appointment	Appointed as an Additional Director w.e.f 14.03.2018.
Remuneration details	Sitting fees paid during FY 2017-18 was ₹ 0.70 lakh
Shareholding	150 equity shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any other Director, Manager or Key Managerial Personnel of the Bank.
Number of meetings of the Board attended during the year	One meeting, i.e., subsequent to her appointment on 14.03.2018.
Other Directorships, Membership/ Chairmanship of Committees of other Boards	1) WEP Solutions Ltd.(Listed entity) a) Compensation Committee-Member b) Risk Management Committee-Member 2) WEP Digital Services Ltd. 3) CEO of NextWealth Entrepreneurs Pvt. Ltd. (Not a Director)

Mrs. Mythily Ramesh, hailing from Bengaluru, has more than 28 years of experience in her career. In her 20 years' successful stint in Wipro, she grew from a Customer Support Executive to a Senior Vice President. Her career spans product management, marketing, Business Head and Quality. As a certified Black Belt, she drove the Six Sigma initiative in Wipro and was successful in moving the organization from 1.7 Sigma to 4.7 Sigma and reducing the order to collection cycle from 365 days+ to 120 days.

With a passion for entrepreneurship, she held the post of CEO of a start up in Wipro called "01markets" and built a successful business around e-procurement. She then moved to the corporate office to handle Mergers & Acquisitions, Business Development and Innovation. As part of innovation, she seeded multiple new service areas which have grown into large businesses for Wipro. In her last stint in Wipro in BPO, she was responsible for pre-sales and solutioning, product management, transition, platform BPO, BPO Consulting and procurement, BPO operations etc.

In 2006 and 2007 she was adjudged as one of the “25 most Powerful women in India” by India Today and Dataquest. She has been profiled many times in Business Today and Business World as a successful woman IT professional. In 2010, she along with a few ex-Wipro colleagues started a social entrepreneurship firm namely NextWealth Entrepreneurs Pvt. Ltd. which focuses on providing IT/BPO services from small towns in a unique distributed delivery model. Their mission is to create 10,000 jobs in the small towns. She is currently the Co-Founder and CEO of NextWealth.

The statement may also be regarded as a disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Appointment of Mrs. Mythily Ramesh as an Independent Director on the Board of the Bank is expected to provide substantial value addition to the Bank and therefore, the Board recommends the resolution appointing Mrs. Mythily Ramesh as an Independent Director of the Bank.

Except Mrs. Mythily Ramesh, no other Director or Key Managerial Personnel of the Bank or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

#### **Item No. 7**

Pursuant to the approval received from RBI in accordance with Section 35B of the Banking Regulation Act, 1949, Mr. Mahabaleshwara M S was appointed as Managing Director & CEO (MD&CEO) of the Bank w.e.f. April 15, 2017 for a period of three (3) years. The appointment of MD&CEO along with payment of remuneration was approved by the shareholders at 93<sup>rd</sup> Annual General Meeting of the Bank.

Under his leadership, Bank made its entry to the “₹ 1 Lakh Crore” club by clocking a business turnover of ₹ 1.10 lakh crores as on 31.03.2018 and the Bank also surpassed annual business turnover targets. He envisioned the idea of transformation for the Bank and in that direction Bank has partnered with the Boston Consulting Group (BCG) for its transformation journey-“KBL Vikaas”. “KBL Vikaas” is expected to lay a strong foundation to transform the Bank into a “Big, Strong & Vibrant Bank.”

Further, the NRC at its meeting dated 14.03.2018, while deliberating on the remuneration structure of the Whole Time Directors, taking into account the performance and new initiatives taken up by the present MD & CEO and also considering the peer-bank remuneration structure, recommended an increase in the Fixed Pay component of the remuneration payable to the MD & CEO to ₹ 4.00 lakh per month (i.e. ₹ 48.00 lakh per annum) from the existing fixed pay of ₹ 3.50 lakh per month (i.e. ₹ 42 lakh per annum) (all other terms of remuneration remain unchanged) and the Board of Directors at the meeting dated 14.03.2018 accorded its approval for the same, subject to prior approval of the Reserve Bank of India and approval of the shareholders.

In view of the above, Board of Directors recommend for revision in the basic salary and an application has been submitted to the Reserve Bank of India seeking their approval. The revised pay structure will be implemented upon receipt of approval from both the RBI and the Shareholders.

**Details with regard to alteration proposed in the remuneration are furnished as under :**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Existing</b>	<b>Revised</b>
1)	Basic salary	₹ 42,00,000/- p.a. (₹ 3.50 lakh p.m.)	₹ 48,00,000/- p.a. (₹ 4.00 lakh p.m.)
2)	Dearness allowance	20% of the basic salary (which works out ₹ 8,40,000/- per annum at present)	No change in percentage (which works out ₹ 9,60,000/- per annum)
3)	House rent allowance	Free furnished residential accommodation. Proper up keep and security arrangement to the residential accommodation to be provided by the Bank. Till the bank arranges to buy and provide an independent house to the MD, allowance @15% of the basic salary be given (which works out ₹ 6,30,000/- per annum at present).	No change in percentage (which works out ₹ 7,20,000/- per annum)
4)	Conveyance allowance	Nil	No change
5)	Entertainment allowance	₹ 50,000/- p.a.	No change
6)	Other allowance, if any	Nil	No change
7)	Variable Pay	Such amount of variable pay as may be decided by Board/Nomination and Remuneration Committee (NRC) subject to approval from Reserve Bank of India.	No change
	<b>Total</b>	<b>₹ 57,20,000/- p.a. [Excluding PF]</b>	<b>₹ 65,30,000/- p.a. [Excluding PF]</b>
	Employee Stock Options (ESOPs)	Such number of stock options in accordance with ESOP scheme as may be formalised, if any, in future at such price and other conditions as may be decided by Board/NRC subject to approval from Reserve Bank of India.	No change
	<b>Perquisites</b>		
	Free furnished house	At present HRA as per Sl. No.3	No change
	Use of Bank's car	i) free use for official purpose ii) for private purpose on compensating the Bank with suitable amount; for personal use ₹ 250/- per month to be recovered.	No change
	Provident Fund [PF] Gratuity	12% of basic pay. As applicable to the Officers of the Bank without the restriction of minimum service required. The Bank should seek RBI approval as and when gratuity is proposed to be paid.	No change
	Travelling and Halting allowance	As may be decided by the Board of the Bank from time to time	No change

Medical Benefit	Reimbursement upto ₹ 25,000/- p.a. for self & family on declaration basis. Reimbursement of actual expenses incurred including hospitalisation 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 up to ₹ 10.00 lakh may be taken by the Bank	No change
Other benefits, if any. please specify 1. Insurance cover 2. Telephone 3. Bonus & sitting fees	1. Personal accident insurance cover up to ₹ 20,00,000/- 2. Telephone facility at residence at bank's cost 3. No bonus & sitting fees	No change No change No Change
Leave fare concession	Highest class by whatever mode of travel within the country once in a year for self and family members including dependent children.	No change

**A Brief profile of Mr. Mahabaleshwara M S :**

Name of the Director	Mahabaleshwara M S
Age	59 years
Qualification	M.sc(Agri), PGDBM, CAIIB
Experience	Banking, Agriculture and IT
Date of first appointment on the Board	15.04.2017
Terms and conditions of appointment	Took charge as Managing Director & CEO of the Bank w.e.f. 15.04.2017.
Remuneration details	Remuneration drawn during the year was ₹ 59.84 lakh including Provident Fund
Shareholding	15,617 equity shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any other Director, Manager or Key Managerial Personnel of the Bank.
Number of meetings of the Board attended during the year	16
Other Directorships, Membership/ Chairmanship of Committees of other Boards	NIL

Mr. Mahabaleshwara M.S., MD & CEO of Karnataka Bank has over 34 years of banking experience both at operational and administrative levels. Prior to his appointment as MD & CEO of the Bank, he held the post of Chief General Manager in the Bank and was overall In-charge of Credit, Planning & Development, IT & MIS, Treasury & Accounts and HR & IR departments. He began his career as an Agricultural Field Officer in the Bank and later held various posts before his promotion as Regional Head of Delhi Region, wherein he played a key role in expanding the foot prints of the Bank in the Northern part of India by opening good number of branches and subsequently got elevated to the cadre of Deputy General Manager. During his tenure as Regional Head, Delhi Region was adjudged as the 'Best Region' of the Bank, twice. Further, on account of rapid branch expansion in Northern India, Bank had also opened a new Regional Office at Kolkata. He also served as Regional Head of Mumbai Region before being elevated to the Post of General Manager in 2011.

He was actively involved in Bank's BPR (Business Process Reengineering) initiative in association with KPMG and later on played a pivotal role in the Digital Banking initiatives of the Bank. He was also actively involved in the implementation of "KBL Vision 2020", a five year growth plan of Karnataka Bank. Further, the Bank is all poised to implement transformation exercise 'KBL-VIKAAS' under his leadership by having BCG (Boston Consulting Group) as Transformation Partner. The Bank has recently surpassed the 'One Lakh crore business" milestone under his able leadership.

He also served as the Non-Executive Director on the Board of Universal Sompo General Insurance Co. Ltd., as the nominee director of Karnataka Bank.

Presently he is not a director in any other company. He holds 15617 shares of the Bank and he is not related to any of the Directors of the Bank.

This statement may also be regarded as a disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Your Board recommends the resolution for the approval of the members for the revision in the remuneration structure as stated under item number 7 of the Notice.

Except Mr. Mahabaleshwara M S, no other Director or Key Managerial Personnel of the Bank or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

**Item No. 8 & 9**

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, 2018 stood at 12.04 percent.

The present Authorized and Paid-up Capital of the Bank is ₹ 500 crore and ₹ 282.62 crore respectively. It is proposed to increase the authorized share capital of the Bank from ₹ 500 crore to ₹ 800 crore to facilitate further issue of equity shares. Resolution set out in Item Nos. 8 and 9 are for the purpose of altering the Memorandum and Articles of Association dealing with Authorised share capital of the Bank.

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

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

**Item No.10 &11**

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. However, 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 subject to the upper age limit of 70 years.

Mr. Ashok Haranahalli and Mr. Rammohan Rao Belle were appointed as Directors on the Board of the Bank on 14.09.2012 & 21.10.2013 respectively and subsequently they were appointed as Independent Directors to hold office w.e.f. 01.04.2014 (i.e., upon implementation of Companies Act, 2013) and will be completing the tenure of 5 years as Independent Directors on 31.03.2019.

NRC in its meeting held on 14.03.2018 while carrying out the due - diligence of the directors, noted that involvement of Mr. Ashok Haranahalli & Mr. Rammohan Rao Belle in the Board deliberations and their contribution to the overall directions given by the Board has been noteworthy and their continuation as a Director would benefit the Bank in realizing its objectives in the coming days. Therefore the NRC recommended the re-appointment of both Directors.



Further, notices have been received from members of the Bank under Section 160 of the Companies Act, 2013 proposing the candidatures of Mr. Ashok Haranahalli & Mr. Rammohan Rao Belle for re-appointment to 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. Ashok Haranahalli & Mr. Rammohan Rao Belle (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 they are not disqualified under sub-section 2 of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In view of the above, the proposal for appointment of Mr. Ashok Haranahalli & Mr. Rammohan Rao Belle as Independent Directors not liable to retire by rotation for a period up to September 13, 2020 and October 20, 2021 respectively, i.e., up to the date of completion of 8 year term as per the provisions of the Banking Regulation Act, 1949, has been put up for the approval of the shareholders. Their appointment is also in compliance with the provisions of Section 10A(2) of the Banking Regulation Act, 1949.

The statement may also be regarded as a disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Except Mr. Ashok Haranahalli and Mr. Rammohan Rao Belle, no other Director or Key Managerial Personnel of the Bank or their respective relatives are in any way concerned or interested, financially or otherwise, in their resolution.

#### **A Brief Profile of Mr. ASHOK HARANAHALLI**

Name of the Director	Ashok Haranahalli
Age	60 years
Qualification	BA, LLB
Experience	LAW & Agriculture
Date of first appointment on the Board	14.09.2012
Terms and conditions of appointment	Appointed as an Independent Director w.e.f 01.04.2014 (upon implementation of Companies Act, 2013)
Remuneration details	Sitting fees paid during FY 2017-18 was ₹ 12.50 lakh
Shareholding	9,000 shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any other Director, Manager or Key Managerial Personnel of the Bank.
Number of meetings of the Board attended during the year	15
Other Directorships, Membership/ Chairmanship of Committees of other Boards	NIL

Mr. Ashok Haranahalli, aged 60 years, has been on the Board since 14.09.2012. He is practicing before the Karnataka High Court on all branches of law including central excise, customs, labour, local body matters economic offences etc. He had functioned as counsel for the Commission in the Justice Shivashankara Bhat Commission appointed to investigate the case for the crash of A320 at Bangalore Airport. He was the Professor of Law teaching Civil Procedure Code, Constitution of India at Jagadguru Renukacharya College of Law for four years, counsel for Dental Council of India, Bangalore City Corporation, KSRTC, Bangalore University, Indian Railways, and other institutions. He was the Advocate General for State of Karnataka, represented the CBI and Central Government Departments/Ministry in High Court. He is the recipient of Kempegowda Award 2011, Aryabhata Award and Law Day Award issued by NHRC, New Delhi.

### A Brief Profile of Mr. RAMMOHAN RAO BELLE

Name of the Director	Rammohan Rao Belle
Age	65 years
Qualification	M.Sc.(Physics) from IIT, Madras, PGDM from IIM, Bangalore and CAIIB.
Experience	Banking, General Insurance, Risk Management, Project Management, IT and General Management.
Date of first appointment on the Board	21.10.2013
Terms and conditions of appointment	Appointed as an Independent Director w.e.f 01.04.2014 (upon implementation of Companies Act, 2013).
Remuneration details	Sitting fees paid during FY 2017-18 was ₹ 29.40 lakh
Shareholding	357 shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any other Director, Manager or Key Managerial Personnel of the Bank.
Number of meetings of the Board attended during the year	17
Other Directorships, Membership/ Chairmanship of Committees of other Boards	NIL

Mr. Rammohan Rao Belle started his banking career in 1974 in State Bank of India (SBI). During a span of 38 years with SBI, he held several important Banking and IT assignments in India and UK. He has hands on experience in retail, corporate and international banking, banking operations, credit, risk management and IT. He was also involved in setting up of CIBIL, the first Credit Information Bureau in India, which was a joint venture of SBI, HDFC, Dun & Bradstreet and TransUnion. He also was the Managing Director and CEO of SBI General Insurance Co Ltd., a joint venture between the State Bank of India (SBI) and Insurance Australia Group (IAG). He is a mentor of an IT start-up company named Catyeus Inc, Calgary, Canada.

Re-appointment of Mr. Ashok Haranahalli & Mr. Rammohan Rao Belle as Independent Directors on the Board of the Bank will continue to provide substantial value addition to the Bank and hence, Board recommends the resolution for the approval of the members as stated under item number 10 & 11 of the Notice.

#### **Item No. 12**

Pursuant to the implementation of Companies Act, 2013 and also SEBI (LODR) Regulations, procedure to be followed with respect to transfer/ transmission of securities has been simplified. With a view to align and further simplify and expedite the procedure for registering the requests for registering transmission, deletion of names, transposition of securities and for issue of duplicate share certificates etc., it is proposed to delegate these powers to the Managing Director & CEO also in addition to Committee of the Board already formed for considering such requests. In this regard, Article 51(u) of Article of Association of the Bank is now proposed to amend as stated below:

Nature of Request	Current Structure	Proposed Structure
1. Transfer of securities:	Delegated to Managing Director & CEO	No Change
2. Registering transmission, Deletion of names, Transposition of securities and for issue of duplicate share certificates etc	Approval by Board/Executive Committee/Share Transmission Committee	Approval by the Board or by Executive Committee or by Managing Director & CEO

Therefore, the Board recommends substitution of article 51(u) as mentioned in item no.12 above for approval of the shareholders.

**Item No.13**

In an increasingly competitive environment, rewarding performing employees of the Bank is imperative for continued success. In order to incentivize, motivate and to retain employees, Bank has recognized granting of stock options as a tool to reward the performance. Stock options create a sense of ownership among the employees and provide an opportunity to them to contribute to the growth of the Bank. It also helps in creation of long term wealth in the hands of the employees and provides performance linked rewards to the eligible employees (excluding Independent Directors). In this regard, the Board of Directors of the Bank proposes to offer stock options to eligible employees including Whole-Time Directors. Accordingly the Bank has formulated an Employee Stock Option Scheme called 'KBL STOCK OPTION SCHEME 2018' (ESOS-2018) and the scheme is administered directly by the Bank. The salient features of the scheme are set out below:

**1. The total number of options to be granted under the scheme:**

Upto 50,00,000 options in aggregate each option exercisable for 1 (ONE) equity share of ₹ 10 each fully paid up will be available under the scheme for granting to eligible employees.

**2. Identification of class of employees entitled to participate in the ESOS 2018:**

All employees subject to fulfilling the eligibility criteria as may be laid down by the Board/NRC shall be eligible to participate in the ESOS 2018.

**3. Vesting:**

The employee stock options granted under this scheme shall vest in a graded manner over a period of three years from the date of grant as may be decided by NRC, subject to minimum vesting period of one year from the date of grant.

**4. The maximum exercise period:**

Subject to the terms and conditions prescribed under the ESOS 2018, stock options vested in the employees shall be capable of being exercised in one or more tranches, within a period of maximum five years from the date of vesting of the respective stock options.

**5. Pricing:**

**The exercise price per option shall be the closing price per equity share of the Bank on the date of the grant in terms of SEBI (Share Based Employee Benefits) Regulations, 2014. In case the date of grant falls on a non-traded day, then closing price as on the previous trading day is considered as exercise price.** The decision of the Board/NRC in this regard shall be final and binding on the employees.

**6. Appraisal process :**

The appraisal process for determining the eligibility of the employees under the scheme shall be as prescribed by the Board/NRC.

**7. Process of exercise:**

Eligible employees may apply for and seek allotment of shares against options vested in them in one or more tranches as the case may be, within a period as stated above. Application duly filled and signed by eligible employees along with the exercise price should be sent to the Bank for allotment of shares against options. An option granted to an employee is not transferable.

**8. The maximum number of options to be granted per employee shall be as under:**

Grant of options to an identified employee in any year or in aggregate shall not exceed one per cent of the issued Equity Share Capital of the Bank.

**9. Accounting policies:**

The Bank shall conform to the accounting policies specified under Regulation 15 of the SEBI (Share Based Employee Benefits) Regulations, 2014.

**10. Valuation method:**

The Bank shall value its options using intrinsic value method as prescribed under the 'Guidance Note on Accounting for Employees Share Based Payments (Guidance Note)' or Accounting Standards issued by the ICAI or by the Ministry of Corporate Affairs from time to time. 'Intrinsic Value' of an option is the excess of the market price of the underlying share on the grant date over the exercise price. Since the Bank is opting for intrinsic value method, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value shall be disclosed in the Directors' Report along with impact of this difference on profits and on earnings per share of the Bank.

**11. Disclosure in Directors' report:**

Necessary disclosures shall be made in the Director's Report in accordance with the provisions of Companies Act, 2013 and applicable SEBI Regulations.

Pursuant to Section 62(1)(b) and other applicable provisions of the Companies Act, 2013 and as per SEBI Regulations, consent of the members by way of special resolution is required for grant of stock options to employees including the Directors. Hence the Board of Directors recommend the above resolution for approval by the shareholders.

The draft ESOS 2018 Scheme document referred above is available for inspection by any member during the normal business hours of the Bank.

Except Mr. Mahabaleshwara M.S., Managing Director & CEO and other Key Managerial Personnel and their respective relatives who may be interested in this resolution to the extent of stock options to be granted to them, no other director is interested in the above resolution.

Registered Office:  
Mahaveera Circle,  
Kankanady, Mangaluru-575002  
Date: June 18, 2018

By order of the Board of Directors

Prasanna Patil  
Company Secretary

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

- (i) The voting period begins on **July 17, 2018 at 9.00 a.m.** and ends on **July 20, 2018 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 12, 2018**) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders/Members.
- (v) 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.
- (vi) Next, enter the Image Verification as displayed and Click on 'Login'.
- (vii) 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.
- (viii) 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	<ul style="list-style-type: none"> <li>♦ Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company/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>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>♦ If both 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.</li> </ul>

- (xi) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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 to not share your password with any other person and to take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for The Karnataka Bank Ltd. on which you choose to vote.
- (xiii) 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 your assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the changed login password, then Enter the User ID and the image verification code and click on 'Forgot Password' & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app 'm-voting', available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians 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 linked in the login should be e-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.

- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and 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).

- (xxii) Any person, who acquires shares of the Bank and becomes a member after dispatch of the notice and holds shares as on the Cut-off date i.e. **July 12, 2018** may obtain the login and password by sending a request @ [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.



# ROUTE MAP

