

POSTAL BALLOT NOTICE

(Pursuant to Section 192 A of the Companies Act, 1956)

To the Members of The Karur Vysya Bank Limited

Notice is hereby given that pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the following Special Resolutions, in respect of the Special Business more specifically provided in the appended resolutions, are proposed to be passed by Postal Ballot.

Resolutions for authorizing:

1. Issue of Equity Shares under Qualified Institutions Placement (QIP) to Qualified Institutional Buyers (QIBs)
2. Increasing the FII holding limit in the Bank upto 40% of the Paid-up capital.

SPECIAL BUSINESS

Item No.1

Issue of Equity Shares under Qualified Institutions Placement (QIP) to Qualified Institutional Buyers (QIBs)

To consider and, if deemed fit, to pass through Postal Ballot, the following resolution as a **Special Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956, Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended ("SEBI ICDR Regulations"), Foreign Exchange Management Act, 1999 ("FEMA"), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, (including any statutory amendments thereto or modifications or re-enactments thereof for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Bank and the Listing Agreement entered into by the Bank with the Stock Exchange/s where the shares of the Bank are listed (the "Listing Agreement") and such other approvals/permissions as may be necessary including the approval, if any, from Reserve Bank of India, Securities and Exchange Board of India and subject to the such conditions and modifications as may be prescribed or imposed by any of them 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") or a Committee of Directors (hereinafter referred to as "the Committee") constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution, be and is hereby authorized to create, offer, issue and allot, by way of Qualified Institutions Placement ("QIP") to Qualified Institutional Buyers (QIBs) in terms of Chapter VIII of the SEBI ICDR Regulations, whether or not such investors are existing Members of the Bank, through one or more tranches, such number of equity shares of face value of ₹10(Ten) each as may be decided by the Board at the appropriate time at such price or prices including premium on each share, as the Board or the Committee of the Board may determine in accordance with the SEBI ICDR Regulations and where necessary in consultation with the Merchant Banker(s) appointed and /or to be appointed by the Bank in relation to such QIP and such that the aggregate amount to be raised from the issue and allotment of such equity shares shall not exceed ₹1000 (One Thousand) crore and on such terms and conditions as may be finalized by the Board and that the Board may finalize all matters incidental thereto as it may in its absolute discretion thinks fit.

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

RESOLVED FURTHER that the relevant date for determining the

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

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

RESOLVED FURTHER that the equity shares shall be listed on the Stock Exchange/s, where the existing equity shares of the Bank are listed.

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

Item No.2

Increasing the FII holding limit in the Bank upto 40% of the Paid-up Capital

To consider and, if deemed fit, to pass through Postal Ballot, the following resolution as a **Special Resolution**.

"RESOLVED THAT PURSUANT to the applicable provisions of The Companies Act, 1956, Foreign Exchange Management Act, 1999 (FEMA), Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000, the Consolidated FDI Policy of the Government of India, as amended, and other applicable laws, rules, guidelines, notifications, circulars, provisions, if any(including any amendments, or re-enactments or re-notifications thereof for the time being in force) and subject to the approval of the Reserve Bank of India and other statutory/regulatory approvals as may be necessary, consent of the Bank be and is hereby accorded to permit the Foreign Institutional Investors (FIIs)/ Securities and Exchange Board of India approved sub-account of FIIs in the equity share capital of the Bank, through primary or secondary route, such that no individual person or group which would take his/its holding to a level of 5% or more of the paid up Capital of the Bank or such other percentage as may be prescribed by the Reserve Bank of India in this regard from time to time without the prior approval of RBI and the aggregate holding of the Foreign Institutional Investors (FIIs) shall not exceed 40% of the paid up equity capital of the Bank from time to time.

RESOLVED FURTHER THAT THE Board of Directors of the Bank be and is hereby authorized to do all such acts, deeds, matters and things, execute all such documents, deeds and writings as may be required, and give such directions as may be necessary or desirable and to settle all questions or difficulties what so ever that may arise with regard to the aforesaid matter."

By Order of the Board of Directors
For The Karur Vysya Bank Limited

1. The Board of Directors has appointed Shri S Solaiyappan, Practicing Company Secretary, Salem as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

2. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed to this Notice. A Postal Ballot Form is also enclosed.

The Notice is being sent to all the Members whose names appear in the Register of Members / Beneficiary Position maintained by the Depositories as on 23rd August 2013. Voting rights shall be reckoned on the paid up value of the shares registered in the names of the Members as on 23rd August 2013.

INSTRUCTIONS FOR VOTING

Voting through Physical Postal Ballot Form

1. The Members are requested to carefully read the instructions printed in the Postal Ballot Form and return the Postal Ballot Form duly completed with the assent (for) or dissent (against), in the enclosed postage pre-paid self-addressed envelope, so as to reach the Scrutinizer, before the closing of working hours i.e. 5.00 pm on 3rd October 2013, to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member.
2. The Members are requested to exercise their voting rights by using the attached Postal Ballot Form only. No other form or photocopy of the form is permitted.

Envelopes containing Postal Ballot Form if deposited in person or sent by courier at the expense of the Members will also be accepted.

e-Voting Facility

The Company is pleased to offer e-voting facility as an alternative to its Members, to enable them to cast their vote electronically instead of dispatching Postal Ballot. The procedure for the same is as under:

- ✓ Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com.
- ✓ Click on the "Shareholders" to cast your votes.
- ✓ Select the "Electronic Voting Sequence Number (EVSN)" along with "The Karur Vysya Bank Limited" from the drop down menu and click on "SUBMIT".
- ✓ Fill up the following details in the appropriate boxes:
USER ID and Initial Password as provided in the Postal Ballot form
PAN*: Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department
*For shares held in physical form and where PAN has not been provided/updated by the shareholder/s, then those shareholders have to vote through physical ballot form only.
- ✓ After entering these details appropriately, click on 'SUBMIT'.
- ✓ Members holding shares in physical form will then reach directly to the voting screen. However, Members holding shares in demat form will now be required to mandatorily change their password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The Members can enter their demographic details i.e., Mobile Number and email-id. Email Id may be used in case the Member forgets the password and the same needs to be reset. Kindly note that the changed password can be used by the demat shareholders for voting for resolution of any other company in which they are eligible to vote, provided that company opts for e-voting through CDSL e-Voting platform.
- ✓ If you are holding shares in Demat form and had logged on to www.evotingindia.com and cast your vote earlier for EVSN of any company, then your existing password is to be used.
- ✓ On the voting page, you will see Resolution Description & option for voting Yes/No against Resolution Description. The option 'Yes' implies that you assent to the Resolution & 'No' implies that you dissent to the Resolution.
- ✓ Click on the 'Resolution File Link' if you wish to view the entire resolution file.
- ✓ Enter the number of shares (which represents number of votes) under YES/NO, or alternatively, you may partially enter any number in YES and partially in NO, but the total number in YES and NO taken together should not exceed your total shareholding.
- ✓ 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" & accordingly modify your vote.
- ✓ Once you have confirmed your vote on the Resolution, you will not be allowed to modify your vote.
- ✓ Institutional Members (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 at solaiofficeballot@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com.
- ✓ Kindly note that the members can opt only one mode of voting i.e., either by Physical Ballot or e-voting. If you are opting for e-voting, then do not vote by Physical Ballot also & vice-versa; you may partially enter any number in YES and partially in NO, but the total number in YES and No, taken together should not exceed your total shareholding. However, in case the Member(s) cast their vote both viz Physical voting & e-voting, then voting validly done through e-voting shall prevail and voting done

✓ e-voting needs to be exercised before the close of working hours i.e. 5.00 pm on 3rd October 2013 for the vote exercised to be treated as valid.

✓ If you wish to provide feedback on the e-voting system or you have any queries or issues regarding e-voting, please contact helpdesk.evoting@cdslindia.com.

General

- 1) The Scrutinizer will submit the report to the Chairman after completion of the scrutiny and the results of the Postal Ballot will be announced on or before 7th October 2013, at the Registered Office of the Bank. The results of the Postal ballot will be hosted on the Bank's website at www.kvb.co.in for information of the Members, besides being communicated to the stock exchanges on which the shares of the bank are listed. The date of declaration of the Postal Ballot results will be taken as the date of passing the Resolutions.
- 2) The Scrutinizer's decision on the validity of the Postal Ballot shall be final.

ANNEXURE TO THE NOTICE

(Explanatory Statement under Section 173(2) of the Companies Act, 1956)

Item No. 1

With a view to maintain Capital to Risk weighted Assets Ratio (CRAR) above the minimum prescribed by Reserve Bank of India and to strengthen the capital base to support the business growth of the Bank, the Bank proposes to augment its capital funds by issue of equity shares. The Bank proposes to issue equity shares through the mechanism of Qualified Institutions Placement (QIP) in accordance with Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. It is proposed to issue and allot, in one or more tranches, such number of equity shares at such price as the Board of the Bank or the Committee of the Board, may determine from time to time, in such a way that the aggregate amount to be raised shall not exceed ₹1000 cr. These shares will be issued only to Qualified Institutional Buyers (QIBs) as per the SEBI ICDR Regulations and there will not be any issue to retail individual investors. The issue price, proportion and timing of the issue will be decided by the Board/Committee in due course.

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

The 'relevant date' for the above purpose will be the date of the meeting in which the Board of Directors of the Bank or the Committee of Directors duly authorized by the Board of Directors of the Bank decides to open the proposed issue.

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

Section 81 of the Companies Act, 1956, inter-alia, provides that whenever it is proposed to increase the subscribed capital by a further issue and allotment of shares, such shares shall be offered to the existing shareholders of the company in the manner laid down in the said section, unless the shareholders decide otherwise in a General Meeting.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956, SEBI ICDR Regulations and in terms of the provisions of the Listing Agreement with Stock Exchange/s for authorizing the Board to issue, offer and allot equity shares as stated in the resolution through QIP in such manner and upon such terms and conditions as the Board may in its absolute discretion deems fit.

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

None of the Directors is interested in this item of business.

Item No. 2

Foreign Institutional Investors (FIIs) can hold upto 35% of the Paid up capital of the Bank in terms of approval accorded by the Reserve Bank of India vide Press Release dated 18.10.2011. The present FII holdings in the Bank as on 26.07.2013, comes to 24.80%. The Bank has placed a proposal for issue of shares through Qualified Institutions Placement (QIP) to the Qualified Institutional Buyers (QIBs) as per agenda 1 above. Further FIIs may also make purchases from the market under Portfolio Investment Scheme. Hence there is a need for increasing the cap for FIIs in the paid up capital of the Bank. Board in the meeting held on 06.08.2013 decided to raise this limit to 40% subject to the approval of the shareholders of the bank by way of special resolution through the postal ballot.

Approval of the members is sought for the same. In terms of the regulatory Policy guidelines, the proposed increase in the foreign holding limit has to be approved by means of a special resolution of the members of the Bank. The Bank would be seeking the approval of the Reserve Bank of India once the consent of the shareholders is obtained for raising the FII holding limit in the paid-up capital of the Bank.

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

None of the Directors is interested in this item of business.

By Order of the Board of Directors
For The Karur Vysya Bank Limited

Karur : 639 002.
Date : 06.08.2013

R.Kannan
Company Secretary

INSTRUCTIONS

- 1) A Member desiring to exercise vote by Postal Ballot should complete this Postal Ballot Form and send it to the Scrutinizer in the enclosed self-addressed business reply envelope properly sealed. **The Members need not affix postal stamps since the postage will be paid by the Bank.** However, envelopes containing Postal Ballots, if sent by courier or by registered post at the expense of the Members will also be accepted.
- 2) The self-addressed envelope bears the address of the Scrutinizer appointed by the Board of Directors of the Bank.
- 3) This form should be completed and signed by the Member (as per the specimen signature registered with the Bank/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.
- 4) Incomplete or unsigned Postal Ballot Form will be rejected.
- 5) Duly completed Postal Ballot form should reach the Scrutinizer not later than the **close of working hours i.e. 5.00 pm on 3rd October 2013.** Postal Ballot Forms received after this date will be strictly treated as if the reply from the Member has not been received.
- 6) The consent must be accorded by recording the assent in the Column "FOR" and dissent in the Column "AGAINST" by placing a tick mark (✓) in the appropriate column.
- 7) Voting rights shall be reckoned on the paid up value of shares registered in the name/s of the Members on 23rd August 2013.
- 8) In case the shares are held by bodies corporate or by persons authorized under power of attorney, the Postal Ballot Form signed in representative capacity must be accompanied by a certified true copy of the resolution of the Board of Directors of the concerned body corporate or by an attested true copy of the power of attorney authorizing such persons, as the case may be, along with a specimen signature of the said authorized representative or power of attorney holder. If the same is/are already registered with the Bank/Depository Participant, please quote the Registration Number beneath the signature. Where the Postal Ballot Form has been signed by a representative of the President of India or by the Governor of a State, a certified true copy of the nomination should accompany the Postal Ballot Form.
- 9) The Members are requested not to send any other document along with the Postal Ballot Form in the enclosed self addressed envelope as all such envelopes will be delivered to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.
- 10) A Member need not use all votes nor needs to cast all the votes in the same way.
- 11) A Member may request duplicate Postal Ballot Form, if so required. However, the duly filled duplicate Postal Ballot Form should reach the Scrutinizer not later than the date specified at Item No.5 above.
- 12) The Scrutinizer's decision on the validity of Postal Ballot will be final.

Serial No.

POSTAL BALLOT FORM

1. Registered Folio No./ DP ID No. & Client ID No.
2. Name(s) and Registered Address of the sole/first named Shareholder / Beneficial owner, including Joint holder(s), if any (in block letters)
3. Number of shares held

I/We hereby exercise my/our vote in respect of the following Resolutions to be passed through Postal Ballot for the business stated in the Notice dated 6th August 2013 of the Bank, by sending my/our Assent or Dissent to the said resolutions by placing tick (✓) mark at the appropriate boxes below:

Brief Description	Type of resolution	No. of shares	I/We assent to the resolution (FOR)	I/We Dissent to the resolution (AGAINST)
1. Resolution for issue of Equity Shares under Qualified Institutions Placement (QIP) to Qualified Institutional Buyers (QIBs).	Special			
2. Resolution for increasing the FII holding limit in the Bank upto 40% of the Paid-up capital	Special			

Place :

Date :

Signature of the Member
(Please refer instructions No : 3 & 8 overleaf)

ELECTRONIC VOTING PARTICULARS		
EVSN (Electronic Voting Sequence Number)	User ID	PASSWORD

Note: Please read carefully the instructions printed overleaf before exercising the vote through this form and for e-voting, please refer the instructions under "e-Voting Facility" in the Notice attached herewith.