

THE CATHOLIC SYRIAN BANK LIMITED

Registered Office: CSB Bhavan, St.Mary's College Road, Thrissur, Kerala-680 020

Corporate Identity Number : U65191KL1920PLC000175

Tel: +91 487 2333020; **Fax:** +91 487 2338764

Website: www.csb.co.in; **E-mail:** board@csb.co.in

POSTAL BALLOT NOTICE

(Pursuant to Section 110 of the Companies Act, 2013)

Dear Member(s),

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, for obtaining the approval of the shareholders through postal ballot for :

1. Issue of Equity Shares on preferential basis to certain persons / entities pursuant to the provisions of Sections 42 and 62 of the Companies Act, 2013 read together with relevant Rules thereunder.
2. Borrow money as per Section 180(1)(c) of the Companies Act, 2013.
3. Approve the CSB Employees Stock Option Scheme 2013 ("ESOS 2013" or "Scheme") and to offer, issue and allot equity shares to the eligible employees of the bank under the Scheme pursuant to Section 62 (1)(b) and other applicable provisions, if any, of the Companies Act, 2013 read together with relevant Rules thereunder.
4. Grant of stock options to the Managing Director & CEO of the Bank.

The draft of Ordinary and Special Resolutions together with the Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, setting out the material facts and reasons thereto are enclosed.

By Order of the Board

Sd/-

Place : Thrissur
Date : July 7, 2014

(Sijo Varghese)
Company Secretary

DRAFT RESOLUTIONS

SPECIAL BUSINESS

1. To consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 42 and 62 of the Companies Act, 2013 read together with relevant Rules thereunder and other applicable provisions if any, of the said Act, (including any statutory modification thereof for the time being in force and as may be enacted from time to time), the Banking Regulation Act, 1949, as amended and in accordance with the provisions of all other applicable laws, rules and regulations including the pricing guidelines of the Reserve Bank of India relating to allotment of shares, the enabling provisions of the Memorandum of Association and Articles of Association of the Bank and subject to the approval of Reserve Bank of India and other statutory, regulatory and government approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions or sanctions and which may be agreed to by the Board of Directors of the Bank (hereinafter referred to as “**the Board**”, which term shall include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the consent, authority and approval of the Bank be and is hereby accorded to the Board to offer, issue, and allot **8744090** equity shares of ₹ **10/-** each (“equity shares”) (collectively referred to as “**Issue of Shares**”) at a premium of ₹ **170/-** per equity share aggregating to an amount of ₹ **1,57,39,36,200/-** to the investors named below (**the “Investors”**) on preferential allotment basis, at such time or times and on such terms and conditions and in such manner as may be decided by the Board in this connection (**the “Issue”**)”.

Sl. No	Name of the proposed allottees	Addresses of the proposed allottees	No. of Equity Shares proposed to be allotted
1	C.K. Gopinathan	Chittilangat Kalam, Koottanad, Palakkad, PIN - 679 533	1000000
2	Indorama Corporation Pte. Ltd	143 Cecil Street, #14-00, G B Building, Singapore- 069 542	1666666
3	Sat Pal Khattar	3D Tanglin Hill, Singapore - 248 035	355430
4	Anand Krishnamurthy	G 36, Chaithanya Smaran, Whitefield Hoskote main Road, Kannamangala, Bangalore, PIN - 560 067	333333
5	Alok Oberoi	21 Blomfield Road, Maida Vale, London W91AD, U K	273000
6	Satish Chandra Katyal	A-303/304 Golf Scappe, Sion Trombay Road, Chembur, Mumbai, PIN - 400 071	333333
7	Hitendra Dave	Flat No.81, 8th floor, Chitrakoot Bldg, Chitrakook Coop Housing Society Ltd, Altamount Road, Mumbai, PIN - 400 026	222222
8	Agnus Capital LLP	Star 1, Bilekahalli, Bannerghatta Road, Bangalore, PIN - 560 076	627333
9	Vineet Malik	C1-21/F, Villa Monte Rosa, 41A, Stubbs Road, Wan Chai Dist., Hong Kong	55555
10	Pradeep Khanna	C-1105, Ashok Towers, Dr. S S Rao Road, Parel, Mumbai, Maharashtra, India PIN- 400 012	55555
11	Madhur Malviya	2007, FLOOR-20, PLOT-5/209, E2, Sky Flama, Tokersey Jivraj Road, Dosti Flamingos, Sewree, Mumbai, PIN- 400 015	55555
12	Sridhar Narayan	B 181, Tower-B, Kalpataru Horizon, S.K Ahire Marg, Worli, Mumbai, PIN - 400 018	111111

Sl. No	Name of the proposed allottees	Addresses of the proposed allottees	No. of Equity Shares proposed to be allotted
13	Acumen Capital Market (India) Limited	S.T Reddiar & Sons Building, Veekshanam Road, Cochin, PIN - 682 035	125000
14	India 2020 Fund II, Limited	C/o Cim Fund Services Ltd. 33, Edith Cavell Street , Port-Louis , Mauritius	1666666
15	Genesis International Investment Holding Pte. Ltd	17 Phillip street, # 05-01, Grand Building, Singapore -048695	833333
16	Nilesh Navlakha	8 J.K Lane, Ground Floor, Off Mayfair Road, Kolkata, PIN - 700 019	55555
17	Ravi Mehrotra & Renuka Mehrotra	Flat A, 40/F Block 1, Estoril Court, 55 Garden Road, Mid-level, Hong Kong	100000
18	Yusuff Ali M.A.	P.O.Box No. 4048, Abu Dhabi, UAE	430000
19	Plant Lipids Pvt Ltd	Kadayiruppu P.O., Kolencherry, Ernakulam, Kerala, PIN - 682 311	388888
20	Vikram Kundur Reddy	C/o Four Seasons Hotels Jakarta, Jalan H.R. Rasuna Said, Jakarta, 12920, Indonesia	55555

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorized to take all such actions and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper and desirable, to settle any question, difficulty or doubt that may in regard to the issue of equity shares, to do all such acts, deeds, matters and things, finalize and execute all documents and writings as may be necessary, desirable or expedient as it may in its absolute discretion deem fit, proper or desirable without being required to seek any other consent or approval of the shareholders to the end and intent that the shareholders shall deemed to have given their approval thereto expressly by the authority of this resolution”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred on it, to any Committee(s) of Directors, the Managing Director or such other Officer(s) of the Bank as it may deem fit to give effect to the aforesaid resolution.”

2. To consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** in supersession of the resolution passed under Section 293(1)(d) of the Companies Act, 1956 at the Annual General Meeting of the Bank held on September 28, 2012 and pursuant to Section 180(1)(c) and other applicable provisions if any, of the Companies Act, 2013, as amended from time to time, the Board of Directors of the Bank (hereinafter referred to as the “Board” which term shall include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) be and is hereby authorized to borrow money from time to time and as and when required, in excess of the Bank’s paid-up capital and free reserves, so however that the aggregate of such borrowings including the money already borrowed by the Bank and outstanding at any point of time, shall not exceed ₹ 1,000 crores (Rupees One Thousand Crores only) over and above its paid up capital and free reserves” .

3. To consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to Section 62 (1)(b) and other applicable provisions if any, of the Companies Act, 2013 (hereinafter referred to as “**the Act**”) read with the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification thereof for the time being in force and as may be enacted from time to time), and in accordance with all other applicable Rules, Regulations, Guidelines, the enabling provisions of the Memorandum and Articles of Association of the Bank, the approval of the Bank be and is hereby accorded to the CSB Employees Stock Option Scheme 2013 (“ESOS 2013” or “Scheme”) and to offer, issue and allot equity shares to the eligible employees of the bank under Scheme.”

“RESOLVED FURTHER THAT the Board of Directors of the Bank (hereinafter referred to as “the Board”, which term shall include the Remuneration & Compensation Committee constituted by the Board to exercise its powers including the powers conferred by this resolution) be and is hereby authorized to implement the scheme and grant options to eligible present and future employees of the Bank, such that the offer, issue and allotment of such shares pursuant to the option shall not exceed 5% of issued equity shares of the Bank from time to time, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board from time to time”.

“RESOLVED FURTHER THAT approval be and is hereby accorded for grant of option equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank to Directors and other eligible employees as per the scheme in the whole time employment of the Bank at the time of grant of option”.

“RESOLVED FURTHER THAT the equity shares to be issued and allotted by the Bank under the scheme shall rank paripassu in all respects with the existing fully paid equity shares of the Bank”.

“RESOLVED FURTHER THAT the Options may be granted to eligible employees and Directors who are in the whole time employment of the Bank in accordance with terms and conditions of the Scheme and as the Board may decide from time to time.”

“RESOLVED FURTHER THAT in case Bank’s equity share capital or its valuation is affected due to any corporate action like issue of bonus shares/right issue, stock split, merger, restructuring or any such event happening subsequent to the grant of option, the Board shall have the discretion to make appropriate amendments to the scheme, including changes in the number of options, the exercise price or floating a new scheme/extending the applications of the existing scheme or any other fair and just mechanism including acceleration of option if deemed necessary, in accordance with law, as deems fit, while striving to ensure that the rights of the employees are not adversely affected”.

“RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of securities, the Board be and is hereby authorized on behalf of the Bank to evolve, decide upon and bring into effect the scheme and make any modifications, changes, variations, alterations or revisions in the said scheme from time to time or to suspend, withdraw or revive the scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Bank to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Bank”.

4. To consider and if thought fit, to pass the following Resolution as an **Ordinary Resolution:**

RESOLVED THAT pursuant to Article 146 of Articles of Association of the Bank read with the provisions of Section 197 and other applicable provisions if any, of the Companies Act, 2013 and subject to the approvals/modifications of the Reserve Bank of India (RBI) as may be required under Section 35B of the Banking Regulation Act, 1949, the grant of 836943 stock options as hiring grant to Shri. Rakesh Bhatia, Managing Director & CEO of the Bank, holding Director Identification Number : 06547321, @ ₹ 181.03 per share, be and is hereby approved.”

NOTES:

1. The Notice is being sent to all the Members, whose names appear in the Register of Members/list of Beneficial Owners as received from National Securities Depository Limited (“**NSDL**”)/Central Depository Services (India) Limited (“**CDSL**”) as on Tuesday, 8th July 2014.
2. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Bank on all working days between 11:00 a.m. and 3:00 p.m. till the last date upto which postal ballots can be received by the scrutiniser.
3. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communications including Annual Report, Notices, Circulars etc. from the Bank electronically.
4. The Board of Directors has appointed CS Sivakumar P., Managing Partner, SVJS & Associates, Company Secretaries, 39/3519 B, First Floor, Padmam Apartments, Ravipuram, Kochi-682016, Kerala, as the Scrutinizer, for conducting the postal ballot process in a fair and transparent manner.
5. A member desiring to exercise vote by postal ballot is requested to carefully read the instructions printed on the Postal Ballot Form and return the duly completed, in the attached self-addressed postage Business Reply Envelope so as to reach the Scrutinizer on or before the close of working hours (5:30 p.m.) on Wednesday, the 13th of August 2014.
6. The Scrutinizer will submit his report to the Chairman/ Managing Director & CEO of the Bank after completion of the scrutiny of the Postal Ballots and the results thereof will be announced by the Chairman/Managing Director & CEO/ any one member of the IPO & Capital Raising Committee of the Board and Company Secretary on Monday, the 18th of August 2014 at 11.00 A.M., at the Registered Office of the Bank at CSB Bhavan, St.Mary’s College Road, Thrissur, Kerala-680 020. The date of declaration of the postal ballot result will be taken to be the date of passing of the resolutions.
7. The results of the Postal Ballot and the Report of the Scrutinizer will be displayed at the Registered Office, besides being hosted on the Company’s website www.csb.co.in and the Results will thereafter be published in the Newspapers for the information of the Members.
8. In accordance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the business may be transacted through electronic voting system and the Bank is providing facility for voting by electronic means (“e-voting”) to its members. The Bank has engaged the services of Central Depository Services (India) Limited (CDSL) to facilitate e-voting and for security and enabling the members to cast their vote in a secure manner. Please note that the voting through electronic means is optional. In case a Member has voted through e-voting facility, he is not required to send the physical Postal Ballot Form. In case a Member votes through e-voting facility as well as sends his vote through physical vote, the vote cast through e-voting shall only be considered and the voting through physical Postal Ballot shall not be considered by the Scrutinizer.
9. Please see the instructions for voting by Postal Ballot (including E-Voting) which has been printed herein.

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

SPECIAL BUSINESS

Item No.1

The Bank needs to augment its capital base substantially in order to support its business plan requirements and to comply with the regulatory requirements on capital adequacy. As part of this process, the Bank may have to explore various avenues of raising capital funds.

Accordingly, the Board of Directors proposes to offer, issue and allot 8744090 equity shares to the investors on a preferential basis in accordance with the provisions of Sections 42 and 62 of the Companies Act, 2013 and the Rules made thereunder. The proceeds of the issue are proposed to be utilized to augment the long term Tier I Capital base of the Bank to meet its business plans and to comply with the regulatory requirements on capital adequacy. The Board believes that the proposed issue and allotment will be in the best interest of the Bank and all its members.

Disclosure as required as per Rule 13 (2)(d) of the Companies (Share Capital and Debentures) Rules, 2014 is as under:

1. Objects of the issue

The funds raised through the proposed issue of shares shall be used:

- to augment the long term Tier I capital base of the Bank to meet the business plan requirements and
- to comply with the regulatory requirements on capital adequacy.

2. Total number of shares to be issued

8744090 equity shares, constituting 17.28 % of the post issue paid up capital of the Bank.

3. Price/ Price Band at which the allotment is proposed

The shares are proposed to be issued at a price of ₹ 180/- (Rupees one hundred and eighty only) per equity share, i.e. at a premium of ₹ 170/- (Rupees one hundred and seventy only) per equity share.

4. Basis on which the price has been arrived at along with report of the registered valuer

The issue price shall be at a price not less than the fair value to be determined as per the discounted free cash flow method. The current issue price is the same as that of the fair value of shares. A fair valuation report dated June 26, 2014 from M/s. V. Venugopalan & Associates, Chartered Accountants, an Independent Firm of Chartered Accountants, Thrissur has been obtained indicating fair value @ ₹ 180/- per share.

5. Relevant date with reference to which the price has been arrived at

The date of the valuation report i.e. June 26, 2014 has been taken to be the Relevant Date for the purpose of this proposed preferential issue.

6. Class / Classes of persons to whom the allotment is proposed to be made

The allotment is proposed to be made to resident individuals, corporates, NRIs and Non-resident Corporates subject to approval of Reserve Bank of India.

7. Intention of the Promoters/Directors/Key Managerial Personnel to subscribe to the offer

Bank has no identified promoters.

No Director other than Shri.C.K.Gopinathan has the intention to subscribe to the offer. No relatives of Directors have intention to subscribe to the offer.

No Key Management Personnel or relatives of Key Management Personnel have intention to subscribe to the offer.

8. Proposed time within which the allotment shall be completed:

The allotment of shares on a preferential basis shall be completed within a period of twelve months from the date of passing of the special resolution and the Bank shall allot shares within sixty days from the date of receipt of the application money.

9. The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them

Sl. No	Name of the proposed allottees	Share holding before the preferential offer	% of Pre issue holding	No. of shares to be offered	Post preferential offer holding	% of post preferential offer holding
1	C.K.Gopinathan	858043	2.05%	10,00,000	18,58,043	3.67%
2	Indorama Corporation Pte. Ltd	0	0%	16,66,666	16,66,666	3.29%
3	Sat Pal Khattar	0	0%	3,55,430	3,55,430	0.70%
4	Anand Krishnamurthy	0	0%	3,33,333	3,33,333	0.66%
5	Alok Oberoi	0	0%	2,73,000	2,73,000	0.54%
6	Satish Chandra Katyal	0	0%	3,33,333	3,33,333	0.66%
7	Hitendra Dave	0	0%	2,22,222	2,22,222	0.44%
8	Agnus Capital LLP	0	0%	6,27,333	6,27,333	1.24%
9	Vineet Malik	0	0%	55,555	55,555	0.11%
10	Pradeep Khanna	0	0%	55,555	55,555	0.11%
11	Madhur Malviya	0	0%	55,555	55,555	0.11%
12	Sridhar Narayan	0	0%	1,11,111	1,11,111	0.22%
13	Acumen Capital Market (India) Limited	0	0%	1,25,000	1,25,000	0.25%
14	India 2020 Fund II, Limited	0	0%	16,66,666	16,66,666	3.29%
15	Genesis International Investment Holding Pte. Ltd.	0	0%	8,33,333	8,33,333	1.65%
16	Nilesh Navlakha	0	0%	55,555	55,555	0.11%
17	Ravi Mehrotra & Renuka Mehrotra	0	0%	1,00,000	1,00,000	0.20%
18	Yusuff Ali. M.A	2083792	4.98%	4,30,000	25,13,792	4.97%
19	Plant Lipids Pvt Ltd.	0	0%	3,88,888	3,88,888	0.77%
20	Vikram Kundur Reddy	50000	0.12%	55,555	1,05,555	0.21%

10. Whether a change in control in the Company would occur consequent to the preferential offer:

No change in the control of the Company is intended or expected pursuant to the preferential issue.

11. The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price

For Financial year 2014-15, the Bank has not offered any shares to any person on preferential basis. Last issue on preferential basis was in the financial year 2007-2008.

12. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer.

Not applicable

13. The pre- issue and post issue shareholding pattern of the Company :

The shareholding pattern of the Bank before the proposed issue of equity shares on preferential basis, based on the shareholdings as on Friday , the 4th July 2014, being the earliest date on which the data was available prior to the approval and issuance of the notice to the shareholders as well as the post issue shareholding pattern are provided hereunder :

Sr. No	Category	Pre Issue		Post Issue	
		No. of Shares held	% of Shareholding	No. of Shares held	% of Shareholding
A	Promoters Holding				
1	Indian:	0	0	0	0
	Individual	0	0	0	0
	Bodies Corporate	0	0	0	0
	Sub Total	0	0	0	0
2	Foreign Promoters :	0	0	0	0
	Sub Total	0	0	0	0
	Total (A)	0	0	0	0
B	Non - Promoters Holding				
1	Institutional Investors	2089246	4.99	2089246	4.13
2	Non - Institutions :	39757879	95.01	48501969	95.87
	Private Corporate Bodies (including non-resident corporate)	17244913	41.21	22552799	44.58
	Directors & Relatives	1746368	4.17	2746368	5.43
	Indian Public	12499488	29.87	13610597	26.90
	Others (Including NRIs)	8267110	19.76	9592205	18.96
	Total (B)	41847125	100.00	50591215	100.00
	GRAND TOTAL	41847125	100.00	50591215	100.00

14. Ranking of equity shares

Equity shares to be issued and allotted pursuant to the above, shall rank *pari passu* with the existing equity shares of the Bank in all aspects.

15. Basis or Justification for the price, including premium at which offer is being made

The issue price shall be at a price not less than the fair value to be determined as per the discounted free cash flow method. The current issue price is the same as that of the fair value of shares. A fair valuation report dated June 26, 2014 from M/s. V. Venugopalan & Associates, Chartered Accountants, an Independent Firm of Chartered Accountants, Thrissur has been obtained indicating fair value @ ₹ 180/- per share.

16. Additional disclosure

1. Director Sri. C.K Gopinathan & his family are holding 3.18% of the pre-issue paid up capital of the Bank and the post issue holding of the group will be 4.60 % .
2. Shri. Yusuff Ali M. A. is an existing shareholder of the Bank and is holding 4.98% of pre-issue paid up capital of the Bank . His post issue holding will be 4.97%
3. Shri. Vikram Kundur Reddy is an existing shareholder of the Bank and is holding 0.12 % of pre-issue paid up capital of the Bank. His post issue holding will be 0.21%
4. Shri. Anand Krishnamurthy is employed in the Bank as Head - Wholesale Banking.

As per Section 62(1) (c) of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and Section 42 read with Companies (Prospectus and Allotment of Securities) Rules 2014, the allotment of shares on a preferential basis has to be authorized by the shareholders by way of special resolution. Hence your Directors recommend this resolution for your approval by way of a Special Resolution.

None of the directors other than Shri. C. K. Gopinathan and key managerial personnel of the Bank either directly or through their relatives are in any way concerned or interested in the passing of the resolution.

Shri. C. K. Gopinathan, Director is deemed concerned or interested only up to his expression of interest to apply for shares pursuant to the offer to be made. He does not have any other interest either directly or through his relatives other than what is mentioned above.

The fair valuation report dated June 26, 2014 obtained from M/s. V. Venugopalan & Associates, Chartered Accountants, an Independent Firm of Chartered Accountants, Thrissur is available at the registered office of the Bank for inspection by members during working hours between 11.00 a.m. and 3.00 p.m. till the date upto which postal ballots can be received by the scrutiniser.

Item No. 2

At the Annual General Meeting of the Bank held on September 28, 2012, the shareholders had, by way of Ordinary Resolution in pursuance to Section 293(1) (d) of the Companies Act, 1956, authorized the Board to borrow monies from time to time and as and when required, in excess of the bank's paid-up capital and free reserves, so however that the aggregate of the borrowings including the monies already borrowed by the Bank and outstanding at any point of time, shall not exceed ₹ 1,000 crores (Rupees One Thousand crores only) over and above its paid up capital and free reserves.

Under Section 180 of the Companies Act, 2013, corresponding to Section 293 of the Companies Act, 1956, the above powers of the Board are required to be exercised only with the consent of the company by a Special Resolution.

The Ministry of Corporate Affairs ("MCA") has vide its General Circular No 4/2014 dated March 25, 2014 clarified that the Ordinary Resolutions passed under Sections 293(1)(a) and 293(1)(d) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Act until September 11, 2014.

The approval of the shareholders for the said borrowings is therefore now being sought, by way of a Special Resolution, pursuant to Section 180(1)(c) of the Act for the Board to have necessary authority for borrowings. The Directors recommend the resolution for the approval of shareholders by way of a Special Resolution.

None of the directors and Key Managerial Personnel of the Bank either directly or through their relatives are in any way concerned or interested in the passing of the resolution.

Item No. 3

The shareholders of the Bank in the 92nd Annual General meeting of the Bank held on 23.09.2013 accorded sanction to frame and implement the Employees Stock Option Scheme and grant/issue options to eligible present and future employees of the Bank, such that the offer, issue and allotment of such shares pursuant to the option shall not exceed 5% of issued equity shares of the Bank from time to time. Accordingly, the Bank formulated a stock option scheme called "CSB Employees Stock Option Scheme 2013" ("ESOS 2013" or "Scheme") as per Board resolution No.DB-13 dated April 8, 2014.

The said scheme is to offer long term performance based incentives to select employees, enable value creation for shareholders by aligning employees interests with that of the Bank, and to attract, retain and motivate high quality talents. The scheme will be administered by the Remuneration & Compensation Committee of the Board.

The salient features of the CSB Employees Stock Option Scheme 2013 (Disclosures pursuant to Rule 12(2) of Companies (Share Capital and Debentures) Rules 2014) are as under:

(A) Total number of stock options to be granted

- (a) The maximum number of shares that may be issued pursuant to Grants under this Scheme shall not in the aggregate exceed 5% (five per cent) of the issued equity shares of the Bank from time to time and the Options shall be granted accordingly. As the share capital accretion happens over a period of time, the number of options available for grant under the ESOS 2013 also increases accordingly.
- (b) The Bank, at its general meeting, reserves the right to increase or reduce the said limit, as it deems fit.
- (c) One option entitles the holder of the option to apply for one equity share of the Bank.

(B) Identification of classes of employees entitled to participate in the ESOS 2013

- I. The following persons are eligible to participate in the scheme
 - a) A permanent employee of the Bank, working in India or out of India, provided that the employee who is recruited against a regular vacancy but is on probation will be deemed a 'permanent employee'; or
 - b) A director who is in the whole-time employment of the Bank.
- II. The following persons shall not be eligible to participate in the scheme:
 - (a) An Employee who is a Promoter or belongs to the Promoter Group;
 - (b) A director, who either by himself or through his relative(s) or through any body corporate, directly or indirectly, holds more than 10 (ten) percent of the face value of the outstanding equity shares of the Bank;
 - (c) An Employee who is a director nominated by an institution as their representative on the Board of the Bank, unless the conditions specified under the applicable laws are satisfied.

(C) Appraisal Process for determining the eligibility of employees to the ESOS 2013

- a) The appraisal process and the criteria to be followed in respect of grant of options shall be such as may be decided by the Remuneration & Compensation Committee. However, the appraisal process shall be in accordance with the broad parameters laid down in this Scheme and the applicable laws, rules and regulations.
- b) Any decision of the Committee in the administration of the scheme, in its sole and absolute discretion, shall be final, conclusive and binding on all parties concerned (including, but not limited to Eligible Employee or their Beneficiaries).

(D) Requirements of vesting, period of vesting and maximum period of vesting

- a) The minimum vesting period (or lock-in) shall be one year from the relevant Grant Date.
- b) The options granted shall vest only if the vesting conditions as per the scheme, taken in aggregate, are met/exceeded. The treatment of grants/hiring grants which have already been offered to any Eligible Employee(s) shall be in the manner as specified in the scheme and also on the basis of the terms of appointment.
- c) The treatment of hiring grants in the manner as specified in the scheme.
- d) The period of vesting shall range from a minimum of 3 (three) years from the date of Grant and normally shall not exceed a maximum of 5 (five) ("**Vesting Period**"), unless the Committee decides for a longer/ shorter vesting period, subject to applicable laws. The Committee may, at its sole discretion, decide the proportion of shares, which shall vest each year during the vesting period ("**Vesting Schedule**").
- e) The Committee, as it may deem fit, may prescribe a different Vesting Period/Vesting Schedule or revise the Vesting Period/Vesting Schedule for any relevant Grant(s) or any concerned Eligible Employee, on a case-by-case basis, subject to the condition that the minimum vesting period (or lock-in) of one year shall apply from the relevant Grant Date.
- f) Acceleration of vesting schedule of all outstanding options and allow to be exercised in the manner as prescribed in the scheme.

(E) Exercise Price or pricing formula for arriving the same

- a) Unless otherwise decided by the Committee, the Exercise Price of the Option shall not be lower than the fair value of the share as on the Grant Date for each relevant Grant. The Committee shall determine the fair value of the share for the relevant Grant, from time to time, in its sole discretion and keeping in view the relevant Applicable Laws.
- b) The Board/Committee may re-price the options which are not exercised, whether Vested/Unvested, for any reasons whatsoever and for any Eligible Employee(s), provided that such re-pricing is not prejudicial to the interests of the concerned Eligible Employee(s).

(F) Exercise Period and the Process of Exercise

I. Exercise Period

- a) The Exercise Period for the relevant Grant shall be a period commencing from the relevant Vesting Date for the respective tranche and shall end with the expiry of 10 years from the relevant Grant Date or such other period as may be decided by the Committee for each Grant.
- b) In case of cashless Exercise, Vested Options against which shares have not been received can be exercised on a cashless basis only (i) within a period of three years from the date of Vesting or (ii) within a period of one year from the date on which the shares of the Bank get listed in a recognized stock exchange, whichever is later. The Committee may in its discretion allow more time for any specific cases if the situation so warrants. The Committee shall determine for each Grant whether cashless option would be provided for such Grant and unless specifically so determined, cashless option shall not apply to such Grant.
- c) If the Eligible Employee or the Beneficiary, as the case may be, does not Exercise his Vested Options within the time specified under this Scheme, the options granted to such Eligible Employee shall lapse.

II. Process of Exercise

- a. The Exercise of the Vested Options shall take place at the time and place designated by the Committee and subject to applicable laws and upon execution of such documents as may be required by the Committee under the applicable laws and pursuant to this scheme.
- b. The Exercise of a Vested Option shall be deemed to take place only when the Committee receives Exercise Letter in a form and manner approved by the Committee. The Exercise letter shall be duly signed and submitted by the Eligible Employee or his Beneficiary within the Exercise Period together with payment of the Exercise Price and such Exercise may be in full or in part or in tranches.
- c. No fraction of a Vested Option shall be exercisable in its fractional form.

(G) Lock in period

The minimum vesting period (or lock-in) shall be one year from the relevant date (Grant Date) of granting option to the eligible employees as per the scheme.

(H) Maximum number of options to be granted per employee and in aggregate

- a) The maximum number of shares that may be issued pursuant to Grants under this scheme shall not in the aggregate exceed 5% (five per cent) of the issued equity shares of the Bank from time to time and the Options shall be granted accordingly.
- b) The Committee may grant Options equal to or exceeding 1% of the issued share capital (excluding outstanding warrants and conversions) of the Bank to Eligible Employee(s), individually or in aggregate, during the term of the scheme or during any one year.

(I) Method of valuation of options

- a) The Bank shall use Discounted Free Cash Flow Method for arriving at the fair value of the options.
- b) The fair value of the share as on the Grant Date for each relevant Grant.

(J) Conditions under which option vested in employees may lapse

- a) If the Eligible Employee or the Beneficiary, as the case may be, does not Exercise his Vested Options within the time specified under this Scheme, the options granted to such Eligible Employee shall lapse.
- b) If the Eligible Employee is under any enquiry or notice which if established against such employee would disentitle him for vesting of options. In such a situation, the Committee shall take an appropriate decision whether all or some or any options at all vest or not on the date of death/such termination/superannuation.
- c) In case the termination of employment of any Eligible Employee with the Bank is for cause, his options (Vested as well as Unvested) shall lapse on the Termination Date and all rights of the employee under the Stock Option Agreement shall stand automatically extinguished/terminated.

- d) In case of any Eligible Employee to whom a notice has been issued or against whom an enquiry is being or has been initiated by the Bank, for any reason whatsoever, including but not limited to for any cause, all Options granted to such Eligible Employee, including the Vested Options, may be suspended or kept in abeyance or cancelled at the sole discretion of the Committee.
- e) All the options vested shall be lapsed in the manner as specified in the scheme only.

(K) Specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee

- (a) In the event of death while in employment/ permanent disability leading to termination of employment, all the Vested Options as on such Termination Date shall then be permitted to be exercised within such period as the Committee may determine which shall not be less than 2 months and not beyond the expiry of the relevant Exercise Period. However, under no circumstances, the Vested Options can be exercised by the Beneficiary/such Eligible Employee beyond the Exercise Period, unless specifically permitted by the Committee for reasons to be recorded for the same.
- (b) In case of cessation of employment of the Eligible Employee, including resignation by the Eligible Employee or termination without cause or any other reasons, all the Vested Options as on the Termination Date may be permitted to be Exercised, at the discretion of the Committee, not later than 2 (two) months of the Termination Date or the Exercise Period, whichever is earlier.
- (c) In case any Eligible Employee is a director of the Bank, in the event of his ceasing to be a director (including by reason of termination of his employment with the Bank, as the case may be) from the Bank for any reason, including but not limited to resignation, vacation of office, disqualification or not being re-appointed, other than for reason of death, permanent disability leading to such cessation and superannuation, he may, as permitted by the Committee, Exercise his Vested Options within 2 (two) months of the Termination Date or before the expiry of the Exercise Period, whichever is earlier. The unvested options of such director as on the Termination Date shall lapse except in cases where the Committee at its sole discretion may provide for accelerated vesting for whole or part of such options. Clause (a) of the above shall apply on the same basis to a director as they apply to an employee in case of termination of directorship on account of death, permanent incapacity leading to cessation of directorship and superannuation.
- (d) In case a director ceases to be a director but continues to be an employee, the unvested options shall not lapse and he shall continue to be covered by the scheme for Vested and Unvested Options regardless of cessation of office of director.
- (e) Specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee in the manner as prescribed in the scheme only.

(L) Statement to the effect that the company shall comply with the applicable accounting standards

The Bank shall conform to the compliance of the accounting standards as may be applicable, from time to time.

(M) Effective date of the Scheme

The Bank has, subject to requisite approvals and pending formalisation of a Scheme, already agreed to long term incentive grants in favour of certain employees and wishes to offer similar long term incentives to select employees going forward. The Scheme is formulated to apply to all such grants and shall accordingly be effective as of April 1, 2013.

All tax liability on the options or the exercise thereof or otherwise shall be the sole and absolute liability of the Eligible Employee. The Bank shall be entitled to deduct any applicable taxes on account of perquisite tax or otherwise from the salary payable to the Eligible Employees as and when applicable in accordance with the applicable law.

Section 62 (1)(b) of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014 requires that the scheme and the offer, issue and allot equity shares to the eligible employees under the scheme have to be approved by the shareholders by way of special resolution. Hence the resolution is proposed, which is recommended for approval by the shareholders.

None of the directors other than the Managing Director & CEO, Shri.Rakesh Bhatia and Key Managerial Personnel of the Bank either directly or through their relatives is in any way concerned or interested in the passing of the resolution.

Managing Director & CEO is deemed interested or concerned only to the extent of the options that he may be entitled as per the Scheme. He does not have any other interest either directly or through his relatives other than what is mentioned above.

A copy of the draft 'CSB Employees Stock Option Scheme 2013' is available at the registered office of the Bank for inspection by shareholders during working hours between 11.00 a.m. and 3.00 p.m. till the date upto which postal ballots can be received by the scrutiniser.

Item No. 4

Board while seeking approval of Reserve Bank of India for the terms and conditions of Shri. Rakesh Bhatia, Managing Director & CEO recommended ESOP up to 2% of the total paid up shares of the Bank as on 31.03.2013 as and when the ESOP scheme is introduced in the Bank. Paid up shares of the Bank as on 31.03.2013 is 41847125 shares

Since the Scheme was introduced in the Bank pursuant to the approval granted by the shareholders in the 92nd Annual General Meeting of the Bank held on 23.09.2013, the Remuneration & Compensation Committee as authorised by the Board, decided to grant 836943 options equivalent to the same number of shares i.e., 2% of the total paid up share capital of the Bank as on 31.03.2013, as hiring grant to Shri. Rakesh Bhatia, Managing Director & CEO of the Bank in the following lines, subject to approval of Reserve Bank of India required as per Section 35 B of the Banking Regulation Act, 1949.

No. of options granted	Nature of grant	Date of grant	Effective date of grant	Exercise Price	Vesting Schedule of the option granted.
836943	Hiring grant	08.04.2014	17.04.2013	₹ 181.03/-	Equally over a period of three years (from 2013 to 2016) effective from the date of grant.

As per the CSB Employees Stock Option Scheme-2013, the exercise price of the option shall not be lower than the fair value of the shares as on the grant date for each grant unless otherwise provided in the scheme or unless decided by the Remuneration & Compensation Committee. Book value as on March 31, 2013 was ₹ 181.03/- per share and the fair value as on the said date was ₹180/- per share. The Committee has granted the option at book value.

As the above item is treated as part of the remuneration as per the provisions of Section 197 of the Companies Act, 2013 read with the Article 146 of the Bank's Articles of Association, it requires the approval of the Bank in General Meeting and hence the resolution is proposed, which is recommended for approval by the shareholders.

None of the directors other than the Managing Director & CEO, Shri. Rakesh Bhatia and Key Managerial Personnel of the Bank either directly or through their relatives is in any way concerned or interested in the passing of the resolution.

Managing Director & CEO is concerned or interested only to the extent of the options that he may be entitled as per the scheme. He does not have any other interest either directly or through his relatives other than what is mentioned above.

By Order of the Board

Sd/-

Place: Thrissur

Date: July 7, 2014

(Sijo Varghese)

Company Secretary

INSTRUCTIONS

Voting in Physical form:

1. A Member desiring to exercise vote by Postal Ballot may complete the Postal Ballot Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer in the attached self-addressed envelope. The self-addressed envelope bears the address of the Scrutinizer. Postage will be borne and paid by the Company. However, the envelope containing the Postal Ballot Form, if deposited in person or sent by courier at the expense of the shareholder, will also be accepted.
2. Assent or dissent to the proposed resolution may be recorded by placing a tick mark (✓) in the appropriate column.
3. This form should be completed and signed by the shareholder (as per signature registered with the Bank). In case of joint holding, this form should be completed and signed by the first-named shareholder and in his/her absence, by the next named shareholder. There will be only one postal ballot form for every folio irrespective of the number of joint holder(s).
4. In case the form is signed by the Power of Attorney holder for and on behalf of the shareholder, it must be accompanied by a certified true copy of the power of attorney. If such power of attorney is already registered with the Company, the Power of Attorney holder should quote the registration number beneath his/her signature. In case of shares held by companies, trusts, societies, etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution/ Authority.
5. Unsigned Postal Ballot Form will be rejected.
6. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed envelope since all such envelopes will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.
7. The attached self-addressed envelope is only for the limited purpose of this postal ballot process and the same should not be used by the shareholders for sending any other correspondence to the Bank.
8. Duly completed Postal Ballot forms should reach the scrutinizer not later than the close of working hours (5.30 p.m.) on Wednesday, the 13th of August 2014. Postal Ballot forms received after this date will be strictly treated as if the reply from the member has not been received.
9. The exercise of Vote by the postal ballot through Proxy is not permitted.
10. Scrutinizer's decision on the validity of the Postal Ballot form will be final.

E-VOTING

- (i) The voting period begins on Tuesday, 15th of July 2014 and ends on Wednesday 13th of August 2014 at 5.30 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 8th July 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (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 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:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> 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. 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.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (ix) 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. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and 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 relevant <Company Name> 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 that you 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 out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Institutional Shareholders
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> 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.
- After receiving the login details they have to create a compliance user who would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com 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.

(xx) 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.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.