

**MINUTES OF THE THIRTEENTH ANNUAL GENERAL MEETING HELD ON  
MONDAY, THE 22<sup>ND</sup> JULY, 2013 AT 4.00 P.M.  
AT RAVINDRA BHARATHI, SAIFABAD, HYDERABAD-500004.**

**The following Directors were present:**

Sri B.A. Prabhakar	Chairman & Managing Director
Sri K.K. Misra	Executive Director
Sri S.K. Kalra	Executive Director
Sri Pankaj Chaturvedi	Director
Sri N.V.R. Reddy	Director
Sri K. Raghuraman	Director
Sri G.R. Sundaravadivel	Director
Sri Nandlal L. Sarda	Director

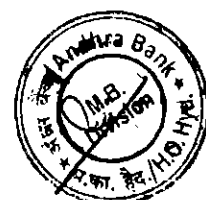
M/s. MCS Limited, Mumbai, Registrars & Share Transfer Agents, had made proper arrangements for issue of Attendance Slips-cum-Entry Pass to the shareholders.

The number of valid proxies received and the attendance recorded at the meeting is as under:

Nature of Representatives	No.of proxies / authorization letters received	No.of shares	No. of representatives attended	No. of shares
Shareholders attended in person	---	---	1108	432499290
Proxies	146	14585	142	14050
Authorised Representatives (incl. Govt of India)	106	432120172	106	432120172
Total	252	432134759	1356	864633512

**Commencement of Proceedings:**

Sri R. Athmaram, General Manager (Planning), Andhra Bank, welcomed the Directors on the Board of the Bank and introduced them to the shareholders of the Bank. Thereafter, he welcomed the shareholders to the Thirteenth Annual General Meeting of the Bank.



Sri R. Athmaram, General Manager (Planning) announced that the Bank, at the close of business hours on 16<sup>th</sup> July, 2013, had received valid 146 proxies for 14585 Equity shares and 106 letters appointing the authorized representatives for 43,21,20,172 equity shares, till Tuesday, the 16<sup>th</sup> July, 2013, being the last day for receipt of Proxies. The same are valid and are in order.

It was further stated that the Notice to the shareholders had been published in the Newspapers - Business Line (English) and Andhra Prabha (Telugu) on June 14<sup>th</sup>, 2013 and printed in the Annual Report of the Bank which were sent to all the shareholders of the Bank. Hence, the Notice was taken as read.

Further, Sri R.Athmaram, General Manager, stated that the soft copy of annual accounts of the Bank for the year 2012-13 had already been sent by e-mail to such shareholders whose e-mail ids were registered. Physical Abridged Annual Reports of the Bank were sent by post to those shareholders whose e-mail ids were not available with the Registrars. He informed that with the consent of the shareholders, the Balance Sheet of the Bank as at 31<sup>st</sup> March, 2013, Profit and Loss Account for the year ended 31<sup>st</sup> March, 2013, the Report of the Board of Directors on the working and activities of the Bank for the period covered by the Accounts and the Auditors Report on the Balance Sheet & Accounts as already circulated to the shareholders was taken as read.

He then requested Sri B.A.Prabhakar, Chairman & Managing Director of the Bank to conduct the proceedings.

The Chairman & Managing Director greeted all the members present at the meeting and with the requisite quorum of five shareholders pursuant to Regulation 58(i) of the Andhra Bank (Shares & Meetings) Regulations, 2003 being present, he called the meeting to order.

### **Chairman's Speech:**

The Chairman then addressed the shareholders on the performance of the Bank during the Financial Year 2012-13. The Chairman's speech at the Annual General Meeting is enclosed as Annexure-I.

### **Adoption of Accounts:**

The Chairman then took the first item on the Agenda:

Mr. Kamal Kishore, a shareholder, Client ID 120545000007701 proposed the following resolution:



**"RESOLVED that the Audited Balance Sheet of the Bank as at 31<sup>st</sup> March 2013 together with the Profit and Loss Account for the year ended on that date, along with the Directors' Report and Auditors' Report thereon, be and are hereby discussed and adopted"**

This was seconded by Mr.Bharat Shah (Client ID:1205140000120180).

**Discussion:**

The Chairman then requested the shareholders present to discuss the Balance Sheet of the Bank as at 31<sup>st</sup> March, 2013, Profit and Loss Account for the year ended 31<sup>st</sup> March, 2013, the Report of the Board of Directors on the working and activities of the Bank for the period covered by the Accounts and the Auditors' Report on the Balance Sheet & Accounts. Thereafter, the following comments / observations were made:

**Mr.Badri Vishal Bajaj (Client ID: 1203070000010338)**

Thanked the Bank about their decision to conduct the meeting in the heart of the city and wanted to know whether a Whistle Blower Policy is in place in the Bank.

He expressed his concern on increasing NPAs in the Bank which is also a concern for the depositors of the bank and emphasized the need for better monitoring of the borrowal accounts to prevent further slippages. He stated that net NPAs have gone up from 0.9% to 2.45% which reflects poorly on the bank's performance. He further stated that the bank had sacrificed Rs.442 crores by way of restructuring of borrowal accounts.

He also desired to know to which head of Account the penalty of Rs.2.5 crores imposed on the Bank by RBI for violating KYC norms was debited and the details of punishments given to the staff concerned.

**Mr. Praful Chawda: Client ID: 10144803 DPID IN300394**

The shareholder appreciated that bank has declared 50% dividend. Since the date of IPO, the shareholders have been receiving a good return on their investment, he said.

He expressed that the Bank may explore the possibility of the customers choosing their own account number.

He appreciated the bank's gesture of giving donation to the victims of floods in Uttarakhand.



**Mr.Kamal Kishore Client ID 11608345**

He thanked the Board of Directors for the good rate of dividend.

He also thanked the Bank for arranging the venue of the meeting in the heart of the city.

**Mr. Bharat Shah Client ID: 1205140000120180:**

He appreciated that the Board has considered Rs.5/- dividend and requested the Bank for maintaining this dividend rate in future.

He observed that the NPAs are on the increase. He wanted the Bank to be cautious while lending to Infrastructure and Power sector.

Further, he wanted the Bank to continue the system of extending SMS facility for transactions below Rs.5000/-.

**Mr. Venugopal Rao Obilisetty DPID: IN302863 client ID: 10018481**

The shareholder appreciated the facility of providing cheque depositing and passbook updation machine at the SR Nagar branch and wanted the same to be extended to other branches.

He suggested that the Bank, as a homage to the founder, Sri Pattabhi Sitaramaiah, before starting the Annual General Meeting lightening of lamp, may be considered.

**Mr.Shantilal C Shah - Client ID: 10203367 DPID: IN301022**

The Bank should think of new IT initiatives.

He urged the Bank to train the staff suitably which will enhance bank's image and improve customer service. Improving asset quality and reduction of NPAs should become the prime focus of the Bank.

Rural branches may be strengthened to serve the needs of the rural population.

He enquired about the status of the Bank's participation in the Insurance Company.

**Mr. Muralidhar DPID IN301022/ Client ID 21308800**

He suggested that the Bank should increase the number of lockers in the branches.



**Mr.D.Siva Kumar, Client ID: 130408000005556**

An accountholder of the Bank requested the Bank to provide a separate counter for senior citizens who are facing problem of standing in queue for drawing their pension, updating passbook etc.

A separate help desk to address their problem may be thought of.

**CMD replies:**

The CMD stated that he was very happy to note that so many shareholders have taken keen interest in the working of the bank. He was also thankful to the shareholders who had given excellent suggestions in the area of customer service, technology and also how we can improve in the IT sphere. He further stated that he was thankful to the suggestion of Mr.Venugopal on paying homage to our founder, which will be taken care in the next Annual General Meeting.

He briefly responded to the various suggestions / points of the shareholders as under:

One of the shareholders made a submission and suggestion that the Bank does not have a whistle blower policy. The whistle blower policy has been accepted by the Board of Directors and it is in vogue. However, in order to increase awareness among the members of the public, the Bank would put the policy on the website of the Bank so that many of the persons and members of the public can be familiar with the policy.

As far as the profitability of the bank was concerned, the profits have been by and large at the same level as last year mainly because of the following reasons:

- The cost of deposit remained very high last year. In spite of our best efforts, the cost of deposit could not be brought down. Further, the high inflation rate compelled the bank to keep deposit rate very high. On the contrary, there was a reduction in the policy rates by Reserve Bank of India. We had to respond by reducing the lending rates. This had its impact on the profitability of the bank.
- The second important reason can be attributed to the fact that the economy had slowed down considerably and the growth rate had come down to 5% as against the previous year, of course 6%. This had its effect on the asset quality of the bank.

As a result, the NPAs unfortunately had gone up due to which the Bank could not take interest income into P&L account and that had its effect on bringing down the profits.



- The third important reason was that the Bank had to provide for NPAs and these provisions had accounted for the lower profitability.

However, it should be noted that such provisions go a long way in strengthening the balance sheet of the bank, he stated.

Due to poor growth and slow down of the economy, the corporates are not showing better profits. As the economy improves, these NPAs will be recovered and the provisions could be written back thereby strengthening the Balance Sheet at that point of time.

It is a fact that our restructured book has increased. However, since most of the accounts pertain to Government and Public sector, there is a very good chance that these accounts will be upgraded in the years to come.

With regard to sacrifice in the restructured books, he clarified that these provisions are made in accordance with the prudential guidelines issued by Reserve Bank of India. It was necessary to restructure the account in the interest of protecting the economic value of the businesses and to protect the interests of the other stakeholders. Otherwise, the chances of recovering of NPAs would be bleak. Such sacrifice would be written back as the number of years get reduced and this system is in vogue at all banks. He further informed that these restructuring are done mostly in consortium accounts.

He stated that the Net NPAs have gone up from 0.90% to 2.45%. He stated that the net NPAs have gone up only in the last year.

With regard to the penalty imposed by RBI on the banks, he informed that the Bank had made submissions to RBI on 39 points. Though the submissions were considered, finally, the penalty was imposed on 5 points. These 5 points pertain to certain systems and procedures not followed in a few branches. Out of the total 1850 branches approximately of the bank, few branches had not complied with these policies. The Bank has initiated action against those who were responsible for the lapse so that a strong message goes out amongst the employees that such lapses would not be viewed lightly by the top management. Apart from this, the bank has also reviewed the entire compliance function of the bank. The bank strengthened the compliance functions of the bank by posting more officers. This department would use technology extensively to monitor it from the Head Office itself and the same is now operative.

In addition to that, the bank had engaged one of the renowned consultants who have done similar works in other banks to study the existing systems and processes for day to day activities and also for monitoring and control and suggest ways to improve the same. The recommendation of the Consultant would be implemented in the bank, on receipt of their report. With these steps, the bank is quite confident to meet the expectations as far as KYC and AML issues are concerned.



With regard to reduction of new NPAs, the Bank has started diversifying the risk of the advances by concentrating more on the SME, retail and agricultural sectors because the risk in these sectors are manageable compared to the corporate sector.

The Bank had taken steps to improve the appraisals of loans and also follow up of large corporate advances. These steps would go a long way in preventing fresh NPAs.

With regard to the insurance sector, he stated that the Bank is a partner in M/s. India First life Insurance Company, which is doing well. The insurance sector is seeing a lot of regulatory changes. Although many insurance companies did not show growth last year, the insurance company promoted by your bank showed good growth and improved their ranking to 8<sup>th</sup> place in the insurance industry.

With regard to Government guidelines to bring down the NPAs to 1%, the Bank is working towards the same. He outlined the various steps being taken in SARFAESI action for recovery of NPAs.

The Chairman thanked the shareholders for actively participating and discussing various issues concerning the Bank.

The Chairman concluded the discussion and put the RESOLUTION to vote on show of hands and declared that the RESOLUTION on Adoption of Accounts was passed with majority ( Mr.Badri Vishal Bajaj, a shareholder, Client ID: 1203070000010338, had dissented).

### **Declaration of Dividend:**

The Chairman further stated that the Board of Directors have recommended a dividend of Rs.5/- per share on the face value of Rs.10/- each, i.e. 50% for the Financial Year 2012-13 and sought the approval of the shareholders for the same.

Mr. Venugopal (DPID:IN301022-Client ID:10203367) proposed the RESOLUTION on Declaration of Dividend:

**“ RESOLVED that Dividend at Rs.5/- per share on the face value of Rs.10/- as recommended by the Board of Directors be and is hereby approved for payment. ”**

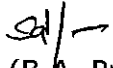
Mr.Shantilal C Shah (Client ID:10203367-DPID:IN301022) seconded the RESOLUTION.

Since all the shareholders consented by show of hands, the Chairman declared that the RESOLUTION on Declaration of Dividend is passed unanimously.



Sri TVS Chandrasekhar, General Manager, proposed a Vote of Thanks to the shareholders.

The Chairman then declared that the Thirteenth Annual General Meeting of the Bank as closed.

  
(B.A. Prabhakar)  
Chairman & Managing Director



Place: Hyderabad

