

IRC:F48:127:310:2023

01.07.2023

The Manager,
National Stock Exchange of India Ltd,
Exchange Plaza, 5th Floor,
Plot No. C-1, 'G' Block,
Bandra- Kurla Complex,
Bandra (East), Mumbai - 400051.

The Manager,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001.

Scrip Code: KARURVYSYA

Scrip Code: 590003

Dear Sir/Madam,

Sub: Intimation of the amendment of Articles of Association of the Bank, pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

Pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the shareholders of the Bank had approved the amendment of Articles of Association ('AOA') of the Bank by way of Special Resolution through Postal Ballot on June 30, 2023, as stated in the Postal Ballot Notice dated May 15, 2023.

The brief details of amendments to the AOA are provided in the **Annexure-I** enclosed herewith.

Kindly take the same on record.

Yours faithfully,

Srinivasarao M
Company Secretary &
Deputy General Manager

Encl: As Above

The details Articles modified, included and removed are provided below:

(i.) Modifications to Existing Articles:

Existing Article		Amended Article		Justification
	Application of Table F			
1.b.	The regulations contained herein shall apply in so far as the said provisions are not inconsistent with the provisions of The Banking Regulation Act, 1949 (10 of 1949) and/or any statutory modifications thereto.	1.b.	The Articles contained herein are subject to the provisions of the Banking Regulation Act, 1949, the Companies Act, 2013, and the rules framed thereunder, and the Regulations issued by the Securities and Exchange Board of India, and appropriate guidelines/ directions issued by the Reserve Bank of India. To the extent of any inconsistency contained in any other provisions of law, the Banking Regulation Act, 1949 shall have overriding effect against all such provisions.	To provide better clarity with respect to overriding effect of Banking Regulation act, 1949 over the Articles & Companies Act, 2013.
	Interpretation			
2 (VIII)	(viii) 'Chairman' means a Chairman appointed by the Board either as an Executive Chairman or Non-Executive Chairman.	2 (VIII)	"Chairman" means the Chairman of the Board of Directors appointed on a part- time basis under Section 10B of the Banking Regulation Act, 1949 and includes a person occupying any such position.	Definition has been modified to remove the concept of Executive Chairman as per RBI Circular DBOD.No.11690/29.39.001/2006-07dated May 24, 2007.
2 (IX)	(ix) Managing Director/Chief Executive Officer means the Managing Director/ Chief Executive Officer of the Bank as appointed under Article 24.	2 (IX)	"Managing Director" means the Managing Director of the Bank appointed under Section 10B of the Banking Regulation Act, 1949.	Modified to provide clarity on the definition of Managing Director as per the Banking Regulation Act, 1949.
	TRANSFER AND TRANSMISSION OF SHARES			
6	The Board of Directors may subject to the right of appeal conferred by Section 58(3) of the Companies Act, 2013 decline to register any transfer of a share, to a person of whom they do not approve.	6	The Board of Directors may decline to register any transfer of a share, if it is not approved by Reserve Bank, wherever such approval is required.	The existing clause is already available in Table F. In order to avoid duplication and to include requirements of RBI guidelines, the said clause is modified.

	VOTING RIGHTS OF MEMBERS			
20 (a)	Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote and on a poll or voting carried out electronically or by postal ballot, the voting rights of members shall be in proportion to his/her share in the paid up equity share capital of the Bank. However, the voting rights shall be subject to ceiling on voting rights as prescribed by the Reserve Bank of India from time to time under Sec 12 (B) of the Banking Regulation Act, 1949, which may be from 10% to 26%.	20 (a)	Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote and on a poll or voting carried out electronically or by postal ballot, the voting rights of members shall be in proportion to his/her share in the paid up equity share capital of the Bank. However, the voting rights shall be subject to ceiling on voting rights as prescribed by the Reserve Bank of India from time to time under Sec 12 (2) of the Banking Regulation Act, 1949, which may be from 10% to 26%.	To correct the typographical error, Section 12(B) of Banking Regulation Act, 1949 dealing with acquisition of shares or voting rights to be replaced with Section 12(2) which deals with the voting rights.
	DIRECTORS			
22	The number of directors of the Bank shall not be less than seven and more than twelve.	22	The number of directors of the Bank shall not be less than seven and more than twelve. The number of Directors for the purpose of this article shall include executive and non-executive directors and excludes the Debenture Directors, Government Directors or RBI nominee Directors.	Modified to incorporate the statutory requirement with respect to appointment of debenture directors as per SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2023 dated 02.02.2023 and to provide better clarity on the composition of the Board. Further in terms of Section 36AB of the Banking Regulation Act 1949, RBI nominee directors shall be excluded from the total count. Similarly the Nominee Directors appointed by other regulators have been excluded to deal extraordinary situations.

24 (a)	Subject to the provisions of these Articles and subject to such approval of the Reserve Bank of India as may be necessary under the Banking Regulation Act, 1949, the Board of Directors of the Bank shall elect or appoint a whole time Chairman and Chief Executive Officer of the Bank. Where he is appointed on whole time basis, he shall be referred to as the Executive Chairman and shall be entrusted with the management of the whole of the affairs of the Bank and shall exercise his powers subject to the superintendence, control and direction of the Board. The Executive Chairman shall hold office for a term not exceeding five years and be eligible for re-election or re-appointment.	24 (a)	<p>Part-time Chairman: Subject to the provisions of these Articles and subject to such approval of the Reserve Bank of India as may be necessary under the Banking Regulation Act, 1949, the Board of Directors of the Bank shall elect or appoint an Independent Director as Part Time Chairman. The tenure, terms and conditions of appointment of Part Time Chairman may be decided by the Board.</p> <p>The Part time chairman of the Board may be paid remuneration for the performance of duties attached to his office, and allowed payment of incidental expenses as may reasonably be incurred by him in the execution of his duties, subject to and in accordance with the provisions of the Act, the Banking Regulation Act, 1949, approval of shareholders and other applicable Regulations.</p>	<p>Modified to remove the concept of Executive Chairman and to provide clarity on appointment of Part Time Chairman in accordance with RBI Circular DBOD.No.11690/29.39.001/2006-07 dated May 24, 2007.</p> <p>Further in terms of Section 35B of Banking Regulation Act, 1949, the Appointment and Remuneration of Part time chairman shall be with the prior approval of the Reserve Bank of India and the remuneration payable (Other than sitting fees) to Part time chairman shall be subject to shareholders' approval.</p>
24 (b)	Alternatively, the Board of Directors may, subject to such approval of the Reserve Bank of India as may be necessary under the Banking Regulation Act, 1949, appoint or re-appoint one of its members to be the Non-executive Chairman of the Bank for such period or periods as the Reserve Bank may specify while granting such approval and in that event the management of the whole of the affairs of the Bank shall be entrusted to a Managing Director/ Chief Executive Officer of the Bank who shall exercise his powers subject to the superintendence, control and direction of the Board.		<p>Managing Director: The Board of Directors may, subject to such approval of the Reserve Bank of India as may be necessary under the Banking Regulation Act, 1949, appoint or re-appoint one of its members to be Managing Director who shall be entrusted with the management of the whole of the affairs of the Company and shall exercise his powers subject to the superintendence, control and direction of the Board. The Managing Director shall be the Chief Executive Officer of the company in its whole time employment. The Managing Director as the case may be shall have the knowledge and experience as required under section 10B(4) of the Banking Regulation Act, 1949.</p>	<p>Existing Article 24, relating to appointment of Chairman, MD & CEO is modified in line with RBI Circular DBOD.No.11690/29.39.001/2006-07 dated May 24, 2007. The relevant clauses have been segregated into sub-clauses to provide better clarity on the posts of Part-time Chairman and Managing Director.</p>
	PROCEEDINGS OF THE BOARD			
30	The quorum for a meeting of the Board shall be one third of its total strength or two Directors whichever is higher.	30	The quorum for the board meetings shall be one- third of the total strength of the board or three directors, whichever is higher and at least half of the directors attending the meetings of the board shall be independent directors or such other quorum as may be specified from time to time.	Modified to add quorum requirement in accordance with RBI Circular DOR.GOV. REC.8/29.67.001/2021-22 dated April 26, 2021.

	POWERS OF THE BOARD			
35 (b)	(b) To have the superintendence, control and direction over the Executive or Non-Executive Chairman or Managing Director and Chief Executive Officer, Managers, Officers and all other employees of the Bank.	35 (b)	(b) To have the superintendence, control and direction over the Chairman, Managing Director and Chief Executive Officer, Executive Directors, Managers, Officers and all other employees of the Bank.	To provide better clarity (The words “Executive / Non-executive chairman” were Deleted and the word “Executive Director” is included).
	SECRECY			
39	Except to the extent enabled or provided under the provisions of the Companies Act, 2013 or the Banking Regulation Act, 1949 or any other law in force specifically in this behalf, no member or other person (unless he is a Director or other person in management of the affairs of the Bank or an official authorized by the Reserve Bank) shall be entitled to inspect the books and records of the Bank without permission of the Executive or Non-Executive Chairman or Managing Director/Chief Executive Officer or of the Directors of the Bank or to require discovery of or any information respecting any details of the Bank’s business or any matter which is or may be secret or confidential or which relate to conduct of the business of the Bank and which in the opinion of the Board can be inexpedient in the interest of the Bank to communicate with the public.	39	No member or other person (unless he is a Director or an official authorized by the Reserve Bank) shall be entitled to inspect the books and records of the Bank or require discovery of or any information respecting any details of the Bank’s business or any matter which is or may be secret or confidential or which relate to conduct of the business of the Bank and which in the opinion of the Board can be inexpedient in the interest of the Bank to communicate with the public, without prior permission of competent court or other regulatory authority. The Directors shall from time to time determine by a resolution in the Board Meeting, whether and to what extent and at what places and under what conditions or regulations the Books of Account and books and papers of the Bank or any of them shall be open to the inspection of Members not being Directors.	Modified to provide better clarity in line with the regulatory requirements.

(ii.) Addition of New Articles:

Article No.	New Article	Justification
	Directors	
24 (c)	Executive Directors/ Whole Time Directors: Subject to the provisions of these Articles, the Companies Act, 2013, the Banking Regulation Act, 1949 and subject to the approvals as may be necessitated, the Board of Directors is empowered to appoint/reappoint one or more directors in the designation of Executive Director/ Whole time Director or such other designation, apart from the Managing Director. Such Director shall be in the whole-time employment of the company to assist the Managing Director in the management of the company's affairs on such terms and conditions as may be decided by the Board.	To include provisions related to Executive & Whole Time directors. The terms of appointment are subject to approval Reserve Bank of India and Shareholders of the Bank.
24 (d)	Managing Director/ Executive Director of the Bank, shall hold office for such period not exceeding five years as the Board of Directors may fix and subject to the provisions of the Act or the Banking Regulation Act, 1949, on such remuneration as may be determined by the General Meeting and be eligible for re-election or re-appointment, subject to the approval of Shareholders' and RBI but shall not be liable to retirement by rotation.	To include provisions related to Executive & Whole Time directors. The terms of appointment are subject to approval Reserve Bank of India and Shareholders of the Bank.
24 (e)	The Managing Director and Executive Director may, with the sanction of the Board, delegate all or any of his powers to such Managers, Secretaries and other delegates as the Board may think fit and shall have power to grant such Managers, secretaries and other delegates such power of attorney as the Board may think expedient and such powers at pleasure to revoke.	To provide clarity and to include provisions related to Delegation of powers.
24 (f)	Any trust documents covering the issue of debentures or bonds of the Bank may provide for the appointment of a Director (in these presents referred to as the "Debenture Director/ Bond Director") for and on behalf of the holders of the debentures or bonds for such period as is therein provided not exceeding the period for which the debentures/bonds or any of them shall remain outstanding and for the removal from office of such Debenture Director and on a vacancy being caused whether by resignation, death, removal or otherwise for appointment of a Debenture Director in the vacant place. The Debenture Director shall not be liable to retire by rotation or be removed from office except provided as aforesaid.	SEBI has mandated that the issuer entities of debt securities shall ensure that its Articles of Association has a provision that requires to appoint the person nominated by the debenture trustee(s) as a director on its Board, in case of default in payment of interest or repayment of principal amount in respect of listed debt securities. The said proposal by SEBI is to enhance the oversight of the Debenture Trustee over the issuer, thereby improving the governance in the issuer entity. The said article is included to provide for appointment of Debenture Director in line with SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2023 dated 02.02.2023.

	PROCEEDINGS OF THE BOARD	
32 (2)	The Board may, at its discretion, pay compensation in the form of profit related commission to the non-executive directors (other than the Part-time Chairman), subject to the bank making profits. Such compensation, however, shall not exceed Rs.20 Lakhs per annum for each director or such other amount as may be prescribed under applicable laws for the time being in force. The payment of profit related commission is subject to shareholders approval and RBI approval, if any, in compliance with relevant provisions of the Companies Act, 2013 and related rules.	Considering that the Non-Executive Directors/ Independent Directors play a vital role in bringing objectivity to Corporate Governance initiatives in the Bank, it is essential that they are appropriately compensated. Inclusion of provisions related to Profit related Commission payable to Directors in Articles of Association is proposed. The said payment of profit related commission would be in the event of bank making profits and subject to approval of Shareholders.
	Interpretation	
2	Where the context so requires in the AOA, the use of the masculine gender shall include the feminine and/or neuter genders and the singular shall include the plural, and vice versa. The word "person" shall include the Central or State Governments, any corporation, firm, individuals, trusts, societies, partnership, or any other form of association, whether incorporated or not.	To provide better clarity.
2	In these Articles, any reference to specific provisions of Statutes, By-laws, Rules or Regulations shall be deemed to be reference to their modifications, substitutions, replacements or amendments as well, carried out from time to time.	To provide better clarity with respect to the provisions of various acts mentioned in the Articles.

(iii.) Deletion in Articles:

	Existing Article	Justification
	DIRECTORS	
24(c)	(c) The Executive Chairman or the Managing Director/Chief Executive Officer, as the case may be, shall have the knowledge and experience as required under Sec 10 B(4) of the Banking Regulation Act, 1949. (d) Every Executive Chairman and Chief Executive Officer or alternatively the Non-Executive Chairman or the Managing Director / Chief Executive Officer of the Bank, shall hold office for such period. not exceeding five years as the Board of Directors may fix and on such remuneration as may be determined by the General Body and subject to the provisions of the Act or the Banking Regulation Act, 1949 be eligible for re-election or re-appointment, but shall not be liable to retirement by rotation.	This sub-clause has been modified and included in Article 24(a) and 24(b). Accordingly, this sub-clause is deleted to eliminate duplication/ repetition.