

**ELECTION OF SHAREHOLDERS' DIRECTORS****IMPORTANT CALENDAR OF EVENTS**

Sl. No.	CALENDAR OF EVENTS	Day & Date
1	Specified Date for ascertaining the shareholders eligibility to participate in the election i.e. to nominate, contest and vote for the election of Directors from amongst the shareholders other than the Central Government .	Tuesday, 29 th May 2018
2	Last date for submission of nomination forms (on or before)	Friday, 15 th June 2018
3	Scrutiny of Nominations	Monday, 18 th June 2018
4	Last date for receipt of proxy forms and resolutions appointing authorized representatives.	Monday, 25 th June 2018
5	Commencement of E-voting	Wednesday, 27 th June 2018 (10.00 A.M.)
6	End of E-voting	Friday, 29 th June 2018 (5.00 P.M.)
7	Annual General Meeting (AGM)	Saturday, 30 th June 2018 (11.00 A.M.)

Bank will conduct election of one Director from amongst shareholders of the Bank other than Central Government in terms of Section 9 (3) (i) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (hereinafter referred to as "the Act") read with the Banking Regulation Act, 1949, Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 (hereinafter referred to as "the Scheme"), Central Bank of India (Shares and Meetings) Regulations, 1998 (hereinafter referred to as "the Regulations") made pursuant to Section 19 of the Act and Notification No. DBOD. No. BC.No.46/29.39.001/2007-08 dated 01 November 2007 and No.DBOD.BC.No.95/29.39.001/2010-11 dated 23 May, 2011 of Reserve Bank of India (hereinafter referred to as "RBI Notifications") by passing the following resolution at the ensuing Annual General Meeting (AGM) of shareholders scheduled to be held on Saturday, 30th June 2018:

“RESOLVED THAT one Director elected from amongst shareholders other than the Central Government pursuant to Section 9(3)(i) of the Act, read with the Scheme, Regulations made thereunder and RBI Notifications, be and is hereby elected as the Director of the Bank to assume office from the date following the date on which he/she is elected/deemed to be elected and shall hold office until the completion of a period of three years from the date of such assumption”.

BY ORDER OF THE BOARD OF DIRECTORS

Place: Mumbai
Date: 25.05.2018

Sd/-
A K DAS
Assistant General Manager-MBD/
Company Secretary

NOTES:

1. EXPLANATORY STATEMENT

The Explanatory Statement setting out the material facts in respect the business of the meeting is annexed hereto.

2. SPECIFIED DATE

Pursuant to Regulation 12 of the Central Bank of India (Shares and Meetings) Regulations, 1998, Tuesday, the 29th May, 2018 has been fixed as Specified Date in connection with the Annual General Meeting and for the purpose of determining the names of shareholders entitled to participate in the election i.e. to nominate, contest and vote for the election of Director from amongst the shareholders other than the Central Government.

EXPLANATORY STATEMENT

ELECTION OF ONE SHAREHOLDERS' DIRECTORS

• **RIGHTS OF SHAREHOLDERS TO ELECT DIRECTORS**

Shareholders other than the Government of India hold 13.60% of the equity share capital of the Bank. As per Section 9(3)(i) of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970, Board of Directors of Central Bank of India shall include one Director representing the shareholders of the Bank (other than the Central Government). Accordingly, one director is required to be elected by the shareholders other than Central Government to fill up the aforesaid vacancy.

Therefore, an item of agenda is included in the Notice for the AGM to pass necessary resolution for election of one director representing the shareholders of the Bank.

The shareholders (other than the Central Government) are therefore entitled to send their nominations as per the procedure detailed in the Act, Regulation Act, Scheme, Regulations, Notification, the relevant provisions of which are indicated hereunder. One director will be elected either after the scrutiny of the nominations (if the number of valid nomination is equal to the number of vacancy) or in subsequent election on 30th June, 2018, if there are more contestants. The elected director shall be deemed to have assumed office from the date following that on which he/she is, or is deemed to be elected and will hold office for a period of three years from the date of assumption of office.

• **LEGAL PROVISIONS**

The following table indicates the provisions contained in various Acts/Regulations / Notifications applicable in this regard:

ACT / SCHEME/ REGULATIONS / NOTIFICATIONS	PROVISIONS	SHORT PARTICULARS
The Banking Regulation Act, 1949	Section 20	<ul style="list-style-type: none"> Restrictions for granting loan or advance to or on behalf of any of its directors
The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970	Section 3 (2E) Section 9(3)(i) Section 9 (3A) (A) to (C) Section 9 (3AA) Section 9 (3AB)	<ul style="list-style-type: none"> Restriction on voting rights No. of directors to be elected by the shareholders Special Knowledge in certain fields No person shall be eligible to be elected as director unless he is a person having fit and proper status based upon track record, integrity and such other criteria as RBI may prescribe RBI may also specify in the notification issued under sub section (3AA), the authority to determine the fit and proper status, the manner of such determination, the procedure to be followed for such determination and such other matters as may be considered necessary or incidental thereto.

	Section 9 (3B) Section 13(2)	<ul style="list-style-type: none"> • Right of RBI to remove a director so elected who does not fulfill the requirements of Sections 9 (3A) and 9(3AA) of the said Act. • Obligation as to fidelity and secrecy
The Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970	Clause 9 (4) Clause 10 Clause 11 Clause 11A Clause 11B Clause 12 (8)	<ul style="list-style-type: none"> • Term of office of elected directors • Disqualifications from being elected as a Director of the bank • Vacation of office of Directors • Removal from office of an elected Director • Filling of Casual vacancy in the office of an elected Director • Disclosure of interest by directors in certain arrangements in which they are interested
Central Bank of India (Shares and Meetings) Regulations, 1998	Regulation 10 Regulation 61 Regulation 63 Regulation 64 Regulation 65 Regulation 66 Regulation 67 Regulation 68 Regulation 69 Regulation 70	<ul style="list-style-type: none"> • Exercise of rights of joint holders • Voting at General Meetings • Directors to be elected at general meetings • List of Shareholders • Nomination of candidates for election • Scrutiny of nominations • Election disputes • Determination of voting rights • Voting by duly authorized representative • Proxies
RBI Notification No. DBOD No.BC No. 46 and 47/29.39.001/ 2007-08 dated 01 st November 2007 read with Notification No DBOD.BC.No.95 /29.39.001/2010 -11 dated 23 rd May, 2011.	Pursuant to Section 9 (3AA) and Section 9 (3AB) of The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970	<ul style="list-style-type: none"> • Fit and Proper criteria for elected directors on the boards of nationalized banks

• **QUALIFICATIONS FOR A CANDIDATE**

The candidate shall comply with the qualifications prescribed in Section 9(3A) of the Act and shall not suffer the disqualifications specified in Clause 10 of the Scheme and shall satisfy the conditions mentioned in Regulation 65 of the Regulations, are detailed herein:

(a) In terms of Section 9(3A) of the Act, a candidate being a shareholder of the Bank and who desires to be a Director of the Bank shall -

(A) have special knowledge or practical experience in respect of one or more of the following matters namely,-

agricultural and rural economy,
banking,
co-operation,
economics,
finance,
law,
small scale industry,

any other matter the special knowledge of, and practical experience in which, would, in the opinion of the Reserve Bank of India, be useful to the Bank;

(B) represent the interests of depositors; or

(C) represent the interest of farmers, workers and artisans.

(b) In terms of Section 9(3AA) of the Act and RBI Notification, a candidate being a shareholder of the Bank and who files nominations to be a Director of the Bank should possess 'Fit and Proper' status based upon track record, integrity and such other criteria as the Reserve Bank may notify from time to time in this regard.

(c) Further, the elected director should execute the Deed of Covenants and is required to furnish annual declarations as prescribed by the Reserve Bank of India in this regard.

- **DISQUALIFICATION FROM BEING ELECTED AS A DIRECTOR OF THE BANK**

(A) In terms of Clause 10 of the Nationalised Banks(Management and Miscellaneous Provisions) Scheme, 1970, a person shall be disqualified for being appointed, as and for being, a director –

(a) if he has at any time been adjudicated an insolvent or has suspended payment or has compounded with his creditors; or

(b) if he has been found to be of unsound mind and stands so declared by a competent Court; or

(c) if he has been convicted by a Criminal Court of an offence which involves moral turpitude; or

- (d) If he holds any office of profit under any nationalised bank or State Bank of India constituted under sub-section (1) of section 3 of the State Bank of India Act, 1955, or any subsidiary bank as defined in section 3 of the State Bank of India (Subsidiary Banks) Act, 1959, except for holding the post of a whole-time director, including the managing director and directors nominated under clauses (e) and (f) of sub-section (3) of Section 9 of the Act from among the employees of the Bank.

and

- (B) In terms of Notifications of Reserve Bank of India - DBOD. No. BC.No.46 and 47/29.39.001/2007-08 dated 01st November 2007 read with No.DBOD.BC.No.95/29.39.001/2010-11 dated 23rd May 2011, if he is not found to be 'Fit & Proper' person, by the Nomination Committee of the Directors of the Bank.

- **LIST OF SHAREHOLDERS to CONTESTANTS**

A list of Shareholders of the Bank as on **Tuesday, 29th May 2018** will be available for sale on and from **Saturday, 2nd June 2018** onwards on payment of **Rs. 50,000/- (Rupees Fifty Thousand Only)** by Demand draft in favour of "Central Bank of India" payable at Mumbai alongwith a request addressed to the Assistant General Manager-MBD/Company Secretary, Central Bank of India, Head Office, 9th Floor, Chandermukhi, Nariman Point, Mumbai – 400 021. The intending candidates may also inspect the List of Shareholders and take extracts there from.

- **INSPECTION OF REGISTER OF SHAREHOLDERS**

The Register of Shareholders will be open for inspection at the Head Office of the Bank from Monday to Saturday between 11 A.M. to 3 P.M. (other than second & fourth Saturday and Bank Holidays). If any shareholder requires a copy or computer prints of the register or part thereof, the same shall be supplied to him on pre-payment at the rate of Rs. 5/- for 1000 words or fractional part thereof required to be copied.

- **PARTICIPATION IN ELECTION**

Such of those shareholders whose names appear on the Register of Members/Beneficial owners as furnished by NSDL/ CDSL/RTA as on Tuesday, 29th May, 2018, shall be entitled to participate i.e. nominate, contest and vote in election of directors from amongst Shareholders other than the Central Government.

As per Regulation 68, each shareholder who has been registered as a shareholder as on 29th May, 2018, the Specified Date, prior to the

date of a general meeting, shall have one vote on show of hands and in case of a poll shall have one vote for each share held by him.

- **NOMINATIONS:**

Validity of Nominations

In terms of Regulation 65 of the Regulations and in terms of Notifications of Reserve Bank of India-DBOD.No.BC.No.46 and 47/29.39.001/2007-08 dated 01-11-2007 read with No.DBOD.BC.No.95/29.39.001/2010-11 dated 23rd May, 2011 and other applicable provisions of various Acts, nomination of a candidate for election as a Director will be valid provided:

- (a) he is a shareholder holding not less than 100 (One hundred) shares in the Bank as on Tuesday, 29th May 2018 being the Specified Date for participating in the election;
- (b) as on Friday, 15th June 2018 (the last date for receipt of nominations), he is not disqualified to be a director under the Act, the Scheme or RBI Notification;
- (c) the nomination is in writing signed by at least one hundred shareholders entitled to elect directors under the Act or by their duly constituted attorney, provided that a nomination by shareholder who is a company may be made by a resolution of the directors of the said company and where it is so made, a copy of the resolution certified to be a true copy by the Chairman of the meeting at which it was passed shall be dispatched to the Head Office of the Bank addressed to Assistant General Manager –MBD & Company Secretary, Central Bank of India, 9th Floor, Chandermukhi, Nariman Point, Mumbai 400 021 and such copy shall be deemed to be nomination on behalf of such company;
- (d) the nomination by the shareholders (Minimum 100) is accompanied by a declaration by the candidate as per the specimen forms of nomination and declaration furnished in this Notice, duly signed by the candidate before a Judge, Magistrate, Registrar or Sub-Registrar of Assurances or other Gazetted Officer or an officer of the Reserve Bank of India or any Nationalised Bank, that he accepts the nomination and is willing to stand for election, and that he is not disqualified from being a director, either under the Banking Regulation Act or the Act or the Scheme or the Regulations or the RBI Notification alongwith his/her personal details (bio data) duly signed and affirming that such details are true to the best of his knowledge and belief and also his/her undertaking to keep the Bank fully informed as soon as possible of such events

which are relevant to the information, subsequent to the declaration.

- (e) the Nomination Forms and the Declaration Form are as prescribed by the Regulations and as per the Proforma annexed .

SUBMISSION OF NOMINATION FORMS

Shareholders desirous of contesting the election of the Directors should submit

- a) duly filled in Declaration Form;
- b) nominations from minimum of 100 shareholders entitled to participate in the elections;
- c) Personal Information, Declaration and Undertaking together with the concerned documents, testimonials, viz., Bio data, Certificates of Educational qualification, experience, etc. in the formats annexed to this notice, in a sealed envelope to the Assistant General Manager – MBD & Company Secretary, Central Bank of India, Central Office, 9th Floor, Chandermukhi, Nariman Point, Mumbai 400 021, together with the connected documents, complete in all respects, on a working day at least 14 days before the date of the meeting, i.e. on or before closing hours of the Bank at 5.00 pm on **Friday, the 15th June 2018.**

- **SCRUTINY OF NOMNATIONS AND ELECTION OF DIRECTORS**

- a) Nominations shall be scrutinized on **Monday, 18th June 2018**, the next working day following the date fixed for the receipt of the nominations and in case any nomination is not found to be valid, the same shall be rejected after recording the reasons thereof.
- b) Nominations shall also be subjected to scrutiny by the Nominations Committee of the Board in terms of the 'Fit and Proper' Guidelines dated 01st November 2007 and 23rd May 2011 issued by the Reserve Bank of India.
- c) If there is only ONE valid nomination for the ONE vacancy to be filled by the election, the candidates so nominated shall be deemed to be elected forthwith and their names and addresses shall be published as so elected. In such an event there shall not be any election at the meeting convened for the purpose. The elected candidate shall assume office from the date next to the date on which they are declared as elected.
- d) In the event of an election being held, If the valid nominations are more than ONE, the candidate polling the majority of

votes at the election will be deemed to have been elected and their names will be announced by the Chairman of the AGM and also published in newspapers. They will assume office on 1st July 2018.

- e) If there is any dispute, the same shall be settled as per Regulation 67 of the Regulations.

WITHDRAWAL OF NOMINATIONS

If any candidate desires to withdraw his nomination, he would be entitled to do so at any time prior to closing hours of the Bank on Tuesday, 26th June 2018.

INTEREST OF DIRECTORS

Directors of Bank may be deemed to be concerned or interested in the aforementioned item of business in case they contest the election.

BY ORDER OF THE BOARD OF DIRECTORS

Place: Mumbai
Date: 25.05.2018

Sd/-
A K DAS
Assistant General Manager-MBD/
Company Secretary

**DECLARATION
(BY THE CANDIDATE)**

(Refer Regulation 65 of the Regulations)

I, Shri/Smt _____ son/daughter/wife of
Shri/Smt. _____,
residing at _____
hereby confirm that:

- a. I am a shareholder holding _____ equity shares of Rs.10/- each (fully paid up) of CENTRAL BANK OF INDIA under Folio No. _____/DP ID No. _____/Client ID No. _____ as on **Tuesday, 29th May, 2018 being the Specified Date** for participating in the Elections and
- b. I have special knowledge or practical experience in * (i) Agriculture and Rural Economy, (ii) Banking, (iii) Co-operation, (iv) Economics, (v) Finance, (vi) Law, (vii) Small Scale Industry, or _____ (special knowledge of and practical experience of which in the opinion of Reserve Bank of India, would be useful to the Bank) and I represent the interest of Depositors / Farmers, Workers and Artisans, in terms of sub section 3A of Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and as an evidence thereof I submit herewith the relevant testimonials, and
- c) I accept the nominations numbered from _____ to _____, and
- d) I am willing to contest the election for Director of Central Bank of India, and
- e) I am not disqualified from being a Director of the Bank under the provisions of the Banking Regulation Act, 1949, The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 , the Central Bank of India (Shares and Meetings) Regulations, 1998 and RBI Notification, and
- f) I neither hold any office of profit nor I am an employee of any nationalised Bank or State Bank of India constituted under sub-section (1) of Section 3 of the State Bank of India Act, 1955 or any subsidiary bank as defined in Section 3 of the State Bank of India (Subsidiary Banks) Act, 1959.
- g) I enclose my personal Information details which are to the best of my knowledge and belief are true and complete; and
- h) I undertake to keep the Bank fully informed, as soon as possible, of events, if any, which take place subsequent to this declaration which are relevant to the information provided hereto and to execute the Deed of Covenants upon my election as a Director of the Bank.

Name	
Signature	
No. of Shares	
Regd. Folio No.	

(If not Dematerialised)	
DP ID No. and Client ID No. (If Dematerialised)	
Place	
Date	

The above declaration was signed before me

Signature with Seal and _____

Name of the attesting official _____

The declaration must be signed by the nominee before a Judge, Magistrate, Registrar or Sub-Registrar of Assurances, or other Gazetted Officer or an Officer of Reserve Bank of India or any Nationalised Bank.

* Tick whichever is applicable.

NOMINATION FORM
(BY THE SHAREHOLDER)
(Refer Regulation 65 (d) of the Regulations)

To,

The Chairman/The Managing Director & CEO
Central Bank of India
Central Office,
Chandermukhi, Nariman Point,
Mumbai 400021

Sl.No.

Dear Sir,

Nomination for Election of a Director

With reference to your Notice dated 25.05.2018, I, Shri/Smt _____ a shareholder of Central Bank of India, holding _____ equity shares of Rs. 10/- each (fully paid up) as on Tuesday, 29th May, 2018 being the Specified Date for the purpose of participation in the election, do hereby **nominate** Shri/Smt. _____ son/daughter/wife of _____ Shri/Smt. _____ residing _____ at _____

_____ for being elected as a Director of Central Bank of India representing the shareholders of the Bank as provided in Section 9 (3) (i) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, at the Annual General Meeting of the shareholders to be held on Saturday, 30th June, 2018.

Signature	
Name	
No. of Shares	
Regd. Folio No. (If not Dematerialised)	
DP ID No. and Client ID No. (If Dematerialised)	
Place	
Date	

Notes :

1. In case nomination is made by a Body Corporate, the nomination form should be accompanied by a certified true copy of the resolution passed by the Board of Directors under the signature of the Chairman of the meeting at which it was passed.
2. Signatures of the shareholders nominating the candidate should match with the specimen signatures available with the Share Transfer Agent of the Bank.
3. If any of the columns above is left Blank or the particulars are found to be incorrect, the nomination is liable to be rejected.

Affix Self
Attested Passport
Size Photo here

**FORMAT FOR PROVIDING PERSONAL INFORMATION,
DECLARATION AND UNDERTAKING**

Declaration and Undertaking by the Candidate with enclosures as appropriate as on _____ 2018		
I.	Personal details of the candidate	
1.	Name in Full (in block capital letters)	
2.	Father's Name (in Full)	
3.	Date of Birth	
4.	Nationality	
5.	(1) Permanent Account Number (under the Income Tax Act). (2) Name and address of Income Tax Circle/Division where personal tax returns are being filed.	
6.	Permanent Address	
7.	Present Address (For correspondence)	
8.	(1) E-mail ID	
	(2) Telephone Number (Landline)	
	(3) Cell Phone Number	
II.	Qualification and Experience	
1.	Qualifications (Educational/academic) (Please attach self attested copies of the certificates supporting the information).	
2.	Qualifications (Professional) (Please attach self attested copies of the certificates supporting the information).	
3.	Knowledge (As required under Section 9(3-A) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.	

4.	Experience (Please indicate your experience relevant to the directorship of the Bank).	
5.	Any other information relevant to Directorship of the Bank.	
III.	Details of Relationships of the candidate	
1.	Details of Relatives, if any, who are connected with the Bank in any way [Please refer to Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014.]	
2.	List of entities if any in which he/she is considered as being interested [Refer Section 2(49) and Section 184 of the Companies Act, 2013].	
3.	Details of shares of the Central Bank of India held, if any, in the name of the candidate: (Please indicate the number of shares held, face value, ledger folio number(s) or DP ID and client ID).	
4. a	List of entities in which the candidate is considered as holding substantial interest within the meaning of Section 5(ne) of the Banking Regulation Act, 1949.	
4. b	List of entities in which the related parties of the candidate are considered as holding substantial interest within the meaning of Section 5(ne) of the Banking Regulation Act, 1949.	

5.	Directorship/Membership on the Board(s) of bank(s) during the past six years (Please give the name(s) of the bank(s), the relevant provisions of the Act under which the appointment/nomination was made and the period of holding such Membership/Directorship).	
6.	Fund and non-fund facilities, if any, presently being enjoyed by the candidate from the institutions listed at 3, 4(a) and 5 above.	
7.	Cases, if any, where the candidate or entities listed at 3, 4(a), 4(b) and 5 above are in default or have been in default in the past in respect of credit facilities obtained from the Central Bank of India Bank or any other bank.	
IV.	Professional Achievements	
1.	Professional achievements (Please furnish the details of the achievements which may have a bearing on the directorship of the bank).	
V.	Proceedings, if any, against the Candidate	
1.	If the candidate is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry of at any profession/occupation at any time.	

2.	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in III-2, 4(a),4(b) and 5 above for violation of economic laws and regulations.	
3.	Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the past against the candidate including present litigation if any.	
4.	Whether the candidate/director attracts any of the disqualifications envisaged under Section 164 of the Companies Act, 2013 read with Clause 10 of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 ?	
5.	Has the candidate or any of the entities at III-2, 4(a), 4(b) and 5 above been subject to any investigation at the instance of Government department or agency?	
6.	Has the candidate at any time been found guilty of violation of rules/regulations/legislative requirements by customs/ excise/ income tax/foreign exchange/other revenue authorities; if so give particulars.	
7.	<p>Whether the candidate/director had at any time come to the adverse notice of a regulator such as SEBI, IRDA, RBI, MCA, FEMA etc.</p> <p>(Though it shall not be necessary for a candidate to mention in the column about orders and findings made by regulators which have been later on reversed / set aside in toto, it would be necessary to make a mention of the same, in case the reversal / setting aside is on technical reasons like limitation or lack of jurisdiction, etc, and not on merit. If the order of the regulator is temporarily stayed and the appellate / court proceedings are pending, the same should also be mentioned).</p>	

8.	In carrying out his/her duties will the candidate/director be acting on the directions or instructions of any other individual or institution or bank or companies, etc. ? If so, give particulars.	
9.	Has the candidate in his/her individual capacity undertaken any business with the Bank ? If so, give particulars.	
10.	Any other explanation / information in regard to items I to V and other information considered relevant for judging 'fit and proper' status.	

Undertaking

I, Son/Daughter of Shri confirm that the above information is to the best of my knowledge and belief, true and complete. I undertake to keep the bank fully informed, as soon as possible, of all events which take place subsequent to my election as a shareholder director of the bank, which are relevant to the information provided above. I also undertake to execute the deed of Covenant required to be executed by the directors of the bank.

Place :

Date :

Signature of the Candidate

Enclosures :

- Note: 1.** Wherever space is not sufficient, please attach the information as annexure in chronological order and with appropriate cross reference.
- 2.** All pages (including annexures) are required to be signed by the candidate.

Observations of the Nomination Committee:

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Signature of Member	Signature of Member	Signature of Member

Date:

Place:

ELECTION OF DIRECTORS – EXTRACTS OF RELEVANT ACTS, SCHEME, REGULATIONS AND NOTIFICATIONS

In terms of Section 9(3)(i) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, Shareholder Directors shall have to be elected by the shareholders, other than the Central Government, from amongst themselves, depending upon the extent of capital issued under clause (c) of sub-section (2B) of Section 3. The relevant sections of the Banking Regulation Act, 1949, the Banking Companies (Acquisitions and Transfer of Undertakings) Act, 1970, Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, the relevant regulations of Central Bank of India (Shares and Meetings) Regulations, 1998 and gist of Notification No. DBOD. No. BC.No.46/29.39.001/2007-08 dated 01 November 2007 and No.DBOD.BC.No.95/29.39.001/2010-11 dated 23 May, 2011 of Reserve Bank of India, are reproduced below for the information of the shareholders.

I. BANKING REGULATION ACT, 1949

Prohibition of common Directors- Section 16(1)

No banking company incorporated in India shall have as a director in its Board of directors any person who is a director of any other banking company.

Restrictions on Loans and Advances- Section 20

- (1) Notwithstanding anything to the contrary contained in section 77 of the Companies Act, 1956 (1 of 1956), no banking company shall,—
- (a) grant any loans or advances on the security of its own shares, or -
 - (b) enter into any commitment for granting any loan or advance to or on behalf of—
 - (i) any of its directors,
 - (ii) any firm in which any of its directors is interested as partner, manager, employee or guarantor, or
 - (iii) any company [not being a subsidiary of the banking company or a company registered under section 25 of the Companies Act, 1956 (1 of 1956), or a Government company] of which or the subsidiary or the holding company of which] any of the directors of the banking company is a director, managing agent, manager, employee or guarantor or in which he holds substantial interest, or
 - (iv) any individual in respect of whom any of its directors is a partner or guarantor.

(2) Where any loan or advance granted by a banking company is such that a commitment for granting it could not have been made if clause (b) of sub-section (1) had been in force on the date on which the loan or advance was made, or is granted by a banking company after the commencement of section 5 of the Banking Laws (Amendment) Act, 1968 (58 of 1968), but in pursuance of a commitment entered into before such commencement, steps shall be taken to recover the amounts due to the banking company on account of the loan, or advance together with interest, if any, due thereon within the period stipulated at the time of the grant of the loan or advance, or where no such period has been stipulated, before the expiry of one year from the commencement of the said section 5:

Provided that the Reserve Bank may, in any case, on an application in writing made to it by the banking company in this behalf, extend the period for the recovery of the loan or advance until such date, not being a date beyond the period of three years from the commencement of the said section 5, and subject to such terms and conditions, as the Reserve Bank may deem fit: Provided further that this sub-section shall not apply if and when the director concerned vacates the office of the director of the banking company, whether by death, retirement, resignation or otherwise.

(3) No loan or advance, referred to in sub-section (2), or any part thereof shall be remitted without the previous approval of the Reserve Bank, and any remission without such approval shall be void and of no effect.

(4) Where any loan or advance referred to in sub-section (2), payable by any person, has not been repaid to the banking company within the period specified in that sub-section, then such person shall, if he is a director of such banking company on the date of the expiry of the said period, be deemed to have vacated his office as such on the said date.

Explanation. — In this section—

(a) "loans or advance" shall not include any transaction which the Reserve Bank may, having regard to the nature of the transaction, the period within which, and the manner and circumstances in which, any amount due on account of the transaction is likely to be realised, the interest of the depositors and other relevant considerations, specify by general or special order as not being a loan or advance for the purpose of this section;

(b) "director" include a member of any board or committee in India constituted by a banking company for the purpose of managing, or for the purpose of advising it in regard to the management of, all or any of its affairs.

- (5) If any question arises whether any transaction is a loan or advance for the purposes of this section, it shall be referred to the Reserve Bank, whose decision thereon shall be final.]

II. BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT, 1970

Restrictions on voting rights

Section 3(2E) : No shareholder of the corresponding new bank, other than the Central Government, shall be entitled to exercise voting rights in respect of any shares held by him in excess of ten per cent of the total voting rights of all the shareholders of the corresponding new bank.

Composition of Board of Directors

Section 9(3)(i): where the capital issued under clause (c) of sub-section (2B) of section (3) is-

- (I) not more than sixteen per cent of the total paid-up capital, one director;
- (II) more than sixteen per cent but not more than thirty two per cent of the total paid-up capital, two directors,
- (III) more than thirty two per cent of the total paid-up capital, three directors,

to be elected by the shareholders, other than the Central Government, from amongst themselves:

PROVIDED that in case the number of directors elected, on or before the commencement of the Banking Companies (Acquisition and Transfer of Undertakings) and Financial Institutions Laws (Amendment) Act, 2006 in a corresponding new Bank exceed the number of directors specified in sub-clause (I) or sub – clause (II) or sub – clause (III), as the case may be, such excess number of directors elected before such commencement shall retire in such manner as may be specified in the scheme and such directors shall not be entitled to claim any compensation for the premature retirement of their term of office.

Section 9(3A): The Directors to be elected under the said clause (i) shall-

(A) have special knowledge or practical experience in respect of one or more of the following matters namely,-

- (i) agricultural and rural economy,
- (ii) banking,
- (iii) co-operation,
- (iv) economics,
- (v) finance,
- (vi) law,
- (vii) small scale industry,
- (viii) any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the corresponding new bank;

(B) represent the interests of depositors; or

(C) represent the interest of farmers, workers and artisans.

Section 9(3AA): Without prejudice to the provisions of sub section (3A) and notwithstanding anything to the contrary contained in this Act or in any other law for the time being in force, no person shall be eligible to be elected as director under clause (i) of sub section (3) unless he is a person having fit and proper status based upon track Specified, integrity and such other criteria as the Reserve Bank may notify from time to time in this regard.

Section 9(3B): Where the Reserve Bank is of the opinion that any Director of a corresponding new bank elected under clause (i) of sub-section (3) does not fulfill the requirements of sub-sections (3A) and (3AA), it may, after giving to such Director and the bank a reasonable opportunity of being heard, by order, remove such Director and on such removal, the Board of Directors shall co-opt any other person fulfilling the requirements of sub-sections (3A) and (3AA) as a Director in place of the person so removed till a Director is duly elected by the shareholders of the corresponding new bank in the next annual general meeting and the person so co-opted shall be deemed to have been duly elected by the shareholders of the corresponding new bank as a Director.

Obligation as to Fidelity and Secrecy

Section 13(2): Every Director, member of a local Board or a committee, or Auditor, Adviser, officer or other employee of a corresponding new bank shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the Third Schedule.

III. NATIONALISED BANKS (MANAGEMENT AND MISCELLANEOUS PROVISIONS) SCHEME, 1970

Term of office of elected Director

Clause 9(4): An elected director shall hold office for three years and shall be eligible for re-election:

Provided that no such director shall hold office continuously for a period exceeding six years.

Disqualification of Directors

Clause 10: A person shall be disqualified for being appointed as, and for being, a director –

- (a) if he has at any time been adjudicated an insolvent or has suspended payment or has compounded with his creditors; or
- (b) if he has been found to be of unsound mind and stands so declared by a competent Court; or
- (c) if he has been convicted by a Criminal Court of an offence which involves moral turpitude; or
- (d) If he holds any office of profit under any nationalised bank or State Bank of India constituted under sub-section (1) of section 3 of the State Bank of India Act, 1955, or any subsidiary bank as defined in section 3 of the State Bank of India (Subsidiary Banks) Act, 1959, except for holding the post of a whole-time director, including the managing director and directors nominated under clauses (e) and (f) of sub-section (3) of Section 9 of the Act from among the employees of the corresponding new bank.

Vacation of office of Directors

- Clause 11:** (1) If a director becomes subject to any of the disqualifications specified in Cl.10 or is absent without leave of the Board for more than three consecutive meetings thereof he shall be deemed to have vacated his office as such and thereupon his office shall become vacant.
- (2) The Chairman or whole-time director including the Managing Director or a director referred to in Cl. (b) or Cl. (c) or Cl. (d) of sub-section (3) of Section 9 of the Act may resign his office by giving notice thereof in writing to the Central Government and on such resignation being accepted by that Government shall be deemed to have vacated his office: any other director may resign his office by giving notice thereof in writing to the Central Government and such resignation shall take effect on the receipt of the communication of the resignation by the Central Government.
- (3) Without prejudice to the provisions of the foregoing sub-clauses, the office of a director referred to in Cl. (e) or Cl. (f) of sub-section (3) of Section 9 of the Act shall become vacant as soon as the director ceases to be a workman or an employee, other than a workman of the nationalised bank of which is a director.
- (4) Where any vacancy occurs in the office of a director, other than an elected director, it shall be filled in accordance with sub-section (3) of Section 9 of the Act.

Removal from office of an elected director

Clause 11A: The shareholders other than the Central Government, may, by a resolution passed by majority of the votes of such shareholders holding in the aggregate not less than one half of the share capital held by all such shareholders, remove any director elected under Cl. (i) of sub-section (3) of Section 9 and elect in his stead another person to fill the vacancy.

Filling of vacancy in the office of an elected director

Clause 11B: (1) Where any vacancy occurs before the expiry of the term of office of an elected director, the vacancy shall be filled in by election:

Provided that where the duration of vacancy is likely to be less than six months, the vacancy may be filled in by the remaining directors.

- (2) A person elected or co-opted, as the case may be, under sub-clause (1) shall hold office for the unexpired portion of the term of his predecessor.

Disclosure of interest by Directors

Clause 12(8): A director who is directly or indirectly concerned or interested in any contract, loan, arrangement or proposal entered into or proposed to be entered into by or on behalf of the nationalised bank shall, as soon as possible after the relevant circumstances have come to his knowledge, disclose the nature of his interest to the Board and shall not be present at the meeting of the Board when any such contract, loan, arrangement or proposal is discussed unless his presence is required by the other directors for the purpose of eliciting information and no director so required to be present shall vote on any such contract, loan, arrangement or proposal:

Provided that nothing contained in this sub-clause shall apply to such director by reason only of his being:

- (i) a shareholder (other than a director) holding not more than two percent of the paid-up capital in any public company as defined in the Companies Act, 1956 (1 of 1956) or any corporation established by or under any law for the time being in force in India or any co-operative society, with which or to which the Nationalised Bank has entered into or made or proposed to enter into or make a contract, loan, arrangement or proposal, or
- (ii) an officer or other employee of the nationalised bank, if he is a director referred to in Cl. (e) or Cl. (f) of sub-section (3) of Section 9 of the Act.

IV. CENTRAL BANK OF INDIA (SHARES AND MEETINGS) REGULATIONS, 1998

Exercise of rights of joint holders

Regulations 10: If any share stands in the names of two or more persons,

the person first named in the register shall, as regards, voting, receipt of dividends, service of notices and all or any other matters connected with Bank except the transfer of shares, be deemed to be the sole holder thereof.

Director to be elected at general meetings

Regulations 63: (i) A director under clause (i) of sub-section (3) of Section 9 of the Act shall be elected by the shareholders on the register, other than the Central Government, from amongst themselves in the general meeting of The Bank.

(ii) Where an election of a director is to be held at any general meeting, the notice thereof shall be included in the notice convening the meeting. Every such notice shall specify the number of directors to be elected and the particulars of vacancies in respect of which the election is to be held.

List of shareholders

Regulations 64: (i) For the purpose of election of a director under sub-regulation (i) of Regulation 63 of these regulations, a list shall be prepared of shareholders on the register by whom the director is to be elected.

(ii) The list shall contain the names of the shareholders, their registered addresses, the number and denoting numbers of shares held by them with the dates on which the shares were registered and the number of votes to which they will be entitled on the date fixed for meeting at which the election will take place and copies of the list shall be available for purchase at least three weeks before the date fixed for the meeting at a price to be fixed by the Board or the Management Committee, on application at the Head Office.

Nomination of candidates for election

Regulations 65: (i) No nomination of a candidate for election as a director shall be valid unless –

(a) he is a shareholder holding not less than 100 (One hundred) shares in the Bank;

- (b) he is on the last date for receipt of nomination, not disqualified to be a director under the Act or under the Scheme;
 - (c) he has paid all calls in respect of the shares of the Bank held by him, whether alone or jointly with others, on or before the last date fixed for the payment of the call;
 - (d) the nomination is in writing signed by atleast one hundred shareholders entitled to elect directors under the Act or by their duly constituted attorney, provided that a nomination by a shareholder who is a company may be made by a resolution of the directors of the said company and where it is so made, a copy of the resolution certified to be a true copy by the Chairman of the meeting at which it was passed shall be dispatched to the Head Office of The Bank and such copy shall be deemed to be nomination on behalf of such company.
 - (e) the nomination accompanies or contains a declaration signed by the candidate before a Judge, Magistrate, Registrar or sub-registrar of Assurances or other Gazetted Officer or an officer of the Reserve Bank of India or any nationalized bank, that he accepts nomination and is willing to stand for election, and that he is not disqualified either under the Act or the Scheme or these regulations from being a director.
- (ii) No nomination shall be valid unless it is received with all connected documents complete in all respects and received, at the Head Office of the Bank on a working day not less than fourteen days before the date fixed for meeting.

Scrutiny of nominations

- Regulations 66:** (i) Nominations shall be scrutinized on the first working day following the date fixed for receipt of the nominations and in case any nomination is not found to valid, the same shall be rejection after Specifieding the reason therefor. If there is only one valid nomination for any particular vacancy to be filled by election, the candidate so nominated shall be deemed to be elected forthwith and his name

and address shall be published as so elected. In such an event there shall not be any election at the meeting convened for the purpose and if the meeting had been called solely for the purpose of the aforesaid election, it shall stand cancelled.

- (ii) In the event of an election being held, if valid nominations are more than the number of directors to be elected, the candidate polling the majority of votes shall be deemed to have been elected.
- (iii) A director elected to fill an existing vacancy shall be deemed to have assumed office from the date following that on which he is, or is deemed to be elected.

Election disputes

Regulations 67: (i) If any doubt or dispute shall arise as to the qualification or disqualification of a person deemed or declared to be elected, or as to the validity of the election of a director, any person interested, being a candidate or shareholder entitled to vote at such election, may, within seven days of the date of the declaration of the result of such election, give intimation in writing thereof to the Chairman and Managing Director of the The Bank and shall in the said intimation give full particulars of the grounds upon which he doubts or disputes the validity of the election.

- (ii) On receipt of an intimation under sub-regulation (i), the Chairman and Managing Director or in his absence, the Executive Director of the The Bank shall forthwith refer such doubt or dispute for the decision of a committee consisting of the Chairman and Managing Director or in his absence, the Executive Director and any two of the directors nominated under clauses (b) and (c) of sub-section (3) of section 9 of the Act.
- (iii) The committee referred to in sub-regulation (ii) shall make such enquiry as it deems necessary and if it finds that the election was a valid election, it shall confirm the declared result of the election, or, if it finds that the election was not a valid election, it shall, within 30 days of the commencement of the enquiry, make such order and give such directions including the holding of a fresh election as shall in the circumstances appear just to the committee.

- (iv) An order and direction of such committee in pursuance of this regulation shall be conclusive.

Determination of voting rights –

Regulations 68: (i) Subject to the provisions contained in section 3(2E) of the Act, each shareholder who has been registered as a shareholder on the date of closure of the register prior to the date of a general meeting shall, at such meeting, have one vote on show of hands and in case of a poll shall have one vote for each share held by him.

- (ii) Subject to the provisions contained in Section 3(2E) of the Act, every shareholder entitled to vote aforesaid who, not being a company, is present in person or by proxy or who being a company is present by a duly authorized representative, or by proxy shall have one vote on a show of hands and in case of a poll shall have one vote for each share held by him as stated hereinabove in sub-regulation (i).

(Explanation _ For this Chapter, “Company” means any body corporate)

- (iii) Shareholders of the Bank entitled to attend and vote at a general meeting shall be entitled to appoint another person (whether a shareholder or not) as his proxy to attend and vote instead of himself; but a proxy so appointed shall not have any right to speak at the meeting.

Voting by duly authorized representative

Regulations 69: (i) A shareholder, being the Central Government or a company, may by a resolution, as the case may be, authorize any of its officials or any other person to act as its representative at any general meeting of the shareholders and the person so authorized (referred to as a “duly authorized representative” in these regulations) shall be entitled to exercise the same powers on behalf of the Central Government or company which he represents, as if he were an individual shareholder of the The Bank. The authorization so given may be in favour of two persons in the alternative and in such a case any one of such persons may act as the duly authorized representative of the Central Government / company.

- (ii) No person shall attend or vote at any meeting of the shareholders of the Bank as the duly authorized representative of a company unless a copy of the resolution appointing him as a duly authorised representative certified to be a true copy by the chairman of the meeting at which it was passed shall have been deposited at the Head Office of the Bank not less than four days before the date fixed for the meeting.

V. Notification No. DBOD. No. BC.No.46/29.39.001/2007-08 dated 01st November 2007 and No.DBOD.BC.No.95/29.39.001/2010-11 dated 23rd May, 2011 of Reserve Bank of India

No nomination shall be valid unless 'Fit and Proper' status is accorded by the Nomination Committee appointed by the Board of Directors of the Bank for this purpose. The Nominations should accompany additional information about the candidates to enable the Nomination Committee to decide on the Fit and Proper status with regards to educational qualification, experience and field expertise, track Specified and integrity of the candidates. Adverse notice of any authority/regulatory agency or insolvency or default of any loan from any bank or financial institution would make the respective candidate unfit and improper to be elected as a Director on the Board.