



INVESTOR PRESENTATION – JUNE 2015

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1. Overview

City Union Bank – A specialized banking model aligned to Target Segment – SME / MSME

SME/ MSME focus

- ✓ SME/MSME specialized business model focusing on large untapped
- ✓ Segment consistently delivering higher yields
- ✓ Superior client servicing leading to client retention and low business acquisition costs

Prudent Risk Management

- ✓ SME exposures' result in granular asset profile
- ✓ Granular deposit base with high retention rates result in stable liability profile
- ✓ SME/MSE Loans result in lower NPA as they are:
 - Additionally collateralised by residential property, and personal guarantee etc
 - Predominantly single banker relationships with minimal exposure to consortium / multiple banking arrangements / infrastructure lendings

Invested in Robust Infrastructure

- ✓ Comprehensive employee training and recruitment infrastructure through staff training college
- ✓ All branches and 100% business under CBS from TCS

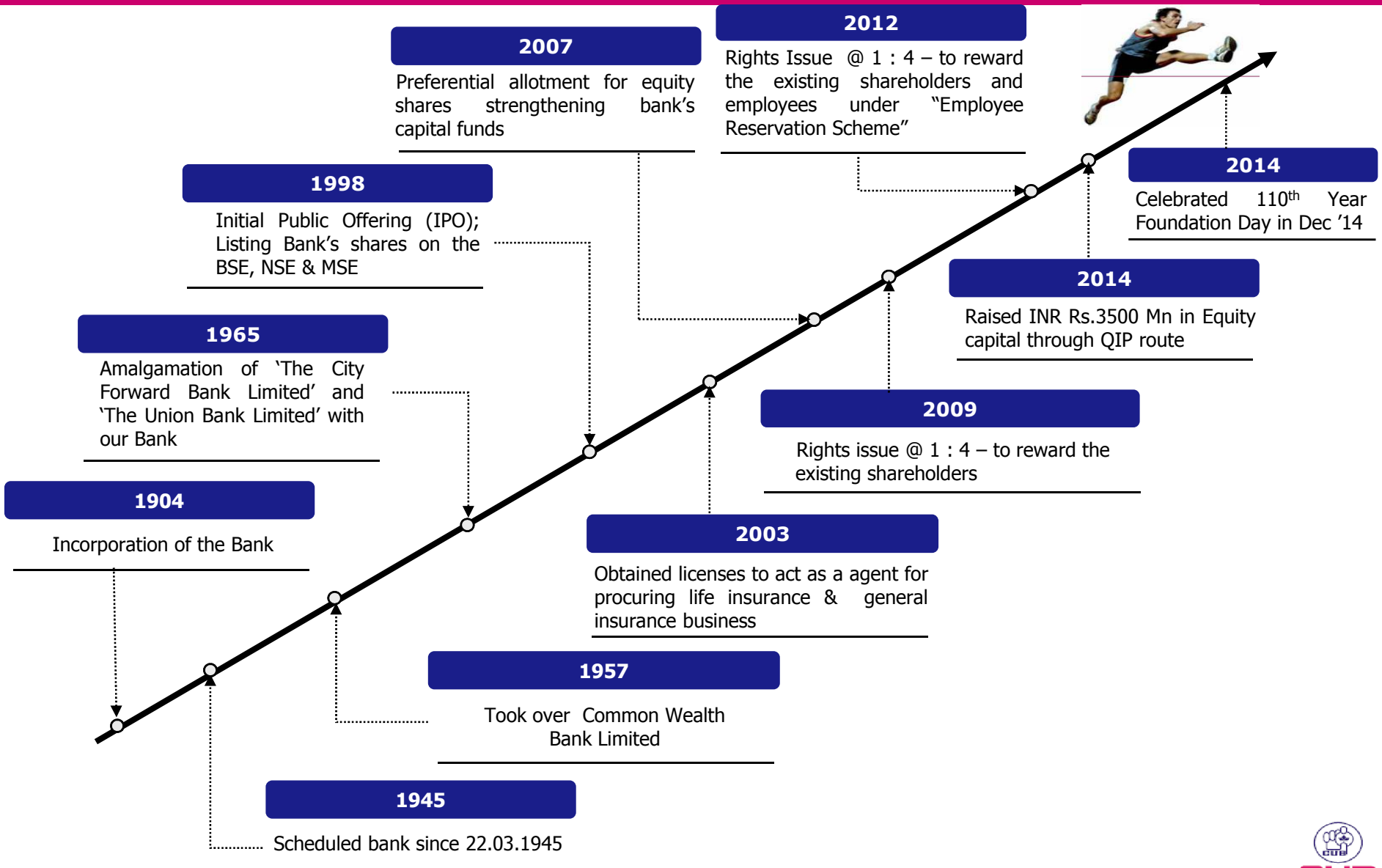
Purely retail Liability Franchise

- ✓ No Certificate of Deposit
- ✓ No reliance on Corporate bulk deposits

**5 year
CAGR of
20%+**

**Consistent
Return with
Superior
ROA, ROE**

Key milestones





3. Q1 FY 2016 – PERFORMANCE HIGHLIGHTS

Q1 FY 2016 Performance – A snapshot

- ✓ Deposits increased by 12% from Rs.224 Bn to Rs.251 Bn Y-o-Y
- ✓ Advances registered a growth of 11% from Rs.162 Bn to Rs.179 Bn Y-o-Y
- ✓ Gross Profit registered a growth of 14% from Rs.1727 Mn to Rs.1972 Mn Y-o-Y
- ✓ Net Profit increased by 12% from Rs.995 Mn to Rs.1116 Mn Y-o-Y
- ✓ Profitability and efficiency ratios – at par with the best in industry:
 - Return on Assets - 1.57%
 - Net Interest Margin - 3.59%
 - Return on Equity - 16.43%
 - Earnings per share - Rs.1.87
- ✓ Gross NPA – 2.01% and Net NPA – 1.32%
- ✓ Provision Coverage Ratio – 61%
- ✓ CRAR – 15.72% (Basel III) of which core CRAR – 15.30%



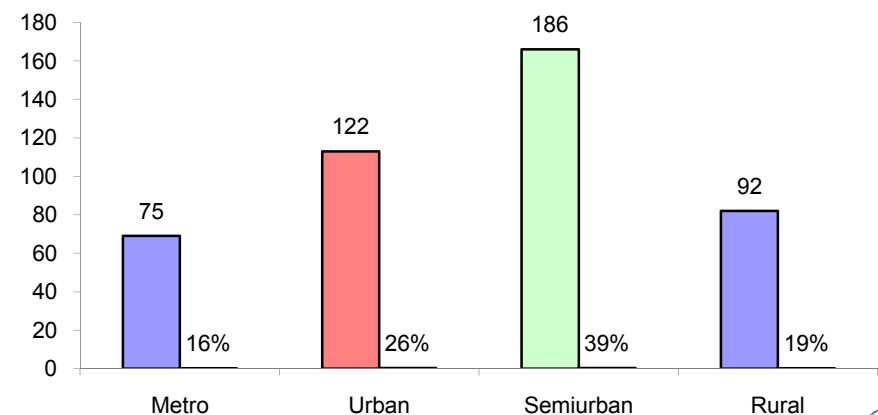
4. Branch Network

Strong presence in the South

As of Jun 2015 - 475 branches. 421 branches are located in South India out of which 324 in Tamil Nadu



State	No. of Branches	% of Deposits	% of Advances	% of Business
Tamilnadu	324	77	68	73
Seemandhra	36	3	8	5
Telengana	20	3	5	4
Karnataka	26	5	5	5
Maharashtra	17	4	4	4
Kerala	15	2	2	2
Gujarat	9	1	3	2
Others	28	5	5	5
Total	475			

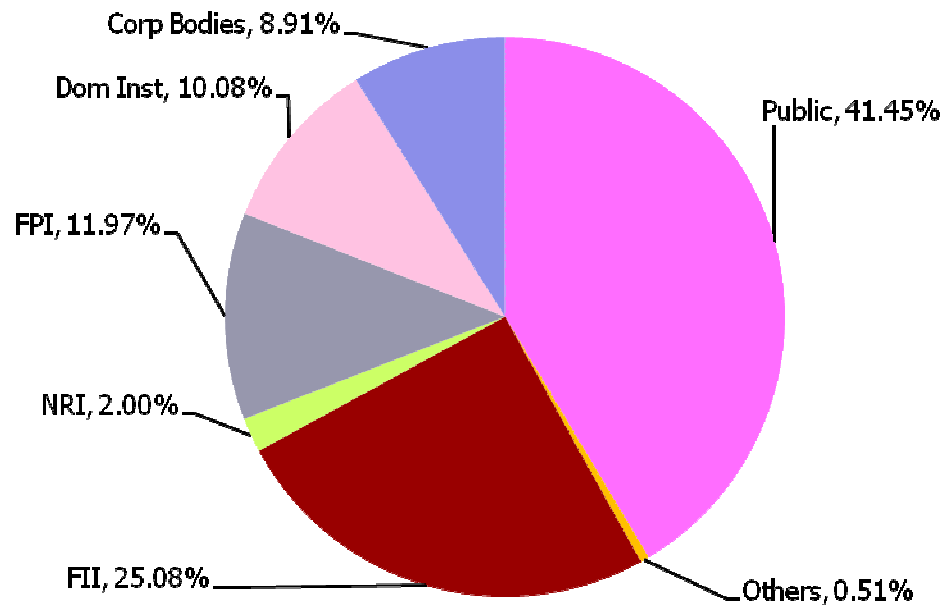




5. Ownership Pattern

A well diversified investor base

Ownership profile



Well diversified ownership of shareholders around 83000 Approx
Long term investors ensuring stability and support to management

Higher Participation from FII's

Limit on FII / FPI ownership increased to 40%

Head room available for FII / FPI ... 2.95%

A well diversified investor base

Major Institutional Shareholders as on 30th June 2015

Shareholders	% of holding
Lavender Investments Ltd (Chrys Capital)	3.96
GKFF Ventures (Argonaut Ventures)	3.94
Smallcap World Fund INC	3.32
NT Asian Discovery Master Fund	2.87
Equinox Partners L P	2.62
Life Insurance Corporation of India	2.45
Emblem FII	1.59
Acacia Partners	1.47
Bank Muscat India Fund	1.25
Somerset Emerging Markets Small Cap Fund	1.23
Faering Capital India Evolving Fund	1.12
Wasatch Core Growth Fund	1.12



6. Management

Transparent 'Corporate Governance' practices



Board consists of 6 Independent Directors and 4 Non-Independent Directors



Various sub-committees of Board functions to oversee the operations of the Bank



Code of conduct for directors and senior management put in place



Disclosure norms strictly adhered to








KYC / AML norms strictly complied with.

We have eminent personalities on our Board;

- ✓ Chairman – Veteran Banker with 40 years of experience with City Union Bank
- ✓ 1 Chartered Accountant - Retd. CFO from Tata Consultancy Services
- ✓ 1 Former retired Chief of Banking Operations & Development department, RBI & IRDA member
- ✓ 1 Retired High Court Judge
- ✓ 1 Professor of IIT, Chennai
- ✓ 1 leading Industrialist of Dairy & allied products from South India
- ✓ 1 Advocate in Banking law & Environmental Activist
- ✓ 1 Career Banker with 4 decades of banking experience
- ✓ 1 Chartered Accountant & First woman director of the Bank

A well experienced and strong Board

(1/2)

	Name	Profile
	<p>Mr. S. Balasubramanian, Chairman (Non-Executive)</p>	<p>Mr. S. Balasubramanian is serving as Non-Executive Chairman of the Bank from May 2011 and has 40 year experience in the Banking industry. He holds a Masters degree in Mathematics, CAIIB and PGDFM. He joined City Union Bank in 1971 as a probationary officer and was associated with the Bank in various capacities. With his sound track record he rose to the position of CEO of the Bank in 2005 he was appointed as the CEO of our Bank and thereafter, in 2009 he was appointed as the Managing Director and CEO.</p>
	<p>Dr. N. Kamakodi, MD & CEO</p>	<p>Dr. N. Kamakodi is serving as MD & CEO of the Bank from May 2011. He holds the Degrees - Bachelor of Technology in Chemical Engineering, MBA from the Chinese University of Hong Kong, Ph.D. and CAIIB. He joined the Bank as DGM in the year 2003 and was elevated as GM in 2005 and later as Executive Director in 2006. He not only possesses an academic background and but also has acquired hands on experience on the overall operations of the Bank.</p>
	<p>Mr. R.G. Chandramogan, Director</p>	<p>Mr. R.G. Chandramogan is the Chairman & Managing Director of Hatsun Agro Products Ltd, the largest private dairy in the country. He is a well known industrialist in South India. He is a former member in Screening Cum Implementation Group – Secondary Agriculture and a member of Working Group on Animal Husbandary & Dairying, both committees constituted by Planning Commission, Government of India.</p>
	<p>Mr. T.K. Ramkumar, Director</p>	<p>Mr. T.K. Ramkumar is one of the leading Lawyers in Chennai possessing special knowledge in Banking law, Company law and Intellectual Property Rights. He is also an active environmentalist.</p>
	<p>Justice (Retd.) S.R. Singaravelu, Director</p>	<p>Mr. S.R. Singaravelu is a former Judge of High Court of Madras and High Court of Orissa. He has a vast experience of 36 years in the Judiciary where he has held various positions.</p>

A well experienced and strong Board

(2/2)

	Name	Profile
	<p>Mr. C.R. Muralidharan, Director</p>	<p>Mr. C.R. Muralidharan is having 40 years of vast experience in regulatory Banking who retired as Chief General Manager, Dept of Banking Operations & Development, Reserve Bank of India. He was also a whole time member of Insurance Regulatory and Development Authority (IRDA).</p>
	<p>Dr. Veezhinathan Kamakoti, Director</p>	<p>Dr. Veezhinathan Kamakoti is the youngest person to become a professor of one of the prestigious Engineering Institutions of India namely I I T, Madras in the Department of Computer Science and Engineering. He holds Bachelor of Engineering and Ph.D. in Computer Science. He is an expert in Computer Science and Technology, his forte area being Information Technology related Secured Systems Engineering and Security related software engineering.</p>
	<p>Mr. S. Mahalingam, Director</p>	<p>Mr. S. Mahalingam is a well known person in Indian IT industry having 43 years of experience in one of the leading IT company – Tata Consultancy Services Ltd (TCS). He retired as Chief Financial Officer and Executive Director of TCS and was involved in many aspects of the company's operation and growth and also played a key role in helping TCS become a \$ 11.60 billion global company with over 2,76,000 employees. He is a Hon's graduate in Commerce and Fellow member of Institute of Chartered Accountants of India. Besides our Bank, he is also on the Board of many corporates of high repute in India.</p>
	<p>Mr. R. Mohan, Director</p>	<p>Mr. R. Mohan possesses 4 decades of vast experience in banking industry. He is a bachelor of Science, Master of Business Administration and a CAIIB. Prior to joining the Board, he served as Chief General Manager of our Bank. He is a member of our Board representing the majority sector of Banking, Agriculture and Small Scale Industry.</p>
	<p>Smt. Abarna Bhaskar, Director</p>	<p>Smt. Abarna Bhaskar is a qualified Chartered Accountant by profession and the first woman director of the Bank. She has served in senior positions with a Foreign Bank abroad and a large private sector bank in India. She has practical experience in Banking, more particularly in the finalization of bank accounts and is a practicing chartered accountant.</p>

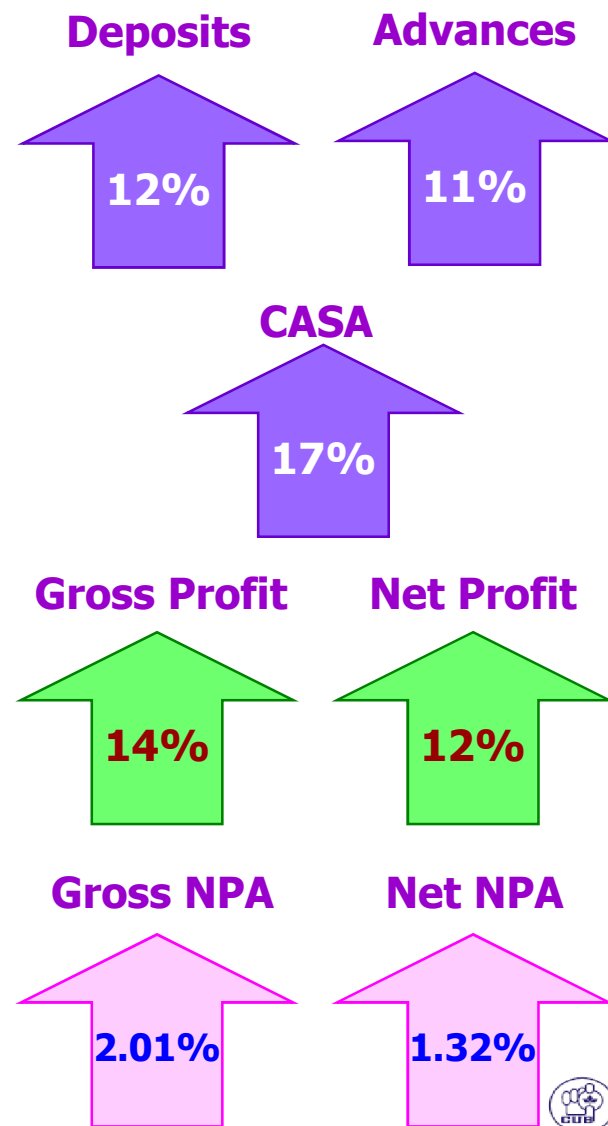


6. Financial Performance and Business Profile

Q1 FY 2016 Performance – A snapshot

HIGHLIGHTS FOR THE QUARTER ENDED 30th JUNE 2015

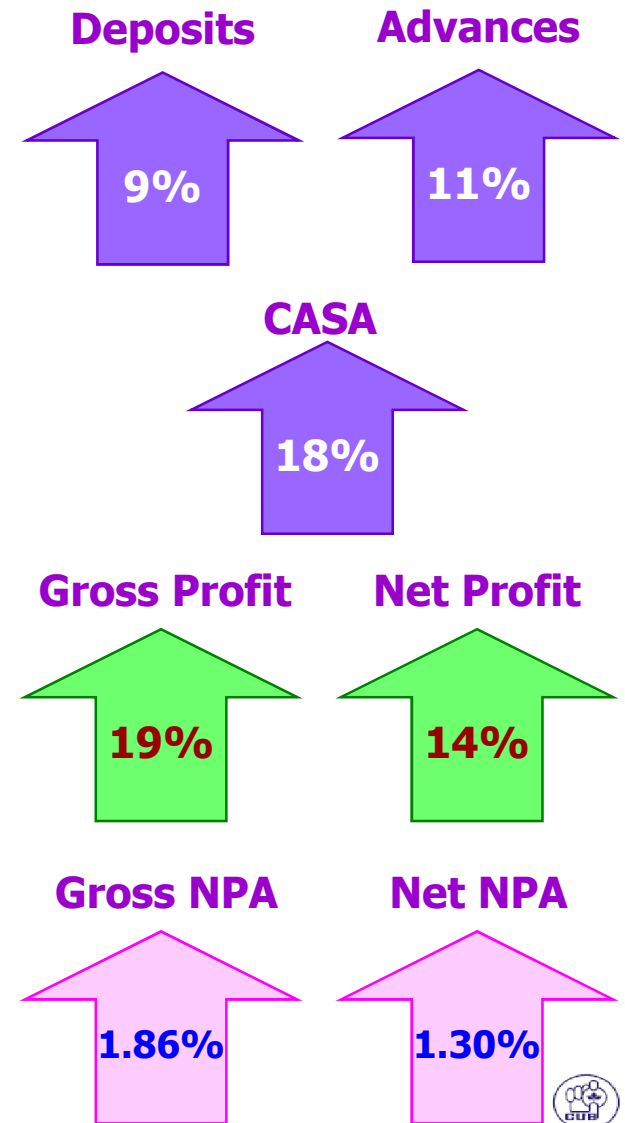
- ✓ Deposits increased by 12% to Rs.251 Bn from Rs.224 Bn
- ✓ Advances increased by 11% from Rs.162 Bn to Rs.179 Bn
- ✓ Total Business grew by 12% from Rs.385 Bn to Rs.430 Bn
- ✓ CASA improved by 17% to Rs.47 Bn from Rs.41 Bn. % of CASA to total deposits stood at 18.88%.
- ✓ Gross Profit increased by 14% to Rs.1972 Mn from Rs.1727 Mn
- ✓ Net Profit increased by 12% from Rs.995 Mn to Rs.1116 Mn
- ✓ Net NPA stood at 1.32%
- ✓ ROA stands at 1.57%
- ✓ ROE stands at 16.43%
- ✓ Net Interest Margin stands at 3.59%
- ✓ Cost to Income ratio 39.99% vs 41.94% in Q1 FY 2015



FY 2014-15 Performance – A snapshot

HIGHLIGHTS FOR THE YEAR ENDED 31st MARCH 2015

- ✓ Deposits increased by 9% to Rs.241 Bn from Rs.220 Bn
- ✓ Advances increased by 11% from Rs.162 Bn to Rs.181 Bn
- ✓ Total Business grew by 10% from Rs.382 Bn to Rs.422 Bn
- ✓ CASA grew by 18% to Rs.46 Bn from Rs.39 Bn
- ✓ NII increased by 6% from Rs.7594 Mn to Rs.8074 Mn
- ✓ Gross Profit increased by 19% to Rs.6926 Mn from Rs.5810 Mn
- ✓ Net Profit increased by 14% from Rs.3471 Mn to Rs.3950 Mn
- ✓ Net NPA stood at 1.30%
- ✓ ROA stands at 1.49%
- ✓ ROE stands at 16.91%
- ✓ Net Interest Margin stands at 3.44%
- ✓ Cost to income ratio decreased to 42.83% Vs 44.10% previous year



Q1 FY 16 Vs Q1 FY 15 – Performance – A snapshot

Financial Performance

(in INR Mn)

Particulars	Q1 FY 2016	Q1 FY 2015	Inc / (Dec)	Growth	% Growth	FY 2015
Deposits	251112	223834	↑	27278	12%	240750
Advances	179009	161529	↑	17480	11%	180885
Total Business	430121	385363	↑	44758	12%	421635
Demand Deposits	17219	14680	↑	2539	17%	16681
Savings Deposits	30184	25915	↑	4269	16%	29626
CASA	47402	40594	↑	6808	17%	46307
Gross NPA	3594	3083	↑	511	17%	3358
Net NPA	2343	2044	↑	300	15%	2328
Gross NPA (%)	2.01%	1.91%				1.86%
Net NPA (%)	1.32%	1.28%				1.30%
C R A R (BASEL II)	16.09%	14.58%				16.59%
C R A R (BASEL III)	15.72%	14.51%				16.52%
- Of which Tier I	15.30%	14.00%				16.03%
CD Ratio	71%	72%				75%
PCR	61%	61%				58%

Q1 FY 16 Vs Q1 FY 15 – Performance – A snapshot

Financial Performance

(in INR Mn)

Particulars	Q1 FY 2016	Q1 FY 2015	INC / (DEC)	% GROWTH	FY 2014-15
Net Interest Income	2236	1867	369	20%	8074
Other Income	1049	1107	-58	-ve	4041
Operating Expenses	1314	1247	66	5%	5188
Gross Profit	1972	1727	245	14%	6926
Provisions & Contingencies	856	732	124	17%	3085
Exceptional Items	0	0			109
Net Profit	1116	995	121	12%	3950
Return on Assets	1.57%	1.58%			1.49%
Return on Equity	16.43%	19.40%			16.91%
Net Interest Margin	3.59%	3.32%			3.44%

Q1 FY 16 Vs Q1 FY 15 – Income and Expenses – Breakup

(in INR Mn)

Interest Income Breakup

Particulars	Q1 FY 2016	Q1 FY 2015	Growth (%)
Interest on Loans	5726	5211	10%
Interest on Investments	1237	1120	10%
Other Interest Income	98	103	-ve
Total Interest Income	7060	6433	10%

Interest Expenses Breakup

Particulars	Q1 FY 2016	Q1 FY 2015	Growth (%)
Int Exp on Deposits	4736	4505	5%
Other Int Expenses	88	61	45%
Total Interest Expenses	4824	4566	6%

Other Income Breakup

Particulars	Q1 FY 2016	Q1 FY 2015	Growth (%)
CEB & Charges	520	495	5%
Treasury Income	312	223	40%
Other Inc incl recoveries in written off a/cs	217	389	-ve
Total Other Income	1049	1107	-ve

Operating Expenses Breakup

Particulars	Q1 FY 2016	Q1 FY 2015	Growth (%)
Employee Cost	483	522	-ve
Other Operating Expenses	831	725	15%
Total Expenses	1314	1247	5%

FY 15 Vs FY 14 – Income and Expenses – Breakup

(in INR Mn)

Interest Income Breakup

Particulars	FY 2015	FY 2014	Growth (%)
Interest on Loans	21662	20921	4%
Interest on Investments	4925	4075	21%
Other Interest Income	402	463	-ve
Total Interest Income	26989	25459	6%

Interest Expenses Breakup

Particulars	FY 2015	FY 2014	Growth (%)
Int Exp on Deposits	18532	17340	7%
Other Int Expenses	383	525	-ve
Total Interest Expenses	18915	17865	6%

Other Income Breakup

Particulars	FY 2015	FY 2014	Growth (%)
CEB & Charges	1967	1743	13%
Treasury Income	1292	555	133%
Other Inc incl recoveries in written off a/cs	782	501	56%
Total Other Income	4041	2799	44%

Operating Expenses Breakup

Particulars	FY 2015	FY 2014	Growth (%)
Employee Cost	2103	1856	13%
Other Operating Expenses	3086	2727	13%
Total Expenses	5188	4583	13%

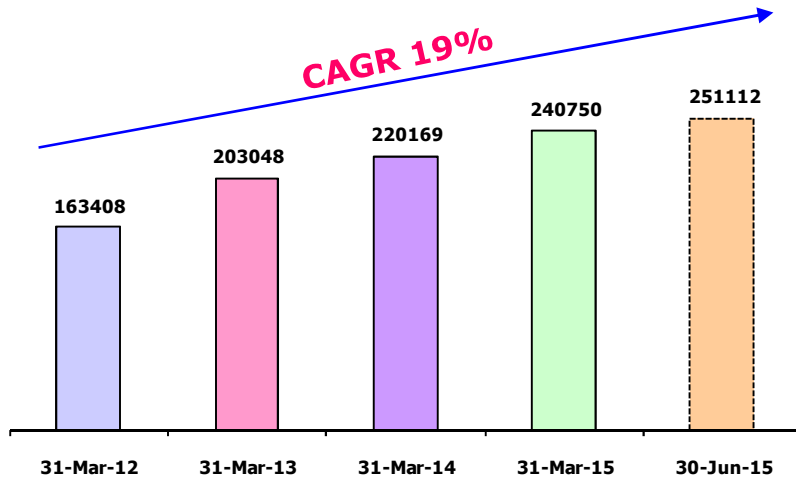
Key Business Indicators

Key indicators

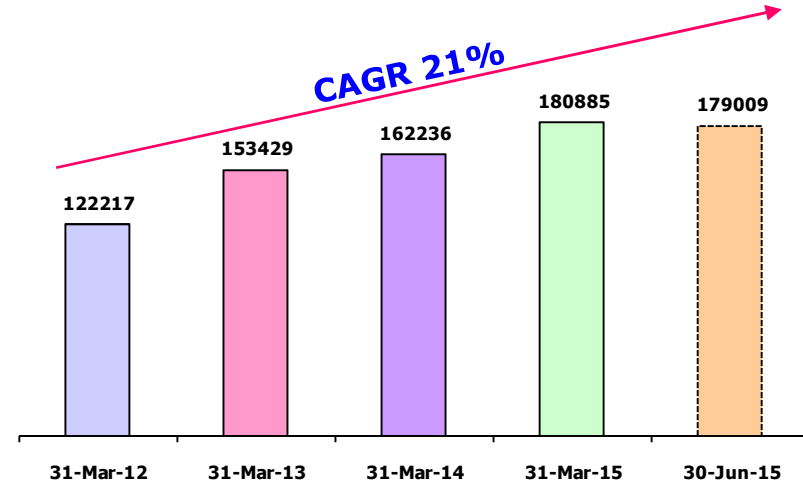
Particulars	Q1 FY 2016	Q1 FY 2015	Q4 FY 2015	FY 2014-15
Cost of Deposits	7.85%	8.25%	8.14%	8.15%
Yield on Advances	12.95%	13.00%	13.06%	13.18%
Yield on Investments	7.39%	7.64%	7.65%	7.63%
Net Interest Margin	3.59%	3.32%	3.40%	3.44%
Cost to Income	39.99%	41.94%	42.34%	42.83%
Cost of Funds	6.81%	7.26%	7.08%	7.13%
Yield on Funds	9.96%	10.23%	10.08%	10.17%
Per Employee Business (in INR Mn)	96.58	91.32	96.53	96.53
Per Employee Profit (in INR Mn) (Ann)	1.00	0.96	0.91	0.91
EPS (in INR) – FV INR 1/- share (Not Ann)	1.87	1.83	1.66	6.82

Strong Deposits and Advances growth

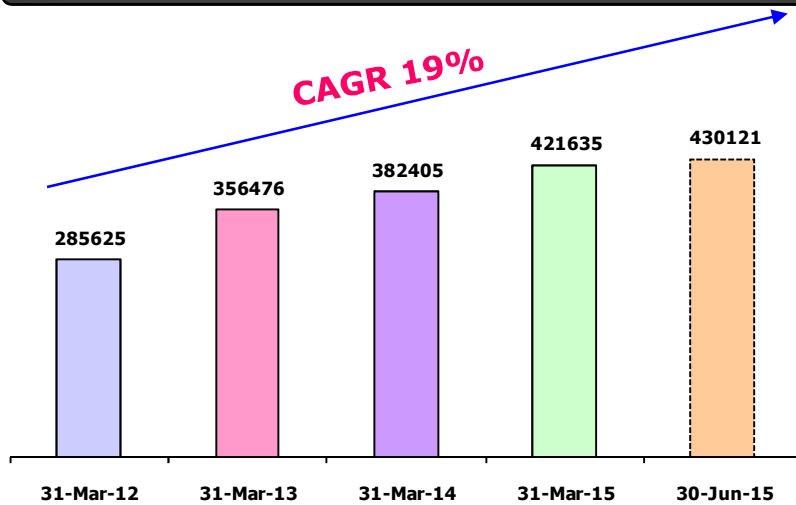
Deposits



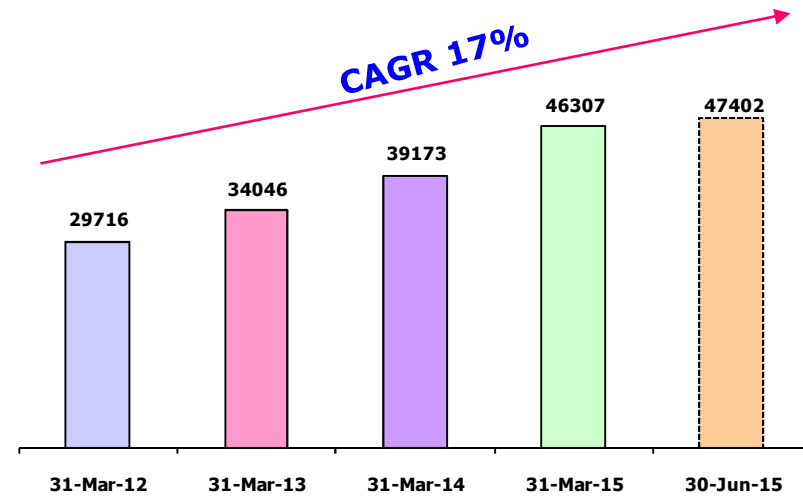
Advances



Business

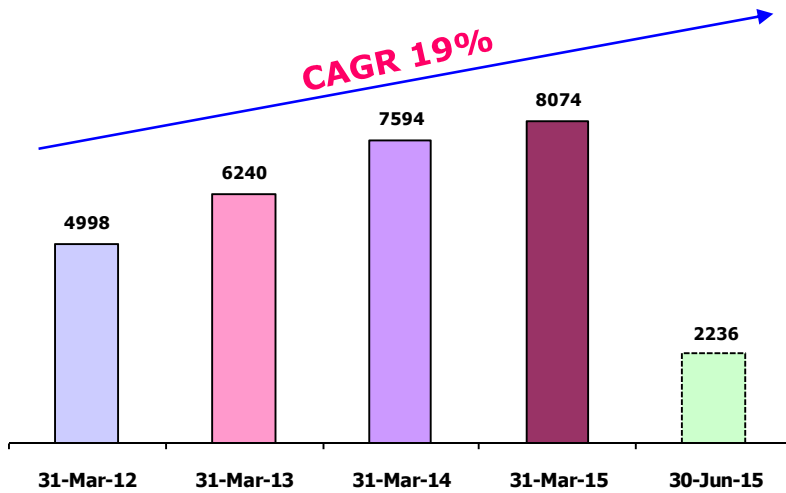


CASA

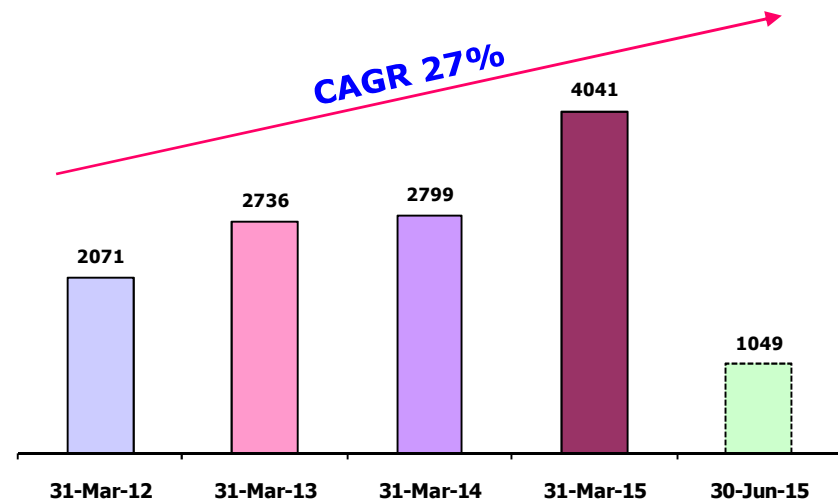


Income Growth over the years ...

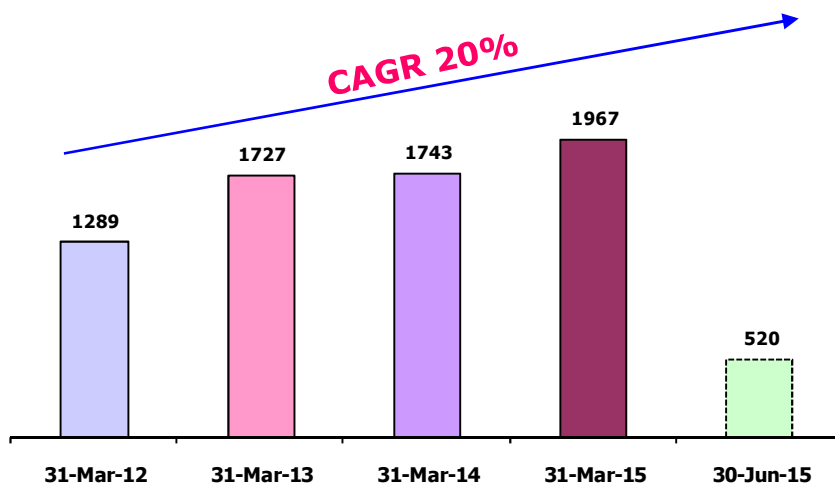
Net Interest Income Growth



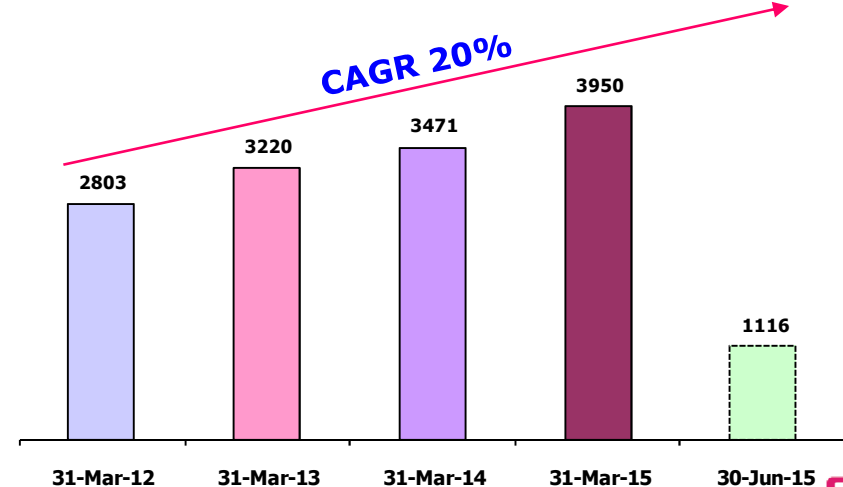
Other Income Growth



CEB Growth

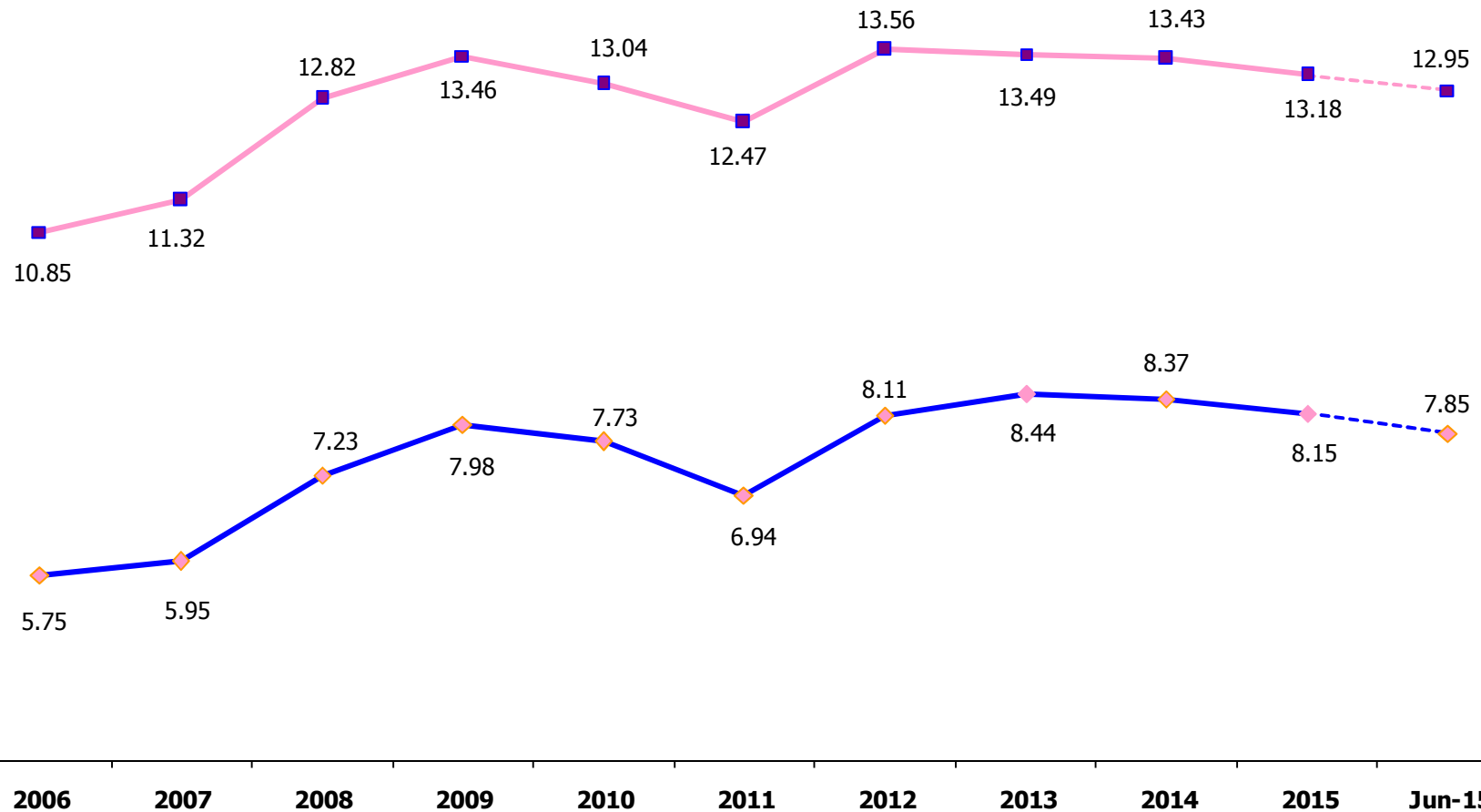


Net Profit Growth



Cost of deposits & Yield on advances

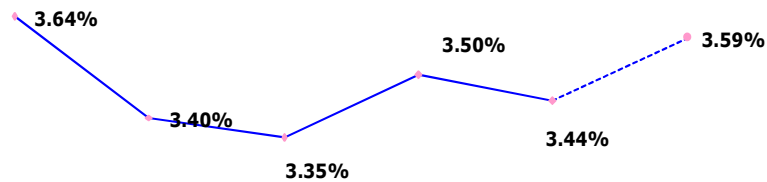
Cost of Deposits and Yield on Advances



Spread between cost of deposits and yield on advances of our bank maintained in the last 10 years

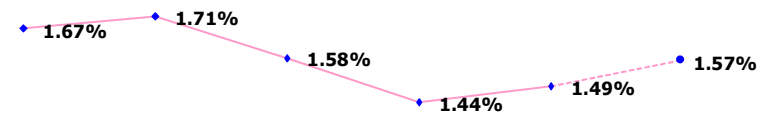
Key Business Ratios - Yearwise

Net Interest Margin



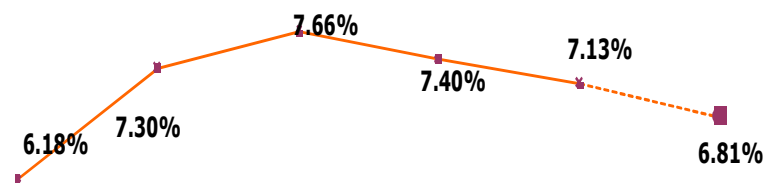
31-Mar-11 31-Mar-12 31-Mar-13 31-Mar-14 31-Mar-15 30-Jun-15

Return on Assets



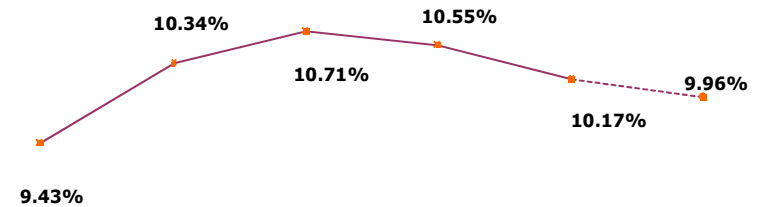
31-Mar-11 31-Mar-12 31-Mar-13 31-Mar-14 31-Mar-15 30-Jun-15

Cost of Funds



31-Mar-11 31-Mar-12 31-Mar-13 31-Mar-14 31-Mar-15 30-Jun-15

Yield on Funds

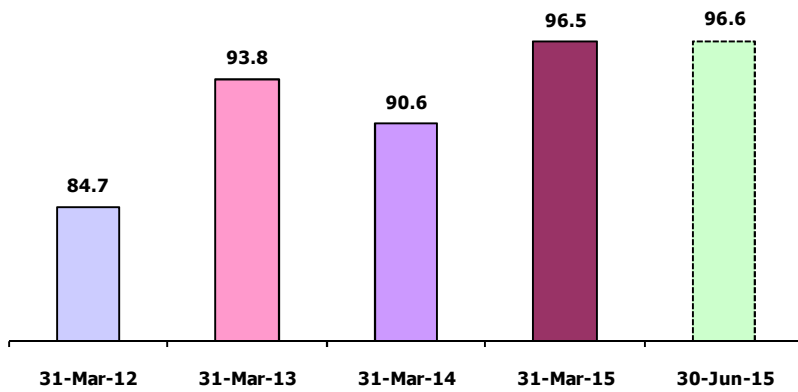


31-Mar-11 31-Mar-12 31-Mar-13 31-Mar-14 31-Mar-15 30-Jun-15

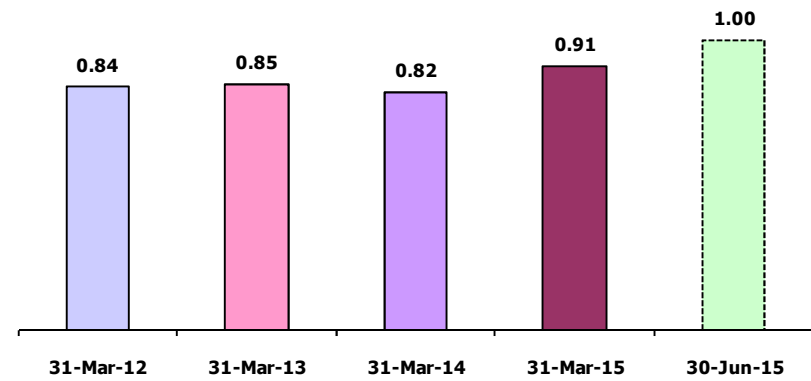
Efficiency

(Rs in Mn)

Business per Employee



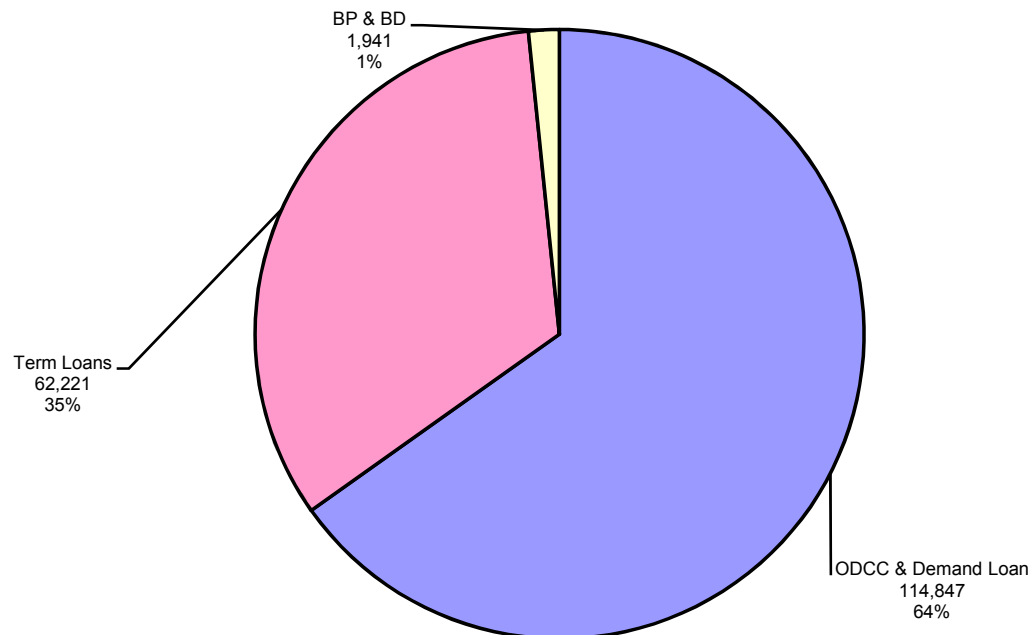
Profit per Employee



Loan Book – Products Composition

Loan Book Products Composition	Amount (INR Mn)	% to Total Advances
Cash Credit & Demand Loans	114847	64%
Term Loans	62221	35%
Bills Purchased & Bills Discounted	1941	1%
Gross Loans Total	179009	100%

- ✓ Working capital loans yielding higher interest constitute 64% of advances
- ✓ Re-pricing possible at short intervals thus reducing interest rate risk
- ✓ ~80% of our loan book is on floating rate basis which reduces interest rate risk



Loan book – Composition

Sectoral Deployment as on 30th June 2015

Particulars	Amount (INR Mn)	% to Total Advances
Agriculture (includes AJL – 18673 Mn)	28048	16%
M S M E	60906	34%
Large Industries	10900	6%
Retail Traders	9037	5%
Wholesale Traders	21150	12%
Commercial Real Estate	10154	5%
JL Non Agriculture	3689	2%
Housing Loans	11889	7%
Other Personal Loan (includes Personal Loan, Clean loan, Clean OD, Consumer loan, etc.)	5070	3%
Loans collateralized by Deposits	3749	2%
Infrastructure	1196	1%
NBFC	1443	1%
Others (Educational Loan, Staff Loan, etc)	11778	6%
Gross Loans Total	179009	100%

Secured & Unsecured Advances

Particulars	Amount (INR Mn)	% to Total Advances
Secured Loans	177178	99%
Unsecured Loans	1831	1%
Total	179009	100%

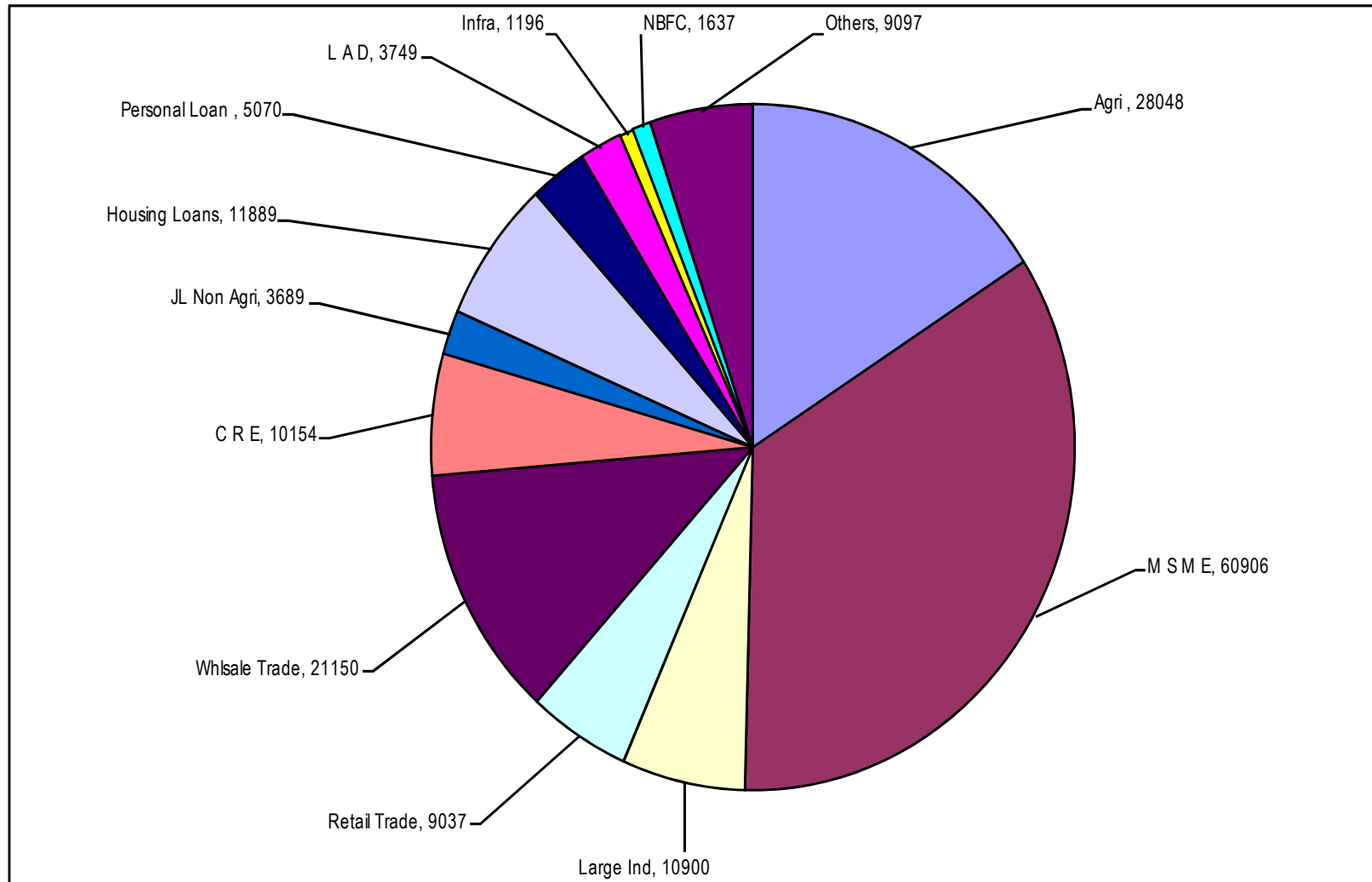
- ✓ Trading & MSME loans earning higher yields constitute about 51%.
- ✓ Diversified credit portfolio reduces credit risk
- ✓ Lower ticket size backed by adequate collaterals
- ✓ Unsecured Advances aggregate to 1% only
- ✓ Jewel Loan portfolio decreased by Rs.5385 Mn when compared to Q1 FY 2015.
- ✓ Total Jewel Loan outstanding as on 30.06.2015 - Rs.22,385 Mn

AJL – Agricultural Jewel Loan

JL – Jewel Loan

Loan Book – Sectoral Deployment

Sectoral Deployment chart



Loan Book – Advances to Major Industries

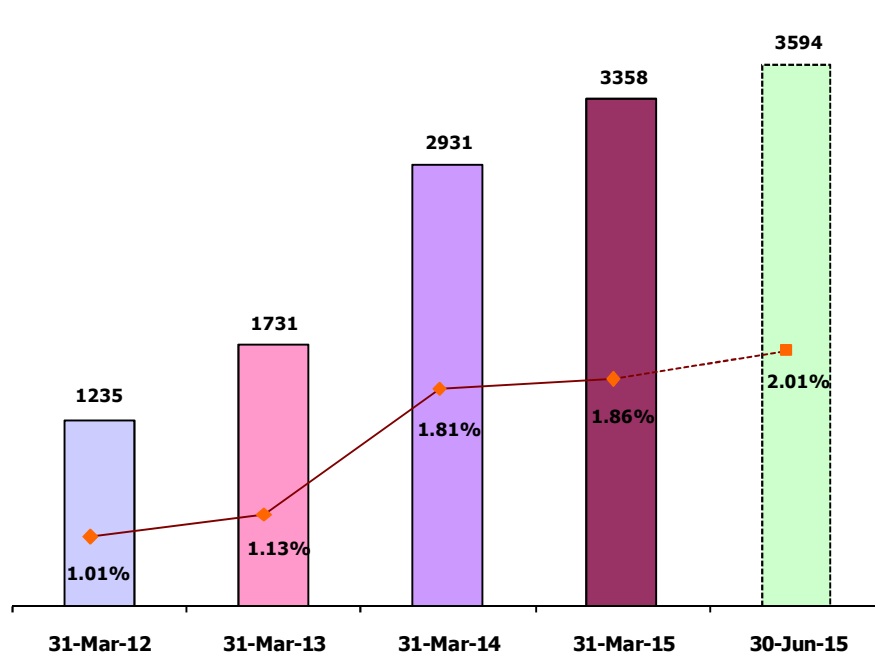
Advances to Major Industries as on 30th June 2015

Industry Name	Amount (in INR Mn)	% to Total Advances
Textiles		
a) Cotton	9949	5%
b) Other Textiles	4981	3%
Metals		
a) Iron & Steel	6350	4%
b) Other Metals	2671	1%
Paper & Paper Products	4123	2%
Food Processing	3067	2%
Chemicals	1739	1%
Rubber & Plastics	1668	1%
Engineering	2923	1%
Beverage & Tobacco	192	1%
Vehicle & Autoparts	902	1%
Other Industries (includes Leather, Wood, Cement, Gems & Jewels, etc)	1892	1%
Total	40458	23%
All other advances (Agri, Trade, Service, Gold Loan, etc.)	138551	77%
Total Gross Advances	179009	100%

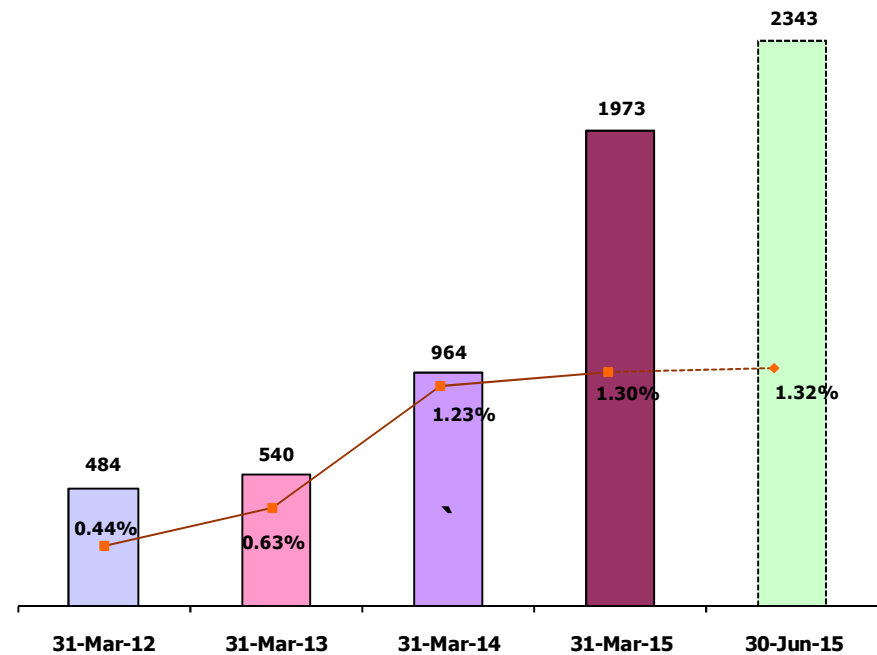
Asset Quality

(Rs in Mn)

Gross NPA Qtm & Gross NPA %



Net NPA Qtm & Net NPA %



Asset Quality Position – Movement over the years

(Rs in Mn)		FY Mar-11	FY Mar-12	FY Mar-13	F Y Mar-14	FY Mar-15	Q1 FY 2016
NPA Opening balance		882	1125	1235	1731	2931	3358
Additions	A	1207	1444	2234	4562	4250	776
Recovery / SR		376	649	486	1865	2118	193
Upgradations		114	165	232	168	227	88
Net Addition	B	717	630	1516	2529	1905	495
Write-off		474	520	1020	1329	1478	259
NPA Closing balance		1125	1235	1731	2931	3358	3594
Technical Write-off (TW) during the period		540	484	948	1226	618	249
Provision made during the period	C	672	570	970	1485	1650	500
T W recovery	D	291	400	599	544	750	43
Provision made net of TW Recovery	E = C-D	381	170	371	941	900	457
Gross Advance	F	92555	122217	153428	162236	180885	179009
Additions % of Gross Advance	A / F	1.30	1.18	1.46	2.81	2.35	0.43
Net Addition % of Gross Advance	B / F	0.77	0.52	0.99	1.56	1.05	0.28
Credit cost	E / F	0.41	0.14	0.24	0.58	0.50	0.26
Gross NPA %		1.21	1.01	1.13	1.81	1.86	2.01
Net NPA %		0.52	0.44	0.63	1.23	1.30	1.32

Restructured Accounts

No account has been restructured during Q1 FY 2016

Balance outstanding as on 30.06.2015 in respect of Restructured Standard borrowers:

Type Restructuring	No. of Borrowers	Amount (in INR Mn)
Under CDR Mechanism	1	638
Under SME Debt Restructuring Mechanism	4	124
Under Other Debt Restructuring Mechanism	4	1675
Total	9	2437

- ✓ The above disclosure is in respect of Restructured Standard Accounts excluding NPA.
- ✓ Restructured Standard Advances to Gross Advances - 1.36% Q1 FY 16 Vs 1.62% Q1 FY 15
- ✓ No fresh sale to ARC during Q1 FY 2016 and amount outstanding in Security Receipts - 3730 Mn
- ✓ Amount serviced during Q4 FY 2015 in restructured standard accounts is Rs.28 Mn
- ✓ During Q1 FY 2016 two accounts slipped into NPA category from restructured standard accounts to the tune of Rs.163 Mn

Investments – At a Glance

Investments Breakup and Categorywise

(in INR Mn)

Particulars	JUN 2015	MAR 2015	JUN 2014
SLR Securities	69723	54875	59106
Non-SLR Securities	4321	3849	807
Total Investments	74044	58724	59913
Yield on Investments	7.39%	7.63%	7.64%
Investments Breakup:			
- A F S	22663 (31%) *	14304 (24%)	6899 (12%)
- H T M	51381 (69%)	44420 (76%)	52855 (88%)
- H F T	-	-	159
Total Investments	74044	58724	59913
Modified Duration:			
- A F S	1.90	2.28	1.77
- H T M	4.43	4.16	4.46
- H F T	-	-	5.70
- Overall Portfolio	3.76	3.83	4.22

* → Lower CD ratio and the resultant surplus funds deployed in money market instruments including T-bill resulted in higher AFS portfolio and lower modified duration.

Annual General Meeting – 24.08.2015

- ✓ **The Annual General Meeting will be held on 24.08.2015 at Kumbakonam**

- ✓ **We are seeking shareholders' approval for an enabling resolution to go for QIP upto Rs.500 cr.**



Thank You

