



Seventeenth Annual Report 2010-11

AXIS BANK LIMITED

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of Axis Bank Limited will be held on Friday, the 17th June, 2011 at 10.00 a.m. at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011, Profit and Loss Account for the year ended 31st March, 2011 and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri R. B. L. Vaish, who retires by rotation and, being eligible, offers himself for re-appointment as a Director.
3. To appoint a Director in place of Shri K. N. Prithviraj, who retires by rotation and, being eligible, offers himself for re-appointment as a Director.
4. To declare a dividend on the Equity Shares of the Bank.
5. To consider and pass with or without modifications, the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956 and the Banking Regulation Act, 1949, M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, ICAI Registration Number 117365W, be and are hereby appointed as the Statutory Auditors of the Bank to hold office from the conclusion of the Seventeenth Annual General Meeting until the conclusion of the Eighteenth Annual General Meeting, on such remuneration as may be approved by the Audit Committee of the Board."

SPECIAL BUSINESS:

6. To consider and pass with or without modifications, the following resolution, as an **Ordinary Resolution:**

"RESOLVED THAT Shri S. K. Chakrabarti, whose appointment as an Additional Director with effect from 27th September, 2010 was confirmed at the meeting of the Board of Directors held on 9th October, 2010 in accordance with the approval given by RBI vide its letter dated 27th September, 2010 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri S. K. Chakrabarti as a candidate for the office of Director of the Bank is hereby appointed as a Director of the Bank."

7. To consider and pass with or without modifications, the following resolution, as an **Ordinary Resolution:**

"RESOLVED THAT approval of the members of the Bank is hereby given for appointment of Shri S. K. Chakrabarti as the Deputy Managing Director of the Bank for the period 27th September, 2010, till 30th September, 2011, the last day of the month in which he reaches the age of superannuation."

"RESOLVED FURTHER THAT as approved by the Reserve Bank of India, Shri S. K. Chakrabarti be paid remuneration by way of salary, allowances and perquisites as the Deputy Managing Director of the Bank as per the following terms and conditions:

Salary	: ₹82,00,000 p.a.
Other Allowances	: ₹15,00,000 p.a.
House Rent Allowance	: ₹24,00,000 p.a. (in lieu of accommodation provided by the Bank)

Perquisites

Residence	: Leased accommodation to be provided by the Bank.
Provident Fund	: 12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees from time to time.
Gratuity	: One month's salary for each completed year of service or part thereof (on pro-rata basis).
Superannuation	: 10% of Basic Pay p.a.
Travelling Allowance	: Actual expenses incurred (conveyance, boarding and lodging in appropriate hotels, etc.) plus halting allowance as may be approved by the Board from time to time (presently ₹550 per day).



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Medical Benefits	: i) Group mediclaim facility as available to other employees of the Bank. ii) Reimbursement of full medical expenses for self and family.
Club Fees	: Membership of two clubs (excluding life membership fees). All official expenses in connection with such membership incurred would be reimbursed by the Bank.
Leave Fare Concession	: ₹8,00,000 p.a.
Conveyance & Telephone	: Free use of the Bank's car with a Driver and telephone facilities.
Personal Insurance	: Shall be covered under the Group Savings Linked Insurance Scheme (GSLI) and the Group Term Life Insurance Policy as per the Bank's policy.
Newspaper & periodicals	: As per requirements.
Entertainment	: Expenditure on official entertainment would be on the Bank's account.
Utility Bills	: At actuals upto a limit of ₹1,20,000 p.a.
Furnishing Allowance	: At actuals upto a limit of ₹10,00,000 during his tenure as Deputy Managing Director.
Leave	: As per the Bank's rules.
Employees Stock Options (ESOP)	: Stock Options as may be decided by the HR and Remuneration Committee/Board from time to time, subject to approval of Reserve Bank of India.
Variable Pay	: As may be decided by the HR and Remuneration Committee/Board at a rate which would be higher of a) 25% of the salary or b) the average rate of variable pay paid to other officers who are eligible for variable performance bonus, subject to approval of RBI.
Housing/personal loans	: Loan facilities to be provided as applicable to other employees, as per the following limits:

Type of Loan	Amount ₹
Housing Loan	upto 30.00 lacs
Vehicle Loan	upto 8.00 lacs
Consumer Loan	upto 4.00 lacs
Personal Loan	upto 2.75 lacs
Loan against NSC / Mutual Funds	upto 0.25 lacs
Total Loan Eligibility	45.00 lacs

- Other terms : As per the Bank's Staff Rules and as may be agreed by the Board, from time to time, subject to approval of RBI.
8. To consider and pass with or without modifications, the following resolution, as an **Ordinary Resolution**:
- "RESOLVED THAT** Shri S. K. Roongta, who was appointed as an Additional Director at the meeting of the Board of Directors held on 15th July, 2010 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri S. K. Roongta as a candidate for the office of Director of the Bank is hereby appointed as a Director of the Bank, liable to retire by rotation."
9. To consider and pass with or without modifications, the following resolution, as an **Ordinary Resolution**:
- "RESOLVED THAT** Shri Prasad R. Menon, who was appointed as an Additional Director at the meeting of the Board of Directors held on 9th October, 2010 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri Prasad R. Menon as a candidate for the office of Director of the Bank is hereby appointed as a Director of the Bank, liable to retire by rotation."
10. To consider and pass with or without modifications, the following resolution, as an **Ordinary Resolution**:
- "RESOLVED THAT** Shri R. N. Bhattacharyya, who was appointed as an Additional Director at the meeting of the Board of Directors held on 17th January, 2011 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri R. N. Bhattacharyya as a candidate for the office of Director of the Bank is hereby appointed as a Director of the Bank, liable to retire by rotation."



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11. To consider and pass with or without modifications, the following resolution, as an **Ordinary Resolution**:
"RESOLVED THAT Shri J. R. Varma, a Director who retires by rotation at this Annual General Meeting and who has expressed his desire not to be re-appointed as a Director, be retired and not be re-appointed."
"RESOLVED FURTHER THAT the resulting vacancy not be filled up at this Meeting or any adjourned Meeting thereof."
12. To consider and pass with or without modifications, the following resolution, as an **Ordinary Resolution**:
"RESOLVED THAT subject to approval by the Reserve Bank of India, approval of the members of the Bank is hereby given for revising the remuneration by way of salary and perquisites payable to Smt. Shikha Sharma, Managing Director and CEO of the Bank, with effect from 1st June, 2011, as under:
- Salary be fixed in the range of ₹12,50,000 per month to ₹21,00,000 per month.
 - House Rent Allowance in lieu of Bank's owned/leased accommodation be paid at ₹4,96,000 per month.
 - Utility Bills be reimbursed at actual upto a limit of ₹30,000 per month.
 - Leave Fare Concession facility be paid at ₹10,00,000 per annum.
 - Variable Pay to be paid as decided by the Board at a rate which would be the higher of (a) 25% of the salary or (b) the average rate of variable pay paid to other officers who are eligible for variable performance bonus.
 - All other terms and conditions of her employment to remain unchanged."
13. To consider and pass with or without modifications, the following resolution, as an **Ordinary Resolution**:
"RESOLVED THAT subject to approval by the Reserve Bank of India and such other statutory authorities as may be required, approval of the members of the Bank is hereby given for revising the remuneration payable to Dr. Adarsh Kishore, Chairman of the Bank with effect from 1st April, 2011, as under:
- Remuneration be revised to ₹1,25,000 per month.
 - All other terms and conditions to remain unchanged."
14. To consider and pass with or without modifications, the following resolution, as an **Ordinary Resolution**:
"RESOLVED THAT in supersession to the resolution passed by the shareholders of the Bank on 2nd June, 2006, the consent of the Bank under the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 be and is accorded to the borrowings by the Bank from time to time, subject to any restriction imposed by the terms of the agreements as may have been entered into or may be entered into from time to time for grant of any assistance to the Bank, of all moneys deemed by them to be required or proper for the purpose of carrying on business of the Bank; provided however, that the total amount of such borrowings outstanding at any time shall not exceed ₹1,00,000 Crores, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Bank (apart from temporary loans, if any, obtained from the bankers of the Bank in the ordinary course of business) exceeds the aggregate of the paid up capital of the Bank and its free reserves (that is to say, reserves not set apart for any specific purpose)."

Place : Mumbai
Date : 22nd April, 2011

By order of the Board

P. J. Oza
Company Secretary &
Senior Vice President (Law)

Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE BANK NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- The relevant explanatory statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of item Nos. 5 to 14, is annexed hereto.
- The Register of Members and the Share Transfer Books of the Bank will remain closed from Friday, the 10th June, 2011 to Friday, the 17th June, 2011 (both days inclusive).
- The Dividend would be paid on 18th June, 2011 to the shareholders whose names stand on the Register of Members on 10th June, 2011 and ECS credit/dispatch of the dividend warrants would commence on 18th June, 2011 and is expected to be completed on or before 27th June, 2011.



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5. a) The Bank is arranging to print the details of your Bank Account on the dividend warrants thereby ensuring that the proceeds of the dividend warrants are credited to your account. We therefore request you to send to our Registrar and Share Transfer Agents, M/s. Karvy Computershare Private Limited, Hyderabad or to the Registered Office of the Bank, the following particulars so as to reach them on or before 10th June, 2011.
- Name of the Bank, Branch and Place with PIN code No., where the account is maintained.
 - Bank Account No.
- b) The Bank has also decided to offer the facility of ECS/NECS in centres wherever available. The ECS Mandate Form is annexed. This facility could also be used by the shareholders instead of the Bank Mandate System, for receiving the credit of dividends.
6. Shareholders may now avail of the Nomination Facility under Section 109A of the Companies Act, 1956. The relevant Nomination Form is annexed.
7. Shareholders seeking any information with regard to accounts are requested to write to the Bank at an early date to enable the Management to keep the information ready.
8. SEBI has made it mandatory for every participant in the securities/capital market to furnish the details of Income tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN along with a photocopy of both sides of the PAN card, duly attested, to the Registrar and Share Transfer Agents of the Bank, M/s. Karvy Computershare Private Limited, Hyderabad.

The Shareholders are requested to write to the Company Secretary or to the Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited regarding transfer of Shares and for resolving grievances at the below address.

The Company Secretary

Axis Bank Limited

Registered Office : 'Trishul', 3rd Floor, Opp. Samartheshwar Temple, Near Law Garden, Ellisbridge, Ahmedabad – 380 006.

Bank's Registrar and Share Transfer Agents:

M/s. Karvy Computershare Private Limited

Unit: Axis Bank Limited

Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad – 500 081.

Phone No. 040-23420815 to 23420824

Fax No. 040-23420814

Email: einward.ris@karvy.com

Contact Persons: Shri V. K. Jayaraman, GM (RIS)/Ms. Varalakshmi, Sr. Manager (RIS)

9. Information regarding Directors retiring by rotation:
- Shri R. B. L. Vaish is a graduate in Commerce and a Chartered Accountant. He is the former Executive Director (Finance & Accounts) of LIC of India. He has worked in various capacities with LIC for his entire career. He has also worked as the Chief Vigilance Officer of New India Assurance Company Limited. As on 31st March, 2011, he is a member of Audit Committee of the Board, the Risk Management Committee, the Nomination Committee, the Customer Service Committee and the Special Committee of the Board for Strategic Oversight of Integration of Businesses. He holds 225 equity shares of the Bank.
 - Shri K. N. Prithviraj has done Masters in Economics. At present, he is the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI). He is former Chairman and Managing Director of Oriental Bank of Commerce and former Executive Director of United Bank of India. Prior to these, he served in Punjab National Bank in various capacities (1969-2003). As on 31st March, 2011, he is a member of Committee of Directors, the HR and Remuneration Committee, Shareholders/Investors Grievance Committee and the Special Committee of the Board for Strategic Oversight of Integration of Businesses. He does not hold any shares of the Bank.

Place : Mumbai

Date : 22nd April, 2011

By order of the Board

P. J. Oza
Company Secretary &
Senior Vice President (Law)



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ANNEXURE TO NOTICE

EXPLANATORY STATEMENT U/S 173 (2) OF THE COMPANIES ACT, 1956

Item No. 5:

Section 224A of the Companies Act, 1956 provides that in the case of companies in which not less than 25 percent of the subscribed share capital is held, whether singly or in combination, by public financial institutions, banks, insurance companies, Government companies, Central Government or State Government(s), the appointment of an Auditor of the Company shall be made by a Special Resolution. The Administrator of the Specified Undertaking of the Unit Trust of India (erstwhile Unit Trust of India), Life Insurance Corporation of India, General Insurance Corporation and its erstwhile subsidiaries, constitute public financial institutions in terms of Section 4-A of the Companies Act, 1956, and hold more than 25 percent of the subscribed equity share capital of the Bank. Hence, a Special Resolution is proposed for the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as the Bank's Statutory Auditors to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting.

As required M/s. Deloitte Haskins & Sells have forwarded a certificate to the Bank stating that their appointment, if made, will be within the limit specified in Sub-Section (1-B) of Section 224 of the Companies Act, 1956.

The Directors recommend the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as the Statutory Auditors of the Bank.

None of the Directors is in any way concerned with or interested in the Resolution at Item No. 5 of the Notice.

Items Nos. 6 and 7:

Shri S. K. Chakrabarti, was appointed by the Board as an Additional Director and Deputy Managing Director of the Bank with effect from 27th September, 2010. The term of Shri S. K. Chakrabarti is upto 30th September, 2011, the last day of the month in which he reaches the age of superannuation.

Shri S. K. Chakrabarti is an Arts Graduate and a Certified Associate of the Indian Institute of Bankers. He has been in the Banking industry for 36 years, of which 21 years were with the State Bank group. He joined Axis Bank in 1994. He has worked in both Retail and Corporate Banking areas of the Bank across geographies in branches, zonal office and central office.

Under Section 260 of the Companies Act, 1956, read with Article 91 of the Articles of Association of the Bank, Shri S. K. Chakrabarti continues to hold office as a Director until the conclusion of the ensuing Annual General Meeting. However, as required under Section 257 of the Companies Act, 1956, the Bank has received a notice from a member signifying his intention to propose Shri S. K. Chakrabarti as a candidate for the office of Director of the Bank and the requisite deposit of ₹500 has also been received by the Bank along with such notice. Shri S. K. Chakrabarti holds 38,142 shares of the Bank.

As on 31st March, 2011, Shri S. K. Chakrabarti is a member of the Committee of Directors, the Risk Management Committee, the Special Committee of the Board of Directors for Monitoring of Large Value Frauds, the Customer Service Committee and the Committee of whole-time Directors. He is also a Chairman of Axis Securities & Sales Limited, a wholly owned subsidiary of the Bank.

The Directors recommend approval of the resolution.

Except for Shri S. K. Chakrabarti, no other Director of the Bank is in any way concerned with or interested in the resolutions at Item Nos. 6 and 7 of the Notice.

Item No. 8:

Shri S. K. Roongta was appointed as an Additional Director of the Bank w.e.f. 15th July, 2010. Under Section 260 of the Companies Act, 1956, read with Article 91 of the Articles of Association of the Bank, Shri S. K. Roongta continues to hold office as a Director until the conclusion of the ensuing Annual General Meeting. However, as required under Section 257 of the Companies Act, 1956 the Bank has received a notice from a member signifying his intention to propose Shri S. K. Roongta as a candidate for the office of Director of the Bank and the requisite deposit of ₹500 has also been received by the Bank along with such notice. It is proposed that Shri S. K. Roongta will be liable to retire by rotation. Shri S. K. Roongta does not hold any shares of the Bank.

Shri S. K. Roongta is a B.E. (Hons), Electrical and has done P.G. Diploma in Foreign Trade (IIFT). Shri Roongta is a former Chairman of Steel Authority of India Limited (SAIL). He was selected as the first Chairman to head International Coal Ventures Limited (ICVL), a joint venture of five leading Public Sector Undertakings. He was the first SAIL Chairman to be a member of the Executive Committee of the prestigious World Steel Association (WSA), Brussels. He is a member of the Board of Governors of IIT, Bhubaneswar.



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As on 31st March, 2011, Shri S. K. Roongta is a member of Audit Committee of the Board, the HR and Remuneration Committee and the Special Committee of the Board of Directors for Monitoring of Large Value Frauds.

The Directors recommend approval of the resolution.

Except for Shri S. K. Roongta, no other Director of the Bank is in any way concerned with or interested in the resolution at Item No. 8 of the Notice.

Item No. 9:

Shri Prasad R. Menon was appointed as an Additional Director of the Bank w.e.f. 9th October, 2010. Under Section 260 of the Companies Act, 1956, read with Article 91 of the Articles of Association of the Bank, Shri Prasad R. Menon continues to hold office as a Director until the conclusion of the ensuing Annual General Meeting. However, as required under Section 257 of the Companies Act, 1956, the Bank has received a notice from a member signifying his intention to propose Shri Prasad R. Menon as a candidate for the office of Director of the Bank and the requisite deposit of ₹500 has also been received by the Bank along with such notice. It is proposed that Shri Prasad R. Menon will be liable to retire by rotation. Shri Prasad R. Menon does not hold any shares of the Bank.

Shri Prasad R. Menon is a chemical engineer from the Indian Institute of Technology (Kharagpur). He has over 40 years of diverse experience in some of the premier multinational and Indian companies in the chemical and power industry.

Shri Menon was the Managing Director of Tata Power, the largest integrated private power utility in India till 31st January, 2011. He has championed sustainability as a key strategic initiative in the organisation.

Shri Menon is on the Board of several major Tata Group companies, as well as on The Sanmar Group Corporate Board in Chennai. He is on the Steering Committee of Combat Climate Change, a group of 66 global companies committed to policy change and implementation of climate change initiatives. He is the first Chairperson of the Association of Power Producers, an association of Private Power Generating companies, the Chairperson of the Group Safety Committee and a member of other key Tata Group Committees, viz. Climate Change, Business Excellence, etc.

As on 31st March, 2011, Shri Prasad R. Menon is a member of Committee of Directors, HR and Remuneration Committee and the Special Committee of the Board for Strategic Oversight of Integration of Businesses.

The Directors recommend approval of the resolution.

Except for Shri Prasad R. Menon, no other Director of the Bank is in any way concerned with or interested in the resolution at Item No. 9 of the Notice.

Item No. 10:

Shri R. N. Bhattacharyya was appointed as an Additional Director of the Bank w.e.f. 17th January, 2011. Under Section 260 of the Companies Act, 1956, read with Article 91 of the Articles of Association of the Bank, Shri R. N. Bhattacharyya continues to hold office as a Director until the conclusion of the ensuing Annual General Meeting. However, as required under Section 257 of the Companies Act, 1956, the Bank has received a notice from a member signifying his intention to propose Shri R. N. Bhattacharyya as a candidate for the office of Director of the Bank and the requisite deposit of ₹500 has also been received by the Bank along with such notice. It is proposed that Shri R. N. Bhattacharyya will be liable to retire by rotation. Shri R. N. Bhattacharyya does not hold any shares of the Bank.

Shri R. N. Bhattacharyya is M.A. in Economics from Calcutta University and a former member of Indian Police Service.

He has served for 36 years in Indian Police Services. He has worked for 2 years as Lecturer in WB educational services. He had been earlier a Nominee Director on the Board of Hindustan Aeronautics Limited, Bangalore.

He has also worked as a Director Insurance, DEA, Ministry of Finance and as a Director, Department of Steel, Ministry of Steel and Mines. He has worked as Government Director in Boards of Oriental Insurance Company, Delhi, United Insurance Company, Chennai and New India Insurance Company, Mumbai.

He was a member of the local Board of State Bank of India at Kolkata region from 17th June, 2010 till 10th January, 2011.

As on 31st March, 2011, Shri R. N. Bhattacharyya is not a member of any Committee of the Board.

The Directors recommend approval of the resolution.

Except for Shri R. N. Bhattacharyya, no other Director of the Bank is in any way concerned with or interested in the resolution at Item No. 10 of the Notice.



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Item No. 11:

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Bank, Shri J. R. Varma retires by rotation at this Annual General Meeting and is eligible for re-appointment. However, he has expressed his desire not to be re-appointed as his term of continuous period of eight years as Director under the provisions of Section 10-A(2-A)(i) of the Banking Regulation Act, 1949, comes to an end with effect from 25th June, 2011.

The Bank does not propose to fill the vacancy at this meeting or any adjournment thereof. Hence, as required under Section 256 of the Companies Act, 1956, a resolution is proposed accordingly and also not to fill up the vacancy caused by the retirement of Shri J. R. Varma at this meeting or any adjourned meeting thereof.

The Directors recommend approval of the resolution.

Except for Shri J. R. Varma, no other Director of the Bank is in any way concerned with or interested in the resolution at Item No. 11 of the Notice.

Item No. 12:

Smt. Shikha Sharma was appointed as the Managing Director and CEO with effect from 1st June, 2009. During the year ended 31st March, 2011, the Bank has shown all-round progress in terms of business growth, profitability, branch expansion, ATM network expansion and improved brand equity under the leadership of Smt. Shikha Sharma. The scale of operations of the Bank has increased considerably requiring greater attention and contribution by Smt. Shikha Sharma. In view of this, the HR and Remuneration Committee of the Board, which met on 16th April, 2011, examined the remuneration of Smt. Shikha Sharma, the Managing Director and CEO, in comparison with the remuneration of the CEOs of the other peer group banks and recommended a revision in the emoluments to be paid to Smt. Shikha Sharma.

The Board of Directors of the Bank at its meeting held on 22nd April, 2011 has approved the revision in remuneration by way of salary and perquisites payable to Smt. Shikha Sharma with effect from 1st June, 2011.

The Directors recommend approval of the resolution.

Except for Smt. Shikha Sharma, no other Director of the Bank is in any way concerned with or interested in the resolution at Item No. 12 of the Notice.

This resolution and the explanatory statement shall also be treated as an abstract of the variation in the terms and conditions of the appointment of the Managing Director and CEO of the Bank and Memorandum of concern or interest under Section 302(7) of the Companies Act, 1956.

Item No. 13:

Dr. Adarsh Kishore was appointed as the Chairman of the Bank for a period of three years from 8th March, 2010.

During the year ended 31st March, 2011, the Bank has grown and progressed under the guidance of Dr. Adarsh Kishore. In view of this, the HR and Remuneration Committee of the Board, which met on 16th April, 2011, examined the remuneration of Dr. Adarsh Kishore, in comparison with the remuneration of the Chairmen of the other peer group banks and recommended a revision in the remuneration to be paid to Dr. Adarsh Kishore.

The Board of Directors of the Bank at its meeting held on 22nd April, 2011 has approved the revision in remuneration payable to Dr. Adarsh Kishore with effect from 1st April, 2011.

The Directors recommend approval of the resolution.

Except for Dr. Adarsh Kishore, no other Director of the Bank is in any way concerned with or interested in the resolution at Item No. 13 of the Notice.

Item No. 14:

In terms of Section 293(1)(d) of the Companies Act, 1956, read with Article 55 of the Articles of Association of the Bank, borrowings by the Bank (apart from temporary loans, if any, obtained from the Bankers of the Bank and deposits accepted in the ordinary course of business) in excess of the paid up capital of the Bank and its free reserves, that is to say, reserves not set apart for any specific purpose, require the approval of the members.

The present borrowing limit of ₹20,000 crores was approved by the shareholders on 2nd June, 2006 and is required to be reviewed in view of the substantial growth of the Bank's business, both from the point of view of types of businesses handled and aggregate volumes.



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Since the last revision of the borrowing limit, total assets have increased more than four times from ₹49,731 crores as on 31st March, 2006 to ₹2,42,713 crores as on 31st March, 2011. The growth of credit has generally accelerated at a faster pace than that of deposits, resulting in a higher proportion of funding requirements being met through borrowings. An adequate borrowing limit, commensurate with the size of the balance sheet, is also considered to be an important enabler for the treasury, lending it the flexibility to fund the Bank's requirements through a combination of customer deposit and market borrowing at optimal cost and tenor.

The Bank's vision of growth over the next few years will be fulfilled from the domestic infrastructure as well as the overseas offices at present. Funding asset growth overseas would also involve substantial fund raising activities.

Further, besides funding, the other major challenge for the Bank in managing its balance sheet is adequacy of capital. Apart from the headroom for Tier-II subordinated debt instruments regularly created through the plough-back of profits, opportunities for raising hybrid capital in the form of perpetual debt and upper Tier-II bonds are also available to the Bank. The options for the Bank to meet its high funding and capital requirements have thus increased significantly through a combination of plain vanilla Tier-II bonds and hybrid capital that may be raised in the domestic markets and overseas.

Keeping in view the Bank's business projections in both domestic and overseas operations, the Directors recommend approval of a maximum amount of borrowing of ₹1,00,000 crores. The proposed limit is intended to take care of the maximum borrowing on the books of the Bank and would adequately cover present borrowing arrangements, future opportunities in the form of hybrid capital and overseas as well as domestic funding needs arising from business growth. The revised limit would also enable the Treasury to access cheaper funds that may be available in the market on particular days.

None of the Directors of the Bank is concerned with or interested in the resolution at Item No. 14 of the notice except to the extent that it is proposed to authorise them to borrow moneys as stated in the resolution.

Place : Mumbai

Date : 22nd April, 2011

By order of the Board

P. J. Oza
Company Secretary &
Senior Vice President (Law)