

POSTAL BALLOT NOTICE

(Pursuant to Section 192 A of the Companies Act, 1956)

To: The Members

Notice is hereby given pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 for obtaining the consent of the Members through postal ballot to authorise the Board of Directors of the Bank to permit foreign investors viz: FDIs/FIIs and NRIs to purchase or acquire upto 35% of the paid up capital of the Bank.

Karur 639002
Date : 29.01.2011

By Order of the Board
R.Kannan
Company Secretary

Notes:

1. The Board of Directors has appointed Shri S. Solaiyappan, Practicing Company Secretary, Salem as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.
2. A member desiring to exercise vote by postal ballot is requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed, in the attached self-addressed postage pre-paid envelope so as to reach the Scrutinizer on or before the close of working hours (17.00 hrs) on 14th March 2011.
3. The scrutinizer will submit his report to the Chairman of the Bank after completion of the scrutiny and the results of the postal ballot will be announced by the Chairman on Saturday, the 19 th March 2011 at 11.00 hrs, at the Registered Office of the Bank at Erode Road, Karur 639002. The date of declaration of the postal ballot result will be taken to be the date of passing the special resolution.
4. The results of the postal ballot will be posted on the Bank's website- www.kvb.co.in - and also announced to the National Stock Exchange of India Ltd, where the shares of the bank are listed and published in the select leading dailies for information of members.

Special Business

To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA) (including any statutory modification/s or re-enactments thereof for the time being in force and as may be enacted from time to time), and subject to the approval of the Central Government, Reserve Bank of India and such other regulatory authorities, if and to the extent required, consent of the Bank be and is hereby accorded to the Board of Directors (which term to include any Committee of the Board) to permit Foreign investors including FIIs, FDIs and NRIs by purchase or acquisition on the recognized Stock Exchanges, such that no individual person or group which would take his /its holding to a level of 5% or more of the paid up capital of the bank or such other percentage as may be prescribed by the RBI in this regard from time to time without the prior approval of RBI and the aggregate holding of the said FIIs, FDIs and NRIs together shall not exceed 35% of the paid up equity share capital of the bank or such other maximum limit as may be prescribed from time to time.

RESOLVED FURTHER THAT THE Board of Directors of the Bank be and is hereby authorized to do all such acts, deeds, matters and things, execute all such documents, deeds and writings as may be required, and give such directions as may be necessary or desirable and to settle all questions or difficulties what so ever that may arise with regard to the aforesaid matter."

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

The present foreign holding of the bank viz: Bank's shares held by NRIs and FIIs is 23.3%. Hitherto NRIs and FIIs could jointly hold only up to 24% of the paid up share capital of the Bank. This limit is proposed to be enhanced to 35% subject to the approval of the shareholders of the bank by way of special resolution through the postal ballot. Increasing the limit to 35% will enable further investments by FIIs/NRIs in India and thereby increase the foreign exchange inflow to the country.

Accordingly it is proposed to increase the ceiling of holding by FII/NRIs/FDIs in the equity share capital of the bank from the present limit of 24% to 35%.

Approval of the members is sought for the same. In terms of the regulatory Policy guidelines, the proposed increase in the foreign holding limit has to be by means of a special resolution of the members of the bank.

The Board of Directors recommend the resolution for approval of the members.

Interest of Directors:

None of the Directors of the bank are concerned or interested in this resolution.

POSTAL BALLOT FORM

Postal Ballot No :

1. Name(s) of member(s)
(including joint holders, if any) &

2. Registered address of the sole /
First named member

3. Registered Folio No./
DP ID No./Client ID No.*
(*Applicable to investors holding
Shares in dematerialized form)

4. Number of shares held

5. I/We hereby exercise my /our vote in respect of the special resolution to be passed through postal ballot for the business stated in the notice of the Bank by sending my / our assent or dissent to the said resolution by placing the (✓) mark at the appropriate box below.

Description	No. of shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Special Resolution to increase the investment limit in the equity share capital of the bank by NRI's/FII's.			

Date:

Place:

Signature of the Member

Note: Please read the instructions printed overleaf carefully before exercising your vote.