

**MINUTES OF THE 92nd ANNUAL GENERAL MEETING OF THE BANK
HELD AT THE REGISTERED OFFICE OF THE BANK ON
WEDNESDAY, THE 27th JULY 2011 AT 10.30 A.M.**

The 92nd Annual General Meeting of the bank presided over by the Chairman Shri K P Kumar, was attended by 271 shareholders in person and 13 shareholders by proxy.

As directed by the Chairman, Company Secretary informed the shareholders that proxies accounting for 26852949 shares were lodged and on scrutiny proxies to the extent of 7265 shares were rejected as being invalid. Thus the number of valid proxies accounted for 26845684 shares.

The Chairman was garlanded by Shri. Radha Palaniappan, a shareholder from Karur and the Managing Director & Chief Executive Officer was garlanded by Shri V N C Baskar of Karur who is a long standing customer of the bank.

Shri K P Kumar, Chairman of the bank welcomed the shareholders. He introduced to the shareholders Mr K Venkataraman who took charge on 6th June 2011 as the new MD & CEO. In his brief speech he mentioned that the last fiscal 2010-2011 was very special as gross business of the bank had crossed Rs.42,000crs mark to touch Rs.42744.26 crs. Bank's deposits which were at Rs.24721.85 crs as on 31st March 2011 showed a rise of 28.28% from the earlier fiscal as on 31.03.2010. The total advances of the bank as at the end of the last fiscal was at Rs.18052.41 cr, an increase of 32.01%. The Bank comfortably crossed the Priority sector lending by 41.05% as against the regulatory prescription of 40%. Also the agriculture and weaker section advances were above the prescribed regulatory norms as at the end of the last fiscal. He added that despite the increase in advances, both the gross and net NPAs have shown a marked decrease. Net NPAs of the bank at 0.07% was the lowest among many banks. The Bank has been rated as "Best Small Bank" by Business World and Price Waterhouse Coopers. The Bank also bagged the Best IT Infrastructure Management 2009 award given by IDRBT (Institute for Development of Research in Banking Technology). The net owned funds of the bank crossed Rs.2000 crs and reached Rs.2136.98 crs as at 31.03.2011. Capital adequacy ratio stood at a healthy rate of 14.41% as per BASEL II norms and at 12.16% as per BASEL I norms, as against the regulatory prescription of 9%. He added that members would be happy to note that our bank has been continuously declaring a dividend of 100% or more since 2003-04 and for the fourth year in succession we have recommended dividend at



120%. He thanked all the members who had assembled in large numbers.

After the welcome address, the Chairman took the permission of the members for taking as read the Notice convening the 92nd Annual General Meeting.

The Chairman then called upon the Company Secretary to read the Auditors Report. After completion of reading of the Auditors Report by the Company Secretary, the Managing Director & Chief Executive Officer Shri K Venkataraman addressed the shareholders. The Managing Director in his address to the shareholders, dwelt at length the performance of the Bank during the fiscal gone by, Economic and Industry outlook and future plans of the Bank for the fiscal 2011-12.

The Chairman informed the members that he would be first taking up the business as set out in the Notice convening the Annual General Meeting in seriatim and thereafter other issues.

ORDINARY BUSINESS:

Item No.1. ADOPTION OF ACCOUNTS AND REPORTS OF DIRECTORS AND AUDITORS:

Chairman informed the members that the first item of business was the adoption of Accounts, Reports of the Directors and Auditors thereon. He called upon the members to seek clarification if any, on the financial accounts.

The following members spoke at the meeting.

Mr Sai Prasad:

On behalf of the shareholders, he thanked the management for having rewarded the shareholders with bonus shares, rights shares with a decent premium and liberal dividend of 120% on the expanded capital. Referring to the Managing Director's speech dwelling at length the various growth parameters achieved by the bank, he said that performance with reference to every parameter- deposits, advances, return on equity, return on assets, NPA management was marvelous. He added that when the banking industry is struggling hard, our bank has shown splendid performance. If we take into account the Net NPA percentage and the provision coverage ratio of the bank, one can easily make out that the bank has practically nil NPAs. The rewards which the bank has been receiving clearly show that the bank has been moving forward to number one position in the private sector banks. While he was of the view that the ratio of operating profit is



reasonably good, yet when compared to the peers, it is low. It was only his wish that in the said aspect too if the bank's management concentrates, then it would be good.

2) Mr Palaniappan:

He congratulated the management and the entire team of KVB for showing good results in the year 2010-11 and having rewarded the shareholders with bonus and right issues. He drew the attention of the bank in the context of new Basel III norms which is on the anvil, the bank would require more capital as the present capital was very low. Though our bank has shown good results and rewarded the shareholders with bonus/right issues, the share price is not reflected in the stock market. He urged the management to sensitize the stock market for a good price. Also the shares of the bank are not traded heavily and only a low volume takes place in the market and in order to improve the same he suggested share split.

As regards branch expansion he was of the view that the bank was very slow in opening branches given its past history. He welcomed the bank's move to open 75-80 branches this year and he urged that this had to be done to get more business volumes apart from the pan India presence, which the bank wants to achieve.

Stressing the need to improve CASA, he said that compared to Public Sector Banks, our CASA rate was low. To reduce the cost of deposits, CASA ratio had to be improved. He said that other income was static or with little growth. Non Interest Income (NII) had to be increased. Appreciating very low net NPA position, he found that the bank was making erratic provisions each quarter if one could see the FY 2010-11 provisions. System generated NPA position should be adopted. Regarding recovery he could hardly find the participation of KVB in the Lok Adalats. Considering its cost effectiveness the lok adalats should be given more attention.

Regarding advances portfolio, he noted that more exposure was given for textile and power sectors. Both were sensitive sectors and hence he cautioned the bank in this regard. He wanted the bank to provide adequate logistic arrangements for the meeting. He had also suggested distributing/providing calendars and diaries to the shareholders so that they could remember the bank throughout the year.

3) Mr Ravindra Kumar:

He greeted the bank for its financial results and for rewarding the shareholders with bonus and right issues at a price of Rs.150/-. He considered this as a decent premium, because when the market rate is Rs.500/-, the bank had placed a

premium of Rs.140/-. He hoped that in the next two or three years, the bank would reward the shareholders with bonus and right issues.

4) Mr Sarangan

Results were excellent. Balance sheet revealed that the bank has been progressing in the right direction. He added that as the foundation was so strong, the bank could achieve future progress with ease. When the Public Sector Banks were worried about their NPA level, our bank has been able to reduce the NPA level to 0.07%.

5) Shri Athi S. Janarthanan:

When Mr P.T. Kuppuswamy took charge, the total business of the bank was Rs.9000 cr. Now it is Rs.43000 cr. At that time we had 200 branches – now we have 370 branches. But on account of the Bank's efforts in 1995, we were permitted to issue rights and bonus. In 15 years, the bank had issued 4 rights and 4 bonus. To take the bank to new heights the bank has engaged the services of Boston Consulting Group to make recommendations on various matters. There was an observation that considering the fundamentals and financials of the bank, our shares are not quoted high and also the volume traded is less. Most of our shareholders are 3rd or 4th generation shareholders. They make investments in KVB and do not trade KVB shares. So floating stocks were limited. Considering the present growth and present momentum, he hoped things would be better in the coming years.

Chairman informed the members that the Managing Director would be replying to the members after completion of the agenda items.

Sri T R Ramanathan (DP/Client ID No. IN30039414054500) proposed the following resolution.

"RESOLVED THAT the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011 together with the Schedules attached thereto, Directors' Report and Auditors' Report thereon be and the same are hereby received, approved and adopted."

Shri R Krishnamurthy (DP/Client ID No. IN30039411515853), seconded the resolution.

As there was no dissent/opposition for the resolution, the Chairman, after a while, declared that the resolution was carried unanimously.



Item No.2. DECLARATION OF DIVIDEND:

Chairman informed the members that he was glad that the Board of Directors of the Bank in the meeting held on 20th May 2011 recommended dividend at the rate of 120% for the year 2008-2009 i.e. Rs.12/- per share of Rs.10/- each. He further informed that this is the fourth year that the bank has been declaring 120% dividend and eighth year in succession in declaring dividend at 100% and above. He had further informed that the dividend will be pro-rata in case of rights shares to the extent of amount paid up on the shares as on the due date.

Sri K Ramadurai(DP/Client ID No. IN 30338210015150) proposed the following resolution:

"Resolved that dividend at the rate of Rs. 12 per share (tax free) on the paid up share capital of the bank be and is hereby declared to be paid for the financial year 2010-2011 to those members whose names appear on the Register of Members as at 25th July 2011 and to the beneficial owners as at the closure of the business hours on 20th July 2011 as per the details furnished by the Depositories".

Shri M K Srinivasan (DP/Client ID No.IN30108010069577), a shareholder, seconded the resolution.

As there was no dissent/opposition for the resolution, the Chairman, after a while, declared that the resolution was carried unanimously.

RE-APPOINTMENT OF DIRECTORS:**Item No.3. RE-APPOINTMENT OF Dr S KRISHNA KUMAR AS DIRECTOR:**

Chairman informed that Dr S Krishna Kumar was retiring by rotation at the Annual General Meeting and being eligible offered himself for re-appointment. He called upon the Company Secretary to present the recommendations of the Nomination Committee on the candidature of Dr S Krishna Kumar.

Company Secretary apprised the members that the Nomination Committee of the Board in the meeting held on 21.05.2011 carried out scrutiny of the Declaration and Undertaking furnished by Dr S Krishna Kumar and based on the other 'fit and proper' criteria confirmed the suitability of Shri Krishna Kumar for re-appointment as a director of the Bank.



Shri. Malayala Ramamirtham (DP/Client ID No. IN30108022302378), a shareholder, proposed the following resolution as an Ordinary Resolution.

"RESOLVED THAT Dr S Krishna Kumar, be and is hereby appointed as a Director of the Bank, liable to retire by rotation."

Shri K S Ramabadran (Folio: R00480), a shareholder, seconded the resolution.

As there was no dissent/opposition for the resolution, the Chairman, after a while, declared that the resolution was carried unanimously.

Chairman congratulated Dr S Krishna Kumar on his re-election.

Item No.4.RE-APPOINTMENT OF SHRI S GANAPATHI SUBRAMANIAN AS DIRECTOR:

Chairman informed that Shri S Ganapathi Subramanian was retiring by rotation at the Annual General Meeting and being eligible offered himself for re-appointment. He called upon the Company Secretary to present the recommendations of the Board on the candidature of Shri S Ganapathi Subramanian.

Company Secretary apprised the members that the Board in the meeting held on 20.05.2011 carried out scrutiny of the Declaration and Undertaking furnished by Shri S Ganapathi Subramanian and based on the other 'fit and proper' criteria confirmed the suitability of Shri Ganaapathi Subramanian for re-appointment as a director of the Bank.

Shri. Vidyasagar (DP/Client ID No. IN30039411515837), a shareholder, proposed the following resolution as an Ordinary Resolution.

"RESOLVED THAT Shri S Ganapathi Subramanian, be and is hereby appointed as a Director of the Bank, liable to retire by rotation."

Shri V Yogesh (DP/Client ID No.IN 30039411515907), a shareholder, seconded the resolution.

As there was no dissent/opposition for the resolution, the Chairman, after a while, declared that the resolution was carried unanimously.

Chairman congratulated Shri Ganapathi Subramanian on his re-election.

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Item No.5. APPOINTMENT OF STATUTORY AUDITORS:

The retiring Statutory Auditors M/s R.K.KUMAR & CO., Chartered Accountants, Chennai have vide their letter dt 07.06.2011 expressed their willingness to get appointed as Statutory Auditors of the Bank to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting. RBI has vide its letter Ref DBS.ARS.No.18100/08.12.005/2010-11 Dated 28.06.2011 accorded its approval for their re-appointment.

Shri M G Vivekanandan (DP/Client ID No. IN 30108022308622), a shareholder, proposed the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s R.K.KUMAR & CO., Chartered Accountants, Chennai be and are hereby re-appointed as Statutory Auditors of the Bank to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Bank on such remuneration and reimbursement of out of pocket expenses as may be fixed by the Board of Directors on the recommendation of the Audit committee of the Board."

Shri N Sai Prasad (DP/Client ID No: IN 3010808022302394), a shareholder, seconded the resolution.

As there was no dissent/opposition for the resolution, the Chairman, after a while, declared that the resolution was carried unanimously.

SPECIAL BUSINESS:

Item No.6. APPOINTMENT OF BRANCH AUDITORS:

The members were informed that the Branch offices of the Bank had to be audited by qualified Auditors and the bank intended to entrust the Audit of the Branch Offices either to the Statutory Auditors or other qualified Auditors in consultation with Statutory Auditors on such remuneration and on such terms and reimbursement of out of pocket expenses incurred by them in connection with the Audit, based on the recommendation of the Audit Committee of the Board.

Shri M K Venkatesan (Folio No. V04564), a shareholder, proposed the following resolution as an Ordinary Resolution.

"RESOLVED THAT the Board of Directors of the Bank be and is hereby authorised to appoint, in consultation with Statutory Auditors,



the Branch Auditors who are qualified to act as Auditors, including Statutory Auditors pursuant to the provisions of Section 228 of the Companies Act, 1956 for the purpose of audit of the Branches of the Bank and to decide the Branch Offices to be audited by such Branch Auditors and to fix their remuneration and reimbursement of out of pocket expenses incurred in connection with the Audit based on the recommendation of the Audit Committee of the Board."

Shri A K Praburaj (DP /Client ID No.IN30108022135035), a shareholder, seconded the resolution.

As there was no dissent/opposition for the resolution, the Chairman, after a while, declared that the resolution was carried unanimously.

Item No.7: APPOINTMENT OF SHRI A J SURIYANARAYANA AS A DIRECTOR OF THE BANK

Chairman requested the Company Secretary to present the recommendations of the Nomination Committee on the candidature of Sri A J Suriyanarayana.

Company Secretary apprised the members that the Nomination Committee of the Board in the meeting held on 21.05.2011 carried out scrutiny of the Declaration and Undertaking furnished by him and based on 'fit and proper' criteria confirmed the suitability of Shri A J SURIYANARAYANA for appointment as a Director of the Bank.

Shri. R Ramkumar (DP/Client ID No. IN30338210016927) a shareholder, proposed the following resolution as an Ordinary Resolution.

"RESOLVED THAT SHRI A J SURIYANARAYANA be and is hereby appointed as a Director of the Bank liable to retire by rotation."

Shri.A.V.Kandasamy (DP/Client ID No.IN30108022135027), a shareholder, seconded the resolution.

As there was no dissent/opposition for the resolution, the Chairman, after a while, declared that the resolution was carried unanimously.

Chairman congratulated Shri A J Suriyanarayana on his election.



Item No.8: TERMS OF APPOINTMENT OF CHARIMAN

As the agenda item no.8 pertains to his appointment, the Chairman requested Sri S Ganapathi Subramanian, Director to conduct the proceedings.

Sri Ganapathi Subramanian then conducted the proceedings. He requested the Company Secretary to explain the resolution.

Company Secretary apprised the members that the Reserve Bank of India vide its circular letter DBOD No.11690/29.39.001/2006-07 dated 24.05.2007 advised all Private sector Banks to have a Non-executive (Part time) Chairman of the Board and a separate MD/CEO to look after the day to day management of the Bank. Accordingly the members of the Bank in the 89th Annual General Meeting held on 24.07.2008, approved the amendments to the Articles of Association of the Bank providing for the posts of Non-Executive (Part-time) Chairman of the Board and MD/CEO for the day to day management of the Bank.

Board in compliance of the said RBI regulations and in tune with the provisions of Article 25 of the Articles of Association, in the meeting held on 21.07.2010, passed a resolution to appoint Shri K P KUMAR as Non-Executive (Part-time) Chairman for a period of THREE years and fixed the remuneration payable to him, subject to the approval of Reserve Bank of India. Reserve Bank of India vide its letter DBOD No.4382/08.41.001/2010-11 dated 16.09.2010 approved the appointment for a period three years from the date of taking charge as Chairman of the Bank, on the terms and conditions as specified in the resolution. He had taken charge as the Non-Executive Chairman on 24.09.2010.

Shri.G.Sarangan(DP/Client ID No.IN30338210011970)a shareholder, proposed the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Article 25 of the Articles of Association of the Bank and approval accorded by the Reserve Bank of India in terms of Section 35 B of the Banking Regulation Act, 1949 and other applicable provisions of the Companies Act, 1956, the appointment of Shri K P KUMAR as the Chairman of the Bank for a period of 3 years with effect from 24.09.2010 as per the following terms and conditions, be and the same is hereby approved."

TERMS OF APPOINTMENT

1.Honorarium	Rs.9,00,000 /- per annum
2.Telephone	Provision of residential phone with mobile
3. Travelling & Halting Allowances	As applicable to bank's other Directors as per RBI Circular No.BC.54/08:95:004/98 dated 10.06.1998
4. Insurance cover	Insurance cover upto Rs.10,00,000/- for journey by Air/ Road / Rail for official purposes.
5.Other benefits, if any	Entitled to sitting fees for attending Board and Committee Meetings as applicable to other Directors.

Sri R Jagadeesan (DP/Client ID No. IN 30039411790563) a shareholder seconded the resolution.

As there was no dissent/opposition for the resolution, the presiding Director Shri S Ganapathi Subramanian, after a while, declared that the resolution was carried unanimously. He then requested the Chairman to proceed with further agenda items.

Item No.9: APPOINTMENT OF SHRI K VENKATARAMAN, AS MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER OF THE BANK

Members of the bank were informed that Shri K VENKATARAMAN was appointed as the Managing Director &CEO of the Bank for a period of three years with effect from 01.06.2011 on the terms and conditions as mentioned in the notice of the 92nd Annual General Meeting. The said terms and conditions were approved by the RBI vide its approval DBOD No.16517/08.41.001/2010-11 dated 26.04.2011.

Shri. K.A. Thirumalaiappan (DP/Client ID No. IN30017510029553) a shareholder, proposed the following resolution as an Ordinary Resolution.

"Resolved that pursuant to Article 25 of the Articles of Association of the Bank and approval accorded by the Reserve Bank of India under the provisions of Sec 35 B of the Banking Regulation Act, 1949 and other applicable provisions of the Companies Act, 1956, the appointment of Shri Krishnamoorthy Venkataraman as Managing Director & Chief Executive Officer of the Bank for a period of three years from 1st June 2011 on the following terms and conditions, be and the same is hereby approved."



"Resolved further that Shri Krishnamoorthy Venkataraman be and is here by appointed as a Director of the bank, not liable to retire by rotation."

Sr No	Particulars	Amount in Rs.
1.	Salary(Pay)	Rs 42 lakh per annum, with annual increment of 10% of the pay
2.	Dearness allowance/ House rent/conveyance	NIL
3.	Entertainment allowance	Reimbursement of Rs 60,000 p.a inclusive of entrance fee/ subscription fee, etc., for two clubs
4.	Perquisites – Furnished house	Standard rent of Rs 660.05 is recoverable towards quarters
5.	Free use of Bank's car for	
	- official purposes	Yes, with Driver
	-for private purpose on compensating the bank	Recovery at Rs 250/-p.m for journey not exceeding 750 kms. Above that, 60% of the rate fixed by RTA.
	-Telephone	No restriction on use of telephone /mobile/ fax /e-mail for office use
	- Subscription to newspapers / journals, etc	As may be required by the CEO
6.	Provident Fund / Gratuity/ Pension	12% of salary (pay) on contributory basis. Gratuity – one month's pay for each completed year of service
7.	Travelling & Halting allowances	Single return fare by business / executive class for air travel on official purposes. Halting allowances, boarding charges and lodging charges as may be decided by the Board of Directors from time to time.
8.	Medical Aid	Medical Aid: Reimbursement of medical expenses for self and dependant family members up to Rs20,000/- p.a on declaration basis. Hospitalisation Scheme- Reimbursement of hospitalization charges to the extent of 100% in the case of MD& CEO and 75% in case of his dependent family members. Upon the MD& CEO laying down his office, the bank will pay or reimburse the full

		premiums payable /paid on the policy or policies issued under medical insurance plan covering hospitalization and other medical expenses under the medical insurance policy with a sum assured to Rs 10 lakh
9.	Other benefits, if any	Not entitled for sitting fees and Bonus
	Leave- Causal Leave	12 days a year
	Ordinary Leave	1 day for every 11 days of service
	Sick Leave	30days for each completed year of service
	Leave fare concession	Air travel for himself, family members and dependants, Leave travel concession for MD & CEO and his family once a year to and fro to any place in India
	Encashment of Leave	In case the facility is not used in a year , the same can be carried over to the next block as applicable to the other executives of the Bank. Encashment of privilege leave at credit at the time of demitting office.
	Insurance Cover	Insurance cover up to Rs 10,00,000 for journey by Air / Road / Rail for official purposes.
10.	ESOP	Eligible / entitled for allotment of stock option as may be decided by the Board / Compensation Committee of the Board and when Bank's stock options scheme is implemented by the Bank as per SEBI Regulations, with prior approval of RBI

Sri. Neelakanta Pasupathy (DP/Client ID No. IN3001751029640) seconded the resolution.

As there was no dissent/opposition for the resolution, the Chairman, after a while, declared that the resolution was carried unanimously.

Item No.10: PROPOSAL FOR A NEW EMPLOYEES STOCK OPTION SCHEME

Members of the bank were informed that Stock options have been recognized as an effective tool to align the interest of employees with those of the company and its shareholders, providing an opportunity to employees to share the growth of the company and to create long term wealth in the hands of the Employees. Board has decided to seek the approval of the shareholders for a new employees stock option scheme to the extent of 40 lakhs options.



Shri. N Chandrasekaran (DP/Client ID No. IN30039411717112) a shareholder, proposed the following resolution as a Special Resolution.

"Resolved that pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or reenactment thereof for the time being in force, subject to the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 and other Rules, Regulations, Guidelines, provisions of Memorandum and Articles of Association of the Bank and further subject to such approval, permissions and sanctions as may be necessary from SEBI, the Stock Exchanges, Reserve Bank of India, Government of India and other appropriate authorities as may be required and subject to such terms and conditions that may be prescribed or imposed by such authorities while granting such approval which may be agreed or accepted by the Board of Directors (hereinafter referred to as "the Board" which expression shall include Compensation Committee or any other Committee of the Board duly authorized by the Board in this regard) at its sole discretion, the consent of the members of the Bank be and is hereby accorded to create, issue, grant/allot upto 40,00,000 equity stock options to the eligible present and future employees including Managing Director/Independent Director(s) of the Bank in one or more tranches through Employees Stock Option Scheme (ESOS) of the Bank which entitles the option holders to subscribe to 1 (one) equity share of the Bank of Rs.10/- each and in the aggregate 40,00,000 equity shares of the nominal value of Rs.4,00,00,000/-, at such price, in such manner, during such period and on such terms and conditions and in the manner as may be determined by the "Board".

Resolved further that the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the ESOS on such terms and conditions as contained in the relevant Explanatory Statement to this Notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the scheme from time to time including but not limited to amendments with respect to vesting period, exercise price, eligibility criteria, vesting schedule or to suspend, withdraw or revive the ESOS.

Resolved further that the new equity shares to be issued and allotted by the Bank under the aforesaid ESOS shall rank pari passu in all respects with the then existing shares of the Bank.

Resolved further that the Bank be and is hereby authorized to take necessary steps for listing of the securities allotted under ESOS on the Stock Exchange where the securities of the Bank are listed as per the

provisions of the Listing Agreement entered into with the concerned Stock Exchange and other applicable guidelines, rules and regulations.

Resolved further that in case Bank's equity share capital or its valuation is affected due to any corporate actions like issue of bonus/rights shares, any split or consolidation of face value of equity shares or any event of merger/consolidation, capitalization or other reorganization of the Bank, tender offer of equity shares or sale of undertaking the Board may make such adjustment with respect to stock options and take other action as it deems necessary or appropriate to reflect such corporate action including but not limited to the substitution of new stock options or adjustment of outstanding stock options or the acceleration of exercise period or the removal of restriction or outstanding stock options which shall however be subject to necessary approval.

Resolved further that the said options may be granted/equity shares may be allotted in accordance with the ESOS framed in that behalf, directly to such eligible employees or through a Trust, which may be set up in any permissible manner, or to the Trust to be held on behalf of eligible employees.

Resolved further that for the purpose of giving effect to the above resolutions the Board be and is hereby authorized to do all such deeds, matters and things as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing securities without requiring the Board to secure any further consent or approval of the members of the Bank in this regard.

Resolved that a Compensation Committee of the Bank as constituted by the Board, be and is hereby authorized to identify the eligible employees and determine the number of options that may be offered to them pursuant to the ESOS.

Resolved further that the Bank do make an application to the Depositories for admission of the above said Equity Shares to be allotted under ESOS.

Resolved further that the Board be and is hereby authorized to delegate all or any of the powers herein conferred to the Managing Director /Chief Executive Officer or any one of the Directors of the Bank."

Sri. CH Sathyanarayana (DP/Client ID No. IN30021411996405) seconded the resolution.



As there was no dissent/opposition for the resolution, the Chairman, after a while, declared that the resolution was carried unanimously.

The Chairman after having completed the agenda items as proposed in the notice of the meeting, informed the shareholders that the Company Secretary would be making an announcement regarding the nominations received subsequent to the issue of Notice of the Annual General Meeting.

Company Secretary announced the following:

Mr Munish Dayal, a shareholder from Gurgaon had issued a notice under Sec 257 of the Companies Act, 1956 to the bank signifying his consent for appointment as a Director of the Bank.

Another shareholder Ms Sonia Kapur from Kolkata had issued a notice under Sec 257 of the Companies Act, 1956 to the Bank proposing the candidature of one Mr Padmanabhan Viswanathan of Chennai as a Director of the Bank.

As per RBI guidelines, the appointment or re-appointment of a director of the bank shall have to be cleared by the Nomination Committee of the bank in terms of 'fit and proper' criteria.

The Nomination Committee of the bank in the meeting held on 18.07.2011 after having scrutinized the Declaration and undertaking submitted by the candidates, conducted 'due diligence' and based on the 'fit and proper' criteria, determined that both the candidates are not suitable to hold the position of director of the bank and rejected their nominations.

The bank also communicated the decision of the Nomination Committee to the respective candidates on 19th July 2011 itself by speed post.

As the nominations were rejected and in terms of Article No. 26(a) of the Articles of Association, the bank had not placed their nominations before this august body.

Chairman requested MD & CEO to reply to the various points raised by the shareholders.

On behalf of the Board, MD & CEO acknowledged with thanks the good words spoken about the bank and bank's performance. He gave point wise reply as under:

- Share value: He felt that from the Bank's point of view we have to only improve the fundamentals.
- Lok Adalat – We were using this quite successfully. Bank had participated in 28 Lok Adalat cases, 433 accounts got settled with a recovery of Rs.1.01 cr. and would continue to use Lok Adalat as a major strategy.
- Branch expansion, growth in CASA percentage, other income levels, provision for classification of NPA etc. – we had already taken suitable steps in this regard.
- Regarding advances to textile and power sectors and the need for diversifying to other sectors: Our advances show a marked decline in respect of the said sectors from the earlier level and we are certainly going in for diversification of our credit portfolio.
- Regarding logistic arrangements for shareholders and other suggestions – we have already taken steps in this regard and would do whatever necessary satisfying our shareholders.

Director Dr V G Mohan Prasad proposed the vote of thanks.

After National Anthem, Chairman declared that the meeting was concluded.



CHAIRMAN