

CITY UNION BANK LIMITED



ANNUAL REPORT 2004 - 2005



V. NARAYANAN, B.Com., A.C.A.
Chairman (1980 - 2004)



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Statutory Central Auditors

Price Patt & Co.,
Chartered Accountants,
Chennai.

Share Transfer Agents

Integrated Enterprises (India) Ltd.,
II Floor, "Kences Towers",
No.1, Ramakrishna Street,
Off-North Usman Road, T.Nagar,
Chennai - 600 017.

Phone : 28140801 to 28140803

Fax : 28142479

Website : www.iepindia.com

Registered Office

149, T.S.R. (Big) Street, Kumbakonam - 612 001.

Phone : 0435 - 2432322, 2431622, 2431412 Fax : 0435 - 2431746

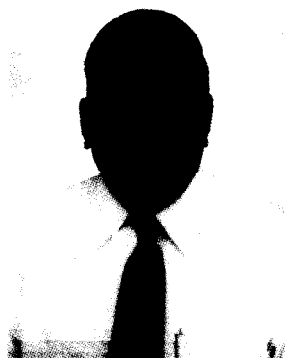
Telegram : "SERVICE" E-mail : cubco_kmb@sancharnet.in

Website : <http://www.cityunionbank.net>

Website : <http://business.vsnl.com/cityunion>



BOARD OF DIRECTORS



S. BALASUBRAMANIAN, M.Sc., CAIIB., PGDFM.
Chairman



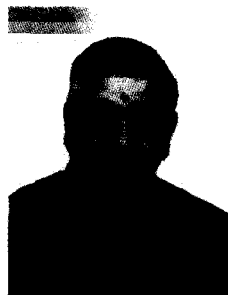
S.M. MISKEEN
B.Com., F.C.A.



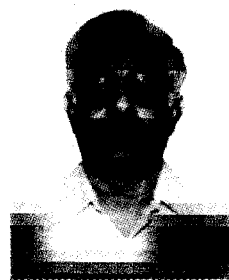
R.G. CHANDRAMOGAN



VR. ARUNACHALAM
B.Sc., F.C.A.



Dr. S. KASINATHAN
Ph.D., D.Sc.



K.V. RAMAN
B.Sc., F.C.A., A.I.C.W.A.



M. MAHALINGAM
B.A., B.Com., F.C.A.



S. RAJARATNAM
M.A., LL.M., F.I.C.W.A.



T.S. VENKATASUBBAN
B.Com., F.C.A.



V. JAYARAMAN, I.R.S. (Retd.)



P. VAIDYANATHAN
B.Com., F.C.A., A.I.C.W.A., A.C.S.



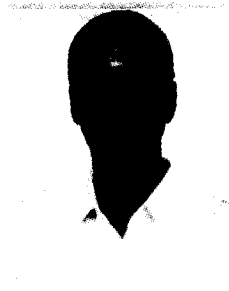
K.S. RAMAN
M.Sc.



SENIOR EXECUTIVES



S. SRIDHARAN
General Manager



G.K. BALASUBRAMANIAN
General Manager



N. KAMAKODI
General Manager



S. BALASUBRAMANIAN
Deputy General Manager



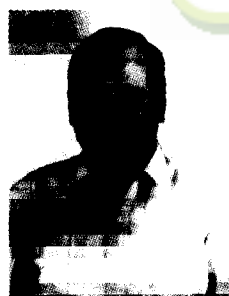
S. SRIDHARAN
Deputy General Manager



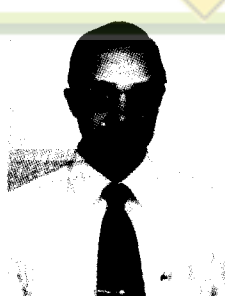
R. MOHAN
Deputy General Manager



R. KUPPUSWAMY
Deputy General Manager



S. SEKAR
Deputy General Manager



S. SUNDAR
Deputy General Manager



T.S. RAMANUJAM
Deputy General Manager



V. SUNDAR
Deputy General Manager

ASSISTANT GENERAL MANAGERS

K. GANESAN
S. RAMAN
J. KUMAR
S. RAJAGOPALAN

J. RAJAGOPALAN
R.K. VISWANATHAN
D. KANNAPPAN

R. CHANDRASEKARAN
N. VIJAYANARASIMHAN
S. VISWESAN

B. SEKAR
B. RAJAGOPAL
S. BALASUBRAMANIAN

COMPANY SECRETARY

N.S. MOHAN



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of CITY UNION BANK LTD., will be held on Monday, the 1st August, 2005 at 10.00 a.m. at "Raya Mahal", 45-46, Gandhi Adigal Salai, Kumbakonam-612001 to transact the following business.

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at and Profit and Loss Account for the year ended 31st March, 2005 and the Directors' Report and the Auditor's Report thereon.
2. To declare dividend for the year 2004-2005.
3. To appoint a Director in the place of Shri S.M. Miskeen, who retires by rotation and being eligible, seeks re-election.
4. To appoint a Director in the place of Shri V. Jayaraman, who retires by rotation and being eligible, seeks re-election.
5. To appoint a Director in the place of Shri R.G. Chandramogan, who retires by rotation and being eligible, seeks re-election.
6. To appoint a Director in the place of Shri. K.V. Raman, who retires by rotation and being eligible, seeks re-election.
7. To appoint Auditors for the year 2005-2006 and fix their remuneration and in this connection, to consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s. Abarna & Ananthan, Chartered Accountants, Bangalore be and are hereby appointed as the Statutory Central Auditors of the Bank in the place of the retiring Auditors M/s. Price Patt & Co., Chartered Accountants, Chennai from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Bank at a remuneration as may be fixed by the Board of Directors of the Bank."

AS SPECIAL BUSINESS:

8. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"Resolved that in terms of Section 228 of the Companies Act, 1956, the Board of Directors be and is hereby authorised,

- i) To make application to the Central Government for exemption from Branch Audit.
- ii) To arrange for audit of such branches as are not exempted and
- iii) To appoint the Branch Auditors for audit of such of the branches for the year 2005-06 in consultation with Bank's Statutory Central Auditors and fix their remuneration."

9. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"Resolved that Shri K.S. Raman be and is hereby appointed as a Director of the Bank, liable to retire by rotation."

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

"Resolved that Shri S. Balasubramanian be and is hereby appointed as a Director of the Bank, **not liable to retire by rotation.**"



Resolved further that pursuant to Article 26 (a) (i) of the Articles of Association of the Bank and approval accorded by the Reserve Bank of India under the provisions of the Section 35B of the Banking Regulation Act, 1949 and other applicable provisions of the Companies Act, 1956, the appointment of Shri. S. Balasubramanian as Chairman and Chief Executive Officer of the Bank for a period of 3 years i.e. from 31st January, 2005 to 30th January, 2008 on the following terms and conditions be and is hereby approved.

REMUNERATION AND PERQUISITES

1. Salary :
Scale: Rs.50000 - 5000 - 70000
 2. House Rent Allowance:
Rs.5000/- p.m.
 3. Entertainment Allowance:
Reimbursement of actual personal entertainment expenses on production of bills. Entertainment expenses will be inclusive of entrance fees/subscription to clubs and should be restricted to two Clubs/Professional Institutions.
 4. Provident Fund:
Bank's contribution to Provident Fund at 10% of the Basic Pay.
 5. Medical Benefits and Hospitalisation Charges:
Reimbursement of actual medical expenses for self and family members. Reimbursement of actual hospitalization charges to the Chairman and his family members.
 6. Leave:
As per rules applicable to other officers of the bank. Encashment of privilege leave at credit will be at the time of demitting the office.
 7. Leave Fare Concession:
Once in a year anywhere in India by eligible class.
 8. Gratuity:
As applicable to other officers of the bank. However, as and when actual payment is proposed to be made, prior approval of RBI should be obtained.
 9. Travelling and Halting Allowance:
Reimbursement of actual travelling expenses i.e. single fare each way by the shortest route by train by highest class or by air by direct flight plus any further transport and other incidental expenses incurred in travelling to and fro the places of meeting/business.
- Halting Allowance
- (a) Lodging:
Reimbursement of actual lodging expenses (including taxes) against production of bills and vouchers.
 - (b) Boarding Charges:
Reimbursement of actual expenses towards boarding (inclusive of taxes).
10. Conveyance:
Free use of bank's car with driver for official purposes. If the car is used for private purposes, the Chairman should reimburse to the bank Rs.250/- per month for journeys not exceeding 750 kms in a month (journeys from residence to office and vice versa to be treated as duty runs). Charges for private use of bank's car in excess of 750 kms limit will be recoverable from the Chairman at 60% of the rate fixed by the Regional Transport Authority.
 11. Insurance Cover:
For journeys by air, rail or road, on official purposes, the Chairman will be provided with insurance cover of Rs.10,00,000/- by the bank.



12. Telephone:

Free use of bank's telephone at the residence of Chairman.

Resolved further that the consent of the Bank be and is hereby accorded to the Board of Directors to vary/modify/increase the remuneration and perquisites payable to Shri S. Balasubramanian, Chairman and Chief Executive Officer of the Bank from time to time as approved by the Reserve Bank of India in terms of the provisions of the Section 35B of the Banking Regulation Act, 1949 and other applicable provisions of the Companies Act, 1956."

By Order of the Board
for CITY UNION BANK LTD

Kumbakonam
2nd June, 2005

N.S. MOHAN
Company Secretary

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf only on a poll and such proxy need not be a member. The proxy forms, duly stamped and completed should reach the Registered Office of the Bank atleast 48 hours before the time fixed for the commencement of the meeting.
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to item nos 8 to 10 is annexed hereto.
3. The dividend on the Equity Shares as recommended by the Board will be paid on approval of the members of the bank to the eligible Equity Shareholders whose names appear in the Bank's Register of Members as on 1st August, 2005 and to the eligible beneficial owners whose names appear in the list provided by the Depositories, National Securities Depository Limited and Central Depository Services (India) Limited as on 20th July, 2005.
4. The Register of Members and Share Transfer Books will remain closed from 21.07.2005 to 1.08.2005 (both days inclusive).
5. **Bank account details**

The Shareholders of the Company holding shares in physical form are hereby informed that it is mandatory to incorporate the bank account particulars of the shareholders in the dividend warrant. The shareholders who have not furnished the bank account details are requested to inform the Company's Registrars and Share Transfer Agents their respective bank account no. with full name of the bank and branch, nature of the account, which would enable the Registrars and Share Transfer Agents to print the Bank Mandate particulars on the dividend warrants. These details may be sent to the Company's Registrars and Share Transfer Agents so as to reach them by **20th July, 2005**.

Shareholders holding shares in electronic form should note that the bank particulars furnished by them to their Depository Participant will be used while printing the dividend warrant. Hence, the shareholders who have not furnished the bank account details are requested to contact their Depository Participant for updating the particulars.

6. Members are requested to notify changes, if any, in their addresses immediately to our Share Transfer Agents, Integrated Enterprises (India) Limited, Kences Towers, Second Floor, No.1, Ramakrishna Street, Off-North Usman Road, T. Nagar, Chennai - 600 017 giving full addresses in block letters with PIN CODE.
7. Members are requested to quote the folio of the Register of Members/Client ID & DPID number in all their correspondences.
8. Members are requested to bring with them the enclosed attendance slip and hand it over duly signed by them at the entrance of the Meeting Hall.



9. Shareholders who happen to hold shares in identical orders of names in different folios of the Register of Members are requested to write to the Bank, enclosing their share certificates, to enable the Bank to consolidate their holdings.
10. The Bank had already transferred Unclaimed dividend for the financial year 1994-95 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those members who have not so far claimed or collected their dividend may claim their dividend from the Registrar of Companies, Shastri Bhavan, II Floor, 26, Haddows Road, Chennai - 600 006.

Similarly, the Bank had already transferred Unclaimed Dividend for the financial years 1995-96 and 1996-97 to the Investor Education & Protection Fund established by the Central Government, in terms of Section 205C of the Companies Act, 1956, and the members/beneficial owners can not make any claim for the dividend.

The dividend amounts which have remained unclaimed for a period of seven years, will be transferred to "Investor Education and Protection Fund" in terms of Section 205C of the Companies Act, 1956 and members/beneficial owners can not make any claim for the dividend once amounts in the unclaimed dividend account are transferred to such Fund. **Accordingly, the amount of Dividend Warrants issued to the members in 1998 (pertaining to the year 1997-98), which has remained unclaimed will be transferred to "Investor Education and Protection Fund" established by the Central Government and members/beneficial owners cannot make any claim for the dividend.**

Members who have not yet encashed the amount of Dividend Warrants issued to them in 1999, 2000, 2001, 2002, 2003 and 2004 (pertaining to the years 1998-99, 1999-00, 2000-01, 2001-02, 2002-03 and 2003-04) are requested to send the same to the Registered Office for revalidation and encashment at any of our branches.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

STATEMENT IN RESPECT OF ITEM NO. 7

Your bank has received a special notice from the members under Section 225 of the Companies Act, 1956 proposing to move the resolution indicated in item no. 7 of the accompanying notice for appointment of M/s. Abarna & Ananthan, Chartered Accountants, as the Statutory Central Auditors in the place of the existing Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting. The proposed Auditors satisfy all the norms prescribed by RBI.

The existing Auditors have been duly informed with a copy of the aforesaid notice.

Item No. 8

The passing of this resolution is necessary to meet the requirement of Section 228 of the Companies Act, 1956, in terms of which the accounts of every branch of the bank is required to be audited either by the Bank's Auditors or by a person qualified for appointment as Auditor under Section 226 of the said Act. With regard to those branches of the Bank which are not audited either by the Bank's Auditors or by persons qualified to act as Auditors, the Bank has made satisfactory arrangement for their inspection by responsible and competent officers of the Bank.

In view of this, it is proposed to apply to the Central Government for exemption of such branches from the audit of accounts for the year ending 31st March, 2006 and in the event of such exemption not being granted, to empower the Board of Directors to make necessary arrangement in respect of the audit of such branches of the Bank.

None of the Directors is interested in the resolution.

Item No. 9

The Board, in its meeting held on 8-12-2004, co-opted Shri K.S. Raman as an Additional Director of the Bank. As per Section 260 of the Companies Act, 1956, he will hold office upto the date of the ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member of the Bank along with the prescribed deposit for appointment of the co-opted Director as a Director of the Bank.



Shri. K.S. Raman, M.Sc., is an Agriculturist. He is having 34 years experience in Agriculture. The Board considers it desirable that the Bank should continue to avail itself of the services of the above said co-opted Director.

None of the Directors of the Bank except the co-opted Director is interested in the resolution.

Item No.10

Shri S. Balasubramanian was co-opted as an Additional Director of the Bank in the Board Meeting held on 31st January, 2005 with effect from 31st January, 2005 and also appointed as Chairman and Chief Executive Officer of the Bank for a period of 3 years from 31st January, 2005 to 30th January, 2008. The Reserve Bank of India has accorded its approval under Section 35B of the Banking Regulation Act, 1949 for his appointment as Chairman and Chief Executive Officer of the Bank for a period of 3 years from 31st January, 2005 as per the terms of remuneration as set out in the resolution.

Shri S. Balasubramanian, M.Sc., CAIIB, PGDFM, aged 59 years, joined the Bank as an officer in 1971 and served in various capacities. He was elevated to Executive Director in 2002. He is not a director in any other company. He has extensive experience and expertise in banking matters. The Bank would immensely benefit from his appointment as Chairman and Chief Executive Officer of the Bank.

As an Additional Director, Shri S. Balasubramanian would hold the office of the director upto this Annual General Meeting. The Bank has received a notice in terms of the provisions of Section 257 of the Companies Act, 1956 from one of the shareholders of the bank signifying his intention to propose his candidature for the office of the Director of the Bank in this Annual General Meeting by payment of requisite deposit. The Board recommends his appointment as a Director of the Bank not liable to retire by rotation and also as the Chairman and Chief Executive Officer of the Bank as per the terms of remuneration set out in the resolution.

None of the Directors is deemed to be concerned or interested in the said resolution except Shri S. Balasubramanian.

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By Order of the Board
for CITY UNION BANK LTD

Kumbakonam
2nd June, 2005

N.S. MOHAN
Company Secretary