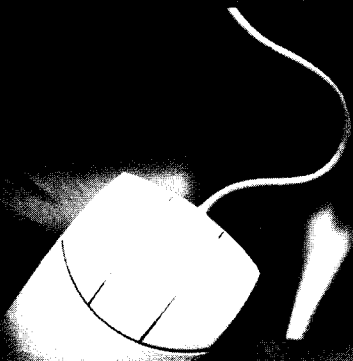


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ANNUAL  
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2007-08



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The Karnataka Bank Ltd.

Your Family Bank. Across India.

## Board of Directors

### Chairman & CEO



Ananthakrishna



K.N. Ramasubramanian



B.V. Acharya



K.S. Bhat



I. Ramamohan Rao



M.R. Mayya



U.V. Bhat



D. Surendra Kumar



I. Jagdish Rao



K.G. Jairam



M. Bheema Bhat



# THE KARNATAKA BANK LIMITED

Regd. Office : Kodialbail, Mangalore-575 003

## NOTICE TO THE MEMBERS

Notice is hereby given that the Seventyninth Annual General Meeting of THE KARNATAKA BANK LIMITED will be held as scheduled below :

Date : 31<sup>st</sup> day of July, 2003.  
Day : Thursday.  
Time : 4 P.M.  
Place : Karnataka Bank Head Office,  
Mahaveera Circle,  
Kankanady,  
Mangalore-575002.

to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2003 and Profit & Loss Account for the year ended on that date together with the reports of the Auditors and the Directors thereon.
2. To declare dividend.
3. To appoint a Director in the place of Shri I. Ramamohan Rao, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Shri U. V. Bhat, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in the place of Shri D. Surendra Kumar, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. (M/s. Kamath & Rau, Chartered Accountants, Near Bunts Hostel Circle, Karangalpady, Mangalore-575003 and M/s. P. Ishwara Bhat & Co., Chartered

Accountants, No. 107, Swiss Complex No 33, Race Course Road, Bangalore 560 001, the retiring Statutory Central Auditors, are eligible for re-appointment as Statutory Central Auditors of the Bank jointly for the year 2003-04. Necessary application seeking the approval of the Reserve Bank of India for the above appointment has been made).

### **SPECIAL BUSINESS**

7. To consider the passing of the following resolution as an ORDINARY RESOLUTION with or without modifications.

“Resolved that in terms of section 228 of the Companies Act, 1956, the Board of Directors be and are hereby authorised to appoint from time to time and in consultation with the Bank’s Statutory Central Auditors one or more persons qualified for appointment as branch auditor/s to audit the accounts for the year ending 31st March, 2004 of such of the branches/offices of the Bank as are not proposed to be audited by the Bank’s Statutory Central Auditors on such remuneration and subject to such terms and conditions as may be fixed by the Board of Directors”.

8. To consider the passing of the following resolution as an ORDINARY RESOLUTION with or without modifications.

“Resolved that Shri M. Bheema Bhat be and is hereby appointed as a Director of the bank whose period of office is subject to retirement by rotation”.

9. To consider the passing of the following resolution as an ORDINARY RESOLUTION with or without modifications.

“Resolved that, subject to the approval of the Reserve Bank of India (RBI), approval of the Bank be and is hereby accorded for the payment of remuneration and other benefits/perquisites mentioned in the explanatory statement, to Shri Ananthakrishna, Chairman & Chief Executive Officer of the Bank on his re-appointment for a further period of 5 years w.e.f. 13-7-2003”.

Further resolved that the Board of Directors be and is hereby authorised to accept such modifications in the terms of above appointment as may be advised by the Reserve Bank of India while according their approval.

### **Note:**

- (i) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE BANK.

- (ii) Proxies if any, duly completed in the prescribed proxy form shall be deposited at the Regd. office of the Bank at least 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- (iii) The Register of Members and Share transfer books of the Bank will remain closed from 26-7-2003 to 31-7-2003 (both days inclusive).

Registered Office,  
Kodialbail,  
Mangalore-3.  
Date : 31-5-2003

By order of the Board of Directors  
Y. V. Balachandra  
COMPANY SECRETARY

**NOTE:**

1. The relevant explanatory statement pursuant to section 173 of the Companies Act, 1956, in respect of the special business set out above is annexed.
2. Members are requested to immediately notify to the Registrar & Share Transfer Agent of the Bank – M/s. Alpha Systems (P) Ltd, 30, Ramana Residency, 4<sup>th</sup> Cross, Sampige Road, Malleshwaram, Bangalore-560003 /their Depository Participants, changes, if any, in their addresses.
3. Members who desire to authorise the Bank to credit their dividend on their behalf to the account maintained with their bankers may write to the Registrar & Share Transfer Agent of the Bank.
4. Members are requested to furnish their Bank Account details for printing the same on the dividend warrants to prevent fraudulent encashment of dividend warrants.
5. Members/representatives of bodies corporate / proxies should handover the attendance slip at the entrance of the meeting hall duly filled in and signed for attending the meeting.
6. Members are requested to bring their copies of the Notice and the Annual Report to the meeting.
7. Members are requested to be in their seats at the meeting hall before the scheduled time of commencement of the Annual General Meeting..
8. Members who have not encashed their dividend warrants of the previous years are hereby requested to encash the same at the earliest. The unclaimed dividend will be transferred to the Investors Education and Protection Fund as per the provisions of Section 205C of the Companies Act, 1956.
9. Members who have not yet surrendered their existing share certificates of Rs.20/- per share (old share certificates issued prior to 16-4-1990) are requested to surrender the

same early to the Secretary at the Registered Office of the Bank or to any of the branches of the Bank nearest to them for enabling to send relative fresh share certificate/s of Rs.10/- per share to them.

10. Members are hereby requested to note that trading and settlement of transactions in the shares of the Bank on the Stock Exchanges can be done only in dematerialised form.
11. Members desiring any information about the annual accounts at the meeting are requested to write to the Bank so as to reach the Bank at least 5 days in advance of the Annual General Meeting.
12. Article 74A of the Articles of Association of the Bank states that any suit by a member or members relating to any Annual General Meeting or Extraordinary General Meeting of the Bank or any meeting of its Board of Directors or a Committee of Directors or to any item of business on the agenda of any such meeting shall be subject to the exclusive jurisdiction of courts in Mangalore city.

### **INFORMATION ABOUT DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING.**

In terms of the requirements of the Listing Agreement pertaining to Corporate Governance the following information is furnished about the Directors seeking re-appointment at this Annual General Meeting:

#### **Item No. 3: Re-appointment of Shri I. Ramamohan Rao:**

Shri I. Ramamohan Rao, Master of Economics and Socialogy and LLB from the Bombay University was first appointed as Director of our Bank on 19-1-1996. Later, on 20-12-96 he resigned from the Directorship due to his overseas assignment. He was once again appointed as a Director of our Bank on 29-7-1999.

Shri I. Ramamohan Rao had the distinction of serving in very senior capacities in the Indian Information Service and as Principal Information Officer to the Govt. of India as well as being the Information Advisor to several Prime Ministers. He is presently serving as an Advisor to the Honourable Defence Minister, Govt. of India.

Shri I. Ramamohan Rao is the Chairman of the Shareholders and Investors Grievance Committee of the Bank.

Shri I. Ramamohan Rao does not hold Directorship in any other Companies.

The Bank has gained from the vast experience and knowledge of Shri I. Ramamohan Rao. Continuation of Shri I. Ramamohan Rao as Director of the Bank would provide a substantial value addition to the Bank in achieving its future objectives.

**Item No. 4: Re-appointment of Shri U. V. Bhat:**

Shri U. V. Bhat, was the former Chairman and Chief Executive Officer of the Bank between 1993 and 1995. He was appointed as Director of the Bank on 25-9-2000. He was a member of Indian Audit and Accounts Service and had about 30 years experience in the Central Governments Audit and Accounts Departments of various ministries. He retired as Principal Chief Controller of Accounts equivalent to Additional Secretary to the Government of India in the Central Board of Excise and Customs.

Shri U. V. Bhat is the member of Executive Committee of Board of Directors and was also a member of the Audit Committee of the Board before its reconstitution on 7-3-2003. He does not hold Directorship in any other companies.

The Bank has gained from the vast experience and knowledge of Shri U. V. Bhat. Continuation of Shri U. V. Bhat as Director of the Bank would provide a substantial value addition to the Bank in achieving its future objectives.

**Item No. 5: Re-appointment of Shri D. Surendra Kumar.**

Shri D. Surendra Kumar is the brother of Shri D. Veerendra Hegde Dharmadhikari, of Shri Kshetra Dharmastala. He was on the Board of our Bank between 1984 and 1992 and has been once again appointed as a Director on 25-9-2000.

Shri D. Surendra Kumar is the Managing Director of M/s Kuduma Fasteners (P) Ltd. and has an extensive knowledge and experience in the field of finance, industry and agriculture. He is presently a member of Executive Committee of Board of Directors and also a member of the Audit Committee of the Board.

The Bank has gained from the vast experience and knowledge of Shri D. Surendra Kumar. Continuation of Shri D. Surendra Kumar as Director of the Bank would provide a substantial value addition to the Bank in achieving its future objectives.

**EXPLANATORY STATEMENT**

**(Pursuant to section 173 of the Companies Act, 1956)**

In conformity with section 173(2) of the Companies Act, 1956, the following explanatory statement sets out the material facts relating to items 7 to 9 appearing in the accompanying notice dated 31-5-2003.

**Item No. 7**

As per clause (a) of sub-section (3) of section 228 of the Companies Act, 1956, General Meeting of the shareholders may authorise the Board of Directors to appoint branch Auditors



for the purpose of audit of branches/ offices by persons qualified to act as Auditors under section 226 in consultation with the Bank's Auditors.

It is proposed to appoint branch auditors and decide the branches to be audited for the year ending 31-3-2004 and the terms and conditions including the remuneration payable to them in consultation with the Bank's Statutory Central Auditors.

The Board of Directors recommend resolution for your approval.

None of the Director is interested in this item of business.

#### **Item No 8:**

The maximum number of Directors permissible under the Articles of Association is 15. The Board of Directors have appointed Shri M. Bheema Bhat as an additional Director on 28-9-2002 under Section 260 of the Companies Act, 1956. Accordingly Shri M. Bheema Bhat will hold the office as Director upto the ensuing Annual General Meeting.

A notice in accordance with Section 257 of the Companies Act, 1956, has been received from a member of the Bank proposing the appointment of Shri M. Bheema Bhat, together with requisite fee as prescribed.

Shri M. Bheema Bhat is a Fellow Member of the Institute of Chartered Accountants of India practicing in Chennai. He has 32 years of practical experience in the field of Finance, Accountancy, and Auditing. His induction into the Board of the Bank is expected to provide substantial value addition to the Bank in achieving its future objectives.

Except Shri M. Bheema Bhat no other Director is interested in this item of business.

#### **Item No 9:**

The term of Office of the Chairman and the Chief Executive Officer Shri Ananthakrishna would end on 12-7-2003. The Board of Directors, considering the alround progress of the Bank during the tenure of Shri Ananthakrishna, has appointed him as Chairman and Chief Executive Officer for a further period of 5 years on the existing scale of pay and allowances/benefits reproduced below :

##### **Salary:**

1. Basic pay of Rs.50,000/- per month in the pay scale of Rs.50,000-5,000-70,000/-.
2. **Dearness Allowance** : 20% of Basic Pay.
3. **House Rent Allowance:**

Free residential accommodation, the monthly rental value of which shall not exceed 15% of the Basic Pay or in lieu there of House Rent Allowance at 15% of the Basic Pay.



4. **Conveyance:**

Free use of Bank's Car for official purpose. The car used should be of 20 H.P. or less. If the car is used for the private purpose also 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 R.T.A.

5. **Entertainment Expenses:**

Actual Entertainment expenses to be paid by the bank subject to a ceiling of Rs.8000 per annum. The membership fee(s) of club(s) if any will be an admissible item of entertainment expenses adjustable within the aforesaid ceiling.

6. **Provident Fund:**

10% of the Basic Pay, as applicable to the officer staff of the Bank, without the restriction of minimum service required.

7. **Gratuity:**

As applicable to officers of the Bank without the restriction of minimum period of service. The bank should seek approval of the Reserve Bank of India as and when the gratuity is proposed to be paid.

8. **Travelling Expenses:**

Reimbursement of the actual travelling expenses i.e., single return fare by Train I class (including A.C. Class) or by Air (Economy Class) for travel on official purposes. If the journey is performed in own or hired conveyance, reimbursement of the travelling expenses at the per kilometer rate not exceeding the rate approved by R.T.O. subject to the stipulations contained in the RBI circular letter DBOD: No.ARS ROC 19.C.318(B)/74 dtd. 1st March 1974. If the journey is performed by Bank's car, no travelling allowance will be admissible.

9. **Halting Allowance:**

As applicable to officers in the top management scales as per IBA guidelines.

10. **Medical Benefits:**

- i) Reimbursement of actual medical expenses can be made in full in respect of the Chairman and his family members (wife and dependent children) within the ceiling of Rs.6000 per annum on declaration basis.
- ii) Hospitalisation charges shall be reimbursed to the Chairman and his family members (wife and dependent children) as applicable to the officers of the Bank (i.e., to the extent of 100% for self and 75% for dependent family members).

11. **Telephone:**

Telephone facility at the Chairman's residence at the Bank's cost.

12. **Insurance Cover:**

Personal Accident Insurance cover upto Rs.3,00,000/- per annum.

13. **Leave:**

- i) **Casual Leave:** 12 days per calendar year. Un-availed casual leave should not be credited to any other kind of leave and it is not encashable also.
- ii) **Privilege Leave:** 30 days of privilege leave on completion of 11 month's service. Encashment of leave permissible only at the time of final demission of office up to a limit of 240 days as applicable to the officers of the bank.
- iii) **Sick Leave:** As applicable to other officers staff of the bank i.e., one month for every completed year of service
- iv) Accumulation of Privilege leave and sick leave will be as applicable to officers of the bank which are presently 240 days and 540 days respectively taking into account the un-availed leave accumulated so far.

14. **Leave Fare Concession:**

As applicable to officers staff of the Bank.

15. **Bonus and Sitting Fees:**

Chairman will not be eligible for any sitting fees for attending the Board/Committee meeting or for bonus from the Bank.

Necessary application seeking the approval of Reserve Bank of India for the appointment of Shri Ananthakrishna for a period of 5 years has been made as required under the Banking Regulation Act, 1949.

The resolution seeks members approval for the salary , allowances and other perquisites of Shri Ananthakrishna upon his reappointment as Chairman and Chief Executive Officer of the Bank.

Except Shri Ananthakrishna, none of the other Directors is interested in this item of business.

Registered Office,  
Kodialbail,  
Mangalore -3.  
Date:31-5-2003

By Order of the Board of Directors  
Y. V. Balachandra  
COMPANY SECRETARY