

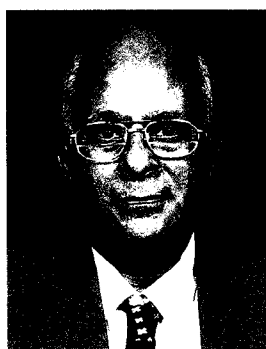


Annual Report 2004 - 05



The Karur Vysya Bank Limited

BOARD OF DIRECTORS



Shri. P.T. Kuppuswamy

Chairman



Shri Athi S. Janarthanan



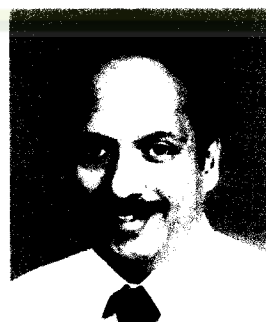
Shri M.G. Sankaranarayanan



Shri G. Rajasekaran



Shri K. Ramadurai



Dr V.G. Mohan Prasad



Shri K.S. Ramabadrar



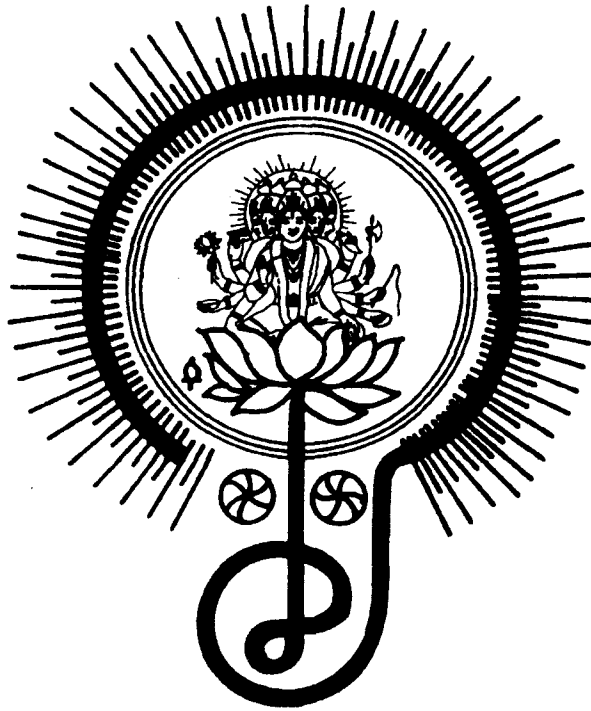
Shri M.K. Venkatesan



Shri K.P. Kumar



Dr. T.R. Ramanathan



SRI GAYATHRI DEVI

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Karur Vysya Bank

Smart way to bank

Regd. & Central Office:
Erode Road, Karur - 639 002
Website : www.kvb.co.in



Shri. N.S. Venkatarama Guptha,
B.A., C.A.I.I.B.
EXECUTIVE DIRECTOR



Shri. S. Nagarajan,
B.Sc., C.A.I.I.B.
SENIOR GENERAL MANAGER

GENERAL MANAGER

Shri R. Sukumar, M.Sc.

DEPUTY GENERAL MANAGERS

Shri S. Ramalingam, B.A., B.G.L., C.A.I.I.B.

Shri A. Ananda Nadarajan, B.Com., C.A.I.I.B.

Shri R. Sakthivelu, M.A., B.G.L., C.A.I.I.B.

Shri K. Venkateswara Rao, M.A.

Shri R. Jagadeesan, B.Sc., C.A.I.I.B.

ASSISTANT GENERAL MANAGERS

Shri V. Palanisamy, B.Sc.

Shri A.S. Vasudevan, B.Com., A.C.A.

Shri Ramesh Prabhu, M.Com.

Shri C. Anbazhagan, M.B.A.

Shri J. Hariharan, M.Com., C.A.I.I.B., D.P.M & I.R.

Shri A.R. Ramachandran, B.Com., C.A.I.I.B.

Shri R. Ramalingam, B.Com.

Shri T. Sivarama Prasad, B. Tech.

Shri J. Natarajan, M.A., C.A.I.I.B.

Shri R. Vijayaraghavan, M.Sc., C.A.I.I.B.

Shri S. Balaji, M.A., LL.B., C.A.I.I.B.

Shri G.S. Ananthakumar, M.Com.

Shri V. Srinivasan, M.B.A., C.A.I.I.B.

Shri K.M. Thimmiah, B.Sc.

Shri M. Balachandran, M.B.M., C.A.I.I.B., P.G.Dip. in Fin. Mgt.

Shri V. Srinivasan, B.Com., A.C.A., A.C.S., C.A.I.I.B.

COMPANY SECRETARY

Shri R. Venkataramana, M.Com., LL.B., A.C.S., C.A.I.I.B.

LEGAL ADVISER

Shri K.N. Shrinivasan, B.A., B.L.

AUDITORS

M/s. Balu and Swamy Associates, Chennai



P T Kuppuswamy
Chairman

Dear Shareholder,

I deem it a great privilege to share some of my thoughts with regard to general developments taken place in the Banking Industry during the year 2004-05, with particular reference to your bank.

For the last 3 or 4 years, all banks were very comfortable as they could generate sizeable profits from Treasury because of falling interest rate regime. In the last fiscal, there was a 'U' turn as the YTM on Government Securities, started to gradually move northwards, resulting in huge depreciation to the investment portfolio. At one point of time, the total depreciation on investments made by the banking industry was estimated at Rs.85,000.00 crore. As your bank is also a part of the system, it has suffered depreciation and amortization to the tune of Rs.67.86 crore in 2004-05. The bank has mitigated the future interest risk on investment because of shifting high coupon Government securities from AFS to HTM category.



SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification/s, the following resolution as an **ORDINARY RESOLUTION**.

"RESOLVED THAT the Board of Directors of the Bank be and are 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 pay such remuneration on such terms and conditions as it deems fit."

8. To consider and if thought fit, to pass with or without modification/s, the following resolution as an **ORDINARY RESOLUTION**.

"RESOLVED THAT Shri T R Ramanathan be and is hereby appointed as a Director of the Bank liable to retire by rotation."

9. To consider and if thought fit, to pass with or without modification/s 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 P T Kuppaswamy as Chairman and Chief Executive Officer of the Bank for a further period of 3 years with effect from 01st June 2005 as per the terms and conditions as already approved by the shareholders in the 83rd Annual General Meeting of the Bank with the exception of the following revised terms and conditions, be and the same is hereby approved."

REMUNERATION

1.	Salary (Pay)	Rs.1,25,000/- per month w.e.f. 1.6.2005 Rs.1,40,000/- per month w.e.f. 1.6.2006 Rs.1,55,000/- per month w.e.f. 1.6.2007
2.	Entertainment Allowance	Rs.20,000/- p.a. Reimbursement of entertainment expenses will be inclusive of entrance fee/subscription to two clubs.



NOTICE OF THE 86TH ANNUAL GENERAL MEETING

Notice is hereby given that the 86th Annual General Meeting of the Bank will be held at the Registered Office of the Bank, Erode Road, Karur 639 002 on Thursday, the 21st July 2005 at 10.15 AM to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2005 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To Declare Dividend.
3. To appoint a Director in the place of Shri A S Janarthanan who retires by rotation and being eligible, offers himself for reappointment as Director.
4. To appoint a Director in the place of Shri M G Sankkaranarayanan who retires by rotation and being eligible, offers himself for reappointment as Director.
5. To appoint a Director in the place of Shri G Rajasekaran who retires by rotation and being eligible, offers himself for reappointment as Director.
6. To appoint Auditors and fix their remuneration.

NOTE:

The retiring Statutory Auditors, M/s Balu & Swamy Associates, Chartered Accountants, Chennai who have been associated with the Bank continuously for the last four years as Statutory Auditors are not eligible for reappointment in terms of the guidelines issued by the Reserve Bank of India under Section 30 (1A) of the Banking Regulation Act, 1949.

The Reserve Bank of India on the recommendation of the Board of the Bank accorded approval for appointment of M/s A. Thirumalaiappan & Co., Chartered Accountants, Karur 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. Accordingly the resolution for appointment of the Audit Firm, M/s A. Thirumalaiappan & Co. is placed before the shareholders for their approval.

"RESOLVED THAT M/s A. Thirumalaiappan & Co., Chartered Accountants, Karur, be and are hereby 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 out of pocket expenses as may be fixed by the Board of Directors."

Perquisites

1.	Subscription to News Papers, Journals etc.	News papers and magazines as may be required by the Chairman
2.	Travelling and Halting Allowances	a) Halting Allowance b) Boarding Charges c) Lodging As may be decided by the Board of Directors from time to time as per RBI Circular No. BC.54/08:95:004/98, dt. 10.06.98
3.	Medical Benefits	<u>Medical Aid</u> :Reimbursement of medical expenses for Self and family upto Rs.20,000/- p.a. on declaration basis.

“RESOLVED FURTHER THAT the consent of the Bank be and is hereby accorded to the Board of Directors of the Bank to vary/modify/increase the remuneration and other perquisites payable to Shri P T Kuppuswamy, 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 Sec 35 B of the Banking Regulation Act, 1949 and other applicable provisions of the Companies Act, 1956.”

10. To consider and if thought fit, to pass with or without modification/s the following resolution as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to Sec 94 and other applicable provisions if any of the Companies Act, 1956, the Authorised Capital of the Bank be increased from Rs.50,00,00,000 (Rupees Fifty crore only) to Rs.100,00,00,000 (Rupees One hundred crore only) by creation of 5,00,00,000 (Five crore only) new equity shares of Rs.10/- each.

RESOLVED FURTHER THAT pursuant to Sec 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing clause 5 of the Memorandum of Association of the Bank be and is hereby substituted with the following new clause viz.,

The Authorised Share Capital of the Bank is Rs.100,00,00,000/- (Rupees One hundred crore only) divided into 10,00,00,000 (Ten crore only) equity shares of Rs.10/- each with power to increase, reduce or modify the said Capital from time to time.”



11. 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 provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Bank be and is hereby amended as detailed below:

- (a) incorporation of the following new Article in the place of existing Article 3.
The Authorized Share Capital of the Bank is Rs.100,00,00,000/- (Rupees One hundred crore only) divided into 10,00,00,000 (Ten crore only) equity shares of Rs.10/- each with power to increase, reduce or modify the said Capital from time to time.”
- (b) incorporation of the following new Article in the place of existing Article 26 para 1.
The qualification of every director shall be, his holding in his own name, not less than 500 Equity Shares of Rs.10/- each in the share capital of the Bank.

By Order of the Board,
for The Karur Vysya Bank Limited

Place: Karur
Date: 28 .05.2005.

R.Venkataramana
COMPANY SECRETARY

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NOTES

1. DATES OF BOOK CLOSURE:

The Register of Members and Share Transfer Books of the Bank will remain closed from 11.07.2005 to 21.07.2005 (both days inclusive).

2. PROXIES:

A member/beneficial owner entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself/herself and such a proxy need not be a member of the Bank. The proxies in order to be effective should be lodged with the Registered Office of the Bank not less than 48 hours before the commencement of the meeting.

3. EXPLANATORY STATEMENT :

The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business is annexed hereto.

4. JURISDICTION :

In terms of Article 20(v) of the Articles of Association of the Bank, only Courts in Karur shall have exclusive jurisdiction to entertain any suits against the Bank to restrain the proceedings of any General Meeting or consideration of any Resolution or item of business in its Agenda.

5. DIVIDEND ENTITLEMENT:

Dividend when approved will be paid to such of the members whose names appear in the Register of Members of the Bank as on 21st July 2005.

In respect of shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership as on 11th July 2005 as per details furnished by the Depositories for this purpose.

6. MULTIPLE FOLIOS:

If any shareholder is holding more than one folio for the same set of names, the shareholder/s concerned may please write to the Registrar and Transfer Agents of the bank viz: M/s SKDC Consultants Ltd., Coimbatore so that their holdings can be consolidated into one folio. This would help the shareholder/s concerned to effectively monitor their holdings as also the Dividend receivable. The shareholders will also save on expenses for dematerialisation.

7. DEMATERIALISATION OF SHARES:

The Bank shares have been traded compulsorily in Dematerialised form with effect from 25th June 2001 in the Stock Exchanges. The shareholders who have not so far dematerialised their shares are requested to do so in their own interest having regard to the safety and benefits attached thereto.