



Karnataka Bank Ltd.

F. No. 1303 (H.O.)

Estd. : 1924

Regd. & Head Office Phone : 2228222
P. B. No. 599, Mahaveera Circle Grams : Abhyuday Fax : 0824 - 2225588
Kankanady, Mangalore - 575 002. Telex : 0832-280 HAIN IN

09.08.2011

SECRETARIAL SECTION

HO:SEC:427:2011-12


The General Manager,
Bombay Stock Exchange Limited
Corporate Relationship Dept
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI - 400 001

Dear Sir,

We enclose the copy of the proceedings of the 87th Annual General Meeting of the Bank held on 23rd July, 2011 at 11.30 AM at The Karnataka Bank Limited, Registered & Head Office, Mahaveera Circle, Mangalore-575002.

Thank You,

Yours faithfully,


COMPANY SECRETARY.



THE KARNATAKA BANK LTD.

(Regd. & Head Office: Mahaveera Circle, Kankanady Mangalore - 575 002.)

PROCEEDINGS OF THE 87th ANNUAL GENERAL MEETING OF THE KARNATAKA BANK LTD (THE BANK/THE COMPANY) HELD ON 23rd JULY 2011 AT 11.30 AM AT THE REGISTERED & HEAD OFFICE OF THE BANK, MAHAVEERA CIRCLE, KANKANADY, MANGALORE-575002 WHERE THE FOLLOWING DIRECTORS ALONG WITH THE SHAREHOLDERS IN PERSON AND SHAREHOLDERS BY PROXY/REPRESENTATIVES OF COMPANIES/ INSTITUTIONS WERE PRESENT.

Sarvashri	
Ananthakrishna	Chairman
P Jayarama Bhat	Managing Director
S R Hegde	Director
R V Shastri	--do--
U R Bhat	--do--
T S Vishwanath	--do--
Sitarama Murty M	--do--
S V Manjunath	--do--
D Harshendra Kumar	--do--
Dr H Ramamohan	--do--
T R Chandrashekar	--do--

In attendance: General Managers and the Company Secretary.

Shri Venkatesh Kamath S V, Partner M/s Vishnu Daya & Co, Chartered Accountants, Bangalore and Shri C R Sundararajan and Shri B R Ashok Partners, M/s R K Kumar & Co, Chartered Accountants, Chennai, the Statutory Central Auditors of the Bank were also present besides Shri M V Shanker Bhat, Bank's Legal Advisor.

In terms of Articles 32(a) of the Articles of Association of the Bank Shri Ananthakrishna, the Chairman, presided over the meeting and after ascertaining that necessary quorum was present, he called the meeting to order.

The Chairman welcomed the members and proxy holders and introduced the Directors, Executives, Auditors and legal advisor of the Bank present at the meeting. With the consent of the members present, the notice convening the meeting was taken as read. The Chairman announced that the Register of Directors' shareholding was open for inspection by the members till the conclusion of the meeting. The certificate from the auditors dated 23.5.2011 to the effect that the Karnataka Bank Employees Stock Options Scheme 2006(ESOS 2006) had been implemented in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999 and the resolutions passed by the members was placed at the meeting.

Before taking up the agenda set out in the notice, the Chairman thanked the shareholders for their overwhelming response to the rights issue of the shares of the Bank in the ratio of 2:5 at a price of Rs 85 per share including the premium of Rs 75 per share.



He requested Shri P Jayarama Bhat, The Managing Director, to present a brief report on the performance of the Bank during the year ended March 31, 2011. Thereafter Shri P Jayarama Bhat presented his statement briefly covering the economic conditions in the world, problem faced by the Indian economy, policy initiatives of the Government taken to face the challenges of global recession etc. He also briefed about the performance of the Bank during the year ended March 31, 2011 and the corporate goal for the financial year 2011-12.

The Chairman thereupon took up the items of business to be transacted at the meeting.

Item No.1 set out in the notice convening the meeting was taken up for consideration. At the instance of Chairman, Shri P Jayarama Bhat, Managing Director read out the Auditors' Report to the members on the Annual Accounts of the Bank.

At this moment Shri J Vishwanath Rao Pole a shareholder, (Client ID IN30267932687420) sought to know the reasons for increase in NPAs, lower profitability etc during the year ended March 31, 2011.

Dr S Ravindranath Bhandari (Client ID IN30009511085949) sought to know the likely impact on Bank if RBI grants licences to new Banks and also reason for proposing lower dividend for the year ended March 31, 2011.

Shri U G Shenoy, a shareholder (Client ID 1203440200001329) listing out the concern areas informed that NPAs needs to be reduced and recoveries be toned up and burden management should be improved. He complimented the Management for growth in CASA deposits during the year ended March 31, 2011. He also suggested to improve the performance under treasury operations.

The Managing Director clarified that due to certain sectors of the economy like Gem and Jewellery, Textiles and inability of borrowers to adhere to the terms of their restructured loan accounts, NPAs during the last year have increased and efforts to reduce the same and contain further slippages have already been initiated. He further clarified that as the equity shares allotted on March 31, 2011 on Rights basis rank pari passu with the existing shares, a dividend @ 3 per share has been proposed which in effect works out to more than the last year's dividend in the hands of the shareholders. The efforts to further improve the CASA would continue, he added.

Thereafter Shri K G Jairam (IN30113526035085) a shareholder proposed the following motion which was seconded by Shri B Narayana Achar (Client ID 1304050000054934), another shareholder.

Resolved that the Directors' report dated 23.5.2011 and the audited Balance Sheet as at March 31, 2011 and the Profit and Loss account for the year ended on that date, along with the auditors' report thereon be and are hereby received, considered and adopted.

Thereupon, the Chairman put the above motion to vote by show of hands. All members except one, voted in favour of the resolution.

The Chairman declared that the resolution was approved by majority and was passed as an ORDINARY RESOLUTION.



Item No.2 set out in the notice convening the meeting was taken up for consideration. The Chairman informed that the Board of Directors had recommended a dividend @ 30% on the paid up capital of the Bank for the year ended March 31, 2011 for declaration at this meeting.

Shri Ramakrishna Rao B K (L F No 7000011), a shareholder proposed the following motion which was seconded by Shri Seethappa K (Client ID IN30021411085195), another shareholder.

Resolved that dividend at the rate of 30% on the paid up equity share capital (i.e, on 188205757 equity shares of ₹10 each) i.e, ₹3 per share for the financial year ended 31.3.2011 be and is hereby approved and the same be paid to those members whose name appear in the Register of Members in case of shares held in physical form and as per list of beneficial holders of shares furnished by the depositories in case of shares held in electronic form as on 11.7.2011.

Thereupon the Chairman put this motion to vote by show of hands. All the members except three, voted in favour of the resolution.

The Chairman declared that the motion on declaration of dividend @ 30% has been approved by majority and was passed as an Ordinary resolution.

Item No.3 set out in the notice convening the meeting was then taken up for consideration. The Chairman informed the members that Shri R V Shastri, Director, retires by rotation and being eligible offers himself for re-appointment.

Shri Rajaram Madi K (Client ID IN30131320498262), a shareholder proposed the following motion which was seconded by Shri Narayana S Hegde Kundargi, (LF No 28000052) another shareholder.

RESOLVED that Shri R V Shastri, Director, retiring by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment be and is hereby appointed as a Director of the Bank, whose period of office is subject to retirement by rotation.

Thereupon the Chairman put this motion to vote by show of hands. All the members except one, voted in favour of the motion.

The Chairman declared that the resolution was approved by majority and was passed as an ORDINARY RESOLUTION.

Item No.4 set out in the notice convening the meeting was then taken up for consideration. The Chairman informed the members that Shri T S Vishwanath, Director, retires by rotation and being eligible offers himself for re-appointment.

Shri S Narayana Rao (Client ID IN30113526031694), a shareholder proposed the following motion which was seconded by Shri Sudhir P Ghate (Client ID IN30097510790877), another shareholder.

RESOLVED that Shri T S Vishwanath, Director, retiring by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment be and is hereby appointed as a Director of the Bank, whose period of office is subject to retirement by rotation.

Thereupon, the Chairman put the above motion to vote by show of hands. All members except one, voted in favour of the resolution.



The Chairman declared that the resolution was approved by majority and was passed as an ORDINARY RESOLUTION.

Item No.5 set out in the notice convening the meeting was then taken up for consideration. The Chairman informed the members that Shri S V Manjunath, Director, retires by rotation and being eligible offers himself for re-appointment.

Shri U Rama Rao (L F No 205), a shareholder proposed the following motion which was seconded by Shri M Venkat Rao (L F No 24), another shareholder.

RESOLVED that Shri S V Manjunath, Director, retiring by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment be and is hereby appointed as a Director of the Bank, whose period of office is subject to retirement by rotation.

Thereupon the Chairman put this motion to vote by show of hands. All the members except one voted in favour of the motion.

The Chairman declared that the resolution was approved by majority by the shareholders and was passed as an ORDINARY RESOLUTION.

Item No.6 set out in the notice convening the meeting was then taken up for consideration. The Chairman explained that the Board of Directors proposed the appointment of two audit firms viz M/s Vishnu Daya & Co, Chartered Accountants, Bangalore, and M/s R K Kumar & Co, Chartered Accountants, Chennai, the retiring statutory central auditors jointly as Statutory Central Auditors of the Bank for the next year and the Reserve Bank of India has already approved their appointment as Statutory Central Auditors of the Bank.

The following motion was proposed by Shri Jayananda Devadiga (Client ID IN30 021413274284), a shareholder which was seconded by Shri Ramachandra Achar B, (L F No 427) another shareholder.

Resolved that M/s Vishnu Daya & Co, Chartered Accountants, GF No 7, Karuna Complex, No 337, Sampige Road, Malleshwaram, Bangalore-560003 (Firm Reg No 08456S) and M/s R K Kumar & Co, Chartered Accountants, II Floor, Congress Building, 573, Mount Road, Chennai-600 006 (Firm Reg No. 001595S) be and are hereby appointed as the Statutory Central Auditors of the Bank jointly to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and the Board of Directors of the Bank be and is hereby authorised to fix their remuneration.

Thereupon the Chairman put the above motion to vote by show of hands, which was approved unanimously.

The Chairman declared that the resolution was approved unanimously by the shareholders and was passed as an ORDINARY RESOLUTION.

Item No.7 set out in the notice convening the meeting was then taken up for consideration. Shri K Lakshminarayana Rao (L F No 50), a shareholder proposed the following motion, which was seconded by Shri Sooryanarayana Somayaji B (L F No 413), another shareholder.

"RESOLVED THAT in terms of section 228 of the Companies Act,1956,the Board of Directors be and is 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, 2012 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".

Thereupon the Chairman put this motion to vote by show of hands, which was approved unanimously.

The Chairman declared that the resolution was approved unanimously by the shareholders and was passed as an ORDINARY RESOLUTION.

Item No.8 set out in the notice convening the meeting was then taken up for consideration. The Chairman informed the meeting that the Board of Directors had appointed Shri T R Chandrasekaran as an Additional Director of the Bank u/s 260 of the Companies Act, 1956 w e f 15.10.2010. He further informed the meeting that the Bank has received a notice u/s 257 of the Companies Act, 1956 from Shri Ramachandra Achar B, a shareholder along with the prescribed deposit proposing the candidature of Shri T R Chandrasekaran as a Director of the Bank.

Shri Ramachandra Achar B (L F No 427), a shareholder proposed the following motion, which was seconded by Shri Anantharama Rao P (Client ID IN30023910515803), another shareholder.

Resolved that Shri T R Chandrasekaran be and is hereby appointed as a Director of the Bank whose period of office is subject to retirement by rotation.

Thereupon the Chairman put this motion to vote by show of hands, which was approved unanimously.

The Chairman declared that the resolution was approved unanimously by the shareholders and was passed as an ORDINARY RESOLUTION.

The Chairman informed the meeting that all the items set out in the notice of the meeting have been completely transacted. He then thanked the shareholders, customers and the staff and declared that the meeting has been concluded.

The meeting ended at 1.00 p.m.


CHAIRMAN

