

## **NOTICE TO SHAREHOLDERS**

Notice is hereby given that the Eightieth Annual General Meeting (AGM) of The Federal Bank Limited will be held as shown below

Date : 3<sup>rd</sup> September, 2011

Day : Saturday

Time : 10 A.M.

Venue : Mahatma Gandhi Municipal Town Hall, Aluva

To transact the following items of business.

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March 2011 and the Profit & Loss Account for the financial year ended on that date, together with the reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Suresh Kumar, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P. H. Ravikumar who retires by rotation, and is not seeking re-appointment. The Bank has received notice under Section 257 of the Companies Act, 1956 proposing to appoint Shri Nilesh S. Vikamsey in this vacancy. This is placed as item 7 of the notice convening this meeting.
5. To appoint Central Statutory Auditors to hold office from the conclusion of this meeting until the conclusion of the next AGM and to fix their remuneration.

Resolved that, M/s Varma & Varma, Chartered Accountants, Ernakulam together with M/s Price Patt & Co., Chartered Accountants, Chennai, be and are hereby appointed as Joint Central Statutory Auditors of the Bank for the financial year ending 31 March 2012 to hold office until the conclusion of the next Annual General Meeting of the Bank, and that the Board of Directors be and is hereby authorised to fix the auditor's remuneration for the purpose.

### **SPECIAL BUSINESS**

6. To consider and, if thought fit, to pass the following resolution, with or without modifications as an **Ordinary Resolution**:

**Resolved that** the Board of Directors be and is hereby authorized to arrange for the audit of the Bank's branches for the accounting year 2011-12 and to appoint and fix the remuneration of branch auditors in consultation with the Central Statutory Auditors for the purpose.

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

**Resolved that** Shri Nilesh S. Vikamsey be and is hereby appointed as a Director of the Bank, whose period of office shall be liable to determination by retirement of directors by rotation.

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

**Resolved that** the remuneration, including salary, allowances, and perquisites of Shri Shyam Srinivasan, Managing Director and Chief Executive Officer of the Bank, as approved by Reserve Bank of India and shown in the explanatory statement hereto, be and is hereby approved.

Resolved Further that subject to approval by Reserve Bank of India the following facilities to Shri Shyam Srinivasan, Managing Director & Chief Executive Officer be and are hereby approved.

1. Key Man insurance for ₹5 Crore (Rupees Five Crore only) be taken by the Bank and assigned to him.
  2. Equity shares numbering to 2052400 (Twenty Lakhs fifty two thousand four hundred only) to be granted over four years from 2010 to 2013, at 513100 (Five lakhs thirteen thousand one hundred only) shares per year @ ₹420.65 per share be granted to him under the ESOS of the Bank.
9. To consider and, if thought fit, to pass the following resolution, with or without modifications as an Ordinary Resolution

**Resolved that** subject to Reserve Bank of India (RBI) approval payment of an amount of ₹90,000.00 (Rupees Ninety Thousand only) per month (no sitting fee to be paid for attendance for Board or Committee of Directors meetings) to the Part Time Chairman of the Bank, presently Shri P. C. Cyriac be and is hereby approved.

By order of the Board

Aluva  
29 July 2011

**Girish Kumar Ganapathy**  
Company Secretary

1. **A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself. The instrument appointing a proxy shall be deposited at the Registered Office of the Bank not later than 48 hours before the scheduled time for holding the meeting. A proxy need not be a member.**
2. **The share transfer Register and the Register of Members will be closed from 25 August 2011 to 3 September 2011 (both days inclusive) during which period no transfer of shares will be registered.**

## **EXPLANATORY STATEMENT**

**(As required under Section 173(2) of the Companies Act, 1956)**

In conformity with Section 173(2) of the Companies Act, 1956 ("the Companies Act") the following explanatory statement set out the material relating to **items No. 6, 7, 8 and 9.**

### **Item No. 6**

In accordance with the provisions of Section 228(3)(a) of the Companies Act, the shareholders of a Company may authorize its Board of Directors to appoint branch auditors in consultation with the Company's (Central Statutory) auditors.

### **Item No. 7**

Shri Nilesh S. Vikamsey is a Chartered Accountant with over 16 years experience, and is a partner of Khimji Kunverji & Co., Chartered Accountants. He is a member of many Committees of ICAI, including those noted below:

- a) IFRS Implementation Committee
- b) Disciplinary Committee (under Section 21B)
- c) Accounting Standards Board
- d) Auditing & Assurance Standards Board
- e) Expert Advisory Committee
- f) Professional Development Committee
- g) Internal Audit Standards Board

He is an Independent Director in the following Companies:

Listed Companies:

- 1) India Infoline Limited
- 2) Rodium Realty Limited

Private Companies:

- 1) HLB Offices & Services Pvt. Limited
- 2) TruNil Properties Pvt. Limited
- 3) BarKat Properties Pvt. Limited

The Bank will benefit from his rich and varied experience in the financial sector, and the Board recommends his appointment to the shareholders.

A notice has been received from a member along with a deposit of ₹500/- as required by Section 257 of the Companies Act, 1956, proposing Shri Nilesh S. Vikamsey as a candidate for the office of the Director of the Bank, liable to retire by rotation.

No Director other than Shri Nilesh S. Vikamsey is directly or indirectly interested or concerned in the passing of this resolution.

**Item No. 8**

Shri Shyam Srinivasan was appointed by the Board of the Bank as the Managing Director and Chief Executive Officer of the Bank at its meeting held on 26 June 2010 for three years from 23 September 2010 and necessary approval from Reserve Bank of India has been obtained for the same. The Board of Directors at its meeting held on 26 June 2010 fixed the remuneration payable to Shri Shyam Srinivasan for which approval of Reserve Bank of India has also been obtained vide its letter DBOD No.1785/08.38.001/2010-11 dated July 29, 2010. The details of the remuneration are given below. Under Section 309 of the Companies Act 1956, read with Articles 86 of the Articles of Association of the Bank his remuneration requires approval of the shareholders at the General Meeting. The Board recommends the aforesaid resolution for your approval.

1	Salary/Compensation	₹70 Lakh per annum
2	Accommodation	Free and furnished accommodation. Cost of furnishing of ₹10 Lakh.
3	Medical benefits	(a) During MD & CEO's tenure, reimbursement of actual expenses incurred including hospitalization in full for him and wife and to the extent of 50% for his dependent parents and dependent children, subject to any recoveries made arising out of his previous employments.  (b) Upon laying down his office after serving at least three years as MD & CEO, the Bank will pay or reimburse the full premiums payable /paid on the policy or policies issued under a medical insurance plan covering hospitalization and other medical expenses incurred on him and his wife upto ₹10 lakhs each per annum for life. However if no insurance is available, the entire medical expenses for self and wife would be reimbursed by the Bank.
4	Conveyance	Free use of bank's car with driver for official purpose. for personal use, ₹250 per month would be recovered.
5	Entertainment Allowance	Can use bank's corporate membership of one or more clubs.
6	Telephone	Free use of bank's telephone for official purposes.
	<b>Other allowance</b>	
1	Travelling (Official) Halting Allowances	Highest class whichever mode of travel and business class for foreign travel. ₹1000 per day, if expenses not claimed; ₹2000 per day if both boarding and lodging expenses are not claimed.
2	Travel Insurance	₹10 lakh on official travel.
	Provident Fund ^ Gratuity Pension	10% of the pay to be matched by the MD's contribution. As applicable NA
3	Sitting Fees	Not eligible
4	Bonus	Performance related, as approved by the Board and after obtaining specific approval of RBI
	Salary of attendants	Reimbursement up to ₹60,000 per annum.
5	Leave fare concession	Highest class whichever mode of travel in domestic sector. Actual expense would be reimbursed once a year. For foreign travel cost of business class airfare between Kochi and New Delhi would be the limit.
6	Leave	Casual leave-12 days per annum; privilege leave-1 month per every 11 month of service. sick leave 30 days p.a.

As MD & CEO of the Bank, substantial powers of the management of the Bank are vested with Shri Shyam Srinivasan. In order to give sufficient risk coverage for him and his family and as part of the Bank's strategy to retain his talent, the Key man insurance is proposed to be taken for him by the Bank and the policy to be assigned to him.

The Employee Stock Option Scheme of the Bank (ESOS) was approved by the shareholders through Postal Ballot. As per the Scheme the Board of Directors proposes to give 2052400 equity shares to Shri Shyam Srinivasan, MD & CEO to be granted over 4 years from 2010 to 2013, at 513100 equity shares per year @ ₹420.65 per share.

As the above items are treated as part of the remuneration, under Section 309 of the Companies Act 1956, read with Articles 86 of the Articles of Association of the Bank they require the approval of the shareholders at the General Meeting. The Board recommends the aforesaid resolution for your approval.

No Director other than Shri Shyam Srinivasan is directly or indirectly interested or concerned in the passing of this resolution.

**Item No. 9**

Shri P. C. Cyriac was appointed by the Board of Directors of the Bank as the Part Time Chairman of the Bank for two years but not later than 26-09-2012 at its meeting held on 10-12-2010 and necessary approval from Reserve Bank of India has been obtained for the same. The Board of Directors at its meeting held on 24-06-2011 fixed the remuneration payable to Shri P. C. Cyriac as ₹ 90,000/- (Rupees Ninety Thousand only) per month (no sitting fee to be paid for attendance for Board or Committee of Directors meetings) subject to approval by Reserve Bank of India. Under Clause 49 of the Listing Agreement, read with Articles 65 of the Articles of Association of the Bank his remuneration requires approval of the shareholders at the General Meeting. The Board recommends the aforesaid resolution for your approval.

No Director other than Shri P. C. Cyriac is directly or indirectly interested or concerned in the passing of this resolution.

Aluva  
29 July 2011

By order of the Board  
**Girish Kumar Ganapathy**  
Company Secretary

## FOR THE ATTENTION OF SHAREHOLDERS

### Proxy Form and Attendance Slip

A blank proxy form with an attendance slip is sent along with the Notice and Annual Report. Shareholders are requested to detach the attendance slip and produce it for verification at the venue of the meeting.

### Queries at the AGM

Shareholders wishing to make queries at the AGM on the published accounts, Directors' Report or any aspect of the working of the Bank may write to:

The Company Secretary  
The Federal Bank Limited  
Federal Towers, P.B. No.103, Aluva – 683 101

so as to reach him latest by 25 August, 2011 specifying the point/s requiring clarification.

### Correspondence

All correspondence relating to shares and dividend should be addressed to the Bank's Registrars and Share Transfer Agents, viz:

Integrated Enterprises (India) Ltd., 2<sup>nd</sup> Floor, Kences Towers,  
No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai – 600 017.  
Phone No: (044) 28140801, 28140802 Fax: 28142479  
email : [corpserv@iepindia.com](mailto:corpserv@iepindia.com)

### Unclaimed Dividends

Dividend warrants issued to shareholders are valid for payment for a period of six / three months from the date of issue.

Until passing of the Companies (Amendment) Act, 1999, shareholders who had not encashed dividend warrants within three years from the date of issue could claim refund from the Registrar of Companies by filing a prescribed return. In terms of the 1999 Act, any money transferred to the unpaid dividend account of a Company which remains or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to the Investor Education and Protection Fund of the Central Government (Fund) established under Section 205C(1). Further no claim shall lie against the fund or the Bank in respect of individual amounts, remaining unclaimed and unpaid for a period of seven years from the dates they became due for payment and no payment shall be made in respect of any such claims. Hence shareholders will not be able to claim the dividend amount after its transfer to the fund. Shareholders who have not encashed their dividend warrants for any of the years 2004-05 to 2009-10 are requested to get the warrants revalidated by the Bank, since the outstanding dividend will be transferred to Government of India.

### Change of Address and information on Bank Mandate

Where shares are held in the physical mode, change in the shareholder's address may be notified to the Registrars and Share Transfer Agents, at the address noted above, by a separate communication showing share folio number. Holders of share in the demat mode may send such requests to their depositories concerned including changes, if any, in the mandate for issue of dividend.

Aluva  
29 July 2011

By order of the Board  
**Girish Kumar Ganapathy**  
Company Secretary



**THE  
FEDERAL BANK  
LIMITED**

REGD. OFFICE : ALUVA – 683 101

Dear Shareholder(s)

Re.: Payment of dividend through Electronic Clearing Services (ECS)

In case you have not already sent the ECS/Bank Account particulars to our Registrars, Integrated Enterprises (India) Limited or to your Depository Participant (in case of demat holdings) we would request you to provide the said particulars in the format given below to facilitate prompt, safe and correct payment of dividends as soon as it is declared.

Please ensure that the details submitted by you to the Registrars/Depository Participants are correct as any error therein could result in the dividend amount being credited to wrong account.

Payment of dividend through ECS and/or the designated Bank Account which appear on the dividend warrant, will help to prevent fraudulent encashment of dividend warrants.

Kindly help us in our endeavor to serve you better.

Yours faithfully

For **The Federal Bank Limited**

Company Secretary

## FORM FOR ECS MANDATE / BANK ACCOUNT PARTICULARS

I/We \_\_\_\_\_ do hereby authorise The Federal Bank Limited

\* Print the following details on my /our dividend warrant

\* Credit my dividend amount directly to my Bank account by ECS

(\* Strike out whichever is not applicable) My/Our Folio No.: \_\_\_\_\_

DP id No. \_\_\_\_\_ Client id No. \_\_\_\_\_

### Particulars of Bank Account

- A. Bank Name : \_\_\_\_\_
- B. Branch Name : \_\_\_\_\_  
Address (for Mandate only) \_\_\_\_\_  
\_\_\_\_\_
- C. 9 Digit Code No. of the Bank & Branch as appearing on the MICR Cheque : \_\_\_\_\_
- D. Account Type (Saving/Current) : \_\_\_\_\_
- E. Account No. as appearing in the Cheque Book : \_\_\_\_\_
- F. STD Code & Telephone No. of Shareholder : \_\_\_\_\_

I/We shall not held the Bank responsible if the ECS could not be implemented or the Bank discontinue the ECS for any reason.

Mail to:

**Integrated Enterprises (India) Limited**  
41/427, "Seema", Near Abad Metro Hotel  
Rajaji Road, Ernakulam – 682 035

\_\_\_\_\_  
Signature of the Shareholder

Please attach the photocopy of a Cheque or a bank cancelled Cheque issued by your Bank relating to your above account for verifying the accuracy of the nine digit code number.

In case you are holding shares in demat form, kindly advice your Depository Participant to take note of your Bank Account particulars/ECS mandate.