



Centurion Bank

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ANNUAL REPORT 1998-99

BOARD OF DIRECTORS

Mr. D. N. Ghosh	Chairman
Mr. Dipankar Basu	Director
Mr. D. Ahuja	Director
Mr. Teo Soon Hoe	Director
Mr. Benedict Kwek Gim Song	Director
Mr. Frank J. Polman.....	Director
Mr. Satish Kaura	Director
Mr. S. Venkiteswaran.....	Director
Mr. Mahesh Vyas.....	Director
Mr. V. S. Srinivasan	Managing Director

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COMPANY SECRETARY

Sudesh Jaisinghani

AUDITORS

M/s. Chandabhoy & Jassoobhoy and M/s. Lakhani & Company
Chartered Accountants

REGISTERED OFFICE

Durga Niwas, Mahatma Gandhi Road, Panaji, Goa - 403 001.

CORPORATE OFFICE

1201, Raheja Centre, Nariman Point, Mumbai - 400 021.

FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF CENTURION BANK LIMITED WILL BE HELD ON FRIDAY, THE 17TH SEPTEMBER, 1999 AT HOTEL MANDOVI, PANAJI, GOA - 403 001 AT 11.00 A.M.

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NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of Centurion Bank Limited will be held on Friday, the 17th September, 1999 at Hotel Mandovi, Panaji, Goa - 403 001 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as on 31st March, 1999 and the Profit & Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To declare Dividend for the Financial Year 1998-99.
3. To appoint Director in place of Mr Dev Ahuja, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Mr Teo Soon Hoe, who retires by rotation and being eligible, offers himself for re-appointment.
5. To reappoint M/s Chandabhoy & Jassoobhoy, Chartered Accountants and M/s Lakhani & Company, Chartered Accountants as the Joint Auditors of the Bank to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, on a remuneration to be decided by the Board of Directors.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr S. Venkiteswaran, who was appointed as an Additional Director of the Bank on the 4th May, 1999 by the Board of Directors and who holds office under Section 260 of the Companies Act, 1956 upto the date of the Annual General Meeting, be and is hereby appointed as a Director of the Bank."
7. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr Mahesh Vyas, who was appointed as an Additional Director of the Bank on the 4th May, 1999 by the Board of Directors and who holds office under Section 260 of the Companies Act, 1956 upto the date of the Annual General Meeting, be and is hereby appointed as a Director of the Bank."
8. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
 "RESOLVED THAT pursuant to the provisions of the Companies Act, 1956 and the approval of the Reserve Bank of India, consent of the Shareholders be and is hereby accorded to the appointment of Mr V. S. Srinivasan, Managing Director of the Bank as Managing

Director of the Bank for a period of 3 years commencing from the 30th July, 1999 on the following terms:

- (a) Salary : Rs. 80,000/- per month, Annual increment as may be decided by the Board of Directors.
- (b) Perquisites as follows :
 - i) Housing: Rent Free furnished accommodation will be provided to the Managing Director. In case no accommodation is so provided by the Bank, house rent allowance at fifty per cent of his salary, shall be paid.
 - ii) The expenditure incurred by the Managing Director on gas, electricity, water and furnishings shall be reimbursed by the Bank;
 - iii) All medical expenses incurred for him and his family shall be reimbursed, in accordance with the rules of the Bank subject to one month's salary;
 - iv) Leave Travel Concession for self and family will be allowed once in a year subject to a ceiling of one month's salary or payment in lieu thereof;
 - v) Group Mediclaim and Personal Accident Insurance;
 - vi) Contribution to Provident Fund, Superannuation Fund to the extent the same are not taxable under the Income Tax Act, 1961;
 - vii) Gratuity as per the provisions of the Payment of Gratuity Act, 1972 or as per the Gratuity Scheme of the Bank, whichever is higher;
 - viii) Provision of car with driver for use on Bank's business and telephone at the residence and reimbursement of expenses thereof;
 - ix) Leave unavailed of to be allowed to be encashed as per the rules of the Bank.
 - x) Reimbursement of expenditure on Servant, Watchman, Gardener, etc.
 - xi) Reimbursement of expenses towards Corporate Attire and Professional Pursuit subject to one month's salary or payment in lieu thereof;
 - xii) Entertainment Allowance : Reimbursement of expenses incurred for the business of the Bank, including Club entertainment.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profit in any Financial Year, Mr V. S. Srinivasan, Managing Director, shall be paid the same remuneration as stated hereinabove, as minimum remuneration but subject to the upper limit, if any, prescribed under the Companies Act, 1956 from time to time.

RESOLVED FURTHER THAT in the event of loss of office as Managing Director, Mr V. S. Srinivasan, shall be paid compensation in the manner and to the extent permissible under the provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Bank be and is hereby authorised to alter, vary, increase or modify the terms and conditions of the remuneration, including perquisites, during the aforesaid period, subject to the maximum permissible Statutory limit.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be required to give effect to the aforesaid resolutions and the Board is further authorised to settle all questions or doubts in regard to the payment of remuneration to Mr V. S. Srinivasan and any matter arising out of or incidental thereto, as it may at its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to the end and intent that members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By order of the Board
For **CENTURION BANK LIMITED**

SUDESH JAISINGHANI
Company Secretary

Place : Mumbai
Date : 23rd June, 1999

Registered Office :
Durga Niwas,
M G Road, Panaji,
Goa 403 001.

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Bank. Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Bank not less than 48 hours before the commencement of the Meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to Special Business is annexed hereto.
3. The dividend, if declared, will be paid to those members whose names appear on the Register of Members of the Bank on September 17, 1999.
4. Members are requested to notify immediately any change in their address, if any, at the Share Department of the Bank at 207, Centre Point, Dr Ambedkar Road, Parel, Mumbai - 400 012, quoting their Folio Numbers so that the dividend warrants are correctly despatched.
5. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Bank on all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.

6. In terms of Section 205A(5) of the Companies Act, 1956, all unclaimed dividends upto and including for the year ended 31st December, 1993 paid by erstwhile 20th Century Finance Corporation Ltd. (since amalgamated with the Bank) has been transferred to General Revenue Account of the Central Government.

In terms of the amendment of Section 205A and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of 7 years from the due date of payment is required to be transferred to the Investor Education and Protection Fund.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 :

Special Business

Item No. 6.

Mr S. Venkiteswaran, Senior Advocate, was appointed as an Additional Director of the Bank on the 4th May, 1999, by the Board of Directors of the Bank. According to the provisions of Section 260 of the Companies Act, 1956, he holds office as Director only upto the date of the ensuing Annual General Meeting. It is, therefore, considered necessary to regularise the appointment of Mr S. Venkiteswaran as a Director of the Bank.

Item No. 7.

Mr Mahesh Vyas, Executive Director & Chief Economist of CMIE, was appointed as an Additional Director of the Bank on the 4th May, 1999, by the Board of Directors of the Bank. According to the provisions of Section 260 of the Companies Act, 1956, he holds office as Director only upto the date of the ensuing Annual General Meeting. It is, therefore, considered necessary to regularise the appointment of Mr Mahesh Vyas as a Director of the Bank.

Item No. 8

Subject to the approval of the Reserve Bank of India and the shareholders of the Bank, the Board of Directors has, at its meeting held on 23rd June, 1999 appointed Mr V.S. Srinivasan as Managing Director of the Bank on the terms of remuneration as set out in the resolution in Item No. 8. The terms and conditions of appointment of Mr V.S. Srinivasan as set out in the resolution may also be treated as an abstract of the terms of the draft Agreement between Mr V. S. Srinivasan and the Bank.

Mr V. S. Srinivasan is concerned or interested in the resolution at Item No. 8 since it relates to his own appointment.

By order of the Board
For **CENTURION BANK LIMITED**

SUDESH JAISINGHANI
Company Secretary

Place : Mumbai
Date : 23rd June, 1999

Registered Office :
Durga Niwas,
M G Road, Panaji,
Goa 403 001.

DIRECTORS' REPORT

To the Shareholders Centurion Bank Ltd

The Directors have pleasure in presenting the 5th Annual Report together with the Audited Accounts for the year ended March 31, 1999, covering the fourth full year of operation of your Bank.

FINANCIAL RESULTS

The financial results for the year under review are the consolidated accounts of the merged entity after the Amalgamation of the 20th Century Finance Corporation Limited with the Bank and hence not comparable with the financials of the previous year :

	(Rs in lacs)	
	Year Ended March 31, 1999	Year Ended March 31, 1998
Gross Income	43917	20404
Gross Profit	9402	4743
Operating Profit	3133	3833
Provisions & Contingencies	758	1590
Provision for Taxation	231	236
Net Profit (including Depreciation written back Rs 524 lacs and Prior Period Adjustments (Rs 20 lacs)	2648	2007
Balance brought forward from last year	2062	1403
Appropriations		
Transfer to Statutory Reserve	529	415
Transfer to Amalgamation Reserve	450	—
Proposed Dividend (Incl. tax on dividend)	1277	933
Balance carried to Balance Sheet	2454	2062

AMALGAMATION

The Scheme of Amalgamation of 20th Century Finance Corporation Ltd (TCFC) with Centurion Bank Ltd has been completed with the sanction of the Hon'ble High Courts of Judicature at Bombay and Goa Bench, at Panaji, effective on May 14, 1999.

CAPITAL

Consequent to the amalgamation of erstwhile TCFC with the Bank, the shareholders of the erstwhile TCFC will be allotted one equity share of Rs 10 each of the Bank without payment being received in cash for one equity share of Rs 10 each held by them in erstwhile TCFC. Hence, 1,74,70,191 equity shares of Rs 10 each have been reserved for allotment to the shareholders of erstwhile TCFC.

DIVIDEND

The Directors are pleased to recommend a Dividend at the rate of 10 % on the paid up equity capital for the year ended March 31, 1999, which, if approved, will absorb Rs 12.77 crores, including tax on dividend.

OPERATIONS

The Bank had a total branch network of 33 branches as on March 31, 1999. After the merger of erstwhile TCFC with the Bank, the offices of erstwhile TCFC are being converted into offices of the Bank including 11 administrative and marketing offices and 36 branches. Appropriate action has been initiated for conversion of such offices to suit banking operations. Further, consolidation of operations has also been achieved through closing down some of the branches and re-locating other branches.

In terms of overall size, the total assets of the Bank increased from Rs 1574 crores as of March 31, 1998 to Rs 3104 crores as of March 31, 1999 including assets of Rs 723 crores transferred from the erstwhile TCFC as on this date. The deposits of the Bank grew from Rs 1247 crores to Rs 2141 crores, a growth of 72 %. The advances portfolio grew from Rs 966 crores to Rs 2029 crores, a growth of 110 % including the contribution of the erstwhile TCFC to such growth in advances aggregating to Rs 412 crores.

During the year under review, the Bank has introduced cash management services through its 'Anywhere Banking' to a large number of corporates and volumes have significantly increased through such service.

The Bank has also introduced Depository Participant services to its clients both corporate and retail at Mumbai and is in the process of offering these services from other centres also.

PARADIGM SHIFT ON AMALGAMATION

Consequent to the amalgamation there has been a paradigm shift in the operations of the Bank as a result of the acquisition of the branch network, an asset portfolio in both corporate and retail businesses, a pool of skilled manpower with significant experience in the retail businesses, a network of relationships in commercial vehicle and two-wheeler financing with both manufacturers and dealers and the related infrastructure. As compared to the position in the earlier years where the advances portfolio of the Bank consisted of practically 100% from the corporate segment, there has been a significant addition of retail businesses and assets. In one stroke the distribution reach and capabilities of the Bank has expanded covering a large number of centres where the Bank was not present earlier. The aforesaid developments enabled the Bank to