



THE FEDERAL BANK LIMITED ANNUAL REPORT 1996 - 97

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**Company Secretary**

Shri. Girish Kumar Ganapathy

**Auditors**

M/s. Warriar & Warriar  
Trichur

M/s. R. Rajan Associates  
Trichur

M/s. Balan & Company  
Alwaye

# THE FEDERAL BANK LIMITED

Registered Office: Alwaye-683 101.

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the Sixty Sixth Annual General Meeting of the Federal Bank Limited will be held as shown below:

Date : 5th September, 1997.  
Day : Friday.  
Time : 3 P.M.  
Venue : Municipal Town Hall, Alwaye

to transact the following items of business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit & Loss account for the period ended on that date together with the reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend.
3. To elect a Director in the place of Shri T.V. Antony who retires by rotation, and being eligible offers himself for reappointment.
4. To appoint M/s Warriar & Warriar, Trichur, M/s. Balan & Co., Alwaye and M/s. R. Rajan Associates, Trichur, as Joint Statutory Auditors of the Bank to hold office until the conclusion of the next Annual General Meeting of the Bank, on a remuneration to be fixed by the Board.

### **SPECIAL BUSINESS**

5. 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 authorised to arrange audit of branches for the accounting year 1997-98 and to appoint branch auditors in consultation with Statutory Auditors and to fix their remuneration for the purpose.

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

“Resolved that Shri P.S.Menon be and is hereby appointed as a Director of the Bank liable to retire by rotation.”

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

“Resolved to approve the pay and other allowances payable, as indicated in the Explanatory Statement, to Shri K. Nandan, Chairman.

Resolved further that the terms and conditions, will stand revised appropriately to the extent of modifications, if any, made by RBI while giving their approval.



Explanatory Statement as required under section 173(2) of the Companies Act, 1956, is annexed hereto.

## 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 following explanatory statements furnish the material facts relating to items No. 5, 6 and 7.

### Item No.5

In accordance with the provisions of Section 228 (3) (a) of the Companies Act, 1956, the Board of Directors may be authorised to appoint Branch Auditors in consultation with the Statutory Auditors. The appointments will be made after getting the approval from RBI.

No Director is interested in the resolution.

### Item No.6

Among the Directors liable to retire by rotation, Shri P.C. Chacko had resigned on 8th January, 1997. The Board of Directors had appointed Shri P.S. Menon to the casual vacancy, caused by the resignation of Shri P.C. Chacko, on 16th June, 1997, to hold office until the conclusion of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956, has been received from a shareholder proposing the appointment of Shri P.S. Menon.

Shri P.S. Menon is a leading Chartered Accountant, practising in Ernakulam and taking into consideration his long standing as a Chartered Accountant and also considering the benefits that will accrue to the Bank on account of his vast professional experience, it is recommended to appoint him to the vacancy.

No Director other than Shri P.S. Menon is interested in the resolution.

### Item No. 7

Shri K. Nandan joined Federal Bank on 31st December, 1995, as Chairman and Chief Executive of the Bank, for a period of three years, as per Reserve Bank of India (RBI) approval (vide their letter No. DBOD No. 385/08.38.001-95 dated 18th November, 1995). He has over 36 years of service with State Bank of India (SBI), and was holding the post of General Manager when he got relieved from SBI to take the reins at Federal Bank.

RBI had stated in their letter referred to above that Shri K. Nandan may be allowed to draw pay and allowance as applicable to an executive of State Bank of India (SBI) on deputation. RBI had vide their letter No. DBOD (T) No. 1598/06.01.03/-96 dated 29th March, 1996 conveyed the terms and conditions of appointment of Shri K. Nandan and also informed that revision in his pay scale could be considered when the pay scales of Chairmen and Managing Directors of Nationalised Banks were revised by the Government. The terms included inter alia, pay of Rs. 8,000/-, with effect from 1st January, 1996, in the scale of Rs. 7,000-125-8000, interim relief of Rs. 900 p.m. and dearness allowance as applicable to whole-time directors of Nationalised Banks, besides other perquisites. Shri K. Nandan, has however, been drawing salary and allowances that was being drawn by him at the time of relief from SBI, i.e. a basic pay of Rs. 6,950 and other perquisites.



Reserve Bank of India vide their letter No. 589/08.001-96 dated 4th January, 1997, addressed to Private Sector Bank's Association (PBA), allowed Private Sector Banks to submit to RBI, proposals approved by the Banks Board, regarding remuneration payable to their chief executive officers (CEOs). In the light of the above, the Board of Directors of the Bank formed a committee of three Directors to examine and put up to the Board a report for its consideration, on the matter of remuneration payable to Chairman. The Committee considered all the relevant factors, especially the salary and perquisites proposed/approved by the RBI for the chairmen of other Private Sector Banks. After examining the committee's report the Board approved a revised pay scale for Shri K. Nandan, Chairman (subject to the approval of RBI and shareholders), effective from 1st December, 1996, taking into consideration inter-alia the responsibilities of the CEO, size of the business, profit, the growth achieved by the Bank during his Chairmanship, the targets and goals set to be achieved, the position of the Bank vis a vis other Banks, and the comparative position of remuneration drawn by CEOs of other Private Sector Banks etc.

In the light of the above noted facts, the following terms of remuneration payable to Shri K. Nandan, Chairman, are recommended for approval by the shareholders, to be effective from 1st December, 1996.

Pay	Rs. 30,000/- p.m. for December, 1996 Rs. 50,000/- p.m. from January 1997 with an annual increment of Rs. 5,000/-
DA	No DA
PF	As applicable to Senior Officers of the Bank.
Bonus	None
Gratuity	As applicable to other staff members of the Bank.
Pension	Not eligible
Encashment of leave	As applicable to other staff members of the Bank, will be allowed only at the time of demission.
Housing	Free furnished accommodation provided by the Bank.
Conveyance	Free use of Bank's car for official purpose. If used for personal purpose, recovery of Rs. 250/- p.m. upto 750 kms. Beyond 750 kms. recovery @ 60% of RTA rates.
Entertainment allowance	Upto Rs. 10,000/- p.a. including club membership, 25% of which reimbursable on declaration and balance against evidence of expenses incurred. Membership of two clubs as desired.
Telephone	Free use of Bank's phone at residence
Official travel	Highest class by whichever mode within the country and business class by air for foreign travel. Travel insurance upto Rs. 5 lakhs.
Hotel accommodation	Actual Hotel charges incurred on production of bills/vouchers.

Per diem allowance	Actual charges incurred other than on alcoholic drinks, on production of bills/ vouchers. Alternatively a flat daily allowance of Rs. 250/-.
Medical benefits	Reimbursement of medical expenses for Chairman and other family members as applicable to other senior officers of the Bank.
Leave	12 days Casual Leave, one day Privilege Leave for every 11 days service on duty, 30 days sick leave for each completed year of service.
Leave Travel	Travel to any place in India within each block of two years.
Attendant at home	Reimbursement of salary upto Rs. 1500/- p.m.

No Director other than Shri K. Nandan, Chairman, is interested in the resolution.

#### NOTES

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 16th August, 1997 to 5th September, 1997 (both days inclusive) during which period no transfer of shares will be registered.

Always,  
Date : 1st August, 1997

Girish Kumar.G.,  
Secretary.

## **THE FEDERAL BANK LIMITED**

**Regd. Office : Always**

### **FOR THE ATTENTION OF SHAREHOLDERS**

#### **Proxy Form and Attendance Slip**

A blank proxy form and 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 any aspect of the working of the Bank, the published accounts or the Directors' Report may write to "The Secretary, Federal Bank Ltd., Federal Towers, PB 103, Always 683 101" so as to reach him latest by 20.08.97, specifying the point/s requiring clarification from the Chairman.

#### **Correspondence**

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

Integrated Advisory Services Ltd.,  
36/697, Kanjirathara House,  
Lisie Hospital Road,  
Ernakulam-682 018.

#### **Unclaimed Dividends**

Dividend Warrants to be issued to shareholders will be valid for payment for a period of 6 months from the date of issue.

It may be noted that any dividend amount remaining unclaimed/unpaid on the expiry of 3 years from the 49th day of declaration of dividend for a particular year is required to be transferred to the General Revenue Account of the Central Government in terms of Section 205 A of the Companies Act, 1956. Thus a share holder who has not encashed a dividend warrant relating to a period more than 3 years back should claim the amount from the Registrar of Companies, M.G.Road, Ernakulam, by applying in the prescribed form (proforma available at the Secretarial Department, HO, Always).



In accordance with statutory requirements, unclaimed dividends for the following financial years will be deposited with the Central Government on the dates specified hereunder.

Dividend for the year	Date of issue of dividend warrant	Scheduled date of transfer to Central Govt. a/c.
1993-94	06.10.1994	13.10.1997
1994-95	06.10.1995	13.10.1998
1995-96	30.09.1996	08.10.1999

Shareholders who have not encashed their dividend warrants for any of the above years are requested to have the warrants revalidated by sending them to the Bank.

#### Change of address

Shareholders are requested to intimate any change in their address, to the Registrars and Share Transfer Agents, whose address is noted above, by a separate communication duly quoting their share folio number.

Alwaye,  
Date: 1st August, 1997

sd/-  
Girish Kumar.G.,  
Secretary.



