

MORE THAN SEVEN DECADES WITH YOU

71st Annual Report 1998-99

 **The
South
Indian
Bank Ltd**
Regd. Office: Thrissur, Kerala.



THE SOUTH INDIAN BANK LIMITED

A Scheduled Bank—Established in 1929

Regd. Office : 'SIB House', Mission Quarters, P.B. No. 28, Thrissur - 680 001.

Telephone : 420020 (7 Lines), 424101 (4 Lines)

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Regd. Office : "S.I.B. HOUSE", MISSION QUARTERS, THRISSUR - 680 001.

NOTICE

NOTICE is hereby given that the 71st Annual General Meeting of the shareholders of the South Indian Bank Limited will be held at Regional Theatre, Chembukavu, Thrissur - 680 020 on Wednesday, the 15th day of September, 1999 at 10.30 a.m. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Bank's Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors' thereon.
2. To declare a dividend.
3. To appoint Statutory Central Auditors for the year 1999- 2000 with the approval of Reserve Bank of India and to authorise the Board to fix their remuneration.

The present statutory central auditors, M/s R.G.N. Price & Co. Ernakulam retire at the Annual General Meeting.

SPECIAL NOTICES have been received from shareholders signifying their intention to propose the following names as Statutory Central Auditors for the year 1999-2000.

- 1) M/s Warriar & Warriar, Chartered Accountants,
Shornur Road, Thrissur - 680 001.
- 2) M/s Fraser & Ross, Chartered Accountants,
Carrier Station Road, Ernakulam, Kochi-682 016.
4. To appoint a Director in the place of Mr Tony John Alapatt (Director in the Priority Sector) who retires by rotation under Section 256 of the Companies Act, 1956, and, being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr Paul Chalissery (Director in the non-priority sector) who retires by rotation under Section 256 of the Companies Act, 1956, and, being eligible, offers himself for re-appointment.

AS SPECIAL BUSINESS:

6. To appoint a Director in the place of Mr R Viswanathan (Director in the Priority Sector) who retires by rotation under section 256 of the Companies Act, 1956 by virtue of the application of Section 262 thereof and, being eligible, offers himself for re-appointment.
7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that in terms of Sec.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 auditors to audit the accounts for the year ending on 31st March 2000, of such of the branch 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".

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that the Articles of Association of the Company be and is hereby amended in the manner following:

- 1) that Regulation 20 be and is hereby deleted and the following regulation substituted therefor:

"The Directors may from time to time make such calls upon the members in respect of all moneys unpaid on their shares, as they may from time to time determine provided that the option or right to call on shares shall not be exercised or given to any person except with the sanction of the Company in general meeting. No call shall be made payable at less than one month from the date for payment of the previous call; and each member shall (subject to receiving at least thirty days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amounts called on his shares".

- 2) that Regulation 41 be and is hereby deleted and the following regulation substituted therefor:

"A common form or such form as may be prescribed by the relevant statutes/rules from time to time, may be used for transfer of shares. No transfer shall be registered unless a proper instrument of transfer duly signed by both the transferor and

- transferee and complete in all other respects has been delivered to the company; the transferor continuing to remain as the holder of such share until the name of the transferee is entered in the register in respect thereof".
- 3) that Regulation 42 be and is hereby deleted and the a following regulation substituted therefor:
"The Directors may decline to register any transfer of shares on which the company has a lien in respect of shares which are not fully paid up. Registration of transfer shall not be refused on the ground of transferor being either alone or jointly with any other person or persons is/are indebted to the Company".
 - 4) that Regulation 93 shall be reinstated with the following:
"Directors need not hold any qualification shares".
 - 5) that Regulation 141 be and is hereby deleted and the following regulation substituted therefor:
"Dividends remaining unpaid or unclaimed shall not be forfeited by the Board. The Company shall comply with all the provisions of the Act (in respect of unpaid or unclaimed dividend) which are in force from time to time".
9. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED that the approval of the General Meeting, required under Section 309(1) of the Companies Act, 1956 read with Regulations 121 and 122 of the Bank's Articles of Association, be and is hereby accorded for payment to Mr. A Sethumadhavan, Chairman and Chief Executive Officer of the Bank, remuneration at the rates recommended by the Board of Directors in Resolution No.SEC 23 dated 30-4-99 and as sanctioned by the Reserve Bank of India".

THRISSUR,
16-7-1999

BY ORDER OF THE BOARD
Sd/-
A SETHUMADHAVAN
CHAIRMAN

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6

The Directors co-opted Mr R Viswanathan as Director in the casual vacancy caused by the resignation of Mr. Anand Trimbak Kusre, Director. Mr Anand Trimbak Kusre would have retired at this meeting had he not resigned. Under Section 262 of the Companies Act, 1956, any person who is appointed in a casual vacancy shall hold office only till the time the person whom he replaced would have held office. Accordingly, Mr R Viswanathan retires at this meeting. Since he is not a person appointed by the shareholders in General Meeting, he retires under Section 262 read with Section 256. The resolution is, therefore, included under Special Business.

Item No. 7

The adoption of this resolution will enable the bank to continue the existing arrangement of Statutory Central Auditors working in tandem with branch auditors, introduced in 1990-91 on the advice of the Reserve Bank of India. The scheme has helped to speed up the audit work without sacrificing thorough verification at branch level.

Item No. 8

The Bank's shares have been listed on Cochin and Mumbai Stock Exchanges and National Stock Exchange of India Ltd. from December, 1998 onwards. This will provide the shareholders a ready and reliable market for the bank's shares. As a pre-requisite for listing, Stock Exchanges have insisted that certain regulations contained in the Articles have to be suitably amended or modified as the case may be. The details of clauses proposed to be deleted or amended are as follows:

1) Regulation 20: The proposed amendment is to add a provision to the existing regulation that the option or right to call on shares shall not be given to any person except with the sanction of the Company in General Meeting. Though the right to make a call on shares is exclusively vested in the Board of Directors under Section 292 of the Companies Act, Boards of listed Companies shall exercise this power only on the basis of an Annual General Meeting Resolution. Cochin Stock Exchange has insisted on adding this provision in the Articles and has further stated that a one time Resolution would be enough for any number of future calls.

2) Regulation 41: National Stock Exchange of India Ltd(NSE) has directed us to incorporate a clause in the existing Regulation 41 to the effect that a common form of transfer will be used. The existing form is given in the Companies (Central Govt.'s) General Rules & Forms which is being used now for effecting transfer of shares. The amendment proposed is to add this to the existing Regulation.

3. Regulation 42: National Stock Exchange of India Ltd. has informed us that a provision is to be incorporated in the existing Regulation 42 of the Articles stating that the registration of transfer shall not be refused on the ground of transferor being either alone or jointly with any other person or persons is/are indebted to the company. The existing Regulation gives powers to the Directors to refuse registration of a transfer to a person of whom they do not approve and that the directors have absolute discretion and without assigning any reason to refuse registration of transfer of shares to any person whom it will in their opinion be not desirable in the interests of the company to admit to membership. This is a restrictive provision which the stock exchange wants to be deleted. The recently inserted Section 111 A of the Companies Act, 1956, provides that the securities of a company other than a private or deemed public company are freely transferable.

The Board of Directors of a public company has no discretion to refuse or withhold transfer of any security. The transfer has to be effected by the company automatically and immediately. The proposed amendment seeks to comply with the newly inserted Section and also the requirement of NSE.

4) Regulation 93: Cochin Stock Exchange has suggested that the Articles of the Company has to specifically state that the Directors need not hold any qualification shares. In our original articles, vide Regulation 93 there was a provision that Directors should hold shares of Rs 2500/- in value as qualification shares. On an earlier occasion, when we approached the Exchange with tentative plans for listing, the Exchange asked us to delete that clause since Directors of listed companies should not be under obligation to hold qualification shares. Accordingly, we deleted the Regulation 93 in the year 1993. The proposed amendment is to reinstate the Regulation 93 with the provision that the Directors need not hold any qualification shares.

5) Regulation 141: National Stock Exchange has directed us to incorporate a provision that no unclaimed dividend shall be forfeited by the bank and that the company shall comply with all the provisions of the Act in respect of unclaimed or unpaid dividend. Last year we had amended this Regulation to provide that all amounts remaining unpaid or unclaimed for a period of three years has to be transferred to the General Revenue A/c of the Central Govt. This modification was done to fall in line with the then Company Law provisions. Subsequently, there has been a further amendment to the relevant provisions which states that any money transferred to the Unpaid Dividend Account of a company which remains unpaid or unclaimed for a period of 7 years from the date of such transfer shall be transferred by the Company to a fund called "Investor Education and Protection Fund" under sub-section 1 of Section 205C of the Companies Act 1956. It has been further declared that no claims shall lie against the fund or the company in respect of individual amounts which were unclaimed and unpaid for a period of 7 years from the dates that they first became due for payment and no payment shall be made in respect of any such claims. The existing amendment to Regulation 141 is not only to comply with the directions of National Stock Exchange but also to take care of any further amendments to the relevant Section i.e. 205A of the Companies Act, 1956.

Item No. 9

Vide Order Ref.1269/08.52.001-99 dated 28th May, 1999, the Reserve Bank of India approved the appointment of Mr A Sethumadhavan as Chairman and Chief Executive Officer of the Bank for a period of three years from 5th June, 1999. Mr A Sethumadhavan assumed office on 9th June, 1999. Under Section 309 of the Companies Act, 1956, his remuneration and the terms and conditions of service have to be approved by the shareholders in General Meeting. The Reserve Bank of India has approved the terms and conditions of his appointment vide their order referred to above. The special resolution at item 9 authorises the Board to implement the terms and conditions approved by the Reserve Bank of India as given below:

1. Salary : Consolidated payment of Rs.50,000/- p.m. Annual increment @ Rs.5,000/-. Increment in Scale shall automatically fall due on annual basis and shall be granted on the first day of the month in which it falls due.
2. Residential Accommodation : Free furnished accommodation provided by the bank.
3. Conveyance : Free use of bank's car for official use. If used for personal purpose, recovery of Rs.250/- p.m. upto 750 kms. Charges for private use of car in excess of 750 kms will be 60% of the rate fixed by the RTA.
4. Official Travel : Highest class by whichever mode within the country and Business class by air for foreign travel.
5. Lodging expenses : Actual charges incurred supported by bills/vouchers.
6. Boarding charges : Actual charges incurred (other than alcoholic drinks) on production of bills/vouchers.
7. Per diem charges/HA :
 - a) Rs.500/- per day in case Boarding expenses are not claimed.
 - b) Rs.1,000/- per day if Boarding and Lodging expenses are not claimed.
8. Leave :

Casual Leave : 12 working days in a year provided that not more than 4 days Casual leave may be availed of at any one time. No accumulation or conversion of casual leave is permitted.

Privilege Leave : On full emoluments computed at 1 day for every 11 days of service on duty. PL may be accumulated upto and not exceeding 240 days except where leave has been applied and it has been refused.

Sick Leave:

 - a) 30 days SL for each completed year of service;
 - b) Such leave could be accumulated upto 360 days.
 - c) Sick leave will be on half of the emoluments unless twice the amount of such leave is debited to the SL account.

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|------------------------------|---|--|
| 9. LTC | : | Highest class by whichever mode of travel within the country/actual amount incurred. |
| 10. Medical Benefits | : | Full reimbursement of the medical expenses for domiciliary treatment and for hospitalisation for self and dependent members of the family. |
| 11. 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 clubs restricted to two. |
| 12. Group Accident Insurance | : | Premium will be paid by the Bank in respect of Group Accident Insurance Policy covering the official the total benefit of which to him will be Rs.5.00 lacs. |
| 13. Telephone | : | Free use of Bank's phone at residence for official purpose. |
| 14. Bonus and sitting fee | : | Chairman will not be entitled to any sitting fees for attending the Board/ Committee meetings or for bonus from the Bank. |
| 15. Encashment of leave | : | As applicable to other officers of the bank. Encashment will be allowed only at the time of final demission of office. |
| 16. Gratuity | : | As per the rates of gratuity applicable to other staff of the Bank. |
| 17. Pension | : | Not eligible |

MEMORANDUM OF INTEREST:

Item No. 9 relates to the remuneration of Mr A Sethumadhavan, Chairman and Chief Executive Officer, and, as such, he may be deemed to be interested in that resolution.

The Directors who seek reappointment may be deemed to be interested in the respective resolutions.

The documents cited in the resolution at item no.9 of the notice are available for inspection at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on every working day from 26th August, 1999.

BY ORDER OF THE BOARD

Sd/-

A SETHUMADHAVAN
CHAIRMAN

THRISSUR,
16-7-1999

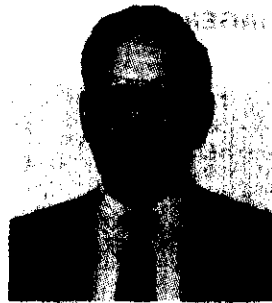
NOTES:

- As provided under Section 176 of the Companies Act, 1956, a member entitled to attend the meeting and vote thereat is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member. Proxy forms should be deposited at the Registered Office of the Bank atleast 48 hours before the time fixed for commencement of the meeting. A form of proxy is appended for the convenience of members.
- The share transfer books of the Bank will remain closed from 01-09-1999 to 15-09-1999 (both days inclusive).
- All dividends remaining unclaimed or unpaid for a period of 3 years including the balance in dividend account in respect of financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Any claim in respect of transferred amounts shall be made to the Registrar of Companies, Kerala, M.G. Road, Kochi - 682 011.
- Polling, if needed, in respect of any resolution coming before the meeting will take place within 48 hours of the commencement of the meeting at such place and time as will be announced by the Chairman during the meeting.
- Members, who are in arrears of calls, are not entitled to attend the meeting, vote thereat or receive any benefit due to them as shareholders. Members are requested to pay the arrears if any, in their accounts with 12% simple interest per annum from the due date and produce proof of payment while coming for the meeting.
- Dividend warrants will be despatched to all eligible shareholders not later than 15th October, 1999.
- Shareholders who are described as "minor" in the address but have attained majority of age, may get their address in the Bank's books corrected by producing proof of age. Married women shareholders, registered in their pre-marriage address, shall get their husband's name and post-marriage address brought on record.

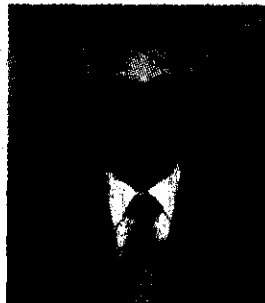
TO ENSURE PROMPT SERVICE

Please write your folio number(printed at the beginning of your address) in all communications relating to shares.

BOARD OF DIRECTORS



Mr. Maurice D'Souza
(Former Chairman)



Mr. A. Sethumadhavan
(Chairman)



Mr. P.M. Manuel



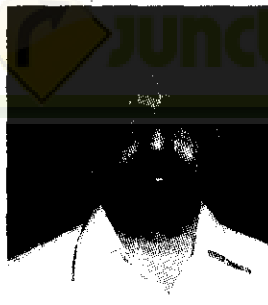
Mr. Tony John Alapatt



Mr. Thommy P. Chakola



Mr. Jose Pottokaran



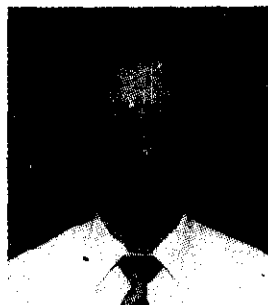
Dr. C. Mathew John



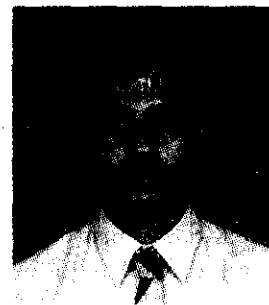
Mr. Paul Chalissery



Mr. Babu Alapatt



Mr. R. Viswanathan



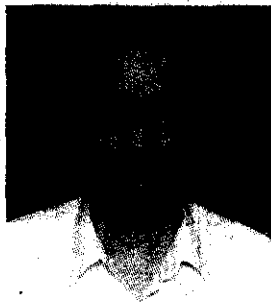
Mr. Mohan Alapatt



**The
South
Indian
Bank Ltd**

EXECUTIVES

GENERAL MANAGERS

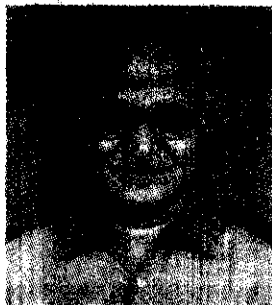


Mr. Joseph J. Vithayathil



Mr. M. Valsan

DEPUTY GENERAL MANAGERS



Mr. K.S.S. Rau



Mr. V.P. Joseph



Mr. A.F. George

ASST. GENERAL MANAGERS

Mr. Thomas Valappila
Mr. T. Dinakaran
Mr. R. Ayyaswamy
Mr. Cheryan Varkey
Mr. Alex Mathew
Mr. T.D. Devassia
Mr. N.V. Ignatius
Mr. A.G. Varughese
Mr. T.M. Sunny
Mr. K.S. George
Mr. P.J. Johnny
Mr. Anto C. Kalliath
Mr. George Davis Thottan
Mr. K.S. Krishnan
Mr. Joy John Vaidya

SECRETARY

Mr. A.S. Narayanan

AUDITORS

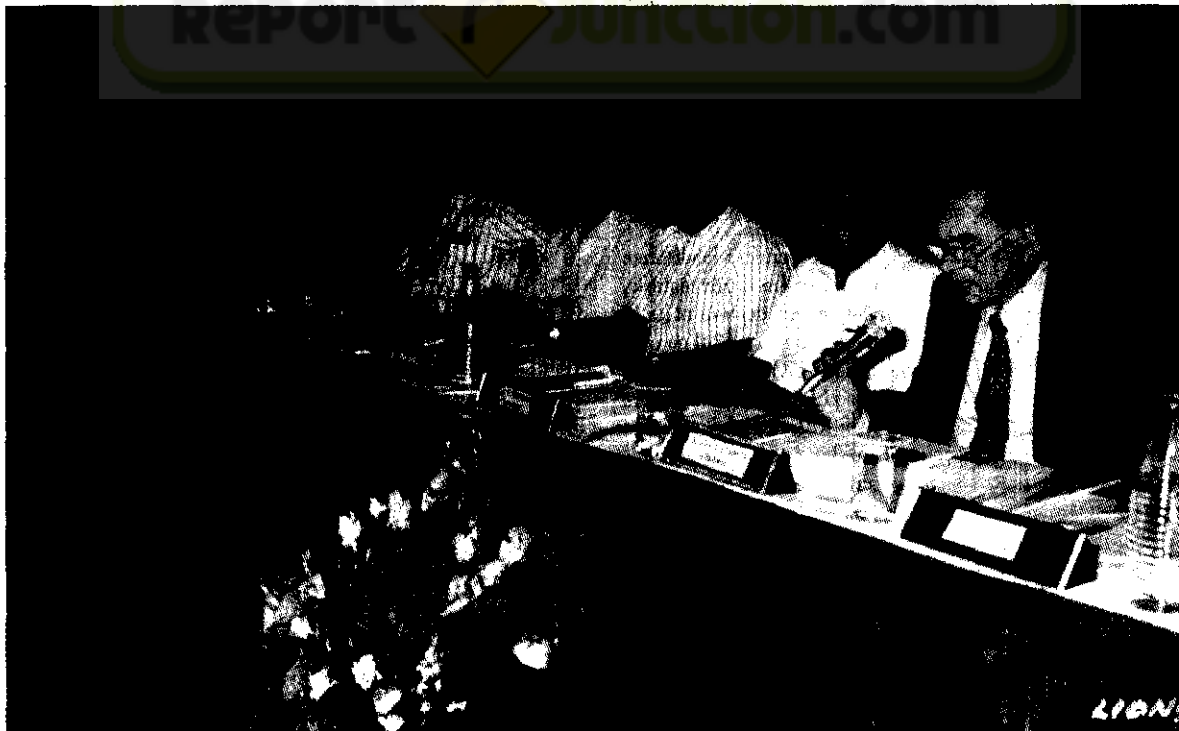
M/s. R.G.N. Price & Co.
Chartered Accountants
G-234, Price Chambers
Panampilly Nagar
Kochi 682 036

SHARE TRANSFER AGENTS

M/s. Tata Consultancy Services
110, Linghi Chetty Street
Chennai - 600 001.



*Inauguration of ATM-"SIB INSTACASH" at Head Office Premises by Mr. V.J. Kurian, I.A.S.,
Managing Director, Cochin International Airport Ltd., Kochi.*



70th Annual General Meeting - Chairman, Mr. Maurice D'Souza addressing the Shareholders