

THE BANK OF RAJASTHAN LIMITED

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**57TH
ANNUAL REPORT & ACCOUNTS
1999-2000**



The then Managing Director, Shri I. Sada Siva Gupta presenting a cheque to the Chief Minister of Rajasthan, Shri Ashok Gehlot for the Kargil martyrs. The money was contributed by the central office employees of the Bank.



Hon'ble Union Finance Minister, Shri Yashwant Sinha being welcomed by the Bank's Executives at the Bank's stall in Jaipur on the occasion of state level Kisan Credit Card function.

NOTICE
TO THE SHAREHOLDERS



THE BANK OF RAJASTHAN LTD.

Regd. Office : Clock Tower, Udaipur

Notice is hereby given that the Fifty Seventh Annual General Meeting of the members of The Bank of Rajasthan Ltd. will be held at the Conference Hall of Hotel Anand Bhawan, Udaipur on Thursday the 31st day of August, 2000 at 11.00 AM to transact the following business :

(A) ORDINARY BUSINESS :

1. To receive, consider and adopt the report of the Board of Directors and audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the period ended on that date.
2. To appoint a Director in place of Shri Narendra Mohan, who retires by rotation under Article 119 of the Articles of Association of the Bank and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Som Prakash Arya, who retires by rotation under Article 119 of the Articles of Association of the Bank and, being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

(B) SPECIAL BUSINESS :

5. To appoint a Director in place of Shri Navin Kumar Tayal who holds office upto the ensuing Annual General Meeting and, being eligible, offers himself as per provisions of Article 103 of the Articles of Association of the Company for appointment.
6. To appoint a Director in place of Shri Prem Parkash Kapoor who holds office upto the ensuing Annual General Meeting and, being eligible, offers himself as per provisions of Article 103 of the Articles of Association of the Company for appointment.
7. To appoint a Director in place of Shri Amarendra Nath Chakrabarti who holds office upto the ensuing Annual General Meeting and, being eligible, offers himself as per provisions of Articles 103 of the Articles of Association of the Company for appointment.
8. To appoint a Director in place of Shri Anil Anand Rao who holds office upto the ensuing Annual General Meeting and, being eligible, offers himself as per provisions of Article 103 of the Articles of Association of the Company for appointment.
9. To consider and if thought fit, to pass, with or without modification, the following resolution as ordinary resolution :

RESOLVED THAT the Company confirms and ratifies the action of the Board of Directors in making payment of Rs. 2.50 lacs towards the difference in gratuity amount to Shri I. Sada Siva Gupta, then Managing Director due to his seeking voluntary retirement from SBI, as approved by the RBI vide its letter DBOD. No. 608/08. 31.001/99-2000 dt. 16.3.2000.

10. To consider and if thought fit, to pass, with or without modification, the following resolution as ordinary resolution :

RESOLVED THAT the Company confirms and ratifies the action of the Board of Directors in appointing Shri Kali Mohan Bhattacharya as Managing Director & CEO of the Bank for a period of 2 years on the terms & conditions as per the Annexure, as approved by the RBI vide its letter DBOD No. 513/08.31.001/99-2000 dt. 11.2.2000.

11. To consider and if thought fit, to pass, with or without modification, the following resolution as special resolution :

RESOLVED THAT the Articles of Association of the Company be altered in the following manner :

After Article 45, insert the following Article as 45A (acquisition of 5% and more shares) :

"No acquisition/transfer shall be effected without prior approval of Reserve Bank of India to a person/group which would take his/its total shareholding in the Bank equivalent to 5% and above (including its present holding) of the paid-up Capital of the Bank or such other percentage as may be prescribed by the Reserve Bank of India from time to time."

By Order of the Board of Directors

Place : Jaipur

Dated : 20.7.2000

P.K. AGRAWAL
COMPANY SECRETARY

EXPLANATORY STATEMENT (Pursuant to Section 173 of the Companies Act, 1956)

ITEM 5 TO 8

S/Shri Navin Kumar Tayal, Prem Parkash Kapoor, Amarendra Kumar Chakrabarti and Anil Anand Rao were co-opted as Directors in the meeting of the Board of Directors held on 24th March, 2000, pursuant to Article 103 of the Articles of Association of the Company. They shall hold offices till the date of ensuing Annual General Meeting and shall be eligible for election. Accordingly, they offer themselves for election. The Bank has also received notices from the shareholders u/s 257 of the Companies Act, 1956 signifying their intention to propose their names. The Bank has also received deposit for Rs. 500/- in each case as required under the said Act.

S/Shri Navin Kumar Tayal, Prem Parkash Kapoor, Amarendra Kumar Chakrabarti and Anil Anand Rao, in their respective resolutions, are interested or concerned in the above resolutions. Shri Pravin Kumar Tayal and Shri Sanjay Kumar Tayal, Directors of the Company, being related to Shri Navin Kumar Tayal may be deemed to be concerned or interested in the resolution pertaining to appointment of Shri Navin Kumar Tayal. Save and except the above, none of the other Directors of the Company is, concerned or interested in the resolutions.

ITEM 9

Shri I. Sada Siva Gupta was appointed as Managing Director of the Bank for a period of three years w.e.f. 27.8.97 on the terms & conditions already approved by the Board of Directors and shareholders of the Company. On the insistence of Bank, Shri Gupta had to seek early retirement from SBI due to which he could get only Rs. 1.00 lac as gratuity from SBI, which was revised to Rs. 3.50 lacs w.e.f. 24.9.97. Shri Gupta joined the Bank on 27.8.97 i.e. before the 54th Annual General Meeting of the Bank, which was scheduled on 13.9.97 and, therefore, has to suffer a loss of Rs. 2.50 lacs in gratuity from SBI. The Board of Directors, in its meeting held on 31.1.2000 on the request of Shri Gupta approved payment of Rs. 2.50 lacs being the short amount of gratuity received by him due to early retirement from SBI. The same was also approved by the RBI, vide its letter DBOD No. 608/08.31.001/99-2000 dt. 16.3.2000.

None of the Director is interested or concerned in the above resolution.

ITEM 10

Shri I. Sada Siva Gupta relinquished the office of the Managing Director & CEO of the Bank on 22.5.2000. In terms of Articles 144 of the Articles of Association of the Bank, the Board of Directors appointed Shri Kali Mohan Bhattacharya as Managing Director & CEO of the Bank on the terms and conditions as per Annexure for a period of two years. The RBI has, vide its letter, DBOD. No. 513/08.31.001/99-2000 dt. 11.2.2000, approved the appointment of Shri Bhattacharya as Managing Director & CEO of the Bank for a period of two years. Shri Bhattacharya has joined the Bank on 15.5.2000.

None of the Director, except Shri K.M. Bhattacharya, is interested or concerned in the above resolution.

ITEM 11

As per the RBI guidelines, the banks are required to seek acknowledgment before effecting transfer of shares when the transfer makes the shareholding of individual/group equivalent to 5% and over of the paid up capital of the Bank.



THE BANK OF RAJASTHAN LTD.
(REGD. OFFICE : C.T. UDAIPUR)
CENTRAL OFFICE : JAIPUR

Dated : July 20, 2000

Dear Shareholder(s),

PAYMENT OF DIVIDEND THROUGH ELECTRONIC CLEARING SERVICE

The Reserve Bank of India has introduced a new method of payment which provides you an option to collect your dividend directly through your bank accounts rather than receiving them through post. Under the new method, your bank account would be directly credited through the new payment mechanism. Your bank branch will credit your account and indicate the credit entry as "ECS" in your pass book/Statement of account. If you maintain more than one bank account, payment can be received at any one of your accounts. You do not have to open a new bank account for the purpose. The highlights of this service are :

- a. Instant credit to the bank account of the investor through electronic clearing at no extra cost.
- b. Exposure to delays in postal service avoided.
- c. As there can be no loss in transit of the instruments, issue of duplicate instrument is avoided.
- d. prompt credit of dividend is assured.
- e. No change of fraudulent encashment of instrument.

The new method will enable you to receive the dividend quickly and safely and will minimize the risk of loss of warrants sent through post of fraudulent encashment of the same.

If you would like to avail of this new method of payment, you are requested to fill up the Mandate Form attached herewith. The information provided by you will be kept confidential and would be utilized only for the purpose of effecting the payments meant for you.

This would be an additional mode of payment. You would have the right to withdraw from this mode of payment by giving an advance notice.

The above information may kindly be provided only in the enclosed format and mailed to The Company Secretary, The Bank of Rajasthan Ltd., C-3, Sardar Patel Marg, C-Scheme, Jaipur-302 001.

It may be noted that this facility is presently made available to the investors residing at following centres :-

Ahmedabad, Amritsar, Bangalore, Bhopal, Bhubaneswar, Calcutta, Chandigarh, Chennai, Coimbatore, Faridabad, Ghaziabad, Hyderabad, Jaipur, Kanpur, Cochin, Lucknow, Ludhiana, Mangalore, Mumbai, Nagpur, New Delhi, Pune, Rajkot, Surat and Vadodara.

Thanking You.

Yours faithfully,

P.K. Agrawal
Company Secretary

Please turn over for ECS Mandate Form

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

To,
The Company Secretary,
The Bank of Rajasthan Ltd.,
C-3, Sardar Patel Marg, C-Scheme,
JAIPUR-302 001

Dear Sir,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND.

Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY. Please Tick wherever is applicable.

For shares held in physical form

Folio No. _____

For Office use only
ECS
Ref. No. _____

For Shares held in electronic form

DP. Id _____

Client Id _____

Name of

First holder _____

Bank name _____

Branch name _____

Branch code _____

(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.

Account type Savings _____ Current _____ Cash Credit _____

A/c No. (as appearing in the cheque book) _____

Effective date of this mandate _____

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, The Bank of Rajasthan Ltd. will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by RBI/ The Bank of Rajasthan Ltd.

I further undertake to inform the Company any change in my Bank/branch and account number.

Dated : _____

(Signature of First holder)

Note : On dematerialisation of existing physical shares, for which you have availed ECS facility, the above form needs to be re-submitted.

In case dematerialised shares, since the shares are not received by the Bank for transfer, the matter was got examined by RBI about the modalities to ensure a procedural framework for prior acknowledgment of shares of banking companies in the Demat segment and formed a group comprising of senior officials from RBI, SEBI and NSDL. The working group has recommended that an amendment to the Banking Regulation Act, 1949 may be carried out for the purpose. The Reserve Bank of India, vide its letter DBOD. No. PSBS.BC. 182/16.13.100/99-2000 dt. 31.5.2000, has advised us to promote an amendment in the Articles of Association of the Bank to give effect that acquisition of shares by a person/group which would take his/its shareholding in the Bank upto 5% or more of the total paid up capital of the bank (or such other percentage as may be prescribed by the Reserve Bank from time to time) should be with the prior approval of Reserve Bank of India. Accordingly, the amendment is proposed in the Articles of Association. None of the Director is interested or concerned in the above resolution.

By Order of the Board of Directors

Place : JAIPUR
Dated : 20.7.2000

P.K. AGRAWAL
COMPANY SECRETARY

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll to vote, instead of himself and the proxy need not be a member of the Company. Proxies, in order to be effective must be deposited at the Regd. Office of the Company not less than forty-eight hours before the commencement of the meeting. A proxy so appointed shall not have any right to speak at the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday the 16th August 2000 to Tuesday the 29th August, 2000 (Both days inclusive).
3. All documents referred to in the Notice and Explanatory statement are open for inspection at the Regd. Office of the Bank during the office hours on all working days, except public holidays, between 11.00 AM and 1.00 PM upto the date of the Annual General Meeting.
4. SEBI has made it compulsory to trade in your Company's equity shares in dematerialised form by all investors/ shareholders w.e.f. 26.6.2000. Shareholders are hereby requested to take a note of it. The Company has also signed an agreement with Central Depository Services Ltd.. (CDSL), in addition to NSDL to enable the shareholders to dematerialise their shareholding in the company.
5. To provide best of services to our esteemed shareholders, we propose to use the scheme of Electronic Clearing Service - Credit Clearing (ECS Scheme) of the Reserve Bank of India for payment of dividend as and when declared by the members. Shareholders residing at certain centres, specified by the RBI, are requested to send their consent on ECS mandate form which is enclosed herewith.
6. Shareholders/Proxyholders desiring to attend the meeting are requested to kindly bring their copies of Annual Reports for reference at the meeting. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
7. Members who hold shares in the DEMATERIALISED FORM, are requested to bring their depository account number for identification and statement of their shareholding from DP as on 16.8.2000.
8. Members are requested to promptly notify any change in their addresses to the Bank.

Certified to be TRUE-COPY
OF THE BANK OF RAJASTHAN LTD

[Signature]
Secretary

**TERMS & CONDITIONS OF APPOINTMENT OF SHRI K.M. BHATTACHARYA AS THE
MANAGING DIRECTOR & CEO OF THE BANK**

1. Pay & Allowance : Rs. 80,000/- per month
2. Residential Accommodation : Furnished residential accommodation subject to recovery of standard rent on account of house and on account of furniture.
3. Personal Entertainment Expenses : Reimbursement of actuals upto Rs. 12000/- p.a.
4. Provident Fund : 10% of basic pay.
5. Medical benefits : 100% to self and for family.
6. Leave : Casual Leave : 12 days
Privilege Leave : one day for every 11 days of service.
Sick Leave : 30 days for each completed year of service.
7. Leave Fare Concession : Entitlement to travel with family, once in a block of two years to any place in India, by the Class applicable under TA rules.
8. Encashment of leave : Encashment of unavailed portion of casual leave on conversion into any kind of leave will not be allowed. Encashment of privilege will be allowed.
9. Gratuity : At the rate of one month's average pay for each completed year as Managing Director.
10. Membership of Club : Admission fee and annual subscription for one club of the officer's choice, besides the membership of Bankers' Club.
11. Reimbursement of Daily Wages to casual labourers : Reimbursement of engaging 2 casual labourers – one for maintenance of furniture, fixtures, etc., and the second for attending clients/ Govt. officers, etc. Reimbursement shall not exceed Rs. 40/- per day for casual labourers.
12. Provision of Car : To be provided car with driver which the officer would be entitled to use also for personal purposes upto 750 kms. per month on payment of Rs. 150 p.m. If car is used for personal purposes beyond 750 kms., recovery will be made @ Re. 1/- per km.
13. Travelling & Halting Allowance : Entitled to travel by air (Executive Class) or AC I Class while on duty. Reimbursement of Lodging & Boarding expenses as applicable to other Directors of the Bank. Incidental expenses subject to a maximum of Rs. 1000/- per trip.

THE BANK OF RAJASTHAN LTD.

BOARD OF DIRECTORS**Chairman**

Shri Pravin Kumar Tayal

Managing Director & CEO

Shri K.M. Bhattacharya

Directors

Shri Narendra Mohan

Shri Deepak Saruparia

Shri B.R. Gupta

Shri Sanjay Kumar Tayal

Shri Som Prakash Arya

Shri Prem Parkash Kapoor

Shri Navin Kumar Tayal

Shri Anil Anand Rao

Shri A.N. Chakrabarti

Shri H.R. Khan (RBI Nominee)

Shri A.K. Pandya (RBI Nominee)

Shri Bulaki Das (Alternate to Shri H.R. Khan)

CONTENTS

Report of the Board of Directors 2 - 9

Balance Sheet 10

Profit & Loss Account 11

Schedules 12

Auditors' Report 25

Cash Flow Statement 26

Pursuant to Section 212 27

Rajasthan Bank Financial Services Ltd. 28

Company Secretary

Shri P.K. Agrawal

Registered Office :

Clock Tower, Udaipur-313 001

Central Office :C-3, Sardar Patel Marg,
C-Scheme, Jaipur-302 001

THE BANK OF RAJASTHAN LTD.

REPORT OF THE BOARD OF DIRECTORS

Esteemed Shareholders,

Your Directors are presenting the 57th Annual Report together with the audited accounts of the Bank for the financial year ended 31st March, 2000.

PERFORMANCE HIGHLIGHTS

The performance highlights for the year 1999-2000 are as under:-

(Rs.in crores)

	FY 1999-2000	FY 1998-99	Change(%)
Deposits	3242.10	2984.92	8.62
Average Deposits	3367.60	3036.64	10.90
Advances	1728.44	1487.46	16.20
Average Advances	1743.76	1613.97	8.04
Investments	1245.21	1090.04	14.24
Total Income	453.12	393.89	15.04
Total Expenditure	441.05	461.35	(-) 4.40
Net Profit after tax	12.07	(-)67.46	Positive
CRAR	5.73	0.83	590.36

PROFITABILITY

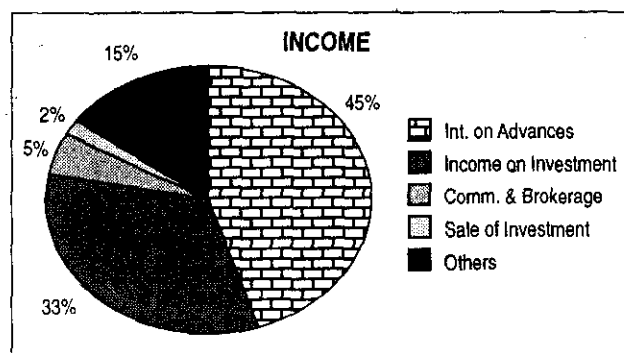
The Bank is back in the black with a net profit of Rs.12.07 crores for the year ending March 31, 2000 as compared to a net loss of Rs.67.46 crores last year.

The improved profitability has been due to a review of the Bank's treasury operations as also due to an emphasis by the management to mobilise savings and current account deposits, which have brought down the cost of deposits from 9.29 per cent to 9.01 per cent during the period under review.

The profit of Rs.12.07 crores has been arrived at after making a provision for arrears of wage revision of Rs.12.85 crores and provision for non-performing loans (NPLs) to the tune of Rs.7.68 crores.

The total income during the year grew by 15.04 per cent from Rs.393.89 crores to Rs.453.12 crores out of which 14.12% is by way of increase in interest income.

Despite declining interest rates on advances, we had been able to achieve increased spread of Rs.93.60 crores in the year 1999-2000 as against Rs.64.52 crores during 1998-99.



During the period under review, the Income on Investments is up by 19.31 per cent to Rs.159.40 crores and the yield on investments has improved to Rs.11.96 per cent from 11.89 per cent.

ECONOMIC SCENARIO

The year 1999-2000 was a mixed one. Despite the several challenges in the form of Kargil, Super cyclone, election etc, the inflation rate fell from double digit figures to a record low of 3.7%. Overall gross domestic product (GDP) growth in 1999-2000 is near by 5.9% as against 6.8% in 1998-99. The main cause was decline in agriculture growth from 7.2% in 1998-99 to 0.8% in 1999-2000.

The foreign reserves during the year ballooned to US \$ 35 billion. Most important, the stock markets have reached new heights, mainly driven by the information technology sector. The industrial sector witnessed a growth from 3.9% to 8% whereas in service sector from 8.0% to 8.3% during the period under review.

The ICE (Info-tech, Communications, Entertainment) sector occupies the centre stage of our economy at present. In fact, a new economy is emerging around the ICE Sector. The 21st century will be a cyber driven world and in this, India could emerge as a major player.

The welcome sign of the year was the industrial production which witnessed a recovery despite lower tariffs, gradual disappearance of quantitative restrictions, competition and globalisation. However, the burgeoning fiscal deficit which climbed to 9% of GDP during 1998-1999 and expected to rise further, has drawn attention of all concerned.

It is expected that a stable govt., low inflation rate, sustained industrial recovery, ICE sector growth, improved stock market conditions with returned investors confidence, comfortable foreign exchange reserve and initiation of second generation reforms will take the economy to a new growth path.