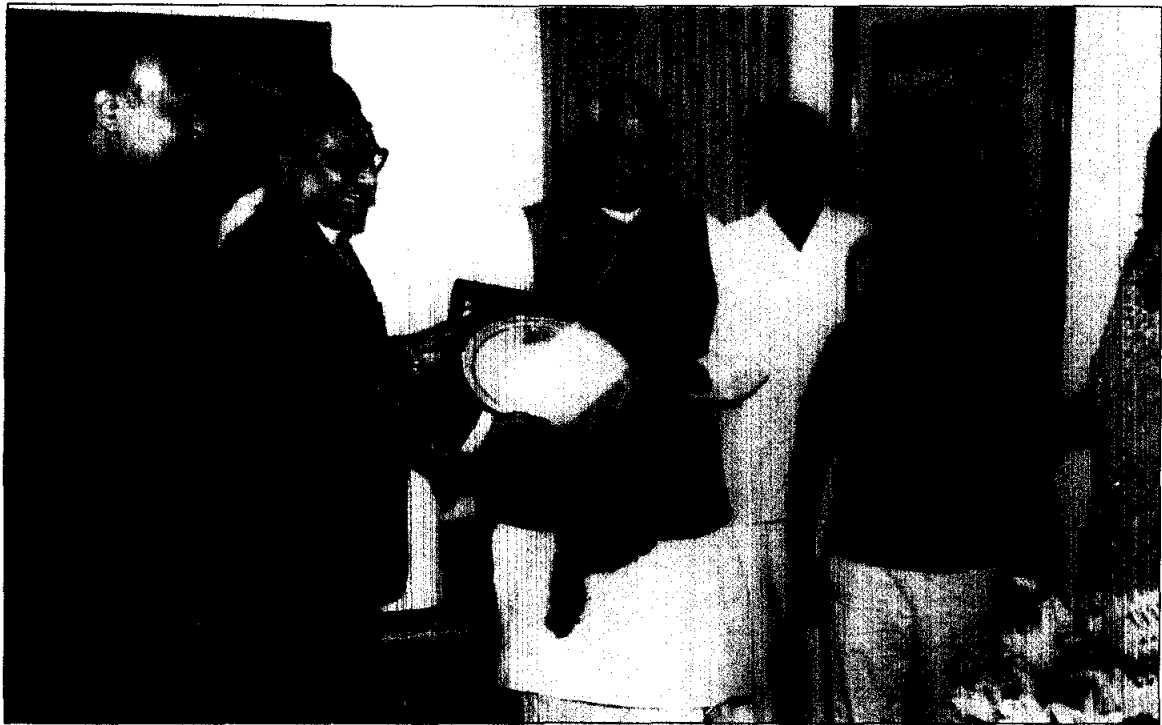


The Bank of Rajasthan Limited

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58th Annual Report @
Accounts
2000-2001



The Managing Director Dr. K. M. Bhattacharya presenting cheque of Rs. 11 lacs to the Hon'ble Prime Minister of India Shri Atal Bihari Vajpayee for P.M. Relief Fund for Gujrat Earthquake victims



The Chairman Shri Pravin Kumar Tayal presenting cheque of Rs. 5.51 lacs to the Hon'ble Chief Minister of Rajasthan Shri Ashok Gehlot during his visit to Mumbai towards Chief Minister's Relief Fund for Gujrat Earthquake victims. The amount was contributed by all the staff members of the Bank by donating one day's salary towards this noble cause.

THE BANK OF RAJASTHAN LTD.**BOARD OF DIRECTORS****Chairman**

Shri Pravin Kumar Tayal

Managing Director & CEO

Dr. 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 Niraj Tayal

Shri R. C. Mehta

Shri H. R. Khan (RBI Nominee)

Shri A. K. Pandya (RBI Nominee)

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

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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.

Regd. Office : CLOCK TOWER, UDAIPUR

NOTICE

TO THE SHAREHOLDERS,

Notice is hereby given that the Fifty-Eighth Annual General Meeting of the members of The Bank of Rajasthan Ltd. will be held at the Conference Hall of Anand Bhawan, Udaipur on Friday, the 31st day of August, 2001 at 10.00 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, 2001 and the Profit and Loss Account for the period ended on that date.
2. To appoint a Director in place of Shri Sanjay Kumar Tayal, 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 Deepak Saruparia, 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 a Director in place of Shri B. R. Gupta, who retires by rotation under Article 119 of the Articles of Association of the Bank and, being eligible, offers himself for reappointment.
5. To appoint Auditors and fix their remuneration.

(B) SPECIAL BUSINESS :

6. To appoint a Director in place of Shri Niraj 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.
7. To appoint a Director in place of Shri R. C. Mehta 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.

By Order of the Board of Directors

Place : Jaipur

Dated : 29th June, 2001

P. K. AGRAWAL

COMPANY SECRETARY

EXPLANATORY STATEMENT

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

ITEMS 6 & 7

S/Shri Niraj Tayal and R. C. Mehta were co-opted as Directors in the meeting of the Board of Directors held on 31.10. 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.

The bio-data of aforesaid directors are as under :

1. **Shri Niraj Tayal** – Shri Tayal is a businessman having experience in small scale industries. He is Chairman of R.H. Group of Companies involved in engineering sector with manufacturing facilities across four states of India. He is also a director in Arynit Enterprises (P) Ltd.

Born on 24th February, 1957, he is BA., LLB. He is managing committee member of Dev Samaj College, Chandigarh, President of Rotary Club of S.A.S. Nagar (Chandigarh), Executive Member of Sahitya Vichar Samiti.

2. **Shri R.C. Mehta** – Shri Mehta is having experience in agriculture and allied activities. He is Founder Managing Trustee of Gyan Bharati Trust, Udaipur. He was employed in the State Department of Agriculture for 38 years and served almost on all statutory bodies of the University as Chairman, Faculty of Agriculture, Board of Studies, Academic Council and the Board of Management from time to time. He was Dean of Rajasthan Agricultural University, Udaipur during 1981 to 1991.

Born on 11th April, 1931, he is B.Sc. (Ag.), M.Sc. (Ag. Ext.) & Ph.D. Ohio State University, USA.

S/Shri Niraj Tayal and R.C. Mehta, are interested or concerned in the respective resolutions. None of the other Directors is interested or concerned in the above resolutions.

By Order of the Board of Directors

P. K. AGRAWAL

COMPANY SECRETARY

Place : Jaipur

Dated : 29th June, 2001

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 Thursday the 16th August, 2001 to Thursday the 30th August, 2001 (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. 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.
5. 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 a latest date.
6. Members are requested to promptly notify any change in their addresses to the Bank.



THE BANK OF RAJASTHAN LTD.

REPORT OF THE BOARD OF DIRECTORS

Esteemed Shareholders,

Your Directors have great pleasure in presenting the 58th Annual Report of the Bank together with the Audited accounts for the year ended 31st March, 2001.

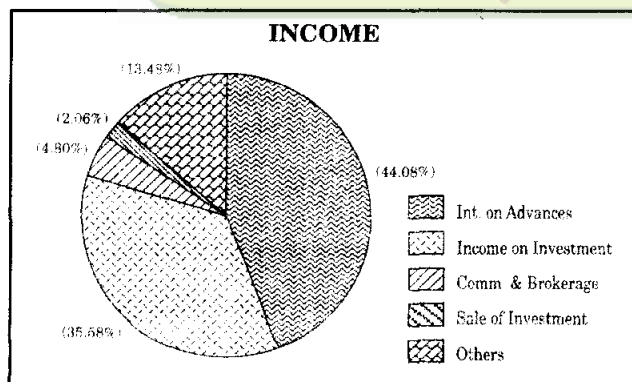
PERFORMANCE HIGHLIGHTS

The performance highlights for the financial year 2000-01 are as under :-

	Rs. In Crores		
	FY 2000-01	FY 1999-2000	Change (%)
Deposits	3533.22	3242.10	8.98
Average Deposits	3669.51	3367.60	8.97
Advances	1867.03	1728.44	8.02
Average Advances	1887.20	1743.76	8.23
Investments	1568.97	1385.28	13.26
Total Income	498.91	453.12	10.11
Total Expenditure	466.69	441.05	5.81
Net Profit after Tax	32.22	12.07	166.94
CRAR	10.57	5.73	84.47

PROFITABILITY

The Bank has shown a spectacular turnaround in last 2 years on the front of profitability. The Bank is back on the track by showing profit of Rs. 32.22 crores in the financial year ended 31st March, 2001.



The improved profitability has been due to Bank's effective treasury operations and enhanced emphasis on Low Cost deposits. The Bank through effective campaigning and mobilizing efforts by its field functionaries has been able to bring down the cost of deposits from 9.01% to 8.36%. Effective monitoring of Non Performing Assets and continuous pressure on the defaulters has resulted in good recoveries which in turn has also contributed to the increase in profit.

The total income of the Bank grew by 10.11% from Rs. 453.12 crores to Rs. 498.91 crores out of which 10.68% is by way of increase in interest income.

During the period under review, the income on investments is up by 9.40% to Rs. 177.52 crores.

ECONOMIC SCENARIO

The year under review has been a significant one for almost all sections of the Financial Services in India and in particular for the Banking Industry. The growth and deregulation in the Mutual fund and Insurance have on one hand increased the level for competition for certain banking products but have also created new potential revenue opportunities for Banks, particularly in relation to transactional banking and distribution needs of these sectors.

The financial year 2000-01 has been generally good to the Indian economy. The GDP growth rate was at 6% and the Broad Money (M3) grew by 16.2%. All Schedule Commercial Banks' (ASCB) witnessed growth in deposits by 17.8% as against 13.9% in 1999-2000. However, the credit off take declined to 14.3% from 16.9% in the Financial year 1999-2000.

The monetary & credit policy of Reserve Bank of India announced on 19th April, 2001 contains wide-ranging package of measures so as to

THE BANK OF RAJASTHAN LTD.



strengthen the financial system and development of markets and institutional infrastructure. This policy envisages M3 to grow @ 14.5% and GDP growth of 6.0% to 6.5%. The policy aims deposit growth of scheduled commercial Banks by 17.8%, Non-food credit growth of 16-17 % and to contain inflation within 5%.

On the interest rate front, reduction in the interest rate for the Small Savings Schemes has been probably the strongest signal for lowering of interest rate in the system. This should help the Banking sector to bring down cost of funds. The slow down in industrial sector and high volatility in domestic and global equity markets in the last few months have created a tough credit environment for banks.

During the year under review RBI had cut CRR to 8% in two lots and the Bank rate from 8% to 7%. Thus Banking scenario is highlighted with softening of interest rate regime and narrowing of spreads.

PROFIT AND DIVIDEND

The Bank has come out with the profit of Rs. 32.22 crores this year. However, the Board of Directors do not recommend any dividend for the year 2000-01 in view of accumulated losses of Rs.125.27 crores.

ISSUE OF EQUITY SHARES ON CONVERSION OF WARRANTS

The warrants issued along with Right shares were convertible into equity shares at the option of the warrant holders within 12 to 18 months from the date of issue i.e. 16.12.99. The shareholders in extraordinary General Meeting held on 6.2.2001 approved conversion of the warrants into equity shares, at the rate of Rs.10/- per share (at par) . Accordingly warrants were converted into shares on 29.3.2001.

CAPITAL FUNDS AND CAPITAL ADEQUACY RATIO

During the year under review 4,48,04,902 shares were allotted on conversion of warrants. We are happy to inform you that, as a result thereof, the Bank has been able to achieve another landmark i.e. its paid up capital has crossed the level of Rs. 100 crores and stands at Rs. 10,036.37 lacs an increase of Rs. 3760.19 lacs from Rs. 6276.18 lacs as on 31.3.2000. Thanks to the overwhelming support lent and confidence reposed in the Bank by you. Consequently, the capital adequacy ratio of the Bank has increased from 5.73% to 10.57% as on 31st March,2001.

LISTING AGREEMENT WITH STOCK EXCHANGE

Pursuant to requirement of Listing Agreement, the Bank declares that its securities are listed on stock exchanges at Mumbai, Delhi, Calcutta, Indore and Jaipur. The Bank confirms that it has paid annual listing fees due to all above stock exchanges up to the year 2001-02.

TREASURY & INVESTMENT MANAGEMENT

During the year, the Bank's investment grew by 13.26% and reached to a level of Rs. 1568.97 crores including non SLR securities.

In view of declining trend in interest rate scenario and inclusion of deposits placed with NABARD/ SIDBI/RIDF in the investment portfolio from other assets, yield on investment is 11.87% as on 31.3.2001 as against 11.93% as on 31.3.2000.

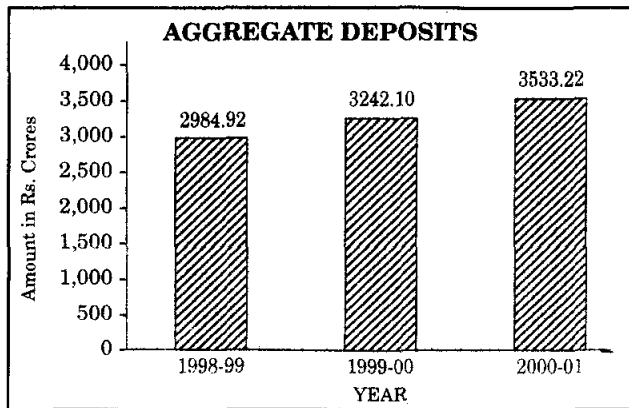
After taking into account, the profit on sale of investment, it is 12.56% as against 12.62% for the year 1999-2000. Further, there was a profit of Rs. 38.36 crores on valuation of investment, which has not been taken into account as per RBI guide lines.



THE BANK OF RAJASTHAN LTD.

DEPOSITS

The aggregate deposits of the Bank increased from Rs.3242.10 crores to Rs. 3533.22 crores



registering a growth of 8.98%. The core deposits increased from Rs. 3109.67 crores as on 31.3.2000 to Rs. 3431.21 crores on 31.3.2001 thereby registering a growth of 10.34%.

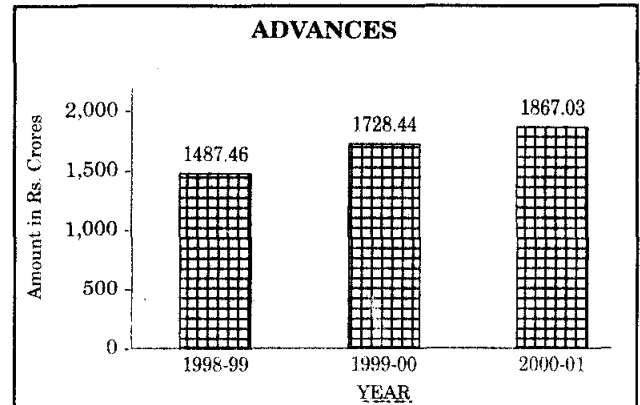
The cost of deposits has been reduced from 9.01% as on 31st March, 2000 to 8.36% during the period under review. One satisfactory trend to which we wish to draw your attention is that the ratio of low cost deposits (SB & CD) to total deposits increased from 41.83% during the year to 42.26% signifying thereby more stability in our liabilities portfolio which helps in better asset-liability and profitability management.

ADVANCES

During the year net advances of the Bank have increased from Rs. 1728.44 crores to Rs. 1867.03 crores, recording a rise of 8.02% in the advances. The growth rate was lower during the year as compared to previous year because of conscious effort on the part of the Bank to concentrate on recoveries in NPAs and also to book only good quality assets in the portfolio, as the industrial sector in the country, in general, facing severe recession. The Bank, therefore, continued its stress on good quality retail advances as also on

bills discounting business backed by letter of credit established by other banks.

Granting of short term loans to high net worth blue chip companies was also one of the focus areas of the Bank during the year. The strategy of the Bank in extending short term loans to such corporate clients in various sectors worked well and contributed to the improvement in the quality of credit portfolio of the Bank. The Bank has undertaken several measures to make its credit management process more effective, more efficient and more responsive to customer needs

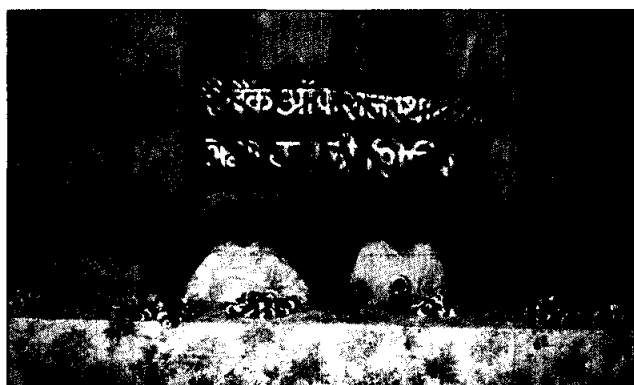


and simultaneously to check that credit quality does not deteriorate. Credit policies were accordingly prepared and followed by your Bank.

NON - PERFORMING LOANS

Reduction of NPA has remained the prime concern of the Bank. Aggressive recovery campaign paid good dividend during the current year. Your Bank was able to attain handsome amount of recovery of Rs.70.95 crores in large as well as small NPA a/c s by way of cash recovery /settlements/up-gradation during the year ended 31.3.2001 and corporate goal of recovery of Rs.70 crores was surpassed. Due to country-wide recession and slow down in the economy, certain more industrial units were turned sick and were registered with BIFR. As of 31.3.2001 aggregate amount of

THE BANK OF RAJASTHAN LTD.



Recovery Camp at Kheroda Branch

Rs. 97.61 crores is involved in 20 large accounts of sick units referred with BIFR. Recovery actions in respect of these units can be initiated only after BIFR decide about viability or otherwise of these units. The gross & net NPA of the Bank as on 31.3.2001 have come down from 18.98% to 17.20% and from 9.90% to 7.65% respectively. During the year special efforts were made towards recovery of small NPA and in written off a/c s. Large number of recovery camps were organized at rural & semi urban branches. Besides Regional Heads, Executives of Central Office have also attended the camps to finalise compromise proposal on the spot. On account of these steps, recovery in written-off accounts was higher by 61% during the year at Rs. 3.43 crores as against recovery of Rs. 2.10 crores during previous year. Bank is continuing to give top priority to recovery of NPA in 2001-02 also. The corporate target for recovery of NPAs has been set at Rs.70 crores for 2001-2002 and special emphasis is given on holding of recovery camps for recovery in small NPAs & in written off a/cs. Recovery camps shall be held at all rural & semi-urban branches and each branch has been given target separately for recovery in NPAs & written off accounts. The Board of Directors have approved the modified recovery policy on 30.4.2001 with special emphasis on quick & structured settlement in small accounts with adequate powers delegated to field

functionaries so that time taken in deciding the small cases is reduced and on the spot decision can be taken. High level NPA accounts continue to be dealt at Central Office and aggressive legal/recovery action are going on. Bank is committed to bring net NPA level below 5% by 31.3.2002.

During the period under review, your Bank laid more stress on execution of decrees and succeeded in mounting legal pressure on the borrowers/judgment debtors to settle the account with the Bank. Substantial recoveries of Bank's dues could be possible from the certain very old hard core NPA accounts only because of extraordinary efforts put in by our field staff in tracing out the whereabouts of the judgment debtors and implementing the execution proceedings effectively.

INTERNATIONAL BANKING

During the year 2000-01, total foreign exchange turnover handled by the Bank on account of merchant transactions and interbank turnover was Rs. 4354.00 crores as against total turnover of Rs.3612.12 crores for the previous year, registering a growth of 20.54 percent during the year.

Bank's total Non Resident Deposits stood at Rs.54.40 crores as on 31.3.2001, as against Rs.51.59 crores as at the end of previous year.

The outstanding export credit as on 31.03.2001 was Rs.169.76 crores, as against Rs.175.40 crores as on 31.03.2000. This was 9.04% of net bank credit against RBI norms of 12% . The fall in total outstanding was mainly due to low demand by a few corporates/ firms at the end of the year.

The Bank has targeted for a higher growth under this segment. With the implementation of interconnectivity of all forex branches, through FINACLE software during the current year, the Bank is hopeful of achieving the norm stipulated by Reserve Bank of India.

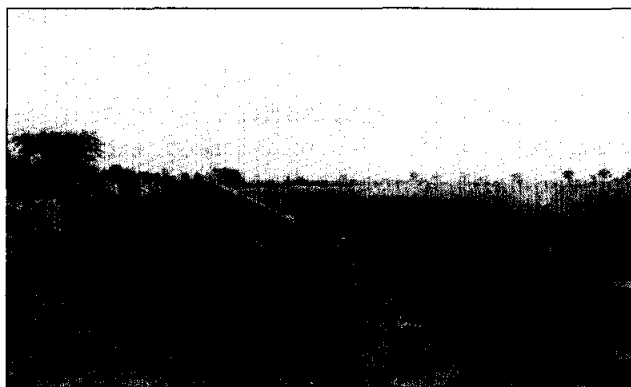


THE BANK OF RAJASTHAN LTD.

We are happy to inform you that during the year, four foreign exchange dealing branches, viz. Overseas Branch Jaipur, Overseas Branch Delhi, Chowringhee Road, Kolkata and Chennai branches were connected to "SWIFT" Network's HUB at Overseas branch Mumbai, resulting in accurate and faster transmission of messages relating to international banking, and better customer service to the clients of these branches.

LENDING TO PRIORITY SECTOR

The Bank is extending financial assistance to various segments of Priority Sector i.e. Agriculture, SSI, Transport Operators, Retail Trade, Small Business, Professionals & Self Employed, Education and Housing.



Unit Financed by our JNVC, Bikaner Branch

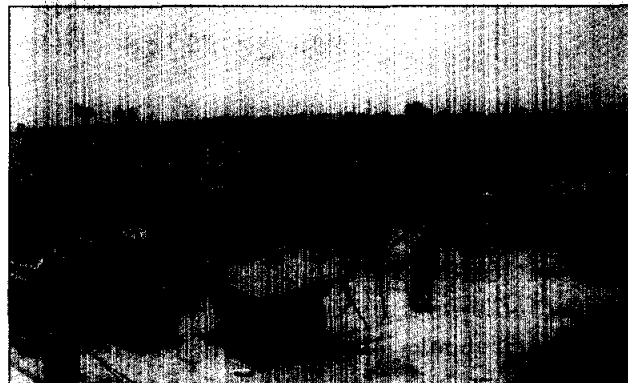
The advances under priority sectors increased from Rs.679.62 crores in 1999-2K to Rs.766.01 crores in 2000-01 which amounts to 37.52% of Net Bank Credit. The sector wise break up is as under:-

Sector	(Rs.in crores)	
	31.03.2001	31.03.2000
Agriculture	325.69	249.37
Small Scale Industries	205.52	236.18
Other Priority Sectors	234.80	194.07

The position of Priority Sector Advances under various sub sectors is summed up as under:-

(a) Finance to Agriculture

The aggregate advances of the Bank to the Agriculture Sector amounted to Rs.325.69 crores, covering 38945 borrowal accounts. The Bank continued financial assistance under various NABARD Schemes. The total amount outstanding



Unit Financed by our JNVC, Bikaner Branch

under such schemes was Rs. 13.29 crores as on 31.03.01. The Bank obtained refinance of Rs. 4.65 crores from NABARD during the year. The Bank has launched a new scheme of financing through "Kisan Credit Card" (KCC). 1103 KCCs amounting to Rs. 567.76 lacs were issued upto 31.03.2001. Much emphasis is being given for direct lending to farmers for farm mechanization, development of irrigation potential and energisation to boost up percentage of Agriculture credit to Net Bank Credit, which is presently around 9% against stipulation of 18% by RBI.

(b) Finance to Small Scale Industry

The Advances to SSI stood at Rs. 205.52 crores as at the end of 31st March, 2001.

(c) Finance to Other Priority Sectors

The Bank provides financial assistance to Small Business, Retail Traders, Professionals and Self Employed Persons and Transport Operators under this sub sector. As on 31.03.2001, the exposure of the Bank in this sub- sector aggregated to Rs. 234.80 crores.