

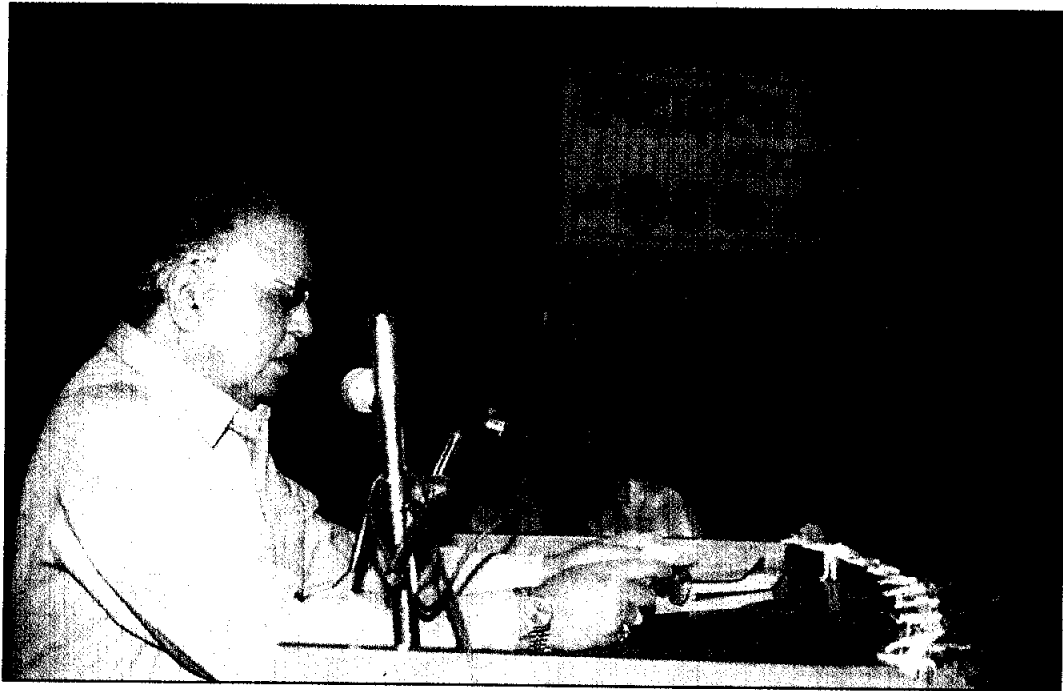
59वीं वार्षिक रिपोर्ट
59TH ANNUAL REPORT
2001 - 2002

All round growth

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THE BANK OF RAJASTHAN LIMITED



Hon'ble Governor of Rajasthan, Shri Anshuman Singh addressing the participants in 'Run for the Hepatitis-B' organised under social responsibility programmes by the Bank.



Shri Ashok Gehlot, Chief Minister Govt. of Rajasthan after flagging off the "Run for the Hepatitis-B" rally organised by the Bank under its social responsibility programmes.



THE BANK OF RAJASTHAN LTD.

BOARD OF DIRECTORS

Chairman

Shri Pravin Kumar Tayal

Managing Director & CEO

Dr. K.M. Bhattacharya

Directors

Shri B.R. Gupta

Shri Deepak Saruparia

Shri Sanjay Kumar Tayal

Shri Som Prakash Arya

Shri P.P. Kapoor

Shri A.N. Chakrabarti

Shri Anil Anand Rao

Shri Niraj Tayal

Shri R.C. Mehta

Shri A.K. Pandya (RBI Nominee)

Shri P. Aravind (RBI Nominee)

Company Secretary

Shri P.K. Agrawal

Registered Office :

Clock Tower, Udaipur-313 001

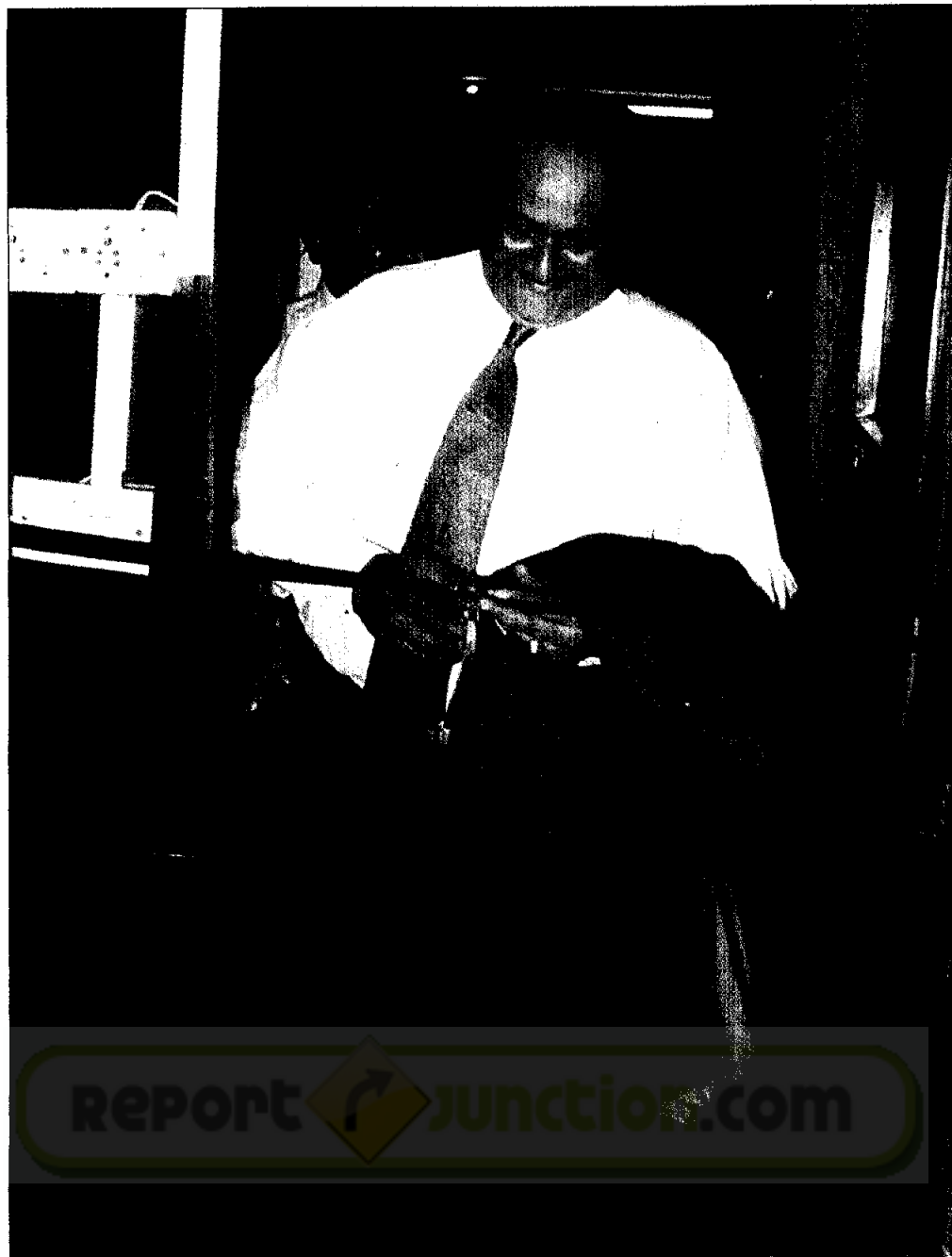
Central Office :

C-3, Sardar Patel Marg

C-Scheme, Jaipur-302 001

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Shri P.K. Tayal, Chairman inaugurating Depository Service at
Karol Bagh Branch, New Delhi. Also seen in the picture is
Dr. K.M. Battacharya, Managing Director



THE BANK OF RAJASTHAN LTD.

Regd. Office : CLOCK TOWER, UDAIPUR

NOTICE

TO THE SHAREHOLDERS,

Notice is hereby given that the Fifty Ninth Annual General Meeting of the members of The Bank of Rajasthan Ltd. will be held at **Hotel India International, 63, Sardarpura, Udaipur on Saturday the 10th August, 2002 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 of 31st March, 2002 and the Profit and Loss Account for the period ended on that date.
2. To appoint a Director in place of Shri Pravin Kumar Tayal, who retires by rotation under Article 119 of the Articles of Association of the Bank and, being eligible, offers himself for re-appointment.
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 re-appointment.
4. To appoint a Director in place of Shri P.P. Kapoor, who retires by rotation under Article 119 of the Articles of Association of the Bank and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

(B) SPECIAL BUSINESS :

6. 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 re-appointing Dr. K.M. Bhattacharya as Managing Director and Chief Executive Officer of the Bank for a further period of two years w.e.f. 22.5.2002 on the terms and conditions as per the Annexure, as approved by the RBI vide its letter DBOD. No. 651/08.31.001/2001-02 dt. 17.4.2002.
7. To consider and if, thought fit, to pass, with or without modification the following resolution as Special Resolution :
RESOLVED THAT Article 108 of the articles of Association of the Bank be substituted by the following Article :
'108' Subject to the approval of the Reserve Bank of India, the remuneration of each director of the company, including fees payable to the directors for attending meetings of the Board and its committees shall be determined by the Board of Directors from time to time provided that the sitting fee payable to the directors as aforesaid shall not exceed Rs. 5000/- per meeting.
8. To consider and if, thought fit, to pass, with or without modification the following resolution as Special resolution :

RESOLVED THAT pursuant to the provisions of Section 391 to 394 of the Companies Act, 1956, and subject to the sanction of the Rajasthan High Court, approval is hereby accorded to the scheme of arrangement whereby the Company namely Rajathan Bank Financial Services Ltd., a wholly owned subsidiary of the Bank of Rajasthan Limited, will merge into the Bank of Rajasthan Limited along with all its rights, obligations, assets, liabilities and the entire undertaking and the Board of Directors be and is hereby authorised to take such steps as may be necessary or expedient to carry into effect the merger of the said subsidiary on such terms and conditions as may be approved by the Board and accepted by the Court.

By Order of the Board of Directors

Place : Mumbai
Dated: 25.6.2002

P.K. AGRAWAL
COMPANY SECRETARY

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

ITEM 6

Dr. K.M. Bhattacharya was appointed as Managing Director and Chief Executive Officer of the Bank of Rajasthan Ltd. for a period of two years from the date of his assuming charge on the terms and conditions already approved by the Board of Directors and the Shareholders of the Company. Dr. Bhattacharya assumed the charge of the Managing Director and CEO on 22.5.2000.

In pursuance to Article 144 of the Articles of Association of the company, the Board of Directors approved to move an application to Reserve Bank of India under section 35B of the Banking Regulation Act, 1949 for re-appointment of Dr. K.M. Bhattacharya as Managing Director and CEO of the Bank for a further period of three years on the terms and conditions set out in a resolution adopted by the Board of Directors.

The Reserve Bank of India, vide its letter DBOD. No. 651/08.31.001/2001-02 dt. 17.4.2002, approved re-appointment of Dr. K.M. Bhattacharya as Managing Director and CEO of the Bank for a further period of two years from 22nd May 2002 on the terms and conditions as per Annexure.

None of the Directors except Dr. K.M. Bhattacharya is interested or concerned in the above resolution.

ITEM 7

The existing Article 108 provides for payment of sitting fees not exceeding Rs. 2000/- as may be determined by the Board of Directors from time to time, subject to approval of the Reserve Bank of India. In view of volume of business transacted by the Board and its committees, the existing scale of sitting fees is very low. With a view to increase the sitting fee, it is proposed to raise the maximum ceiling prescribed by the Article from Rs. 2000/- to Rs. 5000/- per meeting. The ceiling of the sitting fees as proposed in the Article has been kept higher with a view to take care of the future needs which is also maximum ceiling under the Companies Act, 1956.

All the Directors except Dr. K.M. Bhattacharya, M.D. and Shri P. Aravind, RBI nominee Director may be regarded as interested in the above resolution.

ITEM NO. 8

The Reserve Bank of India vide its letter DBOD.FSC.No. 760/24/38.001/2001-2002 dated 2nd April 2002 has advised the Bank to wind up its 100% subsidiary, Rajasthan Bank Financial Services Limited (RBFSL).

Accordingly, the Board of Directors in its meeting held on 22.5.2002 took a decision to merge the RBFSL in the Bank, as the company has no outside liabilities other than Bank. The Reserve Bank of India vide its letter No. DBOD. FSC. 865/24.38.001/2001-02 dated 10.6.2002 have also approved the merger. It is also stated that the said merger would be in the interest of the subsidiary company as well as the Bank, the holding company and their members.

Shareholders are requested to approve the said resolution so that the merger can be made effective subject to the sanction of the scheme of merger by the Rajasthan High Court.

None of the Directors except Shri Deepak Saruparia and Shri A.N. Chakrabarti, being Bank's nominee Directors are interested or concerned in the above resolution :—

As required under Clause 49 (vi) of the Listing Agreement given below are the details of the directors retiring by rotation and eligible for reappointment.

SHRI PRAVIN KUMAR TAYAL

Shri P.K. Tayal born on 6.9.1957 is Bachelor of Commerce. He has vast experience of over 27 years in the field of textile industry and also having rich banking experience.

Shri Tayal was appointed as Chairman of the Bank, at a time, when the financial position of the Bank was very precarious. The Bank had incurred losses to the extent of about Rs. 150 crores, during the period 1997-99. Under his dynamic leadership, the Bank made a remarkable turn-around and started earning profit from the very first year after his takeover. During the financial years 1999-2000, 2000-2001 & 2001-2002, the Bank earned net profit of Rs. 12.07 crores, Rs. 32.22 crores & Rs. 40.31 crores respectively.

With the efforts of Shri Tayal, the Bank successfully brought rights and warrants conversion issues of more than Rs. 100 crores. The Bank's CRAR increased to 12.07% as on 31.3.2002 well above the RBI stipulated minimum level of 9% as against 0.83% as on 31.3.99.

SHRI SOM PRAKASH ARYA

Shri Som Prakash Arya born on 20.6.1926 is matriculate. He is having more than 50 years' experience in the field of Agriculture (cultivation) and rural economy.

SHRI P.P. KAPOOR

Shri P.P. Kapoor born on 28.3.1939 is Commerce Graduate and having professional degree of Chartered Accountant (FCA) and MFM. He has vast experience in the field of Techno Economic Viability of Projects and in Finance and Account.

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 Saturday the 27th July 2002 to Friday the 9th August 2002 (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 up to 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 form DP as on a latest date.
6. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer of the Company's Unpaid Dividend Account, will, as per Section 205 A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund. The Company has already reminded to those members who have not encashed claimed dividends for the years 1994-95 and 1995-96. Unclaimed dividends for the year 1994-95 will be transferred to the Investor Education and Protection Fund shortly.
7. Members are requested to promptly notify change, if any, in their addresses to the Bank/ Depositories.



ANNEXURE**TERMS & CONDITIONS OF RE-APPOINTMENT OF DR. K.M. BHATTACHARYA AS THE MANAGING DIRECTOR & CEO OF THE BANK.**

- | | | | | | | | |
|---|--|--------------|---------|-----------------|---------------------------------------|------------|---|
| 1. Pay & Allowance | Rs. 1,00,000/- 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 up to Rs. 24,000/- p.a. | | | | | | |
| 4. Provident Fund | 10% of basic pay | | | | | | |
| 5. Medical benefits | 100% to self and for family. | | | | | | |
| 6. Leave | <table border="0"> <tr> <td>Casual Leave</td> <td>12 days</td> </tr> <tr> <td>Privilege Leave</td> <td>One day for every 11 days of service.</td> </tr> <tr> <td>Sick leave</td> <td>30 days for each completed year of service.</td> </tr> </table> | Casual Leave | 12 days | Privilege Leave | One day for every 11 days of service. | Sick leave | 30 days for each completed year of service. |
| 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/sick leave and conversion into any of leave will not be allowed. Encashment of privilege leave 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 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. 65/- 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 up to 1500 km per month on payment of Rs. 150 p.m. If car is used for personal purposes beyond 1500 kms. recovery will be made Re. 1/- per km. | | | | | | |
| 13. Travelling & Halting Allowance | Entitled to travel by air Executive 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.

REPORT OF THE BOARD OF DIRECTORS

Esteemed Shareholders,

Your Directors have great pleasure in presenting the 59th Annual Report of the Bank together with the Audited accounts for the year ended 31st March 2002.

PERFORMANCE HIGHLIGHTS

The performance highlights for the financial year 2001-02 are as under :-

	Rs. In Crores		
	FY 2001-02	FY 2000-2001	Increase (%)
Deposits	3959.98	3533.22	12.08%
Average Deposits	4000.10	3669.51	9.01%
Advances	1955.96	1859.17	5.21%
Average Advances	2071.22	1887.20	9.75%
Investments	1883.68	1568.97	20.06%
Total Income	549.81	498.91	10.20%
Total Expenditure	509.50	466.69	9.17%
Net Profit after tax	40.31	32.22	25.11%
CRAR	12.07	10.57	14.19%

PROFITABILITY

The Bank has shown a spectacular turnaround in last 3 years on the profitability front. The Bank is back on the track by showing profit of Rs.40.31 crores in the financial year ended 31st March 2002.

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 efforts by its field functionaries to mobilize low cost/no cost deposits has been able to bring down the cost of deposits from 8.36% to 8.00%. Effective monitoring of Non- Performing Assets and continuous pressure on the defaulters have resulted in satisfactory recoveries of Rs.33.64 crores, which in turn has also contributed to the increase in profit.

The total income of the Bank grew by 10.20 % from Rs.498.91 crores to Rs.549.81 crores out of which 2.30% is by way of increase in interest income.

During the period under review, the income on investments is up by 7.10% to Rs. 190.12 crores. However, the yield on investment has declined to 11.31% from 11.87%. Profits on sales of investments improved from Rs.10.28 crores to Rs.56.60 crores, thanks to the relentless efforts of our colleagues in the Treasury Departments.

ECONOMIC SCENARIO

The financial year 2001-02 has been a challenging and difficult year for almost all economies of the world. World economic growth slowed down as did trade growth. The global economy experienced an overall deceleration and this tendency was aggravated in the aftermath of the terrorist attack on WTC on Sept.11, 2001. The current signals are that recovery is expected in 2002-03.

The year under review witnessed the Indian Economy passing through a difficult phase caused by several domestic and external developments. However, the Indian Economy is estimated to have grown by 5.4% despite pressures due to unfavorable domestic and international developments.

The process of financial sector reforms was carried forward in the year under review with particular focus on banking and financial institutions. The specific reforms undertaken include allowing banks to lend at interest rate below their respective

