



62nd Annual Report 2004-2005



**THE BANK OF RAJASTHAN LIMITED**



*Mr. P. K. Tayal, Chairman with Smt. Vasundhara Raje, Chief Minister, Rajasthan in a meeting at Mumbai*



*Inauguration of off-site ATM at Saket Hospital, Mansarovar, Jaipur by Shri B. M. Sharma, Managing Director of the Bank.*



# THE BANK OF RAJASTHAN LTD.

## BOARD OF DIRECTORS

### Chairman of the Board Meeting

Shri Pravin Kumar Tayal

### Managing Director & CEO

Shri B. M. Sharma

### Directors

Shri B. R. Gupta

Shri Sanjay Kumar Tayal

Shri Som Prakash Arya

Shri P. P. Kapoor

Shri A. N. Chakrabarti

Shri Anil Anand Rao

Shri Niraj Tayal

Dr. Akshey K. Gupta

Shri P. K. K. Krishnan

### Dy. Managing Director

Shri Vinod Juneja

### Executive Director

Shri Deepak Saruparia

### Company Secretary

Shri S. C. Arora

### Solicitors, Advocates & Legal Advisors

M/s Paras Kuhad & Associates

Jaipur, Mumbai, Delhi, Kolkata

### Registered Office :

Clock Tower, Udaipur-313 001

### Central Office :

C-3, Sardar Patel Marg,

C-Scheme, Jaipur-302 001

### Corporate Office :

11/12, Raghuvanshi Mills Compound,

Senapati Bapat Marg, Lower Parel (West),

Mumbai- 400 013

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# THE BANK OF RAJASTHAN LTD.

Regd. Office : Clock Tower, Udaipur

## NOTICE

Notice is hereby given that the Sixty Second Annual General Meeting of the members of The Bank of Rajasthan Ltd. will be held at Hotel India International, 63, Sardarpura, Udaipur on Friday the 17<sup>th</sup> June, 2005 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 31<sup>st</sup> March 2005 and the Profit and Loss Account for the year ended on that date.
2. To declare dividend.
3. 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 does not seek re-appointment.
4. 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 does not seek re-appointment.
5. 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.
6. To appoint Auditors and fix their remuneration.

### (B) SPECIAL BUSINESS :

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

RESOLVED THAT the Company hereby confirms and ratifies the action of the Board of Directors in appointing Shri B.M. Sharma as Managing Director & Chief Executive Officer of the Bank for a period of three years w.e.f. 18.11.04 on the terms & conditions as per Annexure, as approved by the RBI vide its order DBOD No.366/08.31.001/2003-2004 dt. 19<sup>th</sup> October., 2004 and DBOD No.1191/08.31.001/2004-2005 dt.10<sup>th</sup> May 2005.

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

RESOLVED THAT the existing Clause 5 of the Memorandum of Association of the Company be and is hereby substituted by following:

"5- The Capital of the Company is 250,00,00,000/- (Rupees Two hundred fifty crores only) divided into 25,00,00,000 ordinary shares of Rs. 10/- each with power to the Company to increase, decrease or consolidate the said capital and to divide it in accordance with the Company's regulations and legislative provisions for the time being in force in that behalf."

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

RESOLVED THAT the existing Clause 3(a) of the Articles of Association of the Company be and is hereby substituted by the following :-

"The Authorised Capital of the Company is Rs. 250,00,00,000/- (Rupees Two hundred fifty crores only) divided into 25,00,00,000 ordinary shares of Rs. 10/- each."

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

RESOLVED THAT in accordance with the provisions of 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time), and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the relevant laws and regulations prescribed by the Securities and Exchange Board of India (hereinafter referred to as "SEBI") as also other authorities as applicable from time to time and subject to such other approvals, consents, permissions and sanctions, as may be required from



appropriate authorities or bodies, and subject to such conditions as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any duly authorised Committee thereof for the time being exercising the powers conferred on the Board of Directors by this resolution), the consent of the Company be and is hereby accorded to the Board to issue, offer and allot equity shares for an aggregate amount not exceeding Rs. 1000 crores or equivalent thereof in any Foreign currency to Indian public, Indian financial institutions, Indian mutual funds, domestic corporate bodies, Foreign Investors, Foreign Institutional Investors, Non-Resident Indians, Corporate Bodies incorporated outside India, Trusts, Banks, Insurance Companies, Pension Funds, and/or Trustees and/or Stabilisation Agents or otherwise, whether members of the Company or not, through prospectus and/or Letter of Offer and / or circular and/or any other document and/or on private placement basis, ordinary shares with or without warrants and/or securities optionally convertible into ordinary shares and /or securities linked to ordinary shares and/or securities with option exercisable by the holder to convert into or subscribe to ordinary shares and / or any shares, instruments or securities through Global Depository Receipts including American Depository Receipts and/ or Convertible Bonds expressed in foreign currency or otherwise as the Company may be advised, (hereinafter collectively referred to as "the Securities") to be listed on Stock Exchanges in India and/or abroad with a right to Board to retain for additional allotment such amount of subscription of each tranche as the Board may deem fit, at such price or prices, in such manner and where necessary in consultation with the Lead Managers and/or underwriters and/or Stabilisation Agents and/or other Advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion decide at the time of issue of securities.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, issue, offer or allotment of equity shares or securities or instruments representing the same, as described herein, the Board be and is hereby authorized, on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the entering into arrangements for managing, underwriting, marketing, listing, trading, acting as depository, custodian, registrar, paying and conversion agent, trustee and to issue any offer document(s) and sign all applications, filings, deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts, that may arise in regard to such issue(s) or allotment(s) as it may, in the absolute discretion, deem fit.

**RESOLVED FURTHER THAT** any Company or depository authorized by the Board may upon the issue of the securities of the Company and the deposit thereof with such bank or depository, issue Global Depository Receipts with such features and attributes as are prevalent in international capital markets for instruments of this nature and providing for the tradeability or free transferability thereof as per international practices and regulations and under the forms and practices prevalent in the international markets.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to file the requisite registration statements and other documents with the statutory bodies in India and abroad.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of its powers herein conferred to any Committee or any one or more executives of the Company.

**RESOLVED FURTHER THAT** the Equity Shares to be issued as stated aforesaid shall rank pari-passu with all existing Equity Shares of the Company, including for the purpose of payment of dividend.

By Order of the Board of Directors

Place : Mumbai

Date : 11<sup>th</sup> May 2005.

**S.C.ARORA**

Company Secretary

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

##### **ITEM 7**

Dr. K.M. Bhattacharya relinquished the office of the Managing Director & Chief Executive Officer (MD&CEO) of the Bank on 21.05.2004. In terms of Article 144 of the Articles of Association of the Bank, the Board of Directors appointed Shri B.M. Sharma as MD & CEO of the Bank on the terms and conditions as per Annexure for a period of three years. RBI has, vide its order, DBOD No.366/08.31.001/2003-2004 dt. 19.10.2004, approved the appointment of Shri Sharma as MD & CEO of the Bank for a period of three years from the date of assuming charge in terms of section 35B of the Banking Regulation Act, 1949. Shri Sharma has joined the Bank on 18.11.2004. At the recommendation of the Board, RBI has further approved additional perquisites for Shri B.M. Sharma, MD & CEO, vide its order DBOD No.1191/08.31.001/2004-2005 dt.10<sup>th</sup> May 2005.

None of the Directors, except Shri B.M. Sharma, is interested or concerned in the above resolution.

Resume of Shri B. M. Sharma

Shri B.M. Sharma, born on 22<sup>nd</sup> October 1944, is a Graduate in Economics and CAIIB part I. He joined Punjab National Bank as a Management Trainee in 1973. Prior to joining PNB he served in the Indian Navy as Short Service Commissioned officer for seven years. He held various important positions in PNB in areas such as Personnel Administration, Zonal Head and retired as General Manager, In-charge of Credit and International Banking, at Head office of PNB. He has attended training programmes at premier training organizations in India and abroad on topics including Mergers and Acquisitions, Banking Technology, Organisational Change, US Investment Summit and Executive Development. He was also a member of a few committees constituted by Reserve Bank of India.

**ITEM 8**

Reserve Bank of India guideline requires banks to maintain a minimum capital adequacy ratio of 9% (i.e. ratio of capital to risk adjusted assets and off balance sheet items) at least half of which must be Tier I capital. The Bank's capital adequacy ratio was 12.75% as on 31<sup>st</sup> March 2005, out of which the Tier I capital – adequacy ratio was 7.84%. However, the *proforma* capital adequacy after providing capital charge for market risk and operational risk in accordance with BASEL II works out to only 9.25%. The Bank's capital base needs to be augmented to meet the future capital requirements arising out of growth in our asset portfolio and enhance our ability to make loans and provide other financing products to our customers. A portion of the issue may also be used to fund infrastructure growth through expansion of our branch network and other distribution channels. At present the Bank's paid up capital is Rs.107.57 crores and authorized capital is Rs.150 crores.

The guidelines of RBI on ownership and governance in Private Sector Banks, issued on 28.2.2005, stipulate that the banks in private sector should have a net worth of Rs.300 crores at all times. However, the capital requirements of the banks are expected to go up steeply to comply with the capital adequacy requirements under Basel II.

In view of above, it has become necessary to increase the capital of the Bank. It has, therefore, been proposed by the Board of Directors that the Authorized Capital of the Bank be raised from Rs. 150 crores to Rs. 250 crores divided into 25 crore shares of Rs. 10/- each by substituting Clause 5 of the Memorandum of Association. This seeks consent of members of the Company by way of ordinary resolution.

None of the Directors of the Company is, in any way, concerned or interested in the above resolution.

**ITEM 9**

The Resolution seeks to amend Article 3(a) for raising the Authorized Capital of the Company from Rs. 150 crores to Rs. 250 crores in conformity with Clause 5 of the Memorandum of Association. This seeks consent of members of the Company by way of special resolution.

None of the Directors of the Company is, in any way, concerned or interested in the above resolution.

**ITEM 10**

The shareholders in 52<sup>nd</sup> Annual General Meeting gave the consent to further issue of capital for an aggregate amount not exceeding Rs.500 crores or equivalent thereof in any foreign currency by way of shares, non-convertible securities, GDRs or convertible bonds etc. Pursuant to the said consent, the Bank issued share capital aggregating to Rs.112 crores to the existing shareholders by way of Rights Issue and conversion of tradable warrants in the year 1999 and 2001.

To maintain adequate capital adequacy ratio under the revised international capital framework, popularly known as Basel II, your company will be required to raise further capital. Since the resolution passed by the shareholders in 52<sup>nd</sup> Annual General Meeting is quite old and the limit available for raising capital under the said resolution is inadequate, the Directors recommend that the shareholders may give their consent under 81 (1A) of the Companies Act, 1956 for issuing, offering and allotting equity shares for an aggregate amount not exceeding Rs.1000 crores or equivalent thereof to Residents or non-residents by way of ADRs/GDRs/convertible debentures/public issue/rights issue/preferential issue etc. as set out in the resolution.

Directors of the company may be deemed to be interested in the resolution to the extent of their shareholding in the Company.

By Order of the Board of Directors

Place : Mumbai

Dated : 11<sup>th</sup> May 2005

S.C. ARORA

COMPANY SECRETARY

**Notes :**

1. A member entitled to attend and vote is also 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 Registered 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 11<sup>th</sup> June, 2005 to Friday, the 17<sup>th</sup> June 2005 (Both days inclusive).
3. The dividend, as recommended by the Board of Directors, if declared at this Annual General Meeting for the year 2004-05 will be paid on or after 20<sup>th</sup> June 2005 to those members whose names appear in the Register of Members of the company/statements of beneficial ownership furnished by the Depositories, as on close of business hours on 10<sup>th</sup> June 2005.
4. All documents referred to in the Notice and Explanatory statement are open for inspection at the Registered 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.
5. 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.
6. To provide prompt services to our esteemed shareholders, we are using the scheme of Electronic Clearing Service – Credit Clearing (ECS Scheme) of the Reserve Bank of India for payment of dividend. If you are holding shares in physical form and reside at specified centres, you are requested to send your consent on the enclosed ECS mandate form. If you do not wish to opt for ECS facility, please provide details of your bank name, type of account and account number for printing the same on dividend warrant. If you are holding shares in demat form the Bank will use the bank account particulars furnished by you to your depository participant upto 10<sup>th</sup> June 2005.
7. Under Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in prescribed form (which will be made available on request) to the Bank.
8. Shareholders/Proxy-holders desiring to attend the meeting are requested to kindly bring their copies of Annual Reports for reference at the meeting.
9. 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.
10. Since the Company's shares are in compulsory demat trading, to ensure better service and elimination of risk of holding shares in physical form, we request shareholders holding shares in physical form to dematerialise their shares at the earliest. A detailed letter in this regard is enclosed.
11. As required under Clause 49 of the Listing Agreement, the bio-data of Directors who are retiring by rotation and are eligible for reappointment have been furnished in the report on corporate governance in this annual report.
12. Members are requested to promptly notify any change in their addresses to the Bank/Depositories.



# THE BANK OF RAJASTHAN LTD.

## ANNEXURE

### TERMS & CONDITIONS APPROVED BY THE RESERVE BANK OF INDIA

#### S.No Particulars

|     |  |  |
|-----|--|--|
| 1.  | Salary   | Rs.1,00,000/- per month.   |
|     | <b>Perquisites</b>   |  |
| 2.  | Free Furnished House   | Furnished residential accommodation subject to recovery of standard rent on account of house and on account of furniture.  |
| 3.  | Free use of Bank's car:  |  |
|     | (i) for official purposes and  | 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 at Re.1/- per km. |
|     | (ii) for private purposes on compensating the bank with suitable amount. |  |
| 4.  | Provident Fund   | 10% of basic pay   |
| 5.  | Gratuity   | At the rate of 1 month's average pay for each completed year.  |
| 6.  | Travelling & Halting Allowances  | Entitled to travel by air (Executive Class) or A/c I class while on duty. Reimbursement of Lodging & Boarding expenses as applicable to other Directors of the Bank. Incidental expenses subject of a maximum of Rs.500/- per trip.                  |
| 7.  | Medical benefits   | 100% for self and family.  |
| 8.  | Personal entertainment expenses  | Reimbursement of actuals upto Rs. 24,000/- p.a.  |
| 9.  | Telephone & Cellular phone facility                                      | 1. Two telephones one having ordinary and other with STD/ISD facility at the residence.<br>2. Cellular phone with autoroom facility.<br>Cost of personal long distance calls will be recovered.  |
| 10. | Cleaning material for house  | Reimbursement of actual subject to maximum of Rs. 800/- per month.   |
| 11. | Newspapers & magazines at residence                                      | Reimbursement of actual subject to maximum of Rs. 800/- per month.   |
|     | <b>Other benefits</b>  |  |
| 12. | 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.  |
| 13. | Membership of Club   | Admission fee and annual subscription for one club of the officer's choice, besides the membership of Bankers Club.  |
| 14. | 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/government officers, etc. Reimbursement shall not exceed Rs.65/- per day.   |
|     | <b>Leave</b>   |  |
| 15. | Casual leave   | 12 days  |
| 16. | Ordinary leave   | P.L. one day for every 11 days of service.   |
| 17. | Sick leave   | 30 days for each completed year of service.  |
| 18. | 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.  |

PERQUISITIES AT S.NO. 8 TO 11 WERE RECOMMENDED BY THE BOARD OF DIRECTORS IN ITS MEETING HELD ON 18.3.2005 & APPROVED BY RBI ON 10<sup>TH</sup> MAY 2005





# THE BANK OF RAJASTHAN LTD.

## REPORT OF THE BOARD OF DIRECTORS

Esteemed Shareholders,

Your Directors have great pleasure in presenting to you the 62nd Annual Report of the Bank together with the Audited accounts for the year ended 31st March 2005.

### PERFORMANCE HIGHLIGHTS

The performance highlights for the financial year 2004-05 as reflected in key financial indicators are as under: -

(Rs. In Crores)

|  | FY 2004-05 | FY 2003-04 | Increase (%) |
|--|------------|------------|--------------|
| Deposits                                   | 8120.31    | 7638.93    | 6.30         |
| Advances                                   | 2896.17    | 2332.58    | 24.16        |
| Investments                                | 3514.67    | 4457.41    | (21.15)      |
| Total Income                               | 586.12     | 679.87     | (13.79)      |
| Total Expenditure                          | 551.10     | 610.83     | (9.78)       |
| Operating Profit                           | 82.45      | 185.30     | (55.50)      |
| Net Profit after tax                       | 35.01      | 69.04      | (49.29)      |
| Profit/(Loss) brought forward              | 1.22       | 7.55       |              |
| <b>APPROPRIATIONS</b>                      |            |            |              |
| Transfer to Statutory Reserve              | 8.76       | 17.26      |              |
| Transfer to Investment Fluctuation Reserve | 8.90       | 26.60      |              |
| Transfer to Capital Reserve for Investment | 1.02       | 0.01       |              |
| Transfer to General Reserve                | 0.90       | 5.20       |              |
| Dividend and Tax Thereon Paid              | -          | 2.03       |              |
| Proposed Dividend                          | 11.83      | 21.51      |              |
| Dividend Tax                               | 1.66       | 2.76       |              |
| Balance Carried over to Balance Sheet      | 3.16       | 1.22       |              |
| <b>Business Ratios(%)</b>                  |            |            |              |
| Return on Assets (ROA)                     | 0.38       | 0.82       |              |
| CRAR                                       | 12.75      | 11.18      |              |
| Net NPA                                    | 2.50       | 2.99       |              |

### NET PROFIT & DIVIDEND

The net profit for the year after provisions and taxes amounts to Rs.35.01 crores.

Reserve Bank of India (RBI) recently revised its guidelines for payment of dividend for banks which are applicable to dividend relating to financial year 2004-05 onwards. According to the revised guidelines, the Bank qualifies for a maximum payout ratio of 35% of its net profit. Keeping in view overall performance of the Bank and the parameters indicated by RBI, your Directors are pleased to recommend a dividend of 11% for the year ended on 31.03.2005, which is in conformity with the current RBI guidelines.

### CAPITAL, RESERVES AND CAPITAL ADEQUACY RATIO

The Bank has not issued equity shares during the year. The Bank has allotted Unsecured Redeemable Non-convertible Subordinated Bonds Series III aggregating Rs. 72 crores on private placement basis towards augmenting Tier II capital in the month of November 2004. The Directors thank all the subscribers to the Bond Issue. With this and transfer

of profit to reserves the Banks' Capital adequacy ratio as on 31st March 2005 stands at 12.75%.

### LISTING AGREEMENT WITH STOCK EXCHANGES

Pursuant to requirement of Listing Agreement, the Bank declares that its equity shares are listed on The Stock Exchange Mumbai, (Mumbai), The Calcutta Stock Exchange Association Ltd., (Kolkata) & Jaipur Stock Exchange Ltd., (Jaipur) and non-convertible debentures are listed at The Stock Exchange Mumbai, (Mumbai). The Bank has applied for delisting of shares from The Calcutta Stock Exchange Association Ltd., (Kolkata). The Bank confirms that it has paid annual listing fees due to stock exchanges up to year 2005-06 except to The Calcutta Stock Exchange Association Ltd., (Kolkata) in view of application for delisting of Shares.

### TREASURY & INVESTMENT MANAGEMENT

The Bank is a member of Negotiated Dealing System (NDS)/ Clearing Corporation of India Ltd. (CCIL) and transactions in Government Securities are carried out through scripless electronic media with on line settlement.

The Bank has joined Real Time Gross Settlement (RTGS) system of Reserve Bank of India in June, 2004, which has eliminated settlement risks and has reduced transaction cost and facilitated better funds management by the Bank.

The Bank reduced investments in SLR and Non-SLR securities from Rs. 4457.41 crores as on 31.03.2004 to Rs.3514.67 crores as on 31.03.2005 keeping in view the increasing interest rate scenario during the year. The level of SLR and Non-SLR Investment amounted to Rs.2827.23 crores and Rs.687.44 crores respectively as on 31.03.2005. A prudent management of the Investment Portfolio enabled your Bank to achieve a yield of 7.22% on its Investments.

The Bank has so far transferred a sum of Rs.56.80 crores to Investment Fluctuation Reserve Account, which is equivalent to 4% of the Investment Portfolio in Held For Trading (HFT) and Available For Sale (AFS) categories.

### DEPOSITS & ADVANCES

Total deposits of your Bank increased from Rs.7638.93 crores to Rs.8120.31 crores while the core deposits (excluding Interbank deposits) increased from Rs.6086.43 crores to Rs.6508.08 crores showing a growth of 6.93% over the previous year.

Total advances of the Bank increased from Rs.2332.58 crores to Rs.2896.17 crores registering a growth of 24.16% during the year under review.

Soft interest rates stance of Reserve Bank of India and Central Government as also the easy liquidity in the banking sector and lower off take from the industries / corporate sector, were the key factors which directed the lending activities of the banks. Consequently, the Bank was required to concentrate on encouraging larger credit to retail segment and acquiring good corporate customers by offering competitive interest rates.



## THE BANK OF RAJASTHAN LTD.

To remain competitive the Bank also reviewed Benchmark Prime Lending Rate (BPLR) and reduced the same from 11.75% to 11.00% w.e.f. 1st August 2004.

The Bank was able to bring into its fold some highly valued Corporate customers. At the same time, in order to attract retail and mid segment customers, the Bank launched a new product under the brand name "Suvidha Loan " which provides credit to the retail segment on attractive interest rates. With expeditious sanctioning process and easy terms this product has become popular.

During the year under report, Bank also strengthened its credit approval and monitoring process which yielded good results and the incidence of slippage of borrowal accounts into NPA category was very low. Fresh NPAs during the year constitute only 0.39% of total advances.

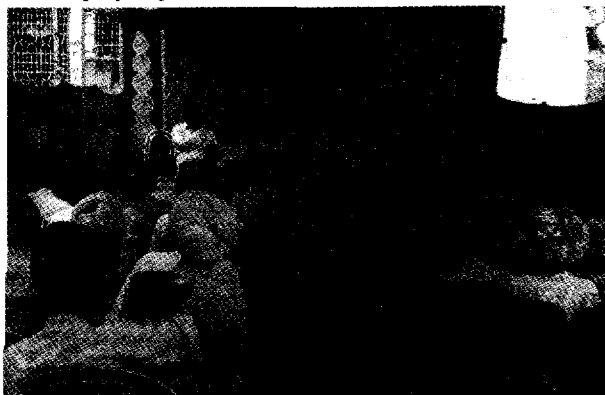
### PRIORITY SECTOR & RETAIL BANKING

Advances to Priority Sector reached a new high of Rs.1047.79 crores (as on last reporting Friday of March, 05) compared to Rs.861.95 crores in the year 2003-04 and constitute 39.14% of the Net Bank Credit. The Sector-wise break up of total priority sector advances outstanding as on last reporting Friday of the Financial Year 2004-05 is as under :-

(Rs. in crores)

| Sector                 | Financial Year 2004-05 |
|------------------------|------------------------|
| Agriculture            | 343.54                 |
| Small Scale Industries | 222.60                 |
| Other Priority Sectors | 481.65                 |
| <b>Total</b>           | <b>1047.79</b>         |

During the year under review your Bank launched a new retail banking product under the name Raj Bank Laghu Udhya Credit Card (RBLUCC) which enables hassle free credit limit upto Rs.10.00 lacs to entrepreneurs of small scale industries, small business entities, professionals & self employed persons etc.



(Kisan Credit Card distribution function organised by the Bank's Regional Office, Udaipur at Bhinder branch)

Your Bank with its focused approach selected Raj Bank Kisan Credit Card (RBKCC) Scheme for increasing exposure under Agriculture Sector in order to provide the much needed impetus to enlarge credit to agricultural sector in consonance with the announcement in the Union Budget 2004-05 for doubling the flow of credit to farm sector in next three years. In an attempt to cover all eligible farmers a special drive was launched under which camps at various centers were held to distribute Kisan Cards. The Bank issued 3945 cards with credit limit of Rs.17.14 crores to farmers for fulfillment of their various credit needs including personal expenses during the year.

Linking of Self Help Groups (SHGs) to bank finance has been a part of the Bank's strategies for increasing its reach to rural masses. The Bank organized two Mega Camps to finance 708 SHGs, mainly women SHGs, covering over 8100 families.



(Shri Surendra Singh Rathore, Minister of State for Irrigation Govt. of Rajasthan on the occasion of disbursement of financial assistance to women beneficiaries under Self Help Group at a camp organised at Rajsamand)

With the objective of augmenting housing finance under the Bank's "Apna Ghar" Scheme, a centralized quick loan application clearance system called "Hub & Spoke" module is being introduced to facilitate credit disbursement process and to increase exposure to housing sector.

As a result of aggressive marketing and attractive terms offered by your Bank for various consumer loan products in keeping pace with the changing financial scenario, the Retail Banking Advances under Consumer Loans reached a level of Rs.58 crores at the end of the year 2004-05. The total advances under Retail Banking Segment increased by Rs.124.00 crores to reach a level of Rs.391.00 crores by end of the year under review.

### OPERATIONS OF MEWAR AANCHALIK GRAMIN BANK (MAGB), UDAIPUR :

The deposits of MAGB increased to Rs.201.54 crores as on 31.03.05 against Rs.189.54 crores as on 31.03.04. The advances however remained at Rs.61.37 crores as on 31.03.05 against Rs.61.17 crores as on 31.03.04. Profits of MAGB increased to Rs. 89.83 lacs as on 31.03.05 against Rs 6.26 lacs as on 31.03.04. MAGB has taken up ambitious plan of computerization of its head office & branches. While