

# THE BANK OF RAJASTHAN LTD.



## BOARD OF DIRECTORS

### Managing Director & CEO

Shri P. L. Ahuja

### Directors

Shri Sanjay Kumar Tayal

Shri Niraj Tayal

Shri K.N. Bhandari

Shri Magh Raj Calla

Shri P.N. Bhandari

Shri V.P. Khurana

Shri Pran M. Agarwal

Shri Vipul Dhirajlal Mehta

Shri K.G. Kurian

Shri S.B. Mathur

Shri Sekhar Bhatnagar - RBI Nominee

Shri A. Madhavan - RBI Nominee

### Dy. Managing Director

Shri Deepak Saruparia

### Executive Director

Shri K.K. Sharma

### Company Secretary

Shri R.K. Agrawal

### Statutory Auditors

M/s. Gokhale & Sathe

Chartered Accountants, Mumbai

### 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 (Rajasthan)

## NOTICE

Notice is hereby given that the Sixty Fifth Annual General Meeting of the members of The Bank of Rajasthan Ltd. will be held at Hotel India International, 63, Sardarpura, Udaipur 313 001 on **Saturday the 2<sup>nd</sup> August 2008 at 10.00 AM** to transact the following businesses:

### (A) ORDINARY BUSINESS:

1. To receive, consider and adopt the Report of the Board of Directors and audited Balance Sheet as at 31<sup>st</sup> March 2008 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 P.N. Bhandari, 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 Magh Raj Calla, 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 a Director in place of Shri K.N. Bhandari, who retires by rotation under Article 119 of the Articles of Association of the Bank and, being eligible, offers himself for reappointment.
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 Shri Sunil Behari Mathur who holds office upto the date of this Annual General Meeting as per provisions of Article 103 of the Articles of Association of the Bank, be and is hereby appointed as a Director of the Bank.

8. To consider and if thought fit, to pass with or without

modification, the following resolution as an Ordinary Resolution: -

“RESOLVED THAT pursuant to the recommendation of the Board of Directors of the Bank and pursuant to Article 166(A) of the Articles of Association of the Bank, a sum not exceeding Rs.26,89,16,830/- (Rs. Twenty Six Crore Eighty Nine Lacs Sixteen Thousand Eight Hundred Thirty only) out of the amount standing to the credit of the Share Premium Account, General Reserve, any other Reserves and/or Accumulated Profits as per the Audited Accounts for the financial year ended on 31<sup>st</sup> March, 2008, available for the purpose of capitalization, be and is hereby capitalized and set free for distribution amongst the members/beneficial owner whose names appear on the Register of Members of the Bank on Record Date by issue of fully paid 2,68,91,683 bonus equity shares of the Bank of the face value of Rs.10 each out of the unissued Authorized Capital of the Bank (hereinafter referred to as “bonus equity shares”) and that such bonus equity shares be credited as fully paid up and allotted to such persons respectively in the proportion of one bonus equity share for every five equity shares held by such persons on the Record Date to be fixed in accordance with the requirement of Stock Exchange(s) where equity shares of the Bank are listed on the basis that such persons become entitled to the new bonus equity shares as capital and not as income.

RESOLVED FURTHER THAT the bonus equity shares so allotted shall always be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Bank and guidelines for bonus shares issued by the Securities & Exchange Board of India and the Reserve Bank of India, as applicable.

RESOLVED FURTHER THAT the issue and allotment of the bonus equity shares to Non-Resident shareholders of the Bank shall be subject, if required, to the approval of the Reserve Bank of India under the provisions of Foreign Exchange Management Act, 1999 and rules and regulations made thereunder.



RESOLVED FURTHER THAT the bonus equity shares so issued and allotted pursuant to this Resolution shall rank in all respects pari passu with the existing fully paid equity shares of the Bank. However, the bonus shares shall not be entitled for the dividend, if any, for the year 2007-2008 and the declaration of bonus issue is not made in lieu of dividend.

RESOLVED FURTHER THAT no fraction certificates be issued by the Bank in respect of fractional entitlements, if any, to which the members/beneficial owner of the Bank may be entitled on issue of bonus equity shares and the Board (hereinafter referred to as "the Board" which term shall include any Committee which the Board of Directors of the Bank may have constituted or may hereafter constitute and delegate the powers necessary for the purpose) be and is hereby authorised to consolidate all fractional entitlements and thereupon issue and allot equity shares in lieu thereof to a director or an officer of the Bank or any other person, as may be determined by the Board, who shall hold the shares in trust on behalf of such members/beneficial owner of the Bank, with the express understanding that such director or officer or person to whom such equity shares shall be allotted shall, at the earliest date after the trading approvals are received by the Bank from the stock exchanges, sell the same in the market, at the best available price and distribute the net sale proceeds (after deduction of expenses incurred in this regard) to those members/beneficial owners who would be entitled to the same in proportion to their respective fractional entitlements.

RESOLVED FURTHER THAT no letter of allotment shall be issued to the allottees of the bonus equity shares and that the certificate(s) in respect of the bonus equity shares shall be completed and thereafter be dispatched to the allottees who are holding shares in physical form and credited in the beneficiary account of those holding shares in dematerialised form.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters or things as it may in its absolute discretion deem necessary, expedient, usual or proper including giving directions to settle any question or difficulty that may arise with regard to the issue and distribution of the bonus equity shares as it may think fit.

AND RESOLVED FURTHER that subject to the provisions of the applicable laws, the Board be and is hereby also authorized at its discretion to accept and agree to any change, modification or any direction as to the amount to be capitalized or the proportion in which the bonus equity shares are to be allotted having regard to the existing holding, without any further consent or concurrence of the Members in a general meeting.

By Order of the Board of Directors

Place: Mumbai  
Date: 31<sup>st</sup> May, 2008

(R.K. Agrawal)  
Company Secretary

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

### ITEM 7

The Board of Directors in its meeting held on 23<sup>rd</sup> January, 2008 co-opted Shri Sunil Behari Mathur as an additional Director on the Board of the Bank subject to approval of Reserve Bank of India. Reserve Bank of India vide letter dated 4<sup>th</sup> March, 2008 accorded its approval to the appointment of Shri S.B. Mathur as an Additional Director on the Board of the Bank. Shri Mathur shall hold the office upto the date of ensuing annual general meeting pursuant to provisions of section 260 of Companies Act, 1956. Pursuant to provisions

of section 257 of Companies Act, 1956, the Bank has received notice from a member signifying his intention to propose Shri Mathur as candidate for the office of Director of the Bank and the requisite deposit of Rs. 500/- has also been received with the said notice.

He shall be liable to retire by rotation. The Board of Directors recommends his appointment.

### Brief Resume of Shri Sunil Behari Mathur

Shri Sunil Behari Mathur born on 11.10.1944 is B.Com, FCA, ICWA (Part I & II), London. He was Chairman of the LIC from August 2002, to October 2004. His tenure coincided the opening of the Insurance sector, which resulted



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into the entry of 12 domestic players with strong brands tying up with leading international companies. Despite intense competition from the new entrants, LIC continued to be dominant player in the life insurance sector. Post retirement from LIC, the Govt. of India appointed him as Administrator of the Specified Undertaking of the Unit Trust of India. His performance, both as Chairman, LIC and Administrator, SUUTI has been widely appreciated in the financial sector. A leading financial paper (Economic Times) ranked Shri Mathur at No.33 in the ranking of CEOs of Indian corporates for the year 2005.

Shri Mathur has special knowledge in the field of 'Accountancy' in terms of Section 10A(2) of the Banking Regulation Act, 1949.

He is having directorships in Havell's India Limited, ITC Limited, EID Parry (I) Ltd, IL &FS Ltd, Housing Development & Infrastructure Ltd., Indian Railway Catering & Tourism Corpn. Ltd., National Stock Exchange Ltd. National Collateral Management Services Ltd., Universal Sompo General Insurance Co.Ltd. Subhiksha Trading Services Ltd., Munich Re India Services Pvt Ltd., EMD Locomotive Technologies P Ltd, IDFC Trustee Co.Ltd., AIG Trustee Co.Ltd., National Investment Fund, DCM Shriram Industries Ltd., and Orbis Financial Corporation.

His shareholding in the company is 1000 equity shares of Rs. 10 each.

The Board of Directors recommends the shareholders to approve the resolutions at item number 7 of the notice.

None of the Directors of the Company except Shri S.B. Mathur is, in any way, concerned or interested in the above resolution.

### **Item 8**

The Board of Directors in its meeting held on 31<sup>st</sup> May, 2008 recommended to capitalize a sum of Rs.26,89,16,830/- (Rs. Twenty Six Crore Eighty Nine Lac Sixteen Thousand Eight Hundred Thirty only) out of the amount standing to the credit of the Securities Premium Account/General Reserve or any other Reserves or Accumulated Profits as per the Audited Accounts for the financial year ended on 31<sup>st</sup> March, 2008 and issue, one bonus equity share for every five equity shares held by such persons on the record date, credited as fully paid-up bonus equity shares. Such bonus equity shares shall rank pari passu in all respects with the existing fully paid equity shares of the Bank except dividend for the year 2007-2008 and the declaration of Bonus Issue is not made in lieu of dividend.

Requisite applications will be made to the concerned stock exchanges where the existing shares of the Bank are already listed, to deal in such bonus equity shares.

The Board of Directors recommends the Resolution set out at item No.8 of the Notice for approval of the Members.

The Directors of the Bank may be deemed to be concerned or interested to the extent they would be entitled for Bonus shares in relation to their holding of equity shares.

### **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 Bank. Proxies, in order to be effective must be deposited at the Registered Office of the Bank 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 Bank will remain closed from **Saturday, the 26<sup>th</sup> July, 2008 to Saturday, the 2<sup>nd</sup> August, 2008 (both days inclusive).**
3. The dividend, as recommended by the Board of Directors, if declared at this Annual General Meeting for the year 2007-08 will be paid on or after 5<sup>th</sup> August 2008 to those members whose names appear in the Register of Members of the Bank/statements of beneficial ownership furnished by the Depositories, as on close of business hours on 25<sup>th</sup> July 2008.
4. Shareholders may kindly note that the Bank is statutorily required to transfer to the Investors Education & Protection Fund (IEPF) established by the Central Government, all unclaimed/unpaid dividend for a period of seven years from the date they became due for payment and once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank or the IEPF. Shareholders who have not yet encashed their dividend warrants are requested to do so immediately.
5. 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.
6. Shareholders seeking any information with regard to accounts are requested to write to the Bank at an early

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date so as to enable the management to keep the information ready.

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. Members / Beneficial Owners/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 Bank's shares are in compulsory demat trading, to ensure better service and elimination of risk of holding shares in physical form, we request members holding shares in physical form to dematerialise their shares at the earliest.
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 are being given here below.
12. Members are requested to promptly notify any change in their addresses to the Depositories in case shares are held in Demat form and to the Bank in case shares are held in physical form.

## Bio-Data of Directors retiring by rotation:

### RE-APPOINTMENT OF DIRECTORS

As required under Clause 49 (VI) of the Listing Agreement, the brief resumes of the directors seeking re-appointment at the ensuing Annual General Meeting are furnished hereunder:

**Shri P.N.Bhandari** born on 07.03.41, is B.A. L.L.B. He retired from Indian Administrative Service in 2001 in the capacity of Chief Secretary. Shri Bhandari has vast experience in the field of Agriculture and Rural economy by virtue of his being the Vice Chancellor of Udaipur Agriculture University from 1981 to 1985 and working as Collector in different rural districts of Rajasthan during 1971 to 1979. He was three times Chairman of Rajasthan State Electricity Board and in that capacity he has dealt with lakhs of farmers. Shri Bhandari has special knowledge in the sector of Agriculture and Rural Economy in terms of Section 10A(2) of the Banking Regulation Act, 1949.

He is having directorship in M/s Taurus Home Furnishing Ltd. His shareholding in the Bank is NIL.

**Shri Magh Raj Calla** born on 12.03.41, is M.Sc., L.L.B. Shri Calla has rich experience in legal matters. He was Judge of the High Courts of Gujarat and Rajasthan and retired as the Acting Chief Justice of Rajasthan High Court. He was the Chairman of the Bar Council of Rajasthan and is, at present, a practicing Senior Advocate, Supreme Court of India. Shri Calla has special knowledge in the sector of Law in terms of Section 10A(2) of the Banking Regulation Act, 1949.

He is not having any directorship in any other company. His shareholding in the Bank is NIL.

**Shri K.N. Bhandari** born on 01.03.42, is B.A. L.L.B. Shri Bhandari has vast experience of 40 years in financial and Insurance matters. He was Chairman-cum-Managing Director of United India Insurance Company Ltd (1998-2000) and New India Assurance Company Ltd (2000 to 2002). Shri Bhandari has special knowledge in the sector of 'Finance & insurance' in terms of section 10A (2) of the Banking Regulation Act, 1949.

He is having directorship in M/s Hindalco Industries Limited, M/s Saurashtra Cement Ltd, M/s Andhra Cements Limited, M/s Agriculture Insurance Co. of India, M/s Su-raj Diamonds & Jewellery Limited, M/s Shristi Infrastructure Development Corpn. Ltd, M/s Credence Logistics Ltd and M/s Kenbee Consultants Ltd. He is having membership in various Committees of Board in other companies as under:

S. No	Name of the Company	Name of Committee	Office Held
1.	M/s Agriculture Insurance Co. of India	Audit Committee	Chairman
2.	M/S Andhra Cements Ltd.	Audit Committees	Member

His shareholding in the Bank is NIL.

By Order of the Board of Directors

Place: Mumbai  
Date: 31<sup>st</sup> May, 2008

(R.K. Agrawal)  
Company Secretary





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## REPORT OF THE BOARD OF DIRECTORS

### Esteemed Shareholders,

Your Directors have great pleasure in presenting to you the 65<sup>th</sup> Annual Report of the Bank together with the Audited accounts for the year ended 31<sup>st</sup> March 2008.

### PERFORMANCE HIGHLIGHTS

The performance highlights for the financial year 2007-08 as reflected in key financial indicators are as under: -

	(Rs. in crores)	
	FY 2007-08	FY 2006-07
Deposits	13849.35	10815.92
Advances	7433.88	5704.02
Gross NPA	126.19	121.04
Net NPA	30.90	13.67
Investments	4729.20	3640.69
Total Income	1176.40	881.93
Total Expenditure	1061.20	771.36
Operating Profit	171.28	191.80*
Net Profit after tax	115.20	110.57
Profit /(Loss) brought forward	117.24	67.84
Appropriations		
Transfer to Statutory Reserve	28.80	27.70
Transfer to Capital Reserve for Investment	0.08	—
Transfer to General Reserve	10.00	8.30
Proposed Dividend	6.72	21.51
Dividend Tax	1.15	3.66
Balance Carried over to Balance Sheet	185.69	117.24
<b>Business Ratios</b>		
Return on Assets (ROA) (%)	0.91%	1.16%
CRAR	11.87%	11.32%
Net NPA	0.42%	0.24%
Business per Employee (Rs in Crores)	5.19	4.01
Business per Branch (Rs. in Crores)	44.11	35.41

\* Includes Rs.36.54 crores profit on sale of equity shares of Bharat Overseas Bank Ltd. during the year ended 31<sup>st</sup> March 2007.

### NET PROFIT, DIVIDEND AND BONUS

The net profit for the year after provisions and taxes amounts to Rs. 115.20 crores showing a rise of 4.19% over the net profit of Rs. 110.57 crores for the previous financial year.

Keeping in view overall performance of the Bank, your Directors are pleased to recommend a dividend of 5% for the year ended on 31<sup>st</sup> March 2008 as against 20 % for the year ended on 31<sup>st</sup> March 2007 to conserve the resources.

The Board has also approved issue of bonus shares in the ratio of 1:5 subject to necessary statutory approvals.

### CAPITAL, RESERVES AND CAPITAL ADEQUACY RATIO

During the year, the Bank has allotted 2,68,91,682 Shares as

Bonus shares in the ratio of 1:4. Accordingly, the paid up and subscribed capital increased from Rs.107.57 crores to 134.46 crores as on 31<sup>st</sup> March 2008. With the transfer of profit to reserves, the Bank's Capital Adequacy Ratio as on 31<sup>st</sup> March 2008 stands at 11.87% as against 11.32% at the end of the previous financial year. The Bank has passed resolution in the Extra Ordinary General meeting held on 30.5.2008 to diminish its Authorised Capital from Rs. 300 crore to Rs. 265 crore to comply with Regulation 12 of BR Act, 1949.

### LISTING AGREEMENT WITH STOCK EXCHANGES

Pursuant to requirement of Listing Agreement, the Bank declares that its shares are listed on Bombay Stock Exchange (BSE), Jaipur Stock Exchange (JSE) and National Stock Exchange (NSE). The Tier-II Bonds (Series-III, IV & V) and Upper Tier-II Bonds are also listed at Bombay Stock Exchange. The Bank confirms that it has paid annual listing fees due to the Stock Exchanges.

The Shareholders in the 63rd AGM have passed a special resolution for delisting of all the equity shares of the Company from Jaipur Stock Exchange Ltd(JSE) w.e.f. 01.04.07. In view of pending listing of 90 lacs shares at Bombay Stock Exchange Ltd., & National Stock Exchange of India Ltd., and the case being pending before Hon'ble Supreme Court, the de-listing at JSE has been deferred.

### TREASURY & INVESTMENT MANAGEMENT

The Bank's net investment in SLR and Non-SLR securities has increased from Rs. 3640.69 crores as on 31<sup>st</sup> March 2007 to Rs. 4729.20 crores as on 31<sup>st</sup> March 2008, keeping pace with the growing business of the Bank. The level of SLR and Non-SLR net Investment remained at Rs. 3359.74 crores and Rs. 1369.46 crores respectively as on 31<sup>st</sup> March 2008. The investment portfolio enabled your Bank to achieve a yield of 6.85% on its investments.

The Bank has placed 50.36 % of its net investment under HTM category. Thus securities marked to market accounted for 49.64 % of the net investment as at the end of March 2008.

The liquidity position of the Bank has remained comfortable throughout the year. In order to improve the overall yield on the available short term surplus funds, in addition to the Call Money/ Reverse Repo Lending (CBLO), the Bank deployed funds in other avenues such as interbank short term Deposits, Certificate of Deposits and Units of Mutual Funds etc. The Bank is a member of Negotiated Dealing System (NDS), NDS-Call, NDS OM and Clearing Corporation of India Ltd.

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(CCIL). 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 and at the same time improved customer service by faster transfer of funds. The Bank has also joined NEFT (National Electronic Funds Transfer) to expedite transfer of funds to & from other Banks for customer's account.

## DEPOSITS & ADVANCES

Total deposits of the Bank increased from Rs. 10815.92 crores to Rs. 13849.35 crores, while the core deposits (excluding interbank deposits) increased from Rs. 9841.66 crores to Rs. 12892.69 crores showing a growth of 31 % over previous year.

For the year ended 31st March 2008, gross advances registered robust growth compared to the previous year, 2006-07, showing an increase of 29.56% at Rs.7529.17 Crores as on 31st March 2008. Against the CD Ratio of 52.90% as on 31st March 2007, Bank has been able to achieve CD Ratio of 54.36% as on 31st March 2008. The growth of advances is well spread across the sectors and enterprises. The Yield on Advances has also increased from 9.95% to 11.28% in 2007-08.



*Business plan meeting of Delhi Region presided by Shri Deepak Saruparia Deputy Managing Director.*

During the year 2007-08, the Reserve Bank of India continued to take measures with a view to contain spiraling growth of Credit, particularly in certain risk sensitive sub-sectors i.e. Real Estate & Construction, Personal Loans and Credit Cards etc. The provisioning requirement has also been revised for certain sectors including doubling the same to 2% for standard assets for real estate, outstanding credit card receivables and loans and advances qualifying as capital market

exposure and personal loans (excluding housing loans for residential purposes and educational loans).

Accordingly, Bank followed policy of caution and discrimination in making advances to high risk sectors. Besides, Banking system as a whole witnessed upward bias on interest rates and tightening of liquidity that required revision of Benchmark Prime Lending Rate (BPLR) and Retail Prime Lending Rate (RPLR) during the year which, at a later part of the year, eased out.

Further, Bank continued its thrust on checking incidence of fresh Non Performing Assets as well as up-gradation of existing assets within permissible parameters / prudential norms and aims at zero NPA status.

During the year under report the Bank also strengthened its credit approval and monitoring process, which enabled the Bank to keep under check the incidence of slippage of borrowal accounts into NPA category.



*Business plan meeting of Bhilwara Region. Meeting was attended by Shri P.L. Ahuja Managing Director & CEO and Shri Deepak Saruparia DMD.*

## PRIORITY SECTOR & RETAIL BANKING

The Bank's advances to Priority Sector (inclusive of eligible investments) as a proportion of Adjusted Net Bank Credit at the end of previous year stood at 41.31% as on 31st March 2008, thereby surpassing the national goal of 40% for such advances. These advances registered a growth of 33.01% and reached to the level of Rs.2401.09 crores in the financial year 2007-08 from Rs.1805.12 crores in the financial year 2006-07.

In terms of the directives from the Government of India and the Reserve Bank of India, the Bank is giving utmost importance to lending under Priority Sector and Agriculture Sector by introduction of new products / schemes and



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modifying the existing ones for its growth. Break up of sector wise outstanding under Priority Sector Advances at the end of the financial year 2007-08 is as under:

(Rs.in crores)		
Sector	FY 2007-08	FY 2006-07
Agriculture	1193.77	1076.66
Small Enterprises	709.40	292.37
Retail Trade	179.34	101.52
Micro Credit	1.73	3.53
Education	3.69	2.59
Housing	313.16	328.45
<b>Total</b>	<b>2401.09</b>	<b>1805.12</b>

In order to provide hassle free advances to the farm sector, Bank has modified and introduced farmer friendly schemes like "Raj Bank Kisan Green Card" (RBKGC) and Raj Bank Kisan Credit Card (RBKCC) to suit all financial needs of the farmers including their consumption needs.

The Bank registered a growth of 47.65% during the financial year 2007-08 under Direct Agriculture Sector. Major products financed under direct agriculture are rural godowns, medicinal / herbotech plantation and vermi-culture besides Kisan Credit Cards in a big way whereas those under indirect agriculture are, Agriculture Market Yards, NAFED, NCDCL.

Bank has various products in its basket for financing under agriculture viz. Kisan Credit Card (RBKCC/RBKGC), Hitech Agriculture Project, Venture Capital Fund Scheme for Dairy / Poultry, Horticulture & Plantation Scheme, loan against warehouse receipt scheme, financing two-wheeler to farmers, financing small and medium dairies, projects pertaining to cash crops / flower / medicinal plants / horticulture, financing to Self Help Groups (SHGs) for agriculture and allied activities.

In its endeavor to serve weaker sections of the society, the Bank is actively participating in various Government sponsored poverty alleviation programmes. With the twin objectives of eradicating menace of poverty and generating employment to rural and urban population through Govt. Sponsored Programmes like PMRY, SGSY, SJSRY and different

SCDC schemes, the Bank is sharing its responsibility in socio economic development. During the year under report, your Bank has disbursed Rs. 1762 lacs under various Government Sponsored Programmes which has been well appreciated at various fora.

Bank is also committed to promote micro finance as per policy of Government of India. During the year, the Bank has organised a mega camp at Udaipur for disbursing loans to Self Help Groups under SGSY, benefiting 850 beneficiaries, mostly women members.

To promote rural artisans, Bank has also obtained credit guarantee cover under CGTSI scheme to allow financial facilities with no collateral to the rural artisans.

## RECOVERY UNDER ADVANCES TO SCHEDULED CASTES(SC) & SCHEDULED TRIBES (ST)

Position of Demand, Recovery & Overdues at the end of financial year 2007-08 under SC/ST Category is given here under:

(Amount Rs. in lacs)

	Demand		Recovery		Overdue		Recovery percent	Balance Outstanding	
	A/c	Amt.	A/c	Amt.	A/c	Amt.		A/c	Amt.
SC	6338	1077	4382	696	3034	382	64.62	5870	1353
ST	3943	991	2296	625	2442	366	63.06	3958	1106

## FINANCIAL INCLUSION:

The vast network of banking system in the country has prompted the adoption of a bank centric approach in delivery of financial services in the rural sector. However, for outreach of banking services, the Reserve Bank of India/ Government of India has launched a new initiative in the name of Financial Inclusion. Initially, your Bank participated in Rajsamand District on pilot basis for 100% financial inclusion in the financial year 2005-06 and during the financial year 2007-08, the Bank has participated in four newly identified districts viz. Dausa, Jhalawar, Sriganganagar and Dungarpur and completed the task of 100% financial inclusion.



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## RAJASTHAN SWAROJGAR VIKAS SANSTHAN:

With a view to empowering the rural people for earning their sustainable income, your Bank has set up rural development and self-employment type of training institutes under the banner of “RAJASTHAN SWAROJGAR VIKAS SANSTHAN (RSVS)” at Udaipur and Jodhpur. The Institutes are providing expert guidance and assistance to rural youths through counselling and consultancy approach and rendering all possible helps for obtaining credit facilities from banks and other financial institutions in setting up their ventures successfully.



*Training cum loan disbursement Camp under SGSY to self help group member of Udaipur on 28-03-2008.*

The mission of RSVS is to channelise youth power in wealth creation through entrepreneurship development and empowering rural population to share the economic progress equitably. The RSVS has conducted 31 courses and trained



*Disbursement of loan on 28-03-2008 to self help group under Rajasthan Swarojgar Vikas Sansthan, Udaipur.*

1558 rural youths. Your Bank would like to place on record that most of the youths trained through the Institutes have

successfully established their own ventures. To facilitate the Institutes in their Infrastructure development i.e. for construction of building and for providing necessary amenities to the trainees viz., laboratory, classroom, boarding etc., the State Government has allotted land, admeasuring 9002.50sq.ft. at Udaipur on reserve price to RSVS.

## RETAIL BANKING:

Treating retail financing as a major tool for keeping pace with the changing economic scenario, your Bank has stepped in for larger coverage by introducing several products viz. consumer loans to Institutional employees, mortgage loan, home loan, education loan and vehicle loan. During the financial year 2007-08, an aggregate sum of Rs. 20522 lacs was disbursed touching total advances under retail sector to the tune of Rs. 86316 lacs. In response to the changing market conditions, the “APNA GHAR” Housing Scheme was revamped. During the year 2007-08, Bank has disbursed housing loans of Rs. 5692 lacs and the total housing loan portfolio has reached Rs. 33573 lacs on 31st March 2008.

## Operations of Mewar Aanchalik Gramin Bank (MAGB)

The deposits of MAGB increased to Rs. 30855 lacs as on 31.3.2008 and advances reached a level of Rs. 8757 lacs as on 31.3.2008.

## ASSEST QUALITY MANAGEMENT

During the year-ended 31st March 2008, the Bank continued pursuing its recovery drive aggressively. For small NPAs of below Rs.50 lacs, recovery camps were organized at branch level for on the spot settlements. The hard core high value NPAs were effectively followed up with the defaulter borrowers, guarantors and judgment debtors through appropriate legal action.

The Bank also exercised its rights under the SARFAESI Act 2002 in eligible cases and issued notices to the defaulting borrowers/ guarantors compelling them to come forward with reasonable settlement proposals for liquidation of the dues of the Bank. The Bank accordingly made a good recovery of Rs 4340.80 lacs in 4952 NPA accounts during the financial year 2007-08. The Bank also launched an extensive drive to execute decrees for enforcing recovery in hard core accounts by resorting to attachments, taking possession & sale of properties.

During the financial year ended 31st March 2008, compromises were approved in 1756 accounts, effecting aggregate recovery of Rs. 3557.68 lacs.

To accelerate the pace of recovery in small value accounts, as many as 146 recovery camps were organized by the Regional



# THE BANK OF RAJASTHAN LTD.

Offices where aggregate recovery of Rs. 100.44 lacs was made in 913 accounts.

The position of NPAs and recovery is given below:

(Rs. in lacs)

	As on 31st March 2008	As on 31st March 2007
Gross NPA	12619.51	12104.01
Gross NPA%	1.68	2.08
Net NPA	3089.84	1367.25
Recovery in NPA	4340.80	5406.86
Net NPA%	0.42	0.24

The Bank effected significant recoveries amounting to Rs. 1651.92 lacs in 2909 written off accounts, besides recovery of Rs 440 lacs in written off ICD a/c of erstwhile Rajasthan Bank Financial Services, thus total recovery in written off accounts was Rs 2091.92 lacs which contributed to the net profit of the Bank. The Bank was also able to effect recoveries to the tune of Rs. 2606.81 lacs in high value NPAs with outstanding of Rs. 50 lacs and above, during the year ended 31st March 2008. Similarly, substantial recoveries to the tune of Rs. 1733.99 lacs were effected in small NPAs having outstanding up to Rs.50 lacs.

During the year ended 31st March 2008, NPAs amounting to Rs.713 lacs were upgraded to the category of performing assets.

As a result of the initiatives taken by the Bank in improving asset quality and recoveries effected, the accretion to net NPAs as at the end of 31st March 2008 has been Rs.3090 lacs. The Bank is making all out efforts to recover the amount in NPA accounts.

## INTERNATIONAL BANKING

The Bank is handling foreign exchange business at its 22 branches. During the year 2007-08, the total forex turnover handled by the Bank amounted to Rs.19287.78 crores as compared to Rs. 13594.45 crores during the year 2006-07 registering a growth of 41.88%. The Bank has been continuously making arrangements with foreign banks for augmenting export /import business of its constituents. As on 31st March 2008, there were 56 correspondent banks in 70 countries. Export credit is Rs. 158.81 crores (as on 31st March 2008). In all, 21 exporters have been allotted "Rajbank Exporters Gold Card" under the Exporters Gold Card Scheme of the Reserve Bank of India, entitling them to various benefits under the Scheme. The rupee draft drawing arrangement with M/s. Wall Street Exchange Center LLC, Dubai has picked

up well and now it is proposed to start a "Speed remittance facility". Similar arrangement of rupee draft drawing and "Speed remittance facility" proposed to be entered into with M/s Al Muzaini Exchange Company, Kuwait are likely to be started during the current year. A separate E-mail Id nrhelpdesk@rajbank.com has been provided for use by NRIs to facilitate easy communication with the Bank.

The Bank has planned to start a Derivative Desk at its Treasury Branch, during the current year. The Bank has acquired a new integrated treasury software "KASTLE" from M/s.3i Infotech Ltd, which is proposed to be implemented during the current year.

## FOREIGN EXCHANGE EARNING & OUTGO

Total foreign exchange earned (including income in the form of interest, rebates, sharing of income from nostro banks, recovery of bad debts etc.) at the end of the year, amounted to Rs. 291.37 lacs

Total foreign exchange used (including charges on nostro accounts, SWIFT and Reuter charges, interest paid on foreign currency borrowings, allowances paid in foreign currency for traveling abroad and audit fee paid etc.) at the end of the year, amounted to Rs.121.94 lacs

## NEW SERVICES AND PRODUCTS:

The Bank has emerged as a financial super market providing a wide variety of products and services, which has enabled it to augment its fee-based income and widen the customer base. The major products and services offered by the Bank are as under:-

### GENERAL INSURANCE:

The Bank is having an arrangement with M/s. United India Insurance Company Limited, a leading public sector non-life insurance service providers in the country and having a large network of its branches/divisional offices across the country. The Bank also markets a specially designed Group Mediclaim Policy known as RAJBANK AROGYA NIDHI which is very popular among our clients. During the FY 2007-08, a total premium of Rs. 3.37 crores was booked through our branches and the Bank earned an income of Rs. 0.42 crore by way of commission. It is expected that this business will grow in a phased manner in coming years.

### LIFE INSURANCE:

In order to realize full potential of insurance business, Bank has entered into a tie-up with Aviva Life Insurance Company on referral arrangement basis. Consequently, agreement with LIC of India for distribution of their products on agency basis has been terminated in Dec., 2007. Aviva will use our infrastructure, database and technology for this purpose and