



THE BANK OF RAJASTHAN LTD.

REPORT OF THE BOARD OF DIRECTORS

Esteemed Shareholders,

Your Directors have great pleasure in presenting to you the 67th Annual Report of the Bank together with the Audited accounts for the year ended 31st March 2010.

PERFORMANCE HIGHLIGHTS

The performance highlights for the financial year 2009-10, as reflected from the key financial indicators are as under: -

(Rs. in crores)

	FY 2009-10	FY 2008-09
Deposits	15062.35	15187.15
Advances	8329.47	7780.75
Gross NPA	293.81	160.92
Net NPA	133.50	57.03
Investments	6722.51	6809.15
Total Income	1489.48	1507.23
Total Expenditure	1591.61	1389.52
Operating Profit	(27.90)	193.77
Net Profit after tax	(102.13)	117.71
Profit / (Loss) brought forward	234.34	185.69
Appropriations		
Transfer to Statutory Reserve	--	29.43
Transfer to Capital Reserve for Investment	9.03	25.14
Transfer to Investment Reserve Account	--	0.71
Transfer to General Reserve	--	10.00
Proposed Dividend	--	3.23
Dividend Tax	--	0.55
Balance Carried over to Balance Sheet	123.18	234.34
Business Ratios		
Return on Assets (ROA) (%)	(0.58%)	0.74%
CRAR – Basel-I	7.74%	12.00%
CRAR – Basel-II	7.52%	11.50%
Net NPA	1.60%	0.73%
Business per Employee	5.70	5.33
Business per Branch	49.01	46.90

NET PROFIT/(LOSS) & DIVIDEND

The net loss for the year after provisions and taxes remained at Rs. 102.13 crores as against net profit of Rs. 117.71 crores

for the previous financial year. In view of the loss incurred during the year 2009-10, the directors do not recommend any dividend.

CAPITAL, RESERVES AND CAPITAL ADEQUACY RATIO

During the year, the Bank has not issued fresh shares. The Bank's Capital Adequacy Ratio as on 31st March 2010 stands at 7.74% as per Basel I and 7.52% as per Basel II as against 12.00% and 11.50% respectively at the end of the previous financial year.

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, VI & VII) and Upper Tier-II Bonds are also listed at Bombay Stock Exchange. The Bank confirms that it has paid annual listing fees due to stock exchanges.

Listing of 1,35,00,000 shares (90 lac shares and two bonus thereon) are pending with the Stock Exchanges. The Civil appeal filed by Bank in this behalf is pending before Hon'ble Supreme Court.

SHOW CAUSE NOTICE FROM JAIPUR STOCK EXCHANGE LTD.

The Bank has received a Show Cause Notice from Jaipur Stock Exchange Limited for alleged violation of clause 36 of the Listing Agreement. The Bank has denied any such violation and has duly replied the same. The Bank has also intimated to SEBI and RBI about the correspondence with Jaipur Stock Exchange Ltd., in this matter.

TREASURY & INVESTMENT MANAGEMENT

The Bank is a member of Negotiated Dealing System (NDS), NDS-Call, NDS OM and Clearing Corporation of India Ltd. (CCIL). Transactions in Government Securities are carried out through scrip less 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 has also joined NEFT (National Electronic Funds Transfer) for faster transfer of funds to & from other Banks for customer's account.



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The Bank's net investment in SLR and Non-SLR securities has decreased to Rs. 6722.51 crores as on 31.03.2010 from Rs. 6809.15 crores as on 31.03.2009. The investment was made as per the business requirement of the Bank as well as for complying with statutory requirement. The level of SLR and Non-SLR net Investment remains to Rs. 4442.39 crores and Rs. 2280.11 crores respectively as on 31.03.2010. The investment portfolio enabled your Bank to achieve a yield of 5.64% on its investment.

The Bank has parked 87.34 % of its net investment under HTM category. Thus securities marked to market accounted for 12.66 % of the net investment as at the end of March 2010. The investment in RIDF in the form of deposit with NABARD/ SIDBI/ NHB, has increased from Rs. 1244.57 crores as on 31.03.2009 to Rs. 2021.39 crores as on 31.03.2010, the same is classified under HTM category as per RBI guidelines. The yield on RIDF being low, has affected overall yield on Investment.

The liquidity position of the Bank was comfortable throughout the year. The Bank has deployed the available short term surplus funds in Call Money/ Reverse Repo Lending/ CBLO as also in the Units of Mutual Funds, interbank short term Deposits, etc.

DEPOSITS & ADVANCES

Total deposits of the Bank decreased from Rs. 15187.15 crores to Rs. 15062.35 crores, while the core deposits (excluding interbank deposits) increased from Rs. 13832.25 crores to Rs. 14204.23 crores showing a growth of 2.69 % over previous year. However the Bank's average deposits have shown rise of 10.36 % over previous year indicating steady growth during the year.

Gross advances registered an increase of 7.67 % compared to the previous year 2008-09, and stood at Rs. 8489.78 crores as on 31st March 2010. The CD Ratio at 51.92% as on 31st March 2009 increased as on 31st March 10 to 56.36 %. The growth of advances is well spread across the sectors and enterprises. The Yield on Advances decreased from 12.04% to 11.68% in 2009-10 which is in line with decrease in cost of deposits. The growth of average advances during the year has been 1.78% over previous year.

Bank followed policy of caution and discrimination in making advances to high risk sectors. As a result of surplus liquidity interest rates moved downward and the Benchmark Prime Lending Rate (BPLR) and Retail Prime Lending Rate (RPLR) registered decrease during the year.

Further, Bank continued its close monitoring to contain incidence of fresh Non Performing Assets and made sincere endeavours for up-gradation of existing assets within

permissible parameters / prudential norms. During the year under report the Bank also strengthened its credit approval and monitoring process, which enabled the Bank to keep the incidence of slippage of borrowal accounts under check.

PRIORITY SECTOR & RETAIL BANKING

The Bank's advances to Priority Sector (inclusive of eligible investments) as on 31.03.2010 stood at Rs.2747.33 crores. In terms of the directives from the Government of India and the Reserve Bank of India, the Bank has given utmost importance to lending under Priority Sector and Agriculture Sector by introduction of new products / schemes and modifying the existing one for its growth. Break up of sector wise outstanding under Priority Sector Advances at the end of the financial year 2009-10 is as under:

(Rs. in crores)

Sector	Finance year	Finance year
	2009-10	2008-09
Agriculture	1455.19	963.61
Small Enterprises	904.28	800.33
Micro Credit	33.39	1.87
Education	9.29	6.08
Housing	345.18	260.16
Total	2747.33	2032.05

The net level of Priority Sector Advances for the year ended stood at Rs. 2747.33 crores constituting 35.31% of ANBC. The Direct Agriculture Advances have shown increasing trend and reached to Rs. 303.67 crores as of March, 2010 compared to Rs. 155.98 crores as of March, 2009. The advances under Small Enterprises including manufacturing and service enterprises reached a level of Rs. 904.28 crores and the Housing loan portfolio stood at Rs. 345.18 crores whereas Education loans have increased to Rs. 9.29 crores. Under the prime product of Direct Agriculture Advances i.e. under RBKCC/RBKGC Bank has issued 3840 fresh cards aggregating Rs.36 crores. Under tie up arrangement with various tractor manufacturing companies Bank has disbursed Rs. 12 crores in 309 loan accounts during the year ended March, 2010.

The Bank has set up Rural Development and Self Employment Training Institutes (RSETIs) under the banner of "RAJASTHAN SWAROJGAR VIKAS SANSTHAN (RSVS)" at Udaipur and Jodhpur. The institute provides expert guidance and assistance to rural youths and renders all possible help for obtaining credit facilities and also assists them in setting up their ventures successfully. During the year, the two institutes have conducted 53 training programmes benefiting 3639 entrepreneurs.



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The State Government has allocated land at Udaipur for development of infrastructure for RSETI on concessional rate i.e. 5% of reserve price. The National Institute of Rural Development (NIRD) has provided grant of Rs. 1.00 crore for establishing infrastructure (building) at RSETI Udaipur. The construction work at RSETI Udaipur is nearing completion and the institute is likely to start functioning at the new building soon.

The Bank has actively participated in various Government Sponsored Programmes and had disbursed loan of Rs.13 crores in 2797 loan accounts. The Bank has organised camps for financing self help groups and disbursed loan of Rs.5.00 crores to 445 self help groups.

OPERATIONS OF MEWAR AANCHALIK GRAMIN BANK (MAGB)

Bank's sponsored RRB namely Mewar Anchalik Gramin Bank (MAGB) established on 25.01.1983 has 58 branches in 3 districts viz Udaipur, Rajsamand & Pratapgarh. All the branches are computerised. With effective management, the MAGB has earned operating profit of Rs. 246.38 lacs during the year 2009-10. The deposits of MAGB has increased to Rs. 435.66 crores and advances reached to the level of Rs 144.03 crores as on 31.3.2010.

RETAIL BANKING:

The Bank has achieved an over all growth of 16.39% under the retail assets portfolio of Home Loan, Mortgage Loan, Vehicle Loan and Personal Loan products in the current FY as compared to 3.22% growth achieved in the last FY :

(Rs. in lacs)

	Outstanding as on 31.03.2009		Outstanding as on 31.03.2010	
	Number of Accounts	Amount	Number of Accounts	Amount
Home Loans (Direct)	6178	20459	6432	25214
Mortgage Loan/ OD	1710	12061	1641	10828
Vehicle Loans	148	216	356	886
Personal Loans/ CCL	23946	15233	24598	18904
Total	31982	47969	33027	55832

The Personal Loan / CCL and Home Loan (direct) portfolio of the Bank has increased by 24% and 23.24% while Mortgage Loan has decreased by 10.22% during the FY 2009-10.

ASSEST QUALITY MANAGEMENT

The position of NPAs & W-Off a/cs and recoveries is given in the table below:-

(Rs in lacs)

	As on 31.03.2009	As on 31.03.2010
Recovery in NPA	3341.45*	2982.37*
Recovery in W-Off	703.28*	1050.32*
Up gradation	736.78	363.13
TOTAL	4781.51	4395.82

* Inclusive of interest

During the period ended 31.03.2010 the Bank pursued its recovery drive aggressively. In case of small NPAs for amounts below Rs 50 lacs it was the Bank's endeavor to recover maximum dues by organizing Recovery Camps for on the spot settlements. The hard-core high value NPAs were followed up through action against the defaulter borrowers, guarantors and judgment debtors through appropriate legal means.

The Bank also exercised its right 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 recovery of Rs 2982.37 lacs in 3468 NPA accounts during the financial year 31.03.2010. The Bank also launched an extensive drive to execute decrees for enforcing recovery in hardcore accounts by resorting to attachment, taking possession and sale of properties.

The Bank affected significant recoveries amounting to Rs 1050.32 lacs in 1310 written off accounts, which added to its net profit. The Bank was able to affect recoveries to the tune of Rs 1132.02 lacs in high value NPAs with outstanding of Rs 50.00 lacs and above during the year ended March 2010. Similarly, substantial recoveries to the tune of Rs 1850.35 lacs were affected in small NPAs having outstanding up to Rs 50.00 lacs.

During the period ended March 2010 NPAs amounting to Rs 363.13 lacs were up graded to the category of Performing Assets. There were also fresh slippages aggregating Rs. 16353 lacs reflecting overall situation of loan assets in the industry.



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The position of Gross & Net NPAs are as under :-

(Rs in crores)

	As on 31.03.2009	As on 31.03.2010
Gross NPAs	160.92	293.81
Gross NPAs %	2.04%	3.46%
Net NPAs	57.03	133.50
Net NPAs %	0.73%	1.60%

Gross NPAs and Net NPAs of Bank have increased to Rs. 293.81 crores and Rs.133.50 crores from Rs.160.92 crores and Rs.57.03 crores respectively, showing an increase of 3.46% from 2.04% in Gross NPAs and 1.60% from 0.73% in Net NPAs. The Bank is making all out efforts to recover its NPAs.

INTERNATIONAL BANKING

The Bank is handling Foreign Exchange business at its 22 branches. During the year 2009-10, the total Forex turnover handled by the Bank amounted to Rs. 19129.59 crores as compared to Rs. 23618.36 crores during the year 2008-09 showing a decline of 19.01% compared to last year. The Bank has been continuously making arrangements with foreign banks for augmenting export /import business of its constituents. As on 31st March 2010, there were 67 correspondent banking relationship in 70 countries. Export credit outstanding was Rs. 145.53 crores as on 31st March 10, whereas 8 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 and it is now proposed to start a "Speed remittance facility". Similar arrangement of Rupee Draft drawing and "Speed remittance facility" will be entered with M/s Al Muzaini Exchange Company, Kuwait and to be started during the first quarter of current year. A separate email Id nrhelpdesk@rajbank.com has been provided for use by NRIs to facilitate easy communication with the Bank.

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 year amounted to Rs 34.24 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 year amounted to Rs. 18.78 lacs.

NEW SERVICES AND PRODUCTS

The Bank has been offering following products & services to customers:

GENERAL INSURANCE

The Bank has tie-up with United India Insurance Company for General Insurance as well as Mediclaim products. The United India Insurance Company is one of the 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 has also tie-up with UIICO for selling of Group Mediclaim Policies to its customers namely of "RAJBANK AROGYA NIDHI" which is available on reasonable premium with special features. During the FY 2009-10 the Bank has booked Rs. 4.06 crores towards total premium and earned income of Rs. 0.66 crore in the form of commission including Rs.0.30 crore received towards reimbursement of publicity expenses.

LIFE INSURANCE

There is a tie-up with Aviva Life Insurance Company for life insurance products. During the FY 2009-10, the bank has booked Rs. 43.71 crores in respect of total annualized premium and earned income of Rs. 13.05 crores towards referral fee / commission.

DEMAT SERVICES

Since 2000, the Bank has been providing depository services to its customers, becoming the Depository participant (DP) of Central Depository Services (India) Limited (CDSL). Presently 221 branches are providing Demat services. During the Financial Year 2009-10, Bank has opened 55466 Depository customer accounts and earned revenue of Rs. 2.08 crores.

ON-LINE TRADING OF SECURITIES

In respect of On-Line Trading of Securities, the Bank has a tie-up with IDBI Capital Markets Limited and Religare Securities Limited to provide online trading facility to its customers. As a part of the alliance, customers of the Bank are provided with the facility of a 3-in-1 online investing account wherein the Savings Bank account, Demat Account and the trading account are interlinked. With this facility, the Bank's customers can enjoy the convenience of trading and managing their portfolio from any part of the world.

ECGC Ltd.

The Bank has also have Bancassurance arrangement with the Export Credit Guarantee Corporation of India Ltd. for soliciting and procuring business of ECGC General Insurance business for & on behalf of them on agency basis.



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MUTUAL FUNDS

Considering the good returns to its valuable investors through Mutual Funds in Capital Market, Bank has selling / marketing arrangements with following Mutual Funds:-

Sr.No.	Name of Mutual Fund
1.	LIC Mutual Fund
2.	Prudential ICICI Mutual AMC
3.	Principal PNB Mutual AMC
4.	ING Vysya AMC
5.	Reliance Mutual Fund
6.	Birla Sun Life Mutual Fund
7.	DSP Merrill Lynch Mutual Fund
8.	Sundaram BNP Paribas Mutual Fund
9.	Franklin Templeton Asset Management (India) Pvt. Ltd.
10.	TATA Mutual Fund
11.	UTI Mutual Fund
12.	SBI Mutual Fund
13.	Edelweiss Mutual Fund
14.	Kotak Mahindra Mutual Fund.
15.	DBS Cholamandlam

During the Financial Year 2009–10, Bank has done total business of Rs. 266.16 crores and earned commission of Rs. 0.22 crore.

WESTERN UNION MONEY TRANSFER

The Bank has been providing Western Union Money Transfer services as a sub-agent. The services are available at all branches of the Bank. The Bank has earned gross income of Rs. 0.02 crore at the end of March, 2010 from this activity.

CREDIT CARD

The Bank has launched its International Credit Card in association with VISA on 26th December 2005 with special features. Upto the financial year 2009-10, the Bank has issued 30,609 credit cards, with 20% increase over previous year. New variants of the Card with enhanced features/benefits have been introduced and well recognised in the market. Bank is offering lifetime free credit cards. Bank has also implemented ‘Verified by VISA’ to make online transactions secured and online SMS alert functionality for POS and internet transactions and to strengthen customer service. Apart from this, specialized SMS alerts are also sent on regular basis to credit card holders on events like birthday, dispatch of statement, value transaction alerts, outstanding balance reminder, due date of payment, e-statement etc. Bank has implemented ‘Disaster Recovery Management’ system for Credit Cards. Bank is planning to come out with various reward and loyalty programmes in this financial

year to increase the card base and usage cycle. Bank is also planning for co-branding of credit cards.

DEBIT CARD

Bank has tied up with ECS for issuing of ATM-cum-Debit Cards. Bank’s Debit Card is accepted over 90,000 outlets in India and about 13 million POS globally with Visa Electron. This includes over 32,000 ATMs in India and 1.15 million ATMs world wide. The Bank has tied up arrangements for sharing ATMs with 12 banks including State Bank Group & Corporation Bank.

CASH MANAGEMENT SERVICES

Our Bank has good network of online branches, various Banks / Financial Institutions are approaching for arrangements with the Bank for various arrangement like collection of cheques (local and out station), draft drawing arrangement, cash deposit /withdrawal/remittance etc. Accordingly, these Services are being provided to various banks / institutions like ICICI Bank, Corporation Bank, HDFC Bank, Kotak Mahindra Bank, City Bank, Axis Bank, Yes Bank, Tata Finance Ltd. etc.

BOOKING OF RAILWAY TICKETS OVER INTERNET

In our endeavour to provide our esteemed customers with state of the art technology-enabled products and services to transact from the comfort and convenience of home or office or transact even while on move, the Bank has signed an agreement with Indian Railway Catering & Tourism Corporation (IRCTC) to provide facility for booking Railway Tickets over internet.

STAMP FRANKING ACTIVITY

The Bank has pioneered this facility in the State of Maharashtra in the year 2004. Encouraged by response, the Bank has further expanded stamp franking activity in the States of Rajasthan, Gujarat, Goa & Bihar, generating revenue of Rs. 2.46 crores through this activity.

REAL TIME GROSS SETTLEMENT CHARGES (RTGS) / NATIONAL ELECTRONIC FUND TRANSFER (NEFT)

Bank has been providing RTGS / NEFT Scheme based on an electronic paperless settlement system. Looking to the wide acceptability of the system with low cost per transaction, all branches are RTGS / NEFT enabled.

e-PAYMENT OF TAXES ON BEHALF OF THE CUSTOMERS

To facilitate e-Payment of Taxes, Bank has been providing the facility through NSDL w.e.f. 01.08.2008 and the facility is available at all our branches.



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CALL CENTRE (PHONE BANKING)

During this year, the Bank has established its Call Center at Jaipur and started Phone Banking Services. Under the Phone Banking Services, customers (registered for the services) may get several services just on a phone call. These services include enquiries on their accounts like Balance Enquiry, Transactions Enquiry relating to Banking Accounts, Credit Cards, Debit Cards, Demat accounts etc. In addition facilities of hot listing of debit cards & stop payment of cheques is also available on 24x7 basis.

INFORMATION TECHNOLOGY, COMPUTERISATION & TECHNOLOGY UPGRADATION

Entire business of the Bank is on Core Banking with all the 463 branches covering 287 cities in 22 States and 2 Union Territories are on this platform. The Bank offers convenience of Internet Banking, Visa International Debit Card & SMS alert facilities to all the customers irrespective of branch location. Besides its own brand of VISA credit card, the offers include a bouquet of technology driven products. A 24x7 Call Centre helps enhance the customers' satisfaction.

Salient Features:

1. Anywhere Banking: Covers All 463 branches covering 287 cities in 22 States and Union Territories.
2. SMS Alert facility: Bank has been providing free SMS alerts for transactions beyond a threshold limit.
3. Retail Internet Banking: For online statement of accounts, fund transfer within the bank, DMAT account enquiry. The Bank also provides payment gateway interfaces for online booking of railway tickets and internet shopping. Customers can pay their credit card dues to the Bank through Internet Banking.
4. ATMs: Besides offering 127 own ATMs/ Cash Dispensers, the Bank has ATM Sharing arrangement with State Bank of India and Cash Tree enabling customers to operate on more than 15000 ATMs across the country. The Bank will be in a position to provide interface with majority of the Banks very soon being member of NFS. The Bank's ATMs will similarly honour all VISA cards and select NFS member Mastercards.
5. Cheque Truncation System is operating successfully in National Capital Region Delhi for the past one year.
6. The Bank participates in debit & credit ECS and encourages customers to use RTGS /NEFT for funds transfers.

7. Centralized service tax submission, e-payment of direct taxes at identified branches.
8. DR Setup operational for core banking.

Other Customer Centric Technology Initiatives:

1. Interface with National Financial Switch (NFS) as well as VISA acquiring project are in progress and are expected to be operational shortly.
2. Mobile banking services will soon provide the facility of financial transaction.
3. Corporate e-banking implementation is in the process and shall be made available during the financial year.
4. Passbook updation / Statement of Account facility from any branch.

HUMAN RESOURCES, TRAINING & DEVELOPMENT

In pursuit of Bank's business-growth and excellence, it has been the endeavor of the Bank to achieve corporate goals by leveraging its human resources.

The position of recruitment in the financial year 31st March, 2010 was as under :

Year	Officers / Executives	Clerks	Sub-ordinates	Total
2009-2010	54	--	--	54
2008-2009	255	14	14	283

The staff-strength of the Bank as on 31st March, 2010 vis-à-vis, previous year stands as under:

Cadre	31/03/10	31/03/09
Officers	2058	2106
Clerical	1357	1354
Subordinates	513	565
Marketing Executives / Team Leaders	55	50
Total	3983	4075

It is aim of P&HRD to develop a new cadre of dynamic and charged manpower by exposing them to critical function like marketing strategies, understanding and analyzing customer needs, measuring customer satisfaction, market segmentation and its applications, developing brand image etc.

STAFF TRAINING COLLEGE

Ever increasing customer expectations & introduction of technology-based products on regular basis makes it imperative for the Bank to update & develop its human resources in order to keep them current. The Bank has its Staff Training College housed in owned premises with all required infrastructure & residential facilities, working with



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the mission to act as an enabling mechanism for sustaining growth and promoting organizational excellence by remaining continuously attuned to the needs of the Users.

During the year under review, Staff Training College has conducted 90 training programmes in various areas, imparting training to 2062 participants and nominated 35 staff members to various training programmes conducted by BTC / NIBM / CAB & Other reputed training institutions. For overall development of the senior-staff, Management Development Programmes were also conducted with the support of eminent outside faculty.

The College, in view of their importance, has been including areas like Demat, Finance, Code of Bank's Commitment to Customers, KYC / AML, IS Audit and Customer Services on regular basis, in most of the training programmes. Sessions on life style management with support of Doctors and eminent outside speakers have been incorporated in the curriculum. Professional audiovisual CDs & Video conferencing facility are also used during training programmes. Meditation and Gym facilities have been introduced for all round developments at staff training college.

HOUSE KEEPING

Bank has been endeavouring to improve the house keeping to the best standards. Most of the old entries in suspense accounts have been adjusted. Reconciliation of inter branch

and inter bank accounts have been undertaken at regular intervals

CUSTOMER SERVICES

The customer service area was also closely monitored. The meetings of customer service committees were held at branches, Regional Offices and at Central Office. Important guidelines/feedback received in this regard from BCSBI, RBI, IBA. Banking Ombudsman were transmitted to field functionaries for implementation. It was ensured that prompt, courteous and personalized services are provided to our valued customers. The complaints/grievances of customers were promptly attended and utmost efforts were made to redress the same to the satisfaction of complainant.

BRANCH EXPANSION

In terms of RBI directives, the Bank has not been permitted to open any new branches or establish offsite ATMs. Consequently this number of branches remained unchanged at 463.

At the end of financial year 2009-10, the Bank's network had 463 branches (including 6 service branches), 28 offsite ATMs and 99 onsite ATMs covering 22 States and 2 Union Territories across the country. The States-wise details (population group-wise classification) thereof, is given here under :

S. No.	State / U.T.	Branches#				Total	ATMs	
		Metro	Urban	S.Urban	Rural	Branches	Onsite	Offsite
1	Andhra Pradesh	3	4	-	-	7	2	-
2	Assam	-	3	1	-	4	3	-
3	Bihar	1	-	-	-	1	-	-
4	Chattisgarh	-	1	-	-	1	-	-
5	Delhi	20	-	-	-	20	6	-
6	Goa	-	-	1	-	1	1	-
7	Gujarat	5	1	3	1	10	4	-
8	Haryana	1	10	2	1	14	6	1
9	Himachal Pradesh	-	1	-	1	2	1	-
10	Jammu & Kashmir	-	1	-	-	1	-	-
11	Jharkhand	-	1	-	-	1	-	-
12	Karnataka	2	1	-	-	3	1	-
13	Kerala	-	1	-	-	1	-	-
14	Madhya Pradesh	9	8	5	-	22	4	1
15	Maharashtra	18	12	1	1	32	9	1
16	Orissa	-	2	-	-	2	-	-
17	Punjab	3	5	4	-	12	3	-



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S. No.	State / U.T.	Branches#				Total	ATMs	
		Metro	Urban	S.Urban	Rural	Branches	Onsite	Offsite
18	Rajasthan	50	77	69	98	294	50	23
19	Tamil Nadu	2	5	1	-	8	1	-
20	Uttar Pradesh	9	4	-	-	13	1	1
21	Uttanchal	-	1	-	-	1	-	-
22	West Bengal	6	2	-	-	8	4	-
23	Chandigarh (UT)	-	2	-	-	2	-	1
24	D. Ngr. Haveli (UT)	-	-	3	-	3	3	-
	TOTAL	129	142	90	102	463	99	28

Reclassified as per Part-II of the Uniform Code No.(Population range wise) circulated vide RBI letter no. DESACS. BSD. 7070/03.09.62/ 2005-06 dated 12.06.2006.

The population group wise classification is given here under :

Category#	Branches (as on) *		Offsite ATMs (as on)		Onsite ATMs (as on)	
	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010
Metropolitan	129	129	6	6	30	33
Urban	142	142	19	19	29	39
Semi-Urban	90	90	2	2	20	23
Rural	102	102	2	1	3	4
Total	463	463	29	28	82	99

Reclassified as per Part-II of the Uniform Code No.(Population range wise) circulated vide RBI letter no. DESACS. BSD.7070/03.09.62/2005-06 dated 12.06.2006.

- Including six service branches (Delhi, Jaipur, Jodhpur, Kota, Mumbai & Udaipur).

INSPECTION AND AUDIT

Internal Control System & their Adequacy

The Bank has put in place adequate and effective systems & controls, covering all areas in operations such as Credit, Deposits, Depository and other Para-banking Products, to ensure safety of assets, adherence to business strategy, economic use of resources, reliability of MIS, correctness of financial reports, and compliance with laws & regulations. The Audit Committee of Board effectively monitors the working and gives directions.

Internal Inspection

During the year, regular inspection of 305 Branches, 12 Controlling Offices & 24 Departments of Central / Corporate Office including M.A.G.B. was conducted. The inspections revealed that 66 & 333 branches were able to attain 'Excellent' and 'Good' rating respectively. Only one branch was found to be 'Below Average'. Branches were evaluated on the basis of business parameters and compliance with risk control measures.

Concurrent Audit

The concurrent audit system is extended to 91 branches including Treasury Branch covering 51.97 % of total deposits and 76.63 % advances and off balance sheet business viz. L.G. 80.50 % & L.C.98.76 % as against the requirement to cover minimum 50 % of the business under concurrent audit stipulated by Reserve Bank of India. The concurrent auditors are also verifying 100 % foreign exchange business at the Forex Branches of the Bank. Certain Departments of Central & Corporate Office such as C.O. Administration, Jaipur & Mumbai, Credit Card Management Division, Treasury & Investment Department, Corporate Office, Mumbai are also subject to concurrent audit.

Services of qualified firms of Chartered Accountants, most of them having DISA/CISA qualifications, are being utilized for this work.

Risk Based Supervision (RBS)

The RBS process essentially involves continuous monitoring and evaluation of the Bank's risk profile in relation to its



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business strategy and risk exposures, which is facilitated by the construction of a Risk Matrix.

The Bank has made significant progress in quality and reliability of data, soundness of systems & technology, appropriateness of risk control mechanism, etc for ensuring effectiveness of Risk Based Supervision in critical areas. The Bank is moving towards reorienting its organizational set up towards RBS and put in place efficient risk management architecture and strengthened the management information system.

Risk Based Internal Audit

The Bank evaluates business risks & control risks and prepares a risk matrix for each business location taking into account both the business risk & control risk factors as per Risk based Audit Plan. The documented risk assessment methodology is approved by the Board and the risk assessment is undertaken annually.

In terms of the provisions of section 30(1B) of the Banking Regulation Act, 1949, the Reserve Bank of India appointed M/s Deloitte, Huskins & Sells to carry out special audit of the Bank. The Auditors have pointed out in their interim report that in certain standard assets, Bank has made less provisioning (0.40% as against 1.00% in commercial real assets sector) and also has not made required provisions for employees' benefits (pension and gratuity) and payment of arrears against wage revision (w.e.f. 1.4.2007). Bank has initiated steps to rectify the observations while finalizing the annual accounts for the year 2009-10.

Information Systems (I.S.) Audit

The I.S. Audit Cell conducts periodical risk based audit of Information Systems and monitor compliance of controls to ensure safety, security & integrity of Data. This function also involves identification of the extent to which the Bank's Information Technology Systems are exposed to various types of operational risks.

The I.S. Audit Cell conducted I.S. Audits of 331 branches during the year covering 305 Branches & 26 Administrative Offices (Regional Offices & Central / Corporate Office Departments besides software audit of KYC-AML, CMS Software & parameter audit of RIMS Software for Basel II compliance and offsite non-intrusive Penetration Testing of Network at Data Centre. Out of total 331 Audits, 7 Branches & Administrative Offices were assessed as "Medium Risk" and remaining were assessed as 'Low Risk'.

Reserve Bank of India appointed M/s Deloitte and Touche Consulting India Private Ltd. (DCIPL) in terms of provisions of section 30(1B) of the Banking regulation Act 1949 for conducting IS Audit of the Bank.

As part of their engagement DCIPL tested controls in various domains viz. IT Governance, Application Controls, Infosec Governance, System and Infrastructure Life Cycle Management and Record Maintenance. As per the report there are 65 high impact findings, 106 medium impact findings and 25 low impact findings.

The Bank is taking up necessary measures for rectification of the findings.

PUBLICITY

A P R agency has been appointed for image building. Besides this is reinforced by the Bank's brand ambassador Ms.Hema Malini, a high profile personality as a brand building exercise to ramp up its business.

The Bank continued to maintain its presence on all the popular entertainment, Business and News Channels of Radio and TV throughout the year. Besides usual advertisements through hoardings on Trains, Roadways Buses, Railway Stations, new locations were explored during the year by way of advertising in Bus Stands, Local Trains etc.

Branch premises were also used for communication with customers / visitors by providing display through flex banners, posters and translite scrollers with slides of bank products.

The bank continued maintenance of wards at Swai Man Singh Hospital and J.K. Loan Hospital Jaipur to demonstrate its commitment as a responsible corporate citizen.

STATUTORY DISCLOSURE UNDER SEC.217 (2A) OF THE COMPANIES ACT, 1956

Particulars of Employees as required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the companies (Particulars of Employees) Rules 1975, are as under:

S. No	Name & Designation	Period	Amount paid (Rs.)	Remark
1	Sh. P.L. Ahuja, MD & CEO	01.04.09 to 20.11.09	2271489	Retired on completion of his term
2	Sh. G. Padmanabhan, MD & CEO	20.11.09 to 31.3.10	1357525	Appointed by RBI

STATUTORY DISCLOSURES UNDER SEC.217 (1) (e) OF THE COMPANIES ACT, 1956

The Bank has been making all possible attempts to reduce energy consumption on its operations. The company, being a



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banking company and authorized dealer in foreign exchange, is taking all steps to augment its foreign exchange business and has computerized most of its operations. The Bank has also taken up adequate measures for innovation, adaptation and absorption of state of the art technology in its business.

PROPOSED AMALGAMATION WITH ICICI BANK LIMITED

The Board of Directors in its meeting held on 23.05.2010 have approved Scheme of Amalgamation of the Bank with ICICI Bank Limited. The share exchange ratio has been approved at 25 shares of ICICI Bank Limited for 118 shares of The Bank of Rajasthan Limited which works out to a swap ratio of 1:4.72. Extraordinary General Meeting of Shareholders has been convened on 21st June, 2010 to approve the amalgamation scheme in terms of Section 44A of Banking Regulation Act, 1949. After approval by shareholders, application for necessary approval would be submitted to RBI.

STATUTORY AUDITORS

The Statutory Auditors M/S Gokhale & Sathe, Chartered Accountants, Mumbai will retire at the conclusion of the ensuing Annual General Meeting.

AUDIT COMMITTEE

The composition of Audit Committee is given in the Report on Corporate Governance.

SUBSIDIARY COMPANY

The name of the erstwhile subsidiary of the Bank namely Rajasthan Bank Financial Service Ltd., (RBFSL) has been struck off from the register of Registrar of Companies u/s 560 of the Companies Act 1956. The Subsidiary Company stands merged with the Bank.

BOARD OF DIRECTORS

During the period under report, following changes have taken place in the Board of Directors:

1. Reserve Bank of India vide order dated 19th November, 2010 appointed Shri G. Padmanabhan as the Managing Director & Chief Executive Officer of the Bank w.e.f. 20th November 2009 for a period of two years or till further orders.
 2. Shri P.L. Ahuja relinquished the office of MD & CEO on 19th November, 2010 after expiry of his term.
 3. Reserve Bank of India vide order dated 14th December, 2009 appointed Shri M. Ravindra Vikram, Chartered Accountant, and Shri V. Seshadri, as additional directors w.e.f. 14th December 2009 in exercise of powers conferred under section 36AB of the Banking Regulation Act, 1949.
 4. Shri V.P.Khurana, an independent and non executive director, has resigned from the Board w.e.f. 12th May 2010.
- The Board places on record its appreciation for valuable contribution made by Shri P.L.Ahuja and Shri V.P.Khurana during their tenure on the Board of the Bank.
- The Board welcomes new Managing Director Shri G.Padmanabhan and new Directors Shri M.R.Vikram and Shri V.Seshadri and looks forward to their guidance to the Bank.

REPORT ON CORPORATE GOVERNANCE

A detailed report on the status of implementation of the corporate governance guidelines has been furnished as an Annexure-I to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

1. In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities and;
4. The Directors had prepared the annual accounts on a going concern basis.