



Transforming to Deliver

Performance of a Decade

(₹ in Lacs wherever applicable)

| Particulars | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 |
|------------------------------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|
| Capital | 11,66 | 18,39 | 19,38 | 28,48 | 116,56 | 104,72 | 104,72 | 104,72 | 214,95 | 214,95 |
| Reserves & Surplus | 29,21 | 35,26 | 25,82 | 25,71 | 82,68 | 218,29 | 236,52 | 248,26 | 870,03 | 928,25 |
| Networth | 38,19 | 50,76 | 42,14 | 50,90 | 196,03 | 319,74 | 338,12 | 349,03 | 1074,55 | 1130,99 |
| CRAR | 14.05% | 16.65% | 12.03% | 10.77% | 34.34% | 49.15% | 44.87% | 36.01% | 59.42% | 22.69% |
| Deposits | 642,30 | 715,21 | 783,75 | 874,18 | 876,39 | 1101,07 | 1307,05 | 1585,04 | 2042,16 | 4739,33 |
| Advances (Net) | 312,05 | 346,02 | 423,75 | 490,83 | 530,52 | 585,79 | 801,11 | 1170,44 | 1905,17 | 4132,27 |
| Investments (Net) | 271,01 | 287,51 | 264,63 | 276,64 | 315,83 | 361,32 | 404,48 | 507,22 | 892,48 | 2333,83 |
| Gross NPA | 39,23 | 38,84 | 46,00 | 39,29 | 38,05 | 37,09 | 17,28 | 27,64 | 21,51 | 33,11 |
| Net NPA | 23,14 | 19,32 | 23,49 | 12,79 | 10,20 | 5,81 | 5,45 | 11,35 | 6,89 | 8,39 |
| Gross NPA to Gross Advance | 11.95% | 10.63% | 10.31% | 7.59% | 6.81% | 6.01% | 2.13% | 2.33% | 1.12% | 0.80% |
| Net NPA to Net Advance | 7.42% | 5.58% | 5.54% | 2.61% | 1.92% | 0.99% | 0.68% | 0.97% | 0.36% | 0.20% |
| Net Profit | 9,61 | 8,44 | -9,46 | 59 | 3,01 | 17,01 | 30,53 | 19,11 | 12,33 | 65,73 |
| Dividend | 20.00% | 15.00% | 0.00% | 0.00% | 0.00% | 5.00% | 10.00% | 6.00% | 2.00% | 3.00%* |
| Business per Employee | 1,80 | 1,98 | 2,21 | 2,51 | 2,54 | 3,10 | 3,73 | 3,91 | 4,35 | 6,69 |
| No. of Employees | 530 | 535 | 547 | 544 | 553 | 544 | 565 | 704 | 907 | 1328 |
| Earnings per share (EPS) (₹) | 7.20 | 4.36 | -4.88 | 0.20 | 0.81 | 1.69 | 2.91 | 1.82 | 0.96 | 3.06 |
| ** Book Value per share (₹) | 30.61 | 27.69 | 23.33 | 18.15 | 24.69 | 31.99 | 32.47 | 33.59 | 50.42 | 53.13 |
| Return on Asset | 1.42% | 1.12% | -1.17% | 0.07% | 0.31% | 1.31% | 1.96% | 1.05% | 0.53% | 1.38% |

* Proposed

** Share of ₹100/- each was split into 10 shares of ₹10/- each w.e.f. 20 August 2008, EPS and Book value per share have been accordingly adjusted for the earlier years.

Mission:

“To develop a professionally governed and managed platform based on relationships, knowledge, sector expertise and technology to:

Build a customer-centric Retail Banking business.

Identify and partner with SMEs and Emerging Local Corporates (ELC) with outstanding Business models, providing them a full range of financial services so as to enable them to become world-class enterprises.

Deliver robust and cost effective banking services that promote Financial Inclusion, catalyse growth and reduce social inequalities.”

Vision:

“Our goal is to be the ‘Bank of Choice’ in our selected client and geographic segments.”

“The core of our transformation journey is to create a bank for the new India backed by strong traditional values and a high degree of professionalism.”



Message from the Managing Director & CEO

To our Stakeholders,

There is an ancient Chinese proverb that says “a journey of a thousand miles begins with one small step”. Almost 70 years ago a group of visionaries set up Ratnakar Bank and took the first step to forge an institution that aimed to provide financial freedom to the many small and medium entrepreneurs in Maharashtra. Our journey from thereon tracked the changing contours of India’s economic landscape.

Since the advent of economic reforms, the banking industry has seen a significant change in its size, scope and competitive structure. The slow pace of the earlier decades has changed to a frenetic growth of over 20% CAGR in the period of 1991-2011 implying a 40-fold increase in size over 20 years. Over this period, the competitive structure of the banking industry too has witnessed a big shift with the advent of new private sector banks, modernised PSU banks and a greater presence of foreign banks. Old private sector banks like ours also realised the need to adapt and move forward aggressively else their relevance in the banking sector would be eclipsed by these competitors.

We have to see our transformation journey to a New Age Bank against this backdrop. This is our chance to participate meaningfully in the growth of India’s banking sector, to claim the leadership that the Bank deserves and leave for our legacy a robust, professionally managed and independent institution that can become a role model for the others aspiring to be a part of this industry.

The fundamentals of making this journey successful were put in place almost 2 years ago. The three pillars of this transformation are (a) a high-quality equity base – capital being the fuel for our modernisation and growth (b) a strong employee and management cadre that is highly motivated and can continuously adapt to a dynamic environment, and (c) a highly respected and experienced board of directors that can support and shape the vision and provide the required governance to balance the interest of all stakeholders. For our customers it means a financially stronger and more modern bank that can provide them superior service and innovative products and yet retain the relationship connect that has characterised the Bank over its long history. For our regulators it means a more robust and operationally sound institution. And for our people it means a more vibrant work environment that provides significant career opportunities and the chance to meaningfully contribute to business and society.

This journey has entailed a sustained investment in our infrastructure, technology, operations and human resources. Some of the noteworthy accomplishments have been: the setting up of a high-performance

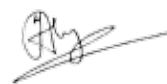
National Operating Centre in Goregaon, Mumbai that can house 400 operations and technology people at its peak capacity; taking our ATM count from 19, two years ago to 103 currently; the setting up of 21 additional branches over two years, taking the count to 108 today, leading to diversification into newer markets/ states of India; launch of an international debit card; the start of our internet banking services for both retail and corporate customers; launch of Foreign Exchange Business; imparting of transformation’, that has undertaken over 4000 man days of employee training; the successful pilots of Ratna Business, our credit offering for small businesses and of Ratna Group Loans, a key initiative of our Agri & Financial Inclusion vertical. We should not expect the current year to be any different and in some ways this would be more defining as the Bank, in a strategic partnership with Infosys, will be truly transforming its technology and operations platform with the implementation of the latest version of Finacle, the most modern Core Banking System in the Indian market today.

On the financial front our progress continues strongly with the Bank making a Net Profit of nearly ₹65.73 crore, registering a growth of 433% over the previous year and achieving a Total Business of ₹8,896.31 crore, which is a growth of 125% over the previous year. Our profit growth has been against a backdrop of a greater focus on credit risk management – our Gross and Net NPA levels are now 0.80% and 0.20%, respectively against 1.12% and 0.36% in the previous year.

The above are only milestones or the small first steps on a long journey of becoming a highly-respected and dynamic banking institution in India. This journey is made possible through the enthusiasm and commitment of our employees, the unstinting faith of our shareholders, support and guidance of our regulators, and the business opportunity provided by our customers.

Our transformation journey continues and we thank you for banking on us.

Yours sincerely,



Vishwavi Ahuja
Managing Director & CEO

Board of Directors



Mr. Subhash Kutte
Chairman



Mr. Vishwvir Ahuja
Managing Director & CEO



Mr. Bahubali Arwade
Director



Mr. Girish Godbole
Director



Mr. Jairaj Purandare
Additional Director



Mr. Kiran Patil
Director



Mr. Narayan Ramachandran
Director



Mr. Palepu Sudhir Rao
Additional Director



Mr. Vimal Bhandari
Director



Mr. Subrata Das
RBI – Additional Director

Company Secretary
Ms. Virta Jain

Auditors
M/s. P. G. Bhagwat
Chartered Accountants,
Pune.

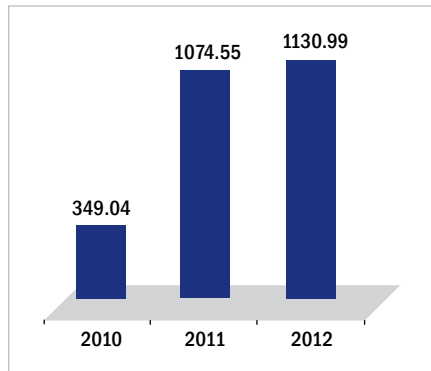
Registrar & Transfer Agent,
Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (W), Mumbai - 400 078. Phone: 022 - 25946970 Fax: 022 - 25946969
Email: rnt.helpdesk@linkintime.co.in

Financial Highlights

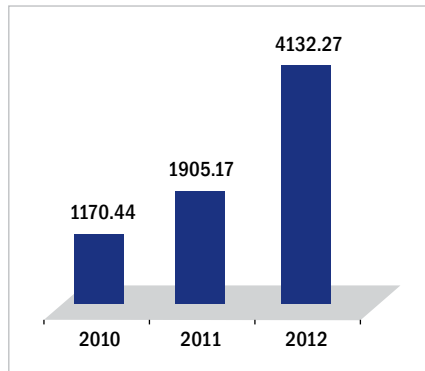
- ▶ Total assets up by 123% to ₹ 7205.32 crore
- ▶ Net profit up from ₹ 12.33 crore to ₹ 65.73 crore
- ▶ Net Interest Income up by 96% to ₹ 186.79 crore
- ▶ Other Income up from ₹ 18.57 crore to ₹ 67.13 crore
- ▶ Deposits up by 132% to ₹ 4739.33 crore

- ▶ Return on Assets (ROA) up from 0.53% to 1.38%
- ▶ Net Interest Margin at 4.34%
- ▶ Net NPA down from 0.36% to 0.20%
- ▶ Capital adequacy ratio (CAR) at 23.20% (Basel II); Tier I CAR at 22.83% (Basel II)

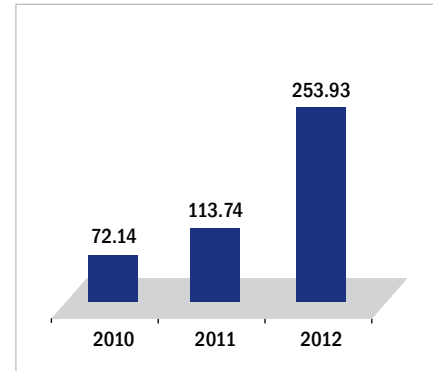
Networth- ₹ in crore



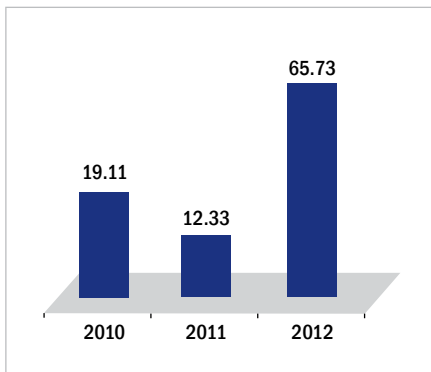
Advances- ₹ in crore



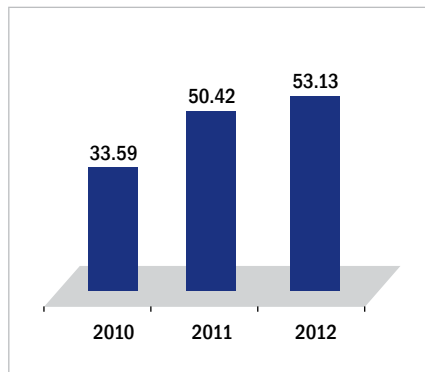
Total Net Income (Net Interest & Non Interest Income)- ₹ in crore



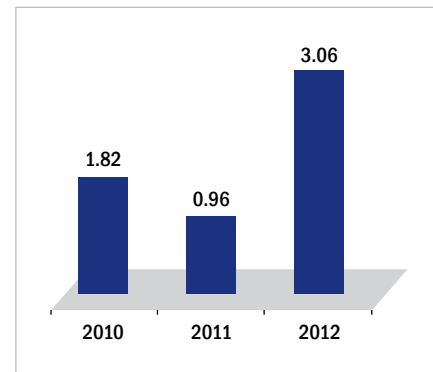
Net Profit - ₹ in crore



Book value per share in ₹



Earnings per share in ₹



Ratnakar Bank was established in the year 1943 at Kolhapur, Maharashtra

The Bank was conferred 'Scheduled Bank' status in the year 1959

Milestones

1980's

1985: The Bank achieves a target of ₹25 crore in Deposits

1987: Ratnakar Bank retains its position for achieving highest Deposits amongst private sector commercial banks at a national level for 5 consecutive years.

1989: The first stage of information technology adoption starts at branches

1990's

1991: For the first time, the Bank declares a 16% dividend

1992: Ratnakar Bank celebrates its Golden Jubilee (50 years)

1994: The Bank supported the development of the region by investing an amount of ₹60 lacs in the Konkan Railways project

1995: Ratnakar Bank stands 4th in rankings in Deposits (according to the Bhartiya Bank Sangh)

1996: The Bank continues to support the regional development by partnering with Maharashtra Krishna Valley Development Corporation through a significant investment

2010

The Board of Directors take an important strategic decision to transform the Bank from an old private sector bank to a New Age Bank. This leads to the induction of Mr. Vishwaviir Ahuja as Managing Director & CEO in July 2010

The Board is revamped to include eminent professionals from banking, finance, agriculture and other related fields

The path to transformation commences. A high caliber management team with an excellent track record forms the Bank's top management

2011

Recognizing the need to build scale and strengthen the balance sheet, the Bank raises Tier I capital of over ₹700 crore taking the total capital base to ₹1,100 crore (approx.). The new investors are notable domestic and global names - HDFC, Gaja Capital, Norwest Venture, Samara Capital, Beacon Private Equity, Faering Capital, TVS Shriram and Cartica Capital

ICRA Limited, an affiliate of Moody's, grants Ratnakar Bank's Certificate of Deposit program an [ICRA]A1+ rating - its highest rating for short-term instruments

Significant investments in products; ATM cards, Pre-paid cards and Internet Banking are introduced. The Bank obtains an authorized dealer license to commence Foreign Exchange and International Trade business. A comprehensive Treasury Dealing and Settlement System is implemented

2012

Bank starts upgrading its CBS to Finacle from Infosys which holds a leadership position in the market. The new CBS is under implementation and is expected to go live by the third quarter of FY 2012-13

IT infrastructure is revamped with significant investments for ensuring resilience, security and robustness

Call centre services are established to enhance the customer service experience. Debit Cards are launched. Corporate Internet Banking added to internet banking suite

रत्नाकर बँक Ratnakar Bank

24 Hour ATM

1998: The Bank commences depository services

1998: The 'Arthasri' award is presented to Mr. Anil Patil, the then Chairman of the Bank, for excellence in the field of finance

1999: Ratnakar Bank's first website goes live

1999: The Bank achieves a target of ₹300 crore in Deposits

A new organizational structure is defined and dedicated business verticals are formed to meet diverse customer needs across Retail, Commercial, Corporate and Agri & Financial Inclusion segments

The Risk function at the Bank is revamped; Credit administration processes are redesigned, specialization of risk function focussed around SME, Retail and Agri & FI. IMaCs, a credit rating system, is introduced

Commercial Banking launches Ratna Business, a schematic SME credit product with an expansion into new industry and trade segments. Agri Banking & FI vertical introduces Ratna Group Loans, a focussed credit product for small and marginal farmers, artisans and women borrowers

The Bank achieves 100% Core Banking System (CBS) implementation across rural and semi-urban branches. Back-office banking operations get centralized for all major locations. National Operating Centre (NOC) is launched for centralized processing towards achieving cost effectiveness

The Bank enters into a strategic partnership for rapid ATM deployment/ management as well as switch migration to state-of-the-art switch (Postellion) to support multiple interfaces

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Registered Office

The Ratnakar Bank Ltd.
1st Lane, Shahupuri, Kolhapur - 416 001. Maharashtra State, INDIA.
Phone: 0231 2656831/ 2653006 Fax: 0231 2653658

Controlling Office

The Ratnakar Bank Ltd.
One Indiabulls Center, Tower 2 , 6th Floor, 841, Senapati Bapat Marg,
Lower Parel (W), Mumbai 400 013. INDIA.
Phone: 022 43020600 Fax: 022 43020520