



**NEW ENERGY »»**

THE RATNAKAR BANK LIMITED  
ANNUAL REPORT 2013-14

NEW TALENT  
NEW SERVICES  
NEW GEOGRAPHIES  
NEW BUSINESSES  
NEW CULTURE  
NEW IDENTITY

**GAINING MOMENTUM »»**

#### Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## WHAT YOU WILL FIND INSIDE »

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## CORPORATE INFORMATION »

#### Registered Office

1st Lane, Shahupuri,  
Kolhapur - 416 001,  
Maharashtra, India.  
Phone: +91 231 2653006  
Fax: +91 231 2653658  
E-mail: [customercare@rblbank.com](mailto:customercare@rblbank.com)

#### Corporate Identity Number (CIN)

U65191PN1943PLC007308

#### Statutory Auditors

S. R. BATLIBOI & CO. LLP,  
Chartered Accountants,  
14th Floor, The Ruby, 29,  
Senapati Bapat Marg,  
Dadar (W), Mumbai - 400 028  
Maharashtra, India.

#### Key Managerial Persons

Mr. Vishwavir Ahuja, *Managing Director & CEO*

Mr. Naresh Karia, *Chief Financial Officer*

Mr. Vinay Tripathi, *Company Secretary*

#### Registrar & Transfer Agent


Link Intime India Pvt. Ltd.,  
C - 13, Pannalal Silk Mill Compound,  
L. B. S. Marg, Bhandup,  
Mumbai - 400 078.  
Maharashtra, India.  
Phone: +91 22 25946970,  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)



## NEW ENERGY »

The last few years at RBL Bank have been of hardwork and perseverance at putting the building blocks in place – the right way. There is a 'New Energy' that is pervading our organisation. This 'New Energy' provides us the momentum to move forward.





The new energy is reflected in the way we are building our businesses, retaining our values and yet emerging as a modern bank. The manner in which we are consistently innovating across products and services and creating value for all our stakeholders.

This new energy is resulting in greater scale and presence across geographies and an expansion of our operations both organically and inorganically. It is helping us raise fresh capital, and becoming the 'Bank of Choice' in our selected product, client and geographic segments.

**The 'New Energy' is fostering an ecosystem that encourages flexibility, transparency, agility and helping us gain new momentum. Every day.**





## OUR VISION

To be a 'Bank of Choice' by creating and nurturing, enduring relationships through trust and respect of our customers, employees and partners.

## OUR MISSION

### CUSTOMERS AT THE HEART

To engage and understand customer needs, provide best-in-class products & services, be responsive and quick in resolving queries - resulting in true customer delight & peace of mind

### EMPLOYEES AS THE PILLAR

To provide an enabling work culture, where career aspirations can be realised through consistent performance and demonstration of the Bank's core values & beliefs

### COMMUNITY AS THE CAUSE

To deliver robust and cost-effective banking services that promote financial inclusion, catalyse growth and reduce social inequalities

### DELIVER SHAREHOLDER VALUE

To demonstrate high corporate governance standards that protects and balances stakeholder interests in the journey to achieving short and long term business goals

# GAINING MOMENTUM

## HISTORY

### 1985

Achieved a target of ₹ 25 crore in deposits

### 1987

Retained its position of achieving highest deposits among the private sector commercial banks at a national level for five consecutive years

### 1989

Commenced adopting the first stage of information technology at its branches

### 1991

Declared a 16% dividend for the first time

### 1992

Celebrated our Golden Jubilee (50 years)

### 1994

Supported the region's development by investing an amount of ₹ 60 lacs in the Konkan Railways project

### 1995

Ranked 4th in terms of deposits (according to the Bhartiya Bank SANGH)

### 1996

Supported regional development by partnering with Maharashtra Krishna Valley Development Corporation through a significant investment

### 1998

- Commenced depository services
- Mr. Anil Patil, the then Chairman of the Bank, received the 'Arthasri' award for excellence in the field of finance

### 1999

- Launched the Bank's first website
- Achieved a target of ₹ 300 crore in deposits

### 2010

- Inducted Mr. Vishwavi Ahuja as the Managing Director & CEO in July 2010 to transform the institution from an old private sector bank to a new-age bank
- Revamped the management by inducting accomplished professionals from the banking, finance, agriculture and other related fields
- Defined a new organisational structure and created dedicated business verticals to meet diverse customer needs across retail, commercial, corporate and agri and financial inclusion segments

## TRANSFORMATION

### 2011

- Raised Tier-I capital of over ₹ 700 crore, taking the total capital base to around ₹ 1,100 crore, from HDFC, Gaja Capital, Norwest Venture, Samara Capital, Beacon Private Equity, Faering Capital, TVS Shriram and Cartica Capital
- ICRA granted Ratnakar Bank's Certificate of Deposit programme an A1+ rating - its highest rating for short-term instruments
- Launched ATM cards, pre-paid cards and internet banking; obtained an authorised dealer license to commence Foreign Exchange and International Trade business; implemented a comprehensive treasury dealing and settlement system
- Revamped risk management framework and credit administration processes; focused on SME, Retail and Agri Banking and Financial Inclusion; moreover, introduced IMaCs, a credit rating system
- Commercial banking division launched Ratna Business, a schematic SME credit product, expanding into new industry and trade segments
- Agri Banking and Financial Inclusion verticals introduced Ratna Group Loans, a focused credit product for small and marginal farmers, artisans and women borrowers

## SCALING UP

- Implemented 100% Core Banking System (CBS) across rural and semi-urban branches; centralised back-office banking operations for all major locations
- Launched National Operating Centre (NOC) for centralised processing to achieve cost effectiveness
- Entered 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

### 2012

- Upgraded the core banking system to Finacle; it was managed by Infosys, which holds market leadership in this segment
- Revamped the IT infrastructure with significant investments to ensure security and integrated operations
- Established call centre services to enhance the customer service experience
- Launched debit cards
- Added Corporate Internet Banking to the internet banking suite

### 2013

- Implemented Phase I of the Core Banking System – Finacle
- Raised Tier-I capital of over ₹ 376 crore taking the total capital base to around ₹ 1,600 crore, from International Finance Corporation, Ascent Capital, Aditya Birla Private Equity, Faering Capital, IDFC SPICE Fund, ICICI's Emerging India Fund
- Opened the first branch in the state of Andhra Pradesh at Hyderabad
- Opened the first branch in Chennai, Tamil Nadu
- Opened a National Operating Centre (NOC) in Mumbai
- Partnered the Asian Development Bank (ADB) to provide a Partial Guarantee Programme for Micro Financial Institutions (MFIs) - a first in India
- Bestowed with the honour of being India's Best Bank (Growth) in the mid-sized banks segment by Business Today and KPMG and also ranked 5th overall for the year 2012
- Awarded as winner of the Best Core Banking Project, India for the year 2012 at the seventh Asian Banker Technology Implementation Awards

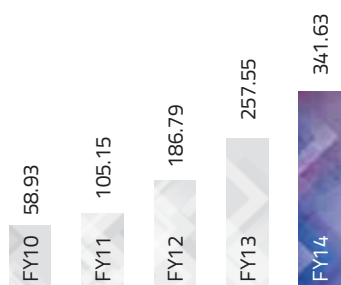
### 2014

- Launched 'Saksham', a financial literacy programme
- Rebranded its identity from 'Ratnakar Bank' to 'RBL Bank'
- Bestowed with the honour of being India's Best Bank (Growth) in the mid-sized banks segment by Business Today and KPMG for the year 2013 (second-year in a row)
- Expanded branch and ATM network to over 185 branches and over 350 ATMs across India
- Acquired Business Banking, Credit Card and Mortgage businesses of the Royal Bank of Scotland (RBS) in India
- Launched its new premium banking vertical - Insignia Preferred Banking for HNI Customers
- Completed third round of capital infusion to the tune of ₹ 328 crore from leading global investors including CDC and Asia Capital
- Partnered with the Delhi Daredevils T20 Cricket team as their official sponsors

# FINANCIAL AND OPERATIONAL HIGHLIGHTS

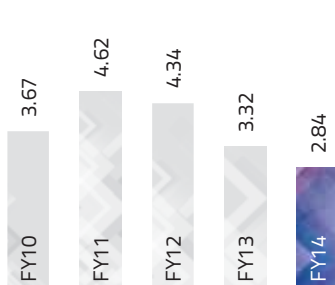
## NET INTEREST INCOME

₹ in crore



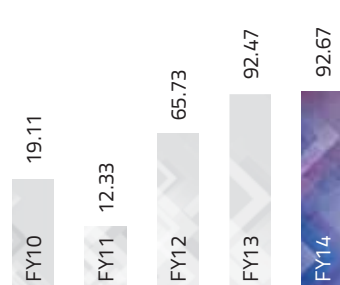
## NET INTEREST MARGIN

%



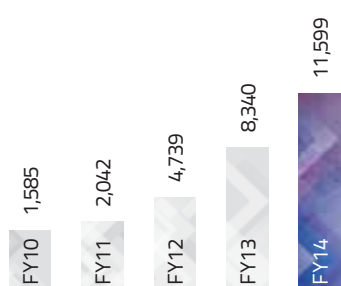
## NET PROFIT

₹ in crore



## DEPOSITS

₹ in crore



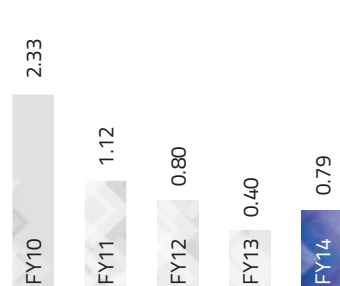
## ADVANCES

₹ in crore



## GROSS NPA

%



## BOOK VALUE PER SHARE

FY10

₹

BV PER SHARE **33.33**

FY11

₹

BV PER SHARE **49.99**

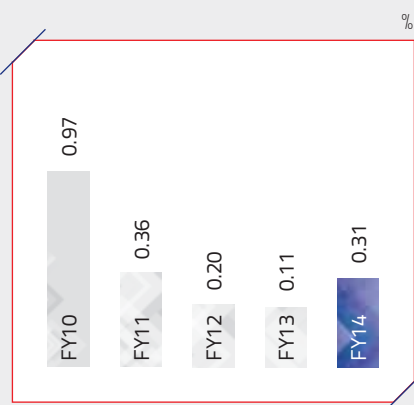
FY12

₹

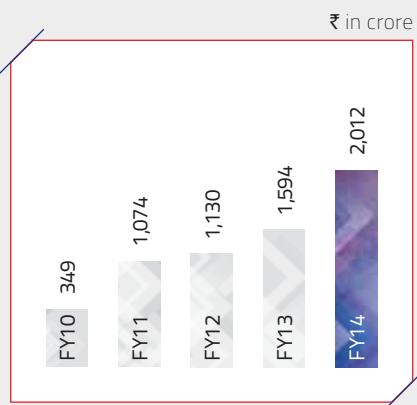
BV PER SHARE **52.62**



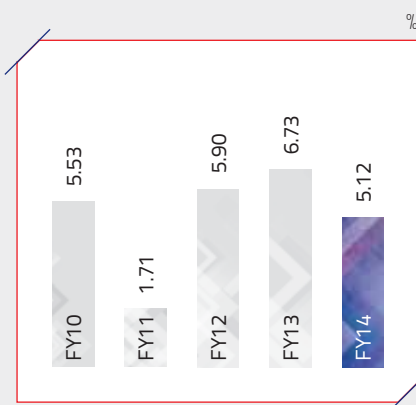
### NET NPA



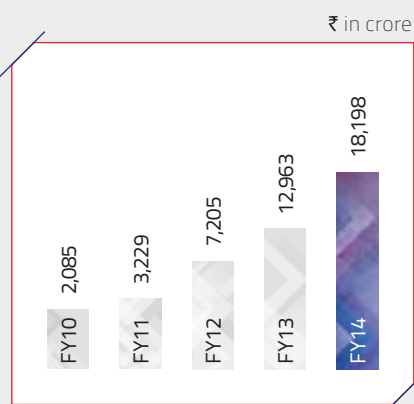
### NETWORTH



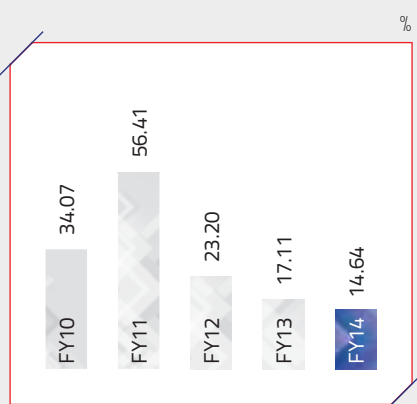
### ROE



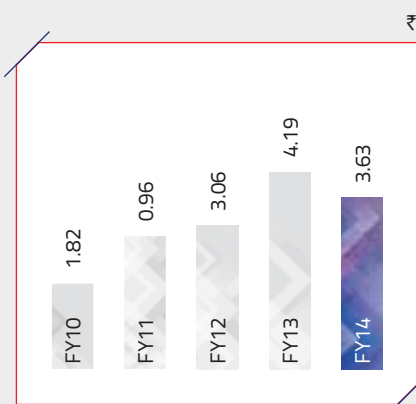
### TOTAL ASSETS



### CAPITAL ADEQUACY RATIO



### EPS



Graphs not to scale

FY13

₹

BV PER SHARE **63.03**

FY14

₹

BV PER SHARE **71.30**

# MESSAGE FROM THE MANAGING DIRECTOR & CEO



OUR REVAMPED BRAND  
IDENTITY SHOWS OUR  
DYNAMISM AND THE  
COURAGE TO MOVE  
FORWARD, DESPITE BEING A  
SMALL PLAYER.

## Dear Stakeholders,

The journey of a traditional bank to becoming a new-age 'Bank of Choice' is never an easy one. It requires an unprecedented scale of transformation not just in the operational and business landscape, but also in mindset. At RBL Bank, we undertook a transformational journey in 2010 to accomplish our Vision 2015 of emerging as one of the most preferred banks in our selected client and geographic segments. In the last four years, we have been gradually gaining momentum in terms of instilling a new culture and identity, acquiring new businesses, attracting and retaining talent, widening management bandwidth, raising capital and introducing new products and services to remain among the frontrunners of emerging banks.

What we had envisioned four years ago is gradually shaping into reality. While we are aggressively building scale, focusing on profitability and enhancing market relevance we continue to place a strong focus on risk and balance sheet strength, elevating our governance standards and above all building a meritocratic institution where all our diverse stakeholders can participate to co-create value.

If we look closely at India's banking sector, we find that it is under-capitalised to drive the economy forward. The logic is simple: in order to create a powerful economy, we need massive capacity creation across various economic sectors; and for that to happen, the banking industry needs to

have the relevant capital to finance the growth. Therefore, for the Indian economy to recover at a faster pace, the banking industry needs to grow much faster. In sharp contrast to a capital constrained Banking industry, we have embarked upon an aggressive growth path, based on high quality capital and supported by a robust platform of strong governance, relationships, technology infrastructure and geographic expansion.

During this year, even as the financial sector as a whole was not performing encouragingly we were able to raise our third round of capital funding of ₹ 328 crore from notable global investors. This is a significant vote of confidence in the

institution we are building and motivates us to only aim higher.

Another significant step in our journey was the acquisition of three core businesses (Business Banking, Credit Card and Mortgage Portfolio) of The Royal Bank of Scotland (RBS) in India. As you are aware, these businesses are perhaps one of the more coveted portfolios in the Indian Banking industry and were sought after by leading global and local institutional banks. We were able to impress upon RBS the sincerity of our journey and the strategic fit these businesses had in terms of our customers, geographies and people. This acquisition has enabled us to widen our scale of operations, expand