RBL BANK

THE RATNAKAR BANK LIMITED

ANNUAL REPORT 2013-14

NEW ENERGY

NEW GEOGRAPHIES

NEW CULTURE

NEW TALENT

NEW SERVICES

NEW BUSINESSES

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

01-41 Corporate Overview

44-149 Statutory Reports

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

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

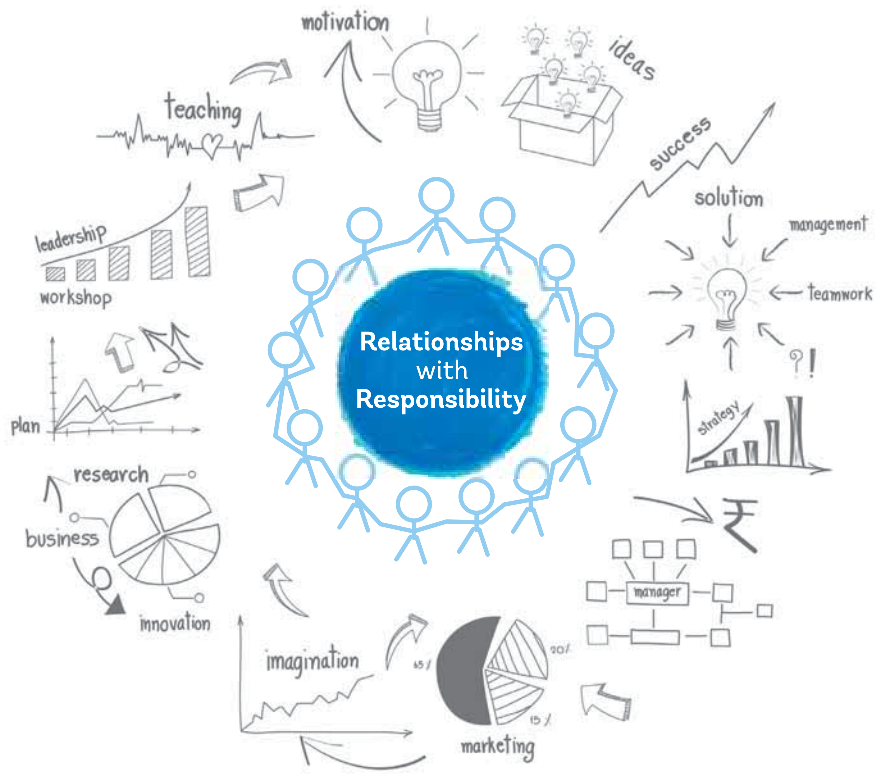
NEW ENERGY

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 ecosytem 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. Vishwavir 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

- 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

SCALING UP

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

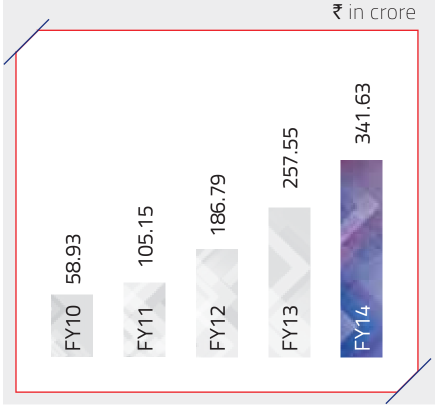
2014

- 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

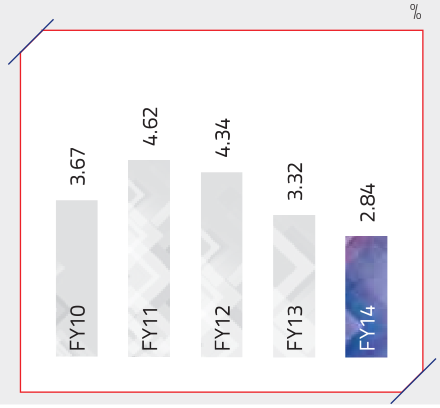
NET INTEREST INCOME

₹ in crore



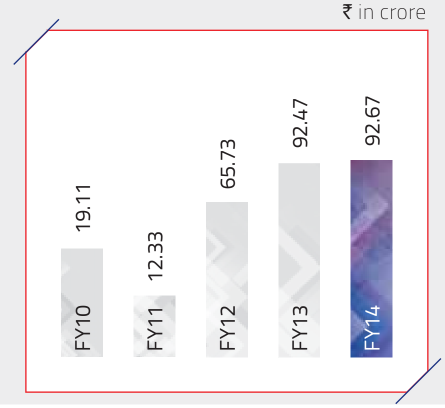
NET INTEREST MARGIN

%



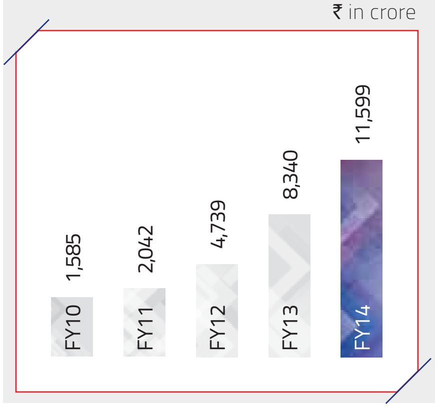
NET PROFIT

₹ in crore



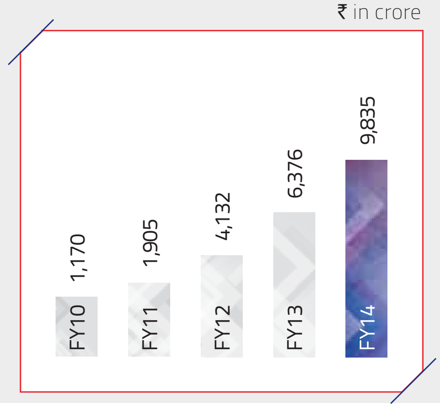
DEPOSITS

₹ in crore



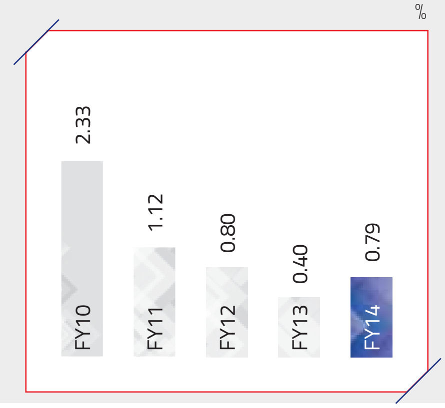
ADVANCES

₹ in crore



GROSS NPA

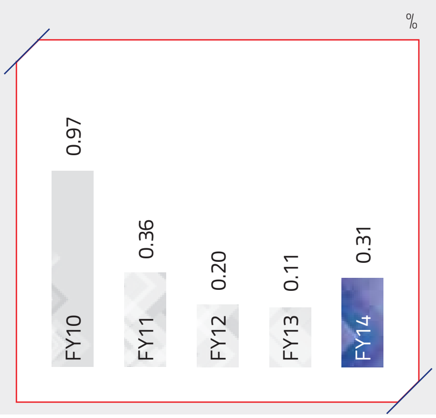
%



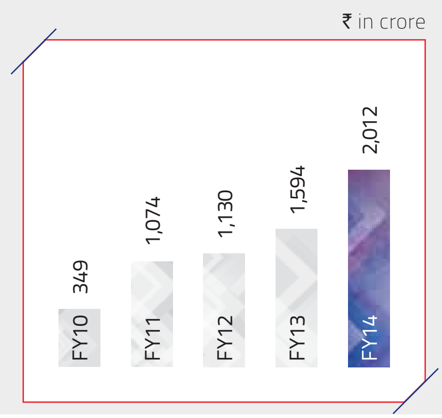
BOOK VALUE PER SHARE

FY10 ₹	FY11 ₹	FY12 ₹
BV PER SHARE **33.33**	BV PER SHARE **49.99**	BV PER SHARE **52.62**

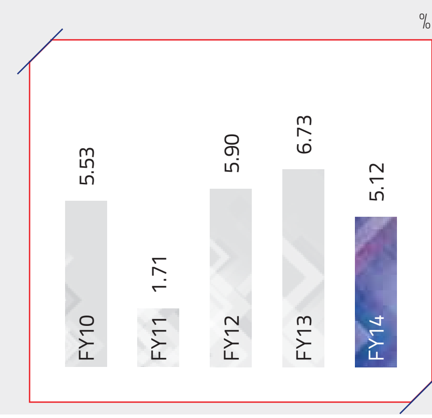
NET NPA



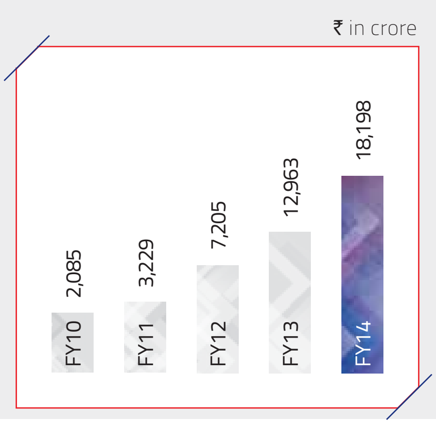
NETWORTH



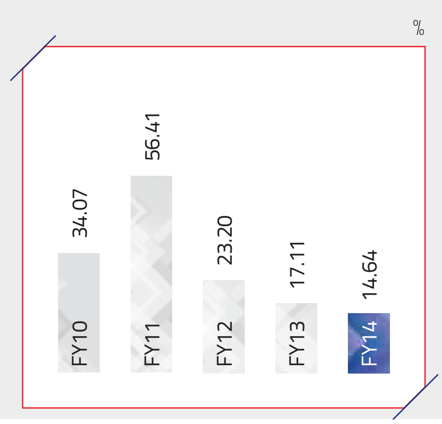
ROE



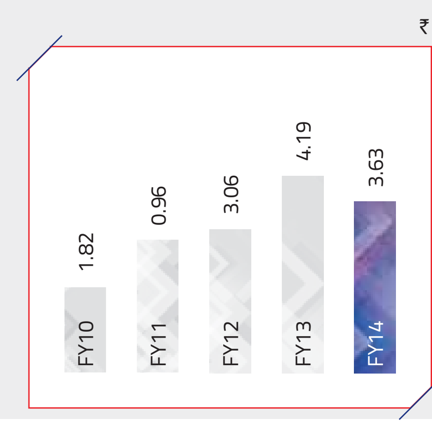
TOTAL ASSETS



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 our geographic footprint and put us on a faster growth trajectory. It has also enabled us to enrich our talent pool, with the induction of RBS's employees involved in the businesses acquired.

In addition to the acquisition of these businesses, we expanded our products and services portfolio, scaled up our core businesses of financial inclusion, agribanking and SME verticals and launched our new premium banking vertical - Insignia Preferred Banking to place our HNI customers at the centre of exclusivity and recognition. As we continue to build on the Bank's internal competencies, products, services and technology, we also significantly scaled up our businesses from traditional markets of Maharashtra and Karnataka to newer geographies of Delhi/NCR, Gujarat, Tamil Nadu, Madhya Pradesh and West Bengal among others.

Despite the macro economic challenges, we again performed strongly during the year under review. RBL Bank's total income registered a growth of 57%, touching ₹ 603 crore in FY14 from ₹ 383 crore in FY13. In addition, our net worth increased by 26% to ₹ 2011 crore from ₹ 1594 crore in 2012-13. The Bank's net advances surged by 54.25% from ₹ 6,376.21 crore in FY13 to ₹ 9,835.05 crore in FY14. Deposits grew by more than 39% touching ₹ 11,599 crore. As we grew in size and stature, we integrated our technologies, streamlined our operations and strengthened our risk management framework. This helped us maintain our Gross NPA and Net NPA at 0.79% and 0.31% respectively, one of the lowest in the industry.

For any business to succeed in the long run, a refreshing brand identity is a prerequisite. I am happy to state that our Bank underwent a complete brand transformation last year as we successfully rebranded ourselves to RBL Bank. Our revamped brand identity shows our dynamism and the courage to move forward, despite being a small player. Our message to the stakeholders is that we are moving forward with new energy in tune with changing times, while being deeply rooted to our traditional value systems. This brand has been warmly received by all our various stakeholders.

To strengthen our new brand identity, we are also associating with contemporary events and franchises around the country. To begin with, we became the official sponsors of the Delhi Daredevils team in the recently concluded season of T20 cricket. We leveraged this partnership to launch India's first 'Cricket Credit Card', customising financial offerings to the nation's love for the game. This association has elevated our brand presence and given us widespread recognition, especially in geographies where RBL Bank didn't have a footprint.

As the first phase of our journey is nearing the finish line, it is pertinent to ask now, 'What next?' We believe our journey for the next five years will be eventful and exciting, especially because India itself is at the threshold of an unprecedented change. There is optimism in the air as the new government is focused on radically transforming the economic and business landscape of India and take the country to a higher growth orbit. We believe the next 5-10 years is our opportunity to create a nation that prides on its economic vigour, service excellence, entrepreneurial capability and high aspirations.

Our belief is that India will move forward with a 'New Energy'. This energy is manifested in the aspirations of our people across villages, small towns and cities. It will shape the collective destiny of our 1.2 billion people. At RBL Bank, we want to be a part of this new wave of dynamism and optimism touching billions of lives. Our hard work in the last four years has given us the confidence to be a part of this new movement, while being guided by sterling values of governance and professionalism. The theme of the annual report encapsulates our forward focus for the Bank. From 'Building it Right', the next step for us is to leverage the 'New Energy' sweeping across the nation to gain momentum.

With a refreshing brand identity, wider footprint and a diversified client base we feel this is the point of inflection in the second phase of our journey coinciding with the national mood. It is for all of us to forge ahead and participate in a meaningful manner in building a Bank that is poised for unprecedented Speed, Scale, and Significance.

Let's take it forward together and in the right spirit.

With best wishes

Vishwavir Ahuja
Managing Director & CEO

10-YEAR FINANCIAL HIGHLIGHTS

	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14@
Equity Capital	19.38	28.48	116.56	104.72	104.72	104.72	214.95	214.95	252.92	401.54
Reserves & Surplus	25.82	25.71	82.68	218.29	236.52	248.26	870.03	928.25	1,353.82	1,613.22
Networth	42.14	50.90	196.03	319.74	338.12	349.03	1,074.55	1,130.99	1,594.20	2,011.65
Deposits	783.75	874.18	876.39	1,101.07	1,307.05	1,585.04	2,042.16	4,739.33	8,340.52	11,598.60
Advances (Net)	423.75	490.83	530.52	585.79	801.11	1,170.44	1,905.17	4,132.27	6,376.21	9,835.05
Investments (Net)	264.63	276.64	315.83	361.32	404.48	507.22	892.48	2,333.83	5,571.42	6,518.04
Earning per share (EPS) (₹)**	-4.88	0.20	0.81	1.69	2.91	1.82	0.96	3.06	4.19	3.63
Book Value per share (₹)**	21.75	26.27	27.83	30.53	32.29	33.33	49.99	52.62	63.03	71.30
Return on Asset	-1.17	0.07	0.31	1.31	1.96	1.05	0.53	1.38	1.09	0.68
Net Profit	-9.46	0.59	3.01	17.01	30.53	19.11	12.33	65.73	92.47	92.67
CRAR (%) $	12.03	10.77	34.34	49.15	42.30	34.07	56.41	23.20	17.11	14.64
Gross NPA	46.03	39.29	38.05	37.09	17.28	27.64	21.51	33.11	25.90	77.75
Net NPA	23.49	12.79	10.20	5.81	5.45	11.35	6.89	8.39	6.88	30.51
Gross NPA to Gross Advance (%)	10.31	7.59	6.81	6.01	2.13	2.33	1.12	0.80	0.40	0.79
Net NPA to Net Advance (%)	5.54	2.61	1.92	0.99	0.68	0.97	0.36	0.20	0.11	0.31
Dividend (%)	0.00	0.00	0.00	5.00	10.00	6.00	2.00	3.00	6.00	9.00*
Business per Employee	2.21	2.51	2.54	3.10	3.73	3.91	4.35	6.69	7.92	7.68
No. of Employees	547	544	553	544	565	704	907	1,328	1,859	2,798

* Proposed
** Share of ₹ 100/- each was split into 10 shares of ₹ 10/- each w.e.f. August 20, 2008, EPS and Book value per share have been accordingly adjusted for the earlier years.
$ From FY09, CRAR as per Basel II and for FY14 as per Basel III is given.
@ Figures as on March 31, 2014

BOARD OF DIRECTORS

Narayan Ramachandran
Chairman Designate

Vishwavir Ahuja
Managing Director & CEO

Rama Bijapurkar
Additional Director

Bahubali Arwade
Director

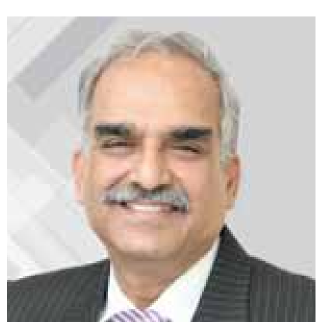
Vimal Bhandari
Director

Jairaj Purandare
Director

Girish Godbole
Director

Kiran Patil
Director

P. Sudhir Rao
Director



D. Sivanandhan
Director

Ajay Michyari
RBI - Additional Director

SENIOR MANAGEMENT TEAM

Vishwavir Ahuja
Managing Director & CEO

Rajeev Ahuja
Head - Strategy

Nitin Chopra
Head - Retail and Consumer Banking

R. Gurumurthy
Head - Corporate and Institutional Banking

Sunil Gulati
Chief Risk Officer

Shanta Vallury
Head - Corporate Affairs, Organisational Effectiveness & Special Initiatives

Sandeep Thapliyal
Head - Commercial Banking

Andrew Gracias
Head - Financial Markets

Suhas Sahakari
Head - Kolhapur Region

Rana Vikram Anand
Head - Business Banking & Emerging Enterprise Finance

Surinder Chawla
Head - Branch Banking

Harjeet Toor
Business Head - Retail Assets and Small Business Lending

Naresh Karia
Chief Financial Officer

Aseem Gandhi
Head - Development Banking and Financial Inclusion

Manoj Rawat
Head - Agri Business

Bhaskar Niyogi
Senior Consultant - Risk

Joginder Singh Rana
Chief Operations Officer

Sunny Uberai
Head - Service Quality & Change Management

Tajinder Kumar
Head - Human Resources

Sanjay Sharma
Head - Technology , Innovation and Customer Fulfilment

Satish Dhawan
Chief Infrastructure and Administration Officer

Sanjit Chowdhry
Head - Wholesale Risk

> Energy to harness

NEW BUSINESSES

RBL Bank is on a journey to create more value for all stakeholders. As a part of the Bank's value-creation strategy, it has taken a bold step forward with the acquisition of three key businesses of The Royal Bank of Scotland (RBS) in India. This acquisition will set the stage for a bigger role for RBL Bank in the banking sector.

Last year, RBL Bank acquired RBS's Business Banking, Credit Card and Mortgage portfolio businesses in India. These businesses embody many years of client relationships across the HNI, SME and other corporate segments. Post this transaction, RBL Bank assured all the customers a continuation of all existing benefits and facilities with a much larger and expanded branch network, broader product range and a stronger technology infrastructure.

As RBL bank continues to build scale, and move towards its 'Vision 2015' goal, the acquisition of the RBS portfolio compliments well with the Bank's aggressive growth strategy. The acquisition will also strengthen RBL Bank's portfolio of products and services and enhance its CASA levels.

A talented team of RBS employees involved in the businesses acquired were also absorbed by RBL Bank. They bought with them their own capabilities and expertise especially while servicing high end clients.

Key Business Statistics

200+

RBS employees joined RBL Bank

20,000

Business Banking client accounts

1,00,000

Credit Card accounts

3,500

Tenured mortgage loans

Figures/data as of June 30, 2014
(unless otherwise stated)

Energy to attract

PROFESSIONAL TALENT

Growth never happens in a vacuum. It needs to be accomplished by sustained teamwork that translates strategies into an on-ground reality. The Bank believes in constantly sharpening its 'human edge', which remains the cornerstone of its transformation blueprint.

RECRUITMENT

The Bank is focused on inducting quality professional talent. More than 900 people joined RBL Bank in FY14 to spearhead the Bank's growth agenda. The vast talent pool will drive the Bank's expansion plans, particularly in the untapped areas of India.

TRAINING AND MOTIVATION

The Bank has taken significant steps to ensure that its people remain engaged and motivated at all times, despite challenges of the macro environment, high growth and competition. The Bank regularly conducts employee engagement initiatives. Significant efforts were made to train employees to accelerate their career progression, along with that of the Bank. Around 5,400 person-days of classroom training was provided across various departments. The Bank also leveraged its e-learning platform to strengthen people engagement and to ensure a transparent culture of continuous learning and improvement.

REWARDS AND RECOGNITION

The Employee Stock Option Plan (ESOP) continues to be an important part of the reward strategy of the Bank. Currently, ESOP distribution is among 61% of the total employees, cultivating 'owner like' behaviour among the employees.

EMPLOYEE STATISTICS

2,900+

Total workforce

5,400+

Person-days of training imparted during FY14

61%

Total employees having ESOPs

33 YEARS

Average age of employees across the Bank

900+

Additional workforce in FY14

Figures/data as of June 30, 2014
(unless otherwise stated)

Energy to create a

REFRESHING IDENTITY

RBL Bank's identity makeover shows how it has transformed itself from a traditional local bank to one of India's best banks in the mid-sized bank segment.

We are now

RBL BANK

New Brand, New Identity, Rich Heritage

RBL Bank has come a long way from being a small regional bank set up by a group of freedom fighters and lawyers during the 1940s.

While the original foundation of integrity, transparency and responsibility remain unchanged, the Bank has metamorphosed into a new-age bank today, in step with the times. The Bank has a wider presence, modern-technology and a set of highly talented and driven people.

Propelled by its rich values and commitment, RBL Bank is today working to fulfil the aspirations of thousands of customers.

When so much around it is changing, it is only natural that its identity too is aligned to the present realities. This year, therefore, the Bank moved from being known as Ratnakar Bank to RBL Bank, its more modern and contemporary avatar.

The new identity stands for the values we inherited. The bold form symbolise pillars of integrity and responsibility, and the core, the center, is about transparency and a testimony that the customer is the center of everything we do. The colour red stands for the passion with which the Bank works on its mission. The blue denotes the large opportunity it is addressing together with the solid strategy that it has adopted.

> Energy to push

BOUNDARIES FURTHER

From a regional bank to a bank with a franchise spreading its wings across India has been an exciting journey. Today, the Bank has a presence in more than 13 states and union territories and is committed to participate in the economic growth of the country.

After successfully establishing its presence in Maharashtra and Karnataka, the Bank has identified key growth markets, like Andhra Pradesh, Telangana, Tamil Nadu in the South, Gujarat in the West, Delhi NCR, Punjab, Haryana, Madhya Pradesh and Rajasthan in the North and West Bengal in the East. The Bank is committed to reach a wide cross section of Indians across Retail, Rural and Institutional customers creating differentiated value. The Bank expanded its branches from 88 in 2010 to 185 in 2014. Apart from growing its branch network, the Bank has also scaled up its ATMs from 19 in 2010 to over 350 in 2014 .

BEING CLOSER TO CUSTOMERS

7 LAKHS+

Customer base

350+

ATM network

185

Branch network

13

States & Union Territories

Figures/data as of June 30, 2014
(unless otherwise stated)

Energy to drive

MEANINGFUL INNOVATION

The Bank is committed to enhance its customer experience by making banking easy and convenient. The overriding mantra is simplicity and innovation.

Offerings with customer-first approach

- Premium Savings Account with choose your 'Account Number' facility
- Up to 7% of interest rate on Savings Account
- Evolving Digital Banking channels (covering Bill Payments, Mobile Banking, SMS Banking, Internet Banking, Payment Gateway and Online Tax Payments)
- Launched Insignia Preferred Banking for the discerning individual and business customer
- Launch of NRI Banking including FCNR, Forward Contracts and different Savings Account variants for the Indian diaspora
- Aadhar linked debit card launched with functionality to set your own PIN
- Launch of RBL Bank Credit Cards with an exciting Rewards Platform

The Bank has also forged alliances to offer holistic solutions to its customers

- In addition to Life and General insurance, the Bank has a corporate agency tie up with Max Bupa for offering Health insurance to its customers
- Choice of new mutual funds adding several new funds to the list of existing Asset Management companies
- Launch of India's first 'Cricket Credit Card' in partnership with Delhi Daredevils T20 cricket team
- Co-branded prepaid card with E-meditek on the health platform
- Launch of financial literacy programme 'Saksham', to empower women in low-income households

> Energy to instil

AN INSPIRING CULTURE

An engaged and motivated workforce is critical to achieve and sustain a high-performance work culture. The Bank has designed a comprehensive ‘Living the Brand’ employee engagement programme to ensure its ever growing workforce is aligned with the values of the brand and the empowering ethos of the organisation.

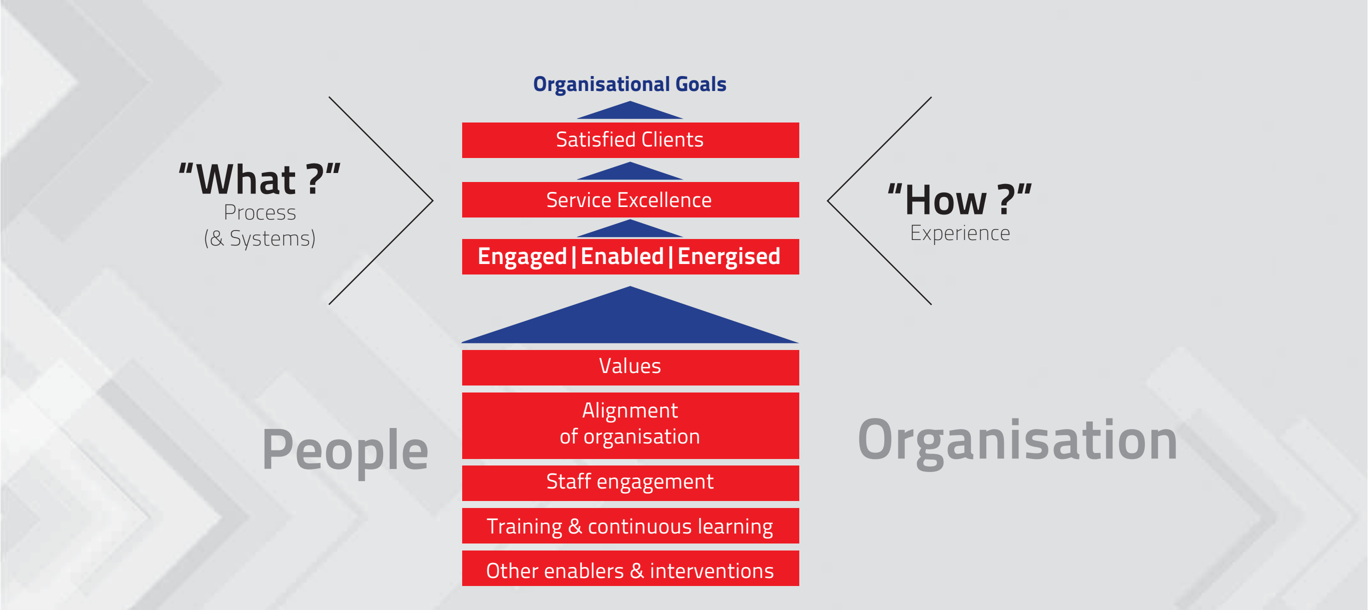
Over the past four years, RBL Bank has transformed itself from an old-world private sector player with a 70-year heritage to a new-age modern bank, offering state-of-the-art products and services catering to a diverse group of customers, investors and other stakeholders.

Through this journey, the Bank has attracted a large number of professional talent from different parts of the banking sector, who are collectively driving this fast-growing multicultural organisation towards its "Vision 2015" milestone.

The Bank has launched the "Living the Brand" employee engagement program to align its 2,900 + employees with the brand values, culture and ethos of the organisation with the ultimate aim of delivering Service Excellence to its customers.

What do we want to achieve through these initiatives? The answer is simple: educate and inspire our people; engage talent to drive business results; and build ambassadors who deliver on the RBL Bank Brand Promise.

THE ROAD TO SERVICE EXCELLENCE



STRENGTHENING
CAPITAL BASE

RBL Bank focused on a transformational blueprint in 2010 to build a 'Bank of Choice' in the next five years. Powered by a strong governance framework and a dynamic management to facilitate the transition, the Bank has gained the trust and confidence of both domestic and global investors.

By 2013, in its first two rounds of capital raising, the Bank has attracted more than ₹ 1,100 crore of capital from renowned global and domestic investors. As it continued to build a strong platform, based on governance, management and capital, it delivered on the expectations of its stakeholders. Being acclaimed as 'India's fastest growing scheduled commercial Bank', the Bank successfully completed its third round of capital infusion of ₹ 328 crore in early 2014 with participation from marquee global investors as well as by existing investors.

The capital will enable the Bank to expand its pan-India network, with a customised portfolio of financial products and services, and also strengthen its 'financial inclusion' initiatives.

₹18,198 Cr.

Asset base

₹ 2,012 Cr.

Net Worth

₹11,599 Cr.

Deposits

₹ 9,835 Cr.

Loans

0.79%

Gross NPA

₹ 71.30

Book value per share

Figures/data as of June 30, 2014
(unless otherwise stated)

DRIVING THE INCLUSIVE AGENDA

Even today, around 60% of India's population remains unbanked. The picture is bleaker, if we move beyond the top 50 districts of the country. With 11% of the country's bank branches located in the six largest cities, millions of households remain outside the purview of formal banking. This reality reinforces RBL Bank's determination to financially empower more people at the base of the social pyramid.

BANKING FOR ALL

During the year under review, the Bank extended its financial services to more than 4,000 villages across Maharashtra, Gujarat, Goa, Karnataka and Madhya Pradesh. The result is that over 300,000 households were empowered with various offerings by the Bank (like Micro Credit, Savings and Micro Insurance, among others).

Identifying the critical need for safe and secure money transfer, the Bank started building a technology driven transaction point network in urban neighbourhoods for migrant labourers. The Bank established over 600 remittance points in different urban and rural touch points, enabling the migrant labourer to transfer funds easily. Aadhar linked Savings Accounts with Rupay Debit Cards with access to over 100,000 ATMs were also established by the Bank to enable anytime access to money and remittances.

LEVERAGING OPPORTUNITIES

The Bank also identified the need to create a financial ecosystem which allows convenient access to specially designed products empowering disenfranchised members of society overcome daily challenges while meeting the aspirational needs of the future

FINANCIAL LITERACY PROGRAM

In FY14, the Bank also launched a one-of-a-kind Financial Literacy Program called Saksham to educate women in low income communities. This program was developed with a threefold agenda :

- To create awareness and educate women from the low income communities about management of money, importance and advantages of planned saving, benefits of borrowing & precautions while availing a loan, other financial products and facilities provided by the Bank
- To help them organise their lifecycle needs through identification of suitable banking products and services for these needs
- To build their confidence & increase their comfort levels in using banking channels (branch & technology enabled non-branch channels)

WHAT THE NUMBERS TELL

300,000
Financially included in 2013-14

240,000
Number of customers empowered through entrepreneurial credit

500,000
Lives Protected

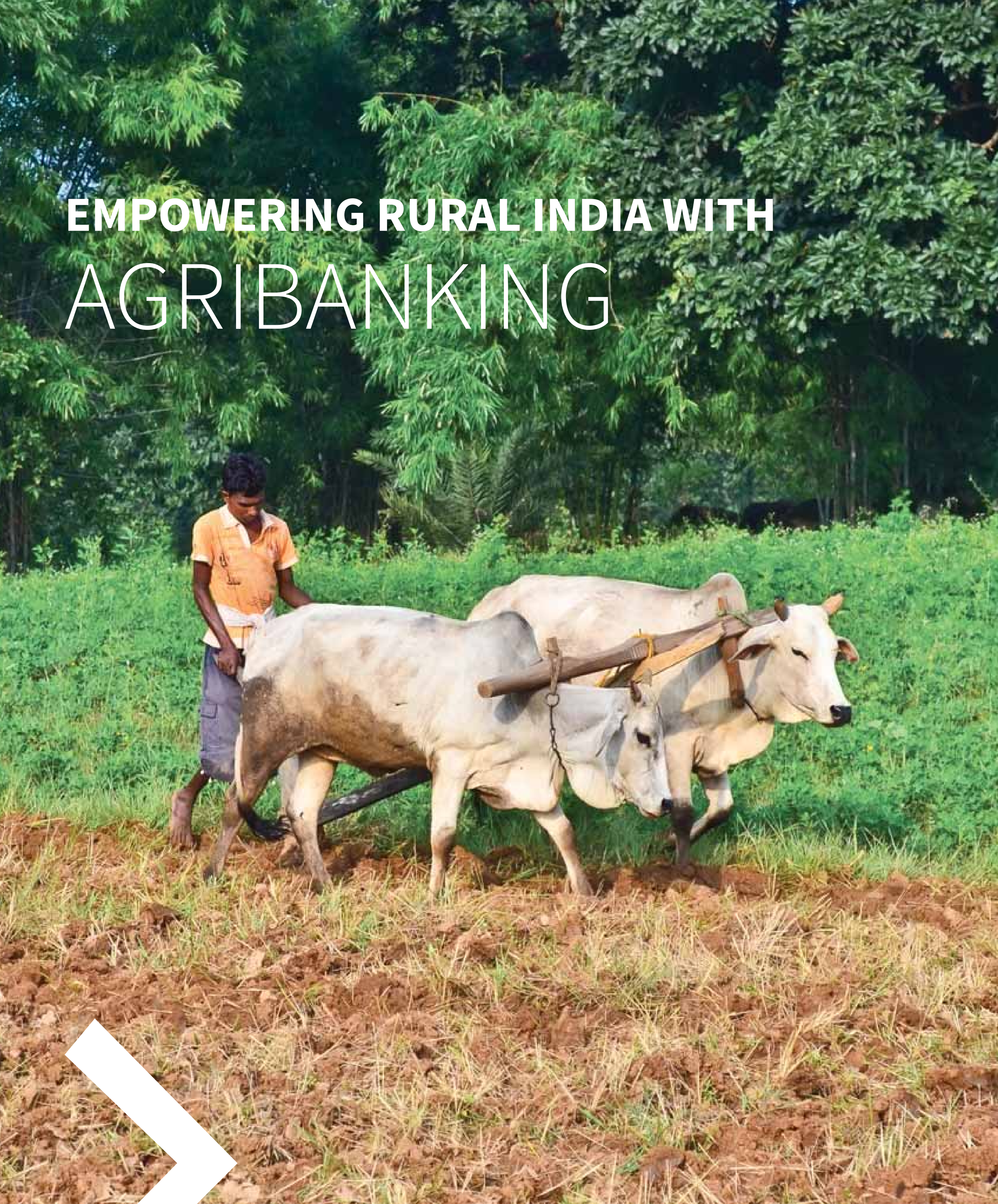
4,000
Villages touched with RBL Bank services

13 LAKHS
Households extended credit support through intermediaries

10,000
Women empowered through Saksham program

Figures/data as of June 30, 2014
(unless otherwise stated)

EMPOWERING RURAL INDIA WITH AGRIBANKING



Agriculture is the mainstay of the Indian economy and nearly three-quarters of India's families depend on agricultural income for their livelihoods. Development in agriculture addresses the "two key areas" which are now drawing the attention of governments, regulators and financial institutions - "food security" and "financial inclusion".

These areas are intertwined with the next phase of economic growth of the country. A growth which will be a lot more participative, broad based and inclusive, and can become a real game-changer for a large part of India and propel the country into the next stage of development.

Given the opportunities and potential of agri business banking, RBL Bank has identified this to be one of the key areas of growth and expansion.

The Bank's comprehensive bouquet of Agribanking products addresses the banking requirements of the sector across the value chain, the farmer being the fulcrum. The Bank plans to offer new and innovative products, market specific schemes, besides increasing its outreach through the expansion of institutional framework. It plans to do this by way of direct farmer lending and development of the Agri-value chain.

RBL Bank is in the process of expanding its Agri-business banking footprint across multiple geographies in semi-urban and rural India and considers this to be one of the thrust areas for a profitable growth. Currently the Bank reaches out to 8,500 villages across 11 states.

₹1,344 Cr.

Agri-loan outstanding as on March 31, 2014

63%

Growth in Agri-business portfolio

65,000

Farmer account holders as on March 31, 2014

100+

Agri-Warehousing & Agri-Institutions to service the farmers

Figures/data as of June 30, 2014
(unless otherwise stated)

NEW AGE
BUSINESS BANKING

Post the acquisition of the Business Banking portfolio from RBS, the Bank expanded the scope and scale of this unit to many new geographies, products and technology-driven services.

This unit covers a host of industrial sectors like Information Technology, Shipping, Hospitals, Leather, Telecom and Communications, Auto Ancillaries, Infrastructure and Engineering and Education among others.

OBJECTIVE

The strategy is to provide integrated and holistic banking services to selected client segments with a very well defined value proposition.

APPROACH

Choose and penetrate verticals where we can be competitive and service with a differentiated, consistent product delivery.

POSITIONING

Responsive bank that meets customer needs with a superior product and flexible service delivery.

OPERATING MODEL

The Bank has created a complete range of product & service capabilities that can be customised to clients' need across Transaction Banking, Cash Management (payment and collections), Trade Services, Foreign Exchange and Working Capital / Term Loan, along with business specific solutions at competitive pricing.

PREFERRED BANKING HAS A NEW NAME

Insignia Preferred Banking

Insignia Preferred Banking places the customer at the centre of exclusivity and recognition. Banking is important, but at RBL Bank, the relationship with customer also holds as much importance. The Bank believes success is founded only in great partnerships.

At RBL Bank, Insignia Preferred Banking is all about passion. Understanding the needs and providing tailor-made banking solutions is what makes Insignia preferred banking special. The Bank has established a robust Relationship management team comprising of a Qualified Relationship Manager and a Dedicated Service Manager who are supported by a team of product specialists so that prompt services and world class privileges delivered whenever the customer needs them. The ethos of the team is to help customers maximise their financial objective post detailed evaluation of their needs and making banking experience a delight.

INSIGNIA BENEFITS

RELATIONSHIP MANAGEMENT

Your Relationship Manager along with product specialists bring to you a wealth of knowledge enabling you to maximise every opportunity.

EXCLUSIVE LOUNGES

Conduct your banking transactions in the comfort of exclusive preferred lounges. which provides you convenience and confidentiality.

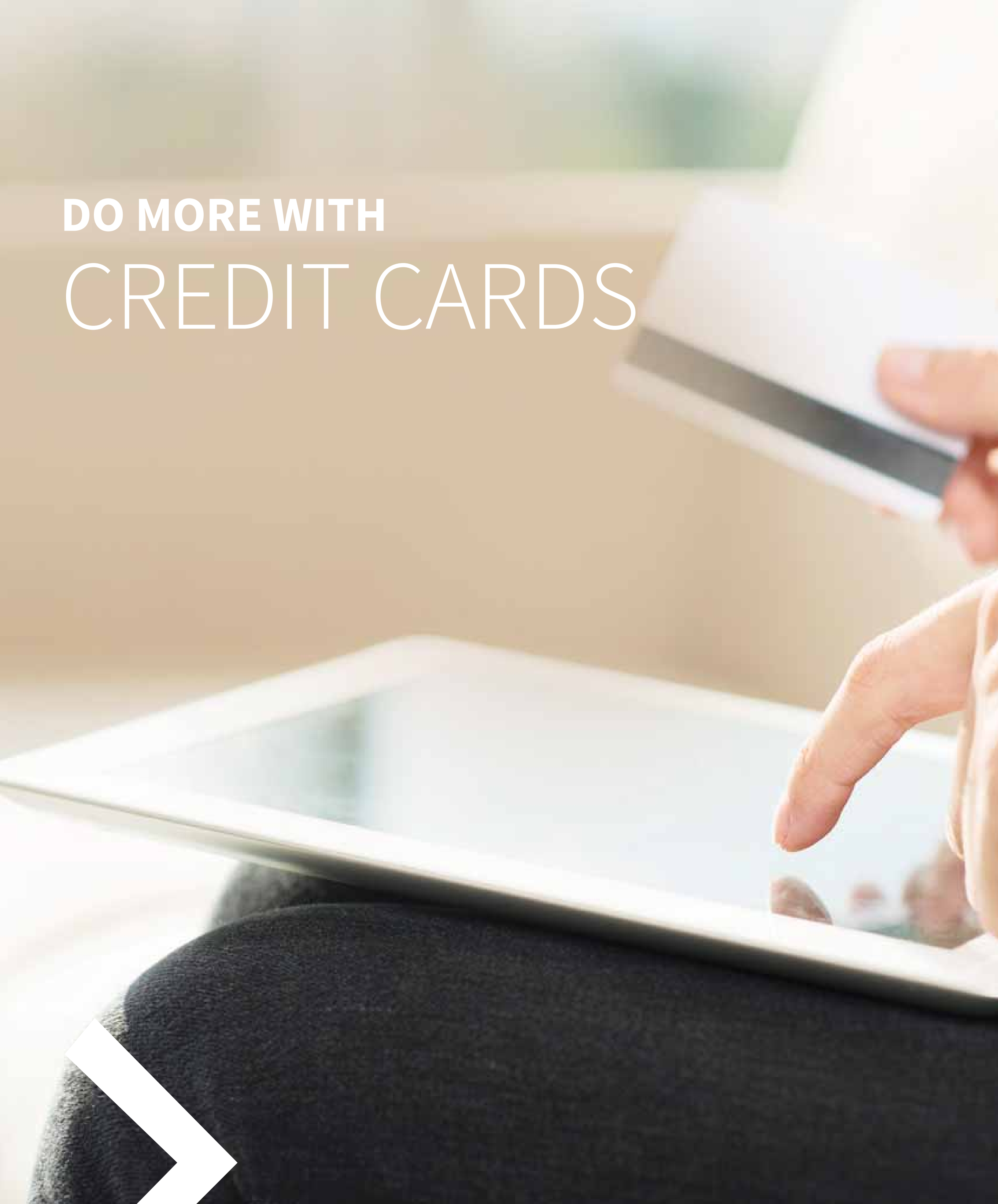
RESEARCH AND ANALYSIS

Get access to in-depth information on broad macro-economic trends, update on market variables and movement on market indices, global financial trends and asset allocation strategies.

DOOR STEP BANKING

Bringing the Bank to the customer's doorstep, be it for cash delivery, cash pick up, cheque pick up and demand draft.

DO MORE WITH CREDIT CARDS



The Bank has entered the Credit Cards business strongly, and today, it forms an integral part of its product portfolio. The Credit Cards business was acquired from RBS and the first priority for RBL Bank has been to ensure integration of the portfolio and seamless transition of servicing for the existing customers. These customers were issued new RBL Bank Credit Cards (Chip and PIN Enabled) thus considerably enhancing the security for clients, while transacting.

The Bank started customer engagement initiatives as a part of the on-boarding process for customers migrating from RBS. It also upgraded the services and facilities for these customers.

CUSTOMISED CREDIT CARDS

Cricket Credit Card

Titanium Delight

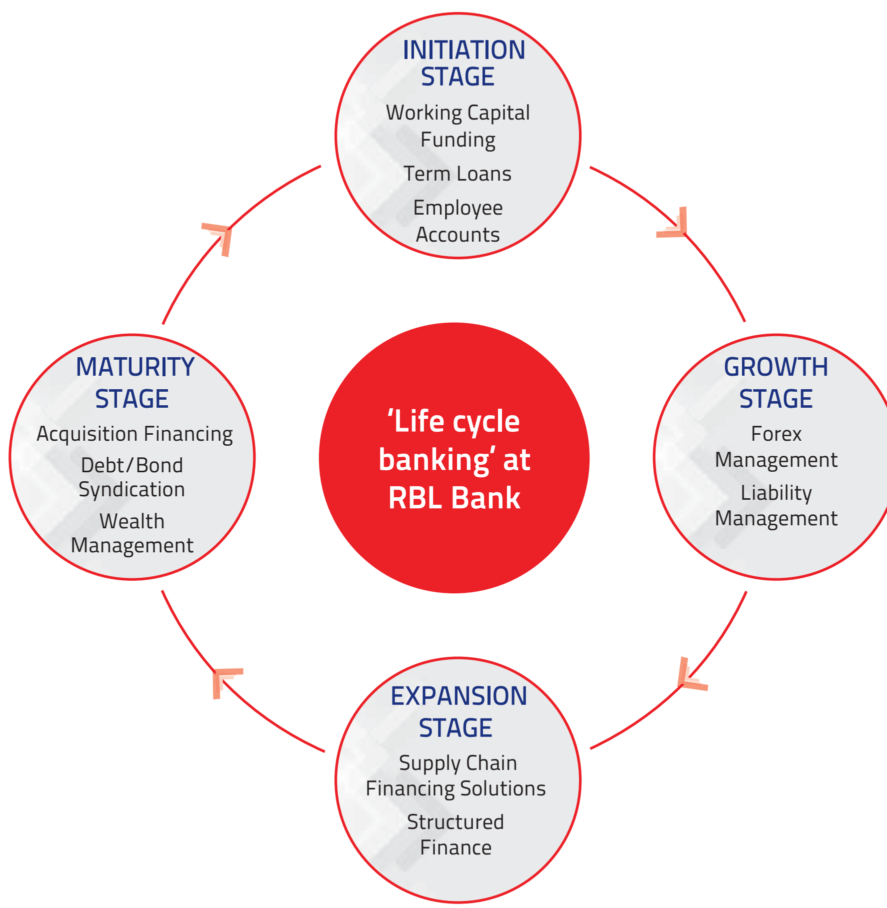
Platinum Maxima

COMPREHENSIVE WHOLESALE BANKING

Leveraging on its rich experience, RBL Bank's Wholesale Banking Division is today a trusted advisor to meet various financing and transaction banking requirements of the country's SMEs, Mid-sized and Large Corporate segments.

The Wholesale Banking business offers a full range of client-focused corporate banking services, including working capital, term finance, cash management, foreign exchange, transactional and trade services among others. The Bank also leverages its expertise to customise transactions for its customers. The Division has a dedicated service delivery platform thereby resulting in reduced turnaround times and ensuring a 'one-stop' solution for its wide client base.

By continuously evolving sector- specific products and services, RBL Bank paves the path for a brighter future for emerging as well as established businesses.



PRODUCTS AND SERVICES

Retail Banking

SAVINGS ACCOUNT
- Prime Savings Account
- Advantage Savings Account

CURRENT ACCOUNT
- Business Current Account
- Exceed Premium Current Account

NRI BANKING
- Ace Account
- Deposits (NRE/NRO/FCNR)
- Fund Transfer

FIXED DEPOSITS
- Regular Fixed Deposits
- Tax Savings Fixed Deposits
- Senior Citizen Fixed Deposits
- Recurring Fixed Deposits

INVESTMENT SERVICES
- Financial Need Analysis
- Customer Risk Profiling
- Asset Allocation
- Product Selection
- Portfolio review

INSURANCE
- Life Insurance
- General insurance
- Health Insurance

DEMAT ACCOUNT

SAFE DEPOSIT LOCKERS

CORPORATE SALARY ACCOUNTS & EMPLOYEE BANKING SOLUTIONS

RETAIL LOANS
- Loan against Property
- Overdraft against Property
- Home Loan
- Personal Loan
- Car Loan
- Loan against Gold
- Education Loan
- Business Loan
- Loan against Deposits

CREDIT CARDS
- Platinum Maxima Card
- Platinum Cricket Card
- Titanium Delight Card

WEALTH MANAGEMENT
- Insignia Preferred Banking

Business Banking

- Trade and Foreign Exchange product and advisory services including Forwards and Options
- Transaction banking solutions across liquidity management, payments and collections/receipts
- Working capital and term loans.
- Customised Banking Solutions for industries such as IT & ITES, Hospitals, Shipping, Leather
- Banking Solutions for Government affiliated & FCRA institutions

Commercial Banking

ASSESSED CREDIT
- Cash Credit
- Short-Term Loan
- Term Loan
- Working Capital Demand Loan
- Trade Finance
- Structured Finance
- Forex & Fixed Income

COMMERCIAL VEHICLE & CONSTRUCTION EQUIPMENT FINANCE

PROGRAMME CREDIT
- Ratna Business
- Supply Chain Management
  - Dealer / Distribution Finance
  - Vendor Finance

Corporate & Institutional Banking

- Cash Credit
- Term Loans
- Trade Finance
- Transaction Banking & Cash Management
- Supply Chain Financing Solutions
- Structured Finance
- FX, Risk Management and Fixed Income Products

Agri Banking

INDIVIDUALS

- Crop Loan (under RKCC)
- Farm Mechanisation (Purchase of Tractor/ Trailer, Thresher, Other Farm Implements / Machinery)
- Dugwell, Construction / Repair / Deepening of Well
- Minor Irrigation (Electric Motor Pumpset / Oil Engineer / Submersible Pumps / Pipeline, etc)
- Loan against Ware House receipt
- Construction of Rural Godown
- Dairy Loans
- Agri. Clinic & Agri. Business Centre
- Two wheeler Loans
- Four wheeler Loans
- Bullock Pair & Bullock Cart
- Loans Horticulture Crops (Grape, Pomegranate, Floriculture, etc)
- Financing against pledge of cold storage receipts
- Harvesting & Transport Finance

CORPORATES ENGAGED IN AGRI & ALLIED ACTIVITIES

- Working capital
- Term loan
- Structured finance

Development Banking and Financial Inclusion

MICROBANKING

- Basic Savings Bank Deposit Account / Aadhaar linked savings accounts for Direct Benefit Transfer
- Micro-Insurance
- Micro loans / JLG finance
- Micro loans / SHG finance
- Micro Housing Loans

PAYMENTS

- Micro Payments
- Money Transfer
- Micro Pensions
- C2B Payments
- B2B Payments
- Micro RD
- Micro FD

AFFORDABLE FINANCIAL INSTITUTIONS

- Term Loan
- Cash Credit
- Off balance sheet structures like securitisation and assignment of receivables

SMALL BUSINESS BANKING

- Unsecured and Secured Business loans
- Drop down overdrafts
- Loan against CGTMSE guarantee
- Fixed Asset Loan
- Retailer finance

Treasury & Markets

- Foreign Exchange Risk Management
- Foreign Exchange Options
- Currency & Interest Rate Derivatives
- Debt Capital Markets : Underwriting and Syndication
- Corporate Finance & Structured Lending

OFFICIAL SPONSORS OF

DELHI DAREDEVILS

44–149

Statutory Reports

MANAGEMENT DISCUSSION AND ANALYSIS

1. ECONOMIC OVERVIEW

1.1 Global Economy

Global economy is showing signs of gradual definite recovery. But lurking concerns about downside risks still persist. Therefore, we cannot throw caution to the wind and be complacent. The ground reality is that advanced economies, such as the US are strengthening gradually, but still have a long way to go, if it wants to match its pre-crisis growth rates. Eurozone, on the other hand, presents a picture of uneven recovery where Germany continues to power ahead as France and Italy fall behind and countries like Portugal and Spain still have stresses present in their economy. In the Euro Area, more monetary easing, including unconventional measures may be necessary to sustain economic activity and stabilise prices. However, this is not conducive to a robust long-term recovery. In emerging markets and developing economies, growth picked up marginally in the second half of 2013. This happened owing to two factors: First, exports were encouraged by stronger activity in the advanced economies. Second, currency depreciation played a part in boosting exports and hence encouraging early signs of growth. However, the emerging market countries need to focus on structural bottlenecks to grow sustainably.

(%)

	Actual		Projections	
	2012	2013	2014	2015
World Output	3.2	3.0	3.6	3.9
Advanced Economies	1.4	1.3	2.2	2.3
United States	2.8	1.9	2.8	3.0
Euro Area	-0.7	-0.5	1.2	1.5
Japan	1.4	1.5	1.4	1.0
United Kingdom	0.3	1.8	2.9	2.5
Other Advanced Economies	1.9	2.3	3.0	3.2
Emerging and Developing Economies	5.0	4.7	4.9	5.3

(Source: International Monetary Fund, April, 2014)

1.2 Indian Economy

India remains one of the fastest growing economies of the world, although structural challenges have created roadblocks to an expanding economy. The economy grew by 4.7% in FY14, marking a second straight year of sub-5% growth. In a slow-growth global landscape, India could have performed much better if timely reforms were undertaken to boost infrastructure and corporate investments, remove bottlenecks hurting the manufacturing sector and lower fiscal deficit. But the reforms undertaken were few and far between. The result was an under performing economy battered by persistently high rates of inflation.

The RBI raised policy repo rates by 75 basis points in intermittent steps throughout FY14 to contain spiralling inflation. As a result, inflationary trends have been corrected and inflationary expectations have moderated. The recovery of the monsoon in the season's second half in 2012 and a good monsoon in FY13 helped the agriculture sector to grow by 4.6% in FY13. However, industrial growth continued to remain sluggish during the year due to a lacklustre investment climate, stalled projects and subdued consumption demand.

With a new government at the Centre with clear majority in the lower house of the Parliament, expectations of a quick recovery are high. Admittedly, the government has taken steps to kick-start stalled projects and is sending the right signals to boost investments. The recent budget announcements by the new government are also indicating the same. Inflation has eased, but is still above comfort levels. On the other hand, improvements are visible on the fiscal front and in the current account balance. India can expect to have a GDP growth rate of around 5.5% in FY15 if adequate measures are undertaken to boost infrastructure investments, prune wasteful subsidies, introduce land and labour reforms, strengthen the country's financial architecture and simplify direct and indirect taxation.

2. BANKING SECTOR OVERVIEW

According to information from RBI, the scheduled commercial banks had approximately ₹ 79,311.0 billion of aggregate deposits and approximately ₹ 608,68.8 billion of bank credit, as on April 04, 2014.

ADMITTEDLY, THE GOVERNMENT HAS TAKEN STEPS TO KICK-START STALLED PROJECTS AND IS SENDING THE RIGHT SIGNALS TO THE INDUSTRY TO BOOST INVESTMENTS. INFLATION HAS EASED, BUT IS STILL ABOVE COMFORT LEVELS.

2.1 Challenges

Revamping Corporate Debt Restructuring

To counter the steep decline in asset quality and release non-performing assets (NPAs) pressure on bank asset portfolios, there is need to overhaul the corporate debt-restructuring mechanism. This would involve enhancing project appraisal standards, increasing accountability of the promoters and having a time-bound assessment and approval of the restructuring proposal. This also includes implementing the means to detect early signs of distress for an effective asset quality management system. Stressed loans-both bad and restructured - constituted 10% of all loans for the Indian banking system in FY14. (Source: CII)

Sticky inflation that resulted in higher costs of servicing debt

The industrial slowdown and sticky consumer price inflation created a negative environment for the country's banking sector in FY14. Double-digit inflation raised the cost of servicing debt, resulting in an increase in bad loans in the rate sensitive sectors. Fiscal tightening to rein in the increasing fiscal deficit on the one hand and interest rate hikes by RBI to manage inflation, on the other hand, have compounded industry woes. The profitability of nationalised players was also affected. Inflation has, since then, moderated but still continues to prevent RBI from easing the monetary policy.

2.2 Opportunities and Growth Drivers

Banking licence regulations

Earlier during the year, RBI granted preliminary licences to set up new banks to two entities. These banks are expected to become operational in about a year's time.

The RBI would also issue guidelines for the issue of bank licences going forward 'on-tap' in the next few months.

Further, the RBI has issued draft guidelines recently for setting up of Payments Banks and Small Banks which are "niche" or "differentiated" banks; to further develop financial inclusion.

While Small banks will provide a whole suite of basic banking products, such as, deposits and supply of credit, but in a limited area of operation, Payments banks will provide a limited range of products, like acceptance of demand deposits and remittances of funds, but with a widespread network of access points in remote areas.

They would do this either through their own branch network or through Business Correspondents (BCs) or networks provided by others.

As our Bank operates in these segments, recent developments may pose challenges as well as throw up newer opportunities for the Bank.

The Bank is closely monitoring these changes and preparing itself to make the best use of the opportunities likely to be thrown up by the new developments

Rising Middle Class

The middle class is the key to sustaining economic and social development in a country as they are the primary consumers in India. According to research reports, India is expected to add to its middle class, expanding to more than 10 million households by 2022, with an income greater than ₹ 21 lacs annually. (Source: E&Y Report, 2014). This class will demand greater quality and services from the banking sector as they save more and provide an impetus to the banking industry.

Financial Inclusion

About 41% of India's households don't access banking facilities owing to financial illiteracy, lack of collaterals, low income levels and other factors (as per Census 2011). With a variety of banking services, including entrepreneurial credit like Kisan Credit Card/General Credit Card, an overdraft for consumption needs, direct benefit transfers and other remittance facilities, demand for banking services will increase as banks penetrate further into rural India.

Increase in infrastructure financing

Infrastructure investments encourage growth and jobs, but these investments require huge capital expenditure. Leveraging private capital is one of the solutions to overcoming a huge investment funding gap to boost infrastructure. The 12th Plan has set a target of ₹ 65,000 billion or US$ 1 trillion for infrastructure investment. Increased domestic funding via pension and provident funds, infrastructure funds, banks and insurance companies are necessary to meet this target.

1.2 lacs

Number of RBS customers' acquired by the Bank

Any Time Money

Technology-enabled channels like ATMs and non face-to-face channels like mobile and internet banking have increased at a remarkable pace. The number of ATMs in India has increased to over one lac in FY14. These are leading changes in the Banks' operating models and reducing cost-income ratio. There is a visible shift in the platform that customers use to execute transactions. Payments "anywhere anytime" using White Label ATMs are improving access to modern financial services in the remote rural areas. This is a route to enhance financial inclusion, besides increasing banking operational efficiency.

3. REVIEW OF OPERATIONS

Armed with a vision of being a pan-India banker, the Bank continues to stay on course, leveraging on its strength of passion, legacy, achievements and penetration in new regions. Continuing on its journey of 'Building it Right,' today the Bank is infused with "New Energy" and is "Gaining Momentum". It took strides towards establishing itself firmly in the Indian private banking space. The Bank focused on its strategy to meet the changing needs of customers. It is focusing on value addition and building capabilities with a view to build long-term relationships and also on improving its service standards. It has achieved this through the following initiatives:

3.1 Acquiring the Royal Bank of Scotland's (RBS's) businesses in India

The acquisition of RBS's Business Banking, Credit Cards and Mortgage businesses in India by the Bank is aligned with its transformational journey, which began in 2010. The acquisition complements well with the existing business of the Bank, helping it strengthen the existing segment. With more than 1.2 lacs customers of RBS, the Bank has acquired a quality business which adds to its assets and liabilities portfolio and a base of exclusive customer accounts. This time-bound programme was executed with seamless resiliency and minimal impact on the service deliverables for the migrated clients. The efficiency was reflected across various functions like clearing, trade, credit card operations and treasury functions.

3.2 Corporate & Institutional Banking (CIB)

The build out of the CIB business continued during the year with coverage commencing out of Kolkata The bank has added several top corporate relationships during the year. In tandem with the expansion of product capabilities in the area of cash management & foreign exchange, the bank deepened relationships with several large corporates. This has helped in the growth of non funded & fee generating businesses. Coverage of the Government sector & public sector entities was intensified and the bank has been empanelled with more PSUs who have placed deposits with us with some of them commencing a foreign exchange transactional engagement with us. The group also commenced focused coverage of the Financial Institutions sector during the year. We have added several new counter parties on the interbank and foreign exchange areas while also enhancing liquidity available from them.

3.2.1 Transaction Banking Operations

Cash management solutions are one of the key offerings for corporate clients ranging from small & medium enterprises (SMEs) to government organisations (like hospitals, schools, trusts, municipalities). The service offering not only contributes to growth but also meets the aspirations of a growing corporate sector.

Major highlights during the year were as below:

- Launch of 'Door-Step Banking' platform to enrich customer experience. This innovative service allows a corporate customer to avail of the various facilities like cash/cheque pickup and delivery at his or her convenience. To enhance the reach and usability a dedicated call centre facility has been implemented by the alternate channel operations.
- Despite the evolving payment formats and widening spectrum of services in the banking landscape, the physical movements of instruments still holds relevance for large payment modes in the country. As electronic-payments are fast gaining importance, the Bank has implemented superior cash management experience and a robust cash payment system (SAP to bank) during the current year. The centralised payment system is now connected to the Bank's entire branch network, capable of managing bulk physical instrument processing as well as electronic payment, bulk DD payment to vendors, salary payment or dividend / interest payments interfacing through various formats of systems, housed by large corporate houses. During the year, tax payments volumes also saw a significant surge as a testament to the Bank's capability to cater to diverse client needs. During the year cheque-printing volumes have grown by 69% and Door-Step Banking registrations have also grown by 100%.
- With a view to enhancing efficiency in management of liquidity, the Bank has implemented a dedicated cash pooling and merging facility across various key locations. This also enables curtailing the cash retention limit across various branches and leads to significant cost savings.
- Initiatives were undertaken to improve the end-to-end delivery of fund transfer products and clearing facilities

THE BANK EXPANDED IN NEW LOCATIONS COVERING MADHYA PRADESH, RAJASTHAN, EAST INDIA (KOLKATA) AND IS STRENGTHENING ITS PRESENCE IN DELHI, MUMBAI, CHENNAI, BANGALORE AND AHMEDABAD WITH A TOTAL OF 185 NEW BRANCHES.

- The grid framework, which provides a decentralised zone-wise 'hub-and-spoke model' has been extended to 70 branches of the Bank. These branches have been brought on to the platform of the Cheque Truncation System (CTS) to enable a faster turnaround time. The plan, going forward, is to increase and map all the branches to the CTS grid framework.
- To aid the above initiative, the Bank has successfully migrated from the existing framework to the Clearing House Interface (CHI) in the southern grid, which allows direct interface with the clearing house, a system earlier managed through a partner bank.
- A cheque referral process was implemented for all clients to provide information to customers, pertaining to their respective accounts to pre-empt and provide a window for payment resolutions. This service is likely to aid in better financial management for high transaction as well as low transaction clients and prevent undue financial charges or legal implications in case of a dishonour.
- Bulk RTGS/NEFT facilities, especially to suit the growing requirements of the large and mid-segment corporate clients, to efficiently provide cash and clearing solutions with minimal client intervention. Fund transfers and clearing transactions have recorded a steady growth of 50-70% during the year.

3.2.2. Wholesale Banking Operations

- To facilitate and augment the existing offerings, the inland trade operations were centralised, resulting in reduced turnaround times in the end-to-end execution of trade transactions. This was coupled with automating of credit and debit advices for all trade transactions.
- 'Client First Desk' - A dedicated service desk was setup to provide query resolution or information support provided to the Branch Team and Relationship Managers, facilitating the client to interact with the staff more effectively.
- To ensure compliance and greater focus on risk monitoring, sanctions screening were automated for both outward and inward remittance during the year.
- In its customer-related business, the Bank provides foreign exchange and derivative solutions to clients and continues to be a major player in this segment. These products and services are aimed at managing customers' foreign exchange and risk hedging needs through forwards, swaps and options services. The offering was enhanced by the implementation of cross currency swaps during the year. Operations also implemented a settlement through CCIL-CLS as an important step towards reducing settlement risk.

3.3 Retail Banking

The Bank continued its drive towards improvements in service quality across all customer touch points - namely branches, ATMs, Phone Banking, Net Banking and email channels. It continued to provide enhanced services to build customer relationships and gain a deeper understanding of services and product needs of customers. The highlights for the year were:

3.3.1 Branch Operations

A clear structural framework of branch operations encompassing specific identified verticals with a monitoring framework has been established. This has ensured robust monitoring and control of the operations, enabling superior client experience.

The Bank expanded in new locations covering Madhya Pradesh, Rajasthan, East India (Kolkata) and is strengthening its presence in Delhi, Mumbai, Chennai, Bangalore and Ahmedabad with a total of 185 new branches. In addition, all branches were re-furbished to the new standards and the brand, creating a renewed appeal for consumers. New customer acquisitions saw a rise in deposits grow by 39% during the year.

3.3.2 Direct Banking

- During the year, the Bank focused on new customer acquisition, customer interactions and cross-selling of products. The Bank's product suite was enhanced through the internet-banking platform and was customised to meet requirements of different customer segments.
- The year saw the setting up of a dedicated call centre for business banking and credit card customers. The call centre framework was further augmented with a full scale IVR facility catering to the needs of clients across retail banking, business banking and credit card customers.
- After successful branding, post integration of RBS clients, the platform of the Bank was enhanced to facilitate deposit booking and also direct and indirect tax payments to retail and customer clients. A composite alternate channel offering has been completed by launching the mobile-banking facility for customers.

3.3.3 Electronic Banking and ATMs

Customer convenience, superior banking experience, technology innovations and a large network of branches and ATMs continue to differentiate the Bank in the Indian banking space.

- The Bank continued to invest in partnering with payment processing network companies like VISA/ Master Card and RuPay for point of sale (POS) acquisition. Co-branded prepaid cards have also been launched during the year, leveraging tie-ups with these companies.
- During the year we have deployed 169 ATMs, taking the total to 350 till March 2014. This has been further coupled with offering incremental functionalities of cheque book request, cheque stop request and all features for remote 'on us' (The customers using other ATMs) and 'off us' (other bank customers using the Bank's ATMs) customers. The offering was further enhanced for acceptance of Master Card and Discover branded cards.
- The number of ATM transactions (in terms of numbers and volumes) has also doubled from the previous year. Post the acquisition of RBS customers, there has been a robust growth of 100%, both in terms of the number of cards being used and the volume of transactions. These operations have resulted in the issuance of 1 lac debit cards. Net-banking transactions have almost risen from ~75 to 90% across corporate and retail customers during the year.

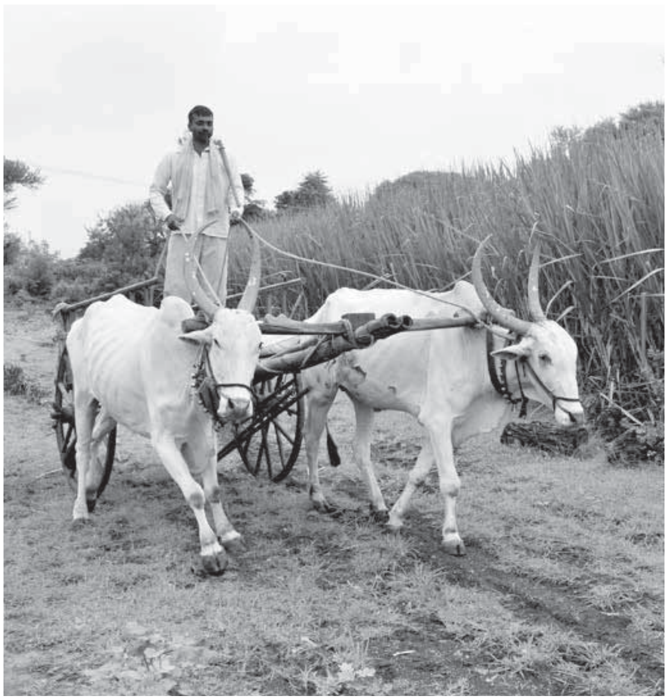
350+

Number of ATMs till March 31, 2014

3.3.4 Retail Products and Services

In order to strengthen its presence among the existing customers and acquire new customers, the Bank introduced the following products and services:

- Differential interest rate of 7% on the savings account
- A Premium Savings Account
- A bouquet of Current Account Variants, including EEFC
- Mobile and email alerts to the Bank's customers
- Going live with consolidated statement and e-statement on the banking portal
- Launched a range of NRI banking products, including FCNR, Forward Contracts and different CASA variants
- Safe Deposit Locker facility was made available in 109 branches across India, benefiting existing customers and attracting new ones
- Grouping of accounts, enabling the customer to manage the different accounts across CASA easily without worrying about minimum balance requirements
- Launched Flexisure, a cheque-protect facility linking the customer's fixed deposit with the CASA account
- Opening of fixed deposits allowed through internet banking
- Introduced direct & indirect tax payments – both online and through the branches



- Introduction of a Health Fixed Deposit which offers cashless hospitalisation against the Fixed Deposit, which continue to earn interest

3.3.5 Investment and Insurance Products

- Given the growing need for health coverage in India, the Bank became the Corporate Agent of Max Bupa for offering Health insurance to its customers. In addition the Bank is also a Corporate agent for providing Life insurance through HDFC Life and General insurance through Bajaj Allianz
- Several new Asset Management Companies (AMC tie-ups were added to the list of existing AMCs) for offering mutual funds to customers
- A co-branded prepaid card was launched with E-meditek

3.3.6 Credit Card Operations

The year saw the advent of the credit card business by acquisition of the customer base from RBS. The migration was seamlessly handled, ensuring zero customer impact with full scale operations that commenced at Regional Processing Centre from January, 2014. This alignment was supported with the launch of a full scale call centre for credit card customers. In line with creating product differentiation and enhanced value based service, a separate IVR was setup to cater to the various segments of business banking, premium and platinum categories. The IVR, in addition to supporting various financial and non-financial transactions, has been enhanced with the security feature of an automated PIN generation. As part of the robust risk management for clients and to prevent fraud in line with the central bank guidelines, all magnetic-based credit cards have been replaced with chip-based ones. This is a significant step to ensure security in the credit card segment.

Some of the customer engagement initiatives as part of the on-boarding process for customers migrating from RBS were:

- Upgrading customers to a higher card profile (Platinum and Titanium Cards)
- Limiting enhancement for customers, based on their spend patterns, profile and credit history
- Increasing innovative marketing programmes around spends

The segment also witnessed 600% growth in retail lending disbursals and 200% growth in retail lending book size. There has been a significant increase in distribution channels involving internal and external sales channels.

3.4 Agri business

The Bank is leveraging on the strength of its existing branch network to build its Agribusiness portfolio. It offers various financial products like savings, investments, export credit and other related services. It is planning to significantly increase its outreach to the farmers with new innovations in product design and methods of delivery, expansion of institutional framework, supporting the various Agri-value chain, effective usage of technology, optimisation of processes and better understanding of agriculture landscape.

To ensure quick turnaround time to farmers Agri business has setup Regional Agri business Credit and Operations hub. The Bank has implemented electronic systems for post-harvest credit and warehouse receipt based financing to automate the processes and ensure timely services to farmers. A series of robust credit and risk management processes have been implemented to ensure quality of portfolio.

The Bank has been one of the first to implement The Aadhar-enabled 'Kisan Credit Card' on the RuPay platform to ensure hassle free credit and 24 hours banking. This shall provide flexibility of transaction; enable cashless payments for purchases at Agri-inputs and transaction at Business Correspondent outlets in villages. Other economic benefits like transfers of various fertiliser and diesel subsidy can be directly credited to the KCC account of the farmers.

The Bank has taken a series of other initiatives like implementing Electronic Warehouse Receipt system and offering customised area specific schemes. Bank has started credit services for water and energy conservation irrigation systems (drip and sprinkler), high tech horticulture farming, cold chain, high tech dairy farming, hybrid cattle and other new capital investments. The Bank is planning to increase its outreach to farmers through innovative product design and methods of banking services delivery, better use of technology, optimisation of processes and developing products based local agriculture landscape. The Bank has acquired several thousand new farmer accounts. The Bank has seen a significant growth in Agri Business banking and has been able to over-achieve the Priority Sector target.

3.5 Financial Inclusion

Even today a large portion of India's unbanked population relies on agricultural and other seasonal occupations as a primary source of their livelihood. Only 14% of the banked population has access to credit, the first basic need of any household. Nearly 60% of the population is unbanked. The second necessity is to be able to transfer money in a safe, speedy and cost effective manner.

With a customer-centric approach as part of the core of the Bank's Financial Inclusion model, the Bank focuses on customer acquisition through a need-based spectrum i.e. either through provision of credit or provision of transaction-based services.

During FY14, the Bank focused on expanding its reach to over a hundred new semi-urban/urban locations and thousands of new villages, providing door-step delivery of credit focused on women, minority communities, small and marginal farmers, landless labourers and money transfer services to migrant labourers. New products were launched targeting the MSMEs, including guarantee-backed collateral free loans.

THE BANK ALSO EXPANDED ITS SUPPORT TO FINANCIAL INTERMEDIARIES ENGAGED IN MICROFINANCE, MICRO-HOUSING FINANCE & FINANCING OF MSMES, BECOMING ONE OF THE PREFERRED BANKERS TO THIS CLIENT SEGMENT

The Bank also made advancements in technology enabling our customers to receive government subsidies through Aadhaar-linked bank accounts and introduced Aadhaar-enabled Debit Cards for Financial Inclusion customers, providing them access to their savings through a network of over 100,000 ATMs, free of charge.

With a significant push and investment in this business over the last three years, the Bank was able to surpass its targets under the Financial Inclusion Plan for FY14. The Bank also expanded its support to financial intermediaries engaged in Microfinance, Micro-housing Finance and financing of MSMEs, becoming one of the preferred bankers to this client segment.

3.6 Priority Sector advances

The Bank remained committed to its focus on financial inclusion, empowering lives of the people with financial products and services. A dedicated vertical of Agriculture and Financial Inclusion responsibly leverages the Bank's large branch network across the semi-rural and urban branches. The advances under this segment comprise facilities like post-harvest credit, crop loans, agri-equipment loans, agri-infrastructure schemes and livestock.

During the year under review the Bank crossed its target for FY14 (of ₹ 2,735.49 crore) with actual disbursements of ₹ 2,854.37 crore. The Bank also successfully achieved the crop loan target of 18% (to agriculture sector), validating our commitment to the growth of the sector. Overall the Bank was able to achieve a growth of 67.40% in disbursement compared to the previous year. The Bank's agri-advances during the year stood at ₹ 1,261.42 crore. The credit facilities to scheduled castes and scheduled tribes of the total priority sector credit stood at ₹ 53.73 crore.

56.93%

The increase in Net total Income during FY14

3.7 Treasury and financial markets

The Treasury division performed well in the year. The core parts of the Treasury viz. Sales, Trading and Balance Sheet Management functions have been strengthened with the augmentation of counter-parties and induction of seasoned professionals. The focus of the division continued to rest on day-to-day fund management of the Bank and Asset Liability Management; augmentation of counter-party lines from banks, mutual funds and insurance companies; effective management of the Cash and Statutory Reserves requirements; deployment of the Bank's liquidity in high quality earning securities, and; managing the Bank's interface with the professional interbank market.

The Bank invested in strengthening the Treasury back-office functions necessary to manage the increasing volume of Treasury business.

3.7.1 Securities trading

FY14 was a year of sustainable and substantial growth for the Bank. The trading and investment portfolios were also ramped up with the focus on quality, liquidity and better yield of investments, which also involved certain churning of the portfolio. Even in the wake of a highly volatile market amidst hardening interest rates, the Bank has been able to adopt the right strategies aimed at mitigating risks and generating sustainable trading revenues.

3.7.2 Liquidity management

The Bank maintained sufficient liquidity and contingency buffer in the wake of a tough macro-economic situation and global headwinds. The Bank strengthened its liquidity profile through a mix of foreign currency borrowings from various overseas institutional participants, raising FCNR Deposits and rupee borrowing in the form of refinance from various financial institutions. Through a proactive liquidity management, the Bank was able to achieve an optimum funding mix of retail and wholesale deposits while aiming to reduce the cost of funding. Rating Agency ICRA Ltd. enhanced the Bank's A1+ rating for its Certificate of Deposit programme to ₹ 1,000 crore. The Bank's Fixed Deposits carry a AA- rating from ICRA.

3.7.3 Debt Capital Markets (DCM)

During the year, the Bank decided to foray into merchant banking activities with its primary focus on the debt capital market business. The Bank received a "Merchant Banking Licence" from SEBI for the same. The Bank also plans to step up its activity in the DCM business and aims to be the best in class. The desk provides financing solutions for its clients, presenting a seamless face to the market.

3.7.4 Foreign exchange and derivatives

The Forex & Derivative sales unit advises corporate and institutional clients on Risk Management covering Forex and the interest rate risk. The spectrum of Advisory Services includes domestic as well as cross-border transaction flow and risk management of related exposures on clients' balance sheets.

The team covered the country with all key locations - Bengaluru, Chennai, New Delhi, Kolkata with Mumbai being the full-fledged dealing rooms. During the year, the unit successfully handled various large Forex flow transactions of corporate as well as financial institutional clients, and a few large cross-border trades related to capital market flows. Timely advice from Forex & the derivative sales team on hedging solutions through various products helped increase the mindshare amongst large and medium corporate and institutional clients, and the desk saw a 320% surge in client volumes.

The Bank undertook derivative transactions for hedging customers' exposure in accordance with RBI regulations. It has introduced derivative products this year to hedge their forex and interest rate exposures.

4. FINANCIAL OVERVIEW

The year FY14, was a milestone year for the Bank as it continued to focus on expanding its presence, widening its offerings apart from making strategic acquisition and mobilising additional capital. Besides, it also focused on customer centricity backed by implementation of various technology initiatives. The Bank recorded commendable financial numbers during the year under review as tabulated in the Directors Report.

4.1 Deposits and Borrowings

The Bank's deposits increased from ₹ 8,340.52 crore to as on March 31, 2013 to ₹ 11,598.60 crore as on March 31, 2014, registering a growth of 39.06%. The external environment for the banking industry as a whole remained challenging, with uncertainty that continued to shadow global economies. The increase in savings rates helped the Bank to enhance its savings deposits by more than 39% over previous year. The sustained efforts also helped the Bank increase its CASA deposit by 44% over the previous year and sustain the CASA percentage to 20% levels although the interest rate environment was not conducive for CASA growth.

4.2 Advances

Net advances surged by 54.25%, from ₹ 6376.21 crore in FY13 to ₹ 9835.05 crore in FY14. The rise was driven by an all-round increase in the Bank's advances across business verticals. The Bank also commenced several new client relationships and introduced new products and services. The Bank now provides domestic as well as foreign currency loans to its clients (both fund and non-fund based).

4.3 Revenue and Profit Growth

The Bank's Net Total Income surged by 56.93% from ₹ 383.99 crore in FY13 to ₹ 602.60 crore in FY14.

The increase was driven by growth in net interest income as well as other income. During this period, the Bank earned a net profit of ₹ 92.67 crore despite a one-time expense on acquisition of certain businesses from RBS. Excluding the one-time expense, the net profit would be ₹ 133. 56 crore, which is an increase of 44.43% over the net profit of ₹ 92.47 crore earned during previous year. Operating expenses increased from ₹ 227.30 crore FY13 to ₹ 423.90 crore in FY14, mainly due to despite a one time expense on acquisition of certain business from RBS, increase in employee costs, new branch set up, depreciation, branding, technology and communication expenses.

5 KEY RATIO ANALYSIS

5.1 Profitability ratios

Return on assets: The return on assets has decreased from 1.09% in FY13 to 0.68% in FY14, mainly due to one time expense explained above

5.2 Asset quality ratios

Gross NPA ratio: During the FY14, gross NPA increased to 0.79% from 0.40% in FY13.

Net NPA ratio: The Bank recorded Net NPA of 0.31% in FY14 as compared to 0.11% in the last financial year.

The above NPA ratios represent a commendable performance despite worsening credit outlook across the banking industry. The sustainability in results was achieved through judicious management of credit as well as aggressive and focused efforts on NPA management and recovery.

5.3 Per share ratios

Earnings per share (EPS): The Bank's earning capacity decreased with its EPS touching ₹ 3.63 per share in FY14 from ₹ 4.19 per share in FY14, mainly due to the one time expense explained earlier.

Book value per share: Book value per share was recorded ₹ 71.30 in FY14 from ₹ 63.03 in FY13. These ratios reflect increased shareholder's value in return for their investment.

6. RISK REPORT

Over the years, the Bank has strongly believed in prudent risk taking, mitigated through a disciplined approach to risk assessment and measurement. In order to ensure that the Bank functions within the benchmarks of risks, evolving continuously, the overall risk mitigation framework continues to be governed by policies supervised by the Board of Directors. The Bank continued to focus on refining and improving the risk measurement systems, not only to ensure compliance with regulatory requirements, but also to ensure better risk-adjusted return and optimal capital utilisation. With this in objective mind, the Bank implemented risk-based pricing, aimed at measuring Risk Adjusted Return on Capital (RAROC).

During the year, the Bank's credit policies were revised; documentation was made more risk robust; credit administration processes were redesigned. The reporting and information system were strengthened to provide meaningful and timely information to control individual and portfolio-level risks. Greater focus has been provided to stressed accounts and improving credit recoveries of those, visible in increased recoveries and reduced NPAs for the year for the year under review.

6.1 Risk Management Framework

The Board of Directors at the apex level sets the overall risk appetite and philosophy for the Bank, which is disseminated through the organisation by way of policies, processes and

procedures. The Bank's risk management processes are guided by well-defined policies appropriate for various risk categories, viz. credit risk, market risk, operational risk and liquidity risk.

The Risk Management Committee (RMC), which is a sub-committee of the Board, prescribes risk management policies, processes, systems and monitors the entire gamut of risks faced by the Bank. It is supported by the Asset Liability Management Committee (ALCO), the Management Credit Committee (MCC), the Operational Risk Management Committee (ORMC) and the Product Approval Committee (PAC).

ALCO is responsible for managing market risk (including rates risk, fx risk, credit risk and equity risk), liquidity risk, interest rate risk in banking book, currency risk, funding policy, pricing of deposits and advances.

MCC is responsible for credit approvals, credit risk, concentration risk, and implementation of credit policy and framework. MCC is assisted by the Executive Credit Committee (ECC), which is not a sanctioning authority, but plays an important role towards setting portfolio quality standards. The committee reviews portfolio underwriting standards, approves policy deviations and monitors various other portfolio quality metrics.

ORMC is a cross-functional committee of senior management and takes care of operational and internal control risk.

The PAC is a cross-functional committee of senior executives to review and approve new product launches. The objective of this committee is to consider all risks in a holistic manner.

6.2 Risk Management Policy

The Bank's risk management policy, based on best practices, provides a summary of the Bank's principles regarding risk-taking and risk management. The Bank developed an elaborate risk strategy in terms of policy guidelines, for managing and monitoring various risks. To provide ready reference and guidance to various functionaries dealing with risk management, the Bank has in place an Asset Liability Management Policy, a Commercial Credit Policy, an Investment Policy, Derivatives Policy, Customer Suitability and Appropriateness Policy, Recovery Policy, Stress Testing Policy, KYC and AML Policy, Risk Based Internal Audit Policy, and others, duly approved by the Board.

6.3 Risk Management, Implementation and Monitoring System

The identification, measurement, mitigation and monitoring of potential risks in all activities and products are done through a detailed analysis. It is then vetted by operational level risk committees. Portfolio-level risk is assessed with the help of various portfolio analysis reports on credit, market, liquidity and interest rate risk and also risk profiling on the basis of parameters prescribed by RBI. The same are reviewed by Board / RMC / risk committees / senior management on an ongoing basis.

6.4 Risk and Mitigation

Despite a strong risk management framework, some of the risks identified, measured and managed are as follows:

Capital Adequacy Ratio Risk

A measure of the Bank's capital, the Capital Adequacy Ratio (CAR) showcases a percentage of the Bank's weightage to credit exposure.

The Bank maintains a strong capital position with the capital ratios well within the limits as defined by the regulatory authorities. Through continuous and timely capital infusion, the Bank has strengthened its Tier-I capital structure, highlighting its competitive advantage.

Credit Risk

The obligations or losses that arise from default or unwillingness of repayment by the borrower or the customer, contributes to the credit risk for the Bank.

The Bank assesses the said risk at different levels – the customer, the product, the enterprise, the geography and at last the inter-Bank level. With these separate assessments of each area, sanctions or disbursements are made within the pre-approved parameters for small or large value. Based on the pre-evaluation methods and sanction from respective authorities, credit approvals and follow-ups are reported in time to respective authorities. The stringent credit framework helps the Bank maintain lower NPA ratios.

Market Risk

Adverse changes in external markets or economy might subsequently have an impact on the earnings or capital of the Bank.

External factors like interest rates, currency volatility, credit spreads and fluctuation in commodity or equity prices do leave a mark on the earnings of the Bank. The Bank monitors and utilises several internal reports and research papers to identify major external risks, and ensures that the risk is identified, assessed, mitigated and reported on a timely basis.

Liquidity Risk

We define liquidity risk as the potential inability to meet contractual and contingent financial obligations. The objective is to provide adequate funding for the businesses throughout different market cycles, including periods of financial stress.

14.64%

The net CAR of the Bank as on March 31, 2014

The Bank has a strong treasury management system, which is responsible for maintaining sufficient funds on a daily basis. A protective cover or margin is shelved timely to meet an adverse liquidity scenario. The Bank also has a Contingency Funding Plan to address any liquidity crunch faced by it.

Compliance Risk

The risks of legal or regulatory sanctions, which oversee the operational functionality of the Bank, fall under the compliance risk.

Compliance is at the core of the Bank's culture and is a key component of risk management discipline. The various regulatory authorities provide a detailed blueprint that defines the roles and responsibilities of the Bank. The independent compliance function takes care of the regulatory requirement, enabling smooth operations.

7. NEW CAPITAL ADEQUACY FRAMEWORK (BASEL III)

The Bank is subjected to Capital Adequacy guidelines stipulated by Reserve Bank of India (RBI). In line with RBI guidelines under Basel III, the Bank has adopted a Standardised Approach for Credit Risk, Standardised Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk while computing its Capital Adequacy Ratio (CAR).

As per capital adequacy guidelines under Basel III, by March 31, 2019 the Bank is required to maintain a minimum CAR of 9% {1.5% including Capital Conservation Buffer (CB)}, with minimum Common Equity Tier III (CET I) CAR of 5.5% {8% including CB}. These guidelines on Basel III are to be implemented in a phased manner. The minimum CAR required to be maintained by the Bank for the year-ended March 31, 2014 is 9% with minimum CET I of 5%. As on March 31, 2014, total CAR of the Bank stood at 14.64%, well above regulatory minimum requirement of 9%. Tier-I CAR of the Bank stood at 14.3% and CET-I CAR at 14.3%.

The Bank has a comprehensive Internal Capital Adequacy Assessment Process (ICAAP), which is approved by the Board of Directors (Board). Under ICAAP, the Bank determines its risk appetite and the adequacy of capital to meet regulatory norms, current and future business needs, including stress scenarios. ICAAP evaluates and documents all risks and substantiates appropriate capital allocation for not only risks identified under Pillar 1 (i.e. Credit, Market and Operational Risk) but for the ones identified under Pillar 2 as well.

ICAAP enables the Bank to ensure the adequacy of capital to take care of the future business growth and various other risks that the Bank is exposed to, so that the minimum capital required is maintained on a continuous basis especially during an economic recession. The Bank takes into account both quantifiable and non-quantifiable risks while assessing capital requirements. The Bank considers the following risks as material and has considered these while assessing its capital requirements:

- Credit Risk
- Market Risk
- Operational Risk
- Interest Rate Risk in banking Book

8. TECHNOLOGY

FY14 saw the National Operating Centre (NOC) at Mumbai and Regional Processing Centre (RPC) at Kolhapur operate in full swing. This helped the Bank integrate its back-end operations with other functions seamlessly.

During the year the Bank integrated its ATM machines across its network, with Discover card transactions, opening up its accessibility to a larger customer base. The Bank also implemented POS acquiring terminals at various locations, which enabled it to accept all RuPay, Master and Visa cards. The Bank also launched 'stop/inquiry' of cheque through ATMs, wherein customers can know the status of their cheque as well give cheque book requests through ATM. To enable financial transaction with authentication for FI customers not having debit / ATM cards, the UIDAI has provided a biometric authentication service.

The Aadhaar Enabled Payment System (APES) allows banks to authenticate their customers using biometric verification with UIDAI. The Bank received a certificate for using this service with UIDAI during the year under review. With the increase in migration of people for job to cities the demand for remitting money to their villages has increased. To be able to service these set of customers who don't even own an account with the Bank, it launched a remittance engine. The BC's of the Bank and their agents used this application to initiate an IMPS or NEFT transaction for these customers at a nominal fee.

9. CUSTOMER SERVICE

Continuing with the commitment to deliver high-quality service consistently and creating customer value, the Bank embarked on an aggressive programme to further strengthen its Service Framework. It did this to enable it self to deliver excellent service offerings to customers across all businesses and channels, namely branches, call centres, ATMs, phone banking, net banking and emails.

Customer Service and Experience shall be the single most important differentiator as the Bank increases its footprint and customer reach.

At the inception, the Bank started a process to capture the "Voice of the Customers," which will be done periodically. The feedback will be used to constantly recalibrate all its service levels and act on customer suggestions.

As a part of the programme, all customer touch points are being reviewed with an intention of making it simple, easy and hassle free. To support this, the programme will review all its internal processes and re-engineer them using the lean and six sigma concepts, thus improving the total processing time for most transactions.

To track every client request and complaint in a structured and standardised manner, RBL Bank developed the "Service First" platform. This platform has facilitated a systematic management of all client and customer requests. The platform has also enabled the Bank to stand by its quick turn around commitments to its clients. Conscious and effective usage of this platform along with the in-built root cause analysis of problems/queries has helped the Bank in identifying areas of improvement and achieving its "Service Excellence" motto.

A Service Vision is being articulated while the Bank is defining what Service Excellence means for the Bank and the consequent behaviours it expects from its staff. Service Excellence will become its future mantra and will be embedded across all internal processes of the Bank, starting from its recruitment processes, right up to the annual performance processes and service awards to ensure that Service Excellence becomes sustainable in the organisation.

The Bank's Grievance Redressal Management cell has been strengthened to improve its Root Cause Analysis to understand and improve customer-related processes. A dedicated Central Service Team, under the supervision of the Principal Code Compliance Officer and Principal Nodal Officer is responsible for management of complaints and unbiased resolutions.

A Service Measurement Model has been laid down for further improvement in effective and seamless management of customer requests and complaints. This model, coupled with the 'Complaints Resolution Index,' is being utilised to measure and align overall client satisfaction with the customer experience the Bank offers.

10. HUMAN RESOURCE

The Bank's emphasis on transformation and the creation of a new-age banking institution was framed with the employees at the heart of the vision. Given the business priority, the year was focused on accelerated growth, with higher focus on inducting quality talent. The Bank continued to invest in the overall development of its employees, aligning individual goals with and business objectives.

The Employee Stock Option Plan (ESOP) continues to be an important part of the reward strategy and it has been accepted well at the Bank. Currently, nearly 61% of the employees are covered under the ESOP distribution scheme, bringing in the "ownership" quotient among employees. The Bank is the only one in the country to offer such a large "take ownership" plan to its employees.

THE EMPLOYEE STOCK OPTION PLAN (ESOP) CONTINUES TO BE AN IMPORTANT PART OF THE REWARD STRATEGY AND IT HAS BEEN ACCEPTED WELL AT THE BANK. CURRENTLY, NEARLY 61% OF THE EMPLOYEES ARE COVERED UNDER THE ESOP DISTRIBUTION SCHEME, BRINGING IN THE "OWNERSHIP" QUOTIENT AMONG EMPLOYEES. THE BANK IS THE ONLY ONE IN THE COUNTRY TO OFFER SUCH A LARGE "TAKE OWNERSHIP" PLAN TO ITS EMPLOYEES.

11. INTERNAL AUDIT AND CONTROLS

The Bank has an Internal Audit and Vigilance department, which is responsible for independently evaluating the adequacy of all internal controls and ensuring operating. It also ensures that the business units adhere to internal processes and procedures as well as to regulatory and legal requirements. To ensure independence, the audit department directly reports to the Board's Audit Committee. To mitigate operational risks, the Bank has put in place extensive internal controls, including restricted access to the Bank's computer systems, appropriate segregation of front and back-office operations and strong audit trails. The Board's Audit Committee also reviews the performance of the audit and compliance functions and oversees the effectiveness of controls and compliance with regulatory guidelines. Moreover, in line with RBI's guidelines, the Bank follows a risk-based Internal Audit approach, wherein each branch is risk assessed, on the basis of which the frequency of audit is determined and audited. The methodology, the risk assessment matrices and the overall audit plan is reviewed and approved by the Bank's Audit Committee. Certain activities of the Bank also get covered under the system of concurrent audit. As part of the internal audit, the Bank also conducts revenue audits, short/surprise inspection, information Security Audit. The results of these inspections/audits are also reviewed by the Audit Committee of the Board.

The Bank's Vigilance Department, which reports into Chief Vigilance Officer, is actively involved in 'preventive' measures, which are essential for avoiding recurrence of frauds in the Bank. In addition, while every loss does not necessarily become the subject of vigilance, wilful negligence and/or reckless decisions that lead to potential or otherwise damage to the Bank, are handled by Vigilance.

DIRECTORS' REPORT

DEAR MEMBERS,

The Directors have pleasure in presenting the 71st Annual Report of The Ratnakar Bank Limited (the Bank), along with the audited statement of accounts for the year ended March 31, 2014.

FINANCIAL PERFORMANCE

The financial performance for the year ended March 31, 2014 (FY14) is summarised in the following table:

(₹ in crore)

Particulars	FY14	FY13	Change (%)
Advances (Net)	9,835.05	6,376.21	54.25%
Deposits	11,598.60	8,340.52	39.06%
Net interest income	341.63	257.55	32.65%
Other income	260.97	126.44	106.40%
Net total income	602.60	383.99	56.93%
Operating expenses (before acquisition expense)#	361.96	227.30	59.24%
Operating expenses	423.90	227.30	86.49%
Provisions and contingencies	86.03	64.22	33.96%
Net profit (before acquisition expense)#	133.56	92.47	44.43%
Net profit	92.67	92.47	0.22%
Gross NPA ratio	0.79%	0.40%	-
Net NPA ratio	0.31%	0.11%	-
Capital Adequacy Ratio *	14.64%	17.11%	-
Business per employee	7.68	7.92	-
Business per branch	124.17	118.84	-
Appropriations			
Transfer to Statutory Reserve	24.00	24.00	-
Transfer to Capital Reserve	1.85	2.04	-
Transfer to Revenue and Other Reserves	37.00	48.50	-
Transfer to Investment Reserve	-	-	-
Dividend for the year (proposed), including tax thereon	28.76	17.77	-

* Capital Adequacy Ratio for FY14 is as per Basel III and for FY13 is as per Basel II

The Bank posted a net total income of ₹ 602.60 crore and net profit of ₹ 133.56 crore [#before acquisition expense towards purchase of business portfolios from Royal Bank of Scotland in India (as explained in more detail in notes to accounts)], as against a net total income of ₹ 383.99 crore and net profit of ₹ 92.47 crore for FY13, respectively. Accordingly, the net profit has increased by 44.43%.The net profit after considering the acquisition expense referred above is ₹ 92.67 crore.

Appropriations from net profit have been done as detailed herein above.

DIVIDEND

Considering the overall performance during FY14 and the need to maintain a healthy capital adequacy ratio as well as to support the Bank's future growth, the Board of Directors have recommended, subject to approval of the members at the Annual General Meeting (AGM), a dividend of 90 paisa (9%) per equity share for FY14, as against 60 paisa (6%) per equity share for FY13. This dividend shall be subject to tax on dividend to be paid by the Bank.

AWARDS

The success of the Bank's transformation journey is now being acknowledged by external constituencies. The Bank was bestowed with the honour of being India's Best Bank (Growth) in the mid-sized banks segment for second consecutive year by Business Today and KPMG for year 2013. Further the Bank was awarded as 'Best Indian Banker (small-sized)' at the Sunday

Standard Best Bankers' Award 2013 and 'Fastest Growing Small Bank' at Business World Magna Awards 2014.

RATINGS

The Bank's Certificate of Deposits (CD) programme has been rated A1+ by ICRA Limited. Instruments rated in this category carry the lowest short term credit risk. During the year the Bank also got its fixed (term) deposits (FDs) rated by ICRA Limited. The FDs have been rates MAA- with a stable outlook which stands for low credit risk.

CAPITAL RAISING AND CAPITAL ADEQUACY RATIO

The Bank is well capitalised with a Capital Adequacy Ratio (CAR) of 14.64%, as on March 31, 2014. During the year under review, the Bank had closed an issue of 2.56 crore equity shares of face value of ₹ 10 each at a price of ₹ 128.10 per share totalling to ₹ 328.6 crore. In addition, the Bank also added ₹ 15.9 crore to the equity share capital during the year on exercise of ESOPs by employees. The Bank is well positioned to meet the Reserve Bank of India's (RBI) new Capital Adequacy guidelines which came into effect from April 1, 2013, known as 'Basel III Guidelines'.

NET WORTH

The Bank's net worth, as on March 31, 2014 is ₹ 2,011.65 crore. It comprises of paid-up equity capital of ₹ 272.04 crore, share application money of ₹ 129.50 crore and reserves of ₹ 1,610.11 crore (excluding Revaluation Reserve, Investment Reserve and Intangible assets).

KNOW YOUR CUSTOMER (KYC)/ANTI-MONEY LAUNDERING (AML) MEASURES

The Bank complies with the RBI's KYC/AML guidelines. The Bank's KYC/ AML Policy is prepared in accordance with the Prevention of Money Laundering Act, 2002 and RBI/IBA (Indian Banks' Association) guidelines. Various regulatory reporting requirements, as set out by the Financial Intelligence Unit (FIU) of the Government of India, are complied with by the Bank. The Bank has a transaction monitoring process in place that is implemented under a KYC/AML team. Further, the Bank's employees are being imparted training on KYC/AML aspects on a regular basis. Executives of the Bank also attend periodic workshops/seminars organised by FIU, RBI, IBA and NIBM (National Institute of Bank Management) to enhance their awareness in these aspects.

THE COMPANIES ACT, 2013

The Ministry of Corporate Affairs (MCA) has notified 282 sections of the Companies Act, 2013 (CA 2013) in two tranches in September 2013 and March 2014 with majority of the sections as well as rules being notified in March 2014. The Companies Act, 1956 continues to be in force to the extent of the corresponding provisions of the CA 2013 which are yet to be notified. MCA, vide its circular dated April 4, 2014, has clarified that the financial statements and documents annexed thereto, Auditor's report and Board's report in respect of financial year that have commenced earlier than April 1, 2014 shall be governed by the provisions of the Companies Act, 1956 and in line with the same, the Bank's financial statements, Auditor's report and Board's report and attachments thereto have been prepared in accordance with the provisions of the Companies Act, 1956 to the extent they are not inconsistent with the provisions of the Banking Regulation Act, 1949 (BR Act). With respect to other provisions of the CA 2013, appropriate references have been made in this report to the extent these provisions have become applicable effective April 1, 2014.

EMPLOYEES STOCK OPTION PLAN (ESOP)

The underlying philosophy of Ratnakar Bank Employee Stock Option Plan (ESOP) is to enable the present and future employees to share the value that they help to create for the Bank over a period of time. ESOP is also expected to strengthen the sense of ownership and belonging among the recipients. The ESOP has been designed and implemented in such a manner that the compensation structure goes a long way in aligning the objectives of an individual with those of the Bank. In addition, during the year the Bank continued with its plan of rewarding long-serving employees with ESOPs thus making them true partners in the Bank's growth.

More details of the ESOP are given in the notes to accounts in the attached financial statements.

DIRECTORS

The Board of Directors, at its meeting held on March 27, 2014, appointed Ms. Rama Bijapurkar, renowned Management Consultant, as an Additional Director, w.e.f. March 27, 2014. Ms Rama Bijapurkar will hold office as an Additional Director till the date of forthcoming AGM and is eligible for appointment as a Director of the Bank. Her appointment has been recommended at the forthcoming AGM as it would immensely add value to the Bank.

In accordance with the provisions of the CA 2013, and the Articles of Association of the Bank, Mr. Vimal Bhandari, Mr. Jairaj Purandare and Mr. Palepu Sudhir Rao would retire by rotation at the forthcoming AGM and being eligible for reappointment; offer themselves for re-appointment at the forthcoming AGM.

In terms of RBI's order, Mr. Ajay Michyari's term of appointment on the Board as Additional Director of the Bank has been extended up to December 31, 2014.

Mr. S. G. Kutte was appointed as Part-time Chairman in accordance with the approval of RBI up to June 29, 2014. Mr. Kutte has completed his term as Chairman on June 29, 2014. Your Directors place on record their appreciation for the valuable contribution made by Mr. Kutte in the evolution of the Bank and its growth and development.

The Board of Directors at its meeting held on July 22, 2014 unanimously voted to designate Mr. Narayan Ramachandran as the Non-Executive Chairman of the Bank for a period of two years subject to approval of RBI. He holds a management degree from University of Michigan, Ann Arbor, B. Tech from IIT, Mumbai and Certified Financial Analyst from USA. He has wide experience of over 27 years in the areas of finance and banking across geographies. He possesses an understanding of regulations in various leading financial markets.

He has been a Director of the Bank since May 20, 2010. He has also been the Chairman of the Capital Raising Committee of the Board under whose leadership the Bank has undertaken successful capital raises in the past three years.

Previously until May 2010, Mr. Narayan Ramachandran was the CEO and Country Head of Morgan Stanley in India. He was instrumental in establishing several new businesses in India including Morgan Stanley's NBFC and primary dealership entities Prior to that, he was co-lead of the Global Emerging Markets division of Morgan Stanley. Mr. Ramachandran has worked with sovereign wealth funds and securities and banking regulators in multiple countries such as Monetary Authority of Singapore (MAS), SEC (US), Abu Dhabi Investment Authority (ADIA) etc.

At present, he is on the Board of several entrepreneurial and well respected Companies. He leads an initiative to deworm millions of school children in India. Mr. Ramachandran regularly writes articles in leading newspapers and is a frequent speaker at industry conferences and a prominent thought leader of the Country.

The Board is of the opinion that his appointment as Non-Executive Chairman will immensely benefit the Bank. No remuneration is being proposed to be paid to Mr. Ramachandran apart from the sitting fees that is payable to all Non-Executive Directors for attending the Board and Committee meetings.

Mr. Vishwavir Ahuja was appointed as the Managing Director & CEO for a period of three years, with effect from June 30, 2010 to June 29, 2013. Thereafter, pursuant to RBI approval, he was re-appointed for a period of two years, w.e.f. June 30, 2013 to June 29, 2015 on terms and conditions as set out in the approval granted by RBI. Approval of members is hereby sought for a revision in his remuneration as detailed in the notice and explanatory statement thereto for which an application has also been filed with RBI.

The Board comprises of Non-Executive Chairman, eight Non-Executive Directors, one Additional Director appointed by RBI and one Executive Director (i.e. Managing Director & CEO).

Section 149 of CA 2013 which defines the composition of the Board and the criteria for a director to be considered as an Independent has been notified with effective from April 1, 2014. Section 149 provides that an Independent Director shall not hold office for more than two consecutive terms of five years each provided that the director is re-appointed by passing a special resolution on completion of first term of five consecutive years. Further, Independent Directors are not liable to retire by rotation. Further, the BR Act specifies that no director other than Chairman or whole-time Director shall hold office continuously for a period exceeding eight years. The CA 2013 also provides that in respect of banking companies, the provisions of the CA 2013 shall apply except in so far as the said provisions are inconsistent with the provisions of the BR Act.

Accordingly, based on the declaration of independence provided by the Non-Executive Directors as prescribed under Section 149(7) of CA 2013 and based on the applicable RBI guidelines and circulars, all aforesaid eight Non-Executive Directors would qualify to be classified as an Independent Director (including Chairman) and proposal(s) are included in the notice for appointing aforesaid Non-Executive Directors (except Mr. Arwade) as Independent Directors for a period of five years or their respective remaining tenure under the BR Act, whichever is earlier.

Further, since Mr. Arwade is completing his term of 8 years as prescribed under section 10A(2-A) (i) of BR Act on September 8, 2014 his candidature for appointment as Independent Directors under CA 2013 is not being proposed.

CORPORATE GOVERNANCE

The Bank's philosophy

The Bank's philosophy on corporate governance is aimed at supporting the top management to efficiently conduct its business and meet its obligations towards its stakeholders. The Bank is committed to transparent and merit-based organisation and ensures fairness, transparency and responsiveness in all transactions.

BOARD OF DIRECTORS

Constitution

The Board of Directors is constituted in accordance with the provisions of the CA 2013, the BR Act and the Articles of Association of the Bank. The Board consists of eminent persons with considerable professional expertise in banking, finance and other related fields. Their eminence, experience and professional credentials has helped the Bank to gain their insights for strategy formulation and direction setting for the Bank, thus adding value to its growth objectives.

Committee of Directors

The Board functions either as a full Board or through various Committees to oversee specific operational areas. The Board has constituted 13 Committees of Directors (including two committees constituted after March 31, 2014) to take decisions or advise the Board on certain operational areas in the best interests of the Bank. These Committees monitor activities falling within their term of reference.

The names of the Directors, Committees of Directors as on March 31, 2014, and attendance of Directors at Board/Committee meetings during the year under review are given in Annexure I and II.

CODE OF CONDUCT

For a financial institution trust is the most important asset. To this end, the Bank strives to ensure that its actions are in accordance with the highest standards of personal and professional integrity and highest level of ethical conduct. The Bank has adopted a Code of Conduct which all employees have to adhere to. The employees have to conduct duties according to the aforesaid Code and avoid even the appearance of improper behaviour. Some of the areas which are covered by the Code of Conduct are fairness of employment practices, protection of intellectual property, integrity, customer confidentiality, conflict of interest.

BRIBERY AND CORRUPTION

We have a responsibility both to the members and to the communities in which we do business to be transparent in all our dealings. Our Code of Conduct requires that we do not engage in bribery or corruption in any form and explicitly mentions that the Bank will not pay or procure the payment of a bribe or unlawful fee to encourage the performance of a task or one which is intended or likely to compromise the integrity of another. The Bank will not accept any payment, gift or inducement from a third party which is intended to compromise our own integrity. The Code of Conduct also includes procedures dealing with Gifts & Entertainment, Conflicts of Interest, and other important matters.

WHISTLE BLOWER POLICY

Feedback by employees/associates is increasingly becoming important to ensure better governance standards and transparency in the running of organisations. RBI has also framed a separate Protected Disclosure Scheme, wherein employees, customers, and stakeholders of any bank can lodge a complaint with RBI on the functioning of a bank.

The Bank has a "Whistle Blower Policy". This policy covers malpractices and events which have taken place/ suspected to have taken place involving, but not limited to:

- Abuse of authority or misappropriation or misuse of the Bank funds/assets;
- Breach of contract / employee Code of Conduct or Rules, violation of law /regulation;
- Manipulation of the Bank data/records and pilferation of confidential/proprietary information;
- Financial or compliance irregularities, including fraud, or suspected fraud;
- Criminal offence having repercussions on the Bank or its reputation;
- Other unethical, imprudent deed/behaviour.

The policy also affords protection to whistle blower raising a genuine concern to prevent harassment or victimisation.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank strives to proactively encourage inclusive growth and development, thereby participating towards building a sustainable future.

CSR Mission Statement: "We will deliver and promote inclusive growth in the country through various focussed initiatives in education, preventive health care, women empowerment and sustainable livelihood to catalyse growth and reduce social inequalities."

This year also the Bank supported Concern India Foundation (a registered, non-profit, public charitable trust working towards the objective of 'Helping People Help Themselves') as a part of its fund-raising initiatives. The Bank participated in the Corporate Challenge in Standard Chartered Mumbai Marathon (SCMM) 2013.

The Bank also continued to support Psychoanalytic Therapy & Research Centre (PTRC), a public charitable trust that works towards supporting emotionally disturbed children and adults and provides care and training to improve mental health of patients.

The Bank collaborated with Sakhya, an external agency, to drive awareness for Gender Diversity at workplace. The mission of Sakhya is to establish gender equality and justice in society. They work on women empowerment and self-reliance to bring social changes to make workplaces more favourable for women. Several employees of the Bank also participated in the drive.

The Bank has also continued its Payroll Giving programme, under which an employee can contribute a small amount towards the betterment of the community. It also provided financial aid to various organisations and individuals working in the field of social, religious, medical and sporting activities.

During the year, the Bank had constituted a CSR Committee of the Board consisting of majority of Independent Directors. The Board of the Bank has also approved its CSR Policy of the Bank.

In alignment with the CSR Mission Statement, the focused initiatives for FY15 would be promoting education, preventive health care, women empowerment and sustainable livelihood to catalyse growth and reduce social inequalities.

DISCLOSURES

Other than the transactions entered into normal course of business, the Bank has not entered into any materially significant transactions, which could have a potential conflict of interest with its Directors, Management and their relatives.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of this Annual Report.

STATUTORY DISCLOSURE

Particulars of employees

As required by the provisions of Section 217(2A) of the Companies Act, 1956 and rules framed thereunder, the names and other particulars of the employees are set out in the Annexure III to the Directors' Report.

Conservation of energy and technology absorption

The particulars to be disclosed under Section 217 of the Companies Act, 1956, relating to conservation of energy and technology absorption are not applicable to the Bank. The Bank is constantly pursuing its goal of upgrading technology to deliver quality services to its customers in a cost-effective manner.

Directors' responsibility statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

i. The applicable accounting standards have been followed in the preparation of the annual accounts for FY14 and there have been no material departures;

ii. Accounting policies have been selected and applied consistently and reasonably, and prudent judgements and estimates have been made to give a true and fair view of the Bank's state of affairs and of its profit for FY14;

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provision of the Companies Act, 1956, for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

iv. The annual accounts have been prepared on a 'going concern' basis.

COMMENTS ON THE AUDITORS' REPORT

There are no adverse observations / qualifications in the Auditors' report.

AUDITORS

The Statutory Auditors of the Bank, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, will retire at the conclusion of the forthcoming AGM and are eligible for re-appointment subject to the approval of RBI. The members are requested to consider their re-appointment on a remuneration to be decided by the Board or Committee thereof for the ensuing Financial Year FY15.

PROSPECTS

Despite the challenges faced by the economy and the banking industry, given the strong mandate given by the country to newly formed government, it is expected that the growth momentum should be restored in the country. Therefore, the Directors expect a sustained level of growth of business of the Bank in the coming year.

ACKNOWLEDGMENT

The Board is grateful to the Government of India, RBI, IBA, other regulatory authorities, rating agency, financial institutions, banks and correspondents in India and abroad for their valuable and unflinching support as well as co-operation and guidance to the Bank from time to time.

The members have been the key partners in the Bank's progress. The Board of Directors appreciates their support and is grateful for the confidence that they have placed in the Board of Directors and the Bank's management.

The Bank's customers have always supported the Bank in all its endeavours. The Bank would like to take this opportunity to express sincere thanks to its valued clients and customers for their continued patronage in a year when the Bank has seen a substantial transformation.

The Bank has undertaken a number of initiatives on the technology and business front in the recent years. Successful translation of these initiatives into business and earnings growth has been primarily due to the employees of the Bank, who have embraced the philosophy of change to help the Bank emerge as a modern and customer-centric institution. We are grateful to the employees for their continued commitment and dedication towards the Bank. The Board appreciates the healthy relationship with the Officer's Association and Employee Union, which has facilitated the growth and development of the Bank and has created a positive work environment.

For and on behalf of the Board

Vishwavir Ahuja
Managing Director & CEO

Narayan Ramachandran
Director

Place : Mumbai
Date : July 22, 2014

ANNEXURE I

COMPOSITION OF COMMITTEE & NUMBER OF MEETINGS HELD DURING FY 13-14

Sr. No.	Committee	Members	Dates	Total
01	Audit Committee of Board (ACB)	Mr. Vimal Bhandari – CC Mr. Jairaj Purandare-Alternate Chaiman Mr. S.G. Kutte* Mr. B.D. Arwade Mr. K.J. Patil Mr. Ajay Michyari	June 19, 2013 August 22, 2013 October 28, 2013 December 18, 2013 February 18, 2014 March 25, 2014	06
02.	Share Transfer & Allotment and Shareholder's Redressal Committee (STASRC)	Mr. Girish Godbole- C. C. Mr. S. G. Kutte* Mr. Vishwavir Ahuja Mr. B. D. Arwade Mr. Jairaj Purandare	June 19, 2013 August 30, 2013 December 18, 2013 February 21, 2014	04
03.	Board Investment Committee (BIC)	Mr. Kiran Patil- CC Mr. Narayan Ramachandran Mr. Vishwavir Ahuja Mr. P. Sudhir Rao	June 19, 2013 August 30, 2013 October 28, 2013 December 18, 2013 March 27, 2014	05
04.	Anti-fraud Committee (AFC)	Mr. D. Sivanandhan- C. C. Mr. Girish Godbole Mr. Vishwavir Ahuja Mr. B. D. Arwade	December 18, 2013	01
05.	Customer Service Committee (CSC)	Mr. S. G. Kutte- C. C.* Mr. B. D. Arwade Mr. Vishwavir Ahuja Mr. Girish Godbole Mr. D. Sivanandhan	June 19, 2013 August 30, 2013 December 18, 2013 February 21, 2014	04
06.	Nomination Committee (NC)	Mr. Narayan Ramachandran-C.C. Mr. Vishwavir Ahuja Mr. S.G. Kutte* Mr. D. Sivanandhan Mr. P. Sudhir Rao	April 30, 2013 June 19, 2013 February 18, 2014 March 27, 2014	04
07.	Risk Management Committee (RMC)	Mr. P. Sudhir Rao – C. C. Mr. Vishwavir Ahuja Mr. Vimal Bhandari Mr. K. J. Patil Mr. Narayan Ramachandran	June 19, 2013 August 30, 2013 October 28, 2013 December 18, 2013 February 21, 2014	05

Sr. No.	Committee	Members	Dates	Total
08.	Board Credit Committee (BCC)	Mr. Jairaj Purandare- C. C. Mr. Vishwavir Ahuja Mr. S. G. Kutte* Mr. K. J. Patil Mr. Vimal Bhandari	April 30, 2013 June 19, 2013 August 30, 2013 October 28, 2013 December 18, 2013 March 25, 2014	06
09.	Human Resource and Remuneration Committee (HRRC)	Mr. P. Sudhir Rao –C. C. Mr. S. G. Kutte* Mr. Vishwavir Ahuja Mr. Vimal Bhandari Mr. Jairaj Purandare	April 30, 2013 June 19, 2013 August 30, 2013 October 28, 2013 December 18, 2013 February 18, 2014 March 26, 2014	07
10.	Capital Raising Committee (CRC)	Mr. Narayan Ramachandran–C.C. Mr. Vishwavir Ahuja Mr. S. G. Kutte* Mr. P. Sudhir Rao Mr. D. Sivanandhan	October 28, 2013 December 18, 2013 February 11, 2014 March 27, 2014	04
11.	Corporate Social Responsibility Committee (CSR)@	Mr. D. Sivanandhan – C.C. Mr. Jairaj Purandare Mr. Girish Godbole Mr. Vishwavir Ahuja	February 21, 2014	01

C. C.: Committee Chairman

* Ceased to be Committee Member/Committee Chairman w.e.f. June 30, 2014

@ Committee was constituted during the year on October 28, 2013.

ANNEXURE II

ATTENDANCE OF DIRECTORS AT BOARD/COMMITTEE MEETINGS DURING FY 13-14

Sr No	Name of Director	DIN	Category of Director	BOD	ACB	STASRC	BIC	AFC	CSC	NC	RMC	BCC	HR&R	CRC	CSR	AGM	No. of Other Directorship
Number of meetings held in FY14				09	06	04	05	01	04	04	05	06	07	04	01	01	
1.	Mr. S.G. Kutte*	00233322	Chairman	09	06	04	-	-	04	04	-	06	07	03	-	Y	None
2.	Mr. Vishwavir Ahuja	00074994	MD & CEO	09	-	03	04	01	03	04	04	05	07	03	01	Y	None
3.	Mr. B.D. Arwade	00796594	Ind.Non-Exe	09	06	04	-	01	04	-	-	-	-	-	-	Y	None
4.	Mr. D. Sivanadhan	03607203	Ind.Non-Exe.	06	-	-	-	01	03	02	-	-	-	01	01	Y	07
5.	Mr. G.V. Godbole	02960113	Ind.Non-Exe.	09	-	04	-	01	04	-	-	-	-	-	01	Y	01
6.	Mr. Jairaj Purandare	00159886	Ind.Non-Exe.	08	06	04	-	-	-	-	-	06	07	-	01	Y	03
7.	Mr. K.J. Patil	00221662	Ind.Non-Exe.	05	04	-	04	-	-	-	04	04	-	-	-	Y	03
8.	Mr. Narayan Ramachandran@	01873080	Ind.Non-Exe.	06	-	-	05	-	-	03	04	-	-	03	-	Y	15
9.	Mr. P. Sudhir Rao	00018213	Ind.Non-Exe.	07	-	-	05	-	-	04	05	-	07	04	-	-	11
10.	Mr. Vimal Bhandari	00001318	Ind.Non-Exe.	07	06	-	-	-	-	-	04	05	06	-	-	-	10
11.	Ms. Rama Bijapurkar#	00001835	Ind.Non-Exe.	-	-	Not Applicable											06
12.	Mr. Ajay Michyari	06430828	RBI Nominee	05	04	Not Applicable											None

* Retired from the position of Chairman of the Bank on June 30, 2014 upon completion of his term

Appointed as an Additional Director on March 27, 2014.

@ Designated as Non-Executive chairman on July 22, 2014, subject to RBI approval.

ANNEXURE III

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 (FORMING PART OF THE DIRECTORS' REPORT)

Sr No	Name, Qualification and Age (in years)	Designation	Date of Commencement of Employment	Remuneration Received	Experience (No of Yrs)	Last Employed Name of the Company
1	Vishwavir Ahuja B. Com., MBA (IIM-A), MS (USA), (54)	Managing Director & CEO	30-Jun-2010	91,01,271	32	Bank of America, India
2	Rajeev Ahuja B. Com., MBA (IIM-A), (50)	Head - Strategy	01-Jun-2010	96,18,556	28	Citibank N.A., India
3	Amitabh Bhatnagar B. Com., (45)*	Head - Sales, Dist. & Programme Management (Business Banking)	23-Dec-2013	21,03,477	23	Royal Bank of Scotland, India
4	Andrew Gracias B. Com., CA, (41)	Head - Financial Markets	01-Jun-2012	68,42,199	18	UBS AG, India
5	Deepak Gaddhyan B. Com., CA, PGDM , (44)	Head - Financial Institutions & Government Undertakings	16-Oct-2012	60,36,107	19	Yes Bank
6	Gurumurthy R. B. Com., CAIIB, (50)	Head - Corporate & Institutional Banking	16-Jul-2011	66,51,940	27	Standard Chartered Bank, India
7	Harjeet Toor BE, MBA, (45)*	Business Head - Retail & Small Business Lending	05-Dec-2013	25,24,787	22	Fullerton India Credit Company
8	Joginder Singh Rana CA, ICWA, CS, CFE (USA), (48)	Chief Operations Officer	01-Feb-2012	78,41,482	24	Citibank N.A., India
9	Naresh Karia B. Com., CA, CS, Grad CWA, (39)	Chief Financial Officer	23-Nov-2010	64,16,784	17	Citibank N.A., India
10	Nitin Chopra B.Tech (IIT), MBA (IIM-A), (55)	Head - Retail & Consumer Banking	16-Jul-2010	62,38,760	31	Bharti AXA Life Insurance India
11	Rana Vikram Anand BA (Hons), Economics, MMS Marketing, (47)*	Head - Business Banking & Emerging Enterprise Finance	03-Mar-2014	6,26,948	22	Royal Bank of Scotland, India
12	Satish Dhawan B. Com., (54)	Chief Infra & Administration Officer	16-Aug-2012	62,02,545	32	DCM Estates
13	Shanta Vallury Gandhi MA, MMM, (47)	Head - Corporate Affairs, Organisational Effectiveness & Special Initiatives	15-Sep-2010	68,59,684	24	American Express, India
14	Suhas Sahakari B. Com.,CAIIB, (54)	Head - Traditional Markets	08-Jul-2010	64,28,592	34	Axis Bank
15	Sunil Gulati B'Tech, PGDM (IIM-A), (52)	Chief Risk Officer	04-Oct-2010	78,07,259	30	Yes Bank
16	Surinder Chawla CA, (44)*	Head - Branch Banking	28-May-2013	64,19,929	22	HDFC Bank
17	Tajinder Kumar M.SC (HRM), LLB, (45)	Head - Human Resources	05-Oct-2011	68,72,059	24	Deutsche Bank AG, Singapore

* Indicates employed for part of the year

Notes:

1. Remuneration as above includes salary, taxable allowances, LTA, Value of perquisites incurred by the Bank as per the Income Tax Rules, 1962 and Company's Contribution to Provident Fund, Superannuation Fund. In addition, employees also draw Annual Performance Linked Variable Compensation.
2. The nature of employment is Permanent.
3. None of the employees mentioned above are related to any Director of the Bank.

For and on behalf of the Board

Place : Mumbai
Date : July 22, 2014

Vishwavir Ahuja
Managing Director & CEO

Narayan Ramachandran
Director

INDEPENDENT AUDITOR'S REPORT

To
The Members of The Ratnakar Bank Limited

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of The Ratnakar Bank Limited (the 'Bank'), which comprise the Balance Sheet as at March 31, 2014, the Profit and Loss Account and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ('the Act'), read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs and with guidelines issued by the Reserve Bank of India ('RBI') insofar as they are applicable to the Bank and in conformity with Form A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, as applicable. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956, in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Balance Sheet, of the state of affairs of the Bank as at March 31, 2014;

   (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

   (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provision of section 29 of the Banking Regulation Act, 1949 read with section 211 of the Act.

8. As required by section 227(3) of the Companies Act, 1956, section 30(3) of the Banking Regulation Act, 1949 and the appointment letter dated February 24, 2014 issued by the Reserve Bank of India, we report that:

   i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;

ii) In our opinion, the transactions of the Bank which have come to our notice have been within its powers; and

iii) The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited 18 branches for the purpose of our audit.

9. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs, to the extent they are not inconsistent with the guidelines issued by the Reserve Bank of India.

10. We further report that:

i) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;

ii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account; and

iii) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

Viren H. Mehta
Partner
Membership Number: 048749

Place: Mumbai
Date: May 19, 2014

BALANCE SHEET

as at March 31, 2014

(₹ in '000s)

	Schedule No.	31-Mar-14	31-Mar-13
CAPITAL & LIABILITIES			
Capital	1	272 ,04 ,02	252 ,92 ,47
Share Application Money		129 ,50 ,24	-
Reserves & Surplus	2	1613 ,21 ,72	1353 ,82 ,14
Deposits	3	11598 ,60 ,21	8340 ,51 ,86
Borrowings	4	3895 ,54 ,38	2737 ,34 ,91
Other Liabilities & Provisions	5	689 ,22 ,71	278 ,74 ,83
Total		**18198 ,13 ,28**	**12963 ,36 ,21**
ASSETS			
Cash and Balances with Reserve Bank of India	6	980 ,73 ,35	290 ,84 ,05
Balances with Banks and Money at Call and Short Notice	7	211 ,51 ,55	397 ,74 ,27
Investments	8	6518 ,03 ,86	5571 ,42 ,05
Advances	9	9835 ,04 ,73	6376 ,21 ,20
Fixed Assets	10	134 ,34 ,85	94 ,26 ,24
Other Assets	11	518 ,44 ,94	232 ,88 ,40
Total		**18198 ,13 ,28**	**12963 ,36 ,21**
Contingent Liabilities	12	12273 ,87 ,34	6348 ,16 ,81
Bills for Collection		1 ,39 ,67	1 ,49 ,11
Significant Accounting Policies	17		
Notes To Accounts	18		

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E

Viren H. Mehta
Partner
Membership No. 048749

Subhash Kutte
Chairman

Vishwavir Ahuja
Managing Director & CEO

P. Sudhir Rao
Director

Vimal Bhandari
Director

Place : Mumbai
Date : May 19, 2014

Naresh Karia
Chief Financial Officer

Vinay Tripathi
Company Secretary

STATEMENT OF PROFIT & LOSS

for the year ended March 31, 2014

(₹ in '000s)

	Particulars	Schedule No.	31-Mar-14	31-Mar-13
I.	**INCOME**			
	Interest Earned	13	1351 ,61 ,53	879 ,32 ,09
	Other Income	14	260 ,97 ,15	126 ,43 ,81
	Total		**1612 ,58 ,68**	**1005 ,75 ,90**
II.	**EXPENDITURE**			
	Interest Expended	15	1009 ,98 ,92	621 ,77 ,34
	Operating Expenses	16	423 ,90 ,32	227 ,29 ,61
	Provisions and Contingencies		86 ,02 ,45	64 ,22 ,07
	Total		**1519 ,91 ,69**	**913 ,29 ,02**
III.	**PROFIT/LOSS**			
	Net Profit /(Loss) for the year		92 ,66 ,99	92 ,46 ,88
	Profit Brought forward		21 ,79	5 ,89
	Total		**92 ,88 ,78**	**92 ,52 ,77**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		24 ,00 ,00	24 ,00 ,00
	Transfer to Capital Reserve		1 ,85 ,20	2 ,04 ,36
	Transfer to Revenue & Other Reserves		37 ,00 ,00	48 ,50 ,00
	Transfer to Investment Reserve		-	-
	Proposed Dividend		24 ,58 ,21	15 ,18 ,71
	Tax on Dividend		4 ,17 ,77	2 ,57 ,91
	Balance carried over to Balance Sheet		1 ,27 ,60	21 ,79
	Total		**92 ,88 ,78**	**92 ,52 ,77**
	EPS Basic (₹)		3.63	4.19
	EPS Diluted (₹)		3.61	4.16
	Significant Accounting Policies	17		
	Notes To Accounts	18		

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date attached

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E

Viren H. Mehta
Partner
Membership No. 048749

Subhash Kutte
Chairman

Vishwavir Ahuja
Managing Director & CEO

P. Sudhir Rao
Director

Vimal Bhandari
Director

Place : Mumbai
Date : May 19, 2014

Naresh Karia
Chief Financial Officer

Vinay Tripathi
Company Secretary

CASH FLOW STATEMENT

for the year ended March 31, 2014

(₹ in '000s)

Sr.	Particulars	2013-14		2012-13	
I	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit for the Year (before taxes)		132 ,51 ,56		134 ,08 ,06
	Adjustments for:-				
	Add : Loss / (Profit) on Sale of Fixed Assets (Net)		(1 ,70 ,29)		(1 ,60 ,19)
	Add : Non-Cash Expenditure				
	Depreciation		20 ,94 ,31		13 ,24 ,32
	Provision / write-off of non performing advances		30 ,10 ,36		12 ,13 ,68
	Provision for standard advances		14 ,90 ,10		10 ,01 ,00
	Provision for investments		1 ,96 ,42		31 ,79
	Other provisions		(79 ,00)		14 ,41
	Cash Flow before Changes in Working Capital		**197 ,93 ,46**		**168 ,33 ,07**
	Adjustments for working capital changes:-				
	Deposits	3258 ,08 ,35		3601 ,18 ,87	
	Financing	1158 ,19 ,47		1538 ,79 ,74	
	Other Liabilities	385 ,10 ,62		134 ,05 ,70	
	DeposIts placed having original maturity greater than 3 months	(49 ,19)		(1 ,09 ,43)	
	Investments	(948 ,58 ,23)		(3237 ,90 ,37)	
	Advances	(3488 ,67 ,09)		(2256 ,07 ,94)	
	Other Assets	(285 ,56 ,54)		(138 ,44 ,69)	
	Direct Taxes paid	(39 ,84 ,57)	38 ,22 ,82	(41 ,84 ,19)	(401 ,32 ,31)
	Cash generated from Operating Activities		**236 ,16 ,28**		**(232 ,99 ,24)**
II	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Addition to Other Fixed Assets	(48 ,68 ,69)		(51 ,96 ,97)	
	Addition to Capital Work in Progress	(12 ,95 ,79)		2 ,20 ,23	
	Sale of Fixed Assets	2 ,28 ,57		2 ,72 ,42	
	Cash generated from Investing Activities		**(59 ,35 ,91)**		**(47 ,04 ,32)**
III	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds of share issue	344 ,50 ,43		388 ,35 ,83	
	Reduction from Reserves	-		52 ,52	
	Reduction from Share Premium	(36 ,79)		-	
	Dividend and Dividend distribution tax	(17 ,76 ,62)		(7 ,47 ,79)	
	Cash generated from financing Activities		**326 ,37 ,02**		**381 ,40 ,56**
IV	**INCREASE/DECREASE DURING THE YEAR**		**503 ,17 ,39**		**101 ,37 ,00**
V	**OPENING CASH AND CASH EQUIVALENTS**		**675 ,89 ,37**		**574 ,52 ,37**
VI	**CLOSING CASH AND CASH EQUIVALENTS**		**1179 ,06 ,76**		**675 ,89 ,37**

As per our report of even date attached

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E

Viren H. Mehta
Partner
Membership No. 048749

Subhash Kutte
Chairman

Vishwavir Ahuja
Managing Director & CEO

P. Sudhir Rao
Director

Vimal Bhandari
Director

Place : Mumbai
Date : May 19, 2014

Naresh Karia
Chief Financial Officer

Vinay Tripathi
Company Secretary

SCHEDULES

forming part of the financial statements for the year ended March 31, 2014

SCHEDULE 1 - CAPITAL

(₹ in '000s)

Particulars	31-Mar-14	31-Mar-13
AUTHORISED CAPITAL		
40,00,00,000 Ordinary Shares of ₹ 10/- each (previous year 40,00,00,000 Ordinary Shares of ₹ 10/- each)	400 ,00 ,00	400 ,00 ,00
ISSUED		
27,20,40,198 Ordinary Shares of ₹ 10/- each (previous year 25,29,24,711 Ordinary Shares of ₹ 10/- each)	272 ,04 ,02	252 ,92 ,47
SUBSCRIBED & PAID-UP		
27,20,40,198 Ordinary Shares of ₹ 10/- each (previous year 25,29,24,711 Ordinary Shares of ₹ 10/- each)	272 ,04 ,02	252 ,92 ,47
Total	**272 ,04 ,02**	**252 ,92 ,47**

SCHEDULE 2 - RESERVES & SURPLUS

(₹ in '000s)

	Particulars	31-Mar-14	31-Mar-13
1.	**STATUTORY RESERVE**		
i)	Opening Balance	79 ,65 ,00	55 ,65 ,00
ii)	Addition during the year	24 ,00 ,00	24 ,00 ,00
iii)	Deduction during the year	–	–
	Total	**103 ,65 ,00**	**79 ,65 ,00**
2.	**CAPITAL RESERVE**		
i)	Opening Balance	10 ,24 ,49	8 ,20 ,13
ii)	Addition during the year	1 ,85 ,21	2 ,04 ,36
iii)	Deduction during the year	–	–
	Total	**12 ,09 ,70**	**10 ,24 ,49**
3.	**REVALUATION RESERVE**		
i)	Opening Balance	1 ,08 ,83	1 ,12 ,28
ii)	Addition during the year	–	–
iii)	Deduction during the year (Depreciation on revalued portion credited to Profit and Loss Acount)	3 ,29	3 ,45
	Total	**1 ,05 ,54**	**1 ,08 ,83**
4.	**SHARE PREMIUM**		
i)	Opening Balance	1138 ,79 ,44	788 ,41 ,34
ii)	Addition during the year	195 ,88 ,65	350 ,38 ,10
iii)	Deduction during the year	36 ,79	–
	Total	**1334 ,31 ,30**	**1138 ,79 ,44**
5.1	**REVENUE & OTHER RESERVES**		
i)	Opening Balance	122 ,65 ,52	73 ,63 ,00
ii)	Addition during the year	37 ,00 ,00	49 ,02 ,52
iii)	Deduction during the year	–	–
	Total	**159 ,65 ,52**	**122 ,65 ,52**
5.2	**INVESTMENT RESERVE**		
i)	Opening Balance	1 ,17 ,07	1 ,17 ,07
ii)	Addition during the year	–	–
iii)	Deduction during the year	–	–
	Total	**1 ,17 ,07**	**1 ,17 ,07**
6.	**BALANCE IN PROFIT & LOSS ACCOUNT**	1 ,27 ,59	21 ,79
	Total (1 To 6)	**1613 ,21 ,72**	**1353 ,82 ,14**

SCHEDULES

forming part of the financial statements for the year ended March 31, 2014

SCHEDULE 3 - DEPOSITS

(₹ in '000s)

Particulars			31-Mar-14	31-Mar-13
A.	**1.**	**DEMAND DEPOSITS**		
		i) From Banks	28 ,45 ,85	18 ,24 ,97
		ii) From Others	1662 ,99 ,60	1091 ,64 ,48
	Total		**1691 ,45 ,45**	**1109 ,89 ,45**
	2.	**SAVINGS BANK DEPOSITS**	**678 ,23 ,62**	**534 ,46 ,66**
	3.	**TERM DEPOSITS**		
		i) From Banks	1906 ,90 ,72	977 ,91 ,81
		ii) From Others	7322 ,00 ,42	5718 ,23 ,94
	Total		**9228 ,91 ,14**	**6696 ,15 ,75**
	Total (1 To 3)		**11598 ,60 ,21**	**8340 ,51 ,86**
B.	i)	Deposits of Branches in India	11598 ,60 ,21	8340 ,51 ,86
	ii)	Deposits of Branches outside India	-	-
	Total		**11598 ,60 ,21**	**8340 ,51 ,86**

SCHEDULE 4 - BORROWINGS

(₹ in '000s)

Particulars		31-Mar-14	31-Mar-13
1.	**BORROWINGS IN INDIA**		
i)	Reserve Bank of India	458 ,00 ,00	702 ,30 ,00
ii)	Other Banks	600 ,00 ,00	100 ,00 ,00
iii)	Other Institutions and Agencies	2504 ,02 ,86	1812 ,18 ,03
iv)	Subordinated debts	-	-
	Total	**3562 ,02 ,86**	**2614 ,48 ,03**
2.	**BORROWINGS OUTSIDE INDIA**	333 ,51 ,52	122 ,86 ,88
	Total (1 + 2)	**3895 ,54 ,38**	**2737 ,34 ,91**

Secured Borrowings included in 1 & 2 above are ₹ 763,86,49 thousands (previous year ₹ 699,59,00 thousands)

SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS

(₹ in '000s)

Particulars		31-Mar-14	31-Mar-13
1.	Bills Payable	69 ,76 ,00	25 ,29 ,53
2.	Inter Office Adjustments (Net)	-	-
3.	Interest Accrued	141 ,18 ,40	80 ,59 ,96
4.	Others (Including Provisions) *	478 ,28 ,31	172 ,85 ,34
	Total (1 To 4)	**689 ,22 ,71**	**278 ,74 ,83**
*	Includes : Provision against Standard Assets	41 ,26 ,00	26 ,35 ,90

SCHEDULES

forming part of the financial statements for the year ended March 31, 2014

SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in '000s)

	Particulars	31-Mar-14	31-Mar-13
1.	Cash in hand	114 ,02 ,46	54 ,63 ,81
2.	Balance with Reserve Bank of India		
i)	In Current Account	866 ,70 ,89	236 ,20 ,24
ii)	In Other Accounts	–	–
	Total (1 + 2)	**980 ,73 ,35**	**290 ,84 ,05**

SCHEDULE 7 – BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE

(₹ in '000s)

	Particulars	31-Mar-14	31-Mar-13
1.	**IN INDIA**		
i)	Balances with Banks		
	(a) In Current Accounts	140 ,72 ,62	76 ,37 ,25
	(b) In other Deposit Accounts	13 ,18 ,14	137 ,68 ,95
ii)	Money at Call and Short Notice		
	(a) With Banks	–	75 ,00 ,00
	(b) With Other Institutions	–	90 ,00 ,00
	Total (i+ii)	**153 ,90 ,76**	**379 ,06 ,20**
2.	**OUTSIDE INDIA**		
i)	In Current Accounts	57 ,60 ,79	18 ,68 ,07
ii)	In Other Deposits Accounts	–	–
iii)	Money at Call and Short Notice	–	–
	Total (i+ii+iii)	**57 ,60 ,79**	**18 ,68 ,07**
	Total (1 + 2)	**211 ,51 ,55**	**397 ,74 ,27**

SCHEDULE 8 – INVESTMENTS

(₹ in '000s)

	Particulars	31-Mar-14	31-Mar-13
1.	**INVESTMENTS IN INDIA (GROSS)**	6520 ,21 ,40	5571 ,63 ,17
	Less – Provision for depreciation & non-performing investment	2 ,17 ,54	21 ,12
	Total	**6518 ,03 ,86**	**5571 ,42 ,05**
	BREAK UP		
i)	Government Securities	4001 ,80 ,09	3262 ,62 ,10
ii)	Other Approved Securities	–	–
iii)	Shares	10 ,35	4 ,71 ,95
iv)	Debentures and Bonds	1217 ,56 ,57	1203 ,15 ,65
v)	Subsidiaries and / or Joint Venture	–	–
vi)	Others *	1298 ,56 ,85	1100 ,92 ,35
	Total	**6518 ,03 ,86**	**5571 ,42 ,05**
	* Details of Others (vi)		
i)	NABARD / SIDBI / NHB Deposit	41 ,04 ,36	55 ,37 ,35
ii)	Commercial paper & Certificate of deposits	789 ,29 ,56	495 ,21 ,33
iii)	Mutual Funds	150 ,00 ,00	110 ,00 ,00
iv)	Venture Capital Fund	11 ,25 ,47	9 ,95 ,47
v)	Pass Through Certificates	283 ,22 ,46	406 ,63 ,20
vi)	Security Receipts	23 ,75 ,00	23 ,75 ,00
	Total	**1298 ,56 ,85**	**1100 ,92 ,35**

SCHEDULES

forming part of the financial statements for the year ended March 31, 2014

SCHEDULE 8 – INVESTMENTS (CONTD.)

(₹ in '000s)

	Particulars	31-Mar-14	31-Mar-13
2.	**INVESTMENTS OUTSIDE INDIA**		
i)	Government Securities (Including Local Authorities)	-	-
ii)	Subsidiaries and / or Joint Venture abroad	-	-
iii)	Other Investments	-	-
	Total	**-**	**-**
	Total (1 + 2)	**6518 ,03 ,86**	**5571 ,42 ,05**

SCHEDULE 9 – ADVANCES

(₹ in '000s)

	Particulars	31-Mar-14	31-Mar-13
A.			
i)	Bills Purchased and Discounted	162 ,11 ,61	234 ,22 ,34
ii)	Cash Credits, Overdrafts & Loans Repayable on Demand	2585 ,57 ,62	1195 ,00 ,36
iii)	Term Loans	7087 ,35 ,50	4946 ,98 ,50
	Total	**9835 ,04 ,73**	**6376 ,21 ,20**
B.			
i)	Secured by Tangible Assets (Includes advances against Book Debts)	8587 ,36 ,48	5719 ,89 ,75
ii)	Coverd by Bank/Government Guarantees	6 ,61 ,32	12 ,48 ,80
iii)	Unsecured	1241 ,06 ,93	643 ,82 ,65
	Total	**9835 ,04 ,73**	**6376 ,21 ,20**
C.1	**ADVANCES IN INDIA**		
i)	Priority Sector	2559 ,92 ,15	1315 ,07 ,73
ii)	Public Sector	-	-
iii)	Banks	-	-
iv)	Others	7275 ,12 ,58	5061 ,13 ,47
	Total	**9835 ,04 ,73**	**6376 ,21 ,20**
C.2	**ADVANCES OUTSIDE INDIA**		
i)	Due from Banks	-	-
ii)	Due from Others		
	(a) Bills Purchases and Discounted	-	-
	(b) Syndicated Loans	-	-
	(c) Others	-	-
	Total	**-**	**-**
	Total (C1 + C2)	**9835 ,04 ,73**	**6376 ,21 ,20**

SCHEDULES

forming part of the financial statements for the year ended March 31, 2014

SCHEDULE 10 – FIXED ASSETS

(₹ in '000s)

Particulars		31-Mar-14	31-Mar-13
1.	**PREMISES**		
i)	At cost at March 31, of the preceding year	10 ,45 ,98	7 ,05 ,92
ii)	Additions During the Year	-	3 ,97 ,02
iii)	Deductions During the Year	29 ,74	56 ,96
iv)	Depreciation to date	106 ,91	90 ,70
	Total	**9 ,09 ,33**	**9 ,55 ,28**
2.	**OTHER FIXED ASSETS**		
i)	At cost at March 31, of the preceding year	120 ,47 ,88	73 ,55 ,94
ii)	Additions During the Year	48 ,68 ,69	47 ,99 ,95
iii)	Deductions During the Year	1 ,34 ,61	1 ,08 ,01
iv)	Depreciation to date	65 ,65 ,97	45 ,90 ,66
	Total	**102 ,15 ,99**	**74 ,57 ,22**
3.	**LEASED ASSETS**		
i)	At cost at March 31, of the preceding year		
ia)	Lease equalisation - Opening balance	1 ,35 ,09	1 ,35 ,09
ii)	Additions During the Year	-	-
iii)	Less: Provision held	1 ,35 ,09	1 ,35 ,09
iv)	Depreciation to date	-	-
	Total	**-**	**-**
4.	**CAPITAL WORK IN PROGRESS**	23 ,09 ,53	10 ,13 ,74
	Total (1 To 4)	**134 ,34 ,85**	**94 ,26 ,24**

SCHEDULE 11 – OTHER ASSETS

(₹ in '000s)

	Particulars	31-Mar-14	31-Mar-13
1.	Inter-Office Adjustment (Net)	-	-
2.	Interest Accrued	181 ,39 ,63	123 ,90 ,67
3.	Tax Paid in Advance/Tax Deducted at Source (Net of Provision)	23 ,98 ,63	9 ,65 ,56
4.	Stationery and Stamps	2 ,05 ,21	1 ,16 ,46
5.	Deferred Tax Assets (Net) (Refer Note 3.6 of Schedule 18)	-	9 ,28 ,73
6.	Others	311 ,01 ,47	88 ,86 ,98
	Total (1 To 6)	**518 ,44 ,94**	**232 ,88 ,40**

SCHEDULES

forming part of the financial statements for the year ended March 31, 2014

SCHEDULE 12 – CONTINGENT LIABILITIES

(₹ in '000s)

	Particulars	31-Mar-14	31-Mar-13
1.	Claims against the bank not acknowledged as debts	1 ,89 ,55	54 ,55
2.	Liability for Partly Paid Investment	85 ,00	2 ,13 ,58
3.	Liability on Account of Outstanding forward Exchange contracts	5413 ,14 ,35	3775 ,21 ,73
4.	Liability on Account of Outstanding derivative contracts		
i)	Interest Rate Swaps	3000 ,00 ,00	25 ,00 ,00
ii)	Cross Currency Swaps	74 ,75 ,28	-
iii)	Currency Options	925 ,67 ,35	477 ,26 ,00
5.	Guarantees given on behalf of constituents		
i)	In India	940 ,19 ,07	639 ,18 ,23
ii)	Outside India	757 ,23 ,03	995 ,80 ,60
6.	Acceptances, Endorsements and other Obligations	823 ,98 ,60	285 ,15 ,52
7.	Other items for which the bank is contingently liable		
	(a) Income tax & other matters (under appeal)	6 ,13 ,84	7 ,81 ,40
	(b) Others	330 ,01 ,27	140 ,05 ,20
	TOTAL (1 to 6)	**12273 ,87 ,34**	**6348 ,16 ,81**

SCHEDULE 13 – INTEREST EARNED

(₹ in '000s)

	Particulars	31-Mar-14	31-Mar-13
1.	Interest / Discount on Advances / bills	926 ,37 ,70	616 ,52 ,87
2.	Income on Investments	413 ,99 ,28	255 ,76 ,26
3.	Interest on balance with RBI and Other Inter bank funds	11 ,24 ,55	6 ,73 ,85
4.	Others	-	29 ,11
	Total (1 To 4)	**1351 ,61 ,53**	**879 ,32 ,09**

SCHEDULE 14 – OTHER INCOME

(₹ in '000s)

	Particulars	31-Mar-14	31-Mar-13
1.	Commission, Exchange and Brokerage	31 ,10 ,30	17 ,14 ,57
2.	Profit on sale of Investments (Net)	42 ,14 ,90	27 ,39 ,26
3.	Profit / (Loss) on sale of land, building and other assets (Net)	1 ,70 ,29	1 ,60 ,19
4.	Profit on exchange transactions (Net)	31 ,06 ,77	8 ,66 ,75
5.	Miscellaneous Income	154 ,94 ,89	71 ,63 ,04
	Total (1 To 5)	**260 ,97 ,15**	**126 ,43 ,81**

SCHEDULES

forming part of the financial statements for the year ended March 31, 2014

SCHEDULE 15 – INTEREST EXPENDED

(₹ in '000s)

	Particulars	31-Mar-14	31-Mar-13
1.	Interest on Deposits	771 ,38 ,20	484 ,02 ,93
2.	Interest on Reserve Bank of India / Inter-Bank Borrowings	188 ,38 ,16	123 ,96 ,36
3.	Others	50 ,22 ,56	13 ,78 ,05
	Total (1 To 3)	**1009 ,98 ,92**	**621 ,77 ,34**

SCHEDULE 16 – OPERATING EXPENSES

(₹ in '000s)

	Particulars	31-Mar-14	31-Mar-13
1.	Payments to and provisions for employees	184 ,92 ,86	125 ,06 ,29
2.	Rent, taxes and lighting	44 ,21 ,07	32 ,43 ,25
3.	Printing and stationery	3 ,01 ,43	1 ,65 ,99
4.	Advertisement and publicity	37 ,76	32 ,88
5.	Depreciation on banks property	20 ,94 ,31	13 ,24 ,32
6.	Director's fees Allowances and expenses	27 ,61	27 ,65
7.	Auditors' fees and expenses (Including branch auditor's fees and expenses)	48 ,36	44 ,90
8.	Law Charges	1 ,52 ,78	57 ,56
9.	Postage, Telegrams, Telephones, etc.	4 ,39 ,85	2 ,55 ,00
10.	Repairs and maintenance	2 ,96 ,80	2 ,40 ,86
11.	Insurance	10 ,30 ,53	5 ,09 ,24
12.	Other Expenditure (Refer Note 6 of Schedule 18)	150 ,46 ,96	43 ,21 ,67
	Total (1 To 12)	**423 ,90 ,32**	**227 ,29 ,61**

SCHEDULES

forming part of the financial statements for the year ended March 31, 2014

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Basis of preparation:

The accompanying financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with statutory requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Generally Accepted Accounting Principles, the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and notified by the Companies (Accounting Standard) Rules, 2006 to the extent applicable and current practices generally prevalent within the banking industry in India.

Use of estimates:

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles in India ('GAAP') requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

Significant Accounting Policies:

1. Advances

Advances are stated net of provisions made in respect of non-performing advances. Premium paid on acquisition of portfolio is included in advances and is amortised over the economic life of the portfolio; being 5 years for on-demand working capital loans and credit card portfolios purchased. Advances are classified as Performing and Non-Performing Assets ('NPA') based on the relevant RBI guidelines. Provisions in respect of non-performing and restructured advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification & Provisioning prescribed from time to time. In case of restructured accounts provision is made for erosion/diminution in fair value of restructured loans, in accordance with RBI guidelines. The Bank also maintains provision on standard assets to cover potential credit losses which are inherent in any loan portfolio in accordance with RBI guidelines in this regard. Provision made against standard assets is included in 'Other Liabilities and Provisions'. Amounts recovered against debts written off in earlier years and provisions no longer considered necessary based on the current status of the borrower are recognised in the profit and loss account.

2. Investments

Classification and valuation of Bank's Investments is carried out in accordance with RBI guidelines and Fixed Income Money Market and Derivatives Association ('FIMMDA') guidelines.

(a) Classification

Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' (HTM) categories at the time of purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments. The Bank follows settlement date method for accounting of its investments. For the purpose of disclosure in the financial statements, the Investments are classified under six groups viz. Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Subsidiaries / Joint Ventures and Others.

Investments are classified as performing or non-performing as per RBI guidelines.

(b) Valuation

Investments classified as HTM are carried at acquisition cost. Any premium paid on acquisition, over the face value, is amortised over the remaining period of maturity by applying constant yield method. Where in the opinion of the management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made.

Investments classified as AFS and HFT are marked-to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise and depreciation

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/ appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit being discounted instruments are valued at carrying cost including the pro rata discount accreted for the holding period.

For deriving market value of dated Central and State Government securities and unquoted fixed income securities (other than Central and State Government securities), yields/rates declared by the FIMMDA in consultation with Primary Dealers Association of India ('PDAI') are used. Quoted equity shares are valued at National Stock Exchange closing rates applicable as at year end. Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available (which should not be more than one year prior to the date of valuation) or at ₹ 1 as per the RBI guidelines. Quoted Mutual Fund units are valued as per Stock Exchange quotations and un-quoted Mutual Fund units are valued at last available re-purchase price or Net Asset Value (where re-purchase price is not available). Security receipts are valued as per the Net Asset Value provided by the issuing Asset Reconstruction Company from time to time.

(c) Transfer between categories

Transfer of investments between categories is accounted in accordance with the extant RBI guidelines:

a) Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer.

b) Transfer from HTM to AFS/HFT is made at acquisition price/book value if originally placed in HTM at par or at a discount and at amortised cost if originally placed in HTM at a premium.

c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

(d) Repurchase transactions

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions are accounted for as borrowing and lending transactions. Accordingly, a security given as collateral under an agreement to repurchase them, continue to be held under the investment account of the Bank and the Bank would continue to accrue the coupon/discount on the security during the repo period. Also, the Bank continues to value the securities sold under repo as per the investment classification of the security. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income/expense over the period of the transaction in the profit and loss account.

(e) Broken period interest, brokerage etc.

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to the Profit and Loss account.

3. Foreign currency and Rupee Derivative transactions

Transactions denominated in foreign currency are recorded at exchange rates prevailing on the date of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the profit and loss account. Income and Expenditure items are translated at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date at rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resultant exchange differences are recognized in the Profit and Loss account.

In accordance with RBI Circular No. DBOD No. BP.BC.76/21.04.018/2005-06 dated April 5, 2006 and Accounting Standard -11, the effect of change in foreign exchange rates, foreign exchange trading positions including spot and forward contracts are revalued at each month end at the prevailing market rates notified by FEDAI. Long term foreign exchange contracts (original maturities of over 12 months) where exchange rates are not notified by FEDAI are revalued based on the forward exchange rates implied by the swap curves in respective currencies. The resulting gains and losses are recorded in the profit and loss account except in case of swaps entered into for hedging an on-balance sheet foreign currency exposure which are accounted for on an accrual basis. The unrealised gain and losses are

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included in "Other assets" and "Other liabilities", respectively. The notional values of these contracts are recorded as contingent liability at the closing exchange rates.

Swap cost arising on account of foreign currency swap contracts to convert rupee assets/liabilities into foreign currency assets/liabilities or vice versa is charged to profit and loss account as interest cost by amortising over the tenor of the swap.

Derivative transactions comprise of interest rate swaps, cross currency swaps and currency options.

The interest rate and currency swaps are marked to market using appropriate interest rates/exchange rate as applicable. The profit or loss on revaluation is recorded in the Profit and Loss account and is included in "Other assets" or "Other liabilities". The notional value of these swaps is recorded as Contingent Liability.

Foreign currency options are marked to market using market values after considering the premium received or paid. The profit or loss on revaluation is recorded in the profit and loss account and corresponding asset or liability is shown under "Other assets" or "Other liabilities", as the case may be. Premium received and premium paid is recognized in the profit and loss account upon expiry or exercise of the options. The notional value of these options is recorded as a Contingent liability.

Rupee Interest Rate Swaps, which are designated as Hedges where the underlying is not marked to market, are accounted on accrual basis pursuant to the principles of hedge accounting as per RBI guidelines.

Provisioning of overdue customer receivable on interest rate and foreign exchange derivative transactions, if any, is made as per RBI guidelines.

With respect to credit exposures to counterparties arising on account of the interest rate and foreign exchange derivative transactions, which are computed as per the current marked to market value of the contract, a provision is made as is applicable to the loan assets in the 'standard' category.

4. Fixed Assets and Depreciation

Fixed Assets are accounted for at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Premises acquired up to March 31, 1998 have been revalued by the management and are stated at such revalued figure. The appreciation on revaluation is credited to 'Premises Revaluation Reserve' Account. On disposal of revalued premises, the amount standing to the credit of the Premises Revaluation Reserve is transferred to Capital Reserve. Depreciation attributable to the enhanced value is transferred from Premises Revaluation Reserve to the credit of depreciation in the profit and loss Account.

Depreciation is provided as per straight-line method from the date of addition over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to the profit and loss account up to the date of sale. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then the depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. The depreciation rates applied on fixed assets, which are not lower than the rates prescribed in Schedule XIV of the Companies Act, 1956, are as follows:

Category	Depreciation rate
Premises	2%
Desktop computers and printers, Laptops	33.33%
VSATs, Telecom equipment, cabling, other computer hardware and related equipment, LAN/Mainframe servers and printers, scanners	20%
Purchased and developed Software	20%
Vehicles	20%
Office equipment, Locker cabinets, Strong room	15%
ATMs	14.29%
Furniture, fittings and work of art	10%
Items costing less than ₹ 5,000	100%

Improvements and installations of capital nature on the leasehold property are depreciated over the primary lease term.

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet

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date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

5. Retirement and other employee benefits

Bank's contribution towards Provident fund, being a defined contribution scheme, is accounted for on an accrual basis and recognized in the Profit and Loss account. Liability for Gratuity and Pension, being defined benefit retirement schemes, are determined based on an actuarial valuation as at the balance sheet date as per the Projected Unit Credit Method as computed by an independent actuary.

Consequent to the re-opening of pension option pursuant to the agreement between Indian Bank Association (IBA) and United Forum of Bank Unions, RBI had permitted the Bank to amortise the enhanced expenditure resulting there from over five years starting from financial year ended on March 31, 2011 except for pension cost pertaining to the retired/ separated employees which was to be charged off entirely in the year ending on March 31, 2011.

Accordingly, pension cost pertaining to the retired/ separated employees had been charged to the Profit and Loss account in the year ended on March 31, 2011. Pension cost pertaining to the existing employees was amortised over three financial years (as against five financial years permitted by RBI) from financial year ended on March 31, 2011 to financial year ended on March 31, 2013 at ₹ 6.57 crore per financial year.

The Bank provides for leave encashment liability of its employees who are eligible for encashment of accumulated leave, which is a long-term benefit scheme, based on actuarial valuation of the leave encashment liability at the balance sheet date, carried out by an independent actuary.

Provision for compensated absences has been made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out as per the projected unit credit method.

The Bank has applied the intrinsic value method to arrive at the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which the value of the underlying shares as determined by an independent valuer exceeds the exercise price of the options. Compensation cost so determined is amortized over the vesting period of the option granted.

6. Revenue Recognition

(a) Interest income is recognised in the profit and loss account on accrual basis, except in the case of interest on non-performing assets, which is recognised as income on realisation.

(b) Recoveries in respect of past due loan accounts classified as sub-standard are appropriated towards overdue principal and thereafter towards interest and charges

(c) Commission, Exchange, Brokerage and Locker Rent is accounted for as income on realisation basis except for commission earned in excess of ₹ 1,00,000 for issue of guarantees is amortised on a straight-line basis.

(d) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

(e) Dividend is accounted on an accrual basis when the right to receive the dividend is established.

(f) Loan processing fee is accounted for upfront when it becomes due.

(g) All other fees are accounted for as and when they become due.

7. Accounting for leases

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period.

The Bank has not undertaken any Finance leases.

8. Taxation

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability for the year (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The deferred tax charge or credit and the corresponding

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deferred tax liability or asset is recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realization of such assets.

Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized.

9. Provisions and contingencies

The Bank creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financials. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

10. Provision for reward points on credit cards

The Bank has a policy of awarding reward points for credit card spends by customers. Provision for the said reward points is made based on an actuarial valuation report which takes into account, among other things, probable redemption of credit card reward points and cost per point.

11. Earnings per share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

SCHEDULE 18 – NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. Investments

In terms of guidelines of Reserve Bank of India, amortisation of premium of ₹ 3.01 crore (previous year ₹ 1.77 crore) relating to investments in 'Held to Maturity' category has been netted off against 'Income on Investments' under Schedule - 13. During financial year ended March 31, 2014, there has been no sale / transfer from HTM categories in excess of 5% of the book value of investments held in HTM category at the beginning of the year.

2. Employee Stock Option Plan ("ESOP")

The shareholders of the Bank have approved granting of stock options to employees under one or more Employee Stock Option Plan (ESOP) on, enabling the Board and / or the Human Resource Committee to grant such number of Options of the Bank not exceeding 12% of the aggregate number of issued and paid up equity shares of the Bank. The ESOP is equity settled where the employees will receive one equity share per option. The stock options granted to employees vest over a period of three years, in either equal proportion or 40:40:20 or 30:30:40 each year. Vested Options can be exercised within a period of three years from the date of vesting or within a period of one year from the date on which the shares of the Bank get listed on a recognized stock exchange, whichever is later.

Under Intrinsic Value method, since exercise price of the stock options granted under the ESOP is more than the underlying value of the shares, it has not resulted in any charge to the statement of Profit and Loss for the year. If the Bank had adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2014, would

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have increased by ₹ 6.37 crore (previous year ₹ 5.64 crore) and the profit before tax would have been lower correspondingly. Accordingly, on a proforma basis, basic and diluted earnings per share would have been ₹ 3.47 and ₹ 3.45, respectively.

Stock option activity under the scheme during the year	2013-14	2012-13
Outstanding at the beginning of the year	1,54,45,788	1,27,56,300
Granted during the year	1,03,36,070	56,89,800
Forfeited during the year	7,37,824	1,92,601
Exercised during the year	35,75,062	28,07,711
Expired during the year	-	-
Outstanding at the end of the year	2,14,68,972	1,54,45,788
Options exercisable at the end of the year	62,44,212	41,07,783

Options granted during the year carry an exercise price of ₹ 52.00 and ₹ 55.00. During the year corresponding value of the shares for these grants at the time of respective grant was ₹ 49.76 and ₹ 50.05 respectively.

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2013-14	2012-13
Average dividend yield	1.00%	1.10%
Expected volatility	29.83%	26.72%
Risk free interest rates	7.45%-9.45%	7.85% - 8.25%
Expected life of options (across each tranche)	1.3 - 3.0	1.5 – 3.0
Expected forfeiture	Nil	Nil

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on NSE of similar listed banks over the expected tenor of -each tranche.

3. Disclosures as per Accounting Standards

3.1 Disclosures under AS -15 on employee benefits

Defined Contribution Plans:

Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

(₹ in crore)

Particulars	2013-14	2012-13
Provident Fund	4.67	2.78
Pension Scheme (employees joining after 01.04.2010)	0.02	0.02

Defined Benefit Plans

The following table sets out the status of the defined benefit Pension and Gratuity Plan as required under Accounting Standard 15.

Change in the present value of the defined benefit obligation

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(₹ in crore)

Particulars	2013-14		2012-13	
	Pension	Gratuity	Pension	Gratuity
Opening defined benefit obligation at April 1	57.31	12.88	51.43	10.88
Current Service cost	3.48	1.50	3.04	1.06
Interest cost	4.44	1.06	4.20	0.92
Actuarial losses/ (gains)	19.94	0.54	8.83	1.37
Past Service Cost (Amortised)	-	-	-	-
Liability Transfer in	-	-	-	-
Benefits paid	(14.02)	(1.89)	(10.19)	(1.35)
Closing defined benefit obligation at March 31	71.15	14.09	57.31	12.88

Change in the plan assets

(₹ in crore)

Particulars	2013-14		2012-13	
	Pension	Gratuity	Pension	Gratuity
Opening fair value of plan assets at April 1	54.42	11.45	40.41	10.88
Expected return on plan assets	4.50	0.99	4.80	0.94
Employers Contributions	4.34	1.43	20.50	1.00
Benefit paid	(14.02)	(1.89)	(10.19)	(1.35)
Actuarial gains / (loss) on plan assets	0.08	(0.01)	(1.10)	(0.02)
Closing fair value of plan assets at March 31	49.32	11.97	54.42	11.45

Reconciliation of Present value of the obligations and fair value of the plan assets

(₹ in crore)

Particulars	2013-14		2012-13	
	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at March 31	71.15	14.09	57.31	12.88
Fair value of plan assets at March 31	49.32	11.97	54.42	11.45
Deficit / (Surplus)	21.83	2.12	2.89	1.43
Net Liability / (Asset)	21.83	2.12	2.89	1.43

Reconciliation of Expected return and actual return on planned assets

(₹ in crore)

Particulars	2013-14		2012-13	
	Pension	Gratuity	Pension	Gratuity
Current Service cost	3.48	1.50	3.04	1.06
Interest cost	4.44	1.06	4.20	0.92
Expected return on plan assets	(4.50)	(0.99)	(4.80)	(0.94)
Past Service Cost (Vested Benefit) Recognised	-	-	6.57	-
Net Actuarial losses / (gains) recognised during the year	19.86	0.55	9.93	1.39
Total cost of defined benefit plans included in Schedule 16 Payments to and provisions for employees	23.28	2.12	18.94	2.43

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Reconciliation of Expected return and actual return on planned assets

(₹ in crore)

Particulars	2013-14		2012-13	
	Pension	Gratuity	Pension	Gratuity
Expected return on plan assets	4.50	0.99	4.80	0.94
Actuarial gain / (loss) on plan assets	0.08	(0.01)	(1.10)	(0.02)
Actual return on plan assets	4.58	0.98	3.70	0.92

Reconciliation of opening and closing net liability / (asset) recognised in balance sheet

(₹ in crore)

Particulars	2013-14		2012-13	
	Pension	Gratuity	Pension	Gratuity
Opening net liability as at April 1	2.89	1.43	4.45	-
Expenses as recognised in Profit & Loss Account	23.28	2.12	18.94	2.43
Employers contribution	(4.34)	(1.43)	(20.50)	(1.00)
Net liability / (asset) recognised in balance sheet	21.83	2.12	2.89	1.43

A breakup of Investments under Plan Assets of Gratuity fund and Pension fund is as follows:

(₹ in crore)

Category of Assets	2013-14		2012-13	
	Pension (%)	Gratuity (%)	Pension (%)	Gratuity (%)
Central Government securities	7.81	8.65	7.54	10.29
State Government securities	42.06	39.90	21.61	24.91
Corporate Bonds	4.81	13.80	5.86	16.20
Special Deposit Schemes	-	17.63	-	18.45
Funds with LIC	18.82	-	13.55	-
Fixed deposits and bank balances	26.50	20.02	51.44	30.15
Total	**100.00**	**100.00**	**100.00**	**100.00**

Key Actuarial Assumptions

(₹ in crore)

Particulars	2013-14		2012-13	
	Pension (%)	Gratuity (%)	Pension (%)	Gratuity (%)
Discount rate	9.27	9.14	8.25	8.25
Expected rate of return on Plan Asset	8.83	8.44	8.70	8.70
Salary Escalation	5.60	5.60 (IBA) 8.00 (Others)	5.00	5.00
Attrition rate	2.00	2.00 (IBA) 20.00 (Others)	2.00	2.00

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3.2 During the year, an amount of ₹ 0.37 crore was charged to share premium account towards expenses pertaining to the issue of equity shares.

3.3 Segment Reporting: Information about business segments

In terms of the AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated April 18, 2007 read with DBOD.No. BP.BC.7/21.04.018/2013-14 dated July 1, 2013 and amendments thereto, the following business segments have been disclosed:

- **Corporate/Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.
- **Retail Banking:** Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network or other approved delivery channels.
- **Treasury:** includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions. Intersegment earnings of Balance Sheet Management function are included in the Treasury segment.
- **Other Banking Operations:** Includes para banking activities like Bancassurance, credit cards etc.

Segment revenues include earnings from external customers and earnings from other segments on account of funds transferred at negotiated rates, which are determined by the management. Segment results includes segment revenues as reduced by interest expense, charge from other segments on account of funds transferred at negotiated rates and operating expenses and provisions either directly identified or allocated to each segment.

The following table sets forth the business segment results:

(₹ in crore)

Particulars	2013-14					2012-13				
	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total
Gross Revenue	1,152.76	634.71	1,237.12	22.47	3,047.06	730.32	380.51	737.32	2.91	1,851.05
Unallocated Revenue					1.70					1.89
Less: Inter Segment Revenue					1,436.17					847.19
Total Revenue					**1,612.59**					**1,005.76**
Segment Results	70.11	24.51	94.80	3.33	194.45	47.17	11.59	70.92	2.51	134.08
Unallocated expenses					61.93					-
Income Tax expense (including deferred tax)					39.85					41.61
Net Profit					**92.67**					**92.47**
Segment Assets	7,525.53	2,538.97	7,488.25	148.06	17,700.81	5,641.31	881.14	6154.56	-	12,677.01
Unallocated Assets					497.31					286.35
Total Assets					**18,198.13**					**12,963.36**
Segment Liabilities	3,823.54	6,345.92	5,935.47	7.26	16,112.19	2,850.77	3,330.57	5,099.08	0.06	11,280.48
Unallocated Liabilities					2,085.94					1,682.88
Total Liabilities					**18,198.13**					**12,963.36**

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Notes:

- The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has reported operations in the domestic segment only.
- Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
- Unallocated items include Fixed Assets, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities, advance tax, cash in hand, Bills payable, share capital and reserves. Unallocated expenses include a charge in respect of acquisition of portfolio during the year as explained in note 6 in the notes to accounts below.
- Figures of previous year have been regrouped so as to align with the current year.

3.4 Related Party Transactions

As per AS 18 "Related Party Disclosures" prescribed by the Companies (Accounting Standard) Rules 2006, the Bank's related parties for the year ended March 31, 2014 are disclosed below:

Key Management Personnel ('KMP')

Mr. Vishwavir Ahuja, Managing Director & CEO

In financial years 2013-14 and 2012-13, there was only one related party in the said category, hence the Bank has not disclosed the details of transactions in accordance with circular issued by RBI on March 29, 2003 "Guidance on compliance with the accounting standards by banks".

3.5 Operational Leases

Disclosure as per Accounting Standard 19 on Leases as per Companies (Accounting Standard) Rules, 2006. The company has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation. Particular of future minimum lease payments in respect of the same are as mentioned below:

(₹ in crore)

Period	2013-14	2012-13
Not later than one year	36.66	24.27
Later than one year and not later than five years	101.29	74.62
Later than five years	40.31	26.37
Total	**178.26**	**125.26**
Lease payment recognized in Profit & Loss Account for the year	35.69	26.71

3.6 Earnings Per Share

Period	2013-14	2012-13
Basic		
Weighted Average Number of equity shares	25,51,12,571	22,06,31,857
Net Profit after tax available for equity share holders (₹)	92,66,98,374	92,46,87,896
Basic Earnings Per Share (F V ₹ 10/-)	3.63	4.19
Diluted		
Weighted Average Number of equity shares (including dilutive potential equity shares)	25,66,03,856	22,24,88,488
Net Profit after tax available for equity share holders (₹)	92,66,98,374	92,46,87,896
Diluted Earnings Per Share (F V ₹ 10/-)	3.61	4.16

The dilutive impact is due to options granted to employees of the Bank.

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3.7 Taxes on Income (AS -22)

Major components of Deferred Tax Assets and Deferred Tax Liabilities as on March 31, 2014 are as under:-

(₹ in crore)

Particulars	Deferred Tax Assets/(Liabilities)	
	2013-14	2012-13
Deferred tax assets:		
Provision for loans and advances	21.36	10.01
Employee benefits	11.05	3.38
Others	1.75	1.06
Deferred tax liabilities:		
Charge related to acquisition	(31.03)	-
Fixed Assets depreciation	(8.34)	(5.16)
Total	**(5.21)**	**9.29**

3.8 Fixed Assets:

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets (₹ in crore)

Particulars	2013-14	2012-13
At cost at the beginning of the year	31.54	9.61
Additions during the year	17.54	22.23
Deductions during the year	0.06	0.30
Accumulated depreciation as at March 31	13.05	5.97
Closing balance as at March 31	35.97	25.57
Depreciation charge for the year	7.08	2.83

4. Small & Micro Industries

Based on information available with the Bank, during the year, there were no amounts outstanding for more than the specified period, to the parties covered under the Micro, Small and Medium Enterprises Development Act, 2006.

5. Disclosure of complaints / unimplemented awards of Banking Ombudsman for the year 2013-14

A)	Customer Complaints	2013-14	2012-13
(a)	No. of complaints pending at the beginning of the year	28	2
(b)	No. of complaints received during the year*	3,552	1,071
(c)	No. of complaints redressed during the year	3,547	1,045
(d)	No. of complaints pending at the end of the year	33	28

B)	Awards passed by the Banking Ombudsman	2013-14	2012-13
(a)	No. of unimplemented awards at the beginning of the year	Nil	Nil
(b)	No. of awards passed by the Banking Ombudsman during the year	Nil	Nil
(c)	No. of awards implemented during the year	Nil	Nil
(d)	No. of unimplemented awards at the end of the year	Nil	Nil

* includes 544 complaints (previous year – 339) relating acquiring bank

6. During the quarter ended December 31, 2013, the Bank purchased the business banking assets and liabilities and credit card and mortgage loan portfolios from the Indian branches of Royal Bank of Scotland. The asset portfolios purchased have been recorded in the Bank's books at the respective acquisition cost. ₹ 61.94 crore (including amortization of premium paid on asset portfolios) was charged to Profit and loss account for the year under the head 'Other Expenditure' in schedule 16 - Operating Expenses in respect of the above acquisition.

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In terms of RBI guidelines, the following additional disclosures have been made

7. Capital Adequacy:

i) The Bank has complied with Capital Adequacy Norms prescribed by the Reserve Bank of India. The details are as under:

	Particulars	2013-14	2012-13
i)	CRAR (%) (Basel - II)	NA	17.11%
ii)	CRAR - Tier I capital (%) (Basel -II)	NA	16.82%
iii)	CRAR - Tier II capital (%) (Basel - II)	NA	0.29%
iv)	CRAR (%) (Basel - III)	14.64%	NA
v)	CRAR - Tier I capital (%) (Basel - III)	14.33%	NA
vi)	CRAR - Tier II capital (%) (Basel - III)	0.31%	NA
vii)	Amount of subordinated debt raised as Tier-II capital (₹ in Crore)	-	-

8. Investments:

i) Movement of Investments:

(₹ in crore)

	Particulars	2013-14	2012-13
(1)	Value of Investments		
	i) Gross Value of Investments		
	(a) In India	6,520.21	5,571.63
	(b) Outside India	-	-
	ii) Provisions for Depreciation (including provision for NPI)		
	(a) In India	2.18	0.21
	(b) Outside India	-	-
	iii) Net Value of Investments		
	(a) In India	6,518.03	5,571.42
	(b) Outside India	-	-
(2)	Movement of provisions held towards depreciation of investments (including provision for NPIs)		
	i) Opening balance	0.21	2.29
	ii) Add: Provisions made during the year	92.02	5.50
	iii) Less: Write-off / write back of excess / provisions (including provision for NPIs) during the year	90.05	7.58
	iv) Closing balance	2.18	0.21

ii) Repo / Reverse Repo Transactions:

During the year, the Bank has not under taken Repo / Reverse Repo transactions other than Repo / Reverse Repo transactions under the Liquidity Adjustment Facility (LAF) with Reserve Bank of India.

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iii) Issuer Composition of Non-SLR investments :

Issuer composition as at March 31, 2014 of non-SLR investments

(₹ in crore)

No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1.	PSU	174.92	140.00	-	-	-
2.	FIs	59.06	18.01	-	-	-
3.	Banks	443.65	-	-	-	-
4.	Private Corporates	714.89	553.42	-	-	25.10
5.	Subsidiaries/ Joint ventures	-	-	-	-	-
6.	Others	1,127.67*	740.09	-	-	-
7.	Provisions held towards depreciation	(2.18)	-	-	-	-
	Total	**2,518.01***	**1,451.52**	**-**	**-**	**25.10**

* includes Government securities of ₹ 2.93 crore which does not qualify as SLR securities.

Issuer composition as at March 31, 2013 of non-SLR investments

(₹ in crore)

No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1.	PSU	179.47	82.60	-	-	-
2.	FIs	90.37	35.00	-	-	-
3.	Banks	458.94	-	-	-	-
4.	Private Corporates	150.10	150.10	-	-	50.10
5.	Subsidiaries/ Joint ventures	-	-	-	-	-
6.	Others	1,433.06*	1,290.68	-	-	4.62
7.	Provisions held towards depreciation	(0.21)	-	-	-	-
	Total	**2,311.73***	**1,558.38**	**-**	**-**	**54.72**

* includes Government securities of ₹ 2.93 crore which does not qualify as SLR securities.

iv) Non Performing Non-SLR investment:

(₹ in crore)

No	Particulars	2013-14	2012-13
1.	Opening Balance	-	2.29
2.	Additions during the year	-	-
3.	Reductions during the year	-	2.29
4.	Closing Balance	-	-
5.	Total provisions held	-	-

9. Forward Rate Agreement / Interest Rate Swaps / Exchange Traded Interest Rate Derivatives:

(₹ in crore)

Particulars		2013-14	2012-13
i)	The notional principal of swap agreements	3000.00	25.00
ii)	Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	19.35	0.01
iii)	Collateral required by the bank upon entering into swaps	NIL	NIL
iv)	Concentration of credit risk arising from the swaps	8.45	0.01
v)	The fair value of the swap book	(2.44)#	0.01

fair value of the swap book is inclusive of interest accrual.

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The nature and terms of Interest Rate Swaps (IRS) as on March 31, 2014 are set out below –

Nature	Nos.	Notional Principal (₹ crore)	Benchmark	Terms
OIS	24	1500	OIS	Rec Fixed and Pay Floating
OIS	25	1500	OIS	Pay Fixed and Rec Floating

The nature and terms of Interest Rate Swaps (IRS) as on March 31, 2013 are set out below:

Nature	Nos.	Notional Principal (₹ crore)	Benchmark	Terms
IRS	1	25	NSE MIBOR	Rec Fixed and Pay Floating

Bank has not undertaken any Exchange Traded Interest Rate Derivatives during the year.

Risk Exposure in Derivatives-

Qualitative disclosures:

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank is currently dealing in Interest Rate and Foreign Exchange (FX) Derivatives for balance sheet management and proprietary trading/ market making. The Bank also offers derivative products to its customers for hedging their interest rate and FX risk.

These transactions expose the Bank to various risks, primarily credit, market and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

a) **The structure and organization for management of risk in derivatives trading.**

The Bank has separate Treasury Front Office, Treasury Middle Office, Market Risk and Treasury Back Office functions. The derivative transactions are originated by Treasury Front Office, which ensures compliance with the trade origination requirements as per the Bank's policy and the RBI guidelines. Treasury Middle Office and Market Risk Group are responsible for identifying, measurement, monitoring, and analysis of derivative related risks. Treasury Back Office undertakes activities such as confirmations, settlements, documentation and accounting. The Treasury activities are subject to a concurrent audit.

b) **The scope and nature of risk measurement, risk reporting and risk monitoring systems.**

Derivative transactions are governed by the Bank's Derivative Policy, Commercial Credit Policy, Market Risk Policy and Client Suitability and Appropriateness Policy as well as by the extant RBI guidelines.

Various risk limits are set up taking into account market volatility, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, Value at Risk, stop loss, and stress scenario limits. All exposures are monitored against these limits on a daily basis and breaches, if any, are reported for corrective action.

The Bank measures counter party risk using current exposure method. Counter party limits are approved as per the Bank's Credit Policies. The sanction terms may include the requirement to post upfront collateral, or post collateral should the mark to market (MTM) exceed a specified threshold; on a case to case basis. The Bank retains the right to terminate transactions as a risk mitigation measure, in case the client does not adhere to the agreed terms.

All counter party exposures are monitored against these limits on a daily basis and breaches, if any, are reported for corrective action.

c) **Policies for hedging and/ or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants.**

The Bank has a Board approved Hedge and Hedge effectiveness Policy, which govern the use of derivative for hedging purpose. The Bank has not entered into any interest rate swaps for hedging purposes as of March 31, 2014.

d) **Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts.**

The Bank has undertaken derivative transactions for market making and trading purposes. The Bank revalues its trading positions on a daily basis and records the

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same in the books of accounts. The receivable and payable on marking the contracts to market are shown under "Other Assets" and "Other Liabilities" in the balance sheet.

Derivatives other than FX forward transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties.

The Bank follows the option premium accounting framework prescribed by FEDAI circular. Premium on option transaction is recognised as income/ expense on expiry or early termination of the transaction. MTM gain/ loss, is recorded under 'Other Income'. The amounts received/paid on cancellation of option contracts are recognised as realised gains/ losses on options.

Charges receivable/payable on cancellation/ termination of foreign exchange Forward contracts and swaps are recognised as income/ expense on the date of cancellation/ termination under 'Other Income'.

Quantitative disclosure on risk exposure in derivatives as at March 31, 2014

(₹ in crore)

Sl. No.	Particular		2013-14				2012-13			
			Currency derivatives			Interest rate derivatives	Currency derivatives			Interest rate derivatives
			Forward Contract	Currency Option	Currency Swap		Forward Contract	Currency Option	Currency Swap	
i)	Derivatives (Notional Principal Amount)									
	(a) For hedging		434.53#	NIL	NIL	NIL	118.27#	NIL	NIL	NIL
	(b) For trading		4,374.94	925.67	74.75	3,000	3,464.82	477.26	NIL	25.00
ii)	Marked to Market Positions [1]									
	(a) Asset (+)		102.63	2.97	2.03	10.72	29.62	2.44	NIL	0.01
	(b) Liability (-)		82.07	2.97	0.37	9.88	25.82	2.44	NIL	NIL
iii)	Credit Exposure [2]		219.77	9.15	9.50	38.10	98.92	3.41	NIL	0.14
iv)	Likely impact of one percentage change in interest rate (100*PV01)									
	(a) on hedging derivatives		0.00#	NIL	NIL	NIL	0.32#	NIL	NIL	NIL
	(b) on trading derivatives		5.21	NIL	0.00	0.00	0.37	NIL	NIL	0.01
v)	Maximum and Minimum of 100*PV01 observed during the year									
	(a) on hedging	Max	7.01#	NIL	NIL	NIL	0.32#	NIL	NIL	NIL
		Min	0.01#	NIL	NIL	NIL	0.01#	NIL	NIL	NIL
	(b) on trading	Max	1.14	NIL	0.00	5.14	0.88	NIL	NIL	0.03
		Min	0.00	NIL	0.00	0.00	0.03	NIL	NIL	0.01

represents funding swaps undertaken by the Bank.

1. As per recommendatory provisions of AS-31, Financial Instrument: Presentation, mark to market position is reported on gross basis.
2. The Bank has computed maximum and minimum of PV01 for the year based on balances at the end of every month.
3. Mark to Market position for interest rate derivative does not include Interest accrued on the swap.
4. The Notional principal of Forward Exchange Contract does not include notional for Tom and Spot Foreign Exchange Contract.
5. The notional principal amounts of derivatives reflect the volume of transactions outstanding at balance sheet date and does not represent the amount of risk.

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10. Restructured / Rescheduled / Renegotiated - Investments during the year is Nil (Previous year: Nil)

11. Asset Quality:

i) Non – Performing Asset:

(₹ in crore)

Particulars		2013-14	2012-13
(i)	Net NPAs to Net Advances (%)	0.31%	0.11%
(ii)	Provisioning Coverage Ratio (PCR) (%)	65.73%	83.51%
(iii)	Movement of NPAs (Gross)		
	(a) Opening balance	25.90	33.11
	(b) Additions during the year	63.99	40.85
	(c) Reductions during the year	12.14	48.06
	(d) Closing balance	77.75	25.90
(iv)	Movement of Net NPAs		
	(a) Opening balance	6.88	8.39
	(b) Additions during the year	36.83	35.10
	(c) Reductions during the year	13.20	36.61
	(d) Closing balance	30.51	6.88
(v)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	19.02	24.72
	(b) Provisions made during the year	33.06	10.35
	(c) Write-off / write back of excess provisions during the year	4.84	(16.05)
	(d) Closing balance	47.24	19.02

ii) Particulars of Restructured Accounts:

Details of loan assets subjected to restructuring during the year are given below:

Restructured Advances as of March 31, 2014

Type of restructuring		Under CDR					Under SME					Others					Total
Asset Classification / Details		S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Restructured accounts as on April 1 of the FY	A	-	-	-	-	-	4	-	1	-	5	1	-	-	-	1	6
	B	-	-	-	-	-	2.32	-	1.65	-	3.97	20.92	-	-	-	20.92	24.89
	C	-	-	-	-	-	-	-	1.65	-	1.65	0.58	-	-	-	0.58	2.23
Fresh Restructuring during the year	A	-	-	-	-	-	-	-	-	-	-	4	-	-	-	4	4
	B	-	-	-	-	-	-	-	-	-	-	18.32	-	-	-	18.32	18.32
	C	-	-	-	-	-	-	-	-	-	-	1.29	-	-	-	1.29	1.29
Increase / (Decrease) in outstanding of Restructured cases	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	(0.20)	-	-	-	(0.20)	(4.87)	-	-	-	(4.87)	(5.07)
	C	-	-	-	-	-	-	-	-	-	-	(0.04)	-	-	-	(0.04)	(0.04)
Upgradations to restructured standard during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	-	-	-	-	-	3	-	1	-	4	2	-	-	-	2	6
	B	-	-	-	-	-	1.07	-	1.65	-	2.72	16.89	-	-	-	16.89	19.61
	C	-	-	-	-	-	-	-	1.65	-	1.65	0.89	-	-	-	0.89	2.54

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Type of restructuring		Under CDR					Under SME					Others					Total
Asset Classification		S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Details																	
Downgradations of Restructured accounts during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs of restructured accounts	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on March 31 (Closing)	A	-	-	-	-	-	1	-	-	-	1	3	-	-	-	3	4
	B	-	-	-	-	-	1.05	-	-	-	1.05	17.48	-	-	-	17.48	18.53
	C	-	-	-	-	-	-	-	-	-	-	0.94	-	-	-	0.94	0.94

Restructured Advances as of March 31, 2013

Type of restructuring		Under CDR					Under SME					Others					Total
Asset Classification		S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Details																	
Restructured accounts as on April 1 of the FY	A	-	-	-	-	-	4	-	1	-	5	1	-	-	-	1	6
	B	-	-	-	-	-	2.95	-	4.73	-	7.68	20.45	-	-	-	20.45	28.13
	C	-	-	-	-	-	-	-	1.98	-	1.98	0.41	-	-	-	0.41	2.39
Fresh Restructuring during the year	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase / (Decrease) in outstanding of Restructured cases	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	(0.63)	-	(3.08)	-	(3.71)	0.47	-	-	-	0.47	(3.24)
	C	-	-	-	-	-	-	-	(0.33)	-	(0.33)	0.17	-	-	-	0.17	(0.16)
Upgradations to restructured standard during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Downgradations of Restructured accounts during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs of restructured accounts	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on March 31 (Closing)	A	-	-	-	-	-	4	-	1	-	5	1	-	-	-	1	6
	B	-	-	-	-	-	2.32	-	1.65	-	3.97	20.92	-	-	-	20.92	24.89
	C	-	-	-	-	-	-	-	1.65	-	1.65	0.58	-	-	-	0.58	2.23

A- No. of borrowers, **B-** Amt. outstanding, **C-** Provision thereon

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iii) Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ in crore)

No	Particulars	2013-14	2012-13
i)	No. of accounts	1	1
ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	* -	29.86
iii)	Aggregate consideration	0.22	25.00
iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
v)	Aggregate loss over net book value	-	4.86

* The account sold was a technically written – off account

iv) Details of non-performing financial assets purchased / sold:

Non- performing financial assets purchased

(₹ in crore)

No	Particulars	2013-14	2012-13
1.	(a) No. of accounts purchased during the year	2*	-
	(b) Aggregate Outstanding	21.04	-
2.	(a) Of these, number of accounts restructured during the year	-	-
	(b) Aggregate Outstanding	-	-

* Purchase of portfolio of non-performing retail loans is treated as a single asset purchase

During the year ended March 31, 2014 and March 31, 2013, other than the assets sold to SC/RC (covered above) there were no non-performing financial assets sold.

12. The Bank has not done any securitizations during the year ended March 31, 2014 and March 31, 2013.

13. Business Ratios:

No	Particulars	2013-14	2012-13
i)	Interest income as % to Working funds	9.75%	10.04%
ii)	Non-Interest income as % to Working funds	1.88%	1.44%
iii)	Operating profit as % to Working funds	1.29%	1.79%
iv)	Return on Assets	0.67%	1.06%
v)	Business (Deposit + Advance) per employee (₹ in crore)	6.97	7.39
vi)	Profit per employee (₹ in crore)	0.03	0.05

Working funds represents the average of total assets as reported in Monthly DSB Returns to RBI under Section 27 of the Banking Regulation Act, 1949.

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14. Maturity Pattern:

Maturity pattern of certain items of assets and liabilities is given below:

(₹ in crore)

Particulars	as at March 31, 2014					
	Loans & Advances (INR)	Investments (INR)	Deposits (INR)	Borrowings (INR)	Foreign Currency Assets	Foreign currency Liabilities
1 day	268.02	150.00	130.26	1.03	58.71	1.69
2 to 7 days	116.63	5.68	748.66	1,153.50	17.83	2.97
8 to 14 days	111.87	0.00	374.25	169.00	3.35	2.12
15 to 28 days	281.25	8.01	747.09	300.00	8.57	2.97
29 days to 3 months	126.11	1,715.25	2,905.48	0.00	20.32	183.73
Over 3 months to 6 months	240.90	508.70	1,243.64	338.11	4.63	29.96
Over 6 months to 1 year	2,144.32	285.07	2,347.06	692.60	204.68	0.30
Over 1 year to 3 years	3,133.34	829.39	2,795.63	655.87	40.57	207.85
Over 3 years to 5 years	1,976.77	741.62	68.55	122.57	0.00	0.00
Over 5 years	1,134.79	2,274.32	20.07	129.35	13.68	122.77
Total	**9,534.00**	**6,518.04**	**11,380.69**	**3,562.03**	**372.34**	**554.36**

(₹ in crore)

Particulars	as at March 31, 2013					
	Loans & Advances (INR)	Investments (INR)	Deposits (INR)	Borrowings (INR)	Foreign Currency Assets	Foreign currency Liabilities
1 day	154.05	110.00	59.58	-	23.89	-
2 to 7 days	123.11	49.97	563.91	1,350.59	2.49	-
8 to 14 days	55.68	-	244.71	-	3.59	-
15 to 28 days	179.97	24.86	408.98	100.00	17.90	-
29 days to 3 months	606.83	1,145.76	2,355.54	100.00	31.33	70.85
Over 3 months to 6 months	339.94	871.32	870.50	201.50	28.83	52.02
Over 6 months to 1 year	666.31	242.14	1,639.21	300.20	19.29	-
Over 1 year to 3 years	2,066.22	724.03	2,148.52	399.97	41.07	-
Over 3 years to 5 years	1,322.44	824.76	30.39	145.26	-	-
Over 5 years	711.95	1,578.58	19.18	16.96	6.92	-
Total	**6,226.50**	**5,571.42**	**8,340.52**	**2,614.48**	**175.31**	**122.87**

SCHEDULES

forming part of the financial statements for the year ended March 31, 2014

15. Lending to Sensitive Sector:

i) Exposure to Real Estate Sector:

(₹ in crore)

	Particulars	2013-14	2012-13
1)	**Direct exposure**		
	(a) Residential Mortgages -	345.81	67.32
	Out of which Individual housing loans eligible for inclusion in priority sector advances	105.61	33.76
	(b) Commercial Real Estate	1093.71	334.96
	(c) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
	i) Residential Mortgages	-	-
	ii) Commercial Real Estate	-	-
2)	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	116.99	165.27
	Total Exposure to Real Estate Sector	**1556.51**	**567.55**

ii) Exposure to Capital Market:

(₹ in crore)

No	Particulars	2013-14	2012-13
i)	Direct investments made in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	0.10	0.10
ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	0.20	0.46
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	278.03	39.69
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	-	-
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	80.00	100.00
vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii)	Bridge loans to companies against expected equity flows/issues	-	-
viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
ix)	Financing to stockbrokers for margin trading	-	-
x)	All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	11.25	9.95
	Total Exposure to Capital Market	**369.58**	**150.20**

SCHEDULES

forming part of the financial statements for the year ended March 31, 2014

iii) **Risk Category wise Country Exposure:**

Risk Category	Exposure (net) as at March 31, 2014	Provision held as at March 31, 2014	Exposure (net) as at March 31, 2013	Provision held as at March 31, 2013
Insignificant	64.21	-	19.07	-
Low	2.45	-	-	-
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	**66.66**	**-**	**19.07**	**-**

16. Details of Single / Group Borrower limit exceeded by the Bank:

During the year ended March 31, 2014 and March 31, 2013 the Bank has not exceeded the exposure ceiling fixed by RBI to Individual / Group borrowers.

17. Amount of Provisions made for Income-tax during the year:

(₹ in crore)

No	Particulars	2013-14	2012-13
i)	Provision for Income tax / Wealth tax	25.35	41.21
ii)	Provision for deferred tax	14.50	0.40

18. Unsecured Advances against Intangible Collaterals:

(₹ in crore)

Particulars	2013-14	2012-13
Total Advances against intangible securities such as charge over the rights, licenses, authority etc.	NIL	NIL
Estimated Value of intangible collateral such as charge over the rights, licenses, authority etc.	NIL	NIL

19. Penalties imposed by RBI:

Based on a scrutiny conducted by RBI on banks during the financial year as part of a thematic study, a penalty was imposed by RBI on several banks for non-compliance of KYC-AML guidelines. The Bank was charged a penalty of ₹ 50,00,000 on this account. In addition, the Bank has paid ₹ 18,125 as penal interest for default in maintenance of Cash Reserve Ratio on one day, i.e. May 28, 2013, during the fortnight ended May 31, 2013. The Bank has also paid a penalty of ₹ 20,000 imposed by RBI for 'SGL bouncing' on March 13, 2014. There was no penalty levied by RBI during the previous year.

20. Disclosure of Fees / Remuneration Received in respect of Bancassurance Business:

(₹ in crore)

No	Particulars	2013-14	2012-13
i)	Fee / Remuneration from Life Insurance Business	6.49	2.17
ii)	Fee / Remuneration from General Insurance Business	1.24	0.74

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21. Break up of Provisions and Contingencies debited to Profit & Loss Account:

(₹ in crore)

No	Particulars	2013-14	2012-13
i)	Provision made towards NPAs / Write off/ Sacrifice for Restructured Advance / Debt Relief as per RBI guidelines		
	(a) For Advance	30.11	12.14
	(b) For Investments	-	-
	(c) For Lease Assets	-	-
ii)	Provisions towards Standard Advances	14.90	10.01
iii)	Provision for depreciation on investments	1.96	0.32
iv)	Provision for credit card reward points	(1.09)	-
v)	Provision for others	0.30	0.14
vi)	Provisions towards Income tax / Wealth tax	25.35	41.21
vii)	Provision towards deferred tax (net)	14.50	0.40
	Total	**86.03**	**64.22**

22.Drawdown from Reserves:

There has been no draw down from reserves during the year ended March 31, 2014 (for previous year ending March 31, 2013 drawdown from reserves were NIL).

23. Floating Provisions:

The Bank has not made any floating provisions.

24. Market risk in trading book:

Quantitative Disclosure :

(₹ in crore)

No	Particulars	2013-14	2012-13
		Basel III	Basel II
	Capital requirements for:		
(a)	interest rate risk	120.68	134.92
(b)	equity position risk	36.17	26.72
(c)	foreign exchange risk	4.05	2.02

25. Concentration of Deposits, Advances, Exposures and NPAs:

i) Concentration of Deposits:

(₹ in crore)

Particulars	2013-14	2012-13
Total Deposits of twenty largest depositors	2,762.33	2,967.96
Percentage of Deposits of twenty largest depositors to Total Deposits	23.82%	35.58%

ii) Concentration of Advances:

(₹ in crore)

Particulars	2013-14	2012-13
Total Advances to twenty largest borrowers	2,522.22	2,230.76
Percentage of Advances to twenty largest borrowers to Total Advances	15.75%	21.81%

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iii) Concentration of Exposures:

(₹ in crore)

Particulars	2013-14	2012-13
Total Exposure to twenty largest borrowers / customers *	2,628.63	2,259.59
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the bank on borrowers / customers	14.28%	18.98%

* Credit Exposure excludes the exposures which are 100% cash backed

iv) Concentration of NPA's:

(₹ in crore)

Particulars	2013-14	2012-13
Total Exposure to top four NPA Accounts	64.96	16.59

v) Sector wise NPA:

No	Particulars	Gross NPA % to Total Advances to that sector	
		2013-14	2012-13
1.	Agricultural & allied activities	0.19	0.21
2.	Industry (Micro & Small, Medium and Large)	0.48	0.26
3.	Services	1.97	0.72
4.	Personal Loans	2.26	2.50

vi) Movement of NPA:

(₹ in crore)

Particulars	2013-14	2012-13
Gross NPAs as on April 1 (Opening Balance)	25.90	33.11
Additions (Fresh NPAs) during the year	63.99	40.85
Sub-total (A)	**89.89**	**73.96**
Less: i) Up - gradations	1.98	0.00
ii) Recoveries (excluding recoveries made from up-graded accounts)	9.50	30.26
iii) Write - offs	0.66	17.80
Sub-total (B)	**12.14**	**48.06**
Gross NPAs as on March 31 (closing balance) (A - B)	**77.75**	**25.90**

vii) Overseas Assets, NPAs and Revenue:

(₹ in crore)

Particulars	2013-14	2012-13
Total Assets	NIL	NIL
Total NPAs	NIL	NIL
Total Revenue	NIL	NIL

viii) Off- Balance Sheet SPVs sponsored:

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

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forming part of the financial statements for the year ended March 31, 2014

26. Disclosure on Remuneration

Qualitative Disclosure

A) Information relating to the composition and mandate of the Remuneration Committee.

The Bank's Human Resources and Remuneration Committee (HR&RC) comprises of the following directors:

1. Mr. P. Sudhir Rao - Chairman of Committee
2. Mr. S. G. Kutte
3. Mr. Vishwavir Ahuja
4. Mr. Vimal Bhandari
5. Mr. Jairaj Purandare

Majority of the members of the HR&RC are independent directors. Mr. Sudhir Rao and Mr. Vimal Bhandari are also members of the Risk Management Committee of the Board.

Following are the terms of Reference of Human Resources and Remuneration Committee:

- To assist and advise the MD & CEO in planning for senior management build-out of the Bank so as to ensure appropriate leadership is in place for the Bank's transformation strategy.
- To evaluate and approve HR policies of the Bank
- To evaluate and approve various Employee Stock Ownership Schemes that may be required from time to time to ensure that the Bank gets the right talent and is able to retain high performing employees etc.
- To award ESOPs to employees, whether in the form of joining or performance. The Committee may determine the level/grade of employees it desires to review and award.
- To oversee the framing, review and implementation of compensation policy of the bank on behalf of the Board.
- To work in close coordination with Risk Management Committee of the bank, in order to achieve effective alignment between remuneration and risks.
- To ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
- Any other related aspect to the above.

B) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

The remuneration is divided into following components:

Fixed Remuneration:

For employees governed by Indian Banking Association's employment and compensation rules (IBA rules), their remuneration is based on the industry-wide bi-partite wage settlement agreements signed with the employees' unions. These rules provide for basic salary, allowances and certain retirement benefits to the employees which are uniformly applicable for the employees covered under the IBA scale.

For the employees governed by the 'Cost to Company (CTC)' remuneration structure (i.e. Non-IBA scale employees), the CTC represents the total direct and fixed cost incurred by the Bank across all components of compensation including contributions paid by the Bank towards retiral benefits, and loans at concessional interest rates. It consists of Basic Salary, House Rent Allowance, Personal Allowance / Special Allowances, Medical & other Reimbursements, Leave Travel Assistance and Retiral Benefits.

Employee Stock Options:

In order to align the interest of the Bank, the senior management, its shareholders and the employees, there is an effort to create long term ownership and commitment for the senior officers of the Bank. This is also done with a view to recognize and compensate senior officers for intellectual capital, the domain expertise in terms of product and market knowledge and the business relationships that they bring along. Accordingly, the Bank has formulated Employee Stock Option Program.

Further, to reward the performance and recognise the contribution of employees, the Bank has also introduced a Performance Employee Stock Option Program.

The underlying philosophy of Employee Stock Option Plan is to enable the present and future employees to share the value that they help to create for the Bank over a period of time. Joining Employee Stock Options (ESOPs) are granted based on the primacy of the role to the Bank as well as experience, domain knowledge, current ability, future potential and expertise of the candidate. Performance ESOPs are given after periodic

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forming part of the financial statements for the year ended March 31, 2014

evaluation of the employee against individual and overall performance of the Bank during the review period. The Plan has been designed and implemented in such a way that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the Bank. From FY12, the ESOP has been broad based to include long serving employees of the Bank to make them partners in the growth of the Bank.

These stock option programmes are administered by the HR&RC.

Annual Performance Linked Variable Compensation (APLVC):

APLVC is paid as a percentage of CTC as defined in the Compensation Policy of the Bank.

As per the guidelines issued by RBI, APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs.

C) Description of the ways in which current and future risks are taken into account in the remuneration processes.

Key determinant of the total variable pool is the overall performance of the Bank in any given year.

Further, the following principles apply:

i) In order for incentive-based remuneration to work, the variable part of remuneration should be truly and effectively variable and can even be reduced to zero.

ii) Methodologies for adjusting remuneration to risk and performance will be based on the general risk management and corporate governance framework adopted by the Bank.

iii) Risks taken need to be estimated (ex ante), risk outcomes observed (ex post) and both ex ante estimates and ex post outcomes would have a bearing on the payoffs.

iv) Risk adjustments would take into account the nature of the risks involved and the time horizons over which they could emerge. The impact of remuneration adjustments would be linked to actions taken by employees and / or business units, and their impact on the level of risk taken on by the Bank.

v) Both ESOP as well as APLVC provide long term remuneration benefits to employees. The ESOP/ PESOP is equity settled where the employees will receive one equity share per option. The stock options granted to employees vest over a period of three years, generally, in equal proportion each year. Similarly, as per the guidelines issued by RBI, APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. Further, the ESOP/PESOP and APLVC are subject to suitable claw-back and malus clauses to protect the Bank against misconduct, sub-optimal performance or decisions or actions leading to adverse financial consequence to the Bank.

D) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

The Bank has a performance management system in place. The Performance management system has goals on four perspectives namely Financial, Customer, Process and People. Employees are appraised against the goals set at the beginning of the year. Employee performance and competence assessment are both considered for the performance rating. Performance Rating has a direct correlation with the increments and APVLC as well as PESOPs.

E) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

As per the guidelines issued by RBI, APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs/ PESOPs.

Schedule for APLVC vesting and payout is as per pay schedule defined in the Compensation Policy of the Bank.

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Deferred APLVC vests only in the year of payment. Voluntary Cessation of employment by the employee or termination with cause as defined in employment contract will result in forfeiture of the remaining APLVC. APLVC is subject to claw-back and malus clauses.

F) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.

Various forms of variable remuneration used by the Bank are:

APLVC: APLVC provides cash bonus in short to medium term to employees. The bank utilizes APLVC to reward superior performance.

Employee stock option (ESOP) plan: Employee stock option plan is a long term remuneration benefit.

ESOP is equity settled where the employees will receive one equity share per option after vesting. The stock options granted to employees vest over a period of three years, generally, in equal proportion each year. ESOP is used to reward superior performance, aligning employee interests with the Bank, create long term ownership and commitment.

Quantitative Disclosure

(The quantitative disclosure covers Whole Time Directors, Chief Executive Officer and Other Risk Takers)

(₹ in crore)

Sr. No.	Particulars	2013-14	2012-13
1 (i)	Number of meetings held by the Remuneration Committee during the financial year.	6	7
1 (ii)	Remuneration paid to its members during the financial year	0.02	0.03
2 (i)	Number of employees having received a variable remuneration award during the financial year.	67	21
2 (ii)	Number and total amount of sign-on awards made during the financial year.	-	-
2 (iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	-	-
2 (iv)	Details of severance pay, in addition to accrued benefits, if any.	-	-
3 (i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	-	-
3 (ii)	Total amount of deferred remuneration paid out in the financial year.	-	-
4	Breakdown of amount of remuneration awards for the financial:		
	Fixed	26.39	14.63
	Variable	2.29	1.18
	Deferred	-	-
	Non-deferred	2.29	1.18
5 (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	-	-
5 (ii)	Total amount of reductions during the financial year due to ex- post explicit adjustments.	-	-
5 (iii)	Total amount of reductions during the financial year due to ex- post implicit adjustments	-	-

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forming part of the financial statements for the year ended March 31, 2014

27. Description of nature of contingent liabilities is set out below:

i) Claims against the Bank not acknowledged as debts:

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.

ii) Liability for partly paid investments:

These represent contingent liability on account of possible claims for uncalled amount by the issuer of the securities held by the Bank.

iii) Liability on account of forward exchange and interest rate contracts:

The Bank enters into foreign exchange contracts currency options, forward rate agreements, currency swaps with inter-bank participants on its own account and for the customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by the way of interest/principal in one currency against another, based on pre-determined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows.The amount recorded as contingent liability with respect to these contracts represents the underlying notional amounts of these contracts.

iv) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:

As a part of its corporate banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customer of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make the payment in the event of the customer failing to fulfill its financial or performance obligations.

v) Acceptances, endorsements and other obligations:

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

vi) Other contingent items:

These include:

(a) Commitments for settlement date accounting for securities transactions;

(b) Amount of bills rediscounted by the Bank;

(c) Demands raised by income tax and other statutory authorities and disputed by the Bank.

28. Bank has not issued any letter of comforts during the year.

29. Figures for the previous year have been regrouped / rearranged wherever necessary.

As per our report of even date attached
For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E

Viren H. Mehta
Partner
Membership No. 048749

Subhash Kutte
Chairman

Vishwavir Ahuja
Managing Director & CEO

P. Sudhir Rao
Director

Vimal Bhandari
Director

Place : Mumbai
Date : May 19, 2014

Naresh Karia
Chief Financial Officer

Vinay Tripathi
Company Secretary

BASEL III DISCLOSURES

For the year ended March 31, 2014

I. SCOPE OF APPLICATION

The framework of disclosures applies to The Ratnakar Bank Limited (hereinafter referred to as "the Bank"), a scheduled commercial bank, incorporated on August 6, 1943. The Bank does not have any subsidiary nor does it have any interest in any insurance entity.

II. CAPITAL ADEQUACY

Regulatory capital assessment

The Bank is subjected to Capital Adequacy guidelines stipulated by Reserve Bank of India (RBI). In line with RBI guidelines under Basel III, the Bank has adopted Standardized Approach for Credit Risk, Standardized Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk while computing its Capital Adequacy Ratio (CAR).

As per capital adequacy guidelines under Basel III, by March 31, 2019 the Bank is required to maintain a minimum CAR of 9% {11.5% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier I (CET I) CAR of 5.5% {8% including CCB}. These guidelines on Basel III are to be implemented in a phased manner. The minimum CAR required to be maintained by the Bank for the year ended March 31, 2014 is 9% with minimum CET I of 5%.

As on March 31, 2014, total CAR of the Bank stood at 14.64%, well above regulatory minimum requirement of 9%. Tier I CAR of the Bank stood at 14.33% and CET I CAR at 14.33%.

Assessment of adequacy of Capital to support current and future activities

The Bank has a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) which is approved by the Board of Directors (Board). Under ICAAP, the Bank determines adequacy of capital to meet regulatory norms, current and future business needs, including stress scenarios. ICAAP evaluates and documents all risks and substantiates appropriate capital allocation for not only risks identified under Pillar 1 (i.e. Credit, Market and Operational Risk) but for the ones identified under Pillar 2 as well.

ICAAP enables the Bank to ensure the adequacy of capital to take care of the future business growth and various other risks that the Bank is exposed to, so that the minimum capital required is maintained on a continuous basis and also at the times of changing economic conditions / economic recession. The Bank takes into account both quantifiable and non-quantifiable risks while assessing capital requirements. The Bank considers the following risks as material and has considered these while assessing its capital requirements:

- Credit Risk
- Market Risk
- Operational Risk
- Interest Rate Risk in banking Book
- Liquidity Risk
- Credit Concentration Risk
- Business Risk
- Strategic Risk
- Compliance Risk
- Reputation Risk
- Technology Risk

The Bank has also implemented a Board approved Stress Testing framework. This involves the use of various techniques to assess the Bank's vulnerability to plausible but extreme stress events. The stress tests cover assessment of Credit Risk, Market Risk, Operational Risk, Liquidity Risk as well as Interest Rate Risk under assumed 'stress' scenarios. Tolerance limits have also been defined for these stress tests. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in ICAAP. The stress tests are performed at periodic intervals and results are reported to the Board.

As per the Bank's assessment, it believes that its current robust capital adequacy position, adequate headroom available to raise capital, demonstrated track record for raising capital and adequate flexibility in the balance sheet structure and business model, the capital position of the Bank is expected to remain robust.

Capital requirements for various risks

A summary of Bank's capital requirement for credit, market and operational risk along with CAR as on March 31, 2014 is presented below:

SN	Particulars	2013-14
		(₹ in '000s)
(a)	Capital requirements for Credit risk:	
	- Portfolios subject to standardized approach	1,036.47
	- Securitization exposures	-
(b)	Capital requirements for Market risk: Standardized duration approach	
	- Interest rate risk	120.68
	- Foreign exchange risk (including gold)	4.05
	- Equity risk	36.17
(c)	Capital requirements for Operational risk:	
	- Basic indicator approach	57.49
(d)	Capital Adequacy Ratios	
	- Total Capital Adequacy Ratio (%)	14.64 %
	- Tier-1 Capital Adequacy Ratio (%)	14.33 %
	- Common Equity Tier-1 Capital Adequacy Ratio (%)	14.33 %

III. CREDIT RISK: GENERAL DISCLOSURES

Policy and Strategy for Credit Risk Management

Credit Risk is defined as the probability of losses associated with reduction in credit quality of borrowers or counterparties leading to non-payment of dues to the bank. In the Bank's portfolio, losses arise from default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlements, or any other financial transaction.

The Bank has put in place Commercial Credit Policy, Investment Policy, Recovery Policy, Risk Management Policy, Policy on Transfer of Asset through Securitization & Direct Assignment of cash flows, Retail Assets Credit Policy duly approved by the Board whereby credit risk can be identified, quantified and managed within the framework that is considered consistent with the scale, size of business and risk appetite of the Bank. These policies prescribe various methods for credit risk identification, measurement, grading, monitoring, reporting, risk control / mitigation techniques and management of problem loans / credit.

Credit Risk Management is ensured through following initiatives:

- A rigorous control framework from which only authorized departures are permitted;
- Clear, agreed roles and responsibilities;
- Qualified, experienced and well-motivated personnel;
- A predetermined credit risk measurement and monitoring methodology;
- Consistent reporting and relevant MIS;
- A statement of operating principles;
- Robust systems, applications and data warehousing architecture.

Organizational Structure for Credit Risk Management function

The organizational structure of the Bank for Credit Risk Management function has the Board of Directors at the apex level that maintains overall oversight on the management of risks. The Risk Management Committee of Board (RMCB) devises policy and strategy for integrated risk management which includes credit risk. RMCB approves the Bank's credit policies, prudential exposure limits, business segments, credit assessment and approval system, margin and collateral management, credit documentation, credit pricing framework, credit administration and monitoring system, non-performing assets management policy, credit risk management system and exception management.

At operational level, Management Credit Committee (MCC) is responsible for operationalizing the credit policy and implementing credit framework. An Executive Credit Committee (ECC), sub-level committee of MCC has also been constituted which is responsible for approval of deviations as per authority matrix. The ECC has no financial powers.

The roles and responsibilities of the key functions involved in credit risk management are as detailed below:

- Credit Risk Department (CRD) – The CRD has an independent reporting to Chief Risk Officer (CRO) of the Bank and has credit recommendation and approval authorities at different levels. The CRD takes decisions on all applications in accordance with policies applicable to the specific proposal / product / scheme. To ensure complete independence, and to avoid any conflict of interest, the CRD is not assigned any business targets.
- Credit Administration Department (CAD) – The CAD at Corporate / Regional level acts as the third eye after business and CRD to ensure compliance with the Bank's policies and prudent lending requirements.
- Recoveries and Collections – The Recovery Department monitors NPA's and manages restructuring of advances after

examining viability of the unit, follows up for recoveries very closely and provides guidance to the Relationship Manager (RM's) / Branch Managers responsible for collections and actively participates in the recovery effort where warranted.

- Portfolio Risk – The primary responsibility of Portfolio Risk include overall portfolio analysis and reporting the same to Board, review of internal rating system, monitoring prudential limits and loan reviews.

Credit risk measurement, mitigation, monitoring & reporting systems

Credit Origination and Appraisal System

There are separate Credit Origination and Appraisal Processes for Wholesale and Retail segments. Within the Wholesale segment, Bank has adopted underwriting standards for different client segments that is based, inter alia, on internal risk ratings, availability of security and other risk parameters. The credit sanctions are provided by experienced credit professionals and / or credit committees with delegated approval authorities as per Bank's Board approved credit policy, basis detailed appraisal memorandum that takes into account business and financial risks of the proposal. The Retail segment, on the other hand, relies largely on standardized product programs for credit risk assessment and approvals.

Credit Rating Framework

The Bank has put in place an internal rating system for Wholesale segment. The rating system uses various models, depending upon size of company as well as specialized models for Non-Banking Finance Companies (NBFC), Micro Finance Institutions (MFI) and Traders. The internal rating system is a step towards migration to Advanced Approach for Credit Risk as per Basel III.

The rating system is based on a two dimensional rating framework, Borrower Rating and Facility Rating. The Borrower Rating is determined first, which is based on assessment of Industry Risk, Business Risk, Management Risk and Financial Risk along with Project Risk / Conduct of Account (if applicable). This is calibrated to the Probability of Default (PD). The Facility Rating is based on Borrower Rating, and takes into account security structure, therefore is a combination of PD and LGD (Loss Given Default).

Besides, the Bank continues to endeavor to have all facilities above ₹ 5 crore, to have external ratings.

Credit Documentation

The objective of credit documentation is to clearly establish the debt obligation of borrower to the Bank. In most cases, standardized set of documents are used as applicable, depending upon the type of credit facilities and the borrower entity. In cases of credit facilities for structured finance / customized credit facilities for which standard documents have not been prescribed of are not appropriate, the documentation would be done on case to case basis in consultation with the Legal department / outside lawyers.

Delegation of powers

The Bank has adopted 'Four Eyes' principle for credit approval. The principle dictates that generally at least two people must create, examine and approve a credit proposal. Most of the loan proposals require Joint Signature Approvals (JSA). This helps to avoid credit approval based on judgment of one functionary alone, ensures compliance and reduces risk from errors & prejudices. The Bank has also adopted Committee Approach for sanctioning high value credit proposals. Board Credit Committee (BCC), Management Credit Committee (MCC) approves credit proposals as per authority matrix.

Post Sanction Monitoring

The Bank has evolved a process to ensure end-use of funds is for the purpose for which credit limits are sanctioned. Further, it is ensured that the security obtained from borrowers by way of hypothecation, pledge, etc. are not tampered with in any manner and are adequate.

Early Warning System (EWS)

The Bank follows EWS for early identification of problem loans. EWS works on the basis of various pre-defined symptoms. Such accounts are closely monitored by Relationship Managers (RMs), CRD, Special Mention Assets (SMA) Group and CAD.

Out of these, accounts which exhibit high degree of stress are classified as "Watch List" accounts. Remedial action plans for these accounts are developed. Such accounts are monitored very closely by Senior Management as well as Board.

Review / Renewal of Loans

After a credit facility is sanctioned and disbursed, follow-up and reviews are conducted at periodic intervals. All funded and non-funded facilities granted to a customer are reviewed at least once a year or at more frequent intervals, as warranted. In addition, mid-term reviews are stipulated for Watch-Listed/ provisioned accounts.

Credit Pricing

Pricing of loans / advances / cash credit / overdraft or any other financial accommodation granted / provided / renewed or discounted usance bills is in accordance with the directives on interest rates on advances issued by RBI as well as internal policies of the bank. The Bank has also adopted Risk Based Pricing for different categories of customers.

Credit Portfolio Analysis

Credit portfolio analysis is carried out at periodic intervals to review entire credit portfolio of the Bank to monitor growth, distribution, concentration, quality, compliance with RBI guidelines & policies of the Bank, accounts under Watch-List category etc. The same is monitored / reviewed by Board / RMCB.

Loan Review Mechanism (LRM) and Credit Audit

The Bank has implemented LRM and Credit Audit framework in line with RBI guidelines. The primary objective includes monitoring effectiveness of loan administration, compliance with internal policies of Bank and regulatory framework, monitor portfolio quality, concentrations, post sanction follow-ups and appraising top management with information pertaining to the audit finding for further corrective actions.

Non-performing Assets (NPA)

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the Bank.

A non-performing asset (NPA) is a loan or an advance where:

i) Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan. Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

ii) The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted;

iii) Installment of principal or interest thereon remains overdue for two crop seasons for short duration crops, and one crop season for long duration crops;

iv) The account remains 'out of order' in respect of an Overdraft/ Cash Credit (OD/CC). An account is treated as 'out of order' if:

   (a) the outstanding balance remains continuously in excess of the sanctioned limit / drawing power for more than 90 days; or

   (b) where outstanding balance in principal operating account is less than sanctioned limit / drawing power, but there are no credits continuously for 90 days as on the date of balance sheet or credits are not enough to cover interest debited during the same period;

v) The regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date / date of ad-hoc sanction;

vi) Drawings have been permitted in working capital account for a continuous period of 90 days based on drawing power computed on the basis of stock statements that are more than 3 months old, even though the unit may be working or the borrower's financial position is satisfactory;

vii) Bank Guarantees/ Letters of Credits devolved on the Bank which are not reimbursed by the customer within 90 days from the date of payment;

viii) A loan for an infrastructure / non-infrastructure project will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), unless it is restructured and becomes eligible for classification as 'standard asset';

ix) A loan for an infrastructure (/ non-infrastructure) project will be classified as NPA if it fails to commence commercial operations within 2 years (/ 6 months) from original date of commencement of commercial operations, even if it is regular as per record of recovery, unless it is restructured and becomes eligible for classification as 'standard asset'.

x) The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of RBI guidelines on securitization;

xi) In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

Non- performing Investments (NPI)

NPI is one where:

i) Interest / installment (including maturity proceeds) is due and remains unpaid for more than 90 days;

ii) The fixed dividend is not paid in case of preference shares;

iii) In case of equity shares, in the event investment in shares of any company is valued at Re.1 per company on account of non-availability of latest balance sheet in accordance with RBI instructions;

iv) If any credit facility availed by the issuer is NPA in the books of the bank, investment in any of the securities issued by the same issuer would be treated as NPI and vice versa;

v) The investments in debentures / bonds which are deemed to be in the nature of advance would also be subjected to NPI norms as applicable to investments.

Quantitative Disclosures

(a) Total gross credit risk exposures*, Fund based and Non-fund based separately:**

(₹ in crore)

Category	2013-14
Fund Based	**14,293.53**
Gross Advances	10,174.78
Investment in Banking book	2,273.70
All other Assets	1,845.05
Non-Fund Based	**2,810.94**
Total	**17,104.47**

* Represents book value as on March 31 including bill re-discounted.

** Guarantees given on behalf of constituents, Acceptances, Endorsements & other Obligations, Liability on account of outstanding forward exchange contracts (credit equivalent amount).

(b) Geographic distribution of exposure*, Fund based & Non- fund based separately**

(₹ in crore)

Category	2013-14		
	Domestic	**Overseas**	**Total**
Fund Based	14,235.92	57.61	14,293.53
Non-Fund Based	2,801.88	9.06	2,810.94
Total	**17,037.80**	**66.67**	**17,104.47**

* Represents book value as on March 31 including bills re-discounted;

** Guarantees given on behalf of constituents, Acceptances, Endorsements & other Obligations, Liability on account of outstanding forward exchange contracts (credit equivalent amount).

(a) Industry type distribution of exposures*- Funded & Non-funded**

(₹ in crore)

Industry Code	Industry Name	2013-14	
		Fund Based	Non Fund Based
1	A. Mining and Quarrying (A.1 + A.2)	19.90	-
11	A.1 Coal	19.90	-
12	A.2 Others	-	-
2	B. Food Processing (Sum of B.1 to B.5)	929.84	321.81
21	B.1 Sugar	214.97	7.39
22	B.2 Edible Oils and Vanaspati	201.78	287.19
23	B.3 Tea	-	-
24	B.4 Coffee	196.33	-
25	B.5 Others	316.76	27.23
3	C. Beverages (excluding Tea & Coffee) and Tobacco (Sum of C.1 & C.2)	110.09	4.00
31	C.1 Tobacco and tobacco products	-	-
32	C.2 Others	110.09	4.00
4	D. Textiles (Sum of D.1 to D.6)	316.30	15.12
41	D.1 Cotton	230.86	5.40
42	D.2 Jute	-	-
43	D.3 Handicraft/ Khadi (Non Priority)	-	-
44	D.4 Silk	-	-
45	D.5 Woolen	-	-
46	D.6 Others	85.44	9.72
47	Out of D (i.e. Total Textiles) to Spinning Mills	-	-
5	E. Leather and Leather Products	-	-
6	F. Wood and Wood products	13.03	0.22
7	G. Paper and Paper Products	91.64	3.11
8	H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	21.87	33.32
9	I. Chemicals and Chemical Products (Dyes, Paints etc.) Sum of I.1 to I.4)	520.79	116.18
91	I.1 Fertilizers	24.62	66.78
92	I.2 Drugs and Pharmaceuticals	294.78	23.07
93	I.3 Petro-chemicals (excluding under Infrastructure)	59.84	20.49
94	I.4 Others	141.55	5.84
10	J. Rubber, Plastic and their products	65.70	6.64
11	K. Glass & Glassware	-	0.09
12	L. Cement and Cement Products	109.41	10.75
13	M. Basic Metal and Metal Products (M.1 & M.2)	382.71	33.76
131	M.1 Iron and Steel	159.87	21.22
132	M.2 Other Metal and Metal Products	222.84	12.54
14	N. All Engineering (N.1 & N.2)	203.57	48.99
141	N.1 Electronics	7.94	0.17
142	N.2 Others	195.63	48.82
15	O. Vehicles, Vehicle Parts and Transport Equipments	70.95	0.06
16	P. Gems and Jewellery	59.31	4.50

(₹ in crore)

Industry Code	Industry Name	2013-14	
		Fund Based	Non Fund Based
17	Q. Construction	513.37	72.25
18	R. Infrastructure (Sum R.1 to R.4)	638.87	369.67
181	R.1 Transport(Sum of R.1.1 to R.1.5)	75.00	70.10
1811	R.1.1. Railways	-	-
1812	R.1.2 Roadways	75.00	-
1813	R.1.3 Airport	-	-
1814	R.1.4 Waterways	-	-
1815	R.1.5 Ports	-	70.10
182	R.2 Energy (Sum of R.2.1 to R.2.5)	440.47	56.36
1821	R.2.1 Electricity (generation-transportation and distribution)	440.47	56.36
18211	R.2.1.1 State Electricity Boards	-	-
18212	R.2.1.2 Others	-	-
18213	R.2.3 Power Generation	46.79	-
18214	R.2.4 Power transmission / Distribution	216.55	-
18215	R.2.5 Power –Non-Conventional Energy	177.13	56.36
1822	R.2.2 Oil (storage and pipeline)	-	-
1823	R.2.3 Gas/LNG (Storage and pipeline)	-	-
1824	R.2.4 Others	-	-
183	R.3 Telecommunication	-	216.51
184	R.4 Others	123.40	26.70
1841	R.4.1 Water sanitation	-	0.65
1842	R.4.2 Social & Commercial Infrastructure	-	4.75
1843	R.4.3 Others	123.40	21.30
19	S. NBFC	1,728.61	0.11
20	T. Traders	665.38	345.38
21	U. Other Services	1,532.48	188.42
22	V. Other Industries	1,048.96	92.04
23	All Industries (Sum of A to V)	9,042.77	1,666.94
24	Residuary Other Advances (to tally with book value) [a+b+c]	3,007.65	1,144.00
241	a. Education Loan	1.37	-
242	b. Aviation Sector	74.91	-
243	c. Other Residuary Advances	2,931.37	1,144.00
Less	Bills Re-discounted	-292.48	-
25	**Total**	**11,757.94**	**2,810.94**

As on March 31, the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure:

(₹ in crore)

Sr. No.	Industry classification	Percentage of the total gross credit exposure as on 31-03-2014
1.	NBFC	11.87%
2.	Food Processing	8.59%
3.	Traders	6.94%
4.	Infrastructure	6.92%

* Represents book value as on March 31, gross advances and investments through credit substitutes;

** Guarantees given on behalf of constituents, Acceptances, Endorsements & other Obligations and Liability on account of outstanding forward exchange contracts (credit equivalent amount).

(b) Residual contractual maturity breakdown of assets

As on 31-03-2014

(₹ in crore)

Maturity bucket	Cash, balances with RBI and other banks	Investments	Advances	Other assets including fixed assets
1 day	277.22	150.00	280.65	-
2 to 7 days	21.48	5.68	134.46	20.59
8 to 14 days	44.19	-	115.21	16.19
15 to 28 days	165.67	8.01	289.83	-
29 days to 3 months	179.79	1,715.25	146.43	28.01
3 to 6 months	104.94	508.70	245.53	20.57
6 to 12 months	182.60	285.07	2,349.00	99.93
1 to 3 years	207.14	829.39	3,162.39	166.42
3 to 5 years	6.90	740.48	1,976.76	19.89
Over 5 years	2.32	2,275.47	1,134.79	281.19
Total	**1,192.25**	**6,518.04**	**9,835.05**	**652.79**

(c) Non-Performing Assets (NPA) –

(₹ in crore)

Sr. No.	Particulars	2013-14
(a)	Amount of NPAs (Gross)	77.75
	- Substandard	43.84
	- Doubtful 1	1.51
	- Doubtful 2	15.56
	- Doubtful 3	1.56
	- Loss	15.28
(b)	Net NPAs	30.50
(c)	NPA ratios	
	- Gross NPAs to gross advances	0.79%
	- Net NPAs to Net advances	0.31%
(d)	Movement of NPAs (Gross)	
	- Opening balance as on 01.04.2013	25.90
	- Additions	63.99

(₹ in crore)

Sr. No.	Particulars	2013-14
	- Reductions	12.14
	- Closing balance as on 31.03.2014	77.75
(e)	Movement of provisions for NPAs	
	- Opening balance as on 01.04.2013	19.02
	- Provisions made during the period	33.05
	- Write-off / Write-back of excess provisions during the year	4.82
	- Closing balance as on 31.03.2014	47.25

(d) NPI and movement of provision for depreciation of NPIs –

(₹ in crore)

Sr. No.	Particulars	2013-14
(a)	Amount of Non- Performing Investments	-
(b)	Amount of provisions held for Non-Performing Investments	-
(c)	Movement of provisions for Non-Performing & depreciation on investments	
	- Opening balance as on 01.04.2013	0.21
	- Provisions made during the period	92.02
	- Write-off	-
	- Write-back of excess provisions	90.05
	- Closing balance as on 31.03.2014	2.18

IV. CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

Ratings used under Standardized Approach:

As stipulated by RBI, the Bank makes use of ratings assigned to domestic counterparties by following Eligible Credit Assessment Institutions (ECAI's) namely:

- CRISIL Limited;
- CARE Limited
- India Ratings & Research Private Limited (earlier known as Fitch India);
- ICRA Limited;
- Brickwork Ratings India Pvt. Ltd (Brickwork);
- SMERA.

The Bank reckons external ratings for risk weighting purposes, if the external rating assessment complies with the guidelines stipulated by RBI.

Types of exposures for which each agency is used:

The Bank has used the solicited ratings assigned by the above approved credit rating agencies for all eligible exposures, both on balance sheet and off balance sheet, whether short term or long term, as prescribed in the RBI guidelines.

Process used for application of issue ratings to comparable assets in banking book:

Key aspects of the Bank's external ratings application framework are as follows:

1. The Bank uses only those ratings that have been solicited by the counterparty;
2. Where the facility provided by the Bank possesses rating assigned by approved ECAI, the risk weight of the claim is based on this rating;
3. The Bank also reckons external rating at the borrower (issuer) level as follows:
   (a) Where the Bank invests in a particular issue that has an issue specific rating, the risk weight of the claim is based on this assessment;
   (b) When a borrower is assigned a rating that maps to a risk weight of 150%, then this rating is applied on all unrated facilities of the borrower;
   (c) Unrated short term claim on counterparty is assigned a risk weight of at least one level higher than the risk weight applicable to the rated short term claim on that counterparty.

Quantitative Disclosures

For exposure amounts after risk mitigation subject to the standardized approach, amount of Bank's exposure (rated and unrated) in the following three major risk buckets as well as those that are deducted:

(₹ in crore)

Particulars	2013-14
- Below 100% risk weight	7,624.73
- 100% risk weight	8,250.43
- More than 100% risk weight	1,274.83
- Deducted	-

V. CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACHES

Policies and processes

The Bank has in place Commercial Credit Policy, Retail Assets Credit Policy duly approved by the Board. The policies lay down the types of securities normally accepted by the Bank for lending, and administration / monitoring of such securities in order to safeguard / protect the interest of the Bank so as to minimize the risk associated with it.

Credit Risk Mitigation

In line with RBI guidelines, the Bank uses comprehensive approach for credit risk mitigation. Under this approach, the Bank reduces its credit exposure to the counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified.

Main types of collateral taken by Bank

Bank uses various collaterals financial as well as non-financial, guarantees and credit insurance as credit risk mitigants. The main collaterals include bank deposits, National Saving Certificate (NSC) / Kisan Vikas Patra (KVP) / Life Insurance Policies, plant and machinery, Book debts, residential and commercial mortgages, vehicles and other movable properties. All collaterals are not recognized as credit risk mitigants under the standardized approach. The following are the eligible financial collaterals which are considered under standardized approach.

- Fixed Deposit receipts issued by the Bank;
- Securities issued by Central and State Governments;
- KVP and NSC provided no lock-in period is operational and that can be encashed within the holding period;
- Life Insurance Policies with declared surrender value, issued by an insurance company regulated by the insurance sector regulator;
- Gold, include bullion and jewellery after notionally converting to 99.99% purity.

Main type of guarantor counterparties

Wherever required the Bank obtains personal or corporate guarantee as an additional comfort for mitigation of credit risk which can be translated into a direct claim on the guarantor which is unconditional and irrevocable. The creditworthiness of the guarantor is normally not linked to or affected by the borrower's financial position.

Concentration Risk in Credit Risk Mitigants

The credit risk mitigation taken is largely in the form of cash deposit with the Bank and thus the concentration risk (credit and market) of the mitigants is low.

Quantitative Disclosures

(₹ in crore)

Sr. No.	Particulars	2013-14
1.	Total Exposure (on and off balance sheet) covered by eligible financial collateral after application of haircuts	511.30
2.	Total Exposure (on and off balance sheet) covered by guarantees / credit derivatives	208.51

VI. SECURITISATION EXPOSURES: DISCLOSURE FOR STANDARDISED APPROACH

In respect of securitization transactions, the Bank's role is limited as an investor. The outstanding value of securitized exposure as on March 31, 2014 was ₹ 308.00 crore.

Quantitative Disclosures

Banking Book

(₹ in crore)

Sr. No.	Particulars	2013-14
1.	Total amount of exposures securitized by the Bank	NIL
2.	For exposures securitized, losses recognized by the Bank during the current period	NIL
3.	Amount of assets intended to be securitized within a year	NIL
4.	Of (3), amount of assets originated within a year before securitization	NIL
5.	Total amount of exposures securitized and unrecognized gain or losses on sale by exposure type	NIL
6.	Aggregate amount of:	
	- On balance sheet securitization exposures retained or purchased broken down by exposure type	NIL
	- Off balance sheet securitization exposures	NIL

(₹ in crore)

Sr. No.	Particulars	2013-14
7.	Aggregate amount of:	
	- Securitization exposures retained or purchased and the associated capital charges, broken down between exposures & different risk weight bands.	NIL
8.	Exposures that have been deducted entirely from Tier I capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type)	NIL

Trading Book

(₹ in crore)

Sr. No.	Particulars	2013-14
1.	Aggregate amount of exposures securitized by the Bank for which the Bank has retained some exposures and which is subject to market risk approach, by exposure type	NIL
2.	Aggregate amount of:	
	- On balance sheet securitization exposures retained or purchased broken down by exposure type	Securities (PTC) purchased with book value ₹ 268.75 Cr., backed by pool of micro-finance loans and investment in security receipts with book value ₹ 39.25 Cr.
	- Off balance sheet securitization exposures	NIL
3.	Aggregate amount of securitization exposures retained or purchased separately for:	
	- Securitization exposures retained or purchased subject to Comprehensive Risk Measure for Specific Risk	₹ 308.00 crore
	- Securitization exposures subject to the securitization framework for specific risk broken down into different risk weight bands	(₹ in crore) **Risk Weight** / **Exposure** Below 100%: 35.95 100%: 232.80 More than 100%: 39.25
4.	Aggregate amount of:	
	- Capital requirements for securitization exposures, subject to the securitization framework broken down into different risk weight bands	(₹ in crore) **Risk Weight** / **Capital Required** Below 100%: 1.62 100%: 20.85 More than 100%: 5.30
	- Securitization exposures that are deducted entirely from Tier I capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type)	NIL

VII. MARKET RISK IN TRADING BOOK

Policy and Strategy for Market Risk Management

Bank defines Market Risk as the risk of losses in trading book due to movements in market variables such as interest rates, credit spreads, foreign exchange rates, commodity prices, equity prices etc. Bank's exposure to market risk arises from investment in trading book (AFS & HFT category), the foreign exchange positions, and other derivative positions. Under market risk management, liquidity risk, interest rate risk, equity price risk and foreign exchange risk are monitored and managed.

Market Risk is managed in accordance to the Board approved Investment Policy, Market Risk Management Policy, Asset Liability Management (ALM) Policy, Foreign Exchange Policy, Derivatives Policy. The policies lay down well-defined organization structure for market risk management functions and processes whereby the market risks carried by the Bank are identified, measured, monitored and controlled within the stipulated risk appetite of the Bank.

Organization Structure for Market Risk Management function

The organizational structure of Market Risk Management function has the Board of Directors at the apex level that maintains overall oversight on management of risks. The Risk Management Committee of Board (RMCB) devises policy and strategy for integrated risk management which includes market risk. At operational level, Asset Liability Management Committee (ALCO) monitors management of market risk. The main functions of ALCO also include balance sheet planning from a risk return perspective including the strategic management of interest rate risk and liquidity risk.

The Market Risk Management process includes the following key participants:

- The Market Risk Management Group, which is an independent function, reports to Chief Risk Officer (CRO). This group is responsible for developing the policy framework for Market Risk management and day to day oversight over the Market Risk exposures of the Bank.
- The Treasury Mid Office is responsible for monitoring all Market Risk exposures in line with the policies of the bank and escalating excesses/ violations etc. in a timely manner so that corrective action can be initiated.
- Treasury Investment Committee oversees and reviews investments in Government Securities, bonds and debentures, equity investments, and investments in other approved securities and instruments.

Risk Reporting, Measurement, Mitigation and Monitoring Systems

The Market Risk Management framework ensures that there are sufficient processes and controls in place to ensure all market risk exposures are monitored and are within the risk appetite set by the Bank's Board.

Reporting and measurement systems

The Bank has defined various risk metrics for different products and investments. Risk limits are control measures which seek to limit risk within or across the desks. The objective of a limit is to ensure that the negative earnings impact of price risks are within the risk taking appetite of the Bank. The nature of limits includes position limits, gap limits, tenor & duration limits, stop-loss trigger level, Value at Risk (VaR) limits. These limits are appropriately selected for the relevant portfolios. The risk limits are monitored across different levels of the Bank on an ongoing basis.

Liquidity Risk Management

Liquidity Risk is managed in the following manner:

- Asset Liability Management (ALM) Policy of the Bank specifically deals with liquidity and interest rate risk management.
- As envisaged in the ALM policy, liquidity risk is managed through Traditional Gap Analysis based on the residual maturity / behavioral pattern of assets and liabilities as prescribed by RBI.
- Monitoring of prudential (tolerance) limits set for different residual maturity time buckets, large deposits, loans, various liquidity ratios for efficient asset liability management;
- The Bank has also put in place mechanism of short term dynamic liquidity and contingency plan for liquidity risk management;
- Contingency Funding Plan (CFP), approved by the Board sets process to take care of crisis situation in the event of liquidity crunch or a run on the Bank. A comprehensive set of Early Warning Indicators has been designed to forewarn of impending liquidity stress. Crisis Management Team (CMT)

would be constituted to provide direction of follow up action on handling the crisis situation.

Assessment of Illiquidity

The Bank has established procedures for calculating an adjustment to the current valuation of less liquid (i.e. illiquid) positions for regulatory capital purposes. The adjustment to the current valuation of illiquid positions is deducted from Common Equity Tier I (CET I) capital while computing CAR of the Bank.

Portfolios covered by Standardized Approach

The Bank has adopted Standardized Duration Approach (SDA) as prescribed by RBI for computation of capital charge for market risk for:

- Securities included under the Held for Trading (HFT) category,
- Securities included under the Available for Sale (AFS) category,
- Open foreign exchange position limits, and
- Trading positions in derivatives.

Capital requirement for:

(₹ in crore)

Particulars	2013-14
Interest Rate Risk	120.68
Equity Position Risk	36.17
Foreign Exchange Risk	4.05

VIII. OPERATIONAL RISK

Policy and Strategy for Operational Risk Management

Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk. The Bank faces Operational Risk due to its exposure to potential errors, frauds, or unforeseen catastrophes resulting in unexpected losses in the course of business activities.

The Operational Risk Management process of the Bank is driven by a strong organizational culture and sound operating procedures, involving corporate values, attitudes, competencies, internal control culture, effective internal reporting and contingency planning.

Operational Risk Management Governance Structure

The Bank has an Operational Risk Management framework. The Board of Directors of the Bank defines the risk appetite, sets the risk management strategies and approves the operational risk policies of the Bank. The Bank's risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring of portfolio by Risk Management Committee of Board (RMCB).

For the effective management of Operational Risk, the Bank has constituted the Operational Risk Management Committee (ORMC) consisting of senior management personnel. The ORMC which supports the Risk Management Committee of Board (RMCB) is responsible for implementing the Operational Risk Management Policy and adopting the best practices. The main functions of ORMC are to monitor and ensure appropriateness of operational risk management and recommend suitable control measures for mitigating the same.

Additionally, with a view to ensure sound practices in respect of governance of the overall Operational risk, the Bank has outlined policies and processes in respect of Information Security; Outsourcing; Business Continuity Planning & IT Disaster Recovery; Records Management, Fraud Control and Customer Service.

Risk Reporting, Measurement, Mitigation and Monitoring Systems

The following are some of the key techniques applied by Bank and / or group companies to manage operational risks:

- The Bank has built into its operational process segregation of duties, clear reporting structures, well defined processes, operating manuals, staff training, verification of high value transactions and strong audit trails to control and mitigate operational risks.
- New Product and activity notes prepared by business units are reviewed by all concerned departments including compliance, risk management and legal and approved through Product approval committee. The Operational risk team performs risk analysis and root cause analyses on operational risk events, reported by business units, to identify inherent areas of risk and suggest suitable risk mitigating actions which are monitored for resolution. This function is also responsible for ensuring the communication of operational risk events and loss experience to the senior management.
- The Technology Committee provides direction for mitigating the operational risk in IT security.

- Disaster recovery and Business Continuity Plans (BCP) have been established for significant businesses to ensure continuity of operations and minimal disruption to customer services. These plans are tested and reviewed to ensure their effectiveness to mitigate unforeseen risks arising out of disruptions.
- Risk transfer via insurance is a key strategy to mitigate operational risk exposure at the Bank.
- Internal Audit is part of the ongoing monitoring of the bank's system of internal controls. Internal audit provides an independent assessment of the adequacy of, and compliance with, the bank's established policies and procedures.

Approach for Operational Risk capital assessment

In accordance with RBI guidelines, the Bank has adopted Basic Indicator Approach (BIA) for computation of capital charge for operational risk.

IX. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Policy and Strategy for Interest Rate Risk Management

Interest rate risk in banking book represents the Bank's exposure to adverse movements in interest rates with regard to its non-trading exposures. Interest rate risk is measured by doing a gap analysis as well as factor sensitivity analysis. Bank holds assets, liabilities with different maturity and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates in such markets.

Interest Rate Risk is managed in accordance to the Board approved Asset Liability Management (ALM) Policy, Investment Policy. The policies lay down well-defined organization structure for interest rate risk management functions and processes whereby the interest rate risks carried by the Bank are identified, measured, monitored and controlled.

Organization Structure for Interest Rate Risk Management function

The organizational structure of the Bank for Interest Rate Risk Management function has the Board of Directors at the apex level that maintains overall oversight of management of risks. The Risk Management Committee of Board (RMCB) devises policy and strategy for integrated risk management which includes interest rate risk. At operational level, Asset Liability Management Committee (ALCO) monitors management of interest rate risk. The main functions of ALCO include balance sheet planning from a risk return perspective including the strategic management of interest rates and liquidity risks.

Risk Reporting, Measurement, Mitigation & Monitoring systems

- Interest rate risk is managed using Gap Analysis of Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) and monitoring of prudential (tolerance) limits prescribed.
- Earnings perspective - Based on the gap report, Earnings at Risk (EaR) approximates the impact of an interest rate/ re-pricing shock for a given change in interest rate on the net interest income (difference between total interest income and total interest expense) over a one year horizon.
- Economic value perspective - As against the earnings approach, interest rate risk is monitored based on the present value of the Bank's expected cash flows. A modified duration approach is used to ascertain the impact on interest sensitive assets, liabilities and off-balance sheet positions for a given change in interest rates on Market Value of Equity (MVE).
- Monitoring – The Bank employs EaR and MVE measures to assess the sensitivity to interest rate movements on entire balance sheet. EaR and MVE thresholds have been prescribed and the results are monitored on an ongoing basis.

The findings of the risk measures for IRRBB are reviewed by Board at quarterly intervals.

Nature of IRRBB and Key assumptions

- Interest rate risk is measured by using Earnings Perspective and Economic Value Perspective method.
- The distribution into rate sensitive assets and liabilities under Interest Rate Sensitivity Statement, Coupons, Yields are as prescribed in ALM policy of the Bank.
- Non-maturity deposits (current and savings) are classified into appropriate buckets according to the study of behavioral pattern. In case of these deposits, volatile portion is classified into '1-28 Days' time bucket and remaining core portion into '1-3 years' time bucket.

Quantitative Disclosures

Increase (decline) in earnings and economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB.

Earnings Perspective

(₹ in crore)

Interest rate shock	2013-14
1% change in interest rate for 1 year	20.38

Economic Value Perspective

(₹ in crore)

Interest rate shock	2013-14
200 basis point shock	95.37

X. GENERAL DISCLOSURE FOR EXPOSURES RELATED TO COUNTERPARTY CREDIT RISK

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value for the Bank at the time of default. Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement of underlying market factors.

The Bank's Derivative transactions are governed by the Bank's Derivative Policy, Commercial Credit Policy, Market Risk Policy, Country Risk Framework & Inter-Bank Limit Policy and Customer Suitability and Appropriateness Policy as well as by the extant RBI guidelines.

Various risk limits are set up for taking into account market volatility, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, Value at Risk (VaR), Stop Loss and Stress Scenario Limits. All exposures are monitored against these limits on a daily basis and breaches, if any, are reported promptly.

The Bank measures counterparty risk using current exposure method. Counterparty limits are approved as per the Bank's Credit Policies. The sanction terms may include the requirement to post upfront collateral, or post collateral should the mark to market (MTM) exceed a specified threshold; on a case to case basis. The Bank retains the right to terminate transactions as a risk mitigation measure, in case the client does not adhere to the agreed terms.

All counterparty exposures are monitored against these limits on a daily basis and breaches, if any, are reported promptly.

Exposure on account of Counterparty Credit Risk

(₹ in crore)

Particulars	Notional Amounts	Exposure (Current + Potential future)
Foreign Exchange Contracts	5,413.14	232.78
Interest rate derivative contracts	3,074.76	47.60
Currency options	925.67	9.15
Total	**9,413.57**	**289.53**

XI. COMPOSITION OF CAPITAL

(₹ in crore)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No.
	Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	1,735.85		
2	Retained earnings	1.28		
3	Accumulated other comprehensive income (and other reserves)	275.40		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-		
	Public sector capital injections grandfathered until January 1, 2018	NA		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		
6	**Common Equity Tier 1 capital before regulatory adjustments**	2,012.53		
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	13.65		
8	Goodwill (net of related tax liability)	-		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	0.89		
10	Deferred tax assets	-		
11	Cash-flow hedge reserve	-		
12	Shortfall of provisions to expected losses	-		
13	Securitisation gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined-benefit pension fund net assets	-		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-		
17	Reciprocal cross-holdings in common equity	-		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		
20	Mortgage servicing rights (amount above 10% threshold)	-		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-		
22	Amount exceeding the 15% threshold	-		
23	of which: significant investments in the common stock of financial entities	-		
24	of which: mortgage servicing rights	-		
25	of which: deferred tax assets arising from temporary differences	-		
26	National specific regulatory adjustments (26a+26b+26c+26d)	-		

(₹ in crore)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No.
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	-		
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	-		
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-		
26d	of which: Unamortised pension funds expenditures	-		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		
28	**Total regulatory adjustments to Common equity Tier 1**	14.54		
29	**Common Equity Tier 1 capital (CET1)**	1,997.99		
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	of which: instruments issued by subsidiaries subject to phase out	-		
36	**Additional Tier 1 capital before regulatory adjustments**	-		
	Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
41	National specific regulatory adjustments (41a+41b)	-		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		

(₹ in crore)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No.
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		
43	**Total regulatory adjustments to Additional Tier 1 capital**	-		
44	**Additional Tier 1 capital (AT1)**	-		
44a	**Additional Tier 1 capital reckoned for capital adequacy**	-		
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)**	1,997.99		
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-		
47	Directly issued capital instruments subject to phase out from Tier 2	-		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		
49	of which: instruments issued by subsidiaries subject to phase out	-		
50	Provisions	42.91		
51	**Tier 2 capital before regulatory adjustments**	42.91		
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 instruments	-		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		
55	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
56	National specific regulatory adjustments (56a+56b)	-		
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	-		
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-		
57	**Total regulatory adjustments to Tier 2 capital**	-		
58	**Tier 2 capital (T2)**	42.91		
58a	**Tier 2 capital reckoned for capital adequacy**	42.91		
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	-		
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	42.91		
59	**Total capital (TC = T1 + T2) (45 + 58c)**	2,040.90		
60	**Total risk weighted assets (60a + 60b + 60c)**	13,942.97		
60a	**of which: total credit risk weighted assets**	11,516.31		
60b	**of which: total market risk weighted assets**	1,787.86		
60c	**of which: total operational risk weighted assets**	638.80		
	Capital ratios			
61	**Common Equity Tier 1 (as a percentage of risk weighted assets)**	14.33%		
62	**Tier 1 (as a percentage of risk weighted assets)**	14.33%		
63	**Total capital (as a percentage of risk weighted assets)**	14.64%		

(₹ in crore)

	Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No.
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	5.00%		
65	of which: capital conservation buffer requirement	0.00%		
66	of which: bank specific countercyclical buffer requirement	0.00%		
67	of which: G-SIB buffer requirement	0.00%		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	9.33%		
	National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	-		
73	Significant investments in the common stock of financial entities	-		
74	Mortgage servicing rights (net of related tax liability)	-		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-		
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA		
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		
82	Current cap on AT1 instruments subject to phase out arrangements	-		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		
84	Current cap on T2 instruments subject to phase out arrangements	-		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		

Notes to the Template

(₹ in crore)

Row No. of the template	Particulars	
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	-
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	NA
	of which: Increase in Common Equity Tier 1 capital	NA
	of which: Increase in Additional Tier 1 capital	NA
	of which: Increase in Tier 2 capital	NA
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	NA
	(i) Increase in Common Equity Tier 1 capital	NA
	(i) Increase in risk weighted assets	NA
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	-
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital	42.43
	Eligible Revaluation Reserves included in Tier 2 capital	0.48
	Total of row 50	42.91
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	-

XII. COMPOSITION OF CAPITAL- RECONCILIATION REQUIREMENTS

Step 1

(₹ in crore)

	Composition of Capital- Reconciliation Requirements	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
A	**CAPITAL & LIABILITIES**		
i)	**Paid-up Capital**	272.04	
	- Application money received	129.50	
	Reserves & Surplus	1,613.22	
	Minority Interest	-	
	Total Capital	2,014.76	
ii)	**Deposits**	11,598.60	
	of which: Deposits from banks	1,935.37	
	of which: Customer deposits	9,663.23	
	of which: Other deposits (pl. specify)	-	
iii)	**Borrowings**	3,895.54	
	of which: From RBI	458.00	
	of which: From banks	600.00	

(₹ in crore)

Composition of Capital- Reconciliation Requirements		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
	of which: From other institutions & agencies	2,504.03	
	of which: Others (outside India)	333.51	
	of which: Capital instruments	-	
iv)	**Other liabilities & provisions**	689.23	
	Total Capital & Liabilities	**18,198.13**	
B	**ASSETS**		
i)	**Cash and balances with Reserve Bank of India**	980.73	
	Balance with banks and money at call and short notice	211.51	
ii)	**Investments:**	6,518.04	
	of which: Government securities	4,002.95	
	of which: Other approved securities	-	
	of which: Shares	0.10	
	of which: Debentures & Bonds	1,215.39	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	1,299.60	
iii)	**Loans and advances**	9,835.05	
	of which: Loans and advances to banks	-	
	of which: Loans and advances to customers	9,835.05	
iv)	**Fixed assets**	134.35	
v)	**Other assets**	518.45	
	of which: Goodwill and intangible assets	0.89	
	of which: Deferred tax assets	-	
vi)	**Goodwill on consolidation**	-	
vii)	**Debit balance in Profit & Loss account**	-	
	Total Assets	**18,198.13**	

Step 2

(₹ in crore)

Composition of Capital- Reconciliation Requirements		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref. No.
		As on reporting date	As on reporting date	
A	**CAPITAL & LIABILITIES**			
i)	**Paid-up Capital**	**272.04**		
	Of which:			
	Amount eligible for CET1	272.04		a1
	Amount eligible for AT1	-		
	Share application money*	129.50		a3
	Reserves & Surplus	**1,613.22**		
	Of which:			
	Share Premium	1,334.31		a2

(₹ in crore)

Composition of Capital- Reconciliation Requirements		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref. No.
		As on reporting date	As on reporting date	
	Statutory Reserve	103.65		
	Capital Reserve	12.10		
	Revenue & Other Reserves	159.65		
	Revaluation Reserve	1.06		
	Investment Reserve	1.17		
	Balance in Profit & Loss Account	1.28		
	Of which: Profit brought forward reckoned for capital adequacy purpose	1.28		
	Of which: Current period profit not reckoned for capital adequacy purpose	-		
	Minority Interest	-		
	Total Capital	**2,014.76**		
ii)	**Deposits**	**11,598.60**		
	of which: Deposits from banks	1,935.37		
	of which: Customer deposits	9,663.23		
	of which: Other deposits (pl. specify)	-		
iii)	**Borrowings**	**3,895.54**		
	of which: From RBI	458.00		
	of which: From banks	600.00		
	of which: From other institutions & agencies	2,504.03		
	of which: Others (borrowings outside India)	333.51		
	of which: Capital instruments	-		
iv)	**Other liabilities & provisions**	**689.23**		
	of which: Provision against Standard Assets	41.26		
	Total Capital & Liabilities	**18,198.13**		
B	**ASSETS**			
i)	**Cash and balances with Reserve Bank of India**	**980.73**		
	Balance with banks and money at call and short notice	**211.51**		
ii)	**Investments**	**6,518.04**		
	of which: Government securities	4,002.95		
	of which: Other approved securities	-		
	of which: Shares	0.10		
	of which: Debentures & Bonds	1,215.39		
	of which: Subsidiaries / Joint Ventures / Associates	-		
	of which: Others (Commercial Papers, Mutual Funds etc.)	1,299.60		
iii)	**Loans and advances**	**9,835.05**		
	of which: Loans and advances to banks	-		
	of which: Loans and advances to customers	9,835.05		
iv)	**Fixed assets**	**134.35**		

(₹ in crore)

Composition of Capital- Reconciliation Requirements		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref. No.
		As on reporting date	As on reporting date	
v)	**Other assets**	**518.45**		
	of which: Goodwill and intangible assets Out of which:			
	Goodwill	-		
	Other intangibles (excluding MSRs)	0.89		d1
	Deferred tax assets	-		e1
vi)	**Goodwill on consolidation**	**-**		
vii)	**Debit balance in Profit & Loss account**	**-**		
	Total Assets	**18,198.13**		

* Share Application Money is considered as a part of CET1 Capital as the amount is non-refundable and the shares have since been allotted to the applicants.

XIII. MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

	Disclosure template for main features of regulatory capital instruments	Equity Shares
1.	Issuer	Ratnakar Bank
2.	Unique identifier (ISIN)	INE976G01028
3.	Governing law(s) of the instrument	Applicable Indian statutes & regulatory requirement
	Regulatory treatment	
4.	Transitional Basel III rules	Common Equity Tier I
5.	Post-transitional Basel III rules	Common Equity Tier I
6.	Eligible at solo/group/ group & solo	Solo
7.	Instrument type	Common Shares
8.	Amount recognised in regulatory capital (₹ in crore, as of March 31, 2014)	272.04
9.	Par value of instrument (₹ in crore)	NA
10.	Accounting classification	Shareholder's Equity
11.	Original date of issuance	Various
12.	Perpetual or dated	Perpetual
13.	Original maturity date	No Maturity
14.	Issuer call subject to prior supervisory approval	No
15.	Optional call date, contingent call dates & redemption amount	NA
16.	Subsequent call dates, if applicable	NA
	Coupons / dividends	Dividend
17.	Fixed or floating dividend/coupon	NA
18.	Coupon rate and any related index	NA
19.	Existence of a dividend stopper	NA
20.	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21.	Existence of step up or other incentive to redeem	No
22.	Noncumulative or cumulative	Non-cumulative
23.	Convertible or non-convertible	NA

	Disclosure template for main features of regulatory capital instruments	Equity Shares
24.	If convertible, conversion trigger(s)	NA
25.	If convertible, fully or partially	NA
26.	If convertible, conversion rate	NA
27.	If convertible, mandatory or optional conversion	NA
28.	If convertible, specify instrument type convertible into	NA
29.	If convertible, specify issuer of instrument it converts into	NA
30.	Write-down feature	No
31.	If write-down, write-down trigger(s)	NA
32.	If write-down, full or partial	NA
33.	If write-down, permanent or temporary	NA
34.	If temporary write-down, description of write-up mechanism	NA
35.	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All other creditors and depositors of the Bank
36.	Non-compliant transitioned features	No
37.	If yes, specify non-compliant features	NA

XIV. FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS

Sr. No.	Criteria	Full Terms and Conditions of Equity Shares of Ratnakar Bank
1.	Voting shares	Equity shares of Ratnakar Bank are voting shares
2.	Limit on voting rights	Limits on voting rights, if any, are applicable as per provisions of the Banking Regulation Act, 1949
3.	Position in subordination hierarchy	Represent the most subordinated claim in liquidation of the Bank. The paid up amount is neither secured nor covered by a guarantee of the issuer or related entity nor subject to any other arrangement that legally or economically enhances the seniority of the claim.
4.	Claim on residual assets	Entitled to a claim on the residual assets, which is proportional to its share of paid up capital, after all senior claims have been repaid in liquidation
5.	Perpetuity	Principal is perpetual and never repaid outside of liquidation (except discretionary repurchases / buy backs or other means of effectively reducing capital in a discretionary manner that is allowable under relevant law as well as guidelines, if any, issued by RBI in the matter). The Bank does nothing to create an expectation at issuance that the instrument would be bought back, redeemed or cancelled nor do the statutory or contractual terms provide any feature which might give rise to such an expectation.
6.	Distributions	Distributions are paid out of distributable items (retained earnings included). The level of distributions is not in any way tied or linked to the amount paid up at issuance and is not subject to a contractual cap (except to the extent that a bank is unable to pay distributions that exceed the level of distributable items).

Sr. No.	Criteria	Full Terms and Conditions of Equity Shares of Ratnakar Bank
		There are no circumstances under which the distributions are obligatory. Non-payment is therefore not an event of default. Distributions are paid only after all legal and contractual obligations have been met and payments on more senior capital instruments have been made.
7.	Loss absorption	It is the paid up capital that takes the first and proportionately greatest share of any losses as they occur. Within the highest quality capital, each instrument absorbs losses on a going concern basis proportionately and paripassu with all the others.
8.	Accounting classification	The paid up amount is classified as equity capital. It is clearly and separately disclosed in the Bank's balance sheet.
9.	Directly issued and paid-up	Shares are directly issued and paid up. The Bank cannot directly or indirectly fund the purchase of its own common shares
10.	Approval for issuance	Paid up capital is only issued with the approval of the owners of the Bank, either given directly by the owners or, if permitted by applicable law, given by the Board of Directors or by other persons duly authorised by the owners

THE RATNAKAR BANK LIMITED

Mumbai Controlling Office: One Indiabulls Centre, Tower 2B, 6th floor, 841, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400 013 • Tel : +91 22 43020600 • Fax: +91 22 43020520

Registered Office: 1st Lane, Shahupuri, Kolhapur- 416 001 • Tel : +91 231 2653006 • Fax : +91 231 2653658

CORPORATE IDENTITY NO: U65191PN1943PLC007308 • **E-mail:** customercare@rblbank.com

Notice

Notice is hereby given that the Seventy First Annual General Meeting ("AGM") of the Members of The Rantakar Bank Limited ("the Bank") will be held on Tuesday, August 26, 2014 at 12 Noon., at Residency Club, C. T. S. No. E 2124, E Ward, Near Bawda Post Office, Opp. PWD Office, New Palace, Tarabai Park, Kolhapur 416 003 to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at March 31, 2014 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2. To declare dividend on Equity Shares.

3. Appointment of Statutory Auditors.

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and other applicable Rules, if any, the applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, from time to time and subject to approval of the Reserve Bank of India, S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E) retiring auditor of the Bank, or such other auditors as may be approved by the Reserve Bank of India, be and is hereby appointed as Auditors of the Bank for a period of one (1) year to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Bank, on such remuneration as shall be decided by the Board or any Committee thereof in connection with the audit of the accounts of the Bank for the year ending March 31, 2015."

4. Appointment of Branch Auditors

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013, read with the underlying rules viz. Companies (Audit and Auditors) Rules, 2014 as may be applicable, the Banking Regulation Act, 1949 and subject to such regulatory approvals and consents as may be required, the Board of Directors of the Bank be and is hereby authorised to appoint branch auditors, as and when required, in consultation with the Statutory Auditors, to audit the accounts in respect of the Bank's branches/offices and to fix their terms and conditions of appointment and remuneration, based on there commendation of the Audit Committee, plus service tax and such other tax(es), as may be applicable, and reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the branches/offices for the year ending March 31, 2015."

SPECIAL BUSINESS:

5. Appointment of Mr. Vimal Bhandari as an Independent Director, not liable to retire by rotation

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, Mr. Vimal Bhandari (DIN-00001318), be and is hereby appointed as an Independent Director of the Bank and shall hold office up to September 13, 2018 **AND THAT** he shall not be liable to retire by rotation."

6. Appointment of Mr. P. Sudhir Rao as an Independent Director, not liable to retire by rotation

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, Mr. P. Sudhir Rao (DIN - 00018213), be and is hereby appointed as an Independent Director of the Bank, for a period of five (5) years, **AND THAT** he shall not be liable to retire by rotation."

7. Appointment of Mr. Jairaj Purandare as an Independent Director, not liable to retire by rotation

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, Mr. Jairaj Purandare (DIN- 00159886), be and is hereby appointed as an Independent Director of the Bank, for a period of five (5) years, **AND THAT** he shall not be liable to retire by rotation."

8. Appointment of Mr. Kiran Patil as an Independent Director, not liable to retire by rotation

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable Rules, if any, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, Mr. Kiran Patil (DIN- 00221662), be and is hereby appointed as an Independent Director of the Bank and shall hold office up to September 27, 2015 **AND THAT** he shall not be liable to retire by rotation."

9. Appointment of Mr. Narayan Ramachandran as an Independent Director, not liable to retire by rotation

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, Mr. Narayan Ramachandran (DIN-01873080), be and is hereby appointed as an Independent Director of the Bank and shall hold office up to May 19, 2018 **AND THAT** he shall not be liable to retire by rotation."

10. Appointment of Mr. Girish Godbole as an Independent Director, not liable to retire by rotation

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable Rules, if any, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, Mr. Girish Godbole (DIN- 02960113), be and is hereby appointed as an Independent Director of the Bank and shall hold office up to February 22, 2018 **AND THAT** he shall not be liable to retire by rotation."

11. Appointment of Mr. D. Sivanandhan as an Independent Director, not liable to retire by rotation

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable Rules, if any, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, Mr. D. Sivanandhan (DIN- 03607203), be and is hereby appointed as an Independent Director of the Bank, for a period of five (5) years, **AND THAT** he shall not be liable to retire by rotation."

12. Appointment of Ms. Rama Bijapurkar as an Independent Director, not liable to retire by rotation

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** in accordance with the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable Rules, if any, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, Ms.Rama Bijapurkar (DIN- 00001835), who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as an Independent Director of the Bank, for a period of five (5) years, **AND THAT** she shall not be liable to retire by rotation."

13. Revision in the remuneration of Mr. Vishwavir Ahuja, Managing Director & Chief Executive Officer of the Bank

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to applicable provisions of the Companies Act, 2013, the Banking Regulation Act, 1949, the Articles of Association of the Bank and subject to the approval of Reserve Bank of India, consent of the members be and is hereby accorded for revision in the remuneration of Mr. Vishwavir Ahuja (DIN – 00074994), Managing Director & Chief Executive Officer of the Bank to ₹ 75 lakhs p.a. (earlier ₹ 65.34 lakhs p.a.) and such other terms and conditions as detailed in the explanatory statement of the notice, subject to such modification as may be approved by Reserve Bank of India and agreed to by the Board of Directors.

RESOLVED FURTHER THAT the other terms and conditions of his appointment remain unchanged.

RESOLVED FURTHER THAT the Board be and is here by authorised to do all such acts, deeds and things including to execute any agreement/document as may be required to give effect to this Resolution."

14. Increase in Borrowing Powers

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"**RESOLVED THAT** in supersession of the Ordinary Resolution passed at the Sixty-eighth Annual General Meeting held on August 30, 2011 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members of the Bank be and is hereby accorded for borrowings by the Bank from time to time, any sum or sums of money for the purposes of the Bank upon such terms and conditions and with or without security as the Board of Directors may in its discretion think fit, notwithstanding that the money or monies to be borrowed by the Bank (apart from the temporary loans obtained or to be obtained from time to time from the bankers of the Bank in the ordinary course of business) together with the money already borrowed, may exceed the aggregate of the Paid-up Share Capital of the Bank and its free reserves that is to say, reserves not set apart for any specific purpose(s), provided however that the money or monies to be borrowed by the Bank together with the money already borrowed shall not, at any time exceed ₹ 6,000 crore (Rupees Six Thousand Crore only).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalise, settle and execute such documents / deeds / writings / papers / agreements as may be required and do all such other acts, deeds, matters and things, as it may in its absolute discretion deem necessary, expedient, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard to borrowing (s) as aforesaid or any other matter in this regard."

15. Change of name of the Bank from 'The Ratnakar Bank Limited' to 'RBL Bank Limited'

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution:**

"**RESOLVED THAT** subject to the approval of the Central Government under Section 13 and other applicable provisions, if any, of the Companies Act, 2013 and subject to approval of the Reserve Bank of India, the name of the Bank be changed from 'The Ratnakar Bank Limited' to 'RBL Bank Limited' and that the name of the Bank shall be "RBL Bank Limited" with effect from the date of issue of fresh Certificate of Incorporation by the Registrar of Companies, Maharashtra, Pune, in that behalf, and accordingly, the name 'The Ratnakar Bank Limited' wherever it appears in the Memorandum and Articles of Association of the Bank be substituted by the name 'RBL Bank Limited'.

RESOLVED FURTHER THAT for giving effect to this resolution, the Board of Directors of the Bank (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of Directors, which the Board may have constituted or hereinafter may constitute, to which the Board have delegated or may delegate all or any of its powers, from time to time) be and is hereby authorised to take such steps and to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental to this resolution and to settle any question, remove any difficulty or doubt that may arise from time to time and to take such actions or give such directions as it may consider as being necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as it may in its absolute discretion deem fit."

By Order of the Board of Directors

Vinay Tripathi
Company Secretary

Place: Mumbai
Date: July 22, 2014

NOTES:

1. **A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on a poll, instead of himself/herself and the proxy need not be a Member of the Bank. A person can act as proxy on behalf of Members up to and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Bank. The instrument appointing proxy should, however, be deposited at the Registered Office of the Bank not less than forty eight hours before the commencement of the Meeting.**

2. The Register of Members and the Share Transfer Books of the Bank will remain closed from Wednesday, August 20, 2014 to Tuesday, August 26, 2014 (both days inclusive). Dividend for the year ended March 31, 2014, at the rate of ₹ 0.90 per fully paid-up equity share, if declared at the Meeting, will be paid on or from Wednesday, August 27, 2014:

   a. to those Members, holding shares in physical form, whose names appear on the Register of Members of the Bank, at the close of business hours on Wednesday, August 20, 2014 after giving effect to all valid transfers in physical form lodged on or before Tuesday, August 19, 2014 with the Bank and/ or its Registrar and Transfer Agent (R&T); and

   b. in respect of shares held in electronic form, to all beneficial owners as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services(India) Limited (CDSL) at the close of business hours on Wednesday, August 20, 2014.

3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.

4. Pursuant to Section 205C of the Companies Act, 1956, the Bank is statutorily required to transfer to the Investor 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 amount is transferred to IEPF, no claim of the members shall lie against the Bank or IEPF. Thus, the unclaimed and unpaid dividend declared upto financial year 2005-06 has already been transferred to IEPF. The members who have not yet encashed their dividend warrants related to subsequent financial years are requested to do so immediately.

5. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (CA 2013) relating to the Special Business to be transacted at the Meeting is annexed hereto.

6. Members/Proxies should fill the Attendance Slip for attending the Meeting and bring their Attendance Slips along with their copy of the Annual Report to the Meeting. Further, in case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

7. Members holding shares in physical form are requested to notify change in address, contact details such as mail IDs, cell/ Telephone numbers to the Bank's R&T.

   Link Intime India Pvt. Limited,
   C-13 Pannalal Silk Mills Compound,
   L.B.S. Marg, Bhandup (West), Mumbai-400 078,
   Tel. No.: 022 25946970 Fax No.: 022 25946969
   Email: rnt.helpdesk@linkintime.co.in.

8. The members holding shares in dematerialised form are requested to notify the aforesaid change in address, email id and contact details to their Depository Participant(s) (DPs).

9. Members may avail nomination facility as provided under Section 72 of the Companies Act, 2013.

10. The Bank has made available the facility of De-materialisation of shares of the Bank. De-materialisation of shares will facilitate easy and convenient holding of shares, Immediate,hassle-free and safe transfer of shares, no stamp duty on transfer of shares, reduced transaction cost etc. Thus,members holding shares in physical form are requested to make use of the facility for their convenience and safety.

11. Members desirous of getting any information about the accounts and/ or other operations of the Bank are requested to write to the Bank at least seven days before the date of the meeting to enable the Bank to keep the information ready at the meeting.

12. Relevant documents referred to in the accompanying Notice and Explanatory Statement are open for inspection by the Members at the Registered Office of the Bank on all working days between 11.00 A.M. and 1.00 P.M. up to the date of the Meeting. This notice and the Annual Report will also be available on the Bank's website www.rblbank.com for download.

13. In terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, a company may give notice through electronic mode addressing to the person entitled to receive such e-mail as per the records of the company or as provided by the depository, provided that the company shall provide an advance opportunity at least once in a financial year, to the member to register his e-mail address and changes therein and such request may be made by only those members who have not got their email id recorded or to update a fresh email id and not from the members whose e-mail ids are already registered.

    In view of the above, the Bank hereby request members who have not updated their email IDs to update the same with their respective DPs or the Link Intime India Private Limited, R&T of the Bank. Further, members holding shares in electronic mode are also requested to ensure to keep their email addresses updated with DPs. Members holding shares in physical mode are also requested to update their email addresses by writing to the R&T of the Bank quoting their folio number(s).

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 SETTING OUT ALL MATERIAL FACTS RELATING TO THE SPECIAL BUSINESS:

Item No. 5 to 12 - Appointment of Independent Directors

In accordance with the provisions of the Companies Act, 2013, and the Articles of Association of the Bank, Mr. Vimal Bhandari, Mr. Jairaj Purandare and Mr. P. Sudhir Rao would retire by rotation at the forthcoming AGM and being eligible for reappointment; offer themselves for re-appointment at the forthcoming AGM.

The Board of Directors, at its meeting held on March 27, 2014, appointed Ms. Rama Bijapurkar, renowned Management Consultant, as an Additional Director, w.e.f. March 27, 2014.

Ms. Bijapurkar is one of India's most respected thought leaders on market strategy and India's Consumer Economy. She is also considered to be the most insightful commentator on the social and cultural changes that are transforming India.

She is closely involved with the Indian Institute of Management, Ahmedabad (IIM-A), her alma mater, where she has been a regular visiting faculty and also serves on its board of governors. She is also a member of the governing council of the Banking Codes and Standards Board of India (set up by the banking regulator), the Insurance Information Board (by the insurance regulator), and is a member of the Eminent Person Advisory Group of the Competition Commission of India.

She has her own consulting practice and works across a range of sectors and organisations - global and domestic, commercial and not-for-profit as well as quasi government. She describes her work as bringing market and customer centricity to business strategy development. In addition to her consulting practice, she has a deep commitment and experience to match, in raising the bar on corporate governance standards in India, and serves or has served as an independent director on the boards of several of India's blue chip companies. These include Infosys Ltd., Bharat Petroleum, Axis Bank, Godrej Consumer Products, CRISIL, ICICI Prudential Life Insurance, Mahindra and Mahindra Financial services, Titan Industries, Redington Gulf FZE etc.

She is an influential commentator in the Indian media on issues relating to her fields of work. She is the author of "We are like that only: Understanding the Logic of Consumer India" (Penguin, International English and Mandarin edition titled, "Winning in the Indian Market", Wiley), globally considered to be the most definitive book on Consumer India. More recently, she has published its sequel "A Never-Before World: Tracking the Evolution of Consumer India". Her latest book, "Customer in the board room? Crafting Customer-Based Business Strategy" (Sage), is based on her teaching and consulting experience.

Ms. Bijapurkar will hold office as an Additional Director till the date of forthcoming AGM and is eligible for appointment as a Director of the Bank. Her appointment has been recommended at the forthcoming AGM as it would immensely add value to the Bank. Her appointment will also fulfill the requirement of the Companies Act, 2013 of having a Women Director on the Board of the Bank.

The Board of Directors at its meeting held on July 22, 2014 unanimously voted to designate Mr. Narayan Ramachandran as the Non-Executive Chairman of the Bank for a period of two years subject to approval of RBI.

The Board comprises of Non-Executive Chairman, eight Non-Executive Directors, one Additional Director appointed by the RBI and one Executive Director (i.e. Managing Director & CEO).

Pursuant to Section 149(4) of the CA 2013 read with Rule 4 of The Companies (Appointment and Qualification of Directors) Rules, 2014, every listed company and every public company having paid up share capital of ten crore rupees or more; or having turnover of one hundred crore rupees or more; or which have, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees, shall have at least two Independent Directors.

Section 149(5) of CA 2013 also provides that every company existing on or before the date of commencement of this Act shall, within one year from such commencement or from the date of notification of the rules in this regard as may be applicable; comply with the requirements of the provisions of sub-section (4).

Section 149 of CA 2013 which defines the composition of the Board and the criteria for a director to be considered as an Independent Director has been notified with effective from April 1, 2014. Section 149 provides that an Independent Director shall not hold office for more than two consecutive terms of five years each provided that the director is re-appointed by passing a special resolution on completion of first term of five consecutive years. Further, Independent Directors are not liable to retire by rotation. Further, the Banking Regulation Act,1949 (BR Act) specifies that no director other than Chairman or Whole-time Director shall hold office continuously for a period exceeding eight years. The CA 2013 also provides that in respect of banking companies, the provisions of the CA 2013 shall apply except in so far as the said provisions are inconsistent with the provisions of the BR Act.

Accordingly, based on the declaration of independence provided by the Non-Executive Directors as prescribed under Section

149(7) of CA 2013 and based on the applicable RBI guidelines and circulars, all aforesaid eight Non-Executive Directors (including Chairman) would qualify to be classified as an Independent Director and proposal(s) are included in the notice for appointing aforesaid Non-Executive Directors (except Mr. Arwade) as Independent Directors for a period of five years or their respective remaining tenure under the BR Act, whichever is earlier.

Further, since Mr. Arwade is completing his term of eight years as prescribed under section 10A(2-A) (i) of the BR Act on September 8, 2014 his candidature for appointment as Independent Directors under CA 2013 is not being proposed.

Details in respect of aforesaid Non-Executive Directors,who are proposed to be appointed as Independent Directors, are furnished in the below table.

Name of Director	Profile
Mr. Vimal Bhandari	Vimal Bhandari has been a Director since September 14, 2010. Mr. Vimal Bhandari, aged 53 years, is a Commerce graduate from Mumbai University and a Chartered Accountant. Mr. Bhandari is a proficient and a proven top management professional with over twenty five years of experience in a range of businesses in the financial services industry. He is currently the CEO and Managing Director of IndoStar Capital Finance, a wholesale credit institution sponsored by private equity houses like Everstone, Goldman Sachs, Ashmore and others with an initial capitalisation of ₹ 9,000 Millions. Prior to joining IndoStar Capital, he was the Country Head of AEGON N.V., the large Dutch financial services player, which has established a life insurance business in India. In his early career, Mr. Bhandari was with IL & FS, the Indian infrastructure financing and financial services institution, of which twelve years were spent as the Executive Director on the Board of Directors of the Company. He was directly responsible for the financial services business of IL & FS. He is on the Board of various leading public limited companies as an Independent Director. Mr. Bhandari has also been a member of the Executive Committee and the Listing Committee of National Stock Exchange of India Ltd. He is also a member of the Executive Committee of FICCI.
Mr. P. Sudhir Rao	P. Sudhir Rao has been Director on Board since January 30, 2012. He is currently associated with over 25 companies in India including Aditya Birla Money Ltd. and Radhakrishna Foodland Pvt. Ltd. (a leading supply chain solutions company), nurturing early / growth stage enterprises to assisting listed entities in the areas of Strategic Direction, Business Research and Revenue Management, Performance & Capital Management and Stakeholder Relations as also providing India-entry services. As an active non-executive observer he gets them to focus on enhancing Customer & Organisation Capital to deliver superior triple bottom line returns to all stakeholders. He has invested and advised a number of Technology Ventures that impact Education, Healthcare & Financial Services from incubation through to listing them on Public Markets. Mr. Rao was a key participant in the Indian Capital Market, between 1989 and 1999, a period that saw the emergence of structural change and reforms in the Indian Financial Services and Capital Markets. He is Founder Director of Karvy Investor Services Ltd., that is involved in providing Investor Services. He has served on the Board of Bank of Punjab Ltd. as an Independent Director before it was merged with Centurion Bank Ltd.

Name of Director	Profile
Mr. Jairaj Purandare	Mr. Jairaj Purandare has been a Director since September 16, 2011. Mr. Purandare is the Chairman of JMP Advisors Pvt. Ltd. He was associated with PricewaterhouseCoopers Pvt. Ltd as its Regional Managing Partner. In addition to being a key member of the India Leadership Team, he was Country Leader of Markets & Industries for PwC India. He was previously Chairman of E & Y in India. Prior to joining E&Y, he was the Country Head of the Tax & Regulatory practice of Andersen in India. Mr. Purandare is fellow member of the Institute of Chartered Accountants of India. He has extensive experience in Foreign Investment Consulting/ Establishment of Joint Ventures, International Tax, Transfer Pricing and Mergers & Acquisitions. He has significant expertise in advising clients on various issues in the Financial Services, Power and Media Industries. He advises clients on investment proposal to regulatory authorities including the Foreign Investment Promotion Board, Ministry of Finance and Reserve Bank of India. In its report on the World's Leading Tax Advisers, International Tax Review (Euromoney) has named Mr. Purandare as among the leading Tax Advisers in India. He is a frequent speaker at seminars in India and abroad and has presented several papers in areas of his expertise.
Mr. Kiran Patil	Mr. Kiran Patil has been a Director on the Board since September 28, 2007. He holds a degree in mechanical engineering and Master of Science (Industrial Engineering). He has also done his Masters in Business Administration from USA. He has 40 years of experience in the Engineering Industry. He is the Chairman and Managing Director of Ghatge Patil Industries Limited, a well-known name in the field of Engineering around the areas in the State of Maharashtra where the Bank has strong presence.
Mr. Narayan Ramachandran	Mr. Narayan Ramachandran holds a management degree from University of Michigan, Ann Arbor, B. Tech from IIT, Mumbai and Certified Financial Analyst from USA. He has wide experience of over 27 years in the areas of finance and banking across geographies. He possesses an understanding of regulations in various leading financial markets. He has been a Director of the Bank since May 20, 2010. He has also been the Chairman of the Capital Raising Committee of the Board under whose leadership the Bank has undertaken successful capital raises in the past three years. Previously until May 2010, Mr. Narayan Ramachandran was the CEO and Country Head of Morgan Stanley in India. He was instrumental in establishing several new businesses in India including Morgan Stanley's NBFC and primary dealership entities. Prior to that, he was co-lead of the Global Emerging Markets division of Morgan Stanley. Mr. Ramachandran has worked with sovereign wealth funds and securities and banking regulators in multiple countries such as Monetary Authority of Singapore (MAS), SEC (US), Abu Dhabi Investment Authority (ADIA) etc. At present, he is on the Board of several entrepreneurial and well respected Companies. He leads an initiative to deworm millions of school children in India. Mr. Ramachandran regularly writes articles in leading newspapers and is a frequent speaker at industry conferences and a prominent thought leader of the Country.

Name of Director	Profile
Mr. Girish Godbole	Mr. Girish Godbole has been a Director on the Board since February 23, 2010. He attended Management Education Programme at IIM, Ahmedabad and MA (Social Work) from Tata Institute of Social Sciences and B.Sc. from Jawaharlal Nehru Krishi Vishwa Vidyalaya (Agricultural College), Jabalpur, Madhya Pradesh. He has wide experience in the area of micro-finance and the co-operative sector. He was involved in promoting a number of initiatives which include improved agricultural practices in rice cultivation, lift irrigation schemes for small and marginal farmers, co-operative marketing of vegetables and watershed development projects. He has an expertise in the areas of child rights & child labour and was associated as member of two committees viz. Advisory Committee on Child Labour of Government of Maharashtra and South Asian Steering Committee on Save Children, an International Child Rights Organisation. He is a maker of the documentary films as an area of his interest.
Mr. D. Sivanandhan	Mr. Sivanandhan is Director on the Board since December 18, 2012. He is associated as Chairman of Securus First India Pvt. Ltd. He is a post graduate in Economics from Madras University. He worked in the IB for six years and three years as a Joint Director in the CBI. He also worked with tremendous success in the crime branch of Mumbai police for six years. He was Commissioner of Police, Mumbai after the dreadful attack on November 26, 2008. He has been decorated with the prestigious President's distinguished services medal and the meritorious services medal and various other coveted medals and recognition. After retiring as Director General of Police (DGP) of the Maharashtra State on February 28, 2011, Mr. Sivanandhan has been nominated on the PMO's Special Task Force for completely revamping the internal security scenario of the country. Mr. Sivanandhan is also a part-time Security Advisor to Reserve Bank of India.
Ms. Rama Bijapurkar	Profile given above

Directors are interested in the respective resolutions concerning their own appointments. Other than the aforesaid, the Directors and Key Managerial Personnel of the Bank and their relatives are not concerned or interested in the Resolutions as set out in item Nos. 5 to 12 of the Notice. None of the Directors are related interse to each other.

Item No. 13 - Revision in remuneration of Mr. Vishwavir Ahuja, Managing Director & Chief Executive Officer of the Bank

Mr. Vishwavir Ahuja was initially appointed as the Managing Director & Chief Executive Officer for a period of three years, with effect from June 30, 2010 to June 29, 2013. Thereafter, pursuant to RBI approval, he was re-appointed for a period of two years, w.e.f. June 30, 2013 to June 29, 2015 on terms and conditions as set out in the approval granted by RBI.

Mr. Ahuja holds an MBA degree from IIM, Ahmedabad and MS in International Finance from University of Michigan, USA. He has worked with the Bank of America (BoA) as Managing Director & CEO for the Indian sub-continent, based in Mumbai until September 2009. During his tenure as CEO, BoA established market leading positions in their chosen lines of business, consistently delivering significant results. Between 2004 and 2009, the Indian business performed handsomely with 45% CAGR in revenues reaching a new level of over ₹ 1,000 crore in FY 2008-09, ROE of >35% over the '5-year period', excellent portfolio quality (zero Non Performing Assets) and satisfactory corporate audit & regulatory (RBI) inspection ratings. Under his leadership, BoA, India was adjudged the "Best Foreign Bank in India" & the "Most Efficient Bank in India (Among all banks - PSU, Private and Foreign)", and among the two best banks in India on Credit. He has a total work experience of over 27 years. He is a member of Young President's Organisation and was a member of National Task Force on Financial Sector Reforms formed by the Confederation of Indian Industries during 2008 to 2010.

Under the able stewardship of Mr. Vishwavir Ahuja, the Bank has been made dramatic transformation and significant progress on all facets despite sluggish economy, internal challenges, and immense competition.

Significant progress has been made in Governance area after a new team, under the leadership of Mr. Vishwavir Ahuja. Mr. Ahuja took over the Management of the Bank to put it on a path of high governance, modernisation and growth. The Bank has not only ensured compliance with RBI guidelines, improved systems and controls as well as AFI ratings, but also transformed itself into a bank with characteristics of new private sector banks, often matching and sometimes surpassing the benchmarks, as elaborated below:

- Net worth for FY 2014 is ₹ 2,013 crore. (up from ₹ 350 crores as on FY 2010)
- Our shareholders and directors more than adequately meet all the "fit and proper" criteria prescribed by RBI.
- Very strong and diversified shareholder base (almost 11,000 shareholders) with no shareholder holding more than 4.95% of the Bank's equity capital. Institutional Investors of the Bank include marquee names like HDFC Ltd., International Finance Corporation (Washington), CDC Group PLC, UK (a UK Government owned DFI), Cartica Capital, Gaja Capital, Samara Capital, Norwest Venture Partners, TVS Shriram Growth Fund, CDC & Asia Capital etc.
- The Bank is run and managed professionally. The current executive team consists of senior bankers with substantial experience in banking.

Our Board consists of eminent persons with considerable professional expertise in banking, finance, agriculture, public administration and other related fields. Their experience and professional credentials helped them participate in strategy formulation and direction setting for the Bank, thus adding value to its growth objectives.

The Bank's transformation journey and plan has led to manifold growth in terms of size, geographic reach and business depth. There is a robust platform of professional governance, relationships, technology infrastructure & high quality capital. The Bank, with its considerable management bandwidth and experience, is committed to building transparent and merit-based organisation with fairness, transparency and responsiveness in all dealings.

The Bank's performance has significantly improved year after year. FY 2013 – 14 financial achievements have been a record in the history of the Bank.

In ₹ crores where applicable	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Advances (Net)	1170	1905	4132	6376	9835
Deposits	1585	2042	4739	8341	11599
Net Interest Income	59	95	187	257	342
Non-Interest Income	13	19	67	126	261
Total Income	72	114	254	383	603
PBT	29	19	96	136	194*
Net NPA Ratio	0.97%	0.36%	0.20%	0.11%	0.31%
Net Worth	349	1074	1131	1594	2012
Branches	88	100	101	125	175
ATMs	19	33	59	184	350

* Before one-off item relating to RBS business acquisition

In terms of franchise expansion, the Bank has expanded from its historical regional focus in the state of Maharashtra and North Karnataka to serving customers across the nation. The Bank now caters to customers through its branches in Rajasthan, Haryana, National Capital Region, Madhya Pradesh, Andhra Pradesh, Goa, Gujarat, Karnataka, Tamil Nadu, West Bengal, Uttar Pradesh, in addition to those in Maharashtra and Karnataka. Further, the Bank has recently acquired the business banking, credit card and home mortgage businesses of the Royal Bank of Scotland (RBS), which is rare for an old private sector Bank. These businesses span nearly 100,000 customers and will add complementary lines of business with least conflict of customer related policies.

All the employees of RBS associated with these businesses were absorbed by the Bank. The move has also helped the Bank in getting additional talent pool in the areas of Business banking, customer service, credit card and mortgage risk and collections.

Mr. Ahuja's contribution in successful turn-around of the Bank has been significant. The task was extremely onerous as the Bank lacked business scale and profitability, technology platform was outdated (with several manual branches), control systems and key process infrastructure were inadequate, unionised workforce with low productivity etc., required a complete reestablishment of a modern platform, the task was more challenging than just improving the operating performance of an existing Bank.

Despite coming from behind, the Bank's performance is now at par and in some respects better than its peer and even some of the new private sector banks in the country. Several leading economic journals and magazines have started recognising the progress made by the Bank and have started ranking us a high-performing institution in several categories. Despite the challenges, the Bank has attempted to keep pace with new private sector banks, on account of ownership and governance, business growth, technology, geographical spread, product capability, capital and asset quality.

Keeping in view, the significant progress made by the Bank under the stewardship of Mr. Ahuja, the Board of Directors, subject to approval of the Reserve Bank of India and Members, has approved increase in remuneration of Mr. Ahuja as mentioned in the resolution.

Approval of members is hereby sought for a revision in his remuneration and the revised remuneration details of Mr. Ahuja are detailed herein below:

Sr. No	Particulars	Existing	Proposed
01	Base Salary / Compensation	65.34 Lac per annum	75 Lac per annum
02	Cash Allowance	Yes, as decided by the Board from time to time – including reimbursement of medical bills up to ₹ 50,000 per month	Yes, as decided by the Board from time to time – Cash Allowances (including Medical) of ₹ 7.04 Lacs per annum (₹ 58,667 per month)
	Cash Compensation (01 + 02)	₹ 71.34 Lac per annum	₹ 82.04 Lac per annum
03	House rent Allowance / Free furnished house	Free furnished accommodation in South mid-town Mumbai	Unchanged
	Dearness Allowance	N.A.	Unchanged
04	Use of Bank car	Free use of bank's car with driver for official purpose and private use. Car should be not more than 2400 cc.	Unchanged, except for Diesel vehicle engine capacity may go upto 3000 cc.
05	Entertainment Allowance	Reimbursement of actual expenses on production of bills. of which ₹ 500 per entertainment to be reimbursed on the MD's own certificate. Entertainment expenses will be inclusive of entrance fees / subscription to 2 clubs	Unchanged
06	Other allowance		
	Traveling & Halting Allowances	As per Bank's policy	As per Bank's policy

Sr. No	Particulars	Existing	Proposed
	Provident Fund / Gratuity / Pension	As per Bank's policy	As per Bank's policy
	Sitting Fees	Not eligible	Not eligible
	Bonus	Performance related as approved by the Board and after obtaining specific approval of RBI	Performance related as approved by the Board after obtaining specific approval of RBI, as per the Compensation Policy of the Bank based on RBI Guidelines on the Compensation of Whole Time Directors /Chief Executive Officers vide circular ref. RBI/2011- 12/349 dated January 13, 2012.
	Insurance cover	For journey by road, rail or air for official purpose	As per Bank's policy
	Leave fare concession	As per eligibility of other officers of the Bank. The facility of encashment of privilege leave. (If allowed under the Bank's rule) can be availed of by the MD & CEO on his demitting office.	Unchanged
	Employee stock Option (ESOP)	This will be offered as part of the remuneration and long term incentive package, as approved by the Board, with separate application and specific approval of RBI.	This will be offered as part of the remuneration and long term incentive package, as approved by the Board, with separate application and specific approval of RBI.
	Loan Eligibility	Maximum limit ₹ 100 lakh. To include housing, vehicle and general purpose clean loan. Margin and interest rates as applicable to senior executives as per the Bank's Policy.	Unchanged. This facility has already been specifically approved by RBI as per approval letter dated May 6, 2014.

The Bank has submitted an application to the Reserve Bank of India for its permission for increase in remuneration of Mr. Ahuja.

The Members are requested to accord their approval to the aforesaid by passing an Ordinary Resolution.

Save and except Mr. Vishwavir Ahuja, none of the Directors nor Key Managerial Personnel or relatives thereof is, in any way concerned or interested in the above Resolution.

Item No. 14 - Increase in Borrowing Powers

The members of the Bank at their Sixty-eighth Annual General Meeting held on August 30, 2011 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Bank provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 4,000 crore.

Section 180(1)(c) of the Companies Act, 2013 effective from September 12, 2013 requires that the Board of Directors shall not borrow money in excess of the Bank's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

The Ministry of Corporate Affairs (MCA) has vide its Circular dated March 25, 2014 clarified that the resolution passed under Section 293 of the Companies Act, 1956 prior to September 12, 2013 with reference to borrowings (subject to the limits prescribed) and/or creation of security on assets of the company will be effective for a period of one year from the date of notification of Section 180 of the Act which would be September 11, 2014.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, to enable the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Bank.

Further, it is proposed to increase the monetary limit to ₹ 6,000 crore in line with the increase in the networth and business of the Bank.

Accordingly, your Directors recommend the Resolution for the approval of the shareholders to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Bank upto ₹ 6,000 crore.

None of the Directors nor the Key Managerial Personnel or relatives thereof is, in any way concerned or interested in the above Resolution.

Item No. 15 - Change of name of the Bank from 'The Ratnakar Bank Limited' to 'RBL Bank Limited'

From a modest beginning in the year 2010, your Bank is now looking at a future filled with significant possibilities. It has been an interesting transformation journey at the Bank over a last three years. With a strong management team at the top, your Bank has built a fast growing institution with a strong foundation, end-to-end capabilities and high quality capital strength & governance standards.

Today your Bank has grown to a network over 175 branches and 350 ATMs across 12 States and offers full range of products and services. With all the trappings of a well-managed, credible and robust banking institution in place, it is felt that it is now appropriate to look at Bank's brand identity in the context of business opportunities and prospects presented by the changing face of India.

Our new brand identity stands for the core values of professionalism, relationship mindedness and high sense of trust and responsibility which the Bank wishes to demonstrate and live by. The words "Ratnakar Bank" have been a brand for the Bank over a period of last several decades. However, your Board feels that the Bank should refresh its brand to be more focused on new age customers and stakeholders. Your Board therefore feels that the name of the Bank should be changed from The Ratnakar Bank Limited to RBL Bank Limited.

In terms of Section 13 of the Companies Act, 2013, the name of the Bank can be changed by passing a Special Resolution by the members and upon approval of the Central Government signified in writing. Further, a prior approval of the Reserve Bank of India would also be required for change of name.

Accordingly, your Directors recommend the Resolution for the change of name of the Bank for the approval of the shareholders subject to RBI approval.

None of the Directors nor the Key Managerial Personnel or relatives thereof is, in any way, concerned or interested in the above Resolution.

By Order of the Board of Directors

Vinay Tripathi
Company Secretary

Place: Mumbai
Date: July 22, 2014

LIST OF BRANCH OFFICES

State	Branch Name	City	Branch Address
Andhra Pradesh	Kovvada, Kakinada	East Godavari	Door No. 1-93, Kovvada Panchayat, Kakinada Rural Mandal, East Godavadi District, Andhra Pradesh - 533 006
Andhra Pradesh	Lalupuram, Guntur	Guntur	Door No. 6-48A, Ground Floor, Survey No. 333, Lalupuram Village, Guntur Rural Mandal, Guntur District, Andhra Pradesh - 522 017
Andhra Pradesh	Hyderabad	Hyderabad	D No, 6-3-865, Ground Floor, My Home Jupally, Opp Green Park, Green Lands, Ameerpet Road, Hyderabad - 500 016
Andhra Pradesh	Peravaram	Peravaram	Door No. 2-43, R.S. No. 117/14, Main Road, Peravaram Village, Atreyapuram Mandal, East Godavari District, Andhra Pradesh - 533 235
Andhra Pradesh	Tirupati	Tirupati	Plot No. 87, Motor Workers Colony, Padmathipuram, Tirupati-Tiruchanur Road, Tirupati - 517 502
Dadra and Nagar Haveli (U.T.)	Silvassa	Silvassa	Unit No.1,2 & 7, Roshan Avenue, Silvassa-Vapi Road, Silvassa - 396 230
Daman and Diu (U.T.)	Daman	Daman	Ground Floor, Shop No. 1,2,3, Plot No. 758/7 ad 758/8 at Village Dabhel, Somnath Temple Road, Daman - 396 210
Delhi	Capitol Point	Delhi	Ground Floor, DLF Capitol Point, Baba Kharag Singh Marg, New Delhi - 110 001
Delhi	Hauz Khas	Delhi	Ground floor, M-6 Hauz Khas, New Delhi 110 - 016
Delhi	Karol Bagh	Delhi	17 A/53, Ground Floor, W.E.A. Karol Bagh, Opp. Jessaram Hospital, Guradwar Road, New Delhi - 110 005
Delhi	Rajouri Garden	Delhi	J-13/52, Basement & Ground floor, Rajouri Garden. Delhi - 110 027
Goa	Calangute	Goa	Shop No. 7,8,9,10, Ground and First Floor, Simplex Complex Phase 2, Calangute, Bardez, Goa - 402 516
Goa	Porovorim	Goa	House No. 456, Near Chodankar Nursing Home, Alto Porvorim, Bardez, Goa - 403521
Goa	Shirgao	Goa	House No.12/1, Wadacha Wada, Shirgaon, Assonora, Goa - 403 503
GOA	Mapusa	Mapusa	Shop No.S1, Mapusa Trade Centre,Maroda,Mapusa, Goa - 403 507
GOA	Margoa	Margoa	Vasant Arcade, Behind Police Station, Comba, Margoa - 403 601
GOA	Panjim	Panjim	Shop No.G-10 & 11,Nizamar Centre,Ground Floor, Dr. Atmaram Road,Panaji, Goa - 403 001
GOA	Ponda	Ponda	Dr. Dada Vaidya Chowk,Main Road, Ponda (Goa) - 403 401
Gujarat	Ahmedabad	Ahmedabad	Shop no. 8,9,10,13 & 14, Mallinath Complex, Opp. Sujata Flats, Shahibaug, Ahmedabad - 380 004
Gujarat	Ahmedabad (Viva Complex)	Ahmedabad	Viva Complex, Ellisbridge, Opp. Parimal Garden, Ahmedabad - 380 006
Gujarat	Bardoli	Bardoli	U01 & U02 Empire Plaza, Opp. Vamdoor Petrol Pump, Station Road, Bardoli, District Surat, Gujarat - 394 601
Gujarat	Birindayara	Bhuj	Behind Sarhad Dairy, Bhuj-Khavda Highway, Near Bhirandiyara Bus Stand, Bhlrandiyara, District Bhuj, Gujarat - 370 510
Gujarat	Deesa	Deesa	Shop No. 9-10, Kiran Complex, Near Gayatri Temple, Highway Road, Deesa, Gujarat-385 535
Gujarat	Kadi	Kadi	Shop Nos. 9A,9B,10,10A & 10B, Diamond Plaza, Thol Road, Opp. Arts & Commercial College, Near Ankur Society, Kadi, Gujarat - 382 715
Gujarat	Khambala	Rajkot	Umiya Nivas, Main Bazar, Village Khambala, Taluka Paddhari, District Rajkot, Gujarat - 360 110
Gujarat	Surat	Surat	Showroom No 4, Ground Floor, Twin Tower A, Sahara Darwaja, Ring Road, Surat - 395 002.
Gujarat	Unjha	Unjha	Plot No. 82, Survey No. 8-5-27, Opp. Unjha Pharmacy, Station Road, Unjha, Guajrat - 384 170
Gujarat	Padra	Vadodara	7/8 Umiya Nagar, Near Post Office, Padra, Vadodara, Gujarat - 391 440
Gujarat	Vadodara	Vadodara	Ground Floor, Chitrakut Complex, Near Pashabhai park and Natubhai Circle, Race Course Circle Road, Vadodara - 390 007
Gujarat	Vapi	Vapi	9/10/11 Sahara Market, Ground Floor, Vapi-Silvassa Road, Vapi, Gujarat - 396 191
Haryana	Gurgaon	Gurgaon	ABW Tower, At Iffco Chowk,Village Sukhrauli, NH-8, Abw Tower,Gurgaon, Haryana - 122 002
Haryana	Panipat	Panipat	Showroom #1 196/7(Part), Opp. N.K. Tower, G.T Road, Panipat - 132 103
Haryana	Sohna	Sohna	Ground Floor, Aditya Building, Killa No.230-8/2/1, Rakba 2, Ward No.5, Near Bikaner Sweet, Sohna, Haryana - 122 103
Karnataka	Ankali Shitol(Belgaum)	Ankali Shitol	A/P ANKALI, Tal. Chikodi, Dist. Belgaum - 591 213
Karnataka	Bagalkot	Bagalkot	T.P. No. 163A/2B, Near Lions School, Bagalkot, Karnataka - 587 101
Karnataka	Bangalore	Bangalore	197, 6Th Cross, Gandhinagar, Banglore - 560 009
Karnataka	Kormangala	Bangalore	631 3rd Block 3rd Cross, 100 feet road, Nr. BDA complex, Koramangala, Bangalore - 560034
Karnataka	Prestige Towers	Bangalore	Ground Floor, G-13, G-14,G-15 & G-17 Prestige Towers, 99 & 100 Residency Road, Bangalore - 560 025
Karnataka	Belgaum	Belgaum	Ground & Second Floor, CTS No. 3939/1A, Club Road, Belgaum, Karnataka - 590 001
Karnataka	Bellad Bagewadi	Bellad Bagewadi	395, A/P : Bellad Bagewadi,Tal. : Hukeri, Dist. : Belgaum - 591 305
Karnataka	Inchageri	Bijapur	Ground Floor, Gram Panchayat, Inchagri Village, Indi Taluk, Bijapur, Karnataka - 586 117
Karnataka	Davangere	Davangere	718/1, Subhash Road,Mandi Peth,Davangere - 577 001
Karnataka	Dharwad	Dharwad	Kabadi Mansion, Kosmos Club Road, Behind Court, Dharwad - 580 001
Karnataka	Dod Ballapur	Dod Ballapur	6th Cross Sahajananda Nagar,'D' Cross, (Near LIC office) Doddaballapur - 561 203
Karnataka	Gokak	Gokak	C.S.T. No.3324 and 3325,Khoja's Hotel, Anmol Plaza Bldg.,Hospet Galli, Raviwar Peth,Gokak - 591 307
Karnataka	Harugeri	Harugeri	VPC No.3096, Ground Floor, Sadalagi Building, Athani Road, HARUGERI, Taluka Raibag, District Belgaum - 591 220
Karnataka	Hubli	Hubli	C.T.S. No.56/57, Ward No.2,Samarth Centre,New Mydar Oni,Hubli - 580 028
Karnataka	Managalore	Mangalore	UG-8 & UG-9 Maximus Commercial Complex, Light House Hill Road, Mangalore - 575 001
Karnataka	Manoli	Manoli	No. 2577/2512/1B, N C Yaligar Building, Panchaligershwar Temple Road, Manoli, Tal. Saudatti, Dist. Belgaum, Karnataka -597 117
Karnataka	Nipani	Nipani	228, Padmaraj Bldg, Sakharwadi,Pune-Bangalore Road, Nipani .Dist. Belgaum – 591 237
Karnataka	Ramnagara	Ramnagara	Khata No.169/1789/1736, Ground Floor, GNR Complex, I stage, B M Road, Ramanagara - 571 511
Karnataka	Shamnewadi	Shamnewadi	Gramseva Sahakari Sangh Bldg ,Shamnewadi,Taluka Chikodi, Dist.: Belgaum - 591 505
Karnataka	Shedbal	Shedbal	Bazar Peth, Shedbal,Tal. : Athani,Dist. Belgaum - 591 315
Karnataka	Shirguppi	Shirguppi	379, A/P : Shirguppi ,Tal. : Athani,Dist. : Belgaum - 591 242
Madhya Pradesh	Ashta	Ashta	Ground Floor, Khasra No. 416/1, Ashta, Madhya Pradesh - 466 116
Madhya Pradesh	Bhopal	Bhopal	Ground Floor, Plot No. 2, Akanksha Complex, Front Right side portion, Zone-1, M.P. Nagar, Bhopal - 462 011
Madhya Pradesh	Chak Kamed	Chak Kamed	Ground Floor, Survey No. 283/2, Gram Chak Kamed, Tehsil Gathiya, District Ujjain, Madhya Pradesh - 456 006
Madhya Pradesh	Dhar	Dhar	Shop 21-22, Kashi Baghh, Dhar, Madhya Pradesh - 454 001
Madhya Pradesh	Basoda	Ganj Basoda	Ground Floor, Ward No. 12. Station Road, Ganj Basoda, Madhya Pradesh - 464 221
Madhya Pradesh	Hoshangabad	Hoshangabad	Plot No. 34/1, Al Aziz Tower, Babai Piparya Road, Anand Nagar, Hoshangabad - 461 001
Madhya Pradesh	Indore	Indore	Shop no.3, Ground floor, The Grace, Plot no. 1&2, Kibe Compound, Indore - 452 001
Madhya Pradesh	Kamtoon	Kamtoon	Ground floor, 389, Village Kamtoon, JJ Road, Tehsil-Bareli, District-Raisen Madhya Pradesh - 464 668

LIST OF BRANCH OFFICES

State	Branch Name	City	Branch Address
Madhya Pradesh	Khurai	Khurai	Sai Centre Point, Nehru Ward, Station Road, Khurai, Madhya Pradesh - 470 117
Madhya Pradesh	Makronia	Makronia	Ground Floor, Khasra No. 174/21, 174/23, 172/2, Patwari Halka No.72, Makronia, Madhya Pradesh - 470 001
Madhya Pradesh	Mandideep	Mandideep	Plot No. 1, Ward No. 12, Sector-A, Indiranagar, Tehsil Goharganj, Dist. Raisen, Mandhideep, Madhya Pradesh - 462 046
Madhya Pradesh	Pipariya	Pipariya	Ground Floor, Murli Tower, Cement Road, Pipariya, Madhya Pradesh - 461 775
Madhya Pradesh	Seoni Malwa	Seoni Malwa	Ground Floor, Plot No. 100/1/1, Thakur Colony, Main Roa, Seoni Malwa, Madhya Pradesh - 461 223
Maharashtra	Market Yard (Tarabai Park)	Kolhapur	Shop No.6,7&8 Siddivinayak Apartment, CTS No 233,Plot No.12/13,Tarabai Park Kolhapur- 416 003
Maharashtra	Sane Guruji Vasahat	Kolhapur	Plot No 9, RS No 1012, A Ward, Sadashiv Jadhav Housing Society, Radhanagari Road, Kolhapur - 416 012
Maharashtra	Ahmednagar	Ahmednagar	Sai Icon, Opp Mauli Sankul,Savedi Road, Ahmednagar - 414 003
Maharashtra	Aitawade Budruk	Aitawade Budruk	529, Society Bldg. No.2,A/P - Aitawade Budruk .Tal. - Walwa, Dist. - Sangli Maharashtra - 415 401
Maharashtra	Akkiwat	Akkiwat	A/P - Akkiwat, Tal. - Shirol, Dist. - Kolhapur - 416 108
Maharashtra	Akluj	Akluj	R.S. No. 2258/4A, Mahaveer Path,Akluj– 413 101.Taluka- Malshiras, Dist. Solapur- 416 101
Maharashtra	Borgaon	Amravati	Shop No. 13, A Wing, Citiland Complex, Borgaon Village (Borgaon Dharmale), Dist. Amravati - 444 907
Maharashtra	Ankali -Sangli	Ankali	178, A/P : Ankali.Taluka : Miraj, Dist. : Sangli-416 416
Maharashtra	Arjunwad	Arjunwad	A/P : Arjunwad.Taluka - Shirol, Dist. : Kolhapur- 416 120
Maharashtra	Aurangabad	Aurangabad	Ground Floor N-3, Plot no 303,Cidco Jalna Road, Aurangabad - 431 001
Maharashtra	Mudhol	Bagalkot	CTS 4026/3/D/6, Near Ranna Circle, Mudhol, District Bagalkot, Karnataka - 587 313
Maharashtra	Baramati	Baramati	Shantilal Shaha (Pandarkar) Bldg.,Mahavir Path, Shantilal Shaha (Pandarkar) Bldg. Baramati, Dist Pune - 413 102
Maharashtra	Bhadvan	Bhadvan	A/P : Bhadvan,Taluka : Ajara,Dist. : Kolhapur - 416 505
Maharashtra	Bhilwadi	Bhilwadi	Dakshin Bhag Bhilwadi Vikas Society Building, Taluka: Palus, Dist .: Sangli - 416 303
Maharashtra	Bhose	Bhose	A/P : Bhose,Taluka : Miraj, Dist. : Sangli - 416 422
Maharashtra	Boisar	Boisar	Ameya Park, Near Hotel Boisar, Navapur Road, Boisar, Thane - 401 501
Maharashtra	Borpadale	Borpadale	A/P: Borpadale.Taluka : Panhala, Dist. : Kolhapur - 416 213
Maharashtra	Burli	Burli	A/P : Burli,Tal. : Palus, Dist. Sangli - 416 318
Maharashtra	Dudhagaon	Dudhagaon	395/2,A/P : Dudhagaon- 416 315.Taluka : Miraj, Dist. : Sangli - 416 315
Maharashtra	Ghotawade	Ghotawade	Bapu Dongale Building, Main Road, Ghotawade,Taluka : Radhanagari.Dist. : Kolhapur - 416 230
Maharashtra	Haladi	Haladi	Plot No. 667, Survey No. 104, Kaladi, Tal. Karveer, Dist Kolhapur - 416 211
Maharashtra	Hingangaon	Hingangaon	53, Grampanchayat Building,A/P : Hingangaon ,Taluka : Kavathe-Mahankal,Dist. : Sangli - 416 405
Maharashtra	Hupari	Hupari	CTS No. 3105/C, Plot No. 108, Mahaveer Nagar, Opp. Hutatma Main Road, Hupari, Tal. Hatkangale, Dist. Kolhapur - 416 203
Maharashtra	Ichalkaranji	Ichalkaranji	7356, Main Road, Ichalkaranji .Tal. Hatkanangale, Dist . : Kolhapur - 416 115
Maharashtra	Inam Dhamani	Inam Dhamani	A/P : Inam Dhamani , Tal. Miraj, Dist. : Sangli - 416 416
Maharashtra	Ingali	Ingali	446, A/P : Ingali .Taluka : Hatkanangale,Dist. : Kolhapur - 416 202
Maharashtra	Islampur	Islampur	H. No.2127/28, Dr.Pardeshi Bldg.Islampur, Taluka : Walva, Dist. : Sangli - 415 409
Maharashtra	Chincholi	Jalgaon	Gut No. 111, Plot No. 5 & 6, Jalgaon Aurangabad Road, Chincholi Village, Jalgaon - 425 003
Maharashtra	Jaysingpur	Jaysingpur	A.B.Patil Complex Subhash Road, Jaisingpur - 416 101
Maharashtra	Kabnur	Kabnur	Grampanchayat Building, Kabnur ,Taluka : Hatkanangale,Dist. : Kolhapur - 416 129
Maharashtra	Kagal	Kagal	Ameya Complex,C S No.3611, 3612, 3613Brahmapuri, Kagal, Dist : Kolhapur - 416 126
Maharashtra	Karad	Karad	Shop No. 1,2&3, Janaki Palza, Near Kolhapur Naka, Behind Mahatma Gandhi Statue, Karad - 415 110
Maharashtra	Khupire	Khupire	C/o Shri Balbhim VKS Vikas Seva Sanstha, Khupire, Taluka Karveer, Kolhapur - 416 205
Maharashtra	Gandhinagar	Kolhapur	Main Road, Gandhinagar.Taluka: Karveer.Dist. : Kolhapur - 416 119
Maharashtra	Laxmipuri	Kolhapur	CTS No. 1414, Shop No. 1 to 5 Om Estate, C Ward, Laxmipuri Kolhapur - 416 002
Maharashtra	Rajarampuri	Kolhapur	Vitthal Complex, 9Th Lane, Rajarampuri, Kolhapur - 416 008
Maharashtra	Shahupuri	Kolhapur	1st Lane, Shahupuri, Kolhapur - 416 001
Maharashtra	Kurundwad	Kurundwad	123, B, Bhau Smruti, Near Play Groud,Kurundwad ,Tal Shirol, Dist Kolhapur - 416 106
Maharashtra	Madilge	Madilge	A/P : Madilage,Taluka : Ajara, Dist. : Kolhapur - 416 505
Maharashtra	Malkapur	Malkapur	More Building, CTS No.215,B ward, Malkapur, Taluka: Shahuwadi Dist – Kolhapur 415 101
Maharashtra	Mhaishal	Mhaishal	Ground Floor, C S No. 386, Parampujya Shati Sagar Muni Road, Near Vijapur-Miraj Highway, Mhaisal - 416 409
Maharashtra	Miraj	Miraj	High School Road,Jawahar Chowk, Shivraj Complex,Miraj - 416 410
Maharashtra	Airoli	Mumbai	Unit No. 1 To 6, Gr Floor, Ripplez Mall, Plot No 6A, Sector No 7, Airoli, Navi Mumbai - 400 708
Maharashtra	Badlapur	Mumbai	Nisarg Pratiksha Apartments, Old D P Road, Katrap,Badlapur East, Thane - 421 503
Maharashtra	Borivali	Mumbai	Shop No. 2 To 6, Shroff Arcade, Sodawala Lane, Near Thakare Hall, Borivali (W), Mumbai - 400 092
Maharashtra	Dombivali (East)	Mumbai	1st Floor, Jaykul Arcade, Manpada Road, Near Gaondevi Mandir, Dombivali (E) - 421 201
Maharashtra	Dombivali(West)	Mumbai	Atma Tara, Ground Floor, Subhash Road, Vishnunagar, Dombivali (W) - 421 202
Maharashtra	Fort	Mumbai	Unit No. 3 & 4, Gr Floor, 7 Rahimatullah House, Homji Street, Harniman Circle Fort Mumbai - 400 001
Maharashtra	Juhu, Mumbai	Mumbai	Ground Floor, Duru House, CTS No. 900, Village Juhu, Juhu Tara Road, Vile Parle (West), Mumbai - 400 049
Maharashtra	Kalbadevi	Mumbai	Jewel World Building,Ground Floor, 175, Kalbadevi Road,Corner of Shaik Memon Street, Mumbai - 400 002
Maharashtra	Kalyan	Mumbai	Bindu Tower, Shop No.2,3,13 & 14, Opp.K.D.M.C. Veg. Market, Santoshi Mata Road, Kalyan (W) - 421 301
Maharashtra	Kandiwali	Mumbai	Shri Bldg., 295, Shantilal Modi Road, Near Mayur Takies, Kandiwali (W), Mumbai - 400 067
Maharashtra	Kharghar	Mumbai	Surya Koti Building, Surya Chs Ltd. Plot No.16, Sector 19, Kharghar, Navi Mumbai, Tal.Panvel, Dist. Raigad - 410 210
Maharashtra	Lower Parel	Mumbai	One Indiabulls Centre, Tower 2, 3rd Floor, 841 Senapati Bapat Marg, Lower Parel (W), Mumbai - 400 013
Maharashtra	Nalasopara	Mumbai	Building No.1, Shree Ram Sankul, Shop No.1,2,3,4, Achole Road, Opp. Aakanksha Commercial Complex, Nalasopara (E) - 401 209
Maharashtra	Nariman Point	Mumbai	Office No. 1/A, Ground Floor, Mittal Court, 224 Nariman Point, Mumbai - 400 021
Maharashtra	Nerul	Mumbai	Millenium Park, Plot No.17, Sector-25, Nerul, Navi Mumbai - 400 706
Maharashtra	Thane	Mumbai	Laxmi Market, Pokharan Road No 1, Vartak Nagar, Thane (W) - 400 606

LIST OF BRANCH OFFICES

State	Branch Name	City	Branch Address
Maharashtra	Thane (R Mall)	Mumbai	R Mall, Shop No. LG-2A, United Motors Ltd, Ghodhbunder Road, Near Runawal Estate, Thane (W) - 400 601
Maharashtra	Thane(West) Ram Maruti	Mumbai	Gr Floor, Shankeshwar Arcade, Ram Ganesh Gadkari Path, Ram Maruti Cross Road, Thane(W) - 400602
Maharashtra	Vasai	Mumbai	Ground Floor, Shop no. 2 & 3, Nikunj Signature, Ambadi Road, Vasai (W), Thane - 421 202
Maharashtra	Vashi, Navi Mumbai	Mumbai	Arti CHS Ltd. Plot No. 29, Sector 2, Vashi, Navi Mumbai - 400 703
Maharashtra	Vile Parle	Mumbai	6, Ground Floor, Galaxy Arcade, 10 M.G.Road, Vileparle [E] - 400067
Maharashtra	Virar (East)	Mumbai	Sumant Chaya, Purandarewadi, Next To Railway Stn, Near Talathi Office Bazarward, Virar (E) - 410 303
Maharashtra	Nandre	Nandre	249, E Ward, Society Building, A/P: Nandre.Taluka : Miraj, Dist. : Sangli - 416 423
Maharashtra	Nasik	Nasik	Riddhi Park, Tilakwadi Corner, Sharanpur Road, Nasik - 422 002
Maharashtra	Nerle	Nerle	A/P : Nerle, Taluka : Walwa, Dist. : Sangli - 415 406
Maharashtra	Omerga	Omerga	Omerga Branch,Mane Hospital Building No 20/21,Ward No 13, Main Road,Omerga,Dist - Osmanabad - 413 606
Maharashtra	Panvel	Panvel	Block No.102/103, Indraprashta Building, Tapal Naka, Uran Road, Panvel - 410 206
Maharashtra	Peth Vadgaon	Peth Vadgaon	R S No. 126, Bavadekar Complex, Near Bus Stand, Peth Vadgaon, Tal. Hatkanangle, Dist Kolhapur, Maharashtra - 415 112
Maharashtra	Baner Pune	Pune	A' Wing, Anmol Pride, Survey No. 270, Hissa No. 1/16, Opp Bharat Petrol Pump, Baner, Pune - 411 045
Maharashtra	Chakan Pune	Pune	Ground Floor, Shop No.5 & 6 & Underground No.5 , At Gate No.461, Tukaram Market, "Mega Centre, Pune Nasik Road, Next To Surya Hospital, Near Muktewadi & Medankarwadi, Chakan, Pune - 410 501
Maharashtra	Chinchwad	Pune	Ashirwaad', Plot No. 199/a, Old Pune-Mumbai Highway, Near Hans Electricals, Chinchwad Station Road, Pune - 411 019
Maharashtra	Icc Pune	Pune	MCCIA Trade Tower, Off International Conventinal Centre, Show room No 5, Senapati Bhapat Road, Pune - 411 004
Maharashtra	Kalyaninagar	Pune	Shop No. 126 &127, Vitoria-I, Fortaleza, Central Avenue Road, Kalyaninagar, Pune - 411 006
Maharashtra	Pune Camp	Pune	Ground Floor, 11, Moledina Road, Pune - 411 001
Maharashtra	Singhgad Road	Pune	Cts No 16/3 16/4 Anand Nagar,Shop No. 1 & 2, 'C' Wing, Mohite Paradise, Sinhgad Road, Pune - 411 050
Maharashtra	Swargate	Pune	Showroom No 8,Vega Centre , Shankarshet Road, Pune - 411 042
Maharashtra	Nagpur	Ramdaspeth	3,4,5, Ground Floor, Aditya Enclave, Plot No. 20-A, Central Bazar, Ramdaspeth, Nagpur - 440 010
Maharashtra	Rangoli	Rangoli	A/P : Rangoli ,Taluka : Hatkanangale,Dist. : Kolhapur - 416 143
Maharashtra	Rukadi	Rukadi	Main Road A/P- Rukadi.Tal.:Hatkangle, Dist.Kolhapur - 416115
Maharashtra	Samdoli	Samdoli	A/P : Samdoli – 416 427.Taluka : Miraj. Dist. : Sangli - 416 427
Maharashtra	Gaon Bagh Sangli	Sangli	C.S.No.966 & 967, Mehendale - Kulkarni Bhavan, Gaonbhag, Sangli - 416416
Maharashtra	Market Yard (Sangli)	Sangli	Plot No.88, Bank Building, Market Yard, Sangli - 416416
Maharashtra	Sangli Main	Sangli	Sukh-Shanti Heights, College Corner, Aamrai RoaD, Shivaji Nagar (North), Sangli - 416 416
Maharashtra	Shirdi	Shirdi	Ground Floor, "The Executive INN", City Survey No. 961, Nagar-Manmad Highway, A/P - Shirdi, Tal - Rahata, Dist Ahmednagar - 423 109
Maharashtra	Solapur	Solapur	Ground Floor, Hotel Dhruva Building, 157/1 Railway Lines, Solapur - 413 001
Maharashtra	Tasgaon	Tasgaon	1565-A, Siddheshwar Chowk, A/P : Tasgaon. Dist. Sangli - 416 312
Maharashtra	Unchgaon	Unchgaon	Seema Pride, Plot No. 5, R S No. 350A, Village Unchagoan, Tal Karveer, Dist. Kolhapur, Dist. Kolhapur - 416 005
Maharashtra	Vasagade	Vasagade	A/P :Vasgade,Taluka : Karveer,Dist : Kolhapur - 416 204
Maharashtra	Visapur	Visapur	A/P : Visapur, Taluka: Tasgaon, Dist. : Sangli - 416 314
Rajasthan	Mohanpura	Ajmer	Village Mohanpura, Khasra No.374/264, Part C-1, Ground Floor,District-Ajmer, Rajasthan - 305 801
Rajasthan	Seenta	Bundhi	Ground floor,Patta No.7, Village Seenta, Tehsil - Talera, District- Bundhi, Rajasthan - 323 021
Rajasthan	Jainpurawas	Alwar	Grand Sapphire Infotech Pvt Ltd, Village Jainpurwas, NH-8 highway, Tehsil- Behror, District Alwar,Rajasthan - 301 701
Rajasthan	Bhiwadi (Ex -Hero Honda)	Bhiwadi	A-4, Ground Floor, Bhagat Singh Colny, Alwar Bypass Roadl,Bhiwadi, Dist- Alwar, Rajasthan - 301019
Rajasthan	Bhiwadi (Swagat Hotel)	Bhiwadi	The Swagat Palace Hotel, B-294-295A, Near RIICO Chowk Industrial Area, Bhiwadi, Dist- Alwar, Rajasthan - 301019
Rajasthan	Chittorgarh	Chittorgadh	Ground Floor, Plot No.2, Sukhshanti Colony, Bhilwara Road, Opposite Sub Jail- Chittorgarh, Rajasthan - 312 001
Rajasthan	Udaipur	Udaipur	Ground Floor, Plot No. 99, L Road, Bhupalpura, Verma Circle, Opp. Collector Bungalow, Udaipur - 313 001
Tamil Nadu	Avinashi	Avinashi	Shop No. 5/215, Rajan Nagar, Opp. Weekly Market, K K Pudur Post, Avinashi Taluka, Tirupur District, Tamil Nadu - 641 654
Tamil Nadu	Chennai	Chennai	Anand Business Centre/HMH Plaza, Old Door No. 105, New Door No. 56, G N Chetty Road, T Nagar, Chennai - 600 017
Tamil Nadu	Nungambakkam	Chennai	First Floor, Rashmi Towers, No.1 Valluvarkottam High Road, Nungambakkam, Chennai, Tamil Nadu - 600 034
Tamil Nadu	Coimbatore	Coimbatore	R.G. Chambers, 726 Avinashi Road, New T.S. No. 1/1396/3B, Coimbatore, Tamil Nadu - 641 018
Tamil Nadu	Nanjai Pugalur	Karur	Survey No. 596/2A, N.H 7, Bye Pass Road, Nanjai Pugalur, Karur Taluk and District, Tamil Nadu - 639 113
Tamil Nadu	Nellikuppam	Nellikuppam	Door No. 117/1 K.S.A Road, Nellikuppam, Cuddalore District, Tamil Nadu - 607 105
Tamil Nadu	Salem	Salem	Ground Floor, Sukri Complex, Survey No. 103/1D5, Sriram Nagar, Alagapuram Reddiyur, Saradha College Road, Salem, Tamil Nadu - 636 016
Tamil Nadu	Aladikkumulai	Thanjavur	221/7 Ranganatha Vellalar Complex, Thanjavur Main Road, Aladikkumulai, Pattukkotai Taluk, Thanjavur District, Tamil Nadu - 614 615
Tamil Nadu	Vengangudi	Tiruchirapalli	Sasha Complex, Mannachanallur Road, Vengangudi Village, Samayapuram Post, District Tiruchirapalli, Tamil Nadu - 621 112
Uttar Pradesh	Agra	Agra	Ground Floor, Block No: 41/4, Sanjay Place Shop no.5,6,7,8 and Basement Floor-Shop no.5 & 7, Agra, Uttar Pradesh - 282 002
Uttar Pradesh	Moradabad	Moradabad	GF-1, Parsvnath Plaza -II, Neelgiri Commercial Complex, Delhi Road, Moradabad - 244 001
Uttar Pradesh	Noida	Noida	P-7, Sector-18,Noida,P-7, Sector-18,Uttar Pradesh - 201 301
West Bengal	J L Nehru Road Branch	Kolkata	Ground Floor, Horizon Building, 57 Jawaharlal Nehru Road, Kolkata - 700 071
West Bengal	Barbourne Road	Kolkata	Thapar House, 25 Barbourne Road, Kolkata - 700 001

List as on July 29, 2014
The above list is subject to change from time to time. Readers are kindly advised to refer to our website (www.rblbank.com) for latest branch details

NOTES

RBL BANK

The Ratnakar Bank Limited

Registered Office: 1st Lane, Shahupuri, Kolhapur – 416 001, Maharashtra. India | Tel:+91 231 2653006 | Fax:+91 231 2653658

Administrative Office: 'Mahaveer', 179/E Ward, Shri Shahu Market Yard, Kolhapur - 416 005, Maharashtra, India.

Mumbai Controlling Office: One Indiabulls Centre, Tower 2B, 6th Floor, 841, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400 013.

Corporate Identity Number (CIN): U65191PN1943PLC007308 | E-mail: customercare@rblbank.com

PROXY FORM

Folio No. / DP ID-Client ID No. .... No. of Shares ....

71st Annual General Meeting - August 26, 2014

I/We...of...

being a member/s of The Ratnakar Bank Limited, hereby appoint ....of..

or failing him/her.. of ....

.... as my/our Proxy to attend and vote for me / us on my / our behalf at the 71st Annual General Meeting of the Bank to be held on Tuesday, August 26, 2014 at 12 noon at Residency Club, C.T.S. No. E 2124, E Ward, Near Bawda Post Office, Opp. PWD Office, New Palace, Tarabai Park, Kolhapur - 416 003 and at any adjournment thereof.

Signed this .... 2014.

1. Proxy need not be a member
2. Proxy form complete in all respects, should reach the Bank's Registered Office / Administrative Office / Mumbai Controlling Office not later than 48 hours before the scheduled time of the meeting

Signature

Affix ₹ 1 Revenue Stamp

RBL BANK

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ATTENDANCE SLIP

I certify that I am a registered member / proxy for the registered member of the Bank.

I hereby record my presence at the 71st Annual General Meeting of the Bank held at Residency Club, C.T.S. No. E 2124, E Ward, Near Bawda Post Office, Opp. PWD Office, New Palace, Tarabai Park, Kolhapur - 416 003 on Tuesday, August 26, 2014 at 12 noon.

Member / Proxy's Name...
(IN BLOCK LETTER)

No. of Shares ....

Folio No. / DP ID-Client ID No. ....

Member / Proxy's Signature

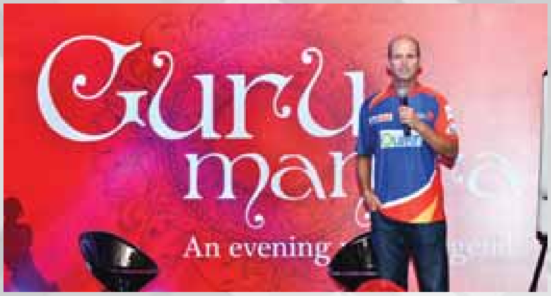
Please bring this attendance slip and hand it over at the entrance of the meeting hall

HIGHLIGHTS 2013-14

Ross Taylor, renowned International Cricketer & Former Captain of New Zealand cricket team along with Nitin Chopra, Head - Consumer & Retail Banking, inaugurating RBL Bank's Branch at Hauz Khas in New Delhi

In the Picture (L-R): Harjeet Toor, Business Head - Retail & Small Business Lending, Vishwavir Ahuja - MD & CEO of RBL Bank along with Delhi Daredevils cricketers James Neesham & Dinesh Karthik, and the CEO of Delhi Daredevils Hemant Dua, launching India's only Cricket Credit Card in New Delhi

In the Picture (L-R): Delhi Daredevils cricket stars Quinton de Kock & Dinesh Karthik along with Vishwavir Ahuja, MD & CEO of RBL Bank and Nitin Chopra, Head - Consumer & Retail Banking, launching RBL Bank's premium banking offering 'Insignia Preferred Banking' in New Delhi



Gary Kirsten, India's world cup winning cricket coach and a reputed South African international cricketer delivering a motivational talk at RBL Bank's leadership forum 'Guru Mantra' in New Delhi

An external view of an RBL Bank branch with the bank's new brand identity. This has been implemented across all branches of the Bank

In the picture (L-R): Veena Mankar , Managing Director of Swadhaar, Sudarshan Sen, Regional Director of RBI, Vishwavir Ahuja, MD & CEO of RBL Bank alongwith Dr. Guruprasad Mohapatra, Commissioner of Ahmedabad Municipal Corporation launching RBL Bank's financial literacy program 'Saksham 'in Ahmedabad

RBL BANK

The Ratnakar Bank Limited

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Fax: +91 231 2657386

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Tower 2B, 6th Floor,
841, Senapati Bapat Marg,
Lower Parel (W),
Mumbai - 400 013,
Maharashtra, India.
Phone: +91 22 43020600
Fax: +91 22 43020520

www.rblbank.com

concept, content and design at aicl [info@aicl.in]