



Registered Office: 1st Lane, Shahupuri, Kolhapur – 416001

Mumbai Controlling office: One IndiaBulls Centre, Tower 2B, 6th Floor, 841, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013

## NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of the members of The Ratnakar Bank Limited (the Bank) will be held on Monday, March 24, 2014 at 11.00 a.m. 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 special businesses :

### 1. Issue and Allotment of Equity Shares :

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

“**RESOLVED THAT** subject to the provisions of the Section 81 (1A) and all other applicable provisions, if any, of the Companies Act 1956 (the Act) (including any statutory modification(s) or re-enactment thereof) and in accordance with Unlisted Public Companies (Preferential Allotment) Rules, 2003, as amended from time to time, the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000, including any amendment, modification, variation or re-enactment thereof, Banking Regulation Act, 1949 and the provisions of any rules/regulations/guidelines issued/framed by the Central Government, Reserve Bank of India, Foreign Investment Promotion Board or any other authority (hereinafter collectively referred to as the “Appropriate Authorities”), enabling provisions of the Memorandum and Articles of Association of The Ratnakar Bank Limited (‘the Bank’); and subject to the Bank obtaining requisite approvals from the Appropriate Authorities; and subject to such conditions and modifications, as may be prescribed by any of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as the “requisite approvals”), which may be agreed to by the Board of Directors of the Bank (hereinafter called the “Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute or any person authorized by the Board to exercise its powers including the power conferred by this resolution), the consent, authority and approval of the Bank be and is hereby accorded to the Board to offer, issue, and allot up to 2,56,49,900 equity shares of ₹ 10/- each at a premium ₹125 per equity share or such other premium not less than ₹115 per equity share as may be decided by the Board to one or more of the investors named below including their group/affiliate/associated entity (the “Investors”) on preferential basis in one or more tranches and on such terms and conditions and in such manner as may be decided by the Board.

Sr. No.	Name of the proposed allottee	Category / Class	Address	Occupation
1	Asia Capital Financial Opportunities Pte. Ltd.	Body Corporate	8 Eu Tong Seng Street, The Central Tower 1 Unit 21-90, Singapore 059818	Investment / Fund Management
2	CDC Group, UK	Body Corporate	123, Victoria Street, London SW1E 6DE, United Kingdom	Development Financial Institution
3	Gaja Trustee Company Pvt Ltd	Body Corporate	1402, Tower 2B, One IndiaBulls Centre, Senapati Bapat Marg, Lower Parel, Mumbai-400 013, Maharashtra, India	SEBI registered Venture Capital Fund
4	GPE (India) Ltd	Body Corporate	Les Cascades, Edith Cavell Street, Port Louis, Mauritius	Private Equity/ Investment

5	International Finance Corporation	Body Corporate	2121, Pennsylvania Avenue, N. W. Washington, D.C. 20433, U.S.A.	Investment & Advisory
6	MCap India Fund Limited	Body Corporate	River Court, St Denis Street, PortLouis, Mauritius	Private Equity/ Investment
7	Multiples Private Equity Fund	Body Corporate	701/A, Poonam Chambers, 'B' Wing, Dr. Annie Besant Road, Worli, Mumbai – 400 018	SEBI registered Alternative Investment Fund
8	Multiples Private Equity Fund I Limited	Body Corporate	1st Floor, 78, Saint Jean Road, Quatre-Bornes, Mauritius	Private Equity/ Investment
9	Norwest Venture Partners X FII - Mauritius	Body Corporate	Cybercity, Ebene, Mauritius	Private Equity/ Investment

**RESOLVED FURTHER THAT** the equity shares proposed to be issued and allotted pursuant to this resolution shall rank pari passu in all respects with the existing fully paid up equity shares of the Bank, including entitlement to dividend.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to determine, vary, modify or alter any of the terms and conditions of the issue and allotment of the equity shares, including reduction of the issue size, as it may deem fit.

**RESOLVED FURTHER THAT** the Board be and is hereby instructed to get the shares allotted pursuant to this resolution and the resolution be acted upon within a period of 12 months.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary and desirable including without limitation, issuing clarifications on the issue and allotment of equity shares, resolving difficulties, effecting modifications to the foregoing (including any modifications to the terms of the issue), seek requisites approvals from the Appropriate Authorities, appointment of consultants, advisors and other agencies and to do all such acts, deeds and things as may be necessary and expedient for the purpose of issue and allotment of equity shares.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or to any Committee of Directors or to any Officer or Officers of the Bank to give effect to this resolution.”

## 2. Enhancement of limit for issuance of shares under Employee Stock Option Plan (ESOP)

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

**“RESOLVED THAT** in supersession of resolution passed at the Annual General Meeting held on August 25, 2010 and pursuant to the provisions of Section 81 (1A), and all other applicable provisions, if any, of the Companies Act 1956 (“the Act”) (including any statutory modification (s) or re-enactment thereof), the Memorandum and Articles of Association of The Ratnakar Bank Limited (“the Bank”), and subject to such other approvals, permissions and sanctions as may be necessary of the appropriate authorities and subject to such terms, conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions by the appropriate authorities, the consent of the Bank be and is hereby accorded to the Board of Directors of the Bank (hereinafter called the “Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute or any person authorized by the Board to exercise its powers including the power conferred by this resolution), to create, offer, issue and allot at any time or from time to time to or to the benefit of such person (s) who are in permanent employment of the Bank, including any Director of the Bank (to the extent permitted under applicable laws, rules and regulations), whether whole-time or otherwise, options exercisable into such number of equity shares being not more than 12% of paid-up equity share capital of the Bank at any point in time, under one or more Employee Stock Option Plan, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the appropriate authority;

**RESOLVED FURTHER THAT** each option would be exercisable for one equity share of a face value of ₹ 10/- each fully paid-up on payment of the requisite exercise price to the Bank and the equity shares proposed to be issued and allotted pursuant to this resolution shall rank pari passu in all respects with the existing fully paid up equity shares of the Bank, including entitlement to dividend.

**RESOLVED FURTHER THAT** in case the equity shares of the Bank are either sub-divided or consolidated, then the number of options which are granted and outstanding on the date of such sub-division or consolidation and the price of such options shall stand automatically augmented or reduced, as the case may be, in the same proportion as the present face value of equity share bears to the revised face value of the equity shares of the Bank after such subdivision or consolidation, without affecting any other rights or obligations of the said grantees.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary and desirable including without limitation, to make modifications, changes, variations, alterations or revisions in the employee stock option plan (s) as it may deem fit, seek requisites approvals from the appropriate authorities, appointment of consultants, advisors and other agencies.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or to any Committee of Directors or to any Officer or Officers of the Bank to give effect to this resolution.”

**By the order of the Board of Directors**

**Sd/-**

**Rajendra Patil**

**Sr. Vice President – Legal & Company Secretary**

**Mumbai, February 21, 2014**

**NOTES :**

- 1) The related Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (Corresponding to Section 173(2) of the Companies Act, 1956) set out in the Notice is annexed hereto.
- 2) Notice of extraordinary general meeting is being sent to those members / beneficial members whose name appeared in the register of members / list of beneficiaries received from the depositories on February 15, 2014.
- 3) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND, AND ON A POLL, TO VOTE INSTEAD OF HIM/HER. SUCH A PROXY NEED NOT BE A MEMBER OF THE BANK. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE BANK NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 4) Members/Proxies should bring duly filled admission slips sent herewith for attending the meeting.
- 5) All the documents referred to in the Notice and the Explanatory Statement will be available for inspection by the Members at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m., on all working days from the date hereof up to the date of the Meeting.
- 6) Members are requested to intimate the change in their Address, Bank Details, etc. if any, to the Bank's Registrar and Transfer Agents, Link Intime India Limited. Members should quote their folio numbers, DP ID & Client ID in all their correspondence with the Bank and the Registrar and Transfer Agents. The contact details of the Registrar and Transfer Agents are as under;  
  
Link Intime India Limited,  
C-13, Pannalal Silk Mills Compound,  
L.B.S Marg, Bhandup (West),  
Mumbai - 400 078.  
Tel : +91 22 25946970 Fax : +91 22 25946969  
Email : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website : [www.linkintime.co.in](http://www.linkintime.co.in)
- 7) The Bank has made available the facility of de-materialization of shares of the Bank. De-materialization 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.

## **ANNEXURE TO THE NOTICE**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (CORRESPONDING TO SECTION 173(2) OF THE COMPANIES ACT, 1956):**

#### **Item No 1**

The Bank's transformation journey towards becoming a 'New Age' Bank started in the year 2010. To achieve the transformation and growth, the Bank had raised capital in two rounds - to the tune of ₹ 702.75 crore by allotment of 10.49 crore equity shares under the 10th Rights Issue in December 2010 and then ₹ 324.30 crore by allotment of 3 crore equity shares via preferential issue in March 2013. The amount raised in the said Rights Issue and preferential issue has been effectively used to meet the transformation and business requirements of the Bank so far.

The Bank's transformation process has progressed well since 2010. Further to the Branch and ATM network of 125 branches and 184 ATMs as at March 31, 2013, the Bank has added 24 branches to take the total to 149 branches and added 108 ATMs to take the total to 292 ATMs as at December 31, 2013. The Bank is now present in 13 states. These developments/expansion has helped the Bank to grow its size of business significantly. The Bank's advances have increased from ₹ 6,376 crore as at March 31, 2013 to ₹ 8,287 crore as at December 31, 2013. The Bank's off-balance sheet exposures in the form of letters of credit, guarantees and Outstanding forward Exchange contracts has increased from approx. ₹ 6,200 crore in March 31, 2013 to ₹ 9,500 crore as at December 31, 2013. Similarly, the Bank's deposits have increased from ₹ 8,341 crore as at March 31, 2013 to ₹ 9,743 crore as at December 31, 2013. The Bank has also recently acquired Indian Business Banking business, Credit card and mortgage business of The Royal Bank of Scotland N.V. These are well established businesses which not only add to the balance sheet of the Bank, but also adds around 100,000 customers and experienced employees to the Bank.

The Bank's Capital Adequacy Ratio (CAR) had increased substantially after the last round of capital infusion in late FY 13. The CAR was at 17.11% (under Basel II) as of March 31, 2013 (audited) which has since reduced to 13.19% (Provisional) (under Basel III) as at December 31, 2013 (unaudited) owing to substantial growth in the size of on-balance sheet and off-balance sheet exposures of the Bank as well as implementation of Basel III. As the Bank grows its balance sheet in the coming days, the CAR will further drop to lower levels.

The Bank needs to continue with its expansion plans, grow its branch network and continue with IT system changes. With the recent developments in the banking industry, our Bank needs to ensure that with growing balance sheet, its capital position is enhanced commensurately. Accordingly, the Board of Directors of the Bank has recommended raising further capital by way of preferential allotment of shares to certain institutional/professional investors of high pedigree. Some of these prospective investors could bring immense value to the Bank. The capital proposed to be raised from such investors would be further utilized for diversification into new markets, Brand promotion of the Bank, setting up of more Branches and ATMs and to deliver robust and cost – effective, customer centric banking. The Board of Directors has identified the investors listed above for allotment of equity shares on preferential basis.

The present resolution is proposed to be passed in order to enable the Board of Directors of the Bank (including any committee thereof) to issue Equity Shares by private placement on a preferential allotment basis as required under section 81 (1A) of the Companies Act, 1956.

The Equity Shares to be allotted shall be subject to the Memorandum and Articles of Association of the Bank and the terms of issue as decided by the Board or Committee thereof.

The proposed preferential allotment shall not result in any change in the management control of the Bank.

In view of the above, the Board of Directors, at its meeting held on February 21, 2014, has approved issue of 2,56,49,900 equity shares of ₹10/- each at a premium ₹125 per equity share or such other premium not less than ₹115 per equity share as may be decided by the Board of Director of the Bank to one or more of the investors named in the resolution including their group/affiliate/associated entity. The approval of the members is being sought in terms of the provisions of the Companies Act, 1956 (including any statutory modification (s) or re-enactment thereof) and Unlisted Public Companies (Preferential Allotment) Rules, 2003, as amended from time to time. The relevant details as prescribed under these regulations are given below:

#### **(a) THE OBJECTS OF THE PREFERENTIAL ISSUE:**

To raise the funds through preferential offer for long term financial needs of the Bank from the investors

referred in resolution on a private placement basis.

**(b) THE PRICE BAND AT WHICH ALLOTMENT IS PROPOSED :**

The equity shares shall be issued and allotted at a price determined by the Board. The equity shares shall be issued within a price band of ₹125 - ₹ 135 per share (i.e. equity share of face value of ₹ 10 per share at a premium of ₹ 115 - ₹ 125 per equity share).

**(c) THE RELEVANT DATE ON THE BASIS OF WHICH PRICE HAS BEEN ARRIVED AT:**

The price band has been arrived on the basis of price benchmarks prevailing in the market as applied to financial position of the Bank as on December 31, 2013.

**(d) THE CLASS OR CLASSES OF PERSONS TO WHOM THE ALLOTMENT IS PROPOSED TO BE MADE:**

The shares may be issued and allotted to the Investors as detailed in the resolution.

**(e) INTENTION OF THE PROMOTORS / DIRECTORS/ KEY MANAGEMENT PERSONNEL OF THE BANK TO SUBSCRIBE TO THE ISSUE**

No directors/Key Management Personnel intend to subscribe in the proposed preferential issue of shares.

**(f) SHAREHOLDING PATTERN**

The share holding pattern before and after the allotment of shares as mentioned in the resolution is as below:

Category	Pre Issue		Post Issue	
	No of Shares	%	No of Shares	%
<b>Domestic</b>				
Other Bodies Corporate	4,98,68,408	19.44	5,01,44,008	17.77
Public	8,47,31,728	33.03	8,47,31,728	30.03
Trust	42,82,195	1.67	42,82,195	1.52
<b>Sub Total</b>	<b>13,88,82,331</b>	<b>54.15</b>	<b>13,91,57,931</b>	<b>49.32</b>
<b>Foreign</b>				
Foreign Company	10,84,06,532	42.26	13,37,80,832	47.41
FII	9,70,000	0.38	9,70,000	0.34
NRI	82,40,910	3.21	82,40,910	2.92
<b>Sub Total</b>	<b>11,76,17,442</b>	<b>45.85</b>	<b>14,29,91,742</b>	<b>50.68</b>
<b>Grand Total</b>	<b>25,64,99,773</b>	<b>100.00</b>	<b>28,21,49,673</b>	<b>100.00</b>

**(g) PROPOSED TIME WITHIN WHICH THE ALLOTMENT OF EQUITY SHARES SHALL BE COMPLETED**

The allotment of equity shares is proposed to be completed within 12 months from the date on which the shareholders sanction is obtained for the preferential allotment of equity shares. However, as required under Unlisted Public Companies (Preferential Allotment) Rules, 2003, as amended, the allotment of equity shares shall be completed within 60 days from the date of receipt of subscription money and till then the subscription money received shall be kept in a separate bank account.

**(h) WHETHER A CHANGE IN CONTROL IS INTENDED OR EXPECTED**

The directors do not envisage any change in the control by the proposed allotment of shares. None of the proposed allottees would hold 5% or more shares in the paid up equity share capital of the Bank after the proposed issue of equity shares on preferential basis.

**(i) AUDIT CERTIFICATE**

The Certificate of Mrs. Priya Pangaonkar, Company Secretary in practice, certifying that the issue of the shares is being made in accordance with the requirement of the Unlisted Public Companies (Preferential Allotment) Rules, 2003, as amended, shall be placed before the shareholders at the Extraordinary General Meeting.

The Directors recommend passing of the resolution.

None of the Directors, Key Managerial Personnel (KMP) of the Bank and the relative of Directors and KMP is in any way concerned or interested in the proposed resolution.

**Item No 2**

The members of the Bank at their Annual General Meeting (AGM) held on August 25, 2010 had approved instituting Employee Stock Option Plan (ESOP) in the Bank for the full time employees and authorized the Board of Directors of the Bank (including Committee thereof) to create, offer, issue and allot options exercisable into such number of equity shares being not more than 10% of Paid-up Equity Share Capital of the Bank at any point in time, under one or more Employee Stock Option Plan, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Human Resource Committee of Board, later renamed as Human Resource & Remuneration Committee of Board (HRRC) in accordance with the provisions of the law or guidelines issued by the relevant Authority; each option would be exercisable into one Equity share of a face value of ₹ 10 Each fully paid-up on payment of requisite exercise price to the Bank;

The Bank embarked upon a transformation exercise across the Bank covering its strategy, business scale, products and services with the objective of becoming a vibrant, professional, competitive & pre-eminent 'New Age' banking institution of the country over next few years. To achieve these objectives, there was an urgent need for the Bank to attract senior and experienced talent from well-established entities that can lead this transformation effort. In addition, the Bank desired to create a sense of long-term commitment amongst these employees as this transformation was a multi-year effort.

For such transformational projects, ESOPs are well established way of initially attracting key employees as well as retention and incentivisation. ESOPs ensure that professional and financial success of the key management is inextricably tied to the financial and business well-being of the Bank.

The challenges of transforming one of the smallest banks into a professional and competitive new-age bank are enormous. Attracting the right talent and retaining them are most important priorities. The Bank has thus far attracted good quality talent by demonstrating continued success and business foresight & mostly retained these talented employees as they believe in the business model & future value of the equity.

The Bank also managed inorganic growth by acquiring some of Royal Bank of Scotland's (RBS) businesses in India. For the success of the said acquisition, the Bank has also appointed employees of RBS on its roll to provide better services to the existing and new customers. It would be imperative that the said employees are aligned with the transformation journey of our Bank by offering the benefits of the ESOPs.

The current talent environment for the financial sector has been extremely competitive and there is a huge demand for good quality and experienced candidates and this will become more intense once RBI issues new banking licenses.

The Bank operates several employee stock option plans to achieve one or more of the above stated objectives. As the combined ESOP utilization is close to its current limit, the Board of Directors at its meeting held on February 21, 2014, based on the recommendation of HRRC, approved the enhancement of the said limit to 12% and decided to seek the approval of the members for the same.

The Directors recommend passing of the resolution.

All Directors, Key Managerial Personnel (KMP) of the Bank and the relative of Directors and KMP are concerned or interested in the Resolution to the extent of the benefit Director/KMP may derive under the Scheme.

**By the order of the Board of Directors**

**Sd/-**

**Rajendra Patil**

**Sr. Vice President – Legal & Company Secretary**

**Mumbai, February 21, 2014**



**THE RATNAKAR BANK LIMITED**

Registered Office: 1st Lane, Shahupuri, Kolhapur – 416001

Mumbai Controlling office: One Indiabulls Centre, Tower 2B, 6th Floor, 841, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013

**PROXY FORM**

Regd. Folio/DPID & Client ID No.

**EXTRAORDINARY GENERAL MEETING – MARCH 24, 2014**

I/We.....of  
..... being a  
member / members of The Ratnakar Bank Ltd. (The Bank), 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 Extraordinary General Meeting of the Bank to be held on  
Monday, March 24, 2014 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 at 11.00 a.m. and at any adjournment thereof.

Signed this..... 2014

**Note :**

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.  
**Registered Office :** 1st Lane, Shahupuri, Kolhapur - 416 001.  
**Administrative Office :** 'Mahaveer', 17g / E Ward, Shri Shahu Market Yard, Kolhapur - 416 005.  
**Mumbai Controlling Office :** One India bulls Center, Tower 2, 6th Floor, 841, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013.

Affix ₹ 1/-  
Revenue  
Stamp

Signature

( Cut here )



**THE RATNAKAR BANK LIMITED**

Registered Office: 1st Lane, Shahupuri, Kolhapur – 416001

Mumbai Controlling office: One Indiabulls Centre, Tower 2B, 6th Floor, 841, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013

**ATTENDANCE SLIP**

I certify that I am a registered member / proxy of The Ratnakar Bank Ltd. (The Bank).

I here by record my presence at the Extraordinary 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 Monday, March 24, 2014 at 11:00 a.m.

Member / Proxy's Name  
(IN BLOCK LETTERS) .....

Regd. Folio/DPID & Client ID No. \_\_\_\_\_ No. of Shares \_\_\_\_\_

Member / Proxy's Signature

(Please bring this attendance slip and hand it over at the entrance of hall)

## Book-Post

If undelivered please return to :

**LINK INTIME**  
INDIA PVT LTD



**Unit : The Ratnakar Bank Limited**

C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai - 400 078.