

Ratnakar Bank eyes \$60 mn in 2nd round of fund- raising

The Kolhapur-based private sector Ratnakar Bank, which is currently in its second year of a major transformation and modernisation, is planning to raise a second round of funding and bring in a fresh clutch of investors.

The bank will raise about \$55-60 million (Rs 300-350 crore) soon to power its next phase of aggressive growth. About three or four new investors are expected to be brought into the bank in the second round. The bank is also planning a public listing of its shares in 2014.



In an exclusive interview with *Entrepreneur* magazine, Ratnakar Bank managing director and CEO Vishwavir Ahuja said the equity raising would likely be completed in the next 60 days, by the end of January. "All approvals are in place for the fund-raising. The new list of three-four investors will be top class," Ahuja said.

The forthcoming round of fund-raising will be the second big one for Ratnakar Bank, which raised a hefty Rs 720 crore in 2011 and brought in a line-up of major investors. Those who came in then were HDFC, Gaja Capital, Norwest Venture, Samara Capital, Beacon Private Equity, Faering Capital, TVS Shriram and Cartica Capital.

"All existing investors are keen to put in more money, but we want to diversify shareholding," Ahuja added, saying that the bank, which was set up in 1943 as a community bank in Kolhapur, Maharashtra, was now in the second year of a massive transformation.

After taking over as MD & CEO in July 2010, Ahuja, who was formerly MD and CEO of Bank of America in India, oversaw a slew of major changes at the bank and brought in several top professionals into the bank. The key names who joined Ratnakar were Rajeev Ahuja and Naresh Karia from Citi, Sunil Gulati from YES Bank, Suhas Sahakari from Axis Bank, Shanta Valluri from ICICI Bank and Nitin Chopra from Bharti Axa Life.

Ahuja said the key transformational moves until now included, top talent apart, getting 100 percent implementation of its core banking system (CBS), increasing the number of ATMs to over 103 from just 19 earlier, the revamping of its IT infrastructure and the launch of debit cards and internet banking. The mission was to transform Ratnakar from an old private sector bank to a new age bank, complete with all the products and technology which any modern Indian bank had to offer.

He said Ratnakar Bank would end the fiscal by about 140 branches. "We may add 40-50 branches more in the next year. We've got in funds, management talent, brand new technology, business verticals like treasury, forex, cash management and created all the capabilities which today's

state-of-the-art banks will have. We've also got the first spurt of growth," Ahuja added.

The bank recorded a staggering 433 percent growth in profits in FY12, at Rs 65.73 crore, and achieving total business of Rs 8,896 crore, a 125 percent growth over the previous year. Its gross and net non-performing asset levels are at 0.80 percent and 0.20 percent, respectively, for the fiscal.

Pointing out that the bank will continue to aggressively invest in its growth and transformation agenda in the next 12-18 months, Ahuja said a listing was planned in 2014, the fourth year of its 5-year vision for transformation which began in 2010.

"A listing has to be done. The question is when will the baby be ready and reach maturity. We have first got to get to whatever is the equivalent of age 21 in banking parlance. We have to make the bank ready for a public investor, be fit and proper and in such a shape that even the public investor will be keen to see sustained growth," he said.