

September 29, 2010

**CARE REAFFIRMS RATING ASSIGNED TO TIER II BONDS OF
RATNAKAR BANK LTD.**

CARE has reaffirmed the rating assigned to Ratnakar Bank's (RKB) Lower Tier II Bonds of Rs.0.30 crore at 'CARE BBB+' [Triple B Plus]. Instruments with this rating are considered to offer moderate safety for timely servicing of debt obligations. Such instruments carry moderate credit risk.

Instruments	Amount o/s (Rs. crore)	Rating ¹
Lower Tier II Bonds	0.30	CARE BBB+

Rating Rationale

The rating factors in RKB's long standing track record of more than 65 years, robust capital adequacy ratio, comfortable liquidity position and good profitability parameters. These factors are offset by RKB's small size, concentration of operations in Maharashtra and intense competition from other public/private sector and co-operative banks. RKB's ability to grow in size, diversify its operations in other states and maintain its spreads while improving asset quality are the key rating sensitivities.

Bank Profile

RKB is a Kolhapur-based small size bank which was incorporated in 1943. It gained the status of a scheduled commercial bank in 1959. As on March 31, 2010 RB had a branch network of 88 branches of which more than 50% branches are located in Kolhapur and Sangli districts in Maharashtra. The number of ATMs as on March 31, 2010 stood at 19. The bank had an asset base of Rs.2,085.75 crore as on March 31, 2010. During FY10, the bank's Total Income stood at Rs.157.39 crore while Net profit stood at 19.4 crores. The Gross NPA ratio and Net NPA ratio stood at 2.33% and 0.97% respectively, while Provision Coverage stood at 73.86% as on March 31, 2010. The bank's Capital Adequacy Ratio (CAR) under BASEL II stood at a comfortable 34.07% with a Tier I ratio of 33.53%.

Analyst Contact: Vijay Agrawal

Tel # 6754 3416

Mobile # 98191 61912

Email: vijay.agrawal@careratings.com

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

¹ Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail :Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail :swati.agrawal@careratings.com</p>