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Ratnakar Bank acquires part of RBS' India business

The bank is targeting to grow its business 30-40% in the current financial year, primarily based on customer acquisition.

PE-backed regional private lender Ratnakar Bank Ltd has struck a deal to acquire RBS' business banking and credit card businesses, as well as the mortgage portfolio, in India for an undisclosed amount. The deal, subject to approvals from Competition Commission of India (CCI), was disclosed during the weekend.

Over 1.2 lakh customers across the current account business banking, credit card and mortgage businesses form a part of this purchase.

Ratnakar Bank, which has been undergoing a transformation to be a pan-India player, said this transaction would complement its existing business and would help it strengthen the desired product and customer segments. The transaction is also expected to enable the bank to create further capabilities within a very short span of time and enhance CASA. Employees of RBS associated with these businesses are proposed to be absorbed by Ratnakar Bank.

Only recently, the bank [said](#) it was targeting to grow its business by 30-40 per cent in the current financial year, primarily based on customer acquisition.

Rajeev Ahuja, head of strategy and markets at Ratnakar Bank, said, "Over the past three years, the bank has been building scale and this transaction enables us to fast-track our growth on multiple counts."

He also added that RBS had built a business in India which is rich in current accounts.

Derek Nazareth, head of retail and commercial banking at RBS India, said, "Over the next few weeks, we will be writing to all our clients who are affected, and will be working closely with Ratnakar Bank to ensure a seamless transition for our customers."

PricewaterhouseCoopers advised Ratnakar Bank while Morgan Stanley and RBS M&IB Asia Pacific were the advisors to RBS in the deal. Luthra & Luthra acted as lead legal counsel to Ratnakar Bank, who also received English law advice from Slaughter and May. AZB & Partners acted as Indian legal counsel and Linklaters LLP as English legal counsel for RBS.

According to RBS, it sees no impact on its corporate and institutional business (markets and international banking) or its private banking businesses in India. RBS also has a major business services hub for the group located in India.

Over the past two years, Ratnakar has infused capital of over Rs 1,100 crore through private funding from the likes of IFC, Ascent Capital and Aditya Birla Private Equity. The funding has taken its tier I capital to around Rs 1,600 crore.

(Edited by Sanghamitra Mandal)