

## RBL Bank Ltd : Very Good Issue

**IPO Note: One of the fastest growing bank with low net NPA Ranking\*\*\*\***



### Issue details

Price band (Rs)	Rs. 224-225
IPO Opening Date	19/08/16
IPO Closing Date	23/08/16
Issue Size	Rs.1213 Cr.

### Recommendation

Total revenues grew at a CAGR of 57.02.% from Rs.532.22 Crore for the financial year 2012 to Rs.3234.85 Crore for the financial year 2016. Net profit after tax grew from Rs.65.10 Cr. for the financial year 2012 to Rs.296.8 crore for the financial year 2016. In the last four year net profit grew at a CAGR of 45.59% from FY12 to FY16. Advances and deposits also grew at a CAGR 50+ in the same period. Its current paid up equity capital of Rs. 332.81 cr. will stand enhanced to Rs. 369.81 cr. post this issue. **If we attribute latest earnings on post IPO enhanced equity then the asking price is at a P/E of 28 plus which compares well with its peers like IndusInd Bank, Kotak Mahindra Bank. Looking to its current growth the issue may be considered for long term investment.**

### Highlights

- RBL Bank is one of India's fastest growing private sector banks in the last six years
- As of March 31, 2016, RBL had 197 interconnected branches and 362 interconnected ATMs spread across 16 Indian states and union territories serving approximately 19 lakh customers
- RBL's net NPA ratio was 0.31%, 0.27% and 0.59% as of March 31, 2014, 2015 and 2016, respectively, while gross NPA ratio was 0.79%, 0.77% and 0.98%, respectively, as of the same dates.
- RBL's Competitive Strengths:
  1. Client focused approach to business resulting in growing brand recognition
  2. Robust multi-channel distribution system
  3. Partnerships that expand reach in rural markets
  4. Growing net interest and non-interest income
  5. Risk management and balance sheet focus
  6. Modern and scalable information technology systems infrastructure
  7. Focus on operational quality and scalability

### Company Introduction

#### Company Profile

RBL Bank Ltd.-(formerly known as The Ratnakar Bank Ltd.)-(RBL) is one of India's fastest growing private sector banks in the last six years. It has cultivated a customer centric culture where it uses industry domain knowledge, experience and technology with the goal of satisfying the client's complete banking needs. RBL offers a comprehensive range of banking products and services customized to cater to the needs of large corporations, small and medium enterprises ("SMEs"),



[www.rblbank.com](http://www.rblbank.com)

### Financial Summary (Rs. In Crore)

Particulars	FY2016	FY2015	FY2014	FY2013
Total Income	3234.85	2356.49	1612.58	1005.76
Net Profit	296.8	208.45	92.89	92.52
EPS (Rs) *	8.03	5.64	2.51	2.5

Source:RHP

\*EPS on fully diluted equity after IPO

### RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

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agricultural customers, retail customers and development banking & financial inclusion (low income) customers.

## Objects of the Issue:

The public issue comprises a fresh Issue and an offer for sale by the selling shareholders.

### The Offer for Sale

RBL Bank will not receive any proceeds from the Offer for Sale.

### The Fresh Issue

The proceeds from the fresh issue will be utilised towards the following objects:

- Augment capital base to meet Bank's future capital requirements ;
- Enhance their visibility and brand name among existing and potential customers.;
- General corporate purposes.

### Issue details

To raise Tier-I equity capital base, the bank is coming out with a maiden IPO of fresh equity issue worth Rs. 832.50 crore (approx 3.7 crore equity shares) and offer for sale of 16909628 equity shares by existing stakeholders. The equity share having face value of Rs. 10 per share is being issued via book building route with a price band of Rs. 224-225. Thus the aggregate offer size is of Rs. 1213 crore. Mere Re. 1 difference in price band makes it a virtual fixed priced IPO. Minimum application is to be made for 65 shares and in multiples thereon, thereafter. Issue opens for subscription on 19.08.16 and will close on 23.08.16.