

April 24, 2019

Company	Sector	CMP	Recommendation	Target	Potential Upside
RBL Bank Ltd.	Banks	675	BUY	740	10%

Key Stock Data	
BSE Script Code	RBLBANK
NSE Script Code	RBLBANK
No. of shares	42.67
FV (Rs.)	10
MCAP (Rs.)	28,815
MCAP (\$)	417 Crs
52 Week High	Rs.691
52 week Low	Rs. 438
Time Frame	6 months

RBL bank Ltd incorporated as a small, regional bank in Maharashtra with two branches in Kohlapur and Sangli. Post the change in the management team in 2010, it has been one among the fastest growing regional banks and now has 324 branches, 993 business correspondent branches and 341 interconnected ATMs spread across 21 Indian states and union territories serving 6.5mn customers as of March 31, 2019.

Investments Rationale

1. Strong 4QFY19 Numbers

RBL Bank reported stupendous set of Q4FY19. It's NII grew by 44% Y-o-Y to Rs. 739 Crs in 4QFY19 as against 500 Crs in 4QFY18. NIM of the bank stood at 4.23% for 4QFY19, which is highest amongst the mid-size banks.

2. Stable Asset Quality

RBL Bank has a stable asset coverage ratio with NNPA's stood at 0.69% in 4QFY19 as against 0.78% in 4QFY18. It's GNPA stood flat at 1.38% on a yearly basis in 4QFY19.

3. Healthy Loan Book

RBL's Loan book grew 35% Y-o-Y to Rs. 54,308 Crs in 4QFY19 as against Rs. 40,268 Crs in 4QFY18 led by strong growth in retail book which grew by 49% Y-o-Y to Rs. 24,079 Crs, while wholesale book grew at 25% Y-o-Y to Rs. 30,229 Crs.

Outlook & Valuations

RBL bank has posted stupendous set of numbers and its performance is equivalent to large-cap banks. The stock is trading at premium valuations and we feel this premiumness will sustain on account of healthy loan book. We would like to allot a P/BV of 3.5x to arrive at a target price of Rs. 742 .

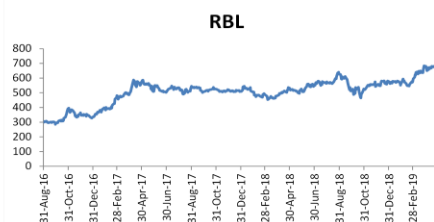
Key Financial

Particulars	FY17 A	FY18 A	FY19 A	Amt in Crs	
				FY20 E	FY21 E
NII	1221	1766	2539	3631	5156
Op. Profit	920	1331	1940	2759	3918
PAT	446	867	635	909	1289
BV	116	159	176	180	208
P/BV	5.83	4.23	3.82	3.74	3.17

Source : BSE Website and company research

Shareholding Pattern	
Promoters	0%
DII's	20.17%
FII's	18.79%
Others	61.04%

3 years Price Chart



Source: All above data from BSE Website and Capital Line

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Analyst Stock Rating	
Ratings	Expected absolute returns over 6 months
BUY	>10%
HOLD	5-10%
SELL	<5%

Note: Our target price is within 6 months perspective. Returns stated in the rating scale are our internal benchmark.

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