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| Rating Information          |             |
|-----------------------------|-------------|
| Price (Rs)                  | 327         |
| Target Price (Rs)           | 440         |
| Target Date                 | 30-Sep-2020 |
| Target Set On               | 31-Aug-2019 |
| Implied yrs of growth (ERE) |             |
| Fair Value (ERE)            | NA          |
| Fair Value (DDM)            | NA          |
| Ind Benchmark               | BANKEX      |
| Model Portfolio Position    | -           |

| Stock Information      |              |
|------------------------|--------------|
| Market Cap (Rs mn)     | 1,40,704     |
| Free Float (%)         | 100.00 %     |
| 52 Wk H/L (Rs)         | 716.55/286.1 |
| Avg Daily Volume (1yr) | 30,39,709    |
| Avg Daily Value (1yr)  | 1,746        |
| Equity Cap (Rs Mn)     | 4,300        |
| Face Value (Rs)        | 10           |
| Bloomberg Code         | RBK IN       |

| Ownership | Recent | 3M     | 12M %  |
|-----------|--------|--------|--------|
| Promoters | 0.0 %  | 0.0 %  | 0.0 %  |
| DII       | 25.1 % | 0.3 %  | 4.2 %  |
| FII       | 47.4 % | 0.1 %  | -1.0 % |
| Public    | 27.5 % | -0.5 % | -3.1 % |

| Price %     | 1M%     | 3M%     | 12M%    |
|-------------|---------|---------|---------|
| Absolute    | -19.7 % | -25.9 % | -10.2 % |
| Vs Industry | -17.9 % | -24.3 % | -23.3 % |
| IIB Bank    | 3.0 %   | -19.4 % | -24.7 % |
| YES Bank    | -19.3 % | -67.5 % | -78.8 % |

#### Standalone Quarterly EPS forecast

| Rs/Share    | 1Q  | 2Q  | 3Q  | 4Q  |
|-------------|-----|-----|-----|-----|
| EPS (FY19A) | 4.5 | 4.7 | 5.3 | 5.8 |
| EPS (FY20E) | 6.2 | 4.6 | 4.5 | 5.5 |

# RBL Bank

Update: Est. (↓), Target (↓), Rating (↑)

Regular Coverage

Analysis reveals contained increments to stress pool – upgrade to LONG

Post RBL Bank's (RBK) guidance of a stressed corporate asset pool of Rs 10bn, the stock has tanked ~50% and there are concerns on the quantum of additional stress that can emerge. To delve further into this, we mined charge data from MCA of RBK's sanctions to ~216 corporates (sanctioned amounts: >Rs 500mn) since CY17 with cumulative sanctions above Rs 200bn. Our analysis reveals that the "stress+watchlist" for the bank would be ~Rs 20bn with LGDs, below industry average, as the bank's exposure is predominantly working capital-linked and not capex/infra funding. Also, RBK's entity-level exposures are contained at Rs 1bn-3bn. We feel the stock is trading at attractive valuations of 1.6x FY21ABV; consequently, we upgrade RBK to LONG (from REDUCE) with a Sep'20 TP of Rs 440 (Rs 520 earlier) set at 2.0x (vs 2.2x earlier) Sep'21 ABV.

**External ratings largely stable:** Of these 216 corporates RBK is exposed to, 37/28 have seen rating upgrades/downgrades in the past two years. Of the downgrades, 14 are still rated 'A- & above' while 5 have been cut to 'BB & below'. We estimate RBK's exposure to the known stressed groups as follows: Eveready at ~Rs 5bn, CCD at ~Rs 4bn, Essel at ~Rs 4bn, and Sintex at ~Rs 2bn (Annex. 1). In other larger exposures, Emami has been taking measures to deleverage, while Indiabulls, post its recent rating downgrade, remains a watchlist for us. RBK's exposure to sectors identified with a 'fragile' outlook by CRISIL has slid to 7.4% from 10.7% in FY17. Also, its credit decision seems to be based on the business outlook and borrower cashflows rather than collateral, with hardly any high-fee structured deals.

**FY20 NIMs to expand ~20bps; capital raising imminent by 1HFY21:** We expect the share of non-wholesale loans to increase to ~50% by FY20-end vs. ~44% in FY19; this would drive NIM expansion given yields in non-wholesale loans are higher at 15.2% vs. 9.4% for wholesale. With CET 1 at ~11.3%, RBK has room to increase advances by ~21% over 1QFY20, assuming RWA/TA remains stable at 74% and the CET 1 ratio remains above 10%. However, if RWA/TA increases to 77%/80%, headroom for loan growth declines to 17%/12%, making it imminent to raise capital by 1HFY21 to support future growth.

**Loan growth estimates toned down; credit cost estimates at ~190bps:** We have toned down our FY20 loan growth estimates to 20% vs 32% earlier as we expect single-digit wholesale growth. We expect FY20/FY21 credit cost at 190/170bps on account of proactive/aging provisions from slippages in FY20.

**Key risks:** (a) Material slowdown in the economy leading to higher slippages a key risk to our upgrade call as RBK is chiefly a working capital lender, (b) Delayed capital raising, (c) slowdown in retail loan growth.

Absolute : LONG  
Relative : OverWeight  
33% ATR in 13 Months

#### Financials

#### Estimate Revision

| (Rs mn)    | Forecasts |          | % Change |       |
|------------|-----------|----------|----------|-------|
|            | FY20E     | FY21E    | FY20E    | FY21E |
| NII        | 33,522    | 41,779   | -5%      | -10%  |
| Provisions | 11,144    | 12,518   | 1%       | -10%  |
| PAT        | 9,157     | 12,716   | -14%     | -12%  |
| EPS (Rs.)  | 21        | 28       | -11%     | -8%   |
| Advances   | 6,51,699  | 8,27,658 | -9%      | -11%  |
| Deposits   | 7,06,572  | 8,83,216 | -7%      | -11%  |

#### Standalone Financials

| Rs. Mn            | YE Mar | FY19A    | FY20E    | FY21E    | FY22E     |
|-------------------|--------|----------|----------|----------|-----------|
| NII               |        | 63,007   | 83,106   | 1,01,298 | 1,28,555  |
| Interest Expense  |        | 37,612   | 49,584   | 59,519   | 74,868    |
| Net Interest Inc. |        | 25,395   | 33,522   | 41,779   | 53,687    |
| Other Income      |        | 14,424   | 19,472   | 26,287   | 34,699    |
| Operating Exp     |        | 20,420   | 27,892   | 36,163   | 45,974    |
| Provisions        |        | 6,407    | 11,144   | 12,518   | 16,303    |
| PAT               |        | 8,669    | 9,157    | 12,716   | 17,127    |
| Loan and Advances |        | 5,43,082 | 6,51,699 | 8,27,658 | 10,75,955 |
| Deposits          |        | 5,83,944 | 7,06,572 | 8,83,216 | 11,74,677 |
| Net Worth         |        | 75,473   | 84,259   | 1,15,317 | 1,30,403  |
| NIM               |        | 3.6 %    | 3.8 %    | 3.9 %    | 3.9 %     |
| Credit Cost       |        | 1.35 %   | 1.87 %   | 1.69 %   | 1.71 %    |
| Rs Per Share      |        | FY19A    | FY20E    | FY21E    | FY22E     |
| EPS               |        | 20.5     | 21.3     | 27.7     | 35.4      |
| Adjusted EPS      |        | 20.5     | 21.3     | 27.7     | 35.4      |
| Book Value        |        | 176.9    | 194.3    | 238.4    | 269.6     |
| Adjusted BVPS     |        | 168.1    | 172.3    | 206.6    | 228.2     |
| DPS               |        | 2.7      | 2.7      | 3.0      | 3.5       |
| P/E (x)           |        | 16.0     | 15.4     | 11.8     | 9.2       |
| Adj P/B (x)       |        | 1.9      | 1.9      | 1.6      | 1.4       |
| ROE (%)           |        | 12.2 %   | 11.5 %   | 12.7 %   | 13.9 %    |
| RoA (%)           |        | 1.2 %    | 1.0 %    | 1.2 %    | 1.2 %     |

### Stress outside known groups seems limited in wholesale portfolio

On best-effort basis, we have tried to get the details of RBK's wholesale loan portfolio (non-consortium & non-bond lending) from charge data on MCA/annual reports of corporates; this has enabled us to gauge any incremental stress in RBK's asset book outside of the known stress groups of Eveready (Williamson Magor group), Essel, Sintex and CCD. We have looked at charge limits above Rs 500mn of about 216 corporates where RBK has sanctioned loans in the past three years. Key findings:

- Total stressed assets pool would most likely be contained at sub-Rs 20bn.
- Among RBK's larger group exposures, Emami and OP Jindal seem to have exposures of ~Rs 8bn each. Most other group exposures range between Rs 4bn-6bn. We would like to reiterate that these doesn't include consortium lending or NCD exposures.
- We estimate exposures to stressed groups as follows: Eveready group at ~Rs 5bn, Essel Group at ~Rs 4bn, CCD group at ~Rs 4bn and Sintex at ~Rs 2bn.
- Outside of the known stressed group, Emami and Indiabulls are the two talked-about other groups in terms of watchlist. We believe exposure to the Emami group should remain standard given management's proactive deleveraging efforts. Indiabulls' larger exposure seems to be towards NBFC entities wherein we expect measures from the government to ease any potential stress build-up. Indiabulls remains a watchlist for us and is included in the potential stress pool estimates.

Overall, we believe the stress pool and watchlist for RBK could be contained at sub Rs-20bn which is ~7%/~3.6% of the corporate/overall loan book. However, slippages from these accounts would be contingent upon evolving macroeconomic conditions. Moreover, if the liquidity situation eases for NBFCs and the demand scenario at an aggregate level picks up, slippages from the watchlist will be contained.

### Exhibit 1: RBK's top-10 group exposures from the data mined

| S.No. | Corporate Group          | Charge Creation Amount (Rs mn) | Est. o/s amt (Rs mn)*^ |
|-------|--------------------------|--------------------------------|------------------------|
| 1     | Emami Group              | 11,900                         | 8,196                  |
| 2     | OP Jindal Group          | 11,850                         | 8,157                  |
| 3     | Eveready Group           | 9,700                          | 4,893                  |
| 4     | Future Group             | 7,900                          | 6,910                  |
| 5     | Indiabulls Group         | 6,500                          | 3,448                  |
| 6     | Triveni Engineering      | 6,440                          | 4,729                  |
| 7     | Sequent Scientific Group | 6,379                          | 4,469                  |
| 8     | CCD                      | 5,938                          | 4,388                  |
| 9     | GEF India                | 5,860                          | 5,002                  |
| 10    | Essel Group              | 5,690                          | 4,184                  |
| Total |                          | 78,157                         | 54,376                 |

*\*Note: All exposures in this report are based on non-consortium, non-NCD exposures of borrowers in the group as sourced from MCA on best-effort basis. Estimated exposures in the entire note are based on assumptions as indicated in later tables and may not be accurate as they are based on available data. We have removed duplicate charge entries on best-effort basis.*

*^Please refer annexure 1 for estimate of O/s amounts*

*Source: MCA, Company annual reports*

Exhibit 2: Top-10 individual exposures – all rated BBB+ and above

| S. No. | Company Name                         | Charge creation amount (Rs mn) | Estimates O/s (Rs mn) | Current Rating | Rating: ~2 years ago | Comments   |
|--------|--------------------------------------|--------------------------------|-----------------------|----------------|----------------------|--|
| 1      | JSW Cement Ltd                       | 6,450                          | 4,902                 | A-             | BBB+                 | Primarily term loans of 6.5-8 years tenure   |
| 2      | Triveni Engineering & Industries Ltd | 6,440                          | 4,729                 | AA-            | A+                   | Primarily Term loans of which Rs 3.64bn (5yr loan) is sanctioned under SEFASU 2018 scheme to clear cane dues of 3 sugar seasons. |
| 3      | Gemini Edibles & Fats India Pvt. Ltd | 5,860                          | 5,002                 | A-             | A-                   | Rs 4bn 100% FD Back non-fund limit, Rs 500mn of Term Loan and Rs 1.36bn of non-fund working capital loans                        |
| 4      | Thrive Earthmovers Pvt Ltd           | 5,010                          | 4,370                 | BBB+           | A-                   | Includes BG of Rs 3.15bn and TL of Rs 1.85bn.  |
| 5      | Future Capital Resources pvt Ltd     | 4,500                          | 3,950                 | BBB            | BBB-                 | Primarily Term loans of upto 3.5-4 years   |
| 6      | Parry Sugars Refinery India Pvt Ltd  | 4,000                          | 2,800                 | A+             | A+                   | Primarily working capital. Assuming 70% Utilization  |
| 7      | Solara Active Pharma Sciences Ltd    | 3,930                          | 2,751                 | BBB+           |                      | Primarily working capital limit of Rs 3.9bn. Assuming 70% utilization  |
| 8      | Renew Power Ltd                      | 3,800                          | 2,660                 | A+             | A+                   | Non-fund Working Capital loans. Assuming 70% utilization   |
| 9      | Emami Cement                         | 3,700                          | 2,775                 | A-             | BBB                  | Sanction includes TL of Rs 1.6bn and remaining Working capital limits  |
| 10     | Global Health Patliputra Pvt Ltd     | 3,650                          | 3,285                 | A+             | A+                   | Sanctioned loan of Rs 3.65 bn for completion of Patna Project. By FY18, company had availed Rs 0.62bn as per AR18.               |
| Total  |                                      | 47,340                         | 37,224                |                |                      |  |

Source: MCA, Company annual reports

### Rating downgrades outside of identified stress pool seem manageable

Analysis of external ratings of the 216 corporates indicates that 3 entities were rated 'AAA', ~27 entities 'AA', ~75 entities 'A', ~45 'BBB', ~8 'BB or Below', 4 rated 'D' and ~54 unrated/withdrawn. Around 37 entities have seen a rating upgrade while 28 a rating downgrade in the past two years.

Within the 28 companies seeing a rating downgrade:

- 14 companies are still rated 'A- and above'
- 9 have been downgraded to 'BBB'
- 4 companies are downgraded to 'D' and one to 'BB'+.
- 5 are from the Essel and Eveready (two downgraded to D) groups.
- Other two entities downgraded to 'D' are Oxygen Services (sanction: Rs 1.1bn) and Zuari Agro Chemicals (sanction: Rs 1bn).

Additionally, ratings of 37 entities have been upgraded within which:

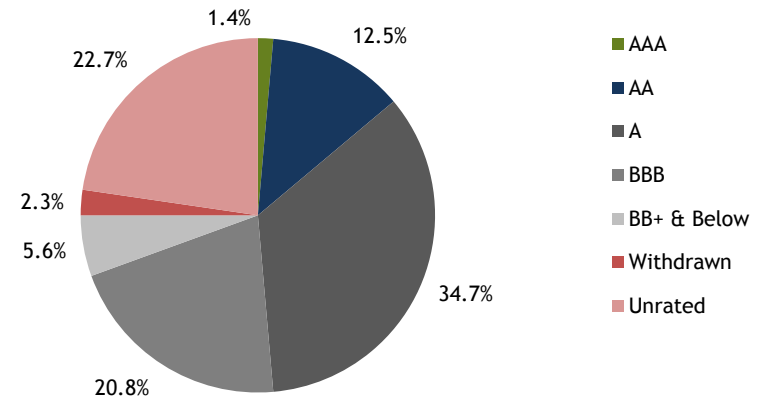
- 31 entities have seen a rating upgrade to 'A and above'
- 6 entities have seen a rating upgrade to 'BBB'

Of the bank's exposure to BB and below-rated exposures, certain observations are as under:

- Seven entities are from the known stressed pool of Eveready, Sintex, Essel, CCD and Zuari Agro groups
- For Oxygen Services (India), RBK has a lien of Rs 700mn of deposits against working capital sanctioned limits of Rs 1.1bn.
- Sanction to Pan India Networks is an old one and a good proportion of that loan would have run down by now.
- Kurkenmutter Estates Pvt Ltd is a V.G. Siddhartha-family owned entity wherein he had a 39.4% stake. These were loans for coffee estate with the produce from these estates sold to Coffee Day Global Ltd.
- Exposure to McNally Bharat most likely is completely repaid, as it was sanctioned as short-term loans.
- Charge on Sintex Industries has been satisfied on 13 Jun'19 (sanctioned amount: Rs 2.8bn) while limits on its group company Sintex-BAPL Limited are likely enhanced to Rs 1.4bn (from Rs 800mn)

Overall, we believe incremental stress on books outside of the guided range is in line with business as usual trends.

**Exhibit 3: Rating mix of analyzed corporates**



Source: Company, Equirus Research

**Exhibit 4: List of entities rated 'BB & below'**

| Sr. No                  | Company                                      | Current Rating | Cumulative Sanction Amount (Rs mn)* | Date of Charge updation on MCA |
|-------------------------|--|----------------|-------------------------------------|--------------------------------|
| 1                       | Vector Projects (India) Pvt Ltd              | BB+            | 700                                 | Dec'18                         |
| 2                       | Kilburn Engineering Ltd                      | BB+ / A4+      | 950                                 | Oct'18                         |
| 3                       | Kurkenmutter Estates Pvt Ltd                 | B+             | 1,008                               | Feb'18                         |
| 4                       | Omc Power Pvt Ltd                            | B-             | 380                                 | Jul'18                         |
| 5                       | Pan India Network Ltd                        | BB+            | 1,300                               | Apr'15                         |
| 6                       | Passavant Energy & Environment India Pvt Ltd | BB+            | 550                                 | Jan'18                         |
| 7                       | Sintex-Bapl Ltd                              | A4/BB+         | 1,400                               | Jun'19                         |
| 8                       | West Pioneer Properties (India) Pvt Ltd      | BB+            | 2,320                               | Mar'19                         |
| 9                       | McLeod Russel India Limited                  | D              | 4,550                               | Jul'18                         |
| 10                      | McNally Bharat Engg Co Ltd                   | D              | 1,250                               | Mar'18                         |
| 11                      | Oxygen Services (India) Private Limited      | D              | 1,100                               | Aug'18                         |
| 12                      | Zuari Agro Chemicals Limited                 | D              | 1,000                               | Feb'19                         |
| Total                   |  |                | 16,508                              |                                |
| Total (Ex-Known Stress) |  |                | 5,050                               |                                |

\*Note: Sanction numbers in the above table charges created in MCA adjusted for any overlaps on a best estimate basis. Actual exposures will be different from these amount and in most cases lower.  
Source: MCA, Company annual reports

Exhibit 5: Sanctions since CY17 to corporates whose ratings have been upgraded in the last 2 years

| S. No. | Corporate                                 | Group                             | Amount (Rs mn) | Rating   | Rating: ~2 years ago | Industry                                 |
|--------|---|-----------------------------------|----------------|----------|----------------------|--|
| 1      | Advance Metering Technology Ltd           | PKR Group                         | 550.0          | BBB-/A3  | BB/A4                | Electrical Equipment                     |
| 2      | Ahluwalia Contracts (India) Ltd           |                                   | 1,500.0        | A+/A1    | A/A1                 | EPC                                      |
| 3      | Amber Enterprises India Ltd               | Amber                             | 1,650.0        | A+/A1    | A-/A2+               | Consumer Durables                        |
| 4      | Asahi India Glass Ltd                     | JV with Maruti Suzuki             | 650.0          | A/A1     | BBB+/A3+             | Glass                                    |
| 5      | Chemplast Sanmar Ltd                      | Sanmar Group                      | 2,000.0        | A+       | A-                   | Chemicals                                |
| 6      | Clean Max Enviro Energy Solutions Pvt Ltd | Clean Max                         | 1,500.0        | BBB+/A2  | BBB-/A3+             | EPC                                      |
| 7      | Creditaccess Grameen Ltd                  | NBFC                              | 2,000.0        | A+       | A                    | NBFC- MFI                                |
| 8      | Dalmia Bharat Sugar and Industries Ltd    | Dalmia Bharat                     | 1,500.0        | AA-/A1+  | A+                   | Sugar                                    |
| 9      | Ess Kay Fincorp Ltd                       | NBFC                              | 681.4          | A-       | BBB/BBB-             | NBFC- VF                                 |
| 10     | Feedback Energy Distribution Company Ltd  | Feedback Infra group              | 1,506.5        | BBB+/A3+ | A3/BBB-              | Other Manufacturing                      |
| 11     | Future Corporate Resources Pvt Ltd        | Future Group                      | 2,000.0        | BBB/A3+  | BBB-                 | Holding Companies                        |
| 12     | Gawar Construction Ltd                    | Gawar construction                | 1,850.0        | A+/A1+   | A/A1                 | Construction                             |
| 13     | Hathway Cable And Datacom Ltd             | Hathway                           | 2,800.0        | AAA      | A-                   | Cable TV and Broadband services          |
| 14     | Honour Lab Ltd                            | Hetero Group                      | 2,437.5        | A-/A2    | BBB+/A3+             | Pharmaceuticals                          |
| 15     | Indiabulls Commercial Credit Ltd          | Indiabulls                        | 1,500.0        | AAA      | AA+                  | NBFC                                     |
| 16     | Indian Agro and Food Industries Ltd       | IB Group                          | 1,250.0        | A+       | A/A1                 | Agriculture, forestry and fishing        |
| 17     | Indian Metals and Ferro Alloys Ltd        | INDIAN METALS                     | 1,100.0        | A        | A-                   | Metals                                   |
| 18     | Jindal Itf Ltd                            | OP Jindal Group                   | 2,000.0        | AA (SO)  | BBB-                 | EPC                                      |
| 19     | Jindal Saw Ltd                            | OP Jindal Group                   | 1,650.0        | AA/A1+   | A+/A1+               | Iron and Steel                           |
| 20     | JSW Cement Ltd                            | OP Jindal Group                   | 6,450.0        | A-/A1    | A3+/BBB+             | Cement and related products              |
| 21     | JSW Dharamtar Port Pvt Ltd                | OP Jindal Group                   | 750.0          | AA-      | A+                   | Manufacturing                            |
| 22     | JSW Severfield Structures Ltd             | OP Jindal Group                   | 1,000.0        | BBB+/A3+ | BBB/A3               | Fabricated metal products                |
| 23     | Kei Industries Ltd                        | KEI                               | 1,000.0        | A        | A-                   | Electrical Equipment                     |
| 24     | L&T Geostructure LLP                      | L&T Group                         | 1,500.0        | A+       | A                    | EPC                                      |
| 25     | Manappuram Finance Ltd                    | NBFC                              | 2,490.0        | AA /A1+  | A1+/AA-              | NBFC- Gold                               |
| 26     | Mangalore Chemicals and Fertilisers Ltd   | Adventz group (KK Birla)          | 2,700.0        | BBB+/A3+ | BBB                  | Chemicals and chemical products          |
| 27     | Offshore Infrastructures Ltd              | Offshore                          | 1,375.0        | A/A1     | A-/A2+               | EPC                                      |
| 28     | Power Mech Projects Ltd                   | Power Mech                        | 980.0          | A/A1     | A-                   | EPC                                      |
| 29     | Qess Corp Ltd                             | Thomas Cook India                 | 1,900.0        | AA/A1+   | AA-                  | Manpower Outsourcing & Security Services |
| 30     | Rajapalayam Mills Ltd                     | Ramco Group                       | 5,407.4        | A/A1     | A-/A2+               | Textiles                                 |
| 31     | Samasta Microfinance Ltd                  | NBFC                              | 600.0          | A        | BB+                  | NBFC- MFi                                |
| 32     | Satin Creditcare Network Ltd              | NBFC                              | 1,750.0        | A-       | BBB+                 | NBFC- MFI                                |
| 33     | Sequent Scientific Ltd                    | Strides Shasun/ Sequent Scietific | 1,350.0        | A-       | BBB+                 | Pharmaceuticals                          |
| 34     | Shankaranarayana Constructions Pvt Ltd    | Shankaranarayana                  | 600.0          | A/A1     | A-/A2+               | EPC                                      |
| 35     | Triveni Engineering and Industries Ltd    | Triveni Group                     | 6,440.0        | AA-      | A+                   | Sugar                                    |
| 36     | Universal Cables Ltd                      | MP Birla Group                    | 300.0          | A /A1+   | A2+/A-               | Electrical Equipment                     |
| 37     | Venkateshwara Hatcheries Pvt Ltd          | VH Group                          | 1,620.0        | A-/A2+   | BBB/ A3+             | Agriculture, forestry and fishing        |

Source: MCA, Rating Agencies

**Exhibit 6: Sanctions since CY17 to corporates whose ratings have been downgraded in the last 2 years**

| S. No. | Corporate                                     | Group                              | New Sanctions/<br>Enhancements over<br>FY17-FY19 (Rs mn) | Rating   | Rating: ~2 years<br>ago | Industry                      |
|--------|---|------------------------------------|--|----------|-------------------------|-------------------------------|
| 1      | 3F Industries Ltd                             | 3F Organization                    | 2,800.0  | BBB/A3+  | BBB+/A2                 | Food and food products        |
| 2      | Aryan Energy Private Ltd                      | Aryan Group                        | 820.0  | BBB      | A-                      | Coal Washery & Benefaction    |
| 3      | Ashwath Quippo Infraprojects Pvt Ltd          | SREI Infrastructure                | 680.0  | A+       | AA                      | EPC                           |
| 4      | Avana Logistek Ltd                            | Transworld                         | 890.0  | BBB+     | A-/A2+                  | Logistics                     |
| 5      | Coffee Day Global Ltd                         | CCD                                | 1,300.0  | A        | AA-                     | Food and food products        |
| 6      | Dilip Buildcon Ltd                            | Dilip Buildcon                     | 4,000.0  | A        | A+                      | EPC                           |
| 7      | Dish Infra Services Pvt Ltd                   | Essel Group                        | 1,500.0  | A/A1     | A+/A1+                  | Information and communication |
| 8      | Emami Paper Mills Ltd                         | Emami Group                        | 1,400.0  | BBB+/A2  | A/A1                    | Paper and paper products      |
| 9      | Essel Infraprojects Ltd                       | Essel Group                        | 1,300.0  | BBB-     | BBB+                    | Holding Companies             |
| 10     | Eveready Industries India Ltd                 | Eveready Group                     | 750.0  | BBB-     | AA-                     | Diversified                   |
| 11     | Inox Wind Ltd                                 | Gujarat Florochemicals Ltd         | 2,400.0  | A-/A2+   | AA-/A1+                 | EPC                           |
| 12     | Jakson Engineers Ltd                          | Jakson Group                       | 1,380.0  | A-/A2+   | A+/A1+                  | Diversified                   |
| 13     | Jakson Ltd                                    | Jakson Group                       | 1,100.0  | A+/A1+   | AA-/A1+                 | Electrical Equipment          |
| 14     | L&T Special Steels and Heavy Forgings Pvt Ltd | L&T Group                          | 1,250.0  | A/A1     | A+/A2+                  | Engineering                   |
| 15     | McLeod Russel India Ltd                       | Eveready Group                     | 5,850.0  | D        | AA                      | Tea & Coffee                  |
| 16     | McNally Bharat Engg Co Ltd                    | Eveready Group                     | 1,250.0  | D        | B                       | Engineering                   |
| 17     | Naari Pharma Private Ltd                      | Strides Shasun/ Sequent Scientific | 1,100.0  | BBB (SO) | BBB+ (SO)               | Pharma Manufacturing          |
| 18     | Oxigen Services (India) Pvt Ltd               | Oxigen Services                    | 1,100.0  | D        | BBB-                    | Payment Service               |
| 19     | Peninsula Land Ltd                            | Ashok Piramal Group                | 1,250.0  | BBB-     | A                       | Real Estate                   |
| 20     | Piramal Realty Private Ltd                    | Piramal Group                      | 1,500.0  | A+       | AA-                     | Real Estate                   |
| 21     | Quippo Oil and Gas Infrastructure Ltd         | SREI Infrastructure                | 1,350.0  | A-       | A+                      | EPC                           |
| 22     | Sadbhav Engineering Ltd                       | Sadbhav group                      | 1,750.0  | A/A1     | A+/A1+                  | EPC                           |
| 23     | TCPL Packaging Ltd                            | TCPL                               | 510.0  | A-/A2+   | A/A2+                   | Packaging                     |
| 24     | Thriveni Earthmovers Pvt Ltd                  | Thriveni                           | 5,010.0  | BBB+/A2  | A-/A2+                  | Mineral Mining                |
| 25     | Udaipur Cement Works Ltd                      | JK Group                           | 1,200.0  | AA-/A1+  | AA                      | Cement and related products   |
| 26     | Vector Projects (India) Pvt Ltd               | Uniply Group                       | 700.0  | BB+      | BBB-                    | Consumer services             |
| 27     | Zuari Agro Chemicals Ltd                      | Adventz group (KK Birla)           | 1,000.0  | D        | BBB+                    | Fertilizer                    |

Source: MCA, Rating Agencies

**Exhibit 7: Comments on the rating downgrades**

| Corporate                                     | Rating   | Rating Agency | Date of Downgrade | RBL's Latest Sanction/ Last updated Charge Filing date | Comments/rationale for Downgrade  |
|---|----------|---------------|-------------------|--|---|
| 3F Industries Ltd                             | BBB/A3+  | CARE          | 07-02-2019        | Jan'19   | Rs 1.9bn of Sanctioned limits. 115-130% margin as pledge of MFs on Rs 900mn of SBLC and 110% FD on Rs 1bn of LC. Downgrade was on account of weakness in financials   |
| Aryan Energy Private Ltd                      | BBB      | CRISIL        | 02-02-2018        | Sep'18   | Sanctioned limits reduced from Rs 1.01bn (cc Rs 10mn, WCDL 60mn, BG Rs 940mn) to Rs 820mn (WCDL Rs 60mn, BG Rs 760mn). Downgrade was on account of weakening profile of the group   |
| Ashwath Quippo Infraprojects Pvt Ltd          | A+ (CE)  | CARE          | 03-07-2019        | Mar'18   | Downgrade in the rating is due to downgrade in the rating of SREI Infrastructure. Company has reported -59% growth in Sales to Rs 2.08bn with ICR at 2.09 and PAT improving to Rs 141.1mn (+51.7% yoy)  |
| Avana Logistek Ltd                            | BBB+     | CRISIL        | 13-06-2019        | Nov'18   | Downgraded due to weak FY19 operating performance with a reported loss of Rs 109mn vs profit of Rs 507 mn in FY18   |
| Coffee Day Global Ltd                         | A        | CARE          | 02-08-2019        | Nov'18   | Downgraded post sad demise of CCD group MD & CEO.   |
| Dilip Buildcon Ltd                            | A        | CARE          | 12-12-2018        | May'19   | Downgraded on account of aggressive bidding led new projects inflow resulting in deterioration in debt levels despite some asset sales. RBL has Enhanced their limits to Rs 2bn of BG in May'19. Subservient charge on the current and movable fixed assets   |
| Emami Paper Mills Ltd                         | BBB+/A2  | CARE          | 19-08-2019        | Mar'18   | Recently downgraded on account of moderation in financial flexibility of promoters and declining trends in newsprint prices   |
| Inox Wind Ltd                                 | A-/A2+   | CRISIL        | 10-08-2017        | Mar'19   | Downgrade was on account of delay in expected improvement in the financial risk profile owing to lower orderbook being received and slower-than-anticipated realisation of debtors  |
| Jakson Engineers Ltd                          | A-/A2+   | CARE          | 08-01-2019        | Nov'16   | Recently downgraded on account of decline in financial risk profile - decline in revenue, increase in working capital.  |
| Jakson Ltd                                    | A+/A1+   | CARE          | 08-01-2019        | Nov'18   | Limits were enhanced from Rs 900mn to Rs 1.1bn. Downgrade on account of increase in working capital and increased exposure of Jakson towards State-power distribution companies   |
| L&T Special Steels and Heavy Forgings Pvt Ltd | A/A1     | CRISIL        | 29-06-2017        | Dec'18   | Downgrade on account of longer than expected delay in the proposed equity infusion of Rs.6.42 bn  |
| Naari Pharma Private Ltd                      | BBB (SO) | ICRA          | 13-11-2018        | Oct'18   |   |
| Oxygen Services (India) Pvt Ltd               | D        | CRISIL        | 13-04-2018        | Aug'18   | Limits reduced from Rs 1.2bn to Rs 1.1bn. An FDOD sublimit of Rs 700mn introduced.  |
| Peninsula Land Ltd                            | BBB-     | ICRA          | 23-02-2018        | Aug'18   | Rs 750mn of sanction includes Rs 300mn of dropline OD take over from Kotak bank and TL of Rs 450mn for construction & development of various ongoing projects. Security includes First charge on company's share of profits from project "Carmicheal Residences" wherein project is delayed by 1.5 years and 13 out of 28 apartments are booked |
| Piramal Realty Private Ltd                    | A+       | ICRA          | 09-07-2019        | Sep'17   | Recently downgraded for NCDs/ Bank loan ratings owing to tight liquidity conditions for NBFCs   |
| Quippo Oil and Gas Infrastructure Ltd         | A-       | CARE          | 19-08-2019        | Jan'19   | Recently downgraded on account of Rating downgrade of SREI infra  |
| Sadbhav Engineering Ltd                       | A/A1     | CARE          | 20-02-2019        | Jun'18   | Recently downgraded on account of delay in execution of some projects and high working capital intensity  |
| Tcpl Packaging Ltd                            | A-/A2+   | ICRA          | 06-07-2018        | Mar'18   | Downgraded on account of moderation in financial profile  |
| Thriveni Earthmovers PvtLtd                   | BBB+/A2  | CARE          | 08-01-2018        | Sep'18   | Enhanced from Rs 2.35bn to Rs 5.01 bn. Rating downgrade was on expectation of deterioration in capital structure to fund large size acquisition through its subsidiary.   |
| Udaipur Cement Works Ltd                      | AA-/A1+  | CARE          | 08-10-2018        | Aug'18   |   |
| Vector Projects (India) Pvt Ltd               | BB+      | CRISIL        | 28-02-2019        | Dec'18   | Recently downgraded   |
| Zuari Agro Chemicals Ltd                      | D        | ICRA          | 13-05-2019        | Feb'19   | Recently downgraded   |

Source: Rating Agencies



### Credit evaluation based on borrower biz prospects, not collateral comfort/cashflow trapping

We analyzed sanction facilities of ~50 entities part of either the top-10 groups or entities as indicated in exhibits 1/2; some of these with a rating downgrade are outlined in exhibits 7. From the sanctions, most of them were either plain working capital loans, working capital demand loans, term loans to fund working capital gaps or bank guarantees. There were hardly any structured transactions or term loans for project financing.

RBK was a late entrant in the portfolio of banks with whom these borrowers deal with. In most of these sanctions, RBK had either first, second or subservient pari passu charge on inventory, receivables and movable assets. There were only a couple of transactions with an exclusive cashflow trapping from some specific assets. Similarly, there were hardly any transactions where RBK had an exclusive charge on any property. However, we reiterate that most of these borrowers were mid-to-large corporates; as we understand, RBK will have decent collaterals from borrowers in smaller corporates with borrowing amounts of sub-Rs 200mn wherein RBK is mostly a sole lender.

Given the security structure, we believe with a reasonable certainty that the credit underwriting at RBK is based upon the business prospects of borrowers. While this is definitely better than taking calls based on collaterals when the economic environment is conducive, we believe LGDs would be materially higher when such accounts turn delinquent in a deteriorating macro-economic environment. However, given RBK's smaller exposures in most accounts, it would be easier for the bank to recover loans if any larger borrower were to default.

### Funding working capital gaps: an area of susceptibility; risk to our upgrade call

We noticed that in some cases, RBK has extended term loans to fund the working capital gaps of borrowers. As we understand, many banks offer such facilities to borrowers to correct ALMs or act as bridge funding till certain event-specific cashflows are received. However, if there is a diversion of funds by borrowers into some other group company, businesses or investments, then working capital gap funding can lead to potential delinquencies. We believe RBK would have utilized this as an entry strategy to be able to later convert such limits into regular working capital limits. Given the experience of the management, we hope that the nature of such exposures would be limited. However, if this is a widely offered facility, it remains a risk to our upgrade call.

### RBK's growth in exposures to 'fragile' outlook sectors has been tepid

If we were to map RBK's growth across sections as per CRISIL's categorization based on FY20 outlook, we note that the bank has shown strong growth in sectors where the outlook is stable or has turned around. Growth in 'fragile' outlook sectors has been soft. Within key stable outlook sectors, RBK's advances/exposures have increased by 27%/33% in FY19. Fragile outlook sectors as identified by CRISIL include real estate, sugar, telecommunication, thermal power producers and textiles. The shares of advances/exposures of these sectors in RBK's overall book has declined from 13.3%/10.7% in FY17 to 7.8%/7.4% in FY19 with a soft yoy growth of -2%/10% in FY19.

Even within the above, real estate forms almost 46% of its overall fragile sector exposure, of which commercial real estate has a significant share. As per an Aug'19 communication from CRISIL, developers with commercial real estate portfolio have shown resilience in credit quality. Even within textile, a fragile outlook is specifically for the readymade garment segment.

We believe this clearly indicated the management's competence in rightly identifying the sectors to be avoided.

#### Exhibit 8: Trend in RBK's exposure to CRISIL-identified fragile outlook sectors

| (Rs bn)<br>Industry     | FY17       |       | FY18       |       | FY19       |       | Change (YoY) |        |
|-------------------------|------------|-------|------------|-------|------------|-------|--------------|--------|
|                         | Fund Based | Total | Fund Based | Total | Fund Based | Total | Fund Based   | Total  |
| Real Estate             | 22.1       | 23.2  | 25.3       | 26.6  | 23.8       | 26.2  | -5.7%        | -1.5%  |
| Sugar                   | 3.7        | 7.0   | 2.2        | 3.6   | 1.4        | 5.8   | -38.1%       | 60.5%  |
| Telecom                 | -          | -     | 0.0        | 2.3   | 1.6        | 5.5   |              | 138.1% |
| Thermal Power Producers | 7.2        | 9.9   | 7.8        | 10.2  | 5.8        | 8.2   | -25.5%       | -20.2% |
| Textiles                | 6.1        | 6.5   | 7.7        | 9.7   | 9.6        | 11.9  | 23.9%        | 22.5%  |
| Total                   | 39.1       | 46.6  | 43.0       | 52.5  | 42.2       | 57.5  | -2.0%        | 9.7%   |
| % of Bank's total       | 13.3%      | 10.7% | 10.7%      | 9.1%  | 7.8%       | 7.4%  |              |        |

Source: CRISIL, Company data



### Share of NBFC lending has remained stable

Share of NBFC lending has remained stable at ~11%/~8% of the bank's funded/total exposure during FY17-FY19. RBK has diversified its lending across a wide segment of NBFCs, thus limiting concentration risk given the stress in the NBFC space. It is interesting to note that RBK has also lent to ARCs as well as venture funds in addition to NBFCs. Some of the bank's larger NBFC exposures seem towards entities like Shriram Transport Finance, Manappuram, PNB Housing, JM finance ARC, and Madura MFI.

### Exhibit 9: RBK has sanctioned loans to following NBFCs since CY17

| Industry          | FY17       |       | FY18       |       | FY19       |       | Change (YoY) |        |
|-------------------|------------|-------|------------|-------|------------|-------|--------------|--------|
|                   | Fund Based | Total | Fund Based | Total | Fund Based | Total | Fund Based   | Total  |
| NBFC              | 15.6       | 17.0  | 21.5       | 24.3  | 29.4       | 31.1  | 36.4%        | 27.9%  |
| HFC               | 3.2        | 3.6   | 3.7        | 4.1   | 8.6        | 8.7   | 130.9%       | 112.6% |
| MFI               | 11.4       | 12.0  | 12.0       | 12.1  | 12.3       | 12.3  | 1.8%         | 1.5%   |
| CIC               | -          | 1.5   | -          | 1.3   | -          | 0.1   |              | -89.6% |
| AFC/IFC           | -          | -     | -          | -     | 7.9        | 8.5   |              |        |
| Total             | 30.1       | 34.1  | 37.3       | 41.8  | 58.2       | 60.7  | 55.9%        | 45.3%  |
| % of Bank's total | 10.2%      | 7.8%  | 9.3%       | 7.3%  | 10.7%      | 7.8%  |              |        |

Source: MCA, Rating Agencies

### Exhibit 10: RBK has sanctioned loans to following NBFCs since CY17

| S. No. | Corporate   | Rating  | Industry   |
|--------|---|---------|------------|
| 1      | Aavas Financiers Limited                          | AA-     | NBFC- HFC  |
| 2      | Annapurna Finance Private Limited                 | A-      | NBFC- MFI  |
| 3      | Arohan Financial Services Limited                 | A-      | NBFC- MFI  |
| 4      | Asirvad Micro Finance Limited                     | A+      | NBFC- MFI  |
| 5      | Aye Finance Private Limited                       | BBB     | NBFC - SME |
| 6      | Belstar Investment And Finance Private Limited    | A+      | NBFC- MFI  |
| 7      | Capfloat Financial Services Private Limited       | BBB     | NBFC - SME |
| 8      | Clix Finance India Private Limited                | AA-/A1+ | NBFC - SME |
| 9      | Creditaccess Grameen Limited                      | A+      | NBFC- MFI  |
| 10     | Ess Kay Fincorp Limited                           | A-      | NBFC- VF   |
| 11     | Fusion Micro Finance Private Limited              | A-      | NBFC- MFI  |
| 12     | Globe Fincap Limited                              | A+      | NBFC - SME |
| 13     | Ikf Finance Limited                               | A       | NBFC- VF   |
| 14     | Incared Financial Services Limited                | A       | NBFC - SME |
| 15     | Indiabulls Commercial Credit Limited              | AAA     | NBFC - SME |
| 16     | Indiabulls Consumer Finance Limited               | AA/A1+  | NBFC - SME |
| 17     | Indian School Finance Company Private Limited     | BBB-    | NBFC       |
| 18     | Innoven Capital India Private Limited             | AA-     | NBFC       |
| 19     | Jm Financial Asset Reconstruction Company Limited | AA-     | ARC        |
| 20     | Jm Financial Credit Solutions Limited             | AA      | NBFC       |
| 21     | Lendingkart Finance Limited                       | BBB+    | NBFC - SME |
| 22     | Madura Micro Finance Limited                      | BBB+    | NBFC- MFI  |
| 23     | Manappuram Finance Limited                        | AA      | NBFC- Gold |
| 24     | Motilal Oswal Home Finance Limited                | AA-     | NBFC- HFC  |
| 25     | Nivara Home Finance Limited                       | BBB-    | NBFC- HFC  |
| 26     | Northern Arc Capital Limited                      | A+      | NBFC       |
| 27     | Pnb Housing Finance Limited                       | AAA/A1+ | NBFC- HFC  |
| 28     | Rent Alpha Private Limited                        | BBB+    | NBFC       |
| 29     | Samasta Microfinance Limited                      | A       | NBFC- MFI  |
| 30     | Satin Creditcare Network Limited                  | A-      | NBFC- MFI  |
| 31     | Satya Microcapital Limited                        | BBB-    | NBFC- MFI  |
| 32     | Shriram Transport Finance Company Limited         | AA+     | NBFC- VF   |
| 33     | Spandana Spahoorty Financial Limited              | A-      | NBFC- MFI  |
| 34     | Visage Holdings And Finance Private Limited       | BBB     | NBFC       |
| 35     | Vistaar Financial Services Private Limited        | A-      | NBFC - SME |

Source: MCA, Rating Agencies

## View & valuation

### FY20 loan growth to moderate to ~23%

Given management's cautious stance towards wholesale funding, it has reduced its FY20 loan growth guidance to 20-25% (from >30% earlier). RBK expects strong growth in the non-wholesale portfolio to continue. We build in FY20 loan growth of 20% as wholesale loan growth could be in single digits while non-wholesale loan growth would remain strong at ~40% yoy.

### Capital raising essential in 1HFY21

Our sensitivity analysis indicates that RBK has room to increase advances by ~21% over 1QFY20 loan book, assuming that: (a) RBK is comfortable with a CET 1 ratio of 10%, (b) RWA/TA ratio would remain steady at ~74%. However, if RWA/TA increases to 77%/80%, headroom for loan growth with the CET1 ratio maintained at a minimum of 10% declines to 17%/12%.

### FY20 NIMs to expand on a changing loan mix

We expect FY20 NIMs to expand by ~20bps driven by a change in the loan mix in favor of non-wholesale loans wherein the avg. yield on advances for 1QFY20 was 15.2% while wholesale yields were at 9.4%. We expect the share of non-wholesale loans to increase to ~50% by FY20-end from ~44% in FY19 driven by ~35% yoy growth. Additionally, RBK has also reduced term deposit rates by 30bps-40bps in the past six months, which should aid NIM expansion.

### We build in FY20/FY21 credit cost at 190/170bps

FY20/FY21 credit cost is estimated at 190/170bps. FY20E credit cost factors in the management guidance of 35bps-40bps higher provisions on account of the identified pool of accounts worth Rs 8bn-10bn. We believe FY21 credit cost would also be higher given aging provisions from FY20 slippages. Incrementally, we expect trendline credit cost to be ~150bps as the share of unsecured retail loans is rising.

### Reaching RoAs of 1.5% seems challenging in medium term

We expect FY20/FY21 RoAs of 1%/1.2% and expect only a marginal improvement in RoAs for FY22. We believe reaching RoAs of 1.5% is a tall task and RBK can attain the same only if it can materially bring down its opex; however, this seems difficult given its approach of partnership-driven sourcing. We believe opex/avg. assets can improve if RBK slows down its pace of new branch additions and increases the share of in-house sourcing; these steps can later contribute to effective cross-selling of products.

### Upgrade to LONG with a revised Sep'20 TP of Rs 440.

Given the sharp correction in the stock, RBK now trades at 1.6x FY21ABV. We believe current valuations factor in a considerable amount of stress at current levels, leading us to upgrade it to LONG (from REDUCE). We have toned down our earnings estimates and target multiple give uncertainty on capital raising. This leads to a revised Sep'20 TP of Rs 440 (Rs 520 earlier) as we reduce our multiple to 2.0x (from 2.2x) and build in lower capital raising of Rs 20bn at Rs 400/share (Rs 25bn at Rs 500/share estimated earlier).

We continue to hold our view on RBK (highlighted in our initiating coverage and subsequent update notes) that (a) ROAs will average around 1.3% in the medium term and may not see an expansion to ~1.5% as long as RBK focuses on partnership-driven model for sourcing non-wholesale loans, (b) garnering low-cost CASA will remain a challenge; however RBK can see good gain in market share in retail term deposits driven by its higher rates.

**Exhibit 11: ROE-ROA Tree Analysis**

| Particulars (Rs mn)                                    | FY17A    | FY18A    | FY19A    | FY20E    | FY21E     | FY22E     |
|--|----------|----------|----------|----------|-----------|-----------|
| Yield on Loans and Advances                            | 10.4%    | 9.8%     | 10.7%    | 11.5%    | 11.4%     | 11.3%     |
| Yield on Investments                                   | 7.1%     | 7.0%     | 6.9%     | 7.0%     | 7.0%      | 7.0%      |
| Cost of Funds  | 6.4%     | 5.7%     | 6.1%     | 6.4%     | 6.3%      | 6.2%      |
| Advances (A)   | 2,94,490 | 4,02,678 | 5,43,082 | 6,51,699 | 8,27,658  | 10,75,955 |
| Investments (B)  | 1,34,817 | 1,54,475 | 1,68,404 | 2,05,868 | 2,47,806  | 3,11,703  |
| Cash and Balances with RBI (C)                         | 29,479   | 25,893   | 48,395   | 48,685   | 60,369    | 78,961    |
| Balances with Bank (D)                                 | 12,457   | 16,951   | 17,626   | 25,401   | 31,497    | 41,197    |
| Interest Earning Assets (E)(A+B+C+D)                   | 4,71,244 | 5,99,998 | 7,77,507 | 9,31,653 | 11,67,330 | 15,07,816 |
| Average Interest Earning Assets                        | 4,26,197 | 5,35,621 | 6,88,752 | 8,54,580 | 10,49,491 | 13,37,573 |
| NII/Avg Int Earning Assets                             | 2.9%     | 3.3%     | 3.7%     | 3.9%     | 4.0%      | 4.0%      |
| Non Int Inc/Avg Int Earning Assets                     | 1.8%     | 2.0%     | 2.1%     | 2.3%     | 2.5%      | 2.6%      |
| Total Income/Avg Int Earning Assets                    | 4.6%     | 5.3%     | 5.8%     | 6.2%     | 6.5%      | 6.6%      |
| Op. Costs/Avg Int Earning Assets                       | 2.5%     | 2.8%     | 3.0%     | 3.3%     | 3.4%      | 3.4%      |
| PPI/Avg Int Earning Assets                             | 2.2%     | 2.5%     | 2.8%     | 2.9%     | 3.0%      | 3.2%      |
| Provisions/Avg Int Earning Assets                      | 0.6%     | 0.7%     | 0.9%     | 1.3%     | 1.2%      | 1.2%      |
| Taxes/Avg Int Earning Assets                           | 0.6%     | 0.6%     | 0.6%     | 0.6%     | 0.6%      | 0.7%      |
| Return on Avg Int Earning Assets                       | 1.0%     | 1.2%     | 1.3%     | 1.1%     | 1.2%      | 1.3%      |
| Extraordinary item                                     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%      | 0.0%      |
| Adj Return on Avg Int Earning Assets                   | 1.0%     | 1.2%     | 1.3%     | 1.1%     | 1.2%      | 1.3%      |
| Productivity (Avg Int Earning Assets/Avg Total Assets) | 97.0%    | 96.9%    | 96.9%    | 96.7%    | 96.8%     | 96.9%     |
| Return on Average Total Assets                         | 1.0%     | 1.2%     | 1.2%     | 1.0%     | 1.2%      | 1.2%      |
| Leverage (Average Total Assets/Average Equity)         | 12.0     | 10.0     | 10.0     | 11.1     | 10.9      | 11.2      |
| Return on Average Equity                               | 12.2%    | 11.6%    | 12.2%    | 11.5%    | 12.7%     | 13.9%     |

Source: Company, Equirus Securities

## Company snapshot

### How we differ from Consensus

|                 |       | Equirus | Consensus | % Diff | Comment                           |
|-----------------|-------|---------|-----------|--------|-----------------------------------|
| EPS             | FY20E | 21.3    | 22.6      | -6 %   | We expect consensus to be updated |
|                 | FY21E | 27.7    | 31.8      | -13 %  |                                   |
| NII + Other Inc | FY20E | 52,994  | 58,957    | -10 %  |                                   |
|                 | FY21E | 68,066  | 75,823    | -10 %  |                                   |
| PAT             | FY20E | 9,157   | 10,195    | -10 %  |                                   |
|                 | FY21E | 12,716  | 14,788    | -14 %  |                                   |

**Our Key Investment arguments:** (1) We expect additions to the stressed pool for RBK bank to be contained going ahead (2) RBL currently trades at 1.6x FY21 ABV and can re-rate upwards as incremental additions to the stressed pool are contained, (3) While loan growth to moderate in FY20E, we expect 3-yr loan CAGR of 26%.

| Key Assumptions            | 2018A  | 2019A  | 2020E  | 2021E  | 2022E  |
|----------------------------|--------|--------|--------|--------|--------|
| Net Interest Income (Rsmn) | 17,663 | 25,395 | 33,522 | 41,779 | 53,687 |
| Net interest margin (%)    | 3.2%   | 3.6%   | 3.8%   | 3.9%   | 3.9%   |
| Other Income (Rsmn)        | 10,682 | 14,424 | 19,472 | 26,287 | 34,699 |
| Total Income (Rsmn)        | 28,345 | 39,818 | 52,994 | 68,066 | 88,386 |
| Operating Expense (Rsmn)   | 15,034 | 20,420 | 27,892 | 36,163 | 45,974 |
| Cost to Income Ratio (%)   | 53.0%  | 51.3%  | 52.6%  | 53.1%  | 52.0%  |
| Credit Cost (%)            | 1.0%   | 1.4%   | 1.9%   | 1.7%   | 1.7%   |
| PAT (Rsmn)                 | 6,351  | 8,669  | 9,157  | 12,716 | 17,127 |
| Advances Growth (%)        | 36.7%  | 34.9%  | 20.0%  | 27.0%  | 30.0%  |
| Deposits Growth (%)        | 26.9%  | 33.0%  | 21.0%  | 25.0%  | 33.0%  |

**Key Risks:** Higher than expected slippages, material slowdown in growth, inability to raise capital.

**Key Triggers:** Healthy recoveries from the stressed pool, raising of fresh capital at rich valuations.

| Sensitivity to Key Variables | % Change | % Impact on EPS |
|------------------------------|----------|-----------------|
| Net Interest Income          | 10 %     | 24.0%           |
| Provisioning Costs           | 10 %     | -8.4%           |
| Loans & Advances Growth      | 10 %     | 5.2%            |

### ERoE Valuations & Assumptions

| Rf    | Ke     | Term. Growth | RoE in Terminal Yr |
|-------|--------|--------------|--------------------|
| 7.5 % | 13.5 % | 5.0 %        | 16.3 %             |

|  | FY20E | FY21-24E | FY25-29E | FY30-39E |
|--|-------|----------|----------|----------|
|--|-------|----------|----------|----------|

PAT Growth

Dividend Payout

BV Growth

RoE

Years of strong growth

Valuation as on date (Rs)

Valuation as

Our TP of 440 is based on price/adjusted book multiple of 2.0x on Sep'21 adjusted book value of Rs 220.

### Company description:

RBL Bank, is one of the fastest growing scheduled commercial banks in India. Incorporated in 1943, the bank began its transformational path under the new management team in FY11. It currently services over 6.92mn customers via a network of 332 branches, 228 banking outlets and 376 ATMs spread across 23 Indian states and UTs.

| Comparable valuation |        |       | Mkt Cap<br>(Rs mn) | Price<br>Target | Target<br>Date<br>FY19E | P/E   |       |       | P/B    |       |       | ABPS  |       | RoE   |       |       | Divi Yield |       |  |
|----------------------|--------|-------|--------------------|-----------------|-------------------------|-------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|------------|-------|--|
| Company              | Reco.  | CMP   |                    |                 |                         | FY19A | FY20E | FY21E | FY19 A | FY20E | FY21E | FY20E | FY9A  | FY20E | FY21E | FY19A | FY20E      | FY21E |  |
| RBL Bank             | LONG   | 327   | 1,40,704           | 440             | Sep-20                  | 16.0  | 15.4  | 11.8  | 1.9    | 1.9   | 1.6   | 172.3 | 12.2% | 11.5% | 12.7% | 0.8%  | 0.8%       | 0.9%  |  |
| Yes Bank             | REDUCE | 60    | 1,52,891           | 90              | Mar-20                  | 8.0   | 7.0   | 5.6   | 0.6    | 0.6   | 0.6   | 96.2  | 6.5%  | 6.5%  | 8.5%  | 3.3%  | 3.3%       | 3.3%  |  |
| Indusind Bank        | LONG   | 1,396 | 9,67,150           | 1,965           | Sep-20                  | 25.4  | 16.0  | 13.6  | 3.4    | 2.9   | 2.3   | 483.8 | 13.2% | 18.0% | 17.9% | 0.5%  | 0.8%       | 0.9%  |  |

## Standalone Quarterly Earnings Forecast and Key Drivers

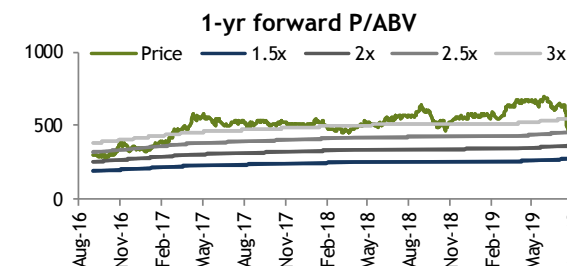
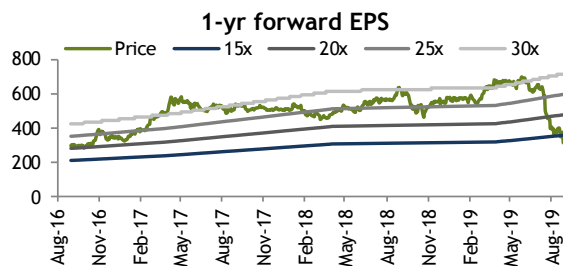
| Rs in Mn                          | 1Q19A  | 2Q19A  | 3Q19A  | 4Q19A  | 1Q20A  | 2Q20E  | 3Q20E  | 4Q20E  | 1Q21E  | 2Q21E  | 3Q21E  | 4Q21E  | FY19A  | FY20E  | FY21E    | FY22E    |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|
| Interest Income                   | 13,642 | 14,634 | 16,389 | 18,341 | 20,227 | 20,110 | 21,124 | 21,645 | 23,450 | 25,231 | 26,924 | 25,694 | 63,007 | 83,106 | 1,01,298 | 1,28,555 |
| Interest Expense                  | 8,115  | 8,705  | 9,839  | 10,954 | 12,054 | 11,982 | 12,551 | 12,998 | 14,060 | 15,104 | 15,729 | 14,626 | 37,612 | 49,584 | 59,519   | 74,868   |
| Net Interest Income               | 5,527  | 5,930  | 6,551  | 7,387  | 8,173  | 8,128  | 8,573  | 8,648  | 9,390  | 10,127 | 11,195 | 11,067 | 25,395 | 33,522 | 41,779   | 53,687   |
| Non-Interest Income               | 3,260  | 3,331  | 3,741  | 4,092  | 4,812  | 4,737  | 4,857  | 5,066  | 6,044  | 6,466  | 6,921  | 6,857  | 14,424 | 19,472 | 26,287   | 34,699   |
| Total Income                      | 8,787  | 9,261  | 10,291 | 11,480 | 12,985 | 12,865 | 13,430 | 13,714 | 15,433 | 16,592 | 18,116 | 17,924 | 39,818 | 52,994 | 68,066   | 88,386   |
| Operating and Other Expenses      | 4,464  | 4,770  | 5,307  | 5,880  | 6,797  | 6,865  | 7,034  | 7,195  | 8,284  | 8,882  | 9,531  | 9,465  | 20,420 | 27,892 | 36,163   | 45,974   |
| Staff Cost                        | 1,530  | 1,509  | 1,641  | 1,682  | 1,845  | 1,864  | 1,882  | 1,915  | 2,107  | 2,149  | 2,192  | 2,298  | 6,362  | 7,507  | 8,746    | 10,057   |
| Other Operating Expenses          | 2,934  | 3,261  | 3,666  | 4,198  | 4,952  | 5,001  | 5,151  | 5,280  | 6,177  | 6,733  | 7,339  | 7,167  | 14,058 | 20,385 | 27,417   | 35,917   |
| Pre-Provision Income              | 4,323  | 4,491  | 4,985  | 5,600  | 6,188  | 6,000  | 6,396  | 6,519  | 7,149  | 7,710  | 8,585  | 8,459  | 19,398 | 25,103 | 31,903   | 42,412   |
| Provisions and Write-offs         | 1,404  | 1,397  | 1,607  | 2,000  | 2,132  | 3,017  | 3,103  | 2,895  | 3,146  | 3,366  | 3,602  | 2,405  | 6,407  | 11,144 | 12,518   | 16,303   |
| PBT                               | 2,920  | 3,094  | 3,378  | 3,600  | 4,056  | 2,983  | 3,293  | 3,624  | 4,003  | 4,344  | 4,983  | 6,054  | 12,991 | 13,958 | 19,385   | 26,108   |
| TAX                               | 1,019  | 1,048  | 1,126  | 1,128  | 1,386  | 1,026  | 1,133  | 1,257  | 1,377  | 1,494  | 1,714  | 2,083  | 4,322  | 4,802  | 6,668    | 8,981    |
| Extraordinary                     | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -        | -        |
| PAT                               | 1,900  | 2,045  | 2,252  | 2,472  | 2,671  | 1,957  | 2,160  | 2,367  | 2,626  | 2,850  | 3,269  | 3,971  | 8,669  | 9,157  | 12,716   | 17,127   |
| EPS - qtrly                       | 4.5    | 4.7    | 5.3    | 5.8    | 6.2    | 4.6    | 4.5    | 5.5    | 6.1    | 6.6    | 7.5    | 8.2    | 20.5   | 21.3   | 27.7     | 35.4     |
| <b>Key Drivers</b>                |        |        |        |        |        |        |        |        |        |        |        |        |        |        |          |          |
| YoA                               | 10.8%  | 10.9%  | 11.2%  | 11.8%  | 12.0%  | 11.5%  | 11.5%  | 11.4%  | 11.4%  | 11.4%  | 11.4%  | 11.0%  | 10.7%  | 11.5%  | 11.4%    | 11.3%    |
| YoI                               | 7.3%   | 7.4%   | 7.5%   | 7.5%   | 7.6%   | 7.1%   | 7.0%   | 6.5%   | 7.0%   | 7.0%   | 7.0%   | 7.3%   | 6.9%   | 7.0%   | 7.0%     | 7.0%     |
| CoF                               | 6.4%   | 6.4%   | 6.6%   | 6.8%   | 6.8%   | 6.4%   | 6.4%   | 6.3%   | 6.4%   | 6.4%   | 6.2%   | 5.6%   | 6.1%   | 6.4%   | 6.3%     | 6.2%     |
| NIM                               | 4.0%   | 4.1%   | 4.1%   | 4.2%   | 4.3%   | 3.9%   | 3.9%   | 3.8%   | 3.9%   | 3.9%   | 4.0%   | 3.8%   | 3.6%   | 3.8%   | 3.9%     | 3.9%     |
| C/I Ratio                         | 50.8%  | 51.5%  | 51.6%  | 51.2%  | 52.3%  | 53.4%  | 52.4%  | 52.5%  | 53.7%  | 53.5%  | 52.6%  | 52.8%  | 51.3%  | 52.6%  | 53.1%    | 52.0%    |
| CD Ratio                          | 93.9%  | 96.0%  | 95.6%  | 93.0%  | 93.5%  | 93.5%  | 93.5%  | 92.2%  | 91.4%  | 90.5%  | 89.7%  | 93.7%  | 93.0%  | 92.2%  | 93.7%    | 91.6%    |
| Non-Interest Income/ Total Income | 37.1%  | 36.0%  | 36.3%  | 35.6%  | 37.1%  | 36.8%  | 36.2%  | 36.9%  | 39.2%  | 39.0%  | 38.2%  | 38.3%  | 36.2%  | 36.7%  | 38.6%    | 39.3%    |
| ROA                               | 1.3%   | 1.3%   | 1.3%   | 1.3%   | 1.3%   | 0.9%   | 1.0%   | 1.0%   | 1.1%   | 1.1%   | 1.1%   | 1.3%   | 1.2%   | 1.0%   | 1.2%     | 1.2%     |
| ROE                               | 11.2%  | 11.6%  | 12.4%  | 13.4%  | 13.8%  | 9.9%   | 9.5%   | 10.1%  | 12.3%  | 12.9%  | 14.3%  | 15.3%  | 12.2%  | 11.5%  | 12.7%    | 13.9%    |
| <b>Sequential Growth (%)</b>      |        |        |        |        |        |        |        |        |        |        |        |        |        |        |          |          |
| NII                               | 10.4%  | 7.3%   | 10.5%  | 12.8%  | 10.6%  | -0.6%  | 5.5%   | 0.9%   | 8.6%   | 7.8%   | 10.6%  | -1.1%  |        |        |          |          |
| TI                                | 8.2%   | 5.4%   | 11.1%  | 11.5%  | 13.1%  | -0.9%  | 4.4%   | 2.1%   | 12.5%  | 7.5%   | 9.2%   | -1.1%  |        |        |          |          |
| PPI                               | 12.8%  | 3.9%   | 11.0%  | 12.3%  | 10.5%  | -3.0%  | 6.6%   | 1.9%   | 9.7%   | 7.8%   | 11.3%  | -1.5%  |        |        |          |          |
| Provisions and Write-offs         | 24.4%  | -0.5%  | 15.0%  | 24.5%  | 6.6%   | 41.5%  | 2.8%   | -6.7%  | 8.7%   | 7.0%   | 7.0%   | -33.2% |        |        |          |          |
| PAT                               | 6.7%   | 7.6%   | 10.1%  | 9.8%   | 8.0%   | -26.7% | 10.4%  | 9.6%   | 10.9%  | 8.5%   | 14.7%  | 21.5%  |        |        |          |          |
| EPS                               | 6.4%   | 5.2%   | 10.8%  | 10.1%  | 7.7%   | -26.7% | -1.2%  | 20.8%  | 0.0%   | 0.0%   | 0.0%   | 0.0%   |        |        |          |          |
| Advances                          | 4.8%   | 8.7%   | 8.8%   | 8.8%   | 4.7%   | 5.0%   | 5.0%   | 4.0%   | 7.0%   | 7.0%   | 7.0%   | 3.7%   |        |        |          |          |
| Deposits                          | 2.4%   | 6.3%   | 9.2%   | 11.9%  | 4.1%   | 5.0%   | 5.0%   | 5.4%   | 8.0%   | 8.0%   | 8.0%   | -0.8%  |        |        |          |          |
| Total Business                    | 3.5%   | 7.5%   | 9.0%   | 10.4%  | 4.4%   | 5.0%   | 5.0%   | 4.7%   | 7.5%   | 7.5%   | 7.5%   | 1.3%   |        |        |          |          |
| <b>Yearly Growth (%)</b>          |        |        |        |        |        |        |        |        |        |        |        |        |        |        |          |          |
| NII                               | 46.1%  | 41.1%  | 40.2%  | 47.6%  | 47.9%  | 37.1%  | 30.9%  | 17.1%  | 14.9%  | 24.6%  | 30.6%  | 28.0%  | 43.8%  | 32.0%  | 24.6%    | 28.5%    |
| TI                                | 38.3%  | 40.1%  | 41.9%  | 41.3%  | 47.8%  | 38.9%  | 30.5%  | 19.5%  | 18.9%  | 29.0%  | 34.9%  | 30.7%  | 40.5%  | 33.1%  | 28.4%    | 29.9%    |
| PPI                               | 38.8%  | 48.1%  | 49.5%  | 46.2%  | 43.1%  | 33.6%  | 28.3%  | 16.4%  | 15.5%  | 28.5%  | 34.2%  | 29.8%  | 45.7%  | 29.4%  | 27.1%    | 32.9%    |
| Provisions and Write-offs         | 48.6%  | 86.2%  | 96.0%  | 77.2%  | 51.9%  | 116.0% | 93.1%  | 44.7%  | 47.6%  | 11.6%  | 16.1%  | -16.9% | 75.8%  | 73.9%  | 12.3%    | 30.2%    |
| PAT                               | 34.8%  | 35.9%  | 36.0%  | 38.8%  | 40.5%  | -4.3%  | -4.1%  | -4.2%  | -1.7%  | 45.6%  | 51.3%  | 67.8%  | 36.5%  | 5.6%   | 38.9%    | 34.7%    |
| EPS                               | 20.7%  | 31.2%  | 32.8%  | 36.5%  | 38.2%  | -3.7%  | -14.1% | -5.8%  | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 28.2%  | 3.9%   | 30.2%    | 27.7%    |
| Advances                          | 35.6%  | 36.6%  | 35.2%  | 34.9%  | 34.7%  | 30.1%  | 25.6%  | 20.0%  | 22.7%  | 25.0%  | 27.4%  | 27.0%  | 34.9%  | 20.0%  | 27.0%    | 30.0%    |
| Deposits                          | 26.9%  | 30.7%  | 35.1%  | 33.0%  | 35.3%  | 33.6%  | 28.5%  | 21.0%  | 25.5%  | 29.1%  | 32.8%  | 25.0%  | 33.0%  | 21.0%  | 25.0%    | 33.0%    |
| Total Business                    | 31.0%  | 33.5%  | 35.2%  | 33.9%  | 35.0%  | 31.9%  | 27.1%  | 20.5%  | 24.1%  | 27.1%  | 30.2%  | 26.0%  | 33.9%  | 20.5%  | 26.0%    | 31.5%    |

## Standalone Financials

| P&L (Rs mn)                   | FY19A         | FY20E         | FY21E         | FY22E         |
|-------------------------------|---------------|---------------|---------------|---------------|
| Interest Income               | 63,007        | 83,106        | 1,01,298      | 1,28,555      |
| Interest Expense              | 37,612        | 49,584        | 59,519        | 74,868        |
| <b>Net Interest Income</b>    | <b>25,395</b> | <b>33,522</b> | <b>41,779</b> | <b>53,687</b> |
| % Growth                      | 43.8%         | 32.0%         | 24.6%         | 28.5%         |
| Treasury Income               | 784           | 3,391         | 3,741         | 4,277         |
| Other Inc. exc Treasury       | 13,640        | 16,081        | 22,546        | 30,422        |
| <b>Total Income</b>           | <b>39,818</b> | <b>52,994</b> | <b>68,066</b> | <b>88,386</b> |
| Employees Expenses            | 6,362         | 7,507         | 8,746         | 10,057        |
| Other Op. Expenses            | 14,058        | 20,385        | 27,417        | 35,917        |
| <b>Operating Profit</b>       | <b>19,398</b> | <b>25,103</b> | <b>31,903</b> | <b>42,412</b> |
| % Growth                      | 45.7%         | 29.4%         | 27.1%         | 32.9%         |
| Tax                           | 4,322         | 4,802         | 6,668         | 8,981         |
| Total Provisions              | 6,407         | 11,144        | 12,518        | 16,303        |
| <b>Net Profit</b>             | <b>8,669</b>  | <b>9,157</b>  | <b>12,716</b> | <b>17,127</b> |
| % Growth                      | 36.5%         | 5.6%          | 38.9%         | 34.7%         |
| <b>Earnings Ratios</b>        |               |               |               |               |
| Int Inc. / Avg. assets (%)    | 8.9%          | 9.4%          | 9.3%          | 9.3%          |
| Int Exp. / Avg. assets        | 5.3%          | 5.6%          | 5.5%          | 5.4%          |
| <b>NIM (%)</b>                | <b>3.6%</b>   | <b>3.8%</b>   | <b>3.9%</b>   | <b>3.9%</b>   |
| Int. exp/ Int earned (%)      | 59.7%         | 59.7%         | 58.8%         | 58.2%         |
| Oth. Inc. / Tot. Inc.         | 36.2%         | 36.7%         | 38.6%         | 39.3%         |
| Staff exp/Total Opex          | 17.9%         | 15.5%         | 13.7%         | 12.2%         |
| <b>Cost/ Income Ratio (%)</b> | <b>51.3%</b>  | <b>52.6%</b>  | <b>53.1%</b>  | <b>52.0%</b>  |
| Prov. / Operating Profit      | 33.0%         | 44.4%         | 39.2%         | 38.4%         |
| <b>Loan prov./Avg. loans</b>  | <b>1.4%</b>   | <b>1.9%</b>   | <b>1.7%</b>   | <b>1.7%</b>   |

| Balance Sheet (Rs mn)    | FY19A           | FY20E           | FY21E            | FY22E            |
|--------------------------|-----------------|-----------------|------------------|------------------|
| Capital                  | 4,267           | 4,337           | 4,837            | 4,837            |
| Reserves and Surplus     | 71,206          | 79,922          | 1,10,480         | 1,25,566         |
| Deposits                 | 5,83,944        | 7,06,572        | 8,83,216         | 11,74,677        |
| Borrowings               | 1,18,321        | 1,40,119        | 1,66,683         | 1,98,560         |
| Other Liab& Provisions   | 25,850          | 32,313          | 40,391           | 50,489           |
| <b>Total liabilities</b> | <b>8,03,588</b> | <b>9,63,264</b> | <b>12,05,606</b> | <b>15,54,128</b> |
| Cash & Bal with RBI      | 48,395          | 48,685          | 60,369           | 78,961           |
| Bal. with banks/         | 17,626          | 25,401          | 31,497           | 41,197           |
| Investments              | 1,68,404        | 2,05,868        | 2,47,806         | 3,11,703         |
| Advances                 | 5,43,082        | 6,51,699        | 8,27,658         | 10,75,955        |
| Fixed Assets             | 4,025           | 5,143           | 6,515            | 8,199            |
| Other Assets             | 22,056          | 26,467          | 31,761           | 38,113           |
| <b>Total assets</b>      | <b>8,03,588</b> | <b>9,63,264</b> | <b>12,05,606</b> | <b>15,54,128</b> |
| % Growth                 | 29.9%           | 19.9%           | 25.2%            | 28.9%            |
| <b>Key assumptions</b>   |                 |                 |                  |                  |
| <b>Deposits</b>          |                 |                 |                  |                  |
| Avg deposit growth (%)   | 33.0%           | 21.0%           | 25.0%            | 33.0%            |
| Avg cost of deposits (%) | 6.3%            | 6.8%            | 6.6%             | 6.5%             |
| <b>Advances</b>          |                 |                 |                  |                  |
| Avg. advances gro (%)    | 34.9%           | 20.0%           | 27.0%            | 30.0%            |
| Avg YoA(%)               | 10.7%           | 11.5%           | 11.4%            | 11.3%            |
| <b>Investments</b>       |                 |                 |                  |                  |
| Avg. investments gro (%) | 9.0%            | 22.2%           | 20.4%            | 25.8%            |
| Avg. Yol (%)             | 6.9%            | 7.0%            | 7.0%             | 7.0%             |

| Particulars (Rs Mn)           | FY19A        | FY20E        | FY21E        | FY22E        |
|-------------------------------|--------------|--------------|--------------|--------------|
| <b>Asset Quality</b>          |              |              |              |              |
| Gross NPA (Rs mn)             | 7,546        | 17,482       | 27,367       | 37,777       |
| Gross NPA (%)                 | 1.4%         | 2.7%         | 3.3%         | 3.5%         |
| Net NPA (Rs mn)               | 3,728        | 9,538        | 15,361       | 20,013       |
| Net NPA (%)                   | 0.7%         | 1.5%         | 1.9%         | 1.9%         |
| <b>% coverage of NPA</b>      | <b>50.6%</b> | <b>45.4%</b> | <b>43.9%</b> | <b>47.0%</b> |
| Delinquencies (%)             | 1.5%         | 2.8%         | 2.4%         | 2.1%         |
| <b>Business Ratios</b>        |              |              |              |              |
| Credit / Deposit(%)           | 93.0%        | 92.2%        | 93.7%        | 91.6%        |
| Investment / Deposit (%)      | 28.8%        | 29.1%        | 28.1%        | 26.5%        |
| <b>CASA (%)</b>               | <b>25.0%</b> | <b>26.5%</b> | <b>28.5%</b> | <b>31.0%</b> |
| <b>RoA (%)</b>                | <b>1.2%</b>  | <b>1.0%</b>  | <b>1.2%</b>  | <b>1.2%</b>  |
| RoE (%)                       | 12.2%        | 11.5%        | 12.7%        | 13.9%        |
| Dividend Yield (%)            | 0.9%         | 0.9%         | 1.0%         | 1.1%         |
| <b>Capital Adequacy Ratio</b> |              |              |              |              |
| RWA (Rs. bn)                  | 596          | 738          | 933          | 1,216        |
| <b>Tier I (%)</b>             | <b>12.1%</b> | <b>11.0%</b> | <b>12.0%</b> | <b>10.4%</b> |
| Tier II (%)                   | 1.4%         | 1.1%         | 0.9%         | 0.7%         |
| <b>Total CAR (%)</b>          | <b>13.5%</b> | <b>12.1%</b> | <b>12.9%</b> | <b>11.1%</b> |
| <b>Per Share Data</b>         |              |              |              |              |
| Book value per share, Rs      | 176.9        | 194.3        | 238.4        | 269.6        |
| Adj. BVPS, Rs.                | 168.1        | 172.3        | 206.6        | 228.2        |
| <b>Price/ Adj. Book value</b> | <b>1.9</b>   | <b>1.9</b>   | <b>1.6</b>   | <b>1.4</b>   |
| EPS, Rs.                      | 20.5         | 21.3         | 27.7         | 35.4         |
| <b>P/E Ratio</b>              | <b>16.0</b>  | <b>15.4</b>  | <b>11.8</b>  | <b>9.2</b>   |





## Historical Standalone financials

| P&L (Rs mn)                  | FY16A         | FY17A         | FY18A         | FY19A         |
|------------------------------|---------------|---------------|---------------|---------------|
| Interest Income              | 27,443        | 37,132        | 45,076        | 63,007        |
| Interest Expense             | 19,251        | 24,918        | 27,413        | 37,612        |
| <b>Net Interest Income</b>   | <b>8,192</b>  | <b>12,213</b> | <b>17,663</b> | <b>25,395</b> |
| % Growth                     | 47.2%         | 49.1%         | 44.6%         | 43.8%         |
| Treasury Income              | 599           | 1,189         | 1,665         | 784           |
| Other Inc.                   | 4,307         | 6,366         | 9,016         | 13,640        |
| <b>Total Income</b>          | <b>13,097</b> | <b>19,768</b> | <b>28,345</b> | <b>39,818</b> |
| Employees Expenses           | 3,699         | 4,461         | 5,507         | 6,362         |
| Other Op. Expenses           | 3,974         | 6,102         | 9,527         | 14,058        |
| <b>Operating Profit</b>      | <b>5,424</b>  | <b>9,204</b>  | <b>13,311</b> | <b>19,398</b> |
| % Growth                     | 50.6%         | 69.7%         | 44.6%         | 45.7%         |
| Tax                          | 1,355         | 2,354         | 3,315         | 4,322         |
| Total Provisions             | 1,144         | 2,389         | 3,645         | 6,407         |
| <b>Net Profit</b>            | <b>2,925</b>  | <b>4,460</b>  | <b>6,351</b>  | <b>8,669</b>  |
| % Growth                     | 41.2%         | 52.5%         | 42.4%         | 36.5%         |
| <b>Earnings Ratios</b>       |               |               |               |               |
| Int Inc. / Avg. assets       | 8.3%          | 8.5%          | 8.2%          | 8.9%          |
| Int Exp. / Avg. assets       | 5.8 %         | 5.7 %         | 5.0 %         | 5.3 %         |
| <b>NIM (%)</b>               | <b>2.5 %</b>  | <b>2.8 %</b>  | <b>3.2 %</b>  | <b>3.6 %</b>  |
| Int. exp/ Int earned         | 70.1%         | 67.1%         | 60.8%         | 59.7%         |
| Oth. Inc./ Tot. Inc.         | 37.5%         | 38.2%         | 37.7%         | 36.2%         |
| Staff exp/Total Opex         | 27.1%         | 24.5%         | 21.5%         | 17.9%         |
| <b>C/ I Ratio (%)</b>        | <b>58.6%</b>  | <b>53.4%</b>  | <b>53.0%</b>  | <b>51.3%</b>  |
| Prov./ Operating Profit      | 21.1%         | 26.0%         | 27.4%         | 33.0%         |
| <b>Loan prov./Avg. loans</b> | <b>0.6%</b>   | <b>0.9%</b>   | <b>1.0%</b>   | <b>1.4%</b>   |

| Balance Sheet (Rs mn)    | FY16A           | FY17A           | FY18A           | FY19A           |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
| Capital                  | 3,247           | 3,752           | 4,197           | 4,267           |
| Reserves and Surplus     | 26,645          | 39,604          | 62,643          | 71,206          |
| Deposits                 | 2,43,487        | 3,45,881        | 4,39,023        | 5,83,944        |
| Borrowings               | 1,05,362        | 79,798          | 92,614          | 1,18,321        |
| Other Liab& Provisions   | 12,870          | 17,713          | 20,031          | 25,850          |
| <b>Total liabilities</b> | <b>3,91,611</b> | <b>4,86,748</b> | <b>6,18,508</b> | <b>8,03,588</b> |
| Cash & Balwith RBI       | 13,397          | 29,479          | 25,893          | 48,395          |
| Bal. with banks          | 11,102          | 12,457          | 16,951          | 17,626          |
| Investments              | 1,44,360        | 1,34,817        | 1,54,475        | 1,68,404        |
| Advances                 | 2,12,291        | 2,94,490        | 4,02,678        | 5,43,082        |
| Fixed Assets             | 1,773           | 2,587           | 3,340           | 4,025           |
| Other Assets             | 8,688           | 12,917          | 15,170          | 22,056          |
| <b>Total assets</b>      | <b>3,91,611</b> | <b>4,86,748</b> | <b>6,18,508</b> | <b>8,03,588</b> |
| % Growth                 | 44.5%           | 24.3%           | 27.1%           | 29.9%           |
| <b>Key assumptions</b>   |                 |                 |                 |                 |
| <b>Deposits</b>          |                 |                 |                 |                 |
| Avg deposit growth (%)   | 42.4%           | 42.1%           | 26.9%           | 33.0%           |
| Avg cost of deposits (%) | 7.3%            | 6.7%            | 6.0%            | 6.3%            |
| <b>Advances</b>          |                 |                 |                 |                 |
| Avg. advances gro (%)    | 46.9%           | 38.7%           | 36.7%           | 34.9%           |
| Avg YoA(%)               | 10.9%           | 10.4%           | 9.8%            | 10.7%           |
| <b>Investments</b>       |                 |                 |                 |                 |
| Avg. investments gro (%) | 47.4%           | -6.6%           | 14.6%           | 9.0%            |
| Avg. Yol (%)             | 6.2%            | 7.1%            | 7.0%            | 6.9%            |

| Particulars (Rs Mn)      | FY16A        | FY17A        | FY18A        | FY19A        |
|--------------------------|--------------|--------------|--------------|--------------|
| <b>Asset Quality</b>     |              |              |              |              |
| Gross NPA (Rs mn)        | 2,081        | 3,568        | 5,667        | 7,546        |
| Gross NPA (%)            | 1.0%         | 1.2%         | 1.4%         | 1.4%         |
| Net NPA (Rs mn)          | 1,245        | 1,900        | 3,126        | 3,728        |
| Net NPA (%)              | 0.6%         | 0.6%         | 0.8%         | 0.7%         |
| <b>% coverage of NPA</b> | <b>40.2%</b> | <b>46.8%</b> | <b>44.8%</b> | <b>50.6%</b> |
| Delinquencies (%)        | 1.1%         | 2.1%         | 1.6%         | 1.5%         |
| <b>Business Ratios</b>   |              |              |              |              |
| Credit / Deposit(%)      | 87.2%        | 85.1%        | 91.7%        | 93.0%        |
| Investment/ Depo.        | 59.3%        | 39.0%        | 35.2%        | 28.8%        |
| <b>CASA (%)</b>          | <b>18.6%</b> | <b>22.0%</b> | <b>24.3%</b> | <b>25.0%</b> |
| <b>RoA (%)</b>           | <b>0.9%</b>  | <b>1.0%</b>  | <b>1.1%</b>  | <b>1.2%</b>  |
| RoE (%)                  | 11.2%        | 12.2%        | 11.5%        | 12.2%        |
| Dividend Yield (%)       | 0.5%         | 0.6%         | 0.7%         | 0.9%         |
| <b>CAR</b>               |              |              |              |              |
| RWA (Rs. bn)             | 268          | 372          | 481          | 596          |
| <b>Tier I (%)</b>        | <b>11.1%</b> | <b>11.4%</b> | <b>13.6%</b> | <b>12.1%</b> |
| <b>Tier II (%)</b>       | <b>1.8%</b>  | <b>2.3%</b>  | <b>1.7%</b>  | <b>1.4%</b>  |
| <b>Total CAR (%)</b>     | <b>12.9%</b> | <b>13.7%</b> | <b>15.3%</b> | <b>13.5%</b> |
| <b>Per Share Data</b>    |              |              |              |              |
| BVPS                     | 92.0         | 115.5        | 159.2        | 176.9        |
| Adj. BVPS, Rs.           | 88.2         | 110.5        | 151.8        | 168.1        |
| <b>Price/ Adj. BVPS</b>  | <b>3.7</b>   | <b>3.0</b>   | <b>2.2</b>   | <b>1.9</b>   |
| EPS, Rs.                 | 9.5          | 12.7         | 16.0         | 20.5         |
| <b>P/E Ratio</b>         | <b>34.6</b>  | <b>25.7</b>  | <b>20.5</b>  | <b>16.0</b>  |

Annexure 1 - Details about the key large group exposures of RBL Bank

Exhibit 12: Emami Group Sanctions

| S. No. | Corporate   | Charge Date   | Charge Type  | Charge Creation Amt (Rs mn) | Estimated Amt O/S (Rs mn) | Comments  |
|--------|---|---|--------------|-----------------------------|---------------------------|---|
| 1      | Emami Cement Ltd  | 29-Mar-19   | Modification | 3,200                       | 2,400                     | TL - Rs 1.6bn, Non-Fund - Rs 1.6bn. Assuming TL fully Disbursed and 50% utilization of Non-fund Limits  |
| 2      | Emami Cement Ltd  | 25-Apr-19   | Creation     | 500                         | 375                       | Working Capital Limit. Assuming 75% Utilization   |
| 3      | Prabhakar Viniyog Private Ltd/<br>Raviraj Viniyog Private Ltd | 29-Mar-19   | Creation     | 1,000                       | 1,000                     | Assuming Fully disbursed  |
| 4      | Emami Realty Ltd  | 06-May-16   | Creation     | 1,650                       | 825                       | Term Loan of Rs 1.65bn is repayable in 10 structured quarterly instalments commencing from Dec'17, out of this, 5 instalments of Rs82.5 mn each, 1 instalment of Rs 165mn each, 3 instalments of Rs 247.5mn each and 1 instalment of Rs 330.0 mn.         |
| 5      | Emami Realty Ltd  | 15-Sep-18   | Creation     | 750                         | 675                       | Door to Door of 36 months. Repayment in 10 equal Quarterly instalments  |
| 6      | Emami Realty Ltd  | No Charge Data available on MCA. However, details available in FY17/FY18 annual report of Emami Realty (earlier Emami Infrastructure Limited) |              | 850                         | 680                       | Term Loan of Rs 850mn is repayable in 12 structured quarterly instalments commencing from Dec'17, out of this, 4 instalments of Rs 21.25mn each, 2 instalments of Rs 42.5mn each, 2 instalments of Rs 85.0 mn each and 4 instalments of Rs 127.5 mn each. |
| 7      | Emami Paper Mills Ltd   | 06-Mar-18   | Modification | 900                         | 416                       | FCNR(B) repayable in 24 quarterly instalments commencing from 03.01.2017. O/S of Rs 423.4mn as of Mar'19 (Rs 452.6mn as of Mar'18).   |
| 8      | Amri Hospitals Ltd  | 23-06-2017  | Creation     | 1,600                       | 1,100                     | Door-to-Door Tenor of 60 months including 12 months principal moratorium from the date of first disbursement i.e. 23/06/2017 and payable in 16 quarterly instalments.   |
| 9      | Amri Hospitals Ltd  | 24-Nov-17   | Creation     | 1,000                       | 500                       | Door-to-Door Tenor of 36 months including 12 months principal moratorium from the date of first disbursement i.e. 24/11/2017 and payable in 8 quarterly instalments.  |
| 10     | Emami Frank Ross Ltd  | 29-Nov-17   | Creation     | 450                         | 225                       | Door-to-Door Tenor of 36 months including 12 months principal moratorium from the date of first disbursement i.e. 24/11/2017 and payable in 8 quarterly instalments.  |
| Total  |   |   |              | 11,900                      | 8,196                     |   |

Source: MCA, Company annual reports

**Exhibit 13: OP Jindal Group Sanctions**

| S. No.       | Corporate                     | Charge Date | Charge Type  | Charge Creation Amt (Rs mn) | Est Amt O/S (Rs mn) | Comments  |
|--------------|-------------------------------|-------------|--------------|-----------------------------|---------------------|---|
| 1            | JSW Cement Ltd                | 21-May-19   | Creation     | 2,600.0                     | 2,600.0             | 12 months moratorium. Repayments in 28 structured quarterly installment   |
| 2            | JSW Cement Ltd                | 08-Mar-19   | Creation     | 1,000.0                     | -                   | Maximum 6 months from Date of Disbursements   |
| 3            | JSW Cement Ltd                | 05-Oct-18   | Creation     | 2,850.0                     | 2,301.9             | Tenor 78 months. Assuming 15 months of repayments as Sanction date is Jan'18                                    |
| 4            | JSW Severfield Structures Ltd | 20-Jan-19   | Modification | 1,000.0                     | 700.0               | Non Fund Working Capital. Enhanced to Rs 1bn in Dec'18. O/S was Rs 500mn at that time. Assuming 70% utilization |
| 5            | Jindal Itf Ltd                | 11-Apr-18   | Creation     | 2,000.0                     | 1,400.0             | Non Fund Working Capital. Primarily BG. Assuming 70% Utilization  |
| 6            | Jindal Saw Ltd                | 28-Jun-18   | Creation     | 1,650.0                     | 1,155.0             | Working capital Fund Based Rs 150mn and Non Fund Based Rs 1500 mn. Assuming 70% Utilization                     |
| 7            | JSW Dharamtar Port Pvt Ltd    | 02-Nov-17   | Creation     | 750.0                       | -                   |   |
| <b>Total</b> |                               |             |              | <b>11,850.0</b>             | <b>8,156.9</b>      |   |

Source: MCA, Company annual reports

**Exhibit 14: Eveready Group Sanctions**

| S. No.       | Corporate                     | Charge Date | Charge Type  | Charge Creation Amt (Rs mn) | Est Amt O/S (Rs mn) | Comments  |
|--------------|-------------------------------|-------------|--------------|-----------------------------|---------------------|---|
| 1            | McLeod Russel India Ltd       | 12-Jul-18   | Modification | 4,300.0                     | 493.0               | O/S as of Mar'19 was Rs 593mn. Remaining amount repayable in six equal quarterly instalments of Rs. 100mn each            |
|              |                               |             |              |                             | 1,100.0             | O/S as of Mar'19 was Rs 1100mn. Short Term loan   |
|              |                               |             |              |                             | 200.0               | O/S as of Mar'19 was Rs 200mn. Unsecured loans  |
| 2            | McLeod Russel India Ltd       | 08-Aug-18   | Creation     | 250.0                       | 200.0               | Working Capital Loans. Assuming 80% Utilization   |
| 3            | Kilburn Engineering Ltd       | 10-Oct-18   | Modification | 950.0                       | 150.0               | Term loan instalment of Rs 150mn due in Sep'19. Sanction includes two revolving short term loans of Rs 400mn and Rs 550mn |
| 4            | Woodside Parks Ltd            | 11-Feb-19   | Modification | 1,700.0                     | 1,700.0             | 6-9 months moratorium In term loans   |
| 5            | Eveready Industries India Ltd | 29-May-19   | Creation     | 500.0                       | 300.0               | Overdraft of Rs 500mn. Assuming 60% utilization   |
| 6            | Eveready Industries India Ltd | 13-Sep-18   | Creation     | 750.0                       | 750.0               | TL of Rs 750 mn payable in 16 equal quarterly instalments post 15 months of moratorium                                    |
| 7            | McNally Bharat Engg Co Ltd    | 09-Mar-18   | Creation     | 600.0                       | -                   | Assuming repaid   |
| 8            | McNally Bharat Engg Co Ltd    | 21-Sep-17   | Creation     | 650.0                       | -                   | Assuming repaid   |
| <b>Total</b> |                               |             |              | <b>9,700.0</b>              | <b>4,893.0</b>      |   |

Source: MCA, Company annual reports

**Exhibit 15: Sequent Scientific Group Sanctions**

| S. No.       | Corporate                         | Charge Date | Charge Type  | Charge Creation Amt (Rs mn) | Est Amt O/S (Rs mn) | Comments   |
|--------------|-----------------------------------|-------------|--------------|-----------------------------|---------------------|--|
| 1            | Solara Active Pharma Sciences Ltd | 21-Jun-18   | Modification | 3,930.0                     | 2,358.0             | Primarily working capital limit of Rs 3.9bn. Assuming 60% utilization  |
| 2            | Sequent Scientific Ltd            | 30-Nov-18   | Modification | 1,350.0                     |                     |  |
|              |                                   |             |              | 450.0                       | 436.1               | Term Loan. Tenor 60 months. Moratorium 6-12 months.                    |
|              |                                   |             |              | 870.0                       | 522.0               | Working Capital of which Fund based Rs 200mn. Assuming 60% utilization |
| 3            | Naari Pharma Private Ltd          | 01-Oct-18   | Modification | 1,099.0                     |                     |  |
|              |                                   |             |              | 878.0                       | 583.5               | Term Loans with moratorium of 1 year and tenor of 5-6 years            |
|              |                                   |             |              | 221.0                       | 176.8               | Working Capital. Assuming 80% utilization                              |
| <b>Total</b> |                                   |             |              | <b>6,379.0</b>              | <b>4,076.4</b>      |  |

Source: MCA, Company annual reports

**Exhibit 16: Future Group Sanctions**

| S. No.       | Corporate  | Charge Date | Charge Type  | Charge Creation Amt (Rs mn) | Estimated Amt O/S (Rs mn) | Comments   |
|--------------|--|-------------|--------------|-----------------------------|---------------------------|--|
| 1            | Future Corporate Resources Pvt Ltd   | 28-Mar-19   | Creation     | 2,000.0                     | 2,000.0                   | Term Loan Sanction to Future Corporate Resources Pvt Ltd.                |
| 2            | Future Corporate Resources Pvt Ltd (loan to earlier PIL Industries Ltd)                      | 10-Apr-17   | Creation     | 500.0                       | 450.0                     | Working Capital Demand Loan. Pledge on shares of Future Consumer Limited |
| 3            | Future Corporate Resources Pvt Ltd (loan to earlier Suhani Trading & Investment Consultants) | 09-Apr-18   | Creation     | 2,000.0                     | 1,500.0                   | Term Loan of 42 months   |
| 4            | Future Retail Ltd  | 06-Dec-18   | Modification | 1,000.0                     | 900.0                     | Working Capital loans. Assuming 90% utilization                          |
| 5            | Praxis Home Retail Ltd   | 21-Jun-18   | Creation     | 1,200.0                     | 1,080.0                   | Working Capital loans. Sole Banking assuming 90% utilization             |
| 6            | Future Consumer Ltd  | 28-Oct-18   | Modification | 700.0                       | 630.0                     | Working Capital loans. Assuming 90% utilization                          |
| 7            | Future Consumer Ltd  | 14-Jun-18   | Creation     | 500.0                       | 350.0                     | Term Loan. Assuming 6 months moratorium and 36 months tenor              |
| <b>Total</b> |  |             |              | <b>7,900.0</b>              | <b>6,910.0</b>            |  |

Source: MCA, Company annual reports

**Exhibit 17: Indiabulls Group Sanctions**

| S. No.       | Corporate                        | Charge Date | Charge Type | Charge Creation Amt (Rs mn) | Est Amt O/S (Rs mn) | Comments   |
|--------------|----------------------------------|-------------|-------------|-----------------------------|---------------------|--|
| 1            | Indiabulls Commercial Credit Ltd | 26-Jun-18   | Creation    | 1,000                       | 692                 | Repayable in 13 equal quarterly instalments with first instalment starting Sep'18 quarter  |
| 2            | Indiabulls Commercial Credit Ltd | 17-Mar-17   | Creation    | 500                         | 350                 | Cash Credit. Assuming 70% utilization  |
| 3            | Indiabulls Consumer Finance Ltd  | 26-Jun-18   | Creation    | 1,000                       | 615                 | 13 equal quarterly instalments with Final maturity in Sep'21   |
| 4            | Indiabulls Consumer Finance Ltd  | 26-Sep-17   | Creation    | 500                         | 192                 | 13 equal quarterly instalments with Final maturity in Dec'20   |
| 5            | Indiabulls Consumer Finance Ltd  | 16-Sep-17   | Creation    | 250                         | 175                 | Working Capital Loan. Assuming 70% utilization   |
| 6            | Indiabulls Consumer Finance Ltd  | 17-Sep-17   | Creation    | 1,750                       | 673                 | 13 equal quarterly instalments with Final maturity in Dec'20   |
| 7            | Indiabulls Real Estate Ltd       |             |             | 500                         | 250                 | During FY18, the Company has availed TL of Rs 500mn repayable in three instalments at 20%, 30% and 50% at the end of one, two and three years from the date of disbursement. |
| 8            | Indiabulls Real Estate Ltd       |             |             | 1,000                       | 500                 | During FY18, the Company has availed TL of Rs 1bn repayable in three instalments at 20%, 30% and 50% at the end of one, two and three years from the date of disbursement.   |
| <b>Total</b> |                                  |             |             | <b>6,500</b>                | <b>3,448</b>        |  |

Source: MCA, Company annual reports

**Exhibit 18: Triveni Engineering Group Exposure**

| S. No.       | Corporate                            | Charge Date | Charge Type  | Charge Creation Amt (Rs mn) | Est Amt O/S (Rs mn) | Comments   |
|--------------|--------------------------------------|-------------|--------------|-----------------------------|---------------------|--|
| 1            | Triveni Engineering & Industries Ltd | 26-Mar-19   | Creation     | 1,800                       | 1,210               | Multiple Banking with Central bank. Rs 1.21bn is from RBL Bank. 2 Term Loans - Rs 875mn of 65 months tenor with Equal quarterly repayments starting from Sep'20 Rs 335mn of 65 months tenor with Equal quarterly repayments starting from Sep'20 |
| 2            | Triveni Engineering & Industries Ltd | 26-Mar-19   | Creation     | 1,000                       | -                   | Adhoc WCDL for 4 months for funding working capital mismatches   |
| 3            | Triveni Engineering & Industries Ltd | 07-Mar-19   | Modification | 3,640                       | 3,519               | Term loan for 7 sugar mills to clear cane dues of previous sugar seasons (16-17/17-18) and towards cane settlement of concerned sugar season. 60 monthly repayments starting July'19   |
| <b>Total</b> |                                      |             |              | <b>6,440</b>                | <b>4,729</b>        |  |

Source: MCA, Company annual reports

**Exhibit 19: CCD Group Exposure**

| Annexure IV: CDD Group Exposures |                        |                          |                  |                      |   |
|----------------------------------|------------------------|--------------------------|------------------|----------------------|---|
| Sr. No                           | Nature                 | Type                     | O/S as of Mar'18 | Est Current Exposure | Comments  |
| 1                                | Secured                | Loan repayable on demand | 540              | 500                  | Charge is on " Exclusive charge over movable fixed assets of 100 café outlets and 2,146 vending machines". This exposure seems towards Coffee day Global limited wherein sanctioned limit is Rs 1000mn. |
| 2                                | Secured                | Debentures               | 1,100            | 900                  | The debentures are redeemable in 10 semi-annual step-up tranches with a moratorium of 18 months with a total maturity period of 72 months. Interest on NCDs is payable semi-annually                    |
| 3                                | Secured                | Term loans               | 628              | 428                  | The loan is repayable over 32 months including a moratorium period of 2 months  |
| 4                                | Secured                | Loan repayable on demand | 591              | -                    | short-term revolving loan ('STL') facility amounting to Rs. 245 million with a tenure of 4 months, ('WCDL') facility amounting to Rs. 250 million with a tenure of 6 months                             |
| 5                                | Secured                | Debentures               | 495              | 495                  | These debentures are redeemable by way of bullet repayment at the end of 24 months from the allotment date (i.e., 03 August 2019).  |
| 6                                | Unsecured              | Term loans               | 495              | 495                  | The loan is repayable through bullet repayment at the end of 24 months from the date of disbursement.(i.e. 14 <sup>th</sup> Feb 2020)."   |
| 7                                | New Sanction in Feb'19 |                          |                  | 1,000                | Loan given to Tanglin Development. Charge created under Coffee Day Enterprises Ltd  |
| 8                                | New Sanction in Sep'18 |                          |                  | 270                  | Charge created in MAGNASOFT CONSULTING INDIA PRIVATE LIMITED  |
| 9                                | New Sanction in Nov'18 |                          |                  | 300                  | Charge created in COFFEE DAY GLOBAL LIMITED   |
|                                  | Total                  |                          |                  | 4,388                |   |

Source: MCA, Company annual reports

**Exhibit 20: Essel Group Exposure**

| S. No. | Corporate                                | Charge Date | Charge Type  | Charge Creation Amt (Rs mn) | Est Amt O/S (Rs mn) | Comments   |
|--------|--|-------------|--------------|-----------------------------|---------------------|--|
| 1      | Essel Infraprojects Ltd                  | 15-Jan-19   | Creation     | 1,300.0                     | 1,200.0             | 48 months Working Capital Term loan with 6 months moratorium of Rs 1bn. Rs 300mn of OD and Rs 115mn of non-fund. |
| 2      | Essel Infraprojects Ltd                  | 22-Feb-16   | Modification | 600.0                       | 360.0               | BG limit   |
| 3      | Living Entertainment Enterprises Pvt Ltd | 27-Mar-17   | Creation     | 2,290.0                     | 1,574.0             | Term loan of Rs 2.25bn   |
| 4      | Dish Infra Services Private Ltd          | 07-Dec-17   | Creation     | 1,500.0                     | 1,050.0             | Over Draft. Assuming 70% Utilization   |
| Total  |  |             |              | 5,690.0                     | 4,184.0             |  |

Source: MCA, Company annual reports



Annexure 2: Credit ratings of the companies in each of the groupss

Exhibit 21: Credit ratings of Emami Group companies

| S. No. | Corporate  | Current Rating | Rating: ~2 years ago |
|--------|--|----------------|----------------------|
| 1      | Emami Cement Limited   | A-             | BBB                  |
| 2      | Prabhakar Viniyog Private Limited/ Raviraj Viniyog Private Limited |                | AA-                  |
| 3      | Emami Realty Limited   |                |                      |
| 4      | Emami Paper Mills Limited  | BBB+           | A                    |
| 5      | Amri Hospitals Limited   | A-             | A-                   |
| 6      | Emami Frank Ross Limited   | BBB            | BBB                  |

Source: Rating agencies

Exhibit 22: Credit ratings of Future Group companies

| S. No. | Corporate  | Current Rating | Rating: ~2 years ago |
|--------|--|----------------|----------------------|
| 1      | Future Corporate Resources Private Limited (erst. Suhani Trading & Investment Consultants) | BBB            | BBB-                 |
| 2      | Future Retail Limited  | AA-            | AA-                  |
| 3      | Praxis Home Retail Limited   |                |                      |
| 4      | Future Consumer Limited  | A              | A                    |

Source: Rating agencies

Exhibit 23: Credit ratings of OP Jindal Group companies

| S. No. | Corporate                     | Current Rating | Rating: ~2 years ago |
|--------|-------------------------------|----------------|----------------------|
| 1      | Jsw Cement Ltd                | A-             | BBB+                 |
| 2      | Jsw Severfield Structures Ltd | BBB+           | BBB                  |
| 3      | Jindal Itf Ltd                | AA             | A+                   |
| 4      | Jindal Saw Ltd                | AA             | A+                   |
| 5      | Jsw Dharamtar Port Pvt Ltd    | AA-            | A+                   |

Source: Rating agencies

Exhibit 24: Credit ratings of Eveready Group companies

| S. No. | Corporate                     | Rating    | Rating: ~2 years ago |
|--------|-------------------------------|-----------|----------------------|
| 1      | Mcleod Russel India Limited   | D         | AA                   |
| 2      | Kilburn Engineering Ltd       | BB+       | BBB-                 |
| 3      | Woodside Parks Ltd            | Withdrawn | AA- (SO)             |
| 4      | Eveready Industries India Ltd | BBB-      | AA-                  |
| 5      | McNally Bharat Engg Co Ltd    | D         | B                    |

Source: Rating agencies

Exhibit 25: Credit ratings of Hathway Group companies

| S. No. | Corporate                   | Rating | Rating: ~2 years ago |
|--------|-----------------------------|--------|----------------------|
| 1      | Hathway Cable & Datacom Ltd | AAA    | A-                   |
| 2      | Gtpl Hathway Ltd            | A-     | A-                   |

Source: Rating agencies

Exhibit 26: Credit ratings of Triveni Engineering Group companies

| S. No. | Corporate                            | Rating | Rating: ~2 years ago |
|--------|--------------------------------------|--------|----------------------|
| 1      | Triveni Engineering & Industries Ltd | AA-    | A+                   |

Source: Rating agencies

Exhibit 27: Credit ratings of Hathway Group companies

| S. No. | Corporate                         | Rating   | Rating: ~2 years ago |
|--------|-----------------------------------|----------|----------------------|
| 1      | Solara Active Pharma Sciences Ltd | BBB+     |                      |
| 2      | Sequent Scientific Ltd            | A-       | BBB+                 |
| 3      | Naari Pharma Private Ltd          | BBB (SO) | BBB+ (SO)            |

Source: Rating agencies

Exhibit 28: Credit ratings of Essel Group companies

| S. No. | Corporate                                | Rating | Rating: ~2 years ago |
|--------|--|--------|----------------------|
| 1      | Essel Infraprojects Ltd                  | BBB-   | BBB+                 |
| 2      | Living Entertainment Enterprises Pvt Ltd | BBB    |                      |
| 3      | Dish Infra Services Private Ltd          | A      | A+                   |

Source: Rating agencies

Exhibit 29: Credit ratings of Indiabulls Group companies

| S. No. | Corporate                        | Rating | Rating: ~2 years ago |
|--------|----------------------------------|--------|----------------------|
| 1      | Indiabulls Commercial Credit Ltd | AAA    | AA+                  |
| 2      | Indiabulls Consumer Finance Ltd  | AA     |                      |
| 3      | Indiabulls Real Estate Ltd       | AA-    | AA-                  |

Source: Rating agencies

**Rating & Coverage Definitions:**

**Absolute Rating**

- LONG : Over the investment horizon, ATR  $\geq$  Ke for companies with Free Float market cap  $>$ Rs 5 billion and ATR  $\geq$  20% for rest of the companies
- ADD: ATR  $\geq$  5% but less than Ke over investment horizon
- REDUCE: ATR  $\geq$  negative 10% but  $<$ 5% over investment horizon
- SHORT: ATR  $<$  negative 10% over investment horizon

**Relative Rating**

- OVERWEIGHT: Likely to outperform the benchmark by at least 5% over investment horizon
- BENCHMARK: likely to perform in line with the benchmark
- UNDERWEIGHT: likely to under-perform the benchmark by at least 5% over investment horizon

**Investment Horizon**

Investment Horizon is set at a minimum 3 months to maximum 18 months with target date falling on last day of a calendar quarter.

**Lite vs. Regular Coverage vs. Spot Coverage**

We aim to keep our rating and estimates updated at least once a quarter for Regular Coverage stocks. Generally, we would have access to the company and we would maintain detailed financial model for Regular coverage companies. We intend to publish updates on Lite coverage stocks only an opportunistic basis and subject to our ability to contact the management. Our rating and estimates for Lite coverage stocks may not be current. Spot coverage is meant for one-off coverage of a specific company and in such cases, earnings forecast and target price are optional. Spot coverage is meant to stimulate discussion rather than provide a research opinion.

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