

## RBL Bank Limited

December 31, 2021

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>
Tier II Bonds	800.00	CARE AA-; Stable (Double A Minus; Outlook: Stable)
<b>Total Long Term Instruments</b>	<b>800.00</b> <b>(Rs. Eight Hundred Crore Only)</b>	

Details of instruments in Annexure-1

### Material Event Update

RBL Bank, vide its announcement to the stock exchanges on December 25, 2021, informed that the Reserve Bank of India (RBI) has appointed Mr. Yogesh K Dayal (Chief General Manager of RBI) as an Additional Director on the Board of Directors of the bank for a period of two years w.e.f. December 24, 2021 till December 23, 2023 or till further orders, whichever is earlier. Further, the Board of Directors of RBL, at its meeting held on December 25, 2021, accepted the request of Mr. Vishwavir Ahuja (Managing Director & Chief Executive Officer (MD & CEO) to proceed on leave with immediate effect and appointed Mr. Rajeev Ahuja, who was the Executive Director of the bank as interim MD & CEO of the bank with immediate effect, subject to the regulatory and other approvals. Subsequently on December 27, 2021, RBI vide its press statement mentioned the following:

*There has been speculation relating to the RBL Bank Ltd. in certain quarters which appears to be arising from recent events surrounding the bank.*

*The Reserve Bank would like to state that the bank is well capitalised and the financial position of the bank remains satisfactory. As per half yearly audited results as on September 30, 2021, the bank has maintained a comfortable Capital Adequacy Ratio of 16.33 per cent and Provision Coverage Ratio of 76.6 per cent. The Liquidity Coverage Ratio (LCR) of the bank is 153 per cent as on December 24, 2021 as against regulatory requirement of 100 per cent.*

*Further, it is clarified that appointment of Additional Director/s in private banks is undertaken under Section 36AB of the Banking Regulation Act, 1949 as and when it is felt that the board needs closer support in regulatory / supervisory matters.*

*As such, there is no need for depositors and other stakeholders to react to the speculative reports. The bank's financial health remains stable.*

CARE Ratings has taken cognizance of the above developments and would continue to engage with the management of the bank and monitor the developments. We understand that the board of the bank has constituted a search committee (comprising of the Chairman of the Nomination & Remuneration Committee, two members of the Board and one external expert) to identify and evaluate candidates for the position of MD & CEO both from within and outside the Bank and decided to appoint a reputed recruitment firm for the same.

The bank reported comfortable Capital Adequacy Ratio (CAR) at 17.50% with Core Equity Tier I (CET I) Ratio of 16.64% as on March 31, 2021 and CAR of 16.33% with CET I Ratio of 15.5% as on September, 2021. Due to the impact of the second wave of Covid-19, all the banks (and NBFC) with higher exposure to retail segment has seen asset quality pressures including RBL whose Gross NPA and Net NPA ratio stood at 5.40% and 2.14% respectively as on September 30, 2021. The bank reported net loss of Rs.429 crore on total income of Rs.5,247 crore during H1FY22 (refers to period from April 01 to September 30) as compared to profit after tax (PAT) of Rs.285 crore on total income of Rs.5,115 crore during H1FY21 owing to high credit provisions towards NPAs of micro finance, credit card and other unsecured retail and SMA 1 and SMA 2 accounts during the first quarter of FY22 on unsecured.

The detailed press release on RBL Bank is as below:

[https://www.careratings.com/upload/CompanyFiles/PR/06102021062358\\_RBL\\_Bank\\_Limited.pdf](https://www.careratings.com/upload/CompanyFiles/PR/06102021062358_RBL_Bank_Limited.pdf)

### Liquidity: Adequate

Liquidity position remains satisfactory with Liquidity Coverage Ratio (LCR) of 155% for the quarter ended September 30, 2021. The Liquidity Coverage Ratio (LCR) of the bank is 153 per cent as on December 24, 2021 as against regulatory requirement of 100 per cent. Further, the bank reported excess SLR investments of Rs.16,532 as on September 30, 2021.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

**Analytical approach:**

Standalone

**Applicable Criteria**

Criteria on assigning Outlook and Creditwatch to Credit Ratings

[CARE Policy on Default Recognition](#)[CARE's Rating Methodology For Banks](#)[Bank - Rating framework for Basel III instruments \(Tier I & Tier II\)](#)**About the Company**

RBL Bank Limited is a Kolhapur-based small sized private sector bank which was incorporated in 1943 by Shri Babgonda Patil, an advocate from Sangli and Shri Gangaram Chougule, a merchant from Kolhapur. The bank gained the status of a scheduled commercial bank in 1959. In FY11, the bank initiated a radical transformation in areas like ownership, management and organization structure. In FY11, the shareholding structure underwent a change with capital infusion of Rs.727 crore from a host of private equity funds. There has been regular capital infusion in the bank to fund its growth in the last five years. As on September 30, 2021, the Bank had a network of 445 branches, 1,435 business correspondence and 386 ATMs in the country.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	H1FY22 (UA)
Total operating income	10,425	10,272	5,247
PAT	506	508	-429
Total Assets	88,701	1,00,247	1,04,474
Net NPA (%)	2.05	2.12	2.14
ROTA (%)	0.60	0.54	-0.86
Total operating income	10,425	10,272	5,247

A: Audited; UA: Unaudited

**Status of non-cooperation with previous CRA:**

Not Applicable

**Any other information:**

Not Applicable

**Rating History for last three years:** Please refer Annexure-2**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3**Complexity level of various instruments rated for this company:** Annexure 4**Annexure-1: Details of Instruments**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating along with Rating Outlook
Tier II Bonds Basel III Proposed	-	-	-	-	800.00	CARE AA-; Stable

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Type	Current Ratings		Rating history			
			Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Bonds-Tier II Bonds	LT	800.00	CARE AA-; Stable	1)CARE AA-; Stable (06-Oct-21)	1)CARE AA-; Stable (08-Oct-20)	1)CARE AA-; Stable (09-Oct-19)	1)CARE AA-; Stable (08-Oct-18)

\* Long Term / Short Term

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities – Not Available**

#### Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Bonds-Tier II Bonds	Complex

#### Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

#### Contact us

##### Media Contact

Name: Mradul Mishra  
Contact no.: +91-22-6754 3573  
Email ID: [mradul.mishra@careedge.in](mailto:mradul.mishra@careedge.in)

##### Analyst Contact

Name: Aditya R Acharekar  
Contact no.:  
Email ID: [aditya.acharekar@careedge.in](mailto:aditya.acharekar@careedge.in)

##### Relationship Contact

Name: Saikat Roy  
Contact no.: +91-98209 98779  
Email ID: [saikat.roy@careedge.in](mailto:saikat.roy@careedge.in)

#### About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

#### Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careedge.in](http://www.careedge.in)**