

RBL Bank reports flat net profit growth for FY14 on RBS buy

Last year, RBL had acquired RBS's commercial and home loan portfolio along with its credit card business in India

Nupur Anand | Mumbai May 26, 2014 Last Updated at 21:00 IST



Private sector lender RBL Bank (earlier known as Ratnakar Bank) reported flat profit growth for 2013-14, which rose by Rs 1 crore to Rs 93 crore. This was on account of one-off charges that the bank had to pay to Royal Bank of Scotland (RBS) in India for acquisition of their business.

Last year, RBL had acquired RBS's commercial and home loan portfolio along with its credit card business in India for an undisclosed amount.

However, the net profit without taking into account this one-off charge was Rs 134 crore, up 44% from last year. Net total income was also up 57% to Rs 603 crore at the end of March 2014 from Rs 384 crore in the last financial year.

The Kolhapur-based bank that started its revamping its brand and branch presence in 2010 has also managed to grow its advances by 54% year on year to Rs 9,835 crore. From about only 50 branches, mainly concentrated in Maharashtra and Karnataka, till 2010, the bank has now managed to add 135 branches and has also grown its ATM network to 350 by the end of financial year 2014.

In the same period, deposits also grew by 39% year on year to Rs.11,599 crore. The bank has also been working at growing in current account and savings account deposits (Casa), known as low-cost deposits.

“While we have seen significant positive traction in CASA build up over the past financial year, we continue to focus on this area to generate better returns. Our strong rural network has enabled our Agri-Banking and financial Inclusion businesses to become an integral part of our revenue model,” said Vishwavir Ahuja, Managing Director & CEO of RBL Bank.

Gross and Net Non performing assets (NPAs) for the bank continue to remain low at 0.79% and 0.31%, respectively. The bank also remains well capitalised and with the infusion of Rs 1500 crore over the last three years and now its capital adequacy ratio stands at 14.64%.

The lender has also been charting out an initial public offering (IPO) plan and the issue is expected to hit the markets in this financial year. The issue size is expected to be around Rs 700-800 crore.