

AU Small Finance Bank

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	AUBANK IN
Equity Shares (m)	667
M.Cap.(INRb)/(USD\$)	440.1 / 5.4
52-Week Range (INR)	712 / 539
1, 6, 12 Rel. Per (%)	13/14/-8
12M Avg Val (INR M)	1329

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	44.3	52.3	66.7
PPoP	20.2	25.3	34.5
PAT	14.3	17.7	23.5
NIM (%)	5.6	5.2	5.3
EPS (INR)	22.0	26.6	35.3
EPS Gr. (%)	22.3	20.9	32.5
BV/Sh. (INR)	164	191	226
ABV/Sh. (INR)	162	188	223

Ratios

RoE (%)	15.5	15.0	16.9
RoA (%)	1.8	1.8	1.9

Valuations

P/E(X)	30.0	24.8	18.7
P/BV (X)	4.0	3.5	2.9
P/ABV (X)	4.1	3.5	3.0

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	25.5	25.6	28.2
DII	20.6	20.6	18.8
FII	39.7	39.6	34.3
Others	14.1	14.2	18.7

FII Includes depository receipts

CMP: INR660

TP: INR760 (+15%)

Buy

Business growth robust; margins set to moderate

Asset quality remains pristine

- AUBANK reported 23% YoY growth in net earnings (in line) in 4QFY23, aided by lower tax/provisions. PPoP was affected by higher opex. However, NII was in line with estimates, with margins moderating 10bp QoQ.
- Gross advances/deposits grew strongly by 26%/32% YoY, and CASA deposits grew 36% YoY, resulting in the CASA ratio improving to 38.4%.
- Absolute GNPA/NNPAs declined 4%/14% QoQ. Thus, the headline GNPA/NNPA ratios improved 15bp/9bp QoQ to 1.66%/0.42%. The PCR ratio improved to 75%.
- We largely maintain our estimates. We expect AUBANK to deliver a 28% earnings CAGR over FY23-25, with RoA/RoE of 1.9%/16.9% in FY25E. **We reiterate our BUY rating on the stock.**

Margins compress slightly; restructured book down to 1.2% of loans

- AUBANK reported 23% YoY growth in PAT to INR4.2b (in line) in 4QFY23, aided by lower provisions and a lower tax rate (~20%). In FY23, NII/PPoP/PAT grew 37%/11%/26% to INR44.3b/INR20.2b/INR14.3b.
- NII grew 30% YoY to INR12.1b (in line), supported by 26% YoY growth in gross advances. Margins moderated 10bp QoQ to 6.1%. Core fee income grew 31% YoY (16% QoQ).
- Opex grew 27% YoY as the bank continues to invest in building the franchise. Thus, the C/I ratio increased 150bp QoQ to 63.1%. PPoP grew 18% YoY to INR5.7b (7% miss).
- Gross advances grew 26% YoY to INR592b (up 5% QoQ), led by healthy traction in the wholesale book, which grew 11% QoQ v/s 3% in retail loans.
- Total deposits grew 32% YoY to ~INR694b. CA/SA deposits grew 31%/11% QoQ, while TDs grew 14% QoQ. The CASA ratio thus increased to 38.4% v/s 38% in 3QFY23.
- GNPAs/NNPAs declined 4%/14% QoQ. Thus, GNPA/NNPA ratios improved 15bp/9bp QoQ to 1.7%/0.4%. The PCR ratio improved to ~75%.
- The outstanding restructured portfolio declined to INR7b, corresponding to 1.2% of advances (v/s 1.4% in 3QY23). The bank is carrying provisions of INR1.2b (17%) on the restructured book.

Highlights from the management commentary

- As the bank is investing in the business, the cost-to-income ratio is expected to remain elevated for the next 12-18 months.
- Margins are likely to remain under pressure over FY24 as the cost of funds has been increasing and the peak is not over yet. Margins may moderate by ~30-40bp over FY24.
- RoA is likely to remain at ~1.8-2% going ahead, with fee income to average assets expected to improve over the next few years.
- Loan growth is expected to be ~28% going ahead, with SBL book likely to grow ~20-22%.
- The credit cost is expected to remain below the normalized level in FY24.

Valuation and view

AUBANK reported an in-line quarter, supported by lower provisions and tax reversals. However, the operating performance saw a slight miss, with margins moderating QoQ. On the business front, business growth was healthy, while CASA deposits increased, led by current account deposits. The bank carries contingent reserves of ~INR0.9b (15bp of loans), which, coupled with 17% coverage on restructured assets, provides comfort. We largely maintain our estimates. We expect AUBANK to deliver a 28% earnings CAGR over FY23–25, with RoA/RoE of 1.9%/ 16.9% in FY25E. **We reiterate our Buy rating with a TP of INR760 (3.6x Sep'24E BV).**

Quarterly performance table (INR m)

	FY22				FY23				FY22	FY23	FY23E 4QE	v/s Est.
	1Q*	2Q*	3Q*	4Q	1Q	2Q	3Q	4Q				
Net Interest Income	7,240	7,531	8,204	9,366	9,760	10,833	11,527	12,132	32,341	44,253	12,226	-0.8
% Change (Y-o-Y)	40.4	34.3	29.6	42.8	34.8	43.8	40.5	29.5	36.7	36.8	30.5	
Other Income	2,148	1,919	2,756	3,114	1,592	2,474	2,949	3,331	9,937	10,345	3,420	-2.6
Total Income	9,388	9,451	10,961	12,479	11,352	13,307	14,476	15,463	42,278	54,597	15,646	-1.2
Operating Expenses	4,570	5,526	6,376	7,656	7,411	8,319	8,919	9,753	24,128	34,403	9,510	2.6
Operating Profit	4,818	3,925	4,584	4,823	3,941	4,988	5,557	5,709	18,150	20,195	6,135	-6.9
% Change (Y-o-Y)	8.1	-11.1	-48.8	40.1	-18.2	27.1	21.2	18.4	-14.7	11.3	27.2	
Provisions	2,072	46	560	932	384	430	326	409	3,610	1,548	459	-10.9
Profit before Tax	2,747	3,878	4,025	3,891	3,557	4,558	5,231	5,300	14,541	18,646	5,677	-6.6
Tax Provisions	715	1,093	1,004	430	878	1,132	1,302	1,054	3,242	4,367	1,386	-23.9
Net Profit	2,032	2,785	3,020	3,461	2,679	3,426	3,928	4,246	11,298	14,279	4,291	-1.0
% Change (Y-o-Y)	1.2	-13.5	-36.9	104.8	31.8	23.0	30.1	22.7	-3.5	26.4	24.0	
Operating Parameters												
Deposit (INR b)	370.1	390.3	442.8	525.8	546.3	583.4	611.0	693.6	525.8	693.6	659.9	5
Loan (INR b)	339.6	358.5	401.8	461.0	486.5	517.4	556.0	584.2	461.0	584.2	598.1	-2
Deposit Growth (%)	38.5	44.7	49.0	46.2	47.6	49.4	38.0	31.9	46.2	31.9	25.5	641
Loan Growth (%)	29.4	31.6	32.6	33.2	43.3	44.4	38.4	26.7	33.2	26.7	29.8	-302
Asset Quality												
GNPA (%)	4.3	3.2	2.6	2.0	2.0	1.9	1.8	1.7	2.0	1.7	1.8	-10
NNPA (%)	2.3	1.7	1.3	0.5	0.6	0.6	0.5	0.4	0.5	0.4	0.5	-7
PCR (%)	48.8	48.6	50.8	75.0	71.7	71.1	72.1	75.0	75.0	75.0	72.2	287

*YoY growth is not comparable due to gain from the Aavas stake sale

Source: MOFSL

Quarterly snapshot

(INR m)

	FY21				FY22				FY23				Change (%)	
Profit and Loss	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Net Interest Income	5,159	5,606	6,331	6,558	7,240	7,531	8,204	9,366	9,760	10,833	11,527	12,132	30	5
Other Income	2,258	2,610	6,856	2,472	2,148	1,919	2,756	3,114	1,592	2,474	2,949	3,331	7	13
Total Income	7,416	8,216	13,187	9,030	9,388	9,451	10,961	12,479	11,352	13,307	14,476	15,463	24	7
Operating Expenses	2,961	3,800	4,237	5,587	4,570	5,526	6,376	7,656	7,411	8,319	8,919	9,753	27	9
Employee	1,793	2,242	2,398	3,368	2,826	3,268	3,559	4,137	3,940	4,513	4,652	4,825	17	4
Others	1,167	1,558	1,839	2,218	1,743	2,258	2,818	3,519	3,471	3,806	4,267	4,928	40	15
Operating Profits	4,456	4,416	8,950	3,443	4,818	3,925	4,584	4,823	3,941	4,988	5,557	5,709	18	3
Provisions	1,813	327	3,058	1,483	2,072	46	560	932	384	430	326	409	-56	25
PBT	2,643	4,089	5,892	1,960	2,747	3,878	4,025	3,891	3,557	4,558	5,231	5,300	36	1
Taxes	635	870	1,102	271	715	1,093	1,004	430	878	1,132	1,302	1,054	145	-19
Adj. PAT	2,008	3,219	4,790	1,690	2,032	2,785	3,020	3,461	2,679	3,426	3,928	4,246	23	8
PAT	1,771	1,963	578	1,690	2,032	2,785	3,020	3,461	2,679	3,426	3,928	4,246	23	8
Balance Sheet (INRb)														
Loans	263	272	303	346	340	358	402	461	487	517	556	584	27	5
Deposits	267	270	297	360	370	390	443	526	546	583	611	694	32	14
Total Assets	443	440	466	516	514	532	586	691	710	779	807	902	31	12
Asset Quality														
GNPA	4,471	4,232	3,027	15,028	14,959	11,514	10,576	9,244	9,696	9,967	10,189	9,813	6	-4
NNPA	1,632	1,228	727	7,555	7,660	5,915	5,202	2,308	2,748	2,882	2,846	2,452	6	-14
AUM Mix (%)													Change (bp)	
Retail	83.8	84.4	85.2	84.6	85.2	89.3	86.6	84.4	83.6	80.9	79.7	78.4	-599	-124
Wheels	41.4	40.3	40.8	36.8	35.9	39.2	38.1	37.0	37.7	36.2	34.6	32.2	-482	-242
Secured MSME	37.5	38.9	38.7	39.3	39.4	39.5	37.5	35.3	34.3	33.0	32.1	31.3	-398	-79
Wholesale	15.2	15.6	14.5	15.4	14.8	15.1	16.6	17.8	18.0	19.1	20.3	21.6	376	123
NBFC	5.0	4.8	4.2	4.0	3.5	3.2	4.0	4.3	3.6	3.6	4.1	4.3	-4	21
RE Group	2.6	2.4	1.9	1.8	1.6	1.7	1.7	1.7	1.7	1.8	1.9	2.1	42	23
Business Banking	3.6	4.1	4.2	5.2	5.0	5.2	5.6	6.2	6.6	7.4	7.8	8.4	223	64
Ratios (%)														
Asset Quality Ratios	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
GNPA (%)	1.7	1.5	1.0	4.3	4.3	3.2	2.6	2.0	2.0	1.9	1.8	1.7	-32	-15
NNPA (%)	0.6	0.5	0.2	2.2	2.3	1.7	1.3	0.5	0.6	0.6	0.5	0.4	-8	-9
PCR (Reported, %)	64	71	76	50	49	49	51	75	72	71	72	75	0	290
Business Ratios (%)														
Non Int./Total Income	30.4	31.8	52.0	27.4	22.9	20.3	25.1	25.0	14.0	18.6	20.4	21.5	-341	117
Cost to Income	39.9	46.3	32.1	61.9	48.7	58.5	58.2	61.3	65.3	62.5	61.6	63.1	173	147
CASA (Reported)	14.0	21.0	22.0	23.0	26.0	30.3	39.0	37.0	39.0	42.0	38.0	38.4	140	40
CASA	14.5	19.8	21.7	23.0	25.6	30.3	39.2	37.3	38.8	42.3	38.4	38.4	115	2
Loan/Deposit	98.2	100.9	102.0	96.2	91.7	91.8	90.7	87.7	89.1	88.7	91.0	84.2	-344	-678
Profitability Ratios														
Margins	4.8	5.1	5.6	5.3	6.0	6.1	6.3	6.3	5.9	6.2	6.2	6.1	-20	-10
Yield on AUM	14.6	14.5	14.3	14.1	14.0	13.9	13.7	13.4	13.3	13.3	13.4	13.4	0	0
Cost of funds	7.2	7.0	6.7	6.5	6.3	6.1	5.9	5.7	5.7	5.8	6.0	6.3	59	32
RoA	1.9	2.9	4.2	1.4	1.6	2.1	2.2	2.2	1.5	1.8	2.0	2.0	-20	0
RoE	17.9	27.1	37.1	12.2	12.7	16.8	17.4	18.9	14.0	15.3	15.2	15.8	-310	60



Highlights from the management commentary

Balance sheet and P&L related

- The bank has been able to deliver on key parameters despite uncertain macro and a challenging environment.
- The bank received a favorable tax order, which resulted in a tax reversal.
- The RBI has granted the bank an AD Cat 1 license for offering Forex and cross-border trade related services. It will also help the bank acquire new customers.
- The ratio of fixed-rate to floating-rate loans has decreased to 66:34 v/s 74:26 as on Mar'22. This is expected to moderate to 50% over the next three years.
- Average LCR for 4QFY23 stood at ~128%.
- The focus remains on garnering granular deposits and current accounts.
- The bank has garnered INR52b in deposits from branches, which are <1 year old.
- As the bank is investing in the business, the cost-to-income ratio is expected to remain high at the current level for the next 12-18 months.
- The bank continues to make investments (INR 1.56b in Q4FY23 v/s INR 1b in Q4FY22) toward digital initiatives, namely credit cards/QR/video banking (70%), distribution expansion (19%) and brand campaign (11%).
- Margins are likely to remain under pressure over FY24 as the cost of funds has been increasing and the peak is not over yet. The same may moderate by ~30-40bp in FY24.
- Incremental yields increased by ~85bp in FY23 and ~100bp in 4QFY23 v/s 4QFY22.
- The credit card business is expected to break-even in the next 12-18 months.
- The bank has installed ~1m QR codes and has started QR-based lending, with disbursements amounting to INR2b till 4QFY23.
- The bank continues to focus on technological innovations and updating technological capabilities.
- The digital insurance and wealth business is gaining healthy traction.
- The bank added ~108 touch points in FY23.
- The bank saw a 90% increase in app registrations to ~1.9m users, with more than 1m active users in Mar'23. Website traffic has grown by 2.7x YoY.
- Video banking: SA accounts saw a 100% YoY increase to ~0.29m accounts, with deposits of INR11.5b. About 15% of these customers are holding additional products. It has started offering CA accounts as well.
- Around 0.1m credit cards have been issued with the use of video banking.
- Monthly spending in credit cards has reached INR10b, and the bank has been issuing ~15k cards per month. About 84% of the cards are active, with average spending of 20k per card per month.
- The bank has disbursed personal loans worth ~INR1.46b in 4Q and INR8b since the inception through the digital platform AU0101.
- The bank saw disbursements of INR17.5b in the used vehicle segment in 4QFY24.
- The Home Loan book has grown by 63% YoY, taking the total outstanding to INR43.8b with the ATS of INR1.2m. The bank disbursed INR22b in housing loans in FY23, with a GNPA ratio of 0.33%.
- The Agri Business/NBFC Funding Book have seen disbursements of INR8b/INR6b in 4QFY23.

- The bank expects the SBL book to grow by 20-21% annually. Total disbursements in the SBL book stood at INR22b with the ATS of INR1.16m and GNPA of 2.5%.
- REG book disbursements stood at INR4.42b.
- Wheels mix: Personal car 40%; Taxi 12%; Tractor 10%; two-wheeler 2%
- RoA is likely to remain at ~1.8-2% going ahead.
- Fee income to average assets is expected to improve over the next few years v/s 1.3-1.4% at the current level.
- Loan growth is expected to be ~28% going ahead with the SBL book likely to grow ~20-22%.
- Banca partnership: 0.6m policies sold with premium of INR6.4b.

Asset quality

- The credit cost is expected to remain below the normalized level in FY24.

Yield on gross advances stood stable QoQ at 13.4%;
Average cost of funds up 32bp QoQ to 6.3%

Retail-dominated portfolio; gross advances grew 5% QoQ

- **Gross advances** grew 26% YoY (up 5% QoQ) to INR592b, led by healthy traction in most business segments. Within total advances, Retail advances grew ~18% YoY (up 3.4% QoQ) and Wholesale advances grew 53.2% YoY (up 11.4% QoQ).
- The Retail/Wholesale mix stood at 78%/22%.
- **Within Retail AUM**, the Wheels segment declined 2.4% QoQ (up 10% YoY) and the SBL-MSME segment grew 2.4% QoQ (up 12% YoY). The Wheels and MSME segments constitute ~81% of the total Retail AUM.
- Newly launched products (gold loans, consumer durable loans, personal loans, housing loans, and OD against FD) collectively saw healthy growth.
- **Within wholesale AUM**, the Agri and SME book grew 7% QoQ (up 52% YoY). Business Banking/RE Group grew 14%/18% QoQ, while the NBFC portfolio saw 10% QoQ growth.

CASA witnessed an increase; Retail TDs form 50% of total term deposits

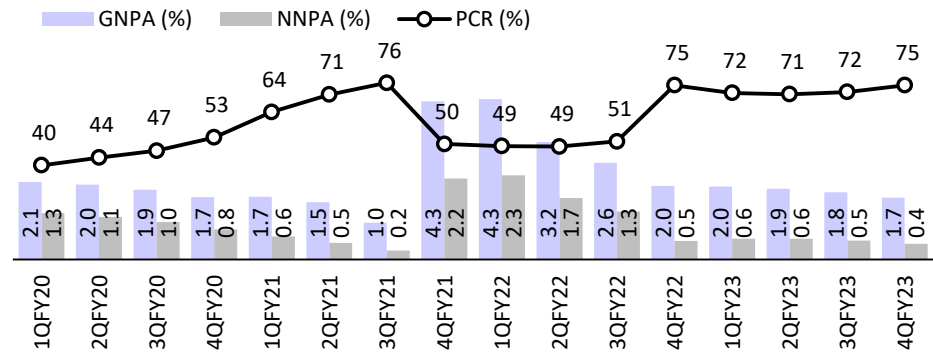
- Deposits grew 32% YoY/13.5% QoQ to INR694b, led by strong growth in CA deposits (up 31% QoQ). CASA deposits witnessed a growth of 13.6% QoQ.
- SA deposits grew 11% QoQ to INR230b. The reported CASA ratio thus increased to 38.4%. The management does not factor in CDs when calculating the CASA ratio.
- Retail TDs constitute 50% of the total term deposits, while CASA plus retail TDs form 69% of the total deposits.

Asset quality steady; PCR improves to ~75%

- Absolute GNPA/NNPAs declined 4%/14% QoQ to INR9.8b/INR2.5b. Total slippage came in at INR1.9b, while reductions were healthy at INR2.3b.
- The GNPA/NNPA ratios declined 15bp/9bp QoQ to 1.66%/0.42%. PCR improved to ~75%.
- **GNPA breakup:** The GNPA book is secured and granular, and skewed toward Retail. The Wheels segment constitutes 42% of GNPA, while SBL constitutes 48% of GNPA.
- AUBANK carries additional contingent provisions of INR0.90b (0.15% of loans).

- The total restructuring book declined to INR7b (1.2% of gross advances) v/s ~1.4% in 3QFY23, on which the bank made provisions of INR1.2b (17% coverage).

Exhibit 1: PCR improved to ~75%; GNPA/NNPA ratios declined 15bp/9bp QoQ to 1.66%/0.42% in 4QFY23



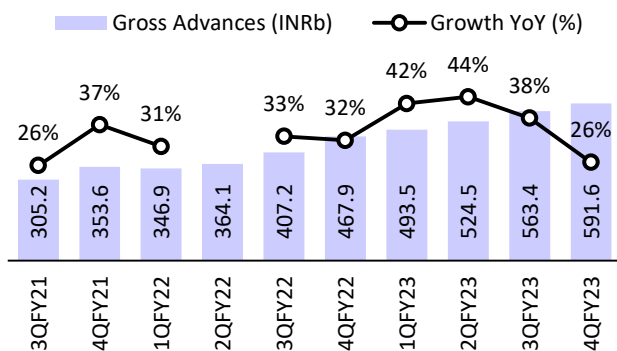
Source: Company, MOFSL

Valuation and view

- The management focuses on scaling up the key business lines of Vehicle Loans and MSME Loans. It aims to expand the new segments of Housing Loans, Gold Loans, Consumer Durable Financing, and Credit Cards, among others. Growth has picked up over the last few quarters, with demand increasing across segments. We expect a 28% CAGR in loans over FY23-25.
- AUBANK has shown strong progress in building a granular liability franchise, with the proportion of deposits to overall funding constantly improving. CASA deposits witnessed healthy traction. The proportion of retail TDs moderated to 50% v/s 53% in 3QFY23, while CASA plus retail TDs moderated to 69% v/s 70% QoQ. However, the same is expected to grow further as customer vintage increases. The cost of funds could further go up and we remain watchful of margin going forward.
- The bank's GNPA/NNPA ratios improved by 15bp/9bp to 1.7%/0.4%. PCR improved to 75% in 4QFY23. The total restructuring book declined to INR7b (~1.2% of total loans v/s 1.4% in Dec'22); the management has made provisions of INR1.2b. The bank carries additional contingent provisions of INR0.9b (0.15% of loans). Thus, we estimate credit costs at 0.3% over FY23-25.
- **BUY with a TP of INR760:** AUBANK reported an in-line quarter, supported by lower provisions and tax reversals. However, the operating performance saw a slight miss, with margins moderating QoQ. On the business front, business growth was healthy, while CASA deposits witnessed an increase, led by current account deposits. The bank carries contingent reserves of ~INR0.9b (15bp of loans), which, coupled with 17% coverage on restructured assets, provides comfort. We largely maintain our estimates. We expect AUBANK to deliver a 28% earnings CAGR over FY23-25 with RoA/RoE of 1.9%/16.9% in FY25E. **We reiterate our Buy rating with a TP of INR760 (3.6x Sep'24E BV).**

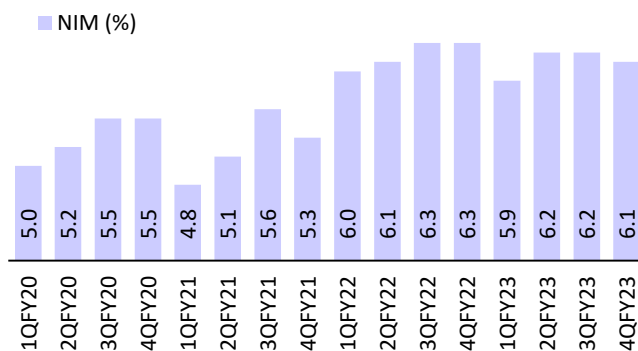
Story in charts

Exhibit 2: Gross advances grew 26% YoY (up 5% QoQ)



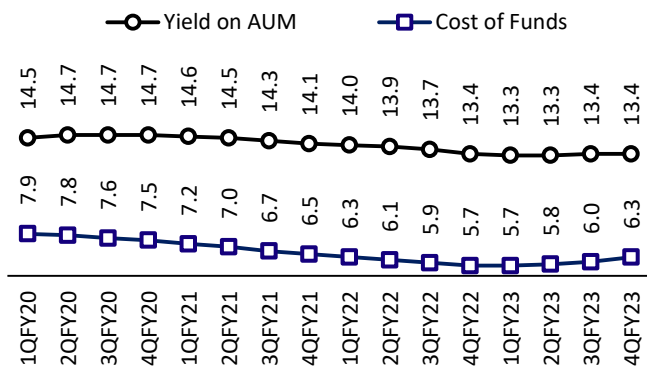
Source: Company, MOFSL

Exhibit 3: Margins moderated 10bp QoQ to 6.1%



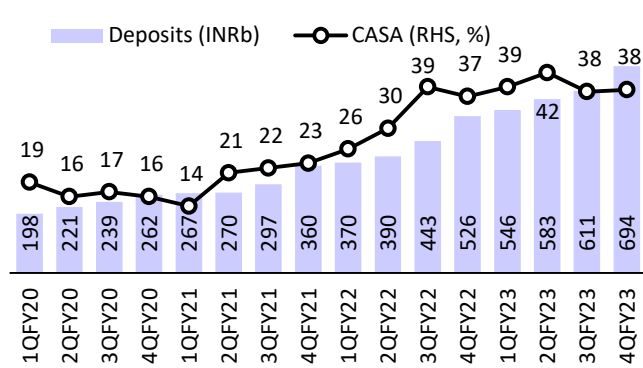
Source: Company, MOFSL

Exhibit 4: Yields on gross advances stable QoQ, while cost of funds increased 32bp QoQ



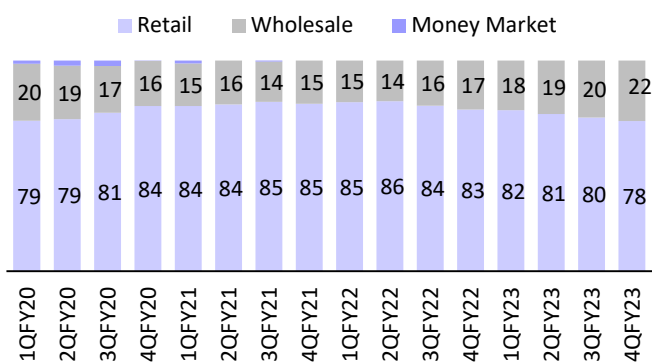
Source: Company, MOFSL

Exhibit 5: Healthy traction in deposit mobilization (~32% YoY); CASA ratio increased to 38.4%



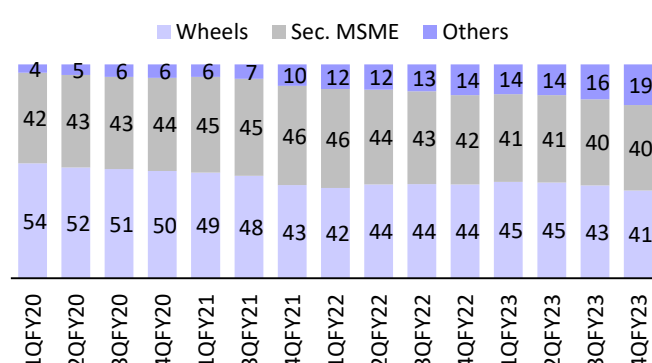
Source: Company, MOFSL

Exhibit 6: Retail mix dominates with share of ~78%



Source: Company, MOFSL

Exhibit 7: Vehicles and MSME form ~81% of retail loans



Source: Company, MOFSL

Exhibit 8: DuPont Analysis | Expect return ratios to remain healthy

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	12.35	11.46	11.46	10.56	9.81	10.30	10.43	10.66
Interest Expense	5.78	6.24	6.36	5.51	4.45	4.75	5.27	5.37
Net Interest Income	6.57	5.22	5.11	5.05	5.36	5.56	5.16	5.29
Core Fee Income	2.45	1.71	1.43	1.21	1.41	1.16	1.16	1.20
Non-Interest income	2.71	1.80	1.89	3.03	1.65	1.30	1.38	1.42
Total Income	9.29	7.01	7.00	8.08	7.01	6.85	6.54	6.70
Operating Expenses	5.26	4.21	3.79	3.54	4.00	4.32	4.04	3.97
Employee cost	2.97	2.34	2.03	2.09	2.29	2.25	2.09	2.04
Others	2.29	1.87	1.76	1.45	1.71	2.07	1.95	1.93
Operating Profits	4.03	2.81	3.20	4.54	3.01	2.54	2.50	2.73
Core operating Profits	3.76	2.72	2.74	2.72	2.77	2.39	2.29	2.51
Provisions	0.93	0.55	0.76	1.43	0.60	0.19	0.20	0.24
NPA	0.39	0.29	0.17	1.36	0.19	0.16	0.16	0.20
Others	0.53	0.26	0.58	0.07	0.40	0.03	0.03	0.04
PBT	3.10	2.25	2.44	3.11	2.41	2.34	2.30	2.48
Tax	1.06	0.77	0.64	0.61	0.54	0.55	0.55	0.62
RoA	2.04	1.48	1.81	2.50	1.87	1.79	1.75	1.86
Leverage (x)	6.7	9.5	10.0	8.9	8.8	8.7	8.6	9.1
RoE	13.7	14.0	18.0	22.3	16.6	15.5	15.0	16.9

Source: MOFSL, Company

Financials and valuations

Income Statement							(INR m)	
Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	17,672	29,488	42,859	49,501	59,217	82,054	105,728	134,529
Interest Expense	8,267	16,064	23,769	25,846	26,876	37,801	53,390	67,796
Net Interest income	9,405	13,425	19,089	23,654	32,341	44,253	52,338	66,733
Growth (%)	20.0	42.7	42.2	23.9	36.7	36.8	18.3	27.5
Other Income	3,881	4,620	7,061	14,209	9,937	10,345	13,965	17,876
Total Income	13,285	18,045	26,150	37,864	42,278	54,597	66,303	84,608
Growth (%)	-16.6	35.8	44.9	44.8	11.7	29.1	21.4	27.6
Operating Expenses	7,526	10,826	14,179	16,584	24,128	34,403	40,955	50,157
Growth (%)	113.3	43.8	31.0	17.0	45.5	42.6	19.0	22.5
Operating Profits	5,759	7,219	11,972	21,279	18,150	20,195	25,348	34,451
Growth (%)	-53.6	25.3	65.8	77.7	-14.7	11.3	25.5	35.9
Core Operating Profits	5,377	6,998	10,246	12,737	16,721	19,062	23,173	31,689
Growth (%)	-4.8	30.1	46.4	24.3	31.3	14.0	21.6	36.7
Total Provisions	1,326	1,418	2,832	6,694	3,610	1,548	1,994	3,089
% to operating income	23.0	19.6	23.7	31.5	19.9	7.7	7.9	9.0
PBT	4,433	5,801	9,140	14,585	14,541	18,646	23,354	31,363
Tax	1,513	1,984	2,392	2,878	3,242	4,367	5,605	7,841
Tax Rate (%)	34.1	34.2	26.2	19.7	22.3	23.4	24.0	25.0
PAT	2,920	3,818	6,748	11,707	11,298	14,279	17,749	23,522
Growth (%)	-64.5	30.7	76.8	73.5	-3.5	26.4	24.3	32.5
Adj. PAT	2,920	3,818	5,962	6,002	11,298	14,279	17,749	23,522
Growth (%)	-12.4	30.7	56.2	0.7	88.2	26.4	24.3	32.5

Balance Sheet								
Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	5,714	5,847	6,082	6,244	6,298	6,667	6,667	6,667
Reserves & Surplus	17,098	25,782	37,164	55,477	68,429	102,666	120,415	143,937
Equity Networkh	22,812	31,629	43,247	61,721	74,727	109,333	127,082	150,604
Deposits	79,233	194,224	261,639	359,793	525,846	693,650	873,999	1,101,239
Growth (%)	NA	145%	35%	38%	46%	32%	26.0%	26.0%
Borrowings	76,389	86,134	103,353	70,297	59,908	62,987	81,790	96,512
Other liabilities	9,894	14,241	12,670	23,071	29,884	35,751	42,187	50,202
Total Liabilities	188,328	326,228	421,431	515,913	690,778	902,161	1,125,498	1,398,997
Current Assets	17,612	17,402	33,697	47,813	59,285	94,252	98,277	101,199
Investments	30,506	71,617	106,682	108,154	153,065	200,720	253,710	311,302
Growth (%)	41.9	134.8	49.0	1.4	41.5	31.1	26.4	22.7
Loans	133,121	228,187	269,924	346,089	460,953	584,215	748,463	959,298
Growth (%)	103.2	71.4	18.3	28.2	33.2	26.7	28.1	28.2
Net Fixed Assets	3,861	4,470	4,480	4,824	6,226	7,401	8,142	8,956
Other assets	3,227	4,552	6,648	9,033	11,250	15,573	16,906	18,242
Total Assets	188,328	326,228	421,431	515,913	690,778	902,161	1,125,498	1,398,997
Total Assets (incl. off BS)	215,586	340,501	460,437	546,944	708,135	909,526	1,146,267	1,428,666

Asset Quality	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
GNPA (INR m)	2,697	4,701	4,578	15,028	9,244	9,813	11,503	14,220
NNPA (INR m)	1,693	2,945	2,173	7,555	2,308	2,452	2,844	3,432
GNPA Ratio	2.0	2.1	1.7	4.3	2.0	1.7	1.5	1.5
NNPA Ratio	1.3	1.3	0.8	2.2	0.5	0.4	0.4	0.4
Slippage Ratio	2.1	2.5	2.5	4.2	3.6	1.8	1.8	1.8
Credit Cost	1.0	0.6	1.0	2.0	0.7	0.3	0.3	0.3
PCR (Exc. Tech. write off)	37.2	37.4	52.5	49.7	75.0	75.0	75.3	75.9

Financials and valuations

Ratios

Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Yield and Cost Ratios (%)								
Avg. Yield - on IEA	13.1	12.1	12.1	11.2	10.4	11.4	11.8	11.8
Avg. Yield on loans	9.4	11.7	12.4	11.5	11.4	12.8	13.0	12.8
Avg. Cost of funds	7.3	7.4	7.4	6.5	5.3	5.6	6.2	6.3
Spreads	2.1	4.3	5.0	5.0	6.1	7.2	6.7	6.5
NIM (On total assets)	6.6	5.2	5.1	5.0	5.4	5.6	5.2	5.3
NIM (On IEA)	7.0	5.5	5.4	5.3	5.7	6.2	5.8	5.8

Capitalization Ratios (%)

CAR	19.3	19.3	22.0	23.4	21.0	23.6	21.1	19.7
Tier I	18.4	16.0	18.4	21.5	19.7	21.8	20.4	19.2
Tier II	0.9	3.4	3.6	1.8	1.3	1.8	0.6	0.4

Business and Efficiency Ratios (%)

Loan/Deposit Ratio	168.0	117.5	103.2	96.2	87.7	84.2	85.6	87.1
CASA Ratio	26.9	18.5	14.5	23.0	37.3	38.4	36.9	38.0
Cost/Assets	5.3	4.2	3.8	3.5	4.0	4.3	4.0	4.0
Cost/Total Income	56.7	60.0	54.2	43.8	57.1	63.0	61.8	59.3
Cost/Core Income	58.3	60.7	58.1	56.6	59.1	64.3	63.9	61.3
Int. Expense/Int. Income	46.8	54.5	55.5	52.2	45.4	46.1	50.5	50.4
Fee Income/Total Income	26.3	24.4	20.4	15.0	20.1	16.9	17.8	17.9
Non Int. Income/Total Income	29.2	25.6	27.0	37.5	23.5	18.9	21.1	21.1
Investment/Deposit Ratio	38.5	36.9	40.8	30.1	29.1	28.9	29.0	28.3
Emp. Cost/Total Expense	56.5	55.5	53.6	59.1	57.2	52.1	51.7	51.5

Profitability and Valuations

RoE	13.7	14.0	18.0	22.3	16.6	15.5	15.0	16.9
RoA	2.0	1.5	1.8	2.5	1.9	1.8	1.8	1.9
RoRWA	2.5	2.0	3.0	4.2	3.1	3.0	2.9	3.1
Book Value (INR)	39.9	54.1	71.1	98.8	118.7	164.0	190.6	225.9
Growth (%)	14.2	35.5	31.4	39.0	20.0	38.2	16.2	18.5
Price-BV (x)	16.5	12.2	9.3	6.7	5.6	4.0	3.5	2.9
Adjusted BV (INR)	38.2	51.3	69.5	92.0	116.7	162.1	188.3	222.9
Growth (%)	12.0	34.5	35.4	32.5	26.9	38.8	16.2	18.4
Price-ABV (x)	17.3	12.9	9.5	7.2	5.7	4.1	3.5	3.0
EPS (INR)	5.1	6.6	11.3	19.0	18.0	22.0	26.6	35.3
Adjusted EPS (INR)	5.1	6.6	11.3	19.0	18.0	22.0	26.6	35.3
Growth (%)	-79.5	28.9	71.3	67.9	-5.1	22.3	20.9	32.5
Price-Earnings (x)	128.8	99.9	58.3	34.7	36.6	30.0	24.8	18.7

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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