

Industry  
Bloomberg  
BSE CODE

Financial  
AUBANK IN  
540611

## Growth Remained Robust Along with Pristine Asset Quality

| RATING           | NEUTRAL |
|------------------|---------|
| CMP              | 974     |
| Price Target     | 909     |
| Potential Upside | -7%     |
| Rating Change    | ↔       |
| Estimate Change  | ↑       |
| Target Change    | ↑       |

| STOCK INFO          |          |
|---------------------|----------|
| 52wk Range H/L      | 1007/542 |
| Mkt Capital (Rs Cr) | 29764    |
| Free float (%)      | 20%      |
| Avg. Vol 1M (,000)  | 84       |
| No. of Shares (Crs) | 30       |
| Promoters Pledged % | 7.04%    |

Fig in Rs Cr

| FINANCIAL      | FY19 | FY20E | FY21E |
|----------------|------|-------|-------|
| NII            | 1342 | 1900  | 2474  |
| PPP            | 722  | 1202  | 1477  |
| PAT            | 382  | 746   | 870   |
| NIM %          | 6.7  | 6.6   | 6.3   |
| EPS (Rs)       | 13   | 25    | 29    |
| EPS growth (%) | 28   | 89    | 17    |
| ROE (%)        | 14.0 | 20.4  | 19.0  |
| ROA (%)        | 1.5  | 2.0   | 1.8   |
| BV             | 108  | 138   | 165   |
| P/B (X)        | 5.5  | 7.1   | 5.9   |
| P/E (x)        | 45.4 | 39.5  | 33.8  |

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### 3QFY20 Result Update

- NII has grown at a robust rate of 45% majorly driven by strong AUM growth of 37% YoY. Other income has grown at 52% on the back of strong growth in the processing fees. PAT has almost doubled to Rs 190 Cr.
- IRR has remained at 14.7% but the disbursement IRR in retail and Small & mid-corporate segment has declined to 15.6% & 15.3%. The cost of funds has cumulatively improved to 7.8% from 7.9%. The IRR of the incremental disbursement has been slightly decreased to 15.5% in wheels, 15.7% in SBL-MSME, 13.3% in HL. The IRR in wholesale segment has declined from 15.5% to 15.3% QoQ.
- Other income was majorly driven by Rs 87 Cr processing fees and Rs 25 Cr PSLC fees.
- AUM growth has grown at the rate of 43% YoY with retail growth registering 46% YoY while wholesale has grown at 32% YoY.
- The disbursement has grown at a rate of 20% YoY majorly driven by 86% in the retail segment. The share of disbursement in states other than Rajasthan stands at 45%.
- Up to 59% of loan portfolio up to Rs 25 lakhs as against the requirement of 50%
- The retail segment was majorly driven by the used vehicle segment by 68% YoY, SBL-MSME has grown at the rate of 51% YoY. The share of Home loan, gold loan, consumer durable, agri SME and OD facility has increased to 6% of the retail segment.
- In the wholesale segment, the NBFC has declined 7% of the portfolio because of the rundown of the portfolio. Agri SME and Business banking have increased by 31% & 45% YoY.
- The GNPA has improved to 1.9%, NNPA stood at 1% and PCR stood at 47%. The slippages & recovery both stood at Rs 130 Cr during the quarter.
- In the Real estate Book, the GNPA in the construction finance segment stands 1.8% while NNPA stood at 1.1% while in Builder LAP the GNPA & NNPA stands at 7.9% and 5.5%.
- AUBANK has an exposure of Rs 50 Cr to Altico RE lender against which AU has an FD of Rs 36 Cr, which shall be utilized for scheduled repayment
- The Deposit has grown at 63% YoY with CASA standing at 17% as of 3QFY20.
- Distribution Network spread across 11 states; 59% of our branches are in Rural & Semi Urban Areas (Tier 2 to Tier 6)

### View and Valuation

AUBANK has registered strong growth on the back of a rise in the retail segment. Although there is a slowdown in the car numbers while the used segment continues to perform strong. NIM is expected to increase with a rising share of the retail segment and repayment of high cost grandfathered borrowing. The asset quality has remained resilient on the back of strong recovery which is leading to lower credit cost thus boosting profitability; however, on account of continued real estate stress, we remain cautious on the asset quality front. As a consequence management has done cautious disbursement on the wholesale segment with no additional exposure to NBFC sector. Due to recent run up in the stock price, valuation has got little stretched and hence we remain Neutral on the stock with the target price of Rs 909 at 5.5x BV on FY21e.

### Risks to our rating and target

- Asset quality concern in real estate.
- Persistent slow down in NBFC & Real estate segment will impact disbursement growth.

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## Strong Growth

### 3QFY20 Results

### Above Our Expectations

Fig in Rs Cr

| FINANCIALS    | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 | YoY % | QoQ%   | FY18  | FY19  | YoY % |
|---------------|--------|--------|--------|--------|--------|-------|--------|-------|-------|-------|
| Interest Inc. | 788    | 877    | 957    | 1,033  | 1,112  | 41.0% | 7.6%   | 1,767 | 2,949 | 66.9% |
| Interest Exp. | 440    | 490    | 562    | 582    | 605    | 37.3% | 3.9%   | 827   | 1,606 | 94.3% |
| NII           | 348    | 387    | 396    | 452    | 507    | 45.7% | 12.2%  | 940   | 1,342 | 42.7% |
| Other Income  | 106    | 131    | 211    | 151    | 161    | 52.2% | 6.9%   | 388   | 462   | 19.1% |
| Total Income  | 454    | 517    | 607    | 602    | 668    | 47.2% | 10.9%  | 1,329 | 1,805 | 35.8% |
| Ope Exp.      | 275    | 302    | 316    | 325    | 355    | 29.1% | 9.4%   | 753   | 1,083 | 43.8% |
| PPP           | 179    | 216    | 291    | 278    | 313    | 75.1% | 12.7%  | 576   | 722   | 25.3% |
| Provisions    | 32     | 39     | 32     | 61     | 40     | 23.6% | -34.3% | 133   | 142   | 6.9%  |
| PBT           | 146    | 176    | 259    | 217    | 273    | 86.5% | 25.9%  | 443   | 580   | 30.9% |
| Tax           | 51     | 58     | 70     | 45     | 83     | 62%   | 84.5%  | 151   | 198   | 31.1% |
| Extra Items   | -      | -      | -      | -      | -      |       |        | -     | -     |       |
| Net Profit    | 95     | 118    | 190    | 172    | 190    | 99.5% | 10.6%  | 292   | 382   | 31%   |

### Concall Highlights

- Portfolio IRR has remained stable at 14.7% while there is a reduction in the cost of the fund has to lead to an increase in spreads to 7.1%. NIM has sequentially improved to 5.8% in 3QFY20. NIM is expected to remain in the same range going forward. Management has availed refinance line upto Rs 2015 Cr at 7.25% interest rate and securitized portfolio at close to 7%.
- Disbursement yield for vehicles declined as the product mix has changed in terms of new than used. The share of new business increased due to festive season.
- Management has guided the C/I ratio will be 52-55% in the next year. Even though there is addition of 1000 ground employees there is not much of an effect because of Rs 15000 per employee cost.
- The corporate loan segment remains under the scanner while the share of the retail portfolio has increased in the disbursement. NBFC exposure has shrunken to 7% of the portfolio because of the normal rundown of the portfolio.
- New car sales have dipped down while the used market is getting more organized. Management said the stress is prevalent in the SCV & LCV range which will affect AUSFB.
- The geographical mix is changing to MP, Gujarat & Maharashtra. Non-Rajasthan retail disbursement grew 45% in 9MFY20.
- The cow is top up to our existing customers; buy out from another financier book. Largely the loan is allowed up to 60 days.
- Personal loan average ticket size is Rs 1.69 Lakh, this loan is provided 100% is to ETB (Existing to Bank) customers, and with most of this ETB is to salaried liability customers (Metro & semi Urban).
- Housing is another which is expected to become big management is eyeing for Rs 50 Cr a month.
- 80% of the used segment customers are new to the bank (which needs a guarantee from the existing customer while 20% of the customers are ETB).
- Branch addition is expected to drive by another 200 by March 2022 in the semi-urban & rural areas which will not lead to a higher C/I ratio.
- The deposit was divided into 2 parts B2B & B2C. SA book is having minimum Rs 25000 initial payment.
- MSME disbursement is major to NTB (up to 90%) customer.
- AUSFB has Rs 62 Cr exposure to Altico against FD of Rs 50 Cr. The company has appropriated the deposit which led to falling in deposit to Rs 38 Cr while loan outstanding declined to Rs 62 to Rs 50 Cr while deposit has come down to Rs 38 Cr. Court has ordered to appropriate the deposit if the loan is repaid.
- 30+ DPD in the wheel portfolio is at 11% while 1+ DPD stands at 20%.
- 1.4 Lakh new customers were added last quarter.
- CASA % is at 17% as of 3QFY20.

## Profitability Matrix

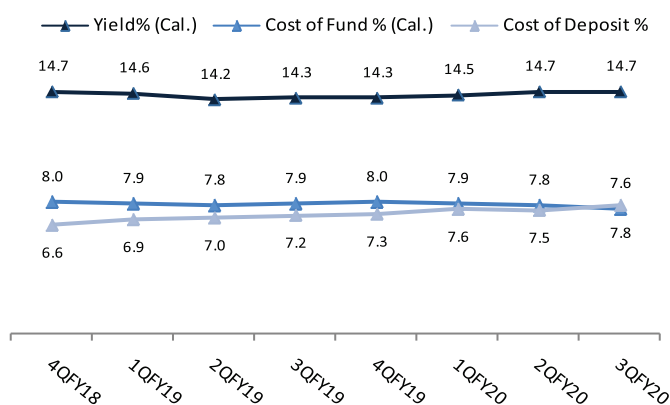
|                         | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY21 | YoY (+/-) | QoQ (+/-) |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| C/I Ratio %             | 60.9   | 60.5   | 60.6   | 58.3   | 52.0   | 53.9   | 53.2   | -7.47     | -0.73     |
| Empl. Cost/ Tot. Exp. % | 36.1   | 33.8   | 33.3   | 30.8   | 31.0   | 31.0   | 31.0   | -2.32     | 0.00      |
| Other Exp/Tot. Exp.%    | 24.8   | 26.7   | 27.3   | 27.5   | 28.0   | 28.0   | 28.0   | 0.68      | 0.00      |
| Provision/PPP %         | 23.0   | 20.0   | 18.2   | 18.2   | 10.8   | 22.0   | 12.8   | -5.35     | -9.15     |
| Tax Rate %              | 34.5   | 34.8   | 34.8   | 33.0   | 35.0   | 20.7   | 30.3   | -4.54     | 9.61      |
| Int Exp./Int Inc. (%)   | 52.3   | 53.0   | 55.9   | 55.9   | 58.7   | 56.3   | 54.4   | -1.45     | -1.90     |
| Other Inc./NII %        | 0.6    | 0.6    | 0.5    | 0.5    | 0.8    | 0.5    | 0.5    | 0.05      | 0.00      |
| PPP/ Net Income %       | 39.1   | 39.5   | 39.4   | 41.7   | 48.0   | 46.1   | 46.8   | 7.47      | 0.73      |
| PAT/ Net Income %       | 19.7   | 20.6   | 21.0   | 22.9   | 31.3   | 28.5   | 28.5   | 7.47      | -0.07     |
| NII Growth % (YoY)      | 56.1   | 46.1   | 39.0   | 34.9   | 38.1   | 40.7   | 45.7   | 6.70      | 4.99      |
| PPP Growth YoY %        | 22.4   | 21.6   | 16.8   | 39.6   | 90.9   | 58.5   | 75.1   | 58.26     | 16.58     |
| PAT Growth %            | 24.2   | 34.0   | 20.8   | 42.4   | 147.1  | 88.1   | 99.5   | 78.72     | 11.42     |

## Margin Performance

| MARGIN %             | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY21 | YoY (+/-) | QoQ (+/-) |
|----------------------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| Yield on Advances(%) | 14.6   | 14.2   | 14.3   | 14.3   | 14.5   | 14.7   | 14.7   | 0.40      | 0.00      |
| Cost Of Funds (%)    | 7.9    | 7.8    | 7.9    | 8.0    | 7.9    | 7.8    | 7.6    | -0.30     | -0.20     |
| Spreads (%)          | 6.7    | 6.4    | 6.4    | 6.3    | 6.6    | 6.9    | 7.1    | 0.70      | 0.20      |
| NIM (%)              | 6.2    | 6.0    | 5.6    | 5.5    | 5.0    | 5.3    | 5.4    | -0.20     | 0.10      |

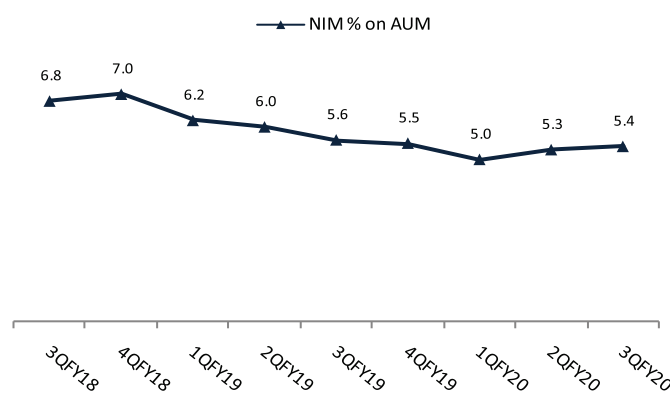
## Exhibit: Yield and Cost

Yield & Cost of fund has remain Stable



## Exhibit: Net Interest Margin

NIM Improvement QoQ



## Asset & Borrowings Growth Trend

Fig in Rs Cr

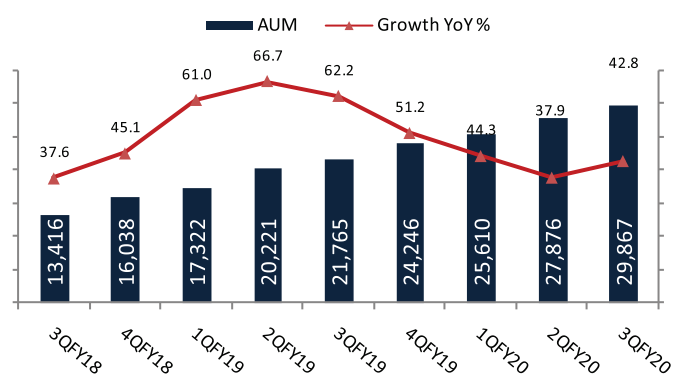
|               | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Disbursements | 2588   | 4205   | 2885   | 4109   | 4048   | 5030   | 4033   | 4729   | 4872   |
| Growth YoY %  | 110    | 90     | 91     | 63     | 56     | 20     | 40     | 15     | 20     |
| AUM           | 13416  | 16038  | 17322  | 20221  | 21765  | 24246  | 25610  | 27876  | 29867  |
| Growth YoY %  | 38     | 45     | 61     | 67     | 62     | 51     | 44     | 38     | 43     |
| Borrowings    | 11041  | 15562  | 16874  | 20699  | 23502  | 28036  | 28856  | 30732  | 32534  |
| Growth YoY %  | -      | 120    | 106    | 120    | 113    | 80     | 71     | 48     | 38     |

## AUM Composition %

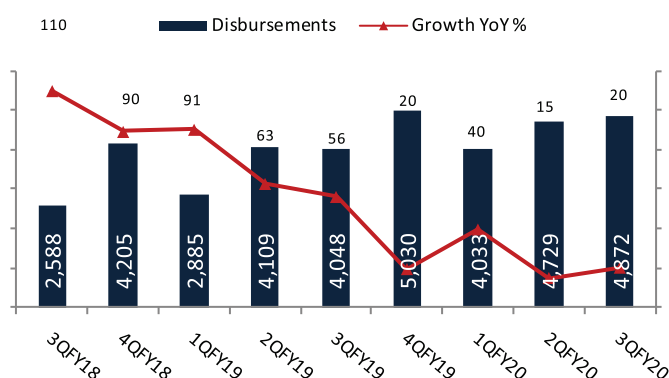
Fig in Rs Cr

|               | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Retail (%)    | 83     | 83     | 82     | 80     | 80     | 80     | 80     | 80     | 80     |
| Wholesale (%) | 17     | 17     | 18     | 19     | 19     | 19     | 19     | 19     | 19     |

## Exhibit: AUM Growth %



## Exhibit: Disbursement Growth %



## Wheel Mix

|                              | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Cars (%)                     | 28     | 28     | 27     | 28     | 27     | 27     | 27     | 27     |
| Multi-utility Vehicle (%)    | 24     | 23     | 22     | 21     | 21     | 20     | 20     | 20     |
| Small commercial Vehicle (%) | 22     | 21     | 20     | 21     | 20     | 20     | 20     | 20     |
| Sports Utility Vehicle (%)   | 8      | 8      | 9      | 9      | 10     | 10     | 10     | 11     |
| Light commercial vehicle(%)  | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      |
| Tractor(%)                   | 3      | 3      | 3      | 4      | 4      | 5      | 5      | 6      |
| Heavy commercial vehicle(%)  | 4      | 4      | 5      | 5      | 5      | 5      | 5      | 5      |
| Three wheeler(%)             | 2      | 2      | 2      | 1      | 1      | 1      | 1      | 1      |
| Construction Equipment(%)    | 2      | 2      | 2      | 2      | 3      | 2      | 2      | 2      |
| Two wheeler (%)              | -      | -      | 1      | 1      | 1      | 1      | 1      | 1      |
| Trade Advance to dealers(%)  | 2      | 2      | 3      | 2      | 2      | 1      | 2      | 1      |
| Other (%)                    |        |        |        |        |        | 1      | 1      |        |

## Borrowings Mix

|  | 4QFY18     | 1QFY19     | 2QFY19     | 3QFY19     | 4QFY19     | 1QFY20     | 2QFY20     | 3QFY20     |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Money Market/CBLO/Line of Credit/others(%) | 0          | 1          | 2          | 2          | 3          | 3          | 3          | 2          |
| Deposits (%)                               | 51         | 59         | 62         | 62         | 69         | 69         | 69         | 73         |
| Tier II Capital (%)                        | 2          | 2          | 1          | 3          | 3          | 3          | 3          | 2          |
| Loans from banks & NBFC (%)                | 5          | 2          | 2          | 1          | 1          | 1          | 1          | -          |
| CPs (%)                                    | -          |            |            |            |            |            |            |            |
| Refinance from FIs (%)                     | 23         | 22         | 23         | 23         | 19         | 20         | 20         | 19         |
| NCDs (%)                                   | 20         | 14         | 10         | 9          | 6          | 5          | 5          | 4          |
| <b>Total Borrowings</b>                    | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> |
| Deposits%                                  | 43.3       | 47.8       | 52.2       | 53.5       | 60.9       | 62.6       | 67.1       | 73.4       |
| CASA%                                      | 31.6       | 27.6       | 25.9       | 23.6       | 21.0       | 18.8       | 16.2       | 15.7       |

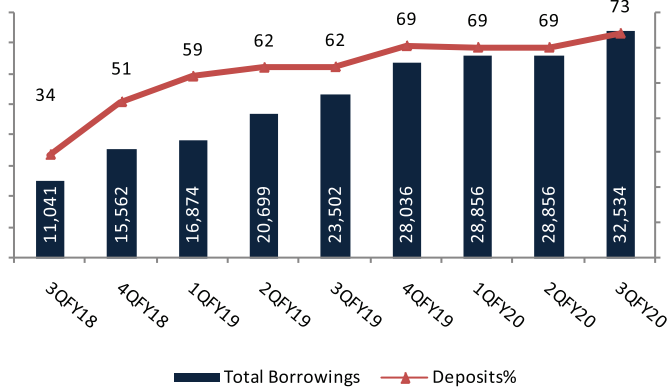
## Number of Account

|                 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20  | 3QFY20  |
|-----------------|--------|--------|--------|--------|--------|--------|---------|---------|
| Current Account | 22838  | 28869  | 35377  | 41761  | 47783  | 54167  | 62281   | 70195   |
| Saving Account  | 450204 | 555639 | 666597 | 768675 | 873031 | 961949 | 1045423 | 1144173 |
| Term Deposit    | 58020  | 62177  | 74984  | 97988  | 107912 | 127962 | 154659  | 184973  |

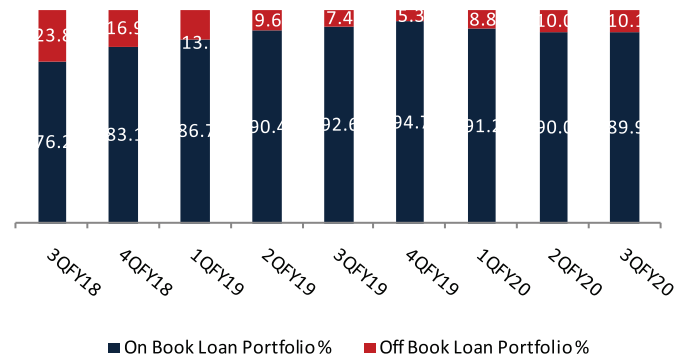
## Branches

|               | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Asset Centers | 97     | 96     | 88     | 84     | 83     | 81     | 78     | 31     |
| Bank Branches | 377    | 400    | 395    | 396    | 408    | 418    | 428    | 496    |

## Exhibit: Total Borrowings & Deposit%

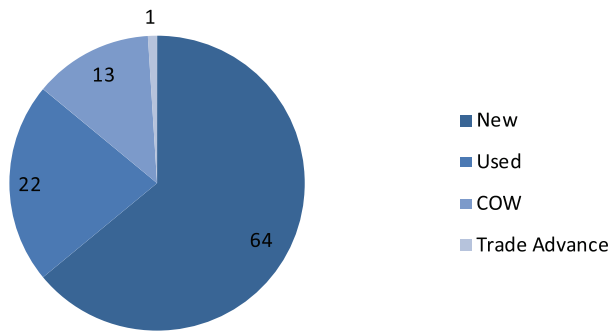


## Exhibit: On Book & Off Book %



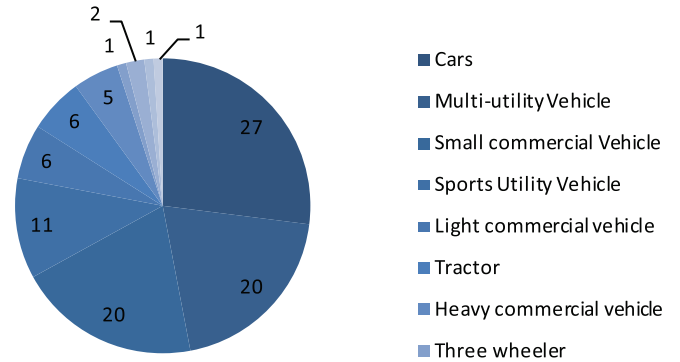
## Exhibit: AUM MIX New v/s Old

Wheels AUM break up – New vs Old



## Exhibit: Break Up on Wheels

Break Up of Wheel Segment



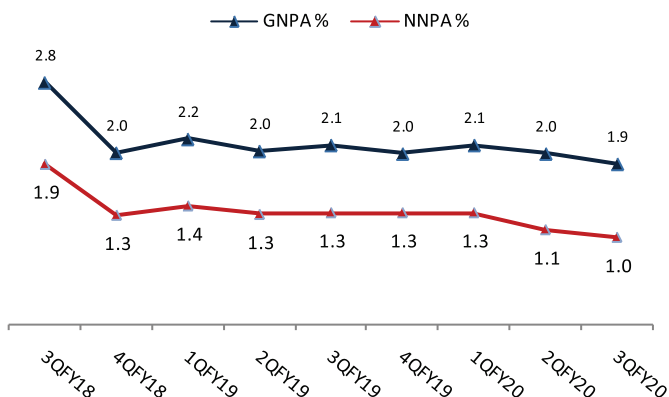
## Asset Quality

Fig in Rs Cr

|                      | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 | YoY (+/-) | QoQ (+/-) |
|----------------------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| GNPA                 | 334    | 371    | 421    | 470    | 486    | 504    | 504    | 83        | -         |
| GNPA %               | 2.2    | 2.0    | 2.1    | 2.0    | 2.1    | 2.0    | 1.9    | (0.2)     | (0.1)     |
| NNPA                 | 211    | 232    | 263    | 295    | 289    | 283    | 268    | 5         | (15)      |
| NNPA %               | 1.4    | 1.3    | 1.3    | 1.3    | 1.3    | 1.1    | 1.0    | (0.3)     | (0.1)     |
| Total Specific PCR % | 37     | 38     | 38     | 37     | 41     | 44     | 47     | 9         | 3         |

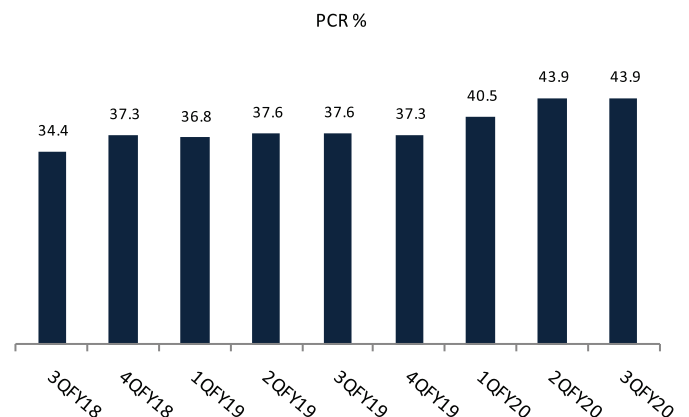
## Exhibit: Asset Quality

Assets Quality Slightly Improved Sequentially



## Exhibit: Provisions

PCR has remained Stable



## Financial Details

### Balance Sheet

Fig in Rs Cr

| Y/E March                | FY14         | FY15         | FY16         | FY17         | FY18          | FY19          | FY20E         | FY21E         |
|--------------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| <b>Share Capital</b>     | <b>43</b>    | <b>44</b>    | <b>44</b>    | <b>284</b>   | <b>286</b>    | <b>292</b>    | <b>302</b>    | <b>302</b>    |
| Equity Capital           | 43           | 44           | 44           | 284          | 286           | 292           | 302           | 302           |
| Preference Capital       | -            | -            | -            | -            | -             | -             | -             | -             |
| Reserves & Surplus       | 598          | 767          | 965          | 1,703        | 1,995         | 2,871         | 3,863         | 4,697         |
| <b>Networth</b>          | <b>641</b>   | <b>811</b>   | <b>1,009</b> | <b>1,988</b> | <b>2,281</b>  | <b>3,163</b>  | <b>4,165</b>  | <b>4,999</b>  |
| Deposit                  | -            | -            | -            | -            | 6,743         | 17,079        | 27,883        | 39,569        |
| Change (%)               | N/A          | N/A          |              | N/A          | N/A           | 153           | 63            | 42            |
| CASA Deposit             | -            | -            | -            | -            | 2,134         | 3,590         | 5,604         | 8,310         |
| Change (%)               | N/A          | N/A          | N/A          | N/A          | N/A           | 68            | 56.1          | 48.3          |
| Total Borrowings         | 1,742        | 2,552        | 3,817        | 7,071        | 15,562        | 28,036        | 36,369        | 49,462        |
| Provisions               | 1,271        | 1,483        | 2,477        | 674          | 989           | 1,424         | 1,527         | 1,731         |
| <b>Total Liabilities</b> | <b>3,013</b> | <b>4,035</b> | <b>6,294</b> | <b>9,812</b> | <b>18,833</b> | <b>32,623</b> | <b>42,062</b> | <b>56,192</b> |
| Cash & Bank              | -            | -            | 123          | 625          | 1,761         | 1,740         | 2,218         | 3,937         |
| Investments              | 114          | 140          | 232          | 2,150        | 3,051         | 7,162         | 8,030         | 9,101         |
| Change (%)               | (85)         | 23           | 66           | 829          | 42            | 135           | 12            | 13            |
| Advances                 | 2,637        | 3,624        | 5,842        | 6,551        | 13,312        | 22,819        | 30,783        | 41,865        |
| Change (%)               | 37           | 37           | 61           | 12           | 103           | 71            | 35            | 36            |
| Fixed Assets             | 17           | 19           | 25           | 276          | 386           | 447           | 569           | 683           |
| Other Assets             | 245          | 253          | 72           | 179          | 323           | 455           | 462           | 607           |
| <b>Total Assets</b>      | <b>3,013</b> | <b>4,035</b> | <b>6,294</b> | <b>9,812</b> | <b>18,833</b> | <b>32,623</b> | <b>42,062</b> | <b>56,192</b> |

### Income Statement

Fig in Rs Cr

| Y/E March                 | FY14 | FY15 | FY16  | FY17  | FY18  | FY19  | FY20E | FY21E |
|---------------------------|------|------|-------|-------|-------|-------|-------|-------|
| Interest income           | 611  | 704  | 1,010 | 1,280 | 1,767 | 2,949 | 4,293 | 5,585 |
| Interest expended         | 289  | 282  | 395   | 496   | 827   | 1,606 | 2,393 | 3,110 |
| Net Interest Income       | 322  | 422  | 615   | 784   | 940   | 1,342 | 1,900 | 2,474 |
| Change (%)                | 36   | 31   | 46    | 27    | 20    | 43    | 42    | 30    |
| Other Income              | 8    | 2    | 5     | 140   | 388   | 462   | 690   | 797   |
| Change (%)                | 168  | (70) | 110   | 2,682 | 178   | 19    | 49    | 15    |
| Total Net Income          | 330  | 424  | 620   | 923   | 1,329 | 1,805 | 2,590 | 3,271 |
| Operating Expenses        | 115  | 155  | 258   | 353   | 753   | 1,083 | 1,388 | 1,795 |
| Change (%)                | 18   | 35   | 66    | 37    | 113   | 44    | 28    | 29    |
| Employee Expenses         | 70   | 95   | 158   | 193   | 425   | 601   | 769   | 977   |
| Pre-provisioning Profit   | 215  | 269  | 362   | 570   | 576   | 722   | 1,202 | 1,477 |
| Change (%)                | 51   | 25   | 35    | 57    | 1     | 25    | 67    | 23    |
| Provisions                | 77   | 61   | 40    | 97    | 133   | 142   | 194   | 315   |
| Change (%)                | 173  | (21) | (34)  | 145   | 36    | 7     | 37    | 62    |
| PBT                       | 138  | 208  | 323   | 1,143 | 443   | 580   | 1,008 | 1,162 |
| Tax                       | 46   | 68   | 111   | 321   | 151   | 198   | 262   | 292   |
| Profit After Tax          | 92   | 140  | 212   | 822   | 292   | 382   | 746   | 870   |
| Change (%)                | 15   | 52   | 51    | 288   | (64)  | 31    | 95    | 17    |
| Adjusted Profit After Tax | 92   | 140  | 212   | 822   | 292   | 382   | 746   | 870   |
| Change (%)                | 15   | 52   | 51    | 288   | (64)  | 31    | 95    | 17    |

## Financial Details

### Key Ratios

| Y/E March                    | FY14  | FY15  | FY16  | FY17   | FY18   | FY19   | FY20E  | FY21E  |
|------------------------------|-------|-------|-------|--------|--------|--------|--------|--------|
| <b>Balance Sheet Metrics</b> |       |       |       |        |        |        |        |        |
| AUM                          | 4,449 | 5,568 | 8,221 | 11,055 | 16,038 | 24,246 | 33,459 | 45,505 |
| AUM Growth (%)               | 20    | 25    | 48    | 34     | 45     | 51     | 38     | 36     |
| Borrowing Growth (%)         | (19)  | 47    | 50    | 85     | 120    | 80     | 30     | 36     |
| Loan/Borrowing (%)           | 151   | 142   | 153   | 93     | 86     | 81     | 85     | 85     |
| CASA Ratio                   | -     | -     | -     | 18     | 32     | 21     | 18     | 18     |
| CRAR (%)                     | 20.4  | 18.5  | 17.1  | 23.0   | 19.3   | 19.3   | 16.9   | 15.1   |
| Tier 1 (%)                   | 17.5  | 17.1  | 13.7  | 21.5   | 18.4   | 16.0   | 16.5   | 14.8   |
| Tier 2 (%)                   | 2.9   | 1.5   | 3.4   | 1.6    | 0.9    | 3.3    | 0.4    | 0.3    |

#### Assets Quality Metrics

|                                |     |     |     |     |     |     |     |     |
|--------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Gross NPA (Rs)                 | -   | -   | -   | 125 | 270 | 470 | 531 | 666 |
| Gross NPA (%)                  | -   | -   | 1.3 | 1.9 | 2.0 | 2.0 | 1.7 | 1.6 |
| Net NPA (Rs)                   | -   | -   | -   | 80  | 169 | 295 | 304 | 399 |
| Net NPA (%)                    | -   | -   | 0.8 | 1.2 | 1.3 | 1.3 | 1.0 | 1.0 |
| Provision Coverage (%)         | -   | -   | -   | 35  | 37  | 37  | 45  | 45  |
| Provision/Average Advances (%) | 1.9 | 1.2 | 0.6 | 1.0 | 1.0 | 0.7 | 0.7 | 0.8 |

#### Margin Metrics

|                             |     |     |      |       |      |      |      |      |
|-----------------------------|-----|-----|------|-------|------|------|------|------|
| Yield On Advances (%)       | -   | -   | -    | 10.2  | 9.2  | 11.7 | 11.8 | 11.5 |
| Yield On Investment (%)     | -   | -   | -    | 0.8   | 4.9  | 5.4  | 7.7  | 7.0  |
| Yield On Earning Assets (%) | -   | -   | 14.7 | 11.6  | 10.3 | 11.2 | 11.4 | 11.1 |
| Cost Of Funds (%)           | -   | -   | -    | 14.0  | 7.3  | 7.4  | 7.4  | 7.2  |
| Spread (%)                  | -   | -   | -    | (2.4) | 3.0  | 3.8  | 4.0  | 3.9  |
| NIM on AUM (%)              | 7.9 | 8.4 | 8.9  | 8.1   | 6.9  | 6.7  | 6.6  | 6.3  |
| NIM on Earning Assets (%)   | -   | -   | -    | 7.1   | 5.5  | 5.1  | 5.0  | 4.9  |

#### Profitability & Efficiency Metrics

|                             |      |      |      |      |      |      |      |      |
|-----------------------------|------|------|------|------|------|------|------|------|
| Int. Expense/Int.Income (%) | -    | -    | 39.1 | 38.8 | 46.8 | 54.5 | 55.7 | 55.7 |
| Fee Income/NII (%)          | 2.5  | 0.6  | 0.8  | 17.8 | 41.3 | 34.4 | 36.3 | 32.2 |
| Cost to Income (%)          | 34.8 | 36.6 | 41.6 | 38.2 | 56.7 | 60.0 | 53.6 | 54.9 |
| Cost on Average Assets (%)  | 3.7  | 4.4  | 5.0  | 4.4  | 5.3  | 4.2  | 3.7  | 3.7  |
| Tax Rate (%)                | 33.2 | 32.7 | 34.4 | 28.1 | 34.1 | 34.2 | 26.0 | 25.1 |

#### Valuation Ratio Metrics

|                     |      |       |      |        |        |      |      |      |
|---------------------|------|-------|------|--------|--------|------|------|------|
| EPS (Rs)            | 21   | 32    | 48   | 29     | 10     | 13   | 25   | 29   |
| Change (%)          | 7.9  | 48.9  | 50.9 | (39.8) | (64.7) | 28   | 89.0 | 16.6 |
| ROAE (%)            | -    | -     | -    | 10.1   | 13.7   | 14.0 | 20.4 | 19.0 |
| ROAA (%)            | -    | -     | -    | 10.2   | 2.0    | 1.5  | 2.0  | 1.8  |
| Dividend Payout (%) | -    | -     | -    | -      | 5.9    | 6.9  | 4.9  | 5.2  |
| Dividend yield (%)  | -    | -     | -    | -      | 0.1    | 0.1  | 0.1  | 0.1  |
| Book Value (Rs)     | 74   | 184   | 229  | 70     | 80     | 108  | 138  | 165  |
| Change (%)          | 28.9 | 148.1 | 24.5 | (69.5) | 14.2   | 35   | 27.3 | 20.0 |
| ABVPS (Rs)          | 74   | 184   | 229  | 67     | 74     | 98   | 128  | 152  |
| P/B (X)             | -    | -     | -    | -      | 7.7    | 5.5  | 7.1  | 5.9  |
| P/E (X)             | -    | -     | -    | -      | 60.5   | 45.4 | 39.5 | 33.8 |

## Financial Details

### Exhibit: DuPont Analysis

|                            | FY17        | FY18       | FY19       | FY20E      | FY21E      |
|----------------------------|-------------|------------|------------|------------|------------|
| Interest Income            | 15.9        | 12.3       | 11.5       | 11.5       | 11.4       |
| Interest expended          | 6.2         | 5.8        | 6.2        | 6.4        | 6.3        |
| <b>Net Interest Income</b> | <b>9.7</b>  | <b>6.6</b> | <b>5.2</b> | <b>5.1</b> | <b>5.0</b> |
| Non-Fund Based Income      | 1.7         | 2.7        | 1.8        | 1.8        | 1.6        |
| <b>Total Income</b>        | <b>11.5</b> | <b>9.3</b> | <b>7.0</b> | <b>6.9</b> | <b>6.7</b> |
| Total Operating Expenses   | 4.4         | 5.3        | 4.2        | 3.7        | 3.7        |
| Employee Expenses          | 2.4         | 3.0        | 2.3        | 2.1        | 2.0        |
| Other Expenses             | 2.0         | 2.3        | 1.9        | 1.7        | 1.7        |
| <b>Operating Profit</b>    | <b>7.1</b>  | <b>4.0</b> | <b>2.8</b> | <b>3.2</b> | <b>3.0</b> |
| Provisions                 | 1.2         | 0.9        | 0.6        | 0.5        | 0.6        |
| Others                     |             |            |            |            |            |
| PBT                        | 5.9         | 3.1        | 2.3        | 2.7        | <b>2.4</b> |
| Tax                        | 4.0         | 1.1        | 0.8        | 0.7        | 0.6        |
| PAT/RoAA                   | 1.9         | 2.0        | 1.5        | 2.0        | 1.8        |
| Equity Multiplier (x)      | 5.4         | 6.7        | 9.5        | 10.2       | 10.7       |
| ROAE                       | 10.1        | 13.7       | 14.0       | 20.4       | 19.0       |



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