13 March 2024

Update | Sector: Financials

AU Small Finance Bank

BSE SENSEX	S&P CNX
72,762	21,988

CMP: INR577 **TP: INR720 (+26%)** **Buy**

Building strong foundation for sustainable growth

RoA to remain suppressed in near term

- **AUBANK has historically delivered healthy RoAs; however, this has seen compression over FY24, primarily due to a decline in margins and an uptick in credit costs. The merger with Fincare SFB will enable AUBANK to achieve sustainable growth, while stronger return ratios for Fincare will boost profitability in the coming years, particularly as operating leverage improves.**
- **Post-merger, the AUBANK will also gain presence in high-yielding MFI and Gold loan segments, while its positioning in SBL and the Housing vertical will be strengthened. Moreover, Fincare's robust presence in southern India complements AUBANK's stronger presence in the North, thus helping AUBANK significantly expand its geographical foothold.**
- **While the merger is BV and RoA accretive, aided by stronger return ratios in MFI, Gold, and SBL loan portfolios, the intense competition for liabilities and integration costs will largely offset any near-term benefit. However, we estimate RoA to gradually improve to 1.7% by FY26E as the bank benefits from operating synergies, while moderation in funding costs also enables an improvement in margins.**
- **Furthermore, as Fincare is a rural-focused SFB with 85% of its advances meeting the PSL criteria, the merger will enable AUBANK to fulfill its PSL target without compromising on growth.**
- **We believe that the bank's execution capability will play an important role in maintaining robust growth, asset quality while delivering healthy RoA to its stakeholders. We are optimistic about smooth execution, given the management's execution prowess and track record over the past couple of decades. We reiterate Buy on the stock with a TP of INR720 (2.7x FY26E BV).**

Estimate loan CAGR of ~25% post-merger

The merger with Fincare SFB will augment AU Bank's loan book by ~16%. We estimate the combined entity to deliver robust growth at a 25% CAGR, thus resulting in balance sheet size surpassing INR1.5t by FY25E. This will be led by improved geographical footprint, addition of new product lines, and an expansion in customer base. Loan book is thus likely to cross ~INR1tn in FY25E, driven by ~20% YoY growth in key existing business lines and an accelerated 30% YoY growth in newer segments. The bank expects steady ~20% growth in VF and SBL, while Commercial, HL, and MFI segments are likely to grow at a faster ~30% run-rate.

Business mix to diversify; new product lines to open up growth avenues

The distinct asset composition of AUBANK (Wheels, SBL, Housing, and Commercial) and Fincare SFB (MFI, SBL, and Gold) complements each other and bridges the gap in the bank's product offerings. The wider product suite not only presents avenues for growth, but also augments the merged entity's leadership positioning in the SFB sector. Post-merger, the overall business mix of the bank is

Stock Info

Bloomberg	AUBANK IN
Equity Shares (m)	667
M.Cap.(INRb)/(USDb)	386 / 4.7
52-Week Range (INR)	813 / 548
1, 6, 12 Rel. Per (%)	-4/-30/-32
12M Avg Val (INR M)	1630
Free float (%)	74.5

Financials & Valuations (INR b)

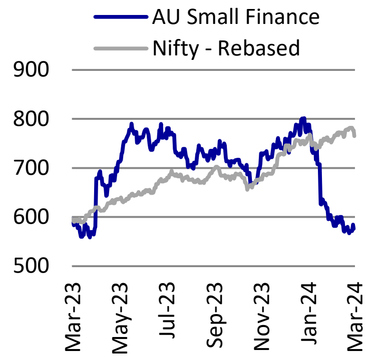
Y/E March	FY23	FY24E	FY25E
NII	44.3	52.1	79.3
PPoP	20.2	25.3	37.4
PAT	14.3	15.5	20.8
NIM (%)	5.6	5.3	6.1
EPS (INR)	22.0	23.2	29.5
EPS Gr. (%)	22.3	5.4	27.2
BV/Sh. (INR)	164	182	226
ABV/Sh. (INR)	162	177	220
Ratios			
RoE (%)	15.5	13.4	14.4
RoA (%)	1.8	1.6	1.6
Valuations			
P/E(X)	26.0	24.6	19.4
P/BV (X)	3.5	3.1	2.5
P/ABV (X)	3.5	3.2	2.6

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	25.5	25.5	25.6
DII	20.8	19.6	20.6
FII	41.1	41.7	39.6
Others	12.6	13.6	14.2

FII Includes depository receipts

Stock Performance (1-year)



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thus poised to become more diversified, with the concentration of wheels reducing to 27.4% from 32%, and the new segments of MFI/Gold constituting 7.5%/1.6% of the combined loan book. AUBANK strategically aims to keep the MFI mix below 10% vs 7.5% post-merger. The merger thus not only widens opportunities for expansion into new geographical areas and product segments, but also addresses Priority Sector Lending (PSL) requirements, including the more stringent Small and Marginal Farmer (SMF) segment, through high-yielding products such as MFI, SBL, and Gold.

Geographical mix to improve; touchpoints to more than double

Through merger, AUBANK aims to more than double its touchpoints to 2,334, with the bank further planning to add another 150 touchpoints by the end of FY24. AUBANK is yet to establish any meaningful presence in the southern region and the merger will facilitate AUBANK to significantly strengthen its geographical diversification, leveraging Fincare's strong presence in the southern region. The bank is thus poised to extend its reach to nine states from four states with each having over 100 touchpoints as opposed to only four states currently.

Funding cost pressures to dilute near-term margin performance

The sharp rise in rate environment and intense competition for garnering deposits has resulted in elevated competition for liabilities in the banking sector. This has exerted huge pressure on funding cost. AUBANK has thus reported NIM compression of ~60bp over the past three quarters to ~5.5% currently and the bank expects continued cost pressures and suggests further 30-40bp rise in the cost of funds over the coming months. Alongside a rise in funding costs, AUBANK has witnessed moderation in lending yields, primarily due to a change in business mix even as disbursement yields across segments increased at a calibrated pace. AUBANK has thus guided NIMs to sustain at ~5.5% over FY24E, while the NIMs are likely to hold flat over FY25E despite merger, as the ongoing rise in funding cost dilutes the margin benefit, which was anticipated post-merger.

Cost-ratios to stay elevated; operating leverage to improve gradually

AUBANK strategically invests for sustainable growth by leveraging technology, streamlining processes, and expanding the branch network. AUBANK will incur an upfront stamp duty expense of INR800m, covering banking and lawyer fees. Further integration, personnel, and tech migration costs are estimated at INR2-2.25b with 70% expected in Year 1 and 30% in Year 2 post-merger. Cost-ratios are thus likely to stay elevated at 63-64% in FY25E. The merger with Fincare is expected to enhance revenue growth through cross-selling opportunities, robust distribution income, and potential benefits from the AD-1 license. The potential turn in the rate-cycle and gradual moderation in funding cost is also anticipated to aid margin improvement, which will drive healthy NII growth. This coupled with improved investment yields and benefits from potential capital raise will create a flywheel effect and enable gradual moderation in cost-ratios from FY26E onwards.

Estimate GNPA/NNPA ratio at ~2.0%/0.7% in FY26

AU has consistently adhered to rigorous underwriting practices, utilizing in-house origination and top-notch collections to uphold asset quality. Despite the hiccups around asset quality during 3Q24, mainly in the cards segment, which the bank attributes to a faster normalization in delinquency rate, the bank has consistently maintained an exemplary track record of healthy asset quality. Fincare SFB has also shown an improvement in asset quality over the past few years and Net NPA has declined to 0.77% in 3QFY24. The bank follows measures, such as state-level capping at 15% and district-level capping at 2% to mitigate concentration risk. The MFI segment is thus expected to maintain stable asset quality, while the non-MFI segment should broadly mirror AUBANK's asset quality trends. We thus estimate asset quality ratios for the merged entity to remain stable with GNPA sustaining at ~2% though we remain watchful of any unexpected negative development.

Merger to aid PSL compliance; mix of SMF to increase

SFBs have stringent Priority Sector requirements as they are mandated to maintain PSL assets equivalent to 75% of ANBC. This includes specific allocations such as 18% for agriculture, 10% for Micro Enterprises, and 12% for weaker sections. The recent increase in the PSL sub-category for Small and Marginal Farmers from 8% in FY21 to 10% by FY24 has further posed challenges for banks to achieve sub-segmental PSL targets. During 1QFY24, AUBANK had to purchase PSL certificates, due to a shortfall in the SMF category, a move not entirely aligned with the core objective of being an SFB, which is to promote financial inclusion. Given Fincare's strong rural focus, with 94% of portfolio being rural by value and 85% of advances qualifying under the Priority Sector, of which, 56% pertains to MFI and 30% to the overall SMF-eligible category, the merger is expected to aid AUBANK in not only meeting the PSL targets, but also generating PSLC income in the long run.

Merger integration to be watched out carefully

The integration process between two SFBs will be closely monitored. Attrition is identified as a crucial aspect to observe, with a focus on adequately compensating existing Fincare employees through retention bonuses to alleviate concerns. The integration of two distinct cultures, particularly the North-South regional differences among employees, is another key area of observation. Challenges may arise in HR and tech integration, given that AU operates on Oracle, while Fincare uses FIS. Also, the bank must align its strategy toward robust asset quality, considering the necessity to establish provisioning buffers.

RoA trajectory to remain suppressed in near term; maintain Buy

- AUBANK has historically reported healthy RoAs; however, this has seen compression over FY24, primarily due to a decline in margins and a rise in credit costs.
- While the merger with Fincare SFB is EPS, BV, and RoA accretive, aided by stronger return ratios in MFI, Gold, and SBL loan portfolio, the competition for liabilities and integration costs will largely offset any near-term benefit.
- However, we believe that RoA should gradually improve toward 1.7% by FY26E as the bank benefits from operating synergies, while moderation in funding costs also enables an improvement in margins.

- By strategically incorporating ~7.5% of the rural-focused MFI portfolio into AUBANK's loan book, the merger helps diversify AUBANK’s lending portfolio, while boosting overall yields. Moreover, Fincare's robust presence in southern India augments AUBANK's geographical footprint.
- We believe that the bank’s execution capability will play an important role in maintaining robust growth and asset quality metrics while delivering healthy RoA to its stakeholders. We are optimistic about smooth execution, given the management’s execution prowess and track record over the past couple of decades. **We reiterate our Buy rating on the stock with a TP of INR720 (2.7x FY26E BV).**

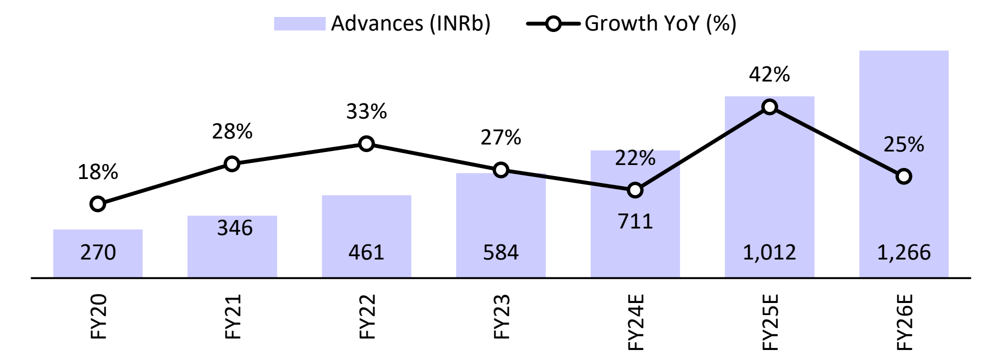
Estimate loan CAGR of ~25% post-merger

Merger to expand geographical footprint

- The integration with Fincare SFB is anticipated to augment AU Bank's loan book by ~15.7%. The combined entity is projected to experience robust growth at a 25% CAGR and we estimate the bank to surpass the balance sheet size of INR1.5t by FY25E. This will be led by improved geographical footprint, addition of new product lines, and an expansion in customer base.
- The distinct asset compositions of AUBANK (Wheels, SBL, Housing, and Commercial) and Fincare SFB (MFI, SBL and Gold) complements each other and bridges the gap in the bank's product offerings. The wider product suite not only presents avenues for growth, but also augments the merged entity's leadership positioning in the SFB sector.
- Loan book is thus likely to cross ~INR1tn in FY25E, driven by ~20% YoY growth in key existing business lines and an accelerated 30% YoY growth in newer segments. The bank expects steady ~20% growth in VF and SBL, while Commercial, HL, and MFI segments are likely to grow at faster ~30% run-rate.
- Post-merger, the overall business mix of the bank is thus poised to become more diversified, with the concentration of wheels reducing to 27.4% from 32%, and the new segments of MFI/Gold constituting 7.5%/1.6% of the combined loan book. AUBANK strategically aims to keep the MFI mix below 10% vs 7.5% post-merger.

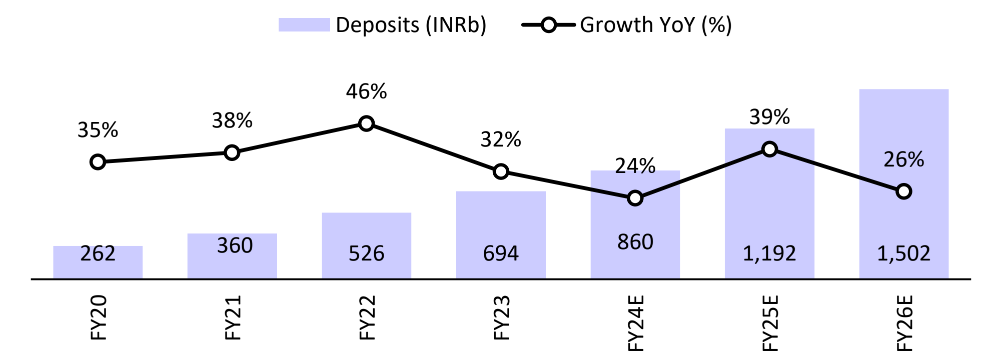
We estimate loan / deposit portfolio to register a healthy ~25% CAGR post-merger

Exhibit 1: Estimate merged entity loan book to surpass ~INR1t in FY25E



Source: Company, MOFSL

Exhibit 2: Estimate deposits to reach ~INR1.2t by end-FY25



Source: Company, MOFSL

Exhibit 3: AUBANK: Loan mix post-merger

	AUBANK	Fincare SFB	Proforma merged
Loan mix, INRm			
Wheels	2,03,750	-	2,03,750
SBL	1,92,310	19,922	2,12,232
Commercial assets	1,63,860	-	1,63,860
Home loan	53,060	14,968	68,028
Microfinance	-	56,816	56,816
Gold loans	-	10,963	10,963
Others	63,260	2,741	66,001
Gross advances	**6,76,240**	**1,05,410**	**7,81,650**

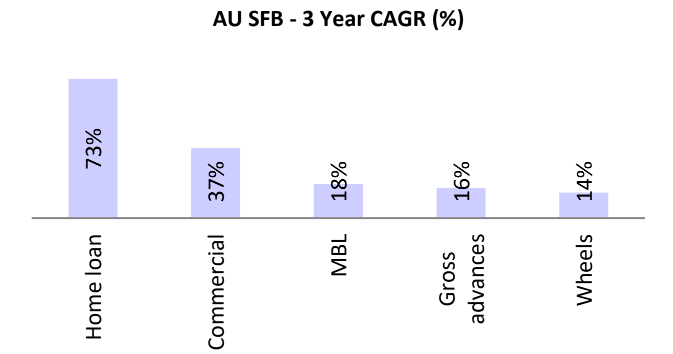
Source: MOFSL, Company

Exhibit 4: AUBANK: Composition of loan book post-merger

	AUBANK	Fincare SFB	Proforma merged
Loan mix			
Wheels	30.1%	0.0%	26.1%
SBL	28.4%	18.9%	27.2%
Commercial assets	24.2%	0.0%	21.0%
Home loan	7.8%	14.2%	8.7%
Microfinance	0.0%	53.9%	7.3%
Gold loans	0.0%	10.4%	1.4%
Others	9.4%	2.6%	8.4%
Gross advances	**100%**	**100%**	**100%**

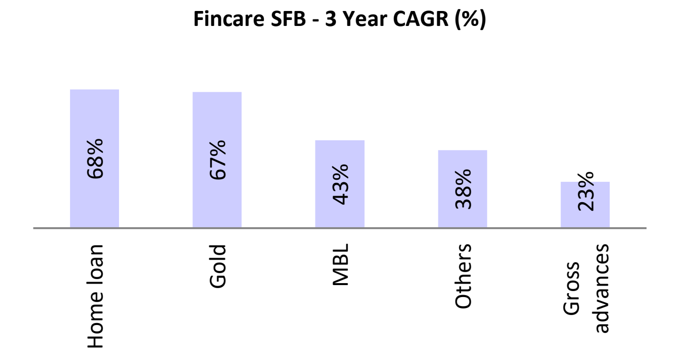
Source: MOFSL, Company

Exhibit 5: AUBANK's loan growth is driven by Home and Commercial Loans



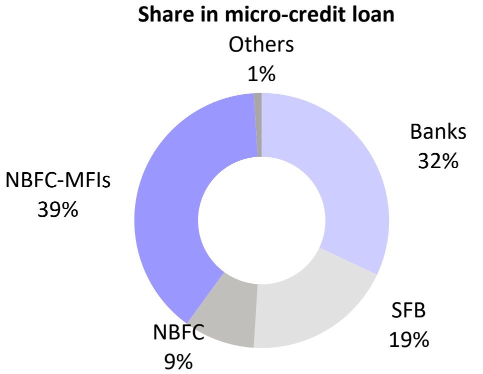
Data as on FY23, Source: Company, MOFSL

Exhibit 6: For Fincare growth is driven by Housing, Gold, and SBL loans



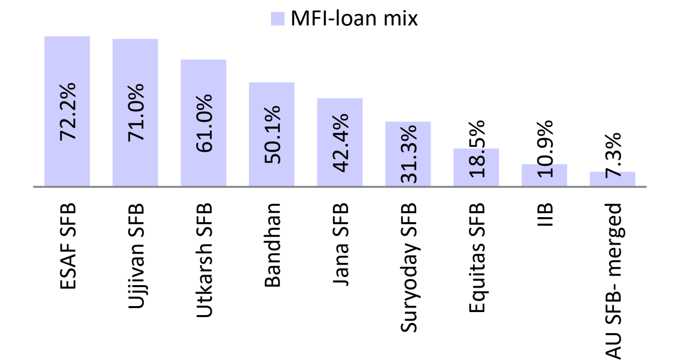
Data as on FY23, Source: Company, MOFSL

Exhibit 7: Banks and SFBs constitute 51% of total outstanding MFI loans as on Sep'23



Source: Company, MOFSL

Exhibit 8: MFI loan mix across banks as on 3QFY24: AUBANK to make an entry into the MFI segment post-merger



Source: Company, MOFSL

Merger with Fincare to augment AUBANK's positioning among SFBs

Merger is poised to bolster diversified growth & establish nationwide presence

- AUBANK's decision to merge with an SFB rather than an NBFC was influenced by several compelling factors. The significant advantage arose from the alignment of policies, regulatory requirements (CRR, SLR, PSL, etc.) and oversight under the same regulator.
- The move not only widens opportunities for expansion into new geographical areas and product segments, but also addresses Priority Sector Lending (PSL) requirements, including the more stringent Small and Marginal Farmer (SMF) segment, through high-yielding products such as MFI, SBL, and Gold.
- Among SFBs, Fincare has a healthy presence in the south region, while it also maintains a diversified portfolio mix and higher margins vs. most peers. The merger is thus anticipated to improve overall margins for AUBANK over the coming years thus compensating for the decline in recent quarters, while also aiding compliance with sub-segmental PSL targets. The successful execution of the merger, along with sustained growth and profitability nevertheless holds paramount importance. In essence, the merger strategically positions AUBANK to fortify its standing, achieve diversified growth, and establish a nearly nationwide presence with a more resilient and diversified balance sheet.

Exhibit 9: Pro-forma merged financials for AUBANK and Fincare SFB

9MFY24 (INR m)	AUBANK	Fincare SFB	Pro-forma	% change for AUBANK
Profit & Loss				
Interest income from Loans	77,252	19,208	96,460	25%
Interest Expense	39,051	7,337	46,388	
Net Interest Income	**38,201**	**11,871**	**50,072**	**31%**
Non-Interest Income	11,903	2,399	14,302	
Total Income	**50,103**	**14,271**	**64,374**	
Operating Expenses	31,595	8,875	40,470	
Pre Provision Profits	**18,508**	**5,396**	**23,904**	**29%**
Provisions	3,062	1343.8	4,406	
PBT	**15,446**	**4,052**	**19,498**	**26%**
Tax	3,806	973.6	4,780	
PAT	**11,640**	**3,078**	**14,718**	**26%**
Balance Sheet (1HFY24 for Fincare SFB)				
Cash and balances with RBI and bank	51,550	8,240	59,790	
Loans	6,67,400	1,04,695	7,72,095	16%
Investments	2,67,140	29,364	2,96,504	
Networth	1,21,670	15,390	1,37,060	13%
Deposits	8,01,200	94,532	8,95,732	12%
Borrowings	54,140	33,355	87,495	
CASA Dep	2,64,460	14,652	2,79,112	
Total Assets	10,11,760	1,47,776	11,59,536	15%
Asset Quality				
GNPA	13,397	2,142	15,539	
NNPA	4,562	870	5,432	
GNPA Ratio	1.98	1.87	2.0	
NNPA Ratio	0.68	0.77	0.7	
PCR	65.9%	59.4%	65.0%	
Key Ratios (1HFY24 for Fincare SFB)				
NIM	5.60%	10.90%		
CoF	6.74%	7.36%		
CASA ratio	33.0%	15.5%	31.2%	
Cost-income ratio	63.1%	62.2%	62.9%	
Others				
Touchpoints	1,049	1,292	2,341	
Employees	28,900	14,867	43,767	

* Proforma number includes primary capital Infusion of INR7b

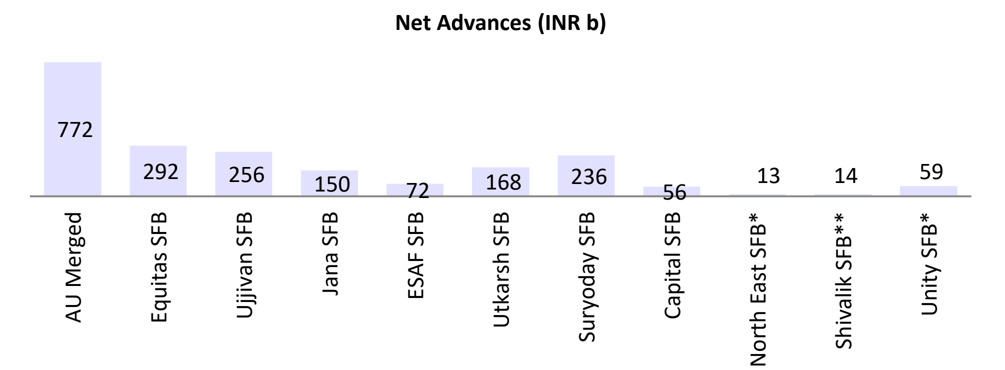
Source: MOFSL, Company

Exhibit 10: Peer Comparison Table

As on 9mFY24	AU SFB	Fincare SFB (1HFY24)	Equitas SFB	Ujjivan SFB	Utkarsh SFB	Suryoday SFB	ESAF SFB	Jana SFB	Capital SFB
AUM (INR b)	676	105	327	277	164	76	171	236	57
AUM growth (5 year CAGR)	25%	36%	25%	24%	33%	25%	31%	24%	21%
Advances (INR b)	667	105	292	256	150	72	168	236	56
Deposits (INR b)	801	96	324	297	151	65	189	208	75
Credit/Deposits	83%	110%	90%	86%	99%	111%	89%	114%	75%
CASA Ratio	33%	16%	33%	26%	20%	19%	19%	19%	40%
Product Mix (%)									
MFI	0	54	19	71	88	58	72	40	0
HL/ Mortgage	8	14	12	16	1	8	0	36	27
SBL/MBL	28	19	37	0	0	8	5	0	20
CB/BB/MSE	24	0	4	5	4	0	0	14	0
Other Retail	40	13	29	8	2	26	23	4	53
Corporate	0	0	0	0	5	0	0	5	0
Touchpoints									
Banking Outlets (no.)	846	1043	956	729	880	672	731	771	NA
States & UTs (No.)	24	23	18	26	26	15	23	24	5
Districts (No.)	260	NA	NA	321	241	NA	NA	NA	NA
Ratios (%)									
NIMs	5.60	10.90	8.56	8.90	9.30	9.70	10.6*	7.90	4.01
Yields*	13.9	20.0	17.6	19.3	19.1	20.2	21.1	19.5	11.2
CoF*	6.9	7.4	7.4	7.5	7.9	7.5	7.3	7.6	5.6
RoA	1.60	3.20	2.04	3.50	2.30	2.10	2.30*	1.70	1.30
RoE	13.4	32.1	14.5	27.3	18.5	12.6	25.5*	20.2	16.4
Promoter/ Holdco Stake	25.5	78.6	0.0	73.6	69.2	22.4	52.9	22.5	18.9

*For 3QFY24; Source: Company

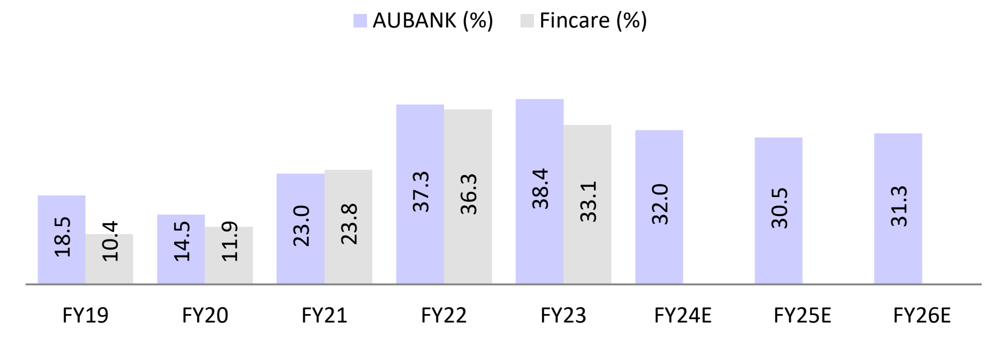
Exhibit 11: Merger to strengthen AUBANK's positioning among SFBs – AUBANK accounts for 37% of total loan book among all SFBs together



*as on 1HFY24; **as on FY23 Source: Company, MOFSL

- Given elevated competition for liabilities and recent moderation in the CASA mix, we estimate the CASA mix to sustain at 30-31% range over FY25-26E. The merger is anticipated to alleviate some cost pressures on the bank, as Fincare's higher cost deposits gradually gets aligned to AUBANK's deposit rates, resulting in margin benefit in funding costs.

Exhibit 12: Estimate CASA mix to sustain at ~31% over FY26E



Source: Company, MOFSL

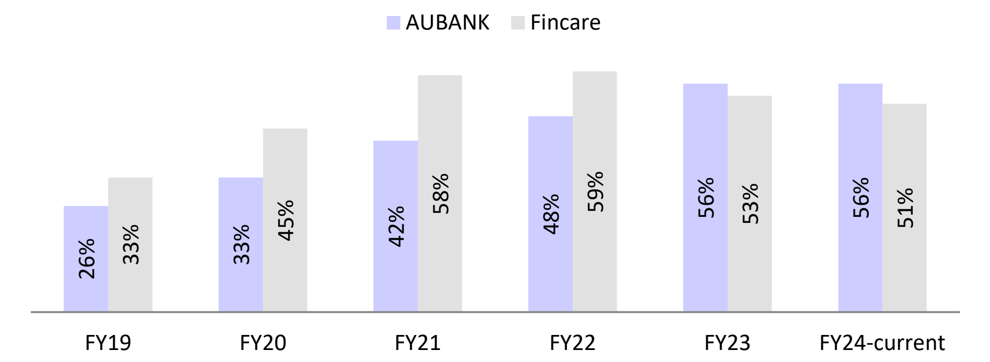
Exhibit 13: Fincare SFB offers higher TD and SA rate vs AUBANK

FD and SA rates of Fincare will align to AUBANK post-merger

FD rates	AUBANK	Fincare
7-14 days	3.8	3.0
0-3 months	4.3	4.5 - 5.75
3-6 months	5.0	6.3
6-12 months	6.8	7.0
12-15 months	7.8	7.7
15-36 months	7.5 - 8.0	7.85 - 8.6
SA rates	**AUBANK**	**Fincare**
SA rates	**3.5% to 7.25%** (max rate for deposits between INR 10m to 50m)	**3.0% to 7.5%** (max rate for deposits between INR 0.5m to 100m)

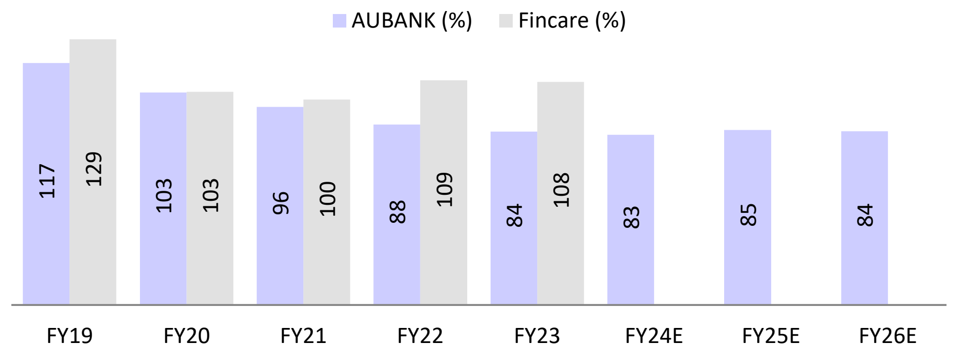
Source: Company, MOFSL

Exhibit 14: Retail deposit mix for Fincare SFB has moderated in recent years, but remains broadly comparable to AUBANK



Source: LCR disclosure of AUBANK and Fincare

Exhibit 15: Estimate CD ratio to remain at 84-85% range over FY25/26E



Source: Company, MOFSL

CD ratio of Fincare stands higher at ~108% in FY23. AUBANK's CD ratio is thus expected to remain in 84-85% range post-merger.

- **Geographical mix to improve; touchpoints to more than double:** Through the merger, AUBANK aims to more than double its touchpoints to 2,334, with the bank further planning to add another 150 touchpoints by the end of FY24. AUBANK is yet to establish any meaningful presence in the southern region and this merger will facilitate AUBANK to significantly strengthen its geographical diversification, leveraging Fincare's strong presence in the southern region. The bank is thus poised to extend its reach from four states to nine states with each having over 100 touchpoints as opposed to only four states currently.

Exhibit 16: Merged entity to have wider coverage and deeper geographic presence

Touchpoints	AU Bank	Fincare	Pro-forma merged
North	17%	7%	12%
West	64%	20%	40%
South	2%	49%	28%
East	1%	16%	9%
Central	15%	8%	11%
Total	**1,042**	**1,292**	**2,334**

Source: Company, MOFSL

Exhibit 17: Touchpoints to improve across ten states vs four that AUBANK currently has

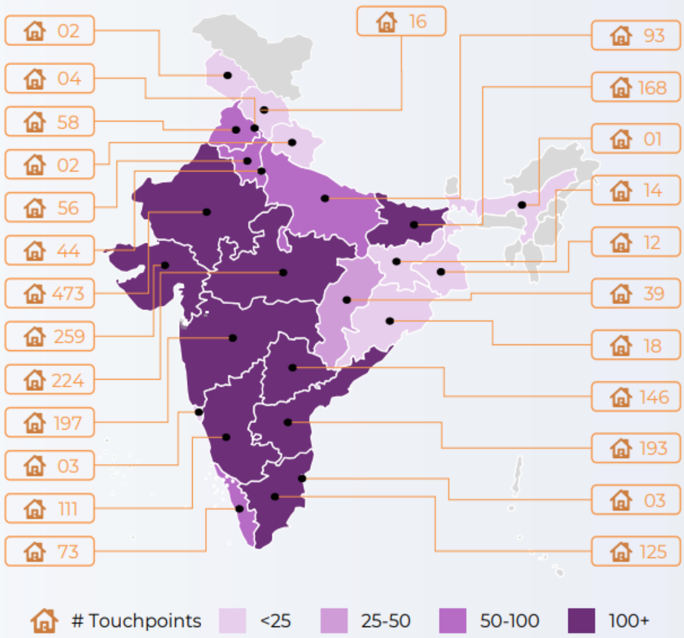
States	AU Bank	Fincare	Pro-forma
Rajasthan	401	72	473
Gujarat	151	108	259
Madhya Pradesh	139	85	224
Maharashtra	115	82	197
Andhra Pradesh	1	192	193
Bihar	1	167	168
Telangana	6	140	146
Tamil Nadu	4	121	125
Karnataka	9	102	111
Uttar Pradesh	19	74	93

Source: Company, MOFSL

Merged entity to have presence in 9 states with each having more than 100 touchpoints

Exhibit 18: AUBANK and Fincare SFB – Geographical presence to improve post-merger

...building a truly pan India Small Finance Bank



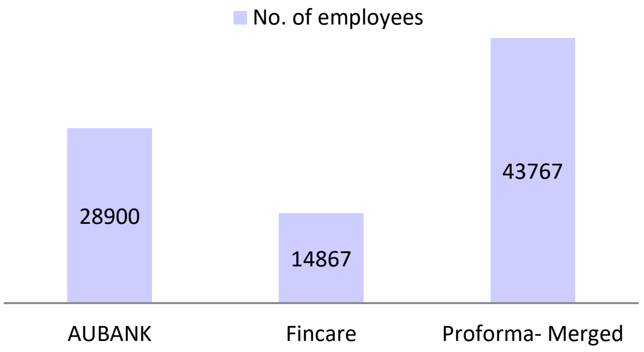
2,334
touchpoints post merger

	AU	Fincare
Deposit Branches	549 *	136
Asset Center (AU) / Micro Banking Units (Fincare)	230	763
Business Correspondents	263	393
Total	**1,042**	**1,292**

** including 76 unbanked branches*

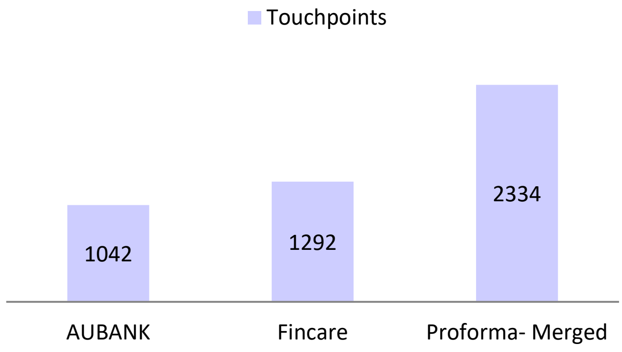
Source: AUBANK presentation

Exhibit 19: Employee count to increase to ~44K post-merger



Source: Company, MOFSL

Exhibit 20: Total touchpoints to be ~2,334 post-merger



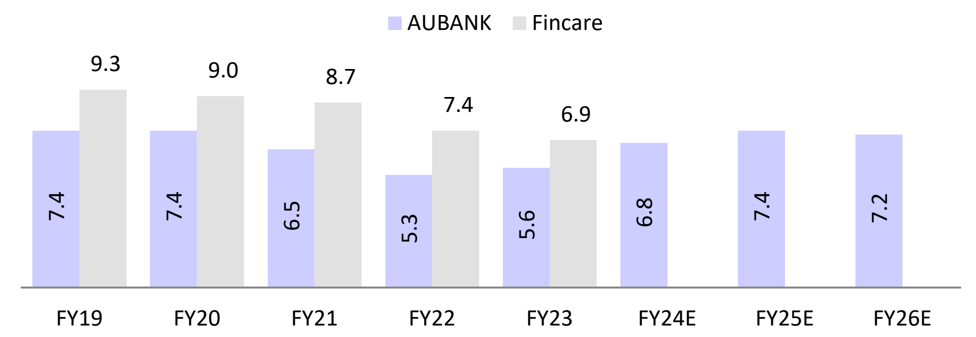
Source: Company, MOFSL

Funding cost pressures to dilute near-term margin performance

Estimate NIMs to improve from FY26E onwards

- The sharp rise in rate environment and intense competition for garnering deposits has resulted in elevated competition for liabilities in the banking sector. This has exerted huge pressure on funding cost for banks with most mid-size banks and SFBs reporting a sharp rise in deposit costs.
- AUBANK has thus reported NIM compression of ~60bp over the past three quarters to ~5.5% currently. This was driven by a sharp rise in funding costs and the bank expects continued cost pressures and suggests a further 30-40bp rise in cost of funds over the coming months.
- Alongside rise in funding costs, AUBANK has also witnessed moderation in lending yields, primarily due to a change in the business mix even as disbursement yields across segments increased at a calibrated pace. We note that overall lending yields have declined ~0.9% in the past 11 quarters to 13.2% thus further impacting margin performance.
- AUBANK has thus guided NIMs to sustain at ~5.5% over FY24E, while the NIMs are likely to hold flat over FY25E despite merger as the ongoing rise in funding cost dilutes the margin benefit, which was anticipated post-merger.

Exhibit 21: AUBANK's funding cost stands significantly lower vs Fincare SFB

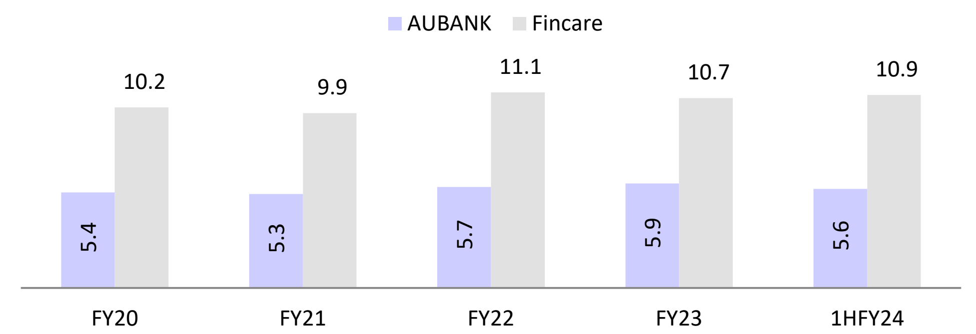


Source: Company, MOFSL

- The potential turn in repo rate cycle will gradually manifest in a reduction in funding costs, while the fixed-rate nature of lending portfolio will enable healthy loan yields. Therefore, we estimate NIMs to improve over FY26E. Coupled with improvements in operating leverage and a potential capital raise in FY26E to support loan growth, this will enable healthy earnings trajectory.

NIMs are likely to hold flat over FY25E despite merger as the ongoing rise in funding cost dilutes the margin benefit, which was anticipated post-merger

Exhibit 22: Margins trend for AUBANK and Fincare



Source: Company, MOFSL

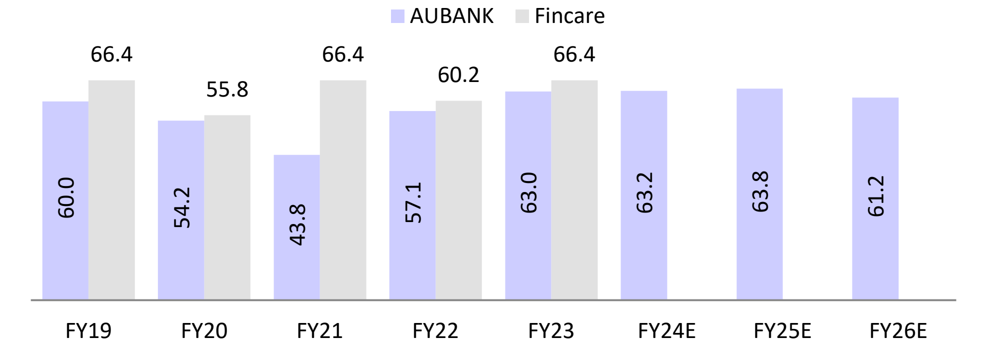
Cost-ratios to stay elevated; operating leverage to improve gradually

The anticipated reversal in the interest rate cycle is expected to result in a moderation of funding costs and an improvement in margins.

- AUBANK strategically invests for sustainable growth by leveraging technology, streamlining processes, and expanding the branch network. Cost-ratios are thus likely to stay elevated at 63-64% in FY25E.
- The merger with Fincare is expected to open avenues for new products, geographies, and customers, enhancing core revenue growth through cross-selling opportunities, robust distribution income, and potential benefits from the AD-1 license.
- The potential turn in the rate-cycle and gradual moderation in funding cost is also anticipated to aid margin improvement, which will drive healthy NII growth. This, coupled with improved investment yields and benefits from potential capital raise will create a flywheel effect and enable gradual moderation in cost-ratios from FY26E onwards.
- AUBANK will incur an upfront stamp duty expense of INR800m, covering banking and lawyer fees. Further integration, personnel, and tech migration costs are estimated at INR2-2.25b with 70% expected in Year 1 and 30% in Year 2 post-merger.

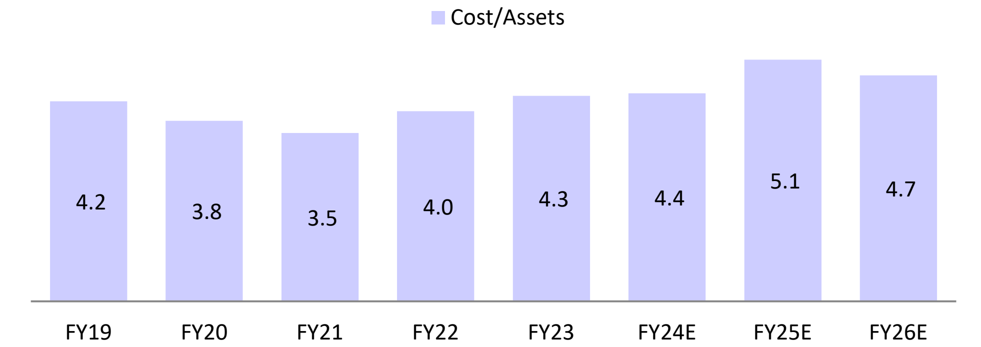
C/I ratio is likely to stay elevated over FY25E due to merger-related costs; however, it is likely to improve from FY26E onwards

Exhibit 23: C/I ratio is estimated to moderate from FY26E onwards



Source: Company, MOFSL

Exhibit 24: Cost-asset ratio to increase to 5.1% in FY25 and will improve thereon



Source: Company, MOFSL

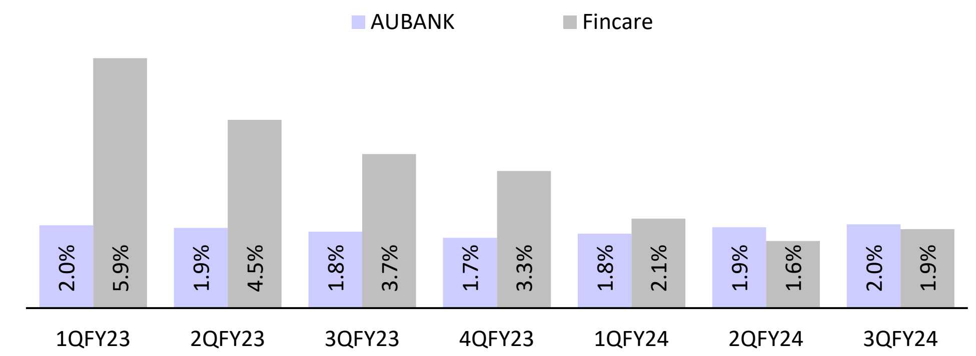
Estimate GNPA/NNPA ratio at ~2.0%/0.7% in FY26

Fincare's Net NPA ratio stands broadly similar to AUBANK at 0.77%

- AU has consistently adhered to rigorous underwriting practices, utilizing in-house origination and top-notch collections to uphold asset quality. Despite the hiccups around asset quality during 3Q24, mainly in the cards segment, which the bank attributes to a faster normalization in delinquency rate, the bank has consistently maintained an exemplary track record of healthy asset quality.
- Fincare SFB has also shown an improvement in asset quality over the past few years and Net NPA has declined to 0.77% in 3QFY24. The bank follows measures such as state-level capping at 15% and district-level capping at 2% to mitigate concentration risk. The MFI segment is thus expected to maintain stable asset quality, while the non-MFI segment should broadly mirror AUBANK's asset quality trends.
- We thus estimate asset quality ratios for the merged entity to remain stable with GNPA sustaining at ~2% over FY25-26E though we remain watchful of any unexpected negative development.

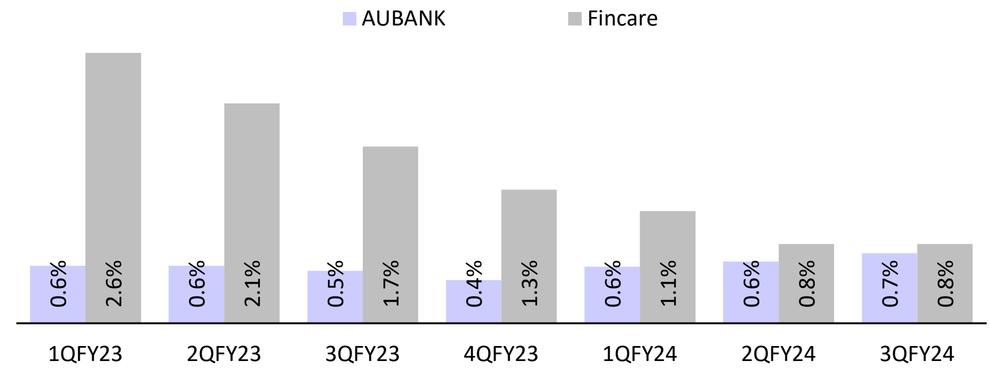
Fincare SFB has shown an improvement in asset quality over the past few years as Net NPA has declined to 0.77% in 3QFY24.

Exhibit 25: AUBANK's GNPA ratio has moved in a narrow range, while Fincare SFB has shown an improvement over the recent years



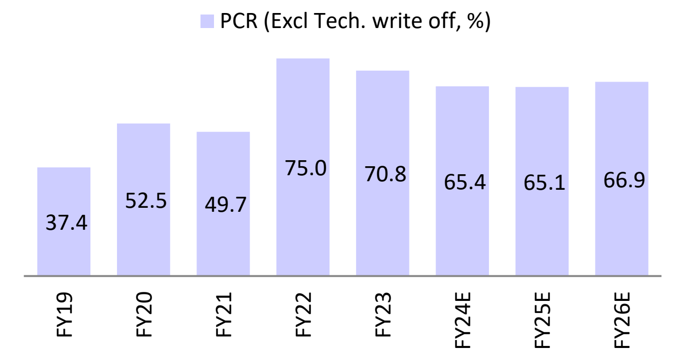
Source: Company, MOFSL

Exhibit 26: AUBANK/Fincare NNPA ratio remains broadly comparable in 3QFY24



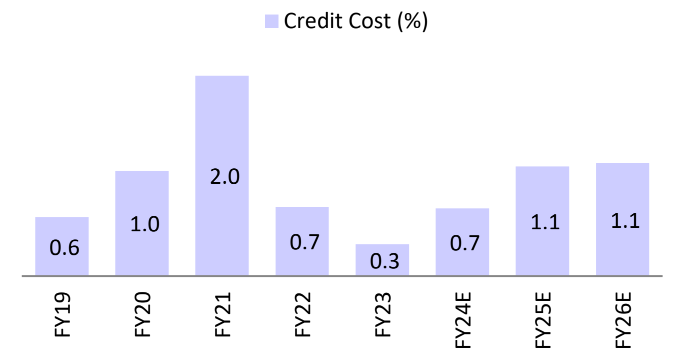
Source: Company, MOFSL

Exhibit 27: We expect PCR to improve slightly over FY25-26E to 67%...



Source: Company, MOFSL

Exhibit 28: ...as we estimate credit cost to increase to 1.1% post-merger



Source: Company, MOFSL

Merger to aid PSL compliance; mix of SMF to increase

- SFBs have stringent Priority Sector requirements as they are mandated to maintain PSL assets equivalent to 75% of ANBC. This includes specific allocations such as 18% for agriculture, 10% for Micro Enterprises, and 12% for weaker sections. The recent increase in the PSL sub-category for Small and Marginal Farmers to 10% by FY24 from 8% in FY21 has further posed challenges for several banks, including AUBANK.
- During 1QFY24, AUBANK had to purchase PSL certificates due to a shortfall in the SMF category, a move not entirely aligned with the core objective of being an SFB, which is to promote financial inclusion.
- Given Fincare's strong rural focus, with 94% of portfolio being rural by value and 85% of advances qualifying under the Priority Sector, of which 56% pertains to MFI and 30% to the overall SMF-eligible category, the merger is expected to aid AUBANK in not only meeting the PSL targets but also generating PSLC income in the long run.
- Additionally, sustained growth in the newly acquired business verticals will enable AUBANK to achieve a 25% loan CAGR, while remaining compliant with Priority Sector Lending requirements.

In 1QFY24, AUBANK had to purchase PSLCs amounting INR8.6b mainly pertaining to Small and Marginal Farmer category.

Exhibit 29: AUBANK: Trend in PSLC sold and purchased during the year

PSLC sold during the year (INRb)	FY22	FY23	1QFY24
Agriculture	44	9	-
Small & Marginal farmers	29	14	-8.6
Micro Enterprises	107	174	-
Total	**180**	**196**	**-8.6**

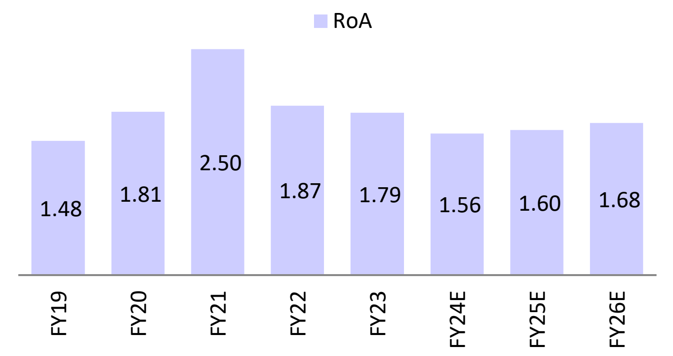
Source: Company, MOFSL

RoA trajectory to remain suppressed in near term

Estimate RoA to improve to 1.7% by FY26E

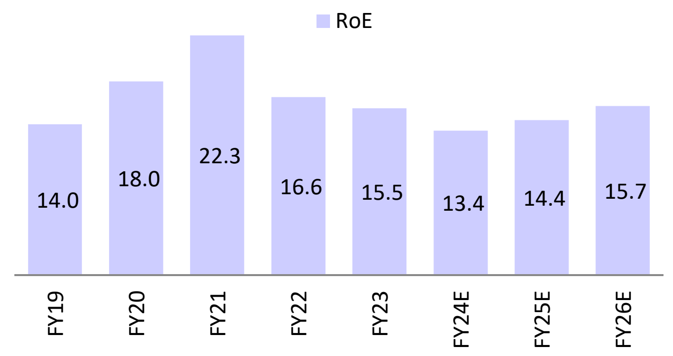
- AUBANK has historically reported healthy RoAs; however, this has seen compression over FY24, primarily due to a decline in margins and an uptick in credit costs.
- While the merger is RoA accretive, aided by stronger return ratios in MFI, Gold, and SBL loans portfolio, the intense competition for liabilities and integration costs will largely offset any near-term benefit.
- However, we believe that RoA should gradually improve to 1.7% by FY26E as the bank benefits from operating synergies, while moderation in funding costs also enables an improvement in margins.
- We believe that the bank's execution capability will play an important role in maintaining robust growth and asset quality metrics, while delivering healthy RoA to its stakeholders. We are optimistic about smooth execution, given the management's execution prowess and track record over the past couple of decades.

Exhibit 30: RoA to remain broadly flat over FY25E and improve gradually from FY26E onwards



Source: Company, MOFSL

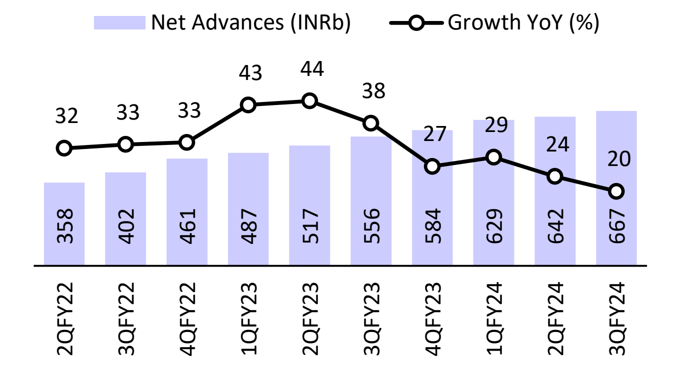
Exhibit 31: Estimate RoE to improve to 15.7% by FY26E



Source: Company, MOFSL

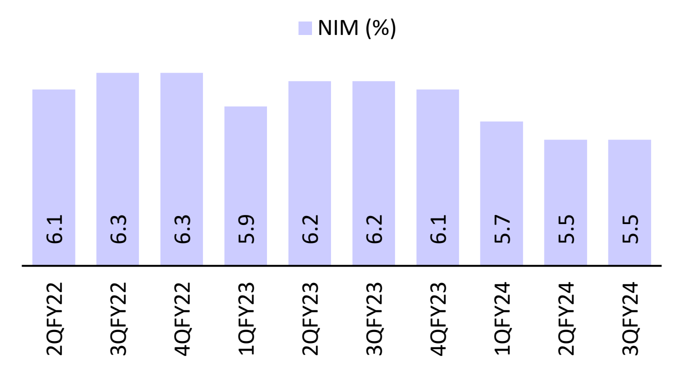
Story in charts

Exhibit 32: Net advances grew 20% YoY to INR667b



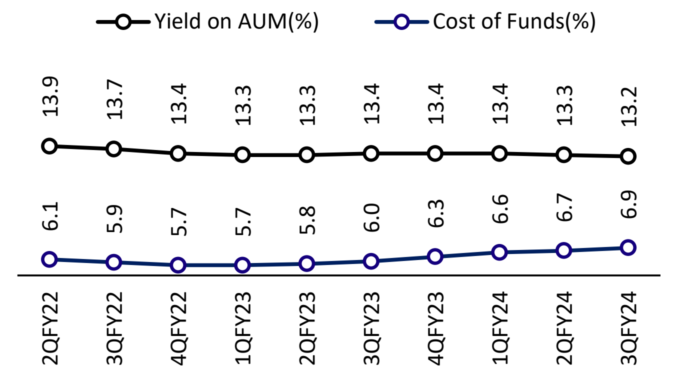
Source: Company, MOFSL

Exhibit 33: Margins remained stable at 5.5% in 3QFY24



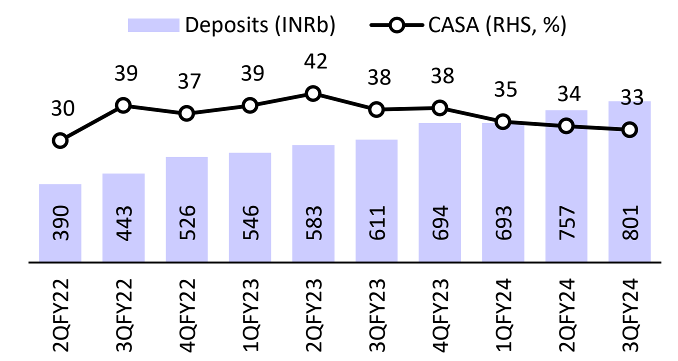
Source: Company, MOFSL

Exhibit 34: Yields on gross advances moderated 10bp QoQ, while cost of funds increased 20bp QoQ



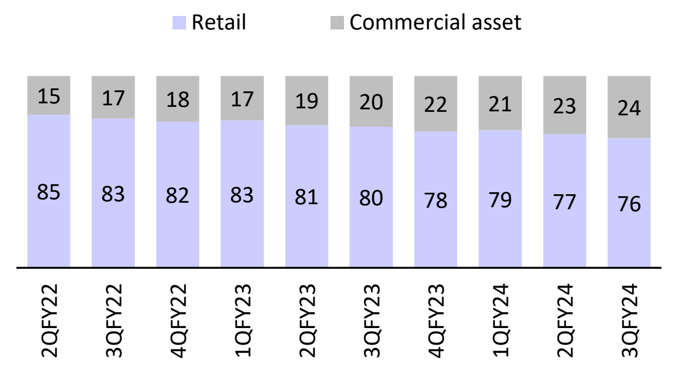
Source: Company, MOFSL

Exhibit 35: Healthy traction in deposit mobilization; CASA ratio moderated to 33%



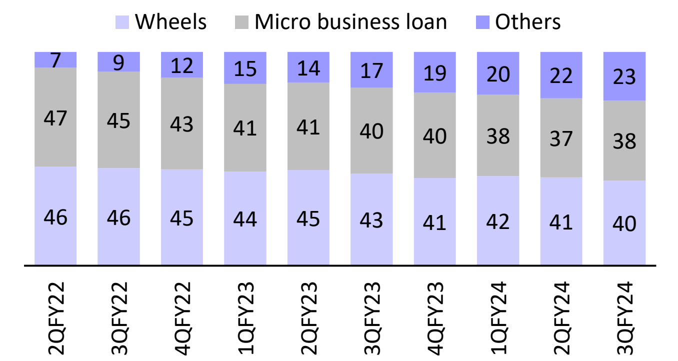
Source: Company, MOFSL

Exhibit 36: Retail mix moderated to ~76%



Source: Company, MOFSL

Exhibit 37: Vehicles and MSME forms ~78% of retail loans



Source: Company, MOFSL

Valuation and View

- AUBANK has historically reported healthy RoAs; however, this has seen compression over FY24, primarily due to a decline in margins and a rise in credit costs.
- While the merger with Fincare SFB is EPS, BV, and RoA accretive, aided by stronger return ratios in MFI, Gold, and SBL loan portfolio, the competition for liabilities and integration costs will largely offset any near-term benefit.
- However, we believe that RoA should gradually improve towards 1.7% by FY26E as the bank benefits from operating synergies, while moderation in funding costs also enables an improvement in margins.
- By strategically incorporating ~7.5% of the rural-focused MFI portfolio into AUBANK's loan book, the merger helps diversify AUBANK’s lending portfolio, while boosting overall yields. Moreover, Fincare's robust presence in southern India augments AUBANK's geographical footprint.
- We believe that the bank’s execution capability will play an important role in maintaining robust growth and asset quality metrics, while delivering healthy RoA to its stakeholders. We are optimistic about smooth execution, given the management’s execution prowess and track record over the past couple of decades. We reiterate our Buy rating on the stock with a TP of INR720 (2.7x FY26E BV).

Exhibit 38: Fincare SFB: DuPont Analysis

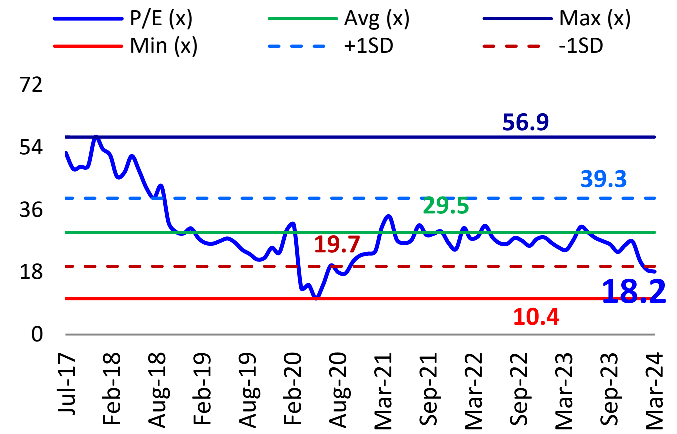
Y/E March	FY19	FY20	FY21	FY22	FY23
Interest Income	18.78	18.96	16.59	15.35	**14.93**
Interest Expense	7.11	8.00	7.29	6.04	**5.59**
Net Interest Income	**11.67**	**10.96**	**9.29**	**9.32**	**9.33**
Non-Interest income	**2.16**	**2.58**	**1.67**	**2.08**	**1.94**
Total Income	**13.83**	**13.54**	**10.96**	**11.39**	**11.27**
Operating Expenses	**8.66**	**6.95**	**5.72**	**6.34**	**6.98**
Employee cost	18.65	13.46	13.00	14.62	**15.35**
Operating Profits	**5.17**	**6.59**	**5.24**	**5.06**	**4.29**
Provisions	**1.74**	**3.00**	**3.30**	**5.00**	**3.18**
NPA	2.33	1.15	8.47	1.25	**2.14**
PBT	**3.42**	**3.59**	**1.94**	**0.06**	**1.11**
Tax	0.26	1.05	0.44	-0.03	**0.23**
RoA	**3.16**	**2.54**	**1.50**	**0.09**	**0.89**
Leverage (x)	6.4	7.2	7.8	8.5	**9.3**
RoE	**20.3**	**18.3**	**11.8**	**0.8**	**8.2**

Exhibit 39: AUBANK: DuPont Analysis – Estimate return ratios to improve gradually

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	11.46	11.46	10.56	9.81	10.30	11.00	12.56	12.26
Interest Expense	6.24	6.36	5.51	4.45	4.75	5.74	6.25	6.17
Net Interest Income	**5.22**	**5.11**	**5.05**	**5.36**	**5.56**	**5.26**	**6.31**	**6.09**
Core Fee Income	1.71	1.43	1.21	1.41	1.35	1.45	1.65	1.61
Non-Interest income	**1.80**	**1.89**	**3.03**	**1.65**	**1.30**	**1.67**	**1.87**	**1.83**
Total Income	**7.01**	**7.00**	**8.08**	**7.01**	**6.85**	**6.93**	**8.18**	**7.92**
Operating Expenses	**4.21**	**3.79**	**3.54**	**4.00**	**4.32**	**4.39**	**5.26**	**4.89**
Employee cost	2.34	2.03	2.09	2.29	2.25	2.14	2.48	2.30
Others	1.87	1.76	1.45	1.71	2.07	2.26	2.78	2.59
Operating Profits	**2.81**	**3.20**	**4.54**	**3.01**	**2.54**	**2.54**	**2.91**	**3.03**
Core operating Profits	**2.72**	**2.74**	**2.72**	**2.77**	**2.59**	**2.32**	**2.69**	**2.81**
Provisions	**0.55**	**0.76**	**1.43**	**0.60**	**0.19**	**0.48**	**0.76**	**0.77**
NPA	0.29	0.17	1.36	0.19	0.31	0.43	0.71	0.74
PBT	**2.25**	**2.44**	**3.11**	**2.41**	**2.34**	**2.06**	**2.15**	**2.26**
Tax	0.77	0.64	0.61	0.54	0.55	0.51	0.53	0.55
RoA	**1.48**	**1.81**	**2.50**	**1.87**	**1.79**	**1.56**	**1.62**	**1.71**
Leverage (x)	9.5	10.0	8.9	8.8	8.7	8.6	9.3	9.8
RoE	**14.0**	**18.0**	**22.3**	**16.6**	**15.5**	**13.4**	**15.1**	**16.8**

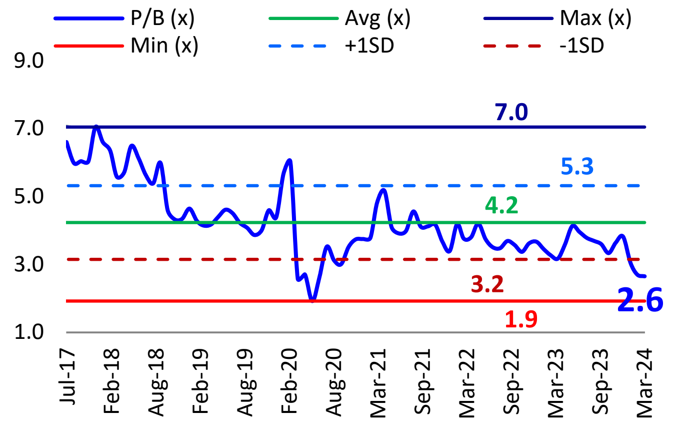
Source: MOFSL, Company

Exhibit 40: One-year forward PE: AUBANK



Source: Company, MOFSL

Exhibit 41: One-year forward PB: AUBANK



Source: Company, MOFSL

Fincare SFB: Summary Financials

Income Statement					(INR m)
Y/E MARCH	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**
Interest Income	6,052	10,703	12,510	14,486	17,441
Interest Expense	2,292	4,515	5,501	5,698	6,537
Net Interest income	**3,760**	**6,188**	**7,010**	**8,788**	**10,904**
Growth (%)	*93.0*	*64.6*	*13.3*	*25.4*	*24.1*
Other Income	697	1,455	1,257	1,962	2,267
Total Income	**4,457**	**7,642**	**8,267**	**10,750**	**13,171**
Growth (%)	*92.7*	*71.5*	*8.2*	*30.0*	*22.5*
Operating Expenses	**2,792**	**3,920**	**4,314**	**5,977**	**8,158**
Growth (%)	*62.7*	*40.4*	*10.1*	*38.5*	*36.5*
Operating Profits	**1,665**	**3,722**	**3,952**	**4,773**	**5,014**
Growth (%)	*178.8*	*123.6*	*6.2*	*20.8*	*5.0*
Provisions	562	1,695	2,488	4,715	3,714
PBT	**1,103**	**2,027**	**1,464**	**57**	**1,300**
Tax	83	593	333	-31	263
Tax Rate (%)	*7.5*	*29.2*	*22.7*	*-54.3*	*20.3*
PAT	**1,020**	**1,435**	**1,131**	**89**	**1,036**
Growth (%)	*-204.5*	*40.7*	*-21.1*	*-92.2*	*1,068.4*

Balance Sheet					(INR m)
Y/E MARCH	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**
Equity Share Capital	564	636	636	2,208	2,208
Reserves & Surplus	6,096	8,402	9,543	9,811	10,929
Equity Networth	**6,660**	**9,038**	**10,179**	**12,019**	**13,137**
Deposits	**21,432**	**46,539**	**53,185**	**64,556**	**80,332**
Growth (%)	*159%*	*117%*	*14%*	*21%*	*24%*
Borrowings	11,831	13,682	14,004	29,435	27,840
Other liabilities	1,795	1,904	2,302	3,000	3,368
Total Liabilities	**41,717**	**71,163**	**79,671**	**1,09,010**	**1,24,677**
Current Assets	5,216	10,829	11,556	12,360	7,722
Investments	**7,009**	**10,070**	**12,794**	**21,516**	**25,228**
Growth (%)	*157.0*	*43.7*	*27.1*	*68.2*	*17.3*
Loans	**27,647**	**48,156**	**53,011**	**70,370**	**87,024**
Growth (%)	*69.7*	*74.2*	*10.1*	*32.7*	*23.7*
Net Fixed Assets	331	404	362	423	563
Other assets	1,515	1,705	1,948	4,341	4,139
Total Assets	**41,717**	**71,163**	**79,671**	**1,09,010**	**1,24,677**

Asset Quality	FY19	FY20	FY21	FY22	FY23
GNPA (INR m)	359	447	3,536	5,732	2,885
NNPA (INR m)	95	198	1,484	2,498	1,130
GNPA Ratio	1.3	0.9	6.4	7.8	3.3
NNPA Ratio	0.3	0.4	2.8	3.6	1.3
PCR (Excl Tech. write off)	73.5	55.8	58.0	56.4	60.8

Source: Company

Fincare SFB: Summary Financials

Ratios					
Y/E MARCH	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**
Yield and Cost Ratios (%)					
Avg. Yield - on IEA			**17.6**	**18.2**	**17.2**
Avg. Cost of funds	9.3	9.0	8.7	7.4	6.9
Spreads			**8.9**	**10.8**	**10.2**
NIM (On total assets)	**10.8**	**10.2**	**9.9**	**11.1**	**10.7**
Capitalization Ratios (%)					
CAR	23.6	29.3	29.6	22.3	20.0
Tier I	21.5	23.5	18.6	19.5	18.6
Tier II	2.1	5.8	10.9	2.8	1.4
Business and Efficiency Ratios (%)					
Loan/Deposit Ratio	129.0	103.5	99.7	109.0	108.3
CASA Ratio	10.4	11.9	23.8	36.3	33.1
Cost/Assets	8.7	6.9	5.7	6.3	7.0
Cost/Total Income	62.6	51.3	52.2	55.6	61.9
Int. Expense/Int. Income	37.9	42.2	44.0	39.3	37.5
Fee Income/Total Income	15.3	18.9	15.1	18.0	17.7
Non Int. Income/Total Income	15.6	19.0	15.2	18.2	17.2
Investment/Deposit Ratio	32.7	21.6	24.1	33.3	31.4
Empl. Cost/Total Expense	64.7	66.3	67.0	68.9	69.7

Source: Company

AUBANK: Financials and valuations

Income Statement								(INRm)
Y/E MARCH	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**	**FY26E**
Interest Income	29,488	42,859	49,501	59,217	82,054	1,08,982	1,60,895	2,06,319
Interest Expense	16,064	23,769	25,846	26,876	37,801	56,910	81,596	1,05,095
Net Interest income	**13,425**	**19,089**	**23,654**	**32,341**	**44,253**	**52,072**	**79,299**	**1,01,224**
Growth (%)	*42.7*	*42.2*	*23.9*	*36.7*	*36.8*	*17.7*	*52.3*	*27.6*
Other Income	4,620	7,061	14,209	9,937	10,345	16,551	24,165	30,931
Total Income	**18,045**	**26,150**	**37,864**	**42,278**	**54,597**	**68,624**	**1,03,464**	**1,32,155**
Growth (%)	*35.8*	*44.9*	*44.8*	*11.7*	*29.1*	*25.7*	*50.8*	*27.7*
Operating Expenses	**10,826**	**14,179**	**16,584**	**24,128**	**34,403**	**43,370**	**66,047**	**80,815**
Growth (%)	*43.8*	*31.0*	*17.0*	*45.5*	*42.6*	*26.1*	*52.3*	*22.4*
Operating Profits	**7,219**	**11,972**	**21,279**	**18,150**	**20,195**	**25,253**	**37,417**	**51,340**
Growth (%)	*25.3*	*65.8*	*77.7*	*-14.7*	*11.3*	*25.0*	*48.2*	*37.2*
Core Operating Profits	**6,998**	**10,246**	**12,737**	**16,721**	**20,638**	**23,116**	**34,586**	**47,611**
Growth (%)	*30.1*	*46.4*	*24.3*	*31.3*	*23.4*	*12.0*	*49.6*	*37.7*
Total Provisions	1,418	2,832	6,694	3,610	1,548	4,719	9,822	13,496
% to operating income	*19.6*	*23.7*	*31.5*	*19.9*	*7.7*	*18.7*	*26.3*	*26.3*
PBT	**5,801**	**9,140**	**14,585**	**14,541**	**18,646**	**20,534**	**27,595**	**37,844**
Tax	1,984	2,392	2,878	3,242	4,367	5,031	6,761	9,272
Tax Rate (%)	*34.2*	*26.2*	*19.7*	*22.3*	*23.4*	*24.5*	*24.5*	*24.5*
PAT	**3,818**	**6,748**	**11,707**	**11,298**	**14,279**	**15,503**	**20,834**	**28,573**
Growth (%)	*30.7*	*76.8*	*73.5*	*-3.5*	*26.4*	*8.6*	*34.4*	*37.1*
Adj. PAT	**3,818**	**5,962**	**6,002**	**11,298**	**14,279**	**15,503**	**20,834**	**28,573**
Growth (%)	*30.7*	*56.2*	*0.7*	*88.2*	*26.4*	*8.6*	*34.4*	*37.1*

Balance Sheet								
Y/E MARCH	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**	**FY26E**
Equity Share Capital	5,847	6,082	6,244	6,298	6,667	6,687	7,425	7,425
Reserves & Surplus	25,782	37,164	55,477	68,429	1,02,666	1,14,835	1,60,199	1,88,771
Equity Networth	**31,629**	**43,247**	**61,721**	**74,727**	**1,09,333**	**1,21,523**	**1,67,624**	**1,96,196**
Deposits	**1,94,224**	**2,61,639**	**3,59,793**	**5,25,846**	**6,93,650**	**8,60,126**	**11,91,759**	**15,01,616**
Growth (%)	*145%*	*35%*	*38%*	*46%*	*32%*	*24.0%*	*38.6%*	*26.0%*
Borrowings	86,134	1,03,353	70,297	59,908	62,987	56,688	1,05,191	1,22,022
Other liabilities	14,241	12,670	23,071	29,884	35,751	40,757	54,158	63,906
Total Liabilities	**3,26,228**	**4,21,431**	**5,15,913**	**6,90,778**	**9,02,161**	**10,79,533**	**15,19,172**	**18,84,180**
Current Assets	17,402	33,697	47,813	59,285	94,252	56,014	70,312	77,343
Investments	**71,617**	**1,06,682**	**1,08,154**	**1,53,065**	**2,00,720**	**2,87,030**	**4,02,398**	**5,02,998**
Growth (%)	*134.8*	*49.0*	*1.4*	*41.5*	*31.1*	*43.0*	*40.2*	*25.0*
Loans	**2,28,187**	**2,69,924**	**3,46,089**	**4,60,953**	**5,84,215**	**7,11,133**	**10,12,245**	**12,66,277**
Growth (%)	*71.4*	*18.3*	*28.2*	*33.2*	*26.7*	*21.7*	*42.3*	*25.1*
Net Fixed Assets	4,470	4,480	4,824	6,226	7,401	8,512	10,248	11,785
Other assets	4,552	6,648	9,033	11,250	15,573	16,845	23,969	25,777
Total Assets	**3,26,228**	**4,21,431**	**5,15,913**	**6,90,778**	**9,02,161**	**10,79,533**	**15,19,172**	**18,84,180**
Total Assets (incl. off BS)	**3,40,501**	**4,60,437**	**5,46,944**	**7,08,135**	**9,09,526**	**11,76,506**	**16,29,944**	**20,10,656**

Asset Quality	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**	**FY26E**
GNPA (INR m)	4,701	4,578	15,028	9,244	9,813	14,092	19,819	25,212
NNPA (INR m)	2,945	2,173	7,555	2,308	2,862	4,882	6,915	8,353
GNPA Ratio	2.1	1.7	4.3	2.0	1.7	2.0	2.0	2.0
NNPA Ratio	1.3	0.8	2.2	0.5	0.5	0.7	0.7	0.7
Slippage Ratio	2.5	2.5	4.2	3.6	2.4	2.1	2.3	2.3
Credit Cost	0.6	1.0	2.0	0.7	0.3	0.7	1.1	1.1
PCR (Excl Tech. write off)	37.4	52.5	49.7	75.0	70.8	65.4	65.1	66.9

E: MOFSL Estimates

AUBANK: Financials and valuations

Ratios								
Y/E MARCH	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**	**FY26E**
Yield and Cost Ratios (%)								
Avg. Yield - on IEA	**12.1**	**12.1**	**11.2**	**10.7**	**11.7**	12.2	13.3	12.9
Avg. Yield on loans	11.7	12.4	11.5	11.4	12.8	13.0	14.0	13.7
Avg. Cost of funds	7.4	7.4	6.5	5.3	5.6	6.8	7.4	7.2
Spreads	**4.3**	**5.0**	**5.0**	**6.1**	**7.2**	6.1	6.6	6.5
NIM (On total assets)	**5.2**	**5.1**	**5.0**	**5.4**	**5.6**	5.3	6.1	5.9
NIM (On IEA)	**5.5**	**5.4**	**5.3**	**5.9**	**6.3**	**5.8**	**6.5**	**6.3**
Capitalization Ratios (%)								
CAR	19.3	22.0	23.4	21.0	23.6	21.9	20.4	18.7
Tier I	16.0	18.4	21.5	19.7	21.8	20.5	19.6	18.1
Tier II	3.4	3.6	1.8	1.3	1.8	1.3	0.8	0.6
Business and Efficiency Ratios (%)								
Loan/Deposit Ratio	117.5	103.2	96.2	87.7	84.2	82.7	84.9	84.3
CASA Ratio	18.5	14.5	23.0	37.3	38.4	32.0	30.5	31.3
Cost/Assets	4.2	3.8	3.5	4.0	4.3	4.4	5.1	4.7
Cost/Total Income	60.0	54.2	43.8	57.1	63.0	63.2	63.8	61.2
Cost/Core Income	60.7	58.1	56.6	59.1	62.5	65.2	65.6	62.9
Int. Expense/Int. Income	54.5	55.5	52.2	45.4	46.1	52.2	50.7	50.9
Fee Income/Total Income	24.4	20.4	15.0	20.1	19.8	21.0	20.6	20.6
Non Int. Income/Total Income	25.6	27.0	37.5	23.5	18.9	24.1	23.4	23.4
Investment/Deposit Ratio	36.9	40.8	30.1	29.1	28.9	33.4	33.8	33.5
Empl. Cost/Total Expense	55.5	53.6	59.1	57.2	52.1	48.8	47.4	47.3

Profitability and Valuations	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**	**FY26E**
RoE	14.0	18.0	22.3	16.6	15.5	13.4	14.4	15.7
RoA (On bal Sheet)	1.5	1.8	2.5	1.9	1.8	1.6	1.6	1.7
RoRWA	2.0	3.0	4.2	3.1	2.9	2.6	2.4	2.6
Book Value (INR)	54.1	71.1	98.8	118.7	164.0	181.7	225.7	264.2
Growth (%)	35.5	31.4	39.0	20.0	38.2	10.8	24.2	17.0
Price-BV (x)	**10.6**	**8.0**	**5.8**	**4.8**	**3.5**	**3.1**	**2.5**	**2.2**
Adjusted BV (INR)	51.3	69.5	92.0	116.7	161.6	177.3	219.8	256.9
Growth (%)	34.5	35.4	32.5	26.9	38.5	9.7	24.0	16.9
Price-ABV (x)	**11.1**	**8.2**	**6.2**	**4.9**	**3.5**	**3.2**	**2.6**	**2.2**
EPS (INR)	6.6	11.3	19.0	18.0	22.0	23.2	29.5	38.5
Adjusted EPS (INR)	6.6	11.3	19.0	18.0	22.0	23.2	29.5	38.5
Growth (%)	28.9	71.3	67.9	-5.1	22.3	5.4	27.2	30.3
Price-Earnings (x)	**86.6**	**50.6**	**30.1**	**31.7**	**26.0**	**24.6**	**19.4**	**14.9**

E: MOFSL Estimates

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