

Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

AU Small Finance Bank (AUBANK) - SELL

Current Market Price

Rs. 821

Fair Value (FV)

Rs.700

Date: 14th May 2025

Previous Rating: ADD

Current Rating: SELL

Event: Downgrade

Ratings Rationale

- It has delivered steady asset quality and healthy earnings (RoE) across several credit cycles in the past few years.
- It has delivered better and more consistently, hence, the stock has been a key beneficiary.
- The recent stock price rally has left little room for disappointment.
- In a favorable environment, several peer banks (many currently trading at more attractive valuations) can also deliver strong business growth and profitability.

Valuation

Hence, we downgrade AUBANK to SELL with a FV of Rs700 (Rs650 earlier), valuing it at ~2.2X June 2027E BVPS (adjusted)

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Note: The performance horizon is 12 months unless specified.

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