

## AU FINANCIERS (INDIA) LTD

Issue Details	
Issue Opens	28-June-17
Issue Closes	30-June-17
Issue Size (Rs. Crore)	1912.51
Face value (per equity share)	10
Price Band (Rs.)	355-358
Lot Size (No of Share)	41
No of Shares on Offer (crore)	5.34
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	10-July-17

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	36.03	33.00
Public (incl institutions and employees)	63.97	67.00
Total	100.0	100.0

Issue Date: 28<sup>th</sup> June – 30<sup>th</sup> June 2017

Price Band (Rs.) : 355- 358

Lot Size (No. of Share) : 41

## Company Background

Incorporated in 1996, Au Financiers (India) Ltd is Jaipur Rajasthan based non-banking finance company focused on retail segment serving low and middle income individuals and businesses that have limited or no access to formal banking and finance channels.

Au Financiers operate in 3 business lines- Vehicle finance; Micro, small and medium enterprises (MSMEs) loans and; Small and medium enterprises (SMEs) loans.

## Financials

Particulars	For the year/period ended (in Rs. Million)				
	FY-17	FY-16	FY-15	FY-14	FY-13
<b>Total Revenue</b>	1,431	1,052	689	571	413
<b>Total Expenses</b>	926	675	482	462	310
<b>Profit After Tax</b>	843	247	139	72	69

## Concerns

- Concentration risk as major operations in western India.
- Transition to small finance bank (SFB) may have an adverse effect
- Significant dependence on vehicle finance.
- Inability to manage interest rate risk may adversely affect business.

## Strengths

- Diversified product portfolio and revenue streams.
- Significant presence in rural & semi-urban markets.
- Leverage existing capabilities and customer base for SFB.
- Robust, comprehensive credit & risk management framework.
- Experienced management team and qualified operational personnel.

## Our View

On the upper price band of Rs.358 and on FY16 EPS of Rs.9.34, P/E ratio works out to 38x. Even based on the last 3 years standalone EPS of Rs.6.94, P/E Ratio works out to be 51x. Means, company is asking the upper band of Rs.358 in the P/E Ratio of 38x and 51x. Its listed peers like RBL Bank is trading at P/E of 41x(Highest) and Ujivan Financial Services at P/E Ratio of 18x (Lowest). Hence, Au Financier IPO is slightly on higher side.

Company revenues grew at strong 46% CAGR in last 3 years. It is earning good profits. Its IPO price is on slightly higher side. Obtaining SFB License would create potential growth in the business. The company has given good growth rate in revenue and profits as well as potential to diversify earning as well. Considering all these positive factors, we would recommend that investors can invest for long term.

## Objects of the Issue

1. Offer for sale: Company will not receive any proceeds from the Offer. All proceeds will go to each of the Selling Shareholders, in proportion to its portion of the Offered Shares.
2. Company expects to achieve the benefits of listing the Equity Shares on the Stock Exchanges.
3. Company expects that listing of the Equity Shares will enhance our visibility and brand and provide liquidity to its existing shareholders.