

Aug 02, 2016

Buy Around: ₹ 554
SL: ₹ 529
Target: ₹ 599
Upside: 8%
Horizon: 1 Month

VALUE PARAMETERS

Price (Rs)	550.20
52 W H/L(Rs)	589.65/366.65
Mkt. Cap.(Rs Cr)	131367.39
Latest Equity(Subscribed)	477.53
Latest Reserve (cons.)	53082.19
Latest EPS (cons.) -Unit Curr.	34.95
Latest P/E Ratio -cons	15.74
Latest Bookvalue (cons.) -Unit Curr.	224.32
Latest P/BV - cons	2.45
Dividend Yield -%	0.02
Face Value	2

STOCK DATA

BSE Code	532215
NSE Symbol	AXISBANK
Reuters	AXBK.BO
Bloomberg	AXSB IN

SHAREHOLDING PATTERN (JUNE , 2016)



The management of the company is very positive towards the growth related credit, advances, expansion and SME segment. With the strong operating metrics, stressed asset resolution on RBI's expected lines and robust return ratios, the stock is expected to move further.

Business Profile

Axis Bank Limited provides a suite of corporate and retail banking products. The Bank operates through four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. Its Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. Its Other Banking Business includes Para banking activities, such as third-party product distribution and other banking transactions.

INVESTMENT RATIONALE

- During For the quarter ended June 2016 Interest income grew 12% to Rs 11113.90 crore and interest expenses grew by 12% to Rs 6596.98 crore. Thus NII grew 11% to Rs 4516.92 crore.
- Gross NPA at 2.54% as of June 2016 against 1.67% in March 2016 quarter and net NPA stood at 1.08% as of June 2016 against 0.70% in March 2016. Rise in NPAs were driven by slippages from the Watch List.
- Retail Fee Income grew 19% y-o-y and constitutes 42% of Total Fee Income and Net Interest Margin for Q1FY17 stood at 3.79%. Moreover, retail Franchise registered strong performance and retail advances growth was strong at 24% and accounted for 41% of Net Advances.
- CASA Deposits as on June 2016 constituted 43% of total deposits. Savings Account balances grew at a strong 18% YOY, up from the 14% y-o-y growth reported for the period ended June 2015.
- The bank is 4th largest Credit Card issuer in the country and it has not sold any asset to ARC during the quarter. The management of the company projects to keep the provision coverage ratio around 70% by the end of FY 2017.
- The bank expects credit growth to be around 18-20% in FY 2017. Moreover, Guidance for credit cost is 125-150 basis points for FY 2017 and also expects cost to income ratio of 70% for FY 2017. The bank plans to open 350-400 new branches in FY 2017 and also bank expects SME growth to be better in FY 2017 compared to FY 2016.

TECHNICAL TRENDS



We recommend a buy in the stock of AXIS BANK Limited for a short-term perspective. The stock is trading at its good support level with good fundamental records and is expected to move up from this level. It made a 52 week low Rs366.65 and 52 week high of Rs 589.65. Buy around at 554 with a closing below stop loss of Rs.529 levels for the target of Rs.599.

Note:

- Follow Strict Stop Loss.

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