



Minor Fall!

28th April, 2016

CMP: Rs. 466
Target Price: Rs. 520
Recommendation: HOLD

Stock Info

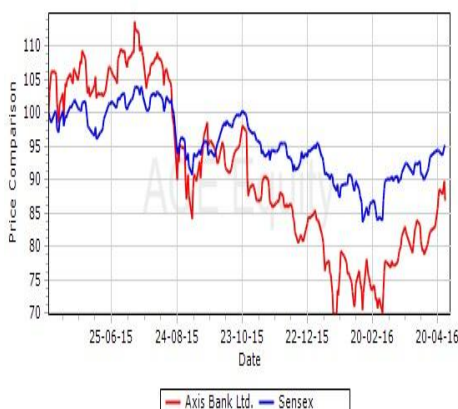
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|------------|----------|
| BSE Group | A |
| BSE Code | 532215 |
| NSE Symbol | AXISBANK |
| Bloomberg | ASXB IN |
| Reuters | AXBK.BO |
| BSE Sensex | 26,064 |
| NSE Nifty | 7,979 |

Market Info

| | |
|-----------------------|----------|
| Market Capital(Rs Cr) | 1,11,009 |
| Equity Capital(Rs Cr) | 476 |
| Avg. Trading Vol. | 95,551 |
| 52 Wk High/ Low | 613/367 |
| Face Value | 2 |

| | |
|--------------------------|------------|
| Shareholding Pattern (%) | (Dec 2015) |
| Promoters | 31.0 |
| Domestic Institutions | 16.5 |
| Foreign Institutions | 42.2 |
| Public & Others | 10.3 |

Price Chart:



Axis Bank Ltd. reported minor fall in Q4 net profit of 1.21% in its net profit at Rs 2154 cr for the quarter ended March 31, 2016 vs. Rs 2180 cr for the same quarter in the previous year on account of higher provisioning for bad loans. However, total income of the bank has increased by 9.76% at Rs 13592 cr for quarter under review vs. Rs 12384 cr for the quarter ended March 31, 2015.

Revenue mix:

The bank has reported decent revenue growth across all segments. The company has registered a growth of 14.35% from Treasury segment at Rs 16861 cr vs. Rs 14744 cr in Q4 FY15. Revenue from Retail Banking segment gained 20.71% to Rs 9061 cr vs. Rs 7507 cr in Q4FY16, while Corporate Banking segment witnessed a growth of 8.39% at Rs 6405 cr vs. Rs 5909 cr in the corresponding quarter previous year.

Earnings Quality:

The bank's earnings quality remained healthy with net interest income (NII) for the quarter growing 19.8% YoY to Rs 4552 cr for the quarter.

Asset quality:

The bank's asset quality weakened partly due to the RBI directive on provisioning as its GNPA climbed to 1.67% from 1.34% a year earlier. NNPA rose to 0.7% from 0.44%. However, fresh slippages slowed to Rs 1,474 cr vs. Rs 2,082 cr sequentially.

Provisions:

Total provisioning was Rs 1,168 cr during the quarter vs. Rs 710 cr YoY. The increase in provisioning was primarily due to the additions to the contingency pool. The bank has added around Rs 300 cr to the contingency pool.

Other information:

The bank's retail advances grew by 24% and constitute 41% of the net advances portfolio. The bank's capital adequacy ratio as per Basel-III norms stood at 15.29%. The bank's board recommended a dividend of Rs 5 per share of face value Rs 2. The bank added 99 branches in the Q4 and 315 branches in FY 16, taking its total to 2,904 branches.

Valuation:

At CMP of Rs 466, the stock is trading at P/E & P/ABV of 12 (x) & 1.9 (x) respectively, based on the FY 17 estimates. We have pegged a multiple of 2.1 (x) to its FY 17E ABV and arrived at a fair value of Rs 520 per share. We have "HOLD" rating on the stock.

| SNAPSHOT | | | | | |
|---------------------|-------|-------|-------|-------|-------|
| (RS. Cr) | 2013 | 2014 | 2015 | 2016 | 2017E |
| Net Interest Income | 9666 | 11952 | 14224 | 16833 | 19327 |
| Operating Income | 16217 | 19357 | 22589 | 26204 | 29801 |
| Profit After Tax | 5179 | 6218 | 7358 | 8224 | 9257 |
| ROE | 15.6 | 16.3 | 16.5 | 15.5 | 14.8 |
| P / EPS (x) | 11.8 | 11.0 | 18.0 | 12.9 | 12.0 |
| P / ABV (x) | 1.9 | 1.8 | 3.1 | 2.1 | 1.9 |

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Stock Rating Scale

| | Absolute Return |
|------------|------------------------|
| Buy | > 20% |
| Accumulate | 12% to 20% |
| Hold | 5% to 12% |
| Neutral | -5% to 5% |
| Reduce | < -5% |

Research Analyst Registration No.

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