

BUY

TP: Rs 1,155 | ▲ 15%

AXIS BANK

| Banking

| 27 October 2023

Steady growth but costs elevated

- Q2 NII up 19% YoY led by strong business growth, aiding a 10% rise in PAT despite a spike in opex due to card-related costs
- Reported NIM flat at 4.1% as higher yields fully offset the rise in cost of funds from deposit repricing
- We broadly retain business growth estimates and maintain BUY with a TP of Rs 1,155 (unchanged), set at 1.9x FY25E ABV

Ajit Agrawal

research@bobcaps.in

Robust business growth: AXSB's advances grew 23% YoY (+5% QoQ) during Q2FY24 on the back of robust growth in SME loans at 27% YoY while the retail/corporate book grew 23%/21% YoY. Deposits increased 18% YoY (+2% QoQ) with a 220bps sequential decline in CASA ratio to 43.3%. We continue to project a credit/deposit CAGR of 18%/16% over FY23-FY25.

NIM stable QoQ, opex rises: Reported NIM held steady sequentially at 4.1% as a 15bps QoQ rise in cost of funds was fully offset by a higher yield on assets. AXSB indicated that its marginal cost of funding is stabilising but repricing the deposit book would continue for a while longer. Additionally, the bank has guided for improvement in full-year margins as the loan mix shifts towards high-yielding retail assets. Operating expenses spiked 32% YoY in Q2, with management citing one-off costs in the cards business. Even so, opex is guided to remain high for FY24 as the bank continues to invest in network development.

Asset quality steady: Controlled slippages (Rs 32.5bn vs. Rs 40bn in Q1) and higher upgrades and recovery (Rs 46.5bn vs. Rs 44.3bn in Q1) led to lower provisions. Credit cost thus reduced to 38bps from 49bps in Q1 and GNPA/NNPA improved by 23bps/5bps QoQ to 1.7%/0.4%. PCR was flat at 79.5%. Management foresees no risks to major asset quality and clarified that it has no low-ticket (<Rs 50k) unsecured personal loans on its books. To bake in the results, we factor in a revised credit cost forecast of 45bps for FY24 (from 54bps earlier) and retain our estimate for FY25 at 54bps.

Maintain BUY: AXSB continues to deliver a solid performance backed by a sustained focus on growth, healthy portfolio mix, stable asset quality and steady investment in network expansion. Benefits from the Citi card business acquisition is also starting to materialise. The bank is well capitalised to fund its aggressive growth and we expect return ratios to expand substantially to 1.8%/18% ROA/ROE by FY25 from 0.8%/8% in FY23. We continue to value the stock at 1.9x FY25E ABV (Gordon Growth Model) and maintain our TP of Rs 1,155, which includes Rs 114/sh as the value of subsidiaries.

Key changes

Target	Rating
◀▶	◀▶

Ticker/Price	AXSB IN/Rs 1,003
Market cap	US\$ 37.5bn
Free float	92%
3M ADV	US\$ 112.6mn
52wk high/low	Rs 1,048/Rs 814
Promoter/FPI/DII	8%/53%/29%

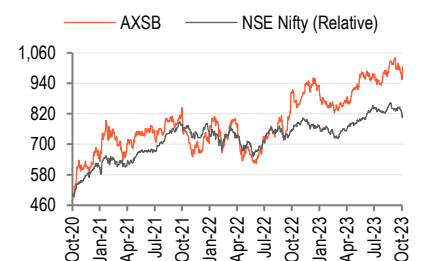
Source: NSE | Price as of 27 Oct 2023

Key financials

Y/E 31 Mar	FY23A	FY24E	FY25E
Net interest income	429,457	484,073	565,544
NII growth (%)	29.6	12.7	16.8
Adj. net profit (Rs mn)	95,797	249,024	295,072
EPS (Rs)	31.2	80.9	95.9
Consensus EPS (Rs)	31.2	77.9	89.1
P/E (x)	32.2	12.4	10.5
P/BV (x)	2.5	2.1	1.7
ROA (%)	0.8	1.8	1.8
ROE (%)	8.0	18.1	17.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

(Rs mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	QoQ (%)	YoY (%)
Income Statement							
Interest Income	152,574	170,910	183,124	201,347	212,563	5.6	39.3
Income on investments	44,775	45,849	48,349	47,830	47,998	0.4	7.2
Int. on bal. with RBI & inter-bank funds & Others	5,041	5,505	8,225	6,391	5,701	(10.8)	13.1
Interest income	202,389	222,264	239,698	255,568	266,262	4.2	31.6
Interest expense	98,787	107,671	122,276	135,980	143,116	5.2	44.9
Net interest income	103,603	114,593	117,422	119,588	123,146	3.0	18.9
Growth YoY (%)	31.1	32.4	33.1	27.4	18.9	(857bps)	(1,227bps)
Non-interest income	39,412	46,654	48,953	50,873	50,341	(1.0)	27.7
Growth YoY (%)	3.8	21.5	15.9	69.6	27.7	(4,190bps)	2,397bps
Non-interest income (Ex-Trading income)	40,272	42,374	48,123	45,683	51,351	12.4	27.5
Total income	143,014	161,248	166,375	170,460	173,486	1.8	21.3
Growth YoY (%)	22.2	29.1	27.6	37.7	21.3	(1,635bps)	(94bps)
Staff expenses	21,667	22,811	21,636	26,885	26,098	(2.9)	20.5
Other operating expenses	44,186	45,662	53,063	55,432	61,070	10.2	38.2
Operating expenses	65,852	68,473	74,699	82,317	87,168	5.9	32.4
Pre-Provisioning Profit (PPoP)	77,162	92,775	91,676	88,144	86,319	(2.1)	11.9
Growth YoY (%)	30.2	50.6	41.8	49.7	11.9	(3,786bps)	(1,830bps)
Pre-Provisioning Profit (Ex- Trading income)	78,022	88,495	90,846	82,954	87,329	5.3	11.9
Growth YoY (%)	43.0	52.7	45.7	26.6	11.9	(1,464bps)	(3,110bps)
Provisions	5,498	14,377	3,058	10,349	8,146	(21.3)	48.2
Growth YoY (%)	(68.3)	7.7	(69.0)	188.0	48.2	(13982bps)	11,648bps
Exceptional Item	-	-	124,898	-	-	Na	NA
PBT	71,664	78,398	88,618	77,795	78,173	0.5	9.1
Tax	18,367	19,867	21,004	19,824	19,537	(1.4)	6.4
PAT	53,298	58,531	(57,284)	57,971	58,636	1.1	10.0
Growth YoY (%)	70.1	61.9	(239.1)	40.5	10.0	(3,051bps)	(6,008bps)
Per Share							
FV (Rs)	2	2	2	2	2	0.0	0.0
EPS (Rs)	19	19	(19)	19	19	1.1	(0.1)
Book Value (Rs)	406	426	408	427	446	4.4	9.7

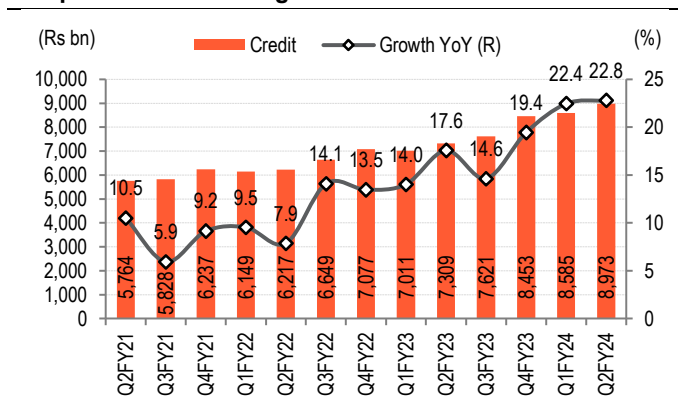
Source: Company, BOBCAPS Research

Fig 2 – Quarterly snapshot: Balance sheet & other key metrics

Balance sheet (Rs mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	QoQ (%)	YoY (%)
Deposits	8,108,067	8,481,733	9,469,452	9,416,897	9,555,564	1.5	17.9
Growth YoY (%)	10.1	9.9	15.2	17.2	17.9	66bps	773bps
Advances	7,308,748	7,620,755	8,453,028	8,585,114	8,973,470	4.5	22.8
Growth YoY (%)	17.6	14.6	19.4	22.4	22.8	33bps	522bps
Investment	2,876,207	3,051,031	2,888,148	2,853,967	2,956,907	3.6	2.8
Equity	1,248,622	1,310,089	1,254,167	1,314,927	1,373,499	4.5	10.0
Assets	11,852,725	12,235,089	13,173,255	13,028,386	13,389,135	2.8	13.0
Growth YoY (%)	12.8	9.9	12.1	13.0	13.0	(7bps)	16bps
Yield (%)							
Yield on Funds	7.52	7.98	8.06	8.28	8.56	27bps	104bps
Cost of Funds	4.02	4.26	4.52	4.84	5.08	24bps	106bps
Spread	3.50	3.73	3.54	3.44	3.48	4bps	(2bps)
Net Interest Margin (calc.)	3.85	4.12	3.95	3.88	3.96	8bps	11bps
Ratios (%)							
Other Income / Net Income	27.6	28.9	29.4	29.8	29.0	(83bps)	146bps
Cost to Income ratio	46.0	42.5	44.9	48.3	50.2	195bps	420bps
CASA ratio	46.2	44.5	47.2	45.5	43.3	(222bps)	(292bps)
C/D ratio	90.1	89.8	89.3	91.2	93.9	274bps	377bps
Investment to Assets	24.3	24.9	21.9	21.9	22.1	18bps	(218bps)
Assets Quality							
GNPA	198,937	199,610	186,042	181,582	167,567	(7.72)	(15.8)
NNPA	39,955	38,301	35,589	37,036	34,413	(7.1)	(13.9)
Provision	158,982	161,309	150,453	144,547	133,155	(7.9)	(16.2)
GNPA (%)	2.50	2.38	2.02	1.96	1.73	(23bps)	(77bps)
NNPA (%)	1.80	0.47	0.39	0.41	0.36	(5bps)	(144bps)
PCR (%)	79.9	80.8	80.9	79.6	79.5	(14bps)	(45bps)
Slippages (%)	2.10	2.22	2.14	2.23	1.74	(49bps)	(36bps)
Others							
Branches	4,760	4,849	4,903	4,945	5,152	207	392
ATMs	16,043	15,674	15,953	15,798	15,806	8	(237)
Employees	88,540	87,575	91,583	94,766	99,372	4,606	10,832

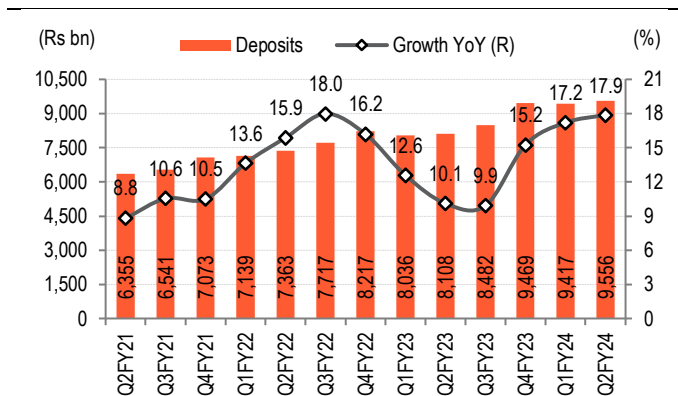
Source: Company, BOBCAPS Research

Fig 3 – Strong credit growth in Q2FY24 driven by mid-corporate and SME segments



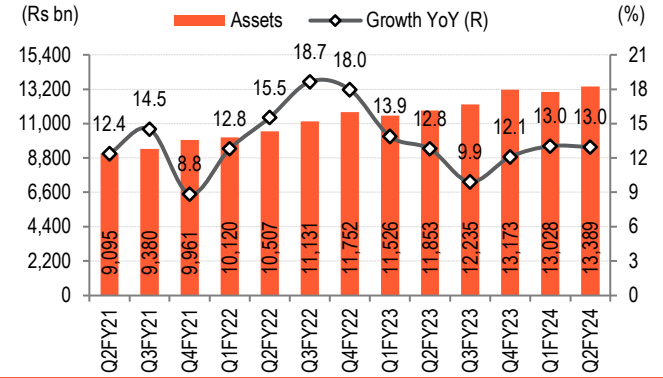
Source: Company, BOBCAPS Research

Fig 4 – Deposit growth led by Term deposits



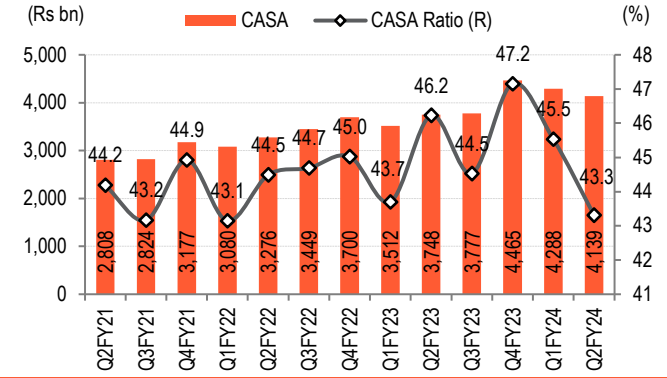
Source: Company, BOBCAPS Research

Fig 5 – Asset growth at 13% YoY



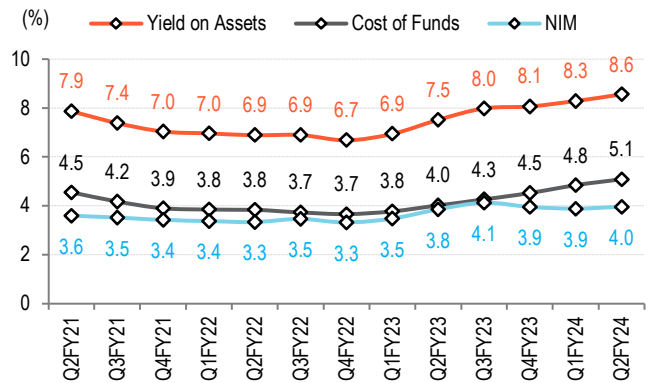
Source: Company, BOBCAPS Research

Fig 6 – CASA grew 10% YoY



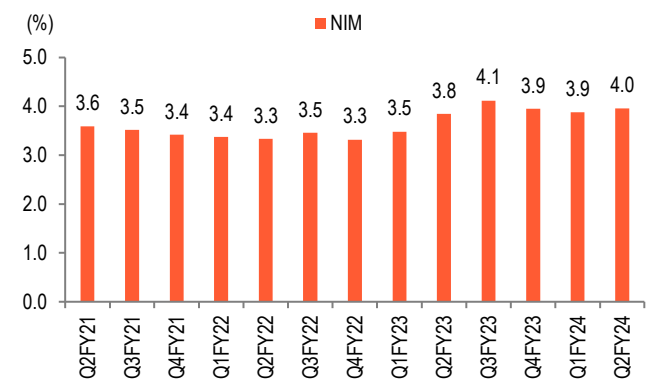
Source: Company, BOBCAPS Research

Fig 7 – NIM (calc.) increased 8bps QoQ



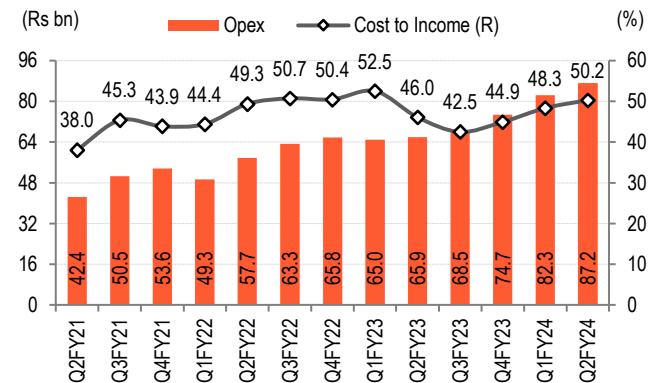
Source: Company, BOBCAPS Research

Fig 8 – NIM (calc.) to sustain at 3.7% over FY24E-FY25E



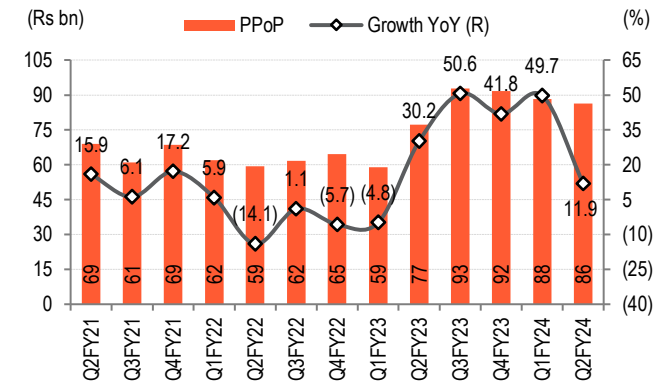
Source: Company, BOBCAPS Research

Fig 9 – revised actuarial valuation in card pushed up opex



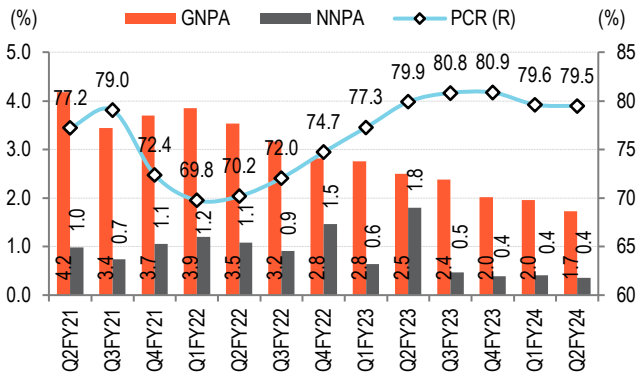
Source: Company, BOBCAPS Research

Fig 10 – Opex cost limited PPOP growth



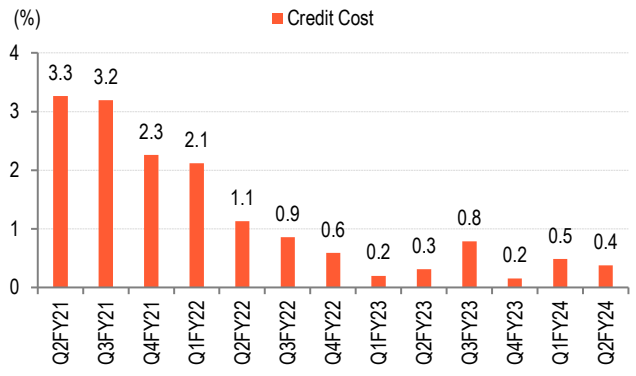
Source: Company, BOBCAPS Research

Fig 11 – Lower slippages led asset quality improvement



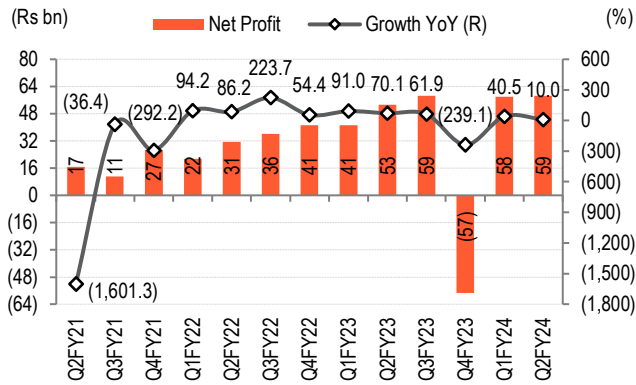
Source: Company, BOBCAPS Research

Fig 12 – Credit cost normalising



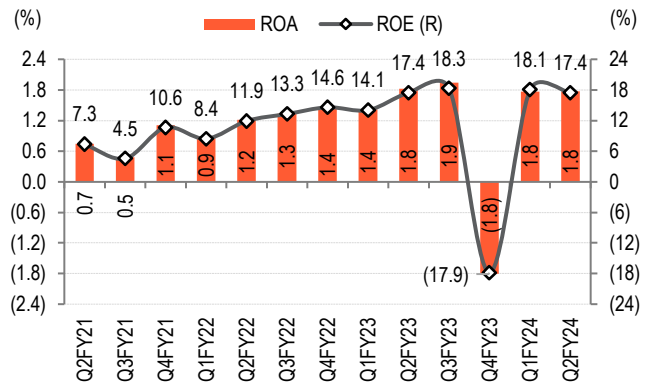
Source: Company, BOBCAPS Research

Fig 13 – PAT up 10% YoY



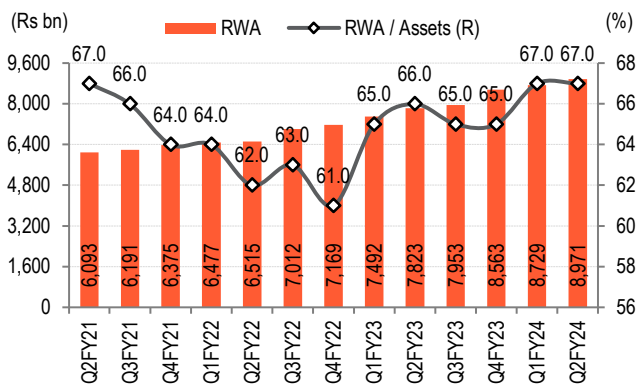
Source: Company, BOBCAPS Research

Fig 14 – Return ratios remain strong



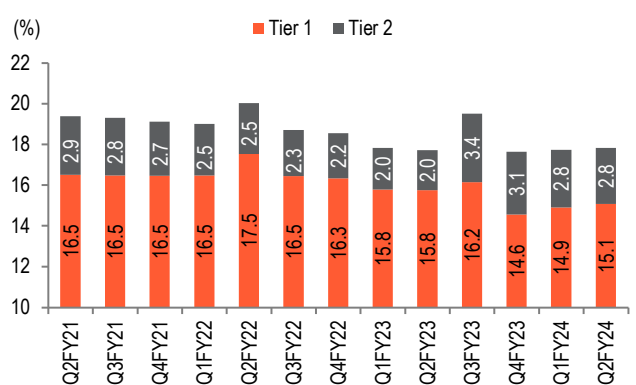
Source: Company, BOBCAPS Research

Fig 15 – Bank guiding RWA to stable at 67%



Source: Company, BOBCAPS Research

Fig 16 – Well capitalised to fund growth



Source: Company, BOBCAPS Research

Earnings call highlights

Asset quality

- AXSB has not drawn on Covid-related provisions during Q2FY24 and has no plans to do so in the near term.
- Management affirmed that AXSB's personal loan book does not carry loans with ticket size below Rs 50,000 and that it foresees no major asset quality concerns in this book.
- Controlled slippages (Rs 32.5bn vs. Rs 40bn in Q1) and higher upgrades and recovery (Rs 46.5bn vs. Rs 44.3bn) aided sequential improvement in GNPA and NNPA ratios.
- The fund-based and non-fund-based BB-&-below book stood at Rs 34.3bn and Rs 13.3bn respectively (vs. Rs 36.5bn and Rs 13.8bn respectively in Q1), whereas the investment book below BB grade stood at Rs 6.6bn (vs. Rs 7.9bn in Q1). The restructured book totalled Rs 17.6bn (vs. Rs 19.1bn in Q1), with Rs 15.3bn from retail and Rs 2.2bn from the commercial banking group (CBG).
- Non-NPA provisions amounted to Rs 117.6bn, of which Covid-related and restructuring provisions stood at Rs 50.1bn and Rs 6.5bn respectively.
- Standard asset coverage of 1.3%, All provisions by GNPA ratio is 150% improving 1128 bps YOY

Loans and deposits

- Management expects system-level credit growth (ex-HDFC merger) of 13% YoY in FY24 and believes AXSB will grow 400-600bps faster than industry in the medium term.
- The bank's RWA-to-asset ratio stood at 67%, indicating a conservative risk profile despite an increase in the unsecured book
- Of the loan book, 69% is floating rate and 47% fixed rate – the latter will mature in less than 12 months.
- LCR was in the range 115-120% and AXSB indicated a greater focus on LCR rather than LDR.
- Credit card spends in Q2 grew 72% YoY and 4% QoQ.

NII and NIM

- The bank's marginal cost of funding has stabilised while the base book needs a few more quarters to be repriced. Accordingly, management expects the rise in cost of funds to moderate and the shift toward high-yielding retail loans to further contribute to NIM. Margin drivers would also include a declining RIDF book.

Operating parameters

- Increased prudence in the actuarial valuation of card reward points pushed up operating expenses in Q2, which management indicated is non-recurring nature.

- AXSB is targeting a 2.1% cost-to-assets ratio in the medium term on the back of enhanced productivity, operating leverage and a cost-efficient loan mix.
- With steady growth in the wholesale book, the wholesale-to-retail mix stands at 42:58 and is guided to be more cost efficient going forward.
- AXSB has added 204 branches during the quarter and will continue to invest in network building.
- Technology-related expenses formed 8.5% of total Q2 opex.

Valuation methodology

AXSB continues to deliver a solid performance backed by a sustained focus on growth, healthy portfolio mix, stable asset quality and steady investment in network expansion. Benefits from the Citi card business acquisition is also starting to materialise. The bank is well capitalised to fund its aggressive growth with CRAR/tier-1 at 17.8% and a RWA-to-assets ratio of 67% in Q2FY24, leading us to model for a substantial expansion in return ratios to 1.8%/18% ROA/ROE by FY25 from 0.8%/8% in FY23.

We broadly retain our credit and deposit growth estimates for FY24/FY25 while raising NII and other income forecasts to factor in an increasing share of high-yielding assets in the portfolio along with higher fee income. This leads to a 2%/5% rise in our FY24/FY25 PAT estimates. We also introduce FY26 forecasts for AXSB. We continue to value the stock at 1.9x FY25E ABV (Gordon Growth Model) for an unchanged TP of Rs 1,155, which includes Rs 114/sh as the value of subsidiaries. Maintain BUY.

Fig 17 – Revised estimates

(Rs mn)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Loans	9,974,574	11,690,200	9,898,496	11,502,053	0.8	1.6
Deposits	11,069,790	12,863,095	11,088,728	12,752,038	(0.2)	0.9
Assets	14,852,374	17,336,006	14,957,381	17,473,595	(0.7)	(0.8)
NII	484,073	565,544	502,010	568,590	(3.6)	(0.5)
PPOP	374,382	452,976	377,364	431,583	(0.8)	5.0
Provisions	41,462	58,495	49,549	57,781	(16.3)	1.2
PAT	249,024	295,072	245,206	279,604	1.6	5.5

Source: BOBCAPS Research

Fig 18 – Key operational assumptions

Parameter (%)	FY23	FY24E	FY25E	FY26E
Advances Growth	19.4	18.0	17.2	16.8
Net Interest Income Growth	29.6	12.7	16.8	16.0
PPoP Growth	(20.0)	89.2	21.0	18.5
PAT Growth	(26.5)	160.0	18.5	16.8
NIM	3.7	3.7	3.8	3.7
GNPA	2.2	1.8	1.7	1.6
CAR	17.6	17.4	17.4	17.6

Source: Company, BOBCAPS Research

Fig 19 – Valuation summary

Business	Valuation	Holdings (%)	Value (Rs/sh)
Axis Bank	1.9x FY25E ABV	100	1,041
Axis AMC	6.2% of AUM	75	38
Axis Finance	1.8x FY25E ABV	100	27
Axis Capital	20x FY25E EPS	100	19
Axis Securities	15x FY25E EPS	100	12
Max Life	2.1x FY25E P/EV	13	17
Total	-	-	1,155

Source: Company, BOBCAPS Research

Fig 20 – Valuation assumptions (Gordon growth model)

Parameter	Assumptions
Return on Equity (RoE)	15.4
Cost of Equity (Ke)	12.4
Growth (Period 1)	12.3
Growth (Long Term)	6.1
Initial High Growth Period (yrs)	10.0
Dividend Payout (Period 1)	20.0
Dividend Payout (Long Term)	60.0
Factor 1	2.0
Factor 2	10.2
Justified P/BV Multiple	1.9

Source: BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- any sudden delinquency in the mid-corporate and SME segments, resulting in higher provision requirements, and
- inability to manage cost of funds, which may drag down NIM as well as overall profitability.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Axis Bank	AXSB IN	37.5	1,003	1,155	BUY
DCB Bank	DCBB IN	0.4	116	144	BUY
Federal Bank	FB IN	3.6	140	180	BUY
HDFC Bank	HDFCB IN	134.8	1,469	1,929	BUY
ICICI Bank	ICICIB IN	77.6	913	1,090	BUY
Indusind Bank	IIB IN	13.6	1,441	1,755	BUY
Kotak Mahindra Bank	KMB IN	41.2	1,703	2,007	BUY
RBL Bank	RBK IN	1.7	226	258	HOLD
State Bank of India	SBIN IN	60.9	561	729	BUY

Source: BOBCAPS Research, NSE | Price as of 27 Oct 2023

Glossary

Glossary of Abbreviations			
AUCA	Advance Under Collection Account	LDR	Loan/Deposit Ratio
ARC	Asset Reconstruction Company	MCLR	Marginal Cost of Funds-based Lending Rate
BRDS	Bills Rediscounting Scheme	MTM	Mark to Market
CASA	Current Account and Savings Account	NII	Net Interest Income
CAR	Capital Adequacy Ratio	NIM	Net Interest Margin
CET1	Common Equity Tier 1	NNPA	Net Non-Performing Assets
CD	Credit-Deposit Ratio	PCR	Provision Coverage Ratio
C/I	Cost-Income Ratio	PPOP	Pre-Provision Operating Profit
CBG	Commercial Banking Group	PSU	Public Sector Unit
EBLR	External Benchmark-based Lending Rate	RIDF	Rural Infrastructure Development Fund
ECL	Expected Credit Loss	RWA	Risk-Weighted Assets
GNPA	Gross Non-Performing Assets	SBB	Small Business Banking
IBPC	Interbank Participation Certificate	SLR	Statutory Liquidity Ratio
LAP	Loans against Property	SMA	Special Mention Account
LCR	Liquidity Coverage Ratio	SME	Small and Medium-sized Enterprises

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Net interest income	331,322	429,457	484,073	565,544	656,090
NilI growth (%)	13.3	29.6	12.7	16.8	16.0
Non-interest income	152,205	165,009	210,192	251,069	292,309
Total income	483,528	594,466	694,266	816,613	948,400
Operating expenses	236,108	396,560	319,884	363,638	411,691
PPOP	247,420	197,906	374,382	452,976	536,709
PPOP growth (%)	7.0	(20.0)	89.2	21.0	18.5
Provisions	73,595	28,848	41,462	58,495	76,033
PBT	173,826	169,058	332,920	394,481	460,676
Tax	43,571	73,262	83,896	99,409	116,090
Reported net profit	130,255	95,797	249,024	295,072	344,586
Adjustments	0	0	0	0	0
Adjusted net profit	130,255	95,797	249,024	295,072	344,586

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity capital	6,139	6,154	6,154	6,154	6,154
Reserves & surplus	1,145,601	1,248,013	1,497,037	1,792,108	2,136,694
Net worth	1,151,741	1,254,167	1,503,190	1,798,262	2,142,848
Deposits	8,217,209	9,469,452	11,069,790	12,863,095	14,946,917
Borrowings	1,851,339	1,863,000	1,974,780	2,152,511	2,391,439
Other liab. & provisions	531,493	586,636	304,614	522,138	658,326
Total liab. & equities	11,751,781	13,173,255	14,852,374	17,336,006	20,139,530
Cash & bank balance	1,109,871	1,064,108	822,597	958,512	1,113,791
Investments	2,755,972	2,888,148	3,254,332	3,746,033	4,270,723
Advances	7,076,960	8,453,028	9,974,574	11,690,200	13,654,154
Fixed & Other assets	808,978	767,971	800,871	941,260	1,100,862
Total assets	11,751,781	13,173,255	14,852,374	17,336,006	20,139,530
Deposit growth (%)	17.7	15.2	16.9	16.2	16.2
Advances growth (%)	15.2	19.4	18.0	17.2	16.8

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
EPS	42.5	31.2	80.9	95.9	112.0
Dividend per share	1.0	1.0	2.2	2.9	3.4
Book value per share	375.2	407.6	488.5	584.4	696.4

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
P/E	23.6	32.2	12.4	10.5	9.0
P/BV	2.7	2.5	2.1	1.7	1.4
Dividend yield (%)	0.1	0.1	0.2	0.3	0.3

DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Net interest income	3.1	3.4	3.5	3.5	3.5
Non-interest income	1.4	1.3	1.5	1.6	1.6
Operating expenses	2.2	3.2	2.3	2.3	2.2
Pre-provisioning profit	2.3	1.6	2.7	2.8	2.9
Provisions	0.7	0.2	0.3	0.4	0.4
PBT	1.6	1.4	2.4	2.5	2.5
Tax	0.4	0.6	0.6	0.6	0.6
ROA	1.2	0.8	1.8	1.8	1.8
Leverage (x)	10.0	10.4	10.2	9.7	9.5
ROE	12.0	8.0	18.1	17.9	17.5

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
YoY growth (%)					
Net interest income	13.3	29.6	12.7	16.8	16.0
Pre-provisioning profit	7.0	(20.0)	89.2	21.0	18.5
EPS	89.7	(26.6)	159.7	18.5	16.8
Profitability & Return ratios (%)					
Net interest margin	3.8	3.8	3.8	3.9	3.9
Fees / Avg. assets	35.2	33.1	37.5	39.0	39.0
Cost-Income	48.8	66.7	46.1	44.5	43.4
ROE	12.0	8.0	18.1	17.9	17.5
ROA	1.2	0.8	1.8	1.8	1.8
Asset quality (%)					
GNPA	3.0	2.2	1.8	1.7	1.7
NNPA	0.8	0.4	0.4	0.3	0.3
Slippage ratio	3.3	2.1	1.7	1.7	1.7
Credit cost	1.1	0.4	0.5	0.5	0.6
Provision coverage	74.2	80.5	79.8	79.8	79.8
Ratios (%)					
Credit-Deposit	86.1	89.3	90.1	90.9	91.4
Investment-Deposit	33.5	30.5	29.4	29.1	28.6
CAR	18.5	17.6	17.4	17.4	17.6
Tier-1	16.3	14.6	14.9	15.1	15.5

Source: Company, BOBCAPS Research

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA (“US”) OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
 Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
 SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**
 Brand Name: **BOBCAPS**
 Trade Name: **www.barodaetrade.com**
 CIN: **U65999MH1996GOI098009**



Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
 Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

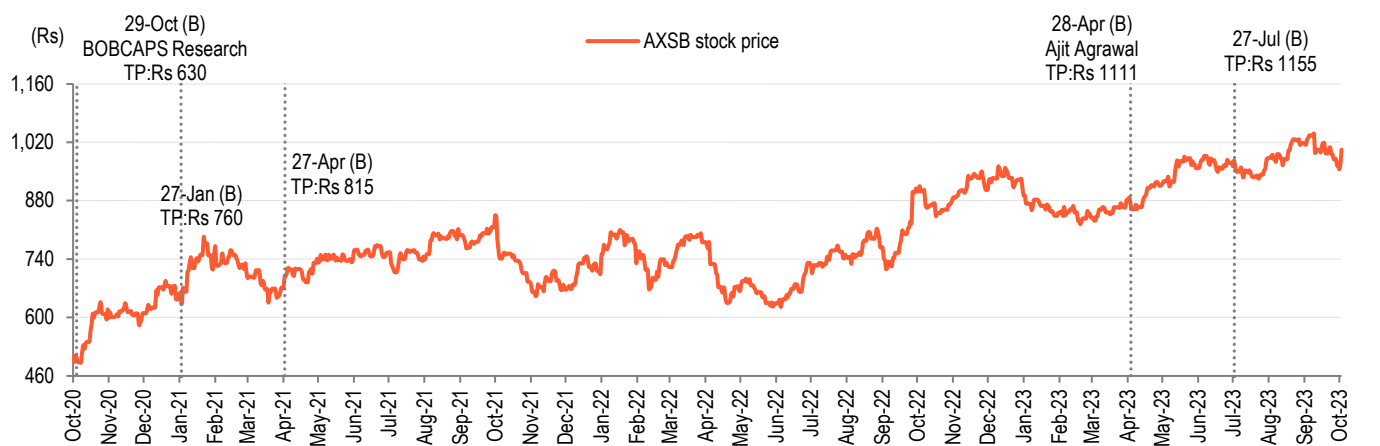
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%
HOLD – Expected return from -6% to +15%
SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): AXIS BANK (AXSB IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS’s activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS’s clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS’s prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS’s associates may have financial interest in the subject company. BOBCAPS’s associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an “as is” basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS’s judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the “Losses”) which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom (“UK”):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd (“MSL”) who is authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom (MSL and its affiliates are collectively referred to as “MAYBANK”). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK’s legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the “Order”), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as “relevant persons”).

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.