

BUY

TP: Rs 1,252 | ▲ 18%

AXIS BANK

| Banking

| 24 January 2024

Profits subdued despite strong business growth

- NII growth subdued at 9% YoY despite credit/deposit growth of 22%/18%, due to a high cost of funds
- Reported NIM declined 10bps QoQ to 4%; higher opex and provisions slowed PAT growth to ~3% YoY and QoQ
- Maintain BUY with revised TP of Rs 1,252 (vs. Rs 1,155), set at 1.7x FY26E ABV (vs. 1.9x on FY25E)

Ajit Agrawal

research@bobcaps.in

Robust business growth: AXSB's advances increased 22% YoY (+4% QoQ) during Q3FY24 on the back of robust growth in the retail segment at 27% YoY while SME loans grew 22% YoY. Corporate loans saw a modest 4% uptick. Retail growth was mainly fuelled by rural lending (+34%), LAP (+32%), personal loans (+28%) and small business banking (+40%). Deposits increased 18.5% YoY (+5% QoQ) driven by term deposits, which led to a 240bps YoY drop in CASA ratio to 42% (still amongst the best in industry). We raise our loan estimates by 3% each in FY24/FY25 and project a credit/deposit CAGR of 17%/19% over FY23-FY26.

NIM down QoQ, opex rises: Reported NIM declined 10bps sequentially to 4% on a higher cost of deposits. The bank expects a further rise in deposit cost for the next 1-2 quarters, though an increasing share of high-yielding assets may offset some of the pressure. AXSB indicated that NIM is likely to hold at current levels with some downward bias. Other income grew 10% QoQ backed by trading gains and a better performance from DCM business. Opex increased 36% YoY on higher volumes.

Asset quality steady: Despite an increase in slippages to Rs 37.1bn from Rs 32.5bn in Q2, GNPA improved to 1.6% due to the upgrade of a large restructured corporate account. NNPA was flat at 0.4% and PCR declined 165bps QoQ to 77.8%. Credit cost (ex-AIF provision of Rs 1.8bn) was flat at 38bps.

Adequately capitalised for growth: CET1 stood at 13.7% (CAR at 16.6%), and AXSB is confident of funding credit growth internally (added 39bps of CET1 in 9MFY24 despite using 70bps to meet regulatory changes).

Maintain BUY: AXSB continues to deliver a healthy performance backed by a sustained focus on growth, healthy portfolio mix, stable asset quality and steady investment in network expansion. We introduce FY26 forecasts and roll valuations forward, translating to a new SOTP-based TP of Rs 1,252 from Rs 1,155, set at 1.7x FY26E ABV (vs. 1.9x on FY25E) using the Gordon Growth Model. Our target includes Rs 133/sh as the value of subsidiaries.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	AXSB IN/Rs 1,059
Market cap	US\$ 39.8bn
Free float	92%
3M ADV	US\$ 115.6mn
52wk high/low	Rs 1,152/Rs 814
Promoter/FPI/DII	8%/55%/29%

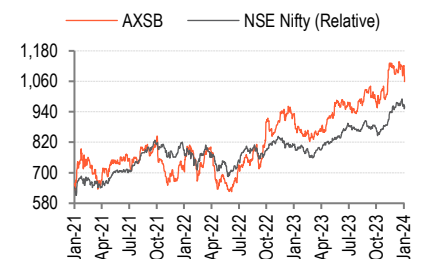
Source: NSE | Price as of 24 Jan 2024

Key financials

Y/E 31 Mar	FY23A	FY24E	FY25E
Net interest income	429,457	499,177	584,054
NII growth (%)	29.6	16.2	17.0
Adj. net profit (Rs mn)	95,797	241,498	277,785
EPS (Rs)	31.2	78.4	90.1
Consensus EPS (Rs)	31.2	77.8	87.5
P/E (x)	34.0	13.5	11.8
P/BV (x)	2.6	2.2	1.9
ROA (%)	0.8	1.7	1.7
ROE (%)	8.0	17.8	17.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Income Statement							
Interest Income	170,910	183,124	201,347	212,563	223,645	30.9	5.2
Income on investments	45,849	48,349	47,830	47,998	50,894	11.0	6.0
Int. on bal. with RBI & inter-bank funds & Others	5,505	8,225	6,391	5,701	5,073	(7.9)	(11.0)
Interest income	222,264	239,698	255,568	266,262	279,611	25.8	5.0
Interest expense	107,671	122,276	135,980	143,116	154,290	43.3	7.8
Net interest income	114,593	117,422	119,588	123,146	125,322	9.4	1.8
Growth YoY (%)	32.4	33.1	27.4	18.9	9.4	(2,308bps)	(950bps)
Fee Income	41,010	46,760	44,880	49,630	51,700	26.1	4.2
Trading gains/(losses)	4,280	830	5,190	(1,010)	2,910	(32.0)	(388.1)
Forex Income	-	-	-	-	-	-	-
Others	1,360	1,363	803	1,721	938	(31.0)	(45.5)
Non-interest income	46,654	48,953	50,873	50,341	55,548	19.1	10.3
Growth YoY (%)	21.5	15.9	69.6	27.7	19.1	(242bps)	(867bps)
Total income	161,248	166,375	170,460	173,486	180,870	12.2	4.3
Growth YoY (%)	29.1	27.6	37.7	21.3	12.2	(1,690bps)	(914bps)
Staff expenses	22,811	21,636	26,885	26,098	27,113	18.9	3.9
Other operating expenses	45,662	53,063	55,432	61,070	62,344	36.5	2.1
Operating expenses	68,473	74,699	82,317	87,168	89,457	30.6	2.6
Pre-Provisioning Profit (PPoP)	92,775	91,676	88,144	86,319	91,412	(1.5)	5.9
Growth YoY (%)	50.6	41.8	49.7	11.9	(1.5)	(5,204bps)	(1,334bps)
Provisions	14,377	3,058	10,349	8,146	10,283	(28.5)	26.2
Growth YoY (%)	7.7	(69.0)	188.0	48.2	(28.5)	(3,618bps)	(7,664bps)
Exceptional Item	-	124,898	-	-	-	NA	Na
PBT	78,398	88,618	77,795	78,173	81,129	3.5	3.8
Tax	19,867	21,004	19,824	19,537	20,418	2.8	4.5
PAT	58,531	(57,284)	57,971	58,636	60,711	3.7	3.5
Growth YoY (%)	61.9	(239.1)	40.5	10.0	3.7	(5,822bps)	(629bps)
Per Share							
FV (Rs)	2	2	2	2	2	0.0	0.0
EPS (Rs)	19	(19)	19	19	20	3.4	3.5
Book Value (Rs)	426	408	427	446	466	9.4	4.6

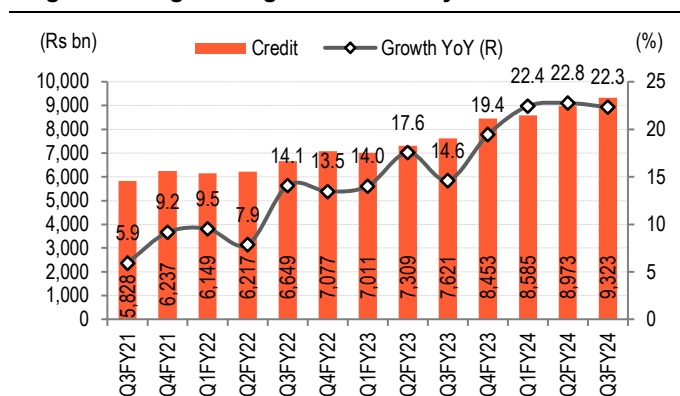
Source: Company, BOBCAPS Research

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

(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Deposits	8,481,733	9,469,452	9,416,897	9,555,564	10,048,995	18.5	5.2
Growth YoY (%)	9.9	15.2	17.2	17.9	18.5	856bps	63bps
Advances	7,620,755	8,453,028	8,585,114	8,973,470	9,322,864	22.3	3.9
Growth YoY (%)	14.6	19.4	22.4	22.8	22.3	771bps	(44bps)
Investment	3,051,031	2,888,148	2,853,967	2,956,907	3,090,699	1.3	4.5
Equity	1,310,089	1,254,167	1,314,927	1,373,499	1,437,288	9.7	4.6
Assets	12,235,089	13,173,255	13,028,386	13,389,135	13,985,407	14.3	4.5
Growth YoY (%)	9.9	12.1	13.0	13.0	14.3	438bps	134bps
Yield (%)							
Yield on Funds	7.98	8.06	8.28	8.56	8.63	65bps	7bps
Cost of Funds	4.26	4.52	4.84	5.08	5.27	102bps	19bps
Spread	3.73	3.54	3.44	3.48	3.36	(37bps)	(12bps)
Net Interest Margin (calc.)	4.12	3.95	3.88	3.96	3.87	(25bps)	(9bps)
Ratios (%)							
Other Income / Net Income	28.9	29.4	29.8	29.0	30.7	178bps	169bps
Cost to Income ratio	42.5	44.9	48.3	50.2	49.5	700bps	(79bps)
CASA ratio	44.5	47.2	45.5	43.3	42.1	(239bps)	(117bps)
C/D ratio	89.8	89.3	91.2	93.9	92.8	293bps	(113bps)
Investment to Assets	24.9	21.9	21.9	22.1	22.1	(284bps)	2bps
Assets Quality							
GNPA	199,610	186,042	181,582	167,567	158,930	(20.4)	(5.15)
NNPA	38,301	35,589	37,036	34,413	35,269	(7.9)	2.5
Provision	161,309	150,453	144,547	133,155	123,661	(23.3)	(7.1)
GNPA (%)	2.38	2.02	1.96	1.73	1.58	(80bps)	(15bps)
NNPA (%)	0.47	0.39	0.41	0.36	0.36	(11bps)	0bps
PCR (%)	80.8	80.9	79.6	79.5	77.8	(300bps)	(165bps)
Others							
Branches	4,849	4,903	4,945	5,152	5,252	403	100
ATMs	15,674	15,953	15,798	15,806	15,931	257	125
Employees	87,575	91,583	94,766	99,372	99,650	12,075	278

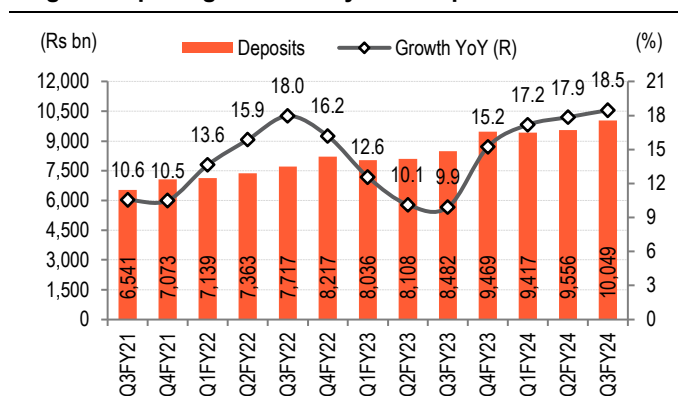
Source: Company, BOBCAPS Research

Fig 3 – Strong credit growth driven by retail



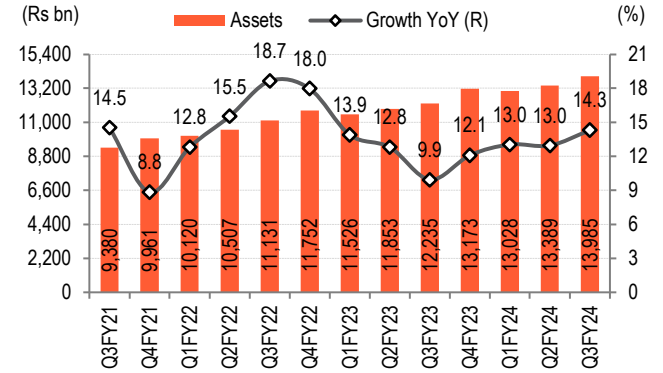
Source: Company, BOBCAPS Research

Fig 4 – Deposit growth led by term deposits



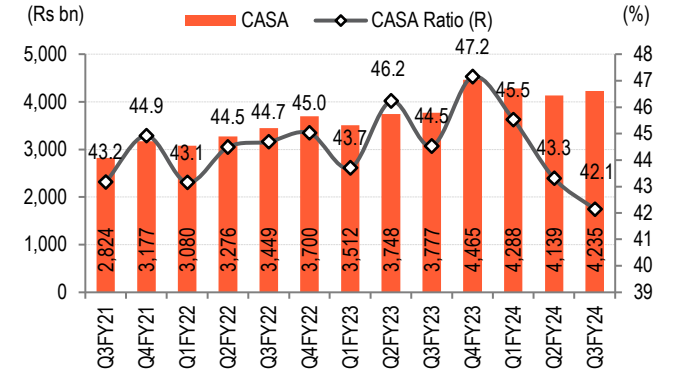
Source: Company, BOBCAPS Research

Fig 5 – Asset growth at 14% YoY



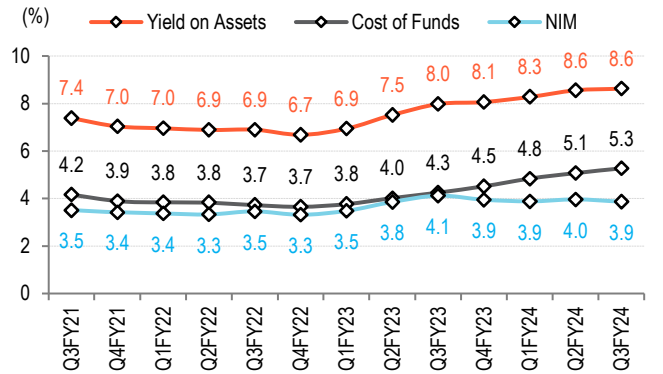
Source: Company, BOBCAPS Research

Fig 6 – CASA grew 12% YoY



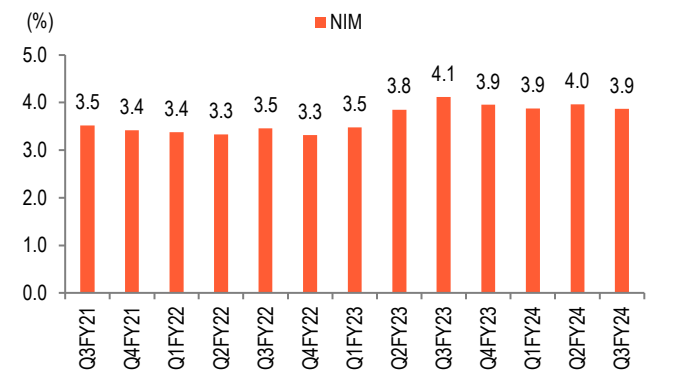
Source: Company, BOBCAPS Research

Fig 7 – NIM (calc.) declined 9bps QoQ



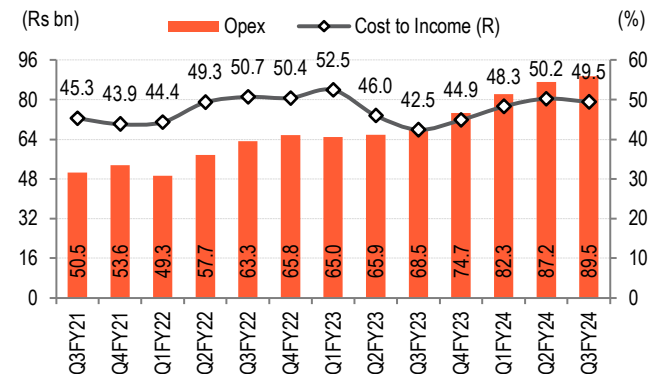
Source: Company, BOBCAPS Research

Fig 8 – NIM (calc.) to sustain at 3.8% over FY24E-FY25E



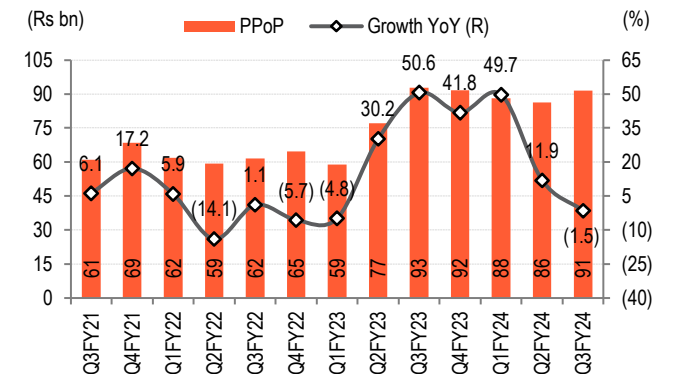
Source: Company, BOBCAPS Research

Fig 9 – Opex mainly grew on account of volume growth



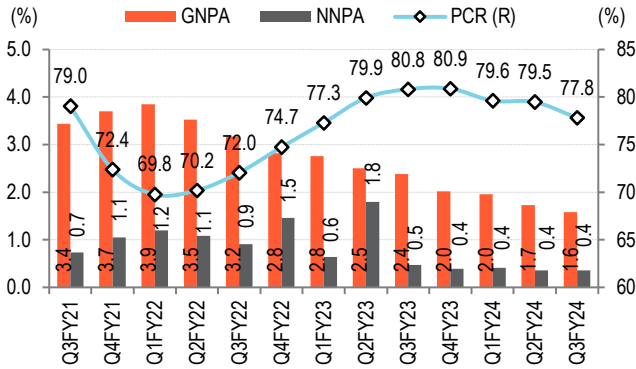
Source: Company, BOBCAPS Research

Fig 10 – Opex cost limited PPOP growth



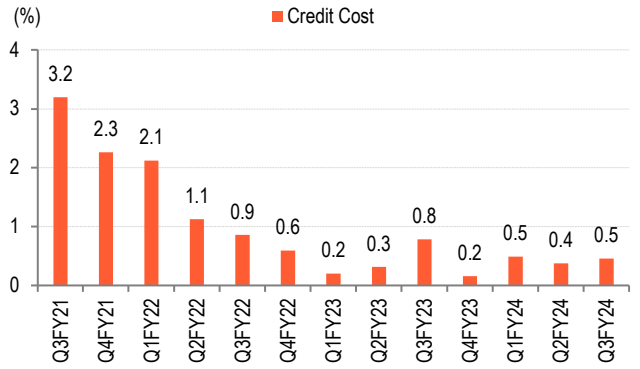
Source: Company, BOBCAPS Research

Fig 11 – Despite higher Slippages GNPA improved



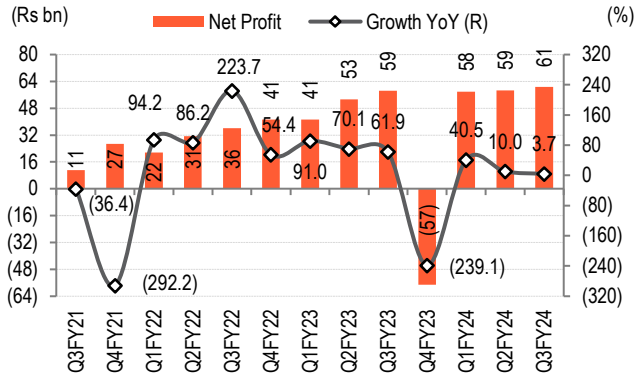
Source: Company, BOBCAPS Research

Fig 12 – Credit cost normalising



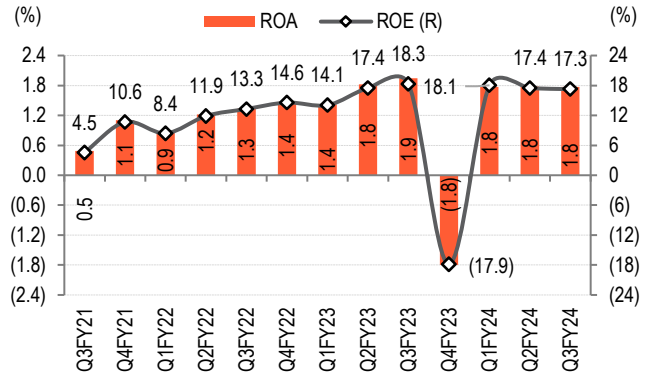
Source: Company, BOBCAPS Research

Fig 13 – PAT up 4% YoY



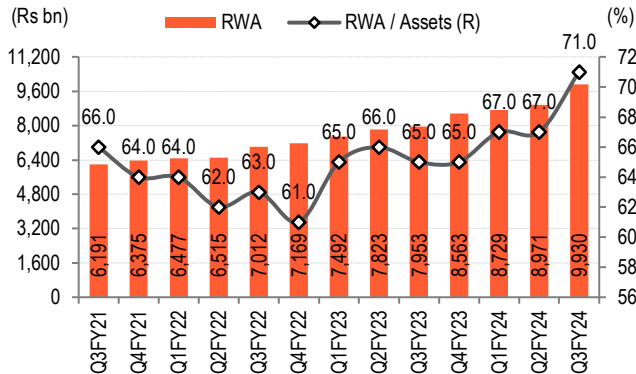
Source: Company, BOBCAPS Research

Fig 14 – Return ratios remain healthy



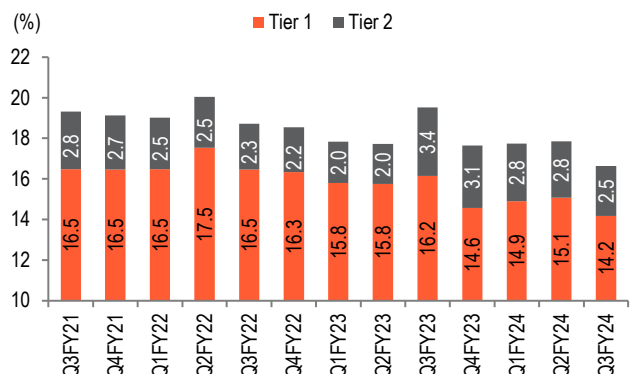
Source: Company, BOBCAPS Research

Fig 15 – RWA increase on regulatory changes



Source: Company, BOBCAPS Research

Fig 16 – Consumed 70 bps towards rise in RWA



Source: Company, BOBCAPS Research

Earnings call highlights

Asset quality

- AXSB has not drawn on Covid-related provisions during Q3FY24 and has no plans to do so in the near term. This provides a cushion of 39bps towards CET1.
- Slippages increased to Rs 37.1bn vs. Rs 32.5bn in Q2FY24, while upgrades and recoveries stood at Rs 45.8bn vs. Rs 46.5bn in Q2.
- A large corporate account was upgraded during Q3 which was earlier restructured, leading to improvement in GNPA and offsetting some increase in credit cost as well.
- The fund-based BB-&-below book stood at 0.3% of loans.
- Non-NPA provisions amounted to Rs 119.8bn vs. Rs 117.6bn in Q2, of which Covid-related and restructuring provisions stood at Rs 50.1bn and Rs 5.9bn respectively. The unsecured retail book has been fully provided for.
- Standard asset coverage was 1.3%. All provisions by GNPA ratio is 153%, rising 1385bps YoY.

Loans and deposits

- Management is confident of expanding its balance sheet 400-600bps above the system in the midterm but believes quarterly volatility in growth is inevitable.
- The bank's RWA-to-asset ratio rose to 71% in Q3 from 67% in Q2 due to a 370bps impact from the regulatory change in risk weights.
- Of the loan book, 69% is floating rate and 48% fixed rate – the latter will mature in less than 12 months. Further, 15% is inked to MCLR, 3% to other EBLR, 1% to the base rate and 31% is fixed.
- LCR was in the range of 115-120% and AXSB indicated a greater focus on LCR rather than LDR.
- In a deposit-constrained environment, the bank plans to focus on high-yielding business to optimise margins.

NIM

- Reported NIM declined by 10bps to 4% during the quarter, mainly due to a higher cost of deposits. Management expects some pressure from cost of funds for the next 1-2 quarters but has seen moderation in marginal cost of funding.
- Margin drivers would be a shift toward high-yielding retail loans along with a declining Rural Infrastructure Development Fund (RIDF) book.

Operating parameters

- 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.
- The bank has added 100 branches during the quarter and 350 over 9MFY24 and will continue to invest in network building.
- Technology-related expenses formed 9% of Q3 opex.

Valuation methodology

AXSB's profitability during Q3FY24 was modest due to an increased cost of funds and higher provisions, but business growth held strong with further improvement in asset quality. Benefits from the Citi card business acquisition are also starting to materialise. Further, the bank's CAR stood at a healthy 16.6% (CET1 at 13.7%) as of Q3 and management is confident of funding credit growth internally.

We raise our FY24/FY25 loan estimates by 3% each given robust growth in Q3FY24 and increase deposit forecasts by 1%/2%. This apart, we introduce FY26 estimates for the bank, wherein we project a credit and deposit CAGR of 17% and 19% respectively over FY23-FY26 led by the retail segment. NIM (Calc.) is projected to hold at current levels of 3.8% over our forecast period, and we expect an NII/PAT CAGR of 22%/50% with healthy asset quality.

AXSB continues to deliver a healthy performance backed by a sustained focus on growth, healthy portfolio mix, stable asset quality and steady investment in network expansion. We maintain BUY with a revised SOTP-based TP of Rs 1,252 (vs. Rs 1,155), set at 1.7x FY26E ABV (vs. 1.9x on FY25E) using the Gordon Growth Model. Our target includes Rs 133/sh as the value of subsidiaries.

Fig 17 – Revised estimates

(Rs mn)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Loans	10,236,617	12,079,209	9,974,574	11,690,200	2.6	3.3
Deposits	11,173,953	13,095,873	11,069,790	12,863,095	0.9	1.8
Assets	15,181,922	17,803,720	14,852,374	17,336,006	2.2	2.7
NII	499,177	584,054	484,073	565,544	3.1	3.3
PPOP	364,765	431,623	374,382	452,976	(2.6)	(4.7)
Provisions	41,980	60,253	41,462	58,495	1.3	3.0
PAT	241,498	277,785	249,024	295,072	(3.0)	(5.9)

Source: BOBCAPS Research

Fig 18 – Key operational assumptions

Parameter (%)	FY23	FY24E	FY25E	FY26E
Advances Growth	19.4	21.1	18.0	17.2
Net Interest Income Growth	29.6	16.2	17.0	17.0
PPoP Growth	(20.0)	84.3	18.3	18.6
PAT Growth	(26.5)	152.1	15.0	16.7
NIM	3.7	3.7	3.7	3.7
GNPA	2.2	1.5	1.4	1.3
CAR	17.6	15.7	15.3	15.4

Source: Company, BOBCAPS Research

Fig 19 – Valuation summary

Business	Valuation	Holdings (%)	Value (Rs/sh)
Axis Bank	1.7x FY26E ABV	100	1,119
Axis AMC	7.2% of AUM	75	46
Axis Finance	1.8x FY26E ABV	100	32
Axis Capital	20x FY26E EPS	100	24
Axis Securities	15x FY26E EPS	100	14
Max Life	2.1x FY26E P/EV	13	17
Total	-	-	1,252

Source: Company, BOBCAPS Research

Fig 20 – Valuation assumptions

Gordon growth model	(%)
Return on Equity (RoE)	6.3
Cost of Equity (Ke)	5.0
Growth (Period 1)	1.2
Growth (Long Term)	12.4
Initial High Growth Period (yrs)	15.0
Dividend Payout (Period 1)	10.0
Dividend Payout (Long Term)	20.0
Factor 1	6.0
Factor 2	60.0
Justified P/BV Multiple	1.7

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	39.8	1,059	1,252	BUY
Bandhan Bank	BANDHAN IN	4.4	224	276	BUY
Federal Bank	FB IN	4.2	142	189	BUY
HDFC Bank	HDFCB IN	133.6	1,456	1,896	BUY
ICICI Bank	ICICIB IN	85.3	999	1,189	BUY
Indusind Bank	IIB IN	14.1	1,491	1,952	BUY
Kotak Mahindra Bank	KMB IN	46.7	1,789	2,100	BUY
RBL Bank	RBK IN	1.9	260	309	BUY
State Bank of India	SBIN IN	67.2	618	747	BUY

Source: BOBCAPS Research, NSE | Price as of 24 Jan 2024

Glossary

Glossary of Abbreviations			
AUCA	Advance Under Collection Account	LCR	Liquidity Coverage Ratio
ARC	Asset Reconstruction Company	LDR	Loan/Deposit Ratio
BRDS	Bills Rediscounting Scheme	MCLR	Marginal Cost of Funds-based Lending Rate
CASA	Current Account and Savings Account	MTM	Mark to Market
CAR	Capital Adequacy Ratio	NII	Net Interest Income
CET1	Common Equity Tier 1	NIM	Net Interest Margin
CD	Credit-Deposit Ratio	NNPA	Net Non-Performing Assets
C/I	Cost-Income Ratio	PCR	Provision Coverage Ratio
CBG	Commercial Banking Group	PPOP	Pre-Provision Operating Profit
DCM	Debt Capital Market	PSU	Public Sector Unit
EBLR	External Benchmark-based Lending Rate	RWA	Risk-Weighted Assets
ECL	Expected Credit Loss	SBB	Small Business Banking
GNPA	Gross Non-Performing Assets	SLR	Statutory Liquidity Ratio
IBPC	Interbank Participation Certificate	SMA	Special Mention Account
LAP	Loans against Property	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	499,177	584,054	683,247
NilI growth (%)	13.3	29.6	16.2	17.0	17.0
Non-interest income	152,205	165,009	215,096	255,639	301,247
Total income	483,528	594,466	714,274	839,693	984,494
Operating expenses	236,108	396,560	349,509	408,070	472,476
PPOP	247,420	197,906	364,765	431,623	512,018
PPOP growth (%)	7.0	(20.0)	84.3	18.3	18.6
Provisions	73,595	28,848	41,980	60,253	78,708
PBT	173,826	169,058	322,784	371,370	433,309
Tax	43,571	73,262	81,287	93,585	109,194
Reported net profit	130,255	95,797	241,498	277,785	324,115
Adjustments	0	0	0	0	0
Adjusted net profit	130,255	95,797	241,498	277,785	324,115

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity capital	6,139	6,154	6,168	6,168	6,168
Reserves & surplus	1,145,601	1,248,013	1,458,457	1,736,242	2,060,358
Net worth	1,151,741	1,254,167	1,464,625	1,742,410	2,066,526
Deposits	8,217,209	9,469,452	11,173,953	13,095,873	15,322,172
Borrowings	1,851,339	1,863,000	1,997,136	2,176,879	2,418,512
Other liab. & provisions	531,493	586,636	546,207	788,557	1,010,495
Total liab. & equities	11,751,781	13,173,255	15,181,922	17,803,720	20,817,704
Cash & bank balance	1,109,871	1,064,108	928,504	1,092,142	1,321,439
Investments	2,755,972	2,888,148	3,284,904	3,797,253	4,357,774
Advances	7,076,960	8,453,028	10,236,617	12,079,209	14,156,832
Fixed & Other assets	808,978	767,971	731,898	835,116	981,659
Total assets	11,751,781	13,173,255	15,181,922	17,803,720	20,817,704
Deposit growth (%)	17.7	15.2	18.0	17.2	17.0
Advances growth (%)	15.2	19.4	21.1	18.0	17.2

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
EPS	42.5	31.2	78.4	90.1	105.1
Dividend per share	1.0	1.0	2.1	2.7	3.2
Book value per share	375.2	407.6	474.9	565.0	670.1

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
P/E	24.9	34.0	13.5	11.8	10.1
P/BV	2.8	2.6	2.2	1.9	1.6
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	2.5	2.5	2.4
Pre-provisioning profit	2.3	1.6	2.6	2.6	2.7
Provisions	0.7	0.2	0.3	0.4	0.4
PBT	1.6	1.4	2.3	2.3	2.2
Tax	0.4	0.6	0.6	0.6	0.6
ROA	1.2	0.8	1.7	1.7	1.7
Leverage (x)	10.0	10.4	10.4	10.3	10.1
ROE	12.0	8.0	17.8	17.3	17.0

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
YoY growth (%)					
Net interest income	13.3	29.6	16.2	17.0	17.0
Pre-provisioning profit	7.0	(20.0)	84.3	18.3	18.6
EPS	89.7	(26.6)	151.5	14.9	16.7
Profitability & Return ratios (%)					
Net interest margin	3.9	3.8	3.9	3.9	3.9
Fees / Avg. assets	35.2	33.1	37.9	38.8	39.0
Cost-Income	48.8	66.7	48.9	48.6	48.0
ROE	12.0	8.0	17.8	17.3	17.0
ROA	1.2	0.8	1.7	1.7	1.7
Asset quality (%)					
GNPA	3.0	2.2	1.5	1.4	1.3
NNPA	0.8	0.4	0.3	0.3	0.3
Slippage ratio	3.3	2.1	1.8	1.8	1.7
Credit cost	1.1	0.4	0.4	0.5	0.6
Provision coverage	74.2	80.5	77.7	79.9	79.9
Ratios (%)					
Credit-Deposit	86.1	89.3	91.6	92.2	92.4
Investment-Deposit	33.5	30.5	29.4	29.0	28.4
CAR	18.5	17.6	15.7	15.3	15.4
Tier-1	16.3	14.6	13.4	13.3	13.5

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.

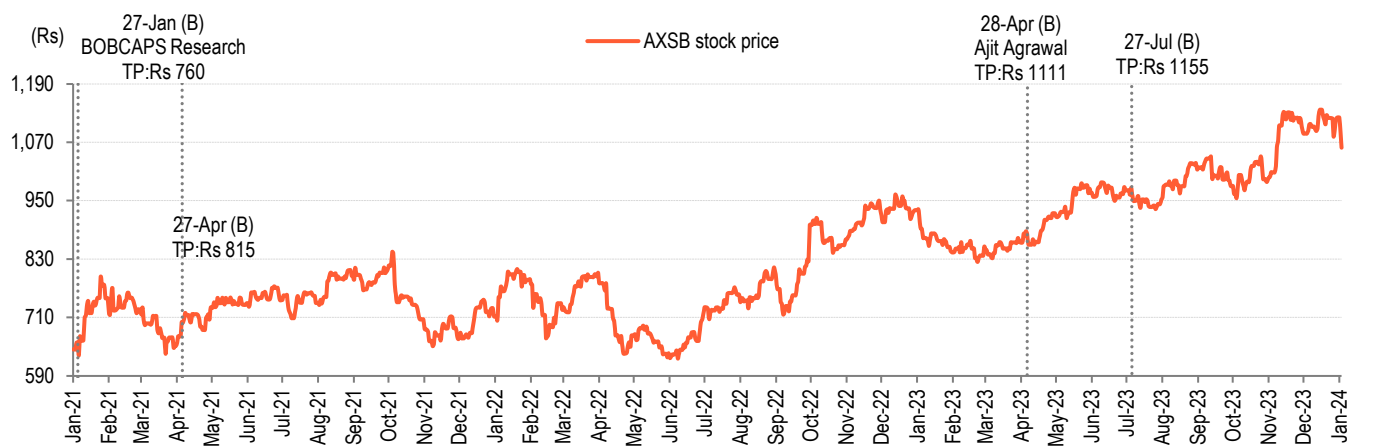
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

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.