

## EDUCATIONAL EQUITY RESEARCH REPORT : MAY

### AXIS BANK LTD.

(NSE : AXISBANK , BSE : 532215 )

DATE : 15/5/24

#### ABOUT THE BUSINESS :

WE AT AS RESEARCH TECHNIC, INITIATE OUR COVERAGE ON AXIS BANK LTD.

Axis Bank is the third largest private sector bank in India. The Bank offers the entire spectrum of financial services to customer segments covering Large and Mid Corporates, MSME, Agriculture and Retail Businesses.

Axis Bank Limited, formerly known as UTI Bank (1993–2007), is an Indian multinational banking and financial services company headquartered in Mumbai, Maharashtra.

#### PROS :

- Company has delivered good profit growth of 39.2% CAGR over last 5 years
- Company's working capital requirements have reduced from 39.5 days to 17.7 days

#### CONS :

- Stock is trading at 2.69 times its book value.
- Company has low interest coverage ratio.
- Promoter holding is low: 8.22%
- Company has a low return on equity of 9.74% over last 3 years.
- Contingent liabilities of Rs.15,11,843 Cr.
- Company might be capitalizing the interest cost.
- Promoter holding has decreased over last 3 years: -5.36%
- Earnings include an other income of Rs.25,230 Cr.

#### PREVIOUS MONTH FOLLOWUP

AS MENTIONED IN THE PREVIOUS REPORT, THE SHARE PRICE BROKE 1105 ON THE UPPER SIDE. THE STOCK PRICE WENT UPTO 989 AFTER BREAKING THE SUPPORT 995 ON THE LOWER SIDE.

#### RESEARCH ANALYST :

**P.SUNANDINI @ AS RESEARCH TECHNIC**



#### FINANCIAL SNAP SHOT :

MARKET CAP	₹ 3,47,924 Cr.
STOCK P/E	13.2
ROE	20.3 %
CURRENT PRICE	₹ 1,127
BOOK VALUE	₹ 422
ROCE	7.53 %
HIGH	₹ 1,183
LOW	909
DIVIDEND YIELD	0.09 %
FACE VALUE	₹ 2.00

#### SHARE HOLDING PATTERN:

PROMOTERS	8.22%
FIIS	53.84%
DIIS	30.12%
PUBLIC	0.00%
GOVERNMENT	0
OTHERS :	0
NO.OF SHAREHOLDERS	7,86,166

## PEER COMPARISON :

### SECTOR: BANKS

### INDUSTRY: BANKS - PRIVATE SECTOR

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	Sales Qtr Rs.Cr.	ROCE %
1	HDFC Bank	1439.9	17.09	1093879.27	1.34	79433.61	9.5
2	ICICI Bank	1125.65	17.85	790913.79	0.71	42606.72	8.37
3	Axis Bank	1126.9	13.19	347923.86	0.09	30230.58	7.53
4	Kotak Mah. Bank	1651.05	17.95	328215.68	0.09	15156.18	8.75
5	IndusInd Bank	1418.85	12.38	110448.82	1.16	12198.53	8.42
6	IDBI Bank	84.2	15.66	90535.23	1.17	6994.7	6.55
7	Yes Bank	22.56	52.77	67787.76	0	7457.81	6.29

### KEY POINTS :

- Axis bank is India's third largest private sector bank in terms of total assets, its worldwide network reaches over a billion Indian's, covering every major region in the country, including the hinterlands.
- With one axis, the bank offers the entire spectrum of financial service to varied customer segments.
- The bank is empowering people and using technology to deliver delight to customers all over India and reach a strong financial position.
- With the acquisition of the Citi bank India consumer business, the bank has gained access to a large, affluent, and profitable customer franchise, which aligns well with premiumisation strategy.
- The acquisition is a healthy and strategic fit in line with GPS strategy, powering the bank to build one of India's most premium franchises.
- Axis bank aims to be a world- class digital bank and have invested in digital banking services to provide an enriching experience and engagement through innovative and secure channels.
- The axis mobile app is amongst the world's highest rated mobile banking app on Google play store , with a rating of 4.8 i.e. the highest across 59 global banks, 8 global NEO banks, and 50 Indian Fintech apps.
- The bank is now consistently surpassing GPS aspirational target of 18% ROE and have fundamentally improved net interest margins to deliver earnings that are more predictable and consistent. The strength of franchise is further visible through self-sustaining capital structure.
- In the last three years the bank's IT team strength has more than doubled with over 2.5x increase in total technology spends and is continuing to focus on building critical capabilities and best-in-class resilience across business operations.

- The bank has been a leader in cloud adoption with multi cloud-first strategy and cloud-native micro services -based architecture that has helped to deploy over 75 initiatives on cloud.
- The fiscal year 2023 was a breakout year for the bank's digital banking platform axis 2.0. The bank's early leadership in building proprietary in-house digital native capabilities with full stack engineering , product and a design team of 400+ people have started yielding results.
- Being a truly digital bank, Axis 2.0 transforms the customer journey from physical to digital across servicing, cross-sell and upsell, payments and investments, they have increased customer engagement.
- Partnerships are essential for attaining business advantages in our interconnected and networked world.
- Some of its partnerships are; credit card business; Flipkart; Bharat banking; CSE VLE network; lending; Free charge; MSME; ATREDS.
- Services provided by Axis bank are - Axis mutual fund, axis pension fund, axis finance, axis securities, Axis capital, ATREDS, Max Life, etc.
- During the year the bank won MEITY's DIGIDHAN award for on-boarding the highest number of billers On BBPS for the third consecutive year.

• THE SHARE PRICE CAN GO UP TO 1211 IF IT BREAKS 1180 ON THE UPPER SIDE.

• THE SHARE PRICE CAN GO UPTO 1074 IF IT BREAKS 1090 ON THE LOWER SIDE.

### PIVOT TABLE :

		SUPPORT				RESISTANCE			
DATE	WEEK CLOSE	S3	S2	S1	PIVOT	R1	R2	R3	PRV CLOSE
14-05-2024	1128.05	1103.4	1110.7	1121.4	1128.7	1139.4	1146.7	1157.4	1132
13-05-2024	1128.05	1074.6	1089.8	1105	1120.2	1135.3	1150.5	1165.7	1120.1
10-05-2024	1120.1	1079.4	1096.4	1106	1123	1132.7	1149.7	1159.3	1115.65
09-05-2024	1120.1	1093.4	1102.8	1115.7	1125.1	1138.1	1147.5	1160.4	1128.65
08-05-2024	1120.1	1101.6	1109.9	1118.8	1127.1	1136	1144.3	1153.2	1127.7
07-05-2024	1120.1	1137.5	1130.8	1162.2	1155.5	1187	1180.3	1211.7	1193.65

DISCLAIMER: INVESTMENT/TRADING IN SECURITIES MARKET IS SUBJECT TO MARKET RISK, PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE PERFORMANCE.THE RISK OF LOSS IN TRADING AND INVESTMENT IN SECURITIES MARKETS INCLUDING EQUITIES AND DERIVATIVES CAN BE SUBSTANTIAL.