

## New recommendations Time Frame: 6 Months

Date	Scrip	I-Direct Code	Buying Range	Target	Stoploss	Upside (%)
20-May-19	Axis Bank	AXIBAN	750-767	870.00	695.00	15.0

## Open recommendations Time Frame: 6 Months

Date	Scrip	Avg Rec Price	Target	Stoploss	CMP	Return till date (%)
20-May-19	NCC	98.00	112.00	88.00	104.00	6%

All the recommendations are in Cash segment

May 20, 2019

## Open Recommendations

### Momentum Picks

Scrip	Action
Kalpataru Power	Buy

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# Axis Bank (AXIBAN): Consolidation above the four year range breakout augurs well for the next leg of up move....

Rec. Price

750-767

Target

870.00

Stop loss

695.00

Upside

15%

## Weekly chart



AXSB IS Equity (Axis Bank Ltd) gladiator bar chart Weekly 20MAY2017-20MAY2019 Copyright© 2019 Bloomberg Finance L.P. 20-May-2019 12:11:15

Source: Bloomberg, ICICI Direct Research

Recommended on i-click to gain on 20th May 2019 at 09:25 hrs

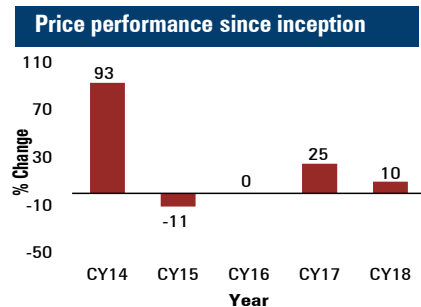
- The stock is in secular uptrend forming higher peak and higher trough in all time frame. It has registered a resolute breakout above the four year consolidation during January 2019 and has been consolidating above the same in the last four months highlighting robust price structure
- The stock during previous week rebounded from near the neckline of the breakout area and has retraced 80% of the previous six weeks decline (₹ 787-716) in just three sessions signalling strength and resumption of the primary up trend thus offering fresh entry opportunity
- We expect the stock continue with its current up move and head towards ₹ 870 levels as it is the price parity of the previous major up move from ₹ 624 to 787 as projected from the recent trough of ₹ 716
- Among the oscillators the weekly 14 periods RSI is at the cusp of generating a bullish crossover above its nine periods average thus supports the positive bias

- Axis Bank is one of the large private sector banks with advances at ₹494798 crore and deposits at ₹548472 crore.
- Weakening asset quality has been major pain point for large corporate banks including Axis Bank in last few years. High concentration to power sector, particularly stressed ones had been a key concern in the past. Rise in stressed assets wiped out profitability of the bank to ₹ 276 crore in FY18 vs. ₹ 3679 crore in FY17. Exposure to BB and below rated corporate is on continuous decline and now stands at just ₹ 7467 crore or ~1.3% of bank's customer assets.
- Bank is poised to benefit from faster resolution of NCLT cases. Provision coverage stands healthy at 77%. With bulk of the pain recognized, lower exposure to IL&FS & anticipated recovery of large stressed cases referred to NCLT, expect GNPA ratio to improve to ~4% by FY21E. Accordingly, credit costs are expected to moderate from 3.7% to 1.1% by FY21E, resulting into spike in profitability to ₹ 9816 crore and ~30 bps jump in RoA to 1.1% in FY20E.
- The focus of new CEO is on loans offering higher return on risk-weighted basis and tight control on cost is seen enhancing return ratios. Contingent provision of ₹ 600 crore in Q3 provides comfort. Recovery from NCLT cases could act as positive surprise. We expect credit & deposit CAGR of 18.6% & 15.2% respectively & PAT CAGR of 48% over FY19-21E with RoA and RoE of 1.3% and 14.8%, respectively, by FY21E. We also build in value for its subsidiaries at ₹ 35 per share, post 20% holding company discount. We remain positive on the bank and revise our target price upward to ₹ 880 valuing core bank at 2.9x FY21E ABV. We maintain our BUY rating.

Stock Data	
Particulars	Amount
Market Capitalisation	₹ 196308 crore
GNPA (Q4FY19)	₹ 29789 crore
NNPA (Q4FY19)	₹ 11276 crore
NIM (Q4FY19)	3.44
52 week H/L	788 /479
Net worth	₹ 66676 Crore
Face value	₹ 2

Key metrics					
₹ crore	FY17	FY18	FY19	FY20E	FY21E
P/E	50.8	-762.6	35.2	20.8	16.3
P/ABV	4.0	4.3	3.6	3.1	2.7
RoA	0.6	0.0	0.8	1.1	1.3
RoE	6.8	-0.4	8.7	13.4	14.8

Financial Highlights					
₹ crore	FY17	FY18	FY19	FY20E	FY21E
NII	18093	18618	21707	24746	29894
PPP	17585	15594	19004	21812	26991
PAT	3679	-263	5697	9816	12539
ABV (₹)	196.8	182.5	219.4	255.9	293.2



## Summary Performance - Recommendations till date

Total Recommendations	425	Open	1
Closed Recommendations	424	Yield on Positive recommendations	18.0%
Positive Recommendations	310	Yield on Negative recommendations	-8.0%
Closed at cost	10		
Strike Rate	75%		

# Momentum Picks open recommendations

Date	Stock	Strategy	Recommendation Price	Target	Stoploss	Time Frame
20-May-19	Kalpataru power	Buy	475-480	520.00	455.00	14 Days

All the recommendations are in Cash segment

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# Price history of past three years

## Axis Bank



- It is recommended to enter in a staggered manner within the prescribed range provided in the report
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The recommendations are valid for six months and in case we intend to carry forward the position, it will be communicated through separate mail

## Trading portfolio allocation

- It is recommended to spread out the trading corpus in a proportionate manner between the various technical research products
- Please avoid allocating the entire trading corpus to a single stock or a single product segment
- Within each product segment it is advisable to allocate equal amount to each recommendation
- For example: The 'Daily Calls' product carries 3 to 4 intraday recommendations. It is advisable to allocate equal amount to each recommendation

# Recommended product wise trading portfolio allocation

Product	Allocations		Number of Calls	Return Objective	Duration
	Product wise allocation	Max allocation In 1 Stock			
Momentum Picks-Intraday	10%	30-50%	2-3 Stocks	1-2%	Intraday
Momentum Picks-Positional	25%	8-10%	6-8 Per Month	5-8%	1 Month
Stocks on the move	25%	12-15%	6-8 Per Month	10-12%	3 Months
Gladiator Stocks	35%	15-20%		20-30%	6 Months
Cash	5%				
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	100%				





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