

**Axis Bank Ltd. (AxisB) Q2FY17 performance numbers came below our expectations with a significant miss on asset quality front, leading to high provisioning and low PAT growth (-83.3% YoY). Meanwhile, the bank continue to witness high growth in business.**

**Cautious on assets quality:** AxisB witnessed a fresh slippages of Rs87,720 mn in Q2FY17 v/s Rs36,380 mn in the previous quarter. Though, 93% of total gross slippages came from the corporate lending book. Out of the total Rs81,930 mn corporate book slippage, Rs72,880 mn came from the disclosed watch list leading to decline the size of this list to Rs13,789 mn (3.5% of consumer assets). In Q4FY17, Management disclosed Rs226,280 mn of assets under the watch list which accounts for 6.7% of total advances and 14.6% of corporates loans. During the first two quarter 39% of this book has slipped into to NPAs and now the management expects the slippages from this book could be higher than 60% in the next two years. Though this was from watch list, slippages from the non watch list also remained higher (slippage; retail- Rs1,680 mn, SME-Rs1,630 mn and corporate book-Rs9,050) raising the concerns over the overall asset quality of the bank. Witnessing a stronger deterioration, GNPA and NNPA ratio has increased to 4.2% and 2.2% (increasing ~1.67% QoQ and 1.12% QoQ). The management indicated that the operating environment of many borrowings continued to remain stressed, while assets monetization plan has improved the leverage level of many group but specific assets continue to remain stressed, thereby indicating that assets quality to remain sluggish in the near term. Though, 39% of watch list already slipped into NPAs, second half of this fiscal and FY18 to remain much better in terms of slippages and provisioning. GNPA ratios for FY17E expected at 5.3% before coming down to 4.6% in the FY18E.

**High provisioning weight on profitability:** A sharp rise in gross slippages also led to high provisioning for loan loss and credit cost for the reported quarter stood at 409 bps (305 bps for H1FY17). P&C increased by 412.3% YoY and 71.1% QoQ and remained the major dragger for low PAT which declined by (-)83.3% YoY and (-)79.5% QoQ to Rs3,190.8 mn v/s Rs15,555.3 mn. Meanwhile, bank continued to witness strong growth in the business. While, NII grew by double digit at 11.1% YoY to Rs 45,138.7 mn, NIM contracted by 15 bps to 3.64% compared to 3.79% in the previous quarter due to higher interest reversal driven by softening assets yield and high slippage. As the bank is investing to improve liability franchise and operating infrastructure, OPEX increased by 19.3% YoY and 6.0% QoQ, despite this cost to income (C/I) ratio rose moderately to 41.9% in Q2FY17 v/s 38.4% in Q1FY17 as the bank witnessed stronger growth in the other income (24.4% YoY). Fee income represented a significant portion of other income at 76% by Q2FY17 v/s 63% in Q1FY17.

**Strong growth in business:** Advances grew by 18.5% YoY and 2.4% QoQ on the back of strong growth in retail advances (24.6% YoY and 4.3% QoQ), yielding the benefit of strong branch expansion strategy as there is a direct linearity between branch expansion, CASA growth, core retail expansion and fee income growth. AxisB has opened 100 branches in Q2FY17 taking the total to 3,106 and also opened record 577 ATMs during this quarter. Management has set a target of 350-400 new branches opening in this fiscal which will improve the liability franchise of the bank. Break out of retail advances (share wise) include home loans (45%), vehicles loans (9%), personal loans & credit cards (12%) and retail agriculture loans (15%). Corporate credit grew by 14.1% YoY and SME by 15.5% YoY. Deposits grew by 17.3% YoY and 6.2% QoQ on the back of strong growth in CASA (18.5% YoY and 2.4% QoQ) leading to improve in the CASA share by 130 bps to 44.7% v/s 43.4% in Q1FY17. Cost of funds during Q2 also eased to 5.7% compared to 5.8% in Q1FY 17 and 5.99% in Q2FY16. Given the strong focus on enhancing liability franchise, the bank to witness strong traction in CASA, fee income as well as high yielding retail loans.

**Valuation:** AxisB's Q2FY17 numbers disappointed on assets quality front and increased the uncertainty for near term assets quality outlook. However, the management stated FY17E could be the slippages peak with FY18E being a more softened year and thus profitability to improve from FY18E with the normalization of credit cost. Further, business is growing at higher pace and AxisB is adding branches, investing on operating infrastructure which is helping it for customers' acquisitions and building low cost deposits base. Our revised potential price is Rs543 after applying P/ABV multiple of 2.4(x) to FY18E Adjusted BVPS of Rs226.1 per share. A sharp correction in the stock presented a opportunity to long term investors to pile up position in AxisB stock.

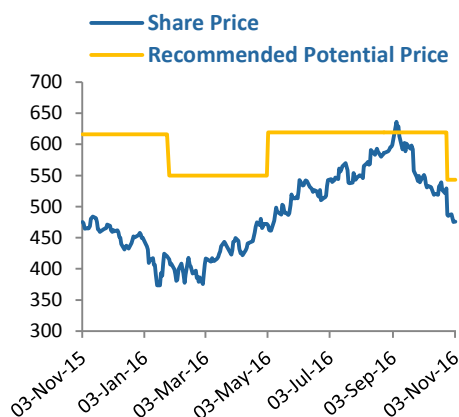
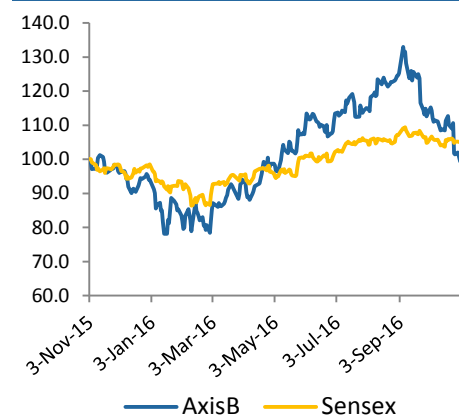
## Rating Matrix

CMP	Rs478
Rating	Buy
Potential Price	Rs543
Holding Period	12 to 18 Months
Upside Potential	13.6%
52 week H/L	Rs638/367
Face value	Rs2
Sector	Banking
Category	Large cap

## Shareholding Pattern

Particulars	Sep'16	Jun'16	Mar'16	Dec'15
Promoters	30.2%	30.8%	31.0%	29.5%
Inst.	60.7%	59.4%	58.6%	58.6%
FPIs	50.8%	45.8%	42.3%	42.1%
N. Insti.	9.1%	9.8%	10.4%	11.9%

## Relative Capital Market Strength





### Five Quarters at a Glance

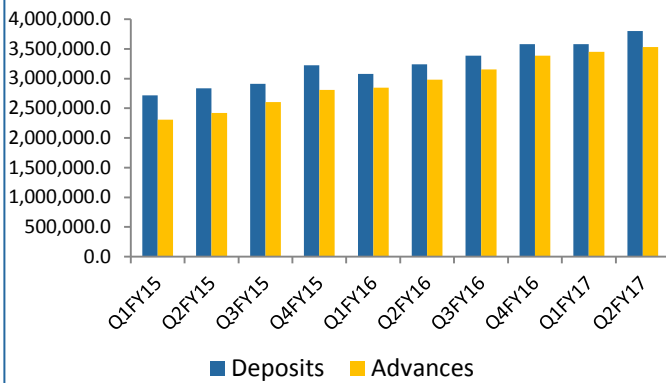
Particulars (Rs mn)	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	YoY	QoQ
Interest Earned	99,596.1	101,933.3	108,989.6	111,139.0	111,591.1	12.0%	0.4%
Interest Expended	58,975.2	60,312.7	63,463.7	65,969.8	66,452.4	12.7%	0.7%
NII	40,620.9	41,620.6	45,525.9	45,169.2	45,138.7	11.1%	-0.1%
Other Income	20,414.0	23,377.8	26,940.1	27,382.8	25,396.6	24.4%	-7.3%
Fee Income	18,126.9	18,850.0	22,540.0	17,190.0	19,350.0	6.7%	12.6%
Operating Expenditures	24,755.4	25,147.8	28,480.7	27,858.3	29,533.5	19.3%	6.0%
Pre- Prov Operating Profit	36,279.5	39,850.6	43,985.3	44,693.7	41,001.8	13.0%	-8.3%
Provisions and contingencies (incl NPA)	7,071.7	7,125.9	11,683.3	21,171.7	36,227.4	412.3%	71.1%
Other Income	20,414.0	23,377.8	26,940.1	27,382.8	25,396.6	24.4%	-7.3%
PBT	29,207.8	32,724.7	32,302.0	23,522.0	4,774.4	-83.7%	-79.7%
Tax	10,051.4	10,971.7	10,759.2	7,966.7	1,583.6	-84.2%	-80.1%
Net Profit	19,156.4	21,753.0	21,542.8	15,555.3	3,190.8	-83.3%	-79.5%
Outstanding Shares (mn)	2394.6	2393.1	2391.0	2391.0	2399.1	4.7%	0.0%
Dil. EPS	8.0	9.1	9.1	6.2	1.3	-84.1%	-79.5%
<b>Balance Sheet items/ratios</b>							
Deposits	3,241,010.8	3,383,440.0	3,579,675.6	3,578,579.6	3,801,871.6	17.3%	6.2%
CA Deposits	536,910.0	535,640.0	636,520.0	552,290.0	621,220.0	15.7%	12.5%
SB Deposits	897,170.0	927,580.0	1,057,930.0	1,001,850.0	1,078,390.0	20.2%	7.6%
CASA	1,434,080.0	1,463,220.0	1,694,450.0	1,554,140.0	1,699,610.0	18.5%	9.4%
Advances	2,980,660.0	3,153,670.0	3,387,737.2	3,449,252.0	3,531,699.4	18.5%	2.4%
CD Ratio (%)	92.0%	93.2%	94.6%	96.4%	92.9%		
CASA Share (%)	44.2%	43.2%	47.3%	43.4%	44.7%		
CAR(%)	15.4%	15.3%	15.3%	15.7%	14.8%		
Tier 1 (%)	12.2%	12.4%	12.5%	12.4%	12.0%		
<b>Profitability</b>							
RoA(%) (Annualized)	1.6%	1.8%	1.7%	1.2%	0.2%	-86.0%	-80.7%
Cost of funds (%)	5.99%	5.86%	5.84%	5.81%	5.7%	-5.2%	-2.2%
NIM(%)	3.85%	3.79%	3.97%	3.79%	3.64%		
Cost-Income Ratios (%)	40.6%	38.7%	39.3%	38.4%	41.9%	3.2%	9.0%
Tax Rate (%)	34.4%	33.5%	33.3%	33.9%	33.2%	-3.6%	-2.1%
<b>Assets Quality</b>							
Gross NPA	44,511.1	57,240.5	60,875.1	95,531.7	163,786.5	268.0%	71.4%
Net NPA	15,436.1	24,140.9	25,221.4	40,102.3	77,611.5	402.8%	93.5%
Gross NPA (%)	1.5%	1.68%	1.67%	2.54%	4.2%		
Net NPA (%)	0.5%	0.75%	0.74%	1.08%	2.2%		
Coverage Ratio(%)	65.3%	57.8%	58.6%	58.0%	52.6%		
<b>Slippages</b>							
Fresh Restructuring	4,600.0	7,420.0	9,270.0	5,440.0			
O/s Restructured book	84,260.0	77,450.0	80,720.0	73,630.0	61,451.6	-27.1%	-16.5%
RA % of loan book	2.8%	2.5%	2.4%	2.1%	1.7%	-38.4%	-18.5%
Gross slippages	24,030.0	20,820.0	14,740.0	36,380.0	87,720.0	265.0%	141.1%
Recoveries+ Up gradations	1,800.0	1,560.0	7,800.0	1,400.0	10,730.0	496.1%	666.4%
Write-offs	2,030.7	6,530.6	3,300.0	320.0	8,730.0	329.9%	2628.1%
Slippages (Net Addition to GNPA)	1,999.3	12,729.4	3,640.0	34,660.0	68,260.0	3314.2%	96.9%
<b>Advances Break-Out</b>							
Total Advances	2,980,660.0	3,153,670.0	3,387,740.0	3,449,250.0	3,531,700.0	18.5%	2.4%
Corporate Credit	1,385,490.0	1,483,850.0	1,553,840.0	1,581,550.0	1,492,840.0	7.7%	-5.6%
SME	397,020.0	411,860.0	448,690.0	436,110.0	458,570.0	15.5%	5.2%
Retail Advances	1,198,150.0	1,257,960.0	1,385,210.0	1,431,590.0	1,492,840.0	24.6%	4.3%
<b>Retail Advances Break-Out (% wise)</b>							
Retail Agriculture Loans	15.0%	15.0%	17.0%	16.0%	15.0%		
Personal Loans & Credit Card%	10.0%	11.0%	11.0%	11.0%	12.0%		
Vehicle loans	8.0%	8.0%	9.0%	9.0%	9.0%		
Home Loans	48.0%	47.0%	45.0%	46.0%	45.0%		
Others (loans against property & N sch. loans)	19.0%	19.0%	18.0%	18.0%	19.0%		
<b>Network</b>							
ATMs	12,352	12,631	12,743.0	12,871.0	13,448.0	8.9%	4.5%
Branches	2,743	2,805	2,904.0	3,006.0	3,106.0	13.2%	3.3%

CHANGE IN ESTIMATES	FY17E		Change	FY18E
(Rs mn)	Old	New		
NII	190,306.7	200,223.4	5.2%	8%
PPOP	191,740.9	200,392.4	4.5%	8%
PAT	72,254.7	61,822.9	-14.4%	-19%
GNPA	115,732.5	213,045.4	84.1%	109%
GNPA (%)	2.0%	5.3%		

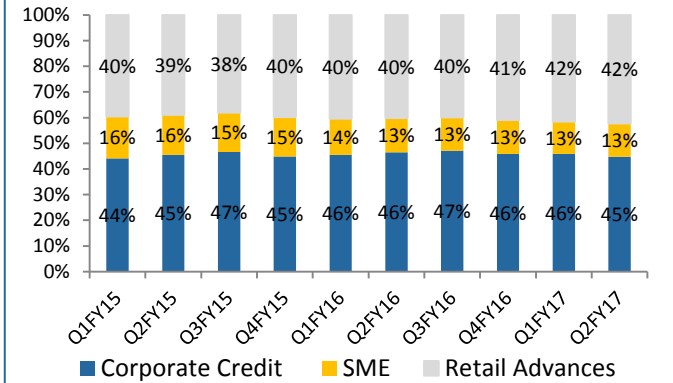


Movement of NPAs (Rs mn)	Mar'12	Mar'13	Mar'14	Mar'15	Mar'16	Mar'17E	Mar'18E
Gross NPAs	18,063.0	23,934.2	31,464.1	41,101.9	60,875.1	213,045.4	220,485.4
Provisions for NPAs	13,239.2	16,560.2	20,862.9	26,922.6	33,933.7	117,175.0	110,240.0
Net NPAs	4,823.8	7,374.0	10,601.2	14,179.3	26,941.4	95,870.4	110,242.7
Coverage Ratio (%)	73.3%	69.2%	66.3%	65.5%	55.7%	55.0%	50.0%
Gross NPA (%)	1.1%	1.2%	1.4%	1.5%	1.8%	5.3%	4.6%
Net NPA (%)	0.3%	0.4%	0.4%	0.5%	0.8%	2.4%	2.3%

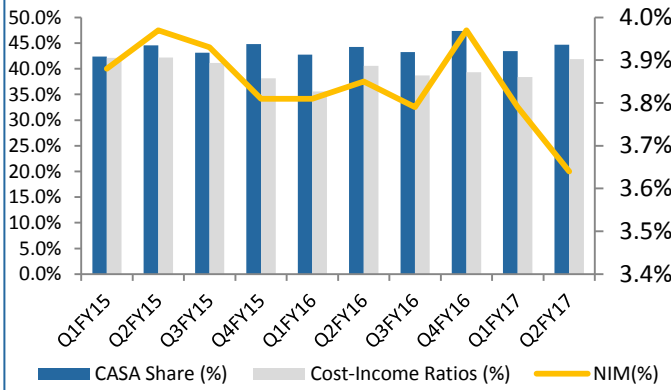
**Trend in business growth (Rs mn)**



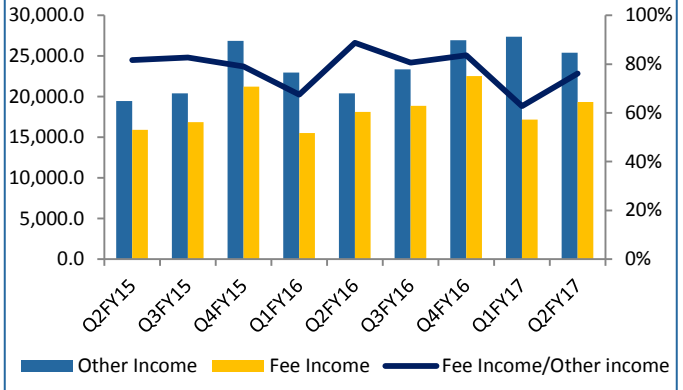
**Trend in loan book mix (Rs mn)**



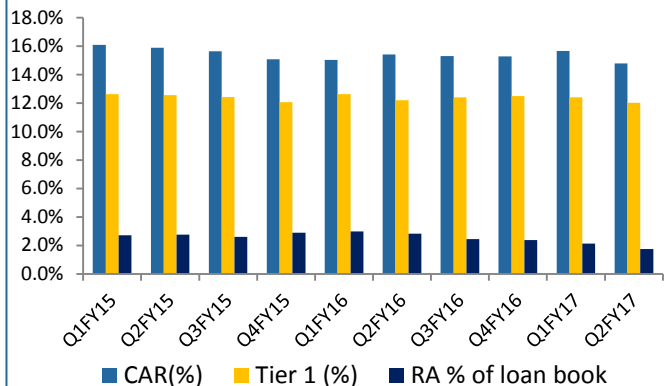
**Trend in CASA, NIM and C/I ratio**



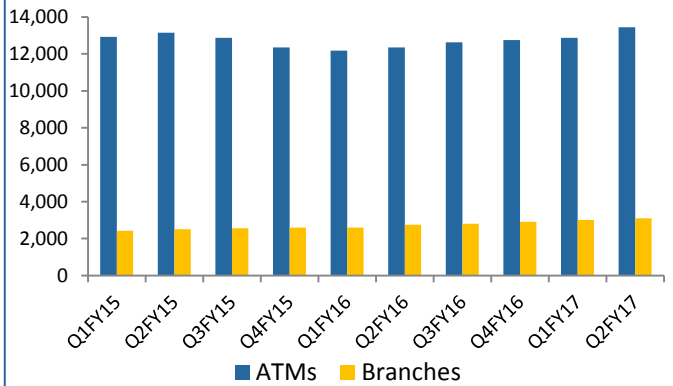
**Trend in other income (Rs mn)**



**Trend in CAR ratio and restructured assets**



**Distribution trend**





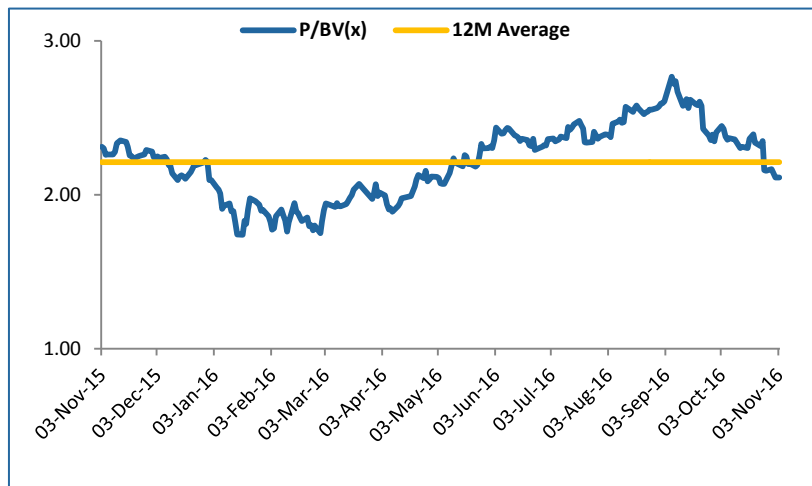
### Valuation and View

AxisB's Q2FY17 numbers disappointed on assets quality front and increased the uncertainty for near term assets quality outlook. However, the management stated FY17E could be the slippages peak with FY18E being a more softened year and thus profitability to improve from FY18E with the normalization of credit cost. Further, business is growing at higher pace and AxisB is adding branches, investing on operating infrastructure which is helping it for customers' acquisitions and building low cost deposits base. With robust branch networks, strong corporate relationships, sustained investments on building banking infrastructure and digitalization, AxisB is well poised on both the retail and corporate business segments to avail opportunities that are likely to emerge with the improving Indian economic scenario. Our revised potential price is Rs543 after applying P/ABV multiple of 2.4(x) to FY18E Adjusted BVPS of Rs226.1. A sharp correction in the stock presented a opportunity to long term investors to pile up position in AxisB stock.

P/ABV Valuation	FY14	FY15	FY16	FY17E	FY18E
Adjusted BVPS (Rs)	155.7	181.5	211.1	202.9	226.1
EPS (Rs)	26.0	30.8	34.4	25.8	35.7

### Valuation Parameters

P/ABV	2.4
P/E	15



### Peer group comparison

Source: Ace equity

Companies (Rs)	CMP	12M R (%)	RoE (%)	EPS	BVPS	P/E (x)	P/ABV (x)	CAR(%)
SBI	242	3.2%	4.9%	11.3	229.6	21.5	1.6	14.0%
BOB	142	-9.4%	-13.4%	-23.4	174.0	-6.1	1.6	13.2%
HDFCB	1242	15.9%	16.7%	52.7	316.5	23.6	4.2	15.4%
ICICIB	267	-3.3%	9.8%	15.4	157.2	17.4	2.0	16.5%
<b>AxisB</b>	<b>478</b>	<b>-0.1%</b>	<b>11.5%</b>	<b>26.0</b>	<b>225.2</b>	<b>18.4</b>	<b>2.5</b>	<b>14.8%</b>
IndusB	1210	34.9%	13.4%	41.9	312.4	28.8	4.0	15.4%
KMB	796	18.1%	12.0%	23.2	193.8	34.3	4.3	15.8%
YesB	1248	55.0%	18.9%	69.0	364.5	18.1	3.5	14.1%
<b>Average</b>	<b>703.1</b>	<b>14.3%</b>	<b>9.2%</b>	<b>27.0</b>	<b>246.6</b>	<b>19.5</b>	<b>2.9</b>	<b>14.9%</b>

Companies (Rs mn)	M Cap.	Net Worth	PAT (TTM)	NIM(%)	ROA(%)	NNPA(%)	CASA (%)	NW/Assets (%)
SBI	1,888,003.3	1,791,131.7	87,791.8	2.8%	0.4%	4.1%	41.7%	7.9%
BOB	328,091.0	401,990.0	-53,955.5	2.1%	-0.8%	5.1%	26.4%	6.0%
HDFCB	3,161,697.3	805,572.6	134,253.0	4.3%	1.7%	0.3%	39.7%	10.2%
ICICIB	1,561,776.5	919,493.5	89,824.8	3.2%	1.2%	3.4%	45.1%	12.8%
<b>AxisB</b>	<b>1,142,300.5</b>	<b>538,233.2</b>	<b>62,041.9</b>	<b>3.6%</b>	<b>1.1%</b>	<b>2.2%</b>	<b>44.7%</b>	<b>9.7%</b>
IndusB	740,459.5	191,147.0	25,670.1	4.0%	1.9%	0.4%	34.4%	12.4%
KMB	1,465,818.1	356,920.5	42,726.6	4.5%	1.7%	1.1%	36.0%	14.3%
YesB	526,231.7	153,702.1	29,111.9	3.4%	1.6%	0.3%	30.3%	8.2%
<b>Average</b>	<b>1,351,797.2</b>	<b>644,773.8</b>	<b>52,183.1</b>	<b>3.5%</b>	<b>1.1%</b>	<b>2.1%</b>	<b>37.3%</b>	<b>10.2%</b>



### Profit And Loss Statement (Rs mn)

Particulars	FY14	FY15	FY16	FY17E	FY18E
Interest Income	306,411.6	354,786.0	409,880.4	472,515.0	534,211.9
% Growth	12.7%	15.8%	15.5%	15.3%	13.1%
Interest Expended	186,895.2	212,544.6	241,550.7	272,291.6	296,200.5
% Growth	6.7%	13.7%	13.6%	12.7%	8.8%
Net Interest Income	119,516.4	142,241.4	168,329.7	200,223.4	238,011.4
%Net Interest Margin	<b>3.4%</b>	<b>3.6%</b>	<b>3.7%</b>	<b>3.8%</b>	<b>3.8%</b>
Other Income	74,052.2	83,650.4	93,714.6	116,706.5	133,553.0
% of Interest Income	24.2%	23.6%	22.9%	24.7%	25.0%
Total Income	193,568.6	225,891.8	262,044.3	316,929.8	371,564.4
% Growth	19.4%	16.7%	16.0%	20.9%	17.2%
Operating & Other expenses	79,007.7	92,037.4	101,008.2	116,537.5	132,775.0
Pre-Prov. Operating Profit	<b>114,560.9</b>	<b>133,854.4</b>	<b>161,036.1</b>	<b>200,392.4</b>	<b>238,789.4</b>
Provisions and contingencies (incl NPA)	21,074.6	23,286.1	37,098.6	112,753.0	116,279.9
P&C % of Advances	0.9%	0.8%	1.1%	2.8%	2.4%
Operating Profit before Tax	93,486.3	110,568.3	123,937.5	87,639.4	122,509.5
Growth %	23.8%	18.3%	12.1%	-29.3%	39.8%
Pre-tax Margin %	48.3%	48.9%	47.3%	27.7%	33.0%
Tax	31,309.6	36,990.1	41,700.9	25,816.4	36,752.9
Effective Tax Rate %	33.5%	33.5%	33.6%	29.5%	30.0%
Reported PAT	62,176.7	73,578.2	82,236.6	61,823.0	85,756.7
Net Profit Margin %	32.1%	32.6%	31.4%	19.5%	23.1%
Growth in Adjusted PAT %	0.0	0.0	0.0	0.0	0.0
Extroinary Income	<b>62,176.7</b>	<b>73,578.2</b>	<b>82,236.6</b>	<b>61,823.0</b>	<b>85,756.7</b>
Adjusted PAT	20.0%	18.3%	11.8%	-24.8%	38.7%
Growth Rate (in %)	<b>2,388.4</b>	<b>2,388.4</b>	<b>2,391.0</b>	<b>2,399.1</b>	<b>2,399.1</b>
Shares In Issue (Dil.)	26.0	30.8	34.4	25.8	35.7
Adjusted EPS	306,411.6	354,786.0	409,880.4	472,515.0	534,211.9



### Balance Sheet

Rs mn

Particulars	FY14	FY15	FY16	FY17E	FY18E
Cash and balance with Reserve Bank of India.....	170,413.2	198,188.4	223,611.5	275,945.3	327,136.3
Balances with banks and money at call and short notice	111,973.8	162,801.9	109,642.9	138,129.2	166,160.5
Investments	1,135,484.3	1,175,502.1	1,220,062.0	1,310,166.6	1,547,252.9
Advances	2,300,667.6	2,810,830.3	3,387,737.1	4,046,855.2	4,825,572.3
Fixed assets	24,102.1	25,143.1	35,231.7	30,152.4	37,049.4
Other assets	89,807.9	246,858.1	278,390.9	336,563.1	345,498.0
<b>TOTAL ASSETS</b>	<b>3,832,448.9</b>	<b>4,619,323.9</b>	<b>5,254,676.1</b>	<b>6,137,811.8</b>	<b>7,248,669.3</b>
Capital	4,698.4	4,741.0	4,765.7	4,765.7	4,765.7
Reserves and Surplus	377,506.4	442,024.1	526,883.4	577,899.7	647,877.2
Deposits	2,809,445.6	3,224,419.4	3,579,675.6	4,367,222.1	5,157,509.6
Borrowings	502,909.4	797,582.7	992,263.8	1,024,860.8	1,140,846.7
Other liabilities and provisions	137,888.9	150,556.7	151,087.7	163,063.5	297,670.2
<b>TOTAL CAPITAL AND LIABILITIES.....</b>	<b>3,832,448.7</b>	<b>4,619,323.9</b>	<b>5,254,676.2</b>	<b>6,137,811.8</b>	<b>7,248,669.3</b>
DIFF	0.0	0.0	0.0	0.0	0.0

### Financial Ratios

Particulars	FY14	FY15	FY16	FY17E	FY18E
<b>Return / Profitability Ratios (%)</b>					
Net interest margin (cal.)	3.4%	3.6%	3.7%	3.8%	3.8%
Yield on advances	10.3%	10.1%	9.7%	9.5%	9.2%
Yield on investments	7.3%	7.8%	7.8%	8.0%	8.1%
EPS (Diluted)	26.0	30.8	34.4	25.8	35.7
RoA	1.7%	1.7%	1.7%	1.1%	1.3%
RoE	17.4%	17.8%	16.8%	11.1%	13.9%
<b>Operating ratios (%)</b>					
Credit to Deposit	81.9%	87.2%	94.6%	92.7%	93.6%
Cost to income	40.8%	40.7%	38.5%	36.8%	35.7%
CASA	45.0%	44.8%	47.3%	47.6%	48.6%
Investment / Deposit	40.4%	36.5%	34.1%	30.0%	30.0%
Non interest income / Total income	38.3%	37.0%	35.8%	36.8%	35.9%
<b>Capitalization Ratios (%)</b>					
Equity / Assets	10.0%	9.7%	10.1%	9.5%	9.0%
Loans / Assets	60.0%	60.8%	64.5%	65.9%	66.6%
Investments / Assets	29.6%	25.4%	23.2%	21.3%	21.3%
Dividend payout	15.0%	14.8%	14.5%	15.2%	16.0%
<b>Capital adequacy (%)</b>					
Tier I (Rs mn)	358,054.8	416,809.6	505,175.0	553,543.9	620,609.2
Tier II (Rs mn)	97,905.5	104,238.5	112,317.9	134,781.5	161,737.8
Total capital (Rs mn)	455,960.3	521,048.1	617,492.9	688,325.4	782,347.0
Total risk weighted assets (Rs mn)	2,838,072.6	3,452,004.4	4,039,491.8	4,675,532.8	5,461,361.6
Tier-1 capital adequacy ratio	12.6%	12.1%	12.5%	11.8%	11.4%
Tier-2 capital adequacy ratio	3.4%	3.0%	2.8%	2.9%	3.0%
Total capital adequacy ratio (Basel III)	16.1%	15.1%	15.3%	14.7%	14.3%

### Financial Ratios

Particulars	FY14	FY15	FY16	FY17E	FY18E
<b>Asset Quality ratios (%)</b>					
Gross NPA	1.4%	1.5%	1.8%	5.3%	4.6%
Net NPA	0.4%	0.5%	0.8%	2.4%	2.3%
Coverage ratio	66.3%	65.5%	55.7%	55.0%	50.0%
<b>Per Share Data</b>					
EPS (Diluted)	26.0	30.8	34.4	25.8	35.7
DPS	3.9	4.6	5.0	3.9	5.7
BVPS	160.0	187.1	222.4	242.9	272.0
Adjusted BVPS	155.7	181.5	211.1	202.9	226.1
<b>Valuation ratios (%)</b>					
P/E (x)	18.2	15.4	13.8	18.4	13.3
P/BV (x)	3.0	2.5	2.1	2.0	1.7
P/ABV (x)	3.1	2.6	2.3	2.3	2.1
<b>Growth Ratios (%)</b>					
Advances	16.8%	22.2%	20.5%	19.5%	19.2%
Deposits	11.2%	14.8%	11.0%	22.0%	18.1%
Net interest income	23.6%	19.0%	18.3%	18.9%	18.9%
Fee income	12.7%	15.8%	15.5%	15.3%	13.1%
PAT	20.0%	18.3%	11.8%	-24.8%	38.7%
<b>Business (Rs mn)</b>					
Profit per branch	25.9	28.4	28.3	19.6	24.8
Business per branch	2,127.4	2,331.1	2,399.2	2,667.7	2,890.3

### Choice's Rating Rationale

The price target for a large cap stock represents the value the analyst expects the stock to reach over next 12 months. For a stock to be classified as Outperform, the expected return must exceed the local risk free return by at least 5% over the next 12 months. For a stock to be classified as Underperform, the stock return must be below the local risk free return by at least 5% over the next 12 months. Stocks between these bands are classified as Neutral.

		Coverage History			
		Date	Recommendation	CMP	Potential Price
BUY	Absolute Return >15%	04-11-16	Buy	478	543
Accumulate	Absolute Return Between 10-15%	26-Jul-16	Buy	540	619
Hold	Absolute Return Between 0-10%	2-May-16	Buy	472	550
Reduce	Absolute Return 0 To Negative 10%	25-Jan-16	Buy	419	550
Sell	Absolute Return > Negative 10%	2-Nov-15	Buy	475	616
		30-Sep-15	Buy	497	654

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