

Retail Equity Research

Axis Bank Limited

BUY

Sector: Banking

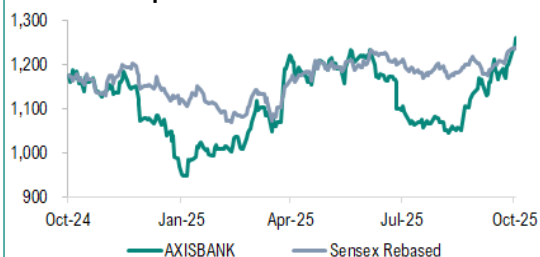
29th October, 2025

Key Changes		Target 	Rating 	Earnings 		Target	Rs. 1,400
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 1,246
Large Cap	AXSB:IN	84,628	AXISBANK	532215	12 Months	Return	+12%

Data as of: 28-Oct-2025, 18:00 hrs

Company Data			
Market Cap (Rs. cr)	386,537		
52 Week High — Low (Rs.)	1,276 - 934		
Outstanding Shares (cr)	311.1		
Free Float (%)	92.0		
Dividend Yield (%)	0.1		
6m average volume (cr.)	0.7		
Beta	1.0		
Face value (Rs.)	2.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	8.2	8.2	8.2
FII's	43.9	43.8	41.9
MFs/Insti	40.9	41.2	42.9
Public	5.9	5.6	5.9
Others	1.1	1.2	1.2
Total	100.0	100.0	100.0
Promoter Pledge	0.0	0.0	0.0
Price Performance	3 Month	6 Month	1 Year
Absolute Return	14.0%	4.4%	8.5%
Absolute Sensex	2.2%	5.5%	5.6%
Relative Return	11.7%	-1.2%	2.9%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Net Interest Income	54,348	57,146	67,652
Growth (%)	8.9	5.1	18.4
NIM (%)	4.0	3.8	4.0
Pre-Provision Profit	42,105	41,803	50,577
Net Profit	26,373	25,541	31,245
Growth (%)	6.1	-3.2	22.3
Adj. EPS	84.8	82.1	100.4
Growth (%)	5.8	-3.2	22.3
BVPS	577.7	659.8	760.2
P/E	13.0	15.3	12.5
P/B	1.9	1.9	1.7
RoE (%)	16.0	13.3	14.2
RoA (%)	1.7	1.5	1.6

Digital transformation gains momentum

Axis Bank offers a range of banking services in India, including cash and credit management, retail banking, investment management and treasury services.

- In Q2FY26, Axis Bank's interest income grew 1.8% YoY (-0.3% QoQ) to Rs. 30,970cr on increased disbursements across retail, SME and corporate segments. Interest expense rose 1.7% YoY (-1.6% QoQ) to Rs. 17,226cr.
- Net interest income grew 1.9% YoY (+1.4% QoQ) to Rs. 13,745cr. Net interest margin stood at 3.73% compared with 3.80% in Q1FY26, mainly due to the pass-through impact of repo cuts and lower loan yields.
- Axis Bank's total income grew 1.2% YoY (-1.9% QoQ) to Rs. 37,595cr, on higher income on investment and interest on balances with the Reserve Bank of India.
- The pre-provision operating profit fell 2.8% YoY (-9.6% QoQ) to Rs. 10,413cr because of higher operating expenses, which rose 4.9% YoY.
- The management said that NIM is expected to bottom out by Q3FY26, assuming there are no further rate cuts and the balance sheet mix improves.

Outlook & Valuation

The bank showcased steady operational momentum, supported by disciplined execution, diversified growth and healthy traction across retail, SME and corporate businesses. The management guided that margin is likely to bottom out in the coming quarters as anticipated repo rate cuts exert near-term yield pressure. The bank is focused execution excellence, expanding its distribution network across 2,740 branches and accelerating digital transformation through pioneering agentic AI-powered payment solution for UPI and multiple CBDC initiatives. Company's management is focused on its GPS strategy for building a resilient franchise. Advances are expected to grow around 300bps faster than the industry over the medium term, supported by technology, lead efficiency and prudent portfolio management. Therefore, **we have retained our rating on the stock to BUY, with a revised target price to Rs. 1,400 based on 1.8x FY27E BVPS.**

Quarterly Finance Standalone

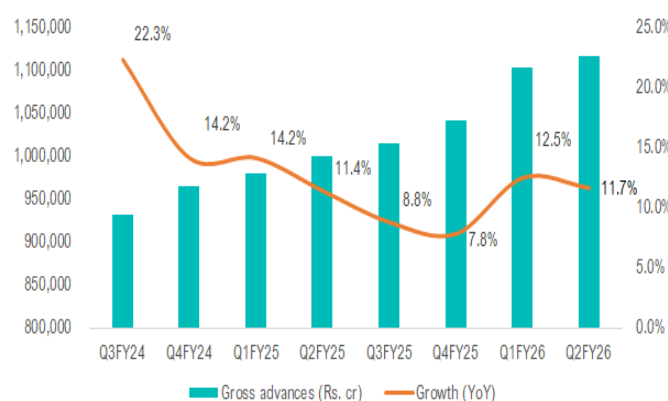
Rs.cr	Q2FY26	Q2FY25	YoY Growth (%)	Q1FY26	QoQ Growth (%)	H1FY26	H1FY25	YoY Growth (%)
Net Interest Income	13,745	13,483	1.9	13,560	1.4	27,304	26,931	1.4
Total Income	37,595	37,142	1.2	38,322	-1.9	75,916	72,986	4.0
Total Expenditure	27,182	26,429	2.8	26,806	1.4	53,989	52,167	3.5
Pre-Provision Profit	10,413	10,712	-2.8	11,515	-9.6	21,928	20,819	5.3
PBT	6,865	8,508	-19.3	7,568	-9.3	14,433	16,575	-12.9
Rep. PAT	5,090	6,918	-26.4	5,806	-12.3	10,896	12,952	-15.9
Adj PAT	5,090	6,918	-26.4	5,806	-12.3	10,896	12,952	-15.9
EPS (Rs.)	16.3	22.2	-26.6	18.6	-12.4	34.95	41.63	-15.9



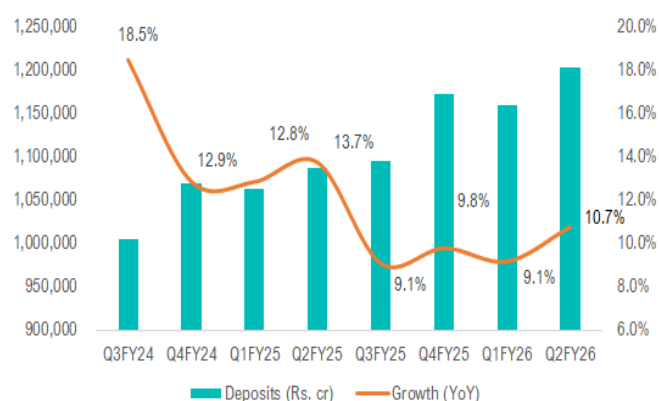
Key Concall and other highlights

- Axis Bank's CASA deposits grew 8.6% YoY to Rs. 4,79,007cr (CASA ratio was 40% MEB and 38% QAB basis), while term deposits rose 12.2% YoY to Rs. 7,24,480cr. Hence, deposits rose 10.7% YoY to Rs. 12,03,487cr.
- Advances grew 11.7% YoY (+1.3% QoQ) to Rs. 11,16,703cr driven by retail loans, which increased 6.1% (+2.0% QoQ). Corporate loans rose 20.3% YoY (10.7% QoQ), while SME loans rose 19.0% YoY (+8.8% QoQ).
- The bank reported a CET-1 ratio of 14.4%, overall CAR of 16.6%, supported by strong internal accruals.
- The bank maintained 44bps capital buffer over the reported CAR, supported Rs. 5,012cr in additional provision and a one time standard asset provision of Rs. 1,231cr.
- Gross NPA ratio was at 1.46% vs 1.44% in Q1FY26, while net NPA ratio stood at 0.44% vs 0.34%, with 70% healthy provision coverage ratio. Net credit cost came in at 0.73% (-65 bps QoQ)
- It issued over 1mn new credit cards in Q2FY26, expanding its customer base and reinforcing leadership in the payments space with 37% UPI market share and 20.6% merchant acquiring share.
- The management clarified that the Rs. 948cr PSLC purchase, with Rs. 474cr expensed in Q2FY26, was non-recurring and it expected operating expenses to normalize gradually over the next three quarters.

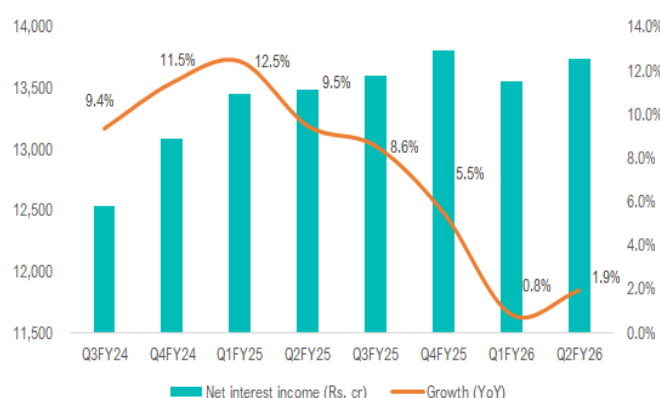
Advances



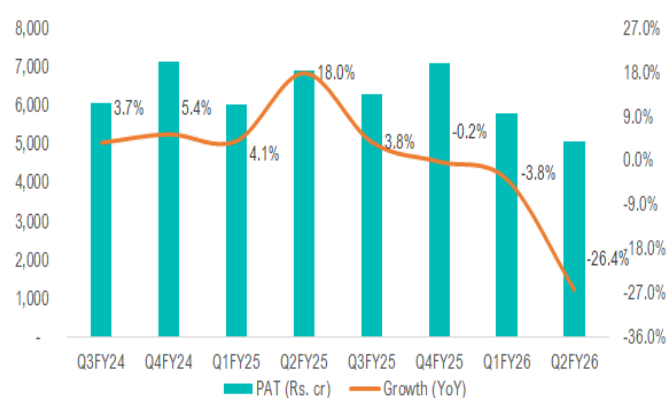
Deposits



Net Interest Income



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net Interest Income	59,242	67,121	57,146	67,652	-3.5	0.8
Net Interest Margin (%)	3.9	4.0	3.8	4.0	-14bps	-4bps
Pre-Provision Profit	45,355	51,805	41,803	50,577	-7.8	-2.4
Net Profit	28,300	32,364	25,541	31,245	-9.7	-3.5
EPS	91.0	104.0	82.1	100.4	-9.8	-3.4



Standalone Financials

Profit & Loss

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Interest Income	85,164	109,369	122,677	132,997	148,454
Interest Expense	42,218	59,474	68,329	75,851	80,803
Net Interest Income	42,946	49,894	54,348	57,146	67,652
% Change	29.6	16.2	8.9	5.1	18.4
Non-Interest Income	16,143	22,442	25,257	27,404	29,761
Net Income	59,089	72,336	79,605	84,550	97,412
Total Income	101,307	131,811	147,934	160,401	178,215
Operating Expenses	27,041	35,213	37,500	42,747	46,835
Total Expenditure	69,259	94,687	105,829	118,598	127,637
Pre-Provisioning Profit	32,048	37,123	42,105	41,803	50,577
Provisions	2,653	4,063	7,758	8,546	9,894
Profit Before Tax	16,906	33,060	34,347	33,256	40,683
Tax	7,326	8,199	7,973	7,715	9,439
Tax Rate (%)	43.3	24.8	23.2	23.2	23.2
Minority Interests	-	-	-	-	-
Net Profit	9,580	24,861	26,373	25,541	31,245
% Change	-26.5	159.5	6.1	-3.2	22.3
Adj.	12,490	-	-	-	-
Adj. Net Profit	22,070	24,861	26,373	25,541	31,245
No. of Shares (cr)	134.9	310.4	311.1	311.1	311.1
Adj. EPS (Rs.)	71.0	80.1	84.8	82.1	100.4
% Change	67.7	12.8	5.8	-3.2	22.3
DPS	1.0	1.0	1.0	2.5	3.0

Balance Sheet

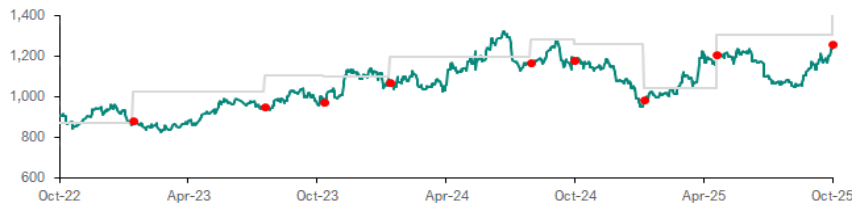
Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash & Balances	106,411	114,454	99,732	101,523	105,951
Investments	288,815	331,527	396,142	433,775	474,984
Advances	845,303	965,068	1,040,811	1,168,831	1,335,974
Fixed Assets	4,734	5,685	6,292	6,606	6,937
Other Assets	72,063	60,474	66,953	74,318	83,608
Total Assets	1,317,326	1,477,209	1,609,930	1,785,053	2,007,453
Capital	615	617	619	619	619
Reserves & Surplus	124,378	149,618	177,997	203,538	234,783
Deposits	946,945	1,068,641	1,172,952	1,313,706	1,497,625
Borrowings	186,300	196,812	184,147	191,512	197,258
Other Liabilities	59,087	61,520	74,214	75,677	77,168
Total Liabilities	1,317,326	1,477,209	1,609,930	1,785,053	2,007,453
BVPS	929.9	486.7	577.7	659.8	760.2
Adj. BVPS	903.5	476.2	565.8	648.5	747.3
% Change	153.4	-47.3	18.8	14.6	15.2

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Valuation					
P/E (x)	12.1	13.1	13.0	15.3	12.5
P/BV (x)	0.9	2.2	1.9	1.9	1.7
Div. Yield (%)	0.1	0.1	0.1	0.2	0.2
Profitability & Return (%)					
Yield on Advances	8.3	9.6	9.7	9.5	9.5
Cost of Deposits	3.9	5.0	5.2	5.3	5.1
Spread	4.4	4.7	4.5	4.2	4.4
NIM (calculated)	4.1	4.1	4.0	3.8	4.0
ROE	8.0	18.1	16.0	13.3	14.2
ROA	0.8	1.8	1.7	1.5	1.6
Capital Adequacy (%)					
CAR	17.6	16.6	17.1	17.1	17.1
Tier I	14.6	14.2	15.1	15.1	15.1
Tier II	3.1	2.4	2.0	2.0	2.0
Asset Quality (%)					
GNPA	2.0	1.4	1.3	1.3	1.2
NNPA	0.4	0.3	0.3	0.3	0.3
Operating Ratios (%)					
Credit/Deposit	89.3	90.3	88.7	89.0	89.2
Cost/Income	45.8	48.7	47.1	50.6	48.1
CASA	47.2	43.0	40.8	41.1	41.2



Recommendation Summary - (last 3 years)



Dates	Rating	Target
09-Aug-23	BUY	1,101
01-Nov-23	BUY	1,095
02-Feb-24	BUY	1,196
20-Aug-24	HOLD	1,281
22-Oct-24	HOLD	1,258
28-Jan-25	HOLD	1,042
12-May-25	BUY	1,304
29-Oct-25	BUY	1,400

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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