

HOLD

TP: Rs 1,260 | ▲ 8%

AXIS BANK

| Banking

| 16 October 2025

Growth momentum builds; earnings hit by one-off provision

- PAT impacted, mainly driven by additional one-time standard asset provision
- Asset quality improving, largely supported by lower slippages. Advance growth improving above system levels
- Maintain HOLD with a revised TP of Rs 1,260; set at 1.5x Sep'27 ABV

Niraj Jalan

Research Analyst

Vijiya Rao

Research Analyst

research@bobcaps.in

Operating performance steady though additional provision impacted PAT:

AXSB's operating performance was steady with PPOP at Rs 104.1bn (-2.8% YoY) being marginally lower than our estimates by 1.8%. However, the bank reported an additional one-time standard asset provision of Rs 12.3bn or 5% of outstanding loans related to two discontinued crop loan variants. The one-time provision charged is a static amount and was 13x of the 3Y average credit cost charged in P&L for both products. As a result, PAT declined significantly to Rs 50.9bn (-26.4% YoY) and was 14% below our estimates. Excluding one-time provision, PAT would have been ~7% above our estimates. The provision was due to an RBI advisory post its FY25 annual inspection and will be written back to the P&L, once all these outstanding crop loans are recovered or closed in normal course or by Mar'28 (subject to closure of any residual outstanding loan accounts), whichever is earlier.

Advances growth above system levels: AXSB's net advances growth improved to 11.7% YoY vs high single digit growth in the last three quarters and was above system growth of ~10.4%. Advances were mainly led by corporate (+20.3% YoY; 31.3% of total loans) and SME (19% YoY; 11.8% of total loans). ~90% of corporate loans are rated A- and above, indicating better credit quality. Management guided loan growth to be 300bps higher than system in the medium term.

Asset quality improving: Asset quality improved with GNPA ratio falling by 11bps QoQ to 1.46% as of Sep'25. This was mainly led by a sharp reduction in gross slippages to Rs 57bn (-31% QoQ) or slippage ratio of 2.1% (1% QoQ) and rise in upgrades & recoveries to Rs 28.9bn (+34% QoQ) in Q2FY26. Management stated witnessing improvement in cards and stabilisation in personal loans segments.

Maintain HOLD: The bank's return metrics was impacted due to technical impact on prudent asset recognition norms in Q1FY26 and one-time provision in Q2FY26. However, the business growth seems to be improving and is expected to support the return profile, given there are no further surprises and we remain watchful. We maintain HOLD and roll over valuation at 1.5x Sep'27E ABV with revised SOTP-based TP of Rs 1,260 (earlier Rs 1,216).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	AXSB IN/Rs 1,170
Market cap	US\$ 41.1bn
Free float	92%
3M ADV	US\$ 97.7mn
52wk high/low	Rs 1,247/Rs 934
Promoter/FPI/DII	8%/42%/43%

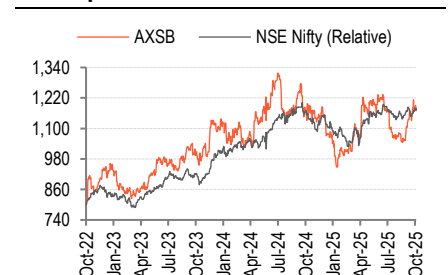
Source: NSE | Price as of 15 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	5,43,478	5,81,416	6,86,443
NII growth (%)	8.9	7.0	18.1
Adj. net profit (Rs mn)	2,63,735	2,51,353	3,24,507
EPS (Rs)	85.3	81.2	104.8
Consensus EPS (Rs)	85.3	82.6	99.3
P/E (x)	13.7	14.4	11.2
P/BV (x)	2.0	1.8	1.5
ROA (%)	1.7	1.5	1.7
ROE (%)	15.9	13.1	14.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

(Rs mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Income Statement							
Interest Income	2,42,611	2,46,408	2,45,796	2,44,081	2,44,242	0.7	0.1
Income on investments	54,435	58,088	60,951	61,430	58,917	8.2	(4.1)
Int. on bal. with RBI & inter-bank funds & Others	7,152	5,044	5,678	5,125	6,544	(8.5)	27.7
Interest income	3,04,199	3,09,539	3,12,425	3,10,635	3,09,702	1.8	(0.3)
Interest expense	1,69,367	1,73,481	1,74,320	1,75,038	1,72,257	1.7	(1.6)
Net interest income	1,34,832	1,36,059	1,38,105	1,35,598	1,37,446	1.9	1.4
Growth YoY (%)	9.5	8.6	5.5	0.8	1.9		
Fee Income	55,080	54,550	63,380	57,460	60,370	9.6	5.1
Trading gains/(losses)	11,110	3,680	1,730	14,200	4,980	(55.2)	(64.9)
Forex Income	-	-	-	-	-	-	-
Others	1,029	1,492	2,685	921	896	(12.9)	(2.7)
Non-interest income	67,219	59,722	67,795	72,581	66,246	(1.4)	(8.7)
Growth YoY (%)	33.5	7.5	0.2	25.5	(1.4)		
Total income	2,02,051	1,95,781	2,05,901	2,08,178	2,03,691	0.8	(2.2)
Growth YoY (%)	16.5	8.2	3.7	8.2	0.8		
Staff expenses	31,172	29,846	29,615	32,618	31,176	0.0	(4.4)
Other operating expenses	63,754	60,596	68,762	60,409	68,390	7.3	13.2
Operating expenses	94,926	90,442	98,377	93,027	99,566	4.9	7.0
Pre-Provisioning Profit (PPoP)	1,07,125	1,05,339	1,07,524	1,15,152	1,04,125	(2.8)	(9.6)
Growth YoY (%)	24.1	15.2	2.1	13.9	(2.8)		
Provisions	22,041	21,556	13,594	39,477	35,470	60.9	(10.1)
Growth YoY (%)	170.6	109.6	14.7	93.6	60.9		
Exceptional Item	-	-	-	-	-	-	-
PBT	85,084	83,782	93,930	75,675	68,655	(19.3)	(9.3)
Tax	15,908	20,745	22,755	17,614	17,759	11.6	0.8
PAT	69,176	63,038	71,175	58,061	50,896	(26.4)	(12.3)
Growth YoY (%)	18.0	3.8	(0.2)	(3.8)	(26.4)		
Per Share							
FV (Rs)	2	2	2	2	2	0.0	0.0
EPS (Rs)	22	20	23	19	16	(26.6)	(12.4)
Book Value (Rs)	535	557	580	602	618	15.4	2.7

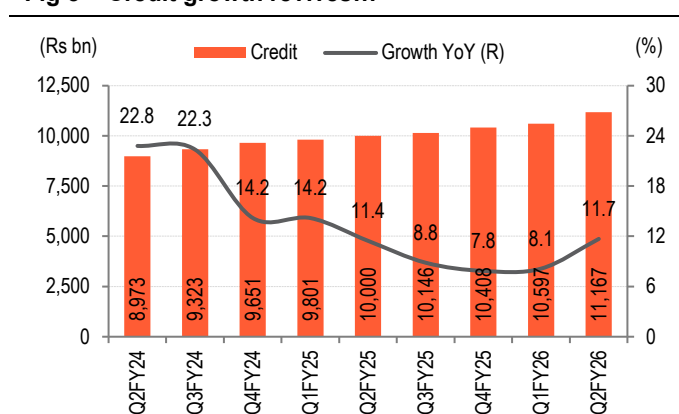
Source: Company, BOBCAPS Research

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

Balance sheet (Rs mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Deposits	1,08,67,440	1,09,58,828	1,17,29,520	1,16,16,146	1,20,34,869	10.7	3.6
Growth YoY (%)	13.7	9.1	9.8	9.3	10.7		
Advances	99,99,792	1,01,45,641	1,04,08,113	1,05,97,244	1,11,67,030	11.7	5.4
Growth YoY (%)	11.4	8.8	7.8	8.1	11.7		
Investment	34,88,552	35,32,834	39,61,418	36,06,406	39,18,508	12.3	8.7
Equity	16,56,292	17,22,981	17,97,251	18,65,401	19,17,615	15.8	2.8
Assets	1,50,56,580	1,52,57,119	1,60,99,299	1,60,33,077	1,67,66,144	11.4	4.6
Growth YoY (%)	12.5	9.1	9.0	9.2	11.4		
Yield (%)							
Yield on Funds	8.57	8.58	8.36	8.13	7.96	(61bps)	(17bps)
Cost of Funds	5.36	5.42	5.28	5.19	5.02	(34bps)	(17bps)
Spread	3.21	3.16	3.08	2.94	2.94	(27bps)	(0bps)
Net Interest Margin	3.80	3.77	3.70	3.55	3.53	(26bps)	(2bps)
Ratios (%)							
Other Income / Net Income	33.3	30.5	32.9	34.9	32.5	(75bps)	(234bps)
Cost to Income ratio	47.0	46.2	47.8	44.7	48.9	190bps	419bps
CASA ratio	40.6	39.5	40.8	40.3	39.8	(78bps)	(50bps)
C/D ratio	92.0	92.6	88.7	91.2	92.8	77bps	156bps
Investment to Assets	23.2	23.2	24.6	22.5	23.4	20bps	88bps
Assets Quality							
GNPA	1,54,662	1,58,503	1,44,901	1,77,647	1,73,077	11.9	(2.6)
NNPA	36,125	37,748	36,855	50,660	51,139	41.6	0.9
Provision	1,18,538	1,20,755	1,08,047	1,26,987	1,21,939	2.9	(4.0)
GNPA (%)	1.44	1.46	1.28	1.57	1.46	2bps	(11bps)
NNPA (%)	0.34	0.35	0.33	0.45	0.44	10bps	(1bps)
Provision (%)	76.64	76.18	74.57	71.48	70.45	(619bps)	(103bps)
Others (Nos)							
Branches	5,577	5,706	5,876	5,879	5,976	399	97
ATMs	14,728	14,476	13,941	14,134	13,177	(1,551)	(957)
Employees	1,03,400	1,02,350	1,04,400	1,03,900	1,02,800	(600)	(1,100)

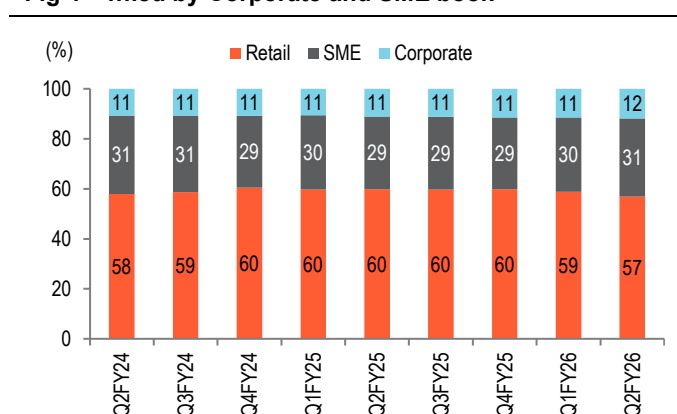
Source: Company, BOBCAPS Research

Fig 3 – Credit growth revives...



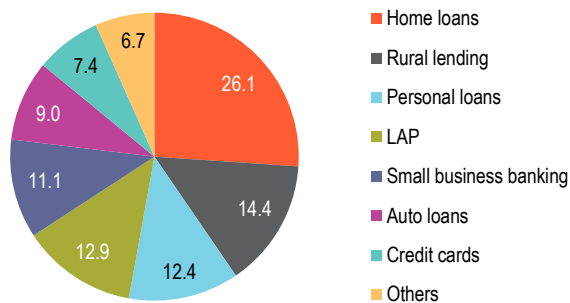
Source: Company, BOBCAPS Research

Fig 4 – ...led by Corporate and SME book



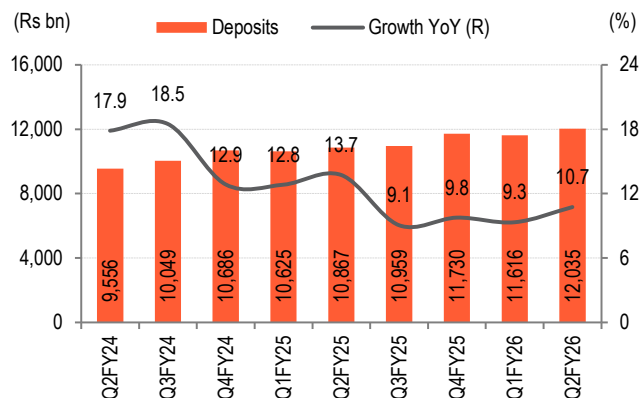
Source: Company, BOBCAPS Research

Fig 5 – Retail loan mix (Q2FY26)



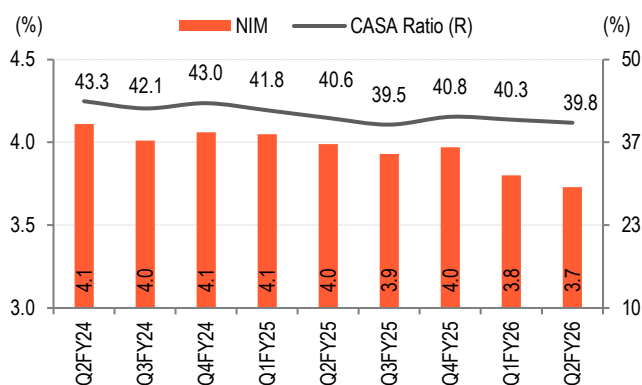
Source: Company, BOBCAPS Research

Fig 6 – Deposits grew 10.7% vs system growth of 9.5%



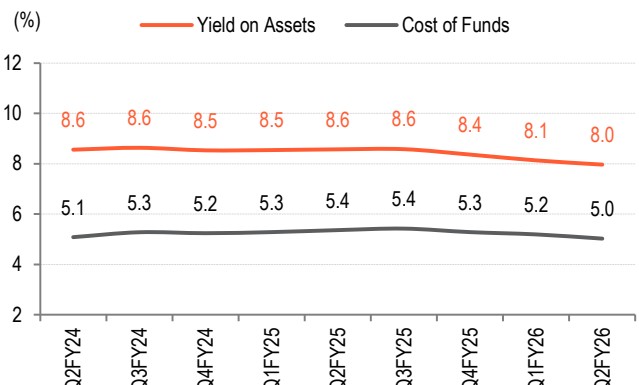
Source: Company, BOBCAPS Research

Fig 7 – NIMs declined on lower spreads and lower CASA



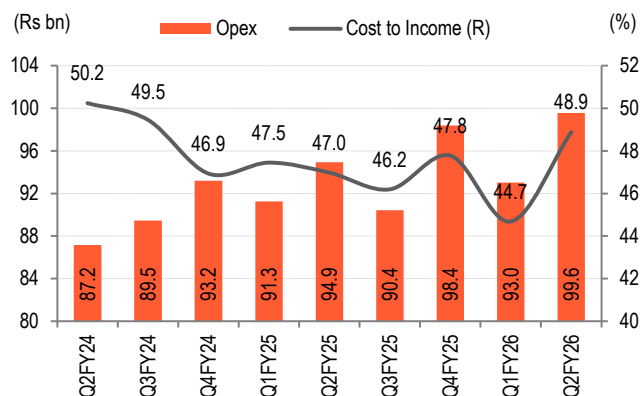
Source: Company, BOBCAPS Research

Fig 8 – Yields down mainly due to repricing impact



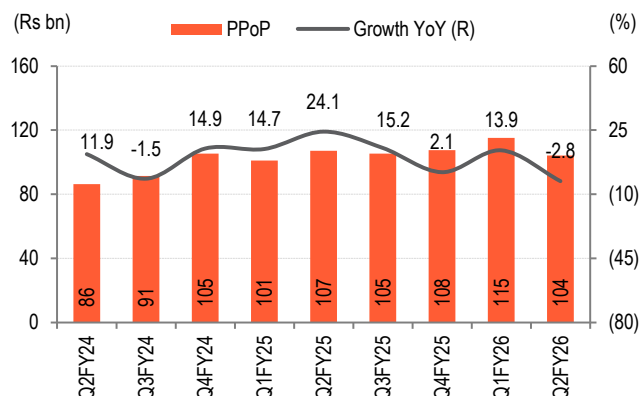
Source: Company, BOBCAPS Research

Fig 9 – C/I ratio increased due to lower income



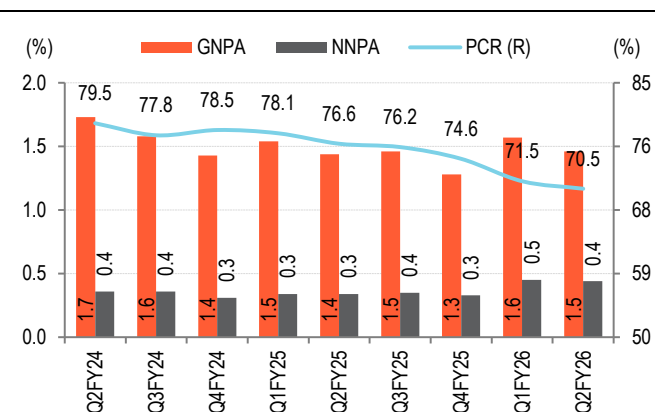
Source: Company, BOBCAPS Research

Fig 10 – PPOp mainly supported by controlled costs



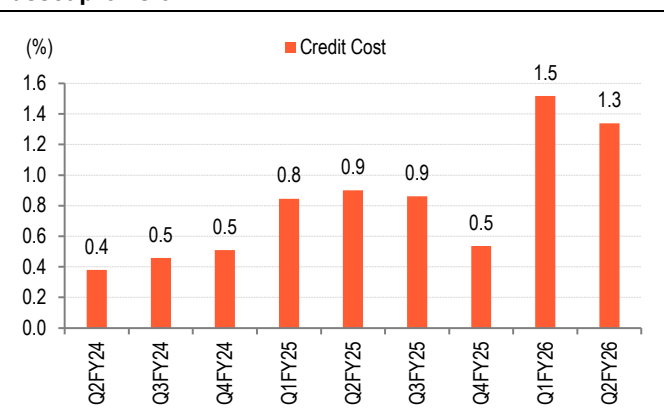
Source: Company, BOBCAPS Research

Fig 11 – Asset quality improving...



Source: Company, BOBCAPS Research

Fig 12 – Credit cost elevated due to one-time standard asset provision



Source: Company, BOBCAPS Research

Fig 13 – Summary of technical impact (Q2FY26)

Particulars (Rs bn)	Gross slippage	Gross slippage %	Net slippage	Net slippage %	Net credit cost	Net credit cost %	GNPA	GNPA %	NNPA	NNPA %
Reported	57.0	2.1	28.1	1.1	21.3	0.7	173.1	1.5	51.1	0.4
Technical impact	(15.1)	(0.6)	(2.8)	(0.1)	(2.6)	(0.1)	(20.4)	(0.2)	(10.6)	(0.1)
Excluding Technical Impact	41.8	1.6	25.3	1.0	18.8	0.6	152.7	1.3	40.6	0.4

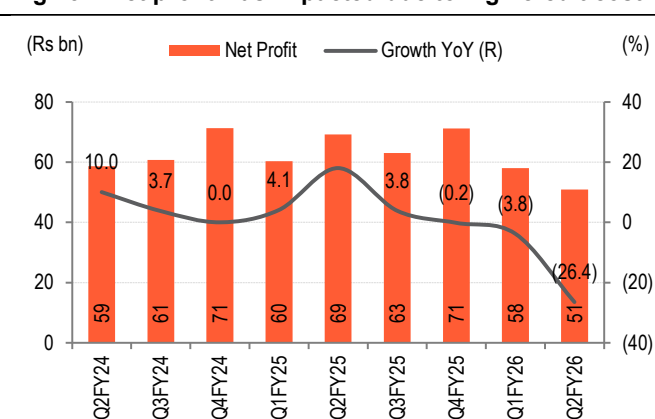
Source: Company, BOBCAPS Research

Fig 14 – Segmental breakup (Q2FY26)

Particulars (Rs bn)	Gross Slippage			Net Slippage			Net Credit Cost			GNPA			NNPA		
	WBG	CBG	Retail	WBG	CBG	Retail	WBG	CBG	Retail	WBG	CBG	Retail	WBG	CBG	Retail
Reported	2.1	2.7	52.2	1.1	1.1	25.9	(1.0)	1.1	21.2	32.8	10.1	130.2	3.4	2.8	45.0
Technical impact	(1.0)	(2.1)	(12.0)	(0.9)	(1.1)	(0.8)	(0.3)	(1.0)	(1.3)	(2.8)	(2.0)	(15.7)	(1.9)	(0.7)	(8.0)
Excluding Technical Impact	1.1	0.6	40.2	0.1	0.0	25.1	-1.3	0.2	19.9	30.0	8.1	114.6	1.5	2.1	37.0

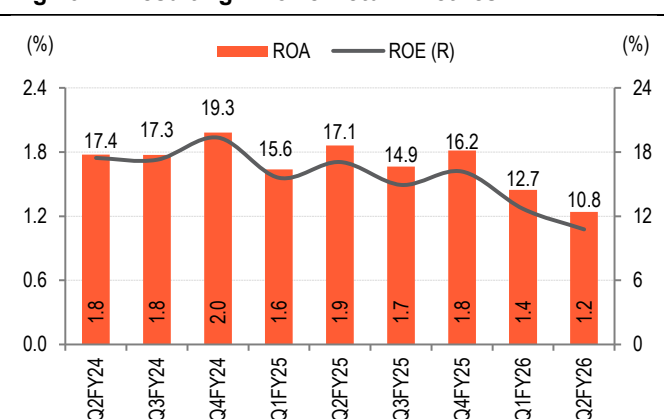
Source: Company, BOBCAPS Research

Fig 15 – Net profit was impacted due to high credit cost



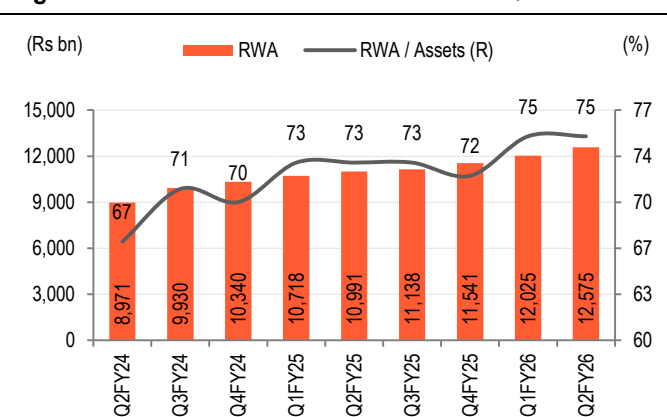
Source: Company, BOBCAPS Research

Fig 16 – ...resulting in lower return metrics



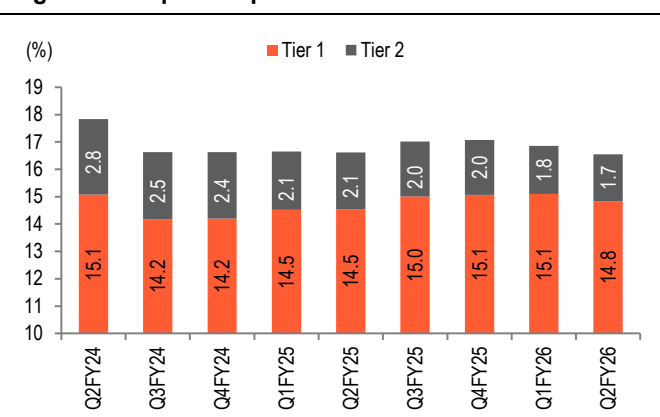
Source: Company, BOBCAPS Research

Fig 17 – RWA increases to Rs 12.5Tn as of Q2FY26



Source: Company, BOBCAPS Research

Fig 18 – Adequate capital ratios



Source: Company, BOBCAPS Research

Earnings call highlights

Asset quality

- Slippages decreased to Rs 57bn in Q2FY26 vs Rs 82bn Q1FY26, while upgrades and recoveries stood at Rs 28.9bn in Q2FY26 vs Rs 21.5bn in Q1FY26. Write-offs stood at Rs 32.7bn vs Rs 27.8bn in Q1. PCR, with technical write-off, was at 92% in Q2FY26.
- Excluding technical impact, gross slippage and GNPA were at 1.55% and 1.29%, respectively in Q2FY26.
- The bank made a one-time standard asset provision of Rs 12.3bn, following an RBI inspection, linked to two discontinued secured crop loan variants reclassified from PSL to non-PSL. The move is classification-driven, not asset-quality related, covering about 5% of a total loan pool, and will be fully reversed by FY28 as loans mature.
- The bank bought PSLC of Rs 9.5bn in Q2FY26 to compensate the declassification of crop loans. Of which, Rs 4.7bn is charged in Q2FY26 and the remaining will be charged equally in Q3FY26 and Q4FY26.
- The bank holds cumulative provisions (standard + additional other than NPA) of Rs 132.6bn at the end of Q2FY26. It is pertinent to note that this is over and above the NPA provisioning included in the PCR calculations. These cumulative provisions translate to a standard asset coverage of 1.13% as of Sep'25. On an aggregated basis, the provision coverage ratio (including specific + standard + additional) stands at 147% of GNPA as on Sep'25.
- Retail asset quality improved, especially in credit cards and personal loans, where early delinquencies and bounce rates eased.
- The MFI book consists of ~2.7% of retail loans, of which ~1% is retail MFI.
- The fund-based BB-&-below book stood at 0.18% of loans.

Loans and deposits

- Total deposits grew 11% YoY and 4% QoQ, CASA ratio declined 50bps QoQ to 39.8%.
- Net advances grew 12% YoY and 5% QoQ, the bank expects to grow 300bps higher than the system growth in short term.
- Retail loans grew 6% YoY and 2% QoQ, accounting for 57% of the bank's net advances, while secured lending constituted ~72%, with home loans comprising 26% of the retail book.
- SBB+SME+MC books have grown ~2x the overall book growth YoY, with ~738 bps improvement in contribution mix from 16.4% to 23.8% over last 4 years
- On the retail side, Home Loans declined 1% YoY and remained flat QoQ; Personal Loans 4% YoY, Credit Card book 7% YoY, Small Business Banking (SBB) 14% YoY and 5% QoQ; while the rural loan portfolio grew 2% YoY and -2% QoQ. SME books remain well diversified across geographies and sectors, growing 19% YoY.
- Management witnessed notable post-GST cut impact across segments such as auto bookings rose after 22nd Sep, likely due to pent-up demand, while card spends surged 18-20% over Aug'25, with daily spends up ~2.5x in the last week of September. The combined effect of the GST reduction and festive season drove a spike in consumer and e-commerce spending, though management cautioned that it's too early to gauge the sustainability of this uptick.
- Corporate loan book grew 20% YoY, while domestic corporate book grew 25% YoY. Growth in the mid-corporate book was 28% YoY and 8% QoQ, wherein 90% of corporate book is now rated A- and above with 89% of incremental sanctions in Q2FY26 being to the corporates rated A- and above.
- Of the loan book, 72% is floating wherein 60% is linked to repo rate and 27% fixed rate. Further, 8% is linked to MCLR, 3% to other EBLR, 1% to the base rate and 1% to foreign currency- floating.
- LDR is expected to be around 92% +/- 2% going forward.
- Low-yielding Rural Infrastructure Development Fund (RIDF) bonds declined to 0.75% of the asset from 1.21% in Sep'24.
- AXSB has an excess SLR of Rs 1,010bn and maintained an average LCR of 119%, providing confidence on ample liquidity.

Profitability

- Domestic NIM declined to 3.82% in Q2FY26 from 3.91% in Q1FY26. Correspondingly, overall NIM contracted by 26bps YoY and 7bps QoQ to 3.73%, primarily driven by an 11-bps compression in spreads and a 4-bps impact, owing to interest reversal. Management expects to maintain average NIMs of 3.8%.
- Management reiterated that NIMs are likely to bottom out by Q3FY26, given no further rate cuts.

Capital

- Capital Adequacy Ratio (CAR) and CET1 ratio stood at 16.55% and 14.43% respectively at the end of 30th September 2025. Additionally, Rs 50.1bn of other provisions and Rs 12.3bn of one-time additional standard asset provision, are not considered for CAR calculation, providing cushion of ~44 bps over the reported CAR.

Network

- During the quarter, the bank added 97 branches, taking its overall distribution network to 5,976 domestic branches and will continue to invest in network building.
- Axis Virtual Centre is present across eight centers with over ~1786 Virtual Relationship Managers as of Sep'25.

Subsidiary performance

Axis Finance

- Axis Finance delivered a healthy performance with PAT rising 18% YoY and a robust 24% YoY growth in the retail book, reflecting continued momentum in its diversified lending portfolio.
- It delivered PAT of Rs 3.85bn in H1FY26 vs Rs 3.27bn in H1FY25.
- Assets Under Finance (AUF) grew 23% YoY to Rs 430.1bn registering a 30% CAGR since Mar'21, led by strong traction across both MSME and retail segments, which now form 55% of the total book (up from 53% last year).
- Asset quality remained stable, with GNPA at 0.42% and NNPA at 0.04%, underscoring prudent risk management. Profitability metrics stayed strong, with ROA at 1.86% and ROE at 13.78% for Q2FY26.

Axis AMC

- Overall QAAUM grew 12% YoY to Rs 3,512bn.
- H1FY26 PAT was Rs 2.71bn, up 11% YoY from Rs 2.44bn in H1FY25.

Axis Capital

- H1FY26 PAT was Rs 0.93bn, up 6% YoY from Rs 0.87bn in H1FY25.
- The company completed 9 ECM & 6 Non- ECM transactions during Q2FY26.

Axis Securities

- Revenues for H1FY26 declined 20% YoY to Rs 7.29bn from Rs 9.07bn in H1FY25.
- PAT for H1FY26 stood at Rs 1.75bn, down 35% YoY.

Valuation Outlook

Valuation Outlook: The bank's return metrics was impacted due to technical impact on prudent asset recognition norms in Q1FY26 and one-time provision in Q2FY26. However, the business growth seems to be improving and is expected to support the return profile, given that there are no further surprises and we remain watchful. We maintain HOLD and roll over valuation at 1.5x Sep'27E ABV using the Gordon Growth Model at a revised SOTP-based TP of Rs 1,260 (earlier Rs 1,216), with Rs 117/share as value of subsidiaries.

Fig 19 – Actual vs Estimates

(Rs mn)	Q2FY26A	Q2FY26E	Change (%)
Loans	1,11,67,030	1,08,49,775	2.9
Deposits	1,20,34,869	1,18,99,847	1.1
Assets	1,67,66,144	1,64,93,775	1.7
NII	1,37,446	1,30,962	5.0
PPOP	1,04,125	1,02,244	1.8
Provisions	35,470	23,324	52.1
PAT	50,896	59,191	(14.0)

Source: Company, BOBCAPS Research

Fig 20 – Key operational assumptions

(%)	FY25	FY26E	FY27E	FY28E
Advances Growth	7.8	13.3	14.0	14.2
Net Interest Income Growth	8.9	7.0	18.1	16.7
PPoP Growth	13.4	7.3	19.5	16.5
PAT Growth	6.1	(4.7)	29.1	22.1
NIM	4.0	3.7	3.9	4.0
GNPA	1.4	1.6	1.6	1.7
CAR	17.1	17.0	17.1	17.5

Source: Company, BOBCAPS Research

Fig 21 – Valuation summary

Business	Valuation	Holdings (%)	Value (Rs/sh)
Axis Bank	1.5x Sep'27E ABV	100	1,143
Axis AMC	6% of AUM	75	41
Axis Finance	1.4x FY27E ABV	100	25
Axis Capital	15x FY27E EPS	100	10
Axis Securities	15x FY27E EPS	100	17
Max Life	1.8x FY27E P/EV	19	25
Total			1,260

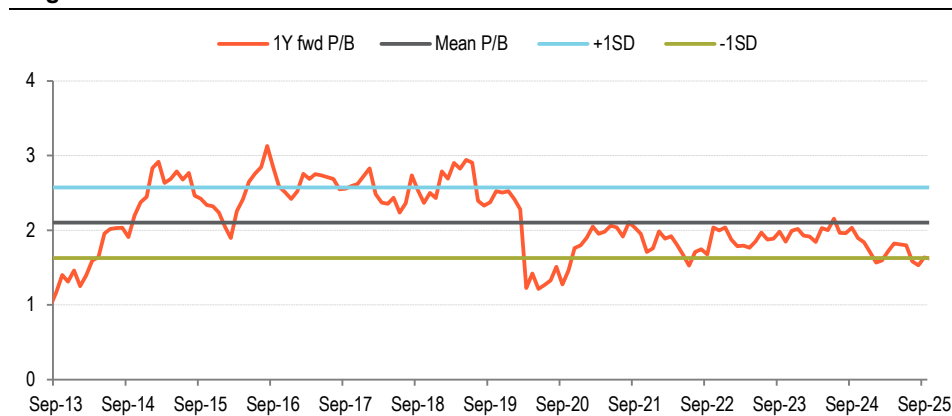
Source: Company, BOBCAPS Research

Fig 22 – Key valuation assumptions

Gordon growth model	Assumptions
Risk-free rate (%)	6.6
Equity risk premium (%)	5.5
Beta	1.2
Cost of equity (%)	13.3
Blended ROE (%)	15.4
Initial high growth period (yrs)	10.0
Payout ratio of high-growth phase (%)	15.0
Long-term growth (%)	3.1
Long term dividend payout ratio (%)	80.0
Justified P/BV Multiple (x)	1.5

Source: Company, BOBCAPS Research

Fig 23 – PB band chart



Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- Any sudden delinquency in the Retail and SME segments, resulting in higher credit cost.
- Inability to manage cost of funds, which may drag down NIMs as well as the overall profitability.

Key upside risks to our estimates:

- Higher credit growth than our estimates.
- Maintain credit cost at lower levels.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	4,98,945	5,43,478	5,81,416	6,86,443	8,01,019
NII growth (%)	16.2	8.9	7.0	18.1	16.7
Non-interest income	2,24,420	2,52,571	2,79,565	3,25,597	3,68,031
Total income	7,23,364	7,96,049	8,60,981	10,12,039	11,69,050
Operating expenses	3,52,133	3,74,999	4,09,291	4,72,217	5,40,208
PPOP	3,71,232	4,21,049	4,51,690	5,39,822	6,28,842
PPOP growth (%)	87.6	13.4	7.3	19.5	16.5
Provisions	40,631	77,584	1,18,773	1,05,990	99,201
PBT	3,30,601	3,43,466	3,32,918	4,33,832	5,29,641
Tax	81,986	79,731	81,565	1,09,326	1,33,470
Reported net profit	2,48,614	2,63,735	2,51,353	3,24,507	3,96,172
Adjustments	0	0	0	0	0
Adjusted net profit	2,48,614	2,63,735	2,51,353	3,24,507	3,96,172

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Equity capital	6,173	6,195	6,195	6,195	6,195
Reserves & surplus	15,04,443	17,91,057	20,39,645	23,60,257	27,51,476
Net worth	15,10,616	17,97,251	20,45,839	23,66,452	27,57,671
Deposits	1,06,86,414	1,17,29,520	1,30,78,415	1,48,30,923	1,69,07,252
Borrowings	19,68,118	18,41,465	19,33,538	20,88,221	22,76,161
Other liab. & provisions	6,06,939	7,31,062	7,29,537	10,08,554	11,90,203
Total liab. & equities	1,47,72,086	1,60,99,299	1,77,87,330	2,02,94,150	2,31,31,288
Cash & bank balance	11,44,544	9,97,321	12,15,589	14,80,590	16,97,992
Investments	33,15,272	39,61,418	39,87,320	44,70,354	50,54,358
Advances	96,50,684	1,04,08,113	1,17,92,392	1,34,43,327	1,53,52,280
Fixed & Other assets	6,61,586	7,32,447	7,92,029	8,99,878	10,26,658
Total assets	1,47,72,086	1,60,99,299	1,77,87,330	2,02,94,150	2,31,31,288
Deposit growth (%)	12.9	9.8	11.5	13.4	14.0
Advances growth (%)	14.2	7.8	13.3	14.0	14.2

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS	80.7	85.3	81.2	104.8	127.9
Dividend per share	1.0	1.0	0.9	1.3	1.6
Book value per share	489.4	580.3	660.5	764.0	890.3

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	14.5	13.7	14.4	11.2	9.1
P/BV	2.4	2.0	1.8	1.5	1.3
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	3.6	3.5	3.4	3.6	3.7
Non-interest income	1.6	1.6	1.7	1.7	1.7
Operating expenses	2.5	2.4	2.4	2.5	2.5
Pre-provisioning profit	2.7	2.7	2.7	2.8	2.9
Provisions	0.3	0.5	0.7	0.6	0.5
PBT	2.4	2.2	2.0	2.3	2.4
Tax	0.6	0.5	0.5	0.6	0.6
ROA	1.8	1.7	1.5	1.7	1.8
Leverage (x)	10.1	9.3	8.8	8.6	8.5
ROE	18.0	15.9	13.1	14.7	15.5

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Net interest income	16.2	8.9	7.0	18.1	16.7
Pre-provisioning profit	87.6	13.4	7.3	19.5	16.5
EPS	158.8	5.7	(4.9)	29.1	22.1
Profitability & Return ratios (%)					
Net interest margin	4.1	4.0	3.7	3.9	4.0
Fees / Avg. assets	40.2	40.9	41.3	42.8	42.4
Cost-Income	48.7	47.1	47.5	46.7	46.2
ROE	18.0	15.9	13.1	14.7	15.5
ROA	1.8	1.7	1.5	1.7	1.8
Asset quality (%)					
GNPA	1.5	1.4	1.6	1.6	1.7
NNPA	0.3	0.4	0.4	0.4	0.4
Slippage ratio	1.7	2.0	2.6	2.4	2.3
Credit cost	0.4	0.8	1.1	0.8	0.8
Provision coverage	78.3	74.3	71.7	73.7	74.7
Ratios (%)					
Credit-Deposit	90.3	88.7	90.2	90.6	90.8
Investment-Deposit	31.0	33.8	30.5	30.1	29.9
CAR	16.6	17.1	17.0	17.1	17.5
Tier-1	14.2	15.1	15.2	15.4	15.8

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%

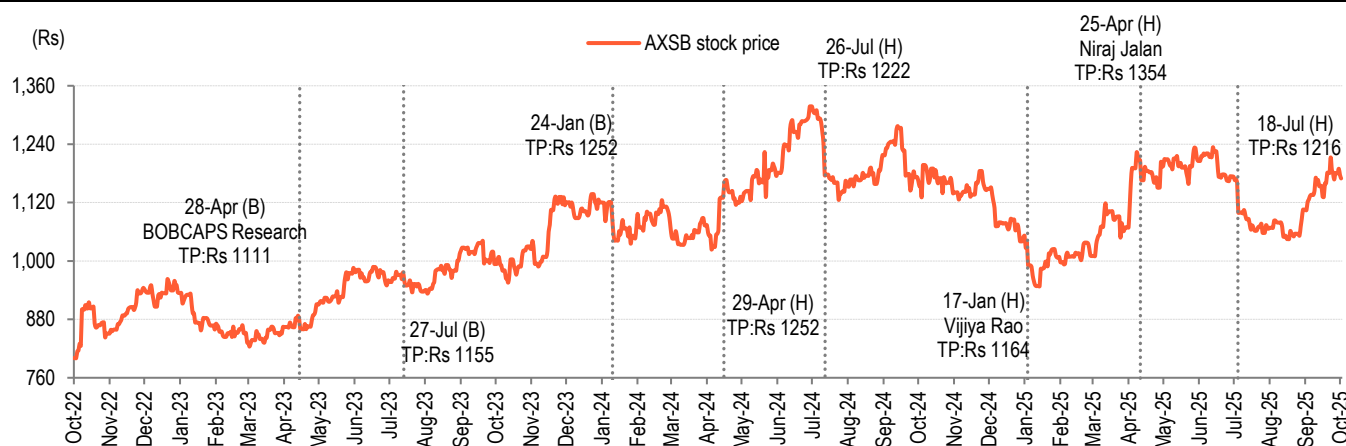
HOLD – Expected return from -6% to +15%

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.