



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✓	✗
Right Valuation (RV)	✓	✗	✗

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	Green	↔	Green
RQ	Grey	↔	Grey
RV	Green	↔	Green

Company details

Market cap:	Rs. 3,73,984 cr
52-week high/low:	Rs.1,340/ 934
NSE volume: (No of shares)	86.3 lakh
BSE code:	532215
NSE code:	AXISBANK
Free float: (No of shares)	285.3 cr

Shareholding (%)

Promoters	-
FII	43.9
DII	49.1
Others	7.0

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	9.9	27.2	3.4	13.5
Relative to Sensex	7.6	22.4	3.8	5.5

Source: Mirae Asset Sharekhan Research, Bloomberg

Axis Bank Ltd

Mixed bag Q4, eyeing better FY26

Banks	Sharekhan code: AXISBANK		
Reco/View: Buy	↔	CMP: Rs. 1,207	Price Target: Rs. 1,400 ↑
↑ Upgrade	↔ Maintain	↓ Downgrade	

Summary

- Adjusted for a one-time provision reversal of Rs. 801 crore, earnings remained subdued in Q4 (flat y-o-y) driven on a modest 2% y-o-y rise in PPOP. Credit cost (net of recoveries) stood at 50 bps (annualised as a % of avg loans) versus 80 bps q-o-q & 32 bps y-o-y.
- Loan /deposit growth lagged peers and system growth y-o-y but deposit growth surged q-o-q by 7% due to higher seasonal flows.
- Asset quality improved following seasonality in Q4. Bank guided that asset quality in credit card segment has largely stabilised while personal loans will take few more quarters.
- Bank has tightened asset classification, which could marginally impact credit cost in FY26E. Yet, the bank eyes better outcomes in FY26E on improved system liquidity. We maintain a Buy rating with a revised PT of Rs. 1,400. Stock trades at 1.6x/1.4x its FY2026E/FY2027E core BV estimates.

Q4FY25 earnings were a mixed bag. Net interest income (NII), at Rs. 13,811 crore (in line), grew by ~6% y-o-y/2%q-o-q. NIMs marginally improved by 4 bps q-o-q to 3.97% led by better asset quality and income tax refund. Core fee income growth grew by 12% y-o-y/ 16% q-o-q led by 22% q-o-q growth in retail fees. Treasury gains stood at Rs. 173 crore versus gain of Rs. 43 crore q-o-q and Rs. 1,021 crore y-o-y. Other income (ex-treasury gains) at Rs. 269 crore vs Rs. 474 crore q-o-q & Rs 108 crore y-o-y. Operating expenses grew by ~6% y-o-y/ 9% q-o-q. Opex surged q-o-q led by PSLC cost. Other expenses includes PSLC cost of Rs 560 crore. Thus, cost to average assets stood at 2.51% versus 2.39% q-o-q. Operating profits missed estimates led by higher opex despite strong fee income and NIMs surprising positively. Operating profit (PPoP) grew by 2% y-o-y / 2% q-o-q. Core PPOp (exc. treasury gains & other income) grew by 11% y-o-y/ 1% q-o-q. Provisions were lower at Rs. 1,359 crore (up 15% y-o-y, down 37% q-o-q). Net Credit cost stood at 50 bps vs 80 bps q-o-q. Bank reversed provision on security receipts worth Rs 801 crore towards sale of asset to NARCL. Thus, net credit cost was lower resulting in earnings beat. PAT at Rs. 7,118 crore (above estimates) was flat y-o-y/ up 13% q-o-q. GNPA/ NNPA ratio rose by 18 bps / 2 bps q-o-q reported at 1.28%/0.33% q-o-q. PCR at 75% vs 76% q-o-q. Slippages were lower by 12% q-o-q reported at Rs. 4,805 crore (1.85% annualized vs 2.14% q-o-q). Net slippages were also lower at Rs. 2,015 crore vs Rs. 3,517 crore. Restructured book stood at 0.12% of advances stable q-o-q. BB and below rated book declined to Rs. 4,536 crore vs Rs. 5,369 crore q-o-q. Net advances grew by ~8% y-o-y/~3% q-o-q. Retail and SME books grew by 7% y-o-y and 14% y-o-y, respectively. Corporate loans grew by 8% y-o-y. Total deposits grew 10% y-o-y/ 7% q-o-q. CASA balances grew by 4% y-o-y/ 11% q-o-q. Term deposits grew 14% y-o-y/5% q-o-q.

Key positives

- Slippages fell by 12% q-o-q reported at Rs. 4,805 crore (1.85% annualized vs 2.14% q-o-q).

Key negatives

- Cost to average assets increased to 2.51% versus 2.39% q-o-q.
- Loan growth (~8% y-o-y) as well as deposit growth (~10% y-o-y) lagged system growth

Management Commentary

- Axis Bank guided that better system liquidity will aid growth in FY26E. It remains focused on improving the quality and granularity of deposits.
- Asset quality in the credit card segment has largely stabilised while personal loans will take few more quarters.
- Bank has tightened asset classification, which could marginally impact credit cost in FY26E.
- It is well-placed to manage NIMs given lower repo rate cycle. It is operating 18 bps above its across-cycle NIM guidance and has good cushion. It has tightly matched on interest rate durations between assets and liabilities and has repriced deposits lower.
- C/D ratio stood fell to 88.7% vs 92.6% q-o-q entirely driven by deposit growth rather than regulatory constraints.

Our Call

Valuation – Maintain Buy with a revised PT of Rs. 1,400: Axis Bank currently trades at 1.6x/ 1.4x its FY2026E/FY2027E core BV estimates. We maintain a Buy with a revised PT of Rs. 1,400. The bank is eyeing better outcomes in FY26E led by better system liquidity. Additionally, the normalization cycle for unsecured retail asset quality is currently in progress. Although margin will be under pressure in the near term due to impact of repo rate cuts, the bank has partial levers in terms of operating efficiencies. The current valuation gap with the peers largely addresses the key concerns. Steady improvement in key operating metrics should drive outperformance.

Key Risks

Slower loan growth, asset quality risk, slower growth in retail deposit and lower margins.

Valuation (Standalone)

Particulars	Rs cr				
	FY23	FY24	FY25	FY26E	FY27E
Net Interest Income	42,946	49,894	54,348	58,574	67,245
Net profit	9,580	24,861	26,373	27,094	31,814
EPS (Rs.)	71.4	80.7	84.8	87.4	101.8
P/E (x)	14.7	13.0	12.4	12.0	10.3
P/BV (x)	2.6	2.1	1.8	1.6	1.4
RoE	8.0	18.0	15.9	14.1	14.4
RoA	0.8	1.8	1.7	1.6	1.7

Source: Company; Mirae Asset Sharekhan estimates

Result Table

Particulars	Rs cr				
	4QFY25	4QFY24	3QFY25	Y-o-Y	Q-o-Q
Interest Inc.	31,243	29,225	30,954	7%	1%
Interest Expenses	17,432	16,136	17,348	8%	0%
Net Interest Income	13,811	13,089	13,606	6%	2%
NIM (%)	3.97	4.06	3.93		
Core Fee Income	6,338	5,637	5,455	12%	16%
Other Income	442	1,129	517	-61%	-15%
Net Income	20,590	19,855	19,578	4%	5%
Employee Expenses	2,962	2,924	2,985	1%	-1%
Other Opex	6,876	6,396	6,060	8%	13%
Total Opex	9,838	9,319	9,044	6%	9%
Cost to Income Ratio	47.8%	46.9%	46.2%		
Pre Provision Profits	10,752	10,536	10,534	2%	2%
Provisions & Contingencies - Total	1,359	1,185	2,156	15%	-37%
Profit Before Tax	9,393	9,350	8,378	0%	12%
Tax	2,276	2,221	2,074	2%	10%
Effective Tax Rate	24%	24%	25%		
PAT	7,118	7,130	6,304	0%	13%
Basic EPS (Rs)	22.99	23.11	20.37	-1%	13%
Diluted EPS (Rs)	22.87	22.96	20.25	0%	13%
RoA (%)	1.8	2.0	1.6		
Advances	10,40,811	9,65,068	10,14,564	7.8%	2.6%
Deposits	11,72,952	10,68,641	10,95,883	9.8%	7.0%
Gross NPA	14,490	15,127	15,850	-4%	-9%
Gross NPA Ratio (%)	1.28	1.43	1.46		
Net NPA	3,685	3,247	3,775	13%	-2%
Net NPAs Ratio (%)	0.33	0.31	0.35		
PCR - Calculated	74.6%	78.5%	76.2%		

Source: Company; Mirae Asset Sharekhan Research

SOTP valuation

Subsidiary/Associate/JV	Per share value (Rs.)
Core Bank Value (A)	1,242
Axis Capital	10
Axis Securities	25
Axis Finance	46
Axis Mutual Fund	32
Max Life Insurance	45
Sum of subs/ associates (B)	158
Fair Value (A+B)	1,400

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Deposit mobilisation, NIMs and asset quality to be in focus

Deposit mobilisation and asset quality to be in focus System credit growth is slowing and has declined to ~11.4% y-o-y from 16.4% in FY2024 as per the latest fortnight data, mainly driven by slower deposit growth, slowdown in unsecured retail segment and a high credit-deposit ratio. Deposit growth at 10.3% is lagging loan growth and stays rangebound at 10-12%. Moreover, deposit growth is mainly led by time deposits rather than CASA. Margins are expected to be under pressure due to the elevated cost of term deposits, while a lower interest rate cycle will lead to yield pressure. Overall, asset quality outlook is stable to positive for the sector, except for the unsecured retail loans and MFI segment. We believe banks with a robust capital base, strong asset quality, and healthy retail deposit franchises are well-placed to capture growth opportunities.

■ Company Outlook – Headwinds to recede gradually, valuation comfortable

We believe that intermittent headwinds in terms of muted business growth and volatility in asset quality is likely to recede over the next few quarters. The balance sheet mix has significantly improved for the bank, which we believe is positive for sustained growth. The outlook in terms of a recovery in growth and asset quality in unsecured retail segment remains a key monitorable.

■ Valuation – Maintain Buy with a revised PT of Rs. 1,400

Axis Bank currently trades at 1.6x/ 1.4x its FY2026E/FY2027E core BV estimates. We maintain a Buy with a revised PT of Rs. 1,400. The bank is eyeing better outcomes in FY26E led by better system liquidity. Additionally, the normalization cycle for unsecured retail asset quality is currently in progress. Although margin will be under pressure in the near term due to impact of repo rate cuts, the bank has partial levers in terms of operating efficiencies. The current valuation gap with the peers largely addresses the key concerns. Steady improvement in key operating metrics should drive outperformance.

Peer valuation

Company	CMP (Rs./Share)	MCAP (Rs. Cr)	P/E (x)		P/B (x)		RoE (%)		RoA (%)	
			FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Axis Bank	1,207	3,73,984	12.0	10.3	1.6	1.4	14.1	14.4	1.6	1.7
ICICI Bank	1,402	9,98,816	17.0	14.4	2.4	2.1	15.3	15.5	2.1	2.2

Source: Company; Mirae Asset Sharekhan Research

About company

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. The bank also has subsidiaries catering to diversified financial services, which contribute and benefit from the bank's strong market position across categories. The bank had a network of 5,876 domestic branches as of March 2025. Capital adequacy ratio (CAR) stands at 17.1%.

Investment theme

We believe that intermittent headwinds in terms of muted business growth and volatility in asset quality is likely to recede over the next few quarters. The balance sheet mix has significantly improved for the bank, which we believe is positive for sustained growth. Outlook in terms of recovery in growth trajectory and asset quality in unsecured retail segment remains a key monitorable.

Key Risks

Slower loan growth, asset quality risk, slower growth in retail deposit, lower margins, management change.

Additional Data

Key management personnel

Name	Designation
Mr. Amitabh Chaudhary	MD and CEO
Mr. Rajiv Anand	Deputy MD
Mr. Puneet Sharma	CFO

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp of India	7.90
2	ICICI Prudential Asset Management	5.84
3	HDFC Asset Management Co Ltd	5.39
4	SBI Funds Management Ltd	5.00
5	Vanguard Group Inc/The	3.12
6	Blackrock Inc	2.97
7	Nippon Life India Asset Management	2.86
8	NPS Trust A/c Uti Retirement Solut	2.25
9	Dodge & Cox	2.21
10	Republic of Singapore	2.10

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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