kotak Securities

Dated: 16th Oct 2025

Axis Bank (AXSB) - BUY

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1,170	**Rs.1,400**

Rationale:

- Axis Bank reported a ~25% yoy earnings decline, led by higher provisions and weak operating profit growth.
- Revenue growth was muted, while one-off standard asset provisions dented performance.
- Slippages had no negative surprises, Net Interest Margin (NIM) pressure was milder-than-expected.
- We see better operating growth trends from hereon, which should narrow the current discount at which it trades with its frontline peers.
- Maintain BUY with an FV at Rs1,400 (Rs1,450 earlier).

Q2FY26 Earnings Update:

Positives:

- Overall, loan growth stood at 12% yoy & deposit growth improved to 11% yoy.
- NIM declined ~5 bps qoq to 3.7% better than expected.
- Headline asset quality improved qoq after the blip in Q1FY26, with the gross NPL ratio down 10 bps qoq to 1.5%, while the net NPL ratio was flat.
- Slippages declined qoq (weak base) back to 2% levels.

Negatives:

- Credit costs for the quarter stood at ~Rs3500 cr (~130 bps of loans, annualized) for Q2FY26, as against ~150 bps in Q1FY26.
- Credit costs remained elevated on account of a one-off standard asset provision.

Holding Period: 12 months

Rating Scale (Private Client Group)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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