

Axis Bank (AXSB) - BUY

Q4FY26 Result Update

Current Market Price (CMP) Rs.1346	Fair Value (FV) Rs.1600
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Rationale:

- Axis Bank delivered flat earnings, with operating profit down 7% yoy, reflecting higher one-off provisions linked to global tensions.
- Revenue growth remained muted, despite strong loan growth due to weak non-interest income, while Net Interest Margin (NIM) was unchanged qoq.
- A significant relative re-rating versus peers has already occurred, making further outperformance materially harder to sustain.
- Maintain BUY with a Fair Value of Rs1,600 (Rs1,500 earlier).

 Positives:

- Overall loan growth stood at 19% yoy & Deposit growth improved to 14% yoy.
- Management indicated that, in the near term, it intends to grow the loan book faster the system.
- Current account and savings account (CASA) ratio was up marginally by ~50 bps qoq to 40%.
- Net Interest Margin (NIM) (reported) was flat qoq at 3.6%.
- Gross Non performing loans (NPL) ratio declined ~15 bps qoq to 1.2%, while the net NPL ratio declined ~5 bps qoq to 0.4%.
- Gross slippage ratio (annualized) for the quarter stood at 1.5%, lower than the slippage of ~3% reported in 1QFY26 and ~2% in the two subsequent quarters.

 Negatives:

- Credit cost remained elevated on account of a one-off standard asset provision.
- Lower fee income and treasury loss resulted in a 10% yoy decline in non-interest income.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months