

# HSIE Results Daily

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# Axis Bank

## Operating performance critical for valuation re-rating

Axis Bank's (AXSB) Q3FY26 earnings marginally beat our estimates on the back of strong growth on both sides of the balance sheet, reversal of tax expense (utilized to create provisioning buffer of INR20bn), and lower provisioning, offset by soft operating performance. Loan growth (18.5% YoY; 6% QoQ) was healthy, driven largely by wholesale and SME segments. Deposit growth (~14% YoY; 6% QoQ) was healthy, with CASA ratio improving to 39.6% (+49bps QoQ). Net credit costs clocked in significantly lower on account of reduced retail net slippages, as the management created a provisional buffer on account of macro uncertainties, from the tax benefit received this quarter. As AXSB continues to target portfolio stability, we believe that consistent improvement in quality of deposit franchise coupled with improving asset quality metrics are critical to drive sustainable earnings. We lift our FY27/FY28E earnings by ~2% with higher growth and lower provisioning, offset by softer NII reflation. We maintain ADD with a revised TP of INR1,490 (standalone bank at 1.7x Mar-28 ABVPS).

- **Strong growth offset by soft operating performance:** Loan growth (+18.5% YoY) picked up sharply on the back of wholesale (38% YoY), and SME (24% YoY), while growth in unsecured segments and home loans segment remained muted. Even as reported NIMs were flattish at 3.6%, NII growth was soft, owing to transmission of rate cut and flat funding cost. PPOP growth (FY26: 2% YoY) was muted from elevated opex and treasury losses.
- **Asset quality improving; additional buffer created:** Gross slippages and credit costs lowered significantly at 1.6%/0.4% (Q3FY26: 2.1%/0.8%), largely on account of retail slippages. We argue that consistent improvement in asset quality is critical in order to close the gap vs larger peers. Additional buffer of INR 20bn augurs well to cushion impact of uncertain global macros.
- **Consistent performance essential for valuation rerating:** While AXSB continues to invest in tech and distribution, we believe that the bank needs to improve its asset quality, efficiencies, and profitable growth parameters, as it continues its journey towards sustainable earnings.

### Financial summary

(INR bn)	Q4FY26	Q4FY25	YoY(%)	Q3FY26	QoQ(%)	FY26A	FY27E	FY28E
NII	144.6	138.1	4.7%	142.9	1.2%	560.5	687.6	779.0
PPOP	100.1	107.5	-6.9%	108.8	-7.9%	428.2	518.6	607.1
PAT	70.7	71.2	-0.6%	64.9	9.0%	244.6	302.2	361.5
EPS (INR)	22.6	22.9	-1.0%	20.8	8.7%	79.0	97.5	116.7
ROAE (%)						12.7	13.7	14.3
ROAA (%)						1.4	1.5	1.5
ABVPS (INR)						627.7	723.7	838.3
P/ABV (x)						2.2	1.9	1.6
P/E (x)						17.3	14.0	11.7

Source: Company, HSIE Research

### Change in estimates

(INR bn)	FY27E			FY28E		
	New	Old	Δ	New	Old	Δ
Net advances	14,416	14,351	0.5%	16,725	16,555	1.0%
NIM (%)	3.7	3.7	-2 bps	3.6	3.6	4 bps
NII	687.6	693.9	-0.9%	779.0	769.7	1.2%
PPOP	518.6	535.9	-3.2%	607.1	610.7	-0.6%
PAT	302.2	296.5	1.9%	361.5	352.5	2.6%
Adj. BVPS (INR)	723.7	714.8	1.2%	838.3	827.1	1.4%

Source: Company, HSIE Research

## ADD

CMP (as on 24 Apr 2026) INR 1,366

Target Price INR 1,490

NIFTY 23,898

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR1,480	INR1,490
	FY27E	FY28E
EPS %	+1.9%	+2.6%

### KEY STOCK DATA

Bloomberg code	AXSB IN
No. of Shares (mn)	3,108
MCap (INR bn) / (\$ mn)	4,246/45,046
6m avg traded value (INR mn)	8,486
52 Week high / low	INR 1,418/1,041

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	5.5	10.4	12.3
Relative (%)	12.3	19.6	15.9

### SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	8.2	8.1
FIs & Local MFs	42.7	43.4
FPIs	42.6	42.0
Public & Others	6.6	6.4
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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# RBL Bank

## Equity injection; structural handicaps to persist

RBL Bank's (RBK) Q4FY26 earnings missed estimates, due to softer margin and fee income coupled with sustained stress in the credit card segment, partly offset by strong growth on both sides of the balance sheet. Deposit growth (22% YoY, 13% QoQ) picked up as CASA% improved to 33.6% (+273bps QoQ), owing to seasonality in current accounts. Strong loan growth (23% YoY; 11% QoQ) was led by wholesale and secured retail segments. With the RBI approval (government of India and SEBI approval still awaited) for NBD Emirates capital infusion received recently, we factor in the capital infusion of INR269bn along with the merger of Emirates NBD India branches in FY27E. While the capital infusion shall lead to reflation in tier I capital (+30%), loan growth (25%+), and lower funding costs, we argue that the franchise handicaps of sub-par deposit franchise, lack of competitive moats on the asset side, and persistently high opex ratios are likely to dominate any potential upsides from the deal. We raise our FY27E/FY28E earnings by ~30%, factoring in capital infusion, translating to ~1% RoA in medium term. We maintain REDUCE with a revised TP of INR290 (0.9x Mar-28 ABVPS) vs INR230 earlier.

- Growth picks up but margins softer; credit card stress to linger on:** NII growth (~1% QoQ) was soft as NIMs dropped to 4.4% (-22bps QoQ) owing to shift towards higher secured loan mix and impact of rate cut. Strong loan growth (~23% YoY) was driven by growth in wholesale (28% YoY), secured retail (36% YoY) and MFI (33% YoY) segment, while credit cards receivables continued to de-grow. Stress in the credit card book continues to keep slippages and credit cost elevated at 3.4%/2.5% respectively. We build in a Loan CAGR of 25% for FY26-28E factoring in capital infusion.
- Equity infusion to aid growth and funding costs in the near term:** Capital infusion of \$3bn shall boost credit growth in the near term with the management guiding on scaling its secured retail business and the corporate book, alongwith benefit of lower funding costs as excess capital shall be utilised for growth and to replace high-cost borrowings.
- Protracted journey to 1%+ sustainable RoAs:** RBK is faced with multiple structural handicaps highlighted above and cyclical stress in the unsecured portfolios. We see fundamental challenges to its medium-term aspirations of delivering >1% RoA sustainably.

### Financial summary

(INR bn)	4QFY26	4QFY25	YoY (%)	3QFY26	QoQ (%)	FY26A	FY27E	FY28E
NII	16.7	15.6	6.9%	16.6	0.8%	63.6	88.7	113.2
PPOP	9.6	8.6	10.9%	9.1	4.7%	33.0	48.0	60.1
PAT	2.3	0.7	234.4%	2.1	7.4%	8.2	18.6	25.3
EPS (INR)	3.7	1.1	229.2%	3.5	6.9%	13.5	11.2	15.3
ROAE (%)						5.1	5.5	4.9
ROAA (%)						0.5	0.9	1.0
ABVPS (INR)						265.9	303.7	317.4
P/ABV (x)						1.2	1.1	1.0
P/E (x)						23.8	28.7	21.0

### Change in estimates

(INR bn)	FY27E			FY28E		
	New	Old	Δ	New	Old	Δ
Net advances	1,420	1,239	14.6%	1,789	1,451	23.3%
NIM (%)	5.1	4.9	19 bps	5.3	5.1	21 bps
NII	88.7	77.0	15.1%	113.2	90.7	24.8%
PPOP	48.0	38.7	24.1%	60.1	46.2	30.0%
PAT	18.6	14.2	30.5%	25.3	19.3	31.6%
Adj. BVPS (INR)	303.7	283.9	7.0%	317.4	312.4	1.6%

Source: Company, HSIE Research

## REDUCE

CMP (as on 24 Apr 2026)	INR 321
Target Price	INR 290
NIFTY	23,898

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR230	INR290
	FY27E	FY28E
EPS %	+30.5%	+31.6%

### KEY STOCK DATA

Bloomberg code	RBK IN
No. of Shares (mn)	618
MCap (INR bn) / (\$ mn)	199/2,108
6m avg traded value (INR mn)	1,906
52 Week high / low	INR 340/183

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	8.5	(1.0)	69.6
Relative (%)	15.3	8.2	73.2

### SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	0.0	0.0
FIs & Local MFs	40.0	43.3
FPIs	21.9	20.2
Public & Others	38.0	36.4
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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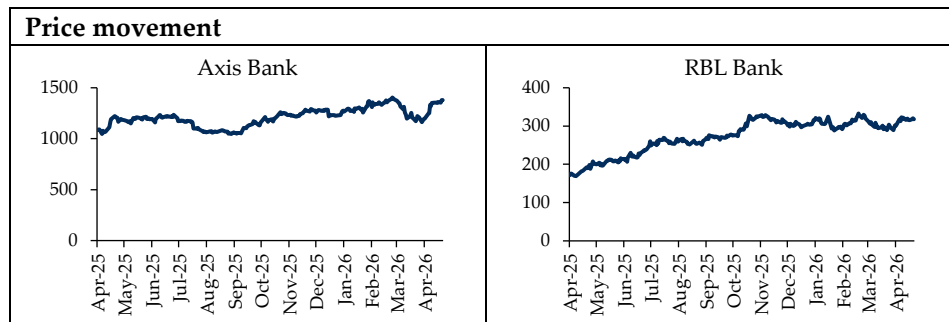
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**Rating Criteria**

BUY: >+15% return potential  
 ADD: +5% to +15% return potential  
 REDUCE: -10% to +5% return potential  
 SELL: > 10% Downside return potential

**Disclosure:**

Analyst	Company Covered	Qualification	Any holding in the stock
Krishnan ASV	Axis Bank, RBL Bank	PGDM	NO
Akshay Badlani	Axis Bank	CA	YES
Akshay Badlani	RBL Bank	CA	NO



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