

Axis Bank Limited

September 22, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Infrastructure bonds	5,000.00	CARE AAA; Stable	Reaffirmed
Infrastructure bonds	3,500.00	CARE AAA; Stable	Reaffirmed
Tier II bonds	3,350.00	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Tier II Bonds under Basel III are characterised by a 'Point of Non-Viability' (PONV) trigger, due to which the investor may suffer a loss of principal. PONV will be determined by the Reserve Bank of India (RBI) and is a point at which the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations, and thus, enable it to continue as a going concern. Difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier I capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable.

Rationale and key rating drivers

Reaffirmation of rating to debt instruments of Axis Bank Limited (ABL) factors in strong capitalisation levels supported by improvement in internal accruals. CARE Ratings Limited (CareEdge Ratings) also notes increasing granularisation of advances book led by retail lending and diversified resource profile led by healthy current account savings account (CASA) deposit mix and comfortable liquidity profile. The rating also favourably factors in the bank's long track record of operations with strong market position as third largest private sector bank in the country, and its strong established franchise and branch network.

Amidst a rise in credit costs and stress in unsecured retail loans, the bank's ability to keep fresh slippages under check would be a key monitorable. Going forward, CareEdge Ratings expects some pressure on the bank's net interest margin (NIM) in FY26 in line with the industry trend, due to faster transmission of the recent repo rate cuts in yield on advances than in cost of funds.

CareEdge Ratings has withdrawn the ratings assigned to the Tier II Bonds bearing ISIN INE238A08369 on account of redemption of the said instrument and post receiving the payment confirmation.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Not applicable

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Deterioration in asset quality parameters with net NPA (NNPA) ratio increasing to over 3% on a sustained basis.
- Decline in profitability on a sustained basis, leading to capitalisation cushion over and above the minimum regulatory requirements remaining less than 3.5%.

Analytical approach: Standalone

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable

CareEdge Ratings believes that ABL shall continue to report a steady growth in advances and deposits while maintaining healthy profitability, stable asset quality and comfortable capitalisation levels.

Detailed description of key rating drivers:**Key strengths****Strong capitalisation levels and demonstrated resource raising ability**

The bank maintained healthy capitalisation through internal capital generation and demonstrated strong ability to raise capital to fund growth and maintain cushion over minimum regulatory requirement. Capitalisation levels of the bank remained comfortable with capital adequacy ratio (CAR) of 17.07% and Tier I CAR of 15.07% (CET I Ratio of 14.67%) as on March 31, 2025 (March 31, 2024: CAR: 16.63%, Tier I CAR- 14.20%, CET I – 13.74%). As on June 30, 2025, the CAR stood at 16.85% and Tier I CAR stood at 15.10%, which is above the regulatory requirement provision cushion for growth and credit losses.

ABL was able to raise resources through deposits and bonds. The bank raised equity capital of ₹10,000 crore (₹9,963 crore net of share issue expenses) in FY21 from qualified institutional placement (QIP) of equity shares, which strengthened the core capitalisation of the bank. In FY22, the bank raised Additional Tier I (AT I) Bonds amounting to US\$600 million (~₹4,548 crore), which helped overall capitalisation of the bank. In FY23, the bank raised Tier II bonds of ₹12,000 crore.

ABL has seven major subsidiaries, all of which are currently profitable. CareEdge Ratings expects ABL to continue providing growth capital and strategic support to these entities, as evidenced by equity infusions of ₹250 crore into Axis Securities Limited and ₹598 crore into Axis Finance Limited in FY25. While no significant financial support is anticipated for most subsidiaries in the near term, Axis Finance Limited may require additional funding, and the bank is committed to provide the required support. CareEdge Ratings also expects ABL to maintain a comfortable capital buffer above the minimum regulatory requirements to support its ongoing credit growth.

Experienced management team

ABL has an experienced senior management team and Board of Directors headed by N. S. Vishwanathan, who is an Independent Director on the Board of the company and was appointed as the Non-Executive (part time) Chairman on October 27, 2023, for three years. He has wide experience across sectors and was the former Deputy Governor of the Reserve Bank of India ("RBI") and has over four decades of experience.

The bank's operations are headed by Amitabh Chaudhary, who was appointed as the Managing Director and Chief Executive Officer (MD & CEO) on January 01, 2019, for three years. In April 2021 and April 2024, the tenure of Chaudhary was extended for the next three years effective from January 01, 2022, and January 01, 2025, respectively. Prior to that he was the Managing Director (MD) and Chief Executive Officer (CEO) at HDFC Life Insurance Company Limited.

The bank has a well-defined structure and teams comprising experienced professionals to look after its functions.

Strong liability franchise and diversified resource profile

ABL's total deposits grew by 10% and stood at ₹11,72,952 crore as on March 31, 2025, compared to ₹10,68,641 crore as on March 31, 2024. Total deposits grew by 9% on a y-o-y basis and stood ₹11,61,615 crore as on June 30, 2025.

CASA proportion stood at 40.77% of total deposits as on March 31, 2025 (March 31, 2024: 42.99%). As on June 30, 2025, the CASA ratio decreased marginally and stood at 40.30%. The CASA ratio declined post March 2025, in line with peers, mainly due

to customers shifting their balances towards term deposits. Term deposits grew by 14% on a y-o-y basis and stood at ₹6,94,764 crore as on March 31, 2025, (March 31, 2024: ₹6,09,241 crore). Of the total term deposits (TD), ~55% are retail in nature as on March 31, 2025, providing granularity in the TDs. As on June 30, 2025, term deposits grew by 12% on a y-o-y basis, however, a 19 Bps moderation on a q-o-q basis and stood ₹6,93,449 crore.

Key weaknesses

Moderate asset quality with recent uptick in credit cost

ABL's gross NPA (GNPA) at 1.57% and net NPA (NNPA) at 0.45% of advances including investments as on June 30, 2025. This marks an increase from March 2025, levels of 1.28% GNPA, driven by higher slippages and technical impact. Slippage ratio shows an upward trend since FY25, which further rose to an annualised 3.16% in Q1FY26. Write-offs (excluding technical write-offs) also increased significantly to ₹5,008 crore in FY25, compared to ₹2,797 crore in FY24. Rise in slippages and credit costs primarily reflects stress in the unsecured retail lending segment.

The provision coverage ratio (excluding technical write-offs) stood at 71% as on March 31, 2025, compared to 75% in March 2025 and 79% in March 2024. Given the stress in unsecured retail lending and lower recoveries from written-off pool, CareEdge Ratings expect credit cost of the bank to increase from the current level. The bank's ability to sustain asset quality while supporting growth and profitability will remain a key monitorable.

Moderate earnings profile

The bank's financial performance improved in the last few years; except in FY23 where due to a one-time exceptional item incurred by the bank owing to Citi Bank merger, the bank reported a decline in annual profit after taxation (PAT). In FY24, the bank again posted a significant improvement in PAT. The improvement continued in FY25 with the topline and PAT reporting a growth of 12% and 6%, respectively. However, in terms of PAT margin ABL's performance remained on a lower side compared to its peers due its elevated cost-to-income ratio.

The cost of funds increased due to tighter liquidity in the system in FY25 and due to lower average CASA resulting in higher cost of deposits. This increase in cost was partly compensated, as the bank had passed on the increased rate across its products. The bank has been growing its higher yielding small and medium enterprise (SME) book resulting in yield increase. As a result, NIM remained largely stable at 3.54% (FY24: 3.59%).

As the majority of the bank's assets are floating rate, the recent rate cuts were transmitted quickly compared to the reduction in the cost of funds, which typically takes a longer time. As a result, CareEdge expects the margins to remain under pressure for next couple of quarters before regaining to the March 2025 levels.

On the cost front, the opex as a percentage of average total assets rationalised in FY25 to 2.44%, which was 2.53% for FY24. It was high in FY24 due to the one-time expense related to CITI merger. The opex further improved to 2.32% (annualised) in Q1FY26.

Due to higher credit costs and moderation in NIMs, return on average total assets (RoTA) declined from 1.79% in FY24 to 1.72% in FY25, despite growth in non-interest income and rationalisation of opex. In Q1FY26, it stood at 1.45% (annualised). Under the current environment with stress in unsecured retail lending and margins expected to remain under pressure, the RoTA is expected to moderate from current level.

Liquidity: Strong

The bank's liquidity position stands comfortable as on June 30, 2025. The bank maintained an average quarterly liquidity coverage ratio at 119% as on June 30, 2025, against regulatory requirement of 100%. The net stable funding ratio (NSFR), on the same date stood at 122.99% against the minimum regulatory requirement of 100%. The bank had excess statutory liquidity ratio (SLR) holdings of ₹96,608 crore (comprising 8.42% of [Net Demand & Time Liabilities (NDTL)] of ₹11,46,691 crore) as on June 30, 2025. Comfort is drawn from the bank's access to market liquidity through call money market and RBI's Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF).

Environment, social, and governance (ESG) risks

While ABL's business model limits direct exposure to environmental risks, credit risk may arise if operations of asset class of the portfolio are adversely impacted by environmental factors. The bank has undertaken several initiatives in the form of scaling down of exposure to carbon-intensive sectors such as coal and thermal power and has achieved financing of over ₹48,000 crore under wholesale banking to sectors with positive social and environmental outcomes.

Social risks in the form of cybersecurity threat or customer data breach can affect Bank's regulatory compliance and reputation and hence remain a key monitorable. To part-mitigate these risks, Axis Bank has implemented several digital security measures. The bank has not reported major data breaches or regulatory penalties in this regard in the last one year.

As on March 31, 2025, Axis Bank's Board comprised 13 Directors, including eight Independent Directors and two female Directors, reflecting a good mix of independence and diversity. The Board is supported by 13 Committees, including those focused on audit, risk, customer service, and grievance redressal.

Applicable criteria

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Banks](#)

[Financial Ratios - Financial Sector](#)

[Withdrawal Policy](#)

[Rating Basel III - Hybrid Capital Instruments issued by Banks](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Banks	Private sector bank

ABL is a private sector bank incorporated on December 03, 1993, and was promoted jointly by Unit Trust of India (now Administrator of Specified Undertaking of Unit Trust of India – SUUTI), Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC) and other four PSU insurance companies. As on June 30, 2025, LIC is the sole promoter of the bank holding 8.17%. ABL is third-largest bank in the private sector banking space with total assets size of ₹16,09,930 crore as on March 31, 2025.

ABL has a pan-India presence through a network of 5,879 domestic branches and extension counters and 14,134 automated teller machines (ATMs) and cash recyclers spread across the country as on June 30, 2025. The total employee strength stood at ~1,03,900+ as on June 30, 2025. The bank has strategic international presence with branches at Singapore, Dubai (at the DIFC) and Gift City-IBU; representative offices at Dhaka, Dubai, Abu Dhabi, Sharjah and an overseas subsidiary at London, UK.

Standalone financials of Axis Bank Limited

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total income	1,31,811	1,47,934	38,322
PAT	24,861	26,373	5,806
Interest coverage (times)	1.56	1.50	NA
Total Assets [#]	14,70,573	16,03,714	16,03,308*
Net NPA (%)	0.31%	0.33%	0.45%
ROTA (%)	1.79%	1.72%	1.45%

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

*Reported figure.

[#]As per CareEdge Ratings' criteria.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Bonds-Infrastructure Bonds (Unsecured NCD)	INE238A08401	20-Oct-2016	7.60	20-Oct-2025	5,000.00	CARE AAA; Stable
Bonds-Infrastructure Bonds (Unsecured NCD)	INE238A08385	30-Oct-2015	8.25	30-Oct-2025	3,000.00	CARE AAA; Stable
Bonds-Infrastructure Bonds (Unsecured NCD) (Proposed)	-	-	-	-	500.00	CARE AAA; Stable
BASEL III - Tier II Bonds	INE238A08377	30-Sep-2015	8.5	30-Sep-2025	1,500.00	CARE AAA; Stable
BASEL III - Tier II Bonds (Proposed)	NA	-	-	-	1,850.00	CARE AAA; Stable

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
BASEL III - Tier II Bonds	INE238A08369	12-Feb-2015	8.45	12-Feb-2025	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Bonds-Lower Tier II	LT	-	-	-	-	1)Withdrawn (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)
2	Bonds-Lower Tier II	LT	-	-	-	-	1)Withdrawn (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)
3	Bonds-Lower Tier II	LT	-	-	-	-	1)Withdrawn (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)
4	Bonds-Lower Tier II	LT	-	-	-	-	1)Withdrawn (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)
5	Bonds-Lower Tier II	LT	-	-	-	-	1)Withdrawn (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)
6	Bonds-Tier II Bonds	LT	3350.00	CARE AAA; Stable	-	1)CARE AAA; Stable (27-Sep-24)	1)CARE AAA; Stable (29-Sep-23) 2)CARE AAA; Stable (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)
7	Bonds-Infrastructure Bonds	LT	5000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (27-Sep-24)	1)CARE AAA; Stable (29-Sep-23) 2)CARE AAA; Stable (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
8	Bonds-Infrastructure Bonds	LT	3500.00	CARE AAA; Stable	-	1)CARE AAA; Stable (27-Sep-24)	1)CARE AAA; Stable (29-Sep-23) 2)CARE AAA; Stable (04-Apr-23)	1)CARE AAA; Stable (08-Apr-22)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Bonds-Infrastructure Bonds	Simple
2	Bonds-Tier II Bonds	Complex

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91 22 6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Sanjay Agarwal Senior Director CARE Ratings Limited Phone: +91 22 6754 3500 E-mail: sanjay.agarwal@careedge.in
Relationship Contact Pradeep Kumar V Senior Director CARE Ratings Limited Phone: +91 44 2850 1001 E-mail: pradeep.kumar@careedge.in	Priyesh Ruparelia Director CARE Ratings Limited Phone: +91 22 6754 3593 E-mail: Priyesh.ruparelia@careedge.in
	Sudam Shrikrushna Shingade Associate Director CARE Ratings Limited Phone: +91 22 6754 3453 E-mail: sudam.shingade@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**