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## Axis Bank GDR Drops Nearly 5% as Q1 Results Reveal Rising NPAs and Provisions

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Axis Bank Ltd. saw its Global Depositary Receipts (GDRs) fall by 4.8% to \$64.30 on Thursday following the release of its first-quarter (Q1) financial results, which revealed worsening asset quality and a surge in provisions.

According to the bank's earnings report for the quarter ending June 30, 2025, the gross non-performing asset (NPA) ratio rose to 1.57%, up from 1.28% in the previous quarter. The net

NPA level increased to 0.45%, compared to 0.33% in the March quarter. The bank attributed the deterioration to the technical application of NPA recognition norms, which impacted asset quality and led to higher provisioning.

Axis Bank noted that these technical adjustments had a Rs 614 crore impact on profits, with a 15 basis points drag on Return on Assets (ROA) and a 1.4% impact on Return on Equity (ROE).

Speaking after the earnings call, Chief Financial Officer (CFO) Puneet Sharma explained that NPAs are classified using various criteria, including the days-past-due (DPD) metric. He added that gross slippages surged to Rs 8,200 crore, a significant increase from Rs 4,805 crore in the March quarter.

Breaking down the slippages:

- Rs 7,500 crore came from the retail banking segment
- Rs 403 crore from commercial banking
- Rs 297 crore from wholesale banking

The bank's net profit declined 4% year-on-year to Rs 5,806.14 crore, missing the Bloomberg analyst consensus estimate of Rs 6,375.77 crore. It also marks a decline from the Rs 7,117.5 crore profit posted in the previous quarter.

Meanwhile, provisions and contingencies increased sharply, up 94% year-on-year to Rs 3,947.66 crore, compared to Rs 1,359 crore in the previous quarter.

Ahead of the earnings release, shares of Axis Bank had closed 0.63% higher at Rs 1,159.80 on the National Stock Exchange (NSE), while the Nifty 50 index fell 0.4%.

The results reflect growing pressure on asset quality in the retail segment and signal the need for close monitoring in the coming quarters, especially as credit demand remains elevated and interest rate risks persist.