

Axis Finance Ltd.

Public Disclosure on Liquidity Risk September 30, 2024

Disclosure on Liquidity Risk, as per extant RBI guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies as on September 30, 2024 is as follows:

i. Funding Concentration based on Significant Counterparty:

Number of Significant Counterparties	Amount (Rs. crores)	% of Total Deposits	% of Total Liabilities
18	19,678.25	N.A.	62.99%

Notes:

- Significant Counterparty - a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the company's Total Liabilities.
- Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.

ii. Top 20 Large Deposits (amount in Rs. lakhs and % of Total Deposits): Not Applicable

iii. Top 10 Borrowings:

Amount (Rs. crores)	% of Total Borrowings
16,266.42	53.15%

iv. Funding Concentration based on Significant Instrument/Product:

Sr.No.	Name of the Instrument/Product	Amount (Rs. crores)	% of Total Liabilities
1	Term Loans/ECB	14,494.87	46.40%
2	Working Capital / Line of Credit /Overdraft facilities	0.00	0.00%
3	Commercial Papers	2,554.48	8.18%
4	Non-Convertible Debentures	13,557.09	43.40%
Total		30,606.44	97.97%

Notes:

- Significant Instrument/Product – a single instrument/product or group of similar instruments/products which in aggregate amount to more than 1% of the company's Total Liabilities.
- Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.

v. Stock Ratios:

Sr.No.	Stock Ratios	%
A) I)	Commercial Papers as a % of Total Public Funds	8.35%
II)	Commercial Papers as a % of Total Liabilities	8.18%
III)	Commercial Papers as a % of Total Assets	7.17%

B) I)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Public Funds	0.00%
II)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Liabilities	0.00%
III)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Assets	0.00%
C) I)	Other Short-Term Liabilities as a % of Total Public Funds	23.69%
II)	Other Short-Term Liabilities as a % of Total Liabilities	23.21%
III)	Other Short-Term Liabilities as a % of Total Assets	20.35%

Notes:

- Total Public Funds to be computed as Gross Total Debt (Outstanding Amounts of TLs, WC/LOC/OD facilities, CPs and NCDs)
- Other Short-term Liabilities – Total Liabilities due within a year less CPs and NCDs (Original maturity of less than one year) repayment due within a year
- Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus. Total Assets taken as the Balance Sheet figure

vi. Liquidity Coverage Ratio (LCR)

RBI has issued final guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019. As per the said guidelines, LCR requirement shall be binding on all non-deposit taking systemically important NBFCs with asset size of 10,000 crores and above from December 1, 2023, with the minimum LCR to be 85%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024, as per the time-line given below:

From	Dec 01, 2020	Dec 01, 2021	Dec 01, 2022	Dec 01, 2023	Dec 01, 2024
Min LCR	50%	60%	70%	85%	100%

Further, NBFC are required to publicly disclose the information related to Liquidity Coverage Ratio on a quarterly basis. Accordingly, the disclosure on Liquidity Coverage Ratio of Axis Finance Limited for Q2-FY2025 is as under:

LCR Disclosure Template			
(Rs.in Crs.)		Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets			
1	**Total High Quality Liquid Assets (HQLA)	963.49	961.05
Cash Outflows			
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	464.40	534.06
4	Secured wholesale funding	714.93	822.16
5	Additional requirements, of which	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-

6	Other contractual funding obligations	372.47	428.34
7	Other contingent funding obligations	-	-
8	TOTAL CASH OUTFLOWS	1,551.80	1,784.57
Cash Inflows			
9	Secured lending	-	-
10	Inflows from fully performing exposures	511.69	383.77
11	Other cash inflows	2,152.62	1,614.47
12	TOTAL cash Inflows	2,664.31	1,998.23
13	TOTAL HQLA		961.05
14	TOTAL NET CASH OUTFLOWS		446.14
15	LIQUIDITY COVERAGE RATIO (%)		215.41%

Note:

1. Data has been presented as simple average of daily observations over the previous quarter in accordance with RBI guidelines.
2. HQLA predominantly comprises Government securities viz. Central and State Government securities. A relatively smaller part of HQLA is accounted for by corporate bonds with mandated haircuts applied thereto.
3. LCR for Q2 FY25 (3-months daily average) stands at 215.41% vis-a-vis 221.34% for Q1 2025.
4. LCR as on 30th Sept 2024 is 288.25% (month end position basis audited financials).

Notes:

1. Unweighted values calculated as outstanding balances maturing or callable within one month (for inflows and outflows). Averages are calculated basis daily observations for Q4-FY2024.
2. Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow (75%) and outflow (115%)

vii. Institutional set-up for Liquidity Risk Management:

The Board has the overall responsibility for management of liquidity risk. The Board decides the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits approved by it. The Risk Management Committee (RMC), which is a committee of the Board, is responsible for evaluating the overall risks faced by AFL including liquidity risk. The meetings of RMC are held at quarterly intervals. The Asset Liability Management Committee (ALCO) is responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions at an entity level. The minutes of ALCO meetings are placed before the RMC during its quarterly meetings for its noting.