

AFL/CO/2024-25/190

4th February 2025

To

BSE Limited

Listing Department,

P J. Towers,

Dalal Street,

Fort,

Mumbai – 400 001

Sub: Intimation under regulation 55 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Master Circular dated 21st May 2024 – Credit Rating

Dear Sir / Ma'am,

Pursuant to regulation 55 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Master Circular no. SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/48 dated 21st May 2024 ("Master Circular") as amended from time to time, please note that Brickwork Ratings India Pvt. Ltd. has reaffirmed the ratings for the Perpetual Debt Instruments of the Company.

The details of the present rating in the format prescribed in the Master Circular are as under:

Details of credit rating									
Current rating details									
Sr. No.	ISIN	Name of the Credit Rating Agency	Credit Rating	Outlook	Rating Action	Specify Other rating Action	Date of Credit Rating	Verification Status of Credit Rating Agencies	Date of Verification
1	INE891K08083	Brickwork Ratings India Private Limited	BWR AAA	Stable	Reaffirmed	-	27-12-2021	Verified	03-02-2025
2	INE891K08117		BWR AAA	Stable	Reaffirmed	-	27-12-2021	Verified	03-02-2025
3	INE891K08125		BWR AAA	Stable	Reaffirmed	-	02-08-2022	Verified	03-02-2025

Please find enclosed the Rating Rationale received from Brickwork Ratings India Pvt. Ltd.

Kindly take the above on record.

Sincerely,

For **Axis Finance Limited**

Rajneesh Kumar

Company Secretary

Membership No. A31230

Email id – rajneesh.kumar@axisfinance.in

Encl: as above



Rating Rationale

3 Feb 2025

Axis Finance Ltd (AFL)

Brickwork Ratings reaffirms the rating of BWR AAA/Stable to the perpetual debt instruments amounting to Rs. 300 Crs of Axis Finance Limited

Particulars

Instruments**	Amount Rs Crs		Tenure	Rating*	
	Previous	Present		Previous (21 Mar 2024)	Present
Perpetual Debt Instruments (PDI)	300.00	300.00	Long Term	BWR AAA/ Stable (Reaffirmed)	BWR AAA/ Stable (Reaffirmed)
Total	300.00	300.00	Rupees Three Hundred Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings.

**The details of the said instrument is shared as Annexure I

RATING ACTION / OUTLOOK:

Brickwork Ratings reaffirms “BWR AAA/Stable” rating for the Perpetual Debt Instruments amounting to Rs. 300.00 Crores of Axis Finance Limited (AFL or the ‘Company’) as tabulated above.

The rating reflects availability of adequate capital adequacy ratio above the minimum regulatory requirements for the NBFC and the continued management and operational support of the parent company i.e. Axis Bank Limited (ABL).

ABL’s strong operational, management and financial support to AFL sharing a common brand name and business expertise continues. At the operational level, ABL and AFL operate as standalone entities respectively in the financial services segment. The rating assigned factors in the benefits derived from the operational and management support of the parent (ABL) in terms of the strategic importance of AFL to ABL and also to formulate bank-like various policies related to risk management, portfolio monitoring, NPA recognition norms, disbursement and collection practices etc. AFL’s disbursements, mainly to the better-rated borrowers (across both retail and wholesale segment) supports its business growth, asset quality and the earnings profile. The rating assigned also reflects its superior liquidity position derived from comfortable collection efficiency levels and adequate liquid investments apart from undrawn bank lines to meet its near to medium term debt obligations.

The rating also takes into account exposure to the wholesale book as well as direct exposure to the real estate sector being vulnerable in the overall macroeconomic situation. However, the management's strategy to increase the proportion of cash-flow backed exposures and scale up its retail & MSME book to diversify the overall credit risks and limit slippages in its loan book going forward provides comfort. Majority of the wholesale book is secured, and coupled with high proportion to the better rated borrowers which reduces the asset quality concerns, the risk is mitigated to an extent. With change in business strategy, over the years the wholesale to retail mix has changed and the Assets Under Finance (AUF) amounting to Rs.36,962 Crs as at 31 Dec 2024, had a mix of Retail at 47%, Wholesale at 44%, MSME at 6% and Treasury book at 3%, as at 31 Dec 2024.

Description of Key Rating Drivers

- **Credit Strengths:-**

Comfortable capital adequacy and strong and resourceful promoters: AFL is a wholly-owned subsidiary of ABL which provides continuous support in terms of sharing its business and operational expertise along with a stable track record of infusing capital to maintain AFL's adequate capitalisation position. Axis Bank Limited has infused Rs. 598 crores in Axis Finance Limited during November 2024 which has resulted into an increase in its net worth and gets reflected in Q3 FY 2025 results.

AFL had a CRAR of 19.11% as of 31 Mar 2024 & 21.22% as of 31 Dec 2024. AFL is of strategic importance to the ABL (parent entity) and thus benefits in terms of oversight and formulating all policies related to risk management, disbursement and collection practices, compliances, portfolio monitoring etc.

Strong board with experienced management team: AFL is a wholly owned subsidiary of ABL, which has a diversified board of directors backed by an experienced and professional management team. The board comprises experienced professionals having vast experience in the financial services sector. AFL has also on boarded seasoned professionals with vast experience in financial services like credit, business, treasury, risk, technology, analytics, operations, and HR. AFL will continue to derive benefits from the said experienced and professional management team.

Adequate asset quality, controlled through reduction measures on incremental slippages: The Asset quality of AFL is comfortable with GNPA ratio of 0.46% and NNPA ratio of 0.24% as of 31 Mar 2024 and the PCR of 47.90%. As at 31 Dec 2024, the GNPA ratio was at 0.65% and NNPA was at 0.33%, with PCR at 48.27%. The GNPA ratio as of 31 Dec 2023 was at 0.49% & NNPA was at 0.27%. About 86% of the company's AUF is secured in nature (as of Dec. 31, 2024). It also included EMI based repayments.

Strong Liquidity: The asset liability management (ALM) profile of AFL indicates positive cumulative mismatches across all buckets both in the quarter ended 30 Sep 2024 and 31 Dec 2024. The Company had collections of ~Rs.10300 Crores during Dec 2023 to Dec 2024 (average monthly collections of ~Rs.800 Crores), expected to continue over the



next 12 months seems comfortable to meet repayment obligation of Rs. 9543 Crores payable over the next twelve months ending 31 Dec 2025. Apart from this, AFL has the continued management and operational support from its parent, Axis Bank Ltd. It also has unutilised committed bank lines amounting to Rs 2,100 crores as on 31 Dec 2024. The LCR % for the quarter ended 31 Dec 2024 was 375.37%.

Credit Risks:-

High gearing levels: Although the resources profile is well diversified with a mix of term loans, NCDs and CP etc, the high gearing levels remain a credit challenge for AFL. Net Debt-equity Ratio of AFL as of Mar. 31, 2024 was 6.87 (times) and is slightly lower at 6.14 (times) as of 31 Dec 2024. Of the total borrowings, 44% is through term loans from banks & FI's, 42% through bonds, 7% through refinancing from SIDBI plus ECB and 7% from short term CP as of 31 Dec 2024. The reported net worth of AFL as of 31 Mar 2024 was Rs. 4,069 Crore which increased to Rs. 5,164 Crore as of 31 Dec 2024 due to plough back of profits and capital infusion.

Exposure towards wholesale book including direct exposure to real estate sector: The loan book of 44% is concentrated towards wholesale lending as of 31 Dec 2024 which is relatively more vulnerable to change in macroeconomic conditions. As a mitigation, AFL is expanding its retail segment book and is focussing more on increasing the cash-flow based exposures. AFL has also reduced its exposure to the real estate sector, and these actions have enabled AFL to spread risk over a wider area."

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA:

For arriving at its ratings, BWR has taken a standalone approach and continues to factor in strong managerial and financial support from the parent Axis Bank Limited. BWR also considers the strategic linkages of Axis Finance Ltd with Axis Bank Limited. Axis Bank Limited holds 100% of its shareholding and shares a common brand name. BWR has applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Positive: Not Applicable

Negative:

- Deterioration of the overall credit profile of the parent, Axis Bank Limited
- Significant decline in profitability and asset quality deterioration of AFL as well as dilution / change of ownership of AFL.

LIQUIDITY INDICATORS: STRONG:

The asset liability management (ALM) profile of AFL indicates positive cumulative mismatches across all buckets both in the quarter ended 30 Sep 2024 and 31 Dec 2024. The Company had collections of ~Rs.10300 Crores during Dec 2023 to Dec 2024 (average monthly collections of ~Rs.810 Crores), expected to continue over the next 12 months seems comfortable to meet repayment obligation of Rs. 9524 Crores payable over the next twelve



months ending 31 Dec 2025. Apart from this, AFL has the continued operational and management support from its parent, Axis Bank Ltd. It also has unutilised committed bank lines amounting to Rs 2,100 crores as on 31 Dec 2024. The LCR % for the quarter ended 31 Dec 2024 was 375.37%.

COMPANY PROFILE: AFL

Axis Finance Limited (AFL), started its operations in 2013 and is a wholly owned subsidiary of Axis Bank Limited (ABL). It is a Non- Banking Financial Company (NBFC) which provides Wholesale, MSME and Retail lending solutions to Corporate and Retail customers respectively across geographies and businesses. Its key product offerings in the wholesale segment include corporate loans, collateralized loans, loan against property, lease rental discounting, real estate inventory backed financing etc. AFL diversified into retail segments with products such as Loan against Property (LAP), home loans, business loans and personal loans in fiscal 2020.

KEY FINANCIAL INDICATORS

Key Parameters	Units	FY22	FY23	FY24	9MFY25
Result Type		Audited	Audited	Audited	Unaudited & Reviewed
AUM	(Rs in Crs)	17,059	24,995	35,315	39,700
Revenue from Operations	(Rs in Crs)	1,511	2,327	3,154	3,014
Net Interest Income	(Rs in Crs)	757	940	1,147	1,084
PAT	(Rs in Crs)	346	579	597	494
Tangible Net Worth	(Rs in Crs)	2,087	3,078	3,951	5,023
Total CRAR	(%)	19.18	20.10	19.11	21.22
GNPA	(%)	1.23	0.60	0.46	0.65
NNPA	(%)	0.42	0.26	0.24	0.33

**reported Tangible Net Worth (Networth - Intangible asset) shared by company*

NON-COOPERATION WITH PREVIOUS RATING AGENCY, IF ANY:

No non-cooperation with any other rating agency.

RATING HISTORY FOR THE PREVIOUS THREE YEARS (Including withdrawal & suspended)

Sr. No	Name of Instrument	Current Rating (2025)			Chronology of Rating History for the past 3 years along with outlook/ Watch, if applicable			
		Type (Long Term/ short Term)	Amt O/s (Rs. Cr)	Rating	2024 21 Mar 2024	2023 17 Jan 2023	2022	2021 27 Dec 2021
1	Perpetual Debt Instruments	Long Term	300	BWR AAA/ Stable (Reaffirmed)	BWR AAA/ Stable (Reaffirmed)	BWR AAA/ Stable (Reaffirmed)	-	BWR AAA/ Stable (Assigned)
	Total		300	Rupees Three Hundred Crores only				

COMPLEXITY LEVELS OF THE INSTRUMENTS

Perpetual Debt Instruments - **Highly Complex**

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Banks and Financial Institutions](#)
- [Rating based on parent support](#)
- [Rating Criteria for Capital Instruments issued by Banks and Financial Institutions](#)

Analytical Contacts	
Ankita Kothari Associate Manager - Ratings ankita.k@brickworkratings.com	Hemant Sagare Director- Ratings hemant.sagare@brickworkratings.com
1-860-425-2742	media@brickworkratings.com

ANNEXURE I BLR - NA

ANNEXURE II INSTRUMENT (NCD) DETAIL: Perpetual Debt Instruments

Instrument	Issue Date	Amount (Rs. Cr)	Coupon	Coupon payment terms	Maturity Date	ISIN	Complexity Level \$
7.90% Unsecured Rated Listed Perpetual NCD	25-Aug-21	150	7.90%	25th August every year	NA (Perpetual)	INE891K08083	Highly Complex
7.76% Unsecured Rated Listed Perpetual NCD	31- Dec-21	50	7.76%	31st December every year	NA (Perpetual)	INE891K08117	Highly Complex
8.34% Unsecured Rated Listed Perpetual NCD	30- Aug-22	100	8.34%	30th August every year	NA (Perpetual)	INE891K08125	Highly Complex
Total		300.00	Rupees Three Hundred Crore Only				

\$ For more information, visit

www.brickworkratings.com/download/ComplexityLevels.pdf

ANNEXURE-III LIST OF ENTRIES CONSOLIDATED NIL



For print and digital media The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,560 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partner.

DISCLAIMER :

Brickwork Ratings India Pvt. Ltd. (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by the Reserve Bank of India [RBI], offers credit ratings of Bank Loan facilities, Non-convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. [hereafter referred to as "Instruments"]. BWR also rates NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations.

BWR wishes to inform all persons who may come across Rating Rationales and Rating Reports provided by BWR that the ratings assigned by BWR are based on information obtained from the issuer of the instrument and other reliable sources, which in BWR's best judgement are considered reliable. The Rating Rationale / Rating Report & other rating communications are intended for the jurisdiction of India only. The reports should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in Europe and also the USA).

BWR also wishes to inform that access or use of the said documents does not create a client relationship between the user and BWR.

The ratings assigned by BWR are only an expression of BWR's opinion on the entity / instrument and should not in any manner be construed as being a recommendation to either, purchase, hold or sell the instrument.

BWR also wishes to abundantly clarify that these ratings are not to be considered as an investment advice in any jurisdiction nor are they to be used as a basis for or as an alternative to independent financial advice and judgement obtained from the user's financial advisors. BWR shall not be liable to any losses incurred by the users of these Rating Rationales, Rating Reports or its contents. BWR reserves the right to vary, modify, suspend or withdraw the ratings at any time without assigning reasons for the same.

BWR's ratings reflect BWR's opinion on the day the ratings are published and are not reflective of factual circumstances that may have arisen on a later date. BWR is not obliged to update its opinion based on any public notification, in any form or format although BWR may disseminate its opinion and analysis when deemed fit.

Neither BWR nor its affiliates, third party providers, as well as the directors, officers, shareholders, employees or agents (collectively, "BWR Party") guarantee the accuracy, completeness or adequacy of the Ratings, and no BWR Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Rating Rationales or Rating Reports. Each BWR Party disclaims all express or implied warranties, including, but not limited to, any warranties of merchantability, suitability or fitness for a particular purpose or use. In no event shall any BWR Party be liable to any one for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Rating Rationales and/or Rating Reports even if advised of the possibility of such damages. However, BWR or its associates



may have other commercial transactions with the company/entity. BWR and its affiliates do not act as a fiduciary.

BWR keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of BWR may have information that is not available to other BWR business units. BWR has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

BWR clarifies that it may have been paid a fee by the issuers or underwriters of the instruments, facilities, securities etc., or from obligors. BWR's public ratings and analysis are made available on its web site, www.brickworkratings.com. More detailed information may be provided for a fee. BWR's rating criteria are also generally made available without charge on BWR's website.

This disclaimer forms an integral part of the Ratings Rationales / Rating Reports or other press releases, advisories, communications issued by BWR and circulation of the ratings without this disclaimer is prohibited.

BWR is bound by the Code of Conduct for Credit Rating Agencies issued by the Securities and Exchange Board of India and is governed by the applicable regulations issued by the Securities and Exchange Board of India as amended from time to time.