

AFL/CO/2025-26/205

3rd February 2026

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 11th July 2025 – 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/2025/0000000103 dated July 11, 2025 ("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 current 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 assigned	Outlook (Stable/Positive/Negative/ No Outlook)	Rating Action (New/ Upgrade/ Downgrade/ Re-Affirm/ Other)	Specify Other rating Action	Date of Credit Rating	Verification Status of Credit Rating Agencies	Date of Verification
1	2	3	4	5	6	7	8	9	10
1	INE891K08083	Brickwork Ratings	BWR AAA	Stable	Re-affirmed	-	27-12-2021	Verified	02-02-2026
2	INE891K08117	India Private	BWR AAA	Stable	Re-affirmed	-	27-12-2021	Verified	02-02-2026
3	INE891K08125	Limited	BWR AAA	Stable	Re-affirmed	-	02-08-2022	Verified	02-02-2026

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

Axis Finance Ltd (AFL)

Brickwork Ratings reaffirms the rating of BWR AAA/Stable to the Perpetual Debt Instruments amounting to Rs. 300 Crores of Axis Finance Limited

Particulars

Instruments**	Amount Rs Crs		Tenure	Rating*	
	Previous	Present		Previous (03 Feb 2025)	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 II

RATING ACTION / OUTLOOK: REAFFIRMATION/ STABLE

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 the growth in assets under financing (AUF), improved earnings and asset quality, adequate liquidity and comfortable capital adequacy ratio above the minimum regulatory requirements for the NBFC and the continued support from the parent company i.e. Axis Bank Limited (ABL).

ABL’s strong 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 support of the parent (ABL) in terms of the strategic importance of AFL to ABL and also ABL’s guidance in formulation of various policies. AFL’s disbursements, mainly to the better-rated borrowers (across the 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.44,973 Crs as at 31 Dec 2025, had a mix of Retail at 48%, Wholesale at 41%, MSME at 8% and Treasury book at 3%, as at 31 Dec 2025.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED:

Perpetual Debt Instruments: AFL has raised the perpetual debt of Rs. 300 Crs rated by BWR. Details of Instruments ISIN wise are shared in the below table. The redemption of these bonds can be made with the approval of the RBI, with the company having a call option at the end of 10 years from the date of allotment. Given the perpetual nature of such instruments and the lock-in-clause applicable to such instruments, BWR generally notches the rating of such instruments below the issuer's base case rating. However, considering the strong support of the parent Axis Bank Ltd, and AFL's ability to maintain capital adequacy ratio above the regulatory guidelines, BWR has maintained the rating for such instruments at the same level as base case rating of the parent. Any revision in the rating downward of the parent shall lead to a notch(es) difference on the rating of such instruments.

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 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 the financials. AFL had a CRAR of 20.90% as of 31 Mar 2025 & 19.93% as of 31 Dec 2025. AFL is of strategic importance to the ABL (parent entity) and thus benefits in terms of oversight and guidance in 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 0.94% and NNPA ratio of 0.45% as of 31 Dec 2025 and the PCR of 51.89%. As at 31 Dec 2024, the GNPA ratio was at 0.65% and NNPA was at 0.33%, with PCR at 48.27%. Around 86% of the company's AUF is secured in nature (as of Dec. 31, 2025).

- **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 Dec 31, 2025 was 6.58 (times) and is slightly lower at 6.14 (times) as of 31 Dec 2024. Of the total borrowings, 39.10% is through term loans from Banks, 41.04% through NCDs including Sub-debt and PDIs, 9.44% through refinancing from SIDBI and NABARD, 5.80% from ECBs, and 4.62% from CPs as of 31 Dec 2025. The reported net worth of AFL as of 31 Mar 2025 was Rs. 5,304 Crore which increased to Rs. 5,917 Crore as of 31 Dec 2025 due to plough back of profits.

Exposure towards wholesale book including direct exposure to real estate sector: The loan book of 41% is concentrated towards wholesale lending as of 31 Dec 2025 which is relatively more vulnerable to change in macroeconomic conditions. This wholesale book of 41% includes a Real Estate loan book of 7.75% of AUF as on Dec 31st 2025. As a strategic diversification and to build granular book, AFL is expanding its retail and MSME segment book and is focusing 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: STANDALONE

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,
- Substantial decline in stake-holding of the parent, Axis Bank Limited in AFL

LIQUIDITY: ADEQUATE

AFL has the continued support of its parent. AFL's LCR as on Sept 30, 2025 was at 392.64% as against the LCR of 331.43% as on Dec 31, 2025. The company had cash & bank balances of Rs. 977.60 crores and Investments of Rs. 1587.95 crores as on Sept 30th 2025. There were no negative cumulative mismatches as per the ALM of 30 Sep 2025 across all buckets and as per ALM of 31 Dec 2025 in the buckets upto 6M of the Company. The Company had an average quarterly collections of ~Rs.4000 Crs during the last 4 quarters from Mar 2025 to Dec 2025, and its continuation at the similar levels indicates adequate liquidity to meet its cumulative outflows as of 31 Dec 2025 of Rs. 12,116 Crs over a period of the next 12 months. 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 2025.

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 (AFL)

Key Parameters	Units	FY23	FY24	FY25	9MFY26
Result Type		Audited	Audited	Audited	Audited
AUM	(Rs in Crs)	24,995	35,315	41,583	47,181
Revenue from Operations	(Rs in Crs)	2,327	3,154	4,101	3,740
Net Interest Income	(Rs in Crs)	940	1,147	1,493	1,415
PAT	(Rs in Crs)	579	597	652	603
Tangible Net Worth*	(Rs in Crs)	3,078	3,951	5,142	5,731
Total CRAR	(%)	20.10	19.11	20.9	19.93
GNPA	(%)	0.60	0.46	0.87	0.94
NNPA	(%)	0.26	0.24	0.44	0.45

**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.

ANY OTHER INFORMATION - NIL

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

Sr. No	Name of Instrument	Current Rating (2026)			Chronology of Rating History for the past 3 years along with outlook/ Watch, if applicable				
		Type (Long Term/short Term)	Amount Outstanding (Rs.Cr)	Rating	2025 03 Feb 2025	2024 21 Mar 2024	2023 17 Jan 2023	2022	2021 27 Dec 2021
1	Perpetual Debt Instruments	Long Term	300.00	BWR AAA/ Stable (Reaffirmed)	BWR AAA/ Stable (Reaffirmed)	BWR AAA/ Stable (Reaffirmed)	BWR AAA/ Stable (Reaffirmed)	-	BWR AAA/ Stable (Assigned)
	Total		300.00	Rupees Three Hundred Crores only					

Hyperlink/Reference to applicable Criteria

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

Analytical Contacts	
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ANNEXURE I:

BLR - NA

ANNEXURE II:

INSTRUMENT (NCD) DETAIL: Perpetual Debt Instruments

Instruments	Issue Date	Amount (Rs. Cr)	Coupon (%)	Maturity Date	ISIN Particulars	Complexity of the Instrument \$
7.90% Unsecured Rated Listed Perpetual NCD	25-Aug-2021	150.00	7.90%	NA (Perpetual)	INE891K08083	Highly Complex
7.76% Unsecured Rated Listed Perpetual NCD	31- Dec-2021	50.00	7.76%	NA (Perpetual)	INE891K08117	Highly Complex
8.34% Unsecured Rated Listed Perpetual NCD	30- Aug-2022	100.00	8.34%	NA (Perpetual)	INE891K08125	Highly Complex
Total		300.00	Rupees Three Hundred Crore Only			

\$ For more information, visit

www.brickworkratings.com/download/ComplexityLevels.pdf

COMPLEXITY LEVELS OF THE INSTRUMENTS:

Perpetual Debt Instruments - Highly Complex

ANNEXURE-III:

LIST OF ENTRIES CONSOLIDATED

NA

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.

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