

Independent Auditor's Review Report on the Quarterly and year to date Unaudited Ind AS Financial Results of the Company Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors
Axis Finance Limited

1. We have reviewed the accompanying statement of unaudited Ind AS financial results of Axis Finance Limited (the 'Company') for the quarter ended June 30, 2020 in the format specified in Division III of Schedule III of Companies Act, 2013 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with SEBI Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019 and SEBI Circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/167 dated December 24, 2019 (the "Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular and Notification, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter - Assessment of Covid-19 Impact

5. We draw attention to Note 5 to the financial results, which describes the uncertainties arising from COVID 19 pandemic and impacting the Company's operations and estimates related to realization and impairment of assets, which are dependent on future developments regarding the severity and duration of the pandemic.

Our opinion is not modified in respect of this matter.

S.R. BATLIBOI & Co. LLP

Chartered Accountants

6. The comparative Ind AS financial information of the Company for the corresponding quarter and period ended June 30, 2019, included in the Statement, has not been subjected to a review and has been prepared and presented as certified by the management.

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

**VIREN H
MEHTA**

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per Viren H. Mehta

Partner

Membership No.: 048749

UDIN No.: 20048749AAAAJX3710

Place: Mumbai

Date: July 16, 2020

AXIS FINANCE LIMITED
Balance Sheet as at 30 June, 2020

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	As at June 30, 2020	As at June 30, 2019	As at March 31, 2020	As at March 31, 2019
	Reviewed	Unaudited	Audited	Audited
ASSETS				
Financial Assets				
Cash and cash equivalents	22,138.39	18.97	16,201.22	90.62
Trade Receivables	350.91	156.87	682.79	505.56
Loans	7,50,999.56	7,86,642.55	7,54,544.33	7,92,579.89
Investments	7,379.86	9,975.61	9,027.93	9,977.43
Other financial assets	61.02	16.30	86.72	11.10
Sub-total-Financial Assets	7,80,929.74	7,96,810.30	7,80,542.99	8,03,164.60
Non-Financial Assets				
Current Tax Assets (net)	3,733.44	2,648.98	4,259.55	2,883.32
Deferred Tax Assets (net)	8,024.56	4,787.27	6,619.93	5,018.33
Property, plant and equipment	214.20	125.27	219.51	115.96
Other intangible Assets	1,361.09	1,334.87	1,408.36	1,324.95
Right-of-use assets	344.94	-	360.28	-
Other non-financial assets	202.31	127.96	203.14	110.37
Sub-total-Non-Financial Assets	13,880.54	9,024.35	13,070.77	9,452.93
Total - Assets	7,94,810.28	8,05,834.65	7,93,613.76	8,12,617.53
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Debt securities	5,49,870.21	4,39,220.59	3,80,677.80	3,87,429.43
Borrowings (Other than debt securities)	59,556.35	1,98,175.59	2,29,442.06	2,47,251.90
Subordinated Liabilities	52,304.97	52,271.53	52,916.72	52,902.06
Lease Liabilities	362.46	-	372.87	-
Other financial liabilities	4,067.13	748.39	3,533.68	778.71
Sub-total-Financial liabilities	6,66,161.12	6,90,416.10	6,66,943.13	6,88,362.10
Non-Financial liabilities				
Provisions	687.31	425.99	1,202.24	825.93
Other non-financial liabilities	1,514.15	1,141.84	1,358.31	1,390.23
Sub-total-Non-Financial liabilities	2,201.46	1,567.83	2,560.55	2,216.16
Total-liabilities	6,68,362.58	6,91,983.93	6,69,503.68	6,90,578.26
EQUITY				
Equity share capital	48,075.00	48,075.00	48,075.00	48,075.00
Other equity	78,372.70	65,775.72	76,035.08	73,964.27
Total - Equity	1,26,447.70	1,13,850.72	1,24,110.08	1,22,039.27
Total - Liabilities and Equity	7,94,810.28	8,05,834.65	7,93,613.76	8,12,617.53

AXIS FINANCE LIMITED
Statement of Profit and Loss for the period ended 30 June, 2020

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	For the period ended June 30, 2020	For the period ended June 30, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
	Reviewed	Unaudited	Audited	Audited
Revenue from operations				
Interest Income	23,266.47	25,503.92	99,401.10	88,818.73
Net gain on fair value changes	4.70	2.47	143.07	614.00
Others	34.32	6.39	459.76	1.05
Total Revenue from operations	23,305.49	25,512.78	1,00,003.93	89,433.78
Other Income			31.90	88.65
Total income	23,305.49	25,512.78	1,00,035.83	89,522.43
Expenses				
Finance Costs	12,124.07	13,876.74	52,033.65	49,963.73
Impairment on financial instruments	5,340.55	206.93	14,083.03	2,158.47
Employee Benefits Expenses	1,643.17	990.52	5,499.38	2,685.27
Depreciation, amortization and impairment	122.43	64.92	401.15	123.05
Others expenses	868.14	591.76	3,974.12	2,051.24
Total expenses	20,098.36	15,730.87	75,991.33	56,981.76
Profit before exceptional items and tax	3,207.13	9,781.91	24,044.50	32,540.67
Exceptional Items	-	-	-	-
Profit before taxes	3,207.13	9,781.91	24,044.50	32,540.67
Tax expenses				
- Current Taxes	2,304.22	3,253.03	9,263.71	12,630.11
- Deferred Taxes	(1,404.01)	236.43	(1,590.36)	(1,144.18)
Profit for the period/year	2,306.92	6,292.45	16,371.15	21,054.74
Other Comprehensive Income				
A (i) Items that will not be reclassified to profit or loss				
(a) Re-measurements of net defined benefit plans	(2.49)	(15.35)	(44.66)	(1.87)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.63)	(5.37)	(11.24)	(0.65)
Sub-total (A)	(1.86)	(9.98)	(33.42)	(1.22)
B (i) Items that will be reclassified to profit or loss	-	-	-	-
Sub-total (B)	-	-	-	-
Other Comprehensive Income (A+B)	(1.86)	(9.98)	(33.42)	(1.22)
Total Comprehensive Income for the period/year	2,305.06	6,282.47	16,337.73	21,053.52
Paid-up Equity Share Capital (Face Value of ₹ 10 each)	48,075.00	48,075.00	48,075.00	48,075.00
Earnings per equity share				
Basic (₹)	0.48	1.31	3.41	4.38
Diluted (₹)	0.48	1.31	3.41	4.38

Notes:

1. The above financial results have been prepared in the format specified in Division III of Schedule III of Companies Act, 2013 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with SEBI Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019 and SEBI Circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/167 dated December 24, 2019 (the "Regulations") and in accordance with Indian Accounting Standards ('Ind AS') notified under Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, prescribed under Section 133 of the Companies Act 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Any application guidance/clarification/directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/applicable.
2. The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on July 16, 2020 and was reviewed by statutory auditor, as required under Listing Regulations.
3. The Company is in the process of amalgamation with Axis Private Equity Limited (a group company), wherein the former is the Transferee and the latter is the Transferor. In this regard, the Company has filed application petition before the National Company Law Tribunal (NCLT), Mumbai. The Scheme of Amalgamation has been sanctioned by NCLT and the order has been made available at NCLT website on July 13, 2020. The Company is in process of obtaining certified copy of the order. Upon receipt of certified copy of the order and filing of requisite form(s) with The Registrar of Companies thereafter, effect of the amalgamation shall be made in the financial statements.
4. The company is engaged primarily in the business of financing and accordingly, there are no separate reportable segments as per Ind AS 108 - Operating Segment.
5. A national lockdown was declared by Government of India with effect from March 24, 2020 as a result of the recent outbreak of Novel Corona Virus (COVID-19), which was further extended in phases up to May 31, 2020. The COVID-19 pandemic has resulted in significant decrease in the economic activities across the country and has also affected the Company's business operations due to such lockdown. Further in accordance with RBI guidelines relating to "COVID-19 Regulatory Package" dated March 27, 2020 and May 23, 2020 ("RBI notifications"), the Company offered/would offer moratorium on payment of installments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to its eligible customers based on requests as well as on suo moto basis.

Estimates and associated assumptions applied in preparing these financial results/statements, especially for determining the impairment allowance for the Company's financial assets (Loans and Investments), are based on historical experience and other emerging/forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used estimation of potential stress on probability of default and exposure at default due to Covid-19 situation in developing the estimates and assumptions to assess the impairment loss allowance on financial assets. Though the lockdown has been lifted albeit with restrictions, operations and economic activities have not yet returned to normalcy. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and maybe affected by severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company.

The Company holds adequate impairment allowances as at June 30, 2020, against potential impact of COVID-19 based on the information available at this point in time.

The Company has not approached any of its lender banks for extending moratorium on payment of installments and/or interest. Based on the internal assessment undertaken, the Company believes it has sufficient liquidity to honour its liabilities due over the next 12 months. The Company is also in compliance with the covenants stipulated by its lenders.

6. The figures of the period ended June 30, 2020 have been reviewed by the statutory auditors and figures of the period ended June 30, 2019 have neither been reviewed nor audited by statutory auditors. Figures for the full financial year ended March 31, 2020 and March 31, 2019 have been audited by the statutory auditors.
7. In terms of requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning ('IRACP') norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the company exceeds the total provision required under IRACP (including standard asset provisioning), as at June 30, 2020 and accordingly, no amount is required to be transferred to impairment reserve.
8. Previous period / year figures have been regrouped / rearranged wherever necessary to conform to the current period/year figures.

For and on behalf of Board of
Directors
AXIS FINANCE LIMITED

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Bipin Kumar Saraf
Managing Director & CEO
DIN: 06416744
Place: Mumbai
Date: July 16, 2020