

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 and nine months ended December 31, 2020 (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 Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 6 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.

6. The comparative Ind AS financial information of the Company for the corresponding quarter and nine months ended December 31, 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

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MEHTA

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per Viren H. Mehta
Partner
Membership No.: 048749

UDIN No.: 21048749AAAAAF3210

Place: Mumbai
Date: January 15, 2021

AXIS FINANCE LIMITED
Statement of Unaudited Ind AS Financial Results for the Quarter and Period ended December 31, 2020

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

Particulars	For the Period ended December 31, 2020	For the Period ended December 31, 2019 (Restated)	For the Quarter ended December 31, 2020	For the Quarter ended December 31, 2019 (Restated)	For the year ended March 31, 2020 (Restated)
	Reviewed	Unaudited	Reviewed	Unaudited	Audited
Revenue from operations					
Interest Income	73,167.24	75,217.71	25,493.34	24,172.74	99,401.10
Net gain on fair value changes	906.97	140.87	405.27	89.80	143.07
Others	70.31	194.90	22.56	157.29	474.22
Total Revenue from operations	74,144.52	75,553.48	25,921.17	24,419.83	1,00,018.39
Other Income	-	42.76	-	10.86	31.90
Total income	74,144.52	75,596.24	25,921.17	24,430.69	1,00,050.29
Expenses					
Finance Costs	35,521.32	39,896.35	11,877.56	12,434.50	52,033.65
Impairment on financial instruments	10,448.30	5,052.74	1,086.42	3,589.66	14,083.03
Employee Benefits Expenses	5,902.60	3,931.15	2,413.03	1,561.60	5,530.70
Depreciation, amortization and impairment	415.77	271.78	145.46	88.22	401.19
Others expenses	4,409.86	2,741.68	2,137.07	1,314.46	3,979.02
Total expenses	56,697.85	51,893.70	17,659.54	18,988.44	76,027.59
Profit before exceptional items and tax	17,446.67	23,702.54	8,261.63	5,442.25	24,022.70
Exceptional Items	-	-	-	-	-
Profit before taxes	17,446.67	23,702.54	8,261.63	5,442.25	24,022.70
Tax expenses					
- Current Taxes	6,944.07	7,030.95	2,559.17	2,153.48	9,263.71
- Deferred Taxes	(2,449.15)	530.37	(505.10)	(729.41)	(1,590.36)
Profit for the period/year	12,951.75	16,141.22	6,207.56	4,018.18	16,349.35
Other Comprehensive Income					
A (i) Items that will not be reclassified to profit or loss					
(a) Re-measurements of net defined benefit plans	(0.44)	(28.08)	(3.22)	-	(44.66)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.11)	(7.19)	(0.81)	-	(11.24)
Sub-total (A)	(0.33)	(20.89)	(2.41)	-	(33.42)
B (i) Items that will be reclassified to profit or loss	-	-	-	-	-
Sub-total (B)	-	-	-	-	-
Other Comprehensive Income (A+B)	(0.33)	(20.89)	(2.41)	-	(33.42)
Total Comprehensive Income for the period/year	12,951.42	16,120.33	6,205.15	4,018.18	16,315.93
Paid-up Equity Share Capital (Face Value of ₹ 10 each)	48,225.00	48,225.00	48,225.00	48,225.00	48,225.00
Earnings per equity share					
Basic (₹)	2.69	3.35	1.29	0.83	3.39
Diluted (₹)	2.69	3.35	1.29	0.83	3.39

AXIS FINANCE LIMITED

Statement of Unaudited Ind AS Financial Results for the Quarter and Period ended December 31, 2020

Notes:

1. Disclosure of standalone assets and liabilities as per Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as at December 31, 2020:

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

Particulars	As at December 31, 2020	As at December 31, 2019 (Restated)	As at March 31, 2020 (Restated)
	Reviewed	Unaudited	Audited
ASSETS			
Financial Assets			
Cash and cash equivalents	32,597.28	7,399.76	16,202.03
Bank Deposits other than Cash and cash equivalents	174.14	185.74	178.51
Trade Receivables	373.50	809.41	683.41
Loans	8,45,304.60	7,45,617.20	7,54,544.33
Investments	50,867.62	9,950.53	9,027.93
Other financial assets	182.48	35.89	86.72
Sub-total-Financial Assets	9,29,499.62	7,63,998.53	7,80,722.93
Non-Financial Assets			
Current Tax Assets (net)	4,522.90	5,119.59	4,396.54
Deferred Tax Assets (net)	9,069.19	4,495.15	6,619.93
Property, plant and equipment	181.48	218.05	219.61
Other Intangible Assets	1,423.53	1,384.07	1,408.36
Right-of-use assets	872.89	-	360.28
Other non-financial assets	342.31	222.13	237.96
Sub-total-Non-Financial Assets	16,412.30	11,438.99	13,242.68
Total - Assets	9,45,911.92	7,75,437.52	7,93,965.61
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Debt securities	6,85,727.46	3,63,354.77	3,80,677.80
Borrowings (Other than debt securities)	60,174.46	2,31,912.11	2,29,442.06
Subordinated Liabilities	51,879.25	51,840.61	52,916.72
Lease Liabilities	913.47	-	372.87
Other financial liabilities	6,282.72	1,364.58	3,536.24
Sub-total-Financial liabilities	8,04,977.36	6,48,472.07	6,66,945.69
Non-Financial liabilities			
Provisions	1,218.63	948.85	1,204.05
Other non-financial liabilities	2,063.80	1,754.76	1,358.61
Sub-total-Non-Financial liabilities	3,282.43	2,703.61	2,562.66
Total-liabilities	8,08,259.79	6,51,175.68	6,69,508.35
EQUITY			
Equity share capital	48,225.00	48,225.00	48,225.00
Other equity	89,427.13	76,036.84	76,232.26
Total - Equity	1,37,652.13	1,24,261.84	1,24,457.26
Total - Liabilities and Equity	9,45,911.92	7,75,437.52	7,93,965.61

Notes:

2. The above financial results have been prepared in accordance with 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 the 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.
3. The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on January 15, 2021 and are reviewed by the statutory auditor, as required under Listing Regulations.
4. During the quarter ended September 30, 2020, the Company received the certified copy of order from National Company Law Tribunal ('NCLT') approving the amalgamation of Axis Private Equity Ltd. with the Company, appointed date being April 1, 2017. Subsequently the Company allotted 15,00,000 equity shares to the shareholders of Axis Private Equity Ltd. The amalgamation qualifies as a 'common control transaction' and has been accounted for using the Pooling of interest method as per Appendix C to Ind AS 103 - Business Combinations. Accordingly, the financial results for the earlier periods have been restated as if the business combination had occurred with effect from April 1, 2019 irrespective of the actual date of acquisition and are not comparable with those reported earlier, in so far as it relates to the amounts included in respect of above said amalgamation. Similarly, the value of paid up equity share capital has also been restated to make the Basic / Diluted Earnings per share comparable.
5. 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.
6. 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 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, 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 may be 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 December 31, 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.

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 – Financial Instruments and Income Recognition, Asset Classification and Provisioning ('IRACP') norms (including provision on standard assets). The impairment allowances under Ind AS 109 – Financial Instruments, made by the Company exceeds the total provision required under IRACP (including standard asset provisioning), as at December 31, 2020 and accordingly, no amount is required to be transferred to impairment reserve.
8. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration of the Ministry. The Company will assess the impact once the subject rules are notified and will give appropriate impact in the financial statements in the period in which the Code becomes effective and the related rules to determine the financial impact are published.
9. The Company, basis the direction of Hon'ble Supreme Court on interim extension of asset classification, has kept at standstill four accounts aggregating Rs.56.48 crores, wherein the days past due(DPD) count has been kept at standstill from August 31, 2020 till the end of the reporting period i.e. December 31, 2020. However, the provisioning has been adequately carried out in view of the uncertainty of outcome of judgement of The Supreme Court.
10. 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: January 15, 2021