

Singhi & Co.
Chartered Accountants
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B. K. Khare & Co.
Chartered Accountants
706-708, Sharda Chambers
New Marine Lines,
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Independent Auditors' Report on the Quarterly and Year to Date Audited Financial Results of the Company Pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

To
The Board of Directors
Axis Finance Limited

Report on the Audit of financial results

Opinion

We have audited the accompanying Statement of Financial Results of Axis Finance Limited ("the Company" / "NBFC") for the quarter and nine months ended December 31, 2022 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. are presented in accordance with the requirements of regulation 52 of the Listing Regulations in this regard; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards, RBI guidelines and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information of the Company for the quarter and nine months ended December 31, 2022.

Basis for Opinion

We conducted our audit of the Statement in accordance with the Standards on Auditing ("SA's), specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note 3 to the Financial Results, as regards the management's assessment of the financial impact due to restrictions and possible effects of the COVID 19 Pandemic.

Our opinion is not modified in respect of this matter.

Board of Directors' Responsibility for the Financial Results

These financial results have been compiled from the interim financial statements. The Company's Board of Directors are responsible for the preparation of Statement that gives a true and fair view of the net

profit, other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS 34) "Interim Financial Reporting" specified under section 133 of the Act and the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ('RBI Guidelines') and other accounting principles generally accepted in India and in compliance with regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities: selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial results, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the management and Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial results, including the disclosures, and whether the Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

1. The comparative financial results of the Company as stated in statement for the quarter and nine months ended December 31, 2021 were audited by Singhi & Co., one of the Joint Auditor, who expressed an unmodified opinion on those financial results vide their Report dated on January 14, 2022. Accordingly, we, do not express any opinion, as the case may be, on the figures reported in the financial results for the quarter and nine months ended December 31, 2021.
2. The Statement includes comparative financial results of the Company for the year ended March 31, 2022 which were audited by Singhi & Co., one of the Joint Auditors, where they have expressed an unmodified opinion vide report dated April 14, 2022.

Our opinion is not modified in respect of these matters.

For Singhi & Co.
Chartered Accountants
Firm Registration No.: 302049E
Shweta Singhal Digitally signed by
Shweta Singhal
Date: 2023.01.12
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Shweta Singhal
Partner
Membership No. 414420
UDIN: 23414420BGVLFW6718
Place: Mumbai
Date: January 12, 2023

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W
Aniruddha Mohan Joshi Digitally signed by
Aniruddha Mohan Joshi
Date: 2023.01.12
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Aniruddha Joshi
Partner
Membership No: 040852
UDIN: 23040852BGUQWO6335
Place: Mumbai
Date: January 12, 2023

AXIS FINANCE LIMITED

Statement of Financial Results for the quarter ended and period ended December 31, 2022
 (All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	For the Quarter ended December 31, 2022	For the Quarter ended September 30, 2022	For the Quarter ended December 31, 2021	For the period ended December 31, 2022	For the period ended December 31, 2021	For the year ended March 31, 2022
Particulars	Audited	Audited	Audited	Audited	Audited	Audited
Revenue from operations						
Interest Income	56,480.08	51,222.28	37,347.19	1,52,239.39	98,524.66	1,37,223.20
Fees and commission Income	802.22	479.57	155.64	2,506.09	363.05	624.94
Net gain on fair value changes	315.07	219.07	1,194.55	552.59	1,963.60	2,434.74
Net gain/(loss) on DE recognition of financial instruments under amortised cost category	782.95	5,405.59	2,355.92	6,359.30	2,355.92	3,055.01
Total Revenue from operations	58,380.32	57,326.51	41,053.30	1,61,657.37	1,03,207.23	1,43,337.89
Other Income	-	-	-	-	-	-
Total Income	58,380.32	57,326.51	41,053.30	1,61,657.37	1,03,207.23	1,43,337.89
Expenses						
Finance Costs	31,990.11	28,762.44	18,596.44	84,771.61	49,327.70	69,735.55
Impairment on financial instruments	(136.18)	1,006.92	2,132.22	2,153.01	6,105.80	7,287.83
Employee benefits expenses	4,894.03	4,712.60	3,576.01	14,043.72	9,572.27	13,495.12
Depreciation, amortization and impairment	430.10	360.09	258.27	1,126.65	678.74	1,019.27
Others expenses	2,109.51	2,086.46	1,875.02	5,898.87	4,184.28	5,396.93
Total expenses	39,287.57	36,928.51	26,437.96	1,07,993.86	69,868.79	96,934.70
Profit before exceptional items and tax	19,092.75	20,398.00	14,615.34	53,663.51	33,338.44	46,403.19
Exceptional Items	-	-	-	-	-	-
Profit before taxes	19,092.75	20,398.00	14,615.34	53,663.51	33,338.44	46,403.19
Tax expenses						
- Current Tax	4,275.34	5,233.92	3,456.19	13,004.90	9,211.09	13,006.87
- Deferred Tax	561.91	129.03	183.14	648.27	(747.15)	(1,237.62)
Profit for the period/year	14,255.50	15,035.05	10,976.01	40,010.34	24,874.50	34,633.94
Other Comprehensive Income						
(A) Items that will not be reclassified to profit and loss						
-Re-measurements of net defined benefit plans	94.74	117.41	6.92	211.41	2.07	(4.06)
-Income tax impact	23.84	29.55	1.74	53.21	0.52	(1.02)
Sub-total (A)	70.90	87.86	5.18	158.20	1.55	(3.04)
(B) Items that will be reclassified to profit and loss						
-Fair value changes on derivative designated as cash flow hedge	-	-	(28.20)	(6.39)	(28.20)	6.39
-Income tax impact	-	-	(7.10)	(1.61)	(7.10)	1.61
Sub-total (B)	-	-	(21.10)	(4.78)	(21.10)	4.78
Other Comprehensive Income/(Loss) (A+B)	70.90	87.86	(15.92)	153.42	(19.55)	1.74
Total Comprehensive Income for the period/year	14,326.40	15,122.91	10,960.09	40,163.76	24,854.95	34,635.68
Paid-up Equity share capital (Face Value of ₹ 10 each)	57,922.93	57,922.93	48,225.00	57,922.93	48,225.00	53,851.25
Earnings per equity share (not annualised)						
Basic (₹)	2.46	2.61	2.28	7.03	5.16	7.08
Diluted (₹)	2.46	2.61	2.28	7.03	5.16	7.08



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 from time to time 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 and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on January 12, 2023. The Statutory Auditors have conducted audit and issued an unmodified opinion on the financial results for the quarter and period ended December 31, 2022.
3. The Covid 19 pandemic which impacted business and economies across the world over last two years, continues to pose uncertainties even till date. The management has evaluated the actual and potential impact of the pandemic on its financial statements.

The Company holds adequate impairment allowance as at December 31, 2022 against potential impact of COVID-19 based on the information available at this point in time. The impairment allowance held by the Company is in excess of the RBI prescribed norms. Based on the internal assessment undertaken, the Company believes it has sufficient liquidity to honour its liabilities due over the next 12 months.

4. The company is engaged primarily in the business of financing and also operates within India. Accordingly, there are no separate reportable segments as per Ind AS 108 - Operating Segment.
5. 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 December 31, 2022 and accordingly, amount required to be transferred to impairment reserve, if any will be assessed at year end.
6. During the period ended December 31, 2022 the Company has issued equity shares to existing shareholders on rights basis in two tranches:-
 - 1) 2,69,25,625 equity shares of ₹10 each at premium of ₹65 each amounting to ₹20,194.22 Lakhs in the month of May 2022
 - 2) 1,37,91,175 equity shares of ₹10 each at premium of ₹66 each amounting to ₹10,481.29 Lakhs in the month of July 2022.
7. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules / interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.



8. The following table sets forth, for the period indicated, disclosure RBI Circular - RBI/DOR/2021-22/86/DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 with respect to details of loans transferred through sell-down and direct assignment:-

Particulars	To Banks	To Others	Total
Number of loans sold	6,976	1,744	8,720
Aggregate amount (₹ in Lakhs)	1,34,869.19	16,057.93	1,50,927.13
Sale consideration (₹ in Lakhs)	1,36,234.17	16,057.93	1,52,292.11
Number of transactions	21	5	26
Weighted average maturity in months (remaining)	101.84	46.39	95.94
Weighted average holding period in months (after origination)	11.75	12.06	11.78
Retention of beneficial economic interest (average)	0 to 10%	10 to 53%	10 to 53%
Coverage of tangible security coverage	1x to 3x	1x to 3x	1x to 3x
Rating wise distribution of rated loans	BBB-, BBB, A-, A, A+	BBB-, A-, A	BBB-, BBB, A-, A, A+
Number of instances (transactions) where transferor has agreed to replace the transferred loans	NIL	NIL	NIL
Number of transferred loans replaced	N.A	N.A	N.A

- a) The Company has not transferred any non-performing assets (NPAs).
- b) The Company has not transferred any Special Mention Account (SMA) and loan in default.
- c) The Company has not acquired any loans in default or not in default through assignment.
- d) The Company has not acquired any stressed loan.

9. Disclosures in compliance with Regulation 52 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period ended December 31, 2022 is attached as **Annexure 1**.

10. During the quarter, for recognising amortisation of processing fees basis effective interest rate (EIR) method and recognition of excess interest spread (EIS) in case of direct assignment of loans, the Company has opted for a change in estimate by relying on the behavioural tenure of the loan repayment instead of the contractual tenure of the loans. Impact of this change on the charge for the period is Rs 5,907.77 lakhs. The effect in future periods is not disclosed since it is impracticable to estimate that effect.

11. The results for the quarter and period ended December 31, 2022 are available on the BSE Ltd website www.bseindia.com and the Company's website www.axisfinance.in

12. 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

BIPIN KUMAR SARAF Digitally signed by
BIPIN KUMAR SARAF
Date: 2023.01.12
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Bipin Kumar Saraf
Managing Director & CEO
DIN: 06416744
Place: Mumbai
Date: January 12, 2023

Annexure 1

1) Pursuant to Regulation 52(7) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, we hereby confirm that issue proceeds of Non-Convertible Debentures (NCDs) issued by the Company and outstanding as on December 31, 2022 are being utilized as per the objects stated in the offer document. Further we also confirm that there have been no deviations, in the use of proceeds of issue of NCDs from the objects stated in the offer document.

2) Pursuant to Regulation 54 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, we would like to state that all secured Non-Convertible Debentures (NCDs) issued by the Company and outstanding as on December 31, 2022 are fully secured by first pari passu charge created over the freehold immovable properties, current assets, cash flows and receivables of the Company. Accordingly, the Company is maintaining asset cover of 1x or such higher asset cover required as per the terms of offer document/Information Memorandum.

3) Disclosure as per Regulation 52(4) of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015

Sr No.	Particulars	December 31, 2022	December 31, 2021
1	Debt - Equity Ratio	6.29	7.67
2	Debt service coverage ratio	Not applicable	Not applicable
3	Interest service coverage ratio	Not applicable	Not applicable
4	Outstanding redeemable preference shares (quantity and value)	Not applicable	Not applicable
5	Capital redemption reserve/debenture redemption reserve	Not applicable	Not applicable
6	Net worth as on (in ₹ Lakhs)	2,89,992.28	1,69,385.50
7	Net profit after tax for the quarter ended (in ₹ Lakhs)	14,255.50	10,976.01
8	Earnings per share for the quarter ended (in ₹) (not annualised)	2.46	2.28
9	Current ratio	Not applicable	Not applicable
10	Long term debt to working capital	Not applicable	Not applicable
11	Bad debts to Account receivable ratio	Not applicable	Not applicable
12	Current liability ratio	Not applicable	Not applicable
13	Total debts to total assets	0.84	0.88
14	Debtors turnover	Not applicable	Not applicable
15	Inventory turnover	Not applicable	Not applicable
16	Operating margin (%)	Not applicable	Not applicable
17	Net profit margin (%) for the quarter ended	24.42%	26.74%
18	Sector specific equivalent ratios as on		
	a) Gross Stage 3 asset	0.81%	1.89%
	b) Net Stage 3 asset	0.38%	0.89%
	c) CRAR	21.83%	18.89%
	d) Liquidity Coverage Ratio	230.96%	208.71%

