DMI FINANCE PRIVATE LIMITED
Registered office: Express Building, 3rd Floor, 9-10, Bahadur Shah Zafar Marg, New Delhi- 110002
Phone: +91-11-49834444, Fax- +91-11-41204000
Website: www.dmifinance.in
CIN: U65929DL2008PTC182749

NOTICE OF THE 13th ANNUAL GENERAL MEETING

Notice is hereby given that the 13th Annual General Meeting **("AGM")** of the members of DMI Finance Private Limited **("the Company")** will be held on shorter notice basis on Friday, October 29, 2021, at Express Building, 3rd Floor, 9-10, Bahadur Shah Zafar Marg, New Delhi- 110002 at 1230 hours onwards to transact the following business:

ORDINARY BUSINESS:

Registered Office:
Express Building, 3rd Floor,
9-10, Bahadur Shah Zafar
Marg, New Delhi-110002
T: +91 11 41204444
F: +91 11 41204000
email: dmi@dmifinance.in
U65929DL2008PTC182749

1. To receive, consider and adopt the:

   a. Annual Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2021, and the Reports of the Board of Directors and the Auditors thereon; and

   b. Annual Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2021, and the Report of the Auditors thereon.

2. To appoint M/s. S.N. Dhawan & Co (Firm Registration Number: 000050N/N500045), as Statutory Auditors of the Company and to fix their remuneration and in this regard to consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   '**RESOLVED THAT** pursuant to the provisions of Section 139, 141 and 142 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors ("SAs") of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) (including any statutory modification or re-enactment thereof for time being in force) dated April 27, 2021 issued by the Reserve Bank of India ("RBI Guidelines") and Articles of Association of the Company and all other rules, regulations, guidelines, notifications, clarifications and circulars, if any, issued by any Statutory/Regulatory Authorities, as may be applicable, and as per the recommendation received from the Board of Directors of the company, M/s. S.N. Dhawan & Co LLP, Chartered Accountants (Firm Registration No.: 000050N/N500045), who have offered themselves for appointment and have confirmed their eligibility to be appointed as Statutory Auditors, be and is hereby appointed as Statutory Auditors of DMI Finance Private Limited (the 'Company) for a consecutive term of three financial years (2021-22 to 2023-24), to hold office from the conclusion of the 13th Annual General Meeting ('AGM') till the conclusion of the 16th AGM of the Company, subject to the fulfilment of the eligibility norms each year during its tenure at such remuneration plus taxes, out-of-pocket, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors, the auditors shall also provide the relevant certificates at a price agreed along with statutory audit fees as may be required under various statutory or regulatory requirements.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and hereby severally authorize Mr. Shivashish Chatterjee and Mr. Yuvraja Chanakya Singh, Jt. Managing Directors and/or Mr. Sahib Pahwa, Head-CS & Compliance of the Company to take all actions and to do all such acts, deeds, matters and things as they may, in their absolute discretion, deem necessary, desirable or expedient to give effect including but not limited to intimating the Reserve Bank of India (RBI) or any other regulatory authority as applicable for such appointment and to do all acts, deeds and things in connection therewith and incidental thereto as they in their absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end."

Date: October 27, 2021
Place: New Delhi

By the Order of the Board
For DMI Finance Private Limited

Sd/-

Sahib Pahwa
Head- Compliance and Company Secretary
A24789
Express Building, 3rd Floor, 9-10,
Bahadur Shah Zafar Marg, New Delhi- 110002

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Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of member not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

2. The instrument appointing the proxy should, however, be deposited at the registered office of the Company any time before the commencement of the Meeting. A Proxy Form is annexed to this Report.

3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a duly certified true copy of the Board Resolution authorizing their representatives to attend and vote at the AGM.

4. The Register of Directors and Key Managerial Personnel and their shareholding-maintained u/s 184 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

5. Members/ Proxies should fill in the attendance slip for attending the AGM. Attendance slip and the proxy form as prescribed under the Companies Act, 2013 is enclosed with the Notice.

6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

7. The relevant documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during business hours on working days except on holidays, upto the date of the AGM.

8. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication from the Company electronically.

9. Landmark for location of meeting is Passport Seva Kendra, ITO. Route map of the location is attached with the notice.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

The following statement sets out all material facts relating to certain Ordinary Business and Special Business mentioned in the accompanying notice:

Item No. 2:

The members are hereby informed that the Reserve Bank of India vide its Circular dated April 27, 2021, has issued the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) (‘RBI Guidelines’), regarding appointment of Statutory Auditors in Banks including NBFCs and FAQs released subsequently. The guidelines will be applicable to the NBFCs with asset size of 1,000 Crore and more for Financial Year 2021-22 and onwards in respect of appointment/ re-appointment of Statutory Auditors. Pursuant to the said guidelines to protect the independence of the auditors, the Company shall appoint the Statutory Auditors for a continuous period of three years subject to the firm satisfying the eligibility norms each year. Further, an audit firm would not be eligible for re-appointment in the same entity for six years (two tenures) after completion of full or part of one term of the audit tenure. In view of the above RBI Guidelines, the Company has adopted a Policy for Appointment of Statutory Auditors (‘Policy’).

The members of the Company at the 12th Annual General Meeting (AGM) held on September 15, 2020 has appointed M/s. Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013) as Statutory Auditors of the Company for a consecutive term of five financial years (i.e., 2020-21 to 2024-25) till the conclusion of 17th Annual General Meeting. However, in accordance with the RBI Guidelines, one Audit firm can conduct Statutory Audit of not more than eight (8) NBFCs. In compliance with the said Guidelines, M/s. Walker Chandiok and Co. LLP has expressed their inability to continue to hold the office of Statutory Auditors and tendered their resignation with effect from October 25, 2021.

Further, on the basis of recommendation of the Audit Committee and considering the profile, experience and specialization in the audit of banking and financial service sector, the Board of Directors through circular resolution passed on October 27, 2021, has appointed M/s. S.N. Dhawan & Co LLP, Chartered Accountants, (Firm Registration No. 000050N/N500045), as Statutory Auditors of the Company for the consecutive term of three financial years (2021-22 to 2023-24) to fill the casual vacancy subject to the approval of shareholders in the ensuing AGM.

Further, in terms of RBI Guidelines and Company’s policy and on the basis of recommendation of Board of Directors of the Company, the appointment of M/s. S.N. Dhawan & Co LLP, Chartered Accountants, (Firm Registration No. 000050N/N500045), as Statutory Auditors of the Company for the consecutive term of three financial years (2021-22 to 2023-24), starting from conclusion of this AGM till the conclusion of 16th AGM of the Company, recommended to the shareholders for the approval at the AGM subject to the fulfilment of the eligibility norms each year at such remuneration plus taxes, out-of-pocket, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors, the auditors shall also provide the relevant certificates at a price agreed along with statutory audit fees as may be re-quired under various statutory or regulatory requirements.

M/s. S.N. Dhawan & Co LLP have confirmed that the appointment, if made would be within the limits specified under Section 141(3)(g) of the Companies Act, 2013 and are not disqualified to be appointed as Statutory Auditors in terms of the provisions of Section 139, 141 of the Companies Act, 2013 read with rules made thereunder. Further, the Company has also received an eligibility certificate from M/s. S.N. Dhawan & Co LLP in Form-B as prescribed under the aforesaid RBI Guidelines on Appointment of Statutory Auditors.

Accordingly, the Board of Directors recommends the resolution set out at item no. 2 for the approval of Members as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 2 of this Notice.

The details of the transaction can be accessed at the registered office of the Company during the business hours i.e. between 0900 Hrs to 1800 Hrs.

Date: October 27, 2021
Place: New Delhi

By the Order of the Board
For DMI Finance Private Limited

Sd/-

Sahib Pahwa
Head- Compliance and Company Secretary
A24789
Express Building, 3rd Floor, 9-10,
Bahadur Shah Zafar Marg, New Delhi- 110002

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PROXY FORM

DMI FINANCE PRIVATE LIMITED

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MGT-11 – Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014*]*

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Name of the member (s):
Registered address:
E-mail Id:
Folio No/ Client Id:
DP ID:

I/We, being the member (s) of ………..shares of the DMI Finance Private Limited, hereby appoint

1. Name: ________________________________
   E-mail Id: ____
   Address: ____
   Signature: _____________________________________

Or failing him

2. Name: ________________________________
   E-mail Id: ____
   Address: ____
   Signature: _____________________________________

Or failing him

3. Name: ________________________________
   E-mail Id: ____
   Address: ____
   Signature: _____________________________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 13th Annual General Meeting of the Company to be held on shorter notice on Friday, October 29, 2021, at Express Building, 3rd Floor, 9-10, Bahadur Shah Zafar Marg, New Delhi- 110002 at 1230 hours and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
		For	Against
Ordinary Businesses:			
1.	To receive, consider and adopt the: a. Annual Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021 and the Reports of the Board of Directors and the Auditors thereon; and b. Annual audited consolidated financial statements of the Company for the financial year ended March 31, 2021 and the Report of the Auditors thereon.		
2.	To appoint M/s. S.N. Dhawan & Co (Firm Registration Number- 000050N/N500045), as Statutory Auditors of the Company and to fix their remuneration.		

*Applicable for investors holding shares in electronic form.

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Signed this…… day of……… 2021

Affix
Revenue
Stamp

____

Signature of shareholder

____

Signature of Proxy holder(s)

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

2. A Proxy need not be a member of the Company.

3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

4. *This is only optional. Please put an ‘X’ in the appropriate column against the resolutions indicated in the Box. If you leave the ‘For’ or ‘Against’ column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

6. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

DMI FINANCE PRIVATE LIMITED

ATTENDANCE SLIP

DMI FINANCE PRIVATE LIMITED

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Please fill attendance slip and hand it over at the entrance of the meeting hall
Joint shareholders may obtain additional Slip at the venue of the meeting.

Name and address of the shareholder/Proxy:
____
Folio No.: _________________________________
ID & Client ID*: ____________________________________
No. of Shares held: ______________________________

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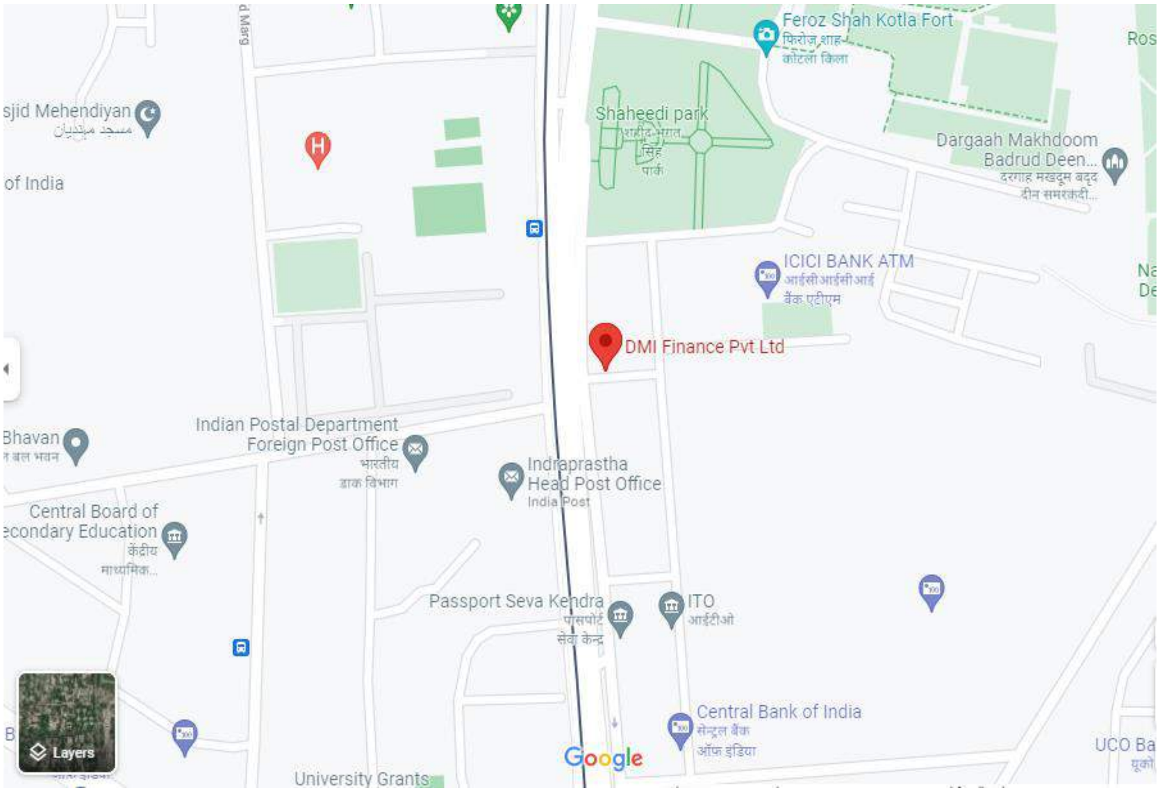
I/We hereby record my/our presence at the 13th Annual General Meeting of the Company to be held on shorter notice basis on Friday, October 29, 2021, at Express Building, 3rd Floor, 9-10, Bahadur Shah Zafar Marg, New Delhi- 110002 at 1230 hours.

Signature of the Shareholder or Proxy**:

____
*Applicable for investors holding shares in electronic form.
**Strike out whichever is not applicable

Route Map of Venue of Meeting



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Walker Chandiok & Co LLP

Walker Chandiok & Co LLP
11th Floor, Tower II,
One International Center,
S B Marg, Prabhadevi (W),
Mumbai - 400013
Maharashtra, India
T +91 22 6626 2699
F +91 22 6626 2601

Independent Auditor's Report

To the Members of DMI Finance Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of **DMI Finance Private Limited** ('the Company'), which comprise the Balance Sheet as at **31 March 2021**, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the financial 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 opinion.

Emphasis of Matter – COVID 19

4. We draw attention to Note 38 of to the accompanying financial statements, which describes the uncertainty relating to the effects of Covid-19 pandemic on the Company's operations as at 31 March 2021. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Use of information processing system for accounting and financial reporting	
The Company relies upon information processing systems for recording, processing, classifying, and presenting the large volume of transactions entered into by the Company. The Company has put in place IT General Controls and automated IT Controls to ensure that the information produced by the Company is reliable. Also, during the current year, the management carried out changes to the IT infrastructure and accounting system to implement moratorium relief extended during the year to the customers. Among other things, the management also uses the information produced by the entity's information processing systems for accounting and the preparation and presentation of the financial statements. The Company's accounting and financial reporting processes being dependent on automated controls enabled by IT systems impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Since our audit strategy included focus on entity's information processing systems relevant to our audit due to their pervasive impact on the financial statements, we have determined the use of information processing system for accounting and financial reporting as a key audit matter for the current year audit.	Our key audit procedures on this matter included, but were not limited, to the following: a) Obtained an understanding of the Company's information processing systems, IT General Controls and automated IT controls for applications, databases and operating systems relevant to our audit; b) Obtained an understanding of the changes that were made to the IT applications during the audit period on account of moratorium relief extended to its customers; c) Involved IT specialists (auditor's expert) for performance of the following procedures: i) tested the IT General Controls around user access management, changes to IT environment and segregation of duties around program maintenance, security administration and over key financial accounting and reporting processes; and ii) tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization iii) tested the automated controls like interfaces, configurations and information generated by the entity's information processing systems for loans, interest income and other significant financial statement items. d) Obtained written representations from management and those charged with governance on whether IT general controls and automated IT controls are designed and were operating effectively during the period covered by our audit.

Key audit matter	**How our audit addressed the key audit matter**
Expected Credit Losses on loans (ECL) and implementation of COVID-19 relief measures (Refer Note 3(m) for the accounting policy and Note 7.1 for the related disclosures	
As at 31 March 2021, the Company has financial assets (loans) amounting to Rs. 31,413.61 millions. As per Ind AS 109- Financial Instruments, the Company is required to recognise allowance for expected credit losses on financial assets. Expected credit loss cannot be measured precisely but can only be estimated through use of statistics. The calculation of expected credit losses is complex and requires exercise of judgement around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events. The Company has developed customized models to derive key inputs used to determine the amount of ECL such as probability of default (PD) and loss given default (LGD). The result from these models is then applied to the exposure at default (EAD) to arrive at the amount of ECL. In the process of developing the ECL models, a significant degree of judgement has been applied by the management in respect of following matters: a) Staging of loans and estimation of behavioral life and thereby determining the criteria for a significant increase in credit risk. b) Estimation of expected loss from historical observations. c) Estimation of losses in respect of those loans which had no/ minimal defaults in the past. d) Selection of macro-economic factors and estimating their impact on ECL model; and e) Estimation of the expected realizable values of underlying collaterals.	Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the financial statements were reasonable and the related disclosures in the financial statements made by the management were adequate. These procedures included, but were not limited, to the following: a) obtained an understanding of the model adopted by the Company including key inputs and assumptions for calculation of expected credit losses including the impact of COVID 19 on the assumptions and how management calculates the expected credit losses and the appropriateness data on which the calculation is based; b) tested the design and operating effectiveness of the key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized; c) obtained the policy on moratorium and restructuring of loans approved by the Board of Directors pursuant to the RBI circulars and ensured such policy is in compliant with the requirements of the RBI circular; d) evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the applicable accounting standard considering the impact of COVID-19 on account of benefit extended by the Company to select borrowers and the basis for classification of various exposures into various stages. e) As modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios. f) tested the accuracy of inputs through substantive procedures and assessed the reasonableness of the assumptions used;

Key audit matter	How our audit addressed the key audit matter
Implementation of COVID-19 relief measures	
During the current year, RBI announced various relief measures for the borrowers which were implemented by the Company such as "COVID 19 Regulatory Package- Asset Classification and Provisioning" announced by the RBI on 17 April 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 7 April 2021 (collectively referred to as 'the RBI circulars'), and "Resolution Framework for COVID-19 related Stress" (the 'Resolution Framework') dated 6 August 2020, which have been collectively considered by the management in identification, classification and provisioning of loan assets for impairment. The management has considered the impact of COVID-19 on arriving at the provisions as at the balance sheet date on account of significant increase in credit risk on borrowers given additional support by the Company which were impacted due to COVID-19. The basis of estimates and assumptions involved in arriving at the provisions during the year were monitored by the Company periodically and significantly depend on future developments in the economy due to COVID-19 including any new relief measures' announcements by the RBI. Considering the significance of the above matter to the standalone financial statements, the degree of management's judgment involved and additional complexities involved in the current year on account of ongoing impact of COVID-19 and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit. We also draw attention to Note 38 of the accompanying standalone financial statements, regarding uncertainties involved on the due to outbreak of COVID-19 pandemic with respect to the measurement of expected credit loss on such loan assets which are significantly dependent on uncertain future developments, as the same is fundamental to the understanding of the users of financial statements.	g) developed a point estimate by making reference to the expected credit losses recognised by entities that carry comparable financial assets; h) tested the arithmetical calculation of the expected credit losses; i) on test check basis, tested the reasonableness of estimates of expected realizable values of underlying collaterals; j) assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework; and k) obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable.

Information other than the Financial Statements and Auditor's Report thereon

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

8. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

10. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Standards on Auditing 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 statements.

12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management'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 auditor's report to the related disclosures in the financial statements 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 auditor's 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 statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

13. 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

16. The standalone financial statements of the Company for the year ended 31 March 2020 were audited by the predecessor auditor, S.R. Batliboi & Associates LLP, who have expressed an unmodified opinion on those standalone financial statements vide their audit report dated 3 July 2020.

Report on Other Legal and Regulatory Requirements

17. Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.

18. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

19. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;

    f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 21 June 2021 as per Annexure B expressed unmodified opinion; and

    g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i) the Company, as detailed in note 42 to the standalone financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2021;

        ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

        iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and

        iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

Manish Gujral
Partner
Membership No:105117

UDIN:21105117AAAADU3479

Place: Mumbai
Date: 21 June 2021

Annexure A to the Independent Auditor's Report of even date to the members of DMI Finance Private Limited, on the standalone financial statements for the year ended 31 March 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b) The Company has a regular program of physical verification of its property, plant and equipment under which fixed assets are verified in a phased manner over a period of 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

c) The Company does not hold any immovable property (in the nature of 'Property, plant and equipment'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.

ii) The Company does not have any inventory. Accordingly, the provisions of Clause 3(ii) of the Order are not applicable.

iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of guarantee. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, investments and security.

v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of Clause 3(v) of the Order are not applicable.

vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of Clause 3(vi) of the Order are not applicable.

vii) a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in million)	Amount paid under protest (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income-tax	2.26	Nil	Assessment year 2017-18	Commissioner of Income Tax-Appeal (CIT(A))

MUMBAI

Annexure A (Contd)

viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or debenture holders during the year. The Company did not have any outstanding loans or borrowings payable to government during the year.

ix) The Company did not raise moneys by way of initial public offer or further public offer. In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

xi) The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the company since the company is not a public company as defined under Section 2(71) of the Act. Accordingly, provisions of clause 3(xi) of the Order are not applicable.

xii) In our opinion, the Company is not a *Nidhi* Company. Accordingly, provisions of Clause 3(xii) of the Order are not applicable.

xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

xiv) During the year, the Company has made preferential allotment/ private placement of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the Company did not make preferential allotment/ private placement of shares/ fully/partly convertible debentures.

xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/N500013

Manish Gujral
Partner
Membership No:105117

UDIN: 21105117AAAADU3479

Place: Mumbai
Date: 21 June 2021

Annexure B to the Independent Auditor's Report of even date to the members of DMI Finance Private Limited on the standalone financial statements for the year ended 31 March 2021

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1) In conjunction with our audit of the standalone financial statements of DMI Finance Private Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2) The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3) Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4) Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6) A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance

Annexure B (Contd)

that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7) Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8) In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

Manish Gujral
Partner
Membership No105117

UDIN:21105117AAAADU3479

Place: Mumbai
Date: 21 June 2021

DMI Finance Private Limited
Standalone Balance Sheet As at March 31, 2021
(All Amount in Rs. In millions, unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	4	2,476.26	1,190.89
Bank balance other than cash and cash equivalents	5	267.21	15.20
Trade receivables	6	54.64	33.65
Loans	7	31,413.61	33,353.51
Investments	8	18,488.52	15,294.08
Other financial assets	9	2,035.85	566.23
Non- financial assets			
Current tax assets	10	214.39	154.51
Deferred tax assets (net)	11	573.29	319.78
Property, plant and equipment	12	326.86	387.53
Intangible assets	13	22.80	7.55
Other non- financial assets	14	94.66	104.32
Assets held for sale	15	189.85	189.85
TOTAL ASSETS		56,157.94	51,617.10
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	16		
(i) total outstanding dues of micro enterprises and small enterprises		110.75	78.68
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		194.95	161.37
Debt securities	17	18,551.69	22,797.57
Borrowings (other than debt securities)	18	1,423.48	3,091.28
Other financial liabilities	19	629.87	475.38
Non financial liabilities			
Provisions	20	56.73	37.95
Other non-financial liabilities	21	336.57	214.62
EQUITY			
Equity share capital	22	6,436.58	5,592.94
Other equity	23	28,417.32	19,167.31
TOTAL LIABILITIES AND EQUITY		56,157.94	51,617.10

Summary of significant accounting policies and accompanying notes are an integral part of the financial statements

This is the Balance Sheet referred to in our report of even date

For Walker Chandiok & Co LLP
Firm Registration No. 001076N/N500013
Chartered Accountants

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: June 21, 2021

For and on behalf of the Board of Directors of
DMI Finance Private Limited

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460

Place: NEW DELHI
Date: June 21, 2021

Yuvraja Chanakya Singh
(Jt. Managing Director)
DIN: 02601179

Place: LONDON
Date: June 21, 2021

Krishan Gopal
(Chief Financial Officer)

Place: GURUGRAM
Date: June 21, 2021

Sahib Pahwa
(Company Secretary)
M. No. A24789

Place: GURUGRAM
Date: June 21, 2021

DMI Finance Private Limited
Standalone Statement of profit and loss for the year ended March 31, 2021
(All Amount in Rs. in millions, unless otherwise stated)

	Notes	For the year March 31, 2021	For the year March 31, 2020
Revenue from operations			
Interest income	24	6,910.64	6,078.05
Fees and commission income	25	38.79	52.03
Net gain on fair value changes	26	591.04	225.77
Total revenue from operations		7,540.47	6,355.85
Other income	27	104.04	90.29
Total income		7,644.51	6,446.14
Expenses			
Finance costs	28	1,929.94	1,455.00
Fees and commission expense	29	903.63	843.03
Impairment on financial instruments	30	2,848.74	1,533.14
Employee benefits expense	31	698.99	573.35
Depreciation and amortization	32	79.07	76.40
Other expenses	33	872.12	621.53
Total expenses		7,332.49	5,102.45
Profit before tax		312.02	1,343.69
Tax expense:			
(1) Current tax	16	344.13	548.07
(2) Deferred tax credit	16	(255.19)	(195.27)
Profit for the year		223.08	990.89
Other comprehensive income			
a) Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plan		2.44	(2.00)
Income tax relating to above item		(0.61)	0.50
b) Items that will be reclassified to profit or loss			
Changes in fair value		4.21	(95.37)
Actuarial Gain			
Leave Encashment			
Income tax relating to above item		(1.06)	24.00
Other comprehensive income		4.98	(72.87)
Total comprehensive income for the year		228.06	918.02
Earnings per equity share (face value of Rs. 10 per share)	34		
Basic (Rs.)		0.35	1.78
Diluted (Rs.)		0.32	1.77

Summary of significant accounting policies and accompanying notes are an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For Walker Chandiok & Co LLP
Firm Registration No. 001076N/N500013
Chartered Accountants

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: June 21, 2021

For and on behalf of the Board of Directors of
DMI Finance Private Limited

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460
Place: NEW DELHI
Date: June 21, 2021

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Place: LONDON
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Place: GURUGRAM
Date: June 21, 2021

Sahib Pahwa
(Company Secretary)
M. No. A24789
Place: GURUGRAM
Date: June 21, 2021

DMI Finance Private Limited
Standalone Cash flow statement for the Year ended March 31, 2021
(All Amount in Rs. in millions, unless otherwise stated)

		Year ended March 31, 2021	Year ended March 31, 2020
A	**Cash flow from operating activities:**		
	Profit before tax	312.02	1,343.69
	Adjustments for		
	Depreciation and amortisation	79.07	76.40
	Net gain on fair value changes	(591.04)	(225.77)
	Impairment on financial instruments	2,848.74	1,533.14
	Interest expense for leasing arrangements	31.02	27.34
	Effective interest rate adjustment for financial instruments	15.81	32.80
	Employee stock option expense	75.78	40.90
	Operating profit before working capital changes	2,771.40	2,828.50
	Changes in working capital		
	(Increase) in financial and other assets	(2,005.28)	(13,630.68)
	Increase in financial and other liabilities	220.14	475.62
	Decrease in non financial assets	6.65	134.61
	Increase in non financial liabilities	141.76	329.20
	Total of changes in working capital	(1,636.73)	(12,691.25)
	Direct taxes paid (net of refunds)	(404.00)	(592.78)
	Net cash flow generated from / (used in) operating activities (A)	730.67	(10,455.53)
B	**Cash flow from investing activities:**		
	Inflow (outflow) on account of :		
	Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets	(30.64)	(396.44)
	Sale of Property, plant and equipment	-	1.06
	Purchase of investment (net)	(2,993.36)	(5,454.66)
	Movement of fixed deposits (net)	(252.01)	-
	Net cash flow used in investing activities (B)	(3,276.01)	(5,850.04)
C	**Cash flow from financing activities:**		
	Proceed from issue of equity shares (including share premium)	9,791.22	1,786.08
	Proceeds from debt securities	500.00	21,303.00
	Proceeds from bank borrowings	700.00	980.00
	Repayment of cash credit	-	(332.86)
	Repayment of debt securities	(4,750.00)	(4,300.00)
	Repayment of bank borrowings	(2,355.33)	(2,314.54)
	Lease payments	(55.18)	(54.80)
	Net cash flow generated from financing activities (C)	3,830.71	17,066.88
	Net increase in cash and cash equivalents (A+B+C)	1,285.37	761.31
	Cash and cash equivalents as at the beginning of the year	1,190.89	429.58
	Cash and cash equivalents at the end of the year	2,476.26	1,190.89

Notes:

1) Components of cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.08	0.12
Balance with banks		
In current accounts	2,106.38	965.47
In cash credit	369.80	225.30
Total cash and cash equivalents	2,476.26	1,190.89

2) Cash flow statement has been prepared under indirect method as set out in the IND AS 7 "Cash Flow Statement".

3) For disclosure of investing and financing activities that do not require the use of cash and cash equivalents, refer note 43

Summary of significant accounting policies and accompanying notes are an integral part of the financial statements

This is the Cash Flow Statement referred to in our report of even date

For Walker Chandiok & Co LLP
Firm Registration No. 001076N/N500013
Chartered Accountants

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: June 21, 2021

For and on behalf of the Board of Directors of
DMI Finance Private Limited

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460

Place: NEW DELHI
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Place: LONDON
Date: June 21, 2021

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(Chief Financial Officer)

Place: GURUGRAM
Date: June 21, 2021

Sahil Pahwa
(Company Secretary)
M. No. A24789
Place: GURUGRAM
Date: June 21, 2021

DMI Finance Private Limited
Statement of Changes in Equity for the Year ended March 31, 2021
(All Amount in Rs. in millions, unless otherwise stated)

A. Equity share capital (refer note 22)

Particulars	As at April 1,2019	Change during the year	As at March 31,2020	Change during the year	As at March 31,2021
Equity share capital	5,209.58	383.36	5,592.94	843.64	6,436.58

b. Other equity (refer note 23)

Particulars	Reserves and surplus					Total
	Statutory reserve u/s 45-IC of RBI Act	Share option outstanding account	Securities premium	Capital redemption reserve	Retained earnings	
Balance as on April 1, 2019	731.31	28.04	12,905.76	81.21	2,768.05	16,514.37
Profit for the year	-	-	-	-	990.89	990.89
Other Comprehensive Income for the year	-	-	-	-	(72.87)	(72.87)
Share options exercised during the year	-	38.54	-	-	-	38.54
Premium on conversion of CCPSs	-	-	77.26	-	-	77.26
Premium on issue of equity shares	-	-	1,564.75	-	-	1,564.75
Deferred tax liability reversed on CCDs/CCPSs	-	-	-	-	54.37	54.37
Transfer to statutory reserve	201.53	-	-	-	(201.53)	-
Balance as on March 31, 2020	932.84	66.58	14,547.77	81.21	3,538.91	19,167.31
Profit for the year	-	-	-	-	223.08	223.08
Other Comprehensive Income for the year	-	-	-	-	4.98	4.98
Transfer to special reserve	44.62	-	-	-	(44.62)	-
Share options exercised during the year	-	74.37	-	-	-	74.37
Premium on issue of equity shares	-	-	8,947.58	-	-	8,947.58
Balance as on March 31 2021	977.46	140.95	23,495.35	81.21	3,722.35	28,417.32

Summary of significant accounting policies and accompanying notes are an integral part of the financial statements

This is the Statement of Change in Equity referred to in our report of even date

For Walker Chandiok & Co LLP
Firm Registration No. 001076N/N500013
Chartered Accountants

Manish Gujral
Partner
Membership No. 105117

MUMBAI

Place: Mumbai
Date: June 21, 2021

For and on behalf of the Board of Directors of
DMI Finance Private Limited

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460
Place: NEW DELHI
Date: June 21, 2021

Yuvraja Chanakya Singh
(Jt. Managing Director)
DIN: 02601179
Place: LONDON
Date: June 21, 2021

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(Chief Financial Officer)
Place: GURUGRAM
Date: June 21, 2021

Sahib Pahwa
(Company Secretary)
M. No. A24789
Place: GURUGRAM
Date: June 21, 2021

1. Corporate information

DMI Finance Private Limited (the "Company") is a Company domiciled in India as a Private Limited Company. The Company is registered with the Reserve Bank of India ("RBI") as a non-deposit accepting non-banking financial company or NBFC-ND under the Reserve Bank of India Act, 1934.

The Company is engaged in the business of providing loans to corporate and unsecured personal loans.

2. Basis of preparation

(a) Statement of compliance in preparation of financial statements

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The standalone financial statements for the year ended March 31, 2021 were authorized and approved for issue by the Board of Directors on June 21, 2021.

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, other financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value.

(b) Presentation of financial statements

The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when Ind AS specifically permits the same or it has an unconditionally legally enforceable rights to offset the recognized amounts without being contingent on future events. Similarly, the Company offsets the income and expenses and reports the same on a net basis when permitted by Ind AS specifically.

3. Significant accounting policies

(a) Use of estimates, judgements and assumptions

The preparation of Standalone financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and accompanying disclosures and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and future periods are affected. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcome requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Impairment loss on financial assets

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance. Refer note 6.1 for further details of the increased uncertainty relating to the estimation of impairment of loan portfolio due to the impact of the pandemic as at March 31, 2021.

ii) Business Model Assumption

Classification and measurement of financial assets depends on the results of the SPPI and the business model tests. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

iii) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

iv) Share Based Payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

v) Fair value measurement

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principle (or most advantageous) market at the measurement date under current market conditions (i.e. the exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(b) Cash and cash equivalents

Cash and cash equivalent comprises cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank, debit balance in cash credit account.

(c) Recognition of income and expense

i) Interest income

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest revenue is recognized using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates the interest to the extant recoverable. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income.

ii) Interest expense

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses, provided these are incremental costs that are directly related to the issue of a financial liability.

iii) Other charges and other interest

Overdue charges including penal interest is recognized on realization basis.

iv) Dividend income

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(d) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Where the Company is lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section m (ii) Impairment of non-financial assets.

ii) Lease Liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

iii) Short Term Lease

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as and when due.

(e) Property, plant and equipment (PPE) and Intangible assets

PPE

PPE are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebate are deducted in arriving at the purchase price.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the Statement of Profit and Loss when the assets is derecognized.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(f) Depreciation and amortization

Depreciation

Depreciation on PPE is calculated on a written down value (WDV) basis using the rates arrived at based on the useful lives of the assets, prescribed under Schedule II to the Companies Act, 2013 which also represents the estimate of the useful life of the assets by the management.

PPE costing upto Rs.5,000 individually are fully depreciated in the year of purchase.

The company has used the following rates to provide depreciation on its fixed assets.

	Useful lives estimated by the management (years)	Rate of Depreciation
Furniture and fixtures	10	25.89%
Computers	3	63.16%
Vehicles	8	31.23%
Office equipment	5	45.07%

Leasehold improvements and allied office equipment's are amortized on a straight-line basis over useful life estimated by management.

The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year end and adjusted prospectively, if appropriate.

Amortization

Intangible assets are amortized on a WDV basis a period of five years from date when the assets are available for use. The amortization period and the amortization method for intangible assets are reviewed at the end of each financial year.

(g) Provisions, Contingent Liability and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date.

Contingent liability is disclosed for (1) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets are not recognised in the financial statements.

(h) Retirement and other employee benefits

Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to

provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.
The Company operates following employee benefit plans:

i) Employee Provident Fund
Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

ii) Gratuity
In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses, are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

iii) Leaves
Entitlements to annual leave are recognized when they accrue to the employees. Leave entitlements can be availed while in service of employment subject to restriction on the maximum number of accumulations. The Company determines the liability for such accumulated leave entitlements on the basis of actuarial valuation carried out by an independent actuary at the Year end.

(i) Taxes

Tax expense comprises current and deferred tax.

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred-tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(j) Earning per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(k) Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share option outstanding account.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments/Loan portfolio at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt Instruments/Loan portfolio at amortised costs

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, where the Company's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Company's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVTOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost), the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3 (m)).

Debt Instruments at FVOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

The objective of the business model is achieved both by collecting contractual cash flows and fair value changes relating to market movements selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Equity Investments and Mutual funds

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as held at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using effective interest method.

Reclassification of financial assets and liabilities

The company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

De-recognition of financial asset and financial liability

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Company also de-recognises the financial asset if it has transferred the financial asset and the transfer qualifies for de-recognition.

The Company has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset
  or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients. A transfer only qualifies for de-recognition if either:

- The Company has transferred substantially all the risks and rewards of the asset
  or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss account.

Financial Liabilities
Financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the re-cognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(m) Impairment of financial assets

i) Overview of principles for measuring expected credit loss ("ECL") on financial assets

In accordance with Ind AS 109, the Company is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, the Company is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Company is required to recognize credit losses over next 12 month period. The Company has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. The Company has a process to assess credit risk of all exposures at each year end as follows:

Stage I
These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Company has assessed that all standard exposures (i.e. exposures with no overdues) and exposure upto 30 day overdues fall under this category. In accordance with Ind AS 109, the Company measures ECL on such assets over next 12 months.

Stage II
Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company measures lifetime ECL on stage II loans.

Stage III
All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Company measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount. The method is similar to Stage II assets, with the probability of default set at 100%.

When estimating ECL on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Methodology for calculating ECL
The mechanics of the ECL calculation involve the use of following key elements:

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12-month or lifetime, depending upon the stage of the asset). PD estimation is done based on historical internal data available with the Company.

Exposure at default (EAD) – It represents an estimate of the exposure of the Company at a future date after considering repayments by the counterparty before the default event occurs. The outstanding balance as at reporting date is considered as EAS by the Company. Considering the PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

Loss given default (LGD) – It represents an estimate of the loss expected to be incurred when the event of default occurs. The Company uses historical loss data/external agency LGD for identified pools for the purpose of calculating LGD.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Definition of default and cure

The Company considers a financial instrument as defaulted and classifies it as Stage III (credit-impaired) for ECL calculations typically when the borrower becomes 90 days past due on contractual payments. The Company may also classify a loan in Stage III if there is significant deterioration in the financial condition of the borrower or an assessment that adverse market conditions may have a disproportionately detrimental effect on the loan repayment. Thus, as a part of the qualitative assessment of whether an instrument is in default, the Company also considers a variety of instances that may indicate delay in or non-repayment of the loan. When such events occur, the Company carefully considers whether the event should result in treating the borrower as defaulted and therefore assessed as Stage III for ECL calculations or whether Stage II is appropriate.

Classification of accounts into Stage II is done when there is a significant increase in credit risk since initial recognition, typically when contractual repayments are more than 30 days past due.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage III or Stage II when none of the default criteria which resulted in their downgrade are present.

Collateral repossessed

The Company's policy is to sell repossessed assets. Non-financial assets repossessed are transferred to asset held for sale at fair value less cost to sell or principal outstanding whichever is lower at repossession date.

Write-offs

Financial-assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit and loss account.

II) Non-financial asset

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

(n) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

- Level 3 financial instruments – include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

(o) Dividend

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

(p) Foreign Currency Translation

Foreign currency transactions and balances

Initial recognition:
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion:
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences:
Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

4 Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.08	0.12
Balance with banks		
- balance in cash credit accounts	369.80	225.30
- balance in current accounts	2,106.38	965.47
	2,476.26	**1,190.89**

5 Bank balance other than cash and cash equivalents

Deposit with original maturity of more than 3 months but less than 12 months*	267.21	15.20
	267.21	**15.20**

* Deposits being lien marked against corporate credit cards and bank guarantee.

6 Trade receivables

Unsecured considered good	54.64	33.65
	54.64	**33.65**
Less: Impairment loss allowance	-	-
Total	**54.64**	**33.65**

Walker Chandiok & Co LLP
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Chartered Accountants

DMI Finance Pvt. Ltd.
New Delhi

7 Loans

	As at March 31, 2021			As at March 31, 2020		
	Amortised cost	Fair value through other comprehensive income	Total	Amortised cost	Fair value through other comprehensive income	Total
(A) Term loans						
Corporate loans	13,764.95	142.83	**13,907.78**	12,461.25	120.76	**12,582.01**
Consumer loans	19,528.30	-	**19,528.30**	22,141.27	-	**22,141.27**
Total (A) Gross	**33,293.25**	**142.83**	**33,436.08**	**34,602.52**	**120.76**	**34,723.28**
Less: Impairment loss allowance	2,017.87	4.60	**2,022.47**	1,365.92	3.85	**1,369.77**
Total (A) Net	**31,275.38**	**138.23**	**31,413.61**	**33,236.60**	**116.91**	**33,353.51**
(B)						
Secured by tangible assets and intangible assets	13,764.95	142.83	13,907.78	12,461.25	120.76	12,582.01
Unsecured	19,528.30	-	19,528.30	22,141.27	-	22,141.27
Total (B) Gross	**33,293.25**	**142.83**	**33,436.08**	**34,602.52**	**120.76**	**34,723.28**
Less: Impairment loss allowance	2,017.87	4.60	2,022.47	1,365.92	3.85	1,369.77
Total (B) Net	**31,275.38**	**138.23**	**31,413.61**	**33,236.60**	**116.91**	**33,353.51**
(C) Sector						
Public sector	-	-	-	-	-	-
Others	33,293.25	142.83	33,436.08	34,602.52	120.76	34,723.28
Total (C) Gross	**33,293.25**	**142.83**	**33,436.08**	**34,602.52**	**120.76**	**34,723.28**
Less: Impairment loss allowance	2,017.87	4.60	2,022.47	1,365.92	3.85	1,369.77
Total (C) Net	**31,275.38**	**138.23**	**31,413.61**	**33,236.60**	**116.91**	**33,353.51**
(D)						
In India	33,293.25	142.83	33,436.08	34,602.52	120.76	34,723.28
Outside India	-	-	-	-	-	-
Total (D) Gross	**33,293.25**	**142.83**	**33,436.08**	**34,602.52**	**120.76**	**34,723.28**
Less: Impairment loss allowance	2,017.87	4.60	2,022.47	1,365.92	3.85	1,369.77
Total (D) Net	**31,275.38**	**138.23**	**31,413.61**	**33,236.60**	**116.91**	**33,353.51**

i) Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

ii) Secured Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or receivables and/or pledge of shares/debenture units and other securities.

iii) The Company has granted certain loans to employees amounting to Rs. 12.14 millions in current year (previous year: Rs. 18.81 millions)

iv) Corporate loan portfolio includes non-convertible debentures of Rs. 2,385.18 millions (previous year: Rs. 2,426.45 millions)

v) During the year, the Company invoked the shares pledged as security against the Non-performing loan given to one of the borrower. The management of the Company intented to recover the outstanding dues from the said borrower. The management of the Company, if required to recover, shall sale these shares and after recovering all the overdues on the loan the Company intend to refund the surplus (if any) to the said borrower.

7.1 Impairment allowance for loans and advances to borrowers

Summary of loans by stage distribution is as follows:

Consumer loans	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	18,184.57	1,343.73	-	19,528.30	20,656.64	1,193.85	290.78	22,141.27
Less: Impairment loss allowance	82.47	321.54	-	404.01	206.57	142.66	290.78	640.01
Net carrying amount	18,102.10	1,022.19	-	19,124.29	20,450.07	1,051.19	-	21,501.26

Corporate loans	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	12,836.22	-	1,071.56	13,907.78	10,282.55	1,218.12	1,081.34	12,582.01
Less: Impairment loss allowance	981.04	-	637.43	1,618.46	152.19	26.24	551.34	729.77
Net carrying amount	11,855.18	-	434.13	12,289.32	10,130.36	1,191.88	530.00	11,852.24

Summary of credit substitutes and compulsory convertible debentures by stage distribution is as follows:

Credit substitutes and compulsory convertible debentures	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	2,265.67	280.64	351.99	2,898.29	2,187.67	-	339.00	2,526.67
Less: Impairment loss allowance	342.26	2.57	250.29	595.12	23.00	-	177.95	200.95
Net carrying amount	1,923.40	278.06	101.70	2,303.17	2,164.67	-	161.05	2,325.72

An analysis of changes in the gross carrying amount in relation to consumer and corporate lending (except credit substitutes and compulsory convertible debentures) is, as follows:

Consumer loans	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	20,656.64	1,193.85	290.78	22,141.27	9,533.88	447.22	161.36	10,142.46
New Assets originated, Netted off for repayments and loans derecognised during the year	(1,839.60)	(483.70)	(289.67)	(2,612.97)	11,074.28	896.40	28.13	11,998.81
Transfers from Stage 1	(678.04)	678.04	-	-	(452.70)	278.16	174.54	-
Transfers from Stage 2	44.80	(44.80)	-	-	378.32	(428.76)	50.44	-
Transfers from Stage 3	0.77	0.34	(1.11)	-	122.86	0.83	(123.69)	-
Gross carrying amount closing balance	18,184.57	1,343.73	-	19,528.30	20,656.64	1,193.85	290.78	22,141.27

Corporate loans	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	10,282.55	1,218.12	1,081.34	12,582.01	10,269.10	813.96	564.37	11,647.43
New Assets originated, Netted off for repayments and loans derecognised during the year	1,335.55		(9.78)	1,325.77	1,077.50	51.11	(194.03)	934.58
Transfers from Stage 1	-	-	-	-	(1,273.04)	776.86	496.18	-
Transfers from Stage 2	1,218.12	(1,218.12)	-	-	-	(423.81)	423.81	-
Transfers from Stage 3	-	-	-	-	208.99	-	(208.99)	-
Gross carrying amount closing balance	12,836.22	-	1,071.56	13,907.78	10,282.55	1,218.12	1,081.34	12,582.01

An analysis of changes in the gross carrying amount of Investments in relation to Credit Substitutes and Compulsory Convertible Debentures is, as follows:

Particulars	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	2,187.67	-	339.00	2,526.67	3,025.46	352.13	-	3,377.59
New Assets originated, Netted off for repayments and loans derecognised during the year	358.64		12.99	371.63	(498.79)	(352.13)	-	(850.92)
Transfers from Stage 1	(280.64)	280.64		-	(339.00)	-	339.00	-
Transfers from Stage 2	-			-	-	-	-	-
Transfers from Stage 3				-	-	-	-	-
Gross carrying amount closing balance	2,265.67	280.64	351.99	2,898.29	2,187.67	-	339.00	2,526.67

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An analysis of changes in the ECL allowances in relation to consumer and corporate lending (except Credit Substitutes and Compulsory Convertible Debentures) is, as follows:

Consumer loans	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	206.57	142.66	290.78	640.01	29.36	1.26	161.36	191.98
Change in ECL due to change in ECL model rate	(19.25)	102.71	-	83.46	10.36	0.99	-	11.35
New Assets originated, Netted off for repayments and loans derecognised during the year	(101.99)	(75.44)	1,546.80	1,369.37	369.76	161.13	237.21	768.10
Transfers from Stage 1	(3.07)	162.25	-	159.18	(207.92)	33.38	174.54	-
Transfers from Stage 2	0.21	(10.72)	-	(10.51)	3.78	(54.22)	50.44	-
Transfers from Stage 3	-	0.08	-	0.08	1.23	0.12	(1.35)	-
Write Offs	-	-	(1,837.58)	(1,837.58)	-	-	(331.42)	(331.42)
Gross carrying amount closing balance	82.47	321.54	-	404.01	206.57	142.66	290.78	640.01

Corporate loans	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	152.19	26.24	551.34	729.77	110.62	35.62	250.19	396.43
Change in ECL due to change in ECL model rate	395.60		88.29	483.89	30.34	5.74	0.03	36.11
New Assets originated, Netted off for repayments and loans derecognised during the year	407.01		(2.21)	404.80	347.99	138.20	102.69	588.88
Transfers from Stage 1	-	-	-	-	(339.21)	13.98	325.23	-
Transfers from Stage 2	26.24	(26.24)	-	-	-	(167.30)	167.30	-
Transfers from Stage 3	-	-	-	-	2.45	-	(2.45)	-
Write Offs	-	-	-	-	-	-	(291.65)	(291.65)
Gross carrying amount closing balance	981.04	-	637.43	1,618.46	152.19	26.24	551.34	729.77

An analysis of changes in the ECL allowances of Investment in relation to Credit Substitutes and Compulsory Convertible Debentures is, as follows:

Particulars	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance opening balance	23.00	-	177.95	200.95	35.46	45.29	-	80.75
Change in ECL due to change in ECL model rate	280.99		65.52	346.51	(3.25)	-	-	(3.25)
ECL on new assets originated, netted off for repayments and loans derecognised during the year	40.79	0.05	6.82	47.66	168.74	(45.29)	-	123.45
Transfers from Stage 1	(2.52)	2.52		-	(177.95)	-	177.95	-
Transfers from Stage 2	-	-	-	-	-	-	-	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
Write Offs	-	-	-	-	-	-	-	-
ECL allowance closing balance	342.26	2.57	250.29	595.12	23.00	-	177.95	200.95

7.2 Collateral

In case of corporate term loans the Company is in the business of extending secured loans mainly backed by mortgage of property (residential or commercial).

In addition to the above mentioned collateral, the Company holds other types of collateral and credit enhancements, such as cross-collateralisation on other assets of the borrower, share pledge, guarantees of parent/holding/group companies, personal guarantees of promoters/partners/proprietors, hypothecation of receivables via escrow account and others.

In its normal course of business, the Company does not physically repossess properties or other assets, but recovery efforts are made on delinquent loans through collection executives, along with legal means to recover due loan repayments.

Once contractual loan repayments are more than 90 days past due, repossession of property may be initiated under the provisions of the SARFAESI Act 2002. Re-possessed property is disposed of in the manner prescribed in the SARFAESI act to recover outstanding debt.

8 Investments

As at March 31, 2021	Amortised cost	At fair value through profit and loss	At fair value through other comprehensive income	Subtotal	Others*	Total
(A)						
Equity instruments						
Investments in Subsidiaries / Associates						
Equity shares in DMI Management Services Private Limited	-	-	-	-	0.96	0.96
Equity shares in DMI Alternatives Private Limited	-	-	-	-	4.99	4.99
Equity shares in DMI Capital Private Limited	-	-	-	-	0.99	0.99
Others						
Equity shares in DMI Consumer Credit Private Limited	-	-	3.27	3.27	-	3.27
Equity shares in McNally Bharat Engineering Company Limited	-	25.12	-	25.12	-	25.12
Equity shares in Flash Electronics Private Limited	-	-	304.40	304.40	-	304.40
Equity shares in Alchemist Asset Reconstruction Company Limited	-	-	226.20	226.20	-	226.20
Preference shares						
Investments in Subsidiaries / Associates						
Compulsorily convertible preference shares in DMI Capital Private Limited	-	312.78	-	312.78	-	312.78
Mutual funds						
1,844,321 units in HDFC Liquid Fund - Direct Plan - Growth	-	7,461.24	-	7,461.24	-	7,461.24
1,893,629 units in SBI Liquid Fund Direct Growth		6,100.55		6,100.55	-	6,100.55
213,248 units in Baroda Pioneer Liquid Fund - Plan B Growth		505.24		505.24	-	505.24
1,666,137 units in ICICI Prudential Liquid Fund Direct Plan Growth		507.74		507.74	-	507.74
Debt instruments						
500 units of State Bank of India Series - II non convertible debenture	526.75	-	-	526.75	-	526.75
7,500 Compulsory convertible debentures in Flash Electronics India Private Limited of face value Rs 100,000 each	-	-	826.47	826.47	-	826.47
Credit Substitutes						
472 units of Panchsheel Buildtech Private Limited of face value Rs 1,000,000 fully paid up	209.85	-	71.73	281.58	-	281.58
500 units of Radiant Polymers Private Limited of face value Rs 1,000,000 fully paid up	596.12	-	-	596.12	-	596.12
629 units of Raheja Icon Entertainment Private Limited of face value Rs 1,000,000 fully paid up	172.92	-	179.08	352.00	-	352.00
705 units of Saha Estate Developer Private Limited of face value Rs 1,000,000 fully paid up	566.44	-	244.80	811.24	-	811.24
211 units of Fantasy Buildwell Private Limited of face value Rs 1,000,000 fully paid up	28.81	-	2.07	30.88	-	30.88
Other instruments						
Security receipts in Alchemist XV Trust	-	194.11	-	194.11	-	194.11
Units of DMI AIF Special Opportunities Scheme	-	-	11.01	11.01	-	11.01
Total (A) Gross	2,100.89	15,106.78	1,869.03	19,076.70	6.94	19,083.64
Less: Impairment loss allowance	402.26	-	192.86	595.12	-	595.12
Total (A) Net	1,698.63	15,106.78	1,676.17	18,481.58	6.94	18,488.52
(B)						
Investments outside India	-	-	-	-	-	-
Investments in India	2,100.89	15,106.78	1,869.03	19,076.70	6.94	19,083.64
Total (B) Gross	2,100.89	15,106.78	1,869.03	19,076.70	6.94	19,083.64
Less: Impairment loss allowance	402.26	-	192.86	595.12	-	595.12
Total (B) Net	1,698.63	15,106.78	1,676.17	18,481.58	6.94	18,488.52

* At cost

Notes:

(i) Credit substitutes are part of financing activities.

(ii) Refer note 7.1 for movement of ECL and gross carrying amount of CCDs and NCDs.

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As at March 31, 2020	Amortised cost	At fair value through profit and loss	At fair value through other comprehensive income	Subtotal	Others*	Total
(A)						
Equity instruments						
Investments in Subsidiaries / Associates						
Equity shares in DMI Management Services Private Limited	-	-	-	-	0.96	0.96
Equity shares in DMI Alternatives Private Limited	-	-	-	-	4.25	4.25
Equity shares in DMI Capital Private Limited	-	-	-	-	0.99	0.99
Others						
Equity shares in DMI Consumer Credit Private Limited	-	-	3.16	3.16	-	3.16
Equity shares in McNally Bharat Engineering Company Limited	-	7.20	-	7.20	-	7.20
Equity shares in Flash Electronics Private Limited	-	-	250.00	250.00	-	250.00
Equity shares in Alchemist Asset Reconstruction Company Limited	-	-	226.20	226.20	-	226.20
Preference shares						
Investments in Subsidiaries / Associates						
Compulsorily convertible preference shares in DMI Capital Private Limited	-	303.30	-	303.30	-	303.30
Mutual funds						
1,869,020 units in HDFC Liquid Fund - Direct Plan - Growth Option	-	7,301.53	-	7,301.53	-	7,301.53
15,00,348 units in SBI Liquid Fund Direct Growth		4,664.61	-	4,664.61	-	4,664.61
156 units in Baroda Pioneer Liquid Fund - Plan B Growth		0.36	-	0.36	-	0.36
Debt instruments						
7,500 Compulsory convertible debentures in Flash Electronics India Private Limited of face value Rs 100,000 fully paid up	-	-	773.17	773.17	-	773.17
Credit Substitutes						
471 units of Panchsheel Buildtech Private Limited of face value Rs 1,000,000 fully paid up	274.22	-	94.98	369.20	-	369.20
500 units of Radiant Polymers Private Limited of face value Rs 1,000,000 fully paid up	541.08	-	-	541.08	-	541.08
629 units of Raheja Icon Entertainment Private Limited of face value Rs 1,000,000 fully paid up	166.53	-	172.46	338.99	-	338.99
570 units of Saha Estate Developer Private Limited of face value Rs 1,000,000 fully paid up	352.09	-	152.14	504.23	-	504.23
Other instruments						
Security receipts in Alchemist XV Trust	-	195.00	-	195.00	-	195.00
Units of DMI AIF Special Opportunities Scheme	-	-	10.80	10.80	-	10.80
Total (A) - Gross	1,333.92	12,472.00	1,682.91	15,488.83	6.20	15,495.03
Less: Impairment loss allowance	106.40	-	94.55	200.95	-	200.95
Total (A) Net	1,227.52	12,472.00	1,588.36	15,287.88	6.20	15,294.08
(B)						
Investments outside India	-	-	-	-	-	-
Investments in India	1,333.92	12,472.00	1,682.91	15,488.83	6.20	15,495.03
Total (B) - Gross	1,333.92	12,472.00	1,682.91	15,488.83	6.20	15,495.03
Less: Impairment loss allowance	106.40	-	94.55	200.95	-	200.95
Total (B) - Net	1,227.52	12,472.00	1,588.36	15,287.88	6.20	15,294.08

* At cost

Notes:

(i) Credit substitutes are part of financing activities.

(ii) Refer note 7.1 for movement of ECL and gross carrying amount of CCDs and NCDs.

9 Other financial assets (at amortized cost)

	As at March 31, 2021	As at March 31, 2020
Security deposit	21.17	21.04
First loss default guarantee recoverable	1,114.82	44.81
Others	899.86	500.38
Total	2,035.85	566.23

10 Current tax assets

	As at March 31, 2021	As at March 31, 2020
Advance Income-tax (net)	214.39	154.51
	214.39	154.51

11 Deferred tax assets

	As at March 31, 2021	As at March 31, 2020
Deferred tax liability		
Fair value of financial instruments	82.80	75.07
Difference in income recognition on unrealized gain on mutual fund investments	69.48	16.75
Total deferred tax liabilities	152.28	91.82
Deferred tax asset		
Provision for employee benefits	14.28	9.55
Difference in written down value as per Companies Act and Income-tax Act	6.47	5.91
EIR adjustment for processing fee	30.81	-
Liability against leases	7.44	3.96
Impairment loss allowance	640.90	366.51
Carry forward of interest disallowed u.s 94B	25.67	25.67
Gross deferred tax asset	725.57	411.60
Net Deferred Tax (Liability)/ Asset	573.29	319.78

Movement of deferred tax assets	As at March 31, 2020	Charged)/ credited to statement of profit and loss	(Charged)/credited to other comprehensive income	As at March 31, 2021
Liabilities				
Fair value of financial instruments	75.07	6.67	1.06	82.80
Difference in income recognition on unrealized gain on mutual fund investments	16.75	52.73	-	69.48
Assets				
Provision for employee benefits	9.55	5.34	(0.61)	14.28
Difference in written down value as per Companies Act and Income-tax Act	5.91	0.56	-	6.47
EIR adjustment for processing fee	-	30.81	-	30.81
Liability against leases	3.96	3.48	-	7.44
Impairment loss allowance	366.51	274.39	-	640.90
Carry forward of interest disallowed under section 94B	25.67	-	-	25.67
Total (net)	319.78	255.19	(1.67)	573.29

Movement of deferred tax assets	As at March 31, 2019	Charged)/ credited to statement of profit and loss	(Charged)/credited to other comprehensive income / other equity	As at March 31, 2020
Liabilities				
Interest component on CCD and CCPS	54.58	-	(54.58)	-
Fair value of financial instruments	118.94	(19.87)	(24.00)	75.07
Difference in income recognition on unrealized gain on mutual fund investments	15.25	1.50	-	16.75
Assets				
Provision for employee benefits	5.52	3.53	0.50	9.55
Difference in written down value as per Companies Act and Income-tax Act	4.14	1.77	-	5.91
Liability against leases	-	3.96	-	3.96
Impairment loss allowance	194.86	171.65	-	366.51
Carry forward of interest disallowed under section 94B	29.68	(4.01)	-	25.67
Total (net)	45.43	195.27	79.08	319.78

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12 Property, plant and equipment

	Furniture and fixtures	Computers	Vehicles	Office equipment	Lease hold improvements	Right-of-use asset	Total
Gross carrying amount							
Balance as at April 1, 2019	1.59	19.40	6.42	15.06	72.33	-	114.80
Re-classification adjustment	(0.62)	(0.33)	-	0.65	-	-	(0.30)
Additions	0.50	9.72	-	15.68	68.91	293.91	388.72
Disposals	-	-	(1.06)	-	-	-	(1.06)
Balance as at March 31, 2020	1.47	28.79	5.36	31.39	141.24	293.91	502.16
Additions	0.41	8.52	-	0.47	-	-	9.40
Disposals	-	-	-	-	-	-	-
Balance as at March 31, 2021	1.88	37.31	5.36	31.86	141.24	293.91	511.56
Accumulated depreciation							
Balance as at April 1, 2019	0.59	13.71	4.08	8.74	17.54	-	44.66
Re-classification adjustment	(0.03)	(1.33)	-	0.06	-	-	(1.30)
Charge for the year	0.13	7.40	0.71	6.39	12.40	45.24	72.27
Disposals	-	-	(1.00)	-	-	-	(1.00)
Balance as at March 31, 2020	0.69	19.78	3.79	15.19	29.94	45.24	114.63
Charge for the year	0.21	7.76	0.48	7.23	16.43	37.96	70.07
Disposals	-	-	-	-	-	-	-
Balance as at March 31, 2021	0.90	27.54	4.27	22.42	46.37	83.20	184.70
Net block							
At March 31, 2020	0.78	9.01	1.57	16.20	111.30	248.67	387.53
At March 31, 2021	0.98	9.77	1.09	9.44	94.87	210.71	326.86

13 Intangible assets

	Software	Total
Gross carrying amount		
Balance as at April 1, 2019	8.63	8.63
Re-classification adjustment	0.30	0.30
Additions	6.73	6.73
Disposals	-	-
Balance as at March 31, 2020	15.66	15.66
Additions	24.25	24.25
Disposals	-	-
Balance as at March 31, 2021	39.91	39.91
Amortization		
Balance as at April 1, 2019	2.68	2.68
Re-classification adjustment	1.30	1.30
Additions	4.13	4.13
Disposals	-	-
Balance as at March 31, 2020	8.11	8.11
Additions	9.00	9.00
Disposals	-	-
Balance as at March 31, 2021	17.11	17.11
Net block		
At March 31, 2020	7.55	7.55
At March 31, 2021	22.80	22.80

Notes

i) There are no pending contractual commitments to be executed on capital account.

ii) During the previous year, some of the assets were reclassified as office equipment and intangible assets from furniture & fixtures and computers.

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14 Other non- financial assets

	As at March 31, 2021	As at March 31, 2020
Capital advance	6.13	9.14
Prepaid expenses	87.70	45.40
Balances with statutory / government authorities	-	49.19
Deferred rent expenses	0.10	0.10
Other non-financial assets	0.73	0.49
Total	**94.66**	**104.32**

15 Assets held for sale

Assets under settlement	189.85	189.85
	189.85	**189.85**

These assets represent assets acquired from the Company's borrowers as a part of Company's risk management strategy. In these cases, the Company had entered into settlement agreement as a prudent measure by the management wherein the borrower was approached and there was a mutual consensus between the Company and borrower to transfer the asset in the name of the Company towards settlement of the loan amount.

16 Trade payables

Total outstanding dues of Micro Enterprises and Small Enterprises *	110.75	78.68
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	194.95	161.37
Total	**305.70**	**240.05**

*** Details of total outstanding dues of Micro Enterprises and Small Enterprises are as follows:**

Particulars	As at March 31, 2021	As at March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	110.75	78.68
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

17 Debt securities (at amortised cost)

Non convertible debentures (refer note 17.1)	18,551.69	20,547.57
Optionally convertible debentures (refer note 17.2)	-	2,250.00
	18,551.69	**22,797.57**
Secured **	498.69	4,744.57
Unsecured	18,053.00	18,053.00
Total	**18,551.69**	**22,797.57**
Debt securities in India	18,551.69	22,797.57
Debt securities outside India	-	-
Total	**18,551.69**	**22,797.57**

** Secured against exclusive floating charge by way of hypothecation of loans and receivables of the Company of Rs. 725 millions (previous year Rs. 7,620.21 millions).

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17.1 Terms of redeemable non-convertible debentures (NCD's)

A Secured

ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Number	Rate of interest	Face value	Amount outstanding as at March 31, 2021	Amount outstanding as at March 31, 2020	Terms of redemption
INE604O07035	June 15, 2018	June 14, 2020	10,00,000	1,500	9.45%	1,500.00	-	1,498.34	24 months from the date of allotment. Coupon payment to be made half yearly
INE604O07100	July 18, 2019	August 17, 2020	10,00,000	900	10.35%	900.00	-	896.61	Series A: On August 17, 2020 Series B: On July 16, 2021 Series C: On July 15, 2022 In case the investor has not exercised the Put option on the debenture by the second Put Notification Date (30 calendar days prior to July 16, 2021), the investor will quote a rate to the issuer on the second Put Notification Date for the remaining tenor of the debenture. Coupon Payment frequency is quarterly.
INE604O07118	July 18, 2019	July 16, 2021	10,00,000	950	10.35%	950.00	-	49.81	Series A: On August 17, 2020 Series B: On July 16, 2021 Series C: On July 15, 2022 In case the investor has not exercised the Put option on the debenture by the second Put Notification Date (30 calendar days prior to July 16, 2021), the investor will quote a rate to the issuer on the second Put Notification Date for the remaining tenor of the debenture. Coupon Payment frequency is quarterly.
INE604O07126	July 18, 2019	July 15, 2022	10,00,000	1,000	10.35%	1,000.00	-	49.81	Series A: On August 17, 2020, Series B: On July 16, 2021 and Series C: On July 15, 2022 In case the investor has not exercised the Put option on the debenture by the second Put Notification Date (30 calendar days prior to July 16, 2021), the investor will quote a rate to the issuer on the second Put Notification Date for the remaining tenor of the debenture. Coupon Payment frequency is quarterly.
INE604O07159	June 30, 2020	June 30, 2023	10,00,000	500	9.00%	500.00	498.69	-	On or prior to 36 months from the first allotment date. Coupon payment frequency is yearly
Total							498.69	2,494.57	

All secured against first pari passu charge on the standard assets portfolio receivables as per the respective agreements.

B Unsecured

ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Number	Rate of interest	Face value	Amount outstanding as at March 31, 2021	Amount outstanding as at March 31, 2020	Terms of redemption
INE604O07142	November 1, 2019	December 1, 2020	100	2,00,00,000	10.35%	2,000.00	1,160.00	1,160.00	On or prior to 13 months from the first allotment date. Coupon payment frequency is quarterly
INE604O07134	November 8, 2019	December 8, 2020	100	25,00,000	10.35%	250.00	2,040.00	2,040.00	On or prior to 13 months from the first allotment date. Coupon payment frequency is quarterly
INE604O08082	November 25, 2019	November 25, 2023	10,00,000	2,040.00	8.50%	2,040.00	2,040.00	2,040.00	On or prior to 48 months from the first allotment date. Coupon payment frequency is quarterly
INE604O08090	December 10, 2019	December 10, 2023	10,00,000	867.00	8.50%	867.00	867.00	867.00	On or prior to 48 months from the first allotment date. Coupon payment frequency is quarterly
INE604O08108	February 20, 2020	February 20, 2024	10,00,000	7,172.00	8.50%	7,172.00	7,172.00	7,172.00	On or prior to 48 months from the first allotment date. Coupon payment frequency is quarterly
INE604O08124	February 28, 2020	February 28, 2024	10,00,000	4,640.00	9.50%	4,640.00	4,640.00	4,640.00	On or prior to 48 months from the first allotment date. Coupon payment frequency is quarterly
INE604O08116	March 12, 2020	March 12, 2024	10,00,000	134.00	8.50%	134.00	134.00	134.00	On or prior to 48 months from the first allotment date. Coupon payment frequency is quarterly
Total							18,053.00	18,053.00	

17.2 Terms of redeemable optionally-convertible debentures (OCD's)

Secured

ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Number	Rate of interest	Face value	Amount outstanding as at March 31, 2021	Amount outstanding as at March 31, 2020	Terms of redemption
INE604O08066	October 1, 2019	October 1, 2022	10,00,000	1,160.00	10.35%	1,160.00	-	2,000.00	On or prior to 36 months from the first allotment date. Coupon payment frequency is quarterly.
INE604O08074	October 21, 2019	October 21, 2022	10,00,000	2,040.00	10.35%	2,040.00	-	250.00	On or prior to 36 months from the first allotment date. Coupon payment frequency is quarterly.
Total							-	2,250.00	

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18 Borrowings (other than debt securities) (at amortised cost)

	As at March 31, 2021	As at March 31, 2020
Secured*		
Term loans		
From banks	1,181.19	2,824.83
Liabilities against leased assets	242.29	266.45
	1,423.48	**3,091.28**
Borrowings in India	1,423.48	3,091.28
Borrowings outside India	-	-
Total	**1,423.48**	**3,091.28**

*Secured against exclusive floating charge by way of hypothecation of loans and receivables of the Company to the extent of Rs. 2,397.07 millions (Previous year: Rs. 4,651.98 millions).

Terms of repayment of borrowings as on March 31, 2021 are as follows:

Lender	Repayment	Rate of interest	Security cover	Outstanding as on March 31, 2021	Outstanding as on March 31, 2020
HDFC Bank	16 quarterly installments	>6%<12%	133%	56.21	131.04
HDFC Bank	12 monthly installments	>6%<12%	133%	-	186.70
Kotak Mahindra Bank	12 quarterly installments	>6%<12%	133%	-	49.96
Union Bank of India	14 quarterly installments	>6%<12%	133%	-	248.35
Union Bank of India	14 quarterly installments	>6%<12%	133%	27.17	354.04
AU Small Finance Bank	36 monthly installments	>6%<12%	110%	0.92	162.22
AU Small Finance Bank	36 monthly installments	>6%<12%	110%	-	191.21
South Indian Bank	14 quarterly installments	>6%<12%	133%	85.61	170.84
Lakshmi Vilas Bank-III	12 quarterly installments	>6%<12%	133%	-	166.02
Bank of Baroda-I	16 quarterly installments	>6%<12%	133%	494.24	737.18
Bank of Baroda-2	16 quarterly installments	>6%<12%	133%	497.05	-
Hinduja Leyland Finance	36 monthly installments	>6%<12%	110%	-	427.27
SIDBI	7 monthly installments	>6%<12%	125%	20.00	-
Total				1,181.20	2,824.83

19 Other financial liabilities

	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due		
- Debt securities	156.43	215.41
- Borrowings other than debt securities	0.67	6.34
Expenses payable	95.28	57.29
Other financial liabities	377.49	196.34
	629.87	**475.38**

20 Provisions

Provision for gratuity	22.78	17.08
Provision for compensation absences	33.95	20.87
	56.73	**37.95**

21 Other non-financial liabitilies

Statutory dues payable	44.65	40.57
Others*	291.92	174.05
Total	**336.57**	**214.62**

* Include processing fee refundable to channel partners, advance received from borrowers and amount collected from borrowers as Debt service reserve account (DSRA).

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22 Equity share capital

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
A. Authorized share capital				
Equity shares of Rs. 10 each	96,50,00,000	9,650.00	96,50,00,000	9,650.00
Compulsorily convertible preference shares of Rs. 10 each	3,50,00,000	350.00	3,50,00,000	350.00
	1,00,00,00,000	10,000.00	1,00,00,00,000	10,000.00
B. Issued, subscribed and paid up				
Fully called-up and paid-up				
Equity shares of Rs. 10 each	64,20,35,533	6,420.36	55,89,79,166	5,589.79
Sub total (A)	64,20,35,533	6,420.36	55,89,79,166	5,589.79
Partly called-up and paid-up				
Equity shares of Rs. 10 each	5,73,15,400	16.22	5,73,15,400	3.15
Sub total (B)	5,73,15,400	16.22	5,73,15,400	3.15
Total (A+B)	69,93,50,933	6,436.58	61,62,94,566	5,592.94

22.1 The reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Balance at the beginning of year	61,62,94,566	5,592.94	52,09,57,897	5,209.58
Shares issued during the year	8,30,56,367	830.57	7,52,79,865	182.79
Shares issued pursuant to conversion of compulsorily convertible preference shares	-	-	2,00,56,804	200.57
First call money called on party paid up shares	-	13.07	-	-
Balance at the end of year	69,93,50,933	6,436.58	61,62,94,566	5,592.94

22.2 Shares held by holding Company

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% holding	No. of shares	% holding
DMI Limited	51,98,89,603	74.34%	43,89,39,922	71.22%
	51,98,89,603	74.34%	43,89,39,922	71.22%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

22.3 Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs. 10 each fully paid up				
DMI Limited	51,98,89,603	74.34%	43,89,39,922	71.22%
NIS Ganesha S.A.	6,47,35,441	9.26%	6,47,35,441	10.50%
K2VZ (refer (i) below)	5,73,15,400	8.20%	5,73,15,400	9.30%

Note: As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(i) During the previous year, 57,315,400 equity shares of Rs. 10 each issued on partly-paid up basis where subscription amount being received on allotment was Rs. 32.11 millions as paid up value of Rs. 0.56 per share inclusive of premium of Rs. 0.51 per share calculated proportionately. Further during the current year, the Board of Directors of the Company made the first call of Rs. 2.32 per equity shares (including Rs. 2.09 per share on account of security premium) on 57,315,400 partly paid equity shares. Accordingly, the Company received an amounting to Rs. 133.13 million.

(ii) During the current year, the Company has issued 83,056,367 equity shares comprising of 80,949,681 of Rs. 10 per share at Rs. 116.36 per share (including premium of Rs. 106.36 per share) and 2,106,686 equity shares of Rs. 10 per share at Rs. 113.34 per share (including Rs. 103.34 per share). The amount received on these issues aggregates to Rs. to Rs. 9,658.08 million.

(ii) The Company had issued 2,7783,195 Compulsorily Convertible Preference Shares ("CCPS") namely Series B, Series C, Series D, Series E, Series F and Series G to different holders from time to time. As per the terms of issue of CCPS, the CCPS were converted into 2,00,56,804 ordinary equity shares of the Company on November 8, 2019.

22.4 Rights, preferences and restrictions

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders.

22.5 Aggregate number of shares issued for consideration other than cash during the five years

The Company has not issued any shares pursuant to a contract without payment being received in cash nor allotted as fully paid up by the way of bonus shares and there has not been any buy back of shares in the current period and the immediately preceding four years.

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23 Other equity

	As at March 31, 2021	As at March 31, 2020
Securities premium	23,495.35	14,547.77
Capital redemption reserve	81.21	81.21
Statutory reserve u/s 45-IC of RBI Act	977.46	932.84
Share option outstanding account	140.95	66.58
Retained earnings	3,722.35	3,538.91
Total	**28,417.32**	**19,167.31**

Security premium
Securities premium represents premium received on issue of shares. The amount is utilised in accordance with the provisions of the Companies Act 2013

Capital redemption reserve
The same had been created in accordance with provisions of the Companies Act 2013 on buy back of shares

Statutory reserve u/s 45-IC of RBI Act
The reserve is created as per the provision of Section 45 (IC) of Reserve Bank of India Act, 1934. This is a restricted reserve and no appropriation can be made from this reserve fund except for the purpose as may be prescribed by Reserve Bank of India.

Share option outstanding account
The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary companies under Company's employee stock option plan.

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24 Interest income

	Year ended March 31, 2021		Year ended March 31, 2020	
	On financial assets measured at Amortised cost	On financial assets measured at fair value through OCI	On financial assets measured at Amortised cost	On financial assets measured at fair value through OCI
Interest on portfolio loans	6,394.70	18.35	5,726.94	6.47
Interest on investments	286.79	175.86	182.57	155.58
Interest on deposits	34.94	-	6.49	-
	6,716.43	**194.21**	**5,916.00**	**162.05**
Total interest income		**6,910.64**		**6,078.05**

25 Fees and commission income

	Year ended March 31, 2021	Year ended March 31, 2020
Commission on card reload	18.48	45.28
Others	20.31	6.75
	38.79	**52.03**

26 Net gain on fair value changes

	Year ended March 31, 2021	Year ended March 31, 2020
Net gain on financial instruments at fair value through profit and loss		
Investments	591.04	225.77
	591.04	**225.77**
Analysis of fair value changes		
Realised	355.03	202.87
Unrealised	236.01	22.90
Total	**591.04**	**225.77**

27 Other income

	Year ended March 31, 2021	Year ended March 31, 2020
Cost sharing from group companies	104.04	90.27
Miscellaneous income	-	0.02
Total	**104.04**	**90.29**

28 Finance costs

	Year ended March 31, 2021	Year ended March 31, 2020
Interest		
- on non convertible debentures	1,699.45	952.03
- on bank term loan	141.75	396.28
- on bank cash credit	0.32	10.42
- on delayed deposit of statutory dues	0.81	0.20
- on leasing arrangements	24.54	20.86
Other borrowing costs	63.07	75.21
Total	**1,929.94**	**1,455.00**

29 Fees and commission expense

	Year ended March 31, 2021	Year ended March 31, 2020
Selling partner commission	903.63	843.03
	903.63	**843.03**

30 Impairment on financial instruments

	Year ended March 31, 2021		Year ended March 31, 2020	
	On financial instruments measured at fair value through Other Comprehensive Income	**On financial instruments measured at Amortised cost**	**On financial Instruments measured at fair value through Other Comprehensive Income**	**On financial instruments measured at Amortised cost**
Loans	0.75	651.95	1.65	779.71
Investments	98.31	295.86	71.72	48.48
Write offs	-	1,801.87	-	631.58
Total	**99.06**	**2,749.68**	**73.37**	**1,459.77**
		2,848.74		**1,533.14**

31 Employee benefits expense

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	574.90	493.27
Contribution to provident and other funds	29.95	24.14
Share based payment to employees	75.78	40.90
Staff welfare expenses	18.36	15.04
Total	**698.99**	**573.35**

32 Depreciation and amortization

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment	70.07	72.27
Amortisation of intangible assets	9.00	4.13
	79.07	**76.40**

33 Other expenses

	Year ended March 31, 2021	Year ended March 31, 2020
Advertisement expenses	18.67	13.30
Legal and professional fees	353.28	163.47
Travelling and conveyance expenses	4.40	28.57
Auditor's remuneration (refer note 33.1)	4.04	3.78
IT expenses	145.65	88.91
Rates and taxes	1.55	2.46
Rent	12.65	8.51
Director's sitting fee	0.56	0.16
Corporate social responsibility (refer note 33.2)	23.62	21.30
Repair and maintenance	7.30	12.29
Insurance expense	0.10	0.04
Credit evaluation fee	116.07	35.49
Credit rating fee	2.05	9.10
Customer onboarding expenses	2.28	12.88
Miscellaneous expenses	179.90	221.27
Total	**872.12**	**621.53**

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33 Auditor's remuneration (excluding applicable taxes)

	Year ended March 31, 2021	Year ended March 31, 2020
- as auditors	3.05	2.65
- for tax services	0.03	0.29
- for other services	0.96	0.84
	4.04	3.78

33 Corporate social responsibility (CSR)

In respect of Corporate Social Responsibility activities, gross amount required to be spent by the Company during the year was Rs. 23.62 millions in FY 2020-21 (Previous Year Rs. 21.30 millions) and Company has spent Rs. 23.62 millions in FY 2020-21 (Previous Year Rs. 21.30 millions).

For the year ended March 31, 2021	Amount spent	Amount unpaid	Total
Construction/acquisition of any asset	-	-	-
On purpose other than above	23.62	-	23.62

For the year ended March 31, 2020	Amount spent	Amount unpaid	Total
Construction/acquisition of any asset	-	-	-
On purpose other than above	21.30	-	21.30

34 Earning per share (EPS)

	Year ended March 31, 2021	Year ended March 31, 2020
Net profit attributable to equity shareholders	**223.08**	**990.89**
Net profit for the year for basic EPS	223.08	990.89
Dilutive impact of convertible instruments	-	-
Net profit for the year for dilutive EPS	**223.08**	**990.89**
Nominal value of equity shares (in Rs.)	**10.00**	**10.00**
Weighted-average number of equity shares for basis EPS	63,55,56,623	55,60,99,064
Effect of dilution		
Convertible instruments	28,00,936	28,00,936
Weighted-average number of equity shares for dilutive EPS	**69,64,77,457**	**55,89,00,000**
Basic EPS	0.35	1.78
Dilutive EPS	0.32	1.77

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35 Retirement benefit plan

Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Company in a fund under the control of trustees.

The total expense charged to income during the current year Rs. 8.18 millions (previous year: Rs. 6.69 millions) represents contributions payable to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.
Provision for unfunded Gratuity for all employees is based upon actuarial valuations carried out at the end of every financial year. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Pursuant to the issuance of the Indian Accounting Standard (IndAS) 19 on 'Employee Benefits', commitments are actuarially determined using the 'Projected Unit Credit' Method. Gains and losses on changes in actuarial assumptions are accounted for in the "Other comprehensive Income".

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Changes in the defined benefit obligation:	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	17.08	8.25
Current service cost	6.99	6.19
Interest cost	1.15	0.64
Remeasurement (gain) / loss	(2.44)	2.00
Balance at the end of the year	**22.78**	**17.08**

Amount recognised in the statement of profit and loss is as under:	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	6.99	6.19
Interest cost on defined benefit obligation	1.15	0.64
Net impact on profit before tax	**8.14**	**6.83**

Amount recognised in the other comprehensive income:	Year ended March 31, 2021	Year ended March 31, 2020
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial changes arising from changes in demographic assumptions	-	(0.01)
Actuarial changes arising from changes in financial assumptions	-	2.12
Experience adjustments	(2.44)	(0.11)
Impact on other comprehensive income	**(2.44)**	**2.00**

The principal assumptions used in determining gratuity and post-employment benefit obligations for the company's plans are shown below:

	Year ended March 31, 2021	Year ended March 31, 2020
Economic assumptions		
Discount rate	6.76%	6.76%
Future salary increases	6.00%	6.00%
Demographic assumptions		
Retirement age	60	60
Mortality rates inclusive of provision for disablity	100% of IALM (2012-14)	100% of IALM (2012-14)
Attrition at ages (withdrawal rate)		
(i) upto 30 years	3.00%	3.00%
(ii) From 31 to 44 years	2.00%	2.00%
(iii) Above 44 years	1.00%	1.00%

Note: The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is Company's long term best estimate as to salary increases and takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

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Sensitivity analysis for gratuity liability	Year ended March 31, 2021	Year ended March 31, 2020
Impact of the change in discount rate		
Impact due to increase of 0.50 %	(1.73)	(1.33)
Impact due to decrease of 0.50 %	1.91	1.47
Impact of the change in salary increase		
Impact due to increase of 0.50 %	1.92	1.48
Impact due to decrease of 0.50 %	(1.75)	(1.34)

The following is the maturity profile of gratuity:

Expected payment for future years	As at March 31, 2021	As at March 31, 2020
0 to 1 year	0.23	0.16
1 to 2 year	0.36	0.19
2 to 3 year	0.36	0.29
3 to 4 year	0.39	0.29
4 to 5 year	0.40	0.30
5 to 6 year	0.38	0.29
6th year onwards	20.66	15.56
Total expected payments	**22.78**	**17.08**

The weighted average duration of the defined benefit obligation as at 31 March 2021 is 20.27 years (2020 is 20.36 years)

36 Employee Stock Option Plan

I. The Company has formulated share-based payment schemes for its Group employees. Details of all grants in operation during the Year ended March 31, 2021 are as given below:

Scheme Name	DMI ESOP Plan 2019	DMI ESOP Retention Plan 2019	DMI ESOP plan 2018	DMI Retention Plan, 2018	DMI ESOP Plan, Management Scheme	DMI ESOP Plan, Legacy Scheme	DMI Employment Contract 2020	DMI Retention Bonus (NBFC Apr'20)	DMI Finance ESOP Plan 2020	DMI Variable 2019-20
Date of grant	01-Apr-19	16-Mar-20	19-Mar-18	01-Apr-18	01-Oct-18	01-Apr-18	16-Feb-21	21-Apr-20	01-Apr-20	01-Jan-21
Date of Board / Committee approval	11-Feb-20	11-Feb-20	16-Mar-18	16-Mar-18	01-Oct-18	16-Mar-18	09-Apr-20	09-Apr-20	09-Apr-20	09-Apr-20
Number of Options granted	6,88,660	14,00,000	3,22,023	14,83,942	6,04,396	18,27,677	23,068	5,80,000	3,99,387	11,355
Method of settlement	Shares	Shares	Shares	Shares	Shares	Shares	Shares	Shares	Shares	Shares
Graded vesting period *	As defined below	As defined below	As defined below	As defined below	As defined below	As defined below	100% after 3 years	As defined below	As defined below	As defined below
Number of employees to whom options were granted	40	10	6	17	5	5	1	18	44	2
First vesting date	31st March 2020	15th March 2021	18th March 2019	31-Mar-19	30-Sep-19	31-Mar-19	15-Feb-24	31-Mar-21	31-Mar-21	31-Mar-21
Exercise period **	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Vesting conditions	DMI ESOP Plan 2019	DMI ESOP Retention Plan 2019	DMI ESOP Plan	DMI Retention Plan, 2018	DMI ESOP Plan, Management Scheme	DMI ESOP Plan, Legacy Scheme	DMI Employment Contract 2020	DMI Retention Bonus (NBFC Apr'20)	DMI Finance ESOP Plan 2020	DMI Variable 2019-20
Exercise price per option	95.49	100	43.90	46.74	62.21	13.29	113.34	116.36	116.36	113.34
Stock price on the date of grant	95.49	101.87	22.81	24.58	95.49	24.69	113.34	116.36	116.36	113.34

* As per the vesting schedule 30% Options will vest on completion of one year, 30% on completion of two year and 40% on completion of three year from the grant date respectively.

** Exercise Period in respect of any Vested Options means the period commencing on the date of Vesting of such Option and expiring on the fifth anniversary of Option Grant Date

March 31, 2021

II. Reconciliation of options	DMI ESOP plan 2018	DMI Retention Plan, 2018	DMI ESOP Plan,Management Scheme	DMI ESOP Plan, Legacy Scheme	DMI ESOP PLAN 2019	DMI ESOP RETENTION PLAN 2019	DMI Employment Contract 2020	DMI Retention Bonus (NBFC Apr'20)	DMI Finance ESOP Plan 2020	DMI Variable 2019-20
Options outstanding at the beginning of the year	3,22,023	15,50,442	7,23,981	18,27,677	7,72,377	17,00,000	-	-	-	-
Granted during the year	-	-	-	-	-	-	23,068	5,80,000	3,99,387	11,355
Exercised during the year	-	-	-	-	-	-	-	-	-	-
Lapsed during the year	-	66,500	1,19,585	-	83,717	3,00,000	-	-	-	-
Outstanding at the end of the year	**3,22,023**	**14,83,942**	**6,04,396**	**18,27,677**	**6,88,660**	**14,00,000**	**23,068**	**5,80,000**	**3,99,387**	**11,355**
Weighted average remaining contractual life (in years)	1.96	2.00	2.50	2.00	3.00	3.96	4.88	4.00	4.00	4.76

March 31, 2020

II. Reconciliation of options	DMI ESOP plan 2018	DMI Retention Plan, 2018	DMI ESOP Plan,Management Scheme	DMI ESOP Plan, Legacy Scheme	DMI ESOP PLAN 2019	DMI ESOP RETENTION PLAN 2019
Options outstanding at the beginning of the year	3,22,023	15,50,442	7,23,981	18,27,677	-	-
Granted during the year	-	-	-	-	7,72,377	17,00,000
Exercised during the year	-	-	-	-	-	-
Lapsed during the year	-	-	-	-	-	-
Outstanding at the end of the year	3,22,023	15,50,442	7,23,981	18,27,677	7,72,377	17,00,000
Weighted average remaining contractual life (in years)	2.96	3.00	3.50	3.00	4.00	4.96

III. Computation of fair value

For undertaking fair valuation of ESOP, the Company is using Black-Scholes Model.

ESOP PLAN	DMI ESOP PLAN 2019	DMI ESOP RETENTION PLAN 2019	DMI ESOP PLAN 2018	DMI Retention Plan, 2018	DMI ESOP Plan, Management Scheme	DMI ESOP Plan, Legacy Scheme	DMI Employment Contract 2020	DMI Retention Bonus (NBFC Apr'20)	DMI Finance ESOP Plan 2020	DMI Variable 2019-20
Fair market value of shares (Rs.)	95.49	101.87	22.81	24.68	95.49	24.68	113.34	116.36	116.36	113.34
Volatility	30%	30%	15%	15%	15%	15%	30%	30%	30%	30%
Risk free rate	7.35%	6.50%	6.00%	7.50%	7.50%	7%	5.14%	6.14%	6.14%	6.14%
Exercise price (Rs.)	95.49	100	43.9	45.74	62.21	13.25	113.34	116.36	116.36	113.34
Option fair value	38.86	40.47	0.67	1.15	49.45	15.32	43.35	44.51	44.51	43.35

The Company applies the fair value method of accounting to account for stock options issued by it to the employees of the Company. The fair market value of such instruments as at the grant date is recognized as an expense over the period in which the related services are received. Accordingly, fair value of the stock options and restricted stock units is amortized on a straight-line basis over the vesting period of the stock options. The Company recognies share based compensation in the Statement of Profit and Loss with a corresponding credit to Capital Reserve Account (Share Options Outstanding Account).

The Company has entered into Cost chargeback agreement with the granter and post this agreement the Company would be required to pay the difference of market price of the options and exercise price of the options exercised by the employees of the Company, to DMI Housing Finance Private Limited. Therefore, in the current year, share based compensation expense has been recognized in the Statement of Profit and Loss with a corresponding credit to a liability account viz Share Options Outstanding Account disclosed under notes.

The company has granted options of DMI Housing Finance Private Limited(Grantor) to its employees for which the Company has entered into Cost chargeback agreement with the Grantor whereby the company would be required to pay the difference in market price and exercise price of the options exercised by the employees of the Company. In the current year, the Company has recognized Rs. 2.16 Millions as share based compensation expense in the Statement of Profit and Loss with a corresponding credit to a liability account which is Rs 9.29 Millions as on March 31, 2021.

The employees' compensation expense for Stock options during the year ended 31 March 2021 amounts to Rs.75.78 millions (previous year Rs.40.90 millions).

37 Disclosures in respect of Related Parties as per Indian Accounting Standard (IndAS) – 24 'Related Party Disclosures

(a) List of related parties

Holding company
DMI Limited

Subsidiaries
DMI Management Services Private Limited
DMI Capital Private Limited

Associate
DMI Alternatives Private Limited

Fellow subsidiaries
DMI Consumer Credit Private Limited
DMI Housing Finance Private Limited

Key managerial personnel (KMP)

Name	Designation
Mr. Yuvraja Chanakya Singh	Joint Managing Director
Mr. Shivashish Chatterjee	Joint Managing Director
Mrs. Bina Singh	Director
Mrs. Jayati Chatterjee	Director
Mr. Gurcharan Das	Director
Mr. Gaurav Burman	Director
Mr. Tamer Amr	Director
Mr. Nipender Kochhar	Director
Mr. Jatinder Bhasin	Chief Financial Officer (upto 17 March 2021)
Mr. Krishan Gopal	Chief Financial Officer (w.e.f. 18 March 2021)
Mr. Sahib Pahwa	Company Secretary

Relatives of KMP
Mrs. Mallika Singh
Ms. Promita Chatterjee

Enterprises over which key management personnel and relatives of such personnel exercise significant influence with whom transactions have been undertaken:
K2VZ, Partnership Firm
DMI Alternative Investment Fund

(b) Significant transactions with related parties:

Name of related party	Nature of transaction	For the year ended March 31, 2021	For the year ended March 31, 2020
DMI Housing Finance Private Limited	Cost share recovery	70.18	64.44
	Share based payment	2.16	3.92
	Interest on loan	20.78	-
	Repayment of loan	700.00	-
	Reimbursement of expense paid by related party on behalf of entity	-	0.98
DMI Management services Private Limited	Cost share recovery	0.06	0.06
	Repayment of advance	-	17.45
DMI Capital Private Limited	Cost share recovery	0.60	0.60
DMI Alternative Investment Fund	Repayment of loan	800.00	-
	Interest expenses	23.75	-
DMI Alternatives Private Limited	Cost share recovery	33.46	25.17
	Share based payment	0.74	1.55

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Name of related party	Nature of transaction	For the year ended March 31, 2021	For the year ended March 31, 2020
DMI Limited	Transfer of Compulsory Convertible Debentures	-	2.17
	Issue of equity shares	9,419.31	1,714.63
Mr. Sahib Pahwa	Loan / advance given	0.48	0.57
	Interest income	0.05	0.06
	Remuneration	4.12	4.03
	Loan received back	0.09	0.08
Mrs. Bina Singh	Transfer of Compulsory Convertible Debentures	-	2.17
	Sitting fee	0.10	0.06
Mr. Yuvraja Chanakya Singh	Remuneration	57.10	57.54
	Post employment benefits	0.36	0.36
	Issue of equity shares	119.39	-
Mr. Shivashish Chatterjee	Remuneration	56.38	56.08
	Post employment benefits	0.36	0.36
	Issue of equity shares	119.39	-
Mrs. Jayati Chatterjee	Sitting fees	0.18	0.16
Mr. Gurcharan Das	Sitting fees	0.10	0.06
Mr. Nipender Kochhar	Sitting fees	0.16	0.16
Mr. Jatinder Bhasin	Remuneration	10.92	12.58
Mr. Krishan Gopal	Remuneration	0.67	-
K2V2	Issue of equity shares	133.13	32.11

(c) Outstanding balances with related parties:

Name of related party	Nature of transaction	As at March 31, 2021	As at March 31, 2020
Mr. Sahib Pahwa	Loan receivable	0.48	0.57
DMI Housing Finance Private Limited	Loan payable	-	700.00
DMI Alternative Investment Fund	Loan payable	-	800.00
DMI Alternatives Private Limited	ESOP	4.89	4.15

Others

During the Year ended March 31, 2021, the Company has bought back certain non convertible debentures from Mr. Sahib Pahwa for consideration of Rs 0.64 millions (previous year: Nil)

During the Year ended March 31, 2021, the Company has bought back certain non convertible debentures from DMI Housing Finance Private Limited for consideration of Rs 126.48 millions (previous year: Nil)

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38 Impact of COVID 19 pandemic

The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, with second wave of the pandemic emerging towards the later part of the financial year in India. The Government of India announced a nation-wide lockdown to contain the spread of the virus which continued till May 31, 2020. Subsequently, various state governments and local statutory authorities imposed restrictions on economic activities in different parts of the country which continued to impact Company's operations including lending and collection activities. Further, pursuant to the Reserve Bank of India ('RBI') COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, and consequently the Company had offered a moratorium to its eligible borrowers until August 31, 2020.

In assessing the impairment allowance for loan portfolio, the Company has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors. Further, the management has estimated the impact of the ongoing second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date and considering performance after the first wave, and has noted that the existing provisioning levels are adequate to cover any further delinquencies. Given the unique nature and scale of this pandemic, its full extent of impact on the Company's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments including governmental and regulatory measures and the Company's responses thereto. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different than that being estimated.

The Company has assessed the impact of the pandemic on its liquidity and ability to repay its obligations as and when they are due. The Company has considered its current liquidity position, expected inflows from various sources of borrowings and stimulus packages announced by the Government of India. Based on the foregoing, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. The impact of the pandemic on the operations of the Company is significantly dependent on uncertain future economic conditions.

In accordance with the CoVID-19 Regulatory Packages announced by RBI on March 27, 2020, April 17, 2020 and May 23, 2020, the Company has offered moratorium on the payment of instalments and/or interest, as applicable, falling due between March 01, 2020 and August 31, 2020 to eligible borrowers. For such accounts that were granted moratorium, the prudential assets classification remained standstill during the moratorium period (i.e., the number of days past due excluded the moratorium period for the purposes of asset classification under Income Recognition, Asset Classification and Provisioning Norms).

Further, on August 6, 2020, the Reserve Bank of India announced Resolution Framework for Covid related stress for personal loans, other eligible exposures and MSMEs (Resolution Framework 1.0) and further on May 5, 2021, Resolution Framework 2.0 was announced by RBI. On the basis of eligibility criteria defined by RBI in Resolution Framework 1.0 and 2.0, the company gave the benefit of restructuring the loan account to borrowers with total loan outstanding amounting to Rs 2,778.92 Millions.

39 Interest on interest

In accordance with notification no. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 issued by the RBI, all lending institutions shall refund/adjust 'interest on interest' to all borrowers including these who had availed working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Indian Banks Association (IBA) in consultation with other industry participants/bodies published the methodology for calculation of the amount of such 'interest on interest'. Accordingly, the Company has estimated the said amount and made provision for refund/adjustment in these standalone financial statements.

40 During the current year, in compliance with Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (March 1, 2020 to Augut 31, 2020), the Company granted the benefit amounting to Rs. 99.47 millions to its borrowers.

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41 Capital

The Company actively manages its capital base to cover risk inherent to its business and meets the capital adequacy requirements of the regulator, Reserve Bank of India (RBI).

(i) Capital management:

Objective

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Company aims to maintain a strong capital base to support the risks inherent to its business and its growth strategy. The Company endeavors to maintain a higher capital base than the mandated regulatory capital at all times.

Planning

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks- which include credit, liquidity and interest rate.

The Company endeavors to maintain its Capital Risk Adequacy Ratio (CRAR) higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

(ii) Regulatory capital

	As at March 31, 2021	As at March 31,2020
Tier 1 CRAR	59.03%	43.31%
Tier 2 CRAR	1.17%	0.69%
Total CRAR	60.20%	44.00%

In case of un-disbursed loan facility, the Company has sole and absolute discretion to allow or reject any further drawdown request. Hence, undrawn commitment for the Company are amounting to Nil.

The CRAR is computed as per the Master Direction - Non Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 read with the circular issued by Reserve Bank of India on March 13, 2020.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

42 Contingent liabilities and commitments

Contingent liabilities

The Company has given corporate guarantees to banks against different facilities to its fellow subsidiary DMI Housing Finance Private Limited of Rs. 4,447.17 millions as at March 31, 2021 (March 31,2020: Rs. 5,474.59 millions).

During the year, the Company has received an assessment order for FY 2016-17 wherein the assessing officer has made an addition for an amount of Rs.6.42 millions on account of disallowance of deduction under section 80G of the Income-tax Act, 1961. The Company has appealed before Commissioner of Income Tax-Appeal (CIT(A)) against the order. This disallowance has resulted into an additional demand of Rs. 2.26 million but the Company has already paid the taxes more than by Rs. 2.31 million therefore, the Company is not required to pay any additional demand. In presence of favorable case laws and judicial precedents wherein similar facts have been addressed, the Company expects that the additional demand will be deleted by CIT (A).

Commitments

In case of un-disbursed loan facility, the Company has sole and absolute discretion to allow or reject any further drawdown request. Hence, undrawn commitment for the Company are amounting to Nil.

43 Reconciliation of liabilities arising from financing activities

Particulars	Debt securities	Borrowings other than debt securities	Liability against leased assets	Total
April 1, 2019	5,782.28	4,138.86	-	9,921.14
Adoption of Ind AS 116	-	-	293.91	293.91
Cash flows:				-
- Repayment	(4,300.00)	(2,314.54)	(54.80)	(6,669.34)
- Proceeds	21,303.00	980.00		22,283.00
Non-cash				
- Deferrement / amortisation of upfront fees and other charges	12.29	20.51		32.80
- Others			27.34	27.34
March 31, 2020	22,797.57	2,824.83	266.45	25,888.85
Cash flows:				
- Repayment	(4,750.00)	(2,355.33)	(55.18)	(7,160.51)
- Proceeds	500.00	700.00	-	1,200.00
Non-cash				
- Deferrement / amortisation of upfront fees and other charges	4.12	11.69	-	15.81
- Others	-	-	31.02	31.02
March 31, 2021	18,551.69	1,181.19	242.29	19,975.17

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44 Leases

The Company has lease contracts for office and residential spaces taken on lease. The lease terms are between 1 to 10 years.
The Company also has certain lease with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognized and the movements during the period are as follows:

Particulars	**March 31, 2021**	**March 31, 2020**
Balance at the beginning of the year	248.67	-
Additions made during the year	-	293.91
Depreciation charge for the year	37.96	45.24
Balance at the end of the year	210.71	248.67

The carrying amounts of lease liabilities and the movements during the period are as follows:

Particulars	**March 31, 2021**	**March 31, 2020**
Balance at the beginning of the year	266.45	-
Additions made during the year	-	293.91
Interest accretion for the year	31.02	27.34
Payments made during the year	(55.18)	(54.80)
Balance at the end of the year	242.29	266.45

The effective interest rate for lease liabilities is 10%, with maturity ranging to 2027-28.

The following are the amounts recognized in profit and loss :

Particulars	**March 31, 2021**	**March 31, 2020**
Depreciation expense in respect of right-of-use asset	37.96	45.24
Interest expense in respect of lease liabilities	24.54	20.86
Expense relating to short-term leases (included on other expenses)	12.65	8.51
Total amount recognised in profit or loss	**75.15**	**74.61**

The Company's total cash outflows for leases was Rs 48.70 Millions during year (previous year Rs 54.80 Millions)

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45 Tax expenses

The major components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are :

	Year ended March 31, 2021	Year ended March 31, 2020
Current tax	344.13	548.07
Deferred tax credit	(255.19)	(195.27)
Income tax expense reported in the statement of profit or loss	**88.94**	**352.80**

The major components of tax expense and its reconciliation to expected tax expense based on the enacted tax rate applicable to the Company is 25.168% (March31, 2020: 25.168%) and the reported tax expense in statement of profit and loss are as follows:

	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax	312.02	1,343.69
Income-tax rate	25.168%	25.168%
Expected tax expense	**78.53**	**338.18**
Expenditure disallowed	465.26	66.32
Income not subject to tax	0.17	(78.71)
Deductions	(458.23)	25.73
Short term capital gain	-	1.28
Tax for earlier years	3.21	-
Tax expense	**88.94**	**352.80**

46 Maturity analysis of assets and liabilities:

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	2,476.26	-	**2,476.26**	1,190.89	-	**1,190.89**
Bank balance other than cash and cash equivalents	267.21	-	**267.21**	15.20	-	**15.20**
Trade receivables	54.64	-	**54.64**	33.65	-	**33.65**
Loans	16,971.61	14,442.00	**31,413.61**	18,347.05	15,006.46	33,353.51
Investments	15,516.25	2,972.27	**18,488.52**	12,285.68	3,008.40	15,294.08
Other financial assets	2,015.59	20.26	**2,035.85**	545.91	20.32	566.23
Non- financal assets						
Current tax assets (net)	214.39	-	**214.39**	154.51	-	**154.51**
Deferred tax assets (net)	-	573.29	**573.29**	-	319.78	**319.78**
Property, plant and equipment	46.26	280.60	**326.86**	34.26	353.27	**387.53**
Intangible assets	-	22.80	**22.80**	-	7.55	**7.55**
Other non- financial assets	94.66	-	**94.66**	104.32	-	**104.32**
Assets held for sale	189.85	-	**189.85**	189.85	-	**189.85**
	37,846.72	18,311.22	56,157.94	32,901.32	18,715.78	51,617.10
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	110.75	-	**110.75**	78.68	-	**78.68**
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	194.95	-	**194.95**	161.37	-	**161.37**
Debt securities	-	18,551.69	**18,551.69**	4,744.57	18,053.00	22,797.57
Borrowings (other than debt securities)	600.22	823.26	**1,423.48**	1,473.46	1,617.82	3,091.28
Other financial liabilities	629.87	-	**629.87**	475.38	-	475.38
Non financial liabilities						
Provisions	56.73	-	**56.73**	37.95	-	**37.95**
Other non-financial liabitilies	336.57	-	**336.57**	214.62	-	**214.62**
Equity						
Equity share capital	-	6,436.58	**6,436.58**	-	5,592.94	**5,592.94**
Other equity	-	28,417.32	**28,417.32**	-	19,167.31	**19,167.31**
	1,929.09	54,228.85	56,157.94	7,186.03	44,431.07	51,617.10

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47 Disclosure of expected credit loss and provisions required as per Income Recognition and Asset Classification norms;

Amount in Rs. crores

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	3,328.65	140.58	3,188.07	40.71	99.87
	Stage 2	162.44	32.41	130.03	10.74	21.67
Subtotal		3,491.10	172.99	3,318.10	51.45	121.54
Non-Performing Assets (NPA)						
Substandard	Stage 3	1.09	1.09	-	0.09	1.00
Doubtful - up to 1 year	Stage 3	79.75	38.12	41.63	15.55	22.57
1 to 3 years	Stage 3	44.35	40.65	3.70	13.12	27.53
More than 3 years	Stage 3	17.16	8.91	8.25	7.71	1.20
Subtotal for doubtful		141.26	87.68	53.58	36.38	51.30
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		142.35	88.77	53.58	36.47	52.30
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	3,328.65	140.58	3,188.07	40.71	99.87
	Stage 2	162.44	32.41	130.03	10.74	21.67
	Stage 3	142.35	88.77	53.58	36.47	52.30
	Total	3,633.44	261.76	3,371.68	87.92	173.84

48 **Disclosures pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020**

(a) SMA/overdue categories, where the moratorium/deferment was extended

Amount in Rs. crores

Particulars	As at March 31, 2021	As at March 31, 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular	166.24	708.75
Respective amount where asset classification benefit is extended	-	122.44
Provisions made in terms of paragraph 5 of the circular (as per Para 4, applicable to entities covered under Ind AS) (as of 31 March 2021/ 31 March 2020)	51.03	15.86
Provisions adjusted against slippages in terms of paragraph 6 of the circular	-	-
Residual provisions as of 31 March 2021/ 31 March 2020 in terms of paragraph 6 of the Circular	51.03	15.86

(b) Asset classification benefit extension

Asset classification benefit has not been given to any account as at 31 March 2021 (previous year benefit was extended to 7,210 accounts having total outstanding of Rs. 122.44 Crore).

49 **Segment Information**

The Company operates in a single reportable segment i.e. financing which has similar risks and returns for the purpose of Ind AS 108 "Operating segments" is considered to be the only reportable business segment. The Company derives its major revenues from financing activities and its customers are widespread. Further, the Company operates only in India which is considered as a single geographical segment.

50 Risk management

Introduction and risk profile

The Company is a private finance company in India and is regulated by the Reserve Bank Of India (RBI). In view of the intrinsic nature of operations, the Company is exposed to a variety of risks, which can be broadly classified as liquidity risk, credit risk, interest rate risk and equity price risk. It is also subject to various regulatory risks.

Risk management struture and policies

As a lending institution, Company is exposed to various risks that are related to lending business and operating environment. The Principal Objective in Company 's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks. Company 's risk management framework is driven by Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee and Risk Management Committee. Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications, conservative loan to value.

(A) Liquidity risk

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable cost or losses.

The Company manages liquidity risk by measuring and managing net funding requirements using a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates which has been adopted as a standard tool. The Company's Assets-Liability Committee (ALCO) is responsible for determining the appropriate mix of available funding sources utilized to ensure Company liquidity is managed prudently and appropriately. With regard to the process of liquidity management, ALCO also considers the current economic and market environment, near-term loan growth projections and long-term strategic business decisions.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities

March 31, 2021	upto 1 month	Over 1month to 2 month	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Financial assets									
Cash and cash equivalents	2,476.26	-	-	-	-	-	-	-	2,476.26
Bank balance other than Cash and cash equivalents	-	-	-	261.91	5.30	-	-	-	267.21
Trade receivables	54.64	-	-	-	-	-	-	-	54.64
Loans	4,116.83	2,770.01	2,512.07	5,776.66	6,300.73	15,486.83	3,364.92	785.95	41,114.01
Investments	14,930.65	42.69	553.00	108.14	188.15	737.38	1,770.71	1,595.70	19,926.41
Other financial assets	245.73	-	127.15	1,542.70	100.00	1.35	3.92	15.00	2,035.85
Financial liabilities									-
Trade payables	0.35		305.35						305.70
Debt securities	-	282.12	65.28	389.97	781.18	21,171.39			22,689.93
Borrowings (other than debt securities)	29.06	26.91	150.18	154.56	281.90	555.47	131.25	-	1,329.33
Other financial liabilities	95.04	140.74	50.60	254.50	88.90	-	-	-	629.87

March 31, 2020	upto 1 month	Over 1month to 2 month	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Financial assets									
Cash and cash equivalents	1,190.89	-	-	-	-	-	-	-	1,190.89
Bank balance other than Cash and cash equivalents	3.21	-	-	-	11.99	-	-	-	15.20
Trade receivables	33.65	-	-	-	-	-	-	-	33.65
Loans	2,593.84	2,118.42	2,992.18	6,648.71	8,331.45	14,228.42	3,434.35	1,481.82	41,829.19
Investments	11,975.45	24.62	68.98	147.05	323.03	1,326.79	374.97	2,090.86	16,331.76
Other financial assets	294.35	-	167.18	83.66	0.72	1.41	8.08	10.83	566.23
Financial liabilities									
Trade payables	0.35	-	239.70	-	-	-	-	-	240.05
Debt securities	99.34	341.77	1,584.51	1,482.22	3,111.37	6,231.68	15,900.46	-	28,751.35
Borrowings (other than debt securities)	68.87	164.22	207.04	439.49	790.57	1,602.71	-	-	3,272.90
Other financial liabilities	79.69	150.29	57.70	111.36	67.25	-	-	-	475.38

(B) Credit risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the Company. The Company's credit risk management framework is categorized into following main components:

- Senior management's oversight
- Organizational structure
- Systems and procedures for identification, acceptance, measurement, monitoring and controlling risks.

It is the overall responsibility of the Company's senior management to approve the Company's credit risk strategy and lending policies relating to credit risk and its management. The policies are based on the Company's overall business strategy and the same is reviewed every quarter by the senior management.

To maintain credit discipline and to enunciate credit risk management and control process there is a separate risk management department independent of loan origination function. The risk management department performs the function of credit policy formulation, credit limit setting, monitoring of credit exceptions / exposures and review /monitoring of documentation.

The carrying amount of financial assets represents the maximum credit exposure.

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Analysis of risk concentration

The following table shows the risk concentration by industry for the financial assets of the Company:

March 31, 2021	Financial services	Government	Real estate	MSME	Services & manufacturing	Retail	Others	Total
Financial asset								
Cash and cash equivalents	2,476.26	-	-	-	-	-	-	2,476.26
Bank balance other than Cash and cash equivalents	267.21	-	-	-	-	-	-	267.21
Term loans - Corporate (contractual amount of loans)	-	-	9,047.64	-	2,538.08	703.54	-	12,289.26
Term loans - Consumer loans (contractual amount of loans)	-	-	-	434.74	-	18,689.61	-	19,124.35
Trade receivables	-	-	-	-	-	54.64	-	54.64
Investments	15,835.60	-	1,032.21	-	1,600.48	-	20.23	18,488.52
Other financial assets	-	-	-	-	-	2,014.68	21.17	2,035.85
Total	18,579.07	-	10,079.85	434.74	4,138.56	21,462.47	41.40	54,736.09

March 31, 2020	Financial services	Government	Real estate	MSME	Services & manufacturing	Retail	Others	Total
Financial asset								
Cash and cash equivalents	1,190.89	-	-	-	-	-	-	1,190.89
Bank balance other than Cash and cash equivalents	15.20	-	-	-	-	-	-	15.20
Term Loans- Corporate(contractual amount of loans)	-	-	7,969.08	28.60	3,172.00	682.56	-	11,852.24
Consumer Loans(contractual amount of loans)		-	-	638.42	-	20,862.85	-	21,501.27
Receivables	-	-	-	-	-	33.65	-	33.65
Investments	12,691.99	-	1,023.16	-	1,559.76	-	19.17	15,294.08
Other financial assets	-	-	-	-	-	545.19	21.04	566.23
Total	13,898.08	-	8,992.24	667.02	4,731.76	22,124.25	40.21	50,453.56

(C) Market risk

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices resulting in a loss to earnings and capital.

Financial institutions may be exposed to market risk in variety of ways. Market risk exposure may be explicit in portfolios of securities / equities and instruments that are actively traded. Conversely it may be implicit such as interest rate risk due to mismatch of loans and deposits. Besides, market risk may also arise from activities categorized as off-balance sheet item. Therefore, market risk is potential for loss resulting from adverse movement in market risk factors such as interest rates, forex rates, equity and commodity prices.

The Company's exposure to market risk is primarily on account of interest rate risk and equity price risk.

Total market risk exposure

Particulars	As at March 31, 2021	As at March 31, 2020	Primary risk sensitivity
ASSETS			
Financial assets			
Investments (Other than credit substitutes)	18,482.34	14,816.33	Equity price
Credit substitutes	281.58	369.20	Interest rate
LIABILITIES			
Financial liabilities			
Debt securities	18,551.69	22,797.57	Interest rate
Borrowings (other than debt securities)	1,423.48	3,091.28	Interest rate

(i) Interest rate risk:-

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. The Company's lending, funding and investment activities give rise to interest rate risk. The immediate impact of variation in interest rate is on the Company's net interest income, while a long term impact is on the Company's net worth since the economic value of the assets, liabilities and off-balance sheet exposures are affected. While assessing interest rate risks, signals given to the market by RBI and government departments from time to time and the financial industry's reaction to them shall be continuously monitored.

Due to the very nature of financing, the Company is exposed to moderate to higher interest rate risk. This risk has a major impact on the balance sheet as well as the income statement of the Company. Interest rate risk arises due to:

i) Changes in regulatory or market conditions affecting the interest rates
ii) Short term volatility
iii) Prepayment risk translating into a reinvestment risk
iv) Real interest rate risk.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss:

Particulars	Effect on net profit	
Borrowings	For the year ended March 31, 2021	For the year ended March 31, 2020
Decrease in 50 basis points	7.34	19.55
Increase in 50 basis points	(7.34)	(19.55)

Particulars	Effect on net profit	
Borrowings	For the year ended March 31, 2021	For the year ended March 31, 2020
Decrease in 50 basis points	-	15.12
Increase in 50 basis points	-	(15.12)

(ii) Equity price risk

Equity price risk is the risk that the fair value of equities changes as the result of changes in the level of equity indices and individual stocks. A 10 per cent increase in the value of the Company's FVOCI equities at 31 March 2021 would have increased equity by Rs. 181.56 millions (Previous year: Rs 168.29 millions). An equivalent decrease would have resulted in an equivalent but opposite impact. Further, A 10 per cent increase in the value of the Company's FVTPL equities at 31 March 2021 would have increased profits by Rs. 1479.40 millions (Previous year: Rs. 1,216.87 millions). An equivalent decrease would have resulted in an equivalent but opposite impact.

51 Financial instruments

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions , regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Valuation governance

The Company's process to determine fair values is part of its periodic financial close process. The Audit Committee exercises the overall supervision over the methodology and models to determine the fair value as part of its overall monitoring of financial close process and controls. The responsibility of ongoing measurement resides with business units. Once submitted fair value estimates are also reviewed and challenged by the risk and finance functions.

Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	31 March 2021				31 March 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis								
Financial investment measured at FVTPL								
Mutual funds	-	14,574.77	-	14,574.77	-	11,966.50	-	11,966.50
Equity shares - Mcnally Bharat Engg Co. Ltd.	25.12	-	-	25.12	7.20	-	-	7.20
Security receipts of Alchemist XV Trust	-	194.11	-	194.11	-	195.00	-	195.00
Compulsorily convertible preference shares in DMI Capital Private Limited	-	-	312.78	312.78	-	-	303.30	303.30
Total financial investment measured at FVTPL	**25.12**	**14,768.88**	**312.78**	**15,106.78**	**7.20**	**12,161.50**	**303.30**	**12,472.00**
Financial investments measured at FVOCI								
Non-convertible debentures - Quoted	-	-	497.68	**497.68**	-	-	419.58	**419.58**
Compulsory convertible debentures	-	-	826.47	**826.47**	-	-	773.17	**773.17**
Loans	-	-	-		-	-	-	-
Non-convertible debentures - unquoted	-	-	142.83	**142.83**	-	-	120.76	**120.76**
Equity Instruments								
DMI Consumer Credit Private Limited	-	-	3.27	**3.27**	-	-	3.16	**3.16**
Alchemist Asset Reconstruction Company Limited	-	-	226.20	**226.20**	-	-	226.20	**226.20**
AIF II (Investment)	-	11.01	-	**11.01**	-	10.80	-	**10.80**
Flash Electronics Private Limited	-	-	304.40	**304.40**	-	-	250.00	**250.00**
Total financial investments measured at FVOCI	-	**11.01**	**2,000.85**	**2,011.86**	-	**10.80**	**1,792.87**	**1,803.67**
Total financial assets measured at fair value	**25.12**	**14,779.89**	**2,313.63**	**17,118.64**	**7.20**	**12,172.30**	**2,096.17**	**14,275.67**

Valuation techniques

Financial instruments measured at FVTPL (other than security receipts of Alchemist XV Trust and CCPS)

The equity instruments are traded on public stock exchanges with readily available active prices on a regular basis and are classified as level 1. Units held in mutual funds and security receipts are measured based on Net Asset Value (NAV) and are classified as Level 2.

Equity instruments measured at FVOCI

Equity instruments in non-listed entities are valued on a case-by-case either based on networth of investee company or Valuation report issued by independednt Valuer using discounted cash flow method, are classified as Level 3.

Debt Securities and loans at FVOCI

A. Fair Value is calculated by discounting future cashflows.

B. The discounting spread is calculated as summation of yields of G-Sec for similar tenure, sector specific spread, liquidity spread and spread based on score from internal risk rating model.

C. The risk rating model incorporates both quantitative and qualitative information on the borrower. Some of the factors that risk model considers are –

Area delivered in past across segments
Financial strength (of the entity and group)
Debt track record (debt repaid in past, current & past delinquency)
Stages of various projects of developer
Asset cover (Cashflow and Security)

There have been no transfers between Level 1, Level 2 and Level 3 for the Year ended March 31, 2021 and March 31, 2020

Movements in Level 3 financial instruments measured at fair value

	DMI Capital Private Limited	DMI Consumer Credit Private Limited	Alchemist Asset Reconstruction Co.Ltd.	Credit Subsitutes*	NCD Unquoted*	Compulsorily Convertible Debentures*	DMI Housing Finance Private Limited	Flash Electronics
At April 1, 2019	**293.12**	**3.00**	**316.68**	**895.85**	**917.41**	**772.93**	**264.87**	**250.00**
Purchase	-	-	-	-	120.12	-	-	-
Change in classification	-	-	-	(179.02)	(835.96)	-	-	-
Sales / settlements	-	-	-	(351.95)	(86.28)	(94.89)	(265.11)	-
Transfers into Level 3	-	-	-	-	-	-	-	-
Transfer from Level 3	-	-	-	-	-	-	-	-
Gains / loss for the period recognized in the Statement of Proft and Loss	10.18	-	-	60.31	6.47	95.13	-	-
Gains / loss for the period recognized in the other comprehensive income	-	0.16	(90.48)	(5.61)	-	-	0.24	-
At March 31, 2020	**303.30**	**3.16**	**226.20**	**419.58**	**120.76**	**773.17**	**-**	**250.00**
Purchase	-	-	-	46.45	21.82	-	-	-
Change in classification	-	-	-	-	-	-	-	-
Sales / settlements	-	-	-	(42.98)	(18.11)	2.57	-	-
Transfers into Level 3	-	-	-	-	-	-	-	-
Transfer from Level 3	-	-	-	-	-	-	-	-
Gains / loss for the period recognized in the Statement of Proft and Loss	9.48	-	-	74.63	18.35	101.23	-	-
Gains / loss for the period recognized in the other comprehensive income	-	0.11	-	-	-	(50.50)	-	54.40
At March 31, 2021	**312.78**	**3.27**	**226.20**	**497.68**	**142.82**	**826.47**	**-**	**304.40**

*Total Gains/Loss for the period recognized in the Statement of Proft and Loss consists of income other than fair value change

Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Company's level 3 assets and liabilities.

March 31, 2021	Fair value of Level 3 assets	Valuation technique	Significant unobservable inputs
Compulsorily convertible preference shares in DMI Capital Private Limited	312.78	Net Worth of Investee Company	Instrument price
Equity shared in DMI Consumer Credit Private Limited	3.27	Net Worth of Investee Company	Instrument price
Equity shares in Alchemist Asset Reconstruction Company Limited	226.20	Discounted Projected Cash Flows	Discount margin / spread
Non-convertible debentures - Quoted	497.68	Discounted Projected Cash Flows	Discount margin / spread
Equity shares in Flash Electronics Private Limited	304.40	Discounted Projected Cash Flows	Instrument price
Compulsory convertible debentures	826.47	Discounted Projected Cash Flows	Discount margin / spread
Non-convertible debentures - unquoted	142.83	Discounted Projected Cash Flows	Discount margin / spread

March 31, 2020	Fair value of Level 3 assets	Valuation technique	Significant unobservable inputs
Compulsorily convertible preference shares in DMI Capital Private Limited	310.68	Net Worth of Investee Company	Instrument price
Equity shared in DMI Consumer Credit Private Limited	3.16	Net Worth of Investee Company	Instrument price
Equity shares in Alchemist Asset Reconstruction Company Limited	226.20	Discounted Projected Cash Flows	Discount margin / spread
Non-convertible debentures - Quoted	419.58	Discounted Projected Cash Flows	Discount margin / spread
Equity shares in Flash Electronics Private Limited	250.19	Discounted Projected Cash Flows	Instrument price
Compulsory convertible debentures	773.17	Discounted Projected Cash Flows	Discount margin / spread
Non-convertible debentures - unquoted	120.76	Discounted Projected Cash Flows	Discount margin / spread

Quantitative analysis of significant unobservable inputs

Instrument price

Given the nature of this approach, there is no range of prices used as inputs.

Discount margin/spreads

Discount margin/spreads represent the discount rates used when calculating the present value of future cash flows. In discounted cash flow models such spreads are added to the benchmark rate when discounting the future expected cash flows. Hence, these spreads reduce the net present value of an asset or increase the value of a liability. They generally reflect the premium an investor expects to achieve over the benchmark interest rate to compensate for the higher risk driven by the uncertainty of the cash flows caused by the credit quality of the asset. They can be implied from market prices and are usually unobservable for illiquid or complex instruments.

Sensitivity of fair value measurements to changes in unobservable market data

The table below describes the effect of a 10% movement in the significant unobservable input.
All changes, except for financial instruments at FVOCI would be reflected in Statements of Profit and Loss.

Particulars	March 31, 2021		March 31, 2020	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Instruments measured through FVTPL				
Compulsorily convertible preference shares in DMI Capital Private Limited	31.28	(31.28)	30.33	(30.33)
Total (A)	**31.28**	**(31.28)**	**30.33**	**(30.33)**
Instruments measured through FVTOCI				
Equity shared in DMI Consumer Credit Private Limited	0.33	(0.33)	0.32	(0.32)
Equity shares in Alchemist Asset Reconstruction Company Limited	22.62	(22.62)	22.62	(22.62)
Non-convertible debentures - Quoted	7.17	(7.17)	41.96	(41.96)
Non-convertible debentures - unquoted	14.28	(14.28)	12.08	(12.08)
Equity shares in Flash Electronics Private Limited	30.44	(30.44)	25.00	(25.00)
Compulsory convertible debentures	82.65	(82.65)	77.32	(77.32)
Total (B)	**157.50**	**(157.50)**	**179.30**	**(179.30)**
Total (A+B)	**188.78**	**(188.78)**	**209.63**	**(209.63)**

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities.

	March 31, 2021		March 31, 2020	
Financial assets:	Fair value	Carrying value	Fair value	Carrying value
Loans and advances				
Corporate loans	12,715.14	12,151.09	11,630.70	11,735.33
Investments – at amortised cost				
Non-convertible debentures - Quoted	1,156.59	1,171.88	1,259.61	1,227.52
Financial liabilities:				
Debt securities	18,876.47	18,553.00	21,676.24	21,303.00

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables.

Borrowings - At Amortised cost

These includes Term Loans. The fair values of such liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk. These instrument are classified in Level 3.

Investments - At amortised cost

These includes Quoted non convertible debenture & corporate loans. The fair values of such instruments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk. These instrument are classified in Level 3.

Assets and liabilities other than above

The carrying value of assets and liabilities other than investments and borrowings at amortised cost represents a reasonable approximation of fair value

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Chartered Accountants

DMI Finance Pvt. Ltd.
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52 Disclosures in accordance with RBI circular no. DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014 and subsequent circular no. DNBR (PD) CC.No. 029/ 03.10.001/ 2014-15 dated April 10, 2015 and amendments thereof

i) Registration/ license/ authorization, by whatever name called, obtained from other financial sector regulators;

The Company is a private limited company registered with Reserve Bank of India as a Non- banking finance company vide certificate of registration no.**14.03176 dated January 5, 2009**

ii) Ratings assigned by credit rating agencies and migration of ratings during the year;

During the year the following ratings have been assigned to the Company

(Amount in Rs. crore)

Name of the rating agency	Amount	Rating	Type of facility	At the beginning of year	Change during Year	Remarks
Brickwork Ratings	900	BWR AA-	Bank loans	BWR AA-	No Change	Reaffirmed on June 29, 2020
Brickwork Ratings	180	BWR AA-	Non-convertible debentures	BWR AA-	No Change	Reaffirmed on June 29, 2020. During the year, Rated amount increased to Rs 180 Crores from Rs. 130 crore
CARE Ratings	435	CARE AA-	Non-convertible debentures	CARE AA-	No Change	Reaffirmed and Outlook revised from Stable to Negative on April 6, 2020. Rated amount decreased from Rs 785 crore to Rs 435 crore
CARE Ratings	900	CARE AA-	Long-term bank facilities	CARE AA-	No Change	Reaffirmed and Outlook revised from Stable to Negative on April 6, 2020
ICRA Ratings	300	[ICRA]A1+	Commercial paper	[ICRA]A1+	No Change	Rating Reaffirmed on July 10, 2020 and March 31, 2021

iii) Penalties, if any, levied by any regulator;

No penalties have been levied by any of the regulators of the company.

iv) Information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries

The Company has its main operations in India situated in Delhi/NCR and also has offices situated in Mumbai and Hyderabad. The company has not entered into any joint ventures and does not have any overseas subsidiaries.

I) Capital to risk assets ratio (CRAR)

Particulars	**March 31, 2021**	**March 31, 2020**
i) CRAR (%)	60.20%	44.00%
ii) CRAR- Tier I capital (%)	59.03%	43.31%
iii) CRAR- Tier II capital (%)	1.17%	0.69%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

DMI Finance Private Limited
Notes to the Standalone Financial Statements for the Year ended March 31, 2021
(All Amount in Rs. In millions, unless otherwise stated)

II) Investments

(Amount in Rs. crore)

Particulars	March 31, 2021	March 31, 2020
1) Value of Investments		
i) Gross Value of Investments (at cost)*		
a) In India	1,908.36	1,549.50
b) Outside India	-	-
ii) Provisions for Depreciation**		
a) In India	59.51	20.10
b) Outside India	-	-
ii) Net Value of Investments		
a) In India	1,848.85	1,529.41
b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments.		
i) Opening Balance	20.10	8.07
ii) Add: Provisions made during the year	39.42	12.03
iii) Less : Write-off / write-back of excess provisions during the year	-	-
iv) Closing Balance	59.51	20.10

*The company has investment in FVOCI and FVTPL category, the fair valuation of which is included in the gross value of investment.

**Provision of depreciation comprises of impairment loss allowance on the investments

III) Derivatives

The Company does not deal in derivatives therefore no details are to be disclosed

IV) Exchange Traded Interest Rate (IR) Derivatives

The Company does not deal in exchange traded interest rate derivatives therefore no details are to be disclosed

V) Disclosures on Risk Exposure in Derivatives

The Company does not deal in derivatives therefore no details are to be disclosed

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VIII) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

Maturity Pattern of Assets and Liabilities as on March 31, 2021

(Amount in Rs. crore)

Particulars	upto 1 month	Over 1month to 2 month	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1year to 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Investments	1,457.48	-	52.68		-	-	-	108.38	1,618.54
Borrowings	2.25	13.75	18.10	13.30	24.92	1,905.30	12.50	-	1,990.20
Advances	401.42	239.14	208.47	614.14	462.73	1,204.79	397.07	105.67	3,633.43
Other financial assets	245.73	-	127.15	1,542.70	100.00	1.35	3.92	15.00	2,035.85

Maturity Pattern of Assets and Liabilities as on March 31, 2020

(Amount in Rs. crore)

Particulars	upto 1 month	Over 1month to 2 month	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1year to 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Investments	1,196.65	-	-		-	-	-	100.19	1,296.84
Borrowings	7.35	29.93	172.45	137.77	294.63	459.57	1,485.30	-	2,587.02
Advances	221.95	184.08	257.06	557.94	687.12	1,230.40	320.91	265.53	3,724.99
Other financial assets	294.35		167.18	83.66	0.72	1.41	8.08	10.83	566.23

IX) Instances of fraud for the Year ended March 31, 2021

(Amount in Rs. crore)

	March 31, 2021				March 31, 2021			
Nature of fraud	No. of cases	Amt. of fraud	Recovery	Amt. written off	No. of cases	Amt. of fraud	Recovery	Amt. written off
Cash embezzlement	-	-	-		-	-	-	-
Loan given against fictitious documents	1.00	1.12	-	1.12	1.00	1.12	-	1.12
Fraud by external party			-	-	-		-	-

Note: There is no fraud happened in the curret year and previous year

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X) Exposures

Exposure to Real Estate Sector

(Amount in Rs. crore)

Category	March 31, 2021	March 31, 2020
a) Direct Exposure		
i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	68.15	60.97
ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	1,134.96	955.96
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
Residential		
Commercial Real Estate		
Total Exposure to Real Estate Sector	1,203.12	1,016.93

**Includes exposure to sub-standards assets as well*

Exposure to Capital Market

Category	March 31, 2021	March 31, 2020
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	191.03	177.50
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;		-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	406.48	352.63
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;		-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;		-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;		-
(vii) bridge loans to companies against expected equity flows / issues;		-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)		-
Total Exposure to Capital Market	597.51	530.13

	March 31, 2021	March 31, 2020
XI) Details of financing of parent company products The company has not financed any Parent company product during the current year and previous year	-	-
a Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC The company has not exceeded any single or group borrower limits as per prescribed RBI guidelines therefore no details are being provided	-	-

XII) **Provisions and contingencies**

(Amount in Rs. crore)

	March 31, 2021	March 31, 2020
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement Profit and Loss		
Provisions for depreciation on investment	39.41	12.02
Provision made towards income tax	34.41	54.81
Provision for gratuity	0.57	0.88
Provision for compensated absences	1.31	1.02
Impairment of financial assets (net of write off)	245.46	141.29

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XIII) Draw Down from Reserves

The Company has not draw downed any amount from the Reserves during the current year and previous year

(Amount in Rs. crore)

XIV) Concentration of Deposits, Advances, Exposures and NPAs	March 31, 2021	March 31, 2020
Concentration of Deposits	-	-
Concentration of Advances	-	-
Total Advances to twenty largest borrowers	1,301.85	1,195.21
Percentage of Advances to twenty largest borrowers to Total Advances	35.83%	32.09%
Concentration of Exposures		
Total Exposure to twenty largest borrowers / customers	1,332.29	1,445.21
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the borrowers / customers	36.36%	36.36%
Concentration of NPAs**		
Total Exposure to top four NPA accounts	119.84	116.34

***Represent Stage III loans including interest*

Sector-wise NPAs**	March 31, 2021 Percentage of NPAs to Total Advances in that sector	March 31, 2020 Percentage of NPAs to Total Advances in that sector
1 Agriculture & allied activities	-	-
2 MSME	-	-
3 Corporate borrowers	8.47%	9.85%
4 Services	-	-
5 Unsecured personal loans	-	1.31%
6 Auto loans	-	-
7 Other personal loans(Loan against Property)	-	0.17%

***Represent Stage III loans including interest*

(Amount in Rs. crore)

XV) Movement of NPAs	March 31, 2021	March 31, 2020
Net NPAs to Net Advances (%)	1.59%	1.94%
Movement of NPAs (Gross)		
Opening balance	171.11	72.57
Additions during the year	4.25	151.21
Reductions during the year	33.01	52.67
Closing balance	142.35	171.11
Movement of Net NPAs		
Opening balance	69.11	31.42
Additions during the year	(32.34)	27.67
Reductions during the year	(16.82)	(10.02)
Closing balance	53.59	69.11
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	102.00	41.15
Provisions made during the year	36.59	123.54
Write-off / write-back of excess provisions	49.83	62.69
Closing balance	88.76	102.00

XVI) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

The Company does not have any Joint Venture or Subsidiary abroad, therefore no details to be reported

XVII) Off- Balance sheet SPVs sponsored

The company does not have any Off- Balance sheet SPV, therefore no details to be reported

XVIII) Customer Complaints	March 31, 2021	March 31, 2020
No. of complaints pending at the beginning of the year	509	394.00
No. of complaints received during the year	1,991	23,430
No. of complaints redressed during the year	2,463	23,315
No. of complaints pending at the end of the year	37	509

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XIX) Disclosure of Gold Loan Portfolio	March 31, 2021	March 31, 2020
Total Gold Loan Portfolio	-	-
Total Assets	-	-
Gold loan portfolio as % of Total Assets	-	-

XX) Disclosure of Gold Auction	March 31, 2021	March 31, 2020
Number of loan accounts	-	-
Outstanding Amount	-	-
Value fetched on auctions	-	-

(Amount in Rs. crore)

	March 31, 2021	March 31, 2020
XXI) Unsecured Advances	1,952.83	2,214.13

XXII) Details of Off balance sheet exposure

Refer note 42 for details of off balance sheet exposure

XXIII) Loan accounts past due 90 days and not treated as impaired	March 31, 2021	March 31, 2020
Number of loan accounts	-	-
Loan outstanding	-	-
Overdue Amount	-	-

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53 Pursuant to RBI circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019, Liquidity credit risk disclosures are presented as below:

(Amount in Rs. crore)

i) **Liquidity coverage ratio**

	As at March 31, 2021		As at December 31, 2020	
	Total un-weighted amount	Total weighted amount	Total un-weighted amount	Total weighted amount
High Quality Liquid Assests (HQLAs)	1,694.85	1,694.85	1,633.73	1,633.73
Total High Quality Liquid Assests (HQLA)	1,694.85	1,694.85	1,633.73	1,633.73
Cash Outflows				
Deposits (for deposit taking companies)				
Unsecured wholesale funding	8.17	8.17	8.35	8.35
Secured wholesale funding	2.89	2.89	3.79	3.79
Additional requirements, of which				
Outflows related to derivative exposures and other collateral requirements	-	-	-	-
Outflows related to loss of funding on debt products	-	-	-	-
Credit and liquidity facilities	-	-	-	-
Other contractual funding obligations	-	-	-	-
Other contingent funding obligations	57.14	57.14	32.44	32.44
TOTAL CASH OUTFLOWS	68.20	68.20	44.58	44.58
Cash Inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	33.02	33.02	25.90	25.90
Other cash inflows	311.28	311.28	307.00	307.00
TOTAL CASH INFLOWS	344.30	344.30	332.90	332.90
TOTAL HQLA	1,694.85	1,694.85	1,633.73	1,633.73
TOTAL NET CASH OUTFLOWS	19.61	19.61	12.82	12.82
LIQUIDITY COVERAGE RATIO (%)	8,643%	8,643%	12,747%	12,747%

Note:
The off balance sheet exposures expected to flow in next 30 days are considered in computation.

ii) **Funding concentration based on significant counterparty**

(Amount in Rs. crore)

Number of significant counterparties	Amount*	% of Total deposits	% of Total liabilities
Five	1,965.58	-	92.26%

*Accured interest but not due and unamortised transaction costs are included in borrowings.

iii) **Top 20 large deposits**

There are no deposits accepted by the company during the year as company is non-deposit taking NBFC.

iv) **Top 10 borrowings**

(Amount in Rs. crore)

S. No.	Lender	Amount*	Ranking	% of total borrowings
1	DMI Income Fund Pte Ltd	1,791.90	1	90.81%
2	Bank of Baroda-I	99.13	2	5.02%
3	Union Bank of India	52.59	3	2.67%
4	Ganesha Fixed Income Limited	13.40	4	0.68%
5	South Indian Bank	8.56	5	0.43%
6	HDFC Bank	5.62	6	0.28%
7	SIDBI	2.00	7	0.10%
8	AU Small Finance Bank	0.09	8	0.00%
	Total	1,973.29		100.00%

*Accured interest but not due and unamortised transaction costs are included in borrowings.

v) **Funding Concentration based on significant instrument/product**

(Amount in Rs. crore)

S. No.	Nature of significant instrument/product	Amount*	% of Total liabilities
1	Non-convertible debentures	1,870.81	92.93%
2	Term loans	118.19	5.87%
3	Liability against leased assets	24.23	1.20%
	Total	2,013.23	100.00%

*Accured interest but not due and unamortised transaction costs are included in borrowings.

vi) **Stock ratios:**

(Amount in Rs. crore)

S. No.	Particulars	Amount	Total public funds	Total liabilities	Total assets	% of Total public funds	% of Total liabilities	% of Total assets
1	Commerical papers	-	Not applicable	2,130.40	5,615.79	Not applicable	0.00%	0.00%
2	Non-convertible debentures (original maturity of less than one year)	-	Not applicable	2,130.40	5,615.79	Not applicable	0.00%	0.00%
3	Other short-term liabilities (excluding commercial paper)	600.22	Not applicable	2,130.40	5,615.79	Not applicable	28.17%	10.69%

54 Additional disclosures pursuant to para 25 of Master Direction-Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016:

S.No.	Type of Restructuring		Under SME Debt Restructuring Mechanism				Others				Total			
	Asset Classification Details		Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of Borrowers	19	-	-	-	68,798	-	-	-	68,817.00	-	-	-
		Amount Outstanding	16.28	-	-	-	1,624.90	-	-	-	1,641.19	-	-	-
		Provision thereon	2.93	-	-	-	241.31	-	-	-	244.24	-	-	-
3	Upgradations to restructured standard category during the FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of Borrowers	-	-	-	-	2,257	-	-	-	2,257	-	-	-
		Amount Outstanding	-	-	-	-	136.71	-	-	-	136.71	-	-	-
		Provision thereon	-	-	-	-	22.45	-	-	-	22.45	-	-	-
7	Restructured Accounts as on March 31 of the FY (closing figures*)	No. of Borrowers	19	-	-	-	41,154	-	-	-	41,173	-	-	-
		Amount Outstanding	17.85	-	-	-	1,332.81	-	-	-	1,350.66	-	-	-
		Provision thereon	2.93	-	-	-	218.86	-	-	-	221.79	-	-	-

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

1) The outstanding amount and number of borrowers as at March 31, 2021 is after considering recoveries made during the year.
2) CDR restructuring segment is nil.

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New Delhi

55 During the year the Company has restructured loan assets in accordance with the RBI circular RBI/2021-22/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 as presented in below table:

(Amount in Rs. crores)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loan	68,798	162.49	-	-	11.11
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	68,798	162.49	-	-	11.11

As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

56 During the year the Company has restructured loan assets in accordance with the RBI circular RBI/2021-22/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 as presented in below table:

(Amount in Rs. crores)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan
MSME borrowers	19	1.63
Total	-	-

57 Events occurring after reporting date

There are no significant events after the reporting period which require any adjustment or disclosure in the financial statements.

For Walker Chandiok & Co LLP
Firm Registration No. 001076N/N500013
Chartered Accountants

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: June 21, 2021

For and on behalf of the Board of Directors of
DMI Finance Private Limited

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460

Place: NEW DELHI
Date: June 21, 2021

Krishan Gopal
(Chief Financial Officer)

Place: GURUGRAM
Date: June 21, 2021

Yuvraja Chanakya Singh
(Jt. Managing Director)
DIN: 02601179

Place: LONDON
Date: June 21, 2021

Sahib Pahwa
(Company Secretary)
M. No. A24780

Place: GURUGRAM
Date: June 21, 2021

Walker Chandiok & Co LLP

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Independent Auditor's Report

To the Members of DMI Finance Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1) We have audited the accompanying consolidated financial statements of **DMI Finance Private Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associate, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at **31 March 2021**, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2) In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and an associate the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group and its associate, as at 31 March 2021, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3) We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') and the relevant 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – COVID 19

4) We draw attention to Note 38 of to the accompanying financial statements, which describes the uncertainty relating to the effects of Covid-19 pandemic on the Holding Company's operations as at 31 March 2021. Our opinion is not modified in respect of this matter.

Key Audit Matter

5) Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, and an associate were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

6) We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Use of information processing system for accounting and financial reporting	
The Holding Company relies upon information processing systems for recording, processing, classifying, and presenting the large volume of transactions entered into by the Holding Company. The Holding Company has put in place IT General Controls and automated IT Controls to ensure that the information produced by the Holding Company is reliable. Also, during the current year, the management carried out changes to the IT infrastructure and accounting system to implement moratorium relief extended during the year to the customers. Among other things, the management also uses the information produced by the entity's information processing systems for accounting and the preparation and presentation of the consolidated financial statements. The Holding Company's accounting and financial reporting processes being dependent on automated controls enabled by IT systems impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others. The controls implemented by the Holding Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Since our audit strategy included focus on entity's information processing systems relevant to our audit due to their pervasive impact on the consolidated financial statements, we have determined the use of information processing system for accounting and financial reporting as a key audit matter for the current year audit.	Our key audit procedures on this matter included, but were not limited, to the following: a) Obtained an understanding of the Holding Company's information processing systems, IT General Controls and automated IT controls for applications, databases and operating systems relevant to our audit; b) Obtained an understanding of the changes that were made to the IT applications during the audit period on account of moratorium relief extended to its customers; c) Involved IT specialists (auditor's expert) for performance of the following procedures: i) tested the IT General Controls around user access management, changes to IT environment and segregation of duties around program maintenance, security administration and over key financial accounting and reporting processes; and ii) tested the Holding Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization iii) tested the automated controls like interfaces, configurations and information generated by the entity's information processing systems for loans, interest income and other significant financial statement items. d) Obtained written representations from management and those charged with governance on whether IT general controls and automated IT controls are designed and were operating effectively during the period covered by our audit.

Key audit matter	How our audit addressed the key audit matter
Expected Credit Losses on loans (ECL) and implementation of COVID-19 relief measures (Refer Note 3(m) for the accounting policy and Note 7.1 for the related disclosures	
As at 31 March 2021, the Holding Company has financial assets (loans) amounting to Rs. 31,413.61 million. As per Ind AS 109- Financial Instruments, the Holding Company is required to recognise allowance for expected credit losses on financial assets. Expected credit loss cannot be measured precisely but can only be estimated through use of statistics. The calculation of expected credit losses is complex and requires exercise of judgement around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events. The Holding Company has developed customized models to derive key inputs used to determine the amount of ECL such as probability of default (PD) and loss given default (LGD). The result from these models is then applied to the exposure at default (EAD) to arrive at the amount of ECL. In the process of developing the ECL models, a significant degree of judgement has been applied by the management in respect of following matters: a) Staging of loans and estimation of behavioral life and thereby determining the criteria for a significant increase in credit risk. b) Estimation of expected loss from historical observations. c) Estimation of losses in respect of those loans which had no/ minimal defaults in the past. d) Selection of macro-economic factors and estimating their impact on ECL model; and e) Estimation of the expected realizable values of underlying collaterals.	Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the consolidated financial statements were reasonable and the related disclosures in the consolidated financial statements made by the management were adequate. These procedures included, but were not limited, to the following: a) obtained an understanding of the model adopted by the Holding Company including key inputs and assumptions for calculation of expected credit losses including the impact of COVID 19 on the assumptions and how management calculates the expected credit losses and the appropriateness data on which the calculation is based; b) tested the design and operating effectiveness of the key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized; c) obtained the policy on moratorium and restructuring of loans approved by the Board of Directors pursuant to the RBI circulars and ensured such policy is in compliant with the requirements of the RBI circular; d) evaluated the appropriateness of the Holding Company's determination of significant increase in credit risk in accordance with the applicable accounting standard considering the impact of COVID-19 on account of benefit extended by the Holding Company to select borrowers and the basis for classification of various exposures into various stages. e) As modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios. f) tested the accuracy of inputs through substantive procedures and assessed the reasonableness of the assumptions used;

Key audit matter	How our audit addressed the key audit matter
Implementation of COVID-19 relief measures During the current year, RBI announced various relief measures for the borrowers which were implemented by the Holding Company such as "COVID 19 Regulatory Package- Asset Classification and Provisioning" announced by the RBI on 17 April 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 7 April 2021 (collectively referred to as 'the RBI circulars'), and "Resolution Framework for COVID-19 related Stress" (the 'Resolution Framework') dated 6 August 2020, which have been collectively considered by the management in identification, classification and provisioning of loan assets for impairment. The management has considered the impact of COVID-19 on arriving at the provisions as at the balance sheet date on account of significant increase in credit risk on borrowers given additional support by the Holding Company which were impacted due to COVID-19. The basis of estimates and assumptions involved in arriving at the provisions during the year were monitored by the Holding Company periodically and significantly depend on future developments in the economy due to COVID-19 including any new relief measures' announcements by the RBI. Considering the significance of the above matter to the consolidated financial statements, the degree of management's judgment involved and additional complexities involved in the current year on account of ongoing impact of COVID-19 and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit. We also draw attention to Note 38 of the accompanying consolidated financial statements, regarding uncertainties involved on the due to outbreak of COVID-19 pandemic with respect to the measurement of expected credit loss on such loan assets which are significantly dependent on uncertain future developments, as the same is fundamental to the understanding of the users of consolidated financial statements.	g) developed a point estimate by making reference to the expected credit losses recognised by entities that carry comparable financial assets; h) tested the arithmetical calculation of the expected credit losses; i) on test check basis, tested the reasonableness of estimates of expected realizable values of underlying collaterals; j) assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework; and k) obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

7) The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Directors Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8) The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

9) In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate 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 intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10) Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

11) Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Standards on Auditing 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 consolidated financial statements.

12) As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management'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 ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, and its associate, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

13) 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.

14) 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.

15) From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

16) We did not audit the financial statements of 2 subsidiaries, whose financial statements reflect total assets of ₹ 345.97 million and net assets of ₹ 335.67 million as at 31 March 2021, total revenues of ₹ 56.22 million and net cash inflows amounting to ₹ 35.85 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹ 39.51 million for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of an associate, whose financial statements has not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate, and our report in terms of sub-section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

17) The consolidated financial statements of the Group for the year ended 31 March 2020 were audited by the predecessor auditor, S.R. Batliboi & Associates LLP, who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 15 September 2020.

Report on Other Legal and Regulatory Requirements

18) Based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries and associate, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Holding Company, its subsidiary companies and associate company covered under the Act, since none of such companies is a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.

19) As required by section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and associate, we report, to the extent applicable, that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;

e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiary companies and associate company, covered under the Act, none of the directors of the Group companies and its associate company covered under the Act, are disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act.

f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies and associate company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate:

i) the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate as detailed in Note 42 to the consolidated financial statements;

ii) the Holding Company, its subsidiary companies and its associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and associate company covered under the Act, during the year ended 31 March 2021; and

iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

Manish Gujral
Partner
Membership No:105117

UDIN:21105117AAAAHI3936

Place: Mumbai
Date: 03 September 2021

Annexure 1

List of entities included in the Consolidated Financial Statements

Subsidiary Companies

1) DMI Capital Private Limited
2) DMI Management Private Limited

Associate Company

1) DMI Alternatives Private Limited

Annexure A to the Independent Auditor's Report of even date to the members of DMI Finance Private Limited on the consolidated financial statements for the year ended 31 March 2021

Independent Auditor's report on the internal financial controls with reference to the consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of DMI Finance Private Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associate as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Holding Company, which is a company covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, which is a company covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note) issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. The audit of internal financial controls with reference to financial statements of the aforementioned subsidiaries and associate, which are companies covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. Consequently, our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, as aforesaid.

MUMBAI

Annexure A (Contd)

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, which is a company covered under the Act, has in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

Manish Gujral
Partner
Membership No:105117

UDIN:21105117AAAAHI3936

Place: Mumbai
Date: 03 September 2021

DMI Finance Private Limited
Consolidated Balance Sheet As at March 31, 2021
(All Amount in Rs. in millions, unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	4	2,533.91	1,212.69
Bank balance other than cash and cash equivalents	5	267.21	15.20
Trade receivables	6	62.11	39.96
Loans	7	31,413.61	33,353.51
Investments	8	18,551.04	15,362.24
Other financial assets	9	2,037.35	569.73
Non- financial assets			
Current tax assets	10	232.47	170.07
Deferred tax assets (net)	11	633.87	378.74
Property, plant and equipment	12	326.92	387.64
Intangible assets	13	22.80	7.55
Other non- financial assets	14	103.27	112.87
Assets held for sale	15	189.85	189.85
TOTAL ASSETS		56,374.41	51,800.05
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	16		
(i) total outstanding dues of micro enterprises and small enterprises		110.75	78.68
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		195.23	164.55
Debt securities	17	18,551.69	22,797.57
Borrowings (other than debt securities)	18	1,423.48	3,091.28
Other financial liabilities	19	635.33	488.87
Non financial liabilities			
Provisions	20	57.51	38.54
Other non-financial liabilities	21	337.27	217.27
EQUITY			
Equity share capital	22	6,436.58	5,592.94
Other equity	23	28,626.57	19,330.35
TOTAL LIABILITIES AND EQUITY		56,374.41	51,800.05

Summary of significant accounting policies and accompanying notes are an integral part of the financial statements

This is the Balance Sheet referred to in our report of even date

For Walker Chandiok & Co LLP
Firm Registration No. 001076N/N500013
Chartered Accountants

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: September 3, 2021

For and on behalf of the Board of Directors of
DMI Finance Private Limited

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460

Place: New York
Date: September 3, 2021

Yuvraja Chanakya Singh
(Jt. Managing Director)
DIN: 02601179

Place: NEW DELHI
Date: September 3, 2021

Krishan Gopal
(Chief Financial Officer)

Place: GURUGRAM
Date: September 3, 2021

Sahib Pahwa
(Company Secretary)
M. No. A24789
Place: GURUGRAM
Date: September 3, 2021

DMI Finance Private Limited
Consolidated Statement of profit and loss for the year ended March 31, 2021
(All Amount in Rs. in millions, unless otherwise stated)

	Notes	For the year March 31, 2021	For the year March 31, 2020
Revenue from operations			
Interest income	24	6,916.49	6,092.41
Fees and commission income	25	81.39	95.47
Net gain on fair value changes	26	587.60	225.65
Total revenue from operations		7,585.48	6,413.53
Other income	27	103.74	89.93
Total income		7,689.22	6,503.46
Expenses			
Finance costs	28	1,930.04	1,495.04
Fees and commission expense	29	903.63	943.03
Impairment on financial instruments	30	2,818.74	1,533.15
Employee benefits expense	31	703.27	577.40
Depreciation and amortization	32	79.12	76.48
Other expenses	33	909.32	497.82
Total expenses		7,364.12	5,142.92
Profit before share of profit of associate and tax		325.10	1,360.54
Add: Share of Profit of associate		35.51	38.54
Profit before tax		360.61	1,399.08
Tax expense:	45		
(1) Current tax		348.13	553.10
(2) Deferred tax credit		(256.80)	(176.24)
Profit for the year		269.28	1,022.22
Net Profit after Taxes and Share in Profit of Associate		269.28	1,022.22
Other comprehensive income			
a) Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plan		2.45	(1.98)
Income tax relating to above item		(0.61)	0.50
b) Items that will be reclassified to profit or loss			
Changes in fair value		4.21	(95.37)
Income tax relating to above item		(1.06)	24.00
Other comprehensive income		4.99	(72.85)
Total comprehensive income for the year		274.27	949.37
Earnings per equity share (face value of Rs. 10 per share)	34		
Basic (Rs.)		0.42	1.84
Diluted (Rs.)		0.39	1.83

Summary of significant accounting policies and accompanying notes are an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For Walker Chandiok & Co LLP
Firm Registration No. 001076N/N500013
Chartered Accountants

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: September 3, 2021

For and on behalf of the Board of Directors of
DMI Finance Private Limited

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460
Place: NEW YORK
Date: September 3, 2021

Yuvraja Chanakya Singh
(Jt. Managing Director)
DIN: 02601179
Place: NEW DELHI
Date: September 3, 2021

Krishan Gopal
(Chief Financial Officer)
Place: GURUGRAM
Date: September 3, 2021

Sakshi Pahwa
(Company Secretary)
M. No. A24789
Place: GURUGRAM
Date: September 3, 2021

DMI Finance Private Limited

Consolidated Cash flow statement for the Year ended March 31, 2021

(All Amount in Rs. in millions, unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
A Cash flow from operating activities:		
Profit before tax	**360.61**	**1,399.08**
Adjustments for		
Depreciation and amortisation	79.12	76.48
Net gain on fair value changes	(587.60)	(235.83)
Impairment on financial instruments	2,848.74	1,533.14
Interest expense for leasing arrangements	31.02	27.34
Effective interest rate adjustment for financial instruments	15.81	32.80
Employee stock option expense	75.78	40.90
Operating profit before working capital changes	**2,823.48**	**2,873.91**
Changes in working capital		
(Increase) in financial and other assets	(2,004.44)	(13,647.20)
Increase in financial and other liabilities	209.21	455.88
Decrease in non financial assets	6.59	126.45
Increase in non financial liabilities	140.01	331.62
Total of changes in working capital	**(1,648.62)**	**(12,733.25)**
Direct taxes paid (net of refunds)	(410.53)	(597.12)
Net cash flow generated from / (used in) operating activities (A)	**764.32**	**(10,456.46)**
B Cash flow from investing activities:		
Inflow (outflow) on account of :		
Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets	(30.64)	(396.44)
Sale of Property, plant and equipment	-	1.06
Purchase of investment (net)	(2,991.16)	(5,477.50)
Movement of fixed deposits (net)	(252.01)	-
Net cash flow used in investing activities (B)	**(3,273.81)**	**(5,872.88)**
C Cash flow from financing activities:		
Proceed from issue of equity shares (including share premium)	9,791.22	1,786.08
Proceeds from debt securities	500.00	21,303.00
Proceeds from bank borrowings	700.00	980.00
Repayment of cash credit	-	(332.86)
Repayment of debt securities	(4,750.00)	(4,300.00)
Repayment of bank borrowings	(2,355.33)	(2,314.54)
Lease payments	(55.18)	(54.80)
Net cash flow generated from financing activities (C)	**3,830.71**	**17,066.88**
Net increase in cash and cash equivalents (A+B+C)	**1,321.22**	**737.54**
Cash and cash equivalents as at the beginning of the year	1,212.69	475.15
Cash and cash equivalents at the end of the year	**2,533.91**	**1,212.69**

Notes:

1) **Components of cash and cash equivalents**

	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.08	0.12
Balance with banks		
In current accounts	2,164.03	987.27
In cash credit	369.80	225.30
Total cash and cash equivalents	**2,533.91**	**1,212.69**

2) Cash flow statement has been prepared under indirect method as set out in the IND AS 7 "Cash Flow Statement".

3) For disclosure of investing and financing activities that do not require the use of cash and cash equivalents, refer note 43

Summary of significant accounting policies and accompanying notes are an integral part of the financial statements

This is the Cash Flow Statement referred to in our report of even date

For **Walker Chandiok & Co LLP**
Firm Registration No. 001076N/N500013
Chartered Accountants

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: September 3, 2021

For and on behalf of the Board of Directors of
DMI Finance Private Limited

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460

Place: NEW YORK
Date: September 3, 2021

Yuvraja Chanakya Singh
(Jt. Managing Director)
DIN: 02601179

Place: NEW DELHI
Date: September 3, 2021

Krishan Gopal
(Chief Financial Officer)

Place: GURUGRAM
Date: September 3, 2021

Sahib Pahwa
(Company Secretary)
M. No. A24789
Place: GURUGRAM
Date: September 3, 2021

DMI Finance Private Limited

Consolidated Statement of Changes in Equity for the Year ended March 31, 2021

(All Amount in Rs. In millions, unless otherwise stated)

A) Equity share capital (refer note 22)

Particulars					
Equity share capital	As at April 1,2019	Change during the year	As at March 31,2020	Change during the year	As at March 31,2021
	5,209.58	383.36	5,592.94	843.64	6,436.58

B) Other equity (refer note 23)

Particulars	Reserves and surplus					Total
	Statutory reserve u/s 45-IC of RBI Act	Share option outstanding account	Securities premium	Capital redemption reserve	Retained earnings	
Balance as at April 1, 2019	731.31	28.04	12,905.76	81.21	2,899.74	16,646.06
Profit for the year	-	-	-	-	1,022.22	1,022.22
Other Comprehensive Income for the year	-	-	-	-	(72.85)	(72.85)
Share options exercised during the year	-	38.54	-	-	-	38.54
Premium on conversion of CCPSs	-	-	77.26	-	-	77.26
Premium on issue of equity shares	-	-	1,564.75	-	-	1,564.75
Deferred tax liability reversed on CCDs/CCPSs	-	-	-	-	54.37	54.37
Transfer to statutory reserve	201.53	-	-	-	(201.53)	-
Balance as at March 31, 2020	932.84	66.58	14,547.77	81.21	3,701.95	19,330.35
Profit for the year	-	-	-	-	269.28	269.28
Other Comprehensive Income for the year	-	-	-	-	4.99	4.99
Transfer to special reserve	44.62	-	-	-	(44.62)	-
Share options exercised during the year	-	74.37	-	-	-	74.37
Premium on issue of equity shares	-	-	8,947.58	-	-	8,947.58
Balance as at March 31 2021	977.46	140.95	23,495.35	81.21	3,931.60	28,626.57

Summary of significant accounting policies and accompanying notes are an integral part of the financial statements

This is the Statement of Change in Equity referred to in our report of even date

For Walker Chandiok & Co LLP
Firm Registration No.: 001076N/N500013
Chartered Accountants

[illegible]
Partner
Membership No.: [illegible]

Place: [illegible]
Date: [illegible]

For and on behalf of the Board of Directors of
DMI Finance Private Limited

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460

Place: NEW YORK
Date: September 3, 2021

Yuvraja Chanakya Singh
(Jt. Managing Director)
DIN: 02601179

Place: NEW DELHI
Date: September 3, 2021

Krishan Gopal
(Chief Financial Officer)

Place: GURUGRAM
Date: September 3, 2021

Sahib Pahwa
(Company Secretary)
M. No. A24789
Place: GURUGRAM
Date: September 3, 2021

DMI Finance Private Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

1. Corporate information

DMI Finance Private limited (the "Holding Company" or "Parent Company") is a Company domiciled in India as a private limited company. The Company is registered with the Reserve Bank of India ('RBI') as a non-deposit accepting non-banking financial company or NBFC-ND under the Reserve Bank of India Act, 1934. The Company is engaged in the business of providing loans to corporates and other lending activities. The Holding company together with its subsidiaries listed in Note 2(c)(ii) are hereinafter collectively referred to as the 'the Group'.

Information on subsidiaries included in consolidated financial statements is given in Note 2(C)(ii).

2. Basis of preparation

(a) Statement of compliance in preparation of financial statements

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

These financial statements for the year ended March 31, 2021 were authorized and approved for issue by the Board of Directors on September 3, 2021.

The consolidated financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, other financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value.

(b) Presentation of financial statements

The Group presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when Ind AS specifically permits the same or it has an unconditionally legally enforceable rights to offset the recognized amounts without being contingent on future events. Similarly, the Group offsets the income and expenses and reports the same on a net basis when permitted by Ind AS specifically.

(c) Principles of Consolidation

i) The consolidated financial statements incorporate the financial statements of the Parent Company and all its subsidiaries (from the date control is gained), being the entities that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with the accounting policies of the Parent Company.

The Parent Company holds 100% shareholding in DMI Capital Private Limited and DMI Management Private Limited and there are no contractual arrangements which rebut the control of the Parent Company over its subsidiaries.

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated financial statements are prepared using the uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, to the extent possible unless otherwise stated.

The standalone financial statements of the Holding Company and the subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.

The financial statements of subsidiaries acquired during the year are included in the consolidated statement of profit and loss from the effective date of acquisition. Intra-group balances and transactions and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

ii) The consolidated financial statements include results of the following subsidiaries and associate of the Holding Company, consolidated in accordance with Ind AS 110 'Consolidated Financial Statements'.

Name of the Company	Country of Incorporation	Proportion of ownership as at reporting date	Consolidated as
DMI Capital Private Limited	India	100.00%	Subsidiary
DMI Management Private Limited	India	100.00%	Subsidiary
DMI Alternatives Private Limited	India	49.00%	Associate

3. Significant accounting policies

(a) Use of estimates, judgements, and assumptions

The preparation of consolidated financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and accompanying disclosures and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and future periods are affected. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcome requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Impairment loss on financial assets

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Group makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance. Refer note 6.1 for further details of the increased uncertainty relating to the estimation of impairment of loan portfolio due to the impact of the pandemic as at March 31, 2020.

ii) Business Model Assumption

Classification and measurement of financial assets depends on the results of the SPPI and the business model tests. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

iii) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

iv) Share Based Payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

v) Fair value measurement

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principle (or most advantageous) market at the measurement date under current market conditions (i.e. the exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(b) Cash and cash equivalents

Cash and cash equivalent comprises cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank, debit balance in cash credit account.

(c) Recognition of income and expense

i) Interest income

The Group earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is recognized using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates the interest to the extent recoverable. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income.

ii) Interest expense

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses, provided these are incremental costs that are directly related to the issue of a financial liability.

iii) Other charges and other interest

Overdue charges including penal interest is recognized on realization basis.

iv) Dividend income

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(d) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Where the Group is lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section m (ii) Impairment of non-financial assets.

ii) Lease Liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

iii) Short Term Lease

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as and when due.

Property, plant and equipment (PPE) and Intangible assets

PPE

PPE are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebate are deducted in arriving at the purchase price.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the Statement of Profit and Loss when the assets is derecognized.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation and amortization

Depreciation

Depreciation on PPE is calculated on a written down value (WDV) basis using the rates arrived at based on the useful lives of the assets, prescribed under Schedule II to the Companies Act, 2013 which also represents the estimate of the useful life of the assets by the management.

PPE costing upto Rs.5,000 individually are fully depreciated in the year of purchase.

The Group has used the following rates to provide depreciation on its fixed assets.

	Useful lives estimated by the management (years)	Rate of Depreciation
Furniture and fixtures	10	25.89%
Computers	3	63.16%
Vehicles	8	31.23%
Office equipment	5	45.07%

Leasehold improvements and allied office equipment's are amortized on a straight-line basis over useful life estimated by management.

The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year end and adjusted prospectively, if appropriate.

Amortization

Intangible assets are amortized on a WDV basis a period of five years from date when the assets are available for use. The amortization period and the amortization method for intangible assets are reviewed at the end of each financial year.

(g) Provisions, Contingent Liability and Contingent Assets

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date.

Contingent liability is disclosed for (1) Possible obligations which will be confirmed only by future events not wholly within the control of the Group or (2) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets are not recognised in the financial statements.

(h) Retirement and other employee benefits

Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Group's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Group. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Group operates following employee benefit plans:

i) Employee Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

ii) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Group. The Group's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses, are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

iii) Leaves

Entitlements to annual leave are recognized when they accrue to the employees. Leave entitlements can be availed while in service of employment subject to restriction on the maximum number of accumulations. The Group determines the liability for such accumulated leave entitlements on the basis of actuarial valuation carried out by an independent actuary at the Year end.

(i) Taxes

Tax expense comprises current and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred-tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(j) Earning per share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(k) Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Group`s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share option outstanding account.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments/Loan portfolio at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments/Loan portfolio at amortised costs

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, where the Group's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Group's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVTOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost), the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3 (m)).

Debt Instruments at FVOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

The objective of the business model is achieved both by collecting contractual cash flows and fair value changes relating to market movements selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Equity Investments and Mutual funds

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as held at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

<u>Financial Liabilities</u>

Initial recognition and measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using effective interest method.

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Reclassification of financial assets and liabilities

The Group doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

De-recognition of financial asset and financial liability

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Group also de-recognises the financial asset if it has transferred the financial asset and the transfer qualifies for de-recognition.

The Group has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients. A transfer only qualifies for de-recognition if either:

- The Group has transferred substantially all the risks and rewards of the asset or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss account.

Financial Liabilities

Financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the re-cognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(m) Impairment of financial assets

i) Overview of principles for measuring expected credit loss ("ECL") on financial assets

In accordance with Ind AS 109, the Group is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, the Group is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Group is required to recognize credit losses over next 12 month period. The Group has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. The Group has a process to assess credit risk of all exposures at each year end as follows:

Stage I
These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Group has assessed that all standard exposures (i.e. exposures with no overdues) and exposure upto 30 day overdues fall under this category. In accordance with Ind AS 109, the Group measures ECL on such assets over next 12 months.

Stage II
Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Group classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Group measures lifetime ECL on stage II loans.

Stage III
All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Group measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount. The method is similar to Stage II assets, with the probability of default set at 100%.

When estimating ECL on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Methodology for calculating ECL
The mechanics of the ECL calculation involve the use of following key elements:

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12-month or lifetime, depending upon the stage of the asset). PD estimation is done based on historical internal data available with the Group.

Exposure at default (EAD) – It represents an estimate of the exposure of the Group at a future date after considering repayments by the counterparty before the default event occurs. The outstanding balance as at reporting date is considered as EAS by the Group. Considering the PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

Loss given default (LGD) – It represents an estimate of the loss expected to be incurred when the event of default occurs. The Group uses historical loss data/external agency LGD for identified pools for the purpose of calculating LGD.

Forward looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Definition of default and cure

The Group considers a financial instrument as defaulted and classifies it as Stage III (credit-impaired) for ECL calculations typically when the borrower becomes 90 days past due on contractual payments. The Group may also classify a loan in Stage III if there is significant deterioration in the financial condition of the borrower or an assessment that adverse market conditions may have a disproportionately detrimental effect on the loan repayment. Thus, as a part of the qualitative assessment of whether an instrument is in default, the Group also considers a variety of instances that may indicate delay in or non-repayment of the loan. When such events occur, the Group carefully considers whether the event should result in treating the borrower as defaulted and therefore assessed as Stage III for ECL calculations or whether Stage II is appropriate.

Classification of accounts into Stage II is done when there is a significant increase in credit risk since initial recognition, typically when contractual repayments are more than 30 days past due.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage III or Stage II when none of the default criteria which resulted in their downgrade are present.

Collateral repossessed

The Group's policy is to sell repossessed assets. Non-financial assets repossessed are transferred to asset held for sale at fair value less cost to sell or principal outstanding whichever is lower at repossession date.

Write-offs

Financial-assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit and loss account.

ii) Non-financial asset

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

(n) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Group's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Group is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

- Level 3 financial instruments – include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

(o) Dividend

The Group recognizes a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

(p) Foreign Currency Translation

Foreign currency transactions and balances

Initial recognition:
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion:
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences:
Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

4 Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.08	0.12
Balance with banks		
- balance in cash credit accounts	369.80	225.30
- balance in current accounts	2,164.03	987.27
	2,533.91	**1,212.69**

5 Bank balance other than cash and cash equivalents

Deposit with original maturity of more than 3 months but less than 12 months*	267.21	15.20
	267.21	**15.20**

* Deposits being lien marked against corporate credit cards and bank guarantee.

6 Trade receivables

Unsecured considered good	62.11	39.96
	62.11	**39.96**
Less: Impairment loss allowance	-	-
Total	62.11	39.96

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

D.M.I. FINANCE PVT. LTD.
NEW DELHI

DMI Finance Private Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2021
(All Amount in Rs. In millions, unless otherwise stated)

7 Loans

	As at March 31, 2021			As at March 31, 2020		
	Amortised cost	Fair value through other comprehensive income	Total	Amortised cost	Fair value through other comprehensive income	Total
(A) Term loans						
Corporate loans	13,764.95	142.83	**13,907.78**	12,461.25	120.76	**12,582.01**
Consumer loans	19,528.30	-	**19,528.30**	22,141.27	-	**22,141.27**
Total (A) Gross	**33,293.25**	**142.83**	**33,436.08**	**34,602.52**	**120.76**	**34,723.28**
Less: Impairment loss allowance	2,017.87	4.60	**2,022.47**	1,365.92	3.85	**1,369.77**
Total (A) Net	**31,275.38**	**138.23**	**31,413.61**	**33,236.60**	**116.91**	**33,353.51**
(B)						
Secured by tangible assets and intangible assets	13,764.95	142.83	13,907.78	12,461.25	120.76	12,582.01
Unsecured	19,528.30	-	19,528.30	22,141.27	-	22,141.27
Total (B) Gross	**33,293.25**	**142.83**	**33,436.08**	**34,602.52**	**120.76**	**34,723.28**
Less: Impairment loss allowance	2,017.87	4.60	2,022.47	1,365.92	3.85	1,369.77
Total (B) Net	**31,275.38**	**138.23**	**31,413.61**	**33,236.60**	**116.91**	**33,353.51**
(C) Sector						
Public sector	-	-	-	-	-	-
Others	33,293.25	142.83	33,436.08	34,602.52	120.76	34,723.28
Total (C) Gross	**33,293.25**	**142.83**	**33,436.08**	**34,602.52**	**120.76**	**34,723.28**
Less: Impairment loss allowance	2,017.87	4.60	2,022.47	1,365.92	3.85	1,369.77
Total (C) Net	**31,275.38**	**138.23**	**31,413.61**	**33,236.60**	**116.91**	**33,353.51**
(D)						
In India	33,293.25	142.83	33,436.08	34,602.52	120.76	34,723.28
Outside India	-	-	-	-	-	-
Total (D) Gross	**33,293.25**	**142.83**	**33,436.08**	**34,602.52**	**120.76**	**34,723.28**
Less: Impairment loss allowance	2,017.87	4.60	2,022.47	1,365.92	3.85	1,369.77
Total (D) Net	**31,275.38**	**138.23**	**31,413.61**	**33,236.60**	**116.91**	**33,353.51**

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Holding Company. The carrying value may be affected by changes in the credit risk of the counterparties.

Secured Loans granted by the Holding Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or receivables and/or pledge of shares/debenture units and other securities.

The Holding Company has granted certain loans to employees amounting to Rs. 12.14 millions in current year (previous year: Rs. 18.81 millions)

Corporate loan portfolio includes non-convertible debentures of Rs. 2,385.18 millions (previous year: Rs. 2,426.45 millions)

During the year, the Holding Company invoked the shares pledged as security against the Non-performing loan given to one of the borrower. The management of the Holding Company intents to recover the outstanding dues from the said borrower. The management of the Holding Company, if required to recover, shall sell these shares and after recovering all the overdues on the loan, the Holding Company intends to refund the surplus (if any) to the said borrower.

MUMBAI

NEW DELHI

Impairment allowance for loans and advances to borrowers

Summary of loans by stage distribution is as follows:

Consumer loans	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	18,184.57	1,343.73	-	**19,528.30**	20,656.64	1,193.85	290.78	22,141.27
Less: Impairment loss allowance	82.47	321.54	-	**404.01**	206.57	142.66	290.78	640.01
Net carrying amount	**18,102.10**	**1,022.19**	-	19,124.29	**20,450.07**	**1,051.19**	-	**21,501.26**

Corporate loans	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	12,836.22	-	1,071.56	**13,907.78**	10,282.55	1,218.12	1,081.34	12,582.01
Less: Impairment loss allowance	981.04	-	637.42	**1,618.46**	152.19	26.24	551.34	729.77
Net carrying amount	**11,855.18**	-	**434.14**	**12,289.32**	10,130.36	**1,191.88**	**530.00**	**11,852.24**

Summary of credit substitutes and compulsory convertible debentures by stage distribution is as follows:

Credit substitutes and compulsory convertible debentures	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	2,281.52	280.64	351.99	2,914.15	2,260.24	-	339.00	2,599.24
Less: Impairment loss allowance	342.26	2.57	250.29	595.12	23.00	-	177.95	200.95
Net carrying amount	**1,939.26**	**278.07**	**101.70**	2,319.03	**2,237.24**	-	**161.05**	**2,398.29**

An analysis of changes in the gross carrying amount in relation to consumer and corporate lending (except credit substitutes and compulsory convertible debentures) is, as follows:

Consumer loans	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**20,656.64**	**1,193.85**	**290.78**	**22,141.27**	**9,533.88**	**447.22**	**161.36**	**10,142.46**
New Assets originated, Netted off for repayments and loans derecognised during the year	(1,839.60)	(483.70)	(289.67)	(2,612.97)	11,074.28	896.40	28.13	11,998.81
Transfers from Stage 1	(678.04)	678.04	-	-	(452.70)	278.16	174.54	-
Transfers from Stage 2	44.80	(44.80)	-	-	378.32	(428.76)	50.44	-
Transfers from Stage 3	0.77	0.34	(1.11)	-	122.86	0.83	(123.69)	-
Gross carrying amount closing balance	**18,184.57**	**1,343.73**	-	**19,528.30**	**20,656.64**	**1,193.85**	**290.78**	**22,141.27**

Corporate loans	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**10,282.55**	**1,218.12**	**1,081.34**	**12,582.01**	**10,269.10**	**813.96**	**564.37**	**11,647.43**
New Assets originated, Netted off for repayments and loans derecognised during the year	1,335.55		(9.78)	**1,325.77**	1,077.50	51.11	(194.03)	**934.58**
Transfers from Stage 1	-	-	-	-	(1,273.04)	776.86	496.18	-
Transfers from Stage 2	1,218.12	(1,218.12)	-	-	-	(423.81)	423.81	-
Transfers from Stage 3	-	-	-	-	208.99	-	(208.99)	-
Gross carrying amount closing balance	**12,836.22**	-	**1,071.56**	**13,907.78**	**10,282.55**	**1,218.12**	**1,081.34**	**12,582.01**

An analysis of changes in the gross carrying amount of Investments in relation to Credit Substitutes and Compulsory Convertible Debentures is, as follows:

Particulars	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	2,260.24	-	339.00	2,599.24	3,144.69	352.18	-	3,496.87
New Assets originated, Netted off for repayments and loans derecognised during the year	301.92		12.99	**314.91**	(545.45)	(352.18)	-	**(897.63)**
Transfers from Stage 1	(280.64)	280.64		-	(339.00)	-	339.00	-
Transfers from Stage 2	-	-		-	-	-	-	-
Transfers from Stage 3				-	-	-	-	-
Gross carrying amount closing balance	**2,281.52**	**280.64**	**351.99**	**2,914.15**	**2,260.24**	-	**339.00**	**2,599.24**

Walker Chandiok & Co LLP
Mumbai
Chartered Accountants

DMI Finance Pvt. Ltd.
New Delhi

An analysis of changes in the ECL allowances in relation to consumer and corporate lending (except Credit Substitutes and Compulsory Convertible Debentures) is, as follows:

Consumer loans	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**206.57**	**142.66**	**290.78**	**640.01**	29.36	**1.26**	**161.36**	**191.98**
Changes in ECL due to change in ECL model rate	(19.25)	102.71	-	**83.46**	10.36	0.99	-	**11.35**
New assets originated, Netted off for repayments and loans derecognised during the year	(101.99)	(75.44)	1,546.80	**1,369.37**	369.76	161.13	237.21	**768.10**
Transfers from Stage 1	(3.07)	162.25	-	**159.18**	(207.92)	33.38	174.54	-
Transfers from Stage 2	0.21	(10.72)	-	**(10.51)**	3.78	(54.22)	50.44	-
Transfers from Stage 3	-	0.08	-	**0.08**	1.23	0.12	(1.35)	-
Write Offs	-	-	(1,837.58)	**(1,837.58)**	-	-	(331.42)	(331.42)
Gross carrying amount closing balance	**82.47**	**321.54**	-	404.01	206.57	142.66	**290.78**	**640.01**

Corporate loans	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**152.19**	**26.24**	**551.34**	729.77	110.62	35.62	250.19	**396.43**
Changes in ECL due to change in ECL model rate	395.60		88.29	**483.89**	30.34	5.74	0.03	**36.11**
New assets originated, Netted off for repayments and loans derecognised during the year	407.01		(2.21)	**404.80**	347.99	138.20	102.69	**588.88**
Transfers from Stage 1	-	-	-	-	(339.21)	13.98	325.23	-
Transfers from Stage 2	26.24	(26.24)	-	-	-	(167.30)	167.30	-
Transfers from Stage 3	-	-	-	-	2.45	-	(2.45)	-
Write Offs	-	-	-	-	-	-	(291.65)	**(291.65)**
Gross carrying amount closing balance	**981.04**	-	**637.42**	**1,618.46**	152.19	**26.24**	**551.34**	**729.77**

An analysis of changes in the ECL allowances of Investment in relation to Credit Substitutes and Compulsory Convertible Debentures is, as follows:

Particulars	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance opening balance	**23.00**	-	**177.95**	**200.95**	**35.46**	**45.29**	-	**80.75**
Changes in ECL due to change in ECL model rate	280.99		65.52	**346.51**	(3.25)	-	-	**(3.25)**
ECL on new assets originated, netted off for repayments and loans derecognised during the year	40.79	0.05	6.82	**47.66**	168.74	(45.29)	-	**123.45**
Transfers from Stage 1	(2.52)	2.52		-	(177.95)	-	177.95	-
Transfers from Stage 2	-	-	-	-	-	-	-	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
Write Offs	-	-	-	-	-	-	-	-
ECL allowance closing balance	**342.26**	**2.57**	**250.29**	595.12	**23.00**	-	**177.95**	**200.95**

Collateral

In case of corporate term loans the Group is in the business of extending secured loans mainly backed by mortgage of property (residential or commercial).

In addition to the above mentioned collateral, the Group holds other types of collateral and credit enhancements, such as cross-collateralisation on other assets of the borrower, share pledge, guarantees of parent/holding/group companies, personal guarantees of promoters/partners/proprietors, hypothecation of receivables via escrow account and others.

In its normal course of business, the Group does not physically repossess properties or other assets, but recovery efforts are made on delinquent loans through collection executives, along with legal means to recover due loan repayments.

Once contractual loan repayments are more than 90 days past due, repossession of property may be initiated under the provisions of the SARFAESI Act 2002. Re-possessed property is disposed of in the manner prescribed in the SARFAESI act to recover outstanding debt.

Investments

As at March 31, 2021	Amortised cost	At fair value through profit and loss	At fair value through other comprehensive income	Subtotal	Others	Total
(A)						
Equity instruments						
Investments in Associates						
Equity shares in DMI Alternatives Private Limited*	-	-	-	-	129.73	129.73
Others						
Equity shares in DMI Consumer Credit Private Limited	-	-	3.27	3.27	-	3.27
Equity shares in McNally Bharat Engineering Company Limited	-	25.12	-	25.12	-	25.12
Equity shares in Flash Electronics Private Limited	-	-	304.40	304.40	-	304.40
Equity shares in Alchemist Asset Reconstruction Company Limited	34.50	-	226.20	260.70	-	260.70
Mutual funds						
1,894,290 units in HDFC Liquid Fund - Direct Plan - Growth	-	7,663.39	-	7,663.39	-	7,663.39
1,893,629 units in SBI Liquid Fund Direct Growth		6,100.55		6,100.55	-	6,100.55
213,248 units in Baroda Pioneer Liquid Fund - Plan B Growth		505.24		505.24	-	505.24
1,666,137 units in ICICI Prudential Liquid Fund Direct Plan Growth		507.74		507.74	-	507.74
Debt instruments						
500 units of State Bank of India Series - II non-convertible debenture	526.75	-	-	526.75	-	526.75
7,500 Compulsory convertible debentures in Flash Electronics India Private Limited of face value Rs 100,000 each	-	-	826.47	826.47	-	826.47
Credit Substitutes						
472 units of Panchsheel Buildtech Private Limited of face value Rs 1,000,000 fully paid up	209.85	-	71.73	281.58	-	281.58
500 units of Radiant Polymers Private Limited of face value Rs 1,000,000 fully paid up	596.12	-	-	596.12	-	596.12
529 units of Raheja Icon Entertainment Private Limited of face value Rs 1,000,000 fully paid up	172.92	-	179.08	352.00	-	352.00
705 units of Saha Estate Developer Private Limited of face value Rs 1,000,000 fully paid up	566.44	-	244.80	811.24	-	811.24
410 units of Fantasy Buildwell Private Limited of face value Rs 1,000,000 fully paid up	44.67	-	2.07	46.74	-	46.74
Other instruments						
Security receipts in Alchemist XV Trust	-	194.11	-	194.11	-	194.11
Units of DMI AIF Special Opportunities Scheme	-	-	11.01	11.01	-	11.01
Total (A) Gross	2,151.25	14,996.15	1,869.03	19,016.43	129.73	19,146.16
Less: Impairment loss allowance	402.26	-	192.86	595.12	-	595.12
Total (A) Net	1,748.99	14,996.15	1,676.17	18,421.31	129.73	18,551.04
(B)						
Investments outside India	-	-	-	-	-	-
Investments in India	2,151.25	14,996.15	1,869.03	19,016.43	129.73	19,146.16
Total (B) Gross	2,151.25	14,996.15	1,869.03	19,016.43	129.73	19,146.16
Less: Impairment loss allowance	402.26	-	192.86	595.12	-	595.12
Total (B) Net	1,748.99	14,996.15	1,676.17	18,421.31	129.73	18,551.04

* Investment in Associate is as per equity accounting.

Notes:

(i) Credit substitutes are part of financing activities.

(ii) Refer note 7.1 for movement of ECL and gross carrying amount of CCDs and NCDs.

As at March 31, 2020	Amortised cost	At fair value through profit and loss	At fair value through other comprehensive income	Subtotal	Others	Total
(A)						
Equity instruments						
Investments in Associates						
Equity shares in DMI Alternatives Private Limited*	-	-	-	-	89.48	89.48
Others						
Equity shares in DMI Consumer Credit Private Limited	-	-	3.16	3.16	-	3.16
Equity shares in McNally Bharat Engineering Company Limited	-	7.20	-	7.20	-	7.20
Equity shares in Flash Electronics Private Limited	-	-	250.00	250.00	-	250.00
Equity shares in Alchemist Asset Reconstruction Company Limited	34.50	-	226.20	260.70	-	260.70
Mutual funds						
1,315,360 units in HDFC Liquid Fund - Direct Plan - Growth Option	-	7,482.64	-	7,482.64	-	7,482.64
25,20,348 units in SBI Liquid Fund Direct Growth		4,664.61	-	4,664.61	-	4,664.61
256 units in Baroda Pioneer Liquid Fund - Plan B Growth		0.36	-	0.36	-	0.36
Debt instruments						
7,580 Compulsory convertible debentures in Flash Electronics India Private Limited of face value Rs 100,000 fully paid up	-	-	773.17	773.17	-	773.17
Credit Substitutes						
471 units of Panchsheel Buildtech Private Limited of face value Rs 1,000,000 fully paid up	274.22	-	94.98	369.20	-	369.20
300 units of Radiant Polymers Private Limited of face value Rs 1,000,000 fully paid up	541.08	-	-	541.08	-	541.08
529 units of Raheja Icon Entertainment Private Limited of face value Rs 1,000,000 fully paid up	166.53	-	172.46	338.99	-	338.99
572 units of Saha Estate Developer Private Limited of face value Rs 1,000,000 fully paid up	352.09	-	152.14	504.23	-	504.23
453 units of Fantasy Buildwell Private Limited of face value Rs 1,000,000 fully paid up	72.57			72.57	-	72.57
Other instruments						
Security receipts in Alchemist XV Trust	-	195.00	-	195.00	-	195.00
Units of DMI AIF Special Opportunities Scheme	-	-	10.80	10.80	-	10.80
Total (A) - Gross	1,440.99	12,349.81	1,682.91	15,473.71	89.48	15,563.19
Less: Impairment loss allowance	106.40	-	94.55	200.95	-	200.95
Total (A) Net	1,334.59	12,349.81	1,588.36	15,272.76	89.48	15,362.24
(B)						
Investments outside India	-	-	-	-	-	-
Investments in India	1,440.99	12,349.81	1,682.91	15,473.71	89.48	15,563.19
Total (B) - Gross	1,440.99	12,349.81	1,682.91	15,473.71	89.48	15,563.19
Less: Impairment loss allowance	106.40	-	94.55	200.95	-	200.95
Total (B) - Net	1,334.59	12,349.81	1,588.36	15,272.76	89.48	15,362.24

*Investment in Associate is as per equity accounting

Notes:

(i) Credit substitutes are part of financing activities

(ii) Refer note 7.1 for movement of ECL and gross carrying amount of CCDs and NCDs

DMI Finance Private Limited
Notes to the consolidated Financial Statements for the year ended March 31, 2021
(All Amount in Rs. In millions, unless otherwise stated)

Other financial assets (at amortized cost)

	As at March 31, 2021	As at March 31, 2020
Security deposit	21.17	21.04
First loss default guarantee recoverable	1,114.82	44.81
Others	901.36	503.88
Total	2,037.35	569.73

Current tax assets

Advance Income-tax (net)	232.47	154.51
	232.47	154.51

Deferred tax assets

Deferred tax liability		
Fair value of financial instruments	19.17	13.83
Difference in income recognition on unrealized gain on mutual fund investments	72.79	19.25
Total deferred tax liabilities	91.96	33.08
Deferred tax asset		
Provision for employee benefits	14.47	9.70
Difference in written down value as per Companies Act and Income-tax Act	6.54	5.99
EIR adjustment for processing fee	30.81	-
Liability against leases	7.44	3.96
Impairment loss allowance	640.90	366.50
Carry forward of interest disallowed u.s 94B	25.67	25.67
Gross deferred tax asset	725.83	411.82
Net Deferred Tax (Liability)/ Asset	633.87	378.74

Movement of deferred tax assets	As at March 31, 2020	Charged)/ credited to statement of profit and loss	(Charged)/credited to other comprehensive income	As at March 31, 2021
Liabilities				
Fair value of financial instruments	13.83	4.29	1.06	19.18
Difference in income recognition on unrealized gain on mutual fund investments	19.25	53.53	-	72.78
Assets				
Provision for employee benefits	9.70	5.39	(0.61)	14.48
Difference in written down value as per Companies Act and Income-tax Act	5.99	0.55	-	6.54
EIR adjustment for processing fee	-	30.81	-	30.81
Liability against leases	3.96	3.47	-	7.43
Impairment loss allowance	366.50	274.40	-	640.90
Business Losses				
Carry forward of interest disallowed under section 94B	25.67	-	-	25.67
Total (net)	378.74	256.80	(1.67)	633.87

Movement of deferred tax assets	As at March 31, 2019	Charged)/ credited to statement of profit and loss	(Charged)/credited to other comprehensive income / other equity	As at March 31, 2020
Liabilities				
Interest component on CCD and CCPS	54.58	(54.58)	-	-
Fair value of financial instruments	41.27	(3.44)	(24.00)	13.83
Difference in income recognition on unrealized gain on mutual fund investments	17.01	2.24	-	19.25
Assets				
Provision for employee benefits	6.08	3.10	0.52	9.70
Difference in written down value as per Companies Act and Income-tax Act	4.22	1.77	-	5.99
Liability against leases		3.96	-	3.96
Impairment loss allowance	194.86	171.64	-	366.50
Business Losses	1.37	(1.37)	-	-
Carry forward of interest disallowed under section 94B	29.70	(4.03)	-	25.67
Total (net)	123.37	230.85	24.52	378.74

Property, plant and equipment

	Furniture and fixtures	Computers	Vehicles	Office equipment	Lease hold improvements	Right-of-use asset	Total
Gross carrying amount							
Balance as at April 1, 2019	**1.60**	**19.90**	**6.42**	**15.71**	**72.33**	-	**115.96**
Re-classification adjustment	(0.62)	(0.33)	-	0.65	-	-	(0.30)
Additions	0.50	9.72	-	15.68	68.91	293.91	388.72
Disposals	-	-	(1.06)	-	-	-	(1.06)
Balance as at March 31, 2020	**1.48**	**29.29**	**5.36**	**32.04**	**141.24**	**293.91**	**503.32**
Additions	0.41	8.52	-	0.47	-	-	9.40
Disposals	-	-	-	-	-	-	-
Balance as at March 31, 2021	**1.89**	**37.81**	**5.36**	**32.51**	**141.24**	**293.91**	**512.72**
Accumulated depreciation							
Balance as at April 1, 2019	**0.59**	**14.17**	**4.08**	**9.23**	**17.55**	-	**45.62**
Re-classification adjustment	(0.03)	(1.33)	-	0.06	-	-	(1.30)
Charge for the year	0.13	7.42	0.71	6.46	12.40	45.24	72.36
Disposals	-	-	(1.00)	-	-	-	(1.00)
Balance as at March 31, 2020	**0.69**	**20.26**	**3.79**	**15.75**	**29.95**	**45.24**	**115.68**
Charge for the year	0.21	7.77	0.48	7.27	16.43	37.96	70.12
Disposals	-	-	-	-	-	-	-
Balance as at March 31, 2021	**0.90**	**28.03**	**4.27**	**23.02**	**46.38**	**83.20**	**185.80**
Net block							
As March 31, 2020	**0.79**	**9.03**	**1.57**	**16.29**	**111.29**	**248.67**	**387.64**
As March 31, 2021	**0.99**	**9.78**	**1.09**	**9.49**	**94.86**	**210.71**	**326.92**

Intangible assets

	Software	Total
Gross carrying amount		
Balance as at April 1, 2019	**8.63**	**8.63**
Re-classification adjustment	0.30	0.30
Additions	6.73	6.73
Disposals	-	-
Balance as at March 31, 2020	**15.66**	**15.66**
Additions	24.25	24.25
Disposals	-	-
Balance as at March 31, 2021	**39.91**	**39.91**
Amortization		
Balance as at April 1, 2019	**2.68**	**2.68**
Re-classification adjustment	1.30	1.30
Additions	4.13	4.13
Disposals	-	-
Balance as at March 31, 2020	**8.11**	**8.11**
Additions	9.00	9.00
Disposals	-	-
Balance as at March 31, 2021	**17.11**	**17.11**
Net block		
As March 31, 2020	**7.55**	**7.55**
As March 31, 2021	**22.80**	**22.80**

Notes

There are no pending contractual commitments to be executed on capital account.

During the previous year, some of the assets were reclassified as office equipment and intangible assets from furniture & fixtures and computers.

Other non- financial assets

	As at March 31, 2021	As at March 31, 2020
Capital advance	6.13	9.14
Prepaid expenses	88.99	46.10
Balances with statutory / government authorities	6.93	55.30
Deferred rent expenses	0.10	0.10
Other non-financial assets	1.12	2.23
Total	**103.27**	**112.87**

Assets held for sale

Assets under settlement	189.85	189.85
	189.85	**189.85**

These assets represent assets acquired from the Holding Company's borrowers as a part of Group's risk management strategy. In these cases, the Holding Comapny had entered into settlement agreement as a prudent measure by the management wherein the borrower was approached and there was a mutual consensus between the Holding Company and borrower to transfer the asset in the name of the Holding Company towards settlement of the loan amount.

Trade payables

Total outstanding dues of Micro Enterprises and Small Enterprises *	110.75	78.68
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	195.23	164.55
Total	305.98	243.23

* Details of total outstanding dues of Micro Enterprises and Small Enterprises are as follows:

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	110.75	78.68
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

Debt securities (at amortised cost)

Non convertible debentures (refer note 17.1)	18,551.69	20,547.57
Optionally convertible debentures (refer note 17.2)	-	2,250.00
	18,551.69	**22,797.57**
Secured **	498.69	4,744.57
Unsecured	18,053.00	18,053.00
Total	**18,551.69**	**22,797.57**
Debt securities in India	18,551.69	22,797.57
Debt securities outside India	-	-
Total	**18,551.69**	**22,797.57**

** Secured against exclusive floating charge by way of hypothecation of loans and receivables of the Group of Rs. 725 millions (previous year Rs. 7,620.21 millions).

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17.1 Terms of redeemable non-convertible debentures (NCD's)

A Secured

ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Number	Rate of interest	Face value	Amount outstanding as at March 31, 2021	Amount outstanding as at March 31, 2020	Terms of redemption
INE604O07035	June 15, 2018	June 14, 2020	10,00,000	1,500	9.45%	1,500.00	-	1,498.34	24 months from the date of allotment. Coupon payment to be made half yearly
INE604O07100	July 18, 2019	August 17, 2020	10,00,000	900	10.35%	900.00	-	896.61	Series A: On August 17, 2020 Series B: On July 15, 2021 Series C: On July 15, 2022 In case the investor has not exercised the Put option on the debenture by the second Put Notification Date (30 calendar days prior to July 16, 2021), the investor will quote a rate to the issuer on the second Put Notification Date for the remaining tenor of the debenture. Coupon Payment frequency is quarterly.
INE604O07118	July 18, 2019	July 15, 2021	10,00,000	950	10.35%	950.00	-	49.81	Series A: On August 17, 2020 Series B: On July 15, 2021 Series C: On July 15, 2022 In case the investor has not exercised the Put option on the debenture by the second Put Notification Date (30 calendar days prior to July 16, 2021), the investor will quote a rate to the issuer on the second Put Notification Date for the remaining tenor of the debenture. Coupon Payment frequency is quarterly.
INE604O07126	July 18, 2019	July 15, 2022	10,00,000	1,000	10.35%	1,000.00	-	49.81	Series A: On August 17, 2020, Series B: On July 16, 2021 and Series C: On July 15, 2022 In case the investor has not exercised the Put option on the debenture by the second Put Notification Date (30 calendar days prior to July 16, 2021), the investor will quote a rate to the issuer on the second Put Notification Date for the remaining tenor of the debenture. Coupon Payment frequency is quarterly.
INE604O07159	June 30, 2020	June 30, 2023	10,00,000	500	9.00%	500.00	498.69	-	On or prior to 36 months from the first allotment date. Coupon payment frequency is yearly
Total							**498.69**	**2,494.57**	

All secured against first pari passu charge on the standard assets portfolio receivables as per the respective agreements.

B Unsecured

ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Number	Rate of interest	Face value	Amount outstanding as at March 31, 2021	Amount outstanding as at March 31, 2020	Terms of redemption
INE604O07142	November 1, 2019	December 1, 2020	100	2,00,00,000	10.35%	2,000.00	1,160.00	1,160.00	On or prior to 13 months from the first allotment date. Coupon payment frequency is quarterly
INE604O07134	November 8, 2019	December 8, 2020	100	25,00,000	10.35%	250.00	2,040.00	2,040.00	On or prior to 13 months from the first allotment date. Coupon payment frequency is quarterly
INE604O08082	November 25, 2019	November 25, 2023	10,00,000	2,040.00	8.50%	2,040.00	2,040.00	2,040.00	On or prior to 48 months from the first allotment date. Coupon payment frequency is quarterly
INE604O08090	December 10, 2019	December 10, 2023	10,00,000	867.00	8.50%	867.00	867.00	867.00	On or prior to 48 months from the first allotment date. Coupon payment frequency is quarterly
INE604O08108	February 20, 2020	February 20, 2024	10,00,000	7,172.00	8.50%	7,172.00	7,172.00	7,172.00	On or prior to 48 months from the first allotment date. Coupon payment frequency is quarterly
INE604O08124	February 28, 2020	February 28, 2024	10,00,000	4,640.00	9.50%	4,640.00	4,640.00	4,640.00	On or prior to 48 months from the first allotment date. Coupon payment frequency is quarterly
INE604O08116	March 12, 2020	March 12, 2024	10,00,000	134.00	8.50%	134.00	134.00	134.00	On or prior to 48 months from the first allotment date. Coupon payment frequency is quarterly
Total							**18,053.00**	**18,053.00**	

17.2 Terms of redeemable optionally-convertible debentures (OCD's)

Secured

ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Number	Rate of interest	Face value	Amount outstanding as at March 31, 2021	Amount outstanding as at March 31, 2020	Terms of redemption
INE604O08066	October 1, 2019	October 1, 2022	10,00,000	1,160.00	10.35%	1,160.00	-	2,000.00	On or prior to 36 months from the first allotment date. Coupon payment frequency is quarterly.
INE604O08074	October 21, 2019	October 21, 2022	10,00,000	2,040.00	10.35%	2,040.00	-	250.00	On or prior to 36 months from the first allotment date. Coupon payment frequency is quarterly.
Total							-	2,250.00	

18 Borrowings (other than debt securities) (at amortised cost)

	As at March 31, 2021	As at March 31, 2020
Secured*		
Term loans		
From banks	1,181.19	2,824.83
Liabilities against leased assets	242.29	266.45
	1,423.48	**3,091.28**
Borrowings in India	1,423.48	3,091.28
Borrowings outside India	-	-
Total	**1,423.48**	**3,091.28**

*Secured against exclusive floating charge by way of hypothecation of loans and receivables of the Group to the extent of Rs. 2,397.07 millions (Previous year: Rs. 4,651.98 millions).

Terms of repayment of borrowings as on March 31, 2021 are as follows:

Lender	Repayment	Rate of interest	Security cover	Outstanding as on March 31, 2021	Outstanding as on March 31, 2020
HDFC Bank	16 quarterly Installments	>6%<12%	133%	56.21	131.04
HDFC Bank	12 monthly installments	>6%<12%	133%	-	186.70
Kotak Mahindra Bank	12 quarterly installments	>6%<12%	133%	-	49.96
Union Bank of India	14 quarterly installments	>6%<12%	133%	-	248.35
Union Bank of India	14 quarterly installments	>6%<12%	133%	27.17	354.04
AU Small Finance Bank	36 monthly installments	>6%<12%	110%	0.92	162.22
AU Small Finance Bank	36 monthly installments	>6%<12%	110%	-	191.21
South Indian Bank	14 quarterly installments	>6%<12%	133%	85.61	170.84
Lakshmi Vilas Bank-III	12 quarterly installments	>6%<12%	133%	-	166.02
Bank of Baroda-I	16 quarterly installments	>6%<12%	133%	494.23	737.18
Bank of Baroda-2	16 quarterly installments	>6%<12%	133%	497.05	-
Hinduja Leyland Finance	36 monthly installments	>6%<12%	110%	-	427.27
SIDBI	7 monthly Installments	>6%<12%	125%	20.00	-
	Total			**1,181.19**	**2,824.83**

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Notes to the consolidated Financial Statements for the year ended March 31, 2021
(All Amount in Rs. In millions, unless otherwise stated)

19 Other financial liabilities

	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due		
- Debt securities	156.43	215.41
- Borrowings other than debt securities	0.67	6.34
Expenses payable	95.55	69.20
Other financial liabities	382.68	197.92
	635.33	**488.87**

20 Provisions

Provision for gratuity	23.24	17.46
Provision for compensation absences	34.27	21.08
	57.51	**38.54**

21 Other non-financial liabitilies

Statutory dues payable	44.73	42.58
Others*	292.54	174.69
Total	**337.27**	**217.27**

* Include processing fee refundable to channel partners, advance received from borrowers and amount collected from borrowers as Debt service reserve account (DSRA).

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22 Equity share capital

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
A. Authorized share capital				
Equity shares of Rs. 10 each	96,50,00,000	9,650.00	96,50,00,000	9,650.00
Compulsorily convertible preference shares of Rs. 10 each	3,50,00,000	350.00	3,50,00,000	350.00
	1,00,00,00,000	10,000.00	1,00,00,00,000	10,000.00
B. Issued, subscribed and paid up				
Fully called-up and paid-up				
Equity shares of Rs. 10 each	64,20,35,533	6,420.36	55,89,79,166	5,589.79
Sub total (A)	64,20,35,533	6,420.36	55,89,79,166	5,589.79
Partly called-up and paid-up				
Equity shares of Rs. 10 each	5,73,15,400	16.22	5,73,15,400	3.15
Sub total (B)	5,73,15,400	16.22	5,73,15,400	3.15
Total (A+B)	69,93,50,933	6,436.58	61,62,94,566	5,592.94

22.1 The reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Balance at the beginning of year	61,62,94,566	5,592.94	52,09,57,897	5,209.58
Shares issued during the year	8,30,56,367	830.57	7,52,79,865	182.79
Shares issued pursuant to conversion of compulsorily convertible preference shares	-	-	2,00,56,804	200.57
First call money called on party paid up shares	-	13.07	-	-
Balance at the end of year	69,93,50,933	6,436.58	61,62,94,566	5,592.94

22.2 Shares held by holding Company

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% holding	No. of shares	% holding
DMI Limited	51,98,89,603	74.34%	43,89,39,922	71.22%
	51,98,89,603	74.34%	43,89,39,922	71.22%

As per records of the Holding Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

22.3 Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
Equity shares of Rs. 10 each fully paid up	No. of shares	% holding	No. of shares	% holding
DMI Limited	51,98,89,603	74.34%	43,89,39,922	71.22%
NIS Ganesha S.A.	6,47,35,441	9.26%	6,47,35,441	10.50%
K2V2 (refer (i) below)	5,73,15,400	8.20%	5,73,15,400	9.30%

Note: As per records of the Holding Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(i) During the previous year, 57,315,400 equity shares of Rs. 10 each issued on partly-paid up basis where subscription amount being received on allotment was Rs. 32.11 millions as paid up value of Rs. 0.56 per share inclusive of premium of Rs. 0.51 per share calculated proportionately. Further during the current year, the Board of Directors of the Holding Company made the first call of Rs. 2.32 per equity shares (including Rs. 2.09 per share on account of security premium) on 57,315,400 partly paid equity shares. Accordingly, the Holding Company received an amounting to Rs. 133.13 million.

(ii) During the current year, the Holding Company has issued 83,056,367 equity shares comprising of 80,949,681 of Rs. 10 per share at Rs. 116.36 per share (including premium of Rs. 106.36 per share) and 2,106,686 equity shares of Rs. 10 per share at Rs. 113.34 per share (including Rs. 103.34 per share). The amount received on these issues aggregates to Rs. to Rs. 9,658.08 million.

(iii) The Holding Company had issued 2,7783,195 Compulsorily Convertible Preference Shares ("CCPS") namely Series B, Series C, Series D, Series E, Series F and Series G to different holders from time to time. As per the terms of issue of CCPS, the CCPS were converted into 2,00,56,804 ordinary equity shares of the Company on November 8, 2019.

22.4 Rights, preferences and restrictions

The Holding Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Holding Company, the holder of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders.

22.5 Aggregate number of shares issued for consideration other than cash during the five years

The Holding Company has not issued any shares pursuant to a contract without payment being received in cash nor allotted as fully paid up by the way of bonus shares and there has not been any buy back of shares in the current period and the immediately preceding four years.

23 Other equity

	As at March 31, 2021	As at March 31, 2020
Securities premium	23,495.35	14,547.77
Capital redemption reserve	81.21	81.21
Statutory reserve u/s 45-IC of RBI Act	977.46	932.84
Share option outstanding account	140.95	66.58
Retained earnings	3,931.60	3,701.95
Total	**28,626.57**	**19,330.35**

Security premium

Securities premium represents premium received on issue of shares. The amount is utilised in accordance with the provisions of the Companies Act 2013

Capital redemption reserve

The same had been created in accordance with provisions of the Companies Act 2013 on buy back of shares

Statutory reserve u/s 45-IC of RBI Act

The reserve is created as per the provision of Section 45 (IC) of Reserve Bank of India Act, 1934. This is a restricted reserve and no appropriation can be made from this reserve fund except for the purpose as may be prescribed by Reserve Bank of India.

Share option outstanding account

The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary companies under Holding Company's employee stock option plan.

24 Interest income

	Year ended March 31, 2021		Year ended March 31, 2020	
	On financial assets measured at Amortised cost	On financial assets measured at fair value through OCI	On financial assets measured at Amortised cost	On financial assets measured at fair value through OCI
Interest on portfolio loans	6,394.70	18.35	5,741.30	6.47
Interest on investments	292.64	175.86	182.57	155.58
Interest on deposits	34.94	-	6.49	-
Total interest income	**6,722.28**	194.21	5,930.36	**162.05**
		6,916.49		6,092.41

25 Fees and commission income

	Year ended March 31, 2021	Year ended March 31, 2020
Commission on card reload	18.48	45.28
Others	62.91	50.19
	81.39	**95.47**

26 Net gain on fair value changes

Net gain on financial instruments at fair value through profit and loss		
Investments	587.60	225.65
	587.60	**225.65**
Analysis of fair value changes		
Realised	355.03	209.02
Unrealised	232.57	16.63
Total	**587.60**	**225.65**

27 Other income

Cost sharing from group companies	103.38	89.61
Miscellaneous income	0.36	0.32
Total	**103.74**	**89.93**

28 Finance costs

Interest		
- on non convertible debentures	1,699.45	952.03
- on bank term loan	141.75	396.28
- on bank cash credit	0.32	10.42
- on delayed deposit of statutory dues	0.81	0.20
- on leasing arrangements	24.54	20.86
Other borrowing costs	63.17	75.25
Total	**1,930.04**	**1,455.04**

29	Fees and commission expense	Year ended March 31, 2021	Year ended March 31, 2020
	Selling partner commission	903.63	843.03
		903.63	**843.03**

30	Impairment on financial instruments	Year ended March 31, 2021		Year ended March 31, 2020	
		On financial instruments measured at fair value through Other Comprehensive Income	On financial instruments measured at Amortised cost	On financial instruments measured at fair value through Other Comprehensive Income	On financial instruments measured at Amortised cost
	Loans	0.75	651.95	1.65	779.72
	Investments	98.31	295.86	71.72	48.48
	Write offs	-	1,801.87	-	631.58
	Total	99.06	2,749.68	73.37	1,459.78
			2,848.74		**1,533.15**

31	**Employee benefits expense**		
	Salaries, wages and bonus	578.70	496.73
	Contribution to provident and other funds	30.35	24.68
	Share based payment to employees	75.78	40.90
	Staff welfare expenses	18.44	15.09
	Total	**703.27**	**577.40**

32	**Depreciation and amortization**		
	Depreciation on property, plant and equipment	70.12	72.35
	Amortisation of intangible assets	9.00	4.13
		79.12	**76.48**

33	**Other expenses**		
	Advertisement expenses	18.67	13.30
	Legal and professional fees	382.68	195.16
	Travelling and conveyance expenses	4.42	28.67
	Auditor's remuneration (refer note 33.1)	4.24	3.96
	IT expenses	145.65	90.94
	Rates and taxes	1.55	2.46
	Rent	12.65	8.51
	Director's sitting fee	0.56	0.16
	Corporate social responsibility (refer note 33.2)	25.15	23.34
	Repair and maintenance	7.30	12.29
	Insurance expense	0.10	0.04
	Credit evaluation fee	116.07	35.49
	Credit rating fee	2.05	9.10
	Customer onboarding expenses	2.28	12.88
	Miscellaneous expenses	179.95	221.52
	Total	**903.32**	**657.82**

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33.1 Auditor's remuneration (excluding applicable taxes)	Year ended March 31, 2021	Year ended March 31, 2020
- as auditors	3.05	2.79
- for tax services	0.03	0.29
- for other services	1.16	0.88
	4.24	**3.96**

33.2 Corporate social responsibility (CSR)

In respect of Corporate Social Responsibility activities, gross amount required to be spent by the Group during the year was Rs. 25.15 millions in FY 2020-21 (Previous Year Rs. 23.34 millions) and Group has spent Rs. 25.15 millions in FY 2020-21 (Previous Year Rs. 23.34 millions).

For the year ended March 31, 2021	Amount spent	Amount unpaid	Total
Construction/acquisition of any asset	-	-	-
On purpose other than above	25.15	-	25.15

For the year ended March 31, 2020	Amount spent	Amount unpaid	Total
Construction/acquisition of any asset	-	-	-
On purpose other than above	23.34	-	23.34

34 Earning per share (EPS)	Year ended March 31, 2021	Year ended March 31, 2020
Net profit attributable to equity shareholders	**269.28**	**1,022.22**
Net profit for the year for basic EPS	269.28	1,022.22
Dilutive impact of convertible instruments	-	-
Net profit for the year for dilutive EPS	**269.28**	**1,022.22**
Nominal value of equity shares (in Rs.)	**10.00**	**10.00**
Weighted-average number of equity shares for basis EPS	63,55,56,623	55,60,99,064
Effect of dilution		
Convertible instruments	28,00,936	28,00,936
Weighted-average number of equity shares for dilutive EPS	**69,64,77,457**	**55,89,00,000**
Basic EPS	0.42	1.84
Dilutive EPS	0.39	1.83

35 Retirement benefit plan

Defined contribution plan
A defined contribution plan is a pension plan under which the Group pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Group in a fund under the control of trustees.

The total expense charged to income during the current year Rs. 8.34 millions (previous year: Rs. 6.85 millions) represents contributions payable to these plans by the Group at rates specified in the rules of the plan.

Defined benefit plan
The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.
Provision for unfunded Gratuity for all employees is based upon actuarial valuations carried out at the end of every financial year. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Pursuant to the issuance of the Indian Accounting Standard (IndAS) 19 on 'Employee Benefits', commitments are actuarially determined using the 'Projected Unit Credit' Method. Gains and losses on changes in actuarial assumptions are accounted for in the "Other comprehensive Income".

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Changes in the defined benefit obligation:	**As at March 31, 2021**	**As at March 31, 2020**
Balance at the beginning of the year	17.46	8.56
Current service cost	7.06	6.25
Interest cost	1.17	0.67
Remeasurement (gain) / loss	(2.45)	1.98
Balance at the end of the year	**23.24**	**17.46**

Amount recognised in the statement of profit and loss is as under:	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Current service cost	7.06	6.25
Interest cost on defined benefit obligation	1.17	0.67
Net impact on profit before tax	**8.23**	**6.92**

Amount recognised in the other comprehensive income:	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial changes arising from changes in demographic assumptions	-	(0.01)
Actuarial changes arising from changes in financial assumptions	(0.01)	2.10
Experience adjustments	(2.44)	(0.11)
Impact on other comprehensive income	**(2.45)**	**1.98**

The principal assumptions used in determining gratuity and post-employment benefit obligations for the company's plans are shown below:

	Year ended March 31, 2021	**Year ended March 31, 2020**
Economic assumptions		
Discount rate	6.76%	6.76%
Future salary increases	6.00%	6.00%
Demographic assumptions		
Retirement age	60	60
Mortality rates inclusive of provision for disablity	100% of IALM (2012-14)	100% of IALM (2012-14)
Attrition at ages (withdrawal rate)		
(i) upto 30 years	3.00%	3.00%
(ii) From 31 to 44 years	2.00%	2.00%
(iii) Above 44 years	1.00%	1.00%

Note: The discount rate is generally based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is Company's long term best estimate as to salary increases and takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

Sensitivity analysis for gratuity liability

	Year ended March 31, 2021	Year ended March 31, 2020
Impact of the change in discount rate		
Impact due to increase of 0.50 %	(1.76)	(1.35)
Impact due to decrease of 0.50 %	1.94	1.50
Impact of the change in salary increase		
Impact due to increase of 0.50 %	1.95	1.51
Impact due to decrease of 0.50 %	(1.78)	(1.36)

The following is the maturity profile of gratuity:
Expected payment for future years

	As at March 31, 2021	As at March 31, 2020
0 to 1 year	0.32	0.24
1 to 2 year	0.37	0.20
2 to 3 year	0.37	0.30
3 to 4 year	0.40	0.30
4 to 5 year	0.41	0.31
5 to 6 year	0.39	0.30
6th year onwards	20.97	15.81
Total expected payments	**23.23**	**17.46**

36 Employee Stock Option Plan

I. The Holding Company has formulated share-based payment schemes for its Group employees. Details of all grants in operation during the Year ended March 31, 2021 are as given below:

Scheme Name	DMI ESOP Plan 2019	DMI ESOP Retention Plan 2019	DMI ESOP plan 2018	DMI Retention Plan, 2018	DMI ESOP Plan, Management Scheme	DMI ESOP Plan, Legacy Scheme	DMI Employment Contract 2020	DMI Retention Bonus (NBFC Apr'20)	DMI Finance ESOP Plan 2020	DMI Variable 2019-20
Date of grant	01-Apr-19	16-Mar-20	19-Mar-18	01-Apr-18	01-Oct-18	01-Apr-18	16-Feb-21	21-Apr-20	01-Apr-20	01-Jan-21
Date of Board / Committee approval	11-Feb-20	11-Feb-20	16-Mar-18	26-Mar-18	01-Oct-18	15-Mar-18	09-Apr-20	09-Apr-20	09-Apr-20	09-Apr-20
Number of Options granted	6,88,660	14,00,000	3,22,023	14,83,942	6,04,396	18,27,677	23,068	5,80,000	3,99,387	11,355
Method of settlement	Shares	Shares	Shares	Shares	Shares	Shares	Shares	Shares	Shares	Shares
Graded vesting period *	As defined below	As defined below	As defined below	As defined below	As defined below	As defined below	100% after 3 years	As defined below	As defined below	As defined below
Number of employees to whom options were granted	40	10	6	17	5	5	1	18	44	2
First vesting date	31st March 2020	15th March 2021	18th March 2019	31-Mar-19	30-Sep-19	31-Mar-19	15-Feb-24	31-Mar-21	31-Mar-21	31-Mar-21
Exercise period **	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Vesting conditions	DMI ESOP Plan 2019	DMI ESOP Retention Plan 2019	DMI ESOP Plan	DMI Retention Plan, 2018	DMI ESOP Plan, Management Scheme	DMI ESOP Plan, Legacy Scheme	DMI Employment Contract 2020	DMI Retention Bonus (NBFC Apr'20)	DMI Finance ESOP Plan 2020	DMI Variable 2019-20
Exercise price per option	95.49	100	43.90	46.74	62.21	13.29	113.34	116.36	116.36	113.34
Stock price on the date of grant	95.49	101.87	22.81	24.68	95.49	24.68	113.34	116.36	116.36	113.34

* As per the vesting schedule 30% Options will vest on completion of one year, 30% on completion of two year and 40% on completion of three year from the grant date respectively.

** Exercise Period in respect of any Vested Options means the period commencing on the date of Vesting of such Option and expiring on the fifth anniversary of Option Grant Date

March 31, 2021

II. Reconciliation of options	DMI ESOP plan 2018	DMI Retention Plan, 2018	DMI ESOP Plan,Management Scheme	DMI ESOP Plan, Legacy Scheme	DMI ESOP PLAN 2019	DMI ESOP RETENTION PLAN 2019	DMI Employment Contract 2020	DMI Retention Bonus (NBFC Apr'20)	DMI Finance ESOP Plan 2020	DMI Variable 2019-20
Options outstanding at the beginning of the year	3,22,023	15,50,442	7,23,981	18,27,677	7,72,377	17,00,000	-	-	-	-
Granted during the year	-	-	-	-	-	-	23,068	5,80,000	3,99,387	11,355
Exercised during the year	-	-	-	-	-	-	-	-	-	-
Lapsed during the year	-	66,500	1,19,585	-	83,717	3,00,000	-	-	-	-
Outstanding at the end of the year	**3,22,023**	**14,83,942**	**6,04,396**	**18,27,677**	**6,88,660**	**14,00,000**	**23,068**	**5,80,000**	**3,99,387**	**11,355**
Weighted average remaining contractual life (in years)	1.96	2.00	2.50	2.00	3.00	3.95	4.88	4.00	4.00	4.76

March 31, 2020

II. Reconciliation of options	DMI ESOP plan 2018	DMI Retention Plan, 2018	DMI ESOP Plan,Management Scheme	DMI ESOP Plan, Legacy Scheme	DMI ESOP PLAN 2019	DMI ESOP RETENTION PLAN 2019
Options outstanding at the beginning of the year	3,22,023	15,50,442	7,23,981	18,27,677	-	-
Granted during the year	-	-	-	-	7,72,377	17,00,000
Exercised during the year	-	-	-	-	-	-
Lapsed during the year	-	-	-	-	-	-
Outstanding at the end of the year	3,22,023	15,50,442	7,23,981	18,27,677	7,72,377	17,00,000
Weighted average remaining contractual life (in years)	2.96	3.00	3.50	3.00	4.00	4.96

III. Computation of fair value

For undertaking fair valuation of ESOP, the Holding Company is using Black-Scholes Model.

ESOP PLAN	DMI ESOP PLAN 2019	DMI ESOP RETENTION PLAN 2019	DMI ESOP PLAN 2018	DMI Retention Plan, 2018	DMI ESOP Plan, Management Scheme	DMI ESOP Plan, Legacy Scheme	DMI Employment Contract 2020	DMI Retention Bonus (NBFC Apr'20)	DMI Finance ESOP Plan 2020	DMI Variable 2019-20
Fair market value of shares (Rs.)	95.49	101.87	22.81	24.68	95.49	24.68	113.34	116.36	116.36	113.34
Volatility	30%	30%	15%	15%	15%	15%	30%	30%	30%	30%
Risk free rate	7.35%	6.50%	6.00%	7.50%	7.50%	7%	6.14%	6.14%	6.14%	6.14%
Exercise price (Rs.)	95.49	100	43.9	46.74	62.21	13.29	113.34	116.36	116.36	113.34
Option fair value	38.86	40.47	0.67	1.15	49.45	15.32	43.35	44.51	44.51	43.35

The Holding Company applies the fair value method of accounting to account for stock options issued by it to the employees of the Holding Company. The fair market value of such instruments as at the grant date is recognized as an expense over the period in which the related services are received. Accordingly, fair value of the stock options and restricted stock units is amortized on a straight-line basis over the vesting period of the stock options. The Holding Company recognizes share based compensation in the Statement of Profit and Loss with a corresponding credit to Capital Reserve Account (Share Options Outstanding Account).

The Holding Company has entered into Cost chargeback agreement with DMI Housing Finance Private Limited(Grantor) and post this agreement the Holding Company would be required to pay the difference of market price of the options and exercise price of the options exercised by the employees of the Holding Company, to the Grantor. Therefore, in the current year, share based compensation expense has been recognized in the Statement of Profit and Loss with a corresponding credit to a liability account viz Share Options Outstanding Account disclosed under notes.

The Holding Company has granted options of DMI Housing Finance Private Limited(Grantor) to its employees for which the Holding Company has entered into Cost chargeback agreement with the Grantor whereby the company would be required to pay the difference in market price and exercise price of the options exercised by the employees of the Holding Company. In the current year, the Holding Company has recognized Rs. 2.16 Millions as share based compensation expense in the Statement of Profit and Loss with a corresponding credit to a liability account which is Rs 9.29 Millions as on March 31,2021.

The employees' compensation expense for Stock options during the year ended 31 March 2021 amounts to Rs.75.78 millions (previous year Rs.40.90 millions).

WALKER CHANDIOK & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS

37 Disclosures in respect of Related Parties as per Indian Accounting Standard (IndAS) – 24 'Related Party Disclosures

(a) List of related parties

Holding company
DMI Limited

Associate
DMI Alternatives Private Limited

Fellow subsidiaries
DMI Consumer Credit Private Limited
DMI Housing Finance Private Limited

Key managerial personnel (KMP)

Name	Designation
Mr. Yuvraja Chanakya Singh	Joint Managing Director
Mr. Shivashish Chatterjee	Joint Managing Director
Mrs. Bina Singh	Director
Mrs. Jayati Chatterjee	Director
Mr. Gurcharan Das	Director
Mr. Gaurav Burman	Director
Mr. Tamer Amr	Director
Mr. Nipender Kochhar	Director
Mr. Jatinder Bhasin	Chief Financial Officer (upto 17 March 2021)
Mr. Krishan Gopal	Chief Financial Officer (w.e.f. 18 March 2021)
Mr. Sahib Pahwa	Company Secretary

Relatives of KMP
Mrs. Mallika Singh
Ms. Promita Chatterjee

Enterprises over which key management personnel and relatives of such personnel exercise significant influence with whom transactions have been undertaken:
K2VZ, Partnership Firm
DMI Alternative Investment Fund

(b) Significant transactions with related parties:

Name of related party	Nature of transaction	For the year ended March 31, 2021	For the year ended March 31, 2020
DMI Housing Finance Private Limited	Cost share recovery	70.18	64.44
	Share based payment	2.16	3.92
	Interest on loan	20.78	-
	Repayment of loan	700.00	-
	Reimbursement of expense paid by related party on behalf of entity	-	0.98
DMI Alternative Investment Fund	Repayment of loan	800.00	-
	Interest expenses	23.75	-
DMI Alternatives Private Limited	Cost share recovery	33.46	25.17
	Share based payment	0.74	1.55

Name of related party	Nature of transaction	For the year ended March 31, 2021	For the year ended March 31, 2020
DMI Limited	Transfer of Compulsory Convertible Debentures	-	2.17
	Issue of equity shares	9,419.31	1,714.63
Mr. Sahib Pahwa	Loan / advance given	0.48	0.57
	Interest income	0.05	0.06
	Remuneration	4.12	4.03
	Loan received back	0.09	0.08
Mrs. Bina Singh	Transfer of Compulsory Convertible Debentures	-	2.17
	Sitting fee	0.10	0.06
Mr. Yuvraja Chanakya Singh	Remuneration	57.10	57.54
	Post employment benefits	0.36	0.36
	Issue of equity shares	119.39	-
Mr. Shivashish Chatterjee	Remuneration	56.38	56.08
	Post employment benefits	0.36	0.36
	Issue of equity shares	119.39	-
Mrs. Jayati Chatterjee	Sitting fees	0.18	0.16
Mr. Gurcharan Das	Sitting fees	0.10	0.06
Mr. Nipender Kochhar	Sitting fees	0.16	0.16
Mr. Jatinder Bhasin	Remuneration	10.92	12.58
Mr. Krishan Gopal	Remuneration	0.67	-
K2VZ	Issue of equity shares	133.13	32.11

(c) Outstanding balances with related parties:

Name of related party	Nature of transaction	As at March 31, 2021	As at March 31, 2020
Mr. Sahib Pahwa	Loan receivable	0.48	0.57
DMI Housing Finance Private Limited	Loan payable	-	700.00
DMI Alternative Investment Fund	Loan payable	-	800.00
DMI Alternatives Private Limited	ESOP	4.89	4.15

Others

During the Year ended March 31, 2021, the Holding Company has bought back certain non convertible debentures from Mr. Sahib Pahwa for consideration of Rs 0.64 millions (previous year: Nil)

During the Year ended March 31, 2021, the Holding Company has bought back certain non convertible debentures from DMI Housing Finance Private Limited for consideration of Rs 126.48 millions (previous year: Nil)

38 Impact of COVID 19 pandemic

The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, with second wave of the pandemic emerging towards the later part of the financial year in India. The Government of India announced a nation-wide lockdown to contain the spread of the virus which continued till May 31, 2020. Subsequently, various state governments and local statutory authorities imposed restrictions on economic activities in different parts of the country which continued to impact Holding Company's operations including lending and collection activities. Further, pursuant to the Reserve Bank of India ('RBI') COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, and consequently the Holding Company had offered a moratorium to its eligible borrowers until August 31, 2020.

In assessing the impairment allowance for loan portfolio, the Holding Company has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors. Further, the management has estimated the impact of the ongoing second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date and considering performance after the first wave, and has noted that the existing provisioning levels are adequate to cover any further delinquencies. Given the unique nature and scale of this pandemic, its full extent of impact on the Holding Company's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments including governmental and regulatory measures and the Holding Company's responses thereto. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different than that being estimated.

The Holding Company has assessed the impact of the pandemic on its liquidity and ability to repay its obligations as and when they are due. The Holding Company has considered its current liquidity position, expected inflows from various sources of borrowings and stimulus packages announced by the Government of India. Based on the foregoing, management believes that the Holding Company will be able to pay its obligations as and when these become due in the foreseeable future. The impact of the pandemic on the operations of the Holding Company is significantly dependent on uncertain future economic conditions.

In accordance with the CoVID-19 Regulatory Packages announced by RBI on March 27, 2020, April 17, 2020 and May 23, 2020, the Holding Company has offered moratorium on the payment of instalments and/or interest, as applicable, falling due between March 01, 2020 and August 31, 2020 to eligible borrowers. For such accounts that were granted moratorium, the prudential assets classification remained standstill during the moratorium period (i.e., the number of days past due excluded the moratorium period for the purposes of asset classification under Income Recognition, Asset Classification and Provisioning Norms).

Further, on August 6, 2020, the Reserve Bank of India announced Resolution Framework for Covid related stress for personal loans, other eligible exposures and MSMEs (Resolution Framework 1.0) and further on May 5, 2021, Resolution Framework 2.0 was announced by RBI. On the basis of eligibility criteria defined by RBI in Resolution Framework 1.0 and 2.0, the Holding Company gave the benefit of restructuring the loan account to borrowers with total loan outstanding amounting to Rs 2,778.92 Millions.

39 Interest on interest

In accordance with notification no. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 issued by the RBI, all lending institutions shall refund/adjust 'interest on interest' to all borrowers including those who had availed working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Indian Banks Association (IBA) in consultation with other industry participants/bodies published the methodology for calculation of the amount of such 'interest on interest'. Accordingly, the Holding Company has estimated the said amount and made provision for refund/adjustment in these standalone financial statements.

40 During the current year, in compliance with Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (March 1, 2020 to August 31, 2020), the Holding Company granted the benefit amounting to Rs. 99.47 millions to its borrowers.

41 Capital

The Holding Company actively manages its capital base to cover risk inherent to its business and meets the capital adequacy requirements of the regulator, Reserve Bank of India (RBI).

(i) Capital management:

Objective

The Holding Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Holding Company aims to maintain a strong capital base to support the risks inherent to its business and its growth strategy. The Holding Company endeavors to maintain a higher capital base than the mandated regulatory capital at all times.

Planning

The Holding Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks- which include credit, liquidity and interest rate.

The Holding Company endeavors to maintain its Capital Risk Adequacy Ratio (CRAR) higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

(ii) Regulatory capital

	As at March 31, 2021	As at March 31,2020
Tier 1 CRAR	59.03%	43.31%
Tier 2 CRAR	1.17%	0.69%
Total CRAR	60.20%	44.00%

In case of un-disbursed loan facility, the Holding Company has sole and absolute discretion to allow or reject any further drawdown request. Hence, undrawn commitment for the Holding Company are amounting to Nil.

The CRAR is computed as per the Master Direction - Non Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 read with the circular issued by Reserve Bank of India on March 13, 2020.

In order to achieve this overall objective, the Holding Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

42 Contingent liabilities and commitments

Contingent liabilities

The Holding Company has given corporate guarantees to banks against different facilities to its fellow subsidiary DMI Housing Finance Private Limited of Rs. 4,447.17 millions as at March 31, 2021 (March 31,2020: Rs. 5,474.59 millions).

During the year, the Holding Company has received an assessment order for FY 2016-17 wherein the assessing officer has made an addition for an amount of Rs.6.42 millions on account of disallowance of deduction under section 80G of the Income-tax Act, 1961. The Holding Company has appealed before Commissioner of Income Tax-Appeal (CIT(A)) against the order. This disallowance has resulted into an additional demand of Rs. 2.26 million but the Holding Company has already paid the taxes more than by Rs. 2.31 million therefore, the Holding Company is not required to pay any additional demand. In presence of favorable case laws and judicial precedents wherein similar facts have been addressed, the Holding Company expects that the additional demand will be deleted by CIT (A).

Commitments

In case of un-disbursed loan facility, the Holding Company has sole and absolute discretion to allow or reject any further drawdown request. Hence, undrawn commitment for the Holding Company are amounting to Nil.

43 Reconciliation of liabilities arising from financing activities

Particulars	Debt securities	Borrowings other than debt securities	Liability against leased assets	Total
April 1, 2019	**5,782.28**	**4,138.86**	-	9,921.14
Adoption of Ind AS 116	-	-	293.91	293.91
Cash flows:				
- Repayment	(4,300.00)	(2,314.54)	(54.80)	(6,669.34)
- Proceeds	21,303.00	980.00		22,283.00
Non-cash				
- Deferrement / amortisation of upfront fees and other charges	12.29	20.51		32.80
- Others			27.34	27.34
March 31, 2020	**22,797.57**	**2,824.83**	**266.45**	**25,888.85**
Cash flows:				
- Repayment	(4,750.00)	(2,355.33)	(55.18)	(7,160.51)
- Proceeds	500.00	700.00	-	1,200.00
Non-cash				
- Deferrement / amortisation of upfront fees and other charges	4.12	11.69	-	15.81
- Others	-	-	31.02	31.02
March 31, 2021	**18,551.69**	**1,181.19**	**242.29**	**19,975.17**

44 Leases

The Holding Company has lease contracts for office and residential spaces taken on lease. The lease terms are between 1 to 10 years.
The Holding Company also has certain lease with lease terms of 12 months or less. The Holding Company applies the 'short-term lease' recognition exemptions for these leases.

The carrying amounts of right-of-use assets recognized and the movements during the period are as follows:

Particulars	**March 31, 2021**	**March 31, 2020**
Balance at the beginning of the year	248.67	-
Additions made during the year	-	293.91
Depreciation charge for the year	37.96	45.24
Balance at the end of the year	210.71	248.67

The carrying amounts of lease liabilities and the movements during the period are as follows:

Particulars	**March 31, 2021**	**March 31, 2020**
Balance at the beginning of the year	266.45	-
Additions made during the year	-	293.91
Interest accretion for the year	31.02	27.34
Payments made during the year	(55.18)	(54.80)
Balance at the end of the year	242.29	266.45

The effective interest rate for lease liabilities is 10%, with maturity ranging to 2027-28.

The following are the amounts recognized in profit and loss :

Particulars	**March 31, 2021**	**March 31, 2020**
Depreciation expense in respect of right-of-use asset	37.96	45.24
Interest expense in respect of lease liabilities	24.54	20.86
Expense relating to short-term leases (included on other expenses)	12.65	8.51
Total amount recognised in profit or loss	75.15	74.61

The Holding Company's total cash outflows for leases was Rs 48.70 Millions during year (previous year Rs 54.80 Millions)

Walker Chandiok & Co LLP
Mumbai
Chartered Accountants

New Delhi

45 Tax expenses

a The major components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are :

	Year ended March 31, 2021	Year ended March 31, 2020
Current tax	348.13	553.10
Deferred tax credit	(256.80)	(176.24)
Income tax expense reported in the statement of profit or loss	**91.33**	**376.86**

The major components of tax expense and its reconciliation to expected tax expense based on the enacted tax rate applicable to the Group is 25.168% (March 31, 2020: 25.168%) and the reported tax expense in statement of profit and loss are as follows:

	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax (before share of profit of associate)	321.10	1,360.54
Income-tax rate	25.168%	25.168%
Expected tax expense	**80.81**	**342.42**
Expenditure disallowed	465.68	35.69
Income not subject to tax	(0.14)	26.46
Deductions	(458.23)	(28.99)
Short term capital gain	-	1.28
Tax for earlier years	3.21	-
Tax expense	**91.33**	**376.86**

MUMBAI

NEW DELHI

46 Maturity analysis of assets and liabilities:

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	2,533.91	-	**2,533.91**	1,212.69	-	**1,212.69**
Bank balance other than cash and cash equivalents	267.21	-	**267.21**	15.20	-	**15.20**
Trade receivables	62.11	-	**62.11**	39.96	-	**39.96**
Loans	16,971.61	14,442.00	**31,413.61**	18,347.05	15,006.46	33,353.51
Investments	15,718.40	2,832.64	**18,551.04**	12,285.68	3,076.56	15,362.24
Other financial assets	2,017.09	20.26	**2,037.35**	549.41	20.32	569.73
Non- financal assets						
Current tax assets (net)	232.47	-	**232.47**	170.07	-	**170.07**
Deferred tax assets (net)	-	633.87	**633.87**	-	378.74	**378.74**
Property, plant and equipment	46.26	280.66	**326.92**	34.26	353.38	**387.64**
Intangible assets	-	22.80	**22.80**	-	7.55	7.55
Other non- financial assets	94.66	8.61	**103.27**	112.87	-	**112.87**
Assets held for sale	189.85	-	**189.85**	189.85	-	**189.85**
	38,133.57	18,240.84	56,374.41	32,957.04	18,843.01	51,800.05
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	110.75	-	**110.75**	78.68	-	**78.68**
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	195.23	-	**195.23**	164.55	-	**164.55**
Debt securities	-	18,551.69	**18,551.69**	4,744.57	18,053.00	22,797.57
Borrowings (other than debt securities)	600.22	823.26	**1,423.48**	1,473.46	1,617.82	3,091.28
Other financial liabilities	635.33	-	**635.33**	488.87	-	488.87
Non financial liabilities						
Provisions	57.51	-	**57.51**	38.54	-	**38.54**
Other non-financial liabitilies	337.27	-	**337.27**	217.27	-	**217.27**
Equity						
Equity share capital	-	6,436.58	**6,436.58**	-	5,592.94	**5,592.94**
Other equity	-	28,626.57	**28,626.57**	-	19,330.35	**19,330.35**
	1,936.31	54,438.10	56,374.41	7,205.94	44,594.11	51,800.05

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47 Risk management

Introduction and risk profile

In view of the intrinsic nature of operations, the Group is exposed to a variety of risks, which can be broadly classified as liquidity risk, credit risk, interest rate risk and equity price risk. It is also subject to various regulatory risks.

Risk management struture and policies

As a lending institution, the Group is exposed to various risks that are related to lending business and operating environment. The Principal Objective in Group 's risk management processes is to measure and monitor the various risks that Group is subject to and to follow policies and procedures to address such risks. Group 's risk management framework is driven by Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee and Risk Management Committee. The Group gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications, conservative loan to value.

(A) Liquidity risk

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable cost or losses.

The Group manages liquidity risk by measuring and managing net funding requirements using a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates which has been adopted as a standard tool. The Group's Assets-Liability Committee (ALCO) is responsible for determining the appropriate mix of available funding sources utilized to ensure Company liquidity is managed prudently and appropriately. With regard to the process of liquidity management, ALCO also considers the current economic and market environment, near-term loan growth projections and long-term strategic business decisions.

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities

March 31, 2021	upto 1 month	Over 1month to 2 month	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Financial assets									
Cash and cash equivalents	2,533.91	-	-	-	-	-	-	-	2,533.91
Bank balance other than Cash and cash equivalents	-	-	-	261.91	5.30	-	-	-	267.21
Trade receivables	62.11	-	-	-	-	-	-	-	62.11
Loans	4,116.83	2,770.01	2,512.07	5,776.66	6,300.73	15,486.83	3,364.92	785.95	41,114.01
Investments	15,138.10	48.00	558.32	108.14	188.15	737.38	1,770.71	1,440.20	19,989.00
Other financial assets	247.23	-	127.15	1,542.70	100.00	1.35	3.92	15.00	2,037.35
Financial liabilities									-
Trade payables	0.62		305.36						305.98
Debt securities	-	282.12	65.28	389.97	781.17	21,171.39			22,689.93
Borrowings (other than debt securities)	29.06	26.91	150.18	154.56	281.90	555.47	131.25	-	1,329.33
Other financial liabilities	100.50	140.74	50.69	254.50	88.90	-	-	-	635.33

March 31, 2020	upto 1 month	Over 1month to 2 month	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Financial assets									
Cash and cash equivalents	1,212.69	-	-	-	-	-	-	-	1,190.89
Bank balance other than Cash and cash equivalents	3.21	-	-	-	11.99	-	-	-	15.20
Trade receivables	39.96	-	-	-	-	-	-	-	39.96
Loans	2,593.84	2,118.42	2,992.18	6,648.71	8,331.45	14,228.42	3,434.35	1,481.82	41,829.19
Investments	12,161.83	29.90	74.29	163.00	355.11	1,342.95	374.97	1,905.34	16,407.39
Other financial assets	297.85	-	167.18	83.66	0.72	1.41	8.08	10.83	569.73
Financial liabilities									
Trade payables	3.53	-	239.70	-	-	-	-	-	243.23
Debt securities	99.34	341.77	1,584.51	1,482.22	3,111.37	6,231.68	15,900.46	-	28,751.35
Borrowings (other than debt securities)	68.87	164.22	207.04	439.49	790.57	1,602.71	-	-	3,272.90
Other financial liabilities	93.18	159.29	57.79	111.36	67.25	-	-	-	488.87

(B) Credit risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the Group. The Group's credit risk management framework is categorized into following main components:
- Senior management's oversight
- Organizational structure
- Systems and procedures for identification, acceptance, measurement, monitoring and controlling risks

It is the overall responsibility of the Group's senior management to approve the Group's credit risk strategy and lending policies relating to credit risk and its management. The policies are based on the Group's overall business strategy and the same is reviewed every quarter by the senior management.
To maintain credit discipline and to enunciate credit risk management and control process there is a separate risk management department independent of loan origination function. The risk management department performs the function of credit policy formulation, credit limit setting, monitoring of credit exceptions / exposures and review /monitoring of documentation.

The carrying amount of financial assets represents the maximum credit exposure.

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DMI Finance Pvt. Ltd.
New Delhi

Analysis of risk concentration

The following table shows the risk concentration by industry for the financial assets of the Group:

March 31, 2021	Financial services	Government	Real estate	MSME	Services & manufacturing	Retail	Others	Total
Financial asset								
Cash and cash equivalents	2,533.91	-	-	-	-	-	-	2,533.91
Bank balance other than Cash and cash equivalents	267.21	-	-	-	-	-	-	267.21
Term loans - Corporate (contractual amount of loans)	-	-	9,047.64	-	2,538.08	703.54	-	12,289.26
Term loans - Consumer loans (contractual amount of loans)	-	-	-	434.74	-	18,689.61	-	19,124.35
Trade receivables	7.47	-	-	-	-	54.64	-	62.11
Investments	16,072.26	-	1,048.07	-	1,410.49	-	20.22	18,551.04
Other financial assets	-	-	-	-	-	2,016.18	21.17	2,037.35
Total	18,880.85	-	10,095.71	434.74	3,948.57	21,463.97	41.39	54,865.23

March 31, 2020	Financial services	Government	Real estate	MSME	Services & manufacturing	Retail	Others	Total
Financial asset								
Cash and cash equivalents	1,212.69	-	-	-	-	-	-	1,212.69
Bank balance other than Cash and cash equivalents	15.20	-	-	-	-	-	-	15.20
Term Loans- Corporate(contractual amount of loans)	-	-	7,969.08	28.60	3,172.00	682.56	-	11,852.24
Consumer Loans(contractual amount of loans)		-	-	638.42	-	20,862.85	-	21,501.27
Receivables	6.31	-	-	-	-	33.65	-	39.96
Investments	12,907.60	-	1,095.73	-	1,339.74	-	19.17	15,362.24
Other financial assets	-	-	-	-	-	548.69	21.04	569.73
Total	14,141.80	-	9,064.81	667.02	4,511.74	22,127.75	40.21	50,553.33

(C) Market risk

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices resulting in a loss to earnings and capital.

Financial institutions may be exposed to market risk in variety of ways. Market risk exposure may be explicit in portfolios of securities / equities and instruments that are actively traded. Conversely it may be implicit such as interest rate risk due to mismatch of loans and deposits. Besides, market risk may also arise from activities categorized as off-balance sheet item. Therefore, market risk is potential for loss resulting from adverse movement in market risk factors such as interest rates, forex rates, equity and commodity prices.

The Group's exposure to market risk is primarily on account of interest rate risk and equity price risk.

Total market risk exposure

Particulars	As at March 31, 2021	As at March 31, 2020	Primary risk sensitivity
ASSETS			
Financial assets			
Investments (Other than credit substitutes)	18,734.85	15,104.51	Equity price
Credit substitutes	281.58	369.20	Interest rate
LIABILITIES			
Financial liabilities			
Debt securities	18,551.69	22,797.57	Interest rate
Borrowings (other than debt securities)	1,423.48	3,091.28	Interest rate

(i) Interest rate risk:-

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. The Group's lending, funding and investment activities give rise to interest rate risk. The immediate impact of variation in interest rate is on the Group's net interest income, while a long term impact is on the Group's net worth since the economic value of the assets, liabilities and off-balance sheet exposures are affected. While assessing interest rate risks, signals given to the market by RBI and government departments from time to time and the financial industry's reaction to them shall be continuously monitored.

Due to the very nature of financing, the Group is exposed to moderate to higher interest rate risk. This risk has a major impact on the balance sheet as well as the income statement of the Group. Interest rate risk arises due to:

i) Changes in regulatory or market conditions affecting the interest rates
ii) Short term volatility
iii) Prepayment risk translating into a reinvestment risk
iv) Real interest rate risk.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Group's statement of profit and loss:

Particulars	Effect on net profit	
Borrowings	For the year ended March 31, 2021	For the year ended March 31, 2020
Decrease in 50 basis points	7.34	19.55
Increase in 50 basis points	(7.34)	(19.55)

Particulars	Effect on net profit	
Borrowings	For the year ended March 31, 2021	For the year ended March 31, 2020
Decrease in 50 basis points	-	15.12
Increase in 50 basis points	-	(15.12)

(ii) Equity price risk

Equity price risk is the risk that the fair value of equities changes as the result of changes in the level of equity indices and individual stocks. A 10 per cent increase in the value of the Group's FVOCI equities at 31 March 2021 would have increased equity by Rs. 186.90 millions (Previous year: Rs 168.29 millions). An equivalent decrease would have resulted in an equivalent but opposite impact. Further, A 10 per cent increase in the value of the Group's FVTPL equities at 31 March 2021 would have increased profits by Rs. 1499.62 millions (Previous year: Rs. 1,234.98 millions). An equivalent decrease would have resulted in an equivalent but opposite impact.

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48 Financial instruments

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions , regardless of whether that price is directly observable or estimated using a valuation technique.
In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Valuation governance

The Group's process to determine fair values is part of its periodic financial close process. The Audit Committee exercises the overall supervision over the methodology and models to determine the fair value as part of its overall monitoring of financial close process and controls. The responsibility of ongoing measurement resides with business units. Once submitted fair value estimates are also reviewed and challenged by the risk and finance functions.

Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	31 March 2021				31 March 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis								
Financial investment measured at FVTPL								
Mutual funds	-	14,776.92	-	14,776.92	-	12,147.61	-	12,147.61
Equity shares - Mcnally Bharat Engg Co. Ltd.	25.12	-	-	25.12	7.20	-	-	7.20
Security receipts of Alchemist XV Trust	-	194.11	-	194.11	-	195.00	-	195.00
Total financial investment measured at FVTPL	25.12	14,971.03	-	14,996.15	7.20	12,342.61	-	12,349.81
Financial investments measured at FVOCI								
Non-convertible debentures - Quoted	-	-	497.68	**497.68**	-	-	419.58	**419.58**
Compulsory convertible debentures	-	-	826.47	**826.47**	-	-	773.17	**773.17**
Non-convertible debentures - unquoted	-	-	142.83	**142.83**	-	-	120.76	**120.76**
Equity Instruments								
DMI Consumer Credit Private Limited	-	-	3.27	**3.27**	-	-	3.16	**3.16**
Alchemist Asset Reconstruction Company Limited	-	-	226.20	**226.20**	-	-	226.20	**226.20**
AIF II (Investment)	-	11.01	-	**11.01**	-	10.80	-	**10.80**
Flash Electronics Private Limited	-	-	304.40	**304.40**	-	-	250.00	**250.00**
Total financial investments measured at FVOCI	-	11.01	2,000.85	2,011.86	-	10.80	1,792.87	1,803.67
Total financial assets measured at fair value	25.12	14,982.04	2,000.85	17,008.01	7.20	12,353.41	1,792.87	14,153.48

Valuation techniques

Financial instruments measured at FVTPL (other than security receipts of Alchemist XV Trust and CCPS)

The equity instruments are traded on public stock exchanges with readily available active prices on a regular basis and are classified as level 1. Units held in mutual funds and security receipts are measured based on Net Asset Value (NAV) and are classified as Level 2.

Equity instruments measured at FVOCI

Equity instruments in non-listed entities are valued on a case-by-case either based on networth of investee company or Valuation report issued by independednt Valuer using discounted cash flow method, are classified as Level 3.

Debt Securities and loans at FVOCI

A. Fair Value is calculated by discounting future cashflows.

B. The discounting spread is calculated as summation of yields of G-Sec for similar tenure, sector specific spread, liquidity spread and spread based on score from internal risk rating model.

C. The risk rating model incorporates both quantitative and qualitative information on the borrower. Some of the factors that risk model considers are –

Area delivered in past across segments
Financial strength (of the entity and group)
Debt track record (debt repaid in past, current & past delinquency)
Stages of various projects of developer
Asset cover (Cashflow and Security)

There have been no transfers between Level 1, Level 2 and Level 3 for the Year ended March 31, 2021 and March 31, 2020

Movements in Level 3 financial instruments measured at fair value

	DMI Consumer Credit Private Limited	Alchemist Asset Reconstruction Co.Ltd.	Credit Subsitutes*	NCD Unquoted*	Compulsorily Convertible Debentures*	DMI Housing Finance Private Limited	Flash Electronics
At April 1, 2019	**3.00**	**316.68**	**895.85**	**917.41**	**772.93**	**264.87**	**250.00**
Purchase	-	-	-	120.12	-	-	-
Change in classification	-	-	(179.02)	(836.96)	-	-	-
Sales / settlements	-	-	(351.95)	(86.28)	(94.89)	(265.11)	-
Transfers into Level 3	-	-	-	-	-	-	-
Transfer from Level 3	-	-	-	-	-	-	-
Gains / loss for the period recognized in the Statement of Proft and Loss	-	-	60.31	6.47	95.13	-	-
Gains / loss for the period recognized in the other comprehensive income	0.16	(90.48)	(5.61)	-	-	0.24	-
At March 31, 2020	**3.16**	**226.20**	**419.58**	**120.76**	**773.17**	-	**250.00**
Purchase	-	-	46.45	21.82	-	-	-
Change in classification	-	-	-	-	-	-	-
Sales / settlements	-	-	(42.98)	(18.11)	2.57	-	-
Transfers into Level 3	-	-	-	-	-	-	-
Transfer from Level 3	-	-	-	-	-	-	-
Gains / loss for the period recognized in the Statement of Proft and Loss	-	-	74.63	18.35	101.23	-	-
Gains / loss for the period recognized in the other comprehensive income	0.11	-	-	-	(50.50)	-	54.40
At March 31, 2021	**3.27**	**226.20**	**497.68**	**142.82**	**826.47**	-	**304.40**

*Total Gains/Loss for the period recognized in the Statement of Proft and Loss consists of income other than fair value change

act on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Group's level 3 assets and ities.

ch 31, 2021	Fair value of Level 3 assets	Valuation technique	Significant unobservable inputs
ity shared in DMI Consumer Credit Private Limited	3.27	Net Worth of Investee Company	Instrument price
ty shares in Alchemist Asset Reconstruction Company Limited	226.20	Discounted Projected Cash Flows	Discount margin / spread
-convertible debentures - Quoted	497.68	Discounted Projected Cash Flows	Discount margin / spread
ity shares in Flash Electronics Private Limited	304.40	Discounted Projected Cash Flows	Instrument price
pulsory convertible debentures	826.47	Discounted Projected Cash Flows	Discount margin / spread
-convertible debentures - unquoted	142.83	Discounted Projected Cash Flows	Discount margin / spread

ch 31, 2020	Fair value of Level 3 assets	Valuation technique	Significant unobservable inputs
ty shared in DMI Consumer Credit Private Limited	3.16	Net Worth of Investee Company	Instrument price
ty shares in Alchemist Asset Reconstruction Company Limited	226.20	Discounted Projected Cash Flows	Discount margin / spread
-convertible debentures - Quoted	419.58	Discounted Projected Cash Flows	Discount margin / spread
ty shares in Flash Electronics Private Limited	250.19	Discounted Projected Cash Flows	Instrument price
pulsory convertible debentures	773.17	Discounted Projected Cash Flows	Discount margin / spread
-convertible debentures - unquoted	120.76	Discounted Projected Cash Flows	Discount margin / spread

antitative analysis of significant unobservable inputs

rument price

the nature of this approach, there is no range of prices used as inputs.

count margin/spreads

count margin/spreads represent the discount rates used when calculating the present value of future cash flows. In discounted cash flow models such spreads are ed to the benchmark rate when discounting the future expected cash flows. Hence, these spreads reduce the net present value of an asset or increase the value liability. They generally reflect the premium an Investor expects to achieve over the benchmark interest rate to compensate for the higher risk driven by the ertainty of the cash flows caused by the credit quality of the asset. They can be implied from market prices and are usually unobservable for illiquid or complex uments.

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Sensitivity of fair value measurements to changes in unobservable market data

The table below describes the effect of a 10% movement in the significant unobservable input.
All changes, except for financial instruments at FVOCI would be reflected in Statements of Profit and Loss.

Particulars	March 31, 2021		March 31, 2020	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Instruments measured through FVTOCI				
Equity shared in DMI Consumer Credit Private Limited	0.33	(0.33)	0.32	(0.32)
Equity shares in Alchemist Asset Reconstruction Company Limited	26.07	(26.07)	22.62	(22.62)
Non-convertible debentures - Quoted	7.17	(7.17)	41.96	(41.96)
Non-convertible debentures - unquoted	14.28	(14.28)	12.08	(12.08)
Equity shares in Flash Electronics Private Limited	30.44	(30.44)	25.00	(25.00)
Compulsory convertible debentures	82.65	(82.65)	77.32	(77.32)
Total	**160.94**	**(160.94)**	**179.30**	**(179.30)**

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in e financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities.

	March 31, 2021		March 31, 2020	
	Fair value	Carrying value	Fair value	Carrying value
inancial assets:				
ans and advances				
Corporate loans	12,715.14	12,151.09	11,630.70	11,735.33
vestments – at amortised cost				
Non-convertible debentures - Quoted	1,156.59	1,171.88	1,259.61	1,227.52
ancial liabilities:				
bt securities	18,876.47	18,553.00	21,676.24	21,303.00

luation methodologies of financial instruments not measured at fair value

ow are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured fair value in the company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and umptions relate only to the instruments in the above tables.

rowings - At Amortised cost

e includes Term Loans. The fair values of such liabilities are estimated using a discounted cash flow model based on contractual cash flows using al or estimated yields and discounting by yields incorporating the counterparties' credit risk. These instrument are classified in Level 3.

stments - At amortised cost

e includes Quoted non convertible debenture & corporate loans. The fair values of such instruments are estimated using a discounted cash flow el based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk. These ument are classified in Level 3.

ts and liabilities other than above

arrying value of assets and liabilities other than investments and borrowings at amortised cost represents a reasonable approximation of fair value

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NEW DELHI

Notes to Consolidated Financial Statements for the year ended March 31, 2021
(All amount in Rs. in millions, except for share data unless stated otherwise)

49 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

Name of the entity in the Group	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
DMI Finance Private Limited	99.05%	34,853.90	80.7%	223.08	99.89%	4.98	81.05%	228.06
Subsidiaries								
DMI Capital Private Limited	0.90%	317.89	3.4%	9.52	0.11%	0.01	3.39%	9.53
DMI Management Services Private Limited	0.05%	17.78	1.6%	4.29	0.00%	0.00	1.52%	4.29
Associate (Investment as per equity method)								
DMI Alternatives Private Limited	0.00%	-	14.3%	39.51	0.00%		14.04%	39.51
Total	100.00%	35,189.57	100.0%	276.40	100.00%	4.99	100.00%	281.39
Adjustments arising out of consolidation		(126.42)		(7.12)		0.00		(7.12)
Total		35,063.15		269.28		4.99		274.27

50 Segment information

The Group derives its major revenues from financing activities which has similiar risks and returns and therefore, for the purpose of Ind AS 108 "Operating segments",' Financing' is the single reportable business segment. Further, the Group operates only in India which is considered as a single geographical segment.

51 Events occurring after reporting date

There are no significant events after the reporting period which require any adjustment or disclosure in the financial statements.

For Walker Chandiok & Co LLP
Firm Registration No. 001076N/N500013
Chartered Accountants

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: September 3, 2021

For and on behalf of the Board of Directors of
DMI Finance Private Limited

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460

Place: NEW YORK
Date: September 3, 2021

Krishan Gopal
(Chief Financial Officer)

Place: GURUGRAM
Date: September 3, 2021

Yuvraja Chanakya Singh
(Jt. Managing Director)
DIN: 02601179

Place: NEW DELHI
Date: September 3, 2021

Sahib Pahwa
(Company Secretary)
M. No. A24789
Place: GURUGRAM
Date: September 3, 2021

DIRECTOR'S REPORT

Dear Members,

DMI Finance Private Limited

The Board of Directors **("Board")** of DMI Finance Private Limited **("DMI/Company")** are pleased to present their 13th Director's Report along with the Audited Financial Statements for the financial year ended March 31, 2021. This Report read with the Management Discussion and Analysis included details of the macroeconomic scenario, Company's performance and various initiatives taken by the Company.

FINANCIAL RESULTS

The standalone and consolidated financial highlights of your Company are as follows:

Consolidated Financials

(₹ in Million)

Particulars	**Consolidated**	
	March 31, 2021	**March 31, 2020**
Revenue from Operations	7 ,585.48	6413.53
Other Income	1 03.74	8 9.93
Total Income	**7 ,689.22**	**6,503.46**
Total Expenditure	7 ,368.12	5,142.92
Share of Profit/ (loss) on associate	39.51	38.54
Profit/(Loss) before Taxation	360.61	1,399.08
Tax Expenses/(Credits)	91.33	376.86
Profit/(Loss) after Taxation	**274.27**	**949.37**
Capital Redemption Reserve	81.21	81.21
Reserve Fund u/s Sec 45 IC of RBI Act, 1934	977.46	932.84
Balance in Profit/(Loss) Account in balance sheet	3,931.60	3,701.95

Standalone Financials

(₹ in Million)

Particulars	**Standalone**	
	March 31, 2021	**March 31, 2020**
Revenue from Operations	7,540.47	6,355.85
Other Income	104.04	90.29
Total Income	**7,644.51**	**6 ,446.14**
Total Expenditure	7,332.49	5,012.44
Share of Profit/ (loss) on associate	-	-
Profit/(Loss) before Taxation	312.02	1,343.69
Tax Expenses/(Credits)	88.94	352.80
Profit/(Loss) after Taxation	**223.08**	**990.89**
Capital Redemption Reserve	81.21	81.21
Reserve Fund u/s Sec 45 IC of RBI Act, 1934	977.45	932.84
Balance in Profit/(Loss) Account in balance sheet (Retained Earnings)	3,722.36	3,538.91

FINANCIAL PERFORMANCE OF THE COMPANY

During the year under review, the Company focused more on the retail lending business as compared to its corporate lending business. As a result, the retail asset book of the Company has grown exponentially but due to the outbreak of COVID-19 pandemic, the Company faced a sudden drop in the revenues during the year. The nationwide lockdowns to curtail the transmission of disease, had put the global economy in extreme level of stress and would have a long-lasting economic effect. However, after the gradual uplifting of the country wide lockdown in mid 2020, Company took its recourse to recovery and showed positive increase in growth and progress. The pandemic led to a sudden stop for the economies across the globe.

The RBI on its part took several measures by announcing various relief packages for individual borrowers, companies in various sectors such as Moratorium, TLTRO Scheme for banks, policy rate cuts, incentivizing credit to certain sectors like MSME, Restructuring Policy (Framework 1.0 and 2.0) etc. Aided by these relief measures, the Company is making its best efforts for providing a cushion of recovery for all its customers and other stakeholders.

In defiance of economic instability and mounting pressure on financial markets, the Company has shown upward growth during the year under review as the Company's total standalone revenue for the financial year increased to ₹ 7,540.47 Million as compared to ₹ 6,355.85 Million in FY 2020. As on March 31, 2021 due to unprecedented rise in COVID-19 infections in India and financial stress in the economy caused due to lockdown imposed in various phases, the total expenditure grew from ₹ 5,012.18 Million in FY 2020 to ₹ 7,332.49 Million in FY 2021 which shrank the Company's net profit for the year to ₹ 223.08 Million as compared to ₹ 990.89 Million as on March 31, 2020.

The Capital to risk adequacy ratio (CRAR) stood at 60.20% as on March 31, 2021 as compared to 44.00% as on March 31, 2020. The Net owned funds of the Company as on March 31, 2021 stood at ₹ 33,401.93 Million as compared to ₹ 24,082.49 Million as on March 31, 2020. Due to the outbreak of COVID-19 pandemic across the entire spectrum, the loan portfolio of the Company declined and stood at ₹ 36,441.50 Million as on March 31, 2021. The Net NPA of the Company as on March 31, 2021 stands at 1.59%.

During the year under review, Company had launched many new programs with respect to its consumer lending business and tried to consolidate the corporate lending business. Further the Company foresees an opportunity of growth with the growing digitization all across the industry.

DIVIDEND

Considering the stress created by the COVID-19 pandemic in the industry and to conserve the cash resources for future growth of the Company, the Board does not recommend any interim/final dividend for the financial year ended March 31, 2021.

AMOUNT PROPOSED TO BE CARRIED TO RESERVES

The details of the transfer to other reserves as part of regulatory requirements are given below:

(i) Regulatory Reserve u/s 45 (1C) of RBI Act

In accordance with the provisions of section 45-IC of the RBI Act, 1934, the Company is required to transfer an amount equivalent to 20% of profit after tax, to its Statutory Reserve. During the current year, ₹ 44.62 Million were transferred to the statutory reserve.

The break-up of the amounts/profits proposed to be carried to reserves for FY 2020-21, is set out herein below:

(₹ in Million)

Particulars	**As on March 31, 2021**	**As on March 31, 2020**
Capital Redemption Reserve	81.21	81.21
Reserve Fund u/s Sec 45 IC of RBI Act, 1934	977.45	932.84

MORATORIUM AND RESTRUCTURING OF LOANS

The Reserve Bank of India issued guidelines on March 27, 2020 permitting NBFCs to give moratorium to customers in respect of instalments falling due between March 01, 2020 to May 31, 2020 and further till August 31, 2020. Accordingly, the Company has a Board approved Moratorium Policy for all business segments and has provided benefit to the eligible borrowers under the Moratorium Policy of the Company and the guidelines as framed by Reserve Bank of India.

Further, with the intent to facilitate revival of real sector activities and to mitigate the impact of financial stressed caused by the pandemic on the ultimate borrowers, Reserve Bank of India on August 06, 2020 introduced a Prudential Framework 1.0 to enable the lenders to implement a resolution plan in respect of eligible corporate exposures. The Resolution Framework 2.0 was introduced on May 05, 2021 to include other category of eligible borrowers like MSME, small businesses and individuals. The Company restructured certain eligible stressed accounts in accordance with the provisions of the Restructuring Policy of the Company and Resolution Framework 1.0 issued by RBI.

In furtherance, with reference to the Scheme of grant of Ex-Gratia Payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020) as advised by Department of Financial Services (DFS), Ministry of Finance, Govt. of India vide their letter nos. F.No.1/12/2020-BOA.I dated October 23, 2020 and October 29, 2020, the Company successfully implemented the Scheme and credited an amount of ₹ 9,94,74,808/- to the accounts of eligible borrowers.

To provide financial cushion and to aid in the seamless growth and continuity to the MSME sector in India, the Company was registered as a (Member Lending Institutions) MLI under the Emergency Credit Line Guarantee Scheme (ECLGS) introduced by Ministry of Finance on May 13, 2020 to provide additional credit at low cost to eligible MSMEs, thereby enabling MSMEs to meet their operational liabilities and restart their businesses impacted due the COVID-19 crisis. The Company has also constituted a Board approved ECLGS Policy giving details about eligibility criteria of the borrowers, terms of sanction of funds and other procedural aspects of providing credit under this Scheme.

The Company has launched all the measures and incentives introduced by the regulators in India as mentioned above in the best spirit to ensure financial stability and growth for all its existing and new customers.

STATE OF COMPANY AFFAIRS

Share Capital

During FY 2020-21, the issued, subscribed and paid up share capital of the Company underwent following changes:

Changes in Paid-Up Share Capital

Equity Raise

During the financial year, in times of stress related to COVID-19, the Company with the support of its existing investor base was able to raise ₹ 979.12 Crores during the financial year under review to be ready for the upcoming business growth prospects. The details of the fund raising is mentioned below:

S.No	Particulars of Issue	No. of Securities Issued	Amount Invested (In ₹)
1	Issue of equity shares on Rights Issue Basis	8,09,49,681	9,41,93,05,000
2	First Call on Partly Paid-Up Equity Shares	-	13,31,34,300
3	Issue of equity shares on Preferential Allotment Basis	21,06,686	23,87,71,960

Therefore, pursuant to the above-mentioned fund raising by the Company, the paid- up capital of the Company as on March 31, 2021 stood at ₹ 6,43,65,76,716.

BORROWING PROFILE

The company maintained an optimum mix of borrowings between bank term loans, structured debt and unstructured debt. During the Financial year 2020-21, the Company raised debt by means of borrowing from banks and by issuing secured debentures. The Company raised ₹ 500 Million by way of issue of Listed Secured Rated Non-Convertible Debentures on private placement basis from Union Bank of India on June 30, 2020 and has existing outstanding Unsecured Non-Convertible Debentures amounting to ₹ 18,053 Million as on March 31, 2021, given that the outstanding borrowings at any time was within the borrowing limits as set by the Board from time to time. The details of listed debentures issued by the Company during the year is provided below:

S.No	Type of Security (Listed)	Secured/Unsecured	Security, if any	Amount (₹ in Million)
1	Non-Convertible Debentures	Secured	Book receivables of the Company	500.00
	Total			**500.00**

Further, during the period under review, the Company has redeemed ₹ 2,250 Million of privately placed Optionally Convertible Debentures and ₹ 2,500 Million of privately placed Non-Convertible Debentures. As on March 31, 2021, total outstanding NCDs (secured and unsecured) stands at ₹ 18,551.69 Million.

In furtherance, during the financial year 2020-21, the Company has also raised ₹ 700 Million by availing term loan facilities from various banks and financial institutions, details of which are provided below:

S.No	Type of Security	Secured/Unsecured	Security, if any	Amount (₹ in Million)
1	Term Loans	Secured	Book receivables of the Company	700.00
	Total			**700.00**

Therefore, as on March 31, 2021, the debt equity ratio of the Company stands at 0.57.

In conclusion, the Company has been strategically prepaying the high-cost debts to rationalize the financial expenses in Covid times. The Company has been trying to establish relationships with large public and private sector banks which will help the company in the long run to achieve its vison and mission.

CREDIT RATING

The Company's credit rating by various credit rating agencies as on March 31, 2021 are given below:

Type of Borrowing	Rating Agency	Amount (₹ in Million)	Rating
Commercial Papers (CP)	ICRA Limited	3000	[ICRA]A1+
Long Term Bank Facility	Brickwork Ratings India Private Limited / CARE Ratings	9000/9000	BWR AA-; Stable Outlook CARE AA-; Negative Outlook
Non- Convertible Debentures	Brickwork Ratings India Private Limited / CARE Ratings	1800/4350	BWR AA-; Stable Outlook CARE AA-; Negative Outlook

EMPLOYEE STOCK OPTION

Human Resources are key to the growth and success of an organization, more so in financial services industry. It is therefore imperative to align the interests of the employees and shareholders of the Company. Employee Stock Option schemes have been universally accepted as retention and wealth creation tool.

The Company had in March 2018, launched its first ESOP Plan in the name of DMI Finance ESOP Plan 2018 ("Policy") which provided all the details and explained all aspects with respect to the entire process to be followed by the management with respect to allotment of ESOPs to its employees. For further retaining the top talented employees and to motivate them to stay with the Company for a longer duration, the Nomination & Remuneration Committee of the Board has further approved on April 09, 2020 four ESOP schemes, namely, Employment Contract 2020, DMI Finance ESOP Plan 2020, Retention Bonus (NBFC Apr'20) and Variable 19-20.

During the financial year under review, 80,51,038 fresh options were granted under various existing ESOP Schemes of the Company; however, nil stock options were vested and exercised as on March 31, 2021. A brief snapshot of the total options granted under various ESOP Schemes is laid down as below:

Name of the Scheme	Options Granted	Options Lapsed
DMI ESOP Plan 2019	7,72,377	83,717
DMI ESOP Plan, Legacy Scheme	18,27,677	-
DMI ESOP Plan, Management Scheme	7,23,982	1,19,585
DMI ESOP Retention Plan 2019	17,00,000	3,00,000
DMI Finance ESOP 2020	4,09,914	10,527
DMI Finance ESOP Plan 2018	3,22,023	-
DMI Retention Plan, 2018	15,20,642	36,700
Employment Contract 2020	23,068	-
Retention Bonus (NBFC Apr'20)	7,40,000	1,60,000
Variable 19-20	11,355	-
Total	**80,51,038**	**7,10,529**

The disclosures required as per Rule 12(9) of Companies (Share Capital & Debentures) Rules, 2014 are given below:

(a) Options granted: 80,51,038
(b) Options vested: 44,59,386
(c) Options exercised: NIL
(d) Total number of shares arising as a result of exercise of option: NIL
(e) Options lapsed: 7,10,529
(f) Exercise price: NIL
(g) Variation of terms of options: NIL
(h) Money realized by exercise of options: NIL
(i) Total number of options in force: 73,40,509
(j) Employee wise details of options granted to:
    (i) Key managerial personnel:
        - Company Secretary- 16,364
        - Chief Financial Officer- 9,12,453
    (ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year: NIL
    (iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grants: NIL

DIRECTORS' AND KEY MANAGERIAL PERSONNEL

Board Composition

The composition of the Board is in compliance with the applicable provisions of the Companies Act, 2013, ("Act") and the rules framed thereunder, guideline(s) issued by the Reserve Bank of India and other applicable laws inter alia with respect to appointment of women director and non-executive director(s). During the year under review, the composition of the Board remains unchanged and the details in this regard have been provided under the title Corporate Governance.

Director(s) Disclosure

Based on the declarations and confirmations received in terms of the applicable provisions of the Act, circulars, notifications and directions issued by the Reserve Bank of India and other applicable laws, none of the Directors of the Company are disqualified from being appointed as Directors of the Company.

Key Managerial Personnel

During the year under review, there was change in the composition of Key Managerial Personnel of the Company. Owing to change in designation of Mr. Jatinder Bhasin, erstwhile Chief Financial Officer, Mr. Krishan Gopal has been appointed as new Chief Financial Officer of the Company with effect from March 18, 2021.

Therefore, as on March 31, 2021, Key Managerial Personnel of the Company comprises of the following:
1. Mr. Shivashish Chatterjee and Mr. Yuvraja Chanakya Singh- Jt. Managing Directors
2. Mr. Krishan Gopal- Chief Financial Officer
3. Mr. Sahib Pahwa- Head- Compliance & Company Secretary

Human Resource

The Company immensely values its human resource and understands that a great team is required for achieving the desired results envisaged by the management. Considering the same the Company has successfully inducted significant talent at senior and mid-level into the Company and was successful in retaining and developing the existing human resources. As on March 31, 2021 the Company had 269 full time employees.

SUBSIDIARIES/ASSOCIATES COMPANIES

As on March 31, 2021, your Company has DMI Capital Private Limited and DMI Management Services Private Limited as its wholly owned subsidiaries and DMI Alternatives Private Limited as Associate Company.

Pursuant to Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company which shall be laid before the ensuing Annual General Meeting of the Company. along with the standalone audited financial statements of the Company for the financial year ended March 31, 2020. The standalone and consolidated audited financial statements along with the salient features of the financial statements of the subsidiaries of the Company in the prescribed Form AOC-1 forms part of the Annual Report and are also available on the website of the Company at https://www.dmifinance.in/investor-financials.html

The statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014, in Form AOC- 1, forms part of the consolidated financial statements of the Company and hence not repeated here for the sake of brevity.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Institute of Company Secretaries of India, a Statutory Body, has issued Secretarial Standards on Board and General meetings. The Company has complied with all the applicable provisions of the secretarial standards read with the MCA Circulars granting exemptions and relaxations in view of the COVID-19 pandemic.

ANNUAL RETURN

The copy of Annual Return for Financial Year 2020-21, which will be filed with the Registrar of Company, is hosted on the website of the Company and can be accessed at https://www.dmifinance.in/investor-financials.html in accordance with provisions of Section 92(3) read with Section 134(3)(a) of Companies Act, 2013 and rules framed therein.

CORPORATE GOVERNANCE AND RELATED MATTERS

Deposits

The Company in compliance with RBI being a Systemically Important Non-Deposit Accepting NBFC (ND-SI- NBFC) has not accepted any public deposits during the year under review. The Board of Directors, in compliance with Non–Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 had passed the resolution on April 02, 2020 confirming that the Company would not be accepting deposits during financial year ended 2020-21 and further declared that the Company shall not accept any deposits from the public in the financial year 2020-21 without the prior permission of the Reserve Bank of India.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

During the period under review, no material changes took place which can have a bearing on the financial position of the Company.

BOARD MEETINGS

The Board met 6 (Six) times during the financial year 2020-21 viz. on April 09, 2020, July 03, 2020, September 15, 2020, November 06, 2020, January 25, 2021 and March 18, 2021. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Further, in accordance with Standard 9 of the Secretarial Standards-1 on "Meetings of the Board of Directors", the details on the number of meetings attended by each Director during financial year 2020-21 is given below:

Name of the Directors	Category	Number of meetings held during the financial year 2020-21		
		Held	Entitled	Attended
Mr. Tammir Amr	Nominee Director	6	6	5
Mr. Gaurav Burman	Nominee Director	6	6	6
Mrs. Jayati Chatterjee	Non- Executive Director	6	6	6
Mr. Shivashish Chatterjee	Joint Managing Director	6	6	5
Mr. Gurcharan Das	Non- Executive Director	6	6	6
Mr. Nipendar Kochhar	Non- Executive Director	6	6	5
Mrs. Bina Singh	Non- Executive Director	6	6	6
Mr. Yuvraja Chanakya Singh	Joint Managing Director	6	6	6

During the year under review there was no change in the composition of the Board of Directors of the Company.

BOARD COMMITTEES

The Company has several committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes. There are 9 Committees constituted by the Board namely Audit Committee, Loan/Investment and Borrowing Committee, Risk Management Committee, Nomination Committee, Asset Liability Committee, Securities Allotment Committee, Corporate Social Responsibility Committee, Credit Committee and IT Strategy Committee.

The composition of these Committees as on March 31, 2021 is provided below. Further, in accordance with Standard 9 of the Secretarial Standard-1 on "Meetings of the Board of Directors", the details on the number and dates of meetings of the Committees held during the financial year 2020-21 indicating number of meetings attended by each Director is given below. However, owing to country wide lockdown and work-from-home situation during the financial year 2020-21, some of business was transacted by these Committees by way of passing resolution by circulation in place of holding physical meetings.

- **Audit Committee (AC)**

Four Audit Committee Meetings were held during the financial year 2020-21 viz. on July 03, 2020, September 15, 2020, November 06, 2020 and March 18, 2021. The attendance of the members is as follows:

Name of the Members	Category	Number of meetings held during the financial year 2020-21		
		Held	Entitled	Attended
Mr. Tammir Amr	Member	4	4	4
Mr. Gaurav Burman	Member	4	4	3
Mrs. Jayati Chatterjee	Member	4	4	4
Mr. Nipendar Kochhar	Member	4	4	4
Mr. Yuvraja Chanakya Singh	Member	4	4	4

➢ Loan/Investment & Borrowing Committee (LIBC)

One Loan/Investment & Borrowing Committee Meeting was held during the financial year 2020-21 viz November 10, 2020. The attendance of the members is as follows:

Name of the Members	Category	Number of meetings held during the financial year 2020-21		
		Held	Entitled	Attended
Mr. Tammir Amr	Member	1	1	1
Mr. Gaurav Burman	Member	1	1	1
Mr. Shivashish Chatterjee	Member	1	1	1
Mr. Yuvraja Chanakya Singh	Member	1	1	1

➢ Risk Management Committee (RMC)

Four Risk Management Committee Meetings were held during the financial year 2020-21 viz. on June 29, 2020, September 18, 2020, November 11, 2020 and March 18, 2021. The attendance of the members is as follows:

Name of the Members	Category	Number of meetings held during the financial year 2020-21		
		Held	Entitled	Attended
Mr. Tammir Amr	Member	4	4	
Mr. Gaurav Burman	Member	4	4	
Mr. Shivashish Chatterjee	Member	4	4	
Mr. Nipendar Kochhar	Member	4	4	
Mr. Yuvraja Chanakya Singh	Member	4	4	

➢ Nomination and Remuneration Committee

Two Nomination and Remuneration Committee Meeting were held during the financial year 2020-21 viz. on April 09, 2020 and March 18, 2021. The attendance of the members is as follows:

Name of the Members	Category	Number of meetings held during the financial year 2020-21		
		Held	Entitled	Attended
Mr. Tammir Amr	Member	2	2	2
Mr. Gaurav Burman	Member	2	2	2
Mr. Shivashish Chatterjee	Member	2	2	2
Mr. Yuvraja Chanakya Singh	Member	2	2	2

- **Asset Liability Committee (ALCO)**

Two Asset Liability Committee Meetings were held during the financial year 2020-21 viz. on July 02, 2020 and January 11, 2021. The attendance of the members is as follows:

Name of the Members	Category	Number of meetings held during the financial year 2020-21		
		Held	Entitled	Attended
Mr. Tammir Amr	Member	2	2	2
Mr. Gaurav Burman	Member	2	2	2
Mr. Shivashish Chatterjee	Member	2	2	2
Mr. Yuvraja Chanakya Singh	Member	2	2	2

- **Securities Allotment Committee (SAC)**

No Securities Allotment Committee Meetings was held during the financial year 2020-21 as all the business was transacted my means of passing resolution by circulation by the Committee Members.

- **Corporate Social Responsibility Committee (CSR)**

Two Corporate Social Responsibility Committee Meetings were held during the financial year 2020-21 viz. on October 15, 2020 and March 18, 2021. The attendance of the members is as follows:

Name of the Members	Category	Number of meetings held during the financial year 2020-21		
		Held	Entitled	Attended
Mr. Tammir Amr	Member	2	2	2
Mr. Gaurav Burman	Member	2	2	2
Mrs. Jayati Chatterjee	Member	2	2	2
Mrs. Bina Singh	Member	2	2	2

- **IT Strategy Committee**

Three IT Strategy Committee Meeting were held during the financial year 2020-21 viz. on July 03, 2020, September 15, 2020 and February 12, 2021. The attendance of the members is as follows:

Name of the Members	Category	Number of meetings held during the financial year 2020-21		
		Held	Entitled	Attended
Mr. Tammir Amr	Chairperson	3	3	3
Mr. Jatinder Bhasin	Member	3	3	3
Mr. Shivashish Chatterjee	Member	3	3	3
Mr. Saurabh Nigam	Member	3	3	3
Mr. Manish Srivastava	Member	3	3	3
Mr. Yuvraja Chanakya Singh	Member	3	3	3

These Committees function as per the terms of reference as approved by the Board for the respective Committees.

GENERAL MEETINGS

Annual General Meeting

During the year under review, the Annual General Meeting of the Company for the Financial Year ended March 31, 2020 was held on September 15, 2020.

Extra-ordinary General Meeting(s)

During the year under review, Five (5) Extra-ordinary General Meeting(s) (EGM) of the Company were held. The Members accorded their approval in the requisite manner for the matters taken in the respective EGMs.

S. No.	Date of the Meeting
1.	June 05, 2020
2.	November 06, 2020
3.	January 25, 2021
4.	March 18, 2021

CORPORATE SOCIAL RESPONSIBILITY

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established a Corporate Social Responsibility (CSR) Committee. The CSR Committee has formulated and recommended to the Board, a CSR Policy indicating the activities to be undertaken by the Company, which has been approved by the Board and the same has been put up on the Company's website and available at the link:
https://www.dmifinance.in/corporate-social-responsibility-policy.html

The CSR Policy was adopted on May 2014 by the Company with the aim to contribute to the social and economic development of the community in which the Company operates. It also chalks out the prescribed activities out of which the Company may opt to undertake and provides for modalities of execution of the projects undertaken, affixation of CSR budget and provides for mechanism for monitoring and reporting of the CSR activities undertaken.

Recently, the CSR Policy of the Company undergone some changes pursuant to the amendment brought in Companies (Corporate Social Responsibility Policy) Rules 2014 w.e.f January 22, 2021 with respect to reporting and disclosure requirements, implementation of CSR Annual Action Plan, requirement of impact assessment of the Projects etc. The revised CSR Policy of the Company has been duly approved by the Board and placed on the website of the Company.

For the year ended March 31, 2021, the Company was required to spend ₹ 2,28,51,615/- under CSR for financial year 2020-21 as prescribed under Section 135 of the Companies Act, 2013. The Company has spent over and above the required CSR expenditure and disbursed an amount of ₹ 2,36,18,547/- during the financial year 2020-21.

The statutory disclosures with respect to the CSR Committee, in terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, in the form of the annual report on CSR Activities is laid down in **Annexure-A** which forms part of this Report.

PARTICULARS OF INVESTMENTS LOANS AND GUARANTEES

The Company being a Non- Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) primarily engaged in the business of lending is exempted from provisions of Section 186 of the Companies Act, 2013 ("Act").

However, pursuant to Section 134(3) (g) of the Act, the Company has advanced Corporate Guarantee for an aggregate amount of ₹ 4,447.17 Million to DMI Housing Finance Private Limited during the financial year 2020-21.

RELATED PARTY TRANSACTIONS

In terms of the applicable provisions of the Companies Act, 2013 and the RBI Master Directions- Systematically Important- Non-Banking Financial Companies – Non- Deposit Taking (Reserve Bank) Directions, 2016, (as amended from time to time), the Company has put in place a Board approved Related Party Transaction Policy **("RPT Policy")** for the purpose of obtaining requisite approval and reporting transactions with related parties.

In this regard, all the Related Party Transactions are placed before the Audit Committee for approval as per the Related Party Transactions Policy of the Company as approved by the Board. Further, details of all transactions with related parties are provided in the accompanying financial statements of the Company Regulatory Disclosures on Related Party Transactions required under RBI's Revised Regulatory Framework for NBFCs are as follows:

The Company has policy in place on dealing with Related Party Transactions and the policy may be accessed on the Company's website at the link:

https://www.dmifinance.in/related-party-transaction-policy.html

The details on the material Related Party Transactions of the Company, identified as per the Company's Policy on Related Party Transactions framed pursuant to the RBI's Revised Regulatory Framework for NBFCs are provided in Form AOC-2 prescribed under clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 is attached as **Annexure-B**.

These transactions were at an arms-length and in the ordinary course of business.

DISCLOSURE UNDER PREVENTION OF SEXUAL HARASSMENT POLICY

The Company is committed to create a safe and healthy work environment that enables its employees to work without fear of prejudice, gender bias and sexual harassment. The Company has in place an Anti-Sexual Harassment Policy (Policy) in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Act"). The Company believes that sexual harassment at the workplace, if involving employees of the company, shall be considered a grave offence and is therefore punishable under the provisions of the Act. For this purpose, an Internal Complaints Committee (ICC) has been set-up to redress complaints received regarding sexual harassment.

Scope of the Policy:

The provisions of this policy are applicable to:

- All employees of the company, regardless of the nature of their contract, duration of employment or position in the organization
- Associates of the Company whether full-time, part-time, temporary, voluntary, contracted, or casual including researchers, trainees, and consultants
- Volunteers and interns, during their association with the organization
- Partners, clients, service providers and users of the services of the Company
- Acknowledgment of Policy is taken from all the employees.

All complaints of sexual harassment against employees are taken seriously and dealt with promptly. All investigations are conducted thoroughly and professionally, and accurate records of the investigation and the findings are properly maintained. Further, any employee who brings forward the charges of any instance of sexual harassment will not face any retaliation. The Company makes sure that anyone violating this policy is subjected to disciplinary action.

No Complaint was received under POSH during the year ended March 31, 2021.

RISK MANAGEMENT POLICY

In accordance with RBI Master Directions and the Companies Act, 2013, the Company has Board approved Risk Management Policy. The Board constituted Risk Management Committee and Audit Committee responsible for monitoring the progress of the Risk Control Matrix and loan portfolio and to establish standards to mitigate risks related to operations, credit, compliance, finance.

Development and implementation of Risk Control Matrix (RCM)

Key components of an organization's risk management framework is the Risk Control Matrix ('RCM') which systematically captures key risks (operational, regulatory and financial) and mitigating internal controls. It enables assessment of key controls through testing of data pertaining to each control - control description, financial statement assertions, test procedures and management action plans, etc. Backward integration of RCMs with existing risk-control assurance platforms would assist in addressing key requirements of Internal Financial Controls ('IFC'), under the Companies Act, 2013.

Key benefits of RCM

- Structured and consistent process for management of risk;
- Information is recorded and auditable;
- Quick and effective means of formally capturing key business risks;
- Demonstrates organization's ability to manage / mitigate risk in a comprehensive and timely manner.

Key Activities - Strengthening the Risk Control Matrices

Preparation / Updation of RCMs for key businesses and support functions:

- Capture of additional risks and key controls
- Linkages to financial assertions / IFC
- Mitigating controls.

Testing of RCMs and integration with Internal Audit ('IA')

- Quarterly test of key controls captured in RCMs based on risk grading / prioritization and its alignment to IA testing (as per quarterly scope of work) for integrated coverage.

Reporting to Risk Committee and Audit Committee

- Reporting on controls testing (including high level view of key risks and controls) to be combined as part of quarterly IA reporting;
- Reporting to Risk Committee and Audit Committee;
- Updated RCMs to be provided to management.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company to the best of their knowledge and ability, confirms that-

a. in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
d. they have prepared the annual accounts on a going concern basis; and
e. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INTERNAL CONTROL SYSTEM AND INTERNAL FINANCIAL CONTROLS

The Company has an Internal Control System in place, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. The Company has appointed M/s Sanjiv Syal & Associates as the Internal Auditor of the Company. To maintain its objectivity and independence, the Internal Auditor reports to the Audit Committee. The Audit Committee has the responsibility for establishing the audit objectives and determines the nature, timing and extent of audit procedures as well as the locations where the work needs to be carried out.

The Internal Audit Department monitors and evaluates the efficacy & adequacy of internal financial controls & internal control system in the Company to mitigate the risks faced by the organization and thereby achieve its business objective.

Broadly the objectives of the project assigned are: -

- Review the adequacy and effectiveness of the transaction controls;
- Review the operation of the Control Supervisory Mechanisms;
- Recommend improvements in processes and procedures;
- Surface significant observations and recommendations for process improvement in a concise report for discussion with senior management;
- Review the compliance with operating systems, accounting procedures and policies.

Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Even though operations of the Company are not energy intensive, the management has been highly conscious of the importance of conservation of energy and technology absorption at all operational levels and efforts are made in this direction on a continuous basis. In view of the nature of activities which are being carried on by the Company, the particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding Conservation of Energy and Technology Absorption are not applicable to the Company and hence not been provided.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS OR TRIBUNALS

No significant and material orders were passed by the RBI, regulators or courts or tribunals impacting the going concern status and Company's operations in future.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required under the provisions of Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 in respect of conservation of energy and technology absorption are not required to be furnished considering the nature of activities undertaken by the company during the year under review. The details of foreign exchange expenditure incurred during the year under review are as below:

Particulars	**March 31, 2021**	**March 31, 2020**
Advertisement expenses	5,31,860	4,86,037
Travelling and conveyance	-	5,55,920
Subscription & license fee	10,15,27,493	4,52,45,549
Professional fee	81,575	1,76,820
Salary (Interns)	2,81,31,924	6,12,475
Customer Support Expense	33,539	-
Credit Licensed/Software	1,04,33,245	-

PARTICULARS OF EMPLOYEES

Your Directors place on record their appreciation for the significant contribution made by all employees, who through their competence, dedication, hard work, co-operation and support have enabled the Company to achieve new milestones on a continual basis.

The statement of Disclosure of Remuneration under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 **("Rules")**, is appended as **Annexure-C** to the Report. The information as per Rule 5(2) of the Rules, forms part of this Report. However, as per first proviso to Section 136(1) of the Act and second proviso of Rule 5(2) of the Rules, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2) of the Rules.

The details are also available at the registered office of the Company, any member desirous of obtaining the same shall contact the Company Secretary during business hours on working days.

The Board hereby confirm that the remuneration paid to the Directors in accordance with the relevant sections of Companies Act, 2013 and rules framed therein applicable to private companies.

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

In terms of the requirement of Section 177 of Companies Act, 2013 and Rule 7 of the Companies (Meeting of Board and its Power) Rules, 2014, the Company has formulated a codified vigil mechanism for their Directors and Employees to report their genuine concerns or grievances about unethical and improper practices or any other wrongful conduct in the Company, without fear of punishment, victimization or unfair treatment. The vigil mechanism provides adequate safeguards against victimization of Employees and Directors who avail of the vigil mechanism and provide direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. Also, the Whistle Blower Policy of the Company has been put up on the Company's website and available at the link:

https://www.dmifinance.in/whistle-blower-policy.html

During the year, no complaint was received under the Whistle Blower mechanism and the same was reported to the Audit Committee Meeting.

SECRETARIAL AUDITORS AND REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding rules framed thereunder, the Board of Directors of the Company has appointed M/s VLA & Associates, Company Secretaries as the Secretarial Auditor of the Company to conduct the Secretarial Audit. for the financial year ended March 31, 2021. The Secretarial Audit Report given by the secretarial auditor in requisite form MR-3 is annexed to this Report as **Annexure-D.**

The Auditors' Report is self-explanatory and has no qualification or adverse remarks.

STATUTORY AUDITORS

The Company had appointed **Walker Chandiok and Co. LLP, Firm Regd. No. 001076N/N500013** as the new statutory auditors at the 12th Annual General Meeting held on September 15, 2020 to hold office for 5 years commencing from the financial year i.e. 2020-21 till the financial year 2024-25 as per the provisions of the Companies Act, 2013. The firm carries extensive experience in the financial services sector and is one of the leading statutory audit firms in India.

The Audit Report by Statutory Auditors for the FY 2021 in unmodified, i.e., it does not contain any qualification, reservation or adverse remark or disclaimer.

Further, in accordance with the Companies Amendment Act, 2017, enforced on May 07, 2018 by Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

AUDITOR'S OBSERVATION

The Directors have examined the Auditors' Report on accounts for the period ended March 31, 2021. The Auditors' Report is self-explanatory and has no qualification or adverse remarks except as mentioned elsewhere.

STATUTORY DISCLOSURES BY DIRECTORS

None of the Directors of your Company is disqualified as per provision of section 164(2) of the Companies Act, 2013. The Directors of the Company have made necessary disclosures, as required under various provisions of the Companies Act, 2013 read with RBI guidelines on director disclosures.

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from the Bankers, Regulatory Bodies, Stakeholders including Financial Institutions, Distributors and other business associates who have extended their valuable sustained support and encouragement during the year under review.

Your Directors take this opportunity to recognize and place on record their gratitude and appreciation for the commitment displayed by all Executives, officers and staff at all levels of the Company. We look forward for your continued support in the future.

By order of the Board of Directors
For DMI Finance Private Limited

Mr. Yuvraja Chanakya Singh
Jt. Managing Director
DIN: 02601179

Address: 46, 2nd Floor, Jor Bagh
New Delhi- 110003

Shivashish Chatterjee
Jt. Managing Director
DIN: 02623460

Address: 1 Fifth Avenue, #14D, New York,
NY 10003 USA

Place: New Delhi
Date: September 08, 2021

Annexure-A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

During the year, the Company constituted Corporate Social Responsibility Committee (CSR) pursuant to provisions of section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 are provided herein below:

1. A brief outline on CSR Policy of the Company

   The Company adopted CSR Policy aims at supplementing the role of government in enhancing the welfare measures for the underprivileged communities. In order to fulfil and enhance its CSR responsibilities, the company will distribute its CSR efforts in accordance with the provisions of the companies Act 2013 and thus announce the following themes:

   - Health Sanitation;
   - Self-help groups empowering women:
   - Cleanliness and hygiene program;
   - Education

2. The composition of CSR Committee

S.no	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mrs. Bina Singh	Director	2	2
2	Mrs. Jayati Chatterjee	Director	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

   Weblink: The CSR Policy, Composition of CSR committee and details of the projects funded by the company can be accessed from https://www.dmifinance.in/investor-corporate-governance.html

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report)- **Not Applicable**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any- **Not Applicable**

S.No	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
		NIL	NIL

6. Average net profit of the company as per section 135(5)- ₹ 1,14,25,80,732

7. (a) Two percent of average net profit of the company as per section 135(5)- ₹ 2,28,51,615

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years- **NIL**

   (c) Amount required to be set off for the financial year, if any- **NIL**

   (d) Total CSR obligation for the financial year (7a+7b-7c)- ₹ 2,28,51,615

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	**Amount Unspent (In Rs.)**				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		**Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)**		
	Amount	**Date of Transfer**	**Name of Fund**	**Amount**	**Date of Transfer**
2,36,18,547	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
S.No	**Name of the Project**	**Item from the list of activities in Schedule VII to the Act.**	**Local Area (Yes/No)**	**Location of the Project (State/ District)**	**Project Duration**	**Amount allocated for the project (In Rs.).**	**Amount spent in the current financial year (in Rs.)**	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (In Rs.).**	**Mode of Implementation- Direct (Yes/No)**	**Mode of Implementation- Through Implementing Agency (Name and CSR Reg No.)**
1	Ashoka University (Contribution to International Foundation for Research and Education)	Education	No	Sonepat, Haryana	3 years	1,00,00,000	1,00,00,000	NIL	Yes	Ashoka University (Contribution to International Foundation for Research and Education)- Reg. No.- CSR00000712
2	Foundation for Promotion of Sports and Games	Olympic Sports	No	Multiple Districts, All India	3 years	20,00,000	20,00,000	NIL	Yes	Foundation for Promotion of Sports and Games- Reg. No.- CSR00001100
3	Dasra	Women Empowerment	No	Ahmedabad, Gujarat	3 years	16,66,667	16,66,667		No	The amount was indirectly transferred to the Impact Foundation (India) as the Implementation Partner Reg. No.- CSR00001920
	Total						1,36,66,667			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. no.	**Name of the Project**	**Item from the list of activities in Schedule VII to the Act.**	**Local Area (Yes/No)**	**Location of the Project (State/District)**	**Amount Spent for the project (in Rs.).**	**Mode of Implementation-Direct (Yes/No)**	**Mode of Implementation-Through Implementing Agency (Name and CSR Reg No.)**
1	3.2.1 Education Foundation	Education	No	Mumbai, Maharashtra	20,00,000	Yes	3.2.1 Education Foundation-Reg. No.- CSR00000739
2	Samarpan Foundation	Education, Nutrition, Women Empowerment, Animal Welfare and Healthcare	Yes	New Delhi, Delhi	8,27,880	Yes	Samarpan Foundation- Reg. No.- CSR00000382
3	Fatima Hospital	Healthcare, Cost-effective transportation of critically ill, poor and needy patients	No	Gorakhpur, Uttar Pradesh	42,00,000	Yes	Fatima Hospital- Reg No-503/1986
4	Jyoti Development Trust	Education, Nutrition	No	Midnapore, West Bengal	10,00,000	Yes	Jyoti Development Trust-Reg. No.-CSR00012807
5	MCKS Food For the Hungry Foundation Delhi	Hunger eradication, Education & Vocational Training	Yes	New Delhi, Delhi	10,00,000	Yes	MCKS Food For the Hungry Foundation Delhi- Reg. No.-CSR00007251
6	Medanta Institute of Education and Research	Healthcare, Research & Education	No	Gurugram, Haryana	9,24,000	Yes	Medanta Institute of Education and Research-Reg No.
	Total				**99,51,880**		

(d) Amount Spent in Administrative Overheads- **NIL**

(e) Amount spent on Impact Assessment, if applicable- **NIL**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)- ₹ 2,36,18,547

(g) Excess amount for set off, if any- **NIL**

S.No	**Particular**	**Amount (in Rs.)**
(i)	Two percent of average net profit of the company as per section 135(5)	2,28,51,615
(ii)	Total amount spent for the Financial Year	2,36,18,547
(iii)	Excess amount spent for the financial year [(ii)-(i)]	7,66,932
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years: **NIL**

S.no.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of Fund	Amount (in Rs.)	Date of Transfer	

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **NIL**

(1) S.no.	(2) Project ID	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project Duration	(6) Total amount allocated for the project (in Rs.).	(7) Amount Spent for the project in reporting financial year (in Rs.).	(8) Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	(9) Status of the project - Completed/ Ongoing.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)- **Not Applicable**

    (a) Date of creation or acquisition of the capital asset(s).
    (b) Amount of CSR spent for creation or acquisition of capital asset.
    (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
    (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)- **Not Applicable**

    Further, in terms of the amended CSR Rules, the Chief Financial Officer of the Company has certified that the funds disbursed have been utilized for the purpose and in the manner approved by the Board and Committee for FY 2021.

For and on behalf of the Board of
DMI Finance Private Limited

Mr. Shivashish Chatterjee
Jt. Managing Director
DIN: 02623460

Address: 1 Fifth Avenue, #14D,
New York, NY 10003 USA

Bina Singh

Mrs. Bina Singh
Member- CSR Committee
DIN: 01146087

Address: 46, Second Floor,
Jor Bagh, New Delhi- 110003

Chatterjee

Mrs. Jayati Chatterjee
Member- CSR Committee
DIN: 01401127

Address: 347, Pocket E,
Mayur Vihar, Phase-II,
Delhi, 110091

Place: New Delhi
Date: September 03,2021

Annexure-B

Form No. AOC-2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: **Not Applicable**

2. Details of material contracts or arrangement or transactions at arm's length basis:

(a)Name(s) of the related party and nature of relationship	(b) Nature of contracts/arrangements/transactions	(c) Duration of the contracts / arrangements/ transactions	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	(e) Justification for entering into such contracts or arrangements or transactions	(f) date(s) of approval by the Board or Committee	(g) Amount paid as advances, if any:
Shivashish Chatterjee (Jt. Managing Director/ shareholder)	Issue of equity shares of the Company on preferential allotment basis	As per agreed terms provided in the Offer Letter	Equity Shares were issued on arm's length basis on similar terms as provided to non-related parties. Amount- ₹ 11,93,85,630	-	January 25, 2021	Not Applicable
Yuvraja Chanakya Singh (Jt. Managing Director/ shareholder)	Issue of equity shares of the Company on preferential allotment basis	As per agreed terms provided in the Offer Letter	Equity Shares were issued on arm's length basis on similar terms as provided to non-related parties Amount- ₹ 11,93,86,330	-	January 25, 2021	Not Applicable
Sahib Pahwa (Head- Company Secretary & Compliance/Key Managerial Personnel)	Purchase of one Non-Convertible Debenture of Panchsheel Buildtech Private Limited held by Sahib Pahwa	As per agreed terms provided in the Offer Letter	Purchase of one Non-Convertible Debenture of Panchsheel Buildtech Private Limited held by company from Sahib Pahwa on arm's length basis as provided to non-related parties. Amount- ₹ 6,45,337	-	January 25, 2021	Not Applicable
DMI Housing Finance Private Limited (Group Entity/DMI HFC)	Execution of Resource Sharing Agreement between the Company and Group Entity	As per the terms and conditions as set out in the Resource Sharing Agreement	Execution of Resource Sharing Agreement on arm's length basis on similar terms as provided to non-related parties.	-	March 18, 2021	Not Applicable
DMI Housing Finance Private Limited (Group Entity/DMI HFC)	Purchase of 135 Non-Convertible Debenture of Saha Estate Developers Private Limited from DMI HFC	NA	Purchase of 135 Non-Convertible Debenture of Saha Estate Developers Private Limited from DMI HFC on arm's length basis as provided to non-related parties at existing market price.	The transaction has been done on arm's length basis through secondary market.	April 09, 2020	Not Applicable

By order of the Board of Directors
For DMI Finance Private Limited

Mr. Yuvraja Chanakya Singh
Jt. Managing Director
DIN: 02601179

Address: 46, 2nd Floor, Jor Bagh
New Delhi- 110002

Mr. Shivashish Chatterjee
Jt. Managing Director
DIN: 02623460

Address: 1 Fifth Avenue, #14D, New York,
NY 10003 USA

Place: New Delhi
Date: September 03, 2021

FORM NO. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel)
Rules, 2014]

To,
The Members,
DMI Finance Private Limited
Express Building, 3rdFloor 9-10,
Bahadur Shah Zafar Marg,
New Delhi - 110002

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DMI Finance Private Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FDI);

C.P. No. 7622
NEW DELHI

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- **To the extent applicable to Debt Listed Company;**

  b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **Not applicable during the audit period under review;**

  c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015- **Not applicable during the audit period under review;**

  d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, *[erstwhile The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009]*- **Not applicable during the audit period under review;**

  e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- **Not applicable during the audit period under review;**

  f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;- **To the extent applicable to Debt Listed Company;**

  g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;- **To the extent applicable to Debt Listed Company;**

  h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **Not applicable during the audit period under review**; and

  i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not applicable during the audit period under review.**

vi. Other laws as applicable specifically to the Company:

  a. Reserve Bank of India Act, 1934 and rules, regulations & directions issued from time to time.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) with respect to Board and General Meetings.

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the year under review the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, etc. mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive and Non-Executive Directors. There was no change in the composition of the Board of Directors during the year under the review.

Adequate notices are given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The resolutions were passed at all the meetings by the requisite majority and there were no instances of the dissent which were required to be captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Further I report that during the audit period, the Company has taken the following major decisions:

1. **Articles of Association** of the Company were amended / substituted / inserted at Extraordinary General Meeting (05th June, 2020 and 06th November, 2020) by passing special resolution for the same.

2. During the financial year under review, the company made **allotment** of following securities,

S. No.	**Date of allotment**	**Type of issue**	**Type of security**	**No of security allotted**	**Face value (In Rs.)**	**Premium (In Rs.)**
1.	23rd April, 2020	Right issue	Equity shares	6,59,20,419	10	106.36
2.	29th April, 2020	Right issue	Equity shares	1,50,29,262	10	106.36
3.	30th June, 2020	Private placement	9.00% Secured Rated Listed Non-Convertible Debentures	500	10,00,000	-
4.	15th February, 2021	Preferential allotment	Equity shares	21,06,686	10	103.34

VLA & ASSOCIATES
C.P. No. 7622
NEW DELHI
COMPANY SECRETARIES

For VLA & Associates
(Company Secretaries)

C.P. No. 7622
NEW DELHI

Vishal L Aggarwal

Vishal Lochan Aggarwal
(Proprietor)
FCS No.: 7241
C P No.: 7622
UDIN: F007241C000890739

Place: New Delhi
Date: 03.09.2021

This report is to be read with our letter of even date which is annexed as "**Annexure-1**" and forms an integral part of this report.

Annexure-1

To,
The Members,
DMI Finance Private Limited
Express Building, 3rd Floor, 9-10,
Bahadur Shah Zafar Marg,
New Delhi – 110002

My report of even date is to be read along with this letter.

Management's Responsibility:-

1. Maintenance of secretarial records and other records under the scope/ambit of Secretarial Audit (hereinafter called 'Record') is the responsibility of the management of the Company. My responsibility is to express an opinion on these records based on my audit.
2. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

Auditor's Responsibility:-

3. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
4. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer:-

The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

C.P. No. 7622
NEW DELHI

Vishal L Aggarwal

Vishal Lochan Aggarwal
(Proprietor)
FCS No.: 7241
C P No.: 7622
UDIN: F007241C000890739

Place: New Delhi
Date: 03.09.2021

DETAILS OF DEBENTURE TRUSTEE OF THE COMPANY:

Name	Axis Trustee Services Limited
Address	The Ruby 2nd Floor, SW 29 Senapati Bapat Marg, Dadar West Mumbai- 400 028
Phone	022-62300420
Email	Compliance@axistrustee.com