

Walker Chandlok & 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.



**DMI Finance Private Limited**  
**Independent Auditor's Report on the Audit of the Consolidated Financial Statements**

**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
<p><b>Use of information processing system for accounting and financial reporting</b></p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Our key audit procedures on this matter included, but were not limited, to the following:</p> <p>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;</p> <p>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;</p> <p>c) Involved IT specialists (auditor's expert) for performance of the following procedures:</p> <p>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</p> <p>ii) tested the Holding Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization</p> <p>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.</p> <p>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.</p>



**DMI Finance Private Limited**  
**Independent Auditor's Report on the Audit of the Consolidated Financial Statements**

Key audit matter	How our audit addressed the key audit matter
<p><b>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</b></p>	
<p>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.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>a) Staging of loans and estimation of behavioral life and thereby determining the criteria for a significant increase in credit risk.</li> <li>b) Estimation of expected loss from historical observations.</li> <li>c) Estimation of losses in respect of those loans which had no/ minimal defaults in the past.</li> <li>d) Selection of macro-economic factors and estimating their impact on ECL model; and</li> <li>e) Estimation of the expected realizable values of underlying collaterals.</li> </ul>	<p>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:</p> <ul style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>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;</li> <li>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.</li> <li>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.</li> <li>f) tested the accuracy of inputs through substantive procedures and assessed the reasonableness of the assumptions used;</li> </ul>



**DMI Finance Private Limited**  
**Independent Auditor's Report on the Audit of the Consolidated Financial Statements**

Key audit matter	How our audit addressed the key audit matter
<p><b>Implementation of COVID-19 relief measures</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>g) developed a point estimate by making reference to the expected credit losses recognised by entities that carry comparable financial assets;</p> <p>h) tested the arithmetical calculation of the expected credit losses;</p> <p>i) on test check basis, tested the reasonableness of estimates of expected realizable values of underlying collaterals;</p> <p>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</p> <p>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.</p>



**DMI Finance Private Limited**  
**Independent Auditor's Report on the Audit of the Consolidated Financial Statements**

**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.



**DMI Finance Private Limited**  
**Independent Auditor's Report on the Audit of the Consolidated Financial Statements**

- 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;




**DMI Finance Private Limited**  
**Independent Auditor's Report on the Audit of the Consolidated Financial Statements**

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- 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 Chandlok & 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**  
**Independent Auditor's Report on the Audit of the Consolidated Financial Statements**

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**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



**DMI Finance Private Limited**  
**Independent Auditor's Report on the Audit of the Consolidated Financial Statements**

**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.



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



**Manish Gujral**  
Partner  
Membership No:105117

**UDIN:21105117AAAHI3936**

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
<b>ASSETS</b>			
<b>Financial assets</b>			
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
<b>Non- financial assets</b>			
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
<b>TOTAL ASSETS</b>		<b>56,374.41</b>	<b>51,800.05</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
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
<b>Non financial liabilities</b>			
Provisions	20	57.51	38.54
Other non-financial liabilities	21	337.27	217.27
<b>EQUITY</b>			
Equity share capital	22	6,436.58	5,592.94
Other equity	23	28,626.57	19,330.35
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>56,374.41</b>	<b>51,800.05</b>

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 Chandlok & Co LLP  
 Firm Registration No. 001076N/NS00013  
 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



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

Place: NEW DELHI  
 Date: September 3, 2021



Sahib Pahwa  
 (Company Secretary)

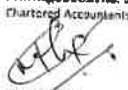
M. No. A24789  
 Place: GURUGRAM  
 Date: September 3, 2021



**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
<b>Revenue from operations</b>			
Interest Income	24	6,916.49	6,092.43
Fees and commission Income	25	81.39	95.47
Net gain on fair value changes	26	587.60	225.65
<b>Total Revenue from operations</b>		<b>7,585.48</b>	<b>6,413.55</b>
<b>Other Income</b>			
<b>Total Income</b>	27	<b>309.74</b>	<b>89.33</b>
<b>Expenses</b>			
Finance costs	28	1,930.04	1,495.04
Fees and commission expense	29	903.63	843.03
Impairment on financial instruments	30	2,818.74	1,333.15
Employee benefits expense	31	703.27	577.40
Depreciation and amortisation	32	79.12	76.44
Other expenses	33	909.32	697.82
<b>Total expenses</b>		<b>7,368.12</b>	<b>5,982.92</b>
<b>Profit before share of profit of associate and tax</b>		<b>921.18</b>	<b>1,360.54</b>
<b>Add: Share of Profit of associate</b>		<b>39.54</b>	<b>18.54</b>
<b>Profit before tax</b>		<b>960.81</b>	<b>1,389.08</b>
<b>Tax expense:</b>			
(1) Current tax	45	198.13	363.30
(2) Deferred tax credit		(176.89)	(176.24)
<b>Profit for the year</b>		<b>769.28</b>	<b>1,022.22</b>
<b>Net Profit after taxes and share in Profit of Associate</b>		<b>285.28</b>	<b>1,022.22</b>
<b>Other comprehensive income</b>			
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		(6.41)	8.91
b) Items that will be reclassified to profit or loss			
Changes in fair value		4.21	(55.37)
<b>Income tax relating to above item</b>		<b>(1.06)</b>	<b>74.00</b>
<b>Other comprehensive income</b>		<b>4.99</b>	<b>(72.95)</b>
<b>Total comprehensive income for the year</b>		<b>774.27</b>	<b>949.27</b>
<b>Earnings per equity share (Face value of Rs. 10 per share)</b>	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 Chandok & Co LLP  
 Firm Registration No. 0010704/MS/00013  
 Chartered Accountants  
  
 Manish Gujral  
 Partner  
 Membership No. 105117



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

  
 Shivash Chatterjee  
 (H. Managing Director)  
 DIN: 02522469

Place: NEW YORK  
 Date: September 3, 2021

  
 Krishna Gupta  
 (Chief Financial Officer)

Place: GURUGRAM  
 Date: September 3, 2021

  
 Yuvraj Chandra Singh  
 (H. Managing Director)  
 DIN: 02601179

Place: NEW DELHI  
 Date: September 3, 2021

  
 Sashi Parvati  
 (Company Secretary)

M. No. A24789  
 Place: GURUGRAM  
 Date: September 3, 2021



Place: Mumbai  
 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
<b>A Cash flow from operating activities:</b>		
Profit before tax	360.61	1,399.08
<b>Adjustments for</b>		
Depreciation and amortisation		76.48
Net gain on fair value changes	79.12	
Impairment on financial instruments	(587.60)	(235.83)
Interest expense for leasing arrangements	2,848.74	1,533.14
Effective interest rate adjustment for financial instruments	31.02	27.34
Employee stock option expense	15.81	32.80
<b>Operating profit before working capital changes</b>	<b>75.78</b>	<b>40.90</b>
<b>Changes in working capital</b>		
(Increase) in financial and other assets		(13,647.20)
Increase in financial and other liabilities	(2,004.44)	
Decrease in non financial assets	209.21	455.88
Increase in non financial liabilities	6.59	126.45
<b>Total of changes in working capital</b>	<b>140.01</b>	<b>331.82</b>
Direct taxes paid (net of refunds)	(1,648.62)	(12,733.25)
<b>Net cash flow generated from / (used in) operating activities (A)</b>	<b>(410.53)</b>	<b>(597.12)</b>
<b>B Cash flow from investing activities:</b>		
<b>Inflow (outflow) on account of:</b>		
Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets	(30.64)	(396.44)
Sale of Property, plant and equipment		
Purchase of investment (net)		1.06
Movement of fixed deposits (net)	(2,991.16)	(5,477.50)
<b>Net cash flow used in investing activities (B)</b>	<b>(252.01)</b>	<b>(5,872.88)</b>
<b>C Cash flow from financing activities:</b>		
Proceed from issue of equity shares (including share premium)	9,791.22	1,786.08
Proceeds from debt securities		
Proceeds from bank borrowings	500.00	21,903.00
Repayment of cash credit	700.00	980.00
Repayment of debt securities		(332.86)
Repayment of bank borrowings	(4,750.00)	(4,300.00)
Lease payments	(2,355.33)	(2,314.54)
<b>Net cash flow generated from financing activities (C)</b>	<b>(55.18)</b>	<b>(54.80)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>3,830.71</b>	<b>17,066.68</b>
Cash and cash equivalents as at the beginning of the year	1,321.22	737.54
Cash and cash equivalents at the end of the year	1,212.69	475.15
	<b>2,533.91</b>	<b>1,212.69</b>

**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		987.27
In cash credit	2,164.03	225.30
<b>Total cash and cash equivalents</b>	<b>2,533.91</b>	<b>1,212.69</b>

- 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 Chandlok & Co LLP  
 Firm Registration No. 001D76N/NS00013  
 Chartered Accountants

*(Signature)*  
 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

*(Signature)*  
 Shivashish Chatterjee  
 (Jt. Managing Director)  
 DIN: 02623460

Place: NEW YORK  
 Date: September 3, 2021

Krishan Gopal  
 (Chief Financial Officer)

*(Signature)*  
 Place: GURUGRAM  
 Date: September 3, 2021

*(Signature)*  
 Yuvraj Chanakya Singh  
 (Jt. Managing Director)  
 DIN: 02601179

Place: NEW DELHI  
 Date: September 3, 2021

Sahib Panwa  
 (Company Secretary)

*(Signature)*  
 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)

Share capital (refer note 22)

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

Reserves and surplus (refer note 23)

Particulars	Statutory reserve u/s 45-IC of RBI Act	Share option outstanding account	Reserves and surplus			Total
			Securities premium	Capital redemption reserve	Retained earnings	
As at April 1, 2019	731.31	28.04	12,905.76	81.21	2,899.74	16,646.06
Income for the year	-	-	-	-	1,022.22	1,022.22
Dividends exercised during the year	-	-	-	-	(72.85)	(72.85)
Conversion of CCPs	-	38.54	-	-	-	38.54
Issue of equity shares	-	-	77.26	-	-	77.26
Reversed on CCDs/CCPs	-	-	1,564.75	-	-	1,564.75
Statutory reserve	201.53	-	-	-	54.37	54.37
As at March 31, 2020	932.84	66.58	14,547.77	81.21	(201.53)	19,330.35
Income for the year	-	-	-	-	3,701.95	3,701.95
Statutory reserve	44.62	-	-	-	269.28	269.28
Dividends exercised during the year	-	-	-	-	4.99	4.99
Issue of equity shares	-	74.37	-	-	(44.62)	-
As at March 31, 2021	977.46	140.95	8,947.58	81.21	3,931.60	28,626.57
			23,495.35	81.21	3,931.60	28,626.57

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

of Change in Equity referred to in our report of even date

Walker Chandick & Co LLP  
 301076N/NS00013



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

*Shivashish Chatterjee*  
 Shivashish Chatterjee  
 (Jt. Managing Director)  
 DIN: 02623460

Place: NEW YORK  
 Date: September 3, 2021

*Krishan Gopal*  
 Krishan Gopal  
 (Chief Financial Officer)

Place: GURUGRAM  
 Date: September 3, 2021

*Yuvraj Chanakya Singh*  
 Yuvraj Chanakya Singh  
 (Jt. Managing Director)  
 DIN: 02501179

Place: NEW DELHI  
 Date: September 3, 2021

*Sahib Pawwa*  
 Sahib Pawwa  
 (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

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.





**DMI Finance Private Limited**  
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

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



## DMI Finance Private Limited

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

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.



## **Finance Private Limited**

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

#### **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.

#### **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).

#### **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.



**DMI Finance Private Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

	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



## **DMI Finance Private Limited**

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

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.



## DMI Finance Private Limited

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

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 amortised 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.



**DMI Finance Private Limited**  
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

**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.

**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 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.



**DMI Finance Private Limited**  
**Notes to the Consolidated Financial Statements for the year ended March 31, 2021**

**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.





## DMI Finance Private Limited

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

#### (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.



## DMI Finance Private Limited

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

#### 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:



**DMI Finance Private Limited**

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

- 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.



**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)**

**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
	<u>2,533.91</u>	<u>1,212.69</u>

**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
	<u>267.21</u>	<u>15.20</u>

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

**6 Trade receivables**

Unsecured considered good	62.11	39.96
Less: Impairment loss allowance	62.11	39.96
<b>Total</b>	<u>62.11</u>	<u>39.96</u>



**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)

**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
<b>(A) Term loans</b>						
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
<b>Total (A) Gross</b>	<b>33,293.25</b>	<b>142.83</b>	<b>33,436.08</b>	<b>34,602.52</b>	<b>120.76</b>	<b>34,723.28</b>
Less: Impairment loss allowance	2,017.87	4.60	2,022.47	1,365.92	3.85	1,369.77
<b>Total (A) Net</b>	<b>31,275.38</b>	<b>138.23</b>	<b>31,413.61</b>	<b>33,236.60</b>	<b>116.91</b>	<b>33,353.51</b>
<b>(B)</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
<b>Total (B) Gross</b>	<b>33,293.25</b>	<b>142.83</b>	<b>33,436.08</b>	<b>34,602.52</b>	<b>120.76</b>	<b>34,723.28</b>
Less: Impairment loss allowance	2,017.87	4.60	2,022.47	1,365.92	3.85	1,369.77
<b>Total (B) Net</b>	<b>31,275.38</b>	<b>138.23</b>	<b>31,413.61</b>	<b>33,236.60</b>	<b>116.91</b>	<b>33,353.51</b>
<b>(C) Sector</b>						
Public sector	-	-	-	-	-	-
Others	33,293.25	142.83	33,436.08	34,602.52	120.76	34,723.28
<b>Total (C) Gross</b>	<b>33,293.25</b>	<b>142.83</b>	<b>33,436.08</b>	<b>34,602.52</b>	<b>120.76</b>	<b>34,723.28</b>
Less: Impairment loss allowance	2,017.87	4.60	2,022.47	1,365.92	3.85	1,369.77
<b>Total (C) Net</b>	<b>31,275.38</b>	<b>138.23</b>	<b>31,413.61</b>	<b>33,236.60</b>	<b>116.91</b>	<b>33,353.51</b>
<b>(D)</b>						
In India	33,293.25	142.83	33,436.08	34,602.52	120.76	34,723.28
Outside India	-	-	-	-	-	-
<b>Total (D) Gross</b>	<b>33,293.25</b>	<b>142.83</b>	<b>33,436.08</b>	<b>34,602.52</b>	<b>120.76</b>	<b>34,723.28</b>
Less: Impairment loss allowance	2,017.87	4.60	2,022.47	1,365.92	3.85	1,369.77
<b>Total (D) Net</b>	<b>31,275.38</b>	<b>138.23</b>	<b>31,413.61</b>	<b>33,236.60</b>	<b>116.91</b>	<b>33,353.51</b>

- 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 intends 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.



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**Impairment allowance for loans and advances to borrowers**

Summary of loans by stage distribution is as follows:

Customer 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

\* 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:

Customer 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	(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	1,335.55	-	(9.78)	1,325.77	1,077.50	51.11	(194.03)	934.58
Transfers from Stage 1	-	-	-	-	(1,273.04)	776.85	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

\* 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	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



**DMI Finance Private Limited**  
**Notes to the consolidated Financial Statements for the year ended March 31, 2021**  
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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	(101.99)	(75.44)	1,546.80	1,369.37	369.76	161.13	237.21	768.10
Assets disposed during the year	-	-	-	-	-	-	-	-
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	407.01	-	(2.21)	404.80	347.99	138.20	102.69	588.88
Assets disposed during the year	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
Write Offs	-	-	-	-	2.45	-	(2.45)	-
Gross carrying amount closing balance	981.04	-	637.42	1,618.46	152.19	26.24	551.34	729.77

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

Investment	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)
New assets originated, netted off for repayments and loans	40.79	0.05	6.82	47.66	168.74	(45.29)	-	123.45
Assets disposed during the year	-	-	-	-	-	-	-	-
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

In the course of business, 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, personal guarantees of parent/holding/group companies, personal guarantees of promoters/partners/proprietors, hypothecation of receivables via escrow account and other means. In the normal course of business, the Group does not physically repossess properties or other assets, but recovery efforts are made on delinquent loans through collection agencies, along with legal means to recover due loan repayments. If 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.



**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)

**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
<b>(A)</b>						
<b>Equity Instruments</b>						
<b>Investments in Associates</b>						
Equity shares in DMI Alternatives Private Limited*	-	-	-	-	129.73	129.73
<b>Others</b>						
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
<b>Mutual funds</b>						
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
<b>Debt Instruments</b>						
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
<b>Credit Substitutes</b>						
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
<b>Other Instruments</b>						
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
<b>Total (A) Gross</b>	<b>2,151.25</b>	<b>14,996.15</b>	<b>1,869.03</b>	<b>19,016.43</b>	<b>129.73</b>	<b>19,146.16</b>
Less: Impairment loss allowance	402.26	-	192.86	595.12	-	595.12
<b>Total (A) Net</b>	<b>1,748.99</b>	<b>14,996.15</b>	<b>1,676.17</b>	<b>18,421.31</b>	<b>129.73</b>	<b>18,551.04</b>
<b>(B)</b>						
<b>Investments outside India</b>						
Investments in India	2,151.25	14,996.15	1,869.03	19,016.43	129.73	19,146.16
<b>Total (B) Gross</b>	<b>2,151.25</b>	<b>14,996.15</b>	<b>1,869.03</b>	<b>19,016.43</b>	<b>129.73</b>	<b>19,146.16</b>
Less: Impairment loss allowance	402.26	-	192.86	595.12	-	595.12
<b>Total (B) Net</b>	<b>1,748.99</b>	<b>14,996.15</b>	<b>1,676.17</b>	<b>18,421.31</b>	<b>129.73</b>	<b>18,551.04</b>

\* 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)**

As at March 31, 2020

**Equity Instruments**

**Investments in Associates**

	Amortised cost	At fair value through profit and loss	At fair value through other comprehensive income	Subtotal	Others	Total
Equity shares in DMI Alternatives Private Limited*	-	-	-	-	89.48	89.48
<b>Others</b>						
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

**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**

7,500 Compulsory convertible debentures in Flash Electronics India Private Limited of face value Rs 100,000 fully paid up	-	-	773.17	773.17	-	773.17
<b>Debt Substitutes</b>						
472 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
579 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
400 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

**Table (A) - Gross**

1,440.99	12,349.81	1,682.91	15,473.71	89.48	15,563.19
106.40	-	94.55	200.95	-	200.95
1,334.59	12,349.81	1,588.36	15,272.76	89.48	15,362.24

**Table (A) - Net**

**Table (B) - Investments outside India**

1,440.99	12,349.81	1,682.91	15,473.71	89.48	15,563.19
106.40	-	94.55	200.95	-	200.95
1,334.59	12,349.81	1,588.36	15,272.76	89.48	15,362.24

**Table (B) - Gross**

106.40	-	94.55	200.95	-	200.95
1,334.59	12,349.81	1,588.36	15,272.76	89.48	15,362.24

**Table (B) - Net**

\* Investment in Associate is as per equity accounting.

**Notes:**

- Debt substitutes are part of financing activities.
- 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)**

	As at March 31, 2021	As at March 31, 2020
<b>Other financial assets (at amortized cost)</b>		
Security deposit	21.17	21.04
Less: loss default guarantee recoverable	1,114.82	44.81
Others	901.36	503.88
<b>Total</b>	<b>2,037.35</b>	<b>569.73</b>

<b>Current tax assets</b>		
Advance Income-tax (net)	232.47	154.51
	<b>232.47</b>	<b>154.51</b>

<b>Deferred tax assets</b>		
<b>Deferred tax liability</b>		
Reversal of financial instruments	19.17	13.83
Difference in income recognition on unrealized gain on mutual fund investments	72.79	19.25
<b>Total deferred tax liabilities</b>	<b>91.96</b>	<b>33.08</b>

<b>Deferred tax asset</b>		
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
RR 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
<b>Gross deferred tax asset</b>	<b>725.83</b>	<b>411.82</b>

<b>Net Deferred Tax (Liability)/ Asset</b>	<b>633.87</b>	<b>378.74</b>
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	As at March 31, 2020	Charged)/ credited to statement of profit and loss	(Charged)/credited to other comprehensive income	As at March 31, 2021
<b>Liabilities</b>				
Reversal 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
<b>Assets</b>				
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
RR 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
<b>Total (net)</b>	<b>378.74</b>	<b>256.80</b>	<b>(1.67)</b>	<b>633.87</b>

	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
<b>Liabilities</b>				
Interest component on CCD and CCPS	54.58	(54.58)	-	-
Reversal 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
<b>Assets</b>				
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	4.72	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
<b>Total (net)</b>	<b>123.37</b>	<b>230.85</b>	<b>24.52</b>	<b>378.74</b>



**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)**

**Property, plant and equipment**

	Furniture and fixtures	Computers	Vehicles	Office equipment	Lease hold improvements	Right-of-use asset	Total
<b>Gross carrying amount</b>							
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)
<b>Balance as at March 31, 2020</b>	<b>1.48</b>	<b>29.29</b>	<b>5.36</b>	<b>32.04</b>	<b>141.24</b>	<b>293.91</b>	<b>503.32</b>
Additions	0.41	8.52	-	0.47	-	-	9.40
Disposals	-	-	-	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>1.89</b>	<b>37.81</b>	<b>5.36</b>	<b>32.51</b>	<b>141.24</b>	<b>293.91</b>	<b>512.72</b>
<b>Accumulated depreciation</b>							
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)
<b>Balance as at March 31, 2020</b>	<b>0.69</b>	<b>20.26</b>	<b>3.79</b>	<b>15.75</b>	<b>29.95</b>	<b>45.24</b>	<b>115.68</b>
Charge for the year	0.21	7.77	0.48	7.27	16.43	37.96	70.12
Disposals	-	-	-	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>0.90</b>	<b>28.03</b>	<b>4.27</b>	<b>23.02</b>	<b>46.38</b>	<b>83.20</b>	<b>185.80</b>
<b>Net block</b>							
At March 31, 2020	0.79	9.03	1.57	16.29	111.29	248.67	387.64
At March 31, 2021	0.99	9.78	1.09	9.49	94.86	210.71	326.92

**Intangible assets**

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

**Notes**

- 1. There are no pending contractual commitments to be executed on capital account.
- 2. During the previous year, some of the assets were reclassified as office equipment and intangible assets from furniture & fixtures and computers.



**DMI Finance Private Limited**  
**Notes to the consolidated Financial Statements for the year ended March 31, 2021**  
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**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
<b>Total</b>	<b>103.27</b>	<b>112.87</b>

**Assets held for sale**

Assets under settlement

189.85	189.85
<b>189.85</b>	<b>189.85</b>

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 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 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
<b>Total</b>	<b>305.98</b>	<b>243.23</b>

\* 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
	<b>18,551.69</b>	<b>22,797.57</b>
<b>Secured **</b>		
Unsecured	498.69	4,744.57
<b>Total</b>	<b>18,053.00</b>	<b>18,053.00</b>
	<b>18,551.69</b>	<b>22,797.57</b>
Debt securities in India	18,551.69	22,797.57
Debt securities outside India	-	-
<b>Total</b>	<b>18,551.69</b>	<b>22,797.57</b>

\*\* 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).



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

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		Terms of redemption
							outstanding as at March 31, 2021	outstanding as at March 31, 2020	
INE604O07035	June 15, 2018	June 14, 2020	10,00,000	1,500	9.45%	1,500.00	1,498.34	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	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 15, 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	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 15, 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	49.81	Series A: On August 17, 2020, Series B: On July 15, 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 15, 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	498.69	On or prior to 36 months from the first allotment date. Coupon Payment frequency is yearly
<b>Total</b>							<b>2,994.57</b>	<b>2,994.57</b>	

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		Terms of redemption
							outstanding as at March 31, 2021	outstanding as at March 31, 2020	
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
INE604O08115	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
<b>Total</b>							<b>18,053.00</b>	<b>18,053.00</b>	

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		Terms of redemption
							outstanding as at March 31, 2021	outstanding as at March 31, 2020	
INE604O08066	October 1, 2019	October 1, 2022	10,00,000	1,160.00	10.35%	1,160.00	2,000.00	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	250.00	On or prior to 36 months from the first allotment date. Coupon payment frequency is quarterly.
<b>Total</b>							<b>2,250.00</b>	<b>2,250.00</b>	



**DMI Finance Private Limited**  
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**18 Borrowings (other than debt securities) (at amortised cost)**

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

\*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
Small Finance Bank	36 monthly installments	>6%<12%	110%	0.92	162.22
Small Finance Bank	36 monthly installments	>6%<12%	110%	-	191.21
South Indian Bank	14 quarterly installments	>6%<12%	133%	85.61	170.84
Shri Vilas Bank-III	12 quarterly installments	>6%<12%	133%	-	166.02
Bank of Baroda-1	16 quarterly installments	>6%<12%	133%	494.23	737.18
Bank of Baroda-2	16 quarterly installments	>6%<12%	133%	497.05	-
Leyland Finance	36 monthly installments	>6%<12%	110%	-	427.27
	7 monthly installments	>6%<12%	125%	20.00	-
<b>Total</b>				<b>1,181.19</b>	<b>2,824.83</b>



**DMI Finance Private Limited**  
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**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 liabilities	382.68	197.92
	<b>635.33</b>	<b>488.87</b>

**20 Provisions**

Provision for gratuity	23.24	17.46
Provision for compensation absences	34.27	21.08
	<b>57.51</b>	<b>38.54</b>

**21 Other non-financial liabilities**

Statutory dues payable		
Others*	44.73	42.58
<b>Total</b>	<b>292.54</b>	<b>174.69</b>
	<b>337.27</b>	<b>217.27</b>

\* 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
<b>A. Authorized share capital</b>				
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
	<b>1,00,00,00,000</b>	<b>10,000.00</b>	<b>1,00,00,00,000</b>	<b>10,000.00</b>
<b>B. Issued, subscribed and paid up</b>				
<b>Fully called-up and paid-up</b>				
Equity shares of Rs. 10 each	64,20,35,533	6,420.36	55,89,79,166	5,589.79
<b>Sub total (A)</b>	<b>64,20,35,533</b>	<b>6,420.36</b>	<b>55,89,79,166</b>	<b>5,589.79</b>
<b>Partly called-up and paid-up</b>				
Equity shares of Rs. 10 each	5,73,15,400	16.22	5,73,15,400	3.15
<b>Sub total (B)</b>	<b>5,73,15,400</b>	<b>16.22</b>	<b>5,73,15,400</b>	<b>3.15</b>
<b>Total (A+B)</b>	<b>69,93,50,933</b>	<b>6,436.58</b>	<b>61,62,94,566</b>	<b>5,592.94</b>

**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 partly paid up shares	-	13.07	-	-
<b>Balance at the end of year</b>	<b>69,93,50,933</b>	<b>6,436.58</b>	<b>61,62,94,566</b>	<b>5,592.94</b>

**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
<b>DMI Limited</b>	51,98,89,603	74.34%	43,89,39,922	71.22%
	<b>51,98,89,603</b>	<b>74.34%</b>	<b>43,89,39,922</b>	<b>71.22%</b>

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	
	No. of shares	% holding	No. of shares	% holding
<b>Equity shares of Rs. 10 each fully paid up</b>				
DMI Limited	51,98,89,603	74.34%	43,89,39,922	71.22%
NIS Ganesh 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. 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.





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**23 Other equity**

	As at March 31, 2021	As at March 31, 2020
Securities premium		
Capital redemption reserve	23,495.35	14,547.77
Statutory reserve u/s 45-IC of RBI Act	81.21	81.21
Share option outstanding account	977.46	932.84
Retained earnings	140.95	66.58
<b>Total</b>	<b>3,931.60</b>	<b>3,701.95</b>
	<b>28,626.57</b>	<b>19,330.35</b>

**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.



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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	5,741.30	6.47
Interest on investments	292.64	175.86	182.57	155.58
Interest on deposits	34.94	-	6.49	-
<b>Total interest income</b>	<b>6,722.28</b>	<b>194.21</b>	<b>5,930.36</b>	<b>162.05</b>
		<b>6,916.49</b>		<b>6,092.41</b>

**25 Fees and commission income**

Commission on card reload  
Others

	Year ended March 31, 2021	Year ended March 31, 2020
Commission on card reload	18.48	45.28
Others	62.91	50.19
<b>Total</b>	<b>81.39</b>	<b>95.47</b>

**26 Net gain on fair value changes**

Net gain on financial instruments at fair value through profit and loss  
Investments

	Year ended March 31, 2021	Year ended March 31, 2020
Net gain on financial instruments at fair value through profit and loss	587.60	225.65
<b>Total</b>	<b>587.60</b>	<b>225.65</b>

Analysis of fair value changes

Realised  
Unrealised  
Total

	Year ended March 31, 2021	Year ended March 31, 2020
Realised	355.03	209.02
Unrealised	232.57	16.63
<b>Total</b>	<b>587.60</b>	<b>225.65</b>

**27 Other income**

Cost sharing from group companies  
Miscellaneous income  
Total

	Year ended March 31, 2021	Year ended March 31, 2020
Cost sharing from group companies	103.38	89.61
Miscellaneous income	0.36	0.32
<b>Total</b>	<b>103.74</b>	<b>89.93</b>

**28 Finance costs**

Interest

- on non convertible debentures  
- on bank term loan  
- on bank cash credit  
- on delayed deposit of statutory dues  
- on leasing arrangements

Other borrowing costs  
Total

	Year ended March 31, 2021	Year ended March 31, 2020
Interest - on non convertible debentures	1,699.45	952.03
Interest - on bank term loan	141.75	396.28
Interest - on bank cash credit	0.32	10.42
Interest - on delayed deposit of statutory dues	0.81	0.20
Interest - on leasing arrangements	24.54	20.86
Other borrowing costs	63.17	75.25
<b>Total</b>	<b>1,930.04</b>	<b>1,455.04</b>



**DMI Finance Private Limited**  
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29 Fees and commission expense	Year ended	
	March 31, 2021	March 31, 2020
Selling partner commission	903.63	843.03
	<b>903.63</b>	<b>843.03</b>

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
<b>Total</b>	<b>99.06</b>	<b>2,749.68</b>	<b>73.37</b>	<b>1,459.78</b>
		<b>2,848.74</b>		<b>1,533.15</b>

<b>Employee benefits expense</b>		
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
<b>Total</b>	<b>703.27</b>	<b>577.40</b>

<b>Depreciation and amortization</b>		
Depreciation on property, plant and equipment	70.12	72.35
Amortisation of intangible assets	9.00	4.13
	<b>79.12</b>	<b>76.48</b>

<b>Other expenses</b>		
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
Impenses	145.65	90.94
Rates and taxes	1.55	2.46
Director's sitting fee	12.65	8.51
Corporate social responsibility (refer note 33.2)	0.56	0.16
Insurance and maintenance	25.15	23.34
Insurance expense	7.30	12.29
Credit evaluation fee	0.10	0.04
Credit rating fee	116.07	35.49
Customer onboarding expenses	2.05	9.10
Miscellaneous expenses	2.28	12.88
	179.95	221.52
	<b>903.32</b>	<b>657.82</b>



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**33.1 Auditor's remuneration (excluding applicable taxes)**

- as auditors
- for tax services
- for other services

Year ended March 31, 2021	Year ended March 31, 2020
3.05	2.79
0.03	0.29
1.16	0.88
<b>4.24</b>	<b>3.96</b>

**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



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**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
<b>Balance at the end of the year</b>	<b>23.24</b>	<b>17.46</b>

**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
<b>Net impact on profit before tax</b>	<b>8.23</b>	<b>6.92</b>

**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)
<b>Impact on other comprehensive income</b>	<b>(2.45)</b>	<b>1.98</b>

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
<b>Economic assumptions</b>		
Discount rate	6.76%	6.76%
Future salary increases	6.00%	6.00%
<b>Demographic assumptions</b>		
Retirement age	60	60
Mortality rates inclusive of provision for disability	100% of IALM (2012-14)	100% of IALM (2012-14)
<b>Attrition at ages (withdrawal rate)</b>		
(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
<b>Impact of the change in discount rate</b>		
Impact due to increase of 0.50 %	(1.76)	(1.35)
Impact due to decrease of 0.50 %	1.94	1.50
<b>Impact of the change in salary increase</b>		
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**

0 to 1 year  
 1 to 2 year  
 2 to 3 year  
 3 to 4 year  
 4 to 5 year  
 5 to 6 year  
 6th year onwards  
**Total expected payments**

	As at March 31, 2021	As at March 31, 2020
	0.32	0.24
	0.37	0.20
	0.37	0.30
	0.40	0.30
	0.41	0.31
	0.39	0.30
	20.97	15.81
	<b>23.23</b>	<b>17.46</b>



36 Employee Stock Option Plan

1. 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 Plan 2018	DMI ESOP 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 / Committee approval	01-Apr-19 11-Feb-20	19-Mar-18 16-Mar-18	01-Apr-18 16-Mar-18	01-Oct-18 01-Oct-18	01-Apr-18 15-Mar-18	16-Feb-21 09-Apr-20	21-Apr-20 09-Apr-20	01-Apr-20 09-Apr-20	01-Jan-21 09-Apr-20
Number of Options granted	6,88,660	3,22,023	14,83,942	5,04,396	18,27,677	23,068	5,80,000	3,99,387	11,355
Method of settlement	As defined below	As defined below	As defined below	As defined below	As defined below	Shares	Shares	Shares	Shares
Graded vesting period *	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	6	17	5	5	1	18	44	2
First vesting date	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
Vesting conditions	DMI ESOP Plan 2019	DMI ESOP Plan 2019	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	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	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

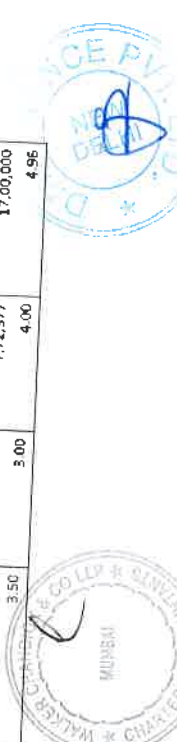
II. Reconciliation of options

	DMI ESOP Plan 2018	DMI ESOP Plan, Management Scheme	DMI ESOP Plan, Legacy Scheme	DMI ESOP Plan, 2019	DMI ESOP Plan, Management Scheme	DMI ESOP Plan, Legacy Scheme	DMI Retention Plan, 2018	DMI ESOP Plan 2018	DMI ESOP Plan 2019	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	7,23,981	18,27,677	7,72,377	17,00,000	-	15,50,442	15,50,442	17,00,000	-	-	-
Granted during the year	-	-	-	-	-	-	66,500	66,500	-	-	-	11,355
Exercised during the year	-	1,19,585	-	83,717	-	-	14,83,942	14,83,942	-	-	-	-
Lapsed during the year	-	6,04,396	18,27,677	6,88,660	14,00,000	-	2,00	2,00	-	-	-	-
Outstanding at the end of the year	3,22,023	7,23,981	18,27,677	7,72,377	17,00,000	-	15,50,442	15,50,442	17,00,000	-	-	11,355
Weighted average remaining contractual life (in years)	1.96	2.50	2.00	3.00	3.95	-	3.00	2.96	4.68	4.00	4.00	4.76

March 31, 2020

II. Reconciliation of options

	DMI ESOP Plan 2018	DMI ESOP Plan, Management Scheme	DMI ESOP Plan, Legacy Scheme	DMI ESOP Plan, 2019	DMI ESOP Plan, Management Scheme	DMI ESOP Plan, Legacy Scheme	DMI Retention Plan, 2018	DMI ESOP Plan 2018	DMI ESOP Plan 2019	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	7,23,981	18,27,677	7,72,377	17,00,000	-	15,50,442	15,50,442	17,00,000	-	-	-
Granted during the year	-	-	-	-	-	-	66,500	66,500	-	-	-	11,355
Exercised during the year	-	1,19,585	-	83,717	-	-	14,83,942	14,83,942	-	-	-	-
Lapsed during the year	-	6,04,396	18,27,677	6,88,660	14,00,000	-	2,00	2,00	-	-	-	-
Outstanding at the end of the year	3,22,023	7,23,981	18,27,677	7,72,377	17,00,000	-	15,50,442	15,50,442	17,00,000	-	-	11,355
Weighted average remaining contractual life (in years)	2.96	3.50	3.00	4.00	4.96	-	3.00	2.96	4.00	4.00	4.00	4.76



**DMI Finance Private Limited**  
Notes to consolidated Financial Statements for the year ended March 31, 2021  
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**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)





**DMI Finance Private Limited**  
**Notes to the consolidated Financial Statements for the year ended March 31, 2021**  
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**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



**DMI Finance Private Limited**  
**Notes to the consolidated Financial Statements for the year ended March 31, 2021**  
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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	-
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)



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

**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.



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

**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**

Tier 1 CRAR  
 Tier 2 CRAR  
 Total CRAR

As at March 31, 2021	As at March 31, 2020
59.03%	43.31%
1.17%	0.69%
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				
Adoption of Ind AS 116	5,782.28	4,138.86	-	9,921.14
Cash flows:				
- Repayment			293.91	293.91
- Proceeds	(4,300.00)	(2,314.54)	(54.80)	(6,669.34)
Non-cash	21,303.00	980.00		22,283.00
- Deferment / amortisation of upfront fees and other charges				
- Others	12.29	20.51		32.80
March 31, 2020	22,797.57	2,824.83	27.34	27.34
Cash flows:				
- Repayment			266.45	266.45
- Proceeds	(4,750.00)	(2,355.33)	(55.18)	(7,160.51)
Non-cash	500.00	700.00		1,200.00
- Deferment / amortisation of upfront fees and other charges				
- Others	4.12	11.69		15.81
March 31, 2021	18,551.69	1,181.19	31.02	31.02
			242.29	19,975.17



**DMI Finance Private Limited**  
**Notes to consolidated Financial Statements for the year ended March 31, 2021**  
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**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)



**DMI Finance Private Limited**  
**Notes to the consolidated Financial Statements for the year ended March 31, 2021**  
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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	348.13	553.10
Deferred tax credit	(256.80)	(176.24)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>91.33</b>	<b>376.86</b>

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%
<b>Expected tax expense</b>	<b>80.81</b>	<b>342.42</b>
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	-
<b>Tax expense</b>	<b>91.33</b>	<b>376.86</b>



**DMI Finance Private Limited**  
**Notes to consolidated Financial Statements for the year ended March 31, 2021**  
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**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
<b>ASSETS</b>						
<b>Financial assets</b>						
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
<b>Non-financial assets</b>						
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
	<b>38,133.57</b>	<b>18,240.84</b>	<b>56,374.41</b>	<b>32,957.04</b>	<b>18,843.01</b>	<b>51,800.05</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
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
<b>Non financial liabilities</b>						
Provisions	57.51	-	57.51	38.54	-	38.54
Other non-financial liabilities	337.27	-	337.27	217.27	-	217.27
<b>Equity</b>						
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
	<b>1,936.31</b>	<b>54,438.10</b>	<b>56,374.41</b>	<b>7,205.94</b>	<b>44,594.11</b>	<b>51,800.05</b>



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

**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 structure 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 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Financial assets</b>									
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	1.95	3.92	15.00	2,037.35
<b>Financial liabilities</b>									
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 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Financial assets</b>									
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	3,331.45	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
<b>Financial liabilities</b>									
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.





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

**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
<b>Financial asset</b>								
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
<b>Total</b>	<b>18,880.85</b>	<b>-</b>	<b>10,095.71</b>	<b>434.74</b>	<b>3,948.57</b>	<b>21,463.97</b>	<b>41.39</b>	<b>54,865.23</b>

March 31, 2020	Financial services	Government	Real estate	MSME	Services & manufacturing	Retail	Others	Total
<b>Financial asset</b>								
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
<b>Total</b>	<b>14,141.80</b>	<b>-</b>	<b>9,064.81</b>	<b>667.02</b>	<b>4,511.74</b>	<b>22,127.75</b>	<b>40.21</b>	<b>50,553.33</b>

**(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
<b>ASSETS</b>			
<b>Financial assets</b>			
Investments (Other than credit substitutes)	18,734.85	15,104.51	Equity price
Credit substitutes	281.58	369.20	Interest rate
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
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	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Borrowings</b>		
Decrease in 50 basis points	7.34	19.55
Increase in 50 basis points	(7.34)	(19.55)
<b>Particulars</b>	<b>Effect on net profit</b>	
<b>Borrowings</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
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.



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

**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
<b>Assets measured at fair value on a recurring basis</b>								
<i>Financial investment measured at FVTPL</i>								
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
<b>Total financial investment measured at FVTPL</b>	<b>25.12</b>	<b>14,971.03</b>	<b>-</b>	<b>14,996.15</b>	<b>7.20</b>	<b>12,342.61</b>	<b>-</b>	<b>12,349.81</b>
<i>Financial investments measured at FVOCI</i>								
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								
DWI 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
<b>Total financial investments measured at FVOCI</b>	<b>-</b>	<b>11.01</b>	<b>2,000.85</b>	<b>2,011.86</b>	<b>-</b>	<b>10.80</b>	<b>1,792.87</b>	<b>1,803.67</b>
<b>Total financial assets measured at fair value</b>	<b>25.12</b>	<b>14,982.04</b>	<b>2,000.85</b>	<b>17,008.01</b>	<b>7.20</b>	<b>12,353.41</b>	<b>1,792.87</b>	<b>14,153.48</b>

**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 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.



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

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

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 independent 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 Substitutes*	NCD Unquoted*	Compulsorily Convertible Debentures*	DMI Housing Finance Private Limited	Flash Electronics
<b>At April 1, 2019</b>	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 Profit and Loss	0.16	-	60.31	6.47	95.13	-	-
Gains / loss for the period recognized in the other comprehensive income	-	(90.48)	(5.61)	-	-	0.24	-
<b>At March 31, 2020</b>	3.16	226.20	419.58	120.76	773.17	-	250.00
Purchase	-	-	46.45	21.82	-	-	-
Change in classification	-	-	(42.98)	(18.11)	2.57	-	-
Sales / settlements	-	-	-	-	-	-	-
Transfers into Level 3	-	-	-	-	-	-	-
Transfer from Level 3	-	-	-	-	-	-	-
Gains / loss for the period recognized in the Statement of Profit 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
<b>At March 31, 2021</b>	3.27	226.20	497.68	142.82	826.47	-	304.40

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



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

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 Group's level 3 assets and liabilities.

March 31, 2021	Fair value of Level 3 assets	Valuation technique	Significant unobservable inputs
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
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.



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

**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
<b>Instruments measured through FVOCI</b>				
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)
<b>Total</b>	<b>160.94</b>	<b>(160.94)</b>	<b>179.30</b>	<b>(179.30)</b>

**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 the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Financial assets:	March 31, 2021		March 31, 2020	
	Fair value	Carrying value	Fair value	Carrying value
Loans and advances				
Corporate loans				
Investments - at amortised cost	12,715.14	12,151.09	11,630.70	11,735.33
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

**Evaluation 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**

This 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**

This 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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**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								
DMF Finance Private Limited	99.05%	34,853.90	80.7%	323.08	99.89%	4.98	81.05%	228.06
Subsidiaries								
DMF Capital Private Limited	0.90%	317.89	3.4%	9.57	0.11%	0.01	3.39%	9.33
DMF Management Services Private Limited	0.05%	17.78	1.6%	4.29	6.00%	0.00	1.52%	4.29
Associate (Investment as per equity method)								
DMF Alternatives Private Limited	0.00%							
Total	100.00%	35,189.57	100.0%	339.94	100.00%	4.99	14.04%	39.51
Adjustments arising out of consolidation		(126.42)		(7.12)		0.00	100.00%	281.39
Total		35,063.15		262.82		4.99		274.27

50 Segment information:

The Group derives its major revenues from financing activities which has similar 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 Chandniok & Co LLP  
Firm Registration No. 001076A/M500013  
Chartered Accountants

  
Mahesh Gujral  
Partner  
Membership No. 105117



Place: Mumbai  
Date: September 3, 2021

For and on behalf of the Board of Directors of  
DMF Finance Private limited

Shivashish Chatterjee  
(Jt. Managing Director)  
DIN: 02623460

Place: NEW YORK  
Date: September 3, 2021

  
Krishan Gupta  
(Chief Financial Officer)

Place: GURUGRAM  
Date: September 3, 2021

  
Yuvraj Chankhraj Singh  
(Jt. Managing Director)  
DIN: 01601179

Place: NEW DELHI  
Date: September 3, 2021



  
Sahil Pathwa  
(Company Secretary)  
M.No. A24789

Place: GURUGRAM  
Date: September 3, 2021