S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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Independent Auditors Report

To the Members of DMI Finance Private Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of DMI Finance Private Limited (the "Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone Ind As Financial statement 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, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
(a) Transition to Ind AS accounting framework *(as described in Note 31 of the standalone Ind AS financial statements)*	
In accordance with the roadmap for implementation of Ind AS for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Company has adopted Ind AS from April 1, 2018 with an effective date of April 1, 2017 for such transition. For periods up to and including the year ended March 31, 2018, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting	• Read the Ind AS impact assessment performed by the management to identify areas to be impacted on account of Ind AS transition. • Understood the financial statement closure process and the additional controls (including IT controls) established by the Company for transition to Ind AS. • Read changes made to the accounting policies in light of the requirements of the new framework.

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Regd. Office : 22, Camac Street, Block 'B', 3rd Floor, Kolkata-700 016

Key audit matters	How our audit addressed the key audit matter
principles in India (Indian GAAP). In order to give effect of the transition to Ind AS these financial statements for the year ended March 31, 2019, together with the comparative financial information for the previous year ended March 31, 2018 and the transition date balance sheet as at April 1, 2017 have been prepared under Ind AS. The transition has involved significant change in the Company's policies and processes relating to financial reporting, including generation of reliable and supportable information. Further, the management has exercised significant judgement for giving an appropriate effect of the first-time adoption principles of Ind AS 101, as at transition date and to determine the impact of the new accounting framework on certain accounting and disclosure requirements prescribed under Master Directions issued by Reserve Bank of India (RBI). In view of the complexity and the resultant risk of a material misstatement arising from an error or omission in correctly implementing the principles of Ind AS at the transition date, which could result in a misstatement of one or more periods presented in these Ind AS financials statements, this has been an area of key focus in our audit.	• Assessed the judgement exercised by the management in applying the first-time adoption principles of Ind AS 101 especially in respect of fair valuation of assets and liabilities existing as at transition date. • Assessed the judgement applied by the Company in determining its business model for classification of financial assets. • Performed test of details on the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Assessed the judgements applied by the Company in respect of areas where the accounting treatment adopted or the disclosures made under the new accounting framework were inconsistent with the extant NHB directions. • Assessed disclosures included in the Ind AS financial statements in accordance with the requirements of Ind AS 101, with respect to the previous periods presented.
(b) Impairment of financial instruments (including provision for expected credit losses) *(as described in Note 4 & 5 of the standalone Ind AS financial statements)*	
The Company's impairment provision for financial assets (designated at amortized cost and fair value through other comprehensive income) is based on the expected credit loss approach laid down under 'Ind AS 109 Financial Instruments'. Ind AS 109 requires the Company to exercise significant judgement while applying principles and other requirements of the standard in addition to the identification and adequacy of provision for impairment of its financial instruments using the expected credit loss (ECL) approach, which involves an estimation of probability-weighted loss on the financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of its loans and advances. In the process, a significant degree of judgement has been	• Our audit procedures included considering the Company's accounting policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109. • Evaluated the management's approach of ECL estimation, including the assumptions used for grouping and staging of loan portfolio, for determination of probability of default (PD) and loss given default (LGD). • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. • Compared input data used for determining PD and LGD rates with the underlying books of accounts and records and tested the arithmetical accuracy of the computation. • Compared the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109.

Key audit matters	How our audit addressed the key audit matter
applied by the management in respect of following matters: a. Defining thresholds for 'significant increase in credit risk' and 'default'. b. Grouping of loans under homogenous pools to determine probability of default on a collective basis and calculation of past default rates. c. Determining effect of less frequent past events on future probability of default. d. Estimation of management overlay for macro-economic factors which could impact the credit quality of the loans. Given the complexity and high degree of judgement involved in the estimation of expected credit losses, we have considered this area as a key audit matter.	
IT systems and controls	
The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors: • Tested the design and operating effectiveness of IT access controls over the information systems that are critical to financial reporting. • Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. • Tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. • In addition to the above, we tested the design and operating effectiveness of certain automated and IT dependent manual controls that were considered as key internal controls over financial reporting. • Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

Other Information

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

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

When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to comply with the relevant applicable requirements of the standard on auditing for auditor's responsibility in relation to other information in documents containing audited financial statements.

Responsibilities of Management and the Board of Directors for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report 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 purposes of our audit;

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

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

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(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2019;

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

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sarvesh Warty

per Sarvesh Warty
Partner
Membership Number: 121411

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

Mumbai
May 29, 2019

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: DMI Finance Private Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) (a) The Company has granted loans to one Company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

(b) The Company has granted loans that are re-payable on demand, to a firm covered in the register maintained under section 189 of the Companies Act, 2013. We are informed that the company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular.

(c) There are no amounts of loans granted to Companies, firms and other parties in the register maintained under section 189 of the Act which are overdue for more than 90 days.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

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

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have not generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Name of the statute	Nature of dues	Amount	Period to which the amount relates
The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Professional Tax	2,400	April 18 to September 18

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(b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. BATLIBOI & ASSOCIATES LLP**
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

Sarvesh Warty
per Sarvesh Warty
Partner
Membership No. 121411

MUMBAI

Mumbai
May 29, 2019

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DMI FINANCE PRIVATE LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of DMI Finance Private Limited ("the Company") as of March 31, 2019, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting 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 issued by the Institute of Chartered Accountants of India". 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 its 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these 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 control over financial reporting with reference to these financial statements includes 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 Over Financial Reporting with Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2019:

The Company had implemented a new IT application for its general ledger during the year and the transactions for its consumer loan portfolio are uploaded from the loan management IT application to the new general ledger IT application through a batch upload procedure at the end of each day. As per the internal control designed, a periodic reconciliation of loan balances as per the loan management IT application and the general ledger IT application are required to be performed and any reconciling items noted have to be recorded in a timely manner. However, during the year reconciliation items noted were not cleared on a timely basis, which could potentially result in misstatement of financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as of March 31, 2019, based on the internal control over financial reporting 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 issued by the Institute of Chartered Accountants of India.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of DMI Finance Private Limited, which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 financial statements of DMI Finance Private Limited and this report does not affect our report dated May 29, 2019, which expressed an unqualified opinion on those financial statements.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm's Registration Number: 101049W/E300004
Chartered Accountants

Sarvesh Warty

per Sarvesh Warty
Partner
Membership Number: 121411
Mumbai
May 29, 2019

DMI Finance Private Limited
Standalone Balance Sheet as at March 31, 2019
(All Amount in Rs. In millions, except for share data unless stated otherwise)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS				
Financial assets				
Cash and cash equivalents	2	429.58	440.97	143.32
Bank balance other than Cash and cash equivalents	2	14.70	14.38	11.38
Receivables				
(i) Trade Receivables	3	8.21	-	-
(ii) Other Receivables		-	-	-
Loans	4	21,201.48	11,784.73	9,027.18
Investments	5	9,641.46	5,079.51	5,768.84
Other financial assets	6	671.13	91.47	5.33
Non- financal assets				
Current tax assets		109.81	2.93	289.28
Deferred tax assets (net)	15	45.43	451.11	534.24
Property, plant and equipment	7(a)	70.14	61.77	40.69
Intangible assets	7(b)	5.96	1.69	1.04
Other non- financial assets	8	72.77	52.37	47.94
Assets held for sale	9	533.70	1,442.54	421.58
	TOTAL	32,804.37	19,423.47	16,290.22
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables	10			
(I)Trade Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		94.73	40.59	7.15
Debt Securities	11	5,782.28	3,588.70	1,853.73
Borrowings (other than Debt Securities)	12	4,471.72	4,068.99	3,379.41
Other financial liabilities	13	251.41	482.22	433.46
Non financial liabilities				
Current tax liabilities		-	3.11	286.03
Provisions	14	19.45	11.03	4.61
Other Non-financial liabilities	16	183.00	191.76	164.30
Equity				
Equity share capital	17	5,487.41	3,244.18	3,244.18
Other equity	18	16,514.37	7,792.89	6,917.35
	TOTAL	32,804.37	19,423.47	16,290.22
Summary of significant accounting policies	1			

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No. 121411

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 29/05/2019

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

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460

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

Jatinder Bhasin
(Chief Financial Officer)

Sahib Pahwa
(Company Secretary)
M. No. A24789

Place: NEW DELHI
Date: 29/05/2019

FINANCE PVT. NEW DELHI

DMI Finance Private Limited
Standalone Statement of profit and loss for the year ended March 31, 2019
(All Amount in Rs. In millions, except for share data unless stated otherwise)

Particulars	Notes	For the year March 31, 2019	For the year March 31, 2018
Revenue from operations			
Interest income	19	3,580.00	2,356.97
Fees and commission income	20	7.10	-
Net gain on fair value changes	21	248.87	123.87
Total revenue from operations		3,835.97	2,480.84
Other Income	22	4.98	7.82
Total Income		3,840.95	2,488.66
Expenses			
Finance Costs	23	1,155.51	753.58
Fees and commission expense	24	215.09	11.80
Impairment on financial instruments	25	533.00	188.59
Employee Benefits Expense	26	562.24	220.21
Depreciation, amortization and impairment	7(a) & 7(b)	19.77	11.69
Other expenses	27	285.98	139.70
Total Expenses		2,771.59	1,325.57
Profit/(loss) before tax		1,069.36	1,163.09
Tax Expense:			
(1) Current Tax	15	315.27	386.09
(2) Deferred Tax	15	0.74	20.31
Profit/(loss) for the year		753.35	756.70
Other Comprehensive Income			
a) Items that will not be reclassified to profit or loss			
(i) Re-measurement gains/(losses) on gratuity		0.39	0.26
Income tax effect		(0.11)	(0.09)
b) Items that will be reclassified to profit or loss			
(i) Gain/(loss) on Fair Value Changes		(24.05)	181.27
Income tax effect		7.00	(62.73)
Other Comprehensive Income , net of income tax		(16.77)	118.71
Total other comprehensive income for the period		736.58	875.40
Earnings per equity share*	28		
Basic (Rs.)		1.60	1.67
Diluted (Rs.)		1.59	1.67
Nominal value per share (Rs.)		10	10
Summary of significant accounting policies			

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411

Place: Mumbai
Date: 29/05/2019

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

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460

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

Jatinder Bhasin
(Chief Financial Officer)

Sahib Pahwa
(Company Secretary)
M. No. A24789

Place: NEW DELHI
Date: 29/05/2019

DMI Finance Private Limited
Standalone Cash flow statement for the year ended March 31, 2019
(All Amount in Rs. in millions, except for share data unless stated otherwise)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
A Cash flow from operating activities:			
Net profit before tax as per statement of profit and loss		1,069.36	1,163.09
Adjustments for			
Depreciation and amortisation		19.77	11.69
Interest Expense		1,155.51	753.58
Interest Accrued on bank deposits		(0.32)	(0.51)
Net gain on fair value changes		(248.87)	(123.87)
Fair Value Change through OCI		24.05	(181.27)
Profit on sale of investment in equity shares		(4.98)	-
Employee stock option expense		28.78	0.14
Loss on sale of property, plant and equipment		-	0.08
Other Comprehensive Income		(23.66)	181.55
Operating profit before working capital changes		2,019.64	1,804.48
Changes in working capital			
Increase in financial and other assets		(10,004.63)	(2,846.19)
Increase/ (decrease) in financial and other liabilities		(534.82)	(455.49)
Increase in non financial assets		888.45	(1,026.00)
Increase(decrease) in non financial liabilities		(0.34)	34.78
Total of changes in working capital		(9,651.34)	(4,292.90)
Direct taxes paid		(425.25)	(382.66)
Net cash flow from / (used in) operating activities (A)		(8,056.95)	(2,871.08)
B Cash flow from investing activities:			
Inflow (outflow) on account of :			
Purchase of Property, plant and equipment (including capital work-in-progress)/ Intangible assets		(32.41)	(35.04)
Sale of Property, plant and equipment (including capital work-in-progress)		-	0.64
Purchase of Money Market Instruments		(14,850.00)	(5,622.73)
Purchase of Investments		(2,073.00)	(1,878.40)
Sale of Money Market Instruments		10,123.01	6,074.61
Sale of Investments		2,467.84	2,420.99
Net cash flow from / (used in) investing activities (B)		(4,364.56)	960.07
C Cash flow from financing activities:			
Issue of equity shares (including share premium)		9,190.81	-
Proceeds from Non Convertible Debentures		6,050.00	1,980.00
Proceeds from Bank Borrowings		1,900.00	3,000.00
Proceeds from Cash Credit		(42.83)	372.77
Repayment of Debt Securities		(2,230.00)	-
Repayment of Bank Borrowings		(1,437.53)	(2,689.70)
Interest paid		(1,020.32)	(454.42)
Net Cash flow from / (used in) financing activities (C)		12,410.13	2,208.66
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(11.38)	297.65
Cash and cash equivalents as at the beginning of the year		440.96	143.31
Cash and cash equivalents at the end of the year	2	429.58	440.96
Components of cash and cash equivalents			
Cash on hand		0.07	0.06
Balance with banks			
in current accounts		429.51	440.90
	2		
Total cash and cash equivalents		429.58	440.96
Summary of significant accounting policies	1		

Note:-
1 Cash flow statement has been prepared under indirect method as set out in the IND AS 7 "Cash Flow Statement"
2 Previous year figures have been regrouped/ reclassified wherever applicable

As per our report of even date
For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

Sarvesh Warty

per Sarvesh Warty
Partner
Membership No. 121411

Place: Mumbai
Date: 29/05/2019

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

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460

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

Jatinder Bhasin
(Chief Financial Officer)

Sahib Pahwa
(Company Secretary)
M. No. A24789

Place: NEW DELHI
Date: 29/05/2019

DMI Finance Private Limited
Statement of Changes in Equity for the year ended March 31, 2019
(All Amount in Rs. in millions, except for share data unless stated otherwise)

a. Share Capital

Particulars	No. of Shares	Amount
Balance as on April 1 2017	32,44,18,138	3,244.18
Shares issued during the year	-	-
Balance as on March 31 2018	32,44,18,138	3,244.18
Shares issued during the year	22,43,22,954	2,243 23
Balance as on March 31 2019	54,87,41,092	5,487.41

b. Other Equity

Particulars	Equity Component of CCD	Equity Component of CCPS	Reserves and surplus					Total
			Regulatory Reserve u/s 45 (1C) of RBI Act	Share Based Payments Reserves	Securities Premium Reserve	Capital Redemption Reserve	Retained Earnings	
Balance as on April 1 2017	1,899.27	282.57	452 07	-	2,029.30	81.21	2,172.93	6,917.35
Profit for the year (A)	-	-	-	-	-	-	756.70	756.70
Other Comprehensive Income for the year (B)	-		-	-		-	118.71	118.71
Total Comprehensive Income for the year (A+B)	-	-	-	-	-	-	875.40	875.40
Transfer to special reserve	-		131.93	-	-	-	(131.93)	-
Share Based Payments	-	-	-	0.14	-	-	-	0.14
Balance as on March 31 2018	1,899.27	282.57	584.00	0.14	2,029.30	81.21	2,916.40	7,792.90
Profit for the year (A)	-	-		-	-	-	753 35	753.35
Other Comprehensive Income for the year (B)	-	-	-	-	-	-	(16.77)	(16.77)
Total Comprehensive Income for the year (A+B)	-	-	-	-	-	-	736.58	736.58
Transfer to special reserve	-	-	147.31	-	-	-	(147.31)	-
Share Based Payments	-		-	27 90	-	-		27.90
Reversal of deferred tax on conversion of CCDs							446.97	446.97
Reversal of deferred tax on conversion of CCPSs							55 69	55.68
On conversion of CCDs	(1,899 27)			-	2,507.27	-	(1,387.22)	(779.22)
On conversion of CCPSs	-	(282.57)	-	-	140 88	-	146.94	5.25
Premium on issue of equity shares	-	-	-	-	8,228.31	-	-	8,228.32
Balance as on March 31 2019	-		731.31	28.04	12,905.76	81.21	2,768.05	16,514.37

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No. 121411

S.R. Batliboi & Associates LLP
MUMBAI
Chartered Accountants

Place: Mumbai
Date: 29/05/2019

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

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460

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

Jatinder Bhasin
(Chief Financial Officer)

Sahib Pahwa
(Company Secretary)
M. No. A24789

Place: NEW DELHI
Date: 29/05/2019

DMI Finance Pvt. Ltd.
NEW DELHI

Significant Accounting Policies

1. Basis of preparation of financial statements

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

For all periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended 31 March 2019 are the first the Company has prepared in accordance with Ind AS.

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

1.1 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

A. The normal course of business

B. The event of default

C. The event of insolvency or bankruptcy of the Company and/or its counterparties

2. Summary of significant accounting policies

1.1 Significant accounting judgements, estimates and assumptions

The preparation of Standalone financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

A. Impairment loss on financial assets

The measurement of impairment losses across all categories of financial assets except assets valued at FVTPL, enquires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

• The Company's model, which assigns Probability of Defaults (PDs)

• The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Long Term ECL (LTECL) basis

• The segmentation of financial assets when their ECL is assessed on a collective basis

• Development of ECL models, including the various formulas and the choice of inputs

• Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, Exposure at Default (EADs) and Loss Given Default (LGDs)

• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

B. Business Model Assumption

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

C. 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.

D. Share Based Payments

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

E. Fair value measurement

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 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.

F. Effective Interest rate method

The Company's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to the company's base rate and other fee income/expense that are integral parts of the instrument.

1.2 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.

1.3 Recognition of income and expense

a) Interest income

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

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

b) 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.

b) Other charges and other interest

Interest including penal interest is recognized on realization basis.

d) Dividend income

Dividend income is recognized when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

1.4 Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. The Company has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and therefore, the lease payments are recognized as per terms of the lease agreement in the Statement of Profit and Loss.

1.5 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 fixed 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.

1.6 Depreciation and amortization

Depreciation

Depreciation on fixed assets, otherwise stated, is calculated on a written down value (WDV) basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its fixed assets.

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

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

Individual assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.

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.

1.7 Impairment of non-financial assets

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.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

1.8 Provisions, Contingent Liability and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. Contingent liability is disclosed for (1) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are not recognised in the financial statements.

1.9 Retirement and other employee benefits

The company's obligation towards employee benefits has been recognized as follows:

Provident fund

The Company contributes to a recognized provident fund which is a defined contribution scheme. The contributions are accounted on an accrual basis and recognized in the statement of profit and loss

Gratuity

The company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of the future benefit that the employee earned in return for their services in the current and prior periods, that benefit is discounted to determine its present value, and the fair market value of any plan asset, if any, is deducted. The present value of the obligation under such benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method.

Compensated absences (Other long and short-term benefits)

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets if any (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

1.10 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.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which during the specific period gives future economic benefits in the form of adjustment to future income tax liability is considered as an asset if there is convincing evidence that the company will pay normal income tax. Accordingly, MAT is recognized as an asset in the balance sheet when it is highly probable that future economic benefits associated with it will flow to the company.

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.

1.11 Earning per share

Basic earnings per share are 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.

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS

NEW DELHI

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.

1.12 Share based payments

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

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

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

1.13 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.

1.13.1 <u>Financial Assets</u>

1.13.1.1 Initial recognition and measurement

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

1.13.1.2 Classification and Subsequent measurement

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

- Debt Instuments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit and loss account (FVTPL).
- Equity Instruments measured at fair value through other comprehensive income (FVTOCI)

1.13.1.3 Debt Instruments at amortised costs

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

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

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

SPPI: Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost), the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a

S.R. Batliboi & Associates LLP MUMBAI Chartered Accountants 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.

1.13.1.4 Debt Instruments at FVOCI

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

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

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

1.13.1.5 Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

1.13.1.6 Equity Investments

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

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

1.13.1.7 Equity Instruments and Mutual funds

Equity instruments and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss Statement.

1.13.2 Financial Liabilities

1.13.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

1.13.2.2 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the statement of profit and loss. This category generally applies to borrowings.

1.13.2.3 Reclassification of financial assets and liabilities

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

1.13.2.4 Financial Liabilities

A financial liability is derecognized 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 derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

1.14 Impairment of financial assets

1.14.1 Overview of the ECL principles

The Company records the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, if applicable. Equity instruments are not subject to impairment under IND AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
Both LTECLs and 12mECLs are calculated on individual and collective basis, depending on the nature of the underlying portfolio of financial instrument.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition.

Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECLs.

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1.14.2 The calculation of ECLs

The Company calculates ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD - *The Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is an exposure at a default date.
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The maximum period for which the credit losses are determined is the expected life of a financial instrument.

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: For loans considered credit-impaired, the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For loan commitments, the ECL is recognised within Provisions.

1.14.3 Forward looking information

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

1.15 Collateral repossessed

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

1.16 Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery or in process of pursuing 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.

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1.17 Fair value measurement

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

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

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

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

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

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

- Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- Level 3 financial instruments – include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

1.18 Dividend

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

1.19 Foreign Currency Translation

Foreign currency transactions and balances

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

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

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

1.20 Functional and presentation currency

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

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2 Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Cash and cash equivalents			
Cash on hand	0.07	0.06	0.00
Balance with Banks			
- In Current Accounts	429.51	440.90	143.31
	429.58	440.97	143.32
Bank balances other than above			
Deposit with original maturity of more than 12 months*	-	-	-
Deposit with original maturity of more than 3 months less than 12 months	14.70	14.38	11.38
	14.70	14.38	11.38
Total	444.28	455.35	154.70

* Deposits being lien marked against corporate credit cards and bank guarantee issued from HSBC, HDFC & Kotak bank
* For the purpose of statement of Cash Flows, cash and cash equivalent comprise the following

Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Cash and cash equivalents			
Cash on hand	0.07	0.06	0.00
Balance with Banks			
- In Current Accounts	429.51	440.90	143.31
Total	429.58	440.97	143.32

3 Trade Receivables

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Secured considered good	8.21	-	-
Total	8.21	-	-

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4 Loans

Particulars	31-Mar-19				31-Mar-18				31-Mar-17			
	Amortised Cost	Through other comprehensive income	Subtotal	Total	Amortised Cost	Through other comprehensive income	Subtotal	Total	Amortised Cost	Through other comprehensive income	Subtotal	Total
Term Loans												
Corporate Loans	10,730.02	917.41	11,647.43	11,647.43	10,370.68	429.62	10,800.31	10,800.31	9,120.17	51.81	9,171.98	9,171.98
Consumer Loans	10,142.46	-	10,142.46	10,142.46	1,245.94	-	1,245.94	1,245.94	25.64	-	25.64	25.64
Total (A) Gross	20,872.47	917.41	21,789.89	21,789.89	11,616.63	429.62	12,046.25	12,046.25	9,145.81	51.81	9,197.63	9,197.63
Less: Impairment loss allowance	586.20	2.21	588.40	588.40	260.47	1.06	261.52	261.52	169.96	0.49	170.45	170.45
Total (A) Net	20,286.28	915.21	21,201.48	21,201.48	11,356.16	428.57	11,784.73	11,784.73	8,975.86	51.32	9,027.18	9,027.18
Secured by tangible assets and intangible assets	10,730.02	917.41	11,647.43	11,647.43	10,370.68	429.62	10,800.31	10,800.31	9,120.17	51.81	9,171.98	9,171.98
Covered by Bank/Government Guarantees		-	-	-			-	-			-	-
Unsecured	10,142.46	-	10,142.46	10,142.46	1,245.94	-	1,245.94	1,245.94	25.64	-	25.64	25.64
Total (B) Gross	20,872.47	917.41	21,789.89	21,789.89	11,616.63	429.62	12,046.25	12,046.25	9,145.81	51.81	9,197.63	9,197.63
Less: Impairment loss allowance	586.20	2.21	588.40	588.40	260.47	1.06	261.52	261.52	169.96	0.49	170.45	170.45
Total (B) Net	20,286.28	915.21	21,201.48	21,201.48	11,356.16	428.57	11,784.73	11,784.73	8,975.86	51.32	9,027.18	9,027.18
Loans in India												
Others	20,872.47	917.41	21,789.89	21,789.89	11,616.63	429.62	12,046.25	12,046.25	9,145.81	51.81	9,197.63	9,197.63
Total (C) Gross	20,872.47	917.41	21,789.89	21,789.89	11,616.63	429.62	12,046.25	12,046.25	9,145.81	51.81	9,197.63	9,197.63
Less: Impairment loss allowance	586.20	2.21	588.40	588.40	260.47	1.06	261.52	261.52	169.96	0.49	170.45	170.45
Total (C) Net	20,286.28	915.21	21,201.48	21,201.48	11,356.16	428.57	11,784.73	11,784.73	8,975.86	51.32	9,027.18	9,027.18

i) Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.
ii) Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or pledge of shares/debenture units,
iii) Loans sanctioned but un-disbursed amount is Rs. NIL in FY 2018-19 (FY 2017-18 Rs 495.60 million , FY 2016-17 Rs 212.40 millions)
(iv) Includes Loans to Associate for Rs 61.73 millions in FY 2017-2018
(v) The Company has granted certain loans to staff amounting to Rs. 8.45 millions in FY 2018-19 (FY 2017-2018 Rs 11.91 millions, FY 2016-2017 Rs 28.65 millions)
(vi) Corporate loan portfolio includes non-convertible debentures of Rs. 2066.42 millions in FY 2018-19 (FY 2017-2018 Rs. 1654.81 millions, FY 2016-2017 Rs. 1612.37 millions)

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4.1 Impairment allowance for loans and advances to borrowers

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification.

An analysis of Risk Categorization of loans and advances in relation to Retail (Consumer) & Corporate lending (except Credit Substitutes) is, as follows:

Risk Categorization	March 31, 2019							
	Consumer				Corporate			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Very Good	9,533.88	-		9,533.88	10,269.10		-	10,269.10
Good	-	447.22	-	447.22	-	813.96	-	813.96
Non-performing	-	-	161.36	161.36	-	-	564.37	564.37
Grand Total	**9,533.88**	**447.22**	**161.36**	**10,142.46**	**10,269.10**	**813.96**	**564.37**	**11,647.43**

Risk Categorization	March 31, 2018							
	Consumer				Corporate			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Very Good	1,212.70	-	-	1,212.70	9,594.56		-	9,594.56
Good	-	26.59	-	26.59	-	913.04	-	913.04
Non-performing	-	-	6.66	6.66	-		292.71	292.71
Grand Total	**1,212.70**	**26.59**	**6.66**	**1,245.94**	**9,594.56**	**913.04**	**292.71**	**10,800.31**

Risk Categorization	March 31, 2017							
	Consumer				Corporate			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Very Good	25.64	-	-	25.64	9,160.79	-	-	9,160.79
Good	-	-	-	-	-	-	-	-
Non-performing	-	-	-	-	-	-	11.19	11.19
Grand Total	**25.64**	**-**	**-**	**25.64**	**9,160.79**	**-**	**11.19**	**9,171.98**

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An analysis of Risk Categorization of Investments in relation to Credit Substitutes, is as follows:

Risk Categorization	March 31, 2019			
	Credit Substitutes			
	Stage 1	Stage 2	Stage 3	Total
Very Good	3,025.46			3,025.46
Good		352.13		352.13
Non-performing				-
Grand Total	**3,025.46**	**352.13**	**-**	**3,377.59**

Risk Categorization	March 31, 2018			
	Credit Substitutes			
	Stage 1	Stage 2	Stage 3	Total
Very Good	1,832.40			1,832.40
Good		1,364.38		1,364.38
Non-performing				-
Grand Total	**1,832.40**	**1,364.38**	**-**	**3,196.77**

Risk Categorization	March 31, 2017			
	Credit Substitutes			
	Stage 1	Stage 2	Stage 3	Total
Very Good	4,139.67			4,139.67
Good				-
Non-performing				-
Grand Total	**4,139.67**	**-**	**-**	**4,139.67**

An analysis of changes in the gross carrying amount in relation to Retail (Consumer) & Corporate lending(except Credit Substitutes) is, as follows:

Particulars	March 31, 2019							
	Consumer				Corporate			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,212.70	26.59	6.66	1,245.94	9,594.56	913.04	292.71	10,800.31
New Assets originated (net)	8,919.08	(17.12)	(5.44)	8,896.52	1,013.63	(169.08)	2.58	847.12
Transfers from Stage 1	(619.26)	463.25	156.01	-	(415.71)	340.10	75.61	-
Transfers from Stage 2	16.33	(25.50)	9.17	-	76.62	(270.10)	193.48	-
Transfers from Stage 3	5.03	-	(5.03)	-	-	-	-	-
Gross carrying amount closing balance	9,533.88	447.22	161.36	10,142.46	10,269.10	813.96	564.37	11,647.43

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Particulars	March 31, 2018							
	Consumer				Corporate			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	25.64	-		25.64	9,160.79	-	11.19	9,171.98
New Assets originated (net)	1,220.30	-	-	1,220.30	1,628.32	-	-	1,628.32
Transfers from Stage 1	(33.25)	26.59	6.66	-	(281.51)	-	281.51	-
Transfers from Stage 2	-	-	-		(913.04)	913.04	-	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	1,212.70	26.59	6.66	1,245.94	9,594.56	913.04	292.71	10,800.31

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

Particulars	March 31, 2019			
	Credit Substitutes			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,832.40	1,364.38	-	3,196.77
New Assets originated (net)	836.48	(655.67)	-	180.81
Transfers from Stage 1	-	-	-	-
Transfers from Stage 2	356.58	(356.58)	-	-
Transfers from Stage 3	-	-	-	-
Gross carrying amount closing balance	3,025.46	352.13	-	3,377.59

Particulars	March 31, 2018			
	Credit Substitutes			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	4,139.67	-	-	4,139.67
New Assets originated (net)	(942.89)	-	-	(942.89)
Transfers from Stage 1	-	-	-	
Transfers from Stage 2	(1,364.38)	1,364.38	-	-
Transfers from Stage 3	-	-	-	-
Gross carrying amount closing balance	1,832.40	1,364.38	-	3,196.77

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An analysis of changes in the ECL allowances in relation to Retail (Consumer) & Corporate lending (except Credit Substitutes) is, as follows:

Particulars	March 31, 2019							
	Consumer				Corporate			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance opening balance	**17.71**	**0.39**	**6.66**	**24.76**	**88.52**	**35.70**	**112.54**	**236.76**
New Assets originated (net)	172.98	(0.32)	(5.44)	167.22	51.88	67.01	40.78	159.66
Transfers from Stage 1	(166.42)	10.41	156.01	-	(30.82)	3.60	27.22	-
Transfers from Stage 2	0.05	(9.22)	9.17	-	1.04	(70.69)	69.65	-
Transfers from Stage 3	5.03	-	(5.03)	-	-	-	-	-
ECL allowance closing balance	**29.36**	**1.26**	**161.36**	**191.98**	**110.62**	**35.62**	**250.19**	**396.42**

Particulars	March 31, 2018							
	Consumer				Corporate			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance opening balance	0.14	-	-	0.14	159.11		11.19	170.30
New Assets originated (net)	24.62	-	-	24.62	66.46	-	-	66.46
Transfers from Stage 1	(7.05)	0.39	6.66	-	(101.34)		101.34	-
Transfers from Stage 2	-	-	-	-	(35.70)	35.70		-
Transfers from Stage 3				-			-	-
ECL allowance closing balance	17.71	0.39	6.66	24.76	88.52	35.70	112.54	236.76

An analysis of changes in the ECL allowances of investment in relation to Credit Substitutes is, as follows:

Particulars	March 31, 2019			
	Credit Substitutes			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance opening balance	21.81	108.43	-	130.24
	-	-	-	-
Net Movement during the year	10.30	(59.79)	-	(49.49)
Transfers from Stage 1	3.35	(3.35)	-	-
Transfers from Stage 2	-	-	-	-
Transfers from Stage 3	-	-	-	-
ECL allowance closing balance	35.45	45.29	-	80.75

Particulars	March 31, 2018			
	Credit Substitutes			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance opening balance	33.98	-	-	33.98
Net Movement during the year	96.25	-	-	96.25
Transfers from Stage 1	-	-	-	-
Transfers from Stage 2	(108.43)	108.43	-	-
Transfers from Stage 3	-	-	-	-
ECL allowance closing balance	21.81	108.43	-	130.24

The contractual amount outstanding on financial assets that has been written off by Company as on 31st March, 2019 and that are still subject to enforcement activity or by virtue of agreement was Rs.90.22 millions (March 31, 2018 - Nil; April 1, 2017 - Nil)

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4.2 Impairment assessment

The Company's impairment assessment and measurement approach is set out in the notes below. It should be read in conjunction with the Summary of significant accounting policies.

(i) Definition of default and cure

The Company considers a financial instrument as defaulted and classifies it as Stage 3 (credit-impaired) for ECL calculations typically when the borrower becomes 90 days past due on contractual payments. The Company may also classify a loan in Stage 3 if there is significant deterioration in the loan collateral, deterioration in the financial condition of the borrower or an assessment that adverse market conditions may have a disproportionately detrimental effect on the loan repayment. Thus, as a part of the qualitative assessment of whether an instrument is in default, the Company also considers a variety of instances that may indicate delay in or nonrepayment of the loan. When such events occur, the Company carefully considers whether the event should result in treating the borrower as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

Classification of accounts into stage 2 is done on a conservative basis and typically accounts where contractual repayments are more than 30 days past due are classified in stage 2.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria are present. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade once the account is cured, and whether this indicates there has been a significant reduction in credit risk.

(ii) Probability of default estimation process

It is an estimate of likelihood of default over a given time horizon. PD estimation process is done based on historical internal data available with the Company and also the credit rating provided by the external rating agencies. For credit impaired assets, a PD of 100% has been applied.

(iii) Exposure at default

The outstanding balance as at the reporting date is considered as EAD by the Company. Considering that PD determined above factors in amount at default, there is no separate requirement to estimate EAD

(iv) Loss given default

The Company uses historical loss data/external agency LGD for identified homogenous pools for the purpose of calculating LGD. The estimated recovery cash flows are discounted such that the LGD calculation factors in the NPV of the recoveries.

(v) Significant increase in credit risk

The Company evaluates the loans on an ongoing basis. The Company also assesses if there has been a significant increase in credit risk since the previously risk taking into consideration both qualitative and quantitative information . One key factor that indicates significant increase in credit risk is when contractual payments are more than 30 days past due.

(vi) Forward looking information

The Company uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL

4.3 Collateral

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

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

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

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

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5 Investments

Particulars	Amortised Cost	At fair Value		Subtotal	Others*	Total
		Through Profit and Loss	Through other comprehensive Income			
As at March 31, 2019						
Money Market Instruments	-	4,806.67	-	4,806.67	-	4,806.67
Investments in Subsidiaries / Associate equity						
DMI Housing Finance Private Limited - CCPS	-	-	-	-	-	-
DMI Capital Private Limited - CCPS	-	293.12	-	293.12	-	293.12
DMI Management Services Private Limited- Equity Shares	-	-	-	-	0.96	0.96
DMI Alternatives Private Limited	-	-	-	-	2.70	2.70
DMI Capital Private Limited - Equity Shares	-	-	-	-	0.99	0.99
Investment in Other Equity Shares						
DMI Consumer Credit Private Limited	-	-	3.00	3.00	-	3.00
DMI Housing Finance Private Limited - Equity Shares	-	-	264.87	264.87	-	264.87
Other Quoted Equity Investments	-	198.40	-	198.40	-	198.40
Other Unquoted Equity Investments	-	-	566.68	566.68	-	566.68
Alchemist XV Trust (Investment)	-	196.75	-	196.75		196.75
AIF II (Investment)		-	10.48	10.48	-	10.48
Compulsory Convertible Debentures	-	-	772.93	772.93	-	772.93
Credit Substitutes	1,708 81	-	895.85	2,604.66	-	2,604.66
Total (A)	1,708.81	5,494.94	2,513.80	9,717.55	4.65	9,722.20
Investments outside India	-	-	-	-	-	-
Investments in India	1,708.81	5,494.94	2,513.80	9,717.55	4.65	9,722.20
Total (B)	1,708.81	5,494.94	2,513.80	9,717.55	4.65	9,722.20
Total (A) to tally with (B)	1,708.81	5,494.94	2,513.80	9,717.55	4.65	9,722.20
Less: Allowance for Impairment loss (C)	57.92	-	22.82	80.75	-	80.75
Total Net D = (A) -(C)	1,650.89	5,494.94	2,490.98	9,636.81	4.65	9,641.46

* At cost

Particulars	Amortised Cost	At fair Value		Subtotal	Others*	Total
		Through Profit and Loss	Through other comprehensive Income			
As at March 31, 2018						
Money Market Instruments	-	1.37	-	1.37	-	1.37
Investments in Subsidiaries / Associate equity						
DMI Housing Finance Private Limited - CCPS	-	944.50	-	944.50	-	944.50
DMI Capital Private Limited - CCPS	-	205.14	-	205.14	-	205.14
DMI Management Services Private Limited- Equity Shares	-	-	-	-	0.96	0.96
DMI Housing Finance Private Limited - Equity Shares	-		-	-	147.72	147.72
DMI Alternatives Private Limited	-	-	-	-	0 10	0.10
DMI Capital Private Limited - Equity Shares	-	-	-	-	0.99	0.99
Investment in Other Equity Shares						
DMI Consumer Credit Private Limited	-	-	2 77	2.77	-	2.77
Other Quoted Equity Investments	-	188.64	-	188.64	-	188.64
Other Unquoted Equity Investments	-	-	323.99	323.99	-	323.99
Alchemist XV Trust (Investment)	-	196.78	-	196.78	-	196.78
AIF II (Investment)	-	-	-	-	-	-
Compulsory Convertible Debentures	-	-	-	-	-	-
Credit Substitutes	2,123.47	-	1,073.30	3,196.77	-	3,196.77
Total (A)	2,123.47	1,536.43	1,400.06	5,059.97	149.77	5,209.74
Investments outside India	-	-	-	-	-	-
Investments in India	2,123.47	1,536.43	1,400.06	5,059.97	149.77	5,209.74
Total (B)	2,123.47	1,536.43	1,400.06	5,059.97	149.77	5,209.74
Total (A) to tally with (B)	2,123.47	1,536.43	1,400.06	5,059.97	149.77	5,209.74
Less: Allowance for Impairment loss (C)	93.15	-	37.08	130.24	-	130.24
Total Net D = (A) -(C)	2,030.32	1,536.43	1,362.98	4,929.73	149.77	5,079.51

* At cost

(All Amount in Rs. in millions, except for share data unless stated otherwise)

Particulars	Amortised Cost	At fair Value: Through Profit and Loss	At fair Value: Through other comprehensive Income	Subtotal	Others*	Total
As at March 31, 2017						
Money Market Instruments	-	401.40		401.40	-	401.40
Investments in Subsidiaries / Associate equity						
DMI Housing Finance Private Limited - CCPS		524.90	-	524.90		524.90
DMI Capital Private Limited - CCPS	-	142.24	-	142.24	-	142.24
DMI Management Services Private Limited- Equity Shares	-	-	-	-	0.96	0.96
DMI Housing Finance Private Limited - Equity Shares	-	-	-	-	142.72	142.72
DMI Alternatives Private Limited	-	-	-	-	0.10	0.10
DMI Capital Private Limited - Equity Shares	-	-	-	-	0.99	0.99
Investment in Other Equity Shares						
DMI Consumer Credit Private Limited	-	-	2.77	2.77	-	2.77
Other Quoted Equity Investments			-	-		-
Other Unquoted Equity Investments		-	249.38	249.38	-	249.38
Alchemist XV Trust (Investment)	-	197.70	-	197.70	-	197.70
AIF II (Investment)		-		-	-	-
Compulsory Convertible Debentures	-		-	-	-	-
Credit Substitutes	1,803.49	-	2,336.18	4,139.67	-	4,139.67
Total (A)	1,803.49	1,266.23	2,588.33	5,658.05	144.77	5,802.82
Investments outside India	-	-	-	-	-	-
Investments in India	1,803.49	1,266.23	2,588.33	5,658.05	144.77	5,802.82
Total (B)	1,803.49	1,266.23	2,588.33	5,658.05	144.77	5,802.82
Total (A) to tally with (B)	1,803.49	1,266.23	2,588.33	5,658.05	144.77	5,802.81
Less: Allowance for impairment loss (C)	15.19	-	18.80	33.98	-	33.98
Total Net D = (A) -(C)	1,788.30	1,266.23	2,569.53	5,624.07	144.77	5,768.84

* At cost

(i) The company received equity infusion in FY 2018-19. As a result of which, the undeployed funds were invested in mutual funds as a part of treasury function.

(ii) Credit substitutes are quoted non-convertible debentures and are part of financing activities. It has been disclosed in investments as per the disclosure requirement under the Companies Act, 2013.

(iii) **Terms attached to compulsorily convertible preference shares issued by DMI Capital Private Limited**

The holders of the CCPS shall be entitled to receive dividends on a pari passu basis as and when the dividends are declared on the Equity Shares.

The CCPS shall not carry any voting rights until conversion into Equity Shares, except in accordance with applicable laws.

In the event of a liquidation, dissolution or winding up (voluntary or otherwise), CCPS shall immediately be converted into Equity Shares at the Conversion Price (as defined hereunder) on the date of conversion.

Upon such conversion, the Equity Shares issued against conversion of CCPS shall rank pari passu with all other Equity Shares in all respects, including for purposes of the distribution of assets of the Company.

CCPS shall compulsorily convert into Equity Shares at the end of 10 years from the date of issue. However, at any time after the date of issuance of CCPS, the registered holder of such CCPS can also choose to convert the CCPS.

CCPS shall be converted into Equity Shares at the fair market value of Equity Shares as determined by the Board of Directors of the Investee Company on the date of conversion ("Conversion Price"). However, such conversion cannot be undertaken below the value per share arrived at based on discounted cash flow method prevailing on the date of issue of CCPS.

(iv) **Terms attached to compulsorily convertible preference shares issued by DMI Housing Finance Private Limited**

The holder of compulsorily convertible preference shares shall not carry any voting rights until conversion into equity shares

The holders of the compulsorily convertible preference shares shall not be entitled to receive dividends until such dividends are declared by the Board of Directors

The compulsorily convertible preference shares shall convert into equity shares on the conversion date i.e. 31 March 2030 at a conversion price which is equivalent to the higher of allotment date Fair Market Valve (FMV) or conversion date price which shall be determined as per the terms of CCPS.

The compulsorily convertible preference shares shall rank senior to the Company's equity share capital currently existing or established hereafter. Subject to applicable laws, in the event of a liquidation, dissolution or winding up (voluntary or otherwise), such compulsorily convertible preference shares shall immediately be converted into equity shares of the Company as per the terms and condition set forth in the terms of compulsorily convertible preference shares. Upon such conversion, the equity shares issued against conversion of compulsorily convertible preference shares shall rank pari passu with all other equity shares in all respects, including for purposes of the distribution of assets of the Company

6 Other financial assets

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Security Deposit	10.56	9.68	5.33
Others	660.57	81.79	
Total (A) Gross	671.13	91.47	5.33
Less: Impairment loss allowance (on EIS Receivable assets)	-	-	-
Total (A) Net	671.13	91.47	5.33

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7(a) Property, plant and equipment

	Furniture and fixtures	Computer	Vehicles	Office equipment	Lease hold improvements	Total
Cost						
At April 1, 2017	1.46	6.61	4.01	7.78	36.75	56.62
Purchase	0.04	5.72	4.11	2.88	20.16	32.91
Disposals	-	-	(1.70)	(0.01)	-	(1.71)
At March 31, 2018	1.51	12.33	6.42	10.65	56.91	87.82
Purchase	0.08	7.07	-	4.41	15.42	26.98
Disposals	-	-	-	-	-	-
At March 31, 2019	1.59	19.40	6.42	15.05	72.33	114.80
Depreciation						
At April 1, 2017	0.31	4.47	3.00	3.12	5.03	15.93
Charge for the year	0.15	2.80	1.00	2.36	4.80	11.12
Disposals	-	-	(0.99)	(0.00)	-	(0.99)
At March 31, 2018	0.46	7.27	3.01	5.48	9.83	26.05
Charge for the year	0.13	6.43	1.07	3.26	7.71	18.61
Disposals	-	-	-	-	-	-
At March 31, 2019	0.59	13.71	4.08	8.74	17.55	44.66
Net Block						
At March 31, 2018	1.04	5.06	3.42	5.17	47.08	61.77
At March 31, 2019	0.99	5.70	2.34	6.32	54.78	70.14

7(b) Intangible assets

	Software	Total
Gross block		
At April 1, 2017	1.98	1.98
Capitalised during the year	1.23	1.23
Purchase		-
At March 31, 2018	3.21	3.21
Capitalised during the year	-	-
Purchase	5.42	5.42
At March 31, 2019	8.63	8.63
Amortization		
At April 1, 2017	0.95	0.95
Charge for the year	0.57	0.57
At March 31, 2018	1.52	1.52
Charge for the year	1.16	1.16
At March 31, 2019	2.68	2.68
Net block		
At March 31, 2018	1.69	1.69
At March 31, 2019	5.96	5.96

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DMI FINANCE PVT. LTD. NEW DELHI

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8 Other non- financial assets

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Capital Advance	0.00	0.91	0.01
Prepaid Expenses	28.45	15.22	3.57
Balances with statutory / government authorities	28.73	18.95	10.59
Deferred Rent Expenses	0.10	0.10	0.10
Other Non Financial Assets	15.49	17.20	33.07
Total	72.77	52.37	47.34

9 Assets held for sale

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Assets under settlement	533.70	1,442.54	421.58

As a part of company's risk management strategy, the company had entered into settlement agreement with some of its borrowers where the management felt that the borrower was under financial stress. The Settlements amounting to Rs 533.69 millions in FY 2018-19 (FY 2017-18 Rs 1442.54 millions) were done as a prudent measure by the management wherein the borrower was approached and there was a mutual consensus between the Company and Borrower to transfer the asset in the name of the company and the loan was removed from the loan portfolio.

The management as a part of being proactive decided to proceed with the settlement of the loans by taking over the collateral with the mutual consent of the borrower and writing off the loan account from its loan portfolio. The management intends to do the following in regards to such assets:

- Early realization of loan proceeds without using legal proceedings
- Reduction in legal complications in sale of property since the borrower had agreed to transfer the asset on the books
- All charges pending of the borrower including principal, interest, penal interest, additional interest to be recovered thereby reducing chances of loss on sale of asset.

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(All Amount in Rs. in millions, except for share data unless stated otherwise)

10 Payables

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade Payables			
Total outsanding dues of Micro Enterprises and Small Enterprises	-	-	-
Total outsanding dues of Creditors other than Micro Enterprises	94.73	40.59	7.15
Total	**94.73**	**40.59**	**7.15**

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises. For the year ended March 31, 2018, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

11 Debt Securities

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Secured			
Non Convertible Debentures (Refer Note 11.1)	5,782.28	1,980.00	-
Liability Component of CCDs	-	1,350.91	1,629.02
Liability Componenent of CCPS	-	257.79	224.71
Unsecured	-	-	-
Total gross (A)	**5,782.28**	**3,588.70**	**1,853.73**
Debt securities in India	5,782.28	3,588.70	1,853.73
Debt securities outside India	-	-	-
Total (B) to tally with (A)	**5,782.28**	**3,588.70**	**1,853.73**

During the year, the Company issued additional 6050 (Previous year-1980) secured, rated, redeemable non-convertible debentures (NCDs) of face value of Rs. 1.00 million/- each aggregating to Rs.6,050.00 millions to different investors/lenders at different coupon rates, accrued, compounded and payable quarterly/half yearly. The NCDs are secured as described in the Debenture Trust Deed to the extent required for maintaining the security cover of 1.33/1.25/1.10 times in respect of the outstanding principal amount to be maintained till the final settlement date.
During the year, the Company fully repaid 1980 non convertible debentures(NCDs) of face value of Rs 1.00 million/- each in FY 2018-19 (FY 2017-18 NIL)

The company had issued convertible preference shares which has been treated as Compound financial instrument and split accounting is followed. Dividend component is classified as "equity" and the Principal and conversion option is classified as "Liability". During the FY 2018-19, the conversion ratio has been fixed. As a result, the entire capital has been shown under "Equity Share Capital".

The company had issued convertible debentures which has been treated as Compound financial instrument and split accounting is followed. Interest component is classified as "liability" and the Principal and conversion option is classified as "Equity". During FY 2018-19 , These have been converted @ Rs 35 per equity share, and accordingly 100,290,881 shares were issued to the CCD Holders.

S.R. Batliboi & Associates LLP Chartered Accountants MUMBAI

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11.1 Detail of Redeemable Non-Convertible Debentures

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of Interest p.a.	Face value	As at March 31, 2019	As at March 31, 2018	Secured/ Unsecured	Terms of redemption
1	INE604O07027	09-05-2018	09-11-2019	10,00,000	1000	9.50%	1.00	750.00	-	Secured	On or prior to 18 months from the first allotment date. Principal repayment commenced from March 2019
2	INE604O07035	15-06-2018	14-06-2020	10,00,000	1500	10.05%	1.00	1,489.37	-	Secured	To be redeemed 24 months from the date of allotment. Coupon payment to be made half yearly.
3	INE604O07068	15-06-2018	14-06-2021	10,00,000	1000	10.05%	1.00	992.91	-	Secured	To be redeemed 36 months from the date of allotment. Coupon payment to be made half yearly
4	INE604O07084	05-10-2018	02-11-2019	10,00,000	1500	10.50%	1.00	1,500.00	-	Secured	To be redeemed on or prior to 13 months from the first Allotment date. Coupon payment frequency is half yearly
5	INE604O07076	03-10-2018	02-11-2019	10,00,000	500	10.50%	1.00	500.00	-	Secured	To be redeemed on or prior to 13 months from the first Allotment date. Coupon payment frequency is half yearly.
6	INE604O07092	27-11-2018	26-12-2019	10,00,000	550	10.75%	1.00	550.00	-	Secured	To be redeemed on or prior to 13 months from the first Allotment date. Coupon payment frequency is half yearly
7	INE604O07019	08-05-2017	21-12-2018	10,00,000	1980	10.50%	1.00	-	1,980.00	Secured	
							Total amount	5,782.28	1,980.00		

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(All Amount in Rs. in millions, except for share data unless stated otherwise)

12 Borrowings

At amortised cost	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Secured			
Term loans			
From Banks	4,138.85	3,693.29	3,376.48
Cash Credit	332.86	375.70	2.93
Total gross (A)	4,471.72	4,068.99	3,379.41
Borrowings in India	4,471.72	4,068.99	3,379.41
Borrowings outside India	-	-	-
Total (B) to tally with (A)	4,471.72	4,068.99	3,379.41

Details of the Term Loans from Banks are as follows:

Bank Name	Repayment Details	Rate of Interest	Security Cover	Outstanding as on 31st March 2019	Outstanding as on 31st March 2018	Outstanding as on 31st March 2017
State Bank of India-II	14 quarterly installments	=>9%<12%	133%	142.51	319.78	424.89
Karur Vysya Bank	14 quarterly installments	=>9%<12%	133%	64.16	149.40	234.30
HDFC Bank	16 quarterly installments	=>9%<12%	133%	205.72	280.25	-
SIDBI-II	14 quarterly installments	=>9%<12%	133%	188.35	310.73	95.40
Kotak Mahindra Bank	12 quarterly installments	=>9%<12%	133%	99.84	149.64	-
Union Bank of India	14 quarterly installments	=>9%<12%	133%	389.58	494.14	-
Union Bank of India	14 quarterly installments	=>9%<12%	133%	494.74	-	-
IFCI	14 quarterly installments	=>9%<12%	133%	711.21	993.87	-4.50
AU Small Finance Bank	36 monthly installments	=>9%<12%	110%	311.67	448.15	-
South Indian Bank	14 quarterly installments	=>9%<12%	133%	255.87	297.80	213.04
Lakshmi Vilas Bank-III	12 quarterly installments	=>9%<12%	133%	297.85	-	-
Bank of Baroda-I	16 quarterly installments	=>9%<12%	133%	977.36	-	-
State Bank of India-I	14 quarterly installments	=>9%<12%	133%	-	107.25	285.25
SIDBI-I	14 quarterly installments	=>9%<12%	133%	-	142.27	213.01
Bank of India-I	14 quarterly installments	=>9%<12%	133%	-	-	149.65
Bank of India-II	14 quarterly installments	=>9%<12%	133%	-	-	198.75
IDBI	14 quarterly installments	=>9%<12%	133%	-	-	254.87
Bank of Baroda-II	14 quarterly installments	=>9%<12%	133%	-	-	213.50
Syndicate Bank	14 quarterly installments	=>9%<12%	133%	-	-	391.23
Lakshmi Vilas Bank-I	14 quarterly installments	=>9%<12%	133%	-	-	213.10
Lakshmi Vilas Bank-II	14 quarterly installments	=>9%<12%	133%	-	-	494.00
Total				4,138.85	3,693.29	3,376.48

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12.1 Change in liabilities arising from financing activities

Particulars	01-Apr-18	Cash flows	Changes in fair values	Exchange difference	Other	31-Mar-19
Non Convertible Debentures	1,980.00	3,820.00	-	-	(17.72)	5,782.28
Term loans	3,693.29	462.47	-	-	(16.91)	4,138.85
Cash Credit	375.70	(42.83)	-	-	-	332.86
Liability component of compound instruments	1,608.70	-	-	-	(1,608.70)	-
Total	**7,657.69**	**4,239.64**	-	-	**(1,643.33)**	10,254.00

Particulars	01-Apr-17	Cash flows	Changes in fair values	Exchange difference	Other	31-Mar-18
Non Convertible Debentures	-	1,980.00	-	-	-	1,980 00
Term loans	3,376.48	310.30	-	-	6.51	3,693.29
Cash Credit	2.93	373.58		-	(0.81)	375.70
Liability component of compound instruments	1,853.73	-	-	-	(245.03)	1,608.70
Total	**5,233.14**	**2,663.88**	-	-	**(239.33)**	**7,657.69**

(All Amount in Rs. in millions, except for share data unless stated otherwise)

13 Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Interest accrued but not due			
Interest Payable on CCD	1.79	460.21	414.87
Interest Payable on NCD	76.53	6.84	-
Interest Payable on Bank Borrowings	6.45	13.10	16.70
Other financial liabilties	166.63	2.07	1.89
	251.41	482.22	433.46

14 Provisions

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Provision for employee benefits			
Gratuity	8.25	4.97	3.26
Earned leave	10.69	5.14	0.96
Others	0.51	0.91	0.38
	19.45	11.03	4.61

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(All Amount In Rs. In millions, except for share data unless stated otherwise)

15 Tax Expenses

The major components of income tax expense for the years ended March 31, 2019 are :

Profit or loss section	Year ended March 31, 2019	Year ended March 31, 2018
Current income tax:		
Current income tax charge	315.27	386.09
Deferred tax:		
Relating to origination and reversal of temporary differences	0.74	20.31
Income tax expense reported in the statement of profit or loss	316.01	406.40

OCI section

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Unrealised (gain)/loss on FVTOCI debt securities	6.37	(36.91)
Unrealised (gain)/loss on FVTOCI equity securities	0.63	(25.82)
Net loss/(gain) on remeasurements of defined benefit plans	(0.11)	(0.09)
Income tax charged to OCI	6.89	(62.82)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax	1,069.36	1,163.09
Add: Items considered separately/ Inadmissible herewith.		
- Depreciation charged on Fixed Assets (As per Co's Act, 1956)	19.77	11.69
- Interest on Income tax	0.34	0.43
- Share capital stamp duty	16.59	2.38
- Provision for Assets (Additional)	277.39	20.96
- Donation	-	0.17
- Provision for Gratuity	3.28	1.71
- Provision for earned leave	5.55	4.18
- Loss on sale of fixed assets	-	0.08
- CSR expense	19.70	16.36
- ESOP Provision	-	0.14
- CCPS expense	25.29	33.08
- Other permanent differences	(9.85)	160.95
- Disallowance of interest to DMI Capital Fund LP u/s 94B	40.86	61.12
Less: Items considered separately/ admissible herewith		
- Depreciation Charges as per I.T. Act	15.15	10.15
- Un realized gain on MMF	52.31	-0.03
- CCD Expense	212.73	278.11
- Change in Fair Value of Investments	108.17	72.50
- Profit on sale of investments	4.97	-
Add: Short Term Capital Gain	7.70	-
Total Taxable Income	1,082.66	1,115.60
At India's statutory income tax rate	315.27	386.09
Difference due to Deferred tax created	0.74	20.31
Income tax expense reported in the statement of profit & loss	316.01	406.40

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(All Amount in Rs. in millions, except for share data unless stated otherwise)

Deferred Tax liabilities / (assets)	March 31, 2019	March 31, 2018	April 1, 2017
Deferred tax liability			
Interest Component on CCD and CCPS	(54.58)	-	
Fair value of Financial Instruments	(118.94)	(180.72)	(120.82)
Difference in income recognization on unrealized gain on MMF	(15.25)	(0.08)	(0.08)
Gross deferred tax liability	**(188.78)**	**(180.79)**	**(120.91)**
Deferred tax asset			
Provision for standard & sub standard assets	-	27.33	20.07
Provision for gratuity and Leave availment	5.52	3.50	1.46
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	4.14	3.32	2.77
ESOPs	-	0.05	-
Fair value of Financial Instruments	-	468.30	580.16
ECL	194.86	108.25	50.67
Carry forward of interest disallowed u.s 94B	29.69	21.15	-
Gross deferred tax asset	**234.20**	**631.90**	**655.15**
Net Deferred Tax (Liability)/ Asset	**45.43**	**451.11**	**534.24**

16 Other Non-financial Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Statutory Dues Payable	19.15	65.33	54.69
Provision for Expenses	52.15	26.61	34.09
Others*	111.70	99.82	75.53
Total	**183.00**	**191.76**	**164.30**

* Others include Processing Fee refundable to channel partners, advance received from borrowers and amount collected from borrowers as Debt service reserve account (DSRA).

(All Amount in Rs. in millions, except for share data unless stated otherwise)

17 Equity share capital

Details of authorized, issued, subscribed and paid up share capital

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Authorized share Capital			
965,000,000 (P.Y. 430,000,000) Equity Shares of Rs. 10/- each	9,650.00	4,300.00	4,300.00
35,000,000 (P.Y. 35,000,000) Compulsorily Convertible Preference Shares of Rs. 10/- each	350.00	350.00	350.00
	10,000.00	4,650.00	4,650.00
Issued , Subscribed & Paid up capital			
Equity Share Capital			
520,957,897 (P.Y. 324,418,138) Equity shares of Rs. 10/- each	5,209.58	3,244.18	3,244.18
Sub Total (A)	5,209.58	3,244.18	3,244.18
Preference Share Capital			
15,481,134 B Series (P.Y. 15,481,134) compulsorily convertible preference shares of Rs. 10 each	154.81	-	-
6,749,135 C Series (P.Y. 6,749,135) compulsorily convertible preference shares of Rs. 10 each	67.49	-	-
247,468 D Series (P.Y 247,468) compulsorily convertible preference shares of Rs. 10 each	2.47	-	-
224,971 E Series (P.Y. 224,971) compulsorily convertible preference shares of Rs 10 each	2.25	-	-
899,885 F Series (P.Y. 899,885) compulsorily convertible preference shares of Rs. 10 each	9.00	-	-
4,180,602 G Series (P.Y. 4,180,602) compulsorily convertible preference shares of Rs. 10 each	41.81	-	-
Sub Total (B)	277.83	-	-
Total (A+B)	5,487.41	3,244.18	3,244.18

The company had issued convertible preference shares which has been treated as Compound financial instrument and split accounting is followed. Dividend component is classified as "equity" and the Principal and conversion option is classified as "Liability". During the FY 2018-19, the terms have been changed and the conversion ratio has been fixed. As a result, the entire capital has been shown under "Equity Share Capital".

17.1 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders.

Terms/rights attached to Compulsorily Convertible Preference Shares

- Series B to F

The holders of the compulsorily convertible preference shares shall not be entitled to receive dividends until such dividends are declared by the Board. However in case a dividend is declared on equity shares, then simultaneously with payment of dividend to the holders of equity shares a pro-rata dividend would be paid out to compulsorily convertible preference shares on the basis of the ownership percentage represented by such compulsorily convertible preference shares. The compulsorily convertible preference shares shall not carry any voting rights until conversion into equity shares, except in accordance with the Companies Act, 2013 and shall convert into equity shares on occurrence of determination event as per the agreement.

-Series G

The holders of G Series CCPS shall not be entitled to receive dividends until such dividends are declared by the Board. However, in case a dividend is being declared on equity shares or any other compulsorily convertible preference shares, then simultaneously with payment of dividend to holders of equity shares, a pro-rata dividend would be paid out to G Series CCPS on the basis of the ownership percentage represented by such CCPS. The G Series compulsorily convertible preference shares shall not carry any voting rights until conversion into equity shares, except in accordance with the Companies Act, 2013 and shall convert into equity shares on occurrence of determination event as per the agreement.

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

Name of the shareholder	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Equity Share at the beginning of year	32,44,18,138	3,244.18	32,44,18,138	3,244.18	29,22,27,818	2,922.28
Add: Equity Share Allotted during year						
Shares issued during the year	9,62,48,878	962.49	-	-	3,21,90,320	321.90
Shares issued persuant to conversion of compulsorily convertible debentures	10,02,90,881	1,002.91	-	-	-	-
Equity share at the end of year	52,09,57,897	5,209.58	32,44,18,138	3,244.18	32,44,18,138	3,244.18

17.3 Shares held by holding Company

Name of the shareholder	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
DMI Limited						
418,524,894 (P.Y. 322,276,016) Equity Shares of Rs. 10/- each fully paid	41,85,24,894	80.34%	32,22,76,016	99.34%	32,22,76,016	99.34%
Total	41,85,24,894	80.34%	32,22,76,016	99.34%	32,22,76,016	99.34%

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

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(All Amount in Rs. in millions, except for share data unless stated otherwise)

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

Name of the shareholder	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Equity shares of Rs. 10 each fully paid up						
DMI Limited	41,85,24,894	80.34%	32,22,76,016	99.34%	32,22,76,016	99.34%
NIS Ganesha S.A.	6,25,34,447	12.00%	-	-	-	-
Total	48,10,59,341	92.34%	32,22,76,016	99.34%	32,22,76,016	99.34%
Compulsorily convertible preference shares of Rs. 10 each fully paid up						
Windy Investments Private Limited (B Series)	1,54,81,134	55.72%	1,54,81,134	55.72%	1,54,81,134	55.72%
Windy Investments Private Limited (G Series)	41,80,602	15.05%	41,80,602	15.05%	41,80,602	15.05%
Anuj Malhotra (C Series)	67,49,135	24.29%	67,49,135	24.29%	67,49,135	24.29%
Total	2,64,10,871	95.06%	2,64,10,871	95.06%	2,64,10,871	95.06%

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

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(All Amount in Rs. In millions, except for share data unless stated otherwise)

18 Other equity

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Share Premium Account[2]	12,905.76	2,029.30	2,029.30
Capital Redemption Reserve	81.21	81.21	81.21
Regulatory Reserve u/s 45 (1C) of RBI Act	731.31	584.00	452.07
Share Options Outstanding Account[1]	28.04	0.14	-
Retained earnings	2,768.05	2,916.40	2,172.93
Equity Component of CCD[4]	-	1,899.27	1,899.27
Equity Componenet CCPS[3]	-	282.57	282.57
Total	16,514.37	7,792.89	6,917.35

1. It represents reserves created on account of share options granted by the company to its employees.

2. Securities Premium Account is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of Bonus Shares in accordance with provisions of Companies Act 2013

3.The company had issued convertible preference shares which has been treated as Compound financial instrument and split accounting is followed. Dividend component is classified as "equity" and the Principal and conversion option is classified as "Liability". During the FY 2018-19, the conversion ratio has been fixed. As a result, the entire capital has been shown under "Equity Share Capital".

4.The company had issued convertible debentures which has been treated as Compound financial instrument and split accounting is followed. Interest component is classified as "liability" and the Principal and conversion option is classified as "Equity". During FY 2018-19 , These have been converted @ Rs 35 per equity share, and accordingly 100,290,881 shares were issued to the CCD Holders.

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(All Amount in Rs. in millions, except for share data unless stated otherwise)

19 Interest Income

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	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 Loans	3,212.39	356.40	2,165.52	169.53
Interest income on loan to associates[1]	11.20	-	1.92	-
	3,223.60	356.40	2,167.44	169.53

1 Interest income on loan to associates includes interest on loan given to DMI Housing Finance Private Limited and DMI Alternatives Private Limited given in FY 2018-19 Rs.11.2 millions (FY 2017-18 Rs 1.92 million)

20 Fees and commission income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Card Reload Fee	5.88	-
Other Income	1.22	-
	7.10	-

21 Net gain/(loss) on fair value changes

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Net gain/(loss) on financial instruments at fair value through profit and loss		
Investments	248.87	123.87
Total Net gain/(loss) on fair value changes	248.87	123.87
Analysis of fair value changes		
Realised	98.33	61.04
Unrealised	150.53	62.83
Total Net gain/(loss) on fair value changes	248.87	123.87

22 Other income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Misc Income[1]	4.98	7.82
Total	4.98	7.82

1 During the year, Misc Income includes gain on transfer of equity shares of DMI Housing Finance Private Limited.

23 Finance Costs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest		
on compulsory convertible debentures	133.39	239.64
on non convertible debentures	539.13	186.26
on bank term loan	389.61	235.66
on bank cash credit	26.95	12.59
on CCPS debt	25.29	33.08
on delayed deposit of statutory dues	0.34	0.43
Fees on borrowings	26.92	24.13
Bank charges	12.39	10.16
Other Interest Expense	1.49	11.64
Total	1,155.51	753.58

24 Fees and commission expense

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Selling Partner Commission	215.09	11.80
	215.09	11.80

25 Impairment on financial instruments

Particulars	Year ended March 31, 2019			Year ended March 31, 2018		
	On financial instruments measured at fair value through Other Comprehensive Income	On financial instruments measured at Amortised cost	Total	On financial instruments measured at fair value through Other Comprehensive Income	On financial instruments measured at Amortised cost	Total
Loans	1.15	325.73	326.88	18.29	90.51	108.79
Investments	(14.26)	(35.23)	(49.49)	0.57	77.97	78.54
Write offs	-	255.61	255.61	-	1.26	1.26
Total	(13.11)	546.11	533.00	18.86	169.73	188.59

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26 **Employee Benefits Expenses**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	509 37	205 10
Contribution to provident and other funds	13.88	9 37
Share Based Payments to employees	28,78	0.14
Staff welfare expenses	10.21	5.59
Total	562.24	220.21

27 **Other expenses**

	Year ended March 31, 2019	Year ended March 31, 2018
Advertisement Expenses	9.40	3.95
Legal and professional fees	58.44	23.28
Travelling & conveyance expenses	25.11	14.40
Audit fee[1]	3.10	2.30
IT Expenses	43.03	16.33
Rates and takes	17.44	3 32
Rent (Refer Note 37)	18.79	14.85
GST Written off	61.03	16 56
Communication Expenses	3.01	4 80
Printing & Stationery	1.49	0.95
Independent Directors Fee	0.58	-
Corporate Social Responsibility[2]	19.70	16.36
Foreign Exchange	(0.12)	-
Repair and Maintenance	14.07	3.51
Insurance Expense	1.05	0 30
TDS Written-Off		1 84
Security expense	5.03	2 35
Credit Rating Fee	4,24	7.02
Fixed assets written-off	-	0.08
Miscellaneous expenses	0.58	7.51
Total	285.98	139.70

1. Auditor's remuneration

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Audit fees	2.65	1.90
Tax audit fees	0 28	0 25
Other services	0.18	0 15
	3,10	2.30

2. Corporate Social Responsibility (CSR)

In respect of Corporate Social Responsibility activities, gross amount required to be spent by the Company during the year was Rs 19.50 millions in FY 2018-19 (Previous Year Rs 16.36 millions) and Company has spent Rs. 19.70 millions in FY 2018-19 (Previous Year Rs. 16 36 millions).

28 **Earning per share**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Following reflects the profit and share data used in EPS computations:		
Basic		
Weighted average number of equity shares for computation of Basic EPS (In Millions)	471.66	452.49
Net profit for calculation of basic EPS	753.35	756.70
Basic earning per share (In Rs)	1.60	1.67
Diluted		
Weighted average number of equity shares for computation of Diluted EPS (In Millions)	474.51	452.50
Net profit for calculation of Diluted EPS	753.35	756.70
Diluted earning per share (In Rs)	1.59	1.67
Nominal value of equity shares (In Rs)	10.00	10.00

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(All Amount in Rs. In millions, except for share data unless stated otherwise)

29 Retirement benefit plan

Defined contribution plan

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

The total expense charged to income during the FY 2018-19 Rs 4.43 millions (FY 2017-18: Rs 3.26 millions) represents contributions payable to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.

Provision for unfunded Gratuity for all employees is based upon actuarial valuations carried out at the end of every financial year. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Pursuant to the issuance of the Indian Accounting Standard (IndAS) 19 on 'Employee Benefits', commitments are actuarially determined using the 'Projected Unit Credit' Method. Gains and losses on changes in actuarial assumptions are accounted for in the "Other comprehensive Income"

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

Changes in the defined benefit obligation and fair value of plan assets as at 31March 2019

	Gratuity cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income							
	01-04-2018	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-19
Gratuity	4.97	3.45	0.39	3.84	(0.18)	-	-	0.16	(0.55)	(0.39)	-	8.25

Changes in the defined benefit obligation and fair value of plan assets as at 31March 2018

	Gratuity cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income							
	01-04-2017	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-18
Gratuity	3.26	1.73	0.24	1.97	-	-	-	(0.20)	(0.06)	(0.26)	-	4.97

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DMI Finance Private Limited
Notes to Standalone Financial Statements for the year ended 31 March 2019
(All Amount in Rs. In millions, except for share data unless stated otherwise)

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

Particulars	31-Mar-19	31-Mar-18
Economic assumptions		
Discount rate	7.66%	7.80%
Future salary increases	6.00%	6.00%
Demographic assumptions		
Retirement age	60	60
Mortality rates inclusive of provision for disablity	100% of IALM (2006-08)	100% of IALM (2006-08)
Attrition at ages (withdrawal rate)		
(i) upto 30 years	3.00%	3.00%
(ii) From 31 to 44 years	2.00%	2.00%
(iii) Above 44 years	1.00%	1.00%

Mortality Rates for specimen ages

Age	Rate	Age	Rate	Age	Rate
15	0.000614	45	0.002874	75	0.039637
20	0.000888	50	0.004946	80	0.060558
25	0.000984	55	0.007888	85	0.091982
30	0.001056	60	0.011534	90	0.138895
35	0.001282	65	0.017009	95	0.208585
40	0.001803	70	0.025855	100	0.311628

A quantitative sensitivity analysis for significant assumption as at 31 March 2019 is as shown below:

	31-Mar-19		31-Mar-18		31-Mar-19		31-Mar-18	
Assumptions	Discount rate				Future salary increases			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.63)	0.70	(0.37)	0.41	0.70	(0.64)	0.33	(0.32)

The following is the maturity profile of gratuity:

Expected payment for future years	31-Mar-19	31-Mar-18
0 to 1 Year	0.10	0.09
1 to 2 Year	0.06	0.06
2 to 3 Year	0.08	0.08
3 to 4 Year	0.09	0.08
4 to 5 Year	0.12	0.09
5 to 6 Year	0.14	0.08
6 Year onwards	7.66	4.49
Total expected payments	**8.25**	**4.97**

The weighted average duration of the defined benefit obligation as at 31 March 2019 is 20.32 years (2018: 20.44 years)

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DMI Finance Private Limited
Notes to Standalone Financial Statements for the year ended 31 March 2019
(All amount in Rs millions, except for share data unless stated otherwise)

30 Employee Stock Option Plan

I. The Company has formulated share-based payment schemes for its employees. Details of all grants in operation during the year ended March 31, 2019 are as given below:

Scheme Name	DMI ESOP plan 2018	DMI Retention Plan, 2018	DMI ESOP Plan, Managemant Scheme	DMI ESOP Plan, Legacy Scheme
Date of grant	19-Mar-18	01-Apr-18	01-Oct-18	01-Apr-18
Date of Board / Committee approval	16-Mar-18	16-Mar-18	01-Oct-18	16-Mar-18
Number of Options granted	322023	1550442	723981	1827677
Method of settlement	Shares	Shares	Shares	Shares
Graded vesting period *	As defined below	As defined below	As defined below	As defined below
First vesting date	18th March 2019	31-Mar-19	30-Sep-19	31-Mar-19
Exercise period **	5 years	5 years	5 years	5 years
Vesting conditions	As per DMI ESOP Plan	As per DMI Retention Plan, 2018	As per DMI ESOP Plan, Managemant Scheme	As per DMI ESOP Plan, Legacy Scheme
Exercise price per option	43.90	46.74	62.21	13.29
Stock price on the date of grant	22.81	24.68	95.49	24.68

* 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

II. Reconciliation of options

Options outstanding at the beginning of the year	322023
Granted during the year	4102100
Exercised during the year	-
Outstanding at the end of the year	4424123
Weighted average remaining contractual life (in years)	4.1

III. Computation of fair value

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

ESOP PLAN	DMI ESOP PLAN 2018	DMI Retention Plan, 2018	DMI ESOP Plan, Managemant Scheme	DMI ESOP Plan, Legacy Scheme
Fair Market Value (Rs.)	22.81	24.68	95.49	24.68
Volatility	15%	15.00%	15%	15%
Risk free Rate	6%	7.50%	7.50%	7%
Exercise Price (Rs.)	43.90	46.74	62.21	13.29
Option Fair Value	0.67	1.15	49.45	15.32

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31 First-time adoption of Ind AS

The Company has prepared its Ind AS compliant financial statements for year ended March 31, 2019, The comparative year ended on March 31 2018 and an opening Ind AS Balance Sheet as at April 1, 2017 (The date of transition), as described in the summary of significant accounting policies. This note explains the principal adjustment made by the Company in restating its previous GAAP financial statements, including the balance sheet as at April 1, 2017 and the financial statements as at and for the year ended March 31, 2018.

For years ended upto the year ended March 31, 2018, the Company had prepared its financial statements in accordance with the accounting statndards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions/exceptions:

Estimates

The estimates at April 1, 2017 and at March 31, 2018 are consistent with those made for the same dates in accordance with Indian GAAP apart from the following adjustments:

- Fair valuation of financials instruments carried at FVTPL and FVOCI
- Impairment of financial assets based on Expected Credit Loss (ECL) model
- Determination of discounted value for financial instruments carried at amortized cost

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2017 the date of transition to Ind AS, and as of March 31, 2018.

Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Impairment of financial assets

The Company has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at April 1, 2017.

Property, plant & equipment & intagible assets

The Company has elected to continue with the carrying value for all of its PPE, Intangible assets and Investment Properties as recognized in its Indian GAAP financial as deemed cost at the transition date.

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(All amount in Rs millions, except for share data unless stated otherwise)

Reconciliation of Equity under Ind AS and Indian GAAP as follows

Particulars	As of March 31, 2018	As of March 31, 2017
Equity as reported under previous GAAP	8,693.53	8,033.73
Expected Credit loss on the financial assets (release)	(312.79)	(146.42)
Effective interest rate impact on financial assets	10.46	(3.32)
Effective interest rate impact on financial liabilities	24.22	30.73
Fair Valuation of Investments	324.34	80.34
Compound Financial Instruments	1,901.48	2,411.22
Recognition of Deferred Tax Asset	395.83	(244.75)
Equity as reported under Ind AS	**11,037.07**	**10,161.53**

Reconciliation of Profit under Ind As and Indian GAAP as follows

Particulars	Year ended March 31, 2018
Profit after tax as per previous GAAP	659.66
Increase / decrease in profit due to :	-
Expected credit loss on financial assets (release)	(166.37)
Effective interest rate impact on financial assets	13.78
Effective interest rate impact on financial liabilities	(6.51)
Fair Valuation of Investments	244.00
Compound Financial Instruments	(509.74)
Tax Impact of the above adjustments	640.58
Total Comprehensive Income as per Ind AS	**875.40**

(i) EIR on loans and borrowings

Under Indian GAAP, loan processing fees received in connection with loans portfoliois recognized upfront and credited to profit or loss for the period. Under Ind AS, loan processing fee is credited to profit and loss using the effective interest rate method. The unamortized portion of loan processing fee is adjusted from the loan portfolio.

For Borrowings Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under IndAS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

(ii) Investments

Under Indian GAAP, company accounted for long term investments in CCPS and NCD's of subsidiaries measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, company has designated such investments as FVOCI investments. Ind AS requires FVOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVOCI reserve, net of related deferred taxes.

Under Indian Gaap, equity shares were measured at transaction cost. Under IndAS the equity shares were classified as FVTPL instruments and has been measured at fair value. Difference of fair value and carrting amount has been transferred to equity.

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(iii) Expected Credit Loss on loans & advances

Under Indian GAAP, the Company has created provision for loans and advances based on the Guidelines on prudential norms issued by Reserve Bank Of India. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). In addition, ECL on off balance sheet has also been determined as per Ind AS). The differential impact has been adjusted in Retained earnings/ Profit and loss during the year.

Under Indian GAAP Provision for NPA and Provision against standard asset were presented under provisions. However, under Ind AS financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses.

(iv) Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax liabilities is of Rs 244.75 millions (March 31, 2018: Rs negative 395.83 millions).

(v) Compulsorily Convertible Preference Shares

The company had issued convertible preference shares. Under Indian GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit . Under IndAS, Compulsorily Convertible Preference Shares are treated as Compound financial instrument and split accounting is followed. Dividend component is classified as "equity" and the Principal and conversion option is classified as "Liability"

(vi) Compulsorily Convertible Debentures

The company had issued convertible debentures. Under Indian GAAP, debentures was classified under Borrowings. Under IndAS, Compulsorily Convertible Debentures are treated as Compound financial instrument and split accounting is followed. Interest component is classified as "liability" and the Principal and conversion option is classified as "Equity".

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Notes to the Standalone Financial Statements For the year ended March 31, 2019
(All Amount in Rs. in millions, except for share data unless stated otherwise)

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

(a) Detail of related parties

Nature of relationship	Name of Related party
Holding company	DMI Limited
Subsidiary Companies	DMI Housing Finance Private Limited (upto 19th December 2018) DMI Management Services Private Limited DMI Capital Private Limited
Associate Company	DMI Alternatives Private Limited
Fellow Subsidiary	DMI Consumer Credit Private Limited DMI Housing Finance Private Limited (after 19th December 2018)
Key Management Personnel	Mr. Yuvraja Chanakya Singh Mr. Shivashish Chatterjee Mrs. Bina Singh Mrs. Jayati Chatterjee Mr. Nipender Kochhar Mr. Gurcharan Das Mr. Jatinder Bhasin Mr. Sahib Pahwa
Relative of key management personnel	Mrs. Mallika Singh Ms. Promita Chatterjee
Enterprises owned, or significantly influenced by Management personnel or their relatives	DMI Capital Fund LP Compro Technologies Private Limited

(b) Significant transactions with related parties:

Sale/purchase of services/assets	Purchase of services / assets	Sale of services / assets	Amount owed by related parties	Amount owed to related parties
Compro Technologies Private Limited				
2019	0.73	5.98	-	-
2018	9.73	-	-	-
2017	2.90	-	-	-
DMI Housing Finance Private Limited				
2019	-	253.79	-	-
2018	47.09	8.58	-	7.08
2017	4.20	53.01	-	0.26
DMI Management services Private Limited				
2019	-	0.60	-	-
2018	-	0.60	-	-
2017	-	0.25		-
DMI Capital Private Limited				
2019	-	0.60	-	-
2018	116.14	171.98	-	-
2017	-	120.82	-	-
ESOP's to Employees of DMI Alternatives Private Limited				
2019	2.60	-	-	2.60
2018	-	-	-	-
2017	-	-	-	-
ESOP's to Employees of DMI Housing Finance Private Limited				
2019	-	3.48	3.48	-
2018	-	-	-	-
2017	-	-	-	-

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

Loans taken and repayment thereof	Loans taken/transfer/ (repaid)	Interest accrued- (inclusive of TDS)	Interest paid (exclusive of TDS)	Amount owed by related parties
DMI Capital Fund LP				
2019	(414.34)	40.86	85.54	-
2018	(44.45)	61.12	53.86	465.62
2017	-	64.19	52.28	512.65
Ms. Mallika Singh				
2019	(2.00)	0.20	0.18	-
2018	-	0.30	0.27	2.30
2017	-	0.30	0.27	2.27
Mr. Yuvraja Chanakya Singh				
2019	(12.56)	1.24	1.11	-
2018	-	1.85	1.67	14.23
2017		1.85	1.67	14.23
DMI Alternatives Private Limited				
2019	60.00	2.19	-	-
2018	60.00	1.92	-	61.73
2017	-	-	-	-
Ms. Bina Singh				
2019	(2.25)	0.22	0.20	-
2018	-	-	-	-
2017	-	-	-	-

Advance given and repayment thereof	Advance (taken)/ given	Interest on loan, if any	Repayment	Amount owed to related parties
DMI Housing Finance Private Limited				
2019	430.00	9.01	(430.00)	-
2018	-	-	-	-
2017	(0.01)	-	0.01	-
DMI Management services Private Limited				
2019	17.45	-	-	17.45
2018	-	-	-	-
2017	9.40	-	(9.40)	
DMI Capital Private Limited				
2019				
2018	-	-	-	-
2017	-	-	-	-
DMI Consumer Credit Private Limited				
2019				
2018	-	-	-	-
2017	0.46	-	(0.46)	-
DMI Alternatives Private Limited				
2019				
2018	2.80	-	(2.80)	-
2017	-	-	-	

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Reimbursement of expense	Reimbursement of expense paid by related party on behalf of entity	Reimbursement of expense incurred on behalf of related party	Amount owed to related party
DMI Management Services Private Limited			
2019	-	-	-
2018	-	0.00	
2017	0.40	0.04	-
DMI Housing Finance Private Limited			
2019	-	-	-
2018	0.07	-	-
2017	1.15	0.03	-
Bina Singh			
2019	-	-	-
2018	-	-	-
2017	0.09	0.01	-

Remuneration to key managerial personnel	March 31, 2019	March 31, 2018	March 31, 2017
Mr. Yuvraja Chanakya Singh, Jt. Managing Director			
Short term employee benefits	57.28	59.17	59.17
Post employment benefits	0.36	0.36	0.36
Mr. Shivashish Chatterjee, Jt. Managing Director			
Short term employee benefits	233.97	25.90	29.96
Post employment benefits	0.36	0.36	0.36
Mrs. Jayati Chatterjee, Director			
Sitting fees	0.20	0.16	0.18
Mrs. Bina Singh, Director			
Sitting fees	0.10	0.06	0.08
Mr. Gurcharan Das			
Sitting fees	0.08	0.08	0.10
Mr. Nipender Kochhar	0.20	0.16	0.12
Sitting fees			
Mr. Jatinder Bhasin			
Yearly Remuneration	10.00	3.20	-
Mr. Sahib Pahwa			
Yearly Remuneration	3.43	2.40	2.20

Shares issued/ purchased from related party	March 31, 2019	March 31, 2018	March 31, 2017
DMI Limited			
Issue of equity shares	9,190.81	-	1,380.64
DMI Capital Fund LP			
Issue of equity shares	414.34	-	-
Mr. Yuwraja Chanakya Singh			
Purchase of equity shares of DMI Housing Finance Private Limited	-	5.00	-
Ms. Mallika Singh			
Issue of equity shares	2.00	-	-
Ms. Bina Singh			
Issue of equity shares	2.25	-	-

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(All Amount in Rs. In millions, except for share data unless stated otherwise)

Additions in Investments	No. of Equity shares purchased	Amount Rs.	No. of Compulsorily convertible preference shares purchased	Amount Rs.
DMI Housing Finance Pvt. Ltd.				
2019	-	-	-	-
2018	-	-	38.38	410.00
2017	2.75	30.00	49.36	526.00
DMI Consumer Credit Pvt. Ltd.				
2019	-	-	-	-
2018	-	-		-
2017	3.15	31.50	-	-
DMI Alternatives Pvt. Ltd.				
2019	-	-	-	-
2018	-	-	-	-
2017	0.01	0.10	-	-

Others

During the year ended March 31, 2019, the company has down sold certain non convertible debentures to Mr. Sahib Pahwa with a consideration as mentioned below:

Sale of NCDs- Rs 1.02 millions (Mar'18: Rs. Nil ,Mar'17: Rs. Nil)

During the year ended March 31, 2018, the company has down sold and purchased certain non convertible debentures from Mrs. Jayati Chatterjee with a consideration as mentioned below:

Sale of NCDs- Rs 0 (Mar'18: Rs. 1.77 millions ,Mar'17: Rs. 1.99 millions)

Purchase of NCDs- Rs Nil (Mar'18: Rs. 1.87 millions, Mar'17: Rs. Nil)

During the year ended March 31, 2018, the company has purchased certain non convertible debentures held by Mr. Gurcharan Das with a consideration of Rs. Nil (Mar'18:Rs.3.58 millions; Mar'17: Rs. Nil).

During the year ended March 31, 2018, the company has down sold and purchased certain non convertible debentures from Ms. Promita Chatterjee with a consideration as mentioned below:

Sale of NCDs- Rs. 0 (Mar'18:Rs. 0.89 millions, Mar'17: Rs. 0.99 millions)

Purchase of NCDs- Rs.Nil (Mar'18: Rs. 0.93 millions ,Mar'17: Rs. Nil)

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33 Capital

The company actively manages its capital base to cover risk inherent to its business and meets the capital adequacy requirements of the regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures the regulations issued by RBI.

(i) Capital management:

Objective

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

Planning

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

The Company endeavors to maintain its 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

Particulars	As at March 31, 2019	As at March 31,2018	As at April 1, 2017
Tier 1 CRAR	65.07%	42.78%	50.16%
Tier 2 CRAR	0.78%	18.42%	22.27%
Total CRAR	65.85%	61.20%	72.43%

The CRAR has been computed in accordance with the NBFC Master Directions The CRAR for current year includes the impact of certain IndAS adjustments. The CRAR for March 31, 2018 and 1 April,2017 is as reported to the regulator and prepared in accordance with the accounting principles applicable at that time

34 Contingent liability

The company has given a corporate guarantee to following banks against the sanctioned facilities to its fellow subsidiary DMI Housing Finance Private Limited(effective from 20 Dec 2018)

Bank Name	Term Loan	Cash Credit	As at March 31, 2019	As at March 31, 2018
State Bank of India	200.00	250.00	450.00	450.00
DCB	100.00	-	100.00	100.00
South Indian Bank	100.00	-	100.00	100.00
Total	400.00	250.00	650.00	650.00

The undrawn loan commitments of the Company is Rs. Nil in FY 2018-19 (FY 2017-18 Rs 495.60 million , FY 2016-17 Rs 212.40 millions)

35 Standard issued but not yet effective

Ind AS 116 : Leases

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 'Leases'. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IndAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The company is evaluating the requirements of Ind AS 116 and its effect on the financial statements

36 The Supreme Court has recently, delivered its ruling on the composition of basic wages for the purposes of deduction and contribution to the Employees Provident Fund and Pension Funds The Company, in the interest of its employees, awaits clarity on the complexities revolving around the apllication of the said order, the ambiguity reflected by the divergent views of the legal experts and the response/direction from the authorities, including representations made by an industry association in this regard.

37 Leases

The Company has taken office premises on Lease at various locations in India. Lease rent aggregating to Rs. 18.79 millions in FY 2018-19 (FY 2017-18 Rs. 14.85 millions) in respect of the same have been charged to the Statement of Profit and Loss The agreements are executed for periods ranging from 11 months to 9 years with a renewable clause. In many cases, the agreements also provide for termination at will by either party by giving a prior notice period between 30 to 90 days. The minimum lease rentals outstanding as at March 31, 2019, are as under:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Not later than One year	27.00	22.95
Later than One year but not later than Five years	87.07	73.42
Later than Five Years	5.69	19.47

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38 Risk Management

Introduction and risk profile

DMI Finance Private Ltd. is a private finance company in India and is regulated by the Reserve Bank Of India (RBI). In view of the intrinsic nature of operations, the company is exposed to a variety of risks, which can be broadly classified as credit risk, market risk, liquidity risk and operational risk. It is also subject to various regulatory risks.

Risk management struture and policies

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

(A) Liquidity risk

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

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

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

31-Mar-19	upto 1 month	Over 1month to 2 month	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Financial assets									-
Cash and cash equivalents	429.58	-	-	-	-	-	-	-	429.58
Bank balance other than Cash and cash equivalents	3.07	-	-	-	11.63	-	-	-	14.70
Receivables	-	8.21	-	-	-	-	-	-	8.21
Loans	1,759.11	1,499.86	1,453.45	3,636.68	5,189.84	9,517.77	3,690.23	19.52	26,766.47
Investments	121.63	39.15	167.32	5,134.05	451.50	1,752.49	1,033.18	2,287.95	10,987.27
Other financial assets	488.37	20.52	18.30	42.14	51.50	39.64	0.10	10.56	671.13
Financial liabilities	-	-	-	-	-	-	-	-	-
Trade Payables	94.73	-	-	-	-	-	-	-	94.73
Debt Securities	-	-	345.14	367.26	2,977.24	2,714.77	-	-	6,404.41
Borrowings (other than Debt Securities)	371.78	137.36	335.41	511.60	968.25	2,514.42	340.56	-	5,179.38
Other financial liabilities	26.61	17.32	91.98	35.57	46.37	33.46	0.08	-	251.41

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31-Mar-18	upto 1 month	Over 1month to 2 month	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Financial assets									-
Cash and cash equivalents	440.97	-	-	-	-	-	-	-	440.97
Bank balance other than Cash and cash equivalents	2.94	-	-	-	11.44	-	-	-	14.38
Receivables	-	-	-	-	-	-	-	-	-
Loans	369.17	292.30	933.37	1,062.26	2,156.37	7,345.92	3,561.72	562.79	16,283.89
Investments	191.03	36.21	204.94	280.37	552.47	1,898.79	977.66	2,155.79	6,297.26
Other financial assets	81.79	-	-	-	-	-	-	9.68	91.47
Financial liabilities	-	-	-	-	-	-	-	-	-
Trade Payables	40.59	-	-	-	-	-	-	-	40.59
Debt Securities	-	-	45.00	52.40	103.10	1,454.28	906.77	1,608.70	4,170.25
Borrowings (other than Debt Securities)	444.39	62.81	212.85	402.35	820.93	2,351.59	422.42	-	4,717.34
Other financial liabilities	475.38	-	6.84	-	-	-	-	-	482.22

31-Mar-17	upto 1 month	Over 1month to 2 month	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Financial assets									-
Cash and cash equivalents	143.32	-	-	-	-	-	-	-	143.32
Bank balance other than Cash and cash equivalents	2.81	-	-	-	8.57	-	-	-	11.38
Receivables	-	-	-	-	-	-	-	-	-
Loans	452.77	269.67	351.29	1,012.74	1,937.24	5,503.65	2,413.00	182.71	12,123.07
Investments	72.15	70.23	113.44	656.99	637.94	2,943.05	1,719.23	1,547.76	7,760.78
Other financial assets	-	-	-	-	-	-	-	5.33	5.33
Financial liabilities	-	-	-	-	-	-	-	-	-
Trade Payables	7.15	-	-	-	-	-	-	-	7.15
Debt Securities	-	-	-	-	-	-	-	1,853.73	1,853.73
Borrowings (other than Debt Securities)	54.66	62.47	225.52	424.99	800.74	2,207.47	178.13	-	3,953.98
Other financial liabilities	18.59	-	-	-	414.87	-	-	-	433.46

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(B) Credit Risk

Credit Risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the company. DFPL'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 DFPL's senior management to approve the company's credit risk strategy and lending policies relating to credit risk and its management. The policies are based on the company's overall business strategy and the same is reviewed every quarter by the senior management.

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

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

Analysis of risk concentration

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

31-Mar-19	Financial services	Government	Real Estate	MSME	Services & Manufacturing	Retail	Others	Total
Financial asset								
Cash and cash equivalents	429.58	-	-	-	-	-	-	429.58
Bank balance other than Cash and cash equivalents	14.70	-	-	-	-	-	-	14.70
Term Loans- Corporate	219.20	-	8,650.66	113.35	2,256.14	11.65	-	11,251.01
Consumer Loans	-	-	-	-	-	9,950.48	-	9,950.48
Receivables	-	-	-	-	8.21	-	-	8.21
Investments	4,806.67	-	2,009.34	-	2,825.45	-	-	9,641.46
Other financial assets	-	-	-	-	-	660.57	10.56	671.13
Total	5,470.15	-	10,660.00	113.35	5,089.80	10,622.70	10.56	31,966.57

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31-Mar-18	Financial services	Government	Real Estate	MSME	Services & Manufacturing	Retail	Others	Total
Financial asset								
Cash and cash equivalents	440.97	-	-	-	-	-	-	440.97
Bank balance other than Cash and cash equivalents	14.38	-	-	-	-	-	-	14.38
Term Loans- Corporate	-	-	9,184.36	523.70	824.45	31.06	-	10,563.57
Consumer Loans	-	-	-	-	-	1,221.16	-	1,221.16
Receivables	-	-	-	-	-	-	-	-
Investments	1.37	-	2,489.85	248.24	2,340.04	-	-	5,079.51
Other financial assets	-	-	-	-	-	81.79	9.68	91.47
Total	456.72	-	11,674.21	771.94	3,164.49	1,334.01	9.68	17,411.06

31-Mar-17	Financial services	Government	Real Estate	MSME	Services & Manufacturing	Retail loans/ Consumer loans	Others	Total
Financial asset								
Cash and cash equivalents	143.32	-	-	-	-	-	-	143.32
Bank balance other than Cash and cash equivalents	11.38	-	-	-	-	-	-	11.38
Term Loans- Corporate	-	-	6,671.24	465.50	1,653.71	211.91	-	9,002.37
Consumer Loans	-	-	-	-	-	24.81	-	24.81
Receivables	-	-	-	-	-	-	-	-
Investments	401.40	-	2,681.87	265.02	2,420.56	-	-	5,768.84
Other financial assets	-	-	-	-	-	-	5.33	5.33
Total	556.09	-	9,353.11	730.52	4,074.27	236.73	5.33	14,956.05

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(C) Market Risk

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

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

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

Total Market Risk Exposure

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	Primary risk sensitivity
ASSETS				
Financial assets				
Investments	9,641.46	5,079.51	5,768.84	Equity Price
LIABILITIES				
Financial liabilities				
Debt Securities	5,782.28	3,588.70	1,853.73	Interest Rate
Borrowings (other than Debt Securities)	4,471.72	4,068.99	3,379.41	Interest Rate

(i) Interest Rate Risk:-

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

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

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

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Interest Rate sensitivity

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

Particulars	Effect on Net Profit			Basis Points
Borrowings	2019	2018	2017	
Decrease in basis points	18.10	10.74	16.36	-50
Increase in basis points	(18.10)	(10.74)	(16.36)	+50

Particulars	Effect on Net Profit			Basis Points
Debt Securities	2019	2018	2017	
Decrease in basis points	9.10	-	-	-50
Increase in basis points	(9.10)	-	-	+50

(ii) Equity Price Risk

Equity price risk is the risk that the fair value of equities changes as the result of changes in the level of equity indices and individual stocks. A 10 per cent increase in the value of the company's FVOCI equities at 31 March 2019 would have increased equity by Rs 84.50 million (FY 2017-18 Rs 32.68 million). An equivalent decrease would have resulted in an equivalent but opposite impact. Further, A 10 per cent increase in the value of the company's FVTPL equities at 31 March 2019 would have increased profits by Rs 520.18 million (FY 2017-18 Rs 38.68 million). An equivalent decrease would have resulted in an equivalent but opposite impact.

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39 Maturity analysis of Assets and Liabilities:

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	429.58	-	429.58	440.97	-	440.97	143.32	-	143.32
Bank balance other than Cash and cash equivalents	14.70	-	14.70	14.38	-	14.38	11.38	-	11.38
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-
(I) Trade Receivables	8.21	-	8.21	-	-	-	-	-	-
(II) Other Receivables	-	-	-	-	-	-	-	-	-
Loans	10,724.07	10,477.41	21,201.48	3,483.53	8,301.20	11,784.73	2,996.17	6,031.01	9,027.18
Investments	5,189.30	4,452.16	9,641.46	1,020.39	4,059.11	5,079.51	1,152.72	4,616.12	5,768.84
Other financial assets	660.57	10.56	671.13	81.79	9.68	91.47	-	5.33	5.33
Non- financal assets									
Current tax assets (net)	109.81	-	109.81	-	2.93	2.93	-	289.28	289.28
Deferred tax assets (net)	-	45.43	45.43	-	451.11	451.11	-	534.24	534.24
Property, plant and equipment	-	70.14	70.14	-	61.77	61.77	-	40.69	40.69
Intangible assets	-	5.96	5.96	-	1.69	1.69	-	1.04	1.04
Other non- financial assets	72.77	-	72.77	52.37	-	52.37	47.34		47.34
Assets held for sale	-	533.69	533.69	-	1,442.54	1,442.54	-	421.57	421.57
	17,209.01	15,595.36	32,804.37	5,093.44	14,330.04	19,423.48	4,350.93	11,939.29	16,290.21
LIABILITIES AND EQUITY									
LIABILITIES									
Financial liabilities									
Payables									
(I) Trade Payables									
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	94.73	-	94.73	40.59	-	40.59	7.15	-	7.15
Debt Securities	3,289.92	2,492.36	5,782.28	-	3,588.70	3,588.70	-	1,853.73	1,853.73
Borrowings (other than Debt Securities)	1,945.60	2,526.12	4,471.72	1,621.74	2,447.25	4,068.99	1,225.50	2,153.91	3,379.41
Other financial liabilities	217.86	33.55	251.41	482.22	-	482.22	433.46	-	433.46
Non financial liabilities									
Current tax liabilities (net)	-	-	-	3.11	-	3.11	286.03	-	286.03
Provisions	0.51	18.94	19.45	0.91	10.12	11.03	0.38	4.23	4.61
Deferred tax liabilities (net)	-	-	-	-	-	-	-	-	-
Other Non-financial liabitlies	183.00	-	183.00	191.76	-	191.76	164.30	-	164.30
Equity									
Equity share capital	-	5,487.41	5,487.41	-	3,244.18	3,244.18	-	3,244.18	3,244.18
Other equity	-	16,514.37	16,514.37	-	7,792.89	7,792.89	-	6,917.35	6,917.35
	5,731.62	27,072.75	32,804.37	2,340.33	17,083.14	19,423.47	2,116.82	14,173.39	16,290.22

40.1 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.

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

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40.3 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 2019				31 March 2018				31 March 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis												
Financial investment measured at FVTPL												
Mutual Funds - Corporate	-	4,806.67	-	4,806.67	-	1.37	-	1.37	-	401.40	-	401.40
Equity Shares - Mcnally Bharat Engg Co. Ltd.	198.40		-	198.40	188.64		-	188.64	-	-	-	-
Security Receipts of Alchemist XV Trust	-	196.75		196.75	-	196.78	-	196.78	-	197.70		197.70
Unquoted Preference Instruments												
CCPS - DMI Housing Finance	-	-	-	-	-	-	944.50	944.50	-	-	524.90	524.90
	-	-	-	-	-	-	-	-	-	-	-	-
Equity Instruments												
DMI Capital Private Limited - CCPS	-	-	293.12	293.12	-	-	205.14	205.14	-	-	142.24	142.24
Total financial investment measured at FVTPL	**198.40**	**5,003.42**	**293.12**	**5,494.94**	**188.64**	**198.16**	**1,149.64**	**1,536.43**	**-**	**599.09**	**667.14**	**1,266.23**
Financial investments measured at FVOCI												
Credit Substitutes (NCD Quoted)	-	-	895.85	**895.85**	-	-	1,073.30	1,073.30	-	-	2,336.18	2,336.18
Compulsory Convertible Debentures(CCDs)	-	-	772.93	**772.93**	-	-	-	-	-	-	-	-
Loans												
NCD Unquoted	-	-	917.41	**917.41**	-	-	429.62	429.62	-	-	51.81	51.81
Equity Instruments												
DMI Consumer Credit Pvt Ltd (Investment)	-	-	3.00	**3.00**	-	-	2.77	2.77	-	-	2.77	2.77
DMI Housing Finance Pvt Ltd	-	-	264.87	**264.87**	-	-	-	-	-	-	-	-
Alchemist Asset Reconstruction Co.Ltd.	-	-	316.68	**316.68**	-	-	323.99	323.99	-	-	249.38	249.38
AIF II (Investment)	-	10.48	-	**10.48**	-	-	-	-	-	-	-	-
Flash Electronics (Shares investment)	-	-	250.00	**250.00**	-	-	-	-	-	-	-	-
Total financial investments measured at FVOCI	-	10.48	3,420.73	**3,431.22**	-	-	1,829.69	1.829.69	-	-	2,640.14	2.640.14
Total assets measured at fair value on a recurring basis	**198.40**	**5,013.90**	**3,713.85**	**8,926.15**	**188.64**	**198.16**	**2,979.32**	**3,366.12**	**-**	**599.09**	**3,307.28**	**3,906.37**
Total financial assets measured at fair value	**198.40**	**5,013.90**	**3,713.85**	**8,926.15**	**188.64**	**198.16**	**2,979.32**	**3,366.12**	**-**	**599.09**	**3,307.28**	**3,906.37**

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40.4 Valuation techniques

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

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

Equity instruments measured at FVOCI

Equity instruments in non-listed entities are valued on a case-by-case based on networth of investee company and are classified as Level 3.

Debt Securities & Loans at FVOCI

A. Fair Value is calculated by discounting future cashflows and doesn't consider the accrued interest

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 & Security)

40.5 There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2019, March 31, 2018 and April 1, 2017.

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40.6 Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value. The Company requires significant unobservable inputs to calculate their fair value

31-Mar-19	At 1 April 2018	Purchase	Sales	Issuances	Settlements	Transfers into Level 3	Transfer from Level 3	Net interest income, net trading income and other income	Other comprehensive income	At 31 March 2019	Unrealised gains and losses related to balances held at the end of the period
DMI Housing Finance Private Limited - CCPS	944.50	-	(944.50)	-	-		-	-		-	-
DMI Capital Private Limited - CCPS	205.14	-	-	-		-		87.98	-	293.12	87.98
DMI Consumer Credit Private Limited	2.77	-	-	-	-		-	-	0.23	3.00	
Alchemist Asset Reconstruction Co.Ltd.	323.99	-	-	-	-		-	-	(7.31)	316.68	-
Credit Subsitutes	1,073.30	455.59	-	-	(678.03)	-	-	89.22	(44.24)	895.85	
NCD Unquoted	429.62	401.43	-	-	(29.62)	-		93.63	22.35	917.41	-
Compulsorily Convertible Debentures	-	750.00	-	-		-		22.93	-	772.93	-
DMI Housing Finance Private Limited - Equity Shares	2,979.32	259.95	-	-	-	-	-	-	4.92	264.87	-
Other Quoted Equity Investments	-	250.00	-		-	-		-		250.00	-
	5,958.65	2,116.97	(944.50)	-	(707.65)			293.77	(24.05)	3,713.85	87.98

31-Mar-18	At 1 April 2017	Purchase	Sales	Issuances	Settlements	Transfers into Level 3	Transfer from Level 3	Net interest income, net trading income and other income	Other comprehensive income	At 31 March 2018	Unrealised gains and losses related to balances held at the end of the period
DMI Housing Finance Private Limited - CCPS	524.90	410.00		-	-		-	9.60	-	944.50	9.60
DMI Capital Private Limited - CCPS	142.24	-	-		-		-	62.89		205.14	62.89
DMI Consumer Credit Private Limited	2.77	-	-	-	-	-	-	-	-	2.77	-
Alchemist Asset Reconstruction Co Ltd.	249.38	-		-			-		74.61	323.99	
Credit Subsitutes	2,336.18	343.96	-		(1,698.36)	-		(15.14)	106.65	1,073.30	-
NCD Unquoted	51.81	700.00	-	-	(354.82)	-	-	29.62	3.01	429.62	-
Other Quoted Equity Investments		-		-	-	-	-		-	-	-
	3,307.28	1,453.96	-	-	(2,053.18)	-		86.98	184.39	2,979.32	77.50

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

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

Mar'19	Fair Value of Level 3 Assets	Valuation technique	Significant unobservable inputs
DMI Housing Finance Private Limited - CCPS	-		
DMI Capital Private Limited - CCPS	293.12	Net Worth of Investee Company	Instrument Price
DMI Consumer Credit Private Limited	3.00	Net Worth of investee Company	Instrument Price
Alchemist Asset Reconstruction Co.Ltd.	316.68	Net Worth of Investee Company	Instrument Price
Credit Subsitutes	895.85	Discounted Projected Cash Flows	Discount Margin/Spread
DMI Housing Finance Private Limited - Equity Shares	264.87	Net Worth of Investee Company	Instrument Price
Other Unquoted Equity Investments	250.00	Net Worth of Investee Company	Instrument Price
Compulsory Convertible Debentures	772.93	Discounted Projected Cash Flows	Discount Margin/Spread
NCD Unquoted	917.41	Discounted Projected Cash Flows	Discount Margin/Spread

Mar'18	Fair Value of Level 3 Assets	Valuation technique	Significant unobservable inputs
DMI Housing Finance Private Limited - CCPS	944.50	Net Worth of Investee Company	Instrument Price
DMI Capital Private Limited - CCPS	205.14	Net Worth of Investee Company	Instrument Price
DMI Consumer Credit Private Limited	2.77	Net Worth of Investee Company	Instrument Price
Alchemist Asset Reconstruction Co.Ltd.	323.99	Net Worth of Investee Company	Instrument Price
Credit Subsitutes	1,073.30	Discounted Projected Cash Flows	Discount Margin/Spread
NCD Unquoted	429.62	Discounted Projected Cash Flows	Discount Margin/Spread

40.8 Quantitative analysis of significant unobservable inputs

Instrument Price

When specific market prices are not available, the Company uses net worth of the investee company. 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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40.9 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	31-Mar-19		31-Mar-18	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	INR million	INR million	INR million	INR million
DMI Housing Finance Private Limited - CCPS			94.45	(94.45)
DMI Capital Private Limited - CCPS	29.31	(29.31)	20.61	(20.61)
DMI Consumer Credit Private Limited	0.30	(0.30)	0.28	(0.28)
Alchemist Asset Reconstruction Co.Ltd.	31.67	(31.67)	32.40	(32.40)
Credit Subsitutes	89.58	(89.58)	107.33	(107.33)
NCD Unquoted	91.74	(91.74)	91.74	(91.74)
DMI Housing Finance Private Limited - Equity Shares	26.49	(26.49)	-	-
Other Unquoted Equity Investments	25.00	(25.00)	-	-
Compulsory Convertible Debentures	77.29	(77.29)		-
Total	371.39	(371.39)	346.81	(346.81)

40.10 Fair value of financial instruments not measured at fair value

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

	31-Mar-19		31-Mar-18		01-Apr-17	
Financial Assets:	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value
Loans and advances						
Corporate Loans	10,595.72	10,335.80	10,073.27	10,073.27	8,951.04	8,951.04
Investments – at amortised cost						
NCD (Quoted)	1,446.78	1,651.05	2,030.32	2,030.32	1,788.30	1,788.30
Financial Liabilities:						
Debt securities						
Non convertible debentures	3,570.94	3,300.00	1,977.74	1,980.00	-	

Valuation methodologies of financial instruments not measured at fair value

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

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

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

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

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41 The accompanying disclosures as required in accordance with RBI circular no. DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014 and subsequent amendments thereof are an integral part of financial statements and are disclosed in Annnexure I.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

Sarvesh Warty.

per Sarvesh Warty
Partner
Membership No. 121411

Place: Mumbai
Date: 29/05/2019

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

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460

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

Jatinder Bhasin
(Chief Financial Officer)

Sahib Pahwa
(Company Secretary)
M. No. A24789

Place: NEW DELHI
Date: 29/05/2019

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

i) Registration/ license/ authorization, by whatever name called, obtained from other financial sector regulators;
DMI Finance Pvt. Ltd is a loan company registered with Reserve Bank of India as a Non- banking finance company vide certificate of registration no.14.03176 dated January 5, 2009

ii) Ratings assigned by credit rating agencies and migration of ratings during the year;
During the year the following ratings have been assigned to the Company

Name of the rating agency	Limit(Rs. in Crores)	Type of facility	At the beginning of the year	Change during the year	Remarks
CARE Ratings Limited	900	Bank Borrowings	CARE AA- Stable Double A Minus (Stable Outlook)	No Change	The rating has been re-affirmed on October 05, 2018
	500	Non Convertible Debentures	CARE AA- Stable Double A Minus (Stable Outlook)	No Change	The rating has been re-affirmed on October 05, 2018
Brickworks Ratings India Private limited	900	Bank Borrowings	BWR AA- Stable Double A Minus (Stable Outlook)	No Change	The rating has been re-affirmed on September 14 2018
	350	Non Convertible Debentures	BWR AA- Stable Double A Minus (Stable Outlook)	No Change	During the year the amount of rating was changed from INR 250 Cr. to INR 350 Cr
ICRA Limited	300	Commercial Paper	ICRA A1+	No Change	During the year the amount of rating was changed from INR 25 Cr. to INR 300 Cr.

Note 1:The rating is subjected to annual surveillance till final repayment/redemption of rated facilities

iii) Penalties, if any, levied by any regulator;
No penalties have been levied by any of the regulators of the company.

iv) Information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries and
The company has its main operations in India situated in Delhi/NCR and also has offices situated in Mumbai and Hyderabad. The company has not entered into any joint ventures and does not have any overseas subsidiaries.

I) Capital to risk assets ratio (CRAR)*

Particulars	March 31, 2019	March 31, 2018
i) CRAR (%)	65.85%	61.20%
ii) CRAR- Tier I capital (%)	65.07%	42.78%
iii) CRAR- Tier II capital (%)	0.78%	18.42%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	

* Refer to note 33 in financial statements for basis of reporting CRAR

II) Investments

Particulars	March 31, 2019	March 31, 2018
1) Value of Investments		
i) Gross Value of Investments (at cost)		
a) In India	9,33,21,85,371	1,75,16,26,127
b) Outside India		-
ii) Provisions for Depreciation		
a) In India	8,07,45,318	-
b) Outside India		-
ii) Net Value of Investments		
a) In India	9,25,14,40,053	1,75,16,26,127
b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments		
i) Opening Balance		-
ii) Add: Provisions made during the year	-	-
iii) Less : Write-off / write-back of excess provisions during the year	-	-
iv) Closing Balance	-	-

III) Derivatives

Particulars	March 31, 2019	March 31, 2018
i) The notional principal of swap agreements		-
ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps $	-	-
v) The fair value of the swap book @	-	-

Note :Nature and terms of the swaps including information on credit and market risk and the accounting policies adopted for recording the swaps should also be disclosed.

$ Examples of concentration could be exposures to particular industries or swaps with highly geared companies.

@ If the swaps are linked to specific assets, liabilities, or commitments, the fair value would be the estimated amount that the NBFC would receive or pay to terminate the swap agreements as on the balance sheet date

DMI Finance Private Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2019

IV) Exchange Traded Interest Rate (IR) Derivatives

Particulars	March 31, 2019	March 31, 2018
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March ..... (instrument-wise)	-	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-
Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-

V) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

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

Quantitative Disclosures

Sl. No. Particular	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)		
For hedging	-	-
(ii) Marked to Market Positions [1]		
(a) Asset(+)	-	-
(b) Liability (-)	-	-
(iii) Credit Exposure	-	-
(iv) Unhedged Exposures	-	-

VI) Disclosures relating to Securitization

S No. Particulars	Rs.	Rs.
1 No of SPVs sponsored by the NBFC for securitization transactions*	-	-
2 Total amount of securitized assets as per books of the SPVs sponsored	-	-
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	-	-
a) Off-balance sheet exposures		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
First loss	-	-
Others	-	-
4 Amount of exposures to securitization transactions other than MRR		
a) Off-balance sheet exposures	-	-
i) Exposure to own securitizations		
First loss	-	-
Others	-	-
ii) Exposure to third party securitizations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitizations	-	-
First loss	-	-
Others		
ii) Exposure to third party securitizations		
First loss	13,11,68,714	-
Others	52,46,74,854	-

*this includes credit substitutes and PTCs subcribed/purchased through a securitization transaction

Details of Financial Assets sold to Securitization / Reconstruction Company for Asset Reconstruction

Particulars	March 31, 2019	March 31, 2018
i) No. of accounts	-	-
ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
iii) Aggregate consideration	-	-
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain / loss over net book value	-	-

Details of Assignment transactions undertaken by NBFCs

Particulars	March 31, 2019	March 31, 2018
i) No. of accounts	-	-
ii) Aggregate value (net of provisions) of accounts sold	-	-
iii) Aggregate consideration	-	-
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain / loss over net book value	-	-

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CHARTERED ACCOUNTANTS

DMI FINANCE PVT. LTD.
NEW DELHI

VII) Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased :

Particulars	March 31, 2019	March 31, 2018
1 (a) No of accounts purchased during the year	-	
(b) Aggregate outstanding	-	-
2 (a) Of these, number of accounts restructured during the year	-	-
(b) Aggregate outstanding	-	-

B. Details of Non-performing Financial Assets sold :

Particulars	March 31, 2019	March 31, 2018
1 No of accounts sold	-	-
2 Aggregate outstanding	-	-
3 Aggregate consideration received	-	-

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

Liabilities		Up to 1 months	1 to 2 months	2 to 3 months	3 to 6 months	6 to 1 year	1 to 3 years	3 to 5 years	over 5 years	Total
Borrowing from Bank	(Current year)	345,364,905	100,297,619	300,168,676	412,966,295	804,704,019	2,228,036,898	321,321,341	-	4,512,859,753
	(Previous year)	412,209,754	31,250,000	199,914,143	315,078,429	673,263,254	2,057,558,574	404,750,000	-	4,094,023,153
Compulsorily convertible debentures	(Current year)	-	-	-	-	-		-	-	-
	(Previous year)	-	-	-	-	-		3,510,181,068		3,510,181,068
Non convertible debentures	(Current year)	-	-	250,000,000	250,000,000	2,800,000,000	2,500,000,000		-	5,800,000,000
	(Previous year)	-	-	-	-	-	1,138,688,342	841,311,658	-	1,980,000,000
Total (Current year)		345,364,905	100,297,619	550,168,676	662,966,295	3,604,704,019	4,728,036,898	321,321,341	-	10,312,859,753
Total (Previous year)		412,209,754	31,250,000	199,914,143	315,078,429	673,263,254	3,196,246,915	4,756,242,726	-	9,584,204,220
Assets										
Term Loans	(Current year)	1,403,199,476	1,186,859,138	1,097,319,564	2,960,595,597	3,972,663,419	6,515,991,660	2,389,097,549	10,602,690	19,436,328,093
	(Previous year)	209,854,824	184,282,262	734,891,446	656,413,962	1,318,477,351	4,400,258,533	2,326,906,391	357,459,276	10,207,544,045
Debentures	(Current year)	110,418,116	12,908,056	115,660,574	229,275,368	301,939,222	2,057,729,801	1,543,052,153	750,000,000	5,120,983,290
	(Previous year)	138,713,684	18,221,737	119,697,120	162,782,205	445,276,494	2,033,561,095	1,394,412,863	308,656,174	4,621,321,372
Investments	(Current year)				4,806,668,112				1,189,044,435	5,995,712,547
	(Previous year)				1,372,337		206,550,000	-	1,543,703,790	1,751,626,127
Total (Current year)		1,513,616,592	1,199,767,193	1,212,980,138	7,896,539,078	4,274,602,642	8,573,721,460	3,932,149,702	1,949,647,125	30,553,023,931
Total (Previous year)		348,568,508	202,503,999	854,588,566	830,568,504	1,763,753,844	6,649,369,627	3,721,319,254	2,209,819,240	16,580,491,543

IX Instances of fraud for the year ended March 31, 2019

Nature of fraud	No. of cases	Amt. of fraud	Recovery	Amt. written off
Cash embezzlement	-	-	-	-
Loan given against fictitious documents	1	1,11,93,618	-	-
Fraud by external party		-		

Instances of fraud for the year ended March 31, 2018

Nature of fraud	No. of cases	Amt. of fraud	Recovery	Amt. written off
Cash embezzlement	-	-		-
Loan given against fictitious documents	1	1,11,93,618	-	-
Fraud by external party	-	-		

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MUMBAI

NEW DELHI

DMI Finance Private Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2019

XI) Exposures
Exposure to Real Estate Sector

Category	March 31, 2019	March 31, 2018
a) Direct Exposure		
i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	2,09,86,205	2,77,74,985
ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	11,15,49,04,036	11,16,02,36,000
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
Residential	-	-
Commercial Real Estate	-	-
Total Exposure to Real Estate Sector	11,17,58,90,240	11,18,80,10,985
**Includes exposure to sub-standards assets as well*		

Exposure to Capital Market

Category	March 31, 2019	March 31, 2018
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,52,74,62,683	2,01,15,94,168
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	3,80,77,76,740	1,38,26,35,219
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;		-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	1,04,84,235	-
Total Exposure to Capital Market	5,34,57,23,658	3,39,42,29,387

XII) Details of financing of parent company products
Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

a The company has not exceeded any single or group borrower limits as per prescribed RBI guidelines therefore no details are being provided	-	-
b Unsecured Advances	-	-
- Consumer Durable Loans and Healthcare Loans	6,88,96,34,935	53,00,99,398
Consumption Loans(includes personal loans, education loans,etc)	3,21,15,24,100	69,41,19,813

XII) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	March 31, 2019	March 31, 2018
Provisions for depreciation on investment	(4,94,90,238)	-
Provision made towards income tax	31,52,69,421	38,60,87,982
Provision for gratuity	36,66,647	17,07,661
Provision for compensated absences	55,46,607	41,79,341
Provision towards NPA*	29,23,51,520	69,69,787
Provision for Standard Assets*	(1,49,58,392)	1,39,89,446

**Provsion of standard assets represents stage I and stage II assets whereas provision for NPA represent stage III assets*

* The provision towards NPA and standard assets for the current year are based on the expected credit loss for Stage I & II and Stage III loans and advances respective as determined for Ind AS. The previous year amounts reported are based on the provision recorded in earlier year in accordance with RBI Master Directions.

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DMI Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2019

XIII) Draw Down from Reserves	-	-
XIV) Concentration of Deposits, Advances, Exposures and NPAs	-	-
Concentration of Deposits	-	-
Concentration of Advances	-	-
Total Advances to twenty largest borrowers	10,97,59,83,435	10,10,68,96,683
Percentage of Advances to twenty largest borrowers to Total Advances	42.51%	68.16%
Concentration of Exposures		
Total Exposure to twenty largest borrowers / customers	10,97,59,83,435	10,44,18,41,683
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the borrowers / customers	42.51%	68 14%
Concentration of NPAs**		
Total Exposure to top four NPA accounts	55,93,66,885	1,63,44,943
**Represent Stage III loans including interest		

Sector-wise NPAs**	**Percentage of NPAs to Total Advances in that sector**	
1 Agriculture & allied activities	-	
2 MSME	-	
3 Corporate borrowers	3.66%	
4 Services	-	
5 Unsecured personal loans	1.60%	0.54%
6 Auto loans	-	
7 Other personal loans(Loan against Property)	100%	80.14%
**Represent Stage III loans including interest		

	March 31,2019	March 31,2018
XV) Movement of NPAs		
Net NPAs to Net Advances (%)	1.27%	1 22%
Movement of NPAs (Gross)		
Opening balance	29,93,67,857	1,11,93,618
Additions during the year	43,68,38,616	28,81,74,239
Reductions during the year	1,04,70,936	-
Closing balance	72,57,35,537	29,93,67,857
Movement of Net NPAs		
Opening balance	18,01,68,831	-
Additions during the year	13,40,16,160	18,01,68,831
Reductions during the year	-	-
Closing balance	31,41,84,991	18,01,68,831
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	11,91,99,026	1,11,93,618
Provisions made during the year	30,28,22,456	10,80,05,408
Write-off / write-back of excess provisions	1,04,70,936	-
Closing balance	41,15,50,546	11,91,99,026
XVI) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)		
The company does not have any Joint Venture or Subsidiary abroad, therefore no details to be reported	-	-
XVII) Off- Balance sheet SPVs sponsored		
The company does not have any Off- Balance sheet SPV, therefore no details to be reported	-	-
XVIII) Customer Complaints		
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	3,634	1
No. of complaints redressed during the year	3,240	1
No. of complaints pending at the end of the year	394	-

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

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

Shivashish Chatterjee
(Jt. Managing Director)
DIN: 02623460

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

Jatinder Bhasin
(Chief Financial Officer)

Sahib Pahwa
(Company Secretary)
M. No: A24719

Place: NEW DELHI
Date: 29/05/2019

DMI FINANCE PVT. LTD.
NEW DELHI