



July 6, 2022

BSE Limited
Corporate Services Department
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

Subject: Intimation for reaffirmation in Credit Rating of Non-Convertible Debentures of DMI Finance Private Limited.

Ref: ISIN INE604O07159 and SCRIP CODE: 959747

Dear Sir/Madam,

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

Pursuant to Regulation 51(2) and 55 read with Part B of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, we would like to inform you that Brickwork Ratings India Pvt. Ltd. vide letter dated July 5, 2022 has reaffirmed the rating of Non-Convertible Debentures of the Company amounting to INR 50 Crores and the rating of Bank Loan – Fund Based- Term Loan of the Company amounting to INR 11.29 Crores has been withdrawn as follows:

Sr. No.	Instrument/Facilities	Amount (₹ Cr.)		Previous Rating (June 25, 2021)	Present Rating
		Previous	Present		
1	Non Convertible Debentures (NCDs)	50.00	50.00	BWR AA-/Stable (Reaffirmed)	BWR AA-/Stable (Reaffirmed)
2	Bank Loan – Fund Based- Term Loan	11.29	0.00	BWR AA-/Stable (Reaffirmed)	Withdrawn
	Total	61.29	50.00		

You are requested to take the above on record.

Thanking You,

Yours sincerely,

For DMI Finance Private Limited

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

Enclosed: As Above

RATING RATIONALE

05 July 2022

DMI Finance Private Limited

Brickwork Ratings reaffirms the ratings for the Non-Convertible Debentures of Rs. 50 Crs and withdraws the rating of Bank Loan facilities of Rs. 11.29 Crs of DMI Finance Private Limited

Particulars:

Instruments / Facilities**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (25 June 2021)	Present
Non Convertible Debentures (NCDs)	50.00	50.00	Long Term	BWR AA-/Stable (Reaffirmed)	BWR AA-/Stable (Reaffirmed)
Bank Loan - Fund Based- Term Loan	11.29	0.00	Long Term	BWR AA-/Stable (Reaffirmed)	Withdrawn
Total	61.29	50.00	Rupees Fifty Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of bank loan facilities/NCD are provided in Annexure-I & II

Note: Withdrawal of rating of bank loans on repayment in full, as confirmed by the lenders

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) reaffirms the rating of Non-Convertible Debentures (NCDs) of Rs. 50 Crs and has withdrawn the rating of bank loan facilities of DMI Finance Private Limited (DMI Finance, DFPL or the company), as tabulated above.

The Withdrawal of Rating is at the request of the company, confirming that the BWR rated bank loan facilities availed from Union Bank of India and South Indian Bank (the lenders) was fully paid off and the lenders confirm its full repayment and closure of the said bank loan facility. The rating has been withdrawn on the basis of No dues Certificate from the lender and at the request of the company for withdrawal of the rating. The withdrawal of rating on the Bank Loan facility is in line with BWR policy of withdrawal.

The rating reaffirmation, inter alia, factors in DMI Finance's strong sponsor profile, experienced board and management, healthy capitalisation, comfortable liquidity, increase in loan book, improving asset quality and earning profile and low gearing. The ratings are, however, constrained by inherent vulnerability in the real estate exposure albeit reducing gradually and unsecured loans pertaining to the consumer finance portfolio.



The Stable outlook indicates a low likelihood of rating changes over the medium term, BWR believes that DMI Finance risk profile will be maintained over the medium term.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED - NA

KEY RATING DRIVERS

Credit Strengths:-

- **Strong sponsor profile:** DMI Finance continues to benefit from strong support from its major shareholder DMI Limited, a Mauritius-based investment company, wherein the major investor is New Investment Solution (NIS). NIS, started in 2002 by Takashi Sato, is a Zurich-based alternative asset manager with over US\$2.0 billion of deployed capital. It currently has eight investment funds in operation, including NIS Ganesha, its investment vehicle in India. The fund focuses on Japanese equities, along with US asset-backed debt and emerging markets, and it has a presence across various countries in Europe, the US and South East Asia, with investments in technology, financial services and real estate sectors, among others. DMI Limited has consistently supported the Company by infusing the sizable equity into DMI Finance. In FY22, funds amounting to Rs. 232 Crs were infused in the form of equity.
- **Experience board and management:** DMI Finance is founded by Mr Yuvraja C Singh (former MD, Citigroup) and Mr Shivashish Chatterjee (Co-Head, North America, Securitized Products Trading, Citigroup), both with over two decades of experience across mortgage trading, fixed-income structuring, and risk management with reputed global investment banks, before starting DMI Finance. The overall operations of DMI Finance are governed by an eight-member board consisting of two promoter directors and two nominee directors, including Mr. Gaurav Burman (from the Burman family-promoter and director of Dabur India) and Mr. Tammir Amr (former managing director of Lehman Brothers/ PSP Swiss Properties joint venture). Other key members of the board include Mr. Gurcharan Das (former managing director of Procter & Gamble) and Mr. Nipendar Kochhar (former managing director of ABNAMRO, South East Asia-consumer clients and commercial clients). Additionally, the company's senior management includes professionals with significant and relevant experience in their respective domains.
- **Healthy capitalisation coupled with low gearing at below 1x:**
The Company has strong & continuous financial support from existing investors Viz. DMI Limited, NIS Ganesha, Windy Investment Pvt Ltd, DMI Income fund Pte Ltd & NXC Corporation. The investors are supporting DMI Finance through regular equity infusion of Rs.965.81 Crs in FY21, Rs.178.61 Crs in FY20 and Rs. 919.8 Crs in FY19.
In December 2021, DFPL announced the equity investment of USD 47 million (approx Rs 347 Crs) from its new and existing investors. of which, equity invested was Rs 232 Crs, while the balance was in the form of internal exchange of shareholding between investors.

With this equity infusion and retention of profit, TNW improved to Rs 3848 Crs as on 31 March 2022 with a low leverage of less than 0.72x, against the Net worth at Rs 3483 Cr and gearing was 0.64x as on 31 March 2021.

The Company maintains a healthy capital adequacy ratio of 61.31% as on 31 March 2022, it was 60.20% as on 31 March 2021 and 44% as on 31 March 2020.

The Company had received fresh Term Loan sanctions of Rs 865 Crs and Working Capital sanctions of Rs 100 Crs in FY22. As on 31 March 2022, the Borrowing profile consists of Term loan Outstanding of Rs 872 Crs, Cash Credit (CC)/Overdraft (OD) outstanding of Rs 25 Crs and non convertible debentures of Rs 1855 Crs. Non Convertible Debentures of Rs 1855 Crs comprises Rs. 1805 crs of unsecured NCDs & Rs 50 Crs of Secured NCDs. Total Borrowings had increased from 2215 Crs as on 31 March 2021 to Rs 2752 Crs in FY 22 on account of additional funds raised from banks in the form of Term Loans/CC/OD.

As on 31 March 2022, though there was an improvement in TNW from Rs 3485 Crs to Rs 3848 Crs, the increased levels of borrowings led to a gearing of 0.72x as on 31 March 2022 as against 0.64x as on 31 March 2021. However the Company has maintained gearing level below 1x over the last five years and does not expect any significant increase in the same.

BWR believes DMI Finance's capitalisation profile continues to remain strong with periodic capital infusion including Rs. 232 Crs in FY22, and is expected to cover for any asset side risk and pursue portfolio growth over the medium term.

Improvement in scale of operations along with steady increase in Income and PAT

The Company's scale of operations has been improving over the years and more than doubled in 3 years i.e. from Rs 2512 Crs as on 31 March 2019 to Rs 5432 Crs as on 31 March 2022.

As on 31 March 2022, the portfolio is spread across Pan India with Rs 3386 Crs (62%) of portfolio in retail segment, Rs 1458 Crs (27%) in real estate funding and Rs 588 Crs (11%) of portfolio from non real estate.

For FY22, total income grew by 19.24% from Rs 764 Crs in FY21 to Rs 911 Crs in FY22 and net profits after tax grew substantially from Rs 22.31 Crs in FY21 to Rs 57.78 Crs in FY22. Average yield on portfolio had dipped from 18.93% in FY21 to 17.40% in FY22 on account of decline in Corporate portfolio from 45% in FY21 to 37.68% in FY22 wherein the average yield was upto 20% and loan tenure was 1 to 4 years as against consumer loans portfolio.

Credit Risks:-

Exposure to real estate and unsecured loans pertaining to consumer finance portfolio:

As on 31 March 2022, the portfolio of Rs 5432 Crs is spread across PAN India with Rs 3386 Crs (62%) of portfolio in retail segment, Rs.1458 Crs (27%) in real estate

funding and Rs 588 Crs (11%) of portfolio from non real estate.

Entire Retail portfolio is unsecured and includes Consumer loans to finance purchase of TVs, mobile phones and other household appliances, small ticket size MSME loans with average ticket size of Rs 1.50 Lakhs and personal loans with ticket size ranging from Rs 10,000 to Rs 1.50 Lakhs.

The retail loan portfolio of Rs 3386 Crs comprised Consumer loans 51%, personal loans 42% and remaining was 8% for MSME segment with tenor of 3months to 36 months.

While it was mainly engaged in secured corporate lending (largely to real estate builders) till a few years ago, it has shifted focus to digital lending, wherein it provides consumption loans, personal loans and MSME loans. This is a completely digital technology-driven business with API-based origination, underwriting and loan management systems. Herein, DFPL predominantly works through front-end partnerships with other fintech companies, original equipment manufacturers (OEMs) and technology-driven aggregators. The company has grown into a PAN India credit platform with focus on digital consumer finance and corporate lending. The Company has also entered into an agreement with various mobile phone providers to finance its mobile phones purchases by customers which could be later extended to other Smart home appliances.

Over the period, the company has consciously reduced Real estate sector exposure to 27% of the portfolio as on 31 March 2022 from 33% of portfolio as of FY21, and 79% of portfolio as of FY18. Going forward, the Company's main focus shall remain to improve the retail portfolio through promoting digital lending.

While the increasing granularity of the portfolio is expected to reduce concentration risk, however, given the unsecured nature of the consumer finance portfolio, asset quality, credit costs and the consequent impact on profitability remain key rating monitorables.

- **Improving assets quality but still high exposure to the real estate sector.**

The company's asset quality indicators have been improving since FY21 and stands improved at 2.20% as on 31 March 2022 as against 3.92% as on 31 March 2021 and 4.59% as on 31 March 2020. NNPA also improved from 1.92% as on 31 March 2020 to 1.51% as on 31 March 2021 to 0.31% as on 31 March 2022. During FY 2021-22, there were no fresh slippages in the Corporate segment (Real estate+non real estate) and the Company had fully recovered Rs 29.67 Crs from non real estate segment resulting in nil GNPA from non real estate segment. As on 31 March 2022, the GNPA of Rs 119.63 Crs includes GNPA of Rs 6.94 Crs under consumer segment and Rs 108 Crs in real estate segment.

Company's follows a policy of writing off consumer portfolios with overdue more than 90 days and hence written off Rs 141 Crs in FY22 as against Rs 180 Crs in FY21.

The Company's provision coverage had improved from 62.36% in FY 2020-21 to 86.12% in FY 2021-22 with a total provision of Rs 103 Crs for GNPA of Rs 119.63 Crs in FY 2021-22 as against Rs 88.77 Crs of provision for GNPA of Rs 142.35 Crs in FY 2020-21.



While the asset quality profile of the company is showing an improving trend, it has been on the back of elevated write-off expenses, which in turn has created a negative drag on profitability profile of the company in FY21. However, with the improvement in average current collection efficiency from 88% in FY21 to 91% in FY22.

Going forward, the Company's ability to improve the asset quality in Consumer segment through improved collections and better recoveries from the NPAs in the real estate portfolio, and also simultaneously control the fresh slippages from the non real estate portfolio would be a key rating sensitivity.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

To arrive at its ratings, BWR has taken a standalone approach and applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale)

RATING SENSITIVITIES

Positive: Strong business growth, along with an improvement in asset quality and profitability, will be rating positive for the entity.

Negative: Deterioration in asset quality, profitability and liquidity will be key rating monitorables

LIQUIDITY INDICATORS: ADEQUATE

As on 31 March 2022, the Company had liquidity of Rs 1253 Crs which includes Cash and Bank Bal of Rs 553 Crs, Unencumbered FDs of Rs 129 Crs and liquid mutual funds of Rs 571 Crs. DMI Finance had no cumulative mismatches in any of the buckets as on 31 March 2022. It has an estimated debt obligation of Rs 660 Crs from April 2022 to March 2023.

COMPANY PROFILE

DMI Finance Pvt Ltd (DMI Finance/DFPL) is an RBI-registered, Systemically Important Non-Deposit taking NBFC (NBFC-ND-SI) incorporated in 2008 at New Delhi. The company had started its operations in May 2009. DMI Finance is promoted by Mr Yuvraja C. Singh (Former MD Citigroup) and Mr Shivashish Chatterjee (former Co-Head North America Securitized Products Trading, Citigroup). DMI Finance Pvt. Ltd. is a subsidiary of DMI Ltd. (Mauritius). DMI Limited has a 79.17% shareholding in DMI Finance Private Limited as of 31 March 2022, wherein the major investors include NIS (New Investment Solution). New Investment Solution (NIS) is a Zurich-based alternative asset manager with over US\$2.0 billion of deployed capital. NIS was started in 2002 by Takashi Sato. It currently has eight investment funds in operation, including NIS Ganesha, its Indian investment vehicle. The fund focuses on Japanese Equities, US asset-backed debt and emerging market debt.

KEY FINANCIAL INDICATORS- DMI Finance Private Limited

Key Financial Indicators	Units	FY21	FY22
Result Type		Audited	Audited
Loan Portfolio	Rs in Crs	3633.44	5431.51
Total Income	Rs in Crs	764	911
Profit After Tax	Rs in Crs	22.31	57.78
Tangible Net worth	Rs in Crs	3485	3848
CRAR	%	60.20	61.31%
Gearing	Times	0.64	0.72
GNPA	%	3.92%	2.20%
NNPA	%	1.51%	0.31%

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY :NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal & suspended]

S. No	Name of Instrument (NCD/Bank Loan /Non-Fund Based facilitates/ Commercial Paper etc.)	Current Rating (Year T)			Chronology of Rating History for the past 3 years (Rating Assigned and Press Release date) along with outlook/ Watch, if applicable		
		Type(Long Term/Short Term)	Amount Outstanding (Rs. Crs)	Rating	Date(s)& Rating(S) assigned in year T-1 (25 -June-2021)	Date(s) & Rating(s) assigned in Year T-2 (29-June-2020)	Dates(s) & Rating assigned in in Year T-3 (04-Nov-2019)
1	Fund Based	Long Term	11.29	Withdrawn at the request of the Company & NDC from lenders	BWR AA-(Stable) Reaffirmed	BWR AA-(Stable) Reaffirmed	BWR AA-(Stable) Reaffirmed
2	Fund Based	Long Term	-	-	BWR AA-/Stable (Reaffirmed & Withdrawn)	BWR AA-(Stable) Reaffirmed	BWR AA-(Stable) Reaffirmed

3	Fund Based	Long Term	-	-	BWR AA- /Stable (Reaffirmed & Withdrawn)	BWR AA- (Stable) Reaffirmed	BWR AA- (Stable) Reaffirmed
4	NCDs	Long Term	50	BWR AA-/Stable (Reaffirmed)	BWR AA-/Stable (Reaffirmed)	BWR AA-/Stable (Assigned)	-
			50	Rupees Fifty Crores only			

Note: The rating for the Bank loan facilities of Rs.11.29 Crs from the aforesaid table stands withdrawn.

COMPLEXITY LEVELS OF THE INSTRUMENTS

BLR - SIMPLE

NCD - SIMPLE

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Banks & Financial Institutions](#)

Analytical Contacts	
Tripti Agrawal Senior Analyst - Ratings +91 080 40409940 tripti.a@brickworkratings.com	Hemant Sagare Associate Director - Ratings +91 8040409940 hemant.s@brickworkratings.com
1-860-425-2742	media@brickworkratings.com

DMI Finance Private Limited

ANNEXURE I

Details of Bank Loan Facilities rated by BWR

Rating Withdrawn at the request of the company and NDC from the lenders.

Sl. No.	Name of the Bank/Lender	Type of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)
1	Union Bank of India	Term Loan	2.72	-	2.72
2.	South Indian Bank	Term Loan	8.57	-	8.57
		TOTAL	11.29	-	11.29

Bank Loan rating of Rs 11.29 Crs withdrawn on account of No Dues Certificate from South Indian Bank dated 31 March 2022 and Union Bank of India dated 18 Aug 2021

ANNEXURE II

INSTRUMENT (NCDs) DETAILS raised

Instrument	Issue Date	Amount Rs. Crs.	Coupon Rate	Maturity Date	ISIN Particulars
NCD	30-June-2020	50.00	9%	30 June 2023	INE604O07159
Total		50.00			

Rupees Fifty Crores only

ANNEXURE III :

List of entities consolidated :NA



For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

About Brickwork Ratings : Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER : Brickwork Ratings India Pvt. Ltd. (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by the Reserve Bank of India [RBI], offers credit ratings of Bank Loan facilities, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. [hereafter referred to as "Instruments"]. BWR also rates NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations.

BWR wishes to inform all persons who may come across Rating Rationales and Rating Reports provided by BWR that the ratings assigned by BWR are based on information obtained from the issuer of the instrument and other reliable sources, which in BWR's best judgement are considered reliable. The Rating Rationale / Rating Report & other rating communications are intended for the jurisdiction of India only. The reports should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in Europe and also the USA).

BWR also wishes to inform that access or use of the said documents does not create a client relationship between the user and BWR.

The ratings assigned by BWR are only an expression of BWR's opinion on the entity / instrument and should not in any manner be construed as being a recommendation to either, purchase, hold or sell the instrument.

BWR also wishes to abundantly clarify that these ratings are not to be considered as an investment advice in any jurisdiction nor are they to be used as a basis for or as an alternative to independent financial advice and judgement obtained from the user's financial advisors. BWR shall not be liable to any losses incurred by the users of these Rating Rationales, Rating Reports or its contents. BWR reserves the right to vary, modify, suspend or withdraw the ratings at any time without assigning reasons for the same.

BWR's ratings reflect BWR's opinion on the day the ratings are published and are not reflective of factual circumstances that may have arisen on a later date. BWR is not obliged to update its opinion based on any public notification, in any form or format although BWR may disseminate its opinion and analysis when deemed fit.

Neither BWR nor its affiliates, third party providers, as well as the directors, officers, shareholders, employees or agents (collectively, "**BWR Party**") guarantee the accuracy, completeness or adequacy of the Ratings, and no BWR Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Rating Rationales or Rating Reports. Each BWR Party disclaims all express or implied warranties, including, but not limited to, any warranties of merchantability, suitability or fitness



for a particular purpose or use. In no event shall any BWR Party be liable to any one for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Rating Rationales and/or Rating Reports even if advised of the possibility of such damages. However, BWR or its associates may have other commercial transactions with the company/entity. BWR and its affiliates do not act as a fiduciary.

BWR keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of BWR may have information that is not available to other BWR business units. BWR has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

BWR clarifies that it may have been paid a fee by the issuers or underwriters of the instruments, facilities, securities etc., or from obligors. BWR's public ratings and analysis are made available on its web site, www.brickworkratings.com. More detailed information may be provided for a fee. BWR's rating criteria are also generally made available without charge on BWR's website.

This disclaimer forms an integral part of the Ratings Rationales / Rating Reports or other press releases, advisories, communications issued by BWR and circulation of the ratings without this disclaimer is prohibited.

BWR is bound by the Code of Conduct for Credit Rating Agencies issued by the Securities and Exchange Board of India and is governed by the applicable regulations issued by the Securities and Exchange Board of India as amended from time to time.
