



TRANSFORMING BHARAT.

THE KGFS STORY

ANNUAL REPORT
2021-2022

Corporate overview

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Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Online Annual report
www.dvarakgfs.com

Transforming Bharat.

At Dvara KGFS, we are engaged in the largest transformative opportunity in the world.

This opportunity is encapsulated in two words: 'Financial inclusion.'

Two realities make this opportunity distinctive.

One, the sheer scale of the addressable market of rural India, estimated at around 900 Mn people (*Source:Macrotrends*).

Two, the possibility of unprecedented financial and social transformation.

At Dvara KGFS, we are convinced that the ripples of a 'Transforming Bharat' story could strengthen the Indian and global economy, catalysing prosperity for humankind.

Corporate snapshot

Dvara Kshetriya Gramin Financial Services (KGFS) is committed to building for Bharat.



Dvara KGFS aims to provide access to holistic financial services access to the remote rural population of India.

The Company uses an omni-channel approach, comprising a wide physical presence with the proximity of an online state-of-the-art digital platform. This is complemented by the convenience of field representative (wealth manager) an enduring trust that help its customers fulfill their aspirations.

The Company is leveraging technology to catalyse social and financial transformation among the under-served population clusters of India.



Our vision

To be wealth managers to a prosperous rural India, helping them prosper in the process.



Our mission

We aim to maximise the financial well-being of every individual and enterprise by providing complete access to financial services in remote rural India.



Our approach

Dvara KGFS believes that households need a diverse range of financial services to prosper. The products are grouped across four categories that correspond to customer needs and objectives:

Plan: We help our customers compute financial details of their household through our Financial Well-being Report (FWR). This empowers the customer to plan current and future expenditures against current and future incomes. Dvara KGFS then provides products that help people manage short-term liquidity needs, which include short-term loans (secured and unsecured), savings products, payments and other value-added services.

Grow: We provide products that permit households to progress to the next level of financial capability by increasing income or rationalising expenses. The products include working capital and term loans for businesses, higher education loans for students and the refinancing of existing debt, etc.

Protect: We train our customers to utilise various insurance products to reduce financial risks arising out of

contingencies and to protect their financial well-being

Diversify: We provide improved products, such as savings and investment instruments, that serve as a safeguard against inflation and offer better risk-adjusted returns. These help rural households diversify their assets from land or livestock towards assets that are better protected if the local economy weakens.

‘GRACE’ of Dvara KGFS

Growth mindset

- To be bold, decisive and ambitious
- To establish thought leadership related to financial inclusion
- To embrace sectorial challenges and uncharted areas
- To take calculated and researched risks
- To seek disruptive solutions

Respect for all

- To act with integrity across every interaction and transaction
- To remain grounded in engagements with all stakeholders
- To embrace diversity of feedback and opinions
- To disagree without becoming disagreeable
- To empower our teams leading to effectiveness
- To achieve collaborative outcomes

Agile workforce

- To establish an organisational culture of agility
- To seek the kaizen way of continuous improvement
- To never be satisfied or complacent
- To continuously learn and apply



Customer-centric

- To champion the customer's cause, understanding their needs, challenges and aspirations
- To believe that customers would take the right decision in their interest
- To assume emotional ownership of the interests of our long-term customers
- To hold ourselves responsible for the interests of communities
- To seek to positively enhance the financial status of our stakeholders

Pursuit of excellence

- To build an overarching culture of excellence
- To focus on feasible propositions/businesses, which may scale and grow
- To focus on the long-term, prioritising scale and sustainability
- To do the right thing every time, the little things transforming into sizable value
- To take pride in ownership and staying goal-committed
- To commit to process discipline, standardisation and diligence

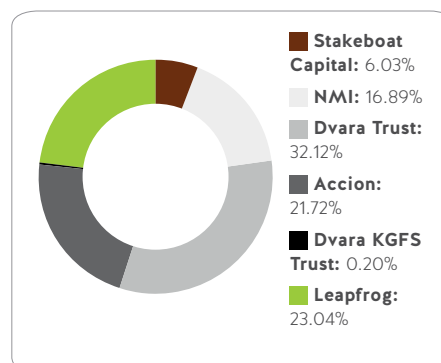


Our background

Dvara Kshetriya Gramin Financial Services (KGFS) started its business in 2008. The Company provides a variety of financial services backed by strong digital technology, trained employees, managed resources and a branch-based KGFS model across remote rural India.



Our shareholding pattern



Awards and recognition

- Financial Well-being Report - Finnoviti Awards 2021
- CSR Award Winners For Best Community Affairs
- Quantic India - Financial Inclusions Leader Award
- Team marksmen- The certificate of recognition for the Influential Leaders of New India.
- Banking Frontier - Best Mobile App Initiative - UI/UX
- Banking Frontiers NBFC 2022 - Best Omni-channel CX Initiative
- Best Training Initiative Of The Year | BFSI Leadership Awards - 2022
- KGFS MITRA Wins The SILVER Award In New Product Launch - BFSI @ Indian Marketing Awards 2022
- ACEF ASIAN LEADERS FORUM & AWARDS - Best Use Of Content | LMS Gurukul Platform
- Mention by Forbes India
- KGFS: A New Approach to Rural Finance - Harvard Business School case study on the KGFS model
- CGAP report on KGFS



Our diverse product offerings

• Loans

- Joint Liability Group Loan
- Micro Enterprise Loan
- Cattle Loan
- Home Improvement Loan
- Jewel Loan
- Consumer Loan
- Crop loan

• Insurance

- Portfolio (Credit)

- Personal Accident

- HospiCash

- Cattle

- Crop

• Financial Transaction Services

- AePS Cash Withdrawals & Balance Enquiries

- Prepaid Recharges

- Domestic Money Transfer

- Direct To Home (DTH) Recharges

- BBPS Bill Payment Services

- Commenced operations in Thanjavur, Tamil Nadu
- Initiated KGFS operations in Odisha and Uttarakhand
- Established BC partnership with Axis Bank
- Mobilised capital from Lok Capital and Proparco

- Established KGFS operations in Krishnagiri, Tamil Nadu

- Investment by Accion and LeapFrog in IFMR Holdings
- Swap up by Lok Capital and Proparco to a holding company called IFMR Holdings

- Exit by Tata Capital, Lok Capital and Proparco
- Primary equity infusion by Accion and LeapFrog through IFMR Holdings
- Reinstated Odisha operations in Keonjhar

- Funds raised via a rights issue
- Established KGFS operations in Karnataka

2008 to 2012

2013

2015

2017

2018

Our milestones

2019

- Initiated KGFS operations in Jharkhand
- Scheme of arrangement (de-merger and amalgamation) approved by the National Company Law Tribunal, giving birth to the present day Dvara KGFS
- Discrete vertical established for micro-enterprise loans
- Initiated Dvara Sampoorana Sampath Plan (DSSP), a flagship rural wealth management product
- Acquired Varam Capital Pvt Limited, a digitally fortified NBFC-MFI, and entered Chhattisgarh through this acquisition
- Attracted marquee impact investors - Stake Boat Capital and Nordic Microfinance Initiative

2020

- Cashless transactions applied across product lines
- Established unified digital collections platform for customers
- Initiated Aadhaar, enabled payment services for customers during the COVID-19 induced lockdown
- Introduced eSign to help customers digitally sign loan documents, to reduce turnaround time and costs for on-boarding customers
- Relocated to Indian Accounting Standard (IndAS)

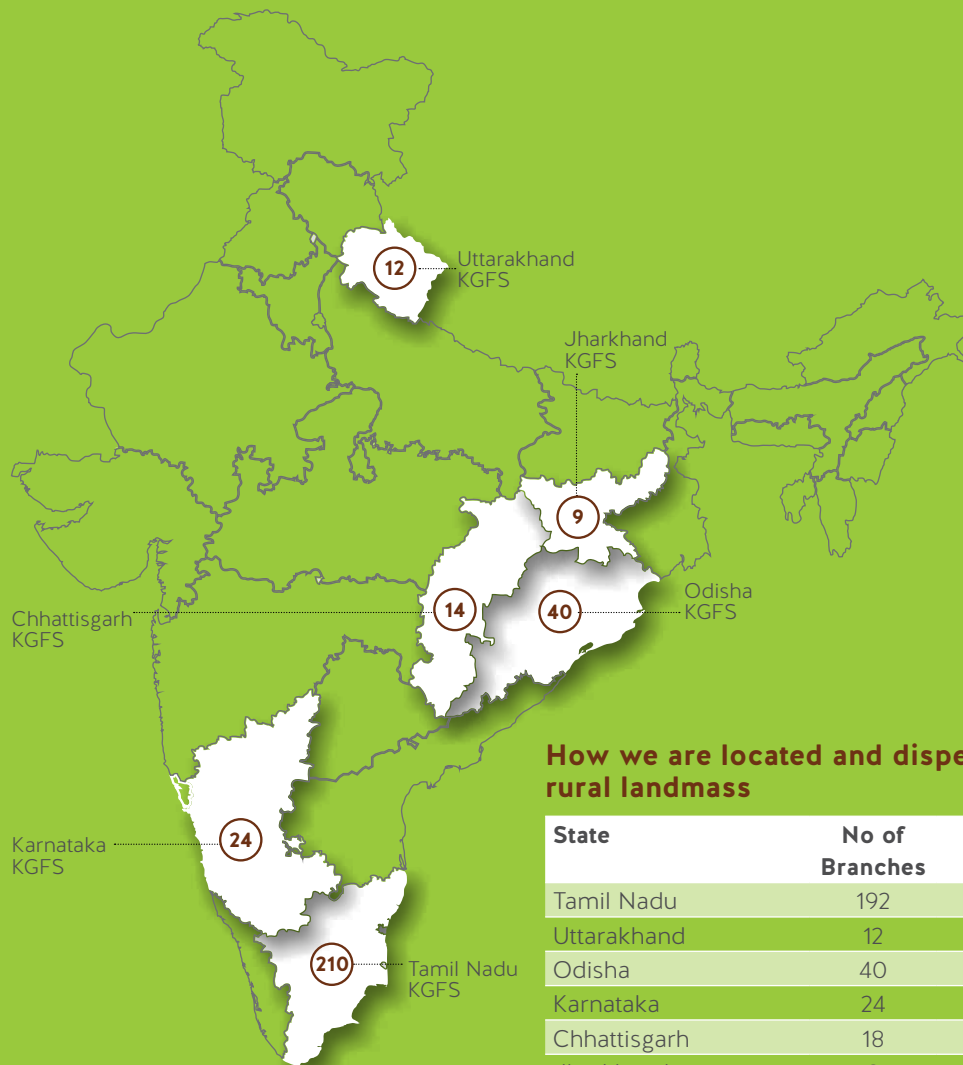
2021

- Established an omni-channel business model
- The Company's AUM increased to over INR 10,000 Mn
- Crossed INR 1,000 Mn AUM for the micro enterprise loan product
- Started AePS/BBPS/ AIRTEL cash drop services as a value-added product line for customers

2022

- Acquired Transact Now - Digital Application Enabling Financial Services through agents
- On-boarded more than 1,750 digital agents across Dvara KGFS operating villages; reported transactions worth INR 112.4 Mn through this channel
- First tranche investment in Saija Finance Private Limited, an NBFC-MFI possessing a strong presence in Bihar, Uttar Pradesh and Jharkhand
- Launched WhatsApp Chatbot Self Service for customers

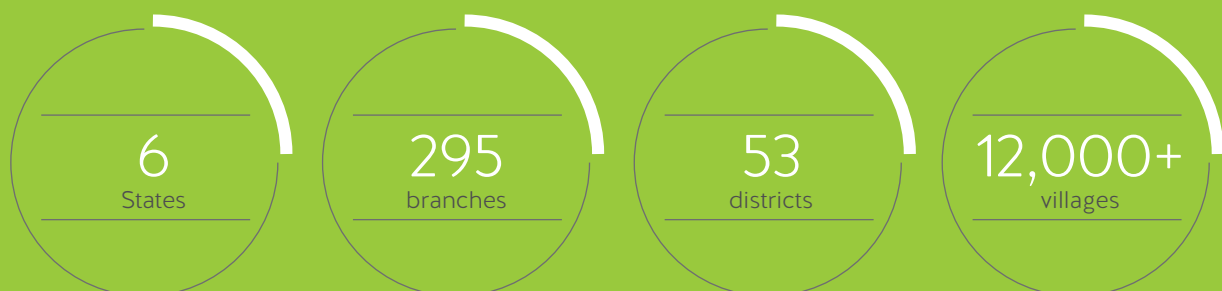
Our geographical footprint



How we are located and dispersed across India's rural landmass

State	No of Branches	Active loans	AUM in INR Mn
Tamil Nadu	192	3,03,353	7,57,75,36,930
Uttarakhand	12	17,266	48,58,37,393
Odisha	40	43,019	1,33,63,83,160
Karnataka	24	35,924	93,65,61,321
Chhattisgarh	18	15,233	45,99,35,450
Jharkhand	9	6,202	18,57,79,612
Jharkhand - inorganic footprint	17	2,237	8,90,72,288
Bihar - inorganic footprint	36	4,272	22,52,84,666
Total	348	4,27,506	11,29,63,90,821

Key operational highlights



Our business in numbers



1,08,292

Mn, Enrolments as on March 31, 2022

8,624

Originations in FY 2021-22

11,296

INR Mn, Assets under management as on March 31, 2022

3,39,543

Rural lives insured as on March 31, 2022

Case study

Dvara KGFS: A dependable support system



“We have been engaged in agriculture for generations. We own three acres on which we sow vegetables. I plan

to purchase an additional acre to expand. For my financial needs, I relied on local financiers, close relatives or used gold as a collateral to borrow.

During this process, I availed of a loan from Dvara KGFS for the first time. I was pleasantly surprised with the quick turnaround time and support. I have now been a KGFS customer for two years and rely on them for my expansion needs.”

Ravi

Assessing the impact of our performance

Sustainable Development Goals and Dvara KGFS

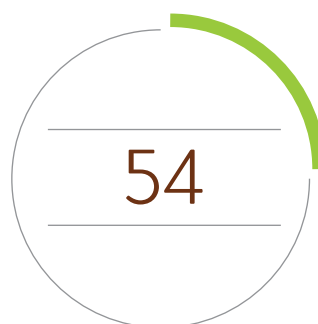


Overview

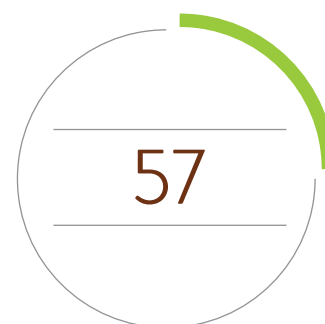
Through the Financial Inclusion Impact Performance survey conducted in April 2022 by *60_decibels*, Dvara KGFS self-appraised across five financial inclusion dimensions: access, business impact, household impact, financial management and resilience.

First access and access to alternatives

We believe that access to timely, low-cost and low-risk loans can be the critical difference between financial resilience and crises. The survey indicated the extent to which Dvara KGFS is servicing a previously underserved population, competitive landscape and the financial inclusion of low-income clients.



%, of clients (out of 254 respondents) who accessed a loan for the first time



%, of clients (out of 216 respondents) who could not easily locate a Dvara KGFS alternative

**16% of all clients (40 people) responded to the alternative of 'don't know/can't say'*

Business impact

Financial inclusion by way of small loans can empower customers to invest in existing enterprises or start new ones. These investments can generate incomes, courage, confidence, awareness of round realities, employees, partners and customers, potentially creating an entire eco-system. The survey measured the extent to which Dvara KGFS loans enhanced incomes and the capacity to employ others – an economic multiplier effect.



% client (out of 252 respondents) said their incomes had increased



% out of the 59% of clients who indicated that incomes had 'very much increased'



% of clients (out of 195 respondents) who increased the number of paid employees after receiving a Dvara KGFS loan



% of loans used for business purposes (buying shop inventory the most common loan use from a survey of 256 respondents)

Average number of employees before and after (survey of 16 business persons)



Employee strength before a loan



Employee strength after a loan

Household impact

Timely Dvara KGFS loans help clients cover planned and unplanned expenses (medical expenses, school fees and household improvements). The improved liquidity could result in excessive indebtedness leading to risky consumption decline and negative externalities. The survey measured the impact a Dvara KGFS loan had on client life quality, ability to invest or cover household expenditure and the degree to which clients could achieve their financial goals.



% of clients (out of 256 respondents) who said their life quality had improved



% of clients (out of 256 respondents) who said they used a part of their loan for household expenses



% who indicated that their business had grown



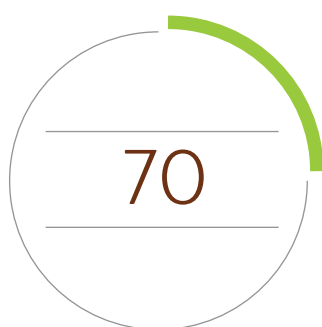
% who reported an ability to afford their household expenses



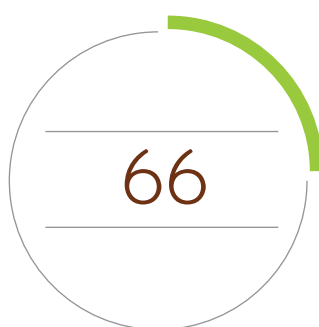
% of clients (253 respondents) who credited their ability to enhance their life quality due to Dvara KGFS

Financial management

At Dvara KGFS, we educated clients regarding their loans terms, resulting in informed decisions regarding the loan cost/benefit. We help clients balance loan repayments and household expenses.



% of clients (out of 256 respondents) who 'strongly agreed' that they understood Dvara KGFS's loan terms and conditions



% of clients (out of 250 respondents) who say their ability to manage finances increased following a Dvara KGFS loan

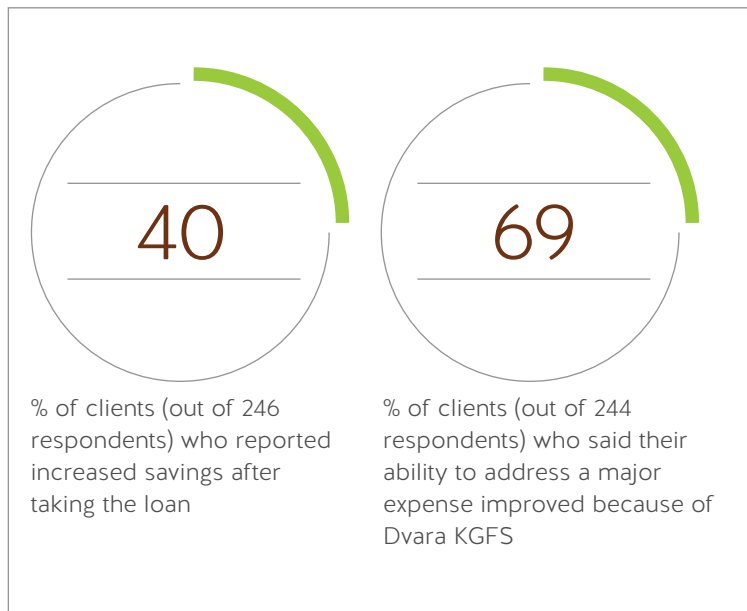


% of clients (out of 252 respondents) who reported their repayments as a 'heavy burden'



Building resilience

Dvara KGFS recognises that unforeseen financial shocks can occur without advance notice. In these instances, the capacity to recover with speed is often contingent on a timely access to financial resources. The act of improving client incomes, enhancing savings and providing timely emergency loans empowered clients to competently address unforeseen shocks. The survey measured the degree to which clients were financially prepared to address an unforeseen economic shock and how Dvara KGFS's loan enhanced this preparedness; it also ascertained the degree to which clients made sacrifices to cover the cost of their Dvara KGFS loan.



Our business

Socially
relevant



Economically
viable



Sustainable
prosperity

The Indian disparity

India surpassed UK as the fifth largest economy but accounted for just 3.5% of global market share

Among G20 nations, UK citizens were the fourth richest, Indians the poorest.

An average UK citizen saves and/or consumes 23 times more than the average Indian

Low financial affluence at an individual level has limited India's ability to fund health, education and public services.

The per capita GSDP of Uttar Pradesh is less than US\$ 1,000 and of Tamil Nadu US\$ 3,000

The credit-deposit ratio is 1.19 for Tamil Nadu and 0.48 for UP

Around 29% of UP's population is classified as 'poor' compared to 4% in Tamil Nadu.

(Source: Business Standard, Financial Express, Times of India, Indian Express)

Factors driving financial inclusion in rural India

Pradhan Mantri Jan Dhan Yojana

No-frills banking facilities

Direct Benefit Transfer

No leaks in subsidy and support transmission

Promotion of RuPay cards

Digital payments now a reality

Higher minimum

support prices for crops

Internet access

Enhanced financial literacy

Lower smartphone costs

Access to financial services

Big numbers

Financial inclusion Index of India

56.4

Financial Inclusion
Index, March 2022

53.9

Financial Inclusion
Index, March 2021

Growth headroom

191

Mn Indians who do not
have a bank account
(above 15 years)

56

% Indians without a
bank account who are
women (Source: Grant
Thornton)

Indian banking system in rural India

64.61

% of India's population
that lives in villages

6,50,000

Number of villages in
India

12

Number of villages
served by one bank
branch, June 2021

17,000

Number of rural Indians
served by one branch

33

India's rural commercial
bank branches as a
percentage of all branches
(Source: thestatesman.com,
CNBC TV)

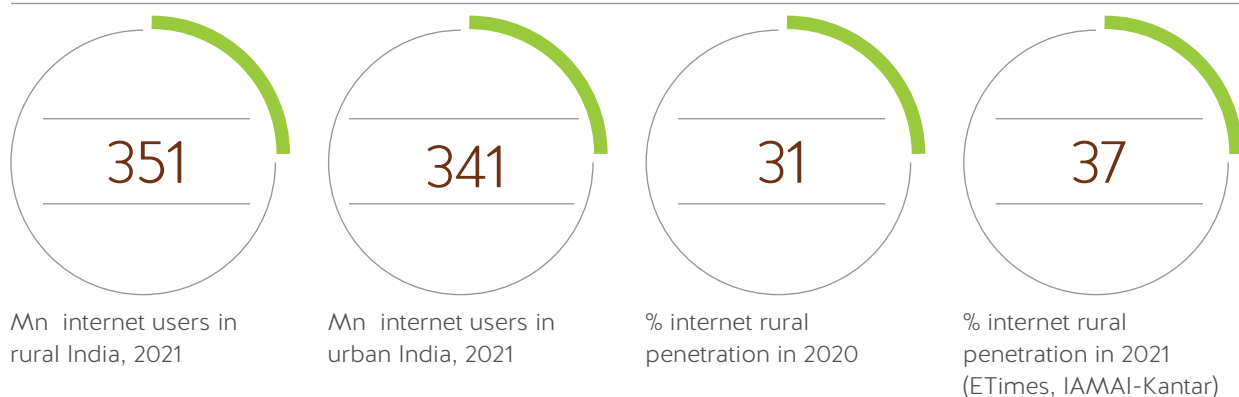
10

Number of Indian
villages served by one
ATM

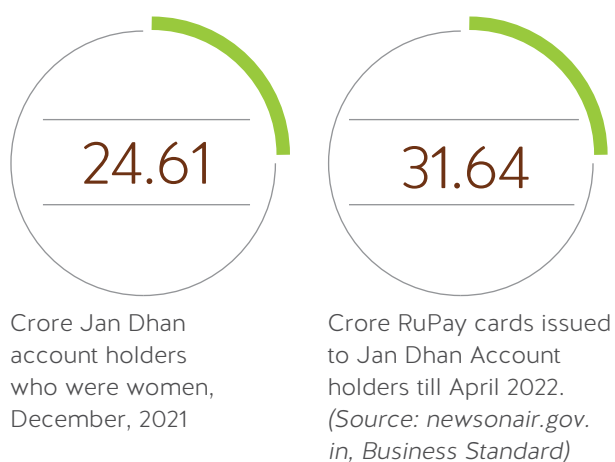
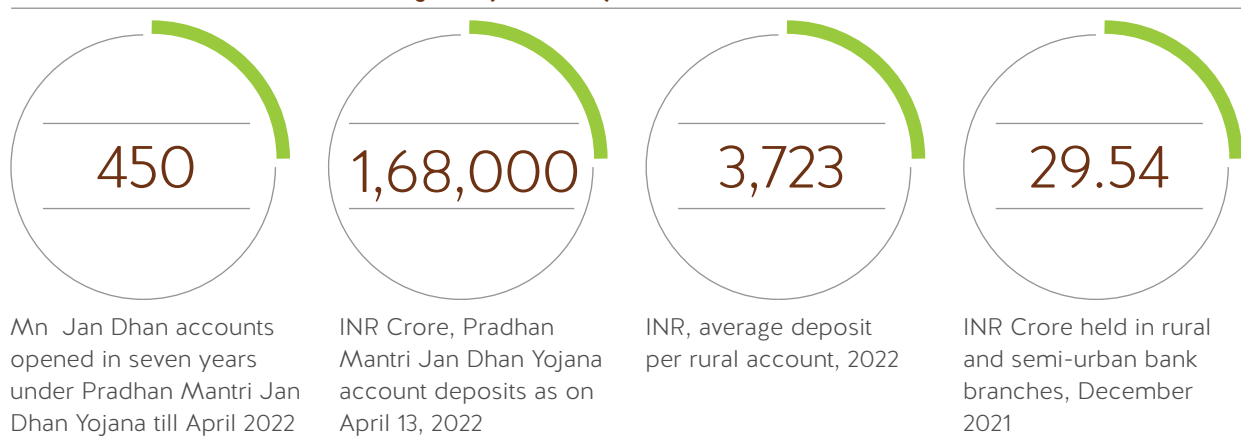
20

% of all Indian ATMs
that are in rural India.
(Source: CNBC TV)

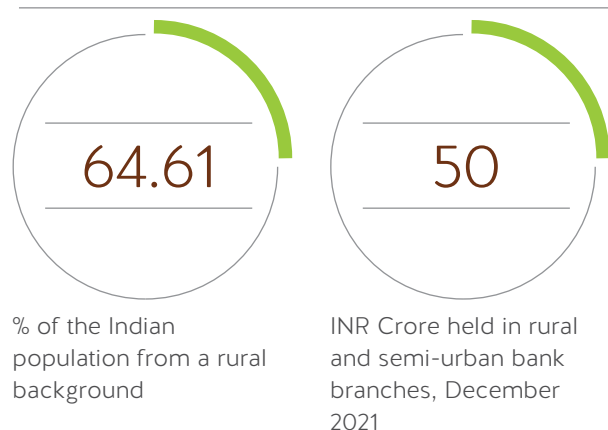
Internet penetration



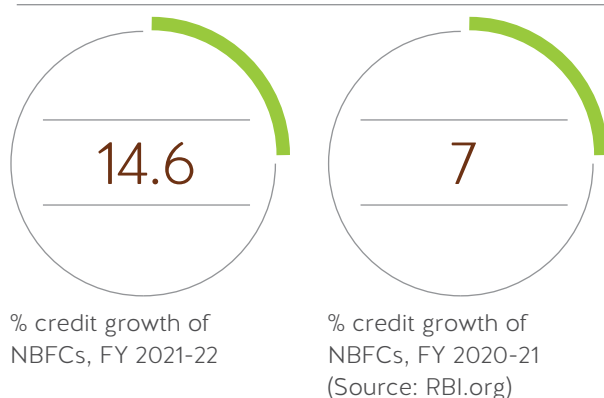
Pradhan Mantri Jan-Dhan Yojana (PMJDY) accounts



Rural contribution



Growing NBFC role in India's financial inclusion



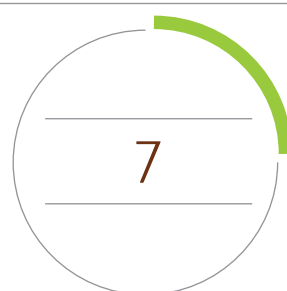
Rural debt landscape



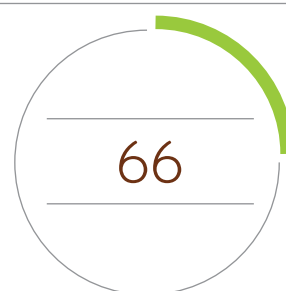
% of rural households indebted to institutional credit agencies



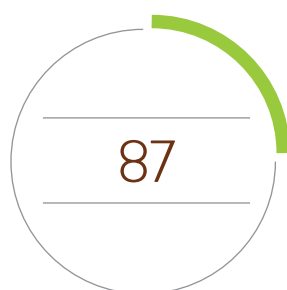
% of rural households indebted to non-institutional agencies



% of rural households indebted to both

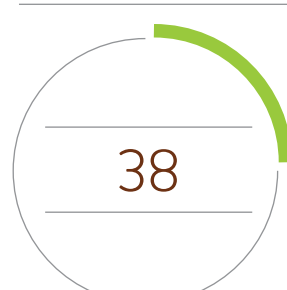


% share of institutional debt in total rural outstanding debt

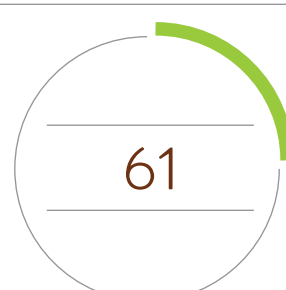


% share of institutional debt in total urban outstanding debt
(Source: Indian Express)

Dvara KGFS, serving a previously underserved population of India



Average age



age, eldest client as per age distribution



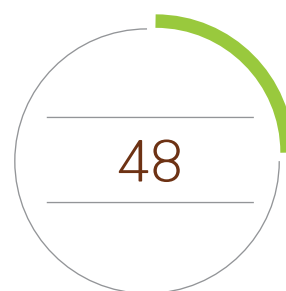
age of the youngest client as per age distribution



% of clients between 26-54 age group



% of clients who live in the bottom 60% of India's national average



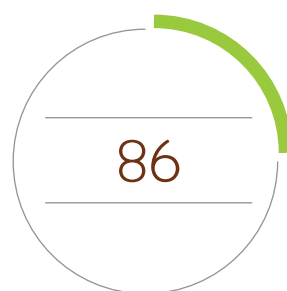
% of clients who are male



% of clients who are female



% of clients who are urban



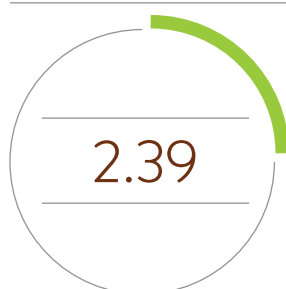
% of clients who are peri-urban



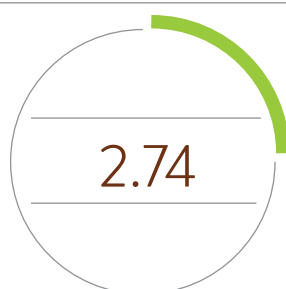
% of clients who are rural

Sustainable development inherent part of Dvara KGFS' business model

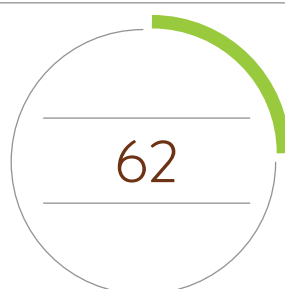
SDG 3: Good health and well-being



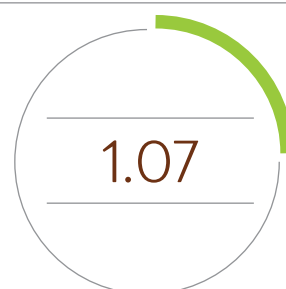
Lakh, number of subscriptions for personal accident insurance in FY 2021-22



INR Crore value of subscriptions for personal accident insurance in FY 2021-22

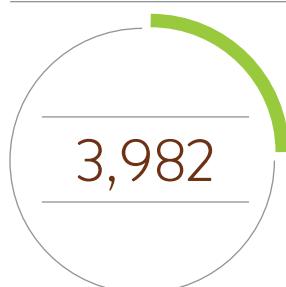


INR Lakh value of claims settled for personal accident insurance in FY 2021-22

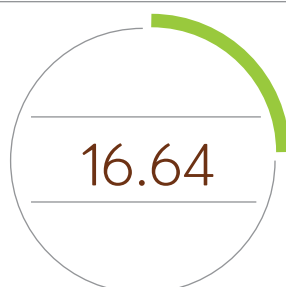


INR Crore worth of loans disbursed for medical purposes in FY 2021-22

SDG 4: Quality education

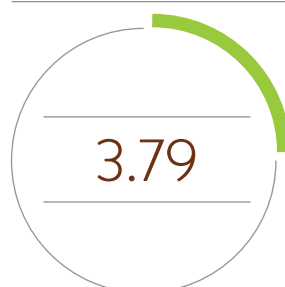


Number of loans disbursed for educational purposes in FY 2021-22

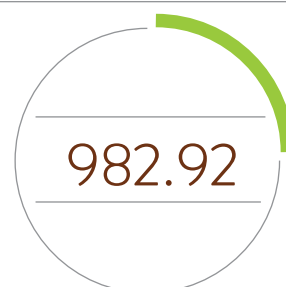


INR Crore worth of loans disbursed for educational purposes in FY 2021-22

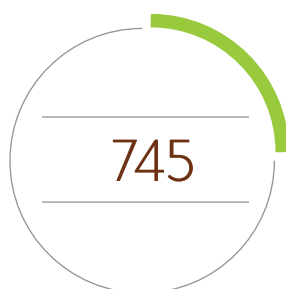
SDG 5: Gender equality



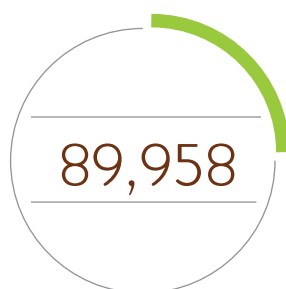
Lakhs, total active loan women customers including Saija Finance Private Limited in FY 2021-22



INR Crore, total value of loan accounts held by women (including Saija Finance Private Limited) in FY 2021-22



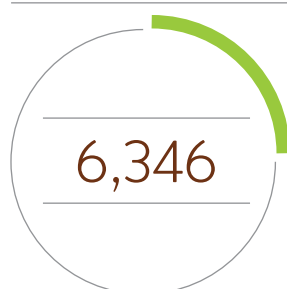
INR Crore, total value of credit disbursed to women customers in FY 2021-22



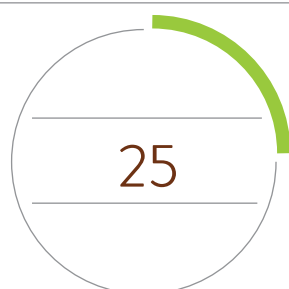
Income generation loans given to women



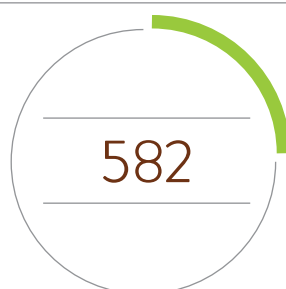
INR Crore value of income generation loans disbursed to women

SDG 6: Clean water and sanitation

Number of water, sanitation and health loans disbursed in FY 2021-22



INR Crore total value of water, sanitation and health loans disbursed in FY 2021-22



Number of home improvement loans disbursed in FY 2021-22



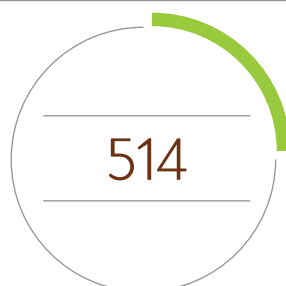
INR Crore total value of home improvement loans disbursed in FY 2021-22

SDG 8: Decent work and economic growth

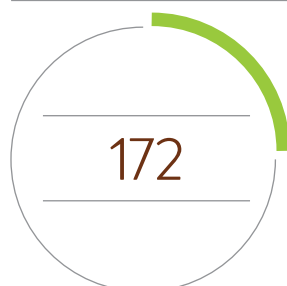
Number of agents as on FY 2021-22



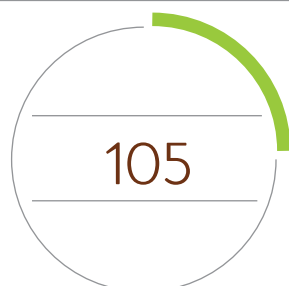
INR Lakh, cumulative commission paid to agents as on FY 2021-22



INR Crore, income generation loans disbursed as on FY 2021-22

SDG 10: Reduced inequality

INR Crore, total loan amount disbursed to customers from Other Backward Classes



INR Crore, total loan amount disbursed to Scheduled Caste customers

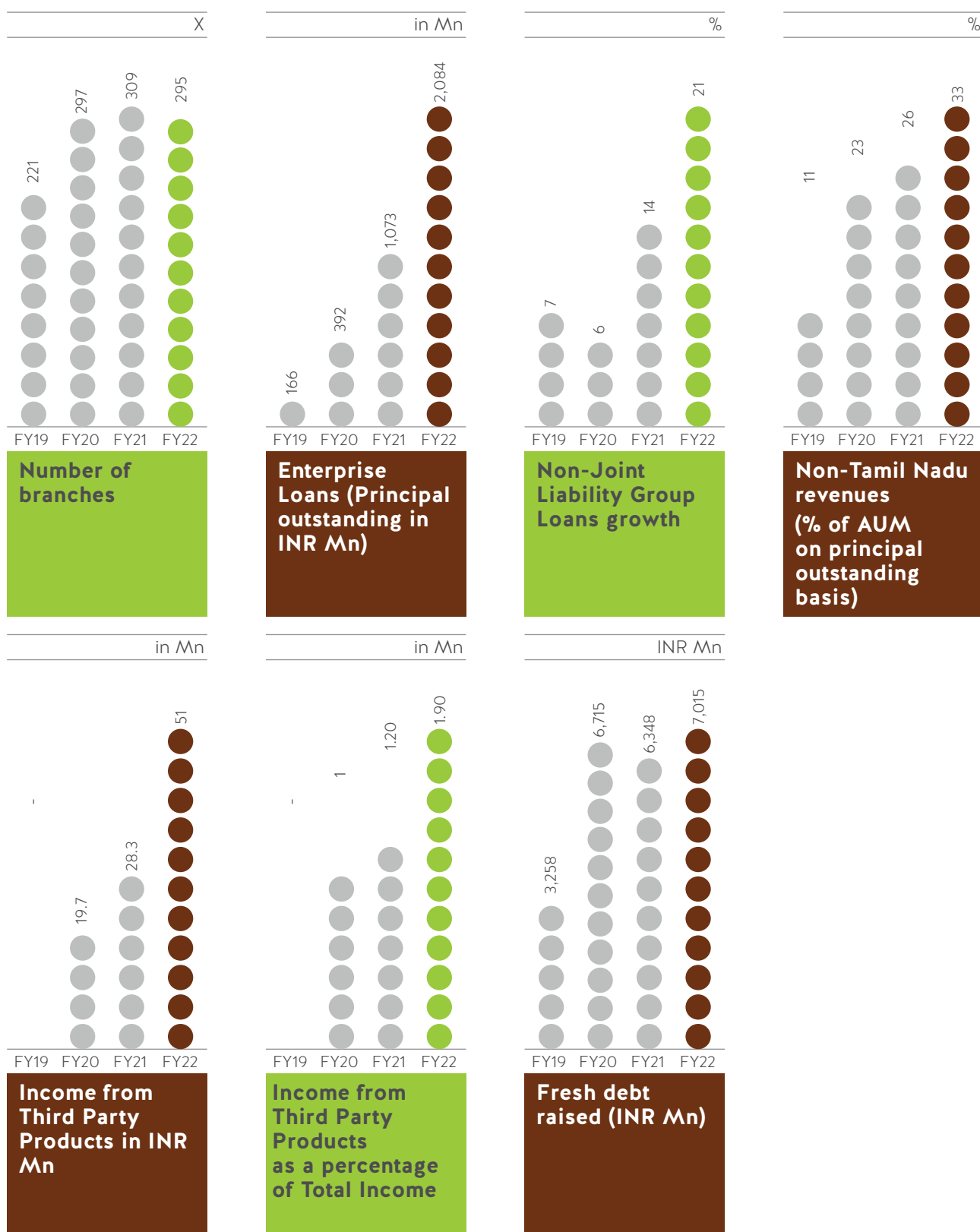


INR Crore, total loan amount disbursed to Scheduled Tribe customers



INR Lakh, total loan amount disbursed to Minorities customers

Our operational metrices



Case study

Dvara KGFS: A valuable support system



“Kasthuri lives in Risiyur village (Thiruvur District, Tamil Nadu). Her husband works overseas; Kasthuri looks after her two-

year-old daughter and runs a tailoring unit. The pandemic caused financial difficulties; her husband was unable to remit proceeds home and her tailoring unit did not receive orders. Kasthuri relates, “This was an eye-opening experience following which we realised the importance of savings. So when I came to know about Dvara SmartGold’s Micro-Savings plan, I immediately enrolled. I am confident that we may not have to see similarly difficult days again.”

- Kasthuri

Chairperson's overview

Dvara KGFS is helping fulfill the dreams of the largest under-serviced cluster of India



At Dvara KGFS, we see ourselves as long-term partners to households and enterprises in rural India. As the forces of digitisation and non-farm diversification sweep across rural India, we are well poised to catalyse this growth story that is intrinsic to the vision of a dominant Indian economy.

At the end of FY 2021-22, Dvara KGFS' reach extended to 8,05,645 households in ~ 12,000 villages across six states. Our Assets under Management stood at INR 11,296 Mn. We continued to execute against a full-service strategy with a product suite that includes unsecured loans to households, business loans to enterprises, gold loans, insurance (life and non-life) and payments. Our customers on average owned 2.12 products. We processed INR 845.52 Mn of Aadhaar Enabled Payments during the year.

Our customer servicing strategy has been traditionally built around a physical branch. We realised early that this was essential to serve a new-to-formal finance customer segment in addition to a cadre of staff largely drawn from the local community. Over the last two years, we evolved this towards a more omni-channel approach. While the branch continues to be the focal point, this is now being complemented by merchant networks, door-step agents and self-service elements.

This has dramatically increased convenience for our customers. Our wealth managers and agents will continue to play a vital role to on-ramp our customers to various digital platforms, not just ours. Additionally, this migration of payments and routine transactions away from the branch also opens up an opportunity to shape more meaningful customer engagement. During the year, we conducted various activities relevant to the livelihoods of our customers.

During COVID, one of our initiatives was to equip clinics and hospitals in our service areas with oxygen concentrators. We worked with 95 health providers as a part of this and were proud to be recognised for this effort by Asian Customer Engagement Forum (ACEF). We expect to build on this initiative and significantly upgrade the quality of health services available to the communities we are a part of.

Murty and his leadership team led from the front and delivered strong results across all aspects of our business. I thank all our colleagues, in particular our wealth managers, for their relentless efforts in serving our customers better. The KGFS Way of doing business is rooted in our core value of meeting customers where ever they are and bringing the best of our capabilities to the mission. We are making significant investments in training and professional advancement of our field force which now comprises

1,264 people. We have women colleagues in senior roles branches, at the CXO level and in the Board. Many of our wealth manager colleagues serve as role models in their families and communities.

I am grateful to the Board of Dvara KGFS for their support and guidance during the year under review. I thank our investors, lenders, auditors, rating agencies and technology partners for their support.

We are inspired by the ambition and perseverance of our customers. We will continuously innovate to help them address new opportunities and challenges arising from new forces shaping the economy, including climate change. We remain committed to the mission of ensuring that every individual and every enterprise enjoys a complete access to financial services.

Bindu Ananth
Chairperson

The big picture

Building for Bharat and the Dvara KGFS business model



When we entered the business of rural wealth creation through the disbursement of timely loans and other products, a number of questions were raised on whether we needed to balance our presence in a nascent landscape with an existing market across urban India. We responded with a contrarian approach of singular focus and subject matter specialisation that now makes Dvara KGFS one of the best equipped to enhance rural prosperity in the geographies of its presence

Overview

Building for Bharat is the sustainably largest sustainable business opportunity in today's India.

This is a story sitting at the bottom end of the curve with multi-decade growth possibilities for some good reasons.

There are various indicators that Bharat is likely to be a larger and more enduring economic growth story that could complement India's urban prosperity in graduating the country to a desired GDP of US\$ 5 Trn by the end of the decade.

The vastness of Bharat – an estimated population of 1.41 Bn by the close of FY 2021-22 – represents a growth story with not just implications limited to India, but with a ripple effect that may be felt the world over.

The Bharat story drivers

Building for Bharat is likely to be an enduring growth theme for good reasons.

One, even as India has emerged as the fifth largest economy and the fastest growing among major economies, nearly two-thirds of India's population remains financially under-provided or excluded.

Two, some manifestations of this financial exclusion comprise inadequate access to financial instruments and savings products; at best, the products sold to rural Indians are typically urban products applied on the rural landscape with virtually no customisation.

Three, much of rural India is under-served by the large commercial banks, resulting in an absence of trusted financial institutions and a formal savings culture.

Four, most rural Indians travel long distances to access banks or financial intermediaries, eroding the time that could otherwise be allocated towards a productive livelihood.

Five, India's rural economy is sitting at the cusp of an unprecedented opportunity, marked by higher farm realisations, stronger rural services sector, increased appetite for a better lifestyle and a willingness to borrow and invest in livelihood creation

Six, a decisive platform has emerged – digitalisation – that makes it possible for organised finance to

reach far-flung rural areas without a corresponding increase in branch, people and travel costs

Seven, the rural landscape is extensively under-penetrated; 70% farmers are new to credit and do not even possess a CIBIL history 75 years after Independence

Eight, in the last decade, rural India has evolved from producer to producer plus consumer, a robust foundation for multi-decade growth

Nine, there are several indicators that rural India is at an economic take-off: during the pandemic, while urban India was locked down, it was the robustness of India's rural fabric that enhanced national resilience.

Ten, rural India is now an audience to the global theatre through a vernacular WhatsApp and YouTube, enhancing aspirations of better life quality

Right company, right time

At Dvara KGFS, we recognise that with unprecedented opportunity comes great responsibility.

To assume that we are engaged in the business of providing loans (livelihood and gold, among others) is to miss the scope and rationale of our existence.

We are engaged in widening rural prosperity, enhancing incomes across the people we touch and unleashing the rich potential resident within across two-thirds of India's population.

At Dvara KGFS, we are bringing to our business a consistency of discipline that will make it possible to achieve our rich potential.

Most companies have selected to focus on the urban and rural; Dvara KGFS has selected to focus completely on the rural, enhancing its specialisation.

Most NBFCs focus on complying with NBFC guidelines; Dvara KGFS has benchmarked its intent and governance in line with that of a small finance bank.

Most NBFCs have selected to focus on a low-hanging opportunity comprising loans for consumer products; Dvara KGFS has focused on the vast upstream opportunity related to loans for income generation and wealth creation.

A number of players in this field commissioned brick and mortar infrastructure to interface with customers across the rural landscape of their presence; Dvara KGFS has invested in an omni-channel customer approach, widening customer access and convenience.

Most NBFC players focused on loans and transactions to generate fees and commission income; Dvara KGFS focuses on providing a holistic solution across the customer's lifetime, graduation from a service provider to a friend-philosopher-guide.

Conclusion

The complement of context and strategy ensure that Dvara KGFS is at the right place at the right time in the right sector with the right focus.

What makes Dvara KGFS distinctive is that an exclusively rural intervention is transpiring for possibly the first time in an organised and formalised manner within the country.

This widening rural presence could generate a multiplier effect in terms of products, outcomes and breadth of livelihoods addressed.

We believe that when you multiply this by thousands of loan takers engaged in a range of vocations, what could emerge is a local livelihoods eco-system that catalyses the local economy and represents a decisive step towards rural prosperity.

This strategic clarity provides Dvara KGFS with a framework on which to build the business in a profitable and sustainable way into the long-term.

Samir Shah,
Vice Chairman

Message from the Managing Director & CEO



Overview

The management of Dvara KGFS was pleased with the company's performance during the last financial year.

The performance was creditable for various reasons. The company continued to encounter the challenges of the pandemic where keeping people (employees and customers) safe and motivated remained a priority for months. The company did not just survive the challenging year; it also remained profitable, a validation of the resilience of its eco-system. The company did not just hold out in seeing a challenging period through but innovated and strengthened its operating model during this period.

Operations

The year under review was marked by a 16.58% increase in revenues from INR 2,460 Mn to INR 2,868 Mn. Disbursements increased by 31.4% to INR 8,795 Mn; Assets under Management strengthened 1.9% to INR 11,296 Mn. Delinquencies peaked at 6.9% during the year and trended down thereafter to 6.3% at year close. Profit after tax was at INR 6 Mn.

These numbers may appear modest at first glance but are creditable when viewed against the challenges of the operating background and the fact that the company was engaged in building the business while responding to market opportunities.

The principal achievement was that despite the prevailing challenges, the company protected its Balance Sheet from impairment and reinforced the foundation on which the business is likely to be scaled across the foreseeable future.

Learnings

The challenging year under review provided a number of precious learnings.

- In challenging periods, there is a premium on enhanced

responsiveness while demonstrating the right approach and behaviour. This is what the company demonstrated with success during the last financial year.

- Even as physical restrictions continued to be in place, people productivity was sustained at a high level through various HR & Sales one's way initiatives.
- The period of uncertainty generated a higher sense of ownership among employees, reflected in extending beyond the normal call of duty and a greater commitment to innovate out of circumstances.
- Gradually the fear of the unknown declined and the company enhanced its preparedness to embrace uncertainty and change, strengthening its responsiveness.
- At a time when there was a premium on people productivity, most Dvara KGFS employees happily multi-tasked, enhancing our responsiveness to market environments.
- Customers showed an unusual willingness to adopt digital technologies, which widened the company's omni-channel mix, enhanced customer delight and brought the subject of technology into the customer conversation.
- The company successfully explored customisation and personalisation of its offerings, strengthening its service orientation.

Our achievements

During the year under review, the company succeeded in creating a robust platform that is now scalable and should translate into multi-year growth.

One of the principal achievements was that the company moderated customer attrition from 63% in FY 2020-21 to 53% in FY 2021-22 through a complement of available modes and channels, superior

service and a distinctive value proposition. We believe that a high customer retention will progressively manifest in cross-sale and a larger share of the customer's investment spending.

The company altered the way it perceived risk, extending beyond the conventional filters towards the use of different tools. The company leveraged the use of digital tools, comprising a larger proportion of Artificial Intelligence and Machine Learning. The result is that the company possesses a robust back-end coupled with a simple and intuitive front-end, leading to a sensitised understanding of the risk universe.

The company scaled its omni-channel foundation, complementing its digital agent network; the agents were trained, and customers intimated of an agent in the regional proximity. The agents effectively served as 'branches', collecting estimated monthly instalments (EMIs) from customers and empowering customers to pay digitally.

The company introduced gold loans at the customer's doorstep, an erstwhile urban lending business that extended to the rural terrain. The company shrunk the business implementation cycle and addressed an evident need, considering that a number of rural households hold gold as a hedge against wasteful spending and inflation.

The company moderated its learning curve across a number of initiatives, accelerating upsides.

Outlook

The company finished the year under review on an optimistic note.

Despite all the challenges that converged at virtually around the same time, the company reported business growth during the last financial year, enhancing an optimism of the possibilities that lie

ahead. The company is attractively placed to leverage its business foundation and graduate to the next level: per person productivity is likely to strengthen; the company expects to enhance customer confidence in the digital pipeline; the proportion of cost-effective digital transactions is expected to rise to 50% of all customer engagements in FY 2022-23, relieving the customer or the company of

any physical engagement; cost and transaction time are expected to decline as the company extends from the functional to value-added engagements.

The company is expected to graduate from push-based sales to need-based engagements; the compartmentalisation between product and business verticals is likely to yield to an effective cross-sale environment; the company

expects to play a larger and holistic part in customer lives; it expects to graduate from a know-your-customer (KYC) focus to a know-your-village focus, inspiring terrain-based solutions.

LVLN Murty

Managing Director and CEO



Case study

Dvara KGFS: A valuable support system



“A KGFS Wealth Manager materialised as a ray of hope five years ago. I had taken a loan from an informal lender at a high rate of interest to

purchase cattle. The Wealth Manager took some the time to understand my life goal and enrolled me at KGFS for a loan. Using this, I cleared the high interest loan on my books. The other day I was informed about Dvara KGFS's Aadhaar (AePS) facility for cash withdrawal. My first query: 'How much commission will you charge?' (someone nearby had been charging a commission for every INR 1,000 withdrawn). I was told 'No commission.' I used the facility to withdraw cash from the branch. In times like these, it has been helpful to have such a facility I can rely on for my immediate needs.

Sumathy

Review

FY 2021-22: A review of the business by our Chief Business Officer



What we achieved

Much of India could not foresee the impact of the lockdowns in the wake of the second and third pandemic waves. Dvara KGFS could not be insulated from the impact of these lockdowns; however, the company responded with speed by returning to its drawing board, drawing lessons from the experiences of the State where the lockdown was first announced (Chhattisgarh) and applying them across the subsequently locked down States to moderate their impact on employees, customers and the company's financial health.

By the virtue of its deep and remote rural presence where the pandemic was yet to reach, the company engaged in customer engagement marked by relatively low restrictions. This empowered the company to engage with customers and provide confidence and counsel during a challenging period. Besides, the company safeguarded employees and customers through social distancing and non-physical transaction engagements.

The company evolved its distribution strategy with the times through the 'omni-channel' model that graduated the company to the palm of the customer. The company strengthened its agency network that helped provide access to financial transactions for the rural folk at large; it appointed additional wealth managers in villages to convert enrolled village folk to active customers through a range of financial products.

The company strengthened its customer acquisition through an understanding of what livelihoods were best suited for what terrains based on natural advantages, demand patterns and the disposition of local residents. The result is that the company emerged as a business consultant based on its experience of having lent to a large number from that trade within that region and as a financial services provider.

The company became responsive to realities through customer sensitivity, repayment flexibility and engagement dignity, defining the organisation's culture in how to respond in a period of uncertainty. As an extension of these realities, the company did not retrench or lay employees off and nor were there any salary delays

Building a credible future-ready

Financial growth: The company expects to show robust business growth though an effective combination of the digital and the physical (phygital).

Geographic diversification: The company's forte continues to be Tamil Nadu; however, the company is rapidly increasing its exposure in other States as well.

Digital branch expansion: The company will build on its low-cost branch dynamics to create more satellite branches and a hub and spoke model - a relatively asset-light engagement directed towards scalability

Distribution of third party

products: This service stream, comprising the sale of third-party financial products, resulted in a customer penetration of 70% during the financial year under review across a base of 6,00,000 customers

Algo-intensity: The company intends to enhance the role of algorithm-driven recommendations of financial products to customers, strengthening systemic impartiality and the elimination of human bias.

The company strengthened its customer acquisition through an understanding of what livelihoods were best suited for what terrains based on natural advantages, demand patterns and the disposition of local residents. The result is that the company emerged business consultant based on its experience of having lent to a large number from that trade within that region and a financial services provider.

Product diversification: The company is strategically diversifying from JLGs to individual loans, which can be seen from the changing mix in favour of individual loans in the past few years. The focus will continue to graduate customers from group loans to individual loans so to provide more 'Use Case' loan facilities with defined and verifiable utilisation.

Omni-channel: The company intends to leverage a fuller value from the complement of the physical with the digital, each feeding off the other. The widening of the collection channels is expected to enhance customer convenience

Recruitment: The company will hire from the terrains of its presence, strengthening its understanding of local customers, livelihood realities, income flows and savings orientation.

Ramkumar Ratnam
Chief Business Officer

Our blueprint for growth and sustainability



Our growth strategy: Inorganic growth

Transactnow

- Acquired in June 2021
- Agent application for Transactional Services
- Aadhaar Enabled Payment System (AePS) / Direct Money Transfer (DMT) / Bharat Bill Pay System (BBPS) services offered to Dvara KGFS customers
- Set up digital agent network across KGFS operating villages
- Key pillar in the omni-channel customer focus strategy

Saija Finance Private Limited

- Traditional MFI with a strong presence in Bihar, Uttar Pradesh and Jharkhand
- Acquired 25.9% stake in FY 2021-22 (RBI approval for 100% acquisition in process)
- Operating with 100 branches in ~40 districts
- Help to build continuous operations across Eastern and Northern India

Digital goals

Centralised Data Repository:

Operational data, financial data, HR data and external data stored in one place to help process automation initiatives across different functions

UI / UX overhaul of KGFS Assist app in partnership with Leapfrog

CX launchpad programme: Less time to collect data; high conversion rate; easy app use; less room for error with guided approach to forms filling; more accountability of Wealth

Managers related to data accuracy

Embedded analytics: Beat Planner, Sales Dashboard, Collections Dashboard and Incentives monitoring to boost field productivity

Inside Sales CRM Solution:

Manages inbound and outbound calls for inside sales team complaints resolution and sales leads.

CRM platform integrated with KGFS Assist ensuring seamless in-app

coordination between Inside Sales Team and Branch Teams

QR Code Payment App:

Personalised QR code - populated on customer repayment schedules.

Displays loan demand /DSSP subscription payable on smart phone. Payment options viz GPay, PhonePe etc. can be used; receipt is generated immediately

Saija Finance Private Limited acquisition – Strategy and synergies

- Invested 25.9% stake in Saija Finance Private Limited in October 2021
- Applied to RBI for acquiring 100% stake and sought lender approval
- Strategic investment to facilitate the outreach of the company to Bihar, Uttar Pradesh, deeper into Jharkhand, Punjab and Haryana
- Acquisition to collectively provide

Dvara KGFS a formidable and diversified branch coverage of ~390 branches spanning ten States

- Saija Finance Private Limited originating from select branches in Bihar, Uttar Pradesh and Jharkhand under business correspondent partnership for Dvara KGFS
- Dvara KGFS underwriting policy and LOS being used

Capital raised

- Infusion of capital through a Preferential issuance of shares
- Existing investors – Dvara Trust, NMI and Accion participated in the issue

Our products and engagement channels



Our challenges

Enhance trust
among rural
customers

Moderate
their logistical
challenges in
accessing Dvara
KGFS

Enhance their
familiarity with
the digital

Strengthen the
Dvara KGFS brand
around 'Always
proximate'

Overview

At Dvara KGFS, our growth is driven by the coming together of three D's – digital, direct and delight (customer) .

These three D's took a deeper root during the last financial year, strengthening the company's operations, financials and platform.

The company is optimistic that the ferment of these drivers should translate into sustainable scalability, attractive profitability and stronger recall.

The company finished the year under review with an established traction for each of these drivers, growing influence and the optimism that the outcomes of the current year would be even better.

Digital

At Dvara KGFS, we are convinced that a direct digital engagement with the customer is the most disruptive development that the country's non-banking finance sector has experienced in the last number of decades. To provide a background, the conventional approach to customer engagement was direct and manual, which necessitated a wider geographic reach coupled

with related costs of people and infrastructure.

The digital approach has reversed the go-to-market convention with the go-to-company model. From a time when the company engaged across distances with customers (and vice versa), the time has come when the access can be concluded with something as simple as a smartphone.

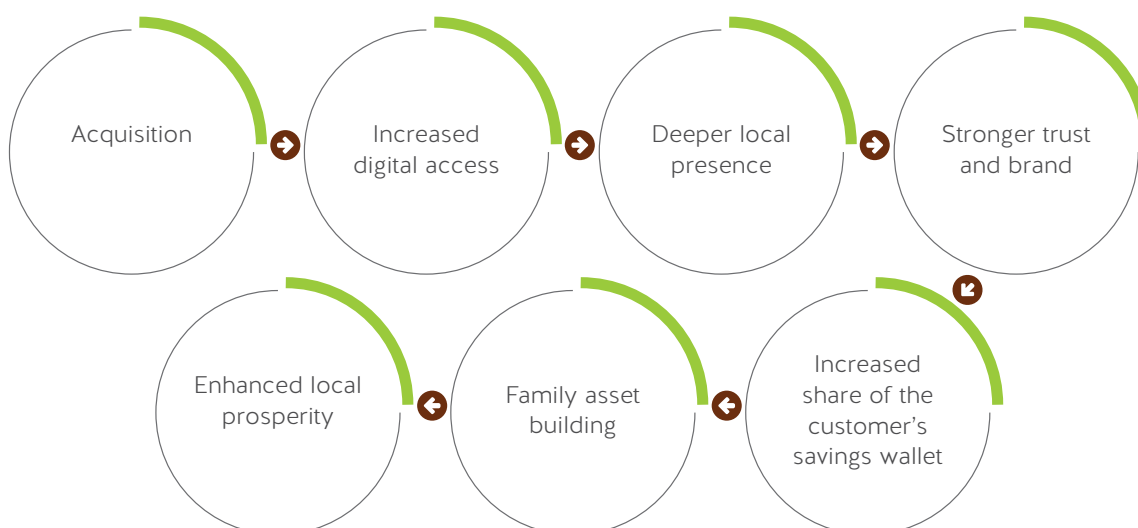
The company acquired Transact Now, a technology company, in July 2021 to access digital technologies and eliminate the time that would have been required in growing resident competence in the subject. The extension of the digital medium as an additional interface widens the customer's convenience and strengthening the recall that 'Dvara KGFS is only an arm's length away'. In the rural landscape where access to a service provider or customer can entail a commute of a number of kilometres for the better part of the day, the digital offering provides customers and Dvara KGFS wealth managers with the option of enhanced productivity – more achieved within finite time availability.

The outcome is reflected in the numbers: between September 2021 and March 2022, Dvara KGFS appointed 1,700 agents but did not commission any new branch. The company will leverage the presence of its existing branches with its digital offering, deepening its presence within its areas of influence (intensive over extensive). This intensive presence is strengthening the company's brand through a favourable word of mouth goodwill.

In turn, a stronger Dvara KGFS brand (arising out of the intensive approach) is extending to a deeper trust, increasing the number of products sold to each customer, Dvara KGFS accounting for a larger share of the customer's savings spend. In turn, the digital approach is deepening a prudence in savings management that, in turn, is catalysing a family's financial well-being.

The bottom-line: the digital convenience is increasing customers and enhancing business per customer, the basis of the company's long-term growth sustainability.

How our inorganic strategy is playing out



Direct

At Dvara KGFS, we recognise that even as we feel that the digital intervention plays a convenience-enhancing role, the long-standing role of the brick-and-mortar infrastructure cannot be discounted. There is an important reason: the rural physical infrastructure of our branch stands for an assurance that we will be there when the customer returns the following, day, week or month; that there is a precise address that stands for our presence; that a visit to the branch will inevitably solve all the customer's problems.

This enduring mental association resulted in the company protecting the importance of such branches; 295 branches across six States was largely maintained at March 31, 2022 (308 branches as on March 31, 2021). Dvara KGFS's employees stationed in these branches engaged in the two functions critical to the company: new business generation on the one hand and timely dues collection on the other. Besides, the branch also offered facilities like cash withdrawal, mobile recharge and direct money transfers (inward and outward), effective catalysts in initiating customer relationships, coupled with the possibility of the relationships extending to loan products (Dvara KGFS's core business).

The effectiveness of the branch was enhanced through the complement

of the physical infrastructure with the digital. When the conventional mode of customer engagement was coupled with the digital reach through a smartphone, the result was catalytic: the company's brand recall strengthened to recalls like 'anytime', 'always there', 'convenience' and 'friend'.

Besides, this flexibility in access graduated the company's recall to that of a 'mini bank'. It sent out a message to customers that the service provided by the company across rural Indian was benchmarked with the urban; there was a growing feeling that the company's service was futuristic; that the digital intervention provided was, in effect, the company paying respect to the importance of the rural customer.

Self-service

The company extended its digital engagement to the self-service mode that empowers customers to address most queries on the smartphone.

The company's MyKGFS chatbot is located on the popular Whatsapp engagement tool; it is a people-light approach that makes a focused use of technology; it uses the vernacular extensively, enhancing communication clarity, leading to cash transfer.

This mode of engagement leverages the extensive use of Whatsapp, which is downloaded for free;

it leverages the rising incidence of smartphones and a growing provision of the vernacular on Whatsapp, helping moderate the cost of engagement between the customer and company on the one hand and widening the choice of engagement for the customer on the other.

Branch on Wheels

The company reinvented the conventional fixed branch concept with a 'mobile branch' equivalent. The latter comprises a van equipped with a workstation that serves as a Dvara KGFS branch with an unfixed address, equipped to service the needs of a potential 12,000 villages, extending the company's service to the rural resident's doorstep.

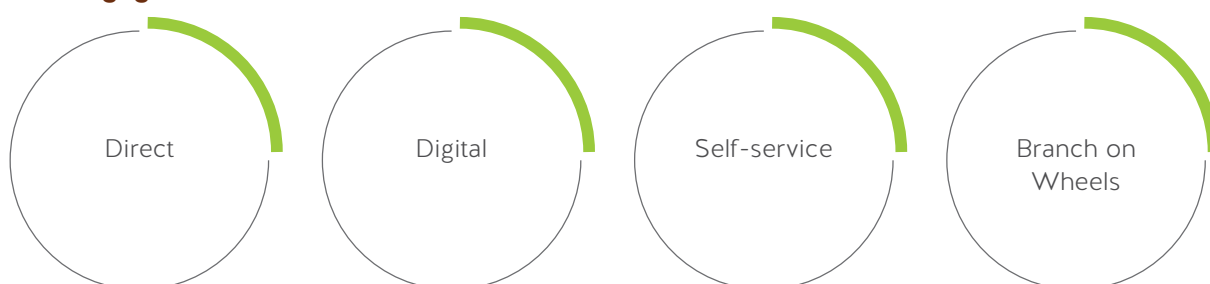
The Branch on Wheels service is periodic, punctual and timed. It saves the rural resident a commute. It enhances familiarity of the Dvara KGFS representative with the local resident in the latter's terrain.

This engagement mode was launched during the year under review with one vehicle in Jharkhand and will be extended to more vehicles and other states.

Outcome

The success of these channel interventions is reflected in the fact that the number of customers who transacted digitally with the company increased from 2.3% in FY 2020-21 to 6.25% in FY 2021-22.

Our engagement modes





(Source: Livemint The Hindu)

Our Direct engagement lead indicators	Our Direct engagement lag indicators	Our branch engagement
Number of agents Activation of agents Engagement with agents Transactions offered Customer footfalls	Moderate cost of operations Reduce the commute time of wealth managers Enhancing wealth manager productivity Widening the possibility of products cross-sale	Initial (low margin): Cash withdrawal Mobile recharge Direct money transfers (inward and outward) Subsequent (better margin): New loan business generation Timely dues collection

What agents have to say about the Dvara KGFS experience

Extending beyond business to building a community



“

Some customers offer me INR 10 in loan repayment; some can't pay immediately. Because of our adaptability, we service these customers as well. These individuals bless me, saying 'May you remain well'.

K Rajendran,
Dvara KGFS agent

”

“

Whoever comes to the shop to buy, sees the board and enquires about Dvara KGFS. They started using KGFS services through me.

Sarita,
Dvara KGFS agent

”

“

Being an agent gives me respect. We earn people's trust through our work!

Parmeshwari R,
Dvara KGFS agent

”

“

If Dvara KGFS was not there, I would have not got other apps and I would have been a debtor. They were the first to give me an opportunity and get me into this field.

Durairaj, Dvara KGFS agent

”

“

Dvara KGFS Wealth Managers come twice a day to our village, enhancing trust. The Dvara KGFS office is like a post office in our village. It is a social fixture.

Manikandan, Dvara KGFS employee

”

“

My shop is next to my house. Customers don't only need to come to the shop; they can come to my house as well. We are 24x7 open.”

Chinnammal, Dvara KGFS agent

”

“

“I have been paying the loan installment regularly since a branch was created in Pudar ten years ago.

K Rajendran, Dvara KGFS agent

”

“

They told me that whatever work I was doing could be done more safely and with better service through Dvara KGFS. A friend supported me and since I have a shop, everyone comes here for services.

Mubarakkani, Dvara KGFS agent

”

“

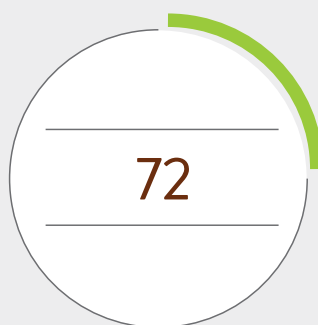
I don't need to canvass for customers. My customers know me and visit my shop. This in-person engagement creates more trust than digital as they know who to reach out to in future in case of errors.

Selvi T, Dvara KGFS agent

”

Big numbers**JLG loans**

% of loans accounted for by JLG loans in FY 2021-22



% of loans accounted for by JLG loans in FY 2022-23



% of loans to be accounted for by JLG, long-term outlook

Individual loans

% of loans accounted for by Individual loans in FY 2021-22



% of loans accounted for by Individual loans in FY 2022-23 (estimate)

Agents

Agents at the close of FY 2021-22



Agents at the close of FY 2022-23 (estimated)

Case study

Dvara KGFS: A sustainable support system



“ I convinced my husband to stop working on the farm and support me in growing our dairy business instead. We required investment to

buy more cows. Someone told me of Dvara and how many of our local people were working there. I visited the KGFS branch. The staff understood my business goals and helped me apply for a loan, which got swiftly approved. The loan proved instrumental in expanding our business. Over the years, my dairy business has grown highly profitable, providing my family with a strong sense of financial security and making me a known face in the dairy business in my local community.

– Neelam

Excellence driver

Our financial health in FY 2021-22



Highlights

■ The Company's business segments performed creditably: the enterprise loan (EL) segment grew to INR 208.4 Crore (INR 107.3 Crore in FY 2020-21); the non-joint liability group loan segment grew 21.2% (11.3% in FY 2020-21); Other Income from Third party product sales grew to ~INR 5.5 Crore (INR 2.83 Crore in FY 2020-21).

■ The Company continued to garner the support of its lenders (INR 701 Crore compared to INR 634 Crore in the previous year) that validated its credibility and sustained disbursements.

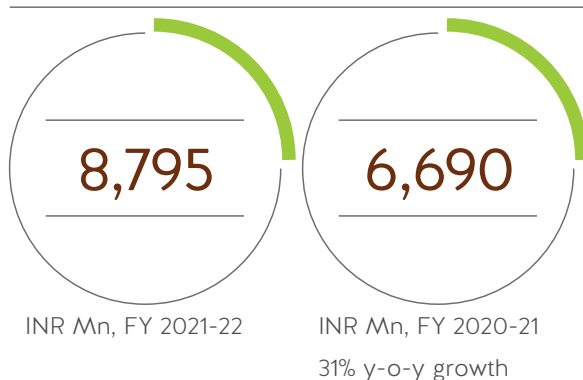
■ The Company posted a healthy capital adequacy ratio of 25.3% (minimum regulatory requirement 15%), validating its capital strength.

Outlook, FY 2022-23

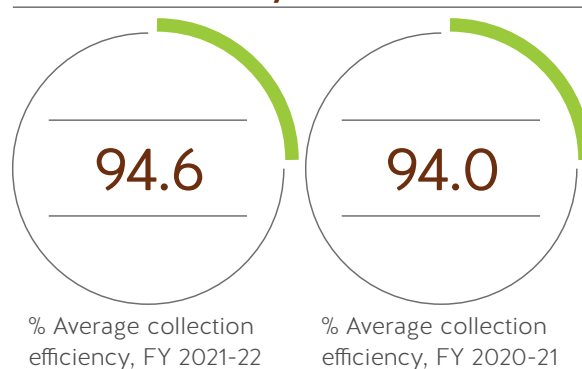
On the overall, the company's financial foundation was credible by the close of the year under review, marked by a net worth of INR 2,984 Mn, total debt of INR 9,291 Mn and gearing of 3X. Collection efficiency was trending upwards and gross NPAs were declining, auguring improved prospects.

Big numbers

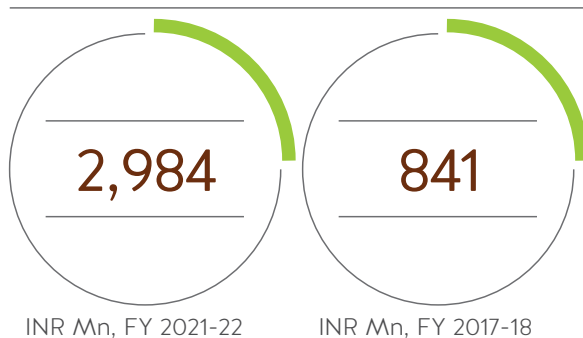
Disbursements



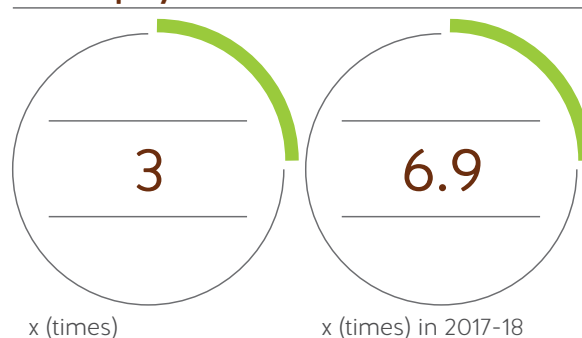
Collection efficiency



Net worth



Debt/Equity ratio



Excellence driver

Technology-driven service and customer delight

How Dvara KGFS is leveraging digital technologies to delight customers



The priorities we faced

Create a blueprint to converge service, literacy, access and technology

Aggregate technology capabilities to enhance customer engagement

Acquire competencies to fast-track customer delight and financial growth

Evolve the company's culture from the manual to the digital

Create a scalable, secure and sophisticated digital foundation

Overview

Technology is central, intrinsic and fundamental to Dvara KGFS' business. The company harnesses technology to deliver last mile services manifested in access, reach, engagement, awareness, confidence building, navigation and solutions.

Among other outcomes, loan processing and approval accelerated, enhancing customer satisfaction. What makes the company's focus exemplary is that its proprietary technology framework is proprietorial, making it independent of a third party. This in-house competence has enhanced the company's responsiveness to market needs through adapted changes in software applications whenever needed.

Enhancing customer delight

At Dvara KGFS, there is a singular focus in technology direction and outcome: a focus on customer convenience, awareness, delight and loyalty. As a result, technology is not a passive back-end support system; at Dvara KGFS, technology plays the role of driving the business to the next level.

Service mobility: The company's mobile application has transformed branch services from location-specific to 'on the go', ensuring timely and efficient last mile

customer delivery.

Loan origination: During loan origination or customer enrolment, the customer does not necessarily need to visit a Dvara KGFS branch. The Dvara KGFS Wealth Manager can provide the convenience of enrolling the customer at the latter's residence using the mobile application, going through the process of logging customer information and initiating immediate loan processing. The result is a process that cuts across delays and bureaucracy, setting the tone for the company's engagement with the customer.

Instant disbursement: Much of Dvara KGFS' service is centred around a sense of immediacy. For instance, as far as gold loans as concerned, customers can call or send app requests to schedule gold collection from their residences, which enhances safety and assurance. The gold is verified and assayed by Dvara KGFS's wealth manager. As soon as the gold is collected and appraised, the loan amount is instantly transferred to the customer.

Technological transformations

■ Most Dvara KGFS clients possess an agriculture background, mortgaging their farm or cattle. The company's technological partners

provide innovative solutions that help conduct cattle or farm quality assessments

■ Dvara KGFS's automated pay out facilitates instant bank disbursement to the customer's account (through IMPS), moderating time and human engagement (earlier pay-outs would be sent to banks in two batches a day).

Our technological differentiator

Even though we are a growing company, we have selected to invest upfront in advanced technological solutions that reflects our long-term orientation. The company is working in the area of application programming interface-based structure (what only large NBFCs are presently doing). API's 'plug and play' architecture makes it possible to provide and consume services to and from third parties. Going ahead, this will enable the company to engage with different banks during pay outs through multiple touch points. This plan is likely to help scale operations.

Outlook

Dvara KGFS intends to evolve into an omni-channel financial services provider respected for seamless user experience, perpetually engaged in widening technology-driven touchpoints.

Big numbers



Average time taken to on-board a customer, FY 2021-22



Average time taken to on-board a customer, FY 2020-21



Number of customers on-boarded, FY 2021-22



Number of customers on-boarded, FY 2020-21

KGFS's digital strategy

Credit Score Model

- Hybrid credit risk model using bureau data & other parameters to calculate KGFS' score of the customer

Digitisation of documents

- Integrated API & POC with Adobe
- E-sign integrated for loan contracts

Digital collections

- Offers multiple digital payment options on one platform (Aadhaar Pay and UPI)

Data lake strategy

- Launched monitoring and data analytics tools

AePS

- Cash withdrawal and banking enquiries provided to customers using AePS (in partnership with institutions)

Mobile applications

- Assist App integrates Financial Well Being Report; offers products using ML
- KGFS connect app; offers self-service tool to customers in regional languages
- KGFS Mitra app offers transactional services to customers

Data lake strategy

- Dvara KGFS' business analytics team has launched various monitoring & data analytics tool, laying the foundation for Machine Learning and Artificial Intelligence

Suite of state-of-the-art tech capabilities

Applications Framework and Backbone capabilities

User Interfaces that carefully weighs in the Customer, Employee and Partner expectations

- Branches
- Agents
- Customers
- Call centre

Agile applications that support all stakeholders enabling a digital transformation journey

- **KGFS Assist**
 - Perdix
- **KGFS Mitra**
 - Tally
- **MyKGFS**
 - Dashboard
- **CRM**
 - FormulaHR

Various technology touch points and integrations with partners for seamless experience

- Cashfree Payments
- AePS/ BBPS
- E-Diary Cattle Score
- E-Registry Khet Score
- BI / Analytics
- eSign
- Airtel cashdrop
- SMS, Whatsapp

Excellence driver

Building deep domain knowledge

How Dvara KGFS is building a culture of empowerment, knowledge accretion and outperformance



The priorities we faced

Recruit, train
and retain talent



Enhance talent
productivity



Protect
employees from
the pandemic
impact



Enhance a sense
of motivation to
outperform

Deepen a culture
of innovation,
agility and
outperformance



Enhance a pride
of association,
influencing fresh
recruitment



Strengthen
professional,
behavioural and
social skills

Overview

At Dvara KGFS, we believe that effective talent management differentiates companies in a competitive world. The company is not just recruiting to grow the business; it is creating an effective talent platform that comprises inclusion, diversity, gender equality, workplace safety, career building, skill development and human rights protection. The company's people-orientation is reflected in prudent recruitment, training, well-being, competitive remuneration, rewards, recognition and competent performance management.

Talent effectiveness

Wealth Manager assimilation programme:

Dvara KGFS's prospective employees are sent on field visits where they engage with customers, shadowing the Wealth Manager for an insight into the latter's workflow related to disbursements and collections. The programme provides candidates with a brief insight into working hours, workplace locations and commutes. Within three days of the candidate accepting the job offer, the latter undergoes six days of classroom training in products, processes, systems and applications.

On-boarding and mandatory training programmes:

A psychometric test is done for frontline employees filtering through entry tests. Role-specific training is provided through an online platform called Gurukul, following which they are certified, licensed to operate and

empowered to engage with clients.

Anubhav: This comprises the 0-100-day experience of the Wealth Manager. The company takes them through the first 100 days of what their roles and responsibilities, their learning agenda and mandatory accomplishments during those 100 days.

Know the ROPE (Recruitment, On-boarding, Performance management & Engagement):

The company has implemented a structured approach to recruitment, on-boarding and employee engagement. The people manager handholds employees through a training programme across the first 100 days with experiences and learnings as on day 1, day 30, day 60, day 90 and day 100 scrutinised and appraised, following which candidates are certified and remunerated.

Appreciation: The Company provides an appreciation certification following the completion of the 100th day. The Company's goal is to retain employees and create a team of efficient and cheerful employees who attract customers and enhance profitability.

Performance management:

The Company's Performance Management System is centred around periodic feedback, meaningful team conversations and corrective action. The Company provides growth opportunities, empowering an environment of innovation, challenges and

responsibilities, learnings, performance management and professional growth. The Company's goal is to inspire employees to graduate to earn a semi-variable pay, an incentive directed towards enhanced motivation. The company holds annual and quarterly recognition programmes. When a Wealth Manager completes two years, he or she is empowered to become a Senior Wealth Manager and then Branch Manager.

Peer support: A trainer is assigned to each new batch, the first pillar of support, counsel and guidance.

Leadership programme: The company conducts soft skill training in the area of management development for branch and cluster managers in association with NIIT. This ten-week module comprises a mentorship programme; the company also organises need-based training that is identified by a local business leader or respective reporting manager.

Work-life balance: Occasionally the company's wealth managers need to work on Sundays, in lieu of which the company declares compulsory holidays on Saturdays and compensation for working on Sundays (unprecedented). The company introduced leaves for wedding anniversaries and other special occasions.

Career growth: The company introduced managerial tiers for employees to measure their professional growth. The company

recommended existing employees to fill vacancies; in the latest appraisal cycle, it promoted 55 employees.

Hiring local: The company is a recruiter of local talent and competencies, minimising relocation

and enhancing customer familiarity. The company is among few Indian NBFCs with significant women front-line employees (15% of its field staff & 25% of overall manpower).

Outlook, FY 2022-23

The company aspires to become A Great Place To Work in the financial services industry through enhanced retention and robust governance.

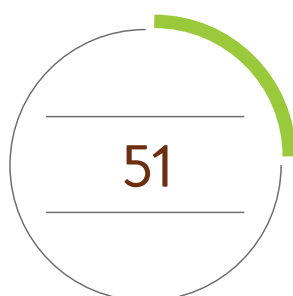
A culture of empowerment, knowledge accretion and outperformance

Geographically diverse company
Right people for the right roles
Diverse and inclusive workforce
We hire locally wherever possible
We encourage compensatory leave
The entire cluster organises sports events, food talent show, etc.
We formed Covid Warriors, a team to check daily on employees
We provided medical support and telemedicine to employees

HR productivity metrics

On-boarding
Recruitment
Performance management
Engagement
Impart leadership training
Learning & development
Wealth Manager productivity tracker
Organised MIS reports (daily/monthly)
Performance-linked compensation
Job rotations and promotions

Big numbers



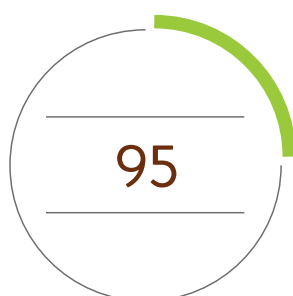
% retention rate in Dvara KGFS, FY 2021-22



Number of Dvara KGFS employees as on March 31, 2022



Number of Dvara KGFS employees as on March 31, 2021



% of the organisation less than 40 years old, FY 2021-22



% of the organisation less than 40 years old, FY 2020-21



% of employees with more than 4 years of Dvara KGFS experience, FY 2021-22



% of employees with more than 4 years of Dvara KGFS experience, FY 2020-21

Excellence driver

Investing in data science to modernise our business



The priorities we faced

Create a documented basis for all decision making



Need to invest in data science to transform the organisational culture



Enhance a deeper awareness of market realities



Encourage employees to look beyond the evident

Create a base for data science implementation, culture and replication



Recruit data science professionals to drive the process



Shortlist the right technology complement to make effective data science management a reality

Technology transformation

To catalyse the power of machine learning and artificial intelligence, the company launched various monitoring and data analytics tools. Primarily, there are two layers on the programming language called Python. Python is the main programming language within the organisation where it runs at the back end to fetch information from SQL tables. This can be done through a web application, mobile application or dashboard. In Python, several algorithms are written using machine learning or artificial intelligence resulting in periodic reports that enhance an understanding for our wealth managers not just on the prevailing status of the business but on the likely status at any given point of time.

The other digital technology used by the company is the SQL database; on the basis of SQL queries, information is extracted and processed to create logic according to the problem statement, expressed through a web application, mobile application or dashboard. This helps present data in a structured manner, available wherever and whenever.

Besides, the extensive access

to information has accelerated decision-making, enhanced managerial confidence in making decisions, increased respect for information gathering, moderated decision-making using the conventional gut feel and empowered the company to engage in credible performance management (for wealth managers, cluster managers and branch managers). The result has been enhanced faith in systemic integrity, leading to job satisfaction and talent retention.

Dvara KGFS's strengths

The company possesses the following strengths arising out of its investment in data science.

- Skilled professionals in the data science team
- Flexibility in extracting data to address diverse requirements
- Transparency in decision making using available data
- Cutting-edge technologies invested in data management
- Simplified access, implementation and institutionalisation of solutions
- Timely decision-making; enhanced responsiveness to market developments

- Increased repository of reports for prospective use

- Automation of business processes, enhancing systemic integrity

Dvara KGFS's capabilities

- Ability to design a range of algorithms (regression classification, clustering and forecasting) to address business needs
- Ability to leverage the use of cutting-edge technologies (artificial intelligence, facial recognition and voice recognition) to enhance systemic effectiveness
- Credible data protection policy coupled with robust data protection, enhancing customer confidence

Outlook

At Dvara KGFS, we merged the IT, data science and analytics functions; we intend to extend to cutting-edge technologies like dockers containerisation, use biometrics for establishing customer identity, use facial recognition to record rural employee attendance and build real-time dashboards to empower field agents track ongoing performance. These initiatives are expected to enhance talent productivity, translating into financial outperformance.

Relevance of data science in Dvara KGFS

Identify tools and data to make better decisions



Directing activities according to trends



Putting the team on the spot to embrace best practices



Refocus on issues of importance

Recognise opportunities



Decision-making based on verifiable, data-driven proofs



Testing and assessment of decisions

Risk mitigation

How Dvara KGFS's comprehensive risk management has strengthened its business model



Overview

Dvara KGFS has adopted a proactive and integrated risk management strategy to identify and mitigate risks. A Risk Management Committee and Chief Risk Officer monitor the business and the sector for risks like credit risk, operations risk, fraud risk and systems risk, among others. What makes the risk management approach distinctive is a commitment to ongoing appraisal as opposed to a periodic review resulting in active remedial solution over observation.

Risk mitigation process

- We track new customers (accessed in six months) and those irrespective of their sourcing date for delinquencies.
- We monitor collections efficiency to check timeliness; in the event of deviations, we request for the intervention of the internal audit team.
- We classify outstandings as per prevailing buckets (days per due for 0+, 30+ and 90+ days) to inspire relevant action for each bucket
- We have instituted a self-assessment control matrix of different processes for all departments.
- We classify risks as preventive or detective; if 'preventive', then how soon it can be prevented; if 'detective', then how soon it can be detected - digitally or manually
- We classify risks as low, medium and high with corresponding mitigation initiatives
- We have an Asset Liability Committee (ALCo) that meets each fortnight to assess liquidity risk
- We nurse a liquidity pipeline that provides a perspective of the additional funding needed
- We review operational activities to assess whether a policy or process has been transgressed, escalating

to the internal audit team for investigation.

- We follow a risk appetite statement, which gives us a complete view of the funds invested in each geography and helps evaluate the fund exposure needed to mitigate any concentration or Black Swan event in that particular geography.
- We present new products (or changes made in existing products) to the Risk Management Committee to estimate probable risks
- We brief the Risk Management Committee on our quarterly performance and likely direction
- We allot a 15-minute slot to the Chief Risk Officer in every Board meeting to update Board members on risk-related parameters
- We outline the maximum loan

review that is presented to the Risk Management Committee

- We minimise locational concentration; before a new branch is opened, we engage in a complete study of the area; any event that can affect the area is analysed before funding.

Highlights, FY 2021-22

- We appointed a specialised collections team to address our DPD 90-plus customers.
- We incentivised collections across our field staff
- We stopped disbursements in some branches to focus on collections
- We set parameters to ensure zero delinquency in our new businesses
- We created an internal audit team to ascertain inherent lending risk

We follow a risk appetite statement, which gives us a complete view of the funds invested in each geography and helps evaluate the fund exposure needed to mitigate any concentration or Black Swan event in that particular geography.

tenure a branch can offer, how much cash can be retained in each branch and relevant insurance, reviewed quarterly.

- We check if the overall performance is in line with the annual operating plan as approved by the Board of Directors.
- We engage in a monthly risk

Our Board of Directors

**Bindu Ananth**

Chair, Co-Founder & Managing Trustee & Dvara KGFS

**Samir Shah**

Vice Chair Dvara KGFS, Executive Vice Chair, Dvara Holdings

**Pranav Kumar**

Investment Director, Leapfrog Investments, Nominee Director, Dvara KGFS

**Ms. Gowri Thyagarajan**

Independent Director, Dvara KGFS

**N.T. Arunkumar**

Independent Director, Dvara KGFS

**Anisha Motwani**

Independent Director, Dvara KGFS

**Thomas Klungsoeyr**

Investment Director NMI, Investor Director Dvara KGFS

**Raman Uberoi**

Independent Director, Dvara KGFS

**John Fischer**

Investment Director, Accion, Nominee Director, Dvara KGFS

Management Team

**LVLN Murty**

Managing Director & CEO

**Vijayakumar G**

Chief Financial Officer

**Ramaswamy S**

Chief Product Officer

**Ramkumar Ratnam**

Chief Business Officer

**Huma T**Chief Human Resource Officer
(CHRO)**Prashant Kumar**

Chief Risk Officer

**Vidya Sambasivam**

Chief Technical Officer

**Bragadeesh Sundararajan**

Chief Data Science Officer

**Srinivasan D**National Head
- Process Excellence

**Venkateshan G**

Head - Internal Audit

**Shilpa Bhatler**

Deputy CFO

**BALAJI S**

Compliance & Company Secretary

**Vinaya Kamada**

Transition Manager

**Umaithurai R**

KGFS Head - Thanjavur

**Sunil Kumar Ubhan**

KGFS Head - Uttarakhand

**Rajendra**

KGFS Head - Karnataka

**Satyaranjan**

KGFS Head - Orissa

**Sankar M**

KGFS Head - Madurai

**MANIRAJ M**

KGFS Head - Krishnagiri

Board's Report

To,

The Members of

DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED

Your Directors take pleasure in presenting the Twenty Ninth Annual report on the affairs of the Company for the Financial year 2021-22 together with the Audited Financial Statements of the Company for the Financial year ended 31st March 2022.

MISSION

To maximize the financial wellbeing of every individual and every enterprise by providing complete access to financial services in a remote rural India.

FINANCIAL RESULTS

The summary of operating results in IndAs for the period ended March 31, 2022 is given below;

(Amount in INR in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Revenue from Operations	28,595.53	24,491.24
Other Income	81.60	110.14
Total Income	28,677.13	24,601.38
Total Expenses	28,506.64	24,540.80
Profit before Tax	170.49	60.58
Tax Expense	113.46	(23.83)
Profit after tax for the year	57.03	84.41
Earnings per share	0.52	0.78

KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR FINANCIAL YEAR 2021 - 2022

During the year, the total revenue of the Company stood at INR 27,230.15 Lakhs compared to INR 23,496.28 Lakhs in the Financial year 2020 - 2021. For the Financial year 2021 - 2022, your Company's Profit After Tax stood at INR 57.03 Lakhs vis-à-vis profit of INR 84.41 Lakhs in the previous year.

BUSINESS OVERVIEW

The company continues to service rural customers in tier 5 & tier 6 locations through its network of 295 branches covering 53 districts and approximately 12,000 villages in 6 States of India. The Company maintained its strategy of deep penetration of households in the villages that it operates in.

In FY 21-22, while Q1 was severely impacted due to COVID, the Business slowly picked up tempo from Q2 onwards and ended strongly in Q4. The year was about focusing on a) Bringing Monthly Disbursements back on track (to pre-COVID levels) and b) Reducing the stress on the Portfolio caused by COVID, through the OTR schemes that the Company launched to help restructure some of the stressed assets and through intensified efforts on Collections.

The Company's Strategy continued to be based upon the four identified pillars of Growth - a) Geographical Diversification, b) Product Diversification, c) Wealth Management Approach and d) Omni Channel Approach

AWARDS & RECOGNITIONS

Your Company has received the following awards during the financial year:

- **Banking Frontier** - DNA - Distinguished NBFC Awards-2021 for the Best Mobile App Initiative - UI UX.
- **Team marksmen** - Influential Leaders of New India - Certificate of recognition.
- **Quantic India:** BFSI Excellence - Financial Inclusion Leader - Gold category
- **Best Community Affairs Private CSR Initiatives** - Oxygen Concentrator Distribution - 10th ACEF Branding, Marketing & CSR Award
- **Quantic India:** Best Financial Inclusion Initiative - NBFC and FinTech Excellence Awards 2022

MATERIAL EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

The Company has entered into an Amended and Restated Shareholders' Agreement dated September 8, 2022 with the existing investors. Also, the Company

had entered into a share subscription agreement with Dvara Trust & Dvara Holdings, Accion Africa-Asia Investment Company (Accion) and Nordic Microfinance Initiative Fund IV KS (NMI) to subscribe to share capital upto an aggregate amount of INR 30 Crores. Pursuant to the above agreements, Accion and NMI invested INR 23.50 Crores in aggregate by way of subscribing to compulsorily convertible preference shares of the Company on September 19, 2022.

BUSINESS OUTLOOK

Amidst the adverse international developments, the Indian economy is relatively better placed to strengthen the recovery that is underway and improve macroeconomic prospects going forward. In recognition of the knock-on effects from geopolitical spill overs, the MPC revised downwards real GDP growth for 2022-23 to 7.2 per cent in its April resolution - a decline of 60 basis points from its pre-war projection, mainly due to higher oil prices weighing on private consumption and higher imports reducing net exports. Inflation was projected higher by 120 basis points at 5.7 per cent in April 2022. Monetary policy remains accommodative but focused on withdrawal of accommodation. Priority has been assigned to containing inflation within the target going forward, while supporting growth.

The prospects for agriculture and allied activities are brightening at this juncture on the prediction of a normal monsoon [at 99 per cent $\pm$ 5 per cent of long period average (LPA)], with terms of trade gains anticipated from exports. The government has set the target for total food grains production at 328 million tons for 2022-23. The launch of nano-urea in liquid form augurs well for the upcoming kharif season. Raising farm productivity remains a key concern, however. It should be driven by agricultural research and development, next-generation technological advancements and an atmosphere of innovation and entrepreneurship for agri-tech start-ups to thrive.

Early indicators point to revival of economic activity across other sectors that needs to be assiduously nurtured in order to boost consumer and business confidence and private investment. Capacity utilization in several industries is moving closer to normal levels, although rising input costs and persisting supply bottlenecks, as for instance in semiconductors for the automobile sector, may impede or delay a fuller recovery. With the lessons of the experience of 2021-22, contact-intensive sectors are expected to rebound over the year ahead, with positive implications for the workforce and for consumption demand.

The banking sector has witnessed improved financial parameters despite the COVID-19 pandemic. There is,

however, a need to be watchful of the credit behaviour of the restructured advances and possibility of increased slippages arising from sectors that were relatively more exposed to the pandemic.

NBFCs and Urban Cooperative Banks (UCBs) will have to be mindful of frailties, wherever they exist, in their balance sheets and ensure robust asset-liability management, apart from improving the quality of their credit portfolios. Considering the significant share of funding absorbed by NBFCs at the system level, continued attention to their financial health is warranted from the viewpoint of financial stability. In order to further strengthen the regulatory and supervisory framework, several measures are expected to be put in place for banks and NBFCs during 2022-23.

CHANGE IN THE NATURE OF BUSINESS

There were no changes that occurred in the nature of business of the Company during the financial year under review.

DIVIDEND

Your directors have not proposed any dividend for the financial year ended March 31, 2022.

CAPITAL ADEQUACY

The Company's capital adequacy ratio as of March 31, 2022 stood at 25.33% as against 26.29% as on March 31, 2021. The Tier 1 Capital stood at 24.93%. The minimum capital adequacy ratio prescribed by RBI is 15%.

TRANSFER TO RESERVES

The company has transferred INR 11.41 Lakhs towards Statutory Reserve as required under Section 45-IC of the Reserve Bank of India Act, 1934. The balance in the statutory reserve as on March 31, 2022 is INR 12,58.94 Lakhs.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis [MD&A] Report, highlighting important aspects of the business are attached to this report as Annexure A.

DEPOSITS

The company being a non-deposit taking NBFC, has not accepted any deposits from the public. Further, the Company has not accepted any deposits from the public in terms of Section 73 of the Companies Act, 2013 during the year under review.

SHARE CAPITAL

The issued and paid up share capital of the Company as on 31st March, 2022 is INR 108,87,14,400. The Authorised share capital of the Company is INR 159,00,00,000

divided into 119,00,000 equity shares of INR 100 each and 40,00,000 preference shares of INR 100 each.

BOARD MEETINGS

The Board of Directors met 5 (Five) times during the year 2021-22 on May 5, 2021, June 17, 2021, August 04,

2021, November 3, 2021, and February 02, 2022. The gap between any two meetings has not exceeded more than four months.

Attendance of the Directors at the Board meeting for Financial Year 2021-22 is given below:-

S. No.	Name of Director	Attendance Particulars	
		Number of meetings held during the tenure	Number of meetings attended during the tenure
1.	Ms. Bindu Ananth	5	5
2.	Mr. Samir Shah	5	5
3.	Mr. S. Viswanathan*	2	2
4.	Mr. Abhishek Agrawal	5	5
5.	Mr. Pranav Kumar	5	4
6.	Mr. N.T. Arunkumar	5	5
7.	Mr. Thomas Klungsoeyr	5	4
8.	Ms. Anisha Motwani	5	5
9.	Mr. P.K. Gupta# **	2	2
10.	Mr. Raman Uberoi#	4	4

*Mr. S. Viswanathan ceased to be an Independent Director of the Company w.e.f June 21, 2021.

Mr. P.K. Gupta & Mr. Raman Uberoi were appointed as Director of the Company w.e.f May 25, 2021

** Mr. P.K. Gupta resigned as Director of the Company w.e.f August 31, 2021

DIRECTORS / KEY MANAGERIAL PERSONNEL

Mr. P.K. Gupta and Mr. Raman Uberoi were appointed as Independent Directors of the Company with effect from May 25, 2021.

Mr. S. Viswanathan ceased to be an Independent Director of Company with effect from June 22, 2021, consequent to end of his term of appointment. Mr. P.K. Gupta, resigned as Director of the Company with effect from August 31, 2021, due to personal reasons.

During the year, Mr. L V L N Murty, was appointed as Chief Executive Officer with effect from November 03, 2021. Subsequently, he was appointed as Managing Director and Chief Executive Officer of the company with effect from May 27, 2022.

OVERALL REMUNERATION:

During the year, there were no employees, who were in receipt of remuneration as per Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Details of remuneration as required under Section 197 of the Companies Act, 2013 are furnished as Annexure B.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from

the Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, expertise and hold highest standards of integrity.

COMPOSITION OF AUDIT COMMITTEE

As on March 31, 2022, the Audit Committee comprised of four directors all of whom are financially literate. The following directors were members of the Audit Committee as of March 31, 2022.

1. Mr. Raman Uberoi, Chairman
2. Mr. Samir Shah
3. Mr. N.T. Arunkumar
4. Mr. Thomas Klungsoeyr

The Audit Committee met 5 (Five) times during the year 2021-22 on May 05, 2021, June 17, 2021, August 03, 2021, November 2, 2021 & February 1, 2022. The gap between any two meetings has not exceeded more than four months.

Attendance of the members at the Audit committee for Financial Year 2021-22 is given below:-

S. No.	Name of Director	Attendance Particulars	
		Number of meetings held during the tenure	Number of meetings attended during the tenure
1.	Mr. S. Viswanathan*	2	2
2.	Mr. Samir Shah	5	5
3.	Mr. N.T. Arunkumar	5	5
4.	Ms. Anisha Motwani	1	1
5.	Mr. Pranav Kumar	1	1
6.	Mr. P.K. Gupta**	2	2
7.	Mr. Raman Uberoi#	4	4
8.	Mr. Thomas Klungsoeyr	3	3

*Mr. S. Viswanathan ceased to a member of the Committee w.e.f June 21, 2021.

Mr. Raman Uberoi was appointed as a member of the Committee w.e.f June 9, 2021

** Mr. P.K. Gupta was appointed as a member of the Committee on June 9, 2021 and ceased to a member of the Committee w.e.f August 31, 2021

COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of five non-executive directors and the composition of committee as on March 31, 2022, is provided below.

1. Mr. N.T. Arunkumar, Chairman
2. Ms. Anisha Motwani
3. Mr. Samir Shah
4. Mr. Pranav Kumar

5. Mr. Thomas Klungsoeyr

The Nomination and Remuneration Committee met 5 (Five) times during the year 2021-22 on May 04, 2021, June 17, 2021, August 03, 2021, November 2, 2021 & February 1, 2022. The gap between any two meetings has not exceeded more than four months.

Attendance of the members at the Nomination and Remuneration committee for Financial Year 2021-22 is given below:-

S. No.	Name of Director	Attendance Particulars	
		Number of meetings held during the tenure	Number of meetings attended during the tenure
1.	Mr. N.T. Arunkumar	5	5
2.	Mr. Samir Shah	5	5
3.	Mr. S. Viswanathan	1	1
4.	Ms. Anisha Motwani	5	5
5.	Mr. Abhishek Agarwal	1	1
6.	Mr. Thomas Klungsoeyr	5	4
7.	Mr. Pranav Kumar	4	4
8.	Mr. P.K. Gupta*	2	2

* Mr. P.K. Gupta was appointed as a member of the Committee on June 9, 2021 and ceased to a member of the Committee w.e.f August 31, 2021

Pursuant to the provisions of Section 134(3)(e), the Company's Nomination and Remuneration policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) is available on the website of the Company <https://www.dvarakgfs.com/compliances>

VIGIL MECHANISM

The Company has adopted its vigil mechanism/ whistle blower policy to encourage an open communication in all its interaction between its employees, consultants, customers and all the people with whom the company comes into contact. The policy is designed in such a way that it shall help the person making protected disclosure to

the Competent Authority or to the Chairman of the Audit Committee in exceptional cases against any instance of wrongdoing and malpractices within the company.

The Company received 6 complaints under the Vigil Mechanism during the year and all the complaints have been successfully redressed.

RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interest of the Company.

The Board of Directors of your Company have approved a Related Party Transactions Policy, which governs inter-alia Identifying related parties, ascertaining and identifying Related Party transactions, obtaining approvals before entering into any related party transactions and the compliances to be adhered in relation to the related party transactions.

The said policy has been displayed on the website of the Company in <https://www.dvarakgfs.com/compliances>

RBI NORMS AND ACCOUNTING STANDARDS

The Company complies with the directives issued as well as the norms prescribed by Reserve Bank of India for NBFCs.

DIRECTOR'S RESPONSIBILITY STATEMENT

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JOINT VENTURES

The Company doesn't have any Holding or Joint Venture Company. However, the Company has an Associate Company, Saija Finance Private Limited as at the end of the Financial Year.

A statement containing the salient features of the financial statement of the Associate Company as required under Section 129 (3) in Form AOC-1 – Annexure G.

ANNUAL RETURN

The Annual Return MGT-7 as required under the Companies Act, 2013 is available at the website of the Company <https://www.dvarakgfs.com/compliances>

AUDITORS AND AUDIT REPORTS

Pursuant to Guidelines for Appointment of Statutory Auditors of NBFCs issued by Reserve Bank of India on April 27, 2021, the auditors, M/s.B S R & Co. LLP were not eligible to be continuing as Statutory Auditors for the year 2021-22.

The Board of Directors at its Meeting held on May 5, 2021, recommended the appointment of M/s PKF Sridhar and Santhanam, Chartered Accountants (ICAI Firm's Registration Number 003990S/S200018) as Statutory Auditors of the Company for a period of 3 (Three) consecutive years. Subsequently, the members at the 28th Annual General Meeting held on September 17, 2021, had approved the appointment of M/s PKF Sridhar and Santhanam, Chartered Accountants as the Statutory Auditors from the conclusion of the 28th Annual General Meeting till the conclusion of 31st Annual General Meeting (FY 2022 to FY 2024).

The report of the Statutory Auditors along with notes to Schedules is enclosed to this Report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

SECRETARIAL AUDIT:

The Company had appointed M/s. BP & Associates, Company Secretaries, to carry out the Secretarial Audit of the Company for the Financial Year 2021-22. The Secretarial Audit report as issued by M/s. BP & Associates, Company Secretaries is annexed to this Report as Annexure C.

Secretarial auditors' observation(s) in secretarial audit report and directors' explanation thereto:

- i. In respect of observation that the Company has passed circular resolution for issue of Secured, rated, redeemable, principal-protected market-linked, Non-Convertible Debentures for INR 200 crores on 24th June 2021 instead of passing in a board meeting, it is clarified that though the Company had passed an enabling resolution for issue of NCDs by circular resolution, no NCDs were issued under the said resolution. Moreover, all NCDs were issued under the resolution passed by the Board at its meeting only.
- ii. In respect of observation that the Company approved subscribing to pass-through certificates by circular resolution instead of resolution passed in a board meeting, it is clarified that the Company invested in/ subscribing to pass through certificates in its ordinary course of business.

SECRETARIAL STANDARDS:

The Company has complied with the applicable provisions of secretarial standards issued by The Institute of Company Secretaries of India.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) was formed as per the provisions of the Sec 135 of Companies Act, 2013. The composition of committee as on March 31, 2022, is as under

1. Ms. Bindu Ananth
2. Ms. Anisha Motwani
3. Mr. Samir Shah
4. Mr. Raman Uberoi

The terms of reference of this committee are in line with regulatory requirements. The CSR Report pursuant to Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure D to this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

As the Company is not carrying out any manufacturing activity the particulars prescribed under the provisions of Section 134(3)(m) of the Companies Act, 2013 read with rules made there under is not Applicable.

Details of foreign exchange earnings and foreign exchange expenditures are as below:

	INR Lakhs
	FY 2021-22
Foreign exchange earnings	-
Foreign exchange expenditures	947.70

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

There were no significant & material orders passed by the regulators during the Financial Year 2021-22.

DISCLOSURES PURSUANT TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has in place a Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During the year under review, 6 (Six) complaints were received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and all such complaints were investigated and addressed as per policy.

INTERNAL FINANCIAL CONTROL:

The Company is well equipped with adequate internal financial controls. The Company has a continuous monitoring mechanism through internal control team and internal audit which enables the organisation to maintain with the same standard of the control systems and helps them in managing any default on timely basis because of strong reporting mechanisms followed by the company.

LOANS, GUARANTEES OR INVESTMENTS:

The company has not given any loans/ guarantees/ made investments in securities as covered under Section 186 of the Companies Act, 2013.

RISK MANAGEMENT:

Your Company, being in the business of financing individuals and households in the retail segment, has to manage various risks. These risks include credit risk, liquidity risk, interest rate risk and operational risk. The Risk Management Committee and the Asset Liability Management Committee review and monitor these risks at periodic intervals. The Company manages credit risk through stringent credit norms aided by a robust IT infrastructure. Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. Operational risks arising from inadequate or failed internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored.

RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transactions or relationships

between the Company and its Directors that may have potential conflict with the interest of the Company.

All the related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business except as stated in the Independent Auditor's Report.

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 are enclosed as Annexure E in Form AOC-2.

EMPLOYEES STOCK OPTION PLAN (ESOP)

The information pertaining to ESOP in terms of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is given in Annexure F.

ANNUAL PERFORMANCE EVALUATION

Pursuant to the provisions of Section 134 and Schedule IV of 2013 of the Companies Act, 2013, Annual Performance Evaluation of the Board the Directors, Committees as well as individual directors of the Board have been carried out.

The evaluation was carried out considering the

following:- Composition of the Board and availability of multi-disciplinary skills, commitment to good corporate governance practices, qualifications & experience, understanding of Company's business, value addition in Board Meetings etc.

RATIO OF REMUNERATION TO EACH DIRECTOR:

No remuneration is paid to the directors of the company other than sitting fees to the Independent Directors of the company.

LISTING WITH STOCK EXCHANGES

The Company confirms that it has paid the Annual Listing Fees for the year 2021-22 to BSE Limited where the Non-Convertible Debentures of the Company are listed.

DETAILS OF JEWEL AUCTION

In terms of "Master Circular – Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015" issued by the Reserve Bank of India, details regarding Jewel Auction conducted in the financial year is provided below.

No. of Jewel Loan Accounts	Total Outstanding amount	Value fetched/ recovered through auction	Whether any company in the group participated in the auction	Date of Auction
41	5.59 Lakhs	7.84 Lakhs	None of the group companies participated in the auction	21.03.2022, 22.03.2022, 25.03.2022, 26.03.2022 & 29.03.2022.

OTHER DISCLOSURES

- During the year under review, no frauds were reported by the Statutory Auditors, requiring intimation under Section 143 (12) of the Companies Act, 2013, for the Company and therefore no details are required to be disclosed under Section 134(3)(ca) of the Companies Act, 2013.
- The Company, in the capacity of Financial Creditor, has not filed any applications with National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 during the financial year 2021-22 for recovery of outstanding loans against any customer being Corporate Debtor.

- The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable.

ACKNOWLEDGEMENT

Your Director's wish to place on record their sincere appreciation and acknowledge with gratitude the support and consideration extended by the Auditors, third party service providers, Bankers, Shareholders and employees and look forward for their continued support and cooperation.

**On behalf of the Board of Directors,
For Dvara Kshetriya Gramin Financial Services Private Limited**

Sd/-
Bindu Ananth
Chairperson
DIN: 02456029

Sd/-
LVLN Murty
Managing Director & CEO
DIN: 09618861

Place: Chennai
Date: 26th September, 2022

Contact Details of Debenture Trustees

Name of the Trustee	Address	Contact Number	Website
Axis Trustee Services Limited	Axis Trustee Services Ltd Axis House Wadia International Centre Pandurang Budhkar Marg Worli Mumbai – 400 025	022-62260061	www.axistrustee.com
Catalyst Trusteeship Limited	Office No. 83 – 87, 8th floor 'Mittal Tower', 'B' Wing Nariman Point Mumbai – 400021	022-49220539	www.catalysttrustee.com
IDBI Trusteeship Limited	Asian Building, 17 R.Kamani Marg, Ballard Estate, Mumbai 400 001	022 4080 7005	www.idbitrustee.com

ANNEXURE A

Management Discussion and Analysis

MACRO-ECONOMIC OVERVIEW

The Indian economy renewed its tryst with the recovery from the pandemic in 2021-22, albeit interrupted by a virulent second wave of infections and a relatively milder third wave. Headline inflation spiked on repetitive supply shocks during the year, though reversion to the target was also evident as shocks receded. Monetary and credit conditions evolved in sync with the accommodative monetary policy stance, although global spill overs towards the close of the year led to some tightening in financial conditions and heightened volatility in financial markets. The intensification and materialization of geopolitical risks in early 2022 overcast the global outlook, with EMEs including India, being the most vulnerable to spill overs. A robust recovery in tax revenues helped contain the gross fiscal deficit close to budgetary targets. The sustained strength of exports and revival in inbound remittances underpinned the viability of the balance of payments, with net capital flows also contributing to the accretion to foreign exchange reserves.

THE REAL ECONOMY

Omicron, rising food prices and sticky inflation, the US Fed's much anticipated lift-off, and escalation of geopolitical tensions towards the end of the year flaring up into conflict in early 2022 defined the macroeconomic and financial landscape during this Annual Report's period under review. Over the first half of 2021, an uneven and divergent recovery had lifted the global economy out of the deep contraction imposed by the pandemic in the preceding year. According to the International Monetary Fund (IMF) in its World Economic Outlook of April 2022, world GDP expanded by 6.1 per cent in 2021 as against a contraction of 3.1 per cent in the previous year. After a sharp setback due to the virulent Delta variant of the

coronavirus in the early part of 2021, the global recovery had regained some traction even as paths of growth were widely differentiated across jurisdictions by the size and durability of monetary and fiscal stimuli, and access to vaccines. Global growth lost pace in the second half of the year, beset by the highly transmissible but milder variant of COVID-19 – Omicron. Despite these waves superimposed on global supply chain and logistics disruptions, global trade recovered in the second half of the year and grew by 10.1 per cent in 2021. Underpinning this upturn, global manufacturing accelerated to 9.4 per cent in 2021 from 4.2 per cent in 2020.

Domestic Economy

In 2021-22, India continued the path to recovery, that had commenced in the second half of 2020-21 with the abatement of the first wave. The second wave took a grievous toll, however, pushing the nation into arguably the worst health crisis the country had ever faced. Supported by continuing fiscal measures and congenial financial conditions engendered by monetary, regulatory and liquidity initiatives undertaken by the Reserve Bank, including some unconventional ones, the real GDP bounced back in Q2:2021-22 and grew at 1.3 per cent over Q2:2019-20. The recovery was further entrenched in Q3:2021-22 with GDP exceeding the corresponding pre-pandemic quarter by 6.2 per cent. In Q4, however, the third wave of the pandemic driven by the Omicron variant and more recently, geopolitical conflict has caused a loss of pace in the recovery and darkened the outlook

The second advance estimates (SAE) that were released by the National Statistical Office (NSO) on February 28, 2022, indicated that aggregate demand, measured by real GDP, registered a growth of 8.9 per cent in 2021-22, up from a contraction of 6.6 per cent in the previous year.

Table II.1.1. Real GDP Growth

Component	Growth (per cent)				
	2017-18	2018-19	2019-20	2020-21	2021-22
1	2	3	4	5	6
I. Total Consumption Expenditure	7.1	7.0	4.9	-4.5	7.2
Private	6.2	7.1	5.2	-6.0	7.6
Government	11.9	6.7	3.4	3.6	4.8
II. Gross Capital Formation^{good}	14.5	6.2	-5.2	-13.8	21.5
Gross Fixed Capital Formation	7.8	11.2	1.6	-10.4	14.6
Change in Stocks	68.3	27.3	-58.8	-110.7	-1,723.9
Valuables	40.2	-9.7	-14.2	26.4	63.0
III. Net Exports					
Exports	4.6	11.9	-3.4	-9.2	21.1
Imports	17.4	8.8	-0.8	-13.8	29.9
IV. GDP	6.8	6.5	3.7	-6.6	8.9

Source: NSO.

Agriculture and Allied Activities

Agriculture and allied activities posted a robust performance in 2021-22, even though the second wave of the pandemic affected rural areas on a larger scale than during the first wave. The sector registered a growth of 3.3 per cent in 2021-22, with record production in food grains. The strong growth was aided by a sharp catch-up in south-west monsoon (SWM) and kharif sowing in the month of September 2021. Except for rice and wheat, the prospects for rabi production were good with robust sowing, coupled with adequate soil moisture and replenished reservoir levels. The buoyancy in the agriculture sector was mirrored in sales of tractors and fertilizers, which consistently outstripped pre-pandemic levels for a major part of 2021-22.

Industrial Sector

The industrial sector, which was severely affected by the first wave of the pandemic, recovered with the easing of mobility restrictions in 2021-22. The second and third wave of the pandemic resulted in some moderation in the momentum of recovery. Industrial output measured by the index of industrial production (IIP) expanded by 11.4 per cent during 2021-22 as against a contraction of 8.4 per cent in the previous year.

Outlook FY 23

Amidst these adverse international developments, the Indian economy is relatively better placed to strengthen the recovery that is underway and improve macroeconomic prospects going forward. In recognition of the knock-on effects from geopolitical spill overs, the MPC revised downwards real GDP growth for 2022-23 to 7.2 per cent in its April resolution - a decline of 60 basis points from its pre-war projection, mainly due to higher oil prices weighing on private consumption and higher imports reducing net exports. Inflation was projected higher by 120 basis points at 5.7 per cent in April 2022. Monetary policy remains accommodative but focused on withdrawal of accommodation. Priority has been assigned to containing inflation within the target going forward, while supporting growth.

The prospects for agriculture and allied activities are brightening at this juncture on the prediction of a normal monsoon [at 99 per cent $\pm$ 5 per cent of long period average (LPA)], with terms of trade gains anticipated from exports. The government has set the target for total food grains production at 328 million tons for 2022-23. The launch of nano-urea in liquid form augurs well for the upcoming kharif season. Raising farm productivity remains a key concern, however. It should be driven by agricultural research and development, next-generation technological advancements and an atmosphere of innovation and entrepreneurship for agri-tech start-ups to thrive.

Early indicators point to revival of economic activity across other sectors that needs to be assiduously nurtured in order to boost consumer and business confidence and private investment. Capacity utilization in several industries is moving closer to normal levels, although rising input costs and persisting supply bottlenecks, as for instance in semiconductors for the automobile sector, may impede or delay a fuller recovery. With the lessons of the experience of 2021-22, contact-intensive sectors are expected to rebound over the year ahead, with positive implications for the workforce and for consumption demand.

The banking sector has witnessed improved financial parameters despite the COVID-19 pandemic. There is, however, a need to be watchful of the credit behaviour of the restructured advances and possibility of increased slippages arising from sectors that were relatively more exposed to the pandemic.

NBFCs and Urban Cooperative Banks (UCBs) will have to be mindful of frailties, wherever they exist, in their balance sheets and ensure robust asset-liability management, apart from improving the quality of their credit portfolios. Considering the significant share of funding absorbed by NBFCs at the system level, continued attention to their financial health is warranted from the viewpoint of financial stability. In order to further strengthen the regulatory and supervisory framework, several measures are expected to be put in place for banks and NBFCs during 2022-23.

Industry Outlook - Rural Finance in India

Based on March 2022 edition of the Micrometer published by the Microfinance Institutions Network, as on 31 March 2022 (Q4 FY 21-22) for loans originated after February 2017, microfinance industry has total loan portfolio (i.e., loan amount outstanding) of INR 2,85,441 Cr, including DPD 180+ portfolio of INR 23,624 Cr. The total number of active loans accounts were 11.3 Cr with 5.8 Cr unique borrowers as on 31 March 2022.

Of the above, 12 Banks hold the largest share of portfolio in micro-credit with a total loan outstanding of INR 1,14,051 Cr, which is 39.99% of the total micro-credit universe. NBFC-MFIs are the second largest provider of micro-credit with a loan amount outstanding of INR 1,00,407 Cr, accounting for 35.17% to total industry portfolio. SFBs have a total loan amount outstanding of INR 48,314 Crore with total share of 16.92%. NBFCs account for another 6.96% while other MFIs account for 1.04% of the universe.

Key highlights of FY 22 pertaining to the microfinance sector (Source: MFIN):

- i. As on 31 March 2022, 3.4 Cr clients* have loan outstanding from NBFC-MFIs, which is 8.3% higher

than clients as on 31 March 2021

- ii. The aggregate GLP of MFIs is INR 96,561 Cr as on 31 March 2022, including owned portfolio INR 82,458 Cr and managed portfolio (off BS) of INR 14,104 Cr.
- iii. On a YoY basis GLP has increased by 19.4% as compared to 31 March 2021 and by 12.5% in comparison to 31 December 2021
- iv. Loan amount of INR 83,354 Cr was disbursed in FY 21-22 through 2.3 Cr accounts, including disbursement of Owned as well as Managed portfolio. This is 44.9% higher than the disbursements made in FY 20-21
- v. Average loan amount disbursed per account during FY 21-22 was INR 37,020 which is an increase of around 8.5% in comparison to last financial year
- vi. As on 31 March 2022, the borrowings O/s were INR 76,325 Cr. Other Banks (apart from Top 5 banks) contributed 40.1% of borrowings O/s followed by 21.2% from non-Bank entity, 19.3% from Top 5 Banks, 12.6% from AIFs, 3.9% from other sources and 3.0% from External Commercial Borrowings (ECB).
- vii. During FY 21-22, NBFC-MFIs received a total of INR 47,931 Cr in debt funding, which is 18.1% higher than FY 20-21. Other Banks contributed 44.2% of the total Borrowing received followed by Top 5 Banks 22.4%, NonBank entities 15.9%, AIFs 11.2%, Others 4.9% and ECB 1.4%
- viii. Total equity increased by 15.2% as compared to end of FY 20-21 and is at INR 21,419 Cr as on 31 March 2022.
- ix. Portfolio at Risk (PAR)>30 days as on 31 March 2022 has increased to 9.7% as compared to 9.2% as on 31 March 2021.
- x. MFIs have presence in 27 states and 5 union territories.
- xi. In terms of regional distribution of portfolio (GLP), East and North-East accounts for 31% of the total NBFCMFI portfolio, South 27%, West 16%, North 15% and Central contributes 11%.

Company Overview

Deep Rural presence: The company continues to service rural customers in tier 5 & tier 6 locations through its network of 295 branches covering 53 districts and approximately 12,000 villages in 6 States of India. The Company maintained its strategy of deep penetration of households in the villages that it operates in.

In FY 21-22, while Q1 was severely impacted due to COVID, the Business slowly picked up tempo from Q2 onwards and ended strongly in Q4. The year was about focusing on 1. Bringing Monthly Disbursements back on

track (to pre-COVID levels) and 2. Reducing the stress on the Portfolio caused by COVID, through the OTR schemes that the Company launched to help restructure some of the stressed assets and through intensified efforts on Collections.

The Company's Strategy continued to be based upon the 4 identified pillars of Growth:

1. **Geographical Diversification** – While the Company did not open any new Branches in FY 21-22, the focus was on consolidation and merger of branches from a Cost & Operational efficiency perspective. The Company was able to further reduce its Concentration risk on Tamil Nadu, by increasing the Business share of the non- TN states from 26% at the end of FY 20-21 to 33% at the end of FY 21-22.
2. **Product Diversification** – This is based on the PGPD approach. Plan, Grow, Protect and Diversify. The Company continues its multi-Product approach by offering Products as per Customer Needs.

The Micro Enterprise Loan (Individual Loan) was one of the key focus products for the Company and it crossed INR 200 crores of AUM for the first-time during FY 21-22.

The Company was able to reduce its Product Concentration risk on JLG by increasing the share of the Non JLG Book from 14% at the end of FY 20-21 to 21% at the end of FY 21-22.

3. **Wealth Management Approach** – Dvara Sampoorana Sampath Plan, a systemic savings product offered by the Company to help inculcate savings habits in its customers, continued to be the flagship Wealth Management Offering. The Company also offered Personal Accident Insurance and Hospicash Insurance facilities to its customers. The share of Wealth Management Income to Total Income grew from 1.2% for FY 20-21 to 2% for FY 21-22.
4. **Omni Channel Approach** – The Company made significant progress in FY 21-22 in its Omni-Channel Strategy. Apart from the KGFS Branch channel, the Omnichannel approach encompassed the following:

KGFS Digital – The Company signed up 1777 Digital Agents by end of FY 21-22. These Agents were identified from existing Dvara Customers and were typically such Customers who managed a small shop / business in the villages serviced. These Digital Agents would act as an extended arm of KGFS Branches and offer a host of Value-Added Services like AePS, Bharat Bill Pay Services and accept EMI collections from Customers.

KGFS Direct – The Inside Sales Wealth Manager team had 17 Direct Wealth Managers by end of FY 21-22. The KGFS Direct team was focused on calling Overdue

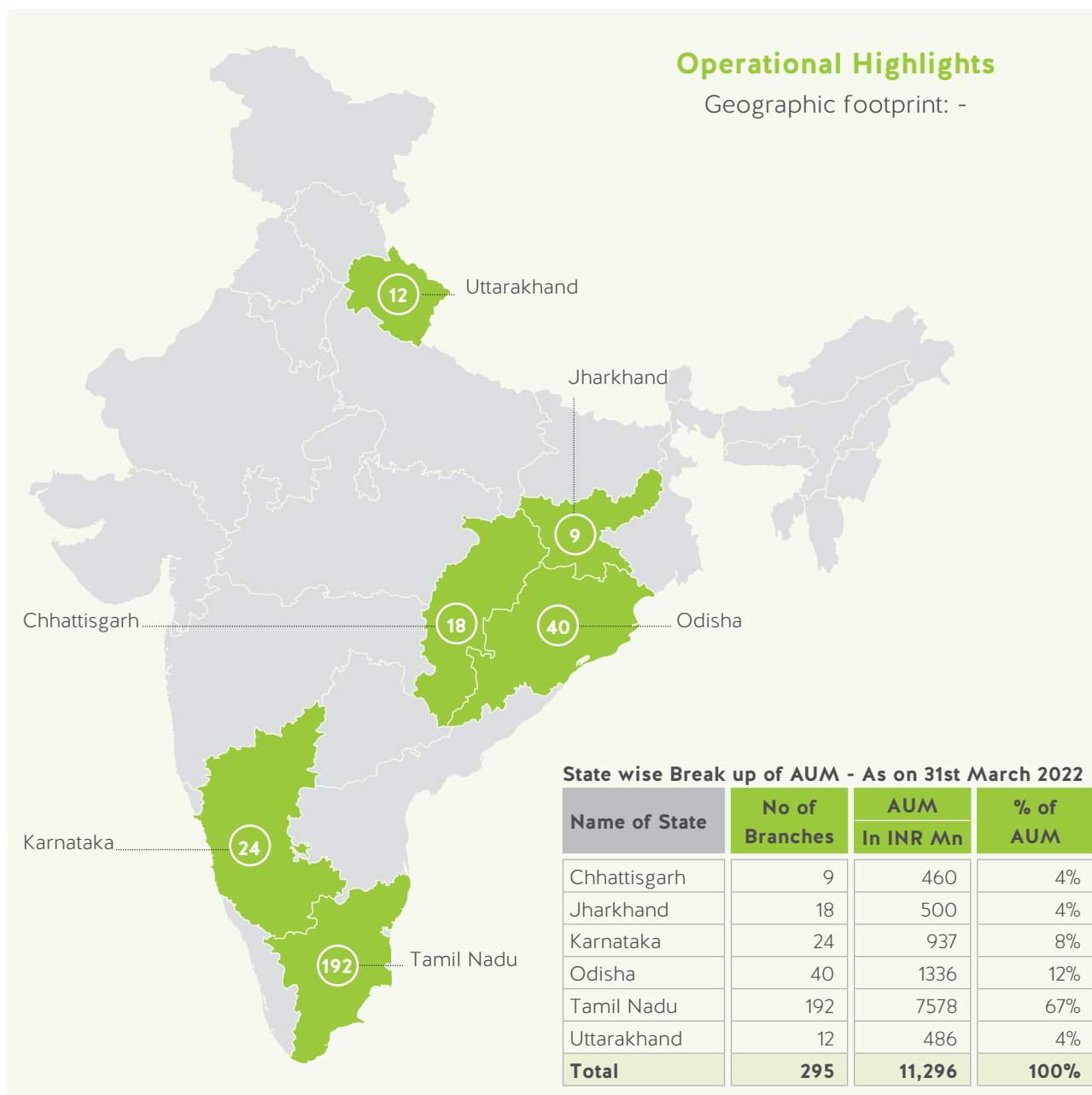
Customers in the 60-90 bucket and the 90-180 bucket to complement and support the branches in collections and also focused on generating Business leads by calling the Enrolled But Not Disbursed customers and those set of non KGFS customers who were doing transactions at the

KGFS Digital Agent points.

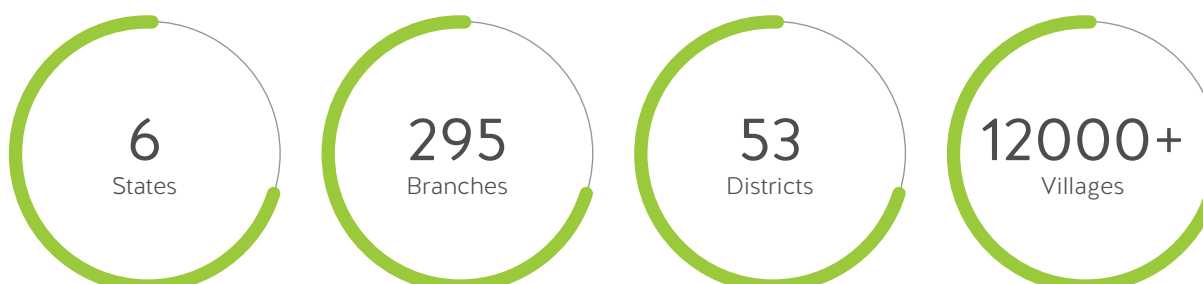
MyKGFS WhatsApp - The Company successfully piloted the Customer Self Service WhatsApp Chatbot service as part of its Omnichannel strategy to help offer services to Customer right on their fingertips.

Operational Highlights

Geographic footprint: -



Geographical Coverage



Customer Information:-

Customer Information	31-03-2022	31-03-2021	31-03-2020
Number of Active Customers	4,03,814	4,36,222	4,37,106
Number of Female Customers	3,79,655	4,21,768	4,28,073
Number of Rural Customers	3,65,169	3,89,298	3,88,451
Number of Outstanding loans	4,26,327	4,55,393	4,56,527
New loans disbursed	2,15,752	1,84,630	2,70,425
Number of states	6	6	6
Number of branches	295	309	298

Product Suite:**Loan Products**

Product Wise	AUM	
	(in INR Mn)	% of AUM
Joint Liability Group Loans	8,898	78.80%
Micro Enterprises Loan	2,110	18.70%
Personal Loans	11	0.10%
Jewel Loans	66	0.60%
Housing Improvement Loans	53	0.50%
Others*	159	1.40%
Grand Total	11,296	100%

*OTR is included in JLG and MEL respectively

3rd Party Products

Product	No of subscriptions
Dvara Sampoorana Sampath Plan	48,808
Insurance products (Portfolio Insurance/PAI/Hospi Cash/Term Life /Cattle Insurance/Crop Insurance)	6,93,017
AePS withdrawals	280,703

Key operational metrices - Over the years

Particulars in INR Mn	22-Mar	21-Mar	20-Mar
Number of Branches	295	309	298
Number of States	6	6	6
Disbursements	8,795	6,690	9,065
Assets Under Management	11,296	11,078	9,827
AUM Growth	2%	13.00%	45.00%
Fresh Debt raised	7,050	6,348	6,715
Gross Non-Performing Assets	8.20%	7.00%	2.30%
Net Non-Performing Assets	3.50%	1.90%	1%

Key Financial metrics – Over the years

Particulars	Mar-22	Mar-21	Mar-20	Mar-19	Mar-18
Net Worth	2,984	2,954	2,937	1,681	841
Total Debt	9,291	8,962	7,679	5,581	5,802
Debt Equity Ratio	3 times	3 times	3 times	3.3 times	6.9 times
Revenue	2,868	2,460	2,091	1,625	1,145
Financial Cost	1,197	1,065	980	795	601
Operating Expenses	1,053	861	832	585	396
Impairment on Financial assets	601	528	225	54	11
Profit Before Tax	17	6	54	191	137
Profit After Tax	6	8	38	332	91
Return on Asset	0.10%	0.10%	0.50%	3.1%	2.10%
Return on Equity	0.20%	0.00%	1.50%	15.2%	10.80%
Capital Adequacy	25.33%	26.40%	32.80%	24.10%	18.40%

Risk Management Framework: -**Risk Governance Structure: -**

The Risk Management Committee (RMC) assists the Board with oversight of strategies, policies, and procedures related to the management of all types of risks. The Risk Management function is headed by the Chief Risk Officer (CRO) who is primarily responsible for overseeing the development and implementation of the risk management function. The CRO is also responsible for supporting the RMC in the development and implementation of the annual risk plan. The CRO, together with management forms an executive committee which is actively engaged in the process of setting risk measures and limits for the various business lines and monitoring their performance relative to risk-taking and limit adherence.

Risk Management Framework

At Dvara KGFS, we have put in place a risk management framework to identify, assess, mitigate, and monitor the risks and uncertainties facing our business. The framework is supported by policies which enable effective monitoring and mitigation. Effective risk management strategies allow us to identify potential risks and opportunities and take corrective actions.

Geography Selection

Geography selection and new market risk are managed through a contiguous district-based expansion strategy which gives us good insight into historic PAR, competition, socio-economic risk, natural disturbances, etc. Strict

district level exposure limits help to mitigate the impact of any district specific events. Continued focus on deep penetration in rural areas helps in lower competitive intensity and higher creditworthiness.

Customer Due Diligence

The stringent customer onboarding process encompasses four layers of checks. Internal rating of the customer is done based on the various demographic details and repayment behavior followed by Comprehensive credit bureau data is checked to gauge borrower's exposure to various lending products and past credit history. Further a visit to the borrower's house and interaction with family members, compulsory group training (CGT) by the wealth manager and followed by a group recognition test (GRT) by the Branch Manager.

Product Design

The borrowing limit is defined for each borrower which increases with subsequent loan cycles based on track record and relationship vintage. Flexible repayment options are provided with no penalties on prepayments of loans.

Risk Compliance

Risk Compliance Multiple layers of checks and balances in form of separate audits, quality controls, and risk teams, helps in ensuring strict process adherence. A branch audit is performed every 120 days. The Internal Audit team directly reports to the Audit Committee. Employee deployment is unique with fresh hiring primarily at entry levels from rural areas followed by internal training.

Risk	Mitigation
Credit Risk	- The Product Committee reviews and approves credit policy for all products. - A sophisticated framework of the Company generates early warning signals for the identification of emerging risks, enabling timely remedies for the same. - The Company has built a parameterized, product-wise, risk scoring model that facilitates effective decision making and a quick turnaround time

Risk	Mitigation
Operational Risk	- Operational risk management monitors process and system risks, - identifies key risk indicators and other risk mitigation measures.
Market Risk	Asset and Liability Committee supervises and monitors liquidity, interest rates and concentration risks, reviews structural liquidity, net liquidity gaps, interest rate sensitivity analysis and regulatory adherence.
Other Risk	Risk Team review the other related risk on periodic basis like IT Security Risk, Customer Risk, Regulatory Risk, Reputation Risk etc.

INTERNAL AUDIT AND CONTROL:

The Internal Audit Function provides independent Assurances to the Audit committee & Board on an ongoing basis on the Quality and effectiveness of its internal Controls and operation processes.

The internal Audit undertakes various audits incorporating Risk based Parameters of the branches, Special Audits and Surprise/Spot Audits based on Triggers and Analytical Data.

Internal Audit checks are conducted at specific times, whereas Internal control is responsible for checks that are on-going to make sure Operational efficiency and effectiveness are achieved through control of Risks.

Internal Audit is carried out on planned frequency & Schedule to identify the process gaps and to take corrective actions on the Respective areas, which needs rectification. The published reports are then reviewed by the Management Team for follow up action.

Internal Audit Reports are based on AMS Platform (Audit management software). Audit reports are published and identified process gaps are reviewed with the branches and other stakeholder based on the Various Risk Category.

Audit review is carried out with the branch / Cluster & KGFS Head on periodic intervals. On Completion of Every quarter, practice of Discussing the Critical Audit findings with Various stakeholders / KGFS Heads & Other Heads is institutionalized depending on the identified Risk Areas for Actions.

During Such Reviews, process gap issues /Feedbacks and measures to rectify and improvement areas identified and carried out. Detailed discussion on low scoring branches and reasons /factors for such low scores and plans to improve based on audit finding is also being Reviewed.

Non Starter Customer Visits & Overdue Customers Tele calling is carried out on Periodic intervals on Sampling basis, by Internal Audit team to identify the potential ED and shared with Risk team & Field Team for necessary Actions.

Human Resources Development :-

With the ongoing Covid crisis, our resilience has been continuously put to test since last year and we have had to continually adjust to new HR challenges at work and continue to demonstrate and instill the true values of Dvara while being unequivocally perceived as unbiased, friendly, trustworthy & dependable by all employees across all levels. To further strengthen this purpose, we laid a new foundation to transform our HR service delivery model from a task-oriented mindset to creating a transformational high performance yet empathetic partnership with all our employees and stakeholders. A resilient HR department that remained agile, vigilant and receptive to our employee needs and also aligned to a high-performance culture to ensure current and future success of Dvara KGFS.

Our Learning and Development team continuously strives to train our employees on product, process, and soft skills. Additionally, we also conducted training on WASH loans, IIBF, Village & income rectification, Digital products, Death settlement and refresher trainings. The mode of training is a mix of Classroom/Virtual/On the field. Role specific classroom and mentoring session for all our Middle Management through External vendor was extended in various languages. Our new LMS platform "Gurukool" was launched and 100% of our employees have completed code of conduct. A total of 9036 Man Days of Classroom Learning Programs and 4320 Man Hours of E-Learning Programs covering 1080 employees were done during the year as part of digital learning initiatives, Virtual Training Sessions were conducted across KGFS. Management development Programs were conducted to First Time Leaders, Leadership Development Program through Assessment / Development Centre to our Executive Leadership team and such other developmental initiatives were taken aligned to our business strategy.

The HR department also organised many events, celebrations, team building activities and such other Engagement initiatives periodically in which employees took part enthusiastically. This helped us in building last mile connectivity.

Pursuit of Excellence

- Build a culture of excellence that rewards performance & growth
- Focus on Sustainable propositions / business which can scale and grow
- Focus on Long term scale - prioritise commercial sustainability and significant scale in chosen areas
- Cultivate the discipline to do the right thing everyday and little things that add big value
- Pride of ownership and staying committed to Goals.
- Commit to process rigour and quality.

Customer Centric

- Walk in our customers shoes to understand our customer's needs, challenges and aspirations
- Believe in their ability to take the right decisions for themselves
- Take ownership for long-term customer outcomes
- Hold ourselves accountable to communities we serve
- Positively impact their financial status
- Integrity - Truthful and honest even when nobody is watching.

**GRACE -
VALUES OF DVARA KGFS****Growth Mindset**

- Be bold and ambitious
- Make a significant impact through thought leadership in the financial inclusion space in India
- Choose to solve problems that are difficult, rather than low hanging fruit and have the courage to go into uncharted waters
- Take risks we believe in, after doing our homework
- Find disruptive solutions, rather than incremental ones.

Respect for All

- Be respectful in every human interaction
- Grounded and humble : show humility
- Be open to feedback, diverse opinions and dissent
- Disagree respectfully
- Responsibility empower our teams
- Seek and offer help, collaborate - no one can do it alone.

Agile Workforce

- Build a nimble employee culture
- Continuously improve, strive to be better than yesterday
- Never be satisfied or complacent
- Continuously learn and apply, in an endless loop

Information Technology :-

With the foundation of the investments already made in Technology and Platforms, KGFS is embarking on a digital transformation journey into a Tech 2.0 stack. Emergence of digital platforms, explosive growth in cloud, analytics, big data and machine learning capabilities, has enabled us to look at a suitable mix of branch, field, and digital channels for customer engagement.

KGFS2.0 Tech Stack builds on our Plan, Grow, Protect & Diversify product suite and brings a strong middleware with specific focus on Risk, Productivity, Growth and Regulatory Compliances. On the user interface layer, there is a greater focus on customer, employee, and partner experiences. Besides driving the organization towards Customer Centricity, KGFS 2.0 Tech & Data Science Platform aims at improving the operational efficiency, effectiveness, and market growth.

The platform also creates new avenues for customer sourcing - inbound marketing via Whatsapp Customer Self-Service App, data mining on customer transactions, data mining on CB reports (including earlier rejects) and Retention Management tools. Whatsapp engagement with customers along with the digital agents network provides the necessary impetus for customer stickiness and indirect network effects.

KGFS 2.0 is the omnichannel customer engagement platform for the branch operations team, KGFS Digital Agent network, self-service channel, and KGFS Direct channel. All the key software applications have been aligned within this platform to support front office features and the back-office functionalities. An API library is being built enabling the interaction of all the systems cutting across the various channels.

Following are the front-office systems which are the key enablers for the omnichannel strategy.

- KGFS Assist is the customer management and wealth management System and App for the Branch Operations team.
- KGFS Mitra aims at creating digital touch points around the branch network. Technology-savvy small shop owners will use this application near customer locations.
- KGFS Direct is the CRM to stay in direct contact with customers/prospects for Lead Generation, Overdue calling, Agent onboarding and activation.
- MyKGFS Whatsapp aims at offering self-service capabilities for smartphone savvy customers via WhatsApp and mobile application

Few of the key back-office systems are

- Perdix Loan Management System and Audit Management Software
- HRMS
- Compliance Tracker
- Tally Accounting Solution

As part of the data strategy, a focussed Analytics team is formed with the purpose of a 'trusted single version of truth' through the consolidation of the data assets, to champion analytics maturity at the organization, integrating advanced prescriptive and cognitive modelling for decision support purposes. Clear and well-defined strategy broken in to 3 essential pillars –

- Data Visualization – To make data transparent, visible, and clearer to identify patterns, trends, and outliers in the large data sets. Stories are told through Dashboards and Trend charts. The subsequent aim is to make the data accessible to the consumers in an easier way and also explicitly present the behaviours of the data in a well-recognized manner

- Predictive Analytics – The main goal is to make predictions about future outcomes using historical data combined with statistical modelling, data mining techniques and machine learning. Through this, we can create optimized solutions and drive better business decisions
- Future Technology – The main goal is to leverage on latest, innovative technology such as Web3, Chatbot, Computer Vision, etc and combine the problems to solve to bring up an efficient and state of the art solution. The potential is immense and there is a huge opportunity in utilizing them to solve our existent problems

DISCLAIMER:

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectation may be 'forward looking' within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

ANNEXURE B

Details of Remuneration

Details of remuneration as required to be provided under Section 197 of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Qualification of Managerial Personnel) Rules, 2014.

(i) Ratio of remuneration of each Director with median employees remuneration	<u>Remuneration of Directors</u> 1. Ms. Bindu Ananth – Nil* 2. Mr. S.Viswanathan – Nil* 3. Mr. Abhishek Agrawal – Nil* 4. Mr. Pranav Kumar – Nil** 5. Mr. Samir Shah – Nil* 6. Mr. N T Arun Kumar – Nil* 7. Ms. Anisha Motwani- Nil* 8. Mr. Thomas Klungsoeyr – Nil* 9. Mr. P K Gupta – Nil* 10. Mr. Raman Uberoi – Nil* <u>Ratio of Remuneration with employees</u> Not Applicable*
(ii) the percentage increase/ (decrease) in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	1. Mr. L V L N Murty, Managing Director & Chief Executive Officer – 12.00% Mr. G. Vijayakumar, Chief Financial Officer – 8.00% 2. Mr. S. Balaji, Company Secretary - 7.00% Above mentioned increase/decrease in remuneration were based on actual payment made during the year.
(iii) the percentage increase in the median remuneration of employees in the financial year;	7%
(iv) the number of permanent employees on the rolls of the Company as on 31st March 2022	2243
(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	N.A
(vi) affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration is as per the Nomination, Remuneration and Evaluation Policy of the Company.

* No Managerial Remuneration is paid except Sitting Fee for attending Board/Committee Meetings.

INDEPENDENT AUDITORS' REPORT

To
The Members of
Dvara Kshetriya Gramin Financial Services Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Dvara Kshetriya Gramin Financial Services Private Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2022, and the standalone statement of Profit and Loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone 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 financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the

ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to the following

1. Note 75 about the uncertainties prevailing on the balance sheet date on the recoverability of the company's loans and advances on account of the COVID-19 impact. The estimates and assumptions made by management in determining the impairment provision required for these loans are subject to matters that are outside the control of the Company and hence actual results may vary from these estimates.
2. Note 34(i) on meeting the qualifying asset criteria as per the Prudential norms, the Company has considered the business as non-MFI and appropriately carried out financial reporting.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Key Audit Matter	How the matter was addressed
Recognition and measurement of impairment of loans Management estimates impairment provision using Expected Credit loss (ECL) model for the loan exposure. Recognition and measurement of impairment of loans involve significant management judgement based on a range of factors. The Company's impairment allowance is derived from estimates including historical default and loss ratios. Estimation includes timely identification and classification of the impaired loans. Collective impairment allowances are calculated using ECL model which approximate credit conditions on homogenous portfolios of loans. During the year, the Company has made changes to the ECL Model as a process of refinement to ECL estimation for considering the uncertainty over the potential macro-economic condition. The determination of impairment loss allowance is inherently judgmental and relies on managements' best estimate due to the following: 1. Segmentation of loans given to the customer 2. Criteria selected to identify significant increase in credit risk, particularly in respect of the regional lockdowns at various geographies along with the history of moratorium benefit given to eligible borrowers as per the Company's board approved policy, read with the RBI COVID 19 regulatory package. 3. Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD") and the completeness and accuracy of that data 4. The disclosures made in Financial Statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL. The aforesaid involves significant management estimates/ judgements and hence identified as Key Audit Matter (KAM).	In view of the significance of the matter, the following key audit procedures were performed by us: Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the financial statements were reasonable and the related disclosures in the financial statements made by the management were adequate. These procedures included, but not limited, to the following: Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing loans (stage 1) to assess whether any Significant Increase in Credit Risk (SICR) or loss indicators were present requiring them to be classified under stage 2 or 3 or vice versa along with additional considerations applied by the Management for staging of loans as SICR or default categories. Examined Board Policy approving the methodology for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. Obtained an understanding of the model adopted by the Company for calculation of expected credit loss including how management calculated the expected credit loss and the appropriateness of the data on which the calculation is based and tested the management controls for it. For change in ECL Model, evaluated the basis of such change including the reasonableness and appropriateness of the same. Evaluated the design and operating effectiveness of controls across the processes relevant to ECL. These controls, among others, included controls over the allocation of assets into stages including management's monitoring of the need for post model adjustments, model validation, recording of accounting entries and disclosures. Tested, on sample basis, the input and historical data used for determining the PD and LGD and agreed the data with the underlying books of accounts and records. Tested on a sample basis the arithmetical calculation of the workings of the expected credit losses. Performed an overall assessment of the ECL provision at each stage to determine if they were reasonable considering the Company's portfolio, risk profile and the macroeconomic environment.

Key Audit Matter	How the matter was addressed
	Assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 on ECL especially in relation to judgements used in estimation of ECL provision Assessed disclosures included in the standalone Ind AS financial statements in respect of expected credit losses including the specific disclosures made about the management's evaluation of the uncertainties.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors Report but does not include the standalone financial statements and our auditors' report thereon. The above-referred information is expected to be made available to us after the date of this audit report.

Our opinion on the standalone 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the 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 take appropriate actions necessitated by the circumstances and the applicable laws and regulations.

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

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds

and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone 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 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public

disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The audited Standalone financial statements of the Company for the corresponding year ended 31 March 2021 prepared in accordance with Ind AS included in these standalone financial statements, have been audited by the predecessor auditors whose audit report dated 17 Jun 2021 expressed an unmodified opinion on those audited Standalone financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 standalone Balance Sheet, the standalone Statement of Profit and Loss (including other comprehensive income), the standalone Statement of Changes in Equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements – Refer Note 36 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 12 to the standalone financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022; and
 - iv. (a) The management has represented that, to the best of its knowledge and belief, , no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
 - (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
 - (c) Based on such audit procedures that the we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
 - v. The company has not declared any dividend during the year and hence compliance with section 123 of the Companies Act, 2013 is not applicable.
3. With respect to the matter to be included in the Auditors' Report under section 197(16) since the Company is a private limited company, the provisions of Section 197 of the Companies Act, 2013 are not applicable to it. Accordingly, reporting on the compliance with the provisions of Section 197 of the Act is not applicable.

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Registration No.003990S/S200018

Devi P

Partner

Date: 27 May 2022

Place: Dubai

Membership Number - 223137

UDIN: 22223137AJSPET9277

Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Dvara Kshetriya Gramin Financial Services Private Limited ("the Company") on the standalone financial statements as of and for the year ended 31 March 2022.

- (i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, Property, Plant and Equipment were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- In respect of immovable properties of land and building that have been taken on lease and disclosed as leasehold lands / right of use assets in the standalone financial statements, the lease agreements are in the name of the Company where the Company is lessee in the agreement.
- (c) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets / Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year and hence this clause is not applicable to the Company.
- (d) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is a Non-Banking Financial Company and primarily engaged in lending activities. Accordingly, it does not hold any physical inventories. Thus, para 3(ii) of this order is not applicable.
- b) Based on our audit procedures & according to the information and explanation given to us, the Company has been sanctioned working capital limits in excess of five Crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. Quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) Based on our audit procedures & according to the information and explanation given to us, the Company has made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties in respect of which, our comments are as follows:
- (a) Company's principal business is to give loans and hence this clause3 (iii) (a) is not applicable
- (b) Based on our audit procedures and according to the information and explanation given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of loans granted or advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated. Note 3.15 to the Standalone Financial Statements explains the Company's accounting policy relating to impairment of financial assets which include loans assets. In accordance with that policy, loan assets with balances as at March 31, 2022, aggregating INR 10,004.62 Lakhs were categorised as credit impaired ("Stage 3") and INR 6033.40 Lakhs were categorised as those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 34(i) to the Financial Statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating INR 91,636.96 Lakhs, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1"), delay in the repayment of interest and/or principal in respect of loans aggregating to INR 3155.42 Lakhs was also identified. In all other cases, the repayment of principal and interest is regular. Having regard

to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

- (d) The total amount overdue for more than ninety days, in respect of loans and advances in the nature of loans, as at the year-end is INR 10,004.62 Lakhs. Reasonable steps are being taken by the Company for recovery of the principal and interest as stated in the applicable Regulations and Loan agreements.
- (e) The Company's principal business is to give loans, and hence reporting under clause 3(iii)(e) of the Order is not applicable
- (f) Based on our audit procedures and according to the information and explanation given to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment and hence the question of aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in clause 76 of section 2 of the Companies Act, 2013 does not arise. Accordingly, paragraph 3(iii)(f) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act with respect of making investments. The company has not granted loans, provided guarantees, and securities, as applicable to the parties covered under this section.
- (v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts

which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

- (vi) The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, except for a few delays, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Goods and Service Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at 31 March 2022 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no statutory dues referred to in sub-clause (a) as at 31 March 2022, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of the Statute	Nature of the Dues	Amount demanded (INR In Lakhs)	Amount paid (INR In Lakhs)	Period to which amount relates	Forum where dispute is pending
Finance Act, 1994- Service Tax	Service Tax Arrears	66.28	2.68	April 2010 to 2015	Customs , Exercise & Service tax Appellate Tribunal

* AY – Assessment year, FY – Financial year

- (viii) Based on our audit procedures and as per the information and explanations given by the management, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.
- (ix) (a) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us, the Company is not a declared willful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.
- (c) According to the information and explanations given to us and the records of the Company examined by us, term loans were applied for the purpose for which the loans were obtained;
- (d) According to the information and explanations given to us and the records of the Company examined by us, no funds raised on short term basis have been utilized for long term purposes.
- (e) According to the information and explanations given to us and the records of the Company examined by us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its associate company. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.
- (f) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any loans during the year on pledge of securities held in its associate company. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year and hence the question of whether money raised were applied for the purposes for which those are raised does not arise. Accordingly, paragraph 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the question of whether the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised does not arise. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government
- (c) To the best of our knowledge and belief and according to the information and explanations given to us, we have taken into consideration the whistle blower complaints received by the company during the year which are not significant to have an impact on the nature, timing and extent of the audit procedures.
- (xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.
- (xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the standalone financial statements as required by the Indian accounting standard Related Party Disclosures (Ind AS 24)
- (xiv) (a) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the reports of the Internal Auditors for the period under audit.
- (xv) On the basis of the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192

of the Companies Act, 2013 are not applicable to the Company.

- (xvi)(a) Based on our audit procedures and according to the information and explanations given to us, the Company is engaged in the business of Non-Banking Financial Institution and has obtained a valid certificate of registration as required under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934).
- (b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.
- (c) Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on our audit procedures and according to the information and explanations given to us, none of the group companies are Core Investment Company (CIC) and hence the question of number of CICs which are part of the Group does not arise. Accordingly, paragraph 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The company has incurred cash losses of INR 3091.89 Lakhs in the financial year and INR 15,435.09 Lakhs in the immediately preceding financial year.
- (xviii) There has been a resignation by statutory auditor pursuant to the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs

and NBFCs (including HFCs) issued by Reserve Bank of India on April 27, 2021 (the "RBI Guidelines") as they have completed the maximum eligible tenure of 3 years. We have requested for a no objection certificate from the outgoing auditors to which they have replied to us there is no objection in our taking up the statutory audit.

- (xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) (a) Based on our audit procedures and according to the information and explanations given to us, sub-section (5) of section 135 of the said Act is not applicable to the Company.
- (b) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to ensure compliance under Section 135(6) as it is not applicable

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Registration No.003990S/S200018

Devi P

Partner

Date: 27 May 2022

Place: Dubai

Membership Number - 223137

UDIN: 22223137AJSPET9277

Annexure B

**Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date
Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under
Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls with reference to standalone financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

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

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Dvara

Kshetriya Gramin Financial Services Private Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls

Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

For PKF Sridhar & Santhanam LLP

Chartered Accountants
Firm's Registration No.003990S/S200018

Devi P

Partner

Date: 27 May 2022
Place: Dubai

Membership Number - 223137
UDIN: 22223137AJSPET9277

Dvara Kshetriya Gramin Financial Services Private Limited

Standalone Balance Sheet as at March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial assets			
Cash and cash equivalents	4	8,880.60	9,496.22
Bank balance other than cash and cash equivalents	5	5,843.32	8,386.93
Receivables			
Trade receivables	6	149.79	97.36
Loans	7	1,00,922.37	95,973.98
Investments	8	1,311.28	380.09
Other financial assets	9	2,104.90	2,418.84
		1,19,212.26	1,16,753.42
Non-financial assets			
Current tax assets (net)		711.16	610.14
Deferred tax assets (net)	30	2,817.38	2,969.45
Property, plant and equipment	10	562.43	449.22
Intangible assets	10A	844.65	973.74
Right of use assets	10B	663.35	828.90
Other non-financial assets	11	1,168.49	1,028.78
		6,767.46	6,860.23
Total Assets		1,25,979.72	1,23,613.65
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	12	294.91	231.36
Payables			
a. Trade payables			
(i) dues of micro enterprises and small enterprises	13	-	-
(ii) dues other than micro enterprises and small enterprises		214.26	333.60
Debt securities	14	14,693.34	10,860.98
Borrowings (other than debt securities)	15	74,453.60	75,000.74
Subordinate Liabilities	15A	3,767.93	3,756.80
Other financial liabilities	16	2,039.72	2,776.11
		95,463.76	92,959.59
Non-financial liabilities			
Current tax liabilities (net)		-	349.21
Provisions	17	164.81	474.63
Other non-financial liabilities	18	511.64	286.31
		676.45	1,110.15
EQUITY			
Equity share capital	19	10,887.14	10,887.14
Other equity	20	18,952.37	18,656.77
		29,839.51	29,543.91
Total Liabilities and Equity		1,25,979.72	1,23,613.65
Significant accounting policies	2 and 3		

The notes referred to above form an integral part of these financial statements

As per our report of even date
for **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's registration number: 003990S/S200018

For and on behalf of the Board of Directors of
Dvara Kshetriya Gramin Financial Services Private Limited
CIN : U65991TN1993PTC024547

P Devi
Partner
Membership No. 223137
Place : Bengaluru

Bindu Ananth
Director
DIN: 02456029
Place : Chennai

Samir Amrit Shah
Director
DIN : 00912693
Place : Chennai

LVLN Murty
Managing Director & CEO
DIN : 09618861

Place : Dubai
Date : 27 May 2022

G. Vijayakumar
Chief Financial Officer
Place : Chennai

S. Balaji
Company Secretary
Membership No. A22951
Place : Chennai

Dvara Kshetriya Gramin Financial Services Private Limited

Statement of standalone profit and loss for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

Particulars	Note	Year Ended March 31, 2022	Year Ended March 31, 2021
Revenue from operations			
Interest income	21	27,230.15	23,496.28
Fees and commission income	22	19.32	19.81
Net gain on fair value changes	23	258.12	60.50
Income from other services	24	844.65	903.37
Bad debts recovered		243.29	11.28
Total revenue from operations		28,595.53	24,491.24
Other income		81.60	110.14
Total income		28,677.13	24,601.38
Expenses			
Finance costs	25	11,967.82	10,650.85
Impairment on financial instruments	26	6,006.80	5,279.36
Employee benefits expenses	27	7,236.67	5,697.80
Depreciation and amortization	28	641.30	673.35
Other expenses	29	2,654.05	2,239.44
Total expenses		28,506.64	24,540.80
Profit before tax		170.49	60.58
Tax expense:			
Current tax			
-Current year		-	1,220.74
-Pertaining to earlier years		(34.48)	-
Deferred tax charge / (credit) (Including minimum alternative tax credit entitlement)		147.94	(1,244.57)
		113.46	(23.83)
Profit after tax for the year		57.03	84.41
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
- Remeasurement gain / (loss) on defined benefit plans		80.16	17.17
(A) (ii) Income tax impact thereon		(23.34)	(5.00)
(B) (i) Items that will be reclassified to profit or loss			
- Hedge reserve account (net)		59.78	(151.36)
(B) (ii) Income tax impact thereon		(17.41)	44.08
Total other comprehensive income		99.19	(95.11)
Total comprehensive income for the year		156.22	(10.70)
Earnings per equity share (face value INR 100 each)			
- Basic (in INR)		0.52	0.78
- Diluted (in INR)		0.52	0.77

The notes referred to above form an integral part of these financial statements

As per our report of even date
for **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's registration number: 003990S/S200018

For and on behalf of the Board of Directors of
Dvara Kshetriya Gramin Financial Services Private Limited
CIN : U65991TN1993PTC024547

P Devi
Partner
Membership No. 223137
Place : Bengaluru

Bindu Ananth
Director
DIN: 02456029
Place : Chennai

Samir Amrit Shah
Director
DIN : 00912693
Place : Chennai

LVLN Murty
Managing Director & CEO
DIN : 09618861

Place : Dubai
Date : 27 May 2022

G. Vijayakumar
Chief Financial Officer
Place : Chennai

S. Balaji
Company Secretary
Membership No. A22951
Place : Chennai

Dvara Kshetriya Gramin Financial Services Private Limited

Standalone Cash flow statement for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
A. Cash flow from operating activities		
Net profit before tax	170.49	60.58
Adjustments for:		
Depreciation and amortization	641.30	673.35
Interest on deposits with Banks	(364.23)	(571.20)
Interest income on loans	(26,865.92)	(22,925.08)
Gain on mutual funds investments designated at fair value through profit or loss	(258.12)	(60.50)
Impairment on financial instruments (net)	6,006.80	5,279.36
Finance costs	11,967.82	10,650.85
Loss on sale/retirement of property, plant and equipment (net)	-	-
Operating profit before working capital changes	(8,701.86)	(6,892.64)
Operational cash flows from interest:		
Interest income on loans	27,796.79	22,102.94
Finance cost paid	(11,426.12)	(10,481.92)
Changes in working capital and other changes:		
(Increase) / decrease in trade receivables	(52.43)	284.48
(Increase) in other bank balances	2,171.24	(1,148.69)
(Increase) in loans	(11,886.06)	(17,241.49)
Decrease/ (increase) in other financial assets	313.94	(1,904.78)
Decrease/ (increase) in other non financial assets	(139.71)	(57.89)
Increase in trade payables, other liabilities and provisions	(1,064.52)	711.07
	(2,988.73)	(14,628.92)
Income tax paid (net)	(103.15)	(806.17)
Net cash flow (used in) operating activities	(3,091.89)	(15,435.09)
B. Cash flow from investing activities		
Proceeds from sale of investments (net of purchases)	258.12	60.50
Proceeds from sale of Property, plant and equipment	-	-
Purchase of fixed assets including capital work-in-progress	(319.45)	(157.99)
Purchase of Intangible Assets	(136.25)	(6.29)
Payment for acquisition of business	(756.94)	-
Interest on deposits with Banks	562.35	418.35
Net cash (used in) investing activities	(392.17)	314.57
C. Cash flow from financing activities		
Proceeds /(repayments) from issue /(of) debt securities and borrowings (net of repayments)		
Debt Securities	3,297.06	4,099.64
Borrowings	(436.99)	4,885.47
Subordinate Liabilities	17.91	3,750.54
Payment of lease liabilities	(148.92)	(168.11)
Proceeds from issue of equity share capital including securities premium (including share application money pending allotment)	-	81.58
Proceeds from Employee Stock options	139.38	105.26
Net cash from financing activities	2,868.44	12,754.38
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(615.62)	(2,366.14)
Cash and cash equivalents at the beginning of the year	9,496.22	11,862.46
Cash and cash equivalents at the end of the year	8,880.60	9,496.32

Dvara Kshetriya Gramin Financial Services Private Limited

Standalone Cash flow statement for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

Particulars		As at March 31, 2022	As at March 31, 2021
1	Components of cash and cash equivalents		
	Cash and cheques on hand	120.24	75.54
	Balances with banks		
	-In current accounts	3,260.36	9,420.68
	-In deposit accounts with original maturity less than three months	5,500.00	-
		8,880.60	9,496.22

2 Change in liabilities arising from financing activities

Particulars	Debt securities	Borrowings (other than Debt securities)	Subordinate Liabilities
As at April 1, 2020	3,218.96	70,314.08	3,261.00
Cash flows (net)	7,658.79	4,957.46	495.80
Others*	(16.77)	(270.80)	-
As at March 31, 2021	10,860.98	75,000.74	3,756.80
Cash flows (net)	3,988.56	132.27	14.21
Others*	(156.20)	(679.41)	(3.08)
As at March 31, 2022	14,693.34	74,453.60	3,767.93

* Others column includes the effect of amortization of processing fees etc.

Significant accounting policies

2 and 3

The notes referred to above form an integral part of these financial statements

As per our report of even date
for **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's registration number: 003990S/S200018

For and on behalf of the Board of Directors of
Dvara Kshetriya Gramin Financial Services Private Limited
CIN : U65991TN1993PTC024547

P Devi
Partner
Membership No. 223137
Place : Bengaluru

Bindu Ananth
Director
DIN: 02456029
Place : Chennai

Samir Amrit Shah
Director
DIN : 00912693
Place : Chennai

LVLN Murty
Managing Director & CEO
DIN : 09618861

Place : Dubai
Date : 27 May 2022

G. Vijayakumar
Chief Financial Officer
Place : Chennai

S. Balaji
Company Secretary
Membership No. A22951
Place : Chennai

Dvara Kshetriya Gramin Financial Services Private Limited

Statement of changes in equity for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

A Equity share capital

Particulars	Number of shares	Amount
Balance as at April 1, 2020	1,08,65,706	10,865.71
Add: Shares issued during the year	21,438	21.44
Balance as at March 31, 2021	1,08,87,144	10,887.15
Balance as at April 1, 2021	1,08,87,144	10,887.15
Add: Shares issued during the year	-	-
Balance as at March 31, 2022	1,08,87,144	10,887.15

B Other equity

[illegible]

Dvara Kshetriya Gramin Financial Services Private Limited

Statement of changes in equity for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

	Compulsorily Convertible Preference Shares ("CCPS")	Reserves and Surplus						Other Comprehensive Income		Share application money pending allotment	Total
		Note	Statutory Reserves	Securities Premium	Capital Reserve	Retained Earnings	Employee stock option outstanding account	Remeasurements of Defined Benefit Obligations	Cash Flow Hedge Reserve		
Profit for the year			-	-	-	57.03	-	-	-	-	57.03
Transfer to statutory reserve			11.41	-	-	(11.41)	-	-	-	-	-
Other comprehensive income (net of tax)			-	-	-	-	-	56.82	-	-	56.82
Transferred to retained earnings			-	-	-	56.82	-	-56.82	-	-	-
Fair valuation of financial instruments (net of tax)			-	-	-	-	-	-	42.37	-	42.37
Balance as at March 31, 2022			1,258.94	35,504.84	1,329.46	(19,368.02)	292.06	-	(64.91)	-	18,952.37

Significant accounting policies 2 and 3

The notes referred to above form an integral part of these financial statements

As per our report of even date
for **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's registration number: 003990S/S2000018

For and on behalf of the Board of Directors of
Dvara Kshetriya Gramin Financial Services Private Limited
CIN : U65991TN1993PTC024547

P Devi

Partner
Membership No. 223137
Place : Bengaluru

Bindu Ananth

Director
DIN: 02456029
Place : Chennai

Samir Amrit Shah

Director
DIN : 00912693
Place : Chennai

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Managing Director & CEO
DIN : 09618861

G. Vijayakumar

Chief Financial Officer
Place : Chennai

S. Balaji

Company Secretary
Membership No. A22951
Place : Chennai

Place : Dubai

Date : 27 May 2022

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

1 Reporting entity

Dvara Kshetriya Gramin Financial Services Private Limited ("Dvara KGFS" or "the Company"), was incorporated on March 4, 1993. The Company has received the Certificate of Registration dated March 28, 2019 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND-SI").

The Company also acts as business correspondent for Banks, Insurance Companies, Non-Banking Finance Companies and also acts as an intermediary to deliver financial and other products to remote rural areas.

The Company's mission is to maximise the financial well-being of every individual and every enterprise by providing complete financial services in remote rural areas.

2 Basis of preparation

2.1 Statement of compliance and basis of preparation and presentation of financial statements

These financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') in conformity with generally accepted accounting principles in India and other relevant provisions of the Act.

The financial statements have been prepared and presented on going concern basis and at historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the Reserve Bank of India ('RBI') to the extent applicable.

These financial statements were approved by the Company's Board of Directors and authorised for issue on May 27, 2022.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

Details of the Company's accounting policies are disclosed in note 3."

The Balance sheet, the Statement of profit and loss and the Statement of changes in equity are presented in the format prescribed under Division III of Schedule III to the Act and as amended from time to time, for Non-Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The statement of cash flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

The Company presents its balance sheet in order of liquidity. Financial assets and financial liability 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 recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Lakhs with two decimals, unless otherwise indicated.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivatives instruments)	Fair value / Amortised Cost, as applicable
Liabilities for equity-settled share-based payment arrangements	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates, if material, are reflected in the financial statements in the year in which changes are made and their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global health pandemic from novel coronavirus 2019 ("COVID 19"):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loans. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts etc. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Information about judgements, estimates and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

2.5 Use of estimates and judgements (Continued)

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") 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 or fair value through other comprehensive income or fair value through profit and loss 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.

ii) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Also refer note 3.8.

iii) Effective Interest Rate ("EIR") method

The Company's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

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This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iv) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires 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 :

- a) 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 life time expected credit loss ("LTECL") basis.
- b) Development of ECL models, including the various formulas and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs, such as consumer spending, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

v) Impairment of non-financial assets

The Company determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets including goodwill. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss.

vi) Other estimates, judgements and assumptions

Information about other estimates, judgements and assumptions that have the most significant effect to the financial statements within the next financial year are included in the following notes:

- a) Measurement of defined benefit obligations: key actuarial assumptions; (Also refer note 38)
- b) Estimated useful life of property, plant and equipment, right of use assets and intangible assets; (Also refer note 3.10)
- c) Recognition of deferred taxes; (Also refer note 3.14 and 30)
- d) Upfront recognition of Excess Interest Spread (EIS) in relation to assignment transactions.
- e) Provisions and other contingent liabilities (Also refer note 3.20, 36 and 39)

3 Significant accounting policies

3.1 Revenue Recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

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The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

A. Interest income

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost, financial instrument measured at Fair value through other comprehensive income ('FVOCI') and Fair value through profit and loss ('FVTPL'). The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Company calculates interest income by applying 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 interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

B. Fees and commission income

Fees and commission income such as guarantee commission, service income etc. are recognised on point in time or over the period basis, as applicable.

C. Dividend income

Dividend income (including from FVOCI investments) is recognised 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 Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

D. Other interest income

Other interest income is recognised on a time proportionate basis.

E. Other income

Other income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

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(All amounts are in Indian Rupees in Lakhs)

3.2 Financial instrument - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- i) Amortised cost
- ii) FVOCI
- iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

Sole Payments of Principal and Interest (SPPI test)

As a second step of its classification process, the Company assesses the contractual terms of financial to identify whether they meet SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

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(All amounts are in Indian Rupees in Lakhs)

Accordingly, financial assets are measured as follows:

i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVTOCI.

iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Financial liability

i) Initial recognition and measurement

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

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

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended March 31, 2022 and March 31, 2021.

3.5 Derecognition and modification of financial assets and liabilities

A. De-recognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in Statement of Profit or Loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in statement of profit and loss.

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(All amounts are in Indian Rupees in Lakhs)

B. Modifications of financial assets and financial liabilities

i) Financial Assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in Statement of profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income using EIR method.

Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

ii) Financial Liability

A financial liability is derecognised 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 the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of Expected Credit Loss ('ECL') principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). 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

Expected credit losses are measured through a loss allowance at an amount equal to:

- i.) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- ii.) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12 months ECLs are calculated on collective basis.

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

Stage 1:

When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

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Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3

Stage 3:

Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Stages	Days Past Due	ECL	Risk
Stage 1	Upto 30 days	12 month ECL	Low credit risk
Stage 2	31-90 days	Life time ECL	Significant increase in credit risk
Stage 3	More than 90 days	Life time ECL	Impaired assets

B. Calculation of ECLs

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

PD:

Probability of Default ("PD") 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:

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest

LGD:

Loss Given Default ("LGD") 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 Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1:

The 12 months ECL 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 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

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. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

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

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(All amounts are in Indian Rupees in Lakhs)

C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

3.7 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are 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. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

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Notes to the financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

3.10 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss.

The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset category	Estimated Useful life	Useful life as per Schedule II
Building	30 years	30 years
Furniture and fittings	10 years	10 years
Vehicles	8 years	8 years
Office equipments	5 years	5 years
Computers and accessories	3 years	3 years
Leasehold improvements	Lease period or 10 years whichever is lower	Not applicable

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

3.11 Intangible assets

i. Goodwill

For measurement of goodwill that arises on a business combination refer note 3.16. Subsequent measurement is at cost less any accumulated impairment losses.

i. Other intangible assets

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

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(All amounts are in Indian Rupees in Lakhs)

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Asset category	Estimated Useful life
Computer software	5 years
Customer Contract	5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.12 Employee benefits

i. Post-employment benefits

Defined contribution plan

The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

ii. Other long-term employee benefits

Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.”

iv. Stock based compensation

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

3.13 Leases

The Company has adopted Ind AS 116, effective April 1, 2018 (transition date) and applied it to all lease contracts existing on that date using the full retrospective method. At inception of a contract, the Company assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources that reflects the terms of the lease and type of the asset leased.

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Notes to the financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under A purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal Period if the company is reasonably certain to exercise an extension option, and penalties for early termination of A lease unless the company is reasonably certain Not to terminate early.

3.13 Leases (Continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets separately on the face of the balance sheet and lease liability under other financial liabilities.

Short-term leases

The Company has elected not to recognise right-of-use assets and lease liabilities for shorter leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.14 Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

iii. Minimum Alternate Tax ("MAT")

MAT paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax and thereby utilising MAT credit during the specified period, i.e., the period for which MAT credit is allowed to be carried forward and utilised. In the year in which the company recognises MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

3.15 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

3.16 Business combinations

In accordance with Ind AS 103, the Company accounts for these business combinations (other than those arising from common control) using the acquisition method when control is transferred to the Company. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exist clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction cost are expensed as incurred, except to the extent related to the issue of debt or equity securities.

Business combination arising from transfer of interests from entities under common control are accounted for as if the acquisition has occurred at beginning of the earliest comparative period or, if later, at the date that common control established; for this purpose comparative period of revised. The assets and liabilities are recognized at their carrying amounts. The identity of the reserves are preserved and they appear in the same form.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

3.17 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.18 Segment reporting- Identification of segments:

An operating segment is a component of the Company that engages in business activities from which it many earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

3.19 Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

3.20 Provisions

Provisions are recognized when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3.21 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

3.22 Recent Accounting Pronouncements

Key New and amended standards :

- (a) Interest rate Benchmark reform-Amendments to Ind AS 107 and Ind AS 109;

The Ministry of Corporate Affairs had earlier notified amendments to Ind AS 109, Financial Instruments and Ind AS 107, Financial Instruments:

Disclosures which were effective from April 1, 2020 (the Phase 1 amendments). Those amendments provided temporary reliefs from applying specific hedge accounting requirements to relationships affected by IBOR reform.

The amendments to Ind AS 109, Financial Instruments and Ind AS 107, Financial Instruments: Disclosures which are effective from April 1, 2021 (the Phase 2 amendments) address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark rate with an alternative one.

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Notes to the financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

The key reliefs provided by the Phase 2 amendments are as follows:

*** Changes to contractual cash flows**

When changing the basis for determining contractual cash flows for financial asset and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in profit and loss.

***Hedge accounting**

The hedge accounting reliefs will allow most Ind AS 109 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

(b) Covid-19- related rent concessions- Amendments to Ind AS 116;

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. Previously, an amendment to Ind AS 116, Leases provided lessees With an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied as well as the amount recognised in profit or loss arising from the rent concessions. The relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, it was subsequently extended to 30 June 2022.

None of these amendments has any material effect on the Company's financial statements

(c) The Ministry of Corporate Affairs("MCA") through a notification had issued Amendments to the Disclosure requirements under Schedule III Division I, II and III on 24th March 2021 applicable for Financials prepared after 1st April 2021. The company, while preparing the Financial Statements had adequately complied with those amendments.

Key Amendments applicable from next Financial year :

- (a) Ind AS 16, Property Plant and Equipment; Proceeds before intended use of property, plant and equipment**
The amendment clarifies that an entity shall not deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).
- (b) Ind AS 37, Provisions, contingent Liabilities and contingent Assets; Onerous contracts - Cost of fulfilling a contract**
The amendment explains that the cost of fulfilling a contract comprises; the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.
- (c) Ind AS 109, Financial instruments; Fees Included in the 10% test for derecognition of financial Liabilities.**
The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, Including fees paid or received by either the entity or the lender on the other's behalf.

The Company does not expect any of these amendments to have any material effect on the financial statements

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

4 Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents		
Cash on hand	120.24	75.54
Balances with banks		
- in current accounts	3,260.36	9,420.68
- in deposit accounts (Original maturity less than three months)	5,500.00	-
Total	8,880.60	9,496.22

Note:

Balance with Banks in current accounts includes balance in Cash Credit accounts with banks

5 Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Deposit accounts under lien*	5,678.71	8,374.03
Deposit accounts without lien	164.61	12.90
Total	5,843.32	8,386.93

***Note:**

- Fixed deposit includes cash collateral amounting to INR 465.12 Lakhs (March 31, 2021 : INR 1123.32 Lakhs) for securitisation transactions.
- Balance fixed deposits other than those mentioned above has been provided as security for loans taken by the company.

6 Receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables	149.79	97.36
Less: Impairment loss allowance	-	-
Total	149.79	97.36

6.1 Receivables ageing schedule as on 31st March 2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	98.38	11.74	6.19	33.48	-	149.79
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	98.38	11.74	6.19	33.48	-	149.79

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

6.2 Receivables ageing schedule as on 31st March 2021

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	57.69	6.19	33.48	-	-	97.36
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	57.69	6.19	33.48	-	-	97.36

7 Loans

At Amortised cost

Particulars	As at March 31, 2022	As at March 31, 2021
A Based on nature		
Term Loans		
Gross term loans	1,07,674.98	1,03,921.83
Less: Impairment loss allowance**	(6,752.60)	(7,947.85)
Net term loans	1,00,922.37	95,973.98
B Based on security		
Secured by tangible assets*	660.50	254.31
Unsecured	1,07,014.48	1,03,667.52
Gross term loans	1,07,674.98	1,03,921.83
Less: Impairment loss allowance**	(6,752.60)	(7,947.85)
Net term loans	1,00,922.37	95,973.98
C Based on region		
Loans in India		
Public sector	-	-
Others	1,07,674.98	1,03,921.83
Less: Impairment loss allowance**	(6,752.60)	(7,947.85)
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Net term loans	1,00,922.37	95,973.98

Note:

Percentage of loan against jewellery to gross term loans

0.61%

0.24%

*Secured exposures are secured wholly by pledge of jewellery

** Refer Note 75

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

7 Loans (contd.)

The company has not granted any loans or advances either severally or jointly with any other person, repayable on demand without specifying any terms of period of repayment to

1. Promoters
2. Directors
3. KMP &
4. Other related parties as defined under Companies Act 2013"

8 Investments

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost		
Investment in Mutual Fund Liquid fund	-	-
- Investment in Unquoted Equity Shares	756.94	-
- Investment in pass-through certificates (unquoted)	554.34	380.09
Total Investments	1,311.28	380.09
(i) Investments outside India	-	-
(ii) Investments in India	1,311.28	380.09
Total Investments	1,311.28	380.09

Notes:

Pass through certificates at amortized cost have stated interest rates of 14.50% (March 31, 2021: 14.5%) and will mature within next one year.

9 Other financial assets

Unsecured, considered good (At Amortised Cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	150.24	118.58
Unbilled revenue	84.76	136.80
Employee advances	59.25	64.28
Advances given under the business correspondence arrangement	17.25	-
Amounts receivable from trustees under Pass through securities	-	165.00
Other's	1,793.40	1,934.18
Total	2,104.90	2,418.84

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

10 Property, plant and equipment

Particulars	Buildings	Computers and Accessories	Furniture and fittings	Vehicles	Office equipment	Leasehold improvements	Total
Cost							
As at March 31, 2020	42.28	220.14	32.15	0.95	276.63	297.60	869.75
On acquisition of Varam Capital (also refer note 76)	-	-	-	-	-	-	-
Additions	-	16.77	-	-	93.15	48.09	158.01
Deletions	-	(0.73)	-	-	-	-	(0.73)
As at March 31, 2021	42.28	236.18	32.15	0.95	369.78	345.69	1,027.03
Additions	-	251.35	-	-	65.39	4.61	321.35
Deletions	-	0.58	0.17	-	1.72	-	2.47
As at March 31, 2022	42.28	486.95	31.98	0.95	433.45	350.30	1,345.91
Accumulated depreciation							
As at March 31, 2020	7.82	91.01	12.99	0.43	115.50	97.63	325.38
Depreciation for the year	3.34	82.61	5.19	0.14	99.71	62.15	253.14
Deletion	-	(0.71)	-	-	-	-	(0.71)
As at March 31, 2021	11.16	172.91	18.18	0.57	215.21	159.78	577.81
Depreciation for the year	3.03	64.22	3.28	0.14	81.14	54.43	206.24
Deletion	-	(0.57)	-	-	-	-	(0.57)
As at March 31, 2022	14.19	236.56	21.46	0.71	296.35	214.21	783.48
Carrying amount (net)							
As at March 31, 2021	31.12	63.27	13.97	0.38	154.57	185.91	449.22
As at March 31, 2022	28.09	250.39	10.52	0.24	137.10	136.09	562.43

Note

- The Buildings referred in the note above relates to a premises constructed by the company upon a leasehold land taken from Sachchida Nand Painuly on 15th December 2011 for a period of 8 years which is extended to another 10 years.
- None of the assets have been revalued during the year

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Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

10A Intangible Assets

Particulars	Customer Contract	Goodwill	Computer Softwares	Total
Cost				
As at March 31, 2020	853.17	191.04	431.22	1,475.43
On acquisition of Varam Capital (also refer note 76)	-	-	-	-
Additions	-	-	6.29	6.29
Deletions	-	-	-	-
As at March 31, 2021	853.17	191.04	437.51	1,481.72
Additions	-	-	136.25	136.25
Deletions	-	-	-	-
As at March 31, 2022	853.17	191.04	573.76	1,617.97
Accumulated amortisation				
As at March 31, 2020	201.72	-	59.84	261.56
Amortisation for the year	170.63	-	75.79	246.42
Deletion	-	-	-	-
As at March 31, 2021	372.35	-	135.63	507.98
Amortisation for the year	170.63	-	94.71	265.34
Deletion	-	-	-	-
As at March 31, 2022	542.98	-	230.34	773.32
Carrying amount (net)				
As at March 31, 2021	480.82	191.04	301.88	973.74
As at March 31, 2022	310.19	191.04	343.42	844.65

10B Right of use assets ('ROUA')

Particulars	Office premises	Total
Gross block value		
As at March 31, 2020	986.00	986.00
Additions	257.58	257.58
Deletions	-	-
As at March 31, 2021	1,243.58	1,243.58
Additions	4.17	4.17
Deletions	-	-
As at March 31, 2022	1,247.75	1,247.75
Accumulated depreciation		
As at March 31, 2020	240.90	240.90
Depreciation for the year	173.78	173.78
Deletion	-	-
As at March 31, 2021	414.68	414.68
Depreciation for the year	169.72	169.72
Deletion	-	-
As at March 31, 2022	584.40	584.40
Carrying amount (net)		
As at March 31, 2021	828.90	828.90
As at March 31, 2022	663.35	663.35

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Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

11 Other non-financial assets (At Amortised Cost)

Unsecured, Considered Good.

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with government authorities	847.05	894.27
Prepaid expenses	215.67	107.81
Advance to vendors	105.77	26.70
Total	1,168.49	1,028.78

12 Derivative financial instruments

Particulars	As at March 31, 2022	As at March 31, 2021
Currency derivatives		
Cross currency interest rate swaps	294.91	231.36
Total	294.91	231.36

13 Trade Payables

Particulars	As at March 31, 2022	As at March 31, 2021
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	214.26	333.60
Total	214.26	333.60
Out of the aforesaid payable, dues to related parties and other parties are as under:		
To related parties (Refer Note 40)	-	45.17
Other than related parties	214.26	288.43
Total	214.26	333.60

13.1 Trade payables ageing schedule as on 31st March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	214.21	0.06	-	-	214.26
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	214.21	0.06	-	-	214.26

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Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

13.2 Trade payables ageing schedule as on 31st March 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	333.57	0.02	-	-	333.60
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	333.57	0.02	-	-	333.60

14 Debt securities

Particulars	As at March 31, 2022	As at March 31, 2021
At amortised cost:		
Secured debentures		
Redeemable, non-convertible debentures		
- from others	4,045.39	5,759.19
- from related parties	8,954.47	3,501.37
Unsecured debentures		
Redeemable, non-convertible debentures (Unsecured)	1,208.28	1,600.42
Commercial Paper		
- from related parties	485.20	-
Total	14,693.34	10,860.98
Debt securities in India	14,693.34	10,860.98
Debt securities outside India	-	-
Total	14,693.34	10,860.98

- a) The Company has not classified any of its debt securities as immediately due during the year due to breach of covenants since the management is confident that there will not be any recall of such debt based on their discussion with instrument holders.

A) Debt securities - Secured - Redeemable non-convertible debentures (NCDs) - Others

Particulars	Tenor (years)	Maturity Date	As at March 31, 2022	As at March 31, 2021
- 0 units (March 31, 2021: 150 units) redeemable non-convertible debentures of INR 10 Lakhs each	-	25-Aug-21	-	208.78
- 0 units (March 31, 2021: 450 units) redeemable non-convertible debentures of INR 0.1 Lakhs each	-	28-Mar-22	-	45.05
- 0 units (March 31, 2021: 734 units) redeemable non-convertible debentures of INR 0.1 Lakhs each	-	04-Sep-21	-	73.43
- 711 units (March 31, 2021 : 642 units) redeemable non-convertible debentures of INR 1 Lakhs each	2-5 years	Various	796.24	702.26
- 0 units (March 31, 2021 : 250) redeemable non-convertible debentures of INR 10 Lakhs each	-	25-Feb-22	-	2,666.18

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

14 Debt securities (contd.)

Particulars	Tenor (years)	Maturity Date	As at March 31, 2022	As at March 31, 2021
- 0 units (March 31, 2021 : 200) redeemable non-convertible debentures of INR 10 Lakhs each	-	25-Mar-22	-	2,114.67
- 30000 units (March 31, 2021: 0) redeemable non-convertible debentures of INR 10 thousands each	3 years	28-Jun-23	3,319.86	-
Less: Unamortised processing fees			-70.71	-51.18
			4,045.39	5,759.19
As at balance sheet date, interest rates range for the non convertible debentures			12.5% p.a - 18.50% p.a	10.90% p.a - 18.50% p.a

B) Debt securities - Secured - Redeemable non-convertible debentures (NCDs) from Related Parties

Particulars	Tenor (years)	Maturity Date	As at March 31, 2022	As at March 31, 2021
- 170 units (March 31, 2021: 270) redeemable non-convertible debentures of INR 10 Lakhs each	2.33 years	30-Mar-23	1,700.00	2,701.05
- 80 units (March 31, 2021: 80) redeemable non-convertible debentures of INR 10 Lakhs each	2.33 years	30-Mar-23	800.00	800.32
- 2000 units (March 31, 2021: 0) redeemable non-convertible debentures of INR 1.00 Lakh each	3.42 years	30-Sep-24	2,275.31	-
- 200 units (March 31, 2021: 0) redeemable non-convertible debentures of INR 10 Lakhs each	1 year	28-Feb-24	2,000.78	-
- 20000 units (March 31, 2021: 0) redeemable non-convertible debentures of INR 10 thousands each	3 years	28-Jun-24	2,223.07	-
Less: Unamortised processing fees			-44.69	-
			8,954.47	3,501.37
As at balance sheet date, interest rates range for the Unsecured non convertible debentures			14.25% p.a - 14.96% p.a	14.25% p.a

Notes:

- NCDs are secured by specific charge on loans in favour of the Trustee for the benefit of the debenture holders. The Company needs to maintain 100% - 120% security cover for the outstanding NCDs at any point of time.
- Interest for the above NCDs are payable on monthly/quarterly/half yearly / yearly basis.

C) Debt securities - Unsecured - Redeemable non-convertible debentures

Particulars	Tenor (years)	Maturity Date	As at March 31, 2022	As at March 31, 2021
- 20,000,000 units (March 31, 2021: 20,000,000 units) redeemable non-convertible debentures of INR 10 each	5 years	30-May-24	1,234.28	1,634.29
Less: Unamortised processing fees			-26.00	-33.87
			1,208.28	1,600.42
As at balance sheet date, interest rates range for the unsecured non convertible debentures			13.71%	13.71%

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

14 Debt securities (contd.)

D) Short Term Commercial Paper:

Name of the lender	Tenor (years)	Maturity Date	As at March 31, 2022	As at March 31, 2021
Northern Arc Capital Pvt Ltd (Money Market Alpha Fund)	4	07-Jul-22	500.00	-
Less: Discount on CP			-14.80	
			485.20	-
As at balance sheet date, discount rate for Commercial Papers			12.40%	

Notes:

- a) The principal repayment for all the unsecured NCDs and CPs is on the date of maturity or upon exercise of put / call option as applicable respectively.

15 Borrowings (Other than debt securities) (also refer note 4)

Particulars	As at March 31, 2022	As at March 31, 2021
Measured at amortised cost		
Secured borrowings		
Term Loan from banks	14,246.56	23,650.81
Term Loan from others	37,215.48	35,490.22
Term Loan from Related parties	10,535.02	4,839.82
Securitization borrowings	1,369.97	3,473.73
External commercial borrowings	6,639.70	6,726.77
Loan repayable on demand		
from banks	1,376.53	319.23
from related parties	3,070.33	500.16
Total	74,453.60	75,000.74
Borrowings in India	67,813.90	68,273.97
Borrowings outside India	6,639.70	6,726.77
SubTotal	74,453.60	75,000.74

- a) The Borrowings have not been guaranteed by Director or others
- b) The Company has borrowings from banks & FIs on the basis of security of Loans disbursed and the quarterly returns / statements of Book debts filed with banks are in agreement with books of accounts.
- c) The company has used the borrowings from banks and FIs for the specific purpose for which they were taken
- d) There were no delays in repayment of borrowings as at March 31, 2022 and as at March 31, 2021
- e) No Bank or Lender has declared the company as wilful defaulter
- f) All charges / satisfaction of charges are registered with Registrar of Companies within statutory period
- g) The Company has not classified any of its borrowings as immediately due during the year due to breach of covenants since the management is confident that there will not be any recall of such loans based on their discussion with lenders

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

15 Borrowings (Other than debt securities) (also refer note 4) (contd.)

A) Term Loans from Banks:

Name of the lender	Tenor (years)	As at March 31, 2022	As at March 31, 2021
State Bank of India	4.25	4,499.98	6,562.10
Bank of Baroda	4	1,420.51	2,476.30
IDFC First Bank Limited	2	250.00	1,745.45
Utkarsh Small Finance Bank	3.3	77.50	1,244.23
ESAF Small Finance Bank	3.2	612.42	1,317.95
Punjab National Bank (Erstwhile United Bank Of India)	3	619.08	1,320.74
Federal Bank	3	1,100.31	1,767.17
Ujjivan Small Finance Bank	-	-	656.54
Fincare Small Finance Bank	-	-	411.91
HDFC Bank	-	-	378.82
Axis Bank	-	-	187.51
City Union Bank Ltd	2.5	662.82	177.30
Union Bank of India	-	-	-
UCO Bank	-	-	19.43
SIDBI	-	-	481.99
DBS Bank	2	954.55	2,614.89
Bank of India	3.25	1,666.72	2,498.61
Indian Bank	2	2,508.29	-
Less: Unamortised Processing fees		-125.61	-210.13
Total		14,246.56	23,650.81
As at balance sheet date, interest rates range for the term loans from banks		10.25% p.a to 14%p.a	6.85% p.a to 14%p.a

Notes:

- All the above borrowings are secured by specific charge on the company's Loan assets. The Company needs to maintain a security cover ranging from 1 to 1.33 times of the outstanding amount at any point of time. Further, the Company has given cash collateral amounting to INR 2284.10 Lakhs (March 31, 2021: INR 4,089.09 Lakhs) for the borrowings undertaken.
- Interest rates vary amongst the borrowings between fixed and floating rates and are payable on a monthly basis. The interest rates disclosed above represent the rates of interest as at March 31, 2022 and March 31, 2021 respectively.

B) Term Loans from others:

Name of the lender	Tenor (years)	As at March 31, 2022	As at March 31, 2021
MAS Financial Services Limited	Various	19,534.38	14,908.43
Maanaveeya Development and Finance Private Limited	3	4,213.95	3,722.25
Manappuram Finance Limited	-	-	762.85
Nabkisan Finance Limited	3 to 3.71	1,620.92	2,714.02
Shapoorji Pallonji Finance Private Limited	-	-	909.48
Muthoot Capital Services Limited	3.42	708.58	708.61
Shriram City Union Finance Limited	-	-	132.03
Hinduja Leyland Finance Limited	3	1,086.00	1,717.66
Nabsamrudhi Finance Limited	2.24	62.50	499.15
Incred Financial Services Limited	2.02 to 2.21	1,322.36	1,397.44
Nab Financial Services Limited	2.03	879.26	1,500.57
Muthoot Finance Services Limited	1.5	265.51	867.34

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

15 Borrowings (Other than debt securities) (also refer note 4) (contd.)

Name of the lender	Tenor (years)	As at March 31, 2022	As at March 31, 2021
Caspian Impact Investments Private Limited	2 to 3	1,378.15	1,581.80
Hiranandani Financial Services Private Limited	2.05	1.65	344.27
FedBank Financial Services Ltd	-	-	233.56
EcLEAR Leasing and Finance Private Limited	2.19	508.28	289.31
UGRO Capital Limited	2.44	0.24	189.80
Habitat Micro Build India Housing Finance Company Private Limited	2.17	370.48	71.80
Profectus Capital Private Limited	2	465.35	-
Kissanadhan Agri Financial Services Private Limited	2	854.58	-
Growth Source Financial Technologies Private Limited	2.02	293.80	798.10
Cholamandalam Investment and Finance Company Limited	1.51	877.69	427.33
Arohan Financial Services Ltd	1.97	1,722.48	1,447.45
Moneywise Financial Services Pvt. Ltd. (SMC Finance)	2.05	270.94	505.25
RAR Fincare limited	2	100.62	-
Sundaram Finance Limited	3	1,000.69	-
Less: Unamortised processing fees		-322.92	-238.28
Total		37,215.48	35,490.22
As at balance sheet date, interest rates range for the term loans from others		12.26 % p.a to 14.75% p.a	12.26 % p.a to 15.50% p.a

Notes:

- All the above borrowings are secured by specific charge on the company's loan assets. The Company needs to maintain a security cover ranging from 1 to 1.25 times of the outstanding loan amount at any point of time. Further, the Company has given cash collateral amounting to INR 1855.27 Lakhs (March 31, 2021: INR 1,946.23 Lakhs) for the borrowings undertaken.
- Interest rates vary amongst the borrowings between fixed and floating rates and are payable on a monthly basis. The interest rates disclosed above represent the rates of interest as at March 31, 2022 and March 31, 2021 respectively.
- Above balance excludes securitisation related borrowing balance as at March 31, 2022 amounting to INR 1369.97 Lakhs (March 31, 2021 INR 3473.73 Lakhs)

C) Term Loans from related parties:

Name of the lender	Tenor (years)	As at March 31, 2022	As at March 31, 2021
Northern Arc Capital Limited	2.01 to 3.03	10,602.73	4,888.34
Less: Unamortised processing fees		-67.71	-48.52
		10,535.02	4,839.82
As at balance sheet date, interest rates range for the term loans from related party		13.00% p.a. to 14.25% p.a.	12.00 % p.a to 16.40% p.a

- All the above borrowings are secured by specific charge on the company's loan assets. The Company needs to maintain a security cover ranging from 1 to 1.1 times of the outstanding loan amount at any point of time.
- Interest rates vary amongst the borrowings between fixed and floating rates and are payable on a monthly basis. The interest rates disclosed above represent the rates of interest as at March 31, 2022 and March 31, 2021 respectively.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

15 Borrowings (Other than debt securities) (also refer note 4) (contd.)

D) Foreign borrowings

Name of the lender	Tenor (years)	Maturity Date	As at March 31, 2022	As at March 31, 2021
External commercial borrowing - DKM Mikrofinanzfonds	3	09-Mar-24	2,118.90	2,162.64
External commercial borrowing - IIV Mikrofinanzfonds	3	05-Mar-24	4,668.36	4,751.58
Less: Unamortised processing fees			-147.56	-187.45
			6,639.71	6,726.77
As at balance sheet date, interest rates range for foreign borrowing			11.79%	11.79%

Notes:

- All the above loans are secured by specific charge on loans.
- Interest rates are floating and are payable on a Quarterly basis. The interest rates disclosed above represent the rates of interest as at March 31, 2022. The company has further hedged this interest risk.

E) Loan repayable on demand:

Name of the lender	Tenor (years)	As at March 31, 2022	As at March 31, 2021
From Bank			
State Bank of India	1	373.76	-
Indian Bank	1	1,002.77	-
Axis Bank	1	-	319.21
		1,376.53	319.21
From Related Parties			
Dvara Trust	0.24 to 1 year	253.00	500.16
Dvara Holdings	0.42 to 1 year	2,817.33	-
		3,070.33	500.16
		4,446.86	819.37
As at balance sheet date, interest rates range for the Loans repayable on demand		4% p.a to 14%p.a	11.35% to 12%

- All the above borrowings from Indian Bank and Axis Bank are secured by specific charge on the company's Loan assets and loans taken from State Bank Of India is secured by cash collateral. The Company needs to maintain a security cover ranging from 1.10 times to 1.25 times of the outstanding amount at any point of time. Further, the Company has given cash collateral amounting to INR 611 Lakhs (March 31, 2021: INR 0 Lakhs) for the borrowings undertaken from Indian Bank and State Bank of India

Particulars	As at March 31, 2022	As at March 31, 2021
15a Subordinate Liabilities		
Debentures	3,267.93	3,250.02
Subordinate Term Loan from banks	500.00	506.78
Total	3,767.93	3,756.80

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

15 Borrowings (Other than debt securities) (also refer note 4) (contd.)

I) Subordinate Liabilities

Name of the lender	Tenor (years)	Maturity Date	As at March 31, 2022	As at March 31, 2021
Debentures				
- 120,000,000 units (March 31, 2021: 120,000,000 units) redeemable non-convertible debentures of INR 1 each	6 years	28-Jul-22	1,200.00	1,232.72
- 180,000,000 units (March 31, 2021: 180,000,000 units) redeemable non-convertible debentures of INR 1 each	6 years	29-Jun-22	1,800.01	1,801.56
- 2,710,000 units (March 31, 2021: 2,610,000 units) non-convertible debentures of INR 10 each	5 years	Various	271.00	261.00
Term Loan				
IDFC First Bank Limited	5.1	17-May-24	500.00	506.78
Less: Unamortised processing fees			-3.08	-45.26
			3,767.93	3,756.80
As at balance sheet date, interest rates range for Subordinated Liabilities			12.5% p.a to 18.5%p.a	12.5% p.a to 18.5%p.a

Notes:

The Company has not classified any of its Subordinated Liabilities as immediately due during the year as there was no breach of covenants during the year.

16 Other financial liabilities (At Amortised Cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Payable to assignees towards collections in assigned assets-securitization	553.01	1,433.69
Lease liabilities*	889.33	1,034.08
Amounts payable under business correspondence arrangement	-	95.00
Other payable	597.38	213.34
Total	2,039.72	2,776.11

*Refer Note - 42 for Movement of Lease Liability.

17 Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for guarantee	74.17	289.84
Provision for employee benefits	-	-
Provision for gratuity (also refer note 38)	18.73	110.26
Provision for leave encashment (also refer note 38)	53.17	55.78
Provision for performance based incentive	-	-
Provision for service tax liability	18.75	18.75
Total	164.81	474.63

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

18 Other non-financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory liabilities	240.74	168.25
Payable to employees	270.90	118.06
Total	511.64	286.31

19 Equity share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
13,900,000 (March 31, 2021: 13,900,000) equity shares of INR 100 each	13,900.00	13,900.00
2,000,000 (March 31, 2021: 2,000,000) 0.001% compulsorily convertible cumulative preference shares of INR 100 each	2,000.00	2,000.00
	15,900.00	15,900.00
Issued, subscribed and fully paid up		
Equity shares:		
10,887,144 (March 31, 2021: 10,887,144) equity shares of INR 100 each	10,887.14	10,887.14
	10,887.14	10,887.14

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount in Lakhs of INR	Number of shares	Amount in Lakhs of INR
Equity shares of INR 100 each				
As at beginning of the year	1,08,87,144	10,887.14	1,08,65,706	10,865.71
Shares issued	-	-	21,438	21.43
Conversion of compulsorily convertible preference shares	-	-	-	-
As at the end of the year	1,08,87,144	10,887.14	1,08,87,144	10,887.14

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount in Lakhs of INR	Number of shares	Amount in Lakhs of INR
0.001% compulsorily convertible cumulative redeemable preference shares of INR 100 each				
As at beginning of the year	-	-	-	-
Shares issued	-	-	-	-
Conversion of compulsorily convertible cumulative redeemable preference shares in equity shares	-	-	-	-
As at the end of the year	-	-	-	-

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

19 Equity share capital (contd.)

Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	As on 31st March 2022	As on 31st March 2021	As on 31st March 2020	As on 31st March 2019	As on 31st March 2018
	Number of shares	Number of shares	Number of shares	Number of shares	Number of shares
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-

Statement of changes in equity

(1) Current reporting period

Particulars	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
Equity share capital	1,08,87,144	-	1,08,87,144	-	1,08,87,144

(2) Previous reporting period

Particulars	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
Equity share capital	1,08,65,706	-	1,08,65,706	21,438	1,08,87,144

Rights, preferences and restrictions attached to equity share

The Company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. In case of partly paid up shares, dividend rights is proportionate to amounts paid up on the face value of shares. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

In the event of liquidation of the Company, the holders 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 equity shares held by the shareholders.

Rights, preferences and restrictions attached to compulsorily convertible preference shares

Each Compulsorily convertible cumulative preference shares is convertible by its holder into one equity share. The holders of these shares are entitled to a cumulative dividend of 0.001%.

Preference shares of both classes carry a preferential right as to dividend over equity shareholders. The preference shares are entitled to one vote per share at meetings of the Company on any resolutions of the company directly affecting their rights. In the event of winding up, preference shareholders have a preferential right over equity shareholders to be repaid to the extent of capital paid-up and dividend in arrears on such shares.

The Company has not issued any shares without payment being received in cash in the last 5 years immediately preceding the Balance sheet date.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

19 Equity share capital (contd.)

Details of shareholders holding more than 5% shares in the company

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	Number of shares	% of total shares in class	Number of shares	% of total shares in class
Dvara Holdings- Trustee of Dvara Trust	34,96,583	32.12%	34,96,583	32.12%
LeapFrog Financial Inclusion India (II) Limited	25,08,105	23.04%	25,08,105	23.04%
Accion Africa-Asia Investment Company	23,64,896	21.72%	23,64,896	21.72%
Nordic Microfinance Initiative Fund IV KS	18,39,248	16.89%	18,39,248	16.89%
Stakeboat Capital Fund-I	6,56,874	6.03%	6,56,874	6.03%

Also refer note 39 in relation to ESOP.

Shareholding of promoters

Shares held by promoters at 31st March 2022

S. No	Promoter name	No. of Shares	% of total shares	% Change during the year
1	Dvara Holdings- Trustee of Dvara Trust	34,96,583	32.12%	0%
	Total	34,96,583	32.12%	0%

Shares held by promoters at 31st March 2021

S. No	Promoter name	No. of Shares	% of total shares	% Change during the year
1	Dvara Holdings- Trustee of Dvara Trust	34,96,583	32.12%	0%
	Total	34,96,583	32.12%	0%

20 Other Equity

Particulars	As at March 31, 2022	As at March 31, 2021
a) Capital reserves	1,329.46	1,329.46
b) Securities premium account	35,504.84	35,504.84
c) Employee stock option outstanding account (also refer note 39)	292.06	152.68
d) Statutory reserves	1,258.94	1,247.53
e) Retained earnings (Surplus / Deficit in Statement of Profit and Loss)	(19,368.01)	(19,470.46)
f) Other comprehensive income	(64.91)	(107.28)
Balance at the end of the year	18,952.37	18,656.77

Particulars	As at March 31, 2022	As at March 31, 2021
a) Capital Reserves		
At the commencement of the year	1,329.46	1,329.46
Add: Capital reserves pursuant to the Scheme	-	-
Balance at the end of the year	1,329.46	1,329.46
b) Securities premium account		
Balance at the beginning of the year	35,504.84	35,444.69
Add: Securities premium on issue of equity shares (net of share issue expenses)	-	60.15
Balance at the end of the year	35,504.84	35,504.84

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

20 Other Equity (contd.)

Particulars	As at March 31, 2022	As at March 31, 2021
c) Employee stock option outstanding account		
Balance at the beginning of the year	152.68	47.42
Add: Share based payment expense for the year	139.38	105.26
Less: Transferred to securities premium	-	-
Balance at the end of the year	292.06	152.68
d) Statutory reserves		
(As per Section 45-IC of Reserve Bank of India Act, 1934)		
Balance at the beginning of the year	1,247.53	1,230.65
Add: Statutory reserves pursuant to the Scheme		
Add: Amount transferred from surplus in statement of profit and loss	11.41	16.88
Balance at the end of the year	1,258.94	1,247.53
e) Retained earnings (Surplus / Deficit in Statement of Profit and Loss)		
Balance at the beginning of the year	(19,470.46)	(19,550.16)
Add: Profit for the year	57.03	84.41
Add: Adjustment pursuant to the Scheme	-	-
Less :Transferred to statutory reserve	(11.41)	(16.88)
Transfer from other comprehensive income	56.82	12.17
Balance at the end of the year	(19,368.01)	(19,470.46)
f) Other comprehensive income		
Balance at the beginning of the year	(107.28)	-
Add: Remeasurements of defined benefit asset/ (liability)	56.82	12.17
Less : Cash flow hedge reserve	42.37	(107.28)
Less: Transfer to retained earnings	(56.82)	(12.17)
Balance at the end of the year	(64.91)	(107.28)
g) Share application money pending allotment		
Balance at the beginning of the year	-	-
Add: share application money received	-	-
Less: Shares allotted during the year	-	-
Balance at the end of the year	-	-
Total (a+b+c+d+e+f+g+h)	18,952.37	18,656.77

Statement of changes in equity

(1) Current reporting period

Particulars	Reserves and Surplus				Employee stock option outstanding account	Other comprehensive income	Total
	Capital reserves	Securities Premium	Statutory reserves	Retained earnings			
Balance at the beginning of the current reporting period	1,329.46	35,504.84	1,247.53	(19,470.46)	152.68	(107.28)	18,656.77
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

20 Other Equity (contd.)

Particulars	Reserves and Surplus				Employee stock option outstanding account	Other comprehensive income	Total
	Capital reserves	Securities Premium	Statutory reserves	Retained earnings			
Restated balance at the beginning of the current reporting period	1,329.46	35,504.84	1,247.53	(19,470.46)	152.68	(107.28)	18,656.77
Total Comprehensive Income for the current year	-	-	-	56.82	-	-	56.82
Profit for the year	-	-	-	57.03	-	-	57.03
Transfer from / to retained earnings	-	-	11.41	(11.41)	-	(56.82)	(56.82)
Securities premium on issue of equity shares	-	-	-	-	-	-	-
Share based payment expense for the year	-	-	-	-	139.38	-	-
Cash flow hedge reserve	-	-	-	-	-	42.37	42.37
Remeasurement of Defined Benefit Plan	-	-	-	-	-	56.82	-
Balance at the end of the current reporting period	1,329.46	35,504.84	1,258.94	(19,368.01)	292.06	(64.91)	18,952.37

(2) Previous reporting period

Particulars	Reserves and Surplus				Employee stock option outstanding account	Other comprehensive income	Total
	Capital reserves	Securities Premium	Statutory reserves	Retained earnings			
Balance at the beginning of the current reporting period	1,329.46	35,444.69	1,230.65	(19,550.16)	47.42	-	18,502.06
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

20 Other Equity (contd.)

Particulars	Reserves and Surplus				Employee stock option outstanding account	Other comprehensive income	Total
	Capital reserves	Securities Premium	Statutory reserves	Retained earnings			
Restated balance at the beginning of the current reporting period	1,329.46	35,444.69	1,230.65	(19,550.16)	47.42	-	18,502.06
Total Comprehensive Income for the current year	-	-	-	12.17	-	-	12.17
Profit for the year	-	-	-	84.41	-	-	84.41
Transfer from / to retained earnings	-	-	16.88	(16.88)	-	(12.17)	(12.17)
Securities premium on issue of equity shares	-	60.15	-	-	-	-	60.15
Share based payment expense for the year	-	-	-	-	105.26	-	105.26
Cash flow hedge reserve	-	-	-	-	-	(107.28)	(107.28)
Remeasurement of Defined Benefit Plan	-	-	-	-	-	12.17	12.17
Balance at the end of the current reporting period	1,329.46	35,504.84	1,247.53	(19,470.46)	152.68	(107.28)	18,656.77

Nature and purpose of reserve

Capital Reserves

Pursuant to Scheme of arrangement, the Company has created a capital reserve in accordance with the applicable accounting standards.

Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.

Employee stock option outstanding

The Company has established various equity settled share based payment plans for certain categories of employees of the Company. Please refer note 39 for further details of these plans.

Reserve u/s. 45-IA of the Reserve Bank of India Act, 1934 ("the RBI Act, 1934")

Reserve u/s. 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

20 Other Equity (contd.)

Surplus in the statement of profit and loss

Surplus in the statement of profit and loss is the accumulated available profit of the Company carried forward from earlier years. These reserves are free reserves which can be utilised for any purpose as may be required.

Other comprehensive income

- Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.
- The Company has applied hedge accounting for designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity as cash flow hedge reserve.

Share application money pending allotment

The amount pertains to share application money which was pending allotment of shares at the respective year end.

21 Interest income

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest income		
- Interest income on loans to customers	25,437.65	21,399.37
- Interest income on Portfolio purchased through Assignment	648.12	280.08
- Interest income from Securitisation	764.99	1,205.09
- Interest on fixed deposits*	364.23	571.20
- Others	15.16	40.54
Total	27,230.15	23,496.28

*Includes INR 24.21 Lakhs (INR 25.97 Pr Year)towards interest on margin money deposits placed to avail term loans from Banks, NBFC's & placed as cash collateral in connection with securitisations transactions.

22 Fees and commission income

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Fees income	19.32	19.81
Total	19.32	19.81

23 Net gain on fair value changes

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net gain on financial instruments at fair value through profit or loss (FVTPL)		
On trading portfolio		
- Mutual fund investments at FVTPL	258.12	60.50
Total	258.12	60.50
Fair value changes		
Realised	258.12	60.50
Unrealised	-	-
Total	258.12	60.50

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

24 Income from other services

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Commission income	828.68	847.64
Others	15.97	55.73
Total	844.65	903.37

25 Finance Costs

Finance costs on financial liabilities measured at amortised cost

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest on borrowings		
- term loans from banks	2,041.83	2,939.66
- securitised portfolio	245.23	590.03
- term loans from others	4,187.85	4,242.72
- term loans from related parties	1,221.44	745.97
- external commercial borrowings	863.08	57.09
Interest on debt securities	2,075.94	902.68
Interest on Commercial Paper	67.37	-
Interest on Subordinate Liabilities	606.50	534.53
Other interest expense	3.20	0.27
Amortisation of ancillary costs relating to borrowings	531.82	501.19
Interest expense on lease liabilities	123.57	136.70
Total	11,967.82	10,650.85

26 Impairment on financial instruments

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Impairment loss allowance on loans*	3,730.98	4,985.08
Bad debts written off	2,275.81	294.28
Total impairment of financial assets	6,006.80	5,279.36

*Impairment loss allowance on loan includes provision for guarantee (Refer Note 17)

27 Employee benefits expenses

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus	6,334.61	4,899.46
Contribution to provident and other funds	561.66	460.94
Staff welfare expenses	50.48	52.33
Employee stock option expenses	139.47	105.26
Expenses related to post-employment defined benefit plans	150.45	179.81
Total	7,236.67	5,697.80

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

28 Depreciation and amortization

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation of property, plant and equipment	206.24	253.14
Amortisation of intangible assets	265.34	246.42
Depreciation of right of use assets	169.72	173.78
Total	641.30	673.35

29 Other expenses

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Legal and professional charges (refer note 29.1)	500.43	438.53
Rent	182.63	133.68
Communication expenses	232.28	159.49
Insurance	127.83	125.35
Electricity and water charges	32.64	35.60
Rates and taxes	212.96	199.85
Office maintenance	152.76	135.96
Repairs and maintenance	0.95	1.28
Bank charges	204.10	72.12
Printing and stationery	57.27	49.98
Travelling, conveyance and lodging	641.86	505.67
Technology fees	180.27	279.94
Security charges	4.00	3.03
Recruitment and training	58.30	21.65
Corporate social responsibility expenses (refer note 29.2)	-	25.46
Other expenses	65.79	51.85
Total	2,654.05	2,239.44

29.1 Payments to auditor (excluding goods and services tax)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
As auditor:		
Statutory audit	22.50	31.00
Tax audit	-	4.00
Limited review of half yearly results	12.50	7.00
Other services	0.35	2.00
Reimbursement of expenses	0.21	1.87
Total	35.56	45.87

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

29.2 Details of Corporate Social Responsibility expenditure

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(a) Amount required to be spent by the Company during the year	-	25.46
(b) Amount of expenditure incurred during the year :	-	22.32
(c) shortfall at the end of the year,	-	3.14
(d) total of previous years shortfall,	-	-
(e) reason for shortfall,		
(f) nature of CSR activities,	-	-
(g) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	-	-
(h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	-	-

Note: Pursuant to Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, the Company is required to record provision for the unspent corporate social responsibility expenditure as per the act. Accordingly, the Company has recorded provision for the FY 2020-21 for the unspent portion amounting to INR 3.14 Lakhs which was spent during the Current Year 2021-22. Since the company's Net worth/Turn Over and Net Profit are less than the threshold limits indicated in section 135 of the companies act the provision of the section are not applicable to the company in the current year

30 Income Tax

i Amounts recognized in profit or loss

The components of income tax expense for the period ended March 31, 2022 and March 31, 2021 are as under:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current tax		
In respect of current year	-	1,220.74
In respect of previous years	(34.48)	-
	(34.48)	1,220.74
Deferred tax		
Attributable to-		
Origination and reversal of temporary differences and MAT Credit Entitlement	147.94	(1,244.57)
In respect of previous years	-	-
	147.94	(1,244.57)
Total tax charge	113.46	(23.83)

ii Income tax recognized in other comprehensive income

Income tax relating to items that will not be reclassified to profit or loss relating to remeasurement of defined benefit plans	40.75	(39.08)
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Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

30 Income Tax (contd.)

iii Reconciliation of total tax expense

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the period year March 31, 2022 and 2021 are as under:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before tax	170.49	60.58
Applicable tax rate	29.12%	29.12%
Computed tax expense	49.65	17.64
Add:		
a. Non Deductible Expenses		
Interest on delayed payment of Tax	27.78	-
On Account of Goodwill	55.63	-
b. Others	14.89	1.94
c. Tax pertaining to earlier years	-34.48	-43.41
Current tax derived	113.46	-23.83

iv Deferred tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense

Particulars	As at March 31, 2020	Statement of profit and loss	Other comprehensive income	As at March 31, 2021	Statement of profit and loss	Other comprehensive income	As at March 31, 2022
Component of Deferred tax asset / (liability)							
Deferred tax asset / (liability) in relation to:							
Difference between written down value of fixed assets as per books of accounts and income tax	99.34	0.73	-	100.07	31.57	-	131.64
Provision for employee benefits	8.18	13.06	(5.00)	16.24	22.57	(23.34)	15.47
Provision for hedge reserve	-	(0.00)	44.08	44.08	(44.07)	(17.41)	(17.41)
Impairment on financial instruments	791.22	1,541.54	-	2,332.76	(408.89)	-	1,923.87
Unamortised processing fee income / expenses	40.66	(104.50)	-	(63.84)	15.53	-	(48.31)
Carryforward of business loss	-	-	-	-	-	-	-
Others	126.78	175.36	-	62.38	302.53	-	364.37
MAT credit entitlement	1,094.34	(381.59)	-	514.93		-	514.92
Upfront income recognised on Direct Assignment transactions	-	-	-	-	(67.19)	-	-67.19
Total	2,160.53	1,244.59	39.08	3,006.62	(147.94)	(40.75)	2,817.38

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

31 Earnings per share ('EPS')

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Earnings		
Net profit attributable to equity shareholders for calculation of basic EPS	57.03	84.41
Net profit attributable to equity shareholders for calculation of diluted EPS	57.03	84.41
Shares		
Equity shares at the beginning of the period	1,08,87,144	1,08,65,706
Shares issued during the period	-	21,438
Total number of equity shares outstanding at the end of the period	1,08,87,144	1,08,87,144
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	1,08,87,144	1,08,71,579
Diluted effect of Outstanding Stock Options	32,501	48,570
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	1,09,19,645	1,09,20,149
Face value per share	100.00	100.00
Earning per share		
Basic	0.52	0.78
Diluted	0.52	0.77

32 Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating the EIR.

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Cash and cash equivalents	8,880.60	-	8,880.60	9,496.22	-	9,496.22
Bank balance other than cash and cash equivalents	3,586.16	2,257.16	5,843.32	5,901.86	2,485.07	8,386.93
Receivables						
(i) Trade receivables	149.79	-	149.79	97.36	-	97.36
Loans	59,636.61	41,285.76	1,00,922.37	52,757.31	43,216.67	95,973.98
Investments	554.34	756.94	1,311.28	380.09	-	380.09
Other financial assets	1,899.16	205.74	2,104.90	2,318.96	99.88	2,418.84
Current tax assets (net)	-	711.16	711.16	-	610.14	610.14
Deferred tax assets (net)	-	2,817.38	2,817.38	-	2,969.45	2,969.45
Property, plant and equipment	-	562.43	562.43	-	449.22	449.22
Right of Use Asset	13.62	649.73	663.35	10.28	818.62	828.90
Other intangible assets	-	844.65	844.65	-	973.74	973.74
Other non-financial assets	1,168.49	-	1,168.49	1,028.78	-	1,028.78
Total Assets	75,888.77	50,090.95	1,25,979.72	71,990.86	51,622.79	1,23,613.65
Liabilities						
Derivative financial instruments	-	294.91	294.91	-	231.36	231.36
Trade payables	-	-	-	-	-	-
-total outstanding dues of micro and small enterprises	-	-	-	-	-	-

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

32 Maturity Analysis of assets and liabilities (contd.)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
-total outstanding dues of creditors other than micro and small enterprises	214.26	-	214.26	333.60	-	333.60
Other payables	-	-	-	-	-	-
Debt securities	7,991.12	6,702.22	14,693.34	4,354.64	6,506.34	10,860.98
Borrowings (Other than debt securities)	42,707.61	31,745.99	74,453.60	47,141.62	27,859.12	75,000.74
Subordinate Liabilities	2,996.93	771.00	3,767.93	-	3,756.80	3,756.80
Other financial liabilities	954.65	1,085.07	2,039.72	1,757.75	1,018.36	2,776.11
			-			-
Current tax liabilities (net)	-	-	-	349.21	-	349.21
Provisions	93.21	71.60	164.81	346.26	128.37	474.63
Other non-financial liabilities	511.64	-	511.64	286.31	-	286.31
Total Liabilities	55,469.42	40,670.79	96,140.21	54,569.39	39,500.35	94,069.74
EQUITY						
Equity share capital	-	10,887.14	10,887.14	-	10,887.14	10,887.14
Other equity	-	18,952.37	18,952.37	-	18,656.77	18,656.77
Total Equity	-	29,839.51	29,839.51	-	29,543.91	29,543.91
Total Liabilities & Equity	55,469.42	70,510.31	1,25,979.72	54,569.39	69,044.27	1,23,613.65

Change in Liabilities arising from financing activities

Particulars	Cash flows	Change in fair values	As at March 31, 2021	Movement	Change in fair values	As at March 31, 2022
Debt Securities	10,860.98	-	10,860.98	3,832.36	-	14,693.34
Borrowings (other than debt securities)	75,000.74	-	75,000.74	(547.14)	-	74,453.60
Subordinate Liabilities	3,756.80	-	3,756.80	11.13	-	3,767.93

33 Financial instrument

A Fair value measurement

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 i.e., exit price. This is regardless of whether that price is directly observable or estimated using a valuation technique.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

33 Financial instrument (contd.)

Financial instruments by category

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2022 were as follows:

Particulars	Carrying amount		
	Amortised cost	FVTPL	FVOCI
Financial Assets:			
Cash and cash equivalents	8,880.60	-	-
Bank balance other than cash and cash equivalents	5,843.32	-	-
Receivables	149.79	-	-
Loans	1,00,922.37	-	-
Investments	1,311.28	-	-
Other financial assets	2,104.90	-	-
Total	1,19,212.26	-	-
Liabilities:			
Derivative financial instruments	-	-	294.91
Trade payables	214.26	-	-
Debt securities	14,693.34	-	-
Borrowings (Other than debt securities)	74,453.60	-	-
Subordinated Liabilities	3,767.93	-	-
Other financial liabilities	2,039.72	-	-
Total	95,168.85	-	294.91

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2021 were as follows:

Particulars	Carrying amount		
	Amortised cost	FVTPL	FVOCI
Assets:			
Cash and cash equivalents	9,496.22	-	-
Bank balance other than cash and cash equivalents	8,386.93	-	-
Receivables	97.36	-	-
Loans	95,973.98	-	-
Investments	380.09	-	-
Other financial assets	2,418.84	-	-
Total	1,16,753.42	-	-
Liabilities:			
Derivative financial instruments	-	-	231.36
Trade payables	333.60	-	-
Debt securities	10,860.98	-	-
Borrowings (Other than debt securities)	75,000.74	-	-
Subordinated Liabilities	3,756.80	-	-
Other financial liabilities	2,776.11	-	-
Total	92,728.23	-	231.36

Note:

Fair Value of Assets & Liabilities carried at Amortised Cost in the books are close to the Fair Value and hence are not separately disclosed.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

34 Financial risk management objectives and policies

- (a) The Company's principal financial liabilities comprise borrowings from banks and issue of debentures. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, investments and cash and cash equivalents that are derived directly from its operations.
- (b) The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors have an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors have established the risk committee and asset liability committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.
- (c) The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

A. a) Loans

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The Company's exposure to credit risk for loans by type of counterparty is as follows. All these exposures are with in India.

Particulars	Carrying Amount	
	March 31, 2022	March 31, 2021
Term loans	1,07,674.98	1,03,921.83
Less : Impairment loss allowance	(6,752.60)	(7,947.85)
Total	1,00,922.37	95,973.98

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due and the type of risk exposures. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments.

b) Staging:

As per Ind AS 109, general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the life span of the instrument.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

34 Financial risk management objectives and policies (contd.)

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the Days past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months Provision
1-30 Days	Stage 1	12 Months Provision
31-90 Days	Stage 2	Lifetime Provision
90+ Days	Stage 3	Lifetime Provision

c) Grouping

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. The Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into the following groups:

- Loans
- Guarantees
- Second level credit enhancement
- Investments in pass through securities

d) Expected credit loss ("ECL"):

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

- i. Probability of default ("PD")
- ii. Loss given default ("LGD")
- iii. Exposure at default ("EAD") and EAD Adjustment factor

i) Probability of default:

PD is estimated basis historical movement of accounts from non-default bucket to default bucket in own portfolio for each product. DPD status and Vintage of customer as measured by the Month-on-Book (MOB) are the two PD differentiators considered for the computation for all products.

The PDs derived from the model, quarterly snapshots of book of previous trends are taken for the historical analysis. A cross matrix of DPD and MOB is created, and default rate computed for each position in the cross tabulation. The final PD is computed based on weighted average PD computed from each snapshot. The count of borrowers in each snapshot is used as the weight to compute weighted average PD. Since this weight has an increasing trend, the recent portfolio has greater influence over the final PD and thus complies with the requirement of the PD being Point-in-Time (PIT).

ii) Loss given default

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods. Various approaches are available to compute the LGD. The Company has considered the workout LGD approach by considering historical losses and recoveries. The following steps are performed to calculate the LGD:

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(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

34 Financial risk management objectives and policies (contd.)

- 1) Analysis of historical credit impaired accounts
- 2) The computation consists of following components, which are:
 - a) Outstanding balance (Principal Outstanding and Interest Overdue) (POS)
 - b) Recovery amount (discounted yearly) by initial contractual rate.
 - c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
- 3) The formula for the computation is as below:

$$\% \text{ Recovery rate} = (\text{discounted recovery amount} + \text{discounted estimated recovery}) / (\text{total POS})$$

$$\% \text{ LGD} = 1 - \text{recovery rate}$$
- 4) Loss given default (LGD) is the estimate of loss from the transaction given that a default has occurred. The same quarterly snapshots with DPD-MOB cross Tabulation are used to compute LGD for the products, where loss rate post default is computed for each position in the cross tabulation. The weighted average LGD is computed from quarterly snapshots using defaulted principal outstanding of respective quarter as the weight. Since each product is a homogenous pool within a narrow range of yields and getting the data on accrued interest till the date of default on each individual assets would involve undue time, cost and efforts, only principal outstanding has been considered as reasonable proxy of the proportion of EAD that experiences loss after default for each product.

iii) Exposure at default

- i) As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. The Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments.
- ii) The Company has considered expected cash flows for all the loans at DPD bucket level for each of the risk segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component and interest overdue .
- iii) The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument is subject to 12mECL or Long term ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD.

EAD adjustment factor:

While PD estimates predict the probability of default of an obligor within a one year horizon, the actual exposure at the time of an event of default may be lower than the outstanding exposure at the date of respective snapshot as some repayments are likely to be received before default given the fact the repayments are made by the obligors in instalments. Thus, exposure at default is required to be adjusted by an estimated percentage of probable recovery before the asset shifts to Stage 3. Thus, EAD adjustment factor is defined as: principal outstanding at the time of default upon principal outstanding at snapshot date. Such factor is worked out for each position in the DPD-MOB cross tabulation for all the products.

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Notes to the financial statements for the period ended March 31, 2022

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34 Financial risk management objectives and policies (contd.)

e) ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yet) = EAD (yet) * conditional PD (yet) * LGD (yet) * EAD adjustment factor (yet)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

Particulars	Provisions	As at March 31, 2022	As at March 31, 2021
Stage 1	12 month provision	548.68	614.45
Stage 2	Life time provision	663.05	1,792.20
Stage 3	Life time provision	5,540.87	5,541.20
Amount of expected credit loss provided for		6,752.60	7,947.85

Also refer Note 73

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Reconciliation of ECL balance is given below:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
ECL allowance - opening balance	7,947.85	3,474.45
Addition during the year (net of reversals)	3,895.96	4,985.08
Addition during the year on account of Bad Debts	2,422.90	-
Write offs during the year	(7,514.11)	(511.68)
Closing provision of ECL	6,752.60	7,947.85

Also refer Note 73

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Notes to the financial statements for the period ended March 31, 2022

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334 Financial risk management objectives and policies (contd.)

Analysis of changes in the gross carrying amount of loans:

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	85,302.02	8,689.46	9,930.35	1,03,921.83	82,982.37	925.67	2,756.12	86,664.16
New assets originated *	74,749.56	4.10	1,053.68	75,807.34	55,372.19	4,669.95	2,138.56	62,180.71
Asset derecognised or repaid	(60,194.92)	(4,301.11)	(44.05)	(64,540.08)	(43,711.81)	(404.61)	(153.49)	(44,269.92)
Movement Between Stages								
Transfer from stage 1	(9,065.10)	5,532.33	3,532.77	-	(9,358.46)	3,985.74	5,372.72	-
Transfer from stage 2	705.98	(3,987.71)	3,281.73	-	14.60	(487.50)	472.90	-
Transfer from stage 3	139.42	96.34	(235.76)	-	3.13	0.21	(3.34)	-
Write offs	-	-	(7,514.11)	(7,514.11)	-	-	(653.12)	(653.12)
As at the end of the year	91,636.96	6,033.40	10,004.62	1,07,674.98	85,302.02	8,689.46	9,930.35	1,03,921.83

* New assets originated are those assets which have originated during the year

Analysis of changes in the ECL of loans:

Particulars	As at March 31, 2022			Total	As at March 31, 2021			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
As at the beginning of the year	614.45	1,792.20	5,541.20	7,947.85	1,390.07	260.82	1,823.56	3,474.45
New assets originated *	538.31	0.85	588.71	1,127.87	927.56	1,315.82	1,414.96	3,658.34
Asset derecognised or repaid	(433.50)	(887.83)	(24.61)	(1,345.94)	(731.90)	(116.01)	(109.97)	(957.88)
Movement Between Stages								
Transfer from stage 1	(65.28)	39.84	25.44	-	(156.77)	66.77	90.00	-
Transfer from stage 2	145.73	(823.14)	677.41	-	4.11	(137.36)	133.25	-
Transfer from stage 3	77.90	53.83	(131.73)	-	2.07	0.14	(2.21)	-
Write offs	-	-	(7,514.11)	(7,514.11)	-	-	(653.12)	(653.12)
Impact on ECL on account of movement between stages / updates to the ECL model	(328.93)	487.30	6,378.55	6,536.93	(820.70)	402.02	2,845	2,426.06
As at the end of the year	548.68	663.05	5,540.87	6,752.60	614.45	1,792.20	5,541.20	7,947.85

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34 Financial risk management objectives and policies (contd.)

f) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of the aforesaid balances.

g) Modified financial assets

- i) During the current year, the Company has restructured 40,228 loan accounts in accordance with the Resolution framework II for Covid-19 related stress issued by RBI vide circular number RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 05th May 2021. Apart from the same, the Company had restructured 6717 loan accounts that were not eligible to be restructured as per the RBI dispensation. These accounts have been reviewed and assessed as having a significant increase in credit risk and accordingly loss allowances for these loans have been provided. The net carrying amount of modified financial assets as at March 31, 2022 is INR 7677.02 Lakhs (Gross carrying amount of INR 8686.39 Lakhs, netted off with impairment allowance of INR 1009.37 Lakhs)
- ii) Company has a policy of reviewing its ECL model annually. During the current year the company has made an annual review and made such refinements to the model and assumptions that in its opinion are essential. Due to these changes, the estimated provision is lower by INR 746.6 Lakhs
- iii) The Company has adopted definition of "Allied Agriculture activity" in place of generic classification of loans under "Agriculture". Accordingly, loans amounting to INR 5768 Lakhs advanced by the company for activities which were hitherto classified under the boarder head Agriculture have been reclassified under the head 'Allied Agriculture activities' and have been treated as eligible for restructuring under the provisions of the circular No DOR.STR.REC.11/21.04.048/2021-22 on "Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" dated May 5, 2021 of RBI.

Due to this reclassification an excess provision of INR 400 Lakhs has been written back. The Company has also written to RBI in this regard

- iv) RBI vide circular dated 12th Nov 2021 - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications, notification RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 (IRACP) has clarified /harmonised certain aspects of the regulatory guidelines with a view to ensuring uniformity in the implementation of IRACP norms across all lending institutions. the company will comply with the norms or changes for regulatory reporting w.e.f 01 October 2022 as per extended timelines provided by RBI vide circular dated 15 February 2022. Such clarification/harmonisation has no impact on the results for the quarter and year ended 31st March 2022 as the company continues to prepare the financial results in accordance with the applicable IND AS guidelines
- h) Company has originated certain loan portfolio as business correspondent for another NBFC on a principal-to-principal basis. Company has right of contractual cash flow from the lending and has fully guaranteed the loans to that NBFC. Consequently, Company has accounted fully the loan amount as asset in the books of accounts of the Company INR. 20535.88 Lakhs (year ended Mar 21 INR 15099.49Lakhs)
- i) The Company has been predominantly extending loans under the JLG (joint liability group) mechanism to its customers. While enrolling its customers, the company conducts a detailed assessment of the financial position of the customer household through preparation of a Financial Wellbeing Report (FWR) which records the stated income and expenditure of the customer and its household. The FWR is further validated by the customer by way of a self-declaration.

Basis this declaration of household income, the Company has complied with the Master Direction of RBI and the overall exposure to Micro Finance loans is below 10%. as on 31st March, 2022"

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34 Financial risk management objectives and policies (contd.)

j) Analysis of credit concentration risks

The Company's concentrations of risk are managed by counterparty and geography. The maximum credit exposure to any individual client or counterparty as of March 31, 2022 was INR 5 Lakhs (March 31, 2021: INR 17.05 Lakhs)

The following table shows the risk concentration of loan portfolio by geography.

Geography	Year ended March 31, 2022	Year ended March 31, 2021
Tamil Nadu	72,301.39	75,524.52
Odisha	12,645.47	10,380.77
Karnataka	8,690.56	7,823.96
Chhattisgarh	4,648.85	4,070.44
Uttarakhand	4,501.46	4,721.87
Jharkhand	2,653.87	1,400.27
Bihar	2,232.11	-
Others	1.27	-
Total	1,07,674.98	1,03,921.83

B. Cash and cash equivalent and Bank deposits

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

C. Other financial assets and Receivables

This balance is primarily constituted by security deposits and advance to employees. The Company does not expect any losses from non-performance by these counter-parties.

(ii) Liquidity risk

- Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India. The company has Asset Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the company. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.
- The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilised cash credit facility, term loans and direct assignment.
- The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.
- Capital adequacy ratio of the Company, as on March 31, 2022 is 25.33% (YE March 31, 2021: 27.95%) against regulatory norms of 15%. Tier I capital is 24.93 % (YE March 31, 2021: 24.60%) as against requirement of 10%. Tier II capital is 0.40% (YE March 31, 2021: 3.35%) which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

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Notes to the financial statements for the period ended March 31, 2022

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34 Financial risk management objectives and policies (contd.)

Maturity profile of non-derivative financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Carrying amount	Less than 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
Non-derivative financial liabilities					
As at March 31, 2022:					
Trade Payables	214.26	214.26	-	-	-
Debt Securities*	14,849.56	8,059.82	6,789.74	-	-
Borrowings (Other than Debt Securities)*	75,133.63	43,175.34	31,958.29	-	-
Subordinate Liabilities*	3,771.00	3,000.00	771.00	-	-
Other financial liabilities	2,039.72	954.95	327.57	99.63	657.57
Total	96,008.18	55,404.37	39,846.60	99.63	657.57
As at March 31, 2021:					
Financial Liabilities					
Trade payables	333.60	333.60	-	-	-
Debt Securities*	10,860.98	4,158.76	6,702.22	-	-
Borrowings (Other than Debt Securities)*	75,000.74	43,254.75	31,745.99	-	-
Subordinate Liabilities*	506.78	-264.22	3,767.78	771.00	
Other financial liabilities*	2,776.11	1,757.76	213.68	109.69	694.97
Total	92,739.21	49,504.87	42,429.67	109.69	694.97

* Gross of unamortized processing fee

Maturity profile of derivative financial liabilities

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. There is no derivative instruments that is settled on a net basis.

Particulars	Carrying amount	Less than 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
Derivative financial instruments					
As at March 31, 2022:					
Gross settled:					
Interest Rate swaps					
- Payable	294.91	294.91	-	-	-
Total	294.91	294.91	-	-	-
As at March 31, 2021:					
Gross settled:					
Interest Rate swaps					
- Payable	231.36	231.36	-	-	-
Total	231.36	231.36	-	-	-

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Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

34 Financial risk management objectives and policies (contd.)

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

Sensitivity analysis - Increase/ decrease of 100 basis points

Particulars	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Debt Securities	(127.77)	127.77	(86.70)	86.70
Borrowings	(747.27)	747.27	(726.57)	726.57
Bank Deposits	113.43	(113.43)	83.87	(83.87)
Subordinate Liabilities	(37.62)	37.62	(35.09)	35.09

(b) Foreign currency risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering into cross currency swaps.

The carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows:

Days past dues status	Rupees	Total
As at March 31, 2022		
Financial Assets	-	-
Financial Liabilities	6,639.70	6,639.70
As at March 31, 2021		
Financial Assets	-	-
Financial Liabilities	6,859.86	6,859.86

35 Commitments

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	-	-

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36 Contingent liabilities

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Claims against the Company not acknowledged as debt		
Service tax related matters (net of provision)	44.86	44.86
Income tax related matters	-	27.74
Deposits placed with business facilitator	100.48	-

37 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2022 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a. The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period		
Principal	-	-
Interest	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Note: The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the Company. Based on the information available with the Company, as at the year end, there are no dues to micro and small Enterprises that are reportable under the MSMED Act, 2006.

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38 Employee benefits

Defined contribution plans

The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expenses in the statement of profit and loss during the period in which the employee renders the related service. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 476.50 Lakhs (March 31, 2021: INR 382.20 Lakhs).

The Company's gratuity benefit scheme is a defined plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past services and the fair value of any plan assets are deducted. The Calculation of the Company's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

Details of actuarial valuation of gratuity pursuant to the Ind AS 19

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A. Change in present value of obligations		
Present value of obligations at the beginning of the year	311.14	217.84
Benefits paid	(55.79)	(19.32)
Current service cost	134.74	118.00
Interest cost	15.08	11.34
Actuarial (gains) losses recognised in other comprehensive income	(77.61)	(16.71)
Present value of obligations at the end of the year	327.55	311.14
B. Change in plan assets		
Fair value of plan assets at the beginning of the year	200.88	84.15
Adjustment to Opening Fair Value of Plan Asset	-	1.54
Contributions paid into the plan	148.13	126.72
Benefits paid	(55.79)	(19.32)
Interest Income	12.87	7.34
Return on plan assets recognised in other comprehensive income	2.74	0.46
Fair value of plan assets at the end of the year	308.83	200.88
Net defined benefit liability	18.72	110.27
C. Expense/ (income) recognised in the statement of profit and loss		
Current service cost	134.74	118.00
Net interest	2.20	4.00
Total	136.94	122.00
Remeasurements recognised in other comprehensive income		
Actuarial loss on defined benefit obligations	(80.35)	(17.17)

D. Plan assets

The Plan is fully funded by the Company. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out below. Employees do not contribute to the plan. This plan is funded with SBI.

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Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

38 Employee benefits (contd.)

E. Defined benefit obligation

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Discount rate	5.46%	5.14%
Salary escalation	8%	8%
Attrition rate (Past service - PS)	PS : 0 to 5 - 55% PS : 5 to 40 - 3%	PS : 0 to 5 - 55% PS : 5 to 10 - 3% PS : 10 to 40 - 3%

Notes:

- The estimates in future salary increases, considered in actuarial valuation, takes account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employee market.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the balance sheet date for estimated term of obligation.

F. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(288.71)	374.96	(37.21)	45.69
Future salary growth (1% movement)	371.52	(290.49)	41.51	(35.47)

Details of actuarial valuation of Leave Encashment pursuant to the Ind AS 19

The Company provides encashment of compensated absence based on the approved Company policy. Employees whose service is permanent will be eligible for privilege of compensated absence on calendar year basis, and a maximum accumulation allowed is 5 days leaves in an year. Further, the employees can carry forward a portion of the unutilised accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence for a maximum of 30 days.

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A. Change in present value of obligations		
Present value of obligations at the beginning of the year	55.78	-
Benefits paid	8.67	-
Current service cost	3.55	3.38
Past service cost	-	-
Interest cost	2.33	-
Actuarial (gains) losses on Obligation	0.17	52.40
Present value of obligations at the end of the year	53.16	55.78
B. Change in plan assets		
Fair value of plan assets at the beginning of the year	-	-
Contributions paid into the plan	-	-
Benefits paid	-	-
Interest Income	-	-
Return on plan assets recognised in other comprehensive income	-	-
Fair value of plan assets at the end of the year	-	-
Net defined benefit liability	53.16	55.78

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Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

38 Employee benefits (contd.)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
C. Expense/ (income) recognised in the statement of profit and loss		
Current service cost	3.55	3.38
Past service cost	-	-
Net interest	2.33	-
Total	5.88	3.38
Remeasurements recognised in other comprehensive income		
Actuarial (Gain)/loss on defined benefit obligations	-	-

D. Plan assets

The Plan is fully funded by the Company. The funding requirements are based on the Leave Encashment actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out below. Employees do not contribute to the plan.

E. Defined benefit obligation

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Discount rate	5.46%	5.14%
Salary escalation	8%	8%
Expected average remaining service	3.01	3.91
Attrition rate (Past service - PS)	PS : 0 to 5 - 55% PS : 5 to 40 - 3%	PS : 0 to 5 - 55% PS : 5 to 40 - 3%

Notes:

- Encashment of compensated absence is payable to the employees on death or resignation or on retirement at the attainment of superannuation age, and it is not applicable on termination and unserved notice period of an employee.
- The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

F. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(49.54)	57.55	(52.22)	60.10
Future salary growth (1% movement)	57.21	(49.75)	59.73	(52.46)

G Through its defined benefit plans the company is exposed to a number of risks, the most significant of which are detailed below

Demographic risks

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

38 Employee benefits (contd.)

on the defined benefit obligations depend upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward.

Change in bond yields -

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instrument

Inflation risk -

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability

Life expectancy -

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

H The expected payout of undiscounted gratuity is as follows:

Particulars	Upto 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	6 to 10 years
2021-22						
Gratuity	20.69	18.21	20.65	12.04	14.48	84.16
2020-21						
Gratuity	35.33	14.79	11.41	16.05	8.63	65.49

I Code on Social Security

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020.

The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

39 Employee stock option plan (ESOP)

Dvara KGFS Employee Stock Option Plan 2019 ("ESOP Plan") has been approved by the shareholders of the Company, by way of a special resolution, authorizing the Committee to grant not more than 161,088 options (at any point of time after excluding optioned granted to resigned employees) to eligible employees in one or more tranches, from time to time of face value INR 100 each fully paid up, with each such option conferring a right upon the employees to apply for one share in the Company in accordance with the terms and conditions as may be decided under the Plan. The shareholders of the Company have approved the Plan by way of an special resolution and it shall continue to be in force until (i) its termination by the Company as per provisions of Applicable Laws, or (ii) the date on which all of the Options available for issuance under the Plan have been issued and exercised, whichever is earlier.

Dvara KGFS Employee Stock Option Plan 2019

The options were issued on April 1, 2019, January 2, 2020, March 30, 2021 and November 2, 2021. The options are vested over a period of 4 years in the proportion of 25:25:25:25.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

39 Employee stock option plan (ESOP) (contd.)

A brief overview of the scheme is summarized as under:

Particulars	Tranch I	Tranch II	Tranch II	Tranch III	Bonus & Increment	Tranch IV
Effective date of Scheme:	01-Apr-19	10-May-19	02-Jan-20	30-Mar-21	30-Mar-21	02-Nov-21
Approval of Board of directors:	01-Apr-19	10-May-19	02-Jan-20	30-Mar-21	30-Mar-21	02-Nov-21
Date of EGM	01-Feb-19	01-Feb-19	01-Feb-19	01-Feb-19	01-Feb-19	26-Mar-21
Tenure of scheme	4 years	4 years	4 years	4 years	1 year	4 years
Vesting period	1 year	1 year	1 year	1 year	1 year	1 year
Total number of eligible employees	28	28	28	39	38	41
Exercise price in INR	346	346	380.59	477.11	477.11 and 429.39	525.43
Number of options granted	55,330	10,320	25,306	43,199	16,370	41,652
Fair value of options at grant date (in INR)	97.2 to 188.3	97.2 to 188.3	88.27 to 176.31	225.94 to 317.56	225.94 to 317.56	107.17 to 224.54

Reconciliation of outstanding options

The details of options granted under the above schemes are as follows.

Particulars	Weighted average exercise price per option		Number of options	
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Outstanding at beginning of year	380.56	370.66	1,50,295	90,956
Less: Forfeited during the year	434.91	346.00	30,944	230
Less: Exercised during the year	-	-	-	-
Add: Granted during the year (including those for resigned employees)	525.43	417.18	41,652	59,569
Outstanding as at end of year	426.84	380.56	1,61,003	1,50,295

Expense recognised in the statement of profit and loss

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Employee stock option expenses	139.38	105.26

Measurement of fair values

The fair value of options have been estimated on the dates of each grant using the Black Scholes model. The various inputs considered in the pricing model for the stock options granted by the Company during the year are as follows:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Share price on grant date (INR)	525.43	561.00
Weighted average share price (INR)	426.84	380.56
Exercise price (INR)	525.43	346.00 - 477.11
Fair value of options at grant date (INR)	107.17 - 224.54	88.27 - 317.56
Expected volatility	45.30% - 54.00%	44.05% - 52.19%
Option term	1-4 years	1-4 years
Expected dividends	Nil	Nil
Risk free interest rate	4.28% to 5.88%	4.53%

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(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

40 Related party disclosures

Related party relationships and transactions are as identified by the management.

Entities with substantial interest over the company	Dvara Trust, represented by Dvara Holdings
Enterprise in which controlling entity / KMP has significant influence	Northern Arc Capital Limited
	Dvara Solutions Private Limited
	Dvara Smartgold India Private Limited
Enterprise in which Company has control / significant influence	Saija Finance Private Limited
Key Managerial Personnel (KMP)	Ms. Bindu Ananth, Director & Chairman
	Mr. Samir Amrit Shah, Director & Vice Chairman
	Mr. G. Vijayakumar, Chief Financial Officer
	Mr. S Balaji, Company Secretary
	Mr. Joby CO, Managing Director & CEO (Until August 31, 2021)
	Mr. LVLN Murty, Managing Director & CEO (With effect from November 3, 2021)
Independent Directors	Mr. N.T. Arun Kumar
	Ms. Anisha Motwani
	Mr. Raman Uberoi
Non Executive Director	Mr. Abhishek Agarwal, Nominee Director
	Mr. Pranav Kumar Gupta, Nominee Director
	Mr. Thomas Klungsoeyr, Nominee Director

A. Transactions during the Year :

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Dvara Trust		
Rent	12.80	168.41
Reimbursement of expenses	2.37	7.67
Advance taken	350.00	1,200.00
Loan Repaid	600.00	-
Interest expenses***	12.26	213.90
Northern Arc Capital Limited		
Interest expense***	1,313.73	613.74
Fee paid	269.27	191.42
Loan Repaid	7,328.66	-
Loan Obtained	21,500.00	8,000.00
Commission From Business Correspondence	50.28	-
Processing Fee Income	1.93	-
Professional & Consultancy Fee Paid	0.66	-
Dvara Solutions Private Limited		
Technology fees	180.27	330.33
Customization fee	28.62	41.92
Reimbursement of expenses	2.35	-
Dvara Smartgold India Private Limited		
Commission income	14.99	4.91
Deposit given/(refunded)	-0.06	10.00
Other Expenses	1.10	-

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Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

40 Related party disclosures (contd.)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Dvara Holdings		
Rent	153.36	-
Loan Obtained	7,700.00	-
Interest expenses***	423.20	-
Saija finance Private limited		
Interest income on securitisation	45.31	-
Upfront fee	18.00	-
Professional & Consultancy Fee Paid	14.00	-
Employee reimbursement	35.00	-
Employee Advance to Key Managerial Personnel		
Mr. Joby CO (Upto 31st August 2021)	-	4.22
Director Sitting Fees		
Anisha Motwani	11.00	13.50
NT Arun Kumar	17.00	14.50
Pranav Kumar Gupta	5.50	-
Raman Uberoi	10.00	-
S.Viswanathan	5.50	13.50
Remuneration to Key Managerial Personnel #		
Mr. G. Vijayakumar	64.46	60.15
Mr. S Balaji	18.26	17.04
Mr. LVLN Murty (w.e.f 3rd November 2021)	48.17	-
Mr. Joby CO (Upto 31st August 2021)	64.06	3.00

Amount attributable to post employment benefits have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

*** Interest Expenses includes only actual cash outflow on account of interest and does not include interest accrued

B. Balances as at year end:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Dvara Trust		
Rent payable	-	-
Expense provision	-	16.74
Term loan - Repayable on Demand*	253.40	500.00
Northern Arc Capital Limited		
Trade payables	-	27.09
Receivable	5.23	-
NCD Outstanding*	8,954.47	3,501.37
Term loan Outstanding	10,535.02	4,839.82
Commercial Paper	485.20	
Dvara Solutions Private Limited		
Advances	0.17	-
Trade payables	-	1.34
Dvara Smartgold India Private Limited		
Deposit	14.94	15.00
Receivable	1.45	-

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

40 Related party disclosures (contd.)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Dvara Holdings		
Term loan - Repayable on Demand*	2,817.53	-
Saija finance Private limited		
Securitisation	554.34	-
Cash Collateral	179.62	-
Key Managerial Personnel		
Mr. Joby CO - Salary Advance	-	2.11

* Includes Interest Accrued and Net of Unamortised Processing Fees.

41 Segment reporting

Operating segments

The Company's operations predominantly relate to arranging or facilitating or providing finance either in the form of loans or guarantees. The information relating to this operating segment is reviewed regularly by the Company's Board of Directors (Chief Operating Decision Maker) to make decisions about resources to be allocated and to assess its performance. The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments.

The company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per IND AS 108 Operating Segments.

42 Leases

In the cases where assets are taken on operating lease (as lessee)

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises used for operating activities. In accordance with the requirements under Ind AS 116, Leases, the Company has recognized the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application as at April 1, 2019, and thereafter, at the inception of respective lease contracts and ROU asset is equal to lease liability subject to certain practical expedients as allowed by the standard.

The following is the summary of practical expedients applied as allowed under Ind AS 116.

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Availed the exemption of not to recognize ROU assets and liabilities for leases of low value assets and leases with less than 12 months (short-term lease) of lease term on the date of initial application as at April 1, 2019 and thereafter;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application as at April 1, 2019 and thereafter;
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
- Used hindsight to determine the lease term of contracts.

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Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

42 Leases (contd.)

i) Movement in carrying value of right of use assets

Particulars	Amount
As at March 31, 2020	745.10
Additions during the year	257.58
Depreciation	(173.78)
Balance as at March 31, 2021	828.90
Additions during the year	4.17
Depreciation	(169.72)
Balance as at March 31, 2022	663.35

ii) Movement in lease liabilities

Particulars	Amount
As at March 31, 2020	944.60
Additions during the year	229.10
Interest expenses	136.70
Payments	(276.32)
Balance as at March 31, 2021	1,034.08
Additions during the year	4.27
Interest expenses	123.57
Payments	(272.58)
Balance as at March 31, 2022	889.33

iii) Amounts recognised in statement of profit and loss

Particulars	Amount
Post-amendment in Ind AS 116	
Depreciation expense of right of use asset	173.79
Interest expense on lease liabilities	136.70
Rent expense - short term leases and leases of low value assets	133.68
Total amounts recognised in profit or loss for the year ended March 31, 2021	444.17
Depreciation expense of right of use asset	169.72
Interest expense on lease liabilities	123.57
Rent expense - short term leases and leases of low value assets	182.63
Total amounts recognised in profit or loss for the year ended March 31, 2022	475.92
Rent expense for the period March 31, 2022	455.22
Rent expense for the period March 31, 2021	410.00

Set below are the potential undiscounted future payments relating to assets taken on lease. The payment profile has been based on management's forecasts and could in reality be different from expectations:

Particulars	March 31, 2022	March 31, 2021
Not greater than 1 year	244.96	279.24
Between 1 year and 5 years	667.05	785.73
Later than 5 years	167.33	287.59
Total future lease commitments	1079.34	1352.56

Practical expedients applied

Pursuant to amendments brought in by the Ministry of Corporate Affairs through the Companies (Indian Accounting Standards) Amendment Rules, 2020 vide notification dated July 24, 2020, Ind AS 116 - Leases was amended by inserting certain paragraphs (46A and 46B) related to application of practical expedient to Covid-19-Related Rent Concessions. The Company had applied the practical expedient to all such rent concessions received during the year ended March 31, 2022 from certain Lessors that meet the conditions specified in paragraph 46B. The amount of rent concessions recognized in the statement of profit or loss is not material.

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Notes to the financial statements for the period ended March 31, 2022

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43 Additional Disclosures as required by the Reserve Bank of India

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Total Gold loan portfolio	660.50	254.31
Total Assets	1,07,674.98	1,03,921.83
Gold loan portfolio as a percentage of total assets	0.61%	0.24%

Details of Gold Loan auction conducted during the year

Period	Number of Loan Accounts	Principal Amount outstanding at the dates of auctions (A)	Interest Amount outstanding at the dates of auctions (B)	Total (A+B)	Value fetched
31-Mar-22	41.00	5.59	2.26	7.85	7.84
31-Mar-21	-	-	-	-	-

Note:

There were no auctions conducted during the year and accordingly disclosure relating to participation of sister concerns is not required.

44 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated

Capital adequacy ratio

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

Capital management

The primary objectives of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The below disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated, are in accordance with Indian Accounting Standards (IND AS).

Dvara Kshetriya Gramin Financial Services Private Limited

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(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

44 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated (contd.)

i Net Debt to Equity Ratio

Consistent with the others in industry, the company monitors the capital on the basis of gearing ratio (Net debt divided by equity). Under the terms of the major borrowing facilities, the company is required to maintain the gearing ratio in line with the RBI guidelines or in a slightly more conservative manner. The actual gearing stipulated differs between the various lending agreements. The company has complied with this covenant through out the year.

	Year ended March 31, 2022	Year ended March 31, 2021
Equity	29,839.51	29,543.91
Debt (Includes debt securities, borrowings and subordinate liabilities)	92,914.87	89,618.52
Cash and cash equivalents (excluding Bank balance other than cash and cash equivalents)	8,880.60	9,496.22
Bank balance which are lien marked for the purpose of borrowings	5,078.03	6,035.32
Net Debt	78,956.24	74,086.98
Net Debt to Equity Ratio	2.65	2.51

ii Regulatory capital

The company has to mandatorily comply with the capital adequacy requirements stipulated by Reserve Bank of India from time to time. Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing company's Tier I and Tier II capital by risk weighted assets.

Tier I capital comprised of share capital, share premium, retained earnings including current year profit and Tier II capital comprises of provision on standard assets. Tier 1 and Tier 2 has been reported on the basis of Ind AS financial information. Risk weighted assets represents the weighted sum of company's credit exposures based on their risk.

Particulars	Carrying amount	
	Year ended March 31, 2022	Year ended March 31, 2021
Tier I Capital	25,788.32	24,740.66
Tier II Capital	415.73	866.65
Total Capital	26,204.05	25,607.31
Amount of subordinated debt raised as Tier-II capital	256.20	1,007.92
Risk weighted assets	1,03,434.85	97,395.48
Tier I Capital Ratio (%)	24.93%	25.40%
Tier II Capital Ratio (%)	0.40%	0.89%
Tier Capital Ratio (%)	25.33%	26.29%

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Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

45 Investments

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Value of investment		
Gross value of investments		
- In India	1,311.28	380.09
- Outside India	-	-
Provisions for investments		
- In India	-	-
- Outside India	-	-
Net value investments		
- In India	1,311.28	380.09
- Outside India	-	-
Movement of provisions held towards depreciation on investments		
Opening balance	-	-
Add: Provisions made during the year	-	-
Less: Write off/ write back/ reversal of provision during the year	-	-
Closing balance	-	-

Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
The notional principal of swap agreements	6,639.70	6,726.77
Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
Collateral required by the Company upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	-	-
The fair value of the swap book (Asset / (Liability))	294.91	231.36

b) Exchange Traded Interest Rate (IR) Derivative

The Company has not entered into any exchange traded derivative. The Company is not carrying out any activity of providing Derivative cover to third parties.

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures:

- The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.
- Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of MD/ CFO/ Treasurer. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

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Notes to the financial statements for the period ended March 31, 2022

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45 Investments (contd.)

- iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions are quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures:

Foreign currency non-repatriate loans availed:

Particulars	As at March 31, 2022	As at March 31, 2021
Currency Derivatives		
i) Derivatives (Notional Principal Amount)		
- For hedging	6,639.70	6,726.77
ii) Marked to Market Positions		
a) Asset (+) Estimated gain	-	-
b) Liability (-) Estimated loss	294.91	231.36
iii) Credit Exposure	-	-
iv) Unhedged Exposures	-	-

46 Disclosure Pursuant to paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

S.N.	Particulars	As at March 31, 2022		As at March 31, 2021	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	Liabilities side:				
1	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	(a) Debentures				
	- Secured	13,115.26	-	9,311.74	-
	- Unsecured	1,234.28	-	1,634.29	-
	(other than falling within the meaning of public deposits)	-		-	
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	58,550.28		66,316.21	-
	(d) Inter-Corporate Loans and Borrowings	13,673.06	-	5,388.50	-
	(e) Commercial Paper	500.00	-	-	-
	(f) Public Deposits	-	-	-	-
	(g) Subordinated Liabilities	3,771.01		3,767.78	
	(h) Other Loans	2,762.11	-	3,821.02	-
	Note : Above balances are gross of unamortised processing fee.				
2	Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid)				
	(a) In the form of Unsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	-	-	-	-

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Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

46 Disclosure Pursuant to paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016: (contd.)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Assets side:		
3 Break-up of Loans and Advances * including Bills Receivables [other than those included in (4) below]:		
(a) Secured	660.50	254.31
(b) Unsecured	1,07,014.48	1,03,667.52
* Excludes impairment loss allowance		
4 Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
(i) Lease Assets including Lease Rentals Accrued and Due:		
a) Financial Lease	-	-
b) Operating Lease	-	-
(ii) Stock on Hire including Hire Charges under Sundry Debtors:		
a) Assets on Hire	-	-
b) Repossessed Assets	-	-
(iii) Other Loans counting towards AFC Activities		
a) Loans where Assets have been Repossessed	-	-
b) Loans other than (a) above	-	-
5 Break-up of Investments (net of provision for diminution in value):		
Current Investments:		
I. Quoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others		
a) commercial paper	-	-
II. Unquoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others		
a) pass through certificates	554.34	380.09
b) units of alternative investment fund	-	-
Long Term Investments:		
I. Quoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)	-	-

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

46 Disclosure Pursuant to paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016: (contd.)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
II. Unquoted Equity Shares:		
i. Shares		-
a) Equity	756.94	-
b) Preference	-	-
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others		
a) pass through certificates	-	-
b) units of alternative investment fund	-	-
c) share warrants	-	-

6 Borrower Group-wise Classification of Assets Financed as in (3) and (4) above:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
1. Related parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	654.08	1,00,268.29	244.26	95,729.72
	654.08	1,00,268.29	244.26	95,729.72

7 Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted)

Particulars	Market Value / Break up Value or Fair Value or Net Asset Value as on March 31, 2022	Book Value as on March 31, 2022 (Net of provisions)	Market Value / Break up Value or Fair Value or Net Asset Value as on March 31, 2021	Book Value as on March 31, 2021 (Net of provisions)
1. Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same Group	1,311.3	1,311.3	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	-	-
	1,311	1,311	-	-

8 Other Information

Particulars	As at March 31, 2022		As at March 31, 2021	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i) Gross Non-Performing Assets (stage 3 assets)	-	10,004.62	-	9,930.35
(ii) Net Non-Performing Assets (stage 3 assets)	-	4,463.75	-	4,389.15
(iii) Assets Acquired in Satisfaction of Debt	-	-	-	-

Note : NPA contracts represents the Stage 3 contracts. Also this excludes the impact of the fair value changes on the financial assets.

Also refer Note 34.

Dvara Kshetriya Gramin Financial Services Private Limited
Notes to the financial statements for the period ended March 31, 2022
(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

47A Asset Liability Management

Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2022

Particulars	1 day to 7 days	8 day to 14 days	15 day to 30/31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Borrowings from banks and others	1,873.34	563.17	1,996.74	3,273.90	7,388.18	10,366.60	17,713.42	31,958.29	-	-	75,133.63
Market borrowings (debt securities)	-	-	33.51	200.00	1,101.56	2,708.59	4,016.16	6,789.74			14,849.56
Subordinate Liabilities	-	-	-	-	1,800.00	1,200.00	-	771.00	-	-	3,771.00
Total Assets	1,873.34	563.17	2,030.25	3,473.90	10,289.74	14,275.19	21,729.58	39,519.03	-	-	93,754.19
Advances	1,121.47	1,673.97	2,159.73	5,495.04	5,618.75	17,151.74	30,822.47	35,747.38	3,651.37	4,902.69	1,08,344.60
Investments	-	-	65.35	63.20	62.49	191.82	171.48	-	-	756.94	1,311.28
Total	1,121.47	1,673.97	2,225.08	5,558.24	5,681.24	17,343.56	30,993.95	35,747.38	3,651.37	5,659.63	1,09,655.88

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

47A Asset Liability Management (contd.)

Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2021

Particulars	1 day to 7 days	8 day to 14 days	15 day to 30/31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Borrowings from banks and others	2,553.71	742.96	1,939.69	3,958.90	11,820.42	10,315.46	18,032.51	26,371.38	-	-	75,735.03
Market borrowings (debt securities)	315.14	-	-	-	1,600.00	281.73	4,500.00	4,215.33	-	-	10,912.20
Subordinate Liabilities	-	-	-	-	-	-	-	3,767.78	-	-	3,767.78
Total Assets	2,868.85	742.96	1,939.69	3,958.90	13,420.42	10,597.19	22,532.51	34,354.49	-	-	90,415.01
Advances	609.92	991.13	4,615.46	5,334.14	5,467.47	16,112.29	28,166.46	33,158.15	10,058.52	-	1,04,513.54
Investments	-	-	52.79	48.83	43.17	117.56	117.74	-	-	-	380.09
Total	609.92	991.13	4,668.25	5,382.97	5,510.64	16,229.85	28,284.20	33,158.15	10,058.52	-	1,04,893.63

Note:

- The balances are gross of impairment loss allowance
- Above balances are gross of unamortised component of sourcing cost/ income which is adjusted as part of loan/borrowing balances.
- Principal and interest arrears has been moved to higher bucket based on RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated Sept 1, 2016.
- Estimated cashflows considering the moratorium given to the customers/ moratorium obtained from lenders.
- The Company has not classified any of its borrowings as immediately due during the year due to breach of covenants since the management is confident that there will not be any recall of such loans based on their discussion with lenders

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

47B Public disclosure on Liquidity risk management

i. Funding concentration based on significant Counterparty *(both deposits and borrowings)

As at March 31, 2022

Number of significant counterparties	Amount (INR in Crore)	% of Total Borrowings	% of Total Liabilities
20	832.64	90%	87%

As at March 31, 2021

Number of significant counterparties	Amount (INR in Crore)	% of Total Borrowings	% of Total Liabilities
20	697.58	78%	74%

ii. Top 20 large deposits (amount in INR Crore and % of total deposits)-

Not applicable. The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

iii. Top 10 borrowings (amount in INR Crore and % of total borrowings)

As at March 31, 2022

Amount (INR in Crore)	% of Total Borrowings
437.94	47.13%

As at March 31, 2021

Amount (INR in Crore)	% of Total Borrowings
546.22	61.00%

iv. Funding concentration based on significant instrument / product*

As at March 31, 2022

Name of the instrument/ product	Amount (INR in Crore)	% of Total Liabilities
Term Loan from others	372.15	40.05%
Term Loan from banks	142.47	15.33%
Term Loan from Related parties	105.35	11.34%
Secured Debentures from Others	89.54	9.64%
External commercial borrowings	66.40	7.15%
Secured Debentures from Related Parties	40.45	4.35%
Debentures	32.68	3.52%
Loan repayable on demand from related parties	30.70	3.30%
Loan repayable on demand from others	13.77	1.48%
Securitization borrowings	13.70	1.47%
Unsecured Debentures from others	12.08	1.30%
Subordinate Term Loan from banks	5.00	0.54%
Commercial Paper	4.85	0.52%

As at March 31, 2021

Name of the instrument/ product	Amount (INR in Crore)	% of Total Liabilities
Term Loan from others	354.90	39.60%
Term Loan from banks	236.51	26.39%
Term Loan from Related parties	48.40	5.40%
Secured Debentures from Others	35.01	3.91%
External commercial borrowings	67.27	7.51%
Secured Debentures from Related Parties	57.48	6.41%

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

47B Public disclosure on Liquidity risk management (contd.)

Name of the instrument/ product	Amount (INR in Crore)	% of Total Liabilities
Debentures	32.60	3.64%
Loan repayable on demand from related parties	5.00	0.56%
Loan repayable on demand from others	3.19	0.36%
Securitization borrowings	34.74	3.88%
Unsecured Debentures from others	16.00	1.79%
Subordinate Term Loan from banks	5.07	0.57%

v. Stock Ratios

As at March 31, 2022

Particulars	as a % of total public funds*	as a % of total liabilities*	as a % of total assets
Commercial papers	0.052%	0.500%	0.390%
Non-convertible debentures (original maturity of less than one year)	2.150%	2.080%	2.000%
Other short-term liabilities	1.910%	1.840%	1.410%

As at March 31, 2021

Particulars	as a % of total public funds*	as a % of total liabilities*	as a % of total assets
Commercial papers	0%	0%	0%
Non-convertible debentures (original maturity of less than one year)	0%	0%	0%
Other short-term liabilities	3.04%	2.90%	2.20%

vi. Institutional set-up for liquidity risk management

The Company's Board of Directors has the overall responsibility of management of liquidity risk. The Board decides the strategic policies and procedures of the Company to manage liquidity risk in accordance with the risk tolerance/limits decided by it.

The Company also has a Risk Management Committee, which is a sub committee of the Board and is responsible for evaluating the overall risk faced by the Company including liquidity risk.

Asset Liability Management Committee (ALCO) of the Company is responsible ensuring adherence to the risk tolerance/limits as well as implementing the liquidity risk management strategy of the Company.

*Notes

1. A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.
2. A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.
3. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/ Surplus.
4. "Public funds" shall include funds raised either directly or indirectly through public deposits, commercial paper, debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in Regulatory Framework for Core Investment Companies issued vide Notification No. DNBS (PD) CC.No. 206/03.10.001/2010-11 dated January 5, 2011.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

48 Disclosure of frauds reported during the year ended March 31, 2022

Particulars	Less than INR 1 Lakh		More than INR 1 Lakh less than INR 25 Lakh		Above INR 25 Lakh		Total	
	Number of Instances	INR in Lakhs	Number of Instances	INR in Lakhs	Number of Instances	INR in Lakhs	Number of Instances	INR in Lakhs
Person involved:								
Staff	29	4.88	8	59.30	-	-	37	64.18
(Previous year)	(22)	(6.63)	(8)	(14.96)	-	-	(30)	(21.59)
Outsiders	-	-	-	-	-	-	-	-
(Previous year)	-	-	-	-	-	-	-	-
Type of fraud:								
Misappropriation and criminal breach of trust, manipulation of books of accounts, cheating and forgery	29	4.88	8	59.30	-	-	37	64.18
(Previous year)	(22)	(6.63)	(8)	(14.96)	-	-	(30)	(21.59)
Others	-	-	-	-	-	-	-	-
(Previous year)	-	-	-	-	-	-	-	-
Total	29	4.88	8	59.30	-	-	37	64.18

The above summary with respect to fraud is based on the information available with the Company which has been relied upon by the auditors. Numbers in bracket represent previous year balances.

49 Exposure to Real estate sector

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
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;		
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 (NFB) limits)	-	-
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential (refer note below)	-	-
b) Commercial Real Estate	-	-

50 Exposure to capital market

The Company's entire loan portfolio (Loans) is unsecured except to the extent of Jewel loans. Further the loans are made to individuals/group of individuals only. Also, the Company has made investments in current year and previous year only in pass through certificate. Accordingly, disclosures in relation to capital markets is not applicable.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

51 Disclosures relating to Direct Assignment and Securitisation

Disclosure pursuant to Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 vide RBI circular RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021

i) Details of loans transferred during the year

sl no	Particulars	To ARC's	To permitted transferees	To other transferees
1	No: of accounts	Nil	23791	Nil
2	Aggregate principal outstanding of loans transferred	Nil	5443.79	Nil
3	Sale Consideration	Nil	6004.21	Nil
4	Number of Transactions	Nil	4	Nil
5	Weighted average residual tenor of the loans transferred (in months)	Nil	14.39	Nil
6	Weighted average holding period after origination (in Months)	Nil	9.35	Nil
7	Net book value of loans transferred (at the time of transfer	Nil	6671.34	Nil
8	Retention of beneficial economic interest	Nil	10%	Nil
9	Aggregate consideration	Nil	6004.21	Nil
10	rating-wise distribution of rated loans	Nil	NA	Nil
11	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil	Nil
12	instances where it has agreed to replace loans transferred to transferee	Nil	Nil	Nil
13	pay damages arising out of any representation or warranty	NA	NA	NA
14	coverage of tangible security coverage	NA	NA	NA

ii) The Company has not acquired any loans through assignment this year

iii) The Company has not transferred any non performing assets this year

iv) The Company has not acquired any stressed loan this year

51.2 Details of securitisation transactions undertaken

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
1. No of SPVs sponsored by the NBFC for securitisation transactions	2	3
2. Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	1,725.80	4,232.58
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	315.45	780.63
Others	462.87	730.81
4. Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
First loss	-	-
Others	-	-

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

51.2 Details of securitisation transactions undertaken (contd.)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
ii) Exposure to third party securitisations		
First loss		-
Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
First loss	-	-
Others	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-

52 Details of non- performing financial assets purchases / sold

The Group has neither purchased nor sold any non- performing financial assets during the previous year.

53 Details of financing of Parent Company products

The Group has no exposures in this regard and accordingly disclosures in relation to this is not applicable.

54A Details of Single Borrower Limits (SBL)/ Group Borrower Limits (GBL) exceeded

The Group has not exceeded the single borrower limit as set by Reserve Bank of India for the year ended March 31, 2022 and March 31, 2021

54B Unsecured Advances - Refer Note 7

55 Advances against Intangible Securities

The Group has not given any loans against intangible securities

56 Registration/ licence/ authorisation obtained from other financial sector regulators :

Regulator	Registration Number
Ministry of Corporate Affairs	U65991TN1993PTC024547
Reserve Bank of India	B-07-00627

Registration / Licence	Authority issuing the registration / license	Registration / Licence reference
Certificate of Registration	Reserve Bank of India	B-07-00627 dated March 28, 2019

57 Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and Other Regulators during the year ended March 31, 2022 and year ended March 31, 2021

58 Exposure to Perpetual Debt Instruments (PDI)

The Group does not have any exposure to Perpetual Debt Instruments (PDI) during the year ended March 31, 2022 and March 31, 2021.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

59 Ratings

Particulars	Rating agency	Date of Rating	Year ended March 31, 2022	Year ended March 31, 2021
Bank facilities	CARE	30-Dec-21	BBB	BBB
	ICRA		-	BBB
	CRISIL	12-Mar-22	BBB+	-
	ACUITE	29-Mar-22	A-	-
Subordinated debt issue	ICRA		-	BBB
Subordinated debt issue	CRISIL	12-Mar-22	BBB+	-
Commercial Paper	ACUITE	29-Mar-22	A2+	-
Non-convertible debentures - Long Term	CARE	30-Dec-21	BBB	BBB
Non-convertible debentures - Short Term	ICRA		-	BBB
Non-convertible debentures - Long Term	ACUITE	29-Mar-22	A-	-
Non-convertible debentures - Short Term	ACUITE	29-Mar-22	A2+	-
Non-convertible debentures (MLD) - Long Term	ACUITE	29-Mar-22	A-	-
Non-convertible debentures (MLD) - Long Term	CRISIL	12-Mar-22	BBB+ R	-
Non-convertible debentures - Long Term	BRICKWORK	29-Oct-21	BBB+	-
Securitization	CARE	01-Feb-22	-	A (SO)
			-	BBB+ (SO)
	CARE	01-Feb-22	-	A (SO)
			-	BBB (SO)
	CARE	01-Feb-22	A (SO)	A - (SO)
			BBB (SO)	BBB (SO)

60 Provisions and contingencies

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Impairment on financial assets*	6,752.60	7,947.85
Provision for guarantee	74.17	289.84
Provision for Gratuity	18.73	110.26
Provision for Leave Encashment	53.17	55.78
Provision for service tax liability	18.75	18.75

* Includes impairment on financial assets (stage 3) amounting to INR 5540.87 Lakhs (March 31, 2021: INR 5541.20 Lakhs). Also refer note 34.

61 Draw down from reserves

The Group has not made any drawdown from existing reserves during the year ended March 31, 2022 and March 31, 2021.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

62 Concentration of advances

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Total advances to twenty largest borrowers	93.30	99.08
Percentage of advances to twenty largest borrowers to total advances	0.09%	0.06%

63 Concentration of exposures

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Total exposure to twenty largest borrowers	89.85	81.57
Percentage of exposures to twenty largest borrowers to total exposure	0.08%	0.08%

64 Concentration of NPA Contracts*

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Total exposure to top four NPA accounts	9.31	25.88

* represents stage 3 contracts

65 Sector-wise NPAs (Percentage of NPA's to total advances in that sector)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Agriculture and allied activities	0.25%	0.60%
MSME	0.23%	0.10%
Services	0.05%	0.28%
Unsecured personal loans	0.21%	1.02%
Other loans	7.82%	10.40%

The above Sector-wise NPA and advances are based on the data available with the Group which has been relied upon by the auditors. Also NPA contracts represents the Stage 3 contracts.

66 Movement of Non-Performing Assets (NPA's)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(a) Net NPAs to net advances (%)	4.34%	4.36%
(Net of provision for NPAs)		
(b) Movement of gross NPAs		
Opening balance	9,930.35	2,756.23
Additions during the year	7,633.03	8,290.54
Reductions during the year	(7,558.76)	(1,116.41)
Closing balance	10,004.62	9,930.35
(c) Movement of net NPAs		
Opening balance	4,389.15	932.66
Additions during the year (net)	3,207.56	3,708.72
Reductions during the year	(3,132.95)	(252.23)
Closing balance	4,463.75	4,389.15

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

66 Movement of Non-Performing Assets (NPA's) (contd.)

Particulars		Year ended March 31, 2022	Year ended March 31, 2021
(d) Movement of provisions for NPAs (excluding contingent provisions against standard assets)			
Opening balance		5,541.20	1,823.56
Provisions made during the year		4,425.47	4,581.82
Write-off / write-back of excess provisions		(4,425.81)	(864.18)
Closing balance		5,540.87	5,541.20
Note : NPA contracts represents Stage 3 contracts and the NPA Provision represents the Loss allowance on Stage 3 contracts. This is based on the yearly movement of NPA accounts. The Net advance is arrived at by adding back processing fee and deducting NPA provision to gross loans.			
Movement of provisions held towards guarantees			
Opening balance		289.84	285.72
Add: Provisions made during the year		-	4.12
Less: Write off/ write back/ reversal of provision during the year		(215.67)	-
Closing balance		74.17	289.84

Note : The above disclosure also includes the loss allowance towards undrawn loans

67 Overseas assets (for those with joint ventures and subsidiaries abroad)

There are no overseas asset owned by the Group

68 Off-balance sheet SPVs sponsored

There are no SPVs which are required to be standalone as per accounting norms.

69 Customer complaints

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
No. of complaints pending at the beginning of the year	11	8
No. of complaints received during the year	776	519
No. of complaints redressed during the year	787	516
No. of complaints pending at the end of the year	-	11

The above details are based on the information available with the Group regarding the complaints received from the customers which has been relied upon by the auditors.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

70 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated (Continued)

Type of Restructuring	Asset Classification details	Other than CDR and SME Debt Restructuring					Total				
		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Restructured assets as on April 1, 2021	No. of borrowers	19,168	3,858	7	-	23,033	19,168	3,858	7	-	23,033
	Amount Outstanding	4,700.27	1,061.94	1.49	-	5,763.70	4,700.27	1,061.94	1.49	-	5,763.70
	Provision there on	924.49	478.13	0.68	-	1,403.30	924.49	478.13	0.68	-	1,403.30
	No. of borrowers	37,060	3,500	-	-	40,560	37,060	3,500	-	-	40,560
	Amount Outstanding	7,749.01	1,022.86	-	-	8,771.87	7,749.01	1,022.86	-	-	8,771.87
Fresh restructuring during the year	Provision there on	616.08	412.51	-	-	1,028.60	616.08	412.51	-	-	1,028.60
	No. of borrowers	1,487	(1,480)	(7)	-	-	1,487	(1,480)	(7)	-	-
	Amount Outstanding	386.81	-385.32	-1.49	-	-	386.81	-385.32	-1.49	-	-
	Provision there on	175.23	-174.55	-0.68	-	-	175.23	-174.55	-0.68	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year											
	Amount Outstanding				-	-				-	-
	Provision there on				-	-				-	-
Downgradation of restructured accounts during the year	No. of borrowers	(11,298)	11,152	146	-	-	(11,298)	11,152	146	-	-
	Amount Outstanding	-2,624.21	2,591.79	32.42	-	-	-2,624.21	2,591.79	32.42	-	-
	Provision there on	-552.91	545.96	6.95	-	-	-552.91	545.96	6.95	-	-
	No. of borrowers	(2,956)	2,954	7.26	-	(2,956)	(2,956)	2,954	7.26	-	(2,956)
	Amount Outstanding/Amount repaid	-1,210.63	1,365.39	19.07	-	939.33	-1,210.63	1,365.39	19.07	-	939.33
Write off / repaid restructured accounts during the year	Provision there on/reversed there on	-445.13	1,365.39	19.07	-	939.33	-445.13	1,365.39	19.07	-	939.33
	No. of borrowers	43,461	17,030	146	-	60,637	43,461	17,030	146	-	60,637
	Amount Outstanding	9,001.26	4,586.75	39.68	-	13,627.69	9,001.26	4,586.75	39.68	-	13,627.69
	Provision there on	717.76	2,627.44	26.02	-	3,371.22	717.76	2,627.44	26.02	-	2,431.89

Disclosure as per formal prescribed under notification RBI/2020-21/16 DOR No BP BC/3/21/04 048/2020-21 dated 06th August 2020 and RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 05th May 2021 in respect of Resolution Framework I and Resolution Framework II, respectively, for Covid Related stress, for the year ended 31 March 2022 (Refer Note 75)

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

71 Disclosure under clause 28 of the Listing Agreement for Debt Securities

S. No.	Particulars	As at March 31, 2022	As at March 31, 2021
a)	Loans and advances in the nature of loans to subsidiaries	-	-
b)	Loans and advances in the nature of loans to associates	-	-
c)	Loans and advances in the nature of loans where there is -		
	(i) no repayment schedule or repayment beyond seven years	-	-
	(ii) no interest or interest below section 186 of Companies Act, 2013	-	-
d)	Loans and advances in the nature of loans to firms/companies in which directors are interested	-	-

72 Disclosure under clause 16 of the Listing Agreement for Debt Securities

The listed debentures are secured by way of a Specific charge on Loan assets (Also refer Note 14 to the financial statements)

73 Disclosure of Comparison of provision as per IRAC norms and ECL pursuant to RBI circular, vide DNBS.PD.CC.No.109/22.10.106/2019-20 dated March 13, 2020 for the year ended March 31, 2022.

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS*	Loss allowance (provision) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	91,636.96	548.68	91,088.28	366.55	182.13
	Stage 2	6,033.40	663.05	5,370.35	24.12	638.93
Sub total		97,670.36	1,211.73	96,458.63	390.66	821.07
Non Performing Assets (NPA)						
Sub-standard	Stage 3	9,379.21	5,141.97	4,237.24	937.92	4,204.05
Doubtful - upto 1 year	Stage 3	625.41	398.90	226.51	625.41	-226.51
1 - 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss Assets	Stage 3	-	-	-	-	-
Subtotal for NPA		10,004.62	5,540.87	4,463.75	1,563.33	3,977.54
Other items such as guarantees, loan commitment etc., which are in the scope of Ind AS 109 but not covered under Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Sub total		-	-	-	-	-
Total						
	Stage 1	91,636.96	548.68	91,088.28	366.55	182.13
	Stage 2	6,033.40	663.05	5,370.35	24.12	638.93
	Stage 3	10,004.62	5,540.87	4,463.75	1,563.33	3,977.54
Total		1,07,674.98	6,752.60	1,00,922.37	1,953.99	4,798.61

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

73 Disclosure of Comparison of provision as per IRAC norms and ECL pursuant to RBI circular, vide DNBS.PD.CC.No.109/22.10.106/2019-20 dated March 13, 2020 for the year ended March 31, 2022.

(contd.)

In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning as at March 31, 2021 and accordingly, no amount is required to be transferred to impairment reserve.)

73 Disclosure of Comparison of provision as per IRAC norms and ECL pursuant to RBI circular, vide DNBS.PD.CC.No.109/22.10.106/2019-20 dated March 13, 2020 for the year ended March 31, 2021

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS*	Loss allowance (provision) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	72,123.86	571.89	71,551.97	293.34	282.65
	Stage 2	8,244.27	1,686.12	6,558.15	479.35	1,212.87
Sub total		80,368.13	2,258.01	78,110.12	772.70	1,495.52
Non Performing Assets (NPA)						
Substandard	Stage 3	7,025.09	3,529.90	3,495.19	702.51	2,827.39
Doubtful - upto 1 year	Stage 3	817.97	364.69	453.28	163.59	201.47
1 - 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss Assets	Stage 3	1,128.31	1,128.31	-	1,128.31	
Subtotal for NPA		8,971.37	5,022.90	3,948.47	1,994.41	3,028.86
Other items such as guarantees, loan commitment etc., which are in the scope of Ind AS 109 but not covered under Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	14,410.07	42.56	14,367.51	-	42.56
	Stage 2	550.18	106.08	444.10	-	106.08
	Stage 3	1,029.62	518.30	511.32	-	518.30
Sub total		15,989.87	666.94	15,322.93	-	666.94
Total						
	Stage 1	86,533.93	614.45	85,919.48	293.34	321.11
	Stage 2	8,794.45	1,792.20	7,002.25	479.35	1,312.85
	Stage 3	10,000.99	5,541.20	4,459.79	1,994.41	3,546.79
Total		1,05,329.37	7,947.85	97,381.52	2,767.11	5,180.74

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

74 i) Disclosure as per formal prescribed under notification RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated 06th August 2020 and RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 05th May 2021 in respect of Resolution Framework I and Resolution Framework II, respectively, for Covid Related stress, for the year ended 31 March 2022

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan **
Personal Loans	56,685	12,928.65	-	570.42	-
- Corporate persons*	-	-	-	-	-
- Of which, MSMEs	-	-	-	-	-
- Others	56,685	12,928.65	-	570.42	-
Total	56,685	12,928.65	-	570.42	-

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

** The Company has made provision for impairment loss allowance (as per Expected credit loss model) for the period ended 31 March 2021

Disclosure as per RBI Notification RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 extended via RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 extended further via RBI Notification RBI/2020-21/17 DOR.No.BP.BC.4/21.04.048/2020-21 dated August 6, 2020 - Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances

Disclosure as per prescribed format for the year ended March 31, 2022:

No. of Accounts restructured	Amount
1,375	340.38

Note: Auditors have solely relied on MSME classification performed by the management.

75 Impact of Covid 19

The outbreak of the COVID-19 pandemic contributed to considerable volatility in the global economy. Various measures were taken by the Government and Regulator to ameliorate the impact of the pandemic including but not limited to announcement of National Lockdowns in the initial phases and subsequently, regional restrictions imposed to curb the spread of the pandemic. However, with the impact of the pandemic reducing significantly over the past months, most of the restrictions have been lifted.

Estimates and associated judgments / assumptions applied in preparation of these financial results including determining the impairment loss allowance and expected future cash inflows / outflows are based on a combination of historical experience and emerging / forward looking indicators resulting from the ongoing pandemic and accordingly the Company has recognized an expected credit loss on loans (including write offs) amounting to INR 6006.8 Lakhs during the current year (Year ended 31 March 2021 - INR 5,279 Lakhs). The company will continue to monitor any material changes to the future economic conditions.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

76 Business acquisition of Varam Capital Private Limited

In April 2019, the Company acquired business of Varam Capital Private Limited. The Company has followed purchase method as envisaged in Ind AS 103 to record this transition. Under the purchase method of accounting, the total price is allocated to the assets acquired and liabilities based on the fair value estimation of asset valuations and liabilities assumed.

The business combination will enable the Company to expand its base and strengthen its presence across various other geographies where it did not have presence earlier. Consequently, the excess of purchase consideration over the fair value of assets acquired has been attributed to goodwill.

The following is the purchase price allocation based on the valuation performed as at April 1, 2019:

Particulars	Total
Purchase consideration*	1,475.00
The assets and liabilities recognized as a result of acquisition is as follows:	
Assets taken over	4,482.22
Liabilities taken over	(4,344.60)
Intangible assets acquired	
Customer acquisition and customer contracts	853.17
Software	293.17
Goodwill	191.04
Net identifiable assets acquired	1,475.00

* includes inter corporate deposit amounting to INR 1,000 Lakhs adjusted as part of the purchase consideration.

77 Other statutory disclosures

- There were no acquisitions through business combinations, change due to revaluation and changes due to impairment losses in current and previous years.
- The borrowing from banks and financial institutions have been used for the purposes for which it was taken as at the balance date.
- The Company does not have any Benami property where any proceeding has been initiated or pending against the company to holding any Benami property.
- The Company has verified for transactions with Struck-off companies by comparing Company's counter parties with publicly available database of struck of companies through a manual name search. Based on such a manual search, no party identified to be reported in the financial statements.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies) including foreign (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee security or the like to or on behalf of the Ultimate Beneficiaries.
- The Company has not received any fund from any person(s) or entity (ies). including foreign entities (Funding Party) with to understanding (whether recorded in writing or otherwise) that the Company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any of relevant provisions of the Income Tax Act. 1961
- Title deeds of immovable property are held in the name of the Company.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the financial statements for the period ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

78 Previous period's figures have been regrouped / reclassified wherever necessary, to confirm with the current period presentation.

As per our report of even date
for **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's registration number: 003990S/S200018

For and on behalf of the Board of Directors of
Dvara Kshetriya Gramin Financial Services Private Limited
CIN : U65991TN1993PTC024547

P Devi

Partner
Membership No. 223137
Place : Bengaluru

Bindu Ananth

Director
DIN: 02456029
Place : Chennai

Samir Amrit Shah

Director
DIN : 00912693
Place : Chennai

LVLN Murty

Managing Director & CEO
DIN : 09618861

Place : Dubai
Date : 27 May 2022

G. Vijayakumar

Chief Financial Officer
Place : Chennai

S. Balaji

Company Secretary
Membership No. A22951
Place : Chennai

INDEPENDENT AUDITORS' REPORT

To
The Members of
Dvara Kshetriya Gramin Financial Services Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Dvara Kshetriya Gramin Financial Services Private Limited (hereinafter referred to as the 'Holding Company') and its associate which comprise the consolidated Balance Sheet as at 31 March 2022, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on financial statements and on the other financial information of its associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Holding Company and its associate as at 31 March 2022, and their consolidated loss, consolidated total comprehensive income, their consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Holding Company in accordance with the Code

of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained and evidence obtained by other auditors in terms of their reports referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of matter

We draw your attention to the following

1. Note 75 about the uncertainties prevailing on the balance sheet date on the recoverability of the company's loans and advances on account of the COVID-19 impact. The estimates and assumptions made by management in determining the impairment provision required for these loans are subject to matters that are outside the control of the Holding Company and hence actual results may vary from these estimates.
2. Note 34(i) on meeting the qualifying asset criteria as per the Prudential norms, the Holding Company has considered the business as non-MFI and appropriately carried out financial reporting.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed
Recognition and measurement of impairment of loans Management estimates impairment provision using Expected Credit loss (ECL) model for the loan exposure. Recognition and measurement of impairment of loans involve significant management judgement based on a range of factors. The Company's impairment allowance is derived from estimates including historical default and loss ratios. Estimation includes timely identification and classification of the impaired loans. Collective impairment allowances are calculated using ECL model which approximate credit conditions on homogenous portfolios of loans. During the year, the Company has made changes to the ECL Model as a process of refinement to ECL estimation for considering the uncertainty over the potential macro-economic condition. The determination of impairment loss allowance is inherently judgmental and relies on managements' best estimate due to the following: 1. Segmentation of loans given to the customer 2. Criteria selected to identify significant increase in credit risk, particularly in respect of the regional lockdowns at various geographies along with the history of moratorium benefit given to eligible borrowers as per the Company's board approved policy, read with the RBI COVID 19 regulatory package. 3. Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD") and the completeness and accuracy of that data 4. The disclosures made in Financial Statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL. The aforesaid involves significant management estimates/ judgements and hence identified as Key Audit Matter (KAM).	In view of the significance of the matter, the following key audit procedures were performed by us: Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the financial statements were reasonable and the related disclosures in the financial statements made by the management were adequate. These procedures included, but not limited, to the following: Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing loans (stage 1) to assess whether any Significant Increase in Credit Risk (SICR) or loss indicators were present requiring them to be classified under stage 2 or 3 or vice versa along with additional considerations applied by the Management for staging of loans as SICR or default categories. Examined Board Policy approving the methodology for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. Obtained an understanding of the model adopted by the Company for calculation of expected credit loss including how management calculated the expected credit loss and the appropriateness of the data on which the calculation is based and tested the management controls for it. For change in ECL Model, evaluated the basis of such change including the reasonableness and appropriateness of the same. Evaluated the design and operating effectiveness of controls across the processes relevant to ECL. These controls, among others, included controls over the allocation of assets into stages including management's monitoring of the need for post model adjustments, model validation, recording of accounting entries and disclosures. Tested, on sample basis, the input and historical data used for determining the PD and LGD and agreed the data with the underlying books of accounts and records. Tested on a sample basis the arithmetical calculation of the workings of the expected credit losses. Performed an overall assessment of the ECL provision at each stage to determine if they were reasonable considering the Company's portfolio, risk profile and the macroeconomic environment. Assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 on ECL especially in relation to judgements used in estimation of ECL provision Assessed disclosures included in the standalone Ind AS financial statements in respect of expected credit losses including the specific disclosures made about the management's evaluation of the uncertainties.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors but does not include the consolidated financial statements and our auditors' report thereon. The above-referred information is expected to be made available to us after the date of this audit report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the 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 take appropriate actions necessitated by the circumstances and the applicable laws and regulations.

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Holding company including its Associate entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Holding Company and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding 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 financial statements that give a true

and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Holding Company and of its associate are responsible for assessing the ability of the Holding Company and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Holding Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Holding Company and of its associate are responsible for overseeing the financial reporting process of the Holding Company and of its associate.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls 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 the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India have 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 ability of the Holding Company and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Holding Company and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Holding Company and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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

Other Matters

- (a) The consolidated financial statements also include the Holding Company's share of net loss (including other comprehensive income) of INR 428.15 Lakhs for the year ended 31 March 2022, as considered in the consolidated financial statements, in respect of one associate, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) of Section 143 and sub-section (11) of Section 197 of the Act, in so far as it relates to the aforesaid associate is based solely on the reports of the other auditors.
- (b) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.
- (c) As the company had acquired the associate entity only in the current year on 27th Oct 2021, there are no previous year comparative figures and hence only one column is provided.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("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 A" a statement on the matter specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of other auditors on separate financial statements and other financial information of subsidiaries, its associate, as noted in the 'Other matters' paragraph, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Holding Company companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to adequacy of the internal financial controls over financial statements of the Holding Company, its associate company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.
 - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on consolidated financial statements as also the other financial information of the subsidiaries, associates and jointly controlled entities, as noted in the 'Other Matters' paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company, its associate- Refer Note 36 to the consolidated financial statements.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer (a) Note 12 to the consolidated financial statements in respect of such items as it relates to the Holding Company, its associates and jointly controlled entities and (b) the Holding Company's share of net loss in respect of its associate.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.
 - iv. (a) The management of Holding Company and its associate company companies incorporated in India has represented that, to the best of their knowledge and belief, , no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company and associate company incorporated in India to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, its subsidiary companies, associate companies and jointly controlled companies incorporated in India

("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

- (b) The management of the Holding Company and its associate company incorporated in India has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company, its subsidiary companies, associate companies and jointly controlled companies incorporated in India shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that

has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

- v. The company has not declared any dividend during the year and hence compliance with section 123 of the Companies Act, 2013 is not applicable.
- h) With respect to the matter to be included in the Auditors' Report under section 197(16) since the Company and its associate is a private limited company, the provisions of Section 197 of the Companies Act, 2013 are not applicable to it. Accordingly, reporting on the compliance with the provisions of Section 197 of the Act is not applicable.

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm's Registration No.003990S/S200018

Devi P

Partner

Date: 27 May 2022

Place: Dubai

Membership Number - 223137

UDIN: 22223137AJSPQB1833

Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Dvara Kshetriya Gramin Financial Services Private Limited ("the Company") on the consolidated financial statements as of and for the year ended 31 March 2022.

- (i) As required by Paragraph (xxi) of Companies (Auditor's Report) Order (CARO), there have been no qualifications or adverse remarks by the respective auditors in the CARO reports of the companies included in the consolidated financial statements

Annexure B

Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date on the consolidated financial statements of Dvara Kshetriya Gramin Financial Services Private Limited

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

In conjunction with our audit of the consolidated financial statements of Dvara Kshetriya Gramin Financial Services Private Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2022, we have audited the internal financial controls over financial reporting of the Holding Company" and other auditors have audited its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding company, its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies 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 ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting based on our audit of the Company and its subsidiary companies, which are companies incorporated in India. 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 auditors' 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based

on consideration of reporting of the other auditors as mentioned in the Other Matter paragraph below, the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, based on the internal control over financial reporting criteria established by the respective companies 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to associate company which is a company incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For PKF Sridhar & Santhanam LLP

Chartered Accountants
Firm's Registration No.003990S/S200018

Devi P

Partner

Date: 27 May 2022
Place: Dubai

Membership Number - 223137
UDIN: 22223137AJSPQB1833

Dvara Kshetriya Gramin Financial Services Private Limited

Consolidated Balance Sheet as at March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

Particulars	Note	As at March 31, 2022
ASSETS		
Financial assets		
Cash and cash equivalents	4	8,880.60
Bank balance other than cash and cash equivalents	5	5,843.32
Receivables		
Trade receivables	6	149.79
Loans	7	1,00,922.37
Investments	8a	554.34
Investments in Associates using Equity Method	8b	328.31
Other financial assets	9	2,104.90
		1,18,783.64
Non-financial assets		
Current tax assets (net)		711.16
Deferred tax assets (net)	30	2,907.77
Property, plant and equipment	10	562.43
Intangible assets	10A	844.65
Right of use assets	10B	663.35
Other non-financial assets	11	1,168.49
		6,857.85
Total Assets		1,25,641.49
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Derivative financial instruments	12	294.91
Payables		
a. Trade payables		
(i) dues of micro enterprises and small enterprises	13	-
(ii) dues other than micro enterprises and small enterprises		214.26
Debt securities	14	14,693.34
Borrowings (other than debt securities)	15	74,453.60
Subordinate Liabilities	15A	3,767.93
Other financial liabilities	16	2,039.72
		95,463.76
Non-financial liabilities		
Current tax liabilities (net)		-
Provisions	17	164.81
Other non-financial liabilities	18	511.64
		676.45
EQUITY		
Equity share capital	19	10,887.14
Other equity	20	18,614.13
		29,501.27
Total Liabilities and Equity		1,25,641.49
Significant accounting policies	2 and 3	

The notes referred to above form an integral part of these financial statements

As per our report of even date
for **PKF Sridhar & Santhanam LLP**
Chartered Accountants

Firm's registration number: 003990S/S200018

For and on behalf of the Board of Directors of
Dvara Kshetriya Gramin Financial Services Private Limited
CIN : U65991TN1993PTC024547

P Devi
Partner
Membership No. 223137
Place : Bengaluru

Bindu Ananth
Director
DIN: 02456029
Place : Chennai

Samir Amrit Shah
Director
DIN : 00912693
Place : Chennai

LVLN Murty
Managing Director & CEO
DIN : 09618861
Place : Chennai

Place : Dubai
Date : 27 May 2022

G. Vijayakumar
Chief Financial Officer
Place : Chennai

S. Balaji
Company Secretary
Membership No. A22951
Place : Chennai

Dvara Kshetriya Gramin Financial Services Private Limited
Statement of Consolidated profit and loss for the year ended March 31, 2022
 (All amounts are in Indian Rupees in Lakhs, except share data and as stated)

Particulars	Note	Year Ended March 31, 2022
Revenue from operations		
Interest income	21	27,230.15
Fees and commission income	22	19.32
Net gain on fair value changes	23	258.12
Income from other services	24	844.65
Bad debts recovered		243.29
Total revenue from operations		28,595.53
Other income		81.60
Total income		28,677.13
Expenses		
Finance costs	25	11,967.82
Impairment on financial instruments	26	6,006.80
Employee benefits expenses	27	7,236.67
Depreciation and amortization	28	641.30
Other expenses	29	2,654.05
Total expenses		28,506.64
Profit / (Loss) before Share of results of Associates		170.49
Add: Share of profit/ (Loss) of Associate accounted for using Equity method		(428.63)
Profit before tax		(258.14)
Tax expense:		
Current tax		
- Current year		-
- Pertaining to earlier years		(34.48)
Deferred tax charge / (credit) (Including minimum alternative tax credit entitlement)		57.55
		23.07
Profit after tax for the year		(281.21)
Other comprehensive income		
(A) (i) Items that will not be reclassified to profit or loss		
- Remeasurement gain / (loss) on defined benefit plans		80.16
- Add: Share of other comprehensive income of Associate accounted for using Equity method		0.48
(A) (ii) Income tax impact thereon		(23.34)
(B) (i) Items that will be reclassified to profit or loss		
- Hedge reserve account (net)		59.78
(B) (ii) Income tax impact thereon		(17.41)
Total other comprehensive income		99.67
Total comprehensive income for the year		(181.54)
Earnings per equity share (face value INR 100 each)		
- Basic (in INR)		(2.58)
- Diluted (in INR)		(2.58)

The notes referred to above form an integral part of these financial statements

As per our report of even date
 for **PKF Sridhar & Santhanam LLP**
 Chartered Accountants
 Firm's registration number: 003990S/S200018

For and on behalf of the Board of Directors of
Dvara Kshetriya Gramin Financial Services Private Limited
 CIN : U65991TN1993PTC024547

P Devi
 Partner
 Membership No. 223137
 Place : Bengaluru

Bindu Ananth
 Director
 DIN: 02456029
 Place : Chennai

Samir Amrit Shah
 Director
 DIN : 00912693
 Place : Chennai

LVLN Murty
 Managing Director & CEO
 DIN : 09618861
 Place : Chennai

Place : Dubai
 Date : 27 May 2022

G. Vijayakumar
 Chief Financial Officer
 Place : Chennai

S. Balaji
 Company Secretary
 Membership No. A22951
 Place : Chennai

Dvara Kshetriya Gramin Financial Services Private Limited

Consolidated Cash flow statement for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

Particulars	Year Ended March 31, 2022
A. Cash flow from operating activities	
Net profit before tax	(258.14)
Adjustments for:	
Depreciation and amortization	641.30
Interest on deposits with Banks	(364.23)
Interest income on loans	(26,865.92)
Gain on mutual funds investments designated at fair value through profit or loss	(258.12)
Loss from Associate Entity under Equity Method	428.63
Impairment on financial instruments (net)	6,006.80
Finance costs	11,967.82
Loss on sale/retirement of property, plant and equipment (net)	-
Operating profit before working capital changes	(8,701.86)
Operational cash flows from interest:	
Interest income on loans	27,796.79
Finance cost paid	(11,426.12)
Changes in working capital and other changes:	
(Increase) / decrease in trade receivables	(52.43)
(Increase) in other bank balances	2,171.24
(Increase) in loans	(11,886.06)
Decrease/ (increase) in other financial assets	313.94
Decrease/ (increase) in other non financial assets	(139.71)
Increase in trade payables, other liabilities and provisions	(1,064.52)
	(2,988.73)
Income tax paid (net)	(103.16)
Net cash flow (used in) operating activities	(3,091.89)
B. Cash flow from investing activities	
Proceeds from sale of investments (net of purchases)	258.12
Proceeds from sale of Property, plant and equipment	-
Purchase of fixed assets including capital work-in-progress	(319.45)
Purchase of Intangible Assets	(136.25)
Payment for acquisition of business	(756.93)
Interest on deposits with Banks	562.35
Net cash (used in) investing activities	(392.16)
C. Cash flow from financing activities	
Proceeds /(repayments) from issue /(of) debt securities and borrowings (net of repayments)	
Debt Securities	3,297.06
Borrowings	(436.99)
Subordinate Liabilities	17.91
Payment of lease liabilities	(148.92)
Proceeds from issue of equity share capital including securities premium (including share application money pending allotment)	
	-
Proceeds from Employee Stock options	139.38
Net cash from financing activities	2,868.44
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(615.62)
Cash and cash equivalents at the beginning of the year	9,496.22
Cash and cash equivalents at the end of the year	8,880.60

Dvara Kshetriya Gramin Financial Services Private Limited

Consolidated Cash flow statement for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

Particulars		As at March 31, 2022	
1	Components of cash and cash equivalents		
	Cash and cheques on hand	120.24	
	Balances with banks		
	- In current accounts	3,260.36	
	- In deposit accounts with original maturity less than three months	5,500.00	
		8,880.60	
2 Change in liabilities arising from financing activities			
Particulars	Debt securities	Borrowings (other than Debt securities)	Subordinate Liabilities
As at March 31, 2021	10,860.98	75,000.74	3,756.80
Cash flows (net)	3,988.56	132.27	14.21
Others*	(156.20)	(679.41)	(3.08)
As at March 31, 2022	14,693.34	74,453.60	3,767.93

* Others column includes the effect of amortization of processing fees etc.

Significant accounting policies

2 and 3

The notes referred to above form an integral part of these financial statements

As per our report of even date
for **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's registration number: 003990S/S200018

For and on behalf of the Board of Directors of
Dvara Kshetriya Gramin Financial Services Private Limited
CIN : U65991TN1993PTC024547

P Devi
Partner
Membership No. 223137
Place : Bengaluru

Bindu Ananth
Director
DIN: 02456029
Place : Chennai

Samir Amrit Shah
Director
DIN : 00912693
Place : Chennai

LVLN Murty
Managing Director & CEO
DIN : 09618861
Place : Chennai

Place : Dubai
Date : 27 May 2022

G. Vijayakumar
Chief Financial Officer
Place : Chennai

S. Balaji
Company Secretary
Membership No. A22951
Place : Chennai

Dvara Kshetriya Gramin Financial Services Private Limited

Statement of changes in equity for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and as stated)

A Equity share capital

Particulars	Number of shares	Amount
Balance as at April 1, 2021	1,08,87,144	10,887.15
Add: Shares issued during the year	-	-
Balance as at March 31, 2022	1,08,87,144	10,887.15

B Other equity

	Reserves and Surplus					Other Comprehensive Income	Share application money pending allotment	Total
	Note	Statutory Reserves	Securities Premium	Capital Reserve	Retained Earnings	Employee stock option outstanding account	Remeasurements of Defined Benefit Obligations	
Balance as at April 1, 2021		1,247.53	35,504.84	1,329.46	(19,470.46)	152.68	-	18,656.77
Share based expenses		-	-	-	-	139.38	-	139.38
Premium on issue of share capital		-	-	-	-	-	-	-
Profit for the year		-	-	-	(281.21)	-	-	(281.21)
Transfer to statutory reserve	11.41	-	-	-	(11.41)	-	-	-
Other comprehensive income (net of tax)		-	-	-	-	-	56.82	56.82
Transferred to retained earnings		-	-	-	56.82	-	-56.82	-
Fair valuation of financial instruments (net of tax)		-	-	-	-	-	42.37	42.37
Balance as at March 31, 2022		1,258.94	35,504.84	1,329.46	(19,706.26)	292.06	(64.91)	18,614.12

Significant accounting policies 2 and 3

The notes referred to above form an integral part of these financial statements

As per our report of even date for **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's registration number: 003990S/S2000018

For and on behalf of the Board of Directors of
Dvara Kshetriya Gramin Financial Services Private Limited
CIN : U65991TN1993PTC024547

P Devi

Partner
Membership No. 223137
Place : Bengaluru

Bindu Ananth

Director
DIN: 02456029
Place : Chennai

G. Vijayakumar

Chief Financial Officer
Place : Chennai

Samir Amrit Shah

Director
DIN : 00912693
Place : Chennai

S. Balaji

Company Secretary
Membership No. A22951
Place : Chennai

LVLN Murty

Managing Director & CEO
DIN : 09618861
Place : Chennai

Place : Dubai

Date : 27 May 2022

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

1 Reporting entity

Dvara Kshetriya Gramin Financial Services Private Limited ("Dvara KGFS" or "The holding company"), was incorporated on March 4, 1993. The holding company has received the Certificate of Registration dated March 28, 2019 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND-SI").

The holding company also acts as business correspondent for Banks, Insurance Companies, Non-Banking Finance Companies and also acts as an intermediary to deliver financial and other products to remote rural areas.

The holding company mission is to maximise the financial well-being of every individual and every enterprise by providing complete financial services in remote rural areas.

2 Basis of preparation

These Consolidated financial statements have been prepared in accordance with ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') in conformity with generally accepted accounting principles in India and other relevant provisions of the Act. The Consolidated financial statements have been prepared and presented on going concern basis and at historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the Reserve Bank of India ('RBI') to the extent applicable.

These Consolidated financial statements were approved by the holding company Board of Directors and authorised for issue on May 27, 2022.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

Details of the holding company accounting policies are disclosed in note 3.

The Balance sheet, the Statement of profit and loss and the Statement of changes in equity are presented in the format prescribed under Division III of Schedule III to the Act and as amended from time to time, for Non-Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The statement of cash flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

The holding company and Associate presents its balance sheet in order of liquidity. Financial assets and financial liability 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 recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis.

2.1 Statement of compliance and presentation of Consolidated financial statements

The holding company acquired 25.9% of stake in equity and preference shares of Saija Finance Private Limited on 27th Oct 2021. The holding company treats Saija Finance Private Limited as its Associate. The Holding company together with its Associate Saija Finance Private Limited is hereinafter referred to as "The holding company and Associate"

The holding company has accounted for its interest in Associate under the Equity Method as per Indian Accounting Standards AS 28, Investment in Associates & Joint ventures.

Details of companies Consolidated in these financial statements

Name of the company	Type	% Share Holding by Holding Company as at 31st March 2022
Dvara Kshetriya Gramin Financial Services Private Limited	Holding Company	Holding Company
Saija Finance Private Limited	Associate	25.90%

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

2.2 Functional and presentation currency

These Consolidated financial statements are presented in Indian Rupees (INR), which is also the holding company and Associate's functional currency. All amounts have been rounded-off to the nearest Lakhs with two decimals, unless otherwise indicated.

2.3 Basis of measurement

The Consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivatives instruments)	Fair value / Amortised Cost, as applicable
Liabilities for equity-settled share-based payment arrangements	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.4 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates, if material, are reflected in the consolidated financial statements in the year in which changes are made and their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global health pandemic from novel coronavirus 2019 ("COVID 19"):

The holding company and Associate has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loans. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the holding company and associate, as at the date of approval of these consolidated financial statements have used internal and external sources of information including credit reports and related information, economic forecasts etc as applicable respectively. The impact of COVID-19 on the holding company and associate's consolidated financial statements may differ from that estimated as at the date of approval of these financial statements.

Information about judgements, estimates and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

2.5 Use of estimates and judgements (Continued)

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The holding 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 holding company and associate monitors financial assets measured at amortised cost or fair value through other comprehensive income or fair value through profit and loss 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 holding company and associate's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and

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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.

ii) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Also refer note 3.8.

iii) Effective Interest Rate ("EIR") method

The holding company EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iv) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires 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 holding company and associate'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 :

- a) The holding company and associate'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 life time expected credit loss ("LTECL") basis.
- b) Development of ECL models, including the various formulas and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs, such as consumer spending, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

v) Impairment of non-financial assets

The holding company and associate determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets including goodwill. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the holding company and associate estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss.

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vi) Other estimates, judgements and assumptions

Information about other estimates, judgements and assumptions that have the most significant effect to the financial statements within the next financial year are included in the following notes:

- a) Measurement of defined benefit obligations: key actuarial assumptions; (Also refer note 38)
- b) Estimated useful life of property, plant and equipment, right of use assets and intangible assets; (Also refer note 3.10)
- c) Recognition of deferred taxes; (Also refer note 3.14 and 30)
- d) Upfront recognition of Excess Interest Spread (EIS) in relation to assignment transactions.
- e) Provisions and other contingent liabilities (Also refer note 3.20, 36 and 39)

3 Significant accounting policies

3.1 Revenue Recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The holding company and associate recognises revenue from contracts with customers based on a five step model as set out in Ind 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the holding company and associate expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the holding company and associate allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the holding company and associate expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the holding company and associate satisfies a performance obligation.

A. Interest income

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost, financial instrument measured at Fair value through other comprehensive income ('FVOCI') and Fair value through profit and loss ('FVTPL'). The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The holding company and associate recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

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The holding company and associate calculates interest income by applying 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 holding company and associate calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the holding company and associate reverts to calculating interest income on a gross basis.

B. Fees and commission income

Fees and commission income such as guarantee commission, service income etc. are recognised on point in time or over the period basis, as applicable.

C. Dividend income

Dividend income (including from FVOCI investments) is recognised when the holding company and associate's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the holding company and associate and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

D. Other interest income

Other interest income is recognised on a time proportionate basis.

E. Other income

Other income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

3.2 Financial instrument - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the holding company and associate becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The holding company and associate classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- i) Amortised cost
- ii) FVOCI
- iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The holding company and associate determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The holding company and associate's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the holding company and associate's key management personnel.

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- b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- d) The expected frequency, value and timing of sales are also important aspects of the holding company and associate's assessment.

Sole Payments of Principal and Interest (SPPI test)

As a second step of its classification process, the holding company and associate assesses the contractual terms of financial to identify whether they meet SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the holding company and associate applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows:

i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVTOCI.

iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Financial liability

i) Initial recognition and measurement

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

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

3.4 Reclassification of financial assets and liabilities

The holding company and associate does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the holding company and associate acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The holding company and associate did not reclassify any of its financial assets or liabilities in the year ended March 31, 2022.

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3.5 Derecognition and modification of financial assets and liabilities

A. De-recognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The holding company and associate has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either (a) the holding company and associate has transferred substantially all the risks and rewards of the asset, or (b) the holding company and associate has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in Statement of Profit or Loss.

The holding company and associate derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in statement of profit and loss.

B. Modifications of financial assets and financial liabilities

i) Financial Assets

If the terms of a financial asset are modified, the holding company and associate evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the holding company and associate recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in Statement of profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income using EIR method.

Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

ii) Financial Liability

A financial liability is derecognised 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 the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of Expected Credit Loss ('ECL') principles

In accordance with Ind AS 109, the holding company and associate uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). When estimating

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LTECLs for undrawn loan commitments, the holding company and associate 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

Expected credit losses are measured through a loss allowance at an amount equal to:

- i.) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- ii.) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the holding company and associate categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When loans are first recognised, the holding company and associate recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been 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 holding company and associate records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3

Stage 3:

Loans considered credit impaired are the loans which are past due for more than 90 days. The holding company and associate records an allowance for life time ECL.

Stages	Days Past Due	ECL	Risk
Stage 1	Up to 30 days	12 month ECL	Low credit risk
Stage 2	31-90 days	Life time ECL	Significant increase in credit risk
Stage 3	More than 90 days	Life time ECL	Impaired assets

B. Calculation of ECLs

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

PD:

Probability of Default ("PD") 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:

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.

LGD:

Loss Given Default ("LGD") 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 holding company and associate has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

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The mechanics of the ECL method are summarised below:

Stage 1:

The 12 months ECL 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 holding company and associate calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the holding company and associate 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. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

For loans considered credit-impaired, the holding company and associate recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

3.7 Write-offs

Financial assets are written off when the holding company and associate has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the holding company and associate has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are 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 holding company and associate has access to at the measurement date. The holding company and associate 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. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

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3.9 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the holding company and associate, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

3.10 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the holding company and associate .

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss.

The holding company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset category	Estimated Useful life	Useful life as per Schedule II
Building	30 years	30 years
Furniture and fittings	10 years	10 years
Vehicles	8 years	8 years
Office equipments	5 years	5 years
Computers and accessories	3 years	3 years
Leasehold improvements	Lease period or 10 years whichever is lower	Not applicable

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

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3.11 Intangible assets

i. Goodwill

For measurement of goodwill that arises on a business combination refer note 3.16. Subsequent measurement is at cost less any accumulated impairment losses.

i. Other intangible assets

Intangible assets including those acquired by the holding company and associate are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Asset category	Estimated Useful life
Computer software	5 years
Customer Contract	5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.12 Employee benefits

i. Post-employment benefits

Defined contribution plan

The holding company and associate's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The holding company and associate's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the holding company and associate, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The holding company and associate determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates

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to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The holding company and associate recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

ii. Other long-term employee benefits

Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The holding company and associate records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

iv. Stock based compensation

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

A provision is recognised if, as a result of a past event, the holding company and associate has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

3.13 Leases

The holding company and associate has adopted Ind AS 116, effective April 1, 2018 (transition date) and applied it to all lease contracts existing on that date using the full retrospective method. At inception of a contract, the holding company and associate assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The holding company and associate recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Dvara Kshetriya Gramin Financial Services Private Limited

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(All amounts are in Indian Rupees in Lakhs)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the holding company and associate by the end of the lease term or the cost of the right-of-use asset reflects that the holding company and associate will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the holding company and associate's incremental borrowing rate. The holding company and associate determines its incremental borrowing rate by obtaining interest rates from various external financing sources that reflects the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under A purchase option that the holding company and associate is reasonably certain to exercise, lease payments in an optional renewal Period if the holding company and associate is reasonably certain to exercise an extension option, and penalties for early termination of A lease unless the holding company and associate is reasonably certain Not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the holding company and associate's estimate of the amount expected to be payable under a residual value guarantee, if the holding company and associate changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The holding company and associate presents right-of-use assets separately on the face of the balance sheet and lease liability under other financial liabilities.

Short-term leases

The holding company and associate has elected not to recognise right-of-use assets and lease liabilities for shorter leases. The holding company and associate recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.14 Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the holding company and associate is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the holding company and associate recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the holding company and associate expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

iii. Minimum Alternate Tax (“MAT”)

MAT paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned holding company and associate will pay normal income tax and thereby utilising MAT credit during the specified period, i.e., the period for which MAT credit is allowed to be carried forward and utilised. In the year in which the holding company and associate recognises MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The holding company and associate reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

3.15 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

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(All amounts are in Indian Rupees in Lakhs)

3.16 Business combinations

In accordance with Ind AS 103, the holding company and associate accounts for these business combinations (other than those arising from common control) using the acquisition method when control is transferred to the holding company and associate. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exist clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction cost are expensed as incurred, except to the extent related to the issue of debt or equity securities.

Business combination arising from transfer of interests from entities under common control are accounted for as if the acquisition has occurred at beginning of the earliest comparative period or, if later, at the date that common control established; for this purpose comparative period of revised. The assets and liabilities are recognized at their carrying amounts. The identity of the reserves are preserved and they appear in the same form.

3.17 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.18 Segment reporting- Identification of segments:

An operating segment is a component of the holding company and associate that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the holding company and associate's Chief Operating Decision Maker (CODM) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the holding company and associate's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

3.19 Earnings per share

The holding company and associate reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

3.20 Provisions

Provisions are recognized when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

3.21 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the holding company and associate are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

3.22 Recent Accounting Pronouncements

Key New and amended standards :

(a) Interest rate Benchmark reform-Amendments to Ind AS 107 and Ind AS 109;

The Ministry of Corporate Affairs had earlier notified amendments to Ind AS 109, Financial Instruments and Ind AS 107, Financial Instruments:

Disclosures which were effective from April 1, 2020 (the Phase 1 amendments). Those amendments provided temporary reliefs from applying specific hedge accounting requirements to relationships affected by IBOR reform.

The amendments to Ind AS 109, Financial Instruments and Ind AS 107, Financial Instruments: Disclosures which are effective from April 1, 2021 (the Phase 2 amendments) address the issues that arise during the reform of an interest rate benchmark rate, Including the replacement of one benchmark rate with an alternative one.

The key reliefs provided by the Phase 2 amendments are as follows:

* Changes to contractual cash flows

When changing the basis for determining contractual cash flows for financial asset and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in profit and loss.

*Hedge accounting

The hedge accounting reliefs will allow most Ind AS 109 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

(b) Covid-19- related rent concessions- Amendments to Ind AS 116;

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. Previously, an amendment to Ind AS 116, Leases provided lessees With an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied as well as the amount recognised in profit or loss arising from the rent concessions. The relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, it was subsequently extended to 30 June 2022.

None of these amendments has any material effect on the holding company and associate's financial statements.

(c) The Ministry of Corporate Affairs("MCA") through a notification had issued Amendments to the Disclosure requirements under Schedule III Division I, II and III on 24th March 2021 applicable for Financials prepared after 1st April 2021. The holding company and associate, while preparing the Financial Statements had adequately complied with those amendments.

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Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

Key Amendments applicable from next Financial year :

- (a) Ind AS 16, Property Plant and Equipment; Proceeds before intended use of property, plant and equipment

The amendment clarifies that an entity shall not deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples “produced when testing a machine to see if it is functioning properly).

- (b) Ind AS 37, Provisions, contingent Liabilities and contingent Assets; Onerous contracts - Cost of fulfilling a contract

The amendment explains that the cost of fulfilling a contract comprises; the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

- (c) Ind AS 109, Financial instruments; Fees Included in the 10% test for derecognition of financial Liabilities.

The amendment clarifies which fees an entity includes when it applies the ‘10%’ test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, Including fees paid or received by either the entity or the lender on the other’s behalf.

The holding company and associate does not expect any of these amendments to have any material effect on the financial statements

Dvara Kshetriya Gramin Financial Services Private Limited
Notes to the Consolidated financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in Lakhs)

4 Cash and cash equivalents

Particulars	As at March 31, 2022
Cash and cash equivalents	
Cash on hand	120.24
Balances with banks	
- in current accounts	3,260.36
- in deposit accounts (Original maturity less than three months)	5,500.00
Total	8,880.60

Note:

Balance with Banks in current accounts includes balance in Cash Credit accounts with banks

5 Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2022
Deposit accounts under lien*	5,678.71
Deposit accounts without lien	164.61
Total	5,843.32

*Note:

- Fixed deposit includes cash collateral amounting to INR 465.12 Lakhs for securitisation transactions.
- Balance fixed deposits other than those mentioned above has been provided as security for loans taken by the holding company.

6 Receivables

Particulars	As at March 31, 2022
Trade receivables	149.79
	-
Total	149.79

6.1 Receivables ageing schedule as on 31st March 2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	98.38	11.74	6.19	33.48	-	149.79
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	98.38	11.74	6.19	33.48	-	149.79

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Notes to the Consolidated financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in Lakhs)

7 Loans

At Amortised cost

Particulars	As at March 31, 2022
A Based on nature	
Term Loans	
Gross term loans	1,07,674.98
Less: Impairment loss allowance**	(6,752.60)
Net term loans	1,00,922.37
B Based on security	
Secured by tangible assets*	660.50
Unsecured	1,07,014.48
Gross term loans	1,07,674.98
Less: Impairment loss allowance**	(6,752.60)
Net term loans	1,00,922.37
C Based on region	
Loans in India	
Public sector	-
Others	1,07,674.98
Less: Impairment loss allowance**	(6,752.60)
Loans outside India	-
Less: Impairment loss allowance	-
Net term loans	1,00,922.37
Note:	
Percentage of loan against jewellery to gross term loans	0.61%

*Secured exposures are secured wholly by pledge of jewellery

** Refer Note 75

The holding company has not granted any loans or advances either severally or jointly with any other person, repayable on demand without specifying any terms of period of repayment to

1. Promoters
2. Directors
3. KMP &
4. Other related parties as defined under Companies Act 2013"

8a Investments

Particulars	As at March 31, 2022
At Amortised Cost	
Investment in pass-through certificates (unquoted)	554.34
Total	554.34
(i) Investments outside India	-
(ii) Investments in India	554.34
Total Investments	554.34

Notes:

Pass through certificates at amortized cost have stated interest rates of 14.50% and will mature within next one year.

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Notes to the Consolidated financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in Lakhs)

8b Investments in Associates using Equity Method

Particulars	As at March 31, 2022
Investment in Associate*	
Saija Finance Private Limited	
- In 2,14,37,998 Compulsory Convertible Preference Shares of INR 3 each at a premium of INR 0.53 per share	756.93
- In 100 Equity shares of INR 10 each	0.01
Less : Share of Loss of Associate under Equity Method	(428.63)
Total Investment in Associates using Equity Method	328.31
(i) Investments outside India	-
(ii) Investments in India	328.31
Investments in Associates using Equity Method	328.31

*The Holding Company acquired 25.9% stake in SAIJA FINANCE PRIVATE LIMITED through equity and preference investment of INR 756.94 Lakhs (Shares allotted on 27th Oct 2021.)

9 Other financial assets

Unsecured, considered good (At Amortised Cost)

Particulars	As at March 31, 2022
Security deposits	150.24
Unbilled revenue	84.76
Employee advances	59.25
Advances given under the business correspondence arrangement	17.25
Amounts receivable from trustees under Pass through securities	-
Other's	1,793.40
Total	2,104.90

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10 Property, plant and equipment

Particulars	Buildings	Computers and Accessories	Furniture and fittings	Vehicles	Office equipment	Leasehold improvements	Total
Cost							
As at March 31, 2021	42.28	236.18	32.15	0.95	369.78	345.69	1,027.03
Additions	-	251.35	-	-	65.39	4.61	321.35
Deletions	-	0.58	0.17	-	1.72	-	2.47
As at March 31, 2022	42.28	486.95	31.98	0.95	433.45	350.30	1,345.91
Accumulated depreciation							
As at March 31, 2021	11.16	172.91	18.18	0.57	215.21	159.78	577.81
Depreciation for the year	3.03	64.22	3.28	0.14	81.14	54.43	206.24
Deletion	-	(0.57)	-	-	-	-	(0.57)
As at March 31, 2022	14.19	236.56	21.46	0.71	296.35	214.21	783.48
Carrying amount (net)							
As at March 31, 2022	28.09	250.39	10.52	0.24	137.10	136.09	562.43

Note

- The Buildings referred in the note above relates to a premises constructed by the holding company upon a leasehold land taken from Sachchida Nand Painuly on 15th December 2011 for a period of 8 years which is extended to another 10 years.
- None of the assets have been revalued during the year

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10A Intangible Assets

Particulars	Customer Contract	Goodwill	Computer Softwares	Total
Cost				
As at March 31, 2021	853.17	191.04	437.51	1,481.72
Additions	-	-	136.25	136.25
Deletions	-	-	-	-
As at March 31, 2022	853.17	191.04	573.76	1,617.97
Accumulated amortisation				
As at March 31, 2021	372.35	-	135.63	507.98
Amortisation for the year	170.63	-	94.71	265.34
Deletion	-	-	-	-
As at March 31, 2022	542.98	-	230.34	773.32
Carrying amount (net)				
As at March 31, 2022	310.19	191.04	343.42	844.65

10B Right of use assets ('ROUA')

Particulars	Office premises	Total
Gross block value		
As at March 31, 2021	1,243.58	1,243.58
Additions	4.17	4.17
Deletions	-	-
As at March 31, 2022	1,247.75	1,247.75
Accumulated depreciation		
As at March 31, 2021	414.68	414.68
Depreciation for the year	169.72	169.72
Deletion	-	-
As at March 31, 2022	584.40	584.40
Carrying amount (net)		
As at March 31, 2022	663.35	663.35

11 Other non-financial assets (At Amortised Cost)

Unsecured, Considered Good.

Particulars	As at March 31, 2022
Balances with government authorities	847.05
Prepaid expenses	215.67
Advance to vendors	105.77
Total	1,168.49

12 Derivative financial instruments

Particulars	As at March 31, 2022
Currency derivatives	
Cross currency interest rate swaps	294.91
Total	294.91

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Notes to the Consolidated financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in Lakhs)

13 Trade Payables

Particulars	As at March 31, 2022
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	214.26
Total	214.26
Out of the aforesaid payable, dues to related parties and other parties are as under:	
To related parties (Refer Note 40)	-
Other than related parties	214.26
Total	214.26

13.1 Trade payables ageing schedule as on 31st March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	214.21	0.06	-	-	214.26
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	214.21	0.06	-	-	214.26

14 Debt securities

Particulars	As at March 31, 2022
At amortised cost:	
Secured debentures	
Redeemable, non-convertible debentures	
- from others	4,045.39
- from related parties	8,954.47
Unsecured debentures	
Redeemable, non-convertible debentures (Unsecured)	1,208.28
Commercial Paper	
- from related parties	485.20
Total	14,693.34
Debt securities in India	14,693.34
Debt securities outside India	-
Total	14,693.34

- a) The holding company has not classified any of its debt securities as immediately due during the year due to breach of covenants since the management is confident that there will not be any recall of such debt based on their discussion with instrument holders.

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Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

14 Debt securities (contd.)**A) Debt securities - Secured - Redeemable non-convertible debentures (NCDs) - Others**

Particulars	Tenor (years)	Maturity Date	As at March 31, 2022
- 0 units redeemable non-convertible debentures of INR 10 Lakhs each	-	25-Aug-21	-
- 0 units redeemable non-convertible debentures of INR 0.1 Lakhs each	-	28-Mar-22	-
- 0 units redeemable non-convertible debentures of INR 0.1 Lakhs each	-	04-Sep-21	-
- 711 units redeemable non-convertible debentures of INR 1 Lakhs each	2-5 years	Various	796.24
- 0 units redeemable non-convertible debentures of INR 10 Lakhs each	-	25-Feb-22	-
- 0 units redeemable non-convertible debentures of INR 10 Lakhs each	-	25-Mar-22	-
- 30000 units redeemable non-convertible debentures of INR 10 thousands each	3 years	28-Jun-23	3,319.86
Less: Unamortised processing fees			-70.71
			4,045.39
As at balance sheet date, interest rates range for the non convertible debentures			12.5% p.a - 18.50% p.a

B) Debt securities - Secured - Redeemable non-convertible debentures (NCDs) from Related Parties

Particulars	Tenor (years)	Maturity Date	As at March 31, 2022
- 170 units redeemable non-convertible debentures of INR 10 Lakhs each	2.33 years	30-Mar-23	1,700.00
- 80 units redeemable non-convertible debentures of INR 10 Lakhs each	2.33 years	30-Mar-23	800.00
- 2000 units redeemable non-convertible debentures of INR 1.00 Lakh each	3.42 years	30-Sep-24	2,275.31
- 200 units redeemable non-convertible debentures of INR 10 Lakhs each	1 year	28-Feb-24	2,000.78
- 20000 units redeemable non-convertible debentures of INR 10 thousands each	3 years	28-Jun-24	2,223.07
Less: Unamortised processing fees			-44.69
			8,954.47
As at balance sheet date, interest rates range for the Unsecured non convertible debentures			14.25% p.a - 14.96% p.a

Notes:

- NCDs are secured by specific charge on loans in favour of the Trustee for the benefit of the debenture holders. The holding company needs to maintain 100% - 120% security cover for the outstanding NCDs at any point of time.
- Interest for the above NCDs are payable on monthly/quarterly/half yearly / yearly basis.

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(All amounts are in Indian Rupees in Lakhs)

14 Debt securities (contd.)

C) Debt securities - Unsecured - Redeemable non-convertible debentures

Particulars	Tenor (years)	Maturity Date	As at March 31, 2022
- 20,000,000 units redeemable non-convertible debentures of INR 10 each	5 years	30-May-24	1,234.28
Less: Unamortised processing fees			-26.00
			1,208.28
As at balance sheet date, interest rates range for the unsecured non convertible debentures			13.71%

D) Short Term Commercial Paper:

Particulars	Tenor (years)	Maturity Date	As at March 31, 2022
Northern Arc Capital Pvt Ltd (Money Market Alpha Fund)	4	07-Jul-22	500.00
Less: Discount on CP			-14.80
			485.20
As at balance sheet date, discount rate for Commercial Papers			12.40%

Notes:

- a) The principal repayment for all the unsecured NCDs and CPs is on the date of maturity or upon exercise of put / call option as applicable respectively.

15 Borrowings (Other than debt securities) (also refer note 4)

Particulars	As at March 31, 2022
Measured at amortised cost	
Secured borrowings	
Term Loan from banks	14,246.56
Term Loan from others	37,215.48
Term Loan from Related parties	10,535.02
Securitization borrowings	1,369.97
External commercial borrowings	6,639.70
Loan repayable on demand	
from banks	1,376.53
from related parties	3,070.33
Total	74,453.60
Borrowings in India	67,813.90
Borrowings outside India	6,639.70
SubTotal	74,453.60

- a) The Borrowings have not been guaranteed by Director or others
- b) The holding company has borrowings from banks & FIs on the basis of security of Loans disbursed and the quarterly returns / statements of Book debts filed with banks are in agreement with books of accounts.
- c) The holding company has used the borrowings from banks and FIs for the specific purpose for which they were taken
- d) There were no delays in repayment of borrowings as at March 31, 2022
- e) No Bank or Lender has declared the holding company as wilful defaulter
- f) All charges / satisfaction of charges are registered with Registrar of Companies within statutory period
- g) The holding company has not classified any of its borrowings as immediately due during the year due to breach of covenants since the management is confident that there will not be any recall of such loans based on their discussion with lenders

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

15 Borrowings (Other than debt securities) (also refer note 4) (contd.)**A) Term Loans from Banks:**

Name of the lender	Tenor (years)	As at March 31, 2022
State Bank of India	4.25	4,499.98
Bank of Baroda	4	1,420.51
IDFC First Bank Limited	2	250.00
Utkarsh Small Finance Bank	3.3	77.50
ESAF Small Finance Bank	3.2	612.42
Punjab National Bank (Erstwhile United Bank Of India)	3	619.08
Federal Bank	3	1,100.31
Ujjivan Small Finance Bank	-	-
Fincare Small Finance Bank	-	-
HDFC Bank	-	-
Axis Bank	-	-
City Union Bank Ltd	2.5	662.82
Union Bank of India	-	-
UCO Bank	-	-
SIDBI	-	-
DBS Bank	2	954.55
Bank of India	3.25	1,666.72
Indian Bank	2	2,508.29
Less: Unamortised Processing fees		-125.61
Total		14,246.56
As at balance sheet date, interest rates range for the term loans from banks		10.25% p.a to 14%p.a

Notes:

- a) All the above borrowings are secured by specific charge on the holding company's Loan assets . The holding company needs to maintain a security cover ranging from 1 to 1.33 times of the outstanding amount at any point of time. Further, the holding company has given cash collateral amounting to INR 2284.10 Lakhs for the borrowings undertaken.
- b) Interest rates vary amongst the borrowings between fixed and floating rates and are payable on a monthly basis. The interest rates disclosed above represent the rates of interest as at March 31, 2022. .

B) Term Loans from others:

Name of the lender	Tenor (years)	As at March 31, 2022
MAS Financial Services Limited	Various	19,534.38
Maanaveeya Development and Finance Private Limited	3	4,213.95
Manappuram Finance Limited	-	-
Nabkisan Finance Limited	3 to 3.71	1,620.92
Shapoorji Pallonji Finance Private Limited	-	-
Muthoot Capital Services Limited	3.42	708.58
Shriram City Union Finance Limited	-	-
Hinduja Leyland Finance Limited	3	1,086.00
Nabsamrudhi Finance Limited	2.24	62.50
Incred Financial Services Limited	2.02 to 2.21	1,322.36
Nab Financial Services Limited	2.03	879.26

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

15 Borrowings (Other than debt securities) (also refer note 4) (contd.)

Name of the lender	Tenor (years)	As at March 31, 2022
Muthoot Finance Services Limited	1.5	265.51
Caspian Impact Investments Private Limited	2 to 3	1,378.15
Hiranandani Financial Services Private Limited	2.05	1.65
FedBank Financial Services Ltd	-	-
EcLEAR Leasing and Finance Private Limited	2.19	508.28
UGRO Capital Limited	2.44	0.24
Habitat Micro Build India Housing Finance Company Private Limited	2.17	370.48
Profectus Capital Private Limited	2	465.35
Kissanadhan Agri Financial Services Private Limited	2	854.58
Growth Source Financial Technologies Private Limited	2.02	293.80
Cholamandalam Investment and Finance Company Limited	1.51	877.69
Arohan Financial Services Ltd	1.97	1,722.48
Moneywise Financial Services Pvt. Ltd. (SMC Finance)	2.05	270.94
RAR Fincare limited	2	100.62
Sundaram Finance Limited	3	1,000.69
Less: Unamortised processing fees		-322.92
Total		37,215.48
As at balance sheet date, interest rates range for the term loans from others		12.26 % p.a to 14.75% p.a

Notes:

- All the above borrowings are secured by specific charge on the holding company loan assets. The holding company needs to maintain a security cover ranging from 1 to 1.25 times of the outstanding loan amount at any point of time. Further, the holding company has given cash collateral amounting to INR 1855.27 Lakhs for the borrowings undertaken.
- Interest rates vary amongst the borrowings between fixed and floating rates and are payable on a monthly basis. The interest rates disclosed above represent the rates of interest as at March 31, 2022 respectively.
- Above balance excludes securitisation related borrowing balance as at March 31, 2022 amounting to INR 1369.97 Lakhs

C) Term Loans from related parties:

Name of the lender	Tenor (years)	As at March 31, 2022
Northern Arc Capital Limited	2.01 to 3.03	10,602.73
Less: Unamortised processing fees		-67.71
		10,535.02
As at balance sheet date, interest rates range for the term loans from related party		13.00% p.a. to 14.25% p.a.

- All the above borrowings are secured by specific charge on the holding company loan assets. The holding company needs to maintain a security cover ranging from 1 to 1.1 times of the outstanding loan amount at any point of time.
- Interest rates vary amongst the borrowings between fixed and floating rates and are payable on a monthly basis. The interest rates disclosed above represent the rates of interest as at March 31, 2022.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

15 Borrowings (Other than debt securities) (also refer note 4) (contd.)

D) Foreign borrowings

Name of the lender	Tenor (years)	Maturity Date	As at March 31, 2022
External commercial borrowing - DKM Mikrofinanzfonds	3	09-Mar-24	2,118.90
External commercial borrowing - IIV Mikrofinanzfonds	3	05-Mar-24	4,668.36
Less: Unamortised processing fees			-147.56
			6,639.71
As at balance sheet date, interest rates range for foreign borrowing			11.79%

Notes:

- All the above loans are secured by specific charge on loans.
- Interest rates are floating and are payable on a Quarterly basis. The interest rates disclosed above represent the rates of interest as at March 31, 2022. The holding company has further hedged this interest risk.

E) Loan repayable on demand:

Name of the lender	Tenor (years)	As at March 31, 2022
From Bank		
State Bank of India	1	373.76
Indian Bank	1	1,002.77
Axis Bank	1	-
		1,376.53
From Related Parties		
Dvara Trust	0.24 to 1 year	253.00
Dvara Holdings	0.42 to 1 year	2,817.33
		3,070.33
		4,446.86
As at balance sheet date, interest rates range for the Loans repayable on demand		4% p.a to 14%p.a

- All the above borrowings from Indian Bank and Axis Bank are secured by specific charge on the holding company's Loan assets and loans taken from State Bank Of India is secured by cash collateral. The holding company needs to maintain a security cover ranging from 1.10 times to 1.25 times of the outstanding amount at any point of time. Further, the holding company has given cash collateral amounting to INR 611 Lakhs for the borrowings undertaken from Indian Bank and State Bank of India

15a Subordinate Liabilities

Particulars	As at March 31, 2022
Debentures	3,267.93
Subordinate Term Loan from banks	500.00
Total	3,767.93

Dvara Kshetriya Gramin Financial Services Private Limited
Notes to the Consolidated financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in Lakhs)

15 Borrowings (Other than debt securities) (also refer note 4) (contd.)

I) Subordinate Liabilities

Name of the lender	Tenor (years)	Maturity Date	As at March 31, 2022
Debentures			
- 120,000,000 units redeemable non-convertible debentures of INR 1 each	6 years	28-Jul-22	1,232.72
- 180,000,000 units redeemable non-convertible debentures of INR 1 each	6 years	29-Jun-22	1,801.56
- 2,710,000 units non-convertible debentures of INR 10 each	5 years	Various	271.00
Term Loan			
IDFC First Bank Limited	5.1	17-May-24	506.78
Less: Unamortised processing fees			-45.26
			3,767.93
As at balance sheet date, interest rates range for Subordinated Liabilities			12.5% p.a to 18.5%p.a

Notes:

The holding company has not classified any of its Subordinated Liabilities as immediately due during the year as there was no breach of covenants during the year.

16 Other financial liabilities (At Amortised Cost)

Particulars	As at March 31, 2022
Payable to assignees towards collections in assigned assets-securitization	553.01
Lease liabilities*	889.33
Amounts payable under business correspondence arrangement	-
Other payable	597.38
Total	2,039.72

*Refer Note - 42 for Movement of Lease Liability.

17 Provisions

Particulars	As at March 31, 2022
Provision for guarantee	74.17
Provision for employee benefits	
Provision for gratuity (also refer note 38)	18.73
Provision for leave encashment (also refer note 38)	53.17
Provision for performance based incentive	-
Provision for service tax liability	18.75
Total	164.81

18 Other non-financial liabilities

Particulars	As at March 31, 2022
Statutory liabilities	240.74
Payable to employees	270.90
Total	511.64

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

19 Equity share capital

Particulars	As at March 31, 2022
Authorised	
13,900,000 equity shares of INR 100 each	13,900.00
2,000,000, 0.001% compulsorily convertible cumulative preference shares of INR 100 each	2,000.00
	15,900.00
Issued, subscribed and fully paid up	
Equity shares:	
10,887,144 equity shares of INR 100 each	10,887.14
	10,887.14

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2022	
	Number of shares	Amount in Lakhs of INR
Equity shares of INR 100 each		
As at beginning of the year	1,08,87,144	10,887.14
Shares issued	-	-
Conversion of compulsorily convertible preference shares	-	-
As at the end of the year	1,08,87,144	10,887.14

Particulars	As at March 31, 2022	
	Number of shares	Amount in Lakhs of INR
0.001% compulsorily convertible cumulative redeemable preference shares of INR 100 each	-	-
As at beginning of the year	-	-
Shares issued	-	-
Conversion of compulsorily convertible cumulative redeemable preference shares in equity shares	-	-
As at the end of the year		

Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	As on March 31, 2022
	Number of shares
Fully paid up pursuant to contract(s) without payment being received in cash	-

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

19 Equity share capital (contd.)

Statement of changes in equity

(1) Current reporting period

Particulars	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
Equity share capital	1,08,87,144	-	1,08,87,144	-	1,08,87,144

The holding company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the holding company's residual assets. In case of partly paid up shares, dividend rights is proportionate to amounts paid up on the face value of shares. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid up equity capital of the holding company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

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

Rights, preferences and restrictions attached to compulsorily convertible preference shares

Each Compulsorily convertible cumulative preference shares is convertible by its holder into one equity share. The holders of these shares are entitled to a cumulative dividend of 0.001%.

Preference shares of both classes carry a preferential right as to dividend over equity shareholders. The preference shares are entitled to one vote per share at meetings of the holding company on any resolutions of the holding company directly affecting their rights. In the event of winding up, preference shareholders have a preferential right over equity shareholders to be repaid to the extent of capital paid-up and dividend in arrears on such shares.

The holding company has not issued any shares without payment being received in cash in the last 5 years immediately preceding the Balance sheet date.

Details of shareholders holding more than 5% shares in the holding company

Name of shareholder	As at March 31, 2022	
	Number of shares	% of total shares in class
Dvara Holdings- Trustee of Dvara Trust	34,96,583	32.12%
LeapFrog Financial Inclusion India (II) Limited	25,08,105	23.04%
Accion Africa-Asia Investment Company	23,64,896	21.72%
Nordic Microfinance Initiative Fund IV KS	18,39,248	16.89%
Stakeboat Capital Fund-I	6,56,874	6.03%

Also refer note 39 in relation to ESOP.

Shareholding of promoters

Shares held by promoters at 31st March 2022

S. No	Promoter name	No. of Shares	% of total shares	% Change during the year
1	Dvara Holdings- Trustee of Dvara Trust	34,96,583	32.12%	0%
	Total	34,96,583	32.12%	0%

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

20 Other Equity

Particulars	As at March 31, 2022
a) Capital reserves	1,329.46
b) Securities premium account	35,504.84
c) Employee stock option outstanding account (also refer note 39)	292.06
d) Statutory reserves	1,258.94
e) Retained earnings (Surplus / Deficit in Statement of Profit and Loss)	(19,706.26)
f) Other comprehensive income	(64.91)
Balance at the end of the year	18,614.13

Particulars	As at March 31, 2022
a) Capital Reserves	
At the commencement of the year	1,329.46
Add: Capital reserves pursuant to the Scheme	-
Balance at the end of the year	1,329.46
b) Securities premium account	
Balance at the beginning of the year	35,504.84
Add: Securities premium on issue of equity shares (net of share issue expenses)	-
Balance at the end of the year	35,504.84
c) Employee stock option outstanding account	
Balance at the beginning of the year	152.68
Add: Share based payment expense for the year	139.38
Less: Transferred to securities premium	-
Balance at the end of the year	292.06
d) Statutory reserves	
(As per Section 45-IC of Reserve Bank of India Act, 1934)	
Balance at the beginning of the year	1,247.53
Add: Statutory reserves pursuant to the Scheme	
Add: Amount transferred from surplus in statement of profit and loss	11.41
Balance at the end of the year	1,258.94
e) Retained earnings (Surplus / Deficit in Statement of Profit and Loss)	
Balance at the beginning of the year	(19,470.46)
Add: Profit for the year	(281.21)
Add: Adjustment pursuant to the Scheme	-
Less :Transferred to statutory reserve	(11.41)
Transfer from other comprehensive income	56.82
Balance at the end of the year	(19,706.26)
f) Other comprehensive income	
Balance at the beginning of the year	(107.28)
Add: Remeasurements of defined benefit asset/ (liability)	56.82
Less : Cash flow hedge reserve	42.37
Less: Transfer to retained earnings	(56.82)
Balance at the end of the year	(64.91)

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

20 Other Equity (contd.)

Particulars	As at March 31, 2022
g) Share application money pending allotment	
Balance at the beginning of the year	-
Add: share application money received	-
Less: Shares allotted during the year	-
Balance at the end of the year	-
Total (a+b+c+d+e+f+g+h)	18,614.13

Statement of changes in equity

(1) Current reporting period

Particulars	Reserves and Surplus				Employee stock option outstanding account	Other comprehensive income	Total
	Capital reserves	Securities Premium	Statutory reserves	Retained earnings			
Balance at the beginning of the current reporting period	1,329.46	35,504.84	1,247.53	(19,470.46)	152.68	(107.28)	18,656.77
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	1,329.46	35,504.84	1,247.53	(19,470.46)	152.68	(107.28)	18,656.77
Total Comprehensive Income for the current year	-	-	-	56.82	-	-	56.82
Profit for the year	-	-	-	(281.21)	-	-	(281.21)
Transfer from / to retained earnings	-	-	11.41	(11.41)	-	(56.82)	(56.82)
Securities premium on issue of equity shares	-	-	-	-	-	-	-
Share based payment expense for the year	-	-	-	-	139.38	-	-
Cash flow hedge reserve	-	-	-	-	-	42.37	42.37
Remeasurement of Defined Benefit Plan	-	-	-	-	-	56.82	-
Balance at the end of the current reporting period	1,329.46	35,504.84	1,258.94	(19,706.26)	292.06	(64.91)	18,614.13

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

20 Other Equity (contd.)

Nature and purpose of reserve

Capital Reserves

Pursuant to Scheme of arrangement, the holding company has created a capital reserve in accordance with the applicable accounting standards.

Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.

Employee stock option outstanding

The holding company has established various equity settled share based payment plans for certain categories of employees of the holding company. Please refer note 39 for further details of these plans.

Reserve u/s. 45-IA of the Reserve Bank of India Act, 1934 ("the RBI Act, 1934")

Reserve u/s. 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

Surplus in the statement of profit and loss

Surplus in the statement of profit and loss is the accumulated available profit of the holding company carried forward from earlier years. These reserves are free reserves which can be utilised for any purpose as may be required.

Other comprehensive income

- Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.
- The holding company has applied hedge accounting for designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity as cash flow hedge reserve.

Share application money pending allotment

The amount pertains to share application money which was pending allotment of shares at the respective year end.

21 Interest income

Particulars	Year ended March 31, 2022
Interest income	
- Interest income on loans to customers	25,437.65
- Interest income on Portfolio purchased through Assignment	648.12
- Interest income from Securitisation	764.99
- Interest on fixed deposits*	364.23
- Others	15.16
Total	27,230.15

*Includes INR 24.21 Lakhs towards interest on margin money deposits placed to avail term loans from Banks, NBFC's & placed as cash collateral in connection with securitisations transactions.

Dvara Kshetriya Gramin Financial Services Private Limited
Notes to the Consolidated financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in Lakhs)

22 Fees and commission income

Particulars	Year ended March 31, 2022
Fees income	19.32
Total	19.32

23 Net gain on fair value changes

Particulars	Year ended March 31, 2022
Net gain on financial instruments at fair value through profit or loss (FVTPL)	
On trading portfolio	
- Mutual fund investments at FVTPL	258.12
Total	258.12
Fair value changes	
Realised	258.12
Unrealised	-
Total	258.12

24 Income from other services

Particulars	Year ended March 31, 2022
Commission income	828.68
Others	15.97
Total	844.65

25 Finance Costs

Finance costs on financial liabilities measured at amortised cost

Particulars	Year ended March 31, 2022
Interest on borrowings	
- term loans from banks	2,041.83
- securitised portfolio	245.23
- term loans from others	4,187.85
- term loans from related parties	1,221.44
- external commercial borrowings	863.08
Interest on debt securities	2,075.94
Interest on Commercial Paper	67.37
Interest on Subordinate Liabilities	606.50
Other interest expense	3.20
Amortisation of ancillary costs relating to borrowings	531.82
Interest expense on lease liabilities	123.57
Total	11,967.82

Dvara Kshetriya Gramin Financial Services Private Limited
 Notes to the Consolidated financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in Lakhs)

26 Impairment on financial instruments

Particulars	Year ended March 31, 2022
Impairment loss allowance on loans*	3,730.98
Bad debts written off	2,275.81
Total impairment of financial assets	6,006.80

*Impairment loss allowance on loan includes provision for guarantee (Refer Note 17)

27 Employee benefits expenses

Particulars	Year ended March 31, 2022
Salaries, wages and bonus	6,334.61
Contribution to provident and other funds	561.66
Staff welfare expenses	50.48
Employee stock option expenses	139.47
Expenses related to post-employment defined benefit plans	150.45
Total	7,236.67

28 Depreciation and amortization

Particulars	Year ended March 31, 2022
Depreciation of property, plant and equipment	206.24
Amortisation of intangible assets	265.34
Depreciation of right of use assets	169.72
Total	641.30

29 Other expenses

Particulars	Year ended March 31, 2022
Legal and professional charges (refer note 29.1)	500.43
Rent	182.63
Communication expenses	232.28
Insurance	127.83
Electricity and water charges	32.64
Rates and taxes	212.96
Office maintenance	152.76
Repairs and maintenance	0.95
Bank charges	204.10
Printing and stationery	57.27
Travelling, conveyance and lodging	641.86
Technology fees	180.27
Security charges	4.00
Recruitment and training	58.30
Corporate social responsibility expenses (refer note 29.2)	-
Other expenses	65.79
Total	2,654.05

Dvara Kshetriya Gramin Financial Services Private Limited
Notes to the Consolidated financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in Lakhs)

29.1 Payments to auditor (excluding goods and services tax)

Particulars	Year ended March 31, 2022
As auditor:	
Statutory audit	22.50
Tax audit	-
Limited review of half yearly results	12.50
Other services	0.35
Reimbursement of expenses	0.21
Total	35.56

29.2 Details of Corporate Social Responsibility expenditure

Particulars	Year ended March 31, 2022
(a) Amount required to be spent by the Company during the year	-
(b) Amount of expenditure incurred during the year :	-
(c) shortfall at the end of the year,	-
(d) total of previous years shortfall,	-
(e) reason for shortfall,	
(f) nature of CSR activities,	-
(g) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	-
(h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	-

Note: Pursuant to Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, the Holding Company is required to record provision for the unspent corporate social responsibility expenditure as per the act. Accordingly, the Holding Company has recorded provision for the FY 2020-21 for the unspent portion amounting to INR 3.14 Lakhs which was spent during the Current Year 2021-22. Since the Holding company's Net worth/Turn Over and Net Profit are less than the threshold limits indicated in section 135 of the companies act the provision of the section are not applicable to the company in the current year

30 Income Tax

i Amounts recognized in profit or loss

Particulars	Year ended March 31, 2022
Current tax	
In respect of current year	-
In respect of previous years	(34.48)
	(34.48)
Deferred tax	
Attributable to-	
Origination and reversal of temporary differences and MAT Credit Entitlement	57.55
In respect of previous years	-
	57.55
Total tax charge	23.07

ii Income tax recognized in other comprehensive income

Income tax relating to items that will not be reclassified to profit or loss relating to remeasurement of defined benefit plans	40.75
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Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

30 Income Tax (contd.)

iii Reconciliation of total tax expense

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the period year March 31, 2022 are as under:

Particulars	Year ended March 31, 2022
Accounting profit before tax	(258.14)
Applicable tax rate	29.12%
Computed tax expense	(75.17)
Add:	
a. Non Deductible Expenses	
Interest on delayed payment of Tax	27.78
On Account of Goodwill	55.63
Share of loss	
b. Others	14.83
c. Tax pertaining to earlier years	-
Current tax derived	23.07

iv Deferred tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense

Particulars	As at March 31, 2021	Statement of profit and loss	Other comprehensive income	As at March 31, 2022
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between written down value of fixed assets as per books of accounts and income tax	100.07	31.57	-	131.64
Provision for employee benefits	16.24	(8.37)	(23.34)	(15.47)
Provision for hedge reserve	44.08	(44.07)	(17.41)	(17.41)
Impairment on financial instruments	2,332.76	(408.89)	-	1,923.87
Unamortised processing fee income / expenses	(63.84)	15.53	-	(48.31)
Carryforward of business loss	-	-	-	-
Others	62.38	423.86	-	485.70
MAT credit entitlement	514.93	-	-	514.92
Upfront income recognised on Direct Assignment transactions	-	(67.19)	-	-67.19
Total	3,006.62	(57.55)	(40.75)	2,907.77

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

31 Earnings per share ('EPS')

Particulars	Year ended March 31, 2022
Earnings	
Net profit attributable to equity shareholders for calculation of basic EPS	-281.21
Net profit attributable to equity shareholders for calculation of diluted EPS	(281.21)
Shares	
Equity shares at the beginning of the period	1,08,87,144
Shares issued during the period	-
Total number of equity shares outstanding at the end of the period	1,08,87,144
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	1,08,87,144
Diluted effect of Outstanding Stock Options	32,501
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	1,09,19,645
Face value per share	100.00
Earning per share	
Basic	-2.58
Diluted	-2.58

32 Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the holding company uses the same basis of expected repayment behaviour as used for estimating the EIR.

Particulars	As at March 31, 2022		
	Within 12 Months	After 12 Months	Total
Assets			
Cash and cash equivalents	8,880.60	-	8,880.60
Bank balance other than cash and cash equivalents	3,586.16	2,257.16	5,843.32
Receivables			
(i) Trade receivables	149.79	-	149.79
Loans	59,636.61	41,285.76	1,00,922.37
Investments	554.34		554.34
Investments in Associates using Equity Method	328.31		328.31
Other financial assets	1,899.16	205.74	2,104.90
Current tax assets (net)	-	711.16	711.16
Deferred tax assets (net)	-	2,907.77	2,907.77
Property, plant and equipment	-	562.43	562.43
Right of Use Asset	13.62	649.73	663.35
Other intangible assets	-	844.65	844.65
Other non-financial assets	1,168.49	-	1,168.49
Total Assets	76,217.08	49,424.40	1,25,641.48

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

32 Maturity Analysis of assets and liabilities (contd.)

Particulars	As at March 31, 2022		
	Within 12 Months	After 12 Months	Total
Liabilities			
Derivative financial instruments	-	294.91	294.91
Trade payables	-	-	-
- total outstanding dues of micro and small enterprises	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	214.26	-	214.26
Other payables	-	-	-
Debt securities	7,991.12	6,702.22	14,693.34
Borrowings (Other than debt securities)	42,707.61	31,745.99	74,453.60
Subordinate Liabilities	2,996.93	771.00	3,767.93
Other financial liabilities	954.65	1,085.07	2,039.72
Current tax liabilities (net)	-	-	-
Provisions	93.21	71.60	164.81
Other non-financial liabilities	511.64	-	511.64
Total Liabilities	55,469.42	40,670.79	96,140.21
EQUITY			
Equity share capital	-	10,887.14	10,887.14
Other equity	-	18,614.13	18,614.13
Total Equity	-	29,501.27	29,501.27
Total Liabilities & Equity	55,469.42	70,172.06	1,25,641.48

Change in Liabilities arising from financing activities

Particulars	As at March 31, 2021	Movement	Change in fair values	As at March 31, 2022
Debt Securities	10,860.98	3,832.36	-	14,693.34
Borrowings (other than debt securities)	75,000.74	(547.14)	-	74,453.60
Subordinate Liabilities	3,756.80	11.13	-	3,767.93

33 Financial instrument

A Fair value measurement

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 i.e., exit price. This is regardless of whether that price is directly observable or estimated using a valuation technique.

Financial instruments by category

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2022 were as follows:

Particulars	Carrying amount		
	Amortised cost	FVTPL	FVOCI
Financial Assets:			
Cash and cash equivalents	8,880.60	-	-
Bank balance other than cash and cash equivalents	5,843.32	-	-
Receivables	149.79	-	-

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

33 Financial instrument (contd.)

Particulars	Carrying amount		
	Amortised cost	FVTPL	FVOCI
Loans	1,00,922.37	-	-
Investments	554.34	-	-
Investments in Associates using Equity Method	328.31	-	-
Other financial assets	2,104.90	-	-
Total	1,18,783.63	-	-
Liabilities:			
Derivative financial instruments	-	-	294.91
Trade payables	214.26	-	-
Debt securities	14,693.34	-	-
Borrowings (Other than debt securities)	74,453.60	-	-
Subordinated Liabilities	3,767.93	-	-
Other financial liabilities	2,039.72	-	-
Total	95,168.85	-	294.91

Note:

Fair Value of Assets & Liabilities carried at Amortised Cost in the books are close to the Fair Value and hence are not separately disclosed.

34 Financial risk management objectives and policies

- The holding company principal financial liabilities comprise borrowings from banks and issue of debentures. The main purpose of these financial liabilities is to finance the holding company operations and to support its operations. The holding company financial assets include loan and advances, investments and cash and cash equivalents that are derived directly from its operations.
- The holding company is exposed to credit risk, liquidity risk and market risk. The holding company board of directors have an overall responsibility for the establishment and oversight of the holding company risk management framework. The board of directors have established the risk committee and asset liability committee, which is responsible for developing and monitoring the holding company risk management policies. The committee reports regularly to the board of directors on its activities.
- The holding company risk management policies are established to identify and analyse the risks faced by the holding company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the holding company activities.

(i) Credit risk

Credit risk is the risk of financial loss to the holding company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the holding company receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

34 Financial risk management objectives and policies (contd.)

A. a) Loans

The holding company exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The holding company exposure to credit risk for loans by type of counterparty is as follows. All these exposures are with in India.

Particulars	Carrying Amount
	March 31, 2022
Term loans	1,07,674.98
Less : Impairment loss allowance	(6,752.60)
Total	1,00,922.37

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due and the type of risk exposures. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments.

b) Staging:

As per Ind AS 109, general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The holding company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the life span of the instrument.

As per Ind AS 109, holding company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Holding company has staged the assets based on the Days past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months Provision
1-30 Days	Stage 1	12 Months Provision
31-90 Days	Stage 2	Lifetime Provision
90+ Days	Stage 3	Lifetime Provision

c) Grouping

As per Ind AS 109, holding company is required to group the portfolio based on the shared risk characteristics. The holding company has assessed the risk and its impact on the various portfolios and has divided the portfolio into the following groups:

- Loans
- Guarantees
- Second level credit enhancement
- Investments in pass through securities

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

34 Financial risk management objectives and policies (contd.)

d) Expected credit loss ("ECL"):

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

- i. Probability of default ("PD")
- ii. Loss given default ("LGD")
- iii. Exposure at default ("EAD") and EAD Adjustment factor

i) Probability of default:

PD is estimated basis historical movement of accounts from non-default bucket to default bucket in own portfolio for each product. DPD status and Vintage of customer as measured by the Month-on-Book (MOB) are the two PD differentiators considered for the computation for all products.

ii) Probability of default:

The PDs derived from the model, quarterly snapshots of book of previous trends are taken for the historical analysis. A cross matrix of DPD and MOB is created, and default rate computed for each position in the cross tabulation. The final PD is computed based on weighted average PD computed from each snapshot. The count of borrowers in each snapshot is used as the weight to compute weighted average PD. Since this weight has an increasing trend, the recent portfolio has greater influence over the final PD and thus complies with the requirement of the PD being Point-in-Time (PIT).

ii) Loss given default

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods. Various approaches are available to compute the LGD. The holding company has considered the workout LGD approach by considering historical losses and recoveries. The following steps are performed to calculate the LGD:

- 1) Analysis of historical credit impaired accounts
- 2) The computation consists of following components, which are:
 - a) Outstanding balance (Principal Outstanding and Interest Overdue) (POS)
 - b) Recovery amount (discounted yearly) by initial contractual rate.
 - c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
- 3) The formula for the computation is as below:

$$\% \text{ Recovery rate} = (\text{discounted recovery amount} + \text{discounted estimated recovery}) / (\text{total POS})$$

$$\% \text{ LGD} = 1 - \text{recovery rate}$$
- 4) Loss given default (LGD) is the estimate of loss from the transaction given that a default has occurred. The same quarterly snapshots with DPD-MOB cross Tabulation are used to compute LGD for the products, where loss rate post default is computed for each position in the cross tabulation. The weighted average LGD is computed from quarterly snapshots using defaulted principal outstanding of respective quarter as the weight. Since each product is a homogenous pool within a narrow range of yields and getting the data on accrued interest till the date of default on each individual assets would involve undue time, cost and efforts, only principal outstanding has been considered as reasonable proxy of the proportion of EAD that experiences loss after default for each product.

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Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

34 Financial risk management objectives and policies (contd.)

iii) Exposure at default

- i) As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. The holding company has modelled EAD based on the contractual and behavioural cash flows till the lifetime of the loans considering the expected prepayments.
- ii) The holding company has considered expected cash flows for all the loans at DPD bucket level for each of the risk segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component and interest overdue.
- iii) The holding company continuously monitors all assets subject to ECLs. In order to determine whether an instrument is subject to 12mECL or Long term ECL, the holding company assesses whether there has been a significant increase in credit risk since initial recognition. The holding company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD."

EAD adjustment factor:

While PD estimates predict the probability of default of an obligor within a one year horizon, the actual exposure at the time of an event of default may be lower than the outstanding exposure at the date of respective snapshot as some repayments are likely to be received before default given the fact the repayments are made by the obligors in instalments. Thus, exposure at default is required to be adjusted by an estimated percentage of probable recovery before the asset shifts to Stage 3. Thus, EAD adjustment factor is defined as: principal outstanding at the time of default upon principal outstanding at snapshot date. Such factor is worked out for each position in the DPD-MOB cross tabulation for all the products.

e) ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yet) = EAD (yet) * conditional PD (yet) * LGD (yet) * EAD adjustment factor (yet)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

Particulars	Provisions	As at March 31, 2022
Stage 1	12 month provision	548.68
Stage 2	Life time provision	663.05
Stage 3	Life time provision	5,540.87
Amount of expected credit loss provided for		6,752.60

Also refer Note 73

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the holding company view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Dvara Kshetriya Gramin Financial Services Private Limited
Notes to the Consolidated financial statements for the year ended March 31, 2022
(All amounts are in Indian Rupees in Lakhs)

34 Financial risk management objectives and policies (contd.)

Reconciliation of ECL balance is given below:

Particulars	Year ended March 31, 2022
ECL allowance - opening balance	7,947.85
Addition during the year (net of reversals)	3,895.96
Addition during the year on account of Bad Debts	2,422.90
Write offs during the year	(7,514.11)
Closing provision of ECL	6,752.60

Also refer Note 73

Analysis of changes in the gross carrying amount of loans:

Particulars	As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	85,302.02	8,689.46	9,930.35	1,03,921.83
New assets originated *	74,749.56	4.10	1,053.68	75,807.34
Asset derecognised or repaid	(60,194.92)	(4,301.11)	(44.05)	(64,540.08)
Movement Between Stages				
Transfer from stage 1	(9,065.10)	5,532.33	3,532.77	-
Transfer from stage 2	705.98	(3,987.71)	3,281.73	-
Transfer from stage 3	139.42	96.34	(235.76)	-
Write offs	-	-	(7,514.11)	(7,514.11)
As at the end of the year	91,636.96	6,033.40	10,004.62	1,07,674.98

* New assets originated are those assets which have originated during the year

Analysis of changes in the ECL of loans:

Particulars	As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	614.45	1,792.20	5,541.20	7,947.85
New assets originated *	538.31	0.85	588.71	1,127.87
Asset derecognised or repaid	(433.50)	(887.83)	(24.61)	(1,345.94)
Movement Between Stages				
Transfer from stage 1	(65.28)	39.84	25.44	-
Transfer from stage 2	145.73	(823.14)	677.41	-
Transfer from stage 3	77.90	53.83	(131.73)	-
Write offs	-	-	(7,514.11)	(7,514.11)
Impact on ECL on account of movement between stages / updates to the ECL model	(328.93)	487.30	6,378.55	6,536.93
As at the end of the year	548.68	663.05	5,540.87	6,752.60

f) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of the aforesaid balances.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

34 Financial risk management objectives and policies (contd.)

g) Modified financial assets

- i) During the current year, the holding company has restructured 40,228 loan accounts in accordance with the Resolution framework II for Covid-19 related stress issued by RBI vide circular number RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 05th May 2021. Apart from the same, the holding company had restructured 6717 loan accounts that were not eligible to be restructured as per the RBI dispensation. These accounts have been reviewed and assessed as having a significant increase in credit risk and accordingly loss allowances for these loans have been provided. The net carrying amount of modified financial assets as at March 31, 2022 is INR 7677.02 Lakhs (Gross carrying amount of INR 8686.39 Lakhs, netted off with impairment allowance of INR 1009.37 Lakhs)
- ii) The Holding company has a policy of reviewing its ECL model annually. During the current year the holding company has made an annual review and made such refinements to the model and assumptions that in its opinion are essential. Due to these changes, the estimated provision is lower by INR 746.6 Lakhs
- iii) The holding company has adopted definition of "Allied Agriculture activity" in place of generic classification of loans under "Agriculture". Accordingly, loans amounting to INR 5768 Lakhs advanced by the group for activities which were hitherto classified under the boarder head Agriculture have been reclassified under the head 'Allied Agriculture activities' and have been treated as eligible for restructuring under the provisions of the circular No DOR.STR.REC.11/21.04.048/2021-22 on "Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" dated May 5, 2021 of RBI. Due to this reclassification an excess provision of INR 400 Lakhs has been written back. The holding company has also written to RBI in this regard"
- iv) RBI vide circular dated 12th Nov 2021 - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications, notification RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 (IRACP) has clarified /harmonised certain aspects of the regulatory guidelines with a view to ensuring uniformity in the implementation of IRACP norms across all lending institutions. the holding company will comply with the norms or changes for regulatory reporting w.e.f 01 October 2022 as per extended timelines provided by RBI vide circular dated 15 February 2022. Such clarification/ harmonisation has no impact on the results for the quarter and year ended 31st March 2022 as the holding company continues to prepare the financial results in accordance with the applicable IND AS guidelines
- h) Holding company has originated certain loan portfolio as business correspondent for another NBFC on a principal-to-principal basis. Holding company has right of contractual cash flow from the lending and has fully guaranteed the loans to that NBFC. Consequently, holding company has accounted fully the loan amount as asset in the books of accounts of the holding company INR. 20535.88 Lakhs
- i) The holding company has been predominantly extending loans under the JLG (joint liability group) mechanism to its customers. While enrolling its customers, the holding company conducts a detailed assessment of the financial position of the customer household through preparation of a Financial Wellbeing Report (FWR) which records the stated income and expenditure of the customer and its household. The FWR is further validated by the customer by way of a self-declaration.

Basis this declaration of household income, the holding company has complied with the Master Direction of RBI and the overall exposure to Micro Finance loans is below 10%. as on 31st March, 2022

j) Analysis of credit concentration risks

The holding company concentrations of risk are managed by counterparty and geography. The maximum credit exposure to any individual client or counterparty as of March 31, 2022 was INR 5 Lakhs

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

34 Financial risk management objectives and policies (contd.)

The following table shows the risk concentration of loan portfolio by geography.

Geography	Year ended March 31, 2022
Tamil Nadu	72,301.39
Odisha	12,645.47
Karnataka	8,690.56
Chhattisgarh	4,648.85
Uttarakhand	4,501.46
Jharkhand	2,653.87
Bihar	2,232.11
Others	1.27
Total	1,07,674.98

B. Cash and cash equivalent and Bank deposits

The holding company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

C. Other financial assets and Receivables

This balance is primarily constituted by security deposits and advance to employees. The holding company does not expect any losses from non-performance by these counter-parties.

(ii) Liquidity risk

- Liquidity risk is the risk that the holding company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The holding company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India. The holding company has Asset Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the holding company. The holding company approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the holding company's reputation.
- The holding company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The holding company manages its liquidity by unutilised cash credit facility, term loans and direct assignment.
- The composition of the holding company liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.
- Capital adequacy ratio of the holding company, as on March 31, 2022 is 25.33% against regulatory norms of 15%. Tier I capital is 24.93 % as against requirement of 10%. Tier II capital is 0.40% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

Maturity profile of non-derivative financial liabilities

The following tables detail the holding company remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities based on the earliest date on which the holding company can be required to pay. The contractual maturity is based on the earliest date on which the holding company may be required to pay.

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Notes to the Consolidated financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in Lakhs)

34 Financial risk management objectives and policies (contd.)

Particulars	Carrying amount	Less than 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
Non-derivative financial liabilities					
As at March 31, 2022:					
Trade Payables	214.26	214.26	-	-	-
Debt Securities*	14,849.56	8,059.82	6,789.74	-	-
Borrowings (Other than Debt Securities)*	75,133.63	43,175.34	31,958.29	-	-
Subordinate Liabilities*	3,771.00	3,000.00	771.00	-	-
Other financial liabilities	2,039.72	954.95	327.57	99.63	657.57
Total	96,008.18	55,404.37	39,846.60	99.63	657.57

* Gross of unamortized processing fee

Maturity profile of derivative financial liabilities

The following table details the holding company liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. There is no derivative instruments that is settled on a net basis.

Particulars	Carrying amount	Less than 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
Derivative financial instruments					
As at March 31, 2022:					
Gross settled:					
Interest Rate swaps					
- Payable	294.91	294.91	-	-	-
Total	294.91	294.91	-	-	-

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The holding company's exposure to the risk of changes in market interest rates relates primarily to the holding company's investment in bank deposits and variable interest rate lending. Whenever there is a change in borrowing interest rate for the holding company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

Sensitivity analysis - Increase/ decrease of 100 basis points

Particulars	As at March 31, 2022	
	Increase	Decrease
Debt Securities	(127.77)	127.77
Borrowings	(747.27)	747.27
Bank Deposits	113.43	(113.43)
Subordinate Liabilities	(37.62)	37.62

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

34 Financial risk management objectives and policies (contd.)

(b) Foreign currency risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The holding company manages its foreign currency risk by entering into cross currency swaps.

The carrying amounts of the holding company's foreign currency exposure at the end of the reporting period are as follows:

Days past dues status	Rupees	Total
As at March 31, 2022		
Financial Assets	-	-
Financial Liabilities	6,639.70	6,639.70

35 Commitments

Particulars	Year ended March 31, 2022
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	-

36 Contingent liabilities

Particulars	Year ended March 31, 2022
Claims against the holding company and associate not acknowledged as debt	
Service tax related matters (net of provision)	44.86
Income tax related matters	-
Deposits placed with business facilitator	100.48

37 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2022 has been made in the financial statements based on information received and available with the holding company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The holding company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	Year ended March 31, 2022
a. The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period	
Principal	-
Interest	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

37 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (contd.)

Particulars	Year ended March 31, 2022
d. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-

Note: The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the holding company. Based on the information available with the holding company, as at the year end, there are no dues to micro and small Enterprises that are reportable under the MSMED Act, 2006.

38 Employee benefits

Defined contribution plans

The holding company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The holding company contribution is recognized as an expenses in the statement of profit and loss during the period in which the employee renders the related service. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 476.50 Lakhs.

The holding company gratuity benefit scheme is a defined plan. The holding company net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past services and the fair value of any plan assets are deducted. The Calculation of the holding company obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

Details of actuarial valuation of gratuity pursuant to the Ind AS 19

Particulars	Year ended March 31, 2022
A. Change in present value of obligations	
Present value of obligations at the beginning of the year	311.14
Benefits paid	(55.79)
Current service cost	134.74
Interest cost	15.08
Actuarial (gains) losses recognised in other comprehensive income	(77.61)
Present value of obligations at the end of the year	327.55
B. Change in plan assets	
Fair value of plan assets at the beginning of the year	200.88
Adjustment to Opening Fair Value of Plan Asset	-
Contributions paid into the plan	148.13
Benefits paid	(55.79)
Interest Income	12.87
Return on plan assets recognised in other comprehensive income	2.74
Fair value of plan assets at the end of the year	308.83
Net defined benefit liability	18.72

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

38 Employee benefits (contd.)

Particulars	Year ended March 31, 2022
C. Expense/ (income) recognised in the statement of profit and loss	
Current service cost	134.74
Net interest	2.20
Total	136.94
Remeasurements recognised in other comprehensive income	
Actuarial loss on defined benefit obligations	(80.35)

D. Plan assets

The Plan is fully funded by the holding company. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out below. Employees do not contribute to the plan. This plan is funded with SBI.

E. Defined benefit obligation

Particulars	Year ended March 31, 2022
Discount rate	5.46%
Salary escalation	8%
Attrition rate (Past service - PS)	PS : 0 to 5 - 55% PS : 5 to 40 - 3%

Notes:

- The estimates in future salary increases, considered in actuarial valuation, takes account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employee market.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the balance sheet date for estimated term of obligation.

F. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	Year ended March 31, 2022	
	Increase	Decrease
Discount rate (1% movement)	(288.71)	374.96
Future salary growth (1% movement)	371.52	(290.49)

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

38 Employee benefits (contd.)

Details of actuarial valuation of Leave Encashment pursuant to the Ind AS 19

The holding company provides encashment of compensated absence based on the approved policy. Employees whose service is permanent will be eligible for privilege of compensated absence on calendar year basis, and a maximum accumulation allowed is 5 days leaves in an year. Further, the employees can carry forward a portion of the unutilised accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence for a maximum of 30 days.

Particulars	Year ended March 31, 2022
A. Change in present value of obligations	
Present value of obligations at the beginning of the year	55.78
Benefits paid	8.67
Current service cost	3.55
Past service cost	-
Interest cost	2.33
Actuarial (gains) losses on Obligation	0.17
Present value of obligations at the end of the year	53.16
B. Change in plan assets	
Fair value of plan assets at the beginning of the year	-
Contributions paid into the plan	-
Benefits paid	-
Interest Income	-
Return on plan assets recognised in other comprehensive income	-
Fair value of plan assets at the end of the year	-
Net defined benefit liability	53.16
C. Expense/ (income) recognised in the statement of profit and loss	
Current service cost	3.55
Past service cost	-
Net interest	2.33
Total	5.88
Remeasurements recognised in other comprehensive income	
Actuarial (Gain)/loss on defined benefit obligations	-

D. Plan assets

The Plan is fully funded by the holding company. The funding requirements are based on the Leave Encashment actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out below. Employees do not contribute to the plan.

E. Defined benefit obligation

Particulars	Year ended March 31, 2022
Discount rate	5.46%
Salary escalation	8%
Expected average remaining service	3.01
Attrition rate (Past service - PS)	PS : 0 to 5 - 55% PS : 5 to 40 - 3%

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

38 Employee benefits (contd.)

Notes:

- Encashment of compensated absence is payable to the employees on death or resignation or on retirement at the attainment of superannuation age, and it is not applicable on termination and unserved notice period of an employee.
- The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

F. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	Year ended March 31, 2022	
	Increase	Decrease
Discount rate (1% movement)	(49.54)	57.55
Future salary growth (1% movement)	57.21	(49.75)

G Through its defined benefit plans the holding company is exposed to a number of risks, the most significant of which are detailed below

Demographic risks

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the defined benefit obligations depend upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward.

Change in bond yields -

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instrument

Inflation risk -

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability

Life expectancy -

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment.

An increase in the life expectancy of the plan participants will increase the plan's liability.

H The expected payout of undiscounted gratuity is as follows:

Particulars	Upto 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	6 to 10 years
2021-22						
Gratuity	20.69	18.21	20.65	12.04	14.48	84.16

I Code on Social Security

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020.

The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The holding company and associate will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

39 Employee stock option plan (ESOP)

Dvara KGFS Employee Stock Option Plan 2019 ("ESOP Plan") has been approved by the shareholders of the holding company, by way of a special resolution, authorizing the Committee to grant not more than 161,088 options (at any point of time after excluding optioned granted to resigned employees) to eligible employees in one or more tranches, from time to time of face value INR 100 each fully paid up, with each such option conferring a right upon the employees to apply for one share in the holding company in accordance with the terms and conditions as may be decided under the Plan. The shareholders of the holding company have approved the Plan by way of an special resolution and it shall continue to be in force until (i) its termination by the holding company as per provisions of Applicable Laws, or (ii) the date on which all of the Options available for issuance under the Plan have been issued and exercised, whichever is earlier.

Dvara KGFS Employee Stock Option Plan 2019

The options were issued on April 1, 2019, January 2, 2020, March 30, 2021 and November 2, 2021. The options are vested over a period of 4 years in the proportion of 25:25:25:25.

A brief overview of the scheme is summarized as under:

Particulars	Tranch I	Tranch II	Tranch II	Tranch III	Bonus & Increment	Tranch IV
Effective date of Scheme:	01-Apr-19	10-May-19	02-Jan-20	30-Mar-21	30-Mar-21	02-Nov-21
Approval of Board of directors:	01-Apr-19	10-May-19	02-Jan-20	30-Mar-21	30-Mar-21	02-Nov-21
Date of EGM	01-Feb-19	01-Feb-19	01-Feb-19	01-Feb-19	01-Feb-19	26-Mar-21
Tenure of scheme	4 years	4 years	4 years	4 years	1 year	4 years
Vesting period	1 year	1 year	1 year	1 year	1 year	1 year
Total number of eligible employees	28	28	28	39	38	41
Exercise price in INR	346	346	380.59	477.11	477.11 and 429.39	525.43
Number of options granted	55,330	10,320	25,306	43,199	16,370	41,652
Fair value of options at grant date (in INR)	97.2 to 188.3	97.2 to 188.3	88.27 to 176.31	225.94 to 317.56	225.94 to 317.56	107.17 to 224.54

Reconciliation of outstanding options

The details of options granted under the above schemes are as follows.

Particulars	Weighted average exercise price per option	Number of options
	Year ended March 31, 2022	Year ended March 31, 2022
Outstanding at beginning of year	380.56	1,50,295
Less: Forfeited during the year	434.91	30,944
Less: Exercised during the year	-	-
Add: Granted during the year (including those for resigned employees)	525.43	41,652
Outstanding as at end of year	426.84	1,61,003

Expense recognised in the statement of profit and loss

Particulars	Year ended March 31, 2022
Employee stock option expenses	139.38

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

39 Employee stock option plan (ESOP) (contd.)

Measurement of fair values

The fair value of options have been estimated on the dates of each grant using the Black Scholes model. The various inputs considered in the pricing model for the stock options granted by the holding company during the year are as follows:

Particulars	Year ended March 31, 2022
Share price on grant date (INR)	525.43
Weighted average share price (INR)	426.84
Exercise price (INR)	525.43
Fair value of options at grant date (INR)	107.17 - 224.54
Expected volatility	45.30% - 54.00%
Option term	1-4 years
Expected dividends	Nil
Risk free interest rate	4.28% to 5.88%

40 Related party disclosures

Related party relationships and transactions are as identified by the management.

Entities with substantial interest over the holding company	Dvara Trust, represented by Dvara Holdings
Enterprise in which controlling entity / KMP has significant influence	Northern Arc Capital Limited
	Dvara Solutions Private Limited
	Dvara Smartgold India Private Limited
Enterprise in which holding company has control / significant influence	Saija Finance Private Limited
Key Managerial Personnel (KMP)	Ms. Bindu Ananth, Director & Chairman
	Mr. Samir Amrit Shah, Director & Vice Chairman
	Mr. G. Vijayakumar, Chief Financial Officer
	Mr. S Balaji, Company Secretary
	Mr. Joby CO, Managing Director & CEO (Until August 31, 2021)
	Mr. LVLN Murty, Managing Director & CEO (With effect from November 3, 2021)
Independent Directors	Mr. N.T. Arun Kumar
	Ms. Anisha Motwani
	Mr. Raman Uberoi
Non Executive Director	Mr. Abhishek Agarwal, Nominee Director
	Mr. Pranav Kumar Gupta, Nominee Director
	Mr. Thomas Klungsoeyr, Nominee Director

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

40 Related party disclosures (contd.)

A. Transactions during the Year :

Particulars	Year ended March 31, 2022
Dvara Trust	
Rent	12.80
Reimbursement of expenses	2.37
Advance taken	350.00
Loan Repaid	600.00
Interest expenses***	12.26
Northern Arc Capital Limited	
Interest expense***	1,313.73
Fee paid	269.27
Loan Repaid	7,328.66
Loan Obtained	21,500.00
Commission From Business Correspondence	50.28
Processing Fee Income	1.93
Professional & Consultancy Fee Paid	0.66
Dvara Solutions Private Limited	
Technology fees	180.27
Customization fee	28.62
Reimbursement of expenses	2.35
Dvara Smartgold India Private Limited	
Commission income	14.99
Deposit given/(refunded)	-0.06
Other Expenses	1.10
Dvara Holdings	
Rent	153.36
Loan Obtained	7,700.00
Interest expenses***	423.20
Saija finance Private limited	
Interest income on securitisation	45.31
Upfront fee	18.00
Professional & Consultancy Fee Paid	14.00
Employee reimbursement	35.00
Employee Advance to Key Managerial Personnel	
Mr. Joby CO (Upto 31st August 2021)	-
Director Sitting Fees	
Anisha Motwani	11.00
NT Arun Kumar	17.00
Pranav Kumar Gupta	5.50
Raman Uberoi	10.00
S.Viswanathan	5.50
Remuneration to Key Managerial Personnel #	
Mr. G. Vijayakumar	64.46
Mr. S Balaji	18.26
Mr. LVLN Murty (w.e.f 3rd November 2021)	48.17
Mr. Joby CO (Upto 31st August 2021)	64.06

Amount attributable to post employment benefits have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

*** Interest Expenses includes only actual cash outflow on account of interest and does not include interest accrued

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

40 Related party disclosures (contd.)

B. Balances as at year end:

Particulars	Year ended March 31, 2022
Dvara Trust	
Rent payable	-
Expense provision	-
Term loan - Repayable on Demand*	253.40
Northern Arc Capital Limited	
Trade payables	-
Receivable	5.23
NCD Outstanding*	8,954.47
Term loan Outstanding	10,535.02
Commercial Paper	485.20
Dvara Solutions Private Limited	
Advances	0.17
Trade payables	-
Dvara Smartgold India Private Limited	
Deposit	14.94
Receivable	1.45
Dvara Holdings	
Term loan - Repayable on Demand*	2,817.53
Saija finance Private limited	
Securitisation	554.34
Cash Collateral	179.62
Key Managerial Personnel	
Mr. Joby CO - Salary Advance	-

* Includes Interest Accrued and Net of Unamortised Processing Fees.

41 Segment reporting

Operating segments

The holding company operations predominantly relate to arranging or facilitating or providing finance either in the form of loans or guarantees. The information relating to this operating segment is reviewed regularly by the holding company's Board of Directors (Chief Operating Decision Maker) to make decisions about resources to be allocated and to assess its performance. The CODM considers the entire business of the holding company on a holistic basis to make operating decisions and thus there are no segregated operating segments. The CODM of the holding company reviews the operating results of the holding company as a whole and therefore not more than one reportable segment is required to be disclosed by the holding company as envisaged by Ind AS 108 Operating Segments.

The holding company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per IND AS 108 Operating Segments.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

42 Leases

In the cases where assets are taken on operating lease (as lessee)

As a lessee, the holding company lease asset class primarily consist of buildings or part thereof taken on lease for office premises used for operating activities. In accordance with the requirements under Ind AS 116, Leases, the holding company has recognized the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application as at April 1, 2019, and thereafter, at the inception of respective lease contracts and ROU asset is equal to lease liability subject to certain practical expedients as allowed by the standard.

The following is the summary of practical expedients applied as allowed under Ind AS 116.

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Availed the exemption of not to recognize ROU assets and liabilities for leases of low value assets and leases with less than 12 months (short-term lease) of lease term on the date of initial application as at April 1, 2019 and thereafter;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application as at April 1, 2019 and thereafter;
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
- Used hindsight to determine the lease term of contracts."

i) Movement in carrying value of right of use assets

Particulars	Amount
Balance as at March 31, 2021	828.90
Additions during the year	4.17
Depreciation	(169.72)
Balance as at March 31, 2022	663.35

ii) Movement in lease liabilities

Particulars	Amount
Balance as at March 31, 2021	1,034.08
Additions during the year	4.27
Interest expenses	123.57
Payments	(272.58)
Balance as at March 31, 2022	889.33

iii) Amounts recognised in statement of profit and loss

Particulars	Amount
Post-amendment in Ind AS 116	
Depreciation expense of right of use asset	169.72
Interest expense on lease liabilities	123.57
Rent expense - short term leases and leases of low value assets	182.63
Total amounts recognised in profit or loss for the year ended March 31, 2022	475.92
Rent expense for the period March 31, 2022	455.22

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

42 Leases (contd.)

Set below are the potential undiscounted future payments relating to assets taken on lease. The payment profile has been based on management's forecasts and could in reality be different from expectations:

Particulars	March 31, 2022
Not greater than 1 year	244.96
Between 1 year and 5 years	667.05
Later than 5 years	167.33
Total future lease commitments	1079.34

Practical expedients applied

Pursuant to amendments brought in by the Ministry of Corporate Affairs through the Companies (Indian Accounting Standards) Amendment Rules, 2020 vide notification dated July 24, 2020, Ind AS 116 - Leases was amended by inserting certain paragraphs (46A and 46B) related to application of practical expedient to Covid-19-Related Rent Concessions. The holding company had applied the practical expedient to all such rent concessions received during the year ended March 31, 2022 from certain Lessors that meet the conditions specified in paragraph 46B. The amount of rent concessions recognized in the statement of profit or loss is not material.

43 Additional Disclosures as required by the Reserve Bank of India

Particulars	Year ended March 31, 2022
Total Gold loan portfolio	660.50
Total Assets	1,07,674.98
Gold loan portfolio as a percentage of total assets	0.61%

Details of Gold Loan auction conducted during the year

Period	Number of Loan Accounts	Principal Amount outstanding at the dates of auctions (A)	Interest Amount outstanding at the dates of auctions (B)	Total (A+B)	Value fetched
31-Mar-22	41.00	5.59	2.26	7.85	7.84

Note:

There were no auctions conducted during the year and accordingly disclosure relating to participation of sister concerns is not required.

44 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated

Capital adequacy ratio

The holding company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI). The adequacy of the holding company's capital is monitored using, among other measures, the regulations issued by RBI. The holding company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of holding company capital management.

Capital management

The primary objectives of the holding company capital management policy is to ensure that the holding company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The holding company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

44 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated (contd.)

The below disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated, are in accordance with Indian Accounting Standards (IND AS).

i Net Debt to Equity Ratio

Consistent with the others in industry, the holding company monitors the capital on the basis of gearing ratio (Net debt divided by equity). Under the terms of the major borrowing facilities, the holding company is required to maintain the gearing ratio in line with the RBI guidelines or in a slightly more conservative manner. The actual gearing stipulated differs between the various lending agreements. The holding company has complied with this covenant through out the year.

	Year ended March 31, 2022
Equity	29,501.27
Debt (Includes debt securities, borrowings and subordinate liabilities)	92,914.87
Cash and cash equivalents (excluding Bank balance other than cash and cash equivalents)	8,880.60
Bank balance which are lien marked for the purpose of borrowings	5,078.03
Net Debt	78,956.24
Net Debt to Equity Ratio	2.68

ii Regulatory capital

The holding company has to mandatorily comply with the capital adequacy requirements stipulated by Reserve Bank of India from time to time. Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing holding company Tier I and Tier II capital by risk weighted assets.

Tier I capital comprised of share capital, share premium, retained earnings including current year profit and Tier II capital comprises of provision on standard assets. Tier 1 and Tier 2 has been reported on the basis of Ind AS financial information. Risk weighted assets represents the weighted sum of holding company credit exposures based on their risk.

Particulars	Carrying amount Year ended March 31, 2022
Tier I Capital	25,788.32
Tier II Capital	415.73
Total Capital	26,204.05
Amount of subordinated debt raised as Tier-II capital	256.20
Risk weighted assets	1,03,434.85
Tier I Capital Ratio (%)	24.93%
Tier II Capital Ratio (%)	0.40%
Tier Capital Ratio (%)	25.33%

Dvara Kshetriya Gramin Financial Services Private Limited
Notes to the Consolidated financial statements for the year ended March 31, 2022
(All amounts are in Indian Rupees in Lakhs)

45 a Investments

Particulars	Year ended March 31, 2022
Value of investment	
Gross value of investments	
- In India	554.34
- Outside India	-
Provisions for investments	
- In India	-
- Outside India	-
Net value investments	
- In India	554.34
- Outside India	-
Movement of provisions held towards depreciation on investments	
Opening balance	-
Add: Provisions made during the year	-
Less: Write off/ write back/ reversal of provision during the year	-
Closing balance	-

45b Investments in Associates using Equity Method

Particulars	Year ended March 31, 2022
Value of investment	
Gross value of investments	
- In India	328.31
- Outside India	-
Provisions for investments	
- In India	-
- Outside India	-
Net value investments	
- In India	328.31
- Outside India	-
Movement of provisions held towards depreciation on investments	
Opening balance	-
Add: Provisions made during the year	-
Less: Write off/ write back/ reversal of provision during the year	-
Closing balance	-

Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars	Year ended March 31, 2022
The notional principal of swap agreements	6,639.70
Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-
Collateral required by the company upon entering into swaps	-
Concentration of credit risk arising from the swaps	-
The fair value of the swap book (Asset / (Liability))	294.91

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

45b Investments in Associates using Equity Method (contd.)

b) Exchange Traded Interest Rate (IR) Derivative

The holding company has not entered into any exchange traded derivative. The holding company is not carrying out any activity of providing Derivative cover to third parties.

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures:

- i) The holding company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The holding company does not indulge into any derivative trading transactions. The holding company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The holding company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.
- ii) Credit risk is controlled by restricting the counterparties that the holding company deals with, to those who either have banking relationship with the holding company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of MD/ CFO/ Treasurer. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.
- iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures:

Foreign currency non-repatriate loans availed:

Particulars	As at March 31, 2022 Currency Derivatives
i) Derivatives (Notional Principal Amount)	
- For hedging	6,639.70
ii) Marked to Market Positions	
a) Asset (+) Estimated gain	-
b) Liability (-) Estimated loss	294.91
iii) Credit Exposure	-
iv) Unhedged Exposures	-

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

46 Disclosure Pursuant to paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

S.N.	Particulars	As at March 31, 2022	
		Amount Outstanding	Amount Overdue
	Liabilities side:		
1	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
	(a) Debentures		
	- Secured	13,115.26	-
	- Unsecured	1,234.28	-
	(other than falling within the meaning of public deposits)	-	
	(b) Deferred Credits	-	-
	(c) Term Loans	58,550.28	
	(d) Inter-Corporate Loans and Borrowings	13,673.06	-
	(e) Commercial Paper	500.00	-
	(f) Public Deposits	-	-
	(g) Subordinated Liabilities	3,771.01	
	(h) Other Loans	2,762.11	-
	Note : Above balances are gross of unamortised processing fee.		
2	Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid)		
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-

Particulars		Year ended March 31, 2022
3	Break-up of Loans and Advances * including Bills Receivables [other than those included in (4) below]:	
	(a) Secured	660.50
	(b) Unsecured	1,07,014.48
	* Excludes impairment loss allowance	
4	Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities	
	(i) Lease Assets including Lease Rentals Accrued and Due:	
	a) Financial Lease	-
	b) Operating Lease	-
	(ii) Stock on Hire including Hire Charges under Sundry Debtors:	
	a) Assets on Hire	-
	b) Repossessed Assets	-
	(iii) Other Loans counting towards AFC Activities	
	a) Loans where Assets have been Repossessed	-
	b) Loans other than (a) above	-

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

46 Disclosure Pursuant to paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016: (contd.)

Particulars		Year ended March 31, 2022
5	Break-up of Investments (net of provision for diminution in value):	
	Current Investments:	
	I. Quoted:	
	i. Shares	
	a) Equity	-
	b) Preference	-
	ii. Debentures and bonds	-
	iii. Units of Mutual Funds	-
	iv. Government Securities	-
	v. Others	
	a) commercial paper	-
	II. Unquoted:	
	i. Shares	
	a) Equity	-
	b) Preference	-
	ii. Debentures and Bonds	-
	iii. Units of Mutual Funds	-
	iv. Government Securities	-
	v. Others	
	a) pass through certificates	554.34
	b) units of alternative investment fund	-
	Long Term Investments:	
	I. Quoted:	
	i. Shares	
	a) Equity	-
	b) Preference	-
	ii. Debentures and Bonds	-
	iii. Units of Mutual Funds	-
	iv. Government Securities	-
	v. Others (please specify)	-
	II. Unquoted:	
	i. Shares	
	a) Equity	0.01
	b) Preference	328.30
	ii. Debentures and Bonds	-
	iii. Units of Mutual Funds	-
	iv. Government Securities	-
	v. Others	
	a) pass through certificates	-
	b) units of alternative investment fund	-
	c) share warrants	-

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

46 Disclosure Pursuant to paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016: (contd.)

6 Borrower Group-wise Classification of Assets Financed as in (3) and (4) above:

Particulars	As at March 31, 2022 (Net of provisions)	
	Secured	Unsecured
1. Related parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	654.08	1,00,268.29
	654.08	1,00,268.29

7 Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted)

Particulars	Market Value / Break up Value or Fair Value or Net Asset Value as on March 31, 2022	Book Value as on March 31, 2022 (Net of provisions)
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	1,311.3	1,311.3
(c) Other related parties	-	-
2. Other than related parties	-	-
	1,311	1,311

8 Other Information

Particulars	As at March 31, 2022	
	Related Parties	Other than Related Parties
(i) Gross Non-Performing Assets (stage 3 assets)	-	10,004.62
(ii) Net Non-Performing Assets (stage 3 assets)	-	4,463.75
(iii) Assets Acquired in Satisfaction of Debt	-	-

Note : NPA contracts represents the Stage 3 contracts. Also this excludes the impact of the fair value changes on the financial assets.

Also refer Note 34.

Dvara Kshetriya Gramin Financial Services Private Limited
Notes to the Consolidated financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in Lakhs)

47A Asset Liability Management

Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2022

Particulars	1 day to 7 days	8 day to 14 days	15 day to 30/31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Borrowings from banks and others	1,873.34	563.17	1,996.74	3,273.90	7,388.18	10,366.60	17,713.42	31,958.29	-	-	75,133.63
Market borrowings (debt securities)	-	-	33.51	200.00	1,101.56	2,708.59	4,016.16	6,789.74			14,849.56
Subordinate Liabilities	-	-	-	-	1,800.00	1,200.00	-	771.00	-	-	3,771.00
Total	1,873.34	563.17	2,030.25	3,473.90	10,289.74	14,275.19	21,729.58	39,519.03	-	-	93,754.19
Assets											
Advances	1,121.47	1,673.97	2,159.73	5,495.04	5,618.75	17,151.74	30,822.47	35,747.38	3,651.37	4,902.69	1,08,344.60
Investments	-	-	65.35	63.20	62.49	191.82	171.48	-	-	328.31	882.65
Total	1,121.47	1,673.97	2,225.08	5,558.24	5,681.24	17,343.56	30,993.95	35,747.38	3,651.37	5,231.00	1,09,227.25

Note:

- The balances are gross of impairment loss allowance
- Above balances are gross of unamortised component of sourcing cost/ income which is adjusted as part of loan/borrowing balances.
- Principal and interest arrears has been moved to higher bucket based on RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated Sept 1, 2016.
- Estimated cashflows considering the moratorium given to the customers/ moratorium obtained from lenders.
- The holding company has not classified any of its borrowings as immediately due during the year due to breach of covenants since the management is confident that there will not be any recall of such loans based on their discussion with lenders

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

47B Public disclosure on Liquidity risk management

i. Funding concentration based on significant Counterparty *(both deposits and borrowings)

As at March 31, 2022

Number of significant counterparties	Amount (INR in Crore)	% of Total Borrowings	% of Total Liabilities
20	832.64	90%	87%

ii. Top 20 large deposits (amount in INR Crore and % of total deposits)-

Not applicable. The Holding Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits. “

iii. Top 10 borrowings (amount in INR Crore and % of total borrowings)

As at March 31, 2022

Amount (INR in Crore)	% of Total Borrowings
437.94	47.13%

iv. Funding concentration based on significant instrument / product*

As at March 31, 2022

Name of the instrument/ product	Amount (INR in Crore)	% of Total Liabilities
Term Loan from others	372.15	40.05%
Term Loan from banks	142.47	15.33%
Term Loan from Related parties	105.35	11.34%
Secured Debentures from Others	89.54	9.64%
External commercial borrowings	66.40	7.15%
Secured Debentures from Related Parties	40.45	4.35%
Debentures	32.68	3.52%
Loan repayable on demand from related parties	30.70	3.30%
Loan repayable on demand from others	13.77	1.48%
Securitization borrowings	13.70	1.47%
Unsecured Debentures from others	12.08	1.30%
Subordinate Term Loan from banks	5.00	0.54%
Commercial Paper	4.85	0.52%

v. Stock Ratios

As at March 31, 2022

Particulars	as a % of total public funds*	as a % of total liabilities*	as a % of total assets
Commercial papers	0.052%	0.500%	0.390%
Non-convertible debentures (original maturity of less than one year)	2.150%	2.080%	2.000%
Other short-term liabilities	1.910%	1.840%	1.410%

vi. Institutional set-up for liquidity risk management

The holding company Board of Directors has the overall responsibility of management of liquidity risk. The Board decides the strategic policies and procedures of the holding company to manage liquidity risk in accordance with the risk tolerance/limits decided by it.

The holding company also has a Risk Management Committee, which is a sub committee of the Board and is responsible for evaluating the overall risk faced by the holding company including liquidity risk.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

47B Public disclosure on Liquidity risk management (contd.)

Asset Liability Management Committee (ALCO) of the holding company is responsible ensuring adherence to the risk tolerance/limits as well as implementing the liquidity risk management strategy of the holding company.

*Notes

1. A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDIS's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.
2. A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDIS's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.
3. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.
4. "Public funds" shall include funds raised either directly or indirectly through public deposits, commercial paper, debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in Regulatory Framework for Core Investment Companies issued vide Notification No. DNBS (PD) CC.No. 206/03.10.001/2010-11 dated January 5, 2011.

48 Disclosure of frauds reported during the year ended March 31, 2022

Particulars	Less than INR 1 Lakh		More than INR 1 Lakh less than INR 25 Lakh		Above INR 25 Lakh		Total	
	Number of Instances	INR in Lakhs	Number of Instances	INR in Lakhs	Number of Instances	INR in Lakhs	Number of Instances	INR in Lakhs
Person involved:								
Staff	29	4.88	8	59.30	-	-	37	64.18
Outsiders	-	-	-	-	-	-	-	-
Type of fraud:								
Misappropriation and criminal breach of trust, manipulation of books of accounts, cheating and forgery	29	4.88	8	59.30	-	-	37	64.18
Others	-	-	-	-	-	-	-	-
Total	29	4.88	8	59.30	-	-	37	64.18

The above summary with respect to fraud is based on the information available with the holding company which has been relied upon by the auditors. Numbers in bracket represent previous year balances.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

49 Exposure to Real estate sector

Particulars	Year ended March 31, 2022
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;	
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 (NFB) limits)	-
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -	
a) Residential (refer note below)	-
b) Commercial Real Estate	-

50 Exposure to capital market

The holding company's entire loan portfolio (Loans) is unsecured except to the extent of Jewel loans. Further the loans are made to individuals/group only. Also, the holding company has made investments in current year and previous year only in pass through certificate. Accordingly, disclosures in relation to capital markets is not applicable.

51 Disclosures relating to Direct Assignment and Securitisation

Disclosure pursuant to Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 vide RBI circular RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021

i) Details of loans transferred during the year

sl no	Particulars	To ARCs	To permitted transferees	To other transferees
1	No: of accounts	Nil	23791	Nil
2	Aggregate principal outstanding of loans transferred	Nil	5443.79	Nil
3	Sale Consideration	Nil	6004.21	Nil
4	Number of Transactions	Nil	4	Nil
5	Weighted average residual tenor of the loans transferred (in months)	Nil	14.39	Nil
6	Weighted average holding period after origination (in Months)	Nil	9.35	Nil
7	Net book value of loans transferred (at the time of transfer	Nil	6671.34	Nil
8	Retention of beneficial economic interest	Nil	10%	Nil
9	Aggregate consideration	Nil	6004.21	Nil
10	rating-wise distribution of rated loans	Nil	NA	Nil
11	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil	Nil
12	instances where it has agreed to replace loans transferred to transferee	Nil	Nil	Nil
13	pay damages arising out of any representation or warranty	NA	NA	NA
14	coverage of tangible security coverage	NA	NA	NA

- ii) The holding company has not acquired any loans through assignment this year
- iii) The holding company has not transferred any non performing assets this year
- iv) The holding company has not acquired any stressed loan this year

Dvara Kshetriya Gramin Financial Services Private Limited
Notes to the Consolidated financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in Lakhs)

51.2 Details of securitisation transactions undertaken

Particulars	Year ended March 31, 2022
1. No of SPVs sponsored by the NBFC for securitisation transactions	2
2. Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	1,725.80
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	315.45
Others	462.87
4. Amount of exposures to securitisation transactions other than MRR	
a) Off-balance sheet exposures	
i) Exposure to own securitisations	
First loss	-
Others	-
ii) Exposure to third party securitisations	
First loss	
Others	-
b) On-balance sheet exposures	
i) Exposure to own securitisations	
First loss	-
Others	-
ii) Exposure to third party securitisations	
First loss	-
Others	-

52 Details of non- performing financial assets purchases / sold

The holding company has neither purchased nor sold any non- performing financial assets during the previous year.

53 Details of financing of Parent Company products

The holding company has no exposures in this regard and accordingly disclosures in relation to this is not applicable.

54A Details of Single Borrower Limits (SBL)/ Group Borrower Limits (GBL) exceeded

The holding company has not exceeded the single borrower limit as set by Reserve Bank of India for the year ended March 31, 2022 and March 31, 2021

54B Unsecured Advances - Refer Note 7

55 Advances against Intangible Securities

The holding company has not given any loans against intangible securities

56 Registration/ licence/ authorisation obtained from other financial sector regulators :

Regulator	Registration Number
Ministry of Corporate Affairs	U65991TN1993PTC024547
Reserve Bank of India	B-07-00627

Registration / Licence	Authority issuing the registration / license	Registration / Licence reference
Certificate of Registration	Reserve Bank of India	B-07-00627 dated March 28, 2019

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

57 Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and Other Regulators during the year ended March 31, 2022

58 Exposure to Perpetual Debt Instruments (PDI)

The holding company does not have any exposure to Perpetual Debt Instruments (PDI) during the year ended March 31, 2022

59 Ratings

Particulars	Rating agency	Date of Rating	Year ended March 31, 2022
Bank facilities	CARE	30-Dec-21	BBB
	ICRA		-
	CRISIL	12-Mar-22	BBB+
	ACUITE	29-Mar-22	A-
Subordinated debt issue	ICRA		-
Subordinated debt issue	CRISIL	12-Mar-22	BBB+
Commercial Paper	ACUITE	29-Mar-22	A2+
Non-convertible debentures - Long Term	CARE	30-Dec-21	BBB
Non-convertible debentures - Short Term	ICRA		-
Non-convertible debentures - Long Term	ACUITE	29-Mar-22	A-
Non-convertible debentures - Short Term	ACUITE	29-Mar-22	A2+
Non-convertible debentures (MLD) - Long Term	ACUITE	29-Mar-22	A-
Non-convertible debentures (MLD) - Long Term	CRISIL	12-Mar-22	BBB+ R
Non-convertible debentures - Long Term	BRICKWORK	29-Oct-21	BBB+
Securitization	CARE	01-Feb-22	-
			-
	CARE	01-Feb-22	-
			-
	CARE	01-Feb-22	A (SO)
			BBB (SO)

60 Provisions and contingencies

Particulars	Year ended March 31, 2022
Impairment on financial assets*	6,752.60
Provision for guarantee	74.17
Provision for Gratuity	18.73
Provision for Leave Encashment	53.17
Provision for service tax liability	18.75

* Includes impairment on financial assets (stage 3) amounting to INR 5540.87 Lakhs. Also refer note 34.

61 Draw down from reserves

The holding company has not made any drawdown from existing reserves during the year ended March 31, 2022.

Dvara Kshetriya Gramin Financial Services Private Limited
Notes to the Consolidated financial statements for the year ended March 31, 2022
(All amounts are in Indian Rupees in Lakhs)

62 Concentration of advances

Particulars	Year ended March 31, 2022
Total advances to twenty largest borrowers	93.30
Percentage of advances to twenty largest borrowers to total advances	0.09%

63 Concentration of exposures

Particulars	Year ended March 31, 2022
Total exposure to twenty largest borrowers	89.85
Percentage of exposures to twenty largest borrowers to total exposure	0.08%

64 Concentration of NPA Contracts*

Particulars	Year ended March 31, 2022
Total exposure to top four NPA accounts	9.31

* represents stage 3 contracts

65 Sector-wise NPAs (Percentage of NPA's to total advances in that sector)

Particulars	Year ended March 31, 2022
Agriculture and allied activities	0.25%
MSME	0.23%
Services	0.05%
Unsecured personal loans	0.21%
Other loans	7.82%

The above Sector-wise NPA and advances are based on the data available with the holding company which has been relied upon by the auditors. Also NPA contracts represents the Stage 3 contracts.

66 Movement of Non-Performing Assets (NPA's)

Particulars	Year ended March 31, 2022
(a) Net NPAs to net advances (%)	4.34%
(Net of provision for NPAs)	
(b) Movement of gross NPAs	
Opening balance	9,930.35
Additions during the year	7,633.03
Reductions during the year	(7,558.76)
Closing balance	10,004.62
(c) Movement of net NPAs	
Opening balance	4,389.15
Additions during the year (net)	3,207.56
Reductions during the year	(3,132.95)
Closing balance	4,463.75

Dvara Kshetriya Gramin Financial Services Private Limited
 Notes to the Consolidated financial statements for the year ended March 31, 2022
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66 Movement of Non-Performing Assets (NPA's) (contd.)

Particulars		Year ended March 31, 2022
(d) Movement of provisions for NPAs (excluding contingent provisions against standard assets)		
Opening balance		5,541.20
Provisions made during the year		4,425.47
Write-off / write-back of excess provisions		(4,425.81)
Closing balance		5,540.87
Note : NPA contracts represents Stage 3 contracts and the NPA Provision represents the Loss allowance on Stage 3 contracts. This is based on the yearly movement of NPA accounts. The Net advance is arrived at by adding back processing fee and deducting NPA provision to gross loans.		
Movement of provisions held towards guarantees		
Opening balance		289.84
Add: Provisions made during the year		-
Less: Write off/ write back/ reversal of provision during the year		(215.67)
Closing balance		74.17

Note : The above disclosure also includes the loss allowance towards undrawn loans

67 Overseas assets (for those with joint ventures and subsidiaries abroad)

There are no overseas asset owned by the holding company.

68 Off-balance sheet SPVs sponsored

There are no SPVs which are required to be Consolidated as per accounting norms.

69 Customer complaints

Particulars	Year ended March 31, 2022
No. of complaints pending at the beginning of the year	11
No. of complaints received during the year	776
No. of complaints redressed during the year	787
No. of complaints pending at the end of the year	-

The above details are based on the information available with the holding company regarding the complaints received from the customers which has been relied upon by the auditors.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

70 Disclosures under Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, as updated (Continued)

Type of Restructuring	Asset Classification details	Other than CDR and SME Debt Restructuring						Total			
		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
"Restructured assets as on April 1, 2021"	No. of borrowers	19,168	3,858	7	-	23,033	19,168	3,858	7	-	23,033
	Amount Outstanding	4,700.27	1,061.94	1.49	-	5,763.70	4,700.27	1,061.94	1.49	-	5,763.70
	Provision there on	924.49	478.13	0.68	-	1,403.30	924.49	478.13	0.68	-	1,403.30
	No. of borrowers	37,060	3,500	-	-	40,560	37,060	3,500	-	-	40,560
Fresh restructuring during the year	Amount Outstanding	7,749.01	1,022.86	-	-	8,771.87	7,749.01	1,022.86	-	-	8,771.87
	Provision there on	616.08	412.51	-	-	1,028.60	616.08	412.51	-	-	1,028.60
	No. of borrowers	1,487	(1,480)	(7)	-	-	1,487	(1,480)	(7)	-	-
	Amount Outstanding	386.81	-385.32	-1.49	-	-	386.81	-385.32	-1.49	-	-
Upgradations to restructured standard category during the year	Provision there on	175.23	-174.55	-0.68	-	-	175.23	-174.55	-0.68	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-
Down gradation of restructured accounts during the year	-	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	(11,298)	11,152	146	-	-	(11,298)	11,152	146	-	-
	Amount Outstanding	-2,624.21	2,591.79	32.42	-	-	-2,624.21	2,591.79	32.42	-	-
	Provision there on	-552.91	545.96	6.95	-	-	-552.91	545.96	6.95	-	-
Write off / repaid restructured accounts during the year	No. of borrowers	(2,956)	2,956	-	-	(2,956)	(2,956)	-	-	-	(2,956)
	Amount Outstanding/ Amount repaid	-1,210.63	295.49	7.26	-	-907.88	-1,210.63	295.49	7.26	-	-907.88
	Provision there on/reversed there on	-445.13	1,365.39	19.07	-	939.33	-445.13	1,365.39	19.07	-	939.33
	No. of borrowers	43,461	17,030	146	-	60,637	43,461	17,030	146	-	60,637
Restructured accounts as on March 31, 2021	Amount Outstanding	9,001.26	4,586.75	39.68	-	13,627.69	9,001.26	4,586.75	39.68	-	13,627.69
	Provision there on	717.76	2,627.44	26.02	-	3,371.22	717.76	2,627.44	26.02	-	2,431.89

Disclosure as per formal prescribed under notification RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated 06th August 2020 and RBI/2021-22/31 DOR.STR. REC.11/21.04.048/2021-22 dated 05th May 2021 in respect of Resolution Framework I and Resolution Framework II, respectively, for Covid Related stress, for the year ended 31 March 2022 (Refer Note 75)

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

71 Disclosure under clause 28 of the Listing Agreement for Debt Securities

S. No.	Particulars	As at March 31, 2022
a)	Loans and advances in the nature of loans to subsidiaries	-
b)	Loans and advances in the nature of loans to associates	-
c)	Loans and advances in the nature of loans where there is -	
	(i) no repayment schedule or repayment beyond seven years	-
	(ii) no interest or interest below section 186 of Companies Act, 2013	-
d)	Loans and advances in the nature of loans to firms/companies in which directors are interested	-

72 Disclosure under clause 16 of the Listing Agreement for Debt Securities

The listed debentures are secured by way of a Specific charge on Loan assets (Also refer Note 14 to the financial statements)

73 Disclosure of Comparison of provision as per IRAC norms and ECL pursuant to RBI circular, vide DNBS.PD.CC.No.109/22.10.106/2019-20 dated March 13, 2020 for the year ended March 31, 2022.

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS*	Loss allowance (provision) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	91,636.96	548.68	91,088.28	366.55	182.13
	Stage 2	6,033.40	663.05	5,370.35	24.12	638.93
Sub total		97,670.36	1,211.73	96,458.63	390.66	821.07
Non Performing Assets (NPA)						
Sub-standard	Stage 3	9,379.21	5,141.97	4,237.24	937.92	4,204.05
Doubtful - upto 1 year	Stage 3	625.41	398.90	226.51	625.41	-226.51
1 - 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Loss Assets	Stage 3	-	-	-	-	-
Subtotal for NPA		10,004.62	5,540.87	4,463.75	1,563.33	3,977.54
Other items such as guarantees, loan commitment etc., which are in the scope of Ind AS 109 but not covered under Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Sub total		-	-	-	-	-
Total						
	Stage 1	91,636.96	548.68	91,088.28	366.55	182.13
	Stage 2	6,033.40	663.05	5,370.35	24.12	638.93
	Stage 3	10,004.62	5,540.87	4,463.75	1,563.33	3,977.54
Total		1,07,674.98	6,752.60	1,00,922.37	1,953.99	4,798.61

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

73 Disclosure of Comparison of provision as per IRAC norms and ECL pursuant to RBI circular, vide DNBS.PD.CC.No.109/22.10.106/2019-20 dated March 13, 2020 for the year ended March 31, 2022. (contd.)

In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning as at March 31, 2021 and accordingly, no amount is required to be transferred to impairment reserve.)

74 i) Disclosure as per format prescribed under notification RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated 06th August 2020 and RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 05th May 2021 in respect of Resolution Framework I and Resolution Framework II, respectively, for Covid Related stress, for the year ended 31 March 2022

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan **
Personal Loans	56,685	12,928.65	-	570.42	-
- Corporate persons*	-	-	-	-	-
- Of which, MSMEs	-	-	-	-	-
- Others	56,685	12,928.65	-	570.42	-
Total	56,685	12,928.65	-	570.42	-

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

** The holding company has made provision for impairment loss allowance (as per Expected credit loss model) for the period ended 31 March 2021

Disclosure as per RBI Notification RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 extended via RBI notification RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 extended further via RBI Notification RBI/2020-21/17 DOR.No.BP.BC.4/21.04.048/2020-21 dated August 6, 2020 - Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances

Disclosure as per prescribed format for the year ended March 31, 2022:

No. of Accounts restructured	Amount
1,375	340.38

Note: Auditors have solely relied on MSME classification performed by the management.

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

75 Impact of Covid 19

The outbreak of the COVID-19 pandemic contributed to considerable volatility in the global economy. Various measures were taken by the Government and Regulator to ameliorate the impact of the pandemic including but not limited to announcement of National Lockdowns in the initial phases and subsequently, regional restrictions imposed to curb the spread of the pandemic. However, with the impact of the pandemic reducing significantly over the past months, most of the restrictions have been lifted.

Estimates and associated judgments / assumptions applied in preparation of these financial results including determining the impairment loss allowance and expected future cash inflows / outflows are based on a combination of historical experience and emerging / forward looking indicators resulting from the ongoing pandemic and accordingly the holding company has recognized an expected credit loss on loans (including write offs) amounting to INR 6006.8 Lakhs during the current year (Year ended 31 March 2021 - INR 5,279 Lakhs). The holding company will continue to monitor any material changes to the future economic conditions.

76 Business acquisition of Varam Capital Private Limited

In April 2019, the holding company acquired business of Varam Capital Private Limited. The holding company has followed purchase method as envisaged in Ind AS 103 to record this transition. Under the purchase method of accounting, the total price is allocated to the assets acquired and liabilities based on the fair value estimation of asset valuations and liabilities assumed.

The business combination will enable the holding company to expand its base and strengthen its presence across various other geographies where it did not have presence earlier. Consequently, the excess of purchase consideration over the fair value of assets acquired has been attributed to goodwill.

The following is the purchase price allocation based on the valuation performed as at April 1, 2019:

Particulars	Total
Purchase consideration*	1,475.00
The assets and liabilities recognized as a result of acquisition is as follows:	
Assets taken over	4,482.22
Liabilities taken over	(4,344.60)
Intangible assets acquired	
Customer acquisition and customer contracts	853.17
Software	293.17
Goodwill	191.04
Net identifiable assets acquired	1,475.00

* includes inter corporate deposit amounting to INR 1,000 Lakhs adjusted as part of the purchase consideration.

76A Interest in Associates & Joint Ventures

Name of the Entity	Place of Ownership	% of Ownership Interest	Relationship	Accounting	Unquoted Fair Value as at March 31, 2022
Saija Finance Private Limited	India	25.90%	Associate	Equity Method	328.31

* No Quoted Fair Value is available since the Associate is an unlisted company.

Dvara Kshetriya Gramin Financial Services Private Limited
Notes to the Consolidated financial statements for the year ended March 31, 2022
(All amounts are in Indian Rupees in Lakhs)

76B Summarised Financial Information of Associates

	Saija Finance Private Limited March 31, 2022
Financial Assets	
Cash and cash equivalents	1,564.32
Other Financial assets	9,509.55
Total Financial Assets	11,073.87
Total Non-Financial Assets	870.00
Total Assets	11,943.87
Financial Liabilities	10,538.80
Non-Financial liabilities	125.73
Total Liabilities	10,664.53
Net Assets	1,279.34

76C Reconciliation to Carrying Amount

	Saija Finance Private Limited March 31, 2022
Opening Net Assets	3363.27
Profit for the year	-2809.09
Other Comprehensive Income	10.5
Dividends paid including dividend distribution tax	0
Closing Net Assets	564.68
Group's Share in %	25.90%
Group's Share in INR	146.25
Carrying amount	328.31

76D Summarised Statement of Profit or Loss

	Saija Finance Private Limited March 31, 2022
Revenue From Operations / Income from services	1884.74
Other Income	34.5
Total Income	1919.24
Depreciation and amortization expense	123.66
Finance Cost	1782.35
Impairment on Financial Instruments	139.4
Employee Benefit Expenses	1650.88
Other Expenses	1028.23
Income Tax Expense	3.74
Total Expenses	4728.26
Profit (Loss) for the year	-2809.02
Other comprehensive Income for the year, net of tax	10.5
Total Comprehensive Income for the year	-2798.52
Dividends received	0

Dvara Kshetriya Gramin Financial Services Private Limited
Notes to the Consolidated financial statements for the year ended March 31, 2022
 (All amounts are in Indian Rupees in Lakhs)

76D Additional Information Required under Schedule III of the Companies Act, 2013.

Name of the entity in the group	Net Assets i.e. Total Assets - Total liabilities		Share in Profit or Loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net	Amount (in Lakhs)	As % of consolidated Profit or Loss	Amount (in Lakhs)	As % of consolidated other Comprehensive Income	Amount (in Lakhs)	As % of total Comprehensive Income	Amount (in Lakhs)
Parent								
Dvara Kshetriya Gramin Financial Services Private Limited								
March 31, 2022	96%	29,839.51	-2%	57.03	89%	99.19	-6%	156.22
Associates (Investments as per Equity Method)								
Saija Finance Private Limited								
March 31, 2022	4%	1,279.34	100%	-2,798.52	9%	10.50	104%	-2,788.02
Total								
March 31, 2022	1.00	31,127.60	1.00	-2,786.89	1.00	111.00	1.00	-2,675.89

Dvara Kshetriya Gramin Financial Services Private Limited

Notes to the Consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Lakhs)

77 Other statutory disclosures

- a) There were no acquisitions through business combinations, change due to revaluation and changes due to impairment losses in current and previous years.
- b) The borrowing from banks and financial institutions have been used for the purposes for which it was taken as at the balance date.
- c) The holding company does not have any Benami property where any proceeding has been initiated or pending against the holding company to holding any Benami property.
- d) The holding company has verified for transactions with Struck-off companies by comparing holding company's counter parties with publicly available database of struck of companies through a manual name search. Based on such a manual search, no party identified to be reported in the financial statements.
- e) The holding company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- f) The holding company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- g) The holding company has not advanced or loaned or invested funds to any other person(s) or entity(ies) including foreign (Intermediaries) with the understanding that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the holding company (Ultimate Beneficiaries) or provide any guarantee security or the like to or on behalf of the Ultimate Beneficiaries.
- h) The holding company has not received any fund from any person(s) or entity (ies). including foreign entities (Funding Party) with to understanding (whether recorded in writing or otherwise) that the holding company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- i) The holding company does not have any such transaction which is not recorded in the books of accounts that has been surrendered disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any of relevant provisions of the Income Tax Act. 1961
- j) Title deeds of immovable property are held in the name of the holding company.

78 Since the share in associate entity was acquired during the year, the company has not presented the comparative information.

As per our report of even date
for **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's registration number: 003990S/S200018

For and on behalf of the Board of Directors of
Dvara Kshetriya Gramin Financial Services Private Limited
CIN : U65991TN1993PTC024547

P Devi
Partner
Membership No. 223137
Place : Bengaluru

Bindu Ananth
Director
DIN: 02456029
Place : Chennai

Samir Amrit Shah
Director
DIN : 00912693
Place : Chennai

LVLN Murty
Managing Director & CEO
DIN : 09618861

Place : Dubai
Date : 27 May 2022

G. Vijayakumar
Chief Financial Officer
Place : Chennai

S. Balaji
Company Secretary
Membership No. A22951
Place : Chennai

ANNEXURE C

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED

10th Floor, Phase-1, A1, IIT-Madras Research Park, Kanagam Village, Taramani

Chennai - 600113

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED (hereinafter called the Company). The secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents, and authorized representatives during the conduct of the secretarial audit and as per the explanations given to us and the representations made by the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2022 complied generally with the statutory provisions listed here under and also that the company has proper board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms, and returns filed, and other records made available to us and maintained by DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED for the financial year ended on 31st March 2022 according to the applicable provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder.
- ii. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under.
- iii. The Depositories Act, 1996, and the Regulations and Byelaws framed thereunder;
- iv. Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder to the extent

of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

- v. The following laws, regulations, directions, and orders applicable specifically to the Company:
 - a. Reserve Bank of India Act, 1934.
 - b. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
 - c. Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016.
 - d. Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016.
 - e. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.
 - f. Master Direction - Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 2016.
 - g. Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016.
 - h. 'Know Your Customer (KYC) Guidelines - Anti Money Laundering Standards (AML) - 'Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules notified there under'.
 - i. Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016.
 - j. Master Circular - Miscellaneous Instructions to all Non-Banking Financial Companies.
 - k. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- vi. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- vii. Other laws applicable to the Company as per the representations made by the Management.

With respect to Fiscal laws such as Income Tax and Goods and Service Tax we have reviewed the systems

and mechanisms established by the Company for ensuring compliance under various Acts and based on the information and explanation provided to us by the management and officers of the Company and also on verification of compliance reports taken on record by the Board of Directors of the Company, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards i.e. SS-1 and SS-2, relating to Meetings of the Board of Directors and 'General Meetings' respectively, issued by The Institute of Company Secretaries of India have been generally complied with.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- iii. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except for the following non-compliance.

1. As per Sec 179 (3) the issue of any securities including Debenture shall be approved only in the Board Meeting, however, the Company has passed the following items in Circular Resolution.
 - To approve the issue of Secured, rated, redeemable, principal-protected market-linked, Non-Convertible Debentures for INR 200 crores on 24th June 2021.
 - To Approve subscribing to pass-through certificates of Saija Finance on 22nd December 2021.

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Non-Executive Directors and Independent Directors. There were changes in the composition of the Board of Directors during the period under review.

Certain meetings have been convened and held at short notice, notice has been given to all directors with an agenda and detailed notes on the agenda were sent/ tabled at the meeting and a system exists for seeking further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

We further report that during the audit period, the

following significant events have taken place:

1. ISSUE & ALLOTMENT OF NON-CONVERTIBLE DEBENTURES AND EQUITY SHARES

- a) The Company has allotted 230 Secured, Redeemable, Non-Convertible Debentures of INR 1,00,000/- aggregating to INR 2,30,00,000 to various individual investors on a private placement basis on 01st April 2021.
- b) The Company has allotted 95 Secured, Redeemable, Non-Convertible Debentures of INR 1,00,000/- aggregating to INR 95,00,000 to various individual investors on a private placement basis on 03rd May 2021.
- c) The Company has allotted 2,000 Rated Unsubordinated Secured Transferable Redeemable Principal Protected Market Linked Debentures of INR 1,00,000/- aggregating to INR 20,00,00,000 to Northern Arc Income Builder Trust on a private placement basis on 17th May 2021.
- d) The Company has allotted 50,000 Rated, Listed, Senior, Secured, Redeemable, Taxable, Principal Protected, Market Linked, Non-Convertible Debentures of INR 10,000/- aggregating to INR 50,00,00,000 to Various investors on a private placement basis on 28th June 2021.
- e) The Company has allotted 60 Secured, Redeemable, Non-Convertible Debentures of INR 1,00,000/- aggregating to INR 60,00,000 to various individual investors on a private placement basis on 23rd August 2021.
- f) The Company has allotted 45 Secured, Redeemable, Non-Convertible Debentures of INR 1,00,000/- aggregating to INR 45,00,000 to various individual investors on a private placement basis on 08th December 2021.
- g) The Company has allotted 200 Rated Unsubordinated Secured Transferable Redeemable Non-Convertible Debentures of INR 10,00,000/- aggregating to INR 20,00,00,000 to Northern Arc Money Market Alpha Trust on a private placement basis on 31st March 2022.

2. CHANGES IN THE BOARD OF DIRECTORS:

- a) Pursuant to section 149 of the Companies Act, 2013 Mr. Raman Uberoi was appointed as an Independent Director of the Company in the Extra Ordinary General Meeting for a period of 3 years with effect from 25th May 2021.
- b) Pursuant to section 149 of the Companies Act, 2013 Mr. Praveen Kumar Gupta was appointed as an Independent Director of the Company in the Extra Ordinary General Meeting for a period of 3 years with effect from 25th May 2021.
- c) Pursuant to section 149 of the Companies Act, 2013 Mr. N.T. Arunkumar was reappointed as

an Independent Director of the Company in the Extra Ordinary General Meeting for a period of 5 years with effect from 31st January 2022.

- d) Due to the completion of the term, Mr. Swaminathan Viswanathan ceased to be an Independent Director of the Company with effect from 22nd June 2021.
- e) Mr. Parveen Kumar Gupta resigned as an Independent Director of the Company with effect from 31st August 2021.

3. CHANGES IN KEY MANAGERIAL PERSONNEL:

- a) Pursuant to section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 Mr. LVLN. Murty was appointed as Chief Executive Officer of the Company with effect from 03rd November 2021.
- b) Mr. Joby Chathely Ouseph resigned as Chief Executive Officer of the Company with effect from 31st August 2021.

4. APPOINTMENT OF STATUTORY AUDITORS

Pursuant to section 139 of the Companies Act, 2013 and as per RBI Circular dated April 27, 2021, on 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) M/s. PKF SRIDHAR & SANTHANAM LLP was appointed as Statutory Auditor of the Company for a period of 3 financial years (01/04/2021 to 31/03/2024) in the Annual General Meeting held on 17th September 2021.

For BP & Associates
Company Secretaries

K. J. Chandra Mouli
Partner

Date: 26th September, 2022.

M No: F11720| CP No: 15708

Place: Chennai

UDIN: F011720D001045555

ANNEXURE A

To,

The Members,

DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED

10th Floor, Phase-1, A1, IIT-Madras Research Park, Kanagam Village, Taramani

Chennai - 600113

Our report of even date is to be read along with this letter

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of

events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on a test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For BP & Associates
Company Secretaries

K. J. Chandra Mouli
Partner

Date: 26th September, 2022.

M No: F11720| CP No: 15708

Place: Chennai

UDIN: F011720D001045555

ANNEXURE D

Corporate Social Responsibility (CSR) Report

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. Brief outline on CSR Policy of the Company:

The Company aspires to further its social and environmental commitment by incorporating the vision of CSR laid out by the Companies Act, 2013. The CSR policy of Company intends to integrate the CSR guidelines in its business operations as well as outline a strategy to invest its CSR monies in socially and environmentally beneficial outcomes. The document spells out the Company's CSR mission of contributing towards social and economic development of the community, and the strategy to work towards its mission statement. The Company's CSR Policy has been uploaded on the website of the Company under the web-link: <https://www.dvarakgfs.com/compliances>

2. Composition of CSR Committee:

S. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Bindu Ananth	Chairperson	2	2
2.	Mr. Samir Shah	Non-executive Director	2	2
3.	Ms. Anisha Motwani	Independent Director	1	1
4.	Mr. S. Viswanathan	Independent Director	1	1
5.	Mr. Raman Uberoi	Independent Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

The Company CSR Policy has been uploaded in the website of the Company which contains the details of the Composition of CSR committee and CSR projects approved by the Board and the web link to CSR policy is <https://www.dvarakgfs.com/compliances>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report)

Not Applicable to the Company.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any-

Not Applicable

6. Average net profit of the company as per section 135(5) - INR 759.08 Lakhs

7. (a) Two percent of average net profit of the Company as per section 135(5) - NA

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - NA

(c) Amount required to be set off for the financial year, if any. - NA

(d) Total CSR obligation for the financial year (7a+7b-7c). - NA

8. (a) CSR amount spent or unspent for the financial year:

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in INR)	Amount Unspent (in INR)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
--	--	--	Not Applicable		

(b) Details of CSR amount spent against on-going projects for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Project duration	Amount allocated for the project (In INR).	Amount spent in the current Financial Year (in INR).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in INR).	Mode of Implementation	Name	Mode of Implementation - Through Implementing Agency CSR Registration Number
				State	District							
1.	Supply of Oxygen concentrators for countering COVID-19	(i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water	Yes	Tamil Nadu	Thanjavur; Periyur; Pattukottai; Ottankadu; Madurai; Krishnagiri; Chennai	FY 2021-22	5250250	5250250	--	Yes	NA	NA

(c) Details of CSR amount spent against other than on-going projects for the financial year

1	2	3	4	5		6	7	8	9	10	11	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Project duration	Amount allocated for the project (In INR).	Amount spent in the current Financial Year (in INR).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in INR).	Mode of Implementation	Name	Mode of Implementation - Through Implementing Agency CSR Registration Number
				State	District							

NIL

(d) Amount spent in Administrative Overheads- NIL**(e) Amount spent on Impact Assessment, if applicable - Not applicable****(f) Total amount spent for the Financial Year- INR (8b+8c+8d+8e) - INR Nil**

(g) Excess amount for set off, if any:

Sl No	Particulars	Amount (in Lakhs)
i)	Two percent of average net profit of the Company as per section 135(5)	15.18
ii)	Total amount spent for the Financial Year	0.00
iii)	Excess amount spent for the financial year [(ii)-(i)]	-
iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years:

S. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in INR)	Amount spent in the reporting Financial Year (in INR).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in INR)
				Name of the Fund	Amount (in INR).	Date of transfer	
1.	2019-20	24.20	-	NA			24.20
2.	2020-21	3.34	-	NA			3.34
3.	2021 -22	-	-	NA			-

(b) Details of CSR amount spent in the financial year for on-going projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
S. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total Amount allocated for the project (in INR).	Amount spent on the project in the reporting financial Year (in INR).	Cumulative Amount spent at the end of reporting financial year (in INR).	Status of the Project Completed /Ongoing
					Nil			

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s).- NIL
- (b) Amount of CSR spent for creation or acquisition of capital asset. - NIL
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.- NIL
- (d) Provide details of the capital asset(s) created or acquired (Including complete address and location of the capital asset.)- NIL

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA

**On behalf of the Board of Directors,
For Dvara Kshetriya Gramin Financial Services Private Limited**

Sd/-
Bindu Ananth
Chairperson
DIN: 02456029

Sd/-
LVLN Murty
Managing Director & CEO
DIN: 09618861

Place: Chennai
Date: 26th September, 2022

ANNEXURE E

FORM NO. AOC-2

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

All transactions entered into by the Company during the year with related parties were on an arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

The transactions entered into by the Company during the year with related parties on an arm's length basis were not material in nature.

ANNEXURE F

Employees' Stock Option Scheme

Details of Employees' Stock Option Scheme pursuant to the provisions of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 for the year ended March 31, 2022

Details	ESOP	
Options granted during the year	41,652	
Options vested	Nil	
Options exercised	Nil	
Total number of shares arising as a result of exercise of option	Nil	
Options lapsed/forfeited	7,030	
Exercise price (in INR)	NA	
Money realised by exercise of options (in INR)	Nil	
Total number of options in force as at March 31, 2022	161,003	
Options granted to key managerial personnel		
Mr. L V L N Murty	3173	
Mr. G. Vijayakumar	2890	
Mr. S. Balaji	819	
Other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	LVLN Murty	3173
	Vijayakumar G	2890
	Ramkumar R	2407
	Shilpa Bhattar	2395

ANNEXURE G

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in INR) –:

Sl. No.	Particulars	Details
1.	Name of the Subsidiary	NIL
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	
4.	Share Capital	
5.	Reserves & Surplus	
6.	Total Assets	
7.	Total Liabilities	
8.	Investments	
9.	Turnover	
10.	Profit/(Loss) before Taxation	
11.	Provision for Taxation	
12.	Profit/(Loss) after Taxation	
13.	Proposed Dividend	
14.	% of Shareholding	

Notes: The following information shall be furnished at the end of the statement:

- Names of Subsidiaries which are yet to commence operations - NIL
- Names of Subsidiaries which have been liquidated or sold during the year. - NIL

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No.	Name of Associate Company	Saija Finance Private Limited
1.	Latest audited Balance Sheet Date	31 March 2022
2.	Shares of Associate/Joint Ventures held by the company on the year end	25.90%
	Amount of Investment in Associates/Joint Venture	INR 7,56,94,000
	Extend of Holding%	25.90%
3.	Description of how there is significant influence	The Holding Company acquired 25.9% stake in Saija Finance Private Limited through equity and preference investment of INR 756.94 Lakhs (Shares allotted on 27th Oct 2021.)
4.	Reason why the associate/joint venture is not consolidated	NA
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	NA
6.	Profit/(Loss) for the year	
	i. Considered in Consolidation	INR (4,28,63,000)
	ii. Not Considered in Consolidation	NA

- Names of associates or joint ventures which are yet to commence operations - NIL
- Names of associates or joint ventures which have been liquidated or sold during the year - NIL

**On behalf of the Board of Directors,
For Dvara Kshetriya Gramin Financial Services Private Limited**

Sd/-

Bindu Ananth

Chairperson

DIN: 02456029

Sd/-

LVLN Murty

Managing Director & CEO

DIN: 09618861

Place: Chennai

Date: 26th September, 2022



DVARA
KGFS

10th Floor, Phase I, IIT M Research Park Taramani, Chennai 600 113
T: 044 6668 7000 W: dvarakgfs.com