

June 15, 2020

The General Manager
Department of Corporate Services
BSE Limited
Phiroze Jeejeeboy Towers, Dalal Street,
Mumbai – 400001.

Scrip Code: 540268

Dear Sir / Madam,

Subject : Earnings Update.

This is to inform you that the Board of Directors of Dhanvarsha Finvest Limited at its meeting held today i.e., June 15, 2020 had approved Audited Standalone and Consolidated Financial Results for the quarter and year ended March 31, 2020 and the same has been submitted to you.

A copy of the Earning Update for the quarter and year ended March 31, 2020, is attached herewith.

We request you to take the above on record.

Thanking you.

Yours faithfully,
For **Dhanvarsha Finvest Limited**



M. Vijay Mohan Reddy
Company Secretary
Mem. No. ACS 49289



Encl: as above

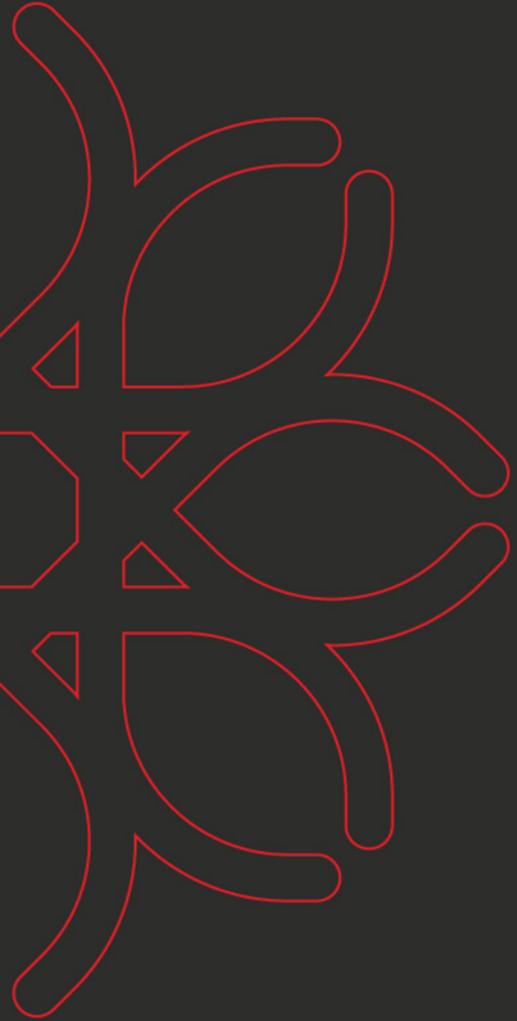


Dhanvarsha

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FY20 Update

Highlights of FY20

P&L Highlights

- 25% Y-o-Y rise in Net Revenue from INR 141 Mn in FY19 to INR 176 Mn in FY20.
- 92% Y-o-Y rise in Net Profit from INR 21 Mn in FY19 to INR 41 Mn in FY20 led by higher fee income and lower interest expense. As a prudent measure, company has taken a one-time COVID-19 provision of INR 5.1 Mn in 4Q.

Balance Sheet Highlights

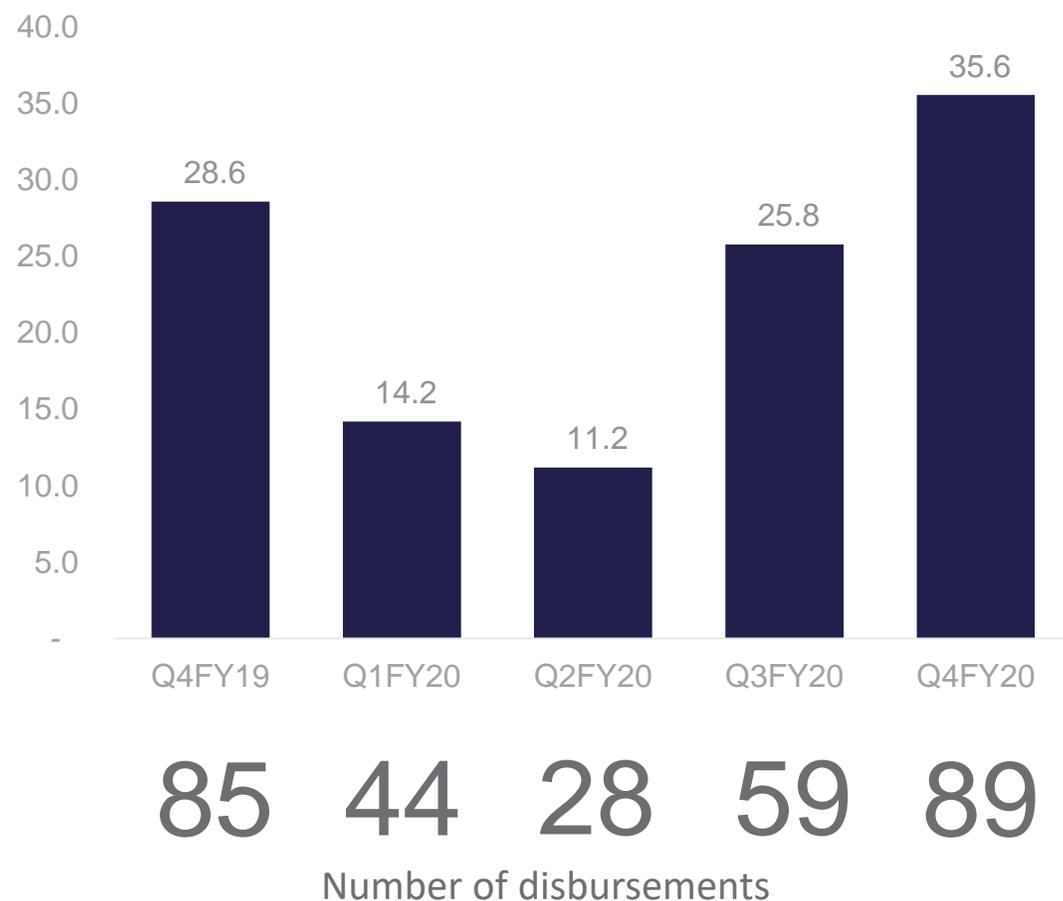
- Highly liquid balance sheet with cash of INR 49 Mn at quarter end to cater to robust lending pipeline.
- Net worth rose from INR 26 Mn to INR 312 Mn Y-o-Y. Quasi equity of INR 117 Mn to be converted to Equity in Q2FY2020-21.

Corporate Updates

- Secured debt lines from HDFC Ltd and Bank of India; capital infusion of USD 8.5 Mn from a foreign portfolio investor and USD 6 Mn from promoter group at a company value of USD 39.5 million.
- Appointment of former Regional Head of Marketing and Cross Border for Asia Pacific at Visa Inc. Mr. Rajiv Kapoor as Independent Director of the Company in February 2020.

Disbursals and AUM

Disbursal Summary (₹ million)

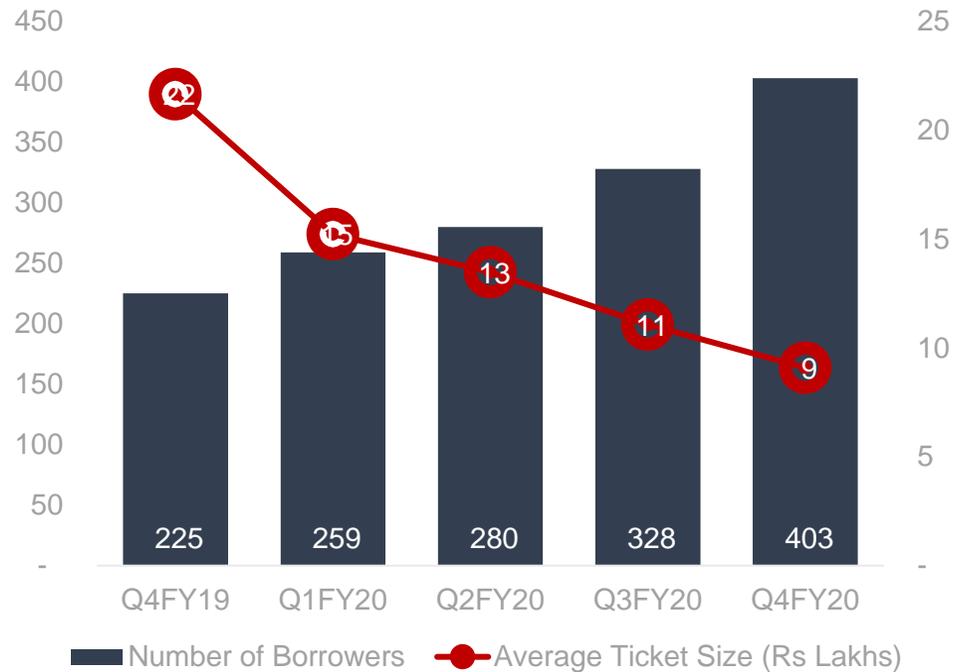


- Disbursements of 35.6 million in 4Q20 vs. 25.8 million in the previous quarter and 28.6 million a year ago.
- AUM has started re-growing again with robust pipeline for on balance sheet lending growth and syndication in retail cash and carry MSME segments.
- Company's focus is on building a secure, granular and high-quality capital efficient loan book with superior risk adjusted margins.

Particulars	Q3 FY20	Q4 FY20
AUM	363 Mn	373 Mn
Avg. Ticket Size	11 Lakhs	9 Lakhs
Avg. Yield	17%	17%
GNPA %	7.0%	4.7%

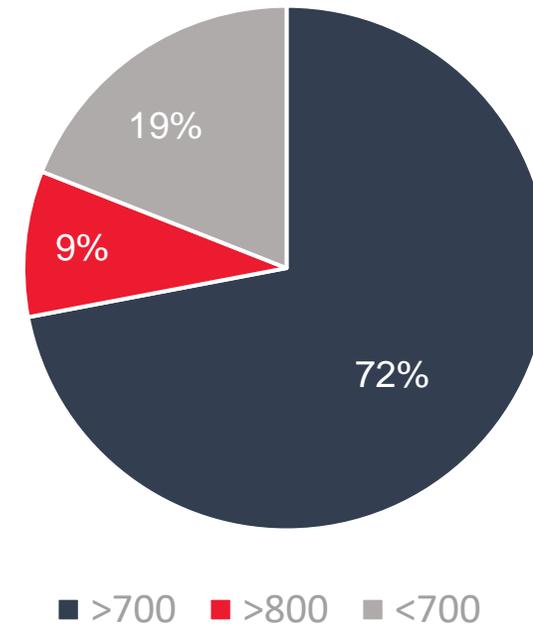
Portfolio Snapshot – Granularity with Sustainability

Extremely granular loan book with significant reduction in ticket size and increase in borrower count



- Number of borrowers nearly doubled year over year.
- Increased focus on small ticket loans has brought down average ticket size per customer to Rs. 9 lakhs from Rs. 22 lakhs a year ago.

81% of our borrowers have 700+ CIBIL score

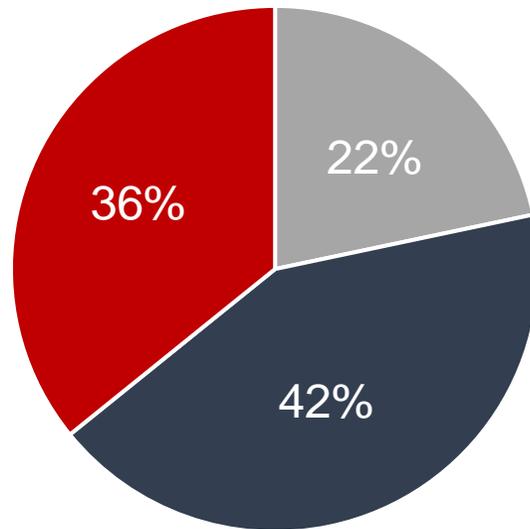


- Strong underwriting criteria with over 80% of borrowers having 700+ CIBIL score.

* CIBIL score is a credit assessment which is similar to a FICO score in the US

Portfolio Snapshot – Lending Primarily for Business Expansion

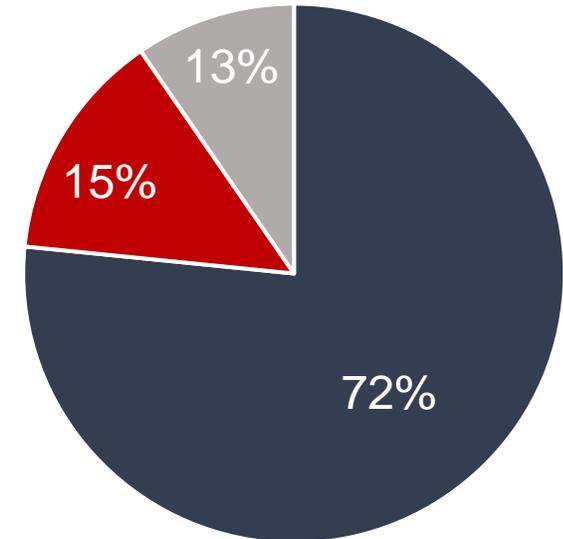
Diversified Portfolio with extremely low concentration risk



■ Manufacturer & Manufacturing ■ Service ■ Trader

- Almost 80% of the portfolio is geared towards service and trader industries.

Borrower use of funds predominantly for business expansion

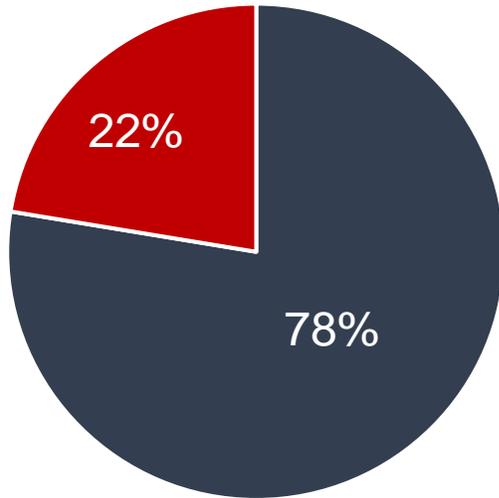


■ Business Expansion ■ Debt Consolidation & Expansion
■ Working Capital

- Borrower use of funds used primarily for income generating business purposes.

Portfolio Snapshot – Strong Focus on PSL

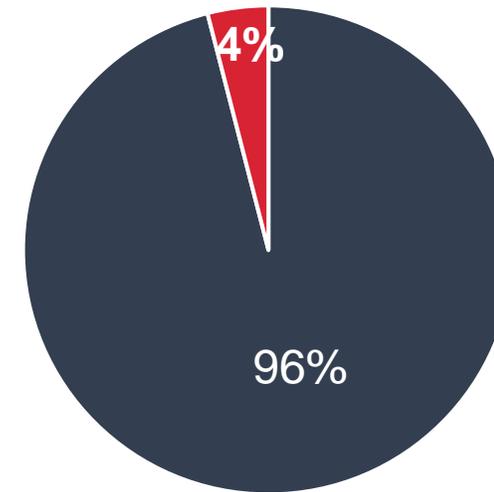
Portfolio Split



■ Secured ■ UnSecured

- Robust collateral as security from borrowers.
- Performance of unsecured book is extremely healthy

Strong Focus on Priority Sector Lending



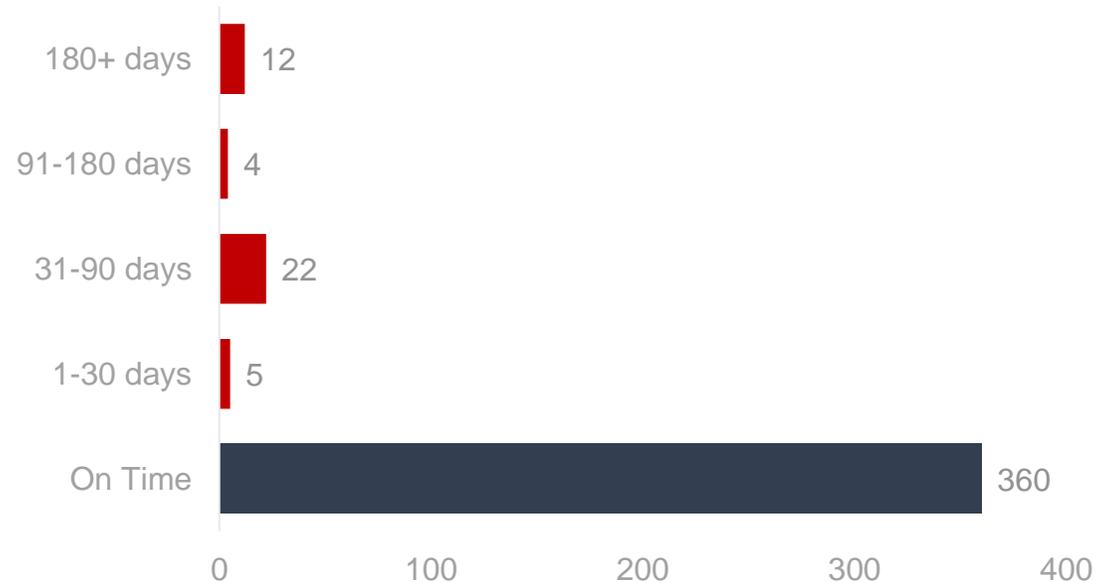
■ Priority ■ Non Priority

- Strong focus on disbursing loans that qualify for PSL status.
- Will enhance ability to sell down loans and generate liquidity

Asset Quality Snapshot – Relentless Focus

- Major focus of collections team is to resolve early stage delinquent loans (1-30 days) at the earliest.
- Given collection efforts and granular borrower base, normalization ratio of delinquent loans is very high.
- Collections is headed by a former Capital First, Kotak, and HDFC Bank veteran who has more than 15 years experience in recoveries and litigations.

Relentless focus on Collections – No. of borrowers



Income Statement

Income Statement (INR Million)	Q4 FY20	FY19	FY20
Operating Income	57.1	190.3	191.0
Less: Finance Cost	4.2	51.8	16.9
Net Income	52.9	138.6	174.1
Other Income	1.4	2.6	1.9
Total Income	54.3	141.2	176.0
Operating Expenses	36.2	87.9	116.9
Provisions	12.9	29.0	3.3
Profit Before Tax	5.2	24.3	55.8
Less: Tax	1.7	2.9	14.8
Profit for the period	3.5	21.3	41.0

- Net Revenue in FY2020 is INR 176 Mn, up 25% Y-o-Y due to increasing disbursements and higher fee income
- Strict cost control even in this phase of growth.
- Total Net Profit of FY2020 almost doubled Y-o-Y despite one time provision of INR 5.1 million in 4Q due to COVID-19.

Balance Sheet

Balance Sheet (INR Million)	FY19	FY20
Financials Assets	489.8	422.4
Cash and Investments	38.0	48.1
Loans	451.6	328.6
Other Financials Assets	0.2	45.8
Non Financials Assets	48.0	62.6
Total Assets	537.8	485.0
Financial Liabilities	261.3	163.2
Trade payables	2.3	3.5
Borrowings	254.1	156.1
Other financial liabilities	4.8	3.6
Non-Financial Liabilities	10.1	9.9
Total Liabilities	271.3	173.1
Equity Share capital	135.0	135.1
Other Equity	131.5	176.8
Total Equity	266.5	311.9
Total Liabilities and Equity	537.8	485.0

- High liquidity in place to fund existing lending pipeline.
- Unlevered balance sheet that will now be harnessed with external debt lines and infusion of equity to augment loan growth.
- With anticipated capital infusion in the second quarter of FY21, net worth of the company should rise to INR 1.5 billion from INR 312 million at the end of FY20.

Current Quarter Updates

- **Company signed a definitive agreement with private equity funds managed by Turning Leaf Asset Management (TLAM) and promoter group Wilson Holdings Private Limited to infuse USD 14.5 million of capital into the company at a value of USD 39.5 million.**
- We have been able to successfully win the trust of our lenders and borrowers in these times, which is a noteworthy achievement.
 - Dhanvarsha got a term loan from a large state-owned bank on April 29th. The company now has two extremely reputable lenders on its roster with more on the way.
 - Existing liquidity of INR 120 Mn and unused debt line of INR 150 Mn will enable lending to existing robust pipeline. An additional INR 500 Mn liquidity in the offing for on-ward lending.
- Dhanvarsha re-commenced lending operations in the last week of May post the COVID-19 outbreak and disbursed loans to borrowers in the Medical, Kirana & General Stores and services industry whose businesses have withstood the challenge of COVID-19.
- The company is making significant strides in collaborating with various partners and stakeholders alike for future periods. Some of the examples include medical associations, healthcare network providers, education institutions, and grocery & retail digital platforms.



Equity Infusion in Dhanvarsha

- In a move that will materially boost the company's net worth, Turning Leaf Asset Management (TLAF) has entered into a definitive agreement to acquire **21.5%** stake in Dhanvarsha by infusing USD 8.5 Mn in the company.
- As part of the transaction, the promoter group Wilson Holding Private Limited will also simultaneously infuse USD 6 Mn equivalent in INR into the company and convert INR 103 Mn of existing debt into equity in the company.
- Subject to customary closing conditions, post infusion Dhanvarsha will boast of net-worth in excess of **INR 1.5 billion**, which is a significant milestone for the company.

	PARTICULARS	Pre-Issue		Post-Issue	
		NO. OF SECURITIES	% HOLDING	NO. OF SECURITIES	% HOLDING
A	EQUITY SHARE				
	Promoter	84,57,400	52.32	93,82,827	34.76
	Public Shareholder(s)	58,25,556	36.04	58,25,556	21.58
B	CONVERTIBLE SECURITIES (CCDs)				
	Promoter	0	0.00	40,97,035	15.18
	Investor	0	0.00	58,02,850	21.50
C	OTHERS (ESOPS)				
	Dhanvarsha ESOP Plan 2018	18,82,244	11.64	18,82,244	6.97
	TOTAL	1,61,65,200	100.00	2,69,90,512	100.00

*Total promoter shareholding would be 49.94% post capital infusion. Investor would be at 21.5%

Dhanvarsha 5 Year Strategy

- 01 Our goal is to make a significant impact in the lives of MSME entrepreneurs by providing them access to timely, sustainable and affordable credit & financial services tools. We want to help achieve financial inclusion with a greater social purpose – to build social capital.
- 02 With debt lines starting to open for the company from reputed lenders and impending infusion of equity capital soon, we aim to grow AUM and earnings significantly by March 2024 and support the growth of priority sector in India with low risk products and strategies targeting daily cash flow generating businesses.
- 03 Focus on building a resilient business with diversified revenue streams (fund and non fund based) in a capital efficient manner and mitigate risk of cyclical fluctuations.
- 04 Furthermore, through our technology platform that caters to the fragmented DSA channel, we strive to significantly enhance efficiencies for DSA's through improved turn-around time via aggregation, curation and reduced leakage.
- 05 With extremely strong governance standards represented by an illustrious and completely independent Board, our goal is to create a 'best in class' tech enabled financial services institution geared largely to India's MSME segment.





Company Governance & Mission

Focus on Governance & Best Practices

Rakesh Sethi

Non-Executive Chairman

Past experience:

Over 38+ years of experience, Ex CMD of Allahabad Bank, ED of PNB

Ashish Dalal

Non-Executive Director

Past experience:

Founder, Dalal & Shah, a leading audit firm, subsequently acquired by PwC

Rajiv Kapoor

Independent Director

Past experience:

Former Senior executive at VISA Inc. 36+ years experience in corporate advisory, consulting, sales and marketing.

Nirmal Momaya

Independent Director

Past experience:

Entrepreneur with 30+ years of experience BoD at Camlin Life Sciences

Manjari Kacker

Independent Director

Past experience:

IRS professional Retired as Member of the CBDT, in the rank of Special Secretary to the Govt. of India

KP Raghuvanshi

Independent Director

Past experience:

1980 batch IPS Officer Served as Commissioner of Police (Thane) from 2011-14 Currently Strategic Advisor to RBI

Karan Desai

Joint MD

Past experience:

Ex-investment banker with 15+ years of experience across Bank of America, PwC and Centrum Capital

Rohanjeet Juneja

Joint MD

Past experience:

An investment banker, hedge fund manager and Head of Strategy & Research for an HFC and NBFC with 17+ years of experience, in India & US

HIGH GOVERNANCE STANDARDS

Completely Independent Board

Stat Audit | Haribhakti & Co

Internal Audit | Bansal Bansal & Co.

Secretarial Audit | Bhandari & Co.



No Related Party Loans



Dedicated Collections Cell, headed by a legal expert

PRUDENT LENDING PRACTICES

- Loans above ₹ 1 Crore to be approved by BoD
- Loans above ₹ 50 lakhs to be approved by credit committee headed by the Chairman
- Hybrid Underwriting Approach, Soft Approvals via tech algorithms with final PD retained in-house.

Dhanvarsha Backed by Seasoned Board & Management Team

Karan Desai
Joint MD

Past experience:

Ex-investment banker with 15+ years of experience across Bank of America, PwC and Centrum Capital

Rohanjeet Juneja
Joint MD

Past experience:

An investment banker, hedge fund manager and Head of Strategy & Research for a HFC and NBFC with 17+ years of experience, in India & US.

Narendra Tater
CFO

Past experience:

Finance professional with 20+ years of experience at HSBC, IDBI Capital Markets and IDFC Ltd.

Vijay Reddy
CS & Compliance Officer

Past experience:

CS with experience of working with listed financial services firms, served Bharat Financial Inclusion for 10+ years



Ganesh Bhaskaran
VP- Tech, Risk and Digital Marketing

Past experience:

8+ years of FinTech and Marketing experience; worked with companies such as JP Morgan Chase, Royal Bank of Scotland, Accenture Strategy and Credit Suisse (in the UK)

Akhil Sharma
Chief Information Officer

Past experience:

8+ years in Technology and logistics sector, co founded and headed the development of a world class logistics last mile delivery platform - Parsel

Mahendra Servaiya
Credit Head & Principal Officer

Past experience:

32+ years of experience in the Credit team of Union Bank of India for, heading the South Mumbai division

Sunil Ranpara
Collections Head

Past experience:

15+ years of experience across collections, litigation and recovery with Capital First, Kotak Mahindra Bank and HDFC Bank

Our Mission & Vision

We don't just lend money. We enable businesses by lending 'hand', 'head' & 'heart'

We are true business partners to our customers

For us, businesses are communities first. We help build 'Social Capital'

We give equal Importance to both 'Social' & 'Capital'



Sample Client Business Images



Kirana Store Owner



Paper & Boards Trader



Catering Business



General & Stationery Store

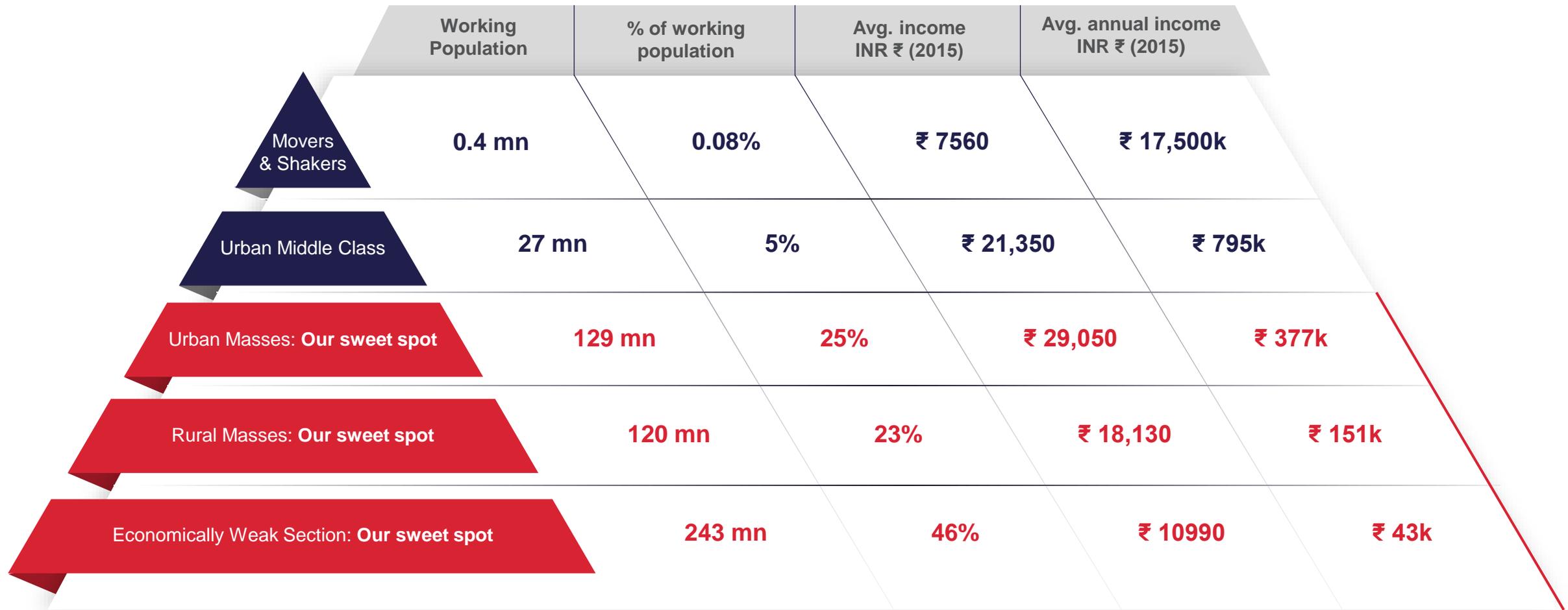


Steel & Consumer Goods Trader



Textile Tailoring Business

SME and MSME's Comprise almost 70% of India's Working Population



Providing Dhanvarsha an Opportunity to Make a Big Social Impact

**63 million
Micro Enterprises**

Machinery investment
less than ₹ 25 lakhs
form 99% of MSMEs

MSMEs accounted for over
INR 40k bn to India's Gross Value Added
(GVA) in 2015-16

The MSME sector employs **111 million people**, of
which **24% are female**, creating massive potential
for social growth

Contribute to **99%** of India's Gross
Domestic Product (GDP)

Employs over
111 million people
or more than 20% of the
employable population in
the country

0.3Mn
Small
**MSME
Categorization
(Millions)**

0.01Mn
Medium



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Old Nagardas Road, Andheri (East), Mumbai - 400 069.