



Dhanvarsha

3QFY20 Earnings Update

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Q3 Update

Standalone



Highlights of Q3 FY20

P&L Highlights

- 17% Q-o-Q rise in Total Revenue from INR 44 Mn to INR 51.3 Mn
- 62% Q-o-Q and 30% Y-o-Y rise in Net Profit to INR 16.7 Mn from INR 10.3 Mn in FY2Q20 and INR 12.9 Mn a year ago.

Balance Sheet Highlights

- Strong balance sheet with no external debt; liquidity of INR 41 Mn to cater to robust lending pipeline.
- Net worth rose from INR 285 Mn to INR 304 Mn Q-o-Q. Quasi equity of INR 114 million.

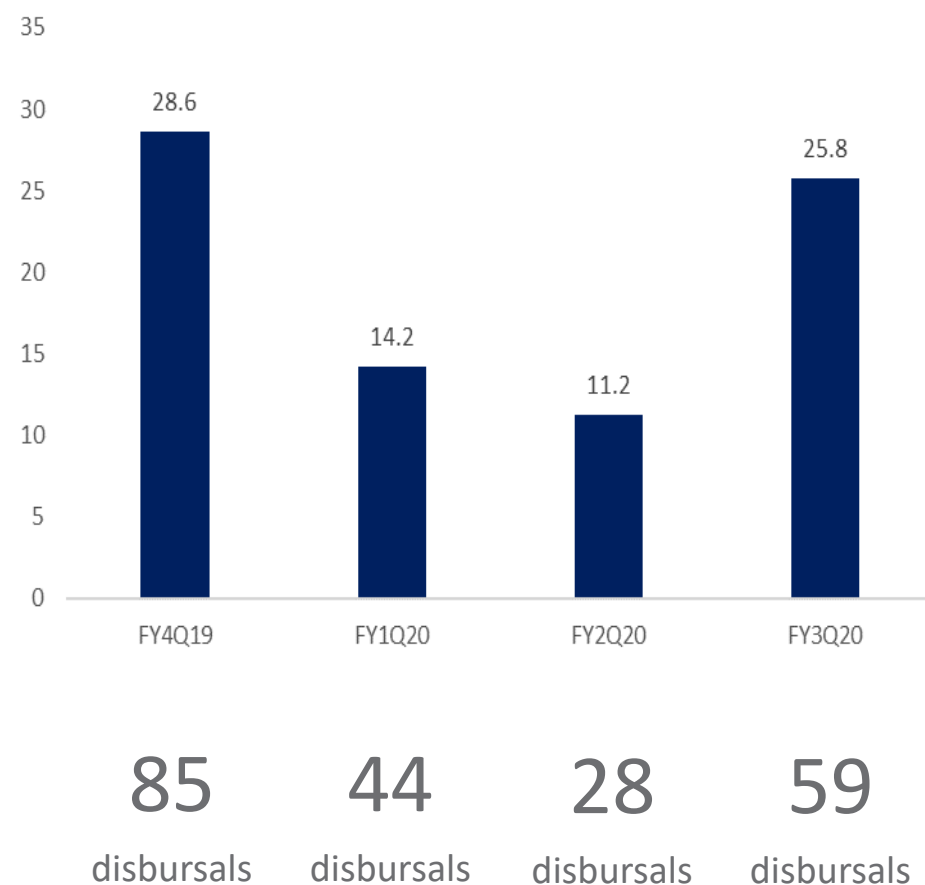
Corporate Updates

- Appointment of veteran banker Mr. Rakesh Sethi as Non-Executive Chairman of the Company in October 2019.
- Signing of Term Sheet with a Foreign Investor for a proposed Investment of up to USD 8.5 million
- Shifting of registered office from Gujarat (Ahmedabad) to Maharashtra (Mumbai).



Disbursals and AUM

Disbursal Summary (INR million)

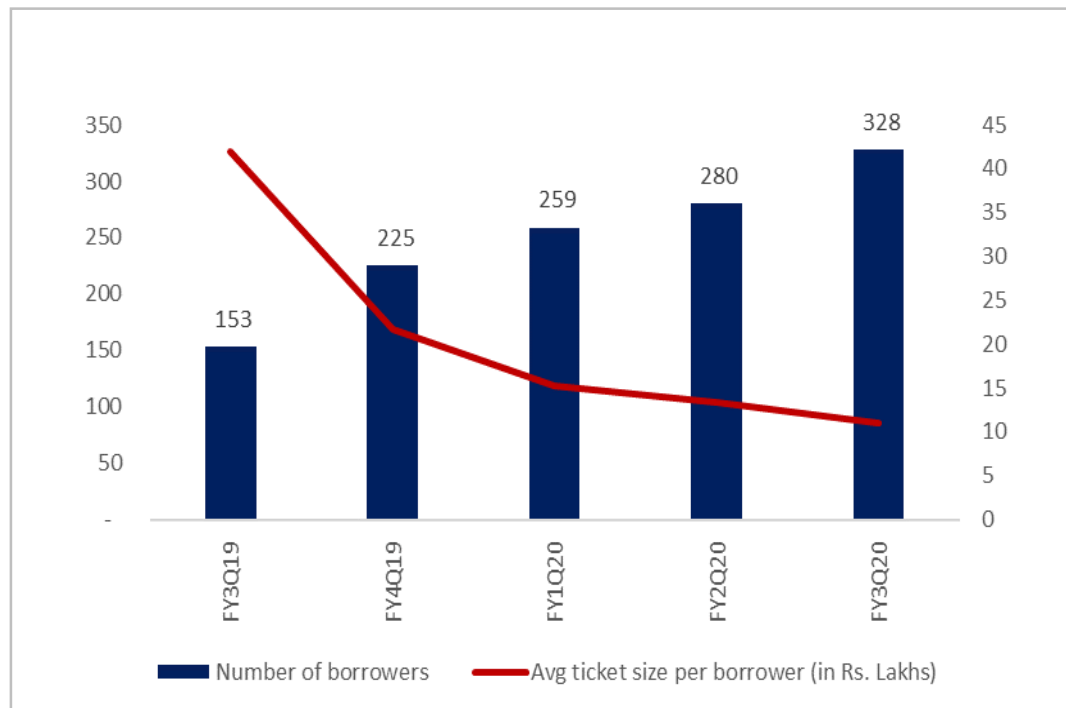


- Disbursements of INR 25.8 million vs. INR 11.2 million in the previous quarter and INR 0.4 million a year ago.
- Robust pipeline for on balance sheet lending growth and syndication in retail cash and carry MSME segments.
- Company's focus is on building a secure, granular and high-quality capital efficient loan book with superior risk mitigation practices.

	Secured	Unsecured	Total
AUM (INR)	306 Mn	57 Mn	363 Mn
Avg. Ticket Size (INR)	2.7 Mn	0.3 Mn	1.1 Mn
Avg. Yield	15.3%	24.5%	16.9%

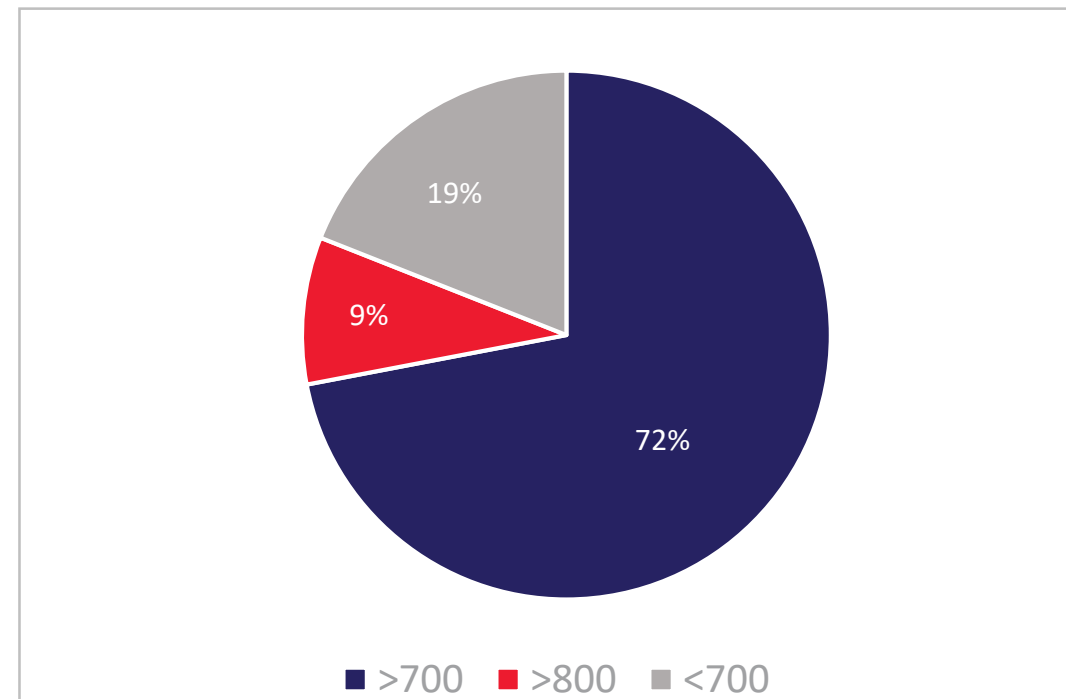
Portfolio Snapshot

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



- Number of borrowers more than doubled year over year.
- Increased focus on small ticket loans has brought down average ticket size per customer to INR 1.1 Mn from INR 4.2 Mn a year ago.

81% of our borrowers have 700+ CIBIL score

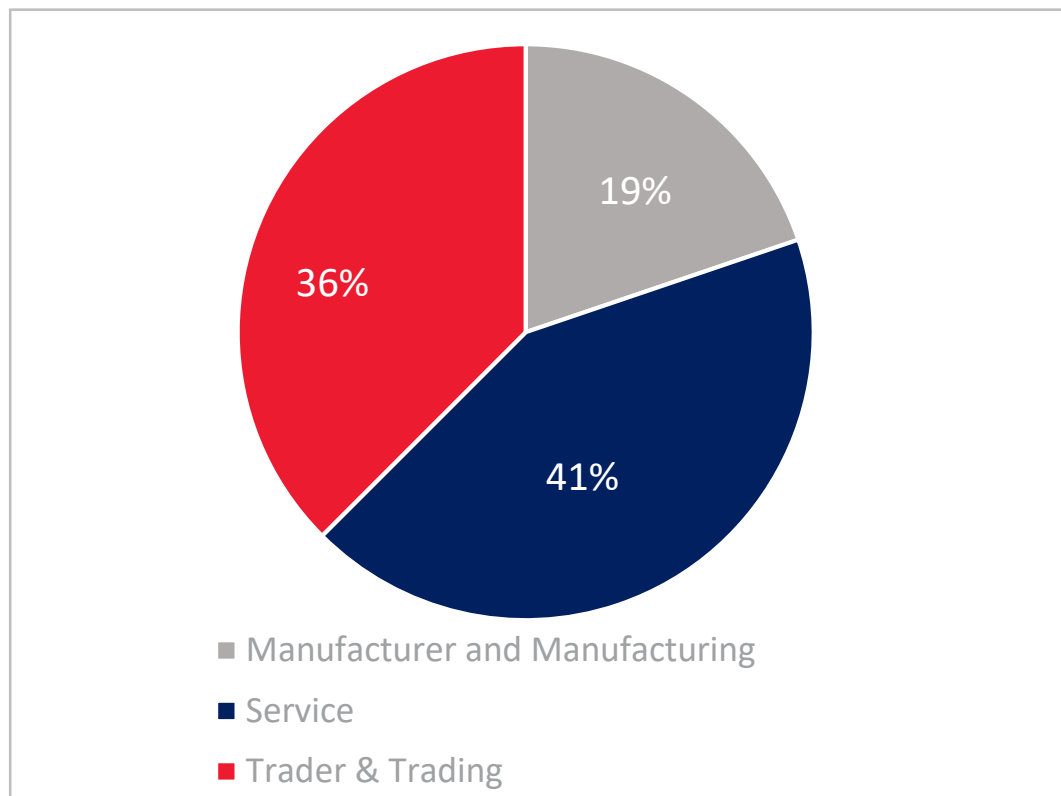


- Strong underwriting criteria with over 80% of borrowers having 700+ CIBIL score.

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

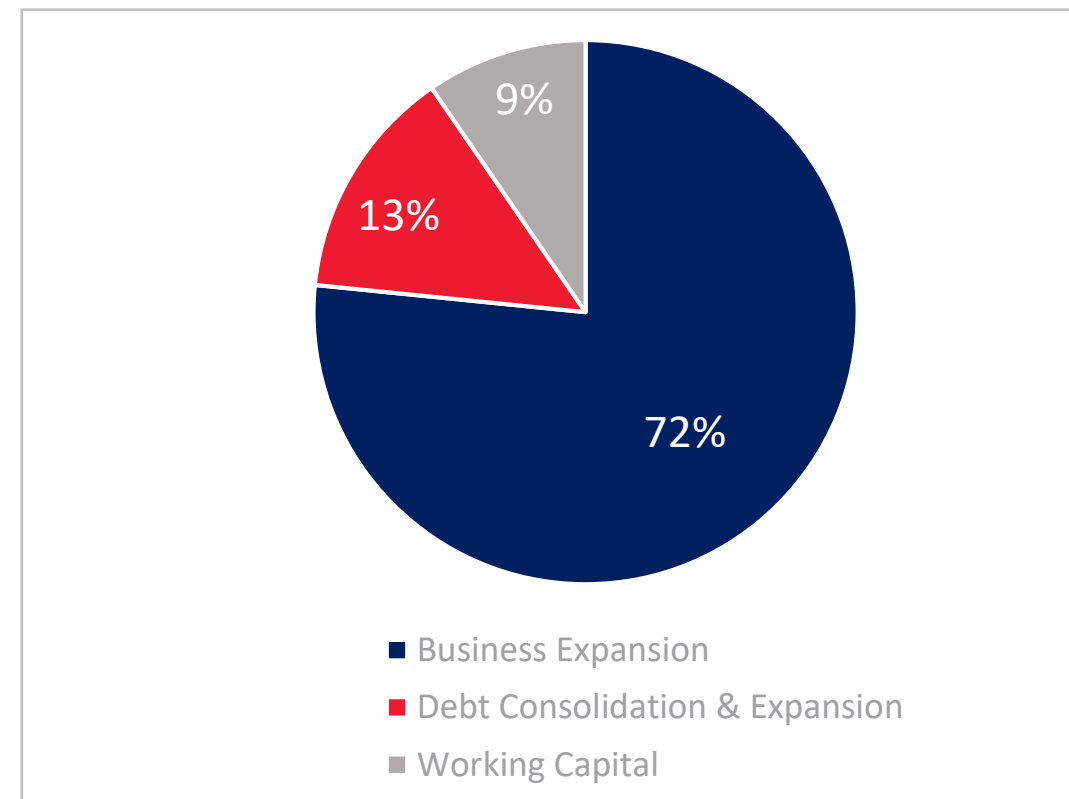
Portfolio Snapshot

Diversified Portfolio with extremely low concentration risk



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

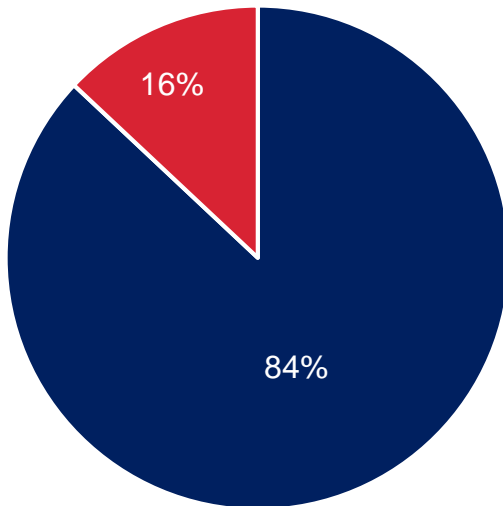
Borrower use of funds predominantly for business expansion



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

Portfolio Snapshot

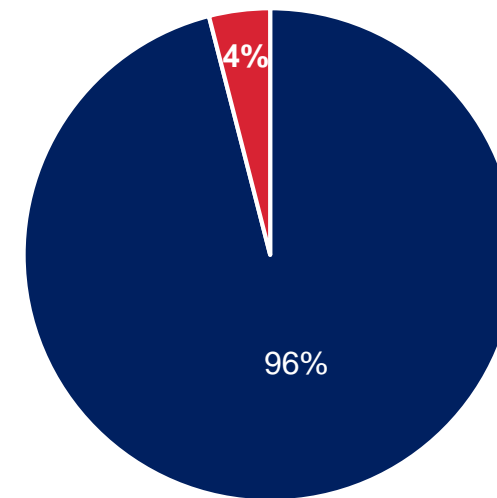
Portfolio Split



■ Secured ■ Unsecured

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

Strong Focus on Priority Sector Lending

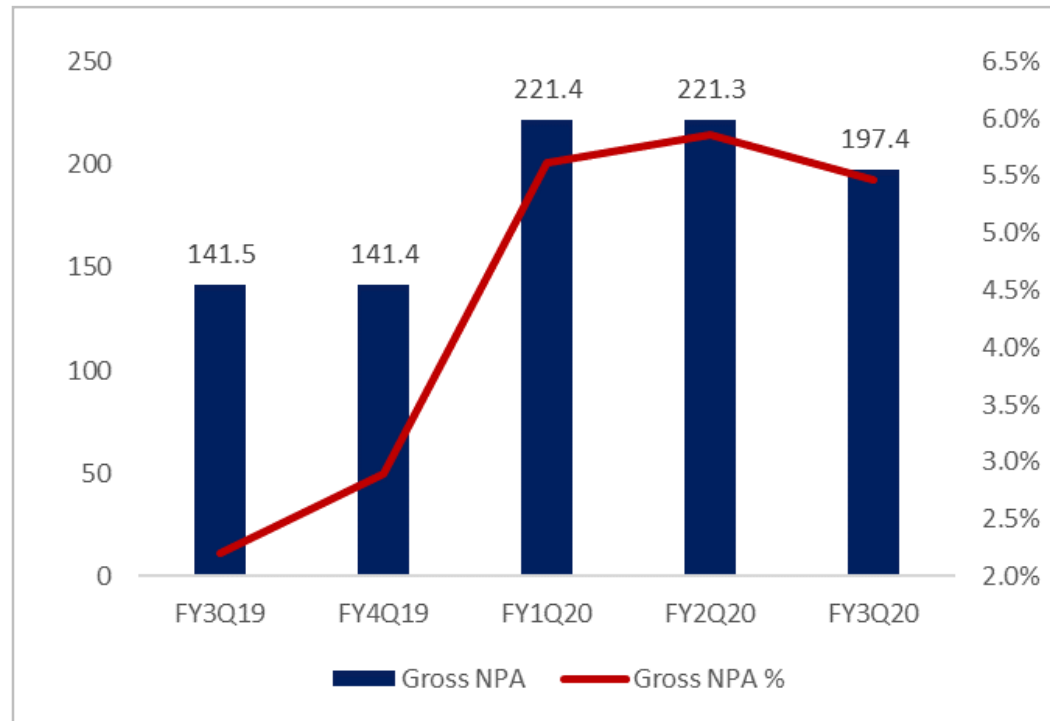


■ Priority ■ Non Priority

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

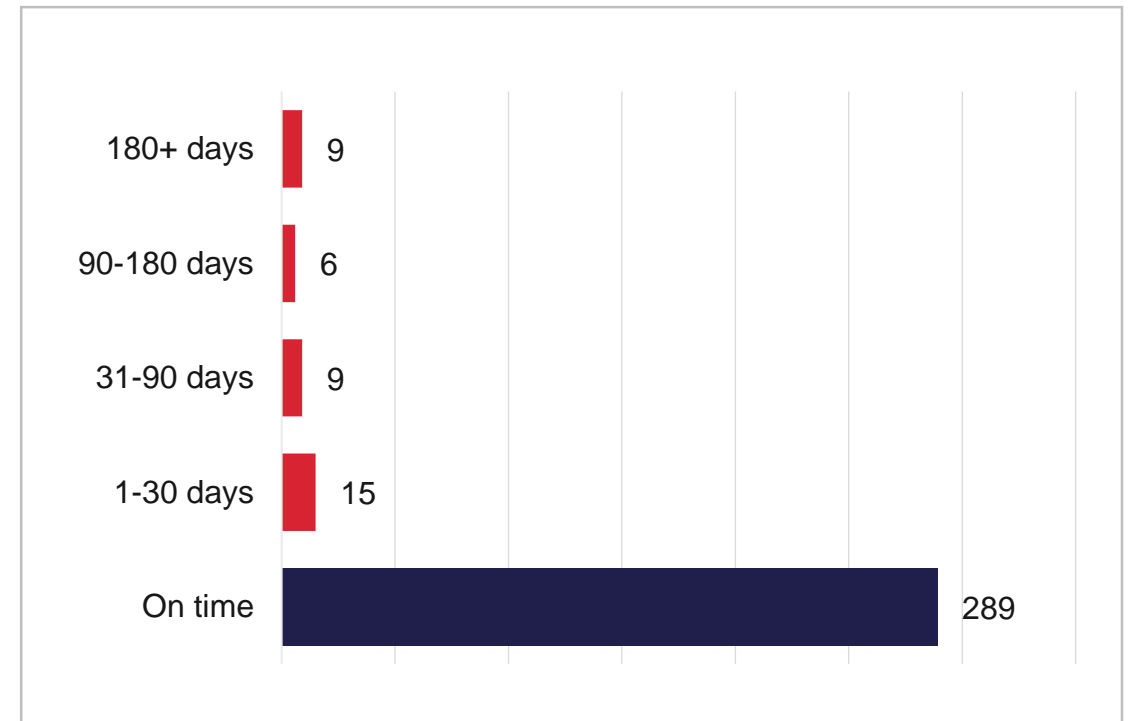
Asset Quality Performance Snapshot

Gross NPA's have bottomed out



- Gross NPA's in absolute numbers and percentage terms have declined in the last two quarters despite 8% reduction in the loan book

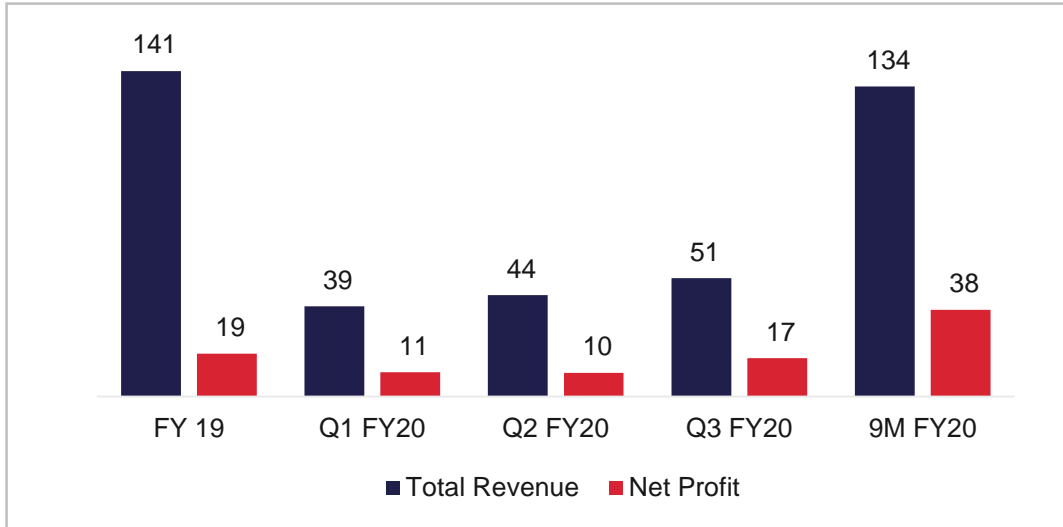
Relentless focus on Collections – No. of borrowers



- 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.

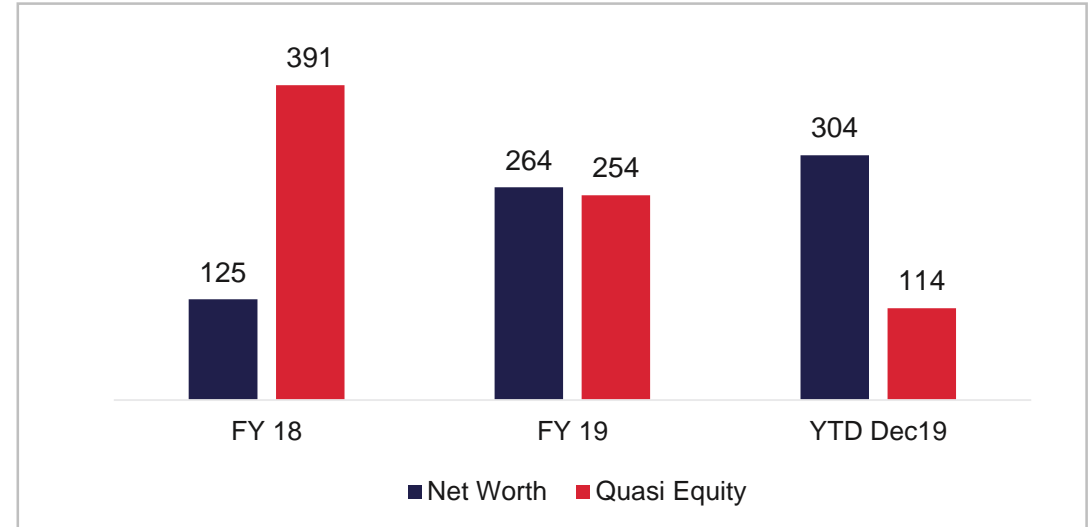
Financial Performance Snapshot

Growing Revenue & Profit (INR Mn) - December 2019



- Profit margins have stayed strong in a fairly tough operating environment.
- Company has already doubled profits in the first three quarters of FY20 at INR 38 Mn vs. INR 19 Mn for FY19.
- Strict cost management in place even in this growth phase.

Strong Balance Sheet (INR Mn) - December 2019



- Company is currently funded by Promoter Group – adjusted Net Worth of just under ~ INR 418 Mn as at Dec 31, 2019
- Strong intent of converting Quasi Equity to Share Capital

Financial Performance Snapshot

Financial Metrics (INR Mn)	FY3Q19	FY1Q20	FY2Q20	FY3Q20
Disbursement	0.4	142	112	258
AUM	642	394	376	363
Composition of AUM				
Secured Loans	72%	88%	87%	84%
Unsecured Loans	28%	12%	13%	16%
<u>Revenue</u>				
Total Revenues	52.8	39.1	44.0	51.3
<u>Profitability</u>				
EBITDA	30.8	20.6	20.2	25.2
PAT	12.9	10.6	10.3	16.7
Earnings per share	1.0	0.8	0.7	1.1
<u>Asset Quality</u>				
Gross NPA	14.1	22.6	22.1	19.7
Gross NPA %	2.20%	5.60%	5.90%	5.50%
<u>Balance Sheet</u>				
Networth	245	277	285	304
Quasi equity	411	156	115	114
Total debt	-	-	-	-
Debt to Equity	-	-	-	-

- Strength in disbursement with improving asset quality.
- Focus on profitable growth with ROA being singular focus.
- Unlevered balance sheet with no external debt on Dec 31, 2019.
- First external debt line from one of the most well reputed financial institutions in Jan 2020.

Income Statement

Income Statement (INR Mn)	Q3 FY20	Q2 FY20	Q1 FY20	FY19
Operating Income	51.3	44.0	38.6	190.4
Less: Finance Cost	3.3	3.9	5.5	51.8
Net Income	48.0	40.1	33.1	138.6
Other Income	0.1	0.0	0.5	2.6
Total Income	48.1	40.1	33.6	141.2
Operating Expenses	29.8	26.4	24.4	88.8
Provisions	-2.6	-1.8	-5.1	28.1
Profit Before Tax	20.9	15.5	14.3	24.3
Less: Tax	4.2	5.2	3.7	5.7
Profit for the period	16.7	10.3	10.6	18.6
Other Comprehensive Income (Net of Tax)	-	-	-	0.3
Total Comprehensive Income	16.7	10.3	10.6	18.9

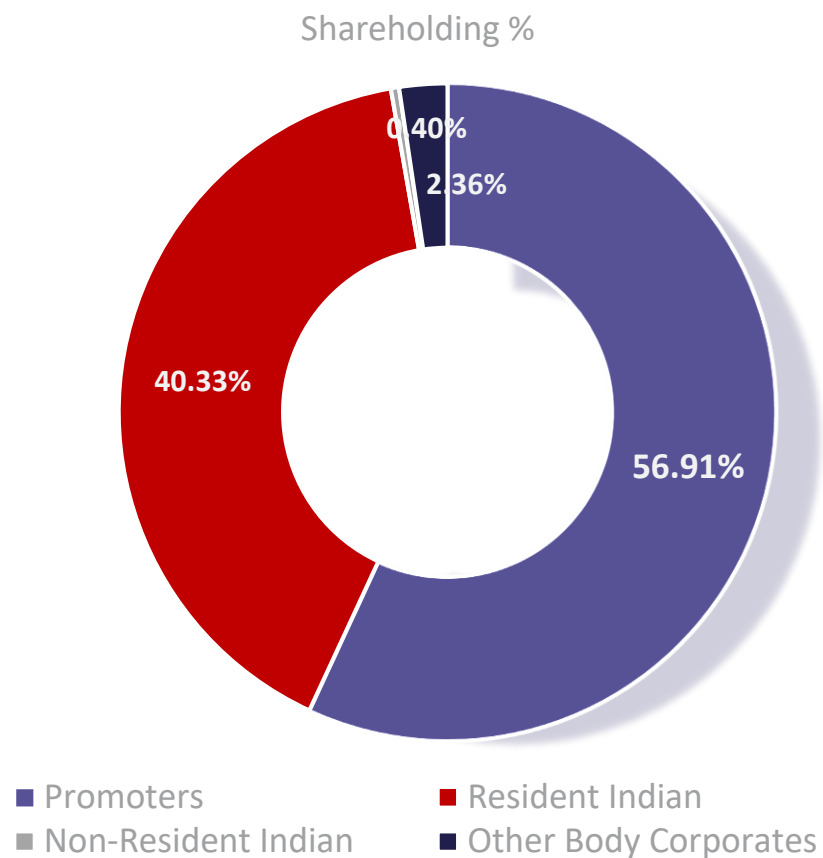
- Total Income in 9M is INR 121.7 Mn, which is 88% of FY19.
- YTD Dec'19 Cost Income Ratio is 66%
- Substantial dip in Finance Cost.
- Total Net Profit of 9M20 is almost 2x of FY2019.

Balance Sheet

Balance Sheet (INR Mn)	Q3 FY20	Q2 FY20	Q1 FY20	FY19
Financials Assets	393.9	379.4	411.0	489.8
Cash and Investments	40.9	29.6	33.3	38.0
Loans	335.3	349.1	356.7	451.6
Other Financials Assets	17.7	0.6	21.1	0.2
Non Financials Assets	37.6	35.5	37.5	45.3
Total Assets	431.5	414.8	448.5	535.1
Financial Liabilities	122.0	124.4	166.1	261.3
Trade payables	2.8	2.5	2.4	2.3
Borrowings	113.9	115.0	155.5	254.1
Other financial liabilities	5.3	6.9	8.2	4.8
Non-Financial Liabilities	5.7	5.3	5.6	10.1
Total Liabilities	127.7	129.7	171.7	271.3
Equity Share capital	135.0	135.0	135.0	135.0
Other Equity	168.8	150.2	141.8	128.8
Total Equity	303.8	285.2	276.8	263.8
Total Liabilities and Equity	431.5	414.8	448.5	535.1

- Liquidity in place to fund lending pipeline
- Unlevered balance sheet that will now be harnessed with external debt lines to augment loan growth

Shareholding Pattern



Calculation of Outstanding Shares

Share issued and Outstanding	135,00,000
Add: Dilutive Instruments	
Employee Stock Options	6,92,276
Warrants	7,75,200
Total Share (Fully Diluted Basis)	149,67,476

Company Overview



Key Highlights

Bridging the gap between underbanked MSME businesses, consumers & new age technology,
keeping governance first!

Asset light model with focus on funding **small retail businesses** from own Balance Sheet

Highly experienced board with **stalwarts** from various backgrounds

Professional management team, with pedigree & rich past experience

Focus on **non fund-based revenue streams** via retail loans syndication and FLDG model

Fully compliant with all its regulatory requirements, and **zero Asset Liability mismatch. Secured debt line from one of the most reputed lenders in the country**



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

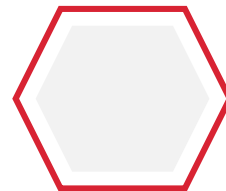


Ashish Dalal

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

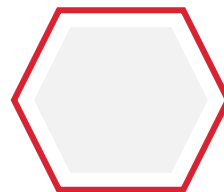


Manjari Kacker

Independent Director

Past experience:

Indian Revenue Services 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

HIGH GOVERNANCE STANDARDS

Completely Independent Board

Stat Audit	Haribhakti & Co
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Internal Audit	Bansal & Bansal
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Secretarial Audit	Bhandari & Co.
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No Related
Party Loans



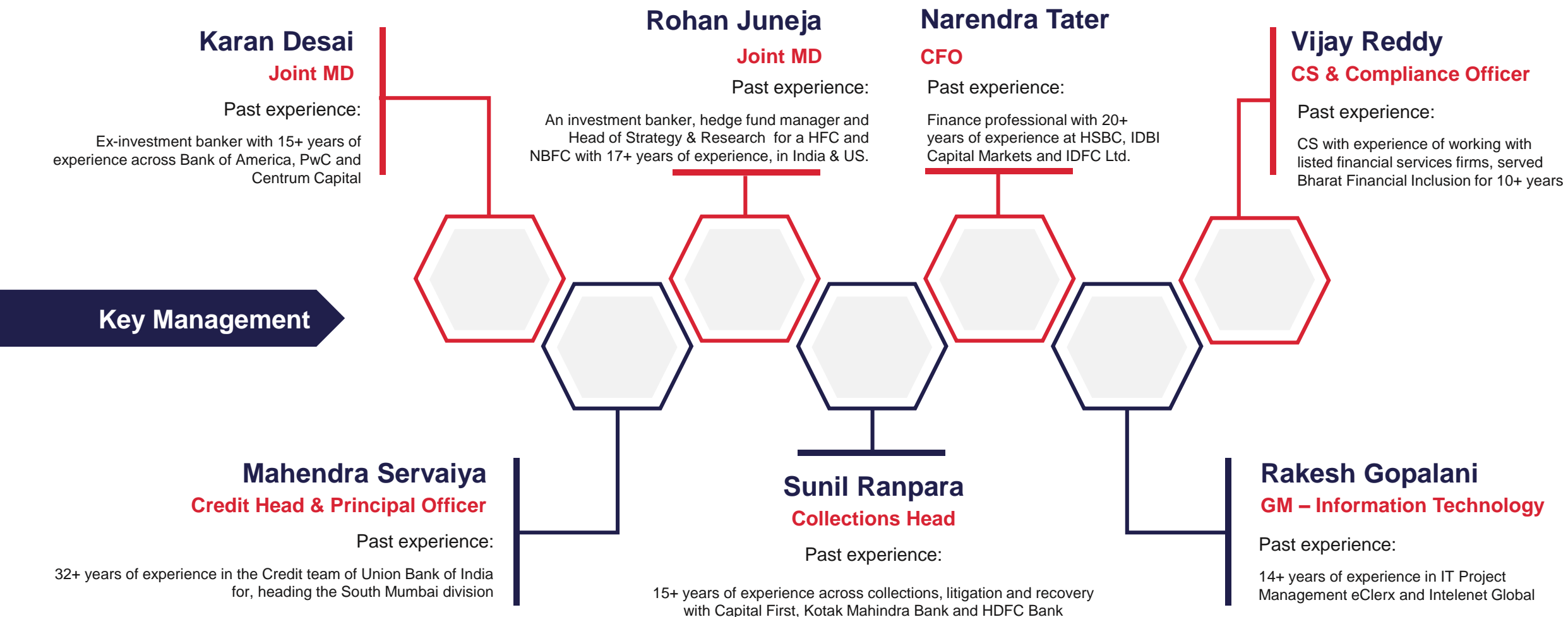
Dedicated Collections
Cell, headed by a
legal expert

PRUDENT LENDING PRACTICES

- Loans above **INR 10 Mn** to be approved by **BoD**
- Loans above **INR 5 Mn** 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



What We Do

Commenced Business: 2017

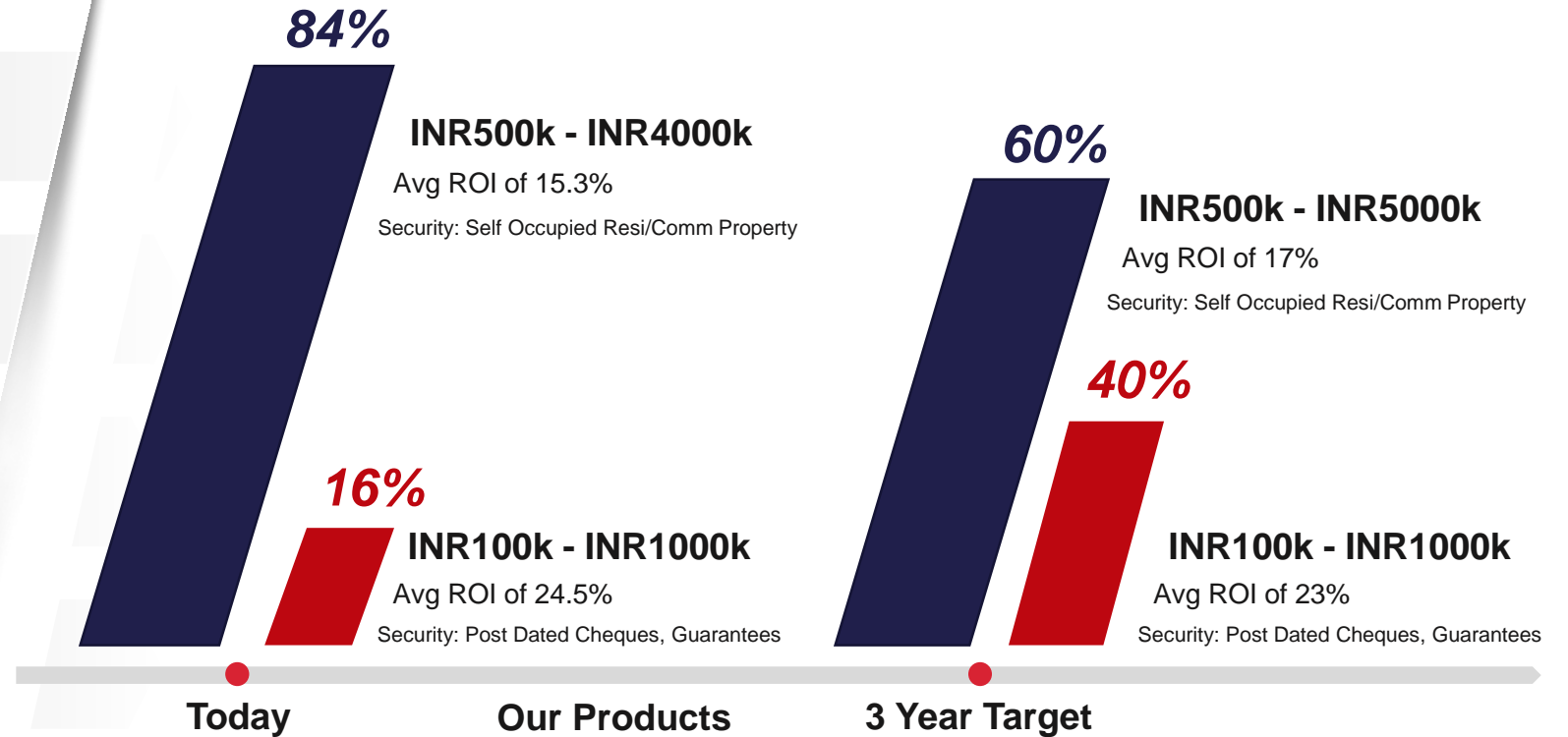
Loan Book: INR 363 Mn

Industry Served: Retail MSME

Avg Ticket Size: INR 1.11Mn

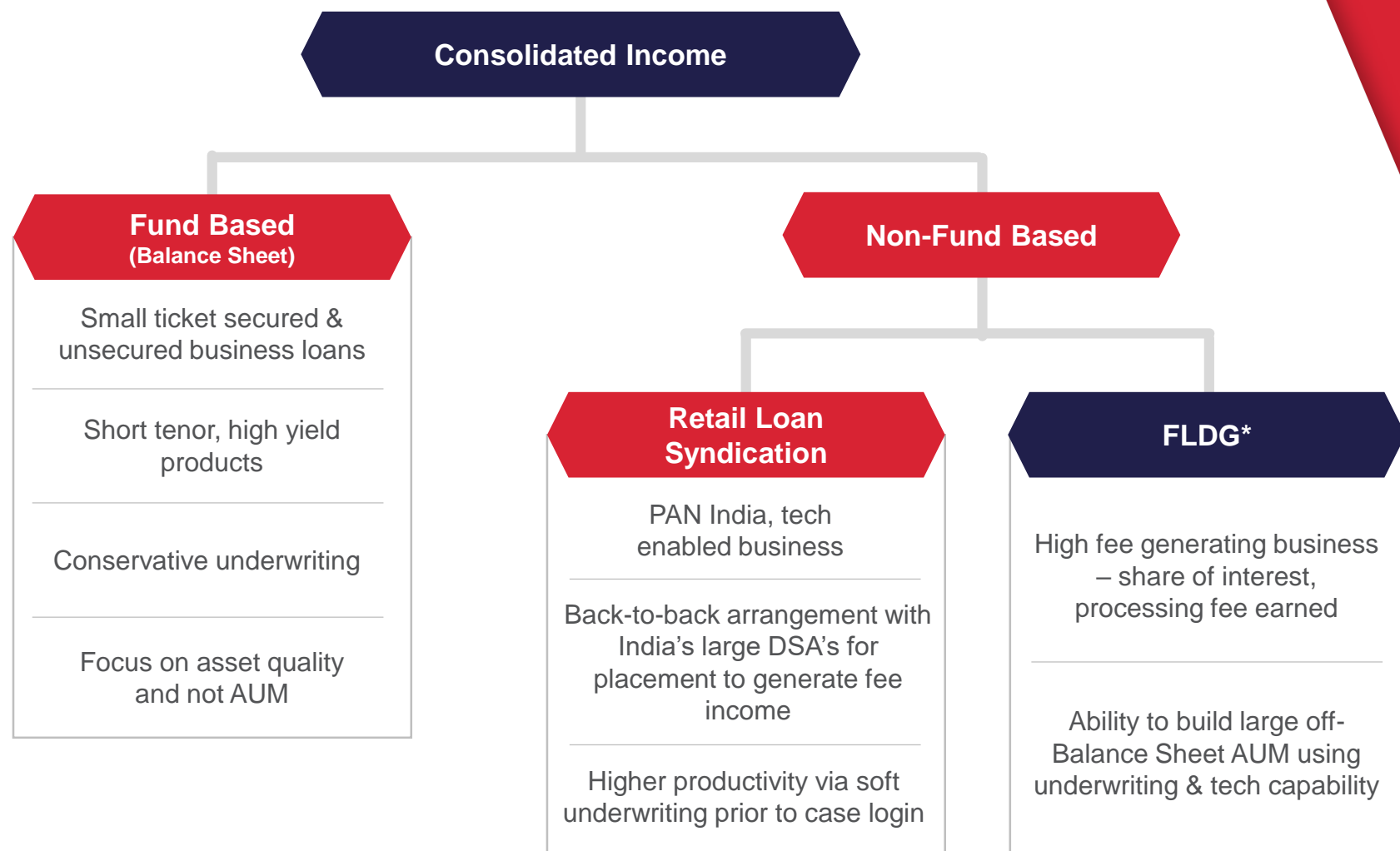
Avg yield: 16.9%

■ Secured Loans ■ Unsecured Loans



Focus on building multiple revenue streams (including non fund-based income) to strengthen bottom line and enhance ROE.

Business Pillars



Business verticals to be driven by strong tech backbone, with minimum reliance on “feet on street (FOS)”



Strong Relationships & Collaborative Approach = Highly Scalable Model

Sources of Business



Direct Customers

PAN India



Small DSAs & Connectors

Thousands of such operators in every city in India



Large Corporate DSAs

The top 2 alone do over US\$ 200 Mn of retail loan business monthly PAN India



Channel Partners

Co. which has installed over 150,000 POS machines at merchants in over 20 cities



Trade Associations

Tie-ups with small trade associations across the country to fund their members



Dhanvarsha Technology Platform

Centralised Infrastructure



Sales

Small & tight sales team only with credit background coordinators for large channel partners – small field force



Underwriting

Centralised underwriting & disbursement team; local PD by Dhanvarsha person at location



Collections

Collections strategy & monitoring from HQ, with 1 on ground person at each location



New Locations

Opening of micro branches with minimal FOS supported by technology

**Dhanvarsha
Balance
Sheet**

OR

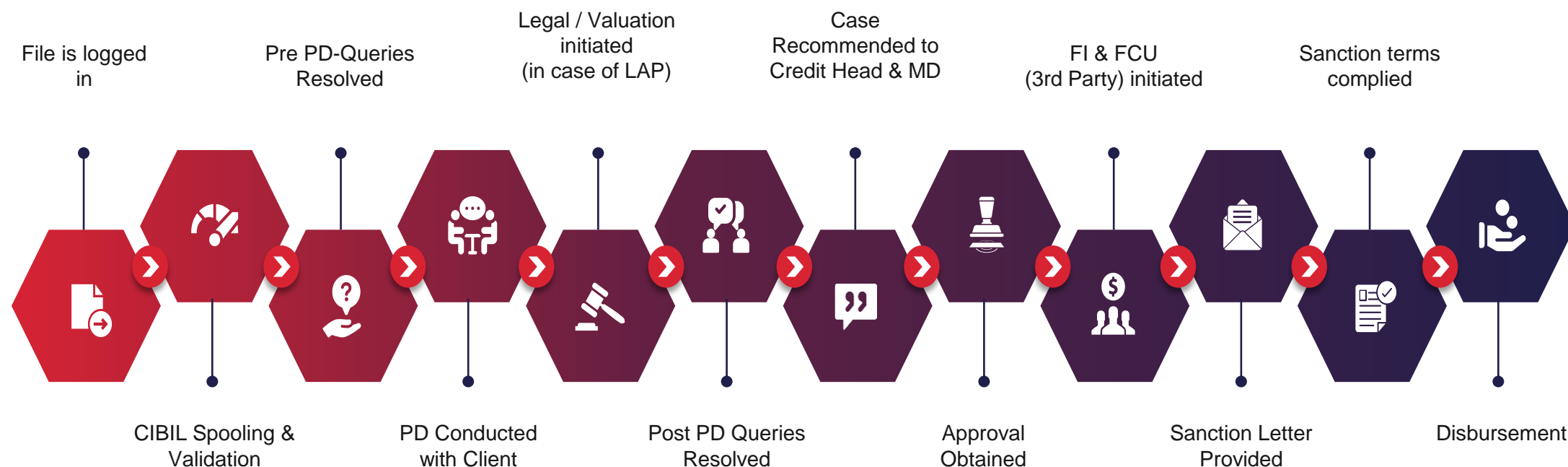
FLDG

OR

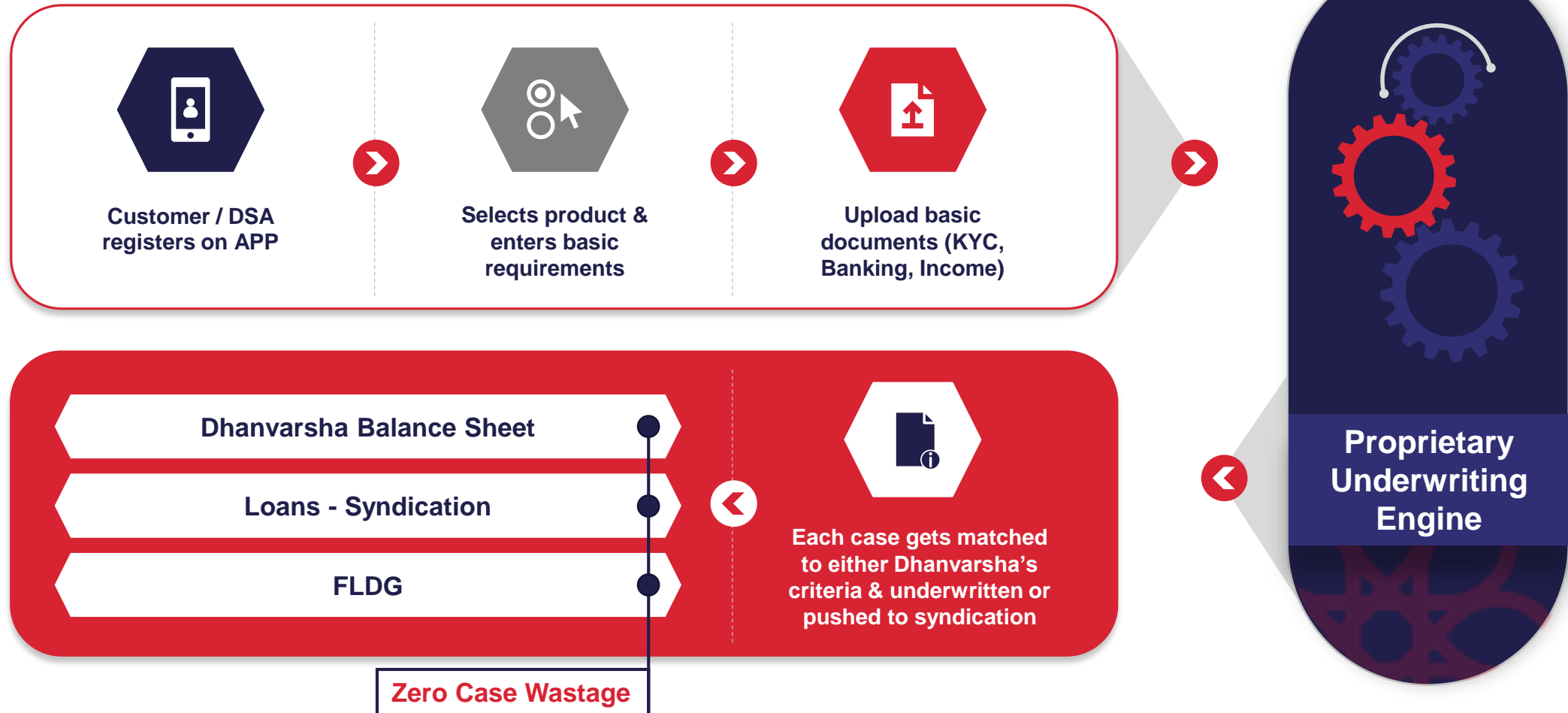
**Syndication
via Corporate
DSA's**

Robust Underwriting and Technology Platform

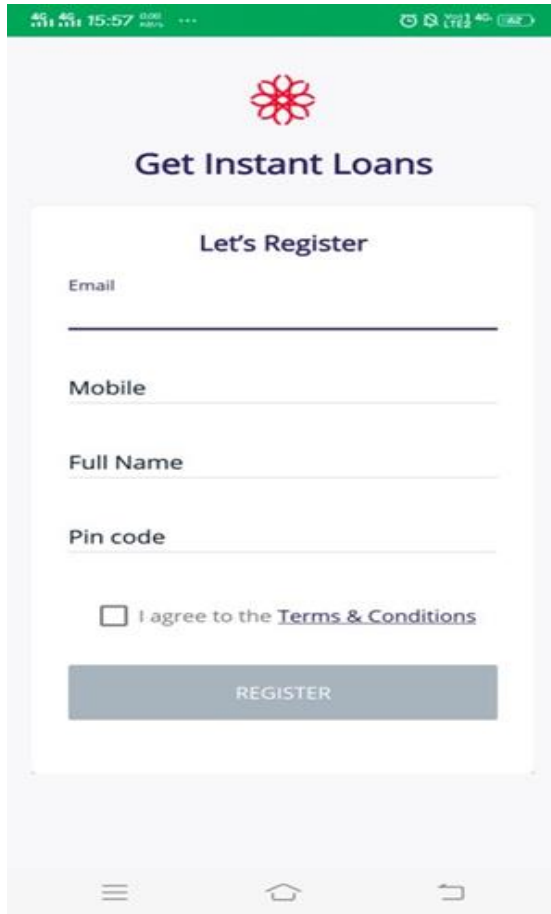
Underwriting




Using Technology to Fully Harness Dhanvarsha's Strengths



Technology Platform Illustration (1/2)



15:57



Get Instant Loans

Let's Register

Email

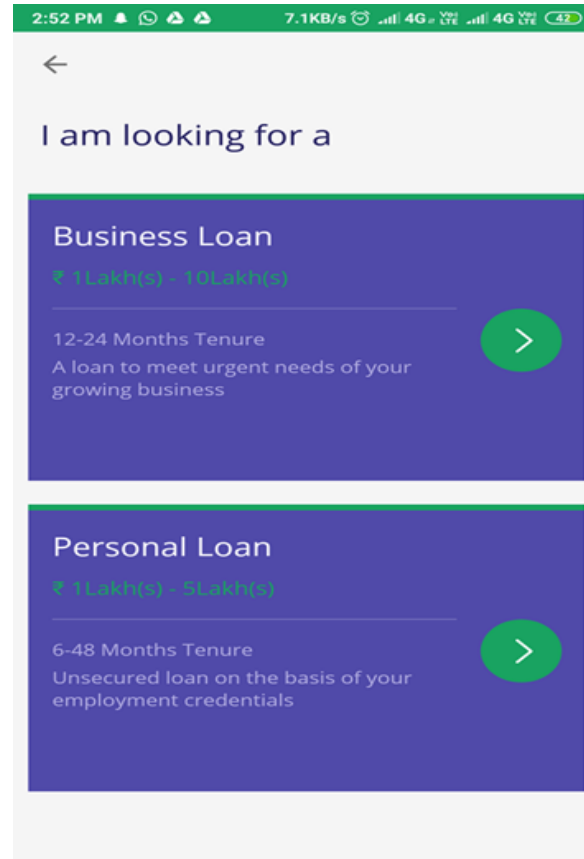
Mobile

Full Name

Pin code

☐ I agree to the [Terms & Conditions](#)

REGISTER



2:52 PM

7.1KB/s

4G

4G

42%

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I am looking for a

Business Loan

₹ 1 Lakhs - 10 Lakhs

12-24 Months Tenure

A loan to meet urgent needs of your growing business

>

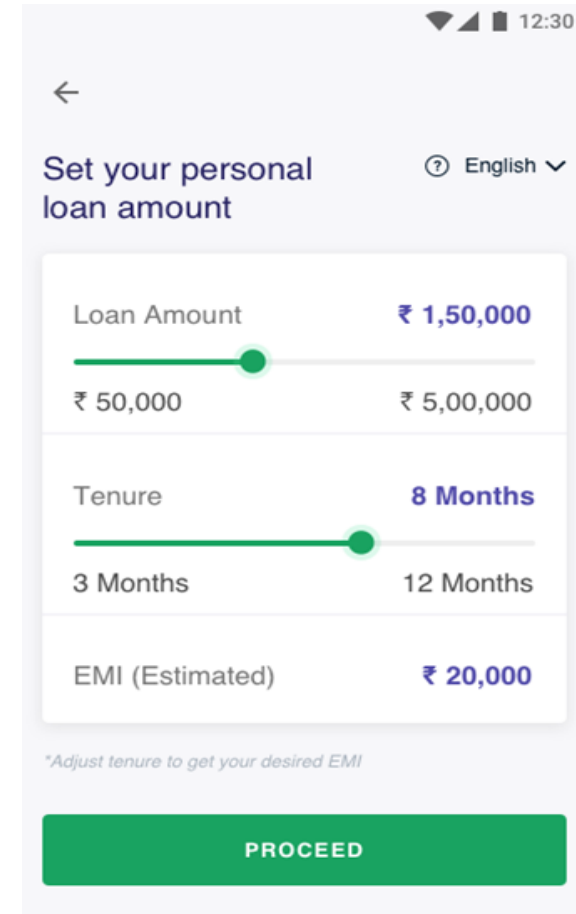
Personal Loan

₹ 1 Lakhs - 5 Lakhs

6-48 Months Tenure

Unsecured loan on the basis of your employment credentials

>



12:30

<

Set your personal loan amount English

Loan Amount **₹ 1,50,000**

₹ 50,000 ₹ 5,00,000

Tenure **8 Months**

3 Months 12 Months

EMI (Estimated) **₹ 20,000**

*Adjust tenure to get your desired EMI

PROCEED

Technology Platform Illustration (2/2)



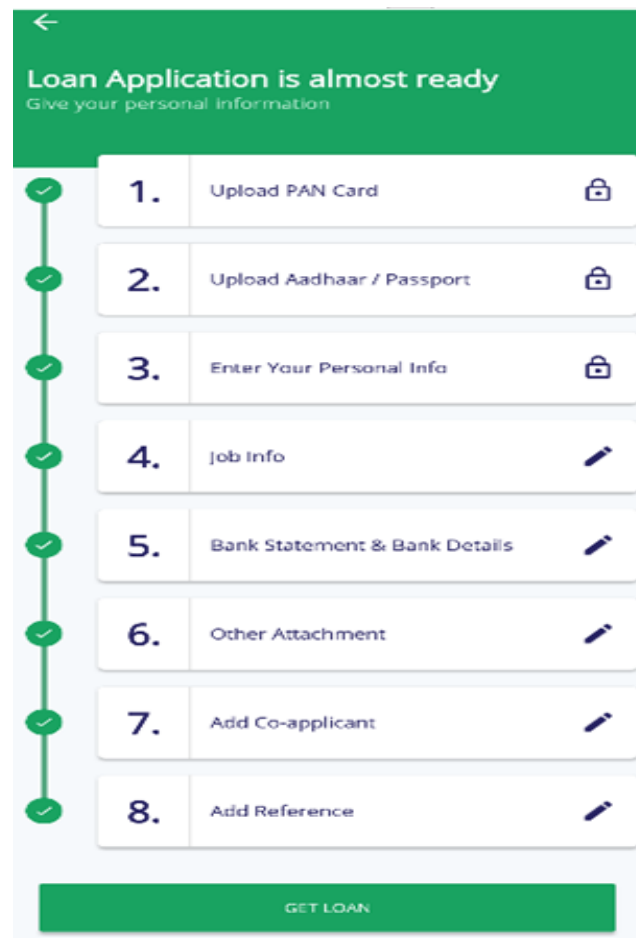
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Make sure you have all these for our next steps
This will take 5 mins of your time









- ✓ PAN Number (Personal & Business)
- ✓ Aadhar card
- ✓ Bank statement
- ✓ GST registration certificate / udyog Aadhar / Business proof
- ✓ Latest 2 years ITR
- ✓ Balance sheet with schedules
- ✓ Profit & Loss sheet with schedules
- ✓ Other - specify

YES! LET'S GO!

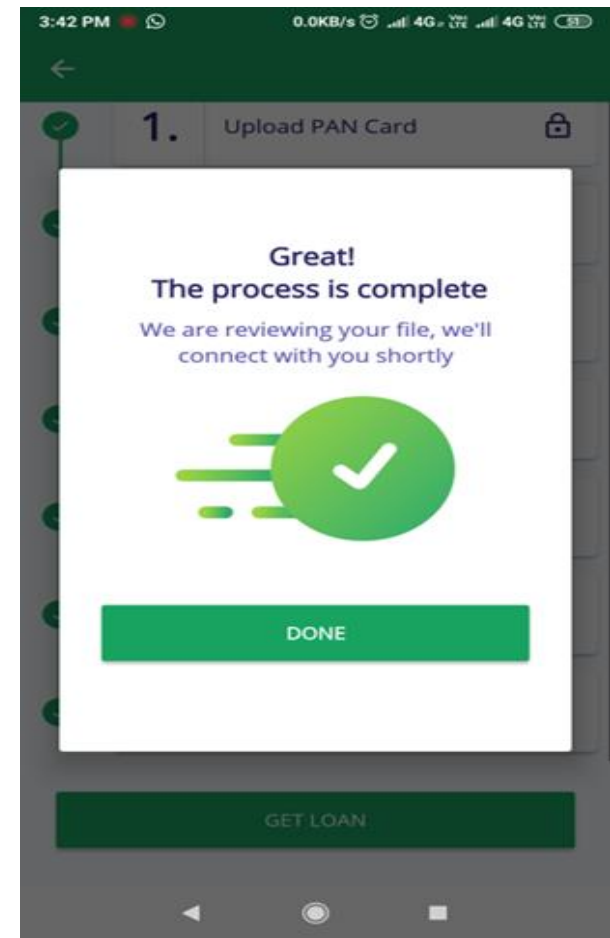


←

Loan Application is almost ready
Give your personal information


- ✓ 1. Upload PAN Card 
- ✓ 2. Upload Aadhaar / Passport 
- ✓ 3. Enter Your Personal Info 
- ✓ 4. Job Info 
- ✓ 5. Bank Statement & Bank Details 
- ✓ 6. Other Attachment 
- ✓ 7. Add Co-applicant 
- ✓ 8. Add Reference 

GET LOAN




3:42 PM 0.0KB/s 4G 4G

←

1. Upload PAN Card 

Great!
The process is complete
We are reviewing your file, we'll connect with you shortly



DONE

GET LOAN

Dhanvarsha 5 Year Strategy

- 01 Our goal is to make a significant impact in the lives of micro small and medium enterprise entrepreneurs by providing them access to timely, sustainable and affordable access to credit and financial services tools.
- 02 With debt lines starting to open for the company and anticipated infusion of growth capital, we aim to grow AUM and earnings significantly by March 2024 and support the growth of priority sector in India with risk mitigated 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 from 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.

Our Mission

Dhanvarsha aims to provide access to



Timely

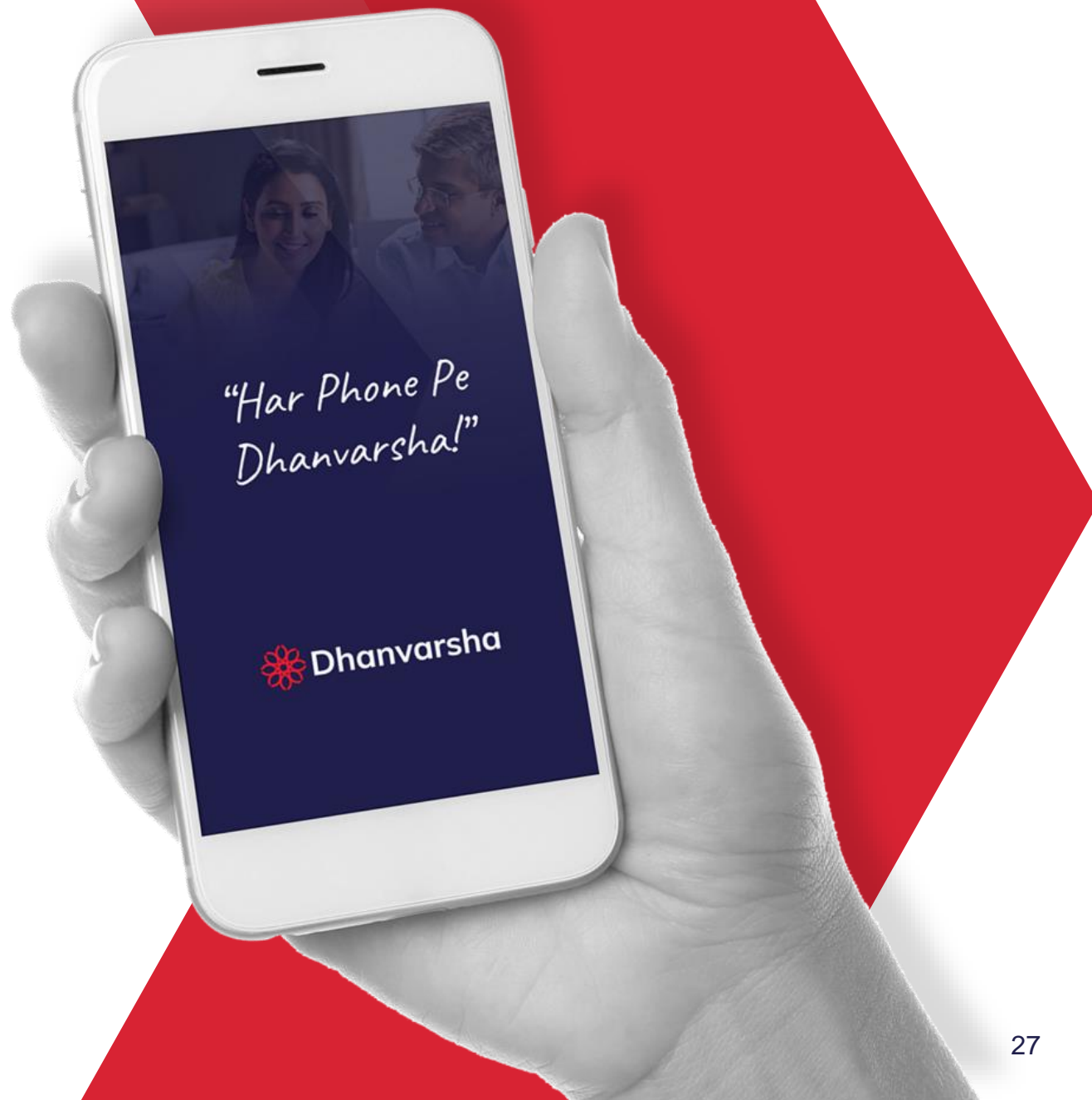


Affordable



Sustainable

Credit solutions and in turn employment opportunities to every creditworthy small business & borrower in India



Sample Client Business Images



Paper & Boards Trader



Catering Business



General & Stationery Store



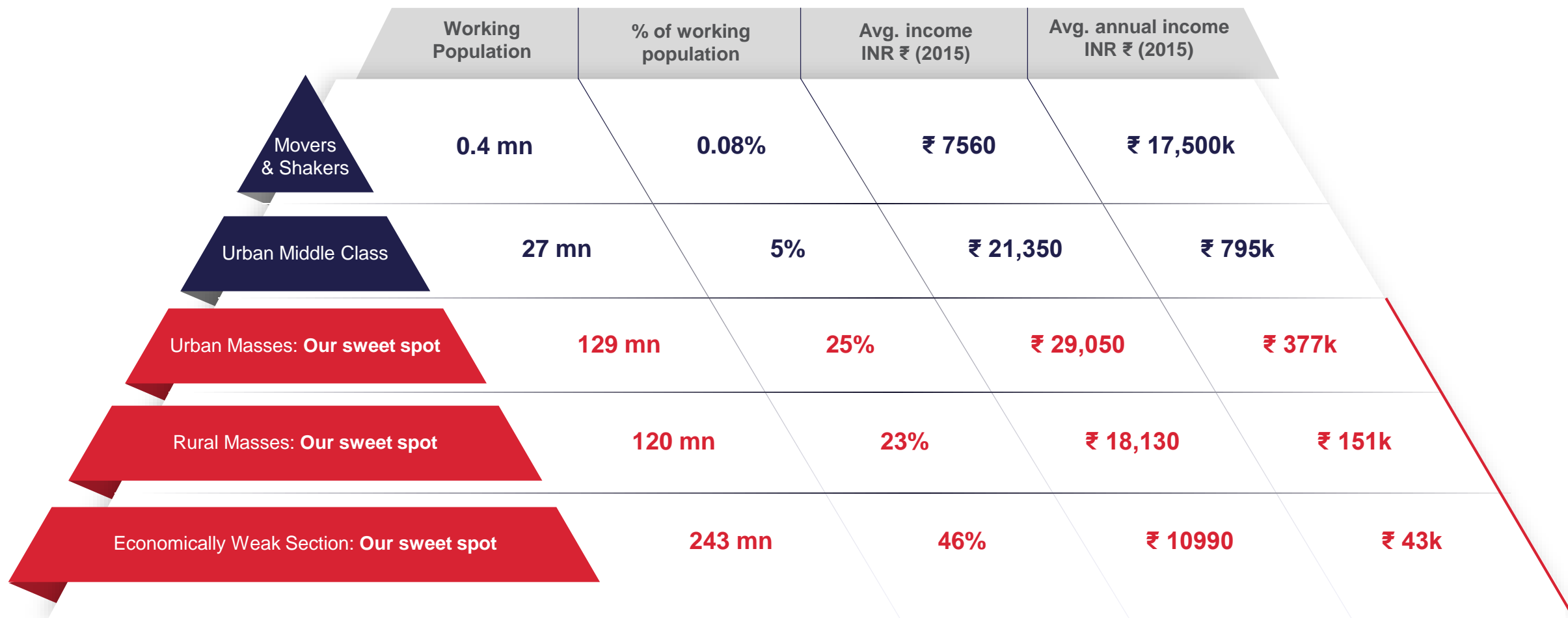
Steel & Consumer Goods Trader

Appendix

Opportunity in MSME and Ability to Make a Significant Social Impact



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 INR 2.5 Mn
form 99% of MSMEs

**MSME
Categorization
(Millions)**

0.3Mn
Small

0.01Mn
Medium

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

Thank You!

Dhanvarsha Finvest Limited

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Mumbai - 400 069.
