

November 11, 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.

We wish to inform you that the Board of Directors of Dhanvarsha Finvest Limited at its meeting held on November 11, 2020 had approved unaudited financial results (subjected to limited review by the Statutory Auditors) for the quarter and half-year ended September 30, 2020 and the same has been submitted to you.

Please find enclosed herewith the Earnings Update for the quarter and half-year ended September 30, 2020. We request you to kindly take the above submission on record.

For **Dhanvarsha Finvest Limited**



Fredrick Pinto
Company Secretary
A-22085





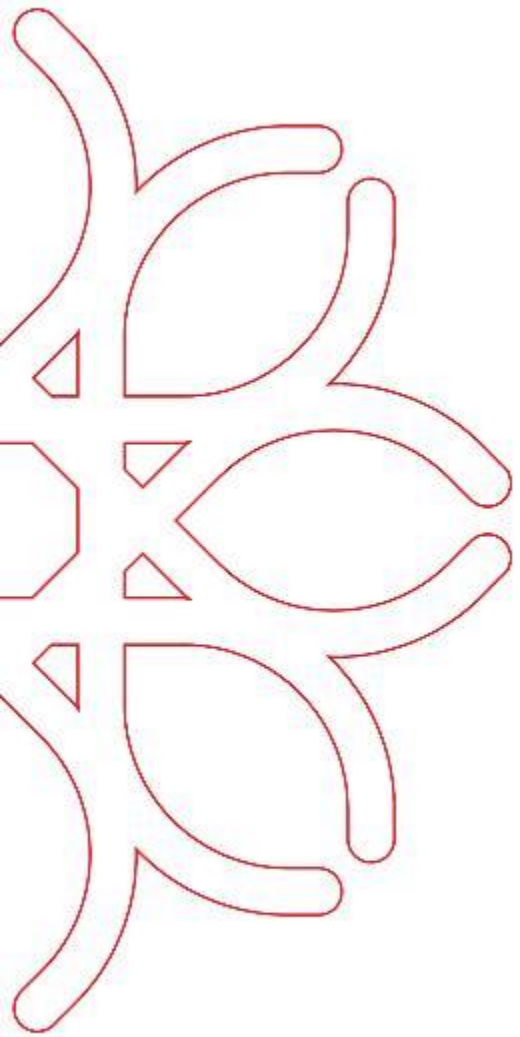
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2QFY21 and Current Updates



Key Highlights of the Quarter and Current Updates

- Robust disbursements of INR 195.8 Mn vs INR 47.8 Mn in 1QFY21 and INR 11.4 Mn in the year ago quarter.
- Disbursed over 880 loans in the quarter with an average ticket size per loan of INR 0.22 Mn.
- AUM of INR 610 Mn up from INR 426 Mn in 1QFY21 and INR 372 Mn in 4QFY20.
- Continued improvement in asset quality with reduction in Gross and Net NPA's.
- Company received a sanction letter of INR 300 Mn from State Bank of India in early October.
- **Capital infusion of INR 500 million from Wilson Holdings and key management completed on Nov 3rd.**
- On boarded several tech NBFC partners for co-lending & FLDG (first loss default guarantee) which will generate highly accretive ROA business for the company.



Performance Metrics

INR Million

Particulars	2QFY20	1QFY21	2QFY21
AUM	376	425.9	609.7
Disbursement	11.4	47.8	195.8
CRAR %	77.9%	67.6%	53.6%
Debt to Equity (x)*	0.4 x	0.7 x	0.8x
Number of borrowers	280	448	1,318
Average ticket size of loans	1.4	0.9	0.45

- Post the capital infusion on November 3rd, CRAR would be in excess of 100% and debt to equity would go down to 0.3x.



Asset Quality & Provision Levels

INR Million

Particulars	2QFY20	1QFY20	2QFY21
Gross NPA	22.1	20.5	20.7
Gross NPA %	5.87%	4.89%	3.39%
Net NPA	13.6	9.4	7.6
Net NPA %	3.6%	2.29%	1.24%

Gross Performing Assets	353.9	405.4	588.7
Gross Performing Assets %	94.1%	95.2%	96.6%

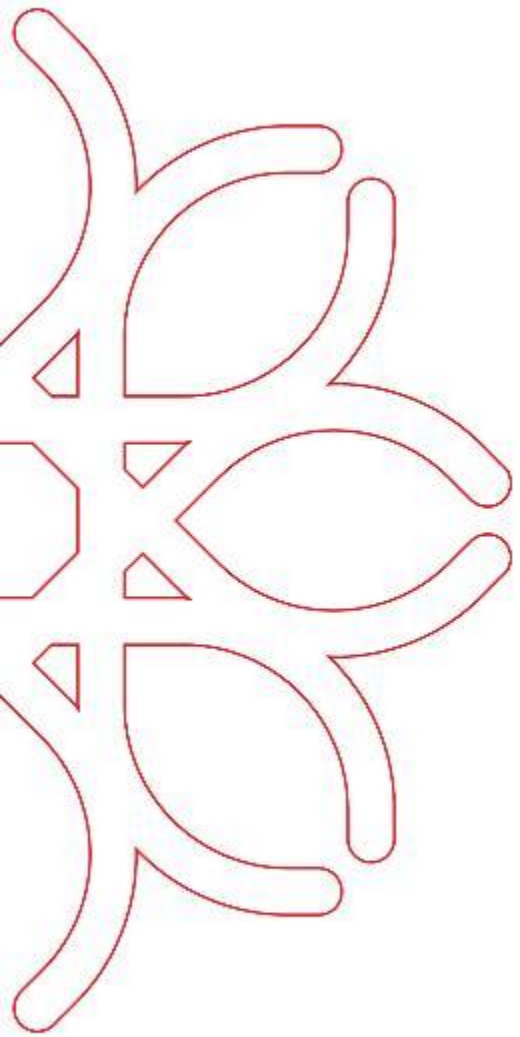
- The company carries a significant loan loss allowance of INR 47.5 million or almost 8% of loans as a prudent measure to protect the balance sheet from any exogenous risk.
- Company expects continued improvement in Gross and Net NPA's with build out of granular loan assets with first loss default guarantee (FLDG).



Business Model

Particulars	LAP	Business Loans	Medical loans	Education Loans	Gold Loans
Yield	15.0%	21.0%	20.0%	19.0%	21.0%
- Funding cost*	<u>12.0%</u>	<u>12.0%</u>	<u>12.0%</u>	<u>12.0%</u>	<u>12.0%</u>
Net interest spread	3.0%	9.0%	8.0%	7.0%	9.0%
- Credit cost	<u>0.50%</u>	<u>3.0%</u>	<u>2.0%</u>	<u>2.0%</u>	<u>1.0%</u>
Risk adj spread	2.5%	6.0%	6.0%	5.0%	8.0%
+ Other income	<u>2.0%</u>	<u>2.5%</u>	<u>1.0%</u>	<u>2.0%</u>	<u>0.5%</u>
Total risk adj. revenue	4.5%	8.5%	7.0%	7.0%	8.5%
- Operating expenses	2.5%	2.5%	1.5%	1.0%	3.0%
Pretax ROA	2.0%	6.0%	5.5%	6.0%	5.5%

* Expected reduction in funding cost as evident already in the most recent sanction letter received.

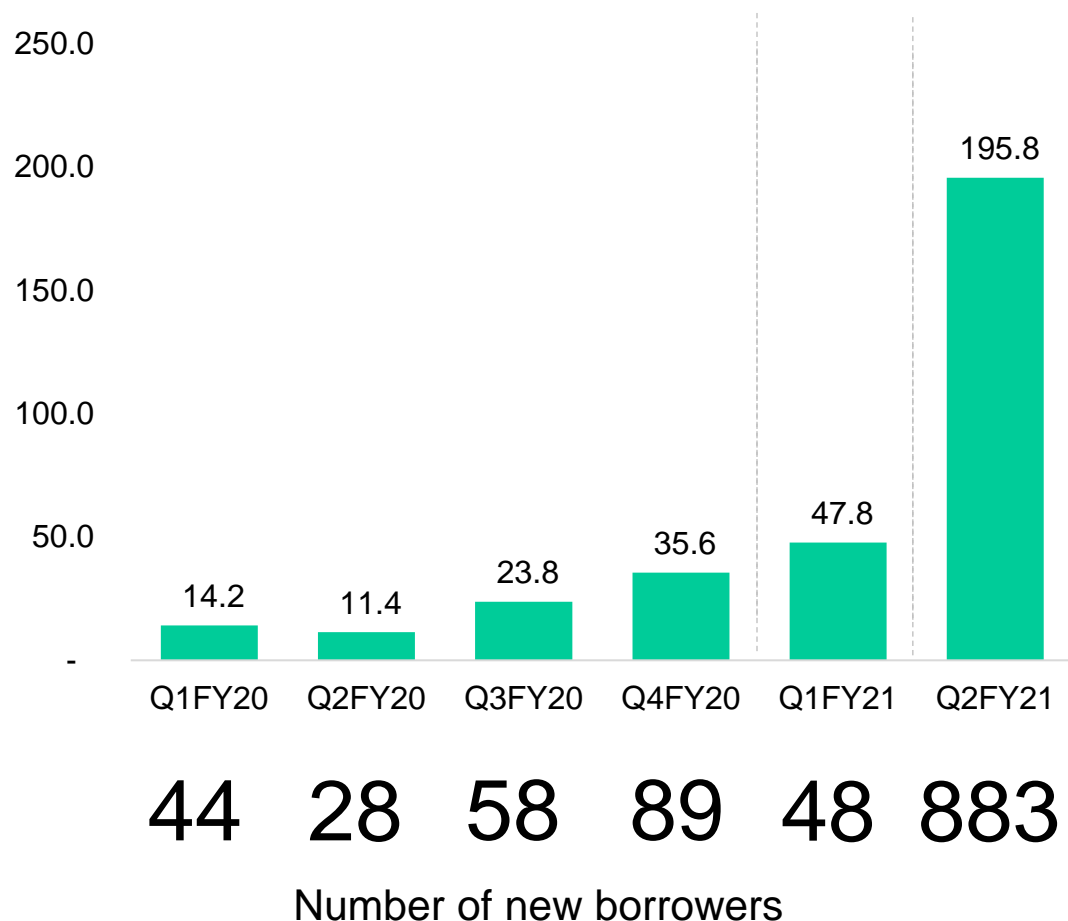


Operational Highlights & Product Portfolio



Granular Loan Disbursements

Disbursal Summary (INR Million)

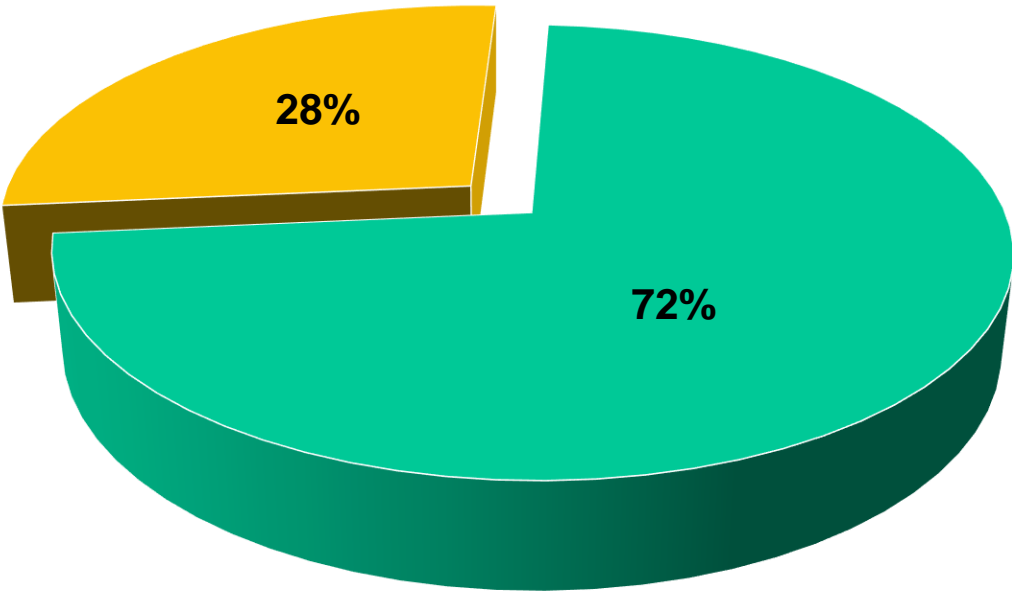


- Disbursements of 195.8 million in 2Q21 vs. 47.8 million in the previous quarter and 11.4 million a year ago.
- The incremental average ticket size of loans was INR 0.22 million in 2Q21. The average ticket size of the entire loan book stands at INR 0.45 million.
- Company's focus is on building a secure, extremely granular, high-quality tech enabled and capital efficient loan book with superior risk adjusted margins.
- The company has made significant strides in collaborating with various partners and stakeholders with a robust pipeline for lending to the MSME essential goods sector.
- Some of the examples include medical associations, healthcare network providers, education institutions, and grocery & retail digital platforms.



Loan Portfolio Composition

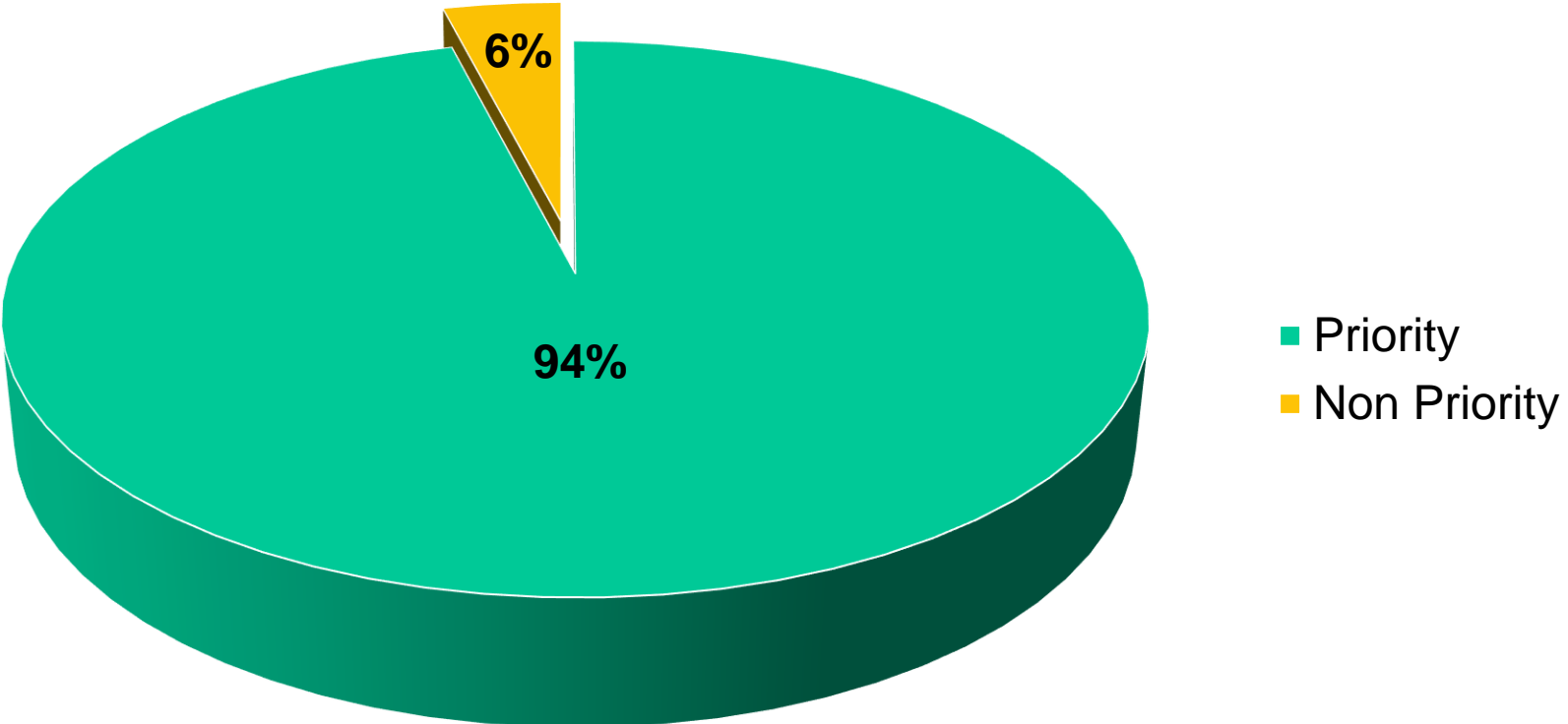
2QFY21



■ Secured ■ UnSecured



Strong Focus on PSL

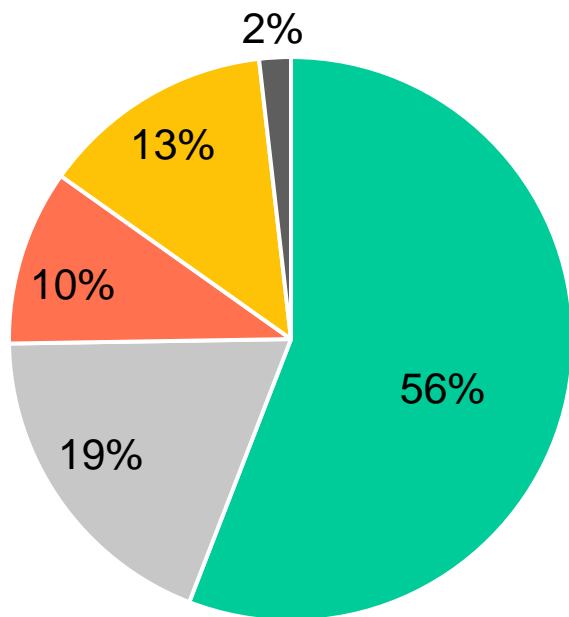


- Strong focus on disbursing loans that qualify for PSL status.
- Will enhance ability to sell down loans and generate liquidity in the long run



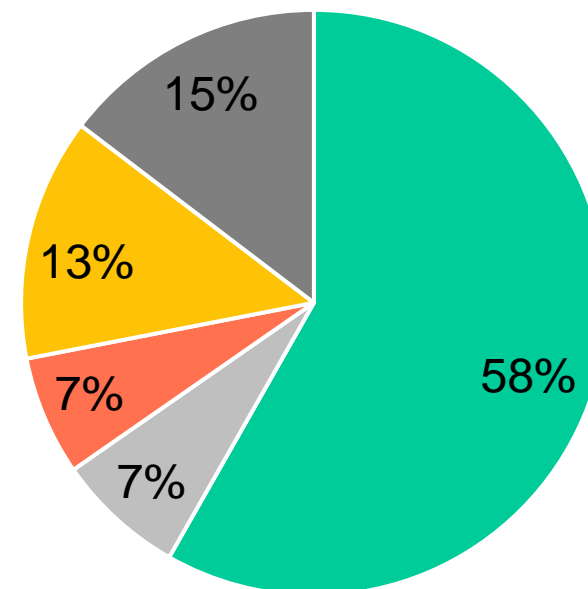
Lending Primarily for Business Expansion

72% of the portfolio is Secured against Collateral and Guarantee



- Loan Against Property
- Business Loans
- Personal Loans (+ medical)
- Education
- Gold

Borrower use of funds predominantly for business expansion



- Business Expansion
- Debt Consol & Business Expansion
- Working Capital
- Education Loan
- Others



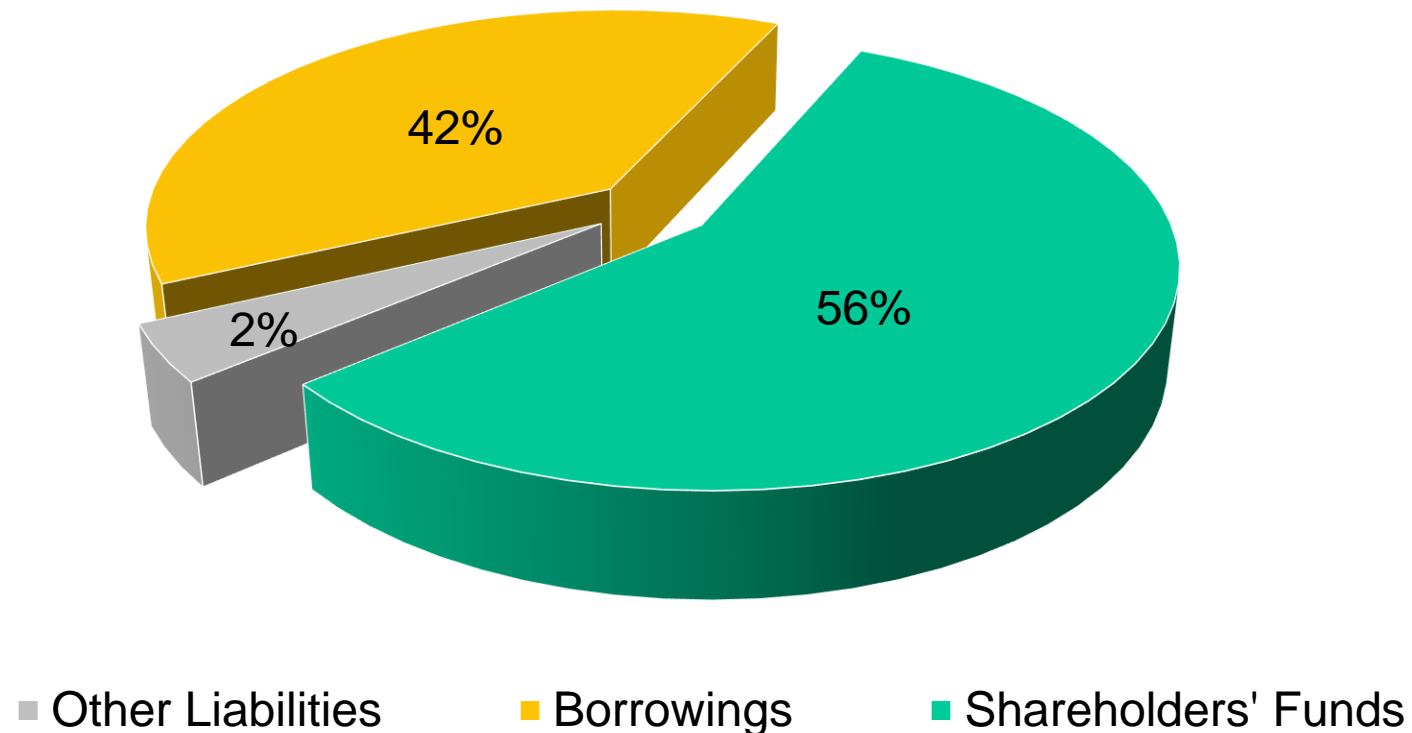
Product Profile

Product	Loan Against Property	Business Loans	Personal Loans	Gold Loans
Average Ticket Size	INR 2.9 Mn	INR 0.4 Mn	INR 0.17 Mn	Upto INR 0.5 Mn
Interest Rate	15%-20%	18%-25%	18%-30%	18%-23%
Tenure	60/180 months	12/60 Months	12/36 Months	12 Months
Avg Loan to Value (@ origination)	60%	50%	NA	60%-75%
Basis of Credit Approval	Mortgage of property	Cash Flow Analysis	Banking Statement	Purity – 22KT
Repayment Type / Frequency	Monthly Amortization	Monthly Amortization	Monthly Amortization	Monthly/Quarterly

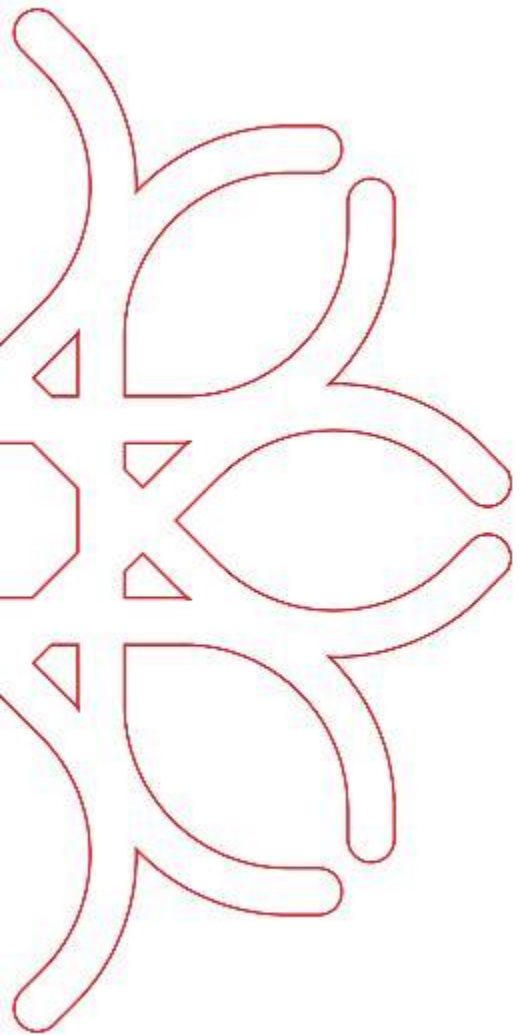


Liability Profile

2QFY21



- INR 103 million or 29% of outstanding debt has been converted to equity shares with capital infusion transaction completion on November 3rd.



Financial Metrics



Balance Sheet

Balance Sheet (INR Million)	FY20	2Q FY21
Financials Assets	422.1	733.9
Cash and Investments	48.1	62.2
Gross Loans	372.4	609.7
Less: Impairment Loss Allowance	43.8	47.5
Net Loans	328.5	562.2
Non Financials Assets	62.7	134.1
Total Assets	484.7	868.0
Financial Liabilities	163.3	391.1
Trade payables & Other liabilities	7.2	26.1
Borrowings	156.1	365.0
Non-Financial Liabilities	9.9	12.2
Total Liabilities	173.2	403.3
Equity Share capital	135.1	143.7
Other Equity	176.4	321.1
Total Equity	311.5	464.8
Total Liabilities and Equity	484.7	868.0

- Strong balance sheet with robust liquidity and capitalization for on-ward lending.
- High level of allowance for loan losses to protect the balance sheet from any exogenous risk.
- **Net-worth has been bolstered further with INR 500 million of capital infusion from promoter group and key management that concluded on November 3, 2020.**



Income Statement

Income Statement (INR Million)	1Q FY21	2QFY21
Operating Income	53.2	67.7
Less: Finance Cost	6.3	11.2
Net Interest Income	46.9	56.5
Other Income	0.0	0.1
Total Income	46.9	56.6
Operating Expenses*	40.4	52.2
Profit Before Tax*	6.5	4.3
Less: Tax	2.8	0.6
Profit for the period*	3.6	3.7

* Consolidated results

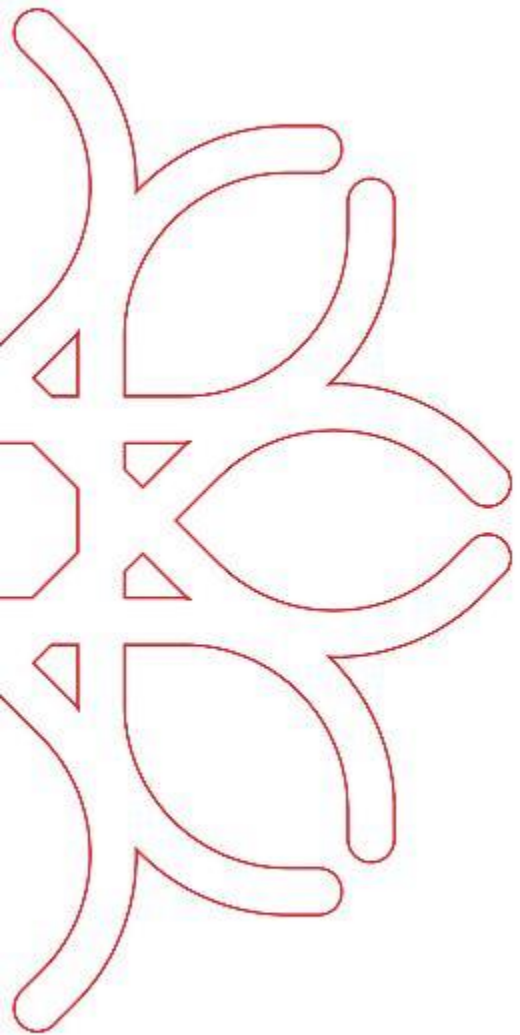
- Operating income grew strongly in the quarter with robust disbursement in essential goods segments.
- **Operating expense includes one-time cost of INR 4.5 million in 2QFY21 due to the capital infusion transaction.**
- **Excluding the one-time cost, PBT would have been INR 8.8 million, up 35% Q-o-Q.**
- The company has on-boarded superior talent in its technology and product platform which should help in achieving operating leverage in future years.



Productivity Ratios

Particulars	Units	FY19	FY20	2QFY21
No. of Employees	#	54	88	169
Asset per Employee	INR Mn	10.0	5.5	5.0
No. of Loans Disbursed	#	143	219	883

- As the company achieves scale with increasing granularity, asset per employee has declined due to focus on lower ticket size loans that has been brought down substantially from INR 4.7 million in Sept 2018 to INR 0.45 million in the most recent quarter.
- The company expects asset per employee to go back up to FY19 levels while maintaining low ticket size per borrower as operating efficiencies from technology and other initiatives start to gain traction.



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

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

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

KP Raghuvanshi

Independent Director

Past experience:

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

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

Karan Desai

Joint MD

Past experience:

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

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

“IVR BBB- / Stable Outlook” for Long Term Loans by Infomerics Ratings



Dhanvarsha Backed by Seasoned 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.

Sanjay Kukreja
CFO

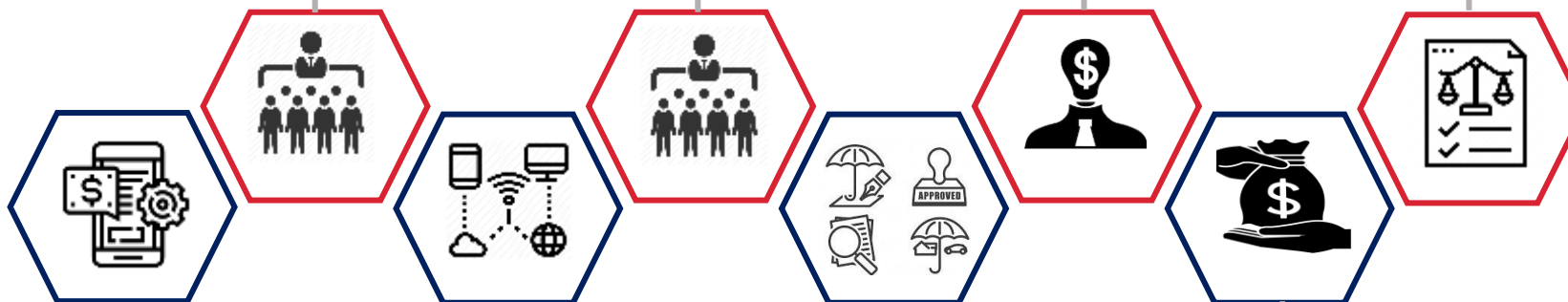
Past experience:

CA with 27+ years of experience in FP&A, Profit Center Operations, Taxation & Budgeting etc.

Priyanka Singh
Chief Impact Officer

Past experience:

10+ years of experience, previously worked with IndiaMoneyMart, Faircent, JP Morgan Chase and Willis Towers Watson



Sahil Lakshmanan
Chief Business Officer

Past experience:

15+ years of global experience across business & product development, analytics, and marketing. Sahil is responsible for digital and new business initiatives.

Pinak Shah
Chief Technology Officer

Past experience:

20+ years of experience, previously worked as Chief Digital Officer with Kissht, and Just Dial.

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

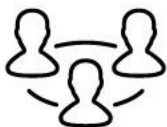


Our Mission & Vision

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



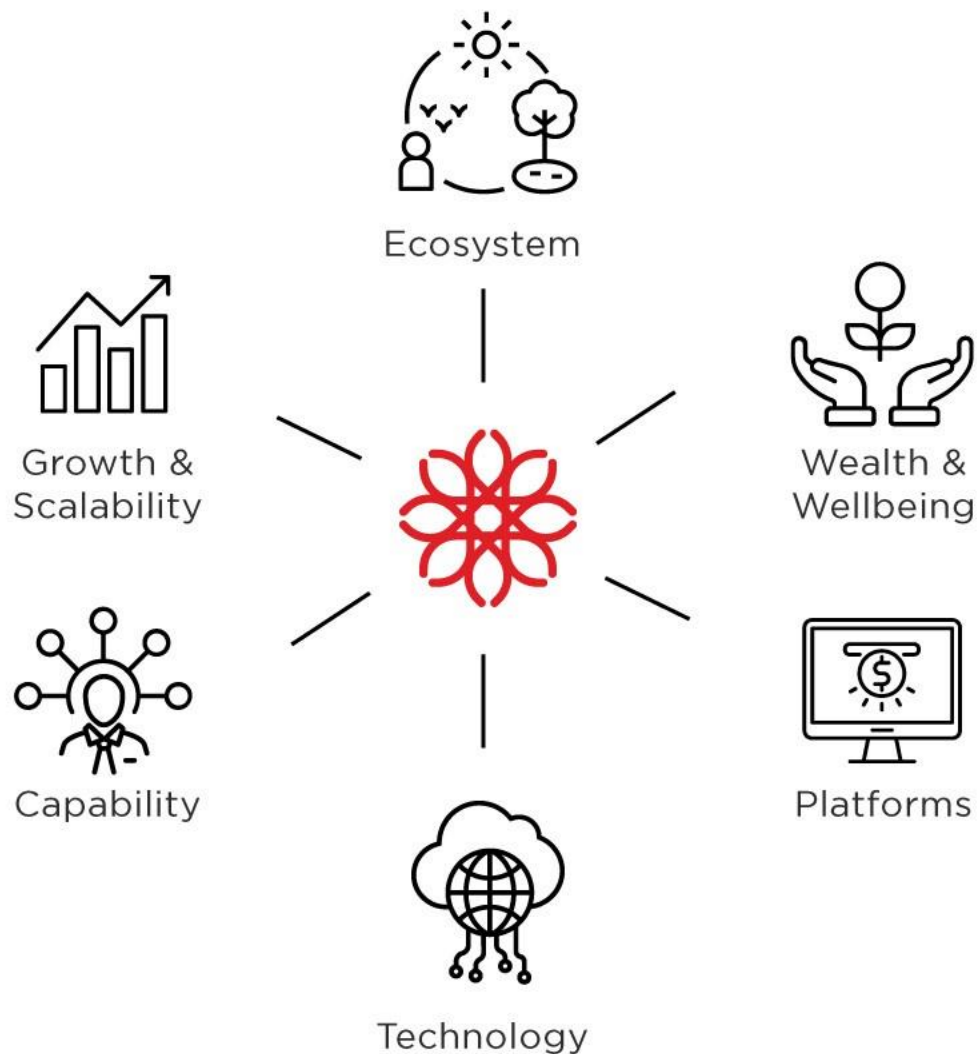
We are true business partners
to our customers



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



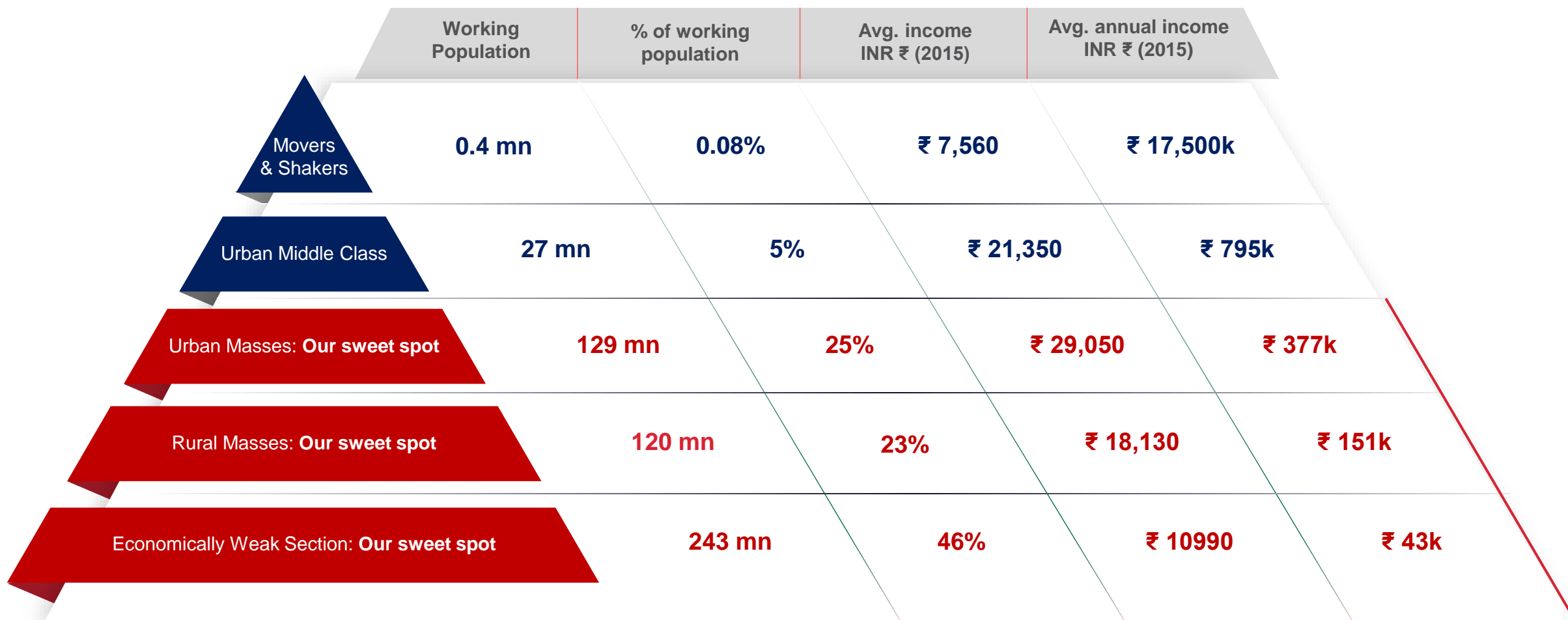
Steel & Consumer Goods Trader



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

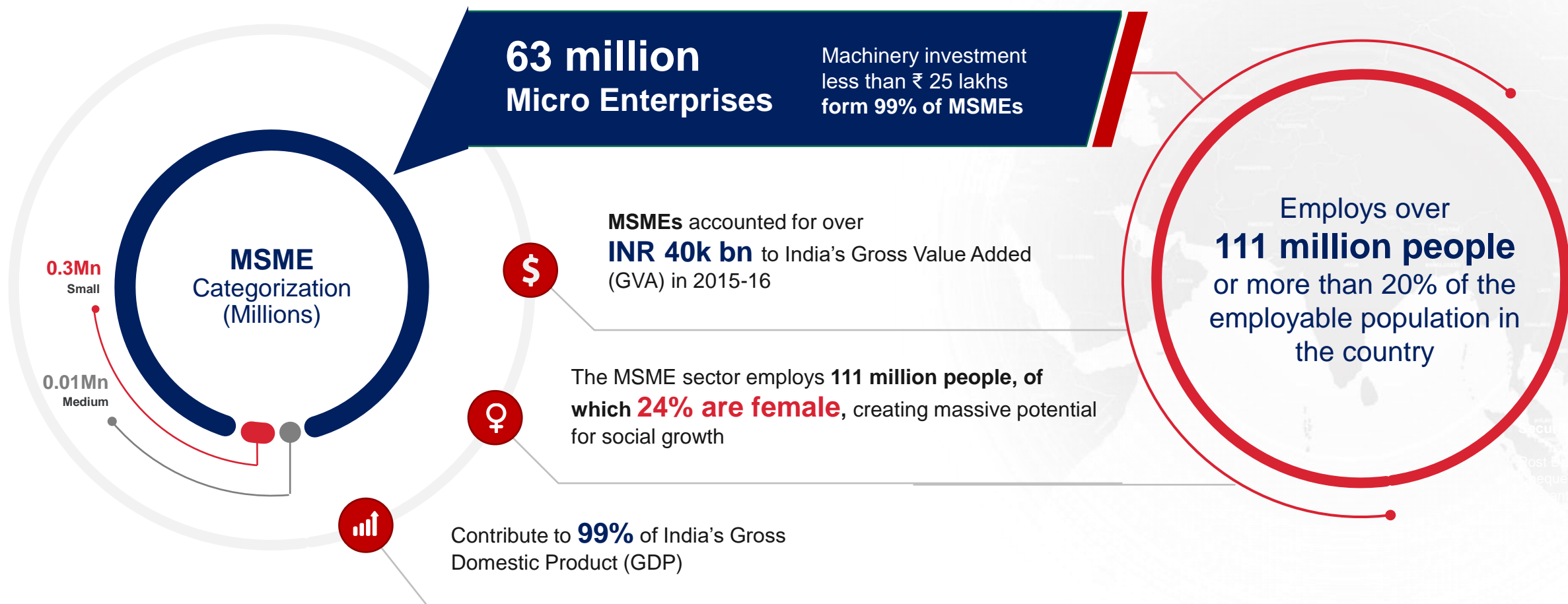
Machinery investment
less than ₹ 25 lakhs
form 99% of MSMEs

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)

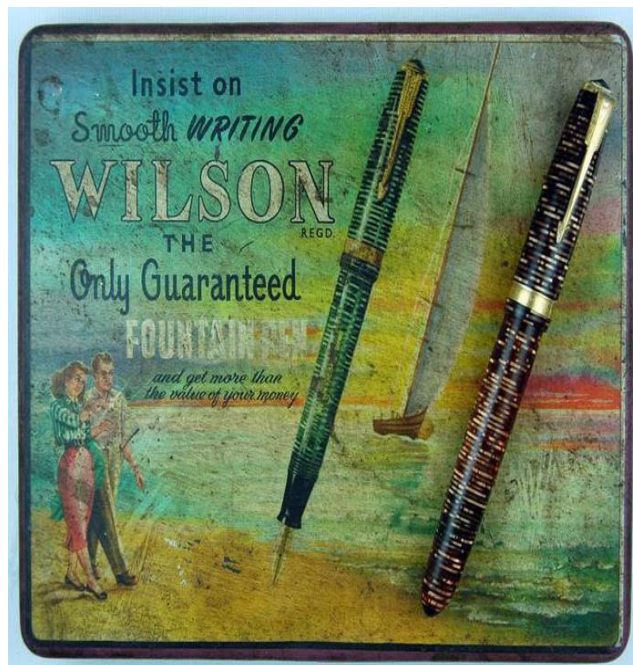
Employs over
111 million people
or more than 20% of the
employable population in
the country





History of Promoter Group Helping Build Social Capital

- The promoter group roots go back to pre-partition India with them being pioneers in setting up India's first writing instruments brand, Wilson - the brand that was used by **Dr. Ambedkar** to write the **Constitution of India!**
- Being socially conscious, the Group supported philanthropic efforts in education and founded what are some of Mumbai's and probably India's leading educational institutes today - **DJ Sanghvi Engineering College**, and **Amrutben Jivanlal College of Commerce (earlier a part of Mithibhai College)**.
- Conscious Intervention Labs, Thankfulness Research & Development Foundation, and Minaxi Mehta Welfare Foundation are some of the social initiatives founded by the Group.



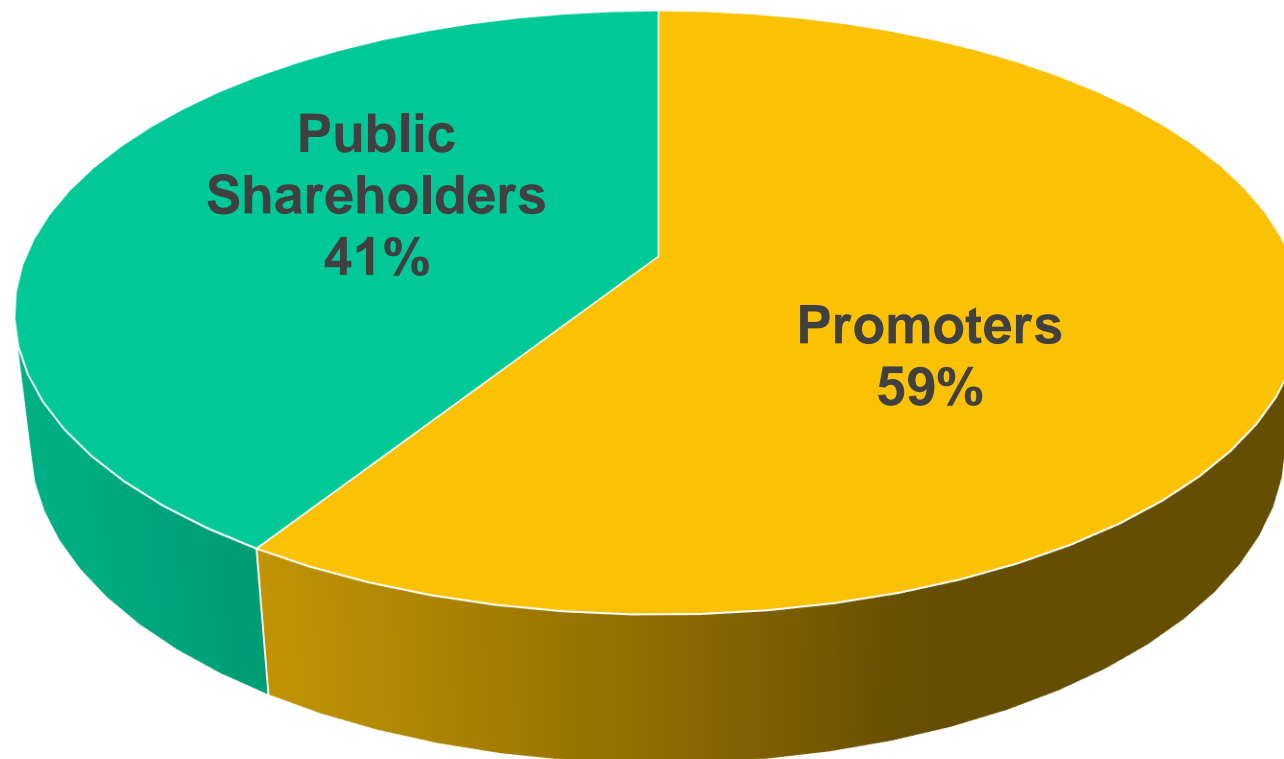


Dhanvarsha 5 Year Strategy

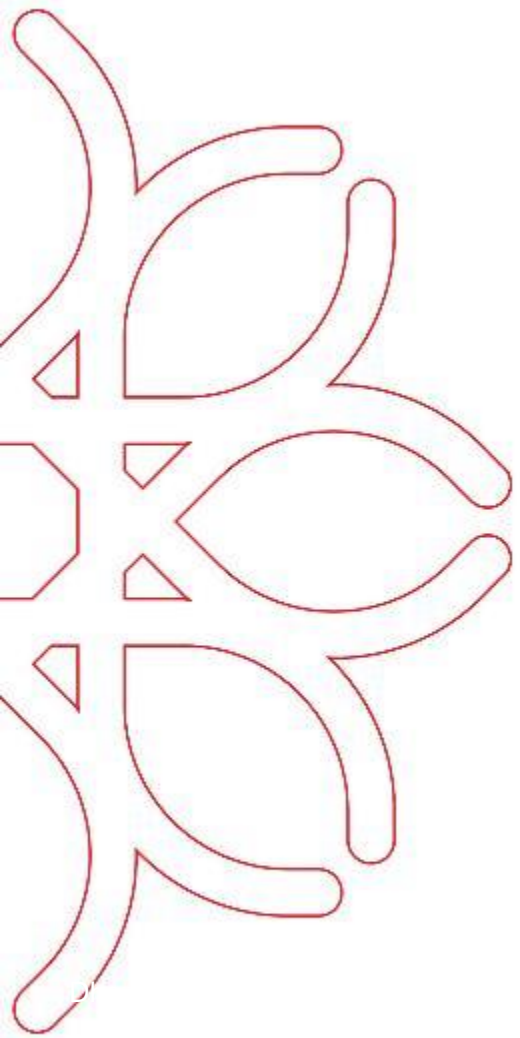
- 01 Our goal is to make a significant impact in the lives of MSME entrepreneurs by providing them access to timely, sustainable and affordable credit & financial services tools. We want to help achieve financial inclusion with a greater social purpose – to build social capital.
- 02 With debt lines starting to open for the company from reputed lenders and completion of capital infusion from the promoter group and key management, 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.



Shareholding Pattern



As on 30th Sep 2020



Thank You