

Dhanvarsha

Newsletter - Q2

Dhanvarsha is very pleased to announce that capital infusion of INR 475 million from its promoter group, Wilson Holding Private Limited and INR 25 million from key management of the Group has been completed on November 3, 2020. In the next 18 months, Wilson Holdings and key management will be infusing another INR 150 million into the company taking their total capital contribution to INR 650 million.

The company has also received a sanction letter from India's largest bank, State Bank of India for a term loan of INR 300 million. These events mark a substantial milestone for the company. Capital infusion from the promoter group and key management coupled with a strong lender profile which includes HDFC Ltd, Bank of India, and now State Bank of India places the company at an inflection point for the next stage of growth.



Mr. Rohanjeet Juneja



Mr. Karan Desai

Commenting on the capital infusion and receipt of a term loan from State Bank of India, Mr. Rohanjeet Juneja and Mr. Karan Desai, Joint Managing Directors of Dhanvarsha Finvest Limited said, “The ethos of Dhanvarsha has always been to catalyse the growth of local entrepreneurs through affordable financial access and being their partners in business and social growth. Our borrower empowerment journey starts at lending and progresses to helping **‘Build Social Capital’** by giving our entrepreneurs and borrowers access to better opportunities, advise, technology and other infrastructure to unlock their true potential”.

“We don’t just lend hand but also lend head and lend heart”

Let us have a look at how we empower small businesses to flourish and build social capital.



“With this transaction, the company’s net worth will be bolstered materially that will help us scale up AUM considerably in the MSME space. Furthermore, we hope rating agencies and company’s lenders will welcome this sizeable, combined capital infusion in Dhanvarsha”.



Our view on the Indian Economy

India's economy showed signs of a slowdown prior to onset of Covid-19 pandemic. Investments and exports were both contracting, and government spending was the only real engine driving growth and compensating for the decline in the private sector demand. In the aftermath of Covid-19 and nationwide lockdown, GDP contracted by **23.9%** in the first quarter of **FY2021** - the largest GDP contraction recorded in a quarter since India began reporting quarterly data in the mid-1990s. To bolster the Indian economy, the government announced multiple stimulus packages which increased the government's consumption expenditure by **16.4%**.

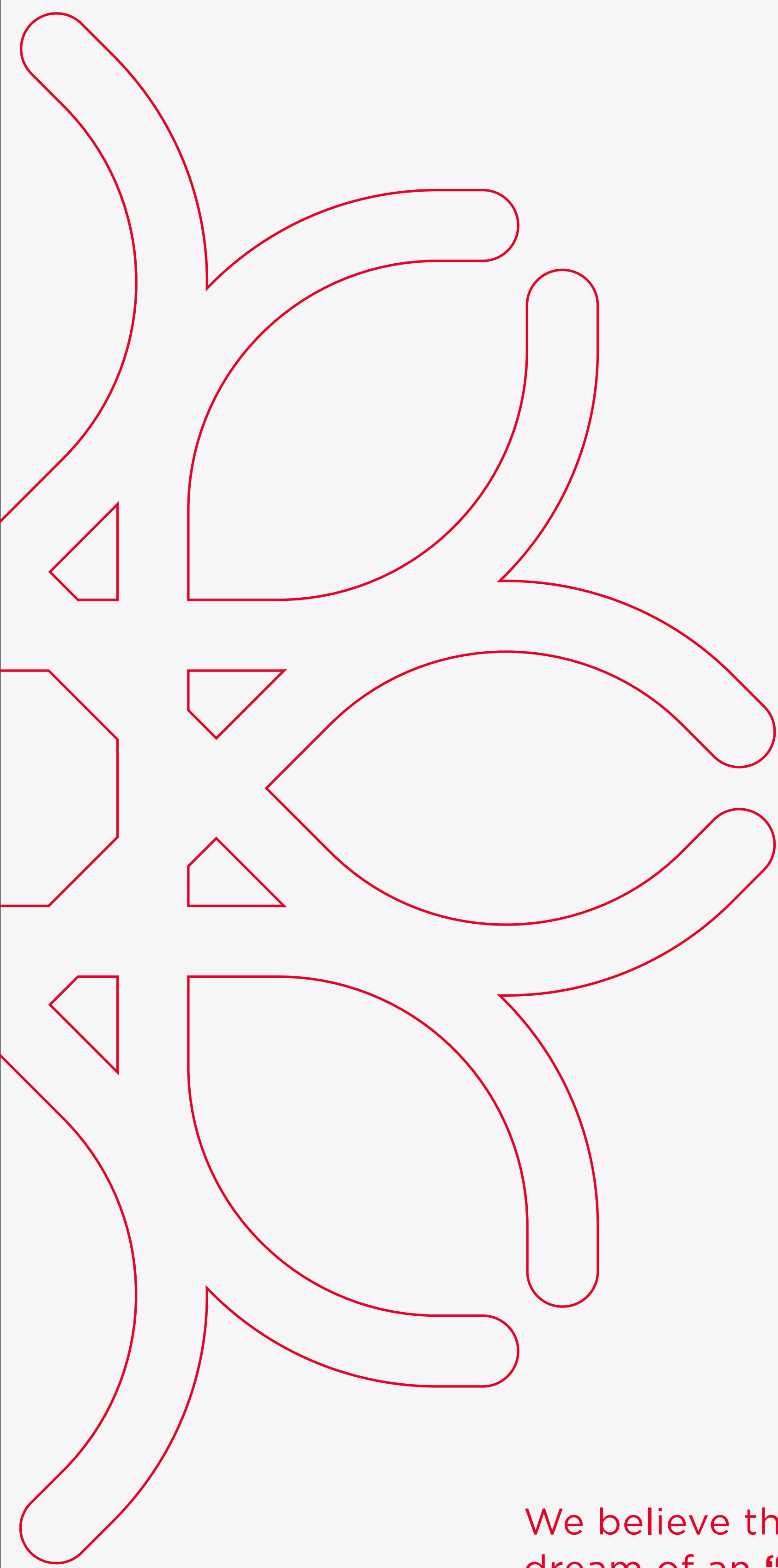
All sectors, except for Agriculture, Forestry, and Fisheries, were hit hard because of the constraints magnified by the unavoidable nationwide lockdown. Thanks to a good spell of monsoon and migrant workers undertaking farming in rural areas upon their return from the cities, agriculture has performed better than expected. However, manufacturing and services in particular have been severely impacted, and it is still a long path to recovery with economic activity far below pre-Covid levels coupled with uncertainties in employment. The lack of financial stability of an average Indian household has also lowered discretionary spends significantly. Reduced demand has led businesses to curtail capital expenditure and fresh hiring. That said, while the economic impact from the pandemic and the ensuing lock down will still linger for some time, we believe the worst is behind us, with supply-side activities resuming gradually, and every phase of the economic unlock being designed to limit economic disruptions. The initial pent-up demand has further aided economic rebound as seen in the months following the gradual unlocks.

Albert Einstein once said,

“*In the middle of adversity there is great opportunity.*”

The current pandemic has provided India with a once in a lifetime opportunity. With the government pushing for **‘Make in India’** and global giants looking towards India as an alternative manufacturing hub to China, India must scale up its physical and social infrastructure significantly to compete with global peers. Spending on infrastructure and healthcare will help to address the softening of demand by generating ample employment for unskilled and semi-skilled workers. Businesses are looking towards technology and digitization to improve productivity and reduce costs. Essential retail has largely been unaffected by the pandemic and online retail has had a massive bull run since the first unlock began. Much of India’s workforce is getting accustomed to working from home and we are seeing an increase in spend on connectivity, connected devices as well as online education and upskilling.





We believe the stage is set for the dream of an **“Atmanirbhar Bharat”** coming to life. As an institution our focus is on supporting MSMEs and consumers to become self-reliant through tailor made credit products. Many of our customers are first time borrowers and by providing them with their first loan we not only provide them financial access, build their credit score and offer inclusion to wider markets but also act as their partners in business and social growth.

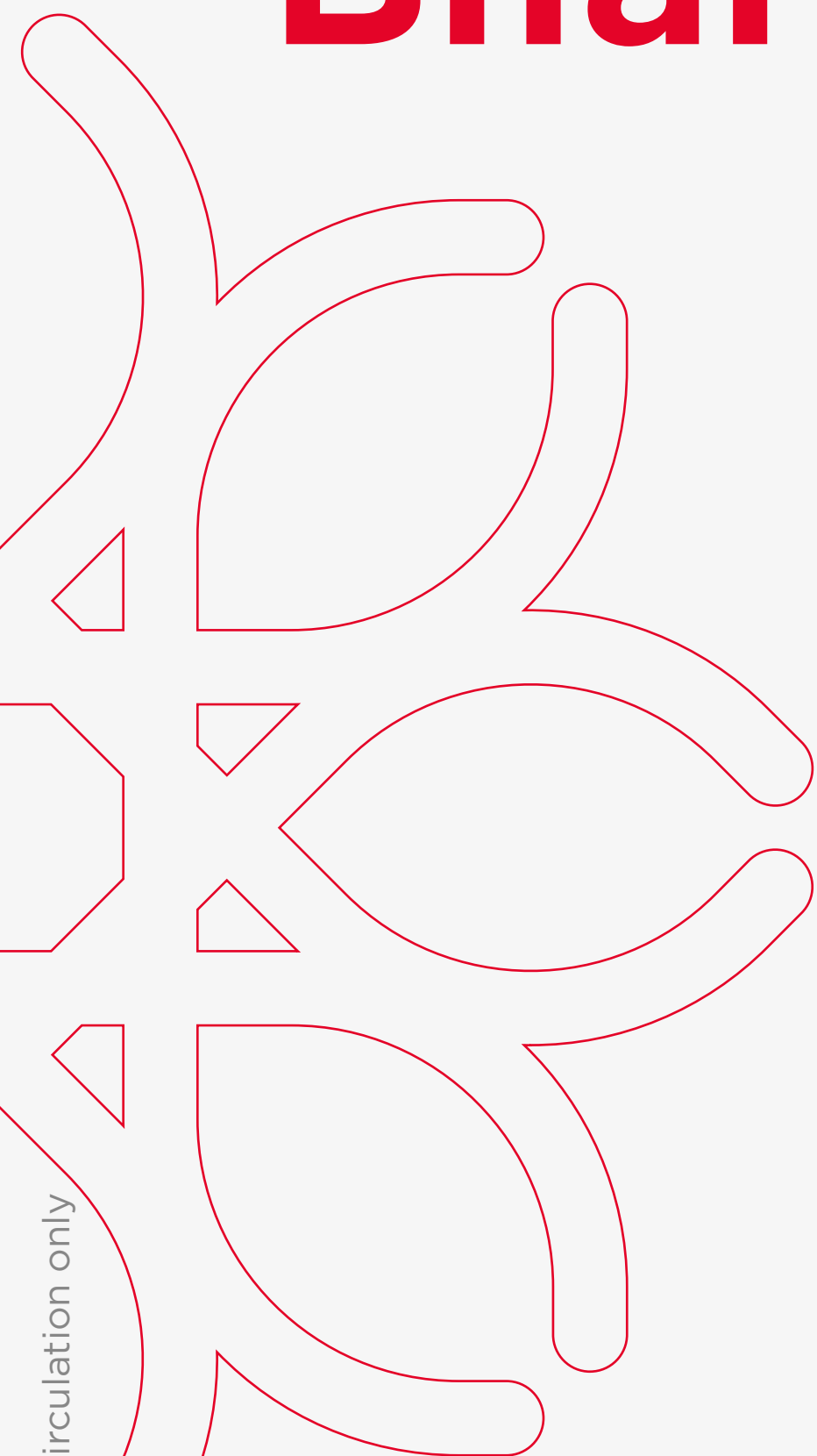


Mr. Jagdish M. Roy - Hari Om Garments
Dhanvarsha Customer

Dhanvarsha's
portfolio for an

Atmanirbhar Bharat

Our goal is to reach out to local businesses and consumers and enable them with financial access, making them truly “**Atmanirbhar**”. Our product portfolio is designed to cater to multiple needs that our customers may have at different points in their life. The guiding principle when we design our products is to cut through clutter and offer ease and convenience of service. We deliver a product that our customers find simple to access, understand and hassle free to use.



Atmanirbhar Bharat Business Loan



*With “**Atmanirbhar Bharat Business Loan**”, we aim to empower the MSMEs of India and nurture them by offering hassle-free access to credit to build and expand their business and fulfil their dreams.*

Loan Range:
1 - 10 Lakhs
Loan Tenure:
12 to 36 months

We are advocates of the Government of India’s ‘**Make in India**’ campaign to facilitate investment, foster innovation, enhance skill development, protect intellectual property, and build best in class manufacturing infrastructure locally, while generating livelihood for semi-skilled workers and facilitating upskilling of human resources. Hence, we have directed our efforts to build a robust, yet easily accessible and convenient Business Loan product aptly named as “**Atmanirbhar Bharat Business Loan**”.



Loan against Property

Our Loan Against Property assists you in raising finance against your residential, commercial, or industrial properties and provides quick access to funds at attractive interest rates.

Loan Range:

1 - 50 Lakhs

Loan Tenure:

36 to 120 months



Gold Loan

Availing credit for the Indian middle class has never been easy. This issue of access, especially for first time borrowers, marginalized communities, and women, is compounded in case the need for capital is urgent. In these situations, customers often pawn their jewellery to goldsmiths and pawn brokers at exorbitant interest rates. Very often the security of the gold itself is compromised in these transactions. To solve this problem, Dhanvarsha has launched Gold Loans to help customers access a loan quickly and through a transparent process using gold as collateral. We promise delivery of funds under 30 minutes.

Loan Range:

Upto 25 lakhs

Loan Tenure:

Upto 12 months





Dhanvarsha GOLD LOAN

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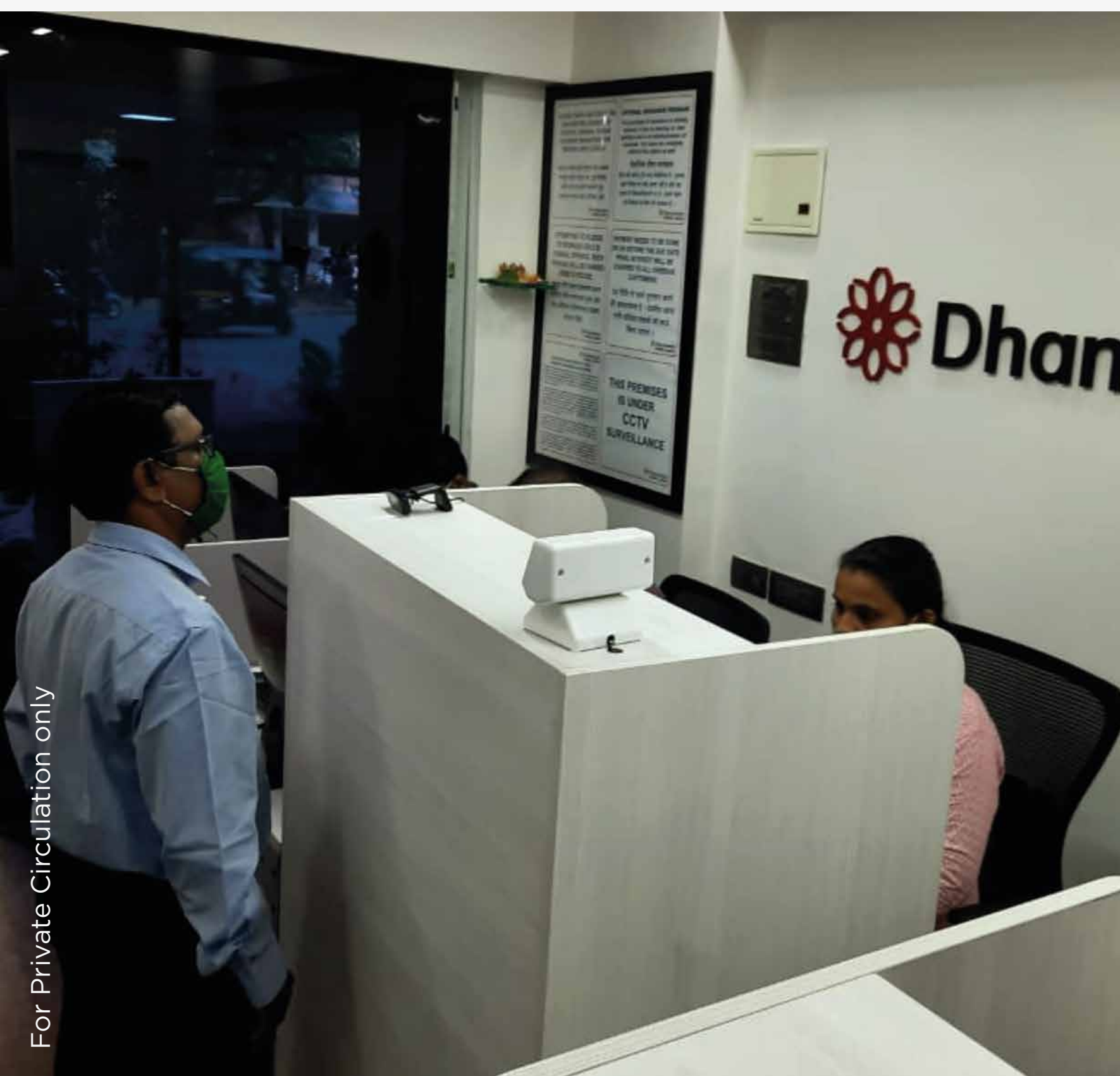


Dhanvarsha



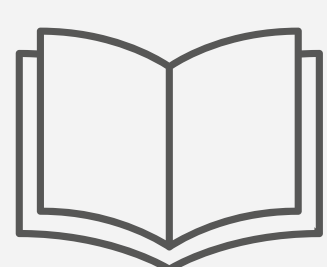
Dhanvarsha GOLD LOAN

Let's make life simpler



Personal Loan

Dhanvarsha wants to be the financing partner of choice to help consumers meet their needs and life goals. Through our own App/Web Interface and our business correspondents we offer quick, easy, and affordable personal loans to both salaried and business professionals. We have designed this product based on end use of funds to cater to different borrower needs in a timely manner



Education
Dhan Vidya



Medical
Dhan Aarogya



Home Renovation
Dhan Ghar



Debt Consolidation
Dhan Sukh



Travel
Dhan Safar

Loan Range:
1 - 10 Lakhs
Loan Tenure:
12 to 48 months



Insurance

During our interactions with borrowers, it has emerged that very few of them have access to or information about insurance products. This makes the borrowers and their families particularly vulnerable to the sometimes-unfortunate outcome of unforeseen events.

Most of our customers are single income households and especially at-risk if the sole bread winner meets an unfortunate event such as loss of income, a medical emergency, loss of life, loss of property etc. The customer and potentially the family members can find themselves in middle of financial chaos and a potential debt -trap.

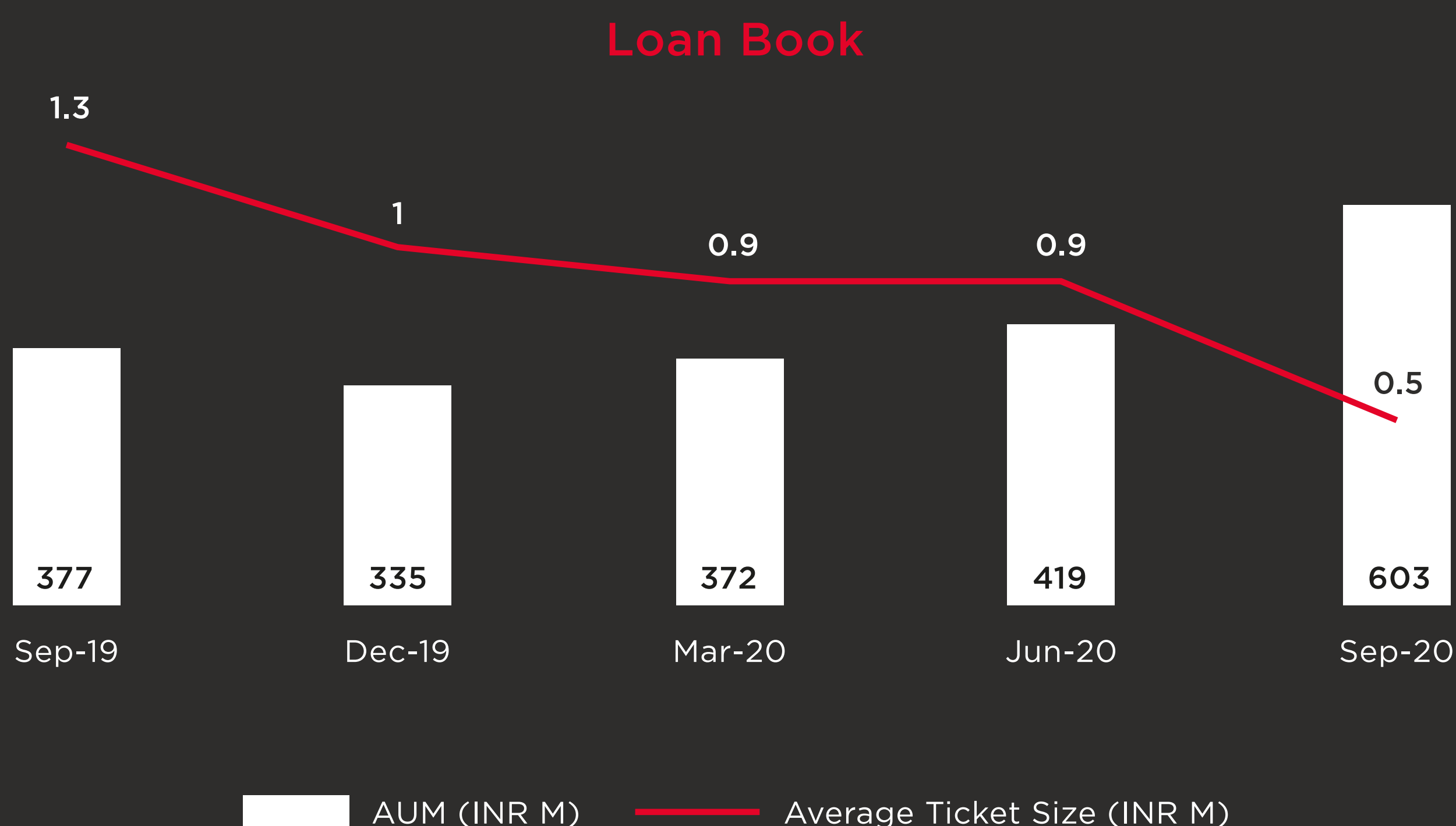
To lessen the impact of such unforeseen events on our customers and their loved ones we have partnered with IndiaFirst Life Insurance Company and Magma HDI General Insurance Company to create specialized products that are tailored to meet the insurance needs of our customers. Our products include

- **Life insurance (Credit Shield)**
- **Health insurance (Individual & Family Floater)**
- **Accidental insurance**
- **COVID Kavach**
- **Property Insurance**



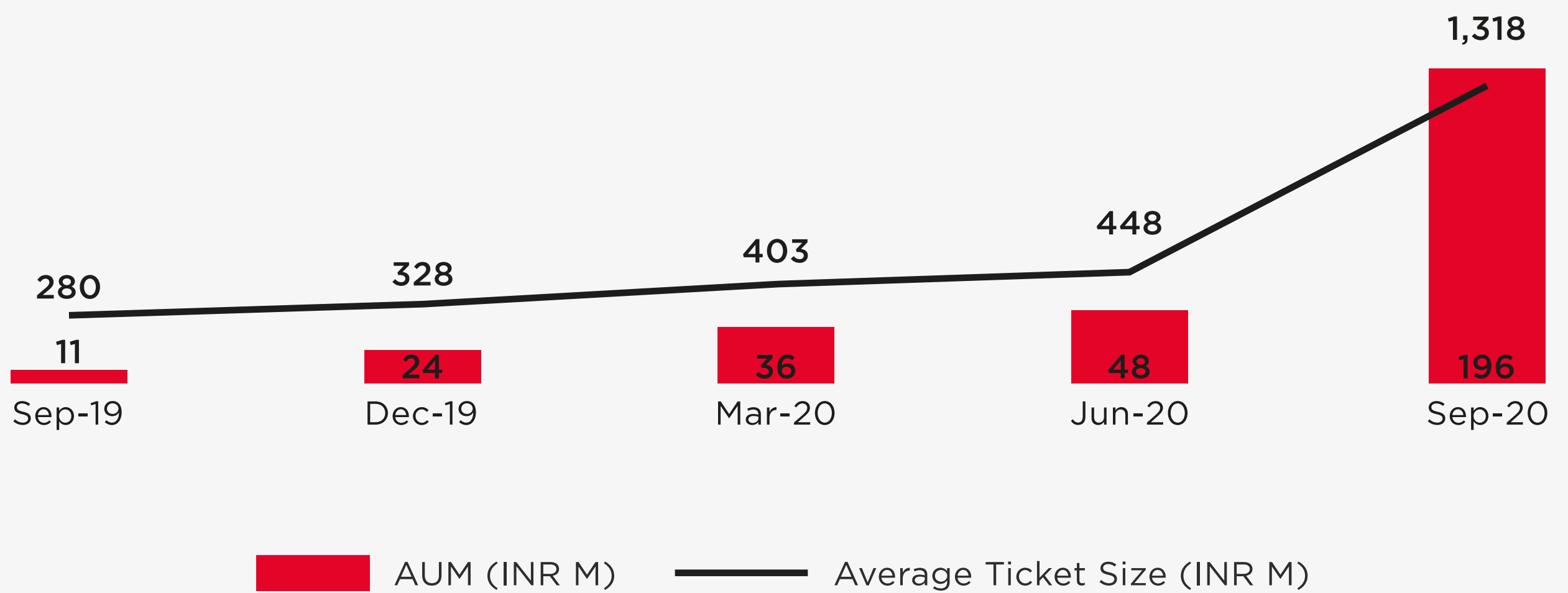
The bedrock of our business - our loan book and an unrelenting focus on 3C's: collaborations, credit and collections

In September 2019, Dhanvarsha's loan book was INR 377 Million with an average ticket size of INR 1.3 Million. Since then the loan book has grown by almost 56% to INR 603 million while the average ticket size has decreased by almost 66% to INR 0.5 Million at the end of September 2020. This change in the structure of Dhanvarsha's loan book has been achieved through a focus on originating smaller ticket loans, significantly increasing the number of borrowers served and materially increasing granularity of the portfolio.



At the end of September 2019, Dhanvarsha had a total of 280 borrowers on its books. The most recent quarter ending in September 2020 was a historic quarter for Dhanvarsha as its **borrower count number grew by more than 400% to 1,318 borrowers** with continued improvement in average ticket size.

Disbursement Trend and Borrower Count



While scaling up our loan book and reducing the ticket size of our loans we have lent to almost 22 sub-sectors in the MSME space thereby minimizing concentration risk. This effort to scale up and diversify our loan book while maintaining asset quality has required our credit team to develop sector specific learnings as well as rely extensively on the use of technology. The team’s proprietary knowledge is being translated into coded rule engines which allow straight through credit decisions with minimal human intervention leaving time for our credit team to research sectors and create new product policies.

Our loan origination strategy relies on a combination of direct collaborations, feet on street through DSA partners and field sales staff, branches, and digital channels. We have collaborated with several technology first partners through innovative risk sharing structures where partners give Dhanvarsha a First Loss Default Guarantee (FLDG). This allows partners to curate borrowers as per an agreed credit policy with the Dhanvarsha Credit team. We believe that meaningful collaborations allow partners to leverage on each other’s strengths to create an ultimate win for customers through relevant and easy to access products. If you would like to explore a collaboration with Dhanvarsha please write to strategy@df ltd.in or drop your details here <http://df ltd.in/partnerships.php>.

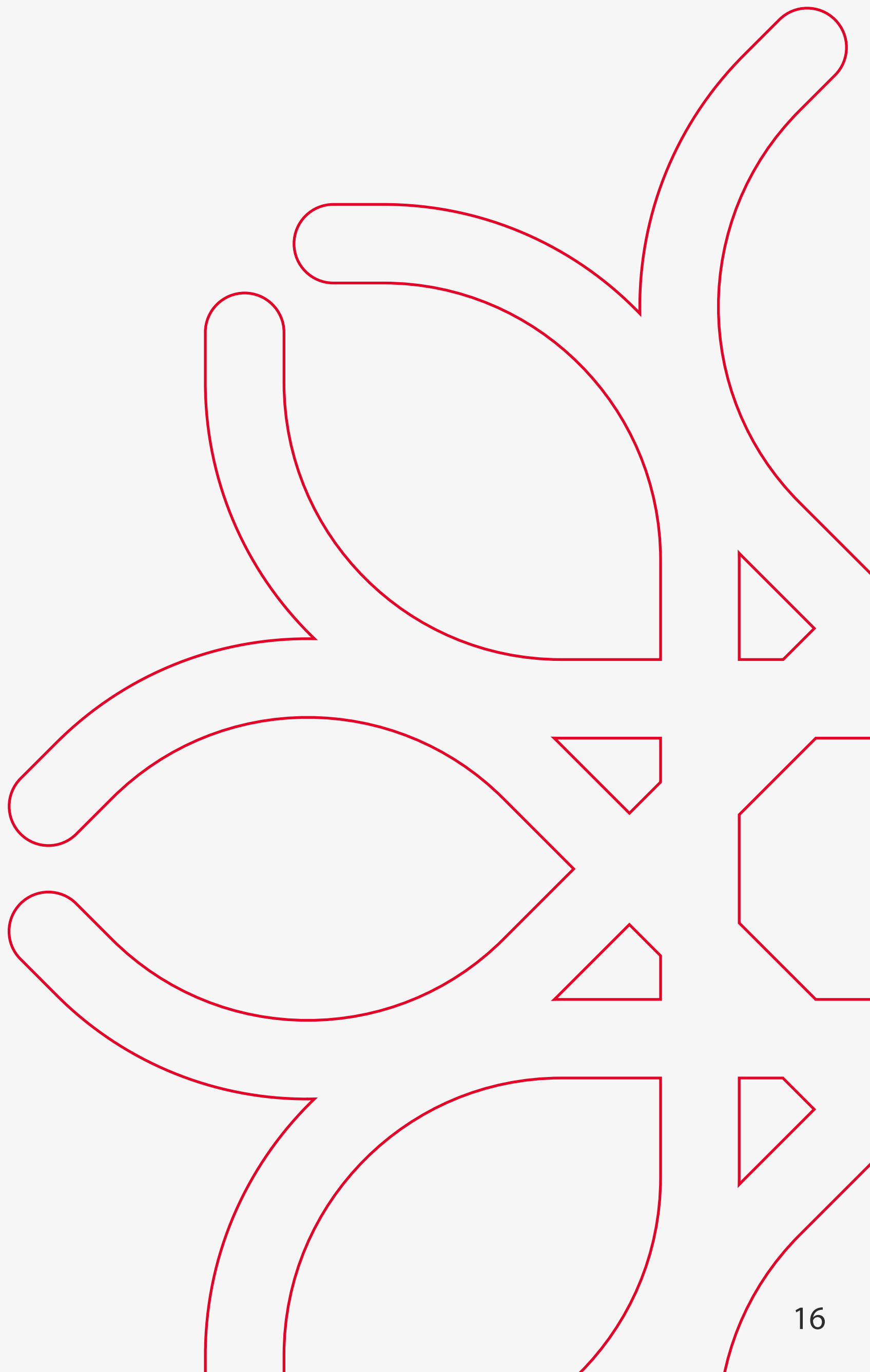
Our on-going efforts are and will continue to be focussed on building a loan book in sectors which have proven resilient to COVID-19 as well as those that allow us to lend while keeping in mind our vision of Building Social Capital. These sectors include retail of essential commodities like healthcare and groceries, online education, and online retail. Most of these sectors qualify for PSL lending and almost **90% of our current loan book qualifies for PSL status.**

An area of retail that has proven to be resilient to COVID-19 has been the retail of essential commodities like pharmaceuticals and groceries. These retail stores never shutdown even during the lockdown and as a result have been doing flourishing business despite the pandemic. This is also a sector that has traditionally been severely underserved since banks typically don't lend to these borrowers. We have developed innovative cash flow based underwriting models and launched a small ticket "Express Loan" product catering specifically to this segment of borrowers.

Education is a sector that we believe can put people on a path towards good health, empowerment, and employment. It can help to build more peaceful societies. UNICEF has observed through evidence, that on average, each additional year of education boosts a person's income by 10 per cent and increases a country's GDP by 18 per cent. Education is a key sector which will enable an "Atmanirbhar Bharat" and it is with this view that we have increased our collaborations and exposure towards this sector in a large way over the last few quarters.

E-commerce was already growing at a steady clip, but with billions of people holed up in their homes in the COVID-19 pandemic, it is soaring worldwide. Consumers are shopping online like never before which has created a large opportunity for small retailers to shift their business online and list their wares on e-commerce websites. We believe online retail will continue to boom on the back of increased smartphone and internet penetration coupled with the consumers fear of shopping for discretionary products in brick and mortar stores. To leverage this opportunity, we have setup partnerships with technology providers that give us access to online retailers and these retailers access to our credit products.

Lastly, lending is as much about building an understanding of borrowers as it is about collecting money that has been lent. Collections is an area which Dhanvarsha has never outsourced preferring to build this entire function inhouse. We prefer to build this entire function inhouse so that we can interact with our customers with empathy and resolve threats to asset quality in a time-bound manner. We understand that building and scaling this function in line with our growing loan book will be require both time and patience and we are committed to this initiative. One of the examples to demonstrate the success of our strategy to inhouse collections is the regularization of the loan book that went under moratorium - **in August 2020, 17% of the Dhanvarsha loan book was under moratorium, we are pleased to announce that as of end of September 2020 more than 85% of the borrowers who had opted for the moratorium had regularized their accounts.** At a time like this we take pride in sharing that Dhanvarsha's asset quality remains robust because of the management's decision to slow down new originations between Sept 2018 to December 2019 and recalibrate strategy to focus on diversification of risk through creating an extremely granular loan book.



Digital initiatives undertaken

The last few years have seen a huge rise in internet and smartphone penetration, there are already more than 400 million Indians online and this number is the fastest growing anywhere in the world. Consumers have truly moved their lives online and they expect that their service providers will also fulfil their needs online. While sectors like retail, education, entertainment etc. have moved online in a big way the financial services sector still has a long journey before most of the participants can describe themselves as truly digital.

The current pandemic has accelerated the journey of lenders embracing digital and Dhanvarsha is no different. To service our customers, need with quick turnaround times and to protect our staff from avoidable human exposure we have also enhanced our digital stack.



Digital onboarding

Our customer onboarding journey is now completely digital with an easy to use App and Web interface which both our customers and channel partners can use to upload their data and documents which can be assessed by our credit team to sanction loans.

Digital underwriting

To facilitate faster credit decisions, we are amalgamating the years of experience our credit team has and distilling these learnings into coded credit rule engines. These rule engines are specific to products and customer segments and allow us to give a Yes/No decision to customers almost instantly. This reduces both customer anxiety while waiting for a credit decision and allows for a much-improved customer experience while applying for a loan.

Digital KYC

An important step in the customer loan journey is the KYC process. Traditionally credit teams used to meet the customer physically in their residences or places of work to complete a necessary step called a personal discussion. We have moved this entire step online with the help of a best in class RBI compliant class service provider. This allows our credit teams to meet customers over a video call and validate their KYC documents digitally. Both customers and our staff are loving this since they now no longer need to expose themselves to the COVID risk posed by human interaction as well as accelerate the loan journey.

Digital fulfilment

Lenders have always preferred physical documents reaching them before they disburse money to borrowers, this adversely affects turnaround time, increases COVID risk due to exposure, increases operational expenses and is not great for the planet given the wastage of paper. We have embraced a paperless fulfilment by integration with a provider that allows us to setup repayments as well as document signing digitally.



***Creating
an inclusive
workplace and
empowering
women
entrepreneurs***

One of the ways in which Dhanvarsha's philosophy of Building Social Capital is through promoting an inclusive workplace and servicing the need for credit of women entrepreneurs.



Mrs. Nilima Narendra Rasal
Sadguru Arts
Dhanvarsha Customer

The crux of our belief is aligned with the global philosophy that diverse workplaces drive value creation. As our business models evolve, we have undertaken initiatives to promote diversity and inclusion amongst our workforce. **Dhanvarsha's women employees now constitute over 30% of the workforce** in our conscious efforts to promote equal representation at workplace. In fact, we have **registered an 88 percent growth in women employees** from last fiscal itself. This demonstrates our resolve to narrow these gaps in coming times.

We have also worked on increasing the number of women borrowers we service. Despite a crippling COVID-19 pandemic, the number of **women borrowers on our platform leapfrogged by 15 times**. We are confident of backing the entrepreneurial zeal of these women, many of whom are first-time borrowers and committed to their vision of expanding their enterprise. We are proud to share that we are keen in our resolve to be a source of support and empowerment for more such women. We are committed to enable them attain agency and financial independence by leveraging new products such as Gold Loans.

Driving Social Capital through ESG Framework

It was a universally acknowledged truth that an institutional investor's sole objective and an investee company's prime obligation is to maximize returns for shareholders. However, this has changed, and the pandemic has accelerated this change. Investors, governments, and companies themselves are giving increased importance to the concept of **"Triple Bottom Line" i.e. Planet, People and Profits.**



The realization of the need for 'responsible investment' practices has blitzed into the priority list of global stakeholders. Therefore, the ESG (Environmental, Social and Governance) criteria has witnessed a meteoric rise in driving investment strategies globally. Pertinent to this movement is MSCI reporting that companies that score high on ESG parameters experience lower cost of capital, lower volatility in earnings and less market risk in their peer-group.

To this end, Dhanvarsha is committed in its mission to build social capital through its philosophy and action plan called 'Lending Hand-Head-Heart'. We are currently building systems and processes across all verticals (in close coordination with the globally renowned consulting firm) to define ESG compliance practices pertinent to our business decisions and operations. This will drive our 'socially responsible' business strategy and help us make decisions that deliver on the idea of **"Triple Bottom Line"**.

New Recruits

Committed and passionate individuals and teams are a critical ingredient to the success of every business. In addition to our successful capital raise we are also excited to share that we have added to a few more names to our amazing team.



Pinak Shah has joined us as the Chief Technology Officer. Pinak is a business-minded technologist with more than 12 years of experience across various internet enabled businesses. At Dhanvarsha, he is responsible for providing technical leadership in all aspects of our business, setting processes, and creating new digital assets. Pinak joins us from "Kissht" where he was the Chief Digital Officer for more than 3 years. Prior to that, he has worked with "Just Dial Limited" for 7 years and made an impeccable journey from a developer to an Architect.



Priyanka Singh has joined us as the Chief Impact Officer. Priyanka has over 7 years of experience liaising with global stakeholders across industries such as Investment Banking, TMT, Automobiles and P2P Lending. She will lead Dhanvarsha's efforts in corporate sustainability, her responsibilities also include product development, marketing and new business initiatives aimed at enhancing revenue generation and aligning various internal departments.



Gaurav Bhargava has joined us as Business Head - Gold Loans. Gaurav joins us with an experience of over 15 years across business planning, retail sales, portfolio analysis and business development. Gaurav is responsible for building the newly launched Gold Loan business. Prior to joining Dhanvarsha, he was associated with companies such as Unimoni Financial Services, RBL Bank, Karvy Financial Services Limited and Kotak Mahindra Old Mutual Life Insurance Limited.



Nishita Sharma has joined us as Head - Human Capital Management. Nishita is a seasoned HR professional with over 8 years of experience in setting up, managing, and optimizing HR functions across organizations and industries. Nishita's core forte lies in HR strategy and implementation, talent acquisition and development, HR operations, organization development, culture development and stakeholder management. She holds a Master's degree in HR & LLB.

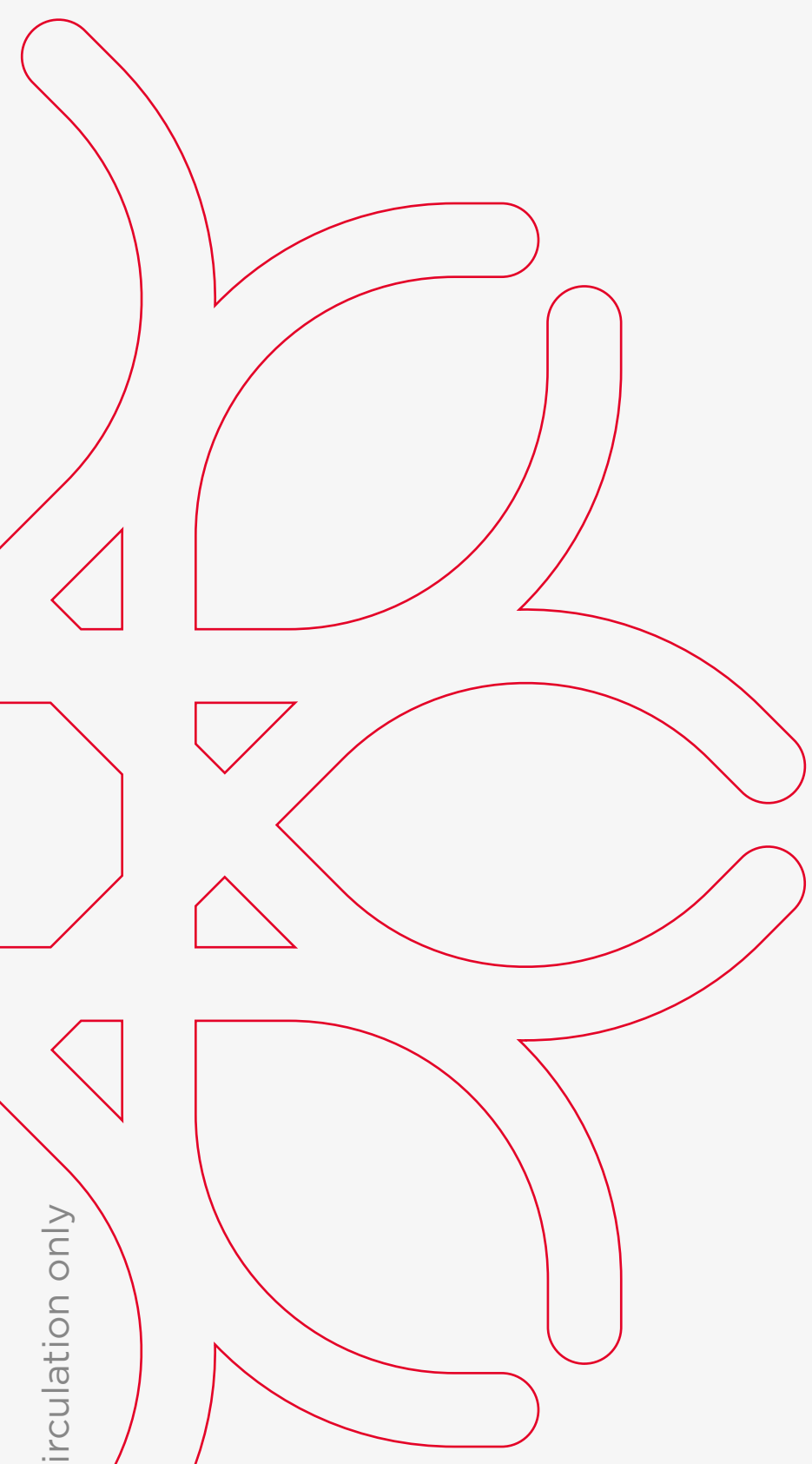


Employee of the **Quarter**

Ms. Radhika Seshadri

Radhika has been an ideal example lifting other in times of need by being a helping hand to every department at Dhanvarsha. Her ever smiling face and positive aura with the dedication to help everyone in overcoming their business hurdles is highly appreciated. Her experience and knowledge has helped all the business verticals achieve great results even during a tough market scenario due to COVID-19.

We are immensely glad to have Radhika as a part of the Dhanvarsha Family.





Locations

Corporate Head Office

Dhanvarsha Finvest Limited, 2nd Floor, Building No.4,
D J House, Old Nagardas Road, Andheri (East),
Mumbai - 400069, Maharashtra

Mumbai - Andheri

Ground Floor, D J House, Old Nagardas Road,
Andheri (East), Mumbai - 400069, Maharashtra

Mumbai - Malad

A/5 ground floor, Meenakshi cshl, Orlem, Marve road,
near Punjab National Bank, opposite Saraswat Bank,
Malad (West), Mumbai-400064, Maharashtra

Pune

3rd Floor, Karachiwala Chambers,
House No. 16, Mahatma Gandhi Road,
Pune - 411001, Maharashtra

Ahmedabad

Office No. 306, Sarthik Complex,
near Fun Republic, Iscon Cross road, satellite.
Ahmedabad, Gujarat - 380015

Delhi

Unit/office No.800, 8th floor, Best Sky tower,
Netaji Subhash Place, Plot no. F-5, Wazipur Dist.
Centre, Pitampura, Delhi - 110034

Jaipur

D-50 Hari Alokik Height, Office no. 302, 3rd floor,
Subhash Marg, C-scheme, Jaipur, Rajasthan - 302005

Lucknow

D-217D, Vibhuti Khand, Gomti Nagar,
Lucknow, Uttar Pradesh - 226010

Cochin

Chiramel Chambers, with CC39/6497
(new no.61/2089), Kurisupally road, Ravipuram,
Kochi, Kerala - 682015