Dhanvarsha

June 28, 2020

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

Scrip Code: 540268

Dear Sir / Madam,

Subject: Transcript of the Conference call held on June 23, 2020.

With reference to our letter dated June 22, 2020, intimating you about the conference call with Analysts/Investors held on June 23, 2020, please find attached the transcript of the aforesaid conference call.

The transcript will also be available on the website of the Company: www.dfltd.in.

This is for your information and record.

Thanking you.

Yours faithfully,
For **Dhanvarsha Finvest Limited**

M Vijay Mohan Reddy

DHANVARSHA FINVEST LTD.

M Vijay Mohan Reddy
Company Secretary
ACS 49289

Encl: As above

“Dhanvarsha Finvest Limited’s Q4 FY2020 Earnings Conference Call hosted by Wilson Financial Services Pvt. Ltd.”

June 23, 2020

MANAGEMENT:	**MR. KARAN DESAI - JOINT MANAGING DIRECTOR, DHANVARSHA FINVEST LIMITED** **MR. ROHANJEET JUNEJA - JOINT MANAGING DIRECTOR, DHANVARSHA FINVEST LIMITED** **MR. NARENDRA TATER - CFO, DHANVARSHA FINVEST LIMITED**
MODERATOR:	**MS. PALLAVI DESAI – ANALYST, WILSON FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to Dhanvarsha Finvest Limited's Q4 FY2020 Earnings Conference Call hosted by Wilson Financial Services Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. On this call, we have Mr. Karan Desai - Joint Managing Director, Mr. Rohanjeet Juneja - Joint Managing Director and Narendra Tater - CFO. I now hand the conference over to Mr. Rohanjeet Juneja. Thank you and over to you, sir.

Rohanjeet Juneja: Hello, ladies and gentlemen. Welcome to the first ever earnings call of Dhanvarsha Finvest. My name is Rohan Juneja and I am the Joint Managing Director of Dhanvarsha. I am joined here by my colleagues Karan Desai who is also Joint Managing Director and Narendra Tater, the Company CFO. Since this is our first call, let us give you some color on the company and its history. Please bear with us if this is slightly long.

Dhanvarsha Finvest is promoted by the Wilson Group whose roots go back more than 60 years. As some of you may know, Wilson was one of the first writing instrument brands in India. In fact it was a Wilson branded pen that was used by Dr. Ambedkar to write the constitution of India. Today, the Wilson Group is a diversified conglomerate headquartered in Mumbai with interest and investments in education, philanthropy, retail MSME lending, institutional broking and advisory services and sustainable water infrastructure projects. The flagship of the Wilson Group is Dhanvarsha which is a tech enabled finance company that focuses predominantly on the large but under-served MSME segment in India. We lend to retail centric businesses and consumers who depend on their business for a livelihood. Our team has spent a considerable amount of time in the last 3 years to build a solid foundation for growth, governance and transparency. As a company, we strive for the highest standards of corporate governance and transparency with eminent and completely independent board that comprises of stalwarts from banking, fintech, regulation, taxation and global businesses. Management has been carefully recruited from renowned institutions like Capital First, HDFC Bank, SKS Micro Finance, Union Bank of India, IDFC, Oberoi Realty, PwC, Bank of America and more.

Now, let me drill deeper into our loan portfolio, balance sheet and governance standards before going into yearly numbers. We have a loan book today of Rs. 400 million that is exceptionally granular with an average ticket size of Rs. 0.9 million per account. 96% of our loans qualify for priority sector lending. We have sanctioned more than Rs. 1.1 billion in loans to our customers with over 80% of them having a 700 plus CIBIL score. We have lent to 22 subsectors in the MSME space with little concentration risk in the book. We have 8 lending products today with extremely conservative underwriting and collection policies. Our Head of credit and underwriting is a former banker who spent 32 years in one of India's larger banks. Our head of collection comes from a prominent NBFC and two large banks with significant expertise in recoveries and litigations. So while we call ourselves a fully tech enabled company with a cutting edge technology platform that powers a B2C and B2B app, risk engine and much more, we would like to emphasize that we use technology as an enabler and not decision maker for lending.

Coming to our balance sheet, which is pristine and extremely unlevered: Having successfully tided over the NBFC crisis since September 2018, we take pride in having 2 high quality lenders on roster, HDFC and Bank of India. We should hopefully have a third lender very soon. Until now, we have been funded completely by promoter capital and in a material positive development last week, the company announced signing of a definitive agreement wherein private equity funds managed by Turning Leaf Asset Management in Singapore and the promoter group Wilson Holdings will be infusing approximately Rs. 1.1 billion into the company at an enterprise value of $39.5 million or Rs. 3 billion. Turning Leaf Asset Management will own 21.5% of the company post-closing of the transaction while the promoter group will be at 50%. This is a substantial milestone for the company since the net worth post infusion will be north of Rs. 1.5 billion which will provide tremendous impetus for growth given that our leverage at this current time is just 0.3x.

As a point of reference, if we have to compare the situation in India today to anything that we have seen in the past, in our view it is exactly like 1997 to 2001. We believe there is going to be a substantial bifurcation of lenders and 3Cs that we pride ourselves on; Capital, Credit and Collections will be more important than ever.

As a company, we strive for the highest standards of corporate governance. Our board comprises of 8 members, of which 5 are Independent Directors. The Chairperson of the board, Mr. Rakesh Sethi is not from the promoter group but the former Chairman & Managing Director of a large bank with more than 38 years' experience in financial services. We have former veterans from companies like Visa Inc. and Dalal & Shah, a former member of the Central Board of Direct Taxes and an existing strategic advisor to the RBI who are on our board. We have no related party loans, any loan above Rs. 5 billion has to be approved by the credit committee headed by the Chairman of the Board. We highly encourage you to view our website to see the independence of our board and bench strength of management.

Now, coming on to the business results for fiscal year 20. Net revenues rose 25% year-over-year to Rs. 176 million from Rs. 141 million a year ago. Earnings almost doubled year-over-year rising 92% to Rs. 41 million from Rs. 21.3 million a year ago led by higher fee income and lower interest expense. Disbursements have shown robust growth quarter-over-quarter from Rs. 11 million in September 2019 to 26 million in December 2019 and 36 million in the March quarter despite the negative impact of COVID 19 with almost 3x borrower additions showing improving granularity with almost every passing quarter. Our portfolio is extremely robust with over 80% of loans being secured by collateral. LTV on these loans are 54%. For unsecured loans, we thoroughly assessed the vintage and cash flow of the business along with banking history of the business and the owner. Average ticket size of the unsecured book is Rs. 0.3 million and end use of unsecured loans is predominantly business expansion. In recent months, we have assessed more than 2000 borrowers and have built a substantial pipeline through tie ups with various channel partners and collaborations for future lending to retail centric medical entities, Kirana and essential good stores, schools and small and medium sized businesses. We have used the time of the lockdown extremely prudently and has pitched up partnerships, bolstered technology and further institutionalized and professionalized the entire value chain of Dhanvarsha for the next phase of growth which management is very excited about. The balance sheet today is exceedingly liquid with almost Rs. 120 million of liquidity in addition to having unused lines of debt with lenders. As mentioned earlier, we have two lenders in HDFC and Bank of India and hope to have another one very soon. Soon the company will be able to harness its unlevered balance sheet to augment loan growth.

Now, I will hand over the call to my partner Karan Desai, who will brief you on our loan products and other operational details on the business. Over to you, Karan.

Karan Desai: Thank you, Rohan. Good evening, ladies and gentlemen. So to give you a better perspective on the products and the context to which we arrived at then, let me talk you through how Dhanvarsha started its journey by supporting the under penetrated and under-funded MSME segment and within the MSME segment, in particular we focused on the micro enterprises category which was way back in mid-2017 which at that point in time for all practical purposes was the tail end of the NBFC bull run. Given the nature of the segment that we fund, most of our loans are currently assessed considering an actual cash flow or the banking throughput of our customers. When we started the business, we took a cautious approach and hence started by providing secured loans or loans against property to most of our customers. If we were to look at the broad products specs under this category, we fund anywhere from a ticket size of about Rs. 7 lakhs to up to 2 crores. At one point in time, we used to provide these loans to a longer tenure of about 180 months which has now been reduced given the times of the limit to about 120 months with the average new LAP loans that are being issued at about 60 to 84 months.

The return or the rate of interest that we charge on these loans at a gross level is anywhere between 14% to 18% per annum. If we talk about the LTV or the loan to value ratio, the company follows a fairly conservative approach and on residential properties, we fund up to 65% of the property value and in case of commercial properties not more than 55%. Today, the company operates in locations including Mumbai, Pune, Jaipur, Ahmedabad and recently through tie ups in the NCR region, Lucknow and Cochin as well. We pride ourselves on the fact that even today our secured loan portfolio still accounts for over 3/4th of the overall AUM of the company. In the longer run this is expected to reset to about a 60:40 ratio to ensure that we have an adequate blend of security as well as yield on the overall portfolio. We have now expanded the secured portfolio suite to even include the following. We provide loans against hypothecation of stock. This is done up to about 25 lakhs via invoice discounting model between the distributors and the retailers. This again is restricted to only certain categories and segments of the customers that we fund. We also provide financing against the hypothecation of liquid equipment largely in the healthcare space. We do this to about a tune of 75 lakhs on the topside. We are also currently proposing to launch 2 new categories of secured loans that have been finalized and we are in active discussions with the couple of co-lending partners to get started in this initiative very soon.

Coming to the other category of products that we do, which is unsecured loans, as we expanded our business and hit the headwinds of the financial sector crisis in the middle of 2018, a decision was taken at management level to focus on reducing the average ticket size of our portfolio substantially by entering into smaller retail loans. With this, we launched the first unsecured loan category in the portfolio which was the unsecured business loans which is now called Atmanirbhar Bharat business loan from Dhanvarsha Finvest Limited. These are fairly small loans with the ticket size ranging between Rs. 1 lakh to Rs. 10 lakh which is less than a million Indian rupees. The tenure of these loans are up to 48 months whereas the current portfolio average is not more than 24 months. We provide these loans to customers, our existing customers in the range of 18% to 24% per annum. Average yield on the portfolio being north of 22% and again in terms of locations, they mirror the LAP portfolio and are provided across Mumbai, Pune, Jaipur, Ahmedabad and through the recent tie-ups which they have done in the NCR region, Lucknow and Cochin.

Essentially, we fund our MSME customers for various purposes ranging from acquiring additional stock, renovation of existing shop and largely working capital requirements. After this, we went a little further and diversified into the unsecured personal loan segment as well. Even within personal loans, we have largely focused on the category B to D customer who typically does not get financing from his existing bank for a variety of reasons because the banks may not be able to assess the credit quality and the risk of these customers keeping their very regimented policies in mind. We have developed the whole proprietary underwriting methodologies to underwrite these customers and provide them financing again in the range of Rs. 1 lakh to Rs. 10 lakhs which is just less than a million rupees and the tenure of these loans will again range of 48 months with the portfolio average currently of 15, 24 or 36 months.

The gross yield on each of these loans ranges from the 18% to 26% segment and apart from the locations where we do our LAP and business loans which is Mumbai, Pune and Jaipur, Ahmedabad, we have also expanded this product to now the UP region as well for government focused personal loans only given the post COVID environment where you know a lot of customers are facing pressures due to reduced salaries or delayed salaries. So we have taken a very risk mitigated approach to this segment and are now providing personal loans to a select category of customers only in 40 plus locations in the country. We have also taken this core personal loan product and launched iterations of it cater to a broader audience in collaboration with very specific channel partners. This is to de-risk ourselves by catering to certain affinity groups only. For example, we have now started providing education loans, this is done largely by our tie ups with institutions on a subvention model. We also have started doing medical loans, we do these directly and also via tie-ups with a large healthcare aggregator. These products are designed on a combination of a subvention plus a ROI model to the customer. The average IRR on this product is 20% and above. The idea here is to focus on delivering these products largely through technology and API integration with our channel partners.

I will now spend a couple of minutes talking about the main sourcing model that the company follows. First is the direct model, which is largely through a small FoS or feet-on-street team that we have inhouse and the push on our digital sourcing channels. We already have both consumer and B2B apps which are our digital sourcing platforms launched in the market and will be upgrading these fairly soon. We tie up with small local DSAs as well as through large corporate channel partners for sourcing of loans in each of the locations that we operate. Apart from this, the company has tied up with various affinity group focus channel partners. These include trade associations, healthcare aggregators, educational institutions, hospitals for medical loans etc. Co-lending as a business model is currently under consideration and negotiation with a few partners and we shall be able to share details on this with you fairly soon. The FLDG or the first loan default guarantee model is also consideration by the company currently and we should be able to revert on that soon.

Another interesting part of our revenue model is the syndication business that we have inhouse. So as you all would have noticed, we have a fairly strong revenue channel that accrues to us from the placement of retail loans as well. This business was built by us during the tight liquidity environment in 2018 when it was essential to diversify the revenue streams of the company and not just rely on interest income as a source of revenue. Under this model, we source from various small connectors and through our digital channels. We focus on cases that do not fit our balance sheet criteria for the variety of reasons ranging from the loan amount, the rate of interest applicable to the customer, the location where the customer is, so on and so forth. We place these loans either via direct empanelment with lenders and also by using the platforms of larger corporate DSAs in the locations where we do not have footprint of our own**.** This is a very high ROA business for us and it gives us increasing penetration in product categories and locations where we do not operate from our own balance sheet currently and this is a business that we will continue to grow through increasing technological interventions as we move forward. Thank you everyone. With this, we would like to now open up the call for Q&A. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Anuraj B from Subhkam Ventures. Please go ahead.

Anuraj B: So, you mentioned that it is tech based or Fintech is highly dependent on the technology platform, but the collection team and the credit team is being headed by one of the eminent bankers who come from a very strong background, so I would like to know that I am sure that during this COVID time, you must have had moratorium request from various customers, what is the overall size of the book that has gone into moratorium, I mean to say the value of the moratorium against the total lending?

Rohanjeet Juneja: So in the month of April, about 24% by value went into moratorium. After the second lockdown, the number went up to almost 40% but we will be very happy to report that at the June now, you would see almost 50% reduction of the people who have taken the moratorium, meaning more than 50% have started paying back, so it is close to about 20% of the total book today.

Anuraj B: So looking into that because the business is coming up very slowly still the business activity has not started completely, how has been the collection going at your end because that collection to disbursement ratio matters a lot in such kind of time, so how has been the collection for you?

Karan Desai: Coming to the collections piece, obviously during the period of COVID, there was a slight challenge because our feet-on-street collections team could not reach out to the customers because most of the businesses were shut and apart from that, even the legal machinery to pursue the cases legally was also on the slow burn. Having said that, as Rohan also mentioned from June onwards, we have seen an uptick. We have reopened our offices from the 8th of June as per the instructions of government of Maharashtra and India and our collection’s team has now started engaging with each of the customers also who have slowly restarted their businesses, so at this point in time, a lot of follow up is done through our collections call center which is in-house and through visits to the customers who have now slowly started reopening their businesses, so we estimate that by the end of the September quarter, you will see a reasonable level of normalcy in the book again because most of our smaller customers will have come back to some level of cash flows approving India businesses.

Anuraj B: So would you be able to quantify that particular thing at this point in time? Is there a possibility to quantify looking at the book and how the activity is going?

Rohanjeet Juneja: Yes sure, so in terms of what is being collected today, only 20% is the moratorium, so 20% of the roughly 40 crores is in moratorium which is 8 crores in terms of POS. Would you want the quantum in cash flow?

Anuraj B: That would be great, so it would help to understand that how has been the collection efficiency?

Rohanjeet Juneja: In terms of cash flow, the total impact right now is about 19 lakhs a month which is not coming to us because of the moratorium.

Anuraj B: So that is not the big amount in the book size of 40 crores, if you say 8 crores is to moratorium, so 19 lakhs is pretty small amount, so you would say that the damage has particularly been controlled by the efforts that has been put in? Do I see it right?

Rohanjeet Juneja: That is correct.

Karan Desai: And one more point here is that 75% plus of the book is a secured book, so from that perspective we are very comfortable given the fact that the average portfolio is less than 60% LTV**.** So we know that these customers, depending on which segment the customer is in as business starts coming back to some level of normalcy, the customers will start paying back the money even the security cover we have with us, so from our perspective this will take about next 2 or 3 months to play out fully and for collection levels to go back to what they used to be.

Anuraj B: One last question which I would like to ask that is a future question I would like to ask that because you have been doing the feet-on-street sales and the acquisition part as well, how is the activity looking like in terms of the growth of the business, if you have grown, say about 40% or 50% quarter-on-quarter basis, how do you see the next quarter coming out because that would be a real challenge going forward from here?

Rohanjeet Juneja: So we fund largely retail cash-and-carry businesses, at this point in time the opportunity that we are seeing is tremendous, also given the fact that we have an unlevered balance sheet, so we have the dry powder to lend, but clearly our underwriting norms have been made stricter because we have to take into account that our potential borrowers have not had cash flow for the last 3 months, at least some of them, so underwriting has been tightened. The opportunity is great but one needs to be careful.

Moderator: Thank you. The next question is from the line of Vishal Mehta from Axis Capital. Please go ahead.

Vishal Mehta: As you know just continuing from the earlier question and few things which you have highlighted, obviously the current crisis also throw some newer opportunities, what are the newer opportunities you think can help you grow faster when things normalize? That is one and what is the leverage level would you be comfortable when things normalize?

Rohanjeet Juneja: Let us answer your second question first. At this point in time, our balance sheet is extremely unlevered. It is 0.3x with the fund raise coming in and we gone it below 0.2x, so we have a significant headroom ahead of us for growth and as we bring more lenders on board as well, it is a tremendous opportunity. In terms of sectors that we have seen where you can see a lot of growth, we have identified a few where we have developed expertise over the last few years and now we are going to bolster it significantly. One of them is clearly medical, the other one is the essential good sector which is largely Kirana stores and general stores that we will be lending to and as Karan mentioned earlier, the third one is education.

Karan Desai: One point that you have mentioned rightly is that there will be a lot of interesting opportunities in the overall ecosystem going forward because across the board, liquidity is still for company is tight as the banks are flushed with money, not a lot of it is being lend to the segment that we operate in, so even at the rate step, we are currently working at we still think that we will get really high quality customers now across all of these segments, whether it is microenterprises, grocery stores, chemists, small traders, education because people are struggling to pay their school fees, etc., due to salary being reduced, so and so forth, the healthcare ecosystem which again due to COVID, there is a lot of pressure for further growth. So from our perspective, we strongly believe that with the right investments in technology, we will be able to harness this opportunity much faster than a lot of our peers. So yes, we are in a fairly good pace right now.

Vishal Mehta: And just one last question, since you all are such a smaller player right now and obviously, you will grow in size with the years coming by but how has your interaction with the lenders been, how are they looking at you as a player? What is your experience so far being with them?

Rohanjeet Juneja: We used the last 3 years to have significant learnings in obviously on the lending side of the business and also interacting with lenders. I think a lot of lenders are being receptive towards players like us given the fact that we have no legacy on our balance sheet. It is a pristine balance sheet that is unlevered. The loan book is very clean, most importantly very granular, right with an average ticket size of Rs. 0.9 million per account, so lenders are being receptive, but at the same time they are also upping the ante on their underwriting standards to make sure that they are making a good choice before lending to any borrower.

Moderator: Thank you. The next question is from the line of Hari Pandey, an Investor. Please go ahead.

Hari Pandey: My question is considering that the balance sheet is currently very underleveraged and you are saying after the fund raising, it may go down to 0.2, how is the environment to access the capital because as an investor, your return on capital employed and your ability to lend at lower rates will come also with a leverage, so how do you see that environment and do you see that the access to the capital from debt side, how challenging it will be in next 6 to 8 months?

Rohanjeet Juneja: So the access to capital from the debt side clearly is difficult, it is not easy as you can imagine we have two lenders on our roaster today, so it was not easy with getting debt from them, right. With lenders like HDFC and Bank of India, I think it is fairly evident with the kind of due diligence that they undertake on any borrower that they would give money to, so it is not easy. Our view is the in-house view that it will continue to be hard for the next 6 to 12 months for many players to access the tech markets as easily as they did in the past. That is the answer to your second question. On the first question on the return of capital, obviously now with the equity coming in and with debt coming in as well. we are going to start leveraging up the balance sheet and grow prudently in the sectors that we have identified where we have developed expertise over the last few years, so if you see that we have used the last 3 years to not grow very aggressively to learn the market to actually see feet on street what is going on, on the ground and being very patient to build the institution the right way, so whether it is balance sheet being liquid and unlevered, whether it is having the higher standards of corporate governance, recruiting the right management on to the platform, building the right technology, we have used our time and we feel we are at an inflection point right now to go ahead and start leveraging of the balance sheet.

Hari Pandey: My next question Rohan is that looking at the smaller ticket size loan wherein you are looking at less than a million, how will you penetrate the ruler India and is there a possibility of you targeting the agri sector in near future because as you move to more tier 2 and tier 3 cities, there will be lot of requirement from the agriculture sector, warehousing, small logistics, are you going to look at that sector in near future?

Karan Desai: So in terms of the sector that we plan to target, anything that is ancillary to what we are currently doing make sense, but agriculture is a very different animal on its own, so we have taken a very conscious call at management and strategy level to not experiment with things that we don't understand well. Even the new expansions that we are doing with products, right we either tie up with someone who has good expertise of sourcing these loans or understanding the entire life cycle of these loans and then we put the muscle of the balance sheet behind them or alternatively whether in case of MSME loans, it is the segment that we have been doing for a long time now, we understand the DNA of customers very well, so we feel there is enough headroom to grow just in the 6-7 products that we are already doing. Talking about location expansion, we have been doing that slowly over a period of time, so we started with Bombay and Pune, we have expanded into Ahmedabad, Jaipur. Through the tie-ups we have, we have just started operations in NCR, Lucknow, Cochin, so we are picking our battles very systematically and we are trying to operate only in those markets where we know the efficiency of how we source, how we underwrite and how we collect something that we can do in an extremely cost efficient manner. So our idea is not to go the entire whole-hog full-fledged branch model across the country and increase our return and breakeven time, so while the penetration will be systematic, it will be restricted to the products and the categories that we understand well.

Rohanjeet Juneja: And Hari, just going back to your previous question on the return, we obviously underwrite the business for a particular ROA which is our internal target, so we don't do any business that does not meet that ROA hurdle.

Moderator: Thank you. The next question is from the line of Nidhesh Jain from Investec. Please go ahead.

Nidhesh Jain: If I look at the ROE is quite healthy despite a very low leverage, so is it a sustainable ROE that we have reported for FY20 and on a steady state basis when we have a leverage of 3x to 4x what sort of ROA and ROE we are expecting?

Rohanjeet Juneja: So Nidhesh, the ROE which is fairly healthy at this point in time has been due to syndication income and fee income that we generate on our business. As you can imagine from September 2018 when the NBFC crisis hit home, what the company did is look inward and develop other streams of revenue to make sure that we generate a certain level of profitability, so we did a lot of syndication business over the last year and a half. Now, with the additional equity that will come in and the debt that will come in, we feel an ROE of 20 percent is a sustainable number that we can generate as we start levering up the balance sheet.

Nidhesh Jain: So how much of the fee income has come from syndication this year?

Karan Desai: So if you look at our last year financial, the entire income that you see which comes from noninterest sources, that is largely syndication and advisory base income only, so this is what we generate from the placement of what are largely retail loans not fitting into our balance sheet criteria to various other financial sponsors.

Nidhesh Jain: And it would be great if you can share the background of the promoter Wilson Holdings Private Limited, is it the only entity they are holding or what is the background of the promoters? That could be very useful?

Rohanjeet Juneja: Certainly we will do that. We also encourage you to go on to our website, so there is the background there too but we will share that with you offline as well.

Nidhesh Jain: And lastly, what is the ownership of the management team in the company?

Karan Desai: If you want, I will give you a little of color and background. Our promoter company is called Wilson Holdings Private Limited. It is the flagship holdco of the Wilson family based out of Mumbai and the roots of this family go back over 6 decades now, so maybe you missed the start of the call but as a big background to the group, it is the family that have started the Wilson Pens and Stationery brand which is pre-independence, right, so a little lesser known fact is that the constitution of India was actually written and signed by Dr, Ambedkar with the Wilson pen because he didn't want to use the British pen at that point in time and apart from Dhanvarsha Finvest, the group also holds other investments across the range of businesses including financial advisory, stock broking, sustainable water infrastructure projects, the group does a lot of work in education and philanthropy, so it is a fairly old family and group based out on Mumbai in retail lending, has been something close to the promoters for fairly long period of time which is why we embarked on this journey of Dhanvarsha about 3 years ago.

Moderator: Thank you. The next question is from the line of Yogesh Chander from Balaji Capital. Please go ahead.

Yogesh Chander: Since you mentioned over the call that you are also considering co-lending in FLDG, how big could that business be as a percentage of book going ahead sir, 2 years down the line?

Karan Desai: So what is interesting is that since the lockdown has opened, we have actually been engaging in a number of conversations with interesting platforms that have developed some level of proprietary capabilities in certain subsegments but have no access to liquidity right now, so what they want to do is obviously increase the number of accounts that they funded to by contributing a much smaller percentage of the loan, whereas lenders like us who are now sitting on liquidity can work with them with a larger proportion, so we had conversations to do interesting things in a variety of sectors on 80, 20, 90 times where we take a line share in our balance sheet. Over the next 12 to 24 months, we think this could be a very strong engine of growth. May be we would like to make this at least about 20-25% of our overall book by the close of the coming financial year if not more because it gives us more options, it gives us partners who has skill in the game on the loans as well and it helps us develop our own expertise in new segment system.

Yogesh Chander: And my next question was, you mentioned about, since the impact of COVID-19 hasn't been very material on your book, so what is the growth that you are looking at? Would you like to give any growth guidance?

Rohanjeet Juneja: We do not like to give any official guidance right now. All we can say is revenues have grown 25% year over year in fiscal 20 while earnings have grown 92% year over year, so our endeavor is to always grow earnings at a far faster clip than revenue growth just so that profitability increase is on a much faster pace.

Yogesh Chander: And what is the average tenure of the loans?

Karan Desai: So it depends on the category, the secured loans that we are currently doing, the average tenure would be anywhere between about 60 to 120 months, the unsecured loans which is your business loans and personal loans have an average tenure of between 24 to 36 months, we have much shorter churn.

Moderator: Thank you. The next question is from the line of Alok from UBS. Please go ahead.

Alok: I had a quick question on little bit of the macro landscape as to how do you see competition not only during this distressed period of COVID but also how it evolves over the next 6 to 12 months and how you will be striving within that new landscape?

Rohanjeet Juneja: What we saw during COVID is obviously in the month of April, it was a complete lights off, no lending at all, even by all the competitors and we had no choice as well, so we do not do any lending in the month of April, but in the latter half of May, you started seeing the market open up a little bit, you started seeing some of the big banks coming, not the smaller ones, but the big banks coming, not so much the NBFCs. I think in our view for the next 6 to 9 months is still will be a fairly cautious environment for many players in the industry as we mentioned in our remarks earlier, at least to us it seems like a very similar structural situation to India in the late 90s and early 2000s where the economy will be somewhat soft but the opportunity for some players will be great because a lot of other larger players who have good amount of debt on their balance sheet will be using this time to un-lever the balance sheet, so competition will be there but I think it will be led more by the large banks than anyone else at this point.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Ms. Pallavi Desai from Wilson Financial Services for closing comments.

Pallavi Desai: On behalf of Wilson Financial Services, I thank you all for joining us on the call. I am pleased to let you all know that Dhanvarsha Finvest Ltd has revamped their website, do check it out. The earnings presentation and the transcript of this call will be uploaded in due course on their website, www.dfltd.in and you will find these documents in the investor relations tab. Thank you all once again.

Rohanjeet Juneja: Thank you.

Karan Desai: Thank you very much.

Narendra Tater: Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Wilson Financial Services Private Limited and Dhanvarsha Finvest Limited, we conclude today's conference. Thank you for joining in and you may now disconnect your lines.