



DHFL/CSD/2018-19/ 1583
Date: July 13, 2019

Corporate Office : TCG Financial Center,
10th Floor, BKC Road, Bandra Kurla Complex,
Bandra (East), Mumbai - 400098.
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The Manager Listing Department The BSE Limited. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai- 400 001.	The Manager Listing Department National Stock Exchange of India Limited, 'Exchange Plaza', C-1, Block G, Bandra- Kurla Complex, Bandra (East), Mumbai- 400 051.
Stock Code : 511072	Stock Code : DHFL

Dear Sir/ Madam,

Sub: Outcome of the Board Meeting

We wish to inform you that the Unaudited Ind AS Standalone Financial Results for the fourth quarter/year ended 31st March, 2019 were placed before the Audit Committee and Board of Directors at their meeting(s) held today i.e. 13th July, 2019, a copy of which is enclosed herewith.

The Ind AS Standalone and Consolidated Financial Statements including notes thereon for the fourth quarter/year ended 31st March, 2019 are under compilation from which the Ind AS Financial Results for the said period are prepared.

The Audit Committee has directed the Management to place the Annual Audited Ind AS Standalone and Consolidated financial results for the fourth quarter/year ended 31st March, 2019 under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along-with the Joint Statutory Auditors report on or before Monday, 22nd July, 2019.

The date of the Board meeting to consider and approve the Audited Ind AS Standalone and Consolidated Financial Results for the fourth quarter/year ended 31st March, 2019 shall be accordingly intimated to the stock exchanges.

Please note that the aforesaid Board meeting held today commenced at 2.15 p.m.(14.15 hrs) and concluded at 8.25 p.m (20.25 hrs).

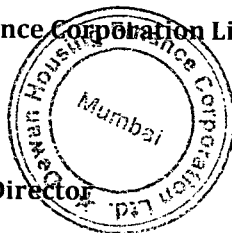
Kindly take the same on your record.

Thanking you

Yours sincerely,

for **Dewan Housing Finance Corporation Limited**


Kapil Wadhawan
Chairman & Managing Director
DIN: 00028528

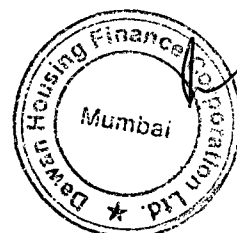


Encl.: as above

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER & YEAR ENDED 31st MARCH, 2019

Rs. in lakh

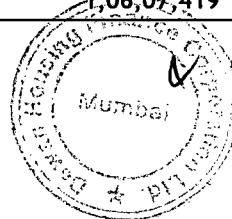
PARTICULARS	Quarter ended			Year ended	
	31.03.2019	31.12.18	31.03.18	31.03.2019	31.03.18
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1 INCOME:					
Revenue from operations:					
- Interest Income	3,01,377	3,09,612	2,46,982	12,21,783	9,34,008
- Dividend Income	-	517	6,964	1,235	13,731
- Fees and Commission Income	22	77	2,715	27,547	37,209
- Net gain on fair value changes and Profit on Sale of Investments	-	1,576	9,264	-	42,018
- Net gain on derecognition of financial instruments under amortised cost category	-	-	-	-	856
- Net gain on derecognition of assigned loans	3,528	10,997	13,434	29,388	46,489
- Others operating revenue	363	2,315	4,618	8,239	10,702
Total Revenue from operations	3,05,290	3,25,094	2,83,977	12,88,192	10,85,013
Other Income	371	495	624	1,864	1,429
Total Income	3,05,661	3,25,589	2,84,601	12,90,056	10,86,442
2 EXPENSES:					
Finance costs	2,34,925	2,41,028	2,01,124	9,39,285	7,72,195
Employee benefits expenses	15,559	10,078	9,674	47,000	34,584
Employee Stock Options/Employee Stock Appreciation Rights Expenses	(5,181)	2,200	630	1,533	2,441
Depreciation and amortisation expense	1,760	1,310	769	5,115	2,763
Net Loss on fair value change amortised cost category	2,55,017	-	-	2,45,837	-
Provision for expected credit loss	72,947	13,222	37,313	1,08,498	62,968
Others expenses	21,390	10,601	15,662	59,286	41,389
Total Expenses	5,96,417	2,78,439	2,66,191	14,06,554	9,16,340
3 (Loss)/ Profit before tax (1-2)	(2,90,756)	47,150	18,410	(1,16,498)	1,70,102
4 Tax Expense					
Current tax	9,091	9,362	14,074	53,832	53,597
Deferred tax	(77,506)	6,428	(9,099)	(66,725)	(7,494)
Total tax expense	(68,415)	15,790	4,975	(12,893)	46,103
5 (Loss)/ Profit for the period/ year (3-4)	(2,22,341)	31,360	13,435	(1,03,605)	1,23,999
6 Other comprehensive income					
- Items that will not be reclassified to profit or loss					
Remeasurements of the defined benefit plans	355	(75)	(75)	129	(301)
Tax on above	(99)	21	21	(36)	84
- Items that will be classified to profit or loss					
Cash flow hedge reserves	(3,138)	(3,630)	(563)	2,506	115
Tax on above	877	1,015	158	(701)	(32)
Total Other comprehensive income	(2,005)	(2,669)	(459)	1,898	(134)
7 Total comprehensive income for the period/ year (5+6)	(2,24,346)	28,691	12,976	(1,01,707)	1,23,865
Earnings per share (Face value of Rs. 10 each) (not annualised)					
Basic (in Rs.)	(70.86)	10.00	4.24	(33.02)	39.51
Diluted (in Rs.)	(70.86)	9.98	4.22	(33.02)	39.33
8 Paid-up Equity Share Capital (Face value ₹ 10/-)	31,382	31,382	31,366	31,382	31,366



Notes:

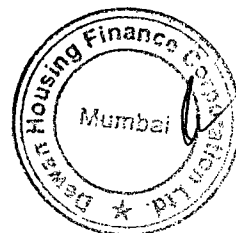
Note 1: Un-Audited Standalone Balance Sheet as at March 31, 2019

Particulars	Rs. in lakh	
	As at March 31, 2019	As at March 31, 2018
ASSETS		
Financial Assets:		
Cash and cash equivalents	1,25,963	1,92,305
Other bank balances	1,74,101	1,03,041
Receivables	467	4,274
Housing and other loans:-		
At Amortised Cost	65,85,092	92,86,634
At Fair Value	31,62,815	-
	97,47,907	92,86,634
Investments	2,16,818	8,08,626
Others financial assets	1,62,807	86,455
	1,04,28,063	1,04,81,335
Non-financials Assets		
Current Tax Assets (Net)	37,020	14,729
Deferred tax assets (Net)	44,281	9,563
Property, Plant and Equipment	78,293	84,228
Intangible assets under development	10,401	12,905
Other intangible assets	8,175	751
Other Non-financials Assets	9,859	3,908
	1,88,029	1,26,084
Total Assets	1,06,16,092	1,06,07,419
LIABILITIES AND EQUITY		
Financial Liabilities:		
Derivative financial instruments	13,138	4,858
Trade Payables:-		
- micro enterprises and small enterprises	-	-
- Others	10,205	10,412
Debts Securitized	45,37,912	35,81,360
Borrowings (Other than debts securitized)	39,55,135	44,96,391
Deposits	6,58,840	9,65,244
Subordinated Liabilities	1,13,581	1,13,184
Other financial liabilities	4,99,735	4,95,596
Non-Financial Liabilities:		
Provisions	1,015	629
Other non-financial liabilities	16,325	16,492
	17,340	17,121
EQUITY		
Equity Share capital	31,382	31,366
Other Equity	7,78,824	8,91,887
Total Equity	8,10,206	9,23,253
Total Liabilities and Equity	1,06,16,092	1,06,07,419



Notes:

2. The above Unreviewed and Unaudited Ind AS Standalone Financial Results were placed before Audit Committee and Board of Directors in the meeting held on July 13, 2019 for their consideration. The IND-AS Standalone and Consolidated Financial Statements are under compilation from which the Ind AS Standalone and Consolidated financial results are prepared. The Audit Committee has directed the Management to place the audited Ind AS standalone and consolidated financial results under Regulation 33 of SEBI LODR on or before July 22, 2019.
3. The Company has adopted Indian Accounting Standards ("Ind AS") with effect from April 1, 2018, the date of transition being April 1, 2017, with comparative figures being restated to make them comparable. The above financial results have been prepared in accordance with Ind AS that are applicable to the Company based on MCA Notification G.S.R. 111 (E) and G.S.R. 365(E) dated February 16, 2015 and March 30, 2016 respectively.
4. As per requirements of Ind AS 108 on 'Operating Segments', based on evaluation of financial information by the Chief Operating Decision Maker (CODM) for allocating resources and assessing performance, the Company has identified a single segment i.e. providing loans for purchase or constructions of residential houses including all other activities. Accordingly, there are no separate reportable segments as per Ind AS 108.
5. As a part of the Company's effort to sell down its non-core investments in associates to generate liquidity, the Company has entered into Binding Share Purchase Agreement for –
 - a) sale of 23,01,090 (9.15%) equity shares held in Aadhar Housing Finance Limited(AHFL) to private equity funds managed by Blackstone on 02nd February 2019 for a total consideration of Rs 205.23 Crores. After obtaining applicable regulatory and other approval Rs 163.63 crores has been received by the Company on 10th June 2019 and balance of Rs 41.60 crores is expected over the period of next 6 months.
 - b) sale of 1,92,50,719 (30.63%) equity shares held by the Company in Avanse Financial Services Limited (Avanse) to Olive Vine Investments Limited an affiliate of Warburg Pincus Group on 16th March 2019 for a consideration of Rs 304 Crores
 - c) sale of its entire shareholding in DHFL Pramerica Asset Managers Private Limited, , to M/s PGLH of Delaware Inc. vide agreement dated 21st February '19, subject to related regulatory approvals. As per the same purchase consideration shall be based on the Asset under Management (AUM).



6. In the last week of January, 2019, News portal Cobrapost.com made allegations against the Company's management and its promoters. The Company had received a series of questions from the portal hours before the allegations were made public. The Audit Committee appointed an independent firm of Chartered Accountants (Independent Chartered Accountants) to review the allegations and report to the Committee. The report by Independent Chartered Accountants restricted its scope to the allegations which in their opinion pertained to the Company, highlighted certain procedural lapses and documentation deficiencies inter alia the fact that the end use monitoring of the funds loaned had not been performed despite a specific mandate by the finance Committee as part of the loan sanction conditions. The Statutory Auditors post their review of the Independent Chartered Accountants report, provided their observations and suggestions on the scope, coverage and findings by the Independent Chartered Accountants in the report as well as additional areas that needed to be covered. The management is in the process of determining the action to address the comments of the Statutory Auditors. As stated in the Action taken report tabled before the Audit Committee on 29th March, 2019, the Company has sought written explanations from the loanees for loans where end use monitoring was not effected. The Company is yet to receive responses from the loanees after which a decision on remedial measures including recalling the monies advanced will be made. The Company is undertaking fresh valuation in respect of the loans including underlying securities that were a subject matter of the allegations, from reputed valuation specialists and have been advised by the lawyers that agreements entered into with the loanees are legally enforceable. Necessary adjustments to the carrying values of the loans advanced will be made upon conclusion of the above actions.
7. The unsecured Inter Corporate Deposit (ICD) aggregating Rs 5,653 crores were outstanding as at March 31, 2019 and includes ICDs of Rs 5,025 crore granted during the year. Of these, ICDs aggregating Rs. 328 crore have since been repaid while ICDs aggregating Rs. 4,018 crore are expected to be repaid shortly. Balance ICDs aggregating to Rs. 1,307 crore are being converted into secured term loans. There are documentation deficiencies with respect to grant / rollover of ICDs which are being rectified. The ICDs have been advanced towards regular business activities and were either extended as a temporary loan pending full valuation of project funding or short term corporate requirements. Pending conclusion of these actions, the Management believes that no adjustments are required to the carrying value of the ICDs.
8. In respect of certain Project / Mortgage Loans, the Management is actively engaged with the loanees to remediate certain lacunae in loan documentation and expects to complete this exercise by September 2019. The management believes that deficiencies in documentation will not affect the enforceability of the underlying security. The Company is confident that the loans extended are secured and recoverable basis the cash flows arising from such project/mortgage loans. Pending completion of this exercise, no adjustments have been made to the carrying values of these loans aggregating Rs. 20,750 crore which has been largely dealt with in a manner stated in note 11.
9. During the year, the housing finance sector has been under duress which has been compounded by the liquidity crunch in the real estate sector. This resulted in certain developers facing unforeseen liquidity mismatch. Consequent to this, there have been instances where cheques received from the borrowers were accounted for as receipts, but were later not banked. The collections recorded in this manner aggregating Rs.



1,875 crore have been remediated at the year-end and the corresponding loans have been dealt with in a manner as stated in note 11.

10. The Company is undergoing substantial financial stress since second half of the current financial year. The Company has suffered consistent downgrades in its credit ratings since February 2019. On 5th June 2019, the credit rating was reduced to 'default grade' despite there being no default till that date. The Company's ability to raise funds has been substantially impaired and the business has been brought to a standstill with there being minimal / virtually no disbursements. These developments may raise a significant doubt on the ability of the Company to continue as a going concern.

Despite these adverse conditions, the Company has repaid amounts aggregating approximately Rs. 41,800 crores since September 1, 2018 part of which related to pre-payment of its liabilities. The Company is taking active steps to monetize its assets and is in discussions with multiple Indian banks and international financial institutions to sell off its retail as well as wholesale portfolio. It is in discussions with the consortium of bankers / lenders to restructure its borrowings and will take all the necessary steps to ensure that it meets its financial commitments. There have been discussions for stake sale by the promoters to a strategic partner with further equity infusion. The Company on July 1, 2019 had a meeting with the consortium of bankers wherein the bankers agreed to enter into an Inter-creditor Agreement (ICA) for a potential restructuring of company's liabilities. In view thereof, the requirements in respect of creation of debenture redemption reserve and the corresponding deposit in liquid assets shall be assessed upon conclusion of the restructuring plan. The Company is in the process of submitting a resolution plan to the lenders and the lenders are expected to give an in-principle approval to the plan by end of July 2019. The ability of the Company to continue as a going concern is predicated upon its ability to monetize its assets, secure funding from the bankers / investors, restructure its liabilities and recommence its operations. In view of all the actions that are currently underway, these financial statements have been prepared on the basis that the Company is a going concern.

11. Due to the current business environment, the Company no longer holds the project loans, SRA loans and wholesale mortgage loan portfolio for the purposes of solely collecting the principal and interest. The Management envisages to monetise the wholesale loan portfolio. Consequently, the said loans aggregating Rs. 34,818 crore (including Rs. 16,487 crore related to note 9) have been reclassified as Fair Value Through Profit or Loss (FVTPL) as at March 31, 2019 due to the change in business model. As required under Ind AS 109, these assets have been fair valued as at March 31, 2019 based on internal valuations which involve management's judgment and assumptions at Rs. 31,628 crore and the resultant fair value loss aggregating Rs. 3,190 crore has been charged to the Statement of Profit and Loss.
12. The Company had commenced implementation of Expected Credit Loss (ECL) model as part of its Ind AS transition. During the course of the audit, deficiencies have been identified in the historical data used for the purpose of determination of the ECL provision. The Company is in the process of remediating the same, though does not consider the resultant impact to be material.
13. The Company has received a letter dated July 3, 2019, from the National Housing Bank containing observations emanating from the inspection carried out by NHB for the year ended March 31, 2018 as per the provisions of the National Housing Bank Act, 1987. There are observations in the letter inter-alia being impact on the Capital Adequacy Ratio of the Company as at March 31, 2018 reduced to 10.24%. NHB has directed the Company to provide a specific response to all the observations within a period of 21 days. The management does not concur with the observation of the NHB and will



provide an appropriate response within the stipulated time. As mentioned in the note 10 above, on account of classification of project loans, SRA loans and wholesale mortgage loans as Fair Value through Profit or Loss (FVTPL) due to the change in business model as at March 31, 2019, has resulted in a charge of fair value loss aggregating to Rs 3,190 crore to the statement of Profit and Loss. In view of these results being prepared using Indian Accounting Standards (Ind AS) while the NHB observations relate to numbers compiled on the basis of regulatory guidelines, the Management believes that the aforesaid observations may not have any implications on the same.

For **DEWAN HOUSING FINANCE CORPORATION LIMITED**



KAPIL WADHAWAN

CHAIRMAN & MANAGING DIRECTOR

DIN - 00028528

