DHFL
Changing Rules | Changing Lives

National Office : HDIL Towers, 6th Floor,
Anant Kanekar Marg, Station Road,
Bandra (East), Mumbai - 400051.
T: +91 22 7158 3333 / 2658 3333

DHFL/CSD/2019-20/1703

Date: 17th October, 2019

The Manager Listing Department 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.
Scrip Code : 511072	**Scrip Code : DHFL**

Dear Sir/Madam,

Subject: Outcome of the meeting of the Board of Directors held on 17th October, 2019 and disclosures under Regulation 30 of the SEBI (Listing Obligations & Disclosures) Regulations, 2015 ("SEBI Listing Regulations")

We wish to inform you that the Board of Directors of the Company at its meeting held today i.e. on 17th October, 2019, which commenced at 12.00 noon and concluded at 8.10 p.m., have inter-alia, approved the Ind-AS Un-audited Financial Results (Standalone and Consolidated) of the Company for the first quarter ended 30th June, 2019, along with the Limited Review Report thereon furnished by the Statutory Auditors of the Company, as per Regulation 33 of the SEBI Listing Regulations and in compliance with the Indian Accounting Standards as per the provisions of the Companies (Indian Accounting Standards) Rules, 2015 ("the Rules") and other applicable laws. The said results were reviewed by the Audit Committee. The copies of the said Ind-AS Un-audited Financial Results (Standalone and Consolidated) for the first quarter ended 30th June, 2019, along with the Limited Review Report thereon are enclosed herewith;

The Board of Directors at the above meeting also considered Definitive Agreements received by DHFL from leading business groups with interest in real estate related projects, for undertaking development management for large projects financed under the wholesale book of DHFL. The agreements envisage part financing of working capital requirement by the business houses undertaking development management of such projects and balance financing by the lenders of DHFL. These agreements also provide for comprehensive turnkey management of the projects including business planning, design and development.

The said proposal was placed before the Board of Directors as a part of the draft Resolution Plan. The Board approved the agreements for placing before the lenders for their approval.

Kindly take the same on record.

Thanking you,
Yours sincerely,
For Dewan Housing Finance Corporation Limited

Kapil Wadhawan
Chairman & Managing Director
DIN: 00028528

Encl.: as above

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS

331, KALYANDAS UDYOG BHAVAN,
CENTURY BAZAR LANE,
PRABHADEVI, MUMBAI - 400 025.
Phone : 022-6663 3296
Email : mum@kkmindia.com

Independent Auditors' Review Report on Quarterly Unaudited Standalone Financial Results

To
The Board of Directors
Dewan Housing Finance Corporation Limited
Mumbai

1. We have reviewed the accompanying statement of unaudited standalone financial results ("Statement") of **Dewan Housing Finance Corporation Limited** ('the Company') for the quarter ended 30th June 2019.

2. This Statement is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations'). Our responsibility is to issue a report on this standalone Statement based on our review.

3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "*Review of Interim Financial Information performed by the Independent Auditor of the Entity*" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Basis for Disclaimer of Opinion

4. The predecessor joint statutory auditors had issued a Disclaimer Report basis the observations forming part of their report for the year ended 31st March, 2019. The status update of these observations as on 30th June, 2019 as provided by Management is as below and also forms part of this Limited Review:

   a. We refer to note 6 of the Statement that states in the last week of January, 2019, News portal Cobrapost.com made allegations against the Company's management and its promoters inter alia, alleging diversion of funds. The Company received a series of questions from the portal shortly 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 its findings to the Committee. The predecessor statutory auditors provided to the Audit Committee their suggestions on the scope and coverage as well as additional areas that needed to be covered to ensure comprehensiveness of the coverage of the investigation and their observations on the findings by Independent Chartered Accountants in their report. These suggestions were not taken into consideration in the final report of the Independent Chartered Accountants. 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. As stated by the management in its note, the said report of the Independent Chartered

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Accountants was deliberated by the Audit Committee and the Board to determine the actions required to be taken to address the predecessor joint statutory auditor's comments and stated that adjustments, if any, to the carrying values of the loans advanced would be made upon conclusion of these actions. As per the extract of the minutes of the Board Meeting held subsequently, the Board of Directors noted that the Audit Committee Members were informed that the Company has initiated the process to take actions as stated in the management comments which are expected to be completed within short span of time and an action taken report along-with the management comments was subsequently placed before the Audit Committee Meeting. Post the issuance of the Audit Report of the predecessor joint statutory auditors for the year ended 31st March, 2019, the Audit Committee and the Board is yet to draw their responses in terms of a closure report in respect of the matter as highlighted in the predecessor joint auditor's report.

Meantime, since the Company has also submitted a Resolution Plan (RP) to lenders under the RBI guidelines of 7th June 2019 on restructuring of stressed assets, a full scale revaluation of assets and legal due diligence is undertaken by lenders consortium under the Inter Creditors Agreement.

b. We refer to note 7 of the Statement that states the unsecured Inter Corporate Deposits (ICD) aggregating Rs 5,65,269 lakh were outstanding as at March 31, 2019. Of these, ICD aggregating to Rs. 46,785 lakh have since been repaid and ICD aggregating to Rs. 1,30,661 lakh have been converted into loans as on 30th June 2019 (Since secured), resulting in an outstanding of Rs 4,01,178 lakh- under ICD including interest receivable thereon. Out of the balance ICD, repayments amounting to Rs 29,280 lakh have been received post 30th June 2019. The predecessor joint statutory auditors had noted significant deficiencies in the grant and rollover of ICD, inter-alia, non-availability of evaluation of credit worthiness of the borrowers, commercial rationale forming basis of granting of the ICD. The Management believes that no adjustments are required to the carrying value of the ICD.

However, we have not been provided sufficient appropriate audit evidence to support the management's assertion and hence are unable to comment on the recoverability of the ICD and the consequential effect on the Statement.

c. In respect of certain loans and Pass-through Certificates (PTC) aggregating Rs.31,62,055 lakh and Rs.32,45,240 lakh, respectively, granted or invested by the Company during the period and in earlier years and outstanding as at 30th June, 2019:

  i. As stated by the predecessor joint statutory auditors, multiple accounting entries were initially recorded in certain customer accounts for receipts for which the cheques or negotiable instrument had not been deposited in the bank(s) and these have been subsequently reversed within the quarter ending 31st March 2019. The gross value of such loans aggregated Rs. 16,48,717 lakh. Management has reported that no such instances exists as on 30th June, 2019.

  ii. We refer to note 8 of the Statement that states in respect of certain deficiencies in documentation of Project / Mortgage loans aggregating to Rs. 24,07,772 lakh as on 31st March 2019 observed by the predecessor joint statutory auditors, of these Loan with outstanding of Rs. 216,593 lakh have been reported by the Management as closed on receipt of amount or have been securitised.

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Chartered Accountants

iii. As stated in note 10, the management elected to measure loans aggregating Rs. 35,28,512 lakh as on 30th June 2019 at Fair Value Through Profit or Loss (FVTPL) based on internal valuations which involve management's judgment and assumptions. Fair values changes of Rs. 40,828 lakh have been recognized on these loans for the quarter ended 30th June 2019.

In view of the foregoing, we have been unable to obtain sufficient appropriate evidence to support the values of the loans and are unable to determine if these matters would have an impact on the Statement including with regard to any adjustments to the carrying value of the loans, restatement, related parties and other disclosures and compliances as applicable.

d. We refer to note 11 of the Statement wherein, as stated, during the course of the review, deficiencies have been identified in the historical data used for the purpose of calculating provisioning based on Expected Credit Loss (ECL) model in respect of loans carried at amortized cost. We are unable to comment on the assumptions made in the ECL model and consequently to determine if this matter would have an impact on the Statement, including the adequacy of the ECL provision.

e. We refer to note 12 of the Statement regarding the observations made by National Housing Bank (NHB) in its inspection for the year ended March 31, 2018 as per the provisions of the National Housing Bank Act, 1987. Pending final outcome of the management evaluation and its response to the observations of the NHB, we are unable to determine if these observations would have an impact on the Statement including whether any adjustments to the carrying value of the loans granted, restatement, related parties and other disclosures and compliances are required.

f. As stated in note 13, the Company has recognized net deferred tax asset of Rs. 46,490 lakh as at 30th June, 2019. The Company is required to perform an assessment as required by Ind AS 12 - 'Income Taxes' which requires the Company to determine the probability of future taxable income to utilize the deferred tax asset. However, we have not been provided sufficient appropriate evidence to validate the Company's assessment about the carrying value of the deferred tax asset and consequential adjustments required, if any, to the Statement.

g. As stated in note 14, the Company incurred expenditure aggregating Rs. 10,401 lakh for development of customized software for its operations and recording of transactions which has been carried as intangible asset under development as at 30th June, 2019. The Company did not perform an impairment assessment as required by Ind AS 36 - 'Impairment of Assets' which requires the Company to determine whether the economic benefit in respect of this intangible asset shall be available to the Company in subsequent periods taking into consideration the uncertainty in respect of its plan to monetize its assets, secure funding from the bankers / investors, restructure its liabilities and recommence its operations. In view of foregoing, we have not been provided sufficient appropriate evidence about the carrying value of the intangible asset under development and adjustments required, if any, to the Statement.

h. We are unable to comment whether the loans referred in above paragraphs have been properly secured and hence these loans may have been granted

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including terms and conditions there-of, in a manner that is prejudicial to the interest of the Company or its members, for the reasons stated therein.

i. In view of the possible effects of the matters described in above paragraphs, we are further unable to comment on the Company's compliance of the covenants in respect of all borrowings and consequential implications including disclosures, if any, to the Statement.

j. As the Company is in the process of compiling with the requirements of Indian Accounting Standard - 116 – Leases that became effective from 1st April, 2019 we are unable to comment upon its impact on the Statement. The management has informed to us that due effect of the said compliance requirements will be made by the year end 31st March, 2020.

Disclaimer of Opinion

5. Because of the significance of the matters described in paragraph 4 above, we have not been able to obtain moderate assurance to provide a basis for a review opinion as to whether the Statement has been prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India or state whether the Statement has disclosed the information required to be disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Material uncertainty related to Going Concern

6. As stated in note 9 of the Statement, the Company has incurred loss aggregating Rs.22,397 lakh (including comprehensive loss) during the period. The Company's credit rating has been reduced to 'default grade' subsequent to the previous year-end which may substantially impair its ability to raise or generate funds to repay its obligations. The matters described in paragraph 4 of the Statement may also have an impact on the Company's ability to continue as a going concern. All these developments raise a significant doubt on the ability of the Company to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities including potential liabilities in the normal course of business. The Company is in the process of monetizing its assets and has submitted a draft resolution plan to the consortium of bankers for restructuring its borrowings and also there have been discussions for stake sale by the promoters to a strategic partner with further equity infusion. The ability of the Company to continue as a going concern inter alia is dependent upon its ability to monetize its assets, secure funding from the bankers or investors, restructure its liabilities and recommence its operations, which are not wholly within control of the Company.

The Management has prepared the Statement using going concern basis of accounting based on their assessment of the successful outcome of above referred actions and accordingly no adjustments have been made to the carrying value of the assets and liabilities and their presentation and classification in the Balance Sheet.

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Other Matters

7. The financial results of the Company for the quarter ended 30th June 2018 and the quarter & year ended 31st March 2019 were reviewed and audited by the predecessor joint statutory auditors, M/s Chaturvedi & Shah LLP and M/s Deloitte Haskins & Sells LLP, who have expressed a modified conclusion/opinion on those financial information and financial statements except for the financial results for the quarter ended 30th June 2018, wherein they have expressed an unmodified conclusion/ opinion on the same.

K.K. Mankeshwar & Co. Chartered Accountants

DINESH KUMAR BACHCHAS
Partner
Membership No. 097820
For and on Behalf of
K .K. MANKESHWAR & CO.
Chartered Accountants
FRN: 106009W

Mumbai, dated the
17th October, 2019

DEWAN HOUSING FINANCE CORPORATION LIMITED
Corporate Identity Number (CIN) - L65910MH1984PLC032639
Regd. Office : Warden House, 2nd Floor, Sir P.M. Road, Fort, Mumbai - 400 001
Toll Free No. 1800 22 3435, Visit us at : www.dhfl.com., email - response@dhfl.com
Corporate Office : TCG Financial Centre, 10th Floor, Bandra Kurla Complex, Bandra (East), Mumbai - 400098,
Tel. : (022) 6600 6999, Fax: (022) 6600 6998

DHFL
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STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE, 2019

Rs. In lakh

PARTICULARS	Quarter ended			Year ended
	30.06.2019 (Unaudited)	31.03.2019 (Audited)	30.06.2018 (Unaudited)	31.03.2019 (Audited)
1 INCOME:				
Revenue from operations:				
- Interest Income	2,33,145	3,10,378	2,86,304	12,30,784
- Dividend Income	-	-	332	1,235
- Fees and Commission Income	102	22	10,996	27,547
- Net gain on fair value changes and Profit on Sale of Investments	-	-	4,370	-
- Net gain on derecognition of financial instruments under amortised cost category	4,717	-	10,721	20,583
- Other operating revenue	1,643	363	2,699	8,239
Total Revenue from operations	**2,39,607**	**3,10,763**	**3,15,422**	**12,88,388**
Other Income	380	371	642	1,864
Total Income	**2,39,987**	**3,11,134**	**3,16,064**	**12,90,252**
2 EXPENSES:				
Finance costs	2,15,897	2,34,925	2,19,311	9,39,285
Net loss on fair value changes and loss on Sale of Investments	23,642	2,55,017	-	2,45,837
Net loss on derecognition of financial instruments under amortised cost category	-	5,277	(2)	-
Impairment on financial instruments	4,072	72,947	9,055	1,08,498
Employee benefits expenses	8,290	15,559	10,698	47,000
Employee Stock Options/Employee Stock Appreciation Rights Expenses	229	(5,181)	2,403	1,533
Depreciation and amortisation expense	1,665	1,760	859	5,115
Other expenses	6,077	21,586	9,918	59,482
Total Expenses	**2,59,872**	**6,01,890**	**2,52,242**	**14,06,750**
3 Profit / (Loss) before tax (1-2)	**(19,885)**	**(2,90,756)**	**63,822**	**(1,16,498)**
4 Tax Expense				
Current tax	2,363	9,091	18,329	53,832
Deferred tax	(1,605)	(77,506)	1,991	(66,725)
Total tax expense	**758**	**(68,415)**	**20,320**	**(12,893)**
5 Profit / (Loss) for the period (3-4)	**(20,643)**	**(2,22,341)**	**43,502**	**(1,03,605)**
6 Other comprehensive income				
- Items that will not be reclassified to profit or loss				
Remeasurements of the defined benefit plans	32	355	(75)	129
Tax on above	(8)	(99)	21	(36)
- Items that will be classified to profit or loss				
Cash flow hedge reserves	(2,391)	(3,138)	5,197	2,506
Tax on above	613	877	(1,453)	(701)
Other comprehensive income	**(1,754)**	**(2,005)**	**3,690**	**1,898**
7 Total comprehensive income for the period (5+6)	**(22,397)**	**(2,24,346)**	**47,192**	**(1,01,707)**
Earnings per share (not annualised for the quarters)				
Basic (in Rs.)	(6.58)	(70.86)	13.87	(33.02)
Diluted (in Rs.)	(6.58)	(70.86)	13.81	(33.02)
Paid-up Equity Share Capital (Face value ₹ 10/- each)	31,382	31,382	31,366	31,382
Reserves excluding Revaluation Reserves as at March 31				7,78,824

Chartered Accountants

Mumbai

Dewan Housing Finance Corporation Ltd.

1. The financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 – Interim Financial Reporting, notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, and other accounting principles generally accepted in India.

2. The above unaudited standalone financial results have been reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on 17th October 2019. The auditors have issued a disclaimer of opinion in respect of results for the quarter ended 30th June 2019.

3. The figures of the quarter ended 31st March 2019 are derived by deducting the reported year–to-date figures for the period ended 31st December 2018 from the audited figures for the year ended 31st March 2019.

4. Effective 1st April 2019, the Company is required to adopt Ind AS 116 – Lease, which requires any lease arrangement to be recognised in the Balance Sheet of the lessee as a 'right-of-use' asset with a corresponding lease liability. The management believes that effect of this adoption will be insignificant on the profit / (loss) for the period and same, if any, will be considered at the year end.

5. As per the 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, loan against property, loan to real estate developers and including all related activities. Accordingly, there are no separate reportable segments as per Ind AS 108.

6. In the last week of January, 2019, News portal Cobrapost.com made allegations against the Company's management and its promoters. The Company received a series of questions from the portal shortly 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 it finding 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 Company tabled the independent auditors report before the Audit Committee of the Board on 5th March 2019 and to its Board of Directors on 29th March 2019 with an assurance to take proper remedial actions where ever found necessary in the light of certain observations in the audit report. Meantime, since the company has also submitted a Resolution Plan (RP) to lenders under the RBI guidelines of 7th June 2019 on restructuring of stressed assets, a full scale revaluation of assets and legal due diligence is undertaken by lenders consortium under the Inter Creditors Agreement. The Company has also perfected securities in certain cases as required under the RP/ Lenders due diligence advisors. Initiatives have been taken by the Company to bring in Development Managers of good standing to support the execution of these projects and facilitate working capital for early completion.

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Mumbai

7. The unsecured Inter Corporate Deposit (ICD) aggregating Rs 565,269 lakh were outstanding as at March 31, 2019. Of these, ICDs aggregating Rs 46,785 lakh have since been repaid and ICDs aggregating to Rs 130,661 lakh have been converted into secured term loans as on 30th June 2019, resulting in an outstanding of Rs 401,178 lakh- under ICDs including interest receivable thereon. Out of the balance ICDs, repayments amounting to Rs 29,280 lakh has been received post 30th June 2019. While balance ICDs are expected to be repaid shortly. 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 deficiencies in documentation of Project / Mortgage loans aggregating to Rs 2,407,772 lakh as on 31st March 2019 observed by the predecessor Auditors, the management while was confident of enforceability of all securities , have been taking all steps to strengthen / rectify deficiencies. Of these, Loans with outstanding of Rs 216,593 laks have since been closed on receipt of amount or have been securitised. Loans aggregating to Rs 2,191,179 lakhs have been addressed with perfection of security or doubts addressed with substantive clarifications/evidence for auditors to take a considered view on these assets.

9. The Company is undergoing substantial financial stress since second half of the previous 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. As a result, 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. The Company as a leading institution in the home loan market reached out to the lenders for timely intervention and restore the ability to carry on its business. The lenders responded by agreeing to work on a resolution plan under the RBI guidelines of 7th June 2019 on resolution of distressed assets. An overview of the progress made in implementing a resolution plan is given here below. Ability of the Company to continue as a going concern may be assessed in the back drop of these developments.

A) DRAFT DEBT RESOLUTION PLAN SUBMITED TO LENDERS

a) Lenders to DHFL have, as per the directions contained under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 dated June 7, 2019 initiated the process for resolving stress in DHFL and have signed an inter-creditor agreement – ICA.

b) Based thereon, an indicative Debt Resolution Plan is submitted by the Company which identifies liabilities of DHFL aggregating to Rs 48,826 Crores, constituting 58% of the total debt of DHFL as sustainable debt.

c) This Sustainable Debt is proposed to be serviced fully through the cash flows generated from assets forming part of retail borrower book of DHFL and part of wholesale borrower book of DHFL comprising of project & mortgage loans ("PL / ML") and other identified assets. The Sustainable Debt shall comprise various debt instruments having a blended Coupon of 8.5% p.a. and tenor of up to 10 years.

d) Remaining liabilities, aggregating to Rs 32,622 Crores, have been identified as unsustainable debt under the draft Resolution Plan , which are proposed to be serviced through cash flows generated from the remaining assets forming part of the wholesale book of DHFL comprising of loans extended for SRA projects , other large project loans (OLPL) and other identified assets. The Unsustainable Debt shall comprise various debt instruments having a zero coupon – while the cash flows underlying the instruments extend to 20+ years, major part of the cash flows are accounted in first 12 years.

e) Loans forming part of the SRA Loans, OLPL and other identified assets shall be refinanced by issuance of debt instruments from the borrowers of such loans to DHFL. DHFL shall in-turn transfer these debt instruments to its Lenders, to reduce its liabilities towards the Lenders and consequently the size of its balance sheet.

f) Remaining liabilities under the Unsustainable Debt are proposed to be converted into equity shares of DHFL (Except public deposit holders), so as to dilute the shareholding of the existing promoters in DHFL. It also is worth noting that once the operations of DHFL stabilize upon implementation of the Draft Tentative Resolution Plan Creditors may also have an upside with respect to the equity stake acquired by the Lenders.

g) Further, with regard to the wholesale assets comprising of SRA Loans, OLPL and other identified assets, the Debt Resolution Plan proposes to undertake a development manager model, whereby development managers will be appointed for completing the respective projects. DHFL , with due approval of its board has submitted term sheets from prospective Development Managers having experience and financial standing to undertake this engagement , to Steering committee of bankers set up under ICA . These term sheets are now examined by the steering committee as a part of the Debt Resolution Plan to support and strengthen the cash flows assumed under these projects.

h) In a parallel initiative DHFL has also entered into term sheets with Foreign Institutional investors who are willing to provide working capital to such projects loans where DHFL had discontinued further disbursement with the onset of the liquidity crises. Such loans will be in the nature of priority debt but will ensure that the projects start generating cash flows in a more sustainable and timely manner.

i) The Resolution plan also provides for supporting DHFL in recommencement of business in the form of originating new retail home loans and scale up the numbers once the resolution stabilizes.

B) CURRENT STATUS OF THE RESOLUTION PPROCESS

a) DHFL tabled its draft Resolution Plan to the Steering Committee on 13th September 2019.

b) At its AGM held on 28 Sep 2019, DHFL through special resolutions obtained the approval of its shareholders on various enabling provisions which are required to implement the resolution plan including approval for submission of a resolution plan , conversion of debt into equity to the tune of 51% by lenders , any sale of assets as required under the plan and the like.

c) DHFL has been continuously engaging with various investors both domestic and foreign institutional investors to come in as strategic investors .The high standing of DHFL Brand in the affordable Home loan segment. has ensured continued enthusiasm among the investors who are willing to take the call on the strategic investment once the contours of the resolution plan get further cemented among lenders.

d) There have been few suits filed by NCD holders mainly Mutual funds on non-payment of dues to them. DHFL is engaging in the suits effectively by bringing home the benefits of staying along the Resolution Plan in the best interest of all lenders and is looking to broad basing of the steering committee by lenders to represent the interest of all segment for a common stand that can meet the objectives of all lenders .

e) The Lenders in turn have undertaken steps for formulation and implementation of a resolution plan for DHFL. Following the meeting of the Lenders, a steering committee comprising of Union Bank of India, State Bank of India, Bank of Baroda, Bank of India, Canara Bank, Central Bank of India and Syndicate Bank has been formed.

f) Alvarez and Marsal India Private Limited ("A&M") have been appointed by the Lenders to monitor the cash flows of DHFL on a daily basis. All the cash flows of DHFL are being routed through a trust and retention account maintained with State Bank of India.

g) DHFL has cleared all its liabilities towards the Lenders maturing on or prior to July 5, 2019.

h) Independent due diligence of the assets forming part of the wholesale borrower book of DHFL has been undertaken. and in furtherance thereof, following real estate consultants have been appointed to undertake the respective scope of work:

Real Estate Consultant	Category of Loan Assets being Looked at	Scope of Work in brief
CBRE South Asia Private Limited	Project Loans (PL) and part of Other Large Project Loans (OLPL)	Analysis of the project to which Loan is extended by DHFL to determine the expected cash flows and additional funding requirement, if any.
Jones Lang LaSalle Property Consultants (India) Private Limited	Mortgage Loans (ML)	Analysis of the underlying collateral against which the Loan is extended by DHFL to determine the realisable value of the same
Cushman & Wakefield India Private Limited	SRA and part of Other Large Project Loans (OLPL)	Analysis of the project to which Loan is extended by DHFL to determine the expected cash flows and additional funding requirement, if any

i) M/s Desai & Diwanji are undertaking a legal due diligence of all assets forming part of the wholesale borrower book of DHFL.

j) India Ratings and ICRA have been appointed as rating agencies to evaluate the Draft Resolution Plan.

k) M/s RBSA has been appointed to carry out the exercise of arriving at the Liquidation Value and Enterprise Value.

l) KPMG has been appointed to conduct a special audit of the books of accounts.

m) DHFL in consultation with lenders is undertaking changes in key managerial personnel. CEO and CFO have been identified and they will be taking charge soon.

n) DHFL and the ICA members are working towards placing the Resolution Plan for voting by the Creditors at the earliest

10. 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. 3,528,512 lakh have been reclassified as Fair Value Through Profit or Loss (FVTPL) as at June 30, 2019 due to the change in business model. As required under Ind AS 109, these assets have been fair valued as at June 30 2019 based on internal valuations which involve management's judgment and assumptions at Rs. 3,162,055 lakh and the resultant additional fair value loss aggregating Rs. 40,828 lakh (gross of reversal of provision) has been charged to the Statement of Profit and Loss for the quarter ended 30th June 2019.

K.K. Mankeshwar & Co. Chartered Accountants

Dewan Housing Finance Corporation Ltd. Mumbai

11. 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.

    Additionally, the Company has also taken external bureau supportive information (i.e. CIBIL score range band – Probability of default (PD) analysis) of its portfolio in comparison to Industry standards, which indicates that the PD of the Company's Portfolio is better than the Industry standard. Further, based on the Company's borrower profile and CIBIL score the Company is convinced of its assumptions supporting ECL calculation.

12. The Company had received a letter dated July 3, 2019, from the National Housing Bank (NHB) 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 were observations in the letter inter-alia being impact on the capital adequacy ratio of the Company at March 31, 2018 reduced to 10.24%. The management does not concur with the observation of the NHB and has provided an appropriate response within the stipulated time. The final outcome of the replies filed with NHB is awaited.

13. The Company has recognized net deferred tax asset of Rs. 46,490 lakh as at June 30, 2019. Ind AS 12 – 'Income Taxes' requires the Company to determine the probability of sufficient future taxable income to utilize the deferred tax asset. Considering the factors described in Note 9, the Company is of the view that no adjustment is required to the carrying value of the deferred tax asset.

14. The Company has incurred expenditure aggregating Rs. 10,401 lakh for development of customised software for its operations and recording of transactions which has been carried as intangible asset under development as at March 31, 2019. Considering the factors described in Note 9, the Company is of the view that no adjustment is required to be made to the carrying value of the intangible asset under development pursuant to the requirements of Ind AS 36 on Impairment of Assets.

15. Figures for the previous period have been regrouped wherever necessary, in order to make them comparable.

For **DEWAN HOUSING FINANCE CORPORATION LIMITED**

KAPIL WADHAWAN
CHAIRMAN & MANAGING DIRECTOR
DIN 00028528

Place: Mumbai
Date: 17th October, 2019

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS

331, KALYANDAS UDYOG BHAVAN,
CENTURY BAZAR LANE,
PRABHADEVI, MUMBAI - 400 025.
Phone : 022-6663 3296
Email : mum@kkmindia.com

Independent Auditors' Review Report on Quarterly Unaudited Consolidated Financial Results

To
The Board of Directors
Dewan Housing Finance Corporation Limited
Mumbai

1. We have reviewed the accompanying statement of unaudited consolidated financial results of **Dewan Housing Finance Corporation Limited** ('the Parent' or 'the Company') and its subsidiaries (the Parent and its subsidiaries together referred to as the 'Group'), and its share of the net loss and total comprehensive income of its associates for the quarter ended 30th June 2019 (the 'Statement'), being submitted by the Parent pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015 , as amended (the ' Listing Regulations').

2. This Statement is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.Our responsibility is to express a conclusion on the statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, *"Review of Interim Financial Information performed by the Independent Auditor of the Entity"* issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

K.K. Mankeshwar & Co. Chartered Accountants

Basis for Disclaimer of Opinion

4. The predecessor joint statutory auditors had issued a Disclaimer Report basis the observations forming part of their report for the year ended 31st March, 2019. The status update of these observations as on 30th June, 2019 as provided by Management is as below and also forms part of this Limited Review:

   a. We refer to note 7 of the Statement that states in the last week of January, 2019, News portal Cobrapost.com made allegations against the Company's management and its promoters inter alia, alleging diversion of funds. The Company received a series of questions from the portal shortly 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 its findings to the Committee. The predecessor statutory auditors provided to the Audit Committee their suggestions on the scope and coverage as well as additional areas that needed to be covered to ensure comprehensiveness of the coverage of the investigation and their observations on the findings by Independent Chartered Accountants in their report. These suggestions were not taken into consideration in the final report of the Independent Chartered Accountants. 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. As stated by the management in its note, the said report of the Independent Chartered Accountants was deliberated by the Audit Committee and the Board to determine the actions required to be taken to address the predecessor joint statutory auditor's comments and stated that adjustments, if any, to the carrying values of the loans advanced would be made upon conclusion of these actions. As per the extract of the minutes of the Board Meeting held subsequently, the Board of Directors noted that the Audit Committee Members were informed that the Company has initiated the process to take actions as stated in the management comments which are expected to be completed within short span of time and an action taken report along-with the management comments was subsequently placed before the Audit Committee Meeting. Post the issuance of the Audit Report of the predecessor joint statutory auditors for the year ended 31st March, 2019, the Audit Committee and the Board is yet to draw their responses in terms of a closure report in respect of the matter as highlighted in the predecessor joint auditor's report.

   Meantime, since the Company has also submitted a Resolution Plan (RP) to lenders under the RBI guidelines of 7th June 2019 on restructuring of stressed assets, a full scale revaluation of assets and legal due diligence is undertaken by lenders consortium under the Inter Creditors Agreement.

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b. We refer to note 8 of the Statement that states the unsecured Inter Corporate Deposits (ICD) aggregating to Rs 5,65,269 lakh were outstanding as at March 31, 2019. Of these, ICD aggregating Rs. 46,785 lakh have since been repaid and ICD aggregating to Rs. 1,30,661 lakh have been converted into loans as on 30th June 2019 (Since secured), resulting in an outstanding of Rs 4,01,178 lakh- under ICD including interest receivable thereon. Out of the balance ICD, repayments amounting to Rs 29,280 lakh have been received post 30th June 2019.The predecessor joint statutory auditors had noted significant deficiencies in the grant and rollover of ICD, inter-alia, non-availability of evaluation of credit worthiness of the borrowers commercial rationale forming basis of granting of the ICD. The Management believes that no adjustments are required to the carrying value of the ICD. However, we have not been provided sufficient appropriate audit evidence to support the management's assertion and hence are unable to comment on the recoverability of the ICD and the consequential effect on the Statement.

c. In respect of certain loans and Pass-through Certificates (PTC) aggregating Rs.31,62,055 lakh and Rs. 32,45,240 lakh, respectively, granted or invested by the Company during the period and in earlier years and outstanding as at 30th June, 2019:

  i) As stated by the predecessor joint statutory auditors, multiple accounting entries were initially recorded in certain customer accounts for receipts for which the cheques or negotiable instrument had not been deposited in the bank(s) and these have been subsequently reversed within the quarter ending 31st March 2019. The gross value of such loans aggregated Rs. 16,48,717 lakh. Management has reported that no such instances exists as on 30th June, 2019.

  ii) We refer to note 9 of the Statement that states in respect of certain deficiencies in documentation of Project / Mortgage loans aggregating to Rs. 24,07,772 lakh as on 31st March 2019 observed by the predecessor joint statutory auditors, of these Loans with outstanding of Rs 216,593 lakh have been reported by the Management as closed on receipt of amount or have been securitised.

  iii) As stated in note 11, the management elected to measure loans aggregating Rs. 35,28,512 lakh as on 30th June 2019 at Fair Value Through Profit or Loss (FVTPL) based on internal valuations which involve management's judgment and assumptions. Fair values changes of Rs. 40,828 lakh have been recognized on these loans for the quarter ended 30th June 2019.

  In view of the foregoing, we have been unable to obtain sufficient appropriate evidence to support the values of the loans and are unable to determine if these matters would have an impact on the Statement including with regard to any adjustments to the carrying value of the loans, restatement, related parties and other disclosures and compliances as applicable.

d. We refer to note 12 of the Statement wherein, as stated, during the course of the review, deficiencies have been identified in the historical data used for the purpose of calculating provisioning based on Expected Credit Loss (ECL) model in respect of loans carried at amortized cost. We are unable to comment on the assumptions made in the ECL model and consequently to determine if this matter would have an impact on the Statement, including the adequacy of the ECL provision.

e. We refer to note 13 of the Statement regarding the observations made by National Housing Bank (NHB) in its inspection for the year ended March 31, 2018 as per the provisions of the National Housing Bank Act, 1987. Pending final outcome of the management evaluation and its response to the observations of the NHB, we are unable to determine if these observations would have an impact on the Statement including whether any adjustments to the carrying value of the loans granted, restatement, related parties and other disclosures and compliances are required.

f. As stated in note 14, the Company has recognized net deferred tax asset of Rs. 46,490 lakh as at 30th June, 2019. The Company is required to perform an assessment as required by Ind AS 12 - 'Income Taxes' which requires the Company to determine the probability of future taxable income to utilize the deferred tax asset. However, we have not been provided sufficient appropriate evidence to validate the Company's assessment about the carrying value of the deferred tax asset and consequential adjustments required, if any, to the Statement.

g. As stated in note 15, the Company incurred expenditure aggregating Rs. 10,401 lakh for development of customized software for its operations and recording of transactions which has been carried as intangible asset under development as at 30th June, 2019. The Company did not perform an impairment assessment as required by Ind AS 36 - 'Impairment of Assets' which requires the Company to determine whether the economic benefit in respect of this intangible asset shall be available to the Company in subsequent periods taking into consideration the uncertainty in respect of its plan to monetize its assets, secure funding from the bankers / investors, restructure its liabilities and recommence its operations. In view of foregoing, we have not been provided sufficient appropriate evidence about the carrying value of the intangible asset under development and adjustments required, if any, to the Statement.

h. We are unable to comment whether the loans referred in above paragraphs have been properly secured and hence these loans may have been granted including terms and conditions, in a manner that is prejudicial to the interest of the Company or its members, for the reasons stated therein.

i. In view of the possible effects of the matters described in above paragraphs, we are further unable to comment on the Company's compliance of the covenants in respect of all borrowings and consequential implications including disclosures, if any, to the Statement.

j. As the Company is in the process of compiling with the requirements of Indian Accounting Standard - 116 – Leases that became effective from 1st April, 2019 we are unable to comment upon its impact, if any on the Statement. The management has informed to us that due effect of the said compliance requirements will be made by the year end 31st March, 2020.

K.K. Mankeshwar & Co. Chartered Accountants

Entities included in the Statement

5. The Statement includes the results of the following entities:

   i) Parent entity
      - Dewan Housing Finance Corporation Limited

   ii) Subsidiary companies:
      - DHFL Advisory & Investments Private Limited
      - DHFL Holding Limited

   iii) Associates:
      - Aadhar Housing Finance Limited (till 10th June 2019)
      - Avanse Financial Services Limited

   iv) Joint Ventures:
      - DHFL Pramerica Asset Managers Private Limited
      - DHFL Pramerica Trustees Private Limited

Disclaimer of Opinion

6. Because of the significance of the matters described in paragraph 4 above, we have not been able to obtain moderate assurance to provide a basis for a review opinion as to whether the Statement has been prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India or state whether the Statement has disclosed the information required to be disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Material uncertainty related to Going Concern

7. As stated in note 10 of the Statement, the Company has incurred loss aggregating to Rs.26,003 lakh (including comprehensive loss) during the period. The Company's credit rating has been reduced to 'default grade' subsequent to the previous year-end which may substantially impair its ability to raise or generate funds to repay its obligations. The matters described in paragraph 4 of the Statement may also have an impact on the Company's ability to continue as a going concern. All these developments raise a significant doubt on the ability of the Company to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities including potential liabilities in the normal course of business. The Company is in the process of monetizing its assets and has submitted a draft resolution plan to the consortium of bankers for restructuring its borrowings and also there have been discussions for stake sale by the promoters to a strategic partner with further equity infusion. The ability of the Company to continue as a going concern inter alia is dependent upon its ability to monetize its assets, secure funding from the bankers or investors, restructure its liabilities and recommence its operations, which are not wholly within control of the Company.

   The Management has prepared the Statement using going concern basis of accounting based on their assessment of the successful outcome of above referred actions and accordingly no adjustments have been made to the carrying value of the assets and liabilities and their presentation and classification in the Balance Sheet.

K.K. Mankeshwar & Co. Chartered Accountants

Other Matters

8. We did not review the financial information of two subsidiaries included in the consolidated financial results, whose financial information reflect total revenues of Rs. Nil, total net loss after tax of Rs. 904.64 Lakh and total comprehensive loss of Rs.Nil for the quarter ended on that date, as considered in the consolidated financial results. The consolidated financial results also include the Group's share of net loss of Rs. 2,701 lakh and total comprehensive loss of Rs. Nil for the quarter ended 30th June, 2019, as considered in the consolidated financial results, in respect of two associates and joint ventures, whose financial information have not been reviewed by us. These unaudited financial results and other unaudited financial information have been furnished to us by the Management and our report, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, is based solely on such unaudited financial results and other unaudited financial information. We are unable to comment on the impact on total revenues and losses, had these subsidiaries, associates and joint ventures been subjected to review.

9. The consolidated financial results of the Group for the quarter and year ended 31st March 2019 were audited by the predecessor auditor, M/s Chaturvedi & Shah LLP and M/s Deloitte Haskins & Sells LLP, who have expressed modified conclusion/opinion on the same.

Mankeshwar & Co. Chartered Accountants

DINESH KUMAR BACHCHAS
Partner
Membership No. 097820
For and on Behalf of
K .K. MANKESHWAR & CO.
Chartered Accountants
FRN: 106009W

Mumbai, dated the
17th October, 2019

DEWAN HOUSING FINANCE CORPORATION LIMITED
Corporate Identity Number (CIN) - L65910MH1984PLC032639
Regd. Office : Warden House, 2nd Floor, Sir P.M. Road, Fort, Mumbai - 400 001
Toll Free No. 1800 22 3435, Visit us at : www.dhfl.com., email - response@dhfl.com
Corporate Office : TCG Financial Centre, 10th Floor, Bandra Kurla Complex, Bandra (East), Mumbai - 400098,
Tel. : (022) 6600 6999, Fax: (022) 6600 6998

DHFL
Changing Rules Changing Lives

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE, 2019

Rs. In lakh

PARTICULARS	Quarter ended			Year ended
	30.06.2019 (Unaudited)	31.03.2019 (Audited)	30.06.2018 (Unaudited)	31.03.2019 (Audited)
INCOME:				
Revenue from operations:				
- Interest Income	2,33,142	3,10,378	2,86,304	12,30,771
- Dividend Income	-	-	332	1,074
- Fees and Commission Income	102	22	10,999	27,547
- Net gain on fair value changes and Profit on Sale of Investments	-	-	4,370	-
- Net gain on derecognition of financial instruments under amortised cost category	4,717	-	-	20,583
- Other operating revenue	1,643	363	13,420	8,239
Total Revenue from operations	**2,39,604**	**3,10,763**	**3,15,425**	**12,88,214**
Other Income	380	371	642	2,952
Total Income	**2,39,984**	**3,11,134**	**3,16,067**	**12,91,166**
EXPENSES:				
Finance costs	2,16,554	2,35,539	2,19,912	9,41,691
Net loss on fair value changes	23,642	2,55,017	-	2,45,837
Net loss on derecognition of financial instruments under amortised cost category	-	5,277	(2)	-
Impairment on financial instruments	4,315	72,947	9,055	1,00,897
Employee benefits expenses	8,290	15,559	10,698	47,000
Employee Stock Options/Employee Stock Appreciation Rights Expenses	229	(5,181)	2,403	1,533
Depreciation and amortisation expense	1,665	1,760	859	5,115
Other expenses	6,078	44,468	9,920	59,494
Total Expenses	**2,60,773**	**6,25,386**	**2,52,845**	**14,01,567**
(Loss)/Profit before Share of Net Profits of Associates and Joint Ventures and tax	**(20,789)**	**(3,14,252)**	**63,221.19**	**(1,10,401)**
Tax Expense				
Current tax	2,363	9,091	18,329	53,832
Deferred tax	(1,605)	(77,506)	1,991	(65,840)
Total Tax expense	**758**	**(68,415)**	**20,320**	**(12,008)**
Net (Loss)/Profit After Tax before share of Net Profits of Associates and Joint Ventures for the period	**(21,547)**	**(2,45,837)**	**42,901**	**(98,393)**
Share of (Loss) /Net Profits of Associates and Joint Ventures	**(2,701)**	**216**	**269**	**1,802**
Net (Loss)/Profit After Tax (Fully attributable to owners of the Parent)	**(24,248)**	**(2,45,621)**	**43,171**	**(96,591)**
Other comprehensive income				
(A) Items that will not be reclassified to profit or loss				
(i) Remeasurements of the defined employee benefit plans	32	355	(75)	129
(ii) Share of Other comprehensive income of associates and joint ventures	(1)	46	257	(5)
(iii) Income tax relating to items that will not be reclassified to profit or loss	(8)	(99)	21	(36)
Subtotal (A)	23	302	203	88
(B) Items that will be classified to profit or loss				
(i) Cash flow hedge reserves	(2,391)	(3,138)	5,197	2,506
(ii) Tax on above	613	877	(1,453)	(701)
Subtotal (B)	(1,778)	(2,261)	3,744	1,805
Other comprehensive income (A+B) (Fully attributable to owners of the Parent)	**(1,755)**	**(1,959)**	**3,947**	**1,893**
Total Comprehensive income Fully attributable to owners of the Parent	**(26,003)**	**(2,47,580)**	**47,118**	**(94,698)**
Earnings per share (Face value of Rs. 10 each) (not annualised)				
Basic (in Rs.)	(7.73)	(78.28)	13.76	(30.78)
Diluted (in Rs.)	(7.73)	(78.28)	13.70	(30.78)
Paid-up Equity Share Capital (Face value ₹ 10/-)	31,382	31,382	31,366	31,382
Reserves excluding Revaluation Reserves as at March 31				7,66,355

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Dewan Housing Finance Corporation Ltd. Mumbai

1. The financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 – Interim Financial Reporting, notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, and other accounting principles generally accepted in India.

2. The above unaudited consolidated financial results have been reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on 17th October 2019. The auditors have issued a disclaimer of opinion in respect of results for the quarter ended 30th June 2019.

3. The key data of standalone results of Dewan Housing Finance Corporation Limited is as under:

PARTICULARS	Quarter ended			Year ended
	30.06.2019	31.03.2019	30.06.2018	31.03.2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Total Income	2,39,987	3,11,134	3,16,064	12,90,252
Profit / (Loss) before tax	(19,885)	(2,90,756)	63,822	(1,16,498)
Tax expense	758	(68,415)	20,320	(12,893)
Profit / (Loss) for the period	(20,643)	(2,22,341)	43,502	(1,03,605)
Total Other comprehensive income	(1,754)	(2,005)	3,690	1,898
Total comprehensive income for the period	(22,397)	(2,24,346)	47,192	(1,01,707)

4. The figures of the quarter ended 31st March 2019 are derived by deducting the reported year–to-date figures for the period ended 31st December 2018 from the audited figures for the year ended 31st March 2019.

5. Effective 1st April 2019, the Company is required to adopt Ind AS 116 – Lease, which requires any lease arrangement to be recognised in the Balance Sheet of the lessee as a 'right-of-use' asset with a corresponding lease liability. The management believes that effect of this adoption will be insignificant on the profit (loss) for the period and same will be considered at the year end.

6. As per the 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, loan against property, loan to real estate developers and including all related activities. Accordingly, there are no separate reportable segments as per Ind AS 108.

7. In the last week of January, 2019, News portal Cobrapost.com made allegations against the Company's management and its promoters. The Company received a series of questions from the portal shortly 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 it finding 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

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Mumbai

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 Company tabled the independent auditors report before the Audit Committee of the Board on 5th March 2019 and to its Board of Directors on 29th March 2019 with an assurance to take proper remedial actions where ever found necessary in the light of certain observations in the audit report. Meantime, since the company has also submitted a Resolution Plan (RP) to lenders under the RBI guidelines of 7th June 2019 on restructuring of stressed assets, a full scale revaluation of assets and legal due diligence is undertaken by lenders consortium under the Inter Creditors Agreement. The Company has also perfected securities in certain cases as required under the RP/ Lenders due diligence advisors. Initiatives have been taken by the Company to bring in Development Mangers of good standing to support the execution of these projects and facilitate working capital for early completion.

8. The unsecured Inter Corporate Deposit (ICD) aggregating Rs 565,269 lakh were outstanding as at March 31, 2019. Of these, ICDs aggregating Rs 46,785 lakh have since been repaid and ICDs aggregating to Rs 130,661 lakh have been converted into secured term loans as on 30th June 2019, resulting in an outstanding of Rs 401,178 lakh- under ICDs including interest receivable thereon. Out of the balance ICDs, repayments amounting to Rs 29,280 lakh has been received post 30th June 2019. While balance ICDs are expected to be repaid shortly. 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.

9. In respect of certain deficiencies in documentation of Project / Mortgage loans aggregating to Rs 2,407,772 lakh as on 31st March 2019 observed by the predecessor Auditor, the management while was confident of enforceability of all securities , have been taking all steps to strengthen / rectify deficiencies. Of these, Loans with outstanding of Rs 216,593 laks have since been closed on receipt of amount or have been securitised. Loan aggregating to Rs 2,191,179 lakhs have been addressed with perfection of security or doubts addressed with substantive clarifications/evidence for auditors to take a considered view on these assets

10. The Company is undergoing substantial financial stress since second half of the previous 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. As a result, 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. The Company as a leading institution in the home loan market reached out to the lenders for timely intervention and restore the ability to carry on its business. The lenders responded by agreeing to work on a resolution plan under the RBI guidelines of 7th June 2019 on resolution of distressed assets. An overview of the progress made in implementing a resolution plan is given here below. Ability of the Company to continue as a going concern may be assessed in the back drop of these developments.

A) DRAFT DEBT RESOLUTION PLAN SUBMITED TO LENDERS

a) Lenders to DHFL have, as per the directions contained under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 dated June 7, 2019 initiated the process for resolving stress in DHFL and have signed an inter-creditor agreement - ICA

b) Based thereon, an indicative Debt Resolution Plan is submitted by the Company which identifies liabilities of DHFL aggregating to Rs 48,826 Crores, constituting 58% of the total debt of DHFL as sustainable debt

c) This Sustainable Debt is proposed to be serviced fully through the cash flows generated from assets forming part of retail borrower book of DHFL and part of wholesale borrower book of DHFL comprising of project & mortgage loans ("PL / ML") and other identified assets. The Sustainable Debt shall comprise various debt instruments having a blended Coupon of 8.5% p.a. and tenor of up to 10 years.

d) Remaining liabilities, aggregating to Rs 32,622 Crores, have been identified as unsustainable debt under the draft Resolution Plan , which are proposed to be serviced through cash flows generated from the remaining assets forming part of the wholesale book of DHFL comprising of loans extended for SRA projects , other large project loans (OLPL) and other identified assets. The Unsustainable Debt shall comprise various debt instruments having a zero coupon – while the cash flows underlying the instruments extend to 20+ years, major part of the cash flows are accounted in first 12 years.

e) Loans forming part of the SRA Loans, OLPL and other identified assets shall be refinanced by issuance of debt instruments from the borrowers of such loans to DHFL. DHFL shall in-turn transfer these debt instruments to its Lenders, to reduce its liabilities towards the Lenders and consequently the size of its balance sheet.

f) Remaining liabilities under the Unsustainable Debt are proposed to be converted into equity shares of DHFL (Except public deposit holders), so as to dilute the shareholding of the existing promoters in DHFL. It also is worth noting that once the operations of DHFL stabilize upon implementation of the Draft Tentative Resolution Plan Creditors may also have an upside with respect to the equity stake acquired by the Lenders.

g) Further, with regard to the wholesale assets comprising of SRA Loans, OLPL and other identified assets, the Debt Resolution Plan proposes to undertake a development manager model, whereby development managers will be appointed for completing the respective projects. DHFL , with due approval of its board has submitted term sheets from prospective Development Managers having experience and financial standing to undertake this engagement , to Steering committee of bankers set up under ICA . These term sheets are now examined by the steering committee as a part of the Debt Resolution Plan to support and strengthen the cash flows assumed under these projects.

h) In a parallel initiative DHFL has also entered into term sheets with Foreign Institutional investors who are willing to provide working capital to such projects loans where DHFL had discontinued further disbursement with the onset of the liquidity crises. Such loans will be in the nature of priority debt but will ensure that the projects start generating cash flows in a more sustainable and timely manner.

i) The Resolution plan also provides for supporting DHFL in recommencement of business in the form of originating new retail home loans and scale up the numbers once the resolution stabilizes.

B) CURRENT STATUS OF THE RESOLUTION PPROCESS

a) DHFL tabled its draft Resolution Plan to the Steering Committee on 13th September 2019.

b) At its AGM held on 28 Sep 2019, DHFL through special resolutions obtained the approval of its shareholders on various enabling provisions which are required to implement the resolution plan including approval for submission of a resolution plan, conversion of debt into equity to the tune of 51% by lenders , any sale of assets as required under the plan and the like.

K.K. Mankeshwar & Co. Chartered Accountants

c) DHFL has been continuously engaging with various investors both domestic and foreign institutional investors to come in as strategic investors .The high standing of DHFL Brand in the affordable Home loan segment has ensured continued enthusiasm among the investors who are willing to take the call on the strategic investment once the contours of the resolution plan get further cemented among lenders.

d) There have been few suits filed by NCD holders mainly Mutual funds on non-payment of dues to them. DHFL is engaging in the suits effectively by bringing home the benefits of staying along the Resolution Plan in the best interest of all lenders and is looking to broad basing of the steering committee by lenders to represent the interest of all segment for a common stand that can meet the objectives of all lenders .

e) The Lenders in turn have undertaken steps for formulation and implementation of a resolution plan for DHFL. Following the meeting of the Lenders, a steering committee comprising of Union Bank of India, State Bank of India, Bank of Baroda, Bank of India, Canara Bank, Central Bank of India and Syndicate Bank has been formed.

f) Alvarez and Marsal India Private Limited ("A&M") have been appointed by the Lenders to monitor the cash flows of DHFL on a daily basis. All the cash flows of DHFL are being routed through a trust and retention account maintained with State Bank of India.

g) DHFL has cleared all its liabilities towards the Lenders maturing on or prior to July 5, 2019.

h) Independent due diligence of the assets forming part of the wholesale borrower book of DHFL has been undertaken. and in furtherance thereof, following real estate consultants have been appointed to undertake the respective scope of work:

Real Estate Consultant	Category of Loan Assets being Looked at	Scope of Work in brief
CBRE South Asia Private Limited	Project Loans (PL) and part of Other Large Project Loans (OLPL)	Analysis of the project to which Loan is extended by DHFL to determine the expected cash flows and additional funding requirement, if any.
Jones Lang LaSalle Property Consultants (India) Private Limited	Mortgage Loans (ML)	Analysis of the underlying collateral against which the Loan is extended by DHFL to determine the realisable value of the same
Cushman & Wakefield India Private Limited	SRA and part of Other Large Project Loans (OLPL)	Analysis of the project to which Loan is extended by DHFL to determine the expected cash flows and additional funding requirement, if any

i) M/s Desai & Diwanji are undertaking a legal due diligence of all assets forming part of the wholesale borrower book of DHFL.

j) India Ratings and ICRA have been appointed as rating agencies to evaluate the Draft Resolution Plan.

k) M/s RBSA has been appointed to carry out the exercise of arriving at the Liquidation Value and Enterprise Value.

l) KPMG has been appointed to conduct a special audit of the books of account.

m) DHFL in consultation with lenders is undertaking changes in key managerial personnel. CEO and CFO have been identified and they will be taking charge soon.

n) DHFL and the ICA members are working towards placing the Resolution Plan for voting by the Creditors at the earliest

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. 3,528,512 lakh have been reclassified as Fair Value Through Profit or Loss (FVTPL) as at June 30, 2019 due to the change in business model. As required under Ind AS 109, these assets have been fair valued as at June 30 2019 based on internal valuations which involve management's judgment and assumptions at Rs. 3,162,055 lakh and the resultant additional fair value loss aggregating Rs. 40,828 lakh (gross of reversal of provision) has been charged to the Statement of Profit and Loss for the quarter ended 30th June 2019.

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.

Additionally, the Company has also taken external bureau supportive information (i.e. CIBIL score range band – Probability of default (PD) analysis) of its portfolio in comparison to Industry standards, which indicates that the PD of the Company's Portfolio is better than the Industry standard. Further, based on the Company's borrower profile and CIBIL score the Company is convinced of its assumptions supporting ECL calculation.

13. The Company had received a letter dated July 3, 2019, from the National Housing Bank (NHB) 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 were observations in the letter inter-alia being impact on the capital adequacy ratio of the company at at March 31, 2018 reduced to 10.24%. The management does not concur with the observation of the NHB and has provided an appropriate response within the stipulated time. The final outcome of the replies filed with NHB is awaited.

14. The Company has recognized net deferred tax asset of Rs. 46,490 lakh as at June 30, 2019. Ind AS 12 – 'Income Taxes' requires the Company to determine the probability of sufficient future taxable income to utilize the deferred tax asset. Considering the factors described in Note 10, the Company is of the view that no adjustment is required to the carrying value of the deferred tax asset.

15. The Company has incurred expenditure aggregating Rs. 10,401 lakh for development of customised software for its operations and recording of transactions which has been carried as intangible asset under development as at March 31, 2019. Considering the factors described in Note 10, the Company is of the view that no adjustment is required to be made to the carrying value of the intangible asset under development pursuant to the requirements of Ind AS 36 on Impairment of Assets.

16. The group is submitting the quarterly consolidated financial results for the first time in accordance with SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 as amended road with circular no. CIR/CFR/CMD/144/2010 dated 20 March 2010 and accordingly the consolidated reported figures for quarter ended 31 March 2019 and quarter ended 30 June 2018 have been approved and are not subjected to limited review by the predecessor joint statutory auditors.

K.K. Mankeshwar & Co. Chartered Accountants

17. Figures for the previous period have been regrouped wherever necessary, in order to make them comparable.

For **DEWAN HOUSING FINANCE CORPORATION LIMITED**

Place: Mumbai
Date: 17th October, 2019

KAPIL WADHAWAN
CHAIRMAN & MANAGING DIRECTOR
DIN 00028528

DEWAN HOUSING FINANCE CORPORATION LIMITED
Corporate Identity Number (CIN) – L65910MH1984PLC032639
Regd. Office : Warden House, 2nd Floor, Sir P.M. Road, Fort, Mumbai - 400 001
Toll Free No. 1800 22 3435, Visit us at : www.dhfl.com., email - response@dhfl.com
Corporate Office : TCG Financial Centre, 10th Floor, Bandra Kurla Complex, Bandra (East), Mumbai - 400098,
Tel. : (022) 6600 6999, Fax: (022) 6600 6998

DHFL
Changing Rules Changing Lives

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2019

(₹ in Lakh)

	STANDALONE				CONSOLIDATED			
	Quarter ended 30.06.2019	Quarter ended 31.03.2019	Quarter ended 30.06.2018	Year ended 31.03.2019	Quarter ended 30.06.2019	Quarter ended 31.03.2019	Quarter ended 30.06.2018	Year ended 31.03.2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)		(Audited)
Total income from operations (Net)	2,39,987	3,11,134	3,16,064	12,90,252	2,39,984	3,11,134	3,16,067	12,91,166
Net Profit / (Loss) for the period (before Tax and Exceptional items)	(19,885)	(2,90,756)	63,822	(1,16,498)	(20,789)	(3,14,252)	63,221	(1,10,401)
Net Proft / (Loss)for the Period Before Tax (after Exceptional items)	(19,885)	(2,90,756)	63,822	(1,16,498)	(20,789)	(3,14,252)	63,221	(1,10,401)
Net Profit / (Loss) for the Period After Tax (After Extraordinary items)	(20,643)	(2,22,341)	43,502	(1,03,605)	(21,547)	(2,45,837)	42,901	(98,393)
Share of Net Profit / (Loss) of Associates and Joint Ventures	-	-	-	-	(2,701)	216	269	1,802
Net Profit / (Loss) After Tax (Fully attributable to owners of the Parent)	(20,643)	(2,22,341)	43,502	(1,03,605)	(24,248)	(2,45,621)	43,171	(96,591)
Other Comprehensive Income (After Tax)	(1,754)	(2,005)	3,690	1,898	(1,755)	(1,959)	3,947	1,893
Total Comprehensive Income Fully attributable to owners of the Parent	(22,397)	(2,24,346)	47,192	(1,01,707)	(26,003)	(2,47,580)	47,118	(94,698)
Equity Share Capital (Face Value of ₹ 10/- each)	31,382	31,382	31,366	31,382	31,382	31,382	31,366	31,382
Reserves excluding Revaluation Reserves as at March 31	-	-	-	7,78,824	-	-		7,78,824
Earnings Per Share (before / After extraordinary items) (Face Value of ₹ 10/- each)								
Basic :	(6.58)	(70.86)	13.87	(33.02)	(7.73)	(78.28)	13.76	(30.78)
Diluted :	(6.58)	(70.86)	13.81	(33.02)	(7.73)	(78.28)	13.70	(30.78)

Note:

1. The above unaudited consolidated financial results have been reviewed and recommended by the Audit Committee and subsequently approved by the Board of Directors of the Company at their respective meetings held on 17th October 2019. The auditors have issued a disclaimer of opinion in respect of results for the quarter ended 30th June 2019.

2. The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financial Results are available on the Stock Exchange website (www.bseindia.com and nseindia.com) and on the Company's website www.dhfl.com.

For DEWAN HOUSING FINANCE CORPORATION LIMITED

Dewan Housing Finance Corporation Ltd. Mumbai

KAPIL WADHAWAN
CHAIRMAN & MANAGING DIRECTOR
DIN - 00028528

Place : Mumbai
Date : October 17, 2019