



## Press Release

### Dhani Loans and Services Limited (DLSL)

#### Revised Press Release

**February 27, 2025**

This is with reference to the press release dated November 23, 2023. The revised press release stands as below: The revised press release consists of additional details as mentioned below as per the regulatory guidelines:

- Rating criteria regarding policy on default recognition

Link to the press release dated November 23, 2023, published on Infomerics' website:

<https://www.infomerics.com/admin/uploads/pr-Dhaniloans-23nov23.pdf>

#### **Ratings**

<b>Facilities/Instrument</b>	<b>Amount (INR crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><u>Complexity Indicator</u></b>
Non-Convertible Debentures (NCDs)	272.68 (Decreased from 428.26)	IVR BBB-/ Negative (IVR Triple B Minus with Negative Outlook)	IVR A/RWDI [IVR A Rating watch with developing implications]	Rating removed from watch and downgraded	Simple
Long-Term Fund based Facilities – Term Loans	0.00 (Decreased from 213.12)	--	IVR A/RWDI [IVR A Rating watch with developing implications]	Withdrawn	Simple
<b>Total</b>	<b>272.68</b>	<b>INR Two hundred seventy-two crore and sixty-eight lakhs only</b>			

\* Rating withdrawn as the company has repaid its loan from NABARD fully and No dues certificate is received dated March 17, 2023.



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**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

### **Detailed Rationale**

Infomerics ratings resolves the “Rating watch with developing implications” and simultaneously downgraded the ratings owing to the significant reduction in loan book, deteriorating profitability due to significant impairment losses and lower than expected growth in the new business loan book.

However, the rating continues to derive comfort comfortable capitalisation and adequate liquidity. IVR has also considered the repayment of all outstanding loans in March 2023.

The Negative outlook reflects the prolonged uncertainty over the business growth which has impacted the company’s earnings profile thereby limiting its ability to absorb losses while operating expenses and credit costs have continued to remain high. The continuous deterioration in financial performance is evident through the reducing legacy loan book and YoY losses in FY22 and FY23.

### **Key Rating Sensitivities:**

#### ➤ **Upward Rating Factor:**

Steady growth in AUM leading to sustainable growth in profitability while maintaining current asset quality.

#### ➤ **Downward Rating Factor:**

Inability to scale up loan book and/or any deterioration in asset quality leading to deterioration in liquidity position of the company.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Comfortable capitalization:**

DLSL has strong capitalization primarily supported by steady capital infusion from the promoter group and its key management. The Company’s Tangible Net Worth stood at Rs



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3,068 Crore in FY23 ((refers to period April 1st, 2022, to Mar 31, 2023). Considering the current scale of operations, the company is strongly capitalized with a CAR (%) of 83.15% in FY23 and 85.83% in H1FY24. Also, it has adequately matched asset liability profile as on September 30, 2022. The Company's liquidity remains adequate with cash & bank balances of Rs 74.78 Crore as on March 31, 2023. The company has repaid all the bank borrowings in H1FY23 on account of which the net gearing is zero.

### **Key Rating Weaknesses**

#### **Reducing loan portfolio due to adoption of new business model:**

Dhani Group has evolved its business over the last few years and is now aligned towards the online e-tailing business where there are over 10 lac products available on Dhani store, for customers to choose from which are delivered to their residences once the order is placed. This is a combination of the marketplace and warehouse model. Dhani Loans & Services Limited provides credit to customers who want to purchase goods on Dhani store by use of credit. These loans are with a specific end use and short duration in nature. The loans are in nature of a credit limit based on customer profile and their history on Dhani's native app. The company changed its revenue model from interest income from lending to fee-based subscription income. However, the company was not able to scale up the fee-based business model.

The legacy loan book continues to rundown based on customer collections. The AUM has reduced to Rs 3,151.93 crores as on FY23 from Rs.5,440.98 in FY22 which stood at Rs.3,193.67 crores in Q1FY24.

#### **Deteriorating profitability due to significant amount of impairment losses**

Company's profitability has deteriorated in the last 2 years with company reported net losses of Rs 202.65 Crores for FY23 and net loss of Rs 248.58 Crores in FY22. NIM has also reduced from 5.32% in FY22 to 1.34% in FY23 on the back of reducing interest income. The company has reported profit of Rs 6.26 Crores in H1FY24 on the back of lower impairment costs. Further during FY23, the company has utilized/applied an amount of ₹729.61 crore (net of deferred tax) from the outstanding balance in the securities premium account for creating a provision for impairment losses on financial instruments, instead of debiting the same to the standalone statement of Profit and Loss. The auditor has qualified the FY23 results stating that the



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adjustment was not in strict accordance with the applicable provisions of Indian Accounting Standards and other applicable regulations. Had the company adjusted the same from the P & L account, losses would have been higher at approx. ₹873.31 Crore before tax (PBT).

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Non-Banking Finance companies](#)

[Policy on Default Recognition and Post – Default Curing Period](#)

[Criteria of assigning rating outlook](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Complexity level of rated instruments/Facilities](#)

[Policy on Withdrawal of Ratings](#)

### **Liquidity – Adequate**

As on March 31, 2023, the company is well capitalized with a CAR (%) of 83.15% and has a adequately matched asset liability profile. Also, it has adequate cash & bank balances of Rs 74.78 Crore as on March 31, 2023. Collections were also stable in the 12 months with collection efficiency above 90%.

### **About the Company**

Dhani Loans and Services Limited (DLSL, erstwhile Indiabulls Consumer Finance Limited) is a wholly owned subsidiary of Dhani Services Limited (DSL, erstwhile Indiabulls Ventures Limited). The company was incorporated on October 27, 1994. The company is registered as a non-deposit taking systemically important non-banking finance company (NBFC-ND-SI) and provides loans against properties, personal loans, and unsecured business loans. It is wholly owned subsidiary of DSL. DSL has recently shifted its business model to a marketplace and warehouse model wherein DLSL provides credit to customers who want to purchase goods on Dhani store by use of credit.



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### Financials (Standalone):

INR in Crore

For the year ended/ As on*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Income	844.11	425.43
PAT	-184.28	-143.70
Total Debt	1,906.42	438.57
Tangible Net Worth	3,964.48	3,068.19
Total Loan Assets	3,344.54	1,367.23
<b>Ratios</b>		
ROTA (%)	(2.68)	(2.99)
NIM (%)	5.32	1.34
Interest coverage (times)	(0.10)	(0.87)
Overall Gearing Ratio (x)	0.43	0.14
CAR (%)	63.91%	83.15%
GNPA [Stage III] (%)	14.87%	4.11%
NNPA [Stage III] (%)	9.35%	2.88%

\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:**

Name of Instrument / Facility	Current Rating (Year: 2023-24)			Rating History for the past 3 years			
	Type	Amount (INR Crore)	Rating	Rating assigned in 2022-23 (Dec 9, 2022)	Rating assigned in 2022-23 26 May 2022	Rating assigned in 2021-22 17 Mar 2022	Rating assigned in 2021-22 27 May 2021



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Long Term Fund based facility	NCDs	272.68	IVR BBB-/ Negative	IVR A/ RWDI	IVR A+/ RWDI	IVR AA/ Stable	IVR AA/ Stable
Long Term Fund based facility	Proposed NCDs	0.00	--	Withdrawn	IVR A+/ RWDI	IVR AA/ Stable	IVR AA/ Stable
Long Term Fund based facility	Term Loan	0.00	Withdrawn*	IVR A/ RWDI	IVR A+/ RWDI	IVR AA/ Stable	IVR AA/ Stable
Long Term Fund based facility	Cash Credit	0.00	--	Withdrawn	IVR A+/ RWDI	IVR AA/ Stable	IVR AA/ Stable
Long Term Fund based facility	Proposed long term bank facilities	0.00	--	Withdrawn	IVR A+/ RWDI	IVR AA/ Stable	IVR AA/ Stable
<b>Total</b>		<b>272.68</b>					

*\*Withdrawn as the facility has been repaid in full, NDC received*

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### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.





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Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities/Instrument

Name of Facility / Instrument	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
NCDs	INE614X07076	8-Mar-19	10.50%	8-Mar-24	47.01	IVR BBB-/ Negative
NCDs	INE614X07084	8-Mar-19	11.00%	8-Mar-24	26.07	IVR BBB-/ Negative
NCDs	INE614X07092	8-Mar-19	NA	8-Mar-24	19.38	IVR BBB-/ Negative
NCDs	INE614X07183	27-Jun-19	10.13%	27-Jun-24	15.64	IVR BBB-/ Negative
NCDs	INE614X07191	27-Jun-19	10.61%	27-Jun-24	12.80	IVR BBB-/ Negative
NCDs	INE614X07209	27-Jun-19	NA	27-Jun-24	4.39	IVR BBB-/ Negative
NCDs	INE614X07274	6-Sep-19	10.04%	6-Sep-24	3.79	IVR BBB-/ Negative
NCDs	INE614X07282	6-Sep-19	10.52%	6-Sep-24	11.81	IVR BBB-/ Negative



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<b>NCDs</b>	INE614X07290	6-Sep-19	NA	6-Sep-24	1.04	IVR BBB-/ Negative
<b>NCDs</b>	INE614X07332	2-Feb-22	10.50%	2-Feb-24	3.88	IVR BBB-/ Negative
<b>NCDs</b>	INE614X07340	2-Feb-22	NA	2-Feb-24	4.78	IVR BBB-/ Negative
<b>NCDs</b>	INE614X07357	2-Feb-22	10.03%	2-Feb-24	7.10	IVR BBB-/ Negative
<b>NCDs</b>	INE614X07365	2-Feb-22	11.00%	31-Jan-25	11.40	IVR BBB-/ Negative
<b>NCDs</b>	INE614X07373	2-Feb-22	NA	31-Jan-25	9.17	IVR BBB-/ Negative
<b>NCDs</b>	INE614X07381	2-Feb-22	10.49%	31-Jan-25	25.60	IVR BBB-/ Negative
<b>NCDs</b>	INE614X07407	17-May-22	10.50%	17-May-24	36.71	IVR BBB-/ Negative
<b>NCDs</b>	INE614X07415	17-May-22	NA	17-May-24	1.20	IVR BBB-/ Negative
<b>NCDs</b>	INE614X07423	17-May-22	10.03%	17-May-24	4.26	IVR BBB-/ Negative
<b>NCDs</b>	INE614X07449	17-May-22	11.00%	16-May-25	7.15	IVR BBB-/ Negative
<b>NCDs</b>	INE614X07431	17-May-22	NA	16-May-25	4.03	IVR BBB-/ Negative
<b>NCDs</b>	INE614X07456	17-May-22	10.49%	16-May-25	15.48	IVR BBB-/ Negative
<b>Total</b>					<b>272.68</b>	

### Annexure 2: Facility wise lender details (Hyperlink to be added)

### Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

All the covenants are similar across all the rated NCDs by Infomerics.

<b>Instrument name</b>	SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES
<b>Issuer</b>	Dhani Loans and services limited
<b>Coupon (Fixed)</b>	11.00%, 10.03%, 10.04%, 10.49%, 10.50%, 10.52%
<b>Coupon payment frequency</b>	Annually, Cumulatively, Monthly.
<b>Objects of the issue</b>	For the purpose of onward lending, financing, and for repayment of interest and principal of existing borrowings of the Company; and General corporate purposes.
<b>Security</b>	The secured NCDs proposed to be issued will be secured by a first ranking pari passu charge on present and future





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	receivables and current assets of the Issuer for the principal amount and accrued interest. The secured NCDs will have a security cover of minimum 1.25 times on the principal amount and interest thereon.
<b>Covenants</b>	NIL

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable.**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

