

TIMELINE-India's Dewan Housing Finance Corp's recent woes

March 7, 2019

March 7 (Reuters) - Indian home loan provider Dewan Housing Finance Corp Ltd (DHFL) has been beset by problems for over five months now amid wider sectoral worries, which were further exacerbated by a media report alleging financial mismanagement.

A string of defaults at Infrastructure Leasing and Financial Services Ltd triggered widespread selling in non-banking finance sector in September.

DHFL shares were further hammered after investigative media outlet Cobrapost alleged mismanagement within the company's board and said it diverted funds to shell companies to buy assets.

Over three-fourths of the company's market-value has been wiped off since Sept. 19 and DHFL is now valued at 46.68 billion rupees (\$662.69 million). In 2019 alone, the stock has lost 46.31 percent as of close on March 6.

Here's how the saga unfolded this year :

Jan 29: Investigative media outlet Cobrapost alleges financial misappropriation by DHFL's controlling shareholders, saying publicly available data showed funds, including a large amount the firm secured from Indian state banks, were diverted to shell companies in India and abroad to buy assets.

Jan 30: DHFL says allegations by Cobrapost are 'unfounded and malicious', denies diverting funds via shell companies

India's Ministry of Corporate Affairs will look into allegations of financial mismanagement against DHFL, sources tell Reuters

Jan 31: Government sources confirm that investigations into allegations against DHFL have begun

DHFL says it has not received any communication from the government in relation to an investigation

Feb 4: Co says it will consider selling assets and some of its businesses to improve liquidity

Rating agencies CRISIL Ltd, CARE Ratings and **Brickwork Ratings** cut ratings on certain non-convertible debentures (NCDs) and debt instruments of DHFL

The company says it had not delayed any payments to creditors and that it would approach CARE Ratings for a review

Feb 11: DHFL gets notice from income tax department seeking information about certain accounts

Feb 13: Chief Executive Officer Harshil Mehta resigns

Feb 18: Co says no decision had been made about a stake sale yet

Feb 27: ICRA cuts rating on the housing finance company's commercial papers

Feb 28: CRISIL downgrades co's commercial paper program and short-term deposit

March 6: An auditor dismisses media allegation that DHFL created shell companies to divert funds, but says co's monitoring of loans was inadequate

Care Ratings revises here.-03-06-2019.pdf DHFL's long-term ratings, placing most of them on credit watch with developing implications

March 7: DHFL expresses concerns over the re-ratings, saying it is an "irrational" decision (\$1 = 70.0325 Indian rupees)