

Press Release

DHFL Q2 FY17 Net Profit up by 28.96% at INR 232.61 crore

Highlights for Q2 FY17 ended September 30, 2016

- Net profit increased by 28.96 % to Rs 232.61 crore for the quarter ended September 30, 2016
- Profit before tax rose by 27% to Rs 352.22 crore for the quarter ended September 30, 2016
- Total income rose by 19.66% to Rs 2,167.72 crore for the quarter ended September 30, 2016
- Assets Under Management grew 19.71% to Rs 75,223 crore for the quarter ended September 30, 2016
- Gross NPA stood at 0.96% amounting to Rs 630 crore
- Net Interest Margin stood at 3.05% in Q2 FY17 as compared to 2.89% in Q2 FY16

Mumbai, October 17, 2016: DHFL, one of India's leading housing finance company in the private sector, today announced its results for the second quarter ended September 30, 2016. The company registered a net profit growth of 28.96% to Rs 232.61 crore for the quarter ended September 30, 2016.

Assets under Management (AUM) grew by 19.71% quarter-on-quarter, reaching Rs 75,223 crore from Rs 62,837 crore as on September 30, 2015.

Financial results

Performance Details for the quarter ended September 30, 2016 as compared to the corresponding quarter of the previous year:

- Net profit increased by 28.96% to 232.61 crore for the quarter ended September 30, 2016 as against Rs 180.36 crore in the corresponding quarter of the previous year
- Profit before tax rose by 27% to Rs 352.22 crore for the quarter ended September 30, 2016 as against Rs 277.33 crore in the corresponding quarter of the previous year
- Assets under Management grew 19.71% to Rs. 75,223 crore during the quarter ended September 30, 2016 as against Rs 62,837 crore in the corresponding quarter of the previous year
- Loan sanctions and disbursements were Rs 8,437 crore and Rs 6,609 crore, respectively for the quarter ended September 30, 2016, showing an increase of 10% and 32% respectively, over the corresponding period of the previous year
- Total Income was up by 19.66% to Rs. 2,167.72 crore during the quarter ended September 30, 2016 as against Rs 1811.63 crore in the corresponding quarter of the previous year
- Gross NPA stood at 0.96% amounting to Rs 630 crore during the quarter ended September 30, 2016.
- Net Interest Margin stood at 3.05% up from 2.89% in corresponding quarter of the previous year
- Cost Income Ratio continues to show a declining trend going down to 23.14% from 25.29% in Q2 FY 16
- ROA of 1.64% and ROE of 19.34%

Chairman's comment

Commenting on the company's financial performance, Mr Kapil Wadhawan, CMD, DHFL said, "DHFL has once again delivered a steady performance. The consistency of our performance is a result of managing our business dynamically, and executing our strategy with greater rigor and discipline. The Company has further recorded a robust growth in AUM due to the right product mix and attractive interest rates starting at 9.35% that would further enable every Indian to own a home of their own."

He further added, "This quarter performance has once again demonstrated that the company is on a sustained growth path. We are positive that the decision of RBI to cut rates coupled with a strong demand for affordable housing will enable us to deploy more capital thereby boosting growth in the coming quarters."

The robust performance in quarter 2 comes as a result of several initiatives that has been embarked upon by the company in recent past.

Setting new trend in Retail Debt Market

- Created history in the Indian Capital markets by raising a record Rs 14,000 crore within one month from two public NCD issuances
- The first ever public issue of secured nonconvertible debentures was of Rs 4,000 crores wherein Rs 1,000 crore was the base issue size with a green shoe option of Rs 3,000 crores. The issue was oversubscribed 19 times on the base issue value which set a benchmark in the capital markets.
- The follow on public issue of secured nonconvertible debentures was of Rs 10,000 crore wherein the base issue size was Rs 2,000 crore along with a green shoe option of Rs 8,000 crore. The issue was oversubscribed 6.32 times on the base issue
- The NCD issue has not only established a strong yield curve for DHFL instruments in the market but will also reduce our total cost of borrowings that has come down from 9.90% in 30 September 2015 To 9.33% as of 30 September 2016
- The issuance has helped the company to diversify its borrowing profile and reduce dependency on wholesale borrowings particularly from banks. The share of bank borrowings in the total borrowings came down to 44% from 58% in Q2 FY15

Increase in promoter shareholding & Net Worth

- The promoters have infused Rs.375 cr towards 2.12 cr warrants in Q2 FY 17; Rs.125 cr was infused in march 2016
- Infusion has been done one year ahead of deadline date of 10th September 2017
- This reinforces the promoter's long term commitment towards the company
- Promoter shareholding increased from 34.89% to 39.31%
- The company also raised Innovative Perpetual Debt of Rs.475 Cr during the quarter, aggregating to Rs.660.70 Cr to strengthen its capital structure

Enhancing Cost to Income efficiency

- The company has embarked upon a journey to rationalize its cost structures to improve its cost income ratio.
- The cost rationalization initiatives are being run across company on improving efficiencies and productivity of manpower through better use of technology
- As a result of the efforts on bringing cost efficiencies coupled with improved Net Interest Margins supported by reduction in cost of funds has helped the company to bring its cost income ratio down to 23.14% during quarter ended September 30, 2016 from 25.82% in corresponding quarter in previous year

Future of Housing Finance

- The sector has witnessed significant growth in the past one decade on the back of the steady growth in the economy, growing acceptability of home finance as an option for home purchase among consumers and rise in penetration of housing finance companies in various micro markets
- Securitization of home loan portfolio together with appropriate ratings and guarantee structures are imperative to support the growing resource needs of the financial system. Also, as a regulator of Housing Finance industry, the role of NHB is going to be extremely crucial in the evolution of the Housing Finance sector
- NHB may have to shift their focus from being merely refiner, to that of a market-maker. As the debt market in India deepens, we foresee a very vibrant secondary mortgage market, which along with securitization; will be critical in taking care of the burgeoning demand for housing finance
- As we foresee “Specialization” as key driver in financial services with RBI paving the way for entry of specialized banking, the day when Mortgage Banks get recognized as one of the critical contributors to the overall finance ecosystem is not far
- In summing up, how well we structure the building blocks by assimilating these transformations in the socio economic fabric of the Nation will be crucial to ensure a self sustaining mortgage finance sector in our financial system and in turn play a pivotal role in economic growth

Awards & Recognition

- DHFL Wins 'Gold' at the Asia Pacific Customer Engagement Forum & Awards for the Most Admired Customer Engaged Brand
- DHFL Wins 'Gold' at the Asia Pacific Customer Engagement Forum & Awards for Excellence in CSR
- DHFL and Mr. Kapil Wadhawan honored with the India's Greatest Brands and Leaders Award 2015-2016 organised by AsiaOne and URS Media Consulting Private Limited
- DHFL awarded the Best Housing Finance Company in the Financial Services Sector by CMO Asia and Stars Group
- DHFL's "Bahana Campaign" has been awarded the Marketing Campaign of the year in the BFSI Sector presented and endorsed by CMO Asia

The lending product portfolio

- DHFL offers a range of home loan products including home loan, home extension loan, home improvement loan, plot loans, mortgage loan and project loans to all customer segments across India, retaining its concerted focus on the low and middle income segment.
- The company also offers loan solutions to Small and Medium enterprises through financing plant and machinery and medical equipment besides Non-residential property loans for meeting their business needs.
- The Company's average loan ticket size at the portfolio level stands at Rs 13.41 lakhs. It also offers project loans essentially for development of low and middle income housing projects.
- This is besides the value-added and customized insurance solutions, along with its home loan products.

The Fixed Deposit focus

- The company offers an array of Fixed Deposit Products for public including individuals and trust investors that ensures high yield, safety and liquidity.
- DHFL Fixed Deposit Products for individual investors come with free accidental insurance cover of Rs. 1 Lakh.
- Company Fixed Deposit Products are rated CARE AAA and BWR (FAAA) ensuring high safety.
- Company launched its Corporate deposit products during the quarter that would provide access to the surplus funds available with Corporates.

About DHFL

DHFL was founded in 1984 by Late Shri Rajesh Kumar Wadhawan with a vision to provide financial access for Indians to own a home of their own. Today, led by Mr. Kapil Wadhawan, CMD, DHFL, the company is CARE AAA rated and reckoned as one of India's leading financial institutions with a large presence across the country, in addition to representative offices in Dubai and London.

Throughout its years of growth, DHFL has stayed true to its core vision of financial inclusion, especially to the low and middle income customers across India. The company's wide network, coupled with insights into local customer needs, has enabled the company to provide meaningful financial access to customers even in India's smallest towns. With a strong business foundation, an extensive distribution network, proven industry expertise and a deep understanding of the Indian customer, DHFL is a respected and trusted financial services company in India with a concerted focus towards enabling home ownership to the low and middle income customer. For further information, please [visit www.dhfl.com](http://www.dhfl.com).
