

Press Release

DHFL Q3 FY17 Net Profit up by 31.67% at INR 244.77 crore

Highlights for Q3 FY17 ended December 31, 2016

- Net profit increased by 31.67% to Rs 244.77 crore for the quarter ended December 31, 2016
- Profit before tax rose by 32.54% to Rs 371.71 crore for the quarter ended December 31, 2016
- Total income rose by 25.52% to Rs 2,366.53 crore for the quarter ended December 31, 2016
- Assets Under Management grew 18.70% to Rs 78,295.81 crore for the quarter ended December 31, 2016
- Gross NPA stood at 0.95% amounting to Rs 656.91 crore
- Net Interest Margin stood at 3.07% in Q3 FY17 as compared to 2.87% in Q3 FY16

Mumbai, January 16, 2017: DHFL, one of India's leading housing finance companies in the private sector, today announced its results for the third quarter ended December 31, 2016. The company registered a net profit growth of 31.67% to Rs 244.77 crore for the quarter ended December 31, 2016. Assets under Management (AUM) grew by 18.70% quarter-on-quarter, reaching Rs 78,295.81 crore from Rs 65,962.21 crore as on December 31, 2015.

Financial results

Performance Details for the quarter ended December 31, 2016 as compared to the corresponding quarter of the previous year:

- Net profit increased by 31.67% to 244.77 crore for the quarter ended December 31, 2016 as against Rs 185.91 crore in the corresponding quarter of the previous year
- Profit before tax rose by 32.54% to Rs 371.71 crore for the quarter ended December 31, 2016 as against Rs 280.46 crore in the corresponding quarter of the previous year
- Assets under Management grew 18.70% to Rs 78,295.81 crore during the quarter ended December 31, 2016 as against Rs 65,962.21 crore in the corresponding quarter of the previous year
- Loan sanctions and disbursements were Rs 9459.41 crore and Rs 7059.43 crore, respectively for the quarter ended December 31, 2016, showing an increase of 1.63% and 9.82% respectively, over the corresponding period of the previous year
- Total Income was up by 25.52% to Rs 2,366,53 crore during the quarter ended December 31, 2016 as against Rs 1,885.33 crore in the corresponding quarter of the previous year
- Gross NPA stood at 0.95% amounting to Rs 656.91 crore during the quarter ended December 31, 2016.
- Net Interest Margin stood at 3.07% up from 2.87% in corresponding quarter of the previous year
- Cost Income Ratio goes down to 23.77% from 26.36% in Q3 of corresponding quarter last year
- ROA of 1.59% and ROE of 18.31%

Chairman comment

Commenting on the company's financial performance, Mr. Kapil Wadhawan, CMD, DHFL said, "We witnessed a quarter that can be termed very eventful starting with a major step in the form of demonetization and followed by a steep rate reduction flagged by the India Banking system. In this backdrop, our registering a steady growth in our AUM this quarter and retaining a strong asset quality is reflective of the strength of our growth strategy, our business model and our commitment to DHFL's vision, while also deepening our ability to expand our customer base. DHFL focus on LMI segment has continuously enabled us to maintain our market leadership position in the LMI segment for more than 3 decades progressing steadily towards our vision of enabling home ownership to customers in this category. We are well positioned to offer the benefits under new housing schemes for Urban and Rural poor announced by the Government recently and extend the benefits of subsidized interest cost available to the borrowers from affordable housing segment."

He further added, "In a fast changing world, we continue to respond to the external environment with agility and have taken several growth oriented steps to benefit our customers and strengthen our businesses in this, we are taking focused steps to bring digitization in the housing finance segment and to come-up with innovative solutions tailored to customer requirements. We are also rapidly consolidating our distribution focus on Tier 2 and Tier 3 cities, aggressively expanding our reach in unbanked areas, building a healthy portfolio and enhancing our internal efficiencies. Supported by the Government's recent initiatives to create an enabling economic environment and boost demand for affordable housing through rate reliefs, I believe DHFL is very well poised to capitalize on the tremendous potential of the affordable housing finance sector."

DHFL in keeping with its commitment to transmit the gains of interest rate movement to end customers was one of the early movers to reduce its home loan rates by 50 basis points from 9.10% to 8.60%, effective January 04, 2017. The company has also launched two TV commercials titled "Kamal Karte Ho Yaar" and "Rent vs. EMI" recently. Featuring brand ambassador Shah Rukh Khan, this ad campaign is an extension of the earlier 'Ghar Jaisa Loan' campaign that connects with the common man seamlessly to reaffirm that now is the right time to buy a home, while also strengthening their trust and confidence in DHFL.

DHFL's robust performance in Q3 is driven by several initiatives undertaken over the last few months:

Setting a stronger and broader liability structure

- Set a new benchmark in the Debt market segment last quarter by raising a record Rs. 14,000 crore within one month from two public NCD issuances
- NCD issue has not only established a strong yield curve for DHFL instruments in the market but has also helped us to reposition our borrowing portfolio into a more balanced mix of debt instruments (42%), bank borrowings (42%), FDs (9%) and others (7%) and a better maturity profile in the process.
- Our overall cost has come down from 9.61% in Dec 2015 to 9.33% as of 30 September 2016 and further down to 9.10% in Dec16

Promoter shareholding & Net Worth

- DHFL's promoters strengthened their holding this year by infusing through conversation of warrants into equity of Rs 375 crore in Q2 FY 17; preceded by Rs 125 crore in March 2016
- Promoter shareholding is currently at 39.31%
- The company also raised Innovative Perpetual Debt of Rs 475 crore during this year, aggregating to Rs 660.70 crore of perpetual debt to strengthen its capital structure
- Net worth of the Company stood at Rs 5907.88 crore as at the end of Dec 2016

Enhancing Cost to Income Efficiency

- The company has taken steps to rationalize its cost structures through enhance operational efficiency and augment productivity through better use of technology
- These coupled with improved NIM arising from reduction in cost of funds has enabled the company to steadily improve the cost to income ratio
- The cost to income ratio stood at 23.77% for the quarter ended December 2016

Future of Housing Finance - Outlook

- The sector has witnessed significant growth in the past one decade on the back of the steady economic growth, growing acceptability of home finance and stronger market penetration of housing finance companies in various micro markets
- The current low mortgage penetration offers a huge opportunity for the sector to grow, supported by India's sustainable development cycle and the socio-economic transformation through long-term programs like Smart Cities, Make in India, has already been set in motion.
- The recent announcement by the Prime Minister to boost mass housing in peripheral areas with attractive interest subventions and increase in the number of homes in rural areas, are tremendously welcome moves particularly for the segment at the bottom of the pyramid, where growth and potential exists.
- The Government's announcement is a timely acknowledgment of the inherent industry potential as well as strong steps to achieve its Housing For All objective. This, together with the Credit Guarantee for SMEs will enable small business owners and the middle class salaried customer to make better progress in their businesses, take a step towards higher aspirations and seek to move into their own houses.
- The technology transition associated is also expected to boost the ability of housing finance institutions to lend credit through shorter and friendly processes to assess eligibility and faster underwriting. With several benefits associated, advantages of digital documents, fewer intermediaries, cost of finance is expected to come down, which can be passed onto the customer.
- 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 – adapting a market-maker approach.

- 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.
- We foresee 'Specialization' as key driver in financial services with RBI paving the way for entry of specialized banking. We also anticipate Mortgage Banks to be recognized as one of the critical contributors to the overall finance ecosystem.
- In conclusion, how well we structure these building blocks, adopting a transformative approach within the socio economic fabric of India, will be crucial to ensure a self sustaining mortgage finance sector in the India financial system and 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).
