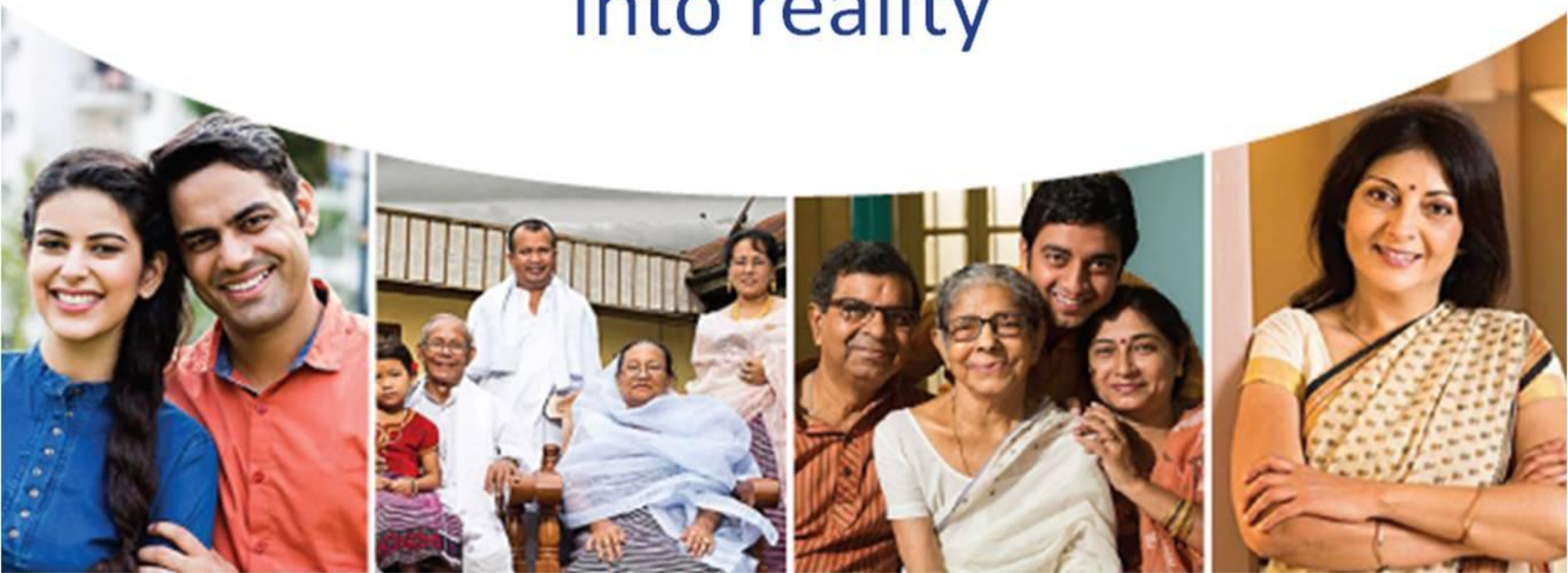




Turning dreams into reality



DHFL

Earnings Update – Q1 FY17

“

I want
every Indian
to own a home
of his own

Late Shri Rajesh Kumar
Wadhawan,
Founder Chairman
(1949-2000)

”

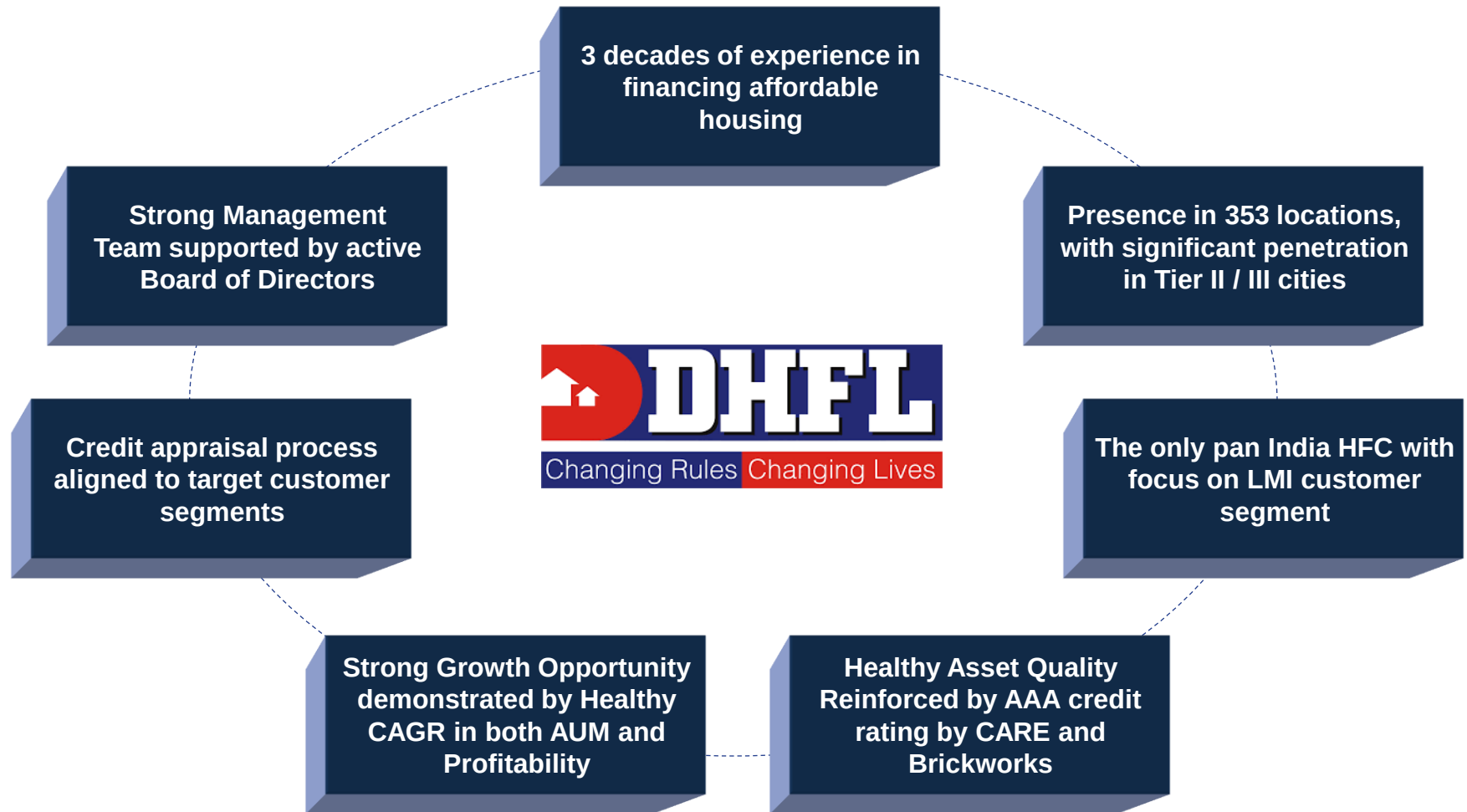


***Our vision is to transform the lives of Indian households
by enabling access to home ownership.***

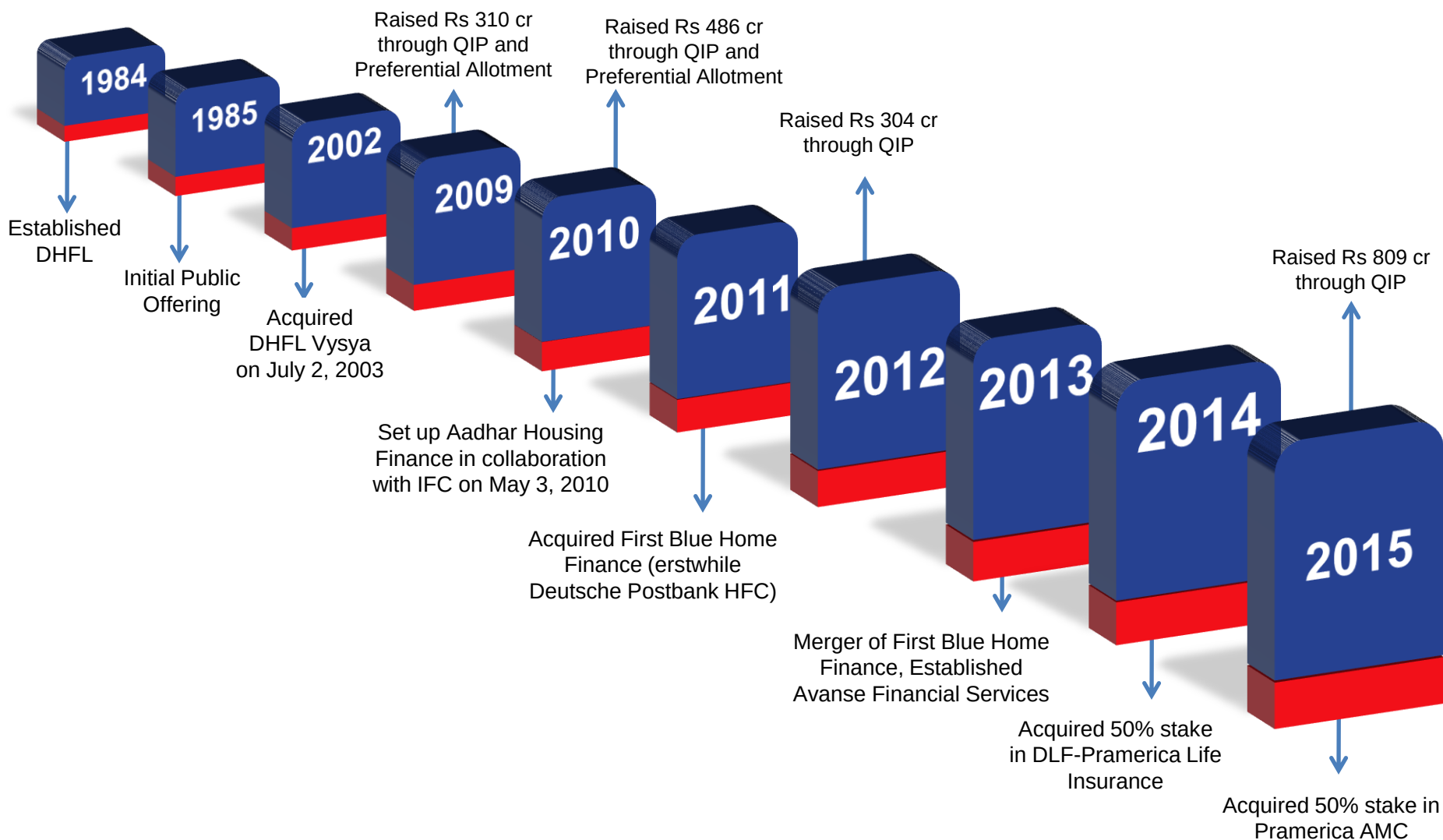
Section 1

About the Company

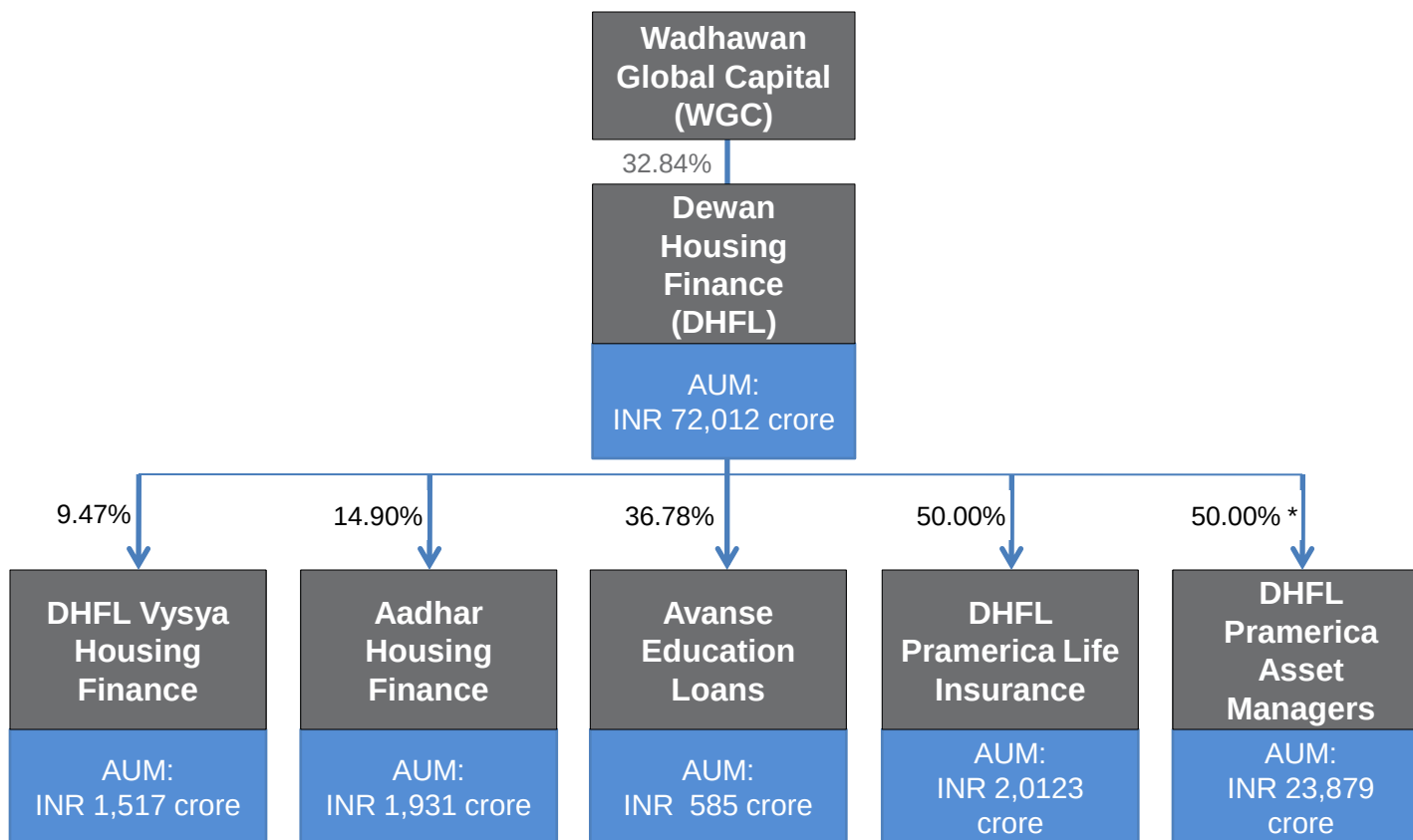
Overview



Key Milestones in the Group Journey



DHFL Financial Services Group



- 📌 **LMI Focused** Financial Services Group
- 📌 Group companies with **potential for significant value unlocking**
- 📌 Partners with Marquee organisations like **IFC, Prudential Financial Inc. (Pramerica)**, etc.

AUM and shareholding as on 30 June 2016

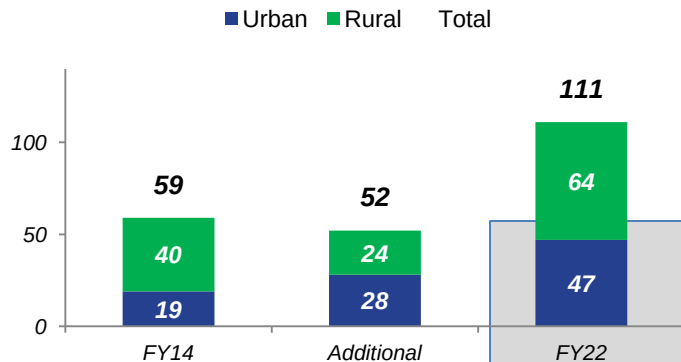
* Combining direct and indirect shareholding

Section 2

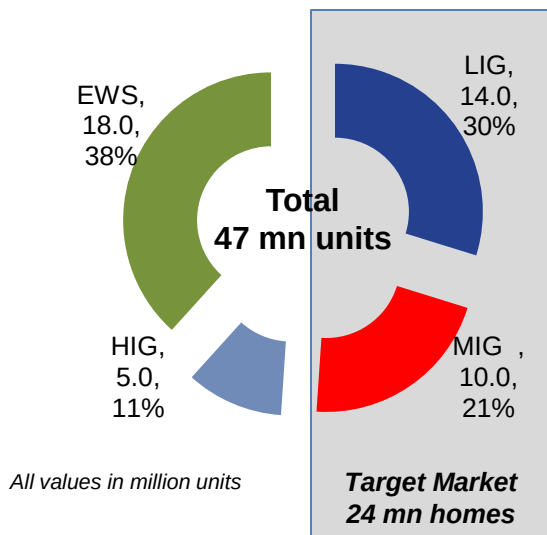
Business Strategy

Opportunity in the Affordable Housing Space

Housing units shortfall in India

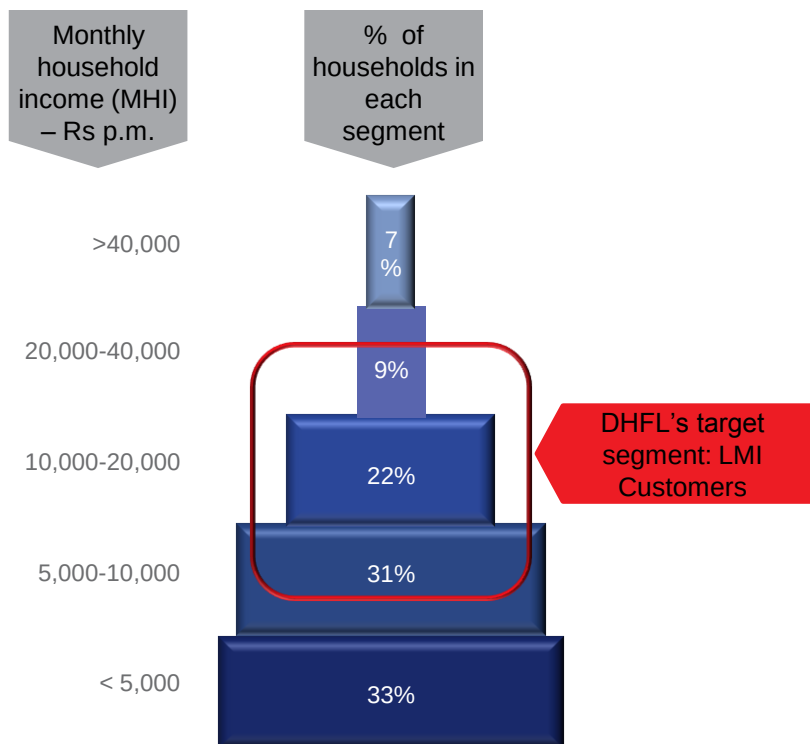


All values in million units



All values in million units

Customer segments in housing space



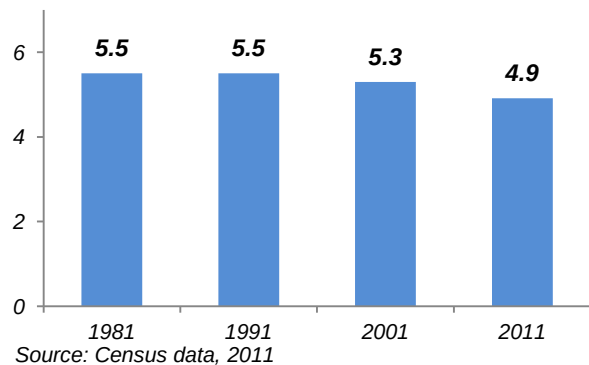
🏠 Current investment in housing: **INR 7 lakh crore p.a.**

🏠 Investment of INR 120 lakh crore required to address housing shortage (~INR 15 lakh crore p.a.)

Sources: Report of the technical urban group (TG-12) on urban housing shortage (2012-17), Ministry of housing and urban poverty alleviation (Sep 2012) Funding the vision — Housing for all by 2022, KPMG Housing Report, Monitor Deloitte Report
Income classification: EWS (<Rs 1 lakh pa), LIG (Rs 1-2 lakhs pa)

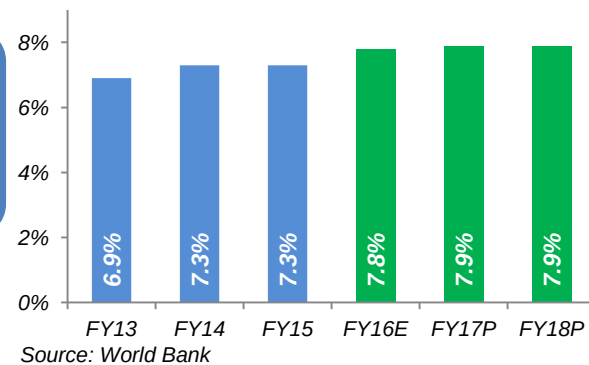
Housing Demand Growth Drivers

Average Household Size



Increase in affordability driven by sustained GDP growth rate and stable property prices

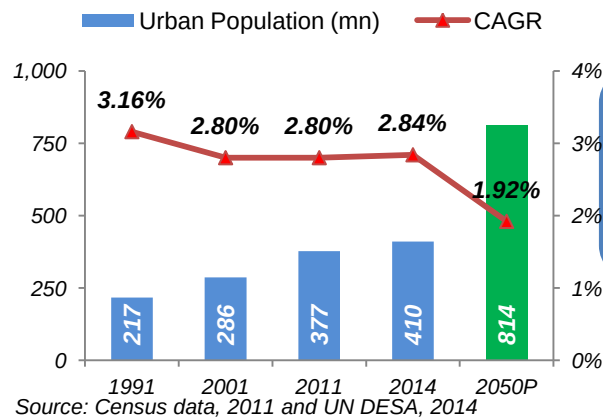
GDP Growth Rate (real)



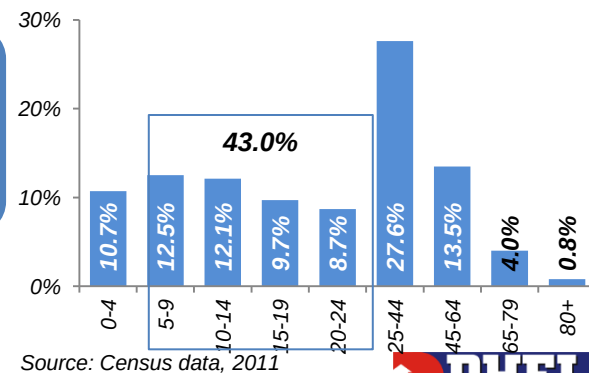
Decrease in household size and emergence of nuclear families

Increase in workforce to be driven by expected bulge in working age population

Increasing urbanization led by rural-urban migration and reclassification of rural towns

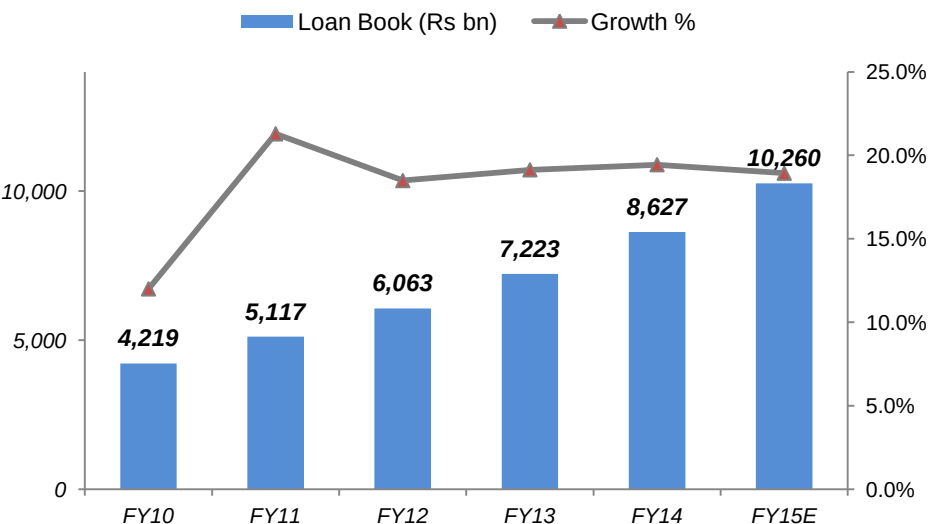


Age wise demographics

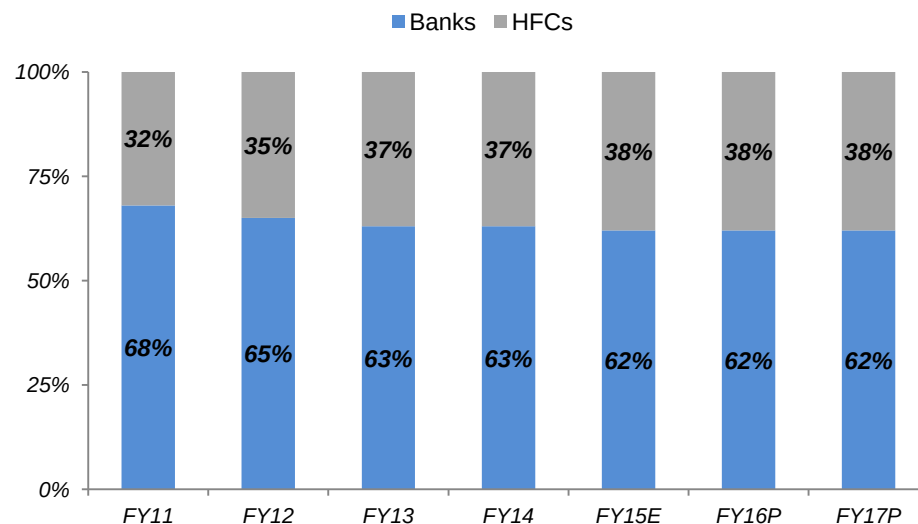


Increasing Presence of HFCs

Growth of housing loans (Banks + HFCs)



Increasing share of HFCs

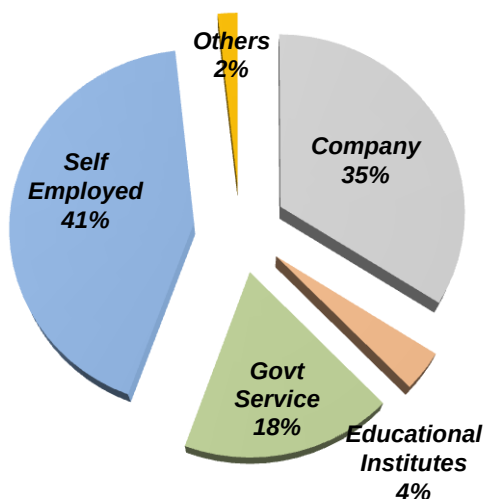


Key Trends in Housing Finance

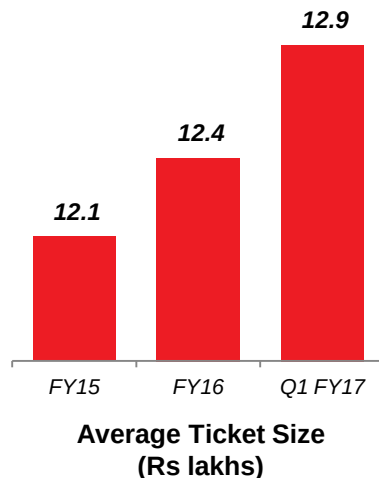
- 📌 HFCs have established strong presence in Tier II / III cities
 - 📌 More focussed on self employed customer segments
 - 📌 Credit appraisal process aligned to customer requirements
 - 📌 Superior customer servicing and effective recovery mechanisms
- 📌 HFCs expected to continue to witness rapid growth
 - 📌 Driven by demand for underlying assets, increasing financial penetration and steady property prices

DHFL – Market Leader in LMI segment

Focus on LMI segments



Customer Types



Average Ticket Size (Rs lakhs)

With customized product offerings

Housing loans

- 🏠 Purchase of New House Property
- 🏠 Purchase of Resale House Property
- 🏠 Self Construction
- 🏠 Extension & Improvement

Non-housing loans

- 🏠 Loan Against Property
- 🏠 Lease Rental Financing
- 🏠 Purchase of Commercial Premises
- 🏠 SME Loans

DHFL – Key Differentiators

- 🏠 More than 3 decades of expertise in underwriting credit for LMI and self employed customers
- 🏠 Tier II / III city focussed distribution network with a dual distribution strategy (in house + outsourced DSA)
- 🏠 Carved niche in the MIG and LIG customer segment
- 🏠 Maintained a healthy portfolio with low delinquency rates by following robust credit appraisal process

Customer Profile



Profession: Teacher
Monthly HH income:~ INR25,000 pm
Family size: ~5 (Parents & 2 Siblings)
Stayed in a 1 room-kitchen



Profession: Farming and other allied
Monthly HH income:~ INR15,000 pm
Family size: ~4 (Husband & 2 Children)
Stayed in a rented 1 room-kitchen



Profession: Owner, super market
Monthly HH income:~ INR30,000 pm
Family size: ~5 (Wife & 3 Children)
Stayed in a rented 1 BHK

Every Indian should have a home of his own

Business Enablers: Pan India network with high Tier II / III city penetration

- 📍 Distribution footprint is primarily spread across Tier II / III cities and outside the municipal limits of the Metros
- 📍 Focus on increasing pan India presence and setting up branches in the untapped LMI markets
- 📍 Spread across 353 locations in India¹

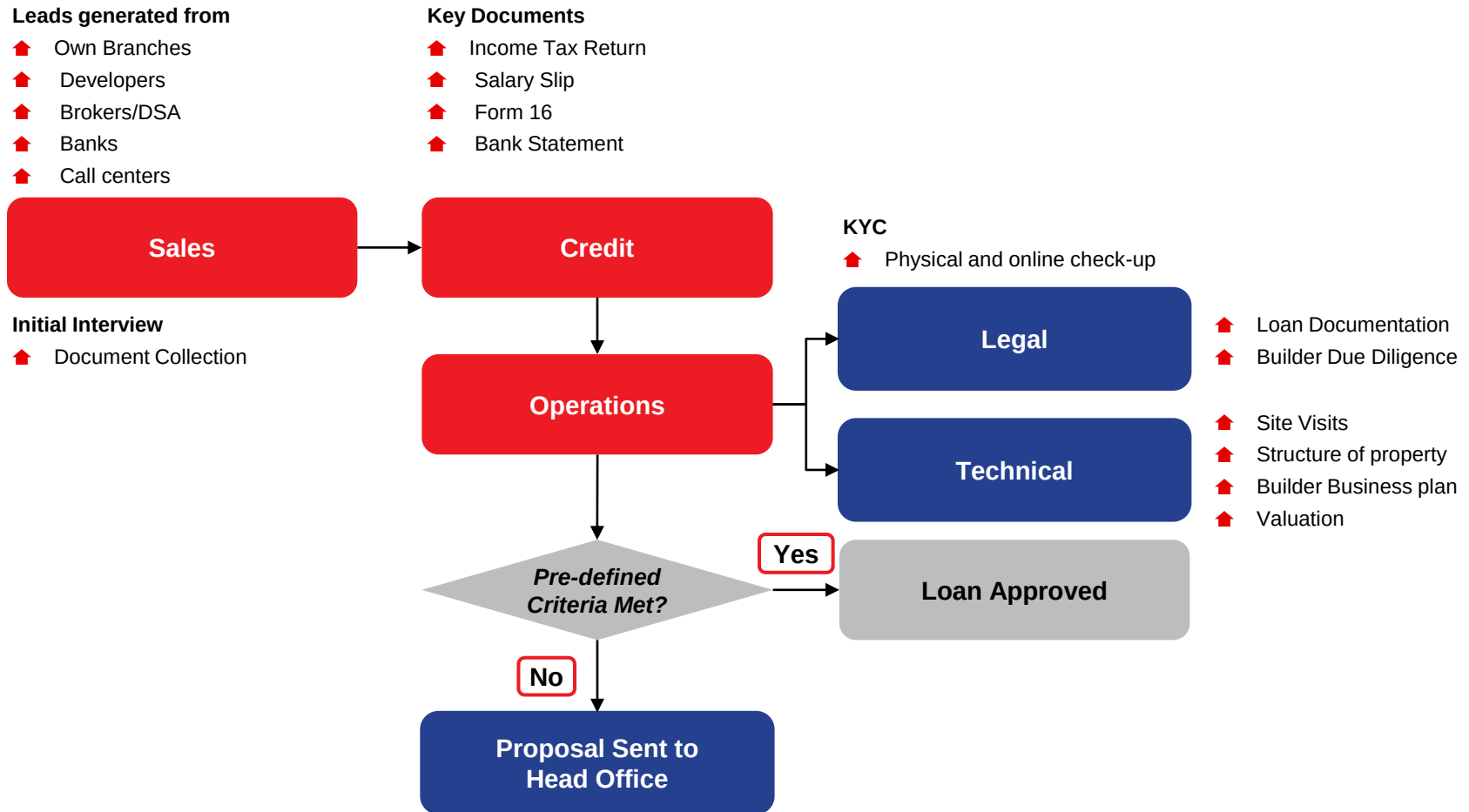


Note: Map not as per scale. The branch locations shown are for representative purposes only and doesn't reflect all branches of the company

As on 30 June, 2016

¹ Include two representative offices in London and Dubai

Business Enablers: Robust credit appraisal process



- Centralised processing centers for greater efficiency and risk management
- In-house legal and technical team appraise applications and In-house civil engineers team conduct technical evaluation
- Bulk of collections done through ECS and PDCs

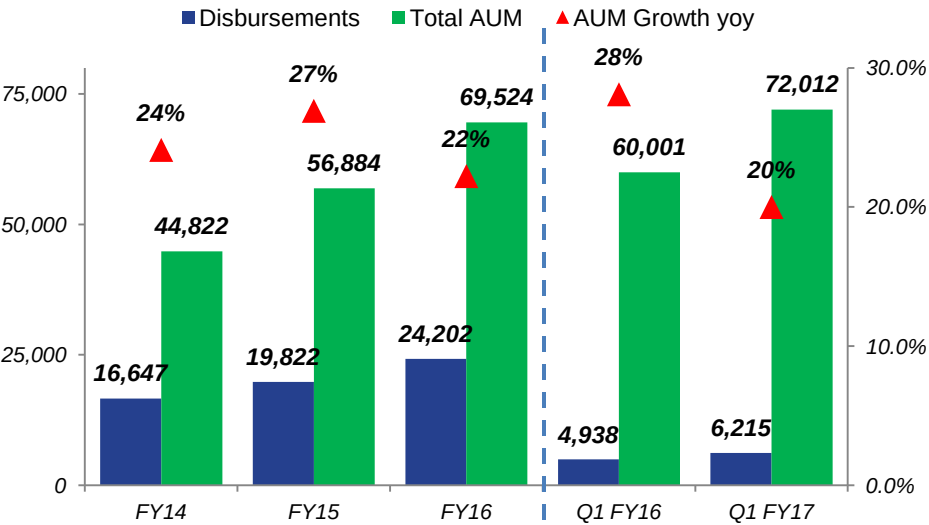
Section 3

Business and Financial Performance – Q1 FY17

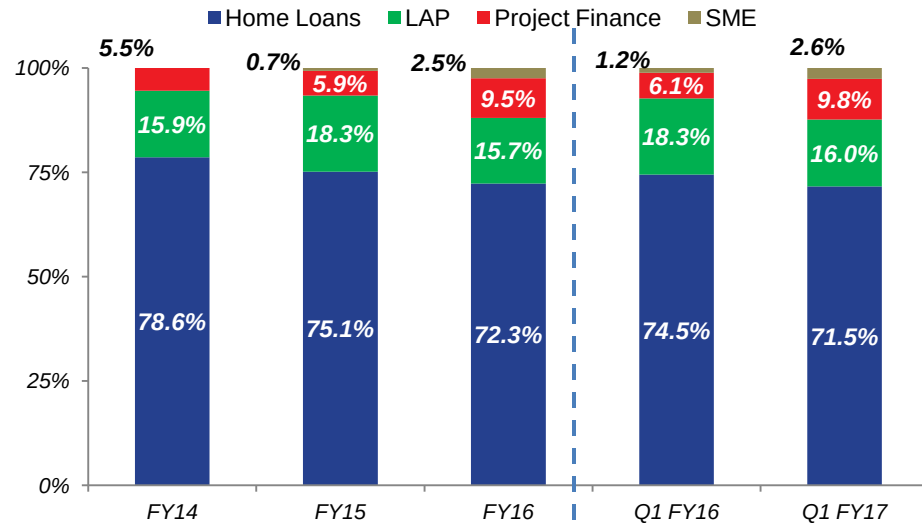
Strong Asset Growth with Diversified Product Mix

Strong AUM growth

With a diversified product portfolio



All values in Rs crore

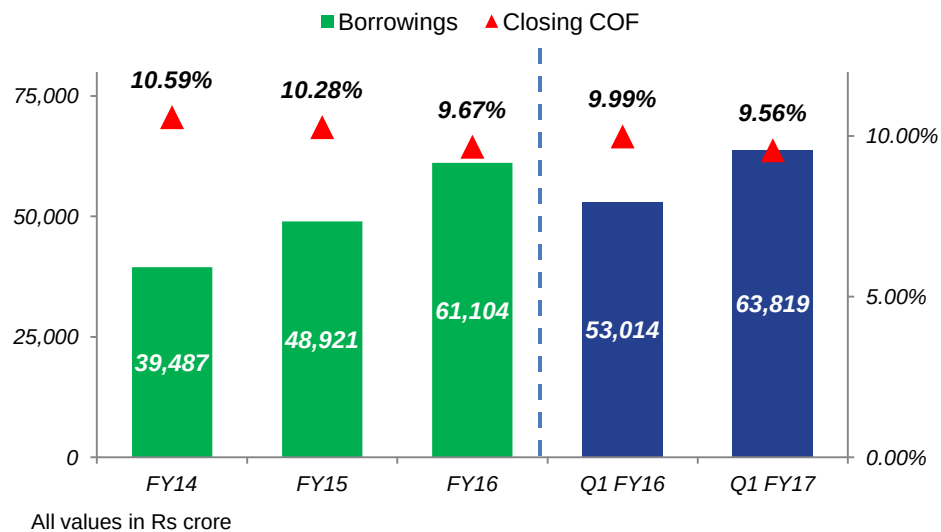


KEY HIGHLIGHTS

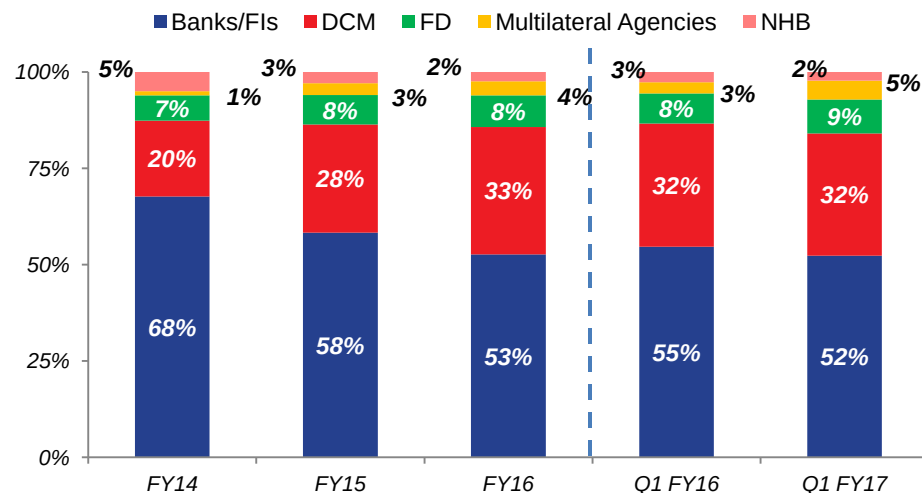
- Loan Sanctions of Rs 8,801 crore in Q1 FY17
- Disbursements and Total AUM increased at CAGR of 22% and 24% respectively in period FY13-16
- Housing Loans comprise 4/5th of Total Loan Portfolio

Decreasing Cost of Funding

Steady reduction in COF



Driven by diversification in liability profile



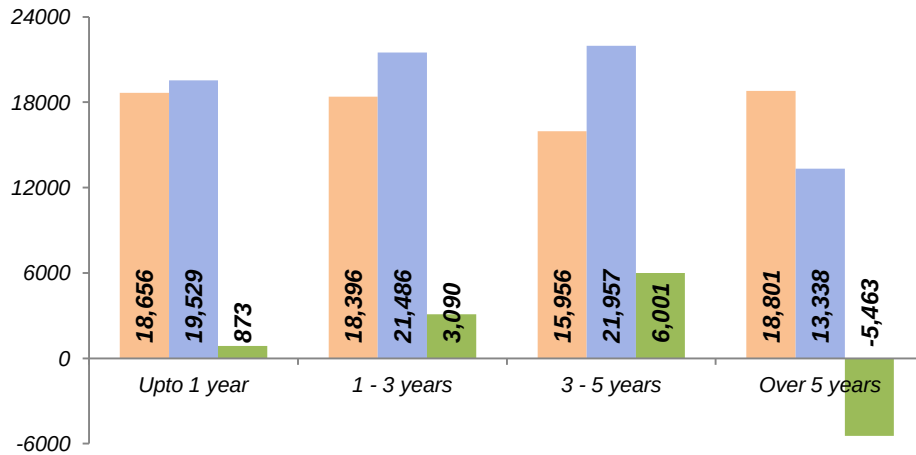
KEY HIGHLIGHTS

- Consortium of 37 banks with adequate limits to drive loan book growth without liquidity challenges
- Reduced cost of borrowings by diversifying liability profile
- Highest rating of AAA by CARE and Brickworks for Secured, Long Term Debt and A1+ rating by CRISIL for Short Term Debt
- Increased focus on raising Public Deposits to raise sticky long term money from retail investors

Superior Risk Management via Asset Liability Matching

No Asset Liability Mismatch

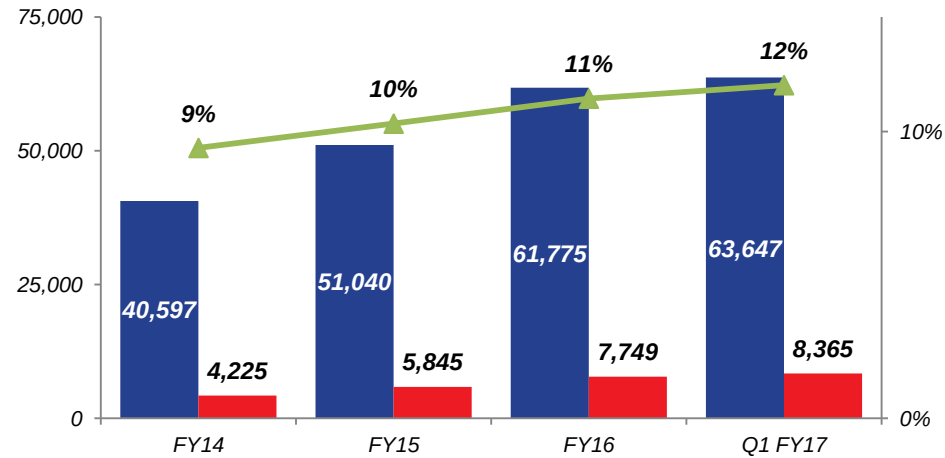
Liabilities Assets Mismatch



All values in Rs crore as on 30 June 2016

Stable Share of Off B-S Loan Book

On B/S Off B/S Share of Off B/S



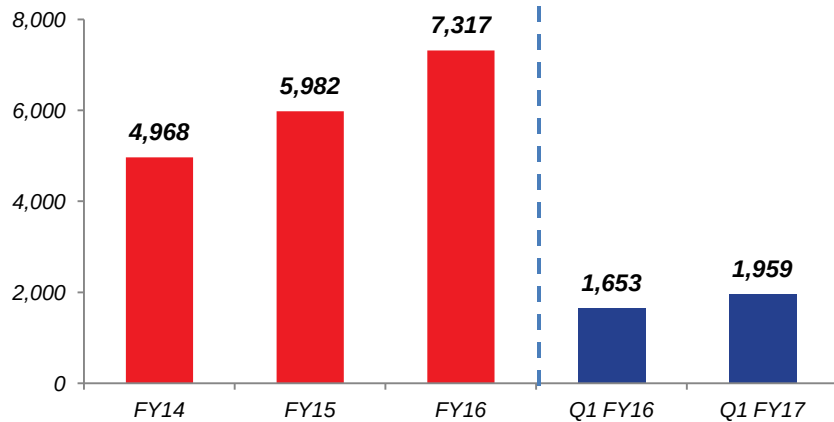
All values in Rs crore

KEY HIGHLIGHTS

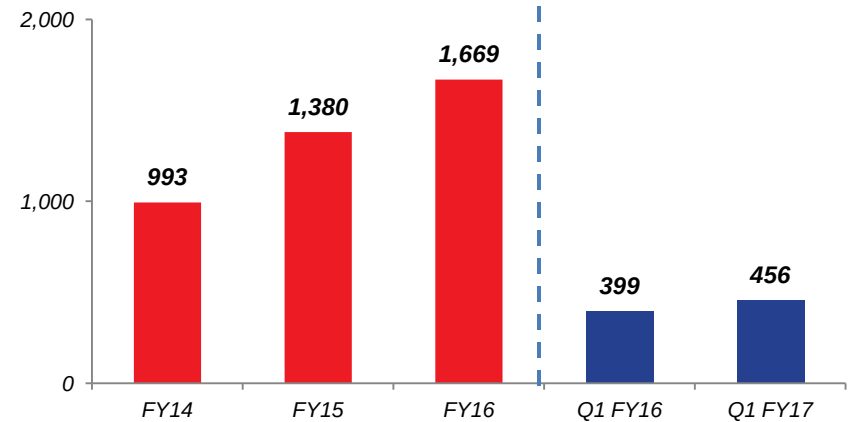
- No Asset Liability Mismatch in short and medium term buckets
- Securitised Rs 1,152 crore in Q1 FY17 and maintained share of Off B/S Loan Assets at 12% of Total AUM
- Priority sector guidelines for affordable housing support DHFL strategy of increasing securitisation

Financial Statements (Summary)

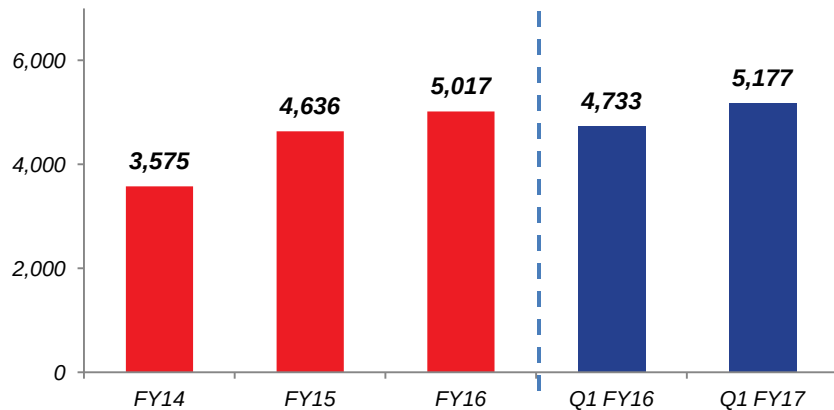
Total Income



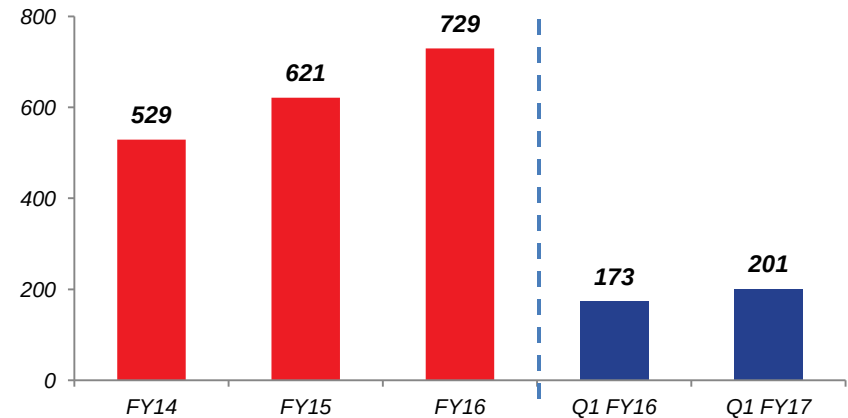
Net Interest Income (NII)



Net Worth



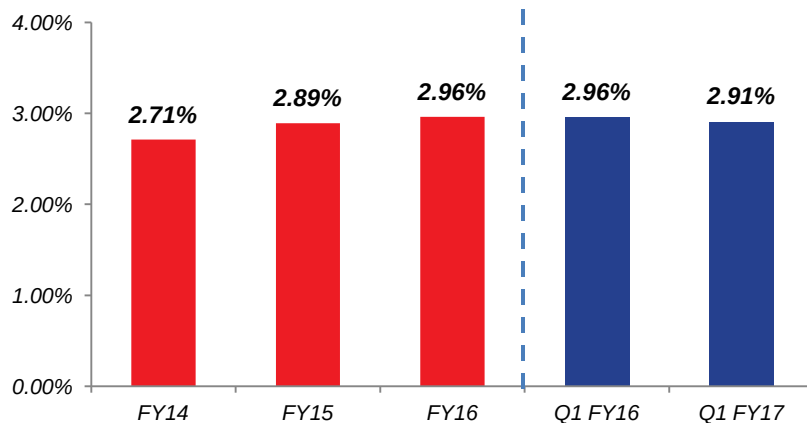
Profit After Tax



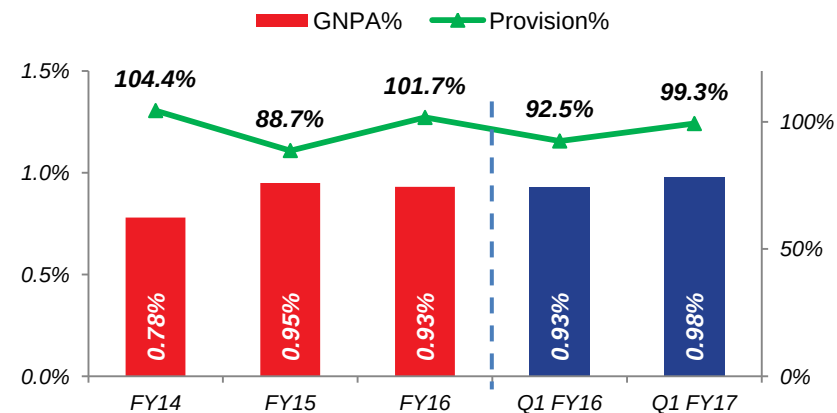
All values in Rs crore and based on DHFL Standalone Accounts

Key Ratios

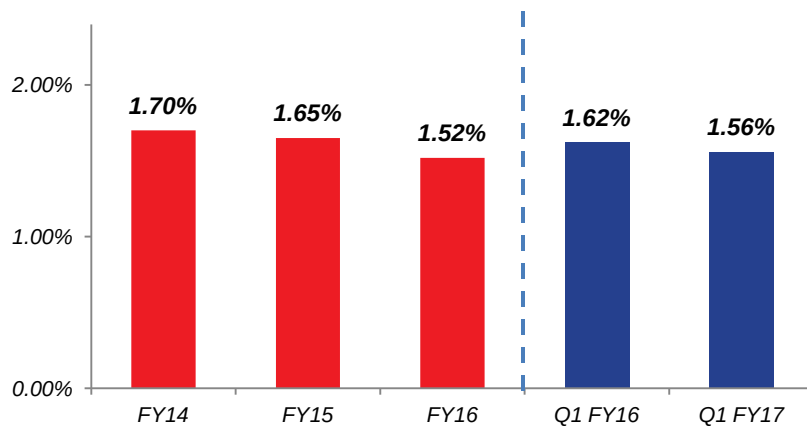
Net Interest Margin (NIM)



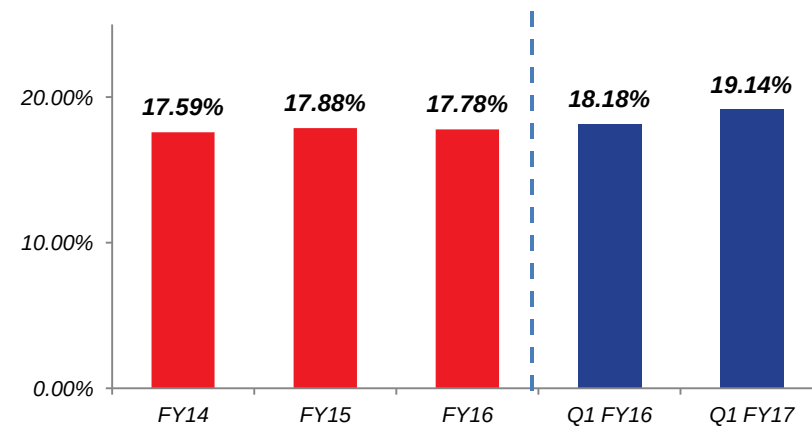
NPA & Provisions



Return on Assets (RoA)



Return on Equity (RoE)



All values based on DHFL Standalone Accounts

Financial Performance – Financial Statements

	FY14	FY15	FY16	Q1 FY16	Q1 FY17	YoY Growth (Q1FY17 v Q1FY16)
INCOME STATEMENT						
Interest Income	4,775.8	5,839.4	7,159.3	1633.1	1931.8	18%
(-) Interest Expenses	3,782.6	4,459.6	5,490.0	1234.3	1475.4	20%
Net Interest Income (NII)	993.2	1,379.8	1,669.3	398.8	456.5	14%
(+) Non Interest Income	191.9	142.3	157.4	20.0	27.5	37%
(-) Operating Expenses	369.1	448.5	525.2	119.9	129.7	8%
(-) Depreciation	10.9	25.5	24.3	5.7	6.4	12%
(-) Provisioning	70.0	105.0	175.0	32.0	45.0	41%
Profit Before Tax	735.1	943.0	1102.2	261.4	302.9	16%
(-) Taxes	206.1	321.7	373.0	88.1	101.5	15%
Profit After Tax	529.0	621.3	729.2	173.3	201.4	16%
BALANCE SHEET						
Net Worth	3,575.0	4,635.8	5,017.0	4732.8	5176.7	
Borrowings	39,486.9	48,920.7	61,103.7	53014.4	63818.9	

All values in Rs crore and based on DHFL Standalone Accounts

Financial Performance – Key Ratios

	FY14	FY15	FY16	Q1 FY16	Q1 FY17
Net Interest Income (NIM)	2.71%	2.89%	2.96%	2.96%	2.91%
Cost/Income Ratio	25.99%	27.32%	26.82%	26.77%	25.29%
Gross NPA %	0.78%	0.95%	0.93%	0.93%	0.98%
Provision Coverage Ratio (PCR)	104.36%	88.68%	101.74%	92.45%	99.31%
Total CRAR	17.16%	16.56%	16.74%	15.78%	17.45%
Tier 1 CRAR	11.94%	12.53%	12.97%	12.00%	12.74%
Net Debt/Equity Ratio	10.42	10.14	11.23	10.55	11.27
Return on Assets (RoA)	1.70%	1.65%	1.52%	1.62%	1.56%
Return on Equity (RoE)	17.59%	17.88%	17.78%	18.18%	19.14%
Earnings per share (Rs/share)	41.23 ²	23.88	25.00	5.94	6.90
Dividend per share (Rs/share)	8.0 ¹	6.0	8.0	-	-
Dividend payout %	19.4% ¹	12.5%	32.0%	N/A	N/A

Note:

All values based on DHFL Standalone Accounts

¹ Includes Special 30th Anniversary Celebration Dividend @ Rs 3 per share

² FY14 EPS not comparable with later periods (FY15 onwards) as the same is calculated without adjusting for Bonus issue of 1:1 done in FY16

Section 4

Management Team and Shareholding

Strong Management Team

DHFL has a highly experienced and cohesive management team, with average 20+ years experience in relevant industries

EXECUTIVE LEADERSHIP



Mr. Kapil Wadhawan

Chairman and Managing Director



Mr. Harshil Mehta

CEO, DHFL

BUSINESS HEADS



Mr. Pravin Bansal

President Project Finance
30 years + experience



Mr. Pavan Gupta

Business Head – Housing Finance
15 years + experience



Mr. Rishi Anand

Business Head – Housing Loan
16 years + experience



Mr. Amit Gaiinda

President – SME and Mortgage Loan
17 years + experience

SHARED SERVICES



Mr. Santosh Sharma

Chief Financial Officer



Mr. Vikas Arora

Head – Collections and Recovery



Mr. Pradeep Sawant

Head - Legal



Mr. Satinder Gupta

Chief Risk Officer



Mr. Jayesh Shah

Head – Information Technology



Mr. C D Ramesh

Head – Human Resources



Mr. Anmol Gupta

Head – Corporate Planning

Vastly Experienced Board of Directors



Kapil Wadhawan, CMD

- ◆ MBA from Edith Cowan University, Australia
- ◆ MD in 2000 and CMD in 2009
- ◆ Instrumental in driving the Group from AUM of ₹ 5.8bn to ₹ 500bn over 6 years



Dheeraj Wadhawan, Non Executive Director

- ◆ Graduated in Construction Mgmt from Univ. of London
- ◆ Over 12 years of experience in housing development



G.P. Kohli, Independent Director

- ◆ Former MD, LIC
- ◆ Vast experience in insurance, housing, HRD, IT



M. Venugopal, Independent Director

- ◆ Former CMD, Bank of India
- ◆ Former MD & CEO, Federal Bank
- ◆ Vast experience in banking



V.K. Chopra, Independent Director

- ◆ Former CMD, Corporation Bank & SIDBI
- ◆ Former Executive Director, Oriental Bank of Commerce
- ◆ Former Whole Time Member, SEBI
- ◆ Vast experience in banking



Vijaya Sampath, Independent Director

- ◆ Senior Partner of law firm, Lakshmikumaran & Sridharan
- ◆ Ombudsperson for Bharti Group
- ◆ Over 30 yrs of Corporate and Legal experience

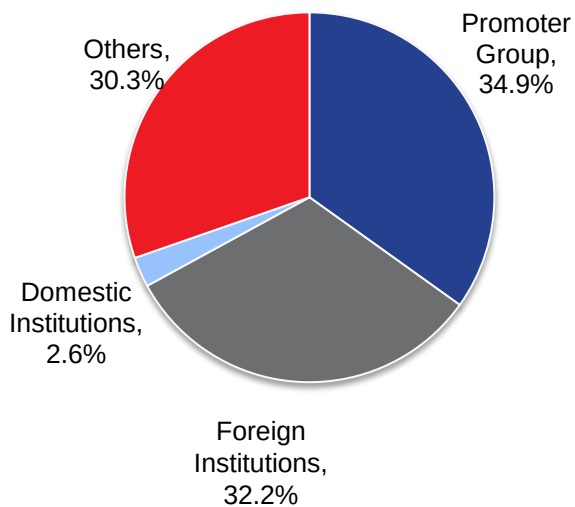


Dr. Rajiv Kumar, Independent Director

- ◆ Senior fellow at Centre for Policy Research (CPR)
- ◆ Former Secretary General of FICCI
- ◆ Former Director & Chief Executive of ICRIER
- ◆ Former Chief Economist of CII

Shareholding

Shareholding Overview



Key Shareholders

SN	Name of Investor	% Holding
1	Rakesh Jhunjunwala	3.68%
2	Acacia Partners ¹	3.29%
3	Lazard ¹	1.91%
4	Neuberger Berman ¹	1.90%
5	Government Of Singapore ¹	1.71%
6	Jupiter Asset Management ¹	1.68%
7	Morgan Stanley Investment Mgmt ¹	1.53%
8	Macquarie	1.29%
9	Vanguard ¹	1.25%
10	Templeton ¹	1.22%

As on 30th June, 2016

¹ Held through multiple funds/schemes

Awards & Recognition

FY17

"Bahana Campaign" awarded "Marketing Campaign of the Year" in the BFSI Sector at the National Awards for Marketing Excellence endorsed by World CSR day, Stars Group and CMO Asia



FY17

"Wealth2Health Fixed Deposit" product awarded the "Brand Extension Award" in the BFSI Sector at the National Awards for Marketing Excellence endorsed by World CSR day, Stars Group and CMO Asia

FY17

DHFL Wins 'Gold' at the Asia Pacific Customer Engagement Forum & Awards for its Bahana Campaign



FY16

Mr. Kapil Wadhawan among the Top 100 CEO's in the Business Today Listing



FY16

India's Most Trusted Brand 2015 in the Housing Finance Category by IBC



FY16

Wins the Golden Peacock Innovative Product and Service Award 2016 for its innovative "Wealth2Health Fixed Deposit" product



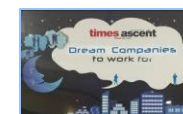
FY16

"Bahana Campaign" the most creative Ad on TV in the Banking, Financial Services and Insurance Sector by INDY's presented by 94.3 My FM and Start Group endorsed by CMO Asia.



FY16

Amongst the Top 50 Dream Companies to work for organized by Times Ascent & World HRD Congress



FY16

Best Housing Finance Company by BFSI awards presented by ABP News and World HRD Congress and endorsed by Star Group



FY16

Best Corporate Brand 2015 by Economic Times



FY15

Mr. Kapil Wadhawan among the Top 100 CEO's in the Business Today Listing

FY14

Best Employer Brand Awards at IPE BFSI Awards



Annexure

DHFL Group Associates

Group Management Centre

Kapil Wadhawan (Chairman & Managing Director)

Group Management Center

- 📌 Provides strategic direction and enhances synergistic value across the group
- 📌 Professionals with relevant expertise in respective fields and reputation for good governance



G Ravishankar

- 📌 About 25 years of experience with Jet Airways, Geometric, GE Capital
- 📌 Former acting CEO and CFO at Jet Airways

Srinath Sridharan

- 📌 Over 18 yrs of experience in Strategy Management across Automobile, E- Commerce, Advertising, Consumer, Realty and Financial services industries



K Srinivas

- 📌 ~30 years experience in various entities including 14 years experience at Bajaj Auto Ltd
- 📌 Former Mgmt Committee member at Bajaj Auto, Former Head of HR, Retail Finance

M Suresh

- 📌 About 30 years of experience in sales & distribution with TATA AIA Life, HDFC Life, ITC
- 📌 Former MD and CEO at TATA AIA



Entities Engaged in the LMI & the Underserved customer segments

DHFL Vysya Housing Finance

Engaged in the LMI Strata



- ▲ The Average Ticket size stood at Rs 9.4 lakhs in Q1 FY17
- ▲ Has operations majorly in South India, viz., Karnataka, Andhra Pradesh, Telangana, Tamil Nadu & Kerala as well as in Maharashtra and Uttar Pradesh
- ▲ Network across 41 branches and 21 Service Centres
- ▲ Company made home loan disbursements of Rs 124 crore in Q1 FY17

Aadhar Housing Finance

Serves the most Underserved segment



- ▲ The Average Ticket size stood at Rs 7.35 lakhs in Q1 FY17
- ▲ Generates business through 13 low income states in India viz; UP, MP, Bihar, Chhattisgarh, Jharkhand, West Bengal, Orissa, Gujarat and Rajasthan, Maharashtra, Uttarakhand, Punjab and Haryana
- ▲ Presence in 117 locations
- ▲ IFC has 20% equity stake in the company

Avanse Financial Services Limited



Enabling education, Empowering youth



- Forayed into Education loans business in 2013



- IFC holds 20% stake in the Company



- Business Coverage across 11 major educational markets of the country – includes Mumbai, Delhi & Pune being exclusive Avanse branches, with additional coverage through 180 DHFL Centres

Highlights of Q1 FY17

- Outstanding Portfolio – Rs 585 crore
- Loans Sanctioned – Rs 474 crore
- Loans disbursed – Rs 74 crore
- Average Ticket size – Rs 14.4 lakhs
- Product Mix:
 - Domestic : Rs 104 crore
 - Abroad : Rs 395 crore
 - Project Finance: Rs 86 crore
- Total Income – Rs 23.56 crore in Q1 FY17

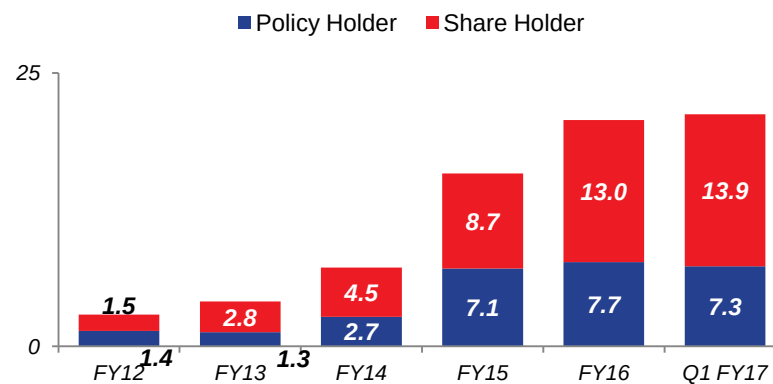
DHFL Pramerica Life Insurance (JV with Prudential Financial)



LIFE INSURANCE

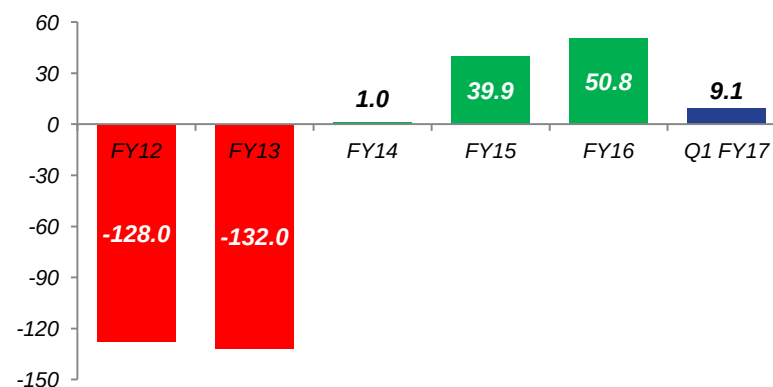
- 74:26 joint venture between DHFL Ltd. (DHFL) and its Promoters and Prudential Financial Inc (PFI) ¹ catering to the Life Insurance segment
- DHFL invested Re 1 in the venture and in the first quarter of operations, i.e. Q4FY14, DHFL Pramerica Life Insurance achieved the break even level
- ~5,275 part-time + full time agents as on 30 June 2016

Assets Under Management



All values in Rs bn as on closing date

Net Profit



All values in Rs crore

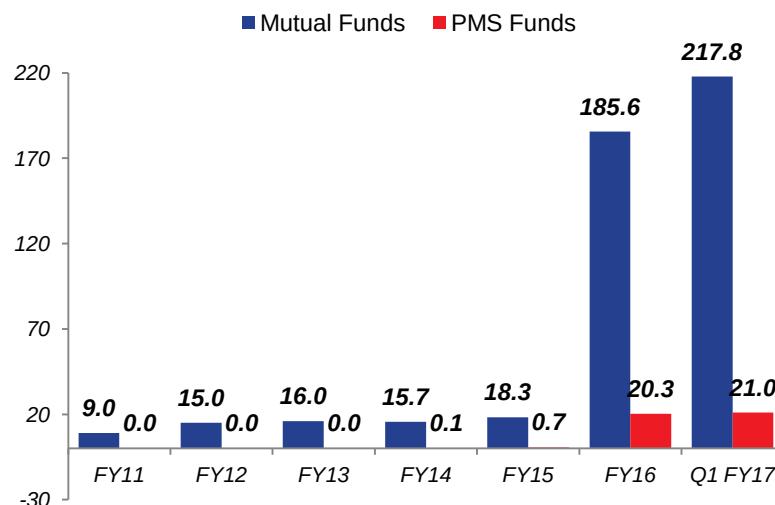
¹ Pramerica is the brand name used by Prudential Financial, Inc. ("PFI") of the United States and its affiliates in select countries outside of the United States. Neither PFI nor any of the named Pramerica entities are affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom.

DHFL Pramerica Asset Managers (JV with Prudential Financial)



- 🏠 50:50 joint venture between DHFL Ltd. (DHFL) Prudential Financial Inc , USA (PFI)¹ catering to the Mutual Fund & Portfolio Management Segment w.e.f. August 11, 2015
- 🏠 Completed acquisition of Deutsche Mutual Fund on March 04, 2016
- 🏠 Launched mutual fund business in 2010 and Portfolio Management Service in 2013
- 🏠 Headquartered in Mumbai, presence in 19 cities
- 🏠 Primary Distributor Focus – IFAs and National Distributors
- 🏠 101,270 active folios and 4,736 empanelled distributors as on 30 Jun, 2016
- 🏠 Trained over 2,600 Individual Distributor across 25 Cities
- 🏠 Created Differentiated Asset Allocation Solutions

Assets Under Management



All values in Rs bn as on closing date
PMS includes Discretionary & Advisory AUM

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