DHFL
Changing Rules Changing Lives

The road less travelled.

Earnings Update – 9MFY14

20th Jan, 2014

“I want
every Indian
to have a home
of his own”

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

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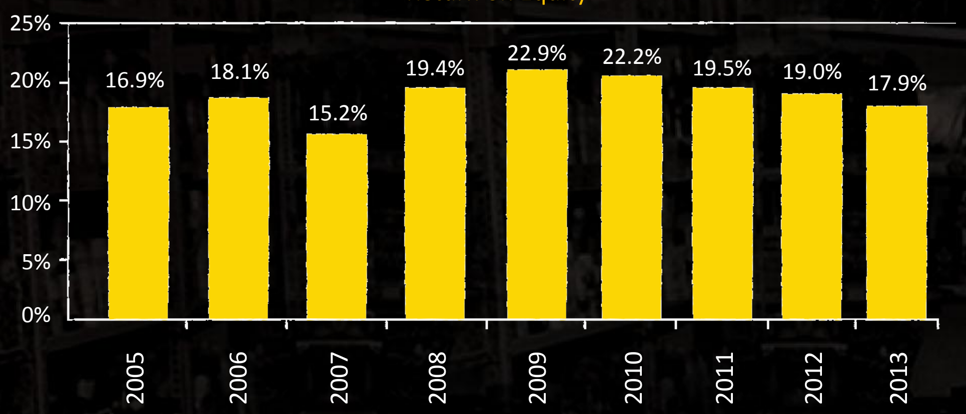
"Two roads diverged in a wood, and I -
I took the one less travelled by, And that has made all the difference." - Robert Frost

In 1984, when the founding Chairman started his journey, he was determined that he would build a company that would champion 'inclusive growth'. He believed that for a nation to progress, everybody has to be part of the story.

DHFL did that by disbursing funds from its own equity contribution, and had a return of less than 8% at a time, when the interest rates were about 18%.
3 decades later, DHFL is one of India's leading financial services company with a network of over 305 locations in India. It also has tie ups with leading public and private sector banks, and has set up offices in London and Dubai.

DHFL's exponential growth, has never compromised on its original vision of simplifying financial access for everybody. Because he believed that every Indian counts.

Return on Equity



BUSINESS OVERVIEW

- Founded in 1984, DHFL was the second housing finance company in India's private sector, with a vision to transform the lives of every Indian households by enabling access to home ownership.

- DHFL has been unwavering in its commitment to serve the lower & middle income groups. Even after ~ 30 years, it remains a financial institution with the systems, processes and dedication to serve this socio-economic group. After the acquisition and merger of First Blue Home Finance, DHFL also now caters to the middle and upper-middle income group.

OPPORTUNITY LANDSCAPE

PRICE PER DWELLING UNIT	ESTIMATED MARKET SIZE#
Between INR 0.3 - 1.0 mn	INR 13 trillion
Between INR 1.0 - 2.5 mn	INR 9 trillion
Above INR 2.5 mn	INR 5 trillion

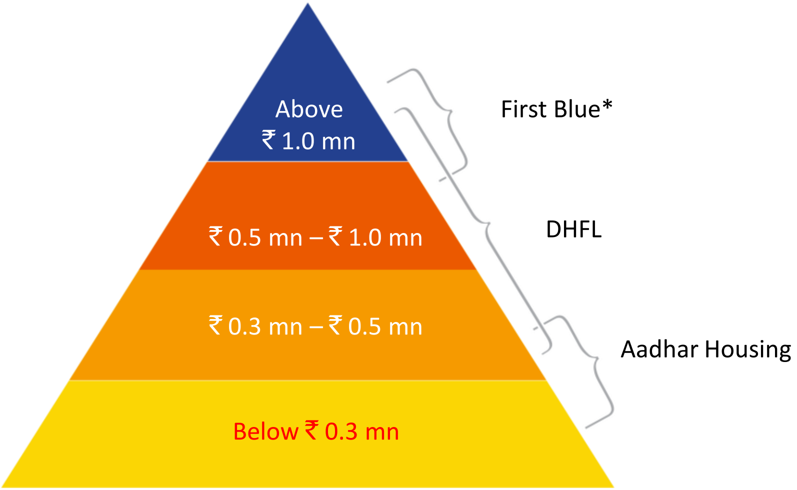
Pursuant to the merger of First Blue Home Finance and setting up of Aadhar Housing Finance in FY11, DHFL as a group is geared to serve customers across the housing finance spectrum, with each company serving a niche segment, resulting in minimal overlap.

*Operating as an independent brand under DHFL

#All Information Source: Monitor Group

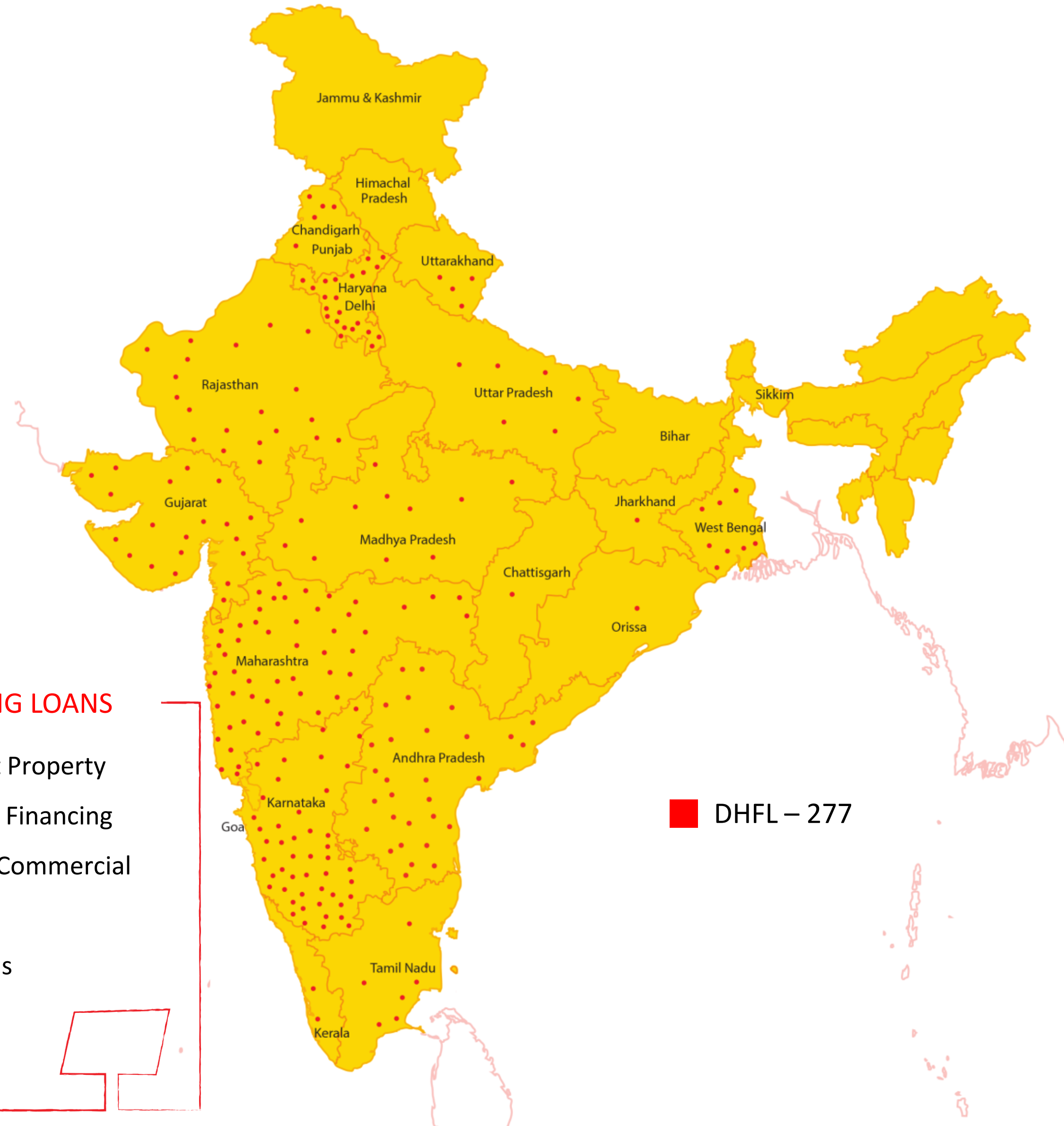
Treasure in Unlisted Companies

Entity	DHFL's Holding (%)	BVPS (₹)
DHFL VYSYA HOUSING FINANCE	9.47%	85.13
आधार हाउसिंग फाइनेंस लि. Aadhar Housing Finance Ltd. A DHFL Group Company	14.90%	10.55
AVANSE EDUCATION LOANS ASPIRE WITHOUT BOUNDARIES	48.50%	31.22
DHFL Changing Rules Changing Lives Pramerica	50.00%	1.00



GEOGRAPHICAL PRESENCE

- Spread across 277* Company operated locations in India
- Additionally 151 alliances



PRODUCT OVERVIEW

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
- Top-Up Loans

* As on 31st December 2013, Company operated locations include 2 Representative Offices at London and Dubai and 22 Camp locations

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DISTRIBUTION PARTNERS

Chandigarh, Punjab and Delhi NCR

West Bengal

Madhya Pradesh

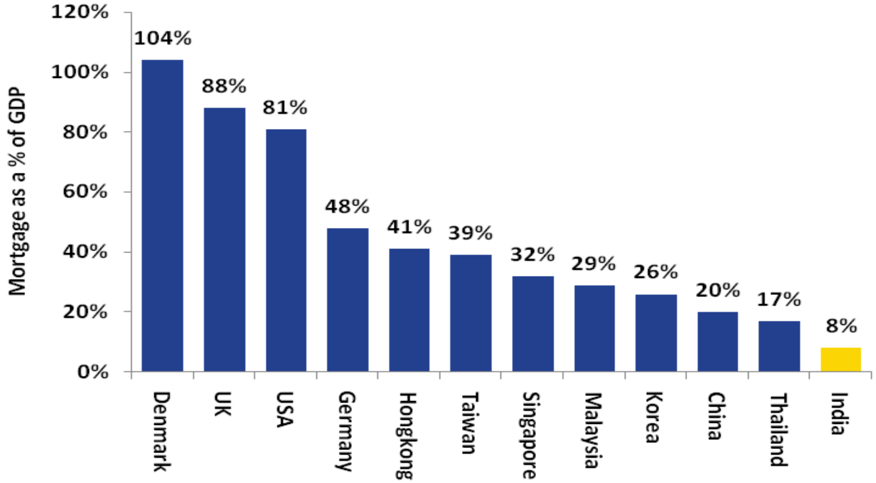
All India

PARTNERING WITH LEADING BANKS

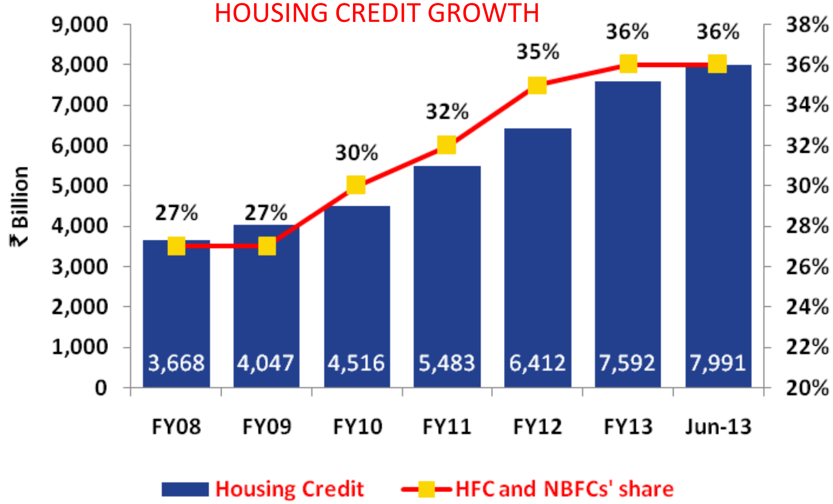
DHFL has been an industry pioneer in establishing long term relationships with leading commercial banks in distributing home loan products to their customers. This has helped in widening the geographic reach and also tap the potentials of a large customer base of these banks, thus acting as a valuable support of growth in business and income. DHFL feels extremely proud of this continuing trust from leading names in the Indian Financial system.

MORTGAGE FINANCE INDUSTRY - HUGE GROWTH OPPORTUNITY

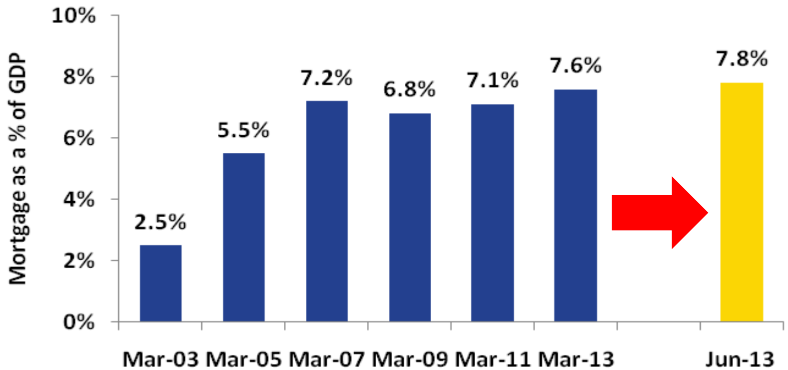
LOW MORTGAGE PENETRATION IN INDIA –
A HUGE MARKET POTENTIAL



HFC's MARKET SHARE RISING ALONG WITH
HOUSING CREDIT GROWTH



GROWTH IN MORTGAGE PENETRATION –
TRANSLATING TO HIGHER INDUSTRY GROWTH



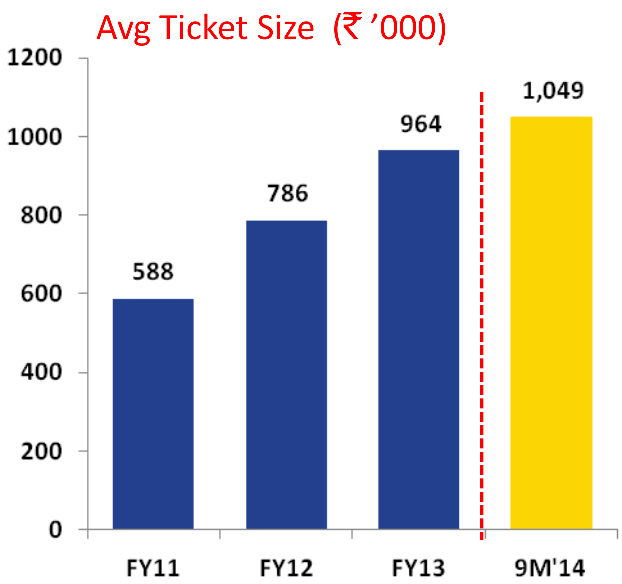
HOUSING AFFORDABILITY INDEX

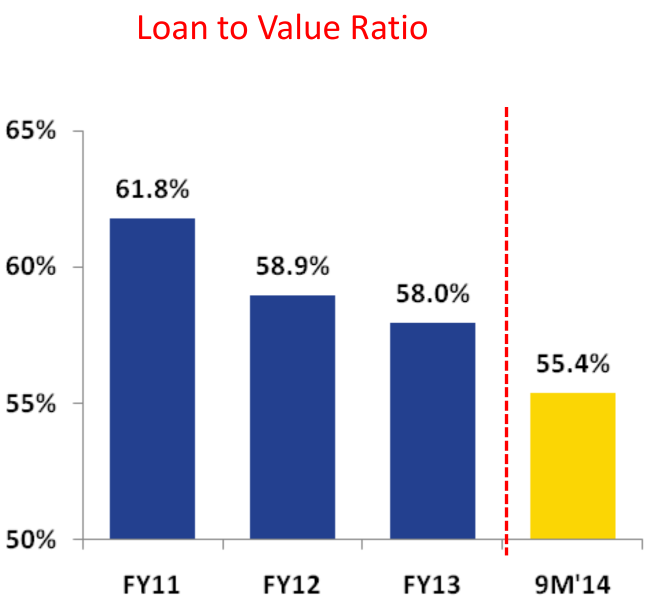
Key drivers: • Low penetration • Affordability • Old housing stock • Urbanization and Changing demography

DIFFERENTIATED BUSINESS MODEL

DISTRIBUTION MODEL	De-risked dual channel distribution strategy – Pre-dominantly Direct Sales supplemented by DSA's
OPERATIONS	Centralized processing centres for greater efficiency and risk management - 14 Regional Processing Units catering to more than 80% of the branches in terms of volume
SOURCING	Business sourced majorly through own Branch network
TARGET	Customers across the spectrum with key focus on tier II/tier III cities
APPRAISAL	In-house Credit & Legal team, appraising each application
TECHNICAL EVALUATION	In-house team of Civil Engineers for Technical Evaluation
COLLECTION	More than 85% collection is through ECS/PDC's

DHFL – A PROMINENT LMI PLAYER





AVERAGE INSTALLMENT TO INCOME RATIO	38%
FOOTPRINTS ACROSS TIER II & III TOWNS OR OUTSIDE MUNICIPAL LIMITS OF MAIN CITIES	~80%
AVERAGE LTV, CONSIDERING CURRENT AMORTISED PORTFOLIO	42.6%

In the Presentation, FY13 and 9MFY14 are Post Merger figures, while FY11 and FY12 are DHFL’s Standalone figures

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PARTNERS IN GROWTH

International Finance Corporation
WORLD BANK GROUP

- Sanctioned an ECB limit of US$ 85 million
- Invested 20% equity stake in Avanse Financial Services, DHFL's Associate Company in the education loan segment
- Invested 20% equity stake in Aadhar Housing Finance, DHFL's Associate Company

CALEDONIA INVESTMENTS

- London Stock exchange listed, self-managed UK investment trust with net assets of £1.3bn, as of 31st March, 2013
- Carry a long term investment approach – often over ten years – and have a predominantly 'value' style of investing
- Have invested in DHFL since March 2006, and as of March 2013, they hold 9.99% equity stake in DHFL

Pramerica

- Prudential Financial Inc., (PFI), a financial services leader with ~$1.1 trillion of AUM as of March 31, 2013
- PFI entered into a joint venture (JV) partnership with DHFL and its promoters' entities to provide life insurance products to customers in India
- Following the regulatory approval, in December 2013, DHFL acquired 50% equity stake interest in DLF Pramerica Life Insurance Company Ltd. (DPLI), with DHFL promoters' entities acquiring the remaining 24% equity stake

BUSINESS HIGHLIGHTS – 9MFY14

Networth
₹ 36.1 billion
(₹ 22.7)*

AUM
₹ 410.8 billion
(₹ 327.7)

PAT
₹ 3.9 billion
(₹ 3.2)

Disbursements
₹ 109.0 billion
(₹ 98.5)

Sanctions
₹ 151.3 billion
(₹ 127.3)

Gross NPA
0.90%
(0.75%)

Capital Adequacy Ratio (Approx.)
17.48%
(16.49%)*

Figures in parenthesis are as on 31st December 2012
*DHFL's standalone figures

KEY FINANCIAL METRICS

Financial Summary (₹ mn)	Period Ended			Quarter Ended			Growth		FY13
	Dec, 2013	Dec, 2012	Growth	Dec, 2013	Dec, 2012	Sep, 2013	YoY	QoQ	
Total Income	35,526	30,466	17%	13,014	10,596	11,439	23%	14%	41,404
Net Interest Income	7,135	6,002	19%	2,587	2,086	2,286	24%	13%	7,637
Non-Interest Income	1,347	1,724	-22%	549	655	365	-16%	50%	2,573
Interest expenses	27,044	22,739	19%	9,878	7,855	8,787	26%	12%	31,194
Operating expense (Incl. Provision for contingencies)	3,125	3,237	-3%	1,142	1,154	903	-1%	27%	4,019
PBT	5,285	4,433	19%	1,969	1,568	1,725	26%	14%	6,107
PAT	3,878	3,151	23%	1,384	1,121	1,291	23%	7%	4,519
Loan Sanctioned	1,51,343	1,27,352	19%	59,386	48,081	44,143	24%	35%	1,73,369
Loan Disbursed	1,09,043	98,475	11%	40,302	36,617	32,589	10%	24%	1,33,577

Key Ratios for Period Ended	Dec, 2013	Dec, 2012	Sep, 2013	Mar, 2013
Gross NPA	0.90%	0.75%	0.75%	0.71%
NPA Coverage Ratio	90.70%	116.53%	102.92%	109.76%
CAR (Approx.)*	17.48%	16.49%	17.97%	16.52%
NIM	2.71%	2.90%	2.70%	2.72%
Cost Coverage Ratio	49.95%	61.55%	44.85%	70.44%
Cost to Income Ratio	25.28%	30.10%	27.26%	29.05%
Return on Assets*	1.63%	1.80%	1.60%	1.71%
Return on Equity*	17.06%	19.17%	17.01%	17.86%
Debt Equity Ratio*	9.68	10.18	9.57	9.61
EPS ₹*	30.23	21.78	19.44	38.47

* 9MFY13 and Q3FY13 CAR, RoA, RoE, Debt Equity Ratio and EPS is on a DHFL standalone basis.
# NPA Coverage includes Standard assets provisions

Note: In the presentation 9MFY14 and Q3FY14 Financials and ratios are compared with the Financials and ratios of 9MFY13 and Q3FY13 which are simple addition of DHFL, First Blue and DHFL Holdings Private Ltd numbers.

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EARNINGS UPDATE – 9MFY14

- Total Income for 9MFY14 up 17% YoY to ₹ 35.5bn
- Profit after Tax for 9MFY14 up 23% YoY to ₹ 3,878 mn
- For 9MFY14; Sanctions and Disbursements were ₹ 151.3 bn and ₹ 109 bn, respectively
- Loan book as of end December'13, up YoY by 22% to ₹ 378.5 bn
- Net Interest Margin for 9MFY14 stood at 2.71%
- RoA for 9MFY14 was 1.63% and RoE for the same period stood at 17.06%
- Gross NPA's stood at 0.90% and the provisioning coverage was maintained at 90.70%
- EPS for 9MFY14 stood at ₹ 30.23 per share
- The Board has proposed an interim dividend on equity shares @ ₹3* per share

* The impact of Interim Dividend has not been taken into account in arriving at various ratios wherever applicable

Note: In the presentation 9MFY14 and Q3FY14 Financials and ratios are compared with the Financials and ratios of 9MFY13 and Q3FY13 which are simple addition of DHFL, First Blue and DHFL Holdings Private Ltd numbers.

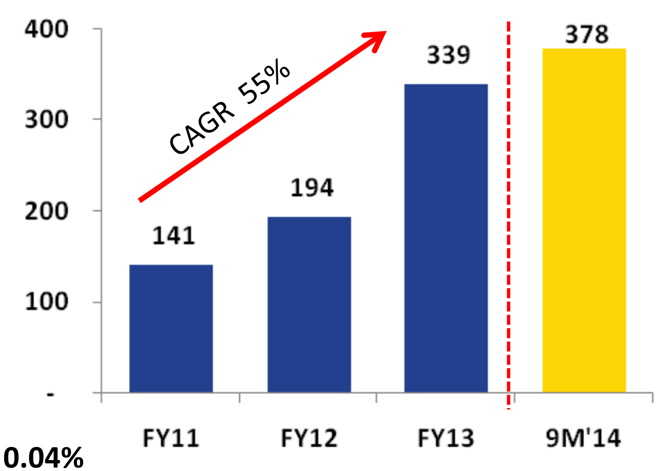
EARNINGS UPDATE – Q3FY14

- Total Income for Q3FY14 up 23% YoY to ₹ 13bn
- Profit after Tax for Q3FY14 up 23% YoY to ₹ 1,384 mn
- For Q3FY14; Sanctions and Disbursements were ₹ 59.3 bn and ₹ 40.3 bn, respectively
- EPS for Q3FY14 stood at ₹ 10.79 per share

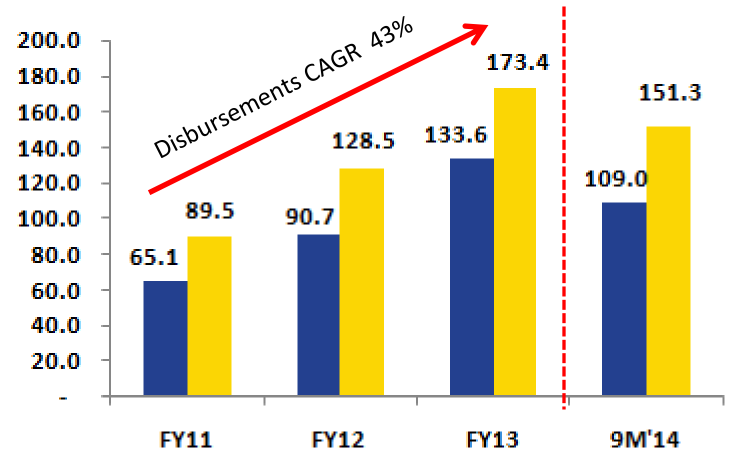
Note: In the presentation 9MFY14 and Q3FY14 Financials and ratios are compared with the Financials and ratios of 9MFY13 and Q3FY13 which are simple addition of DHFL, First Blue and DHFL Holdings Private Ltd numbers.

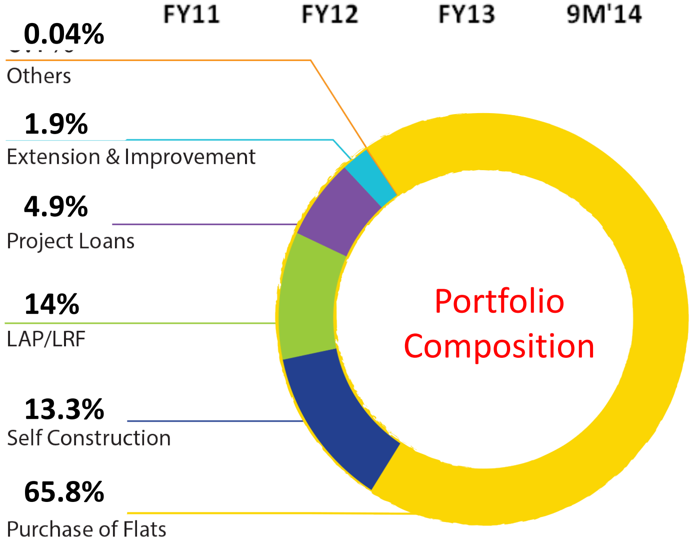
PORTFOLIO PROFILE

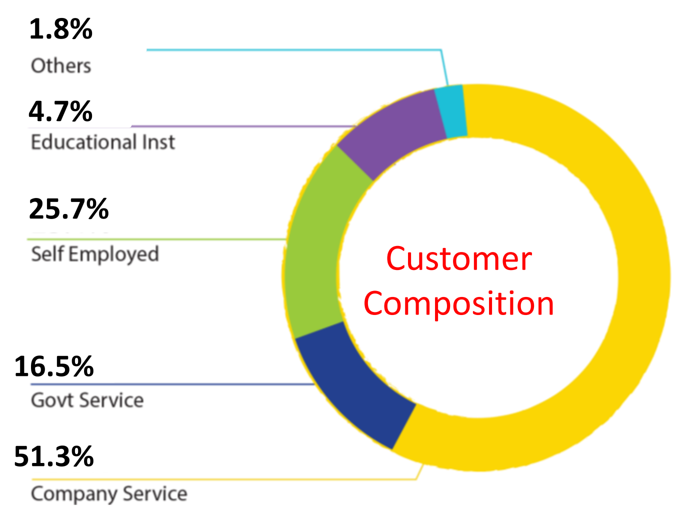
Loan Portfolio (₹ ’bn)



Disbursement Sanctions (₹ ’bn)



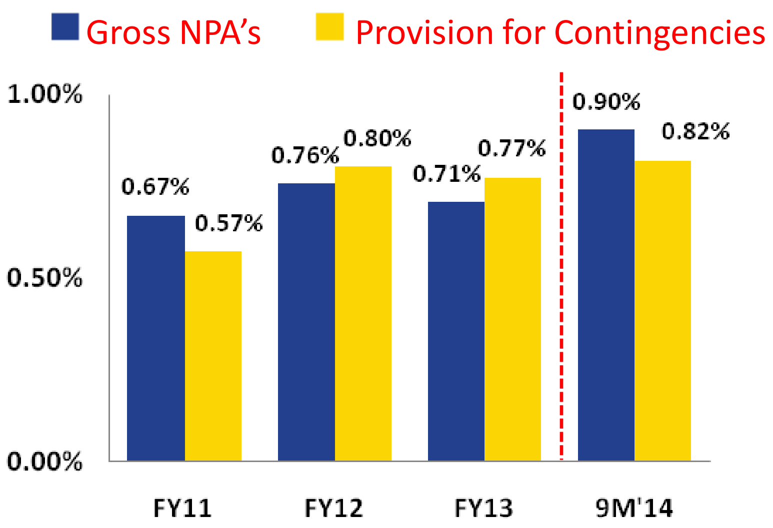


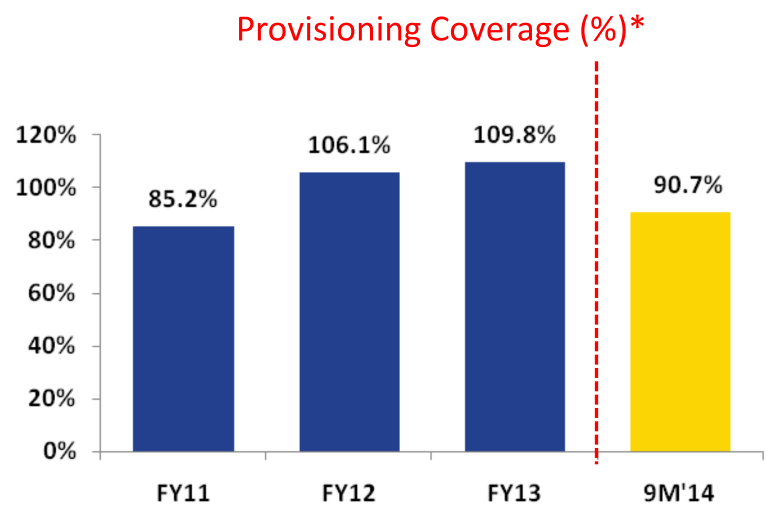


As on 31st December 2013, Securitised and Syndicated Portfolio: ₹ 13,109 million

In the Presentation, FY13 and 9MFY14 are Post Merger figures, while FY11 and FY12 are DHFL’s Standalone figures

BUSINESS PARAMETERS





*Provision Coverage includes Standard assets provisions

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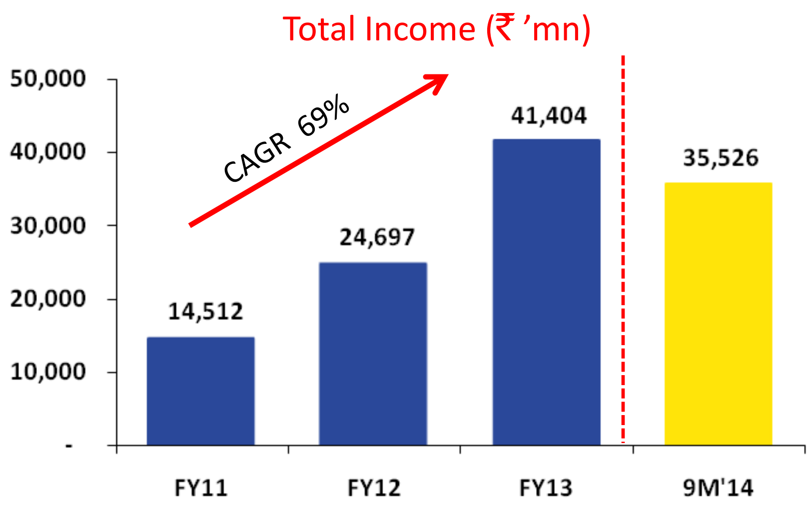

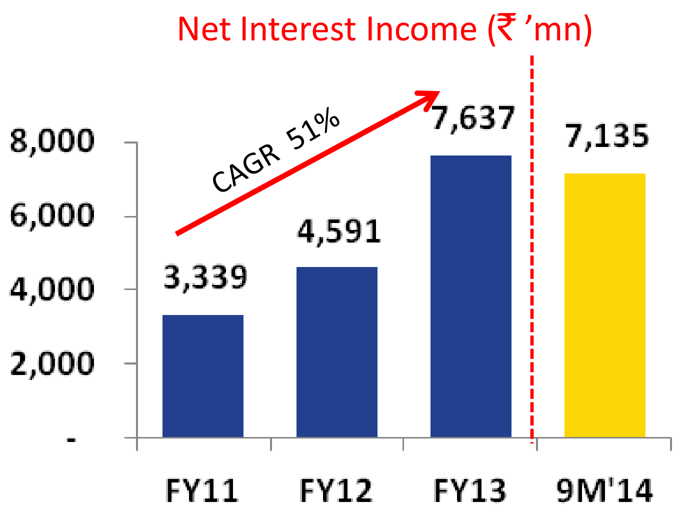

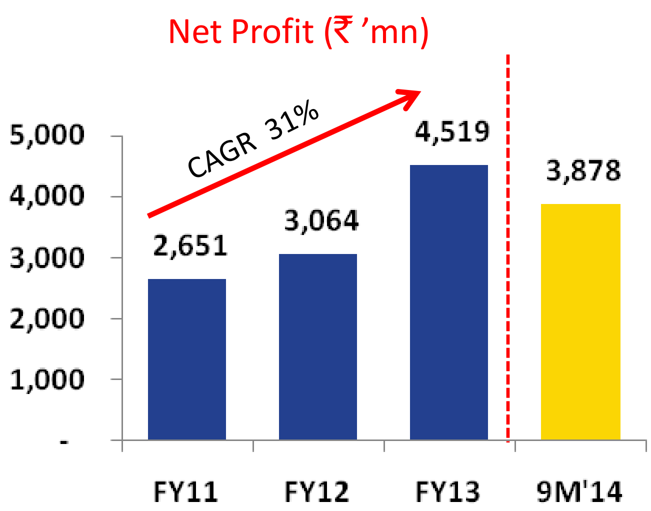

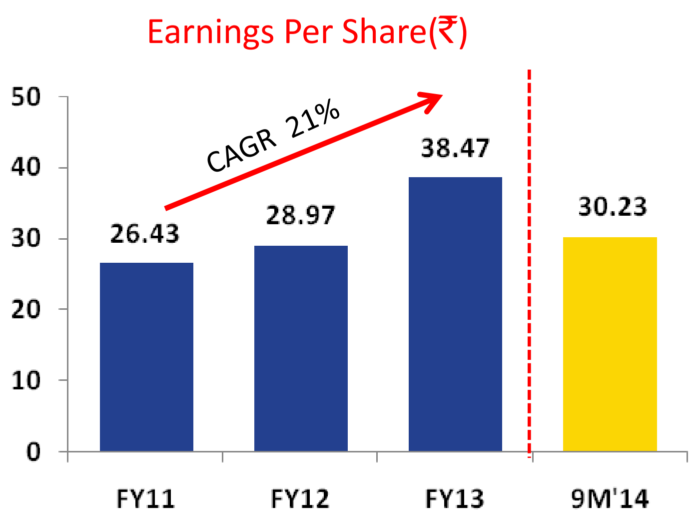

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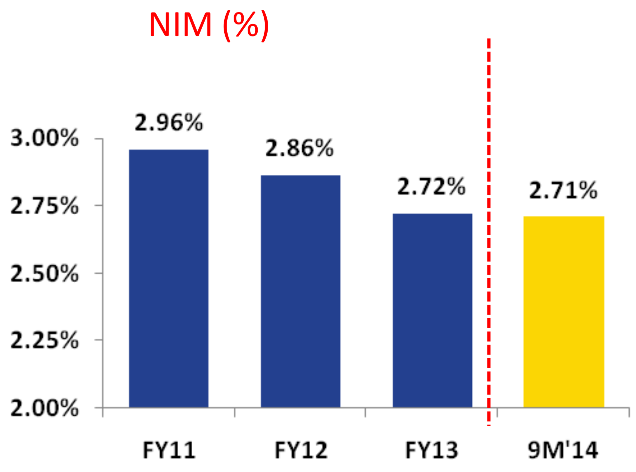
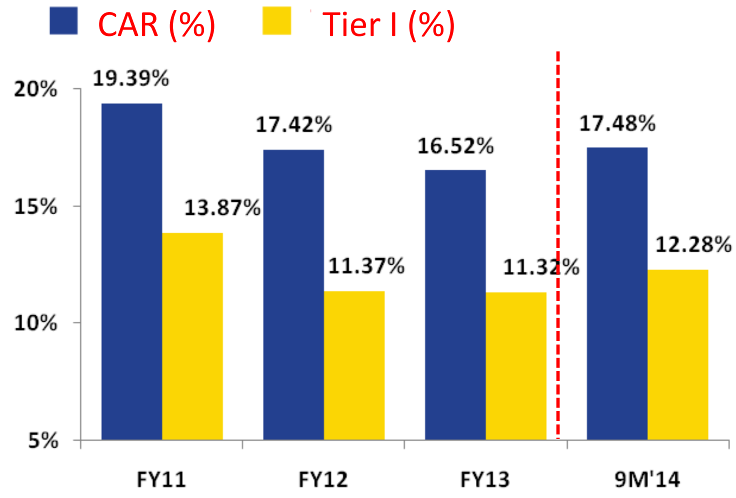
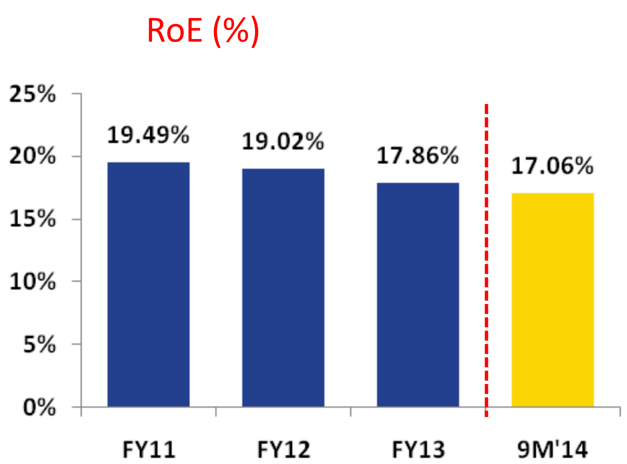
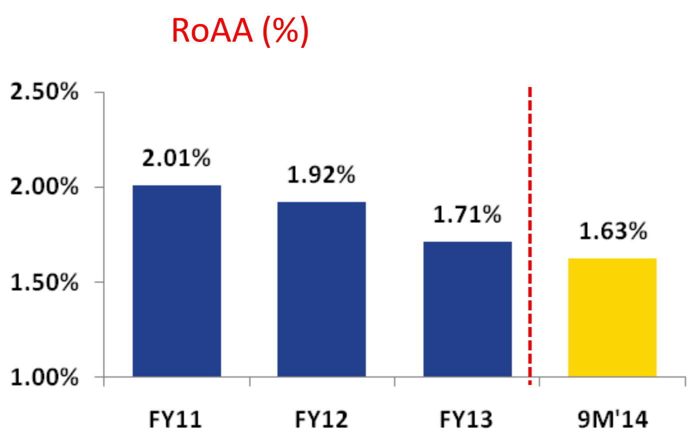
FINANCIAL RATIOS









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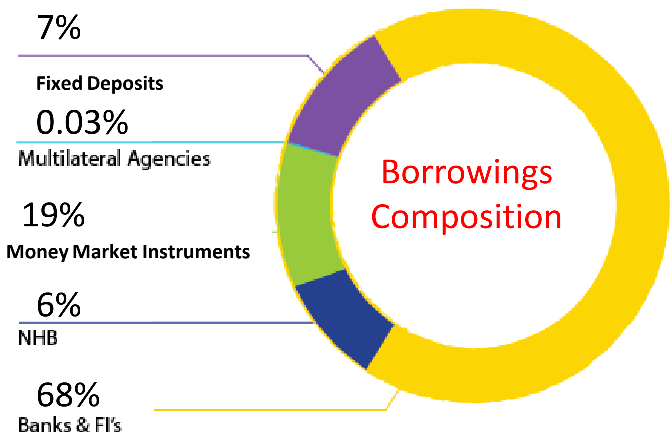
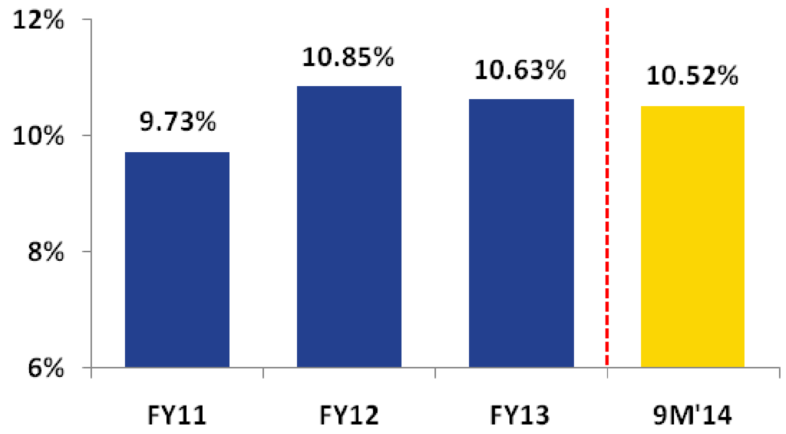
BORROWING PROFILE



Money Market Instruments include NCD's, subordinate debt, commercial paper and perpetual debt



BORROWINGS AND BORROWING COST COMPOSITION

Borrowing Source	Dec, 2013 ₹ mn	Dec, 2013 Cost %	Sep, 2013 ₹ mn	Sep, 2013 Cost %	Net Increase	% of Incremental funding
Banks & FI's	2,49,822	11.00%	2,43,945	10.94%	5,877	52.62%
NHB	22,411	8.02%	20,347	7.98%	2,064	18.48%
Money Market Instruments	70,559	9.63%	69,036	10.01%	1,523	13.64%
Multilateral Agencies	122	9.98%	184	9.98%	(61)	(0.55%)
Fixed Deposit	24,401	10.56%	22,636	10.56%	1,765	15.80%
WACB	3,67,316	10.52%	3,56,148	10.56%	11,168	100.00%

CREDIT RATINGS

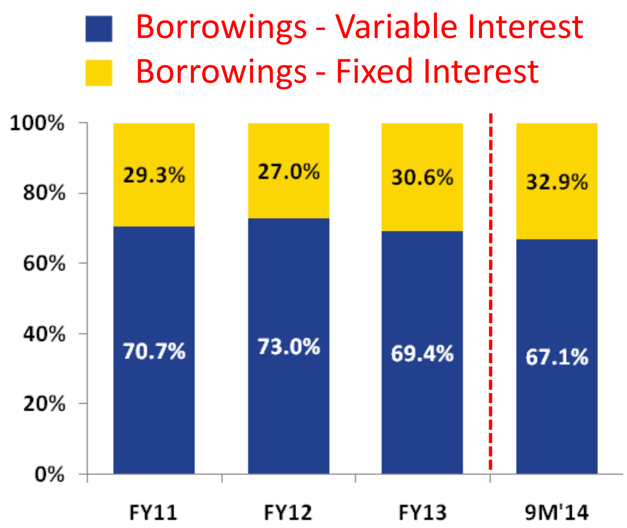
Long Term :

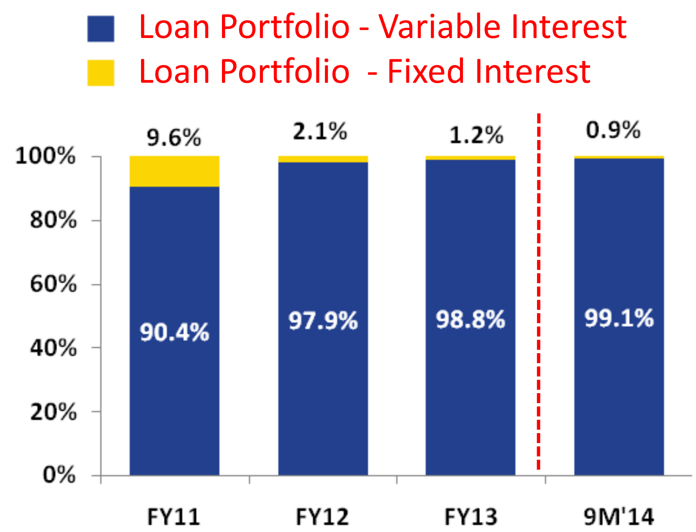
AA+ from CARE

Short Term :

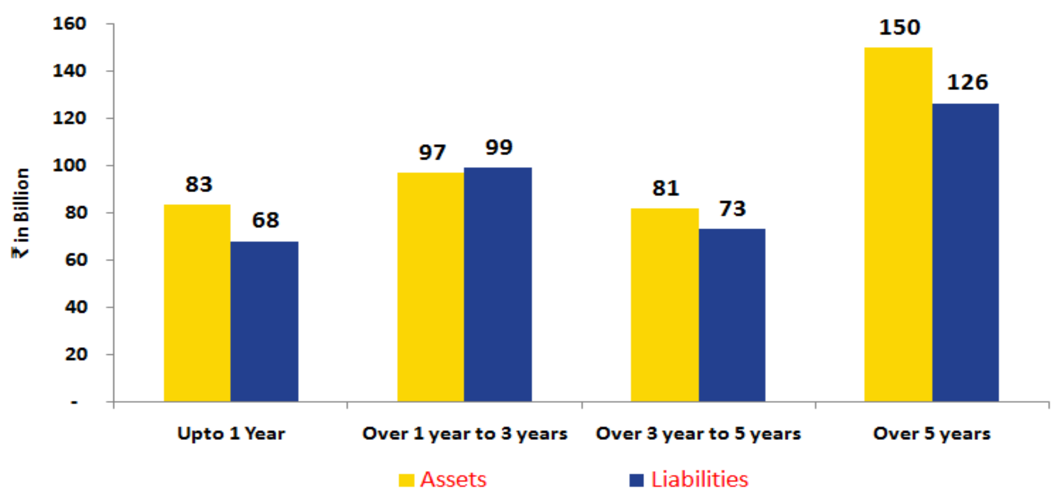
A1+ from CRISIL

MATURITY PROFILE





MATURITY PROFILE AS OF 31st MARCH 2013



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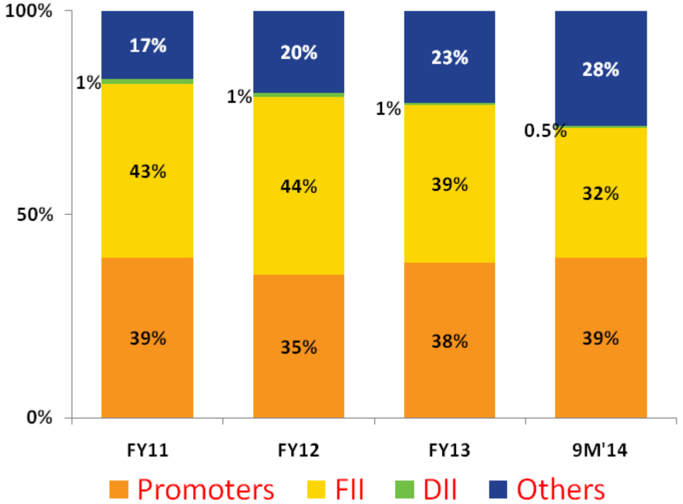
DIVERSIFIED INVESTOR BASE

SHAREHOLDING COMPOSITION

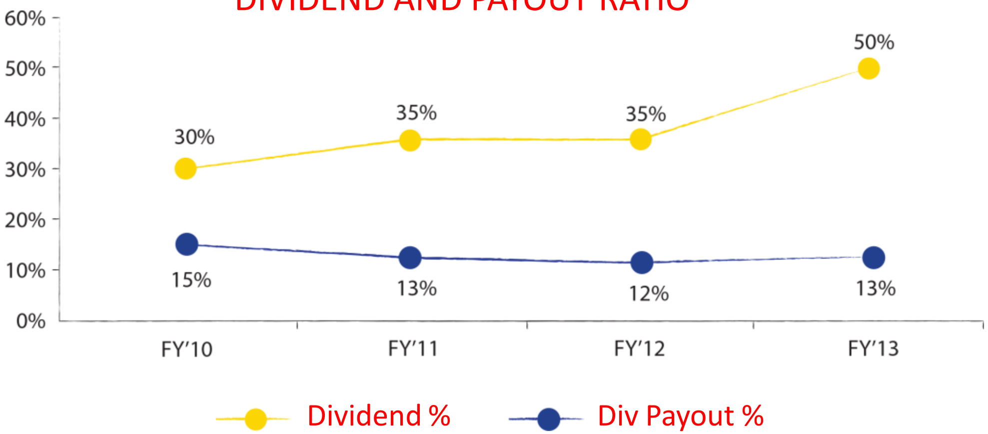


- Institutional Investors exhibit significant faith in the company's performance, as evident from their substantial share in Holding% over a period of time
- Gradually, Other public shareholders are exhibiting trust in the company's performance as evident from the increase in their holding %
- Dividend paid consecutively for last 25 years

Top 10 Investors as on 31st December 2013		
Sr.No.	**Name of Investor**	**% Holding**
1	CALEDONIA INVESTMENTS PLC	9.99%
2	RAKESH JHUNJHUNWALA	4.29%
3	IRONWOOD INVESTMENT HOLDINGS	4.05%
4	GOVERNMENT OF SINGAPORE *	3.18%
5	ASIABRIDGE FUND I, LLC	2.78%
6	GOVERNMENT PENSION FUND GLOBAL	2.12%
7	MORGAN STANLEY ASIA (SINGAPORE) PTE	1.27%
8	IVA INTERNATIONAL	0.90%
9	ASHMORE EQUITIES INVESTMENT MANAGEMENT (US) LLC	0.71%
10	CITIGROUP GLOBAL MARKETS MAURITIUS PVT LTD	0.64%

* Through Multiple Funds / Schemes

DIVIDEND AND PAYOUT RATIO



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Note:

Disclaimer

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