DHFL

Changing Rules Changing Lives

The road less travelled

February 2015

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

DHFL overview

DHFL—a leading housing finance company in India

Business overview

- Founded in 1984, DHFL was the second housing finance company in India's private sector
  - Focused on low and medium income group in India – one of the largest and fastest growing mortgage segment
- Also has a presence in education loans segment (Avanse Education Loans) and a joint venture with Prudential Financial (DHFL Pramerica Life Insurance) offering life insurance products
- Large distribution network of 363 company operated locations across India and 211 locations through alliances
  - distribution network focused on Tier II and Tier III towns and cities

Key highlights (As of 31st December 2014)

AUM INR 526 bn	Gross NPA 0.77%	Net NPA 0.00%
Avg ticket size INR 1.16mm	CAR (Approx.) 15.50%	NIM 2.77%
PAT INR 4,590 mm	Loan sanctions INR 191 bn	LTV 56.2%
Cost to Income 28.40%	ROA 1.66%	ROE 19.25%

Products overview

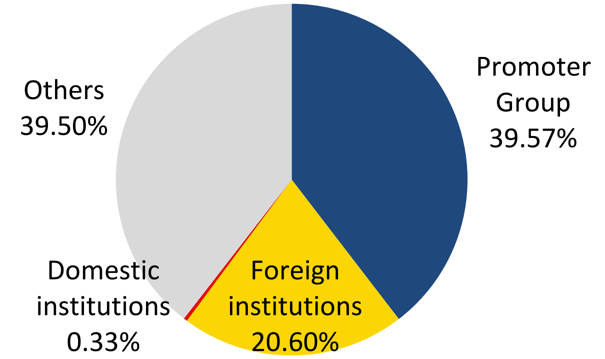
Housing loans

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

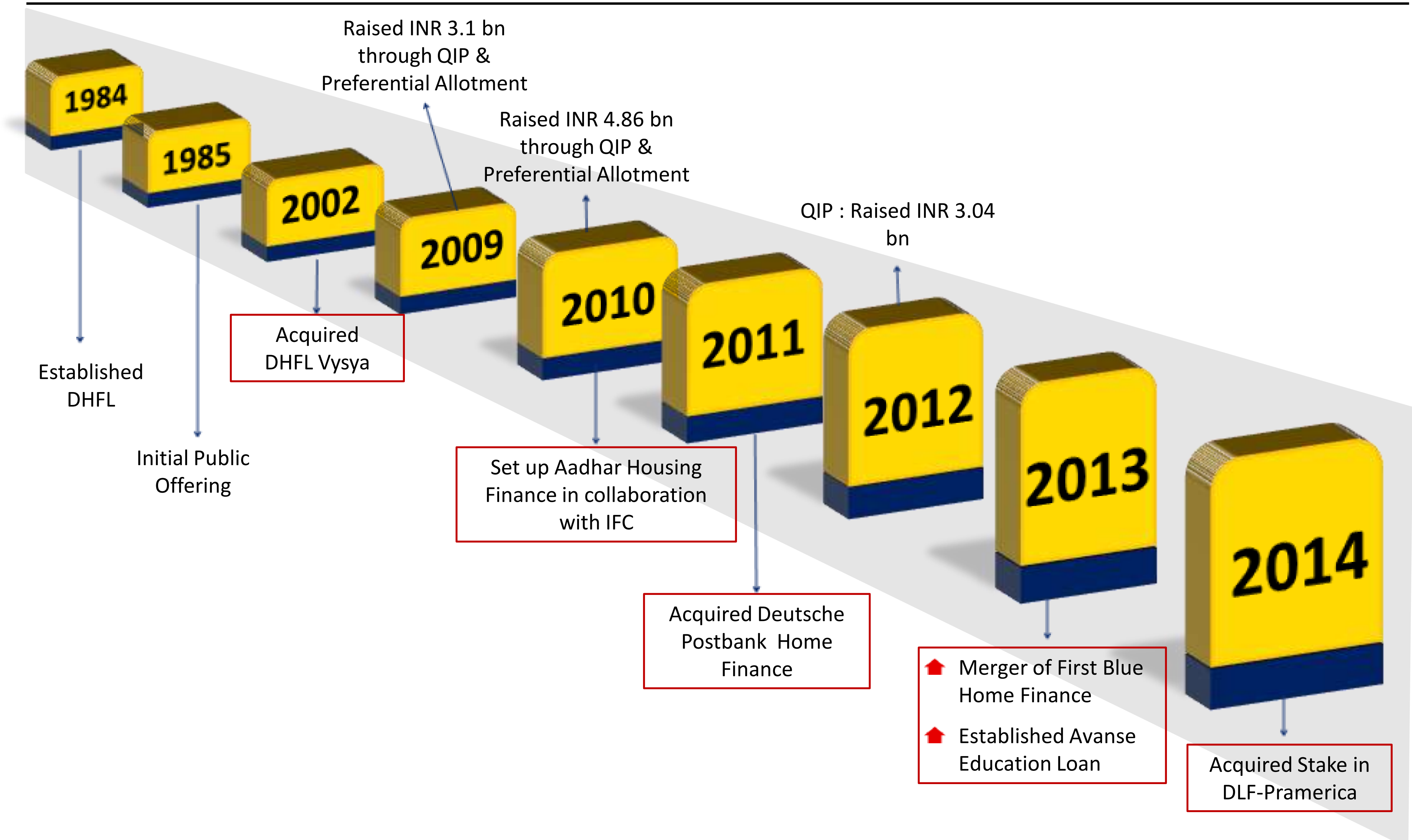
Non-housing loans

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

Shareholding overview (As of 31st December 2014)



Key milestones



Section 2

Key company highlights

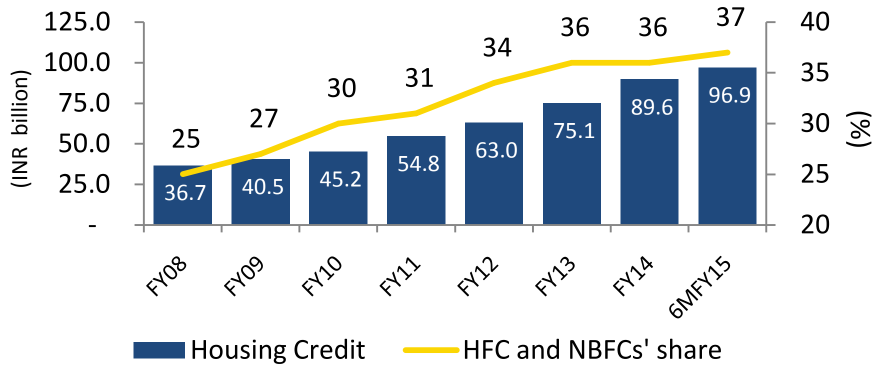
Key company highlights

1. Large Opportunity in LMI housing segment
2. DHFL → One of the leaders in the LMI segment
3. Distribution network spread across the country
4. Differentiated business model with a defined risk management framework
5. Experienced Board of Directors and a strong governance structure
6. Financial track record
7. DHFL's credit rating upgraded to "CARE AAA" by CARE and "AAA" by Brickworks for various secured long term debt instruments and CRISIL and ICRA have assigned "CRISIL A1+" and " ICRA A1+" rating, respectively for short term debt

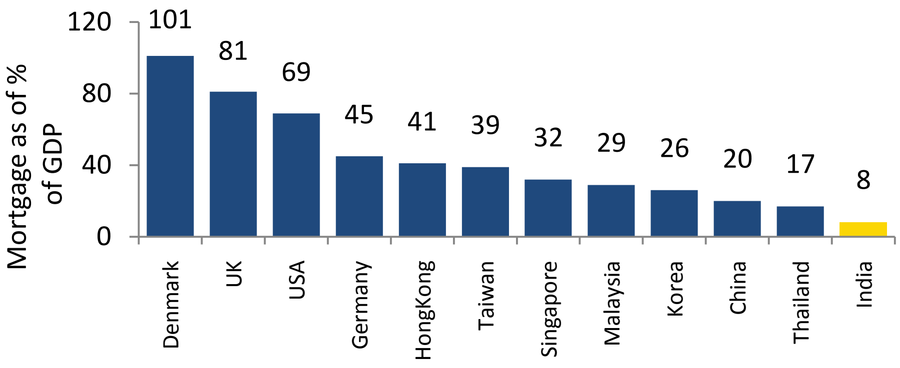
1 Significant under penetration of mortgages in India …

… implies a favourable industry growth environment

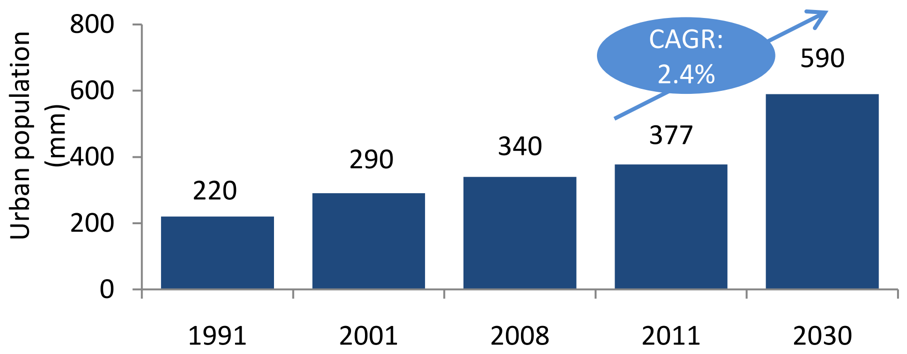
India has witnessed robust housing credit growth[1] …

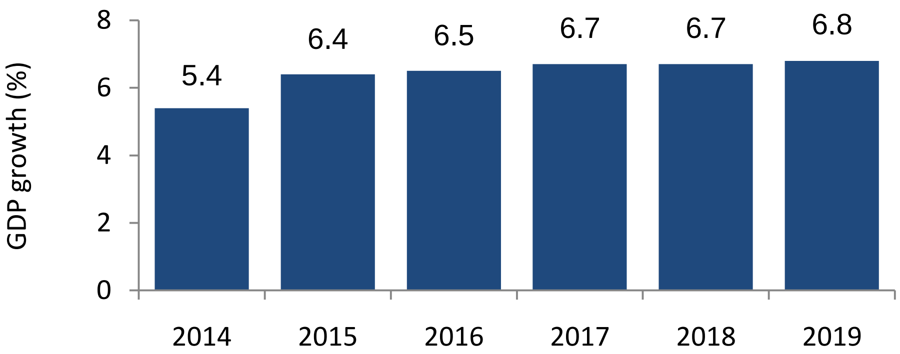


… however, mortgage penetration in India is still extremely low[2] …



Increasing urbanization[3] and GDP growth[4] is expected to drive the housing credit growth in India



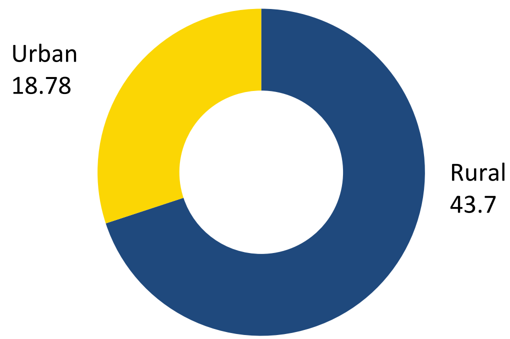


Indian Mortgage Industry will continue to grow at 19%-21% in FY15 and may increase thereafter[5]

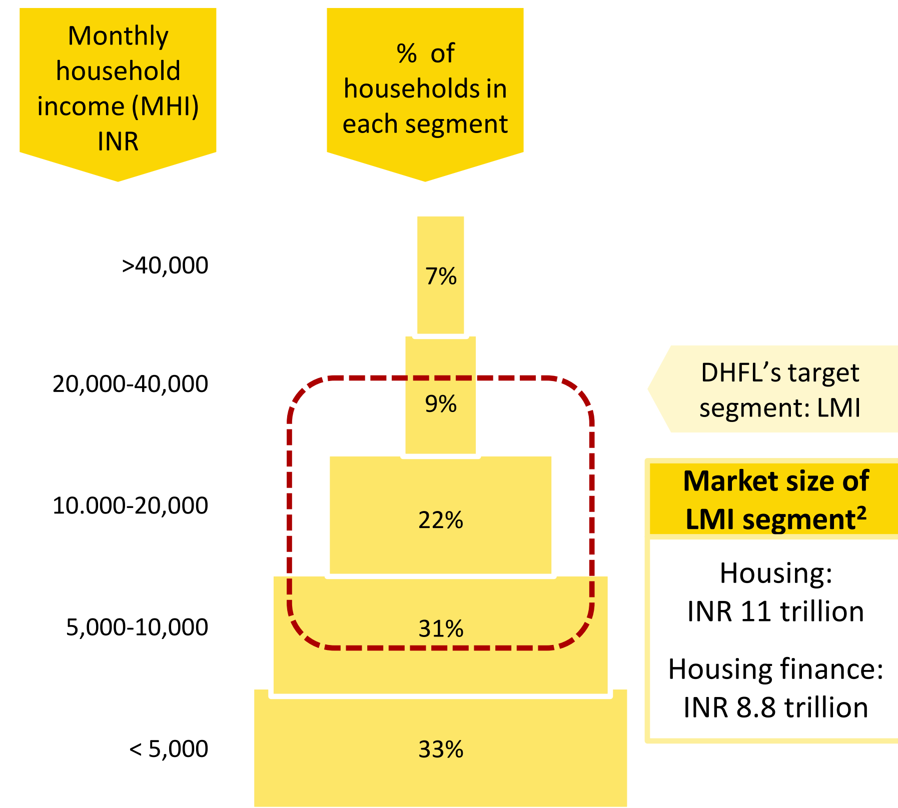
1 Source: ICRA , Indian Mortgage Finance Market Update for FY14
2 Source: European Mortgage Federation, ICRA (Indian Mortgage Finance Market Update for H1, FY14)
3 Source: McKinsey Global Institute, India Census 2011
4 Source: International Monetary Fund
5 Source: ICRA (Indian Mortgage Finance Market Update for H1, FY14)

1 Opportunities in the Low and Middle Income (LMI) housing segment

Shortage/Unmet demand of housing (Mn Units) in 2012-17[1]



Market segments in housing finance[2]



Large untapped potential in LMI segment

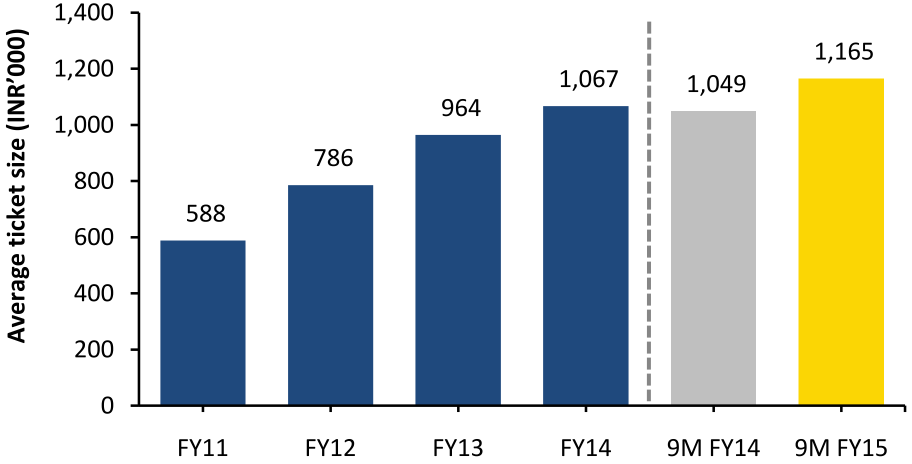
- Low penetration levels in the LMI segment provide significant potential for housing finance companies
- Rising proportion of working age population (nearly 2/3rd of population is in the 15 to 64 years age group[3]) and increasing nuclearisation of families will further drive demand
- Borrowers in EWS[4] & LIG[5] group generally have lesser access to institutional sources of housing finance
- Shortages in Rural Housing and Urban housing are generally seen in the EWS[4] & LIG[5] income groups

The government has launched numerous schemes to promote housing finance in the LMI segment

1 Source: NHB
2 Source: Monitor - Deloitte Report
3 Source: http://www.tradingeconomics.com/india/population-ages-15-64-percent-of-total-wb-data.html
4 EWS: Annual income less than INR 100 thousand
5 LIG: Annual income between INR 100,000 to INR 200,000

DHFL—market leader in LMI segment

DHFL is focused on the LMI segment…



One of the largest player in LMI segment

One of the largest private sector HFC player in India

- ~80% of loan portfolio comprises housing loans given for purchase of homes, extension & improvements and self construction

- DHFL has been serving the lower & middle income strata (LMI). Even after three decades it remains a financial institution with the systems, processes and dedication to serve this socio-economic group
- Well placed to cater to the LMI segment's demand due to its expertise & strong branch network in Tier II & III cities
- Has been able to maintain a healthy portfolio with low delinquency rates

FY14 AUM of ~INR 450bn

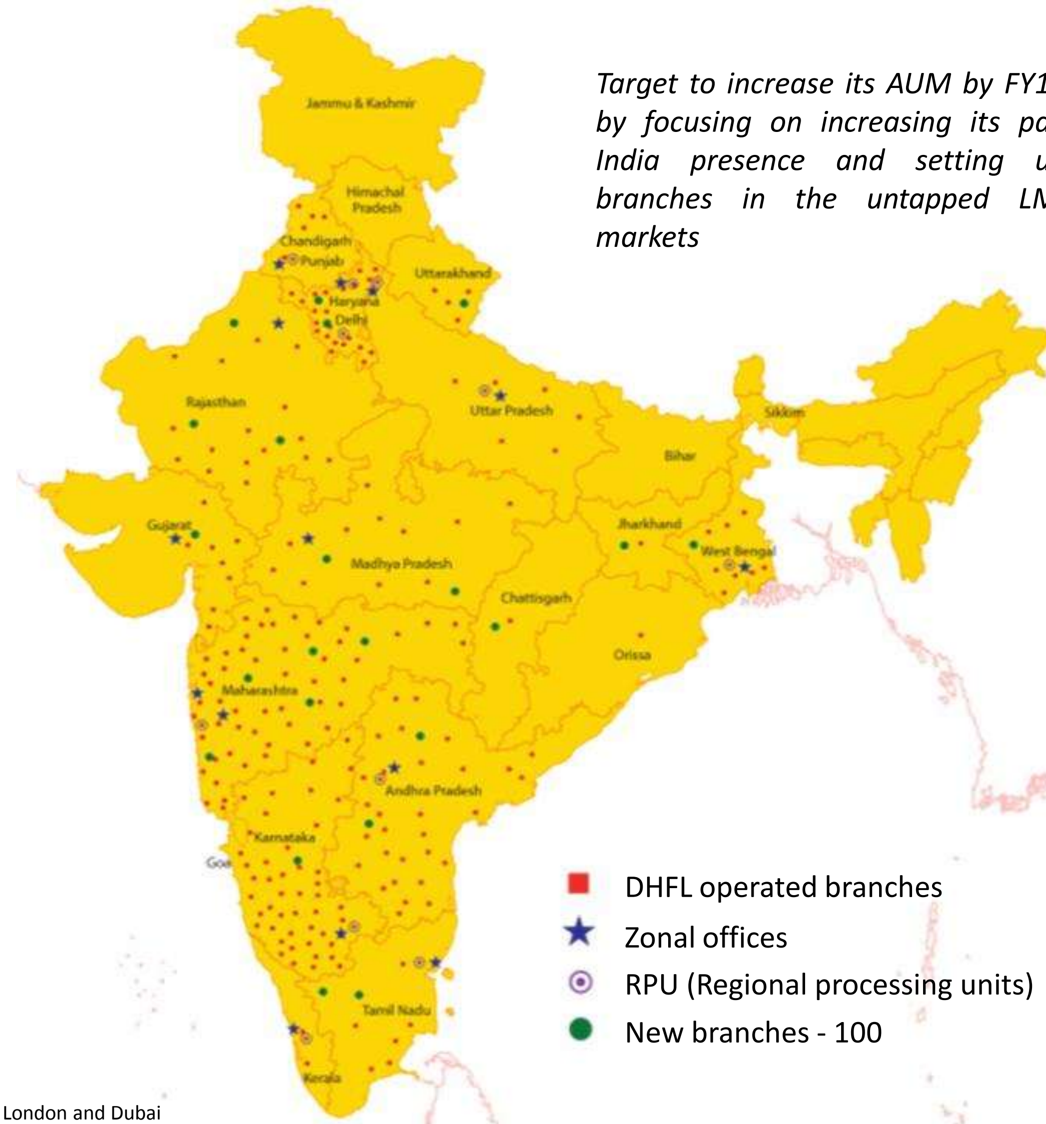
Notes:
1 FY13, FY14 and 9M FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

3 PAN India distribution reach to cater to the target market segment

~80% of distribution footprint spread across Tier II, Tier III cities and outside the municipal limits of the Metros

- Spread across 363 Company operated locations in India[1]
  - Additional presence in 211 centres through alliances

Target to increase its AUM by FY17 by focusing on increasing its pan India presence and setting up branches in the untapped LMI markets



Alliance partners

Source: Company filings

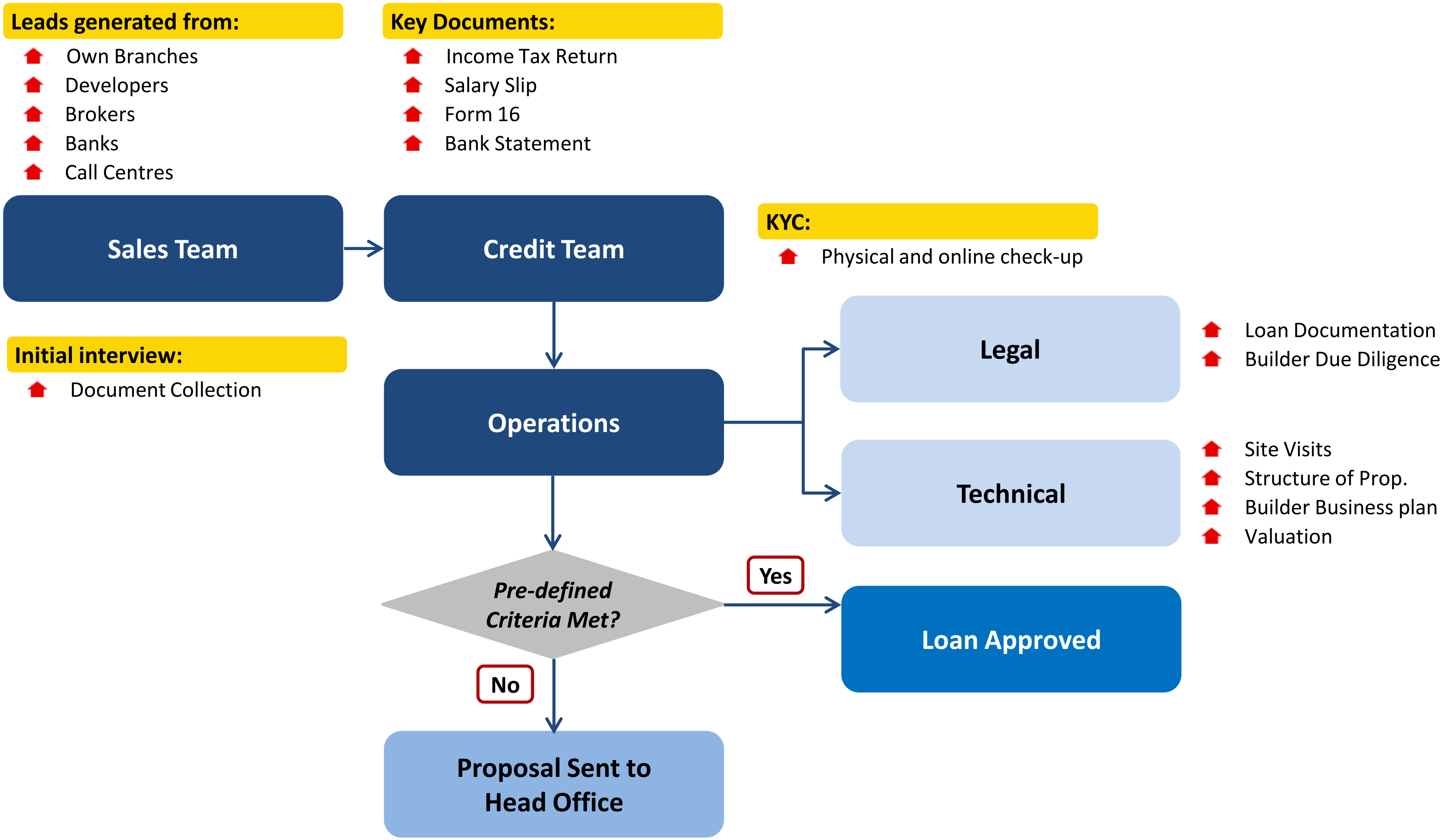
Notes:

1 As on 31st December 2014, Company operated locations include 2 Representative Offices at London and Dubai

Differentiated business model…

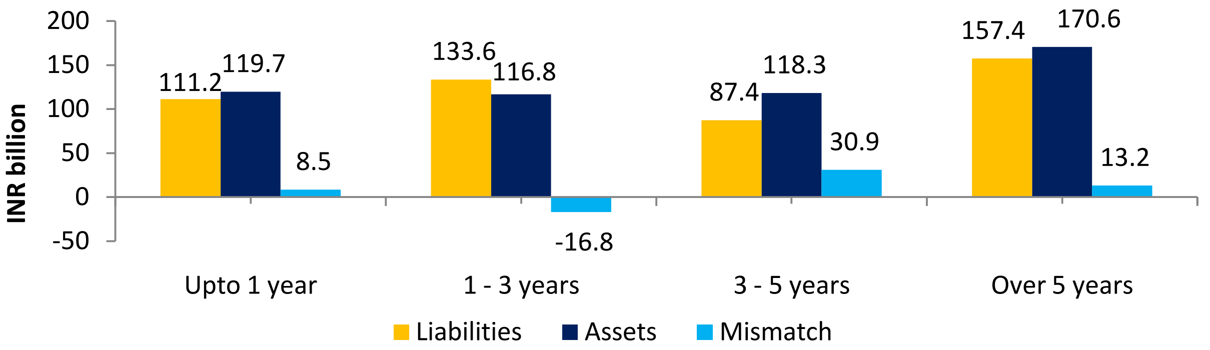
Distribution model	Dual channel distribution strategy – Pre-dominantly sales through own branch network supplemented by DSA's (Direct Selling Agents)
Target	Customers across the spectrum with key focus on Tier II / Tier III cities
Operations	Centralized processing centres for greater efficiency and risk management – 18 Regional Offices / Zonal Offices catering to more than 80% of the branches in terms of number of loan accounts
Appraisal	In-house Credit & Legal team, appraising each application
Technical evaluation	In-house team of Civil Engineers for Technical Evaluation
Collection	Significant Majority of collections through ECS/PDC's

4 …with a defined risk management framework



4 Focused Asset-liability management

6MFY15 assets and liabilities profile



Borrowing profile 9MFY15

- Banks, FIs and Multilateral Agencies (60%)
- NHB (4%)
- Fixed Deposit(8%)
- Capital Markets (28%)

Target borrowing profile in 2 years

Reduce our cost of borrowing by **reducing our borrowing mix on Banks and relying heavily on Capital Markets**

Key initiatives

Securitization

- Gross securitization of INR 14,469 mm during 9MFY15, total securitized loan portfolio of INR 48,616 mm as of 9MFY15
- Priority sector loan portfolio attractive for securitization with Banks
- Tie-ups with investors such as Axis Bank, Corporation Bank, ICICI Bank, SCB and IDBI bank

ECB

- ~US$70m worth of ECB with 8 years tenor raised in 2014 from IFC
- Received approvals from regulators of up to US$300m; Sanctioned US$ 190 m for FY15 from ADB, DEG & IFC

- **Reduced cost of borrowings** over the past few years by increasing the borrowing mix from Debt Capital markets
- Minimal asset liability mismatch
- Well Managed ALM leading to **no requirement to avail the NHB emergency refinancing** during the 2008 credit crisis

5 Highly 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 INR 5.8bn to INR 500bn over 6 years

Dheeraj Wadhawan, 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, Non – Executive Director
- Senior Partner of law firm, Lakshmikumaran & Sridharan
- Ombudsperson for Bharti Group
- Over 30 yrs of Corporate and Legal experience

Awards and recognition

FY14 BEST EMPLOYER BRAND AWARD at IPE BFSI Awards

FY14 Mr. Kapil Wadhawan among the Top 100 CEO's in the Business Today Listing

FY13 The Greatest Corporate Leaders of India – Leadership Awards in Financial Services by India's Greatest

FY12 Amongst India's 50 Biggest Financial Companies in India

FY11 DHFL is recognised as a Power Brand amongst the top 200 brands in India by M/S Planman Marcom

FY11 2nd Asia's Best Employer Brand Award for Excellence in HR through Technology

2010 India's Top 100 Best Companies to work for – Great Place To Work Institute, India in Association with Economic Times

Our customers

Profession: Teacher

Monthly HH income:~ INR 25,000

Family size: ~5 (parents and 2 siblings)

Stayed in a 1 room-kitchen

Profession: farming and other allied

Monthly HH income:~ INR 15,000

Family size: ~4 (Husband and 2 children)

Stayed in a rented 1 room-kitchen

Profession: owner, super market

Monthly HH income:~ INR 30,000

Family size: ~5 (wife and 3 children)

Stayed in a rented 1 BHK

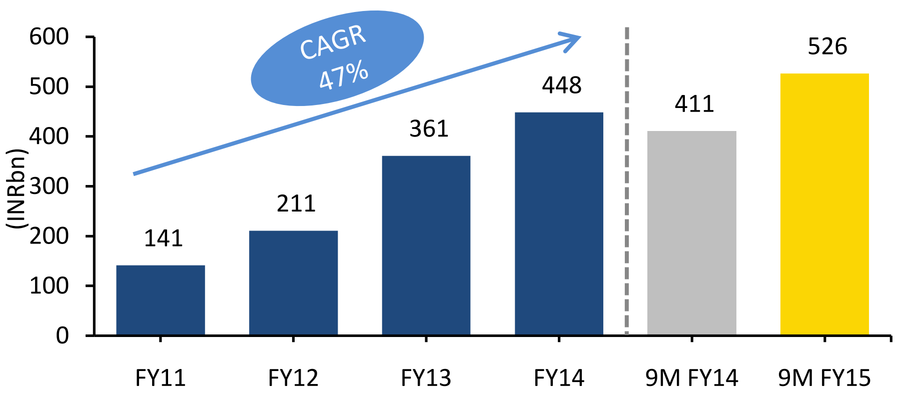
Every Indian should have a home of his own

Section 3

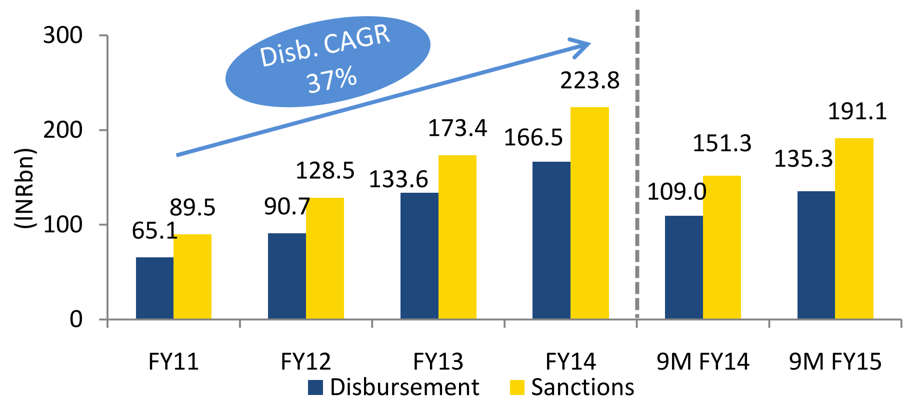
Financial overview

6 Strong asset growth with portfolio mix

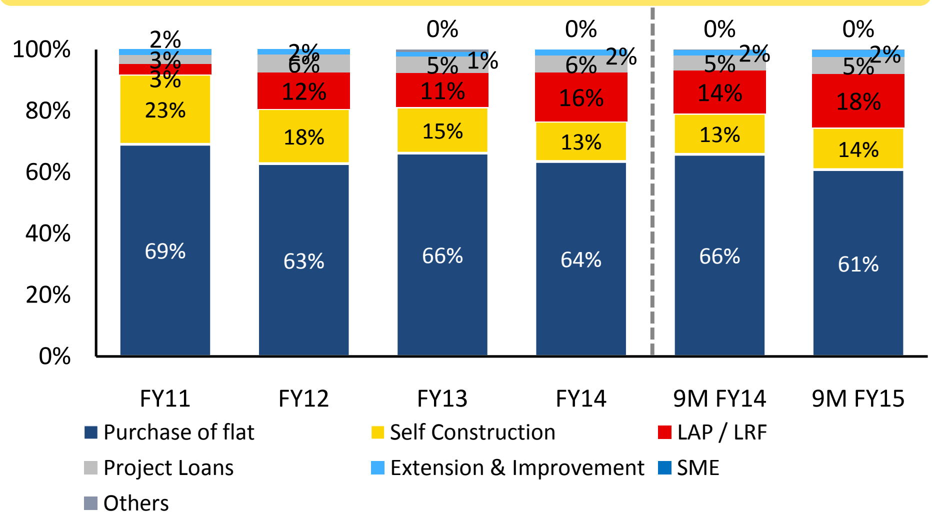
Strong AUM growth…



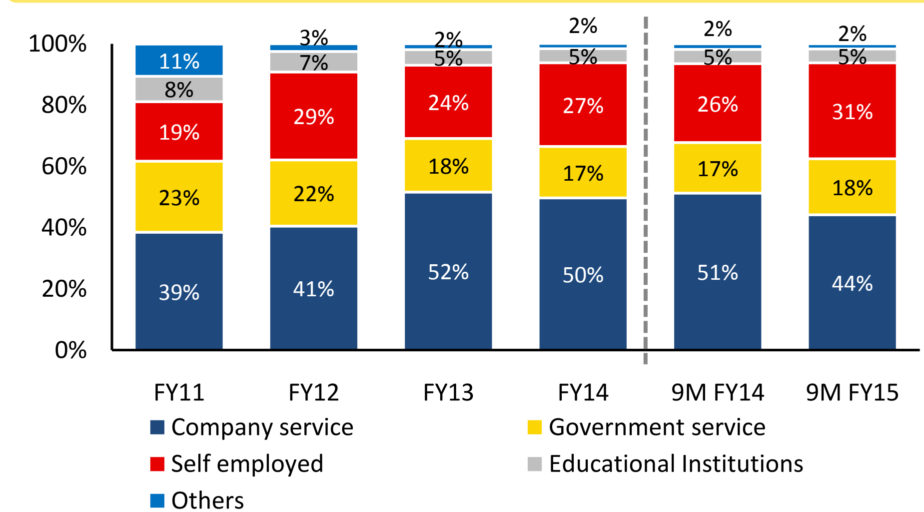
..driven by strong growth in disbursements



Portfolio Composition



Customer composition



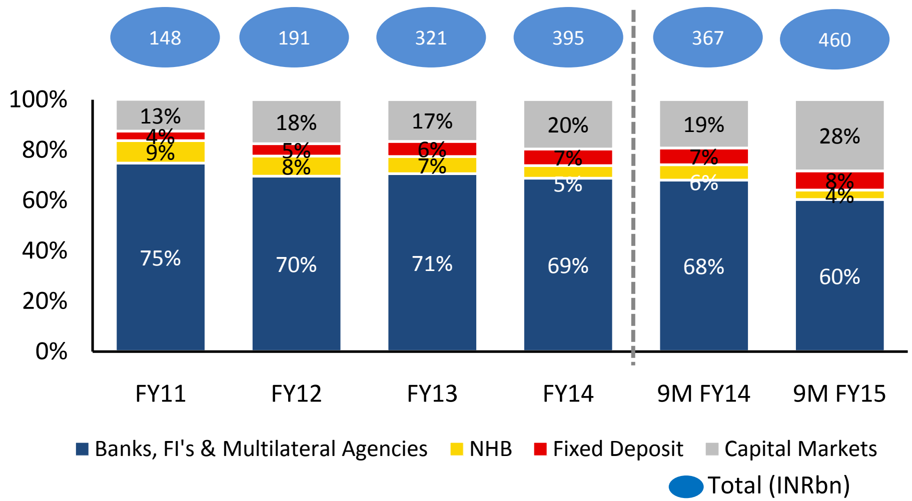
Notes:

1 For the nine months ended 31 December 2014, securitised portfolio: INR 12,777 million

2 FY13, FY14 and 9M FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

6 Diversified liability mix and decreasing cost of funding

Diversified borrowing mix…



…and improving cost of funding

	FY11	FY12	FY13	FY14	9M FY14	9M FY15
Banks & FI's	10.01%	11.41%	11.02%	11.00%	11.00%	10.88%
NHB	7.58%	7.63%	7.99%	8.04%	8.02%	7.91%
Capital Markets	9.72%	9.92%	10.06%	9.84%	9.63%	9.46%
Multilateral agencies	9.27%	9.79%	10.03%	10.73%	9.98%	10.53%
Fixed deposit	9.49%	10.04%	10.59%	10.56%	10.56%	10.34%
WACB (Day end)	**9.73%**	**10.85%**	**10.63%**	**10.59%**	**10.52%**	**10.33%**

Improving credit profile

CARE AAA

CARE AA+

DHFL's long term credit ratings has been upgraded to 'CARE AAA (Triple A)' by CARE and ' AAA (Triple A)' by Brickwork Ratings for long term secured facilities

Notes:

1 CARE: Credit Analysis & Research Ltd.

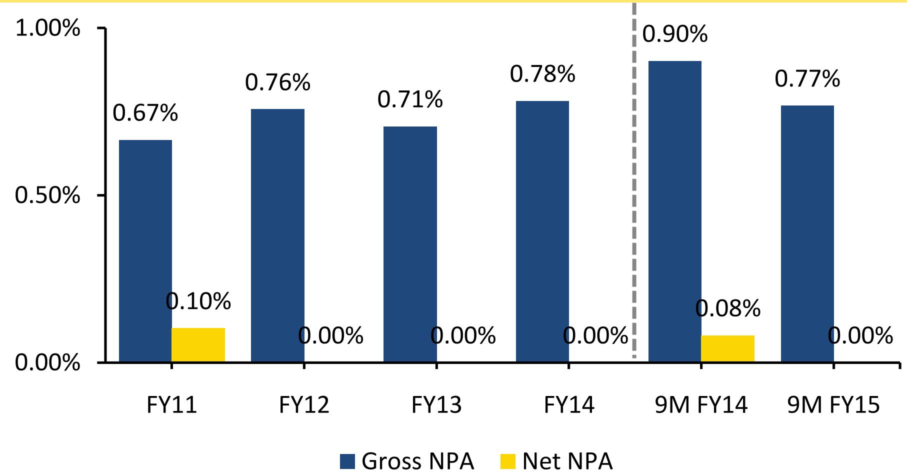
2 FY13, FY14 and 9M FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

DHFL

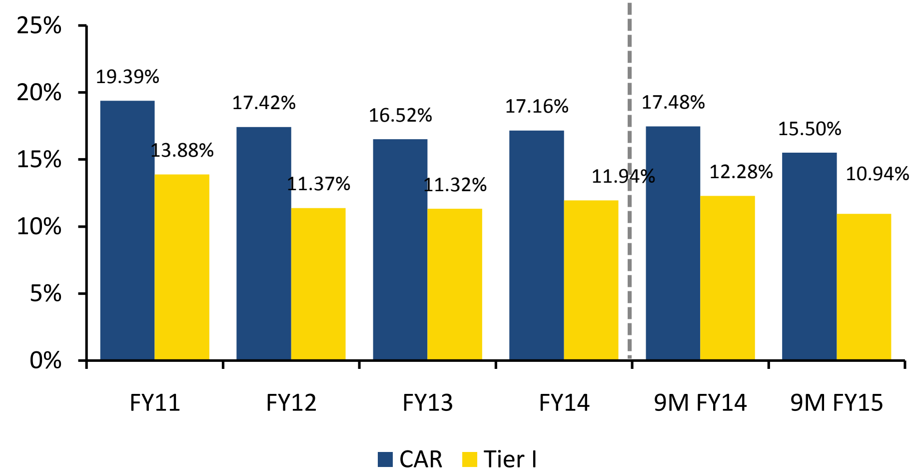
Changing Rules Changing Lives

6 Healthy asset quality

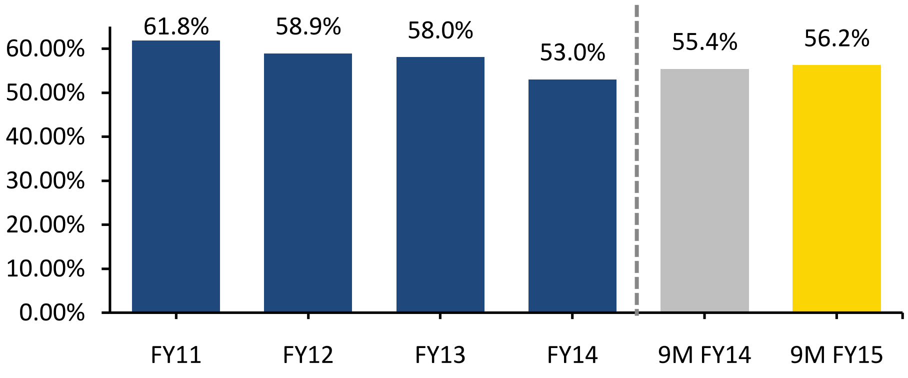
Gross/net NPA



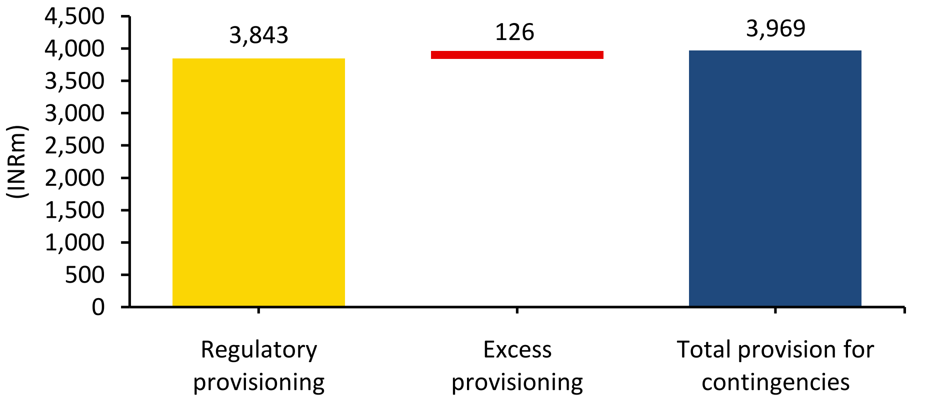
CAR (%) and Tier 1 (%)



Loan to value ratio



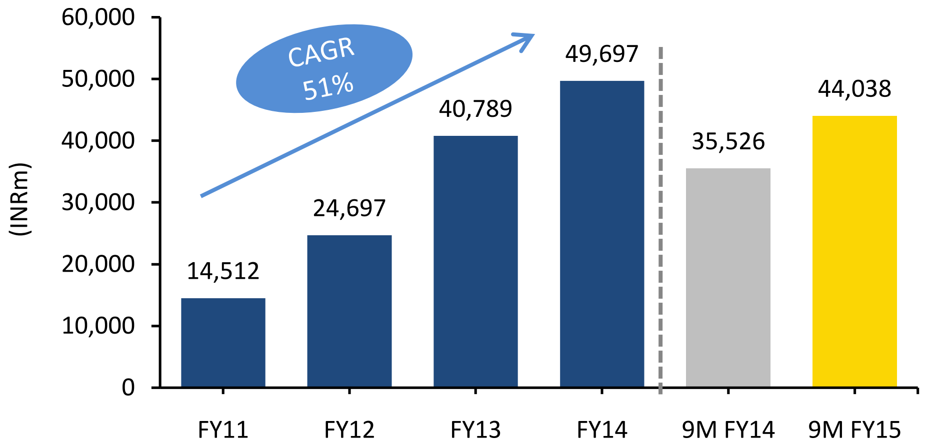
Provision for contingencies



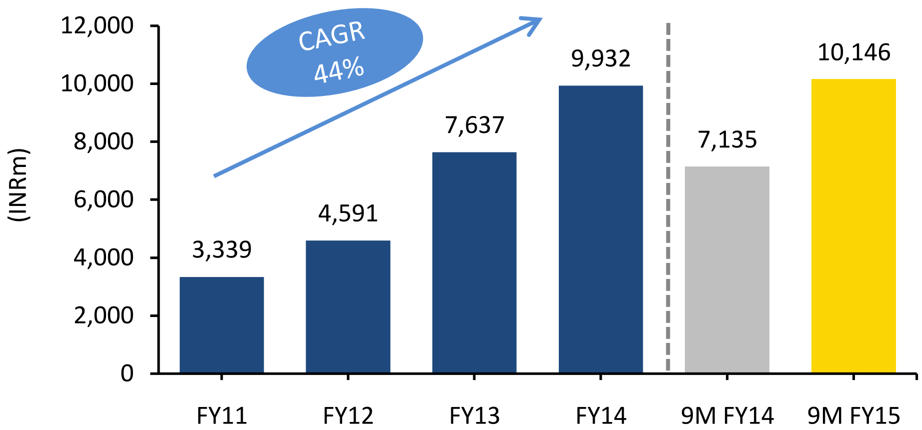
Notes:
1 FY13, FY14 and 9M FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

6 Healthy growth in income & earning metrics

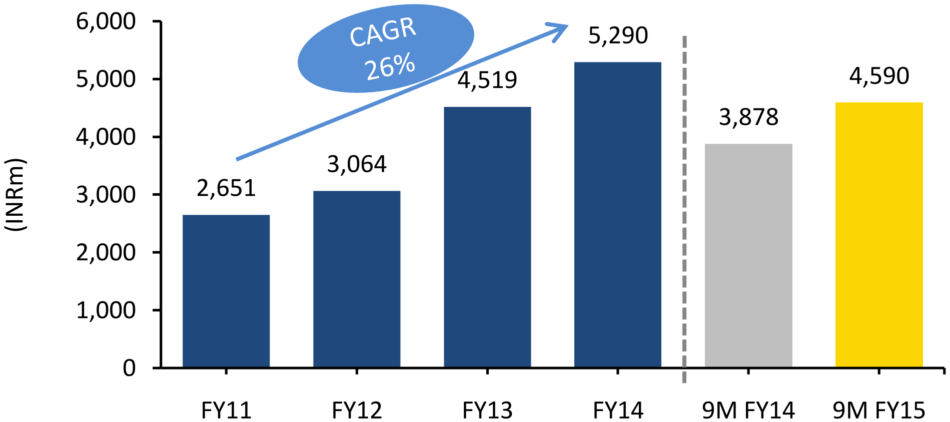
Total income



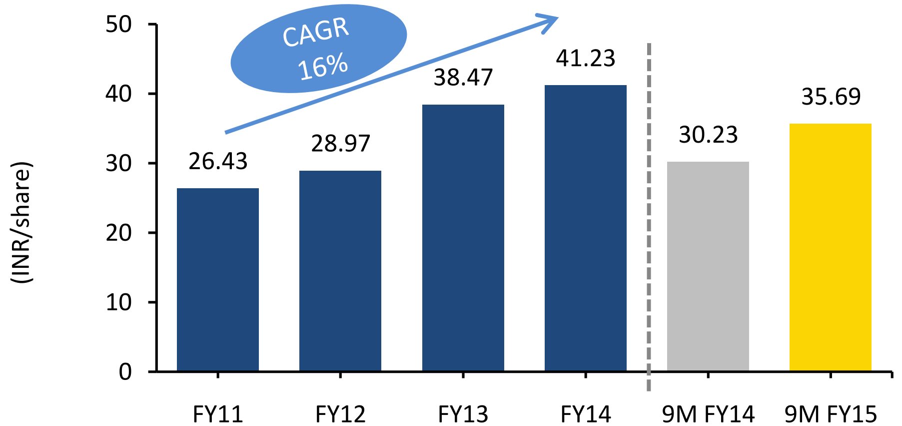
Net interest income



Net profit



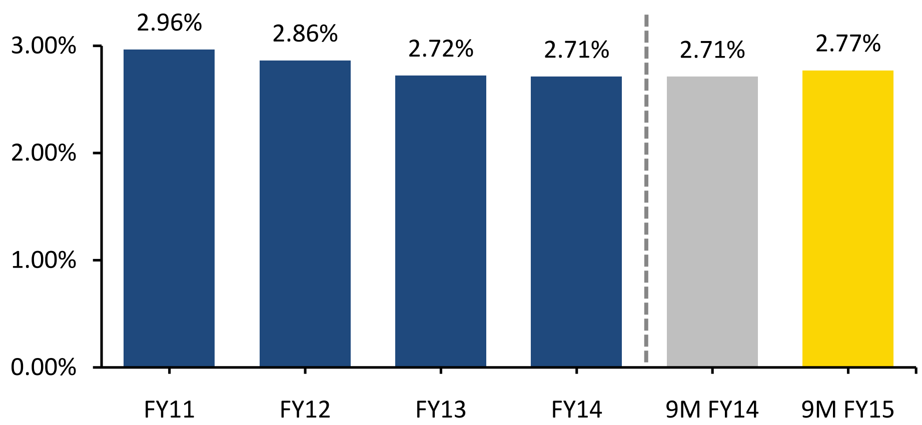
Earnings per share



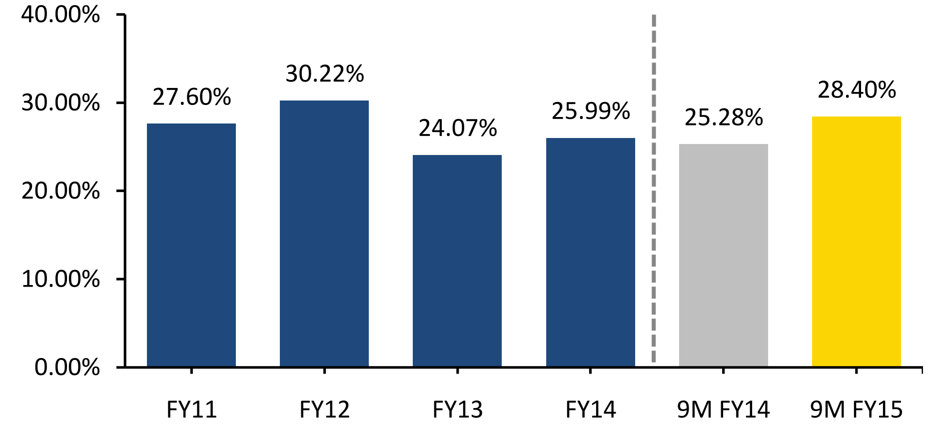
Note: FY13, FY14 and 9M FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

6 Healthy operating and financial ratios

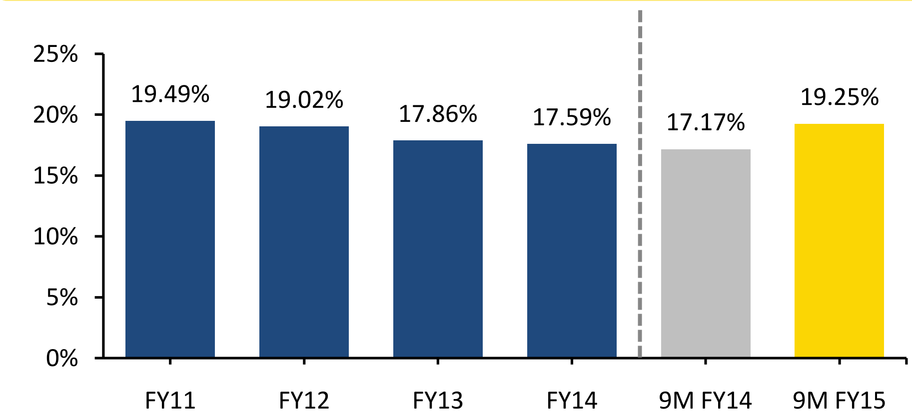
NIM



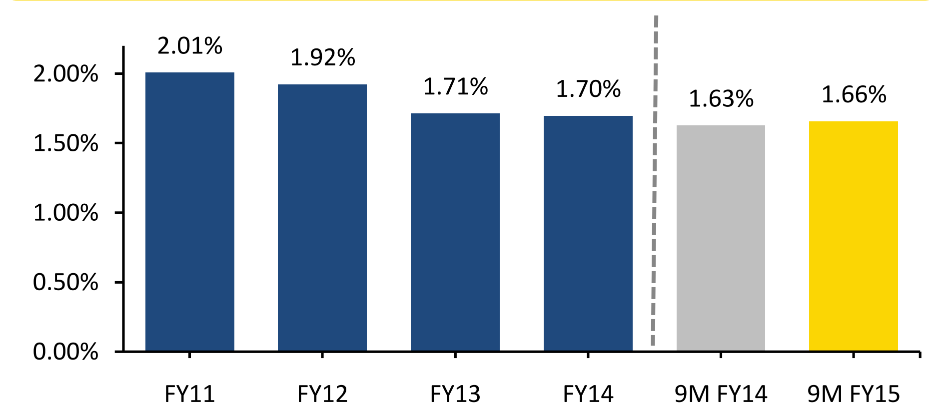
Cost to income ratio



RoAE



RoAA



Note: FY13, FY14 and 9M FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

Section 4

Other information

Key Investors

As on December 31, 2014

Sr. No.	Name of Investor	% Holding
1	Hemisphere Infrastructure India Pvt Ltd	4.17
2	Galaxy Infraprojects & Developers Pvt Ltd	4.06
3	Ironwood Investment Holdings	4.04
4	Jhunjhunwala Rakesh Radheshyam	3.83
5	Silicon First Realtors Pvt Ltd	3.92
6	Morgan Stanley Asia (Singapore) Pte	1.61
7	Asia Bridge Fund I LLC	2.78
8	Goverment Pension Fund Global	1.45
9	Government of Singapore	1.47
10	Lazard Emerging Markets Small Cap Equity Trust	1.40

Note:
1 Investors classified as “Public” holding more than 1% of the total number of shares of the Company

Key financials

(INR millions, unless otherwise mentioned)	FY11	FY12	FY13	FY14	9M FY15	YoY growth FY11	YoY growth FY12	YoY growth FY13	YoY growth FY14
Income statement									
Total Income	14,512	24,697	40,789	49,697	44,038	46%	70%	65%	22%
Net Interest Income	3,339	4,591	7,637	9,932	10,146	53%	38%	66%	30%
Non-Interest Income	1,528	2,113	1,959	1,939	1,049	46%	38%	-7%	-1%
Interest Expenses	9,646	17,992	31,194	37,826	32,842	44%	87%	73%	21%
Operating Expense	1,679	2,436	2,954	3,711	3,368	54%	45%	21%	26%
Provision for Contingencies	90	237	450	700	700	6%	163%	90%	56%
Depreciation	37	47	85	109	208	32%	27%	79%	29%
PBT	3,061	3,984	6,107	7,351	6,920	51%	30%	53%	20%
PAT	2,651	3,064	4,519	5,290	4,590	76%	16%	47%	17%
Balance sheet									
Loan sanctioned	89,495	1,28,453	1,73,369	2,23,776	1,91,102	70%	44%	35%	29%
Loan Disbursed	65,056	90,652	1,33,577	1,66,475	1,35,302	68%	39%	47%	25%
Loan portfolio Outstanding	1,41,112	1,93,554	3,39,017	4,05,966	4,77,757	61%	37%	75%	20%
AUM	1,41,112	2,10,947	3,61,165	4,48,221	5,26,373	61%	49%	71%	24%
Networth	15,484	20,328	32,371	35,750	38,281	77%	31%	59%	10%
Borrowings	1,48,501	1,91,486	3,20,584	3,94,869	4,60,436	66%	29%	67%	23%

Note: FY13, FY14 and 9M FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

Key ratios

	FY11	FY12	FY13	FY14	9M FY15
Key ratios					
Gross NPA	0.7%	0.8%	0.7%	0.8%	0.8%
Net NPA	0.1%	0.0%	0.0%	0.0%	0.0%
NPA Coverage Ratio	85.2%	106.1%	109.8%	104.4%	108.2%
Tier I Ratio	13.9%	11.4%	11.3%	11.9%	10.9%
Capital Adequacy Ratio	19.4%	17.4%	16.5%	17.2%	15.5%
NIM	3.0%	2.9%	2.7%	2.7%	2.8%
Cost to Income Ratio	27.6%	30.2%	24.1%	26.0%	28.4%
Return on Assets	2.0%	1.9%	1.7%	1.7%	1.7%
Return on Equity	19.5%	19.0%	17.9%	17.6%	19.2%
Debt Equity Ratio	9.8	8.6	9.4	10.4	11.2
EPS (INR/share)	26.4	29.0	38.5	41.2	35.7
DPS (INR/share)	3.5	3.5	5.0	8.0[1]	4.0
Dividend yield	13.2%	12.1%	13.0%	19.4%[1]	8.4%

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

Note: FY13, FY14 and 9M FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

Section 5

Small Finance Bank License Application

Small Finance Bank License Application

- DHFL has applied for a Small Finance Bank (“SFB”) License, key objectives being:
  - Transform current franchise into the reputable banking franchise based on highest standards of transparency and corporate governance – RBI supervision will add to credibility
  - Create a long term sustaining and scalable liability platform – banking allows much broader range of options for fund raising including infrastructure bonds
- SFB license is apt for DHFL – business model fits the licensing requirements
  - As per the SFB norms, 75% has to be PSL
  - CRR / SLR:
    - Benefits of cost reduction outweighs the negative carry of CRR / SLR investments
    - Leverage asset structure to raise infrastructure bonds – exempt from CRR / SLR requirements and also PSL
- DHFL is committed to creating value for its stakeholders and will accordingly evaluate value accretive options that best suits stakeholders’ interest

Section 6

Group

DHFL financial services group

Wadhawan Global Capital Private Limited
AUM: INR 500 bn (~US$ 8.5 bn)

36.92%

DHFL
AUM: ~INR 450 bn[1]

DHFL stake	Company	Description	AUM	Wadhawan Global Capital stake
9.47%	DHFL Vysya Housing Finance	• Caters to LMI segment in South India	AUM: INR 11.25bn[1]	83.89%
14.90%	Aadhar Housing Finance	• Caters to LIG & EWS Segment majorly in Developing state • **IFC holds 20% equity stake**	AUM: INR 5.19bn[1]	62.00%
48.50%	Avanse Education Loans	• Provides education loans across 8 major markets • **IFC holds 20% equity stake**	AUM: INR 500mm[1]	30.95%
50.00%	DHFL Pramerica Life Insurance	• Provides life insurance • JV with Prudential Financial which owns 26% stake		

**AUM: Assets Under Management*

**LMI: Lower Middle Income*

**EWS: Economical weaker Section*

- LMI Focused Housing Finance Group
- Group companies with significant value to be unlocked
- Partners with Marquee international groups like IFC, Prudential Financial Inc. (Pramerica), etc.

Marquee equity partners

IFC Pramerica

1 As of 31 March 2014
2 Group Share Holding as of 31 March 2014

7 Supporting by Group Management Center (GMC)

Kapil Wadhawan (Chairman & Managing Director)

Group Management Center

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

Milind Sarwate

- 30 years of experience with Marico, Godrej, Sanofi Aventis
- Former group CFO at Marico Limited

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, ecommerce, 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

DHFL Changing Rules Changing Lives

8 Entities engaged in the LMI and the Underserved strata

DHFL Vysya Housing Finance

Engaged in the LMI Strata

- The Average Ticket size stood at INR 0.7 million as on FY14[1]
- Has operations in South India, viz., Karnataka, Andhra Pradesh, Tamil Nadu & Kerala
- Presence in 29 locations as on FY14[1]
- As on FY14, the Company made home loan disbursements of INR 3.63 billion[1]

Aadhar Housing Finance

Serves the most Underserved segment

- Maximum ticket size capped at INR 0.6 million
- Generates business through seven low income states in India viz; UP, MP, Bihar, Chhattisgarh, Jharkhand, West Bengal and Orissa
- Presence in 60 locations as on FY14[1]
- IFC has picked up a 20% equity stake in the company

Note:
1 As of 31 March 2014

8 Avanse Financial Services

AVANSE FINANCIAL SERVICES
ASPIRE WITHOUT BOUNDARIES

Enabling education, Empowering youth

EDUCATION

- Forayed into Education loans business in 2013

IFC

- IFC holds 20% stake in the Company

- Business Coverage across 8 major educational markets of the country –include Mumbai, Delhi & Pune being exclusive Avanse branches, with additional coverage through 180 DHFL Centres

Highlights of FY14[1]

- Outstanding Portfolio - INR 499 million
- Loans Sanctioned - INR 1,036 million
- Loans disbursed - INR 512 million
- Average Ticket size - INR 1.9 million
- Product Mix:
  - Domestic : INR 155 million
  - Abroad : INR 345 million
- Total Income - INR 60 million

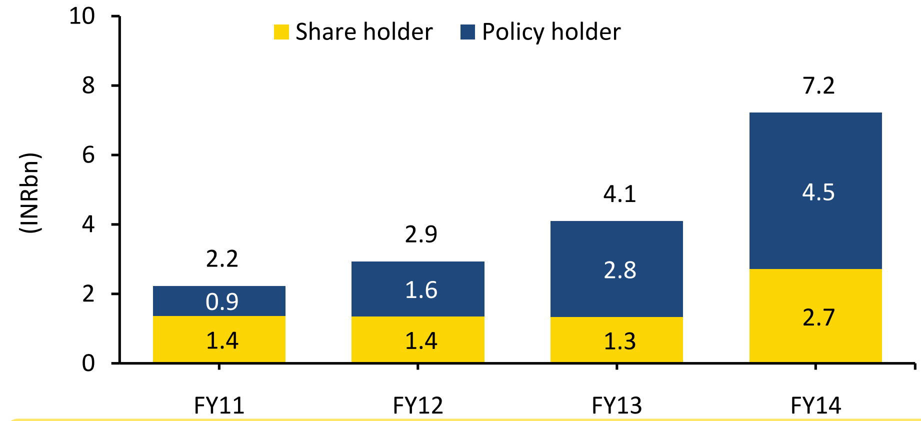
Note:
1 As of 31 March 2014

8 DHFL Pramerica Life Insurance

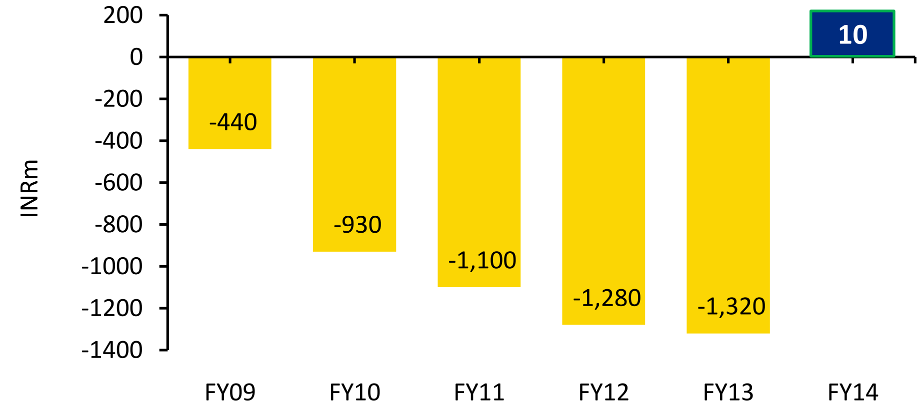
Insurance Venture with Prudential Financial Inc.

- 74:26 joint venture between DHFL Ltd. (DHFL) and its Promoters and Prudential Financial Inc (PFI) catering to the Life Insurance segment
- DHFL invested only INR 1 and in the first quarter of operations, i.e. Quarter ending March 2014, DHFL Pramerica Life Insurance has achieved the break even level
- ~3,500 part-time + full time agents, 30+ third party distributors[1]

Assets Under Management



Net Profit



Note:
1 As of 31 March 2014

Disclaimer

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