

Dewan Housing Finance Corporation Ltd.

Poised for the next leap in a niche business



Earnings Update – June 2013

Bloomberg Tkr: DEWH IN | NSE Code: DHFL | BSE Code: 513072

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Business Overview

Earnings Update – Q1FY14

- Total AUM crosses ₹ 377 bn in June 2013
- Total Income for Q1FY14 up 18% YoY to ₹ 11.3 bn
- Profit after Tax for Q1FY14 up 25% YoY to ₹ 1,203 mn
- For Q1FY14; Sanctions and Disbursements were ₹ 47.8 bn and ₹36.2 bn, respectively
- Loan book as of end June'13, up YoY by 27% to ₹ 351.3 bn
- Net Interest Margin for Q1FY14 stood at 2.72%
- RoA for Q1FY14 was 1.68% and RoE for the same period stood at 17.63%
- Gross NPA's stood at 0.84% and Net NPA's were 0.02% and the provisioning coverage was maintained at 97.37%
- EPS for Q1FY14 stood at ₹ 9.38 per share

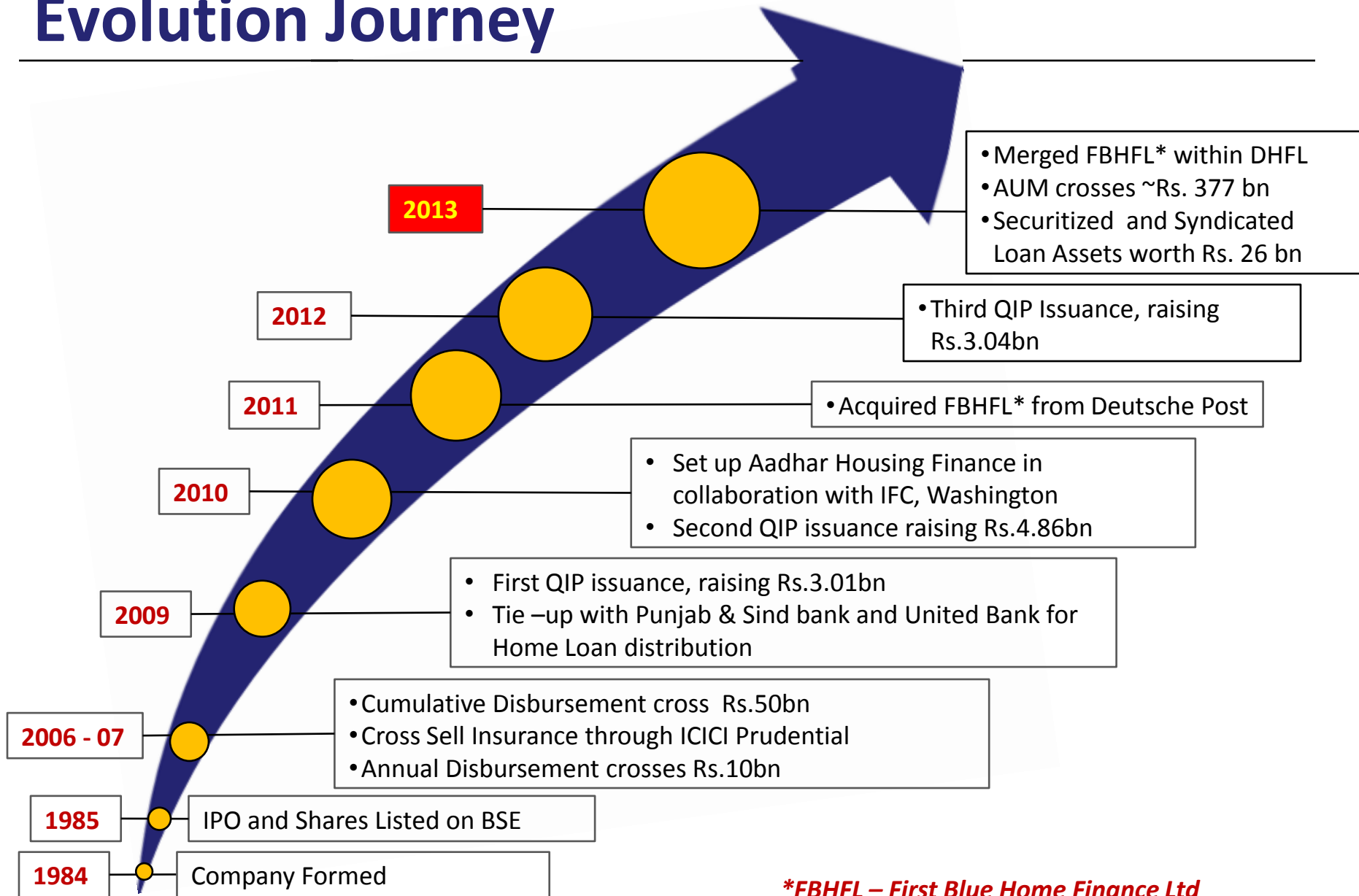
Note: In the presentation Q1FY14 Financials and ratios are compared with the Financials and ratios of Q1FY13 which are simple addition of DHFL and First Blue numbers

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Corporate Profile

- ➡ Evolution Journey
- ➡ Our Reach
- ➡ Experienced Management
- ➡ Opportunity Landscape

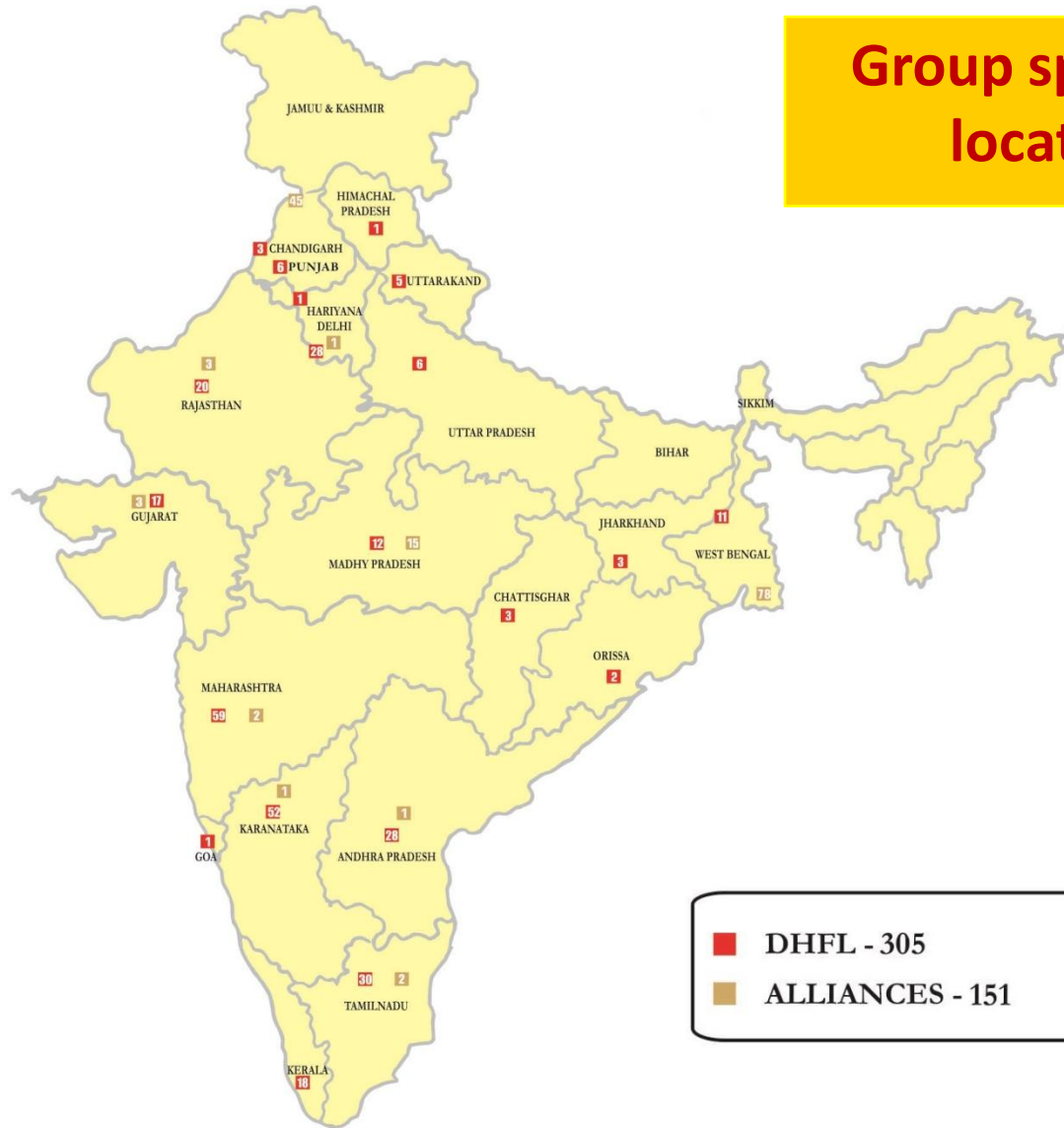
Evolution Journey



**FBHFL – First Blue Home Finance Ltd*

Geographical Presence

Group spread across 456 locations in India



■ DHFL - 305
■ ALLIANCES - 151

Source: Company

Eminent Professionals – Our Driving Force

Distinguished Board of Directors and Experienced Management Team

Mr. Kapil Wadhawan

Mr. Dheeraj Wadhawan

Mr. Anthony Hambro

Mr. R P Khosla

Mr. G P Kohli

Mr. Ajay Vazirani

Mr. V K Chopra

Mr. M. Venugopalan

Mr. Anil Sachidanand

Mr. Anoop Pabby

Chairman and Managing Director

Non-Executive Director

Nominee Director Caledonia Plc

Independent Director

Independent Director

Independent Director

Independent Director

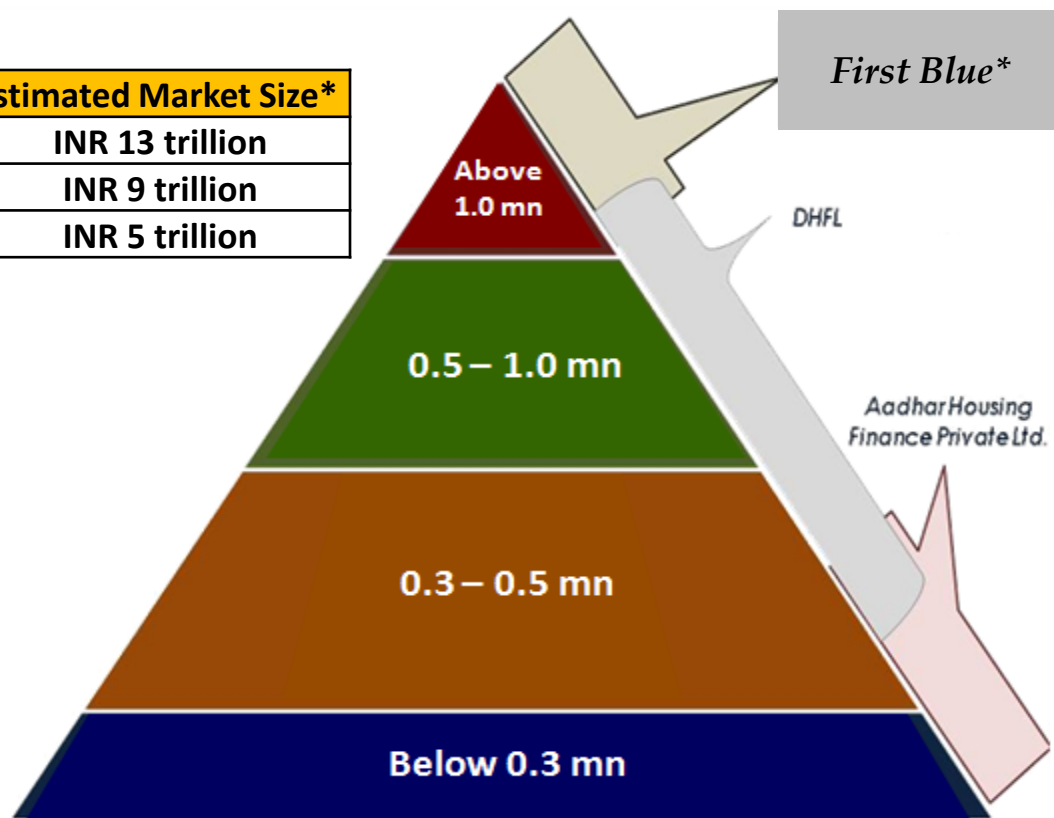
Independent Director

President

President

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



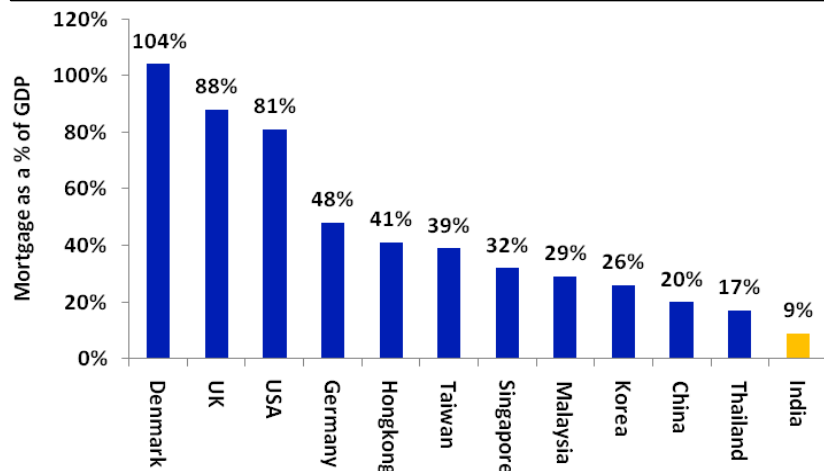
Pursuant to the merger of First Blue Home Finance and setting up of Aadhar Housing Finance in FY11, DHFL as a group is geared to serve customers across the housing finance spectrum, with each company serving a niche segment , resulting in minimal overlap

** Operating as an independent brand under DHFL*

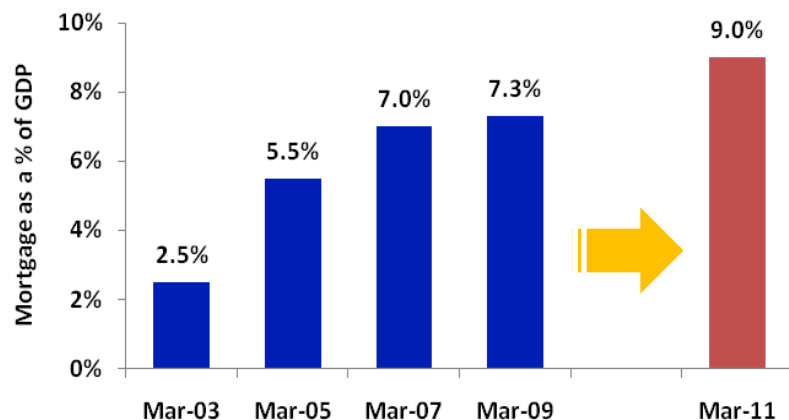
All Information Source: Monitor Group

Mortgage Finance Industry – Huge Growth Opportunity

Low Mortgage Penetration in India – A huge Market potential



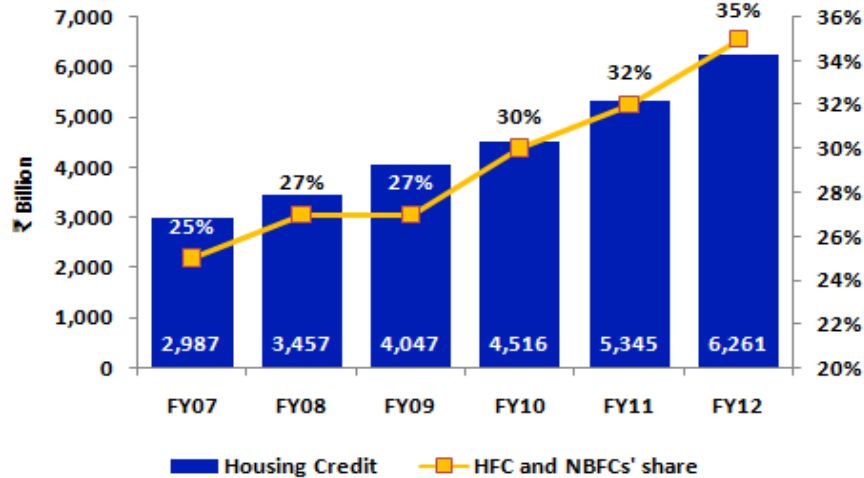
Growth in Mortgage penetration – Translating to higher Industry Growth



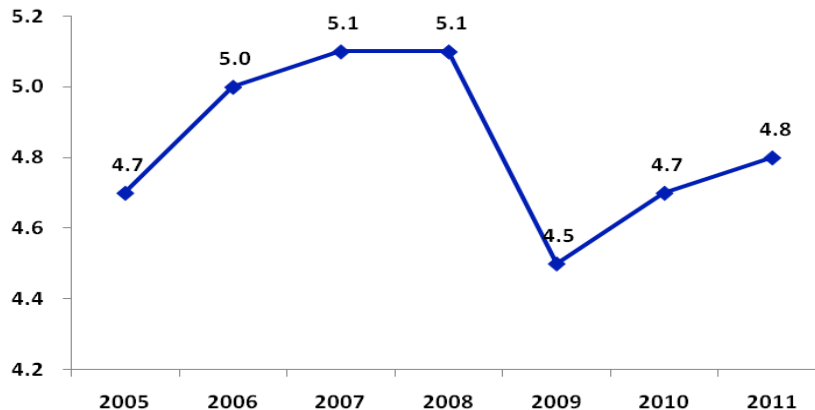
- Indian Housing Market has emerged as one of the most promising secured financing option
- According to ICRA's estimates, the total housing credit outstanding in India as on FY12 was over Rs. 6.3 trillion as against Rs. 5.3 trillion as on FY11 indicating growth of 17%
- Current Mortgage to GDP ratio for India amongst the lowest in the world and provides huge opportunity for growth on sustainable basis
- BCG-IBA Report, in FY11, estimates outstanding mortgages in India will increase 8 fold by 2020. Mortgage to GDP ratio projected at 20% by 2020
- A modest increase in mortgage penetration to a level of China (i.e. 20%), from current levels will translate into the industry growth rate at an average of 20% p.a in the coming years

Mortgage Finance Industry – HFCs gaining share

HFCs' Market share rising along with Housing Credit Growth



Housing Affordability Index



Source: Crisil, ICRA & CARE estimates, Census report

- In spite of more than dozen rate hikes by RBI in last 24 months, housing credit grew by 17% y/y in FY12
- Indian Housing Finance Market is split into Banks and HFCs. Banks' share has seen a reversal over the years, in which HFCs' traditional strengths have come to the fore and their Market share increased to 35% in FY 12
- The top five PSBs had a gross NPA level of 1.61% in their housing finance book as on June 31, 2012, against 0.77% for HFCs
- The affordable housing segment is expected to become the key growth driver for the Market.
- Government and National Housing Bank have launched various schemes to promote housing for low to middle income group and in Tier-II & III cities

Affordability equals property prices by annual income

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Business Overview

- ➡ **Dominant Player in the LMI Segment**
- ➡ **Differentiated Business Model**
- ➡ **Nurturing Diversification in Operations**
- ➡ **Performance**

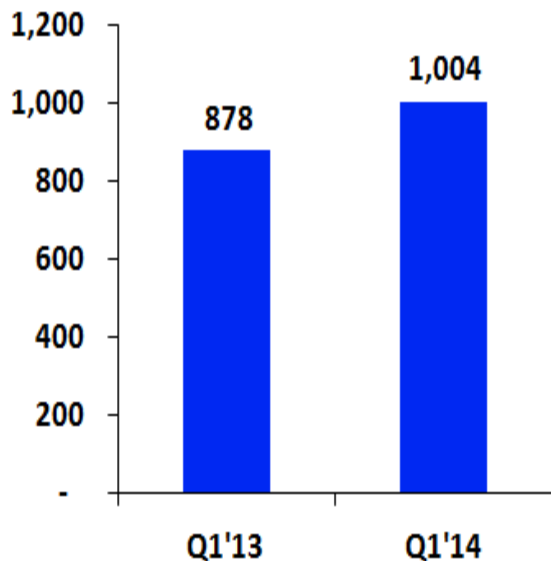
Dominant Player in LMI Segment

Our Vision

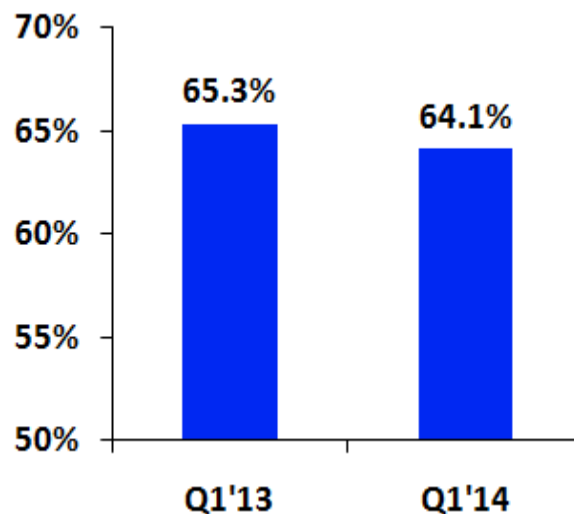
- DHFL was set up with a vision to transform the lives of millions of Indians living just beyond the consideration zone of the Mortgage industry, by giving them access to home loans
- DHFL has been unwavering in its commitment to serve the lower & middle income groups. Even after 29 years it remains a financial institution with the systems, processes and dedication to serve this socio-economic group

Key Statistics showcasing DHFL as a prominent LMI player

Avg Ticket Size (Rs'000)



Loan to Cost Ratio



Avg Installment to Income Ratio

40%

Footprints across Tier II & III towns or outside municipal limits of main cities

~80%

LTV, considering current property valuations

47% to 52%

Differentiated Business Model

Business Model	Extensive use of branches as against DSA model of peers
Operations	9 RPU's 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

Strong Fee Income Verticals

Insurance Services

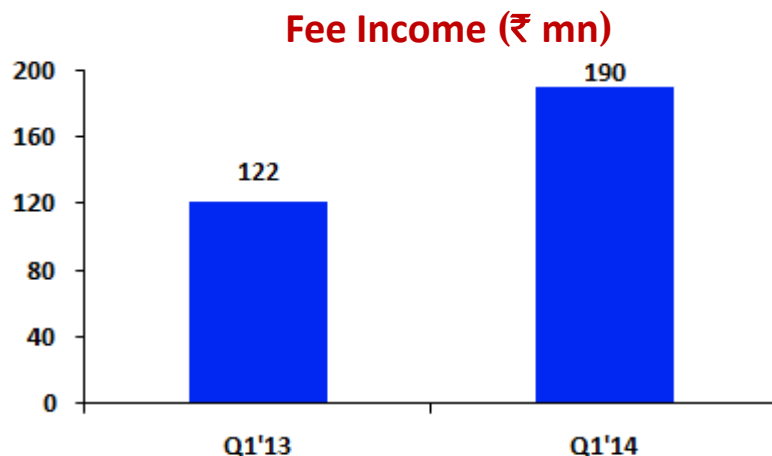
Cross-sell Insurance to own customers, in order to safeguard mutual interests

Technical Consultancy & Management

Provide TCM services to Developers and Self-Construction Clients in Tier II & III locations

Property Services

Provide Real Estate and Property Solutions to Individuals, Landlords, Developers etc.

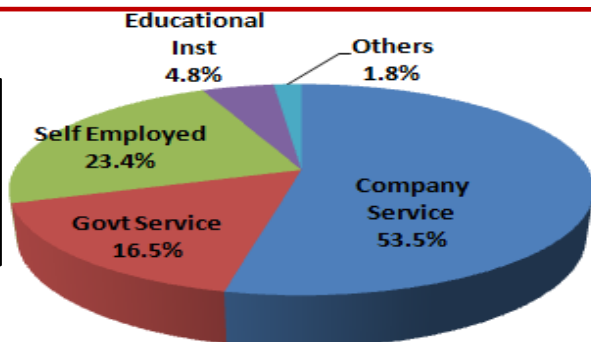


Nurturing Diversification in Operations

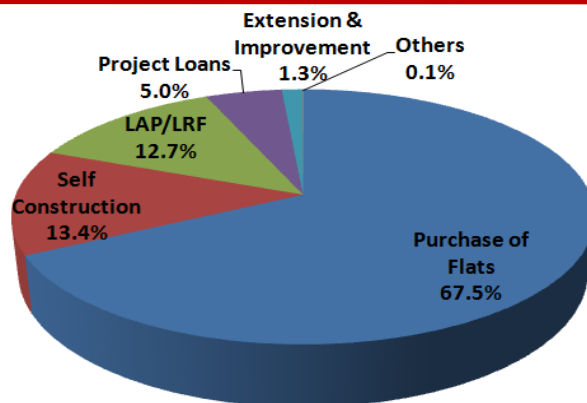
Product Offerings

Housing Loans	Non-Housing Loans
- Purchase of New Flat - Purchase of Resale Flat - Self Construction - Extension & - Project Loans	- Loan Against Property - Lease Rental Financing - Purchase of Commercial Premises

Customer Composition (June 13)



Portfolio Composition (June 13)



Loan Distribution

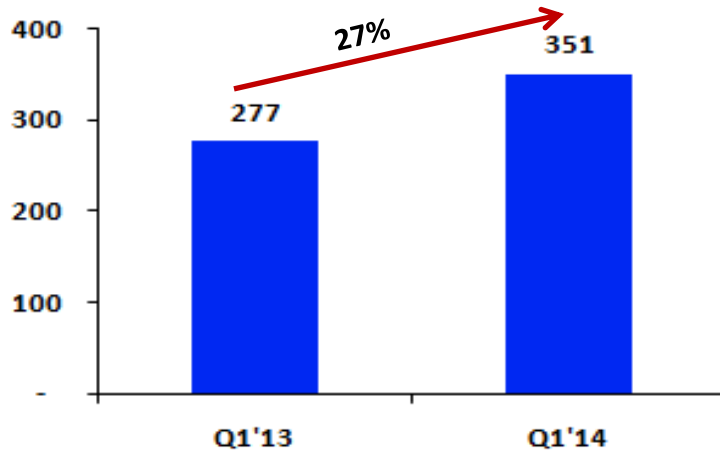


Partnered with multiple banks for Home Loan Distribution to their customers

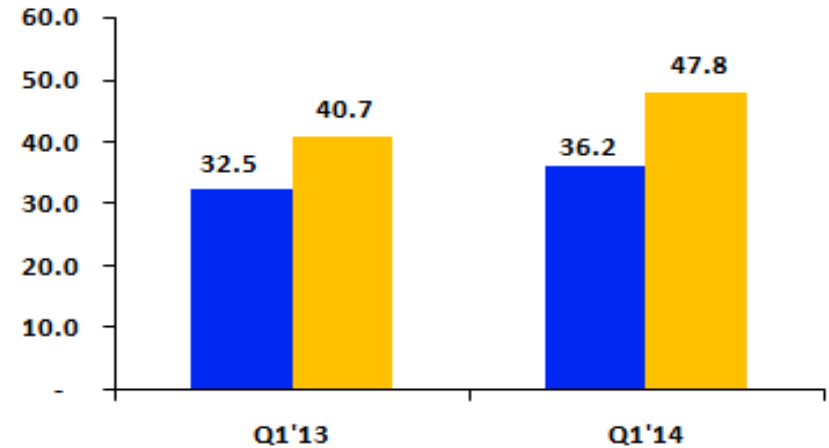
DHFL has been the industry pioneer in establishing long term relationships with multiple partners to fuel the growth engine as well as augment its income streams and feels extremely proud to win the trust of eminent and marquee names in the Finance world

Business Barometers

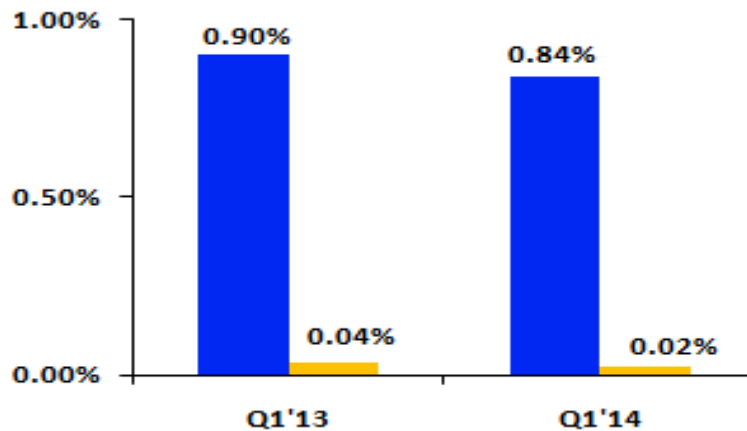
Loan Portfolio (₹ bn)



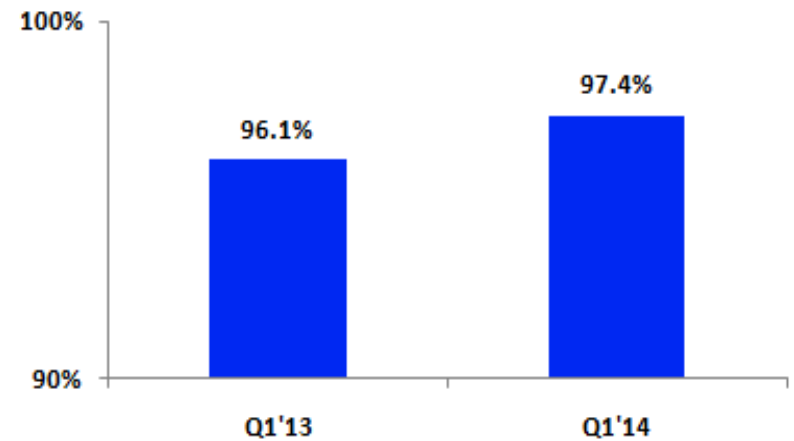
Disbursement Sanctions (₹ bn)



Gross NPA's Net NPA's

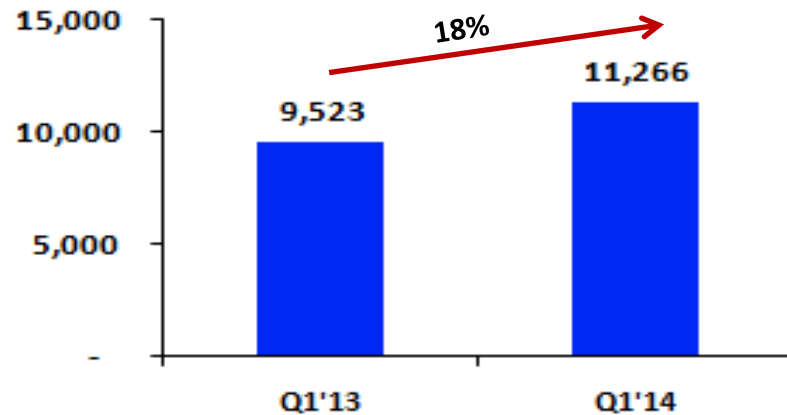


Provisioning Coverage (%)

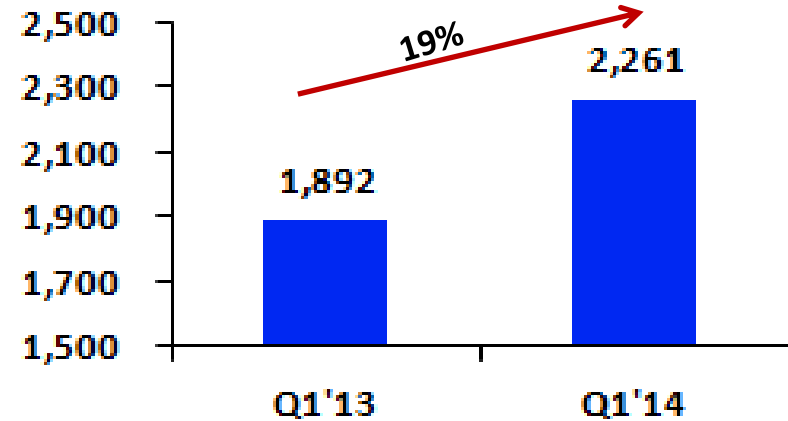


Financial performance

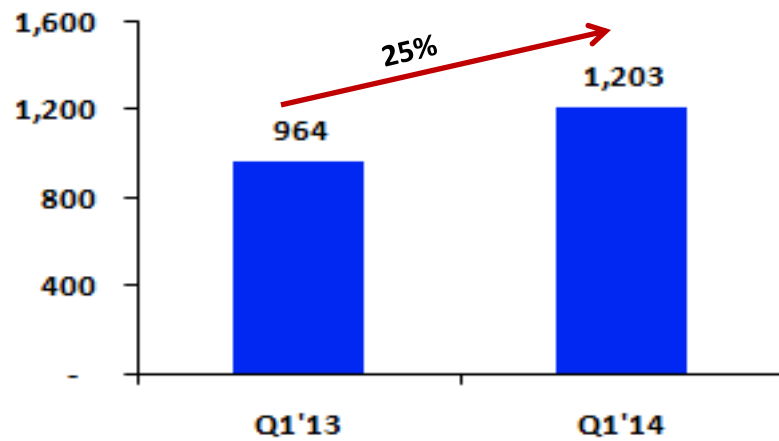
Total Income (₹ mn)



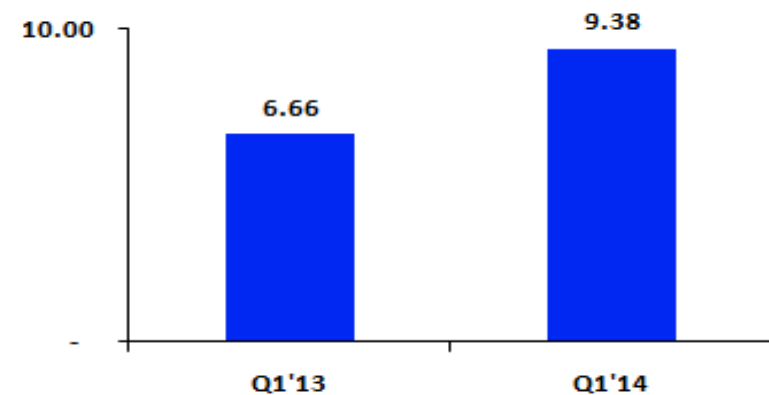
Net Interest Income (₹ mn)



Net Profit (₹ mn)



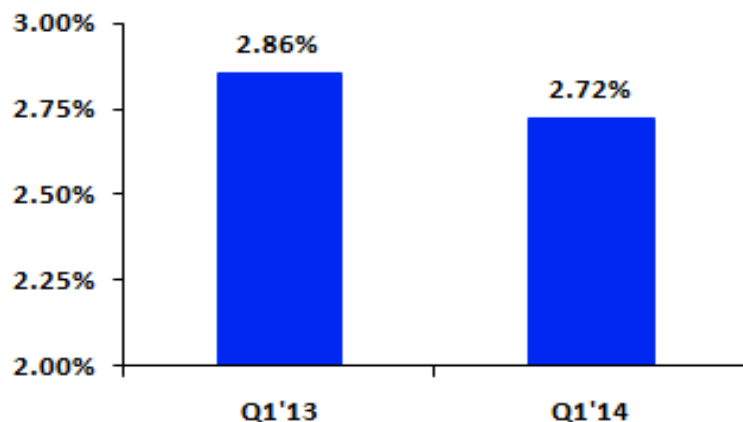
Earnings Per Share (₹)



** Q1FY13 EPS is on a DHFL standalone basis*

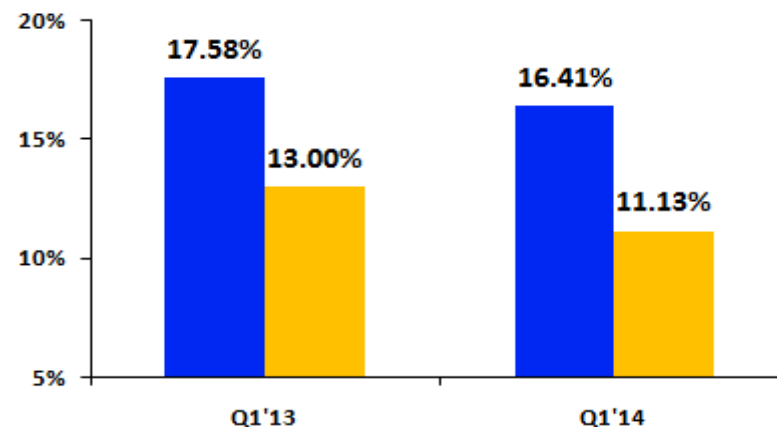
Financial Ratios

NIM (%)



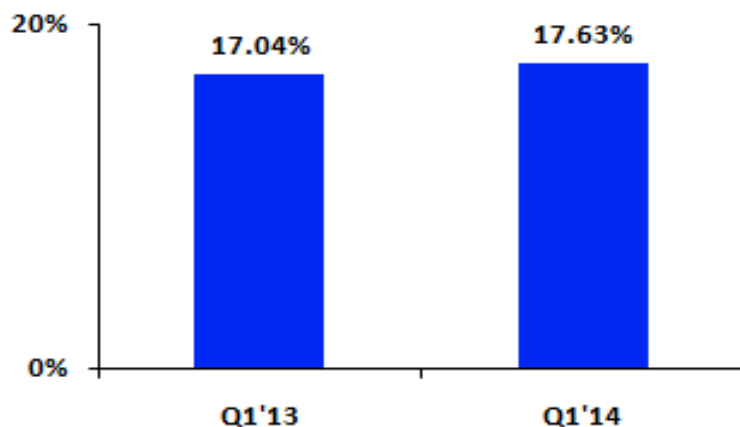
CAR (%)

Tier I (%)



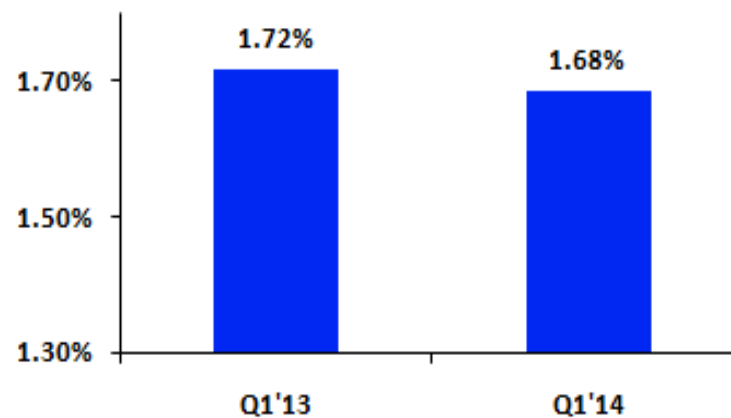
** Q1Y13 CAR is on a DHFL standalone basis*

RoE (%)



** Q1Y13 RoE is on a DHFL standalone basis*

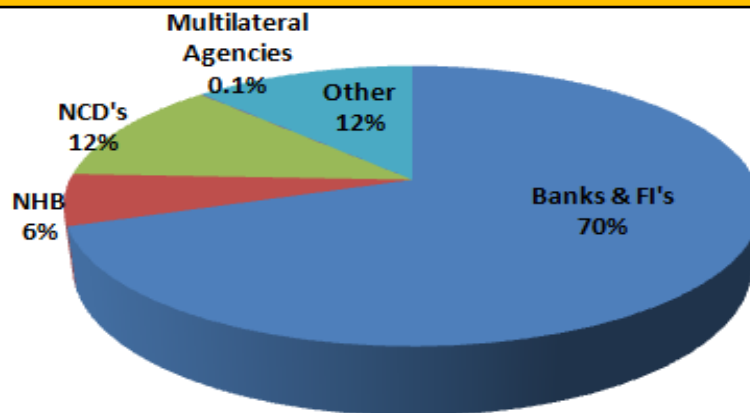
RoAA (%)



** Q1Y13 RoAA is on a DHFL standalone basis*

Borrowing Profile

Borrowings Composition



•Others include fixed deposits, subordinate debt, commercial paper, perpetual debt and other short term deposits

Credit Ratings

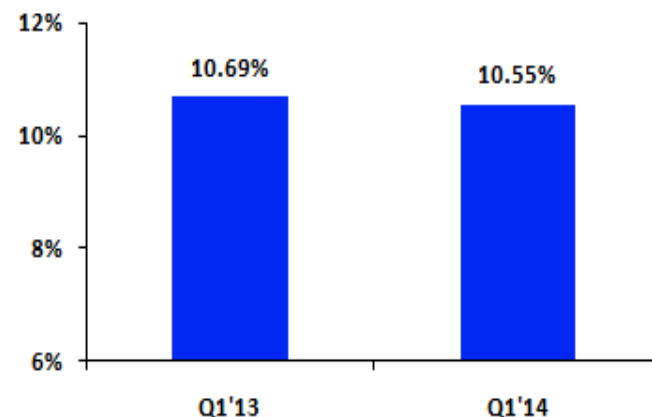
Long Term :
AA+ from CARE

Short Term :
A1+ from CRISIL

Borrowing Cost Composition

Borrowing Source	₹ mn	Cost %
Banks & FI's	2,38,832	10.97%
NHB	20,347	7.98%
NCD's	40,963	9.64%
Multilateral Agencies	184	9.98%
Others	42,117	10.30%
WACB	3,42,442	10.55%

Borrowing Cost Movement



Key Financial Metrics

Financial Summary (₹ mn)	Quarter Ended		Growth	FY13
	Jun, 2013	Jun, 2012	YoY	
Total Income	11,266	9,523	18%	41,404
Net Interest Income	2,261	1,892	19%	7,637
Non-Interest Income	626	491	28%	2,573
Interest expenses	8,380	7,140	17%	31,194
Operating expense	1,023	826	24%	3,569
Provision for Contingencies	250	191	31%	450
PBT	1,590	1,348	18%	6,107
PAT	1,203	964	25%	4,519
Loan Sanctioned	47,814	40,741	17%	1,73,369
Loan Disbursed	36,152	32,526	11%	1,33,577

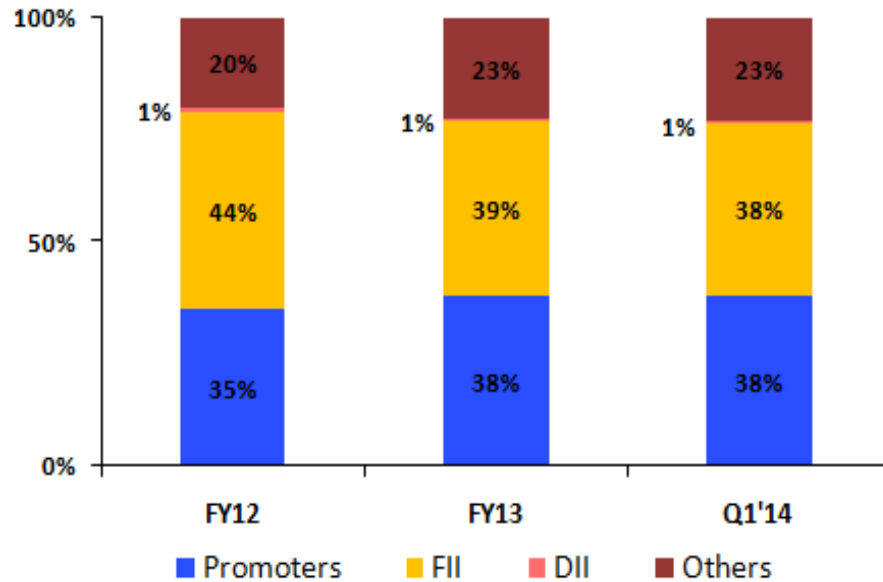
Key Ratios for Period Ended	Jun, 2013	Jun, 2012	Mar, 2013
Gross NPA	0.84%	0.90%	0.71%
Net NPA	0.02%	0.04%	0.00%
NPA Coverage Ratio	97.37%	96.11%	109.76%
CAR (Approx.)*	16.41%	17.58%	16.52%
NIM	2.72%	2.86%	2.72%
Cost Coverage Ratio	59.82%	61.01%	70.44%
Cost to Income Ratio	30.89%	31.15%	29.05%
Return on Assets*	1.68%	1.72%	1.71%
Return on Equity*	17.63%	17.04%	17.86%
Debt Equity Ratio*	9.71	8.96	9.61
EPS ₹*	9.38	6.66	38.47

* Q1FY13 CAR, RoA, RoE, Debt Equity Ratio and EPS is on a DHFL standalone basis

Note: In the presentation Q1FY14 Financials and ratios are compared with the Financials and ratios of Q1FY13 which are simple addition of DHFL and First Blue numbers

Diversified Investor Base

Shareholding Composition



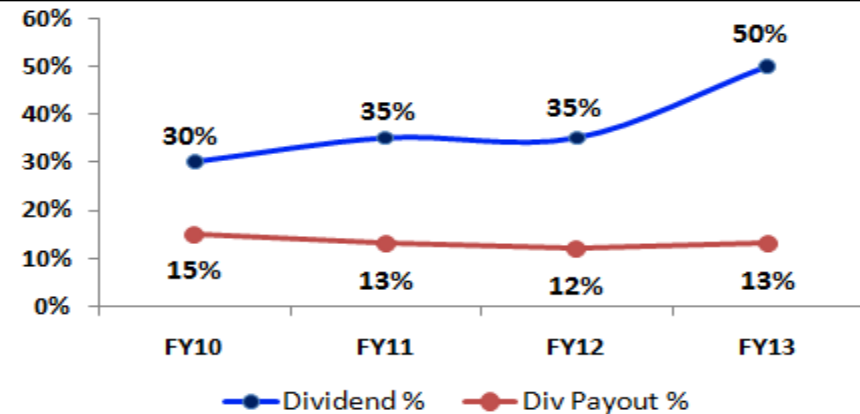
- Institutional Investors exhibit significant faith in the companies performance, as evident from their substantial share in Holding % over a period of time
- Dividend paid consecutively for last 25 years, in 29 years of operation of company

Top 10 Institutional Investors as on 30th June 2013

Sr.No.	Name of Investor	% Holding
1	CALEDONIA INVESTMENTS PLC	9.99%
2	HSBC BANK (Mauritius) LTD	4.46%
3	IRONWOOD INVESTMENT HOLDINGS	4.05%
4	GOVERNMENT OF SINGAPORE *	3.20%
5	ASIABRIDGE FUND I, LLC	2.78%
6	WELLINGTON TRUST *	2.42%
7	CITIGROUP GLOBAL MARKETS MAURITIUS PVT LTD	1.32%
8	EMERGING MARKET MANAGEMENT *	1.20%
9	MORGAN STANLEY ASIA (SINGAPORE) PTE	1.09%
10	MIRAE ASSET MANAGEMENT*	0.71%

* Through Multiple Funds / Schemes

Dividend and Payout Ratio



Disclaimer

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