DHFL

Changing Rules Changing Lives

The road less travelled.

Earnings Update – 3MFY15

24th Jul, 2014

"I want
every Indian
to have a home
of his own"

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

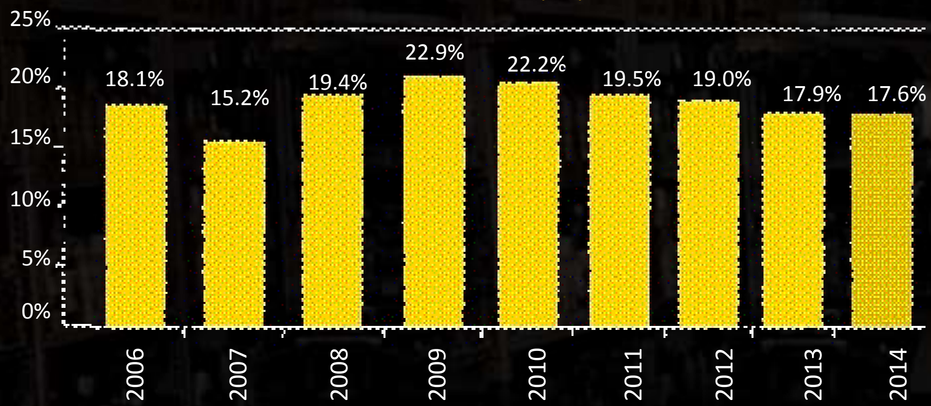
"Two roads diverged in a wood, and I -
I took the one less travelled by, And that has made all the difference." - Robert Frost

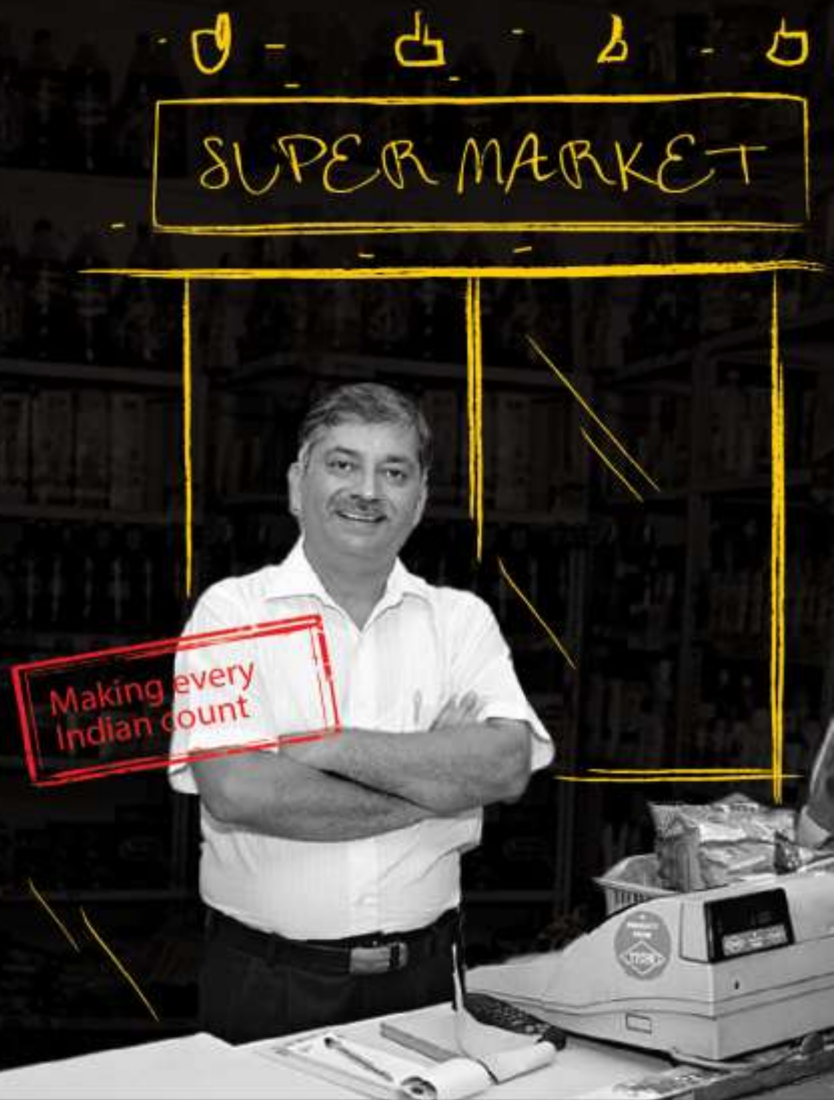
In 1984, when the founding Chairman started his journey, he was determined that he would build a company that would champion ‘inclusive growth’. He believed that for a nation to progress, everybody has to be part of the story.

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 440 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.

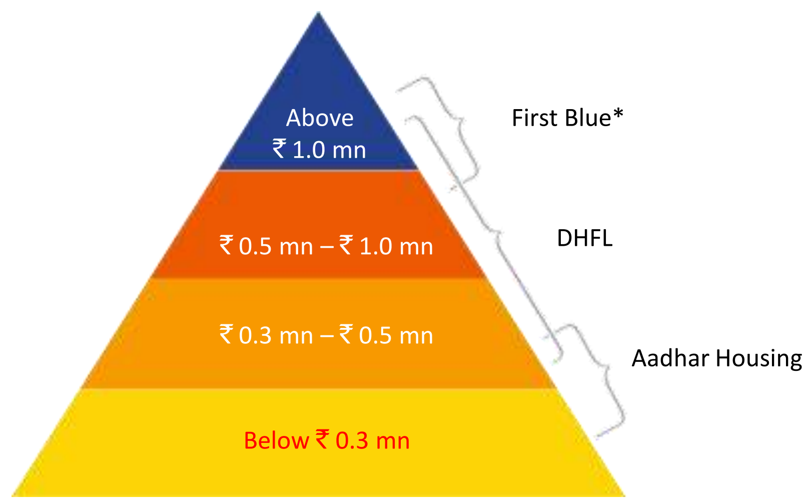
*Operating as an independent brand under DHFL

#All Information Source: Monitor Group

Treasure in Unlisted Companies

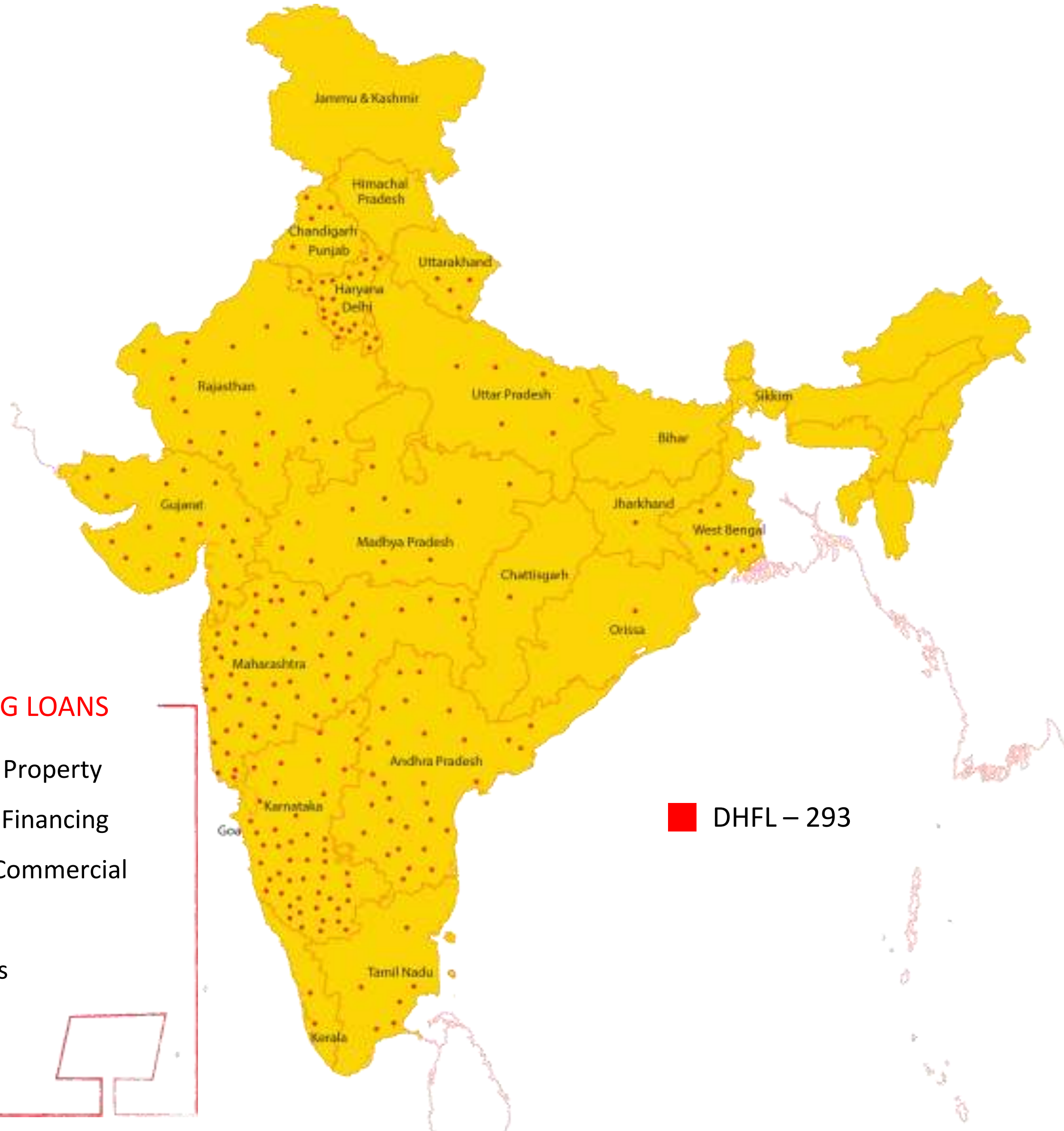
Entity	DHFL's Holding (%)	BVPS (₹)
DHFL Vysya Housing Finance	9.47%	103.99
आधार Aadhar Housing Finance Ltd. A DHFL Group Company	14.90%	10.99
AVANSE Education Loans Aspire Without Boundaries	48.50%	34.48
DHFL Pramerica	50.00%	1.00[1]

[1]*DHFL's Total Investment*



GEOGRAPHICAL PRESENCE

- Spread across 293* 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 30th June 2014, Company operated locations include 2 Representative Offices at London and Dubai and excludes Camp locations

DISTRIBUTION PARTNERS

Chandigarh, Punjab and Delhi NCR

West Bengal

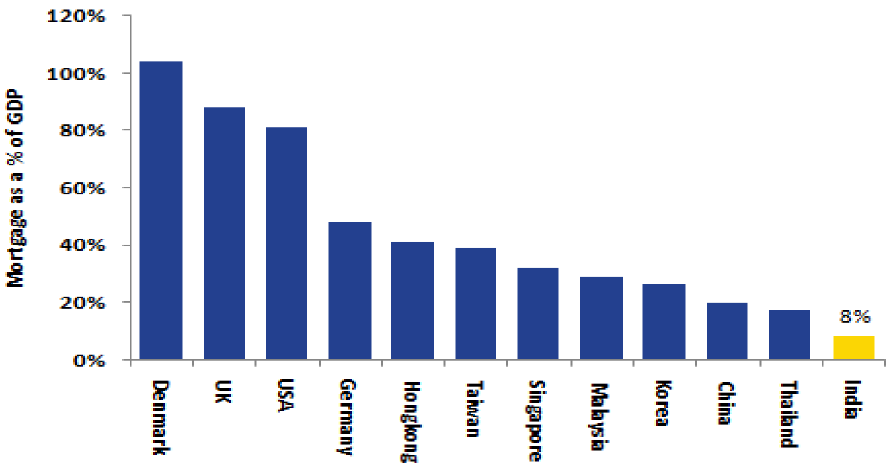
Madhya Pradesh

All India

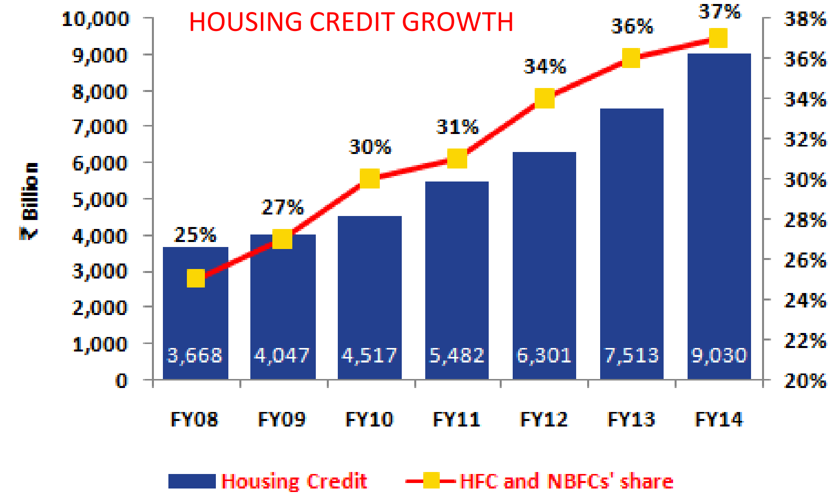
PARTNERING WITH LEADING BANKS
DHFL has been an industry pioneer in establishing long term relationships with leading commercial banks in distributing home loan products to their customers. This has helped in widening the geographic reach and also tap the potentials of a large customer base of these banks, 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

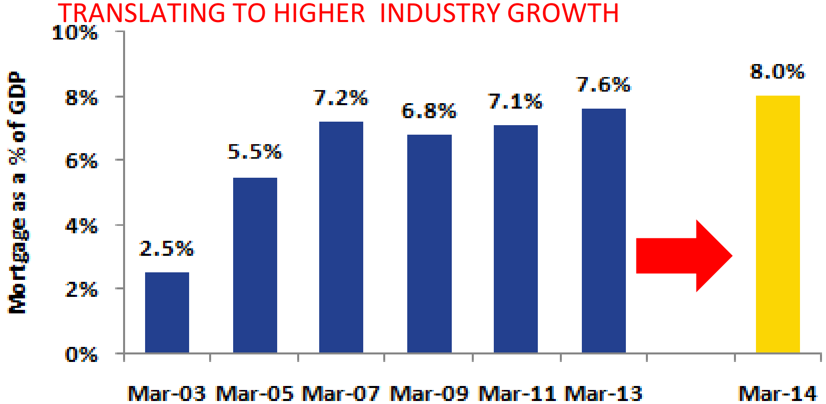
LOW MORTGAGE PENETRATION IN INDIA –
A HUGE MARKET POTENTIAL



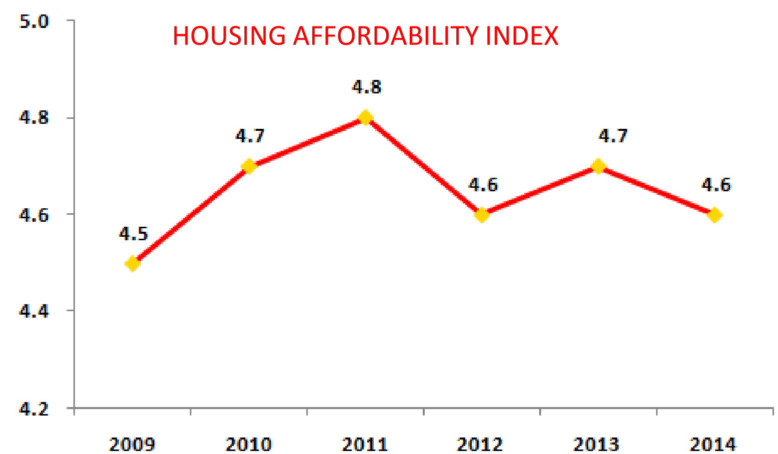
HFC's MARKET SHARE RISING ALONG WITH
HOUSING CREDIT GROWTH



GROWTH IN MORTGAGE PENETRATION –
TRANSLATING TO HIGHER INDUSTRY GROWTH



HOUSING AFFORDABILITY INDEX

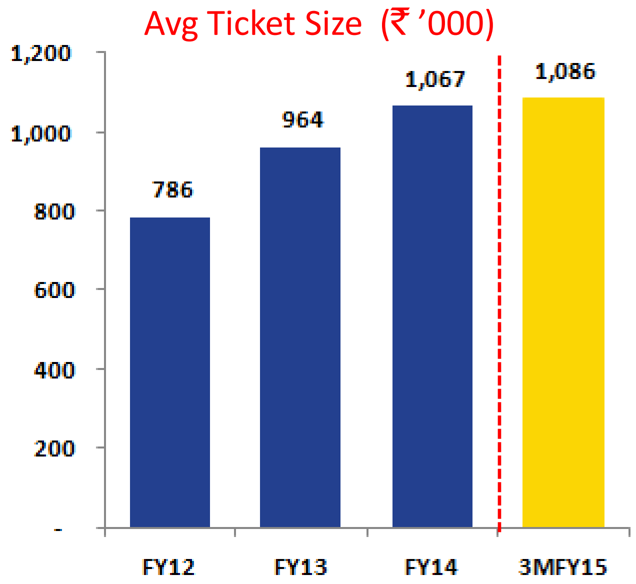


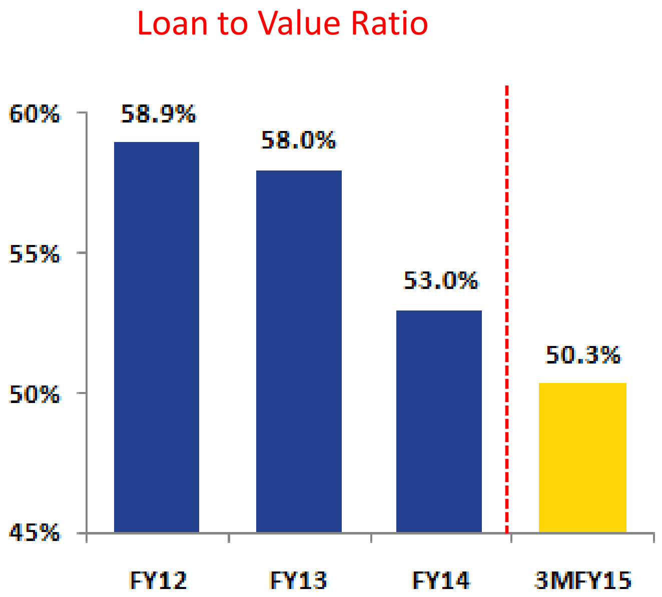
Key drivers: • Low penetration • Affordability • Old housing stock • Urbanization and Changing demography

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	36%
FOOTPRINTS ACROSS TIER II & III TOWNS OR OUTSIDE MUNICIPAL LIMITS OF MAIN CITIES	~80%
AVERAGE LTV, CONSIDERING CURRENT AMORTISED PORTFOLIO	40%

In the Presentation, 3MFY15, FY14 and FY13 are Post Merger figures, while FY12 are DHFL’s Standalone figures

PARTNERS IN GROWTH

International Finance Corporation
WORLD BANK GROUP

- Sanctioned an ECB limit of US$ 85 million. In March 2014, DHFL raised US$70mn under ECB route
- 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

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 March 2014, 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 – 3MFY15

Networth
₹ 37.0 billion
(₹ 33.6)

AUM
₹ 468.6 billion
(₹ 376.8)

PAT
₹ 1.5 billion
(₹ 1.2)

Disbursements
₹ 43.5 billion
(₹ 36.2)

Sanctions
₹ 59.1 billion
(₹ 47.8)

Gross NPA
0.79%
(0.84%)

Capital Adequacy Ratio (Approx.)
16.51%
(16.41%)

Figures in parenthesis are as on 30th June 2013

KEY FINANCIAL METRICS

Financial Summary (₹ mn)	Quarter Ended			FY14
	Jun, 2014	Jun, 2013	Growth	
Total Income	14,267	11,074	29%	49,697
Net Interest Income	3,279	2,261	45%	9,932
Non-Interest Income	281	433	-35%	1,939
Interest Expenses	10,706	8,380	28%	37,826
Operating Expense	1,052	830	27%	3,711
Provision for Contingencies	250	250	0%	700
PBT	2,225	1,590	40%	7,351
PAT	1,472	1,203	22%	5,290
Loan Sanctioned	59,130	47,814	24%	2,23,776
Loan Disbursed	43,491	36,152	20%	1,66,475

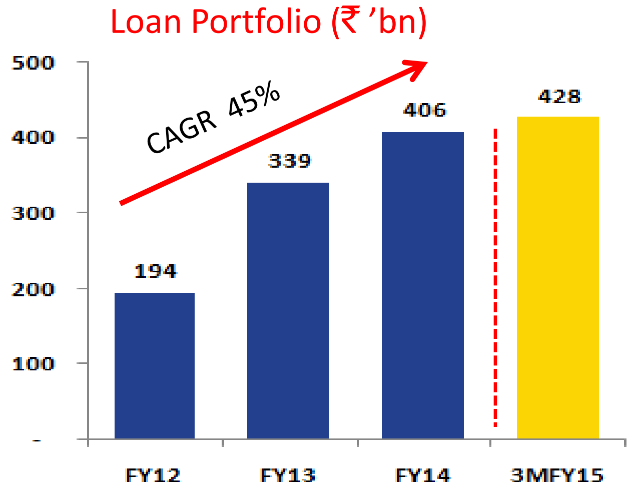
Key Ratios for Period Ended	Jun, 2014	Jun, 2013	Mar, 2014
Gross NPA	0.79%	0.84%	0.78%
NPA Coverage Ratio	104.59%	97.37%	104.36%
CAR (Approx.)	16.51%	16.41%	17.16%
NIM	2.78%	2.72%	2.71%
Cost to Income Ratio	28.22%	25.57%	25.99%
Return on Assets	1.69%	1.68%	1.70%
Return on Equity	18.77%	17.63%	17.59%
Debt Equity Ratio	10.64	9.71	10.42
EPS ₹	11.48	9.38	41.23

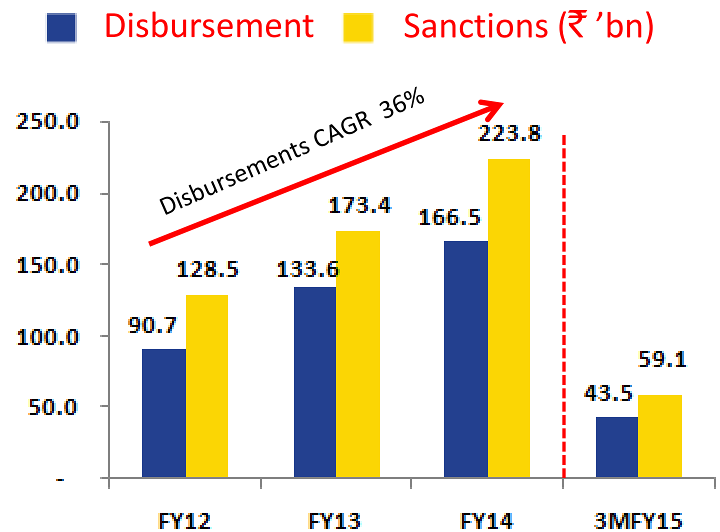
NPA Coverage includes Standard assets provisions

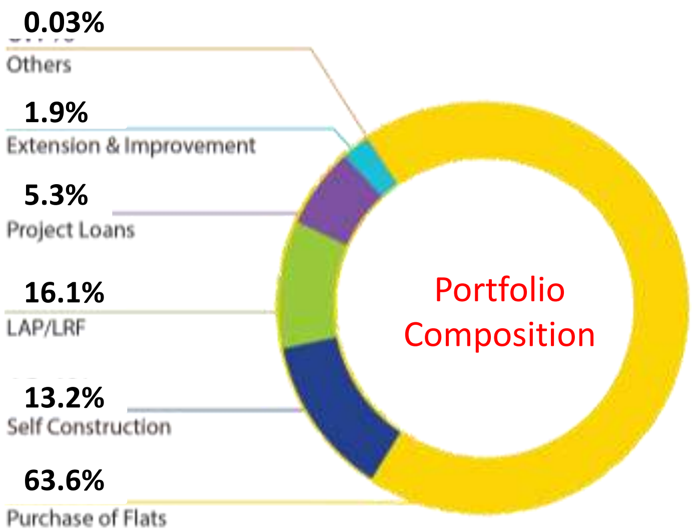
EARNINGS UPDATE – 3MFY15

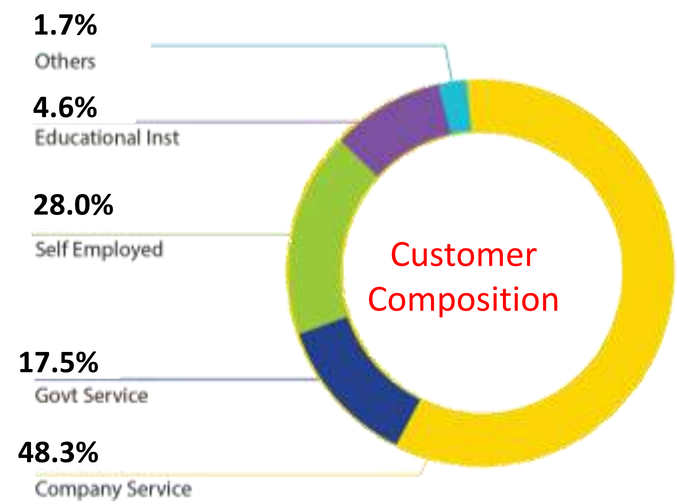
- Total Income for 3MFY15 up 29% YoY to ₹ 14.3 bn
- Profit after Tax for 3MFY15 up 22% YoY to ₹ 1,472 mn
- For 3MFY15; Sanctions and Disbursements were ₹ 59.1 bn and ₹ 43.5 bn, respectively
- Loan book as of 3MFY15, up YoY by 22% to ₹ 427.9 bn
- Net Interest Margin for 3MFY15 stood at 2.78%
- RoA for 3MFY15 was 1.69% and RoE for the same period stood at 18.77%
- Gross NPA's stood at 0.79% and the provisioning coverage was maintained at 104.59%
- EPS for 3MFY15 stood at ₹ 11.48 per share
- In June 2014, CARE upgraded DHFL Credit rating to "CARE AAA"

PORTFOLIO PROFILE





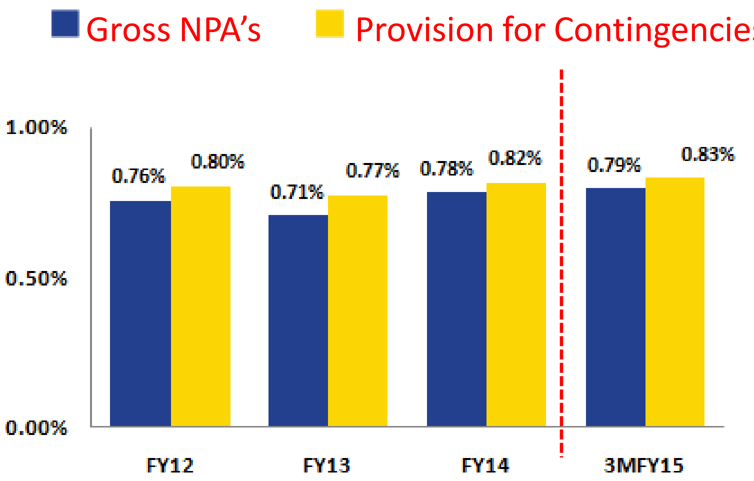




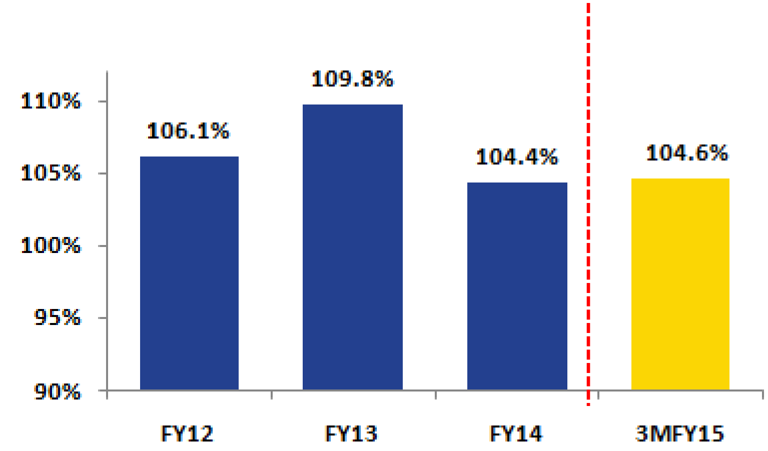
For the Quarter Ended 30th June 2014, Net Securitised Portfolio: ₹ 1,480 million

In the Presentation, 3MFY15, FY14 and FY13 are Post Merger figures, while FY12 are DHFL’s Standalone figures

BUSINESS PARAMETERS

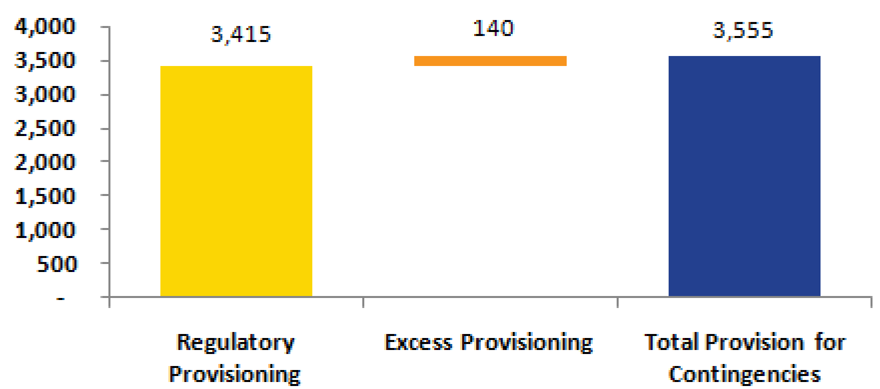


Provisioning Coverage (%)*



*Provision Coverage includes Standard assets provisions

Provision for Contingencies (₹ 'mn)



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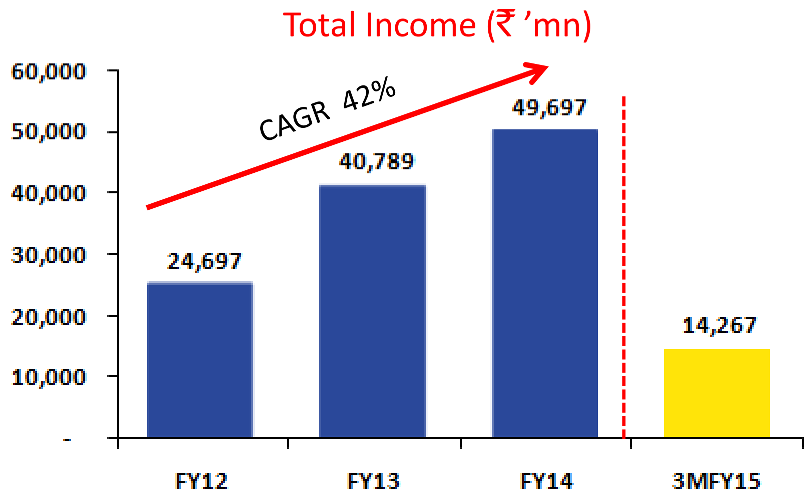
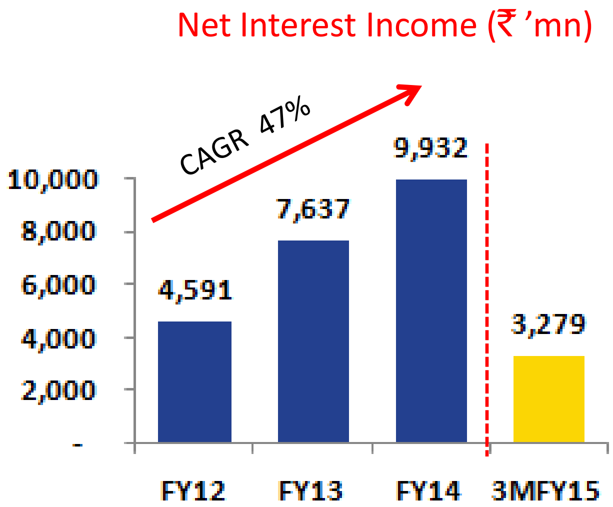
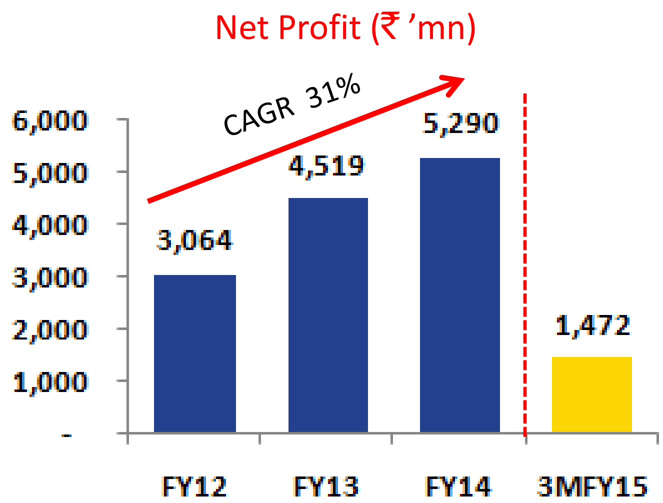
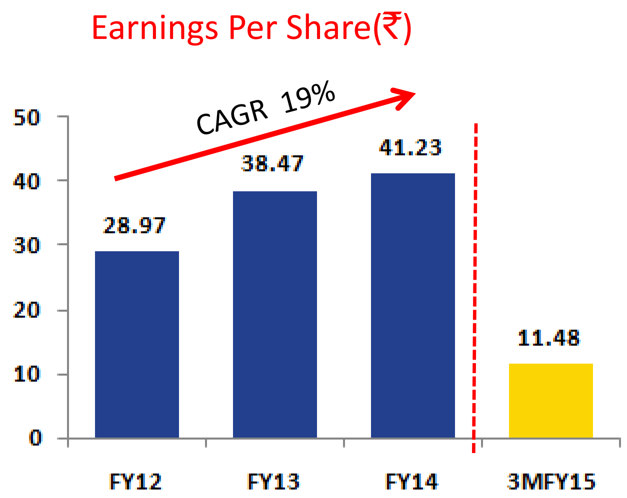
BUSINESS PARAMETERS









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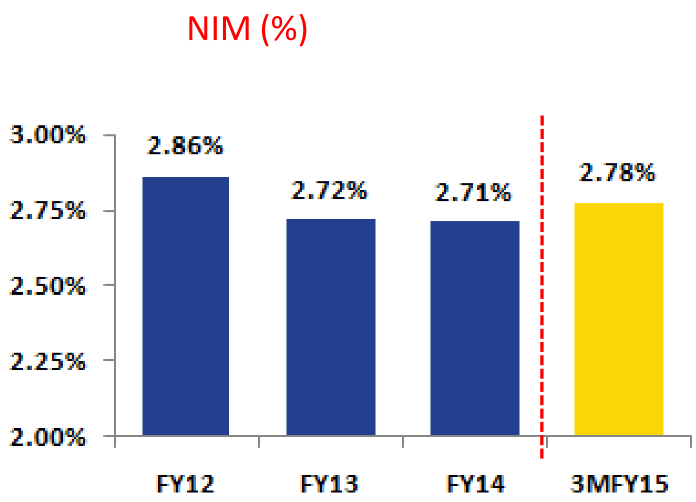
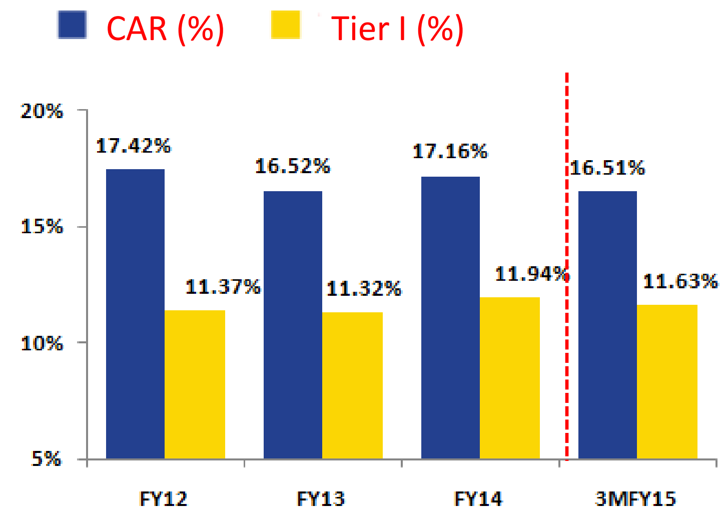
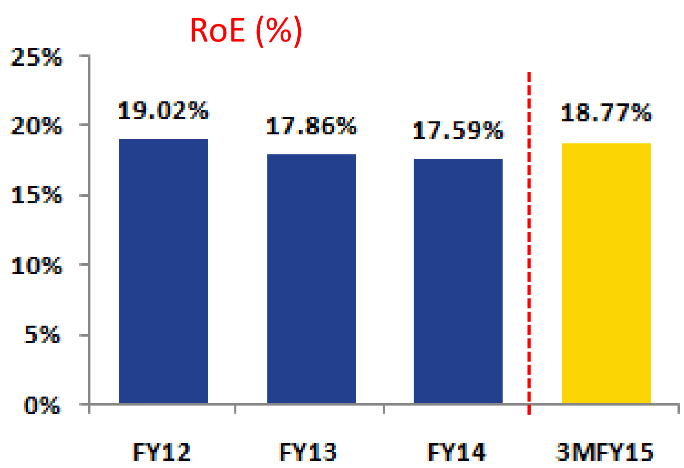
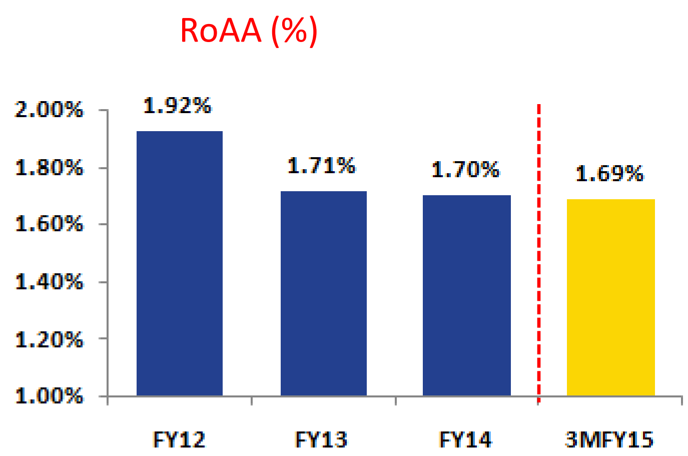
FINANCIAL RATIOS









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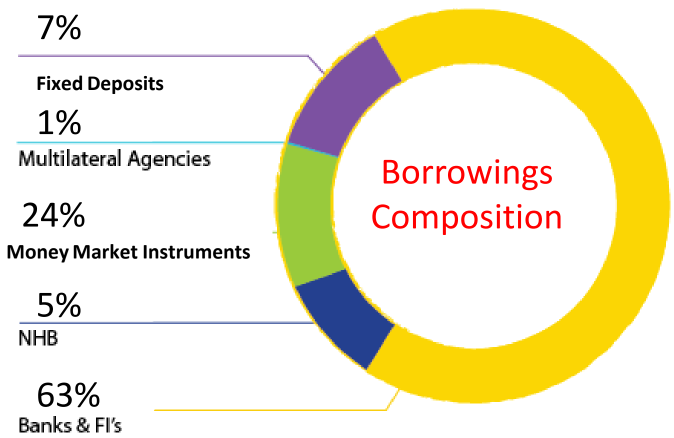
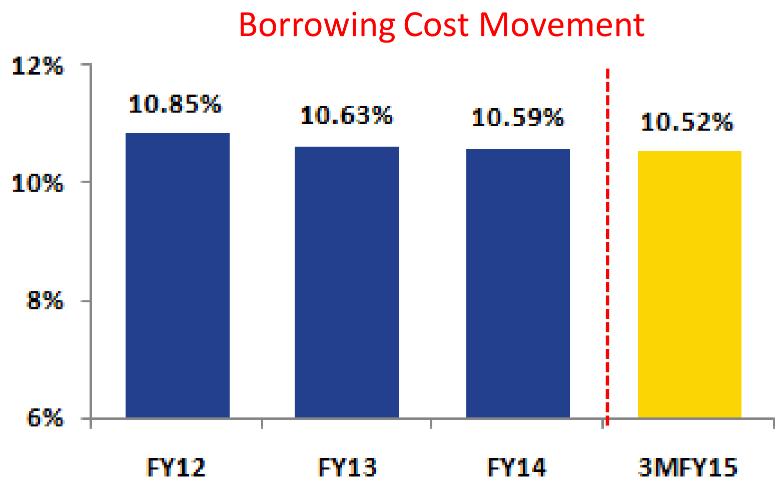
BORROWING PROFILE



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



CREDIT RATINGS

Long Term :

AAA from CARE

Short Term :

A1+ from CRISIL

BORROWINGS AND BORROWING COST COMPOSITION

Borrowing Source	Jun, 2014 ₹ mn	Jun, 2014 Cost %	Mar, 2014 ₹ mn	Mar, 2014 Cost %	Net Increase	% of Incremental funding
Banks & FI's	2,65,094	10.99%	2,67,252	11.00%	(2,158)	-8.69%
NHB	19,797	8.04%	19,797	8.04%	-	0.00%
Money Market Instruments	1,00,976	9.73%	77,561	9.84%	23,415	94.31%
Multilateral Agencies	4,244	10.74%	4,305	10.73%	(61)	(0.25%)
Fixed Deposit	29,585	10.48%	25,955	10.56%	3,631	14.62%
WACB	4,19,696	10.52%	3,94,869	10.59%	24,827	100.00%

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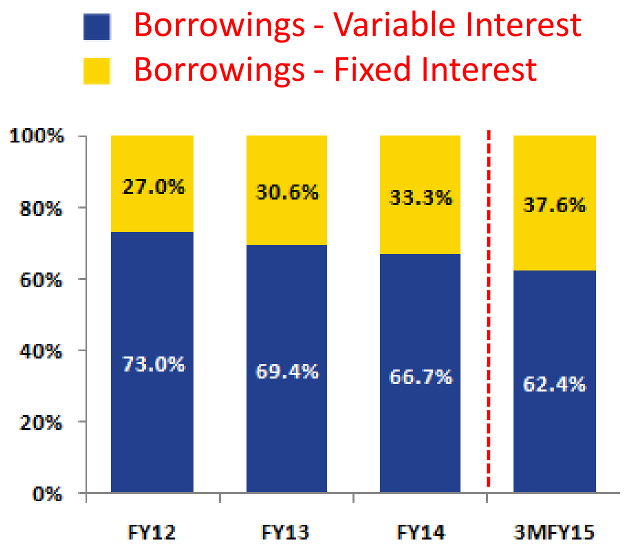
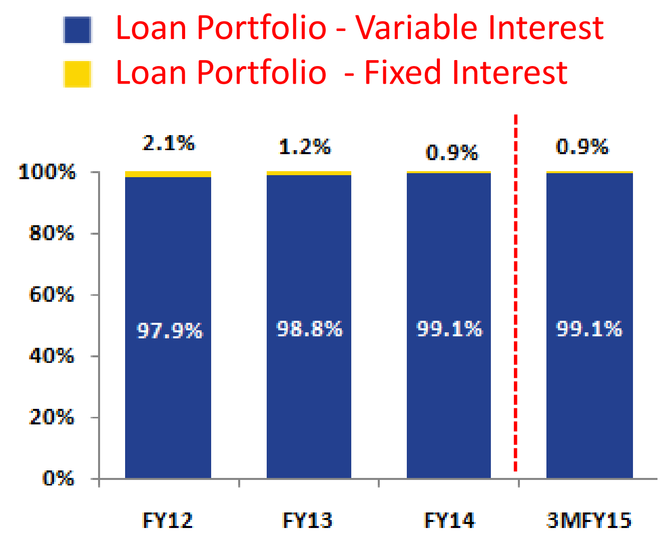
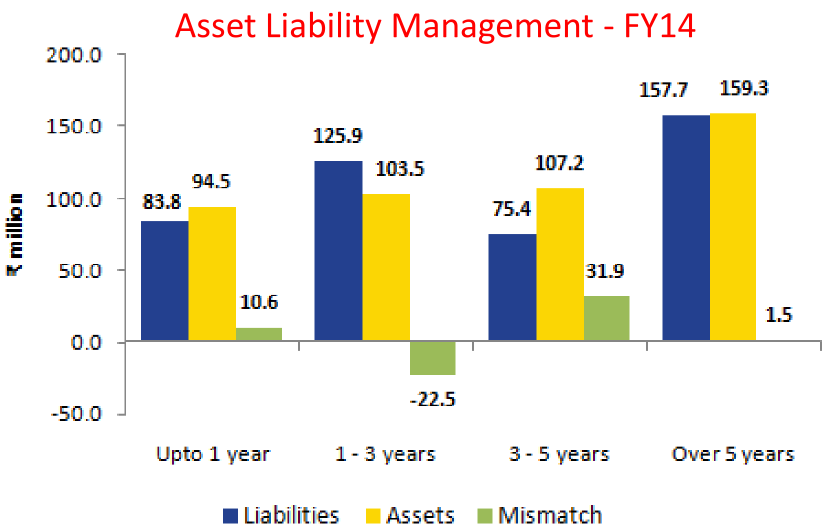
ASSET LIABILITY PROFILE







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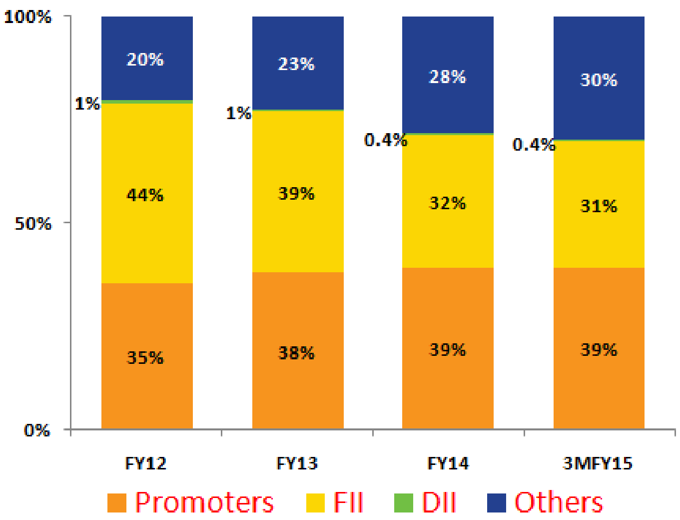
DIVERSIFIED INVESTOR BASE

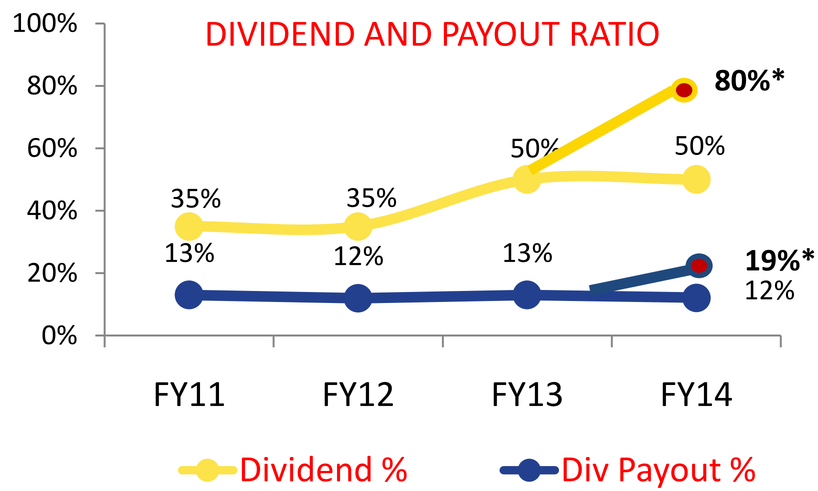
SHAREHOLDING COMPOSITION



Top 10 Investors as on 30th June 2014		
Sr.No.	**Name of Investor**	**% Holding**
1	CALEDONIA INVESTMENTS PLC	6.23%
2	RAKESH JHUNJHUNWALA	4.86%
3	IRONWOOD INVESTMENT HOLDINGS	4.04%
4	MORGAN STANLEY ASIA (SINGAPORE) PTE	3.65%
5	ASIABRIDGE FUND I, LLC	2.78%
6	GOVERNMENT OF SINGAPORE *	2.55%
7	GOVERNMENT PENSION FUND GLOBAL	1.77%
8	MV SCIF MAURITIUS	1.29%
9	IVA INTERNATIONAL *	0.90%
10	ASHMORE SICAV INDIAN SMALL-CAP EQUITY FUND	0.57%

* Through Multiple Funds / Schemes

- 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 26 years



*Includes Special 30th Anniversary Celebration Dividend @ ₹ 3 per share

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Note:

Disclaimer

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