Dewan Housing Finance Corporation Ltd.

Poised for the next leap in a niche business

Earnings Update – September 2011

Bloomberg Tkr: DEWH IN | NSE Code: DEWANHOUS | BSE Code: 511072

Contents

* Erstwhile Deutsche Postbank Home Finance

DHFL Changing Rules Changing Lives

Group Earnings Update – 6MFY12

DHFL

- Total Income up YoY by 73% to ₹10.87bn and NII up by 42% to ₹ 2.17bn
- Profit after Tax up YoY by 26% to ₹ 1.37bn
- Sanctions up YoY by 30% to ₹ 51.91bn and Disbursements up by 25% to ₹ 36.93bn
- Loan book up YoY by 51% to ₹ 167.89bn
- Net Interest Margin for 6MFY12 stood at 2.79%
- Complying with the latest provisioning norms issued by NHB, DHFL provided Rs.11.67crs by debiting the P&L in Q2FY12. Had this provision not been there, the profit would had been higher to that extent
- In September 2011, DHFL sold portfolio worth Rs.27crs to its subsidiary Aadhar Housing Finance Ltd

FBHFL

- FBHFL demonstrated strong performance in the first six months of acquisition, resulting in healthy rise in net profits, & further improvement of its various financial parameters
- Total Income up YoY by 28% to ₹3.49bn and NII up by 37% to ₹ 981mn
- Profit after Tax up YoY by 31% to ₹ 500mn
- RoA improved to 1.79% from 1.62% as of Sep'10 and RoE improved to 17.2% from 15.8% as of Sep'10
- Complying with the latest provisioning norms issued by NHB, FBHFL provided Rs.4.9crs by debiting the P&L in Q2FY12.

FBHFL – First Blue Home Finance

2

Group Profile

- Evolution Journey
- Corporate Profile
- Our Reach
- Experienced Management
- Opportunity Landscape

Evolution Journey

2011
- Acquired FBHFL* from Deutsche Post
- Consol Loan book crosses Rs.200bn

2010
- Set up Aadhar Housing Finance in collaboration with IFC, Washington
- Second QIP issuance raising Rs.4.86bn

2009
- First QIP issuance, raising Rs.3.01bn
- Tie –up with Punjab & Sind bank and United Bank for Home Loan distribution

2006 - 07
- Cumulative Disbursement cross Rs.50bn
- Cross Sell Insurance through ICICI Prudential
- Annual Disbursement crosses Rs.10bn

2003
Acquired Vysya Housing Finance

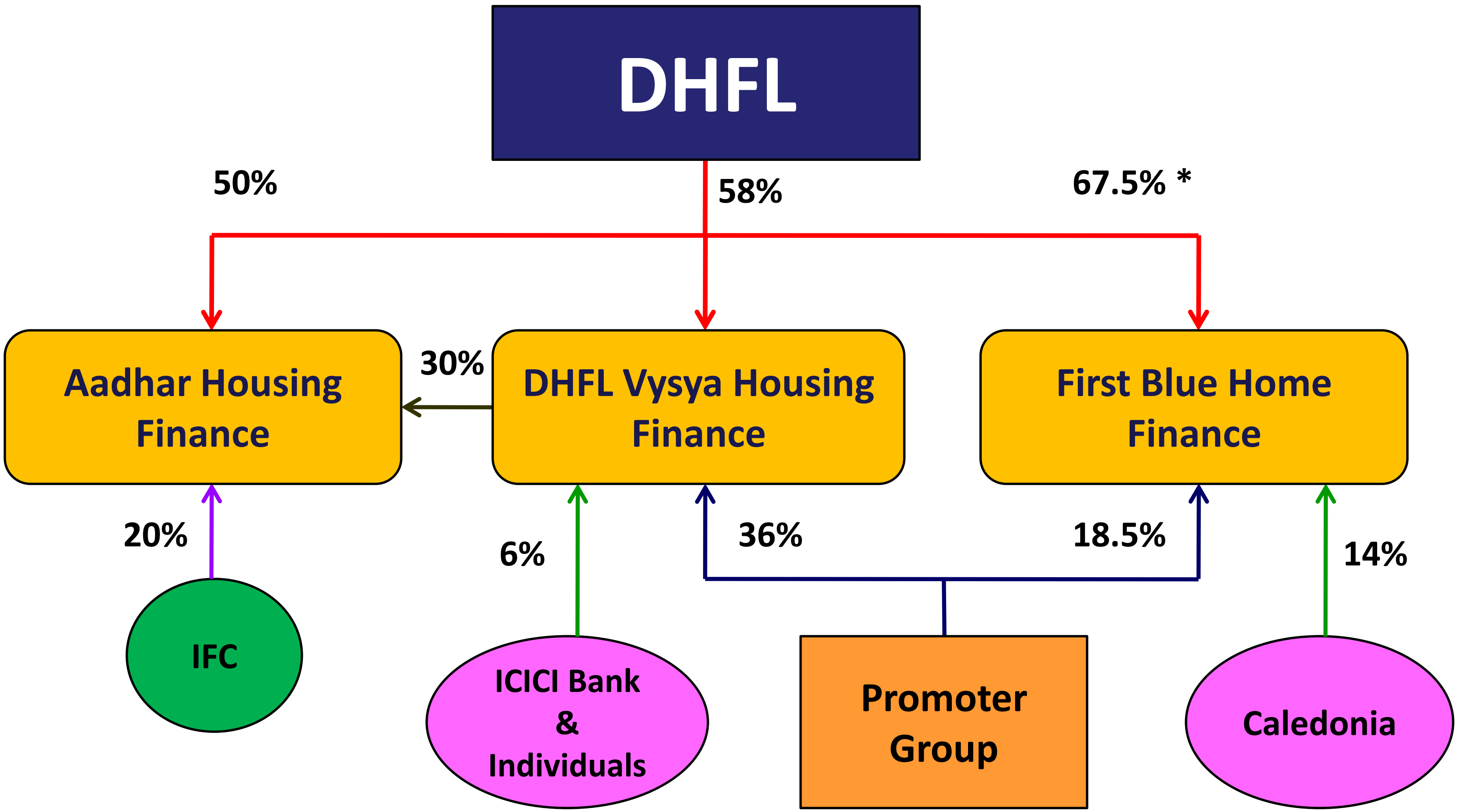
1996
Cumulative Disbursements cross Rs.5bn

1985
IPO and Shares Listed on BSE

1984
Company Formed

****FBHFL – First Blue Home Finance Ltd***

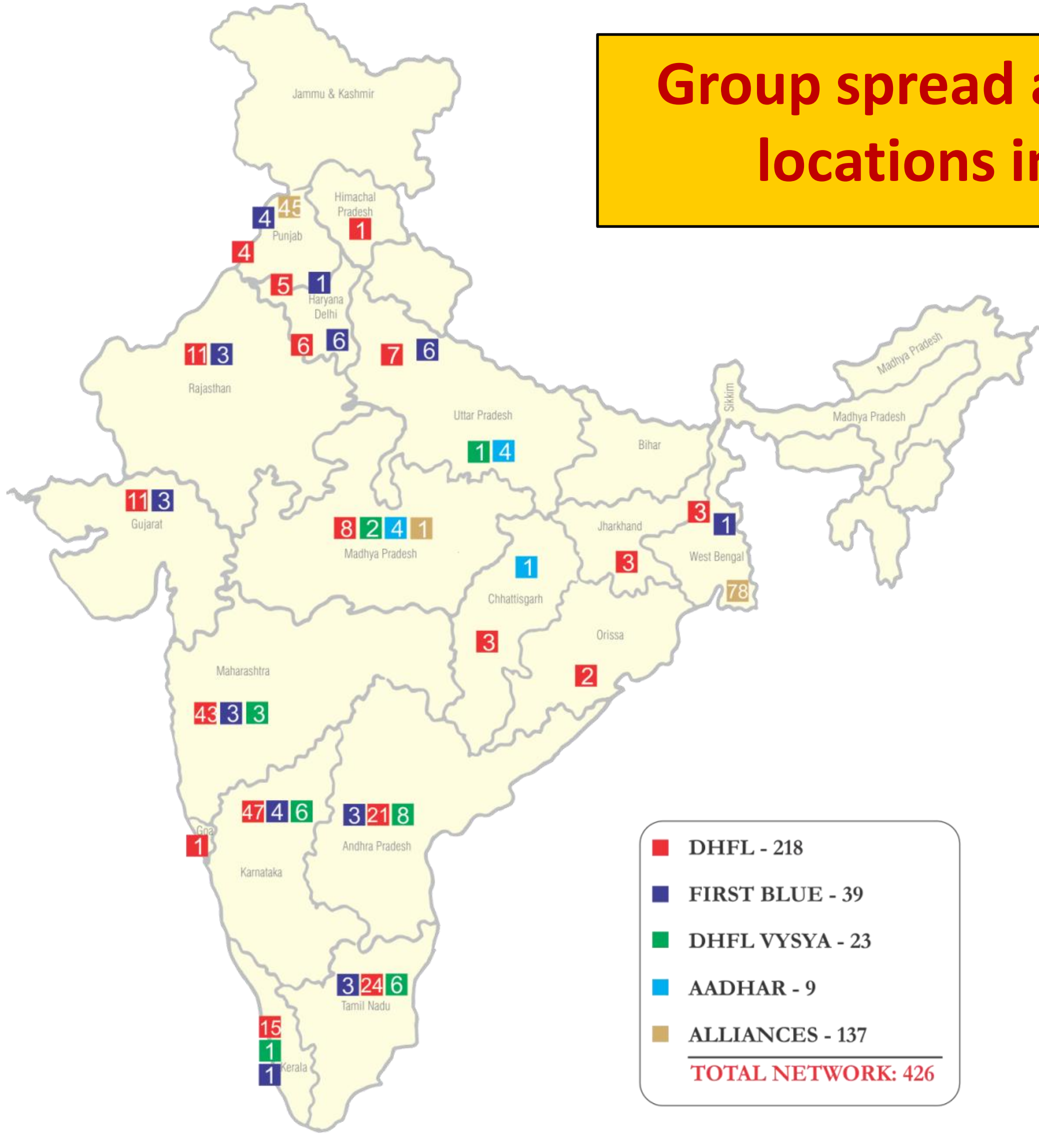
Corporate Profile



** Through fully owned SPV DHFL Holdings Pvt.Ltd.*

Pan India Presence

Group spread across 426 locations in India



Source: Company

DHFL Changing Rules Changing Lives

Eminent Professionals – Our Driving Force

Distinguished Board of Directors

Mr. Kapil Wadhawan	Chairman and Managing Director
Mr. Dheeraj Wadhawan	Non-Executive Director
Mr. Anthony Hambro	Nominee Director Caledonia Plc
Mr. R P Khosla	Independent Director
Mr. G P Kohli	Independent Director
Mr. R S Hugar	Independent Director
Mr. Ajay Vazirani	Independent Director
Mr. V K Chopra	Independent Director
Dr. P S Pasricha	Independent Director

Experienced Management Team

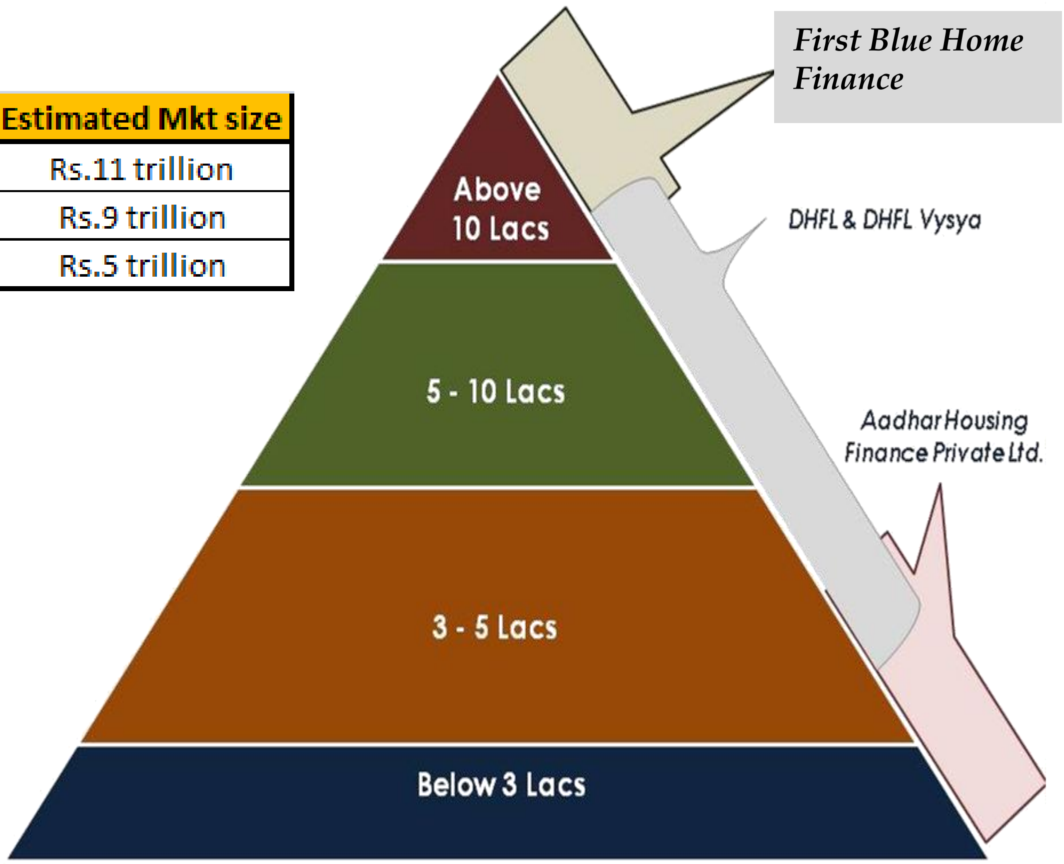
Mr. Kapil Wadhawan	Chairman and Managing Director
Mr.Anil Sachidanand	CEO DHFL
Mr. Michael Maybaum	JMD FBHFL
Mr.R. Nambirajan	MD DHFL Vysya
Mr.Harshil Mehta	CEO Aadhar HFL

Team DHFL	
Prashant Chaturvedi	- Head Finance
Rajiv Sathe	- COO
J N Shah	- Head Accounts & Tax
S. Ramratthinam	- Head Credit and Risk
S Y Sankhe	- Head Legal & Secretarial
Satish Kotian	- Head IT
S Krishnakumar	- Head Human Resources
Ganesan B	- Head Internal Audit

DHFL
Changing Rules Changing Lives

Opportunity Landscape

Price per Dwelling Unit	Estimated Mkt size
Between Rs.3 to 10 lacs	Rs.11 trillion
Between Rs.10 to 25 lacs	Rs.9 trillion
Above Rs.25 lacs	Rs.5 trillion



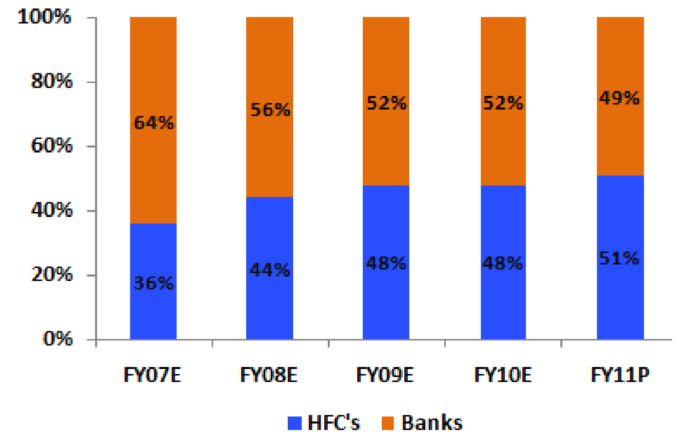
Pursuant to the acquisition of First Blue Home Finance and setting up of Aadhar Housing Finance in FY11, DHFL as a group is geared to serve customers across the housing finance spectrum, with each company serving a niche segment , resulting in minimal overlap

All Information Source: Monitor Group

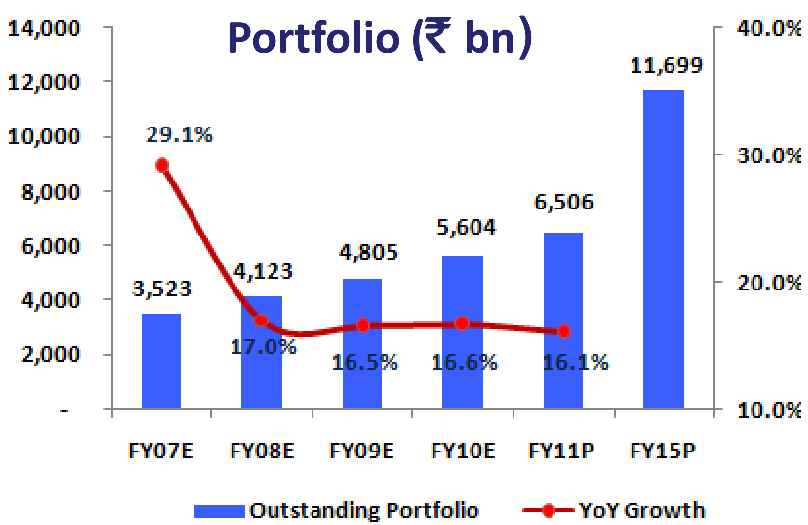
Projected Industry Growth

- Over the year Housing Finance Companies (HFC's) have shown a significant improvement in market share vis-à-vis banks on account of robust disbursement growth .
- This growth is supported by HFC's increasing presence in Urban areas, rise in ATS along with stable asset quality
- With reduction in balance transfer cases and uniformity in interest rates across players, CRISIL research estimates the shares of banks to drop to around 49% in FY11

Disbursement Market Share

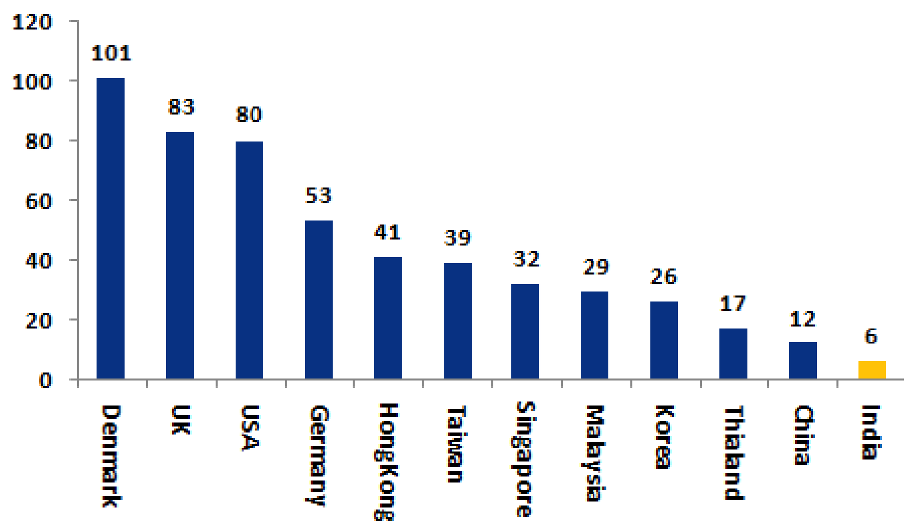


Portfolio growth at ~15.5% CAGR FY11 to FY15



Information Source: CRISIL Research

Low Mortgage Penetration in India



Information Source: IIFL Research

3

Dewan Housing Finance

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

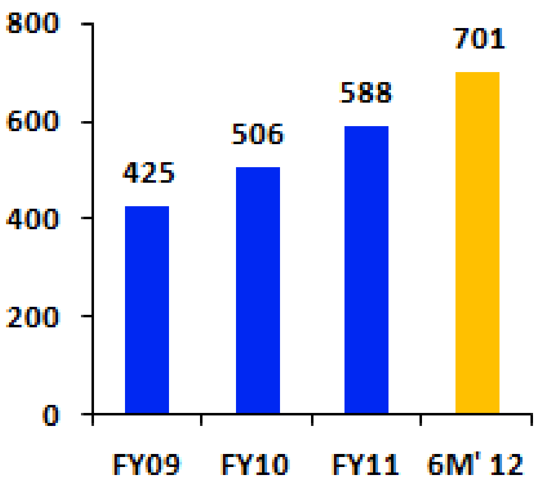
Dominant Player in LMI Segment

Our Vision

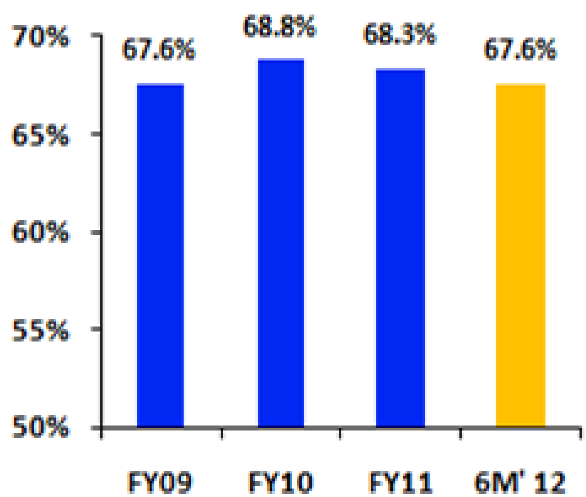
- DHFL was set up with a vision to transform the lives of millions of Indians living just beyond the consideration zone of the Mortgage industry, by giving them access to home loans
- DHFL has been unwavering in its commitment to serve the lower & middle income groups. Even after 27 years it remains 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%
Avg Monthly Income of Clients	Rs.8K to 30K
Footprints across Tier II & III towns or outside municipal limits of main cities	~80%

Changing Rules Changing Lives

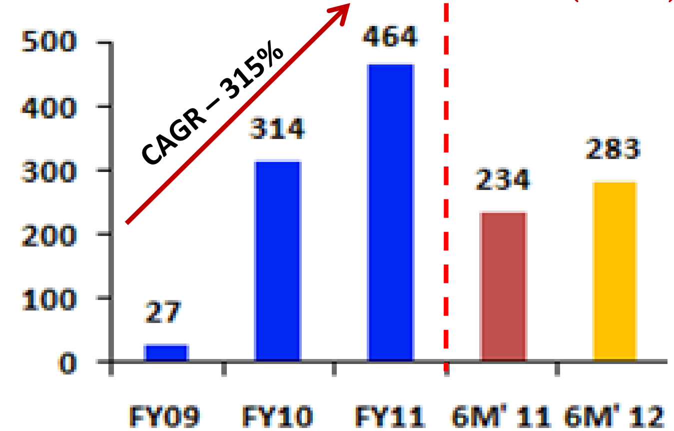
Differentiated Business Model

Business Model	Branch model as against DSA model of Peers.
Operations	7 RPU's catering to more than 80% of the branches in terms of volume
Sourcing	Business sourced majorly through own Branch network
Target	Individual customers in Tier II / 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.

Robust Growth in Fee Income (₹ mn)

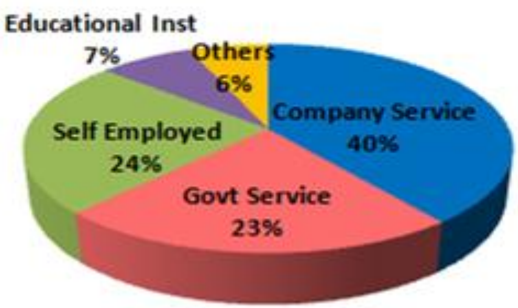


Nurturing Diversification in Operations

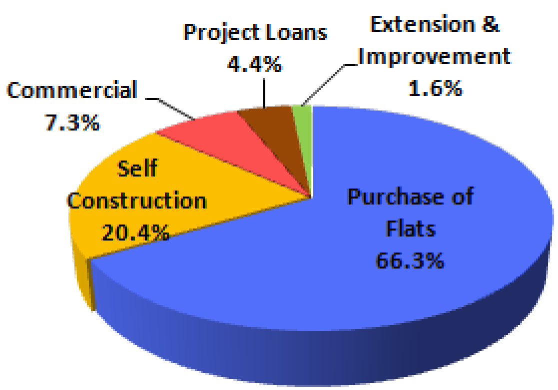
Product Offerings

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

Customer Composition (Sep 11)



Portfolio Composition (Sep11)

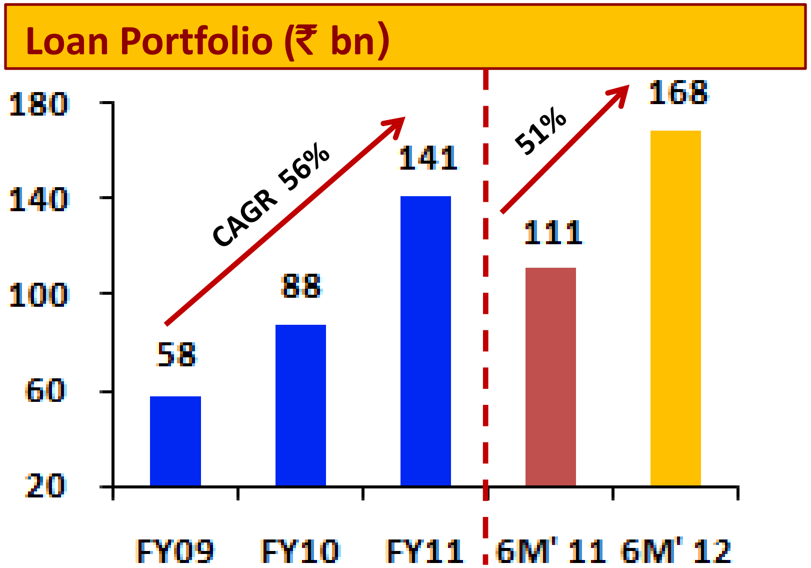


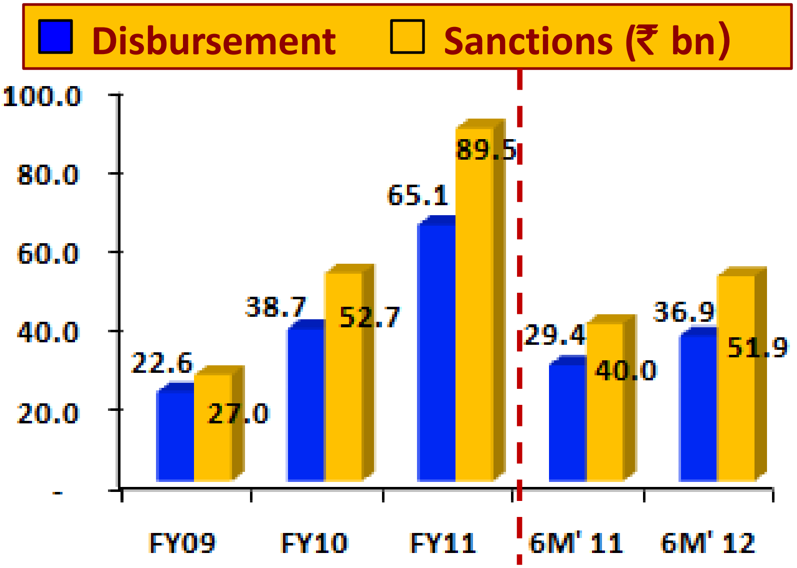
Loan Distribution

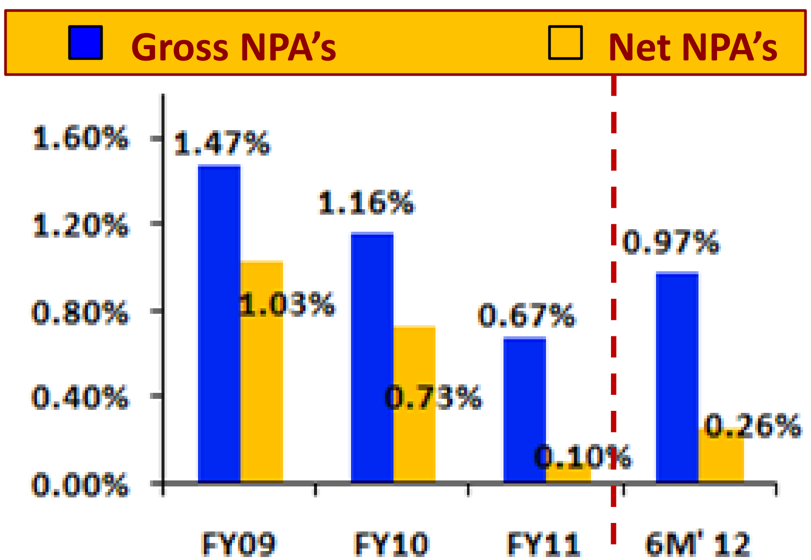
Partnered with multiple banks for Home Loan Distribution to their customers

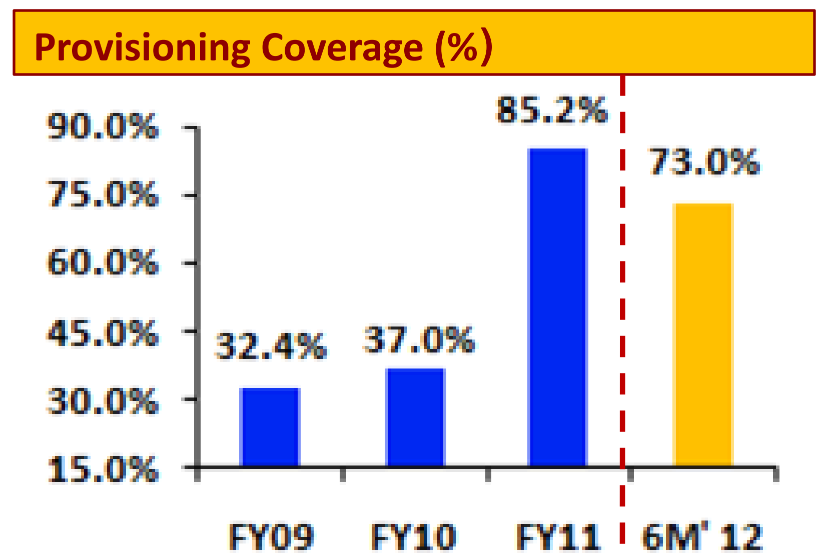
DHFL has been the industry pioneer in establishing long term relationships with multiple partners to fuel the growth engine as well as augment its income streams and feels extremely proud to win the trust of eminent and marquee names in the Finance world

Strong AUM Growth with Low NPA's





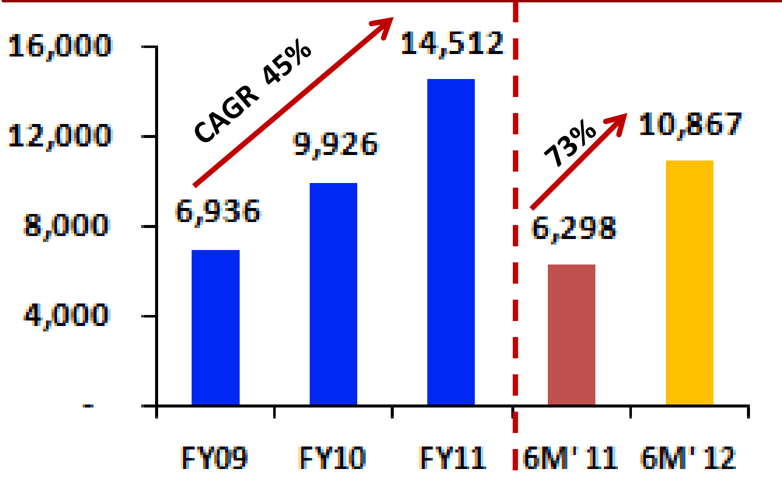




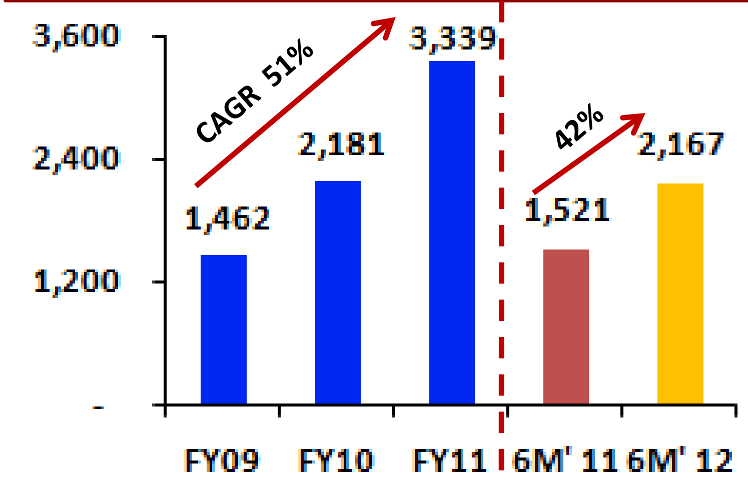
DHFL
Changing Rules Changing Lives

Resulting in - Robust Financial performance

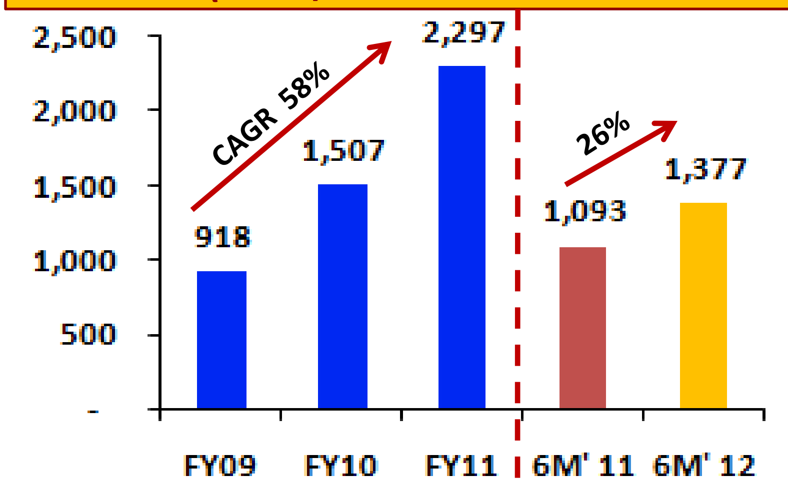
Total Income (₹ mn)



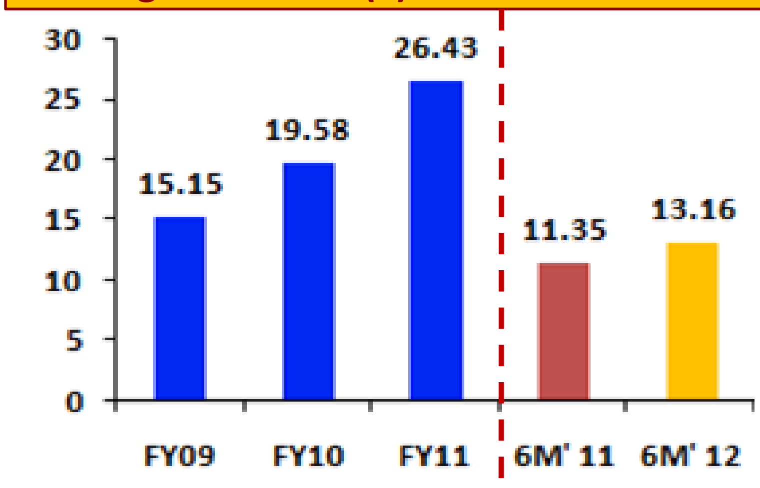
Net Interest Income (₹ mn)



Net Profit (₹ mn)



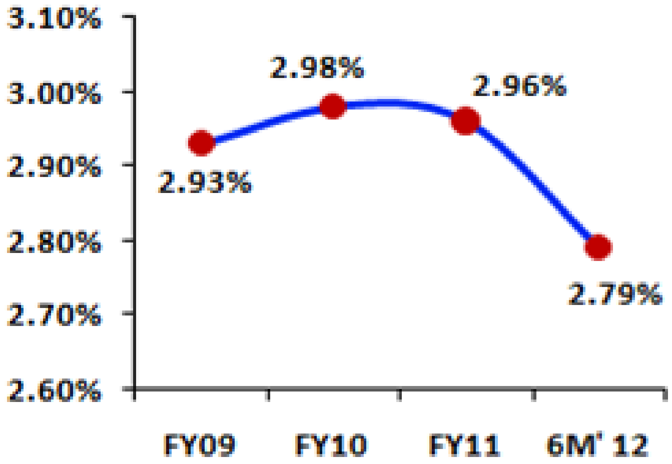
Earnings Per Share (₹)



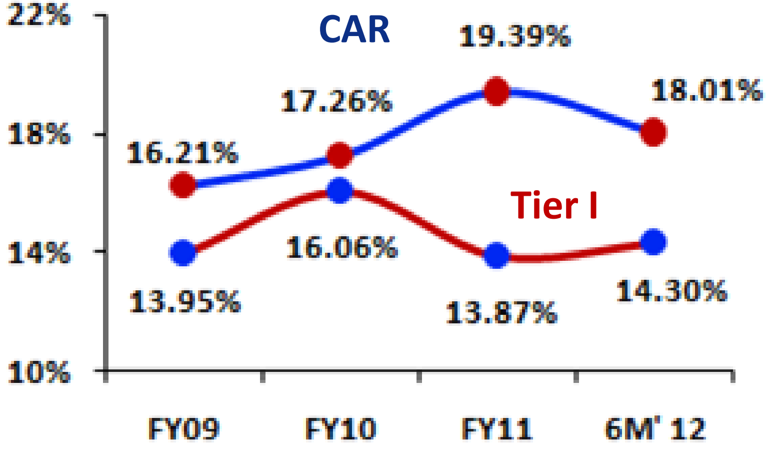
DHFL
Changing Rules Changing Lives

……And Healthy Financial Ratios

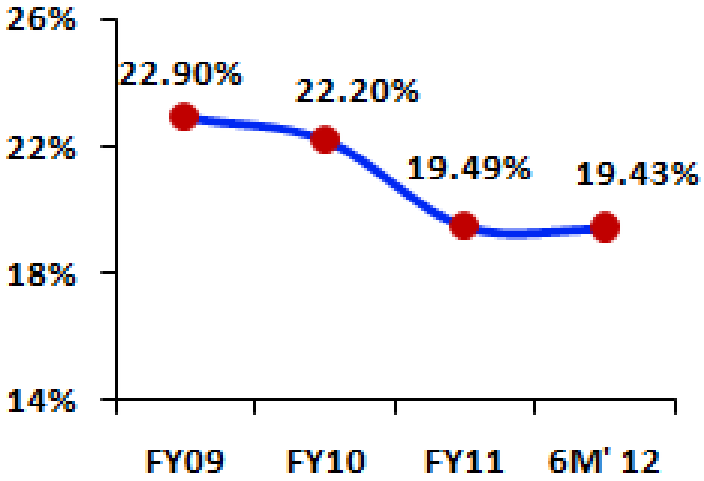
NIM (%)



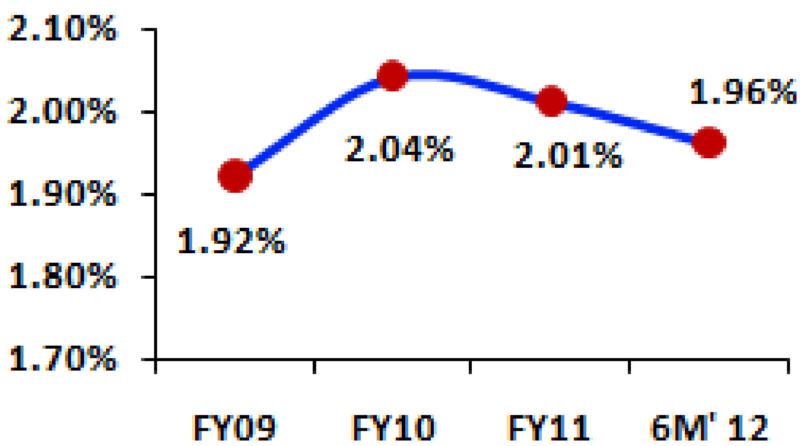
CAR / Tier I (%)



RoE (%)

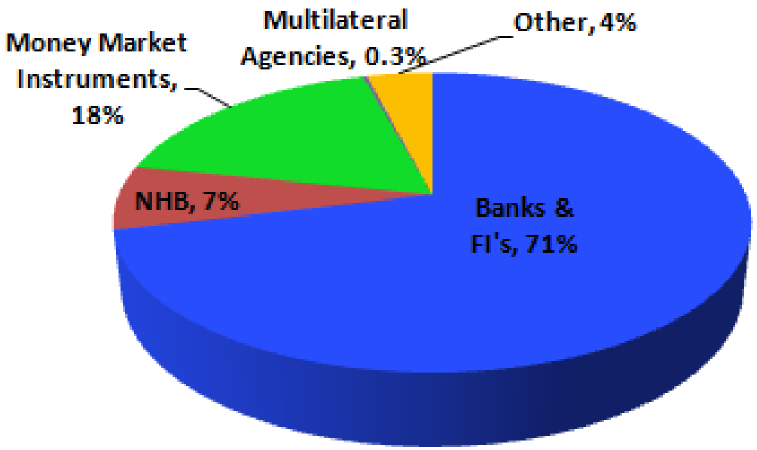


RoAA (%)

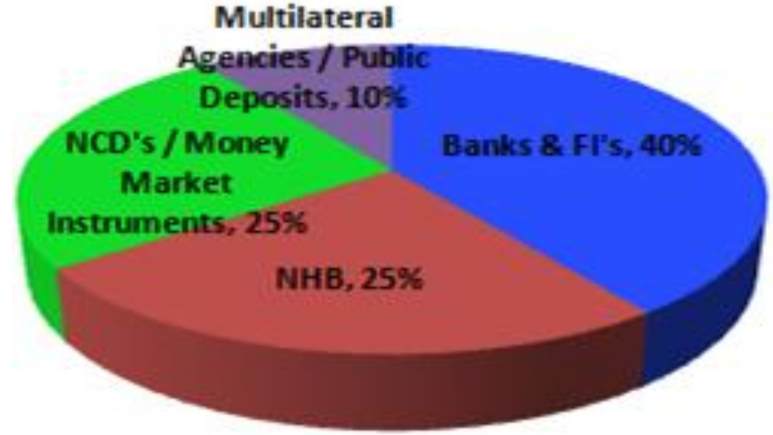


Diversifying the Borrowing Profile

Borrowings Composition



Target Borrowing Composition



**To be achieved over a period of 3 years*

Credit Ratings

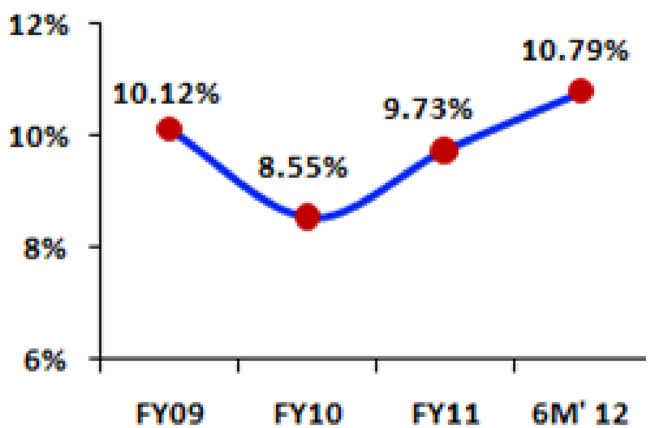
Long Term :
AA+ from CARE

Short Term :
P1+ from CRISIL

Borrowing Cost Composition

Borrowing Source	₹ mn	Cost %
Banks & FI's	1,21,652	11.40%
NHB	11,906	7.74%
Money Market Instruments	30,018	9.81%
Multilateral Agencies	429	8.93%
Others	6,756	9.74%
WACB	**1,70,761**	**10.79%**

Borrowing Cost Movement



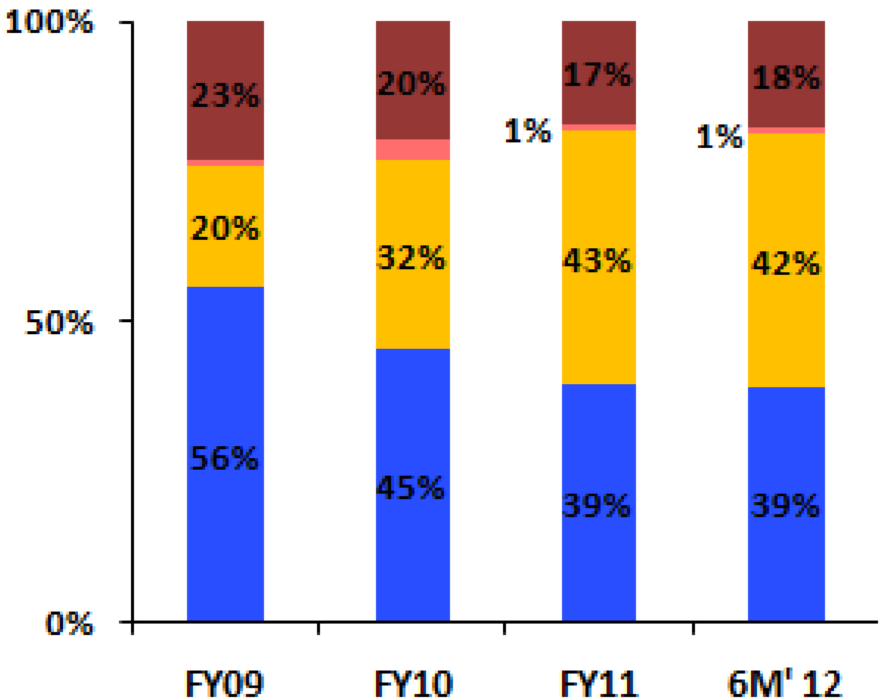
Key Financial Metrics of DHFL

Financial Summary (₹ mn)	Period Ended			Quarter Ended			Growth	
	Sep, 2011	Sep, 2010	Growth	Sep, 2011	Sep, 2010	June, 2011	YoY	QoQ
Net Interest Income	2,167	1,521	42%	1,114	811	1,054	37%	6%
Processing & Other Fees	528	444	19%	295	252	233	17%	27%
TPP Fee Income	283	234	21%	191	123	92	55%	108%
Operating expense	1,057	724	46%	594	400	462	49%	29%
Provision for Contingencies	149	15	895%	117	-	33	nm	258%
PBT (Before exceptional)	1,741	1,440	21%	867	774	874	12%	-1%
PAT (Before exceptional)	1,377	1,093	26%	719	581	658	24%	9%
Loan Sanctioned	51,914	39,952	30%	31,128	22,252	20,786	40%	50%
Loan Disbursed	36,930	29,440	25%	21,386	16,700	15,544	28%	38%

Key Ratios for Period Ended	Sep, 2011	Sep, 2010	June, 2011
Gross NPA	0.97%	1.07%	0.77%
Net NPA	0.26%	0.41%	0.23%
NPA Coverage Ratio	73.02%	61.41%	70.72%
CAR (Approx.)	18.01%	21.80%	19.04%
NIM	2.79%	3.05%	2.85%
Cost Coverage Ratio	74.55%	91.12%	68.83%
Cost to Income Ratio	25.99%	32.94%	26.89%
Return on Assets	1.96%	2.17%	2.02%
Return on Equity	19.43%	19.21%	17.76%
Debt Equity Ratio	9.71	7.40	9.08
EPS ₹	13.16	11.35	6.29

Diversified Investor Base

Shareholding Composition

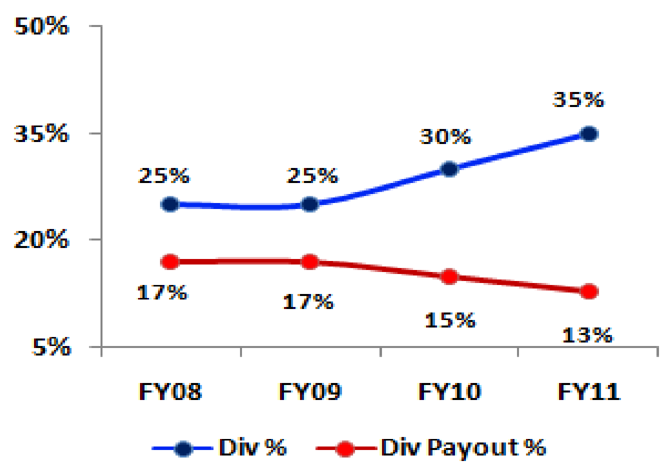


- Institutional Investors exhibit significant faith in the companies performance, as evident from their substantial increase in Holding % over a period of time
- Dividend paid consecutively for last 22 years, in 26 years of operation of company

Top 10 Institutional Investors as on 30th Sep 2011		
Sr.No.	Name of Investor	% Holding
1	CALEDONIA INVESTMENTS PLC	9.56%
2	WASATCH EMERGING MARKET *	4.44%
3	IRONWOOD INVESTMENT HOLDINGS	4.11%
4	ASIABRIDGE FUND I, LLC	3.41%
5	GOVERNMENT OF SINGAPORE *	2.94%
6	HSBC BANK (Mauritius) LTD	2.31%
7	EMERGING MARKET MANAGEMENT *	1.96%
8	IIFL INC A/C *	1.28%
9	MIRAE ASSET MANAGEMENT *	1.23%
10	STICHTING PENSIOENFONDS ABP	1.22%

* Through Multiple Funds / Schemes

Dividend and Payout Ratio



4

First Blue Home Finance*

- Synergistic Acquisition – Satisfactory Deliverables
- Financial Metrics

* Erstwhile Deutsche Postbank Home Finance

DHFL Changing Rules Changing Lives

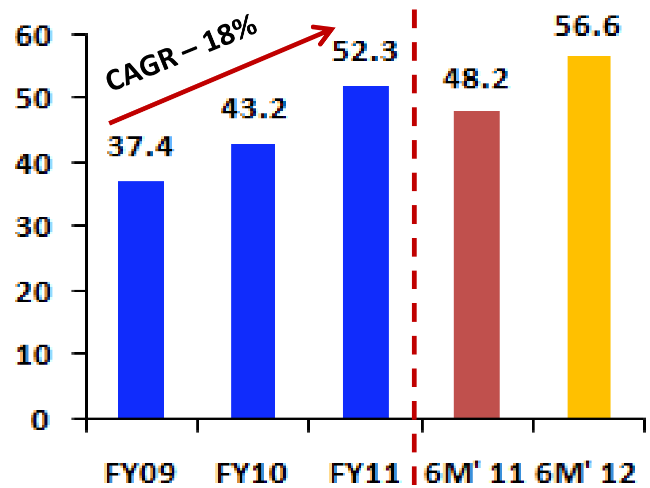
Synergistic Acquisition – Satisfactory Deliverables

Access to niche customer segment	FBHFL caters to upper-mid income customers, as against LMI customers being serviced by DHFL. This acquisition will aid DHFL to service customers across the housing finance spectrum
Access to untapped geography	FBHFL conducts majority of its business through North India, where DHFL has minimal presence, providing it with necessary access to an important market
Impeccable Asset Quality	Adoption of sound credit policies and stringent collection procedures, resulting in Gross NPA's remaining below 0.8% and Net NPA's at 0%
Untapped Cross Selling Opportunity	DHFL's demonstrated experience of Cross-selling Insurance to the existing customers, will be ingrained in the DNA of FBHFL, where it is very marginal

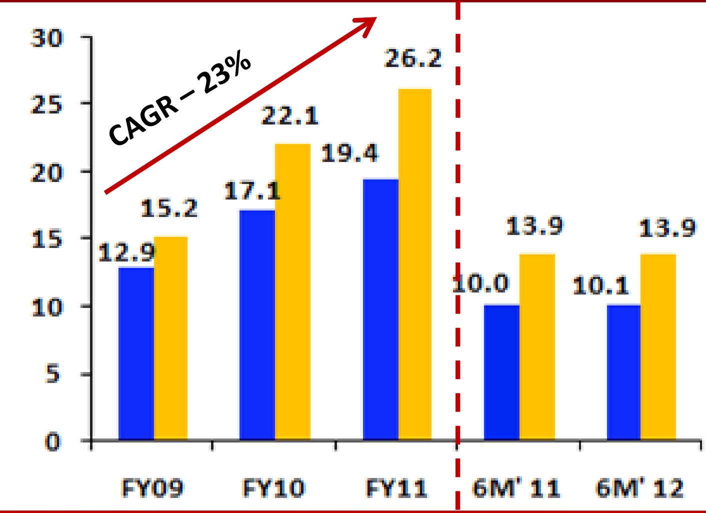
FBHFL continued its robust performance in the second quarter of FY12, with disbursements growing by 20% and sanctions by 15%, qoq . DHFL is confident of creating value for customers in the Metro / Tier I cities through the FBHFL platform in the future.

Healthy Growth with Healthy Assets

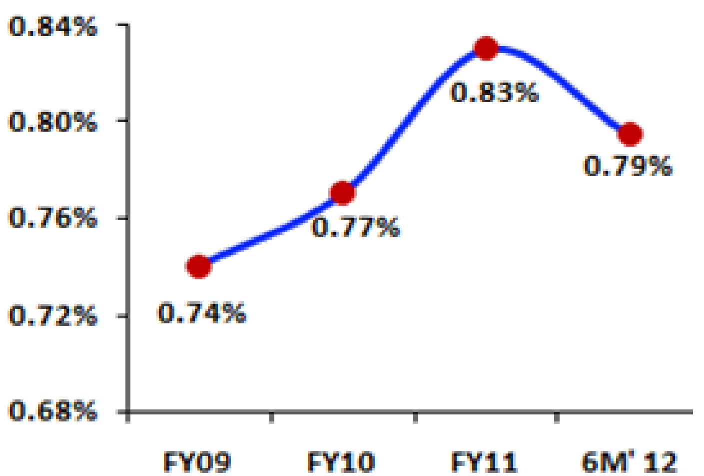
Loan Portfolio (₹ bn)



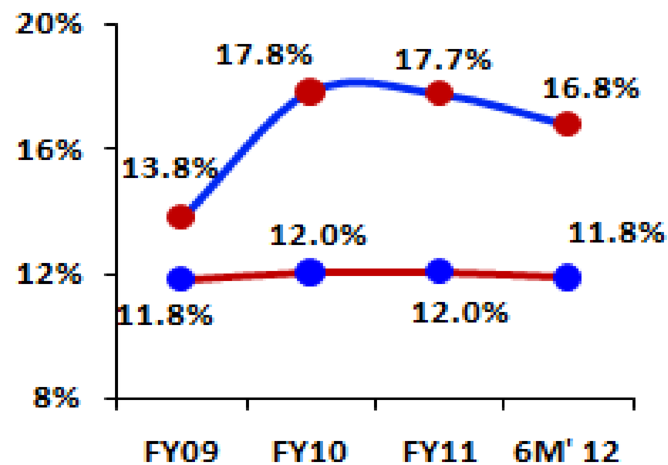
Disbursement **Sanctions (₹ bn)**



Gross NPA

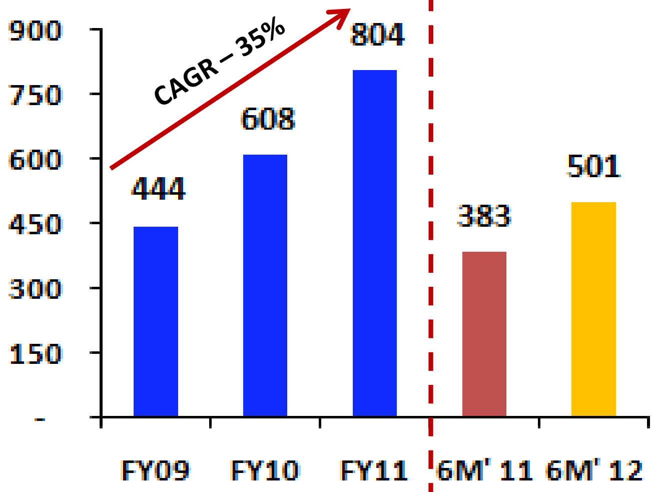


CAR (%) **Tier I (%)**

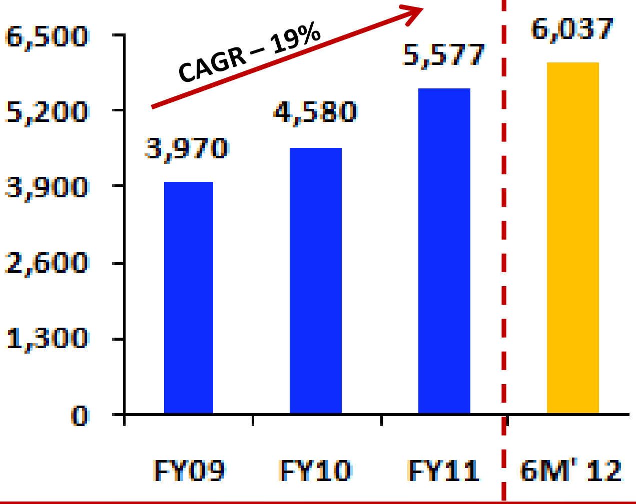


Steady Improvement in Financial Parameters

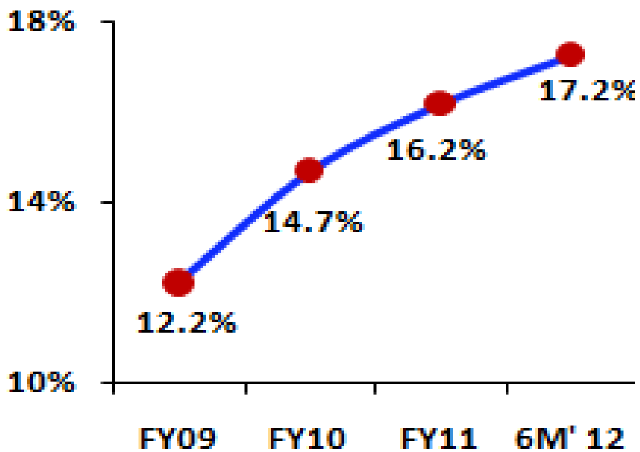
Net Profit (₹ mn)



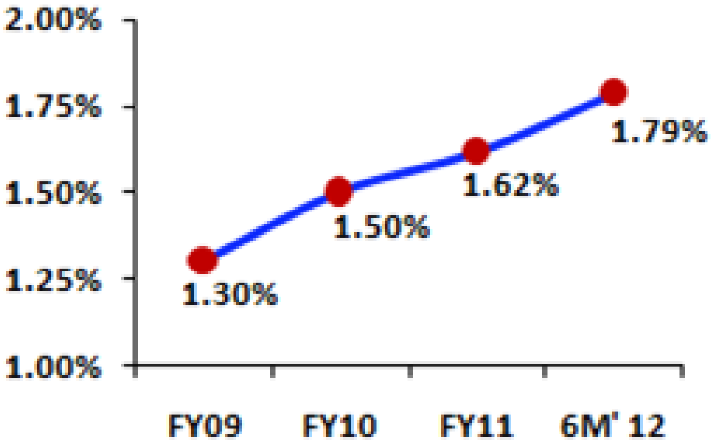
Net Worth (₹ mn)



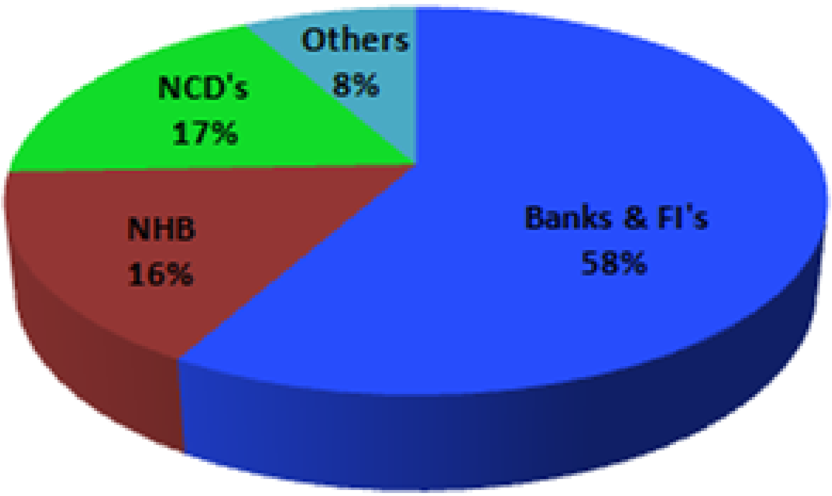
Return on Equity (%)



Return on Avg Assets (%)

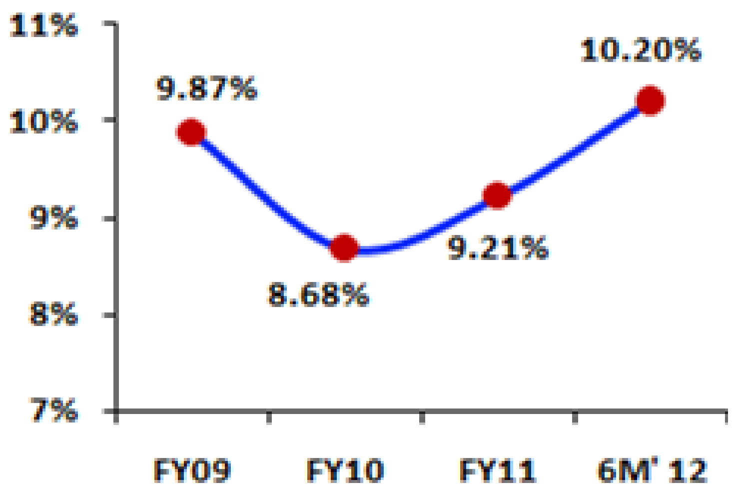


Diversified Borrowing Profile

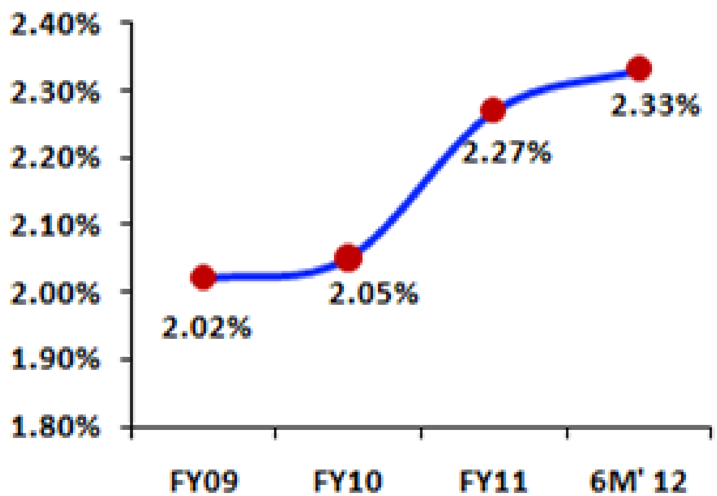


Weighted Average Borrowing Cost		
Borrowing Source	**₹ mn**	**Cost%**
Banks & FI's	29,809	11.20%
NHB	8,314	8.06%
NCD's	8,879	9.25%
Others	4,223	9.84%
Total Borrowings	**51,225**	**10.20%**

Borrowing Cost (%)



Healthy Portfolio Margin (%)



5

Aadhar Housing Finance

- Business Synopsis
- Pool Purchase details

Business Synopsis

- **Serving the most underserved Segment** – Business generation through six low income states in India viz; UP, MP, Bihar, Chhattisgarh, Jharkhand, and Orissa, by focusing on Low income segment of customers
- **Ticket size capped to focus on the segment** – Maximum ticket size for the company is capped at Rs.0.6mn to maintain the focus on the low income segment
- **Partnered with IFC, Washington** – Aadhar Housing Finance feels proud to have IFC as one of its key allies in furthering its agenda of servicing the most underserved population in terms of Mortgage. IFC has picked up a 20% equity stake in the company
- **Uncompromising business principles** – Aadhar Housing Finance will continue to be guided by the robust and stringent business principles adopted by DHFL over years, and cautiously build its business brick by brick
- **Low Competition** – Abysmally Low presence of players from organised sector in this geography will aid Aadhar in establishing a strong foothold & gain meaningful market share
- **Gradually expanding footprints** – Within 8 months of operations Aadhar has set up 9 branches spread across three states and plans to have at least 15 branches by the financial year end

6

DHFL – FBHFL Merger Update

Merger Update

As communicated at the time of acquisition, DHFL will be merging FBHFL with itself in the near future. Various steps have already been taken in that direction, and the Merger process is well on track. Although legally FBHFL will merge with DHFL, however the business will continue to operate as a separate Strategic Business Unit (SBU) under the brand name of "First Blue", beneath the DHFL umbrella.

Key Steps accomplished in the Merger process

a) Announcement of SWAP ratio for Shareholders of FBHFL – The Boards of DHFL and FBHFL met on 28th September 2011, to adopt the Share SWAP ratio for minority shareholders. E&Y acted as the valuers for this transaction and Fairness opinion on the same was provided by Merchant Banking division of Standard Chartered Bank.

b) The Boards understood in detail the methodology adopted for arriving at the fair valuation of either companies and subsequently concurred to the adoption of SWAP ratio of, 10 shares of DHFL to be issued against every 97 shares of FBHFL

c) The minority shareholders together had invested Rs.3.5bn in FBHFL at the time of acquisition. Against this they will be receiving ~10.8mn shares of DHFL, once the scheme of amalgamation is approved by the High Courts.

d) The Cost of acquisition / share of DHFL to the minority shareholders of FBHFL comes to ~Rs.320

Disclaimer

This presentation may contain statements about events and expectations that may be “forward looking,” including those relating to general business plans and strategy of Dewan Housing Finance Corporation Ltd.(“DHFL")and its subsidiaries , its future outlook and growth prospects, and future developments in its businesses and its competitive and regulatory environment. Actual results may differ materially from these forward-looking statements due to a number of risks and uncertainties, including future changes or developments in DHFL and its subsidiaries business, its competitive environment, its ability to implement its strategies and initiatives and respond to technological changes and political, economic, regulatory and social conditions in India. All Financial data in this presentation is obtained from the Audited Financial Statements, basis which the ratios are calculated. This presentation does not constitute a prospectus, offering circular or offering memorandum or an offer, invitation, or a solicitation of any offer, to purchase or sell, any shares of DHFL and should not be considered or construed in any manner whatsoever as a recommendation that any person should subscribe for or purchase any of DHFL's shares. None of the projections, expectations, estimates, or prospects in this presentation should be construed as a forecast implying any indicative assurance or guarantee of future performance, nor that the assumptions on which such future projections, expectations, estimates, or prospects have been prepared are complete or comprehensive.

By accepting this presentation, the recipient acknowledges and agrees that this presentation is strictly confidential and shall not be copied, published, distributed or transmitted to any person, in whole or in part, by any means, in any form under any circumstances whatsoever. The recipient further represents and warrants that: (i) it is lawfully able to receive this presentation under the laws of the jurisdiction in which it is located, and / or any other applicable laws, (ii) it is not a U.S. person, (iii) this presentation is furnished to it, and has been received, outside of the United States, and (iv) it will not reproduce, publish, disclose, redistribute or transmit this presentation, directly or indirectly, into the United States or to any U.S. person either within or outside of the recipient's organization

Thank You

Contact

Investor.relations@dhfl.com

Changing Rules Changing Lives