

Dewan Housing Finance Corporation Ltd.

Poised for the next leap in a niche business



Earnings Update – September 2012

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

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* Erstwhile Deutsche Postbank Home Finance

Group Earnings Update – 6MFY13



- Total AUM crosses ₹ 240 bn in Sep 2012
- Total Income for 6MFY13 up 43% YoY to ₹ 15.6 bn
- Profit after Tax for 6MFY13 up 19% YoY to ₹ 1,637 mn
- For 6MFY13; Sanctions and Disbursements were ₹ 66.8 bn and ₹ 51.2 bn, respectively
- Loan book as of end Sep'12, up YoY by 38% to ₹ 231.7 bn
- Net Interest Margin for 6MFY13 stood at 2.84%
- RoA for 6MFY13 was 1.80% and RoE for the same period stood at 18.66%
- Gross NPA's stood at 0.69% and Net NPA's were NIL and the provisioning coverage was maintained at 116.23%

- Total Income for 6MFY13 up 23% YoY to ₹ 4,304 mn
- NII for 6MFY13 up by 8% YoY to ₹ 1,061mn
- Profit after Tax for 6MFY13 up 16% YoY to ₹ 581 mn
- RoA improved to 1.85% from 1.79% as of Sep'11 and RoE improved to 19.55% from 17.24% as of Sep'11
- For 6MFY13, Sanctions were at ₹ 12.5 bn and Disbursements at ₹ 10.6 bn
- Loan book as of end Sep'12, up YoY by 13% to ₹ 64.1 bn
- Gross and Net NPA's stood at 0.80% and 0% respectively as of end Sep'12

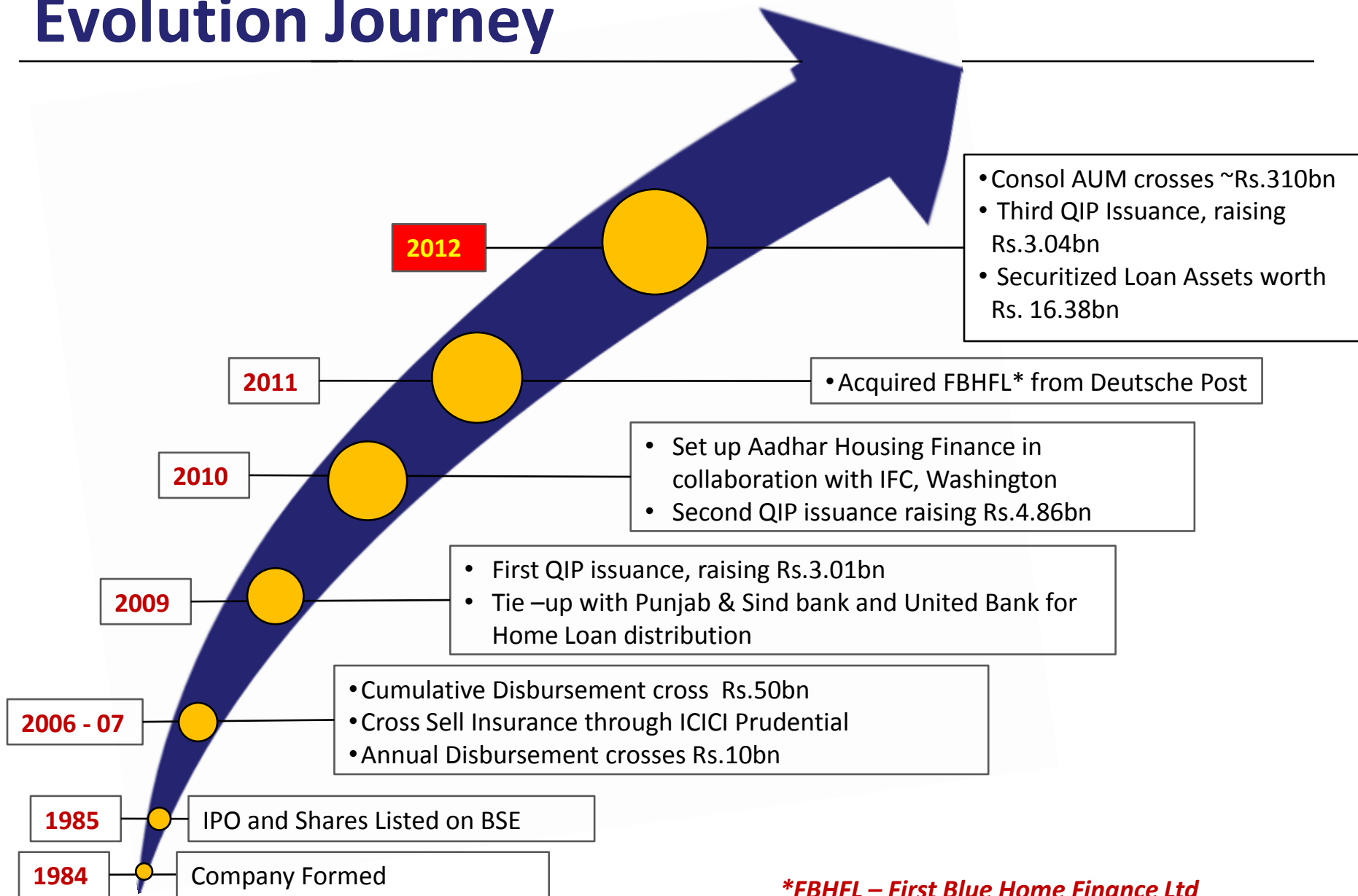


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Group Profile

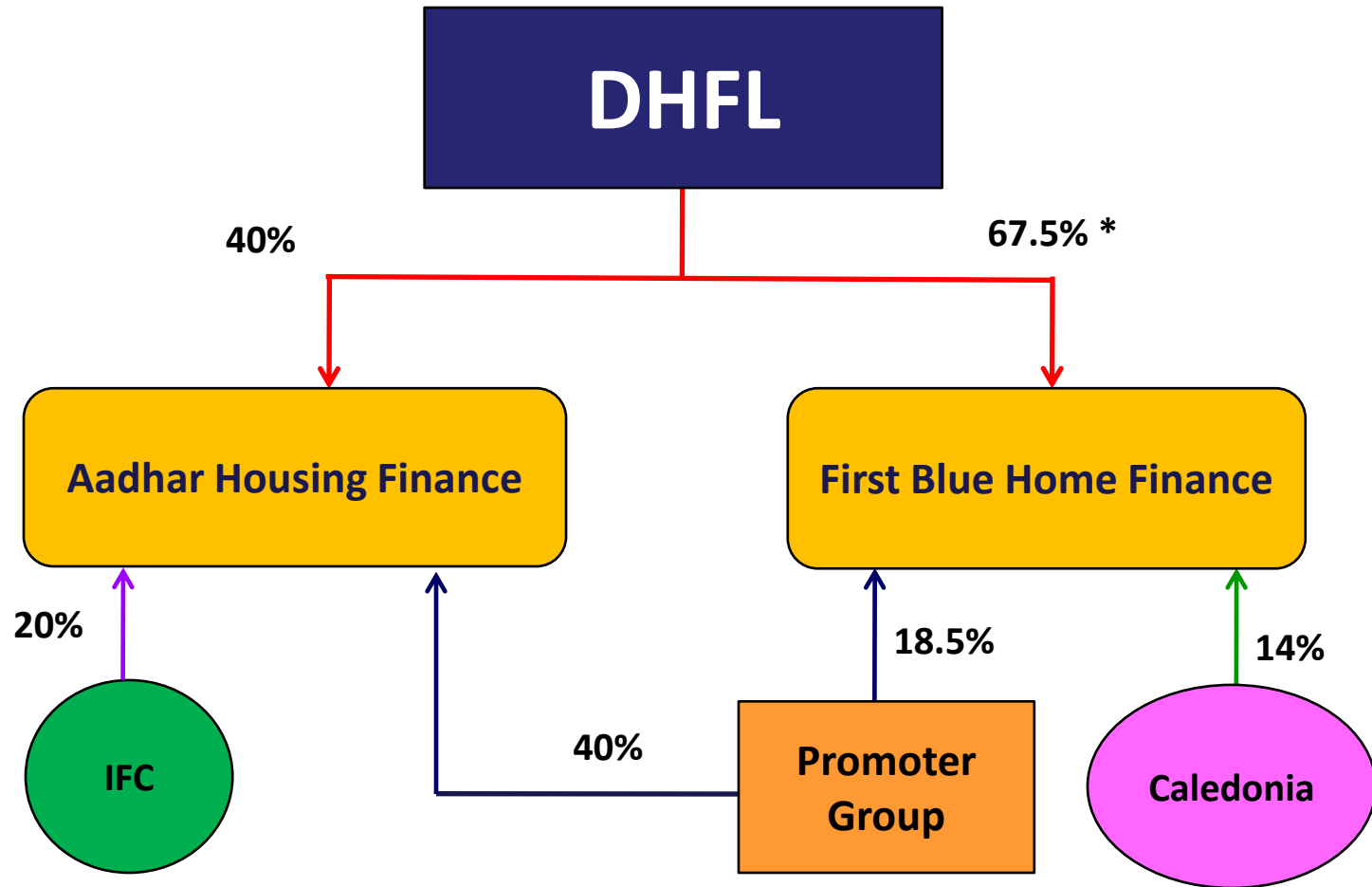
- ➡ **Evolution Journey**
- ➡ **Corporate Profile**
- ➡ **Our Reach**
- ➡ **Experienced Management**
- ➡ **Opportunity Landscape**

Evolution Journey



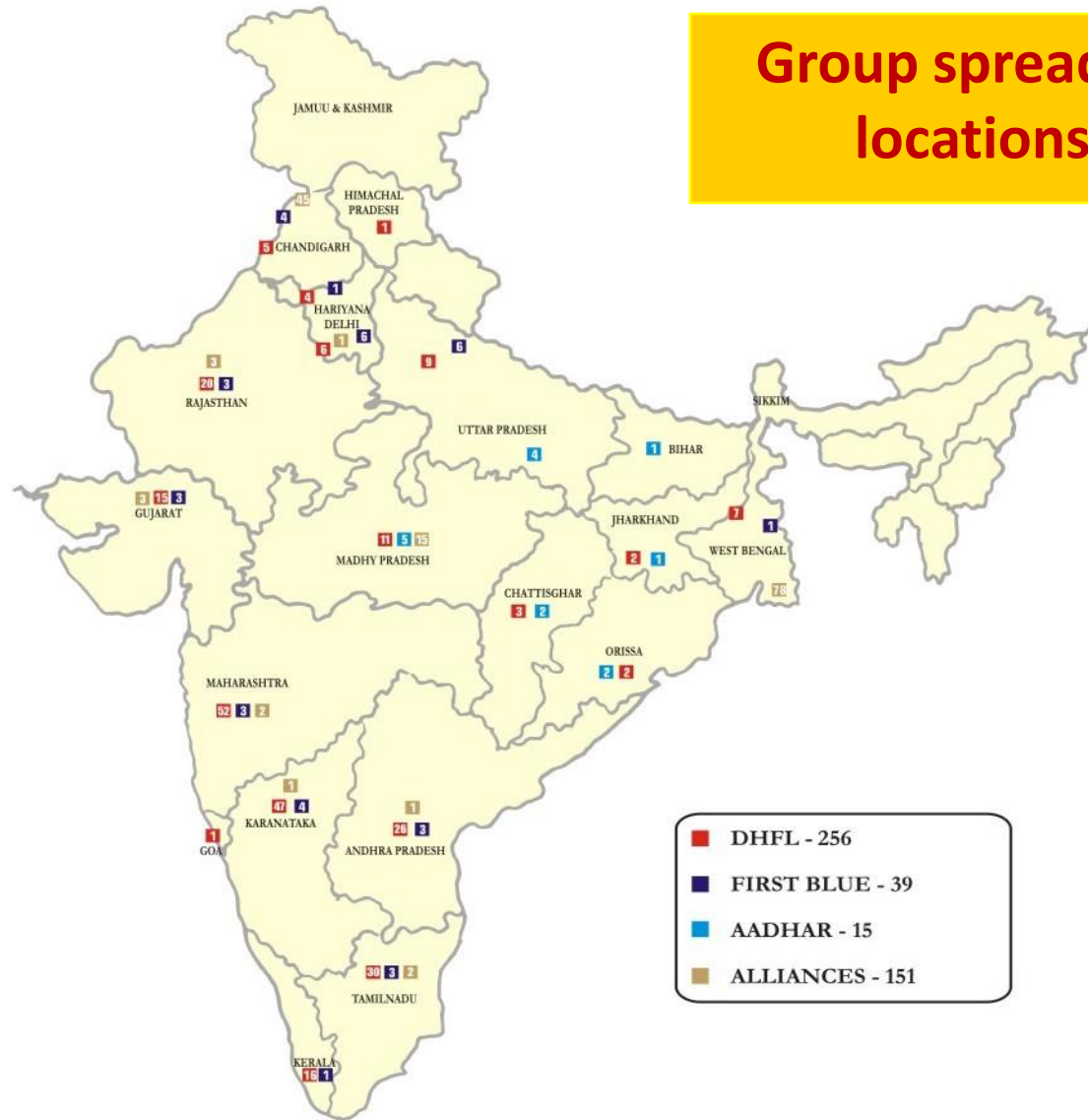
**FBHFL – First Blue Home Finance Ltd*

Corporate Profile



Geographical Presence

Group spread across 461 locations in India



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. R S Hugar

Mr. Ajay Vazirani

Mr. V K Chopra

Dr. P S Pasricha

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

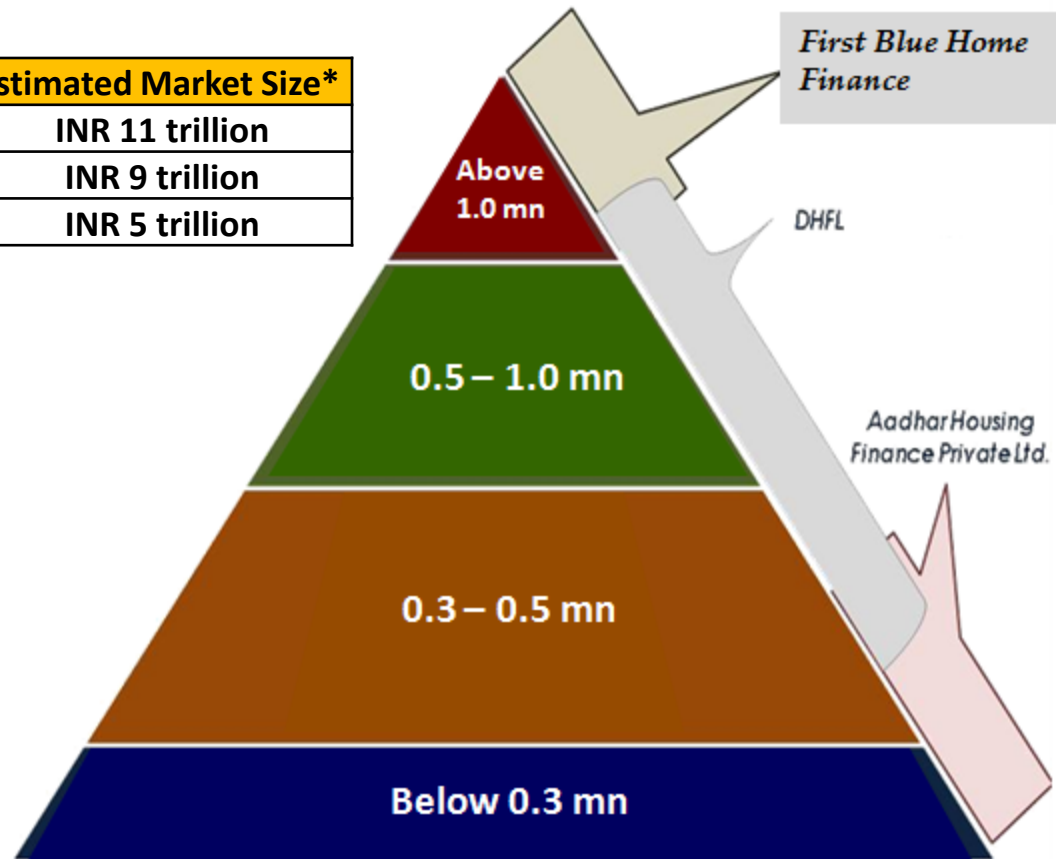
Independent Director

President

President

Opportunity Landscape

Price per Dwelling Unit	Estimated Market Size*
Between INR 0.3 - 1.0 mn	INR 11 trillion
Between INR 1.0 - 2.5 mn	INR 9 trillion
Above INR 2.5 mn	INR 5 trillion

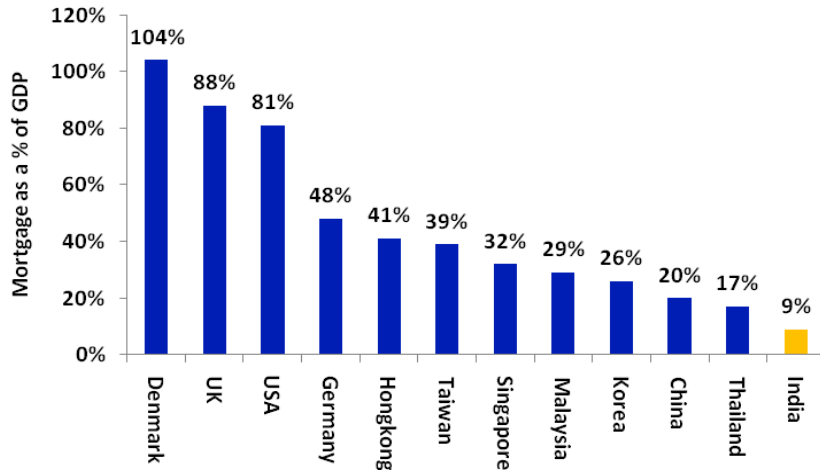


Pursuant to the acquisition of First Blue Home Finance and setting up of Aadhar Housing Finance in FY11, DHFL as a group is geared to serve customers across the housing finance spectrum, with each company serving a niche segment , resulting in minimal overlap

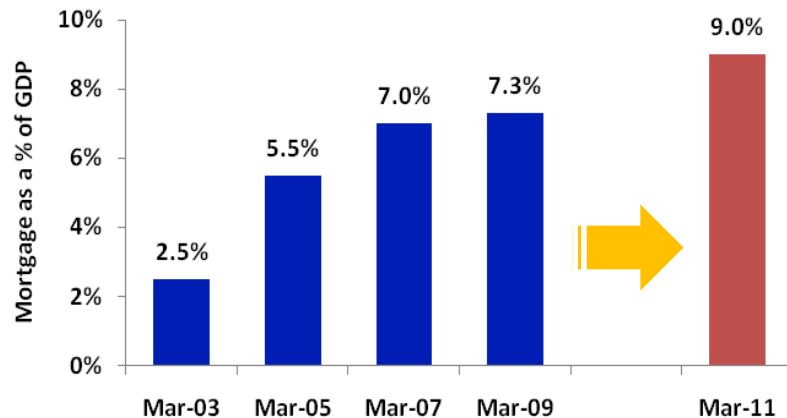
All Information Source: Monitor Group

Mortgage Finance Industry – Huge Growth Opportunity

Low Mortgage Penetration in India – A huge market potential



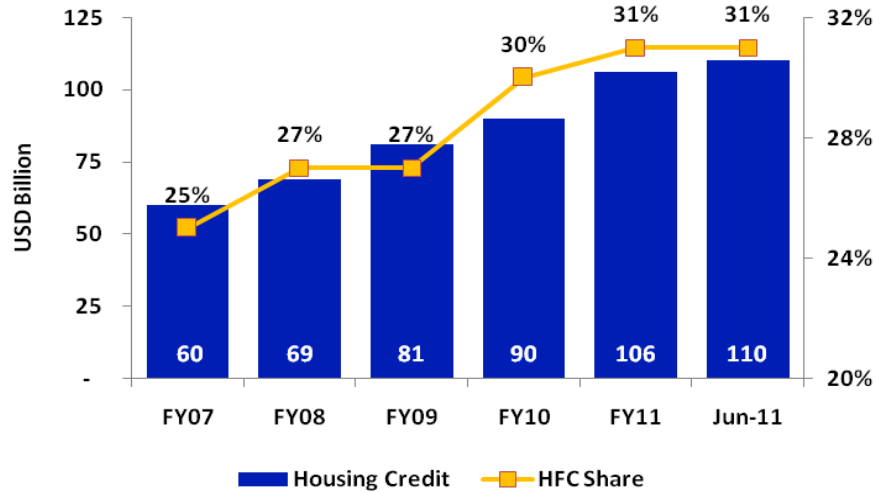
Growth in Mortgage penetration – Translating to higher Industry Growth



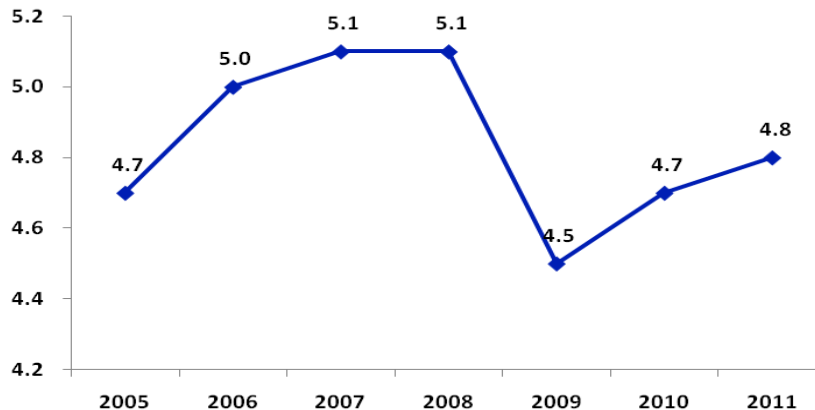
- Indian housing market has emerged as one of the most promising secured financing option
- As of Sep 2011, total housing loan market in India is estimated at USD 110 billion
- Current Mortgage to GDP ratio for India amongst the lowest in the world and provides huge opportunity for growth on sustainable basis for years to come
- Knight Frank in its Global House Price Index report mentions India along with Hong Kong and Taiwan as the strongest performing nations in housing market
- BCG-IBA Report estimates outstanding mortgages in India will increase 8 fold by 2020. Mortgage to GDP ratio projected at 20% by 2020
- A modest 3% increase in mortgage penetration from current levels will translate into the industry growth rate of more than 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 & CARE estimates, Census report

- In spite of more than dozen rate hikes by RBI in last 24 months, housing credit grew by 18% 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 31% in FY 11
- The top five PSBs had a gross NPA level of 1.89% in their housing finance book as on March 31, 2011, against 0.82% 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

3

Dewan Housing Finance

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

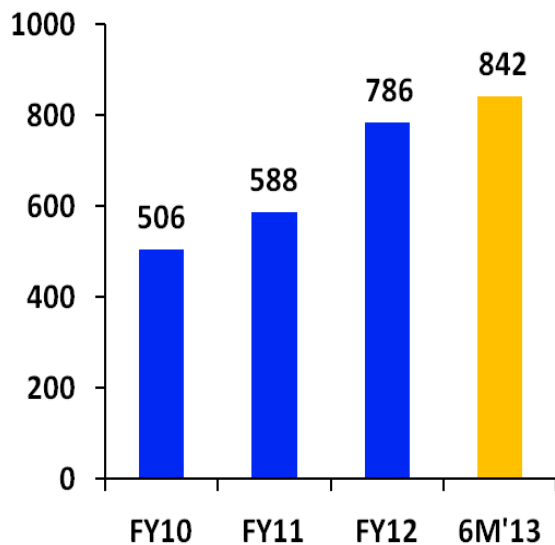
Dominant Player in LMI Segment

Our Vision

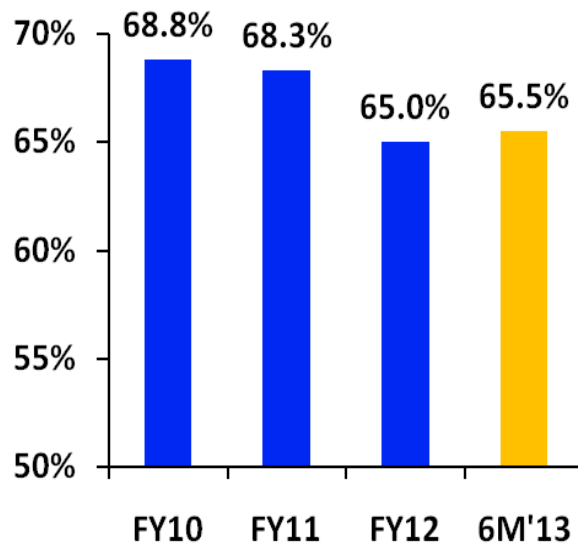
- DHFL was set up with a vision to transform the lives of millions of Indians living just beyond the consideration zone of the Mortgage industry, by giving them access to home loans
- DHFL has been unwavering in its commitment to serve the lower & middle income groups. Even after 28 years it remains 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

41%

Avg Monthly Income of Clients

Rs.8K to 30K

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

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

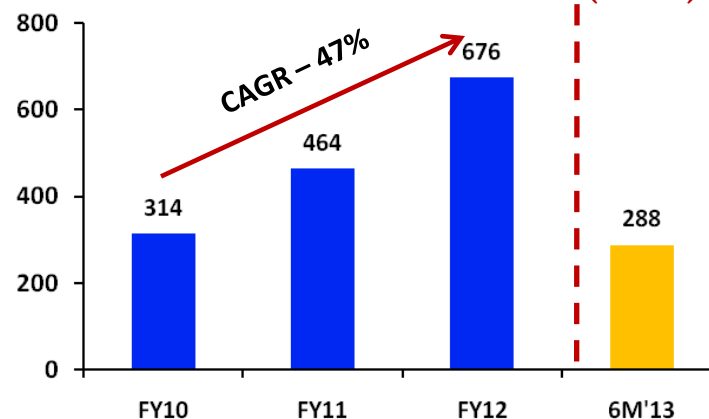
Technical Consultancy & Management

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)

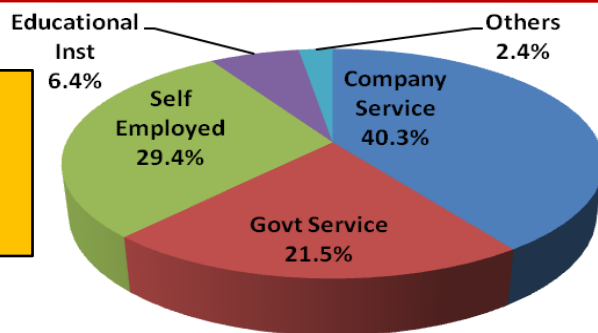


Nurturing Diversification in Operations

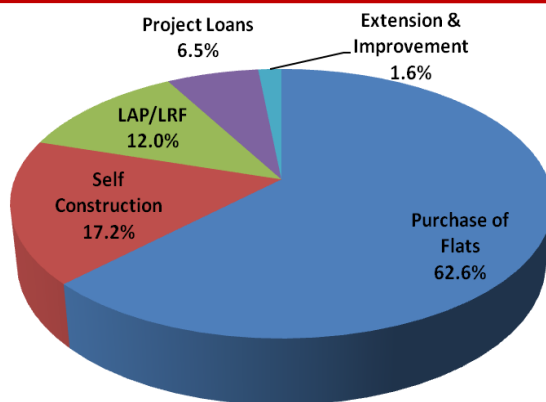
Product Offerings

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

Customer Composition (Sep 12)



Portfolio Composition (Sep 12)



Loan Distribution

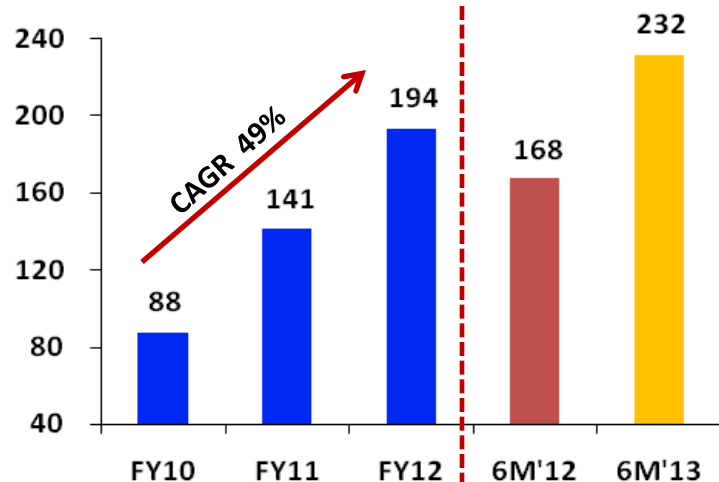


Partnered with multiple banks for Home Loan Distribution to their customers

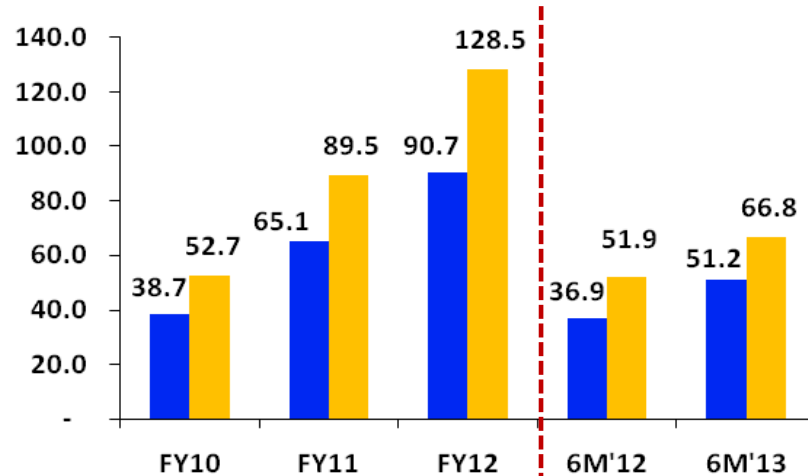
DHFL has been the industry pioneer in establishing long term relationships with multiple partners to fuel the growth engine as well as augment its income streams and feels extremely proud to win the trust of eminent and marquee names in the Finance world

Strong AUM Growth with Low NPA's

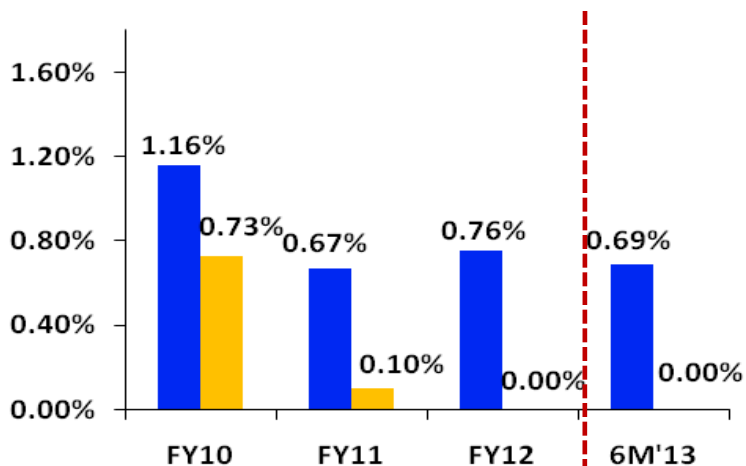
Loan Portfolio (₹ bn)



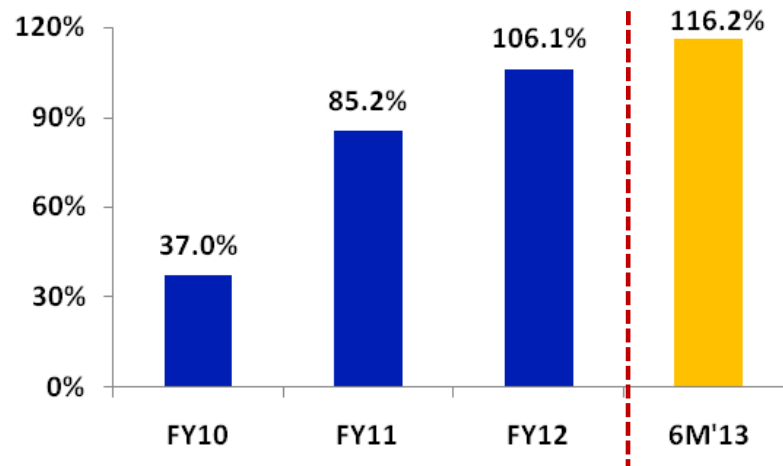
Disbursement Sanctions (₹ bn)



Gross NPA's Net NPA's

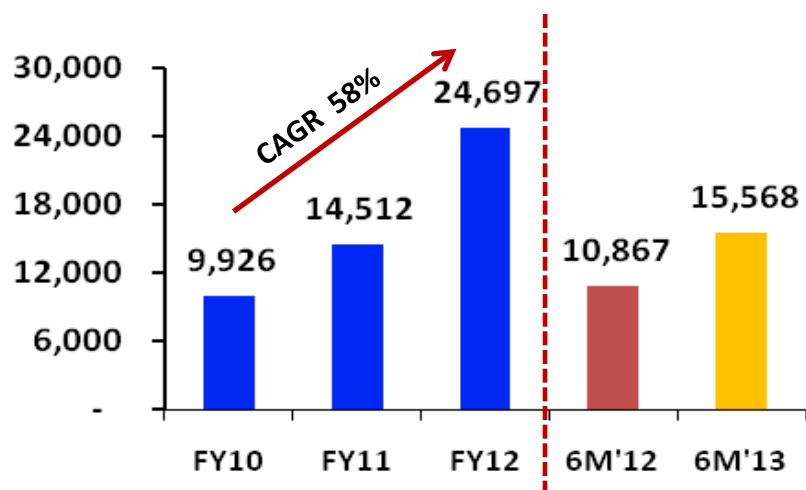


Provisioning Coverage (%)

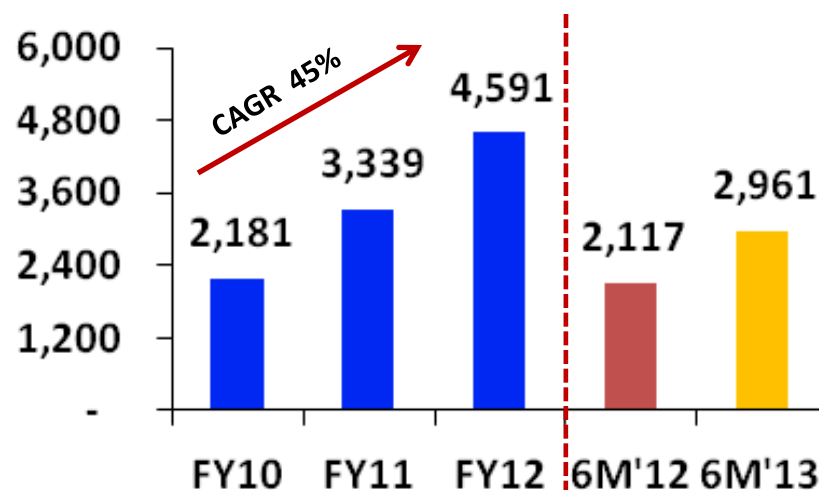


Resulting in - Robust Financial performance

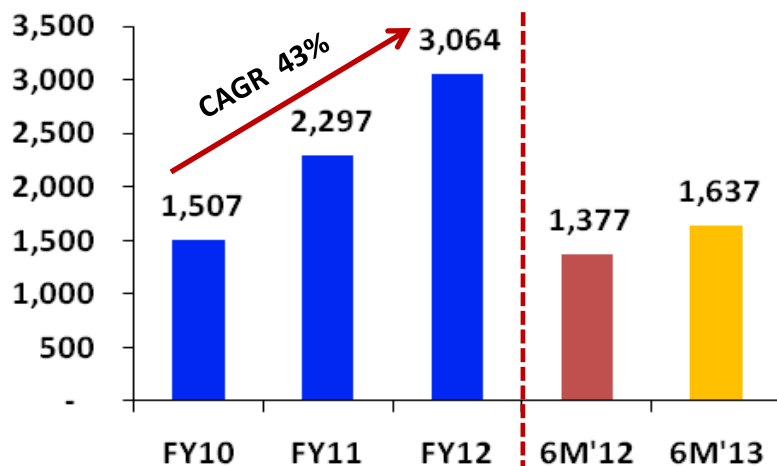
Total Income (₹ mn)



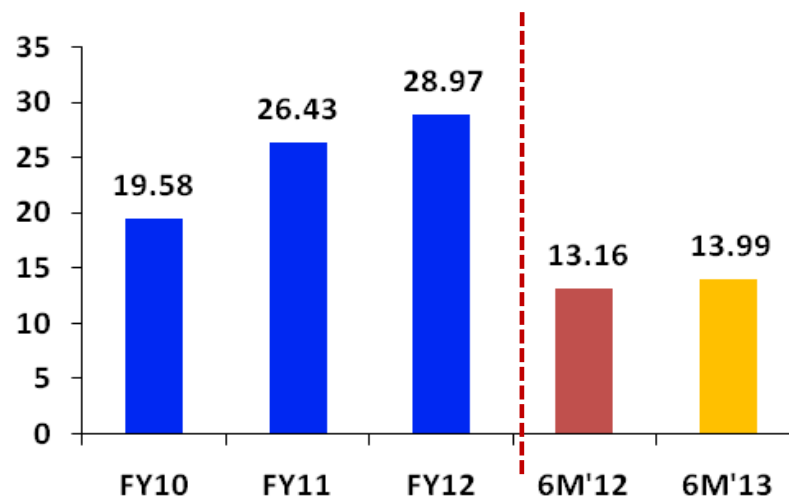
Net Interest Income (₹ mn)



Net Profit (₹ mn)

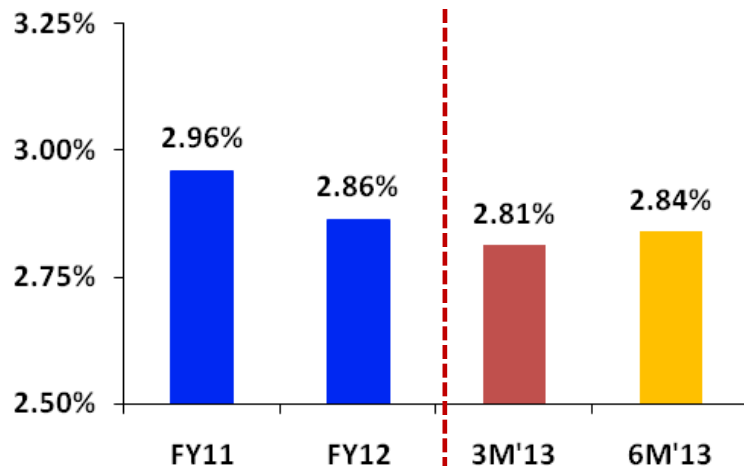


Earnings Per Share (₹)



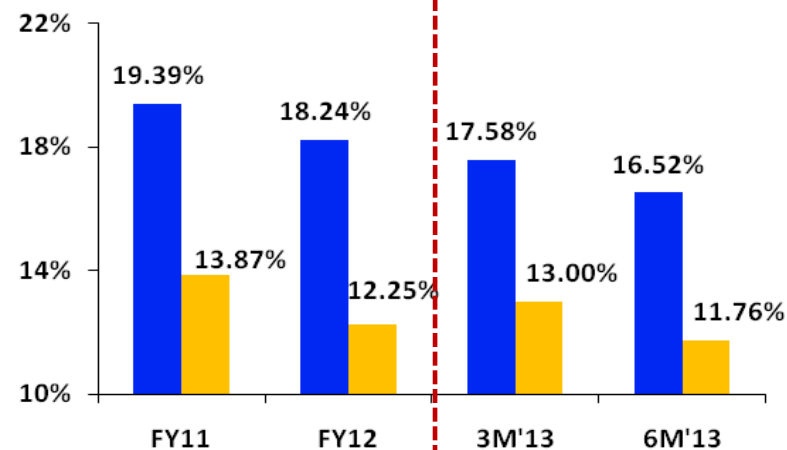
.....And Healthy Financial Ratios

NIM (%)

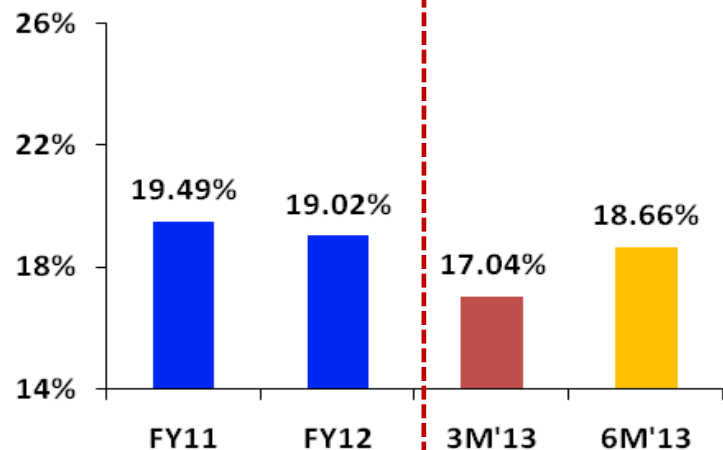


CAR (%)

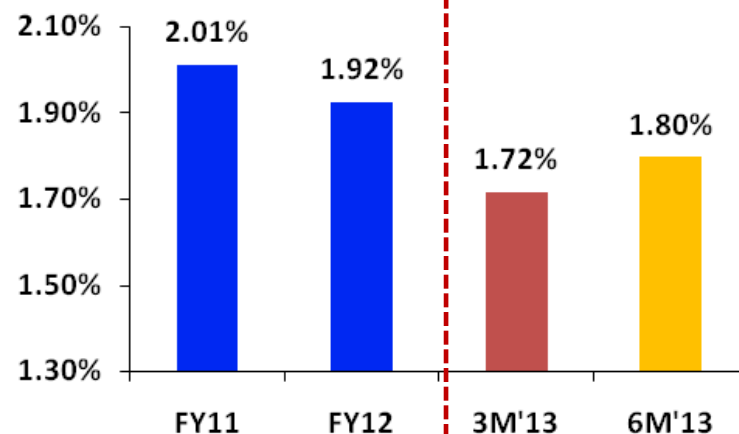
Tier I (%)



RoE (%)

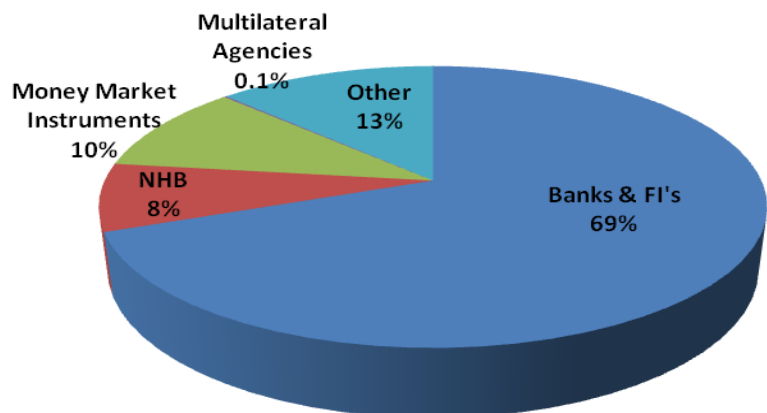


RoAA (%)



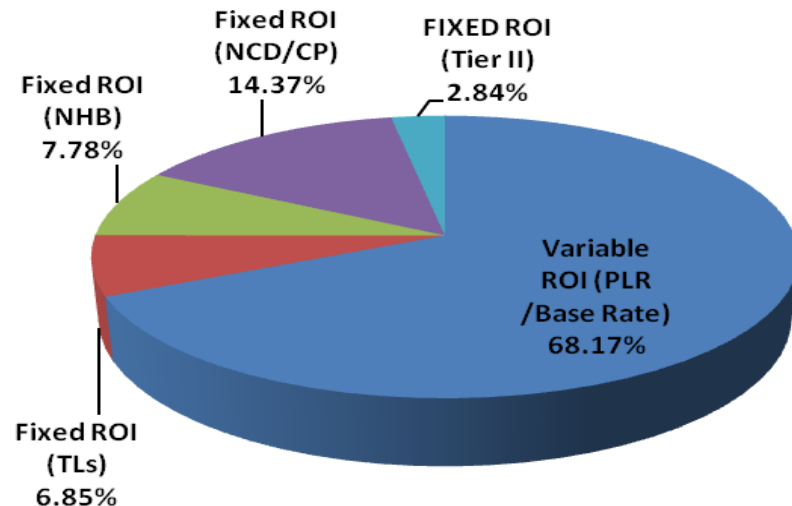
Diversifying the Borrowing Profile

Borrowings Composition



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

Fixed Variable Composition



Credit Ratings

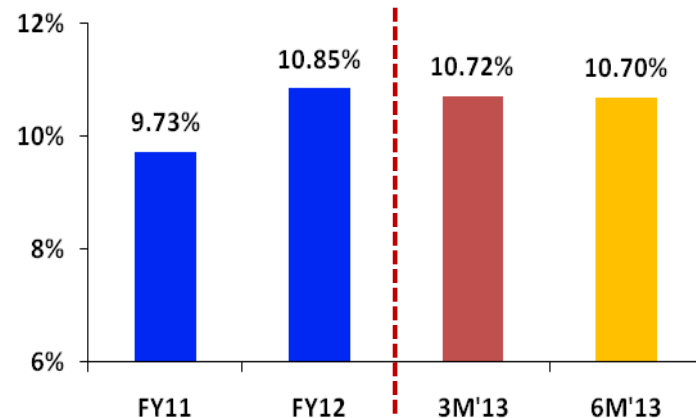
Long Term :
AA+ from CARE

Short Term :
A1+ from CRISIL

Borrowing Cost Composition

Borrowing Source	₹ mn	Cost %
Banks & FI's	1,59,795	11.26%
NHB	17,954	7.76%
NCD's	23,582	9.75%
Multilateral Agencies	306	9.98%
Others	29,165	10.22%
WACB	2,30,802	10.70%

Borrowing Cost Movement



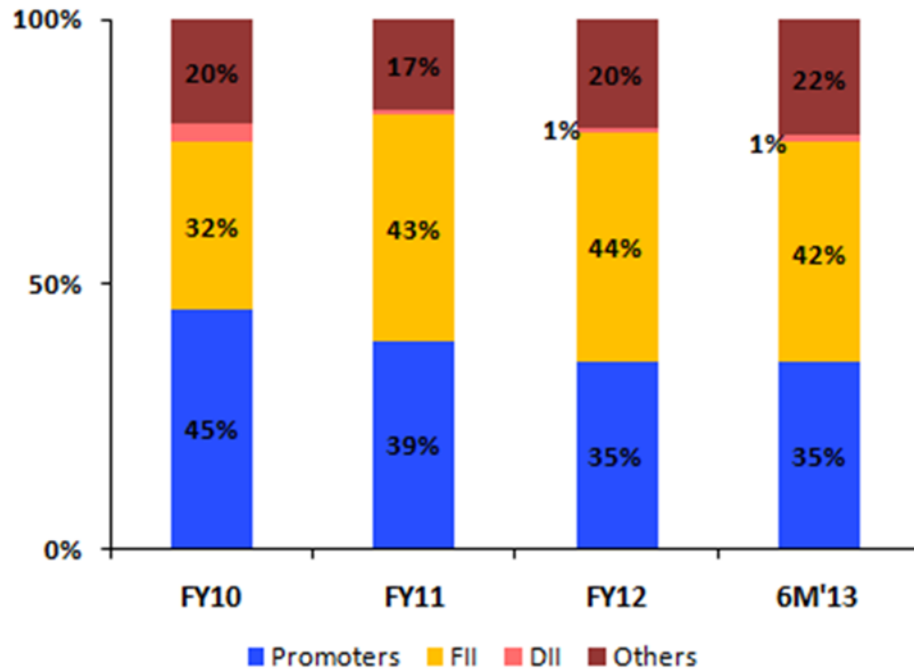
Key Financial Metrics of DHFL

Financial Summary (₹ mn)	Period Ended			Quarter Ended			Growth		FY12
	Sep, 2012	Sep, 2011	Growth	Sep, 2012	Sep, 2011	Jun, 2012	YoY	QoQ	
Total Income	15,568	10,867	43%	8,179	5,890	7,389	39%	11%	24,697
Net Interest Income	2,961	2,117	40%	1,558	1,083	1,403	44%	11%	4,591
Processing & Other Fees	664	528	26%	326	295	339	10%	-4%	1,152
TPP Fee Income	288	283	2%	195	191	94	2%	108%	676
Net Income on Sale of DVHFL etc	-	-	nm	-	-	-	nm	nm	285
Interest expenses	11,654	7,939	47%	6,100	4,321	5,554	41%	10%	17,992
Operating expense	1,360	1,017	34%	734	574	626	28%	17%	2,436
Provision for Contingencies	300	149	101%	150	117	150	29%	0%	237
PBT (Before exceptional)	2,227	1,741	28%	1,181	867	1,046	36%	13%	3,984
PAT (Before exceptional)	1,637	1,377	19%	859	719	778	19%	10%	3,064
PAT (After exceptional)	1,637	1,377	19%	859	719	778	19%	10%	3,064

Key Ratios for Period Ended	Sep, 2012	Sep, 2011	Jun, 2012	Mar, 2012
Gross NPA	0.69%	0.97%	0.92%	0.76%
Net NPA	0.00%	0.26%	0.13%	0.00%
NPA Coverage Ratio	116.23%	73.02%	86.19%	106.07%
CAR (Approx.)	16.52%	17.40%	17.58%	18.24%
NIM	2.84%	2.79%	2.81%	2.86%
Cost Coverage Ratio	68.70%	78.14%	70.71%	79.61%
Cost to Income Ratio	29.55%	27.75%	28.43%	30.22%
Return on Assets	1.80%	1.96%	1.72%	1.92%
Return on Equity	18.66%	19.43%	17.04%	19.02%
Debt Equity Ratio	9.88	10.01	8.96	8.63
EPS ₹	13.99	13.16	6.66	28.97

Diversified Investor Base

Shareholding Composition



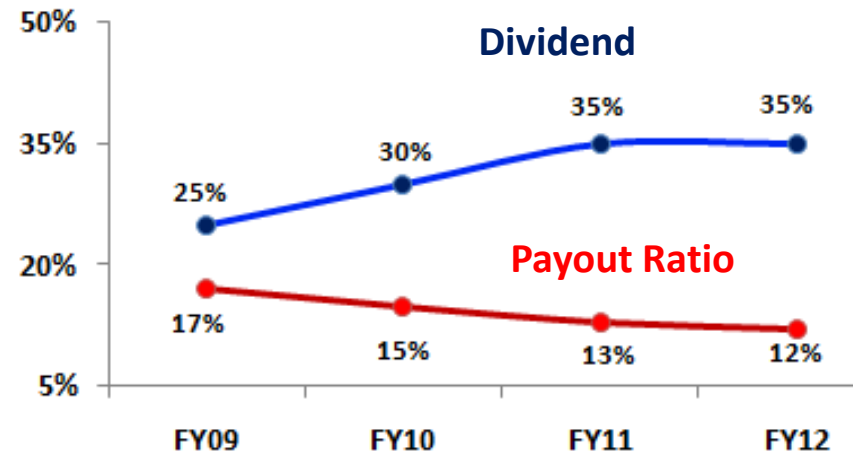
- Institutional Investors exhibit significant faith in the companies performance, as evident from their substantial increase in Holding % over a period of time
- Dividend paid consecutively for last 24 years, in 28 years of operation of company

Top 10 Institutional Investors as on 30th Sep 2012

Sr.No.	Name of Investor	% Holding
1	CALEDONIA INVESTMENTS PLC	8.56%
2	HSBC BANK (Mauritius) LTD	4.89%
3	IRONWOOD INVESTMENT HOLDINGS	4.44%
4	IIFL INC A/C	3.31%
5	ASIABRIDGE FUND I, LLC	3.05%
6	GOVERNMENT OF SINGAPORE *	3.66%
7	WELLINGTON TRUST *	2.15%
8	ICICI PRUDENTIAL LIFE INSURANCE	1.66%
9	EMERGING MARKET MANAGEMENT *	1.21%
10	UNION INVESTMENT LUXEMBOURG *	1.13%

* Through Multiple Funds / Schemes

Dividend and Payout Ratio



4

First Blue Home Finance*

 **Synergistic Acquisition – Satisfactory Deliverables**

*** Erstwhile Deutsche Postbank Home Finance**

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 1% and Net NPA's at 0%

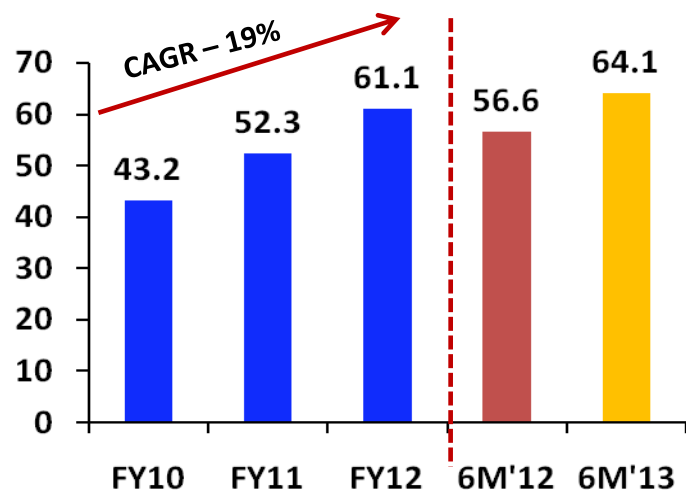
Untapped Cross Selling Opportunity

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

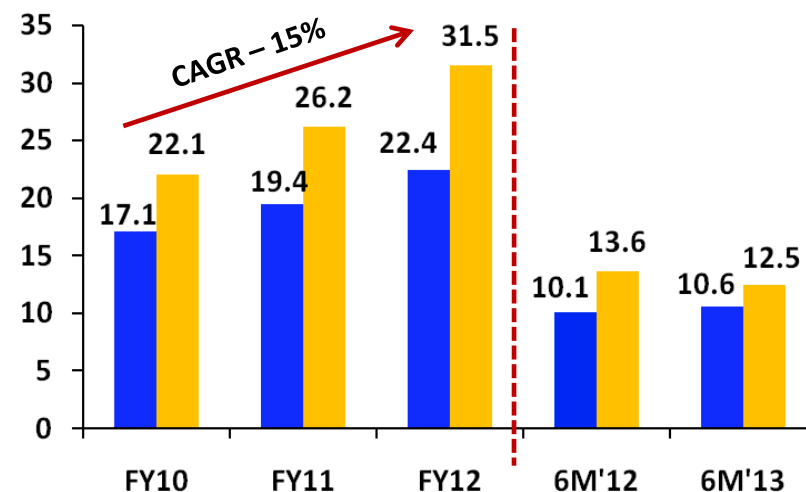
FBHFL showed a strong growth in 6MFY13, with outstanding loan book growing by 13% yoy . DHFL is confident of creating value for customers in the Metro / Tier I cities through the FBHFL platform in the future.

Healthy Growth with Healthy Assets

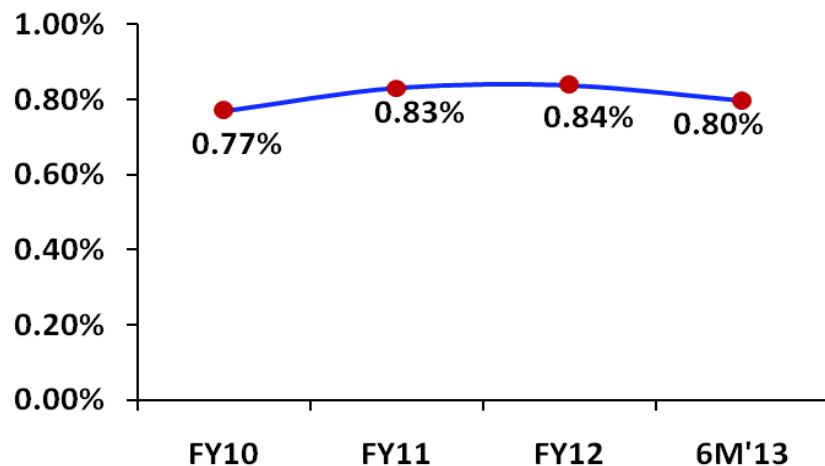
Loan Portfolio (₹ bn)



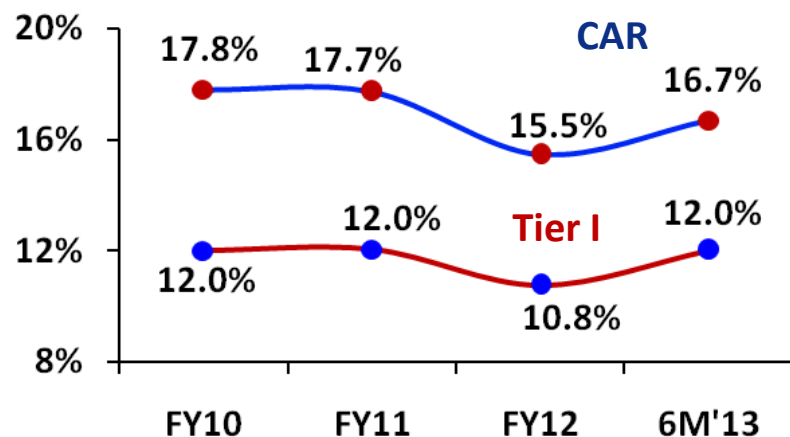
Disbursement (₹ bn) **Sanctions (₹ bn)**



Gross NPA

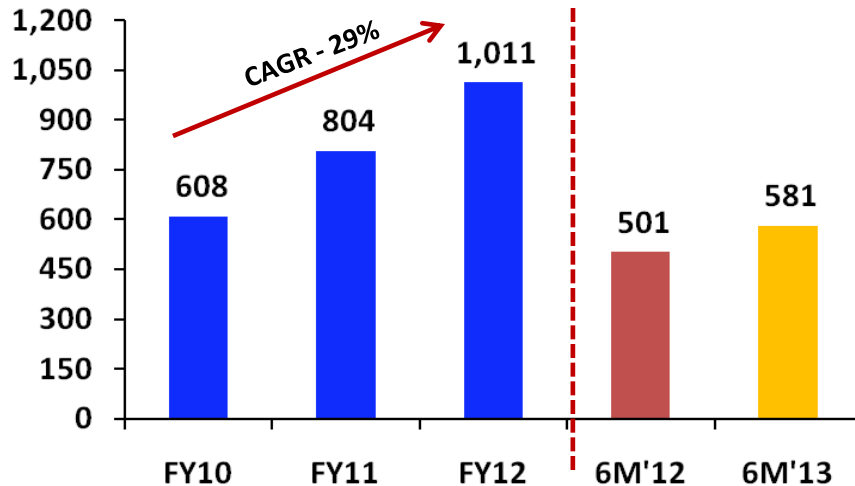


CAR (%) **Tier I (%)**

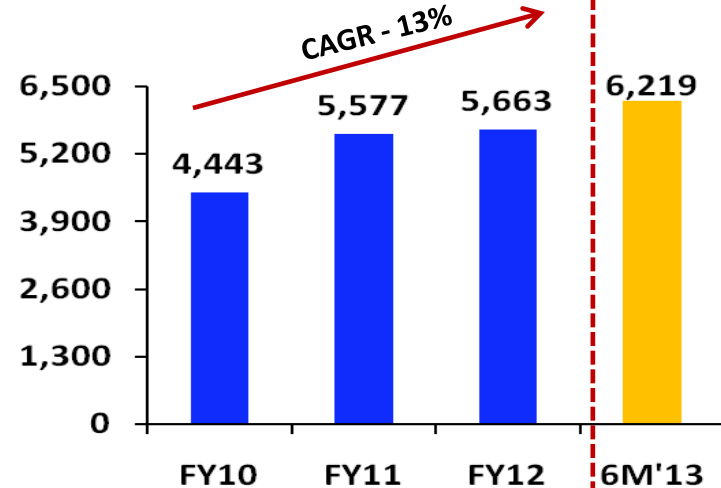


Steady Improvement in Financial Parameters

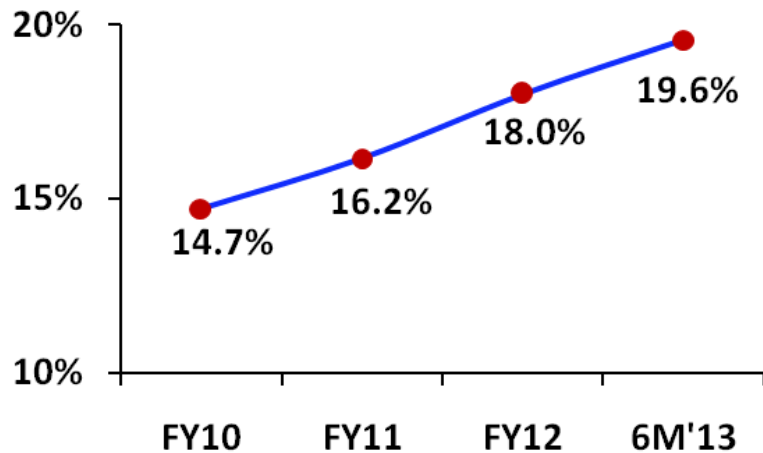
Net Profit (₹ mn)



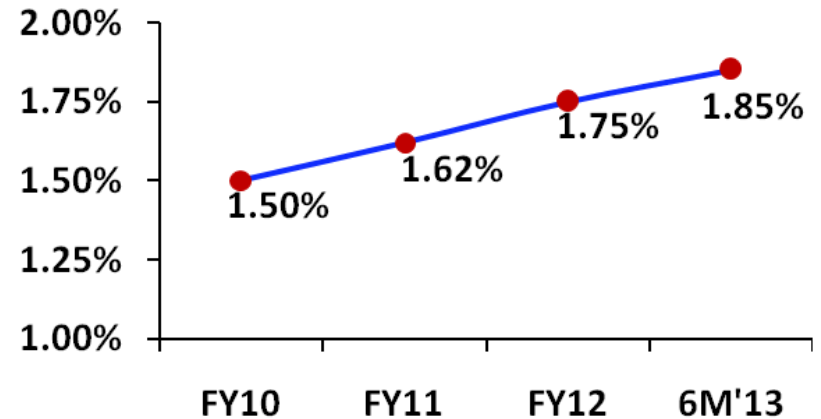
Net Worth (₹ mn)



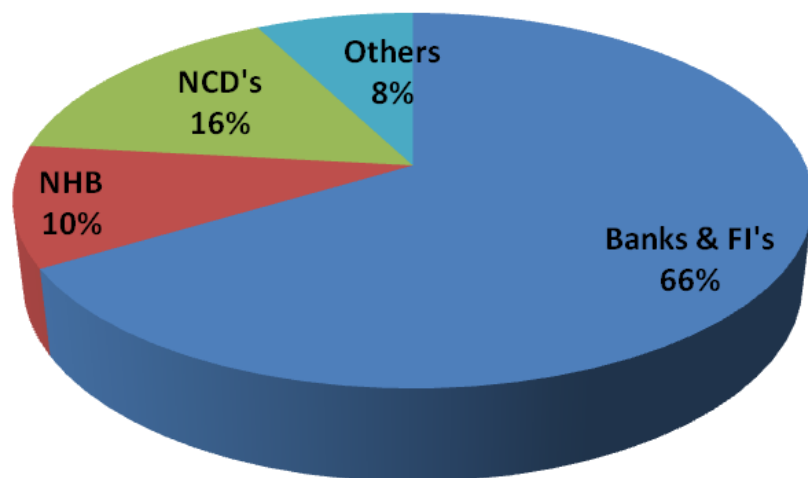
Return on Equity (%)



Return on Avg Assets (%)

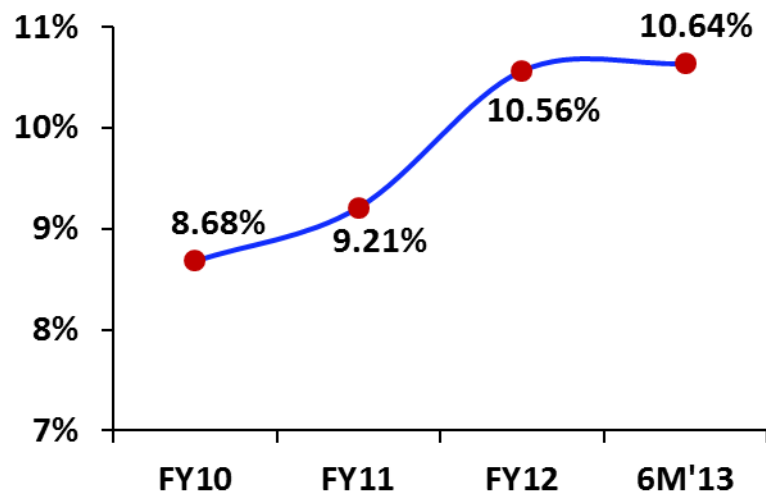


Diversified Borrowing Profile

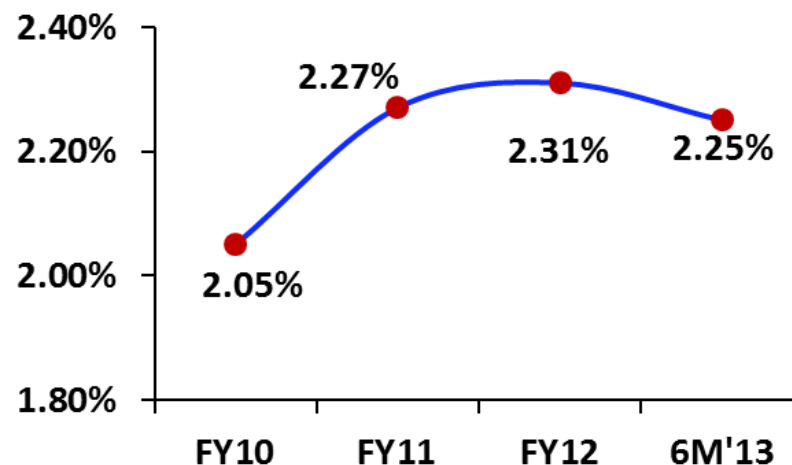


Weighted Average Borrowing Cost		
Borrowing Source	₹ mn	Cost%
Banks & FI's	38,539	11.24%
NHB	6,035	8.63%
NCD's	9,074	9.69%
Others	4,424	10.08%
Total Borrowings	58,071	10.64%

Borrowing Cost (%)



Healthy Portfolio Spreads (%)



5

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
- e) We have received the NOC from BSE and NSE
- f) We have filed the Scheme with the respective High Courts; We have received Approval from Mumbai High Court and are hopeful of receiving the Delhi High Court consent by January 2013

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.

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