



The road less travelled

Earnings Presentation

September 2014



“

I want
every Indian
to have 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 - 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 367 company operated locations across India and 151 locations through alliances
 - distribution network focused on Tier II and Tier III towns and cities

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
- Top-Up Loans

Key highlights (As of 30th September 2014)

AUM

INR 494 bn

Gross NPA

0.78%

Net NPA

0.00%

Avg ticket size

INR 1.10mm

CAR (Approx.)

16.17%

NIM

2.76%

PAT

INR 2,993 mm

Loan sanctions

INR 120 bn

LTV

49.0%

Cost to Income

28.61%

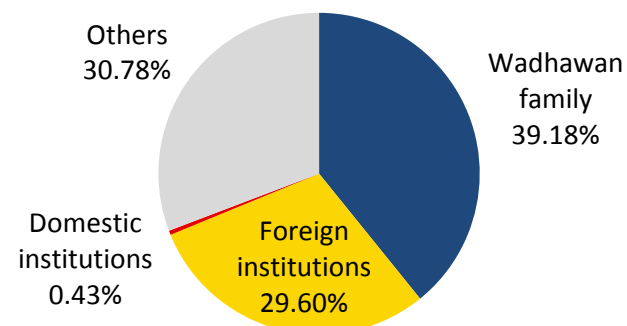
ROA

1.7%

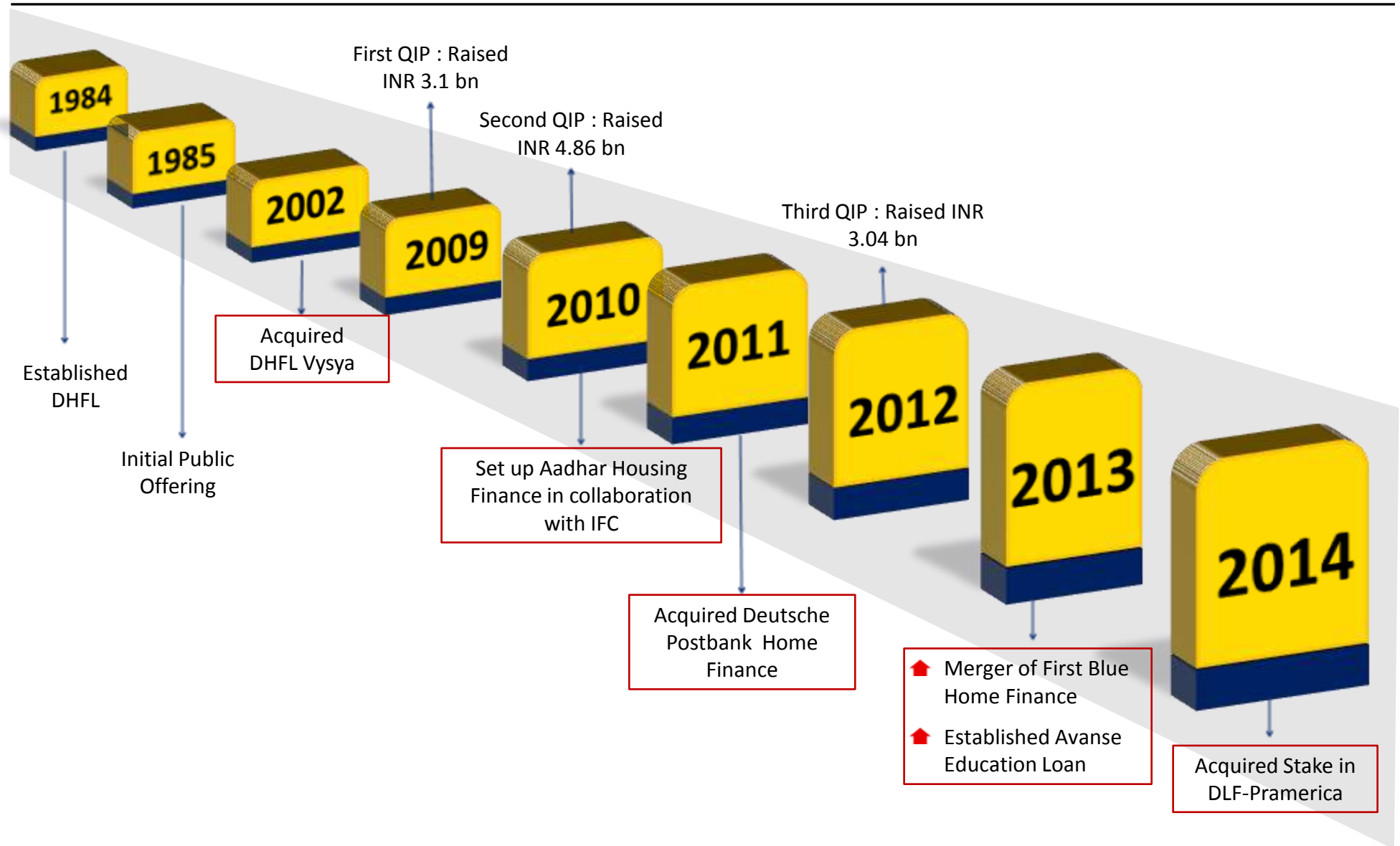
ROE

18.75%

Shareholding overview (As of 30th September 2014)



Key milestones





Section 2

Key company highlights





Key company highlights

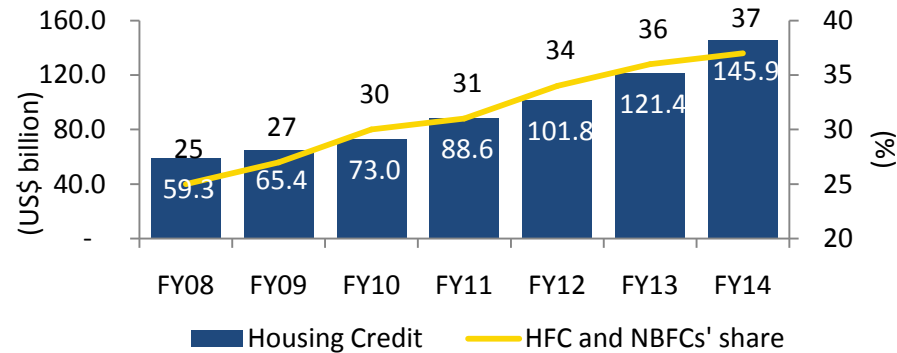
- 1 Strong industry fundamentals
- 2 DHFL's leadership position in the LMI segment
- 3 Distribution network spread across the country
- 4 Differentiated business model with a strong risk management framework
- 5 Highly experienced Board of Directors and a strong governance structure
- 6 Strong financial 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

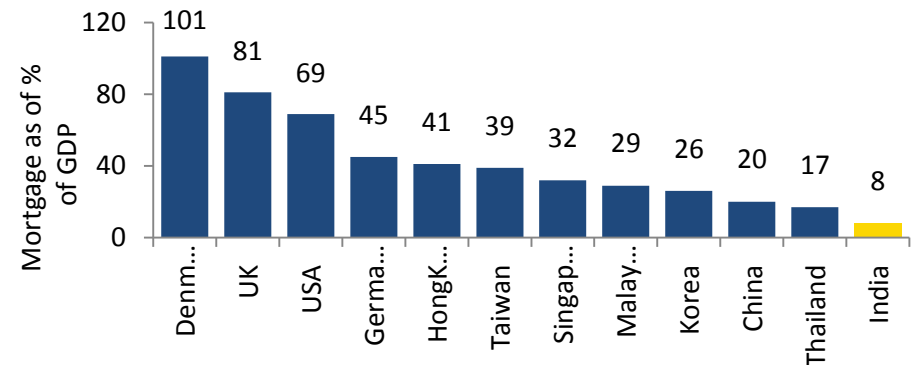
Significant under penetration of mortgages in India ...

... implies a highly favourable industry growth environment

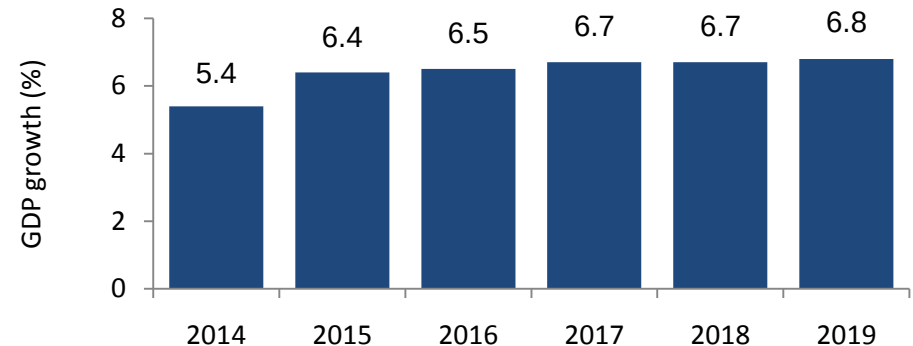
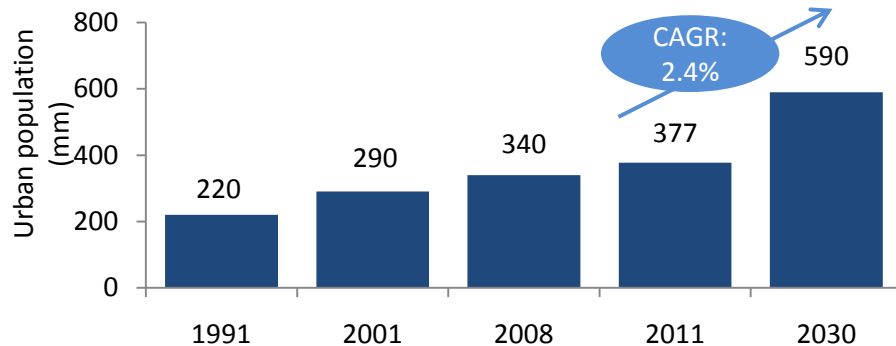
India has witnessed robust housing credit growth¹ ...



... however, mortgage penetration in India is still extremely low² ...



Increasing urbanization³ and GDP growth⁴ is expected to drive the housing credit growth in India



Indian Mortgage Industry is expected to continue to grow at 17%-19% over the next five years⁴

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

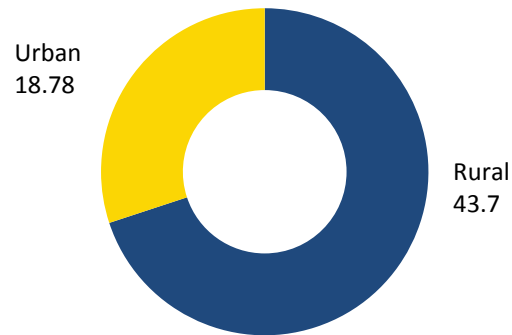
4 Source: IMF

5 Source: ICRA



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

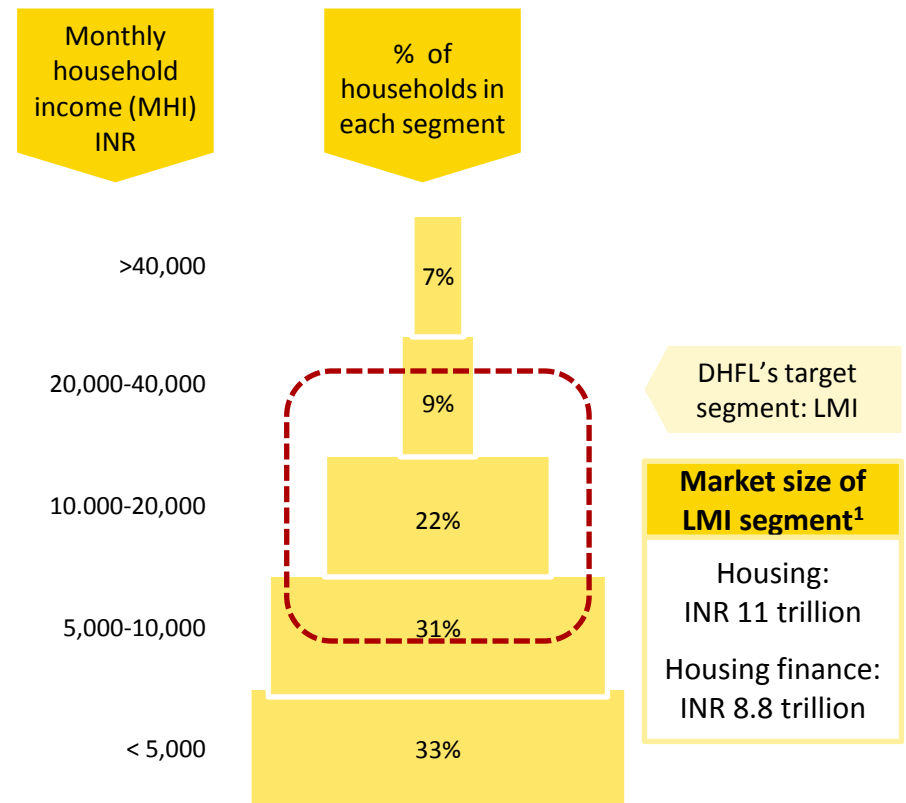
Shortage/Unmet demand of housing (Mn Units) in 2012-17¹



Large untapped potential in LMI segment

- LMI segment provides high growth potential for housing finance companies, due to low penetration levels
- Rising proportion of working age population (nearly 2/3rd of population is in the 15 to 64 years age group³) and increasing nuclearisation of families will further drive demand
- 80% of borrowers in EWS⁴ & LIG⁵ group don't have access to institutional sources of housing finance
- 90% of Rural Housing shortage and 95% of Urban housing shortage lies in EWS⁴ & LIG⁵ income groups

Market segments in housing finance²



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

1 Source: NHB

2 Source: Monitor - Deloitte Report

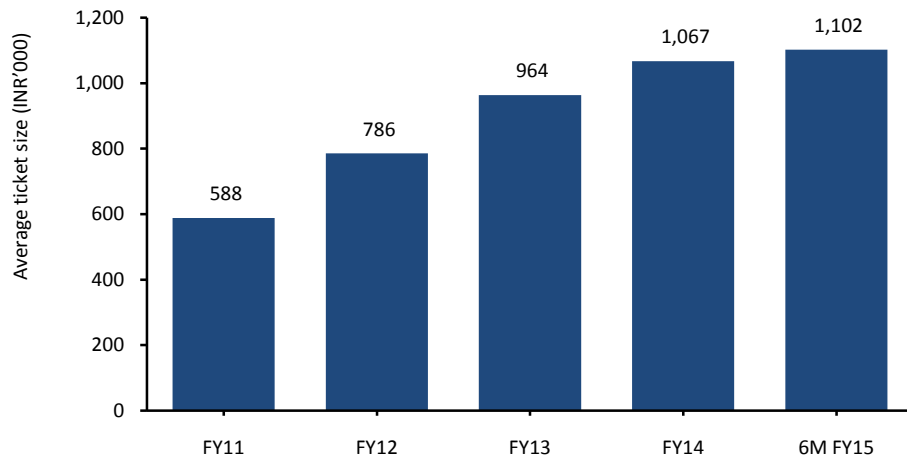
3 Source: <http://www.tradingeconomics.com/india/population-ages-15-64-percent-of-total-wb-data.html>

4 EWS: Annual income less than INR 100 thousand

5 LIG: Annual income between INR 100,000 to INR 200,000

2 DHFL—market leader in LMI segment

DHFL is focused on the LMI segment...



Largest player in LMI segment

Second largest private sector HFC player in India

🏠 ~80% of loan portfolio comprises housing loans given for purchase of homes and self construction

- 🏠 DHFL has been unwavering in its commitment to serve 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
- 🏠 Best 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, with a target of reaching INR 1,000bn by 2017

Notes:

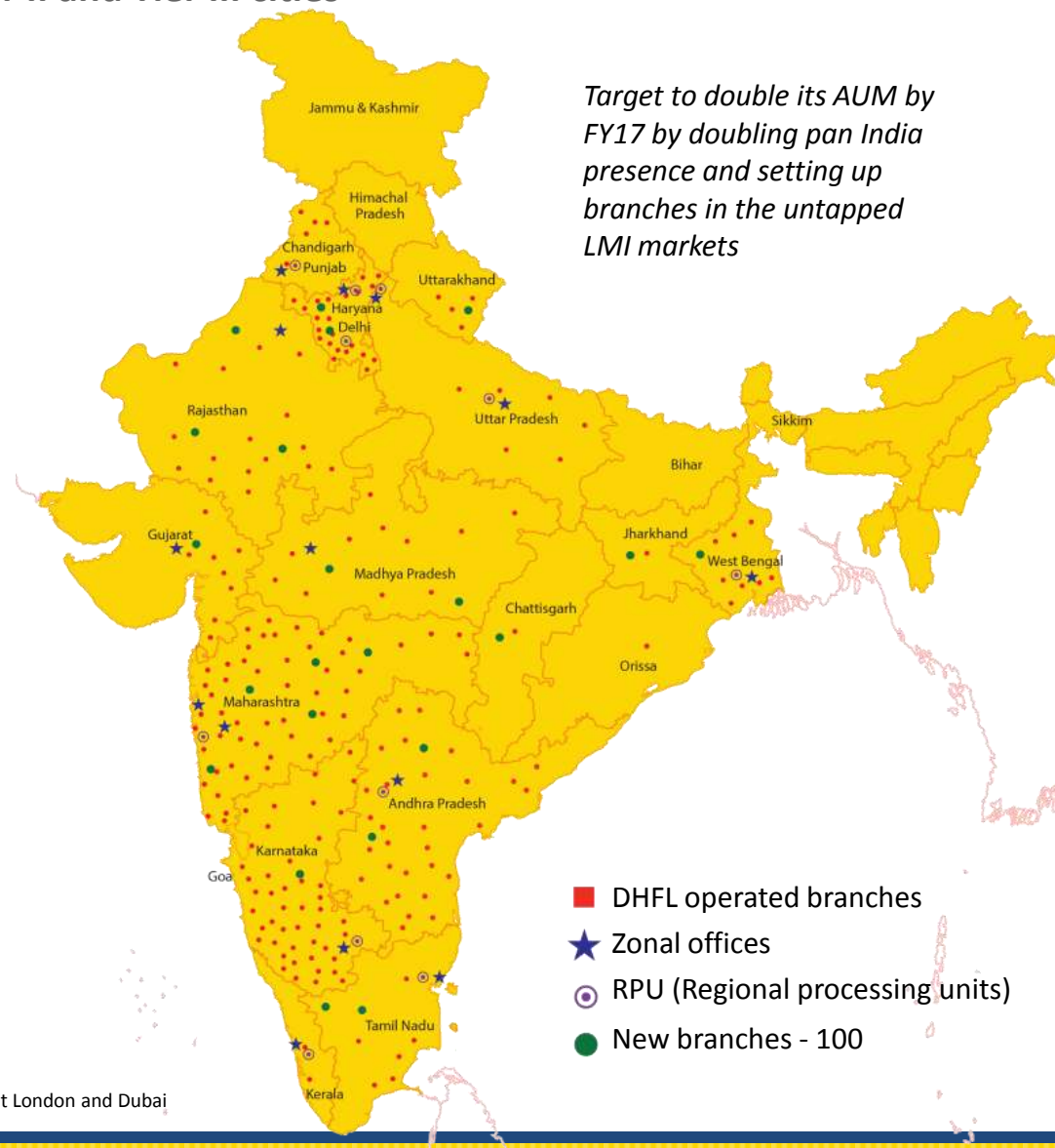
1 FY13, FY14 and 6M FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

3 Extensive distribution reach to cater to the target market segment

~80% of distribution footprint spread across Tier II and Tier III cities

- Spread across 367 Company operated locations in India¹
 - Additional presence in 151 centres through alliances

Target to double its AUM by FY17 by doubling pan India presence and setting up branches in the untapped LMI markets



Alliance partners



Source: Company filings

Notes:

1 As on 30th September 2014, Company operated locations include 2 Representative Offices at London and Dubai



4 Differentiated business model...

Distribution model

- De-risked 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 - 14 Regional Processing Units catering to more than 80% of the branches in terms of volume

Appraisal

- In-house Credit & Legal team, appraising each application

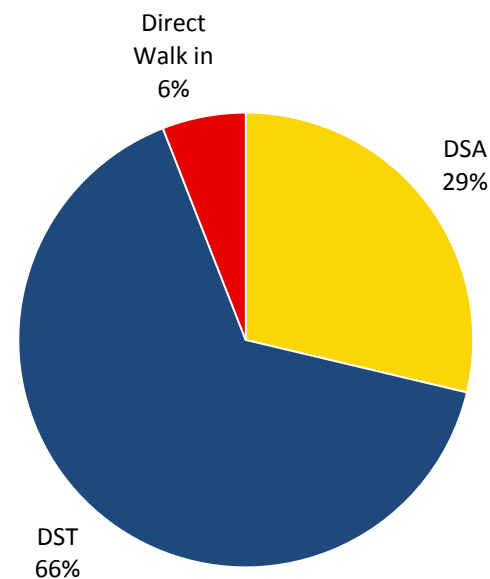
Technical evaluation

- In-house team of Civil Engineers for Technical Evaluation

Collection

- More than 85% collections through ECS/PDC's

6M FY15 channel-wise business sourced



4

...with strong risk management framework

Leads generated from:

- Own Branches
- Developers
- Brokers
- Banks
- Call Centres

Key Documents:

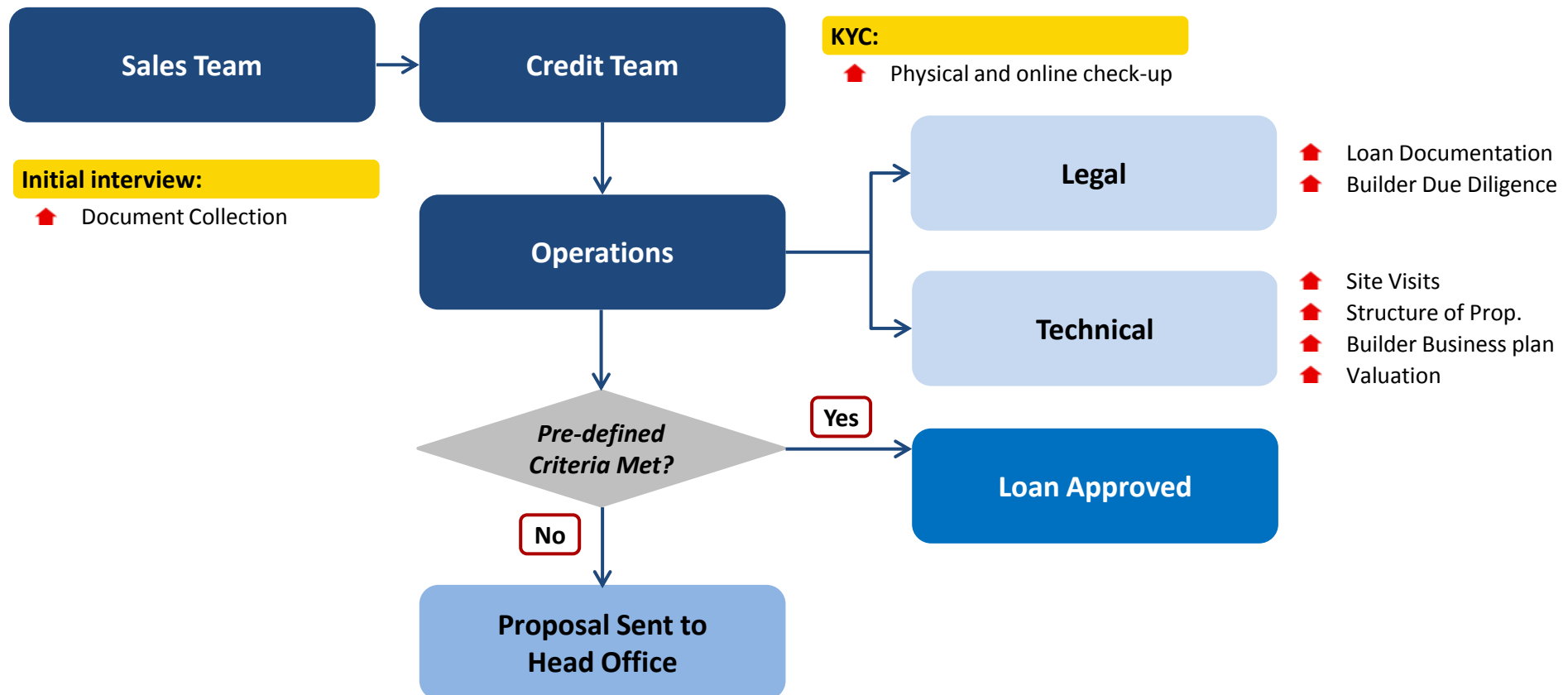
- Income Tax Return
- Salary Slip
- Form 16
- Bank Statement

KYC:

- Physical and online check-up

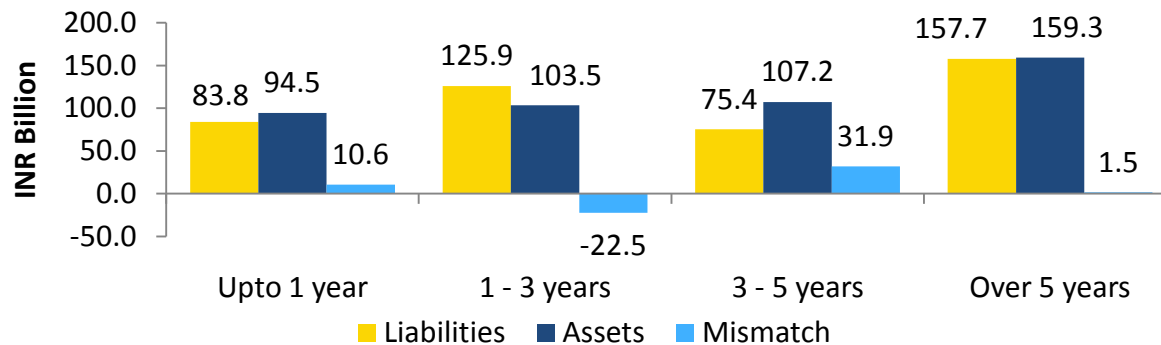
Initial interview:

- Document Collection



Robust asset-liability management

FY14 assets and liabilities profile



Key initiatives

Securitization

ECB

- Gross securitization of INR 8,870 mm during 6MFY15, total securitized loan portfolio of INR 46,154 mm as of 6MFY15
- 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
- ~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

Borrowing profile FY14

Banks and FIs (68%)

NHB (5%)

FIs & other sources (7%)

Money Market Instruments (20%)

Target borrowing profile in 2 years

Banks
(45-55%)

Capital Markets
(35-40%)

NHB, FI's & other sources
(20-25%)

- **Reduced cost of borrowings** over the past few years by increasing the borrowing mix from Debt 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
- 🏠 Driven 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



Ajay Vazirani, Independent Director

- 🏠 Eminent Lawyer - Senior Partner of law firm Hariani & Co.
- 🏠 16 years of experience in corporate law



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



M. Venugopal, Independent Director

- 🏠 Former CMD, Bank of India
- 🏠 Former MD & CEO, Federal Bank
- 🏠 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



K. Taraporevala, Nominee Director

- 🏠 Founder MD, Tethys Ventures (Singapore)Pte Ltd
- 🏠 18 years experience in corporate finance

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



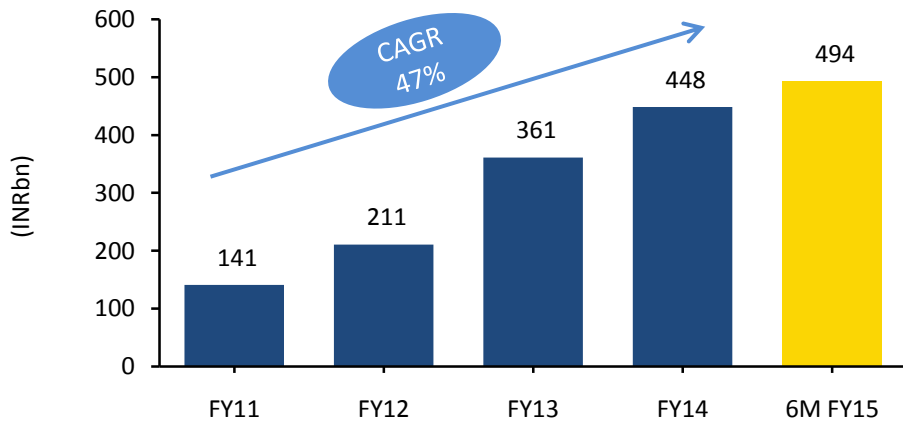
Section 3

Financial overview

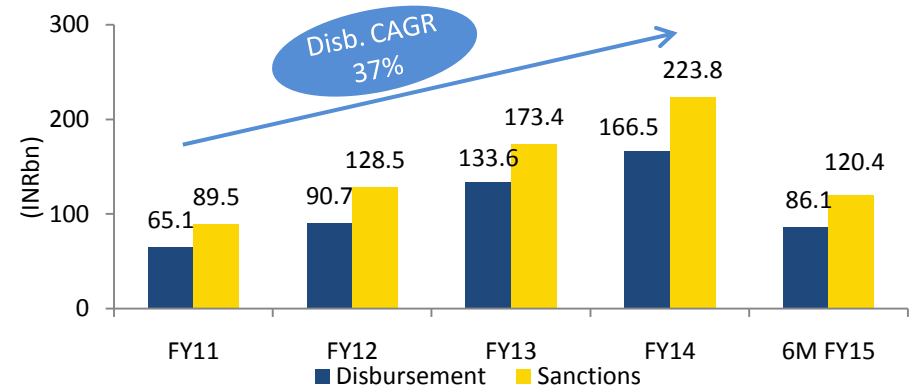


6 Strong asset growth with attractive portfolio mix

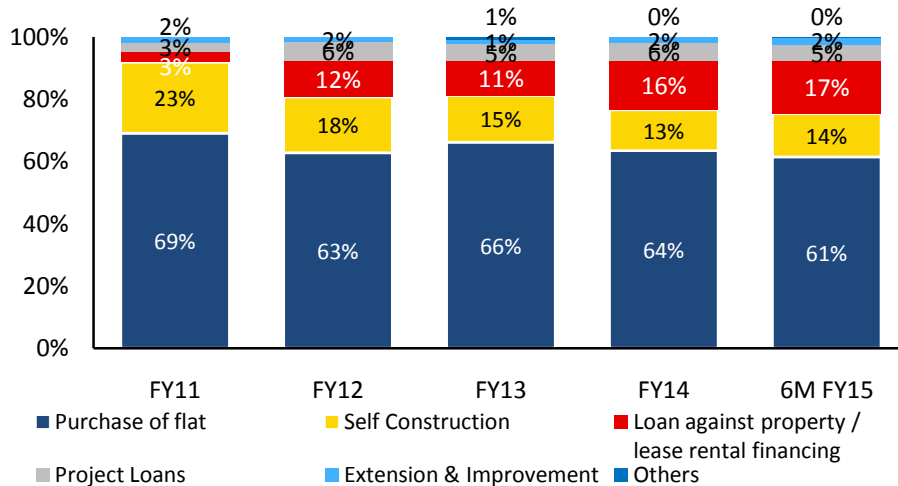
Robust AUM growth...



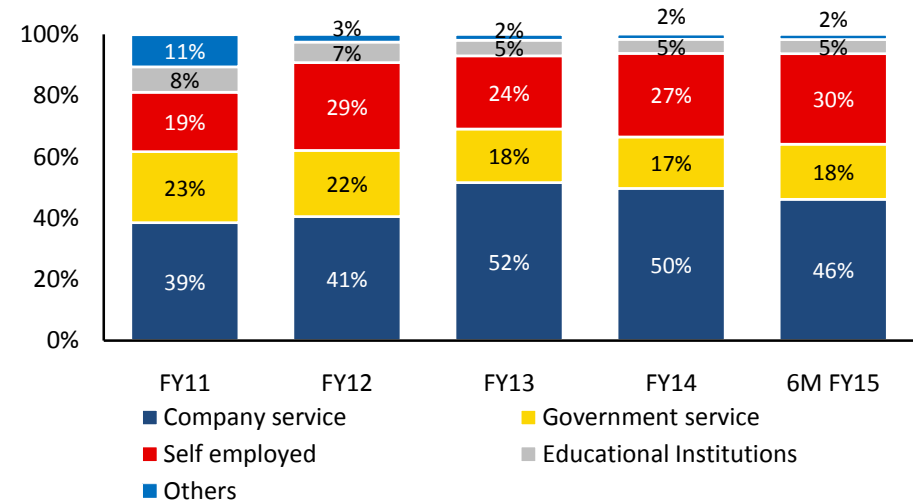
..driven by strong growth in disbursements



Portfolio Composition



Customer composition

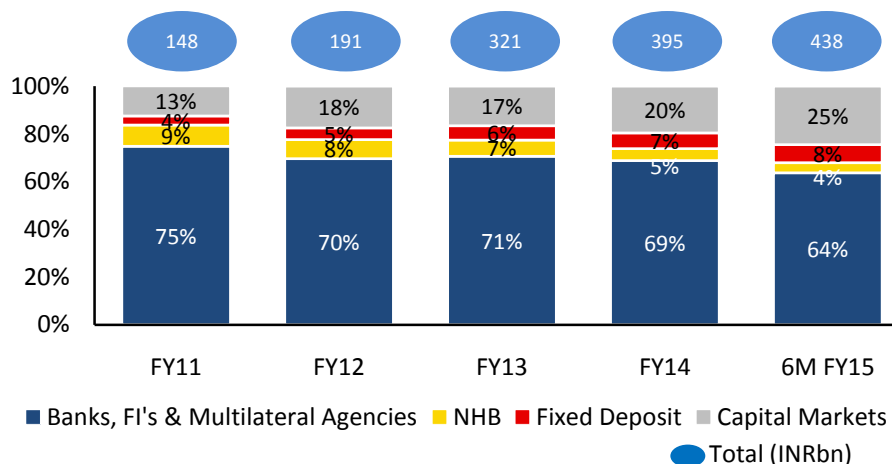


Notes:

- 1 For the six months ended 30 September 2014, securitised portfolio: INR 7,797 million
- 2 FY13, FY14 and 6M 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 6M	FY15
Banks & FI's	10.01%	11.41%	11.02%	11.00%	10.94%
NHB	7.58%	7.63%	7.99%	8.04%	7.89%
Capital Markets	9.72%	9.92%	10.06%	9.84%	9.47%
Multilateral agencies	9.27%	9.79%	10.03%	10.73%	10.52%
Fixed deposit	9.49%	10.04%	10.59%	10.56%	10.45%
Total	9.73%	10.85%	10.63%	10.59%	10.46%

Improving credit profile



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 facilities

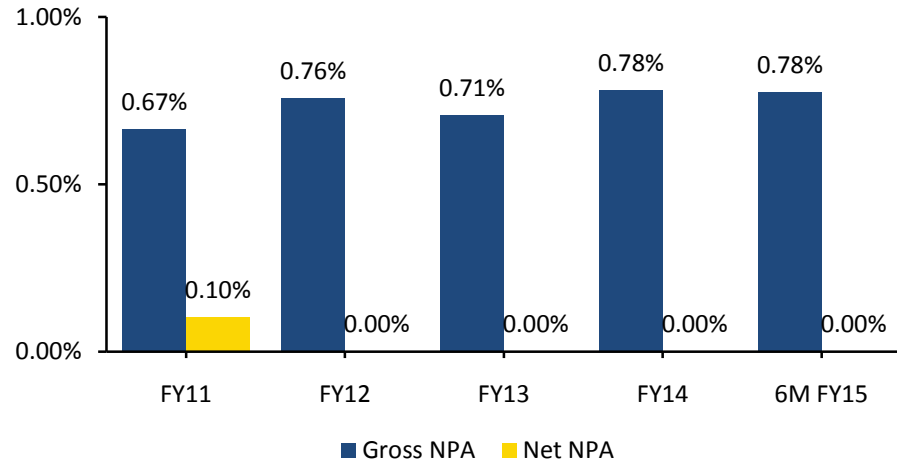
Notes:

1 CARE: Credit Analysis & Research Ltd.

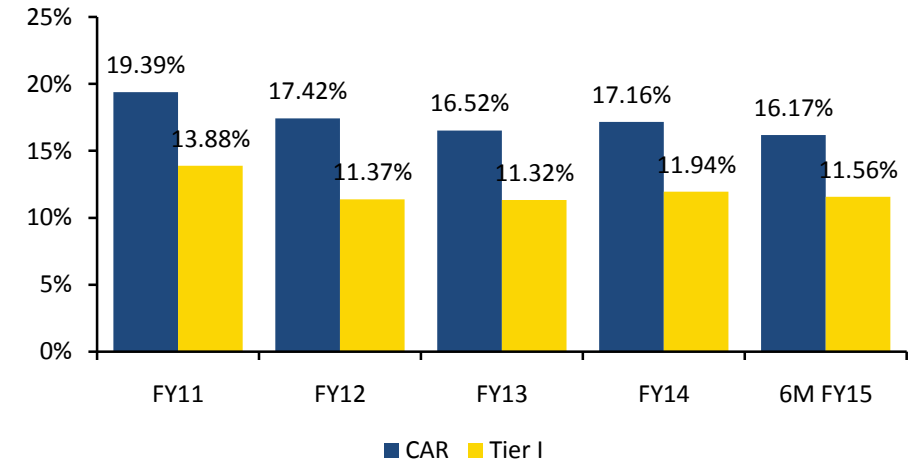
2 FY13, FY14 and 6M FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

Superior asset quality

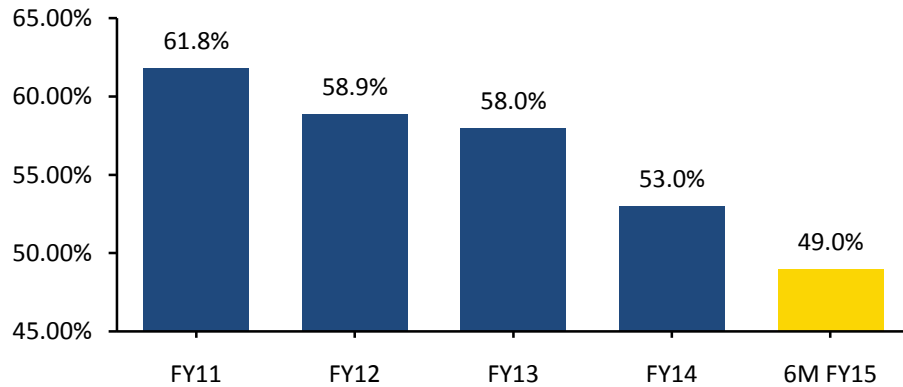
Gross/net NPA



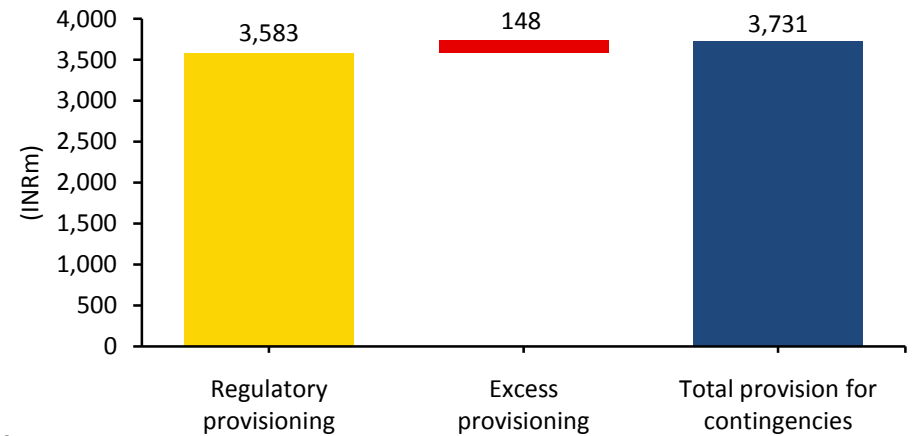
CAR (%) and Tier 1 (%)



Loan to value ratio



Provision for contingencies

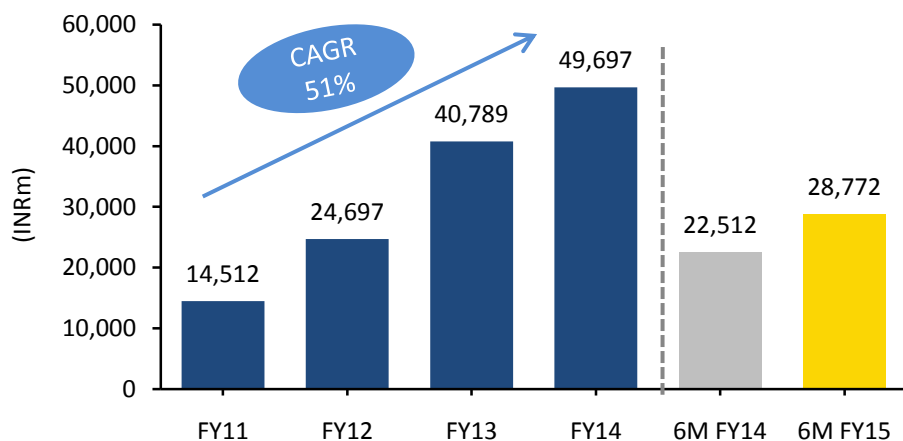


Notes:

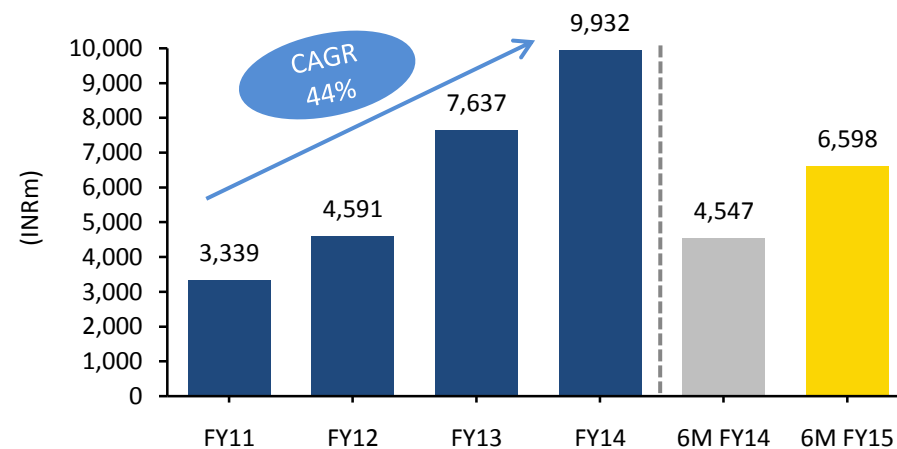
1 FY13, FY14 and 6M FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12

6 Robust income growth

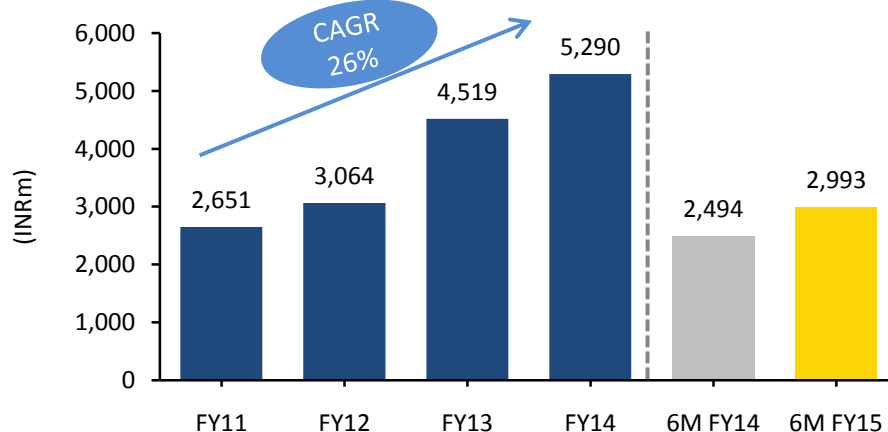
Total income



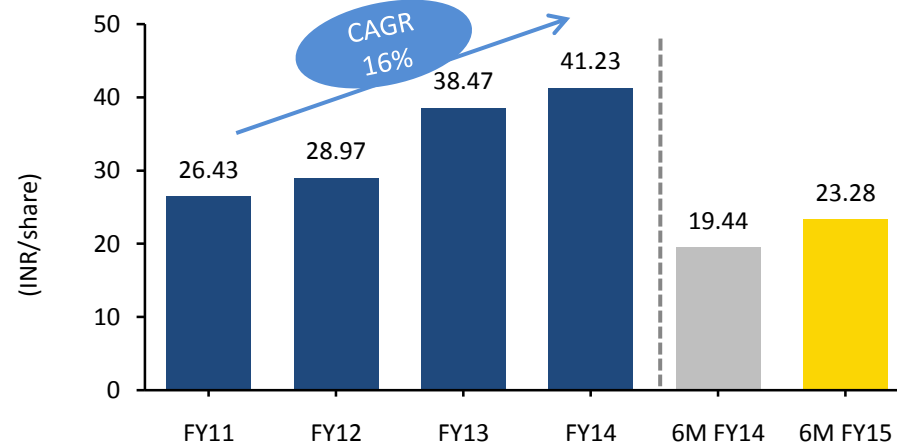
Net interest income



Net profit



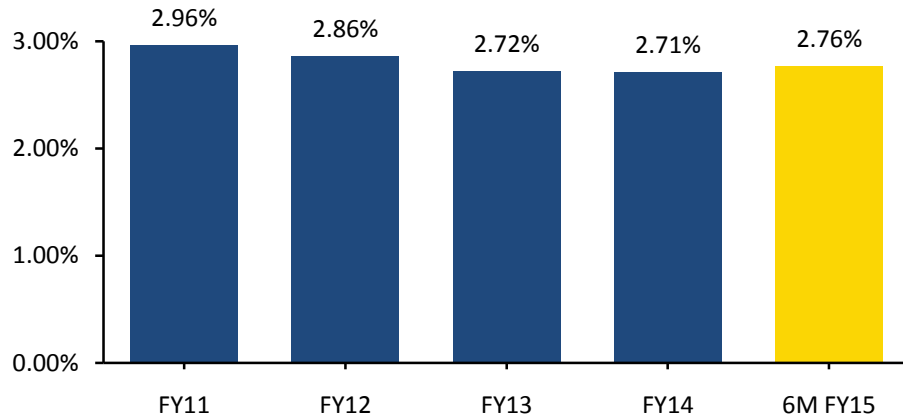
Earnings per share



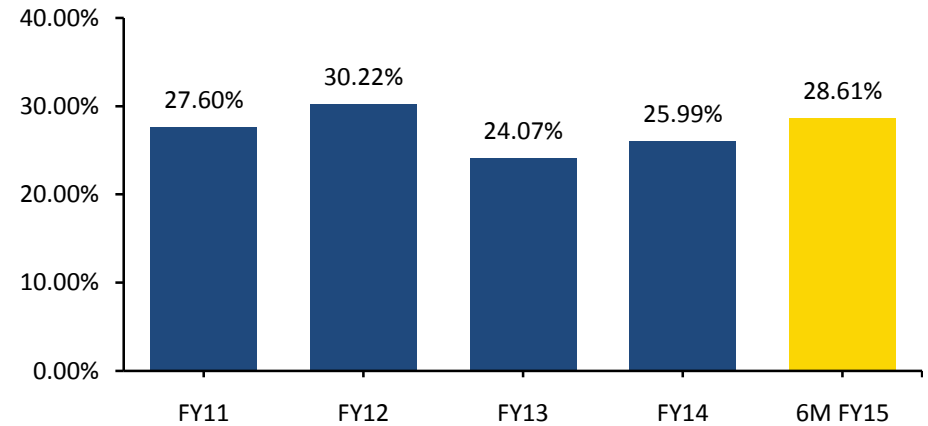
Note: FY13, FY14 and 6M FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

6 Healthy operating and financial ratios

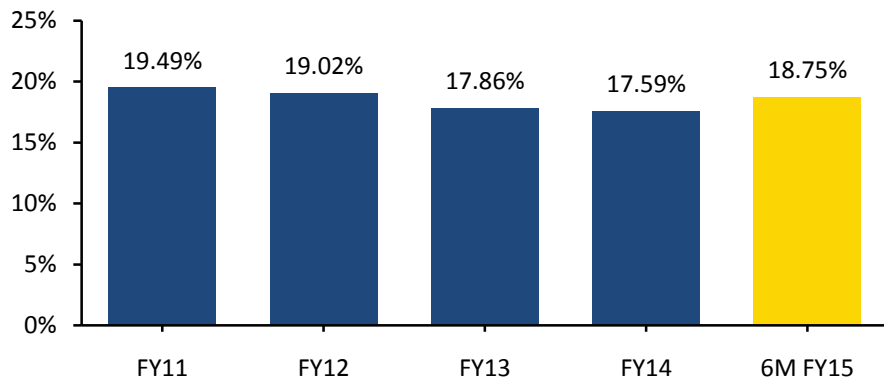
NIM



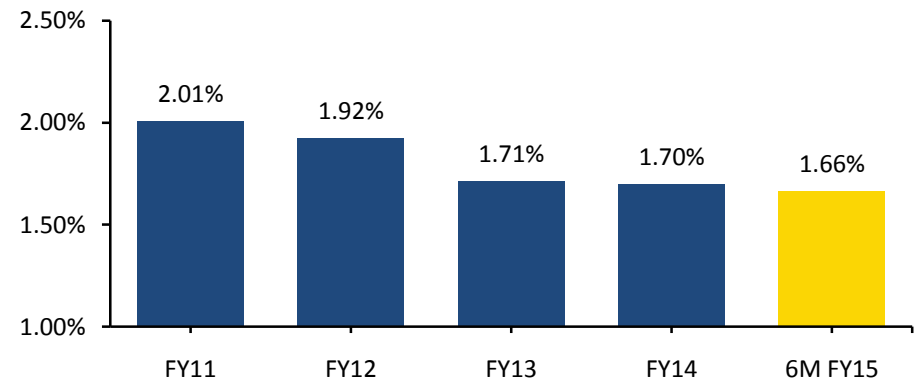
Cost to income ratio



RoAE



RoAA



Note: FY13, FY14 and 6M FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures



Section 4

Other information





Key institutional investors

Sr. No.	Name of Investor	% Holding
1	Caledonia Plc	5.53
2	Rakesh Jhunjhunwala	4.86
3	Ironwood Investment Holdings (Sequoia Capital)	4.04
4	Asiabridge Fund i, LLC	2.78
5	Government of Singapore ¹	2.55
6	Lazard Asset Management	1.94
7	Morgan Stanley Asia (Singapore) pte	1.67
8	Government Pension Fund Global	1.35
9	MV SCIF Mauritius	1.12
10	IVA International	0.89

Note:

1 Through multiple funds/schemes

2 Top 10 investors as on 30 September 2014

Key financials

						YoY growth			
(INR millions, unless otherwise mentioned)	FY11	FY12	FY13	FY14	6M FY15	FY11	FY12	FY13	FY14
Income statement									
Total Income	14,512	24,697	40,789	49,697	28,772	46%	70%	65%	22%
Net Interest Income	3,339	4,591	7,637	9,932	6,598	53%	38%	66%	30%
Non-Interest Income	1,528	2,113	1,959	1,939	668	46%	38%	-7%	-1%
Interest Expenses	9,646	17,992	31,194	37,826	21,506	44%	87%	73%	21%
Operating Expense	1,679	2,436	2,954	3,711	2,187	54%	45%	21%	26%
Provision for Contingencies	90	237	450	700	450	6%	163%	90%	56%
Depreciation	37	47	85	109	125	32%	27%	79%	29%
PBT	3,061	3,984	6,107	7,351	4,504	51%	30%	53%	20%
PAT	2,651	3,064	4,519	5,290	2,993	76%	16%	47%	17%
Balance sheet									
Loan sanctioned	89,495	1,28,453	1,73,369	2,23,776	1,20,385	70%	44%	35%	29%
Loan Disbursed	65,056	90,652	1,33,577	1,66,475	86,070	68%	39%	47%	25%
Loan portfolio Outstanding	1,41,112	1,93,554	3,39,017	4,05,966	4,47,421	61%	37%	75%	20%
AUM	1,41,112	2,10,947	3,61,165	4,48,221	4,93,575	61%	49%	71%	24%
Networth	15,484	20,328	32,371	35,750	37,894	77%	31%	59%	10%
Borrowings	1,48,501	1,91,486	3,20,584	3,94,869	4,37,946	66%	29%	67%	23%

Note: FY13, FY14 and 6M 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	6M 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%	107.4%
Tier I Ratio	13.9%	11.4%	11.3%	11.9%	11.6%
Capital Adequacy Ratio	19.4%	17.4%	16.5%	17.2%	16.2%
NIM	3.0%	2.9%	2.7%	2.7%	2.8%
Cost to Income Ratio	27.6%	30.2%	24.1%	26.0%	28.6%
Return on Assets	2.0%	1.9%	1.7%	1.7%	1.7%
Return on Equity	19.5%	19.0%	17.9%	17.6%	18.8%
Debt Equity Ratio	9.8	8.6	9.4	10.4	10.9
EPS (INR/share)	26.4	29.0	38.5	41.2	23.3
DPS (INR/share)	3.5	3.5	5.0	8.0 ¹	4.0 ²
Dividend yield	13.2%	12.1%	13.0%	19.4% ¹	17.2% ²

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

2 The changes in the Financials & ratios on account of interim dividend declared by the Board has not been incorporated in the presentation

Note: FY13, FY14 and 6M FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures



6M FY15 Earnings update

- 📌 Total Income for 6M FY15 up 28% YoY to INR 28.8 bn
- 📌 Profit after Tax for 6M FY15 up 20% YoY to INR 2,993 mn
- 📌 For 6MFY15; Sanctions and Disbursements were INR 120.4 bn and INR 86.1 bn, respectively
- 📌 Loan book as of 6MFY15, up YoY by 25% to INR 447.4 bn
- 📌 Net Interest Margin for 6M FY15 stood at 2.76%
- 📌 RoA for 6MFY15 was 1.66% and RoE for the same period stood at 18.75%
- 📌 Gross NPA's stood at 0.78% and the provisioning coverage was maintained at 107.42%
- 📌 EPS for 6MFY15 stood at INR 23.28 per share
- 📌 Board has declared an interim dividend of INR 4.00 per share¹

1 The changes in the Financials & ratios on account of interim dividend declared by the Board has not been incorporated in the presentation

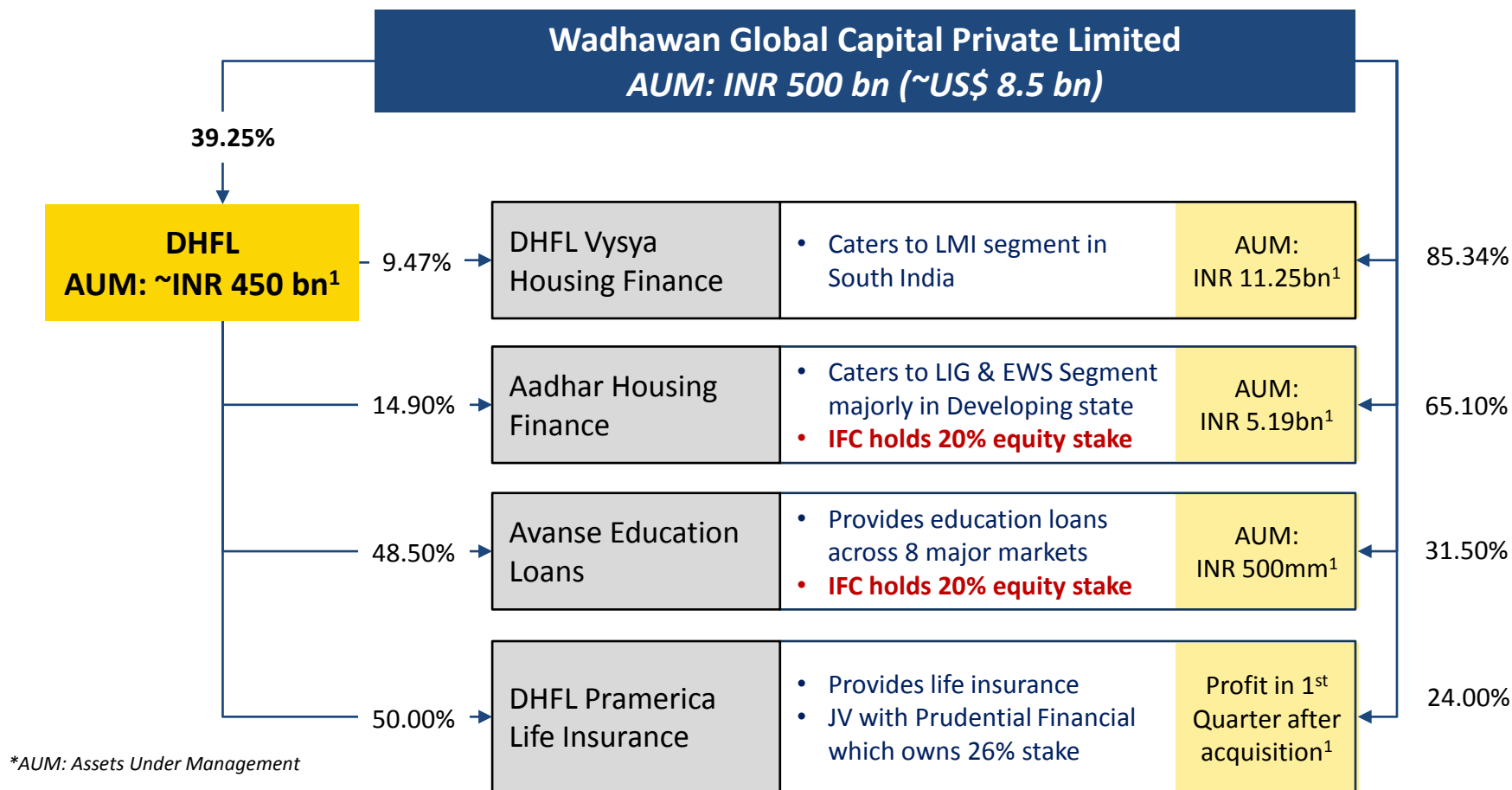


Section 5

Group



DHFL financial services group



*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), ADB, DEG**, etc.

1 As of 31 March 2014

2 Group Share Holding as of 31 March 2014

Marquee equity partners



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 deep expertise in respective fields and high reputation for 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 16 yrs of experience in Automobile, ecommerce, Advertising, Consumer, Realty and Financial services industries



K Srinivas

- 🏠 ~30 years experience in established 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



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 FY14¹
- 🏠 Has operations in South India, viz., Karnataka, Andhra Pradesh, Tamil Nadu & Kerala
- 🏠 Presence in 29 locations as on FY14¹
- 🏠 As on FY14, the Company made home loan disbursements of INR 3.63 billion¹

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 FY14¹
- 🏠 IFC has picked up a 20% equity stake in the company

Note:

1 As of 31 March 2014

8 Avanse Financial Services

Enabling education, Empowering youth



- Forayed into Education loans business in 2013



- 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 FY14¹

- Outstanding Portfolio - INR 500 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:

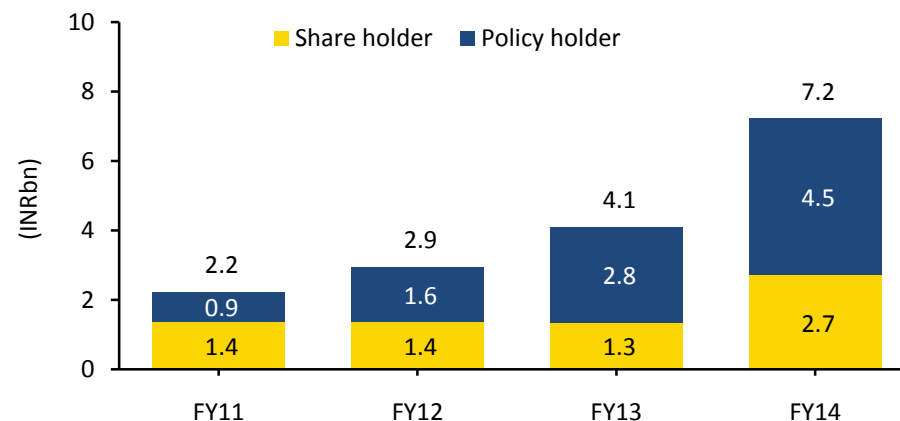
1 As of 31 March 2014

8 DHFL Pramerica Life Insurance

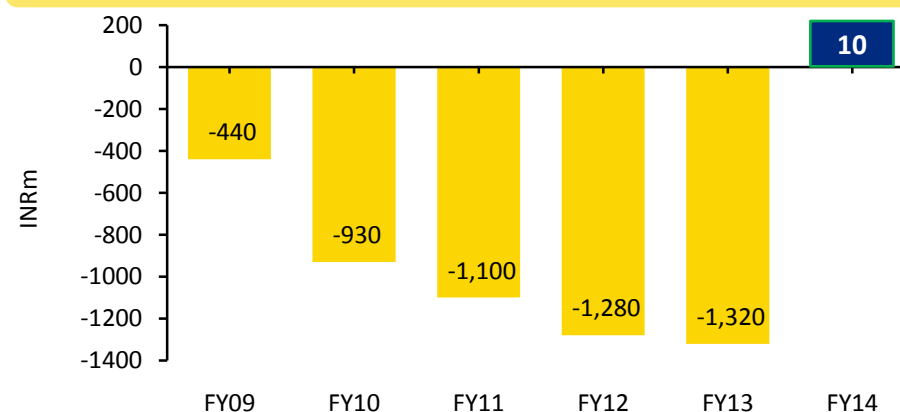
Insurance Venture with Prudential Financial Inc.

- 🏠 **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 distributors¹
- 🏠 ~145,000 policies in force, ~ 520,000 lives assured¹
- 🏠 ~INR 66 billion in force Sum Assured¹

Assets Under Management



Net Profit



Note:

1 As of 31 March 2014



Disclaimer

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