

Dewan Housing Finance Corporation Ltd.

Poised for the next leap in a niche business



Earnings Update – December 2012

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

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DHFL – FBHFL Merger Update

* Erstwhile Deutsche Postbank Home Finance

Group Earnings Update – 9MFY13



- Total AUM crosses ₹ 260 bn in Dec 2012
- Total Income for 9MFY13 up 37% YoY to ₹ 24.0 bn
- Profit after Tax for 9MFY13 up 20% YoY to ₹ 2,549 mn
- For 9MFY13; Sanctions and Disbursements were ₹ 106.0 bn and ₹ 81.1 bn, respectively
- Loan book as of end Dec'12, up YoY by 31% to ₹ 243.4 bn
- Net Interest Margin for 9MFY13 stood at 2.87%
- RoA for 9MFY13 was 1.80% and RoE for the same period stood at 19.17%
- Gross NPA's stood at 0.73% and Net NPA's were NIL and the provisioning coverage was maintained at 112.02%

- Total Income for 9MFY13 up 20% YoY to ₹ 6.5 bn
- NII for 9MFY13 up by 6% YoY to ₹ 1.6 bn
- Profit after Tax for 9MFY13 up 19% YoY to ₹ 884 mn
- RoA improved to 1.85% from 1.73% as of Dec'11 and RoE improved to 19.37% from 16.67% as of Dec'11
- For 9MFY13, Sanctions were at ₹ 21.3 bn and Disbursements at ₹ 17.4 bn
- Loan book as of end Dec'12, up YoY by 13% to ₹ 66.8 bn
- Gross and Net NPA's stood at 0.80% and 0% respectively as of end Dec'12

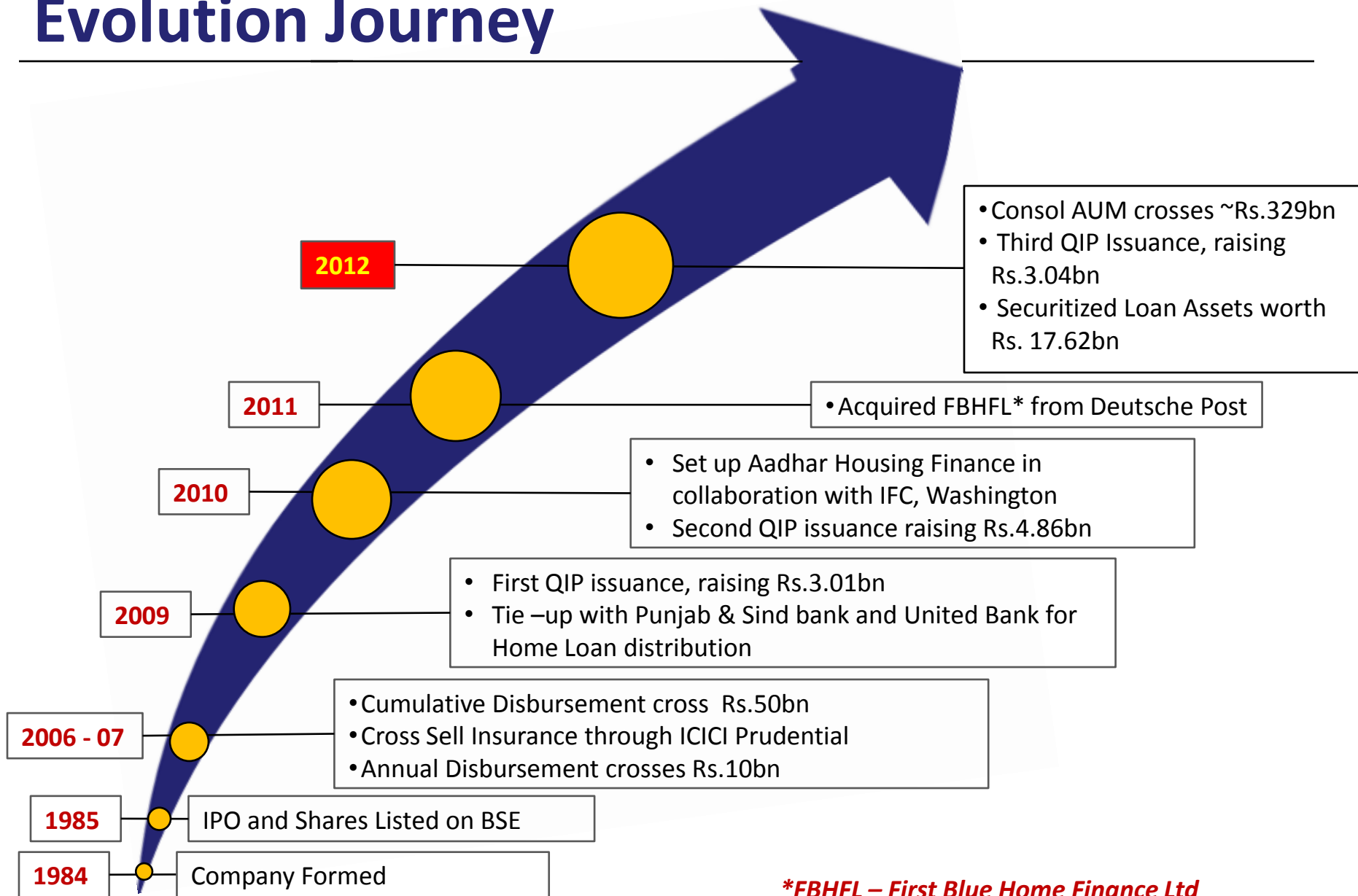


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Group Profile

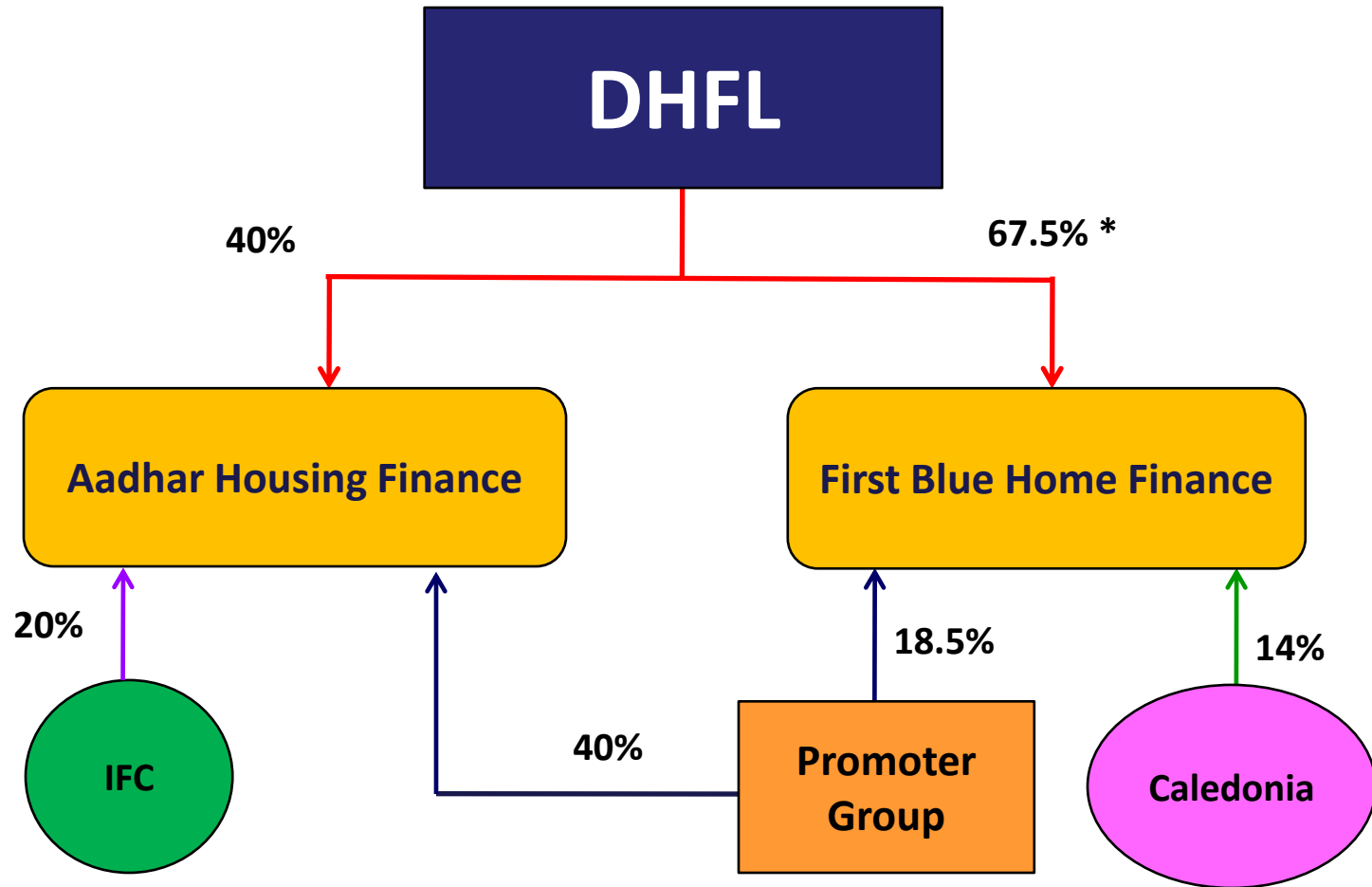
- ➡ **Evolution Journey**
- ➡ **Corporate Profile**
- ➡ **Our Reach**
- ➡ **Experienced Management**
- ➡ **Opportunity Landscape**

Evolution Journey



**FBHFL – First Blue Home Finance Ltd*

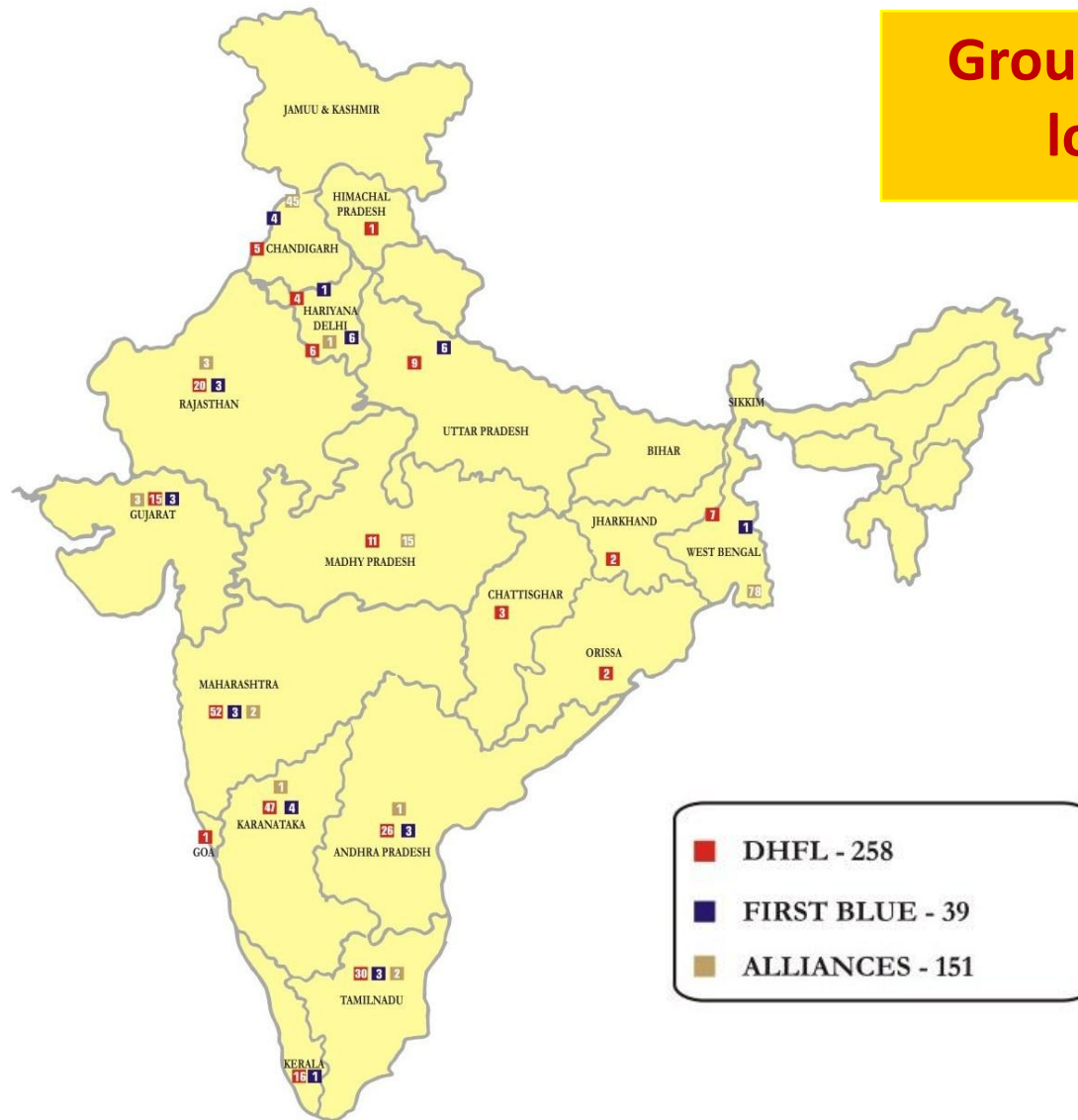
Corporate Profile



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

Geographical Presence

Group spread across 448 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. 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

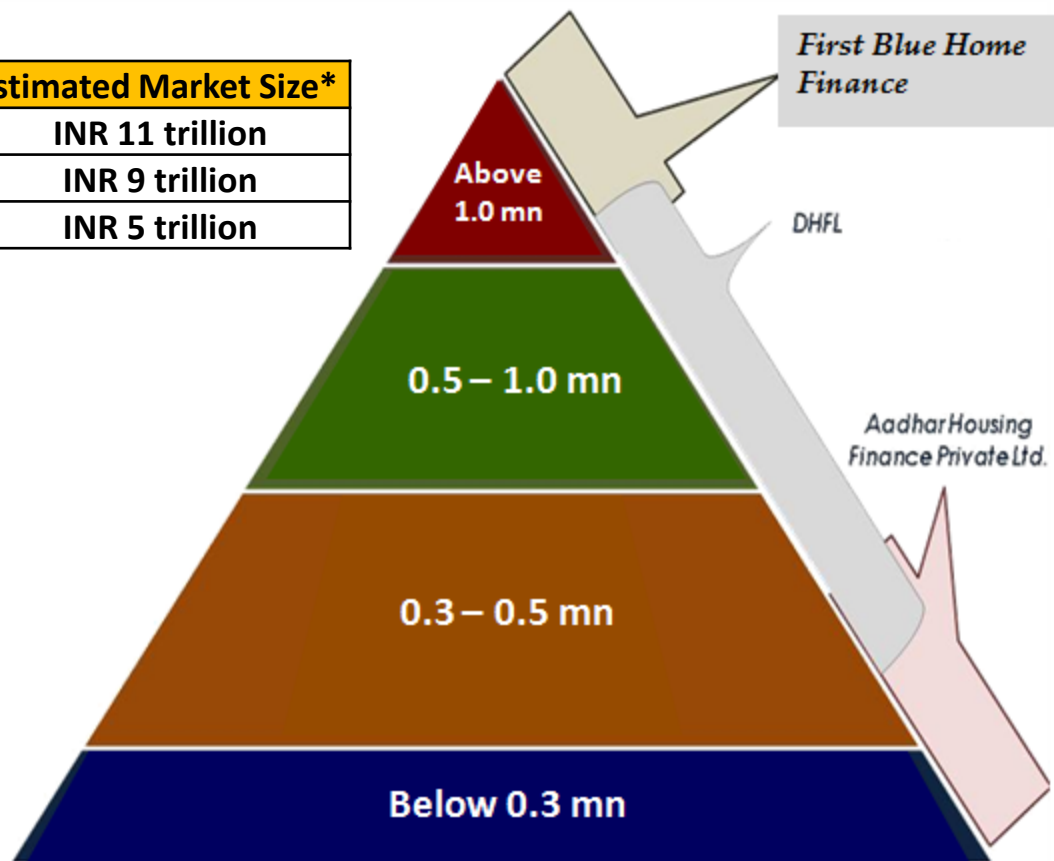
Independent Director

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 |

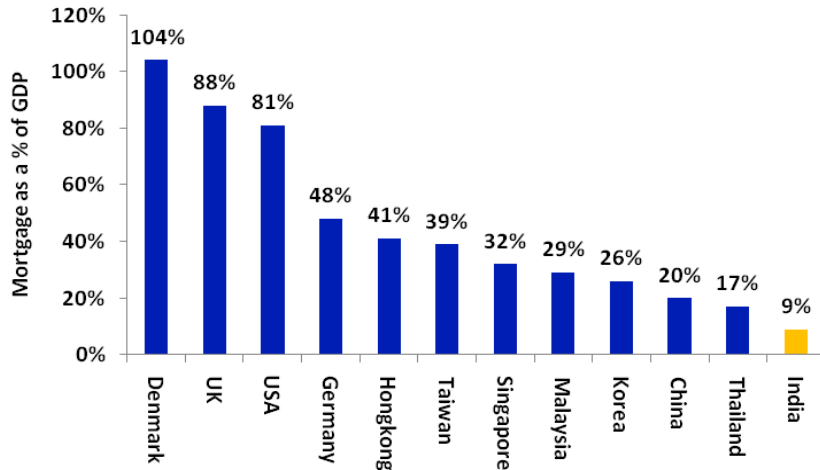


Pursuant to the acquisition of First Blue Home Finance and setting up of Aadhar Housing Finance in FY11, DHFL as a group is geared to serve customers across the housing finance spectrum, with each company serving a niche segment , resulting in minimal overlap

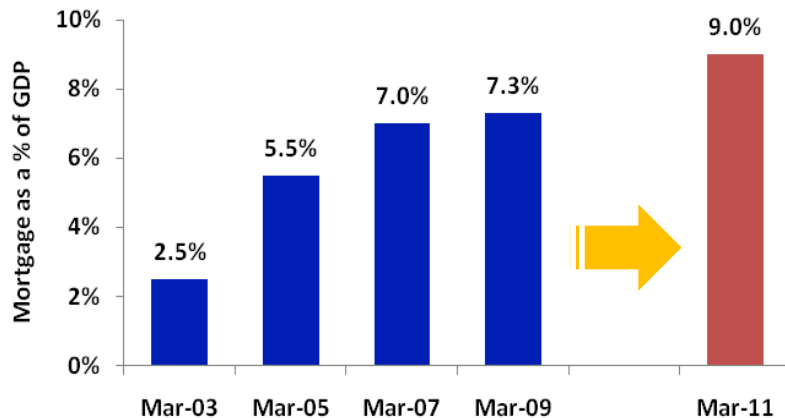
All Information Source: Monitor Group

Mortgage Finance Industry – Huge Growth Opportunity

Low Mortgage Penetration in India – A huge market potential



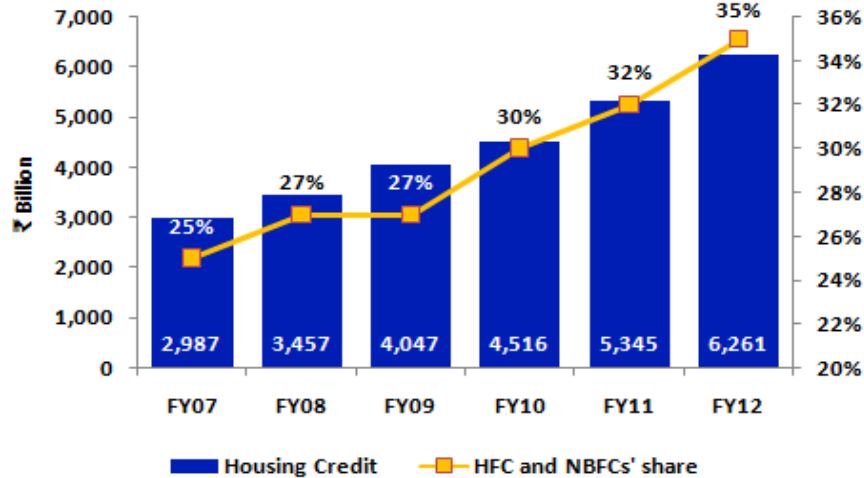
Growth in Mortgage penetration – Translating to higher Industry Growth



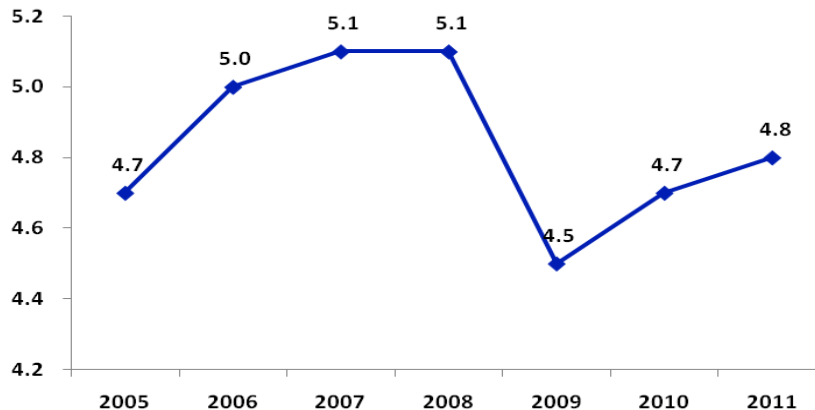
- Indian housing market has emerged as one of the most promising secured financing option
- According to ICRA's estimates, the total housing credit outstanding in India as on FY12 was over Rs. 6.3 trillion as against Rs. 5.3 trillion as on FY11, indicating growth of 17%
- Current Mortgage to GDP ratio 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 March 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

3

Dewan Housing Finance

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

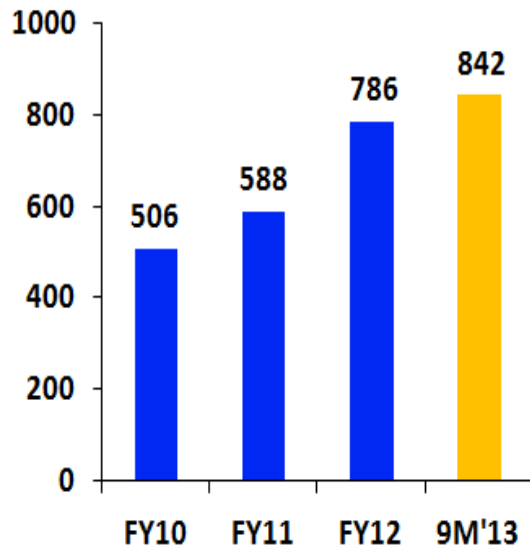
Dominant Player in LMI Segment

Our Vision

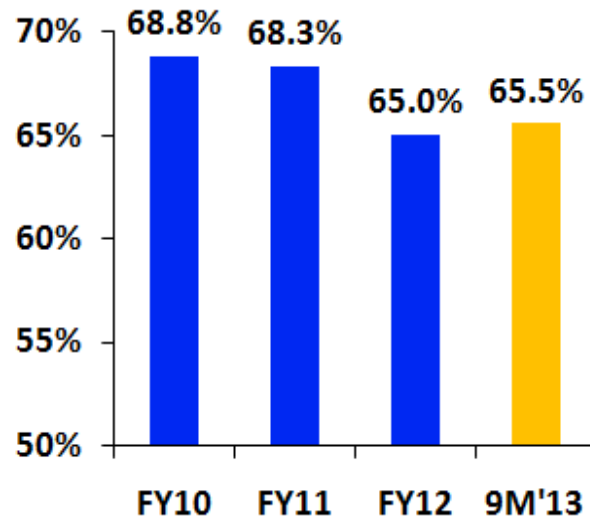
- DHFL was set up with a vision to transform the lives of millions of Indians living just beyond the consideration zone of the Mortgage industry, by giving them access to home loans
- DHFL has been unwavering in its commitment to serve the lower & middle income groups. Even after 28 years it remains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

42%

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

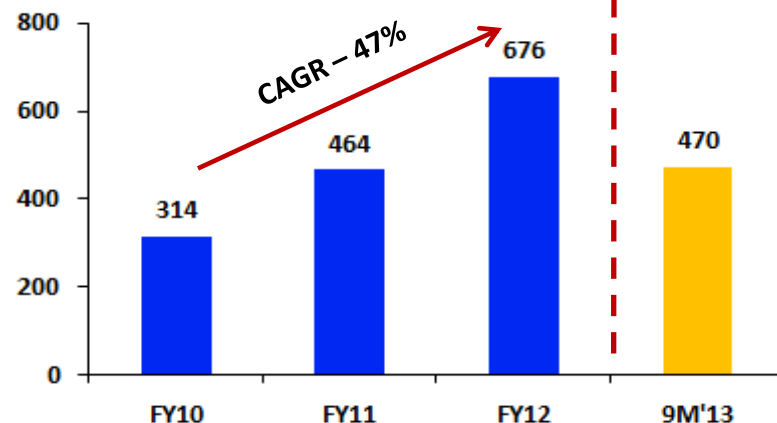
Technical Consultancy & Management

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

- Purchase of New Flat
- Purchase of Resale Flat
- Self Construction
- Extension & Improvement
- Project Loans

Non-Housing Loans

- Loan Against Property
- Lease Rental Financing
- Purchase of Commercial Premises

Loan Distribution

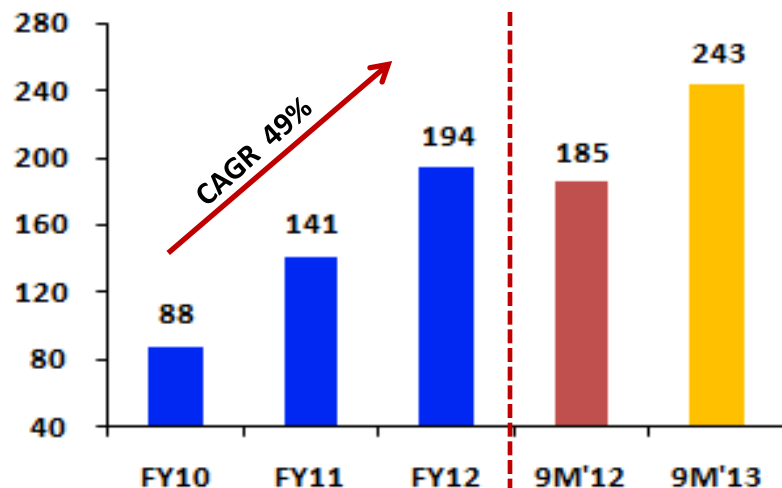


Partnered
with
multiple
banks for
Home Loan
Distribution
to their
customers

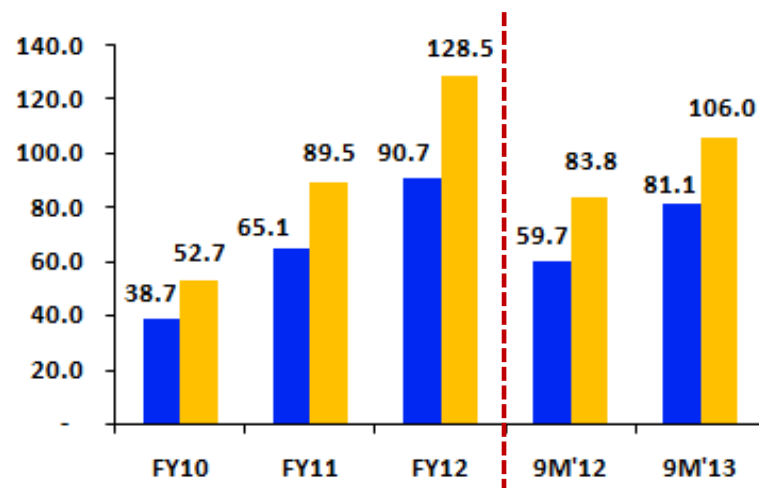
DHFL has been the industry pioneer in establishing long term relationships with multiple partners to fuel the growth engine as well as augment its income streams and feels extremely proud to win the trust of eminent and marquee names in the Finance world

Strong AUM Growth with Low NPA's

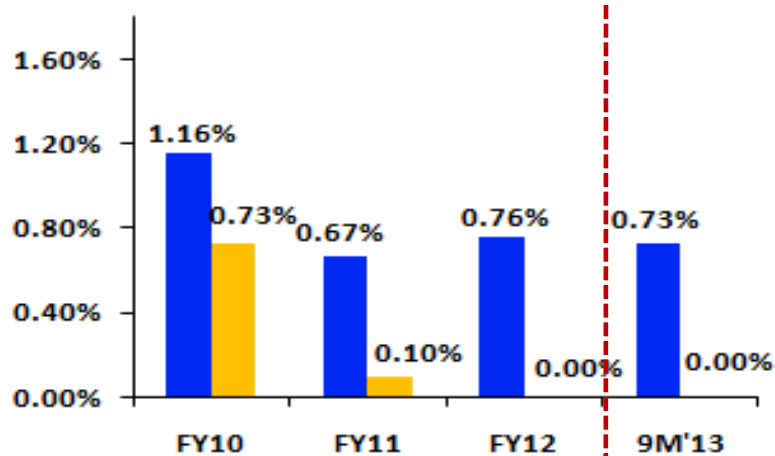
Loan Portfolio (₹ bn)



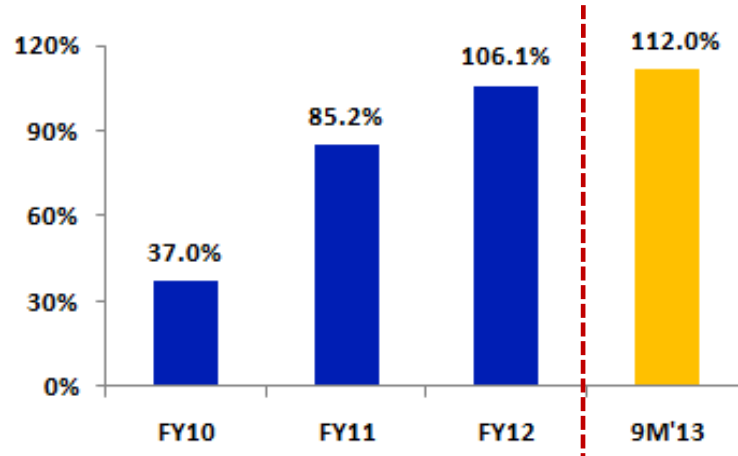
Disbursement Sanctions (₹ bn)



Gross NPA's Net NPA's

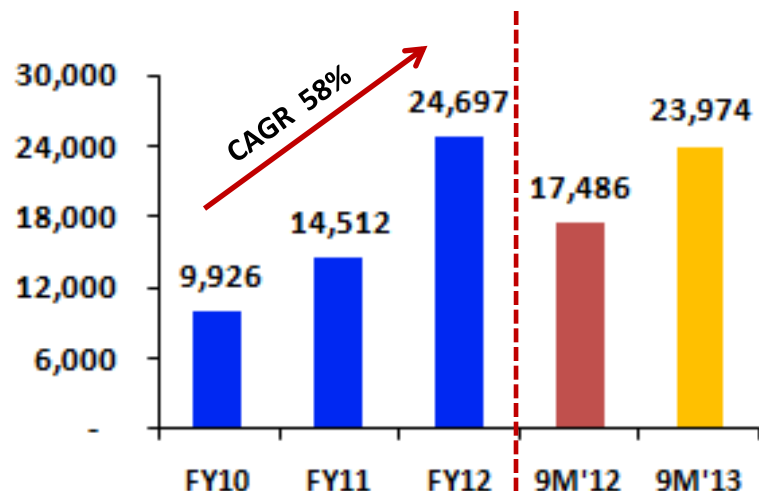


Provisioning Coverage (%)

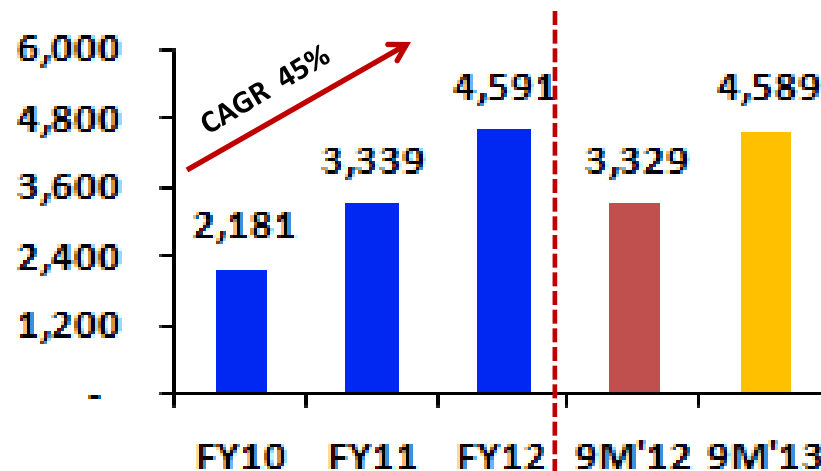


Resulting in - Robust Financial performance

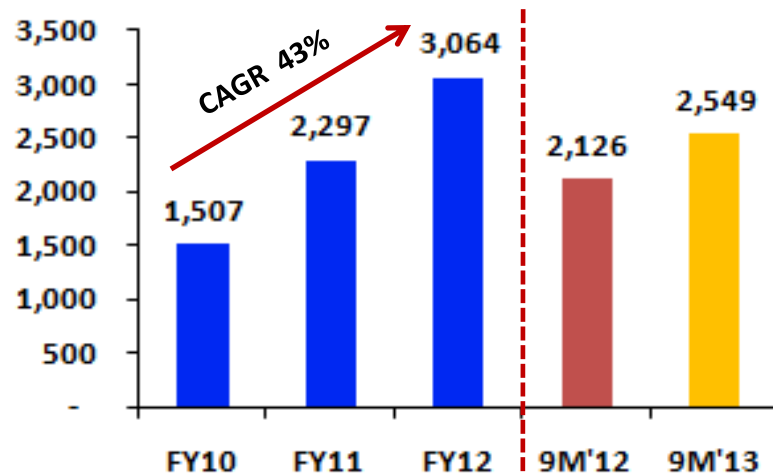
Total Income (₹ mn)



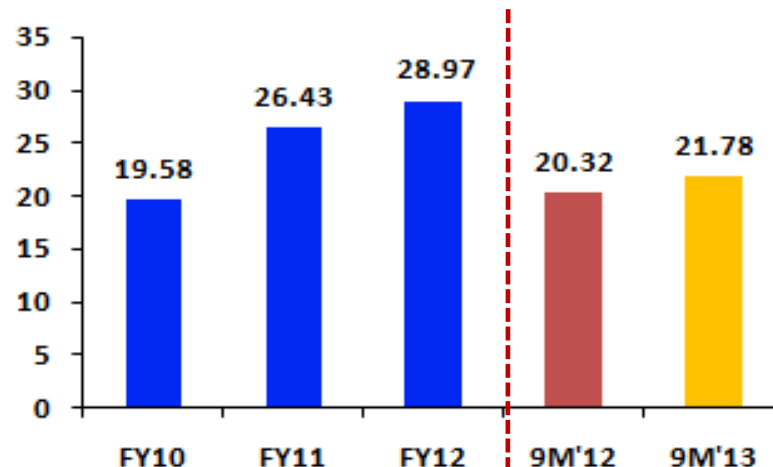
Net Interest Income (₹ mn)



Net Profit (₹ mn)

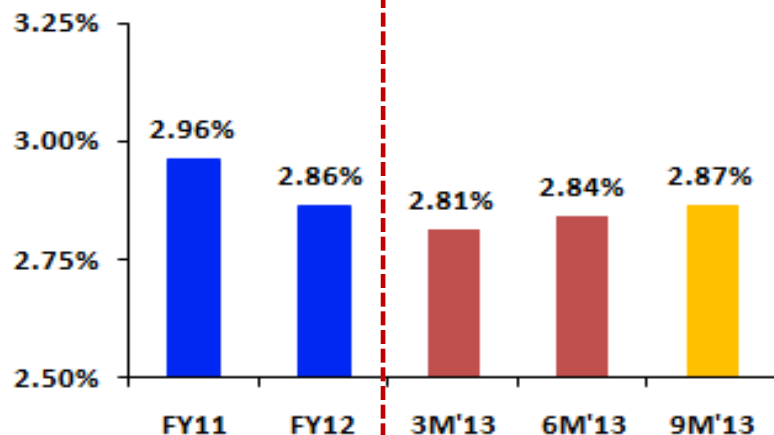


Earnings Per Share (₹)



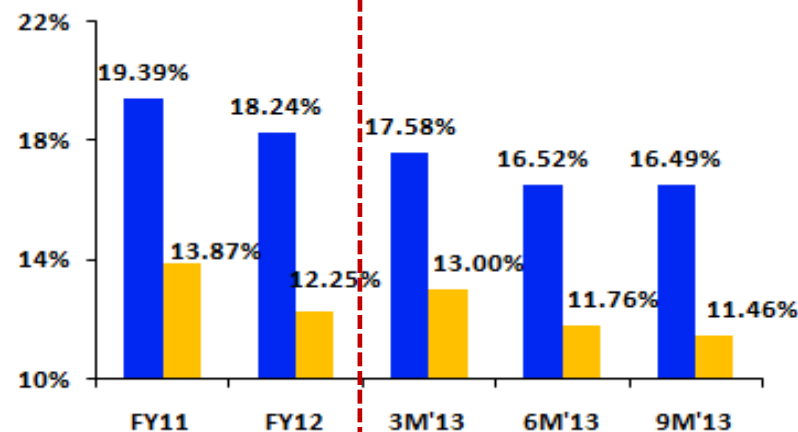
.....And Healthy Financial Ratios

NIM (%)

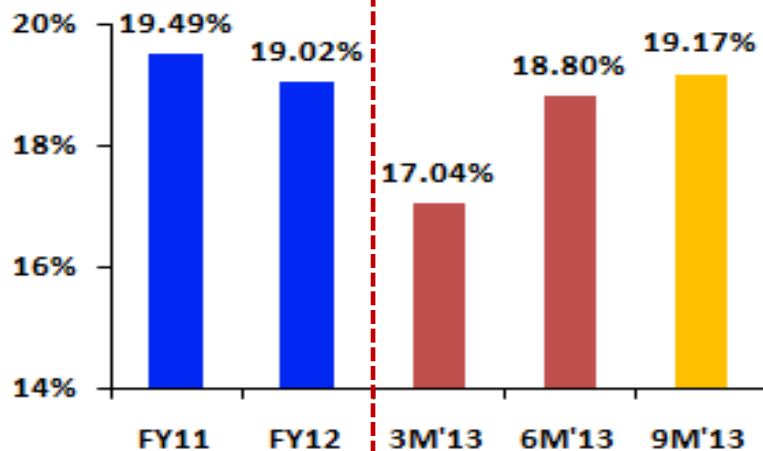


CAR (%)

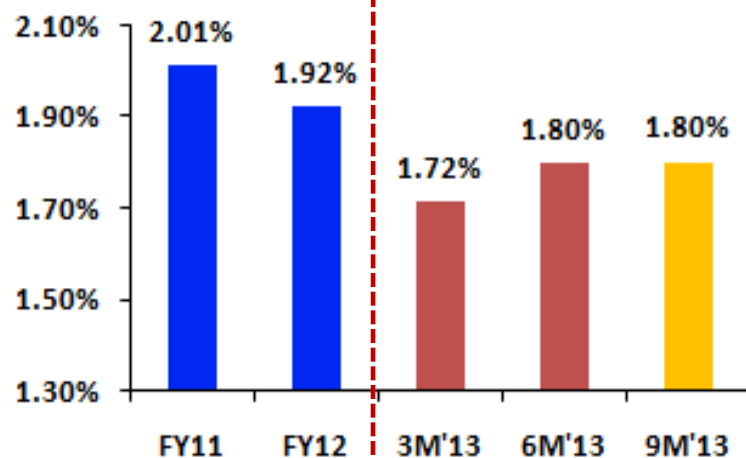
Tier I (%)



RoE (%)

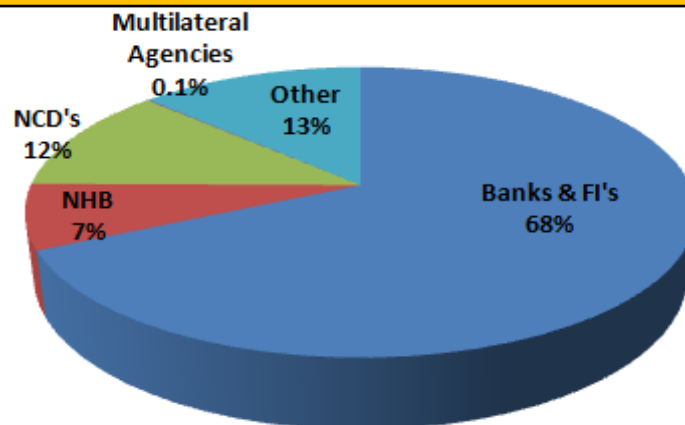


RoAA (%)



Diversifying the Borrowing Profile

Borrowings Composition



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

Credit Ratings

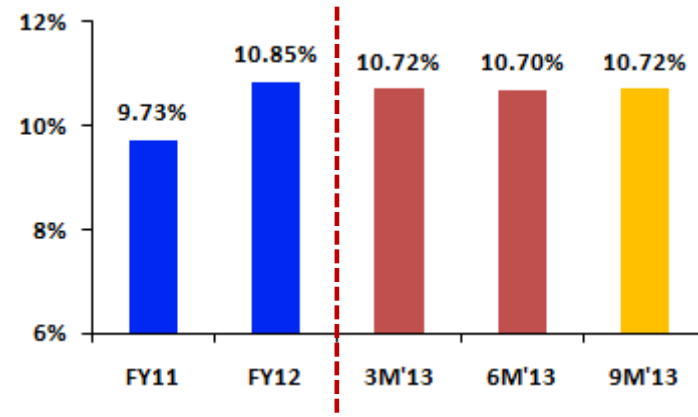
Long Term :
AA+ from CARE

Short Term :
A1+ from CRISIL

Borrowing Cost Composition

| Borrowing Source | ₹ mn | Cost % |
|-----------------------|-----------------|---------------|
| Banks & FI's | 1,63,687 | 11.25% |
| NHB | 17,430 | 7.82% |
| NCD's | 28,472 | 9.93% |
| Multilateral Agencies | 245 | 10.03% |
| Others | 31,166 | 10.34% |
| WACB | 2,41,000 | 10.72% |

Borrowing Cost Movement



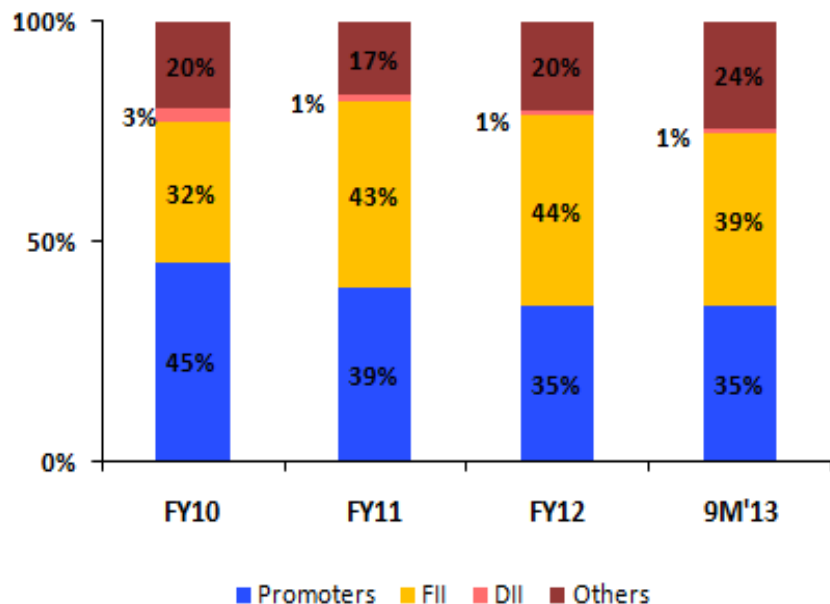
Key Financial Metrics of DHFL

| Financial Summary (₹ mn) | Period Ended | | | Quarter Ended | | | Growth | | FY12 |
|-----------------------------|--------------|-----------|--------|---------------|-----------|-----------|--------|-----|----------|
| | Dec, 2012 | Dec, 2011 | Growth | Dec, 2012 | Dec, 2011 | Sep, 2012 | YoY | QoQ | |
| Total Income | 23,974 | 17,486 | 37% | 8,406 | 6,619 | 8,179 | 27% | 3% | 24,697 |
| Net Interest Income | 4,589 | 3,329 | 38% | 1,629 | 1,212 | 1,558 | 34% | 5% | 4,591 |
| Non-Interest Income | 1,528 | 1,400 | 9% | 576 | 589 | 520 | -2% | 11% | 2,113 |
| Interest expenses | 17,856 | 12,757 | 40% | 6,202 | 4,818 | 6,100 | 29% | 2% | 17,992 |
| Operating expense | 2,162 | 1,665 | 30% | 802 | 649 | 734 | 24% | 9% | 2,436 |
| Provision for Contingencies | 450 | 299 | 50% | 150 | 150 | 150 | 0% | 0% | 237 |
| PBT (Before exceptional) | 3,465 | 2,729 | 27% | 1,238 | 988 | 1,181 | 25% | 5% | 3,984 |
| PAT (Before exceptional) | 2,549 | 2,126 | 20% | 912 | 750 | 859 | 22% | 6% | 3,064 |
| PAT (After exceptional) | 2,549 | 2,126 | 20% | 912 | 750 | 859 | 22% | 6% | 3,064 |
| Loan Sanctioned | 1,06,027 | 83,809 | 27% | 39,221 | 31,895 | 32,703 | 23% | 20% | 1,28,453 |
| Loan Disbursed | 81,064 | 59,728 | 36% | 29,833 | 22,798 | 24,468 | 31% | 22% | 90,652 |

| Key Ratios for Period Ended | Dec, 2012 | Dec, 2011 | Sep, 2012 | Mar, 2012 |
|-----------------------------|-----------|-----------|-----------|-----------|
| Gross NPA | 0.73% | 0.89% | 0.69% | 0.76% |
| Net NPA | 0.00% | 0.17% | 0.00% | 0.00% |
| NPA Coverage Ratio | 112.02% | 81.04% | 116.23% | 106.07% |
| CAR (Approx.) | 16.49% | 17.10% | 16.52% | 18.24% |
| NIM | 2.87% | 2.78% | 2.84% | 2.86% |
| Cost Coverage Ratio | 69.38% | 78.65% | 68.70% | 79.61% |
| Cost to Income Ratio | 29.96% | 27.29% | 29.55% | 29.20% |
| Return on Assets | 1.80% | 1.90% | 1.80% | 1.92% |
| Return on Equity | 19.17% | 18.54% | 18.80% | 19.02% |
| Debt Equity Ratio | 10.18 | 9.94 | 10.00 | 8.63 |
| EPS ₹ | 21.78 | 20.32 | 13.99 | 28.97 |

Diversified Investor Base

Shareholding Composition



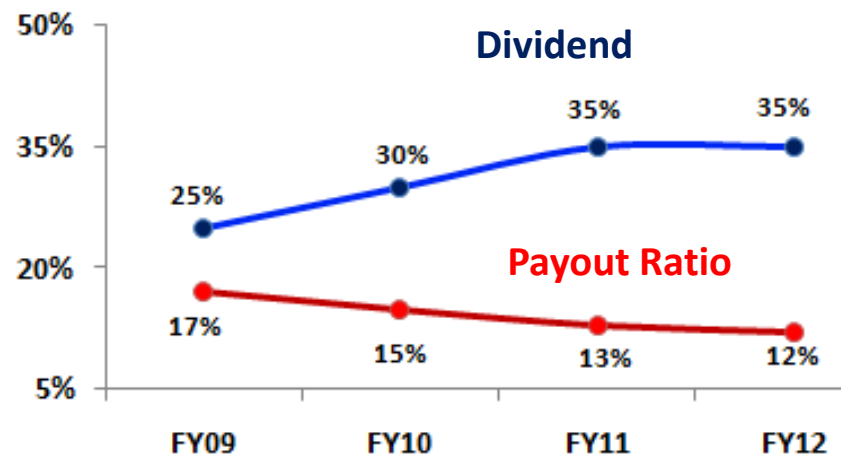
- Institutional Investors exhibit significant faith in the companies performance, as evident from their substantial share in Holding % over a period of time
- Dividend paid consecutively for last 24 years, in 28 years of operation of company

Top 10 Institutional Investors as on 31st Dec 2012

| Sr.No. | Name of Investor | % Holding |
|--------|--|-----------|
| 1 | CALEDONIA INVESTMENTS PLC | 8.54% |
| 2 | HSBC BANK (Mauritius) LTD | 4.88% |
| 3 | IRONWOOD INVESTMENT HOLDINGS | 4.43% |
| 4 | ASIABRIDGE FUND I, LLC | 3.04% |
| 5 | GOVERNMENT OF SINGAPORE * | 3.50% |
| 6 | WELLINGTON TRUST * | 2.22% |
| 7 | CITIGROUP GLOBAL MARKETS MAURITIUS PVT LTD | 1.77% |
| 8 | ICICI PRUDENTIAL LIFE INSURANCE | 1.65% |
| 9 | UNION INVESTMENT LUXEMBOURG * | 1.13% |
| 10 | EMERGING MARKET MANAGEMENT * | 1.11% |

* 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%

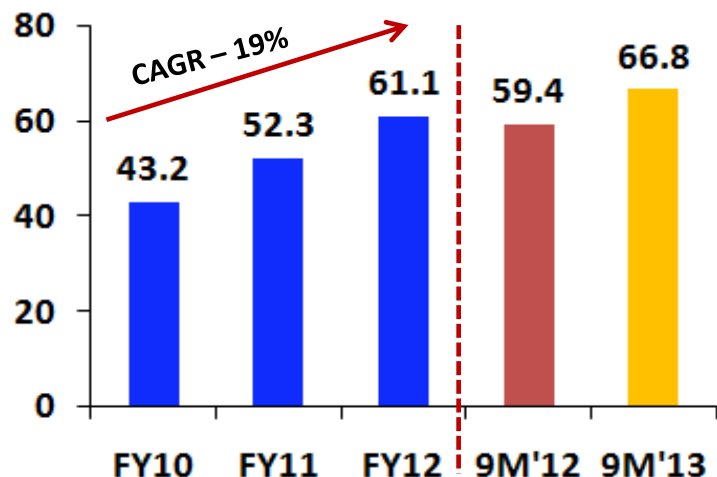
Untapped Cross Selling Opportunity

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

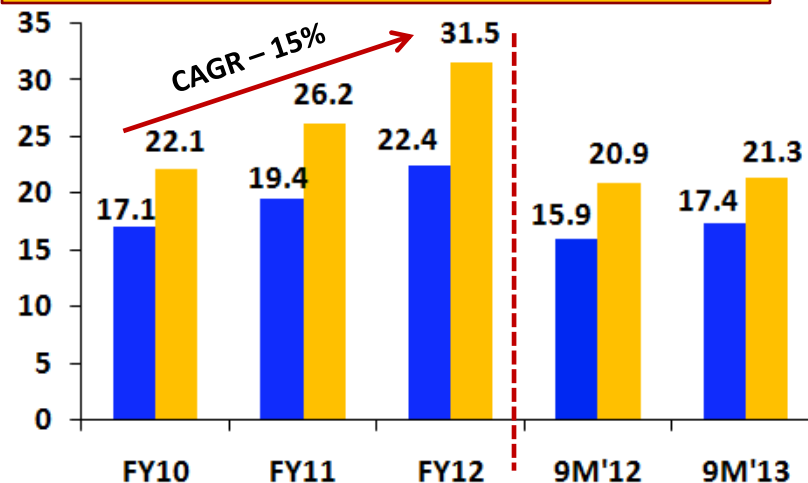
FBHFL showed a strong growth in 9MFY13, with loan book outstanding growing by 13% yoy . DHFL is confident of creating value for customers in the Metro / Tier I cities through the FBHFL platform in the future.

Healthy Growth with Healthy Assets

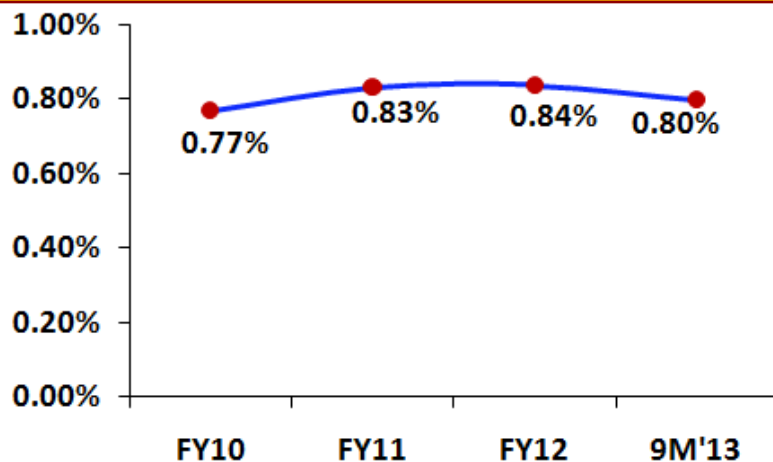
Loan Portfolio (₹ bn)



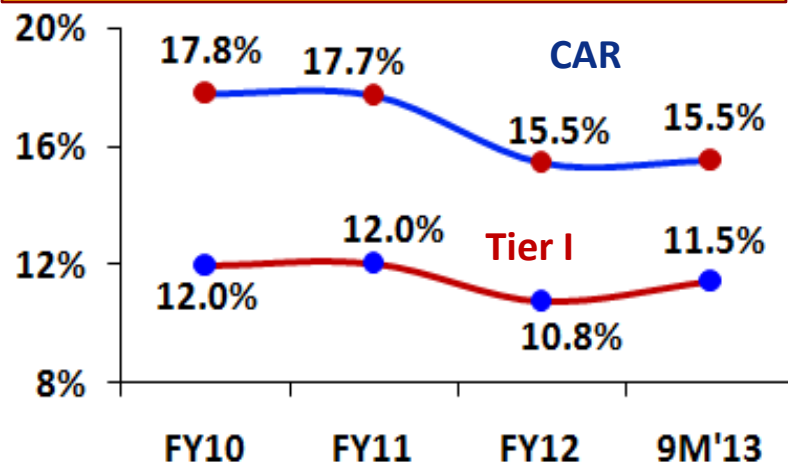
Disbursement (₹ bn) Sanctions (₹ bn)



Gross NPA

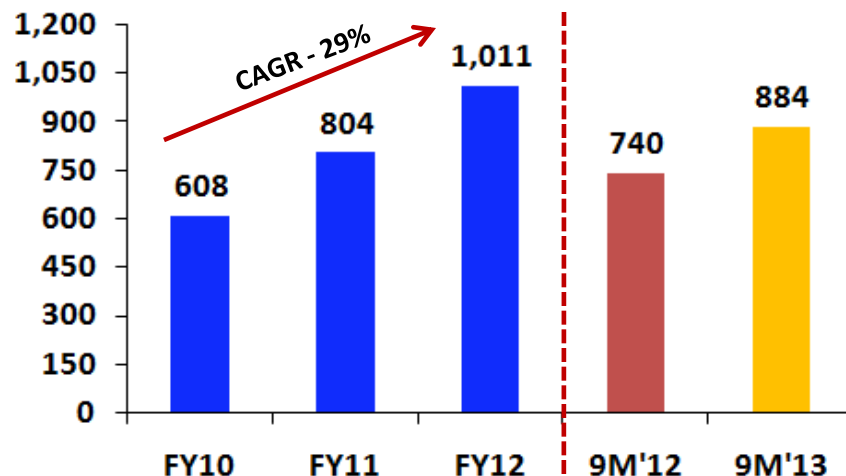


CAR (%) Tier I (%)

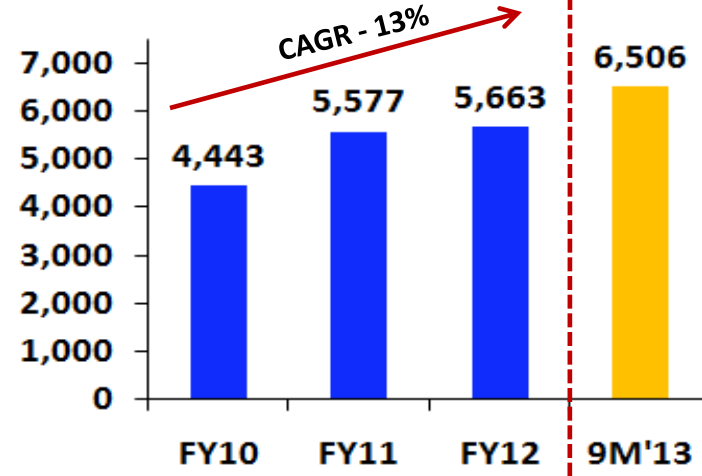


Steady Improvement in Financial Parameters

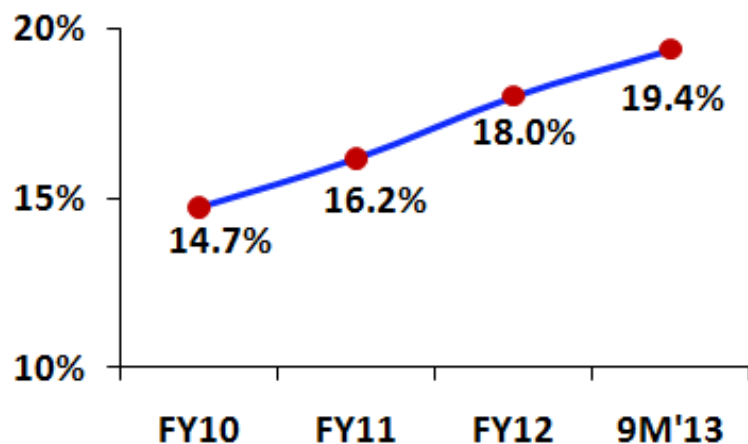
Net Profit (₹ mn)



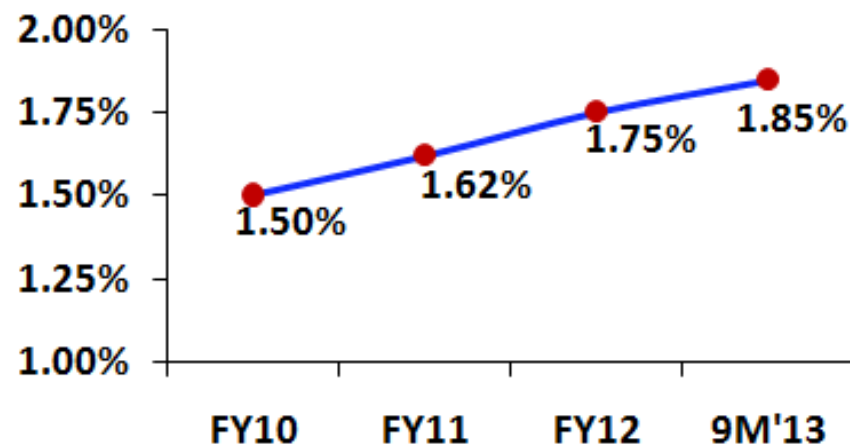
Net Worth (₹ mn)



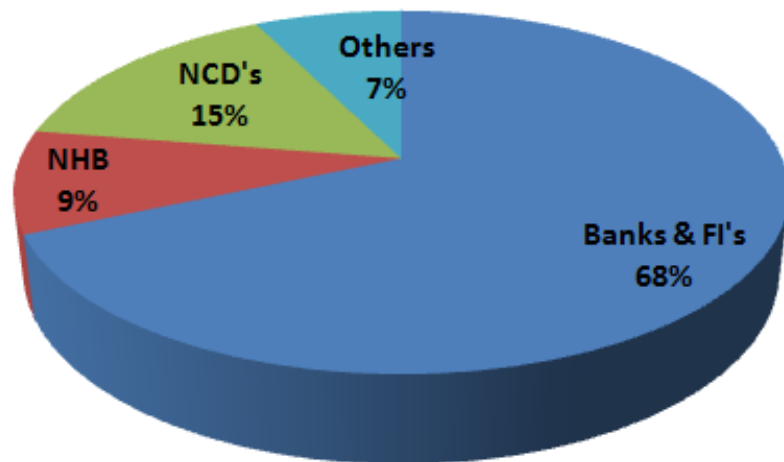
Return on Equity (%)



Return on Avg Assets (%)

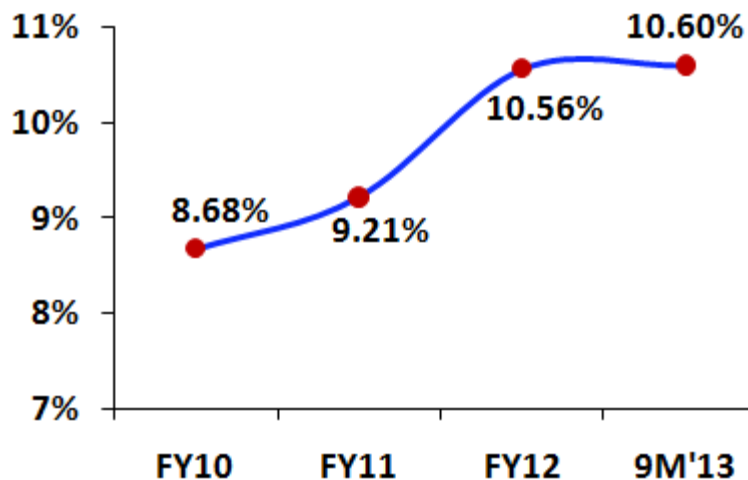


Diversified Borrowing Profile

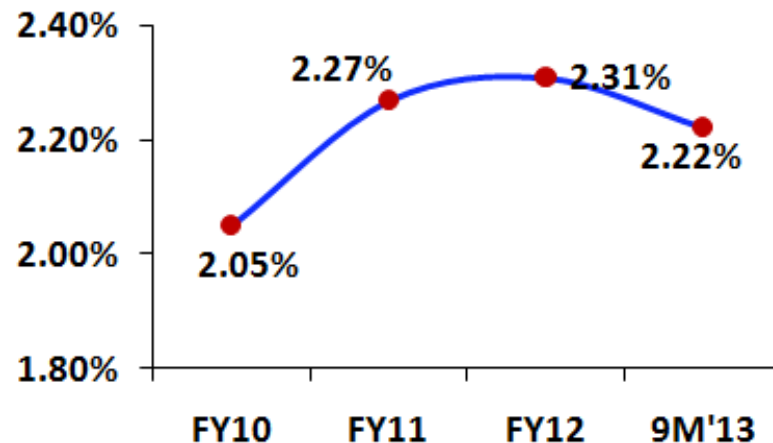


| Weighted Average Borrowing Cost | | |
|---------------------------------|---------------|---------------|
| Borrowing Source | ₹ mn | Cost% |
| Banks & FI's | 41,147 | 11.18% |
| NHB | 5,496 | 8.57% |
| NCD's | 9,088 | 9.69% |
| Others | 4,421 | 9.84% |
| Total Borrowings | 60,152 | 10.60% |

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 10:97, i.e., for 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 had filed the Scheme of Merger with the Honorable Mumbai and Delhi High Courts and have received Approval for the same from both the High Courts. First Blue will be legally merged with DHFL during Q4 FY13.

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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