WE VALUE THE TRUST

OUR CUSTOMERS PLACE IN US

Dewan Housing Finance Corporation Limited

Corporate Presentation 2014 -15

DHFL

Earnings Update : FY2014-15

I want
every Indian
to own 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 – one of 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 362 company operated locations across India and 372 locations through alliances
  - distribution network focused on Tier II and Tier III towns and cities

Key highlights (As of 30th June 2015)

AUM ₹ 569 bn	**Gross NPA** 0.84%	**Net NPA** 0.00%
Avg ticket size ₹ 1.20mm	**CAR (Approx.)** 16.56%	**NIM** 2.89%
PAT ₹ 6,213 mm	**Loan sanctions** ₹ 285 bn	**LTV** 46.9%
Cost to Income 27.32%	**ROA** 1.65%	**ROE** 17.9%

Products overview

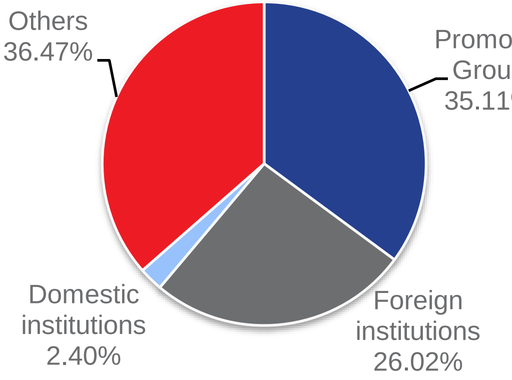
Housing loans

- Purchase of New House Property
- Purchase of Resale House Property
- Self Construction
- Extension & Improvement

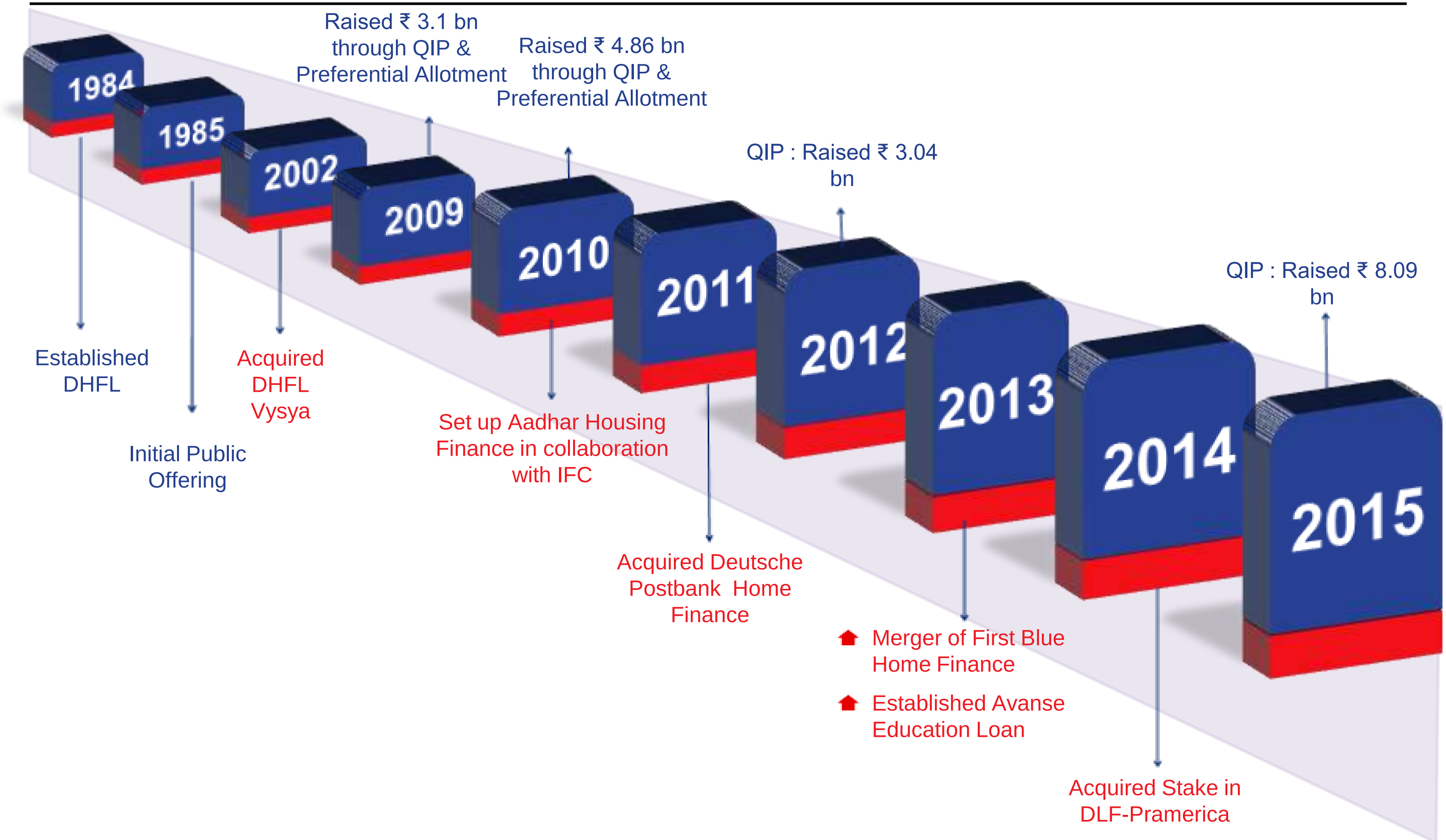
Non-housing loans

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

Shareholding overview (As of 30th June 2015)



Key milestones



Section 2

Key Company Highlights

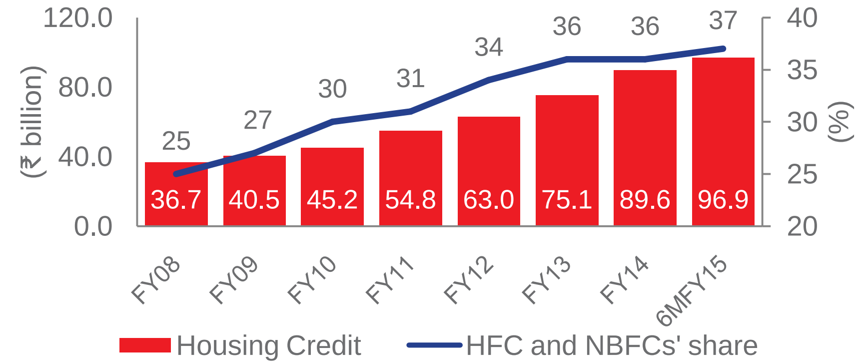
Key company highlights

1. Large Opportunity in LMI housing segment
2. DHFL → One of the leaders in the LMI segment
3. Distribution network spread across the country
4. Differentiated business model with a defined risk management framework
5. Experienced Board of Directors and a strong governance structure
6. 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

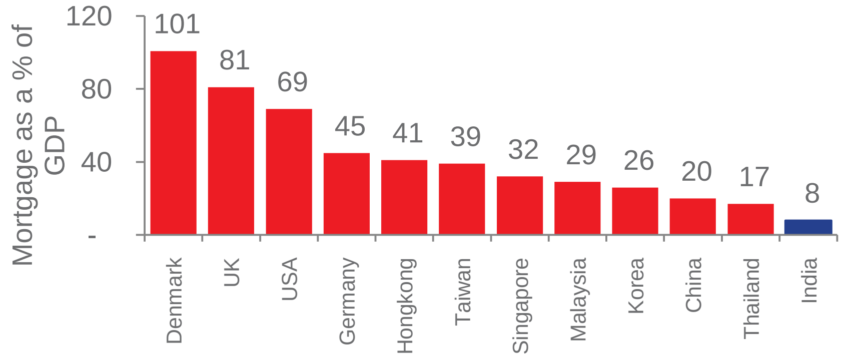
1 Significant under penetration of mortgages in India …

… implies a favourable industry growth environment

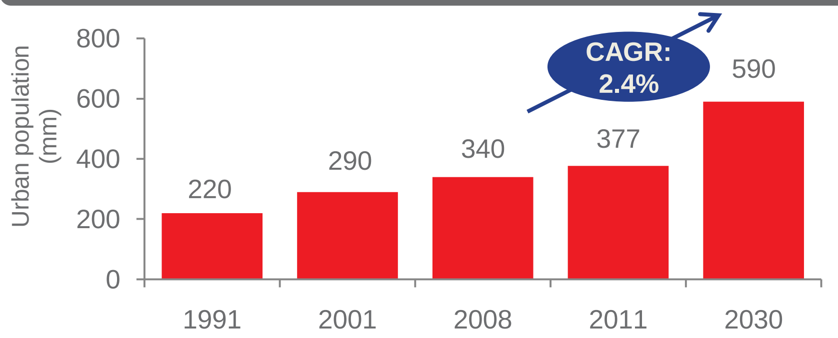
India has witnessed robust housing credit growth[1] …

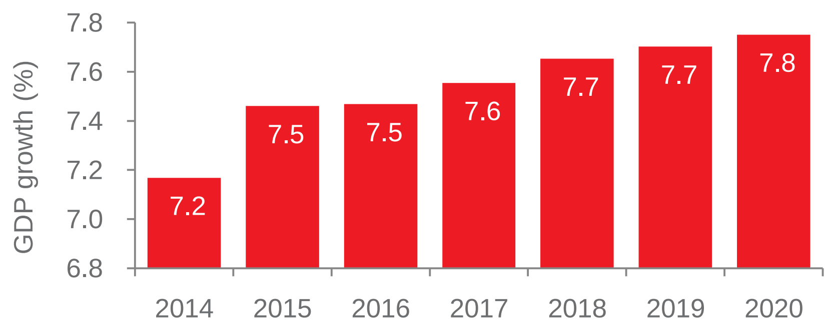


… however, mortgage penetration in India is still extremely



Increasing urbanization[3] and GDP growth[4] is expected to drive the housing credit growth in India



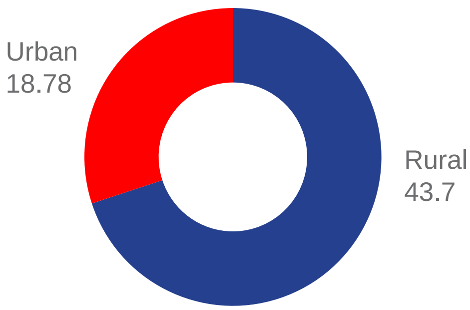


Indian Mortgage Industry will continue to grow at 19%-21% in FY15 and may increase thereafter[5]

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: International Monetory Fund
5 Source: ICRA (Indian Mortgage Finance Market Update for H1, FY14)

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

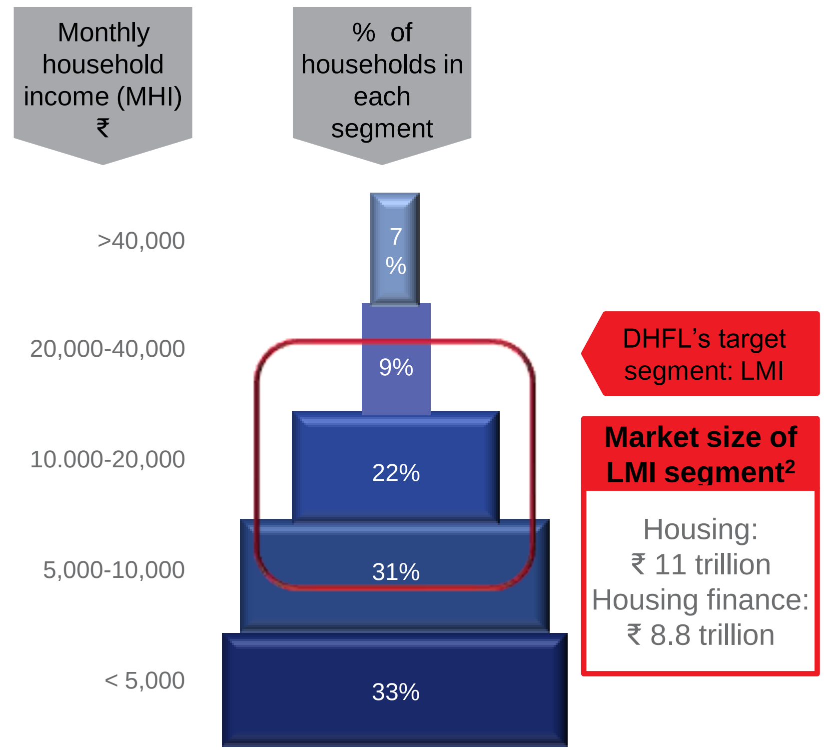
Shortage/Unmet demand of housing (Mn Units) in 2012-17[1]



Large untapped potential in LMI segment

- Low penetration levels in the LMI segment provide significant potential for housing finance companies
- Rising proportion of working age population (nearly 2/3rd of population is in the 15 to 64 years age group[3]) and increasing nuclearisation of families will further drive demand
- Borrowers in EWS[4] & LIG[5] group generally have lesser access to institutional sources of housing finance
- Shortages in Rural Housing and Urban housing are generally seen in the EWS[4] & LIG[5] income groups

Market segments in housing finance[2]

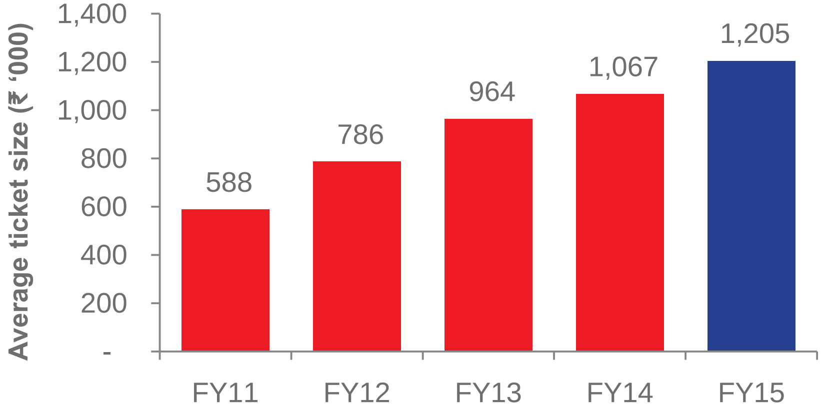


The government has launched numerous schemes to promote housing finance in the LMI segment

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 ₹ 100 thousand
5 LIG: Annual income between ₹ 100,000 to ₹ 200,000

2 DHFL— market leader in LMI segment

DHFL is focused on the LMI segment…



One of the largest player in LMI segment

One of the largest private sector HFC player in India

- ~80% of loan portfolio comprises housing loans given for purchase of homes, extension & improvements and self construction

- DHFL has been serving 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
- Well 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

FY15 AUM of ₹ 569 bn

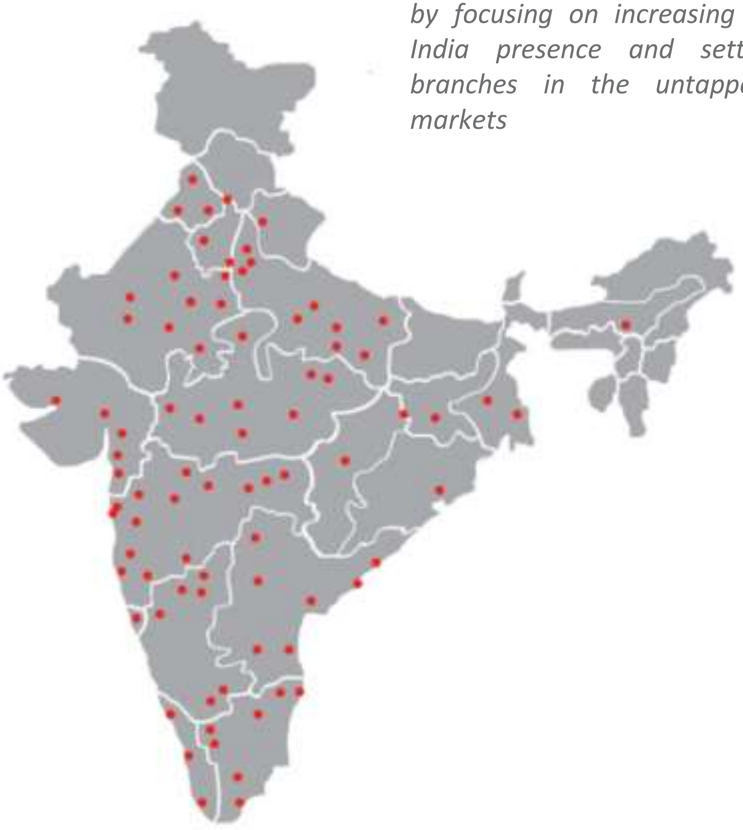
Notes:
1 FY13, FY14 and FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

3 PAN India distribution reach to cater to the target market segment

~80% of distribution footprint spread across Tier II, Tier III cities and outside the municipal limits of the Metros

- Spread across 364 Company operated locations in India[1]
  - Additional presence in 372 centres through alliances

Target to increase its AUM by FY17 by focusing on increasing its pan India presence and setting up branches in the untapped LMI markets



Alliance partners

सेन्ट्रल बैंक ऑफ़ इंडिया Central Bank of India CENTRAL TO YOU SINCE 1911

DhanlaxmiBank

YES BANK

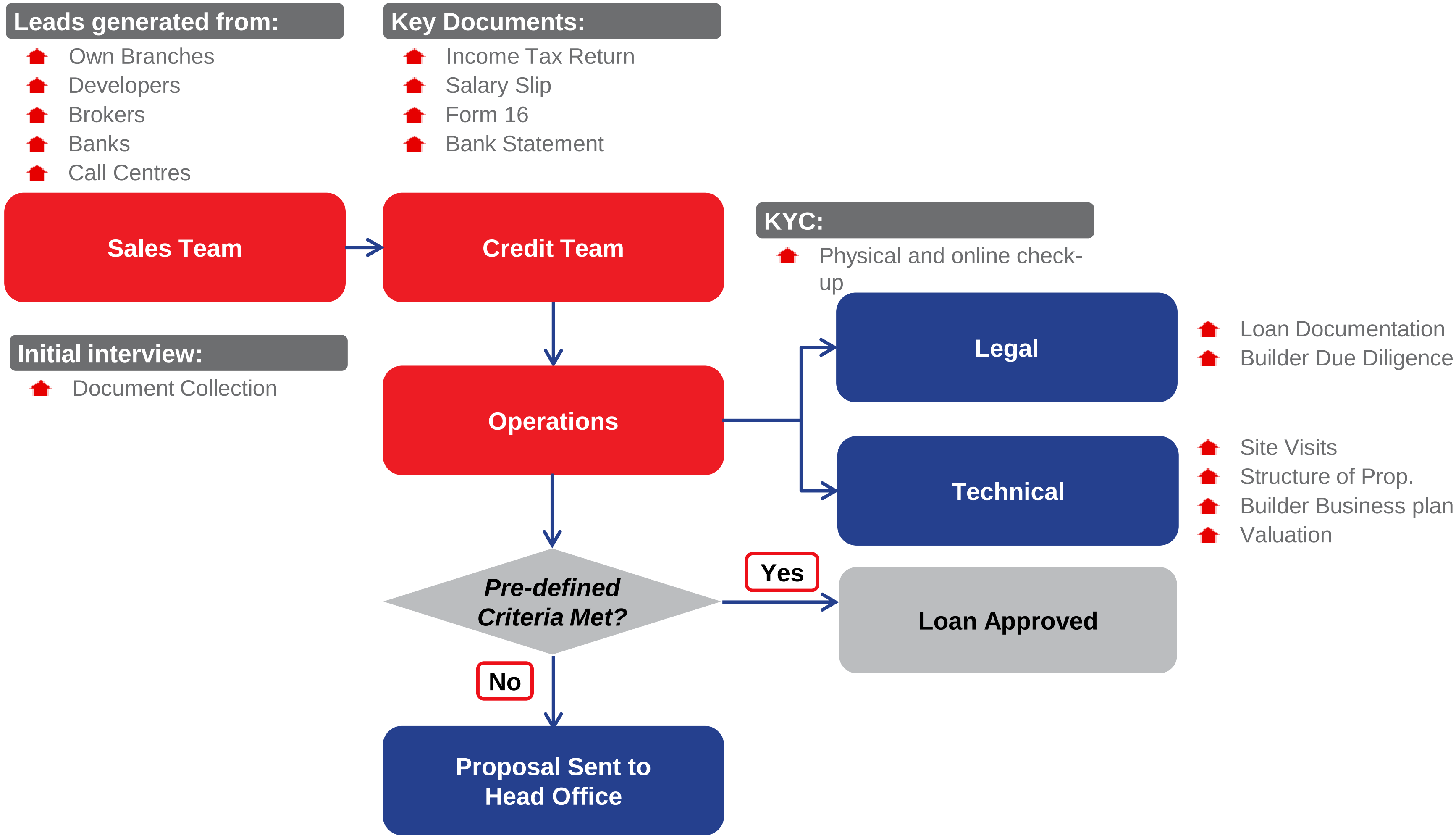
Source: Company filings
Notes:
1 As on 30th June 2015, Company operated locations include 2 Representative Offices at London and Dubai

Not as per scale. Representation purpose only.

4 Differentiated business model…

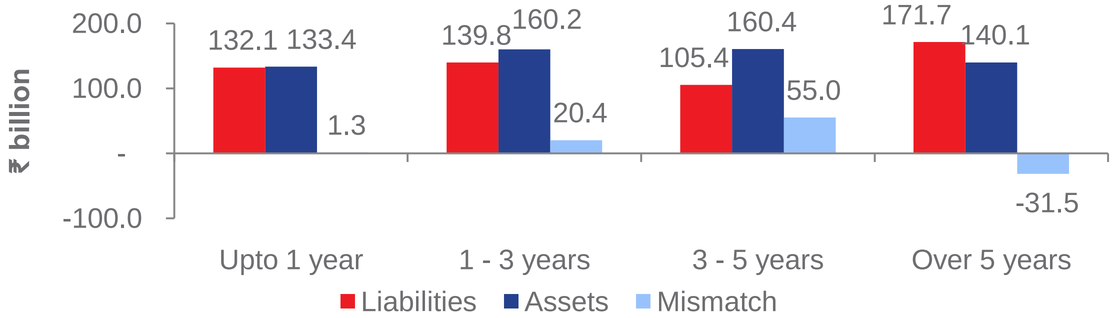
Distribution model	Dual channel distribution strategy – Pre-dominantly sales through own branch network supplemented by DSA's (Direct Selling Agents)
Target	Customers across the spectrum with key focus on Tier II / Tier III cities
Operations	Centralised processing centres for greater efficiency and risk management – 18 Regional Offices / Zonal Offices catering to more than 80% of the branches in terms of number of loan accounts
Appraisal	In-house Credit & Legal team, appraising each application
Technical evaluation	In-house team of Civil Engineers for Technical Evaluation
Collection	Significant Majority of collections through ECS/PDC's

4 …with a defined risk management framework



4 Focused asset-liability management

FY15 assets and liabilities profile



Borrowing profile FY15

- Banks, FIs and Multilateral Agencies (61%)
- NHB (3%)
- Fixed Deposit(8%)
- Capital Markets (28%)

Target borrowing profile in 2 years

Reduce our cost of borrowing by **reducing our borrowing mix on Banks and relying heavily on Capital Markets**

Key initiatives

Securitization

- Gross securitization of ₹ 28,178 mm during FY15, total securitized & syndicated loan portfolio of ₹ 58,448 mm as of FY15
- 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

ECB

- ~US$70m worth of ECB with 8 years tenor raised in 2014 from IFC
- US$ 175m worth of ECB raised in 2015 from ADB (US$125m) & DEG (US$50m)

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

Sitting, Centre: Mr. Kapil Wadhawan, CMD

Standing, Left to Right: Mrs. Vijaya Sampat, Non- Executive Director, Mr. V.K. Chopra, Independent Director, Mr. Dheeraj Wadhawan, Director, Mr. G.P. Kohli, Independent Director, Mr. M. Venugopal, Independent Director

Brief Profile on the next slide.

5 Profile of the Board of Directors

- **Mr. Kapil Wadhawan**
  MD in 2000 and CMD in 2009
  MBA from Edith Cowan University, Australia
  Instrumental in driving the Group from AUM of ₹ 5.8bn to ₹ 569bn over 7 years

- **Mr. Dheeraj Wadhawan**
  Director
  Graduated in Construction Mgmt from Univ. of London
  Over 12 years of experience in housing development

- **Mrs. Vijaya Sampath**
  Non – Executive Director
  Senior Partner of law firm, Lakshmikumaran & Sridharan
  Ombudsperson for Bharti Group
  Over 30 yrs of Corporate and Legal experience

- **Mr. 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

- **Mr. G. P. Kohli**
  Independent Director
  Former MD, LIC
  Vast experience in insurance, housing, HRD, IT

- **Mr. M. Venugopal**
  Independent Director
  Former CMD, Bank of India
  Former MD & CEO, Federal Bank
  Vast experience in banking

Awards and recognition

FY14 Best Employer Brand Awards 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:~ ₹ 25,000

Family size: ~5 (parents and 2 siblings)

Stayed in a 1 room-kitchen

Profession: farming and other allied

Monthly HH income:~ ₹ 15,000

Family size: ~4 (Husband and 2 children)

Stayed in a rented 1 room-kitchen

Profession: owner, super market

Monthly HH income:~ ₹ 30,000

Family size: ~5 (wife and 3 children)

Stayed in a rented 1 BHK

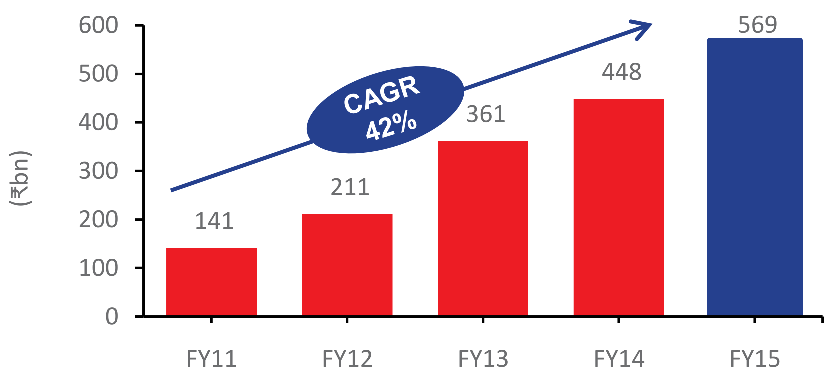
Every Indian should have a home of his own.

Section 3

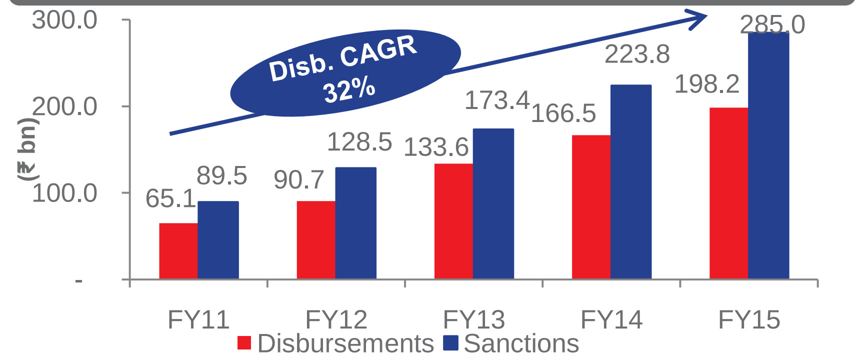
Financial Overview

6 Strong asset growth with portfolio mix

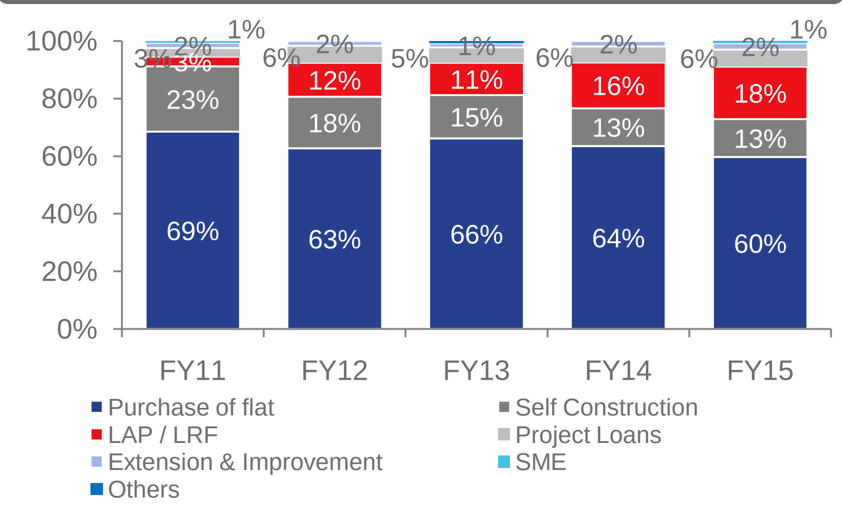
Strong AUM growth…



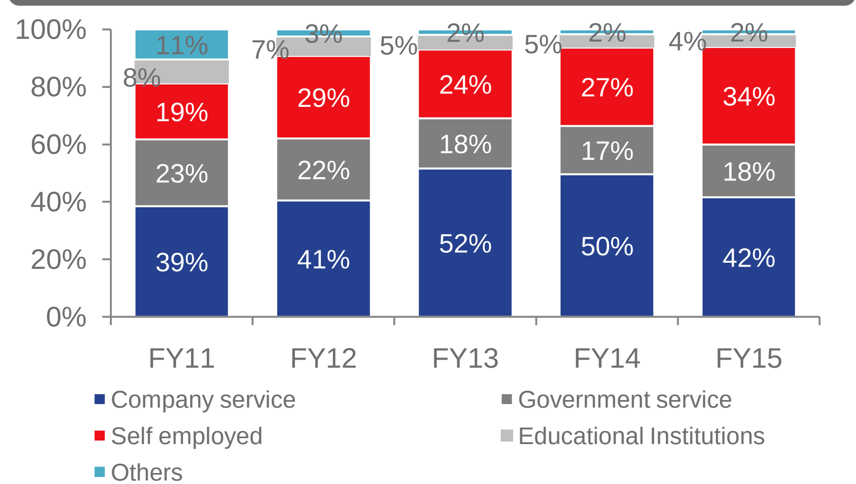
..driven by strong growth in disbursements



Portfolio Composition



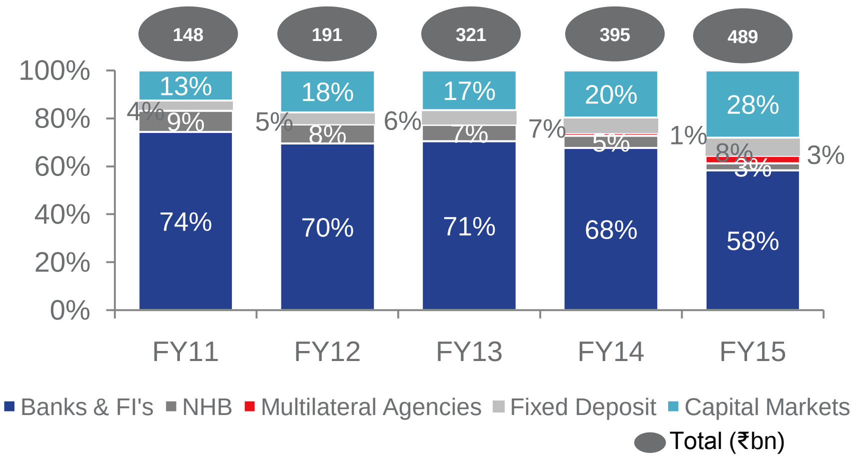
Customer composition



Notes:
1 For the year ended 31 March 2015, securitised portfolio: ₹ 25,463 million
2 FY13, FY14 and 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	FY15
Banks & FI's	10.01%	11.41%	11.02%	11.00%	10.81%
NHB	7.58%	7.63%	7.99%	8.04%	7.93%
Capital Markets	9.72%	9.92%	10.06%	9.84%	9.49%
Multilateral agencies	9.27%	9.79%	10.03%	10.73%	8.56%
Fixed deposit	9.49%	10.04%	10.59%	10.56%	10.34%
WACB (Day end)	**9.73%**	**10.85%**	**10.63%**	**10.59%**	**10.28%**

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 secured facilities

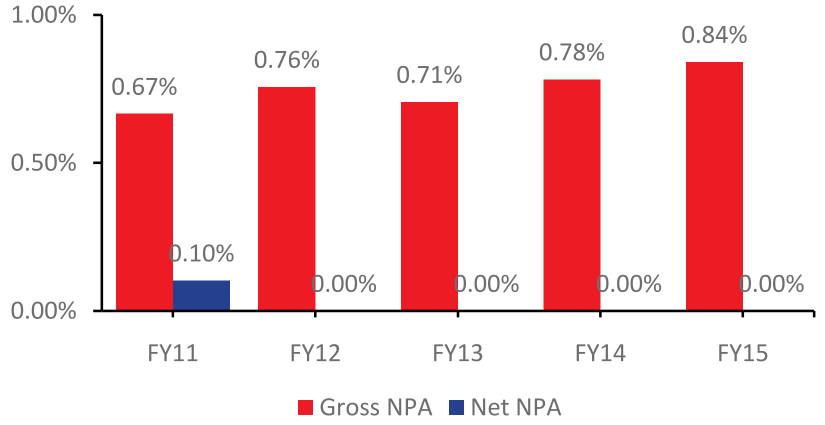
Notes:

1 CARE: Credit Analysis & Research Ltd.

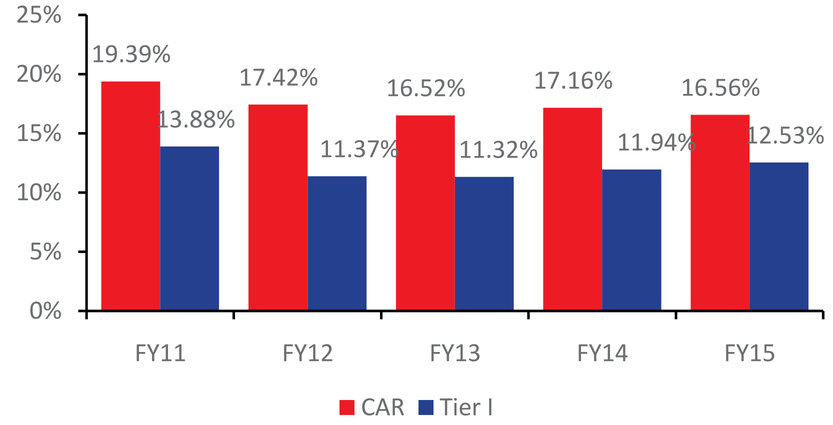
2 FY13, FY14 and FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

6 Healthy asset quality

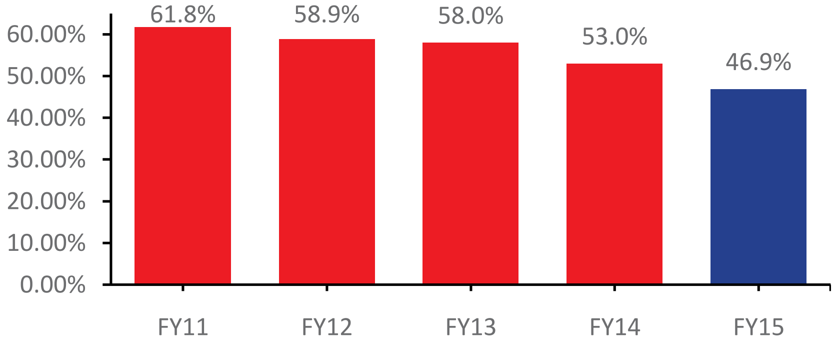
Gross/net NPA



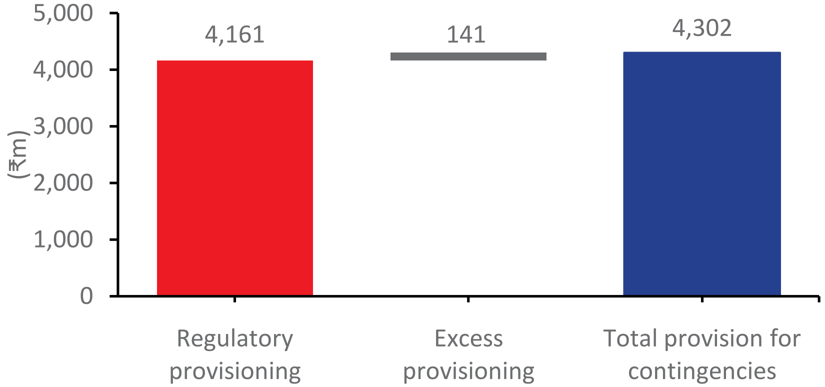
CAR (%) and Tier 1 (%)



Loan to value ratio



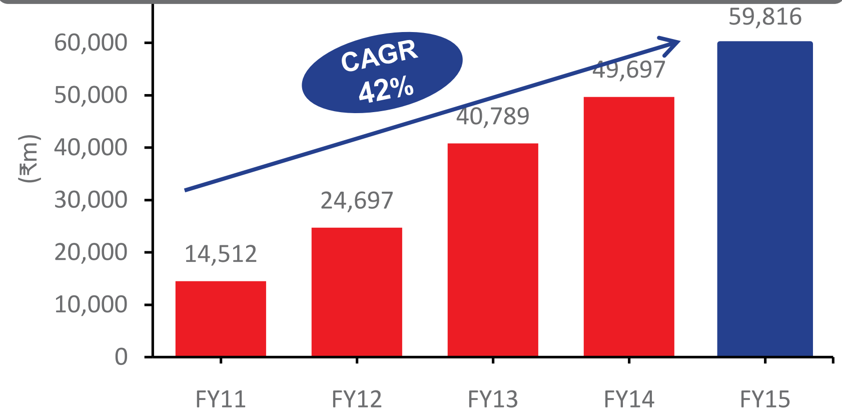
Provision for contingencies



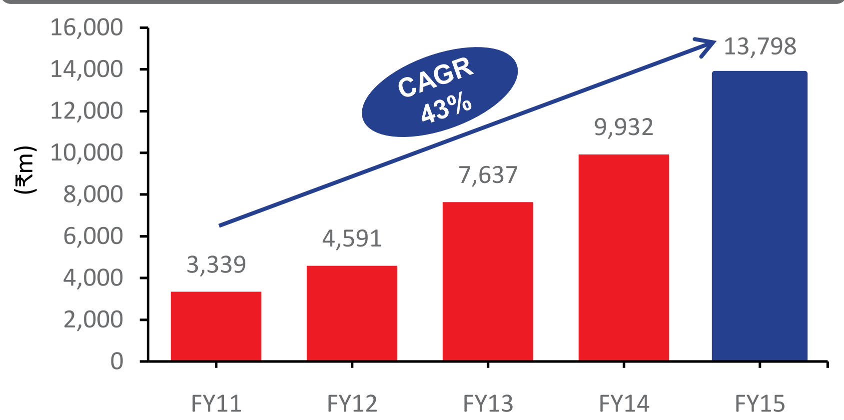
Notes:
1 FY13, FY14 and FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

6 Healthy growth in income & earning metrics

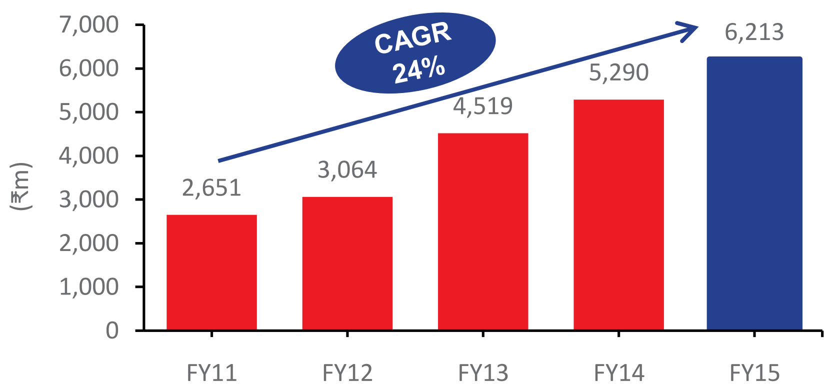
Total income



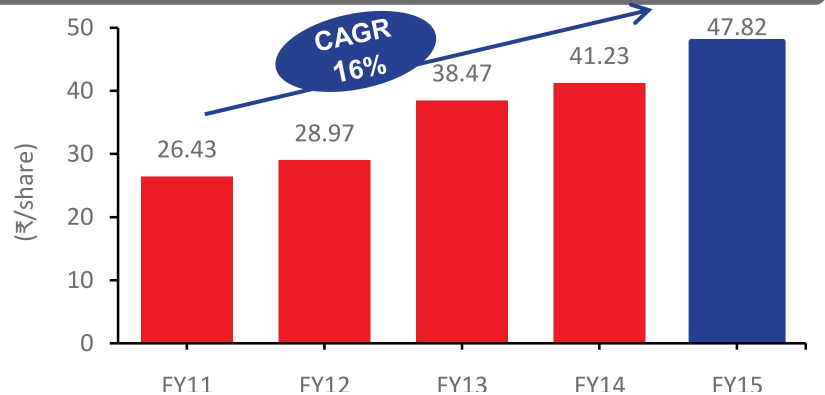
Net interest income



Net profit



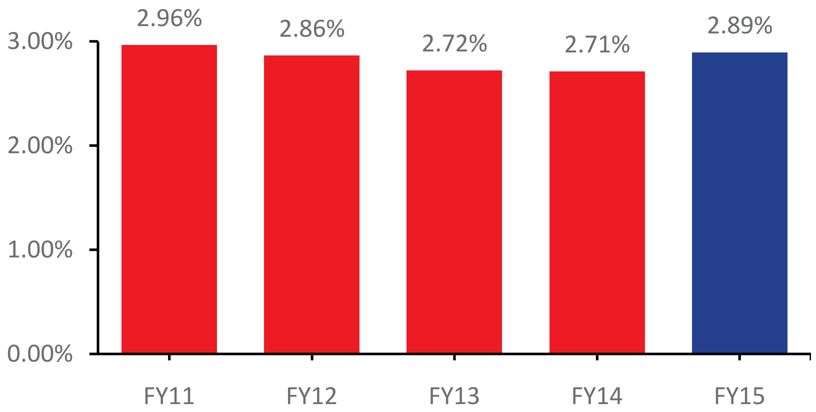
Earnings per share



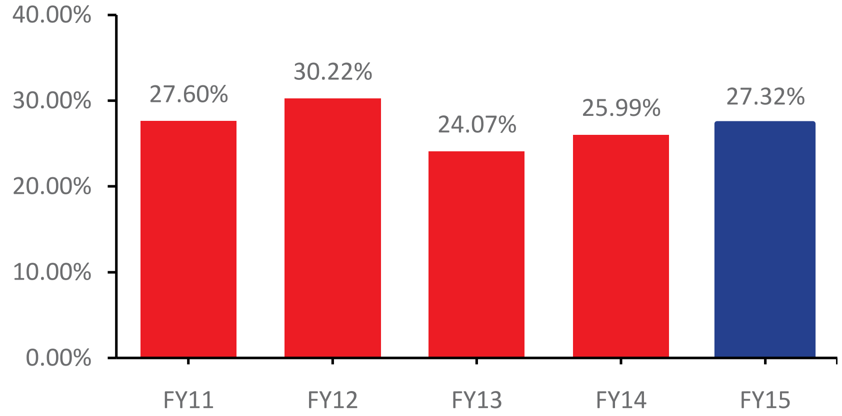
Note: FY13, FY14 and FY15 figures are post merger of First Blue Home Finance, while FY11 and FY12 are DHFL's Standalone figures

6 Healthy operating and financial ratios

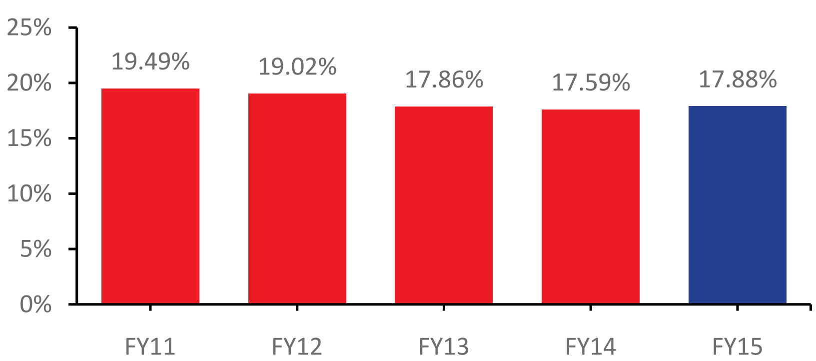
NIM



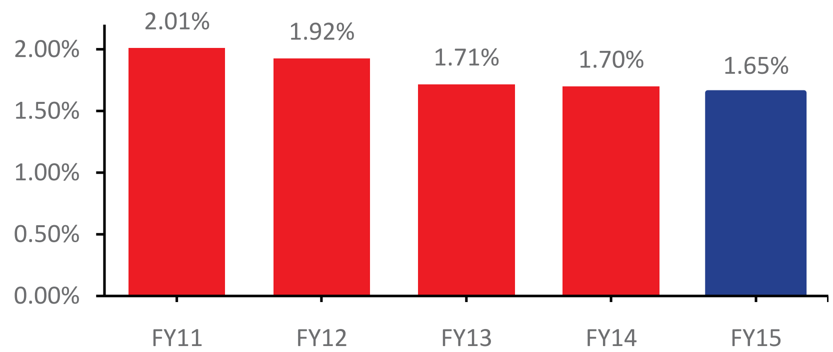
Cost to income ratio



RoAE



RoAA



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

Section 4

Other Information

Key Investors

As on March 31, 2015

Sr. No.	Name of Investor	% Holding
1	Ironwood Investment Holdings	3.57%
2	Rakesh Jhunjhunwala	3.43%
3	Acacia Partners [1]	2.70%
4	Government of Singapore [1]	2.66%
5	Grantham, Mayo Van Otterloo [1]	2.04%
6	Pictet UK [1]	1.61%
7	Morgan Stanley Asia (Singapore) PTE	1.53%
8	DB International (Asia) Ltd	1.49%
9	Jupiter India Fund [1]	1.12%
10	Credit Suisse (Singapore) Limited	0.91%

Note:
1 Through multiple funds/schemes

Key Financials

(₹ millions, unless otherwise mentioned)	FY11	FY12	FY13	FY14	FY15	YoY growth FY11	FY12	FY13	FY14	FY15
Income statement										
Total Income	14,512	24,697	40,789	49,697	59,816	46%	70%	65%	22%	20%
Net Interest Income	3,339	4,591	7,637	9,932	13,798	53%	38%	66%	30%	39%
Non-Interest Income	1,528	2,113	1,959	1,939	1,423	46%	38%	-7%	-1%	-27%
Interest Expenses	9,646	17,992	31,194	37,826	44,596	44%	87%	73%	21%	18%
Operating Expense	1,679	2,436	2,954	3,711	4,485	54%	45%	21%	26%	21%
Provision for Contingencies	90	237	450	700	1,050	6%	163%	90%	56%	50%
Depreciation	37	47	85	109	255	32%	27%	79%	29%	134%
PBT	3,061	3,984	6,107	7,351	9,430	51%	30%	53%	20%	28%
PAT	2,651	3,064	4,519	5,290	6,213	76%	16%	47%	17%	17%
Balance sheet										
Loan sanctioned	89,495	1,28,453	1,73,369	2,23,776	2,84,971	70%	44%	35%	29%	27%
Loan Disbursed	65,056	90,652	1,33,577	1,66,475	1,98,215	68%	39%	47%	25%	19%
Loan portfolio Outstanding	1,41,112	1,93,554	3,39,017	4,05,966	5,10,397	61%	37%	75%	20%	26%
AUM	1,41,112	2,10,947	3,61,165	4,48,221	5,68,844	61%	49%	71%	24%	27%
Networth	15,484	20,328	32,371	35,750	46,358	77%	31%	59%	10%	30%
Borrowings	1,48,501	1,91,486	3,20,584	3,94,869	4,89,207	66%	29%	67%	23%	24%

Key Ratios

	FY11	FY12	FY13	FY14	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%	100.2%
Tier I Ratio	13.9%	11.4%	11.3%	11.9%	12.5%
Capital Adequacy Ratio	19.4%	17.4%	16.5%	17.2%	16.5%
NIM	3.0%	2.9%	2.7%	2.7%	2.9%
Cost to Income Ratio	27.6%	30.2%	24.1%	26.0%	27.3%
Return on Assets	2.0%	1.9%	1.7%	1.7%	1.6%
Return on Equity	19.5%	19.0%	17.9%	17.6%	17.9%
Debt Equity Ratio	9.8	8.6	9.4	10.4	10.1
EPS (₹/share)	26.4	29.0	38.5	41.2	47.8
DPS (₹/share)	3.5	3.5	5.0	8.0[1]	6.0[2]
Dividend yield	13.2%	12.1%	13.0%	19.4%[1]	12.5%[2]

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

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

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

Section 5

Small Finance Bank License Application

Small Finance Bank License Application

- DHFL has applied for a Small Finance Bank ("SFB") License, key objectives being:
  - Transform current franchise into the reputable banking franchise based on highest standards of transparency and corporate governance – RBI supervision will add to credibility
  - Create a long term sustaining and scalable liability platform – banking allows much broader range of options for fund raising including infrastructure bonds
- SFB license is apt for DHFL – business model fits the licensing requirements
  - As per the SFB norms, 75% has to be PSL
  - CRR / SLR:
    - Benefits of cost reduction outweighs the negative carry of CRR / SLR investments
    - Leverage asset structure to raise infrastructure bonds – exempt from CRR / SLR requirements and also PSL
- DHFL is committed to creating value for its stakeholders and will accordingly evaluate value accretive options that best suits stakeholders' interest

Section 6

Group

DHFL financial services group

Wadhawan Global Capital Private Limited
AUM: ~₹ 590 bn (~US$ 9.5 bn)

32.89% → **DHFL AUM: ₹ 569 bn[1]**

DHFL stake	Company	Description	AUM	Wadhawan Global Capital stake
9.47%	DHFL Vysya Housing Finance	• Caters to LMI segment in South India	AUM: ₹ 13.19bn[1]	83.89%
14.90%	Aadhar Housing Finance	• Caters to LIG & EWS Segment majorly in Developing state • IFC holds 20% equity stake	AUM: ₹ 9.72bn[1]	62.00%
48.39%	Avanse Education Loans	• Provides education loans across 8 major markets • IFC holds 13% equity stake	AUM: ₹ 2.39bn[1]	37.82%
50.00%	DHFL Pramerica Life Insurance	• Provides life insurance • JV with Prudential Financial which owns 26% stake		

**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), etc.

Marquee equity partners

IFC Pramerica

1 As of 31 March 2015
2 Group Share Holding as of 31 March 2015

DHFL Changing Rules Changing Lives

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 relevant expertise in respective fields and reputation for good 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 18 yrs of experience in Strategy Management across Automobile, ecommerce, Advertising, Consumer, Realty and Financial services industries

K Srinivas
- ~30 years experience in various 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

8 Entities engaged in the LMI and the Underserved strata

DHFL Vysya Housing Finance
Engaged in the LMI Strata

- The Average Ticket size stood at ₹ 0.7 million as on FY15[1]
- Has operations majorly in South India, viz., Karnataka, Andhra Pradesh, Tamil Nadu & Kerala as well as in Maharashtra and Uttar Pradesh
- Presence in 31 locations as on FY15[1]
- As on FY15, the Company made home loan disbursements of ₹ 4.26 billion[1]

Aadhar Housing Finance
Serves the most Underserved segment

- Maximum ticket size capped at ₹ 1.2 million
- Generates business through nine low income states in India viz; UP, MP, Bihar, Chhattisgarh, Jharkhand, West Bengal, Orissa, Gujarat and Rajasthan
- Presence in 63 locations as on FY15[1]
- IFC has picked up a 20% equity stake in the company

Note:
1 As of 31 March 2015

8 Avanse Financial Services

AVANSE FINANCIAL SERVICES
ASPIRE WITHOUT BOUNDARIES

Enabling education, Empowering youth

- Forayed into Education loans business in 2013
- IFC holds 13% 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 FY15[1]

- Outstanding Portfolio - ₹ 2,392 million
- Loans Sanctioned - ₹ 4.960 million
- Loans disbursed - ₹ 2,033 million
- Average Ticket size - ₹ 1.1 million
- Product Mix:
  - Domestic : ₹ 463 million
  - Abroad : ₹ 1,308 million
  - Project Finance: ₹ 262 million
- Total Income - ₹ 198 million

Note:
1 As of 31 March 2015

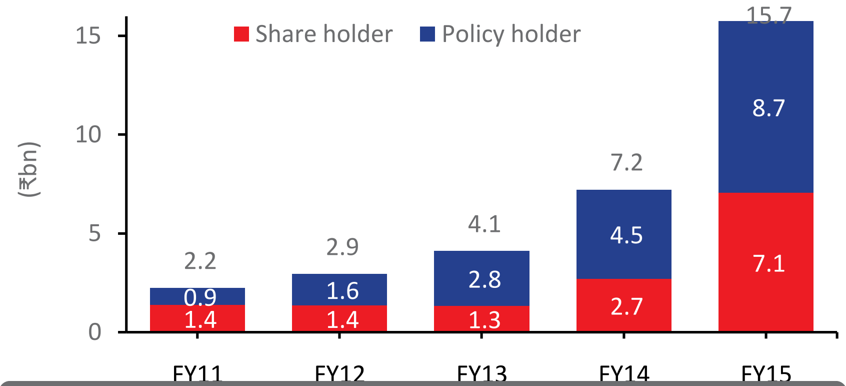
8 DHFL Pramerica Life Insurance

DHFL Pramerica LIFE INSURANCE

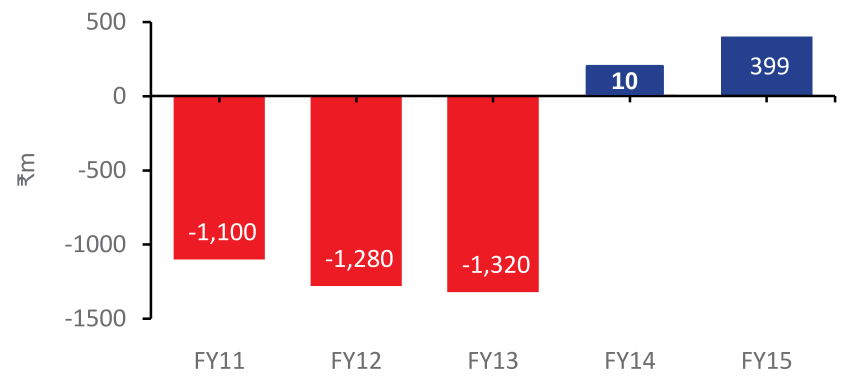
Insurance Venture with Prudential Financial Inc.

- 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 ₹ 1 and in the first quarter of operations, i.e. Quarter ending March 2014, DHFL Pramerica Life Insurance has achieved the break even level
- ~2,600 part-time + full time agents, 25+ third party distributors[1]

Assets Under Management



Net Profit



Note:
1 As of 31 March 2015

Disclaimer

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