

Dewan Housing Finance Corporation Ltd.

Poised for the next leap in a niche business



Earnings Update – June 2011

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

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- 5 Aadhar Housing Finance

* Erstwhile Deutsche Postbank Home Finance

Group Earnings Update – Q1FY12

DHFL

- Total Income up YoY by 67% to ₹4.98bn and NII up by 48% to ₹ 1.05bn
- Profit after Tax up YoY by 28% to ₹ 660mn
- Sanctions up YoY by 17% to ₹ 20.79bn and Disbursements up by 22% to ₹ 15.54bn
- Loan book up YoY by 56.67% to ₹ 153.37bn
- Net Interest Margin for Q1FY12 stood at 2.85%

FBHFL

- As envisioned during acquisition, DHFL was able to add value to the business of FBHFL right from the first quarter post takeover, which is reflected in improvement of its various financial parameters
- Total Income up YoY by 23% to ₹547mn and NII up by 41% to ₹ 459mn
- Profit after Tax up YoY by 34% to ₹ 237mn
- RoA improved to 1.75% from 1.52% as of June'10 and RoE improved to 16.7% from 14.9% as of June'10

DVHFL

- NII up by 6% to ₹ 47mn
- Profit after Tax up YoY by 4% to ₹ 29mn
- Sanctions and Disbursements recorded a flat YoY growth
- Loan book up YoY by 32% to ₹ 6.01bn
- Net Interest Margin for Q1FY12 stood at 3.19%

*FBHFL – First Blue Home Finance

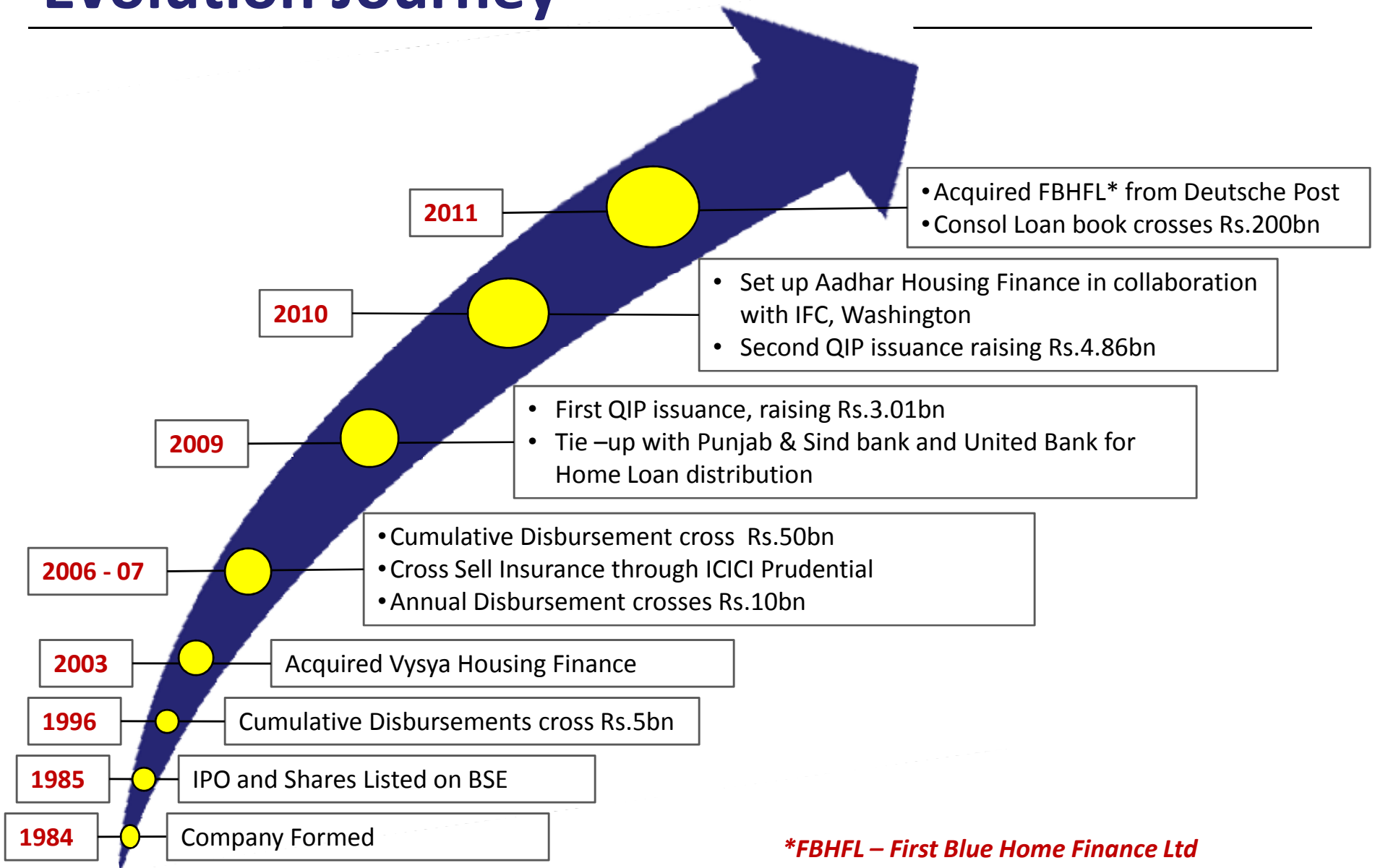
*DVHFL – DHFL Vysya Housing Finance

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Group Profile

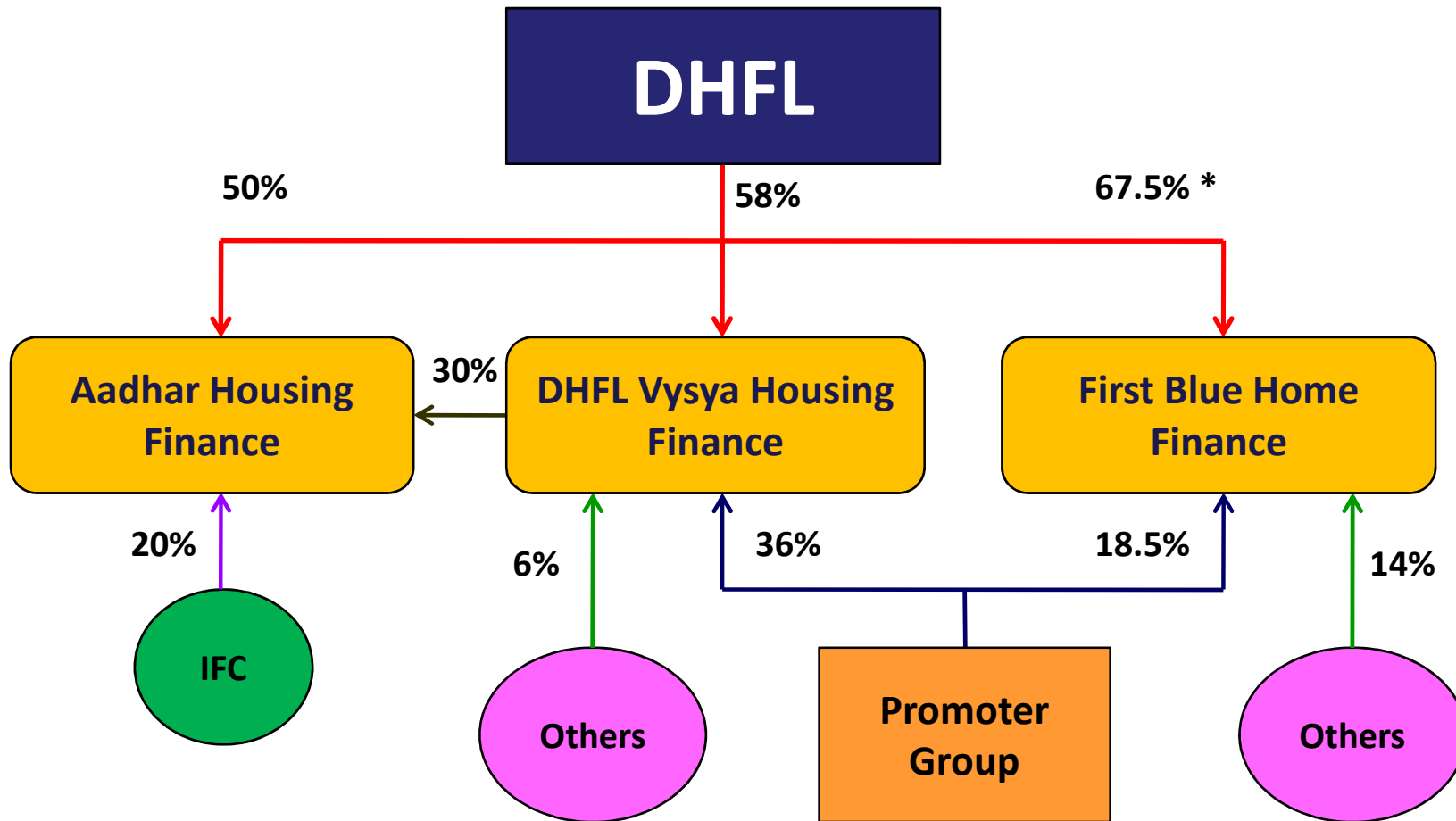
- ➔ Evolution Journey
- ➔ Corporate Profile
- ➔ Our Reach
- ➔ Experienced Management
- ➔ Opportunity Landscape

Evolution Journey



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

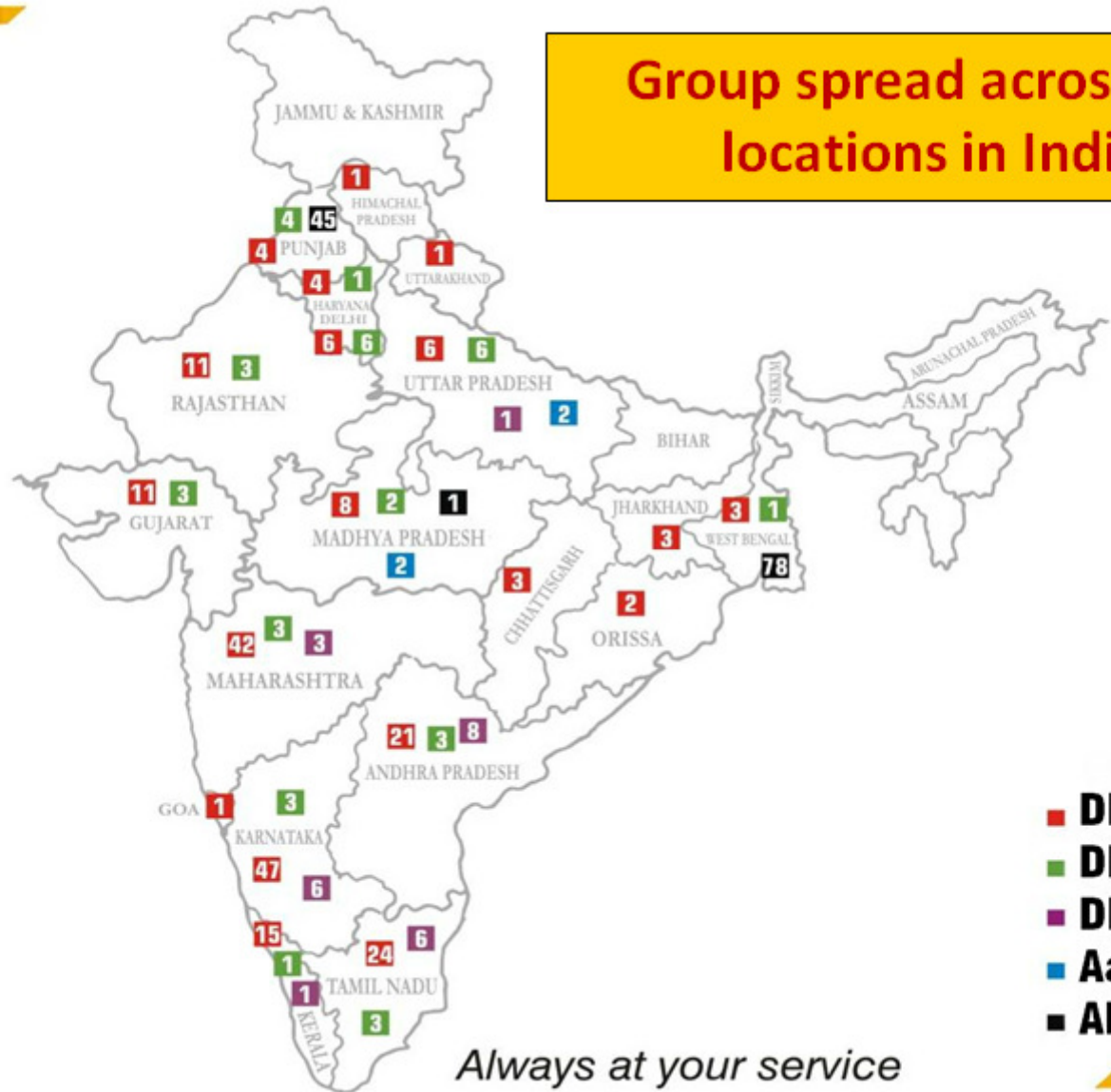
Corporate Profile



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

Pan India Presence

Group spread across 417 locations in India



- **DHFL: 215**
- **DPHFL: 39**
- **DHFL Vysya: 22**
- **Aadhar: 4**
- **Alliances: 137**

Always at your service

Eminent Professionals – Our Driving Force

Distinguished Board of Directors

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

Experienced Management Team

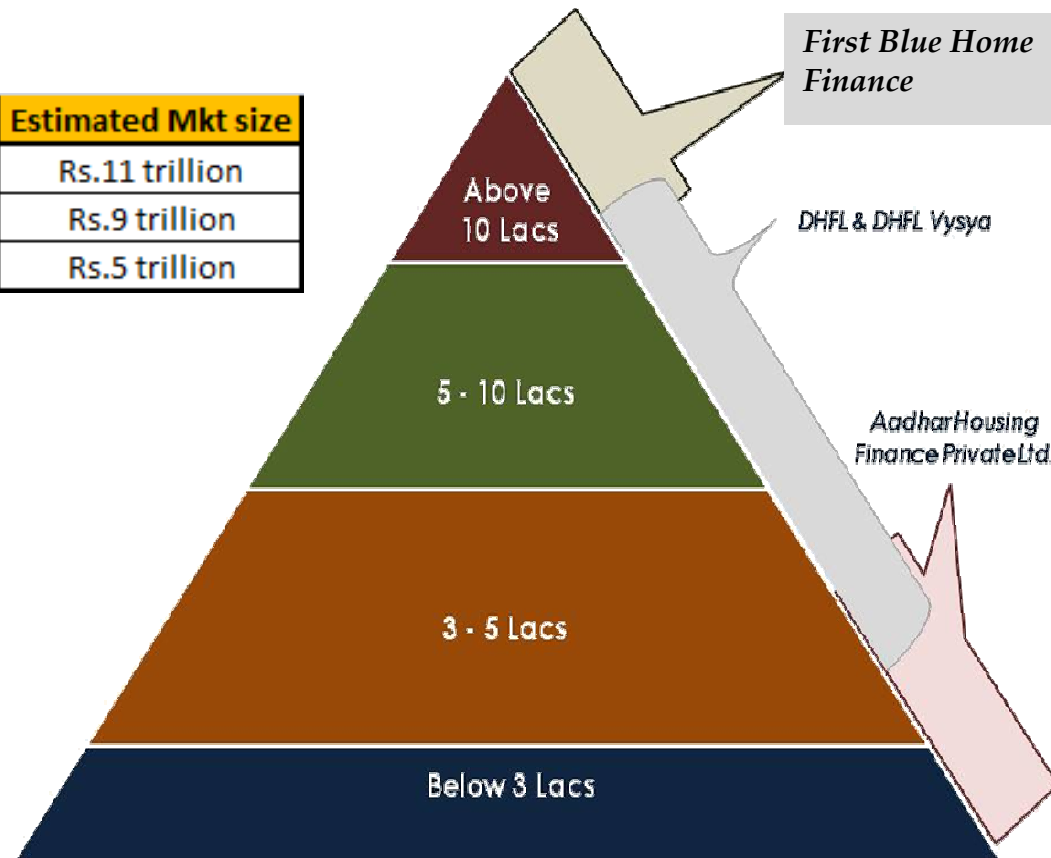
| | |
|-----------------------------|---------------------------------------|
| Mr. Kapil Wadhawan | Chairman and Managing Director |
| Mr. Anil Sachidanand | CEO DHFL |
| Mr. Michael Maybaum | JMD FBHFL |
| Mr. R. Nambirajan | MD DHFL Vysya |
| Mr. Harshil Mehta | CEO Aadhar HFL |

Team DHFL

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

Opportunity Landscape

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

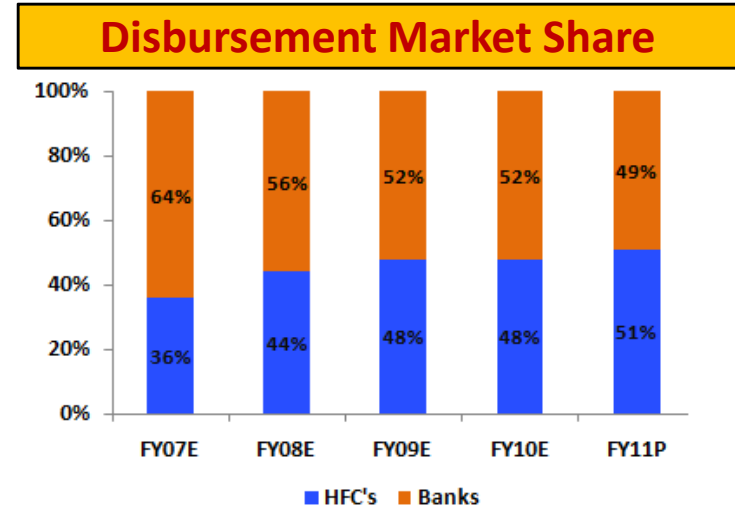


Pursuant to the acquisition of First Blue Home Finance and setting up of Aadhar Housing Finance in FY11, DHFL as a group is geared to serve customers across the housing finance spectrum, with each company serving a niche segment , resulting in minimal overlap

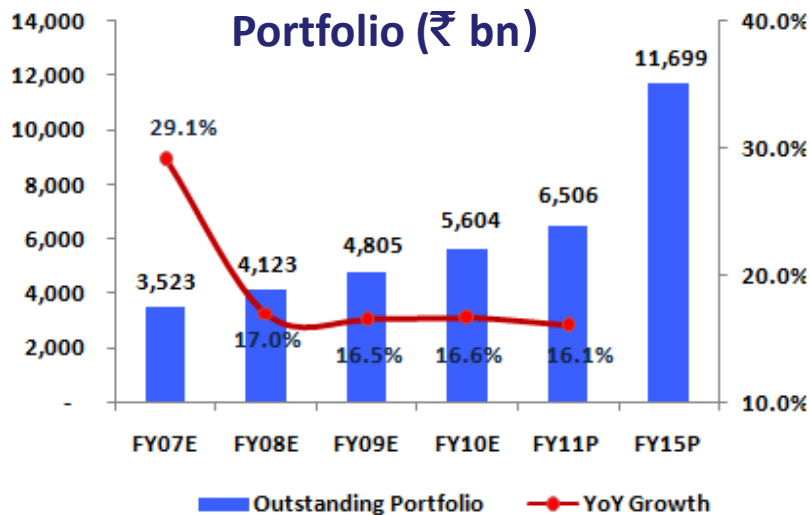
All Information Source: Monitor Group

Projected Industry Growth

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

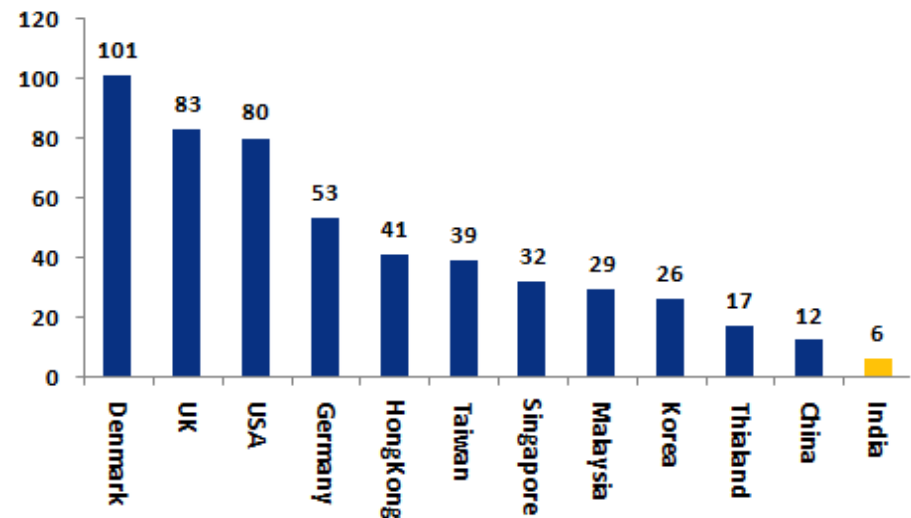


Portfolio growth at ~15.5% CAGR FY11 to FY15



Information Source: CRISIL Research

Low Mortgage Penetration in India



Information Source: IIFL Research

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Dewan Housing Finance

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

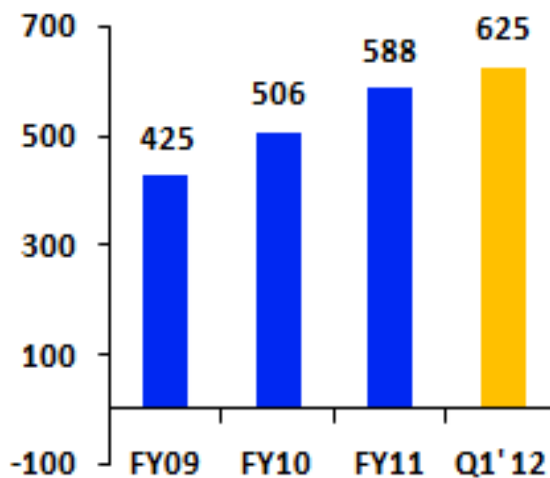
Dominant Player in LMI Segment

Our Vision

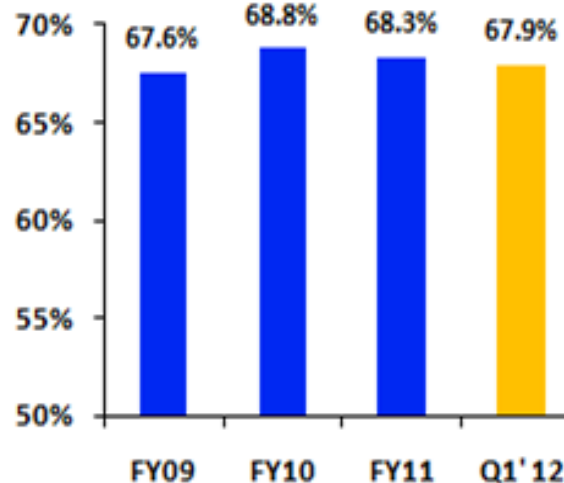
- DHFL was set up with a vision to transform the lives of millions of Indians living just beyond the consideration zone of the Mortgage industry, by giving them access to home loans
- DHFL has been unwavering in its commitment to serve the lower & middle income groups. Even after 26 years it remains 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

39%

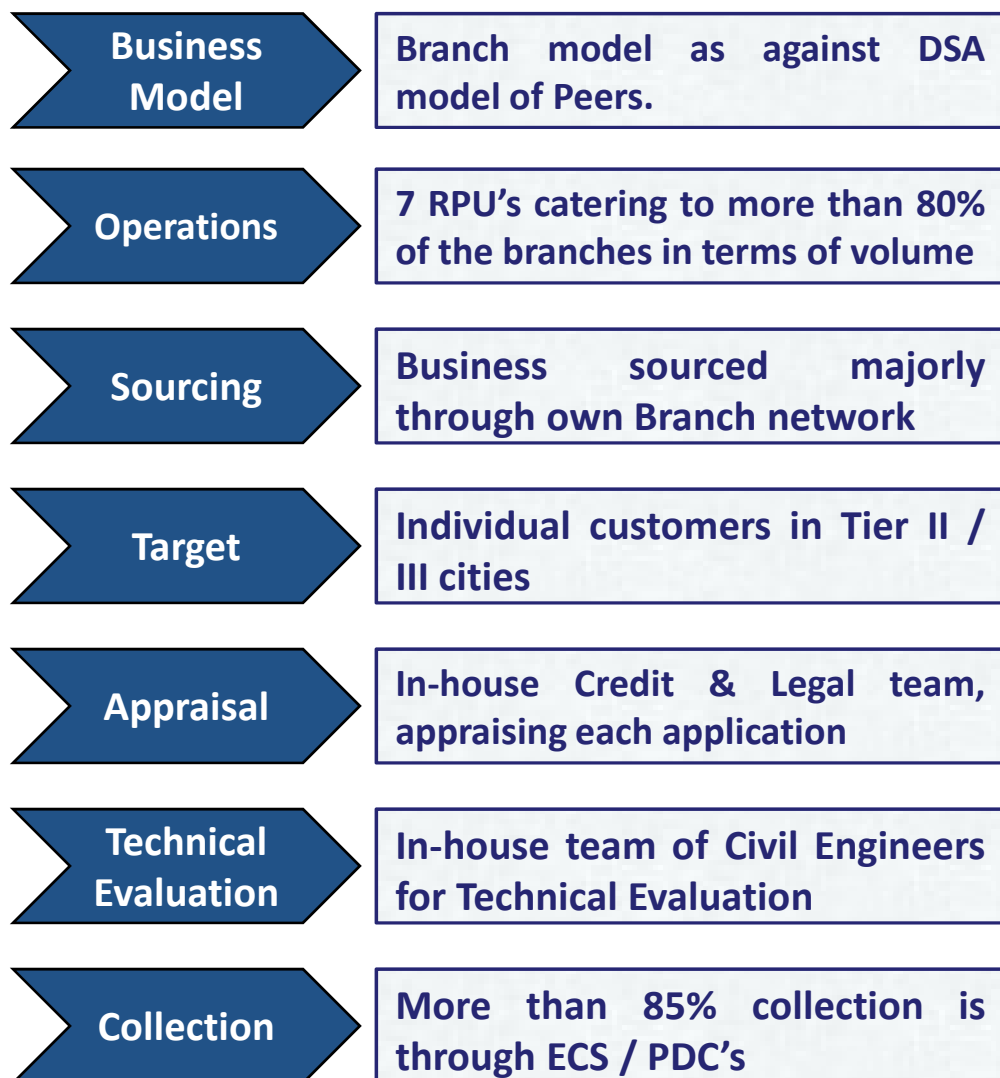
Avg Monthly Income of Clients

Rs.8K to 30K

Footprints across Tier II & III towns or outside municipal limits of main cities

~80%

Differentiated Business Model



Strong Fee Income Verticals

Insurance Services

Cross-sell Insurance to own customers, in order to safeguard mutual interests

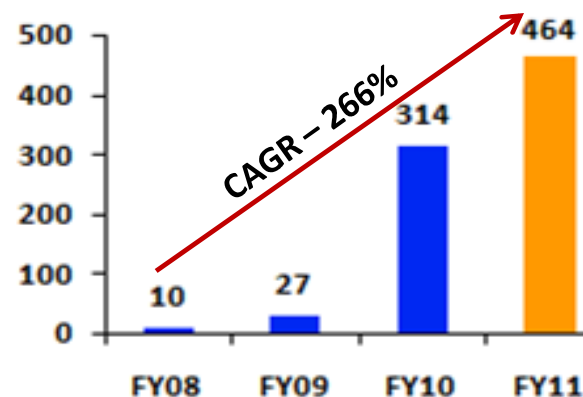
Technical Consultancy & Management

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

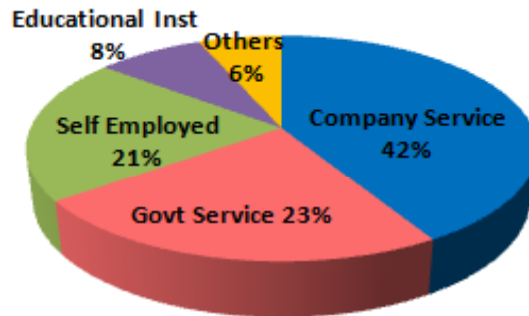
| Housing Loans | Non-Housing Loans |
|--|--|
| <ul style="list-style-type: none"> - Purchase of New Flat - Purchase of Resale Flat - Self Construction - Extension & - Project Loans | <ul style="list-style-type: none"> - Loan Against Property - Lease Rental Financing - Purchase of Commercial Premises |

Loan Distribution

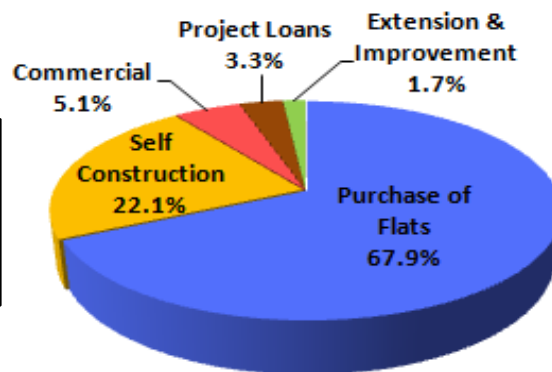


Partnered with multiple banks for Home Loan Distribution to their customers

Customer Composition (June 11)



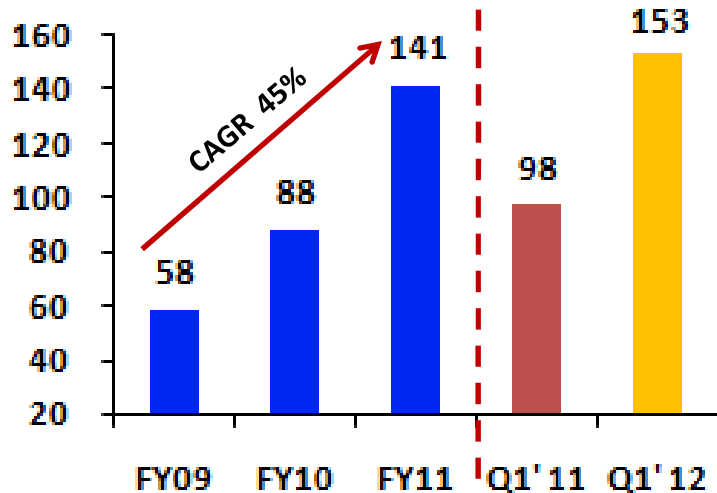
Portfolio Composition (June 11)



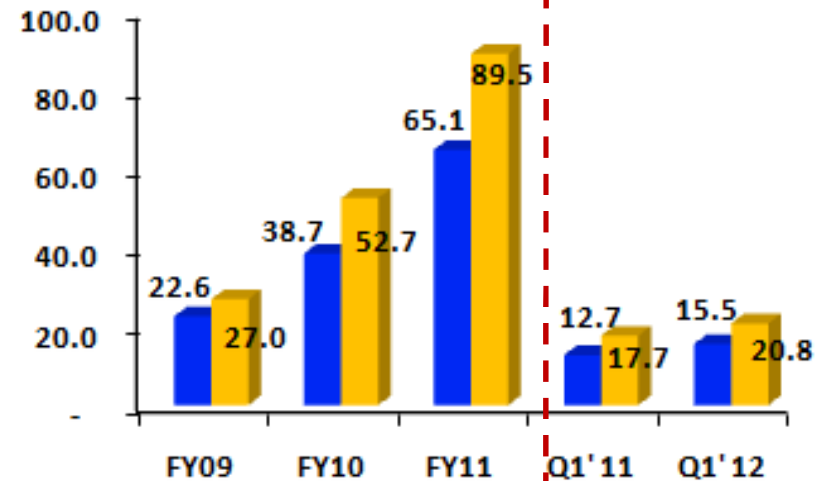
DHFL has been the industry pioneer in establishing long term relationships with multiple partners to fuel the growth engine as well as augment its income streams and feels extremely proud to win the trust of eminent and marquee names in the Finance world

Strong AUM Growth with Low NPA's

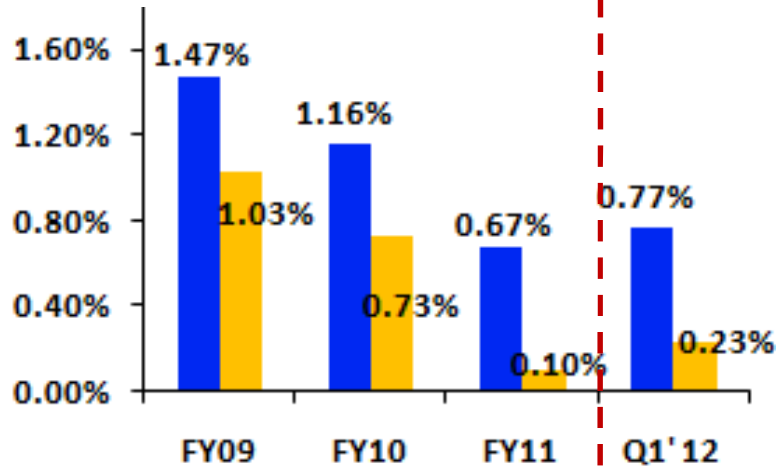
Loan Portfolio (₹ bn)



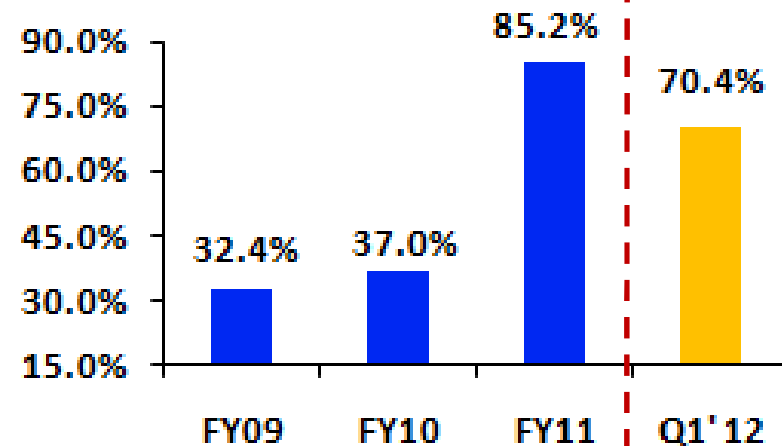
Disbursement (₹ bn) | Sanctions (₹ bn)



Gross NPA's (%) | Net NPA's (%)

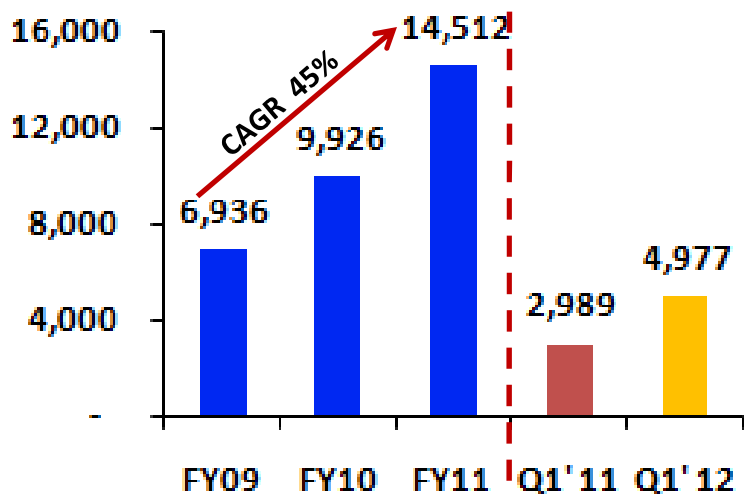


Provisioning Coverage (%)

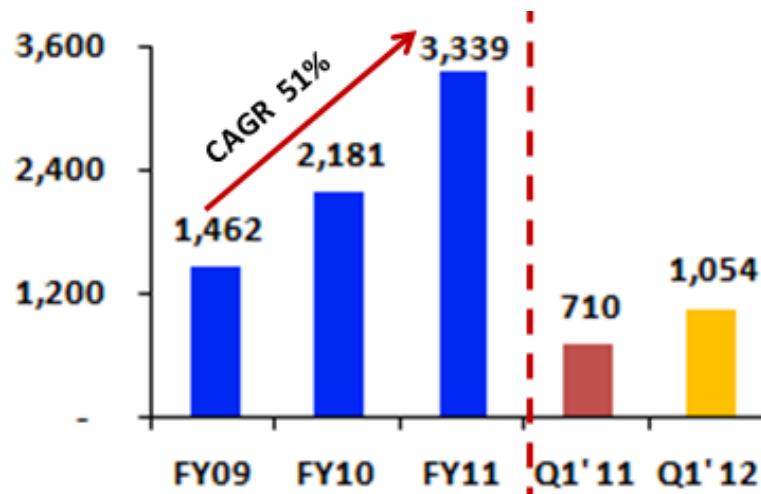


Resulting in - Robust Financial performance

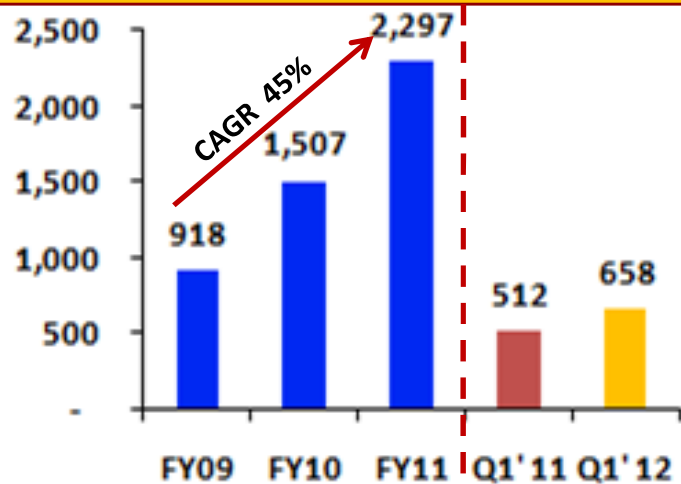
Total Income (₹ mn)



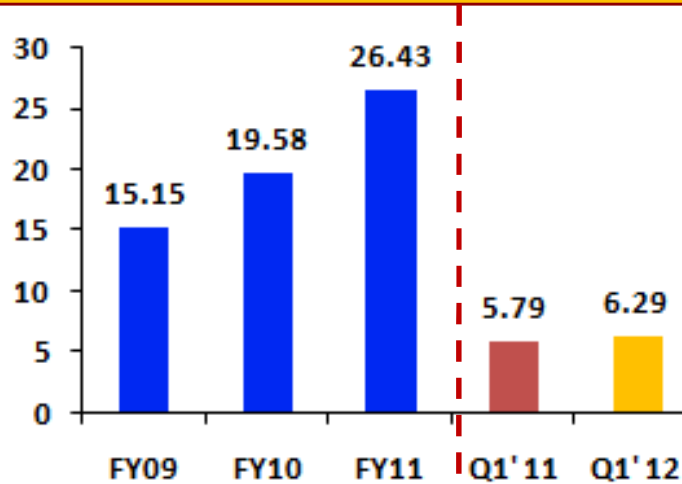
Net Interest Income (₹ mn)



Net Profit (₹ mn)

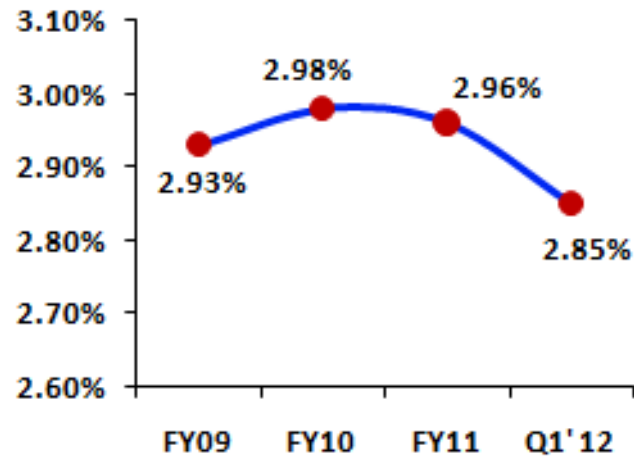


Earnings Per Share (₹)

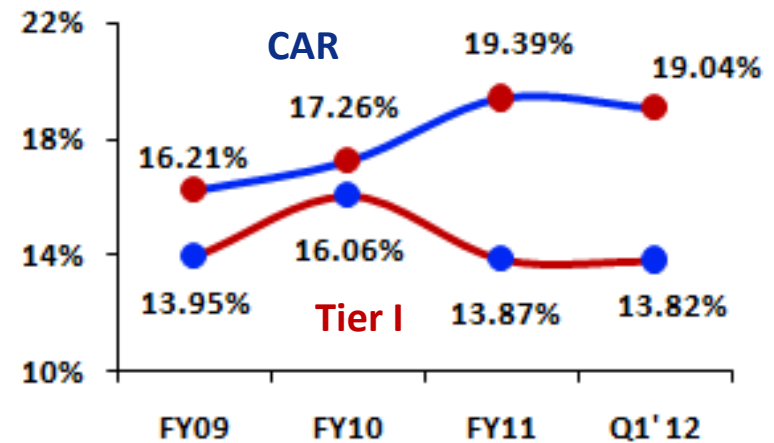


.....And Healthy Financial Ratios

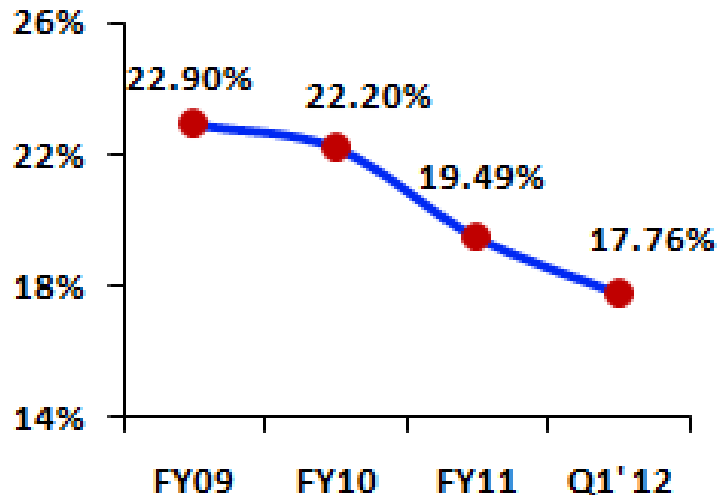
NIM (%)



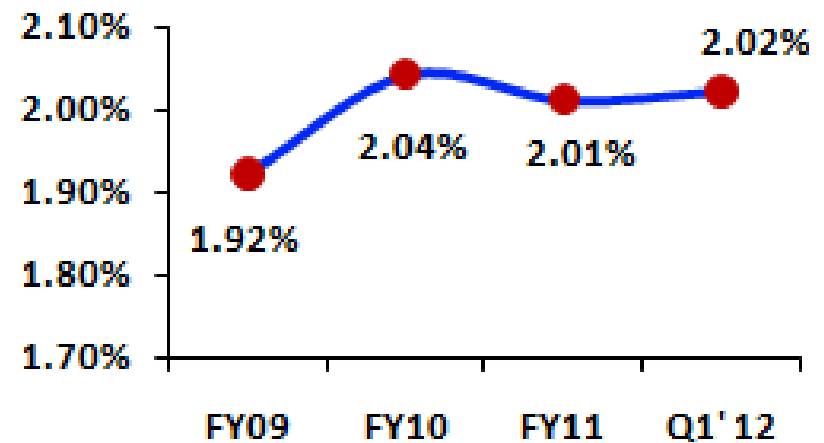
CAR / Tier I (%)



RoE (%)

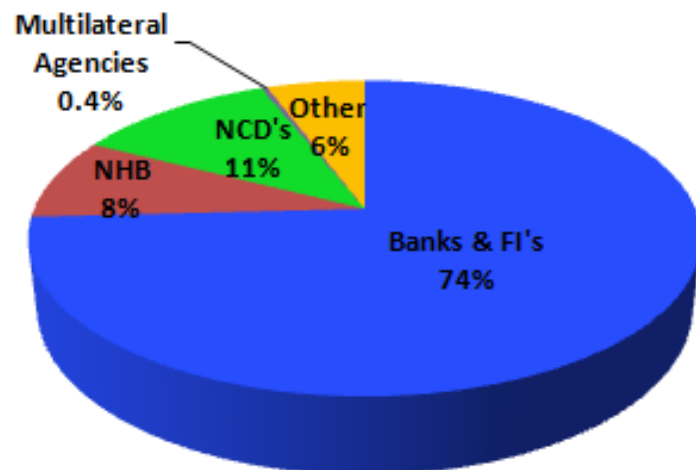


RoAA (%)

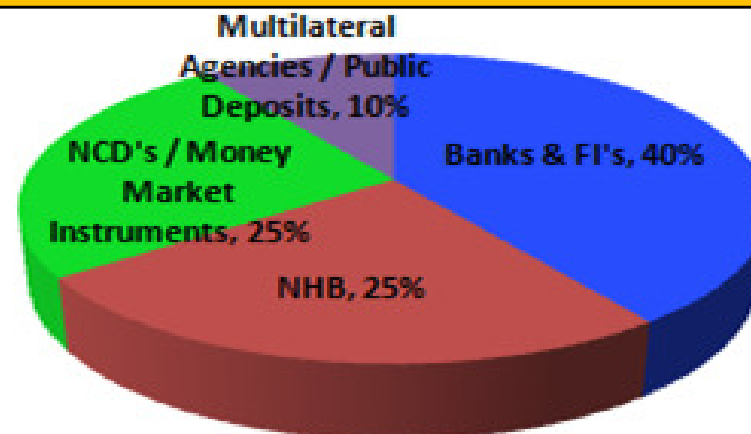


Diversifying the Borrowing Profile

Borrowings Composition



Target Borrowing Composition



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

Credit Ratings

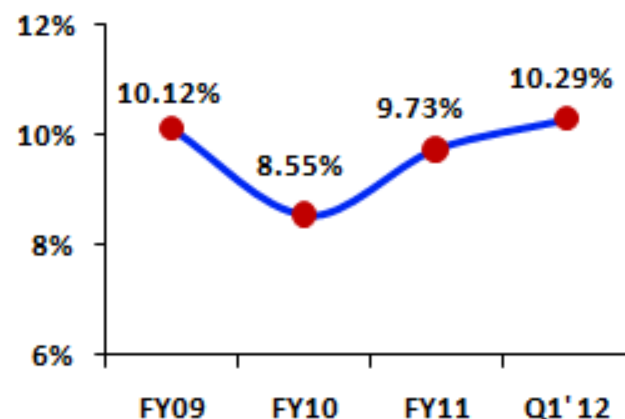
Long Term :
AA+ from CARE

Short Term :
P1+ from CRISIL

Borrowing Cost Composition

| Borrowing Source | ₹ mn | Cost % |
|-----------------------|-----------------|---------------|
| Banks & FI's | 1,11,373 | 10.70% |
| NHB | 12,581 | 7.75% |
| NCD's | 17,207 | 9.65% |
| Multilateral Agencies | 510 | 8.76% |
| Others | 8,478 | 9.99% |
| WACB | 1,50,148 | 10.29% |

Borrowing Cost Movement



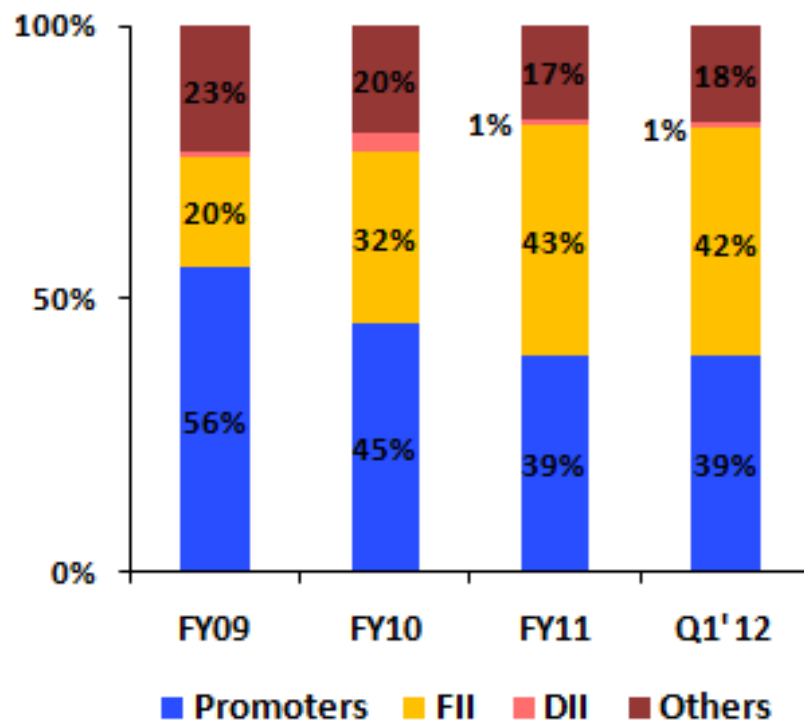
Key Financial Metrics

| Financial Summary (₹ mn) | Quarter Ended | | Growth | FY11 |
|--------------------------|---------------|--------|--------|--------|
| | Q1FY12 | Q1FY11 | YoY | |
| Total Income | 4,977 | 2,989 | 67% | 14,512 |
| Net Interest Income | 1,053 | 710 | 48% | 3,339 |
| Non-Interest Income | 325 | 303 | 7% | 1,528 |
| Interest expenses | 3,599 | 1,976 | 82% | 9,646 |
| Operating expense | 462 | 324 | 43% | 1,679 |
| PBT (Before exceptional) | 874 | 666 | 31% | 3,061 |
| PAT (Before exceptional) | 658 | 512 | 28% | 2,297 |
| PAT (After exceptional) | 658 | 512 | 28% | 2,651 |
| Loan Sanctioned | 20,785 | 17,699 | 17% | 89,495 |
| Loan Disbursed | 15,544 | 12,740 | 22% | 65,056 |

| Key Parameters | Q1FY12 | Q1FY11 |
|-----------------------------|----------|--------|
| Loan Portfolio (₹ mn) | 1,53,371 | 97,895 |
| ATS - Portfolio (₹ Lacs) | 6.25 | 5.23 |
| Average IIR % | 38.78% | 37.81% |
| Average LCR % | 67.72% | 66.95% |
| Loan Book -- Fixed % | 8.53% | 14.17% |
| Loan Book -- Variable % | 91.47% | 85.83% |
| Borrowing O/s -- Fixed % | 24.20% | 29.70% |
| Borrowing O/s -- Variable % | 75.80% | 70.30% |
| Housing Loan % | 95.09% | 95.04% |
| Non Housing Loan % | 4.91% | 4.96% |

Diversified Investor Base

Shareholding Composition

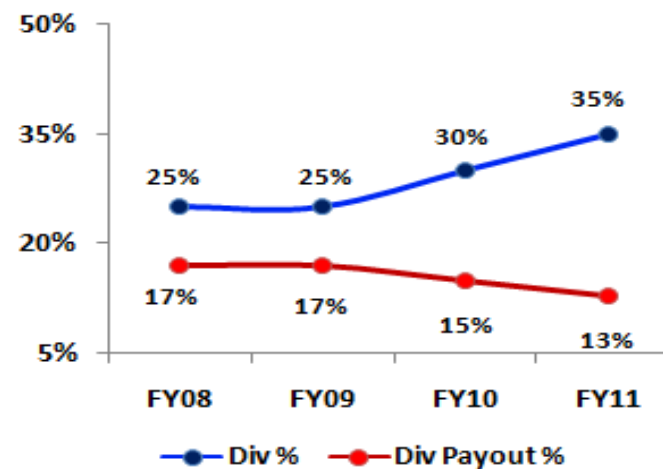


- Institutional Investors exhibit significant faith in the companies performance, as evident from their substantial increase in Holding % over a period of time
- Dividend paid consecutively for last 22 years, in 26 years of operation of company

Top 10 Institutional Investors as on 30th June 2011

| Sr.No. | Name of Investor | % Holding |
|--------|-------------------------------------|-----------|
| 1 | CALEDONIA INVESTMENTS PLC | 9.56% |
| 2 | ASIABRIDGE FUND I, LLC | 3.41% |
| 3 | IRONWOOD INVESTMENT HOLDINGS | 3.37% |
| 4 | EQUINOX PARTNERS LP | 1.89% |
| 5 | KUROTO FUND LP | 1.85% |
| 6 | HSBCINDIAN EQUITY MOTHER FUND | 1.81% |
| 7 | GOVERNMENT OF SINGAPORE | 1.80% |
| 8 | WASATCH EMERGING MARKETS S.CAP FUND | 1.20% |
| 9 | Canara HSBC OBC Life Insurance Co | 0.93% |
| 10 | STICHTING PENSIOENFONDS ABP | 0.93% |

Dividend and Payout Ratio



4

First Blue Home Finance*

- ➔ Synergistic Acquisition – Satisfactory Deliverables
- ➔ Financial Metrics

* 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 0.8% and Net NPA's at 0%

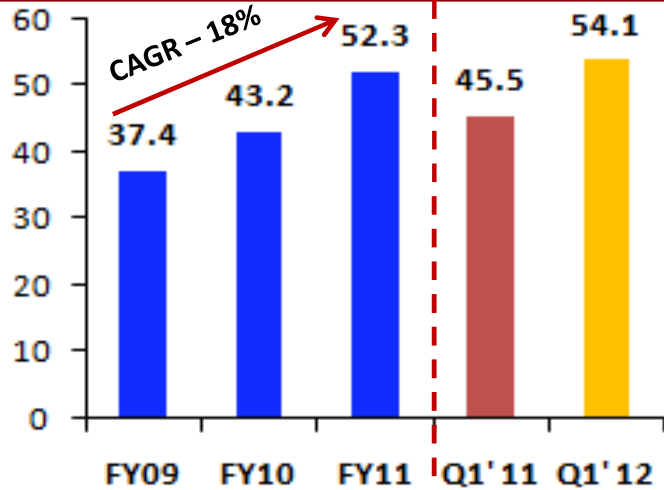
Untapped Cross Selling Opportunity

DHFL's demonstrated experience of Cross-selling Insurance to the existing customers, will be ingrained in the DNA of FBHFL, where it is very marginal

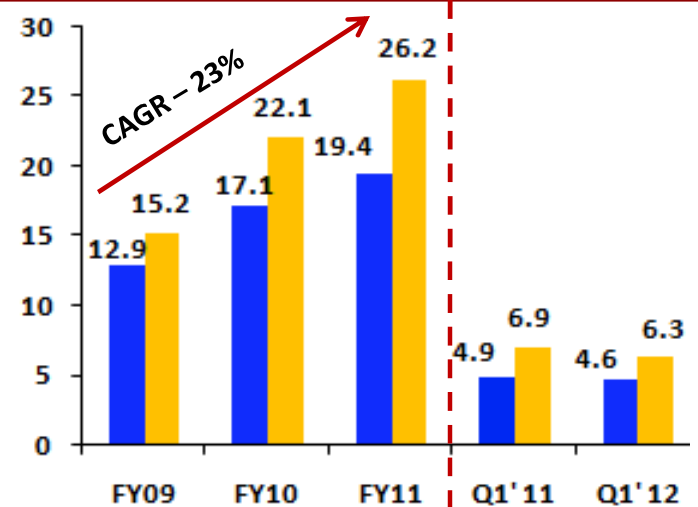
As envisioned during acquisition, DHFL was able to add value to the business of FBHFL right from the first quarter post takeover, which is reflected in improvement of its various financial parameters. . DHFL is confident of creating value for customers in the Metro / Tier I cities through the FBHFL platform in the future.

Healthy Growth with Healthy Assets

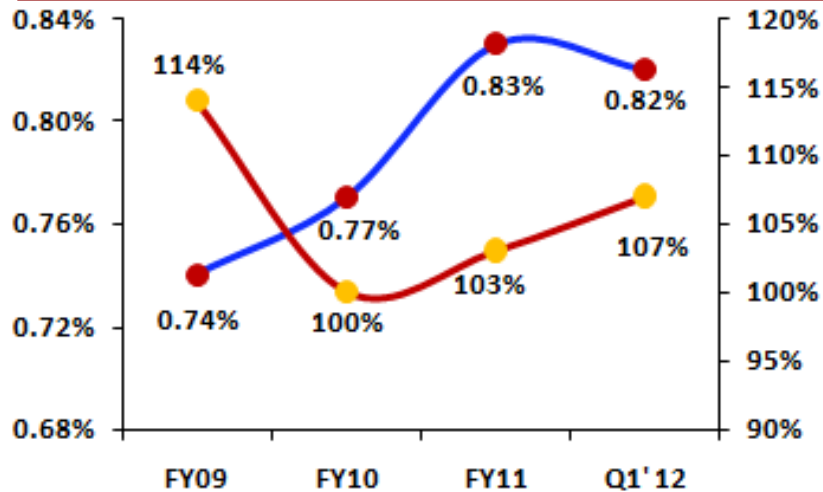
Loan Portfolio (₹ bn)



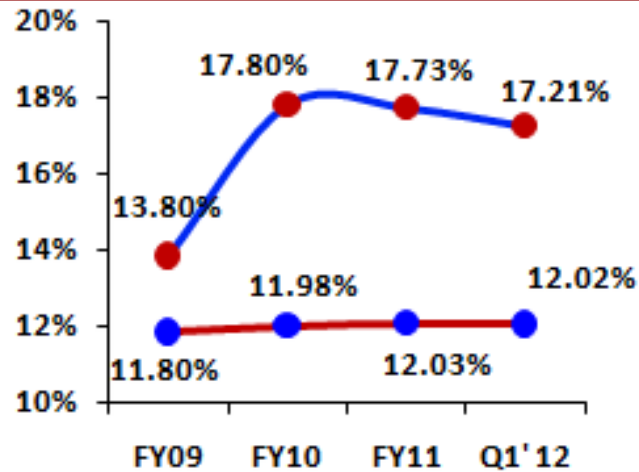
Disbursement (₹ bn) and Sanctions (₹ bn)



Gross NPA (%) and NPA Coverage (%)

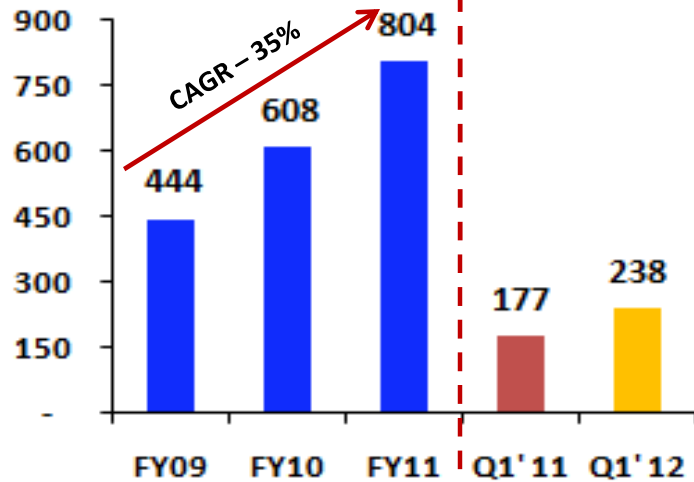


CAR (%) and Tier I (%)

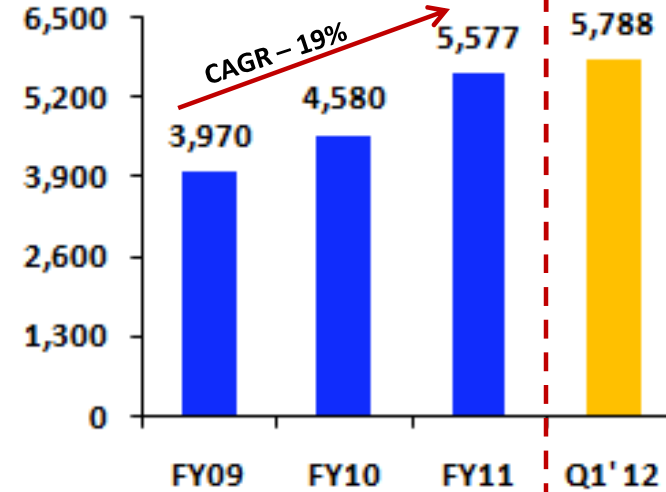


Steady Improvement in Financial Parameters

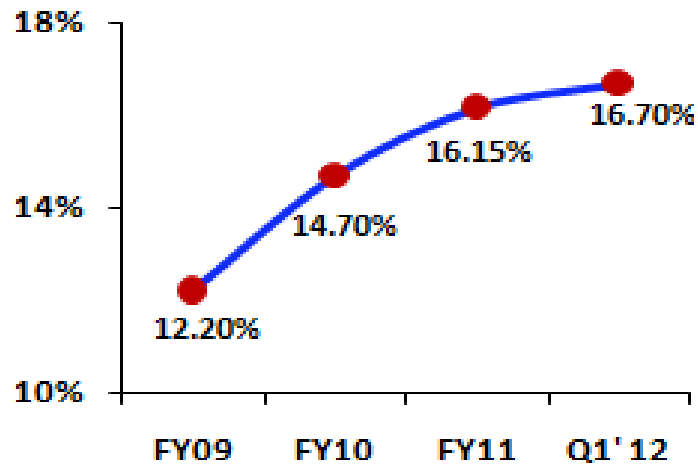
Net Profit (₹ mn)



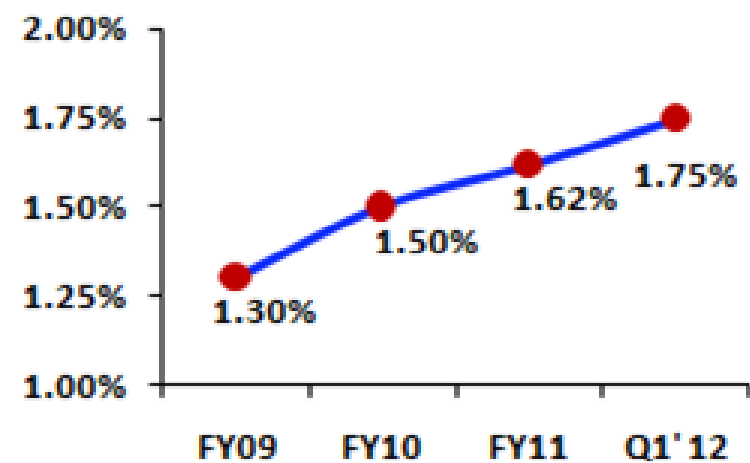
Net Worth (₹ mn)



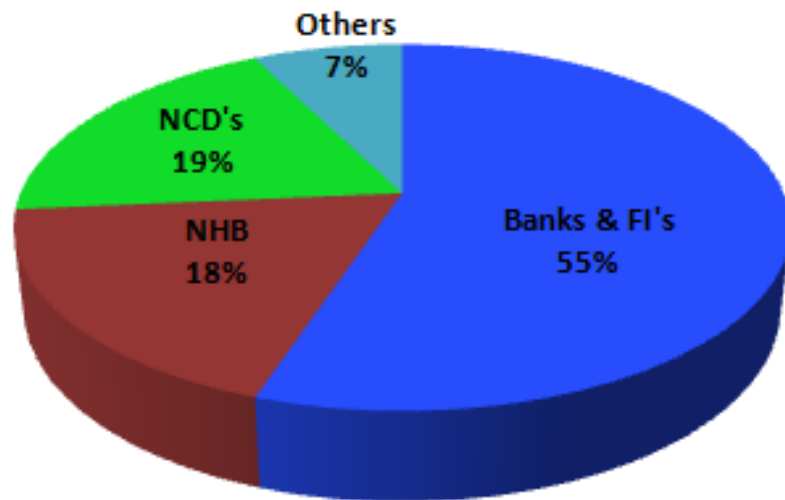
Return on Equity (%)



Return on Avg Assets (%)

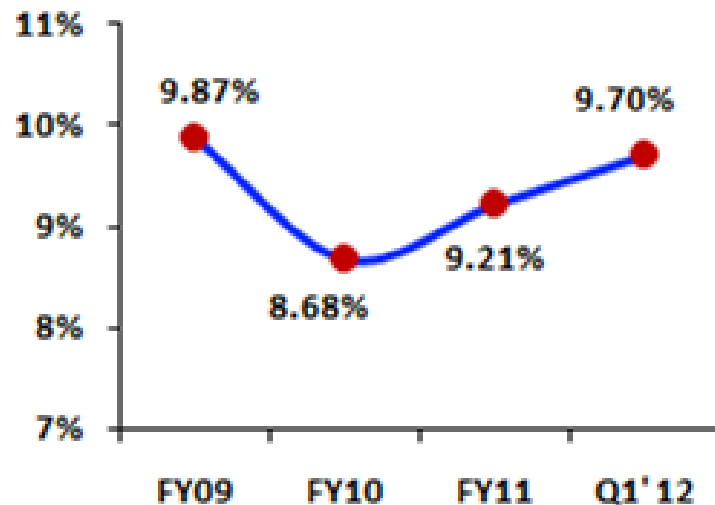


Diversified Borrowing Profile

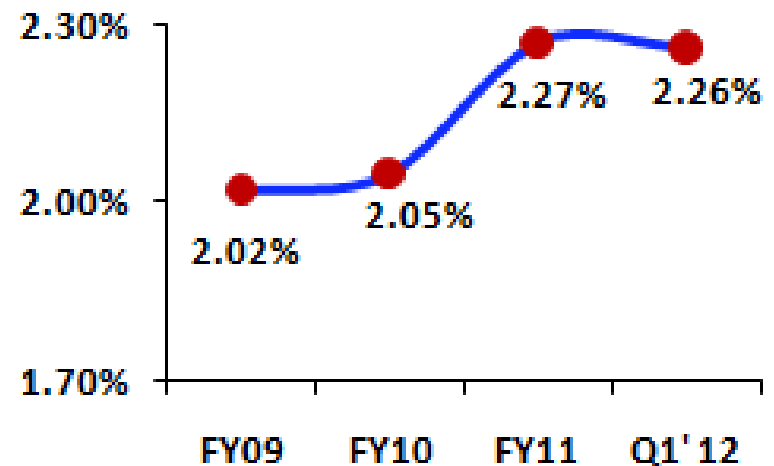


| Weighted Average Borrowing Cost | | |
|---------------------------------|---------------|--------------|
| Borrowing Source | ₹ mn | Cost% |
| Banks & FI's | 26,566 | 10.42% |
| NHB | 8,895 | 8.06% |
| NCD's | 9,125 | 9.13% |
| Others | 3,605 | 9.93% |
| Total Borrowings | 48,190 | 9.70% |

Borrowing Cost (%)



Healthy Portfolio Margin (%)



5

Aadhar Housing Finance

⇒ Business Synopsis

Business Synopsis

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

Note: Aadhar started operations in February 2011 with four branches functioning out of the designated geography

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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Contact

Koustubh Shaha

Head – Investor Relations

Dewan Housing Finance Corporation Ltd

Mobile – 9320 68 5020

Email – koustubh.shaha@dhfl.com