



## Dewan Housing Finance Corporation Ltd.

Positioned for the next leap in a niche business

December 2010

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

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## Agenda



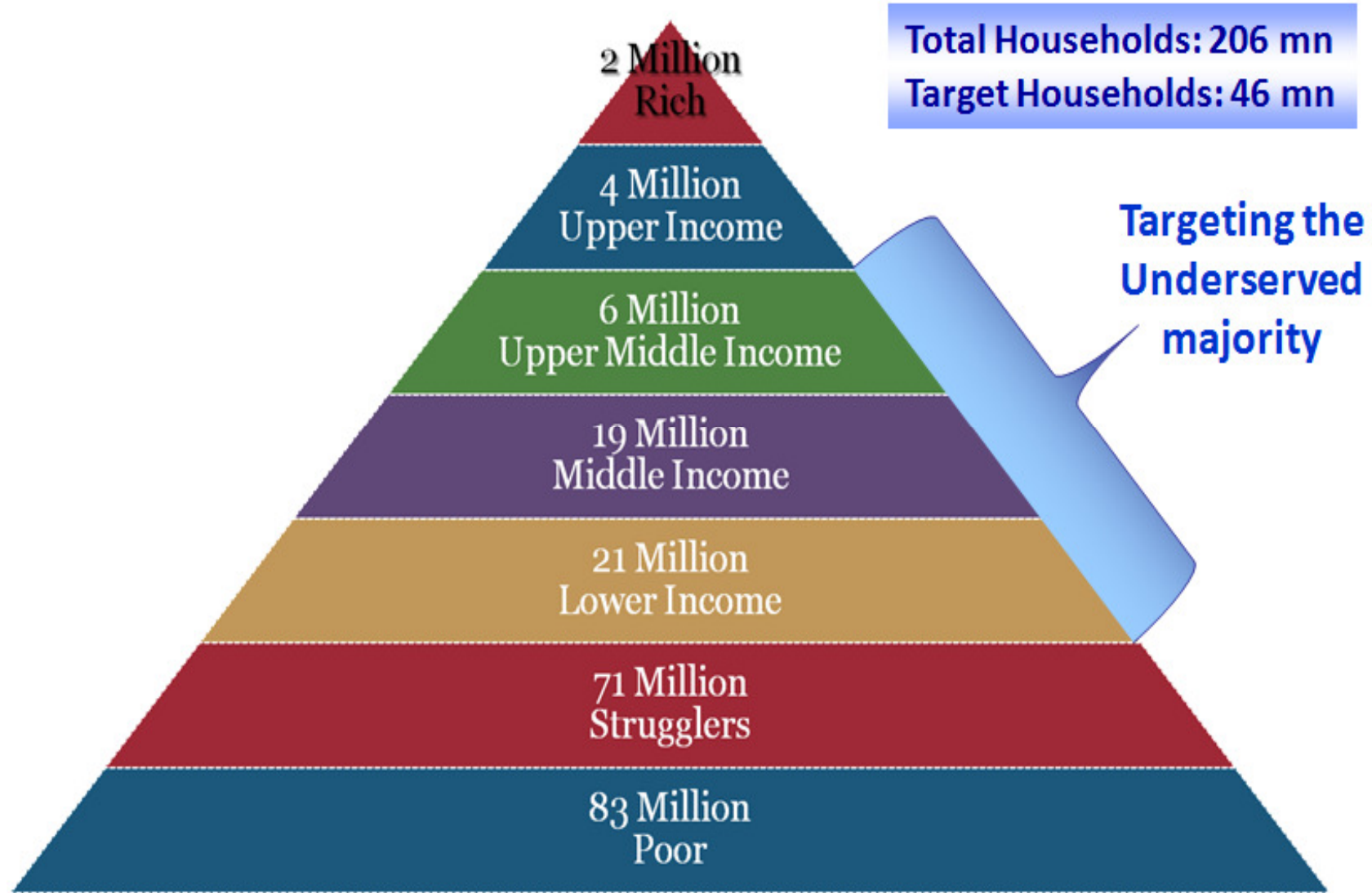
- About DHFL
- Target segments
- Product portfolio
- Fee based products
- Presence
- Operational highlights
- Asset book
- Borrowing profile
- Performance highlights
- Shareholding profile
- Audited Financials: FY '08 – '10

## About DHFL



Establishment	<ul style="list-style-type: none"> <li>▪ Founded in 1984 by Late Shri Rajesh Kumar Wadhawan</li> <li>▪ Started with a vision to enable the Low &amp; Middle Income segments meet their housing needs</li> </ul>
A Leading player in Low & Middle Income (LMI) Housing Finance Industry	<ul style="list-style-type: none"> <li>▪ With a track record of over 26 years, DHFL is a leading player in the LMI Housing Finance market</li> <li>▪ Consolidated loan book stands at Rs. 129.07 bn as on 31st December '10</li> <li>▪ Standalone Loan book at Rs. 123.71 bn as on 31st December '10 with an average ticket size of Rs. 5,54,000; Cumulative home loan disbursements of Rs. 177.06 bn upto 31st December '10</li> </ul>
Pan-India distribution network	<ul style="list-style-type: none"> <li>▪ The Company covers 354 locations across the country (as on 31st December '10) <ul style="list-style-type: none"> <li>▪ DHFL's captive distribution network covers 206 locations</li> <li>▪ Tie-Ups with Public Sector Banks provide reach to an additional 123 locations</li> <li>▪ DHFL acquired the housing finance arm of ING Vysya bank covering 25 locations</li> </ul> </li> </ul>
Eminent Board of Directors	<ul style="list-style-type: none"> <li>▪ The Company's Board of Directors comprises of eminent professionals from the fields of Banking, Finance, Urban policy, Insurance, Law, and Real estate. A Director has also been nominated by Caledonia Investments PLC, London</li> </ul>
Regulatory framework	<ul style="list-style-type: none"> <li>▪ Regulated by the National Housing Bank (100% subsidiary of Reserve Bank of India)</li> <li>▪ Received RBI approval in 1986 and NHB approval in 2001</li> </ul>
Comprehensive products portfolio	<ul style="list-style-type: none"> <li>▪ Products include Home Loans, Lease Rental Finance, Project Finance, and Commercial Loans</li> </ul>
Fee based verticals	<ul style="list-style-type: none"> <li>▪ Insurance sales, Property services, and Technical consultancy services ventures providing an integrated growth platform</li> </ul>
Credit Rating	<ul style="list-style-type: none"> <li>▪ <u>Long Term</u>: Care AA+   BWR AAA; <u>Short Term</u>: Crisil P1+</li> </ul>

## DHFL's target segments



# Comprehensive product suite to provide customized services



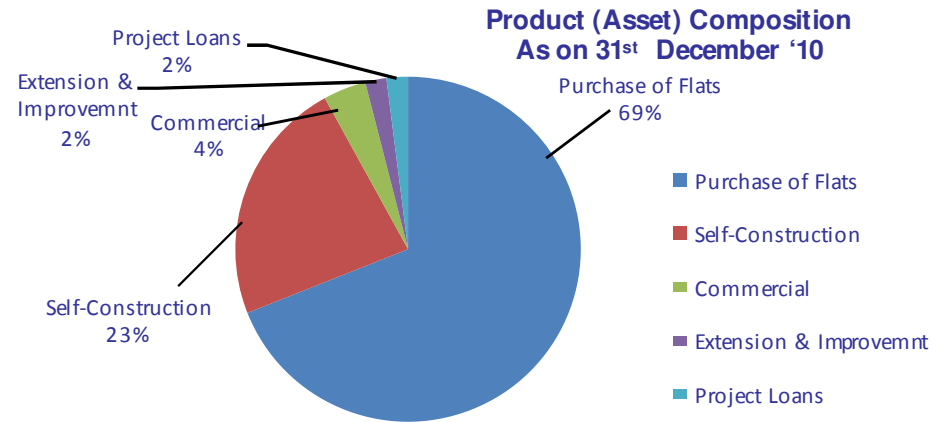
- DHFL has developed an array of products to cater to the needs of various housing finance customers which include

- Housing loans**

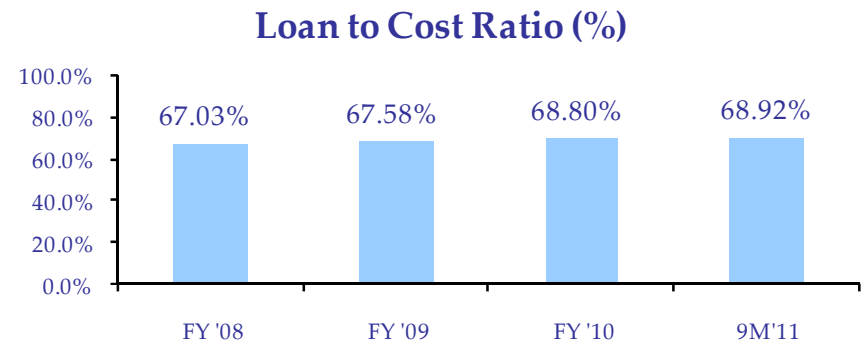
- Construction
- Purchase of flats
- Extension & Improvement Loans
- Project Loans

- Commercial loans**

- Lease Rental Financing
- Mortgage Loans
- Non Resident Property Loans

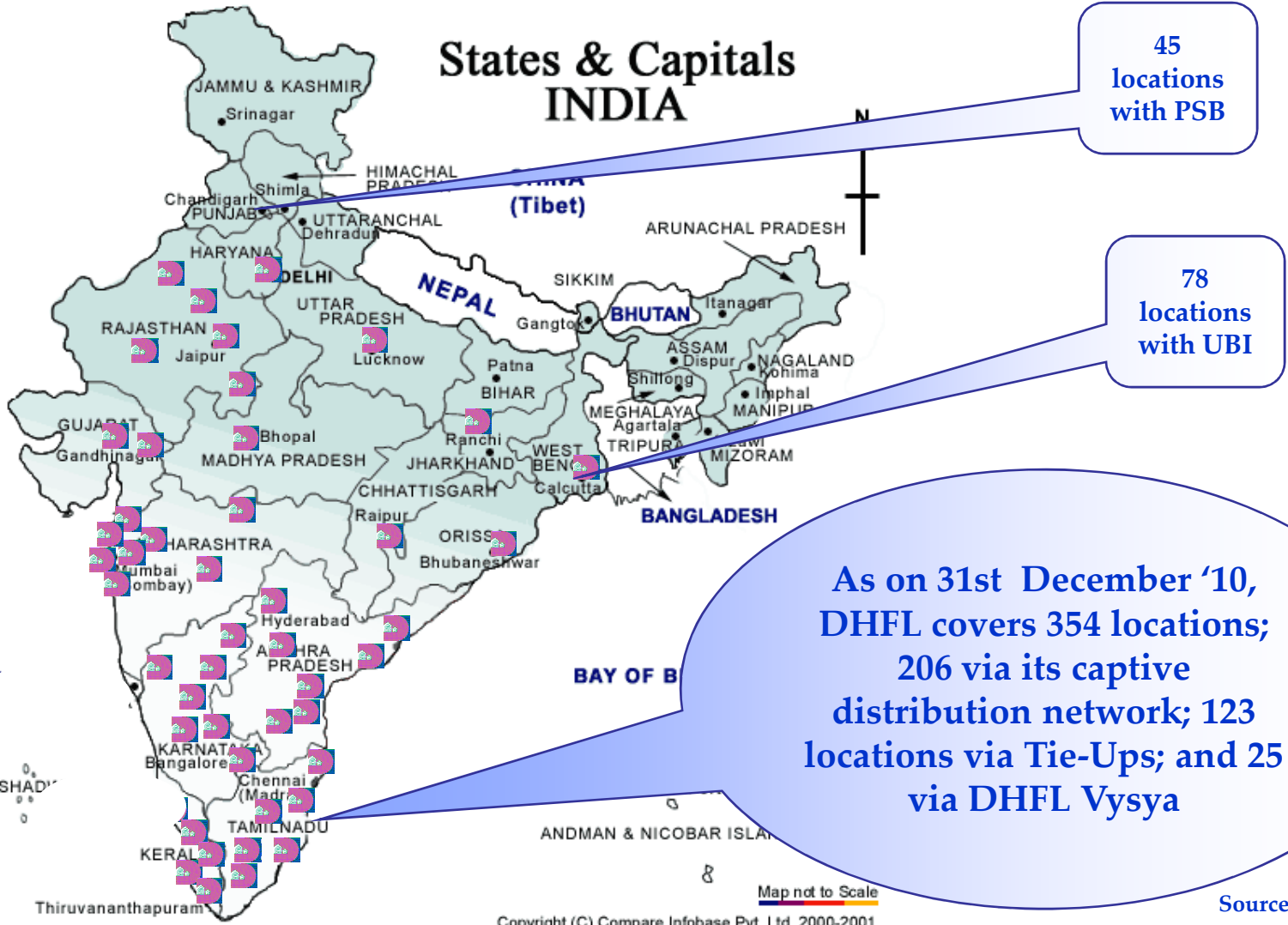


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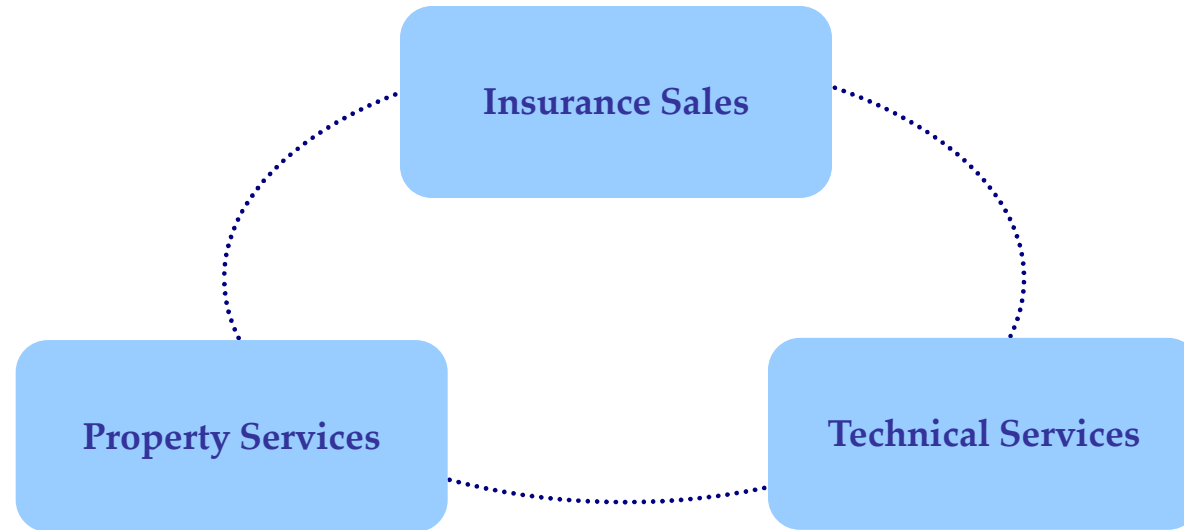


Source: Company

# Pan India presence



Source: Company



- **Insurance sales:**
  - Tie Up with ICICI Prudential, SBI Life and ICICI Lombard
- **Property services:** Involves taking up third party projects for marketing to prospective buyers, aids expansion of loan book and provides fee income.
- **Technical consultancy services:** Advice to developers in Tier II and Tier III cities lacking technical competence. Many of these projects are also taken up for Property services.



- **Generation**

DHFL employs an in-house sales team, unlike peers utilizing the Direct Selling Agent (DSA) model, resulting in

- Better credit appraisal: Net NPA: 0.39% (As on 31/12/2010)
- Greater brand awareness

- **“Hub & Spoke” structure of credit appraisal**

- Central Processing Unit (CPU) structure carries out Credit, Legal, Technical appraisal
- The Company had deployed an Online Real-Time System (OLTS) to improve turnaround time
- Sanctioning & disbursal power/s are delegated up to Branch Level
- In house technical team

- **Sound Credit Practices**

- Assessment based on Loan To Cost Ratio (LCR) - Maximum Loan To Cost Ratio: 80%
- Sustainable Installment to Income Ratio (IIR) - Maximum Installment/Income ratio: 40%

## Penetration initiatives to boost growth



### **Punjab & Sind Bank (“PSB”)**

- Established in 1908, the Punjab & Sind bank has 905 branches / extension counters spread across India
- DHFL is presently addressing 45 locations with PSB in the states of Punjab, Haryana, Himachal Pradesh, and Jammu & Kashmir in Northern India

### **United Bank of India (“UBI”)**

- Formed out of the amalgamation of four small banks of Bengal in December 1950, the Bank presently has ~1,500 branches
- UBI played a significant role in the spread of banking services in different parts of the country, more particularly in Eastern and North-Eastern India
- DHFL is presently addressing 78 locations with UBI across the Kolkata and Howrah region in Eastern India

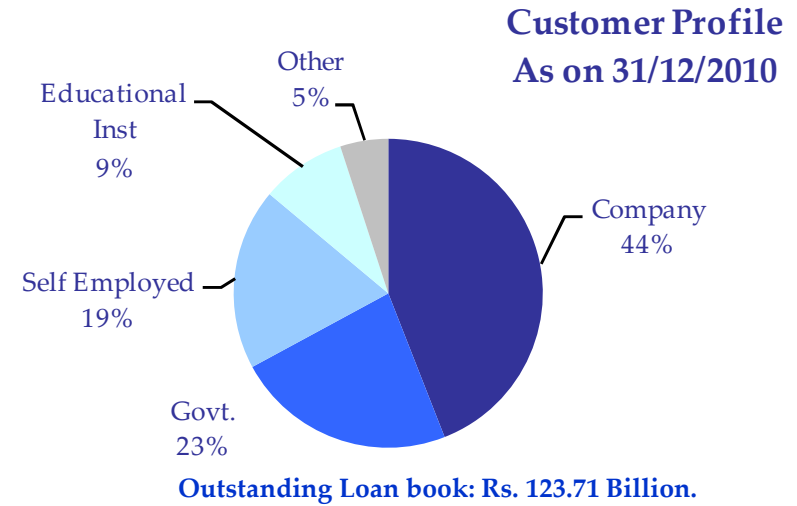
### **Salient features of tie-ups**

- DHFL: Origination; Scrutiny; Lead Syndicator; Custodian; Servicing, Collection, and Enforcement Agent
- Bank
  - Has the option to participate in the syndication of individual loans
  - Access to its key geographic segments

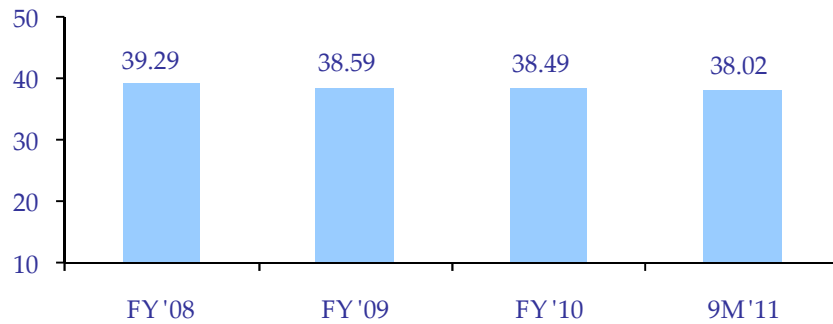
## Asset book composition (December '10)



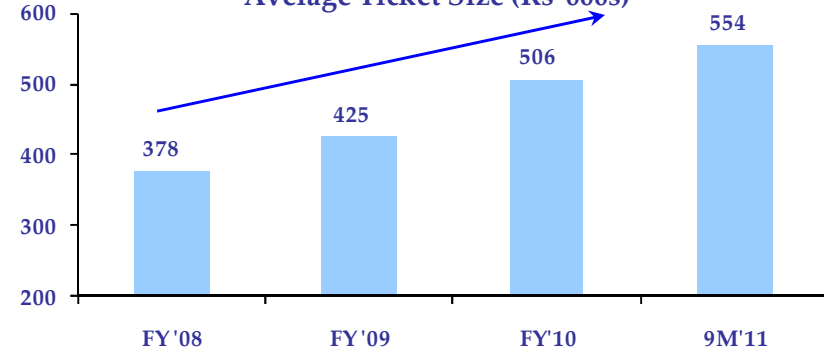
Conservative loan profile (Standalone)	
Average ticket size	Rs 5,54,000
Max. Loan to Cost	80% (at origination)
Average Loan to Cost	68.92% (at origination)
Average Loan Tenor	12 Years (at origination)
Primary security	Mortgage of property financed
Repayment type	Amortizing



**Average Installment - Income Ratio (%)**



**Average Ticket Size (Rs '000s)**

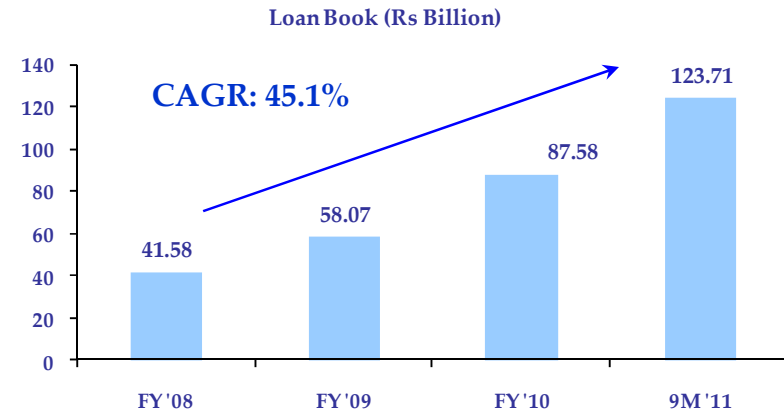
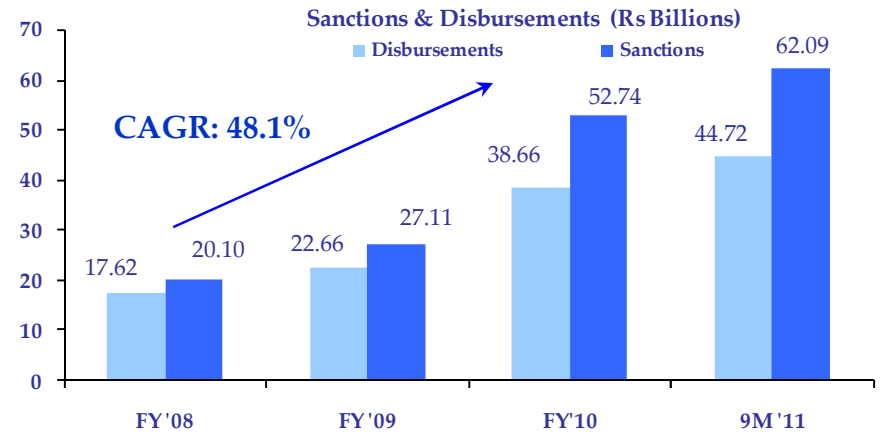


Source: Company

# We have managed to expand our asset book at a rapid pace

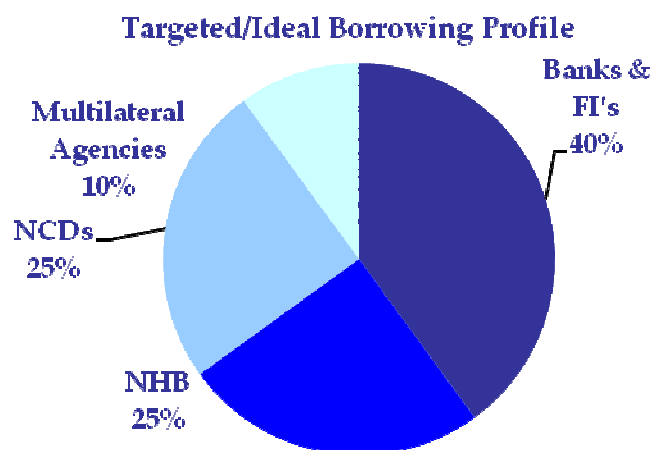
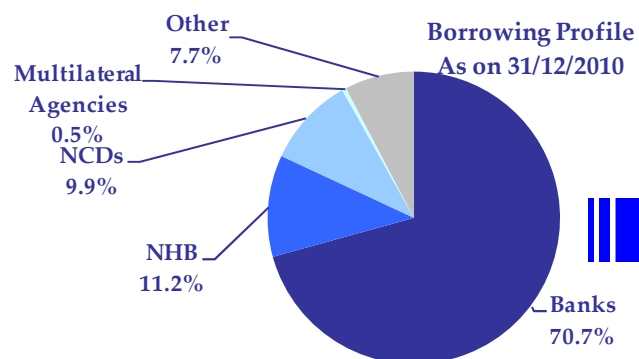


- An established track record of consistent disbursal growth
  - Over the years
    - Disbursals have increased at a CAGR of 48.1%
    - Loan book has increased at a CAGR of 45.1%
  - Inorganic expansion to augment Organic initiatives
    - DHFL has successfully integrated the operations of DHFL Vysya acquired in 2002



Source: Company

## Improved borrowing profile to provide cost leverage



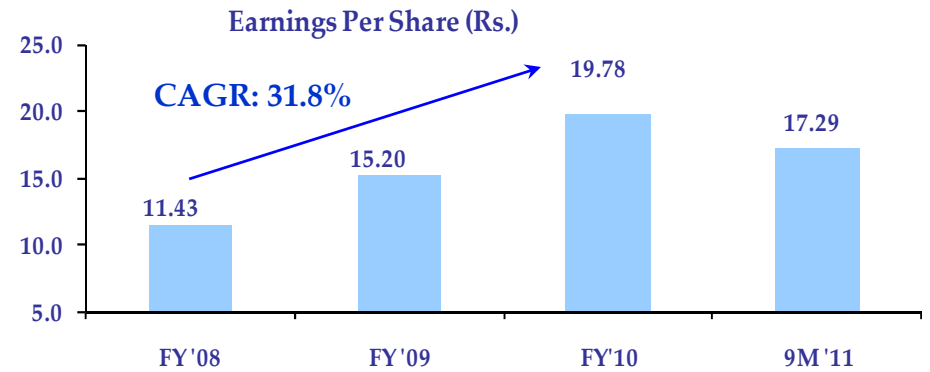
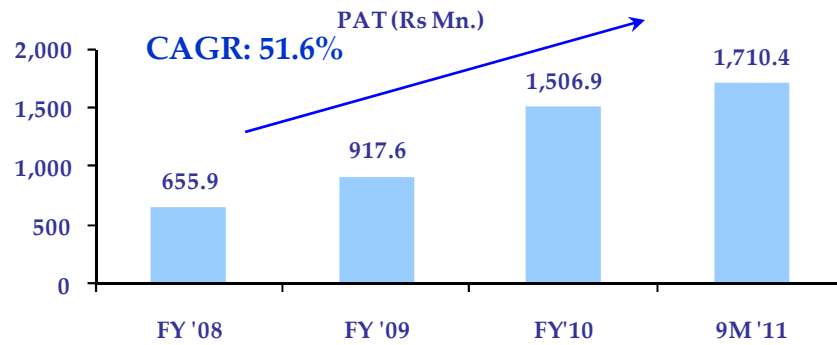
**Outstanding Borrowings: Rs. 12,0651.80Mn.**

Stable borrowing sources	Rs. Mn.	Cost (%) *
Banks & FI's	85,303.30	9.19%
Multilateral Agencies	570.80	6.63%
National Housing Bank	13,565.90	7.53%
NCDs	11,963.30	9.41%
Other	9,248.50	9.65%
<b>Weighted Average Cost</b>	<b>1,20,651.80</b>	<b>9.05%</b>

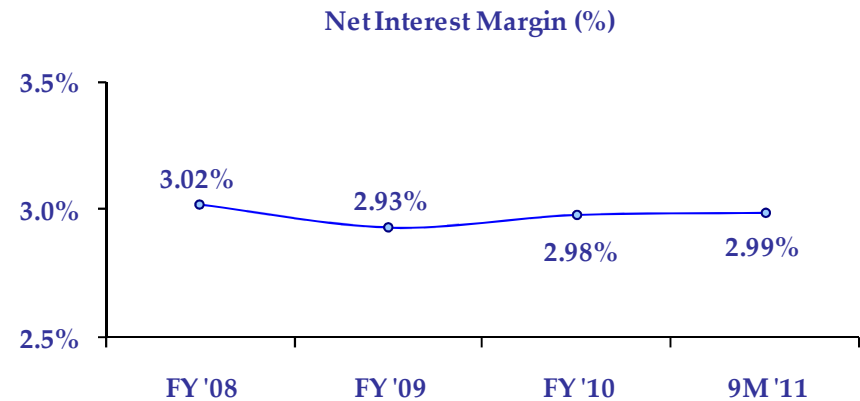
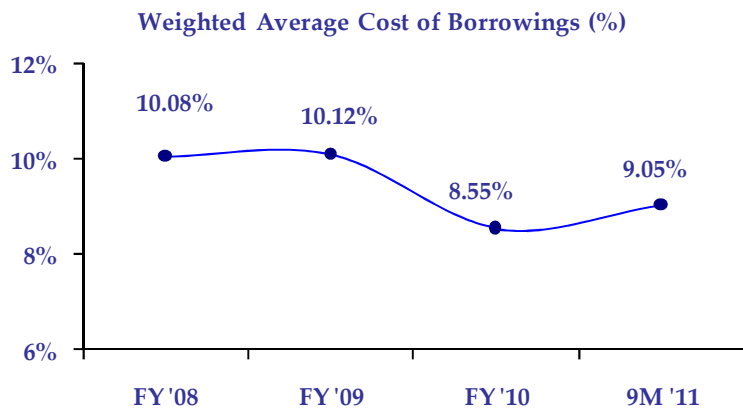
\* As on 31<sup>th</sup> December '10

- **Improvement in Credit Rating** to result from significant Net Worth enhancement and rapid loan book escalation
- **Decline in borrowing costs** owing to improved ratings to help DHFL draw a larger proportion of its resources from Bond markets
- **Access ECB's** when policy allows: Initially as Long Term loans from Bilateral & Multilateral agencies

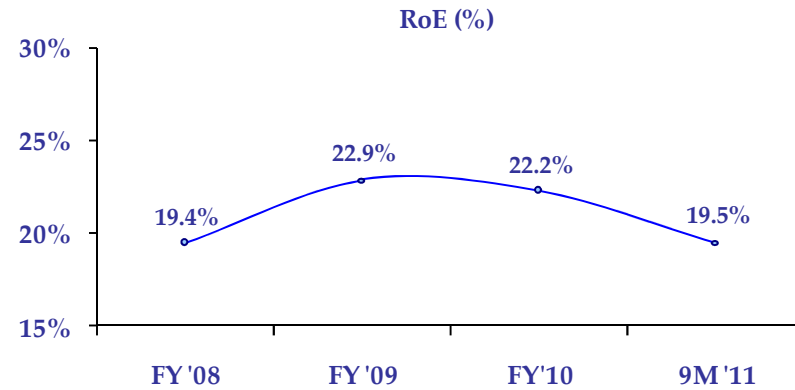
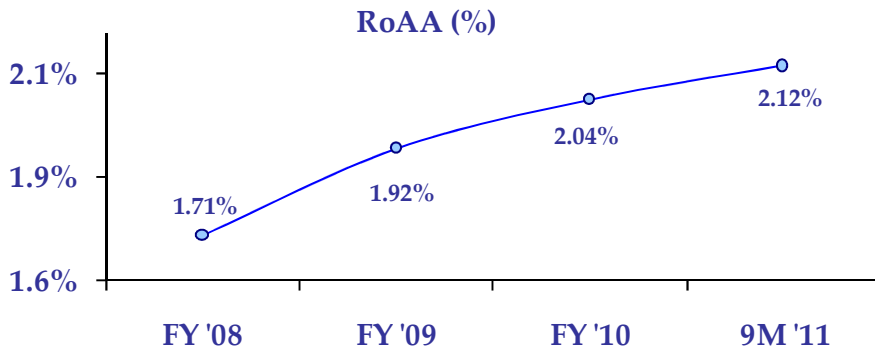
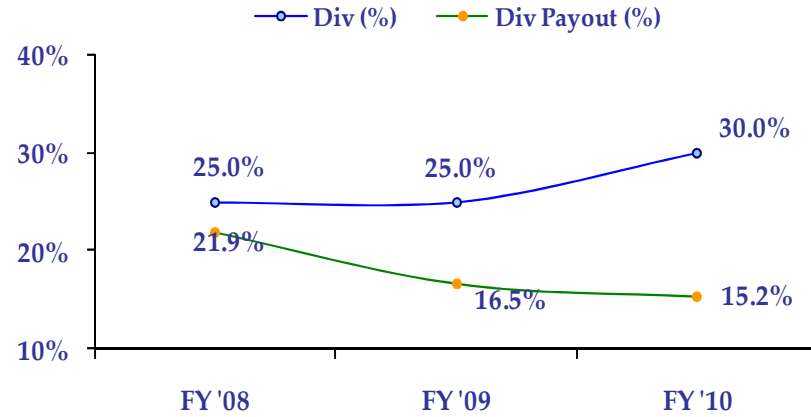
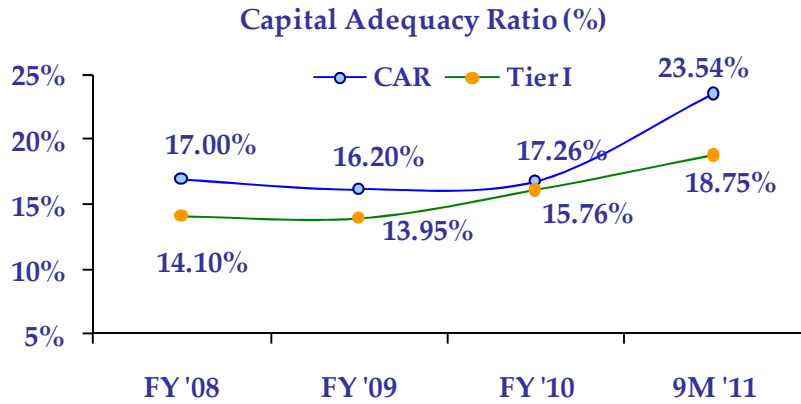
# Performance highlights (Standalone)



Source: Company

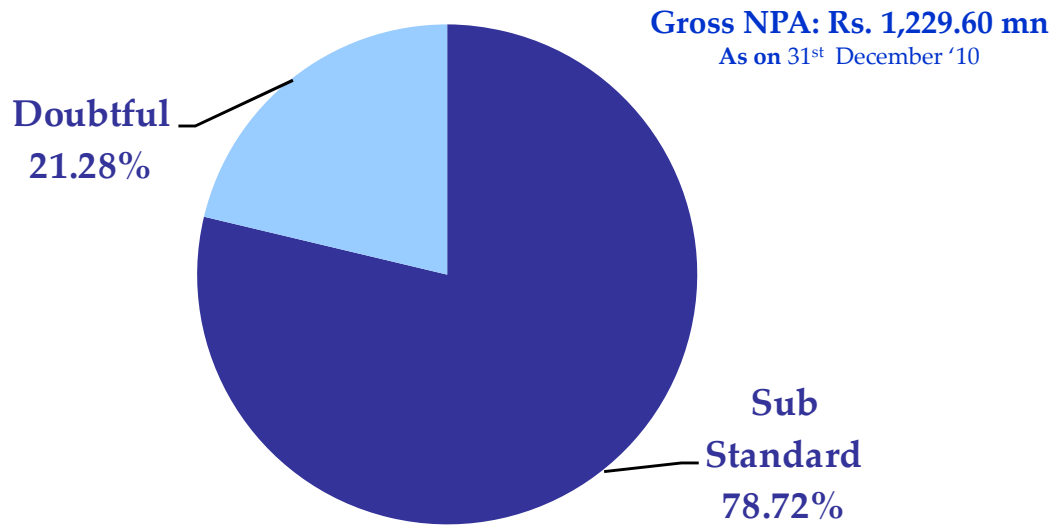
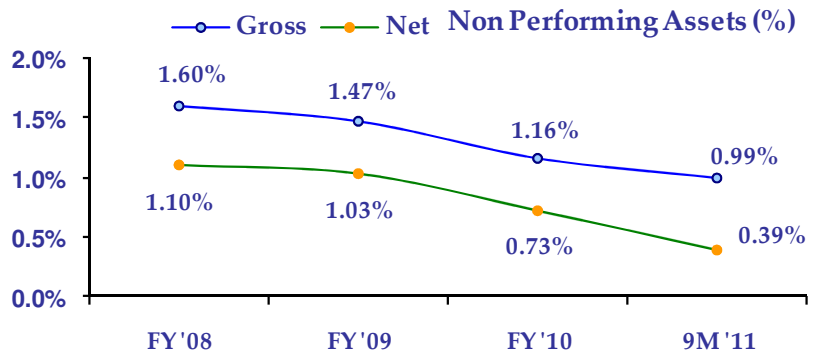
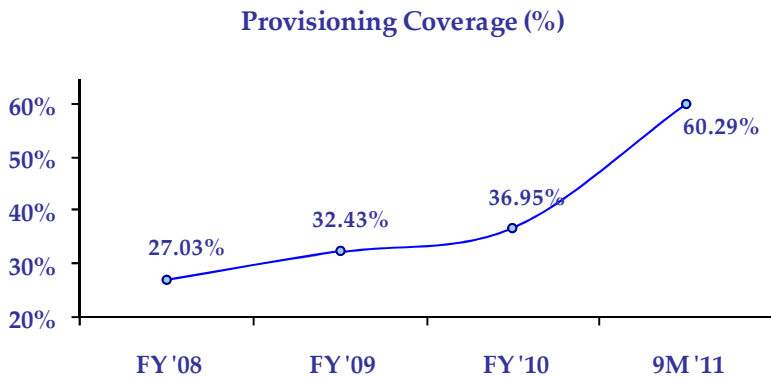


# Performance highlights (Standalone) (\*Contd.)



Source: Company

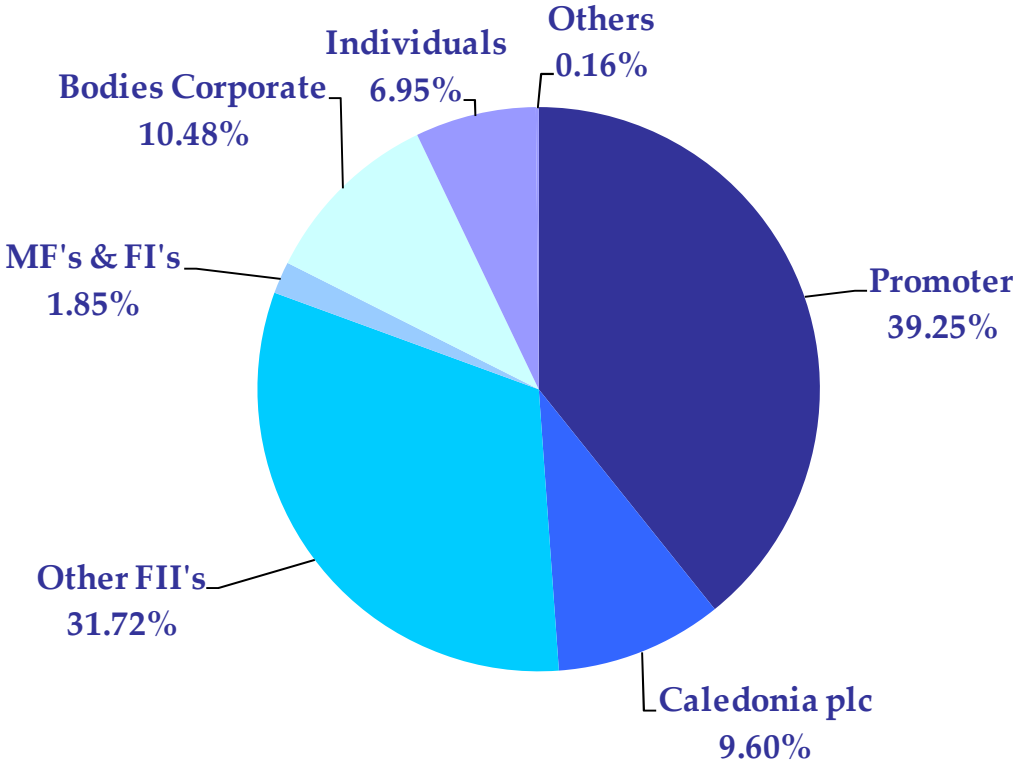
# Performance highlights (Standalone) (\*Contd.)



Source: Company



# Shareholding pattern (December '10)



Source: BSE

## 9M '11 Financial Highlights *(Standalone)*



Rs. million	9M '11	9M '10	YoY (%)
Total Income	10,166.10	7,206.70	41.06%
Net Interest Income	2,385.10	1,561.60	52.73%
PAT (Without Exceptional Item)	1,710.40	1,089.40	57.00%
EPS	17.29	14.68	
Net NPAs	0.39%	0.96%	
CAR *	23.54%	19.60%	
NIM	2.99%	3.03%	
Book Value	143.32	101.32	
Debt / Equity	8.06	9.40	
RoE	19.50%	22.10%	
Sanctions in Rs mn	62,093.70	35,619.90	74.32%
Disbursements in Rs mn	44,719.30	27,509.30	62.56%
Asset Book			
%Fixed Rate	11.28%	10.49%	
%Floating Rate	88.72%	89.51%	
%Housing Loans	95.62%	94.12%	
%Non Housing Loans	4.38%	5.88%	

\* Provisional CAR(%)

## Past audited financials (Standalone)

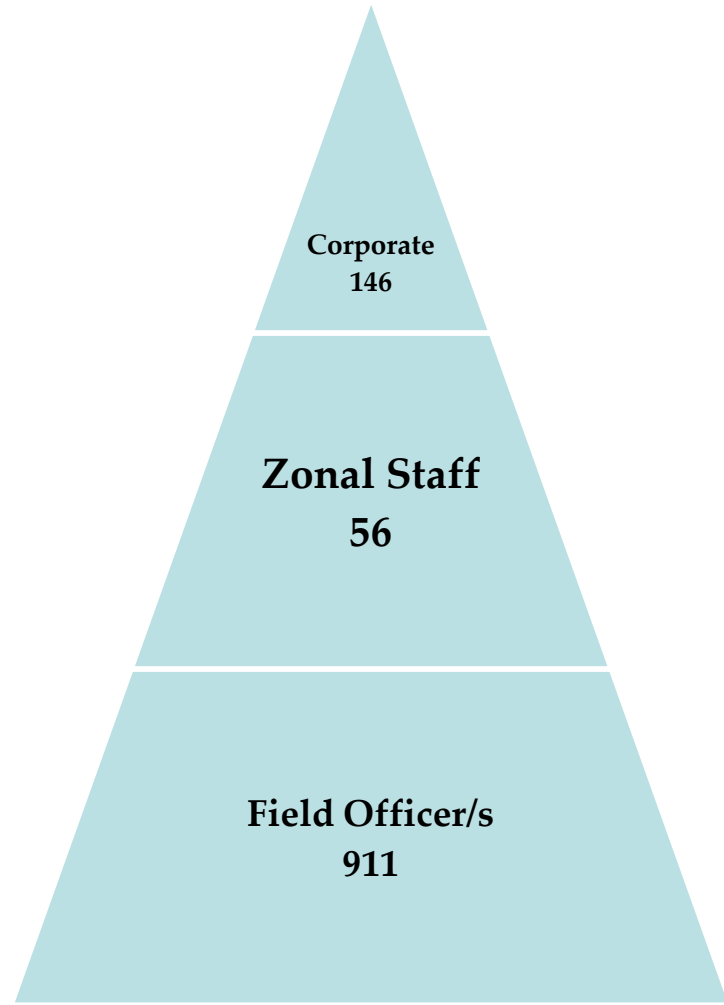


Income Statement Highlights			
Rs mn	FY '08	FY '09	FY '10
Operating Income	4,743	6,514	8,895
Interest Expense	3,646	4,929	6,698
Net Interest Income	1,125	1,462	2,181
Fee Income	97	169	746
Other Income	224	253	285
Net Income	1,418	2,007	3,228
Operating Expenses	478	693	1108
Operating Income	940	1,314	2,120
Provisions	53	73	98
PBT	1,057	1,187	2,022
PAT before XO items	656	917	1,507
XO Income	170	-54	0
Adjusted PAT	826	863	1,507

Balance Sheet Highlights			
Rs mn	FY '08	FY '09	FY '10
Equity Share Capital	605	605	820
Pref. Share Capital	70	30	30
Reserves & Surplus	3,775	4,500	7,884
Net Worth	4,451	5,135	8,734
Borrowings	39,694	58,764	89,268
Other Liabs & Prov.	666	1,168	1,433
Cash & Bank Bal	1,192	4,671	7,302
Investments	1,025	1,085	1,314
Loans	41,581	58,066	87,584
Net Fixed Assets	457	498	2,165
Other Assets	556	747	1,070
<b>Total Assets / Liabs</b>	<b>44,811</b>	<b>65,068</b>	<b>99,435</b>

BOARD OF DIRECTORS	
Mr. Kapil Wadhawan	Chairman & Managing Director
Mr. Dheeraj Wadhawan	Non-Executive Director
Mr. Anthony Hambro	Nominee Director, Caledonia Inv 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

**Total Employees: 1113**  
**As on 31<sup>st</sup> December '10**



# Thank You

## Contact

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**Dewan Housing Finance Corporation Ltd**  
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**Email - [koustubh.shaha@dhfl.com](mailto:koustubh.shaha@dhfl.com)**