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DHFL/CSD/2018-19/ 1274

Date: 21<sup>st</sup> November, 2018

|  |  |
|--|--|
| The Manager<br>Listing Department<br>The BSE Limited.<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Fort,<br>Mumbai- 400 001. | The Manager<br>Listing Department<br>National Stock Exchange of India Limited,<br>'Exchange Plaza', C-1, Block G,<br>Bandra- Kurla Complex,<br>Bandra (East), Mumbai- 400 051. |
| Fax No. 2272 2082 / 3132   | Fax No. 26598237 / 38  |
| Kind Attn. DCS -CRD  | Kind Attn. Head - Listing  |
| <b>Stock Code : 511072</b>   | <b>Stock Code : DHFL</b>   |

Dear Sir/Madam,

**Sub: Schedule of Investors' call with the institutional investors /analysts of the Company**

**Ref: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

In continuation to our intimation dated 31<sup>st</sup> October, 2018, we wish to inform you that an investors' call with the institutional investors/ analysts of the Company is scheduled to be held on Thursday, 22<sup>nd</sup> November, 2018 at 3:00 p.m. (15:00 Hrs) IST.


The subject call will be to discuss the Company's performance for the second quarter / half year ended 30<sup>th</sup> September, 2018, as per the un-audited financial results approved by the Board of Directors of the Company at its meeting held on Wednesday, 21<sup>st</sup> November, 2018.

Copy of investor's presentation for the said call is attached herewith and is being uploaded on the Company's website under 'Investors Section'.

Request you to kindly take note of the same.

Thanking you,

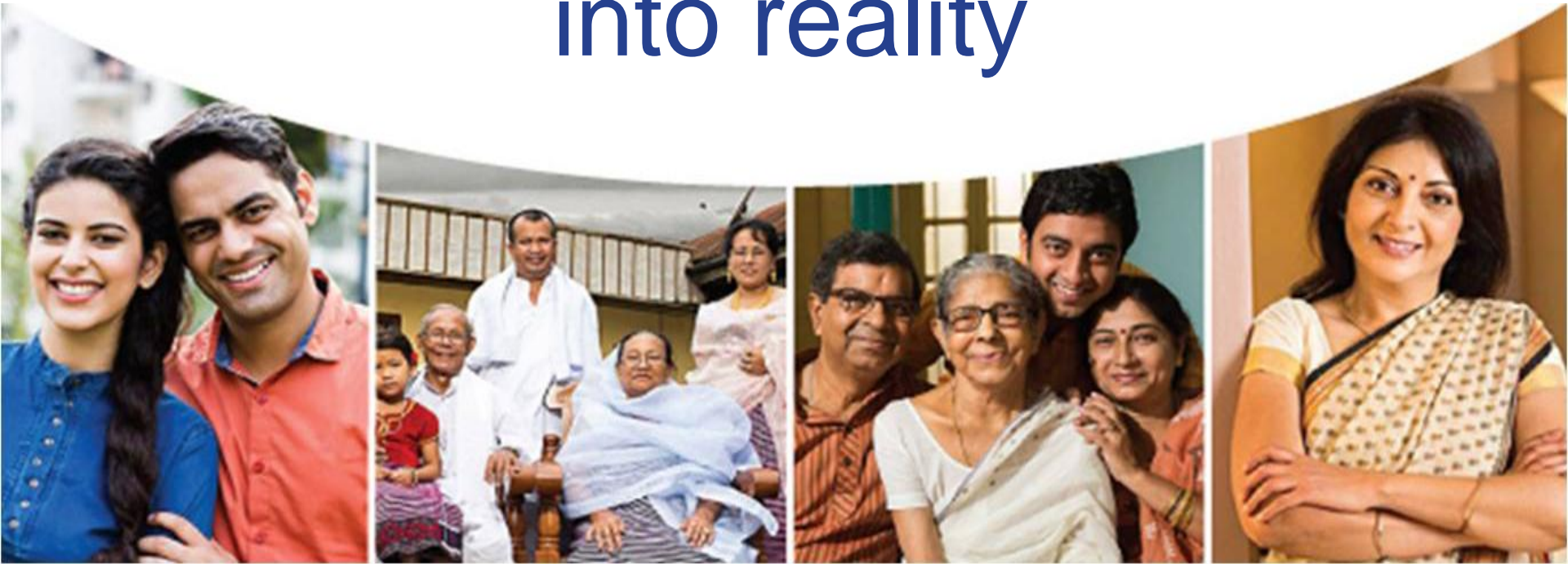
Yours sincerely,  
for Dewan Housing Finance Corporation Limited

  
Niti Arya  
Company Secretary  
FCS No- 5586  
Encl.: as above





# Turning dreams into reality



November 2018

“

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

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## Liquidity Management

## Liability Outflows

- DHFL has successfully repaid ₹ 139.27 bn of liabilities from 24 Sep to 16 Nov, 2018
- This includes over ₹ 92.15 bn of Commercial Paper (CP) repayments and ₹ 32.13 bn of Bank, ECB and NCD repayment

(₹ bn)

|                           | 24 Sep - 16 Nov '18 |
|---------------------------|---------------------|
| <b>LIABILITY OUTFLOWS</b> |                     |
| Commercial Paper (CP) ^   | 92.15               |
| Term Loans / ECB / NHB    | 23.78               |
| NCD                       | 8.35                |
| Fixed Deposits (FD) *     | 14.99               |
| <b>Total</b>              | <b>139.27</b>       |

*Includes interest payment for the instruments*

*^ CP amount assumed at face value irrespective of prepayment*

*\* FD includes premature redemptions*

## Fresh Funding Mobilised

- Direct Assignment (Sell down) of Retail Loans (including Home Loans, LAP and SME Loans) – Sold net pool of ₹ 74.10 bn in less than 50 days to various banks and financial institutions
- Demonstrated the granular nature of loan portfolio and strength of DHFL Retail Finance franchise

(₹ bn)

|                                | 24 Sep - 16 Nov '18 |
|--------------------------------|---------------------|
| <b>FRESH FUNDING MOBILISED</b> |                     |
| Direct Assignment *            | 74.10               |
| NCD                            | 27.50               |
| Commercial Paper (CP)          | 5.75                |
| Bank Borrowings                | 5.00                |
| Fixed Deposits (FD)            | 4.02                |
| <b>Total</b>                   | <b>116.37</b>       |

\* Indicates net amount received

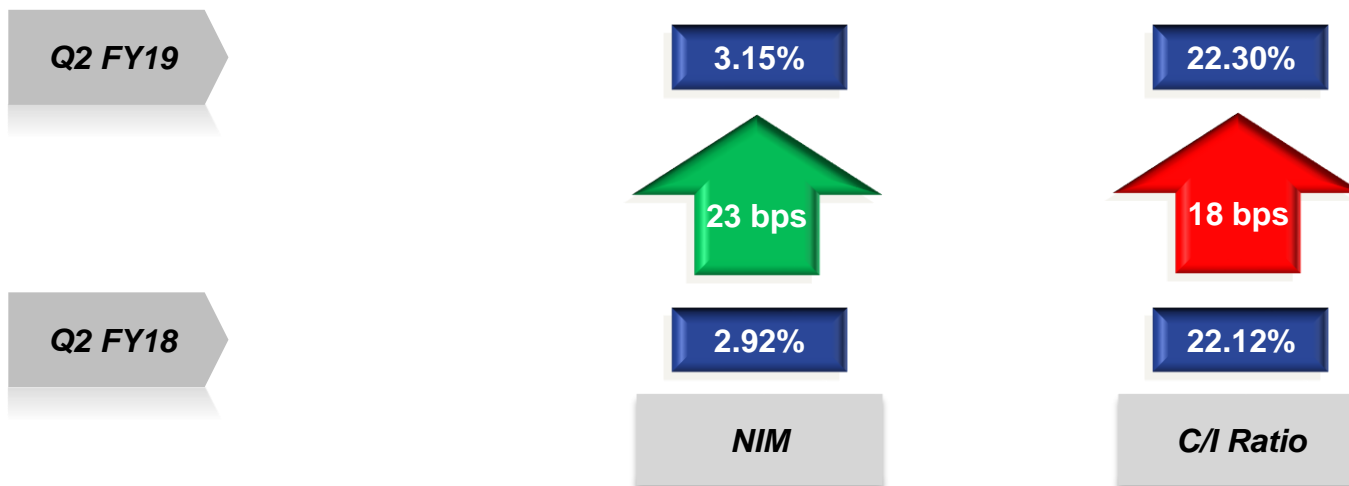
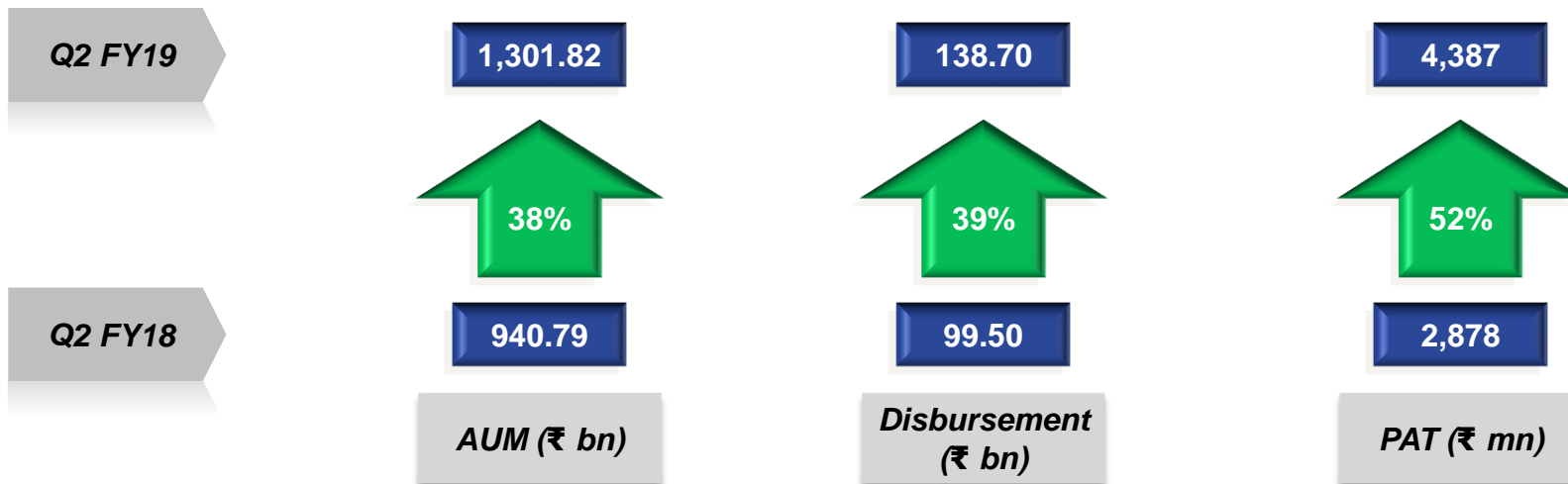
# Section 2

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Earnings Update – Q2 FY19

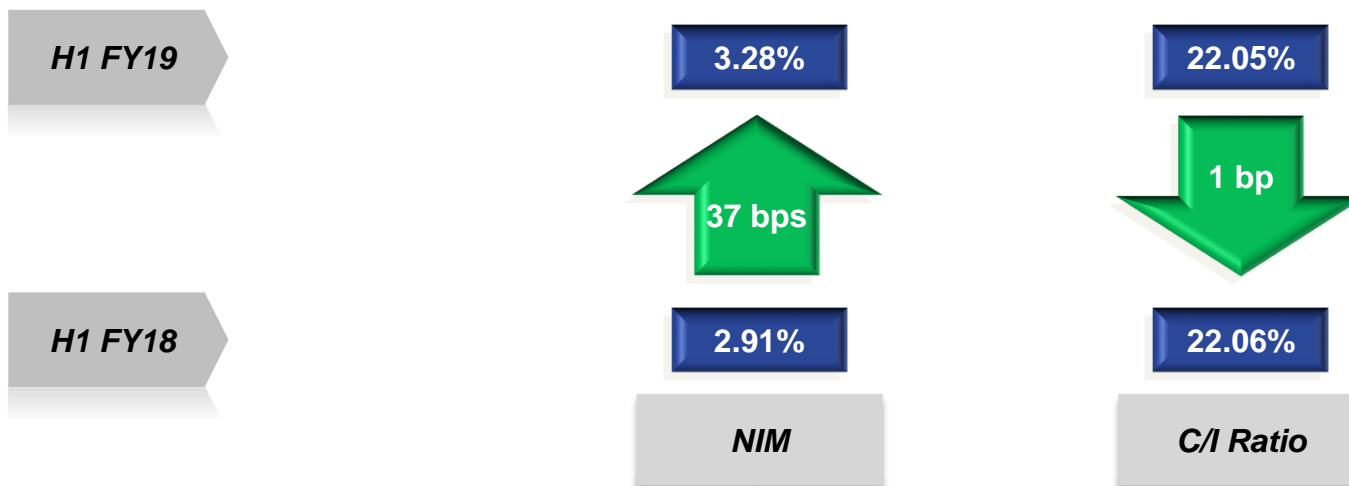
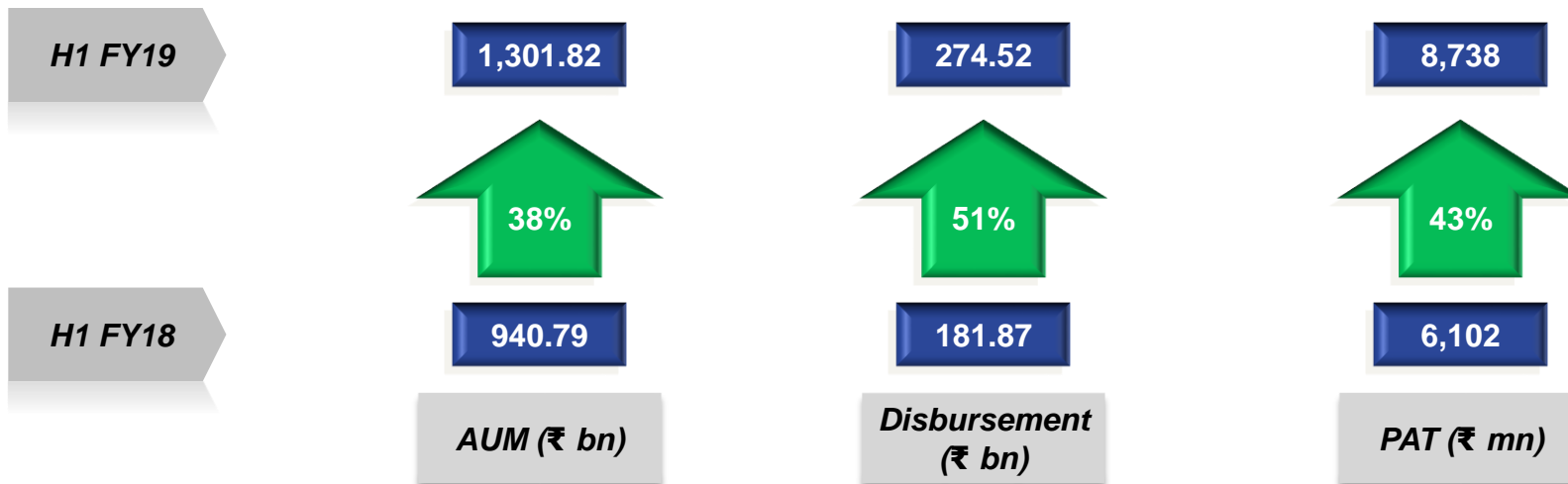
*Key Highlights*

# Financial Performance – Q2 FY19





# Financial Performance – H1 FY19



# Section 3

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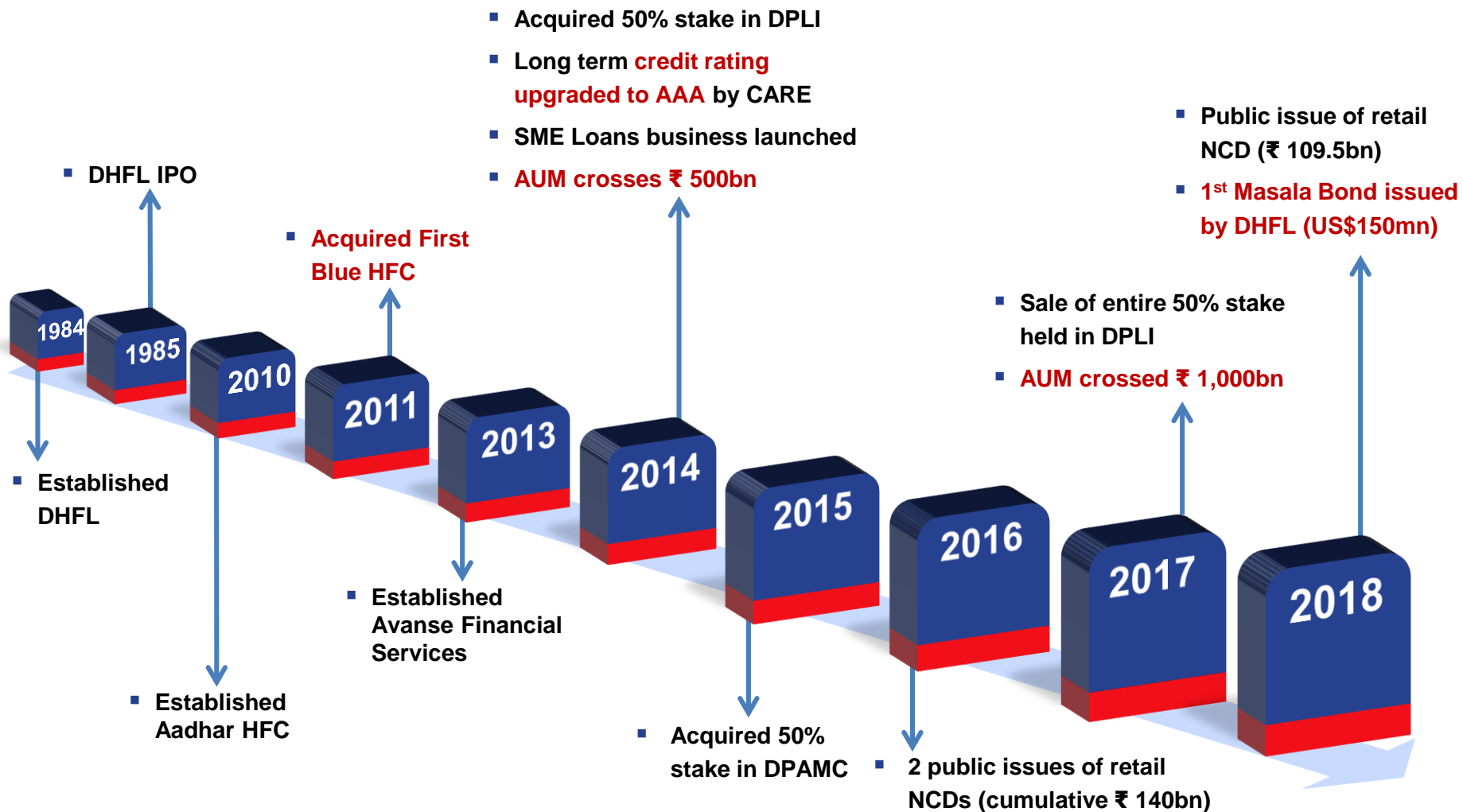
About the Company

# Overview

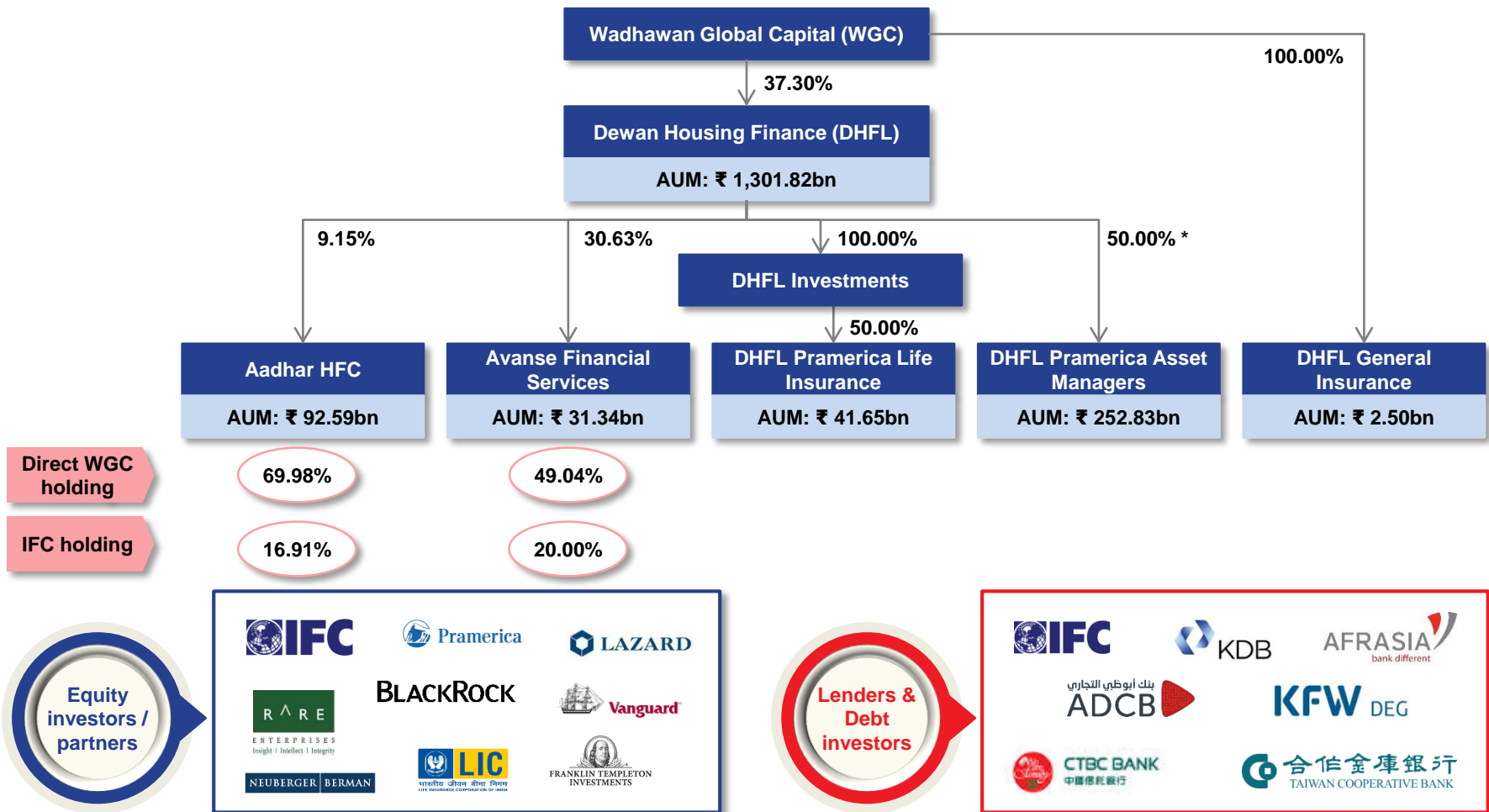


# Key Milestones

Established in 1984, DHFL has evolved into one of the leading player in the affordable housing finance space



# DHFL Financial Services Group



- **LMI focused** financial services group
- Group companies with **potential for significant value unlocking**
- Partners with marquee organisations like **IFC, Prudential Financial Inc. (Pramerica)**

# Section 4

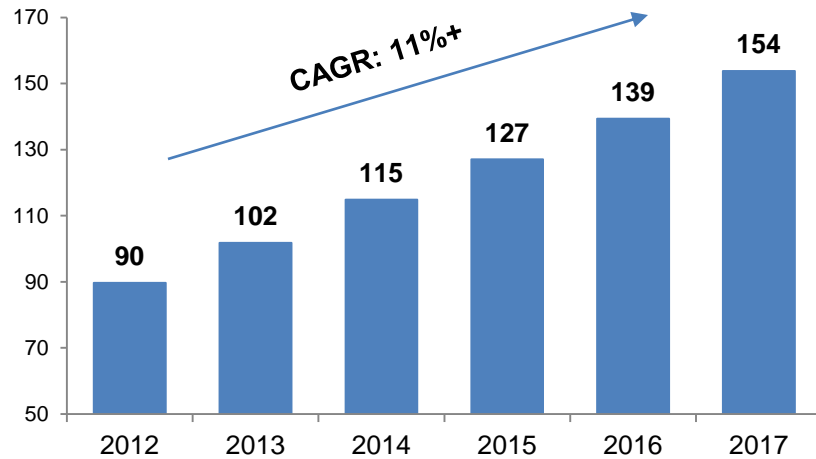
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## Market and Business Overview

# Housing Demand Growth Drivers

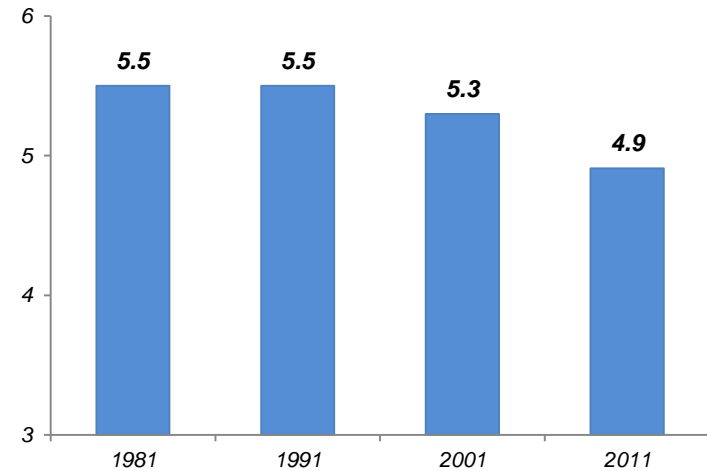
↑ Increasing disposable income and rising emergence of nuclear families creating a perfect mix for housing demand

India Gross National Disposable Income (INR trillion)



Source: RBI, Handbook of Statistics on Indian Economy, 2017

Average Household Size



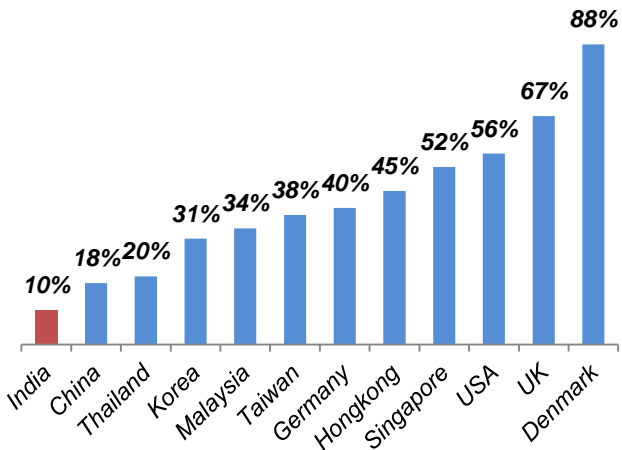
Source: Census data, 2011

# Housing Demand Growth Drivers

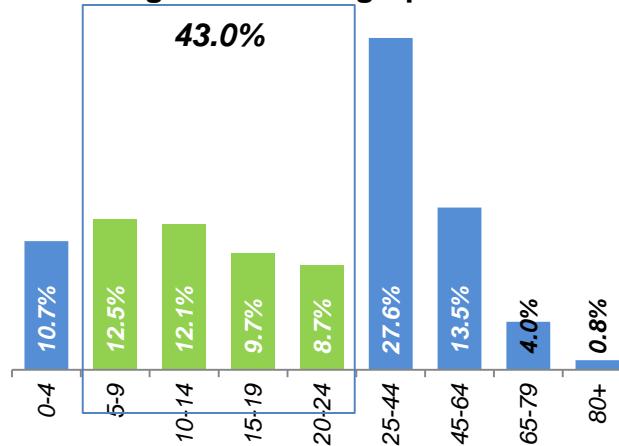
▲ Significant under penetration of mortgages in India (10%) vis a vis other countries - implies a favourable industry growth environment

▲ Almost 2/3rd of the population below 35 years implying a significant portion of promising home purchasing consumers

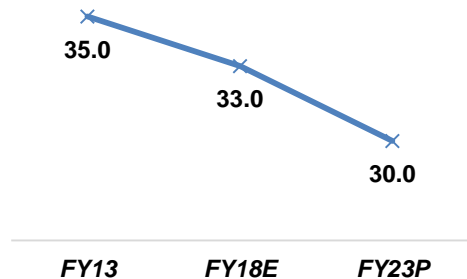
Mortgage Penetration (% of GDP)



Age wise demographics



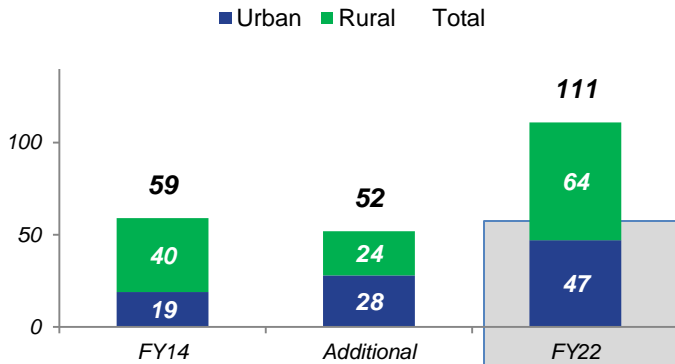
Average age of home loan borrower (years)



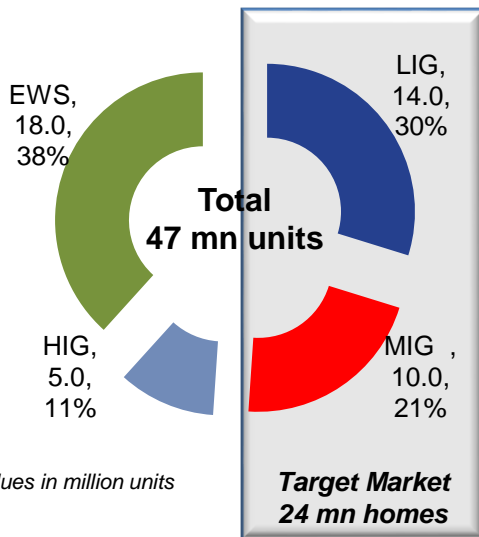


# Opportunity in the Housing Finance Space

## Housing units shortfall in India

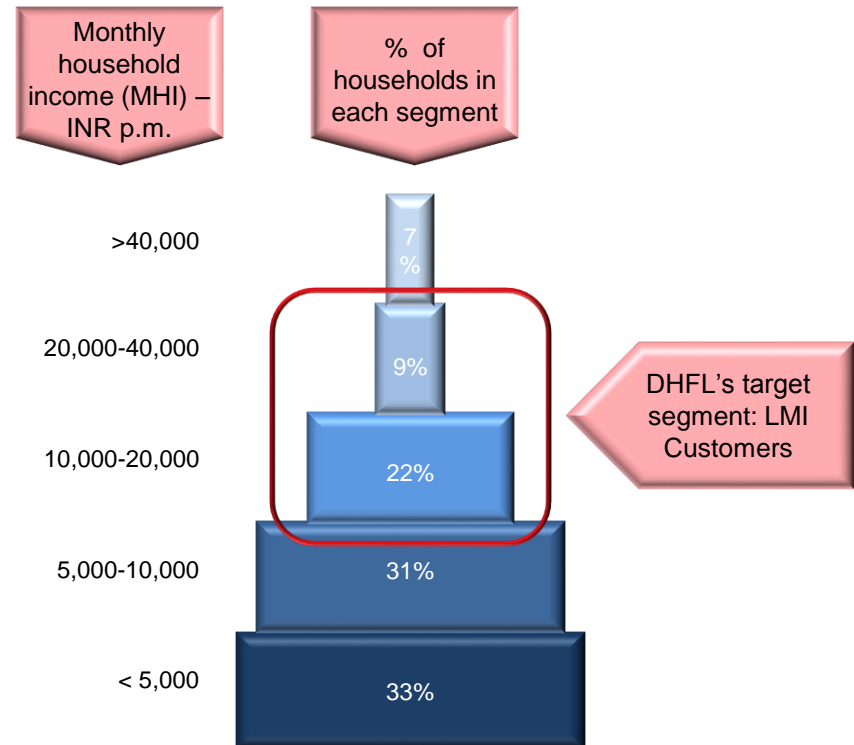


All values in million units



All values in million units

## Customer segments in housing space

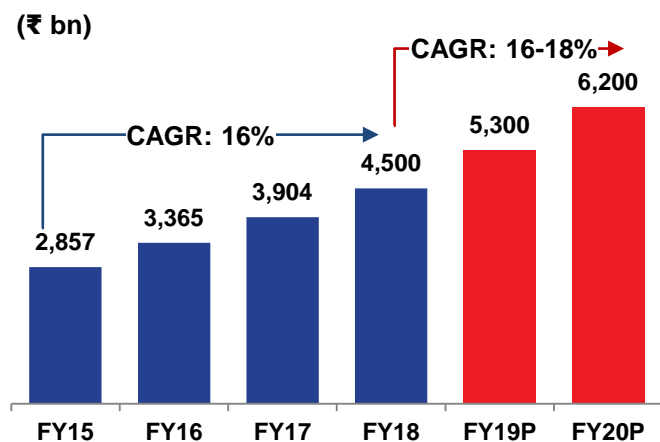


DHFL's target segment: LMI Customers

- Current investment in housing: **INR 7 trillion p.a.**
- Investment of **INR 120 trillion** required to address housing shortage (**~INR 15 trillion p.a.**)

# Significant Presence of HFCs

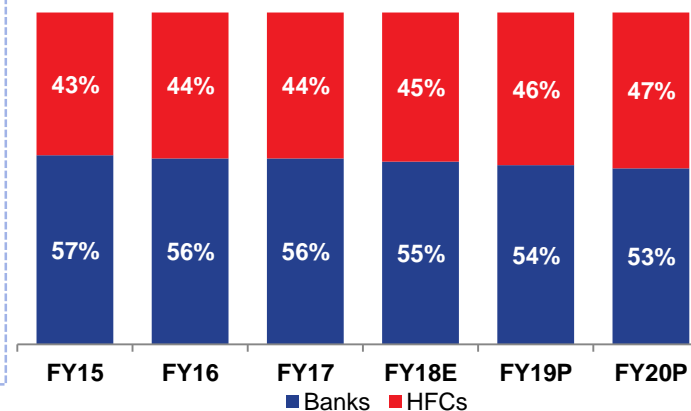
## Housing Loan Disbursement



### Growth Drivers

- Increasing mortgage penetration
- Improving affordability
- Urbanization
- Demand/Incentives for affordable housing
- Greater transparency driven by regulations

## Increasing share of HFCs



## Key Trends in Housing Finance

- ✓ HFCs have established strong presence in tier II / III towns
- ✓ Credit appraisal process aligned to customer requirements
- ✓ Superior customer servicing and effective recovery mechanisms
- ✓ HFCs expected to continue to witness rapid growth
- ✓ Driven by demand for underlying assets, increasing financial penetration and steady property prices

# Opportunity in the Affordable Housing Segment

**ATS > INR 2.5 mn**

- ✓ Metro/urban markets
- ✓ Salaried customers
- ✓ Salary with pay slip, Income Tax filings, formal ID and residence proof, Operative bank ac available
- ✓ Standard and easy underwriting process
- ✓ **Lending done at base rate**
- ✓ Dominated by large banks/HFCs

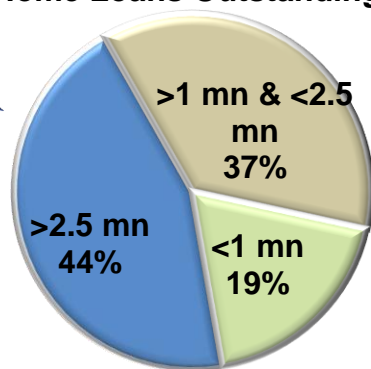
**ATS > INR 1 mn & < INR 2.5 mn**

- ✓ Outskirts of metro/urban cities and semi-urban (Tier 2/3) towns
- ✓ Mix of salaried and self employed customers
- ✓ Significant share of undisclosed income
- ✓ Some kind of ID or residence proof available
- ✓ **Lending rates 75-100 bps higher than base rate**
- ✓ Pricing competition more at upper end of market
- ✓ Large and mid size HFCs

**ATS < INR 1 mn**

- ✓ Rural and semi-urban (Tier 3/4) towns
- ✓ Low income housing
- ✓ Customers with cash income
- ✓ No formal ID, residence or income documents available
- ✓ Need differentiated customer reach / assessment skills for underwriting
- ✓ **Lending rates 150-350 bps higher than base rate**
- ✓ Niche HFC / NBFC

**Proportion of Home Loans Outstanding**



**55% of home loan market in the sub INR 2.5 mn space**

## DHFL

- Focus on ATS of INR 1-2.5 mn
- Presence in metro outskirts and Tier 2/3 towns

## Aadhar HFC

- Focus on ATS of less than INR 1 mn
- Presence in Tier 3/4 towns

# Government Push for Affordable Housing

## INCENTIVES FOR CUSTOMERS



- Real Estate (Regulatory & Development) Act, 2016 implemented
- Housing loan limits for PSL eligibility hiked to INR 3.5 mn (in locations with 1 mn+ pop.) and INR 2.5 mn in other locations
- Income tax deductions for home loan borrowers retained
- EPFO members can withdraw upto 90% of their EPF balance for house purchase
- Significant fund allocation for housing subsidy schemes (PMAY, CLSS, GJRHFS, etc)

## INCENTIVES FOR DEVELOPERS



- Affordable housing granted 'infrastructure' status
  - Affordable housing projects eligible to raise ECB upto US\$750 mn per year under automatic route
- Discounted rate of 8% GST for under construction houses financed through various Govt. schemes for affordable housing (including PMAY CLSS)
- Tax exemption of 100% of profits from construction of affordable housing

## INCENTIVES FOR HFCs



- SEBI allows Debt MFs to invest in AA and above rated HFCs upto 40% exposure limit vs 25% for other sectors
- NHB reduces standard asset provisioning on individual home loans from 0.40% to 0.25% and risk weightage on home loan (upto INR 7.5 mn) to 35%
- IRDA exempted investments in AAA rated HFCs from sectoral cap
- RBI reduced risk weight on bank lending to AAA rated HFCs from 100% to 20%

# Pradhan Mantri Awas Yojana: Housing For All By 2022

## OBJECTIVES

- Aims to construct more than 20 million houses across India by 2022
- Focus on Economic Weaker Section (EWS) and Low Income Group (LIG) groups in urban areas
- **Launched in June 2015**

## KEY FEATURES

- Central Govt grant of INR 1,00,000 per house under slum-rehabilitation programme
- Interest subsidy of 6.5% for EWS/LIG customers for loans <INR 0.6 mn (NPV for 20 years paid upfront)
- Preference to female/differently abled/older family members during allotment
- Discounted rate of 8% GST (instead of standard rate of 12%) extended to under construction houses under PMAY CLSS

## Benefits extended to Middle Income Group (MIG) in Mar 2017

## PMAY SCHEME FOR MIG CUSTOMERS

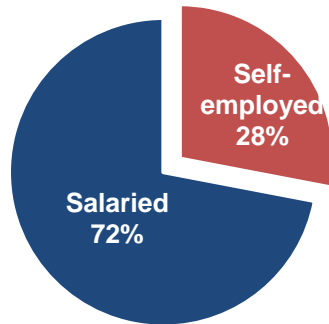
- Maximum limit for income and house carpet area set at INR 1.2 mn pa and 160 sqm. (1,722 sqft) for MIG-I category of customers. For MIG-II category, the same parameters set @INR 1.8 mn pa and 200 sqm. (2,153 sqft)
- No cap on loan amount; Loan eligible for subsidy capped at INR 1.2 mn
- Upfront subsidy upto INR 235 thousand available under the PMAY scheme
- NHB nodal agency for HFCs for availing subsidies

# DHFL – Leading player in the LMI segment

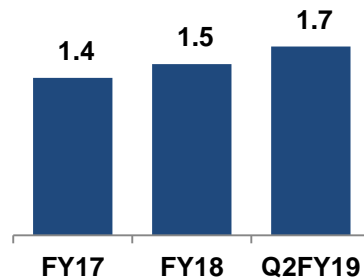
DHFL has developed a core competency in serving the housing needs of the LMI segment

## Focus on LMI segments

Home Loan Customer Profile \*



ATS of Total Portfolio (₹ mn)



## With customized product offerings

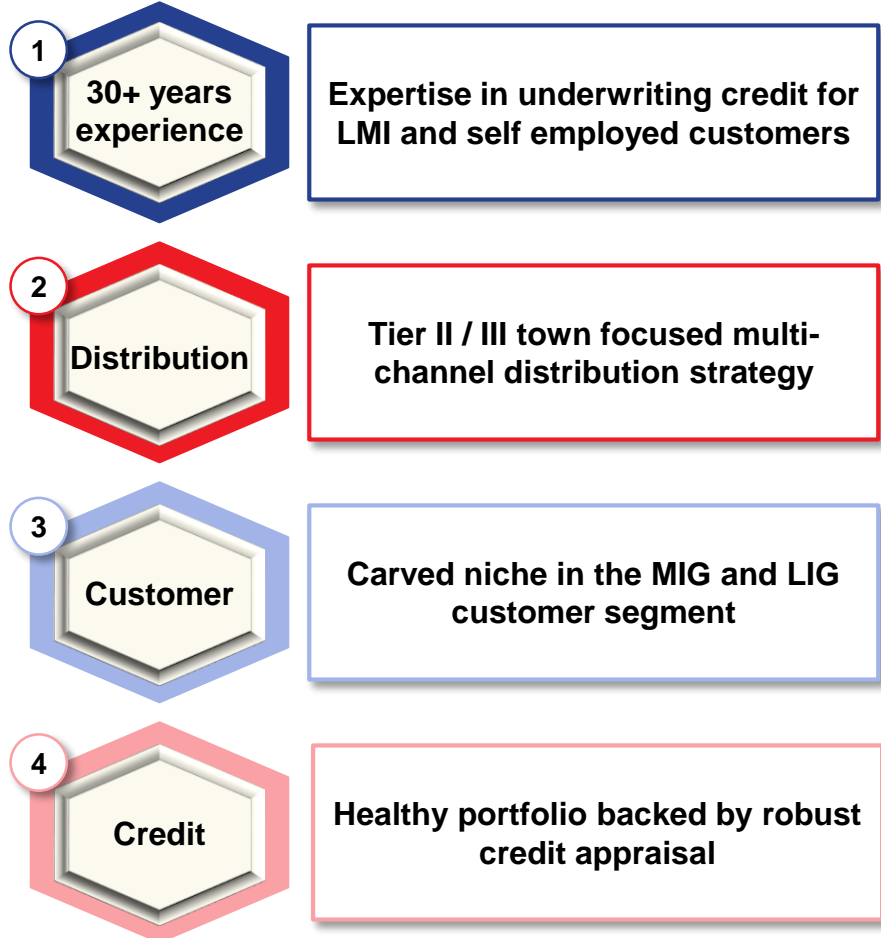
### Housing loans

- ✓ House Purchase
- ✓ Home extension and improvement
- ✓ Resale property
- ✓ Construction

### Non-housing loans

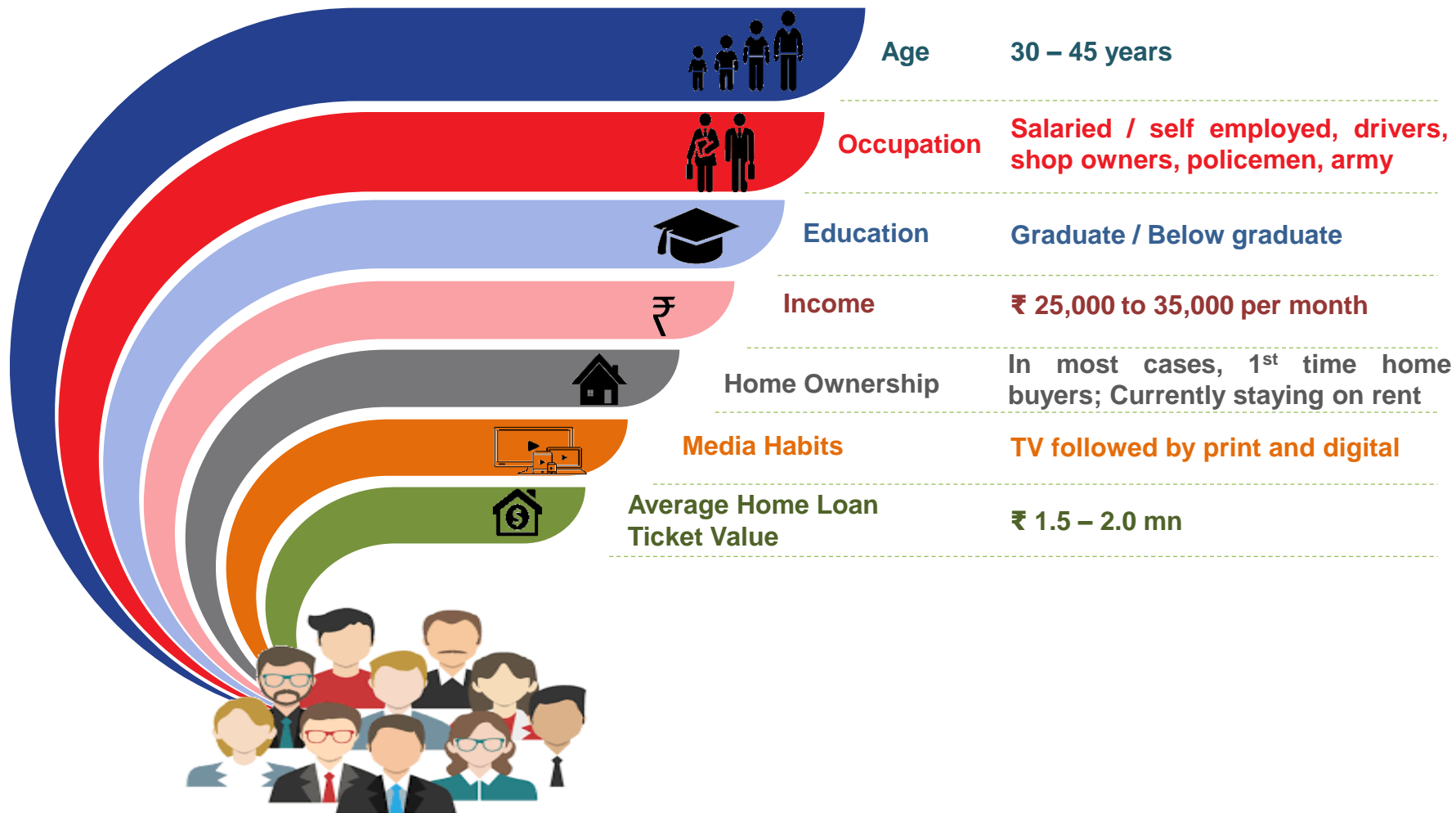
- ✓ Loan Against Property
- ✓ Lease Rental Financing
- ✓ Purchase of Commercial Premises
- ✓ SME Loans
- ✓ Project Loans

## Key differentiators of DHFL



# Who is our Customer?

Good understanding of customer to ensure strong business momentum while maintaining portfolio quality

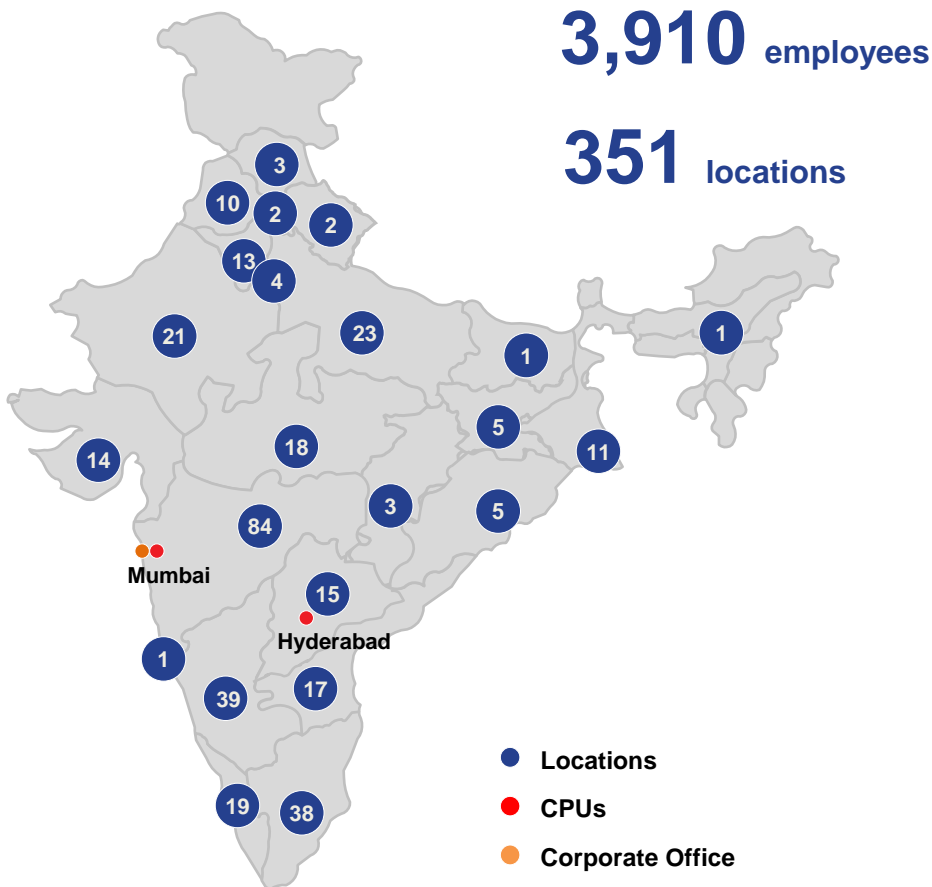


90% of incremental home loans have ticket sizes of less than ₹ 3 mn

# Pan-India distribution network, with high tier II / III town penetration

Strong distribution network with 351 locations primarily spread across tier II / III towns and outskirts of metros

## Pan – India geographic presence



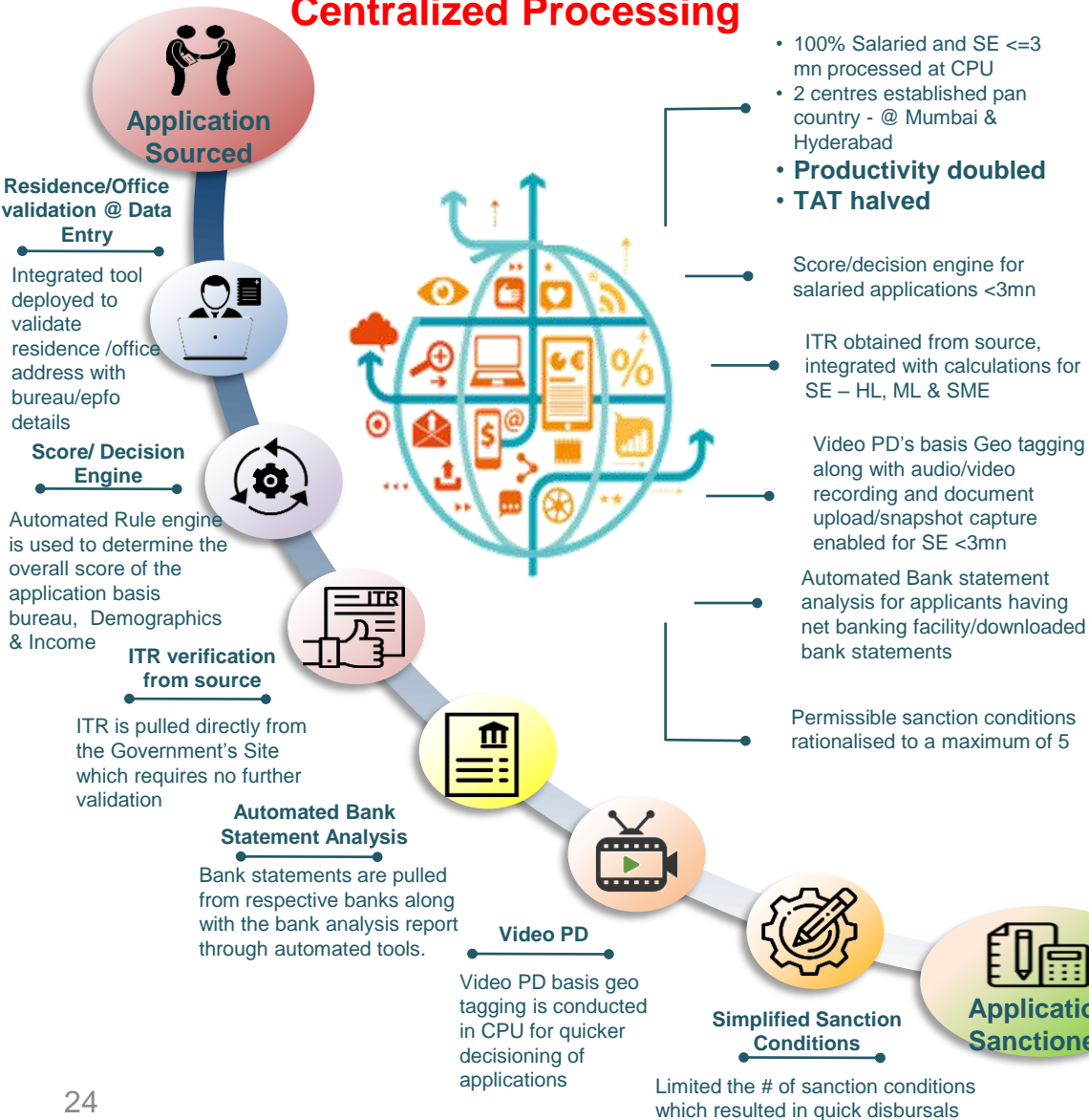
Designed to tap the growing potential of the LMI segment

Grouped in zones and regions spread across tier II / III towns and outskirts of metros

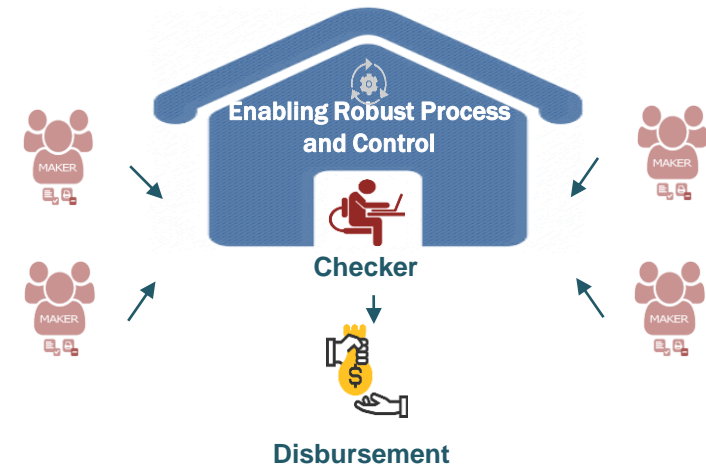


# Business Enablers: Robust Credit Appraisal Process

## Centralized Processing



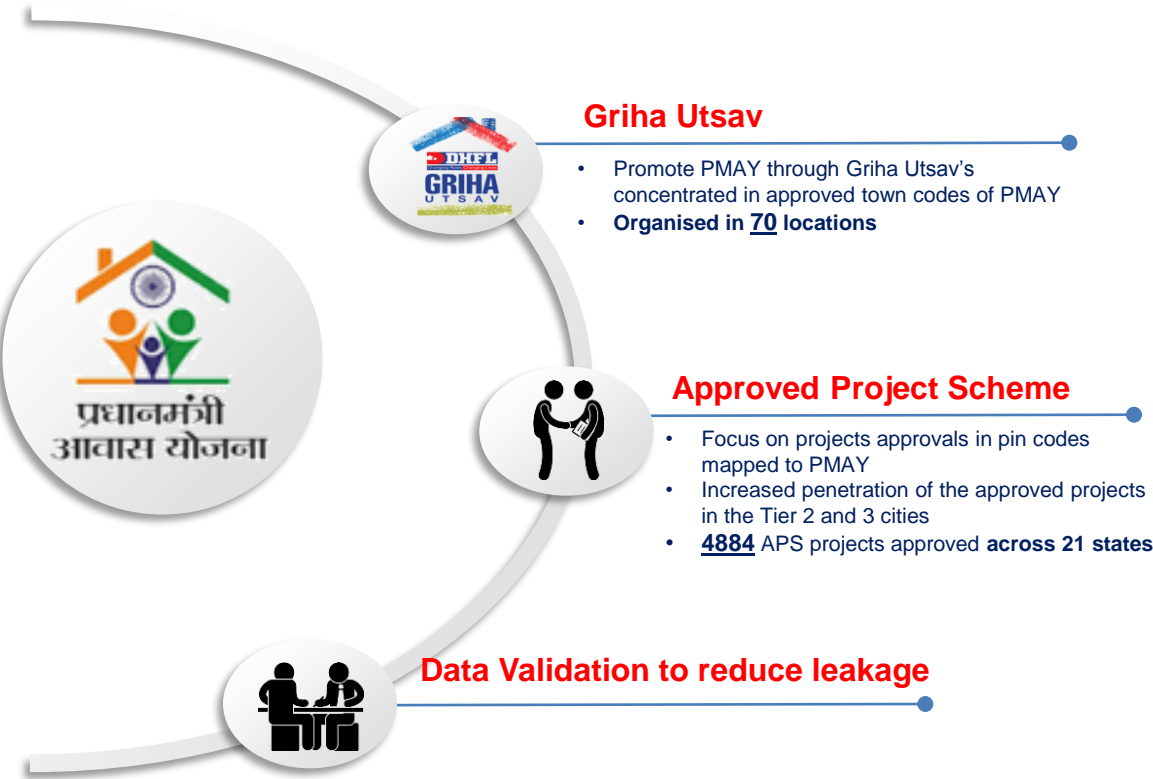
## Centralized Disbursals



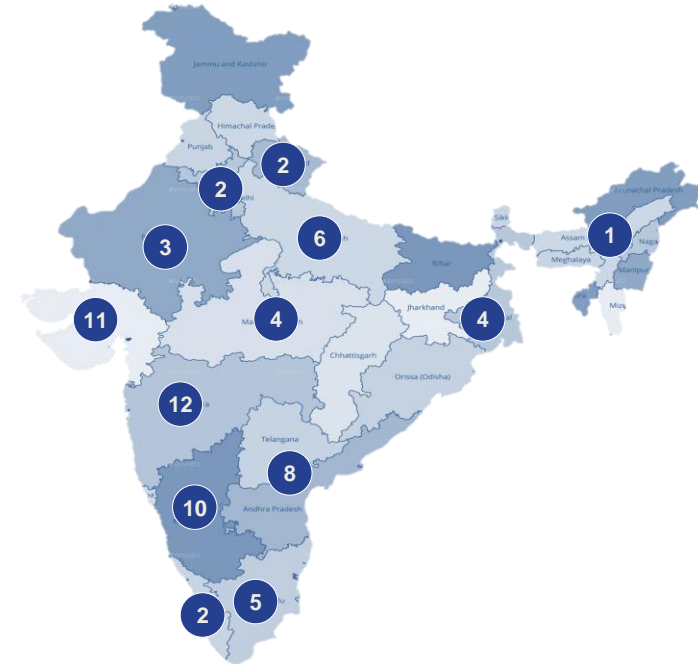
### Centralized Disbursements:

- Centralized Disbursement process launched at Mumbai Processing Hub
- Scanned based uploads and authorization
- Decentralized maker at branches and centralize maker of checkers
- Independent maker checker enabling better controls
- Standard & robust process control across all branches

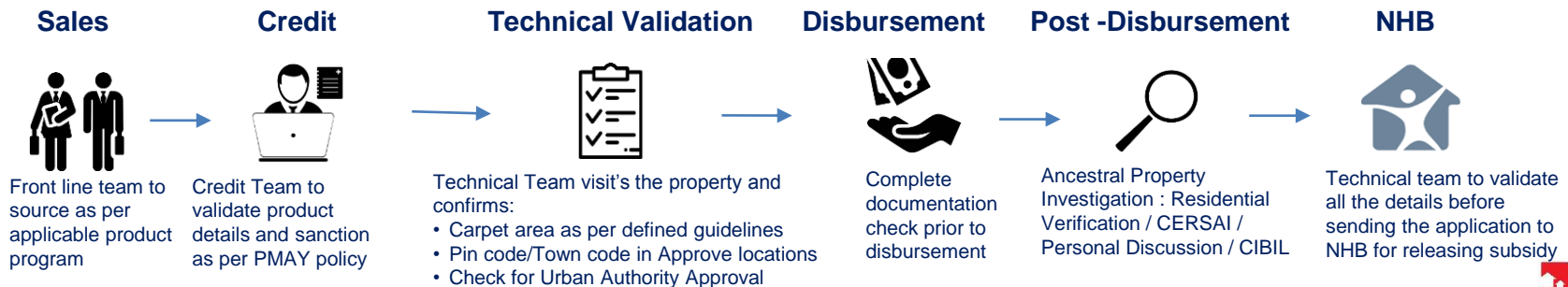
# EXECUTION @ ground level



## Griha Utsav - Locations



## Overall Process Flow



## DHFL – Market leader in PMAY CLSS implementation

### No of cases processed under PMAY (till Oct 2018)

|                                   | <i>EWS/LIG</i> | <i>MIG1</i>   | <i>MIG2</i>  | <i>Total</i>  |
|-----------------------------------|----------------|---------------|--------------|---------------|
| Subsidy received                  | 8,344          | 1,923         | 149          | 10,416        |
| Submitted and pending receipt     | 10,534         | 738           | 693          | 11,965        |
| Identified and pending submission | 27,531         | 9,395         | 161          | 37,087        |
| <b>Total</b>                      | <b>46,409</b>  | <b>12,056</b> | <b>1,003</b> | <b>59,468</b> |

### Subsidy amount for cases under PMAY (till Oct 2018)

(₹ mn)

|                                   | <i>EWS/LIG</i> | <i>MIG1</i>  | <i>MIG2</i> | <i>Total</i>  |
|-----------------------------------|----------------|--------------|-------------|---------------|
| Subsidy received                  | 2,044          | 415          | 30          | 2,489         |
| Submitted and pending receipt     | 2,629          | 157          | 143         | 2,929         |
| Identified and pending submission | 5,782          | 1,973        | 34          | 7,788         |
| <b>Total</b>                      | <b>10,455</b>  | <b>2,545</b> | <b>207</b>  | <b>13,207</b> |

▲ **DHFL awarded” The Best Performing Primary Lending Institution under CLSS for MIG” for facilitating highest no of subsidies for MIG1/2 under PMAY scheme**

# DHFL Corporate Social Responsibility



## Early Childhood Care & Education (ECCE)

- Flagship CSR programme; implemented by **DHFL Changing Lives Foundation**
- Recognised as a 'Best Practice' by Dept of WCD, Govt. of Maharashtra mobile app

## Skills Development

- 10,000+ youth trained till 30 Sep 2018
- 21% women
- 55% increase in household income
- Innovative hub-n-spoke model through sub-centres & satellite centres for greater reach



## Village Transformation project with focus on drought mitigation

- Holistic watershed development project
- Inaugurated Library in Waghola village
- Tobacco Control Programme: 81 families & 6 Schools became tobacco free

## Economic empowerment through Financial Literacy & Inclusive Growth

- Programme implemented in Jaipur, Varanasi, Ranchi and Raipur
- Impacting 40,000+ households
- Additionally supports PMAY
- Radio programme across XX locations



## Scholarships Support

- R K Wadhawan TISS Fellowship for economically weak students
- R K Wadhawan Sports Scholarship for children and youth from underserved segments of the society

## Olympic Gold Quest

- Support a pool of sports talent & coaches for a period of four years till the Tokyo Olympics 2020.
- 19 sportsmen brought laurels by winning medals in Commonwealth Games 2018 & XX Asian Games



# DHFL Changing Lives Foundation



## Early Childhood Care & Education (ECCE)

- A system strengthening initiative to ensure holistic development of children
- Reach: 1886+ Anganwadis in Palghar, Maharashtra, 465+ Anganwadis in Bokaro, Jharkhand and 600+ Anganwadis in Ranchi, Jharkhand, 1200+ in Khargone and Burhanpur, Madhya Pradesh
- Delivered with the Department of Women & Child Development, District Administration of respective project locations



## 60% AWH facilitated educational activities

- 100% registration within 1<sup>st</sup> trimester
- 40% AWC created activity corners with DIY material
- 60% primary school teachers observes improved learning capacity in children
- 28% increase in Anganwadi attendance
- 20% ALMSC formed in Bokaro

## Snehangans : Development of model Anganwadis

- Grand challenge with NASA (National Association of Students of Architecture, India)
- Models to be implemented on site
- Facilitated 47 site visits for NASA students and professors



## New components

- 3117 reached under Tuberculosis Awareness Detection & Treatment programme
- Facilitated govt. meetings under BEMPU hypothermia bands for infants
- 30 Master Trainers trained for Art based therapy and Leadership programme

## Other Initiatives

- 'ECCE United' – coalition of ECCE launched in June 2018
- Webinar to follow in Q2FY19
- 'ECE Research Cells' with leading academic institutions



# Section 5

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## Transition from IGAAP to IndAS

# IndAS Transition - Key Impact Areas

| Key changes  | Impacted Item                                       | IGAAP   | IndAS  |
|--|---|---|--|
| 1 Expected Credit Loss (ECL)                           | Provisions and Write Off                            | Provisions made based on NHB guidelines (rules based incurred losses model) | Loan book classified into 3 stages and provisions made based on expected future credit losses                  |
| 2 Effective Interest Rate (EIR) accounting             | Interest Income, Interest Expenses & Other Expenses | Fee income and commission/DSA expenses recognised upfront                   | Fee income and commission/DSA expenses amortised over residual tenure and included in interest income/expenses |
| 3 Redemption premium on NCD/securities                 | Interest Expenses                                   | Charged from share premium reserves   | Charge to P&L as part of EIR   |
| 4 Income on Direct Assignment                          | Interest Income                                     | Excess Interest Spread (EIS) amortised over life of asset                   | Upfront recognition of NPV of EIS on Direct Assignment   |
| 5 Share based employee remuneration (ESOP/ESAR)        | Employee Expenses                                   | Intrinsic value charged to P&L  | Fair valuation of options granted<br>Charge to P&L   |
| 6 Investment in Mutual Funds, G-Secs & Debt Securities | Treasury Income                                     | Accounted at cost and provision for diminution charged to P&L               | Accounted at fair value through profit or loss   |
| 7 Deferred Tax Liability (DTL) on Special Reserve      | Taxes   | DTL created in P&L  | Not required; Existing DTL reversed  |

## Q2FY18 and H1FY18 PAT Reconciliation

(₹ mn)

|   | Q2FY18         | H1FY18         |
|---|----------------|----------------|
| <b>Net Profit After Tax as per previous IGAAP</b>   | <b>2,933.0</b> | <b>5,537.8</b> |
| <b>Adjustments on account of</b>  |                |                |
| Effective Interest Rate for financial assets and liabilities recognised at amortised cost/net interest on credit impaired loans | (815.6)        | (756.0)        |
| Income on derecognized (assigned) loans   | 622.8          | 972.2          |
| Application of Expected Credit Loss (ECL)   | (25.6)         | 78.7           |
| Fair valuation of investments   | (2.9)          | (20.8)         |
| Fair valuation of employee stock options/employee stock appreciation rights (ESOP/ESAR)   | (48.0)         | (57.2)         |
| Reclassification of actuarial gains and losses on employee benefit plans to other comprehensive income                          | 5.5            | 10.9           |
| Reversal of Deferred Tax Liability (DTL) on Special Reserve [Sec 36(1)(viii)]   | 208.6          | 336.4          |
| <b>Net profit After Tax as per IndAS</b>  | <b>2,877.8</b> | <b>6,102.0</b> |
| Other Comprehensive Income (net of tax)   | 44.6           | (188.7)        |
| <b>Total Comprehensive Income (net of tax) as per IndAS</b>   | <b>2,922.4</b> | <b>5,913.3</b> |



## Expected Credit Loss (ECL)

|                                       | (₹ mn)        |
|---------------------------------------|---------------|
|                                       | <b>Q2FY19</b> |
| Gross Stage 3                         | 10,582        |
| % Portfolio in Stage 3                | 0.96%         |
| ECL Provision – Stage 3               | 3,020         |
| Net Stage 3                           | 7,562         |
| <b>Coverage ratio in Stage 3</b>      | <b>28.54%</b> |
| Gross Stage 1 & 2                     | 1,090,346     |
| % Portfolio in Stage 1 & 2            | 99.04%        |
| ECL Provision – Stage 1 & 2           | 6,672         |
| Net Stage 1 & 2                       | 1,083,674     |
| <b>Provision Coverage Ratio (PCR)</b> | <b>91.6%</b>  |
| <b>Gross NPA % (On B/S)</b>           | <b>0.96%</b>  |
| <b>Gross NPA % (AUM)</b>              | <b>0.86%</b>  |

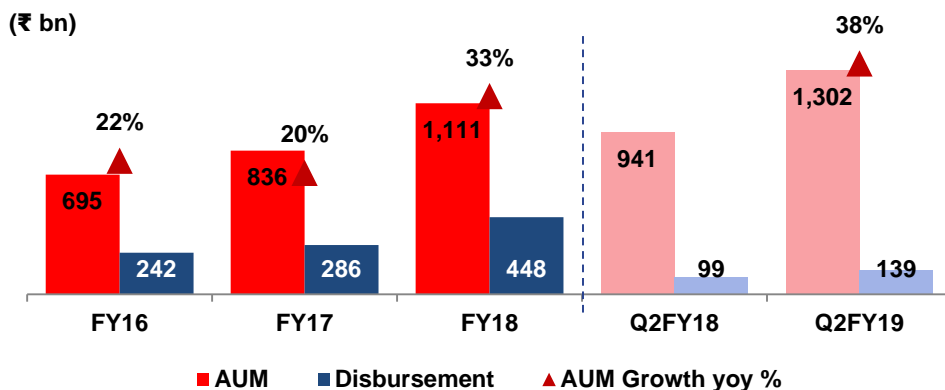
# Section 6

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## Business Strategy and Financial Performance

# Robust AUM Growth

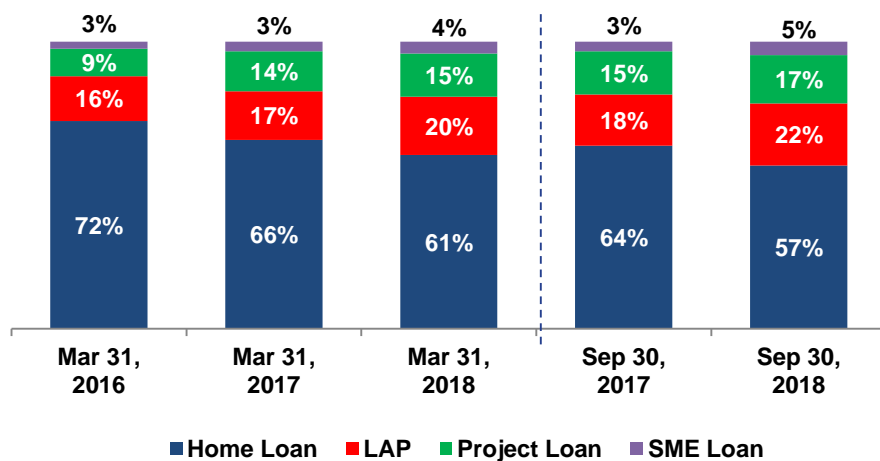
## AUM growth \*



Healthy portfolio growth driven by focus on LMI customer segment

Housing loans to maintain dominant share of DHFL's product offerings

## Product Mix

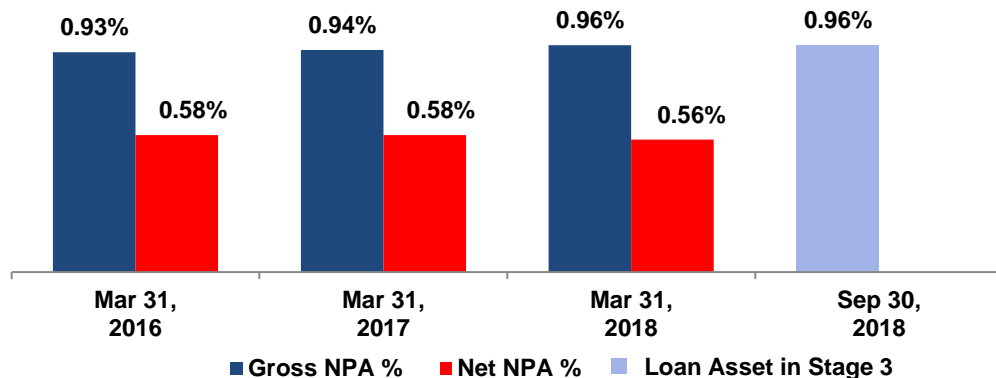


Affordable housing to lead growth, spurred by government focus and targeted subsidy schemes

Significant distribution footprint in Tier 2/3 locations; Tech initiatives to increase penetration with the existing physical infrastructure

# Healthy Asset Quality

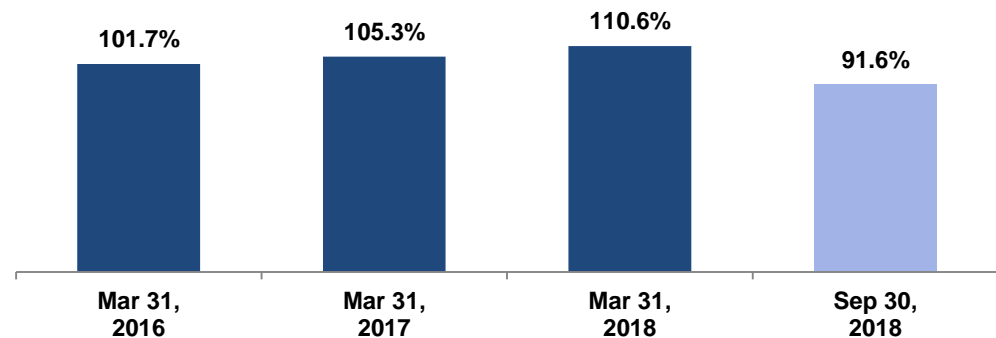
## Asset quality



Technology-led robust credit appraisal maintaining healthy asset quality

CPUs and centralized disbursements reducing TAT and enabling better controls

## Provisioning



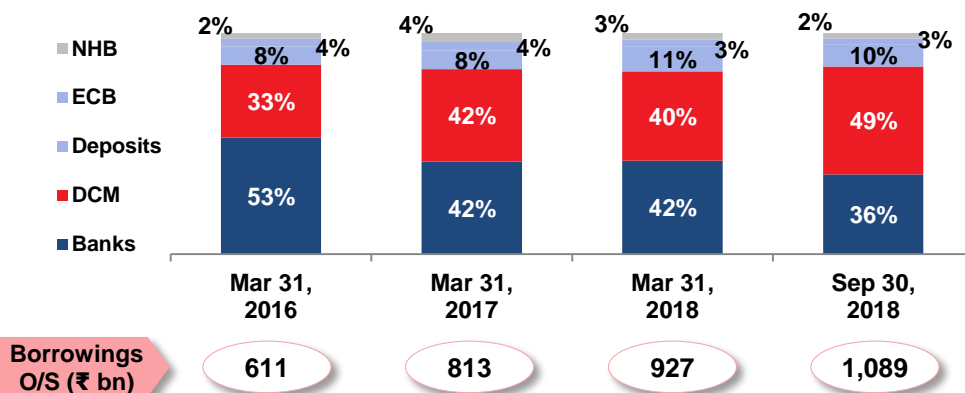
Advanced collection processes with close monitoring of accounts

Utilizes effective risk management tools to mitigate fraud risks

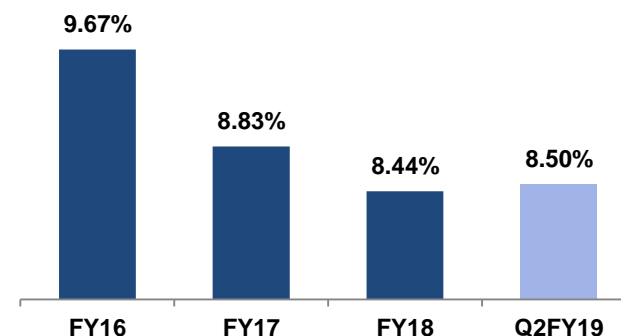
Notes: All values based on DHFL standalone accounts. FY16, FY17 and FY18 as per IGAAP; Q2FY19 as per IndAS.  
TAT - Turn Around Time, CPU - Centralized Processing Units.

# Well Diversified Sources of Borrowings

## Liability Mix



## Cost of funds (On B/S) \*



\* COF in % p.a. as on closing day of the period.

## Credit Rating

| Nature of borrowing      | Rating / outlook |           |          |          |
|--------------------------|------------------|-----------|----------|----------|
|                          | Care             | Brickwork | ICRA     | CRISIL   |
| Commercial Paper         | A1+              | –         | A1+      | A1+      |
| Public FDs / ST Deposits | AAA (FD)         | FAAA      | –        | A1+      |
| Subordinated debt        | AA+              | AAA       | –        | –        |
| NCDs                     | AAA              | AAA       | –        | –        |
| IPDIs                    | AA               | AA+       | –        | –        |
| Long-term bank loans     | AAA              | –         | –        | –        |
| Structured Obligations   | AAA (SO)         | –         | AAA (SO) | AAA (SO) |

Raised ₹ 109.5bn through 3<sup>rd</sup> retail NCD issue in Q1FY19

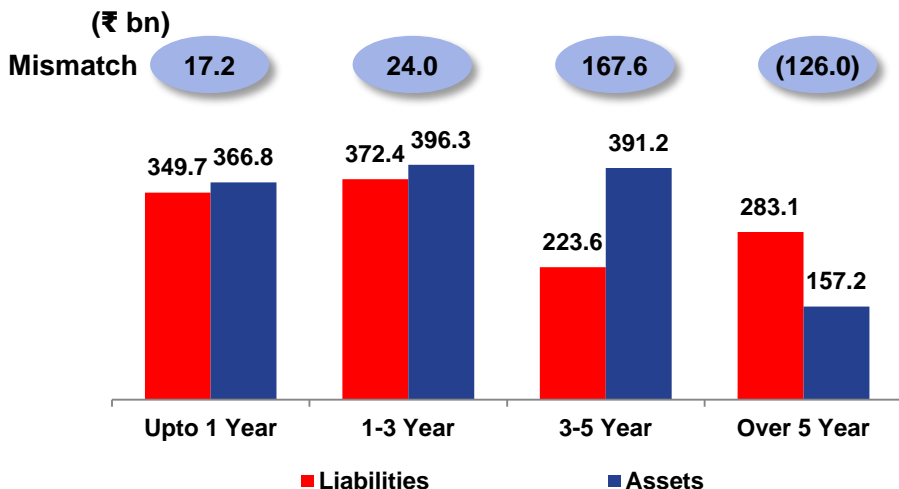
Raised US\$150mn through 1<sup>st</sup> Masala medium term note issue

Optimize COF by continuous diversification of liabilities and proactive fund management

# Superior Risk Management via Asset Liability Matching

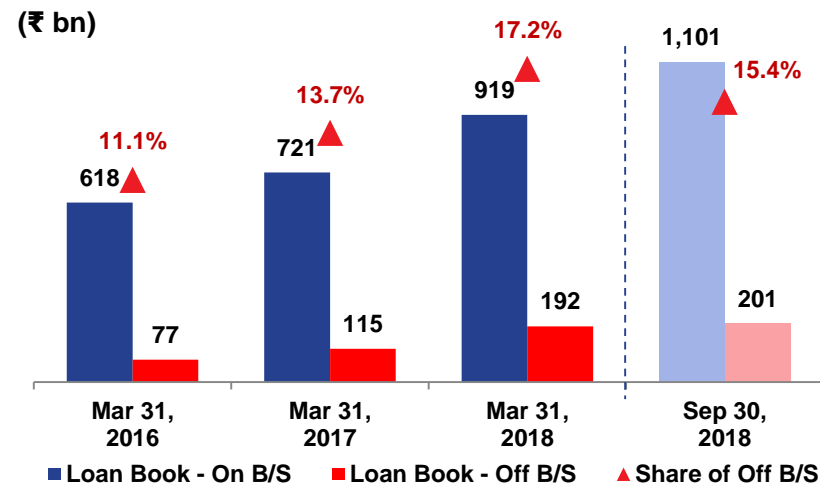
Strong risk management processes leading to no asset liability mismatch in the short and medium term

## No Asset Liability Mismatch under 5 years



As on Sep 30, 2018 (as per IndAS)

## On / Off B-S Loan Book



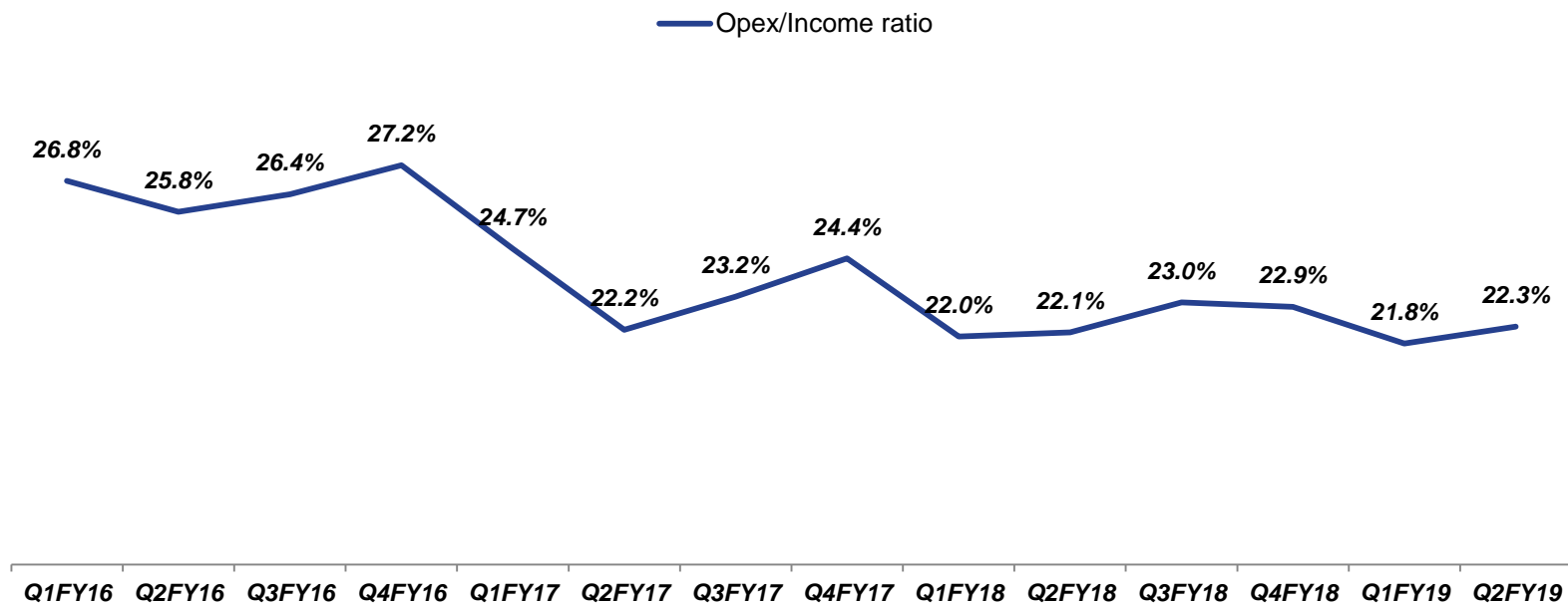
FY16, FY17 and FY18 as per IGAAP; Q2FY19 as per IndAS

No Asset Liability Mismatch in short and medium term buckets (under 5 years)

Fresh Securitisation (Gross) @ ₹ 46.2 bn in H1FY19; share of Off B/S loan assets at 15% of total AUM

Focus on maximizing capital efficiency and increasing profitability via securitisation / assignment of loans

# Improving Operating Efficiency

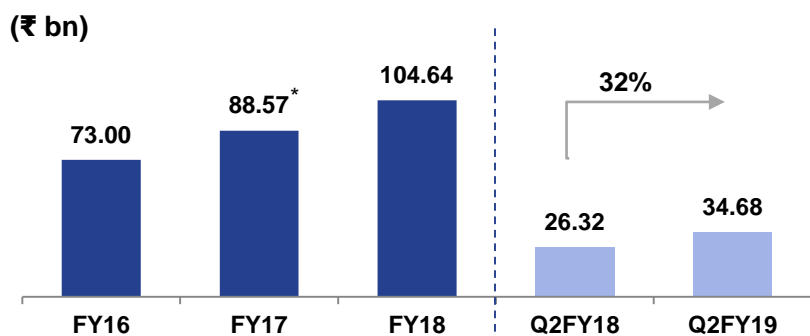


- ▲ Significant investment in last 4 years to drive network expansion and improve brand visibility
- ▲ Efficiency improvement and technological initiatives to drive operating leverage

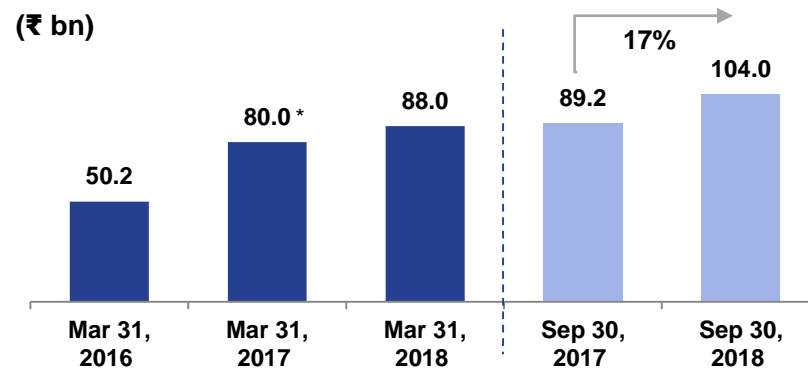
# Financial Statements (Summary)

Strong business performance y-o-y leading to increased profitability

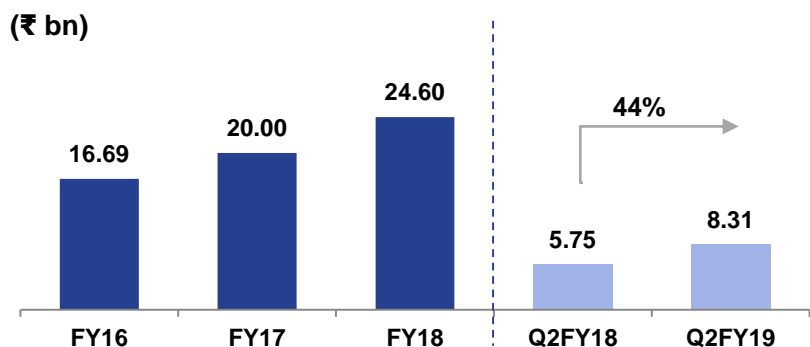
## Total Income



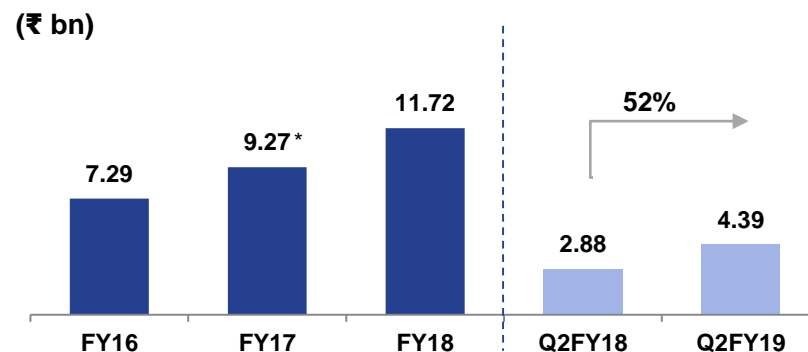
## Net Worth



## Net Interest Income (NII)



## Profit After Tax

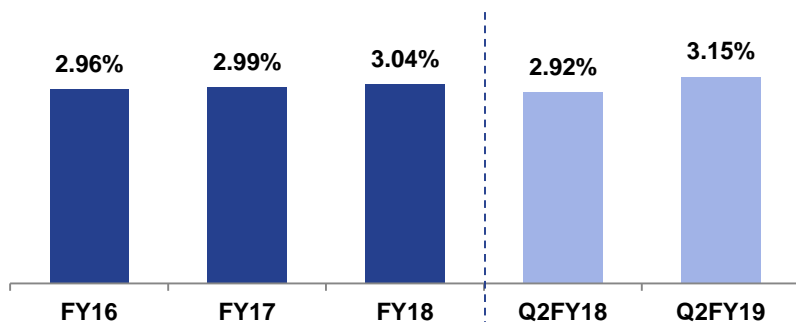




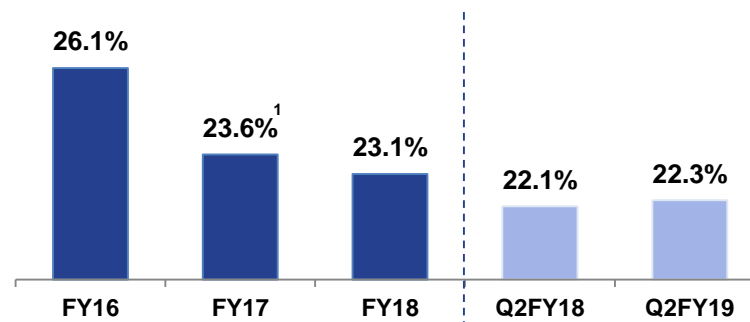
# Key Financial Metrics

Improving margins coupled with declining costs have resulted in increasing returns

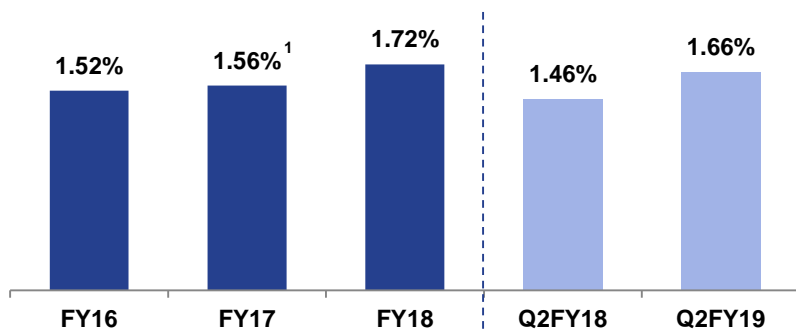
## Net Interest Margin (NIM)



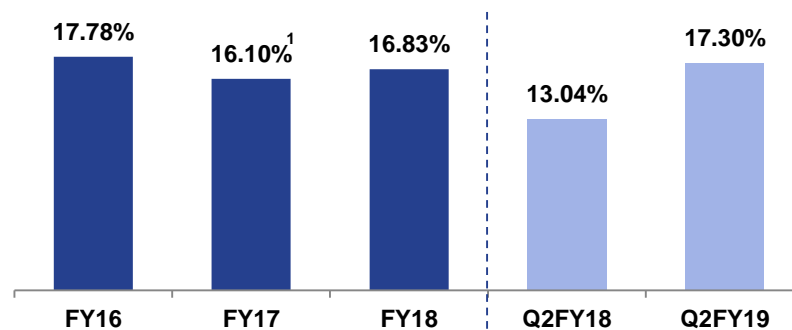
## Cost / Income Ratio



## Return on Average Assets (RoAA)



## Return on Average Equity (RoAE)



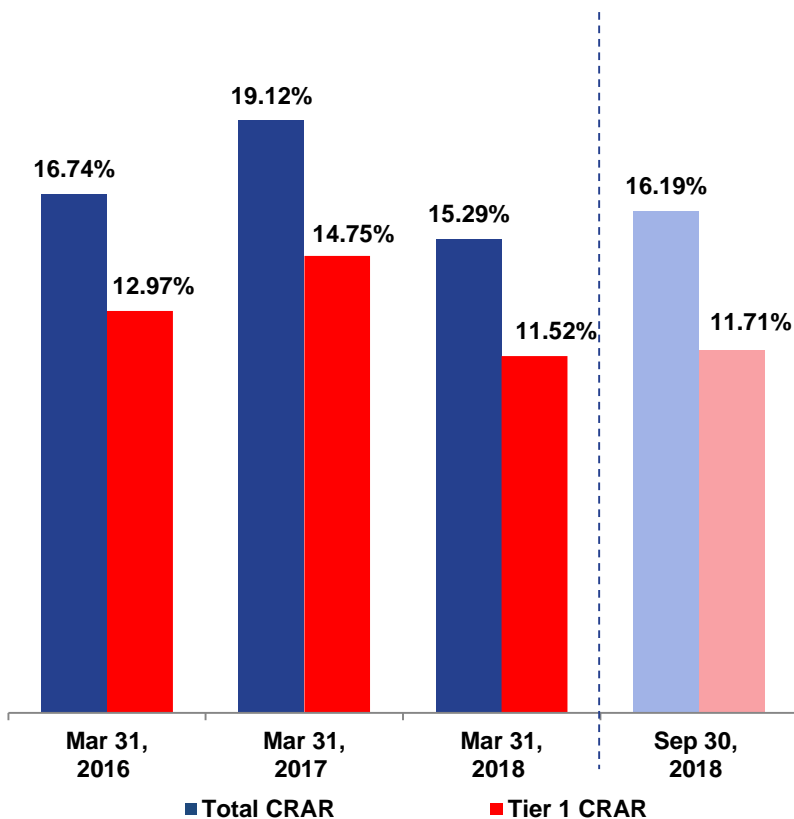
Notes: All values based on DHFL Standalone Accounts. Numbers for FY16, FY17 and FY18 as per IGAAP; Q2FY18 and Q2FY19 as per IndAS.

40 1. Impact of stake sale of DPLI by DHFL (₹19.69 bn) in FY17 included in net worth but excluded from PAT/Income in calculation of ratios.

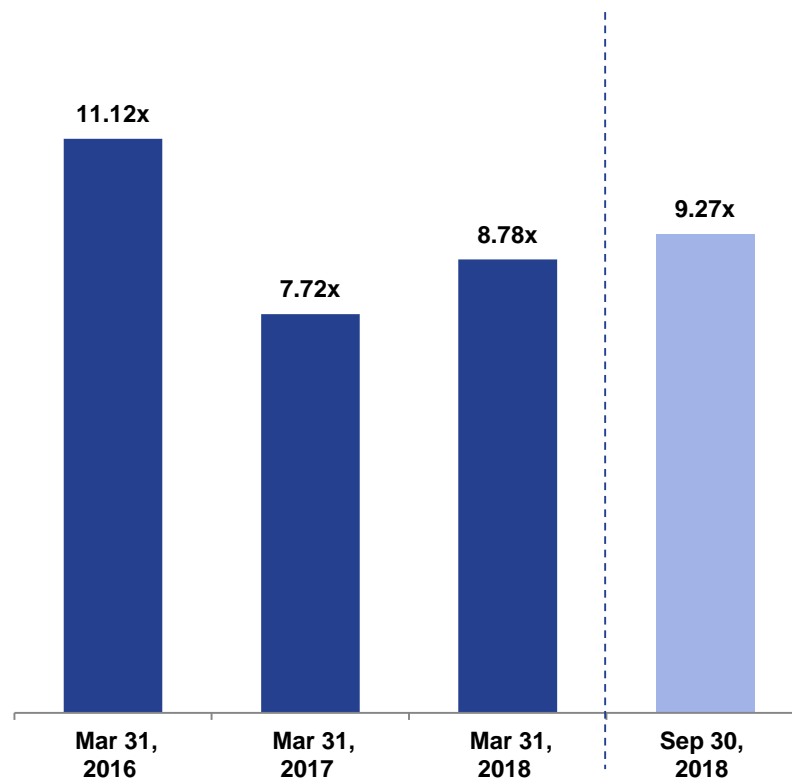
# Key Financial Metrics

Capital adequacy ratio above minimum thresholds and Debt/Equity ratio has declined from FY16 levels

Capital Adequacy Ratio (CRAR)



Net Debt Equity Ratio \*



\* Net of Cash & Bank Balance and Treasury Investments

## Way Forward

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**DHFL to be completely retail focussed entity**

**Bring Project Finance to 5% of AUM**

**Sell-down focussed retail strategy to enhance capital efficiency and liquidity**

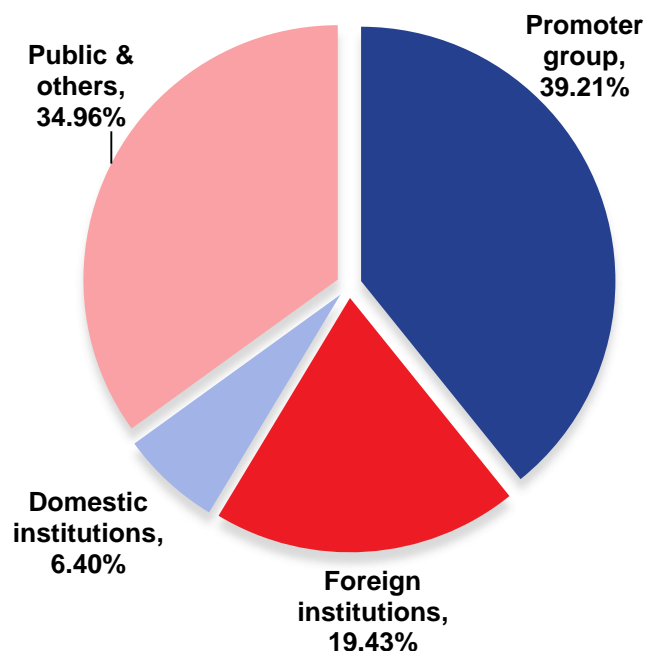
**Enhance RoE through profitable growth and cost efficiencies**

**Divest non core investments to bring non dilutive capital**

# Shareholding

- Flagship company of Wadhawan Global Capital which holds 37.30% stake as promoter
- Active participation from FII and DII accounting for 25%+ stake with participation from marquee investors

## Shareholding overview (Sep 30, 2018)



## Key shareholders (Sep 30, 2018)

| S.No | Name of investor                              | % holding |
|------|---|-----------|
| 1    | Life Insurance Corp. of India                 | 3.44%     |
| 2    | Rakesh Jhunjhunwala <sup>1</sup>              | 3.19%     |
| 3    | Vanguard <sup>1</sup>                         | 2.53%     |
| 4    | Dimensional Funds <sup>1,2</sup>              | 1.98%     |
| 5    | Neuberger Berman <sup>1,2</sup>               | 1.83%     |
| 6    | BNP Paribas <sup>1</sup>                      | 1.70%     |
| 7    | Globe Capital Market <sup>1</sup>             | 1.33%     |
| 8    | Franklin Templeton Investments <sup>1,2</sup> | 1.19%     |
| 9    | Lazard <sup>1</sup>                           | 1.03%     |
| 10   | TimesSquare Capital (AMG) <sup>1</sup>        | 0.94%     |

1. Held through multiple folio numbers/schemes.
2. Managed or owned.

# Annexure 1

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## Financial Statements – Q2 FY19

# Financial Statement

(₹ bn)

|                           | FY16  | FY17  | FY18   |
|---------------------------|-------|-------|--------|
| <b>INCOME STATEMENT</b>   |       |       |        |
| Interest Income           | 71.59 | 86.54 | 100.25 |
| (-) Interest Expenses     | 54.90 | 66.54 | 75.65  |
| Net Interest Income (NII) | 16.69 | 20.00 | 24.60  |
| (+) Non Interest Income   | 1.41  | 21.73 | 4.40   |
| (-) Operating Expenses    | 5.08  | 5.60  | 6.95   |
| (-) Depreciation          | 0.24  | 0.23  | 0.28   |
| (-) Provisioning          | 1.75  | 2.18  | 4.20   |
| Profit Before Tax         | 11.02 | 33.72 | 17.57  |
| (-) Taxes                 | 3.73  | 4.75  | 5.84   |
| Profit After Tax          | 7.29  | 28.96 | 11.72  |
| Total Comp. Income        | -     | -     | -      |

|  | Q2FY18 | Q1FY19 | Q2FY19 | Growth (Q2FY19 vs Q2FY18) |
|--|--------|--------|--------|---------------------------|
|  | 25.26  | 30.17  | 32.71  | 30%                       |
|  | 19.50  | 21.93  | 24.40  | 25%                       |
|  | 5.75   | 8.24   | 8.31   | 44%                       |
|  | 1.06   | 1.43   | 1.97   | 85%                       |
|  | 1.71   | 2.30   | 2.50   | 46%                       |
|  | 0.06   | 0.09   | 0.12   | 90%                       |
|  | 1.11   | 0.91   | 1.33   | 20%                       |
|  | 3.94   | 6.38   | 6.33   | 61%                       |
|  | 1.06   | 2.03   | 1.94   | 83%                       |
|  | 2.88   | 4.35   | 4.39   | 52%                       |
|  | 2.92   | 4.72   | 4.68   | 60%                       |

| <b>BALANCE SHEET</b> |       |       |       |
|----------------------|-------|-------|-------|
| Net Worth            | 50.17 | 79.96 | 87.96 |

|  |       |       |        |  |
|--|-------|-------|--------|--|
|  | 89.18 | 98.86 | 104.01 |  |
|--|-------|-------|--------|--|

Financials for FY16, FY17 and FY18 as per IGAAP; for Q2FY18 and Q2FY19 as per IndAS

Based on DHFL Standalone Accounts

## Key Financial Ratios

|                              | FY16   | FY17    | FY18   | Q2FY18 | Q1FY19 | Q2FY19 |
|------------------------------|--------|---------|--------|--------|--------|--------|
| Net Interest Income (NIM)    | 2.96%  | 2.99%   | 3.04%  | 2.92%  | 3.42%  | 3.15%  |
| Cost/Income Ratio            | 26.13% | 23.63%* | 23.06% | 22.12% | 21.78% | 22.30% |
| Gross NPA % (On B/S)         | 0.93%  | 0.94%   | 0.96%  | 0.96%  | 0.93%  | 0.96%  |
| Gross NPA % (AUM)            | 0.83%  | 0.84%   | 0.84%  | 0.88%  | 0.82%  | 0.86%  |
| Return on Assets (RoA)       | 1.52%  | 1.56%*  | 1.72%  | 1.46%  | 1.80%  | 1.66%  |
| Return on Equity (RoE)       | 17.78% | 16.10%* | 16.83% | 13.04% | 17.97% | 17.30% |
| Earnings per share (₹/share) | 25.00  | 95.76   | 37.39  | 9.18   | 13.87  | 13.98  |
| Dividend per share (₹/share) | 8.00   | 4.00    | 5.50   |        |        |        |
| Dividend Payout %            | 32%    | 12.2%   | 14.7%  |        |        |        |

Financials for FY16, FY17 and FY18 as per IGAAP; for Q2FY18, Q1FY19 and Q2FY19 as per IndAS

Based on DHFL Standalone Accounts

\* Impact of stake sale of DPLI by DHFL (INR 19.69 bn) in FY17 on Net Worth included in calculation of ratios (but impact on Income/PAT excluded)

# Annexure 2

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## Management Team



# Leadership Team

DHFL has a highly experienced and cohesive leadership team

## Executive Leadership



**Kapil Wadhawan**  
Chairman and Managing Director



**Harshil Mehta**  
Joint Managing Director & CEO

## Senior Leadership

### Business Functions



**Santosh Nair**  
Chief Business Officer



**Rajendra Mirashie**  
President – Project Finance



**Pradeep Bhaduria**  
Head – Retail Liability

### Shared Services



**Santosh Sharma**  
Chief Financial Officer



**Vivek Kannan**  
Chief Operating Officer



**Jyothiratha B**  
Chief Technology Officer



**Rajendra Mehta**  
Chief People Officer



**Bharat Pareek**  
Head – Treasury



**Vikas Arora**  
Head – Risk & Collections



**Niti Arya**  
Company Secretary & Compliance Officer



**Pranab Goel**  
Head – Investor Relations



**Asish Saraf**  
Head – Management Assurance & Audit



**Pradeep Sawant**  
Head – Corporate Legal

# Experienced Board of Directors

Distinct and delineated responsibilities to ensure good corporate governance

## Kapil Wadhawan (Chairman & Managing Director)



- Joined DHFL in 1996 and appointed Chairman & Managing Director in 2009
- 22+ years of experience in the financial services industry
- MBA from Edith Cowan University, Australia

| Name   | Designation                   | Description   |
|--|-------------------------------|---|
|  <b>Harshil Mehta</b>        | <i>Joint MD and CEO</i>       | <ul style="list-style-type: none"> <li>▪ Former MD &amp; CEO of Aadhar HFC</li> <li>▪ Former MD &amp; CEO of ICICI Home Finance &amp; previously worked with ICICI bank for 10 years</li> <li>▪ Has been on the Board of DHFL since Sep 01, 2017</li> </ul> |
|  <b>Dheeraj Wadhawan</b>     | <i>Non Executive Director</i> | <ul style="list-style-type: none"> <li>▪ 11+ years of experience in real estate and construction industry</li> <li>▪ Has been on the Board of DHFL since May 12, 2008</li> </ul>  |
|  <b>G.P. Kohli</b>           | <i>Independent Director</i>   | <ul style="list-style-type: none"> <li>▪ Former MD of Life Insurance Corp (LIC) of India</li> <li>▪ Has been on the Board of DHFL since May 23, 2001</li> </ul>   |
|  <b>Vijaya Sampath</b>       | <i>Independent Director</i>   | <ul style="list-style-type: none"> <li>▪ Senior Partner in law firm, Lakshmikumaran &amp; Sridharan and ombudsperson for the Bharti Group</li> <li>▪ Has been on the Board of DHFL since Aug 26, 2014</li> </ul>  |
|  <b>Vijay Kumar Chopra</b> | <i>Independent Director</i>   | <ul style="list-style-type: none"> <li>▪ Former Chairman &amp; MD of Corporation Bank and SIDBI and former whole time member of SEBI</li> <li>▪ Has been on the Board of DHFL since May 12, 2008</li> </ul>   |
|  <b>Mannil Venugopalan</b> | <i>Independent Director</i>   | <ul style="list-style-type: none"> <li>▪ Former Chairman and MD of Bank of India and MD and CEO of Federal Bank</li> <li>▪ Has been on the Board of DHFL since Feb 25, 2013</li> </ul>  |

Deloitte Haskins & Sells LLP and Chaturvedi & Shah are joint statutory auditors of DHFL

# Sound Corporate Governance

## BOARD OF DIRECTORS

- Comprises 7 members: 2 executive directors, 1 non executive director and 4 independent directors

## AUDIT COMMITTEE

- Comprises 3 independent directors; Minimum 4 meetings are held annually

## NOMINATION & REMUNERATION COMMITTEE (NRC)

- Comprises 3 independent directors

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

- Comprises 4 members; 2 independent directors and 2 executive directors ('CMD' and 'JMD & CEO')

## FINANCE COMMITTEE

- Comprises 3 members; 1 independent director, 1 non executive director and 1 executive director ('CMD')

## RISK MANAGEMENT COMMITTEE (RMC)

- Oversee various types of risks. Comprises 4 members; 2 independent directors, and 2 executive directors

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

- Comprises 3 members; 1 independent director and 2 executive directors ('CMD' and 'JMD & CEO')

## REVIEW COMMITTEE

- Comprises 5 members; including 2 independent director, and 1 executive director ('JMD & CEO')

### • COMMITTEES OF THE BOARD

# Awards and Recognition



*DHFL awarded "Housing Finance Company of the Year" at Asia's Banking, Financial Services and Insurance Excellence Awards held in Singapore*

*DHFL awarded "The Best Performing Primary Lending Institution under CLSS for MIG" by the Ministry of Housing and Urban Affairs*

*DHFL awarded as the Leading Housing Finance Company of the Year by Times Network*

*DHFL awarded The Economic Times Iconic Brand Award 2018*



*Kapil Wadhawan awarded as the Best CEO in Financial Service by Business Today*

*DHFL awarded as Leading Housing Finance Company in the National Awards for Best Housing Finance Companies organised by CMO Asia and World Federation of Marketing*

*DHFL awarded "The Best Performing Primary Lending Institution under CLSS for MIG" by My Liveable City and knowledge partner National Housing Bank.*

*DHFL has been awarded the 'Dream Companies to work for' in the Housing Finance Sector by World HRD Congress and CHRO Asia*



*DHFL won the Industry Award for the excellence in the Home Loan Banking*

*DHFL and Mr. Kapil Wadhawan honored with the India's Greatest Brands and Leaders Award 2015-2016 organised by AsiaOne and URS Media Consulting Private Limited*

*DHFL wins the Golden Peacock Innovative Product and Service Award 2016 for its innovative "Wealth2Health Fixed Deposit" product*



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# Annexure 3

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## DHFL Group Associates

# Associate Companies: Aadhar Housing Finance

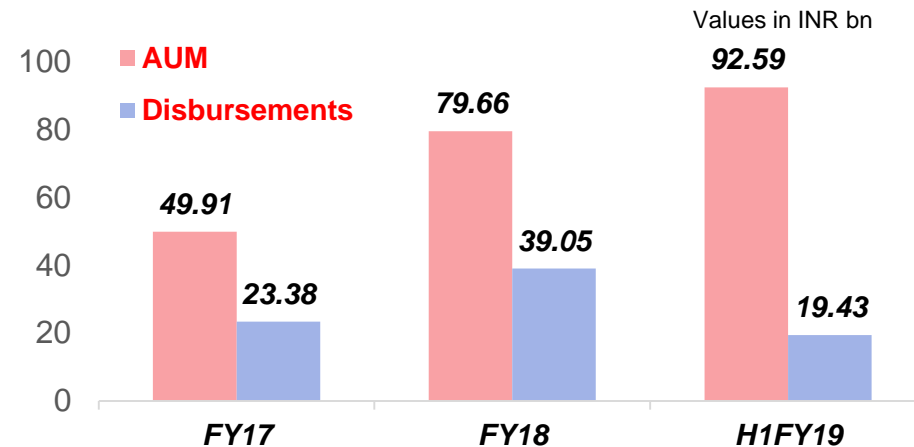


Focus on Economically Weaker Section (EWS) and Low Income (LIG) customer segments

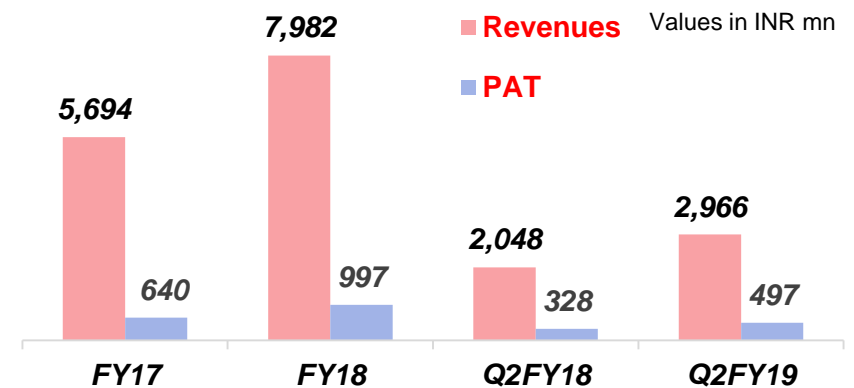
After merger with DHFL Vysya, business operations spread across India with a network of 313 branches

IFC has 16.91% equity stake in the merged entity

## BUSINESS PERFORMANCE



## FINANCIAL PERFORMANCE



Aadhar HFC and DHFL Vysya HFC merged in Q3FY18

For FY17, the numbers are combined for Aadhar HFC & DHFL Vysya HFC while for FY18 and FY19 YTD, the numbers are of the merged entity

# Associate Companies: Avanse Financial Services



Launched in 2013 and now India's second largest education loan financing NBFC

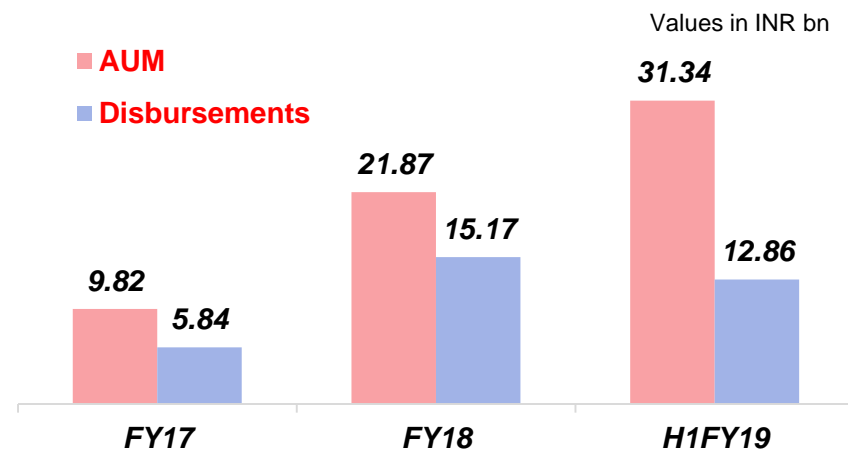
Product wise breakup of AUM

- Domestic Education Loans: 9%
- Overseas Education Loans : 45%
- Other Loans: 46%

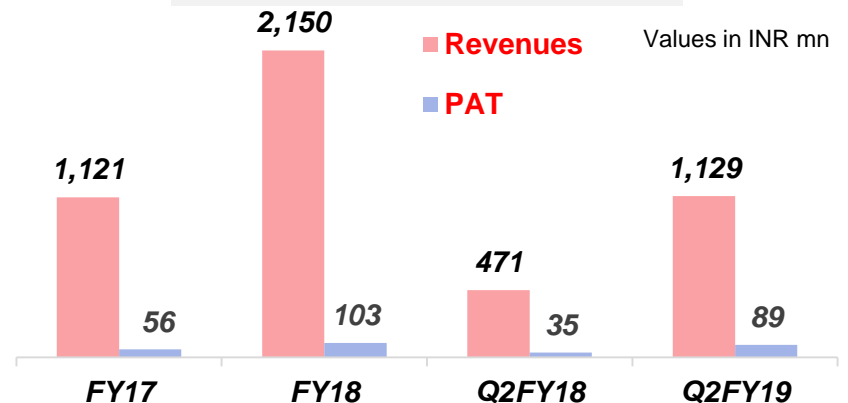
Business coverage across 17 major educational markets of the country with additional coverage through 184 DHFL Centres

IFC has 20% equity stake in the company

## BUSINESS PERFORMANCE



## FINANCIAL PERFORMANCE



# Associate Companies: DHFL Pramerica Life Insurance (DPLI)



LIFE INSURANCE

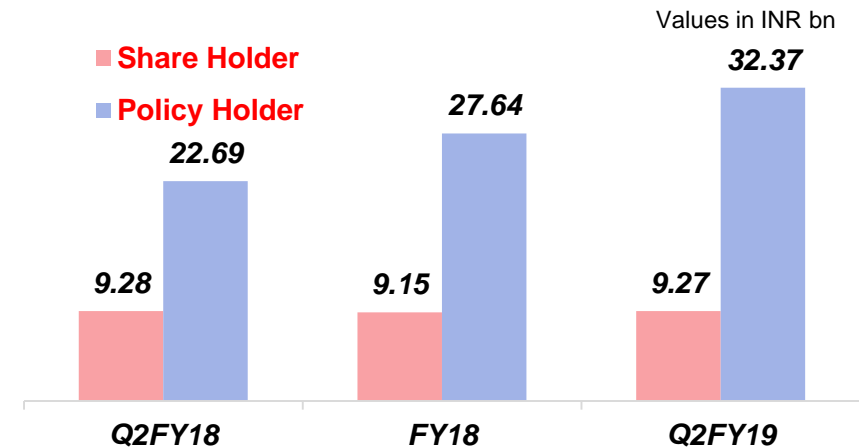
JV with Prudential Financial Inc.\* of United States

Presence in life insurance business with focus on traditional products

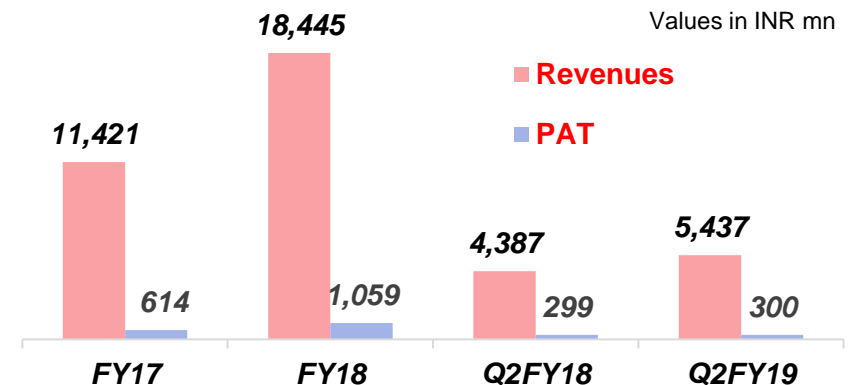
Transaction involving sale of 50% stake of DHFL in DPLI to a WOS (DHFL Investments Ltd) concluded in Mar 2017

Network of 126 branches and 10,000+ agents

## ASSETS UNDER MANAGEMENT (AUM)



## FINANCIAL PERFORMANCE



\* Pramerica is the brand name used by Prudential Financial, Inc. ("PFI") of the USA and its affiliates in select countries outside the USA. Neither PFI nor any of the Pramerica entities are affiliated in any manner with Prudential PLC, a company incorporated in the United Kingdom.



# Associate Companies: DHFL Pramerica Asset Management (DPAMC)



JV with Prudential Financial Inc.\* of United States

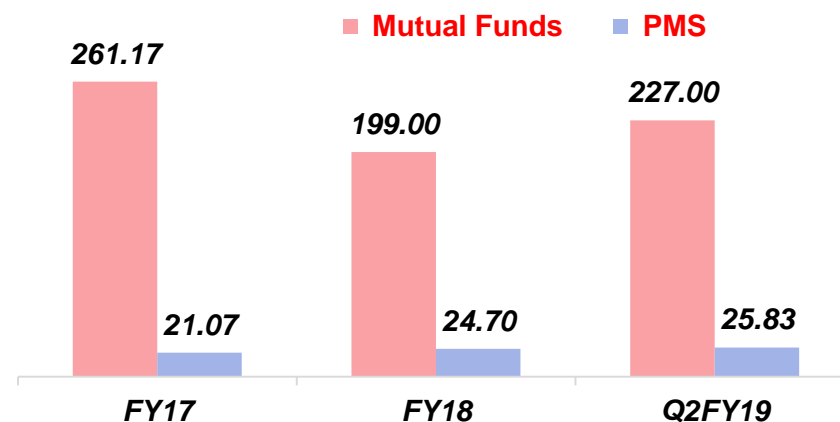
Launched Mutual Fund (MF) business in 2010 and Portfolio Management Services (PMS) in 2013. Acquired Deutsche AMC in 2016.

Network of 9,000+ empanelled distributors and 1,00,000+ active folios

Headquartered in Mumbai with presence in 23 cities

## ASSETS UNDER MANAGEMENT (AUM)

Values in INR bn



*PMS includes Discretionary & Advisory AUM*

\* Pramerica is the brand name used by Prudential Financial, Inc. ("PFI") of the USA and its affiliates in select countries outside the USA. Neither PFI nor any of the Pramerica entities are affiliated in any manner with Prudential PLC, a company incorporated in the United Kingdom.

# Disclaimer

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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 associates/subsidiaries/JVs, 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 associates/subsidiaries/JVs 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 Financial Statements for FY2016 and FY2017, FY2018 & FY2019 YTD 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 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.

**Thank You**

**Contact**

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