

Dewan Housing

BSE SENSEX	S&P CNX
24,062	7,309
Bloomberg	DEWH IN
Equity Shares (m)	291.4
M.Cap. (INR b) / (USD b)	53.3/0.8
52-Week Range (INR)	285/180
1, 6, 12 Rel. Per (%)	-14/-9/-7
Avg Val (INR m)	383
Free float (%)	65.1

Financials & Valuation (INR Billion)

Y/E MAR	2016E	2017E	2018E
NII	16.6	20.7	25.4
PPP	12.9	16.2	20.2
Adj. PAT	7.4	9.4	11.7
EPS (INR)	25.5	32.1	40.0
EPS Gr. (%)	19.4	26.1	24.7
BV (INR)	178.0	202.6	234.2
RoAA (%)	1.2	1.3	1.3
RoE (%)	15.1	16.9	18.3
Payout (%)	17.4	17.4	17.4

Valuations

P/E (x)	7.2	5.7	4.6
P/BV (x)	1.0	0.9	0.8
P/ABV (x)	1.0	0.9	0.8
Div.Yld (%)	2.1	2.6	3.3

CMP: INR183
TP: INR302 (+65%)
Buy

Growth parameters remain strong; trades at 0.9x FY17E ABV

- Dewan Housing Finance's (DEWH) 3QFY16 PAT grew 16.5% YoY to INR1.9b. While the numbers were largely in line with our estimates (with net income at INR4.65b; +18.5% YoY), marginally higher provisions led to 3.0% PAT miss. Healthy AUM growth (+25.3% YoY), 13bp margin expansion to 2.9% and stable asset quality were the key highlights of the quarter.
- Business growth momentum remained strong during 3Q, with sanctions/disbursements 21%/28% YoY to INR93.1b/INR64.3b. AUM growth remained healthy at +25.3% YoY (5.0%QoQ). Increased repayments of 5.7% v/s a run-rate of 4.5% were due to higher pre-closure in the developer loan segment.
- Reported NIMs improved 13bp YoY to 2.9%, led by a 73bp YoY decline in cost of funds to 9.60%, but were partly offset by moderating yields on account of competitive pressures.
- Asset quality remained stable, with GNPLs of 80bp v/s 77bp during 3QFY15 and 81bp last quarter. However, provisions were higher at INR480m as the company has to make higher provisions for non-housing loans.
- **Other highlights:** a) Company to issue convertible warrants of INR5b to promoter group in 4QFY16. b) Debited INR593m from reserves for ZCBs. c) Average ticket size at INR1.22m.
- **Valuation and view:** DEWH continues to perform well on growth and asset quality fronts. While margins have improved, rating upgrade and a reduction in base/wholesale rates are likely to provide room for further margins expansion. Moreover, management's commitment to lower cost can provide delta to earnings. The stock trades at 0.9x FY17E P/B and 5.7x P/E, a steep discount compared with other HFCs; expected improvement in margins and reduction in cost can narrow this gap. Maintain **Buy** with a TP of INR302 (1.5x FY17E ABV).

DEWH: Quarterly performance

Y/E March	FY15				FY16				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY15	FY16E
Interest Income	13,985	14,120	14,884	15,406	16,331	17,640	18,461	18,818	58,394	71,250
Interest Expenses	10,706	10,801	11,336	11,754	12,343	13,575	14,197	14,547	44,596	54,662
Net Interest Income	3,279	3,319	3,548	3,652	3,988	4,065	4,264	4,271	13,798	16,588
YoY Growth (%)	45.0	45.2	37.1	30.5	21.6	22.5	20.2	16.9	38.9	20.2
Fees and other income	281	387	381	419	201	477	392	604	1,468	1,674
Net Income	3,560	3,706	3,929	4,071	4,189	4,542	4,656	4,875	15,266	18,262
YoY Growth (%)	32.1	28.5	25.3	20.1	17.7	22.5	18.5	19.7	26.1	19.6
Operating Expenses	1,086	1,226	1,264	1,210	1,256	1,318	1,372	1,462	4,786	5,407
YoY Growth (%)	27.2	15.6	37.9	-1.0	15.6	7.6	8.5	20.8	18.1	13.0
Operating Profits	2,474	2,480	2,665	2,861	2,934	3,223	3,285	3,413	10,480	12,855
YoY Growth (%)	34.4	35.9	20.1	32.0	18.6	30.0	23.3	19.3	30.2	22.7
Provisions	250	200	250	350	320	450	480	350	1,050	1,600
Profit before Tax	2,224	2,280	2,415	2,511	2,614	2,773	2,805	3,063	9,430	11,255
Tax Provisions	753	758	819	888	881	970	946	1,042	3,217	3,838
Profit after tax	1,471	1,523	1,596	1,623	1,733	1,804	1,859	2,021	6,212	7,417
YoY Growth (%)	22.3	17.9	15.3	15.0	17.8	18.5	16.5	24.6	17.4	19.4
Loan growth (%)	21.8	24.9	26.2	26.0	25.7	25.9	23.5	22.0	26.0	24.0
Cost to Income Ratio (%)	30.5	33.1	32.2	29.7	30.0	29.0	29.5	30.0	31.4	29.6
Tax Rate (%)	33.9	33.2	33.9	35.4	33.7	35.0	33.7	34.0	34.1	34.1

E: MOSL Estimates

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Exhibit 1: Quarterly performance and reason for deviations

Particulars	3QFY16A	3QFY16E	v/s Est.	Comments
Total income	18,853	19,463	-3	
Interest expenses	14,197	14,797	-4	
Net Income	4,656	4,666	0	NII In-line; Margins expand 13bp YoY
Opex (inc. provisions)	1,852	1,764	5	Higher provision led to increased opex
Profit before Tax	2,805	2,902	-3	
Tax Provisions	946	987	-4	Tax rate of 34%
PAT before extraordinary item	1,859	1,915	-3	
Extraordinary Gain	0	0		
PAT after extraordinary item	1,859	1,915	-3	Marginally higher provisions led to 3% PAT miss
Int Exp/ Op. Inc. (%)	75.3	76.0		
Cost to Income Ratio (%)	39.8	37.8		
Tax Rate (%)	33.7	34.0		

Source: MOSL

Growth remains healthy; AUM growth +25% YoY

- Growth momentum continued during the quarter, with AUM grew +25.3% YoY (+5% QoQ) to INR660b, whereas loan book grew 23.5% YoY (4.8% QoQ) to INR 590b. Sanctions grew by +32% YoY (up 21% QoQ, due to seasonality) to INR93.1b and disbursements grew 31% YoY (28% QoQ) to INR64.3b.
- DEWH securitized assets worth INR8.3b during the quarter, including off balance sheet assets. Repayments during the quarter increased due to higher pre-payments in the developer loan segment.
- The proportion of non-housing loans (Commercial, LAP, Builders and SME financing) in the overall mix increased to 26% v/s 23% in 3QFY15.
- The average ticket size for the outstanding loan book increased to INR1.22m v/s INR1.16m in 3QFY15, whereas loan to value stood at 49% v/s 56% in 3QFY15.

NIMs improve 13bp YoY- likely to expand further

- Reported NIMs improved 13bp YoY to 2.9% led by 73bp YoY decline in cost of funds to 9.60% but were partly offset by moderating yields on account of competitive pressures.
- Lower cost of fund is on back of company's effort to replace its high cost bank funding with lower priced market papers. DEWH has been able to bring down its bank borrowing to 53% from 60% in 3QFY15 and 54% during the last quarter. Management expects to bring down bank borrowings to 45% in next 2 years. Moreover DHFL has benefitted from reduction in base rates by banks as bank funding which forms 53% of total borrowings.

Asset quality stable; PCR of +111%

- GNPA's remained stable at 80bp (77bp in 3QFY15) v/s 81bp during the last quarter. Company continues to adequately provide for all the GNPA's (PCR of 111%) resulting in nil NNPA.
- Provisions during the quarter were higher due to higher standard asset provisioning on non-home loan book. Provisions were at INR 480m v/s 450m in last quarter and (INR250m in 3QFY15).

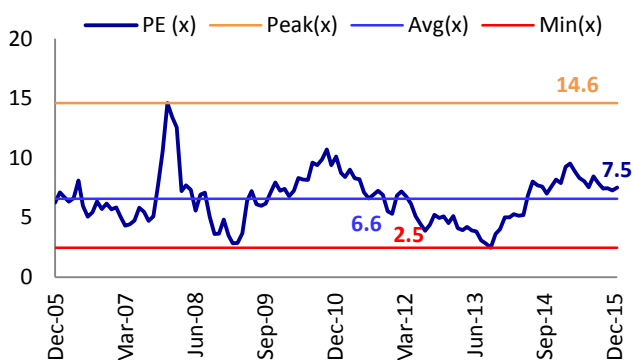
Other Highlights

- Company to issue convertible warrants of INR5b to promoter group in 4QFY16 and would be convertible in after 18 months. The pricing would be decided on the SEBI provided formula of 5% premium on average price of last 6 months or last 15 days (whichever is higher).
- Fee income increased largely remained flat on YoY basis at INR392m as the company lowered its processing fees during the festive season.
- Other expenses were higher due to higher legal expenses and marketing expenses.
- Average ticket size stood INR1.22m.
- Capital adequacy stands at 16.4%, with tier 1 of 12.6%

Valuation and view

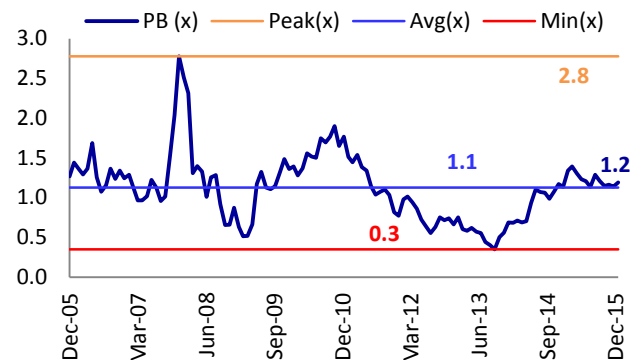
- DEWH continues to perform well on growth and asset quality front; we expect the loan growth to remain healthy at a CAGR of 23% over FY16-18 and asset quality remains healthy with +100% provision coverage ratio.
- While the margins have improved further tailwinds for margins exists as wholesale funds have declined sharply and the company continues to replace bank borrowings with bonds. Management expects to bring down bank borrowings to 45% over the next 2 years. Moreover rating upgrade to AAA (by CARE Ratings) coupled with reduction in banks base rates during 3QFY16 are likely to provide further leg up to margins.
- Management is committed to bring down the costs structure by improving productivity, rationalizing branch network, centralizing back-end operations.
- The stock is trading at 0.9x FY17E ABV, is a steep discount compared to other HFCs (all trading above 2.4x P/B), expected improvement in margins and reduction in cost can lead to narrowing of this gap. We expect AUM/PAT CAGR of 26%/24% over FY16-17, and estimate RoA/RoE at 1.3%/17.2% for FY17. Better than expected growth and cost control should provide upsides to our RoA/RoE estimates. Maintain Buy with a price target of INR302 (1.5x FY17 Adjusted book value).
- **Key concerns:** 1) Though the asset quality performance has remained healthy, it remains monitorable 2) Cost to income ratio remains higher than peers at ~30%

Exhibit 2: One year forward P/E chart



Source: MOSL

Exhibit 3: One year forward P/B chart



Source: MOSL

Conference call highlights

- **Industry Outlook:** Affordable housing to be the growth driver for Real Estate industry. Increasing number of developer are launching projects LMI and middle income segment (INR1.5m-4.5m category).
- Increasing competition in the mortgage business is putting pressure on yields.
- **Guidance:** On track to reach AUM of INR1t by FY18 and maintain NIMs of 2.8-3.0%
- **Disbursements:** ~25% of disbursements during the quarter were towards project loans. Project loans now constitute 8% of the total loan book v/s 6% in the last quarter.
- **Higher repayments:** Repayments were higher due to increased pre-payments across segments, but project loans witnessed heightened prepayments.
- **Other expenses:** Other expenses were higher due to increased marketing expenses during the festive season and legal expenses on back of due diligence of asset management business.
- **Capital Raise:** Company to issue convertible warrants of INR5b to Wadhawan Global Capital (promoter group) during 4QFY16. The warrants would be convertible into equity after 18 months.
- Pricing of the issue would be decided by the SEBI formula of 5% premium over average price of last 6 months or 15 days (whichever is higher).
- Company is raising equity in order to lower its D/E ratio and fund future growth.
- **Others:** Company is working towards selling its new HQ building to a third party. Expects the sale to happen in 4QFY16.

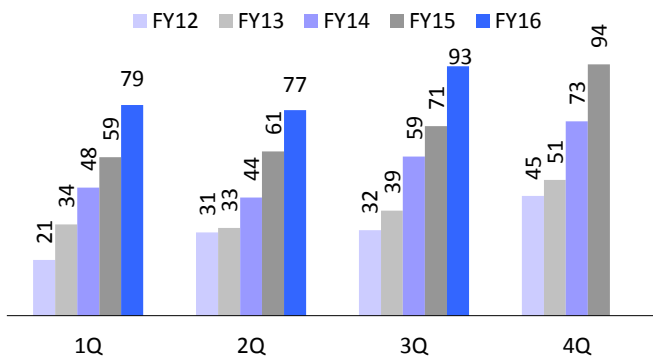
Exhibit 4: Quarterly Snapshot

	FY14				FY15				FY16			Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ	YoY
Profit and Loss (INR m)													
Interest Income	10,641	11,073	12,465	13,580	13,985	14,120	14,884	15,406	16,331	17,640	18,461	5	24
Interest Expenses	8,380	8,787	9,878	10,782	10,706	10,801	11,336	11,754	12,343	13,575	14,197	5	25
Net Interest Income	2,261	2,286	2,587	2,798	3,279	3,319	3,548	3,652	3,988	4,065	4,264	5	20
Fees and Other Income	433	599	549	591	281	387	381	419	201	477	392	-18	3
Total Income	2,694	2,885	3,136	3,389	3,560	3,706	3,929	4,071	4,189	4,542	4,656	3	19
Operating Expenses	854	1,060	917	1,222	1,086	1,226	1,264	1,210	1,256	1,318	1,372	4	8
Employee	393	403	401	564	449	472	490	549	550	549	563	3	15
Others	461	657	516	658	637	754	774	661	705	769	809	5	5
Operating Profits	1,840	1,825	2,219	2,167	2,474	2,480	2,665	2,861	2,934	3,223	3,285	2	23
Provisions	250	100	250	100	250	200	250	350	320	450	480	7	92
PBT	1,590	1,725	1,969	2,067	2,224	2,280	2,415	2,511	2,614	2,773	2,805	1	16
Taxes	387	434	585	655	753	758	819	888	881	970	946	-2	16
PAT	1,203	1,291	1,384	1,412	1,471	1,523	1,596	1,623	1,733	1,804	1,859	3	16
Asset Quality (%)													
GNPA	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8		
NNPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Provisions coverage	97.4	102.9	90.7	104.4	104.6	107.4	108.2	100.2	106.9	111.3	110.8		
Ratios (%)													
Cost to Income	31.7	36.7	29.2	36.1	30.5	33.1	32.2	29.7	30.0	29.0	29.5		
Tax Rate	21.0	23.8	26.4	30.2	30.4	30.6	30.7	31.0	30.0	30.1	28.8		
CAR	16.4	18.0	17.5	17.2	16.5	16.2	15.5	16.5	15.8	15.3	16.4		
Tier I	11.1	12.4	12.3	12.0	11.6	11.6	10.9	12.5	12.0	11.6	12.6		
Margins Reported - Cumulative (%)													
Cost of Funds	10.6	10.6	10.5	10.6	10.5	10.5	10.3	10.3	10.0	9.9	9.6		
NIMs	2.7	2.7	2.7	2.7	2.8	2.8	2.8	2.9	2.9	2.9	2.9		
Business (INR b)													
Sanctions	48	44	59	73	59	61	71	94	79	77	93	21	32
Disbursements	36	33	40	56	43	43	49	63	49	50	64	28	31
Loan book	351	358	379	406	428	447	478	510	538	563	590	5	23
Average ticket size Rs lac	10	10	10	11	11	11	12	12	12	12	12		
Borrowing Mix (%)													
Banks and FI	70	68	68	69	63	64	60	58	55	54	53		
NHB	6	6	6	5	5	4	4	3	3	3	3		
NCD	12	12	19	20	24	25	28	28	32	33	32		
Deposits	0	0	0	0	7	8	8	8	8	8	8		
Others	12	13	7	7	0	0	0	0	0	0	0		
Multilateral Agencies	0	0	0	0	1	0	0	3	3	2	4		

Source: Company, MOSL

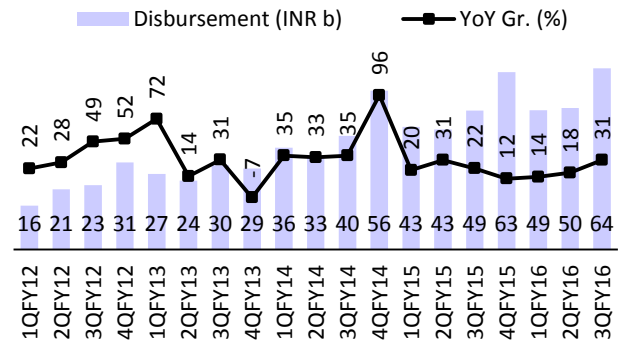
Story in charts

Exhibit 5: Sanctions grew at healthy +21% YoY (INR b)



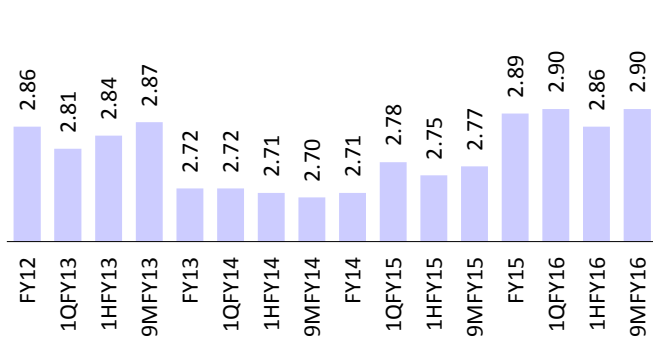
Source: Company, MOSL

Exhibit 6: Disbursement growth at +31% YoY



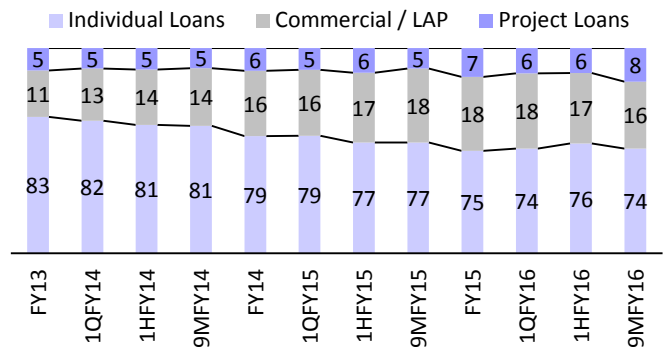
Source: Company, MOSL

Exhibit 7: Falling CoF led to YoY NIM improvement (%)



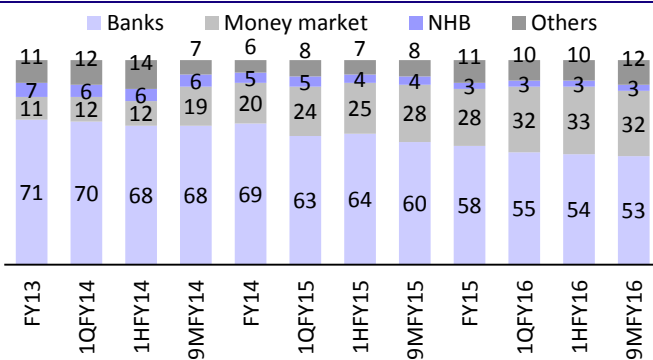
Source: Company, MOSL

Exhibit 8: AUM Mix: Non-retail now forms ~26% of AUM



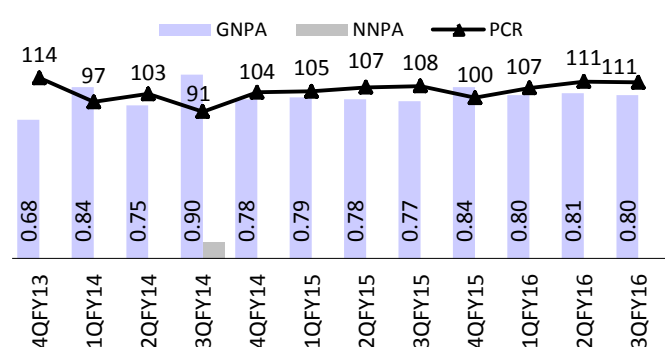
Source: Company, MOSL

Exhibit 9: High cost bank borrowings decrease to 100bp QoQ



Source: Company, MOSL

Exhibit 10: Asset quality remain stable; PCR +111% (%)



Source: Company, MOSL

Exhibit 11: Valuation Metrics

	Rating	CMP	Mcap	EPS (INR)		P/E (x)		BV (INR)		P/BV (x)		RoA (%)		RoE (%)		Dividend Yield (%) #
		(INR)	(USDb)	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	
ICICIBC*	Buy	224	19.7	20.7	24.8	7.2	5.5	131	149	1.13	0.91	1.49	1.54	14.1	15.0	2.2
HDFCB	Buy	1,017	38.6	49.1	59.3	20.7	17.2	285	331	3.57	3.08	1.88	1.86	18.4	19.3	0.8
AXSB	Buy	389	14.0	33.9	40.8	11.5	9.5	216	249	1.80	1.56	1.61	1.65	16.7	17.5	1.2
KMB*	Neutral	663	18.3	18.4	24.7	36.1	26.8	182	206	3.64	3.21	1.09	1.38	13.9	14.8	0.1
YES	Buy	645	4.1	57.3	74.5	11.3	8.6	325	385	1.98	1.68	1.60	1.70	18.9	21.0	1.4
IIB	Buy	867	7.7	39.0	50.1	22.2	17.3	293	337	2.95	2.58	1.92	2.04	16.7	15.9	0.5
DCBB	Under Review	71	0.3	5.9	6.9	12.0	10.3	61	68	1.17	1.05	0.95	0.93	10.2	10.8	0.0
FB	Neutral	48	1.2	3.9	4.7	12.1	10.0	48	52	0.99	0.92	0.77	0.83	8.4	9.5	2.3
JKBK	Neutral	67	0.5	16.2	18.0	4.1	3.7	138	152	0.49	0.44	1.00	1.02	12.3	12.4	3.1
SIB	Buy	18	0.4	2.5	3.1	7.0	5.8	29	31	0.63	0.58	0.55	0.58	9.4	10.3	3.3
Private Aggregate		104.8		16.4		13.6		2.41		2.12						
SBIN (cons)*	Buy	174	20.4	23.2	31.0	7.0	5.2	229	254	0.71	0.63	0.67	0.78	10.9	12.7	2.0
PNB	Under Review	88	2.6	15.9	22.8	5.5	3.8	215	235	0.41	0.37	0.50	0.64	7.8	10.1	3.8
BOI	Neutral	91	1.1	-21.1	9.3	-4.3	9.9	341	350	0.27	0.26	-0.26	0.10	-6.3	2.7	5.5
BOB	Buy	121	4.2	11.6	19.3	10.4	6.3	176	191	0.69	0.63	0.36	0.55	6.9	10.5	2.6
CBK	Under Review	172	1.3	34.8	57.3	5.0	3.0	566	610	0.30	0.28	0.31	0.46	6.5	9.8	6.1
UNBK	Buy	111	1.2	32.1	43.1	3.5	2.6	308	344	0.36	0.32	0.55	0.66	11.2	13.2	5.4
OBC	Under Review	104	0.5	36.4	50.0	2.9	2.1	467	505	0.22	0.21	0.45	0.56	8.0	10.3	3.2
INBK	Buy	89	0.6	20.2	29.5	4.4	3.0	277	300	0.32	0.30	0.48	0.62	7.5	10.2	4.7
CRPBK	Neutral	37	0.1	12.6	18.7	2.9	2.0	137	152	0.27	0.24	0.42	0.57	9.5	12.9	4.4
ANDB	Buy	50	0.5	17.8	22.8	2.8	2.2	180	196	0.28	0.25	0.55	0.62	10.3	12.2	4.0
IDBI	Neutral	55	1.3	5.3	8.5	10.4	6.5	146	153	0.38	0.36	0.23	0.34	3.7	5.7	1.4
DBNK	Neutral	35	0.3	1.5	10.0	23.5	3.5	120	128	0.29	0.27	0.06	0.38	1.2	8.0	3.1
Public Aggregate		34.2		8.2		5.3		0.55		0.51						
HDFC*	Under Review	1,135	27.1	35	41	19.9	14.9	165	188	4.19	3.24	2.42	2.51	23.6	22.3	1.3
LICHF	Buy	460	3.5	34	42	13.7	10.9	182	216	2.53	2.13	1.48	1.54	19.9	21.2	1.1
DEWH	Buy	183	0.8	26	33	7.0	5.6	179	204	1.03	0.90	1.27	1.29	15.6	17.2	1.9
IHFL	Buy	689	4.5	53	68	12.9	10.1	274	302	2.52	2.28	3.73	3.85	24.9	23.6	3.8
GRHF	Buy	236	1.3	7	8	35.5	28.5	24	28	10.02	8.36	2.13	1.98	28.3	27.8	0.8
REPCO	Buy	594	0.6	24	35	25.2	17.2	151	182	3.93	3.27	2.08	2.28	16.8	20.7	0.3
RECL	Under Review	178	2.7	63	57	2.8	3.1	301	345	0.59	0.52	3.21	2.45	22.8	17.6	6.0
POWF	Under Review	155	3.1	54	52	2.8	3.0	285	323	0.54	0.48	3.08	2.63	20.5	17.2	5.9
SHTF	Buy	750	2.6	62	73	12.1	10.3	457	515	1.64	1.46	2.08	2.29	14.0	15.0	1.3
MMFS	Buy	220	1.9	12	15	18.2	14.4	109	120	2.01	1.83	1.93	2.22	11.5	13.3	1.8
BAF	Buy	5,641	4.6	224	276	25.2	20.4	1,351	1,582	4.17	3.57	3.12	2.92	19.9	18.8	0.7
MUTH	Buy	176	1.1	19	24	9.4	7.4	140	155	1.26	1.13	2.60	2.85	14.0	16.1	4.1
SKSM	Buy	449	0.9	25	34	18.3	13.3	107	141	4.19	3.18	5.55	5.59	25.8	27.2	0.0
NBFC Aggregate		55.4		12.8		11.8		2.20		1.95						

*Multiples adj. for value of key ventures/Investments; For ICICI Bank and HDFC Ltd BV is adjusted for investments in subsidiaries

Financials and valuations

Income Statement						(INR Million)		
Y/E March	2011	2012	2013	2014	2015	2016E	2017E	2018E
Operating Income	18,456	28,633	37,977	46,705	57,160	71,250	88,350	107,696
Interest Expended	13,901	23,496	31,194	37,826	44,596	54,662	67,691	82,293
Net Interest Income	4,555	5,138	6,783	8,879	12,564	16,588	20,658	25,403
Change (%)	35.1	28.6	32.0	30.9	41.5	32.0	24.5	23.0
Fee Income	1,495	2,395	1,992	2,280	1,860	1,674	1,841	2,062
Net Income	7,126	8,899	9,596	11,851	15,221	18,262	22,500	27,465
Change (%)	108.0	24.9	7.8	23.5	28.4	20.0	23.2	22.1
Operating Expenses	2,562	3,349	3,039	3,800	4,740	5,407	6,256	7,220
Operating Profit	4,564	5,551	6,557	8,051	10,480	12,855	16,244	20,245
Change (%)	105.4	21.6	18.1	22.8	30.2	22.7	26.4	24.6
Provisions	214	463	450	700	1,050	1,600	2,050	2,550
% of average loans	0.15	0.20	0.2	0.2	0.2	0.3	0.3	0.3
Extra ordinary Income	354	250	0	0	0	0	0	0
PBT	4,704	5,338	6,107	7,351	9,430	11,255	14,194	17,695
Tax	1,131	1,304	1,588	2,061	3,218	3,838	4,840	6,034
Tax Rate (%)	24	24	26	28	34	34	34	34
Reported PAT	3,574	4,034	4,519	5,290	6,213	7,417	9,354	11,661
Change (%)	125.6	12.9	12.0	17.1	17.4	19.4	26.1	24.7
Adjusted PAT	3,220	3,784	4,519	5,290	6,213	7,417	9,354	11,661
Change (%)	103.3	17.5	19.4	17.1	17.4	19.4	26.1	24.7
Proposed Dividend	521	478	720	1,202	968	1,296	1,635	2,038

Balance Sheet						(INR Million)		
Y/E March	2011	2012	2013	2014	2015	2016E	2017E	2018E
Share Capital	1,044	1,168	1,282	1,284	1,457	2,914	2,914	2,914
- Equity Share Capital	1,044	1,168	1,282	1,284	1,457	2,914	2,914	2,914
- Capital Reserve			2,094	1,678	1,232	787	341	0
Reserves & Surplus	14,512	19,159	31,089	34,465	44,901	48,953	56,108	65,329
Net Worth (Excl Pref shares)	15,556	20,327	32,371	35,750	46,358	51,867	59,022	68,243
Net Worth (Incl Pref shares)	15,556	20,327	32,371	35,750	46,358	51,867	59,022	68,243
Minority Interest	2,525	1,927	0	0	0	0	0	0
Borrowings	206,897	246,717	322,527	398,749	494,456	613,186	768,271	937,290
Change (%)	122.3	19.2	30.7	23.6	24.0	24.0	25.3	22.0
Total Liabilities	224,978	268,971	354,898	434,498	540,814	665,052	827,292	1,005,533
Investments	6,877	2,141	2,750	7,215	10,062	10,565	11,094	11,426
Change (%)	562.7	-46.8	-36.3	71.9	19.8	18.3	17.5	16.6
Loans	199,304	254,694	342,219	408,732	515,109	638,735	792,032	966,279
Change (%)	117.1	27.8	34.4	19.4	26.0	24.0	24.0	22.0
Net Fixed Assets	2,354	2,582	4,379	9,877	9,846	10,338	10,855	11,289
Goodwill	3,452	3,495	0	0	0	0	0	0
Net Current Assets	12,991	6,059	5,549	8,674	5,796	5,414	13,312	16,538
Total Assets	224,978	268,971	354,898	434,498	540,814	665,052	827,292	1,005,533

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	2011	2012	2013	2014	2015	2016E	2017E	2018E
Spreads Analysis (%)								
Avg. Yield - Housing loans	12.7	12.6	12.7	12.4	12.4	12.4	12.4	12.3
Avg. Cost of Funds	9.3	10.4	11.0	10.5	10.0	9.9	9.8	9.7
Interest Spread on Housing loans	3.41	2.25	1.76	2.0	2.4	2.5	2.6	2.6
Net Interest Margin (On AUM)	3.129	2.263	2.27	2.2	2.5	2.7	2.8	2.8

Profitability Ratios (%)

RoAE	26.7	21.1	17.1	15.5	15.1	15.1	16.9	18.3
RoAA	2.0	1.53	1.45	1.34	1.27	1.23	1.25	1.27
Int. Expended/Int.Earned	75.3	82.1	82.1	81.0	78.0	76.7	76.6	76.4
Other Inc./Net Income	36.1	42.3	29.3	25.1	17.5	9.2	8.2	7.5

Efficiency Ratios (%)

Fees/Operating income	32.7	43.1	30.4	28.3	17.7	13.0	11.3	10.2
Op. Exps./Net Income	35.9	37.6	31.7	32.1	31.1	29.6	27.4	27.4
Empl. Cost/Op. Exps.	39.9	35.5	46.3	46.4	41.4	42.1	41.9	41.7

Asset-Liability Profile (%)

Loans/Borrowings Ratio	103.8	96.9	94.2	97.6	96.0	96.0	97.0	97.0
Debt/Equity (x)	13.3	12.1	10.0	11.2	10.7	11.8	13.0	13.7
Gross NPA (INR Mn)	943	1,316	2,632	3,948	4,738	5,686	6,823	8,187
Net NPA (INR Mn)	125	0	431	933	726	509	293	88

Valuations (Consolidated)

Book Value (INR)	74	87	126	139	159	178	203	234
Growth (%)	42.6	16.8	45.1	10.3	14.3	11.9	13.8	15.6
Price-BV (x)	2.5	2.1	1.4	1.31	1.15	1.0	0.9	0.8
Adjusted BV (INR)*	58.0	72.0	126	139	159	175	201	234
Price-ABV (x)	3.2	2.5	1.4	1.31	1.15	1.0	0.9	0.8
OPS (INR)	21.9	23.8	26	31	36	44	56	69
Growth (%)	61.4	8.7	7.6	22.6	14.8	22.7	26.4	24.6
Price-OP (x)	8.4	7.7	7.2	5.8	5.1	4.1	3.3	2.6
EPS (INR)	14.1	14.8	17.6	20.6	21.3	25.5	32.1	40.0
Growth (%)	48.8	5.6	18.7	16.9	3.5	19.4	26.1	24.7
Price-Earnings (x)	13.0	12.3	10.4	8.9	8.6	7.2	5.7	4.6
Dividend Per Share	1.8	1.8	2.5	4.4	3.5	3.8	4.8	6.0
Dividend Yield (%)	1.0	1.0	1.4	2.4	1.9	2.1	2.6	3.3

E: MOSL Estimates *

Corporate profile

Company description

Dewan Housing Finance's (DEWH) promoted by the Wadhawan Group in 1984, is the 3rd largest housing finance company in India AUM of INR630bn as on September 2015 (after HDFC and LIC Housing Finance). DHFL offers home loans to low and middle income segment in tier II and III cities. DEWH is the third largest HFC in India with, DHFL is present at 367 locations across India via branches, subsidiaries and alliances with public sector banks.

Exhibit 11: Sensex rebased

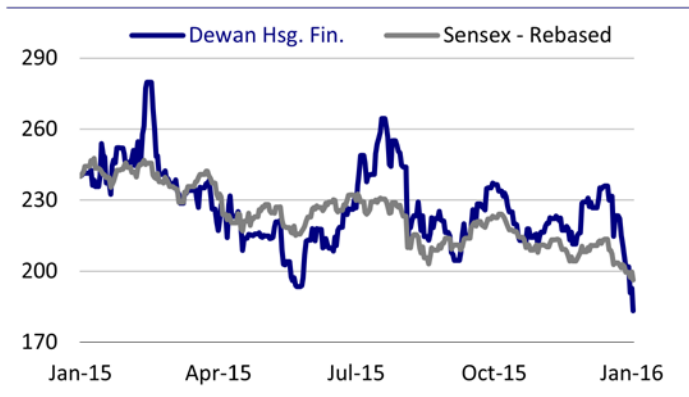


Exhibit 12: Shareholding pattern (%)

	Sep-15	Jun-15	Sep-14
Promoter	34.9	34.9	39.2
DII	1.8	3.8	4.9
FII	25.9	26.7	25.2
Others	37.4	34.6	30.8

Note: FII Includes depository receipts

Exhibit 13: Top holders

Holder Name	% Holding
Hemisphere Infrastructure India Pvt Ltd	3.7
Galaxy Infraprojects & Developers Pvt Ltd	3.6
Silicon First Realtors Pvt Ltd	3.5
Jhunjhunwala Rakesh Radheshyam	3.4
Government of Singapore	1.8

Exhibit 14: Top management

Name	Designation
Kapil Wadhawan	Chairman & MD
Harsil Mehta	CEO
Dheeraj Wadhawan	Director

Exhibit 15: Directors

Name	Name
Kapil Wadhawan	V K Chopra*
Dheeraj Wadhawan	M Venugopalan*
G P Kohli*	Vijaya Sampath*

*Independent

Exhibit 16: Auditors

Name	Type
T R Chadha & Co	Statutory
Rajendra Neeti & Associates	Statutory
Jayshree Dagli & Associates	Secretarial Audit

Exhibit 17: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY16	25.5	26.3	-3.2
FY17	32.1	32.4	-0.8
FY18	40.0	40.3	-0.7

NOTES

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