

Dewan Housing

BSE SENSEX	S&P CNX
35,176	10,718
Bloomberg	DEWH IN
Equity Shares (m)	313.2
M.Cap.(INRb)/(USDb)	196 / 3.0
52-Week Range (INR)	680 / 387
1, 6, 12 Rel. Per (%)	21/-5/27
Avg Val, INRm	2325.0
Free float (%)	60.8

Financials & Valuations (INR b)

Y/E March	2018	2019E	2020E
NII	24.4	30.6	38.8
PPP	26.2	32.0	39.8
Adj. PAT	11.7	16.2	19.9
EPS (INR)	37.4	51.7	63.5
EPS Gr. (%)	26.2	38.4	22.8
BV (INR)	277	317	367
RoAA (%)	1.2	1.4	1.4
RoE (%)	14.1	17.4	18.6
Payout (%)	17.1	16.8	16.8
Valuations			
P/E (x)	16.8	12.1	9.9
P/BV (x)	2.3	2.0	1.7
P/ABV (x)	2.3	2.0	1.7
Div. Yield (%)	0.9	1.2	1.5

CMP: INR649
TP: INR765 (+18%)
BUY

Growth trajectory robust; loan yields under pressure

- Dewan Housing Finance's (DEWH) 4QFY18 PAT (adjusted for stake sale in insurance JV in 4QFY17) grew 26% YoY to INR3.1b (2% above estimate).
- **Disbursements in the quarter were up 81% YoY to INR158b**, resulting in 33% YoY AUM growth (fastest growth in the past 18 quarters). **This was driven by 23% YoY AUM growth in the core home loan segment and 52% YoY growth in the non-core segment.** The share of non-core loans now stands at 39% v/s 37% in 3QFY18 and 34% in 4QFY17. **Management has guided for 22% AUM growth in FY19.**
- Calculated yield on AUM declined 35bp QoQ (-130bp YoY) to 10.0%, while cost of funds was largely stable QoQ/YoY at 8.84%. Borrowing mix was largely unchanged sequentially, with banks accounting for 42% of total borrowings, followed by capital markets (40%) and others (18%).
- **C/I ratio (calc.) declined 90bp YoY to 26.3%. DHFL's focus on reducing opex is bearing fruit – C/I ratio declined 450bp to 25% over FY16-18.**
- Asset quality was stable, with the GNPA ratio at 0.96%.
- For the full-year FY18, PAT (excl. one-offs) was up 26%, resulting in calc. RoA/RoE of 1.2%/14%.

Valuation view: DEWH is a focused play on low-ticket housing. This, along with the new-found opportunities in LAP and builder finance, is likely to keep its AUM on a high-growth trajectory. We believe the pressure on margins is temporary, and margins should revert to normal soon. The continued focus on cost rationalization is likely to result in higher return ratios and further re-rating in the medium term. We upgrade FY19/20 EPS estimates by 8/5%. Maintain **Buy** with a target price of INR765 (2.1x FY20E BVPS).

DEWH: Quarterly performance

Y/E March	(INR Million)								FY17	FY18
	FY17				FY18					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	19,319	21,227	23,151	22,835	23,529	25,034	25,204	26,472	86,531	100,239
Interest Expenses	14,754	16,307	18,001	17,475	17,869	19,034	18,944	19,802	66,536	75,649
Net Interest Income	4,565	4,920	5,150	5,360	5,660	6,000	6,260	6,670	19,995	24,590
YoY Growth (%)	14.5	21.0	20.8	22.6	24.0	22.0	21.6	24.4	19.8	23.0
Fees and other income	275	451	514	943	549	1,108	1,138	1,610	2,182	4,405
Net Income	4,840	5,371	5,664	6,303	6,209	7,108	7,398	8,280	22,177	28,995
YoY Growth (%)	15.5	18.3	21.6	29.1	28.3	32.4	30.6	31.4	21.4	30.7
Operating Expenses	1,361	1,398	1,497	1,717	1,570	1,698	1,781	2,181	5,973	7,229
YoY Growth (%)	8.4	6.1	9.1	10.8	15.4	21.4	19.0	27.0	8.7	21.0
Operating Profits	3,479	3,972	4,167	4,586	4,640	5,411	5,617	6,099	16,204	21,766
YoY Growth (%)	18.6	23.2	26.9	37.7	33.4	36.2	34.8	33.0	26.9	34.3
Provisions	450	450	450	830	830	1,070	1,000	1,300	2,180	4,200
Profit before Tax	3,029	3,522	3,717	3,756	3,810	4,341	4,617	4,799	14,024	17,566
Tax Provisions	1,015	1,196	1,269	1,273	1,205	1,408	1,558	1,675	4,754	5,845
Profit after tax	2,014	2,326	2,448	2,483	2,605	2,933	3,060	3,124	9,270	11,721
YoY Growth (%)	16.2	29.0	31.7	30.9	29.3	26.1	25.0	25.8	27.1	26.4
Loan growth (%)	18.3	16.0	16.9	16.7	19.8	24.6	21.7	27.5	18.5	29.2
Borrowings growth (%)	20.4	38.5	28.0	33.1	34.4	10.8	12.7	14.0	33.1	23.9
Cost to Income Ratio (%)	28.1	26.0	26.4	27.2	25.3	23.9	24.1	26.3	26.9	24.9
Tax Rate (%)	33.5	34.0	34.2	33.9	31.6	32.4	33.7	34.9	33.9	33.3

E: MOSL Estimates

Exhibit 1: Quarterly performance and reason for deviations

Particulars	4QFY18A	4QFY18E	v/s Est.	Comments
Total income	28,082	27,068	4	
Interest expenses	19,802	19,334	2	
Net Income	8,280	7,733	7	Strong AUM growth
Opex (inc. provisions)	3,481	3,080	13	Higher provisioning expense
Profit before Tax	4,799	4,654	3	
Tax Provisions	1,675	1,579	6	High tax rate
PAT before extraordinary item	3,124	3,075	2	
Extraordinary Gain	0	0		
PAT after extraordinary item	3,124	3,075	2	In-Line
Int Exp/ Op. Inc. (%)	70.5	71.4		
C/I Ratio incl prov (%)	42.0	39.8		
Tax Rate (%)	34.9	33.9		

Source: Company, MOSL

Disbursements were up
80bp YoY to INR158b

Healthy pick-up in retail lending growth

- We note of healthy AUM growth of 33% YoY to INR1.1t, driven by 23%/52% YoY growth in retail/non-retail loans. Note that retail loan growth of 23% is the highest in 10 quarters.
- Retail loans now account for 61% of total AUM, down 200bp QoQ. Share of builder finance was stable at 15% QoQ.

Reported margins stable at
3.03%

Stable margins, C/I ratio and asset quality

- Reported NIM remained largely unchanged at 3.03%.
- C/I ratio increased 220bp QoQ to 26.3%, driven by higher employee expense. Increased hiring in 4QFY18 led to higher employee expenses.
- GNPL ratio remained largely stable at 1.0%. Credit costs (as % of AUM) increased 8bp QoQ to 49bp.

Valuation and view

- DEWH is a focused play on low-ticket housing for non-salaried and self-employed.
- New-found opportunities in LAP and builder finance are likely to keep its AUM on a high-growth trajectory. We believe the continued focus on cost rationalization and a secular decline in cost of funds are likely to result in higher return ratios and further re-rating in the medium term.
- **Buy** with a TP of INR765 (2.1x FY20E BVPS).



Conference call highlights

Business updates

- Securitization increased in FY18; company aims to further increase securitization in FY19.
- Annual disbursement growth (v/s FY17) in HL – 35%, LAP – 106%, CF – 64% and SME – 94%.
- Zero coupon bond (ZCB) stock at INR18b and ZCB premium being charged to net worth at INR990m.
- Repayment rate at ~10-12% through FY18; will be higher in FY19.
- Margins to be under pressure in FY19.
- CF ticket size ranges from INR500m to INR5b; CF book is domiciled mostly in metro cities. Management has avoided NCR in CF. CF is likely to be a growth driver in FY19.
- With CF market expanding due to regulatory tailwinds, CF yields have come off.
- Taken a PLR increase of 20bp in April 2018.
- Employee expense gone up in 4QFY18 due to hiring.
- Incremental yields: HL – 9.3%, LAP – 11.3%, CF – 13.7% and SME – 11.5%.
- ~75% of customers opt for credit-protect insurance. Over the last two years, same proportions of customers have opted for this.
- Trademark income of INR430m from DHFL general insurance. It is a one-off.
- Segmental GNPA on AUM: HL – 0.65%; LAP – 1.2%; CF – 1.20%.
- Disbursement breakup: HL – INR65.25b; LAP – INR44.75b; SME – INR10.16b and CF – INR37.52b.
- DEWH has submitted ~16,000 cases so far for a subsidy of INR 3.7b under PMAY scheme. It has received INR1.5b from 7,000 cases.
- Project loans may peak at 15-17% in FY19.

Guidance

- 28-30% growth in disbursement in FY19
- 22-24% increase in AUM in FY19.
- C/I ratio to trend down by 50-60bp in FY19.
- Margin guidance 300-305bp in FY19.
- PAT growth of 20-23% in FY19.

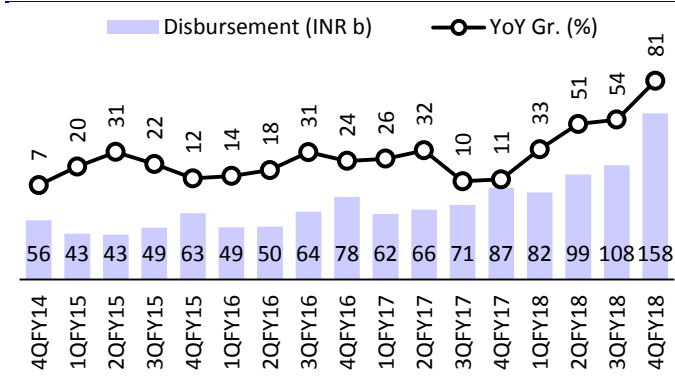
Exhibit 2: Quarterly Snapshot

	FY17				FY18				Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Profit and Loss (INR m)										
Interest Income	19,319	21,227	23,151	22,835	23,529	25,034	25,204	26,472	5	16
Interest Expenses	14,754	16,307	18,001	17,475	17,869	19,034	18,944	19,802	5	13
Net Interest Income	4,565	4,920	5,150	5,360	5,660	6,000	6,260	6,670	7	24
Fees and Other Income	275	451	514	943	549	1,108	1,138	1,610	41	71
Total Income	4,840	5,371	5,664	6,303	6,209	7,108	7,398	8,280	12	31
Operating Expenses	1,361	1,398	1,497	1,717	1,570	1,698	1,781	2,181	22	27
Employee	628	657	663	656	788	873	892	1,004	13	53
Others	733	741	834	1,061	781	824	889	1,177	33	11
Operating Profits	3,479	3,972	4,167	4,586	4,640	5,411	5,617	6,099	9	33
Provisions	450	450	450	830	830	1,070	1,000	1,300	30	57
PBT	3,029	3,522	3,717	3,756	3,810	4,341	4,617	4,799	4	28
Taxes	1,015	1,196	1,269	1,273	1,205	1,408	1,558	1,675	7	32
PAT	2,014	2,326	2,448	2,483	2,605	2,933	3,060	3,124	2	26
Asset Quality (%)										
GNPA	1.0	1.0	1.0	0.9	1.0	1.0	1.0	1.0		
NNPA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Ratios (%)										
Cost to Income	28.1	26.0	26.4	27.2	25.3	23.9	24.1	26.3		
Tax Rate	29.2	30.1	30.5	5.2	26.0	26.0	27.7	27.5		
CAR	17.5	17.2	16.3	19.1	18.7	17.2	16.3	15.3		
Tier I	12.7	12.2	11.7	14.8	14.5	12.8	12.2	11.5		
Margins Reported - Cumulative (%)										
Cost of Funds	9.6	9.3	9.1	8.8	8.7	8.6	8.5	8.4		
NIMs	2.9	3.1	3.1	3.0	3.1	3.0	3.0	3.0		
Business (INR b)										
Sanctions	88	84	95	131	109	142	166	243	47	85
Disbursements	62	66	71	87	82	99	108	158	45	81
Loan book	636	653	690	721	762	814	840	919	9	28
AUM	720	752	783	836	882	941	1,013	1,111	10	33
Average ticket size Rs lac	12.9	13.4	13.8	14.0	14.3	14.6	14.5	15.2		
Borrowing Mix (%)										
Banks and FI	52	44	42	42	44	43	41	42		
NHB	2	2	4	4	4	4	4	3		
NCD	32	43	42	42	39	40	41	40		
Deposits	9	8	9	8	9	10	11	11		
Others	0	0	0	0	0	0	0	0		
Multilateral Agencies	5	4	4	4	4	3	3	3		
Loan Mix (%)										
Retail home loans	72	70	69	66	66	64	63	61		
LAP	16	16	16	17	17	18	18	20		
Builder	10	12	13	14	15	15	15	15		
SME	3	3	3	3	3	3	4	4		

Source: Company, MOSL

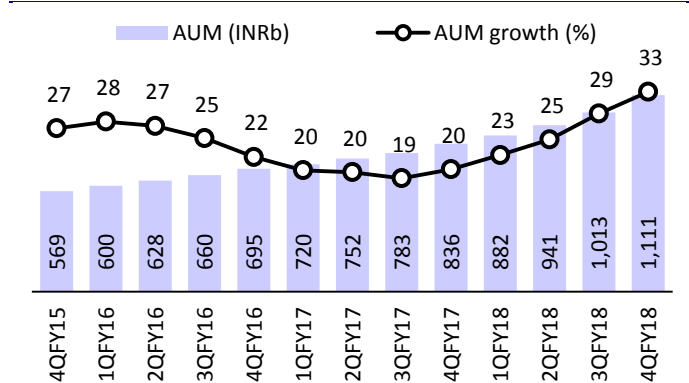
Story in charts

Exhibit 3: Robust disbursement growth



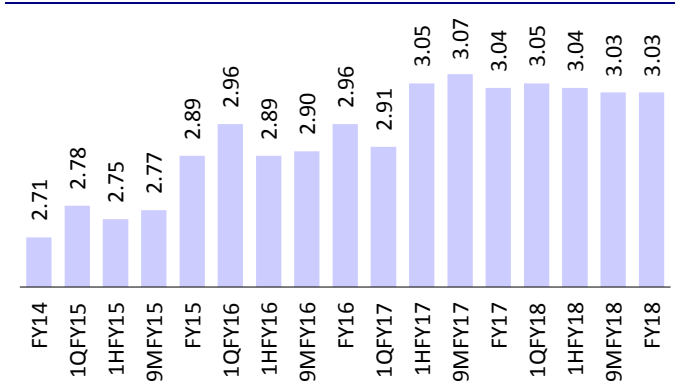
Source: Company, MOSL

Exhibit 4: Strong pick-up in AUM growth



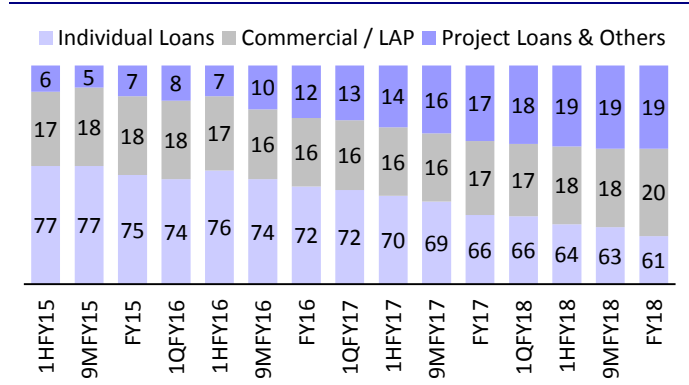
Source: Company, MOSL

Exhibit 5: Reported margins stable (%)



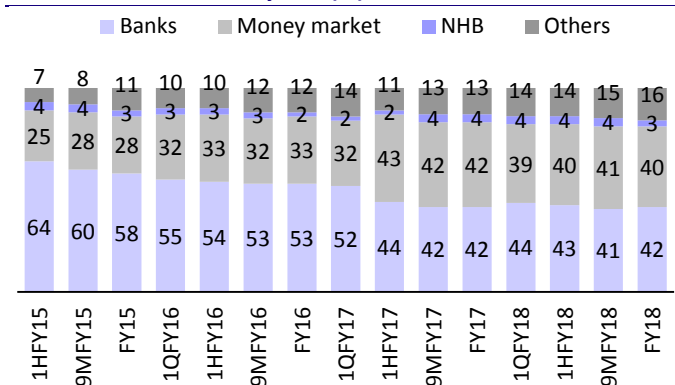
Source: Company, MOSL

Exhibit 6: Increasing proportion of LAP in AUM mix (%)



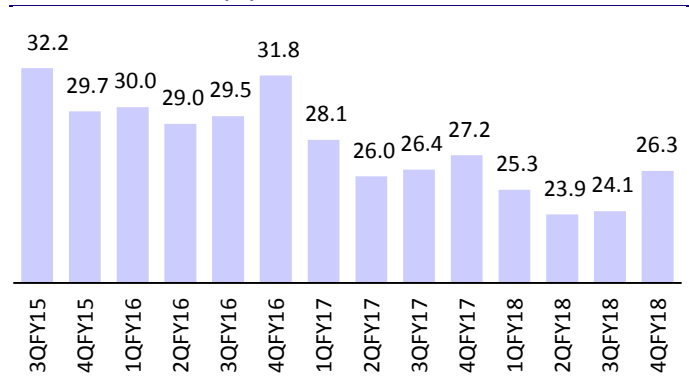
Source: Company, MOSL

Exhibit 7: Stable liability mix (%)



Source: Company, MOSL

Exhibit 8: C/I ratio (%) trend



Source: Company, MOSL

Exhibit 9: Valuation Matrix

	Rating	CMP	Mcap	P/E (x)			P/BV (x)			RoA (%)			RoE (%)		
		(INR)	(USDb)	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
ICICIBC*	Buy	284	27.7	17.6	10.0	7.1	1.2	1.1	1.0	0.9	1.3	1.6	7.2	11.1	14.3
HDFCB	Buy	1,945	74.9	28.7	24.5	20.6	4.7	3.7	3.2	1.8	1.8	1.8	17.9	16.9	16.7
AXSB	Buy	518	20.7	466.2	26.7	14.5	2.1	1.9	1.7	0.0	0.7	1.1	0.5	7.4	12.3
KMB*	Buy	1,210	34.0	37.0	29.2	22.4	4.9	4.2	3.5	1.6	1.8	1.8	11.3	13.5	14.9
YES	Buy	362	12.0	19.6	14.9	11.3	3.2	2.7	2.3	1.6	1.6	1.6	17.7	19.9	21.9
IIB	Buy	1,898	17.0	31.5	21.7	17.8	4.8	4.2	3.2	1.8	2.2	2.3	16.5	20.6	20.6
IDFC Bk	Neutral	48	2.4	16.1	15.0	12.6	1.1	1.0	1.0	0.9	0.8	0.9	6.8	6.9	7.8
FB	Buy	98	2.9	17.7	14.5	11.5	1.6	1.4	1.3	0.8	0.9	0.9	9.6	10.2	11.7
DCBB	Neutral	195	0.9	24.5	20.0	17.0	2.4	2.1	1.9	0.9	0.9	0.9	10.9	11.1	11.7
JKBK	Buy	57	0.5	6.5	5.7	4.0	0.6	0.5	0.5	0.5	0.6	0.7	9.1	9.9	12.9
SIB	Buy	27	0.7	13.8	6.4	5.0	1.0	0.9	0.8	0.4	0.9	1.0	6.9	13.7	15.7
Equitas	Buy	155	0.8	167.1	12.1	8.5	2.3	2.0	1.6	0.3	2.8	2.8	1.4	17.6	20.8
RBL	Buy	531	3.4	35.1	24.0	18.0	3.3	3.1	2.7	1.1	1.3	1.3	11.6	13.3	16.0
Private Aggregate															
SBIN (cons)*	Buy	246	32.6	75.1	11.3	6.6	0.9	0.8	0.8	0.0	0.3	0.7	-0.3	5.7	12.5
PNB	Buy	95	3.9	-16.8	#####	6.6	0.6	0.6	0.5	-0.2	0.0	0.4	-3.0	0.0	7.7
BOI	Neutral	104	3.1	-5.5	16.5	8.6	0.6	0.6	0.5	-0.4	0.2	0.3	-7.7	3.0	5.5
BOB	Buy	149	5.7	43.6	16.7	9.5	0.9	0.9	0.8	0.1	0.3	0.5	2.0	5.0	8.4
CBK	Neutral	266	2.8	-110.2	12.1	4.3	0.6	0.6	0.5	0.0	0.2	0.6	-0.4	4.1	10.8
UNBK	Neutral	96	1.7	-2.5	12.6	5.6	0.5	0.4	0.4	-0.8	0.2	0.4	-16.0	3.4	7.0
INBK	Buy	321	2.3	10.6	7.7	6.7	1.0	0.9	0.8	0.6	0.7	0.7	9.7	12.3	12.7
Public Aggregate															
Banks Aggregate															
HDFC*	Buy	1,885	46.4	41.8	34.6	28.9	6.8	5.4	4.8	1.9	1.9	1.9	18.3	17.5	17.3
LICHF	Neutral	546	4.1	13.9	12.1	10.2	2.2	2.0	1.7	1.3	1.3	1.4	17.0	17.2	17.8
IHFL	Buy	1,307	8.3	14.5	12.0	9.9	4.3	3.7	3.2	3.5	3.3	3.1	30.7	33.2	34.3
PNBHF	Buy	1,397	3.4	27.4	20.7	15.9	3.8	3.3	2.8	1.5	1.4	1.3	14.6	17.0	19.2
GRHF	Neutral	678	3.7	68.4	58.7	48.7	20.1	16.6	13.8	2.4	2.4	2.4	32.6	31.0	31.0
REPCO	Buy	645	0.6	19.6	16.5	14.0	3.0	2.6	2.2	2.2	2.3	2.3	16.7	16.9	17.0
DEWH	Buy	641	3.0	17.2	13.4	10.6	2.3	2.0	1.7	1.2	1.3	1.3	14.0	15.9	17.5
Housing Finance															
SHTF	Buy	1,612	5.5	23.3	13.6	11.4	2.9	2.5	2.1	2.2	3.2	3.2	13.1	19.5	19.8
MMFS	Buy	528	4.8	36.4	25.5	19.9	3.5	3.2	2.9	1.9	2.3	2.5	10.5	13.1	15.1
BAF	Buy	1,906	16.4	42.6	30.9	23.0	6.7	5.7	4.7	3.4	3.6	3.7	20.2	19.9	22.3
CIFC	Buy	1,740	4.1	27.9	23.2	19.5	5.3	4.4	3.6	3.0	2.9	2.9	20.6	20.7	20.4
SCUF	Buy	2,412	2.4	23.9	16.5	13.7	2.9	2.5	2.2	2.8	3.4	3.5	12.7	16.3	17.0
LTFH	Buy	173	5.0	26.2	18.9	14.6	2.8	2.5	2.2	1.6	2.0	2.2	13.1	14.0	15.9
MUTH	Neutral	452	2.7	10.3	10.1	9.1	2.3	2.0	1.7	5.7	5.5	5.5	24.5	20.9	20.0
CAFL	Buy	642	0.9	18.8	14.4	11.3	2.4	2.1	1.8	1.7	1.8	1.8	13.7	15.6	17.2
Asset Finance															
NBFC Aggregate															
Financials															

*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	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
Interest on housing loans	37,977	46,705	57,160	69,706	81,602	100,048	123,599	159,572	202,844
Interest Expended	31,194	37,826	44,596	54,900	66,536	75,649	92,972	120,796	153,579
Net Interest Income	6,783	8,879	12,564	14,806	15,066	24,399	30,628	38,776	49,265
Change (%)	32.0	30.9	41.5	17.8	1.8	61.9	25.5	26.6	27.0
Fee Income	1,992	2,280	1,860	1,488	2,091	4,405	5,286	6,344	7,612
Treasury Income	644	671	769	1,757	4,824	4,453	4,899	5,389	5,928
Other Income	177	21	27	49	55	143	120	150	150
Net Income	9,596	11,851	15,221	18,100	22,036	33,401	40,933	50,659	62,954
Change (%)	7.8	23.5	28.4	18.9	21.7	51.6	22.6	23.8	24.3
Operating Expenses	3,039	3,800	4,740	5,328	5,832	7,229	8,896	10,890	13,301
Operating Profit	6,557	8,051	10,480	12,772	16,204	26,172	32,037	39,769	49,653
Change (%)	18.1	22.8	30.2	21.9	26.9	61.5	22.4	24.1	24.9
Provisions	450	700	1,050	1,750	2,180	4,200	7,645	9,820	12,899
% of average loans	0.2	0.2	0.2	0.3	0.3	0.4	0.6	0.7	0.7
Extra ordinary Income	0	0	0	0	19,694	0	0	0	0
PBT	6,107	7,351	9,430	11,022	33,718	21,972	24,391	29,949	36,755
Tax	1,588	2,061	3,218	3,730	4,754	5,845	8,171	10,033	12,313
Tax Rate (%)	26.0	28.0	34.1	33.8	14.1	26.6	33.5	33.5	33.5
Reported PAT	4,519	5,290	6,213	7,292	28,965	16,127	16,220	19,916	24,442
Change (%)	12.0	17.1	17.4	17.4	297.2	-44.3	0.6	22.8	22.7
Adjusted PAT	4,519	5,290	6,213	7,292	9,270	11,721	16,220	19,916	24,442
Change (%)	19.4	17.1	17.4	17.4	27.1	26.4	38.4	22.8	22.7
Minority Interest									
PAT Post MI	4,519	5,290	6,213	7,292	9,270	11,721	16,220	19,916	24,442
Change (%)	30.3	17.1	17.4	17.4	27.1	26.4	38.4	22.8	22.7
Proposed Dividend	720	1,202	968	2,811	4,559	2,010	2,822	3,465	4,253

E: MOSL Estimates

Balance Sheet							(INR Million)		
Y/E March	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
Share Capital	1,282	1,284	1,457	2,918	3,132	3,137	3,137	3,137	3,137
- Equity Share Capital	1,282	1,284	1,457	2,918	3,132	3,137	3,137	3,137	3,137
- Preference Share Capital	0	0	0	0	0	0	0	0	0
- Capital Reserve	2,094	1,678	1,232	756	245	0	0	0	0
Reserves & Surplus	31,089	34,465	44,901	47,252	75,696	83,880	96,328	111,829	131,068
of which Share Prem. on Pref Sh.	0	0	0	0	0	0	0	0	0
Net Worth	32,371	35,750	46,358	50,170	78,827	87,017	99,465	114,966	134,205
Borrowings	322,527	398,749	494,456	610,496	812,645	927,200	1,197,866	1,516,652	1,934,571
Change (%)	30.7	23.6	24.0	23.5	33.1	14.1	29.2	26.6	27.6
Total Liabilities	354,898	434,498	540,814	660,666	891,472	1,014,217	1,297,331	1,631,617	2,068,776
Investments	2,750	7,215	10,062	8,932	135,349	80,765	142,706	179,478	248,253
Change (%)	28.5	162.3	39.5	-11.2	1,415.3	-40.3	76.7	25.8	38.3
Loans	342,219	408,732	515,109	622,951	738,398	954,340	1,186,006	1,486,913	1,860,164
Change (%)	34.4	19.4	26.0	20.9	18.5	29.2	24.3	25.4	25.1
Net Fixed Assets	4,379	9,877	9,846	7,805	8,427	9,788	10,278	10,792	11,439
Net Current Assets	5,549	8,674	5,796	20,978	9,299	-30,677	-41,659	-45,566	-51,082
Total Assets	354,898	434,498	540,814	660,666	891,472	1,014,217	1,297,331	1,631,617	2,068,776

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
Spreads Analysis (%)									
Avg. Yield - loans (On AUM)	12.3	11.6	11.3	11.0	10.7	10.3	9.7	9.8	9.8
Avg. Cost of Funds	11.0	10.5	10.0	9.9	9.4	8.7	8.8	8.9	8.9
Net Interest Margin (On AUM)	2.20	2.2	2.5	2.3	2.0	2.5	2.4	2.4	2.4
Profitability Ratios (%)									
RoAE	17.1	15.5	15.1	15.1	14.4	14.1	17.4	18.6	19.6
RoAA	1.4	1.3	1.3	1.2	1.2	1.2	1.4	1.4	1.3
Int. Expended/Int.Earned	82.1	81.0	78.0	78.8	81.5	75.6	75.2	75.7	75.7
Other Inc./Net Income	29.3	25.1	17.5	18.2	31.6	27.0	25.2	23.5	21.7
Efficiency Ratios (%)									
Fees/Operating income	30.4	28.3	17.7	11.6	12.9	16.8	16.5	16.0	15.3
Op. Exps./Net Income	31.7	32.1	31.1	29.4	26.5	21.6	21.7	21.5	21.1
Empl. Cost/Op. Exps.	46.3	46.4	41.4	43.2	45.0	49.4	52.1	54.5	56.7
Asset-Liability Profile (%)									
Loans/Borrowings Ratio	94.2	97.6	96.0	98.0	110.1	97.2	101.0	102.0	104.0
Debt/Equity (x)	10.0	11.2	10.7	12.2	10.3	10.7	12.0	13.2	14.4
Gross NPA (INR Mn)	2,393	3,175	4,851	5,731	6,784	8,141	9,770	11,723	14,185
Net NPA (INR Mn)	1,560	2,099	3,460	3,610	4,410	5,048	5,862	7,034	8,369
Valuations (Consolidated)									
Book Value (INR)	126	139	159	172	252	277	317	367	428
Growth (%)	45.1	10.3	14.3	8.1	46.4	10.2	14.3	15.6	16.7
Price-BV (x)						2.3	2.0	1.7	1.5
EPS (INR)	17.6	20.6	21.3	25.0	29.6	37.4	51.7	63.5	77.9
Growth (%)	18.7	16.9	3.5	17.2	18.5	26.2	38.4	22.8	22.7
Price-Earnings (x)						16.8	12.1	9.9	8.0
Dividend Per Share	2.5	4.0	3.0	8.0	4.0	5.5	7.5	9.2	11.3
Dividend Yield (%)						0.9	1.2	1.5	1.8

E: MOSL Estimates

Corporate profile

Company description

Dewan Housing Finance's (DEWH) promoted by the Wadhawan Group in 1984, is the 4th largest housing finance company in India AUM of INR 1.1tn as of March 2018 (after HDFC, LICHF and IHFL). DHFL offers home loans to low and middle income segment in tier II and III cities. DEWH is the third largest HFC in India. DHFL is present across India via branches, subsidiaries and alliances with public sector banks.

Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Mar-18	Dec-17	Mar-17
Promoter	39.2	39.2	39.3
DII	9.5	10.2	7.2
FII	19.9	20.8	25.3
Others	31.3	29.8	28.2

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
Hemisphere Infrastructure India Pvt Limited	3.4
Galaxy Infraprojects and Developers Pvt Ltd	3.3
Silicon First Realtors Private Limited	3.2
Jhunjunwala Rakesh Radheshyam	3.2
LIC of India	2.0

Source: Capitaline

Exhibit 4: Top management

Name	Designation
Kapil Wadhawan	Chairman & Managing Director
Niti Arya	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
Dheeraj Wadhawan	G P Kohli
M Venugopalan	V K Chopra
Rajiv Kumar	Vijaya Sampath

*Independent

Exhibit 6: Auditors

Name	Type
Chaturvedi & Shah	Statutory
Jayshree Dagli & Associates	Secretarial Audit

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY18	37.4	37.2	0.5
FY19	51.7	45.6	13.3
FY20	63.5	55.2	15.0

Source: Bloomberg

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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