

Press Release

Brickwork Ratings assigns “BWR FAAA” for mobilization of Fixed Deposits of ₹ 1000 crore (enhancement in the limit from ₹ 500 crore) and reaffirms “BWR AAA” for other outstanding instruments of Dewan Housing Finance Corporation Limited

Issue Rating: BWR AAA

Outlook: Stable

Brickwork Ratings (BWR) has assigned and reaffirmed the ratings for the following issues of Dewan Housing Finance Corporation Limited (DHFL):

Instruments	Assigned/ Reaffirmed
Fixed Deposit (₹ 1000 crore)	BWR FAAA (Stable) (Assigned)
Subordinated Debt (₹ 250 crore)	BWR AAA (Stable) (Reaffirmed)
Subordinated Debt (₹ 250 crore)	BWR AAA (Stable) (Reaffirmed)
NCD (₹ 1000 crore)	BWR AAA (Stable) (Reaffirmed)

For a detailed rating history of the above instruments, please refer to the rating rationale published by Brickwork Ratings at www.brickworkratings.com

Brickwork Ratings has assigned a rating of BWR F AAA for DHFL’s fixed deposits indicating that they offer the BEST safety in terms of timely servicing of interest and principal (Brickwork Ratings application for registration with RBI/NHB in this regard is pending with them). The rating “BWR AAA” for other instruments indicates that they are considered to offer the BEST credit quality in terms of timely servicing of debt obligations.

A “Stable” rating outlook signifies the expectation of the rating being stable in the near term.

DHFL has posted strong growth in sanctions and disbursement of loans along with improvement in quality of loans in Q3FY11. The sanctioned loans for nine months ended Dec 31, 2010 stood at ₹ 6209 crore while disbursements stood at ₹ 4471 crore. The total lending portfolio has increased mainly due to the growth in the housing loan segment.

DHFL’s interest income has increased by 18.25% from ₹309.84 crores in Q2FY11 to ₹366.39 crores in Q3FY11 as against the interest expenses which increased by 23.65% from ₹212.28 crore during Q2FY11 to ₹262.49 during Q3FY11. It has posted a profit before tax of ₹81.06 crore for the quarter Q3FY11 as compared to ₹77.4 crore in Q2FY11 (excluding exceptional items), an increase of around 4.7% over the last quarter.. The company has registered net profit of ₹61.76 crores in Q3FY11 as compared to ₹ 58.04 crore in Q2FY11 (excluding exceptional items), an increase of 6.4% over the last quarter.

The profit before tax (excluding exceptional items) for nine months ended December 2010 stood at ₹225.09 Crores as against ₹145.69 Crores for nine months ended December 2009, an increase of over 54%. The net profit (without exceptional items) increased by 57% to ₹171 Crores for nine months ended December 2010 as compared to ₹108.9 Crores for nine months ended December 2009.

For nine months ended December 2010, the profit before tax stood at ₹260.5 Crores as against ₹145.69 Crores for nine months ended December 2009, registering an increase of 78.8%; the profit before tax in December 2010 includes an exceptional item of ₹35.43 crore, which was due to profit on sale of shares of an erstwhile Group Company held by the promoters. The net profit including exceptional items stood at ₹206.47 crores for nine months ended December 2010 as against ₹108.9 Crores for nine months ended December 2009, an increase of about 89.6%.

The company's asset quality has shown improvement with its gross NPA levels at 0.99% as on 31st December 2010 as compared to 1.07% on 30th September 2010. Net NPAs have shown a similar trend and have decreased from 0.41% in Q2FY11 to 0.39% in Q3FY11.

With appropriate initiatives being taken by the Company, growth in earnings and improvement in asset quality are expected to continue. Overall, Brickwork Ratings expects the performance of DHFL to remain stable over the next year.

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