HDFC
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED
www.hdfc.com

Ref. No. SE/ 2016-17/221

November 18, 2016

BSE Limited
P. J. Towers,
Dalal Street,
Mumbai 400 001.

Kind Attn: Sr. General Manager
DCS - Listing Department

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No.C/1,
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051.

Kind Attn: Head - Listing

Dear Sirs,

Sub: Release

Please find enclosed herewith a release issued by the Corporation.

We request you to kindly take note of the same and arrange to make the necessary announcement.

Kindly acknowledge the receipt.

Thank you,

Yours faithfully,
For **Housing Development Finance Corporation Limited**

V. Srinivasa Rangan

V. Srinivasa Rangan
Executive Director

Encl: a/a

cc: London Stock Exchange,
10, Paternoster Square, London, EC4M 7LS

HDFC Assigns Loans of Unitech group to JM Financial Asset Reconstruction Company (JMFARC)

Over the last three decades, HDFC has funded various projects of the Unitech Group. HDFC's current exposure to the Group involves funding of certain projects across various locations. In the recent past, the Unitech Group has faced sluggishness in the sale of apartments in its projects. This has affected the cashflows of the group, which in turn has had an adverse impact on the progress of construction, and has resulted in irregular servicing of the loans. HDFC has assigned the outstanding loans in these projects to JMFARC.

All these projects are located in prime locations, are financially viable but require additional funding. JMFARC will arrange for funds to support and kick-start these projects. The progress of the projects and the resultant cash flows will thereafter be closely monitored.

As these projects are prima facie financially viable, the future cash flows are likely to be sufficient to cover repayment of the loans with interest thereon.

Against the total dues of Rs 869 crores in respect of these projects, the ARC has paid HDFC Rs 155 crores upfront and has issued Security Receipts (SRs) to HDFC amounting to Rs 705 crores which will be redeemable over the period of construction.

Though these accounts were standard assets as at September 30, 2016, and turned NPA only at the end of October 2016, in view of the irregular payment history HDFC has over the last few quarters as a matter of prudence, made provisions amounting to Rs 240 crores in respect of these accounts. No further provisioning is required as a result of the sale of the loans to the ARC.

After considering the provision of Rs 240 crores already made (34 % of the SRs) the net carrying value of the SRs will be Rs 465 crores.

Though this is not a material event, disclosure is being made keeping in mind the principles of good governance and transparency.