



**Corporate Announcement**

**Date: November 10, 2016**

Subject: Demonetization of High Denomination Currency Notes: Hugely Positive for Indiabulls Housing Finance Limited's Existing Business and Creates Massive Future Demand for its Products

Dear Sirs,

On the subject, we wish to place on record, as under –

#### Assets

- Of the USD 215 Bn currency in circulation (CIC), 86% is now demonetised. This cash economy will be replaced by formal channels of financial intermediation. An estimated 50% of the demonetised monies - USD 93 Bn - was for essential needs of owning a house or for working capital requirements, which will now be met through lenders like IBHFL. We are at the forefront of LAP and Home Loan leading and stand to gain the most from this.
- Measures will lead to easing of inflationary pressures due to lower consumption and demand, leading to interest rate cuts. This will be a huge boost to home ownership as well as increased margins for small businesses behind our lap product making it more robust and scalable.

#### Liabilities

- Lower interest rates will lower the bank borrowing rates of IBHFL, i.e. linked to bank base rates/ MCLR, which still constitute 39% of IBHFL's borrowings. Our spreads will increase by 10 to 25 basis points in the medium term.

#### Collections

- Construction finance product, which constitutes 10% of IBHFL's loan assets, becomes more robust and secure as developers can't take cash from customers and all monies from home buyers would come directly through the banking channel to escrow account of IBHFL.
- This move has automatically enabled the most robust collection system from all of our non-salaried borrowers. With no cash dealings no leakage will happen and additional inflows into the escrow account of the borrowers will make our LTV on the loan go down in a much accelerated manner

#### Guidance

- Given the positives, IBHFL revises its growth target upwards by 1 to 3% for the current financial year and the 5 to 7% for the next financial year

**For Indiabulls Housing Finance Limited**