

Date: 30 November, 2017

To,
Equity Shareholder

Dear Sirs,

Re: Scheme of Amalgamation between Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Limited and their respective Shareholders

Notice is hereby given in pursuance of sub-section (5) of section 230 of the Companies Act, 2013, that as directed by the Mumbai Bench of the National Company Law Tribunal by an order dated 29th day of November, 2017 under sub-section (1) of section 230 of the Act, a meeting of the members of Piramal Finance Limited shall be held on 2nd day of January, 2018 at 10 a.m. at 10th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013, to consider the Scheme of Amalgamation of Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Limited and their respective shareholders ("the Scheme").

Accordingly, please find attached the notice of the meeting along with the explanatory statement for the meeting of Equity Shareholders on 2nd day of January, 2018 at 10 a.m.

Request you to acknowledge the receipt of the same.

For **Piramal Finance Limited**

S.P. Reddy

Chairman appointed for the meeting

Date: 30 November, 2017

Place: Mumbai

Enclosures:

Copy of notice with statement as required under section 230(3)

Piramal Finance Limited

CIN : U99999MH1974PLC129493

Regd. Office : 1st Floor, Piramal Tower Annexe, Ganpatrao Kadam Marg, Lower Parel Mumbai - 400 013 India

T +91 22 3046 7837 F +91 22 3046 7855

Corp. Office : Piramal Tower, B Wing, Ground Floor, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013 India

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piramalfinance.com

**NOTICE OF MEETING OF THE EQUITY SHAREHOLDERS OF
PIRAMAL FINANCE LIMITED CONVENED AS PER THE DIRECTIONS OF THE
NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH**

	Meeting of Equity Shareholders of Piramal Finance Limited
Day	Tuesday
Date	2 nd day of January, 2018
Time	10 A.M.
Venue	10 th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013

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Before the National Company Law Tribunal
Bench, at Mumbai
Company Scheme Application No. 976 of 2017
In the matter of Companies Act, 2013

AND

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013

And

In the matter of Scheme of Amalgamation of Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Limited and their respective shareholders.

Piramal Finance Limited

... the First Applicant Company

Piramal Capital Limited

... the Second Applicant Company

Piramal Housing Finance Limited

... the Third Applicant Company

NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF PIRAMAL FINANCE LIMITED

To,

Equity shareholders of Piramal Finance Limited (“PFL”)

NOTICE is hereby given that by an order dated 29th day of November, 2017, the Mumbai Bench of the National Company Law Tribunal has directed a meeting to be held of the equity shareholders of Piramal Finance Limited for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed arrangement embodied in the Scheme of Amalgamation of Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Limited and their respective shareholders (‘the Scheme’).

In pursuance of the said order and as directed therein, further notice is hereby given that a meeting of the equity shareholders of PFL will be held at 10th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013 on 2nd day of January, 2018 at 10 a.m. at which time and place, you are requested to attend. At the meeting, the following resolution will be considered and if thought fit, be passed, with or without modification(s):

“RESOLVED THAT pursuant to the provisions of sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 (‘the Act’) (including any statutory modifications or re-enactments thereof for the time being in force) and the rules prescribed thereunder and in accordance

with relevant clauses of the Memorandum of Association and Articles of Association of the Company and subject to such approvals as may be required and subject to the sanction of the Hon'ble National Company Law Tribunal ('NCLT' or 'Tribunal') and/or such other approvals, consents, permissions or sanctions of the Reserve Bank of India ('RBI'), National Housing Bank ('NHB'), and other regulatory and other authorities, as may be necessary ('Concerned Authorities') as may be required, and subject to such conditions or guidelines, if any, as may be prescribed or stipulated by the Tribunal and/ or any of the Concerned Authorities, from time to time, while granting such approvals, consents, permissions or sanctions and which may be agreed by the Board of Directors of the Company ('the Board', which term shall include its duly authorised Committee for this purpose), the Scheme of Amalgamation of Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Limited and their respective shareholders ('the Scheme') be and is hereby approved.

RESOLVED FURTHER THAT *the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem requisite, desirable, appropriate or necessary to give effect to this resolution and to effectively implement the proposed arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT while sanctioning the proposed arrangement embodied in the Scheme or by any authorities under law, and to do and cause to do all acts and things to resolve any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper."*

Copy of the said Scheme, and of the statement under Section 230 of the Companies Act, 2013, along with the enclosures as indicated in the Index to this notice, can be obtained free of charge on any working day (except Saturdays) prior to the date of the meeting at the registered office of PFL and/ or at the office of its Advocates, M/s Hemant Sethi & Co. having their office at 1602, Nav Parmanu, Behind Amar Cinema, Chembur, Mumbai – 400071.

Person(s) entitled to attend and vote at the meeting, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office of PFL at Piramal Tower, B Wing, Ground Floor Peninsula Corporate Park, G.K. Marg, Lower Parel, Mumbai 400013 not later than 48 hours before the meeting.

Forms of proxy are made available at the registered office of PFL.

The Tribunal has appointed Mr. Sachin Deodhar, Chief Financial Officer of PFL and failing him, Mr. Leonard D'Souza, Authorised Signatory of PFL, and failing him Mr. Ankit Singh, Authorised Signatory of PFL as chairman of the said shareholders meeting. The above-mentioned Scheme, if approved by the equity shareholders in their respective meetings, will be subject to the subsequent approval of the Tribunal.

Dated 30th day of November, 2017

Mumbai

Sd/-

Mr. Sachin Deodhar

Chairman Appointed for the meeting

Registered Office:

Piramal Tower, B Wing, Ground Floor Peninsula Corporate Park, G.K. Marg, Lower Parel, Mumbai
400013

Notes:

1. The explanatory statement pursuant to Section 230(3), 232 and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 is enclosed herewith and forms part of this Notice.
2. A registered equity shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself and a proxy need not be a member. The instrument appointing a proxy should however be deposited at the registered office of PFL not less than 48 hours before the commencement of the meeting.
3. All alterations made in the Form of Proxy should be initialed.
4. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy. However, such person shall not act as a proxy for any other person or shareholder.
5. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
6. The equity shareholders of PFL whose names appearing in the records of PFL as on 29 November, 2017 shall be eligible to attend and vote at the meeting of the equity shareholders of PFL. Only registered equity shareholders of PFL may attend and vote (either in person or by proxy or by authorized representative under applicable provisions of the Companies Act) at the equity shareholders' meeting. The authorized representative of a body corporate which is a registered equity shareholder of PFL may attend and vote at the meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing such representative to attend the meeting is deposited at the registered office of PFL not later than 48 hours before the schedule time of the commencement of meeting.
7. During the period beginning 24 hours before the time fixed for the commencement of Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies

lodged at any time during the business hours of the Company.

8. The quorum of the meeting of the equity shareholders of PFL, as directed by the NCLT, is 5 (Five) equity shareholders of PFL, present in person.
9. In case of joint holders attending the meeting, only such joint holders who is higher in the order of name will be entitled to vote.
10. A Member or his/ her Proxy/authorized representative is requested to bring the copy of the notice to the meeting and produce the attendance slip, duly completed and signed, at the entrance of the meeting venue.
11. The notice, together with accompanying documents, is being sent to all equity shareholders whose name appeared in the register of members as on 29 November, 2017.
12. Mr. Pankaj Trivedi, Practicing Company Secretary (CP Number 15301 and membership no. 30512) of Pankaj Trivedi & Co, a firm of Company Secretary, has been appointed as the Scrutinizer under the order of the NCLT dated 29 November 2017 to scrutinize the voting process in a fair and transparent manner.
13. The Scrutinizer shall, immediately after the conclusion of meeting, count the votes cast at the meeting and thereafter, in the presence of at least two witnesses not in employment of PFL shall submit a Scrutinizer's Report of the total votes cast in favour of or against, if any, not later than 48 hours after the conclusion of the meeting to the Chairman.
14. The Chairman shall declare the results of the voting forthwith.
15. This Notice will be displayed on the website of PFL, www.piramalfinance.com. This Notice will be advertised in the following newspapers, namely (i) Free Press Journal in the English language and (ii) Navshakti in Marathi language, as directed by the NCLT.

Encl: as above

Before the National Company Law Tribunal

Bench, at Mumbai

Company Scheme Application No. 976 of 2017

In the matter of Companies Act, 2013

AND

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013

And

In the matter of Scheme of Amalgamation of Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Limited and their respective shareholders.

Piramal Finance Limited

... the First Applicant Company

Piramal Capital Limited

... the Second Applicant Company

Piramal Housing Finance Limited

... the Third Applicant Company

EXPLANATORY STATEMENT UNDER SECTIONS 230(3), 232 AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES 2016.

In this statement, Piramal Finance Limited is hereinafter referred to as “PFL”, Piramal Capital Limited is hereinafter referred to as “PCL” and Piramal Housing Finance Limited is hereinafter referred to as “PHFL”. Piramal Finance Limited and Piramal Capital Limited are collectively referred to as “the Transferor Companies”. The other definitions contained in the Scheme will apply to this Explanatory Statement also. The following statement as required under Section 230(3) of the Companies Act, 2013 sets forth the details of the proposed Scheme of Amalgamation and such other details as required under Sections 230-232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules 2016:

1. Pursuant to an Order dated 29th day of November, 2017 passed by the Mumbai Bench of the National Company Law Tribunal (‘NCLT’) in the Company Scheme Application No. 976 of 2017 referred to hereinabove (‘Order’), a meeting of the equity shareholders of PFL is being convened and held at 10th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013 on 2nd day of January, 2018 at 10 A.M. for the purpose of considering and if thought fit, approving with or without modification(s), the proposed Scheme of Amalgamation of Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Limited and their respective shareholders (‘the Scheme’).

2. In terms of the said Order, the quorum for the said meeting is 5 (five) members of PFL, as prescribed under Section 103 of the Act, present in person. Further in terms of the said Order, NCLT has appointed Mr. Sachin Deodhar, Chief Financial Officer of PFL failing him, Mr. Leonard D'Souza, Authorised Signatory of PFL and failing him Mr. Ankit Singh, Authorised Signatory of PFL to be the Chairman of the said meeting including for any adjournment or adjournments thereof.
3. In accordance with the provisions of Sections 230 – 232 of the Act, the Scheme shall be acted upon only if a majority of persons representing three fourths in value of the equity shareholders, of PFL, voting in person or by proxy, agree to the Scheme.
4. A copy of the Scheme as approved by the Board of Directors of PFL at its meeting held on 12th October 2017, as amended to give effect to the conversion of PHFL from Private Limited Company to Public Limited Company, is attached to this explanatory statement and forms part of this statement.

5. **BACKGROUND OF THE COMPANIES INVOLVED IN THE SCHEME IS AS UNDER: -**

Piramal Finance Limited (“PFL”)

- a. Piramal Finance Limited (CIN: U99999MH1974PLC129493) (PAN: AAACG8457E) was incorporated under the provisions of Companies Act, 1956, in the State of Maharashtra in the name of Glass Engineers Private Limited on 23rd February, 1974. The name of the company was changed to PHL Finance Private Limited on 20th September, 2011 and subsequently to Piramal Finance Private Limited on 30th August, 2013. Consequent to the conversion from private company to public company, the name of the company was changed to Piramal Finance Limited vide fresh certificate of incorporation dated 6th January, 2017 issued by the Registrar of Companies, Maharashtra, Mumbai. Piramal Finance Limited is registered as Non-Banking Financial Company (‘NBFC’) with Reserve Bank of India (‘RBI’) vide Certificate of Registration (‘CoR’) No. B-13.01420 dated 18th November, 2000.
- b. The Registered Office of PFL is situated at Piramal Tower, B Wing, Ground Floor Peninsula Corporate Park, G.K. Marg, Lower Parel, Mumbai 400013. The email address of PFL is corporate.secretarial@piramal.com.
- c. The authorized, issued, subscribed and paid-up share capital of PFL as on 31st March, 2017 is as follow:

Share Capital	Amount in INR Lacs
Authorized Share Capital	
5,000,000,000 Equity Shares of Rs. 10 each	500,000
Total	500,000
Issued, subscribed and paid-up Share Capital	
2,994,401,152 Equity Shares of Rs. 10 each, fully paid up	299,440
Total	299,440

Subsequent to the above date, there has been change in the issued, subscribed and paid-up share capital of PFL. The authorized, issued, subscribed and paid-up share capital of PFL as on 12th October 2017 is as under:-

Share Capital	Amount in INR Lacs
Authorized Share Capital	
5,000,000,000 Equity Shares of Rs. 10 each	500,000
Total	500,000
Issued, subscribed and paid-up Share Capital	
3,098,568,152 Equity Shares of Rs. 10 each, fully paid up	309,856
Total	309,856

- d. The shares of PFL are not listed on any Stock Exchanges. However, debt securities issued by PFL are listed on National Stock Exchange of India Limited and BSE Limited.
- e. The objects for which PFL has been established are set out in its Memorandum of Association. The main object of PFL is set out hereunder:

To carry on and undertake the business involving all types of financial and/or investment services, including but not restricted to the business of real estate finance, including financing the acquisition, development, construction, selling, renting, leasing, trading or other dealings in all kinds of immovable property, the business of infrastructure finance, including financing infrastructure development or construction or financing any business within the infrastructure sector, the business of industrial finance and / or the business of an investment company and/or other financial, investment or related services and for the purposes of its businesses, to provide financial assistance whether by way of loans, guarantees, securities or

other financial assistance, equity participation, equity funding, venture capital funding or otherwise and/or to invest and manage capital and other moneys of, or received by, the company in the acquisition of shares and/or other securities whether issued or guaranteed by any company, corporation, government, sovereign ruler, commissioners, trusts, municipal bodies, quasi government authorities or otherwise, whether in India or overseas, and to hold and from time to time to sell, vary, dispose off or otherwise in any manner deal with the same and/or to undertake financial restructuring or reorganization, investment counseling, portfolio management, hire purchase business, leasing business, financing of hire purchase or deferred payment or similar transactions, financing sale and maintenance of goods, articles or commodities, and/or to undertake activities capable of being provided by bankers, stock brokers, merchant bankers, investment bankers, portfolio managers, trustees, agents, consultants and other similar service providers.

- f. The main business carried on by PFL is undertaking all types of financial and/or investment related service.
- g. There has been no change in the main object of PFL during the last five years. However, PFL has made changes in the clauses forming part of ‘Objects Incidental or Ancilliary to the Attainment of the Main Objects’ and ‘Other Objects’.

Piramal Capital Limited (“PCL”)

- a. Piramal Capital Limited (CIN: U65999MH2016PLC284108) (PAN: AAICP7799J) was incorporated, as a public company, under the provisions of the Companies Act, 2013 in the state of Maharashtra on 26th day of July, 2016.
- b. The Registered Office of PCL is situated at 10th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013. The email address of PCL is corporate.secretarial@piramal.com.
- c. The authorized, issued, subscribed and paid-up share capital of PCL as on 31st March, 2017 is as under:

Share Capital	Amount in INR Lacs
Authorized Share Capital	
1,00,00,000 Equity Shares of Rs. 2 each	200
Total	200
Issued, subscribed and paid-up Share Capital	
1,00,00,000 Equity Shares of Rs. 2 each	200
Total	200

Subsequent to 31st March, 2017 and till the date hereof, there has been no change in the capital structure of PCL.

- d. The securities of PCL are not listed on any stock exchange.
- e. The objects of PCL are set out in the Memorandum of Association. The main object of PCL is briefly as under:-

To carry on and undertake the business involving all types of financial and investment services, including but not restricted to the business of finance, industrial finance, project finance, infrastructure finance, real estate finance and / or the business of an investment company and to undertake financial restructuring or reorganization, investment counseling, portfolio management, hire purchase business, leasing business, financing of hire purchase or deferred payment or similar transactions, financing sale and maintenance of goods, articles or commodities, dealing in securities and to undertake activities capable of being provided by bankers, stock brokers, merchant bankers, investment bankers, portfolio managers, trustees, agents, consultants and to provide other financial or related services and to invest and manage capital and other moneys received by the company in the purchase of shares, debentures and/or other securities or instruments issued or guaranteed by any company, corporation, government, sovereign ruler, commissioners, trusts, municipal bodies, quasi government authorities and other undertakings, entities or body corporates of whatever nature and wherever constituted or carrying on business, whether in India or overseas and to hold and from time to time to sell, vary, dispose off or otherwise in any manner deal with the same.

- f. PCL has not commenced any business.
- g. There has been no change in the objects of PCL since incorporation.

Piramal Housing Finance Limited (“PHFL”)

- a. Piramal Housing Finance Limited (CIN: U65999MH2017PLC291071) (PAN: AAICP9650Q) was incorporated under the provisions of the Companies Act, 2013 in the name of Piramal Housing Finance Private Limited on 10th day of February, 2017. Consequent to the conversion from private company to public company, the name of the company was changed to Piramal Housing Finance Limited vide fresh certificate of incorporation dated 17th October, 2017 issued by the Registrar of Companies, Maharashtra, Mumbai. Piramal Housing Finance Limited is registered as a housing finance company with National Housing Bank (‘NHB’) vide Certificate of Registration

(‘CoR’) No 08.0160.17 dated 28th August, 2017.

- b. The Registered Office of PHFL is situated at 1st floor, Piramal Tower Annexe, G. K. Marg, Lower Parel Mumbai- 400013. The email address of PHFL is corporate.secretarial@piramal.com.
- c. The authorized, issued, subscribed and paid-up share capital of PHFL as on 31st March, 2017 is as under:

Share Capital	Amount in INR Lacs
Authorized Share Capital	
300,000,000 Equity Shares of Rs. 10 each	30,000
Total	30,000
Issued, subscribed and paid-up Share Capital	
15,000,000 Equity Shares of Rs. 10 each, fully paid up	1,500
Total	1,500

Subsequent to the above date, there has been change in the authorized, issued, subscribed and paid-up share capital of PHFL. The authorized, issued, subscribed and paid-up share capital of PHFL as on 12th October 2017 is as under:-

Share Capital	Amount in INR Lacs
Authorized Share Capital	
700,000,000 Equity Shares of Rs. 10 each	70,000
Total	70,000
Issued, subscribed and paid-up Share Capital	
315,000,000 Equity Shares of Rs. 10 each, fully paid up	31,500
Total	31,500

- d. The securities of PHFL are not listed on any stock exchange.
- e. The objects of PHFL are set out in the Memorandum of Association. The main object of PHFL is briefly as under:-

To carry on the business of housing finance and provide financial assistance to any person(s) or group of persons including economically weaker section or lower income group or co-operative society(ies) or association of person(s) or company or corporation, singly or jointly, for enabling the borrowers to construct, purchase, expand, renovate property(ies) for residential purposes, whether under construction or otherwise, including for promoting housing, including affordable housing.

- f. The main business carried on by PHFL is of housing finance and providing financial

assistance for enabling the borrower to construct, purchase, expand, renovate property(ies), for residential purposes, whether under construction or otherwise.

- g. There has been no change in the main object of PHFL since incorporation. However, PHFL has made changes in the clauses forming part of ‘Matters which are necessary for furtherance of the objects specified in Clause 3(A)’.

6. **BACKGROUND OF THE SCHEME**

The Scheme *inter-alia* provides for the following:

- i. Amalgamation of PFL and PCL with PHFL and consequent dissolution, without winding up, of PFL and PCL;
- ii. Cancellation of equity shares held by PFL in PHFL;
- iii. Increase in authorized share capital of PHFL;
- iv. Issue of equity shares by PHFL to the shareholders of PFL and PCL;
- v. Change of name of PHFL to Piramal Capital Limited.

7. **RATIONALE OF THE SCHEME**

The companies involved in the scheme are group companies. PFL and PCL are wholly owned subsidiaries of Piramal Enterprises Limited and PHFL is a wholly owned subsidiary of PFL. PFL is primarily engaged in the business of lending to companies engaged in construction and development of real estate. PHFL is engaged in the business of housing finance.

The rationale of the Scheme is as follow:

- (i) PFL is registered with the Reserve Bank of India (‘RBI’) as non-deposit taking Non-Banking Financial Institution whereas PHFL is registered with the National Housing Bank (‘NHB’) as a Housing Finance Company. Based on the current loan book of PFL, substantial portion has been towards financing provided to real estate developers as construction finance, which is classified as housing loans as per guidelines issued by NHB. Thus, the said PFL loans can be continued to be lent under PHFL as well, leading to the widening of the loan portfolio of PHFL i.e. to retail and wholesale borrowers.
- (ii) It is advantageous to carry on the business of PFL by PHFL since housing finance company as a vehicle for lending including retail considerably increases capital efficiencies.
- (iii) Having a diversified portfolio of both retail and wholesale loans will substantially reduce and broaden the risk profile of the loan book. In the process there is an

improvement in efficiency of use of capital for the business. Further, this will also open up avenues for the combined entity to raise funds from diversified lenders.

- (iv) PFL has been engaged in NBFC business for over five years and has a proven track record of financing to real estate developers. It has the requisite experienced team, which understands the real estate markets. PFL has the knowledge, expertise and track record in real estate funding:
- a) knowledge of the real estate market and project finance;
 - b) expertise in terms of in- house team (financial, technical, legal, etc.) and well- laid out processes;
 - c) strong asset monitoring processes which give out early warning signals which in turn enables PFL to address the issues at an early stage.

Combining the business of PFL will act as a support in rapidly expanding the housing finance business by leveraging on the existing set up as well as tapping the retail customers of developers to whom financing has been provided. Combining the businesses will create one unique unified platform which will provide entire capital stack from Construction Finance to Housing Finance to the borrowers.

- (v) Combined entity will lead to efficient monitoring of PHFL's retail construction finance portfolio through in-built robust monitoring capabilities of Piramal Finance Limited's platform. Also, PHFL would be able to access and leverage PFL's 10,000+ distributor channel partners which will enable PHFL to rapidly expand its retail lending portfolio.
- (vi) Synergies arising out of consolidation of alike and supporting businesses will lead to reflection of fair value of assets and liabilities of PFL - tangible and intangible, whether currently recorded or not in the books of PFL.
- (vii) The amalgamation will result not only in consolidating and improving the internal systems, procedures and controls but will also bring greater management and operational efficiency due to integration of various similar functions being carried out by both the entities such as information technology, human resources, finance, legal, management etc.
- (viii) The amalgamation will eliminate doubling of related costs, thereby reducing operational and administrative expenses and overheads, and lead to better cost and operational efficiencies.
- (ix) Merger will lead to consolidation of business and simplification of group corporate structure.

8. SALIENT FEATURES OF THE SCHEME

Salient features of the Scheme are set out as below:

- i. The Scheme of Amalgamation has been presented under Section 230 to Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, as the case may be, including any statutory modifications or re-enactments thereof, and rules made thereunder and amendments thereof, for the amalgamation of PFL and PCL with PHFL.
- ii. “Appointed Date” for the Scheme is 31st March, 2018.
- iii. “Effective Date” means the later of the dates on which the certified copy of the Orders of the NCLT sanctioning the Scheme is filed by the Transferor Companies and PHFL with the Registrar of Companies, Maharashtra at Mumbai.
- iv. With effect from the Appointed Date and upon the Scheme becoming effective, the entire business and assets and properties of the Transferor Companies, shall, under the provisions of Sections 230-232 and all other applicable provisions, if any, of the Companies Act, 2013 and Section 2(1B) of the Income-tax Act, 1961, and without any further act or deed, stand transferred to any vested into, as a going concern, into PHFL, so as to vest in PHFL all the rights, title and interest pertaining to the business of the Transferor Companies.
- v. The merger of PFL and PCL into PHFL, pursuant to and in accordance with the Scheme, shall take place with effect from the Appointed Date, but shall be operative from the Effective Date. Therefore, for all regulatory and tax purposes, the merger would be effective from the Appointed Date of the Scheme.
- vi. Upon the Scheme becoming effective and in consideration of the amalgamation, the shares held by PFL in PHFL shall get cancelled and the shareholders of PFL and PCL would be entitled to shares in the following ratio:

To the Equity Shareholders of Piramal Finance Limited:

“483 (Four Hundred and Eighty Three) fully paid up equity shares of Rs. 10/- each of Piramal Housing Finance Limited be issued and allotted to the holders of equity shares of Piramal Finance Limited for every 100 (One Hundred) equity share of Rs. 10/- each held by them in Piramal Finance Limited”

To the Equity Shareholders of Piramal Capital Limited:

“1(One) fully paid up equity shares of Rs. 10/- each of Piramal Housing Finance

Limited be issued and allotted to the holders of equity shares of Piramal Capital Limited for every 5 (Five) equity share of Rs. 2/- each held by them in Piramal Capital Limited”

- vii. PHFL shall account for the merger in its books of accounts as per Accounting Standard (AS) 14 on Accounting for Amalgamations as specified in Clause 6 of the Scheme.
- viii. The Scheme is conditional upon and subject to the following:
- a) The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective shareholders and/or creditors of PHFL and the Transferor Companies as may be directed by the NCLT;
 - b) The requisite consent, approval or permission of the Appropriate Authority (including NHB and RBI), which by law may be necessary for the implementation of the Scheme;
 - c) The Scheme being sanctioned by the NCLT; and
 - d) The certified copy of the Order of the NCLT sanctioning the Scheme is filed with the Registrar of Companies, Maharashtra at Mumbai, by PHFL and the Transferor Companies.
- ix. In the event of any of the said sanctions and approvals referred to above not being obtained and/or the Scheme not being sanctioned by the NCLT or such other competent authority and/or the order sanctioning the scheme not being passed before 30th September, 2018 or within such further period or periods as may be mutually agreed upon between PHFL and the Transferor Companies by their respective Board of Directors, the Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior or any rights and/or liabilities which might have arisen or accrued prior thereto.

The features set out above being only the salient features of the Scheme, the equity shareholders of PFL are requested to read the entire text of the Scheme to get themselves fully acquainted with the provisions thereof.

9. **CAPITAL STRUCTURE PRE AND POST THE SCHEME**

- a. The pre amalgamation capital structure of PFL is mentioned in Paragraph 5 above. Post amalgamation, PFL shall be dissolved without being wound up.
- b. The pre amalgamation capital structure of PCL is mentioned in Paragraph 5 above. Post amalgamation, PCL shall be dissolved without being wound up.
- c. The pre amalgamation capital structure of PHFL is mentioned in Paragraph 5 above.

Post amalgamation, the equity shares held by PFL in PHFL shall be cancelled and as consideration for amalgamation, equity shares will be issued by PHFL to the equity shareholders of PFL and PCL. The post amalgamation capital structure of PHFL will be as follows:

Share Capital	Amount in INR Lacs
Authorised Share Capital*	
14,96,80,84,174 Equity Shares of Rs. 10 each	149,681
Total	149,681
Issued, subscribed and paid-up Share Capital	
14,96,80,84,174 Equity Shares of Rs. 10 each fully paid up	149,681
Total	149,681

* The Scheme provides for increase in authorized share capital of PHFL.

10. SHAREHOLDING PATTERN PRE AND POST THE SCHEME

- a) The pre amalgamation shareholding pattern of PFL as on the date of this statement is as follows:

Sr. No	Name of the shareholder	No. of Equity Shares held	Shareholding as % of total no of equity shares issued
1.	Piramal Enterprises Limited	3,09,85,67,152	100 (Approx.)
2.	Mr. Ajay G. Piramal (as a nominee of Piramal Enterprises Limited)	900	Negligible
3	Mrs. Swati A. Piramal (as a nominee of Piramal Enterprises Limited)	20	Negligible
4	Mr. Vijay K. Shah (as a nominee of Piramal Enterprises Limited)	20	Negligible
5	Ms. Nandini A. Piramal (as a nominee of Piramal Enterprises Limited)	20	Negligible
6	Mr. Rajesh R. Laddha (as a nominee of Piramal Enterprises Limited)	20	Negligible
7	Mr. Leonard J. D'Souza (as a nominee of Piramal Enterprises Limited)	20	Negligible
	Total	3,09,85,68,152	100

- b) The pre amalgamation shareholding pattern of PCL as on the date of this statement is as follows:

Sr. No	Name of the shareholder	No. of Equity Shares held	Shareholding as % of total no of equity shares issued
1.	Piramal Enterprises Limited	99,99,994	100 (Approx.)
2.	Mr. Ajay G. Piramal (as a nominee of Piramal Enterprises Limited)	1	Negligible
3	Mrs. Swati A. Piramal (as a nominee of Piramal Enterprises Limited)	1	Negligible
4	Mr. Vijay K. Shah (as a nominee of Piramal Enterprises Limited)	1	Negligible
5	Ms. Nandini A. Piramal (as a nominee of Piramal Enterprises Limited)	1	Negligible
6	Mr. Rajesh R. Laddha (as a nominee of Piramal Enterprises Limited)	1	Negligible
7.	Mr. Leonard D'Souza (as a nominee of Piramal Enterprises Limited)	1	Negligible
	Total	1,00,00,000	100

- c) The pre amalgamation shareholding pattern of PHFL as on the date of this statement is as follows:

Sr. No	Name of the shareholder	No. of Equity Shares held	Shareholding as % of total no of equity shares issued
1	Piramal Finance Limited	31,49,99,000	100 (Approx.)
2	Mr. Ajay G. Piramal (as a nominee of Piramal Finance Limited)	700	Negligible
3	Mrs. Swati A. Piramal (as a nominee of Piramal Finance Limited)	50	Negligible
4	Ms. Nandini A. Piramal (as a nominee of Piramal Finance Limited)	50	Negligible
5	Mr. Anand Piramal (as a nominee of Piramal Finance Limited)	50	Negligible
6	Mr. Vijay K. Shah (as a nominee of Piramal Finance Limited)	50	Negligible
7	Mr. Rajesh R. Laddha (as a nominee of Piramal Finance Limited)	50	Negligible

8	Mr. Leonard J. D'Souza (as a nominee of Piramal Finance Limited)	50	Negligible
	Total	31,50,00,000	100

d) The indicative beneficial shareholding pattern of PHFL post amalgamation is as follows:

Sr. No	Name of the shareholder	No. of Equity Shares held*	Shareholding as % of total no of equity shares issued
1.	Piramal Enterprises Limited	14,96,80,79,343	100 (Approx.)
2.	Mr. Ajay G. Piramal (as a nominee of Piramal Enterprises Limited)	4,347	Negligible
3	Mrs. Swati A. Piramal (as a nominee of Piramal Enterprises Limited)	97	Negligible
4	Mr. Vijay K. Shah (as a nominee of Piramal Enterprises Limited)	97	Negligible
5	Ms. Nandini A. Piramal (as a nominee of Piramal Enterprises Limited)	97	Negligible
6	Mr. Rajesh R. Laddha (as a nominee of Piramal Enterprises Limited)	97	Negligible
7	Mr. Leonard D'Souza (as a nominee of Piramal Enterprises Limited)	97	Negligible
	Total	14,96,80,84,175	100

* The above is based on assumption that on record date, the entire capital of PFL and PCL is held by Piramal Enterprises Limited and its nominees

11. **EXTENT OF SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

The Directors and Key Managerial Personnel (KMP) and their respective relatives, of PFL may be deemed to be concerned and/ or interested in the Scheme only to the extent of their shareholding in their respective companies, or to the extent the said directors/ KMP are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/ or beneficiary of trust that hold shares in any of the companies. Save as aforesaid, none of the directors, managing director or the manager or KMP of the Transferor Companies and PHFL have any material interest in the Scheme.

a) The details of the present directors and KMP of PFL and their respective shareholdings in the Transferor Companies and PHFL as on the date of the statement are as follows:

Sr. No	Name	Designation	Shares held in PFL	Shares held in PCL	Shares held in PHFL
1.	Mr. Ajay G. Piramal	Non-executive Director	900 (As nominee of PEL)	1 (As nominee of PEL)	700 (As nominee of PFL)
2.	Mrs. Swati A. Piramal	Non-executive Director	20 (As nominee of PEL)	1 (As nominee of PEL)	50 (As nominee of PFL)
3.	Mr. Vijay K. Shah	Non-executive Director	20 (As nominee of PEL)	1 (As nominee of PEL)	50 (As nominee of PFL)
4.	Mr. Narayanan Vaghul	Independent Director	-	-	-
5.	Mr. Khushru B. Jijina	Managing Director	-	-	-
6.	Mr. Anand A. Piramal	Non-executive Director	-	-	50 (As nominee of PFL)
7.	Mr. Harish H. Engineer	Independent Director	-	-	-
8.	Mr. Sachin Deodhar	Chief Financial Officer	-	-	-
9.	Mr. Ankit Singh	Company Secretary	-	-	-

- b) The details of the present directors and KMP of PCL and their respective shareholdings in the Transferor Companies and PHFL as on date are as follows:

Sr. No	Name	Designation	Shares held in PFL	Shares held in PCL	Shares held in PHFL
1.	Mr. Ajay G. Piramal	Non-executive Director	900 (As nominee of PEL)	1 (As nominee of PEL)	700 (As nominee of PFL)
2.	Mr. Khushru B. Jijina	Managing Director	-	-	-
3.	Mr. Rajesh R. Laddha	Non-executive Director	20 (As nominee of PEL)	1 (As nominee of PEL)	50 (As nominee of PFL)

- c) The details of the present directors and KMP of PHFL and their respective shareholdings in the Transferor Companies and PHFL as on the date of this statement are as follows:

Sr. No	Name	Designation	Shares held in PFL	Shares held in PCL	Shares held in PHFL
1.	Mr. Shitin D. Desai.	Independent Director	-	-	-
2.	Mr. Khushru B. Jijina	Managing Director	-	-	-

3.	Mr. Sachin P. Deodhar	Non-executive Director	-	-	-
4.	Mr. Suhail M. Nathani	Independent Director	-	-	-

12. GENERAL

- a) The Transferor Companies and PHFL have filed a joint application before the Mumbai Bench of the National Company Law Tribunal for seeking requisite directions in connection with the Scheme under Section 230 - Section 232 of the Companies Act, 2013.
- b) In relation to the meeting of the equity shareholders of PFL, equity shareholders whose names are appearing in the records of PFL as on 29 November, 2017 shall be eligible to attend and vote at the meeting of the equity shareholders of PFL convened at the direction of the Tribunal.
- c) The amount due to the secured creditors by PFL as per the unaudited financial statements as on 30th September 2017 is Rs. 17,58,866 Lacs.
- d) The amount due to unsecured creditors by PFL as per the unaudited financial statements as on 30th September, 2017 is Rs 3,66,589 Lacs.
- e) There is no amount due to the secured creditors of PCL as per the unaudited financial statements as on 30th September, 2017.
- f) The amount due to unsecured creditors by PCL as per the unaudited financial statements as on 30th September, 2017 is Rs. 3,43,700/-.
- g) There is no amount due to the secured creditors by PHFL as per the unaudited financial statements as on 30th September, 2017.
- h) The amount due by PHFL to its unsecured creditors as on 30th September, 2017 is Rs. 3,72,69,703/-.
- i) The rights and interests of the unsecured and secured creditors of the Transferor Companies and PHFL will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor their rights sought to be modified in any manner and post the Scheme, PHFL will be able to meet its liabilities as they arise in the ordinary course of business.
- j) Except to the extent of the shares held by the Directors and KMP stated under paragraph 11 above, none of the directors, KMP of PFL or their respective relatives is in any way connected or interested in the aforesaid resolution.
- k) The latest audited accounts for the year ended 31st March, 2017 and latest unaudited

statement of accounts as on 30th September, 2017 of PHFL indicates that it is in a solvent position and would be able to meet liabilities as they arise in the course of business. There is no likelihood that any secured and/or unsecured creditor of the Transferor Companies would lose or be prejudiced as a result of the Scheme being passed since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner. Hence, the Scheme will not cast any additional burden on the shareholders or creditors of PFL nor will it affect the interest of any of the shareholders or creditors.

- l) There are no winding up proceedings pending against PHFL or the Transferor Companies as of date.
- m) No investigation proceedings are pending under the provisions of the Companies Act, 2013 or under the provisions of the Companies Act, 1956 in respect of PHFL or the Transferor Companies.
- n) A copy of the scheme has been filed with Registrar of Companies, Maharashtra, Mumbai by each of PHFL and the Transferor Companies on 30th day of November, 2017.
- o) Approvals/ sanctions/ no-objections from certain regulatory and governmental authorities will be required for the Scheme such as from the RBI and NHB, and these will be obtained by the relevant companies at the appropriate time.
- p) In the event that the Scheme is withdrawn in accordance with its terms, the Scheme shall stand revoked, cancelled and be of no effect and null and void.
- q) Names and addresses of the directors and promoters of PFL are as under:

Sr. No	Name of Director	Address
1	Mr. Ajay G. Piramal	Piramal House, 61, Pochkhanwala Road, Worli, Mumbai - 400018
2	Mrs. Swati A. Piramal	Piramal House, 61, Pochkhanwala Road, Worli, Mumbai - 400018
3	Mr. Vijay K. Shah	Flat No. 25, 22nd Floor, Kanchanjunga, 72 - Peddar Road, Mumbai - 400 026
4	Mr. Narayanan Vaghul	Flat No. 3, Sudharshan Apartments, 63 First Main Road, R A Puram, Chennai - 600 028
5	Mr. Khushru B. Jijina	2303-D, Ashok Towers, Dr. Ambedkar Marg, Parel, Mumbai - 400 012
6	Mr. Anand A. Piramal	Piramal House, 61, Pochkhanwala Road, Worli, Mumbai - 400018
7	Mr. Harish H. Engineer	B-11, Sea Face Park, 50 Bhulabhai Desai Road,

		Mumbai - 400 026
Sr. No	Name of Promoter	Address
1	Piramal Enterprises Limited	Piramal Ananta, Agastya Corporate Park, Opp. Fire Brigade, Kamani Junction, LBS Marg, Kurla (West), Mumbai - 400 070

r) Names and addresses of the directors and promoters of PCL are as under:

Sr. No	Name of Director	Address
1	Mr. Ajay G. Piramal	Piramal House, 61, Pochkhanwala Road, Worli, Mumbai - 400018
2	Mr. Khushru B. Jijina	2303-D, Ashok Towers, Dr. Ambedkar Marg, Parel, Mumbai - 400 012
3	Mr. Rajesh R. Laddha	Tower-3, Electra, Flat No. 2101, Planet Godrej, Mahalaxmi – 400 011
Sr. No	Name of Promoter	Address
1	Piramal Enterprises Limited	Piramal Ananta, Agastya Corporate Park, Opp. Fire Brigade, Kamani Junction, LBS Marg, Kurla (West), Mumbai - 400 070

s) Names and addresses of the directors and promoters of PHFL are as under:

Sr. No	Name of Director	Address
1	Mr. Shitin D. Desai.	Glen Ridge 16, Ridge Road, Mumbai
2	Mr. Khushru B. Jijina	2303-D, Ashok Towers, Dr. Ambedkar Road, Parel, Mumbai - 400012
3	Mr. Sachin P. Deodhar	12th Floor, Spring Bombay – Reality, ICC GD Ambekar Road, Near Wadala Tel Exch, Dadar (E), Mumbai 400014,
4	Mr. Suhail A. Nathani	801, Prabhu Kutir, 15 Altamount Road, Mumbai – 400026
Sr. No	Name of Promoter	Address
1	Piramal Finance Limited	Piramal Tower, B Wing, Ground Floor Peninsula Corporate Park, G.K. Marg, Lower Parel Mumbai Mumbai-400013

t) The Board of Directors of PFL approved the Scheme at its meeting held on 12th October, 2017. Details of directors of PFL who voted in favour/ against/ did not participate in the meeting of the Board of Directors are given below:

Sr. No	Name of Director	Voted in favour of the resolution	Voted against the resolution	Did not vote or Participate
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1.	Mr. Ajay G. Piramal	✓	Not applicable	Not applicable
2.	Mrs. Swati A. Piramal	✓	Not applicable	Not applicable
3.	Mr. Vijay K. Shah	✓	Not applicable	Not applicable
4.	Mr. Narayanan Vaghul	✓	Not applicable	Not applicable
5.	Mr. Khushru B. Jijina	✓	Not applicable	Not applicable
6.	Mr. Anand A. Piramal	✓	Not applicable	Not applicable
7.	Mr. Harish H. Engineer	✓	Not applicable	Not applicable

- u) The Board of Directors of PCL approved the Scheme at its meeting held on 12th October, 2017. Details of directors of PCL who voted in favour/ against/ did not participate in the meeting of the Board of Directors are given below:

Sr. No	Name of Director	Voted in favour of the resolution	Voted against the resolution	Did not vote or Participate
1.	Mr. Ajay G. Piramal	✓	Not applicable	Not applicable
2.	Mr. Khushru B. Jijina	✓	Not applicable	Not applicable
3.	Mr. Rajesh R. Laddha	✓	Not applicable	Not applicable

- v) The Board of Directors of PHFL approved the Scheme at its meeting held on 12th October, 2017. Details of directors of PHFL who voted in favour/ against/ did not participate in the meeting of the Board of Directors are given below:

Sr. No	Name of Director	Voted in favour of the resolution	Voted against the resolution	Did not vote or Participate
1.	Mr. Shitin D. Desai.	Not applicable	Not applicable	Did not participate and leave of absence was granted
2.	Mr. Khushru B. Jijina	✓	Not applicable	Not applicable
3.	Mr. Sachin P. Deodhar	✓	Not applicable	Not applicable
4.	Mr. Suhail A. Nathani	Not applicable	Not applicable	Did not participate and leave of absence was granted

- w) For the purpose of the Scheme, Price Waterhouse & Co, LLP, Chartered Accountants have submitted a Valuation Report dated 12th October 2017, which is annexed hereto, in which they have recommended a ratio of allotment of equity shares. Price Waterhouse & Co LLP had independently applied usual and conventional methodologies adopted for transactions of similar nature. In particular, the valuers have considered, Asset Approach, Market Approach – market price method and comparable companies multiple method, and Income approach, to the extent relevant and applicable. The Share Exchange Ratio was arrived at on the basis of a relative equity valuation of the companies using the approaches mentioned above.

x) SBI Capital Markets Limited, a Category I Merchant Banker after having reviewed the Valuation Report of Price Waterhouse & Co, LLP, Chartered Accountants and on the consideration of all relevant facts and circumstances, opined that in their view the independent valuer's proposed share entitlement ratio is fair, in the Fairness Opinion dated 12 October 2017, a copy whereof is annexed herewith.

y) The proposed arrangement under the Scheme shall have the following effect:

With respect to PFL:

- (i) Upon effectiveness of the Scheme i.e. on amalgamation of PFL and PCL with PHFL, PHFL shall allot equity shares, based on the shares exchange ratio, as stipulated in Clause 5 of the Scheme, to the equity shareholders of PFL. As far as the shareholders of PFL are concerned, there is no adverse impact as upon effectiveness of the Scheme, PFL would cease to exist and the shareholders will be issued equity shares in PHFL. The said ratio is derived based on the valuation report issued by Price Waterhouse & Co LLP, Chartered Accountants and a Fairness opinion issued on the said valuation report by SBI Capital Markets Limited, a Category I Merchant Banker. Thus, it is ensured that no loss in value is sustained by the shareholders of PFL.
- (ii) Further, pursuant to the Scheme becoming effective, PFL shall cease to exist and thus, the question of impact on KMP and directors of PFL does not arise.
- (iii) As stated in clause 11.1 of the Scheme, all staff, workmen and employees of PFL who are in service as on the Effective Date shall become staff, workmen and employees of PHFL without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment shall not be less favorable than those applicable to them with reference to their employment with PFL on the Effective Date.
- (iv) Under the Scheme, there is no arrangement with the creditors of PFL. No compromise is offered under the Scheme to any of the creditors of PFL. The liability to the creditors of PFL, under the Scheme, is neither reduced nor being extinguished.
- (v) Under the Scheme, all the secured and unsecured redeemable non-convertible debentures ("NCD") of PFL shall become the NCD of PHFL on the same terms and conditions. Further, all rights, powers, duties and obligations in relation to NCD so transferred, shall stand transferred to and vested in or deemed to be transferred to and vested in and shall be exercised by or against PHFL as if it was the issuer of NCD so transferred. No arrangement is sought to be entered

into with the debenture holders (either secured or unsecured). No rights of the debenture holders of PFL are being affected pursuant to the Scheme. The debenture trustee(s) appointed for the different series of NCDs shall continue to remain the debenture trustee(s).

- (vi) PFL does not have any public deposits and accordingly, it does not have any depositors.

With respect to PCL:

- (i) Upon effectiveness of the Scheme i.e. on amalgamation of PFL and PCL with PHFL, PHFL shall allot equity shares, based on the shares exchange ratio, as stipulated in Clause 5 of the Scheme, to the equity shareholders of PCL. As far as the shareholders of PCL are concerned, there is no adverse impact as upon effectiveness of the Scheme, PCL would cease to exist and the shareholders will be issued equity shares in PHFL. The said ratio is derived based on the valuation report issued by Price Waterhouse & Co LLP, Chartered Accountants and a Fairness opinion issued on the said valuation report by SBI Capital Markets Limited, a Category I Merchant Banker. Thus, it is ensured that no loss in value is sustained by the shareholders of PCL.
- (ii) Further, pursuant to the Scheme becoming effective, PCL shall cease to exist and thus the question of impact on KMP and directors of PCL does not arise.
- (iii) As stated in clause 11.1 of the Scheme, all staff, workmen and employees of PCL who are in service as on the Effective Date shall become staff, workmen and employees of PHFL without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment shall not be less favorable than those applicable to them with reference to their employment with PCL on the Effective Date.
- (iv) Under the Scheme, there is no arrangement with the creditors of PCL. No compromise is offered under the Scheme to any of the creditors of PCL. The liability to the creditors of PCL, under the Scheme, is neither reduced nor being extinguished.
- (v) As on date, PCL has no outstanding debentures and therefore, the effect of the Scheme on any such debenture holders or debenture trustees does not arise.
- (vi) PCL does not have any public deposits and accordingly, it does not have any depositors.

With respect to PHFL:

- (i) There is no adverse effect of the Scheme on the equity shareholders (the only class of the shareholders) of PHFL, the promoter and non-promoter shareholders, the key managerial personnel, employees and/or the Directors of PHFL.
 - (ii) No change in Key Managerial Person is expected pursuant to the scheme.
 - (iii) Under the Scheme, there is no arrangement with the creditors of PHFL. No compromise is offered under the Scheme to any of the creditors of PHFL. The liability to the creditors of PHFL, under the Scheme, is neither reduced nor being extinguished.
 - (iv) As on date, PHFL has no outstanding debentures and therefore, the effect of the Scheme on any such debenture holders or debenture trustees does not arise.
 - (v) PHFL does not have any public deposits and accordingly, it does not have any depositors.
 - (vi) The scheme is not prejudicial to the interest of the shareholders or the creditors of PHFL.
- z) A report dated 12th October, 2017 adopted by the directors of PFL, explaining the effects on each class of shareholders, key managerial persons, promoter and non-promoter shareholder, laying out in particular the share allotment, as required under Section 232(2) of the Companies Act, 2013 is attached herewith.
- aa) A report dated 12th October, 2017 adopted by the directors of PCL, explaining the effects on each class of shareholders, key managerial persons, promoter and non-promoter shareholder, laying out in particular the share allotment, as required under Section 232(2) of the Companies Act, 2013 is attached herewith.
- bb) A report dated 12th October, 2017 adopted by the directors of PHFL, explaining the effects on each class of shareholders, key managerial persons, promoter and non-promoter shareholder, laying out in particular the share allotment, as required under Section 232(2) of the Companies Act, 2013 is attached herewith.
- cc) A copy of the audited financial statements of PHFL as on 31st March, 2017 and a copy of the unaudited financial statements of PHFL as on 30th September, 2017 respectively is attached herewith.
- dd) Copies of the supplementary unaudited accounting statements of the Transferor Companies as on 30th September, 2017 respectively are attached herewith.
- ee) This statement may be treated as an Explanatory Statement under Section 230(3) of

the Companies Act, 2013.

ff) Inspection of the following documents may be carried out by the equity shareholders of PFL at the Registered Office of PFL on any working day (except Saturdays) prior to the date of the meeting between 10:00 am to 1:00 p.m.:

- Copy of the Order dated 29th day of November, 2017 of the Hon'ble Tribunal passed in Company Scheme Application No 976 of 2017 directing the convening of the meeting of the equity shareholders of PFL;
- Copy of Scheme of Amalgamation of Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Limited,
- The Pre and Post Capital Structure and Shareholding Pattern of each of PHFL and the Transferor Companies;
- Copy of Memorandum and Articles of Association of each of PHFL and the Transferor Companies;
- Copy of Audited Financial Statements of PHFL and the Transferor Companies for year ended 31st March, 2017 including consolidated financial statements, where applicable;
- Copy of Unaudited Financial Statements of PHFL and the Transferor Companies as on 30th September, 2017;
- Copy of the Register of Director's shareholding of each of Piramal Finance Limited, Piramal Capital Limited and Piramal Housing Finance Limited;
- Copies of the resolutions passed by the Board of Directors of PHFL and the Transferor Companies respectively approving the Scheme;
- Copy of the Certificate issued by the auditor of PHFL (i.e. B S R & Co. LLP) stating that the accounting treatment proposed in the Scheme is in conformity with accounting standards prescribed under Section 133 of the Companies Act, 2013;
- Copies of Form No. GNL-1 filed by PHFL and the Transferor Companies with the Registrar of Companies, Maharashtra, Mumbai along with challan dated 30th day of November, 2017, evidencing filing of the Scheme;
- Copy of the Valuation Report issued by Price Waterhouse & Co LLP, Chartered Accountants dated 12th October, 2017; and
- Copy of the Fairness opinion report by SBI Capital Markets Limited, a Category I Merchant Banker on the valuation report dated 12th October, 2017.

gg) This Statement may be treated as the Statement under Sections 230(3), 232 and 102 of

the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. A copy of the Scheme, Explanatory Statement, Form of Proxy and Attendance Slip may be obtained free of charge on any working day (except Saturdays) prior to the date of the meeting, from the Registered Office of PFL situated at Piramal Tower, B Wing, Ground Floor Peninsula Corporate Park, G.K. Marg, Lower Parel, Mumbai 400013 or at the office of its Advocates M/s Hemant Sethi & Co., 1602 Nav Parmanu, Behind Amar Cinema, Chembur, Mumbai – 400071.

Sd/-

Place: Mumbai

Mr. Sachin Deodhar

Date: 30th day of November, 2017

Chairman appointed

for the meeting of equity shareholders

Before the National Company Law Tribunal
Bench, at Mumbai
Company Scheme Application No. 976 of 2017
In the matter of Companies Act, 2013

AND

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013

And

In the matter of Scheme of Amalgamation of Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Limited and their respective shareholders.

Piramal Finance Limited ... the First Applicant Company

Piramal Capital Limited ... the Second Applicant Company

Piramal Housing Finance Limited ... Third Applicant Company

PROXY FORM

Name of the member (s):

Registered address:

E-mail ID:

Folio No / Client ID:

Number of Share(s) held:

I /We, being the member(s) of [_____] equity shares of Piramal Finance Limited, hereby appoint

1. Name:

Address:

Email Id:

Signature:

Or failing him/her

2. Name:

Address:

Email Id:

Signature:

Or failing him/her

3. Name:

Address:

Email Id:

Signature:

as my / our proxy and whose signature(s) are appended below to attend and vote (on Poll) for me/ us and on my/ our behalf at the meeting of the equity shareholders of Piramal Finance Limited to be held on 2nd day of January, 2018 at 10 A.M. at 10th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013 and at any adjournment or adjournments thereof in respect of such resolutions and in such manner as are indicated below:

Resolution No.	I/ We assent to the resolution (For)	I/ We dissent to the resolution (For)
1 Approval of Scheme of Amalgamation of Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Limited and their respective shareholders and matters related thereto		

Signed this day of 2017

(Signature of shareholder(s))



Signature of Proxy.....

NOTES:

1. This form in order to be effective should be duly completed and deposited at the Registered Office of PFL at Piramal Tower, B Wing, Ground Floor Peninsula Corporate Park, G.K. Marg, Lower Parel, Mumbai 400013, Maharashtra, India, not less than 48 hours before the commencement of the meeting.
2. Please affix revenue stamp before putting signature.
3. Alterations, if any, made in the Form of Proxy should be initialed.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be the shareholder of PFL.

Attendance Slip

NOTE: Shareholders attending the meeting in Person or by Proxy or through Authorised Representative are requested to complete and bring the Attendance Slip with them and hand it over at the entrance of the meeting hall.

I hereby record my presence at the meeting of the equity shareholders of **PFL**, convened pursuant to the Order dated 29th day of November, 2017 of the National Company Law Tribunal Bench at Mumbai, at 10th Floor, Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013 on 2nd day of January, 2018 at 10 A.M.

Name and Address of
the Equity Shareholder/proxy/authorized representative
(in block letters)

Folio No. /Client **ID** no.

No. of Share(s) held

Full name of the
Equity Shareholder/ Proxy/authorised representative
(in block capitals)

Signature

Note:

- (1) Shareholders attending the meeting in person or by proxy or through authorised representative are requested to complete and bring the attendance slip with them and hand it over at the entrance of the meeting hall.
- (2) Shareholder/proxy holder/authorised representative who desire to attend the meeting should bring his/ her copy of the Notice for reference at the meeting.
- (3) Members are informed that no duplicate slips will be issued at the venue of the meeting and they are requested to bring this slip for the meeting.

Piramal Finance Limited

CIN : U99999MH1974PLC129493

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SCHEME OF AMALGAMATION
OF
PIRAMAL FINANCE LIMITED ("PFL")
AND
PIRAMAL CAPITAL LIMITED ("PCL")
WITH
PIRAMAL HOUSING FINANCE LIMITED ("PHFL")
AND
THEIR RESPECTIVE SHAREHOLDERS

(A) PREAMBLE

1. This Scheme of Amalgamation ("Scheme") is presented under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act (as defined hereinafter) for the amalgamation of Piramal Finance Limited ("PFL") and Piramal Capital Limited ("PCL") with Piramal Housing Finance Limited ("PHFL").
2. PFL, PCL and PHFL are part of Piramal Group of Companies. PHFL is a wholly-owned subsidiary of PFL, which in turn is a wholly-owned subsidiary of Piramal Enterprises Limited ('PEL'), a company incorporated under the provisions of the Companies Act, 1913, having its registered office at Piramal Tower, Ganpatrao Kadam Marg, Lower Parel, Mumbai- 400 013 and having its equity shares listed on the National Stock Exchange of India Limited and BSE Limited. PCL is a wholly-owned subsidiary of PEL.
3. The Scheme is in the best interest of PFL, PCL and PHFL and their respective shareholders, creditors, employees and all other stakeholders.

(B) DESCRIPTION OF COMPANIES

1. PIRAMAL FINANCE LIMITED ('PFL')

PFL (CIN: U99999MH1974PLC129493) is a public company incorporated on 23rd February, 1974 under the provisions of the Companies Act, 1956, having its registered office in Mumbai. PFL is a Systematically Important Non-Deposit taking Non-Banking Finance Company ("NBFC") registered with the Reserve Bank of India ("RBI") under the provisions of RBI Ac, 1934. Equity Shares of PFL are not listed on stock exchanges. However,



debentures issued by PFL are listed on National Stock Exchange of India Limited and BSE Limited.

2. PIRAMAL CAPITAL LIMITED ('PCL')

PCL (CIN: U65999MH2016PLC284108) is a public company incorporated on 26th July, 2016 under the provisions of the Companies Act, 2013, having its registered office in Mumbai. Equity Shares of PCL are not listed.

3. PIRAMAL HOUSING FINANCE LIMITED ('PHFL')

PHFL (CIN: U65999MH2017PLC291071) is a public company incorporated on 10th February, 2017 under the provisions of the Companies Act, 2013, having its registered office in Mumbai. PHFL is a Housing Finance Company registered with the National Housing Bank ("NHB"). Equity Shares of PHFL are not listed.

(C) RATIONALE FOR SCHEME OF AMALGAMATION

The amalgamation of PFL and PCL with PHFL would *inter alia* have the following benefits:-

- (i) PFL is registered with RBI as non-deposit taking Non-Banking Financial Institution whereas PHFL is registered with NHB as a Housing Finance Company. Based on the current loan book of PFL, substantial portion has been towards financing provided to real estate developers as construction finance, which is classified as housing loans as per guidelines issued by NHB. Thus, the said PFL loans can be continued to be lent under PHFL as well, leading to the widening of the loan portfolio of PHFL i.e. to retail and wholesale borrowers.
- (ii) It is advantageous to carry on the business of PFL by PHFL since housing finance company as a vehicle for lending including retail considerably increases capital efficiencies.
- (iii) Having a diversified portfolio of both retail and wholesale loans will substantially reduce and broaden the risk profile of the loan book. In the process there is an improvement in efficiency of use of capital for the business. Further, this will also open up avenues for the combined entity to raise funds from diversified lenders.
- (iv) PFL has been engaged in NBFC business for over five years and has a proven track record of financing to real estate developers. It has the requisite experienced team, which understands the real estate markets. PFL has the knowledge, expertise and track record in real estate funding:



- a) knowledge of the real estate market and project finance;
- b) expertise in terms of in- house team (financial, technical, legal, etc.) and well- laid out processes;
- c) strong asset monitoring processes which give out early warning signals which in turn enables PFL to address the issues at an early stage.

Combining the business of PFL will act as a support in rapidly expanding the housing finance business by leveraging on the existing set up as well as tapping the retail customers of developers to whom financing has been provided. Combining the businesses will create one unique unified platform which will provide entire capital stack from Construction Finance to Housing Finance to the borrowers.

- (v) Combined entity will lead to efficient monitoring of PHFL's retail construction finance portfolio through in-built robust monitoring capabilities of PFL's platform. Also, PHFL would be able to access and leverage PFL's 10,000+ distributor channel partners which will enable PHFL to rapidly expand its retail lending portfolio.
- (vi) Synergies arising out of consolidation of alike and supporting businesses will lead to reflection of fair value of assets and liabilities of PFL - tangible and intangible, whether currently recorded or not in the books of PFL.
- (vii) The amalgamation will result not only in consolidating and improving the internal systems, procedures and controls but will also bring greater management and operational efficiency due to integration of various similar functions being carried out by both the entities such as information technology, human resources, finance, legal, management etc.
- (viii) The amalgamation will eliminate doubling of related costs, thereby reducing operational and administrative expenses and overheads, and lead to better cost and operational efficiencies.
- (ix) Merger will lead to consolidation of business and simplification of group corporate structure.

The amalgamation is, thus, likely to result in facilitating enhancement in value for all stakeholders.



(D) PARTS OF THE SCHEME

This Scheme of Amalgamation is divided into following parts:

- (i) **PART I** deals with Definitions and interpretations used in the Scheme;
- (ii) **PART II** deals with the capital structure of PFL, PCL and PHFL;
- (iii) **PART III** deals with amalgamation of PFL and PCL with PHFL; and
- (iv) **PART IV** deals with the general terms and conditions applicable to the Scheme.



PART I

1. DEFINITIONS AND INTERPRETATIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

- 1.1 **“Act” or “the Act”** means the Companies Act, 2013, the rules and regulations made thereunder and will include any statutory modification or re-enactment thereof for the time being in force;
- 1.2 **“Applicable Law(s)”** means any statute, notification, bye laws, rules, regulations, guidelines, rule or common law, policy, code, directives, ordinance, schemes, notices, orders or instructions law enacted or issued or sanctioned by any Appropriate Authority including any modification or re-enactment thereof for the time being in force;
- 1.3 **“Appointed Date”** means 31st March, 2018;
- 1.4 **“Appropriate Authority”** means any governmental, statutory, regulatory, departmental or public body or authority of the relevant jurisdiction, including Registrar of Companies, Company Law Board etc.;
- 1.5 **“Board of Directors” or “Board”** in relation to PFL, PCL and PHFL, means their respective Board of Directors and shall, unless repugnant to the context or otherwise, include a committee of directors or any person authorized by the Board of Directors or such committee of directors;
- 1.6 **“Effective Date”** means the later of the dates on which the certified copy of the Orders of the NCLT sanctioning the Scheme of Amalgamation is filed by the Transferor Companies (defined hereunder) and PHFL with the Registrar of Companies, Maharashtra at Mumbai;
- 1.7 **“NCLT”** means the Mumbai Bench of National Company Law Tribunal;
- 1.8 **“PCL”** shall mean Piramal Capital Limited (CIN: U65999MH2016PLC284108), a public company incorporated on 26th July, 2016 under the provisions of the Companies Act, 2013 and having its registered office in Mumbai;



- 1.9 **“PFL”** shall mean Piramal Finance Limited (CIN: U99999MH1974PLC129493), a public company incorporated on 23rd February, 1974 under the provisions of the Companies Act, 1956 and having its registered office in Mumbai. PFL is a Non-Banking Finance Company registered with the RBI under the category “Non-Banking Financial Institution without accepting Public Deposits” and is engaged in the business of wholesale lending primarily to real estate sector;
- 1.10 **“PHFL”** shall mean Piramal Housing Finance Limited (CIN: U65999MH2017PLC291071), a public company incorporated on 10th February, 2017 under the provisions of the Companies Act, 2013 and having its registered office in Mumbai. PHFL is a Housing Finance Company registered with NHB and is engaged in the business of housing finance and providing financial assistance for enabling the borrower to construct, purchase, expand, renovate property(ies), for residential purposes, whether under construction or otherwise;
- 1.11 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Amalgamation between PFL and PCL with PHFL and their respective shareholders and creditors, in its present form as submitted to the NCLT or this Scheme with such modification(s), if any made, as per Clause 17 of the Scheme;
- 1.12 **“Transferor Companies”** shall mean PCL and PFL;

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act or any other Applicable Law.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

- 2.1 The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT or made as per Clause 17 of the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date.
- 2.2 Any reference in this Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” or “upon the coming into effect of the Scheme” shall mean the Effective Date.



PART II

CAPITAL STRUCTURE OF PFL, PCL AND PHFL



3. SHARE CAPITAL

- 3.1 The authorized, issued, subscribed and paid-up share capital of PFL as on 31st March, 2017 is as under:

Share Capital	Amount in INR Lacs
<u>Authorized Share Capital</u>	
5,000,000,000 Equity Shares of Rs. 10 each	500,000
Total	500,000
<u>Issued, subscribed and paid-up Share Capital</u>	
2,994,401,152 Equity Shares of Rs. 10 each, fully paid up	299,440
Total	299,440

Subsequent to the above date, there has been change in the authorized, issued, subscribed and paid-up share capital of PFL. The revised authorized, issued, subscribed and paid-up share capital of PFL as on 12th October, 2017 is as under:-

Share Capital	Amount in INR Lacs
<u>Authorized Share Capital</u>	
5,000,000,000 Equity Shares of Rs. 10 each	500,000
Total	500,000
<u>Issued, subscribed and paid-up Share Capital</u>	
3,098,568,152 Equity Shares of Rs. 10 each, fully paid up	309,856
Total	309,856

- 3.2 The authorized, issued, subscribed and paid-up share capital of PCL as on 31st March, 2017 is as under:

Share Capital	Amount in INR Lacs
<u>Authorized Share Capital</u>	
1,00,00,000 Equity Shares of Rs. 2 each	200
Total	200
<u>Issued, subscribed and paid-up Share Capital</u>	
1,00,00,000 Equity Shares of Rs. 2 each	200
Total	200

Subsequent to 31st March, 2017 and till the date of approval of the Scheme by the Board of Directors of the respective companies, there has been no change in the capital structure of PCL.



- 3.3 The authorized, issued, subscribed and paid-up share capital of PHFL as on 31st March, 2017 is as under:

Share Capital	Amount in INR Lacs
<u>Authorized Share Capital</u>	
300,000,000 Equity Shares of Rs. 10 each	30,000
Total	30,000
<u>Issued, subscribed and paid-up Share Capital</u>	
15,000,000 Equity Shares of Rs. 10 each, fully paid up	1,500
Total	1,500

Subsequent to the above date, there has been change in the authorized, issued, subscribed and paid-up share capital of PHFL. The revised authorized, issued, subscribed and paid-up share capital of PHFL as on 12th October, 2017 is as under:-

Share Capital	Amount in INR Lacs
<u>Authorized Share Capital</u>	
700,000,000 Equity Shares of Rs. 10 each	70,000
Total	70,000
<u>Issued, subscribed and paid-up Share Capital</u>	
315,000,000 Equity Shares of Rs. 10 each, fully paid up	31,500
Total	31,500



PART III

AMALGAMATION OF PFL AND PCL WITH PHFL

4. TRANSFER AND VESTING

4.1 With effect from the Appointed Date and upon the Scheme becoming effective, the entire business and assets and properties of the Transferor Companies, shall, under the provisions of Sections 230-232 and all other applicable provisions, if any, of the Act and Section 2(1B) of the Income tax Act, 1961, and without any further act or deed, stand transferred to and vested in and/or deemed to be transferred to and vested into, as a going concern, into PHFL, so as to vest in PHFL all the rights, title and interest pertaining to the business of the Transferor Companies.

4.2 Without prejudice to the generality of Clause 4.1 above and with effect from the Appointed Date and upon the Scheme becoming effective:

4.2.1 In respect of such of the assets of the Transferor Companies as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Transferor Companies, and shall, upon such transfer, become the property, estate, assets, rights, title, interest and authorities of PHFL by way of physical delivery or novation. The investments, if any, held in dematerialized form will be transferred to PHFL by issuing appropriate delivery instructions to the depository participant with whom the Transferor Companies have an account. Such delivery and transfer shall be made on a date mutually agreed upon between the respective Boards of Directors of PHFL and the Transferor Companies, being a date after the sanction of the Scheme by the NCLT. All other moveable assets, including intangible assets, actionable claims, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits including deposits paid in relation to outstanding litigations, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall, without any further act, instrument or deed, be transferred to and vested into as the property of PHFL. PHFL may, if required, give notice in such form as it may deem fit and proper to each person or debtor that, pursuant to the Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of PHFL to recover or realise the same in substitution of the right of the Transferor Companies and that appropriate entry should be passed in their respective books to record the aforesaid charges.

4.2.2 Without prejudice to any of the clauses above, with effect from the Appointed Date and upon the Scheme becoming effective, all



immoveable properties, including land together with buildings and structure and rights thereon, whether freehold or leasehold, if any of the Transferor Companies and any documents of title, rights, interests, claims, including leases, licenses and easements in relation thereto, shall, pursuant to the applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into PHFL, as of the Appointed Date. The mutation of the title to the immoveable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favor of PHFL without requirement of execution of any further documents for registering the name of PHFL as owner thereof and the regulatory authorities, including Sub-registrar of Assurances, Talati, Tehsildar, MMRDA etc. may rely on the Scheme along with the copy of the Order passed by the NCLT, to make necessary mutation entries and changes in the land or revenue records to reflect the name of PHFL as owner of the immovable properties.

- 4.2.3 All permits, rights, entitlements, registrations and other licenses (including SARFAESI), approvals, permissions, consents from various authorities (whether granted or pending), receivables, funds belonging to or utilized for the Transferor Companies, privileges, memberships, lease rights, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements (including agreements with clients and customers, employees and any other person), contracts and arrangements, letters of intent, memoranda of understanding, expressions of interest whether under agreement or otherwise and all other interests in connection with or relating to the Transferor Companies, without any cost, further act, instrument or deed, shall stand transferred to and vested in PHFL as a part of the transfer as a going concern, so as to become, as and from the Appointed Date, the property of PHFL..
- 4.2.4 All the intellectual property rights of any nature whatsoever, including but not limited to intangible assets, including trademarks, logos, service marks, copyrights, domain names, trade names and applications relating thereto, goodwill, knowhow and trade secrets, pertaining to the Transferor Companies, whether or not provided in books of accounts of the Transferor Companies, without any cost, further act, instrument or deed, be and stand transferred to and vested in PHFL as a part of the transfer as a going concern, so as to become, as and from the Appointed Date, the intellectual property of PHFL.



- 4.2.5 All intangible assets including various business or commercial rights, Goodwill, etc. belonging to but not recorded in books of the Transferor Companies, shall be transferred to and vested with PHFL and shall be recorded at their respective fair values. The consideration agreed under the Scheme shall be deemed to include payment towards these intangible assets at their respective fair values. Such intangible assets shall, for all purposes, be regarded as intangible assets in terms of Explanation 3(b) to Section 32(1) of Income Tax Act, 1961 and shall be eligible for depreciation there under at the prescribed rates.
- 4.2.6 All taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax credits, securities transaction tax, input credit, taxes withheld/ paid in a foreign country, goods and services tax, tax collected at source, etc.) payable by or refundable to or being the entitlement of the Transferor Companies, including all or any refunds or claims shall be treated as the tax liability or refunds / credits / claims, as the case may be, of PHFL, and any tax incentives, advantages, privileges, exemptions, rebates, credits, remissions, reductions and/or any other benefit, as would have been available to the Transferor Companies, shall pursuant to the Scheme becoming effective, be available to PHFL.
- 4.2.7 Any tax liabilities under the income tax, customs, goods and services tax, or other applicable laws/regulations dealing with taxes/duties/levies allocable or related to the business of the Transferor Companies to the extent not provided for or covered by the provision for tax in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to PHFL. Any surplus in the provision for taxation/duties/levies account including advance tax and tax deducted at source (TDS) as on the date immediately preceding the Appointed Date will also be transferred to the account of PHFL.
- 4.2.8 PHFL shall be entitled to claim refunds or credits, including input tax credits, with respect to taxes paid by, for, or on behalf of the Transferor Companies under applicable laws, including but not limited to sales tax, value added tax, service tax, excise duty, cess, goods and services tax or any other tax, whether or not arising due to any inter se transaction, even if the prescribed time limits for claiming such refunds or credits have lapsed. Any inter-se transactions in relation to the Transferor Companies and PHFL between the Appointed Date and Effective Date shall be considered as transactions to self and PHFL shall be entitled to claim refund of tax paid, if any on these inter-se transactions, as per the applicable laws. Consequently, no tax relating to inter-se transaction is payable or demandable from either the Transferor Companies or PHFL since the inter-se transactions were between the same persons.



4.2.9 The transfer and vesting as aforesaid shall be subject to the existing charges / hypothecation / mortgages, if any, as may be subsisting and agreed to be created over or in respect of the said assets or any part thereof, provided however, any reference in any security documents or arrangements to which the Transferor Companies are a party wherein the assets of the Transferor Companies have been or are offered or agreed to be offered as security for any financial assistance or obligations shall be construed as reference only to the assets pertaining to the Transferor Companies and vested in PHFL by virtue of this Scheme to the end and intent that the charges shall not extend or deemed to extend to any assets of PHFL.

Provided that the Scheme shall not operate to enlarge the security for the said liabilities of the Transferor Companies which shall vest in PHFL by virtue of the Scheme and PHFL shall not be obliged to create any further, or additional security thereof after the merger has become effective or otherwise. The transfer / vesting of the assets of the Transferor Companies as aforesaid shall be subject to the existing charges / hypothecation / mortgages over or in respect of the assets or any part thereof of the Transferor Companies.

4.2.10 All the secured and unsecured debts (whether in rupees or in foreign currency), liabilities, duties and obligations of whatsoever nature of the Transferor Companies shall also, without any further act, instrument or deed be transferred to and vested in and assumed by and/or deemed to be transferred to and vested in and assumed by PHFL pursuant to the provisions of sections 230-232 and all the other applicable provisions of the Act, so as to become the debts, liabilities, duties and obligations of PHFL and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which debts, liabilities, duties and obligations liabilities have arisen, in order to give effect to the provisions of this clause.

4.2.11 All the secured and unsecured redeemable non-convertible debentures ("NCD") (whether in rupees or in foreign currency) of the Transferor Companies, shall, pursuant to the provisions of the Act, without any further act, instrument, deed cost or charge become the NCD of PHFL on the same terms and conditions except to the extent modified under the provisions of this Scheme. All rights, powers, duties and obligations in relation to NCD so transferred, shall stand transferred to and vested in or deemed to be transferred to and vested in and shall be exercised by or against PHFL as if it was the issuer of NCD so transferred. Subject to the requirements of the stock exchanges, and other terms and conditions agreed with the stock exchanges, the NCD transferred to PHFL shall be listed and admitted to trading on the stock



exchanges, where such NCD are currently listed and/or admitted to trading. In addition, PHFL shall be authorised to take such steps and do all acts, deeds and things as may be necessary, desirable or proper/ to list the various NCD on the relevant exchanges. All the debenture documents executed between the Transferor Companies, the debenture holders and debenture trustees in respect of the NCD so transferred, shall continue to remain in full force and effect against or in favour of PHFL as if PHFL had been a party thereto, in place and stead of the Transferor Companies.

- 4.3 Without prejudice to the provisions of the foregoing clauses and upon the effectiveness of this Scheme, PHFL may at any time after the coming into effect of the Scheme in accordance with the provisions of the Scheme, if so required, under any law or otherwise, execute Deeds of Confirmation, in favour of the creditors of the Transferor Companies or in favour of any other party to any contract or arrangement to which the Transferor Companies are a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. PHFL shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Companies and to implement or carry out all such formalities or compliance referred to above on the part of the Transferor Companies to be carried out or performed.
- 4.4 With effect from the Appointed Date and upon the Scheme becoming effective, all statutory licenses, permissions, approvals or consents, if any, to carry on the operations and business of the Transferor Companies shall stand vested in or transferred to PHFL without any further act or deed and shall be appropriately mutated by the statutory authorities concerned in favour of PHFL. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registrations or other licenses and consents shall vest in and become available to PHFL pursuant to this Scheme.

5. CONSIDERATION

- 5.1 Upon this Scheme becoming effective, PHFL shall without any further application or deed, issue and allot shares, credited as fully paid-up, to the extent indicated below to the shareholders of the Transferor Companies, holding fully paid-up equity shares and whose name appear in the register of members on the Effective Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the respective Board of Directors, in the following proportion:



Equity Shareholders of PFL:

"483 (Four Hundred and Eighty Three) fully paid up equity shares of Rs. 10/- each of PHFL to be issued and allotted to the holders of equity shares of PFL for every 100 (One Hundred) equity shares of Rs. 10/- each held by them in PFL"

Equity Shareholders of PCL:

"1 (One) fully paid up equity share of Rs. 10/- each of PHFL to be issued and allotted to the holders of equity shares of PCL for every 5 (Five) equity shares of Rs. 2/- each held by them in PCL"

The equity shares to be issued by PHFL to the shareholders of the Transferor Companies in accordance with this clause shall be hereinafter referred to as "New Equity Shares". Fractional entitlements, if any, to the shares will be rounded off to the nearest whole number. The equity shares of the Transferor Companies are held individually by PEL and by its nominees. It is clarified that on the Effective Date, PHFL shall issue New Equity Shares to PEL for the shares held individually by it and to the nominees who are holding the shares jointly with PEL.

- 5.2 The shares to be issued by PHFL to the shareholders of the Transferor Companies shall be subject to the Scheme and the Memorandum and Articles of Association of PHFL and shall rank *pari passu* in all respects with the existing shares of PHFL.
- 5.3 Shares held by PFL in PHFL shall stand automatically cancelled pursuant to Scheme by operation of law and the share capital of PHFL shall stand reduced to that extent. However, this being consequential in nature, shall be treated as an integral part of the Scheme.
- 5.4 The New Equity Shares shall be issued in dematerialized form to those shareholders who hold shares of the Transferor Companies in dematerialized form, in to the account in which the Transferor Companies shares are held or such other account as is intimated by the shareholders to the Transferor Companies and / or its Registrar before the Effective Date. All those shareholders who hold shares of the Transferor Companies in physical form shall also have the option to receive the New Equity Shares in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to the Transferor Companies and / or its Registrar before the Effective Date. The shareholders who fail to provide such details shall be issued New Equity Shares in physical form.



5.5

The Board of Directors of PHFL shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory



authorities and undertake necessary compliance for the issue and allotment of New Equity Shares to the members of the Transferor Companies pursuant to Clause 5.1 of the Scheme.

- 5.6 Approval of this Scheme by the shareholders of PHFL shall be deemed to be the due compliance of the provisions of Section 13, 14, 61, 62 and 64 of the Companies Act, 2013 and the other relevant and applicable provisions of the Act for the issue and allotment of New Equity Shares by PHFL to the shareholders of the Transferor Companies, as provided in this Scheme.

6. ACCOUNTING TREATMENT IN THE BOOKS OF PHFL

On the Scheme becoming effective and with effect from the Appointed Date, PHFL shall account for the amalgamation in its books of accounts as per Accounting Standard (AS) 14 on Accounting for Amalgamations as under:

- 6.1 All identifiable assets including intangible assets, if any, whether or not recorded in books of the Transferor Companies and liabilities of the Transferor Companies, transferred to and vested in PHFL pursuant to the Scheme shall be recorded by PHFL on the basis of their respective fair values as may be decided by the Board of Directors of PHFL.
- 6.2 The face value of the shares issued by PHFL pursuant to the Scheme shall be credited to the Equity Share Capital Account of PHFL;
- 6.3 The investment of PFL in the equity share capital of PHFL shall stand cancelled and accordingly the issued and paid up equity share capital of PHFL shall stand reduced to the extent of face value of equity shares held by PFL in PHFL.
- 6.4 Inter-company balances, if any, will stand cancelled.
- 6.5 Excess, if any, of the consideration as recorded under Clause 6.2 over the fair values of net assets of the Transferor Companies (including identifiable intangible assets, if any, whether or not recorded in its books of accounts) taken over and recorded in Clause 6.1 as adjusted for amounts mentioned in Clause 6.3 above will be recognized as Goodwill in accordance with Accounting Standard-14. In the event the result is negative, it shall be credited as Capital Reserve in the books of account of PHFL.
- 6.6 Statutory reserves of the Transferor Companies, if required, shall be recorded in the financial statements of PHFL. The corresponding debit shall be given to 'Amalgamation Adjustment Account', which shall be



disclosed as a part of 'miscellaneous expenditure' or other similar category in the balance sheet. When the identity of the statutory reserves is no longer required to be maintained, the statutory reserves and the 'Amalgamation Adjustment Account' shall be reversed.

- 6.7 If considered appropriate for the purpose of application of uniform accounting methods and policies between the Transferor Companies and PHFL, PHFL may make suitable adjustments and reflect the effect thereof in the Capital Reserve / Goodwill Account, as the case may be.

7. MODIFICATIONS IN THE MEMORANDUM OF ASSOCIATION OF PHFL

7.1 AGGREGATION OF AUTHORISED SHARE CAPITAL

7.1.1 Upon the Scheme becoming effective and with effect from the appointed date, the authorised share capital of PHFL shall automatically stand increased, without any further act, instrument or deed on the part of PHFL including payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of the Transferor Companies as on the Effective Date.

7.1.2 The Memorandum of Association of PHFL (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended and no future resolutions under section 13, 61 and any other applicable provisions of the Companies Act, 2013 would be required to be separately passed. The stamp duties and fees paid on the authorised capital of the Transferor Companies shall be utilized and applied to the increased authorised share capital of PHFL and shall be deemed to have been so paid by PHFL for increase in the authorised share capital on such combined authorised share capital and accordingly no payment of any extra stamp duty and/or fee shall be payable by PHFL for increase in the authorised share capital to that extent. The Memorandum of Association and Articles of Association of PHFL shall be amended as may be required to give effect to this clause.

7.1.3 It is clarified that the approval of the members of PHFL to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of PHFL as may be required under the Act.

8. REDUCTION OF THE EXISTING SHARE CAPITAL OF THE PHFL

8.1 Upon the Scheme becoming effective, the issued, subscribed and paid up share capital of PHFL shall be automatically cancelled and reduced in terms of section 66 of the Act to the extent of the shares held by PFL in PHFL.



- 8.2 The said cancellation shall result in reduction of capital under section 66 of the Act. However, since the aforesaid reduction is consequential and is proposed as an integral part of the Scheme, PHFL shall not be required to undertake separate procedure under section 66 of the Act. Further, as the aforesaid reduction does not result in either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of section 66 of the Act shall not be applicable. The Order of the NCLT sanctioning the scheme shall be deemed to be the Order under section 66 of the Act for the purpose of confirming reduction. Further, PHFL shall not be required to add "and reduced" as a suffix to its name consequent upon such reduction.

9. CHANGE OF NAME OF PHFL

- 9.1 Consequent to the amalgamation and upon the Scheme being effective, the name of the PHFL shall be deemed to have been changed from "Piramal Housing Finance Limited" to "Piramal Capital Limited" in accordance with Section 13 of the Act and other relevant provisions of the Act, as applicable.
- 9.2 It shall be deemed that the members of PHFL have also resolved and accorded all relevant consents under Section 13 of Act. It is clarified that there will be no need to pass a separate shareholders resolution as required under Section 13 of the Act for the amendment of the Memorandum of Association of PHFL as above. Pursuant to this Scheme, PHFL shall file requisite forms with the Registrar of Companies for change of the name.

10. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

With effect from the Appointed Date and upto and including the Effective Date:

- 10.1 The Transferor Companies shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets for and on account of and in trust for PHFL. The Transferor Companies undertake to hold its said assets with utmost prudence until the Effective Date.
- 10.2 The Transferor Companies shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of PHFL,



alienate, charge, mortgage, encumber or otherwise deal with or dispose of any business or part thereof.

- 10.3 All the profits or income accruing or arising to the Transferor Companies or expenditure or losses arising or incurred or suffered by the Transferor Companies shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of PHFL.
- 10.4 The Transferor Companies shall not vary the terms and conditions of employment of any of the employees of the Transferor Companies, except in the ordinary course of business or without the prior consent of PHFL or pursuant to any pre-existing obligation undertaken by them, as the case may be, prior to the Appointed Date.
- 10.5 The Transferor Companies and PHFL shall be entitled, pending sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which may be required pursuant to this Scheme.

11. EMPLOYEES

- 11.1 Upon the Scheme becoming *Effective*, all staff, workmen and employees of the Transferor Companies, who are in service as on the Effective Date shall become staff, workmen and employees of PHFL, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferor Companies shall not be less favorable than those applicable to them with reference to their employment with the Transferor Companies on the Effective Date. PHFL agrees that the services of all such employees with the Transferor Companies, up to the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible as on the Effective Date.
- 11.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or such other Special Fund, if any, or Trusts (hereinafter collectively referred as 'Funds') created for the benefit of the staff, workmen and employees of the Transferor Companies shall, with the approval of the concerned authorities, become Funds of PHFL, or shall be transferred to or merged with other similar funds of PHFL for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and



obligations of the Transferor Companies in relation to such Funds shall become those of PHFL. It is clarified that the services of the staff, workmen and employees will be treated as having been continuous for the purpose of the said Funds.

12. LEGAL PROCEEDINGS

- 12.1 If any suit, action, appeal or other proceeding of whatsoever nature by or against the Transferor Companies is pending on the Effective Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against PHFL, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Companies as if this Scheme had not been made.

13. CONTRACTS, DEEDS AND OTHER ENTITLEMENTS ETC.

- 13.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, letters of intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Transferor Companies, which is subsisting as on the Effective Date, shall be in full force and effect against or in favour of PHFL, and may be enforced by or against PHFL as fully and effectually as if, instead of the Transferor Companies, PHFL had been a party or beneficiary thereto.
- 13.2 PHFL and / or the Transferor Companies shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any arrangements, confirmations or novations in order to give formal effect to the provisions of this Scheme. PHFL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Companies and to implement or carry out all formalities required on the part of the Transferor Companies to give effect to the provisions of this Scheme.

14. SAVING OF CONCLUDED TRANSACTIONS

- 14.1 The transfer of assets, properties and liabilities under Clause 4 above and the continuance of proceedings by or against the Transferor Companies under Clause 12 above shall not affect any transaction or proceedings



already concluded by the Transferor Companies on and after the Appointed Date till the Effective Date, to the end and intent that PHFL accepts and adopts all acts, deeds and things done and executed by the Transferor Companies on behalf of PHFL.

15. DISSOLUTION OF THE TRANSFEROR COMPANIES

- 15.1 On the Scheme becoming effective, the Transferor Companies shall stand dissolved automatically without winding up in accordance with the provisions of Section 230-232 of the Companies Act, 2013.
- 15.2 On and from the Effective Date, name of the Transferor Companies shall be removed from the records of the Registrar of Companies and records relating to each of the Transferor Companies shall be transferred and merged with the records of PHFL.



PART IV

GENERAL TERMS AND CONDITIONS

16. APPLICATION TO NCLT

- 16.1 PHFL and the Transferor Companies as may be directed by the NCLT, shall make all necessary applications and petitions under Sections 230-232 and other applicable provisions of the Companies Act, 2013, for seeking approval of the Scheme.

17. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 17.1 PHFL and the Transferor Companies with approval of their respective Boards may consent, from time to time, on behalf of all persons concerned, to any modifications/amendments or additions/deletions to the Scheme which may otherwise be considered necessary, desirable or appropriate by the said Boards to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds matters, and things necessary for bringing this Scheme into effect or agree to any terms and / or conditions or limitations that the NCLT or any other authorities under law may deem fit to approve of, to direct and /or impose. The aforesaid powers of PHFL, the Transferor Companies to give effect to the modification/amendments to the Scheme may be exercised by their respective Boards or any person authorised in that behalf by the concerned Board subject to approval of the NCLT or any other authorities under applicable law.

18. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 18.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective shareholders and/or creditors of PHFL and the Transferor Companies as may be directed by the NCLT;
- 18.2 The requisite consent, approval or permission of the Appropriate Authority (including NHB and RBI), which by law may be necessary for the implementation of this Scheme;
- 18.3 The Scheme being sanctioned by the NCLT; and



- 18.4 The certified copy of the Order of the NCLT sanctioning the Scheme is filed with the Registrar of Companies, Maharashtra at Mumbai, by PHFL and the Transferor Companies.

19. EFFECT OF NON-RECEIPT OF APPROVALS

- 19.1 In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the NCLT or such other competent authority and / or the Order not being passed as aforesaid before 30th September, 2018 or within such further period or periods as may be mutually agreed upon between PHFL and the Transferor Companies by their respective Board of Directors (and which the Board of Directors of the companies are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

20. EXPENSES CONNECTED WITH THE SCHEME

- 20.1 Save and except as provided elsewhere in the Scheme, all costs, charges, taxes including duties, levies and all other expenses including registration fee of any deed, in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of the Scheme shall be borne and paid by PHFL.
- 20.2 In the event that this Scheme fails to take effect or the scheme is revoked in terms of Clause 19 of this Scheme then, PHFL and the Transferor Companies shall bear their own costs and expenses incurred by them, in relation to or in connection with the Scheme.



Price Waterhouse & Co LLP

Chartered Accountants

Date: 12 October 2017

To

Board of Directors

Piramal Finance Limited
Piramal Tower,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai – 400 013
Maharashtra.

Board of Directors

Piramal Housing Finance Private Limited
Piramal Tower,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai – 400 013
Maharashtra.

Board of Directors

Piramal Capital Limited
Piramal Tower,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai – 400 013
Maharashtra.

Sub: Recommendation of Share Exchange Ratio for the proposed amalgamation of Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Private Limited.

Dear Sirs

We refer to the engagement letter dated 29 September 2017, whereby, Piramal Finance Limited ('PFL'), Piramal Housing Finance Private Limited ('PHFPL') and Piramal Capital Limited have requested Price Waterhouse & Co LLP ('PW&Co') for recommendation of the Share Exchange Ratio for the proposed amalgamation of PFL and PCL with PHFPL.

PFL, PCL and PHFPL are together referred to as 'the Specified Companies'.

PW&Co has been hereafter referred to as 'Valuer' or 'we' or 'us' in this Report ('Valuation Report' or 'Report').

SCOPE AND PURPOSE OF THIS REPORT

Piramal Enterprises ('PEL'), formerly known as Piramal Healthcare Limited is a flagship company of Piramal Group. PEL is engaged in diversified business segments including healthcare, financial services and information management. Equity shares of PEL are listed on the National Stock Exchange of India Limited ('NSE') and Bombay Stock Exchange Limited ('BSE').

PFL, established in 1974, is a registered non-banking finance company ('NBFC') and a wholly owned subsidiary of PEL. PFL is primarily engaged in the business of providing loans, primarily to companies engaged in construction and development of real estate.

PHFPL, incorporated in February 2017, is a wholly owned subsidiary of PFL. PHFPL was established to provide housing finance and has recently received the license to commence operations.

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Registered office and Head office: Sucheta Bhawan, 11-A, Vishnu Digambar Marg, New delhi 110 002

Price Waterhouse & Co LLP (LLP AAC-2731) is registered as a Limited Liability Partnership (LLP). Price Waterhouse & Co has converted from partnership firm to an LLP effective April 24, 2014. Its registration number with ICAI after said conversion as **53** is 016844N/N500015 (registration number before conversion was 016844N)

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Piramal Capital Limited, incorporated in July 2016, is a wholly owned subsidiary of PEL. We understand that, currently, there are no material operations in PCL.

Equity shares of PFL, PCL and PHFPL are not listed on any stock exchanges. Debentures issued by PFL are listed on NSE.

We understand that the management of the Specified Companies ('Management') are contemplating amalgamation of PFL and PCL with PHFPL ('Transaction') pursuant to a Scheme of Amalgamation ('Scheme') to be implemented under the provisions of sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013. In this regard, 31 March 2018 has been considered as the appointed date for the proposed amalgamation.

As a consideration for the amalgamation, equity shareholders of PFL and PCL would be issued equity shares of PHFPL. Share Exchange Ratio for this Report refers to the number of equity shares of face value of INR 10/- each of PHFPL, which would be issued to equity shareholders of PFL and PCL.

For the aforesaid purpose, the Specified Companies have requested PW&Co to submit a report recommending the Share Exchange Ratio. The scope of our services is to conduct a relative (and not absolute) valuation of the equity shares of the Specified Companies and recommending the Share Exchange Ratio in accordance with generally accepted professional standards.

We have been provided with historical financial information for the Specified Companies upto 30 September 2017. Our analysis does not factor impact of any event which is unusual or not in normal course of business. We have relied on the above while arriving at the Share Exchange Ratio.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information received from the Management and / or gathered from public domain:

- Audited financial statements of the Specified Companies for the 3 years ended 31 March 2017;
- Unaudited provisional financial statements of the Specified Companies for the 6 months ended 30 September 2017;
- Projected financial statements of PFL for the period 1 October 2017 to 31 March 2025 and PHFPL for the period 1 October 2017 to 31 March 2028, as provided by the respective management of the Specified Companies ('Financial Projections');
- Draft Scheme of Amalgamation ('Draft Scheme');
- Number of equity shares/ shareholding pattern of the Specified Companies as at 30 September 2017;
- Equity infusion by PEL in PFL on 9 October 2017;
- Interviews and correspondence with the Management;
- Secondary research and market data on comparable companies and information on recent transactions, to the extent readily available; and
- Such other analysis, reviews and enquiries, as we considered relevant.



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The Specified Companies have been provided with the opportunity to review the draft report (excluding the recommended Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final report.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report and (iii) the financial statements of the Specified Companies as at 30 September 2017 and other information provided by the Management on key events after 30 September 2017 till the date of the Report.

The Management has represented that the business activities of the Specified Companies have been carried out in the normal and ordinary course between 30 September 2017 and the Report date and that no material adverse change has occurred in their respective operations and financial position between 30 September 2017 and the Report date.

An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events and transactions occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into accounts all the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions.

The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by the Specified Companies (or their executives/ representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). We have no obligation to update this Report.

The determination of a share exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed share exchange ratio. While we have provided our recommendation of the Share Exchange Ratio based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the Share Exchange Ratio at which the proposed Transaction shall take place will be with the Board of Directors of the respective Specified Companies, who should take into account other factors such as their own assessment of the proposed Transaction and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data.



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In accordance with the terms of our engagements, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Specified Companies. In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the Specified Companies. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Specified Companies, we have been given to understand by the Management of the Specified Companies that they have not omitted any relevant and material factors about the Specified Companies. Our conclusions are based on the assumptions and information given by / on behalf of the Specified Companies and reliance on public information. The Management of the Specified Companies has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / results. Accordingly, we assume no responsibility for any errors in the information furnished by the Specified Companies and their impact on the Report. Nothing has come to our attention to indicate that the information provided was materially mis-stated / incorrect or would not afford reasonable grounds upon which to base the Report.

The Report assumes that the Specified Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Specified Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Valuation Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited / unaudited balance sheet of the Specified Companies. Our conclusion of value assumes that the assets and liabilities of the Specified Companies, reflected in their respective latest balance sheets remain intact as of the Report date.

We are not advisors with respect to accounting, legal, tax and regulatory matters for the proposed Transaction. This Report does not look into the business / commercial reasons behind the proposed Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the proposed Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

No investigation of the Specified Companies' claim to title of assets has been made for the purpose of this Report and the Specified Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

The fee for the engagement is not contingent upon the results reported.

We owe responsibility to only the Boards of Directors of the Specified Companies that have appointed us under the terms of our respective engagement letters and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to the Specified Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Specified Companies, their directors, employees or agents. Unless specifically agreed, in no circumstances shall the liability of the Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this



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Report shall exceed the amount paid to the Valuer in respect of the fees charged by it for these services.

We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion on the Share Exchange Ratio. This Report is not a substitute for the third party's own due diligence / appraisal / enquiries / independent advice that the third party should undertake for his purpose.

This Valuation Report is subject to the laws of India.

Neither the Valuation Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme, without our prior written consent except for disclosures to be made to relevant regulatory authorities including Registrar of Companies and National Company Law Tribunal and other judicial, regulatory or government authorities, in connection with the Transaction. In addition, this Report does not in any manner address the prices at which equity shares of the Specified Companies may trade following announcement of the proposed Transaction and we express no opinion or recommendation as to how the shareholders of any Specified Company should vote at any shareholders' meeting(s) to be held in connection with the proposed Transaction.

SHAREHOLDING PATTERN OF SPECIFIED COMPANIES

Piramal Finance Limited

The issued and subscribed equity share capital of PFL as at 30 September 2017 is INR 2,994.4 crores consisting of 2,994,401,152 equity shares of face value of INR 10/- each. 100% of the equity of PFL is held by PEL. We understand that PEL has invested an amount of INR 500 crores in PFL at INR 48 per share on 9 October 2017, against which 104,166,667 equity shares have been issued to PEL. Accordingly, the diluted number of shares considered for the purpose of our analysis is 3,098,567,819. This infusion and consequent dilution has been considered in our analysis.

Piramal Housing Finance Private Limited

The issued and subscribed equity share capital of PHFPL as at 30 September 2017 is INR 315 crores consisting of 315,000,000 equity shares of face value of INR 10/- each. 100% of the equity of PHFPL is held by PFL.

Piramal Capital Limited

The issued and subscribed equity share capital of PCL as at 30 September is INR 2 crores consisting of 10,000,000 equity shares of face value of INR 2/- each. 100% of the equity of PCL is held by PEL.

The Management has represented to us that other than equity infusion in PFL by PEL, there have been no other changes in the share capital of the Specified Companies since 30 September 2017. Also, any future capital infusion in amalgamated company/ Specified Companies after Report date till Transaction becomes effective shall not happen at less than the fair value.

APPROACH & METHODOLOGY

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are



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beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Specified Companies. Further, this valuation will fluctuate with lapse of time, changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Specified Companies, and other factors which generally influence the valuation of companies and their assets.

The Scheme contemplates the amalgamation of PFL and PCL with PHFPL. Arriving at the fair Share Exchange Ratio would require determining the fair value of the equity shares of PFL and PCL, respectively, in terms of the fair value of the equity shares of PHFPL. These values are to be determined independently but on a relative basis, and without considering the proposed Transaction.

The following are commonly used and accepted methods for determining the value of the equity shares of a company/ business:

1. Market Approach
 - a. Market Price method
 - b. Comparable Companies Quoted Multiples method
 - c. Comparable Companies Transaction Multiples method
2. Income Approach – Discounted Cash Flows method
3. Asset Approach – Net Asset Value method

1. Market Approach

a. Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market. Further, in the case of an amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

Equity shares of PFL, PCL and PHFPL are not listed on any recognised stock exchange in India. Accordingly, Market Price Method has not been adopted for the Valuation.

b. Comparable Companies' Quoted Multiple ('CCM') Method

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

We have adopted the the Price to Book Value ('P/BV') under the Market Approach for PFL. The multiples of comparable companies (based on their market price and latest published financials), after adjusting for the Company specific factors, have been considered to arrive at the value.



To arrive at the total value available to the equity shareholders of PFL, value arrived, as above, under CCM method is adjusted, as appropriate, for value of investments by PFL in PHFPL, loans, advances and other receivables to/ from related parties and contingent liabilities. The total value is then divided by equity shares, as at 30 September 2017, to arrive at the value per equity share of PFL.

Considering that PHFPL has recently received the license to commence operations and PCL, currently, does not have any material operations, we have not adopted CCM method for valuation of PHFPL and PCL.

c. Comparable Companies' Transaction Multiple ('CTM') Method

Under this method, value of the equity shares of a company / business is arrived at by using multiples derived from valuations in comparable companies, as manifest through transaction valuations. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

There have been limited transactions in the NBFC sector in the recent past. Further, transaction multiples may include acquirer-specific considerations such as synergy benefits, control premium and minority adjustments, on which sufficient information may not be available in the public domain. Accordingly, the CTM approach has not been adopted for the purpose of the Valuation.

2. Income Approach – Discounted Cash Flows ('DCF') Method

Under the DCF method, the projected free cash flows to the equity shareholders are discounted at the cost of equity. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's equity capital.

Appropriate discount rate to be applied to cash flows i.e. the cost of equity:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the equity capital providers (namely shareholders). The opportunity cost to the equity capital provider equals the rate of return the equity capital provider expects to earn on other investments of equivalent risk.

For the purpose of DCF valuation for PFL, the free cash flow forecast is based on Financial Projections. While carrying out this engagement, we have relied extensively on historical information made available to us by the management of PFL and the Financial Projections for future related information. We did not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability of the assumptions underlying the Financial Projections, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.

To arrive at the total value available to the equity shareholders of PFL, value arrived, as above, under DCF method, is adjusted, as appropriate, for value of investments by PFL in PHFPL, loans,



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advances and other receivables to/ from related parties, advance tax, provision for tax and contingent liabilities. The total value is then divided by equity shares to arrive at the value per equity share.

Considering that PHFPL has recently received the license to commence operations and considering that, currently, there are no material operations in PCL, we have not adopted the DCF method for valuation of PHFPL and PCL.

3. Asset Approach – Net Asset Value ('NAV') Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base exceed earnings capability.

Considering that PHFPL has recently received the license and is yet to commence operations, NAV methodology has been considered for valuation of PHFPL.

The NAV method has also been adopted for the valuation of equity shares of PCL, given, currently, there are no material operations in PCL.

The net asset values of PHFPL and PCL, as at 30 September 2017, are divided by the equity shares of the respective companies, as at that date, to arrive at the value per equity share.

As PFL is a going concern, NAV has not been considered for valuing PFL.

SHARE EXCHANGE RATIO

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

The basis of the Transaction would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of recommending a fair exchange ratio of equity shares it is necessary to arrive at a single value for each of the business/ subject companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Specified Companies but at their relative values to facilitate the determination of a fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

The Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of the Specified Companies using the approaches as discussed above. The Share Exchange Ratio is based on the methodologies explained herein earlier and various qualitative factors relevant to each of the Specified Companies and the business dynamics and growth potential of the businesses of the Specified Companies, having regard to information, key underlying assumptions and limitations.

We, as considered appropriate, have independently applied methodologies discussed above and arrived at the assessment of value per share of the Specified Companies. To arrive at the Share



Price Waterhouse & Co LLP

Chartered Accountants

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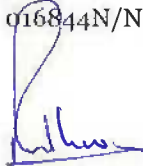
Exchange Ratio, suitable averaging and rounding off in the values arrived at have been done. Please refer Annexure 1 for summary valuation workings.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the Share Exchange Ratio as follows:

- 483 (Four Hundred and Eighty Three) equity shares of PHFPL (of INR 10/- each fully paid up) for every 100 (Hundred) equity shares of PFL (of INR 10/- each fully paid up) for the amalgamation of PFL with PHFPL
- 1 (One) equity share of PHFPL (of INR 10/- each fully paid up) for every 5 (Five) equity shares of PCL (of INR 2/- each fully paid up) for the amalgamation of PCL with PHFPL.

Respectfully submitted,

Price Waterhouse & Co LLP
Chartered Accountants
ICAI Firm Registration Number:
016844N/N500015



Rajan Wadhawan
Partner
Membership No: 090172
Date: 12 October 2017

Price Waterhouse & Co LLP

Chartered Accountants

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Annexure 1 – Summary of Valuation workings

Computation of Share Exchange Ratio

Valuation approach	PFL		PHFPL		PCL	
	Value per share (INR) #	Weight	Value per share (INR) #	Weight	Value per share (INR) @	Weight
Asset approach	NA	NA	9.7	100%	2.0	100%
Market approach						
Market price method	NA	NA	NA	NA	NA	NA
Comparable companies multiple method	44.4	50%	NA	NA	NA	NA
Income approach	49.7	50%	NA	NA	NA	NA
Relative value per share #	47.1		9.7		2.0	

face value of INR 10 per share

@ face value of INR 2 per share

Share Exchange Ratio (rounded off)

483 (Four Hundred and Eighty Three) equity shares of PHFPL (of INR 10/- each fully paid up) for every 100 (Hundred) equity shares of PFL (of INR 10/- each fully paid up) for the amalgamation of PFL with PHFPL

1 (One) equity share of PHFPL (of INR 10/- each fully paid up) for every 5 (Five) equity shares of PCL (of INR 2/- each fully paid up) for the amalgamation of PCL with PHFPL.

NA: Not Applicable/ Not Adopted



Date: October 12, 2017

To,
The Board of Directors,
Piramal Housing Finance Private Limited
1st Floor, Piramal Tower Annexe, G. K. Marg,
Lower Parel, Mumbai ,
Maharashtra, 400013

Dear Sirs/Madams,

Subject: Fairness Opinion Report on the Share Exchange Ratio for the proposed amalgamation of Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Private Limited

We, SBI Capital Markets Limited (hereinafter referred to as “**SBICAP**”), understand that Piramal Housing Finance Private Limited (hereinafter referred to as “**PHFPL**” or the “**Company**”) is contemplating an amalgamation of Piramal Finance Limited (hereinafter referred to as “**PFL**”) and Piramal Capital Limited (hereinafter referred to as “**PCL**”) with itself and has initiated a valuation exercise by appointing Price Waterhouse & Co LLP (hereinafter referred to as “**PWC**” or the “**Valuer**”) to determine the Swap Ratio. In this regard, the Company seeks Fairness Opinion Report from SBICAP on the Share Swap Ratio recommended by the Valuer.

SBICAP has not undertaken the valuation of PHFPL, PFL and PCL. The valuation exercise for the Proposed Scheme of Amalgamation has been done by PWC. We have examined the Valuation Report dated October 12, 2017 submitted by PWC to the Company. We have not independently checked or verified the assumptions made by PWC. We have reviewed the historical financial and business information of the Company and certain comparable companies and their valuation multiples, and other relevant information from publicly available sources, and have taken into account such other matters as we deemed necessary including our assessment of general economic, market and monetary conditions.

Sources of Information:-

- I. Audited financial statements of
 - a. PHFPL for FY 2017,
 - b. PFL for FY 2015, FY 2016 and FY 2017 and
 - c. PCL for FY 2017;
- II. Unaudited provisional financial statements of PHFPL, PFL and PCL for the 6 months ended September 30, 2017 as provided by the management of PHFPL, PFL and PCL;
- III. Projected financial statements of PFL for the period October 1, 2017 to March 31, 2025 as provided by the management of PFL (‘Financial Projections’);
- IV. Draft Scheme of Amalgamation (‘Draft Scheme’);

SBI CAPITAL MARKETS LIMITED

Registered Office: 202, Maker Tower ‘E’, Cuffe Parade, Mumbai 400 005. Tel: +91 22 22178300, Fax: +91 22 22188332

Email: corporate.office@sbicaps.com Web: www.sbicaps.com CIN: U99999MH1986PLC040298

A Subsidiary of State Bank of India



- V. Capital Structure / shareholding pattern of the PHFPL and PCL as on September 30, 2017 and of the PFL as on October 9, 2017;
- VI. Interviews and correspondence with the Management of PHFPL, PFL and PCL;
- VII. Secondary research and market data on comparable companies and information on recent transactions, to the extent readily available; and
- VIII. Such other analysis, reviews and enquiries, as we considered relevant.

In addition to the above, we have had discussions with the Company officials on the past and current business operations of the businesses concerned.

Further, we have had discussions with PWC on such matters which we believe are necessary or appropriate for the purpose of issuing the Fairness Opinion Report.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed to be good and marketable and we would urge the Company to carry out an independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment.

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information supplied or otherwise made available to us either in oral or written form, discussed with or reviewed by or for us, or publicly available. We have been informed that all information relevant for the purpose of issuing the Fairness Opinion Report has been disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed. This being so, no representation or warranty, express or implied, is or will be made, and no responsibility or liability is or will be accepted by SBICAP and its affiliates, its directors, employees, agents or representatives, or in relation to, the accuracy or adequacy of information, contained in the Fairness Opinion Report or any other written or oral information made available to any party or their advisors. We do not accept any liability to any third party in relation to the issuance of this Fairness Opinion Report.

We have not conducted any evaluation of the solvency or fair value of the Company, under any laws relating to bankruptcy, insolvency or similar matters. In addition we have not assumed any obligation to conduct any physical inspection of the properties or facilities of PHFPL, PFL and PCL. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or publicly available; we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of PHFPL, PFL and PCL.



Our Fairness Opinion Report does not factor overall economic environment risk and other risks and is purely based on the information and representations provided to us. We have not assumed the risk of any material adverse change having an impact on the business of PHFPL, PFL and PCL.

We express no view as to, and our Fairness Opinion Report does not address, the underlying business decision of any company to effect the Proposed Scheme of Amalgamation or the merits of the Proposed Scheme of Amalgamation nor does it constitute any kind of recommendation to any shareholder or creditor of PHFPL, PFL and PCL as regards to the Proposed Scheme of Amalgamation or any matter related thereto. In addition, this Fairness Opinion Report does not address the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of PHFPL, PFL and PCL.

Our Fairness Opinion Report is not and does not purport to be an appraisal or otherwise reflective of the prices at which any business or securities actually could be ideally bought or sold by any party and is not indicative of actual value or actual future results that might be achieved, which value may be higher or lower than those indicated, and any investment decision shall not be based solely on this Fairness Opinion Report and the buyer shall carry out their own due diligence.

Our Fairness Opinion Report is not necessarily based on economic, market and other conditions as in effect on the date of issuing this Fairness Opinion Report, and the information made available to us as of, the date hereof. It should be understood that in case of any subsequent developments we do not have any obligation to update, revise, or reaffirm this Fairness Opinion Report.

To the extent that the conclusions are based on projections, SBICAP expresses no opinion on the achievability of those forecasts.

In the ordinary course of business, we and our affiliates may actively trade or hold securities of the company that may be the subject matter of this transaction for our own account or for the account of our customers and accordingly, may at any time hold long or short position in such securities.

This Fairness Opinion Report is provided solely for the benefit of the Board of Directors of PHFPL and shall not confer rights or remedies upon, any shareholder of PHFPL or any other person other than the members of the Board of Directors of PHFPL or be used for any other purpose.

This Fairness Opinion Report is only a free and fair opinion and does not constitute a commitment by SBICAP to underwrite, subscribe for or place any securities or to extend or arrange credit or to provide any other services.



Disputes, if any, regarding this Fairness Opinion Report will be governed by and construed in accordance with the laws of India and the Courts in Mumbai, India shall have exclusive jurisdiction in this regard.

On the basis of and subject to the foregoing, to the best of our knowledge and belief, it is our view that, as of the date hereof, the Share Swap Ratio as recommended by the Valuer in relation to the Proposed Scheme of Amalgamation is Fair, from a financial point of view.

Thanking you,

Yours faithfully,
For SBI Capital Markets Limited



Name: Ramnish Kochgave
Designation: Vice President

Disclaimer

This fairness opinion report (“Report” or “This Report” or “this report”) contains proprietary and confidential information regarding Piramal Finance Limited and Piramal Capital Limited (“Amalgamating Entities”) and Piramal Housing Finance Private Limited. This report is issued for the exclusive use and benefit of the Company as per the Engagement letter dated October 11, 2017. This report has been issued by SBI Capital Markets Limited (“SBICAP”), on the basis of the information available in the public domain and sources believed to be reliable and the information provided by the Amalgamating Entities, Valuer and for the purpose to facilitate the Company to comply with, if applicable, The SEBI Listing Obligations and Disclosure Regulations 2015 as amended, (“Listing Regulations”) and it shall not be valid for any other purpose or as at any other date. This Report is issued by SBICAP in the capacity of an Independent merchant banker, on the swap ratio of the Amalgamating Entities done by Price Waterhouse & Co LLP (“PWC”).

This report is issued by SBICAP without regard to specific objectives, suitability, financial situations and needs of any particular person and does not constitute any recommendation, and should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities mentioned therein. Nothing in these materials is intended by SBICAP to be construed as legal, accounting, technical or tax advice. Past performance is not a guide for future performance. Forward-looking statements are not predictions and may be subject to change without notice. Actual results may differ materially from these forward-looking statements due to various factors. This report has not been or may not be approved by any statutory or regulatory authority in India or by any Stock Exchange in India. This report may not be all inclusive and may not contain all of the information that the recipient may consider material.

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SBICAP has not carried out any due – diligence independently in verifying the accuracy or veracity of data provided by the Company and/or Valuer and SBICAP assumes no liability for the accuracy, authenticity, completeness or fairness of the data provided by the Company and/or Valuer. SBICAP has also assumed that the business continues normally without any disruptions.

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This report may be divided into chapters & sub-sections only for the purpose of reading convenience. Any partial reading of this report may lead to inferences, which may be at divergence with the conclusions and opinions based on the entirety of this report.

The opinion of SBICAP ["Opinion"] under this Report is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the proposed business transaction or any matter related therein. The opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed business transaction with the provisions of any law including company law, taxation and capital market related laws or as regards any legal implications or issues arising thereon. SBICAP assumes no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. In rendering the Opinion, SBICAP has assumed, that the proposed business transaction will be implemented on the terms described in the Amalgamation Agreement, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the business transfer, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the entities under the proposed business transaction and / or its holding or subsidiaries or affiliates and their respective shareholders.

In the past, SBICAP may have provided, and may currently or in the future provide, Investment Banking services to the entities under the proposed business transaction and / or its holding or subsidiaries or affiliates and their respective shareholders, for which services SBICAP has received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of SBICAP may actively trade securities of the entities under the proposed business transaction and / or its holding or subsidiaries or affiliates and their respective shareholders for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. SBICAP engagement and the opinion expressed herein are for the benefit of the Board of Directors of the entities under the proposed business transaction and for no other purposes. Neither SBICAP, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

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Piramal Finance Limited
(Formerly known as Piramal Finance Private Limited)
Financial Statements
together with the
Independent Auditor's Report
for the year ended 31 March 2017

Piramal Finance Limited

(Formerly known as Piramal Finance Private Limited)

Financial statements together with the Independent Auditor's Report *for the year ended 31 March 2017*

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Independent Auditor's Report

Balance sheet

Statement of profit and loss

Cash flow statement

Notes to the financial statements

B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
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Independent Auditor's Report

To the Members of Piramal Finance Limited

(Formerly known as Piramal Finance Private Limited)

Report on the financial statements

We have audited the accompanying financial statements of Piramal Finance Limited (the "Company") *(formerly known as Piramal Finance Private Limited)*, which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Independent Auditor's Report (Continued)

Piramal Finance Limited

(Formerly known as Piramal Finance Private Limited)

Auditor's responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year then ended.

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraph 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

Independent Auditor's Report (Continued)

Piramal Finance Limited

(Formerly known as Piramal Finance Private Limited)

Report on other legal and regulatory requirements (Continued)

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigation on its financial position in its financial statement-refer note 32 to the financial statement;
 - ii. the Company did not have any material foreseeable losses on long term contracts including derivative contracts as at 31 March 2017;
 - iii. there were no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2017; and
 - iv. the Company has provided requisite disclosure in the financial statement on holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedure we report that the disclosures are in accordance with books of accounts maintained by the Company and as produced to us by the Management. Refer note 36 to the financial statements.

For **B S R & Co. LLP**
Chartered Accountants

ICAI Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner

Membership No: 046882

Mumbai
10 May 2017

Piramal Finance Limited

(Formerly known as Piramal Finance Private Limited)

Annexure A to the Independent Auditor's Report of even date on financial statements of Piramal Finance Limited *(Formerly known as Piramal Finance Private Limited)*

- i.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified on yearly basis. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.
- ii. The Company is a service company primarily rendering non-banking financial services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- iii. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- iv. According to information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act with respect to the loans and investments made.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under apply. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act to the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- vii.
 - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of employees' state insurance, value added tax, custom duty and excise duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax, provident fund and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

Piramal Finance Limited

(Formerly known as Piramal Finance Private Limited)

Annexure A to the Independent Auditor's Report of even date on financial statements of Piramal Finance Limited (formerly known as Piramal Finance Private Limited) (Continued)

- (b) According to the information and explanations given to us, there are no dues of income tax and other material statutory dues that have not been deposited to appropriate authorities on account of dispute, except as mentioned below:

Name of the statute	Nature of dues	Amount (Rs. In lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	6	AY 2012-13	Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	176	AY 2014-15	Commissioner (Appeals)

- viii. In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders.
- ix. The Company has not raised any money by way of initial public offer or further public offer during the year. In case of term loans, according to the information and explanations given to us and based on examination of relevant records, the term loans taken by the Company have been applied for the purpose for which they were raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, The Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provision of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with the section 177 and 188 of the Act where applicable and details have been disclosed in the financial statements as required by the applicable accounting standards.

Piramal Finance Limited

(Formerly known as Piramal Finance Private Limited)

Annexure A to the Independent Auditor's Report of even date on financial statements of Piramal Finance Limited *(formerly known as Piramal Finance Private Limited) (Continued)*

- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company being a NBFC is registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai
10 May 2017

Piramal Finance Limited

(Formerly known as Piramal Finance Private Limited)

Annexure B to the Independent Auditor's Report of even date on the financial statements of Piramal Finance Limited *(Formerly known as Piramal Finance Private Limited)*

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls over financial reporting of Piramal Finance Limited (the "Company") *(Formerly known as Piramal Finance Private Limited)* as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended 31 March 2017.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Piramal Finance Limited

(Formerly known as Piramal Finance Private Limited)

Annexure B to the Independent Auditors' Report of even date on the financial statements of Piramal Finance Limited (Continued) (Formerly known as Piramal Finance Private Limited)

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For B S R & Co. LLP
Chartered Accountants

Firm's Registration No: 101248W/W-100022



Manoj Kumar Vijai
Partner

Membership No: 046882

Mumbai
10 May 2017

Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Balance sheet

as at 31 March 2017

(Currency : Rs. in lakhs)

	Note	31 March 2017	31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	299,440	42,542
Reserves and surplus	4	38,801	18,986
		<u>338,241</u>	<u>61,528</u>
Non-current liabilities			
Long-term borrowings	5	951,811	5,125
Other long-term liabilities	6	2,649	2
Long-term provisions	7	33,662	1,060
		<u>988,122</u>	<u>6,187</u>
Current liabilities			
Short-term borrowings	8	590,740	7,500
Trade payables	9	557	896
Other current liabilities	10	114,118	1,630
Short-term provisions	7	9,042	1,088
		<u>714,457</u>	<u>11,114</u>
Total		<u><u>2,040,820</u></u>	<u><u>78,829</u></u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	278	132
Intangible assets	12	16	-
Capital work-in-progress	12	610	-
Non-current investments	13	1,068,663	-
Deferred tax assets (net)	14	14,448	816
Long-term loans and advances	15	590,959	52,151
		<u>1,674,974</u>	<u>53,099</u>
Current assets			
Current investments	13	180,315	-
Cash and bank balances	16	118,785	1,401
Short-term loans and advances	15	60,930	23,752
Other current assets	17	5,816	577
		<u>365,846</u>	<u>25,730</u>
Total		<u><u>2,040,820</u></u>	<u><u>78,829</u></u>
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai

Date: May 10, 2017

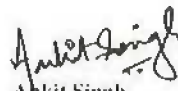
For and on behalf of the Board of Directors of
Piramal Finance Limited



Khushbu Jijina
Managing Director



Ajay Piramal
Director



Ankit Singh
Company Secretary



Ujas Popat
CFO

Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Statement of profit and loss

for the year ended 31 March 2017

(Currency : Rs. in lakhs)

	Note	31 March 2017	31 March 2016
Revenue from operations	18	146,357	13,611
Other income	19	2,884	635
Total revenue		149,241	14,246
Expenses			
Employee benefits expense	20	7,885	2,349
Finance costs	21	69,007	2,873
Depreciation and amortisation	11	80	50
Other expenses	22	43,036	3,248
Total expenses		120,008	8,520
Profit before tax		29,233	5,726
Tax expense:			
- Current tax		23,376	2,054
- Prior year tax		161	-
- Deferred tax (credit)		(13,632)	(50)
Profit for the year		19,328	3,722
Earning per equity share (basic and diluted) (face value INR10)	23	1.20	0.87
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022


Manoj Kumar Vijai

Partner


Membership No: 046882

Mumbai

Date: May 10, 2017

For and on behalf of the Board of Directors of
Piramal Finance Limited


Khushru Jijina
Managing Director


Ajay Piramal
Director


Ankit Singh
Company Secretary


Ujas Popat
CFO

Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Cash flow statement

for the year ended 31 March 2017

(Currency : Rs. in lakhs)

	31 March 2017	31 March 2016
A. Cash flows from operating activities		
Profit before tax	29,233	5,726
Adjustments:		
Dividend on mutual fund units	(5)	(172)
Profit on sale of investments in mutual fund units	(2,352)	-
Depreciation and amortisation	80	50
Net fair value changes on foreign currency loan	1,495	-
Contingent provision against standard assets	36,124	240
Provision on doubtful assets	805	(55)
Fixed assets written off	-	1
Operating cash flow before working capital changes	65,380	5,790
(Increase) in other current assets	(5,238)	(255)
(Increase) / Decrease in investments	(1,247,478)	2,279
Decrease / (Increase) in long term loans and advances	822,190	(20,026)
(Increase) / Decrease in short term loans and advances	(37,512)	5,749
(Decrease) / Increase in trade payables	(339)	42
Increase / (Decrease) in other long term liabilities	12	(72)
Increase in other current liabilities	509	11
Increase in short term provisions	3,759	691
Increase in long term provisions	415	28
Cash used in operations	(398,302)	(5,763)
Less: income taxes paid	(23,294)	(2,167)
Net cash flow (used in) operating activities (a)	(421,596)	(7,930)
B. Cash flows from investing activities		
Fixed assets purchased	(852)	(62)
Investments in subsidiary's equity	(1,500)	-
Investments in mutual funds	(2,022,113)	(77,530)
Proceeds from redemptions from mutual funds	2,024,465	77,530
Dividends on mutual funds	5	172
Net cash flow from investing activities (b)	5	110
C. Cash flows from financing activities		
Borrowings during the year	2,476,484	33,800
Borrowings repaid during the year	(2,084,009)	(42,725)
Proceeds from issue of equity share	146,500	-
Net cash flow from/ (used in) financing activities (c)	538,975	(8,925)
Net increase/(decrease) in cash and cash equivalents (a + b+c)	117,384	(16,745)
Cash and cash equivalents as at beginning of the year	1,401	18,146
Cash and cash equivalents as at end of the year	118,785	1,401
Cash and cash equivalents comprise of:		
Balances with banks (current account)	2,285	1,096
Balances with banks (deposits maturing within 3 months)	116,500	305

Significant accounting policies

2

As per our report of even date attached.

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Manoj Kumar Vijai
Partner

Membership No: 046882

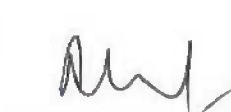
Mumbai

Date: May 10, 2017

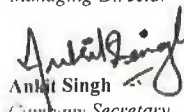
For and on behalf of the Board of Directors of
Piramal Finance Limited



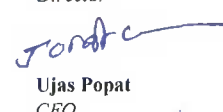
Khushru Jijina
Managing Director



Ajay Piramal
Director



Ankit Singh
Company Secretary



Ujas Popat
CFO

Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Rs. in lakhs)

	31 March 2017	31 March 2016
3 Share capital		
Authorised		
5000,000,000 (750,000,000) equity shares of INR 10 each	500,000	75,000
Issued, subscribed and fully paid		
2,994,401,152 (425,420,000) equity shares of INR 10 each	299,440	42,542
	<u>299,440</u>	<u>42,542</u>

Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
At the beginning of the year	425,420,000	42,542	425,420,000	42,542
Add: Issued during the year				
- Issued for cash	1,465,000,000	146,500	-	-
- Issued for consideration other than cash (Refer note 26)	1,103,981,152	110,398	-	-
At the end of the year	<u>2,994,401,152</u>	<u>299,440</u>	<u>425,420,000</u>	<u>42,542</u>

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. There are no restrictions on payments of dividends to equity shareholders.

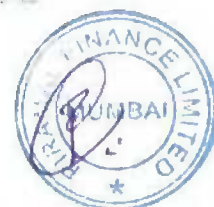
On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Shares held by holding company

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
Equity shares of INR 10 each fully paid up held by Piramal Enterprise Limited (holding company)	2,994,401,152	299,440	425,420,000	42,542
	<u>2,994,401,152</u>	<u>299,440</u>	<u>425,420,000</u>	<u>42,542</u>

Particulars of shareholders holding more than 5% shares of a class of shares

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
Equity shares of INR 10 each fully paid up held by Piramal Enterprise Limited (holding company)	2,994,401,152	299,440	425,420,000	42,542
	<u>2,994,401,152</u>	<u>299,440</u>	<u>425,420,000</u>	<u>42,542</u>



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Rs. in lakhs)

	31 March 2017	31 March 2016
4 Reserves and surplus		
Statutory reserve fund u/s 45-IC of the RBI Act, 1934		
Opening balance	3,924	3,180
Add: Additions during the year	3,866	744
Closing balance	<u>7,790</u>	<u>3,924</u>
General reserves		
Opening balance	1,616	1,616
Add: Additions during the year	-	-
Closing balance	<u>1,616</u>	<u>1,616</u>
Cash Flow Hedging Reserve		
Opening balance	-	-
Add: Additions during the year (Refer note 30)	487	-
Closing balance	<u>487</u>	<u>-</u>
Surplus in the statement of profit and loss		
Opening balance	13,446	10,468
Add: Profit for the year	19,328	3,722
Appropriations:		
Less: Transfer to statutory reserve fund u/s 45-IC of the RBI Act, 1934	3,866	744
Closing balance	<u>28,908</u>	<u>13,446</u>
Total	<u><u>38,801</u></u>	<u><u>18,986</u></u>
5 Long term borrowings		
Term loans		
<i>Secured</i>		
From banks		
Rupee loan	481,326	5,125
Foreign currency loans	48,383	-
From others	174,333	-
Redeemable Non Convertible Debentures		
<i>Secured</i>	198,592	-
<i>Unsecured</i>	49,177	-
	<u><u>951,811</u></u>	<u><u>5,125</u></u>



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Rs. in lakhs)

5 Long term borrowings (Continued)

Security clause and Maturity profile of the term loans/ NCDs (including current maturities of long term borrowing)

A. Rupee Term Loan from Banks (Secured)

Nature of Security

First pari-passu charge by way of hypothecation on the standard movable assets including receivables and book debts, present and future

As at 31 March 2017

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
8.75-9.75%	3,750	473,011	8,314	485,076
Total	3,750	473,011	8,314	485,076

As at 31 March 2016

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
11-11.5%	1,250	2,750	2,375	6,375
Total	1,250	2,750	2,375	6,375

B. Foreign Currency Non Repatriable Loans (Secured)

Nature of Security

First pari-passu charge on the movable assets including receivables present and future

As at 31 March 2017

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
9.60-9.75%	-	48,383	-	48,383
Total	-	48,383	-	48,383

C. Term Loan from others (Secured)

Nature of Security

First pari-passu charge by way of hypothecation created over secured assets

As at 31 March 2017

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
9.65-10%	-	174,333	-	174,333
Total	-	174,333	-	174,333



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Rs. in lakhs)

5 Long term borrowings (Continued)

Security clause and Maturity profile of the term loans/ NCDs (including current maturities of long term borrowing)
(Continued)

D. Redeemable Non Convertible Debentures (Secured):

Nature of Security

First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property

As at 31 March 2017

Maturities	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
7.75-8.55%	109,006	2,548	-	111,553
8.56-9.72%	-	195,542	503	196,045
Total	109,006	198,089	503	307,598

E. Redeemable Non Convertible Debentures (Unsecured subordinated (Tier II))

As at 31 March 2017

Maturity	<1 year	1-3 years	>3 years	Grand Total
Rate of Interest				
9.55%	-	-	49,177	49,177
Total	-	-	49,177	49,177



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

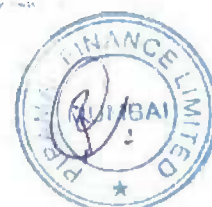
as at 31 March 2017

(Currency : Rs. in lakhs)

	31 March 2017	31 March 2016
6 Other long-term liabilities		
Lease equalisation	13	2
Forward Contract Payable	2,636	-
	<u>2,649</u>	<u>2</u>

7 Provisions

	31 March 2017		31 March 2016	
	Long Term	Short Term	Long Term	Short Term
Provision for gratuity	316	48	30	13
Provision for employee bonus	-	4,388	-	692
Provision for compensated absence	167	54	37	27
Provision for tax (net of advance tax of Rs. 24,986 (previous year Rs. 404))	-	266	-	8
	<u>482</u>	<u>4,756</u>	<u>67</u>	<u>739</u>
Others				
Contingent provisions against standard assets	33,180	4,286	993	349
	<u>33,180</u>	<u>4,286</u>	<u>993</u>	<u>349</u>
	<u>33,662</u>	<u>9,042</u>	<u>1,060</u>	<u>1,088</u>



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Rs. in lakhs)

	31 March 2017	31 March 2016
8 Short term borrowings		
Working Capital Demand Loan (secured)		
-From banks		
Rupee loans	19,496	7,500
(Secured by first pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts ,present and future)		
Term loan (Unsecured)		
-From banks		
Foreign currency loans	14,629	-
Others (Unsecured)		
Commercial papers (net of unamortised discount of Rs.5,885 (previous year- Rs.Nil))	556,615	-
	<u>590,740</u>	<u>7,500</u>
9 Trade payables		
Trade payable		
- Payable to Micro & Small suppliers (Refer Note 31)	-	-
- Payables to others	557	896
	<u>557</u>	<u>896</u>
10 Other current liabilities		
Current maturities of long term debt (Refer Note 5)	112,756	1,250
Advance received	393	22
Dues to holding company	-	53
Interest accrued but not due	-	110
Forward contract payable	473	-
Taxes payable	456	83
Payable to employees	40	112
	<u>114,118</u>	<u>1,630</u>



Piramal Finance Limited
(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)
as at 31 March 2017

(Currency : Rs. in lakhs)

11 Tangible fixed assets

Description	Gross Block			Depreciation / amortisation			Net Block
	As at 1 April 2016	Additions during the year	Deductions during the year	As at 1 April 2016	Charge for the year	Deductions during the year	
Land & Building	-	16	-	-	-	-	16
Office equipment	44	16	-	4	10	-	46
Computer	24	48	-	14	12	-	46
Computer Server	-	35	-	-	2	-	33
Furniture	11	30	-	0	2	-	38
Leasehold Improvements	201	80	-	130	53	-	98
	280	225	-	148	79	-	227
							278

Description	Gross Block			Depreciation / amortisation			Net Block
	As at 1 April 2015	Additions during the year	Deductions during the year	As at 1 April 2015	Charge for the year	Deductions during the year	
Office equipment	7	37	-	1	3	-	4
Computer	23	5	4	11	6	3	14
Furniture	3	8	-	0	0	-	0
Leasehold Improvements	189	12	-	89	41	-	130
	222	62	4	101	50	3	148
							132

12 Intangible fixed assets and Capital WIP

Description	Gross Block			Depreciation / amortisation			Net Block
	As at 1 April 2016	Additions during the year	Deductions during the year	As at 1 April 2016	Charge for the year	Deductions during the year	
Computer software	0	17	-	0	1	-	1
Total - I	0	17	-	0	1	-	1
Capital WIP- II	-	610	-	-	-	-	610
Total - I + II	0	627	-	0	1	-	626

Description	Gross Block			Depreciation / amortisation			Net Block
	As at 1 April 2015	Additions during the year	Deductions during the year	As at 1 April 2015	Charge for the year	Deductions during the year	
Computer software	0	-	-	0	0	-	0
	0	-	-	0	0	-	0



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Rs. in lakhs)

13 Investments

	31 March 2017		31 March 2016	
	Non current *	Current	Non current *	Current
Investments in subsidiaries (Unquoted) (fully paid up)				
15,000,000 (Previous Year Nil) Equity share of INR 10 each in Piramal Housing Finance Private Limited	1,500	-	-	-
	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investments in Debentures (Quoted) (fully paid up)				
Redeemable Non-Convertible Debentures				
Secured				
19,000 (Previous Year Nil) of INR 100,000 each in Century Joint Developers Private Limited	17,227	1,500	-	-
6,168 (Previous Year Nil) of INR 100,000 each in Three C Green Developers Private Limited	2,060	4,406	-	-
21,011 (Previous Year Nil) of INR 100,000 each in VGN Developers Private Limited	13,854	8,100	-	-
15,000 (Previous Year Nil) of INR 100,000 each in Essel Green Energy Private Limited	16,122	-	-	-
216 (Previous Year Nil) of INR 10,000,000 each in ACME Cleantech Solutions Private Limited	22,002	-	-	-
11,600 (Previous Year Nil) of INR 100,000 each in SPR Constructions Private Limited	4,350	7,250	-	-
	<u>75,615</u>	<u>21,256</u>	<u>-</u>	<u>-</u>
Investments in Debentures (Unquoted) (fully paid up)				
Redeemable Optionally Convertible Debentures				
Secured				
2,125 (Previous Year Nil) of INR 1,000,000 each in Navayuga Road Projects Private Limited SR - I	-	41,171	-	-
1,905 (Previous Year Nil) of INR 1,000,000 each in Regen Infrastructure Private Limited	16,557	2,672	-	-
	<u>16,557</u>	<u>43,843</u>	<u>-</u>	<u>-</u>
Redeemable Non-Convertible Debentures (fully paid up)				
Secured				
1,240 (Previous Year Nil) of INR 1,000,000 each in Adarsh Haven Private Limited	12,400	-	-	-
15,000 (Previous Year Nil) of INR 100,000 each in Akarshak Realty Private Limited	14,711	-	-	-
78 (Previous Year Nil) of INR 10,000,000 each in Akarsh Residency Private Limited	7,727	-	-	-
760 (Previous Year Nil) of INR 1,000,000 each in Akshar Space Private Limited	6,735	760	-	-
9,220 (Previous Year Nil) of INR 100,000 each in Akshaya Private Limited	7,474	1,620	-	-
108 (Previous Year Nil) of INR 10,000,000 each in Alekhya Property Developments Private Limited	10,702	-	-	-
3,358 (Previous Year Nil) of INR 100,000 each in Arianth Unitech Realty Projects Limited	2,800	558	-	-
2,394 (Previous Year Nil) of INR 1,000,000 each in Arun Excello Homes Private Limited	21,299	2,639	-	-
1,700 (Previous Year Nil) of INR 1,000,000 each in Arun Excello Realty Private Limited	15,914	1,097	-	-
15,250 (Previous Year Nil) of INR 100,000 each in Atria Brindavan Power Private Limited	15,250	-	-	-
20,985 (Previous Year Nil) of INR 100,000 each in ATS Heights Private Limited	21,405	-	-	-
19,175 (Previous Year Nil) of INR 100,000 each in ATS Homes Private Limited	19,761	-	-	-



Piramal Finance Limited

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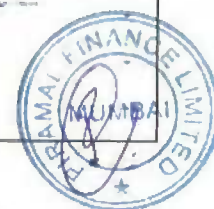
Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Rs. in lakhs)

13 Investments (Continued)

	31 March 2017		31 March 2016	
	Non current *	Current	Non current *	Current
15,000 (Previous Year Nil) of INR 100,000 each in ATS Homes Private Limited	11,361	4,175	-	-
18,500 (Previous Year Nil) of INR 100,000 each in ATS Real Estate Builders Private Limited	18,500	-	-	-
3,000 (Previous Year Nil) of INR 100,000 each in Baashyaam Constructions Private Limited	2,999	-	-	-
3,300 (Previous Year Nil) of INR 100,000 each in Baashyaam Constructions Private Limited	2,905	367	-	-
300 (Previous Year Nil) of INR 100,000 each in Baashyaam Constructions Private Limited	300	-	-	-
2,000 (Previous Year Nil) of INR 100,000 each in Baashyaam Constructions Private Limited	1,999	-	-	-
18,700 (Previous Year Nil) of INR 100,000 each in Bestech India Private Limited	18,260	283	-	-
2,460 (Previous Year Nil) of INR 88,000 each in Bhaveshwar Properties Private Limited	1,380	1,080	-	-
16,000 (Previous Year Nil) of INR 100,000 each in Century Real Estate Holdings Private Limited	15,918	-	-	-
17,900 (Previous Year Nil) of INR 100,000 each in Century Real Estate Holdings Private Limited	19,803	-	-	-
9,650 (Previous Year Nil) of INR 100,000 each in Dosti Realty Limited	9,566	-	-	-
709 (Previous Year Nil) of INR 1,000,000 each in Ekta Housing Private Limited	4,588	2,356	-	-
1,171 (Previous Year Nil) of INR 1,000,000 each in Ekta Parkville Homes Private Limited	7,627	3,844	-	-
100 (Previous Year Nil) of INR 10,000,000 each in Emami Realty Private Limited	7,966	2,000	-	-
19,230,000 (Previous Year Nil) of INR 100 each in Essem Infta Private Limited	13,106	6,023	-	-
12,530 (Previous Year Nil) of INR 100,000 each in Evie Real Estate Private Limited	12,002	803	-	-
8,727 (Previous Year Nil) of INR 100,000 each in Flagship Infrastructure Private Limited	8,167	503	-	-
106 (Previous Year Nil) of INR 10,000,000 each in Forum Homes Private Limited	6,044	4,494	-	-
6,750 (Previous Year Nil) of INR 100,000 each in Golden Homes Private Limited	5,619	1,066	-	-
7,000 (Previous Year Nil) of INR 100,000 each in Good Earth Eco Development Private Limited	6,614	400	-	-
675 (Previous Year Nil) of INR 1,000,000 each in Haldhar Developers Private Limited	-	6,569	-	-
7,000 (Previous Year Nil) of INR 100,000 each in Ideal Real Estate Private Limited	2,933	4,000	-	-
6,000 (Previous Year Nil) of INR 100,000 each in Jaykali Developers Private Limited	5,844	-	-	-
8,604 (Previous Year Nil) of INR 100,000 each in Kanakia King Style Construction Private Limited	8,602	-	-	-
58 (Previous Year Nil) of INR 10,000,000 each in Kanakia Spaces Realty Private Limited	5,800	-	-	-
70 (Previous Year Nil) of INR 10,000,000 each in Kanakia Spaces Realty Private Limited	1,080	5,800	-	-
173 (Previous Year Nil) of INR 10,000,000 each in Keystone Realtors Private Limited	14,184	2,875	-	-
79 (Previous Year Nil) of INR 10,000,000 each in Keystone Realtors Private Limited	5,985	1,762	-	-
200 (Previous Year Nil) of INR 5,000,000 each in Kothari Auto Parts Manufacturers Private Limited	10,000	-	-	-
212 (Previous Year Nil) of INR 5,000,000 each in Kothari Auto Parts Manufacturers Private Limited	10,600	-	-	-
290 (Previous Year Nil) of INR 5,000,000 each in Kothari Auto Parts Manufacturers Private Limited	14,500	-	-	-
33,983,000 (Previous Year Nil) of INR 100 each in Kumar Agro Products Private Limited	30,557	-	-	-
12,500 (Previous Year Nil) of INR 100,000 each in Logix City Developers Private Limited	7,711	-	-	-



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Rs. in lakhs)

13 Investments (Continued)

	31 March 2017		31 March 2016	
	Non current *	Current	Non current *	Current
15,671 (Previous Year Nil) of INR 100,000 each in Manjeera Retail Holdings Private Limited	14,263	1,409	-	-
17,551 (Previous Year Nil) of INR 100,000 each in Mantri Developers Private Limited	17,458	-	-	-
1,244,200 (Previous Year Nil) of INR 1,000 each in Marvel Mega Realtors Private Limited	12,153	140	-	-
22,000 (Previous Year Nil) of INR 100,000 each in NCL Industries Limited	21,994	-	-	-
4,200 (Previous Year Nil) of INR 100,000 each in Neelkanth Vinayak Realtors Private Limited	1,800	2,400	-	-
13,069 (Previous Year Nil) of INR 100,000 each in Nilkanth Tech Park Private Limited	9,830	3,092	-	-
5,876 (Previous Year Nil) of INR 100,000 each in Nilkanth Tech Park Private Limited	4,322	1,556	-	-
6,061 (Previous Year Nil) of INR 100,000 each in Niraj Kumar Associates Private Limited	5,961	-	-	-
165 (Previous Year Nil) of INR 10,000,000 each in Nirmal Lifestyle Limited	10,997	5,364	-	-
4,420 (Previous Year Nil) of INR 100,000 each in North Town Estate Private Limited	4,336	-	-	-
197 (Previous Year Nil) of INR 10,000,000 each in Omkar City Developers Private Limited	19,518	-	-	-
1,465 (Previous Year Nil) of INR 1,000,000 each in Omkar Realtors and Developers Private Limited	14,518	-	-	-
2,269 (Previous Year Nil) of INR 1,000,000 each in Omkar Realtors and Developers Private Limited	22,690	-	-	-
18,910 (Previous Year Nil) of INR 100,000 each in Ornate Spaces Private Limited	19,402	-	-	-
8,500 (Previous Year Nil) of INR 100,000 each in Ozone Infra Developers Private Limited	9,501	-	-	-
21,223 (Previous Year Nil) of INR 100,000 each in Paranjape Schemes Construction Limited	20,734	342	-	-
9,500 (Previous Year Nil) of INR 100,000 each in Pheonix Hodu Developers Private Limited	6,700	2,714	-	-
5,267 (Previous Year Nil) of INR 100,000 each in Phoenix Embassy Tech Zone Private Limited	5,111	-	-	-
10,000 (Previous Year Nil) of INR 100,000 each in Prateek Infraprojects India Private Limited	9,880	-	-	-
175 (Previous Year Nil) of INR 10,000,000 each in Raghuleela Leasing and Construction Private Limited	16,385	1,000	-	-
54 (Previous Year Nil) of INR 5,000,000 each in Rajesh Estate and Nirman Private Limited	-	2,700	-	-
80 (Previous Year Nil) of INR 5,000,000 each in Rajesh Estate and Nirman Private Limited	-	4,000	-	-
110 (Previous Year Nil) of INR 10,000,000 each in RD Buildtech & Developers (Karnataka) Private Limited	10,704	-	-	-
15,899 (Previous Year Nil) of INR 100,000 each in Reliance Big Limited	14,675	2,066	-	-
12,126 (Previous Year Nil) of INR 100,000 each in Runwal Homes Private Limited	10,800	1,326	-	-
2,564,800 (Previous Year Nil) of INR 1,000 each in Sanghi Industries Limited	25,384	-	-	-
9,318 (Previous Year Nil) of INR 100,000 each in Sarvavasa Buildtech and Farms Private Limited	9,216	-	-	-
21,270 (Previous Year Nil) of INR 100,000 each in Sarvavasa Buildtech and Farms Private Limited	21,085	-	-	-
80 (Previous Year Nil) of INR 10,000,000 each in Security and Intelligence Services (India) Limited	6,464	1,333	-	-
3,250 (Previous Year Nil) of INR 1,000,000 each in Shreenivas Cotton Mills Private Limited	33,568	-	-	-
200 (Previous Year Nil) of INR 1,000,000 each in Siddhi Raj Housing Projects Private Limited	1,943	-	-	-
1,200,000 (Previous Year Nil) of INR 1,000 each in Smaash Entertainment Private Limited	12,445	-	-	-
150 (Previous Year Nil) of INR 1,000,000 each in Tridhaatu Mumbai Structure Private Limited	1,497	-	-	-



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Rs. in lakhs)

13 Investments (Continued)

	31 March 2017		31 March 2016	
	Non current *	Current	Non current *	Current
301 (Previous Year Nil) of INR 1,000,000 each in Tridhaatu Mumbai Structure Private Limited	2,956	182	-	-
209,800 (Previous Year Nil) of INR 10,000 each in Wisemore Advisory Private Limited	20,989	-	-	-
28 (Previous Year Nil) of INR 10,000,000 each in Valdel Real Estate Private Limited	2,796	-	-	-
25,862 (Previous Year Nil) of INR 100,000 each in Vatika Infracon Private Limited	26,836	-	-	-
1,950 (Previous Year Nil) of INR 1,000,000 each in Vatika One On One Private Limited	19,500	-	-	-
13,440 (Previous Year Nil) of INR 100,000 each in Vijay Group Housing Private Limited	9,939	3,360	-	-
2,000 (Previous Year Nil) of INR 1,000,000 each in Wadhwa Constructions & Infrastructure Private Limited	10,659	9,334	-	-
2,500 (Previous Year Nil) of INR 1,000,000 each in Wadhwa Group Holdings Private Limited	14,284	10,000	-	-
23,000 (Previous Year Nil) of INR 100,000 each in Reliable Exports (India) Private Limited	23,000	-	-	-
	<u>974,991</u>	<u>115,216</u>	-	-
Total	<u>1,068,663</u>	<u>180,315</u>	-	-
Aggregated book value of quoted investments	75,615	21,256	-	-
Aggregated market value of quoted investments	75,615	21,256	-	-
Aggregated book value of unquoted investments	993,049	159,059	-	-
Aggregated amount of impairment in value of investments	-	-	-	-

* The non-current portion of these investments are non-trade investments



Piramal Finance Limited
(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)
as at 31 March 2017

(Currency : Rs. in lakhs)

	31 March 2017	31 March 2016
14 Deferred tax asset (net)		
Deferred tax asset:		
Depreciation on fixed assets	26	24
Provision for compensated absence	76	22
Provision for gratuity	126	14
Contingent provision against standard assets	12,967	464
Provision on sub-standard assets	-	291
Deferment of interest income due to EIR	297	-
Deferment of interest expense due to EIR	434	-
Lease straightlining	5	1
Net fair value changes on foreign currency loan	517	-
Deferred tax asset	14,448	816
Deferred tax liabilities	-	-
Net deferred tax asset	14,448	816



Piramal Finance Limited

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Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Rs. in lakhs)

15 Loans and advances

	31 March 2017		31 March 2016	
	Long term	Short term	Long term	Short term
To parties other than related parties				
<i>Unsecured, considered good</i>				
Security deposits	119	68	61	11
	<u>119</u>	<u>68</u>	<u>61</u>	<u>11</u>
Loans				
<i>Secured, considered good</i>	586,655	57,549	49,646	17,427
	<u>586,655</u>	<u>57,549</u>	<u>49,646</u>	<u>17,427</u>
<i>Secured, considered doubtful</i>	4,199	4,019	2,077	4,213
Less: Allowance for bad and doubtful loans and advances	(680)	(966)	(208)	(633)
	<u>3,519</u>	<u>3,053</u>	<u>1,869</u>	<u>3,580</u>
Other loans and advances				
<i>Unsecured, considered good</i>				
Advance Tax (net of Provision of Rs 7,763, previous year Rs 10,752)	562	-	549	-
Central credit receivable	-	144	-	619
Loan to employee	(0)	9	22	4
Prepaid expenses	5	107	4	9
Advance for expenses	-	0	-	2
	<u>566</u>	<u>260</u>	<u>575</u>	<u>634</u>
To related parties				
<i>Unsecured, considered good</i>				
Piramal Enterprise Limited	-	-	-	2,100
Piramal Housing Finance Private Limited	100	-	-	-
	<u>100</u>	<u>-</u>	<u>-</u>	<u>2,100</u>
	<u>590,959</u>	<u>60,930</u>	<u>52,151</u>	<u>23,752</u>



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency : Rs. in lakhs)

	31 March 2017	31 March 2016
16 Cash and bank balances		
Cash & cash equivalent		
Balances with banks		
-In current accounts	2,285	1,096
-In fixed deposit with original maturity less than 3 months	116,500	305
	118,785	1,401
17 Other current assets		
<i>Secured, considered good</i>		
Other receivable	4	577
<i>Unsecured, considered good</i>		
Advance Processing Charges	650	-
Other Asset	1,591	-
To related parties		
<i>Unsecured, considered good</i>		
Piramal Enterprise Limited	3,076	-
Piramal Fund Management Private Limited	210	-
Piramal Housing Finance Private Limited	285	-
	5,816	577



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency : Rs. in lakhs)

	31 March 2017	31 March 2016
18 Revenue from operations		
Interest income:		
- On investments	96,718	86
- On loans and advances	47,300	12,134
Other financial services:		
- Processing / arranger fees	2,339	1,391
	<u>146,357</u>	<u>13,611</u>
19 Other income		
Dividend income on mutual fund units	5	172
Profit on sale of mutual fund units	2,352	-
Other non-operating income	527	463
	<u>2,884</u>	<u>635</u>
20 Employee benefits expense		
Salaries and wages	7,340	2,165
Contribution to provident and other fund	78	10
Staff welfare expenses	312	150
Other employee benefit expenses	155	24
	<u>7,885</u>	<u>2,349</u>
21 Finance costs		
Interest expense	44,073	2,567
Discount on commercial paper	23,599	-
Other borrowing cost	1,335	306
	<u>69,007</u>	<u>2,873</u>



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency : Rs. in lakhs)

	31 March 2017	31 March 2016
22 Other expenses		
Corporate Social Responsibility Expenses	854	1,151
Contribution to Electoral Trust	350	-
Rent	304	67
Amenities Fees	62	60
Travelling and Conveyance	270	109
Legal and professional fees	1,159	1,526
Royalty fees	455	-
Electricity expense	37	16
Repairs and maintenance - others	50	18
Postage and communication	31	15
Printing and stationery	6	5
Net fair value changes on foreign currency loan	1,495	-
Other expenses	1,001	86
Auditor's Remuneration		
- as auditor	27	9
- for other services	6	1
Contingent provision against standard assets	36,124	240
Provision on doubtful assets	805	(55)
	43,036	3,248



Piramal Finance Limited

Notes to the financial statements

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

1. Background

Piramal Finance Limited (formerly known as Piramal Finance Private Limited) ('the Company') was incorporated under the Companies Act, 1956 on 23 February 1974 with its registered and operational office in Mumbai.

The Company was issued a registration certificate no. B-13.01420 dated 18 November 2000, by the Reserve Bank of India ('RBI') under section 45 – IA of the RBI Act, 1934 to commence / carry on the business of non – banking financial institution without accepting public deposits.

The Company was converted into a public limited Company w.e.f. December 23, 2016 and consequently the name of the Company was changed from Piramal Finance Private Limited to Piramal Finance Limited w.e.f. the date of the certificate of ROC, Maharashtra, Mumbai dated January 06, 2017. The primary activities of the Company involve lending / investing.

The Company has incorporated a wholly owned subsidiary Piramal Housing Finance Private Limited on 10 February 2017 which has applied for registration to commence Housing Finance business with National Housing Bank on 28 February 2017.

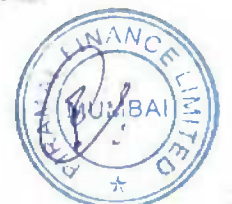
2. Significant accounting policies

2.1 Basis of preparation of financial statements

The accompanying financial statements have been prepared and presented on the accrual basis of accounting, and comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, the relevant provisions of the Companies Act, 2013 and other accounting principles generally accepted in India and the Reserve Bank of India ('RBI') guidelines, as adopted consistently by the Company to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest lakhs, unless otherwise stated.

2.2 Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities on the date of financial statement. Actual results could differ from those estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to the accounting estimates is recognised prospectively in the current and future periods.



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

2. Significant accounting policies (Continued)

2.3 Current and non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is expected to be realised within 12 months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- i. it is expected to be settled in the Company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is due to be settled within 12 months after the reporting date; or
- iv. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current liabilities.

All other liabilities are classified as non-current.

2.4 Revenue recognition

Interest income is recognised on an effective interest rate (EIR) basis for financial assets in the statement of profit and loss, except in the case of interest on non-performing assets which is recognised on receipt basis as per income recognition and asset classification norms prescribed by RBI.

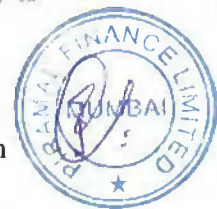
Penal interest is recognised as income on the actual basis.

Loan processing fees income is accounted for on effective interest basis. Arranger fees income is accounted for on accrual basis.

Dividend is recognised as income as and when the right to receive the payment is established.

2.5 Borrowing Cost

Interest expense is recognised on an effective interest rate basis for financial liabilities in the statement of profit and loss.



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

2. Significant accounting policies (Continued)

2.6 Discount on commercial paper

The difference between issue price and redemption value of commercial paper is apportioned on time basis and recognized as discount expenses

2.7 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition or the revalued amount as the case may be, less accumulated depreciation and impairments, if any. Acquisition cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is charged over the estimated useful life of the fixed assets on straight-line basis in the manner prescribed in Schedule II of the Companies Act, 2013 as given below:

Class of asset	Useful life
Office equipment	5 years
Furniture	10 years
Computer servers and network	6 years
Computer – end user device	3 years
Leasehold improvements	Amortised on straight line method over lease term

Individual fixed assets costing less than Rupees five thousand are depreciated fully in the year of purchase or acquisition.

The Company provides pro-rata depreciation from the day the asset is ready to use / put to use, whichever is earlier and for any asset sold, till the date of sale.

2.8 Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Statement of Profit and Loss.

Intangible Assets are amortized on a straight line basis over their finite useful lives over the following period:

Computer Software 6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.



Piramal Finance Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

2. Significant accounting policies (*Continued*)

2.9 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or of the cash generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying value, the carrying value is reduced to the recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss for the year.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.10 Investments

Investments are classified into non-current and current based on management's intention at the time of purchase. Purchase and sale of investments are recorded at trade date. Profit / loss on sale of investment are recognised in the statement of profit or loss on the trade date. Profit or loss on the sale of investment is determined on first in first out ('FIFO') basis.

Non-current investments are carried at amortised cost less diminution in value, if any, which is other than temporary, determined separately for each individual investment.

Quoted current investments are valued at amortised cost or market value / net realisable value whichever is lower. Current investments are valued scrip-wise. Net depreciation, if any, is provided for and net appreciation, if any, is ignored.

Unquoted investments in the units of mutual funds in the nature of current investments are valued at the net asset value declared by the mutual fund in respect of each particular scheme.

2.11 Loans

Loans are classified into 'performing' and 'non-performing' and are stated after deduction of specific provisions and interest in suspense, if any, in accordance with the prescribed RBI guidelines.

Non-performing loans are identified by periodic appraisals of the portfolio by management and appropriate provisions are made based on management's assessment of the degree of impairment of the loans, subject to minimum provisioning level prescribed by the Master Direction – "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016".



Piramal Finance Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

2. Significant accounting policies (*Continued*)

2.12 Employee benefits

Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair value of the plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuations using the Project Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement, and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, is based on the market yields on government securities as at the balance sheet date for the estimated term of the obligations.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

Compensated absence

The employees of the Company are entitled to compensate absence. The employee can carry forward a portion of the unutilised accrued leave balance and utilise it in the future periods. The Company records an obligation for compensated absences in the period in which the employee renders the service that increases the entitlement. The Company measures the expected cost of compensated absence as the amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

2.13 Provision for standard assets

Provision on standard assets is made in line with the prudential norms prescribed by the Master Direction – "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016".

2.14 Taxation

Income tax expense comprises of current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

Current tax

Current tax expense is recognised on an annual basis under the taxes payable method, based on the estimated tax liability computed after taking credit for allowances and exemption in accordance with the Income Tax Act, 1961 and Income Computation and Disclosure Standards. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

2. Significant accounting policies (Continued)

2.14 Taxation (Continued)

Deferred tax

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

2.15 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

2.16 Provisions, contingent liabilities and contingent assets

The Company recognises a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

2. Significant accounting policies (Continued)

2.17 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The Institute of Chartered Accountants of India (ICAI) has issued a guidance note on Accounting for Derivative Contracts which is effective from April 1, 2016. The guidance note requires all derivative contracts and their underlying to be marked to market and tested for hedge effectiveness and the ineffective portion if any would be charged to the Statement of Profit and Loss. The charge/credit to the Statement of Profit and Loss will depend upon the changes in the mark to market based on the actual exchange rates prevalent at each quarter end. The exchange difference on the long-term foreign currency monetary assets and liabilities which are not covered by derivative contracts (such as dollar denominated loans) would continue to be amortised over the life of the contracts.

2.18 Foreign Currency transaction

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transaction. Exchange differences, if any arising out of transaction settled during the year are recognized in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies at the year end are restated at year end rates. The resultant exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet.

2.19 Operating leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are, classified as operating leases. Operating lease rentals are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

23. Earnings per share ('EPS')

Basic and diluted EPS is computed in accordance with Accounting Standard 20 'Earnings Per Share' specified under section 133 of the Companies Act 2013.

The computation of earnings per share is set out below:

Description	For the year ended 31 March 2017	For the year ended 31 March 2016
Net profit/ loss attributable to equity shareholders	19,328	3,722
Weighted average number of equity shares outstanding during the year for calculation of EPS	1,615,062,724	425,420,000
Basic and Diluted EPS of face value of INR 10	1.20	0.87

The basic and diluted EPS is same as there are no potential dilutive equity shares.

24. Capital commitment

Particulars	31 March 2017	31 March 2016
Undisbursed loan commitments	23,040	11,550
Total	23,040	11,550

25. Segment reporting

Since the Company's business activity falls under one business segment (i.e. investing and lending) and business operations are concentrated in India, no further disclosures as required by Accounting Standard 17 'Segment Reporting' specified under section 133 of the Companies Act 2013 have been made.

26. Significant Transaction during the year

During the year, the Company has acquired a portion of lending portfolio comprising of loan book assets of Rs. 1,395,027 lakhs and borrowing of Rs. 1,251,058 lakhs from its holding company Piramal Enterprises Limited for a net consideration of Rs.143,969 lakhs against which Company has allotted equity shares of Rs.110,398 and the remaining amount of Rs.33,571 has been paid in cash.

27. Related party disclosure

Related party disclosures as required by Accounting Standard 18 - 'Related Party Disclosures' specified under section 133 of the Companies Act 2013 are given below:-

(A) Holding company

- (i) Piramal Enterprises Limited

(B) Subsidiary Company

- (i) Piramal Housing Finance Private Limited



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

27. Related party disclosure (Continued)

(C) Fellow subsidiaries

- (i) Piramal Fund Management Private Limited
- (ii) Piramal Asset Reconstructions Private Limited
- (iii) PEL Asset Resurgence Advisory Private Limited

(D) Other related parties where common control exists

- (i) Piramal Estates Private Limited
- (ii) India Venture Advisors Private Limited
- (iii) Piramal Corporate Services Limited
- (iv) Piramal Foundation for Educational Leadership
- (v) Piramal Swasthya Management & Research Institute
- (vi) Aasan Corporate Solutions Private Limited (formerly known as Aasan Developers and Constructions Private Limited).

(E) Key Management Personnel

- (i) Mr. Khushru Jijina (Managing Director)

(F) Transactions with related parties

Details of Transactions	For the year ended 31 March 2017	For the year ended 31 March 2016
Amenities charges paid		
Piramal Estates Private Limited	-	47
Aasan Corporate Solutions Private Limited	58	9
Rent Paid		
Piramal Estates Private Limited	-	47
Aasan Corporate Solutions Private Limited	243	9
Guarantee commission		
Piramal Enterprises Limited	944	246
Professional fees		
Piramal Corporate Services Limited	375	-
Piramal Enterprises Limited	200	200
Donations paid		
Piramal Foundation for Education & Leadership	150	38
Piramal Swasthya Management & Research Institute	704	1,109
Investment in Equity Share		
Piramal Housing Finance Private Limited	1,500	-
Reimbursement of expenses		
Piramal Estates Private Limited	-	13
Aasan Corporate Solutions Private Limited	27	4
India Venture Advisors Private Limited	-	1
Piramal Fund Management Private Limited	-	1
Recovery of expenses incurred		
Piramal Housing Finance Private Limited	276	-
Remuneration to KMP		
Mr. Khushru Jijina	40	-
Transfer of fixed assets		
Piramal Housing Finance Private Limited	8	-



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

27. Related party disclosure (Continued)

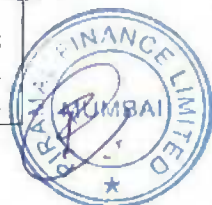
(E) Transactions with related parties (Continued)

Details of Transactions	For the year ended 31 March 2017	For the year ended 31 March 2016
Receipt of interest		
Piramal Enterprises Limited	156	57
Piramal Housing Finance Private Limited	1	-
Payment of interest		
Piramal Enterprises Limited	33	391
Piramal Asset Reconstructions Private Limited	7	-
PEL Asset Resurgence Advisory Private Limited	31	-
Advance received		
Piramal Enterprises Limited	4,700	16,300
Piramal Asset Reconstructions Private Limited	190	-
PEL Asset Resurgence Advisory Private Limited	490	-
Loan given		
Piramal Enterprises Limited	10,680	7,000
Piramal Housing Finance Private Limited	100	-
Security deposit placed		
Aasan Corporate Solutions Private Limited	73	-
Repayment of loan		
Piramal Enterprises Limited	4,700	20,100
Piramal Asset Reconstructions Private Limited	190	-
PEL Asset Resurgence Advisory Private Limited	490	-
Repayment of advance given		
Piramal Enterprises Limited	12,780	4,900
Employee related benefits transfer		
Piramal Fund Management Private Limited	210	-
Share Capital issued		
Piramal Enterprises Limited – against cash	146,500	-
Piramal Enterprises Limited – against transfer of net assets and liabilities (Refer note 26)	110,398	-
Payables		
Piramal Enterprises Limited	-	53
Aasan Corporate Solutions Private Limited	30	1
Receivables		
India Venture Advisors Private Limited	-	0
Piramal Enterprises Limited	3,077	2,100
PEL Asset Resurgence Advisory Private Limited	1	-
Aasan Corporate Solutions Private Limited	130	56
Piramal Housing Finance Private Limited	385	-
Piramal Fund Management Private Limited	210	-

28. Operating lease

The company has entered into lease arrangements for certain office premises.

	31 March 2017	31 March 2016
Lease payments recognised in the statement of profit and loss	204	76
Future minimum lease payments for non-cancellable operating leases		
Not later than one year	323	68
Later than one year but not later than five years	1030	44
Later than five years	77	-



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

29. Impact due to change in accounting policy

During the year the Company has changed the accounting policy of recognizing interest income and expense from accounting based on the contracted coupon rate of instrument to their effective interest rate.

The impact is given below:

Particulars	Amount
Increase in interest income	859
Decrease in interest expenses	1,254

30. Cash Flow Hedge Disclosure

a. Risk Management:

The Company's activities are exposed to market risk, liquidity risk and credit risk.

The Company has an independent and dedicated Enterprise Risk Management (ERM) system to identify, manage and mitigate business risks. The Board has approved the Asset Liability Management Policy and the formation of Asset Liability Management Committee (ALCO). The ALCO includes the Company's senior management and an external industry expert. It defines the strategy for managing liquidity and interest rate risks in the business.

This note explains the sources of risk which the Company is exposed to and how the Company manages the risk:

Risk	Management
Liquidity risk	ALCO deliberates on the static liquidity gap statement, future asset growth plans, tenor of assets, market liquidity and pricing of various sources of funds. It decides on the optimal funding mix taking into consideration the asset strategy and a focus on diversifying sources of funds.
Market risk - Interest rate	ALCO reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. The Risk Management Group has also initiated a scenario analysis to assess the short-term impact of interest rates on net interest income (NII).
Market risk - Foreign exchange	The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macroeconomic conditions.
Credit risk	Each investment is assessed by the investment team as well as independent risk team on the risk-return framework. The combined analysis of these teams is presented to the Investment Committee for investment decision. The risk is being partly mitigated by diversifying the lending portfolio across sectors and geographies.

b. Accounting for cash flow hedge

The Company has taken foreign currency floating rate borrowings which are linked to LIBOR. For managing the foreign currency risk and interest rate risk arising from changes in LIBOR on such borrowings, the Company has entered into cross-currency interest rate swap (CCIRS) for the entire loan liability. The Company has designated the CCIRS (hedging instrument) and the borrowing (hedged item) into a hedging relationship and applied hedge accounting.



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

30. Cash Flow Hedge Disclosure (Continued)

b. Accounting for cash flow hedge (Continued)

Under the terms of the CCIRS, the Company pays interest at the fixed rate to the swap counterparty in INR and receives the floating interest payments based on LIBOR in foreign currency. As the critical terms of the hedged item and the hedging instrument (notional, interest periods, underlying and fixed rates) are matching and the interest cash flows are off-setting, an economic relationship exists between the two. This ensures that the hedging instrument and hedged item have values that generally move in the opposite direction.

The CCIRS and the borrowings for one borrowing was designated into hedging relationship on 1 October 2016 and for others on 27 October 2016 which is later than the date on which the respective contracts were entered into. The gain / loss on fair valuation of CCIRS as on the date on designation has been recognised in profit or loss under the head Other Expenses (refer schedule 22).

Following table provides quantitative information regarding the hedging instrument as on March 31, 2017:

Type of hedge and risks	Nominal value	Carrying amount of hedging instruments (included under "other current and non-current financial liabilities")	Maturity date	Average contracted fixed interest rate	Changes in fair value of hedging instrument	Changes in the value of hedged item
	(Liabilities)	(Liabilities)				
Cash Flow Hedge						
Foreign currency and Interest rate risk	65,000	3,109	Aug 2017 to June 2018	9.67%	(3,606)	3,606

Following table provides the effects of hedge accounting on financial performance for the year ended March 31, 2017:

Type of hedge	Changes in the value of hedging instruments recognised in Cash flow Hedge Reserve	Amount reclassified from cash flow hedge reserve to profit or loss	Line-item affected in statement of profit or loss because of reclassification
Cash flow hedge			
Interest Rate risk and Foreign Exchange Risk	3,606	1,992 (2,101)	Finance Cost Foreign Exchange (gain)/loss

Following table provides movements in cash flow hedge reserve:

Particulars	Amount
As on March 31, 2016	-
Changes in fair value of CCIRS	(3,606)
Amounts reclassified to profit or loss	4,093
As on March 31, 2017 (Refer Schedule 4)	487



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

31. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under the Micro, Small and Medium Enterprises Development Act, 2006, ('MSMED') which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records including confirmations sought from suppliers on registration with specified authority under MSMED; no amounts relating to principal and interest were due or remained outstanding as at 31 March 2017. There have been no reported cases of delay in payments in excess of 45 days to micro, small and medium enterprises or of interest payments due to delay in such payments.

32. Contingent liabilities

	31 March 2017	31 March 2016
Claim against the Company not acknowledged as debt		
Dues towards Income Tax for AY 2012-2013	6	6
Dues towards Income Tax for AY 2014-2015	176	-
Letter of Comfort issued by the Company	1400	-

The Company is of the view that the above demands may not devolve on the Company and hence no provision has been made.

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At year end the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of accounts.

The Company has also reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

During the year, the Company has issued Letter of Comfort of Rs.1,400 lakhs to Keystone Realtors Pvt Ltd.

33. Provision for standard assets

A general provision at 0.35% (Previous year 0.30%) of the outstanding standard assets, has been made as prescribed by RBI vide its Master Direction – “Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”. The company has also made additional provision at 1.65% (Previous year 1.70%) on standard assets. The rate of additional provision is based on the management estimate of future expected losses in loan portfolio. This provision has been disclosed as “Contingent provision against standard assets” in the balance sheet.



Piramal Finance Limited

Notes to the financial statements (Continued) for the year ended 31 March 2017

(Currency: Rs. in lakhs)

34. Employee benefits

I. Principal actuarial assumptions	31 March 2017	31 March 2016
Discount rate	7.22%	7.72%
Salary escalation rate	9.00%	9.00%
Attrition rate	10.00%	17.00%

II. Change in defined benefit obligation and assets over the year ended	31 March 2017	31 March 2016
Present value of defined benefit obligation as at the beginning of the year	42	18
Interest cost	3	1
Current service cost	12	3
Liability transferred in	169	-
Past service cost incurred during the year	8	-
Benefit paid	(5)	-
Actuarial (gains) / losses on obligation	27	20
Present value of the benefit obligation as at the end of the current period	363	42

III. Amount recognised in the balance sheet	31 March 2017	31 March 2016
Fair value of plan assets at the end of the period	-	-
(Present value of the defined benefit obligation as at the end of the year)	(363)	(42)
Funded status	(363)	(42)
Unrecognised past service cost at the end of the year	-	-
Net (liability)/ asset recognised in the balance sheet	(363)	(42)

IV. Expense recognised in the statement of profit and loss	31 March 2017	31 March 2016
Current service cost	12	3
Interest cost	3	1
Actuarial (gains) / losses	132	20
Past service cost recognised during the year	8	-
Expense recognised in statement of profit and loss	155	24

V. Movement in net (liability) recognised in the balance sheet	31 March 2017	31 March 2016
Opening net liability	42	18
Expense as above	155	24
Net transfer in	169	-
(Net transfer out)	-	-
(Benefit paid)	(5)	-
(Benefit paid on account of settlement)	-	-
Net liability/ (asset) recognised in the balance sheet	363	42

VI. Experience adjustment	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
On plan liability (gains)/ losses	105	21	6	1	-
On plan assets (losses)/ gains	-	-	-	-	-



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

35. Expenditure in Foreign currency

Particulars	31 March 2017	31 March 2016
(i) Subscription and Membership	22	-
(ii) Professional Fess	2	-
(iii) Annual License Fees	299	-

36. Specified Bank Notes

The details of specified Bank Notes (SBNs) held and transacted during the period 08 November 2016 to 30 December 2016 as provided in the Table below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	-	2	2
(+) Permitted receipts	-	2	2
(-) Permitted payments	-	3	3
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	1	1

37. Remuneration of Key Managerial Personnel

Particulars	Name of Director	31 March 2017	31 March 2016
Gross Salary	Khushru Jijina		
(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		40	-
(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961		-	-
(c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961		-	-
Total		40	-

38. Corporate Social Responsibility Expenditure

Particulars	31 March 2017	31 March 2016
Contribution to Piramal Swasthya Management and Research Institute	704	1,109
Contribution to Piramal Foundation for Education Leadership	150	38
Total	854	1,147
Amount required to be spent as per Section 135 of the Act	144	151
<i>Amount spent during the year</i>		
(i) Construction/acquisition of an asset	-	-
(i) On purposes other than (i) above	854	1,147



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

39. Non-Banking Financial Company disclosures

- (i) Disclosures as required in terms of Annex I of Master Direction – “Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”.

Particulars	Amount outstanding as at 31 March 2017	Amount overdue as at 31 March 2017	Amount outstanding as at 31 March 2016	Amount overdue as at 31 March 2016
Liabilities side :				
1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	307,598	-	-	-
:Unsecured	49,177	-	-	-
(other than falling within the meaning of public deposits*)				
(b) Deferred credits	-	-	-	-
(c) Term loans	741,917	-	13,985	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	556,615	-	-	-
(f) Public Deposits*	-	-	-	-
(g) Other loans (Unsecured)	-	-	-	-
* Please see Note 1 below				

Assets Side :	Amount outstanding as at 31st March 2017	Amount outstanding as at 31st March 2016
2 Break-up of loans and advances including bills receivables [other than those included in (3) below:] (Amount gross of provision)		
(a) Secured	652,422	73,362
(b) Unsecured	100	-
3 Break up of leased assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	-	-
(b) Repossessed assets	-	-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

39. Additional Non-Banking Financial Company disclosures (Continued)

Assets Side :	Amount outstanding as at 31st March 2017			Amount outstanding as at 31st March 2016		
4 Break-up of investments :						
Current investments :						
1. Quoted :						
(i) Shares : (a) Equity			-			-
(b) Preference			-			-
(ii) Debentures and bonds		21,256				-
(iii) Units of mutual funds		-				-
(iv) Government securities		-				-
(v) Others (please specify)		-				-
2. Unquoted :						
(i) Shares : (a) Equity			-			-
(b) Preference			-			-
(ii) Debentures and bonds		159,059				-
(iii) Units of mutual funds		-				-
(iv) Government securities		-				-
(v) Others (please specify)		-				-
Long term investments :						
1. Quoted :						
(i) Shares : (a) Equity			-			-
(b) Preference			-			-
(ii) Debentures and bonds		75,615				-
(iii) Units of mutual funds		-				-
(iv) Government securities		-				-
(v) Others (please specify)		-				-
2. Unquoted :						
(i) Shares : (a) Equity			1,500			-
(b) Preference			-			-
(ii) Debentures and Bonds		991,548				-
(iii) Units of mutual funds		-				-
(iv) Government Securities		-				-
(v) Others (please specify)		-				-
5 Borrower group-wise classification of assets financed as in (2) and (3) above :						
Please see Note 2 below						
Category (Amount net of provision)	As at 31st March 2017			As at 31st March 2016		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties **						
(a) Subsidiaries	-	100	100	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	650,776	-	650,776	71,181	-	71,181
Total	650,776	100	650,876	71,181	-	71,181



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

39. Additional Non-Banking Financial Company disclosures (Continued)

6	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) Please see note 3 below	As at 31st March 2017		As at 31st March 2016	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provision)	Market Value / Break up or fair value or NAV	Book Value (Net of Provision)
	Category				
	1. Related Parties **				
	(a) Subsidiaries	1,500	1500	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	2. Other than related parties	1,247,478	1,247,478	-	-
	Total	1,247,478	1,248,978	-	-

** As per accounting standard 18 of ICAI

(7) Other information			
	Particulars	Amount as at 31 March, 2017	Amount as at 31 March, 2016
(i)	Gross non-performing assets	-	-
	(a) Related parties	-	-
	(b) Other than related parties	8,219	6,290
(ii)	Net non-performing assets	-	-
	(a) Related parties	-	-
	(b) Other than related parties	6,573	5,449
(iii)	Assets acquired in satisfaction of debt	-	-

Notes:

- 1 As defined in point xix of paragraph 3 of Chapter -2 of these Directions.
 - 2 Provisioning norms shall be applicable as prescribed in these Directions.
 - 3 Market value/break up or fair value or NAV is taken as same as book value in case of unquoted investments and quoted investments in absence of market value / break up or fair value or NAV.
- (ii) Disclosures as required in terms of Annex XII of Master Direction – “Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”.

Capital to risk- assets ratio ('CRAR')

Items	31 March 2017	31 March 2016
(i) CRAR (%)	20.59%	70.85%
(ii) CRAR – Tier I capital (%)	16.75%	69.32%
(iii) CRAR – Tier II capital (%)	3.84%	1.53%
(iv) Amount of subordinated debt raised as Tier-II capital	50,000	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

39. Additional Non-Banking Financial Company disclosures (Continued)

Investments

Items	31 March 2017	31 March 2016
1. Value of Investments		
(i) Gross value of investments		
(a) In India	1,248,978	-
(ii) Provisions for depreciation		
(a) In India	-	-
(iii) Net Value of investments		
(a) In India	1,248,978	-
2. Movement of provisions held towards depreciation on investments		
(i) Opening Balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: write off / write back of excess provisions during the year	-	-
(iv) Closing Balance	-	-

Forward Rate Agreement / Interest Rate Swap

Sr. No.	Particulars	31 March 2017	31 March 2016
(i)	The notional principal of swap agreements	65,000	-
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
(iii)	Collateral required by the applicable NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap book	62,898	-

Risk Exposure in Derivatives

Sl. No.	Particular	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)		
	For hedging	65,000	-
(ii)	Marked to Market Positions [1]		
a)	Asset (+)	-	-
b)	Liability (-)	3,109	-
(iii)	Credit Exposure [2]	65,000	-
(iv)	Unhedged Exposures	-	-



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

39. Additional Non-Banking Financial Company disclosures (Continued)

Maturity pattern of certain items of assets and liabilities

	1 day to 30/31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings- from banks (current year)	5,293	-	54,242	14,941	7,997	480,831	494	-	563,795
Borrowings from banks (previous year)	(313)	(-)	(-)	(3,312)	(5,125)	(2,750)	(2,375)	(-)	(13,875)
Market borrowings (current year)	87,197	243,240	166,956	78,954	106,292	276,170	20,011	49,680	1,028,500
Market borrowings (previous year)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Foreign Currency Liabilities (current year)	-	-	-	-	14,629	-	48,383	-	63,012
Foreign Currency Liabilities (previous year)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Assets									
Advances (current year)	3,339	786	8,674	13,342	34,562	269,433	234,426	88,366	652,928
Advances (previous year)	(435)	(996)	(2,315)	(7,556)	(8,265)	(34,111)	(19,177)	(2,634)	(75,489)
Investments (current year)	25,572	3,549	14,483	27,241	109,471	688,782	342,965	36,915	1,248,978
Investments (previous year)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

Note: Amount shown in the tables are gross figures without netting off the provision

Exposures to real estate sector

Category	31 March 2017	31 March 2016
(a) Direct exposure		
(i) Residential mortgages- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Individual housing loans upto Rs. 15 lakh may be shown separately)	-	-
(ii) Commercial real estate- Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	1,664,488	53,712
(iii) Investments in mortgage backed securities (MBS) and other securitised exposures-		
a. Residential	-	-
b. Commercial real estate	-	-
(b) Indirect exposures		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs.)	1,500	-



Piramal Finance Limited

Notes to the financial statements *(Continued)*

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

39. Additional Non-Banking Financial Company disclosures *(Continued)*

- (iii) Additional disclosures as required in terms of Annex XII of Master Direction – “Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”

Exposure to Capital Market

	Particulars	31 March 2017	31 March 2016
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	57,912	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	20,989	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market		78,901	-



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

39. Additional Non-Banking Financial Company disclosures (Continued)

- (iv) Additional disclosures as required in terms of Annex XII of Master Direction – “Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”

Provisions and Contingencies

Break up of 'Provisions and Contingencies shown in Profit and Loss Account	31 March 17	31 March 16
Provisions for depreciation on investment	-	-
Provision towards NPA	805	(55)
Provision made towards Income tax	9905	2,004
Provision for standard assets	36,124	240

Concentration of advances

Particulars	31 March 17	31 March 16
Total advances to 20 largest borrowers*	546,346	71,299
Percentage of advances to 20 largest borrowers to total advances	28.76%	97.19%

*includes loan and investments

Concentration of exposures

Particulars	31 March 17	31 March 16
Total Exposure to 20 largest borrowers*	549,470	88,955
Percentage of exposures to 20 largest borrowers to total exposure	28.56%	97.37%

*includes loan, investments, capital commitment and letter of comfort

Concentrations of NPA

Particulars	31 March 17	31 March 16
Total Exposure top 4 NPA accounts	8,219	6,290

Sector wise NPAs

Sr. No.	Sector	Percentage of NPAs to total advances in that sector	
		31-Mar-17	31-Mar-16
1	Agriculture & allied activities	0%	0%
2	MSME	0%	0%
3	Corporate borrowers	0%	0%
a	Real Estate	0%	3.93%
b	Education	57.90%	32.64%
4	Services	0%	0%
5	Unsecured personal loans	0%	0%
6	Auto loans	0%	0%
7	Other personal loans	0%	0%



Piramal Finance Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

39. Additional Non-Banking Financial Company disclosures (Continued)

Movement of NPAs

Particulars	31 March 17	31 March 16
(i) Net NPA to net advances (%)	0.35%	7.66%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	6,290	8,954
(b) Additions during the year	4,100	-
Subtotal (1)	10,390	8,954
(c) Reductions during the year due to recoveries	(2,171)	(2,664)
Subtotal (2)	(2,171)	(2,664)
(d) Closing balance (1-2)	8,219	6,290
(iii) Movement of NPAs (Net)		
(a) Opening balance	5,449	8,058
(b) Additions during the year	3690	-
(c) Reductions during the year	(2,566)	(2,609)
(d) Closing balance	6,573	5,449
(iv) Movement of provisions for NPAs (excluding provision on standard asset)		
(i) Opening Balance	840	895
(ii) Additions during the year	1234	354
Subtotal (1)	2074	1249
(iii) Reductions during the year		
Write back of excess provision on account of reduction in NPAs	(428)	(409)
Subtotal (2)	(428)	(409)
(iv) Closing balance (1-2)	1,646	840

(iv) Draw Down from Reserves

There is no drawdown of reserves during the year ended March 31, 2017.

(v) Registration/ licence/ authorisation obtained from other financial sectors regulators-

The Company has not obtained any registration/licence/authorization from any financial sector regulator other than Reserve Bank of India.

(vi) Rating assigned by credit rating agencies and migration of rating during the year

Credit ratings assigned to the borrowings of the Company are as under

Nature of Borrowings	Rating Agency	Ratings Assigned
NCD	ICRA Limited	[ICRA]AA
Commercial Paper	ICRA Limited	[ICRA]A1+

There has been no migration of ratings during the year ended 31 March 2017.

(vii) Structured product issued

The Company has not issued any structured product during the year ended 31 March 2017



Piramal Finance Limited

Notes to the financial statements (*Continued*)

for the year ended 31 March 2017

(Currency: Rs. in lakhs)

39. Additional Non-Banking Financial Company disclosures (*Continued*)

(viii) **Penalties/fines imposed by RBI and other banking regulatory bodies**

No penalty was imposed by RBI or any other banking regulatory bodies during the year ended 31 March 2017

(ix) **Area, Country of operation & Joint Venture Partners with regard to joint ventures and overseas subsidiaries.-**

The Company does not have any joint ventures and overseas subsidiaries.

(x) **Extent of financing of parent company product**

The Company has not financed any parent company product.

(xi) **Details of off-balance sheet SPV's sponsored**

The Company does not have any off- balance sheet SPV's sponsored.

(xii) **Disclosure of Complaints**

There are no customer complaints received during the year.

(xiii) **Securitisation/ assignment transactions**

The Company had not entered into any securitization / assignment transaction during the year ended 31 March 2017.

(xiv) **The Company has not purchased/ sold any non-performing financial assets during the year ended 31 March 2017.**

(xv) **The Company has not exceeded the applicable SBL/GBL during the year ended 31 March 2017.**

(xvi) **The Company has not taken any Exchange Traded Interest Rate (IR) Derivatives during the year ended 31 March 2017.**

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Manoj Kumar Vijai

Partner

Membership No: 046882

For and on behalf of the Board of Directors of
Piramal Finance Limited



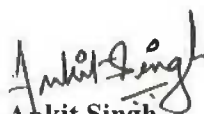
Khushru Jijina

Managing Director



Ajay Piramal

Director



Ankit Singh

Company Secretary



Ujas Popat

CFO

Mumbai

Date: May 10, 2017

Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Balance sheet

as at 30 September 2017

(Currency : Rs. in lakhs)

	Note	30 Sept 2017	31 Mar 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,99,440	2,99,440
Reserves and surplus	4	86,959	38,801
		<u>3,86,399</u>	<u>3,38,241</u>
Non-current liabilities			
Long-term borrowings	5	15,08,470	9,51,811
Other long-term liabilities	6	23	2,649
Long-term provisions	7	42,113	33,662
		<u>15,50,606</u>	<u>9,88,122</u>
Current liabilities			
Short-term borrowings	8	3,59,541	5,90,740
Trade payables	9	542	557
Other current liabilities	10	2,60,682	1,14,118
Short-term provisions	7	15,953	9,042
		<u>6,36,718</u>	<u>7,14,457</u>
Total		<u><u>25,73,723</u></u>	<u><u>20,40,820</u></u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	244	278
Intangible assets	12	14	16
Capital work-in-progress	12	1,176	610
Non-current investments	13	9,15,751	10,68,663
Deferred tax assets (net)	14	18,937	14,448
Long-term loans and advances	15	12,03,875	5,90,959
		<u>21,39,997</u>	<u>16,74,974</u>
Current assets			
Current investments	13	2,48,314	1,80,315
Cash and bank balances	16	88,520	1,18,785
Short-term loans and advances	15	93,969	60,930
Other current assets	17	2,922	5,816
		<u>4,33,725</u>	<u>3,65,846</u>
Total		<u><u>25,73,723</u></u>	<u><u>20,40,820</u></u>



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Statement of profit and loss

for the year ended 30 September 2017

(Currency : Rs. in lakhs)

	<i>Note</i>	30 Sep 2017	31 March 2017
Revenue from operations	18	1,67,607	1,46,357
Other income	19	3,864	2,884
Total revenue		1,71,471	1,49,241
Expenses			
Employee benefits expense	20	2,491	7,885
Finance costs	21	83,567	69,007
Depreciation and amortisation	11	56	80
Other expenses	22	12,994	43,036
Total expenses		99,108	1,20,008
Profit before tax		72,363	29,233
Tax expense:			
- Current tax		29,552	23,376
- Prior year tax		-	161
- Deferred tax (credit)		(4,488)	(13,632)
Profit for the year		47,299	19,328



Piramal Finance Limited

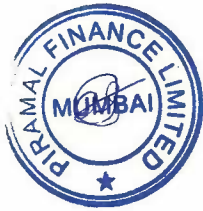
(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 30 September 2017

(Currency : Rs. in lakhs)

	30 Sept 2017	31 March 2017
3 Share capital		
Authorised		
5000,000,000 (750,000,000) equity shares of INR 10 each	5,00,000	5,00,000
Issued, subscribed and fully paid		
2,994,401,152 (425,420,000) equity shares of INR 10 each	2,99,440	2,99,440
	<u>2,99,440</u>	<u>2,99,440</u>



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 30 September 2017

(Currency : Rs. in lakhs)

	30 Sept 2017	31 March 2017
4 Reserves and surplus		
Statutory reserve fund u/s 45-IC of the RBI Act, 1934		
Opening balance	7,790	3,924
Add: Additions during the year	-	3,866
Closing balance	<u>7,790</u>	<u>7,790</u>
General reserves		
Opening balance	1,616	1,616
Add: Additions during the year	-	-
Closing balance	<u>1,616</u>	<u>1,616</u>
Cashflow Hedge Reserve		
Opening balance	1,347	-
Add: Additon during the year	-	487
Closing balance	<u>1,347</u>	<u>487</u>
Surplus in the statement of profit and loss		
Opening balance	28,908	13,446
Add: Profit for the year	47,299	19,328
Appropriations:		
Less: Transfer to statutory reserve fund u/s 45-IC of the RBI Act, 1934		3,866
Closing balance	<u>76,206</u>	<u>28,908</u>
Total	<u><u>86,959</u></u>	<u><u>38,801</u></u>
5 Long term borrowings		
Term loans		
<i>Secured</i>		
From banks		
Rupee loan	10,47,190	4,81,326
Foreign currency loans	-	48,383
From others	-	1,74,333
Redeemable Non Convertible Debentures		
<i>Secured Redeemable Non Convertible Debentures</i>	4,09,716	1,98,592
<i>Unsecured Redeemable Non Convertible Debentures</i>	51,564	49,177
	<u>15,08,470</u>	<u>9,51,811</u>



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 30 September 2017

(Currency : Rs. in lakhs)

	30 Sept 2017	31 March 2017
6 Other long-term liabilities		
Rent Equalisation A/c	23	13
Forward Contract Payable	-	2,636
	<u>23</u>	<u>2,649</u>

7 Provisions

	30 Sept 2017		31 March 2017	
	Long Term	Short Term	Long Term	Short Term
PROVISION FOR GRATUITY	422	46	316	48
PROVISION FOR BONUS	-	700	-	4,388
PROVISION FOR SPECIAL INCENTIVE	-	460	-	-
PROVISION FOR LEAVE ENCASHMENT	205	59	167	54
Provision for tax	-	7,892	-	266
	<u>627</u>	<u>9,157</u>	<u>482</u>	<u>4,756</u>
Others				
Contingent provisions against standard assets	41,486	6,796	33,180	4,286
	<u>41,486</u>	<u>6,796</u>	<u>33,180</u>	<u>4,286</u>
	<u>42,113</u>	<u>15,953</u>	<u>33,662</u>	<u>9,042</u>



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 30 September 2017

(Currency : Rs. in lakhs)

	30 Sept 2017	31 March 2017
8 Short term borrowings		
Working Capital Demand Loan (secured)		
-From banks		
Ruppee loans	44,530	19,496
(Secured by first pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts ,present and future)		
Term loan (Unsecured)		
-From banks		
Foreign currency loans-	-	14,629
Others (Unsecured)		
Commercial papers	3,15,011	5,56,615
	<u>3,59,541</u>	<u>5,90,740</u>
9 Trade payables		
Trade payable		
- Payable to Micro & Small suppliers (Refer Note 31)	-	-
- Payable to Related Parties		
- Payables to others	542	557
	<u>542</u>	<u>557</u>
10 Other current liabilities		
Current maturities of long term debt	2,57,431	1,12,756
Advance Processing Fees Received	14	-
Advance received	-	393
Forward contract payable	2,143	473
Taxes payable	1,044	456
Payable to employees	50	40
	<u>2,60,682</u>	<u>1,14,118</u>



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 30 September 2017

(Currency : Rs. in lakhs)

11 Tangible fixed assets

Description	Gross Block		Depreciation / amortisation		Net Block
	As at 1 April 2017	Additions during the Period	Deductions during the Period	As at 30 Sept 2017	
Land & Building	16	-	-	-	16
Office equipment	60	3	-	6	43
Computer	72	14	-	10	51
Computer Server	35	-	-	3	30
Furniture	41	1	-	2	37
Leasehold Improvements	281	3	-	33	216
	505	21	-	54	244
				227	282

12 Intangible fixed assets and Capital WIP

Description	Gross Block		Depreciation / amortisation		Net Block
	As at 1 April 2017	Additions during the Period	Deductions during the Period	As at 30 Sept 2017	
Computer software	17	-	-	2	14
Total - I	17	-	-	2	14
Capital WIP- II	610	566	-	-	1,176
Total - I + II	627	566	-	2	1,191
				1	3



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 30 September 2017

(Currency : Rs. in lakhs)

13 Investments

	30 Sept 2017		31 March 2017	
	Non current	Current	Non current	Current
Investments in subsidiaries (Unquoted) (fully paid up)	31,500	-	1,500	-
<u>Investments in Debentures (Quoted) (fully paid up)</u>				
Secured Redeemable Non-Convertible Debentures	38,577	26,231	75,615	21,256
<u>Investments in Debentures (Unquoted) (fully paid up)</u>				
Secured Redeemable Optionally Convertible Debentures	-	-	16,557	43,843
Secured Redeemable Non-Convertible Debentures (fully paid up)	8,45,674	2,22,083	9,74,991	1,15,216
Investment in Mutual Funds	-	-	-	-
Total	9,15,751	2,48,314	10,68,663	1,80,315



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 30 September 2017

(Currency : Rs. in lakhs)

30 Sept 2017 31 March 2017

14 Deferred tax asset (net)

Deferred tax asset:

Depreciation on fixed assets	19	26
Provision for compensated absence	91	76
Provision for gratuity	162	126
Contingent provision against standard assets	16,710	12,967
Deferment of interest income due to EIR	743	297
Deferment of interest expense due to EIR	686	434
Lease straightlining	8	5
Net fair value changes on foreign currency loan	517	517

DEFERRED TAX ASSETS

18,937

14,448

Deferred tax liabilities

-

-

Net deferred tax asset

18,937

14,448



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 30 September 2017

(Currency : Rs. in lakhs)

15 Loans and advances

	30 Sept 2017		31 March 2017	
	Long term	Short term	Long term	Short term
To parties other than related parties				
<i>Unsecured, considered good</i>				
Security deposits	173	14	119	68
	<u>173</u>	<u>14</u>	<u>119</u>	<u>68</u>
Loans				
<i>Secured, considered good</i>	12,02,035	91,500	5,86,655	57,549
	<u>12,02,035</u>	<u>91,500</u>	<u>5,86,655</u>	<u>57,549</u>
<i>Secured, considered doubtful</i>	786	3,171	4,199	4,019
Less: Allowance for bad and doubtful loans and advances	(236)	(951)	(680)	(966)
	<u>550.20</u>	<u>2,219.50</u>	<u>3,519</u>	<u>3,053</u>
Other loans and advances				
<i>Unsecured, considered good</i>				
Advance Tax (net of Provision of Rs.7,763, previous year Rs.10,752)	562	-	562	-
Cenvat credit receivable	-	58	-	144
Loan to employee	-	-	(0)	9
PREPAID EXPENSES ACCOUNT	-	177	5	107
Advance for expenses	555	-	-	0
	<u>1,117</u>	<u>235</u>	<u>566</u>	<u>260</u>
To related parties				
Loan and advances				
<i>Unsecured, considered good</i>				
Piramal Housing Finance Private Limited	-	-	100	-
	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>
	<u>12,03,875</u>	<u>93,969</u>	<u>5,90,959</u>	<u>60,930</u>



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

as at 30 September 2017

(Currency : Rs. in lakhs)

	30 Sept 2017	31 March 2017
16 Cash and bank balances		
Cash & cash equivalent		
Balances with banks		
-In current accounts	17,019	2,285
-In fixed deposit with original maturity less than 3 months	71,500	1,16,500
	<u>88,520</u>	<u>1,18,785</u>
17 Other current assets		
<i>Secured, considered good</i>		
Other receivable	675	4
<i>Unsecured, considered good</i>		
Advance Processing Charges Exp.	300	650
Other Asset	1,591	1,591
To related parties		
<i>Unsecured, considered good</i>		
Piramal Enterprise Limited	73	3,076
Piramal Fund Management Private Limited	-	210
Piramal Housing Finance Private Limited-	284	285
	<u>2,922</u>	<u>5,816</u>



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

for the period ended 30 September 2017

(Currency : Rs. in lakhs)

	30 Sept 2017	31 March 2017
18 Revenue from operations		
Interest income:		
- On investments	90,925	96,718
- On loans and advances	74,968	47,300
Other financial services:		
- Processing / arranger fees	1,715	2,339
	<u>1,67,607</u>	<u>1,46,357</u>
19 Other income		
Dividend income on mutual fund units	-	5
Short Term Gain on Mutual Fund	1,308	2,352
Other non-operating income	2,556	527
	<u>3,864</u>	<u>2,884</u>
20 Employee benefits expense		
Salaries and wages	2,122	7,340
Contribution to provident and other fund	99	78
Staff welfare expenses	48	312
Other employee benefit expenses	223	155
	<u>2,491</u>	<u>7,885</u>
21 Finance costs		
Interest expense	55,316	44,073
Discount on commercial paper	26,252	23,599
Other borrowing cost	1,999	1,335
	<u>83,567</u>	<u>69,007</u>



Piramal Finance Limited

(formerly known as Piramal Finance Private Limited)

Notes to the financial statements (Continued)

for the period ended 30 September 2017

(Currency : Rs. in lakhs)

	30 Sept 2017	31 March 2017
22 Other expenses		
Corporate Social Responsibility Expenses	100	854
Contribution to Electoral Trust	-	350
Rent	218	304
Amenities Fees	40	62
Travelling and Conveyance	137	270
Legal and professional fees	1,315	1,159
Royalty fees	550	455
Electricity expense	23	37
Repairs and maintenance - others	42	50
Postage and communication	17	31
Printing and stationery	6	6
Net fair value changes on foreign currency loan	-	1,495
Other expenses	167	1,001
Auditor's Remuneration		
- as auditor	21	27
- for other services	-	6
Contingent provision against standard assets	10,817	36,124
Contingent Provision for NPA-Sub Std	(459)	805
	<u>12,994</u>	<u>43,036</u>



**Independent Auditor's Report
To the Members of Piramal Capital Limited**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Piramal Capital Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its profit & loss and its cash flows for the year ended on that date.

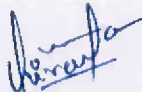
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **MEHTA & RAJPUROHIT**

Chartered Accountants

Firm's registration number: 135778W



Viral V Mehta

Partner

Membership number: 148515

Mumbai

10 May 2017



Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, we report that:

- (i) According to the information and explanations given to us and on the basis of our examination of the records, the company has not acquired any fixed assets from the date of incorporation of company to the end of the financial year ending on 31st March, 2017. Thus, paragraph 3(i) of the Order is not applicable to the Company.
- (ii) The Company is a service company, primarily rendering to financial & investment services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted loans entities covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, duty of excise, service tax, excise, value added tax and duty of customs which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in



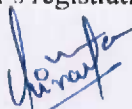
accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **MEHTA & RAJPUROHIT**

Chartered Accountants

Firm's registration number: 135778W



Viral V Mehta

Partner

Membership number: 148515

Mumbai

10 May 2017



Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Piramal Capital Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

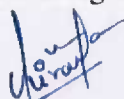
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **MEHTA & RAJPUROHIT**

Chartered Accountants

Firm's Registration Number: 135778W



Viral V Mehta

Partner

Membership Number: 148515

Mumbai

10 May 2017

Piramal Capital Limited
Balance Sheet as at March 31, 2017
(Currency: Indian Rupees)

	Note No.	As at March 31, 2017 Amount in Rs.
ASSETS		
Current Assets		
Financial Assets		
Cash and cash equivalents	3	19,979,635
Deferred Tax Asset	4	82,847
TOTAL		20,062,482
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	5	20,000,000
Other Equity	6	(298,718)
Current Liabilities		
Other Current Liabilities	7	361,200
TOTAL		20,062,482

Significant accounting policies 2

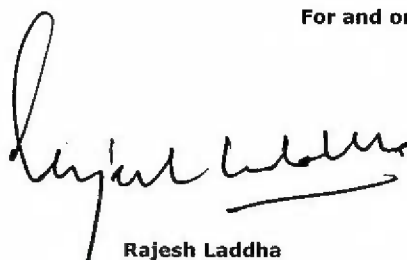
The notes referred to above form an integral part of the financial statements.

For Mehta & Rajpurohit
Chartered Accountants
Firm Registration Number: 135778W




CA. Viral Mehta
Membership No. 148515
Mumbai
Date : May 10, 2017

For and on behalf of Board of Directors of Piramal Capital Limited



Rajesh Laddha
Director



Khushru Jijina
Director
Mumbai

Date : May 10, 2017



Piramal Capital Limited

Statement of Profit and Loss for the Period from July 26, 2016 to March 31, 2017

(Currency: Indian Rupees)

	Note No.	For the period From July 26, 2016 To March 31, 2017 Amount in Rs.
Revenue from operations		-
Other Income		-
TOTAL REVENUE		-
EXPENSES		
Preliminary Expenses		346,700
Other Expenses		34,865
TOTAL EXPENSES	8	381,565
PROFIT / (LOSS) BEFORE TAX		(381,565)
Less : Tax Expenses		
- Current tax		-
- Deferred tax		(82,847)
PROFIT / (LOSS) AFTER TAX		(298,718)
Earnings per equity share:		
(1) Basic and diluted (refer Note No.9)		(0.06)

Significant accounting policies

2

The notes referred to above form an integral part of the financial statements.

For Mehta & Rajpurohit
Chartered Accountants
Firm Registration Number:135778W



CA. Viral Mehta
Membership No. 148515
Mumbai
Date : May 10, 2017

For and on behalf of Board of Directors of
For PEL Asset Resurgence Advisory Private Limited

Rajesh Laddha
Director



Khushru Jijina
Director
Mumbai
Date : May 10, 2017

Piramal Capital Limited

Statement of Changes in Equity for the Period From July 26, 2016 to March 31, 2017

(Currency: Indian Rupees)

A. Equity Share Capital

Particulars
Changes in Equity Share Capital during the year

Amount in Rs.
20,000,000

Balance as at March 31, 2017

20,000,000

B. Other Equity:

Particulars	Retained Earnings	Total
Profit/(Loss) for the year	(298,718)	(298,718)
Balance as at March 31, 2017	(298,718)	(298,718)

For Mehta & Rajpurohit

Chartered Accountants

Firm Registration Number: 135778W



CA Viral Mehta
Membership No. 148515
Date : May 10, 2017
Mumbai

**For and on behalf of Board of Directors of
Piramal Capital Limited**

Rajesh Laddha
Director

Khushru Jijina
Director
Date : May 10, 2017
Mumbai



Piramal Capital Limited

Cash Flow Statement for the period from July 26, 2016 to March 31, 2017

(Currency: Indian Rupees)

**For the period from
July 26, 2017 to
March 31, 2017
Amount in Rs.**

A. CASH FLOW FROM OPERATING ACTIVITIES

Profit / (Loss) before tax

(381,565)

Adjustments:

(Operating Loss) before Working Capital Changes

(381,565)

Adjustments For Changes In Working Capital :

- Increase / (Decrease) in Other Current Liabilities

361,200

Net Cash From / (Used in) Operating Activities (A)

(20,365)

B. CASH FLOW FROM INVESTING ACTIVITIES

Adjustments For Changes In :

Net Cash From / (Used in) Investing Activities (B)

-

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from Allotment of Equity Share Capital

20,000,000

Net Cash From / (Used in) Financing Activities (C)

20,000,000

Net Increase in Cash & Cash Equivalents (A)+(B)+ (C)

19,979,635

Cash and Cash Equivalents as at 31.3.2017

19,979,635

Cash and Cash Equivalents Comprise of:

Balances with Banks

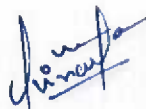
19,979,635

The above Statement of cash flows should be read in conjunction with the accompanying notes

For Mehta & Rajpurohit

Chartered Accountants

Firm Registration Number: 135778W



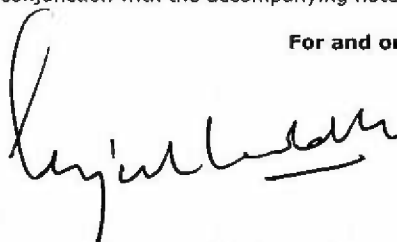
CA Viral Mehta

Membership No. 148515

Date : May 10, 2017

Mumbai

**For and on behalf of Board of Directors of
Piramal Capital Limited**



Rajesh Laddha
Director



Khushru Jijina
Director
Date : May 10, 2017
Mumbai



1. BACKGROUND

The Company was incorporated on 26th July, 2016 to undertake the business involving all types of financial and investment services.

2. SIGNIFICANT ACCOUNTING POLICIES

i) Compliance with Ind AS

The separate financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

These are the first set of financial statements, which have been prepared in accordance with Ind As. The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the Company under Ind AS.

Historical Cost convention

The separate financial statements have been prepared on the historical cost basis.

ii) Basis of preparation and presentation

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities.

iii) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

iv) Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

v) Revenue recognition

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.



Piramal Capital Limited
Notes to Financial Statements as on March 31, 2017

Piramal Capital Limited
Notes to Financial Statements as on March 31, 2017

vi) **Current tax**

Current tax expense is recognised on a annual basis under the taxes payable method, based on the estimated tax liability computed after taking credit for allowances and exemption in accordance with the Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

vii) **Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents includes balance in bank account.



Piramal Capital limited
Notes to Financial Statements as on March 31, 2017..(Continued)
(Currency: Indian Rupees)

As at
March 31, 2017
Amount in Rs.

3 CASH AND CASH EQUIVALENTS

Balance with Banks	19,979,635
	19,979,635

4 DEFERRED TAX ASSETS

On Preliminary Expenses	82,847
	82,847

5 SHARE CAPITAL

AUTHORISED

10,000,000 Equity Shares of Rs.2/- each	20,000,000
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ISSUED, SUBSCRIBED & PAID UP

10,000,000 Equity Shares of Rs.2/- each	20,000,000
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TOTAL	20,000,000
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a) Reconciliation of the equity shares outstanding at the beginning and at the end of the period

	As at March 31, 2017	
Equity Shares	No. of shares	Amount in Rs.
Balance at the beginning of the year	10,000,000	20,000,000
Add: Issued during the year	10,000,000	20,000,000
Balance at the end of the year	10,000,000	20,000,000

b) Rights, preferences and restrictions attached to shares

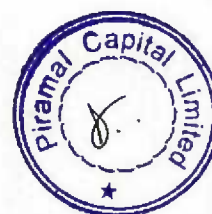
Equity Shares: The company has one class of equity shares having a par value of Rs. 02 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Shares held by holding company

	As at March 31, 2017	
	No. of shares	Amount in Rs.
Piramal Enterprises Limited	10,000,000	20,000,000

d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	March 31, 2017	
	No. of shares	Amount in Rs.
Piramal Enterprises Limited, the Holding Company	10,000,000	20,000,000



Notes to Financial Statements as on March 31, 2017..(Continued)

(Currency: Indian Rupees)

As at
March 31, 2017
Amount in Rs.

6 OTHER EQUITY

As per Last Balance Sheet	-
Profit/(Loss) for the year	(298,718)
TOTAL	(298,718)

7 OTHER CURRENT LIABILITIES

Accrued expenses	361,200
TOTAL	361,200

For the period from
July 26, 2016 to
March 31, 2017

8 OTHER EXPENSES

Preliminary Expenses	346,700
Professional Fees	22,250
Audit Fees	12,500
Bank Charges	115
TOTAL	381,565



Piramal Capital limited

Notes to Financial Statements as on March 31, 2017..(Continued)

(Currency: Indian Rupees)

9 Earnings Per Share (EPS) – EPS is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Numbers used for calculating basic and diluted earnings per equity share are as stated below:

The computation of earnings per share is set out below:

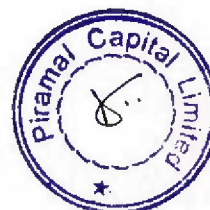
Particulars	As At March 31, 2017
Profit / (Loss) attributable to shareholders (A)	(381,565)
Number of Shares	10,000,000
Weighted Average Number of Shares (B)	6,794,521
Earning Per Share - Basic and Diluted (A) / (B)	(0.06)
Face value per share (Rs.)	2

10 Information in accordance with the requirements of Indian Accounting Standard 24 on Related Party Disclosures.

A. Holding Company

Piramal Enterprises Limited (PEL)

Transaction During Year	As at March 31, 2017
Finance received (equity contribution in cash) - PEL Equity Capital	 20,000,000 20,000,000
Reimbursement of Expenses - PEL	 343,700 343,700
Balance Outstanding	
Payable - PEL	 343,700 343,700



Piramal Capital limited**Notes to Financial Statements as on March 31, 2017..(Continued)**

(Currency: Indian Rupees)

11 Income taxes relating to operations	
a) Income tax recognised in profit or loss	March 31, 2017
Current tax	
In respect of the current year	-
In respect of prior years	-
Deferred tax	
In respect of the current year	(82,847)
Total income tax expense recognised in the current year	(82,847)
b) Income tax recognised in other comprehensive income	March 31, 2017
Current tax	-
Deferred tax	-
Total income tax recognised in other comprehensive income	-
The Income Tax expense for the year can be reconciled to the accounting profit as follows:	
Profit / (Loss) before tax	(381,565)
Income Tax expense calculated @29.87%	(113,973)
Effect of items allowed on payment basis	31,126
Income Tax expense recognised in profit or loss	(82,847)

12 Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company primarily consists of total equity only.

The Company determines the amount of capital required on the basis of annual as well as operating plans and other strategic investment plans. The funding requirements are met through equity or other long-term /short-term borrowings from Piramal Enterprises Limited, the Holding Company.

13 Liquidity Risk

The Company's activities expose it to liquidity risk.

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due. The funding requirements are met through equity or other long-term /short-term borrowings from Piramal Enterprises Limited, the Holding Company.



Piramal Capital limited

Notes to Financial Statements as on March 31, 2017..(Continued)

(Currency: Indian Rupees)

14 Specified Bank Notes

The disclosure as required on holding as well as dealing in Specified Bank notes in notification GSR 308 (E) dated 30th March 2017 issued by Ministry of Corporate Affairs.

Particulars	Specified Bank Notes	Other Denomination	Total
Closing cash in hand as on 08.11.2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

15 The financial statements were approved by board of directors on May 10, 2017.

Signature to note 1 to 15 of Financial Statements.

For Mehta & Rajpurohit

Chartered Accountants

Firm Registration Number:135778W



CA Viral Mehta

Membership No. 148515

Date : May 10, 2017

Mumbai

**For and on behalf of Board of Directors of
Piramal Capital Limited**

Rajesh Laddha

Director

Khushru Jijina

Director

Date : May 10, 2017

Mumbai



Piramal Housing Finance Private Limited

Balance sheet

as at 30 September 2017

(Currency : Indian Rs. In lacs)

	Note	As at 30 September 2017	As at 31 March 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	31,500.00	1,500.00
Reserves and surplus	2	(954.80)	0.54
		30,545.20	1,500.54
Non-current liabilities			
Deferred tax liabilities (net)	3	-	0.73
Other non-current liabilities	4	51.58	-
Long term provision	5	214.25	-
		265.83	0.73
Current liabilities			
Short-term borrowings	6	-	100.00
Trade payables	7	372.70	290.47
Other current liabilities	8	275.16	-
Short term provision	9	45.57	-
		693.43	390.47
Total		31,504.46	1,891.74
ASSETS			
Non-current assets			
Fixed Assets	10		
a) Tangible Assets		514.75	7.52
b) Capital work in progress		114.31	-
Deferred tax assets (net)	11	164.11	-
Long-term loans and advances	12	16,076.53	-
Other non-current assets	13	-	276.33
Current assets			
Current investment	14	8,600.00	-
Cash and cash equivalents	15	1,622.56	1,600.00
Short-term loans and advances	16	4,339.10	0.79
Other current assets	17	73.10	7.10
Total		31,504.46	1,891.74

KLB



Piramal Housing Finance Private Limited

*Statement of profit and loss
for the period ended 30 September 2017*

(Currency : Indian Rs. In lacs)

	Note	As at 30 September 2017	As at 31 March 2017
Revenue from operations	18	49.35	-
Other income	19	121.54	7.89
Total revenue (A)		170.89	7.89
Expenses			
Employee benefits expense	20	388.95	-
Finance costs	21	14.26	0.79
Depreciation and amortisation	10	10.59	0.08
Other expenses	22	877.26	5.75
Total expenses (B)		1,291.06	6.62
Profit /(loss) before tax (A-B)		(1,120.17)	1.27
Tax expense:			
- Current tax		-	-
MAT Credit Entitlement		-	-
- Deferred tax expense		(164.83)	0.73
Profit /(loss) for the period		(955.34)	0.54

K.R.



Piramal Housing Finance Private Limited

Notes to the financial statements (Continued)

as at 30 September 2017

(Currency: Indian Rs. In Lacs)

	As at 30 September 2017	As at 31 March 2017
1 Share capital		
Authorised		
315,000,000 equity shares of INR 10 each	70,000.00	30,000.00
Issued, subscribed and fully paid		
15,000,000 equity shares of INR 10 each	31,500.00	1,500.00
	31,500.00	1,500.00

Reconciliation of the equity shares outstanding at the beginning and at the end of the period

	30-Sep-17		31-Mar-17	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	1,50,00,000	1,500.00	-	-
Issued during the period	30,00,00,000	30,000.00	1,50,00,000	1,500.00
At the end of the period	31,50,00,000	31,500.00	1,50,00,000	1,500.00

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of INR 10 per share. Each holder On winding up of the company, the holders of equity shares will be entitled to receive the residual

Shares held by holding company

	30-Sep-17		31-Mar-17	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of INR 10 each fully paid up held by Piramal Finance Limited (holding company)	31,50,00,000	31,500.00	1,50,00,000	1,500.00
	31,50,00,000	31,500.00	1,50,00,000	1,500.00

Particulars of shareholders holding more than 5% shares of a class of shares

	30-Sep-17		31-Mar-17	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of INR 10 each fully paid up held by Piramal Finance Limited (holding company)	31,50,00,000	31,500.00	1,50,00,000	1,500.00
	31,50,00,000	31,500.00	1,50,00,000	1,500.00

	As at 30 September 2017	As at 31 March 2017
2. RESERVES & SURPLUS		
Statutory Reserve (Special Reserve U/s 29C of the National Housing Bank Act, 1987):		
Opening Balance	-	-
Add: Amount transferred during the year from Surplus in Statement of Profit and Loss	-	-
Closing Balance	-	-
Surplus / (Deficit) in Statement of Profit and Loss:		
Opening Balance	0.54	-
Add: profit / (loss) for the year	(955.34)	0.54
	-954.80	0.54
Transferred to Special Reserve U/s 29C of the National Housing Bank Act, 1987	-	-
Less: Balance of Profit / Loss Carried Forward	(954.80)	0.54
	(954.80)	0.54

HSJ



Piramal Housing Finance Private Limited

Notes to the financial statements (Continued)

as at 30 September 2017

(Currency : Indian Rs. In lacs)

	As at 30 September 2017	As at 31 March 2017
3 DEFERRED TAX LIABILITIES		
Deferred tax liabilities :		
On difference between book balance and tax balance of other assets	-	0.73
Total Deferred tax liabilities (A)	-	0.73
4 OTHER NON-CURRENT LIABILITIES		
Unamortised Processing Fees income	51.58	-
	51.58	-
5 LONG TERM PROVISION		
Provision for Standard Assets	110.09	-
Provision on gratuity	64.58	-
Provision on leave encashment	39.58	-
	214.25	-
6 SHORT TERM BORROWING		
Loans and advances from related party		
Unsecured		
Piramal Finance Limited	-	100.00
	-	100.00

KS



Piramal Housing Finance Private Limited

Notes to the financial statements (Continued)

as at 30 September 2017

(Currency : Indian Rs. In laacs)

7 TRADE PAYABLES

Related Parties	286.03	283.93
<i>Piramal Finance Limited</i>	283.93	283.93
<i>Piramal Fund Management Pvt Limited</i>	2.10	-
Non-Related parties :		
(a) Total outstanding dues of micro enterprises and small enterprises*; and	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	86.67	6.54
	<u>372.70</u>	<u>290.47</u>

8 OTHER CURRENT LIABILITIES

Statutory Dues	55.91	-
Expenses provision	212.84	-
Unamortised Processing Fees income	6.41	-
	<u>275.16</u>	<u>-</u>

9 SHORT TERM PROVISION

Provision for standard assets	31.60	-
Provision on gratuity	5.85	-
Provision on leave encashment	8.12	-
	<u>45.57</u>	<u>-</u>

KLS



Piramal Housing Finance Private Limited

Notes to the financial statements (continued)
as at 31 September 2017

(Currency: Indian Rupee)

10. Fixed Assets

Particulars	COST			DEPRECIATION			NET BOOK			
	Opening As at March 31, 2017	Additions	Deductions	As at September 30, 2017 (A)	Opening As at March 31, 2017	Charge for the Year	Deductions	As at September 30, 2017 (B)	As at September 30, 2017 (A-B)	As at March 31, 2017 (A-B)
Tangible Assets	-	14.49	-	14.49	-	-	-	-	14.49	-
Land - Plot	-	-	-	-	-	-	-	-	-	-
Computer	7.22	133.21	-	140.44	0.08	5.79	-	5.87	134.57	7.15
Furniture & Fixtures	-	125.02	-	125.02	-	0.97	-	0.97	124.05	-
Office Equipment	0.38	67.84	-	67.92	0.00	1.18	-	1.18	66.74	0.38
Leasehold Improvements	-	177.55	-	177.55	-	2.65	-	2.65	174.90	-
Total	7.60	317.82	-	515.42	0.08	10.59	-	10.67	514.75	7.52

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Piramal Housing Finance Private Limited

Notes to the financial statements (Continued)

as at 30 September 2017

(Currency : Indian Rs. In lacs)

	As at 30 September 2017	As at 31 March 2017
11 DEFERRED TAX ASSETS		
Deferred tax assets :		
On account of provision for contingency	49.04	-
On account of Unamortised processing fees income	17.85	-
On account of provision on Rent	1.21	-
On account of preliminary expenses	95.63	-
On account of provision on gratuity	24.37	-
On account of provision on leave encashment	16.51	-
Total Deferred tax assets (A)	204.61	-
Deferred tax liabilities :		
On difference between book balance and tax balance of other assets	40.50	-
Total Deferred tax liabilities (B)	40.50	-
(A-B)	164.11	-
12 LONG TERM LOANS AND ADVANCES		
<u>Loans and Advances :</u>		
Secured Loans :-		
- Considered Good	15,980.03	-
<u>Other Long Loans and Advances :</u>		
Security Deposits	83.37	-
Advance tax	13.13	-
(B)	96.50	-
(A+B)	16,076.53	-
13 OTHER NON-CURRENT ASSETS		
Preliminary Expenses	-	276.33
	-	276.33



Piramal Housing Finance Private Limited

Notes to the financial statements (Continued)

as at 30 September 2017

(Currency : Indian Rs. In lacs)

	As at 30 September 2017	As at 31 March 2017
14 CURRENT INVESTMENT		
Investment in Mutual Funds	8,600.00	-
	<u>8,600.00</u>	<u>-</u>
15 CASH AND CASH EQUIVALENTS		
Cash on hand	0.29	-
Balance with banks :		
- Current account	122.27	100.00
Deposit with banks less than twelve months	1,500.00	1,500.00
	<u>1,622.56</u>	<u>1,600.00</u>
16 SHORT TERM LOAN AND ADVANCES		
<u>Loans and Advances :</u>		
Secured Loans :-		
- Considered Good	4,223.34	-
<u>Other Short Loans and Advances :</u>		
Prepaid Expenses	2.63	-
Advances to Vendors	50.27	-
Advances tax	-	0.79
Input tax credit	62.86	-
	<u>115.76</u>	<u>0.79</u>
	<u>4,339.10</u>	<u>0.79</u>
17 CURRENT ASSETS		
Interest accrued but not due - loans & advances	24.87	-
Interest accrued but not due - Fixed Deposits	48.23	7.10
	<u>73.10</u>	<u>7.10</u>



Piramal Housing Finance Private Limited

Notes to the financial statements (Continued)

for the period ended 30 September 2017

(Currency : Indian Rs. In lacs)

	For the year ended 30 September 2017	For the year ended 31 March 2017
18 REVENUE FROM OPERATIONS		
Interest Income from Loans & Advances	49.16	-
Processing Fees	0.19	-
	<u>49.35</u>	<u>-</u>
19 OTHER INCOME		
Interest income from Fixed Deposits	45.70	7.89
Profit on sale of Investment	75.84	-
	<u>121.54</u>	<u>7.89</u>

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Piramal Housing Finance Private Limited

Notes to the financial statements (Continued)

for the period ended 30 September 2017

(Currency: Indian Rs. In lacs)

	For the year ended 30 September 2017	For the year ended 31 March 2017
20 EMPLOYEE BENEFIT EXPENSES		
Salaries & Bonus	246.15	-
Staff welfare expenses	7.47	-
Training Expenses	1.20	-
Recruitment Expenses	16.00	-
Gratuity Expenses	70.43	-
Leave Encashment Exp	47.70	-
	<u>388.95</u>	<u>-</u>
21 FINANCE COSTS		
Bank Charges	0.13	-
Interest Expenses - Group Co's	14.13	0.79
	<u>14.26</u>	<u>0.79</u>

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Piramal Housing Finance Private Limited

Notes to the financial statements (Continued)
for the period ended 30 September 2017

(Currency : Indian Rs. In lacs)

	For the year ended 30 September 2017	For the year ended 31 March 2017
22 OTHER EXPENSES		
Provision for Standard Assets (PL)	141.69	-
Rent A/c	67.31	-
Electricity A/c	10.56	-
General Expenses A/c (Other)	14.50	-
Audit Fees	9.16	3.45
Legal & Professional Fees	98.01	2.30
Travelling Expenses	5.36	-
Printing & Stationery Expenses	5.07	-
Repairs & Maintenance - Office	3.05	-
Telecommunication / Mobile Expenses	2.33	-
Business promotion	24.75	-
Brokerages - others	12.00	-
Registration & filling Fees	331.52	-
Miscellaneous Expenses	1.18	-
Service tax Expenses	65.16	-
Advertisement Exp	74.07	-
CSR Expenditure	0.11	-
Stamp Duty Charges	9.17	-
Web Site Development Charges	2.26	-
	877.26	5.75

YAS



REPORT ADOPTED BY THE BOARD OF DIRECTORS OF PIRAMAL FINANCE LIMITED AT ITS MEETING HELD ON 12th OCTOBER, 2017 AT PIRAMAL TOWER, B WING, GROUND FLOOR PENINSULA CORPORATE PARK, G.K. MARG, LOWER PAREL, MUMBAI 400013, EXPLAINING EFFECT OF THE SCHEME ON THE OF EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS, NON-PROMOTER SHAREHOLDERS, LAYING OUT IN PARTICULAR THE SHARE ENTITLEMENT RATIO

The proposed amalgamation of Piramal Finance Limited ('PFL' or 'the Company') and Piramal Capital Limited ('PCL') with Piramal Housing Finance Private Limited ('PHFPL') through a Scheme of Amalgamation ('the Scheme') was approved by the Board of Directors of the Company vide board resolution dated 12th October, 2017.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, is required to be circulated to the shareholders along with the notice convening the meeting.

This report of the Board of Directors is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.

The following documents were placed before the Board of Directors:

1. Draft Scheme of Amalgamation;
2. Valuation Report from Price Waterhouse & Co LLP, Chartered Accountants dated 12th October, 2017
3. Fairness opinion dated 12th October 2017 by SBI Capital Markets Limited, a Category I Merchant Banker on the valuation report issued by Price Waterhouse & Co LLP

Effect of the Scheme of Amalgamation on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of PFL:

1. The companies involved in the scheme are group companies. PFL and PCL are wholly owned subsidiaries of Piramal Enterprises Limited and PHFPL is wholly owned subsidiary of PFL. PFL is primarily engaged in the business of lending to companies engaged in construction and development of real estate. PHFPL is engaged in the business of housing finance.

Piramal Finance Limited

CIN : U99999MH1974PLC129493

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Corp. Office : Piramal Tower, B Wing, Ground Floor, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013 India

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2. Upon effectiveness of the Scheme i.e. on amalgamation of PFL and PCL with PHFPL, PHFPL shall allot equity shares, based on the shares exchange ratio, as stipulated in Clause 5 of the Scheme, to the equity shareholders of PFL in the following manner:

“483(Four Hundred and Eighty Three) fully paid up equity shares of Rs. 10/- each of Piramal Housing Finance Private Limited be issued and allotted to the holders of equity shares of Piramal Finance Limited for every 100 (One Hundred) equity share of Rs. 10/- each held by them in Piramal Finance Limited”

3. As far as the shareholders of the Company are concerned, there is no adverse impact as upon effectiveness of the Scheme, the Company would cease to exist and the shareholders will be issued 483 equity share in PHFPL for every 100 equity shares held in the Company. The said ratio is derived based on the valuation report issued by Price Waterhouse & Co LLP, Chartered Accountants and a Fairness opinion issued on the said valuation report by SBI Capital Markets Limited, a Category I Merchant Banker. Thus, it is ensured that no loss in value is sustained by the shareholders of the Company.
4. The New Equity Shares shall be issued in dematerialized form to those shareholders who hold shares of the PFL in dematerialized form, in to the account in which the PFL shares are held or such other account as is intimated by the shareholders to the Company and / or its Registrar before the Effective Date. All those shareholders who hold shares of the Company in physical form shall also have the option to receive the New Equity Shares in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to the Company and / or its Registrar before the Effective Date. The shareholders who fail to provide such details shall be issued New Equity Shares in physical form.
5. Upon effectiveness of the Scheme, the equity shares held by the Company in the paid up share capital of PHFPL shall stand cancelled.
6. Further, pursuant to the Scheme becoming effective, the Company shall cease to exist and thus, the question of impact on KMP and directors of the Company does not arise.
7. As stated in clause 11.1 of the Scheme, all staff, workmen and employees of PFL who are in service as on the Effective Date shall become staff, workmen and employees of PHFPL without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment shall not be less favorable than those applicable to them with reference to their employment with PFL on the Effective Date.

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8. Under the Scheme, there is no arrangement with the creditors of PFL. No compromise is offered under the Scheme to any of the creditors of PFL. The liability to the creditors of PFL, under the Scheme, is neither reduced nor being extinguished.
9. Under the Scheme, all the secured and unsecured redeemable non-convertible debentures ("NCD") of PFL shall become the NCD of PHFPL on the same terms and conditions. Further, all rights, powers, duties and obligations in relation to NCD so transferred, shall stand transferred to and vested in or deemed to be transferred to and vested in and shall be exercised by or against PHFPL as if it was the issuer of NCD so transferred. No arrangement is sought to be entered into with the debenture holders (either secured or unsecured). No rights of the debenture holders of PFL are being affected pursuant to the Scheme. The debenture trustee(s) appointed for the different series of NCDs shall continue to remain the debenture trustee(s).
10. PFL does not have any public deposits and accordingly, it does not have any depositors.
11. No special valuation difficulties were reported by the valuers.

For PIRAMAL FINANCE LIMITED



Khushru Jijina

Director

DIN: 00209953

Date: October 12, 2017

Piramal Finance Limited

CIN : U99999MH1974PLC129493

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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF PIRAMAL CAPITAL LIMITED AT ITS MEETING HELD ON 12TH OCTOBER, 2017 AT 10TH Floor, PIRAMAL TOWER, PENINSULA CORPORATE PARK, GANPATRAO KADAM MARG, LOWER PAREL, MUMBAI-400013 EXPLAINING EFFECT OF THE SCHEME ON THE OF EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS, NON-PROMOTER SHAREHOLDERS, LAYING OUT IN PARTICULAR THE SHARE ENTITLEMENT RATIO

The proposed amalgamation of Piramal Finance Limited ('PFL') and Piramal Capital Limited ('PCL' or 'the Company') with Piramal Housing Finance Private Limited ('PHFPL') through a Scheme of Amalgamation ('the Scheme') was approved by the Board of Directors of the Company vide board resolution dated 12th October, 2017.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, is required to be circulated to the shareholders along with the notice convening the meeting.

This report of the Board of Directors is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.

The following documents were placed before the Board of Directors:

1. Draft Scheme of Amalgamation;
2. Valuation Report from Price Waterhouse & Co LLP, Chartered Accountants dated 12th October, 2017
3. Fairness opinion dated 12th October 2017 by SBI Capital Markets Limited, a Category I Merchant Banker on the valuation report issued by Price Waterhouse & Co. LLP

Effect of the Scheme of Amalgamation on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of PCL:

1. The companies involved in the scheme are group companies. PFL and PCL are wholly owned subsidiaries of Piramal Enterprises Limited and PHFPL is wholly owned subsidiary of PFL. PFL is

primarily engaged in the business of lending to companies engaged in construction and development of real estate. PHFPL is engaged in the business of housing finance.

2. Upon effectiveness of the Scheme i.e. on amalgamation of PFL and PCL with PHFPL, PHFPL shall allot equity shares, based on the shares exchange ratio, as stipulated in Clause 5 of the Scheme, to the equity shareholders of PCL in the following manner:

“1(One) fully paid up equity shares of Rs. 10/- each of Piramal Housing Finance Private Limited be issued and allotted to the holders of equity shares of Piramal Capital Limited for every 5 (Five) equity share of Rs. 2/- each held by them in Piramal Capital Limited”

3. As far as the shareholders of the Company are concerned, there is no adverse impact as upon effectiveness of the Scheme, the Company would cease to exist and the shareholders will be issued 1 equity share in PHFPL for every 5 equity shares held in the Company. The said ratio is derived based on the valuation report issued by Price Waterhouse & Co LLP, Chartered Accountants and a Fairness opinion issued on the said valuation report by SBI Capital Markets Limited, a Category I Merchant Banker. Thus, it is ensured that no loss in value is sustained by the shareholders of the Company.
4. The New Equity Shares shall be issued in dematerialized form to those shareholders who hold shares of the PCL in dematerialized form, in to the account in which the PCL shares are held or such other account as is intimated by the shareholders to the Company and / or its Registrar before the Effective Date. All those shareholders who hold shares of the Company in physical form shall also have the option to receive the New Equity Shares in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to the Company and / or its Registrar before the Effective Date. The shareholders who fail to provide such details shall be issued New Equity Shares in physical form.
5. Further, pursuant to the Scheme becoming effective, the Company shall cease to exist and thus the question of impact on KMP and directors of the Company does not arise.
6. As stated in clause 11.1 of the Scheme, all staff, workmen and employees of PCL who are in service as on the Effective Date shall become staff, workmen and employees of PHFPL without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment shall not be less favorable than those applicable to them with reference to their employment with PCL on the Effective Date. As such, the Company does not have any employees and the question of impact on employees does not arise.

7. Under the Scheme, there is no arrangement with the creditors of PCL. No compromise is offered under the Scheme to any of the creditors of PCL. The liability to the creditors of PCL, under the Scheme, is neither reduced nor being extinguished.
8. As on date, PCL has no outstanding debentures and therefore, the effect of the Scheme on any such debenture holders or debenture trustees does not arise.
9. PCL does not have any public deposits and accordingly, it does not have any depositors.
10. No special valuation difficulties were reported by the valuers.

For PIRAMAL CAPITAL LIMITED



Khushru Jijina

Director

DIN: 00209953

Date: October 12, 2017

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF PIRAMAL HOUSING FINANCE PRIVATE LIMITED AT ITS MEETING HELD ON 12th OCTOBER, 2017 AT 1st FLOOR, PIRAMAL TOWER ANNEXE, G. K. MARG, LOWER PAREL, MUMBAI – 400013, EXPLAINING EFFECT OF THE SCHEME ON THE EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS, NON-PROMOTER SHAREHOLDERS, LAYING OUT IN PARTICULAR THE SHARE ENTITLEMENT RATIO

The proposed amalgamation of Piramal Finance Limited ('PFL') and Piramal Capital Limited ('PCL') with Piramal Housing Finance Private Limited ('PHFPL' or 'the Company') through a Scheme of Amalgamation ('the Scheme') was approved by the Board of Directors of the Company vide board resolution dated 12th October, 2017.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the directors explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, is required to be circulated to the shareholders along with the notice convening the meeting.

This report of the Board of Directors is accordingly being made in pursuance to the requirements of Section 232(2) (c) of the Companies Act, 2013.

The following documents were placed before the Board of Directors:

1. Draft Scheme of Amalgamation;
2. Valuation Report from Price Waterhouse & Co LLP, Chartered Accountants dated 12th October, 2017
3. Fairness opinion dated 12th October 2017 by SBI Capital Markets Limited, a Category I Merchant Banker on the valuation report issued by Price Waterhouse & Co LLP

Effect of the Scheme of Amalgamation on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of PHFPL:

1. The companies involved in the scheme are group companies. PFL and PCL are wholly owned subsidiaries of Piramal Enterprises Limited and PHFPL is wholly owned subsidiary of PFL. PFL is primarily engaged in the business of lending to companies engaged in construction and development of real estate. PHFPL is engaged in the business of housing finance.

Piramal Housing Finance Private Limited

CIN : U65999MH2017PTC291071

Registered office : 1st Floor, Piramal Tower Annexe, Ganpatrao Kadam Marg, Lower Parel (W), Mumbai - 400 013 India

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2. Upon effectiveness of the Scheme i.e. on amalgamation of PFL and PCL with PHFPL, PHFPL shall allot equity shares, based on the shares exchange ratio, as stipulated in Clause 5 of the Scheme, to the equity shareholders of PFL and PCL in the following manner:

To the Equity Shareholders of PFL:

"483(Four Hundred and Eighty Three) fully paid up equity shares of Rs. 10/- each of Piramal Housing Finance Private Limited be issued and allotted to the holders of equity shares of Piramal Finance Limited for every 100 (One Hundred) equity share of Rs. 10/- each held by them in Piramal Finance Limited"

To the Equity Shareholders of PCL:

"1(One) fully paid up equity shares of Rs. 10/- each of Piramal Housing Finance Private Limited be issued and allotted to the holders of equity shares of Piramal Capital Limited for every 5 (Five) equity share of Rs. 2/- each held by them in Piramal Capital Limited"

3. Upon effectiveness of the Scheme, the equity shares held by PFL in the paid up share capital of PHFPL shall stand cancelled and the shareholders of PFL will directly hold the shares in the Company.
4. The New Equity Shares shall be issued in dematerialized form to those shareholders who hold shares of the Transferor Companies in dematerialized form, in to the account in which the Transferor Companies shares are held or such other account as is intimated by the shareholders to the Transferor Companies and / or its Registrar before the Effective Date. All those shareholders who hold shares of the Transferor Companies in physical form shall also have the option to receive the New Equity Shares in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to the Transferor Companies and / or its Registrar before the Effective Date. The shareholders who fail to provide such details shall be issued New Equity Shares in physical form.
5. All costs and charges of any nature arising or incurred in connection with and implementing this Scheme shall be borne by PHFPL.
6. There is no adverse effect of the Scheme on the equity shareholders (the only class of the shareholders) of the Company, the promoter and non-promoter shareholders, the key managerial personnel and/or the Directors of PHFPL.
7. No change in Key Managerial Person is expected pursuant to the scheme.
8. Under the Scheme, no rights of the staff and employees of PHFPL are being affected. The services of the staff and employees of PHFPL shall continue on the same terms and conditions on

Piramal Housing Finance Private Limited
which they were engaged by PHFPL. CIN : U65999MH2017PTC291071
Registered office : 1st Floor, Piramal Tower Annexe, Ganpatrao Kadam Marg, Lower Parel (W), Mumbai - 400 013 India
T +91 22 6230 9200 F +91 22 6151 3444
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9. Under the Scheme, there is no arrangement with the creditors of PHFPL. No compromise is offered under the Scheme to any of the creditors of PHFPL. The liability to the creditors of PHFPL, under the Scheme, is neither reduced nor being extinguished.
10. As on date, PHFPL has no outstanding debentures and therefore, the effect of the Scheme on any such debenture holders or debenture trustees does not arise.
11. The scheme is not prejudicial to the interest of the shareholders or the creditors of the company.
12. PHFPL does not have any public deposits and accordingly, it does not have any depositors.
13. No special valuation difficulties were reported by the valuers.

For PIRAMAL HOUSING FINANCE PRIVATE LIMITED



Khushru Jijina

Director

DIN: 00209953

Date: October 12, 2017

Piramal Housing Finance Private Limited

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