

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular following this page (the “**Offering Circular**”), and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“**REGULATION S**”). ANY OFFERING PURSUANT HERETO IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be located outside the United States. This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us (1) that you and any customers you represent are, and the electronic mail address that you provided us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

As per the provisions of applicable Indian regulations, only investors who are not Restricted Overseas Persons (as defined in the Terms and Conditions) are permitted to purchase Notes issued under the Programme. This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular you shall be deemed to have represented to us that you are not a Restricted Overseas Person

This Offering Circular has not been and will not be registered, produced or made available to all as an offer document (whether a prospectus in respect of a public offer or an information memorandum or private placement offer letter or other offering material in respect of any private placement under the Companies Act, 2013 or any other applicable Indian laws) with the Registrar of Companies of India or the Securities and Exchange Board of India (“**SEBI**”) or any other statutory or regulatory body of like nature in India, save and except for any information from any part of this Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian laws, including, but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended, and under the listing agreement with any Indian stock exchange pursuant to the Securities and Exchange Board of India (Listing Obligations

and Disclosure Requirements) Regulations 2015 or pursuant to the sanction of any regulatory and adjudicatory body in India.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities in this Offering Circular.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and a dealer or any affiliate thereof is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such dealer or such affiliate on behalf of Piramal Capital & Housing Finance Limited in such jurisdiction.

This Offering Circular has been sent to you in an electronic format. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Piramal Capital & Housing Finance Limited, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Standard Chartered Bank (Singapore) Limited (together, the “**Arrangers**” and the “**Dealers**”), any person who controls the Dealers or any other dealer, any director, officer, employee or agent of Piramal Capital & Housing Finance Limited, the Dealers or any other dealer or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any discrepancies between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Dealers or any other dealers.

Actions that you may not take: If you receive this Offering Circular by e-mail, you should not reply by e-mail to this Offering Circular, and you may not purchase any securities by doing so. Any reply by e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. If you receive this Offering Circular by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



PIRAMAL CAPITAL & HOUSING FINANCE LIMITED

(formerly known as Piramal Housing Finance Limited)

(incorporated and registered in India under the Companies Act, 2013 with certificate of incorporation dated 10 February 2017 bearing Corporate Identity Number U65999MH2017PLC291071, issued by the Registrar of Companies ("ROC"), Maharashtra, Mumbai)

U.S.\$1,000,000,000 Secured Euro Medium Term Note Programme

Under the U.S.\$1,000,000,000 Secured Euro Medium Term Note Programme described in this Offering Circular (the "**Programme**"), Piramal Capital & Housing Finance Limited (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**"). The Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$1,000,000,000 (or its equivalent in other currencies). The Notes may be issued on a continuing basis to The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Standard Chartered Bank (Singapore) Limited or any additional dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together, the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this offering circular (the "**Offering Circular**") to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

The Notes will constitute direct, general and unconditional obligations of the Issuer and the performance of all the obligations of the Issuer under the Notes and the trust deed between the Issuer, The Hongkong and Shanghai Banking Corporation Limited (the "**Trustee**") and IDBI Trusteeship Services Limited (the "**Onshore Security Trustee**") dated 23 July 2019 (the "**Trust Deed**") are or, as the case may be, will be secured by, *inter alia*, a first ranking *pari passu* charge (by way of hypothecation) over the Collateral (see "**Summary of the Programme**"). The Collateral will be created for the benefit of the holders of the Notes (each a "**Noteholder**") by way of a first ranking security interest and will be shared on a *pari passu* basis with the holders of secured Indebtedness (as defined in the Terms and Conditions of the Notes) of the Issuer existing on the Issue Date and additional Indebtedness that may be incurred in future in compliance with the Trust Deed and the Collateral Documents (as defined herein). The Notes will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future secured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. So long as any Notes remain outstanding: (i) the Issuer will not, directly or indirectly, incur, assume or permit to exist any Security Interest (as defined in the Terms and Conditions of the Notes) over the Collateral, other than Permitted Collateral Security Interests (as defined in the Terms and Conditions of the Notes) on the Collateral; and (ii) the Issuer will not, directly or indirectly, incur, assume or permit to exist any Security Interest of any nature whatsoever on any of its assets or properties of any kind that does not constitute Collateral, whether owned at the Issue Date or thereafter acquired, except Permitted Asset Security Interests. To the extent that any of the Collateral Documents required in connection with the creation, perfection and registration of the first priority security interests in the Collateral have not been executed and delivered on or prior to the Issue Date, or the Issuer has not procured the registration of such security interests on or prior to the Issue Date (as defined in the Conditions) (in each case, to the extent required by the Trust Deed and the Collateral Documents), the Issuer shall ensure that all such actions are completed as soon as reasonably practicable, and in no event later than 30 days following the Issue Date.

The Notes may be redeemed at the option of the Issuer in whole, but not in part only, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount together with interest accrued to the date fixed for redemption, in the event of certain tax changes if, immediately before giving such notice, the Issuer satisfies certain conditions as described in Condition 9(b) (*Redemption and Purchase – Redemption for tax reasons*) of the Terms and Conditions of the Notes. If so specified in the relevant Pricing Supplement (as defined below), the Notes may also be redeemed upon a Change of Control (as defined in the Terms and Conditions of the Notes), at any time, upon notice from the Noteholders, at 101 per cent. of their principal amount together with interest accrued to the date fixed for redemption, subject to the terms of Condition 9(f) (*Redemption and Purchase – Redemption for Change of Control*) of the Terms and Conditions of the Notes. The ECB Master Directions (as defined in the Terms and Conditions of the Notes) may require the Issuer to obtain the prior approval of the Reserve Bank of India ("**RBI**") or the designated authorised dealer bank, as the case may be, in accordance with the ECB Master Directions before effecting any such redemptions and such approval may not be forthcoming.

Approval in-principle has been received from Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the establishment of the Programme and application will be made to the SGX-ST for the permission to deal in, and for the quotation of, any Notes that may be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, the Programme or such Notes.

Investors are advised to read and understand the contents of this document before investing. If in doubt, the investors should consult their adviser/s.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "**Terms and Conditions of the Notes**") and each term therein a "**Condition**") of Notes will be set out in a pricing supplement (the "**Pricing Supplement**") which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST before the listing of Notes of such Tranche.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s). The applicable Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the SGX-ST or any other stock exchange. The Issuer may also issue unlisted Notes.

The Notes of each Series issued in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note in bearer form (each a "**Temporary Global Note**") or a permanent global note in bearer form (each a "**Permanent Global Note**") and together with the Temporary Global Note, the "**Global Notes**" and each a "**Global Note**"). Notes in registered form ("**Registered Notes**") will be represented by registered certificates (each an "**Individual Note Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Notes in registered form of one Series. Certificates representing Registered Notes that are registered in the name of, or in the name of a nominee for, one or more clearing systems are referred to as global registered notes ("**Global Note Certificates**"). Global Notes and Global Note Certificates may be deposited on the relevant issue date with a common depository on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). The provisions governing the exchange of interests in a Global Note for other Global Notes and Definitive Notes (as defined herein), or a Global Note Certificate for Individual Note Certificates are described in "**Summary of Provisions Relating to the Notes while in Global Form**".

This Offering Circular has not been and will not be registered as a prospectus or a statement in lieu of a prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material in accordance with the Companies Act, 2013, as amended and replaced from time to time, and other applicable Indian laws for the time being in force. This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to SEBI, any ROC, the RBI or any stock exchange in India. This Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Notes have not been, and will not be, offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations. See "**Subscription and Sale**".

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States. Registered Notes are subject to certain restrictions on transfer. See "**Subscription and Sale**".

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplementary offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors should also have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Notes unless they understand and are able to bear the risks associated with the Notes. The principal risk factors that may affect the abilities of the Issuer to fulfil their respective obligations in respect of the Notes are discussed under "**Risk Factors**".

Arrangers and Dealers

HSBC

Standard Chartered Bank

The date of this Offering Circular is 23 July 2019.

IMPORTANT NOTICE

The Issuer confirms that: (i) this Offering Circular as of its date contains all information which is (in the context of the Programme or the issue, offering and sale of the Notes) material; (ii) as of such date, such information is true and accurate in all material respects and is not misleading; (iii) any opinions, predictions or intentions expressed in this Offering Circular were as of such date honestly held or made and are not misleading; (iv) this Offering Circular as of this date does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme or the issue, offering and sale of the Notes) not misleading; (v) and all proper enquiries have been made to ascertain or verify the foregoing; and (vi) the Offering Circular as of such date did not contain any untrue statement of a material fact nor does it omit to state any material fact necessary to make the statements therein not misleading. Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” (the “**Terms and Conditions of the Notes**” or the “**Conditions**”) as amended and/or supplemented by the Pricing Supplement specific to such Tranche. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Standard Chartered Bank (Singapore) Limited (together, the “**Arrangers**” and the “**Dealers**”), the Trustee, the Onshore Security Trustee and the Agents (each as defined in the Terms and Conditions of the Notes) to inform themselves about and to observe any such restrictions. None of the Issuer, the Arrangers, the Dealers, the Trustee, the Onshore Security Trustee or the Agents or any director, officer, employee, representative, adviser, agent or affiliate of any such person, represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arrangers, the Dealers, the Trustee, the Onshore Security Trustee or the Agents or any director, officer, employee, representative, adviser, agent or affiliate of any such person, which would permit a public offering of any Notes or distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

If a jurisdiction requires that an offering be made by a licensed broker or dealer, and the Dealers or any affiliate thereof is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions, including, but not limited to, the United States of America, the European Economic Area, the United Kingdom, Japan, the Republic of India, Hong Kong and Singapore, and to persons connected therewith. See “*Subscription and Sale*” for a discussion of these restrictions.

In accordance with applicable provisions of Indian regulations, only investors which are not Restricted Overseas Persons (as defined in the Terms and Conditions) are eligible to purchase or subscribe to the Notes. By purchasing the Notes, each investor shall be deemed to have acknowledged, represented and agreed that such investor is eligible to purchase the Notes under applicable laws and regulations and is not a Restricted Overseas Person (as defined in the Terms and Conditions) or otherwise prohibited under

any applicable law or regulation from acquiring, owning or selling the Notes and that, so long as it holds any of the Notes, it will continue not to be a Restricted Overseas Person. By purchasing the Notes, each investor shall be deemed to certify, represent and agree as set out under “Subscription and Sale – Selling Restrictions – India – Additional Selling Restrictions Applicable to the Issuance of Notes”.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Information Incorporated by Reference*”). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the offering, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Notes.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme and the sale of Notes and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Arrangers, the Dealers, the Trustee, the Onshore Security Trustee or the Agents or any director, officer, employee, representative, adviser, agent or affiliate of any such person.

Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date indicated in the document containing the same.

This Offering Circular is highly confidential and has been prepared by the Issuer solely for use in connection with the Programme and the proposed offering of the Notes under the Programme as described herein. The Issuer has not authorised its use for any other purpose. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular, each investor agrees to these restrictions.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and (a) may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful, and (b) should not be considered as a recommendation by the Issuer, the Arrangers, the Dealers, the Trustee, the Onshore Security Trustee, the Agents or any director, officer, employee, representative, adviser, agent or affiliate of any such person or any of them that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed U.S.\$1,000,000,000 (and, for this purpose, any Notes denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Dealer Agreement as defined under “*Subscription and Sale*”). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

In connection with the issue of any Tranche of Notes, the Arrangers or Dealers (if any) named as the stabilisation manager(s) (the “Stabilisation Manager(s)”) (or persons acting on behalf of a Stabilisation Manager) in the applicable Pricing Supplement may, to the extent permitted by applicable laws and rules, over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must be brought to an end after a limited period. Any stabilisation or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or any person acting on behalf of the relevant Stabilisation Manager) in accordance with all applicable laws and rules.

None of the Arrangers, the Dealers, the Trustee, the Onshore Security Trustee or the Agents or any director, officer, employee, representative, adviser, agent or affiliate of any such person, has independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. To the fullest extent permitted by law, neither the Arrangers, the Dealers, the Trustee, the Onshore Security Trustee nor the Agents or any director, officer, employee, representative, adviser, agent or affiliate of any such person make any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy, completeness or sufficiency of any of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme, and nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Arrangers, the Dealer, the Trustee or the Agents or any director, officer, employee, representative, adviser, agent or affiliate of any such person. To the fullest extent permitted by law, neither the Arrangers, the Dealer, the Trustee, the Onshore Security Trustee nor the Agents or any director, officer, employee, representative, adviser, agent or affiliate of any such person, accept any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Arrangers, the Dealer, the Trustee, the Onshore Security Trustee, the Agents or any director, officer, employee, representative, adviser, agent or affiliate of any such person or on its behalf in connection with the Issuer, the Issuer and its subsidiaries taken as a whole (the “**Group**”) or the issue and offering of the Notes. The Arrangers and the Dealers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor’s particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial, legal and tax advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances. Each person receiving this Offering Circular acknowledges that such person has not relied on the Arrangers, the Dealers, the Trustee, the Onshore Security Trustee, the Agents or any director, officer, employee, representative, adviser, agent or affiliate of any such person in connection with its investigation of the accuracy of such information or its investment decision.

Neither this Offering Circular nor any other information provided or incorporated by reference in connection with the Programme is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arrangers, the Dealers, the Trustee, the Onshore Security Trustee or the Agents or any director, officer, employee, representative, adviser, agent or affiliate of

any such person, that any recipient of this Offering Circular or of any such information should purchase the Notes. Each potential purchaser of Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular, and its purchase of Notes should be based upon such investigation with its own tax, legal and business advisers as it deems necessary. Neither the Arrangers, the Dealers, the Trustee, the Onshore Security Trustee nor the Agents or any director, officer, employee, representative, adviser, agent or affiliate of any such person undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arrangers, the Dealers, the Trustee, the Onshore Security Trustee, the Agents or any director, officer, employee, representative, adviser, agent or affiliate of any such person.

MiFID II PRODUCT GOVERNANCE/TARGET MARKET – The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MARKET AND INDUSTRY DATA

Information regarding market position, growth rates and other industry data pertaining to the business of the Issuer contained in this Offering Circular consists of estimates based on data and reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which the Issuer competes. The statistical information included in this Offering Circular relating to the various sectors in which the Issuer operates has been reproduced from various trade, industry and regulatory/government publications and websites. This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey.

The information has not been independently verified by the Issuer, the Arrangers, the Dealers, the Trustee, the Onshore Security Trustee or the Agents or their respective directors and advisers, and neither the Issuer, the Arrangers or the Dealers nor their respective directors and advisers make any representation as to the correctness, accuracy or completeness of that information. Similarly, while the Issuer believes that its internal estimates are reasonable, such estimates have not been independently verified by any independent sources, and neither the Issuer, the Arrangers, the Dealers, the Trustee, the Onshore Security Trustee or the Agents nor their respective directors and advisers can assure potential investors as to their accuracy. Accordingly, such information should not be unduly relied upon.

The extent to which the market and industry data used in this Offering Circular is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Until the Fiscal Year ended 31 March 2018, the Issuer prepared its financial statements in accordance with the generally accepted accounting principles in India including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014 (“**Indian GAAP**”). On and from 1 April 2018, as per the roadmap issued by the Ministry of Corporate Affairs for Non-Banking Finance Companies dated 18 January 2016, for financial reporting purposes, the Issuer has followed the accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (“**Ind-AS**”). Indian GAAP and Ind-AS differ in certain significant respects from the International Financial Reporting Standards (“**IFRS**”). For a discussion on certain significant differences between Indian GAAP, Ind-AS and IFRS, see “*Comparison of Indian GAAP, Ind-AS and IFRS*”. The Issuer publishes its financial statements in Indian Rupees. The degree to which the financial information prepared in accordance with Indian GAAP and Ind-AS will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian GAAP and Ind-AS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Offering Circular should accordingly be limited. The Issuer has not attempted to explain those differences or quantify their impact on the financial data included herein, and the Issuer urges prospective investors to consult their own advisors regarding such differences and their impact on the Issuer’s financial data.

This Offering Circular contains:

- (a) the special purpose audited consolidated financial statements of Piramal Finance Limited (“**PFL**”) as at and for the 364-day period ended 30 March 2018; and
- (b) the audited standalone financial statements of PFL as at and for Fiscal Year 2017,
(together, the “**PFL Audited Financial Statements**”)

each of which have been audited by BSR & Co. LLP (“**BSR**”) and prepared in accordance with Indian GAAP, and should be read in conjunction with such audited financial statements and the notes thereto which are included elsewhere in this Offering Circular; and

- (c) the audited financial statements of the Issuer as at and for Fiscal Year 2019 (the “**Issuer’s Audited Financial Statements**”) which have been audited by BSR and prepared in accordance with Ind-AS, and should be read in conjunction with such audited financial statements and the notes thereto which are included elsewhere in this Offering Circular.

In this Offering Circular, unless otherwise specified:

- (i) financial information presented “as at 31 March 2017” relates to PFL and is derived from the audited standalone financial statements of PFL (see (b) above);
- (ii) financial information presented “as at 31 March 2018” and “as at 31 March 2019” relates to the Issuer and is derived from the Issuer’s Audited Financial Statements (see (c) above);
- (iii) financial information presented “for Fiscal Year 2017” and “for Fiscal Year 2018”, or otherwise similarly expressed, relates to PFL and is derived from the PFL Audited Financial Statements (see (a) and (b) above); and
- (iv) financial information presented “for Fiscal Year 2019”, or otherwise similarly expressed, relates to the Issuer and is derived from the Issuer’s Audited Financial Statements (see (c) above).

In this Offering Circular, unless otherwise specified, all references to a particular year are to the calendar year ending on 31 December and to a particular “**financial year**”, “**Fiscal**”, “**Fiscal Year**” or “**FY**” are to the financial year of the Issuer ending on 31 March of a particular year.

In this Offering Circular, unless otherwise specified, all references to (a) “**Rs.**”, “**Rupees**” or “**INR**” are to the legal currency of India; (b) “**U.S.\$**” and “**U.S. dollars**” are to the legal currency of the United States; and (c) “**S\$**” are to the legal currency of Singapore.

Certain figures in the financial statements and related financial information included in this Offering Circular are stated in “crore” or “lakh”, whereas in the rest of this Offering Circular financial information is stated in millions of Rupees unless otherwise specified. One “**crore**” is equal to ten million Rupees and one “**lakh**” is equal to one hundred thousand Rupees.

In this Offering Circular, unless otherwise specified, all references to the “**Issuer**” are to the Issuer, as appropriate; all references to “**you**”, “**your**”, “**purchaser**”, “**investor**”, “**prospective investor**” and “**potential investor**” are to prospective investors in the issue of the Notes; and all references to the “**Piramal Capital & Housing Finance Limited**” and “**Issuer**” are to Piramal Capital & Housing Finance Limited.

In this Offering Circular, unless otherwise specified, all references to the “**U.S.**” or the “**United States**” are to the United States of America and its territories and possessions; all references to “**India**” are to the Republic of India and its territories and possessions; all references to the “**Government**” are to the Central Government of India or an Indian state government, as applicable; all references to “**Singapore**” are to the Republic of Singapore; all references to “**United Kingdom**” are to the United Kingdom of Great Britain and Northern Ireland; and all references to “**EU**” are to the European Union.

All the numbers in this Offering Circular have been presented in millions or in whole numbers where the numbers have been too small to present in millions, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Offering Circular that are not statements of historical fact constitute “forward-looking statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “should”, “will”, “would” or other words or phrases of similar import. All statements regarding the Issuer’s expected financial condition, results of operations and business plans, including potential acquisitions, and prospects are forward-looking statements. These forward-looking statements include statements as to the Issuer’s business strategy, revenue and profitability, planned projects and other matters discussed in this Offering Circular that are not historical facts. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the Issuer’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Important factors that could cause actual results, performance or achievements to differ materially include, among others:

- the Issuer’s ability to effectively manage its growth;
- volatility in interest rates and other market conditions;
- increase in the levels of non-performing assets in the Issuer’s loan portfolio;
- the Issuer’s indebtedness and conditions imposed by its financing arrangements;

- the Issuer’s ability to expand into new regions and markets;
- the Issuer’s credit ratings and ability to manage its financing costs and secure funding at competitive rates;
- changes in laws and regulations that apply to housing finance companies (“HFCs”) in India;
- the Issuer’s ability to successfully implement its strategy, growth and expansion plans;
- general political economic and business conditions in India and other countries;
- the Issuer’s ability to maintain its credit quality;
- the loss of key personnel of the Issuer and the inability to replace such personnel on a timely basis or on terms acceptable to the Issuer; and
- legal and regulatory proceedings arising out of the operations of the Issuer.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the section titled “*Risk Factors*”.

The forward-looking statements contained in this Offering Circular are based on the beliefs of the Issuer, as well as the assumptions made by and information currently available to the Issuer. Although the Issuer believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of the Issuer’s underlying assumptions prove to be incorrect, the Issuer’s actual results of operations, cash flows or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to the Issuer are expressly qualified in their entirety by reference to these cautionary statements.

These forward-looking statements speak only as at the date of this Offering Circular. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer’s expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a limited liability company incorporated under the laws of India. The Issuer's directors (the "**Directors**") and key managerial personnel (the "**Key Managerial Personnel**") named herein are residents of India. The majority of the assets of the Issuer and the assets of such Directors and Key Managerial Personnel are located in India. As a result, it may be difficult for the investors to affect service of process upon the Issuer or such Directors and Key Managerial Personnel outside India or to enforce judgments obtained against such parties in courts outside India predicated upon civil liabilities of the Issuer or such Directors or Key Managerial Personnel under laws other than Indian law.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments and execution of a foreign judgment is provided for under Sections 13 and 44A, respectively, of the Code of Civil Procedure, 1908 (the "**Civil Procedure Code**") on a statutory basis.

Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Under Section 14 of the Civil Procedure Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record, but such presumption may be displaced by proving want of jurisdiction.

A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code can be enforced in India: (i) by instituting execution proceedings; or (ii) by instituting a suit on such judgment.

Foreign judgments may be enforced by proceedings in execution in certain cases. Section 44A of the Civil Procedure Code provides that, where a foreign judgment has been rendered by a superior court within the meaning of that section in any country or territory outside India which the Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards. Furthermore, the execution of the foreign decree under Section 44A of the Civil Procedure Code is also subject to the exceptions under Section 13 of the Civil Procedure Code, as mentioned above.

The United Kingdom, Singapore and Hong Kong, among other jurisdictions, have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code but the United States has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian public policy. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment, which could also increase risks relating to foreign

exchange. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate any amount recovered outside India. Any such amount may be subject to income tax in accordance with applicable laws.

ROUNDING

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. Rounding adjustments have been made in calculating some of the financial and other numerical information included in this Offering Circular. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

INFORMATION INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, all amendments and supplements from time to time to this Offering Circular, the most recently published audited annual financial statements and any interim financial results (whether audited or unaudited) published subsequently to such annual financial statements of the Issuer from time to time (if any), together with the audit or review reports in respect thereof, and all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

Any statement contained in this Offering Circular or in a document incorporated by reference into this Offering Circular will be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a statement contained in any such subsequent document modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be part of this Offering Circular, except as modified or superseded.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the specified office of the Trustee as set out at the end of this Offering Circular.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking to the Dealers that the Issuer shall update or amend the Offering Circular in a form approved by the Dealers in the event that a significant new factor, material mistake or material inaccuracy arises or is noted relating to the information included in the Offering Circular which is capable of affecting an assessment of any Notes which may be issued under the Programme.

NOTICE TO POTENTIAL INVESTORS IN NOTES

Holders and beneficial owners of Notes to be issued under this Programme shall be responsible for compliance with restrictions on the ownership of the Notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of Notes shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are eligible to purchase the Notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. Potential investors should seek independent advice and verify compliance with the eligibility requirement (as described below) prior to any purchase of the Notes.

The holders and beneficial owners of Notes shall be deemed to confirm that, for so long as they hold any Notes, they will not be Restricted Overseas Persons. Further, all Noteholders (including holders and beneficial owners) represent and agree that the Notes will not be transferred or sold to any person who is a Restricted Overseas Person.

“Restricted Jurisdiction” means any jurisdiction:

- (i) that is not a member of Financial Action Task Force (“**FATF**”) or a member of a FATF-style regional body;
- (ii) whose securities market regulator is not a signatory to the International Organisation of Securities Commission’s Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to a bilateral Memorandum of Understanding with the Securities and Exchange Board of India for information sharing arrangements; or
- (iii) that is identified in the public statement of FATF as:
 - (a) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter-measures apply, or
 - (b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

“Restricted Overseas Person” means (i) a person (including an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator or other legal representative) in, or resident in, a Restricted Jurisdiction, and includes a branch of an entity located in a Restricted Jurisdiction; (ii) any multilateral or regional financial institution in which India is not a member country; (iii) an individual (a) which is not a foreign equity holder (as defined in the RBI Regulations) or (b) if the Notes cease to be listed on a stock exchange (which is not in India); and (iv) in relation to issuance of INR denominated Notes includes, foreign branches and subsidiaries of Indian banks.

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SUMMARY

The Issuer is a non-deposit taking housing finance company (“HFC”) registered with the National Housing Bank (“NHB”). The Issuer was established as “Piramal Housing Finance Private Limited”, a private company, on 10 February 2017. On 17 October 2017, the Issuer was converted to a public company and changed its name to “Piramal Housing Finance Limited” (“PHFL”). Pursuant to the sanction of the scheme of amalgamation of Piramal Finance Limited (“PFL”) and Piramal Capital Limited (“PCL”), both wholly-owned subsidiaries of Piramal Enterprises Limited (“PEL”), with PHFL by the National Company Law Tribunal (“NCLT”), Mumbai Bench on 6 April 2018, the certified true copy of which order was received by PHFL on 22 May 2018 and was made effective from 31 March 2018 by filing with the ROC, Maharashtra, Mumbai, on 23 May 2018, PFL and PCL amalgamated with PHFL (the “Amalgamation”) and the name of PHFL was changed to “Piramal Capital & Housing Finance Limited” on 12 June 2018.

Prior to the Amalgamation, the Issuer was a wholly-owned subsidiary of Piramal Finance Limited. The Issuer is currently a wholly-owned subsidiary of Piramal Enterprises Limited (“PEL”).

The Issuer provides both wholesale and retail funding. The Issuer’s business can be separated into:

- (i) real estate funding – the Issuer operates a platform that provides housing finance and other financing solutions including construction financing (residential and commercial), lease rental discounting, loans secured by property (“LAP”) and mezzanine lending; and
- (ii) non-real estate funding – the Issuer operates a wholesale business comprising two separate verticals: (a) Corporate Finance Group Lending (“CFGL”); and (b) Emerging Corporate Lending (“ECL”). CFGL provides customised funding solutions to companies across sectors such as renewable energy, infrastructure, industrials, auto components and cement. CFGL offers various products such as capital expenditure funding, project finance, promoter funding and working capital term loans. ECL focuses on lending to small and medium enterprises (“SMEs”). ECL offers various products such as loans secured by shares, LAP and senior debt.

As at 31 March 2018 and 31 March 2019 (as per Ind-AS), the Issuer’s total loan portfolio was Rs. 326,887.0 million and Rs. 394,310.0 million, respectively. As at 31 March 2017 (as per Indian GAAP), PFL’s total loan portfolio was Rs. 189,865.0 million. As at 31 March 2019 (as per Ind-AS), the Issuer’s borrowings (other than debt securities) was Rs. 244,095.4 million.

For Fiscal Year 2019 (as per Ind-AS), the Issuer’s revenues totalled Rs. 55,718.6 million. For Fiscal Years 2017 and 2018 (as per Indian GAAP), PFL’s revenues totalled Rs. 14,924.1 million and Rs. 37,389.1 million, respectively. For Fiscal Years 2018 and 2019 (as per Ind-AS), the Issuer’s consolidated net profit after tax was Rs. 447.5 million and Rs. 14,425.8 million, respectively. For Fiscal Years 2017 and 2018 (as per Indian GAAP), PFL’s consolidated net profit after tax was Rs. 1,932.8 million and Rs. 9,832.4 million, respectively.

The Issuer constantly monitors and manages its assets and liabilities in such a manner that asset liability mismatches remain within reasonable limits and comply with asset-liability management (“ALM”) system requirements as stipulated by the NHB.

Strengths

The Issuer’s primary strengths are as follows:

- constant product innovation;
- relationship-based approach;

- diversification enabling lowering of risk profile;
- independent risk and legal and stringent monitoring process;
- Brickex and leveraging technology; and
- strategic partnerships and alliances.

Strategies

The Issuer's primary strategies are as follows:

- continue to build the Issuer's loan book by growing existing products and launching relevant, innovative and customised solutions;
- continue to diversify loan book through focus on non-real estate space through CFGL and ECL;
- scale up housing finance;
- set up asset aggregation platforms across renewables, roads and real estate investment trust ("**REIT**") platforms;
- generate fee income through down-selling and syndication;
- maintain focus on asset quality while generating higher risk adjusted return on equity ("**ROE**");
- optimise fundraising capability; and
- continue to enhance technology usage to improve efficiency.

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Offering Circular have the same meanings in this summary.

Issuer:	Piramal Capital & Housing Finance Limited.
Description:	Secured Euro Medium Term Note Programme.
Programme Size:	U.S.\$1,000,000,000 (or the equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations in respect of the Notes are discussed under the section “ <i>Risk Factors</i> ”.
Arrangers:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (“ HSBC ”) and Standard Chartered Bank (Singapore) Limited (“ Standard Chartered Bank ”).
Permanent Dealers:	HSBC and Standard Chartered Bank.
Dealers:	HSBC and Standard Chartered Bank and/or any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Trustee:	The Hongkong and Shanghai Banking Corporation Limited.
Issuing and Paying Agent, Paying Agent, Registrar, Transfer Agent and Calculation Agent:	The Hongkong and Shanghai Banking Corporation Limited.
Onshore Security Trustee:	IDBI Trusteeship Services Limited.
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ Series ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest). Each Series may be issued in tranches (each a “ Tranche ”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment date of interest and nominal amount of the Tranche, will be identical to the terms

Clearing Systems:

of other Tranches of the same Series) will be completed in the Pricing Supplement.

Euroclear, Clearstream, Luxembourg and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Trustee, the Issuing and Paying Agent and the relevant Dealer(s).

Form of Notes:

Notes may be issued in bearer form or in registered form. Registered Notes will not be exchangeable for Bearer Notes and vice versa.

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Pricing Supplement.

Each Global Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Pricing Supplement as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Each Global Note Certificate will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a depositary or a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Global Note Certificate will be exchangeable for Individual Note Certificates in accordance with its terms.

Currencies:

Notes may be denominated in any currency or currencies as may be agreed between the Issuer and the relevant Dealer, subject to compliance with all

Status of the Notes:

applicable legal and/or regulatory and/or central bank requirements.

Payments in respect of Notes may, subject to such compliance, be made in and/or linked to any currency or currencies other than the currency in which such Notes are denominated.

The Notes constitute direct, general and unconditional obligations of the Issuer and the performance of all the obligations of the Issuer under the Notes and the Trust Deed are or, as the case may be, will be secured by, *inter alia*, a first ranking *pari passu* charge (by way of hypothecation) over all Receivables of the Issuer (both present and future), including without limitation:

- (i) Receivables arising out of lending, loans and advances;
- (ii) Receivables arising out of the Issuer's investments (excluding investments made in the nature of equity investments or convertible instruments); and
- (iii) current assets of the Issuer,

(collectively, the “**Movable Assets**”, which term shall exclude any Receivables arising out of the investments made or loans extended by the Issuer to its Subsidiaries or affiliates), where “**Receivables**” means all principal amounts and interest (including coupon, premium and/or any default or penalty interest) owing to or receivable by the Issuer including all the accrued book debts, both present and future, other than those amounts whose repayment is overdue (i) by more than 90 days; or (ii) such number of days required to categorise the asset as not a Standard Asset, whichever is lower, whether such monies receivable are retained in any of the accounts of the Issuer or otherwise, in respect of loans and advances or investments in certain securities or inter-corporate deposits subscribed to, given or placed by the Issuer, and all benefit, rights, interest, claims and demands of the Issuer in, to or in respect of all the aforesaid amounts (the Movable Assets and all rights, title, interest, claims and demands whatsoever of the Issuer, in or in respect of the Movable Assets are collectively referred to as the “**Collateral**”, and the deed of hypothecation and other instruments pursuant to which the security

interests in the Collateral are created, the “**Collateral Documents**”).

The Security Interests over the Collateral will be created in favour of the Onshore Security Trustee for the benefit of the Noteholders by way of a first ranking security interest and will be shared on a *pari passu* basis with the holders of secured Indebtedness of the Issuer existing on the Issue Date and additional Indebtedness that may be incurred and secured in future in compliance with the Trust Deed and the Collateral Documents. The Notes will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future secured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Limitation on Security Interests:

So long as any Notes remain outstanding:

- (i) the Issuer will not, and will not permit any of its Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Security Interest, other than Permitted Collateral Security Interests, on the Collateral; and
- (ii) the Issuer will not, and will not permit any of its Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Security Interest of any nature whatsoever on any of its assets or properties of any kind that does not constitute Collateral, whether owned at the Original Issue Date or thereafter acquired, except Permitted Asset Security Interests.

Post-Closing Collateral Requirement:

The Issuer shall duly execute and deliver the Collateral Documents on or prior to the Issue Date. The Issuer shall make the requisite filings and take all such actions as may be required in relation to the perfection of such Security Interest created over the Collateral (including filing form CHG 1 and receiving the corresponding certificate of registration from the Registrar of Companies, Mumbai) within 30 days following the Issue Date.

Other Covenants:

Financial Covenants

So long as any of the Notes remains outstanding, the Issuer will ensure that:

- (i) its net non-performing asset ratio, as calculated in accordance with the NHB Directions, as stipulated by the NHB (or any other relevant authority), is at all times maintained at a level

equal to or less than 3.75 per cent. based on a 90-day delinquency period;

- (ii) its Minimum Security Coverage Ratio shall not be less than 1.0;
- (iii) its Capital Adequacy Ratio as calculated in accordance with the requirements of the NHB (or any other relevant authority) in effect from time to time is at all times maintained at a level that complies with the requirements of the NHB (or any other relevant authority) in effect from time to time; and
- (iv) the Security shall at all times consist of Standard Assets only.

The covenants in Condition 5(c)(i) (*Financial Covenants*) shall be calculated using the outstanding principal amount of the relevant receivables and tested by reference to the annual audited financial statements to be delivered to the Trustee in accordance with the provisions of the Trust Deed, commencing from the first financial year ended immediately following the Original Issue Date.

Merger, Amalgamation, Consolidation or Sale of Assets

The Issuer will not, directly or indirectly, consolidate with, merge or amalgamate into or convey, sell or transfer its assets substantially as an entirety to any Person (the consummation of any such event, a “**Merger**”) unless:

- (i) the Issuer shall be solvent immediately prior thereto (as confirmed by a certificate of two directors of the Issuer);
- (ii) the Issuer has given at least 30 days’ prior notice of such Merger to the Trustee and the Noteholders;
- (iii) the security interests in the Collateral granted to the Onshore Security Trustee under the Collateral Documents shall remain in full force and effect and perfected to at least the same extent as in effect immediately prior to such Merger;
- (iv) the Person formed by or surviving any such Merger (if other than the Issuer) or the Person to which such conveyance, sale, transfer or other disposition has been made assumes in writing (A) all the obligations of the Issuer

under the Notes and the Trust Deed pursuant to agreements satisfactory to the Noteholders (by Extraordinary Resolution) and (B) all of the obligations of the Issuer under the Collateral Documents pursuant to agreements or instruments satisfactory to the Noteholders and the Onshore Security Trustee (and shall cause such instruments to be filed and recorded in such jurisdictions and take such other actions as may otherwise be required to comply with the requirements of paragraph (iii) above) above;

- (v) immediately after giving effect to any such Merger, no Default shall have occurred or be continuing or would result therefrom; and
- (vi) the corporation formed by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, not to redeem the Notes pursuant to Condition 9(b) (*Redemption for tax reasons*) as a result of it becoming obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) arising solely as a result of the Merger.

Issue Price:

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

Maturities:

Any maturity as may be agreed between the Issuer and the relevant Dealer(s), subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements, including, but not limited to, the minimum maturity period specified under the Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations dated 26 March 2019, as amended and replaced from time to time, the Foreign Exchange Management Act, 1999, as amended from time to time, the Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2018, as amended from time to time, and the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 as amended from time to time, and other applicable laws in connection herewith (together, the “**RBI Regulations**”).

Redemption:

Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula or otherwise) as may be specified in the relevant Pricing

Supplement. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

As per the RBI Regulations, any redemption of Notes prior to their stated original maturity will require the prior approval of the RBI or the authorised dealer banks, as the case may be. Such approval may or may not be forthcoming.

Optional Redemption:

Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement as described in Condition 9(c) (*Redemption at the option of the Issuer*) and/or Condition 9(e) (*Redemption at the option of Noteholders*).

As per the RBI Regulations, any redemption of Notes prior to their stated original maturity will require the prior approval of the RBI or the authorised dealer banks, as the case may be. Such approval may or may not be forthcoming.

Redemption for Tax Reasons:

Except as described in “Optional Redemption” above, early redemption is also permitted for tax reasons as described in Condition 9(b) (*Redemption for tax reasons*).

As per the RBI Regulations, any redemption of Notes prior to their stated original maturity will require the prior approval of the RBI or the authorised dealer banks, as the case may be. Such approval may or may not be forthcoming.

Redemption for Change of Control:

If so specified in the relevant Pricing Supplement, the Notes may be redeemed before their stated maturity in the event of a Change of Control (as defined in the Terms and Conditions of the Notes) in whole but not in part, to the extent (if at all) specified in the relevant Pricing Supplement as described in Condition 9(f) (*Redemption for Change of Control*).

As per the RBI Regulations, any redemption of Notes prior to their stated original maturity will require the prior approval of the RBI or the authorised dealer

banks, as the case may be. Such approval may or may not be forthcoming.

Interest:

Notes may be interest-bearing or non-interest-bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series, provided, however, that such interest rates shall not exceed the ceiling set by the RBI or any other regulatory or governmental authority in India under applicable Indian laws. See “*Applicable Indian Regulations and Policies*”. All such information will be set out in the relevant Pricing Supplement.

Denominations:

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 (or, if the Notes are denominated in a currency other than sterling, the equivalent amount in such currency). See “*Subscription and Sale*”.

Cross Default:

The Notes will contain a cross default provision as further described in Condition 14(c) (*Cross-Default*).

Withholding Tax:

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of India or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall (subject to certain customary exceptions as described in Condition 13 (*Taxation*)) pay such additional amounts as will result in receipt by the Noteholders

Listing and Trading:

and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.

Approval in-principle has been received from the SGX-ST for the establishment of the Programme and application will be made to the SGX-ST for the permission to deal in, and for the quotation of, any Notes that may be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Programme or the Notes.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes, if traded, will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).

However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the SGX-ST or listed, traded or quoted on or by any other competent authority, exchange or quotation system.

The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Rating:

The Notes issued under the Programme may be rated or unrated.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution

United States Selling Restrictions:

of offering materials in India, the United States of America, the European Economic Area, the United Kingdom, Hong Kong, Japan and Singapore, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see “*Subscription and Sale*”.

Initial Delivery of Notes:

Regulation S, Category 1; TEFRA C or TEFRA D/TEFRA not applicable, as specified in the applicable Pricing Supplement.

On or before the issue date for each Tranche, the Global Note representing Bearer Notes, or the Global Note Certificate representing Registered Notes, may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Global Note Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system, provided that the method of such delivery has been agreed in advance by the Issuer, the Trustee, the Issuing and Paying Agent and the relevant Dealers. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.

SUMMARY FINANCIAL INFORMATION OF THE ISSUER

The following tables set forth the summary financial information of the Issuer and PFL as at and for the periods indicated.

The summary financial information presented below as at and for the Fiscal Years 2017, 2018 and 2019 is extracted from:

- (a) the Issuer's Audited Financial Statements, prepared in accordance with Ind-AS; and
- (b) the PFL Audited Financial Statements, prepared in accordance with Indian GAAP,

which have been audited by BSR and should be read in conjunction with such audited financial statements and the notes thereto which are included elsewhere in this Offering Circular.

Prospective investors should, in relation to the Issuer's Audited Financial Statements, note that the Issuer's income statement for the Fiscal Year ended 31 March 2018 (see "*Summary Income Statement of the Issuer prepared in accordance with Ind-AS*" below) recognises one day (i.e. 31 March 2018) of the Issuer's results for Fiscal Year 2018 (the remainder of Fiscal Year 2018 reflecting the results of PHFL only), which reflects the period of business of the Issuer in Fiscal Year 2018 following its merger with PFL with effect on and from 31 March 2018 pursuant to the scheme approved by the NCLT. For further information on the Scheme, please see "*Business – Overview*" below. In particular, the period-to-period comparison of the Issuer's Audited Financial Statements and the PFL Audited Financial Statements may not be meaningful and caution should accordingly be exercised in using such comparison as a basis for any investment decision or to predict the future performance of the Issuer.

SUMMARY INCOME STATEMENTS

Summary Income Statement of PFL prepared in accordance with Indian GAAP

	For the year ended 31 March 2017	For the period from 1 April 2017 to 30 March 2018
	<i>In Rs. million</i>	
Revenue from operations	14,635.7	36,644.7
Other income	288.4	744.4
Total income.....	14,924.1	37,389.1
Expenses:		
Employee benefits expense.....	788.5	928.2
Finance costs	6,900.7	18,068.5
Depreciation and amortisation	8.0	14.6
Other expenses.....	4,303.6	3,294.0
Total expenses	12,000.8	22,305.3
Profit before tax.....	2,923.3	15,083.8
Tax expenses:		
Current tax.....	2,337.6	6,339.1

	For the year ended 31 March 2017	For the period from 1 April 2017 to 30 March 2018
	<i>In Rs. million</i>	
Prior year tax	16.1	-
Deferred tax (credit)	(1,363.2)	(1,087.7)
Profit for the year / period	1,932.8	9,832.4
Earning per equity share (basic and diluted) (face value INR 10).....	1.20	3.14

Summary Income Statement of the Issuer prepared in accordance with Ind-AS

	For the year ended 31 March	
	2018	2019
	<i>In Rs. million</i>	
Revenue from operations	462.0	55,294.20
Other income	216.9	424.4
Total income	678.9	55,718.6
Expenses:		
Finance costs	159.4	27,608.2
Fees and commission expense	3.5	771.4
Net loss on fair value changes	-	85.5
Impairment on financial instruments	-	1,297.7
Employee benefits expense	203.0	1,957.1
Depreciation, amortisation and impairment	8.6	68.1
Other expenses	277.5	1,811.6
Total expenses	652.0	33,599.6
Profit before tax	26.9	22,119.1
Tax expenses:		
Current tax	-	5,046.0
Deferred tax	(420.6)	2,647.3
Profit for the year	447.5	14,425.80
Other comprehensive income:		
Remeasurement of the defined benefit liability/(asset)	-	15.9
Income tax relating to items that will not be reclassified to profit or loss	-	(5.5)
Profit for the year	447.5	14,415.4
Earning per equity share (basic and diluted)	1.93	0.80

SUMMARY BALANCE SHEETS

Summary Balance Sheet of PFL prepared in accordance with Indian GAAP

	As at 31 March 2017	As at 30 March 2018
	<i>In Rs. million</i>	
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital.....	29,944.0	37,355.1
Equity share suspense.....	-	-
Reserves and surplus	3,880.1	41,397.5
	33,824.1	78,752.6
Non-current liabilities		
Long-term borrowings.....	95,181.1	171,350.5
Deferred tax liabilities	-	-
Other long-term liabilities	264.9	3.6
Long-term provisions	3,434.3	5,629.6
	98,880.3	176,983.7
Current liabilities		
Short-term borrowings.....	59,074.0	56,315.7
Trade payables.....	494.5	176.8
Other current liabilities	11,411.8	23,723.1
Short-term provisions	562.0	940.5
	71,542.3	81,156.1
Total equity and liabilities.....	204,246.7	336,892.4
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	27.8	54.9
Intangible assets	1.6	2.9
Intangible under development	61.0	157.8
Capital work-in-progress	-	-
Non-current investments.....	106,866.3	108,221.7
Deferred tax assets (net)	1,444.8	2,557.0
Long-term loans and advances	59,164.0	173,544.6
	167,565.5	284,538.9
Current assets		
Current investments.....	18,031.5	20,312.8
Cash and bank balances	11,878.5	13,861.5
Short-term loans and advances	6,189.6	17,741.9
Other current assets	581.6	437.3
	36,681.2	52,353.5

	As at 31 March 2017	As at 30 March 2018
Total assets	204,246.7	336,892.4

Summary Balance Sheet of the Issuer prepared in accordance with Ind-AS

	As at 31 March 2018	As at 31 March 2019
	<i>In Rs. million</i>	

EQUITY AND LIABILITIES

Equity

Equity share capital	-	180,445.2
Other equity	180,893.1	14,863.40
	180,893.1	195,308.60

Liabilities

Financial liabilities:

Payables

Trade payables

(i) Total outstanding dues of micro and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	244.0	802.6

Debt securities	59,552.6	59,059.4
Borrowings (other than debt securities)	187,422.0	244,095.4
Deposits	7,500.0	15,000.0
Subordinated debt liabilities	4,923.6	4,931.3
Other financial liabilities	631.2	536.9

Non-financial liabilities:

Current tax liabilities (net)	40.9	7.8
Provisions	207.1	1,027.1
Deferred tax liabilities (net)	-	-
Other non-financial liabilities	145.9	455.7
	260,667.3	325,916.2

Total equity and liabilities	441,560.4	521,224.8

ASSETS

Financial assets:

Cash and cash equivalents	15,533.8	4,123.1
Bank balances other than cash and cash equivalents	-	240.5
Loans	193,820.8	308,373.2
Investments	125,921.1	95,292.6
Other financial assets	367.1	8,053.7

	As at 31 March 2018	As at 31 March 2019
	<i>In Rs. million</i>	
Non-financial assets:		
Current tax assets (net)	199.8	632.5
Deferred tax assets (net)	2,977.6	335.9
Property, Plant and Equipment	137.8	319.6
Intangible assets under development	169.0	233.0
Goodwill	102,142.9	102,568.1
Other intangible assets	2.9	6.9
Asset held for sale	159.1	-
Other non-financial assets	128.5	1,045.7
Total assets	441,560.4	521,224.8

RISK FACTORS

Investors should carefully consider, among other things, the risks described below, as well as the other information contained in this Offering Circular, before making an investment decision. Any of the following risks could materially adversely affect the business, financial condition or results of operation of the Issuer and, as a result, investors could lose all or part of their investment. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the programme, but the Issuer's inability to pay any amounts on or in connection with any Note may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate, and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any document incorporated by reference) and reach their own views prior to making any investment decision. In making an investment decision, each investor must rely on its own examination of the Issuer and the terms of the offering of the Notes.

Risks Associated with the Presentation of Financials in this Offering Circular

The presentation of financial information in this Offering Circular may be of limited use to investors and may not accurately show or serve as an adequate basis from which to evaluate the Issuer's financial position, future prospects, business performance and results of operations

The summary financial information presented in “Summary Financial Information of the Issuer” as at and for the Fiscal Years 2017, 2018 and 2019, and as at and for the period ended 30 March 2018, as applicable, is extracted from: (a) the PFL Audited Financial Statements and (b) the Issuer's Audited Financial Statements, each of which have been audited by BSR.

Prospective investors should read the summary financial information contained in “Summary Financial Information of the Issuer” in conjunction with the Issuer's Audited Financial Statements and the PFL Audited Financial Statements and the respective related notes included elsewhere in this Offering Circular. Prospective investors should also, in relation to the Issuer's Audited Financial Statements, note that the Issuer's income statement for the Fiscal Year ended 31 March 2018 (see “Summary Financial Information of the Issuer – Summary Income Statement of the Issuer prepared in accordance with Ind-AS” above) recognises one day (i.e. 31 March 2018) of the Issuer's results for Fiscal Year 2018 (the remainder of Fiscal Year 2018 reflecting the results of PHFL only), which reflects the period of business of the Issuer in Fiscal Year 2018 following its merger with PFL with effect on and from 31 March 2018 pursuant to the scheme approved by the NCLT. For further information on the Scheme, please see “Business – Overview” below.

In particular, the period-to-period comparison of the Issuer's Audited Financial Statements, reflecting the period post-Amalgamation, and the PFL Audited Financial Statements, reflecting the period pre-Amalgamation, may not be directly comparable or meaningful and investors should exercise caution in using such comparison as a basis for any investment decision or to predict the future performance of the Issuer.

Internal Risks and Risks Associated with the Issuer's Business

The Issuer's business has been growing consistently in recent years. Any inability to manage and maintain the Issuer's growth effectively may have a material adverse effect on the Issuer's business, results of operations, financial condition and cash flows

The Issuer has experienced consistent growth in its business in recent years. The Issuer's revenue from operations grew at a compound annual growth rate (“CAGR”) of 94.37 per cent., from Rs. 14,635.7 million, in relation to PFL for the year ended 31 March 2017, to Rs. 55,294.2 million, in relation to the Issuer for the year

ended 31 March 2019. The Issuer's profit after tax grew at a CAGR of 173.2 per cent., from Rs. 1,932.8 million, in relation to PFL for the year ended 31 March 2017, to Rs. 14,425.8 million, in relation to the Issuer for the year ended 31 March 2019. The Issuer's loan portfolio grew at a CAGR of 44.1 per cent., from Rs. 189,865.0 million, in relation to PFL as at 31 March 2017, to Rs. 394,310.0 million, in relation to the Issuer as at 31 March 2019.

The Issuer's growth exposes it to a wide range of increased risks within India, including business risks, operational risks, fraud risks, regulatory and legal risks and the possibility that the quality of the Issuer's loan portfolio may decline. Moreover, the Issuer's ability to sustain its rate of growth depends significantly upon its ability to manage key issues such as selecting and retaining key management personnel, maintaining effective risk management policies, continuing to offer products which are relevant to the Issuer's target base of clients, developing managerial experience to address emerging challenges and ensuring a high standard of client service. The Issuer's results of operations depend on a number of internal and external factors, including the increase in demand for housing loans, construction loans and other corporate loans such as corporate mortgage loans, loans secured over shares and infrastructure loans in India, competition, its ability to expand geographically and diversify its product offerings, and also, significantly, the Issuer's net interest income. Further, it cannot be assured that the Issuer will not experience issues such as capital constraints, difficulties in expanding its existing business and operations, and also in hiring and training new personnel in order to manage and operate its expanded business.

The Issuer's business depends significantly on its marketing initiatives. There can be no assurance in relation to the impact of such initiatives and any failure to achieve the desired results may negatively impact the Issuer's ability to leverage its brand value. There can also be no assurance that the Issuer would be able to continue such initiatives in the future in a similar manner and on commercially viable terms. Furthermore, any adverse publicity about, or loss of reputation of, the Issuer could negatively impact its results of operations.

If the Issuer grows its loan book too rapidly, or fails to make proper assessments of credit risks associated with new borrowers or new businesses, a higher percentage of its loans may become non-performing, which would have a negative impact on the quality of its assets and its business, prospects, financial condition and results of operations.

Any one or a combination of some or all of the above-mentioned factors may result in a failure to maintain the growth of the Issuer's loan portfolio which may in turn have a material adverse effect on its business, results of operations and financial condition.

The Issuer is vulnerable to volatility in interest rates and it may face interest rate and maturity mismatches between its assets and liabilities in the future which may cause liquidity issues

The Issuer's operations are particularly vulnerable to volatility and mismatches in interest rates. The Issuer's net interest income and profitability directly depend on the difference between the average interest rate at which it lends and the average interest rate at which it borrows. The cost of the Issuer's funding and the pricing of its loan products are determined by a number of factors, many of which are beyond its control, including the RBI's monetary policies, inflationary expectations, competition, domestic and international economic and political conditions and other factors. These factors could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. While any reduction in the Issuer's cost of funds may be passed on to its customers, it may not have the same flexibility in passing on any increase in its cost of funds to its customers, thereby affecting its net interest income. Similarly, competition pressures may require the Issuer to reduce its cost of lending to its customers without a proportionate reduction in its cost of borrowing from its lenders. Further, if the Issuer does not pass on the reduced interest rates to its borrowers, it may result in some of the borrowers prepaying their loans to take advantage of the reduced interest rate environment, thereby impacting its growth and profitability. If interest rates rise, some or all of the Issuer's

lenders may increase the interest rates at which it borrows, resulting in an increase in its effective cost of funds. The Issuer may or may not be able to pass on the increased interest rates to its borrowers simultaneously with the increase in its borrowing rates, or at all, thereby affecting its net interest income. Further, an increase in interest rates may result in some of the Issuer's borrowers prepaying their loans by arranging funds from other sources, thereby impacting the Issuer's growth and profitability.

An increase in general interest rates in the economy could reduce the overall demand for housing finance and other lending in general and impact the Issuer's growth. Additional risks arising from increasing interest rates, among others, include:

- increases in the rates of interest charged on various loans in its loan portfolio, which could result in the extension of loan maturities and higher monthly instalments due from borrowers, which, in turn, could result in higher rates of default;
- weakening demand for housing resulting in a slowdown in real estate project execution and a consequent reduction in wholesale real estate credit demand, as well as an increase in stress in the Issuer's existing wholesale real estate loan portfolio; and
- a reduction in profitability of wholesale credit borrowers, resulting in higher NPAs.

There can be no assurance that the Issuer will be able to adequately manage its interest rate risk in the future, and, if it is unable to do so, this could have an adverse effect on its net interest income, which could in turn have a material adverse effect on its business, results of operations and financial condition.

While the Issuer may enter into interest rate swaps to reduce its risk of exposure to interest rate fluctuations, it cannot be assured that such arrangements will sufficiently reduce its exposure to interest rate fluctuations or adequately protect it against any unfavourable fluctuations in interest rates. While the Issuer may attempt to pass on any change in interest rates to its customers, this may not always be possible, in particular where the particular asset is on a fixed interest basis or has a long tenor reset charge. The Issuer may also face potential liquidity risks due to mismatches in the maturity of its assets and liabilities. As is typical for a company in the business of lending, a portion of the Issuer's funding requirements is met through short- and medium-term funding sources such as bank loans, non-convertible debentures ("NCDs"), commercial paper, cash credit and overdraft facilities. The Issuer's inability to obtain additional credit facilities or renew its existing credit facilities for matching the tenor of its liabilities in a timely and cost-effective manner, or at all, may lead to mismatches between its assets and liabilities, which in turn may adversely affect its operations and financial performance.

The Issuer's business requires substantial capital through borrowings and any disruption in funding sources would have a material adverse effect on its liquidity, financial condition and/or cash flows

As an HFC, the Issuer's liquidity and ongoing profitability are, in large part, dependent upon its timely access to, and the costs associated with, raising capital. As at 31 March 2019, 63 per cent. of its borrowed funds consisted of funds raised in the form of loans from financial institutions and banks, while the remaining 37 per cent. consisted of funds raised through the capital markets (commercial paper / NCDs) and other instruments. The Issuer's funding requirements are predominantly met through term loans from banks and non-banking financial companies ("NBFCs"), borrowings from mutual funds ("MFs") and other sources, which constituted 72 per cent., 11 per cent. and 17 per cent. of its total borrowings, respectively, as at 31 March 2019. The Issuer's credit providers include nationalised banks, private Indian banks, foreign banks, mutual funds, insurance companies and provident funds. The Issuer's business, therefore, depends and will continue to depend on its ability to access diversified funding sources. Its ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors, including its credit ratings, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or

lenders' perception of demand for debt and equity securities of HFCs and the Issuer's current and future results of operations and financial condition. Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for the Issuer to access funds at competitive rates. Any such disruption in its ability to access primary funding sources at competitive costs would have a material adverse effect on its liquidity, financial condition and/or cash flows. For example, in the second half of 2018, issues around debt repayments by certain NBFCs and financial services companies in India led to heightened investor focus with respect to the health of the broader NBFC sector, as well as their sources of liquidity. This led to a tightening in liquidity available to certain NBFCs. A repeat of such an event, or any similar events affecting market sentiment surrounding the sector as a whole, could have an adverse effect on the borrowing capabilities of the Issuer.

Any increase in the levels of non-performing assets ("NPAs") in the Issuer's loan portfolio, for any reason whatsoever, would adversely affect the Issuer's business, results of operations and financial condition

The Housing Finance Companies Directions, 2010 (the "NHB Directions"), which are applicable to the Issuer, have laid down prudential norms with regard to NPAs, including in relation to the identification of NPAs and income recognition against NPAs. There is no assurance that the Issuer's NPA level will continue to stay at its current level. If the credit quality of the Issuer's loan portfolio deteriorates or the Issuer is unable to implement effective monitoring and collection methods, its results of operations and financial condition may be adversely affected. As the Issuer intends to continue its efforts to originate new loans, it cannot be assured that there will not be significant additional NPAs in its loan portfolio in the future.

Further, the NHB Directions on NPAs may become more stringent than they currently are, which may adversely affect the Issuer's profitability and results of operations. The NHB Directions also prescribe the provisioning required in respect of the Issuer's outstanding loan portfolio. Should the overall credit quality of the Issuer's loan portfolio deteriorate, the current level of its provisions may not be adequate to cover further increases in the amount of its NPAs. As at 31 March 2019, the Issuer's gross NPAs as a percentage of its total loan portfolio were 0.4 per cent. and the Issuer's net NPAs as a percentage of its total loan portfolio were 0.1 per cent. The provisions for NPAs as at 31 March 2018 and 2019 in relation to the Issuer were Rs. 781.9 million and Rs. 875.0 million representing 100.0 per cent. and 62.0 per cent. of the Issuer's gross NPAs in those fiscal years. PFL's provisions for NPAs as at 31 March 2017 was Rs. 165 million, representing 20 per cent. of its gross NPAs in that fiscal year. If the Issuer is required to increase its provisioning in the future due to increased NPAs or the introduction of more stringent requirements in respect of loan loss provisioning, this may reduce its profit after tax and adversely impact its results of operations. Further, there can be no assurance that the Issuer will be able to recover the outstanding amounts due under any defaulted loans. The Issuer may also face difficulties in disposing of the underlying assets which have been charged as security in relation to such loans, as a result of which it may be unable to realise any liquidity from such assets. The Issuer may have to file legal cases and rely on court decisions to liquidate such underlying assets. The process may be time-consuming, may require substantial legal costs and may result in losses in case the judgment goes against the Issuer.

The Issuer's indebtedness and conditions and restrictions imposed by its financing arrangements could adversely affect its ability to conduct its business and operations

The Issuer's outstanding borrowings (being the sum of debt securities, borrowing (other than debt securities), deposits and subordinated debt liabilities of the Issuer) were Rs. 323,086.1 million as at 31 March 2019. The Issuer has entered into agreements with certain banks and financial institutions for short-term and long-term borrowings. Some of the Issuer's agreements require it to take consent from its lenders for undertaking various actions, including for:

- entering into any schemes of merger, amalgamation, compromise or reconstruction;

- changing the Issuer's registered office;
- effecting any change in the Issuer's ownership or control;
- effecting any change in the Issuer's capital structure;
- effecting any material change in the Issuer's management or business;
- effecting any amendments to the Issuer's Memorandum or Articles of Association;
- undertaking guarantee obligations on behalf of any third party;
- declaring any dividends to the Issuer's shareholders unless amounts owed to the lenders have been paid or satisfactory provisions made thereof;
- transferring or disposing of any of the Issuer's undertakings;
- creating or permitting to subsist any security over any of the Issuer's assets;
- entering into any agreements whereby the Issuer's income or profits are or may be shared with any other person;
- revaluing the Issuer's assets; and
- entering into any long-term contracts that significantly affect the Issuer.

Additionally, some of the Issuer's loan agreements also require it to maintain certain periodic financial ratios.

In the event that the Issuer breaches any financial or other covenants contained in any of its financing arrangements or in the event that the Issuer had breached any terms in the past which are only identified in the future, the Issuer may be required to immediately repay its borrowings either in whole or in part, together with any related costs. The Issuer may be forced to sell some or all of the assets in its portfolio if it does not have sufficient cash or credit facilities to make repayments. Furthermore, some of the Issuer's financing arrangements contain cross-default provisions, and defaults under other financing arrangements could trigger a cross-default under such financing arrangements (if the default is in excess of the threshold amounts specified in the cross-default provisions).

It cannot be assured that the Issuer's business will generate sufficient cash to enable it to service its debt or to fund its other liquidity needs. In addition, the Issuer may need to refinance all or a portion of its debt on or before maturity of the same. It cannot be assured that the Issuer will be able to refinance any of its debt on commercially reasonable terms or at all.

The Issuer may experience difficulties in expanding its business or pursuing new business opportunities in new regions and markets

As part of the Issuer's growth strategy, it continues to evaluate attractive growth opportunities to expand its business and pursue new business opportunities in new regions and markets. Factors such as competition, customer requirements, regulatory regimes, culture, business practices and customs in these new markets may differ from those in the Issuer's current markets, and the Issuer's experience in its current markets may not be applicable to these new markets.

As the Issuer continues to expand its geographical footprint, its present and future business may be exposed to various additional challenges, including the need to obtain necessary governmental approvals, changes in the regulatory environment, identifying and collaborating with local business and partners with whom the Issuer may have no previous working relationship, successfully marketing the Issuer's products in markets with which it has no previous familiarity, attracting potential customers in a market in which it does not have significant

experience or visibility, falling under additional local tax jurisdictions, attracting and retaining new employees, expanding the Issuer's technological infrastructure, maintaining standardised systems and procedures, and adapting the Issuer's marketing strategy and operations to different regions of India. To address these challenges, the Issuer may have to make significant investments that may not yield the desired results or incur costs that it may not recover. The Issuer's inability to expand its current operations or pursue new business opportunities may adversely affect its business prospects, financial conditions and results of operations.

The Issuer may not be able to successfully diversify its product portfolio

The Issuer intends to consolidate and expand its product portfolio as part of its growth strategy. As at 31 March 2019, its loan portfolio was comprised of Real Estate Structured Debt, Real Estate Construction Finance, lease rental discounting ("LRD"), LAP, CFGL, ECL and HFC loans, which constituted 14.4 per cent., 53.3 per cent., 13.1 per cent., 0.5 per cent., 14.4 per cent., 3.0 per cent. and 13.1 per cent., respectively, of its total portfolio.

The Issuer cannot assure investors that such diversification or expansion of operations will in future yield and/or continue to yield favourable or expected results, as its overall profitability and success will be subject to various factors, including, among others, its ability to obtain necessary statutory and/or regulatory approvals and licences in connection with such proposed business, its ability to effectively recruit, retain and motivate appropriate managerial talent and its ability to compete with banks and other HFCs that are already well established in this market segment, as well as its ability to effectively absorb additional infrastructure costs.

The Issuer's growth strategy will require significant capital investments and commitments of time from its senior management, and there also can be no assurance that its management will be able to develop the skills necessary to successfully manage these new business areas. The Issuer's inability to effectively manage any of these issues could materially and adversely affect its business and impact its future financial performance and/or cash flows.

If the performance of the Issuer's portfolio relating to various credit and financing facilities deteriorates, its business, financial condition, results of operations and/or cash flows may be adversely affected

The Issuer has in the past acquired, and may in the future acquire, portfolios relating to various credit and financing facilities from various originators including banks and other institutions in the ordinary course of its business.

There can be no assurance that the Issuer will not experience any deterioration in the performance of any loan portfolio acquired by it or that may be acquired by it in the future. Any deterioration in such loan portfolio acquired by the Issuer, and any inability to seek recourse against the relevant loan portfolio originator, or otherwise to recover the investments made in connection with the acquisition of such loan portfolio, would adversely impact the Issuer's earnings realised from such loan portfolio and may adversely affect its business, financial condition and results of operations.

Any downgrade in the Issuer's credit ratings may increase interest rates for refinancing its outstanding debt, which would increase its financing costs, and adversely affect its future issuances of debt and its ability to borrow on a competitive basis

The Issuer has received a long-term credit rating of "AA/Negative" from ICRA Limited ("ICRA") and "AA/Stable" from CARE Ratings ("CARE"). The Issuer has also received a short-term credit rating of "A1+" credit rating from ICRA, CARE and CRISIL Limited. These ratings signify a high degree of safety regarding timely servicing of financial obligations and a low credit risk which allow the Issuer to access debt financing at competitive rates of interest. Any downgrade in the Issuer's credit ratings may increase interest rates for refinancing its outstanding debt, which would increase its financing costs. This may also adversely affect the Issuer's future issuances of debt and its ability to borrow on a competitive basis, which may adversely affect its

business, financial condition, results of operations and cash flows. Further, any downgrade in the Issuer's credit ratings may also trigger an event of default or acceleration of certain of its borrowings.

If the Issuer is unable to successfully expand, maintain or leverage its partnership arrangements, its business prospects, results of operations, financial condition and/or cash flows may be adversely affected

The Issuer's partnership and co-financing arrangements with various companies involved in property financing across India are an integral part of its growth strategy. The Issuer enters into strategic partnership agreements with a number of other entities, including other HFCs, to capitalise on their local knowledge, infrastructure and personnel base of its partners in order to source new customers. The Issuer's co-financing arrangements include various revenue-sharing arrangements at predetermined amounts.

There can be no assurance that the Issuer's partners will comply with the procedural and other conditions specified by it in connection with the Issuer's arrangements with them in the context of customer origination, loan administration and monitoring and any loan recovery processes, or that its partners will not act in any manner that could adversely affect the Issuer's reputation, brand, customer relationships or business interests. There can also be no assurance that the Issuer will be able to leverage and benefit from its partnership arrangements to effectively source a sufficient volume of new customers and business commensurate to the revenue-sharing and other incentives provided to its partners under its arrangements with them.

In addition, the Issuer may not be able to identify suitable partners in the future with whom it can successfully partner through such arrangements, or in joint marketing and customer support activities, and there can be no assurance that it will be able to ensure any level of success with such partnership arrangements for any sustained period of time. Furthermore, there can be no assurance that there will not be any dispute with such partners in the future. If the Issuer is unable to successfully expand, maintain or leverage its partnership arrangements and relationships with its partners, its business prospects, results of operations, financial condition and/or cash flows may be adversely affected.

As part of its business strategy, the Issuer may assign or securitise a small or substantial portion of its loan assets to banks and other institutions. Any deterioration in the performance of any pool of receivables assigned or securitised to banks and other institutions may adversely impact its financial performance and/or cash flows

As part of its means of raising and/or managing funds, the Issuer may assign or securitise some of the receivables from its loan portfolio to banks and other institutions. Such assignment or securitisation transactions would be conducted on the basis of the Issuer's internal estimates of its funding requirements, which may vary from time to time. Any change in statutory and/or regulatory requirements in relation to assignments or securitisations by financial institutions, including the requirements prescribed by the RBI, the NHB or the Government, could have an adverse impact on the Issuer's assignment or securitisation transactions. Any adverse changes in the policy and/or regulations in connection with securitisation of assets by HFCs and/or new circulars and/or directions issued by the RBI or the NHB in this regard, affecting HFCs or the purchasers of assets, would affect the securitisation market in general and the Issuer's ability to securitise and/or assign its assets.

New product/services offered by the Issuer may not be successful

The Issuer introduces new products and services to explore new business opportunities from time to time. The Issuer cannot assure that all its new products and services and/or business ventures will gain customer acceptance and this may result in its inability to recover pre-operative expenses and launch costs. Further, the Issuer's inability to offer new products and services or grow in new business areas could adversely affect its business and financial performance.

The Issuer is party to certain legal and regulatory proceedings and any adverse outcome in these or other proceedings may adversely affect its business

The Issuer and/or its directors may be involved, from time to time, in legal and regulatory proceedings that are incidental to its operations and these involve proceedings filed by and against the Issuer and/or its directors. These include criminal proceedings, civil proceedings, arbitration cases, consumer proceedings, tax investigations, labour proceedings, cases filed by the Issuer under the Negotiable Instruments Act and applications under the SARFAESI Act challenging proceedings adopted by the Issuer towards enforcement of security interests. These proceedings are pending at different levels of adjudication before various courts, forums, authorities, tribunals and appellate tribunals. A significant degree of judgement is required to assess the exposure of the Issuer and/or its directors in these proceedings and to determine the appropriate level of provisions, if any. There can be no assurance on the outcome of the legal proceedings or that the provisions the Issuer and/or its directors make will be adequate to cover all losses potentially incurred in such proceedings, or that the actual liability of the Issuer and/or its directors will be as reflected in any provision that has been made in connection with any such legal proceedings.

The Issuer and/or its directors may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. If a significant number of these disputes are determined against the Issuer and/or its directors and if the Issuer and/or its directors are required to pay all or a portion of the disputed amounts or if the Issuer and/or its directors are unable to recover amounts for which it has filed recovery proceedings, there could be a material and adverse impact on the reputation, business, financial condition and results of operations of the Issuer and/or its directors.

In addition, other Piramal Group companies from time to time may be involved in litigation, claims, and other proceedings relating to the conduct of their businesses. Any claims could result in litigation and/or regulatory proceedings against the Piramal Group, which could harm the Issuer's reputation as a member of the Piramal Group and ultimately materially adversely affect its operations.

The Issuer is an HFC and subject to various regulatory and legal requirements. Also, future regulatory changes may have a material adverse effect on the Issuer's business, results of operations and financial condition

The Issuer is subject to the corporate, taxation and other laws in effect in India which require continued monitoring and compliance. These regulations, apart from regulating the manner in which a company carries out its business and internal operations, prescribe various periodical compliances and filings, including, but not limited to, filing of forms and declarations with the relevant registrar of companies, and the NHB. Pursuant to NHB regulations, HFCs are currently required to maintain a minimum capital to risk (weighted) assets ratio ("CRAR") consisting of Tier I and Tier II Capital which collectively shall not be less than 12 per cent. of their aggregate risk weighted assets and their risk adjusted value of off-balance sheet items. For further details, please see "Applicable Indian Regulations and Policies". This ratio is used to measure an HFC's capital strength and to promote the stability and efficiency of the housing finance system. As at 31 March 2019, the Issuer's standalone CRAR was 29.9 per cent. Should the Issuer be required to raise additional capital in the future in order to maintain its CRAR above the existing and future minimum required levels, it cannot guarantee that it will be able to obtain this capital on favourable terms, in a timely manner or at all.

The introduction of additional government controls or newly implemented laws and regulations, including, in relation to classifications of and provisioning for NPAs, recoveries, capital adequacy requirements and exposure norms, depending on the nature and extent thereof and the Issuer's ability to make corresponding adjustments, may result in a material adverse effect on the Issuer's business, results of operations and financial condition and the Issuer's future expansion plans in India. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with the Issuer's interests could adversely affect its results of operations.

Further, it cannot be assured that the Issuer will be able to timely adapt to new laws, regulations or policies that may come into effect from time to time with respect to housing finance or any other products or services the Issuer may offer.

Moreover, new regulations may be passed that restrict the Issuer's ability to do business. Further, these regulations are subject to frequent amendments and depend upon Government policy. It cannot be assured that the Issuer will not be subject to any adverse regulatory action in the future. The costs of compliance may be high, which may affect the Issuer's profitability. If the Issuer is unable to comply with any such regulatory requirements, its business and results of operations may be materially and adversely affected.

The availing of housing loans for residential properties has become attractive due to certain Government schemes and income tax exemptions on the repayment of loans and interest payments. There can be no assurance that the Government will continue with such schemes or tax benefits on housing loans and any significant change by the Government in its monetary policy or tax laws may adversely affect the Issuer's business and results of operations. Changes in tax laws and reduction in tax concessions for housing loans may negatively impact the housing market and the housing loan market in general.

Other sectors that the Issuer has lent to or may lend to in future could witness similar or other regulatory changes which could adversely affect the Issuer's profitability and potential growth opportunities.

It cannot be assured that the Issuer will be in compliance with the various regulatory and legal requirements in a timely manner or at all. The requirement for compliance with such applicable regulations presents a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. Further, if the interpretations of the regulators and authorities with respect to these regulations vary from the Issuer's interpretation, it may be subject to penalties and its business could be adversely affected.

The Issuer is subject to periodic inspections by the NHB. Non-compliance with the NHB's observations made during any such inspections could adversely affect the Issuer's reputation, financial condition and results of operations

The Issuer is subject to periodic inspection by the NHB under the National Housing Bank Act, 1987 (the "NHB Act") wherein the NHB inspects its books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for obtaining any information which it may have failed to furnish on being called upon to do so. Inspection by the NHB is a regular exercise and is carried out periodically by the NHB for all HFCs under the NHB Act. In the event the Issuer is unable to comply with the observations made by the NHB, it could be subject to penalties and restrictions which may be imposed by the NHB. Imposition of any penalty or adverse finding by the NHB during any future inspection may have a material adverse effect on the Issuer's reputation, financial condition and results of operations.

The Issuer's inability to obtain, renew or maintain statutory and regulatory permits and approvals required to operate its business may materially and adversely affect its business and results of operations

The Issuer requires certain licences, approvals, permits and registrations in order to undertake its business activities. These include registration with the NHB for carrying out business as an HFC. The Issuer is also required to maintain licences under various applicable national and state labour laws in force in India for some of its offices and with regard to some of its employees. While the Issuer currently possesses all the relevant licences, approvals, permits and registrations or has applied for renewals of certain licences and approvals that have expired, there can be no assurance that the relevant authorities will renew these in the anticipated timeframe, or at all. Additionally, failure by the Issuer to comply with the terms and conditions to which such licences, approvals, permits or registrations are subject and/or to renew, maintain or obtain the required licences,

approvals, permits or registrations may result in the interruption of its operations and may have a material adverse effect on the Issuer's business, financial condition and results of operations.

It cannot be assured that the Issuer will be able to successfully execute its growth strategies, which could affect its operations, results, financial condition and cash flows

The Issuer's growth strategy includes increasing the number of loans it extends and expanding its customer base. For further details, see "*Business – Strategy*". The Issuer expects that its growth strategy will place significant demands on its management, financial and other resources. While the Issuer intends to pursue existing and potential market opportunities, its inability to manage its business plan effectively and execute its growth strategy could have an adverse effect on its operations, results, financial condition and cash flows.

In order to manage growth effectively, the Issuer must implement and improve operational systems, procedures and internal controls on a timely basis. If the Issuer fails to implement these systems, procedures and controls on a timely basis or at all, or if there are weaknesses in the Issuer's internal controls that would result in inconsistent internal standard operating procedures, the Issuer may not be able to meet its customers' needs, hire and retain new employees, pursue new business, complete future strategic agreements or operate its business effectively. There can be no assurance that the Issuer's existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to future operations.

The Issuer's management may also change its view on the desirability of current strategies, and any resultant change in its strategies could put significant strain on its resources. Further, the Issuer may be unable to achieve any synergies or successfully integrate any acquired business into its portfolio. Any business that the Issuer acquires may have unknown or contingent liabilities, and the Issuer may become liable for the past activities of such businesses. Furthermore, any equity investments that the Issuer undertakes may be subject to market and liquidity risks, and it may be unable to realise any benefits from such investments, in a timely manner, or at all.

If the Issuer fails to identify, monitor and manage risks and effectively implement its risk management policies, it could have a material adverse effect on the Issuer's business, financial condition, results of operations and cash flows

The Issuer's policies and procedures to identify, monitor and manage risks of fraud, money laundering or any other credit, operational or other risks may not be effective. Further, some of its methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. To the extent any of the instruments and strategies the Issuer uses to hedge or otherwise manage its exposure to market or credit risk are not effective, the Issuer may not be able to effectively mitigate its risk exposures in particular market environments or against particular types of risk.

The Issuer's investment and interest rate risk assessment is also dependent upon its ability to properly identify and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. The Issuer's earnings are dependent upon the effectiveness of its management of changes in credit quality and risk concentrations, the accuracy of its valuation models and its critical accounting estimates, and the adequacy of its allowances for loan losses. To the extent the Issuer's assessments, assumptions or estimates prove inaccurate or not predictive of actual results, it could suffer higher than anticipated losses. See "*Any increase in the levels of non-performing assets ("NPAs") in the Issuer's loan portfolio, for any reason whatsoever, would adversely affect the Issuer's business, results of operations and financial condition*" above.

If the Issuer fails to effectively implement its risk management policies or such policies prove to be inadequate, this could materially and adversely affect the Issuer's business, financial condition, results of operations and cash flows.

As an HFC, the Issuer has significant exposure to the real estate sector, and any negative events affecting this sector could adversely affect the Issuer's business and results of operations

The Issuer's lending products include housing loans, loans secured against property, corporate mortgage loans, loans secured against shares, infrastructure loans and vanilla corporate loans. A substantial portion of the Issuer's loan portfolio is exposed to the real estate sector as the underlying security on these loans is primarily mortgages. In the event the real estate sector is adversely affected due to any reason whatsoever, including, without limitation, the passing of any stringent norms regarding construction, floor space index or other compliance or regulatory changes, the value of the Issuer's collateral may diminish which may affect its business and results of operations in the event of a default in repayment by its clients. Also, if any of the projects which form part of the Issuer's collateral are stalled for any reason for any length of time, the same may affect its ability to enforce its security, thereby effectively diminishing the value of such security.

The primary security for retail loans disbursed by the Issuer is the underlying property; the value of this security is largely dependent on housing market conditions prevalent at that time, as well as the quality of the construction and the relevant developer. For wholesale loans, other collateral may be provided such as pledges over shares, the value of which will depend on the performance of the underlying entities and the strength of the stock market in general. The value of the collateral on retail loans disbursed by the Issuer may decline due to adverse market conditions, including an economic downturn or a downward movement in real estate prices. In the event the real estate sector is adversely affected due to a decline in demand for real properties, changes in regulations or other trends or events, which negatively impact the real estate sector, the value of the Issuer's collateral may diminish which may affect its business and results of operations. Failure to recover the expected value of collateral could expose it to losses and, in turn, result in a material adverse effect on its business, results of operations and financial condition.

There can be no assurance that the Issuer will be able to realise the value of its collateral, in full or in part. The Debt Recovery Tribunal ("DRT") has the power to issue a stay order prohibiting the lender from selling the assets of a defaulted borrower. As a result, there can be no assurance that any foreclosure proceedings would not be stayed by the DRT or any other relevant authority. In addition, delays on the Issuer's part to take immediate action, delays in bankruptcy foreclosure proceedings, economic downturns, defects in security and fraudulent transfers by borrowers may hinder the Issuer's ability to realise the full value of its security. In the event that a regulatory agency asserts jurisdiction over the enforcement proceedings, creditor actions can be further delayed. Therefore, there can be no assurance that the Issuer will be able to foreclose on collateral on a timely basis, or at all, and, if it is able to foreclose on the collateral, that the value will be sufficient to cover the outstanding amounts owed to the Issuer which may result in a material adverse effect on its business, results of operations and financial condition.

The Issuer's ability to raise foreign capital may be constrained by Indian law

As an Indian company, the Issuer is subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit its financing sources and hence could constrain its ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, it cannot be assured that the required approvals will be granted without onerous conditions, or at all. Limitations on raising foreign debt may have an adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer's investments are subject to market risk and its exposure to capital markets is subject to certain regulatory limits

The Issuer invests its surplus funds out of its borrowings and operations in mutual funds and/or fixed income securities. These securities include (a) mutual funds – debt schemes of mutual funds, (b) fixed deposits and certificate of deposits of scheduled commercial banks and financial institutions, (c) government bonds, (d) bonds issued by semi-government, quasi-government and/or public sector undertakings having the highest

credit rating issued by a SEBI-registered agency, (e) government treasury bills and (f) rated commercial paper having the highest credit rating by a SEBI-registered rating agency. Certain of these investments are unlisted, offering limited exit options. The value of these investments depends on several factors beyond the Issuer's control, including the domestic and international economic and political scenario, inflationary expectations and the RBI's monetary policies. Any decline in the value of the investments may have an adverse effect on the Issuer's business, financial condition and results of operations.

The Issuer has contingent liabilities and its financial condition may be adversely affected if these contingent liabilities materialise

The Issuer has substantial contingent liabilities, which could adversely affect its business and results of operations. The Issuer's contingent liabilities aggregated to Rs. 4,502.0 million as at 31 March 2019. The contingent liabilities consist primarily of liabilities on account of income tax disputes, tax payments and the acquisition of fixed assets. In the event that any of these contingent liabilities materialise, the Issuer's results of operations and financial condition may be adversely affected.

The Issuer's business and operations significantly depend on senior management and key employees and may be adversely affected if the Issuer is unable to retain them

The Issuer's business and operations largely depend on the continued services and performance of its senior management and other key employees and its ability to attract and retain such personnel. Considering the compact nature of its management team, the Issuer's ability to identify, recruit and retain its employees is critical. As is common to the financial services sector, the Issuer also faces a continuing challenge to recruit and retain a sufficient number of suitably skilled personnel, knowledgeable in sectors to which the Issuer lends. There is significant competition in India for such personnel, and it may be difficult to attract, adequately compensate and retain the personnel the Issuer needs in the future. Inability to attract and retain appropriate and adequate managerial personnel, or the loss of key personnel, could adversely affect the Issuer's business, prospects, results of operations and financial condition. The Issuer will need to recruit new employees, who will have to be trained and integrated into its operations. The Issuer will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate the Issuer's employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase the Issuer's exposure to high-risk credit and impose significant costs on it. Hiring and retaining qualified and skilled managers are critical to the Issuer's future, as its business model depends on its credit-appraisal and asset valuation mechanism, which are personnel-driven operations. The loss of the services of senior members of the Issuer's management team and key employees could seriously impair its ability to continue to manage and expand its business efficiently and adversely affect its business, results of operations and financial condition. Further, the Issuer does not maintain any key man insurance policies and, as a result, it may be unable to compensate for the loss of service of its key personnel.

The Issuer's business is dependent on relationships with its clients established through, among others, its branches. Closure of branches or loss of its key branch personnel may damage these relationships and result in a decline in the Issuer's revenue and profits

The Issuer's retail housing finance business is dependent on the key branch personnel who directly manage client relationships. The Issuer encourages dedicated branch personnel to service specific clients since it believes that this leads to long-term client relationships, a trust-based business environment and, over time, better cross-selling opportunities. The Issuer's business may suffer materially if a substantial number of branch managers either become ineffective or leave the Issuer.

Similarly, the Issuer's wholesale lending business is dependent on key business team members who directly manage client relationships. The Issuer's wholesale lending business may be adversely affected if any key members of these business teams leave the Issuer.

There can be no assurance that the Issuer will not experience future disruptions to its operations due to disputes or other problems with its workforce, which may adversely affect its business and results of operations.

If any incidents of fraud are committed by the Issuer's employees or customers, the Issuer's business, results of operations and financial condition may be adversely affected

The Issuer's business is susceptible to fraud committed by its employees and customers. It cannot be assured that such incidents of fraud will not occur in the future. There can also be no assurance that the Issuer would be able to prevent frauds in the future or that its existing mechanism to detect or prevent fraud will be sufficient. Any frauds discovered in the future may have an adverse effect on the Issuer's business, results of operations and financial condition.

Several processes which are critical for the Issuer's business operations have manual intervention. Such manual processes are prone to inadvertent human error and can result in significant losses, slowdowns in business growth and/or affect the reputation of the Issuer

The Issuer undertakes several processes such as credit underwriting, risk analysis, asset monitoring and preparation of legal documentation during the course of its business. Many of these processes require human intervention. Any inadvertent human error during these processes can affect the quality of the Issuer's business and lead to significant losses, slowdown in business growth and/or affect the reputation of the Issuer.

A failure, inadequacy or security breach in the Issuer's information technology and telecommunication systems may adversely affect its business, results of operations and financial condition

The Issuer's ability to operate and remain competitive depends in part on its ability to maintain and upgrade its information technology systems and infrastructure on a timely and cost-effective basis, including its ability to process a large number of transactions on a daily basis. The Issuer's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The Issuer's financial, accounting or other data processing systems and management information systems or its corporate website may fail to operate adequately or become disabled as a result of events beyond its control, including a disruption of electrical or communications services. Further, the Issuer's computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other attacks that may compromise data integrity and security and result in client information or identity theft, for which the Issuer may potentially be liable. The information available to and received by the Issuer's management through its existing systems may not be timely or sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in the Issuer's operations. If any of these systems are disabled or if there are other shortcomings or failures in the Issuer's internal processes or systems, it may disrupt the Issuer's business or impact its operational efficiencies, and render it liable to regulatory intervention or damage to its reputation. The occurrence of any such events may adversely affect the Issuer's business, results of operations and financial condition.

The Issuer depends on the accuracy and completeness of information provided by its potential borrowers. The Issuer's reliance on any misleading information given by potential borrowers may affect its judgement of the creditworthiness of potential borrowers, and the value of and title to the collateral, which may affect the Issuer's business, results of operations and financial condition

In deciding whether to extend credit or enter into other transactions with potential borrowers, the Issuer relies on information furnished to it by potential borrowers, and analysis of the information by independent valuers and advocates. To further verify the information provided by potential borrowers, the Issuer conducts searches

on Credit Information Bureau (India) Limited and other credit bureaus. The Issuer also verifies information with registrars and sub-registrars of assurances for encumbrances on collateral. The Issuer follows the know your customer (“KYC”) guidelines prescribed by the NHB on any potential borrower, verifies the place of business or place of employment as applicable to the potential borrower and also verifies the details with the caution list of the NHB as circulated from time to time. Such information includes representations with respect to the accuracy and completeness of information relating to the financial condition of potential borrowers, and independent valuation reports and title reports with respect to the property secured. Additionally, once a prospective retail borrower has submitted a completed loan application, the Issuer’s empanelled third-party agencies conduct various on-site checks to verify the prospective customer’s work and home addresses. The Issuer has framed its policies to prevent frauds in accordance with the KYC guidelines issued by the NHB dated 11 October 2010 mandating the policies of HFCs to have certain key elements, including, *inter alia*, a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management.

It cannot be assured that information furnished to the Issuer by potential borrowers and analysis of such information by independent valuers, the independent searches conducted by the Issuer with credit bureaus and the NHB or (in the case of retail loans) the on-site verification conducted by the Issuer’s empanelled third-party agencies will be accurate, and the Issuer’s reliance on such information given by potential borrowers may affect its judgement of the creditworthiness of potential borrowers, and the value of and title to the collateral, which may affect the Issuer’s business, results of operations and financial condition.

The Issuer operates in a highly competitive industry in India

The Issuer operates in a highly competitive industry in India. The Issuer’s lending operations face competition from local operators on factors such as service and price in capturing new business opportunities. Some of these companies have significant financial resources, marketing and other capabilities, as well as extensive local knowledge and business relationships and a longer operational track record than the Issuer. As a result, there can be no assurance that the Issuer will be able to compete successfully in the future against its existing or potential competitors. No assurance can be given that increased competition with respect to the Issuer’s activities would not have a material adverse effect on its financial condition and operating results.

The Issuer’s insurance coverage may not adequately protect it against losses, and successful claims that exceed the Issuer’s insurance coverage could harm its results of operations and diminish its financial position

The Issuer maintains insurance coverage of the type and in the amounts that it believes are commensurate with, and appropriate to, its operations. For further details on the Issuer’s insurance coverage, see “Business – Insurance”. The Issuer’s insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. In addition, there are various types of risks and losses for which the Issuer does not maintain insurance either because they are uninsurable or because insurance is not available to it on acceptable terms. A successful assertion of one or more large claims against it that exceeds its available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer’s business, financial condition and results of operations.

The Issuer has entered into a number of related party transactions and may continue to enter into related party transactions, which may involve conflicts of interest

The Issuer has entered into a number of related party transactions, within the meaning of Ind-AS 24. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between the Issuer and such related parties. Additionally, there can be no assurance that any dispute that may arise between the Issuer and related parties will be resolved in the Issuer’s favour. For further details of historical related party transactions, please refer to the statement of related party transactions in “Index to Financial Statements”.

The Issuer may in the future be subject to risks arising from exchange rate fluctuations, which could materially and adversely affect its business and financial conditions

The Issuer may in the future raise foreign currency borrowings, either under the Programme or otherwise. The exchange rate between Indian Rupees and U.S. dollars has changed substantially in recent years and may fluctuate substantially in the future. While the Issuer would need to enter into hedging arrangements to hedge the entire balance sheet risk on its exposure to any such foreign exchange fluctuations, it cannot be assured that such hedging arrangements would adequately reduce its foreign currency exchange risk or protect it against any unfavourable exchange rate fluctuations. Any depreciation in the value of the Indian Rupee against the U.S. dollar could cause an increase in the Issuer's interest expenses, reduce the profitability of its business and have a material and adverse effect on its cash flows, results of operations and financial condition. The Issuer may also be unable to pass on any increase in its costs due to foreign currency fluctuations to its customers, and, as a result, its revenue and profitability may decline.

The Issuer may be unable to protect its brand names and other intellectual property rights which are critical to its business

The Issuer has made a number of applications for trademark registrations for certain brand names and other intellectual property rights used in the Issuer's business which to date have all been objected to. Accordingly, the Issuer may not be able to prohibit the use of its intellectual property by any third party and may, in the future, face claims and legal actions by third parties that may use, or dispute the Issuer's right to use, the brand names and other intellectual property rights under which the Issuer's business currently operates. The Issuer may be required to resort to legal action to protect its brand names and other intellectual property rights. Any adverse outcome in such legal proceedings may impact the Issuer's ability to use its brand names and other intellectual property rights in the manner in which such intellectual property is currently used or at all, which could have a material adverse effect on the Issuer's business and financial condition.

Additionally, the Piramal brand under which the Issuer operates is licensed to it by Piramal Corporate Services Pvt Ltd (the owner of the brand) and shared between members of the Piramal group of companies, a diversified set of businesses in India. The Issuer has not, in the past, entered into, and does not currently have, agreements with any of the other members of the Piramal group of companies to share this brand. Accordingly, the Issuer will have no recourse against any of these companies in the event of any misuse by them of the brand, or any adverse effect on their business, operations or financial performance that leads to diminution in the value of the brand, which could materially affect the Issuer's reputation, business and results of operations.

The Issuer depends on third-party selling agents for referral of a certain portion of its customers, who do not work exclusively for it

The Issuer depends on external direct selling agents ("DSAs"), who are typically proprietorships and self-employed professionals, to source a portion of its customers. Such DSAs pass on leads of any loan requirements of these small businesses to the Issuer. The Issuer's agreements with such DSAs typically do not provide for any exclusivity, and, accordingly, such DSAs can work with other lenders, including the Issuer's competitors. There can be no assurance that the Issuer's DSAs will continue to drive a significant number of leads to the Issuer, and not to its competitors, or at all.

Similarly, the Issuer sources wholesale lending requirements, *inter alia*, from property consultants and investment banks which do not work exclusively for the Issuer. There can be no assurance that these agents will continue to drive a significant number of leads to the Issuer.

External Risks and Risks Relating to India

A slowdown in economic growth in India may adversely affect the Issuer's business and results of operations

The Issuer's financial performance and the quality and growth of the Issuer's business depend significantly on the health of the overall Indian economy, the gross domestic product growth rate and the economic cycle in India. A substantial portion of the Issuer's assets and employees are located in India, and the Issuer intends to continue to develop and expand its facilities in India.

The Issuer's performance and the growth of the Issuer's business depend on the performance of the Indian economy and the economies of the regional markets the Issuer currently serves. These economies could be adversely affected by various factors, such as political and regulatory changes, including adverse changes in liberalisation policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the Issuer's business, financial performance and results of operations.

Political instability could delay further liberalisation of the Indian economy and adversely affect economic conditions in India generally, which could impact the Issuer's business

Since 1991, the Government has pursued a policy of economic liberalisation, including significantly relaxing restrictions on the private sector. There can be no assurance that these liberalisation policies will continue in the future as well. The rate of economic liberalisation could change, and specific laws and policies affecting financial services companies, foreign investment, currency exchange rates and other matters affecting investments in Indian companies could change as well. Any political instability in the country, including any change in the Government, could materially impact the Issuer's business adversely.

Any adverse change in India's credit rating by an international rating agency could adversely affect the Issuer's business and profitability

In May 2013, Standard & Poor's Rating Services, a division of the McGraw-Hill Financial, Inc. ("S&P"), an international rating agency, reiterated its negative outlook on India's credit rating. It identified India's high fiscal deficit and heavy Government borrowing as the most significant constraints on its ratings, and recommended the implementation of reforms and containment of deficits. In June 2013, Fitch Ratings Ltd. ("Fitch"), another international rating agency, returned India's sovereign outlook to "stable" from "negative" a year after its initial downgrade of the outlook, stating that the authorities had been successful in containing the upward pressure on the central Government budget deficit in the face of a weaker-than-expected economy and that the authorities had also begun to address structural factors that have weakened the investment climate and growth prospects. Similarly, S&P upgraded its outlook on India's sovereign debt rating to "stable" in September 2014 and retained such rating in October 2015, while reaffirming the "BBB-" long-term rating on an environment which is conducive to reforms that could boost growth prospects and improve fiscal management. In November 2017, Moody's Investors Service ("Moody's") upgraded the Government's local and foreign currency issuer ratings to Baa2 from Baa3 and changed the outlook on the rating to stable from positive. Going forward, the sovereign ratings outlook will remain dependent on whether the Government is able to transition the economy out of a low-growth and high inflation environment, as well as exercise adequate fiscal restraint. This may also be impacted by the upcoming 2019 general elections. Any adverse change in India's credit ratings by international rating agencies may adversely impact the Issuer's business and limit its access to capital markets.

The growth rate of India's housing finance industry may not be sustainable

The Issuer expects the housing finance industry in India to continue to grow as a result of anticipated growth in India's economy, increases in household income, further social welfare reforms and demographic changes. However, certain trends and events, such as the pace of India's economic growth, the development of domestic capital markets and the ongoing reform, may negatively affect India's housing finance industry. In addition, there can be no assurance that the housing finance industry in India is free from systemic risks. Consequently, there can be no assurance that the growth and development of India's housing finance industry will be sustainable which may have an adverse effect on the Issuer's business, results of operations and financial condition.

If inflation were to rise in India, the Issuer might not be able to increase the prices of its products at a proportional rate in order to pass costs on to the Issuer's customers and its profits might decline

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. According to the Index Numbers of Wholesale Price in India – Review for the month of May prepared by the Office of the Economic Advisor, Ministry of Commerce and Industry, Government of India, the annual rate of inflation, based on the monthly wholesale price index (“WPI”) stood at 2.45 per cent. (provisional) for the month of May as compared to 4.78 per cent. in May in the previous year. Further, the WPI Report states that the build-up inflation rate for the first two months of Fiscal Year 2020 was 1.08 per cent. compared to a build-up inflation rate of 1.72 per cent. in the corresponding period of Fiscal Year 2019. The main risks are uncertainties such as commodity prices, monsoon and weather-related disturbances, volatility in prices of seasonal items and spill-overs from external developments through exchange rate and asset price channels.

In the event of increasing inflation in India, the Issuer's costs, such as cost of funds, may increase, which could have an adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer's business and activities may be affected by competition law in India and any adverse application or interpretation of the (Indian) Competition Act, 2002 (the “Competition Act”) could adversely affect its business, prospects, financial condition and results of operations

The enforcement provisions of the Competition Act came into force in 2009, and the merger control provisions were brought into force from 1 June 2011. The Competition Act regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes, or is likely to cause, an appreciable adverse effect on competition is considered void and may result in the imposition of substantial monetary penalties. Further, any agreement among competitors which, directly or indirectly, involves: the determination of purchase or sale prices; limiting or controlling production; supply; markets; technical development; investment or provision of services; and sharing the market or source of production or provision of services in any manner by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or in any other similar way; or, directly or indirectly, results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance, or is attributable to any neglect on the part, of any director, manager, secretary or other officer of such company, that person shall also be guilty of the contravention and may be punished.

In addition to the provisions in the Competition Act, the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 set out the mechanism for implementation of the combination regulation provisions under the Competition Act. The combination regulation provisions require that acquisition of shares, voting rights, assets or control or mergers or amalgamations which cross the prescribed asset and turnover-based thresholds shall be mandatorily notified to

the Competition Commission of India (the “CCI”) for its prior approval (unless such transactions are expressly exempted by Government notifications or under Indian merger control regulations).

If the Issuer is adversely impacted, directly or indirectly, by any provision of the Competition Act, or its application or interpretation, generally or specifically in relation to any merger, amalgamation or acquisition proposed by the Issuer, or any enforcement proceedings initiated by the CCI, either *suo moto* or pursuant to any complaint, for alleged violation of any provisions of the Competition Act, the Issuer’s business, financial condition and results of operations may be materially and adversely affected.

The Issuer may have to comply with stricter regulations and guidelines issued by regulatory authorities in India, including the NHB, which may increase the Issuer’s compliance costs, divert the attention of the Issuer’s management and subject it to penalties

The Issuer is regulated principally by and has reporting obligations to the NHB. The Issuer is also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing the Issuer differs in certain material respects from that in effect in other countries and may continue to change as India’s economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India’s housing finance sector.

Any changes in the existing regulatory framework, including any increase in the compliance requirements, may require the Issuer to divert additional resources, including management time and costs towards such increased compliance requirements. Such an increase in costs could have an adverse effect on the Issuer’s business, prospects, financial condition and results of operations. Additionally, the Issuer’s management may be required to divert substantial time and effort towards meeting such enhanced compliance requirements and may be unable to devote adequate time and efforts towards the business of the Issuer, which may have an adverse effect on its future business, prospects, financial condition and results of operations.

There can be no guarantee that the Issuer will be able to comply with any increased or more stringent regulatory requirements, in part or at all. Failure to comply with such further regulatory requirements could lead to regulatory actions, including penalties, which may have an adverse effect on the Issuer’s future business, prospects, financial condition and results of operations.

The effects of the adoption of the “Indian Accounting Standards converged with IFRS” are uncertain

PFL’s financial statements for the period ended 30 March 2018 and for Fiscal Year 2017 have been prepared in accordance with Indian GAAP. In January 2016, the Ministry of Corporate Affairs laid out a road map for the adoption of Ind-AS by all companies registered in India, subject to certain eligibility criteria. Accordingly, NBFCs (including, for these purposes, HFCs) are required to prepare Ind-AS based financial statements (consolidated and individual) in two phases. Under Phase I, NBFCs that have a net worth of Rs. 5 billion or more, and their holding, subsidiary, joint venture or associate companies are required to prepare Ind-AS based financial statements for accounting periods beginning from 1 April 2018 onwards with comparatives for the periods ending 31 March 2018 or thereafter. Under Phase II, with effect from 1 April 2019, all NBFCs which have a net worth of more than Rs. 2.5 billion but less than Rs. 5 billion, and their respective holding, subsidiary, joint venture or associate companies are required to prepare Ind-AS based financial statements for accounting periods beginning from 1 April 2019 onwards with comparatives for the periods ending 31 March 2019 or thereafter. NBFCs that have a net worth below Rs. 2.5 billion shall continue to apply Accounting Standards specified in Annexure to the Companies (Accounting Standards) Rules, 2006, as amended by the Companies (Accounting Standards) Amendment Rules, 2016. Accordingly, the Issuer has adopted Ind-AS as notified under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, from 1 April 2018. The impact of the transition has been recorded in the opening reserves as at 1 April 2018 and the corresponding figures, presented in the Issuer’s Audited Financial Statements, have been

restated/reclassified. Therefore, the Issuer's Audited Financial Statements are prepared in accordance with Ind-AS and are not comparable to its historical financial statements, such as the PFL Audited Financial Statements.

There are significant differences between RBI regulations and Ind-AS and the RBI has not issued any clarifications with respect to these differences. Since 1 April 2018, the Issuer has computed key parameters such as capital adequacy ratio, net worth, gross NPA, provision and write-offs, etc. in accordance with Ind-AS. These computations may undergo changes if the RBI issues any guidelines for such computations with retrospective effect.

Companies operating in India are subject to a variety of taxes and surcharges

Tax and other levies imposed by the central and state governments in India that affect the Issuer's tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, goods and services tax, stamp duty, tax on dividends and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect the Issuer's business, cash flows and results of operations.

Investors may have difficulty enforcing foreign judgments in India against the Issuer or its management

The Issuer is a limited liability public company incorporated under the laws of India. Most of the Issuer's directors and executive officers named herein are residents of India and all or a substantial portion of the assets of the Issuer and such persons are located in India. As a result, it may not be possible for investors to effect service of process on the Issuer or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India. In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The manner of recognition and enforcement of foreign judgments in India is dependent on whether the country in which the foreign judgment has been pronounced is a reciprocating territory or not. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to execute such a judgment or to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. The Issuer cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

The proposed new taxation system in India could adversely affect the Issuer's business, prospects, financial condition and results of operations

The Government has proposed major reforms in Indian tax laws, namely imposition of the goods and services tax and provisions relating to the General Anti-Avoidance Rules ("GAAR").

The Goods and Services Tax ("GST") has been implemented with effect from 1 July 2017 and has replaced the indirect taxes on goods and services such as central excise duty, service tax, central sales tax, state value added tax and surcharge which was previously being collected by the central and state governments. GST has increased tax incidence and administrative compliance for companies.

As regards GAAR, the provisions were introduced in the Finance Act 2012 and apply (as per the Finance Act 2015) in respect of an assessment year beginning on 1 April 2018. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (a) creates rights, or obligations, which are not normally created between persons dealing at

arm's length; (b) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (c) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (d) is entered into, or carried out, by means, or in a manner, which is not normally employed for *bona fide* purposes. If GAAR provisions are invoked, the tax authorities would have wide powers, including denial of tax benefit or a benefit under a tax treaty.

There can be no assurance that such effects would not adversely affect the Issuer's business, prospects, financial condition and results of operations.

Financial instability in other countries may cause increased volatility in Indian financial markets

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial disruptions in Asia, Russia and elsewhere in the world in recent years have affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm the Issuer's business and its future financial performance.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. In particular, financial markets and the supply of credit could continue to be negatively impacted by ongoing concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union and the impact of the United Kingdom leaving the EU ("**Brexit**"). There is significant uncertainty at this stage as to the impact of Brexit on general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. These and other related events have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States, Europe and global credit and financial markets.

In response to such developments, legislators and financial regulators in the United States, Europe and other jurisdictions, including India, have implemented several policy measures designed to add stability to the financial markets. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilising effects. In the event that the current adverse conditions in the global credit markets continue or if there is any significant financial disruption, this could have an adverse effect on the Issuer's business and future financial performance.

The new bankruptcy code in India may affect the Issuer's right to pay back its creditors

The Insolvency and Bankruptcy Code, 2016 (the "**Bankruptcy Code**") replaced the previous framework of multiple overlapping laws and adjudicating forums dealing with the bankruptcy and insolvency of companies and individuals in India. The Bankruptcy Code offers a uniform, comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agrees upon a plan for the revival or a speedy liquidation of the debtor. The institutional framework provided by the Bankruptcy Code consists of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms which are expected to facilitate a formal and time-bound insolvency resolution and liquidation process. Due to the lack of specific case law, policy or regulatory guidance, it is not currently clear if the Bankruptcy Code will apply to the Issuer. If the

Bankruptcy Code provisions are invoked against the Issuer, this may affect its ability to pay back creditors, and the enforcement of its creditor rights will be subject to the Bankruptcy Code.

Civil unrest, acts of violence including terrorism or war involving India and other countries could materially and adversely affect the financial markets and the Issuer's business

Civil unrest and acts of violence including terrorism or war may negatively affect the Indian stock markets and also materially and adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately materially and adversely affect the Issuer's business. Although the governments of India and neighbouring countries attempt to engage in conciliatory efforts from time to time, any deterioration in relations between India and neighbouring countries might result in investor concern about stability in the region, which could materially and adversely affect the Issuer's business, results of operations and financial condition. For instance, the financial markets experienced instability during the recent conflict with Pakistan.

Borrowing for the purchase or construction of property may not continue to offer borrowers the same fiscal benefits it currently offers and the housing sector may not continue to be regarded as a priority sector by the Government, which may adversely affect the Issuer's business, prospects, financial condition and results of operations

The rapid growth in the housing finance industry in India in the last decade is in part due to the introduction of fiscal benefits for homeowners. Since the early 1990s, interest and principal repayments on capital borrowed for the purchase or construction of housing have been tax deductible up to certain limits, and tax rebates have been available for borrowers of such capital up to specified income levels. There can be no assurance that the Government will continue to offer such tax benefits to borrowers at the current levels or at all. In addition, there can be no assurance that the Government will not introduce tax efficient investment options which are more attractive to borrowers than property investment. The demand for housing and/or housing finance may be reduced if any of these changes occur.

The RBI has also provided incentives to the housing finance industry by extending priority sector status to housing loans. In addition, pursuant to Section 36(1)(viii) of the Income Tax Act, 1961, up to 20 per cent. of profits from the provision of long-term finance for the construction or purchase of housing in India, may be carried to a "Special Reserve" and are not subject to income tax. There can be no assurance that the Government will continue to make this fiscal benefit available to HFCs. If it does not, this may result in a higher tax outflow. The NHB has stipulated that all HFCs are required to create a deferred tax liability on the Special Reserve created from current and past profits, irrespective of whether they intend to withdraw from such reserve or not.

Financial difficulty and other problems in certain financial institutions in India, and changing laws and legal uncertainties could adversely affect the Issuer's business, results of operations and financial condition

As an HFC, the Issuer is exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom the Issuer interacts on a daily basis.

Further, the business and financial performance of the Issuer could be adversely affected by any change in law or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to the Issuer. There can be no assurance that the Government will not implement new regulations and policies which will require the Issuer to obtain additional approvals and licences from the Government and other regulatory bodies or impose onerous requirements and conditions on the Issuer's operations. Any such changes and the related

uncertainties with respect to the implementation of the new regulations may have a material adverse effect on the Issuer's business, prospects, financial condition and results of operations and cash flows.

Any such events, difficulties or any instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect the Issuer's business, results of operations and financial condition. As the Indian financial system operates within an emerging market, it faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs, notwithstanding the existence of a national deposit insurance scheme.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact the Issuer

A decline in India's foreign exchange reserves could affect liquidity and result in higher interest rates in the Indian economy, which could adversely affect the Issuer's business, its future financial performance, its results of operations and financial condition.

Natural disasters and other disruptions could adversely affect the Indian economy and could adversely affect the Issuer's business, results of operations and financial condition

The Issuer's operations, including the Issuer's branch network, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach the Issuer's business locations. Damage or destruction that interrupts the Issuer's provision of services could adversely affect the Issuer's reputation, the Issuer's relationships with its customers, the Issuer's senior management team's ability to administer and supervise its business or it may cause the Issuer to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of the Issuer's branch network. Any of the above factors may adversely affect the Issuer's business, results of operations and financial condition.

An outbreak of an infectious disease or any other serious public health concerns in India or elsewhere could adversely affect the Issuer's business

The outbreak of an infectious disease in India or elsewhere or any other serious public health concern could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect the Issuer's business. Although the Issuer has not been adversely affected by such outbreaks in the past, there is no assurance that a future outbreak of an infectious disease or any other serious public health concern will not have a material adverse effect on the Issuer's business.

India's infrastructure is less developed than that of many developed nations which may lead to disruption in the Issuer's business

India's infrastructure is less developed than that of many developed nations, and problems with its port, rail and road networks, electricity grid, communication systems or other public facilities could disrupt the Issuer's normal business activity and the real estate industry in India with which the Issuer's business is closely inter-related. Any material deterioration of India's infrastructure, including technology and telecommunications, adds costs to doing business in India. These problems could interrupt the Issuer's business operations and reduce demand for the Issuer's services, which could have an adverse effect on the Issuer's business and results of operations.

Risks Related to the Notes

Risks Related to the Notes which are linked to “benchmarks”

The Programme allows for the issuance of Notes that reference certain interest rates or other types of rates or indices which are deemed to be “benchmarks”, including the London Interbank Offered Rate (“**LIBOR**”) and the Euro Interbank Offered Rate (“**EURIBOR**”), in particular, with respect to certain floating rate Notes where the Reference Rate (as defined in the Terms and Conditions of the Notes) may be LIBOR, EURIBOR or another such benchmark. The relevant Pricing Supplement for Notes will specify whether LIBOR, EURIBOR or another such benchmark is applicable.

Benchmarks are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the “**FCA Announcement**”). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the Terms and Conditions of the Notes, or result in other consequences, in respect of any Notes linked to such benchmark (including, but not limited to, floating rate Notes whose interest rates are linked to LIBOR). Any such consequence could have a material adverse effect on the value of and return on any such Notes.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities

The market values of Notes issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Investors may lose part or all of their investment in any index-linked Notes issued

If, in the case of a particular tranche of Notes, the relevant Pricing Supplement specifies that the Notes are index-linked Notes or variable redemption amount Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

If the Issuer does not satisfy its obligations under the Notes, Noteholders’ remedies will be limited

Payment of principal due under the Notes may be accelerated only in the event of certain events involving the Issuer’s bankruptcy, winding up or dissolution or similar events or otherwise if certain conditions have been satisfied.

The book-entry registration system of the Notes may reduce the liquidity of any secondary market for the Notes and may limit the receipt of payments by the beneficial owners of the Notes

As transfers of interests in the global notes can be effected only through book entries at Clearstream, Luxembourg and Euroclear, for the accounts of their respective participants, the liquidity of any secondary market for global notes may be reduced to the extent that some investors are unwilling to hold the Notes in book-entry form in the name of a Clearstream, Luxembourg or Euroclear participant. The ability to pledge interests in the global notes may be limited due to the lack of a physical certificate. Beneficial owners of global notes may, in certain cases, experience delay in the receipt of payments of principal and interest since such payments will be forwarded by the paying agent to Clearstream, Luxembourg or Euroclear, who will then

forward payment to their respective participants, who (if not themselves the beneficial owners) will thereafter forward payments to the beneficial owners of the interests in the global notes. In the event of the insolvency of Clearstream, Luxembourg or Euroclear or any of their respective participants in whose name interests in the global notes are recorded, the ability of beneficial owners to obtain timely or ultimate payment of principal and interest on global notes may be impaired.

Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference into this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the related risks.

The Notes are complex financial instruments. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes may have limited liquidity

The Notes constitute a new issue of securities for which there is no existing market. Application will be made to the SGX-ST for the permission to deal in, and for the quotation of, any Notes that may be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST and there can be no assurance that the SGX-ST will list any such Notes. The offer and sale of the Notes is not conditional upon obtaining a listing of the Notes on the SGX-ST or any other exchange. The Dealers are not obliged to make a market in the Notes issued under the Programme, and any market-making activity with respect to the Notes, if commenced, may be discontinued at any time without notice in their sole discretion. No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the price at which the Notes are issued depending on many factors, including:

- prevailing interest rates;
- the Issuer's financial results and financial condition;
- political and economic developments in and affecting India;

- the market conditions for similar securities; and
- the financial condition and stability of the Indian financial sector.

The Trustee may request the Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction

In certain circumstances (including without limitation the giving of notice to the Issuer pursuant to Condition 14 (*Events of Default*) of the Terms and Conditions of the Notes and the taking of any action and/or steps and/or the instituting of any proceedings pursuant to Condition 19 (*Enforcement*) of the Terms and Conditions of the Notes), the Trustee may (in its sole discretion) request the Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions and/or steps and/or institutes proceedings on behalf of Noteholders. The Trustee shall not be obliged to take any such actions and/or steps and/or to institute any such proceedings if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions and/or steps can be taken, and/or such proceedings can be instituted. The Trustee may not be able to take actions and/or steps and/or to institute proceedings, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed constituting the Notes and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions and/or actions and/or institute such proceedings directly.

Noteholders' rights to receive payments on the Notes are junior to certain tax and other liabilities preferred by law

The Notes will be subordinated to certain liabilities preferred by law such as claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of the Issuer's trading or banking transactions.

In particular, in the event of bankruptcy, liquidation or winding up, the Issuer's assets will be available to pay obligations on the Notes only after all of those of its liabilities that rank senior to such Notes have been paid. In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Notes.

The Notes are subject to transfer restrictions

The Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States and may be offered and sold only to certain persons in offshore transactions in reliance on Regulation S, or pursuant to another exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws.

The Notes do not restrict the Issuer's ability to incur additional debt, repurchase the Notes or to take other actions which could negatively impact holders of the Notes

The Issuer is not restricted under the terms of the Notes from incurring additional debt, including secured debt, or from repurchasing the Notes. In addition, the covenants applicable to the Notes do not require the Issuer to achieve or maintain any minimum financial results relating to its financial position or financial results. The Issuer's ability to recapitalise, incur additional debt and take other actions is not limited by the terms of the Notes and could have the effect of diminishing its ability to make payments on the Notes when due.

Decisions may be made on behalf of all Noteholders that may be adverse to the interests of individual Noteholders

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders,

including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default (as defined in the Terms and Conditions of the Notes) shall not be treated as such.

Singapore Taxation Risk

The Notes to be issued from time to time under the Programme, during the period from the date of this Offering Circular to 31 December 2023 are, pursuant to the Income Tax Act, Chapter 134 of Singapore (the “**ITA**”) and the MAS Circular FDD Cir 11/2018 entitled “Extension of Tax Concessions for Promoting the Debt Market” issued by the Monetary Authority of Singapore (“**MAS**”) on 31 May 2018, intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section “Taxation – Singapore”. However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

Risks Related to the Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

The Issuer may issue Notes which have an optional redemption feature that allows it to redeem such Notes prior to maturity at certain specified prices. An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index-Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Issuer's capitalisation and indebtedness as at 31 March 2019. The following should be read in conjunction with the Issuer's financial statements and related notes included in this Offering Circular.

Except as otherwise disclosed below, there has been no material change in the Issuer's capitalisation and indebtedness since 31 March 2019.

	As at 31 March 2019
	<i>(Rs. million)</i>
LIABILITIES	
Debt securities	59,059.4
Borrowings (other than debt securities)	244,095.4
Deposits	15,000.0
Subordinated debt liabilities	4,931.3
Total liabilities	323,086.1
EQUITY	
Equity share capital	180,445.2
Other equity	14,863.4
Total Equity	195,308.6
Total Capitalisation⁽¹⁾	518,394.7

Note:

(1) Total capitalisation represents the sum of total liabilities and total equity.

USE OF PROCEEDS

The proceeds from each issue of Notes will be used by the Issuer in accordance with RBI Regulations for such purposes as permitted under such Regulations. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

INDUSTRY OVERVIEW

The Global Economy

Global economic activity has been losing pace after a somewhat improved performance in Q1 2019, reflecting a further slowdown in trade and manufacturing activity. Among advanced economies (“AEs”), economic activity in the United States strengthened in Q1, supported by higher government spending, increase in private investment and a lower trade deficit. However, factory activity and retail sales moderated in April 2019. Economic activity in the Euro area has remained weak due to muted industrial activity and weak business confidence. Leading indicators point to a further slowdown in the Euro area in Q2 2019. In the United Kingdom, GDP growth for Q1 2019 picked up on high retail sales and government expenditure. However, the outlook is clouded by uncertainty relating to Brexit. The Japanese economy accelerated in Q1 2019 on net exports gains and increased public investment. In April 2019, industrial production improved, while retail sales fell.

Economic activity has slowed in many emerging market economies (“EMEs”). In Q1 2019, the Chinese economy grew at the same pace as in the previous quarter, though slightly above consensus expectations. However, incoming data on industrial production and retail sales suggest that the growth momentum may weaken in Q2 2019. The Russian economy, which had shown some signs of recovery in Q4 2018, weakened in Q1 2019 on muted domestic activity and trade. Economic activity in South Africa contracted in Q1 2019, pulled down mainly by a sharp decline in manufacturing activity. Brazil’s economy contracted in Q1 2019 for the first time since 2016 and there are fears that it could return to recession.

Crude oil prices remained volatile, reflecting evolving demand-supply conditions underpinned by the production stance of the Organization of the Petroleum Exporting Countries, rising shale output, weakening global demand and geo-political concerns. The strengthening of the U.S. dollar had weakened gold prices. However, prices picked up since the last week of May 2019 on escalating trade tensions, reviving its demand as a safe haven asset. Inflation remains below target in several economies, though it has shown an uptick since March 2019.

Financial markets have been driven by uncertainties surrounding U.S.-China trade negotiations and Brexit. In the U.S., the equity market has experienced some selling pressures since early May 2019 on escalation of trade tensions with China and recently, with Mexico. Equity markets in most EMEs have lost steam due to the waning risk appetite on rising geo-political uncertainties and weakening global trade prospects. Bond yields in the U.S. picked up in April 2019 on better GDP data for Q1 2019, but declined in May 2019 on subdued economic data and expectations of a dovish monetary policy stance. Bond yields in Germany slipped into negative territory on weak economic data; in Japan, bond yields remained negative on indications of sustained accommodation. In many EMEs, bond yields have been falling with central banks adopting accommodative monetary policy to boost economic growth. In currency markets, the U.S. dollar strengthened on better than expected domestic economic data for Q1 2019. Most EME currencies have depreciated against the U.S. dollar.

(Source: Minutes of the RBI Monetary Policy Committee Meeting June 2019)

Reflecting the slowdown in activity in the latter half of 2018 and the first half of 2019, global growth is set to moderate from 3.6 per cent. in 2018 to 3.3 per cent. in 2019, and then to return to 3.6 per cent. in 2020. Beyond 2020, global growth is projected to plateau at about 3.6 per cent. over the medium term. The global growth forecast reflects (a) a combination of waning cyclical forces and a return to tepid potential growth in advanced economies; (b) a precarious recovery in emerging market and developing economies, driven to a great extent by economies currently experiencing severe

macroeconomic distress; and (c) complex factors that shape the prospects for potential growth in both developed and developing economies.

(Source: World Economic Outlook April 2019)

The Indian Economy

India is the world's largest democracy by population with an estimated population size of 1.35 billion in 2019. India's nominal Gross Domestic Product ("GDP") as on 31 March 2019 was U.S.\$ 2.75 trillion. India is the world's third-largest economy in terms of GDP in 2019 by purchasing power parity ("PPP"). The Indian economy is also among the fastest-growing economies globally.

As per the estimates released by the National Statistical Office ("NSO"), GDP growth for 2018-19 has been estimated at 6.8 per cent. year-on-year. Quarterly data show that domestic economic activity decelerated sharply to 5.8 per cent. in Q4 2018-19 from 6.6 per cent. in Q3 2018-19 and 8.1 per cent. in Q4 2017-18. Gross fixed capital formation growth declined sharply to 3.6 per cent., after remaining in double digits in the previous five quarters. Private consumption growth also moderated. The drag on aggregate demand from net exports increased in Q4 2018-19 due to a sharper deceleration in exports relative to imports. However, the overall slowdown in growth was cushioned by a large increase in government final consumption expenditure.

(Source: Minutes of the RBI Monetary Policy Committee Meeting June 2019)

As per the recent report of Ministry of Commerce & Industry, the annual rate of inflation, based on monthly WPI, stood at 2.45 per cent. (provisional) for the month of May 2019 (over May 2018) as compared to 3.07 per cent. (provisional) for April 2019 and 4.78 per cent. during April 2018. Build up inflation rate in the financial year so far was 1.08 per cent. compared to a build-up rate of 1.72 per cent. in the corresponding period of the previous year.

(Source: Index Numbers of Wholesale Price in India (Base: 2011-12=100), Review for the month of May 2019 - Ministry of Commerce & Industry)

Results of the Survey of Professional Forecasters on Macroeconomic Indicators - Round 58 extracted from the RBI's website show Real GDP is likely to grow at 7.2 per cent. in 2019-20 and is expected to accelerate further by 10 basis points ("bps") in 2020-21 on the back of support from private consumption. Real gross value added ("GVA") is expected to grow by 7.0 per cent. in fiscal year 2019-20 and by 7.2 per cent. in fiscal year 2019-20, supported by upticks in the industrial and services sectors.

'Industry' sector Real GVA is expected to grow by 7.0 per cent. in fiscal year 2019-20 and by 7.5 per cent. in fiscal year 2019-20. 'Services' sector Real GVA is expected to grow by 7.8 per cent. in fiscal year 2019-20 and by 8.0 per cent in fiscal year 2020-21. Headline consumer price index ("CPI") inflation is expected to be 3.1 per cent. in first quarter of fiscal year 2019-20 and thereafter may increase gradually to reach 4.2 per cent. by Q4 2019-2020. Core inflation (i.e., CPI excluding food and beverages, pan, tobacco and intoxicants, and fuel and light) is expected at 4.5 per cent. during Q1 2019-20 to Q3 2019-20 and is forecasted to reach 4.8 per cent. in Q4 2019-20, and to rise further to 5.0 per cent. in Q1 2020-21.

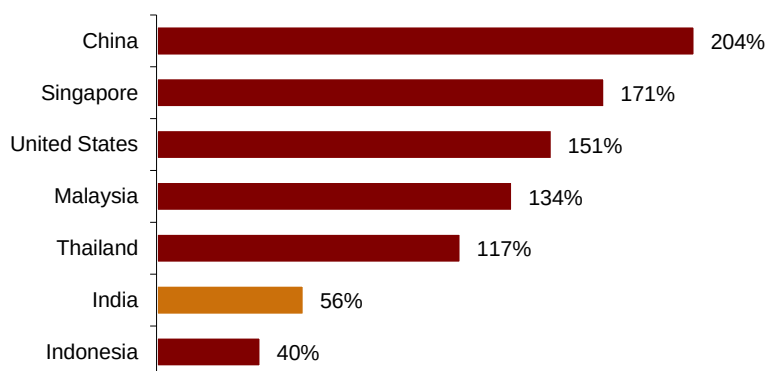
(Source: Results of the Survey of Professional Forecasters on Macroeconomic Indicators - Round 58, Reserve Bank of India)

Overview of the Indian Financial Sector

The RBI, as the main regulator of credit, is the apex institution in the financial system, which also serves as a bank for the Government and for India's commercial banks. Other important financial institutions include the commercial banks (in the public and private sector), cooperative banks, regional rural banks and development banks. Non-bank financial institutions include finance and leasing companies and other institutions such as Life Insurance Corporation of India, General Insurance Corporation of India, Unit Trust of India.

The RBI has issued guidelines on exposure limits, income recognition, asset classification, provisioning for nonperforming and restructured assets, investment valuation and capital adequacy for commercial banks, long term lending institutions and non-bank finance companies. The RBI requires these institutions to furnish information relating to their businesses to it on a regular basis.

The Indian market has among the lowest credit penetration as compared to other developed and developing economies, with the credit to GDP ratio for India at 56 per cent. as at 31 December 2018.



(Source: BIS research, as of December 2018)

Categorization of NBFCs in India

NBFCs are categorized:

- (a) in terms of the type of liabilities into deposit- and non-deposit-accepting NBFCs;
- (b) non-deposit-taking NBFCs by their size into systemically important and other non-deposit holding companies; and
- (c) by the kind of activities they conduct.

Within this broad categorization the different types of NBFCs are as follows:

- (i) **Asset Finance Company:** A company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive/economic activity, such as automobiles, tractors, lathe machines, generator sets, earth-moving and material handling equipment, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60 per cent. of its total assets and total income respectively;
- (ii) **Investment Company:** Any company which is a financial institution carrying on as its principal business the acquisition of securities;

- (iii) **Loan Company:** Any company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company;
- (iv) **Infrastructure Finance Company (“IFC”):** An NBFC which (a) deploys at least 75 per cent. of its total assets in infrastructure loans; (b) has a minimum net owned funds of Rs. 3 billion; (c) has a minimum credit rating of ‘A’ or equivalent; and (d) has a capital to risk (weighted) assets ratio of 15 per cent.;
- (v) **Systemically Important Core Investment Company:** An NBFC carrying on the business of acquisition of shares and securities which satisfies the following conditions:
 - (a) it holds not less than 90 per cent. of its total assets in the form of investment in equity shares, preference shares, debt or loans in group companies;
 - (b) its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes not less than 60 per cent. of its total assets;
 - (c) it does not trade in its investments in shares, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;
 - (d) it does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the RBI Act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies;
 - (e) its asset size is Rs. 1 billion or above; and
 - (f) it accepts public funds.
- (vi) **Infrastructure Debt Fund: Non-Banking Financial Company (“IDF-NBFC”):** A company registered as an NBFC to facilitate the flow of long-term debt into infrastructure projects, which raises resources through the issue of Rupee- or Dollar-denominated bonds of minimum 5-year maturity. Only IFCs can sponsor IDF-NBFCs.
- (vii) **Non-Banking Financial Company - Micro Finance Institution (“NBFC-MFI”):** A non-deposit-taking NBFC with not less than 85 per cent. of its assets as qualifying assets which satisfy the following criteria:
 - (a) loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding Rs. 100,000 or urban and semi-urban household income not exceeding Rs. 160,000;
 - (b) loan amount does not exceed Rs. 50,000 in the first cycle and Rs. 100,000 in subsequent cycles;
 - (c) total indebtedness of the borrower does not exceed Rs. 100,000;
 - (d) tenure of the loan not to be less than 24 months for loan amount in excess of Rs. 15,000 with prepayment without penalty;
 - (e) loan to be extended without collateral;
 - (f) aggregate amount of loans, given for income generation, is not less than 50 per cent of the total loans given by the NBFC-MFI; and
 - (g) loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower.

- (viii) Non-Banking Financial Company – Factor: A non-deposit-taking NBFC engaged in the principal business of factoring. The financial assets in the factoring business should constitute at least 50 per cent. of its total assets and its income derived from factoring business should not be less than 50 per cent. of its gross income.
- (ix) Mortgage Guarantee Company: A financial institution for which at least 90 per cent. of the business turnover is mortgage guarantee business, or at least 90 per cent. of the gross income is from mortgage guarantee business and with a net owned fund of at least RS. 1 billion.

(Source: Reserve Bank of India)

*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (“**Report**”) based on the Information obtained by CRISIL from sources which it considers reliable (“**Data**”). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. The Issuer will be responsible for ensuring compliance and the consequences of non-compliance for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL’s Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (“**CRIS**”), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL’s Ratings Division / CRIS. No part of this Report may be published/ reproduced in any form without CRISIL’s prior written approval*

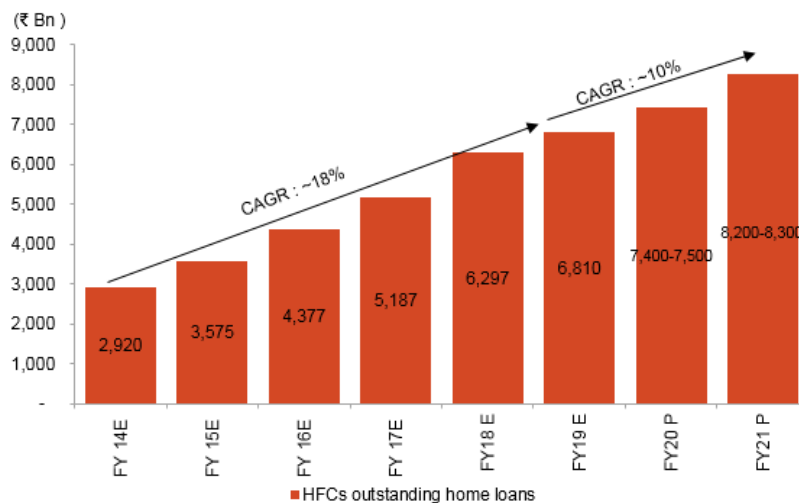
Overview of Housing Finance Sector

Home loans outstanding of HFCs grew at a compounded annual growth rate (“**CAGR**”) of over 20 per cent. during FY 2013 and the first half of FY 2019. Demand for individual home loans rose on account of increasing demand from tier 2 and tier 3 cities, rising disposable incomes, interest rate subventions, and fiscal incentives on housing loans. However, growth slowed down considerably in the second half of FY 2019 due to liquidity constraints, and players started focusing on managing asset-liability mismatches rather than growing their portfolio. Consequently, overall credit growth in home loans for HFCs stood at 8 per cent. year-on-year in FY 2019.

It is expected that the outstanding loan portfolios of HFCs in the home loans segment will continue to grow at a relatively slower pace of ~10 per cent. CAGR over the next two years. Tight liquidity is expected to restrict market borrowings for some HFCs that suffer from relatively higher asset-liability mismatches, have a higher proportion of non-retail loans in their portfolio, and do not have strong parental affiliations.

In order to strengthen liability management, HFCs are tapping alternate sources of funding like issuances of retail bonds, securitisation and external commercial borrowings (“**ECBs**”), apart from increasing borrowing from banks. Securitisation has emerged as one of the major sources of funding which is expected to continue even in FY 2020. A higher level of securitisation will also restrict growth in the outstanding loan portfolios of HFCs going forward.

HFCs are facing slowing credit growth in the medium term due to tight liquidity and increased risk perception. While credit supply will shrink over the next two years, demand-side fundamentals are likely to remain strong. Deeper finance penetration, greater affordability, latent demand for affordable dwellings, greater government support, and higher disposable income will continue to drive demand for housing loans.

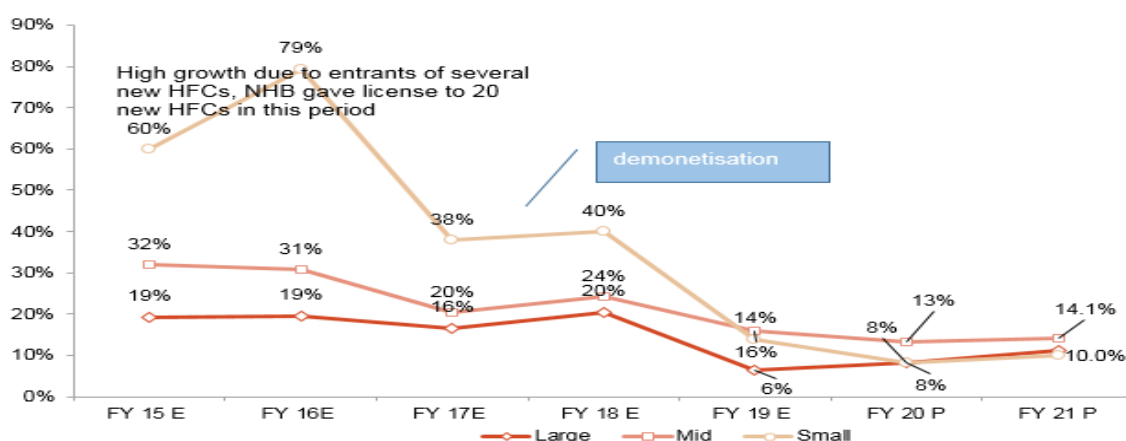


E: Estimated; P: Projected

(Source: Reserve Bank of India (RBI), NHB, Company Reports, CRISIL Research)

Key Trends

Small and medium-sized HFCs, which witnessed a boom in the past five years, will be the most affected due to the liquidity crunch facing NBFCs. It is expected that large players with strong parental affiliations will have greater access to funding sources vis-a-vis their peers and would be relatively less impacted. Many large and mid-sized HFCs are mobilising resources by selling their loan portfolios to banks.

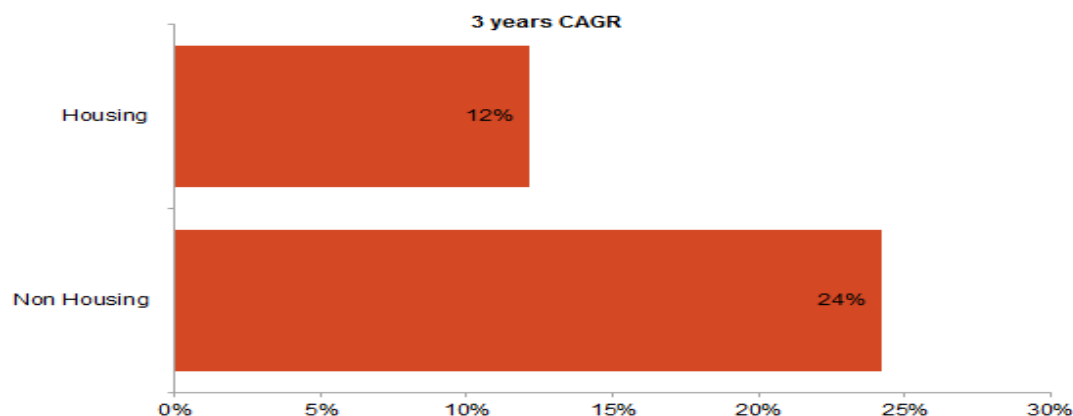


E: Estimated, P: Projected

Note: Classification is based on outstanding housing loan portfolio; large HFCs: > Rs. 300 billion (top five players); mid-size HFCs and small players: outstanding < Rs. 300 billion

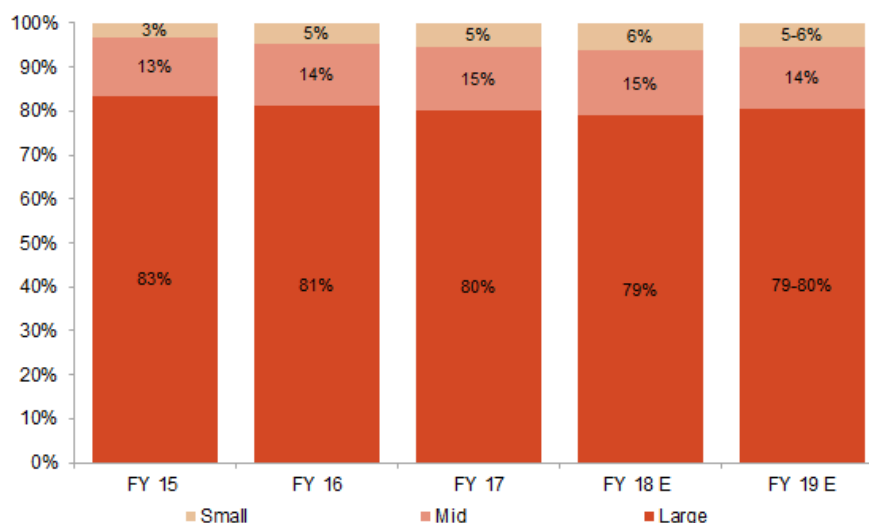
(Source: CRISIL Research)

As per CRISIL Research, HFCs' total outstanding loans (housing loans, LAP, wholesale loans and others) increased 10-12 per cent. year-on-year in FY 2019. LAP increased the most, whereas the share of wholesale finance remained stable at around 15 per cent. of overall loans as banks are reluctant to lend owing to high delinquency in the past. Going forward, slowing growth in the non-retail segment should be expected due to asset quality concerns.



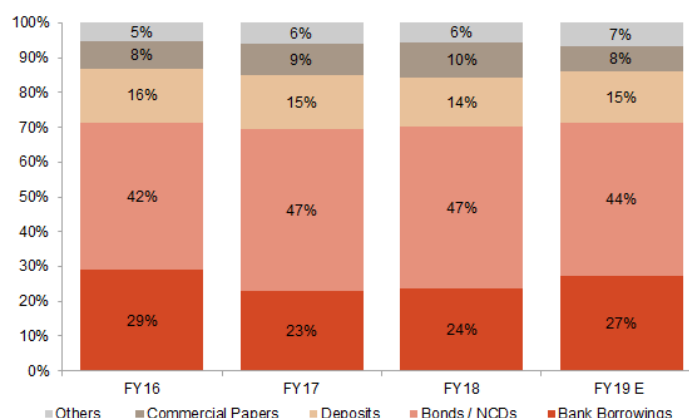
Note: Data representing more than 70 per cent. of the industry
(Source: CRISIL Research)

The five largest HFCs account for ~80 per cent. of outstanding loans as of March 2019. However, the extent of market concentration has reduced with mid- and small-sized HFCs gaining market share by growing faster, albeit on a low base. Small-sized players' share of the HFC loan market increased by 300 bps over the past five years.



Note: Based on outstanding housing loan portfolio; large HFCs: >Rs. 300 billion (5 largest HFCs); mid HFCs: Rs. 50 - 300 billion (next 10 largest HFCs); small HFCs: <= Rs. 50 billion (remaining HFCs)
(Source: CRISIL Research)

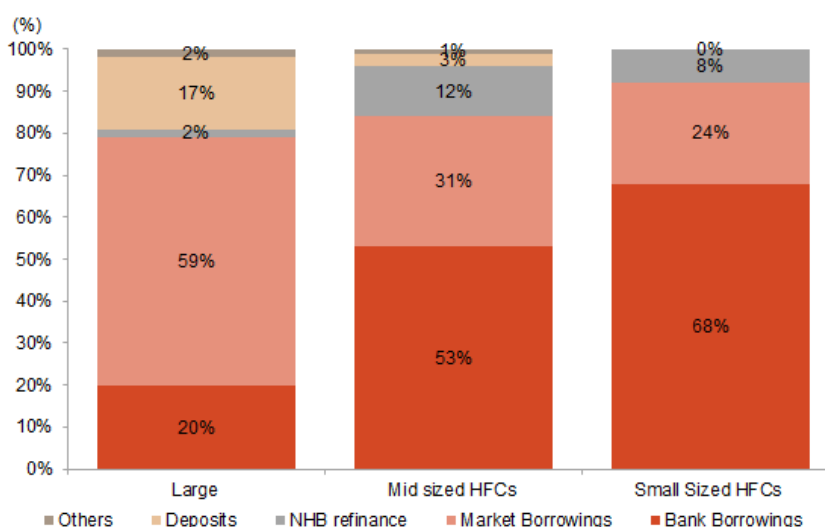
HFCs with unhealthy asset-liability ratios and higher shares of non-retail loans in their portfolios are finding it difficult to raise funds from the market. Also, mid- and small-sized players (with loan portfolios of less than Rs. 300 billion) are facing difficulty in raising money through NCDs. In contrast, HFCs with strong parental affiliations and relatively higher proportions of retail assets have been able to raise funds from the market.



*Note: Data represents around 70 per cent. of the industry; E: Estimated
(Source: NHB, Company Reports, CRISIL Research)*

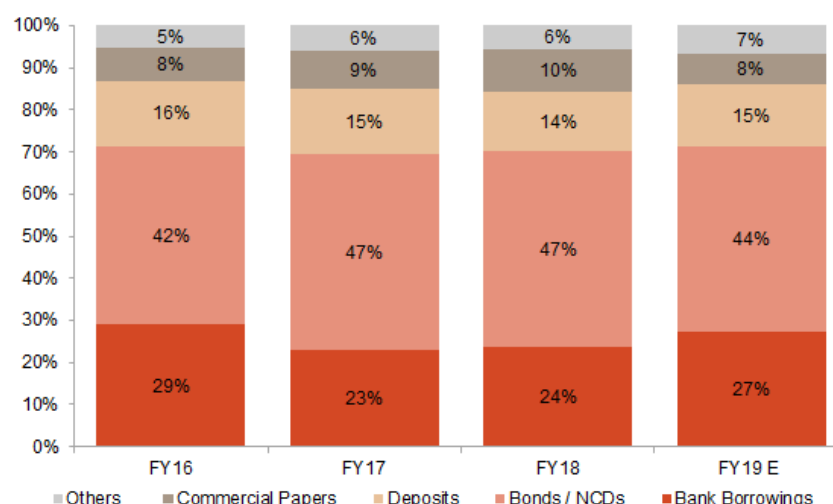
Until the first half of FY 2019, competitive market rates and easy access to market borrowings led to an increase in the share of market borrowing, comprising commercial paper and NCDs. The proportion of market borrowing in the overall borrowing mix of non-banks increased by 700-800 bps between FY 2016 to the first half of FY 2019.

HFCs' access to funds is expected to improve, since the Government and the RBI have taken and announced several measures to ease out liquidity in the market.



*Note: Large HFCs includes the 4 largest HFCs: HDFC Ltd, Indiabulls Housing Finance Ltd., LIC Housing Finance Ltd., PNB Housing Finance Ltd
Mid-sized HFCs include the next 10 largest HFCs and all remaining HFCs are considered small-sized
(Source: CRISIL Research)*

Large HFCs have better access to the debt market, given their size and parental affiliations, making it relatively easier for them to mobilise resources. On the other hand, mid- and small-sized HFCs have greater reliance on bank borrowings and refinancing from the NHB. Mid- and small-sized HFCs, which are not backed by big institutions, would find it difficult to raise funds from the market. However, in the current environment, due to increased risk perception, only few large players with strong parental affiliations are able to tap into the debt capital markets with reasonable interest rate spreads.

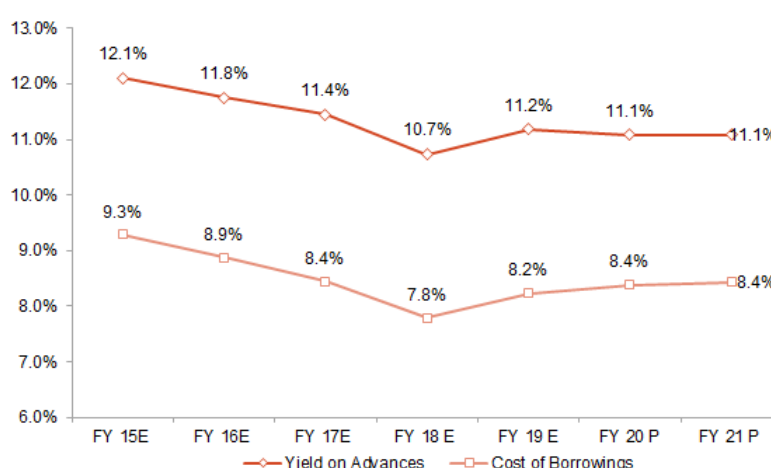


*Note: Data represents around 70 per cent. of the industry; E: Estimated
(Source: NHB, Company Reports, CRISIL Research)*

It is expected that the profitability of HFCs would reduce by 25-30 bps over the next two years in FY 2020 and FY 2021, on account of the increase in the cost of borrowing as well as the slight deterioration in asset quality leading to higher credit costs. During FY 2017 and FY 2018, the profitability of HFCs was stable, with return on assets of ~2 per cent. whereas profitability contracted by 10-20 bps in FY 2019.

The rising interest rate cycle during the first half of FY 2019 and tight liquidity from the second half of FY 2019 onwards has led to an increase in the cost of borrowing by 30-40 bps in FY 2019, which is expected to rise by a further 20 bps in FY 2020. On the other hand, yield on advances is expected to fall by around ~10-20 bps as market rates decline, which will be passed on to home loan borrowers, given the current competitive market. From January 2019 to date, HFCs have already revised interest rates downwards by 5-10 bps. This reduction in profitability, going forward, will also be because of intensifying competition from banks.

Companies with negative asset-liability gaps will face a higher impact on profit margins as they will have to refinance borrowings at a higher cost. Spreads are expected to decline in FY 2020 and FY 2021.



E: Estimated P: Projected

Note: Profitability is only for HFCs

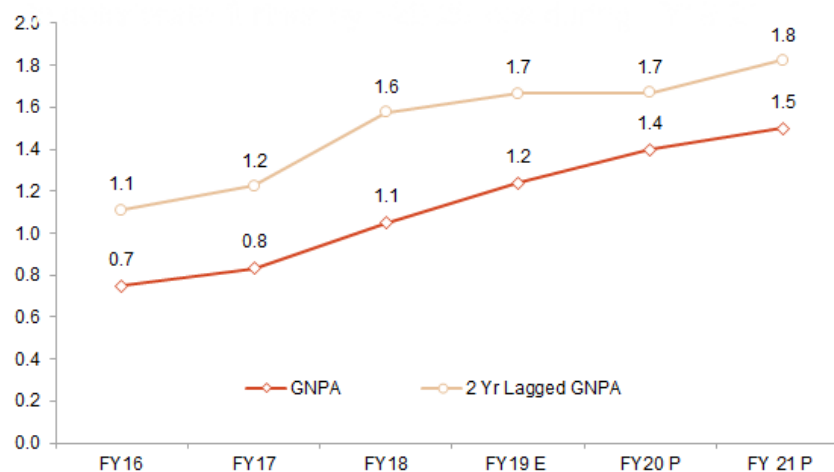
(Source: Company Reports, CRISIL Research)

The yields of large HFCs are expected to remain under pressure as they directly compete with banks, which have lower borrowing costs as well as higher customer information (as they provide savings account facilities, which HFCs cannot). Going forward, it is expected that the yield of large HFCs would come down in tandem with the yields of banks.

Large HFCs have better access to the debt market, given their size and parental affiliations, making it easier for them to mobilise resources. But, post liquidity CRISIL Research expects HFCs dependence on bank funding will increase. Furthermore, HFCs do not have access to low-cost deposits, such as the current account savings account deposits of banks; hence, their cost of funds is always higher than that of banks. HFCs also do not have the flexibility to completely transfer the increase in cost of funds to customers due to competition from banks. Therefore, managing their cost of funds is vital for them to be competitive in this space.

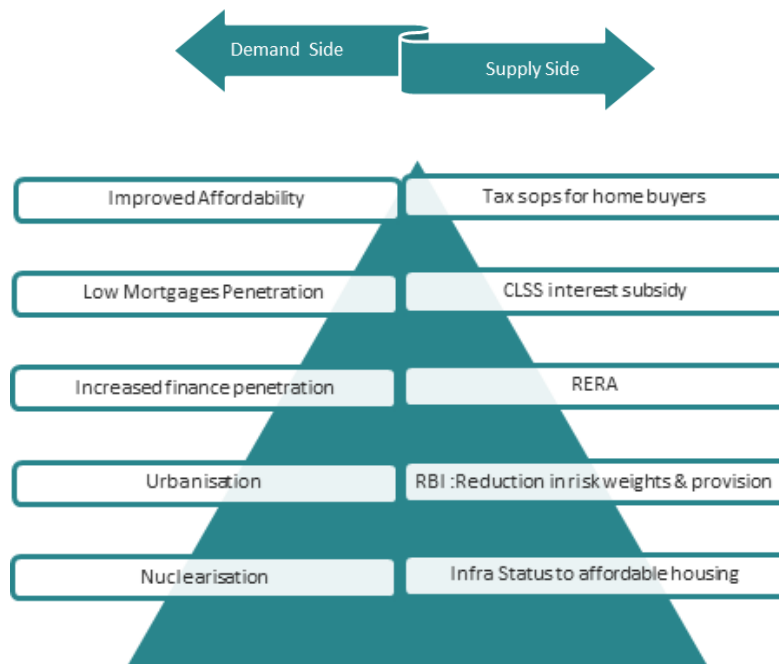
Mid-sized and small-sized HFCs have higher net interest margins than large HFCs, as their loan portfolios are highly concentrated on riskier loans (from the self-employed and informal sectors), where they are able to charge a premium on yield. However, their return on assets is lower than large HFCs due to higher credit and operating expenses.

As demand for home loans largely comes from first-time buyers, asset quality in this segment has historically remained low. Furthermore, many rapidly-growing HFCs that lend to self-employed customers may face even greater delinquency.



E: Estimated; P: Projected
(Source: CRISIL Research)

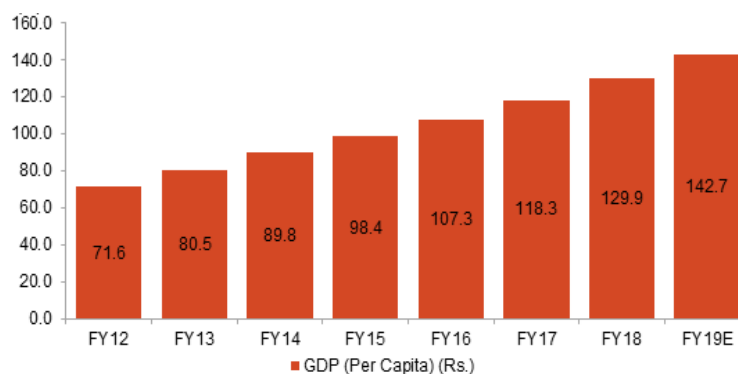
Drivers for Growth



Increasing Affordability of Housing Driven by Rising Disposable Income

India's per capita GDP grew at a healthy rate in the three years up to FY 2019. It rose to Rs. 142,000 in FY 2019 (base year 2011-12). In real terms, per capita GDP is estimated to have grown 8.1 per cent. in FY 2018 compared with 8.6 per cent. in FY 2017. Among India's GDP components, private consumption is the biggest contributor at ~58 per cent. in FY 2019. Per capita GDP, a proxy to measure private consumption, is estimated to have grown 8.1 per cent. in FY 2018. With GDP accelerating in FY 2019, per capita GDP is expected to grow even faster.

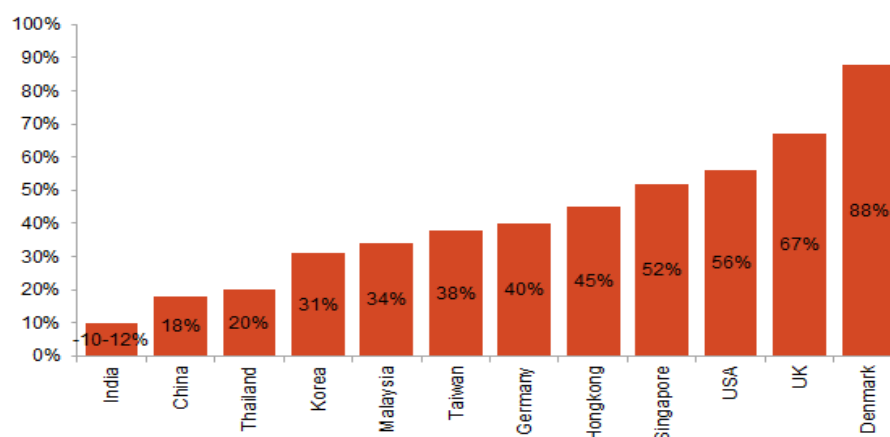
In the short- to medium-term, disposable income will rise as a result of the implementation of the Seventh Pay Commission's recommendations and sustained low inflation. This will be an enabler for domestic consumption. Increasing disposable income typically has a positive correlation with demand for housing units as it increases their affordability.



Note: GDP per Capita is in Rs. '000

(Source: CSO (Central Statistical Organisation), RBI, CRISIL Research)

Low Mortgage Penetration (as a percentage of GDP) as Compared with other Developing Countries



Note: India data for FY 2019, Other countries' data for calendar year 2015

(Source: European Mortgage Federation, HOFINET, CRISIL Research)

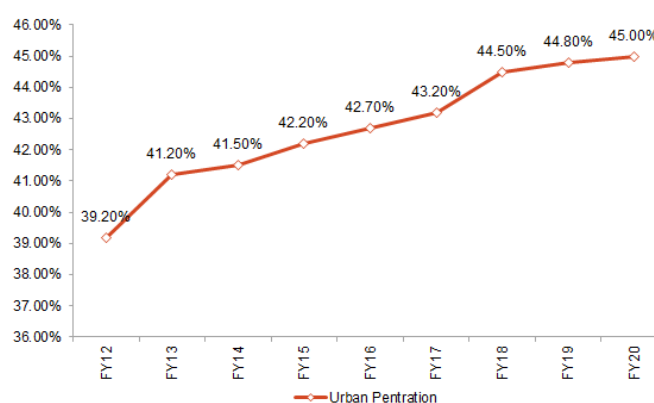
Mortgage penetration in India is 9-11 years behind other regional emerging markets, such as China and Thailand. However, due to various structural drivers, such as a young population, smaller family sizes, urbanisation and rising income levels, it is expected that growth rates in the mortgage segment should remain healthy over the long term.

Rise in Finance Penetration to Drive Growth in the Housing Industry

An increase in finance penetration is also expected to support the housing industry's growth. Rising demand for housing from tier 2 and tier 3 cities, and a subsequent surge in construction activity, have increased the focus of financiers in these areas.

Consequently, finance penetration in urban areas is estimated to have increased to 44.8 per cent. in 2019, from an estimated 39 per cent. in 2012. Boosted by the affordable housing push and rising competition in higher ticket size loans, CRISIL Research expects finance penetration to increase to 45 per cent. in urban areas in FY 2020.

Uptick in finance penetration in urban areas

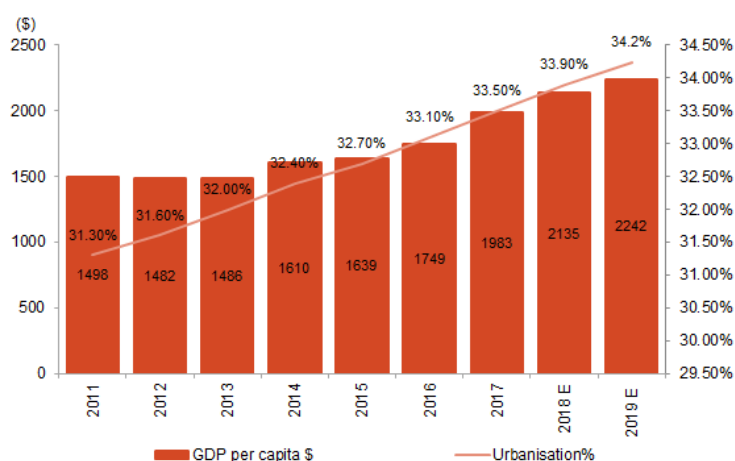


(Source: CRISIL Research, Company Report, NHB)

Apart from the urban segment, rural areas are also likely to witness considerable improvement in finance penetration, led by the government's efforts to provide housing for all. However, operational challenges, such as difficulties in ensuring the timely collection of payments, lower ticket sizes and higher delinquency rates compared with the urban markets will pose challenges to rural expansion.

Rapid Urbanisation

Despite a flourishing housing finance industry, India still faces a huge shortage of houses, especially in urban areas. The share of the population living in urban areas rose steadily from 31 per cent. in 2011 to an estimated ~34 per cent. in 2019. CRISIL Research expects urbanisation to accelerate, with the urban population growing at a CAGR of 2.0-2.5 per cent. between 2018 and 2022, compared with the overall population growth of 1.2 per cent. during the same period. The increasing urbanisation will boost per capita GDP, as was evident during the previous five years, and also enhance financial literacy and the quality of living. Urbanisation has two impacts on housing demand: it results in a rise in the number of nuclear families, leading to the formation of more urban households, and reduces the area requirement per household.



(Source: United Nations Department of Economic and Social affairs, IMF)

Nuclearisation

Nuclearisation refers to the formation of multiple single families out of one large joint family. Each of these families live in separate houses while the ancestral house may be retained or partitioned to buy new houses. It is primarily driven by changing lifestyle of people, individualism, changing social/cultural attitudes and increased mobility of labour in search of better employment opportunities. These trends are expected to continue into the future.

Interest Subvention Scheme will result in Increase in Near-term Loan Disbursements

The Cabinet Committee on Economic Affairs approved a proposal to increase the interest subsidy to 6.5 per cent. for loans of up to Rs. 600,000 for economically weaker section (“EWS”) and lower income group (“LIG”) beneficiaries under the Affordable Housing through Credit-Linked Subsidy Scheme (“CLSS”) component of the ‘Housing for All by 2020’ mission.

In February 2017, the benefits of the CLSS were extended to include middle-income group households, whose incomes range between Rs. 600,000 and Rs. 1.8 million per annum under the credit-linked

interest subsidy scheme. The inclusion of this demographic will likely lead to a surge in loan disbursements over the next few fiscal years, leading to faster outstanding growth. Higher government support for the affordable-housing segment (in terms of interest rate subsidies) as well as a low interest rate scenario will boost overall housing loan demand over next two fiscal years.

GST Cut to Boost Realty Demand

A significant 700 bps reduction in the GST from 8 per cent. to 1 per cent. for under-construction affordable housing projects (effective rate after deducting one-third towards land cost) and from 12 per cent. to 5 per cent. for other under-construction housing projects (effective rate after deducting one-third for land cost), is likely to increase end user demand. Also, the GST Council adopted a new definition of affordable housing, which is now described as a residential house / flat with a carpet area of up to 90 square metres in non-metropolitan cities/towns, and 60 square metres in a metro, and having value up to Rs. 4.5 million. Metros identified are Bengaluru, Chennai, Delhi NCR (limited to New Delhi, Noida, Greater Noida, Ghaziabad, Gurgaon and Faridabad), Hyderabad, Kolkata and Mumbai (whole of Mumbai Metropolitan Region). It should be noted that 40-45 per cent. of ongoing supply in these six cities fall below the Rs. 4.5 million ticket size, so the effective 1 per cent. GST rate should stoke demand.

Over the past two years, preference for completed projects has been clearly visible because of the additional GST burden and execution risks associated with under-construction properties. With the Real Estate (Regulatory & Development) Act, 2016, (“**RERA**”) framework evolving and GST reduced, end-user confidence towards under-construction properties will improve. This should also gradually improve volume growth in the housing segment.

Effective Implementation of RERA will Lead to greater Transparency and Drive Growth in the Long Term

RERA could have some impact over next 1-2 fiscal years until the industry adjusts to the new regulations, as RERA has forced developers to focus on completing their existing projects. This, coupled with sluggish demand, has resulted in fewer new launches of residential properties. However, CRISIL Research expects RERA will lead to better structure, transparency and discipline in the sector in future.

Recent Measures taken by Regulators and the Government Impacting the HFC sector

Over the past few months, regulators and the Government have come out with various measures to improve the liquidity situation for non-banks. One of the measures announced by the Government in the recent budget is one-time partial guarantee to banks (for 6 months) on purchase of highly rated pools of financial sound non-banking financial companies.

Credit guarantee by the Government to PSBs on purchase of assets from NBFCs should narrow the prevailing trust deficit and boost investor confidence in NBFCs. The assumption here is that the credit guarantee is for the entire tenure of the pooled assets purchased by PSBs over the next six months.

Some of the other measures taken by the regulators to ease the liquidity situation and to structurally strengthen the HFCs are as follows:

- the NHB has raised its refinancing target by 25 per cent. from Rs. 240 billion for July 2018 to Rs. 300 billion for June 2019;

- the RBI eased the ceiling for lending to a single NBFC, from 10 per cent. to 15 per cent. until end-December 2019; and
- the RBI has cut the minimum holding requirement for NBFCs raising funds via securitisation of loans of original maturity above five years. The NBFCs will now be allowed to securitise loans after showing 6 months of repayments against the earlier requirement of 12 months.

On the demand side, the Government has used traditional methods like providing tax incentives to promote the housing sector. Tax stops for the housing sector have been instrumental in driving growth in the housing and housing finance sectors.

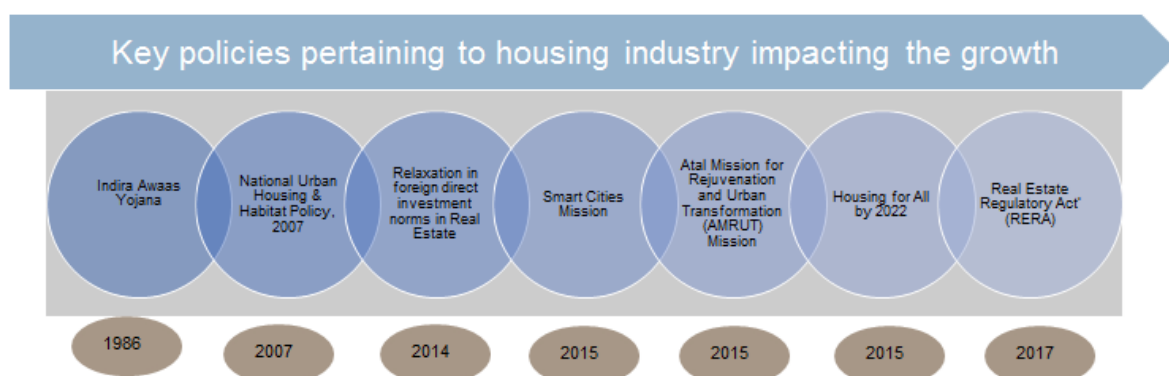
Some of the tax benefits announced in the Union Budget 2019-20 include interest deduction on loans taken until 31 March 2020, for the purchase of a house valued up to Rs. 4.5 million, has been enhanced to Rs. 350,000 from Rs. 200,000. The additional interest deduction of Rs 150,000 would reduce the effective home loan interest rate by 40-50 bps for a typical 15-year loan.

Apart from this, there have been other measures taken by the regulators and the Government to structurally strengthen HFCs. The NHB's revised guidelines announced in June 2019 have made the following key amendments:

- the minimum tier 1 capital adequacy to be maintained by HFCs has been increased from 6 per cent. to 10 per cent.;
- the overall capital adequacy ratio requirement has been increased from 12 per cent. to 15 per cent. in a graded manner;
- the maximum leverage that HFCs can take up has been reduced to 12 times from 16 times over three years; and
- the ceiling on deposits that HFCs can mobilise has been lowered to three times of net-owned funds from five times.

Further, regulatory power on HFCs will be transferred from the NHB to the RBI. This will lead to a better risk management framework for HFCs and also enable the RBI to have a prudent risk focussed surveillance over the non-banks. These are structural measures which will help strengthen the sector over the medium- to long-term.

Key Regulations and Policies Impacting the Sector



Pradhan Mantri Awas Yojana (“PMAY”)

The ‘Housing for All by 2022’ scheme (launched in June 2015) aims to construct more than 20 million houses across India by 2022. The scheme’s target beneficiaries would be the poor, EWS and LIG in urban areas.

PMAY progress status as of end-March 2018

Housing units approved	47.5 lakhs
Projects approved	9,896
Total investment approved	Rs 2,68,096 crore
Central Assistance approved	Rs 73,460
No of household grounded	27 lakhs
No of houses completed	8 lakhs
Central assistance released	Rs 25, 733 crore
Beneficiaries given housing loans CLSS for EWS/LIG/MIG	1,65,106
Interest subsidy released by Central Nodal Agencies (CNAs)	Rs 3,559 crore

Source: Urban Transformation Report, Ministry of Housing and Urban Affairs, Government of India

CLSS

Under the 'Housing for All' mission, the Government implemented CLSS as a demand-side intervention to expand institutional credit flow to the housing needs of people residing in urban regions. Under the mission, affordable housing through CLSS will be implemented through banks/financial institutions. A credit-linked subsidy is provided on home loans taken by eligible urban population for acquisition and construction of houses.

The Housing and Urban Development Corporation and the NHB were identified as central nodal agencies to channel this subsidy to lending institutions and to monitor the progress of the scheme.

CLSS revised guidelines

Category	Annual household income (Rs)	Loan amount (Rs)	Interest subsidy (%)	Size of the proposed house (carpet area, sq m)
EWS	Up to 3 lakh	6 lakh	6.50%	30
LIG	3-6 lakh	6 lakh	6.50%	60
MIG 1	6-12 lakh	9 lakh	4%	160
MIG 2	12-18 lakh	12 lakh	3%	200

(Source: PMAY website, CRISIL Research)

Atal Mission for Rejuvenation and Urban Transformation (“AMRUT”)

The purpose of AMRUT is to provide basic services (e.g., water supply, sewerage and urban transport) to households, build amenities in cities, and to improve the quality of life for all, especially the poor and the disadvantaged.

The NHB’s revision of interest spread cap for the Rural Housing Fund (“RHF”)

- The NHB has been allocated a sum of Rs. 60 billion under RHF for fiscal 2018 and Rs. 30 billion under Urban Housing Fund (“UHF”).
- The NHB revised interest rate and on-lending cap under the RHF in 2019.
- It is expected that the on-lending cap of 3.5 per cent. would be better than the previous 2 per cent. cap that made financing unattractive, because of higher operating cost incurred to serve rural areas. The new norms for lending under RHF and UHF are given below:

Revised interest rates and on-lending caps

Fund	Primary lending institutions	Interest rate (per annum)	On-lending cap (per annum)
Rural Housing Fund	Housing finance companies and regional rural banks	4.86%	8.36%
	Schedule commercial banks	4.86%	MCLR + 1%
Urban Housing Fund	Housing finance companies and regional rural banks	4.86%	8.36%
	Schedule commercial banks	4.86%	MCLR + 1%

(Source: NHB, CRISIL Research)

RERA

- The year 2017 stands out for policy initiatives in the real estate sector. One such initiative was the implementation of RERA, which had a direct impact on the supply-demand dynamics in the real estate sector. RERA is expected to lead to improved transparency, more timely delivery, and more organised operations.

Impact of RERA on different stakeholders

Developers	• Mode of land agreement may change (JDA vis-à-vis land ownership) • Shift from practices followed currently (soft-launch/ pre-launch activities) • Industry to witness consolidation in the medium term
Regulators	• State level authority to monitor on-going projects • To act as dispute resolution authority- likely to reduce resolution time
Bankers	• Banks have also sought additional collateral from developers in recent times • Lending to RERA registered projects only • Improved information availability- will strengthen due-diligence process • Shift in lending terms on account of 70% escrow clause
Consumers	• Effective implementation of RERA will improve transparency and timely delivery • Likely to support end user demand for under construction projects

(Source: CRISIL Research)

(Source: CRIL Research report titled Housing Finance (NBFC Report), July 2019)

BUSINESS

Overview

The Issuer was established as “Piramal Housing Finance Private Limited”, a private company, on 10 February 2017. On 17 October 2017, the Issuer was converted to a public company and changed its name to PHFL. Pursuant to the sanction of the Amalgamation, PFL and PCL amalgamated with PHFL and the name of PHFL was changed to “Piramal Capital & Housing Finance Limited” on 12 June 2018.

Prior to the Amalgamation, the Issuer was a wholly-owned subsidiary of Piramal Finance Limited. The Issuer is currently a wholly-owned subsidiary of PEL.

The Issuer is a non-deposit taking HFC registered with the NHB (with NHB registration certificate no. 12.0163.17 dated 1 December 2017). The Issuer provides both wholesale and retail funding. The Issuer’s business can be separated into:

- (i) real estate funding – the Issuer operates a platform that provides housing finance and other financing solutions including construction financing (residential and commercial), lease rental discounting, LAP and mezzanine lending; and
- (ii) non-real estate funding – the Issuer operates a wholesale business comprising two separate verticals: (a) CFGL; and (b) ECL. CFGL provides customised funding solutions to companies across sectors such as renewable energy, infrastructure, industrials, auto components and cement. CFGL offers various products such as capital expenditure funding, project finance, promoter funding and working capital term loans. ECL focuses on lending to **SMEs**. ECL offers various products such as loans secured by shares, LAP and senior debt.

As at 31 March 2019, the Issuer had no subsidiaries.

As at 31 March 2018 and 31 March 2019, the Issuer’s total loan portfolio was Rs. 326,887.0 million and Rs. 394,310.0 million, respectively. As at 31 March 2017, PFL’s total loan portfolio was Rs. 189,865.0 million. For Fiscal Year 2019, the Issuer’s revenues totalled Rs. 55,718.6 million. For the Fiscal Years 2017 and 2018, PFL’s revenues totalled Rs. 14,924.0 million and Rs. 37,389.0 million, respectively.

PFL’s key operating and financial metrics, as at 31 March 2017 and in accordance with Indian GAAP, are as follows:

	Consolidated
	As at 31 March 2017
	<i>(in Rs. million, except percentages)</i>
Net worth.....	33,761.5
Total Debt:	
Long Term Borrowing (excluding Current Maturities of Long Term Borrowing).....	95,181.1
Short-term Borrowing.....	59,074.0
Current Maturities of Long-term Borrowing	11,275.6
Net Fixed Assets.....	90.4
Non-Current Assets (Excluding Fixed Assets)	167,475.1
Cash and Cash Equivalent	11,878.5

	Consolidated
	As at 31 March 2017
	<i>(in Rs. million, except percentages)</i>
Current Investments.....	18,031.5
Current Assets (Excluding Cash and Cash Equivalent and Current Investments).....	6,771.2
Current Liabilities (Excluding Short-term Borrowing and Current Maturities of Long-term Borrowing)	1,192.7
Non-Current Liabilities.....	98,880.3
Assets Under Management	189,865.0
Off Balance Sheet Assets:	
Interest Income (Including Treasury Income).....	14,637.5
Interest Expenses ⁽¹⁾	6,900.7
Provisioning and Write-offs (net of recoveries)	3,692.9
Profit After Tax	1,932.8
Gross NPA (%) ⁽²⁾	0.4
Net NPA (%) ⁽³⁾	0.4
Tier I Capital Adequacy Ratio (%) – Standalone.....	16.8
Tier II Capital Adequacy Ratio (%) – Standalone	3.8

The Issuer's key operating and financial metrics, as at 31 March 2018 and 31 March 2019 and in accordance with Ind-AS, are as follows:

	As at 31 March 2018	As at 31 March 2019
	<i>(In Rs. million, except percentages)</i>	
Net worth.....	78,578.4	92,500.6
Total debt.....	259,398.2	323,086.1
Net fixed assets.....	102,452.6	103,127.6
Cash and cash equivalents	15,533.8	4,123.1
Loans	193,820.8	308,373.2
Investments.....	125,921.1	95,292.6
Other financial assets.....	367.1	8,294.2
Other non-financial assets.....	128.5	1,045.7
Other financial liabilities	631.2	536.9
Other non- financial liabilities	145.9	455.7
Provisions	207.1	1,027.1
Interest Income	424.6	54,646.4
Interest Expense.....	162.9	28,379.6
Provisioning & Write-offs	0.0	1,297.7

	As at 31 March 2018	As at 31 March 2019
	<i>(In Rs. million, except percentages)</i>	
Profit After Tax	447.5	14,425.8
Gross NPA (%).....	0.4%	0.4%
Net NPA (%)	0.3%	0.1%
Tier I Capital Adequacy Ratio (%)	26.9%	27.3%
Tier II Capital Adequacy Ratio (%).....	4.0%	2.7%

Note:

- (1) Interest Expenses means the total finance cost
- (2) Gross NPA per cent. = Gross NPA / (Assets Under Management less Off Balance Sheet Assets)
- (3) Net NPA per cent. = Net NPA / (Assets under Management less Off Balance Sheet Assets)

Strengths

The Issuer's primary strengths are as follows:

Constant Product Innovation

The Issuer offers a suite of financial products to meet the needs of its customers. The Issuer aims to distinguish itself from its competitors in the financial services industry by continuously innovating and offers a suite of 22 products covering the range of its customers' financial requirements. For example, the Issuer's parent company and its group of companies (including the Issuer) (the "**Piramal Group**") introduced the Mumbai redevelopment fund which invests solely in redevelopment projects of slums, old housing societies and cessed buildings in Mumbai) and the apartment fund which is a platform for underwriting apartment units), both of which were the first of their kind in the market. The Issuer has also been successful in customising traditional products such as "Lease Rental Discounting" ("**LRD**") through Flexi LRD to create customised solutions for completed commercial assets, including both office and retail space, for its partners. Through Flexi LRD, the Issuer can target higher liquidity transactions than what the traditional banks are able to offer, along with added flexibility for the developers in terms of both serving and repayment. In addition, the housing finance team, which was established in September 2017, has already launched multiple unique products such as SUPER loans, bridge loans and advantage loans. These products have created new opportunities in difficult markets, thereby driving growth for the Issuer.

Relationship-based Approach

One of the Issuer's core strengths is creating and forging long-term relationships with its clients and partners. The Issuer's real estate portfolio includes all the biggest developers in India's Tier 1 cities and the CFGL book contains relationships with established names in the sectors in which it operates. The Issuer continuously strives to create significant value for its clients that extends beyond the standard business relationship. For example, while the asset monitoring team facilitates the timely completion of projects for the Issuer's partner developers, the Brickex team is able to assist developers in boosting sales through its channel of more than 10,000 distributors. In addition, the Issuer's relationships have enabled the dissemination of best practices amongst its partners across its network while also providing useful business insights through proprietary data. These relationships have helped the Issuer create an ecosystem whereby clients and partners are able to be connected in order to better execute projects. The Issuer also works closely with regulators as well to assist in critical industry policies.

Diversification enabling lowering of risk profile

The Issuer has achieved a diverse book through the launch of multiple new lower risk products and new business verticals. In March 2015, approximately 100 per cent. of the Group's book was comprised of high-yield mezzanine loans in real estate. By March 2018, approximately 46 per cent. of the Group's loan portfolio was construction finance where the risk profile is much lower, as compared with high-yield mezzanine loans, given that the developer has all approvals and construction is ongoing. As at 31 March 2019, the riskier high-yield mezzanine loans portfolio had decreased to 14.4 per cent. of the Group's loan portfolio, whereas CFGL increased to 14.4 per cent. of the Group's Financial Services ("FS") portfolio. The Issuer believes that this provides sufficient diversification to its loan book. In Fiscal Year 2018, the Issuer entered the hospitality sector, given the opportunities to invest in quality assets at good locations that are able to perform strongly across business cycles. As at 31 March 2019, PEL had committed nearly Rs. 21,090,000,000 across marquee hotel assets in Gurugram, Bengaluru and Pune. In addition, ECL and the Issuer's housing finance division have brought further diversity to the Issuer's business and, taken together, constituted approximately 9 per cent. of the Issuer's loan book as at 31 March 2019.

Independent risk and legal and stringent monitoring process

The Issuer's platform strength lies in having more than 60 per cent. of team members deployed in support functions overseeing key business areas such as risk, asset monitoring, legal, finance and compliance.

The Issuer's risk management team conducts an independent risk assessment for every deal before it is presented to the deal approval team. The team has developed a unique risk assessment framework which calculates a risk coefficient indicator of the level of risk for a given deal. This risk coefficient, along with expected returns, provides an objective view on the level of attractiveness of a deal, which helps the deal approval team platform take a more informed decision.

In order to detect early warning signals, the Issuer has created a unique asset monitoring model across its investments with each project/investment subjected to monitoring on a regular basis. The team comprises 25 members with backgrounds in technology and finance, multi-sectoral and multi-product expertise, and experience in banks, NBFCs and funds. The team has been instrumental in exercising full control on the Issuer's loan book with monitoring activities that involve conducting regular site visits of real estate projects to ascertain the physical progress of each project, the quality of the project and to estimate project cost overruns and delays. Similarly, on the CFGL side, adherence to the business plan is monitored alongside operating and financial analyses to observe industry trends. This has helped the team raise early warning signals from any investments to management for subsequent risk mitigation activities. In addition, the team closely monitors the relevant escrow account to ensure that the escrow mechanism is functioning in line with the deal documentation for the relevant loan. This has further enabled the Issuer's platform to realise receivables with little, or negligible, variation.

The Issuer's in-house legal team was included in The Legal 500 GC Powerlist India in November 2017. The legal team has a strong track record in being business facing while creating innovative structures and providing unique insights to drive the Issuer's business forward. To maintain a robust review and governance mechanism, both the risk management and legal teams are set up as independent teams reporting directly to the Issuer's board of directors.

Brickex and Leveraging technology

Brickex is the Issuer's in-house real estate distribution arm that provides market intelligence and an independent perspective to deals. Brickex has a network of approximately 10,000 distributors across a number of Tier I cities in India and is a leading business to business ("B2B") aggregation platform focused on the sale and marketing of real estate and financial services products. Brickex provides the Issuer with the opportunity of leveraging its distributor network to scale up the Issuer's housing finance business by generating cost efficient leads. The

team's on-ground presence and micro-market research assists the Issuer's investment team with proprietary information on price and velocity assumptions, thereby facilitating informed decision-making on deals. Brickex also supports the sourcing of new deals through its wide network of channel partners.

The Issuer has continuously worked towards enhancing technology usage to improve efficiencies for better decision making when selecting clients, and the automation of systems and processes to improve the turnaround time of its transactions. Technology has been a great enabler for the asset monitoring team which uses an in-house platform for data capture and operational scalability. Advanced data analytics has provided the team with the capability to perform exception reporting and highlight trends to maintain the health of the loan portfolio.

Further, the data and analytics team has developed a risk assessment scorecard and tools that flag alerts for underwriters.

Strategic Partnerships and Alliances

The Piramal Group has been successful in forging long-term partnerships and alliances with like-minded and committed global names that have helped it create a perpetual pool of capital to target compelling opportunities. A strategic alliance with the Canada Pension Plan Investment Board has provided rupee debt financing to residential projects across India's major urban centres. Similarly, the Piramal Group's strategic alliance with APG Asset Management ("APG") (a Dutch pension fund asset manager) has invested in Rupee-denominated mezzanine instruments issued by infrastructure companies and focuses on operational and near-completed projects with limited execution risks and high visibility of cash flows coming from a portfolio of projects. Under the 50:50 strategic alliance with APG, the Piramal Group has completed a number of deals across the renewable energy and infrastructure sectors with investments primarily transferred towards growth capital and to provide an exit to existing investors. In February 2017, the Piramal Group entered into an agreement with Ivanhoé Cambridge ("Ivanhoé") to provide long-term equity capital to top residential developers across India, with an initial committed amount of U.S.\$250 million from Ivanhoé for both pure and preferred equity transactions.

Strategies

The Issuer's primary strategies are as follows:

Continue to build its loan book by growing existing products and launching relevant, innovative and customised solutions

Existing products, such as LRD, have helped the Issuer target higher liquidity transactions along with offering added flexibility for developers to serve and repay, which traditional bank products are unable to provide. This provides the Issuer with a clear advantage in targeting owners of completed assets who can now raise significantly more flexible financing from the Issuer than they would otherwise be able to source from a bank. Commercial construction finance transactions have also seen an increase in number following the Issuer's launch of such products and now constitute nearly 3 per cent. of the loan book in terms of value. The Issuer expects significant growth in commercial construction finance and leasing activity across major Tier I cities in India and believes a focused approach towards both the products will help to create new opportunities.

The Issuer has also continually added new products to its portfolio to ensure that it can be a one-stop solution for its clients while also entering new sectors to create further growth opportunities. The Group, which initially focused on wholesale products, has since entered into retail products. This sector is expected to grow significantly through the Group's experience and relationships with developers. The Issuer is also branching out into further sectors through its CFGL segment, and is in the planning stages for setting up a merchant banking segment for underwriting and placing securities.

Continue to diversify loan book through focus on non-real estate space through CFGL and ECL

The Issuer's platform which started with primarily equity/mezzanine structures in real estate has now diversified into multiple products across the entire spectrum in real estate and further transformed into a sector-agnostic financial services arm through its CFGL and ECL teams. ECL and housing finance have diversified the Issuer's business into smaller-sized loans and retail housing products. This has helped to improve the Issuer's credit ratings and reduce its cost of borrowing, which in turn has enhanced the Issuer's ROE.

Scale up Housing Finance

The housing finance business was launched to operate on a business to business to customer ("B2B2C") platform in order to leverage the Issuer's existing developer relationships in the real estate sector. The Issuer is now looking to scale up this business by creating points of presence for loan origination across nearly 400 existing projects with grade "A" developers in key micro markets in Tier I and Tier II cities across India. Sourcing through the B2B2C model will also result in lower cost of acquisition compared to sourcing from DSAs and connectors. While the initial focus is on Tier I cities, entry into Tier II cities and partnering with grade "A" developers will drive incremental growth. The target is to open 50 per cent. of the Issuer's new branches in these markets in the coming years and will scale up the housing finance business substantially.

Set up asset aggregation platforms across renewables, roads and REIT platforms

The Issuer's existing footprint across sectors with its strong presence in real estate, renewables, roads and infrastructure, combined with its skill set and operating experience, has enabled the Issuer to create an asset aggregation strategy across various sectors. Since most of the existing asset owners do not have asset management teams or the mind-set for value enhancement in an operational portfolio, the Issuer intends to consolidate operational/near operational assets through perpetual investment vehicles that could be a source of fee income for its platform. The Issuer is currently considering assets in the leased office, renewable power, operating road, transmission and fragmented telecom tower sectors as initial targets for such asset aggregation platform.

In the real estate sector, the Issuer is in the process of setting up an aggregated platform comprising a portfolio of rent-generating, commercial office properties that could be listed through a REIT. There are a number of good quality office assets developed by mid-sized developers in the market for which the Issuer could act as a sponsor and generate management fee as a service provider.

Generate fee income through down-selling and syndication

During FY 2018, the Issuer set up the capital markets and advisory group which houses the syndication team. The syndication team is responsible for the on-selling of underwritten transactions across the real estate and CFGL platforms. The syndication team works with various banks, financial institutions, mutual funds, NBFCs, alternate investment funds and foreign portfolio investments and has a wide network across the market. The syndication team helps the Issuer underwrite large transactions, thereby providing a one-stop solution to clients. The syndication has also helped the Issuer further optimise its return profile with a firm focus on preserving and enhancing the Issuer's ROE. The team has generated an incremental source of fee income for the Issuer and, with an increasing number of transactions with the potential to be on-sold, this area may provide considerable value generation opportunities.

Maintain focus on asset quality while generating higher risk adjusted ROE

The Issuer has established a strong risk management framework along and robust asset monitoring across its loan book. As at 31 March 2019, gross NPA ratio was 0.4 per cent. while ROE stood at an average of approximately 16.9 per cent. for the FS segment of the Group. The risk management framework covers the pre-qualification and pre-approval stages, and assesses every loan proposal independently using proprietary risk assessment models to evaluate risk adjusted returns. Measures such as cash flow, security analysis,

business/promoter evaluation, operational and concentration risk mark-ups and exit analysis are examined and necessary mitigation steps are taken.

Asset monitoring continues throughout the life cycle of a project. While the Issuer already has a seasoned monitoring team focused on real estate, during Fiscal Year 2019, it expanded the team to create focused monitoring teams for CFGL and ECL. Sector-specific people were hired, templates were streamlined for receiving and analysing data with defined frequencies and team members carried out multiple site visits. The Issuer proposes to continue its focus on asset quality and will adopt the best practices that are followed by the already established real estate asset monitoring team.

Optimise fundraising capability

The Issuer has a strong asset liability management policy and the asset liability management committee (“ALCO”) is responsible for the Issuer’s short-term, medium-term and long-term funding and liquidity management requirements. The committee has been able to successfully manage liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecasted and actual cash flows and assessing the maturity profiles of financial assets and liabilities. The Issuer was able to raise approximately Rs. 73,600,000,000 of long-term debt via term loans (i.e. having maturities of more than one year) and the issuance of NCDs in Fiscal Year 2019. The Issuer has already reduced and plans to further reduce its current borrowing through commercial paper issuance so as to avoid any funding issues in times of any future liquidity crisis.

The Issuer plans to further optimise its fundraising capabilities by adopting additional measures to boost liquidity that include issuing NCDs, raising funds via ECBS, establishing a Euro medium term note programme and targeting additional bank lines. The Issuer continues to improve its credit rating which has helped to reduce its cost of borrowing. The Issuer continues to work towards further improving its credit ratings with a focus on generating higher ROE.

Continue to enhance technology usage to improve efficiency

The Issuer has adopted multiple initiatives in technology that have played a pivotal role in creating customer centric advancements for its platform. All initiatives have been based on the principles of being customer centric, looking for constant reinvention, using a low-cost operating model and creating sustainable differentiators. The Issuer has so far created a core lending platform for wholesale real estate and has initiated the building of a next generation platform for the housing finance business. The Issuer has set up data warehouses that can act as a single source to help drive insights, analytics, cross-selling and other dashboards across financial services. The Issuer has also initiated robotic process automation for its business processes and strict IT compliance to prevent data leakage and provide advanced protection from threats.

The Issuer continues to use data analytics for better decision making and to generate early warning signals to mitigate risks. Its housing finance business has been using technology and data analytics to create a differentiated approach by providing quick turnaround times in underwriting and disbursement which is critical to scaling up the business in a highly competitive environment. Data analytics has also been instrumental in preventing delinquency losses due to fraud practices prevalent in retail and SME lending. The models help the Issuer in automatically rejecting high-risk cases while aiding faster approval for low-risk cases. The Issuer has built a fraud analytics engine that applies more than 60 rules that run in real time to identify potential frauds by creating alerts. The Issuer will continue to further enhance its technological and analytics capabilities to derive increased efficiencies in its business processes and customer initiatives.

Lending and other Financial Products

The Issuer’s lending products include housing loans, real estate wholesale lending products, CFGL solutions and ECL products.

Housing Loans

Within 19 months of its launch, the Issuer's housing finance loan book grew to Rs. 51,879.0 million as at 31 March 2019. Additionally, the business has approved but undisbursed loans of Rs. 25,000.0 million. The Issuer has launched housing loan services in Delhi-NCR, Bengaluru and Pune and recently opened branches in Nashik, Ahmedabad, Hyderabad and Chennai. The housing finance business offers a wide range of products for homeowners, homebuyers and even small developers. The product offering is tailor-made to meet the relevant customer's need. Housing loans, construction finance to small developers and LAPs are some of the products offered by this segment. As at 31 March 2019, the Issuer has 16 branches – Goregaon, Thane, Gurgaon, Noida, Delhi, Bangalore, Pune, Nashik, Ahmedabad, Hyderabad, Chennai, Surat, Baroda, Indore, Jaipur and Nagpur.

Real Estate Wholesale Lending

Within the wholesale vertical, the Issuer offers products such as mezzanine lending, construction finance-residential, construction finance-commercial, LAP and lease rental discounting. The Issuer has also entered the hospitality sector to service hospitality companies' borrowing requirements – senior debt opportunities, mezzanine funding, last-mile funding towards completion and acquisition financing through a combination of PEL's wholesale real estate funding platform, the corporate finance group and the capital markets group.

Corporate Finance Group Lending

The CFG offers lending solutions to corporates and is building a sector-agnostic corporate loan book. Products offered under this vertical include mezzanine finance, structured debt, promoter funding, senior corporate lending, project financing, capex funding, loans secured by shares and acquisition funding. The CFG is building on expertise in the cement and security services sectors and has also increased exposure in the logistics sector.

Emerging Corporate Lending

ECL is a new vertical started by the Issuer in 2018 with the objective of nurturing the growth of emerging and mid-market businesses in India. ECL is a sector-agnostic platform and engages with clients from the manufacturing, trade and services sectors, offering funding between Rs. 100,000,000 and Rs. 1,250,000,000. With the flexibility to offer multiple products at competitive rates, ECL is able to meet the relevant borrower's requirement with a customised solution in terms of security and repayment tenor to match the underlying cash flows of its business. ECL's products includes senior debt, LAP, lease rental discounting, promoter financing and structured debt.

Lending Policies and Procedures

Overview

The Issuer is an HFC registered with the NHB, which is the regulator for HFCs in India. The NHB stipulates prudential guidelines, directions and circulars in relation to HFCs. For further details, please see "*Applicable Indian Regulations and Policies*".

Within the NHB guidelines, directions and circulars, HFCs can establish their own credit approval processes. As such, once a company has obtained an HFC licence, the terms, credit levels, interest rates of loans and any credit approvals would be based upon such HFC's established internal credit approval processes framed in accordance with applicable regulations by the NHB. Each HFC undergoes annual inspections by the NHB. The inspections are exhaustive and can last for a period of three to four weeks, during which the regulators review the HFC's adherence to regulatory guidelines, scrutinise the loan book and individual loan files (including security documents) review the functioning of the board of directors and its committees and their adherence to minutes of various internal meetings, review the NPAs and delinquent cases, review and evaluate the credit approval policies and credit assessment standards, review the implementation of decisions and policies of the board of directors and review adherence to prescribed formats in the filing of regulatory reports.

Customer Appraisal and Approval Process

At the pre-qualification stage of its financing projects, the Issuer is very selective of the developers or businesses to which it provides funding. It takes into consideration a multitude of factors such as management risk, business risk, financial risk as well as structural risk. Specifically, factors such as the promoters' track record, market reputation, balance sheet and the status of the projects and business are all evaluated. The Issuer mostly chooses projects which are located in select micro markets in Tier I Indian cities. At the pre-approval stage, the Issuer analyses the potential investment by leveraging on Brickex to verify price, ticket size and sales velocity assumptions. For corporates, detailed due diligence of business and their financials is conducted along with detailed market feedback. Moreover, every potential investment is subject to a standard risk scoring system by the risk team to measure risks associated with the investment.

Every wholesale financing goes through a three stage approval process:

- **Pre-approved assessment:** The investment team provides deal structuring details to partner functions such as risk, legal and Brickex (for real estate deals). These teams analyse deals in detail and provide their observations and structure improvement inputs for consideration by the deal clearance committee (the “DCC”).
- **DCC:** The investment team then submits the proposal along with observations to the DCC. The DCC consists of the heads of the following functions: (i) for real estate deals – risk management, legal, asset management, finance and strategy and Brickex; and (ii) for non-real estate deals, the DCC may have inputs from external experts. The DCC may deliberate the structure more than once, if required, and then provide in-principle approval for consideration of approving authorities. As legal and risk do not report to the business head, their independence is preserved.
- **Approval authorities:** Upon the DCC's recommendation, the investment team will present the deal to the appropriate approving authorities under the Issuer's credit approval authorisation policy. The approval authorities, consisting of the Managing Director, the executive and independent directors, discuss various aspects of the deal along with the DCC's observations before making a final decision on the deal.

Every retail financing goes through the following stages:

- **Credit Appraisal:** This process covers the assessment of creditworthiness of the prospective borrower and his or her ability to repay the loan in the stipulated time period. The Issuer has various credit checks and controls at multiple stages of the loan process to ensure the formation of a quality portfolio. These include:
 - (i) onboarding, i.e. review of identification documentation, residence and office address verification, KYC and fraud checks, etc.;
 - (ii) customer assessment, i.e. ROC and other database checks for litigation, credit, defaults, etc., as well as a financial assessment;
 - (iii) collateral assessment, i.e. a legal and technical assessment of the proposed collateral, site visit and project level feedback; and
 - (iv) centralised risk control, i.e. checks that the proposed financing is within the Issuer's own policy framework and sanction authorisations.
- **Approval Process:**

The Issuer has implemented various approval levels on a delegated basis, depending on the size of the financing and other metrics, in order to streamline the process, while still providing for exceptional authorisations depending on the risk assessment.

Critical policy revisions (e.g. new products, income programmes, etc.) are jointly approved by the national credit manager, the chief operating officer and the head of compliance, and thereafter placed to the Group's head of risk and board for ratification on a quarterly basis.

In addition, the data analytics team has developed an automated proprietary fraud analytical rule engine that has strengthened the loan application screening process and has helped identify fraudulent applications. The engine scrutinises the applications that have been processed through an external database and matches the information in these applications with the Issuer's internal data and other public domain information. The applications are scrutinised across 60 parameters and inconsistencies are red-flagged. Only those applications that successfully pass the scrutiny move to the next level in the loan approval process. Further, the team is in the process of implementing its first generation Piramal credit risk model for retail to minimise risk and provide superior customer experience by improving the turnaround time for loan processing. Since the Issuer is a new entrant in the sector which is already encumbered by relatively high NPA levels, this level of insight is proving to offer a significant competitive advantage for the Issuer.

Loan Sales

The Issuer's marketing activities are strategically aligned to the relevant individual businesses and focus on the particular targeted customer segment. While the Issuer's website includes details of the various business verticals and product offerings, marketing campaigns are primarily run online for the retail business. Print advertising is seasonal and, depending on the communication, may be considered in the media plan for particular products.

The Issuer also has a growing online presence through social media where it is slowly building up with relevant targeted content, though this remains at an early stage. The Issuer is also working towards developing its brand campaign to build brand awareness and equity.

The Issuer teams with channel partners to drive sales along as well as self-sourcing on its own account. The mix varies from business to business depending on the scale, customer segment and geography. The Issuer focuses on relationship-based associations which has returned far better results than transactional associations only.

The Issuer has an in-house distribution arm which is a leading B2B aggregation platform focused on the sales and marketing of real estate and financial services products, with a network of 10,000 distributors across Tier I cities in India. Properties sold through the Brickex network will be referred for loans, resulting in a low cost of sourcing.

Retail and wholesale businesses have their own set of channel partners, builder tie-ups, connections within the financial sector and compensation and/or commission schemes.

Portfolio Monitoring

Wholesale Lending

The Issuer conducts constant monitoring through local teams based in each city and its dedicated asset monitoring team, including:

- monthly/quarterly site visits to ascertain the physical progress of the project, the quality of the project and to estimate any potential cost overruns and potential delays. Site visit reports are prepared, which include

details illustrating the number of labourers on the site, slab costs and approval status, among others. Moreover, the reports contain the progress made in respect of each work stream over the course of each site visit;

- monthly performance reviews with regard to actual against budget covering parameters such as sales units, value and price, collections and various costs;
- computation of monthly cash cover to ensure adherence to stipulated cash cover, status of no-objection certificate issuances;
- monthly “early warning signal” meetings to highlight project performance, market trends, regulatory developments and action points for cases which require management’s attention; and
- analysis of operating and financial parameters to understand business performance. The performance is also cross-checked with any movement in credit ratings of the Issuer and the Group to detect any anomalies. In some cases, analysis by both the Board of Directors and the investment team is undertaken to monitor the key decisions being undertaken at a strategic level.

Retail Lending

The Issuer has a dedicated recovery team that manages the loan administration and overdue follow up collection processes. Overdue loan collection is facilitated through online transfer via a payment gateway, representation of instrument or cheque payment.

The Issuer also has a system that generates reports on regular intervals of overdue loans and bounce reports. The basis system reports collection team ensures the follow up and collection of delinquent accounts. All bounce and overdue cases are closely monitored and bounce reports and account level overdue reports are published to stakeholders at regular intervals.

Asset Recovery and Non-Performing Loans

With effect from 1 April 2018, the Issuer prepares its financial statements and other financial information in accordance with Ind-AS. Accordingly, the expected credit loss method for making the provision on loans is applied, under which categories of loans followed are Stage 1 (less than 30 days past due (“DPD”)), Stage 2 (generally 31 or more, and less than 90, DPD) and Stage 3 assets (90 or more DPD).

The table below sets out, as at the dates indicated, the aggregate amount of Stage 2 and Stage 3 assets and the percentage that each category represents of the total amount outstanding under that category of loans.

Category of Assets	As at 31 March 2018			As at 31 March 2019		
	Carrying amount	Provision	Provision Amount	Carrying amount	Provision	Provision Amount
			(Rs. in Crores)			
Stage 2.....	59.3	2.7%	1.6	185.0	12.6%	23.4
Stage 3.....	78.2	100.0%	78.2	136.8	63.6%	86.9
Provision on Wholesale books(A)	137.5		79.8	321.7		110.3
Stage 2.....	0.0	0.0%	0.0	22.4	6.6%	1.5
Stage 3.....	0.0	0.0%	0.0	2.8	20.0%	0.6
Provision on Retail Book (B)	0.0		0.0	25.2		2.1
Total (A+B)	137.45		79.8	347.0		112.3

In situations where a secured loan is classed as a non-performing asset, the Issuer has a well-defined process to enforce its security and sell the secured assets.

As a first step, a notice is issued to the borrower mentioning the default and the security enforcement process. In case the facility document provides for a notice period before the security is to be enforced, security enforcement is initiated only after the notice period lapses. The relevant security trustee or debenture trustee is then instructed to enforce the security.

If required, necessary proceedings under the Bankruptcy Code are initiated. Depending on the nature of security sought to be enforced, relevant steps are taken. For instance, in the case of a pledge of shares, the Issuer will follow due and fair process to find a buyer and sell the pledged shares to that buyer.

Provisioning Policy

Provisions were made as per NHB prudential norms up to 31 March 2018 and thereafter the Issuer has followed the Ind-AS expected credit loss method. Historically, the Issuer as a prudent exercise has taken a higher level of provisioning (i.e. between 1.80 per cent. and 2 per cent., as against the standard requirement of 0.40 per cent.).

Sources of Funding

The Issuer makes use of a number of sources of funding including bank facilities, loans from other financial institutions, issues of NCDs, commercial paper and other securities and inter-company deposits. The following tables set out the Issuer's existing funding structure by instrument and by creditor as at 31 March 2019.

Debt Profile (breakdown by instrument)	As at 31 March 2019
Loans	60%
NCDs / Bonds	18%
Commercial Paper	15%
Subordinated Debt	2%
Others ⁽¹⁾	5%
Total.....	100%
Debt Profile (breakdown by creditor)	As at 31 March 2019
Banks	71%
Mutual Funds	11%
Insurance Companies	8%
NBFCs	2%
Provident Fund & Others	1%
Foreign Institutional Investors	2%
Others ⁽¹⁾	5%
Total.....	100%

Note:

(1) Includes inter-corporate deposits.

Liability Management

As at the date of this Offering Circular, the long-term credit ratings of the Issuer are AA/Negative by ICRA and AA/Stable by CARE. The Issuer plans to further reduce reliance on short-term funding.

Recognising the sector sentiment, the Issuer has shifted its borrowing mix towards longer-term sources of funds and reduced its dependence on commercial paper by 25 per cent., from 37 per cent. as at 30 September 2018 to 12 per cent. as at 31 March 2019. As a proportion of its total borrowings, the Issuer's borrowings from MFs was also reduced in the same period, from 29 per cent. as at 30 September 2018 to 11 per cent. as at 31 March 2019. The Issuer has also raised funds with maturities of up to 10 years from one of the largest firms in the insurance industry. Additionally, the Issuer enjoys a healthy asset-liability ratio, with cumulative inflows exceeding cumulative outflows in almost every category.

In addition, the Issuer plans to tap alternative pools of capital other than traditional banking institutions such as insurance companies (e.g. Life Insurance Corporation of India), ECBs and bonds. The Issuer also maintains backstop liquidity in the form of cash and cash equivalents and unutilised bank lines.

Risk and Asset-Liability Management

The Issuer's funding consists of both short-term and long-term sources with different maturity patterns and varying rates of interest. At the same time, the Issuer's assets are also of varying duration and interest. Hence, maturity mismatches can occur which have an impact on the Issuer's liquidity and profitability. It is therefore necessary that, as part of its overall effective risk management system, the Issuer constantly monitors and manages its assets and liabilities in such a manner that asset liability mismatches remain within reasonable limits and comply with ALM system requirements as stipulated by the NHB.

The risk management team and the treasury team have initiated an ALM process for the financial services business. The Issuer's board of directors has approved the ALM policy and the formulation of the asset-liability committee ("ALCO"). ALCO includes the Issuer's senior management and an external industry expert and defines the strategy for managing liquidity and interest rate risks in the business.

The responsibilities of ALCO include:

- monitoring the implementation of the ALM policy and regulatory and prudent gap limits and ensuring adherence to NHB guidelines issued with respect to ALM management. The NHB has stipulated templates for reporting, *inter alia*, structural liquidity, dynamic liquidity and interest rate sensitivity. For compiling the figures, ALCO uses the indicative formats for compiling the figures and the reports for reviewing the liquidity and interest rate risk;
- deliberating on the ability of the Issuer to meet its maturing liabilities and preparing for adverse situations (if any). ALCO uses the maturity ladder and calculation of cumulative surplus at selected maturity dates for measuring and managing net funding requirements. For this purpose, the NHB templates and time categories are used;
- monitoring market conditions in terms of interest rate scenario, analysing its impact on the balance sheet and accordingly recommending the actions needed to manage the risk and comply with prudent gap limits. ALCO also reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities;
- discussing the forward-looking interest rate view along with the in-house economist and assessing the short-term impact of the various interest rates scenarios on Net Interest Income ("NII"). This helps ALCO in deciding the strategy to mitigate interest rate risk promptly; and

- monitoring the liquidity position both on a static and a dynamic basis (projected disbursements and contracted inflows and outflows) and deliberating on actions required (if any) to ensure enough liquidity under all potential scenarios. ALCO assesses the static liquidity gap statement, future 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 focuses on diversifying sources of funds.

ALCO meetings are held as and when needed depending upon the market conditions and generally at least once every quarter.

Interest Rate Risk

The Issuer keeps its borrowing mix largely in proportion with its asset mix so as to pass on any increase or decrease in its borrowing cost to its customers.

As at 31 March 2019, there was a near match between fixed rate loans and fixed rate assets with the fixed rate loans being 35.2 per cent. of total liabilities and fixed rate assets being 33.6 per cent. of total assets.

Foreign exchange risk

As at 31 March 2019, the Issuer had no foreign currency exposure, and therefore there was no foreign exchange risk. The Issuer has a board-approved risk management policy in place which lays down the framework for risk management. As per the policy, the primary objective of hedging is to mitigate risk arising out of foreign exchange exposure and not for trading purposes. The policy also lays out the various instruments that can be used for the purpose of hedging. The hedging decisions are taken by the foreign risk management committee.

Liquidity Risk

The Issuer manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The treasury team works closely with asset teams and finance to forecast fund requirements for next three months, six months and 12 months.

In addition, ALCO deliberates on the static liquidity gap statement, future asset growth plans, the tenor of assets, market liquidity and pricing of various sources of funds. ALCO also decides on the optimal funding mix taking into consideration the asset strategy and a focus on diversifying sources of funds.

The Issuer raised approximately Rs. 73,600,000,000 of long-term debt (i.e. having maturities of more than one year) via term loans and the issuance of NCDs in Fiscal Year 2019.

The Issuer is undertaking various additional measures to boost liquidity such as issuing long term NCDs, issuing ECBs, establishing the Programme and securing additional bank lines.

	As at 31 March 2019			
	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years
	<i>(in Rs. million)</i>			
Liabilities				
Borrowings	175,234.5	146,918.8	43,866.1	42,058.5
Trade payables.....	802.6	-	-	-
Other financial liabilities	697.6	14.2	-	-
Assets				
Investments.....	36,484.8	55,279.4	23,621.8	8,592.3
Loans	82,662.4	129,151.3	126,086.0	105,465.7

As at 31 March 2019

	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years
	<i>(in Rs. million)</i>			
Other financial assets.....	8,621.4	-	-	-

Note:

In computing the above information, certain estimates, assumptions and adjustments have been made by the Issuer's management for its regulatory submission which have been relied upon by BSR.

Capital Adequacy

HFCs are required to maintain a minimum CRAR norm of 12 per cent. of the risk weighted assets and risk adjusted value of off-balance sheet items before declaring any dividends. In addition, the NHB also requires HFCs to transfer a minimum of 20 per cent. of their annual profits to a reserve fund. The table below sets forth the PFL's standalone CRAR as at 31 March 2017, and the Issuer's standalone CRAR as at 31 March 2018 and 31 March 2019:

Particulars	Standalone		
	As at 31 March		
	2017	2018	2019
CRAR ⁽¹⁾	20.6%	30.9%	29.9%
CRAR – Tier I Capital.....	16.8%	26.9%	27.3%
CRAR – Tier II Capital.....	3.8%	4.0%	2.7%

Note:

- (1) CRAR is defined as a capital ratio consisting of Tier I and Tier II Capital to its aggregated risk weighted assets (as per the NHB Directions) and risk adjusted value of off-balance sheet items.

Credit Risk

Credit risk is the risk of loss that may result from a borrower's or counterparty's failure to meet the contractual obligation of repaying debt as per the agreed terms.

Each investment in financial services is assessed by the investment team as well as an independent risk team on the risk-return framework. The combined analysis of these teams is presented to the investment committee for an investment decision. The risk is being partly mitigated by setting up a concentration risk framework, which incentivises business units to diversify their portfolio across counterparties, sectors and geographies.

The Issuer has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The risk management team has developed a proprietary internal rating model to evaluate risk return trade-off for the loans and investments extended by the Issuer. The output of the traditional credit rating model is an estimate of Probability of Default ("PD"). The Issuer's models are different from the traditional credit rating models as they integrated both PD and "loss given default" into a single model.

Credit risk management is achieved by considering various factors such as:

- Cash flow at risk – This is an assessment of the standalone project or business from which interest servicing and principal repayment is expected to flow.
- Security cover – This is an assessment of the value of the security under stress scenario which is further adjusted for factors like liquidity, enforceability, transparency in valuation, etc. of the collateral.

- Promoter strength – This is an assessment of the promoter from a financial, management and performance perspective.
- Exit – This is an assessment of the liquidity of the loan or investment.

The output from each of these analyses is converted to a risk weight equivalent. Each of the four components of the risk analysis are assigned a specific weight which differ based on type of investment. The risk weight is then converted into capital requirement. The required capital and the return is combined to create a metric which is used for deal assessment. Based on the above assessment the risk team categorises the deals into the following risk grades: (i) good deals with very high-risk adjusted returns; (ii) investment grade deals with high-risk adjusted returns; (iii) management review grade deals with risk adjusted returns required as per lending policy; and (iv) not advisable grade deals with lower than required risk adjusted returns.

Further, a periodic review of the performance of the portfolio is also carried out by the risk group. The risk group adjusts the stress case considered during the initial approval based on actual performance of the deal, developments in the sector, regulatory changes, etc. The deal level output is combined to form a portfolio snapshot. The trends from portfolio are used to provide strategic inputs to the management.

Operational risk management

Operational risk is the risk of loss resulting from (i) inadequate or failed internal processes, (ii) people and systems or (iii) external events. Operational risk exists in any kind of products and business activities.

The Issuer has identified certain types of the operational risk events which are more likely to result in substantial losses to its business. These include (i) credit risk, (ii) technology risk, (iii) employee risk, (iv) regulatory risk and (v) the risks arising from fraud and anti-money laundering transactions.

The Issuer has implemented strategies and methods to safeguard against these risks:

Technology risk

The Issuer has an in-house information technology (“IT”) team, which ensures that the Issuer’s software and hardware systems are not only best in class but also continuously upgraded and safeguarded against any kind of technology related threats. The IT team is responsible for ensuring that the occurrence and frequency of IT downtimes is kept to a minimum. The team is also responsible for the accessibility of the Issuer’s IT system to authorised users and password management.

Employee risk

The Issuer has implemented an effective screening programme to conduct pre-employment background checks. Adequate and proper reference checks and screening of the prospective employee’s credentials are conducted prior to recruitment. Additionally, employees are evaluated based on psychometric and personality tests.

Regulatory risk

The Issuer requires its employees to follow clear procedures to ensure that all regulatory clearances are obtained for the underlying projects before providing any type of financial support to such projects. Any communication received by the Issuer, including legal notices, customer letters, bank communications, regulatory notices or orders are promptly recorded and forwarded to the relevant departments who are required to process such communication in a timely manner. This process is managed by its in-house regulatory compliance team.

Fraud and anti-money laundering transactions

At the time of appraisal of a loan or a business proposal, the Issuer reviews the underlying documents from a “know-your-client” or “KYC” perspective as well as carrying out money laundering and fraud prevention

checks. The Issuer's fraud control unit also conducts spot checks on a random basis. The Issuer ensures the preservation of records in compliance with the Prevention of Money Laundering Act of 2002.

Competition

The Issuer faces competition in the lending business from domestic and international banks as well as other HFCs and NBFCs. The Issuer's primary competitors are HDFC Ltd, the Aditya Birla Group, India Bulls Housing Finance, the L&T Group and a number of large commercial banks in India.

Sales and Marketing

The Issuer's marketing strategy revolves around the following:

- leveraging the existing relationship with developers created through the Wholesale Lending Portfolio. The Issuer's B2B2C model enables significant sourcing of business from developers resulting in lower costs compared to sourcing from DSAs, connectors, etc.;
- leveraging Brickex, the in-house distribution arm which is a leading B2B aggregation platform focusing on the sales and marketing of real estate and financial services products, with a network of 10,000 distributors across Tier I cities in India. Properties sold through the Brickex network will be referred for loans, resulting in a low cost of sourcing;
- positioning itself as one of the leading players in the affordable housing segment, offering housing loans at competitive rates;
- making its brand relevant to the right target audience;
- ensuring sustained visibility through television, print and digital media for both the Issuer's customers and opinion makers; and
- strengthening relationships with builders through optimum presence in and around the Issuer's pre-approved residential projects.

The Issuer has an in-house marketing and branding team which carries out various marketing and branding activities, implements its marketing strategy and ensures that its brand objectives are met. The Issuer's core brand objectives include creating awareness, generating leads and increasing sales. The Issuer also engages third-party agencies to support its marketing and branding team in achieving its objectives.

The Issuer adopts a comprehensive marketing approach across various media platforms to achieve sustained and strategic visibility and effective and efficient communication with its potential customers. The Issuer's communication channels include the following:

- regularly advertising through television, national and vernacular newspapers, radio and outdoor hoardings;
- regular conduct and/or participation in sponsored events, property exhibitions, customer awareness events, co-branded builder site events and promotions in building societies and malls. To further expand the Issuer's outreach, the Issuer's marketing team conducts relationship meetings with channel partners and business associates on a regular basis. The Group focuses on relationship-based associations which have produced better results than transactional-based associations. This acts as a driver for growth in sales; and

- a key focus on digital communication. The Issuer's presence on search engine marketing, social media and select publisher sites has helped the Issuer leverage branding and business opportunities on internet and mobile platforms.

The Issuer's sales efforts primarily involve loans provided to customers purchasing homes in under-construction projects. The Issuer enters into tie-ups with real estate developers, pursuant to which it pre-approves their projects. The Issuer also enters into tie-ups with other corporate houses for referral of its products to their employees. Customers intending to purchase homes from pre-approved projects are catered to by the Issuer's direct sales team employees operating at these project sites. The Issuer also relies on DSAs, referrals and walk-ins across its network; events and exhibitions, as well as corporate tie-ups, help to increase sales and generate leads.

Technology

The Issuer realises the importance of information technology and uses both internally developed and externally subscribed tools, to improve its overall productivity. The Issuer engages with customers through an end-to-end technology platform that leverages the capabilities of customer relationship management ("CRM"), mobility, loan origination, loan management, finance and accounts and collections. Data is processed and analysed using various tools, enabling the Issuer to efficiently and cost-effectively manage its nationwide network of branches and appropriately monitor various risks. The Issuer respects and commits to maintain data privacy. The Issuer recently launched a project that helps build an enterprise data privacy management framework. In order to safeguard its information assets, the Issuer has implemented security solutions to identify threats. A new policy has been incorporated that increases the focus on information security through additional controls and advanced tools that enhances security of core systems and improves user awareness.

The Issuer is investing in new technologies including but not limited to:

- cloud computing for cost efficient and resilient infrastructure;
- integrated CRM;
- robotic process automation;
- web services for customer ease and settlements; and
- data warehousing.

The Issuer's IT systems have the capability of end-to-end customer data capture, computation of income, collateral data capture and repayment management. Loan approval is controlled by the loan application system and the monthly analytics reports, including through-the-door and credit information tracking to ensure risk management control and compliance. For the Issuer's employees, many key workflow processes are accessible through hand-held devices and mobile apps.

Customer Service and Grievance Redressal Processes

The Issuer has implemented a grievance redressal policy (the "**Grievance Policy**") and a well-defined structured system to resolve any issues faced by its customers in a just, fair and timely manner.

The Issuer's Board of Directors has approved and adopted the Grievance Policy in its meeting held on 8 September 2017. The Grievance Policy is based on the Guidelines on Fair Practices Code for HFCs framed by the NHB.

Under the Grievance Policy, a record of all customer grievances will be maintained by the Issuer in such form as is feasible and all grievances will be reported to the management in an appropriate forum and format along with details of steps taken for the redressal thereof.

The following principles apply under the Grievance Policy:

Modes of receiving grievances

- Customers to be treated fairly at all times.
- Complaints raised by customers are dealt with courtesy and without undue delay.
- Customers are fully informed how to escalate their complaints or grievances within the organisation and their rights to alternative remedy, if they are not fully satisfied with the response of the Issuer to their complaints.
- All complaints to be dealt with efficiently and fairly.
- The Issuer's employees to work in good faith and without prejudice to the interests of the customer.

Insurance

The Issuer currently maintains insurance coverage against all fixed assets such as an electronic equipment insurance policy and a machinery breakdown insurance policy. The Issuer also has group insurance and term insurance for its employees. The Issuer maintains a director's and officers' liability policy covering its directors, officers and employees against claims arising out of legal and regulatory proceedings. The Issuer's parent company also has a global policy that covers directors' and officers' liability up to a limit of U.S.\$20 million for the entities within its group which includes the Issuer.

See "Risk Factors – Internal Risks and Risks Associated with the Issuer's Business – The Issuer's insurance coverage may not adequately protect it against losses, and successful claims that exceed the Issuer's insurance coverage could harm its results of operations and diminish its financial position".

Legal Proceedings

Other than as disclosed in the section titled "Risk Factors", the Issuer is party to various legal proceedings which arise primarily in the ordinary course of its operations, none of which is anticipated to be material in the context of the Notes.

Property

As at 31 March 2019, the Issuer had 23 offices in India with an aggregate floor space of approximately 153,027 square feet of which 100 per cent. was leased.

Employees

As at 31 March 2019, the Group had a total of 884 employees as set forth in the following table:

	No. of employees
Permanent staff	870
Contractual staff.....	14

	No. of employees
Total.....	884

Corporate Social Responsibility

The Piramal Foundation is the philanthropic arm of the Piramal group. The foundation develops innovative approaches and solutions to resolve issues that are critical roadblocks towards unlocking India's economic potential. The Piramal group believes in collaborating with like-minded partners and nurtures projects that are scalable and deliver a sustainable impact. The Foundation is focused on universal primary education, youth empowerment, maternal health, child health and non-communicable diseases, and access to safe drinking water. The foundation currently works across 21 states, mostly in partnership with state governments, technology partners and international organisations.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors

The general supervision, direction and management of the Issuer, its operations and business are vested in the Board, which exercises its power subject to the memorandum of association (the “**Memorandum**”) and the articles and association (the “**Articles of Association**”) of the Issuer and the requirements of the applicable laws. Under the Issuer’s Articles of Association, the Issuer is required to have not less than three directors and not more than 15 directors. The Issuer currently has seven directors on its Board. Subject to the provisions of the Companies Act, 2013, the Board shall have the power to determine the directors whose period of office is or is not liable to determination by retirement of directors by rotation. The quorum for meetings of the Board of Directors is one-third of the total number of directors, or two directors, whichever is higher, provided that, where at any time the number of interested directors exceeds or is equal to two-thirds of the total number of directors of the Board, the number of directors who are not interested directors and present at the meeting, being not less than two, shall be the quorum during such time.

The following table sets forth details regarding the Board at the date of this Offering Circular:

Name, Address, Occupation, DIN, Term and Nationality		Age	Designation	Other Directorships (as at the date of the Offering Circular)
Mr. Ajay G. Piramal				
Address:	Piramal Tower, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013	63	Non-Executive Chairman	Piramal Enterprises Limited, Piramal Glass Private Limited, Shriram Capital Limited, Tata Sons Private Limited, Allergan India Private Limited, Pratham Education Foundation, Piramal Management Services Private Limited, PEL Management Services Private Limited, Kaivalya Education Foundation, Piramal Foundation, Piramal Fund Management Private Limited
Occupation:	Industrialist			
DIN:	00028116			
Date of appointment:	28 May 2018			
Term:	Liable to retire by rotation			
Nationality:	Indian			
Mr. Khushru B. Jijina				
Address:	Piramal Tower, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013	54	Managing Director	The Swastik Safe Deposit and Investments Ltd, Piramal Fund Management Private Limited, Tarapur Infrastructure Private Limited, Piramal Asset Management Private Limited, India Venture Advisors Private Limited, Neelima Investments Private Limited, Silver Pearl Realty Private Limited, Piramal
Occupation:	Service			
DIN:	00209953			
Date of appointment:	10 February 2017 (Appointed as Managing Director with effect from the close of business			

Name, Address, Occupation, DIN, Term and Nationality	Age	Designation	Other Directorships (as at the date of the Offering Circular)
hours on 28 February 2017) Term: Appointed for a period of five years up to 27 February 2022, liable to retire by rotation Nationality: Indian			Securities Limited, Piramal International, PHL Fininvest Private Limited
Dr. Swati A. Piramal			
Address: Piramal Tower, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013 Occupation: Industrialist DIN: 00067125 Date of appointment: 28 May 2018 Term: Liable to retire by rotation Nationality: Indian	63	Non-Executive Director	Piramal Enterprises Limited, Piramal Glass Private Limited, Allergan India Private Limited, Piramal Management Services Private Limited, Nestle India Limited, PEL Management Services Private Limited, PHL Fininvest Private Limited
Mr. Anand A. Piramal			
Address: Piramal Tower, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013 Occupation: Industrialist DIN: 00286085 Date of appointment: 28 May 2018 Term: Liable to retire by rotation Nationality: Indian	34	Non-Executive Director	Piramal Enterprises Limited, PEL Management Services Private Limited. Piramal Management Services Private Limited, Piramal Water Private Limited, Piramal Foundation for Education Leadership, Piramal Corporate Services Private Limited, PRL Developers Private Limited, Piramal Asset Management Private Limited,
Mr. Deepak Satwalekar			
Address: Flat no. 401 4th floor, The Orchid, 12th Road plot no. 252, near Madhu Park, Khar (west), Mumbai – 400052 Occupation: Professional DIN: 00009627	70	Independent Director	Franklin Templeton Asset Management (India) Private Limited; Asian Paints Limited; Germinait Solutions Private Limited; The Tata Power Company Limited; Piramal Enterprises Limited

Name, Address, Occupation, DIN, Term and Nationality	Age	Designation	Other Directorships (as at the date of the Offering Circular)
Date of appointment: 28 May 2018 Term: Appointed for a period of five years up to 27 September 2023 Nationality: Indian Mr. Harish Engineer			
Address: B-11, Sea Face Park, 50 Bhulabhai Desai Road, Cumballa Hill S.O., Mumbai – 400026 Occupation: Professional DIN: 01843009 Date of appointment: 25 June 2018 Term: Appointed for a period of five years up to 27 September 2023 Nationality: Indian Mr. Suhail Nathani	70	Independent Director	Aditya Birla Sun Life Pension Management Limited, HDFC Property Ventures Limited, Aditya Birla Pe Advisors Private Limited, Arka Fincap Limited
Address: 801, Prabhu Kutir, 15 Altamount Road, Cumballa Hill S.O., Mumbai 400026 Occupation: Professional DIN: 01089938 Date of appointment: 8 September 2017 Term: Appointed for a period of five years up to 27 September 2023 Nationality: United States of America	54	Independent Director	Aga Khan Agency For Habitat India, Mahindra CIE Automotive Limited, Progressive Electoral Trust, Salaam Bombay Foundation, Siddhesh Capital Market Services Private Limited, UTI Trustee Company Private Limited

Brief biographies of the Directors

Mr Ajay G. Piramal

Ajay Piramal is the Chairman and a Non-Executive Director of the Issuer. He holds a Bachelor's degree of science (honours) in science from the Jai Hind College and Basantsingh Institute of Science, University of Bombay, master's degree in management studies from Jamnalal Bajaj Institute of Management Studies, University of Bombay and has completed the advanced management programme from Harvard Business School

Executive Education. Mr Piramal serves on the Harvard Business School's Board of Dean's Advisors and Pratham Education Foundation. He has been appointed as a member of the advisory committee on the Corporate Insolvency and Liquidation. He has been honoured with a doctorate degree in Philosophy (D. Phil) by the Amity University, India, and an Honorary Doctor of Science (Honoris Causa) degree by IIT-Indore.

Mr Piramal has received a number of national and international awards including Outstanding Performance at the 9th Asia Pacific Entrepreneurship Awards (2018), International Advertising Association's Business Leader of the Year Award (2018), 'Asia Pacific Entrepreneurship Awards' (APEA) – 'Special Achievement Award Category' (2018), 'CNBC India Business Leader of the Year' (2018) and CNBC Asia Business Leader Award (2017) for his visionary leadership, Hurun India Philanthropy List (2017), SEN Sustainability Award – Philanthropy and Best of Best – instituted by World Presidents' Organisation (2015), Corporate Citizen of the Year award by AIMA Managing India Awards (2016), 'Outstanding Philanthropist' (2014 and 2013) by Forbes Philanthropy Awards, 'Business Leader of the Year' by the Indo-American Chamber of Commerce, and 'Entrepreneur of the Year' (2006) by the UK Trade and Investment Council.

Mr Khushru Jijina

Khushru Jijina is the Managing Director of the Issuer. He is a fellow Chartered Accountant from the Institute of Chartered Accountants of India with over three decades of experience in the field of real estate, corporate finance and treasury management.

Mr Jijina has been with the Piramal Group for 18 years and spearheads the financial services business of Piramal Group. Mr Jijina has been recognised with several leadership accolades namely Asia One: Global India 2017, Business Leader of the Year: Global Real Estate Congress 2017, Visionary in Real Estate Financing – NDTV Property Awards 2017 and Entrepreneur of the Year in the financial services industry by Asia Pacific Entrepreneurship Awards (APEA) in 2017, CXO of the year: Realty Plus 2018.

Dr Swati A. Piramal

Dr Swati Piramal is a Non-Executive Director of the Issuer. She earned her medical degree from Mumbai University and her Master's degree in public health from Harvard School of Public Health. She also holds certificate of registration from the Maharashtra Medical Council. She is a member of the Dean's Advisors to Harvard Business School and the Harvard School of Public Health and was also member of Harvard Board of Overseers (2012-2018).

As the first woman president of India's Apex Chamber of Commerce in 90 years, she helped influence important public policies and governance. She served as an adviser to the Indian Prime Minister in science, technology and economic policy (2006-2014).

Some of her achievements include:

- (a) nominated as one of the 25 "Most Powerful Women" in India, eight times in succession, from 2003 till 2011 by Business Today;
- (b) awarded the BMA Management Woman Achiever of the Year Award during 2004-05;
- (c) recipient of the Lakshmi Pat Singhania-IIM, Lucknow National Leadership Award;
- (d) recipient of one of France's highest honours – 'Chevalier de l'Ordre National du Merite' (Knight of the Order of Merit), for medicine and trade in 2006;
- (e) in 2006, she also received an award in the field of Science and Technology from the Prime Minister of India, and was the recipient of the Chemtech Pharma Award for Biotech Industries;

- (f) received the Rajiv Gandhi Award for Outstanding Woman Achiever, from the Rajiv Gandhi Foundation in 2007;
- (g) President of ASSOCHAM and was the first woman to be elected in 90 years of the history of ASSOCHAM during 2009-10;
- (h) in 2010, she was conferred with the Distinguished Industrialist Award for outstanding contributions to the Pharmaceutical Industry by VIT (Vellore Institute of Technology);
- (i) in 2011, she was nominated to the Hall of Fame as the Most Powerful Women in Business;
- (j) during 2011, she was also awarded by the Hon. President of India, for contribution to better Corporate Governance, and received the Global Empowerment Award - UK, from Her Royal Highness, the Duchess of Kent;
- (k) in 2012, she was honoured with the Padma Shri, by the President of India;
- (l) during 2012, she was also elected as the Member of the Harvard Board of Overseers. She also received the Alumni Merit Award from Harvard, which is the highest award bestowed on an alumnus;
- (m) in 2014, she received the Kelvinator Stree Shakti Award;
- (n) in 2016, she received IMC Ladies' Wing's prestigious "Woman of the Year" award for her significant and outstanding contribution to society in the medical field; and
- (o) awarded the "First Ladies Award" by the President of India in 2018 in being the first woman leader of ASSOCHAM – the apex chamber of commerce in 90 years of its history.

Mr Anand Piramal

Mr Anand Piramal is a Non-Executive Director of the Issuer. He graduated in economics from the University of Pennsylvania and earned a master's degree in business administration from Harvard Business School in 2011.

In 2018, Mr Piramal was conferred with the Hurun Real Estate Unicorn of the Year 2017 by Hurun India and Young Business Leader 2018 award by Hello! Magazine. The awards recognise Anand's role in steering Piramal Group's successful foray into the real estate industry and growing Piramal Realty to one of the most respected real estate companies in India.

Mr Deepak M. Satwalekar

Mr Deepak M. Satwalekar is an Independent Director of the Issuer. He holds a B. Tech – Mechanical degree from Indian Institute of Technology, Bombay and a master's in business administration from the American University, Washington D.C. He is currently on the boards of Asian Paints Limited, Franklin Templeton Asset Management (India) Private Limited, The Tata Power Company Limited and Germinait Solutions Private Limited. He is also on the Advisory Council of IIT Bombay.

Mr Harish Engineer

Mr Harish Engineer is an Independent Director of the Issuer. He is a science graduate from the Bombay University and holds a Diploma in Business Management from Hazarimal Somani College, Mumbai. Mr Engineer has over 40 years of experience in the fields of finance and banking. He has been previously associated with HDFC Bank since 1994 and was designated as a whole-time director from 12 October 2007 to 30 September 2013. Mr Engineer has also been associated with Bank of America for the past 26 years. He is currently on the boards of HDFC Property Ventures Limited, Aditya Birla PE Advisors Private Limited and Aditya Birla Sun Life Pension Management Limited.

Mr Suhail Nathani

Mr Suhail Nathani is an Independent Director of the Issuer. He holds a Master's Degree from Cambridge University and an LLM from Duke University, USA. He is the co-founding partner at Economic Laws Practice. Besides India, he is also admitted to the New York Bar.

Mr Nathani is currently on the boards of Aga Khan Agency For Habitat India, Mahindra Cie Automotive Limited, Progressive Electoral Trust, Salaam Bombay Foundation, UTI Trustee Company Private Limited, Siddhesh Capital Market Services Private Limited.

Confirmations

None of the Directors has been identified as a "wilful defaulter" by the RBI, the Export Credit Guarantee Corporation of India Limited, any government/regulatory authority and/or by any bank or financial institution.

Compensation of Directors

The Nomination and Remuneration Committee determines and recommends to the Board the compensation to Directors. The Board of Directors or the shareholders, as the case may be, approve the compensation to Directors.

Relationship between Directors

Mr Ajay G. Piramal, Chairman of the Piramal Group, is the spouse of Dr Swati Piramal and father of Mr Anand Piramal.

Borrowing powers of the Board of Directors

In accordance with the Articles of Association of the Issuer, and subject to the provisions of section 180(1)(c) of the Companies Act, 2013, and the shareholders' resolution dated 11 June 2018, the Board may, from time to time, borrow monies, together with monies already borrowed, in excess of the aggregate of the paid-up capital and free reserves of the Issuer, not exceeding Rs. 650,000,000,000 at any time in compliance with the NHB Directions, as applicable from time to time.

Interest of Directors/Promoter of the Issuer

The Managing Director, being the only Executive Director, may be deemed to be interested to the extent of remuneration paid by the Issuer, as well as to the extent of reimbursement of expenses payable to him. The Non-Executive Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other reimbursement of expenses and profit linked incentives payable to them.

The Directors, including Independent Directors, may also be regarded as interested in the equity shares of the Issuer (the "**Equity Shares**"), if any, held by them and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. The Directors, including independent Directors, may also be regarded as interested in the Equity Shares held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

The Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Issuer with any company in which they hold directorships or any partnership firm in which they are partners. Except as otherwise stated in this Offering Circular and statutory registers maintained by the

Issuer in this regard, the Issuer has not entered into any contract, agreements, arrangements during the preceding two years from the date of this Offering Circular in which the Directors are interested, directly or indirectly, and no payments have been made to them in respect of these contracts, agreements and arrangements which are proposed to be made with them. None of the Directors has any interest in immovable property acquired or proposed to be acquired by the Issuer in the preceding two years as at the date of this Offering Circular.

None of the Directors is interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm or company in which they are interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by them or by such firm or company, in connection with the promotion or formation of the Issuer.

Other than as disclosed in this Offering Circular, there are no outstanding transactions other than in the ordinary course of business undertaken by the Issuer, in which the Directors are interested. Further, the Issuer has not availed any loans from the Directors which are currently outstanding.

Shareholding of the Directors

As at 31 March 2019, the following Directors hold Equity Shares in the Issuer:

Sr. No.	Name	Designation	No. of Equity Shares
1	Ajay G. Piramal (as a nominee of PEL)	Director	4,347
2	Dr Swati A. Piramal (as a nominee of PEL)	Director	97

Corporate Governance

The Issuer believes that good corporate governance is an important constituent in enhancing stakeholder value and is guided by the core values of “Knowledge, Action, Care and Impact”. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law.

The Issuer’s Board is constituted in compliance with the Companies Act, 2013. The Board functions either as a full Board or through its various committees constituted to oversee specific operational areas.

Appointment of any relatives of Directors to an office or place of profit

None of the Directors’ relatives has been appointed to an office or place of profit.

Committees of Board of Directors

Audit and Risk Management Committee

- (i) Recommendation for appointment, remuneration and terms of appointment of Auditors of the Issuer;
- (ii) Review and monitoring of the Auditor’s independence and the performance and effectiveness of the audit process;

	(iii) Examination of the financial statement and the Auditors' report thereon; (iv) Approval or any subsequent modification of transactions of the Issuer with related parties; (v) Scrutiny of inter-corporate loans and investments; (vi) Valuation of undertakings or assets of the Issuer, whenever it is necessary; (vii) Evaluation of internal financial controls and risk management systems; (viii) Review of compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively; and (ix) Carrying out such other matters as may be delegated to the Committee by the Board of Directors from time to time or as may be prescribed under any law for the time being in force to be decided by the Audit and Risk Management Committee.
Nomination and Remuneration Committee	(i) The terms of reference of the Committee are aligned with the requirement of Section 178 of the Companies (Meetings of the Board & its Powers) Rules, 2014 and other applicable provisions (including any modifications or re-enactment thereof).
Corporate Social Responsibility ("CSR")	(i) Formulate and recommend to the Board a CSR Policy (the "CSR Policy") which shall indicate the activities to be undertaken by the Issuer; (ii) Recommend the amount of expenditure to be incurred on the CSR activities; (iii) Monitor the CSR Policy of the Issuer from time to time; (iv) Implement and monitor approved CSR activities; and (v) Undertake such activities and carry out such functions as may be provided by section 135 of the Companies Act, 2013 and the rules prescribed thereunder upon its notification and coming in force with further power to delegate its powers to any director(s), officer(s) or other person(s) and also to induct any other director(s) as its member(s) as it may deem fit and proper.

Key Managerial Personnel of the Issuer

The following table sets forth the details of the Issuer's key managerial personnel (the "Key Managerial Personnel"):

Name of the Managerial Personnel	Designation
Mr Khushru Jijina	Managing Director
Mr Sachin Deodhar	Chief Financial Officer
Mr Ankit Singh	Company Secretary

Biographies of our Key Managerial Personnel

Mr Khushru Jijina

Please refer to "*Brief biographies of the Directors*".

Mr Sachin Deodhar

Mr Sachin Deodhar is a qualified Chartered Accountant. He leads the finance, accounts, structuring, and compliance functions of the Financial Services division at the Piramal Group. He has over 17 years of experience in the Indian financial services industry, has worked with mutual funds, venture capital funds, hedge funds, equity broking houses and clearing exchanges.

Prior to joining Piramal in 2007, Mr Deodhar was the Chief Financial Officer at Kotak India Realty Fund, where he was responsible for fund structuring, investor relations, audit and compliance. Mr. Deodhar is a Chartered Accountant and specialises in various functions including treasury, loan syndication, assurance/audit, portfolio management, management information systems, budgeting, internal audits, consulting, due diligence and risk management.

Mr Ankit Singh

Mr. Ankit Singh is a fellow member of the Institute of Company Secretaries of India, holds a Bachelor's Degree in Law from the University of Lucknow, a Bachelor's Degree in Commerce from the University of Lucknow, a diploma in Corporate & Securities Law from Government Law College, a diploma in Entrepreneurship Administration & Business Laws from NUJS, Kolkata, is a certified Compliance & Risk Management Professional from Indian Institute of Banking and Finance, Mumbai.

Mr. Singh has over 12 years of experience in Corporate, Securities and Financial Services Law, Corporate Legal Affairs and Governance matters.

Prior to joining Piramal in 2016, Mr. Singh was the Company Secretary and Compliance Officer of Shemaroo Entertainment Limited ("SEL") whereby he was responsible for observing compliance management across the group, more specifically corporate legal, secretarial and governance norms applicable to the group. He also led the successful Initial Public Offering of its equity shares by SEL.

Interest of Key Managerial Personnel

The Key Managerial Personnel do not have any interest in the Issuer other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them and to the extent of the Equity Shares held by them or their dependants in the Issuer, if any.

Other than as disclosed in this Offering Circular, there are no outstanding transactions other than in the ordinary course of business undertaken by the Issuer, in which the Key Managerial Personnel are interested. Further, the Issuer has not availed any loans from the Key Managerial Personnel which are currently outstanding.

As at 31 March 2019, none of the Key Managerial Personnel holds any Equity Shares in the Issuer.

Other confirmations

Except as otherwise stated in this Offering Circular, none of the Directors or any Key Managerial Personnel have any financial or other material interest in the Issuer.

Related Party Transactions

For details in relation to the historical related party transactions entered by the Issuer during the last three financial years, as per the requirements under “Index to Accounting Standard 18 – Related Party Transactions” specified under the Companies Act, 2013 please see “*Index to Financial Statements*” on page F-1.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Pricing Supplement, will be endorsed on each Note in definitive form issued under the Programmes. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Form of the Notes – Summary of Provisions Relating to the Notes while in Global Form” above.

1 Introduction

- (a) *Programme:* Piramal Capital & Housing Finance Limited (the “**Issuer**”) has established a Euro Medium Term Note Programme (the “**Programme**”) for the issuance of up to U.S.\$1,000,000,000 in aggregate principal amount of notes (the “**Notes**”).
- (b) *Pricing Supplement:* Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of a pricing supplement (the “**Pricing Supplement**”) which supplements these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended restated and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.
- (c) *Trust Deed:* The Notes are constituted by, are subject to, and have the benefit of, a trust deed dated 23 July 2019 (as amended, restated, replaced and/or supplemented from time to time, the “**Trust Deed**”) between the Issuer, The Hongkong and Shanghai Banking Corporation Limited as trustee (the “**Trustee**”, which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and IDBI Trusteeship Services Limited as onshore security trustee (the “**Onshore Security Trustee**”).
- (d) *Agency Agreement:* The Notes are the subject of an agency agreement dated 23 July 2019 (as amended, restated, replaced and/or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, The Hongkong and Shanghai Banking Corporation Limited as principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), The Hongkong and Shanghai Banking Corporation Limited as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes), the transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the Trustee. In these Conditions references to the “**Agents**” are to the Paying Agents and the Transfer Agents and any reference to an “**Agent**” is to any one of them.
- (e) *The Notes:* The Notes may be issued in bearer form (“**Bearer Notes**”), or in registered form (“**Registered Notes**”). All subsequent references in these Conditions to “**Notes**” are to the Notes which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for inspection by Noteholders following prior written request and proof of holding and identity satisfactory to the Trustee, or, as the case may be, the Principal Paying Agent, at all reasonable times during normal business hours at the registered office for the time being of the Trustee, being at the date hereof Level 30, HSBC Main Building, 1 Queen’s Road, Central, Hong Kong and at the Specified Office (as defined in the Agency Agreement) of the Principal Paying Agent.

- (f) *Summaries:* Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. Noteholders (as defined below) and the holders of the related interest coupons, if any (the “**Couponholders**” and the “**Coupons**”, respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders at all reasonable times during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

2 Interpretation

- (a) *Definitions:* In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Pricing Supplement;

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Pricing Supplement;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Pricing Supplement;

“**Aggregate Secured Indebtedness**” means, at any time, the aggregate amount payable by the Issuer and/or its affiliates in relation to any Indebtedness secured by a Permitted Collateral Security Interest, and shall include any interest (howsoever described), default interest (howsoever described and wherever applicable), fees, costs, charges, expenses or otherwise, reimbursement and Taxes thereon;

“**Asset Cover Ratio**” means the ratio of the value of the Collateral to the Aggregate Secured Indebtedness at the given point of time;

“**Business Day**” means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“**Business Day Convention**”, in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) “**Modified Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in

the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**

- (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
- (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
- (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred;

“Calculation Agent” means the Principal Paying Agent or such other Person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest, Interest Amount(s), Reference Rate and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

“Calculation Amount” has the meaning given in the relevant Pricing Supplement;

“Capital Adequacy Ratio” means the capital adequacy ratio or the capital to risk weighted assets ratio, as defined by the NHB (or any other relevant authority);

“Change of Control” occurs when:

- (a) the Promoter Group, directly or indirectly, no longer has control of at least 51% of the voting rights of the issued share capital of the Issuer;
- (b) any other Person (acting alone or in concert with any other parties, but other than a Person controlled by the Promoter Group) has the right to appoint and/or remove all or the majority of the members of the Issuer’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; or
- (c) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other Person (other than a Person controlled by the Promoter Group), unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring control over the Issuer or the successor entity;

“Change of Control Put Date” means the 14th day after the expiry of the 30-day period following a Change of Control or following the date upon which notice thereof is given to the Noteholders (in accordance with Condition 21 (*Notices*)) by the Issuer;

“Change of Control Put Option” has the meaning given to it in Condition 9(f);

“Change of Control Put Option Notice” means a notice which must be delivered to the Paying Agent by any Noteholder wanting to exercise a right to redeem a Note upon the occurrence of a Change of Control;

“Change of Control Put Option Receipt” means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note upon the occurrence of a Change of Control;

“Collateral” has the meaning given to it in Condition 4(a);

“Collateral Document” has the meaning given to it in Condition 4(a);

“Coupon Sheet” means, in respect of a Note, a coupon sheet relating to the Note;

“Cumulative Events” means notwithstanding anything to the contrary, in no event shall the total number of consecutive calendar days during which either (i) valuation is deferred due to an Unscheduled Holiday, or (ii) a Valuation Postponement shall occur (or any combination of (i) and (ii)), exceed 14 consecutive calendar days in the aggregate. Accordingly, (i) if, upon the lapse of any such 14 calendar day period, an Unscheduled Holiday shall have occurred or be continuing on the day following such period that otherwise would have been a Fixing Business Day, then such day shall be deemed to be a Rate Fixing Date, and (ii) if, upon the lapse of any such 14 calendar day period, a Price Source Disruption Event shall have occurred or be continuing on the day following such period on which the Reference Rate otherwise would be determined, then Valuation Postponement shall not apply and the Reference Rate shall be determined in accordance with the next Price Source Disruption Fallback;

“Day Count Fraction” means, in respect of the calculation of an amount for any period of time (the **“Calculation Period”**), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

- (a) if **“Actual/Actual (ICMA)”** is so specified, means:
 - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if **“Actual/Actual (ISDA)”** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if **“Actual/365 (Fixed)”** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if **“Actual/360”** is so specified, means the actual number of days in the Calculation Period divided by 360;

- (e) if “**30/360**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] \pm [30 \times (M_2 - M_1)] \pm (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (f) if “**30E/360**” or “**Eurobond Basis**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] \pm [30 \times (M_2 - M_1)] \pm (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (g) if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] \pm [30 \times (M_2 - M_1)] \pm (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

“**Deed of Hypothecation**” means the deed of hypothecation entered into or to be entered into between the Issuer and the Onshore Security Trustee on for creation of a first ranking *pari passu* Security Interest over the Collateral to secure the Notes;

“**Default**” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default;

“**Early Redemption Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

“**Extraordinary Resolution**” has the meaning given in the Trust Deed;

“**Fallback Reference Price**” has the meaning given in the relevant Pricing Supplement;

“**Fallback Survey Valuation Postponement**” means that, in the event that the Fallback Reference Price is not available on or before the third Fixing Business Day (or day that would have been a Fixing Business Day but for an Unscheduled Holiday) succeeding the end of either (i) Valuation Postponement for Price Source Disruption, (ii) Deferral Period for Unscheduled Holiday, or (iii) Cumulative Events, as applicable, then the Reference Rate will be determined in accordance with the next Applicable Price Source Disruption Fallback on such day (which will be deemed to be the applicable Rate Fixing Date). For the avoidance of doubt, Cumulative Events, if applicable, do not preclude postponement of valuation in accordance with this provision;

“**Final Redemption Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

“**Financial Half Year**” means the period commencing from 1 April of one year and ending on 30 September of the same year, or such other period that may be decided by the Issuer;

“**First Interest Payment Date**” means the date specified in the relevant Pricing Supplement;

“**Fitch**” mean Fitch Ratings, Inc. and its affiliates;

“**Fixed Coupon Amount**” has the meaning given in the relevant Pricing Supplement;

“Fixing Business Days” means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Mumbai;

“Guarantee” means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

“Holder”, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

“Ind-AS” means accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015;

“Indebtedness” means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any bonds, debentures, notes or other similar instruments;
- (c) amounts raised under any note purchase facility;
- (d) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (e) any amounts guaranteed by such Person;
- (f) any amounts raised by loans from third parties;
- (g) amounts raised under any letters of credit; and
- (h) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

“Independent Financial Institution” means a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent to act as such in its place;

“INR” means Indian Rupees, the lawful currency of the Republic of India;

“Interest Amount” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“Interest Commencement Date” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

“Interest Determination Date” has the meaning given in the relevant Pricing Supplement;

“Interest Payment Date” means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“Interest Period” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“Investment Grade” means a rating of “AAA,” “AA,” “A” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by S&P or Fitch or any of their respective successors or assigns, or a rating of “Aaa,” “Aa,” “A” or “Baa,” as modified by a “1,” “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s or any of its successors or assigns, or a rating of “AAA,” “AA,” “A” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories or the equivalent ratings of any internationally recognised rating agency or agencies, as the case may be, which shall have been designated by the Issuer as having been substituted for S&P, Moody’s or Fitch or two or three of them, as the case may be;

“ISDA” means the International Swaps and Derivatives Association, Inc. and its affiliates;

“ISDA Definitions” means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the Original Issue Date (as specified in the relevant Pricing Supplement) as published by ISDA);

“Issue Date” has the meaning given in the relevant Pricing Supplement;

“Margin” has the meaning given in the relevant Pricing Supplement;

“Material Subsidiary” means any Subsidiary:

- (a) whose total revenue (after intercompany eliminations), as shown by the financial statements of such Subsidiary (consolidated (if any) in the case of a Subsidiary which itself has Subsidiaries), based upon which the latest audited consolidated financial statements of the Issuer have been prepared, are at least ten per cent. of the consolidated total revenue of the Issuer as shown by such audited consolidated financial statements; or
- (b) whose total assets (after intercompany eliminations), as shown by the financial statements of such Subsidiary (consolidated (if any) in the case of a Subsidiary which itself has Subsidiaries), based upon which the latest audited consolidated financial statements of the Issuer have been prepared, are at least ten per cent. of the consolidated total assets of the Issuer as shown by such audited consolidated financial statements;

“Maturity Date” has the meaning given in the relevant Pricing Supplement;

“Maximum Days of Postponement” means 14 calendar days;

“Maximum Redemption Amount” has the meaning given in the relevant Pricing Supplement;

“Minimum Redemption Amount” has the meaning given in the relevant Pricing Supplement;

“Minimum Security Coverage Ratio” means the minimum Asset Cover Ratio required to be maintained by the Issuer pursuant to Condition 5(c)(i)(B);

“Moody’s” means Moody’s Investor Service, Inc. and its affiliates;

“NHB” means the National Housing Bank established under the National Housing Bank Act, 1987 (or any successor entity);

“NHB Directions” means the Housing Finance Companies Directions, 2010, as modified, supplemented or replaced from time to time;

“Noteholder”, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

“Onshore Security Trustee” means the onshore security trustee appointed under the terms of the Collateral Documents;

“Optional Redemption Amount (Call)” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

“Optional Redemption Amount (Put)” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

“Optional Redemption Date (Call)” has the meaning given in the relevant Pricing Supplement;

“Optional Redemption Date (Put)” has the meaning given in the relevant Pricing Supplement;

“Original Issue Date” means the date the first Tranche of such Series of Notes was issued;

“Participating Member State” means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

“Payment Business Day” means:

- (a) if the currency of payment is euro, any day which is:
 - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:
 - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“Permitted Asset Security Interest” means any Security Interest created or permitted to exist by the Issuer over all or any part of its assets and properties of any kind (other than the Collateral), **provided that:**

- (a) no Default has occurred and is continuing; and
- (b) the Issuer will be in compliance with the requirements of Condition 5(c) (*Financial Covenants*);

“Permitted Collateral Security Interest” means any Security Interest created or permitted to exist by the Issuer over the Collateral *provided that:*

- (a) the Notes shall be equally and rateably secured with any such Security Interest created or permitted to exist over the Collateral;
- (b) no Default has occurred and is continuing; and
- (c) the Issuer delivers, or causes to be delivered, to the Trustee and the Onshore Security Trustee a certificate signed by an authorised signatory of the Issuer on a monthly basis, stating that the Issuer is in compliance with the requirements of paragraph (a) and (b) above, and the requirements of Condition 5(c) (*Financial Covenants*).

The Issuer will not create any Security Interest over the Collateral in respect of any hedging obligations of any Person.

The Trustee shall be entitled to accept and rely conclusively upon the certificate delivered pursuant to paragraph (c) above as sufficient evidence of the satisfaction of the circumstances set out above without further investigation or enquiry and without liability to any Noteholder, in which event they shall be conclusive and binding on the Noteholders;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Price Source Disruption Event” means it becomes impossible to obtain the Reference Rate on a Rate Fixing Date;

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (b) in relation to Australia dollars, it means either Sydney or Melbourne, and in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

“Promoter Group” means Mr. Ajay Piramal, any Person who is related to Mr. Ajay Piramal by blood or marriage and any combination of those Persons acting together;

“Put Option Notice” means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“Put Option Receipt” means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“Rating Agencies” means S&P, Moody’s and Fitch;

“Rating Category” means (a) with respect to S&P or Fitch, any of the following categories: “BB”, “B”, “CCC”, “CC”, “C” and “D” (or equivalent successor categories); (b) with respect to Moody’s, any of the following categories: “Ba”, “B”, “Caa”, “Ca”, “C” and “D” (or equivalent successor categories); and (c) the equivalent of any such category of S&P, Moody’s or Fitch used by another internationally recognised rating agency or agencies. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P and Fitch; “1”, “2” and “3” for Moody’s; or the equivalent gradations for another Rating Agency) will be taken into account (e.g., with respect to S&P, a decline in a rating from “BB+” to “BB”, as well as from “BB-” to “B+”, will constitute a decrease of one gradation);

“Rate Fixing Date” means the Scheduled Rate Fixing Date, subject to Valuation Postponement;

“Rate Fixing Day” means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Mumbai and London;

“Rate of Interest” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

“Redemption Amount” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put) or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

“Reference Banks” has the meaning given in the relevant Pricing Supplement or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

“Reference Price” has the meaning given in the relevant Pricing Supplement;

“Reference Rate” has the meaning given in the relevant Pricing Supplement in respect of the currency or currencies and periods specified in the relevant Pricing Supplement;

“Regular Period” means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“Relevant Date” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

“Relevant Financial Centre” has the meaning given in the relevant Pricing Supplement;

“Relevant Screen Page” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“Relevant Time” has the meaning given in the relevant Pricing Supplement;

“Reserved Matter” means any proposal to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes; to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes; to reduce the rate or rates of interest in respect of the Notes or vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes; if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest; to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount; to vary the currency or currencies of payment or denomination of the Notes; or to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution;

“S&P” means Standard & Poor’s Ratings Services and its affiliates;

“Scheduled Rate Fixing Date” means the date which is two Fixing Business Days prior to the Interest Payment Date or the Maturity Date or such other date on which an amount in respect of the Notes is due and payable. If the Scheduled Rate Fixing Date is an Unscheduled Holiday, the Rate Fixing Date shall be the next following relevant Fixing Business Day, subject to the Deferral Period for Unscheduled Holiday set out in Condition 12 (*Payments – Synthetic INR Notes*);

“Security Enforcement Event” means in respect of the Notes, the occurrence of an event being an Event of Default (as defined in the Trust Deed), pursuant to which the Security Interest shall become enforceable in accordance with the terms of the Trust Deed;

“Security Interest” means, with respect to any asset or properties of any kind, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, whether or not filed, recorded or otherwise perfected or registered under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing or agreement to give any financing statement of any jurisdiction;

“Specified Currency” has the meaning given in the relevant Pricing Supplement;

“Specified Denomination(s)” has the meaning given in the relevant Pricing Supplement;

“Specified Office” has the meaning given in the Agency Agreement;

“Specified Period” has the meaning given in the relevant Pricing Supplement;

“Standard Assets” means assets classified as standard assets under the NHB Directions and which are not overdue for more than 90 days, provided however, that to the extent RBI requirements as amended from time to time define standard assets as being overdue for fewer than 90 days, then such shorter period shall apply to this definition;

“Subsidiary” means, in relation to any Person (the **“first Person”**) at any particular time, any other Person (the **“second Person”**):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person (but shall not include any entity accounted for as an “associate” under Ind-AS);

“Synthetic INR Notes” means Bearer Notes or Registered Notes (as the case may be) in the Specified Currency of INR, provided that all payments in respect of such Notes will be made in the Synthetic INR Settlement Currency;

“Synthetic INR Settlement Currency” means any currency other than INR specified in the relevant Pricing Supplement;

“Talon” means a talon for further Coupons;

“TARGET2” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

“TARGET Settlement Day” means any day on which TARGET2 is open for the settlement of payments in euro;

“Treaty” means the Treaty on the Functioning of the European Union, as amended;

“Unscheduled Holiday” means a day that is not a Fixing Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in Mumbai, two Fixing Business Days prior to the relevant Rate Fixing Date;

“Valuation Postponement” means that the Reference Rate will be determined on the Fixing Business Day first succeeding the day on which the Price Source Disruption Event ceases to exist, unless the Price Source Disruption Event continues to exist (measured from the date that, but for the occurrence of the Price Source Disruption Event, would have been the Rate Fixing Date) for a consecutive number of calendar days equal to the Maximum Days of Postponement. In such event, the Reference Rate will be determined on the next Fixing Business Day after 14 consecutive calendar days (which will, subject to the provisions relating to Fallback Survey Valuation Postponement, be deemed to be the applicable Rate Fixing Date) in accordance with the next applicable Price Source Disruption Fallback;

“Zero Coupon Note” means a Note specified as such in the relevant Pricing Supplement.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

- (ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “outstanding” shall be construed in accordance with the Trust Deed;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes; and
- (viii) any reference to the Trust Deed, the Agency Agreement or any Collateral Document shall be construed as a reference to the Trust Deed, the Agency Agreement or such Collateral Document, as the case may be, as amended, restated, replaced and/or supplemented up to and including the Issue Date of the Notes.

3 Form, Denomination, Title and Transfer

- (a) *Bearer Notes:* Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) *Title to Bearer Notes:* Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, “**Holder**” means the holder of such Bearer Note and “**Noteholder**” and “**Couponholder**” shall be construed accordingly.
- (c) *Registered Notes:* Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Pricing Supplement and higher integral multiples of a smaller amount specified in the relevant Pricing Supplement.
- (d) *Title to Registered Notes:* The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a “**Note Certificate**”) will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, “**Holder**” means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.
- (e) *Ownership:* The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any

previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

- (f) *Transfers of Registered Notes:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (g) *Registration and delivery of Note Certificates:* Within seven business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity and/or security and/or pre-funding as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on (and including) the due date for any payment of principal or interest in respect of the Registered Notes.
- (j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be made available for inspection by the Registrar to any Noteholder upon reasonable prior written request and satisfactory proof of holding.

4 Status of the Notes and Collateral

- (a) The Notes constitute direct, general and unconditional obligations of the Issuer and the performance of all the obligations of the Issuer under the Notes and the Trust Deed are or, as the case may be, will be secured by, *inter alia*, a first ranking *pari passu* charge (by way of hypothecation) over all Receivables of the Issuer (both present and future), including without limitation:
 - (i) Receivables arising out of lending, loans and advances;
 - (ii) Receivables arising out of the Issuer’s investments (excluding investments made in the nature of equity investments or convertible instruments); and

(iii) current assets of the Issuer,

(collectively, the “**Movable Assets**”, which term shall exclude any Receivables arising out of the investments made or loans extended by the Issuer to its Subsidiaries or affiliates), where “**Receivables**” means all principal amounts and interest (including coupon, premium and/or any default or penalty interest) owing to or receivable by the Issuer including all the accrued book debts, both present and future, other than those amounts whose repayment is overdue (i) by more than 90 days; or (ii) such number of days required to categorise the asset as not a Standard Asset, whichever is lower, whether such monies receivable are retained in any of the accounts of the Issuer or otherwise, in respect of loans and advances or investments in certain securities or inter-corporate deposits subscribed to, given or placed by the Issuer, and all benefit, rights, interest, claims and demands of the Issuer in, to or in respect of all the aforesaid amounts (the Movable Assets and all rights, title, interest, claims and demands whatsoever of the Issuer, in or in respect of the Movable Assets are collectively referred to as the “**Collateral**”, and the deed of hypothecation and other instruments pursuant to which the security interests in the Collateral are created, the “**Collateral Documents**”).

- (b) The Collateral will be created for the benefit of the Noteholders by way of a first ranking security interest and will be shared on a *pari passu* basis with the beneficiaries of all Permitted Collateral Security Interests. The Notes will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future secured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (c) In the event that the Movable Assets are of a value greater than that required for the maintenance of the Asset Cover Ratio, the Issuer shall be entitled to require the Onshore Security Trustee to release the excess Collateral such that the Collateral remaining after such release would be sufficient for maintenance of the Asset Cover Ratio at or above the Minimum Security Coverage Ratio (“**Released Assets**”). The Issuer shall, for such release, issue a letter to the Onshore Security Trustee describing the Collateral to be released, which letter shall be duly acknowledged by the Onshore Security Trustee (“**Release Request Letter**”).
- (d) The Onshore Security Trustee shall effectuate such release by acknowledging the Release Request Letter and by intimating to the Trustee of such release. Further, the Onshore Security Trustee shall also, if requested by the Issuer, execute all such documents as may be required for such release. The Onshore Security Trustee shall not be required to obtain consent from the Noteholders or the Trustee for such release, so long as no Security Enforcement Event has occurred and is continuing, and an independent chartered accountant confirms to the Onshore Security Trustee in writing that the Asset Cover Ratio shall be maintained at or above the Minimum Security Coverage Ratio post such release. The Onshore Security Trustee shall not be liable for any such release.
- (e) The Issuer shall till the Secured Obligations (as defined in the Deed of Hypothecation) are fully discharged in accordance with the Trust Deed for every quarter ending on 31 March, 30 June, 30 September and 31 December (“**Relevant Quarter**”), be obligated to furnish to the Onshore Security Trustee, on or before the 25th day of the calendar month following the Relevant Quarter, a certificate from an independent chartered accountant, in such form and manner as may be stipulated by the Onshore Security Trustee, containing details of the Collateral existing as on the last day of Relevant Quarter to evidence that the Asset Cover Ratio is being maintained at or above the Minimum Security Cover Ratio. The Issuer shall also, for every quarter ending on the Relevant Quarter hereafter during the tenor of the Deed of Hypothecation, be obligated to furnish to the Onshore Security Trustee, within seven days from the date of the declaration of the results for such Relevant Quarter, a certificate from the Managing Director/Director of the Issuer, in such form and manner as may be stipulated by the Onshore Security

Trustee, containing details of the Collateral existing as on the last day of Relevant Quarter so as to evidence that the Asset Cover Ratio is being maintained at or above the Minimum Security Cover Ratio.

- (f) The Issuer shall also be obligated to furnish to the Onshore Security Trustee on a half yearly basis till the Secured Obligations are fully discharged in accordance with the Trust Deed a certificate from the practising company secretary or a practising chartered accountant, in such form and manner as may be stipulated by the Onshore Security Trustee, containing details of the Collateral existing as on the last day of the relevant Financial Half Year so as to evidence that the Asset Cover Ratio is being maintained at or above the Minimum Security Cover Ratio.
- (g) The Issuer shall also be obligated to furnish to the Onshore Security Trustee on a yearly basis till the Secured Obligations are fully discharged in accordance with the Trust Deed a certificate from the statutory auditor of the Issuer, in such form and manner as may be stipulated by the Onshore Security Trustee, containing details of the Collateral existing as on the last day of each financial year so as to evidence that the Asset Cover Ratio is being maintained at or above the Minimum Security Cover Ratio.
- (h) The Issuer and the Onshore Security Trustee agree and acknowledge that the Security Interest to be created in terms of the Deed of Hypothecation to secure the Secured Obligations and any proceeds realised upon enforcement of such Security Interest are, subject to the terms of the Trust Deed, to be shared between the beneficiaries of all Permitted Collateral Security Interests and the Onshore Security Trustee (acting in trust and for the benefit of the Secured Parties (as defined in the Deed of Hypothecation)).
- (i) Subject to the rights of Noteholders over the Collateral not getting impacted, the underlying securities, loans and/or inter-corporate deposits subscribed to, given and/or placed by the Issuer and to which the Receivables pertain shall at no point of time form a part of the Collateral and the Issuer shall be free to transfer or otherwise deal with such underlying securities, loans and inter-corporate deposits subscribed to, given and/or placed by the Issuer and to which the Receivables pertain, without being required to obtain any consent or approval from the Noteholders or the Onshore Security Trustee for the same provided that the Asset Cover Ratio is always at least equal to the Minimum Security Coverage Ratio and no Security Enforcement Event has occurred.
- (j) The Issuer shall further, whenever required by the Onshore Security Trustee, give full particulars to the Onshore Security Trustee of the Collateral and shall furnish and verify all statements, reports, certificates and information from time to time as reasonably required by the Onshore Security Trustee in relation to the Collateral, including copies evidencing payment of stamp duty and other charges in connection with the Deed of Hypothecation and shall make, furnish and execute all necessary documents to give effect to the Security Interest.
- (k) The Onshore Security Trustee or nominees appointed by the Onshore Security Trustee shall, with reasonable notice, be entitled during the regular working hours of the Issuer, to enter into any place where the records relating to the Collateral are stored and to take particulars of all or any part of Collateral or the records maintained in respect of the Collateral and check any statement, accounts, reports and information in relation to the Collateral and the Issuer shall render all reasonable assistance in this behalf.

See “Description of Collateral” for more details of the Collateral to be granted by the Issuer and a description of the Collateral Documents.

The Notes shall initially be represented by a Global Note Certificate in the aggregate principal amount of the Notes issued on the Issue Date registered in the name of a nominee for and deposited with a common depositary for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A.

(“Clearstream, Luxembourg”) and as described in the section of the Offering Circular entitled “Summary of Provisions Relating to the Notes while in Global Form”. Except in the limited circumstances described in the section of the Offering Circular entitled “Summary of Provisions Relating to the Notes while in Global Form”, owners of interests in Notes represented by a Global Note Certificate will not be entitled to receive Definitive Notes in respect of their individual holdings of Notes.

5 Covenants

- (a) *Limitation on Security Interests:* So long as any Notes remain outstanding:
 - (i) The Issuer will not, directly or indirectly, incur, assume or permit to exist any Security Interest, other than Permitted Collateral Security Interests, on the Collateral; and
 - (ii) The Issuer will not, directly or indirectly, incur, assume or permit to exist any Security Interest of any nature whatsoever on any of its assets or properties of any kind that does not constitute Collateral, whether owned at the Original Issue Date or thereafter acquired, except Permitted Asset Security Interests.
- (b) *Post-Closing Collateral Requirement:* The Issuer shall duly execute and deliver the Collateral Documents on or prior to the Issue Date. The Issuer shall make the requisite filings and take all such actions as may be required in relation to the perfection of such Security Interest created over the Collateral (including filing form CHG 1 and receiving the corresponding certificate of registration from the Registrar of Companies, Mumbai) within 30 days following the Issue Date.
- (c) *Financial Covenants:*
 - (i) So long as any of the Notes remain outstanding, the Issuer will ensure that:
 - (A) its net non-performing asset ratio, as calculated in accordance with the NHB Directions, as stipulated by the NHB (or any other relevant authority), is at all times maintained at a level equal to or less than 3.75 per cent. based on a 90-day delinquency period;
 - (B) its Minimum Security Coverage Ratio shall not be less than 1.0;
 - (C) its Capital Adequacy Ratio as calculated in accordance with the requirements of the NHB (or any other relevant authority) in effect from time to time is at all times maintained at a level that complies with the requirements of the NHB (or any other relevant authority) in effect from time to time; and
 - (D) the Security shall at all times consist of Standard Assets only.
 - (ii) The covenants in Condition 5(c)(i) shall be calculated using the outstanding principal amount of the relevant receivables and tested by reference to the annual audited consolidated financial statements to be delivered to the Trustee in accordance with the provisions of the Trust Deed, commencing from the first financial year ended immediately following the Original Issue Date.
- (d) *Merger, Amalgamation, Consolidation or Sale of Assets:* The Issuer will not, directly or indirectly, consolidate with, merge or amalgamate into or convey, sell or transfer its assets substantially as an entirety to any Person (the consummation of any such event, a “**Merger**”) unless:
 - (i) the Issuer shall be solvent immediately prior thereto (as confirmed by a certificate of two directors of the Issuer);
 - (ii) the Issuer has given at least 30 days prior notice of such Merger to the Trustee and the Noteholders;

- (iii) the security interests in the Collateral granted to the Onshore Security Trustee under the Collateral Documents shall remain in full force and effect and perfected to at least the same extent as in effect immediately prior to such Merger;
 - (iv) the Person formed by or surviving any such Merger (if other than the Issuer) or the Person to which such conveyance, sale, transfer, or other disposition has been made assumes in writing (A) all the obligations of the Issuer under the Notes and the Trust Deed pursuant to agreements satisfactory to the Noteholders (by Extraordinary Resolution) and (B) all of the obligations of the Issuer under the Collateral Documents pursuant to agreements or instruments satisfactory to the Noteholders and the Onshore Security Trustee (and shall cause such instruments to be filed and recorded in such jurisdictions and take such other actions as may otherwise be required to comply with the requirements of immediately preceding paragraph (iii));
 - (v) immediately after giving effect to any such Merger, no Default shall have occurred or be continuing or would result therefrom; and
 - (vi) the corporation formed by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, not to redeem the Notes pursuant to Condition 9(b) (*Redemption for tax reasons*) as a result of it becoming obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) arising solely as a result of the Merger.
- (e) *Suspension of Covenants:*
- (i) With effect from the first day (the “**Suspension Date**”) that:
 - (A) two Rating Agencies have publicly announced that the Notes have been assigned an Investment Grade rating; and
 - (B) no Default or Event of Default has occurred and is continuing,
 the Issuer will not be subject to Condition 5(c) (*Financial Covenants*) (collectively, the “**Suspended Covenants**”).
 - (ii) In the event that the Issuer is not subject to the Suspended Covenants for any period of time as a result of Condition 5(e)(i) and, on any subsequent date (the “**Reversion Date**”), any one of the Rating Agencies publicly announces the withdrawal of its ratings or the downgrade of the ratings assigned to the Notes below the required Investment Grade ratings or a Default or Event of Default occurs and is continuing, then the Issuer will thereafter again be subject to the Suspended Covenants with effect from the Reversion Date. The period of time between the Suspension Date and the Reversion Date is referred to in these Conditions as the “**Suspension Period**”. Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure by the Issuer to comply with the Suspended Covenants during the Suspension Period.

6 Fixed Rate Note Provisions

All interest payable on the Notes shall be subject to applicable laws including but not limited to the ECB Guidelines and in accordance with any specific approval received by the Issuer from the RBI or any other regulatory authority.

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose, a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7 Floating Rate Note Provisions

All interest payable on the Notes shall be subject to applicable laws including but not limited to the ECB Guidelines and in accordance with any specific approval received by the Issuer from the RBI or any other regulatory authority.

- (a) *Application:* This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement.

- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose, a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given by the Issuer to the Noteholders and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have been admitted to listing, trading and/or quotation. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (h) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (i) *Benchmark Discontinuation:*

(i) **Independent Adviser**

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 7(i)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 7(i)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 7(i) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Noteholders or the Couponholders for any determination made by it, pursuant to this Condition 7(i).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 7(i)(i) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 7(i)(i).

(ii) **Successor Rate or Alternative Rate**

If the Independent Adviser, determines that:

- (1) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 7(i)); or
- (2) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 7(i)).

(iii) **Adjustment Spread**

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) **Benchmark Amendments**

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 7(i) and the Independent Adviser, determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 7(i)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two authorised signatories of the Issuer pursuant to Condition 7(i)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose

more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 7(i)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 7(i), the adoption of any Successor Rate or any Alternative Rate and the application of any Adjustment Spread and any Benchmark Amendment are each subject to the Agent's ability to perform such calculation with respect to the relevant rate.

(v) **Notices, etc.**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 7(i) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 21, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer:

- (1) confirming (A) that a Benchmark Event has occurred, (B) the Successor Rate or, as the case may be, the Alternative Rate, (C) the applicable Adjustment Spread and (D) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 7(i); and
- (2) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

(vi) **Survival of Original Reference Rate**

Without prejudice to Condition 7(i)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 7(c)(iii) and (iv) will continue to apply unless and until a Benchmark Event has occurred.

(vii) **Definitions:**

As used in this Condition 7(i):

“Adjustment Spread” means either (1) a spread (which may be positive, negative or zero) or (2) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (C) (if the Independent Adviser determines that no such spread is customarily applied) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 7(i)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“Benchmark Amendments” has the meaning given to it in Condition 7(i)(iv).

“Benchmark Event” means:

- (1) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (2) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (3) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (4) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (5) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that in the case of sub-paragraphs (2), (3) and (4), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement.

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 7(i)(i).

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (2) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body, and which is in accordance with the ECB Guidelines.

8 Zero Coupon Note Provisions

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9 Redemption and Purchase

The ECB Guidelines may require the Issuer to obtain the prior approval of the RBI or the designated authorised dealer bank, as the case may be, in accordance with the ECB Guidelines before effecting a redemption of the Notes prior to the Maturity Date and such approval may not be forthcoming.

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*).

(b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (unless the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable);

on giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Pricing Supplement, (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of India or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Original issue Date; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, **provided, however, that** no such notice of redemption shall be given earlier than:
 - (1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Pricing Supplement) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
 - (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant Pricing Supplement) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

(c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the

Noteholders, or such other period(s) as may be specified in the relevant Pricing Supplement (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Principal Paying Agent approves and in such manner as the Principal Paying Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant Pricing Supplement), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.
- (f) *Redemption for Change of Control:* If the Change of Control Put Option (as defined below) is specified in the relevant Pricing Supplement as being applicable, following the occurrence of a Change of Control, each Holder of the Notes will have the right (“**Change of Control Put Option**”), at such Noteholder’s option, to require the Issuer to redeem in whole but not in part such Noteholder’s Notes on the Change of Control Put Date at 101 per cent. of their principal amount together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(f), the Holder of a Note must deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Change of Control Put Option Notice in the form obtainable from any Paying Agent, by no later than 30 days following a Change of Control or 30 days following the date upon which notice thereof is given to the Noteholders (in accordance with Condition 21(*Notices*)) by the Issuer, whichever

is later. The Paying Agent with which a Note is so deposited shall deliver a duly completed Change of Control Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Change of Control Put Option Notice in accordance with this Condition 9(f), may be withdrawn. Not later than two days after becoming aware of a Change of Control, the Issuer shall procure that notice shall be given to the Noteholders in accordance with Condition 21 (*Notices*) stating:

- (i) the date of such Change of Control and, briefly, the events causing such Change of Control;
- (ii) the date by which the Change of Control Put Option Notice must be given;
- (iii) the Change of Control Put Date;
- (iv) the names and addresses of the Paying Agent;
- (v) the procedures that Noteholders must follow and the requirements that Noteholders must satisfy in order to exercise the Change of Control Put Option;
- (vi) that a Change of Control Put Option Notice, once validly given, may not be withdrawn; and
- (vii) the aggregate principal amount of the Notes outstanding as of the latest practicable date prior to the publication of such notice regarding the Change of Control.

For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(f), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

- (g) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (f) above.
- (h) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 9(h) or, if none is so specified, a Day Count Fraction of 30E/360.

- (i) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.
- (j) *Cancellation:* All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.
- (k) *Calculations:* Neither the Trustee nor any of the Agents shall be liable or responsible for calculating or verifying the calculations of any amount payable under any notice of redemption and shall not be liable to the Noteholders or any other person for not doing so.

10 Payments – Bearer Notes

This Condition 10 is only applicable to Bearer Notes.

- (a) *Principal*: Payments of principal shall be made only against presentation and **(provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in the currency in which the payment is due (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) *Interest*: Payments of interest shall, subject to paragraph (h) below, be made only against presentation and **(provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Bearer Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 13 (*Taxation*)) any law implementing an intergovernmental approach thereto.
- (e) No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (f) *Deductions for unmatured Coupons*: If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

- (g) *Unmatured Coupons void*: If the relevant Pricing Supplement specifies that this Condition 10(g) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(c) (*Redemption at the option of the Issuer*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(f) (*Redemption for Change of Control*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (h) *Payments on business days*: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (i) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (j) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (k) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

11 Payments – Registered Notes

This Condition 11 is only applicable to Registered Notes.

- (a) *Principal*: Payments of principal shall be made by transfer to an account denominated in the currency in which the payment is due (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

- (b) *Interest:* Payments of interest shall be made by transfer to an account denominated in the currency in which the payment is due (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 13 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (d) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.
- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

So long as the Registered Note is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system, each payment in respect of the Registered Notes will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

12 Payments – Synthetic INR Notes

This Condition 12 is only applicable to Synthetic INR Notes and in addition to Condition 10 (*Payments – Bearer Notes*) or Condition 11 (*Payments – Registered Notes*), as the case may be.

- (a) *Payments of Principal and Interest:* Payments of principal and interest in respect of the Synthetic INR Notes shall be payable in the Synthetic INR Settlement Currency, such amounts to be determined by the Calculation Agent on the Rate Fixing Date in respect of an Interest Payment Date or the Maturity Date.
- (b) *Price Source Disruption Event:* If a Price Source Disruption Event occurs on the Scheduled Rate Fixing Date, then the Reference Rate for such Rate Fixing Date shall be determined by the Calculation Agent

in accordance with the applicable price source disruption fallbacks set out in Condition 12(d) (*Applicable Price Source Disruption Fallbacks*).

- (c) *Adjustments to Interest Payment Date and the Maturity Date:*
- (i) If a Scheduled Rate Fixing Date is adjusted for an Unscheduled Holiday or if Valuation Postponement applies, then the Interest Payment Date or the Maturity Date relating to such Scheduled Rate Fixing Date shall be two (2) Payment Business Days after the date on which the Reference Rate for such Interest Payment Date or the Maturity Date is determined.
 - (ii) If any Interest Payment Date or the Maturity Date is adjusted in accordance with Condition 12(c)(i), then such adjustment (and the corresponding payment obligations to be made on such dates) shall apply only to such Interest Payment Date or the Maturity Date, as applicable and no further adjustment shall apply to the amount of interest payable.
- (d) *Applicable Price Source Disruption Fallbacks:* In the event of a Price Source Disruption Event, the Calculation Agent shall apply each of the following price source disruption fallbacks for the determination of the Reference Rate, in the following order, until the Reference Rate can be determined:
- (i) *firstly*, Valuation Postponement;
 - (ii) *secondly*, Fallback Reference Price;
 - (iii) *thirdly*, Fallback Survey Valuation Postponement; and
 - (iv) *lastly*, appointment by the Issuer of an Independent Financial Institution to determine the Reference Rate.

The Issuer shall agree any Reference Rate provided by the Calculation Agent, including the process, methodology and source website in relation to any Applicable Price Source Disruption Fallback, and under no circumstances shall the Calculation Agent be liable to any person as a result of the Calculation Agent having acted on any such quotations, or having taken or not taken any action in relation to any Applicable Price Source Disruption Fallback, which subsequently may be found to be incorrect, or to have delayed the determination of the Reference Rate, except to the extent that a court of competent jurisdiction determines that the Calculation Agent's gross negligence, wilful default or fraud was the primary cause of any loss.

- (e) *Deferral Period for Unscheduled Holiday:* In the event the Scheduled Rate Fixing Date is postponed due to the occurrence of an Unscheduled Holiday, and if the Rate Fixing Date has not occurred on or before the 14th calendar day after the Scheduled Rate Fixing Date (any such period being a “**Deferral Period**”), then the next day after the Deferral Period that would have been a Fixing Business Day but for the Unscheduled Holiday, shall be deemed to be the Rate Fixing Date.

13 Taxation

- (a) *Gross up:* Subject to Condition 10(d) and Condition 11(c), all payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of India (collectively, the “**Taxes**”) or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would

have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

- (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon;
 - (ii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days; or
 - (iii) held by or on behalf of a Holder who, at the time of presentation of the relevant Note or Coupon or Note Certificate, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim.
- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of India, references in these Conditions to the Republic of India shall be construed as references to the Republic of India and/or such other jurisdiction.
- (c) *Tax indemnification:* The Issuer has in the Trust Deed agreed, subject to receipt of reasonably appropriate written evidence in respect thereof, to indemnify any Noteholder (or any person having a beneficial interest therein), other than a Noteholder who is liable to Indian tax by reason of his having a connection with India, apart from the mere holding of a Note, to compensate and indemnify, defend and hold harmless each Noteholder and its officers, directors, employees, agents and authorised representatives (if any) from and against any and all Taxes and any resultant losses, liabilities, damages, demands, expenses (including interests and penalties with respect thereto, out-of-pocket expenses and reasonable attorneys' and accountants' fees), claims, assessments, interest and penalties, based upon or, arising out of, or in relation to or in connection with amounts payable by the Issuer to the Noteholder pursuant to Noteholder's investment in the Notes in respect of the interest income (including the difference between issue price and redemption price). This indemnity provided by the Issuer in this Condition 13(c) shall include any Taxes that a Noteholder may be required or be liable to pay to the Republic of India as a result of the Notes being issued at an amount below 100 per cent. of the principal amount of the Notes. For the avoidance of doubt, this indemnity shall survive any redemption of the Notes in accordance with these Conditions and shall remain in full force and effect.
- (d) *Role of the Trustee:* Neither the Trustee nor any Agent shall be liable or responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 13 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or the Noteholders or any other person to pay such tax, duty, charges, withholding or any other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

14 Events of Default

If any of the following events occurs, then the Trustee at its sole discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or prefunded and/or

provided with security to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Redemption Amount together with accrued interest (if any) without further action or formality:

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes on the due date for payment thereof and such default continues for a period of more than two Business Days; or
- (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed and such default is (i) incapable of remedy or (ii) capable of remedy, remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer; or
- (c) *Cross-default*:
 - (i) any Indebtedness (including any amounts owing under any hedging obligations) of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Indebtedness (including any amounts owing under any hedging obligations) becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Subsidiary or (**provided that** no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or
 - (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds U.S.\$10,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries; or
- (f) *Insolvency etc*: (i) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Material Subsidiaries or the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries, (iii) the Issuer or any of its Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Material Subsidiary of the Issuer for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

- (g) *Winding up etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries (otherwise than, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (h) *Analogous event*: any event occurs which under the laws of the Republic of India has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or
- (i) *Failure to take action etc.*: (i) the Issuer's obligations are not or cease to be legal, valid, binding on and enforceable against the Issuer and (ii) the Notes, the Coupons and the Trust Deed are not or will not be admissible in evidence in the courts of the Republic of India; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed;
- (k) *Government intervention*: (i) all or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer or any of its Material Subsidiaries is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues; or
- (l) *Failure of any Collateral Document to provide security*: except as expressly permitted by the applicable Collateral Documents and the Trust Deed, any Collateral Document at any time for any reason shall cease to be in full force and effect in all material respects, or shall cease to give the Onshore Security Trustee on behalf of the Trustee and the Noteholders a first priority ranking security interest (to the extent required by the Trust Deed and the Collateral Documents) in any Collateral or the rights, powers, privileges and priority purported to be created thereby, and such failure continues unremedied for 30 consecutive days after the earlier of (i) the Issuer obtaining knowledge thereof or (ii) the Trustee giving written notice thereof to the Issuer; or
- (m) *Contestation of the effectiveness, validity, binding nature or enforceability of any the Trust Deed or Collateral Document or misrepresentation*: (i) the Issuer or any of its Subsidiaries, directly or indirectly, contests the effectiveness, validity, binding nature or enforceability of the Trust Deed or any Collateral Document or (ii) any representation or warranty made by the Issuer or any of its Subsidiaries in any Collateral Document fails to be true in all material respects and such failure continues unremedied for 30 consecutive days after the Trustee has given written notice thereof to the Issuer.

ECB Guidelines may require the Issuer to obtain the prior approval of the RBI or the designated authorised dealer bank, as the case may be, in accordance with the ECB Guidelines before effecting a redemption of the Notes prior to the Maturity Date and such approval may not be forthcoming.

15 Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

16 Replacement of Notes and Coupons

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

17 Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and/or secured and/or pre-funded to its satisfaction and relieved from responsibility in certain circumstances and to be paid its fees, costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction or certification, to seek directions from the Noteholders by way of Extraordinary Resolution and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including without limitation legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Noteholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Noteholders or in the event that no direction is given to the Trustee by the Noteholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Noteholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely conclusively on any direction, request or resolution of Noteholders given by holders of the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Relevant Event or Default has occurred or monitor compliance by the Issuer with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer,

and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or registrar or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (i) the Issuer shall at all times maintain a principal paying agent and a registrar;
- (ii) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent; and
- (iii) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

18 Meetings of Noteholders; Modification and Waiver

- (a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Notes for the time being outstanding, and who are for the time being entitled to receive notice of a meeting in accordance with the provisions of the Trust Deed, shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification and waiver:* The Trustee may (but shall not be obliged), without the consent of the Noteholders, and subject to Clause 8.2 of the Trust Deed, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be binding on the Noteholders and shall be notified to the Noteholders by the Issuer as soon as practicable thereafter.

- (c) *Directions from Noteholders:* Notwithstanding anything to the contrary in these Conditions, the Notes, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms of these Conditions, the Notes, the Trust Deed and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, a) to seek directions from the Noteholders by way of an Extraordinary Resolution and b) to first be indemnified and/or provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all fees, costs, charges, damages, expenses (including but not limited to legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible or liable for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or in the event that the directions sought are not provided.
- (d) *Certificates and reports:* The Trustee may rely without liability to Noteholders or any other person on any report, confirmation or certificate or information or any advice or opinion of any legal counsel, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee or any Agent may accept and shall be entitled to rely on any such report, confirmation, certificate, information, advice or opinion, in which event such report, confirmation, certificate, advice or opinion shall be binding on the Issuer and the Noteholders.

19 Enforcement

The Trustee may at any time, at its discretion and without notice, institute such actions and/or steps and/or proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

- (i) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (ii) it has been indemnified and/or provided with security and/or pre-funded to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

20 Further Issues

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date and the first payment of interest) and so that such further issue shall be consolidated and form a single series with the Notes. The Issuer may from time to time create and issue other series of notes having the benefit of the Trust Deed, *provided that* such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed.

21 Notices

- (a) *Bearer Notes*: Notices to the Holders of Bearer Notes shall be valid if published in an English language daily newspaper having general circulation in Singapore (which is expected to be the *Business Times*) and, if the Bearer Notes are admitted to trading on the Singapore Stock Exchange and it is a requirement of applicable law or regulations, a newspaper having general circulation in Singapore (which is expected to be the *Business Times*). Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.
- (b) *Registered Notes*: Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and, if the Registered Notes are admitted to trading on the Singapore Stock Exchange and it is a requirement of applicable law or regulations, notices to Noteholders will be published on the date of such mailing in a newspaper having general circulation in Singapore (which is expected to be the *Business Times*) or in either case, if such publication is not practicable, in an English language daily newspaper having general circulation in Singapore (which is expected to be the *Business Times*). Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Notes are represented by a Global Note(s) or Global Note Certificate and such Global Note(s) or Global Note Certificate is held on behalf of Euroclear or Clearstream, Luxembourg notices to Noteholders shall be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

22 Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

23 Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

24 Governing Law and Jurisdiction

- (a) *Governing law:* The Notes and the Trust Deed and all non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by and shall be construed in accordance with English law.
- (b) *Jurisdiction:* The Issuer has in the Trust Deed (i) agreed that the courts of England shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes; (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated a person in England to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any of the Noteholders from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

FORM OF PRICING SUPPLEMENT

The Pricing Supplement in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[MiFID II PRODUCT GOVERNANCE/TARGET MARKET – *[appropriate target market legend to be included]*]

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes [are] / [are not] [prescribed capital markets products] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).¹

Pricing Supplement dated [●]

PIRAMAL CAPITAL & HOUSING FINANCE LIMITED

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the U.S.\$1,000,000,000 Secured Euro Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of the Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the “**Conditions**”) set forth in the Offering Circular dated [●] [and the supplemental Offering Circular dated [date]]. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Offering Circular.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date and the relevant terms and conditions from that Offering Circular with an earlier date were incorporated by reference in the current Offering Circular.]

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the offering circular dated [original date] incorporated by reference in the offering circular dated [current date] (“**Offering Circular**”). This Pricing Supplement contains the final terms of the

¹ For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Notes and must be read in conjunction with the Offering Circular [and the supplemental Offering Circular dated [date]], save in respect of the Conditions which are set forth in the offering circular dated [original date] and are incorporated by reference in the Offering Circular. This document constitutes the Pricing Supplement relating to the issue of Notes described herein.]

[Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “ITA”), shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fees, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.]

The Pricing Supplement has not been and will not be registered, produced or made available to all as an offer document (whether a prospectus in respect of a public offer or an information memorandum or private placement offer letter or other offering material in respect of any private placement under the Companies Act, 2013 or any other applicable Indian laws) with the Registrar of Companies of India or the Securities and Exchange Board of India or any other statutory or regulatory body of like nature in India.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States (as defined in Regulation S under the Securities Act (“**Regulation S**”)) except in certain transactions exempt from the registration requirements of the Securities Act.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case the subparagraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Pricing Supplement.]

1	Issuer:	Piramal Capital & Housing Finance Limited
2	(i) [Series Number:]	[●]
	(ii) [Tranche Number:]	[●]
	(iii) [Date on which the Notes become fungible:]	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [[●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below [which is expected to occur on or about [●]].]
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount:	[●]
	(i) [Series]:	[●]
	(ii) [Tranche]:	[●]

- 5 (i) Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)] [The Issue Price will be payable in the Synthetic INR Settlement Currency and will be based on the Aggregate Nominal Amount (in INR) divided by the conversion rate reported by the RBI and displayed on Reuters page “INRREF=FBIL” at approximately [●] [a.m./p.m.], Mumbai time, on [●]].
- (ii) Net Proceeds [●] [(Required only for listed issues)]
- 6 (i) Specified Denominations:²³⁴ [●]
- (ii) [Synthetic INR Settlement Currency:] [●]
- (iii) Calculation Amount: [●]
- 7 (i) Issue Date: [●]
- (ii) Interest Commencement Date: [*Specify/Issue Date/Not Applicable*]
- 8 Maturity Date: [*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
[*If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to “professional investors” or (ii) another applicable exemption from section 19 of the FSMA must be available.*]
- 9 Interest Basis: [[●] per cent. Fixed Rate]
[[*Specify reference rate*] +/- [●] per cent. Floating Rate]

² Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

³ If the specified denomination is expressed to be EUR100,000 or its equivalent and multiples of a lower principal amount (for example EUR1,000), insert the additional wording as follows: EUR100,000 and integral multiples of [EUR1,000] in excess thereof up to and including [EUR199,000]. No Notes in definitive form will be issued with a denomination above [EUR199,000]. In relation to any issue of the Notes which are a “Global Note exchangeable for Definitive Notes” in circumstances other than “in the limited circumstances specified in the Global Notes”, such Notes may only be issued in denominations equal to, or greater than, EUR100,000 (or equivalent) and multiples thereof.

⁴ For so long as any Notes are listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of not less than S\$200,000 (or its equivalent in other currencies). In the case of Synthetic INR Notes listed on the SGX-ST, such minimum board lot size will be INR10,000,000 (or the INR equivalent of S\$200,000) and integral multiples thereof.

- [Zero Coupon]
[Other (*Specify*)]
(further particulars specified below)
- 10** Redemption/Payment Basis: [Redemption at par]
[Other (*Specify*)]
- 11** Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of the Notes into another interest or redemption/payment basis*]
- 12** Put/Call Options: [Investor Put]
[Change of Control Put]
[Issuer Call]
[(further particulars specified below)]
As per the RBI Regulations, any redemption of Notes prior to its stated original maturity will require the prior approval of the RBI or the authorised dealer banks, as the case may be. Such approval may or may not be forthcoming.
- 13** (i) Status of the Notes: [Senior] [Secured]
(ii) [Date of [Board]/ Relevant Committee approval for issuance of Notes] obtained: [●] [and [●], respectively]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)
- 14** Listing: [Singapore Exchange Securities Trading Limited
Other (*specify*) None] (*For Notes to be listed on the SGX-ST, insert the expected effective listing date of the Notes*)
- 15** Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16** **Fixed Rate Note Provisions** [Applicable Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually semi-annually quarterly monthly other (*specify*)] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]

(v)	Day Count Fraction:	[30/360/Actual/365 (Fixed)/Actual/Actual (ICMA/ISDA)/other]
(vi)	Determination Dates:	[[●] in each year (<i>insert regular interest payment dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)</i>)]
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
17	Floating Rate Note Provisions	[Applicable/Not Applicable] (<i>If not applicable, delete the remaining subparagraphs of this paragraph</i>)
(i)	Interest Period(s):	[●]
(ii)	Specified Period:	[●]
(iii)	Specified Interest Payment Dates:	[●] (<i>Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert “Not Applicable”</i>)
(iv)	First Interest Payment Date:	[●]
(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other (<i>give details</i>)]
(vi)	Additional Business Centre(s):	[Not Applicable/give details]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (<i>give details</i>)]
(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issuing and Paying Agent):	[[Name] shall be the Calculation Agent (<i>no need to specify if the Issuing and Paying Agent is to perform this function</i>)]
(ix)	Screen Rate Determination:	
	• Reference Rate:	[For example, LIBOR or EURIBOR]
	• Interest Determination Date(s):	[●] (Second London business day prior to the start of each Interest Period if LIBOR (other than sterling or euro LIBOR), first day of each Interest Period if sterling LIBOR and the second day on which the TARGET2 System is open prior to the

	start of each Interest Period if EURIBOR or euro LIBOR)
• Relevant Screen Page:	[For example, Reuters LIBOR 01/EURIBOR 01]
• Relevant Time:	[For example, 11.00 a.m. London time/Brussels time]
• Relevant Financial Centre:	[For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
(x) ISDA Determination:	
• Floating Rate Option:	[•]
• Designated Maturity:	[•]
• Reset Date:	[•]
(xi) Linear interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
(xii) Margin(s):	[+/-][•] per cent. per annum
(xiii) Minimum Rate of Interest:	[•] per cent. per annum
(xiv) Maximum Rate of Interest:	[•] per cent. per annum
(xv) Day Count Fraction:	[•]
(xvi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[•]
18 Zero Coupon Note Provisions	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
(i) Accrual Yield:	[•] per cent. per annum
(ii) Reference Price:	[•]
(iii) Day Count Fraction in relation to Early Redemption Amount:	[30/360/Actual/Actual (ICMA/ISDA)/other]
(iv) Any other formula/basis of determining amount payable:	[•]

PROVISIONS RELATING TO REDEMPTION

19 Call Option	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)

	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii)	If redeemable in part:	
	(a)	Minimum Redemption Amount:	[•] per Calculation Amount
	(b)	Maximum Redemption Amount	[•] per Calculation Amount
	(iv)	Notice period:	[•]
20	Put Option		[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii)	Notice period:	[•]
21	Change of Control Put Option		[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i)	Change of Control Put Date(s):	[•]
	(ii)	Change of Control Put Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii)	Notice period:	[•]
22	Final Redemption Amount of each Note		[•] per Calculation Amount
	In the cases of Synthetic INR Notes only:		
	(i)	Calculation Agent responsible for calculating the Final Redemption Amount:	[•]
	(ii)	Reference Rate:	[•]
	(iii)	Fallback Reference Price:	[•]
23	Early Redemption Amount		
	(i)	Early Redemption Amount (Tax) per Calculation Amount payable on redemption for taxation reasons and/or the method of calculating the	[Not Applicable <i>(if the Early Redemption Amount is the principal amount of the Notes)/specify the Early Redemption Amount if different from the</i>

same (if required or if different from that set out in the Conditions): (ii) Early Termination Amount per Calculation Amount payable on mandatory redemption on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	<i>principal amount of the Notes or specify its method of calculation]</i> <i>[Not Applicable (if the Early Termination Amount is the principal amount of the Notes)/specify the Early Termination Amount if different from the principal amount of the Notes or specify its method of calculation]</i>

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24 Form of Notes:

Bearer Notes:⁵

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/in the limited circumstances specified in the Permanent Global Note]⁶

[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]⁷

[Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/in the limited circumstances specified in the Permanent Global Note]⁸

Registered Notes:

[Global Registered Note exchangeable for Individual Note Certificates on [●] days' notice/in the limited circumstances specified in the Global Registered Note]⁹

25 Additional Financial Centre(s) or other special provisions relating to payment dates:

[Not Applicable/give details.]

Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraph 17(vi) relates]

⁵ Bearer Notes issued in compliance with the D Rules must initially be represented by a Temporary Global Note.

⁶ if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "EUR100,000 and integral multiples of [EUR1,000] in excess thereof up to and including [EUR199,000]", the Temporary Global Note shall not be exchangeable on [●] days' notice.

⁷ if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "EUR100,000 and integral multiples of [EUR1,000] in excess thereof up to and including [EUR199,000]", the Temporary Global Note shall not be exchangeable on [●] days' notice.

⁸ if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "EUR100,000 and integral multiples of [EUR1,000] in excess thereof up to and including [EUR199,000]", the Permanent Global Note shall not be exchangeable on [●] days' notice.

⁹ if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "EUR100,000 and integral multiples of [EUR1,000] in excess thereof up to and including [EUR199,000]", the Global Note Certificate shall not be exchangeable on [●] days' notice.

		<i>[Also ensure [London] is a Financial Centre for all Notes in which [●] acts as Issuing and Paying Agent]</i>
26	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
27	[Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:]	[Not Applicable/give details]
28	[Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:]	[Not Applicable/give details]
29	Redenomination, renominatisation and reconventioning provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
30	Consolidation provisions:	The provisions in Condition 20 (<i>Further Issues</i>) [annexed to this Pricing Supplement] apply]
31	Any applicable currency disruption/fallback provisions:	[Not Applicable/give details]
32	Other terms or special conditions:	[Not Applicable/give details]
DISTRIBUTION		
33	Method of Distribution:	[Syndicated/Non-syndicated]
	(i) If syndicated, names of Managers:	[Not Applicable/give names]
	(ii) Stabilising Manager(s) (if any):	[Not Applicable/give name]
	(iii) If non-syndicated, name and address of Dealer:	[Not Applicable/give name]
34	[Prohibition of Sales to EEA Retail Investors:]	[Applicable]/[Not Applicable]
35	Total commission and concession:	[●] per cent. of the Aggregate Nominal Amount
36	Private Bank Rebate/Commission:	[Applicable/Not Applicable]
37	U.S. Selling Restrictions:	Reg. S Category 1 (<i>In the case of Bearer Notes</i>) – [C RULES/D RULE S/TEFRA not applicable] (<i>In the case of Registered Notes</i>) – Not Applicable
38	Additional selling restrictions:	[Not Applicable/give details]
OPERATIONAL INFORMATION		
39	ISIN Code:	[●]

- 40 Common Code: [●]
- 41 CFI: [Not Applicable/[●]]
- 42 FISN: [Not Applicable/[●]]
[If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable"]
- 43 Legal Entity Identifier (LEI): 335800C9WUTSUG8T2G80
- 44 Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- 45 Delivery: Delivery [against/free of] payment
- 46 Additional Paying Agent(s) (if any): [●]

GENERAL

- 47 The aggregate principal amount of the Notes issued has been translated into United States dollars at the rate of [●], producing a sum of (for Notes not denominated in United States dollars): [Not Applicable/U.S.\$]
- 48 Ratings: [The Notes to be issued have [not] been rated]
[S&P: [●]]; [Moody's: [●]]; [Fitch: [●]]; [[Other: [●]]]
(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[USE OF PROCEEDS

Give details if different from the "Use of Proceeds" section in the Offering Circular.]

[STABILISING

In connection with this issue, [insert name of Stabilising Manager] (the "**Stabilising Manager**") (or persons acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or persons acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.]

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to the Official List of the Singapore Exchange Securities Limited (the “**SGX-ST**”) of the Notes described herein pursuant to the U.S.\$1,000,000,000 Secured Euro Medium Term Note Programme of the Issuer.

RESPONSIBILITY

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. Admission to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, the Programme or the Notes.

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of:

PIRAMAL CAPITAL & HOUSING FINANCE LIMITED

By:

Duly authorised

Name:

Title:

FORMS OF THE NOTES

BEARER NOTES

Each Tranche of Notes in bearer form (“**Bearer Notes**”) will initially be in the form of either a temporary global note in bearer form (“**Temporary Global Note**”), without interest coupons, or a permanent global note in bearer form (“**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant Pricing Supplement. Each Temporary Global Note or, as the case may be, Permanent Global Note will be deposited on or around the issue date of the relevant Tranche of Notes with a depositary or a common depositary for Euroclear or Clearstream, Luxembourg and/or any other relevant clearing system.

In the case of each Tranche of Bearer Notes, the relevant Pricing Supplement will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) (or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) is applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Pricing Supplement specifies the form of Notes as being a “Temporary Global Note exchangeable for a Permanent Global Note”, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note in accordance with the Agency Agreement to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Issuing and Paying Agent; and
- (ii) receipt by the Issuing and Paying Agent of a certificate or certificates of non-U.S. beneficial ownership.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being a “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for bearer Notes in definitive form (“**Definitive Notes**”) not earlier than 40 days after the issue date of the relevant Tranche of Notes.

If the relevant Pricing Supplement specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes

not earlier than 40 days after the issue date of the relevant Tranche of Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Issuing and Paying Agent within 30 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being “Permanent Global Note exchangeable for Definitive Notes”, then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (a) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or
- (b) if the relevant Pricing Supplement specifies “in the limited circumstances described in the Permanent Global Note”, then if either of the following events occurs:
 - (i) Euroclear, Clearstream, Luxembourg, or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention to permanently cease business; or
 - (ii) any of the circumstances described in Condition 14 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Pricing Supplement), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Issuing and Paying Agent within 30 days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “*Summary of Provisions Relating to the Notes while in Global Form*” below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in permanent global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

REGISTERED NOTES

Each Tranche of Registered Notes will be in the form of either individual Note Certificates in registered form (“**Individual Note Certificates**”) or a global Note in registered form (a “**Global Note Certificate**”), in each case as specified in the relevant Pricing Supplement.

Each Global Note Certificate will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a depositary or a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Pricing Supplement specifies the form of Notes as being “Individual Note Certificates”, then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

Global Note Certificate exchangeable for Individual Note Certificates

If the relevant Pricing Supplement specifies the form of Notes as being “Global Note Certificate exchangeable for Individual Note Certificates”, then the Notes will initially be in the form of a Global Note Certificate which will be exchangeable in whole, but not in part, for Individual Note Certificates, in accordance with the Agency Agreement:

- (a) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement;
- (b) if the relevant Pricing Supplement specifies “in the limited circumstances described in the Global Note Certificate”, then if either of the following events occurs:
 - (i) Euroclear, Clearstream, Luxembourg, or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention to permanently cease business; or
 - (ii) any of the circumstances described in Condition 14 (*Events of Default*) occurs.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person’s holding) against the surrender of the Global Note Certificate at the Specified Office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Trust Deed and the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Global Note Certificate will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “*Summary of Provisions Relating to the Notes while in Global Form*” below.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form, references in the Terms and Conditions of the Notes to “**Noteholder**” are references to the bearer of the relevant Global Note which, for so long as the Global Note is deposited with a depository or a common depository for Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, will be that common depository or depository, as the case may be.

In relation to any Tranche of Notes represented by a Global Note Certificate, references in the Terms and Conditions of the Notes to “**Noteholder**” are references to the person in whose name such Global Note Certificate is for the time being registered in the Register which, for so long as the Global Note Certificate is deposited with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depository or common depository, or a nominee for such depository or common depository, or that sub-custodian, as the case may be.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Note Certificate (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the holder of such Global Note or Global Note Certificate and in relation to all other rights arising under such Global Note or Global Note Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or the Global Note Certificate will be determined by the respective rules and procedures of Euroclear, Clearstream, Luxembourg and any other relevant clearing system (as the case may be) from time to time. For so long as the relevant Notes are represented by a Global Note or a Global Note Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Note Certificate.

Conditions applicable to Global Notes and Global Note Certificates

Each Global Note and Global Note Certificate will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note and the Global Note Certificate. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or the Global Note Certificate which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate (as defined in the Agency Agreement) or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or the Global Note Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the payment is noted in a schedule thereto.

Payment Business Day: In the case of a Global Note or a Global Note Certificate, a Payment Business Day shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of a Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

Exercise of put option: In order to exercise the option contained in Condition 9(e) (*Redemption at the option of Noteholders*) or Condition 9(f) (*Redemption for Change of Control*) the bearer of the Permanent Global Note or the holder of the Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and Put Option Notice (as defined in the Terms and Conditions of the Notes), give written notice of such exercise to the Issuing and Paying Agent, in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg, specifying the principal amount of Notes in respect of which the Put Option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 9(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes where such Notes are cleared through Euroclear and/or Clearstream, Luxembourg, (i) the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of the Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion), and (ii) the Notes represented by the Global Note Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions.

Notices: Notwithstanding Condition 21 (*Notices*), while all the Notes are represented by (i) a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; and (ii) a Global Note Certificate and the Global Note Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Holders of Notes represented by the Global Note Certificate may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

DESCRIPTION OF COLLATERAL

The Notes will be secured by Indian law-governed security interests over standard receivables of the Issuer comprising all principal amounts and interest (including coupon, premium and/or any default or penal interest) owing to or receivable by the Issuer including all the accrued book debts, both present and future (the “**Receivables**”), including without limitation, Receivables arising out of

- (i) lending, loans and advances;
 - (ii) the Issuer’s investments (excluding investments made in the nature of equity investments or convertible instruments), inter-corporate deposits; and
 - (iii) current assets of the Issuer,
- (together, the “**Collateral**”).

The following Receivables will not form part of the Collateral:

- (i) Receivables arising out of the Issuer’s investments made or loans extended by the Issuer to its subsidiaries or affiliates; and
- (ii) Receivables comprising amounts in relation to which repayment is overdue (A) by more than 90 days; or (B) such number of days required to categorise the asset as a non-performing asset under the Housing Finance Companies (NHB) Directions, 2010, for housing finance companies, whichever is lower.

Pursuant to the onshore security trustee appointment agreement dated 19 July 2019, executed between the Issuer and the Onshore Security Trustee, the Issuer has appointed IDBI Trusteeship Services Limited to act as the onshore security trustee on behalf of and for the benefit of itself, the Trustee and the Noteholders. The Issuer shall execute a deed of hypothecation for each issuance of Notes for creation of a first ranking security interest over the Collateral in favour of the Onshore Security Trustee (for the benefit of the Trustee and the Noteholders). The security interest over the Collateral shall be shared on a *pari passu* basis with the other creditors of the Issuer existing as of the date of this Offering Circular and with any other creditor(s) in favour of which security interest over the Collateral is created by the Issuer at any time in the future, and the existing creditors (acting by themselves or through the security trustee) shall issue charge ceding letters to the Onshore Security Trustee.

The Issuer is also permitted to create further security interest over the Collateral for the benefit of its other creditors provided that no Event of Default has occurred and is continuing, and the Asset Cover Ratio (as defined in the Terms and Conditions of the Notes) is at least equal to the Minimum Security Coverage Ratio (as defined in the Terms and Conditions of the Notes).

The Issuer shall complete all actions in relation to perfection of the security interest created over the Collateral to secure the Notes, including making the requisite filings with the registrar of companies, Mumbai, within 30 days of the Issue Date. Please refer to the section titled *Terms and Conditions – Condition 4 (Status of the Notes and Collateral)* for further conditions governing the Collateral.

SELECTED STATISTICAL INFORMATION

The following information should be read together with the Issuer's financial statements included in this Offering Circular and the sections titled "Business" to the extent that the Issuer's financial results and financial condition are discussed in those sections. All computations have been derived from financial information which has been prepared in accordance with Indian GAAP or Ind-AS, as applicable. Footnotes appear at the end of each related section of tables.

The average balance sheet numbers for Fiscal Years 2017, 2018 and 2019 are based on the average of the opening and closing balances outstanding during those years. The sub-sections titled "– Average Balance Sheet", "– Yields, Spreads and Margins", "– Return on Equity and Assets", "– Cost of Funds", and "– Borrowings" in this section should be read accordingly.

Average Balance Sheet

The tables below present the average balances for income-earning assets and interest-bearing liabilities together with the related income and expense amounts, resulting in the presentation of the average yields and cost for each year indicated for the Issuer in relation to the fiscal year ended 31 March 2019 (prepared in accordance with Ind-AS), and for PFL in relation to the fiscal year ended 31 March 2017 and the 364-day period ended 30 March 2018 (prepared in accordance with Indian GAAP). The average balance is the average of opening and closing balances outstanding for the year. The average yield on average income-earning assets is the ratio of income on income-earning assets to average income-earning assets for the year. The average cost on average interest-bearing liabilities is the ratio of finance cost to average interest-bearing liabilities for the year. The average balances of loans include NPAs and are net of provision for credit losses.

Average Balance Sheet for PFL prepared in accordance with Indian GAAP

	For the fiscal year ended 31 March 2017			For the period from 1 April 2017 to 30 March 2018		
	Average balance	Income/Expense	Average yield/Cost	Average balance	Income/Expense	Average yield/Cost
	(in Rs. million, except percentages)					
Income-earning assets:						
Advances	36,357.2	4,730.0	13.0%	128,164.6	18,430.1	14.4%
Investments	62,448.9	10,141.4	16.2%	126,716.2	18,436.2	14.6%
Others	5,840.3	3.4	0.0%	11,170.0	472.7	4.2%
Total income-earning assets.....	104,646.4	14,874.8		266,050.8	37,339.0	
Non-income-earning assets:						
Fixed assets	51.8	0.0	0.0%	153.0	0.0	0.0%
Other assets	1,366.7	0.0	0.0%	4,365.9	0.0	0.0%
Total non-income-earning assets	1,418.5	0.0		4,518.9	0.0	
Total assets	106,064.9	14,874.8		270,569.7	37,339.0	

	For the fiscal year ended 31 March 2017			For the period from 1 April 2017 to 30 March 2018		
	Average balance	Income/Expense	Average yield/Cost	Average balance	Income/Expense	Average yield/Cost
	(in Rs. million, except percentages)					
Interest-bearing-liabilities:						
Borrowings.....	83,459.1	6,900.7	8.3%	208,111.8	18,068.5	8.7%
Total interest-bearing liabilities	83,459.1	6,900.7		208,111.8	18,068.5	
Non-interest-bearing liabilities:						
Capital and reserves.....	19,988.5	0.0	0.0%	56,288.4	0.0	0.0%
Other liabilities	2,617.5	0.0	0.0%	6,169.4	0.0	0.0%
Total non-interest-bearing liabilities.....	22,605.9			62,457.8		
Total liabilities	106,065.00	6,900.7		270,569.6	18,068.5	

Average Balance Sheet for the Issuer prepared in accordance with Ind-AS

	For the fiscal year ended 31 March					
	2018			2019		
	Average balance	Income/Expense	Average yield/Cost	Average balance	Income/Expense	Average yield/Cost
Income-earning assets:						
Advances	129,536.5	364.7	0.3%	251,097.0	39,877.1	15.9%
Investments	125,409.5	91.7	0.1%	110,606.9	14,959.9	13.5%
Others	12,270.0	5.6	0.1%	6,575.3	449.8	6.8%
Total income-earning assets.....	267,216.0	462.0		368,279.1	55,286.8	
Non-income-earning assets:						
Fixed assets	51,271.5	0.0	0.0%	102,790.1	0.0	0.0%
Other assets	4,416.1	0.0	0.0%	10,323.4	0.0	0.0%
Total assets.....	322,903.6	462.0		481,392.6	55,286.8	

	For the fiscal year ended 31 March					
	2018			2019		
	Average balance	Income/Expense	Average yield/Cost	Average balance	Income/Expense	Average yield/Cost
	(in Rs. million, except percentages)					
Interest-bearing liabilities:						
Borrowings.....	212,464.5	162.9	0.1%	291,242.2	28,379.6	9.7%
Total interest-bearing liabilities	212,464.5	162.9		291,242.2	28,379.6	
Non-interest-bearing liabilities:						
Capital and reserves.....	107,358.6	0.0	0.0%	188,100.9	0.0	0.0%

For the fiscal year ended 31 March

	2018			2019		
	Average balance	Income/Expense	Average yield/Cost	Average balance	Income/Expense	Average yield/Cost
	<i>(in Rs. million, except percentages)</i>					
Other liabilities	3,080.5	0.0	0.0%	2,049.6	0.0	0.0%
Total non-interest-bearing liabilities	110,439.1	0.0		190,150.4	0.0	0.0%
Total liabilities	322,903.6	162.9		481,392.6	28,379.6	

Yields, Spreads and Margins

The following table sets forth, the yields, spreads and interest margins on the Group's interest-earning assets for the periods indicated.

Yields, Spreads and Margins in relation to PFL prepared in accordance with Indian GAAP

Particulars	Consolidated	
	For the fiscal year ended 31 March 2017	For the period from 1 April 2017 to 30 March 2018
	<i>(in Rs. million, except percentages)</i>	
Interest income (income from financing activities).....	14,871.4	36,866.3
Finance cost	6,900.7	18,068.5
Average income-earning assets	98,806.1	254,880.7
Average interest-bearing liabilities	83,459.1	208,111.8
Average total assets	106,064.8	270,569.6
Average income-earning assets as a percentage of average total assets	93.2%	94.2%
Average interest-bearing liabilities as a percentage of average total assets	78.7%	76.9%
Average income-earning assets as a percentage of:		
Yield ⁽¹⁾	15.1%	14.5%
Cost of funds ⁽²⁾	8.3%	8.7%
Spread ⁽³⁾	6.8%	5.8%
Dividend payout ratio ⁽⁴⁾	0.0%	0.0%
Cost to average assets	6.5%	6.7%

Notes:

- (1) Yield refers to revenue from income-bearing assets for the period divided by average income-bearing assets.
- (2) Cost of funds refers to finance cost for the period divided by average interest-bearing liabilities.
- (3) Spread refers to difference between yield and cost of funds.
- (4) Dividend payout ratio refers to ratio of total dividend to profits after tax and before minority interest.

Yields, Spreads and Margins in relation to the Issuer prepared in accordance with Ind-AS

Particulars	Consolidated	
	For the Fiscal Years ended 31 March	
	2018	2019
	<i>(in Rs. million, except percentages)</i>	
Interest income (income from financing activities).....	456.4	54,837.0
Finance cost.....	162.9	28,379.6
Average income-earning assets.....	254,946.0	361,703.9
Average interest-bearing liabilities	212,464.5	291,242.2
Average total assets	322,903.6	481,392.6
Average income-earning assets as a percentage of average total assets	79.0%	75.1%
Average interest-bearing liabilities as a percentage of average total assets	65.8%	60.5%
Average income-earning assets as a percentage of:		
Yield ⁽¹⁾	0.2%	15.2%
Cost of funds ⁽²⁾	0.1%	9.7%
Spread ⁽³⁾	0.1%	5.4%
Dividend payout ratio ⁽⁴⁾	0.0%	0.0%
Cost to average assets	0.1%	5.9%

Return on Equity and Assets

The following table presents certain selected financial ratios for the periods indicated.

Return on Equity and Assets in relation to PFL prepared in accordance with Indian GAAP

Particulars	Consolidated	
	For the fiscal year ended 31 March 2017	For the period from 1 April 2017 to 30 March 2018
	<i>(in Rs. million, except percentages)</i>	
Average total assets	106,064.8	270,569.6
Average shareholders' equity	19,957.2	56,176.7
Net profit before tax.....	2,923.3	15,083.8
Net profit after tax	1,932.8	9,832.4
Return on equity ⁽¹⁾	9.7%	17.5%
Return on average asset (before tax) ⁽²⁾	2.8%	5.6%
Return on average asset (after tax) ⁽³⁾	1.8%	3.6%
Average shareholders' equity as a percentage of average total assets.....	18.8%	20.8%

Consolidated	
For the fiscal year ended 31 March 2017	For the period from 1 April 2017 to 30 March 2018
<i>(in Rs. million, except percentages)</i>	

Note:

- (1) Return on equity is calculated by dividing the net profit after tax for the period by average net worth for the period.
- (2) Return on average asset (before tax) is calculated by dividing the profit before tax for the period by the average total assets for the period.
- (3) Return on average asset (after tax) is calculated by dividing the profit after tax for the period by the average total assets for the period.

Return on Equity and Assets in relation to the Issuer prepared in accordance with Ind-AS

Consolidated	
For the fiscal year ended 31 March	
2018	2019
<i>(in Rs. million, except percentages)</i>	

Particulars

Average total assets	322,903.6	481,392.6
Average shareholders' equity	56,169.9	85,539.5
Net profit before tax.....	26.9	22,119.1
Net profit after tax	447.5	14,425.8
Return on equity ⁽¹⁾	0.8%	16.9%
Return on average asset (before tax) ⁽²⁾	0.0%	4.6%
Return on average asset (after tax) ⁽³⁾	0.1%	3.0%
Average shareholders' equity as a percentage of average total assets	17.4%	17.8%

Note:

- (1) Return on equity is calculated by dividing the net profit after tax for the period by average net worth for the period.
- (2) Return on average asset (before tax) is calculated by dividing the profit before tax for the period by the average total assets for the period.
- (3) Return on average asset (after tax) is calculated by dividing the profit after tax for the period by the average total assets for the period.

Interest Coverage Ratio

The following table presents the Group's interest coverage ratios for the periods indicated.

Interest coverage ratio in relation to PFL prepared in accordance with Indian GAAP

	Consolidated	
	For the fiscal year ended 31 March 2017	For the period from 1 April 2017 to 30 March 2018
<i>(in Rs. million, except percentages)</i>		
Interest Coverage Ratio		
(i) Net profit before tax.....	2,923.3	15,083.8
(ii) Non-cash expenses – depreciation, provision for loan assets/bad debts written off and contingent provisions against standard assets (net)	3,700.9	2,552.5
(iii) Interest cost.....	6,900.7	18,068.5
(iv) Total ((i)+(ii)+(iii)).....	13,524.9	35,704.8
(v) Interest coverage Ratio ((iv)/(iii))	196.0%	197.6%

Interest coverage ratio in relation to the Issuer prepared in accordance with Ind-AS

	Consolidated	
	For the Fiscal Years ended 31 March	
	2018	2019
<i>(in Rs. million, except percentages)</i>		
Interest Coverage Ratio		
(i) Net profit before tax.....	26.9	22,119.1
(ii) Non-cash expenses – depreciation, provision for loan assets/bad debts written off and contingent provisions against standard assets (net)	8.6	1,365.8
(iii) Interest cost.....	162.9	28,379.6
(iv) Total ((i)+(ii)+(iii)).....	198.4	51,864.5
(v) Interest coverage Ratio ((iv)/(iii))	121.8%	182.8%

Investment Portfolio

The following tables set forth, as at the dates indicated, certain information related to the Group's investments.

Investment portfolio in relation to PFL prepared in accordance with Indian GAAP

	Consolidated
	As at 31 March
	2017
	<i>(in Rs. million)</i>
Government securities	0.0
Other approved securities	0.0
Shares	0.0
Mutual Fund investments.....	0.0
Debentures, bonds, commercial paper and certificate of deposits.....	124,747.8
Total.....	124,747.8

Investment portfolio in relation to the Issuer prepared in accordance with Ind-AS

	Consolidated	
	As at 31 March	
	2018	2019
	<i>(in Rs. million)</i>	
Government securities	0.0	0.0
Other approved securities	0.0	0.0
Shares	0.0	0.0
Mutual Fund investments.....	0.0	0.0
Debentures, bonds, commercial paper and certificate of deposits.....	125,921.1	95,292.6
Total.....	125,921.1	95,292.6

Borrowings

The following table sets forth, for the periods indicated, information related to the Group's borrowings, which are primarily comprised of loans from banks and NCDs.

Borrowings in relation to PFL prepared in accordance with Indian GAAP

Particulars	Consolidated	
	For the Fiscal Years ended 31 March	
	For the fiscal year ended 31 March 2017	For the period from 1 April 2017 to 30 March 2018
	(in Rs. million, except percentages)	
Period-end balance	165,530.7	250,692.9
Average outstanding balance	83,459.1	208,111.8
Finance cost	6,900.7	18,068.5
Average interest rate during the period ⁽¹⁾	8.3%	8.7%

Note:

- (1) Average interest rate during the period represents the ratio of finance cost on borrowings during the period to the average balances of borrowings.

Borrowings in relation to the Issuer prepared in accordance with Ind-AS

Particulars	Consolidated	
	For the Fiscal Years ended 31 March	
	2018	2019
	(in Rs. million, except percentages)	
Period-end balance	259,398.3	323,086.1
Average outstanding balance	212,464.5	291,242.2
Finance cost	162.9	28,379.6
Average interest rate during the period ⁽¹⁾	0.1%	9.7%

Note:

- (1) Average interest rate during the period represents the ratio of finance cost on borrowings during the period to the average balances of borrowings.

Subordinated Debt

The Group obtains funds from the issuances of non-convertible subordinated debt securities, which qualify as Tier II capital under the NHB guidelines for assessing capital adequacy. As at 31 March 2019, the Group's outstanding subordinated debt aggregated to Rs. 4,931.3 million.

The following table sets forth information with respect to subordinated debt issued by the Issuer as at the dates set forth below.

ISIN No.	Amount (Rs. Million)	Start Date	Maturity Date	Terms of Redemption
INE641O08035	4,931.3	3 August 2017	3 August 2027	The non-convertible debentures are repayable after 10 years from the date of their allotment
Total	4,931.3			

Loan Portfolio

As at 31 March 2017 in relation to PFL, the Group's assets under management ("AUM") was Rs. 189,865.0 million. As at 31 March 2018 and 2019 in relation to the Issuer, the Group's AUM was Rs. 326,887.0 million and Rs. 394,310.0 million, respectively. As at 31 March 2017, 2018 and 2019, substantially all of the Group's loans under its AUM were to borrowers in India and were denominated in Rupees.

The following tables set forth, for the periods indicated, the Group's AUM classified by loan types.

Loan portfolio in relation to PFL prepared in accordance with Indian GAAP

	Consolidated	
	As at 31 March 2017	
	Loans	% of total AUM
	(in Rs. million, except percentages)	
Classification of Loans and Advances		
Secured Loans	189,865.0	100.0%
Unsecured Loans	0.0	0.0%
Total.....	189,865.0	100.0%

Loan portfolio in relation to the Issuer prepared in accordance with Ind-AS

Consolidated				
As at 31 March				
2018		2019		
Loans	% of total AUM	Loans	% of total AUM	
<i>(in Rs. million, except percentages)</i>				
Classification of Loans and Advances				
Secured Loans	326,687.0	99.9%	394,310.0	100.0%
Unsecured Loans	200.0	0.1%	0.0	0.0%

	Consolidated			
	As at 31 March			
	2018		2019	
	Loans	% of total AUM	Loans	% of total AUM
		(in Rs. million, except percentages)		
Total	326,887.0	100.0%	394,310.0	100.0%

Concentration of Products

The following table sets forth, as at the dates indicated, the Group's fund-based loans outstanding categorised by product type.

	Standalone
	As at 31 March
	(in Rs. millions)
Concentration of Products	
Housing loans	259,772.0
Other property (non-housing) loans	134,538.0
Total	394,310.0

Non-Performing Assets

As at 31 March 2019, the Group's gross NPAs as a percentage of its consolidated AUM was 0.4 per cent. and its net NPAs as a percentage of its consolidated AUM was 0.1 per cent. As at 31 March 2019, the Group made consolidated provisions for contingencies of Rs. 7,530.0 million, representing 1.9 per cent. of its consolidated NPAs.

The following table sets forth, for the periods indicated, information about the Group's NPA portfolio.

NPAs in relation to PFL prepared in accordance with Indian GAAP

Particulars	Consolidated	
	For the fiscal year ended 31 March 2017	For the period from 1 April 2017 to 30 March 2018 ⁽¹⁾
	(in Rs. million, except percentages)	(in Rs. million, except percentages)
Opening balance at the beginning of the year	629.0	-
Increase/(decrease) in NPAs during the year	192.9	-
Gross NPAs at the end of the year	821.9	-
Net NPAs.....	657.3	-

	Consolidated	
	For the fiscal year ended 31 March 2017	For the period from 1 April 2017 to 30 March 2018⁽¹⁾
	<i>(in Rs. million, except percentages)</i>	
AUM.....	189,865.0	-
Net loans.....	185,953.8	-
Gross NPAs as a percentage of AUM.....	0.4%	-%
Net NPAs as a percentage of AUM.....	0.3%	-%
Total provisions as a percentage of gross NPAs	20.0%	-%
Net gearing ratio ⁽²⁾	4.0	2.8

Note:

- (1) There were no disclosures regarding NPAs made in the PFL Audited Financial Statements.
- (2) Net gearing ratio refers to borrowings, including temporary overdrawn balances less current investment and cash and cash equivalents (as per balance sheet) at the end of the period divided by the net worth (without netting off goodwill) at the end of the period

NPAs in relation to the Issuer prepared in accordance with Ind-AS

	Consolidated	
	For the fiscal year ended 31 March	
	2018	2019
	<i>(in Rs. million, except percentages)</i>	
Particulars		
Opening balance at the beginning of the year	0.0	1,201.6
Increase/(decrease) in NPAs during the year	1201.6 ⁽¹⁾	206.6
Gross NPAs at the end of the year	1,201.6 ⁽¹⁾	1,408.1
Net NPAs.....	923.0	533.0
AUM.....	326,887.0	394,310.0
Net loans.....	320,657.0	386,779.0
Gross NPAs as a percentage of AUM.....	0.4%	0.4%
Net NPAs as a percentage of AUM.....	0.3%	0.1%
Total provisions as a percentage of gross NPAs	519.0%	535.0%
Net gearing ratio ⁽²⁾	1.5%	2.4%

Notes:

- (1) On account of amalgamation of the Issuer.
- (2) Net gearing ratio refers to borrowings, including temporary overdrawn balances less current investment and cash and cash equivalents (as per balance sheet) at the end of the period divided by the net worth (without netting off goodwill) at the end of the period.

Recognition of Non-Performing Assets

NPAs are recognised as per the NHB guidelines for the Issuer and as per the RBI guidelines for its subsidiaries which are NBFCs.

The NPAs are classified into various categories as follows:

(i)	NPA for a period not exceeding 12 months/18 months:	Substandard asset;
(ii)	NPA exceeding 12 months/18 months:	Doubtful asset; and
(iii)	An asset which has been identified as loss asset by the company or its internal or external auditors or by the NHB, to the extent it is not written off by the company:	Loss asset

The following table is a summary of the risk classification of the Group's consolidated gross NPAs (in absolute terms and as a percentage of its consolidated gross NPAs) and the Group's provision for probable losses as at 31 March 2017, 2018 and 2019:

Risk classification of NPAs in relation to PFL prepared in accordance with Indian GAAP

	Consolidated	
	As at 31 March 2017	
	Amount (in Rs. millions)	% of total NPAs
Non-Performing Assets		
Housing loans		
Substandard assets	0.0	0.0
Doubtful assets	0.0	0.0
Total housing loans (A)	0.0	0.0
Non-housing loans		
Substandard assets	410.0	50.0
Doubtful assets	412.0	50.0
Total non-housing loans (B)	822.0	100.0
Total (A + B)	822.0	100.0
Total Provisions	165.0	20.1

Risk classification of NPAs in relation to the Issuer prepared in accordance with Ind-AS

	Consolidated			
	As at 31 March			
	2018		2019	
	Amount (in Rs. millions)	% of total NPAs	Amount (in Rs. millions)	% of total NPAs
Non-Performing Assets				
Housing loans				
Substandard assets	0.0	0.0	28.0	2.0
Doubtful assets	0.0	0.0	0.0	0.0
Total housing loans (A)	0.0	0.0	28.0	2.0
Non-housing loans				
Substandard assets	807.0	67.0	601.0	43.0

	Consolidated			
	As at 31 March			
	2018		2019	
	Amount (in Rs. millions)	% of total NPAs	Amount (in Rs. millions)	% of total NPAs
Doubtful assets	395.0	33.0	779.0	55.0
Total non-housing loans (B)	1,202.0	100.0	1,380.0	98.0
Total (A + B).....	1,202.0	100.0	1,408.0	100.0
Total Provisions	6,232.0	519.0	7,530.0	535

The following table sets forth details of the Group's non-performing loans and defaulting loans as at 31 March 2017, 2018 and 2019.

Non-performing loans and defaulting loans in relation to PFL prepared in accordance with Indian GAAP

Particulars	Consolidated	
	As at 31 March 2017	
	(in Rs. millions, except percentages)	
Gross NPAs		821.9
AUM.....		189,865.0
Gross NPAs as a percentage of AUM.....		0.4%
Provision for NPAs.....		164.6
Provision for NPAs as a percentage of gross NPAs.....		20.0%
Net NPAs.....		657.3
Net NPAs as a percentage of AUM		0.3%

Non-performing loans and defaulting loans in relation to the Issuer prepared in accordance with Ind-AS

Particulars	Consolidated	
	As at 31 March	
	2018	2019
	(in Rs. millions, except percentages)	

	Consolidated	
	As at 31 March	
	2018	2019
	<i>(in Rs. millions, except percentages)</i>	
Gross NPAs	1,202.0	1,408.0
AUM.....	326,887.0	394,310.0
Gross NPAs as a percentage of AUM.....	0.4%	0.4%
Provision for NPAs.....	6,232.0	7,530.0
Provision for NPAs as a percentage of gross NPAs.....	519.0%	535.0%
Net NPAs ⁽³⁾	923.0	533.0
Net NPAs as a percentage of AUM	0.3%	0.1%

The following table sets forth details of the Issuer's standalone non-performing loans, prepared in accordance with Ind-AS, as at 31 March 2019:

	Standalone
	As at 31 March 2019
	<i>(in Rs. millions)</i>
Particulars	
Gross NPAs	1,408.0
Net NPAs.....	533.0

Capital Adequacy

The following table summarises certain key financial data and ratios for the Fiscal Years 2017, 2018 and 2019.

Capital adequacy in relation to PFL prepared in accordance with Indian GAAP

	Consolidated	
	(unless specified otherwise)	
	As at and for the Fiscal Year ended 31 March 2017	As at and for the 364-day period ended 30 March 2018
	<i>(in Rs. million, except percentages)</i>	
Particulars		
CRAR ⁽¹⁾ (on a standalone basis)	20.6%	0.0%
CRAR – Tier I capital (on a standalone basis).....	16.8%	0.0%
CRAR – Tier II Capital (on a standalone basis).....	3.8%	0.0%
Borrowings	165,531.0	250,693.0

	Consolidated (unless specified otherwise)	
	As at and for the Fiscal Year ended 31 March 2017	As at and for the 364-day period ended 30 March 2018
	<i>(in Rs. million, except percentages)</i>	
Cash and cash equivalents (as per the cash flow statement)	11,878.5	13,861.5
Net worth	33,761.5	78,591.9
Current investments (includes Investments in liquid debt instruments)	18,031.5	20,312.8
Debt to equity ratio ⁽²⁾	4.6	3.0

Note:

- (1) CRAR is defined as a capital ratio consisting of Tier I and Tier II Capital to its aggregated risk weighted assets (as per the NHB Directions) and risk adjusted value of off-balance sheet items.
- (2) Debt to equity ratio refers to borrowings less cash and cash equivalents (as per the cash flow statement) at the end of the period divided by the net worth at the end of the period.

Capital adequacy in relation to the Issuer prepared in accordance with Ind-AS

	Consolidated (unless specified otherwise)	
	As at and for the Fiscal Years ended 31 March	
	2018	2019
	<i>(in Rs. million, except percentages)</i>	
Particulars		
CRAR ⁽¹⁾ (on a standalone basis)	30.9%	29.9%
CRAR – Tier I capital (on a standalone basis)	26.9%	27.3%
CRAR – Tier II Capital (on a standalone basis)	4.0%	2.7%
Borrowings	259,398.0	323,086.0
Cash and cash equivalents (as per the cash flow statement)	15,533.8	4,123.1
Net worth	78,758.3	92,500.6
Current investments (includes Investments in liquid debt instruments)	125,921.1	95,292.6
Debt to equity ratio ⁽²⁾	3.1	3.5

Funding Sources

The Issuer strives to maintain diverse sources of funds in order to reduce its costs of funding, to maintain adequate interest margins and to achieve liquidity goals. The following table sets out the Issuer's sources of funding and their respective percentages of the Group's total funding as at 31 March 2017, 2018 and 2019:

	Consolidated		
	As at 31 March		
	2017	2018	2019
Sources of Funding			
Loans from banks and financial institutions	44.8%	49.6%	60.1%
NCDs	18.6%	23.0%	18.3%
External commercial borrowings	0.0%	0.0%	0.0%
Commercial paper.....	33.6%	22.6%	15.4%
Subordinated debt	3.0%	1.9%	1.5%
Inter Corporate Deposits.....	0.0%	2.9%	4.6%
Perpetual debt	0.0%	0.0%	0.0%
Total.....	100.0%	100.0%	100.0%

Cost of Funds

The table below sets forth the amount and cost of funds as at 31 March 2017, 2018 and 2019.

	Consolidated		
	As at 31 March		
	2017	2018	2019
	<i>(in Rs. million, except percentages)</i>		
Banks & financial institutions.....	3,123.0	159.4	22,038.5
Capital Markets.....	3,554.2	0.0	5,569.7
Total/Weighted Average Cost.....	6,767.2	159.4	27,608.2
Cost of funds ⁽¹⁾	8.1%	0.1%	9.5%

Note:

- (1) Cost of funds refers to finance cost for the period divided by average interest-bearing liabilities.
- (2) Above cost does not include other borrowing cost as disclosed in audited financials.

Asset-Liability Gap Management

The following table sets forth the asset-liability gap position for the Issuer's operations on a standalone basis as at 31 March 2018 and 2019, and for PFL as at 31 March 2017.

	As at 31 March	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years
	<i>(in Rs. million)</i>				
Liabilities					
Borrowings	2019	175,234.5	146,918.8	43,866.1	42,058.5
	2018	104,424.2	166,146.4	21,007.4	13,650.8
	2017	70,349.6	111,323.0	17,888.2	9,968.0
Trade payables.....	2019	802.6	0.0	0.0	0.0

	As at 31 March	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years
<i>(in Rs. million)</i>					
	2018	244.0	0.0	0.0	0.0
	2017	56.2	0.0	0.0	0.0
Other financial liabilities	2019	697.6	14.2	0.0	0.0
	2018	714.6	5.0	0.0	0.0
	2017	350.8	1.3	0.0	0.0
Assets					
Investments.....	2019	36,484.8	55,279.4	23,621.8	8,592.3
	2018	39,072.3	76,276.7	38,836.6	31,009.6
	2017	18,031.4	68,843.8	33,428.5	4,543.8
Loans	2019	82,662.4	129,151.3	126,086.0	105,465.7
	2018	39,331.4	112,758.9	91,506.4	62,313.6
	2017	6,157.7	27,520.3	24,321.6	9,538.0
Other financial assets.....	2019	8,621.4	0.0	0.0	0.0
	2018	278.2	0.0	0.0	0.0
	2017	346.8	11.8	0.0	0.0
Cumulative gap (assets-liability)	2019	(48,966.1)	37,497.7	105,841.7	71,999.5
	2018	(26,700.9)	22,884.2	109,335.6	79,672.4
	2017	(46,220.7)	(14,948.4)	39,861.9	4,113.8

Note:

In computing the above information certain estimates, assumptions and adjustments have been made by the management for its regulatory submission.

CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the clearing systems currently in effect. The information in this section concerning the clearing systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Arrangers, the Dealers, the Trustee or any Agent takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the clearing systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant clearing systems. None of the Issuer or any other party to the agency agreement between the Issuer, the Trustee and the Agents named therein dated 23 July 2019 (the “Agency Agreement”) will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg participants are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Distributions of principal and interest with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures.

APPLICABLE INDIAN REGULATIONS AND POLICIES

The following is a summary of the relevant regulations and policies prescribed by the Government and other regulatory bodies that are applicable to the Issuer's business. The information has been obtained from legislation available in the public domain and may not be exhaustive. It is merely intended to provide general information and is neither designed nor intended to be a substitute for professional legal advice.

The statements below are based on the current provisions of Indian law, which is subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Investors should carefully consider the information described below, together with the information set out in other sections of the Offering Circular including the financial statements before making an investment decision relating to the Notes, as any changes in the regulations and policies could have a material adverse effect on the Issuer's business.

Regulations regarding HFCs

The National Housing Bank Act, 1987

The National Housing Bank Act, 1987, as amended (the “**NHB Act**”) was enacted to establish the NHB to operate as a principal agency to promote HFCs both at the local and regional levels and to provide financial and other support to such institutions for matters connected therewith or incidental thereto. The business of the NHB, among others, includes promoting, establishing, supporting or aiding in the promotion, establishment and support of HFCs; making loans and advances or other forms of financial assistance for housing activities of HFCs, scheduled banks, state co-operative agricultural and rural development banks or any other institution or class of institutions as may be notified by the Government; guaranteeing the financial obligations of HFCs and underwriting the issue of stocks, shares, debentures and other securities of HFCs; formulating one or more schemes for the purpose of mobilising resources and extending of credit for housing; providing guidelines for HFCs to ensure their growth on sound lines; providing technical and administrative assistance to HFCs and exercising all powers and functions in the performance of duties entrusted to the NHB under the NHB Act or under any other law for the time being in force.

Under the NHB Act, every HFC is required to obtain a certificate of registration and meet the requirement of net owned funds of Rs. 100,000,000 or such other higher amount as the NHB may specify for commencing or carrying on the business of HFCs. Further, every HFC is required to invest and continue to invest in India in unencumbered approved securities, an amount which, at the close of business on any day, is not less than 5 per cent. (or such higher percentage as the NHB may specify, not exceeding 25 per cent.) of the deposits outstanding at the close of business on the last working day of the second preceding quarter.

Additionally, every HFC is required to maintain an account with a scheduled bank in term deposits or certificate of deposits (free of charge or lien) or in deposits with the NHB or by way of subscription to the bonds issued by the NHB, or partly in such account or in such deposit or partly by way of such subscription, a sum which, at the close of business on any day, together with the investment as specified above, shall not be less than 10 per cent. (or such higher percentage as the NHB may specify, not exceeding 25 per cent.), of the deposits outstanding in the books of the HFC at the close of business on the last working day of the second preceding quarter. Pursuant to the NHB Act, every HFC is also required to create a reserve fund and transfer therein a sum not less than 20 per cent. of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. Under the terms of the NHB Act, the NHB may, and on the direction of the RBI, the NHB shall cause an inspection of the book of accounts and other documents of any institution to which the NHB has provided a loan, advance or granted any other financial assistance. Further, the NHB is required to provide a copy of its report to such institution. Also, the NHB,

in order to efficiently discharge its function, is empowered to direct and collect the credit information from any HFC at any time.

Recently, as part of the Union Budget 2019-20, the Government announced, *inter alia*, that the regulatory authority for HFCs will be the RBI instead of the NHB, in order to streamline regulations for all types of lenders in India. The change of regulator for HFCs is proposed to be implemented by way of amendments to the RBI Act, 1934 and the NHB Act, as specified in the Finance Bill, 2019.

The NHB Directions

The objective of the NHB Directions is to consolidate and issue directions in relation to acceptance of deposits by HFCs, provide the prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/investment to be observed by the HFCs and the matters to be included in the auditors' report by the auditors of HFCs.

In accordance with the prudential norms mentioned in the NHB Directions, income recognition shall be based on recognised accounting principles. Every HFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into certain specified classes, such as standard assets, sub-standard assets, doubtful assets and loss assets. Every HFC, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, is required to make provision against substandard assets, doubtful assets and loss assets as provided under the NHB Directions, 2010.

The NHB has amended the provisioning norms in the NHB Directions, 2010 through a master circular no. NHB(ND)/DRS/REG/MC-01/2018 dated 2 July 2018 (the “**NHB Master Circular**”). The NHB Master Circular consolidates all the amendments to the NHB Directions, 2010 up to 30 June 2018.

Some of the salient provisions of the NHB Master Circular are as mentioned below:

- (a) *loss assets*: the entire assets are required to be written off. If assets are permitted to remain in the books for any reason, then 100 per cent. of the outstanding should be provided for;
- (b) *doubtful assets*: 100 per cent. provision to the extent to which the advance is not covered by the realisable value of the security to which an HFC has a valid recourse shall be made and in addition, depending upon the period for which the asset has remained doubtful provision to the extent of 25 per cent. to 100 per cent. of the secured portion (i.e. the estimated realisable value of the outstanding) shall be made in the following manner: (i) 25 per cent. up to the period of one year; (ii) 40 per cent. for the period of one year to three years and, (iii) 100 per cent. for the period more than three years;
- (c) *substandard assets*: provision of 15 per cent. of the total outstanding should be made;
- (d) *standard assets*: (i) standard assets with respect to housing loans at teaser/special rates – provision of two per cent. on the total outstanding amount of such loans and the provisioning of these loans to be reset after one year at the applicable rates from the date on which the rates are reset at higher rates if the accounts remain standard; (ii)(A) standard assets in respect of Commercial Real Estates Residential Housing (“**CRE-RH**”) (consisting of loans to builders/developers for residential housing projects (except for captive consumption)). Such projects do not include non-residential commercial real estate. However, integrated housing projects comprising of some commercial space (e.g. shopping complex, school, etc.) can be classified as CRE-RH, provided that the commercial space in the residential housing project does not exceed 10 per cent. of the total floor space index (“**FSI**”) of the project. In case the FSI of the commercial area in a predominantly residential housing complex exceeds the ceiling of the project loans, the entire loan should be classified as CRE (and not CRE-RH) – provision of 0.75 per cent. on the

total outstanding amount of such loans; (ii)(B) standard assets in respect of all other Commercial Real Estates (“CRE”) (consisting of loans to builders/developers/others for office buildings, retail space, multipurpose commercial premises, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc., other than those covered in (ii)(A) above. Loans for third dwelling units onwards to an individual will also be treated as CRE exposure) – provision of 1 per cent. on the total outstanding amount of such loans; and (ii)(C) standard assets in respect of individual housing loans – provision of 0.25 per cent., effective prospectively;

- (e) standard assets in respect of all loans other than paragraphs (d)(i) and (d)(ii) mentioned above – a general provision of 0.4 per cent. of the total outstanding amount of loans which are standard assets is required to be made; and
- (f) Chapter IV, which sets out directions to auditors, has been repealed by the “Housing Finance Companies – Auditors’ Report (National Housing Bank) Directions, 2016” with effect from 3 February 2017.

The Issuer also follows the requirements of Ind-AS 109 in relation to provisioning.

Pursuant to recent amendments dated June 2019, every HFC is required to maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than:

- (i) 13 per cent. on or before 31 March 2020;
- (ii) 14 per cent. on or before 31 March 2021; and
- (iii) 15 per cent. on or before 31 March 2022 and thereafter,

of its aggregate risk-weighted assets and of risk-adjusted value of off-balance sheet items.

The Tier-I capital shall not be less than 10 per cent. of its aggregate risk-weighted assets and of risk-adjusted value of off-balance sheet items at any point of time.

Pursuant to the notification nos. NHB.HFC.DIR.17/MD&CEO/2015 dated 9 October 2015, no HFC shall (i) grant housing loans up to Rs. 3,000,000 to individuals with an LTV ratio exceeding 90 per cent., (ii) grant housing loans above Rs. 3,000,000 and up to Rs. 7,500,000 to individuals with an LTV ratio exceeding 80 per cent. and grant housing loans above Rs. 7,500,000 to individuals with LTV exceeding 75 per cent.

Additionally, the NHB has issued notification no. NHB.HFC.DIR.18/MD&CEO/2017 dated 2 August 2017 amending the NHB Master Circular. The NHB has reduced the standard assets provisions on individual housing loans to 0.25 per cent. on the total outstanding amount of such loans and also lowered the risk weights on such lending. Earlier, there was no specific provision requirement in case of individual housing loans, and a general provision of 0.4 per cent. of the total outstanding amount of loans which are standard assets was made. Pursuant to the amendment, HFCs shall now be required to make a provision against the standard assets in respect of individual housing loans of 0.25 per cent. on the total outstanding amount of such loan. Further, it has also been clarified that the revised provisioning norms relating to standard category of individual housing loans would be effective prospectively but the provisions held at present towards such loans (i.e. under the general provision) shall not be reversed.

Under the NHB Directions, 2010, degrees of credit risk expressed as a percentage weighting have been assigned to balance sheet assets. Hence, the face value of each asset is multiplied by the relevant risk weights to arrive at its risk adjusted value. The aggregate shall be taken into account for calculating the minimum capital adequacy ratio of an HFC.

Further, in terms of the NHB Directions, 2010, no HFC shall invest in land or buildings, except for its own use, an amount exceeding 20 per cent. of its capital fund (aggregate of Tier I capital and Tier II capital). Such investment over and above 10 per cent. of its owned funds is required to be made only in residential units. Additionally, no HFC shall lend to any single borrower an amount exceeding 15 per cent. of its owned funds, and to any single group of

borrowers, an amount exceeding 25 per cent. of its owned funds. An HFC is not allowed to invest in the shares of another company an amount exceeding 15 per cent. of its owned funds and in the shares of a single group of companies an amount exceeding 25 per cent. of its owned funds. An HFC shall not lend and invest (loans/investments together) amounts exceeding 25 per cent. of its owned funds to a single party and 40 per cent. of its owned funds to a single group of parties. Additionally, an HFC is not allowed to lend against its own shares and any outstanding loan granted by an HFC against its own shares on the date of commencement of the NHB Directions, 2010 shall be recovered by the HFC in accordance with the repayment schedule.

The NHB Directions, 2010 provide for exposure limits for HFC to the capital markets. Pursuant to the NHB Directions, 2010, the aggregate exposure of an HFC to the capital markets in all forms should not exceed 40 per cent. of its net worth as at 31 March of the previous year. Within this overall ceiling, direct investment in shares, convertible bonds, debentures, units of equity-oriented mutual funds and all exposure to venture capital funds should not exceed 20 per cent. of the HFC's net worth.

The NHB, through its circular no. NHB(ND)/DRS/POL-No. 36/2010 dated 18 October 2010, has directed all HFCs not to charge any prepayment levy or penalty on pre-closure of housing loans by borrowers out of their own sources. Further, the NHB, through its circular no. NHB(ND)/DRS/POL-No. 43/2011-2012 dated 19 October 2011, has directed all HFCs to discontinue the prepayment levy or penalty on pre-closure of housing loans when (i) the housing loan operates on a floating rate basis and pre-closed by the borrower from funds received from any source and (ii) the housing loan operates on a fixed rate basis if pre-closed by the borrowers from their "own sources" which means any source other than by borrowing from a bank, HFC, NBFC and/or a financial institution. It has been clarified through the NHB's circular no. NHB(ND)/DRS/Pol-No. 48/2011-12 dated 4 April 2012, that the instruction applicable to fixed interest rate housing loans referred to in the circular dated 19 October 2011 will be applicable to such loans which carry fixed rate of interest at the time of origination.

Further, it has been directed through the NHB's circular no. NHB(ND)/DRS/Pol-No. 51/2012-13 dated 7 August 2012 that all dual/special rate (combination of fixed and floating) housing loans will attract the pre-closure norms applicable to fixed/floating rate depending on whether at the time of pre-closure, the loan operates on a fixed or floating rate basis. A fixed rate loan shall be considered to be a loan where the rate is fixed for entire duration of the loan. Thus, in the case of a dual/special rate housing loans, the pre-closure norm for a floating rate will be applicable once the loan has been converted into a floating rate loan, after the expiry of the fixed interest rate period. This shall be applicable to all such dual/special rate housing loans being foreclosed hereafter. Further, NHB (ND)/DRS/Policy Circular No. 63/2014-15 dated 14 August 2014 directed that HFCs shall not charge foreclosure charges/pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect. Subsequently, it was clarified through the NHB's circular no. NHB(ND)/DRS/ Policy Circular 66/2014-15 dated 3 September 2014 that the provisions of the circular issued on 14 August 2014 are applicable in respect of all floating rate term loans sanctioned to individual borrowers by HFCs, irrespective of the date of sanction and prepaid on or after 14 August 2014. The provisions of the said circular cover part as well as full prepayment. It was also clarified that aforesaid circular is applicable to term loans sanctioned to individual borrowers and loan in which company, form, etc. is a borrower or co-borrower, therefore is excluded from its purview.

The NHB, through its circular no. NHB(ND)/DRS/POL-No. 58/2013-14 dated 18 November 2013, has directed all HFCs to ensure that the disbursement of housing loans sanctioned to individuals should be closely linked to the stages of construction of the housing projects/houses and upfront disbursal should not be made in cases of incomplete/under-construction/greenfield housing projects/houses.

In accordance with the NHB Directions, 'public deposit' does not include any amount received from any foreign person, or any amount raised by the issue of bonds secured by the mortgage of any immovable property of the housing finance company; or by any other asset where the amount of such bonds does not exceed the market value of such

immovable property/other assets. Hence, the Notes are not ‘public deposit’ within the meaning of the NHB Directions.

Refinance Scheme for Housing Finance Companies, 2003

Pursuant to the Refinance Scheme for Housing Finance Companies, 2003 (the “**Refinance Scheme**”), as amended through its circular no. NHB (ND)/ROD/HFC/LRS/17/2004 dated 15 April 2005, HFCs registered with the NHB are eligible to obtain refinance from the NHB in respect of their direct lending to individuals for the purchase, construction, repair and upgrade of housing units.

In addition, HFCs are required to provide long-term finance for purchase, construction, repair and upgrading of dwelling units by home-seekers. HFCs are also required to have specific levels of capital employed and net owned funds to be eligible to avail refinance facilities under the Refinance Scheme. The financial assistance can be drawn by HFCs in respect of loans already advanced by them and also for prospective disbursements. The security for refinance from the NHB may generally be secured by a charge on the book debts of an HFC. If at any time the NHB is of the opinion that the security provided by the HFC has become inadequate to cover the outstanding refinance, it may advise the HFC to furnish such additional security including, among others, charges on immovable/moveable property or a requisite guarantee.

Master Circular on Housing Finance issued by the RBI

Pursuant to the Master Circular on Housing Finance dated 1 July 2015, as amended, by the RBI (the “**RBI Housing Finance Master Circular**”), banks are eligible to deploy their funds under the housing finance allocation in any of three categories, i.e. (i) direct finance; (ii) indirect finance; or (iii) investment in bonds of the NHB/Housing and Urban Development Corporation Limited, or combination thereof. Indirect finance includes loans to HFCs, housing boards, other public housing agencies, etc., primarily for augmenting the supply of serviced land and constructed units.

Under the terms of the RBI Housing Finance Master Circular, banks may grant loans to HFCs taking in to account (long-term) debt-equity ratio, track record, recovery performance and other relevant factors including other applicable regulatory guidelines.

Housing Finance Companies – Corporate Governance (NHB) Directions, 2016

The Housing Finance Companies – Corporate Governance (NHB) Directions, 2016 (the “**NHB Housing Finance Corporate Governance Directions**”) have been updated on 2 July 2018 and set out guidelines pertaining to, among others, the constitution of committees of the board of directors of HFCs, disclosure and transparency requirements to be complied with by an HFC and ‘fit and proper’ requirements for directors of an HFC. Through a policy circular no. NHB (ND)/DRS/Policy Circular No.79/2016-17 dated 27 April 2017, it is clarified that HFCs are necessarily required to carry out an information system audit separately through a certified information system auditor, in compliance with the provisions of the NHB Housing Finance Corporate Governance Directions. Quarterly statements can be certified by the managing director, except the statement pertaining to the quarter ending 31 March, which needs to be necessarily certified by the auditors. In case of no change in the directors during a quarter, a “nil” statement should be submitted.

Guidelines for ALM System for HFCs through the NHB’s circular no. NHB/ND/DRS/ Pol-No. 35/2010-11 dated 11 October 2010

The guidelines for the introduction of ALM system by HFCs were issued by the NHB through its circular no. NHB(ND)/HFC(DRS-REG)/ALM/1407/2002 dated 28 June 2002 (the “**ALM Guidelines**”). The ALM Guidelines, as amended from time to time, are applicable to all HFCs irrespective of whether they are accepting/holding public

deposits or not. The ALM Guidelines for HFCs lay down broad guidelines for HFCs in respect of systems for management of liquidity and interest rate risks. The ALM Guidelines provide that the board of directors of an HFC should have overall responsibility for management of risks and should decide the risk management policy and set limits for liquidity, interest rate, exchange rate and equity price risks. Additionally, an asset-liability committee is required to be constituted consisting of the HFC's senior management including the chief executive officer for ensuring adherence to the limits set by the board as well as for deciding the business strategy of the HFC (on the assets and liabilities sides) in line with the HFC's budget and decided risk management objectives. Asset-liability management support groups, to be comprised of operating staff, are required to be responsible for analysing, monitoring and reporting the risk profiles to the asset-liability committee.

The ALM Guidelines also recommend classification of various components of assets and liabilities into different time categories for preparation of gap reports (liquidity and interest rate sensitive), where the gap is the difference between rate-sensitive assets and rate-sensitive liabilities for each time category. In accordance with the ALM Guidelines, HFCs which are better equipped to reasonably estimate the behavioural pattern of various components of assets and liabilities on the basis of past data/empirical studies could classify them in the appropriate time categories, subject to approval by the asset-liability committee/board of the HFC.

Guidelines on Fair Practices Code for HFCs

The Guidelines on Fair Practices Code for HFCs, as amended (the “**NHB Fair Practices Code**”) were issued by the NHB through its circular no. NHB(ND)/DRS/POL-No-16/2006 dated 5 September 2006, and were revised by the NHB through its circular no. NHB/ND/DRS/Pol No. 34/2010-11 dated 11 October 2010, and as further amended through the NHB's circular no. NHB (ND)/DRS/Pol. No. 38/2010-11 dated 25 April 2011, to bring more clarity and transparency and to cover all aspects of loan sanctioning, disbursal and repayment issues. The NHB issued a master circular no. 1 NHB(ND)/DRS/REG/MC-03/2018 dated 30 June 2018 containing all the updates through various circulars in relation to fair practices by HFCs. The NHB Fair Practices Code seeks to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency, encourage market forces, promote fair and cordial relationship between customer and HFCs and foster confidence in the housing finance system.

The NHB Fair Practices Code provides for provisions in relation to providing regular and appropriate updates to the customer, prompt resolution of grievances and confidentiality of customer information. Further, HFCs are required to disclose information on interest rates, common fees and charges through notices, etc. HFCs are required to ensure that all advertising and promotional material is clear and not misleading and that privacy and confidentiality of the customers' information is maintained. Further, whenever loans are given, HFCs should explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However, if the customer does not adhere to the repayment schedule, a defined process in accordance with the laws of the land shall be followed for the recovery of dues. The process will involve reminding the customer by sending him/her notice or by making personal visits and/or repossession of security, if any.

Guidelines for Recovery Agents Engaged by HFCs

The Guidelines for Recovery Agents Engaged by HFCs (the “**NHB Recovery Agents Guidelines**”) were issued on 14 July 2008 by the NHB in relation to the practices and procedures regarding the engagement of recovery agents by HFCs. Under the NHB Recovery Agents Guidelines, HFCs are required to have a due diligence process in place for the engagement of recovery agents, which should cover, among others, individuals involved in the recovery process. HFCs are required to ensure that the agents engaged by them in the recovery process carry out verification of the antecedents of their employees and HFCs may decide the periodicity at which re-verification should be resorted to. HFCs are required to ensure that the recovery agents are properly trained to handle with care and sensitivity their responsibilities, in particular, aspects such as hours of calling and privacy of customer information, among others.

HFCs are also required to inform the borrower of the details of recovery agency firms/companies while forwarding default cases to the recovery agency.

Under the NHB Recovery Agents Guidelines, any person authorised to represent an HFC in collection and/or security repossession should follow guidelines which includes, among others, contacting the customer ordinarily at the place of his/her choice, interacting with the customer in a civil manner and assisting to resolve disputes or differences regarding dues in a mutually acceptable and orderly manner. Each HFC should have a mechanism whereby the borrower's grievances with regard to the recovery process can be addressed. The details of the mechanism should also be furnished to the borrower. HFCs have been advised to constitute grievance redressal mechanisms within the company and widely publicise the same through electronic and print media.

HFCs are required to, at least on an annual basis, review the financial and operational conditions of the service providers to assess their ability to continue to meet their outsourcing obligations. Such due diligence reviews, which can be based on all available information about the service provider, should highlight any deterioration or breach in performance standards, confidentiality, security and business continuity.

Guidelines for Entry of HFCs into Insurance Business

The NHB, through its circular no. NHB (ND)/DRS/Policy Circular No. 71/2014-15 dated 22 April 2015, has issued the guidelines on entry of HFCs into Insurance Business (the “**HFC Insurance Business Guidelines**”). Pursuant to the HFC Insurance Business Guidelines, HFCs registered with the NHB having a net owned fund of not less than Rs. 100,000,000 may take up an insurance agency business on fee basis and without any risk participation, without the approval of the NHB upon satisfying the following conditions:

- (a) obtaining requisite permission from the Insurance Regulatory and Development Authority and complying with the Insurance Regulatory and Development Authority Act, 1999 for acting as “composite corporate agent”;
- (b) the HFC should not adopt any restrictive practice of forcing its customers to go in only for a particular insurance company;
- (c) an HFC providing insurance products should state in all publicity material distributed by it in a prominent way that such participation is on a voluntary basis;
- (d) premium should be paid by the insured directly to the insurance company; and
- (e) the risks, if any, involved in the insurance agency should not be transferred to the business of the HFC.

Further, the HFC Insurance Business Guidelines permit HFCs to set up insurance joint venture companies for undertaking risk participation, subject to safeguards and risk mitigation strategies in place upon satisfying certain eligibility criteria as laid down in the HFC Insurance Business Guidelines. The maximum equity contribution such an HFC can hold in the joint venture company will normally be 50 per cent. of the paid up capital of the insurance company. HFCs registered with the NHB, which are not eligible as joint venture participants can make investments up to 10 per cent. of the owned fund of the HFC or Rs. 500,000,000, whichever is lower, in the insurance company. Such participation shall be treated as an investment and should be without any contingent liability for the HFC.

Other guidelines for HFCs

The NHB also issues certain policy circulars from time to time, requiring the HFCs to comply with some further conditions.

Anti-Money Laundering

The RBI issued the Master Direction - Know Your Customer (KYC) Directions, 2016 and has specified that a

proper policy framework for the Prevention of Money Laundering Act, 2002 (“**PMLA**”), read with the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, must be put in place by NBFCs. The PMLA seeks to prevent money laundering and extends to all banking companies and financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of the PMLA and the RBI master direction, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record for: (i) all cash transactions of value of more than Rs. 1,000,000; and (ii) all series of cash transactions integrally connected to each other which have been valued below Rs. 1,000,000 where such series of transactions have taken place within one month and the aggregate value of such transactions exceed Rs. 1,000,000. Further, all NBFCs are required take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities.

Regulation of Corporates

Companies Act

The Issuer is a company incorporated and registered under the Companies Act, 2013 and therefore governed by its provisions and the rules (including any amendments, if any, from time to time) made thereunder.

The Companies Act, 2013 intends to strengthen corporate regulation by increasing the robustness of the existing provisions and introducing new measures such as, *inter alia*: (i) increasing the accountability of management by making independent directors more accountable; (ii) improving corporate governance practices; (iii) enhancing disclosure norms in relation to capital raising; (iv) enhancing audit procedures and audit accountability including establishment of the National Financial Reporting Authority for dealing with matters relating to accounting and auditing policies and standards; (v) increasing investor protection and activism by way of provisions relating to class action suits; (vi) ensuring protection of minority rights including exit options; (vii) promoting e-governance initiatives; (viii) ensuring stricter enforcement standards including establishment of the Serious Fraud Investigation Office for the investigation of fraud relating to companies and special courts for summary trial of offences under the Companies Act, 2013; (ix) implementing a better framework for insolvency regulation; (x) making CSR contribution mandatory for every company having a net worth of Rs. 5,000,000,000 or more, or turnover of Rs. 10,000,000,000 or more or a net profit of Rs. 50,000,000 or more during the immediately preceding financial year; (xi) introducing the NCLT and its appellate authority, the National Company Law Appellate Tribunal, which replaces the Company Law Board, the Board for Industrial and Financial Reconstruction and its appellate authority with the intention that all lawsuits relating to companies are made to one body; (xii) providing rules on insider dealing, forward contracts, related party transactions and acceptance of deposits; and (xiii) the implementation of a fixed and variable legislation model with various provisions of the Companies Act, 2013 delegating rule-making power to the Government. The Companies Act, 2013 as amended from time to time has introduced various sections which significantly and substantially modify, repeal and replace the entire framework of law governing Indian companies including the Issuer.

The Prevention of Money Laundering Act, 2002

The Prevention of Money Laundering Act, 2002 (the “**PMLA**”) was enacted to prevent money laundering and to provide for confiscation of property derived from, and involved in, money laundering. In terms of the PMLA, every financial institution, including housing finance institutions, is required to maintain record of all transactions including the value and nature of such transactions, furnish information of such transactions to the director defined under PMLA and verify and maintain the records of the identity of all its clients, in such a manner as may be prescribed. The PMLA also provides for power of summons, searches and seizures to the authorities under the PMLA. In terms of PMLA, whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it

as untainted property shall be guilty of offence of money laundering.

The NHB vide circular NHB(ND)/DRS/POL No. 13/2006 dated 10 April 2006 introduced anti-money laundering measures wherein the HFCs were advised, amongst others, to follow the customer identification procedure, maintenance of records of transactions and period of preservation of such record keeping in view of the provisions of PMLA. Further, the aforesaid circular introducing anti-money laundering measures were reviewed and revised vide circular NHB(ND)/DRS/POL-No. 33/2010-11 dated 11 October 2010 (the “**2010 Notification**”) in light of amendments in the PMLA and the rules framed there under. Further the 2010 Notification requires the HFC to verify identity of non-account based customer while carrying out transaction of an amount equal to or exceeding Rs. 50,000. Further, it was directed vide NHB(ND)/DRS/Misc. Circular No.13/2014 dated 20 January 2014, that the HFCs shall ensure that the documents are not given directly to the customers for verification, etc. to obviate any fraud.

Regulation of External Commercial Borrowings (“ECBs”)

The current laws relating to ECBs as applicable to the issue of the Notes are embodied in the Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations dated 26 March 2019 (the “**ECB Master Directions**”).

ECBs can be accessed under two routes: (i) the automatic route; and (ii) the approval route. The automatic route does not require a borrower to obtain any RBI approvals, whereas the approval route requires prior RBI approval.

Automatic route

All entities eligible to receive foreign direct investment as per RBI regulations are eligible borrowers for raising ECBs. In addition, the following are eligible borrowers: (i) Small Industries Development Bank of India; (ii) units in special economic zones in India (“**SEZ**”); and (iii) port trusts constituted under the Major Port Trusts Act, 1963 or Indian Ports Act, 1908; (iv) Export Import Bank of India; and (v) registered entities engaged in micro-finance activities, such as registered not-for-profit companies, registered societies/ trusts/ cooperatives and non-government organisations.

Any lenders/investors seeking to provide foreign currency ECBs should be resident in an FATF compliant country or an International Organisation of Securities Commission (“**IOSCO**”)-compliant country. However, a multilateral or regional financial institution, where India is a member country will also be considered as a recognised lender. However, (a) individuals qualify as recognised lenders only if they are foreign equity holders of the borrower or are subscribing to bonds or debentures listed abroad; and (b) foreign branches or subsidiaries of Indian banks will qualify as recognised lenders/investors only for foreign currency ECBs. The minimum average maturity period for foreign currency ECBs (other than those extended by foreign equity holders) must be three years. Proceeds under foreign currency ECBs can be utilised for any purpose other than: (i) real estate activities; (ii) investment in capital markets; (iii) equity investment; (iv) except where the lenders/investors is a foreign equity holder, working capital purposes, general corporate purpose and repayment of Rupee loans; and (v) payment of interest/charges on such foreign currency ECBs.

ECBs cannot be used for the following:

- (a) investment in real estate;
- (b) investment in capital markets;
- (c) equity investment;
- (d) working capital purposes except from foreign equity holders;
- (e) general corporate purposes except from foreign equity holders;

- (f) repayment of Rupee loans except from foreign equity holders; or
- (g) on-lending to entities for the above activities from (a) to (f).

The maximum amount which can be raised every fiscal year under the automatic route is U.S.\$750,000,000 or its equivalent. The all-in cost (which includes rate of interest, other fees and expenses in foreign currency or Indian Rupees but does not include commitment fees, prepayment fees, payments for withholding tax in Rupees) ceilings for ECBs is 450 basis points over the benchmark rate which is the six-month LIBOR rate of different currencies or any other six-month interbank interest rate applicable to the currency of borrowing. In the case of fixed rate loans, the swap cost plus spread should not be more than the floating rate plus the applicable spread. The various components of all-in cost have to be paid by the borrower and not from the proceeds of the ECBs.

Approval route

All ECBs falling outside the automatic route limits are considered by the RBI under the approval route.

Creation of Security

Under the present ECB Master Directions, the choice of security to be provided is left to the borrower. ECBs may be secured, after approval by the authorised dealer category 1 bank as licensed by the RBI (the “**AD Bank**”), by creation of a charge on immovable assets, movable assets, financial securities and the issue of corporate and/or personal guarantees in favour of an overseas lender or a security trustee, to secure the ECB, subject to certain conditions.

Creation of Charge on Movable Assets

In the event of enforcement of the charge over movable assets, the claim of the lender, whether the lender takes possession over the movable asset or otherwise, will be restricted to the outstanding claim against the ECB.

Filing and regulatory requirements in relation to issuance of Notes

An ECB borrower is required to obtain a loan registration number from the RBI before an issuance of the Notes is effected. To obtain this, ECB borrowers are required to submit a completed Form 83 certified by a company secretary or a chartered accountant to the AD Bank of the ECB borrower. The AD Bank is then required to forward the completed Form 83 to the RBI.

Any ECB borrower is required to submit an ECB-2 Return on a monthly basis via its AD Bank to the RBI.

Issuance of Overseas Rupee-denominated Bonds

Pursuant to the ECB Master Directions, any company or body corporate which is eligible to borrow ECBs can issue plain vanilla Rupee-denominated overseas bonds with a three-year minimum maturity period. The Notes can only be subscribed or purchased by eligible ECB lenders/investors.

Banks incorporated in India cannot subscribe to such Rupee-denominated bonds; however, they can act as arrangers and underwriters for such issuances. Further, an overseas branch or subsidiary of an Indian bank cannot subscribe to such Rupee-denominated bonds. The all-in cost ceiling for such bonds is 450 basis points over the prevailing yield of the Government securities of corresponding maturity. The proceeds of such issuance can be used subject to the restrictions on ECBs as outlined above.

The foreign currency to Rupee conversion will be at the market rate on the settlement date. Furthermore, investors are allowed to hedge their Rupee exposure through permitted derivative products with: (a) an AD Category I Bank in India; (b) the offshore branches or subsidiaries of Indian banks on a back-to-back basis; or (c) branches of foreign banks with a presence in India on a back-to back-basis. Issuers issuing Rupee-denominated bonds offshore are required to comply with provisions of the ECB Master Directions in relation to reporting requirement, security

creation and parking of proceeds offshore.

Legislative Framework for Recovery of Debts and Bankruptcy

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the “Securitisation Act”)

The Securitisation Act, as amended, provides that if any borrower who is under a liability to a secured creditor under a security agreement makes any default in repayment of secured debt or any instalment thereof and his account is classified as an NPA, then the secured creditor may require the borrower, by notice in writing, to discharge in full his liabilities within 60 days from the date of notice failing which the secured creditor shall be entitled to exercise all or any of the rights described in the paragraphs below.

The secured creditor may take possession of the secured assets or take over, directly or indirectly, the management of the business of the borrower including the right to transfer by way of lease, assignment or sale for realising the secured asset. Further, subject to the provisions of the Bankruptcy Code, in the case of financing of a financial asset by more than one secured creditor or joint financing of a financial asset by secured creditors, no secured creditor shall be entitled to exercise any right unless the exercise of such right is agreed upon by the secured creditors representing not less than 60 per cent. in value of the amount outstanding as of a record date as determined by the secured creditors and such action shall be binding on all the secured creditors.

The Securitisation Act also provides for the setting up of asset reconstruction companies regulated by the RBI to acquire assets from banks and financial institutions by issuing a debenture or bond or any other security in the nature of debenture, for consideration agreed upon between such company and the bank or financial institution or by entering into an agreement with such bank or financial institution for the transfer of such financial assets on such terms and conditions as may be agreed upon between them.

The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 (the “Amendment Act”)

The Amendment Act was passed by both houses of the Parliament on 9 August 2016 and received the assent of the President on 12 August 2016. 36 sections of the Amendment Act were notified by the Central Government to be effective from 1 September 2016. The Amendment Act amends four laws: (i) the Securitisation Act, (ii) the Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the “RDDBFI”), (iii) the Indian Stamp Act, 1899 and (iv) the Depositories Act, 1996. Under the Securitisation Act, secured creditors can take possession over a collateral against which a loan had been provided, upon a default in repayment, which can be done with the assistance of the district magistrate. The Amendment Act provides that this process will have to be completed within 30 days by the district magistrate. In addition, the Amendment Act (a) empowers the District Magistrate to assist secured creditors in taking over the management of a borrower, in case the borrower is unable to repay loans by converting their outstanding debt into equity shares, and consequently holding a 51 per cent. stake or more in the borrower, (b) creates a central database to integrate records of property registered under various registration systems with this central registry and the secured creditors will not be able to take possession over the collateral unless it is registered with the central registry and (c) provides that stamp duty will not be charged on transactions for transfer of financial assets in favour of asset reconstruction companies. In relation to the RDDBFI, the Amendment Act (x) allows banks to file cases in tribunals having jurisdiction in the location of the bank branch and where the debt is pending and (y) provides further details of procedures that the tribunals will follow in case of debt recovery proceedings.

Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (the “Debts Recovery Act”)

The Debts Recovery Act provides for establishment of debt recovery tribunals for expeditious adjudication and recovery of debts due to any bank or public financial institution or to a consortium of banks and public financial

institutions. However, the Debts Recovery Act shall not apply where the debt due to any bank or financial institution or to a consortium of banks or financial institutions is less than Rs. 1,000,000 or such other amount, being not less than Rs. 100,000, as the Government may, by notification, specify. Under the Debts Recovery Act, the procedures for recoveries of debt have been simplified and time frames have been fixed for speedy disposal of cases. Upon establishment of the debts recovery tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by the Debts Recovery Act, except the Supreme Court and High Court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, in relation to matters specified in Section 17 of the Debts Recovery Act.

The Insolvency and Bankruptcy Code, 2016

The Bankruptcy Code came into effect on 1 December 2016. It provides for insolvency resolution processes for companies and individuals, and requires that such processes be completed within 180 days. As per the Bankruptcy Code, the insolvency process can end under either of two circumstances: (i) when the creditors decide to evolve a resolution plan or sell the assets of the debtor, or (ii) when the 180-day time period for negotiations has come to an end. In case a plan cannot be negotiated during the time limit, the assets of the debtor will be sold to repay the debtor's outstanding dues.

The Bankruptcy Code primarily consolidates the existing insolvency laws, *inter alia*, relating to companies and bodies corporate with the objective of providing clarity and consistency, in treatment, to all the stakeholders in the insolvency process. The Bankruptcy Code classifies creditors into financial creditors and operational creditors, which refer to financial loans for interest and loans arising from the operational nature of the debtor, respectively. The Bankruptcy Code provides for the appointment of specialised insolvency professionals to assist companies and bodies corporate through the insolvency process. The Bankruptcy Code provides a 180-day timeline which may be extended by 90 days when dealing with insolvency resolution applications.

On 17 August 2018, the Bankruptcy Code was amended. The amendments require the insolvency resolution plan prepared by the insolvency professionals to be approved by 66 per cent. of financial creditors (as opposed to 75 per cent. previously required by the Bankruptcy Code). The resolution plan requires sanction by the adjudicating authority and, if rejected, the adjudicating authority will pass an order for liquidation. The NCLT is the adjudicating authority for matters arising out of the Bankruptcy Code with jurisdiction over companies and limited liability entities.

Legislative Framework for Employment

Shops and Establishments legislation in various states

The provisions of various "Shops and Establishments" legislation, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of, *inter alia*, registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Labour Laws

The Issuer is required to comply with various labour laws, including the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Legal Framework for Intellectual Property

The Trade Marks Act, 1999, the Patents Act, 1970 and the Copyright Act, 1957, *inter alia*, govern the law in relation

to intellectual property, including brand names, trade names and service marks, inventions and research works.

TAXATION

The following summary of certain India tax consequences of the purchase, ownership and disposition is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Noteholders or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. This Offering Circular is not and shall not offer any tax planning or investment advice to any investor.

Persons considering the purchase of the Notes should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Notes under the laws of India and their country of citizenship, residence or domicile.

India

The following is a summary of the principal existing Indian tax consequences for investors who are not tax residents of India (“**non-resident investors**”) subscribing to the Notes issued by the Issuer. The summary is based on existing Indian taxation law and practice in force at the date of this Offering Circular and is subject to change. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposal of the Notes. Prospective investors should, therefore, consult their own tax advisers regarding the Indian tax consequences, as well as the tax consequences under any other applicable taxing jurisdiction of acquiring, owning and disposing of the Notes.

Taxation of interest and withholding in respect thereof

Interest on the Notes may not be subject to taxes in India if the proceeds of the issuance of the Notes are used for purposes of business carried on by the Issuer outside India or for the purposes of making or earning any income from any source outside India.

However, should the proceeds of the issuance of the Notes be used for the purposes of carrying on the Issuer’s business in India or for the purposes of making or earning any income from any source in India, non-resident investors would be liable to pay tax on the interest paid on the Notes at the prevailing tax rates subject to and in accordance with the existing conditions contained in the Income-tax Act, 1961 (“**Indian Tax Act**”). The rates of tax will be reduced if the beneficial recipient is a resident of a country with which the Government has entered into an agreement for granting relief of tax or for avoidance of double taxation (each a “**Tax Treaty**”), which, if the conditions in such Tax Treaty are complied with, provides for the taxation in India of income by way of interest at a rate lower than that stated below. The Noteholder could be required to provide certain documents or other information as prescribed by law to apply the beneficial withholding tax rate. Further, a permanent account number from Noteholders would not be required if Noteholders provide documentation including a tax residency certificate, a tax identification number and other details including their name, address, e-mail details and contact number, pursuant to section 206AA(7) of the Indian Tax Act read with rule 37BC of the Income-tax Rules, 1962. Where such interest is taxable in India, the rate of tax on such interest income payable by an Indian company to a non-resident investor (i) with respect to Rupee-denominated Notes issued before 1 July 2020 and in accordance with the ECB Master Directions or (ii) with respect to long term Notes (including long-term infrastructure bonds) issued before 1 July 2020 and in accordance with ECB Master Directions and denominated in currency other than Rupees (including long-term infrastructure bonds) and

which satisfy the conditions laid down under Central Board of Direct Taxes circular no 15/2014 dated 17 October 2014, would be 5 per cent. (plus applicable surcharge and cess).

If the Note does not qualify to be a Rupee-denominated bond or a long-term bond, the rate of tax on such interest would be as follows:

- (a) monies borrowed or debt incurred by the Issuer in currency other than Indian currency – 20 per cent. (plus applicable surcharge and cess);
- (b) monies borrowed or debt incurred by the Issuer in Indian currency – rate applicable depending on the amount of interest; and
- (c) if the investor is a Foreign Institutional Investor (“FII”) – 20 per cent. (plus applicable surcharge and cess).

If interest payable on the Notes is subject to tax in India, there is a requirement to withhold tax at the prevailing tax rate under the provisions of the Indian Tax Act, subject to any lower rate of tax provided for by an applicable Tax Treaty. The Noteholders would be required to provide a Tax Residency Certificate, Form 10F and other relevant details and/or documents in order to claim relevant Tax Treaty benefits.

All payments of, or in respect of, interest on the Notes, will be made free and clear of and without withholding or deduction on account of any present or future taxes within India unless it is required by law, in which case pursuant to Condition 13 (*Taxation*), the Issuer will pay additional amounts as may be necessary in order that the net amount received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or the deduction, although this is subject to certain exceptions.

Taxation of gains arising on transfer of Notes denominated in currency other than Rupees and withholding in respect thereof

Some key considerations in relation to taxation of gains arising on transfer of Notes denominated in currency other than Rupees are as follows:

- (a) a non-resident investor who has held the Notes as a capital asset for more than 36 months prior to the date of their disposal would be liable to pay capital gains tax at a rate of 10 per cent. (without indexation and foreign currency conversion benefit) of the capital gains (plus applicable surcharge and cess) subject to and in accordance with the provisions of the Indian Tax Act. The above tax rate is subject to any relevant Tax Treaty benefit, if any;
- (b) a non-resident investor who has held the Notes as a capital asset for 36 months or less would be liable to pay capital gains tax at a rate of 30.00 per cent. (plus applicable surcharge and cess) of capital gains depending on the legal status of the non-resident investor and his taxable income in India. Further, if the investor is a FII, the rate of tax is 30 per cent. (plus applicable surcharge and cess). The above tax rate is subject to any relevant Tax Treaty benefit, if any;
- (c) any gains arising to a non-resident investor from disposal of the Notes held as stock-in-trade would be subject to income tax in India to the extent, if any, that the gains are attributable to a “business connection in India” or in the case where a Tax Treaty is applicable to the extent, if any, that the gains are attributable to a “permanent establishment” of such non-resident investor in India. A non-resident investor would be liable to pay Indian tax on such gains at rates of tax ranging between 30 per cent. and 40 per cent. (plus applicable surcharge and cess) depending upon the legal status of the non-resident investor and his taxable income in India; and

- (d) capital gains or business income arising on transfer of the Notes which is chargeable to tax under the Indian Tax Act is subject to withholding tax obligation at the prevailing tax rate under the provisions of the Indian Tax Act, subject to any Tax Treaty benefit. In case of FIIs, the Indian Tax Act explicitly provides for non-deduction of tax on such capital gains tax.

The Noteholders would be required to provide a tax residency certificate, Form 10F and other relevant details and/or documents in order to claim any Tax Treaty benefit.

Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.

Taxation of gains arising on transfer of Notes denominated in Rupees and withholding in respect thereof

Some key considerations in relation to taxation of gains arising on transfer of Notes denominated in Rupees are as follows:

- (a) any capital gains on transfer of Rupee-denominated Notes outside India by a non-resident Noteholder to another person who is not a resident of India is not chargeable to tax in India;
- (b) any gains arising on account of appreciation of the Rupee against foreign currency at the time of redemption of Rupee-denominated Notes subscribed by a non-resident investor is ignored in computing taxable gains. Accordingly, such gains arising to the original non-resident investor on account of the appreciation of the Rupee against a foreign currency at the time of redemption of the Notes subscribed by such non-resident investor, is not taxable as capital gains;
- (c) if the capital gains is chargeable to tax under the Indian Tax Act (other than the case covered by (a) above), the rate of tax would be the same as discussed above in case of transfer of Notes denominated in currency other than Rupees, that is depending on the period for which the Notes are held whether less than or more than 36 months;
- (d) any gains arising to a non-resident investor from disposal of the Notes held as stock-in-trade would be chargeable in the same manner as discussed above in case of transfer of Notes denominated in currency other than Rupees; and
- (e) capital gains or business income arising on transfer of the Notes which is chargeable to tax under the Indian Tax Act is subject to withholding tax obligation at the prevailing tax rate under the provisions of the Indian Tax Act, subject to any Tax Treaty benefit.

The Noteholders would be required to provide a tax residency certificate, Form 10F and other relevant details and/or documents in order to claim such benefit.

Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.

Other relevant provisions of the Indian Tax Act:

- (a) Having regard to Chapter X-A of the Indian Tax Act, General Anti Avoidance Rules (“GAAR”) may be invoked notwithstanding anything contained in the Indian Tax Act. Thus, any arrangement entered into by a taxpayer may be declared to be an impermissible avoidance arrangement, as defined in that Chapter and the consequence would, *inter alia*, include denial of tax benefit. Further, as per section 90(2A), the benefit of the Double Taxation Avoidance Agreement will not be available to a non-resident investor, if the concerned tax authorities declare any arrangement to be an impermissible avoidance arrangement. The GAAR provisions are applicable with effect from FY 2018.

- (b) Under section 56(2)(x) of the Indian Tax Act and subject to exception provided therein, if any person receives from any person, any property, including, *inter alia*, shares and securities of a company, without consideration or for inadequate consideration, the following shall be treated as “Income from other sources” in the hands of the recipient:
- (i) where the shares and securities are received without consideration, aggregate fair market value (“FMV”) exceeds Rs. 50,000, the whole FMV; and
 - (ii) where the shares and securities are received for a consideration less than FMV but exceeding Rs. 50,000, aggregate FMV in excess of the consideration paid.

Rule 11UA of the Income-tax Rules, 1962 (the “**Rules**”) provides for the method for determination of the FMV of various properties.

Wealth Tax

Wealth tax is not leviable in respect of any assessment year on or after 1 April 2016.

Estate Duty

No estate duty is payable at present in relation to the Notes. There are no inheritance taxes or succession duties currently imposed in respect of the Notes held outside India.

Gift Tax

Gift tax is not leviable in respect of any gift made on or after 1 October 1998. Therefore, any gift of share of a company will not attract gift tax.

Singapore

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority (“**IRAS**”) of Singapore and the MAS in force as at the date of this Offering Circular, and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements below do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, its subsidiaries, the Arrangers, the Dealers, the Trustee, the Onshore Security Trustee, the Agents or any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent. However, if the payment is derived by a person not resident in Singapore from sources other than from its trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

In addition, as the Programme is wholly arranged by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Standard Chartered Bank (Singapore) Limited, each of which is a Financial Sector Incentive (Capital Market) Company, Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Bond Market) Company (each as defined in the ITA), any tranche of Notes (the “**Relevant Notes**”) issued as debt securities under the Programme during the period from the date of this Offering Circular to (and including) 31 December 2023 would be qualifying debt securities pursuant to the ITA and the MAS Circular FDD Cir 11/2018 entitled “Extension of Tax Concessions for Promoting the Debt Market” issued by the MAS on 31 May 2018 (the “**MAS Circular**”), to which the following treatments shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment

fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the Relevant Notes derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore, but the funds used by that person to acquire the Relevant Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;

- (b) subject to certain conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (c) subject to:
 - (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (ii) the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (a) if during the primary launch of any tranche of the Relevant Notes, the Relevant Notes of such tranche are issued to less than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as “qualifying debt securities”; and
- (b) even though a particular tranche of Relevant Notes are “qualifying debt securities”, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:
 - (i) any related party of the Issuer; or
 - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**break cost**”, “**prepayment fee**” and “**redemption premium**” are defined in the ITA as follows:

- **“break cost”**, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
- **“prepayment fee”**, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
- **“redemption premium”**, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) is derived from any of the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore.

Notwithstanding that the Issuer is permitted to make payments of Qualifying Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standards 39 (“**FRS 39**”) or 109 (“**FRS 109**”) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39 or FRS 109 (as modified by the applicable provisions of Singapore income tax law). Please see the section below on “Adoption of FRS 39 and FRS 109 Treatment for Singapore Income Tax Purposes”.

Adoption of FRS 39 and FRS 109 Treatment for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement”.

FRS 109 is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109, subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

The Proposed Financial Transactions Tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State. However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

The Arrangers have, in a dealer agreement dated 23 July 2019 (the “**Dealer Agreement**”), agreed with the Issuer a basis upon which it, each further Dealer appointed under the Programme or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Forms of the Notes*” and “*Terms and Conditions of the Notes*”. The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers and Dealers for certain of their expenses incurred in connection with the establishment, and any future update, of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe for Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers and certain of their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, in the ordinary course of their business activities, the Dealers or their respective affiliates may make or hold (on their own account, on behalf of their clients or in their capacity as investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the account of their customers, and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer or its subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, including Notes under the Programme, and may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. As a result of such transactions, a Dealer or its affiliates may hold long or short positions relating to the Notes. Each of the Dealers and its affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Issuer or its affiliates from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, each Dealer and its affiliates may engage in other transactions with, and perform services for, the Issuer, or its affiliates in the ordinary course of their business. Each Dealer or its affiliates may also purchase Notes for asset management and/or proprietary purposes but not with a view to distribution or may hold Notes on behalf of clients or in the capacity of investment advisors. While each Dealer and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause a Dealer or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. Each Dealer may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes.

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United

States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree, that except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as determined and certified by such Dealer to the Issuing and Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Issuing and Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each Dealer represents that it has not entered and agrees that it will not enter into, and each further Dealer appointed under the Programme will be required to represent that it has not entered and agree that it will not enter into, any contractual arrangement with any distributor (as such term is defined in Regulation S) with respect to the distribution or delivery of the Notes, except with its affiliates or with the prior written consent of the Issuer.

In addition:

- (a) except to the extent permitted under the TEFRA D Rules, each Dealer represents and each further Dealer appointed under the Programme will be required to represent, that (i) it has not offered or sold, and agrees that it will not offer or sell, Notes to a person who is within the United States or its possessions or to a United States person during the restricted period, and (ii) it has not delivered and agrees that it will not deliver within the United States or its possessions any definitive Notes during the restricted period;
- (b) each Dealer represents that it has and agrees and each further Dealer appointed under the Programme will be required to represent that it has and agree, that it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold at any time to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;
- (c) if it is a United States person, each Dealer represents and each further Dealer appointed under the Programme will be required to represent that it is acquiring such Notes for purposes of resale in connection with their original issuance and if it retains such Notes for its own account, it will only do so in accordance with the requirements of TEFRA D;
- (d) with respect to each affiliate that acquires Notes from it for the purpose of offering or selling such Notes at any time, each Dealer agrees and each further Dealer appointed under the Programme will be required to agree, that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (a) and (b). Terms used in sub-paragraphs (a), (b) and (c) have the meaning given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, including the TEFRA D Rules; and
- (e) each Dealer has represented and each further Dealer appointed under the Programme will be required to represent that it will obtain from any distributor (within the meaning of TEFRA D) that purchases any

such Notes from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of paragraphs (a), (b), (c), and (d) insofar as they relate to TEFRA D, as if such distributor were a Dealer.

In respect of Notes that are expressed in the applicable Pricing Supplement to be subject to the TEFRA C Rules, the following applies: Under the TEFRA C Rules, Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions in connection with their original issuance. In connection with the original issuance of Bearer Notes, each Dealer represents and each further Dealer appointed under the Programme will be required to represent, that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either of them is within the United States or its possessions, and will not otherwise involve its U.S. office in the offer and sale of Bearer Notes. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, including the TEFRA C Rules.

The applicable Pricing Supplement will identify whether the TEFRA C Rules or TEFRA D Rules apply or whether TEFRA is not applicable.

Prohibition of Sales to EEA Retail Investors

Unless the applicable Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the applicable Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the "**Prospectus Regulation**"); and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the applicable Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public which are the subject of the offering contemplated by this Offering Circular as completed by the

Pricing Supplement in relation thereto in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make such an offer of Notes to the public in that Relevant Member State:

- (a) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

In relation to each Tranche of Notes, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) *No deposit-taking*: in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (C) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses; or
 - (D) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;

- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the “**FIEA**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

India

Each Dealer has represented, agreed, and acknowledged, and each further Dealer appointed under the Programme will be required to represent, agree, and acknowledge, that (a) this Offering Circular has not been and will not be registered, produced or published as an offer document (whether a prospectus in respect of a public offer or information memorandum or other offering material in respect of any private placement of securities under the Companies Act, 1956, as amended (to the extent applicable), the Companies Act, 2013, as amended and the rules framed thereunder or any other applicable Indian laws) with the Registrar of Companies or the Securities and Exchange Board of India or any other statutory or regulatory body of like nature in India, and (b) the Notes have not been and will not be offered or sold to any person in India by means of any document other than to persons permitted to acquire the Notes under Indian law, whether as a principal or agent, and (c) this Offering Circular or any other offering document or material relating to the Notes have not been and will not be circulated or distributed, directly or indirectly, to any person or the public in India or any member of the public in India or otherwise generally distributed or circulated in India. The Notes have not been offered or sold and will not be offered or sold in India in circumstances which could constitute an advertisement, invitation, offer, sale or solicitation of and an offer to subscribe for or purchase any securities in violation of applicable Indian laws.

Additional Selling Restrictions Applicable to the Issuance of Notes

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Offering Circular or any material relating to the Notes has not been and will not be circulated or distributed to any prospective investor who is a Restricted Overseas Person.

“**Restricted Jurisdiction**” means any jurisdiction:

- (i) that is not a member of Financial Action Task Force (“**FATF**”) or a member of a FATF-style regional body;
- (ii) whose securities market regulator is not a signatory to the International Organisation of Securities Commission’s Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to a bilateral Memorandum of Understanding with the Securities and Exchange Board of India for information sharing arrangements; or

- (iii) that is identified in the public statement of FATF as:
 - (a) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism to which counter-measures apply, or
 - (b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

“Restricted Overseas Person” means (i) a person (including an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator or other legal representative) in, or resident in, a Restricted Jurisdiction, and includes a branch of an entity located in a Restricted Jurisdiction; (ii) any multilateral or regional financial institution in which India is not a member country; (iii) an individual (a) which is not a foreign equity holder (as defined in the ECB Regulations) or (b) if the Notes cease to be listed on a stock exchange (which is not in India); and (iv) in relation to issuance of INR denominated Notes includes, foreign branches and subsidiaries of Indian banks.

None of the Dealers accepts responsibility for determining whether a Noteholder is a Restricted Overseas Person or if such Notes are subsequently reoffered or resold, whether the transferee is a Restricted Overseas Person.

Disclosure of information relating to holders of the Notes

In addition, holders and beneficial owners shall be responsible for compliance with restrictions on the ownership of the Notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of Notes shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are not a Restricted Overseas Person, and are otherwise eligible to purchase the Notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. Potential investors should seek independent advice and verify compliance with the eligibility requirements prior to any purchase of the Notes.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme is required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding-up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly,

each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA, modified or amended from time to time) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA, except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

None of the Issuer or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. These selling restrictions may be modified by the agreement of the Issuer and the relevant Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

If a jurisdiction requires that an offering be made by a licensed broker or dealer, and the Dealers or any affiliate thereof is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

The Dealers and certain of their affiliates have performed certain commercial banking, investment banking and advisory services for the Issuer and/or its affiliates from time to time, for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform such or other services for the Issuer and/or its affiliates in the ordinary course of their business.

COMPARISON OF INDIAN GAAP, IND-AS AND IFRS

The financial information included in this Offering Circular is prepared and presented in accordance with Indian GAAP and Ind-AS. Significant differences exist between Indian GAAP, Ind-AS and IFRS which might be material to the financial information herein. The matters described below should not be expected to reveal all differences between Indian GAAP, Ind-AS and IFRS that are relevant to the Issuer or the industry in which the Issuer operates.

Management has made no attempt to quantify the impact of those differences, nor has any attempt been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented in the financial information. Had any such quantification or identification been undertaken by management, other potential significant accounting and disclosure differences may have come to its attention which are not summarised below. Accordingly, it should not be construed that the following summary of certain differences between Indian GAAP, Ind-AS and IFRS is complete.

Regulatory bodies that promulgate Indian GAAP, Ind-AS and IFRS have significant ongoing projects that could affect future comparisons such as this one. Further, no attempt has been made to identify future differences between Indian GAAP, Ind-AS and IFRS as a result of prescribed changes in accounting standards and regulations. Finally, no attempt has been made to identify all future differences between Indian GAAP, Ind-AS and IFRS that may affect the financial information as a result of transactions or events that may occur in future.

Management believes that the application of IFRS to the financial information could have a material and significant impact upon the financial information reported under Indian GAAP and Ind-AS. In making an investment decision, investors must rely upon their own examination of the Issuer, terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP, Ind-AS and IFRS, and how those differences might affect the financial information included herein.

Description of Certain Differences Between Indian GAAP, IND-AS and IFRS

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
1	Ind-AS 1	Presentation of Financial Statements	Other Comprehensive Income (“OCI”) There is no concept of “Other Comprehensive Income” under Indian GAAP, which is required under Ind-AS. The items that would form part of Other Comprehensive Income under Ind-AS are included in the income statement/reserves under Indian GAAP. Following are examples of items that would form part of Other Comprehensive Income: 1 Remeasurement gain/(loss) on defined benefit plan; and 2 Movement in the fair value of own credit risk of financial liabilities designated at FVTPL.	Ind-AS requires the presentation of “Other Comprehensive Income” as a separate section in the Statement of Profit and Loss. This section includes specified items of income and expense such as actuarial gain/loss, fair valuation of equity instruments effective portion of cash flow hedges etc. that are not recognised in profit or loss as required or permitted by other Ind-AS.	IFRS gives an option of presenting other comprehensive income either as a separate section in the statement of comprehensive income or in a separate statement of other comprehensive income.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			Statement of Changes in Equity Indian GAAP does not require a Statement of Changes in Equity (“SOCIE”). However, information relating to the appropriation of profits and movement in capital and reserves is presented in the line items ‘share capital’ and ‘reserves and surplus’ in the balance sheet.	Ind-AS requires the presentation of all transactions with equity holders in their capacity as equity holders to be presented in the SOCIE. The SOCIE is considered to be an integral part of the financial statements.	Similar to Ind-AS.
			Minority Interest Under Indian GAAP, minority interest is presented separately from liabilities and equity.	Under Ind-AS, minority interest (referred to as non-controlling interest) is presented as a separate component of equity. It is also shown separately under the Statement of Profit & Loss for Profit for the year and Total Comprehensive Income.	Similar to Ind-AS.
			Other disclosures There are no specific disclosure requirements under Indian GAAP for: (a) Critical judgments made by the management in applying accounting policies; (b) Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and (c) Information that enables users of its financial statements to evaluate the entity’s objectives, policies and processes for managing capital.	Ind-AS requires disclosure of: (a) Critical judgments made by the management in applying accounting policies; (b) Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and (c) Information that enables users of its financial statements to evaluate the entity’s objectives, policies and processes for managing capital.	Similar to Ind-AS.
2	Ind-AS 7	Statement of Cash flows	Interest and dividends Interest and dividends received are required to be classified as investing activities. Interest and dividends paid are required to be classified as financing activities. In case of financial institution cashflows from interest paid and interest and dividend received should	Similar to Indian GAAP.	In case of other than financial entities, IFRS gives an option to classify the interest paid and interest and dividend received as items of operating cash flows. Dividend paid can also be classified as an item of operating activity.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			be classified as cashflows from operating activities.		
			Cash flows from extraordinary items Cash flows from items disclosed as extraordinary are classified as arising from operating, investing or financing activities as appropriate, and separately disclosed.	Presentation of items disclosed as extraordinary is prohibited.	Similar to Ind-AS.
3	Ind-AS 8	Accounting Policies, changes in Accounting Estimates and Errors	Prior period items The term 'prior period items', as defined in this Standard, refers only to income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. Prior period items are included in determination of net profit or loss of the period in which the error pertaining to a prior period is discovered and are separately disclosed in the statement of profit and loss in a manner that the impact on current profit or loss can be perceived.	Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that: (a) was available when financial statements for those periods were approved for issue; and (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.	Similar to Ind-AS.
		Standards issued but not yet effective	Under Indian GAAP, there is no requirement to disclose new accounting pronouncements.	When an entity has not applied a new Ind-AS that has been issued but is not yet effective, the entity shall disclose: (a) this fact; and (b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Ind-AS will have on the entity's financial statements in the	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				period of initial application. In complying with above requirement, an entity considers disclosing: (a) the title of the new Ind-AS; (b) the nature of the impending change or changes in accounting policy; (c) the date by which application of the Ind-AS is required; (d) the date as at which it plans to apply the Ind-AS initially; and (e) either: (i) a discussion of the impact that initial application of the Ind-AS is expected to have on the entity's financial statements; or (ii) if that impact is not known or reasonably estimable, a statement to that effect.	
		Change in Accounting Policies:	A change in an accounting policy should be made only if the adoption of a different accounting policy is required by statute or for compliance with an accounting standard or if it is considered that the change would result in a more appropriate presentation of the financial statements of the enterprise, on a prospective basis (unless transitional provisions if any, of an accounting standard require otherwise). Any change in an accounting policy which has a material effect should be disclosed. The impact of, and the adjustments resulting from, such change, if material, should be shown in the financial statements of the period in which such change is made, to reflect the effect of such change. Where the effect of such change is not ascertainable, wholly or in	An entity shall change an accounting policy only if the change: (a) is required by an Ind-AS; or (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. An entity shall account for a change in accounting policy resulting from the initial application of an Ind-AS in accordance with the specific transitional provisions, if any, in that Ind-AS. When an entity changes an accounting policy upon initial application of an Ind-AS that does not include specific transitional	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			part, the fact should be indicated. If a change is made in the accounting policies which has no material effect on the financial statements for the current period but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted.	provisions applying to that change, or changes an accounting policy voluntarily, it shall apply the change retrospectively. When retrospective application is required by the standard, a change in accounting policy shall be applied retrospectively except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change. When a change in accounting policy is applied Retrospectively, the entity shall adjust the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.	
4	Ind-AS 10	Events after reporting period	Dividends MCA has issued a notification dated 30 March 2016, Companies (Accounting Standards) Amendment Rules 2016, amending AS 2, AS 4, AS 13, AS 21 and AS 29, which shall be effective from FY 2016-17 onwards. The notification states that, if an enterprise declares dividend to shareholders, after the balance sheet date, the enterprise should not recognize dividends as a liability at the balance sheet date unless a statute requires otherwise. Such dividends should be disclosed in notes to accounts.	Liability for dividends declared to holders of equity instruments is recognised in the period when it is approved. It is a non-adjusting event. Non-adjusting events are events that are indicative of conditions that arose after the reporting period. Sometimes an entity distributes assets other than cash (non-cash assets) as dividends to its owners acting in their capacity as owners. In those situations, an entity may also give its owners a choice of receiving either non-cash assets or a cash alternative. Appendix A to Ind-AS 10 covers Distribution of Non cash Assets to Owners. This applies to following non reciprocal distribution of assets: 1 Distribution of non cash assets. 2 Distributions that gives owners a choice of receiving either non cash assets or a cash alternatives.	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
5	Ind-AS 12	Income taxes	Deferred income taxes Deferred taxes are computed for timing differences in respect of recognition of items of profit or loss for the purposes of financial reporting and for income taxes. Timing differences are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods. Permanent differences are the differences between taxable income and accounting income for a period that originate in one period and do not reverse subsequently. Recognition of Deferred Tax in OCI/Equity There is no such requirement under Indian GAAP.	Deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. Deferred income taxes are recognised for all temporary differences between accounting and tax base of assets and liabilities except to the extent which arise from (a) initial recognition of goodwill or (b) asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither the accounting nor the tax profit. A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: 1 is not a business combination; and 2 at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Current tax and deferred tax are recognised outside profit or loss if the tax relates to items that are recognised in the same or a different period, outside profit or loss. Therefore, the tax on items recognised in other comprehensive income or directly in equity, is also recorded in other comprehensive	Similar to Ind-AS. Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				income or in equity, as appropriate.	
		Recognition of deferred tax assets for carried forward tax losses and unabsorbed depreciation Deferred tax assets for unused tax losses and unabsorbed depreciation are recognised only to the extent that there is 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 recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. Where an entity has a history of tax losses, the entity recognizes a deferred tax asset only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available. The following shall be disclosed – - the amount (and expiry date, if any) of deductible temporary differences, - unused tax losses, - unused tax credits for which no deferred tax asset is recognised in the balance sheet	Similar to Ind-AS.
		Investments in subsidiaries, branches, and associates and interests in joint arrangements No deferred tax liability is recognised for undistributed profits of subsidiaries, joint ventures and associates. Deferred tax expense is an aggregation from separate financial statements of each group entity and no adjustment is made on consolidation.		Deferred tax liabilities are recognised for all taxable temporary differences associated with investments (both domestic and foreign) in subsidiaries, branches and associates or interests in joint arrangements except to the extent: - the parent, the investor, the venturer or joint operator is able to control timing of the reversal of the temporary difference, and - it is probable that the temporary difference will not reverse in the foreseeable future.	Similar to Ind-AS.
		Deferred tax on unrealised intra-group profits Deferred tax is not recognised on unrealised		Deferred tax is recognised on unrealised intragroup profits at the buyer's rate.	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			intra-group profits. Deferred tax expense is an aggregation from separate financial statements of each group entity and no adjustment is made on consolidation. Disclosures Certain additional disclosures like rate reconciliation, tax holidays and their expiry and unrecognised deferred tax liability on undistributed earnings of subsidiaries, branches, associates and joint ventures are not required.	Additional disclosures required under Ind-AS include: 1 A reconciliation between the income tax expense (income) reported and the product of accounting profit multiplied by the applicable tax rate. Either a numerical reconciliation or tax rate reconciliation is required to be presented. 2 Details of tax holidays and expiry. 3 Unrecognised deferred tax liability on undistributed earnings of subsidiaries, branches, associates and joint ventures.	Similar to Ind-AS.
6	Ind-AS 17	Leases	Interest in leasehold land Land is excluded from lease standard under Indian GAAP. Straight lining of lease rentals	Recognised as operating lease or finance lease as per definition and classification criteria given in the leases standard. An important consideration in such determination is that land has an indefinite economic life. A property interest in an operating lease may be classified as investment property in which case it should be accounted for as a finance lease and the fair value model should be applied for the asset recognised. Ind-AS 116 is proposed to be effective from annual periods beginning on or after 1 April 2019. Same as Indian GAAP, except, in case the lease	Similar to Ind-AS. Same as Indian GAAP.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			Lease payments/lease income under an operating lease should be recognised as an expense/income in the statement of profit and loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. Determining whether an arrangement contains a lease No specific guidance available under Indian GAAP. Payments under such arrangements are recognised in accordance with the nature of expense incurred. Initial direct costs of lessor of assets under a finance lease Initial direct costs are either recognised immediately in the Statement of Profit and Loss or allocated against the finance income over lease term. Evaluating the substance of transaction involving the legal form of lease No specific guidance.	rental escalation is in line with the expected general inflation rate and is essentially to compensate the lessor for the expected inflationary cost increases, lease rental straight lining is not required. Arrangements that do not take the legal form of a lease but fulfilment of which is dependent on the use of specific assets and which convey the right to use the assets are accounted for as leases. For finance leases other than those involving manufacturer or dealer lessors, initial direct costs are included in the measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. Initial lease costs incurred by manufacturer or dealer lessors are recognised as expense when selling profit is recognised, which is normally at the commencement of the lease term. Evaluating the substance of transaction involving the legal form of lease If a series of transactions involves the legal form of a lease and the economic effect can only be understood with reference to the series as a whole, then the series is accounted for as a single transaction.	Similar to Ind-AS. Similar to Ind-AS. Similar to Ind-AS.
7	Ind-AS 19	Employee Benefits	Treatment for actuarial gains or losses defined benefits Under Indian GAAP, though it does not specifically encourage the same, actuarial valuation is used to determine the present value of benefits obligation and is carried out every year.	Treatment for actuarial gains or losses on defined benefits Actuarial gains or losses representing changes in the present value of the defined benefit obligation resulting from experience adjustments and effects of change in actuarial assumptions are recognised	Similar to Ind-AS, except that the discount rate to be used to discount post-employment benefit obligation shall be determined by reference to the market yields on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			All actuarial gains or losses are recognised in the statement of profit and loss. Under Indian GAAP, market yields at the balance sheet date on government bonds are used as discount rates. The currency and term of the government bonds should be consistent with the currency and estimated term of the post-employment benefit obligations. Market yields at the balance sheet date on government bonds are used as discount rates. Termination benefits Termination benefits are recognised as a liability and an expense when and only when: (a) The enterprise has a present obligation as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.	as a part of Other Comprehensive Income. Market yields at the end of the reporting period on government bonds used as discount rates. A termination benefit liability is recognised at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits – additional guidance is provided on when this occurs in relation to an employee's decision to accept an offer of benefits on termination and as a result of an entity's decision to terminate an employee's employment; and (b) when the entity recognises costs for a restructuring under IAS 37 Provisions, Contingent Liabilities and Contingent Assets which involves the payment of termination benefits.	government bonds denominated in that currency should be used. Similar to Ind-AS.
8	Ind-AS 21	The Effects of Changes in Foreign Exchange Rates – functional and presentation currency	Foreign currency is a currency other than the reporting currency which is the currency in which financial statements are presented. There is no concept of functional currency.	Functional currency is the currency of the primary economic environment in which the entity operates. Foreign currency is a currency other than the functional currency. Presentation currency is the currency in which the	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
		The Effects of Changes in Foreign Exchange Rates – exchange differences	Similar to Ind-AS except that there is a limited period irrevocable option for corporate entities to capitalize exchange differences on long-term foreign currency monetary items incurred for acquisition of depreciable capital asset and to amortize exchange differences on other long-term foreign currency monetary items over the life of such items but not beyond the stipulated date. Translation of financial statements of a foreign operation to the reporting currency of the parent/investor depends on the classification of that operation as integral or non-integral. In the case of an integral foreign operation, monetary assets are translated at closing rate. Non-monetary items are translated at historical rate if they are valued at cost. Non-monetary items which are carried at fair value or other similar valuation are reported using the exchange rates that existed when the values were determined. Income and expense items are translated at historical/average rate. Exchange differences are taken to the statement of profit and loss. For non-integral foreign operations closing rate method should be followed (i.e. all assets and liabilities are to be translated at closing rate while profit and loss account items are translated at actual/average rates). The resulting exchange difference is taken to reserve and is recycled to profit and loss on the disposal of the non-integral foreign operation. Foreign Operations Exchange differences on monetary items that in substance, form part of net	financial statements are presented. Exchange differences arising on translation or settlement of foreign currency monetary items are recognised in profit and loss in the period in which they arise. Assets and liabilities should be translated from functional currency to presentation currency at the closing rate at the date of the statement of financial position; income and expenses at actual/average rates for the period; exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. These are reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised. Exchange differences on monetary items, that in substance, form part of net	Exchange differences arising on translation or settlement of foreign currency monetary items are recognised in profit and loss in the period in which they arise. Exchange differences on monetary items, that in substance, form part of net investment in a foreign operation, are recognised in profit or loss in the period in which they arise in the separate financial statements and in other comprehensive income in the consolidated financial statements and reclassified from equity to profit or loss on disposal of the net investment.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).	
				(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).	
				(iii) Both entities are joint ventures of the same third party.	
				(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.	
				(v) The entity is a post-employment benefit plan	
				(vi) The entity is controlled or jointly controlled by a person identified in (a).	
				(vii) The entity is controlled or jointly controlled by a person identified in (a).	
				(viii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).	
				(ix) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity	

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS (this is effective for annual periods beginning on or after 1 July 2014).	Treatment as per IFRS
		Definition of KMP and close relatives of KMP	AS 18 includes only KMP of the entity and their relatives as related party. According to AS 18, 'Relative' in relation to an individual, means the spouse, son, daughter, brother, sister, father and mother who may be expected to influence, or be influenced by, that individual in his/her dealings with the reporting enterprise.	Ind-AS 24 covers KMP of the entity as well as those of its parent as related party. It includes close members of the families of KMP as related party as well as that of persons who exercise control/significant influence over the entity. Close members of the family of a person are those family members who may be expected to influence, or to be influenced by, that person in their dealings with the entity including: ● that person's children, spouse or domestic partner, brother, sister, father and mother; ● children of that person's spouse or domestic partner; and ● dependants of that person or that person's spouse or domestic partner.	Similar to Ind-AS.
		Disclosures	Disclosure requirements do not apply if providing such disclosures would conflict with an enterprise's duties of confidentiality as specifically required in terms of a statute or by any regulator or similar competent authority. Also, no disclosure is required in the financial statements of a state-controlled enterprise as regards related party relationships with other state-controlled enterprises and transactions with such enterprises.	Disclosures which conflict with Confidentiality requirements of statute/regulations are not required to be made.	Some minimum disclosures should be made by government-related entities.
		Items to be disclosed	If an entity has related party transactions during the period covered by the financial statements, the enterprise should disclose the volume of transactions either as an amount or as an appropriate proportion and amounts or appropriate proportions of outstanding items.	If an entity has related party transactions during the period covered by the financial statements, the amount of such transactions and the amount of outstanding balances including commitments need to be disclosed.	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
10	Ind-AS 27	Separate Financial Statements	Recognition of investments in subsidiary, Joint venture and associates separate financial statements. Investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of an investment, the carrying amount is reduced to recognise the decline.	Accounted either at cost (less impairment loss) or as available for sale with changes in fair value recognised in other comprehensive income. If measured at cost (less impairment), on classification as held for sale, Ind-AS 105 will apply. The entity shall apply the same accounting for each category of investments.	Similar to Ind-AS.
11	Ind-AS 28 & Ind-AS 111	Investments in Associates and Joint Ventures & Joint Arrangements	A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity, which is subject to joint control. Joint Control Joint control is the contractually agreed sharing of control over an economic activity. Classification of joint venture AS 27 identifies three broad types of joint ventures – jointly controlled operations, jointly controlled assets and jointly controlled entities. Associates An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a	A joint arrangement is an arrangement of which two or more parties have joint control. Is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Under Ind-AS joint arrangements are classified into two types – joint operations and joint ventures depending upon the rights and obligations of the parties to the arrangement. Joint arrangements not structured through a separate vehicle is a joint operation. An entity applies judgement when assessing whether a joint arrangement is a joint operation or a joint venture. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. An associate is an entity over which the investor has significant influence.	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			joint venture 4 of the investor. Significant influence is the power to participate in the financial and/or operating policy decisions of the investee but not control over those policies. Control: (a) the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an enterprise; or (b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities.	Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Control: An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee	
			Accounting for joint venture The joint venture is accounted for using the proportionate consolidation method.	The investment in joint venture would be accounted for as per the equity method.	Similar to Ind-AS.
			Uniform accounting policies If not practicable to use uniform accounting policies while applying the equity method, that fact should be disclosed together with a brief description of the differences between the accounting policies. This is applicable for Consolidation, Separate financial statements and Investment in associates.	Uniform accounting policies should be followed while applying the equity method. No exception is provided.	Uniform accounting policies should be followed for like transactions and events in similar circumstance unless it is impracticable to do so.
			Significant influence Significant influence is the power to participate in the financial and/or operating policy decisions of the investee but not control over those policies.	Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.	Similar to Ind-AS.
		Potential Voting Rights	Potential voting rights are not considered in assessing significant influence.	The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				by another entity, are considered when assessing significant influence.	
		Share of losses	Loss in excess of the carrying amount of investment is not recognised.	Losses recognised under the equity method in excess of the investor's investment in ordinary shares are applied to other components of the investor's interest such as long-term loans.	Similar to Ind-AS.
		Disposals	No specific guidance.	On disposal resulting in loss of significant influence, the remaining investment is remeasured at fair value, with gain or loss recognised in profit or loss.	Similar to Ind-AS.
		Capital Reserve/Negative Goodwill	Capital reserve arising on the acquisition of an associate by an investor should be included in the carrying amount of investment in the associate but should be disclosed separately.	Any excess of the investor's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is recognised directly in equity as capital reserve in the period in which the investment is acquired.	Any excess of the investor's share of net fair value of the associate's identifiable assets and liabilities over the cost of investments is included as income in the determination of the investor's share of associate's profit or loss.
		Reporting date	The maximum difference between the reporting date of the associate and that of the parent is not specified.	The difference between the reporting date of the associate and that of the parent shall be no more than three months unless it is impracticable to do so.	The difference between the reporting date of the associate and that of the parent shall be no more than three months.
			Goodwill Goodwill arising on the proportionate consolidation of the jointly controlled entity (i.e. excess of the cost to the venturer of its interest in the jointly controlled entity over its share of net assets of the jointly controlled entity) is separately disclosed in the consolidated financial statements.	Goodwill (i.e. excess of the cost of the investment over the entity's share of the net fair value of the joint venture's identifiable assets and liabilities) is included in the carrying amount of the investment.	Similar to Ind-AS.
12	Ind-AS 32	Financial Instruments: Presentation	Financial instruments are classified based on legal form – Preference shares will be classified as equity. Preference dividends are always recognised similar to equity dividend and are never treated as interest expense.	Financial instruments (including Preference shares) are classified as a liability or equity according to the substance of the contractual arrangement, (and not its legal form), and the definition of financial assets, financial liabilities and equity instruments. Dividends on financial instruments classified as financial liability is recognised as an interest	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				expense in the statement of profit or loss. Hence if preference shares meet the definition of financial liability, the dividend is treated as an interest expense. Considering the definition of financial liability and equity in Ind-AS 32, the instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met. (a) The instrument includes no contractual obligation: to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer. (b) If the instrument will or may be settled in the issuer's own equity instruments, it is: (c) a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing	

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				owners of the same class of its own non-derivative equity instruments.	
				Compound financial Instruments	
				The issuer of a non-derivative financial instrument shall evaluate the terms of the financial instrument to determine whether it contains both a liability and an equity component. Such components shall be classified separately as financial liabilities, financial assets or equity instruments in accordance with Ind-AS 32.	
				Treasury shares	
				If an entity reacquires its own equity instruments, those instruments ('treasury shares') shall be deducted from equity. No gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments.	
				Contingent Settlement provisions	
				A financial instrument may require the entity to deliver cash or another financial asset, or otherwise to settle it in such a way that it would be a financial liability, in the event of the occurrence or non-occurrence of uncertain future events (or on the outcome of uncertain circumstances) that are beyond the control of both the issuer and the holder of the instrument, such as a change in a stock market index, consumer price index, interest rate or taxation requirements, or the issuer's future revenues, net income or debt-to-equity ratio. The issuer of such an instrument does not have the unconditional right to avoid delivering cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability).	

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				Therefore, it is a financial liability of the issuer unless: (a) the part of the contingent settlement provision that could require settlement in cash or another financial asset (or otherwise in such a way that it would be a financial liability) is not genuine; (b) the issuer can be required to settle the obligation in cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability) only in the event of liquidation of the issuer; or the instrument has all the features and meets the conditions in paragraphs 16A and 16B of Ind-AS 32.	
		Financial Instruments: Presentation-offsetting	There are no offset rules.	A financial asset and financial liability can only be offset if the entity currently has a legally enforceable right to set off the recognised amounts and intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.	Similar to Ind-AS.
13	Ind-AS 33	Earnings Per Share	Disclosure in separate financial statements Indian GAAP requires disclosure of basic and diluted EPS information both in the separate and consolidated financial statements of the parent.	EPS is required to be presented in both, consolidated as well as separate financial statements.	When an entity presents both separate and consolidated financial statements, EPS is required to be presented only in the consolidated financial statements. An entity may disclose EPS in its separate financial statements voluntarily.
		Disclosure	Certain additional disclosures required under Ind-AS not mandatory.	Ind-AS 33 requires additional disclosures for EPS from continuing and discontinued operations. Disclosure is also required for instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future, but were not	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.	
14	Ind-AS 36	Impairment of Assets	Annual impairment test for goodwill and intangibles Goodwill and other intangibles are tested for impairment only when there is an indication that they may be impaired. Under Indian GAAP, intangible assets that are not available for use or are amortised over a period exceeding 10 years must be assessed for impairment at least at each financial year end even if there is no indication that the asset is impaired. Reversal of impairment loss for goodwill Impairment loss for goodwill is reversed if the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event. Disclosures AS 28 does not require any such disclosures	Goodwill, intangible assets not yet available for use and intangible assets with indefinite lives are required to be tested for impairment at least on an annual basis or earlier if there is an impairment indication. Impairment loss recognised for goodwill is prohibited from reversal in a subsequent period. Goodwill impaired in an interim period is not subsequently reversed in subsequent interim or annual financial statements. Ind-AS 36 requires additional disclosures which primarily deals the key assumptions used to measure the recoverable amounts of such CUG or group of CUGs and impact of reasonably possible changes in key assumptions.	Similar to Ind-AS Similar to Ind-AS
15	Ind-AS 37	Provisions, Contingent Liabilities and Contingent Assets	Recognition of provision A provision should be recognised when: 1 an enterprise has a present obligation as a result of a past event; 2 it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and	A provision is recognised only when a past event has created a legal or constructive obligation, an outflow of resources is probable, and the amount of the obligation can be estimated reliably. A constructive obligation is an obligation that derives from an entity's actions where, by an established pattern of past practice, published policies or a sufficiently specific current statement, the	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			3 a reliable estimate can be made of the amount of the obligation. If these conditions are not met, no provision should be recognised. The amount recognised as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The amount of a provision should not be discounted to its present value. Contingent Assets Contingent assets are neither recognised nor disclosed in the financial statement. They are usually disclosed as part of the report of the approving authority. (e.g. Board of Directors' report).	entity has indicated to other parties that it will accept certain responsibilities; and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities. This Standard applies to provisions for restructurings (including discontinued operations). When a restructuring meets the definition of a discontinued operation, additional disclosures may be required by Ind-AS 105, Non-current Assets Held for Sale and Discontinued Operations. Where the effect of time value of money is material, the amount of provision should be the present value of the expenditures expected to be required to settle the obligation. Interest will be accreted on present value of provision on each reporting date. The discount rate is a pre-tax rate that reflects the current market assessment of the time value of money and risks specific to the liability. Where an inflow of economic benefits is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.	
16	Ind-AS 38	Intangible Assets	Measurement Under Indian GAAP, intangibles are measured only at cost.	Intangible assets can be measured at either cost or at revalued amounts only if there is active market for those assets If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognised as interest expense over the	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				period of credit unless it is capitalised in accordance with Ind-AS 23, Borrowing Costs. Research or development expenditure that: (a) relates to an in-process research or development project acquired separately or in a business combination and recognised as an intangible asset; and (b) is incurred after the acquisition of that project	
			Useful life The useful life may not be indefinite. There is a rebuttable presumption that the useful life of an intangible asset will not exceed 10 years from the date when the asset is available for use.	Useful life may be finite or indefinite	Similar to Ind-AS.
			Goodwill Goodwill arising on amalgamation in the nature of purchase is amortised over a period not exceeding five years (as per AS 14).	Not amortised but subject to annual impairment test or more frequently whenever there is an impairment indication.	Similar to Ind-AS.
17	Ind-AS 40	Investment Property	Scope Under Indian GAAP, investment property is defined as an investment in land or buildings that are not intended to be occupied substantially for use by, or in the operations of, the investing enterprise.	Investment property is land or building (or part thereof) or both held (whether by owner or by a lessee under a finance lease) to earn rentals or for capital appreciation or both. It does not apply to owner occupied property or property that is being constructed or developed on behalf of third parties or property held for sale in the ordinary course of business, or property that is leased to another entity under finance lease.	Similar to Ind-AS
			Measurement As per the amended standard AS 10 issued by MCA vide notification dated 30 March 2016, investment property is required to be accounted per cost model.	An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement. After initial recognition, an entity shall measure all of its investment properties in accordance with Ind-AS 16's requirements for cost	Investment property is measured initially at cost. Investment properties can subsequently be measured using the cost or the fair value model. Detailed disclosures pertaining to fair value have to be given

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with Ind-AS 105, Non-current Assets Held for Sale and Discontinued Operations. Investment properties that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) shall be measured in accordance with Ind-AS 105. Fair value model is not permitted. Detailed disclosures pertaining to fair value have to be given.	
18	Ind-AS 102	Share-based Payment	Recognition of ESOP charge The guidance note on accounting of employee share based payments effective 1 April 2005 issued by the ICAI required listed and unlisted companies to account for ESOP charge. The guidance note permits the use of either the intrinsic value or fair value for determining the cost of benefits arising from employee share based compensation plans. Under the intrinsic value method, the cost is the difference between the market price of the underlying share on the date of grant and the exercise price of the option. The fair value method is based on fair value of the option at the date of grant. The fair value is estimated using an option-pricing model (for e.g. Black Scholes or Binomial model).	Ind-AS requires ESOPs to be accounted for at the fair value as of the grant date (for equity settled options). The fair value is estimated using an option-pricing model (for e.g. Black Scholes or Binomial model).	Similar to Ind-AS.
		Graded vesting	The guidance not issued by ICAI provides the following two options in this regard: 1 Determine the vesting period for each portion of the option separately, and amortise the compensation cost	An entity needs to determine the vesting period for each portion of the options separately, and amortise the compensation cost of each such portion on a straight line basis over the vesting period of that portion. The option to recognize the expenses over the service period for	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			of each such portion on a straight line basis over the vesting period of that portion.	the entire award period is not available.	
			2 The amount of employee compensation cost is accounted for and amortised on a straight-line basis over the aggregate vesting period of the entire option. However, the amount of employee compensation cost recognised at any date should at least equal the fair value of the intrinsic value, as the case may be, of the vested portion of the option at that date.		
		Group and treasury share transactions	Detailed guidance on issues arising from such transactions is not available. Common practice is that the entity whose employees receive such compensation does not account for any compensation cost because it does not have any settlement obligation.	Ind-AS 102 deals with various issues arising from group transactions. It requires the subsidiary, whose employees receive such compensation, to measure the services received from its employees in accordance with Ind-AS 102 with a corresponding increase recognised in equity as a contribution from the parents. Ind-AS 102 also clarifies the accounting for group cash settled share based payment transactions in the separate financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.	
		Unidentifiable goods and services	There was no specific guidance on accounting of unidentifiable goods and services.	The entity measures the unidentifiable goods or services received as difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received. The entity measures the unidentifiable goods or services received at the grant date. However, for	

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				cash-settled transactions, the liability is re measured at the end of each reporting period until it is settled.	
19	Ind-AS 108	Operating Segments	Determination of segments: Under Indian GAAP an enterprise needs to identify two sets of segments (business and geographical), using a risks and rewards approach. Applicability Applicability of this standard is not linked to the listing status of entity.	Operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Segment profit or loss is reported on the same measurement basis as that used by the chief operating decision maker. There is no definition of segment revenue, segment expense, segment result, and segment asset or segment liability nor does it require segment information to be prepared in conformity with the accounting policies adopted for the entity's financial statement. Ind-AS 108 is applicable to companies to which Ind-AS notified under the Companies act applies.	Similar to Ind-AS IFRS 8 is applicable to the separate and consolidated financial statements of an entity/group with a parent: 1. whose debt or equity instruments are traded in public market 2. That files, or is in process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.
20	Ind-AS 109	Financial Instruments	Classification of Financial Instruments Currently under Indian GAAP an entity classifies all its financial assets and liabilities as short-term or long-term. Long-term investments are carried at cost less any diminution (other than temporary) in the value of such investments determined on a specific identification	Ind-AS requires all financial assets to be initially recognised at fair value and subsequently measured either at amortised cost or at fair value, plus or minus, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial	The new standard under IFRS for financial instruments (IFRS 9) which becomes mandatory from 1 January 2018 is similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			basis. Current investments are carried at lower of cost and fair value. All other loans and other financial assets are carried at transaction values less provisions, if any. Financial liabilities are carried at their transaction values.	liability. An entity shall subsequently measure financial assets at amortised cost, fair value through OCI or fair value through profit or loss on the basis of both: The entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset (SPPI test). Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss, (FVTPL), or recognised in other comprehensive income (FVTOCI). Financial assets include equity and debt investments, deposits, loans, trade receivables etc. There are two measurement categories for financial liabilities – FVTPL and amortised cost. Investments in equity instruments will be classified as either at Fair Value through Profit & loss account or Fair Value through Other Comprehensive Income (FVTOCI is an irrevocable option).	
			Financial Guarantee Financial guarantee contracts are disclosed as contingent liabilities and recognised only when the payment under the contract becomes probable and is measured as the best estimate of the amount to be settled	Financial guarantee contracts (issued) are initially measured at fair value and subsequently at the higher of (i) fair value a initial recognition less cumulative amortisation in accordance with Ind-AS 115 and (ii) the amount determined in accordance with Ind-AS 37.	
			Transaction costs Currently under Indian GAAP, income from processing fees is recognised entirely at the time of disbursement of loan in the Statement of Profit and Loss. Similarly, expense incurred towards processing fees and other charges is recognised	Transaction costs – Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or a financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or	The new standard under IFRS for financial instruments (IFRS 9) which becomes mandatory from 1 January 2018 is similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			entirely at the time of availing the borrowing. All costs incurred for origination of loan portfolio are recognised in the Statement of Profit and Loss in the period in which they are incurred. In accordance with the HFC Master Directions issued by the National Housing Bank, income on nonperforming assets is recognised only on realisation basis.	disposed the financial instrument. Financial Instruments (i.e., both financial assets and financial liabilities) measured at FVTPL, transaction costs are charged to P & L and are not added to fair value Measurement on initial recognition. For all other financial instruments, i.e., Financial Assets at amortised cost and FVOCI and Financial liabilities classified at amortised cost, the transaction costs (including any processing or other fee recd.) has to be measured using the Effective Interest Rate (EIR) method. According to Ind-AS 109, interest income on financial assets (at amortised cost and FVOCI) is recognised in accordance with EIR method on the gross carrying value.	
			Financial Instruments – Impairment Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period based on relevant information like creditworthiness of the borrower/ability of the group to repay the dues/exceptional events like demonetisation/provisioning norms stipulated by the National Housing Bank. Currently the provisioning norms are governed by the prudential guidelines for Non-Performing Assets (NPA) under the Housing Finance Companies (NHB) Directions, 2010. As per the circular the provision is currently required to be made on non performing assets. The non-performing assets are classified into following 3 categories based on the period for which the asset has remained non-performing	The impairment model in Ind-AS 109 is based on expected credit losses and it applies equally to debt instruments measured at amortised cost or FVTOCI, lease receivables, a contract asset or a loan commitment and financial guarantee contracts. The objective of the impairment requirements is to recognize lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition – whether assessed on an individual or collective basis – considering all reasonable and supportable information, including that which is forward-looking. There are various ways of assessing whether there is a significant increase in credit risk. For simple ways to determine this include:	Similar to Ind-AS

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			and the realisability of the dues:	1	
			● Substandard Assets ● Doubtful Assets ● Loss Assets	Establish initial maximum credit risk for a particular portfolio by product type and/or region (the “origination credit risk”) and compare that to the credit risk at the reporting date. This is possible only for portfolios of financial instruments with similar credit risk on initial recognition. 2 Assess increases in credit risk through a counterparty assessment, as long as such assessment achieves the objectives of the ECL model. 3 An actual or expected significant change in the financial instruments external credit rating. This is not an exhaustive list. An entity may also use other ways to assess significant increase in credit risk.	
			Derivative accounting		
			Forward exchange contracts not intended for trading or speculation purposes and which are taken against underlying assets/liabilities:	All derivative contracts are within the scope of Ind-AS 109 and they are required to be fair valued through P&L at every reporting date.	IFRS 9 is similar to Ind-AS
			(a) Any premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract.		
			(b) Exchange differences on such a contract are recognised in the statement of profit and loss in the reporting period in which the exchange rates change.		

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			Exchange difference on a forward exchange contract is the difference between (a) the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and (b) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date. All other derivatives are accounted for under AS 30 if it is voluntarily adopted by the entity. If an entity opts to adopt AS 30 voluntarily then, it can be accounted per hedge accounting principles. However, AS-30 is withdrawn from the date Guidance note on Accounting for Derivative Contracts is effective i.e. accounting periods beginning from 1 April 2016. As per the Guidance Note, all derivatives are recognised on the balance sheet and measured at fair value since a derivative contract represents a contractual right or an obligation. Foreign currency forward or future contract entered into to hedge the payment of a monetary asset or a monetary liability recognised on balance sheet, e.g., a debtor, creditor, loan, borrowing etc. and A currency swap contract (principal only; no interest rate element) that hedges the repayment of the principal of a foreign currency loan, are outside the scope of Guidance note on derivatives and covered under AS-11.		IFRS 9 is similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			Hedge Accounting As per the guidance note, an entity is permitted but not required to designate a derivative contract as a hedging instrument.	A derivative measured at fair value through profit or loss may be designated as a hedging instrument, except for some written options. Accounting for the time value of options As per para 6.5.15, When an entity separates the intrinsic value and time value of an option contract and designates as the hedging instrument only the change in intrinsic value of the option, it shall account for the time value of the option as follows: (a) an entity shall distinguish the time value of options by the type of hedged item that the option hedges: (i) a transaction related hedged item; or (ii) a time-period related hedged item. (b) the change in fair value of the time value of an option that hedges a transaction related hedged item shall be recognised in other comprehensive income to the extent that it relates to the hedged item and shall be accumulated in a separate component of equity. The cumulative change in fair value arising from the time value of the option that has been accumulated in a separate component of equity (the 'amount') shall be accounted for as follows: (i) if the hedged item subsequently results in the recognition of a non-financial asset	

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				or a non-financial liability, or a firm commitment for a non-financial asset or a non-financial liability for which fair value hedge accounting is applied, the entity shall remove the amount from the separate component of equity and include it directly in the initial cost or other carrying amount of the asset or the liability. This is not a reclassification adjustment (see Ind-AS 1) and hence does not affect other comprehensive income.	
				(ii) for hedging relationships other than those covered by (i), the amount shall be reclassified from the separate component of equity to profit or loss as a reclassification adjustment (see Ind-AS 1) in the same period or periods during which the hedged expected future cash flows affect profit or loss (for example, when a forecast sale occurs).	
				(iii) however, if all or a portion of that amount is not expected to be recovered in one or more future periods, the amount that is not expected to be recovered shall be immediately reclassified into profit or loss as a reclassification adjustment (see Ind-AS 1).	
				(c) the change in fair value of the time	

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				value of an option that hedges a time-period related hedged item shall be recognised in other comprehensive income to the extent that it relates to the hedged item and shall be accumulated in a separate component of equity. The time value at the date of designation of the option as a hedging instrument, to the extent that it relates to the hedged item, shall be amortised on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income. Hence, in each reporting period, the amortisation amount shall be reclassified from the separate component of equity to profit or loss as a reclassification adjustment (see Ind-AS 1). However, if hedge accounting is discontinued for the hedging relationship that includes the change in intrinsic value of the option as the hedging instrument, the net amount (i.e. including cumulative amortisation) that has been accumulated in the separate component of equity shall be immediately reclassified into profit or loss as a reclassification adjustment (see Ind-AS 1). Accounting for the forward element of forward contracts and foreign currency basis spreads of financial instruments When an entity separates the forward element and	

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				the spot element of a forward contract and designates as the hedging instrument only the change in the value of the spot element of the forward contract, or when an entity separates the foreign currency basis spread from a financial instrument and excludes it from the designation of that financial instrument as the hedging instrument the entity may apply paragraph 6.5.15 to the forward element of the forward contract or to the foreign currency basis spread in the same manner as it is applied to the time value of an option.	
			Securitisation/ Assignment deals		Similar to Ind-AS
		De-recognition of loans assigned in the books of the Company is based on the principle of surrender of control over the loans resulting in a “true sale” of loans, as per guidelines on securitisation of standard assets issued by RBI.		An entity first consolidates all subsidiaries in accordance with Ind-AS110 and then applies Derecognition criteria to the resulting group.	
		Gains arising on securitisation of assets is recognised over the tenure of securities issued by SPV. Income from excess interest spread is accounted for net of losses when redeemed in cash.		An entity determines whether De-recognition criteria should be applied to a part of a financial asset (or a part of a group of similar financial assets) or a financial asset (or a group of similar financial assets) in its entirety.	
		Expenditure in respect of securitisation is recognised upfront. Income arising on direct assignment is recognised over the tenure of agreement on accrual basis.		An entity shall derecognise a financial asset when, and only when:	
				(a) The contractual rights to the cash flows from the financial asset expire, or	
				(b) It transfers the financial asset and the transfer has the effect that the entity has either, i) transferred substantially all risk and rewards of the assets, or ii) neither transferred nor retained substantially all the risks and rewards of the asset and had not retained control of the asset.	
				When de-recognition criteria is not met:	

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				The loans & advances so transferred should not be derecognised and the amount received against purchase consideration from the assignment/securitisation should be disclosed as “Borrowing”. When de-recognition criteria is met: The loans & advances transferred though assignment/securitisation will be derecognised and the profit/loss on such transfer will be recognised upfront in the Profit & Loss Account. The entity also needs to create an Interest only strip receivable (with corresponding credit to P&L A/c) which would be computed by discounting Excess Interest Spread (EIS) to present value. Necessary adjustment with respect to credit risk would also be made. In case the entity also acts as a servicing agent for the assigned loan portfolio, then servicing asset and servicing liability will be recognised upfront at its fair value for the right retained for servicing the financial asset for the service contract. Ind-AS 101 requires a first-time adopter to apply derecognition requirements in Ind-AS 109 prospectively to transactions occurring on or after the date of transition to Ind-AS. For example, if a first-time adopter derecognised non-derivative financial assets or non-derivative financial liabilities under its previous GAAP as a result of a transaction that occurred before the date of transition to Ind-AS, the entity does not recognize those assets or liabilities under Ind-AS unless they qualify for recognition as a result of a later transaction or event. However, a first-time adopter may apply derecognition requirements	

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				retrospectively from a date of the entity's choosing provided that the information needed to apply Ind-AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions	
			Embedded derivatives		
			Currently there is no equivalent standard on derivatives except for certain forward exchange contracts within the scope of AS 11. An ICAI announcement requires entities to recognize losses in respect of all outstanding derivative contracts not covered by AS 11 by marking them to market as at the balance sheet date.	All derivatives are measured at fair value.	Similar to Ind-AS under IFRS 9.
			Under AS 30, embedded derivatives would be separately accounted for at FVTPL if it is not closely related to the host financial asset. (AS-30 is withdrawn from the date Guidance note on Accounting for Derivative Contracts is effective i.e. accounting periods beginning from 1 April 2016).	An embedded derivative is a component of a hybrid (combined) contract that also includes a non-derivative host, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument. If the host is an asset within the scope of Ind-AS 109, the embedded derivative is not separated from the host and classification and measurement principles as applicable to the financial asset are applied to the entire hybrid contract. In all other cases, if the embedded derivatives are closely related, these would not be separated from the host contract and the entire host contract (including the embedded derivative) is accounted for under other Ind-AS applicable to that host contract. If these are not closely related, then the embedded derivative would be separated and accounted for under Ind-AS-109 and host contract is to be accounted separately under other Ind-AS applicable to that host contract.	

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
21	Ind-AS 110	Consolidated Financial Statements	Definition of control: Control is: (a) the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an enterprise; or (b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities. Therefore a mere ownership of more than 50% of voting interest is sufficient to constitute control under Indian GAAP, whereas this is not necessarily so under Ind-AS/IFRS.	Control is based on whether an investor has (a) power over the investee; (b) exposure, or rights, to variable return from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amounts of the returns. There is specific guidance on consolidation of special purpose entities.	Similar to Ind-AS.
		Determination of control	Potential voting rights Under AS 23, potential voting rights are not considered for determining significant influence in the case of an associate. An analogy can be drawn that they are not to be considered for determining control in the case of a subsidiary, as well.	The existence and effect of potential voting rights (e.g., options, convertible debentures) that are substantive are considered to assess whether an investor has power over an investee, including whether an option is substantive (including, but not limited to consideration of the exercise period), along with all the other facts and circumstances. Factors that are considered to assess whether potential voting rights are substantive include exercise price, the financial ability to the investor to exercise and the exercise period.	
		Principal vs. agent assessment	There is no specific requirement or guidance to assess principal and agent relationship under AS 21. Under Companies Act 2013, share held or power exercisable by a company in fiduciary capacity is excluded while determining if a company	Under Ind-AS 110, when assessing whether an investor controls an investee an investor with decision-making rights determines whether it acts as principal or an agent of other parties. A number of factors are considered while making such assessment.	

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			is a subsidiary of another company.	It also considers whether there are other parties who are acting who are acting on behalf of the investor by virtue of their relationship with it. It also requires to considers whether the other parties are acting as de facto agents for the investors. It lists several examples of the parties that might be de facto agents.	
		De facto control	De facto control is ignored under IGAAP.	An investor might have control over an investee even when it has less than a majority of the voting rights of that investee (concept known as de facto control). When assessing whether an investor's voting rights are sufficient to give it power, an investor considers all facts and circumstances, including: 1 The size of the investor's holding of voting rights relative to the size and dispersion of holding of other vote holders. 2 Potential voting rights held by the investor, other vote holders or other parties. 3 Rights arising from other contractual arrangements. 4 Any additional facts and circumstances indicative of the ability to direct the relevant activities at the time of making decisions.	
			Uniform accounting policies If not practicable to use uniform accounting policies in the preparation of consolidated financial statements, that fact should be disclosed together with the proportions of the items in the consolidated financial statements to which different accounting policies have been applied. Potential voting right	Consolidated financial statements should be prepared using uniform accounting policies.	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			Potential voting rights are not considered as assessing control.	Potential voting rights are considered only if the rights are substantive. For a right to be substantive, the holder must have the practical ability to exercise that right.	Similar to Ind-AS.
			Allocation of losses to non-controlling Interest Excess of loss applicable to minority over the minority interest in the equity of the subsidiary and any further losses applicable to minority are adjusted against majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses.	Profit or loss and each component of other comprehensive income should be attributable to the owners of the parent and to the non-controlling interests. The total comprehensive income should be attributable to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.	Similar to Ind-AS.
			Loss of Control No specific guidance	If a parent loses control of a subsidiary, the parent: • derecognises the assets and liabilities of the former subsidiary from the consolidated statement of financial position; • recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs. That fair value is regarded as the fair value on initial recognition of a financial asset in accordance with IFRS 9/IAS 39 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture; • recognises the gain or loss associated with the loss of control attributable to the former controlling	

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
		Intra group elimination	Similar to Ind-AS, except that no deferred tax is recognised on elimination of intra group transactions.	interest. If a parent loses control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture, gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. (Added by Sale or Contribution of Assets between an Investor and its Associate or Joint Venture amendments, effective 1 January 2016). Intra group balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intra group transactions that are recognised in assets, such as inventory and fixed assets, are also eliminated. Intra group losses may, however, indicate an impairment requiring recognition in the CFS. Deferred tax should be calculated on temporary differences that arise from the elimination of profits and losses resulting from intra group transactions.	
		Change in ownership interest that does not result in loss of control	No specific guidance under AS 21 is available. This has resulted in existence of diverse practices on the matter.	Changes in ownership interest of a subsidiary (that do not result in loss of control) will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to gain or loss in the statement of profit & loss.	
			Reporting dates The difference between the reporting date of the subsidiary and that of the parent should be no more than six months.	The difference between the reporting date of the subsidiary and that of the parent should be no more than three months.	Similar to Ind-AS.
22	Ind-AS 113	Fair value measurement	There is no specific standard on this under Indian GAAP.	Applies when another Ind-AS requires or permits fair value measurements or disclosures about fair value measurements (and	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				measurements such as fair value less cost to sell). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Principal Market The market with the greatest volume and level of activity for the assets and liability is defined as principal market. The entity's principal market is the market that it has access to that has greatest volume and level of activity for the assets or liability, even if the prices in other markets are more advantageous. Highest and best use Fair value of a non financial asset is measured based on its highest and best use from a market participants perspective. It doesn't matter whether the entity intends to use the assets differently. When determining the highest and best use, management should include all costs that market participants would incur in the circumstances.	
23	Ind-AS 115/Ind-AS 109	Revenue	Interest Interest is recognised on a time proportion basis, taking into account the amount outstanding and the rate applicable. However, the interest is recognised on a receipt basis for NPAs as per NHB guidelines. Financial Service Fees Financial service fees are recognised as revenue depending on whether the service has been provided "once for all" or is on a continuing basis. Loan origination and arrangement fees are recognised as revenue	Definition of 'revenue' is broad compared to the definition of 'revenue' given in existing AS 9 because it covers all economic benefits that arise in the ordinary course of activities of an entity which result in increases in equity, other than increases relating to contributions from equity participants. Interest income is recognised using the effective interest method as per Ind-AS 109 Fees that are an integral part of the effective interest rate of the instrument, for example loan origination, arrangement fees and direct selling agents' fees, are deferred and	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			when the loan has been originated.	recognised as an adjustment to the effective interest rate. However, when financial instruments are valued at fair value, with changes in fair value being recognised in profit and loss, the fees are recognised as revenue when the instrument is initially recognised. Fees earned from services provided are recognised over the period for which the services are provided. For example, fees charged for servicing a loan are recognised over the period of the loan. Fees that are earned on the execution of a significant act are recognised when such an act is completed. For example, placement fees for arranging a loan and an investor are recognised when the loan has been arranged.	
24	Ind-AS 16	Property, Plant and Equipment	Scope There is no exemption from AS 10 for property under development for future use as investment property.	Property under construction or development for future use as investment property is excluded from the scope of Ind-AS 16 and is within the scope of Ind-AS 40, Investment Property.	Similar to Ind-AS.
25	Ind-AS 23	Borrowing Costs	Scope No such scope exception similar to IFRS/Ind-AS is available. Components of borrowing costs No reference to effective interest rate. AS 16 requires amendment on AS 30 becoming mandatory.	Borrowing costs need not be capitalised in respect of (i) qualifying assets measured at fair value (e.g. biological assets) (ii) inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis (even if they are otherwise qualifying assets). This is an option. Description of specific components are linked to effective interest rate.	Similar to Ind-AS.
26	Ind-AS 103	Business Combinations	Non-Controlling interests At the time of acquisition, minority interests in the net assets consist of the amount of equity attributable to minorities at the date on which	At the date of acquisition, an entity may elect to measure, on a transaction by transaction basis, the non-controlling interest at (a) fair value or (b) the	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			investment in the acquiree is made. This is determined on the basis of information contained in the financial statements of the acquiree as on the date of investment. The pooling of interests and purchase method Amalgamations in the nature of purchase are accounted for by recording the identifiable assets and liabilities of the acquiree either at the fair values or at book values. Amalgamations in the nature of merger are accounted under the pooling of interests method. Under the pooling of interests method, the assets, liabilities and reserves of the transferor company are recorded by the transferee company at their existing carrying amounts (after making the adjustments required for conflicting accounting policies). Identifiable assets and liabilities of subsidiaries acquired by purchase of shares which are not amalgamations are recorded in the consolidated financial statements at the carrying amounts stated in the acquired subsidiary's financial statements on the date of acquisition. Acquisition-related costs No specific guidance.	non-controlling interest's proportionate share of the fair value of the identifiable net assets of the acquiree. Common control transactions are included in the scope; and additional guidance is provided. The additional guidance provides that business combination transactions between entities under common control should be accounted for using the 'pooling of interests' method. All other business combinations are accounted using the purchase method. Acquisition related costs such as finder's fee, due diligence costs, etc. are accounted for as expenses in the period in which the costs are incurred and the services are received.	All business combinations, other than those between entities under common control, are accounted using the purchase method. An acquirer is identified for all business combinations, which is the entity that obtains control of the other combining entity. Pooling of interests method to record business combinations within the scope of IFRS 3 is prohibited. Similar to Ind-AS.
27	Ind-AS 107	Financial Instruments: Disclosures	Currently there are no detailed disclosure requirements for financial instruments. However, the ICAI has issued an Announcement in December 2005 requiring the following disclosures to be made in respect of derivative instruments in the financial statements: 1 category-wise quantitative data about derivative	The standard prescribes the disclosures that enable financial statement users to evaluate the significance of financial instruments to an entity, the nature and extent of their risks, and how the entity manages those risks.	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
			instruments that are outstanding at the balance sheet date;		
		2	the purpose, such as hedging or speculation, for which such derivative instruments have been acquired; and		
		3	the foreign currency exposures that are not hedged by a derivative instrument or otherwise.		
		Other Disclosures:			
		Currently there are no detailed disclosure requirements for financial instruments.		Fair value disclosures must be made separately for each class of financial instrument. Disclosure should be made for change in the method of determining fair values and the reasons for the change. A three-level hierarchy should be adopted for determining fair values. Disclosure should be made, for each fair value measurement in the statement of financial position, of which level in the hierarchy was used and any transfers between levels with additional disclosures whenever level 3 is used including a measure of sensitivity to a change in input data. Maturity analysis for non-derivative financial instruments should include issued financial guarantees contracts. Disclosure of maturity analysis of derivative financial liabilities is also required. Clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans. Requires enhanced disclosures when an asset is transferred but not derecognised and requires some disclosures for assets that are derecognised but	Similar to Ind-AS. However, it also includes Disclosures on Transfer of Financial Assets issued by IASB.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				the entity continues to have a continuing exposure to the assets after the derecognition.	
28	Ind-AS 105	Non-current Assets Held for Sale and Discontinued Operations	Recognition and Measurement There is no standard dealing with non-current assets held for sale though AS 10 deals with assets held for disposal. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the statement of profit and loss. Non-cash assets held for distribution to owners AS 24 has no specific guidance related to non-cash assets held for distribution to owners. Classification An operation is classified as discontinuing at the earlier of (a) binding sale agreement for sale of the operation and (b) on approval by the board of directors of a detailed formal plan and announcement of the plan.	Non-current assets to be disposed of are classified as held for sale when the asset is available for immediate sale and the sale is highly probable. Depreciation ceases on the date when the assets are classified as held for sale. Non-current assets classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-cash assets are to be classified as 'held for distribution to owners' when the transaction is highly probable, taking into account probability of shareholders' approval, if required in the jurisdiction. Such assets are measured at the lower of carrying amount and fair value less costs to distribute. An operation is classified as discontinued when it has either been disposed of or is classified as held for sale.	Similar to Ind-AS. Similar to Ind-AS. Similar to Ind-AS.

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind-AS. The following are relevant applicable exemptions under Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
1	Ind-AS 101	Deemed cost exemption for Property Plant and Equipment	First-time adoption exemption: Not applicable	A first-time adopter may elect to measure an item of property, plant and equipment at the date of transition to Ind-AS at its	Under IFRS, An entity may elect to measure an item of property, plant and equipment at the date of transition to IFRSs at its fair value and use that fair

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				fair value and use that fair value as its deemed cost at that date. A first-time adopter may elect to use a previous GAAP revaluation of an item of property, plant and equipment at, or before, the date of transition to Ind-AS as deemed cost at the date of the revaluation, if the revaluation was, at the date of the revaluation, broadly comparable to: (a) fair value; or (b) cost or depreciated cost in accordance with Ind-AS, adjusted to reflect, for example, changes in a general or specific price index. A first-time adopter may elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition measured as per the previous GAAP and use that as its deemed cost as at date of transition after making necessary adjustments in accordance with provisions of decommissioning liabilities.	value as its deemed cost at that date. An entity may also elect to use a previous GAAP revaluation at or before the date of transition to IFRS as deemed cost for an item of property, plant and equipment. The exemption can be used if the revaluation was, at the date of the revaluation, broadly comparable to: ● fair value; or ● cost or depreciated cost determined under IFRS restated in accordance with a general or specific price index.
2	Ind-AS 101	Share based payments	First-time adoption exemption Not applicable	An entity can opt first-time exemption from retrospective application of Ind-AS 102 for all the ESOPs already vested before date of transition and can apply the provisions for only those outstanding to be vested as on date of transition.	Similar to Ind-AS.
3	Ind-AS 101	Business combinations	First-time adoption exemption Not applicable	The entity can choose to take exemption from retrospective application of Ind-AS 103 for all its past business acquisitions before date of transition, or can opt for exemption from retrospective application of the standard from a date	Similar to Ind-AS.

Sr. No.	Ind-AS No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS	Treatment as per IFRS
				prior to the transition date as well.	
4	Ind-AS 101	Treatment of exchange differences	Not applicable.	An additional exemption has been provided with regard to exchange differences arising from translation of long-term foreign currency monetary items. An entity may continue the policy adopted for accounting for exchange differences arising from translation of such long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before beginning of the first Ind-AS financial reporting period as per the previous GAAP.	No such additional exemption.

GENERAL INFORMATION

1. Listing

Approval in-principle has been received from the SGX-ST for the establishment of the Programme and application will be made to the SGX-ST for the permission to deal in, and for the quotation of any Notes that may be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Group, the Programme or the Notes.

The relevant Pricing Supplement in respect of any Series will specify whether or not such Notes will be listed and, if so, on which exchange(s) the Notes are to be listed. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes if traded, will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).

So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes or Global Note Certificates representing such Notes are exchanged for definitive form. In addition, if the Global Notes or Global Note Certificates representing such Notes are exchanged for definitive form, an announcement of such exchange shall be made through the SGX-ST and such announcement shall include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

2. Authorisation

The shareholders of the Issuer have authorised the Board of Directors by resolutions dated:

- (a) 11 June 2018 to borrow up to Rs. 650,000,000,000 over and above the aggregate of the paid-up share capital of the Company and its free reserves as prevailing from time to time, pursuant to Section 180(1)(c) of the Companies Act, 2013; and
- (b) 28 September 2017 to create security over its assets pursuant to Section 180(1)(a) of the Companies Act, 2013, so that the total outstanding amount at any time so secured shall not exceed the amounts consented under section 180(1)(c) of the Companies Act, 2013, from time to time.

The Board of Directors by its resolution dated 28 May 2018, has re-constituted its Committee of Directors (Administration, Authorisation and Finance) (the “**Committee**”) and authorised the Committee to borrow up to such limits approved by the shareholders under section 180(1)(c) of the Companies Act, 2013, as prevailing from time to time.

The Committee by its resolution dated 16 July 2019 approved the establishment of the Programme and the issue of the Notes thereunder.

3. Legal and Arbitration Proceedings

The Issuer is not or has not been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer.

4. Significant/Material Change

Since 31 March 2019, there has been no material adverse change in the financial position or prospects or any significant change in the financial or trading position of the Issuer.

5. Auditors

BSR, the auditors of the Issuer, are independent auditors with respect to the Issuer as required by the Companies Act, 2013 and in accordance with the guidelines issued by the ICAI. Further, the reports of BSR on the audited standalone financial statements of the Issuer as at and for Fiscal Year 2019, on the special purpose audited consolidated financial statements of PFL as at and for the period ended 30 April 2018, and the audited consolidated financial statements of for Fiscal Year 2017, have been included in this Offering Circular.

BSR has consented to the inclusion of its reports on the Issuer's Audited Financial Statements and the PFL Audited Financial Statements, respectively.

6. Documents on Display

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays and public holidays excepted) at the specified offices of the Trustee for so long as the Notes are capable of being issued under the Programme:

- (i) the constitutive documents of the Issuer;
- (ii) the Issuer's Audited Financial Statements and the PFL Audited Financial Statements;
- (iii) copies of the latest annual and interim financial statements of the Issuer;
- (iv) each Pricing Supplement (save that a Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive) will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Trustee as to its holding of Notes and identity;
- (v) a copy of this Offering Circular, together with any supplement to this Offering Circular;
- (vi) the Trust Deed (which contains the forms of the Notes in global and definitive form);
- (vii) the Agency Agreement;
- (viii) the programme manual dated 23 July 2019;
- (ix) the onshore security trustee appointment agreement between the Issuer and the Onshore Security Trustee dated 19 July 2019; and
- (x) the Collateral Documents.

7. Clearing of the Notes

The Notes may be accepted for clearance through Euroclear and/or Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

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Independent Auditor's Report

To the Members of Piramal Capital & Housing Finance Limited *(formerly known as Piramal Housing Finance Limited)*

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Piramal Capital & Housing Finance Limited *(formerly known as Piramal Housing Finance Limited)* ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), the standalone statement of cash flows and standalone statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

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 Companies Act, 2013 (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 2019, its profit, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to Note 39 of the Standalone Financial Statements regarding the accounting treatment relating to the scheme of Amalgamation ('Scheme') sanctioned by the NCLT on 6 April 2018, has been accounted under Purchase method of accounting as per Accounting Standard 14 – Accounting for Amalgamation in compliance with the Scheme which is considered to be an override to the relevant provisions of Indian Accounting Standards ('Ind AS') 103.



Independent Auditor's Report (Continued)**Piramal Capital & Housing Finance Limited***(formerly known as Piramal Housing Finance Limited)***Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of the audit of the Standalone Financial Statements as a whole, and in forming auditor's opinion thereon, and the auditor's do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How the matter was addressed in our audit
Impairment on financial instruments	
Charge to the profit and loss account: INR 12,977 lakhs for year ended 31 March 2019	
Provision in the balance sheet: INR 75,301 lakhs at 31 March 2019	
<i>Refer to the Standalone Financial Statements: "Significant Accounting Policies - Financial instruments", "Note 5 to the Standalone Financial Statements: Loans", "Note 6 to the Standalone Financial Statements: Investments", "Note 19 to the Standalone Financial Statements: Provisions" and "Note 31 to the Standalone Financial Statements: Impairment on financial instruments"</i>	
Subjective estimate Recognition and measurement of impairment of loans and advances involve significant management judgement. With the applicability of Ind AS 109, credit loss assessment is based on expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: - Segmentation of loan book - Loan staging criteria - Calculation of probability of default / Loss given default - Consideration of forward looking macro-economic factors	Our audit procedures included understanding and assessing the design and implementation of controls in respect of the Company's loan impairment process such as the timely recognition of impairment provisions, the completeness and accuracy of reports used in the loan impairment process and management review processes over the calculation of impairment provisions. Design and Operating effectiveness and Controls Testing: • Evaluation of the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice. • Understanding management's processes, systems and controls implemented in relation to Ind AS impairment allowance process. Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.



Independent Auditor's Report (Continued)**Piramal Capital & Housing Finance Limited***(formerly known as Piramal Housing Finance Limited)***Key Audit Matters (Continued)**

Key audit matter description	How the matter was addressed in our audit
There is a large increase in the data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed, for example using internal risk ratings of the customers in assessing the increase in credit risk. The Company has evaluated loans for impairment on a collective basis grouping loans by product into homogenous exposure groups. For collective impairment provisions we identified that the key judgment areas which could result in a material misstatement are the determination of probabilities of default ('PDs') and loss given default ('LGD'), the use of management overlays and the periods considered for capturing the underlying data as base to the PD and LGD calculations in calculating the provision. As detailed in accounting policy referred above, the determination of loan impairment provisions is inherently judgmental and relies on managements' best estimate of a variety of inputs. Given the size of loan book relative to the balance sheet and the impact of impairment provision on the standalone financial statements, we have considered this as a key audit matter.	• We used our modelling specialists to test the model methodology and reasonableness of assumptions used. • Tested management review controls over model development, governance and measurement of impairment allowances and disclosures in standalone financial statements. For impairment loss allowance as at 31 March 2019: • The loan impairment methodology was evaluated to confirm it was consistent with the Ind AS 109 requirements and then confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings. • We tested the accuracy of key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made. • We tested the PD and LGD calculation workings performed by management, including testing the data used in the assessment and evaluation of whether the results of validation support the appropriateness of the PDs at the portfolio level. • We challenged completeness and validity of management overlays with assistance of our modelling team by critically evaluating the risks that have been addressed by management through overlays and also considering whether there are other risks not captured by the models which require additional overlays. • We tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with the past observed trends of the portfolio. • Changes to the modelling assumptions were assessed to confirm these were appropriate and in line with accounting standards.



Independent Auditor's Report (Continued)**Piramal Capital & Housing Finance Limited***(formerly known as Piramal Housing Finance Limited)***Key Audit Matters (Continued)**

Key audit matter description	How the matter was addressed in our audit
Changes to the standalone financial statements due to transition to Ind AS <i>Refer to the Standalone Financial Statements: Significant Accounting Policies – First time adoption” and “Note 46 to the Standalone Financial Statements: First time Ind AS adoption reconciliation”</i>	
On 1 April 2018 the Company adopted the Indian Accounting Standard ("Ind AS") notified by the Ministry of Corporate Affairs with effect from 1 April 2017 being transition date. The Company has followed Ind AS notified under Section 133 of the Companies Act 2013 ('the Act'), read with the relevant rules for preparation of the Statement. As a part of the transition from previous GAAP to Ind AS, the major areas of impact for the Company are: • Impairment on financial instruments • Fair valuation of financial instruments • Recognition of deferred tax • Presentation and disclosures of the standalone financial statements	Our audit procedures included the following: • Understood the methodology planned by the management to give impact to the transition adjustments. • Assessed that the adjustments made for the standalone financial statements are in lines with the Ind AS requirements. • Tested the accuracy of key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made for the adjustments. • We assessed the accuracy of the computations. • Verified the appropriateness of the disclosures required for the first time adoption of Ind AS • Compared the industry practice for management assumptions. • Tested management review controls over completeness and measurement of disclosures in standalone financial statements.
Taxes Provision for tax Charge to Profit or loss account – INR 76,933 lakhs for the year ended 31 March 2019 Provision for tax – INR 98,093 lakhs (Advance tax – INR 104,340 lakhs) as at 31 March 2019 Deferred tax Deferred tax asset (net): INR 3,359 lakhs at 31 March 2019 (net of deferred tax liability INR 129,471 lakhs) <i>Refer to the Standalone Financial Statements: Significant Accounting Policies - Taxes on income”, “Note 8 to the Standalone Financial Statements: Current tax assets (Net)” “Note 9 to the Standalone Financial Statements: Deferred tax assets (Net)”</i>	

Independent Auditor's Report (Continued)**Piramal Capital & Housing Finance Limited***(formerly known as Piramal Housing Finance Limited)***Key Audit Matters (Continued)**

Key audit matter description	How the matter was addressed in our audit
Evaluation of tax positions The Company has material tax positions which involves significant judgement including the consideration of the tax deductibility of goodwill recognised as part of the merger of Piramal Housing Finance Limited with Piramal Finance Limited and Piramal Capital Limited. Based on legal opinions considered by the management, the goodwill recognised at date of merger is claimed under Income Tax by way of depreciation @ 25% under written down value. Under Ind AS, goodwill is not subject to amortization and instead the carrying amount of goodwill is subject to impairment testing. The above treatment creates a temporary difference which leads to the recognition of a deferred tax liability at each reporting date. Given the significance of the matters involved and the inherent judgement associated with tax positions of the Company, we have considered this to be a key audit matter.	Our audit procedures included the following • Obtained an understanding and assessed the design and implementation of controls in respect of the management review processes over the recognition of tax matters. • We involved our tax experts to analyse management's assessment of the recognition of provision for tax and the resulting deferred tax impact. • Our tax experts also considered legal precedence and other rulings in evaluating the Company's tax positions (including the consideration of the external tax advice obtained by the Company). • We tested the mathematical accuracy of the computations and considered the appropriateness of disclosures associated with this area in the standalone financial statements.
Valuation of goodwill	
<i>Refer to the Standalone Financial Statements: Significant Accounting Policies – Impairment of non-financial assets" and Note 50 "Impairment of goodwill"</i>	
The Company has recognized goodwill arising from the merger of Piramal Housing Finance Limited with Piramal Finance Limited and Piramal Capital Limited on 31 March 2018 in line with the scheme of arrangement approved by the NCLT. Under Ind AS, the Company is required to perform an impairment assessment of the goodwill at each reporting date.	Our audit procedures to assess potential impairment of goodwill included the following: • We assessed the management's identification of CGU, the allocation of assets and the methodology adopted by management in its impairment assessment of goodwill with reference to the requirements of the prevailing accounting standards;



Independent Auditor's Report (Continued)**Piramal Capital & Housing Finance Limited***(formerly known as Piramal Housing Finance Limited)***Key Audit Matters (Continued)**

Valuation of goodwill (Continued)	
In performing such impairment assessment, management compared the carrying value of the separately identifiable cash generating unit ("CGU") with its respective value in use based on discounted cash flow forecasts to determine if any impairment loss should be recognised. The preparation of discounted cash flow forecasts for the purpose of assessing potential impairment of goodwill involves estimating future cash flows, growth rates and discount rates which can be inherently uncertain. We identified the assessment of potential impairment of goodwill as a key audit matter because the year-end goodwill impairment assessments performed by management contain certain judgmental assumptions which could be subject to management bias.	• Evaluated the assumptions adopted in the preparation of the cash flow forecasts for the purpose of the impairment assessments of goodwill, including projected future growth rates for income and expenses with reference to our understanding of the business, historical trends and available industry information and available market data; • We assessed the impact of changes in the key assumptions, including projected profitability and the discount rates, adopted in the discounted cash flow forecasts on the conclusions reached in the impairment assessments and assessing whether there were any indicators of management bias in the selection of these assumptions; and • We tested the mathematical accuracy of the assessment.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Piramal Enterprises Limited's annual report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of



Independent Auditor's Report (Continued)**Piramal Capital & Housing Finance Limited***(formerly known as Piramal Housing Finance Limited)***Management's Responsibility for the Standalone Financial Statements (Continued)**

adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditor's Report (Continued)

Piramal Capital & Housing Finance Limited

(formerly known as Piramal Housing Finance Limited)

Auditor's Responsibilities for the Audit of the Standalone Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated in with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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.



Independent Auditor's Report (Continued)

Piramal Capital & Housing Finance Limited

(formerly known as Piramal Housing Finance Limited)

Report on Other Legal and Regulatory Requirements (Continued)

- (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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of cash flows and standalone statement of changes in equity 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, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016.
- (e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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".
- (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 litigations on its financial position in its standalone financial statements – Refer Note 37(a) to the Standalone Financial Statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2019.



Independent Auditor's Report (Continued)

Piramal Capital & Housing Finance Limited

(formerly known as Piramal Housing Finance Limited)

Report on Other Legal and Regulatory Requirements (Continued)

- (h) In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

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



Venkataramanan Vishwanath

Partner

Membership No. 113156

Mumbai

26 April 2019

Piramal Capital & Housing Finance Limited

(formerly known as Piramal Housing Finance Limited)

Annexure A to the Independent Auditor's Report – 31 March 2019

(Referred to in our report of even date on the standalone financial statements)

- (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 the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has no immovable property.
- (ii) The Company is a service company and is in the business of housing finance. Accordingly, it does not maintain inventory. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanation 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 to the Company.
- (iv) The Company has neither granted any loans to any director or any person in whom director is interested nor made investment in any company as specified in the provisions of section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the provisions of Section 73 to Section 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) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.
- (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 accounts in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax and any other statutory dues have generally been deposited regularly during the year by the Company to the appropriate authorities except in case of provident fund ('PF'), where whilst the Company has demonstrated its ability to pay such amounts, for certain employees, the same have not been accepted by the PF authority on account of delay in linking of aadhar number by such employees of the Company to the provident fund account. As explained to us, the Company did not have any dues on account of sales tax, custom duty, excise duty, value added tax and cess.

According to the information and explanations given to us no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

Piramal Capital & Housing Finance Limited

(formerly known as Piramal Housing Finance Limited)

Annexure A to the Independent Auditor's Report – 31 March 2019 (Continued)

- (b) According to the information and explanations given to us, there are no dues with respect to income tax, sales tax, goods and service tax, value added tax, custom duty, excise duty, which have not been deposited with the appropriate authorities on account of any 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	45	AY 2014-15	Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	58	AY 2015-16	Income Tax Officer

- (viii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or debenture holders during the year.
- (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) 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 the section 177 and 188 of the Act where applicable and details have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given 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.

Piramal Capital & Housing Finance Limited

(formerly known as Piramal Housing Finance Limited)

Annexure A to the Independent Auditor's Report – 31 March 2019 **(Continued)**

- (xvi) According to the information and explanation given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For B S R & Co. LLP

Chartered Accountants

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



Venkataramanan Vishwanath

Partner

Membership No: 113156

Mumbai
26 April 2019

Piramal Capital & Housing Finance Limited

(formerly known as Piramal Housing Finance Limited)

Annexure B to the Independent Auditor's Report – 31 March 2019

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We have audited the internal financial controls with reference to standalone financial statements of the Company as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to standalone financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 with reference to standalone financial statements were established and maintained and whether 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, 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 standalone financial statements, whether due to fraud or error.

Piramal Capital & Housing Finance Limited

(formerly known as Piramal Housing Finance Limited)

Annexure B to the Independent Auditor's Report – 31 March 2019 (Continued)

Auditor's Responsibility (Continued)

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 with reference to standalone financial statements.

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

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



Venkataramanan Vishwanath

Partner

Membership No: 113156

Mumbai
26 April 2019

Piramal Capital & Housing Finance Limited

(formerly known as Piramal Housing Finance Limited)

Standalone Balance Sheet

as at March 31, 2019

(Currency : Rs in lakhs)

	Note	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
ASSETS				
1 Financial assets:				
(a) Cash and cash equivalents	3	41,231	1,55,338	100
(b) Bank balances other than (a) above	4	2,405	-	1,500
(c) Loans	5	30,83,732	19,38,208	-
(d) Investments	6	9,52,926	12,59,211	-
(e) Other financial assets	7	80,537	3,671	7
2 Non- financial assets:				
(a) Current tax assets (net)	8	6,325	1,998	1
(b) Deferred tax assets (net)	9	3,359	29,776	-
(c) Property, Plant and Equipment	11	3,196	1,378	8
(d) Intangible assets under development	11	2,330	1,690	-
(e) Goodwill	11	10,25,681	10,21,429	-
(f) Other Intangible assets	11	69	29	-
(g) Asset held for sale	-	-	1,591	-
(h) Other non-financial assets	10	10,457	1,285	276
Total Assets		52,12,248	44,15,604	1,892
LIABILITIES AND EQUITY				
Liabilities				
1 Financial liabilities:				
Payables				
(a) Trade payables				
(i) Total outstanding dues of micro and small enterprises		-	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	12	8,026	2,440	290
(b) Debt securities	13	5,90,594	5,95,526	-
(c) Borrowings (other than debt securities)	14	24,40,954	18,74,220	-
(d) Deposits	15	1,50,000	75,000	100
(e) Subordinated debt liabilities	16	49,313	49,236	-
(f) Other financial liabilities	17	5,369	6,312	-
2 Non- financial liabilities:				
(a) Current tax liabilities (net)	18	78	409	-
(b) Provisions	19	10,271	2,071	-
(c) Deferred tax liabilities (net)	9	-	-	1
(d) Other non- financial liabilities	20	4,557	1,459	-
Equity				
(a) Equity share capital	21	18,04,452	-	1,500
(b) Other equity	22	1,48,634	18,08,931	1
Total Liabilities and Equity		52,12,248	44,15,604	1,892

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


Venkataramanan Vishwanath

Partner

Membership No: 113156

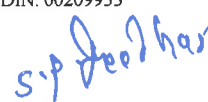
Mumbai,

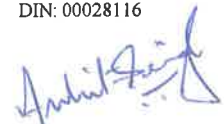
Date: April 26, 2019

For and on behalf of the Board of Directors of
Piramal Capital & Housing Finance Limited


Khushru Jijina
Managing Director
DIN: 00209953


Ajay Piramal
Director
DIN: 00028116


Sachin Deodhar
Chief Financial Officer


Ankit Singh
Company Secretary

Standalone Statement of Profit and Loss
for the year ended March 31, 2019

(Currency : Rs in lakhs)

	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations			
Interest Income	23	5,46,464	4,246
Rental Income		74	-
Fees and commission Income	24	4,372	-
Others	25	2,032	374
Total Revenue from operations		5,52,942	4,620
Other Income	26	4,244	2,169
Total Income		5,57,186	6,789
Expenses			
Finance costs	27	2,76,082	1,594
Fees and commission expense	28	7,714	35
Net loss on fair value changes	29	855	-
Impairment on financial instruments	31	12,977	-
Employee benefits expense	30	19,571	2,030
Depreciation, amortization and impairment	-	681	86
Other expenses	32	18,116	2,775
Total Expenses		3,35,996	6,520
Profit before exceptional items and tax		2,21,191	269
Exceptional items		-	-
Profit before tax		2,21,191	269
Less: Tax Expenses			
Current tax		50,460	-
Deferred tax		26,473	(4,206)
		76,933	(4,206)
Profit for the year		1,44,258	4,475
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit liability/(asset)		159	-
Income tax relating to items that will not be reclassified to profit or loss		(55)	-
Net other comprehensive income		104	-
Total comprehensive income for the year		1,44,154	4,475
Profit for the Year		1,44,154	4,475
Earnings per equity share (Basic and Diluted) (Rs.)		0.80	1.93

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



Venkataramanan Vishwanath
Partner
Membership No: 113156

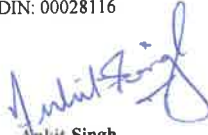
Mumbai,
Date: April 26, 2019

For and on behalf of the Board of Directors of
Piramal Capital & Housing Finance Limited


Khushru Jijina
Managing Director
DIN: 00209953


Sachin Deodhar
Chief Financial Officer


Ajay Piramal
Director
DIN: 00028116


Ankit Singh
Company Secretary

Piramal Capital & Housing Finance Limited
(formerly known as Piramal Housing Finance Limited)

Standalone Cash Flow Statement
for the year ended March 31, 2019

(Currency : Rs in lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from operating activities		
Profit before tax	2,21,191	269
Short term capital gain on mutual fund	(2,032)	(374)
Interest income from fixed deposits	(4,498)	(58)
Loss on fair valuation	855	-
Allowance for expected credit loss on loans and loan commitments	12,977	(2,167)
Provision for lease equalisation reserve	92	14
Depreciation and amortisation	681	86
Operating cash flow before working capital changes	2,29,266	(2,231)
Decrease / (Increase) in Loans	(11,57,078)	(79,825)
Decrease/ (Increase) in Asset held for sale	1,591	(296)
Decrease / (Increase) in Investments	3,08,899	(25,351)
Decrease / (Increase) in other financial assets	(78,209)	7
Decrease / (Increase) in other Non financial assets	(8,344)	276
Decrease / (Increase) in Trade Payables	5,586	379
Increase/ (Decrease) in Provisions	447	172
Decrease / (Increase) in other financial liabilities	(1,035)	259
Decrease / (Increase) in other non financial liabilities	3,098	193
Cash used in operations	(6,95,779)	(1,06,416)
Less: Income taxes paid	(55,118)	(245)
Net cash used in operating activities (a)	(7,50,897)	(1,06,661)
B Cash flow from investing activities		
Fixed assets purchased	(8,267)	(1,018)
Investments in mutual funds	(69,56,301)	-
Redemptions from mutual funds	69,61,034	374
Interest income from fixed deposits	5,851	58
Investment in fixed deposits	(2,405)	-
Redemption from in fixed deposits	-	1,500
Net cash flow from investing activities (b)	(88)	914
C Cash flow from financing activities		
Borrowings taken during the year	67,29,784	1,77,268
Borrowings repaid during the year	(60,92,905)	(84,907)
Issue of equity shares	-	30,000
Net cash flow from financing activities (c)	6,36,879	1,22,361
Net increase in cash and cash equivalents (a+b+c)	(1,14,107)	16,614
Cash and cash equivalents as at beginning of the year	1,55,338	100
Add: Cash and cash equivalent transferred under Scheme of merger	-	1,38,624
Cash and cash equivalents as at end of the year (refer note 3)	41,231	1,55,338

The notes referred to above form an integral part of the financial statements.
As per our report of even date attached.

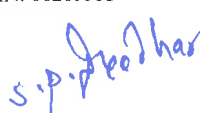
For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

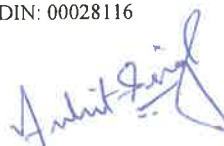

Venkataramanan Vishwanath
Partner
Membership No: 113156

For and on behalf of the Board of Directors of
Piramal Capital & Housing Finance Limited


Khushru Jijina
Managing Director
DIN: 00209953


Ajay Piramal
Director
DIN: 00028116


Sachin Deodhar
Chief Financial Officer


Ankit Singh
Company Secretary

Mumbai,
Date: April 26, 2019

Standalone Statement of changes in equity
for the year ended March 31, 2019

(Currency : Rs in lakhs)

A. Equity Share Capital:

Particulars	Amount
Balance as at April 1, 2017	1,500
Add: Issued during the year	30,600
Less: Shares cancelled on amalgamation (refer note 39)	(31,500)
Balance as at March 31, 2018	
Add: Issued during the year	18,04,452
Balance as at March 31, 2019	18,04,452

B. Other Equity:

Particulars	Reserves and Surplus				Total
	Equity Share Capital Suspense	Statutory Reserve	Capital Reserve	Retained Earnings	
Balance as at April 1, 2017	-	-	-	1	1
Add: Profit during the year	-	-	-	4,475	4,475
Add: On account of Amalgamation (refer note 39)	18,04,452	-	3	-	18,04,455
Balance as at March 31, 2018	18,04,452	-	3	4,476	18,08,931
Add/(Less): Transfer during the year	(18,04,452)	28,852	-	-	(17,75,600)
Add: Profit during the year	-	-	-	1,44,258	1,44,258
Less: Other Comprehensive Income (net of tax)	-	-	-	(104)	(104)
Less: Transfer to statutory reserve fund	-	-	-	(28,852)	(28,852)
Balance as at March 31, 2019	-	28,852	3	1,19,778	1,48,633

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



Venkataramanan Vishwanath

Partner

Membership No: 113156

Mumbai,

Date: April 26, 2019

For and on behalf of the Board of Directors of
Piramal Capital & Housing Finance Limited



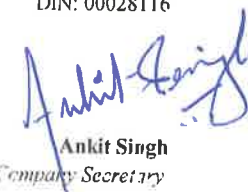
Khushbu Jijina
Managing Director
DIN: 00209953



Ajay Piramal
Director
DIN: 00028116



Sachin Deodhar
Chief Financial Officer



Ankit Singh
Company Secretary

Piramal Capital & Housing Finance Limited

(formerly known as Piramal Housing Finance Limited)

Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(Currency : Rs in lakhs)

1. GENERAL INFORMATION

Piramal Capital & Housing Finance Limited (formerly known as Piramal Housing Finance Limited) ('the Company') was incorporated under the Companies Act, 2013 on 10 February 2017 with its registered office in Mumbai to carry on the business of housing finance in India. The Company was registered as a non-deposit taking housing finance company with the National Housing Bank ("NHB") on 28 August 2017.

The Company was converted into a public limited company w.e.f. 17 October 2017 and consequently the name of the Company was changed from Piramal Housing Finance Private Limited to Piramal Housing Finance Limited w.e.f. the date of the certificate of Registrar of Companies ('ROC'), Mumbai.

The Company has acquired Piramal Finance Limited and Piramal Capital Limited with effect from 31 March 2018 being the appointed date. The primary activities of the acquired Companies involve lending / investing.

The name of Company was changed from Piramal Housing Finance Limited to Piramal Capital & Housing Finance Limited w.e.f. 12 Jun 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) and the provisions of the Companies Act, 2013 ('the Act'). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Effective April 1, 2018, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First Time adoption of Indian Accounting Standards, with April 1, 2017 as the transition date. The transition was carried out from the Indian Accounting Principle generally accepted in India as prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Company's financial statements are presented in Indian Rupees (INR), which is also its functional currency.

ii) Basis of Accounting

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

iii) Property, plant and equipment

All Property, Plant and Equipment are stated at cost of acquisition, less accumulated depreciation and accumulated impairment losses, if any. Direct costs are capitalised until the assets are ready for use and includes freight, duties, taxes and expenses incidental to acquisition and installation.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Subsequent expenditures related to an item of Property, Plant and Equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of Property, Plant and Equipment are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight line method ('SLM') over the estimated useful lives of the assets specified in Schedule II of the Companies Act, 2013.

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



Notes to the Standalone Financial Statements (Continued)
for the year ended March 31, 2019

(Currency : Rs in lakhs)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

iii) Property, Plant and Equipment (Continued)

The estimated useful lives of Property, Plant and Equipment are as stated below:

Office Equipment	5 years
Furniture and fixtures	10 years
Computers Servers and Network	6 years
Computer - End user device	3 years
Leasehold Improvements	Amortised on SLM over lease tenure

iv) 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.

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

v) Impairment of non financial assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. For the purposes of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that previously assessed impairment loss no longer exists or may have decreased, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

vi) 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.

Financial assets

Classification

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through Other Comprehensive Income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Notes to the Standalone Financial Statements (Continued)
for the year ended March 31, 2019

(Currency : Rs in lakhs)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

vi) Financial instruments (Continued)

Financial assets (Continued)

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Default assets wherein the management does not expect any realistic prospect of recovery are written off to the Statement of Profit and Loss.

Retail lending:

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, loan commitments, trade receivables and other contractual rights to receive cash or other financial asset.

The Company uses ECL allowance for financial assets measured at amortised cost, which are not individually significant, and comprise of a large number of homogeneous loans that have similar characteristics. The expected credit loss is a product of exposure at default, probability of default and loss given default. The Company has recently started its operations and it's too early to observe actual defaults and corresponding recovery in its portfolio. Accordingly, the Company has used surrogate data from a reputed credit bureau agency for potential credit losses. Further, the estimates from the above sources have been adjusted with forward looking inputs from anticipated change in future macro-economic conditions to comply with IndAS 109. The forward looking macro-economic conditions based adjustment is driven through a multi linear regression model which forecasts systemic gross non-performing assets under baseline future economic scenarios.

The financial instruments are classified into Stage 1 – Standard Assets with zero to sixty days past due (DPD), Stage 2 – Significant Credit Deterioration or overdue for more than sixty days and Stage 3 – Default Assets with overdue for more than 90 days.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk (as represented by days past due status of the individual accounts) since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Default assets wherein the management does not expect any realistic prospect of recovery are written off to the Statement of Profit and Loss.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of financial assets in entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable, is recognised in the statement of profit and loss.



Notes to the Standalone Financial Statements (Continued)
for the year ended March 31, 2019

(Currency : Rs in lakhs)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

vi) Financial instruments (Continued)

Financial assets (Continued)

By default, all other financial assets are subsequently measured at fair value through profit and loss (FVTPL).

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Effective interest rate method

Income is recognised on an effective interest rate basis for financial assets other than those financial assets classified as at FVTPL. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Changes in the fair value of financial assets at FVTPL are recognised in the statement of profit and loss.

Impairment of financial assets

Wholesale lending:

The Company applies the expected credit loss ("ECL") model for recognising impairment loss on financial assets measured at amortised cost, loan commitments, trade receivables and other contractual rights to receive cash or other financial asset.

The expected credit loss is a product of exposure at default, probability of default and loss given default. The Company has devised an internal model to evaluate the probability of default and loss given default based on the parameters set out in Ind AS 109. The Company has a dedicated Asset Monitoring team which evaluates asset performance on a continued basis to flag of early warning signals. Probability of default have been adjusted with forward looking inputs from anticipated change in future macro-economic conditions to comply with IndAS 109. The forward looking macro-economic conditions based adjustment is driven through a multi linear regression model which forecasts systemic gross non-performing assets under baseline future economic scenarios. Accordingly, the financial instruments are classified into Stage 1 – Standard Assets with zero to thirty days past due (DPD), Stage 2 – Significant Credit Deterioration or overdue between 31 to 90 days and Stage 3 – Default Assets with overdue for more than 90 days. The Company also takes into account the below qualitative parameters in determining the increase in credit risk for the financial assets:

- 1) Significant negative deviation in the business plan of the borrower
- 2) Internal rating downgrade for the borrower or the project
- 3) Current and expected financial performance of the borrower
- 4) Need for refinance of loan due to change in cash flow of the project
- 5) Significant decrease in the value of collateral
- 6) Change in market conditions and industry trends



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as at March 31, 2019

(Currency : Rs in lakhs)

As at
March 31, 2019

As at
March 31, 2018

As at
April 1, 2017

3 Cash and cash equivalents

Cash on hand	-	1	-
Balances with banks in current accounts	41,031	26,437	100
Fixed deposits (with maturity less than 3 months)	200	1,28,900	-
Total	41,231	1,55,338	100

4 Bank balances other than (a) above

Fixed deposits maturing within next 12 months	2,405	-	1,500
Total	2,405	-	1,500

5 Loans

Loans within India

Term loan to borrowers - at amortised cost

- Secured by tangible assets, considered good	30,70,471	19,40,115	-
Less: Allowance for impairment loss (expected credit loss allowance)	(39,498)	(32,046)	-

Term loan to borrowers - at FVTPL

- Secured by tangible assets, considered good	29,295	22,382	-

Term loan to borrowers - at amortised cost

- Unsecured, considered good	-	1,998	-
Less: Allowance for impairment loss (expected credit loss allowance)	-	(9)	-

Term loan to borrowers - at amortised cost

- Significant increase in Credit Risk	20,741	5,926	-
Less: Allowance for impairment loss (expected credit loss allowance)	(2,486)	(158)	-

Term loan to borrowers - at amortised cost

- Credit impaired	13,956	7,819	-
Less: Allowance for impairment loss (expected credit loss allowance)	(8,747)	(7,819)	-

30,83,732

19,38,208



Piramal Capital & Housing Finance Limited
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Notes to the Standalone Financial Statements (Continued)
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(Currency : Rs in lakhs)

6 Investments

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investments within India			
Measured at Amortised Cost			
Quoted Investments (at fully paid)			
Redeemable Non Convertible Debentures	72,642	1,03,078	-
Total	72,642	1,03,078	-
Measured at Amortised Cost			
Unquoted Investments (at fully paid)			
Redeemable Non Convertible Debentures	8,80,903	11,48,958	-
Less: Allowance for impairment loss (expected credit loss allowance)	(15,877)	(21,192)	-
Total	8,65,026	11,27,766	-
Instruments at Fair Value through Profit & Loss			
Quoted Investments (at fully paid)			
Redeemable Non Convertible Debentures	15,258	25,666	-
Total	15,258	25,666	-
Instruments at Fair Value through Profit & Loss			
Quoted Investments (at fully paid)			
Investment in Mutual Funds	-	2,701	-
Total	-	2,701	-
Total Investments	9,52,926	12,59,211	-
Aggregated book value of quoted investments	87,900	1,31,445	-
Aggregated market value of quoted investments	87,900	1,31,445	-
Aggregated book value of unquoted investments	8,80,903	11,48,958	-
Aggregated amount of impairment in value of investments	-	-	-



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as at March 31, 2019

(Currency : Rs in lakhs)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
7 Other financial assets			
Interest receivable	43	1,395	7
Security deposits	79,809	555	-
Other receivable	667	976	-
To related parties			
Unsecured, considered good			
Piramal Securities Limited	18	-	-
Piramal Enterprises Limited	-	745	-
Total other financial asset	80,537	3,671	7
8 Current tax assets (Net)			
Advance Tax (net of Provision of Rs.94,531/-, 31 March 2018 Rs. 31,139/-)	6,325	1,998	1
Total current tax assets (net)	6,325	1,998	1



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Notes to the Standalone Financial Statements (Continued)
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9 Deferred tax

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Deferred tax assets (net)	3,359	29,776	-
Deferred tax liabilities (net)	-	-	1

Particulars	Opening balance as at March 31, 2018	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing balance as at March 31, 2019
Movement in deferred tax assets:				
Depreciation on property, plant and equipment	16	70	-	86
Depreciation on intangible assets	(44,500)	(79,704)	-	(1,24,204)
Preliminary Expenses	92	(34)	-	58
Provision for compensated absence	124	109	-	233
Provision for Gratuity	207	56	55	318
Provision on loans and investments as per ECL	20,939	4,537	-	25,476
Business Loss	44,550	(39,552)	-	4,998
Unabsorbed depreciation	443	44,229	-	44,672
Lease straightlining	13	37	-	50
Gain on fair valuation	(342)	299	-	(43)
Net fair value changes on foreign currency loan	(414)	414	-	0
Deferment of interest income due to EIR	9,956	(4,391)	-	5,566
Deferment of interest expense due to EIR	(1,308)	(2,813)	-	(4,120)
Unamortised Processing fees paid to Piramal Enterprises Limited	-	(1,104)	-	(1,104)
Stamp duty on Amalgamation allowable u/s 35DD	-	914	-	914
MAT Credit Entitlement	-	50,460	-	50,460
	29,776	(26,473)	55	3,359

Particulars	Opening balance as at April 1, 2017	Recognised in profit or loss	Acquisition through business combination	Closing balance as at March 31, 2018
Movement in deferred tax assets:				
Depreciation on property, plant and equipment	(1)	(26)	43	16
Depreciation on intangible assets	-	(44,500)	-	(44,500)
Preliminary Expenses	-	92	-	92
Provision for compensated absence	-	22	102	124
Provision for gratuity	-	29	178	207
Provision on loans and investments as per ECL	-	(761)	21,700	20,939
Business Loss	-	44,550	-	44,550
Unabsorbed depreciation	-	443	-	443
Lease straightlining	-	-	13	13
Gain on fair valuation	-	(342)	-	(342)
Net fair value changes on foreign currency loan	-	(1,181)	767	(414)
Deferment of interest income due to EIR	-	7,797	2,159	9,956
Deferment of interest expense due to EIR	-	(1,917)	609	(1,308)
	(1)	4,206	25,571	29,776

10 Other non-financial assets

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Capital Advance	828	-	-
Preliminary expenses	-	-	276
Cenvat credit receivable	3,572	219	-
Prepaid expenses	370	346	-
Advance for expenses	10	78	-
Advance processing fees paid	5,677	642	-

Total Other non-financial assets

	10,457	1,285	276



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Notes to the Standalone Financial Statements (Continued)

as at March 31, 2019

(Currency : Rs in lakhs)

11 Property, plant and equipment, Intangible Assets and Intangibles under development

Particulars	Opening As at April 1, 2018	Acquisition through business combination	Cost Additions during the year	Deductions	As at March 31, 2019 (A)	Opening As at April 1, 2018	Accumulated Depreciation / Amortisation Charge for the year	Deductions	As at March 31, 2019 (B)	Net Carrying Amount As at March 31, 2019 (A-B)
Tangible Assets										
Land and Building	30	-	-	-	30	-	-	-	-	30
Office Equipment	180	-	332	-	512	12	86	-	98	414
Computer	266	-	316	10	571	28	145	2	171	400
Computer Server	142	-	156	-	298	10	42	-	52	246
Furniture	286	-	11	-	297	10	29	-	39	258
Motor Car	-	-	239	-	239	-	19	-	19	221
Leasehold Improvements	560	-	1,447	-	2,007	26	355	-	381	1,627
Other income										
Total (I)	1,464	-	2,503	10	3,956	86	675	2	760	3,196
Intangible Asset										
Goodwill on amalgamation	10,21,429	-	4,251	-	10,25,680	-	-	-	-	10,25,680
Computer software	29	-	45	-	75	-	6	-	6	69
Total (II)	10,21,458	-	4,296	-	10,25,755	-	6	-	6	10,25,749
Intangibles under development (III)										
	1,690	-	640	-	2,330	-	-	-	-	2,330
Grand Total (I+II+III)	10,24,612	-	7,439	10	10,32,041	86	681	2	766	10,31,276
Particulars	Opening As at April 1, 2017	Acquisition through business combination	Cost Additions during the year	Deductions	As at March 31, 2018 (A)	Opening As at April 1, 2017	Accumulated Depreciation / Amortisation Charge for the year	Deductions	As at March 31, 2018 (B)	Net Carrying Amount As at March 31, 2018 (A-B)
Tangible Assets										
Land and Building	-	16	14	-	30	-	-	-	-	30
Office Equipment	1	49	130	-	180	-	12	-	12	168
Computer	7	97	162	-	266	-	28	-	28	238
Computer Server	-	30	112	-	142	-	10	-	10	132
Furniture	-	62	224	-	286	-	10	-	10	276
Leasehold Improvements	-	296	264	-	560	-	26	-	26	534
Total (I)	8	550	906	-	1,464	-	86	-	86	1,378
Intangible Asset										
Goodwill on amalgamation	-	10,21,429	-	-	10,21,429	-	-	-	-	10,21,429
Computer software	-	29	-	-	29	-	-	-	-	29
Total (II)	-	10,21,458	-	-	10,21,458	-	-	-	-	10,21,458
Intangibles under development (III)										
	-	1,578	112	-	1,690	-	-	-	-	1,690
Grand Total (I+II+III)	8	10,23,586	1,018	-	10,24,612	-	86	-	86	10,24,526



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Notes to the Standalone Financial Statements (Continued)
as at March 31, 2019

(Currency : Rs in lakhs)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
12 Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,753	1,258	6
(iii) Trade payables to related parties (refer note 40)	5,273	1,182	284
Total	8,026	2,440	290
13 Debt Securities			
Debt securities in India			
Measured at amortised cost			
Redeemable Non Convertible Debentures (secured)	5,90,594	5,95,526	-
Total	5,90,594	5,95,526	-
14 Borrowings (Other than Debt Securities)			
Borrowings in India			
Measured at amortised cost			
Term Loans (secured)			
-From banks	16,66,049	11,44,776	-
-FCNR Loan	-	48,836	-
-From others	50,074	24,989	-
Loans repayable on demand (secured)			
-From banks	2,26,103	68,759	-
Commercial Paper (unsecured)	4,98,728	5,86,860	-
Total	24,40,954	18,74,220	-
15 Deposits			
Measured at amortised cost			
Intercompany deposit from related party (Unsecured)	-	75,000	100
Intercompany deposit from Others (Secured)	1,50,000	-	-
Total	1,50,000	75,000	100
16 Subordinated Liabilities			
Subordinated Liabilities in India			
Measured at amortised cost			
Redeemable Non Convertible Debentures (unsecured)	49,313	49,236	-
Total	49,313	49,236	-



Notes to the Standalone Financial Statements (Continued)

as at March 31, 2019

(Currency : Rs in lakhs)

13. Debt Securities

A. Redeemable Non Convertible Debentures (secured)

Particulars	Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2019	Principal Outstanding as at March 31, 2018	Principal Outstanding as at April 1, 2017	Maturity Due Date	First Instalment payment date
10,000 (payable on maturity) 9.35% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 10,00,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1093 days from the date of allotment ; with put option	-	1,00,000	-	19-Jul-19	NA
250 (payable annually) 8.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 10,00,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1093 days from the date of allotment.	2,500	2,500	-	22-Nov-19	NA
3,000 (payable annually) 9.57% Secured Rated, Unlisted, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 10,00,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1001 days from the date of allotment.	-	30,000	-	08-Mar-19	NA
3,500 (payable annually) 9.25% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 10,00,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 728 days from the date of allotment.	-	35,000	-	10-Aug-18	NA
50 (payable annually) 8.95% Secured Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 10,00,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1093 days from the date of allotment.	500	500	-	08-Mar-24	NA
2,000 (payable on maturity) 8.85% Secured Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1152 days from the date of allotment	20,000	20,000	-	25-May-20	NA
1,500 (payable annually) 9.05% Secured Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having face value of Rs. 1,000,000 ; with 50% partly paid and issued	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1093 days from the date of allotment ; with a put option	10,000	75,000	-	09-Aug-19	NA
4400 (payable on maturity) 8.85% Secured, Rated, Listed, redeemable Non Convertible Debentures (NCD's) each having a face value of Rs 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1154 days from the date of allotment	44,000	44,000	-	03-Jun-20	NA
500 (payable annually) 8.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 729 days from the date of allotment	5,000	5,000	-	19-Apr-19	NA
250 (payable annually) 8.75% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having a face value of Rs. 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 2356 days from the date of allotment	2,500	2,500	-	03-May-24	NA
500 (payable annually) 8.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 729 days from the date of allotment	5,000	5,000	-	07-Jun-19	NA
500 (payable annually) 8.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 729 days from the date of allotment	5,000	5,000	-	07-Jun-19	NA
250 (payable annually) 8.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of face value Rs 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 729 days from the date of allotment	2,500	2,500	-	07-Jun-19	NA
150 (payable annually) 8.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of face value Rs 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 729 days from the date of allotment	1,500	1,500	-	07-Jun-19	NA
500 (payable annually) 8.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 728 days from the date of allotment	5,000	5,000	-	14-Jun-19	NA
950 (payable annually) 8.35% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after three years from the date of allotment	9,500	9,500	-	14-Jul-20	NA
500 (payable annually) 9.05% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 725 days from the date of allotment	-	5,000	-	09-Aug-19	NA
1750 (payable annually) 9.05% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of face value Rs 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 725 days from the date of allotment	-	17,500	-	09-Aug-19	NA
5250 (payable annually) 9.05% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of face value Rs 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 725 days from the date of allotment	20,000	52,500	-	09-Aug-19	NA



Notes to the Standalone Financial Statements (Continued)
as at March 31, 2019

(Currency : Rs in lakhs)

13. Debt Securities (Continued)

A. Redeemable Non Convertible Debentures (secured)

Particulars	Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2019	Principal Outstanding as at March 31, 2018	Principal Outstanding as at April 1, 2017	Maturity Due Date	First Instalment payment date
500 (payable annually) 8.35% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after three years from the date of allotment	5,000	5,000	-	04-Aug-20	NA
500 (payable annually) 8.35% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after three years from the date of allotment	5,000	5,000	-	04-Aug-20	NA
250 (payable annually) 8.35% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after three years from the date of allotment	2,500	2,500	-	04-Aug-20	NA
5000 (payable annually) 8.07% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having a face value of Rs. 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1096 days from the deemed date of allotment	50,000	50,000	-	25-Sep-20	NA
1250 (payable annually) 8.10% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of face value Rs 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1096 days from the date of allotment	12,500	12,500	-	29-Sep-20	NA
5000 (payable monthly) 7.96% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each having a face value of Rs. 1000000	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are redeemable at par in three installments : 8th year-167 crore; 9th year-167 crore; 10th year-166 crore	50,000	50,000	-	20-Sep-27	19-Sep-25
150 (payable annually) 7.96% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1094 days from the date of allotment	1,500	1,500	-	06-Nov-20	NA
1000 (payable annually) 7.96% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1094 days from the date of allotment	10,000	10,000	-	06-Nov-20	NA
350 (payable annually) 9.25% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 2555 days from the date of allotment	3,500	-	-	03-Oct-25	NA
250 (payable annually) 9.75% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after 1826 days from the date of allotment	2,500	-	-	02-Nov-23	NA
5000 (payable annually) 9.27% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are redeemable at par in three installments : 8th year-167 crore; 9th year-167 crore; 10th year-166 crore	50,000	-	-	19-Dec-28	18-Dec-26
6500 (payable annually) 9.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after three years and three months from the date of allotment	65,000	-	-	15-Apr-22	NA
1000 (payable annually) 9.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after three years three months and fourteen days from the date of allotment	10,000	-	-	29-Apr-22	NA
500 (payable annually) 9.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after three years and three months from the date of allotment	5,000	-	-	21-Apr-22	NA
2000 (payable annually) 9.50% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after three years three months and fourteen days from the date of allotment	20,000	-	-	06-May-22	NA
5000 (payable annually) 9.51% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after eight years from the date of allotment	50,000	-	-	11-Mar-27	NA
5000 (payable annually) 9.51% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after Nine years from the date of allotment	50,000	-	-	10-Mar-28	NA
5000 (payable annually) 9.51% Secured, Rated, Listed, Redeemable Non Convertible Debentures (NCD's) each of a face value Rs 1000000 each	First pari-passu charge by hypothecation over the movable assets and a first ranking pari passu mortgage over Specifically Mortgaged Property	The NCD's are repayable after Ten years from the date of allotment	50,000	-	-	09-Mar-29	NA

The rate of interest for the above loans are in the range of 7.96% to 9.75% per annum



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(Currency : Rs in lakhs)

14. Borrowings (Other than Debt Securities)

B. 1. Rupee Term Loan from Banks

Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2019	Principal Outstanding as at March 31, 2018	Principal Outstanding as at April 1, 2017	Maturity Due Date	First Instalment payment date
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable quarterly installments starting after twelve months from initial drawdown date	625	1,875	-	31-Jul-19	31-Oct-15
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable quarterly installments starting after twelve months from initial drawdown date	1,000	1,250	-	20-Feb-20	20-Feb-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable quarterly installments starting after twelve months from initial drawdown date	750	750	-	04-Mar-20	04-Jun-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in ten equal half yearly installments with moratorium period of one year from drawdown date	7,500	12,500	-	17-Jun-20	17-Dec-17
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in twelve equal quarterly installments commencing from 27 month of drawdown date	25,000	25,000	-	15-Mar-22	30-Jun-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in twelve equal monthly installments after the moratorium period of 24 month from the date of drawdown	25,000	25,000	-	26-Mar-20	26-Apr-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in Fifteen months from drawdown date	-	45,000	-	28-Feb-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in ten equal quarterly installments commencing from 21st month from date of drawdown	60,000	75,000	-	30-Mar-21	31-Dec-18
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in three years from drawdown date	20,000	20,000	-	06-Mar-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in three years from drawdown date	50,000	50,000	-	30-Mar-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in twelve quarterly installments Commencing from 24th month from date of drawdown	1,25,000	1,25,000	-	09-Mar-22	09-Jun-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in half yearly installments Commencing from one year from date of drawdown	8,333	10,000	-	26-Apr-21	26-Oct-18
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in half yearly installments Commencing from one year from date of drawdown	4,167	5,000	-	26-Apr-21	26-Oct-20
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in three years from drawdown date	20,000	20,000	-	18-Sep-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in eight equal quarterly installments commencing after the moratorium period of two years from the date of drawdown	20,000	20,000	-	17-Sep-21	18-Dec-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in six equal quarterly installments commencing from 7 quarter of date of drawdown	30,000	30,000	-	25-Sep-20	21-Jun-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in twelve equal quarterly installments commencing from 25 months from date of drawdown	10,000	10,000	-	27-Jun-22	30-Sep-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in three years from the date of drawdown	-	30,000	-	29-Sep-19	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in twelve quarterly installments Commencing from 24th month of date of drawdown	25,000	25,000	-	09-Mar-22	09-Jun-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in ten equal quarterly installments commencing from 21st month from date of drawdown	12,500	12,500	-	02-Aug-21	02-May-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in eight equal quarterly installments commencing from 15th month from date of drawdown	3,750	5,000	-	18-Aug-20	16-Nov-18
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in sixteen quarterly installments with a holiday period of 1 year from the drawdown date.	43,750	50,000	-	28-Aug-22	28-Mar-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in twelve equal monthly installments after the moratorium period of 24 months from the drawdown date	20,000	20,000	-	31-Aug-20	31-Aug-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in ten equal quarterly installments starting from 21st month from drawdown date	75,000	75,000	-	24-Sep-21	26-Jun-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in two years from drawdown date	-	25,000	-	29-Sep-19	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in four equal quarterly installments commencing from 27th month from the drawdown date	-	7,500	-	31-Aug-20	30-Nov-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in eighteen months from the date of drawdown	-	22,000	-	28-Jun-19	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in eight half yearly installments commencing after initial moratorium period of 12 months	13,125	15,000	-	30-Sep-22	26-Mar-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in twelve monthly installments, first 11 of 20.83 crore each and the 12th installment of 20.87 crore post holiday period of 24 months from drawdown date	25,000	25,000	-	18-Sep-20	18-Oct-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in three years from drawdown date	10,000	10,000	-	18-Sep-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in eight half yearly installments commencing after 12th month from the drawdown date	4,375	5,000	-	30-Sep-22	26-Mar-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in ten quarterly installments commencing from 21st month from the date of drawdown	15,000	15,000	-	06-Oct-21	06-Jul-19



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(Currency : Rs in lakhs)

14. Borrowings (Other than Debt Securities) (Continued)

B.1. Rupee Term Loan from Banks

Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2019	Principal Outstanding as at March 31, 2018	Principal Outstanding as at April 1, 2017	Maturity Due Date	First Instalment payment date
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in eight equal quarterly installments commencing after a moratorium of 2 years from the date of drawdown	10,000	10,000	-	17-Sep-21	18-Dec-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in twelve equal monthly installments commencing after a moratorium period of 24 months from the date of drawdown	5,000	5,000	-	30-Nov-20	31-Dec-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in twelve equal monthly installments commencing after a moratorium period of 24 months from the date of drawdown	15,000	15,000	-	30-Nov-20	31-Dec-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in ten quarterly installments commencing from 21st month from the date of drawdown	7,500	7,500	-	21-Dec-21	21-Sep-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in ten quarterly installments commencing from 21st month from the date of drawdown	15,000	15,000	-	27-Dec-21	27-Sep-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in four equal quarterly installments commencing from 13th month of drawdown date	18,750	25,000	-	28-Dec-19	28-Mar-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in sixteen equal quarterly installments commencing from 13th month of drawdown date	46,875	50,000	-	28-Dec-22	28-Nov-18
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in twelve equal monthly installments commencing after moratorium of 24 months from the date of drawdown	10,000	10,000	-	30-Nov-20	31-Dec-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in ten quarterly installments commencing from 21st month from the date of drawdown	37,500	37,500	-	11-Feb-22	11-Nov-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in nineteen quarterly installments commencing after a moratorium period of 3 months from the date of drawdown	16,842	20,000	-	28-Feb-23	31-Aug-18
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in six equal half yearly installments with moratorium period of one year from drawdown date	30,000	30,000	-	31-Mar-22	30-Sep-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 15 months from drawdown date	-	16,500	-	25-Jun-19	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 15 months from drawdown date	-	16,500	-	25-Jun-19	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in three years from drawdown date	-	20,000	-	15-Apr-19	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in twelve equal monthly installments commencing post moratorium period of 2 years from the drawdown date	5,000	5,000	-	28-Feb-21	31-Mar-20
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 12 months from drawdown date	5,000	-	-	12-Nov-19	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in eighteen months from drawdown date	-	10,000	-	11-Sep-19	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in eighteen months from drawdown date	-	10,000	-	19-Sep-19	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in eight quarterly installments commencing after a moratorium period of 12 months from the date of first disbursement	30,000	30,000	-	26-Mar-21	28-Jun-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayment in equal half yearly installments	8,750	-	-	20-Apr-22	20-Oct-18
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in two years from drawdown date	20,000	-	-	26-Jun-20	26-Jun-20
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 18 months from drawdown date	25,000	-	-	30-Jan-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in three years from drawdown date	30,000	-	-	10-Aug-21	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 18 months from drawdown date	10,000	-	-	21-Mar-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 18 months from drawdown date	10,000	-	-	25-Mar-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 18 months from drawdown date	10,000	-	-	27-Mar-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 18 months from drawdown date	7,500	-	-	24-Mar-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayment of principle to be repaid in 18 quarterly installment after moratorium period of 6 months from the date of 1st drawdown	2,00,000	-	-	31-Oct-23	31-Jul-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayment of principle to be repaid in 12 quarterly installment of Rs. 41.67 Crs after moratorium period of 6 months from the date of 1st drawdown	50,000	-	-	26-May-22	26-Aug-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayment of principle to be repaid in 16 quarterly installment of Rs. 6.23 Crs after moratorium period of 3 months from the date of 1st drawdown	20,000	-	-	27-Mar-23	27-Jun-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 10 months from 21 month of each drawdown date	46,874	-	-	29-Dec-22	29-Jan-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 6 equal semi annual installment after 12 months from drawdown date	20,000	-	-	31-Dec-22	30-Jun-20



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14. Borrowings (Other than Debt Securities) (Continued)

B. 1. Rupee Term Loan from Banks

Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2019	Principal Outstanding as at March 31, 2018	Principal Outstanding as at April 1, 2017	Maturity Due Date	First Instalment payment date
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 18 months from drawdown date	40,500	-	-	07-Jul-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 35 months from drawdown date	25,000	-	-	31-Dec-21	29-Feb-20
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayment of principle to be repaid in 47 equal monthly installment of Rs. 10.41 Crs and Rs. 10.73Crs on 48th installment after drawdown	48,958	-	-	02-Feb-23	02-Mar-19
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 18 months from drawdown date	15,900	-	-	21-Aug-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 24 months from drawdown date	25,000	-	-	19-Feb-21	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 15 months from drawdown date	10,000	-	-	09-Jun-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 15 months from drawdown date	10,000	-	-	10-Jun-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 15 months from drawdown date	10,000	-	-	11-Jun-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayment of Principle to be repaid in 12 equal quarter installment of Rs. 25 Crs after moratorium period of the 2 years from the date of drawdown	30,000	-	-	31-Mar-24	30-Jun-21
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 4 year from drawdown date	10,000	-	-	26-Mar-23	26-Sep-20
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 15 months from drawdown date	20,000	-	-	25-Jun-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 15 months from drawdown date	25,000	-	-	26-Jun-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 13 months from drawdown date	25,000	-	-	28-Apr-20	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 13 months from drawdown date	10,000	-	-	29-Apr-20	NA

The rate of interest for the above loans are in the range of 8.30% to 10.70% per annum



Notes to the Standalone Financial Statements (Continued)
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(Currency : Rs in lakhs)

14. Borrowings (Other than Debt Securities) (Continued)

B. Foreign Currency Non Repatriable Loans:

Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2019	Principal Outstanding as at March 31, 2018	Principal Outstanding as at April 1, 2017	Maturity Due Date	First Instalment payment date
First pari-passu charge on the movable assets including receivables present and future	Repayable in two years from drawdown date	-	25,000	-	18-Jun-18	NA
First pari-passu charge on the standard assets including receivables present and future	Repayable in two years from drawdown date	-	25,000	-	15-Jun-18	NA

The rate of interest for the above loans are in the range of 9.60% to 9.75% per annum

B.3. Term Loan from others:

Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2019	Principal Outstanding as at March 31, 2018	Principal Outstanding as at March 31, 2017	Maturity Due Date	First Instalment payment date
First pari-passu charge by way of hypothecation created over secured assets	Repayable in five equal quarterly installments commencing 24 Month from the date of first disbursement	10,000	25,000	-	29-Jul-19	29-Jul-18
First pari-passu charge by way of hypothecation created over secured assets	Repayable in 21 month from drawdown date	-	-	-	26-Apr-21	26-Oct-18
First pari-passu charge by way of hypothecation created over secured assets	Repayable in 378 days from drawdown date	20,000	-	-	04-Oct-19	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts present and future	Repayment at end of 10th month Rs. 30 crs, 11th month Rs. 50crs and 12 month Rs. 120 crs	20,000	-	-	19-Feb-20	19-Dec-19

The rate of interest for the above loans are in the range of 9.50% to 10.50% per annum

B.4. Loans repayable on demand (secured):

Nature of Security	Principal Outstanding as at March 31, 2019	Principal Outstanding as at March 31, 2018	Principal Outstanding as at April 1, 2017
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	30,000	30,000	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	5,000	5,000	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	10,000	5,000	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	-	5,000	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	20,000	20,000	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	3,000	-	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	10,000	-	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	10,000	-	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	7,000	-	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	1,400	-	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	800	-	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	10,000	-	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	1,350	-	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	1,00,000	-	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	15,000	-	-
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	1,500	-	-

The rate of interest for the above loans are in the range of 8.10% to 11.50% per annum

B5. Commercial Paper

Particulars	Terms of Repayment	Principal Outstanding as at March 31, 2019	Principal Outstanding as at March 31, 2018	Principal Outstanding as at April 1, 2017	Maturity Due Date
Commercial Paper	Repayable within 365 days from date of disbursement	4,98,728	4,98,157	5,56,615	Various

The rate of interest for the above loans are in the range of 6.65% to 9.25% per annum



Notes to the Standalone Financial Statements (Continued)
as at March 31, 2019

(Currency : Rs in lakhs)

15. Intercompany Deposit :

Intercompany deposit from related party (Unsecured)

Particulars	Terms of Repayment	Principal Outstanding as at March 31, 2019	Principal Outstanding as at March 31, 2018	Principal Outstanding as at April 1, 2017	Maturity Due Date	First Instalment payment date
Intercompany Deposit	Repayable in Eighteen months from drawdown date	-	75,000	100	29-Apr-20	NA

The rate of interest for the above loans are in the range of 8.25% to 9.25% per annum

Intercompany deposit from Others (Secured)

Particulars	Terms of Repayment	Principal Outstanding as at March 31, 2019	Principal Outstanding as at March 31, 2018	Principal Outstanding as at April 1, 2017	Maturity Due Date	First Instalment payment date
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 6 months from drawdown date	50,000	-	-	10-Jun-19	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 6 months from drawdown date	50,000	-	-	12-Jun-19	NA
First pari-passu charge by way of hypothecation on the standard moveable assets including receivables and book debts, present and future	Repayable in 6 months from drawdown date	50,000	-	-	29-May-19	NA

The effective costs for the above loans is 9.50% to 9.75% per annum

16. Subordinated Liabilities :

Redeemable Non Convertible Debentures (unsecured)

Particulars	Terms of Repayment	Principal Outstanding as at March 31, 2019	Principal Outstanding as at March 31, 2018	Principal Outstanding as at April 1, 2017	Maturity Due Date	First Instalment payment date
5,000 (payable annually) 9.55% Unsecured, Subordinated, Tier II, Rated, Listed, Redeemable Non Convertible Debentures (NCDs) each having face value of Rs. 10,00,000	The NCDs are repayable after 10 years from the date of allotment	50,000	50,000	-	08-Mar-27	NA

The rate of interest for the above loans is 9.55% per annum



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(formerly known as Piramal Housing Finance Limited)

Notes to the Standalone Financial Statements (Continued)
as at March 31, 2019

(Currency : Rs in lakhs)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
17 Other financial liabilities			
Lease equalisation	142	50	-
Payable to employees	5,227	4,638	-
Forward Contract Payable (refer note 45)	-	1,624	-
Total	5,369	6,312	-
18 Current tax liabilities			
Provision for tax (net of advance tax of Rs. 3,484/-, 31 March 2018 Rs. 66,544/-)	78	409	-
Total	78	409	-
19 Provisions			
Provision for Employee Benefits			
Gratuity (refer Note 41)	911	591	-
Compensated absence	667	381	-
Provision on Commitments (refer note 37 (a) and 44.3(b))	8,693	1,099	-
Total provisions	10,271	2,071	-
20 Other non- financial liabilities			
Statutory dues payable	2,809	575	-
Advance received	1,748	884	-
Total	4,557	1,459	-



Piramal Capital & Housing Finance Limited
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Notes to the Standalone Financial Statements (Continued)
as at March 31, 2019

(Currency : Rs in lakhs)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
21 Equity Share Capital			
Authorized share capital:			
Opening balance:	5,70,200	30,000	30,000
25,000,000,000 (31 March 2018: 300,000,000) equity shares of INR 10 each			
Additions during the year	19,29,800	40,000	-
Add: Pursuant to the scheme of Merger (Refer Note 39)	-	5,00,200	-
Total	25,00,000	5,70,200	30,000

Note- The Company has increased its Authorised Share Capital to Rs. 19,99,800 lakhs w.e.f. May 02, 2018. Thus, w.e.f. the Effective Date, i.e. May 23, 2018, the Authorised Share Capital of the Company shall be Rs 2,500,000 lakhs.

Issued, subscribed and paid up capital:			
Opening balance	-	1,500	1,500
Add: issued during the year	18,04,452	30,000	-
Less: Cancelled during the year on account of merger	-	(31,500)	-
Total	18,04,452	-	1,500

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

Name of the shareholder	March 31, 2019	March 31, 2018	April 1, 2017
Piramal Enterprises Limited (100% holding company)	18,04,452	-	-
Piramal Finance Limited (100% holding company)	-	-	1,500

Rights, preferences and restrictions attached to shares

Equity shares

- (i) The Company has one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. There are no restriction on payment of dividend to equity shareholders. Upon winding up of the company, the holders of equity share will be entitled to receive balance assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- (ii) 1804452 (31 March 2018: Nil; 1 April 2017 : Nil) equity share of INR 10 each issued as fully paid for consideration other than cash. (refer note 39)

22 Other equity

Equity share capital suspense (refer note 22.1)	-	18,04,452	-
Capital Reserve (refer note 22.2)	3	3	-
Statutory reserve fund (refer note 22.3)	28,852	-	-
Retained earnings (refer note 22.4)	1,19,779	4,476	1
Total	1,48,634	18,08,931	1



Notes to the Standalone Financial Statements (Continued)
as at March 31, 2019

(Currency : Rs in lakhs)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
22.1 Equity share capital suspense			
Opening balance	18,04,452	-	-
Addition during the year (refer note 39)	(18,04,452)	18,04,452	-
Closing Balance	-	18,04,452	-
22.2 Capital reserve			
Opening balance	3	-	-
Addition during the year (refer note 39)	-	3	-
Closing Balance	3	3	-
22.3 Statutory reserve fund			
Reserve fund U/s 29C of the NHB Act, 1987			
Opening Balance	-	-	-
Addition during the year	28,852	-	-
Closing Balance	28,852	-	-
Reserve Fund is required to be maintained u/s 29C of the NHB Act, 1987 for Housing Finance Companies. During the current year ended March 31, 2019, the Company has transferred an amount of Rs. 28,852 (31 March 2018 Rs. Nil lakhs), being 20% of profit after tax.			
22.4 Retained earnings			
Opening Balance	4,476	1	-
Net profit for the year	1,44,258	4,475	1
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(104)	-	-
Less: Transfer to statutory reserve fund	(28,852)	-	-
Closing Balance	1,19,778	4,476	1

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety. No dividend is declared till date to the shareholders of the Company.



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Notes to the Standalone Financial Statements (Continued)
for the year ended March 31, 2019

(Currency : Rs in lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations		
23 Interest income		
Interest income measured at amortised cost:		
- on investments	1,36,130	526
- on loans and advances	3,98,771	3,647
Interest income- on investments mandatorily measured at FVTPL	7,065	17
Interest income on Fixed deposits	4,498	56
Total Interest income	5,46,464	4,246
24 Fees and commission Income		
Other financial services:		
- processing / arranger fees	4,372	-
Total Fees and commission Income	4,372	-
25 Others		
Short term capital gain on mutual fund	2,032	374
Total other income	2,032	374
Total	5,52,869	4,620
26 Other income		
Other non-operating income	4,244	2
Write back of provision	-	2,167
	4,244	2,169
Expenses		
27 Finance cost		
Interest expense measured at amortised cost:		
Interest on deposits	21,348	-
Interest on borrowings	1,99,037	1,594
Interest on debt securities	50,845	-
Interest on subordinated liabilities	4,852	-
	2,76,082	1,594
28 Fees and commission expense		
Other borrowing cost	7,714	35
	7,714	35



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Notes to the Standalone Financial Statements (Continued)

for the year ended March 31, 2019

(Currency : Rs in lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
29 Net loss on fair value changes		
Loss on investments measured at FVTPL	855	-
	855	-
30 Employee benefits expense		
Salaries and wages	18,001	1,711
Contribution to provident and other fund	515	49
Provision for leave encashment	317	88
Staff welfare expenses	535	98
Provision for gratuity	203	84
	19,571	2,030
31 Impairment on financial instruments		
On Financial instruments measured at Amortised Cost		
Loans	10,698	-
Investments	(5,314)	-
Commitments	7,594	-
	12,977	-
32 Other expenses		
Corporate social responsibility expenses (refer note 49)	2,610	-
Rent (refer note 35)	2,299	285
Rates and taxes, excluding taxes on income	-	20
Travelling and conveyance	629	83
Legal and professional fees	6,613	393
Royalty	2,419	-
Electricity expense	199	36
Repairs and maintenance - others	973	6
Business Promotion and Advertisement Expenses	709	849
Postage and communication	160	14
Printing and stationery	153	30
Other expenses	1,179	1,049
Payments to auditors		
- as auditor	40	10
- for other services	132	-
- for reimbursement of expenses	1	-
	18,116	2,775



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Notes to the Standalone Financial Statements (Continued)
as at March 31, 2019

(Currency : Rs in lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018

33 Income Taxes

a. Recognised in Profit or Loss

Current Tax	50,460	-
In respect of the current year		
Deferred Tax	26,473	(4,206)
In respect of the current year		
Total	76,933	(4,206)

b. The income tax expense for the year can be reconciled to the accounting profit as follows:

	Rs. in lakhs		Effective tax rate reconciliation	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax from continuing operations	2,21,191	269		
Income tax expense calculated at 34.944% (previous year at 34.608%)	77,293	93	34.94%	34.61%
<u>Tax effect:</u>				
Donation	912	-	0.41%	0.00%
Amalgamation related expenses	(1,218)	-	-0.55%	0.00%
Impact of change in method of deferred tax from profit or loss approach to balance sheet approach	-	(4,259)	0.00%	-1583.27%
Section 43B disallowance of AY 2018-19	(1,008)	-	-0.46%	0.00%
Effect of Loan book Transfer	954	-	0.43%	0.00%
Others	-	(40)	0.00%	-14.87%
Income tax expense recognised in profit or loss	76,933	(4,206)	34.78%	-1563.53%
Effective Tax Rate	34.78%	-1563.53%		



Notes to the Standalone Financial Statements (Continued)
for the year ended March 31, 2019

(Currency : Rs in lakhs)

34 Earnings per share (EPS)

Basic and diluted EPS is computed in accordance with Ind AS 33 'Earnings Per Share' specified under section 133 of the Companies Act 2013.

The computation of earnings per share is set out below:

Description	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Net profit/ loss attributable to equity shareholders	1,44,258	4,475	1
Weighted average number of equity shares outstanding during the year for calculation of EPS	18,04,45,17,320	23,20,67,171	1,50,00,000
Basic and Diluted EPS of face value of INR 10	0.80	1.93	0.00

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

35 Operating lease

The Company's significant operating lease arrangements are mainly in respect of office/branch premises. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Other Expenses" in note 32.

These lease arrangements are for a period exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms. The Company has placed a refundable deposit of Rs 1275 lakhs (P.Y. Rs. 528) in respect of these leasing arrangements.

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Lease payments recognised in the statement of profit and loss	2,299	285	-
Future minimum lease payments for non-cancellable operating leases			
Not later than one year	2,276	1,398	-
Later than one year but not later than five years	5,403	2,796	-
Later than five years	907	-	-

36 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 available with company 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 2018. 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.



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Notes to the Standalone Financial Statements (Continued)

for the year ended March 31, 2019

(Currency : Rs in lakhs)

37(a) Contingent liabilities

Particulars	March 31, 2019	March 31, 2018	April 01, 2017
Claim against the Company not acknowledged as debt			
Dues towards Income Tax for AY 2012-2013	-	13	-
Dues towards Income Tax for AY 2014-2015	45	45	-
Dues towards Income Tax for AY 2015-2016	58	61	-
Letter of Comfort issued by the Company	44,917	1,01,946	-

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

The Company has given letter of comfort to unrelated parties in relation to borrowing from banks. The term of the contract contains a minimum compensation payment to unrelated parties in the event of default.

There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February, 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution of provident fund under the EPF Act. The company is in the process of evaluating the method of computation of its PF contribution prospectively and would record any further effect in its financial statements, on receiving additional clarity on the subject.

37(b) Capital commitment

Particulars	March 31, 2019	March 31, 2018	April 01, 2017
Undisbursed loan commitments	86,465	37,528	-
Total	86,465	37,528	-

The undisbursed loan commitments represents the undrawn limits of the facilities sanctioned that are non-cancellable at sole and absolute discretion of the Company.

38 Segment reporting

The chief operational decision maker monitors its principle business segment i.e. 'financing segment' for the purpose of making decision about resource allocation and performance assessment. The Company is operating in a single reportable and geographical segment in accordance with Ind AS 108 - Operating Segments as notified u/s 133 of the Companies Act, 2013 and accordingly the same is not applicable to the Company.



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Notes to the Standalone Financial Statements (Continued)

for the year ended March 31, 2019

(Currency : Rs in lakhs)

39 Amalgamation of Piramal Finance Limited and Piramal Capital Limited with Piramal Housing Finance Limited erstwhile Piramal Housing Finance Private Limited

- 1 The Board of Directors of Piramal Capital Limited (PCL) and the board of Directors of and Piramal Finance Limited (PFL) had at their respective meetings held on October 12, 2017, had approved the Scheme of Amalgamation ("Scheme") of PFL and PCL (together referred as "Transferor Companies") with Piramal Housing Finance Limited (PHFL) (referred as "Transferee Company") effective from March 31, 2018 ("Appointed date"). The National Company Law Tribunal, Mumbai Bench ("NCLT") at its hearing held on April 06, 2018, have sanctioned the Scheme of Amalgamation of the Transferor Companies PFL and PCL with the Transferee Company PHFL. The certified copy of the NCLT, sanctioning the Scheme was filed with the Registrar of Companies, Maharashtra, Mumbai on May 23, 2018 (the "Effective Date").

In accordance with the said Scheme and as per the approval of the National Company Law Tribunal :

- a) The amalgamation has been accounted for under the "Purchase Method" as prescribed by AS 14 - Accounting for Amalgamations as specified under section 133 of the Companies Act 2013 and as per the specific provisions of the Scheme. Accordingly, the Scheme has been given effect to in these financial statements. All assets, liabilities, rights and obligations, income and expenditure of the Transferor Companies stand transferred to and vested in the Transferee Company.
- b) The purchase consideration of Rs 1,804,452 lakhs for acquisition of Transferor Companies is being discharged by way of issue of 18,044,517,320 equity shares of Rs 10/- each at face value per share to the shareholder of PFL and PCL as per following share exchange ratio (without payment being received in cash).
- i) 483 equity shares of face value of Rs. 10 each for every 100 equity shares of face value of Rs. 10 each held in PFL pre amalgamation.
- ii) 1 equity shares of face value of Rs. 10 each for every 5 equity shares of face value of Rs. 2 each held in PCL pre amalgamation.
- iii) Pending allotment, the face value of such shares has been shown as "Equity Share Suspense". The said shares have been allotted on the Effective Date.
- 2 Consequent to the Scheme becoming effective, net assets of Transferor Companies aggregating to Rs. 783,027 lakhs as at the Appointed date have been transferred to the Transferee Company at their respective fair values as determined by an independent Valuer. The balance amount of Rs 1,021,428 lakhs has been recorded as goodwill on amalgamation and Rs. 3 lakhs as capital reserve.
- 3 The Company has increased its Authorised Share Capital to Rs. 19,99,800 lakhs w.e.f. May 02, 2018. Thus, w.e.f. the Effective Date, i.e. May 23, 2018, the Authorised Share Capital of the Company shall be Rs 2,500,000 lakhs.

Break down of the purchase consideration into net assets and goodwill is as under:

(Rs. in Lakhs)			
Particulars	PFL	PCL	Total
I. Consideration paid for acquisition	18,04,252	200	18,04,452
II. Net assets acquired on Appointed date	7,82,824	203	7,83,027
III. Goodwill (I - II)	10,21,428	(3)	10,21,425

- 4 The amalgamation has been accounted under the "Purchase Method" as prescribed by AS 14 - Accounting for Amalgamations as specified under section 133 of the Companies Act 2013 and as per the specific provisions of the Scheme. If the same would have been accounted as per IndAS 103 - Business Combinations, results would have been different.
- 5 Due to the amalgamation of Transferor Companies with the Transferee Company from Appointed date of March 31, 2018, the figures of the current year will not be comparable to the corresponding figures of the previous year.



Notes to the Standalone Financial Statements (Continued)
for the year ended March 31, 2019

(Currency : Rs in lakhs)

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

List of Related Parties

Ultimate holding companies

A. Holding companies

Piramal Enterprises Limited (w.e.f. 31 March 2018, Ultimate Holding Company upto 30 March 2018)
Piramal Finance Limited (upto 30 March 2018)

B. Fellow subsidiaries

Piramal Fund Management Private Limited
PHL Fininvest Private Limited
Piramal Securities Limited

C. Other related parties where common control exists

Aasan Corporate Solutions Private Limited
Brickex Advisors Private Limited
Gopikrishna Piramal Memorial Hospital
Piramal Corporate Services Private Limited
Piramal Foundation for Educational Leadership (till 20 March 2018)
Piramal Swasthya Management & Research Institute (till 20 March 2018)
Piramal Trusteeship Services Private Limited
Piramal Udgam Data Management Solution

D. Key Management Personnel

Mr. Khushru Jijina (appointed as Managing Director w.e.f. 1 March 2017)

E. Non-Executive/Independent Directors

Mr. Deepak Satvatekar
Mr. Subail Nathani
Mr. Harish Engineer



40 Information in accordance with the requirements of Indian Accounting Standard 24 on Related Party Disclosures. (Continued)

F. Details of transactions with related parties

Details of Transactions	Holding Company		Follow-up subsidiaries		Other Related Parties		Key Management Personnel		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Rent paid										
- Piramal Enterprises Limited	1	1	*	*	*	*	*	*	1	1
- Aasan Corporate Solutions Private Limited	*	*	*	*	1,299	148	*	*	1,299	148
- Gopikrishna Piramal Memorial Hospital	*	*	*	*	22	*	*	*	22	*
TOTAL	1	1	*	*	1,320	148	*	*	1,322	149
Commission paid										
- Bricks Advisers Private Limited	*	*	*	*	1,113	167	*	*	1,113	167
TOTAL	*	*	*	*	1,113	167	*	*	1,113	167
Royalty Paid										
- Piramal Corporate Services Private Limited	*	*	*	*	2,569	*	*	*	2,569	*
TOTAL	*	*	*	*	2,569	*	*	*	2,569	*
Donation Given										
- Piramal Foundation for Educational Leadership	*	*	*	*	1,906	*	*	*	1,906	*
- Piramal Swasthya Management & Research Institute	*	*	*	*	702	*	*	*	704	*
- Piramal Udgam Data Management Solution	*	*	*	*	10	*	*	*	10	*
TOTAL	*	*	*	*	2,626	*	*	*	2,620	*
Processing Fees Paid										
- Piramal Enterprises Limited	793	*	*	*	*	*	*	*	793	*
TOTAL	793	*	*	*	*	*	*	*	793	*
Fees Paid										
- Piramal Trusteeship Services Private Limited	*	*	*	*	0	*	*	*	0.27	*
TOTAL	*	*	*	*	0	*	*	*	0.27	*
Reimbursement of expenses										
- Aasan Corporate Solutions Private Limited	*	*	*	*	*	14	*	*	*	14
- Piramal Fund Management Private Limited	*	*	*	*	2	*	*	*	2	*
- Piramal Corporate Services Private Limited	*	*	*	*	3	*	*	*	6	*
- Piramal Enterprises Limited	16	*	*	*	*	*	*	*	16	*
TOTAL	16	*	*	*	6	14	*	*	22	16
Remuneration to KMP										
- Mr. Khushbu Jijra	*	*	*	*	*	*	1,738	4	1,738	4
- Sitting Fees paid to Non-Executive/Independent Directors	*	*	*	*	*	*	22	*	22	*
TOTAL	*	*	*	*	*	*	1,760	4	1,760	4
Asset Transfer										
- Piramal Securities Limited	*	*	8	*	*	*	*	*	8	*
- Piramal Fund Management Private Limited	*	*	12	*	*	*	*	*	12	*
TOTAL	*	*	20	*	*	*	*	*	20	*
Interest paid										
- Piramal Enterprises Limited	17,909	*	*	*	*	*	*	*	17,909	*
- PHL Fininvest Private Limited	*	*	100	*	*	*	*	*	100	*
TOTAL	17,909	*	100	*	*	*	*	*	18,009	*
Interest Received										
- Piramal Enterprises Limited	760	*	*	*	*	*	*	*	760	*
- PHL Fininvest Private Limited	*	*	164	*	*	*	*	*	164	*
TOTAL	760	*	164	*	*	*	*	*	923	*
Apportionment of Expenses Received										
- Apollo Mills (P) Private Limited	*	*	74	*	*	*	*	*	74	*
TOTAL	*	*	74	*	*	*	*	*	74	*
Management Fees Received										
- Piramal Enterprises Limited	*	*	272	*	*	*	*	*	272	*
TOTAL	*	*	272	*	*	*	*	*	272	*



40 Information in accordance with the requirements of Indian Accounting Standard 24 on Related Party Disclosures. (Continued)

E. Details of transactions with related parties. (Continued)

Details of Transactions	Holding Company		Fellow subsidiaries		Other Related Parties		Key Management Personnel		Total
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	
Loan repaid									
- Piramal Enterprises Limited	11,96,700	-	-	-	-	-	-	-	11,96,700
TOTAL	11,96,700	-	-	-	-	-	-	-	11,96,700
Loan taken									
- Piramal Enterprises Limited	11,21,700	-	-	-	-	-	-	-	11,21,700
TOTAL	11,21,700	-	-	-	-	-	-	-	11,21,700
ICD Given									
- Piramal Enterprises Limited	1,32,102	-	-	-	-	-	-	-	1,32,102
- PHL Fininvest Private Limited	-	-	74,000	-	-	-	-	-	74,000
TOTAL	1,32,102	-	74,000	-	-	-	-	-	2,06,102
Repayment of ICD									
- Piramal Enterprises Limited	1,32,102	-	-	-	-	-	-	-	1,32,102
- PHL Fininvest Private Limited	-	-	29,800	-	-	-	-	-	29,800
TOTAL	1,32,102	-	29,800	-	-	-	-	-	1,61,902
Investment in NCD									
- Piramal Enterprises Limited	36,500	-	-	-	-	-	-	-	36,500
TOTAL	36,500	-	-	-	-	-	-	-	36,500
Loan book transfer from									
- Piramal Enterprises Limited	2,20,772	-	-	-	-	-	-	-	2,20,772
TOTAL	2,20,772	-	-	-	-	-	-	-	2,20,772
Loan book transfer to									
- PHL Fininvest Private Limited	-	-	9,41,420	-	-	-	-	-	9,41,420
TOTAL	-	-	9,41,420	-	-	-	-	-	9,41,420
NCD Buyback									
- Piramal Enterprises Limited	1,10,347	-	-	-	-	-	-	-	1,10,347
- PHL Fininvest Private Limited	-	-	15,691	-	-	-	-	-	15,691
TOTAL	1,10,347	-	15,691	-	-	-	-	-	1,26,038
Security deposit placed									
- Ascen Corporate Solutions Private Limited	-	-	-	-	488	80	-	-	488
- Piramal Enterprises Limited	-	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	488	80	-	-	488
Share Capital									
- Piramal Enterprises Limited- pursuant to scheme of merger	-	18,04,452	-	-	-	-	-	-	18,04,452
TOTAL	-	18,04,452	-	-	-	-	-	-	18,04,452
Payable									
- Piramal Enterprises Limited	3,905	75,898	-	-	-	-	-	-	3,905
- PHL Fininvest Private Limited	-	-	702	-	-	-	-	-	702
- Piramal Corporate Services Private Limited	-	-	-	-	54	281	-	-	504
- Piramal Corporate Solutions Private Limited	-	-	-	-	-	-	-	-	0
- Ascen Corporate Solutions Private Limited	-	-	-	-	162	-	-	-	162
TOTAL	3,905	75,898	702	-	663	281	-	-	5,273
Receivable									
- Piramal Enterprises Limited	38,853	745	-	-	-	-	-	-	38,853
- PHL Fininvest Private Limited	-	-	-	-	511	80	-	-	611
- Piramal Corporate Services Private Limited	-	-	44,519	-	-	-	-	-	44,519
- Piramal Corporate Solutions Private Limited	-	-	18	-	-	-	-	-	18
TOTAL	38,853	745	44,537	-	63	80	-	-	84,001
825									



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Notes to the Standalone Financial Statements (Continued)
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41 Employee Benefits:

Disclosures for defined benefit plans based on actuarial valuation reports as on March 31, 2019
The Company has scheme for ty as part of post retirement plan. The plan is not funded by assets.

A. Change in Projected Benefit Obligation

Particulars	(Non-Funded) Gratuity Year Ended March 31, 2019	(Non-Funded) Gratuity Year Ended March 31, 2018	(Non-Funded) Gratuity Year Ended April 01, 2017
Present Value of Benefit Obligation as at beginning of the year	591	-	-
Interest Cost	46	5	-
Current Service Cost	157	79	-
Liability transferred in	-	507	-
Benefits paid	(42)	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	10	-	-
Actuarial (Gains)/Losses on Obligations - Due to Experience	149	-	-
Present Value of Defined Benefit Obligation as at the end of the year	910	591	-

B. Amount recognised in the Balance Sheet

Particulars	(Non-Funded) Gratuity As at March 31, 2019	(Non-Funded) Gratuity As at March 31, 2018	(Non-Funded) Gratuity As at April 01, 2017
Present Value of Benefit Obligation at the end of the year	(910)	(591)	-
Fair Value of Plan Assets at the end of the year	-	-	-
Funded Status (surplus/ (deficit))	(910)	(591)	-
Net (Liability)/Asset Recognized in the Balance Sheet	(910)	(591)	-

C. Net interest cost for current year

Particulars	(Non-Funded) Gratuity Year Ended March 31, 2019	(Non-Funded) Gratuity Year Ended March 31, 2018	(Non-Funded) Gratuity Year Ended April 01, 2017
Present Value of Benefit Obligation at the Beginning of the year	591	-	-
(Fair Value of Plan Assets at the Beginning of the year)	-	-	-
Net Liability/(Asset) at the Beginning	591	-	-
Interest Cost	46	5	-
(Interest Income)	-	-	-
Net Interest Cost for current year	46	5	-

D. Expenses recognised in Statement of Profit and Loss

Particulars	(Non-Funded) Gratuity Year Ended March 31, 2019	(Non-Funded) Gratuity Year Ended March 31, 2018	(Non-Funded) Gratuity Year Ended April 01, 2017
Current Service Cost	157	79	-
Interest Cost	46	5	-
Past Service cost	-	-	-
Total Expenses / (Income) recognised in the Statement of Profit and Loss	203	84	-



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41 Employee Benefits: (Continued)

E. Expenses Recognized in the Other Comprehensive Income (OCI) for current year

Particulars	(Non-Funded) Gratuity Year Ended March 31, 2019	(Non-Funded) Gratuity Year Ended March 31, 2018	(Non-Funded) Gratuity Year Ended April 01, 2017
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	10	-	-
Actuarial (Gains)/Losses on Obligations - Due to Experience	149	-	-
Actuarial (Gains)/Losses on Obligation due to experience	-	-	-
Return on Plan Assets, Excluding Interest Income	-	-	-
Change in Asset Ceiling	-	-	-
Net (Income)/Expense For the year recognized in OCI	159	-	-

F. Total amount recognized in Other Comprehensive Income consists of:

Particulars	Gratuity Year Ended March 31, 2019	Gratuity Year Ended March 31, 2018	Gratuity Year Ended April 01, 2017
Remeasurement (gains)/losses	-	-	-

G. Principal actuarial assumptions used:

Particulars	(Non-Funded) Gratuity Year Ended March 31, 2019	(Non-Funded) Gratuity Year Ended March 31, 2018	(Non-Funded) Gratuity Year Ended April 01, 2017
Rate of discounting	7.64%	7.80%	-
Rate of salary increase	9.00%	9.00%	-
Rate of employee turnover	10.00%	10.00%	-
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	-

H. Balance Sheet Reconciliation

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Opening Net Liability	591	-	-
Expenses Recognized in Statement of Profit or Loss	204	84	-
Expenses Recognized in OCI	159	-	-
Net liability transfer in	-	507	-
Benefit Paid	(42)	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	911	591	-

I. Other Details

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
No of Active Members	867	360	-
Per Month Salary For Active Members	470	290	-
Average Expected Future Service (Years)	8	8	-
Projected Benefit Obligation (PBO)	910	591	-
Prescribed Contribution For Next Year (12 Months)	-	-	-



Notes to the Standalone Financial Statements (Continued)

for the year ended March 31, 2019

(Currency : Rs in lakhs)

41 Employee Benefits: (Continued)

J. Net Interest Cost for Next Year

Particulars	Estimated for the year ended March 31, 2020	Estimated for the year ended March 31, 2019	Estimated for the year ended March 31, 2018
Present Value of Benefit Obligation at the End of the year	910	591	-
(Fair Value of Plan Assets at the End of the year)	-	-	-
Net Liability/(Asset) at the End of the year	910	591	-
Interest Cost	70	46	-
(Interest Income)	-	-	-
Net Interest Cost for Next Year	70	46	-

K. Expenses Recognized in the Statement of Profit or Loss for Next Year

Particulars	Estimated for the year ended March 31, 2020	Estimated for the year ended March 31, 2019	Estimated for the year ended March 31, 2018
Current Service Cost	224	134	-
Net Interest Cost	70	46	-
(Expected Contributions by the Employees)	-	-	-
Expenses Recognized	294	180	-

L. Maturity Analysis of the Benefit Payments: From the Employer

Projected Benefits Payable in Future Years From the Date of Reporting	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
1st Following Year	82	54	-
2nd Following Year	67	42	-
3rd Following Year	71	42	-
4th Following Year	79	44	-
5th Following Year	248	46	-
Sum of Years 6 To 10	327	296	-
Sum of Years 11 and above	882	413	-

M. Sensitivity Analysis

Projected Benefits Payable in Future Years From the Date of Reporting	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Projected Benefit Obligation on Current Assumptions	910	591	-
Delta Effect of +1% Change in Rate of Discounting	(57)	(35)	-
Delta Effect of -1% Change in Rate of Discounting	64	40	-
Delta Effect of +1% Change in Rate of Salary Increase	63	39	-
Delta Effect of -1% Change in Rate of Salary Increase	(57)	(35)	-
Delta Effect of +1% Change in Rate of Employee Turnover	(12)	(6)	-
Delta Effect of -1% Change in Rate of Employee Turnover	12	6	-

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.



Notes to the Standalone Financial Statements (Continued)
for the year ended March 31, 2019

(Currency : Rs in lakhs)

41 Employee Benefits: (Continued)

Notes:

Gratuity is payable as per company' scheme as detailed in the report.

Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.

Salary escalation and attrition rate are considered as advised by the company; they appear to be in line with the industry practice considering promotion and demand and supply of the employees.

Cash flow projection is done considering future salary, attrition and death in respective year for members as mentioned above.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Interest rate risk

A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk

The plan faces the ALM risk as to the matching cash flow. Company has to manage pay-out based on pay as you go basis from own funds.

Mortality risk

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.



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Notes to the Standalone Financial Statements (Continued)

for the year ended March 31, 2019

(Currency : Rs in lakhs)

42 Fair Value Disclosures

a) <u>Categories of Financial Instruments:</u>	March 31, 2019		March 31, 2018		March 31, 2017	
	FVTPL	Amortised Cost*	FVTPL	Amortised Cost*	FVTPL	Amortised Cost*
Financial Assets						
Investments	15,258	9,37,668	28,367	12,52,037	-	-
Loans	41,818	30,41,914	22,938	19,56,834	-	-
Cash and Bank Balances #	-	43,636	-	1,55,338	-	1,600
Other Financial Assets #	-	86,214	-	2,782	-	7
	57,076	41,09,432	51,305	33,66,991	-	1,607
Financial liabilities						
Borrowings #	-	32,30,861	-	25,93,982	-	-
Trade Payables #	-	8,026	-	2,440	-	100
Other Financial Liabilities #	-	7,118	-	7,196	-	290
	-	32,46,004	-	26,03,618	-	390

b) Fair Value Hierarchy and Method of Valuation

Financial Instruments	Notes	Carrying Value	March 31, 2019			Total
			Level 1	Level 2	Level 3	
Financial Assets						
<u>Measured at FVTPL</u>						
Investments						
Redeemable Non-Convertible Debentures	i.	15,258	-	-	15,258	15,258
Investments in Mutual Funds	ii.	-	-	-	-	-
Loans	i. & iii.	41,818	-	-	41,818	41,818
<u>Measured at Amortised Cost*</u>						
Investments						
Redeemable Non-Convertible Debentures	iii.	9,37,668	-	-	9,57,992	9,57,992
Loans	iii.	30,41,914	-	-	30,01,029	30,01,029
Financial Liabilities						
<u>Measured at Amortised Cost</u>						
Borrowings	iii.	32,30,861	-	-	32,30,685	32,30,685

Financial Instruments	Notes	Carrying Value	March 31, 2018			Total
			Level 1	Level 2	Level 3	
Financial Assets						
<u>Measured at FVTPL</u>						
Investments						
Redeemable Non-Convertible Debentures	i.	25,666	-	-	25,666	25,666
Investments in Mutual Funds	ii.	2,701	2,701	-	-	2,701
Loans	i & iii.	22,938	-	-	22,938	22,938
<u>Measured at Amortised Cost</u>						
Investments						
Redeemable Non-Convertible Debentures		12,52,037	-	-	12,54,064	12,54,064
Loans		19,56,834	-	-	19,75,523	19,75,523
Financial Liabilities						
<u>Measured at Amortised Cost</u>						
Borrowings		25,93,982	-	-	25,95,039	25,95,039



Notes to the Standalone Financial Statements (Continued)
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42 Fair Value Disclosures (Continued)

Financial Instruments	Notes	Carrying Value	As at 01 April, 2017			Total
			Level 1	Level 2	Level 3	
<u>Financial Assets</u>						
Measured at FVTPL						
Investments						
Redeemable Non-Convertible Debentures	i	-	-	-	-	-
Investments in Mutual Funds	ii	-	-	-	-	-
Loans	i & iii	-	-	-	-	-
Measured at Amortised Cost						
Investments						
Redeemable Non-Convertible Debentures		-	-	-	-	-
Loans		-	-	-	-	-
<u>Financial Liabilities</u>						
Measured at Amortised Cost						
Borrowings		-	-	-	-	-

Notes:

- Discounted cash flow method has been used to determine the fair value. The yield used for discounting has been determined based on trades, market polls, levels for similar issuer with same maturity, spread over matrices, etc. For instruments where the returns are linked to the share price of the investee company the equity price has been derived using Monte Carlo simulation and local volatility model using the inputs like spot rate, volatility surface, term structures and risk free rates from globally accepted third party vendor for these data.
 - Market Net Asset Value (NAV) as at the reporting period have been used to determine the Fair Value of the mutual fund investments.
 - Discounted cash flow method has been used to determine the fair value. The discounting factor used has been arrived at after adjusting the rate of interest for the financial assets and financial liabilities by the difference in the G-SEC rates from date of initial recognition to the reporting dates.
- The carrying value and fair value of investments and loans at amortised cost is gross of ECL provision amounting to Rs 66,607 (31 March 2018 – Rs 61,774).
- # The Company has not disclosed the fair value of cash and bank balances, other financial assets, trade payables and other financial liabilities, because their carrying amounts are a reasonable approximation of fair value.
- c) **Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the period ended March 31, 2019 and March 31, 2018.

Particulars	Debentures	Loans	Total
As at April 1, 2017	-	-	-
Acquisitions	-	306	306
Acquisitions - on account of merger	25,666	22,632	48,298
Gains / (losses) recognised in profit or loss	-	-	-
As at March 31, 2018	25,666	22,938	48,604
Transfer Out	13,102	15,124	
Acquisitions	3,240	34,313	37,553
(Losses) recognised in profit or loss	(546)	(309)	(855)
As at March 31, 2019	15,258	41,818	57,076

d) **Sensitivity for FVTPL Instruments**

Impact on the Company's profit before tax if discount rates had been 100 basis points higher / lower is given below:

Method	Nature of Instrument	Significant	Increase / Decrease in the unobservable input	Sensitivity Impact	
				Yield Increase	Yield Decrease
Discounted Cash Flow Model as at March 31, 2019	NCD	Discount rate	0.5%	-	-
	Term Loan	Discount rate	0.5%	(1,111)	1,138
	Term Loan	Equity	10.0%	(1,021)	812
Discounted Cash Flow Model as at March 31, 2018	Term Loan	Discount rate	1.0%	(757)	792
	NCD	Discount rate	1.0%	(363)	380
	NCD	Equity	10.0%	(848)	860
Discounted Cash Flow Model as at April 1, 2017	Term Loan	Discount rate	1.0%	-	-
	NCD	Discount rate	1.0%	-	-
	NCD	Equity	10.0%	-	-



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43 Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in notes 13 offset by cash and bank balances) and total equity of the Company.

The Company being a Non-Deposit taking Housing Finance Company has to maintain a Capital Adequacy Ratio of 12%. The Company determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through equity or convertible / nonconvertible debt securities or other long-term /short-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company. The Company has complied with all regulatory requirements related capital and capital adequacy ratios as prescribed by NHB.

The capital components of the Company are as given below:	March 31, 2019	March 31, 2018	April 1, 2017
Total Equity	19,53,085	18,08,931	1,501
Borrowings	32,30,861	25,93,982	100
Total Debt	32,30,861	25,93,982	100
Cash and Cash equivalents	(41,231)	(1,55,338)	(100)
Bank balances other than above	(2,405)	-	(1,500)
Net Debt	31,87,225	24,38,644	(1,500)

44 Risk management

Risk Management is an integral part of the Company's business strategy. The Risk Management oversight structure includes Committees of the Board and Management Committees. Company's risk philosophy is to develop and maintain a healthy portfolio which is within its risk appetite and the regulatory framework. While the Company is exposed to various types of risks, the most important among them are liquidity risk, interest rate risk, credit risk, regulatory risk and fraud and operational risk. The measurement, monitoring and management of risks remain a key focus area for the Company.

The Audit Committee of the Board provides direction to and monitors the quality of the internal audit function and also monitors compliance with NHB and other regulators.

The Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with market best practices.

The Risk Management Committee of the Board ("RMC") reviews compliance with risk policies, monitors risk tolerance limits, reviews and analyse risk exposure and provides oversight of risk across the organization. The RMC nurtures a healthy and independent risk management function to inculcate a strong risk management culture in the Company and broadly perceives the risk arising from (i) credit risk, (ii) liquidity risk, (iii) interest rate risk and (iv) fraud risk and operational risk (v) regulatory risk

44.1 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 Company has formulated an Asset Liability Management Policy in line with NHB guidelines for Housing Finance Companies. The ALCO is responsible for the management of the companies funding and liquidity requirements. The company manages liquidity risk by maintaining unutilised banking facilities, credit lines and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities.

The Company has the following undrawn credit lines available as at the end of the reporting period.

	March 31, 2019	March 31, 2018	April 1, 2017
- Expiring within one year (including bank overdraft)	3,86,000	4,91,400	-
- Expiring beyond one year	-	-	-
Undrawn credit lines	3,86,000	4,91,400	-

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of March 31, 2019, March 31, 2018 and April 1, 2017 respectively has been considered. The contractual maturity is based on the earliest date on which the Company may be required to pay.

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44 Risk management (Continued)

44.1 Liquidity Risk (Continued)

Maturities of Financial Liabilities	March 31, 2019			
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above
Borrowings	17,52,345	14,69,188	4,38,661	4,20,585
Trade Payables	8,026	-	-	-
Other Financial Liabilities	6,976	142	-	-
	17,67,347	14,69,330	4,38,661	4,20,585

Maturities of Financial Liabilities	March 31, 2018			
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above
Borrowings	10,44,242	16,61,464	2,10,074	1,36,508
Trade Payables	2,440	-	-	-
Other Financial Liabilities	7,146	50	-	-
	10,53,828	16,61,514	2,10,074	1,36,508

Maturities of Financial Liabilities	April 1, 2017			
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above
Borrowings	100	-	-	-
Trade Payables	290	-	-	-
Other Financial Liabilities	-	-	-	-
	390	-	-	-

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Maturities of Financial Assets	March 31, 2019			
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above
Investments	3,64,848	5,52,794	2,36,218	85,923
Loans	8,26,624	12,91,513	12,60,860	10,54,657
Other Financial Assets	86,214	-	-	-
	12,77,686	18,44,307	14,97,078	11,40,580

Maturities of Financial Assets	March 31, 2018			
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above
Investments	3,90,723	7,62,767	3,88,366	3,10,096
Loans	3,93,314	11,27,589	9,15,064	6,23,136
Other Financial Assets	2,782	-	-	-
	7,86,819	18,90,356	13,03,430	9,33,232

Maturities of Financial Assets	March 31, 2017			
	Up to 1 year	1 to 3 years	3 to 5 years	5 years and above
Investments	-	-	-	-
Loans (including commitments)	-	-	-	-
Other Financial Assets	7	-	-	-
	7	-	-	-



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44.2 Interest Rate Risk

Retail lending:

The company is exposed to minimal interest rate risk as it has assets and liabilities are based on floating interest rates. The company has an approved Asset and Liability Management Policy which empowers the ALCO assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk.

Wholesale lending:

The Company is exposed to interest rate risk as it has assets and liabilities based on both fixed and floating interest rates. The Company has an approved Asset and Liability Management Policy which empowers the Asset and Liability Management Committee (ALCO) to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis and decides on the asset profile and the appropriate funding mix. The ALCO reviews the interest rate gap statement and the interest rate sensitivity analysis.

The sensitivity analysis below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate assets and liabilities has been considered to be insignificant.

The exposure of the Company's borrowings to the interest rate risk at the end of the year for variable rate borrowing is Rs.2,603,249 lakhs (31 March 2018- Rs.1,243,133 lakhs) and fixed rate borrowings are Rs. 621,416 lakhs (31 March 2018- Rs. 1,316,871 lakhs)

Impact on the Company's profit before tax if interest rates had been 100 basis points higher / lower is given below:

Sensitivity Analysis on Floating Rate Instruments	For the Year Ended			
	March 31, 2019		March 31, 2018	
	Higher	Lower	Higher	Lower
Sensitivity Analysis on Floating Rate Borrowings	(26,032)	26,032	(12,431)	12,431
Sensitivity Analysis on Floating Rate Assets	26,478	(26,478)	10,339	(10,339)



Notes to the Standalone Financial Statements (Continued)
for the year ended March 31, 2019

(Currency : Rs in lakhs)

44 Risk management (Continued)

44.3 Credit Risk

The Company is exposed to Credit Risk through its lending activity. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Retail lending:

For retail lending the credit policy has been reviewed and approved by Risk Team. The Credit Risk management structure includes credit policies and procedures. The Credit Policy defines customer segments, income assessment criteria, underwriting standards, target market definition, appraisal and approval processes, product limits, Delegation of Authority metrics (DoA) and cover risk assessment for product offerings etc. to ensure consistency of credit buying patterns.

Wholesale lending:

The Company's Risk management team has developed proprietary internal rating models to evaluate risk return trade-off for the loans and investments made by the Company. The output of traditional credit rating model is an estimate of probability of default. These models are different from the traditional credit rating models as they integrate both probability of default and loss given default into a single model.

The lending exposure includes lending to the below sectors:

Sectors	Exposure as at		
	March 31, 2019	March 31, 2018	April 1, 2017
Real Estate	66.98%	75.47%	-
Renewables	9.03%	10.47%	-
Retail	12.87%	3.16%	-
Others	11.12%	10.90%	-

Credit Risk Management

For retail lending business, credit risk management is achieved by considering various factors like:

- Assessment of borrower's capability to pay – detailed assessment of borrower's capability to pay is conducted. The approach to the assessment is uniform across the entire Company and is spelt out in the Credit Policy. For construction finance deals, the underlying project, the financial capability, past track record of repayments of the promoters is assessed by an independent risk team.
- Security cover – this is an assessment of the value of security under stress scenario which is further adjusted for factors like liquidity, enforceability, transparency in valuation, etc of the collateral.
- Geographic region – the Company monitors loan performances in a particular region to assess if there is any stress due to natural calamities, etc impacting the performance of loans in a particular geographic region

For wholesale lending business, credit risk management is achieved by considering various factors like :

- Cash flow at risk – This is an assessment of the standalone project or business from which interest servicing and principal repayment is expected to be done.
- Security cover – This is an assessment of the value of the security under stress scenario which is further adjusted for factors like liquidity, enforceability, transparency in valuation etc. of the collateral.
- Promoter strength – This is an assessment of the promoter from financial, management and performance perspective.
- Exit – This is an assessment of the liquidity of the loan or investment.

The output from each of the analysis is converted to a risk weight equivalent. Each of the four components of the risk analysis are assigned a specific weight which differ based on type of investment. The risk weight is then converted into capital requirement. The required capital and the return is combined to create a metric which is used for deal assessment.

Based on the above assessment the risk team categorises the deals in to the below Risk Grades

Risk Grading	Description
I	Extremely good loan
II	Good loan
III	Moderate loan
IV	Weak loan
V	Extremely weak loan



Notes to the Standalone Financial Statements (Continued)
for the year ended March 31, 2019

(Currency : Rs in lakhs)

44 Risk management (Continued)

44.3 Credit Risk (Continued)

Further, a periodic review of the performance of the portfolio is also carried out by the Risk Group. The Risk Group adjusts the stress case considered during the initial approval based on actual performance of the deal, developments in the sector, regulatory changes etc. The deal level output is combined to form a portfolio snapshot. The trends from portfolio are used to provide strategic inputs to the management.

The credit risk on liquid funds and other financial instruments is limited because the counterparties are banks with high credit-ratings assigned credit-rating agencies or mutual funds.

Provision for Expected Credit Loss

The Company has assessed the credit risk associated with its financial assets for provision of Expected Credit Loss (ECL) at the reporting dates. For different product categories (Real Estate, Senior debt, Lease Rental Discounting, Loan Against Shares, Mezzanine etc), the Company has developed scorecard that makes use of various reasonable supportive forward looking parameters which are both qualitative as well as quantitative in nature. These scorecards helps in determining the change in credit risk and the probability of default. These parameters have been detailed out in Note No.vi of Significant Accounting Policies. Based on the result yielded by the above assessment the Financial assets are classified into (1) Standard (Performing) Asset, (2) Significant Credit Deteriorated (Under-Performing) Asset (3) Default (Non-Performing) Asset (Credit Impaired).

For the purpose of expected credit loss analysis the Company defines default as any asset with more than 90 days overdues. This is also as per the rebuttable presumption provided by the standard.

The Company provides for expected credit loss based on the following:

Category - Description	Stage	Basis for Recognition of Expected Credit Loss
Assets for which credit risk has not significantly increased from initial recognition	Stage 1	12 month ECL
Assets for which credit risk has increased significantly but not credit impaired	Stage 2	Life time ECL
Assets for which credit risk has increased significantly and credit impaired	Stage 3	Loss Given Default (LGD)

For the year ended March 31, 2019 and March 31, 2018 the Company has developed a PD Matrix after considering some parameters as stated below :

The key parameters for various scorecards are highlighted as follows -Real Estate products (Construction Finance, Structured Debt, LRD) - (1) Developer Grade (2) Past Overdue History (3) Tenant profile (4) Status from monthly Asset Monitoring report (5) Stage of the project (6) Geography etc . Some of the Parameters for Non Real Estate products (Senior lending, mezzanine, project finance etc) - (1) Sponsor strength (2) Overdues (3) Average debt service coverage ratio (4) Regulatory Risk (5) Stability of EBITDA (6) Quality of underlying assets etc. Based on these parameters the Company has computed the PD. The Company has also built in model scorecards to determine the internal LGD. However, due to lack of default history to statistically substantiate the internal LGD, the Company has made use of a combination of both internal as well as external LGD. The Company also maintains Expected Credit Loss for undisbursed limits after applying the credit conversion factor (CCF). CCF for these limits is computed based on historical disbursement trends observed across various products.

Expected Credit Loss as at the Reporting period:

As at March 31, 2019

Particulars	Asset Group	Exposure at Default	Expected Credit Loss	Net Amount
Assets for which credit risk has not significantly increased from initial recognition	Investments	8,61,547	12,664	8,48,883
	Loans	30,50,688	39,496	30,11,192
Assets for which credit risk has increased significantly but not credit impaired	Investments	29,995	3,213	26,782
	Loans	19,839	2,486	17,352
Assets for which credit risk has increased significantly and credit impaired	Investments	-	-	-
	Loans	14,081	8,747	5,334
Total		39,76,150	66,607	39,09,543

As at March 31, 2018

Particulars	Asset Group	Exposure at Default	Expected Credit Loss	Net Amount
Assets for which credit risk has not significantly increased from initial recognition	Investments	12,17,065	20,563	11,96,502
	Loans	20,16,572	32,055	19,84,517
Assets for which credit risk has increased significantly but not credit impaired	Investments	-	-	-
	Loans	5,926	158	5,768
Assets for which credit risk has increased significantly and credit impaired	Investments	4,196	629	3,567
	Loans	7,819	7,819	-
Total		32,51,578	61,224	31,90,354

As at April 1, 2017

Particulars	Asset Group	Exposure at Default	Expected Credit Loss	Net Amount
Assets for which credit risk has not significantly increased from initial recognition	Investments	-	-	-
	Loans	-	-	-
Assets for which credit risk has increased significantly but not credit impaired	Investments	-	-	-
	Loans	-	-	-
Assets for which credit risk has increased significantly and credit impaired	Investments	-	-	-
	Loans	-	-	-
Total		-	-	-

Notes to the Standalone Financial Statements (Continued)
for the year ended March 31, 2019

(Currency : Rs in lakhs)

44 Risk management (Continued)

44.3 Credit Risk (Continued)

Reconciliation of Loss Allowance

For the year ended March 31, 2019

a)	Investments and Loans	12 months ECL	Lifetime ECL not credit impaired	ECL credit impaired
	Balance at the beginning of the year	52,617	158	8,449
	Transferred to 12-month ECL	158	(158)	-
	Transferred to Lifetime ECL not credit impaired	(840)	840	-
	Transferred to Lifetime ECL credit impaired	(65)	-	65
	Transferred to Lifetime ECL credit impaired - specific provision	-	-	-
	Transferred from PEL	3,023	-	-
	Transferred to PHL Fin	(15,022)	-	-
	Bad debts recovered	-	-	-
	Bad debts written off	-	-	-
	Charge to Statement of Profit and Loss (refer note 31):			
	On Account of Rate (Reduction)/Increase	(213)	4,860	234
	On Account of Disbursements	29,755	-	-
	On Account of Repayments	(17,254)	-	-
	Balance at the end of the year	52,160	5,699	8,747

For the year ended March 31, 2018

	Investments and Loans	12 months ECL	Lifetime ECL not credit impaired	ECL credit impaired
	Balance at the beginning of the year	-	-	-
	Transferred to 12-month ECL	-	-	-
	Transferred to Lifetime ECL not credit impaired	-	-	-
	Transferred to Lifetime ECL credit impaired	-	-	-
	Charge to Statement of Profit and Loss (refer note 31):			
	On Account of Rate Increase / (Reduction)	(10,209)	39	6,458
	On Account of amalgamation	62,379	119	1,991
	On Account of disbursements	1,222	-	-
	On Account of repayments	(775)	-	-
	Balance at the end of the year	52,617	158	8,449

b) Expected Credit Loss on undrawn loan commitments and letter of comfort:

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
ECL on undrawn loan commitments and letter of comfort (refer note 19)	8,693	1,099	-

c) Description of Collateral held as security and other credit enhancements

The Group has set benchmarks on appropriate level of security cover for various types of deals. The Group periodically monitors the quality as well as the value of the security to meet the prescribed limits. The collateral held by the Group varies on case to case basis and includes:

- First / Subservient charge on the Land and / or Building of the project or other projects
- First / Subservient charge on the fixed and current assets of the borrower
- Hypothecation over receivables from funded project or other projects of the borrower
- Pledge on Shares of the borrower or their related parties
- Guarantees of Promoters / Promoter Undertakings
- Post dated / Undated cheques

As at the reporting date, the ratio of value of the collateral held as security for the credit impaired financial assets to the exposure at default for these assets is higher than 1.



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Notes to the Standalone Financial Statements (Continued)

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44 Risk management (Continued)

44.3 Credit Risk (Continued)

- d) The credit impaired assets as at the reporting dates were secured by charge on land and building and project receivables amounting to:

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Value of Security (at fair value considered for LGD)	5,334		

- e) Collateral taken over by the Company against recovery on credit impaired asset:

The Company has acquired a residential property which was mortgaged as a collateral. The carrying value of this is Rs.1,591 and has been accounted for as Non current Asset held for sale in accordance with Ind AS 105.

44.4 Regulatory Risk:

The Company requires certain statutory and regulatory approvals for conducting business and failure to obtain retain or renew these approvals in a timely manner, may adversely affect operations. Any change in laws or regulations made by the government or a regulatory body that governs the business of the Company may increase the costs of operating the business, reduce the attractiveness of investment and / or change the competitive landscape.

44.5 Fraud risk and operational risk:

The Company has an elaborate system of internal audit and concurrent audit commensurate with the size, scale and complexity of its operations and covers funding operations, financial reporting, fraud control and compliance with laws and regulations.

Risks associated with frauds are mitigated through 100% document verification by concurrent auditors and review of all the cases which are entered in the system, including corrective and remedial actions as regards people and processes.

Internal Auditors monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with laws and regulations, efficacy of its operating systems, adherence to the accounting procedures and policies at all offices of the Company and report directly to Audit and Risk Management Committee of the company.



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Notes to the Standalone Financial Statements (Continued)

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45 Accounting for cash flow hedge

The Company had 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 had entered into cross-currency interest rate swap (CCIRS) for the entire loan liability. The Company had designated the CCIRS (hedging instrument) and the borrowing (hedged item) into a hedging relationship and applies hedge accounting.

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 matched 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.

Hedge Effectiveness Testing is assessed at designation date of the hedging relationship, and on an ongoing basis. The ongoing assessment is performed at a minimum at each reporting date or upon a significant change in circumstances affecting the hedge effectiveness requirements, whichever comes first.

The date on which CCIRS and the borrowings were designated into hedging relationship is later than the date on which the respective contracts were entered into. This timing difference has caused hedge ineffectiveness to a certain extent, the effect of which has been recognised in profit or loss under the head Net Fair Value Changes.

There are no hedging instrument as on March 31, 2019

Following table provides quantitative information regarding the hedging instrument as on March 31, 2018:

Type of hedge and risks	Nominal value	Carrying amount of hedging instruments (included under "other current and non-current financial liabilities")	Maturity date	Hedge ratio	Average contracted fixed interest rate	Changes in fair value of hedging instrument used as the basis for recognising hedge effectiveness	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	(Liabilities)	(Liabilities)*					
Cash Flow Hedge							
Foreign currency and Interest rate risk	50,000	1,624	Jun'18	1:1	12.57%	-	-

There are no hedging instrument as on April 1, 2017

Following table provides the effects of hedge accounting on financial performance for the year ended March 31, 2018:

Type of hedge	Changes in the value of hedging instruments recognised in Other comprehensive income	Hedge ineffectiveness recognised in profit or loss	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	-	-	-	Finance Cost Foreign Exchange (gain)/loss

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 Other comprehensive income	Hedge ineffectiveness recognised in profit or loss	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	-	-	-	Finance Cost Foreign Exchange (gain)/loss



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Notes to the Standalone Financial Statements (Continued)

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(Currency : Rs in lakhs)

46 First time IND AS adoption reconciliation

a. Net worth reconciliation

	Notes	March 31, 2018	April 01, 2017
Net worth as per previous GAAP		7,78,682	1,225
Add:			
Deferred Tax Impact on forward contract		(35)	-
Deferred Tax Impact on Expected Credit Loss provision		(1,203)	-
Tax effect of change in methodology for computation of deferred tax- Balance sheets approach under Ind AS as against Profit & Loss approach under previous GAAP	1	4,992	-
Deferred Tax on Goodwill amortised under previous GAAP now reversed under Ind AS		(196)	-
Less:			
Forward Contract	2	101	-
Impact of provision as per Expected Credit Loss model	3	3,442	-
Net worth as per Ind AS		7,85,783	1,225



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Notes to the Standalone Financial Statements (Continued)
for the year ended March 31, 2019

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46 First time IND AS adoption reconciliation (Continued)

b. Profit and Loss reconciliation

	Note	As per IGAAP	IND AS Adjustment	As per IND AS
Revenue from operations		4,190	-	4,190
Other Income	2	433	2,166	2,599
Total Revenue		4,623	2,166	6,789
Expenses				
Employee benefits expense		2,031	-	2,030
Finance costs		1,630		1,629
Depreciation and amortization expense	4	646	(560)	86
Other expenses	2 & 3	4,148	(1,373)	2,775
Total Expenses		8,455	(1,933)	6,520
Profit before Tax		(3,832)	4,099	269
Less: Tax Expenses				
Current Tax		-	-	-
Deferred Tax	1	(645)	(3,561)	(4,206)
		(645)	(3,561)	(4,206)
Profit for the year		(3,187)	7,660	4,475
Earnings Per Share (Basic and Diluted) (Rs.)		1.37		1.93

Notes:

- Under Indian GAAP, deferred tax was accounted for using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.
In addition, the various transitional adjustments lead to temporary differences for the the Company Deferred tax adjustments are recognised on such temporary differences either in retained earnings or a separate component of equity depending on where the adjustment is recognised.
- Decrease in forward contract liability under Ind AS due to fair value of forward contract liability under Ind AS
- Under Ind AS, the provision on financial assets needs to be calculated using the expected credit loss model as provided under Ind AS 109, based on which there is decrease in provision being recognized as on March 31, 2018 of Rs.3,442 (Rs. Nil as on April 1, 2017) and deferred tax thereon of Rs. 1,203 and (Rs. Nil as on April 1, 2017). This has resulted into net increase in the total equity as on March 31, 2018 by Rs. 2,239 (Rs. Nil as on April 1, 2015).
- Under Indian GAAP, Goodwill is amortised over a period of 5 year while under Ind AS, no amortisation is done. Instead the goodwill is to be evaluated for impairment if any.



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Notes to the Standalone Financial Statements (Continued)

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47 Standards issued but not yet effective

Ind AS 116, Leases

Initial assessment has been carried out by the Company but the possible quantitative impact on initial application of Ind AS 116 is not

Ind AS 116, Leases

-The Company is required to adopt Ind AS 116, Leases from April 1, 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable as at present.

i. Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating leases of offices (see Note 26). The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company will no longer recognise provisions for operating leases that it assesses to be onerous as described in Note 26. Instead, the Company will include the payments due under the lease in its lease liability and apply Ind AS 36, Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment.

No significant impact is expected for the Company's finance leases.

ii. Leases in which the Company is a lessor

The Company will reassess the classification of sub-leases in which the Company is a lessor. Based on the information currently available, the Company expects that it will reclassify one sub-lease as a finance lease.

No significant impact is expected for other leases in which the Company is a lessor.

iii. Transition

The Company plans to apply Ind AS 116 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17."

48 Foreign Currency Expenditure

Particulars	March 31, 2019	March 31, 2018
Annual license fees	382	-
Borrowing cost	36	-
Business promotion	0	-
Intangible assets under development	597	-
Professional fees	37	-

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Notes to the Standalone Financial Statements (Continued)

for the year ended March 31, 2019

(Currency : Rs in lakhs)

49 Corporate Social Responsibility Expenditure

Particulars	March 31, 2019	March 31, 2018
Contribution to Piramal Swasthya Management and Research Institute	704	-
Contribution to Piramal Foundation for Education Leadership	1,906	-
Total	2,610	-
Amount required to be spent as per Section 135 of the Act	-	-
Amount spent during the year	-	-
(i) Construction/acquisition of an asset	-	-
(i) On purposes other than (i) above	2,610	-

50 Impairment of Goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGUs, which are benefited from the synergies of the acquisition. Goodwill is reviewed for any impairment at the operating segment level, which is represented through groups of CGUs.

As of March 31, 2019, the estimated cash flows for a period of 5 years in the for the Company were developed using internal forecasts, and a pre-tax discount rate of 12.50% to 16.00% respectively. The cash flows beyond 5 years have been extrapolated assuming 5% to 7% growth rates, depending on the cash generating unit and the country of operations. The management believes that any possible changes in the key assumptions would not cause the carrying amount to exceed the recoverable amount of cash generating unit.

Based on the above, no impairment was identified as of March 31, 2019 as the recoverable value of the cash generating unit exceeded the carrying values.

51 Disclosure in respect of IL&FS entities.

Position as on March 31, 2019

Name of facility	Amount Outstanding	Of (2), total amount of exposures which are NPAs as per IRAC norms and not classified as NPA.	Provisions required to be made as per IRAC norms.	Provisions actually held
(1)	(2)	(3)	(4)	(5)
IL&FS Solar Power Limited	7,500	-	30	64

52 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019. Since the Company was not in existence during the period 8 November 2016 to 30 December 2016, disclosure as required on holdings as well as dealings in Specified Bank Notes in notification GSR 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs, is not applicable to the Company.

53 Previous year figures have been regrouped and reclassified wherever necessary to conform to current year's presentation.

As per our report of even date attached.

For BSR & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022



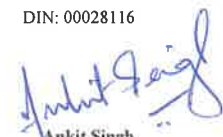
Venkataramanan Vishwanath
Partner
Membership No: 113156

For and on behalf of the Board of Directors of
Piramal Capital & Housing Finance Limited


Khushru Jijina
Managing Director
DIN: 00209953


Ajay Piramal
Director
DIN: 00028116


Sachin Deodhar
Chief Financial Officer


Ankit Singh
Company Secretary

Mumbai,
Date: April 26, 2019

B S R & Co. LLP

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Independent Auditor's Report

To the Board of Directors of Piramal Capital & Housing Finance Limited *(formerly known as Piramal Housing Finance Limited)*

Report on the special purpose financial statements

We have audited the accompanying special purpose financial statements of Piramal Finance Limited ("the Company") [merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018 pursuant to Scheme of Amalgamation (Scheme) approved by National Company Law Tribunal, Mumbai Bench ("NCLT")], which comprise the special purpose Balance sheet as at 30 March 2018 (i.e. the date prior to filing of the Scheme with Registrar of Companies), the special purpose Statement of profit and loss, the special purpose Cash flow statement for the period then ended, and a summary of the significant accounting policies and other explanatory information. These special purpose financial statements have been prepared by the management of Piramal Capital & Housing Finance Limited as per the basis of preparation referred to in Note 2.1 of special purpose financial statements solely for the purpose of submission to the tax authorities, rating agencies, lenders and financial institutions.

Management's Responsibility for the special purpose financial statements

The management of Piramal Capital & Housing Finance Limited is responsible for the preparation and presentation of these special purpose financial statements in accordance with the basis of preparation as specified in Note 2.1 of special purpose financial statements.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 ('the Act') for safeguarding of 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 special purpose 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 special purpose 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 special purpose financial statements are free from material misstatement.

Independent Auditor's Report (Continued)

Piramal Capital & Housing Finance Limited

(formerly known as Piramal Housing Finance Limited)

Auditor's Responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose 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 and fair presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the special purpose 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 special purpose financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements have been prepared, in all material respects, in accordance with the basis of preparation as specified in Note 2.1 to the special purpose financial statements.

Basis of Accounting and Restriction of use

Without modifying our opinion, we draw attention to Note 2.1 to the special purpose financial statements, which describe the basis of accounting. This special purpose financial statements have been prepared by the management of the Piramal Capital & Housing Finance Limited and this report thereon issued, solely for the purpose of submission to tax authorities, rating agencies and bankers and should not be used by any other person or for any other purpose. Accordingly, our report should not be quoted or referred to in any other document or made available to any other person or persons without our prior written consent.

Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

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



Manoj Kumar Vijai
Partner

Membership No: 046882

Mumbai
27 June 2018

Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

Special Purpose Balance sheet

as at 30 March 2018

(Currency : Rs. in lakhs)

	Note	30 March 2018	31 March 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	373,551	299,440
Reserves and surplus	4	413,975	38,801
		<u>787,526</u>	<u>338,241</u>
Non-current liabilities			
Long-term borrowings	5	1,713,505	951,811
Other long-term liabilities	6	36	2,649
Long-term provisions	7	56,296	34,343
		<u>1,769,837</u>	<u>988,803</u>
Current liabilities			
Short-term borrowings	8	563,157	590,740
Trade payables	9	1,768	4,945
Other current liabilities	10	237,231	114,118
Short-term provisions	7	9,405	5,620
		<u>811,561</u>	<u>715,423</u>
Total		<u>3,368,924</u>	<u>2,042,467</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	549	278
Intangible assets	12	29	16
Intangible assets under development	11	1,578	610
Non-current investments	13	1,082,217	1,068,663
Deferred tax assets (net)	14	25,570	14,448
Long-term loans and advances	15	1,735,446	591,640
		<u>2,845,389</u>	<u>1,675,655</u>
Current assets			
Current investments	13	203,128	180,315
Cash and bank balances	16	138,615	118,785
Short-term loans and advances	15	177,419	61,896
Other current assets	17	4,373	5,816
		<u>523,535</u>	<u>366,812</u>
Total		<u>3,368,924</u>	<u>2,042,467</u>

Significant accounting policies

2

The notes referred to above form an integral part of the special purpose 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

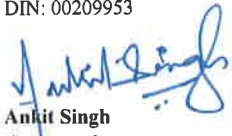
Membership No: 046882

Mumbai

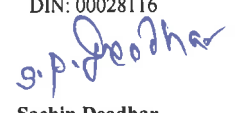
Date: June 27, 2018

For and on behalf of the Board of Directors of
Piramal Capital & Housing Finance Limited


Khushru Jijina
Managing Director
DIN: 00209953


Ankit Singh
Company Secretary


Ajay Piramal
Director
DIN: 00028116


Sachin Deodhar
Chief Financial Officer

Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

Special Purpose Statement of profit and loss

for the period ended 30 March 2018

(Currency : Rs. in lakhs)

	Note	For the period from 1 April 2017 to 30 March 2018	For the year ended 31 March 2017
Revenue from operations	18	366,447	146,357
Other income	19	7,444	2,884
Total revenue		373,891	149,241
Expenses			
Employee benefits expense	20	9,282	7,885
Finance costs	21	180,685	69,007
Depreciation and amortisation	11	146	80
Other expenses	22	32,940	43,036
Total expenses		223,053	120,008
Profit before tax		150,838	29,233
Tax expense:			
- Current tax		63,391	23,376
- Prior year tax		-	161
- Deferred tax (credit)		(10,877)	(13,632)
Profit for the period		98,324	19,328
Earning per equity share (basic and diluted) (face value INR10)	23	3.14	1.20
Significant accounting policies	2		

The notes referred to above form an integral part of the special purpose 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

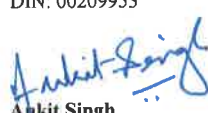
Mumbai

Date: June 27, 2018

For and on behalf of the Board of Directors of
Piramal Capital & Housing Finance Limited



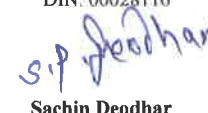
Khushru Jijina
Managing Director
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Company Secretary



Ajay Piramal
Director
DIN: 00028116



Sachin Deodhar
Chief Financial Officer

Piramal Finance Limited

(merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

Special Purpose Cash flow statement

for the period ended 30 March 2018

(Currency : Rs. in lakhs)

	30 March 2018	31 March 2017
A. Cash flows from operating activities		
Profit before tax	150,838	29,233
Adjustments:		
Dividend on mutual fund units	-	(5)
Profit on sale of investments in mutual fund units	(2,216)	(2,352)
Gain on fair valuation of mutual fund units	(4)	-
Depreciation and amortisation	146	80
Net fair value changes on foreign currency loan	-	1,495
Other expenses	(669)	-
Contingent provision against standard assets	25,033	36,124
Provision on doubtful assets	346	805
Operating cash flow before working capital changes	173,474	65,380
(Increase) / Decrease in other current assets	1,443	(5,238)
(Increase) / Decrease in investments	(3,862)	(1,247,478)
(Increase) / Decrease in long term loans and advances	(1,142,869)	822,190
(Increase) / Decrease in short term loans and advances	(115,524)	(37,512)
Increase / (Decrease) in trade payables	(3,176)	(339)
Increase / (Decrease) in other long term liabilities	23	12
Increase / (Decrease) in other current liabilities	4,350	509
Increase / (Decrease) in short term provisions	11	3,759
Increase / (Decrease) in long term provisions	203	415
Cash used in operations	(1,085,927)	(398,302)
Less: income taxes paid	(64,184)	(23,294)
Net cash flow (used in) operating activities (a)	(1,150,111)	(421,596)
B. Cash flows from investing activities		
Fixed assets purchased	(1,398)	(852)
Investments in subsidiary's equity	(30,000)	(1,500)
Investments in mutual funds	(5,144,000)	(2,022,113)
Proceeds from redemptions from mutual funds	5,143,716	2,024,465
Dividends on mutual funds	-	5
Net cash flow from / (used in) investing activities (b)	(31,682)	5
C. Cash flows from financing activities		
Borrowings during the year	4,444,305	2,476,484
Borrowings repaid during the year	(3,422,682)	(2,084,009)
Proceeds from issue of equity share	180,000	146,500
Net cash flow from/ (used in) financing activities (c)	1,201,623	538,975
Net increase/(decrease) in cash and cash equivalents (a + b+c)	19,830	117,384
Cash and cash equivalents as at beginning of the period / year	118,785	1,401
Cash and cash equivalents as at end of the period /year	138,615	118,785
Cash and cash equivalents comprise of:		
Balances with banks (current account)	31,715	2,285
Balances with banks (deposits maturing within 3 months)	106,900	116,500

Significant accounting policies

2

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: June 27, 2018

For and on behalf of the Board of Directors of
Piramal Capital & Housing Finance Limited

Khushru Jijina
Managing Director
DIN: 00209953

Ankit Singh
Company Secretary

Ajay Piramal
Director
DIN: 00028116

Sachin Deodhar
Chief Financial Officer

Piramal Finance Limited (merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

Notes to the special purpose financial statements (*Continued*)

for the period ended 30 March 2018

(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 Scheme of Amalgamation ("Scheme") of Piramal Finance Limited ("PFL") with Piramal Capital & Housing Finance Limited (formerly known as Piramal Housing Finance Limited) ("PCHFL") effective from March 31, 2018 ("Appointed date") was approved by The National Company Law Tribunal, Mumbai Bench ("NCLT") at its hearing held on April 06, 2018. The certified copy of the NCLT, sanctioning the Scheme was filed with the Registrar of Companies ("ROC"), Maharashtra, Mumbai on May 23, 2018 (the "Effective Date"). From the filing of the said Scheme with the ROC, the Company ceases to exist and have merged with Piramal Capital & Housing Finance Limited with effect from May 23, 2018.

2. Significant accounting policies

2.1 Basis of preparation of special purpose financial statements

These special purpose financial statements include the Company's special purpose balance sheet as at March 30, 2018 (i.e. the date prior to appointed date as per the "Scheme", special purpose profit and loss and special purpose statement of cash flow for the period then ended.

These special purpose financial statements have been prepared by the management of Piramal Capital & Housing Finance Limited solely for the purpose of submission with tax authorities, rating agencies, lenders and financial institutions.

The Company is not a going concern. However, having regard to the Scheme, management is of the opinion that no adjustments are required to the carrying value/ classifications of assets and liabilities.

These special purpose financial statements do not consider the impact of any event subsequent to March 30, 2018.

The accompanying special purpose 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 special purpose financial statements are presented in Indian rupees rounded off to the nearest lakhs, unless otherwise stated.



Piramal Finance Limited (merged with Piramal Capital & Housing Finance Limited w.e.f. 31 March 2018)

Notes to the special purpose financial statements (*Continued*)

for the period ended 30 March 2018

(Currency: Rs. in lakhs)

2. Significant accounting policies (*Continued*)

2.2 Use of estimates

The preparation of the special purpose 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 special purpose 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.

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:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- 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:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- 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.

