

DHFL/CSD/2021-22/1964

14<sup>th</sup> June, 2021

<p>The Manager Listing Department, BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400 001 Scrip Code: 511072</p>	<p>The Manager Listing Department National Stock Exchange of India Limited, 'Exchange Plaza', C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051. Code/ Symbol: DHFL</p>
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Dear Sir/ Madam,

**Sub: Approval by National Company Law Tribunal of the Resolution Plan for corporate insolvency resolution of Dewan Housing Finance Corporation Limited (Company) submitted by Piramal Capital & Housing Finance Limited.**

**Ref: Disclosures under CIRP pursuant to (i) Regulation 30(2) (Schedule III Part A) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, and (ii) Regulation 3(3) of the Securities and Exchange Board of India (Delisting Of Equity Shares) Regulations, 2009.**

This is further to our letters No.DHFL/CSD/2021-22/1959 and No.DHFL/CSD/2021-22/1960 both dated 8<sup>th</sup> June, 2021, whereby the Company has shared updates with respect to the approval of the Resolution Plan submitted by Piramal Capital & Housing Finance Limited (**PCHFL / RA**) and as approved by the Committee of Creditors (**Resolution Plan**) for the corporate insolvency resolution of Dewan Housing Finance Corporation Limited (**Company**), under Section 31 of the Insolvency & Bankruptcy Code 2016 and the proposing delisting of the equity shares of the Company in compliance with the Securities and Exchange Board of India (Delisting Of Equity Shares) Regulations, 2009.

The said Resolution Plan shall be binding on the Company, all its employees, members, creditors, including the Central Government, any State Government or any local authority to whom a debt in respect of the payment of dues arising under any law for the time being in force is due, guarantors and other stakeholders involved in the Resolution Plan.

The Company is now in receipt of the said Order in writing and accordingly, the order of the NCLT approving the Resolution Plan is available at <https://www.ibbi.gov.in/uploads/order/4dc4028ccc12768a83b5726399fc8698.pdf>; and the salient features of the Resolution Plan, as approved by the CoC and the NCLT, are summarized and attached as **Annexure A**. This is subject to receipt of the certified copy of the approval order.

This is for your information and necessary actions.

Thanking you  
Yours sincerely,

**For Dewan Housing Finance Corporation Limited**

**S. N. Baheti**  
**Company Secretary**  
**ACS: 5535**

## Annexure A

### A. PROFILE OF THE RESOLUTION APPLICANT

1. The RA, Piramal Capital and Housing Finance Limited (a wholly owned subsidiary of Piramal Enterprises Limited) is part of the Ajay Piramal Group of companies, one of India's large diversified groups, with a presence in financial services and pharmaceuticals. Ajay Piramal group's key entities reported consolidated revenues in excess of INR 15,800 Crore, with 48% of revenues generated from financial services.
2. Piramal Enterprises Limited is the flagship company of Ajay Piramal group with a financial services business unit and a pharma business unit. The group's lending business is carried out via (a) Piramal Capital and Housing Finance Limited, which operates primarily in the residential retail and wholesale segment; and (b) PHL Fininvest, which is a non-banking finance company. The financial services business unit also has the corporate finance group that provides senior and mezzanine growth capital to various businesses across varied sectors that are integral part of India's growth story.

### B. FINANCIAL PROPOSAL:

3. The Resolution plan contemplates the following payments for resolution of the Company as a going concern.

S. No.	Particulars	Amount (INR)
<b>CASH</b>		
1.	Upfront cash payment	13,700 cr.
2.	Upfront interest payment offered by the RA in lieu of permitting the RA to all cash collected and/ or generated by the Company from the date of NCLT approving the plan until date of implementation	1,000 cr.
<b>ISSUANCE OF DEBT SECURITIES</b>		
3.	Issuance of debt securities (non-convertible debentures) by RA to creditors of the Company carrying an interest rate of 6.75% payable half yearly, secured by hypothecation over its receivables, having a tenure of 10 years. Repayment schedule: a. Year 1-5: 5% p.a. repayable in half-yearly instalments	19,550 cr.

S. No.	Particulars	Amount (INR)
	b. Year 6-10: 15 % p.a. repayable in half-yearly instalments c. Company may prepay outstanding amounts at any time after a period of 5 years.	
<b>TOTAL</b>		
4.	Total Resolution Amount	<b>34,250 cr.</b>

**Note:**

1. In addition to the Total Resolution Amount, an amount aggregating to approximately INR 3000,00,00,000 (Three Thousand Crores) shall be attributable to the Committee of Creditors pursuant to clause 3.13.3(d) of the RFRP, this amount being the **“Carve Out Consideration”**.
2. Any positive monetary recovery received by the Corporate Debtor as a result of orders passed in relation to applications filed under Sections 43, 45, 47, 49, and 50 of the code shall be distributed to the financial creditors in accordance with Section 2.13.1 and 2.13.2 of Part A of the Resolution Plan.
3. In accordance with Section 2.13.3 of Part A of the Resolution Plan, any positive recovery as a result of reversal of transactions avoided or set aside by the Hon’ble Tribunal in terms of Section 66 of the Code would accrue to the sole benefit of the RA, for which PCHFL has offered consideration of INR 1.

**C. DISSENTING FINANCIAL CREDITORS:**

4. In accordance with Section 30(4) of the Code and the resolution passed by the CoC, the dissenting financial creditors have been accorded their liquidation value. The NCLT has observed that Dissenting Financial Creditors should be paid upfront cash, prior to making any payment to other Financial Creditors *as per the judgment of Hon’ble Supreme Court in Jaypee Kensington Boulevard Apartments Welfare Association & Ors. Vs. NBCC (India) Ltd. Ors. (Civil Appeal No. 3395 of 2020)*.

**D. MANNER AND PRIORITY OF DISTRIBUTION UNDER THE RESOLUTION PLAN:**

5. As per the resolution plan, the manner of distribution of the Total Resolution Amount shall be determined by the COC, in accordance with the Applicable Law.
6. The Committee of Creditors has, at its eighteenth meeting on December 24/25, 2020, approved the manner of distribution of the receivables under the Resolution Plan in accordance with Section 30(4) of the Code.

7. In aggregate, it is therefore proposed that a sum of INR 37,250 cr. is to be distributed to the creditors pursuant to approval of the Resolution Plan.
8. Of this sum of INR 37, 250 cr., an amount of INR 2,436.67 cr. is required to be set aside pending the outcome of IA 1104 / 2020 in C.P. (IB) No. 4258 /2019 ("**NHB Application**"). Further, an amount of INR 83 crores has been set aside for meeting litigation and other expenses for CoC and the Administrator. The balance amount will be distributed to the CoC.
9. The sum of INR 2,436.67 cr. will be distributed upon the resolution of the NHB Application. The remaining sum proposed to be paid pursuant to implementation of the Resolution Plan, i.e., INR 34,724.29 cr., will be distributed in the following manner pending the outcome of the NHB Application.

S. No.	Creditor type	Admitted (INR)	Payout (INR)
1.	CIRP Costs	The Company incurs recurring monthly CIRP costs of around INR 2.5-3 cr.	CIRP Cost to be incurred for the remainder of the CIRP period. (assuming a period of three months, estimated CIRP costs will be around INR 7.5 – 9 cr.) In addition there is unpaid CIRP costs of around INR 20 cr. This cost is to be paid from the cash balance of the Company in normal course of business
2.	Workmen and employee dues (no workmen in the Company , and therefore no claims submitted by workmen)	2.30 Cr.	2.30 Cr. To be paid in full from balance cash balance of the Company
3.	Operational Creditors (other than workmen and employees)	162.39 Cr.	3.73 Cr. To be paid from balance cash balance of the Company
4.	Assenting secured financial creditors	77,904.42 cr.	33297.21 cr.
5.	Assenting unsecured financial creditors	3,653.41 cr.	176.43 cr.

S. No.	Creditor type	Admitted (INR)	Payout (INR)
6.	Dissenting secured financial creditors	5400.27 cr.	1249.09 cr.
7.	Dissenting unsecured financial creditors	124.89 cr.	1.56 cr.
<b>Total</b>		<b>87,247.68 cr.</b>	<b>34,730.33 cr.</b>

#### **E. DELISTING OF EQUITY SHARES**

Regulation 3(3) of the Securities and Exchange Board of India (Delisting Of Equity Shares) Regulations, 2009, provides that in case of delisting of equity shares of a listed company pursuant to a resolution plan under Section 31 of the Insolvency & Bankruptcy Code, 2016, the exit to the shareholders should be at a price which shall not be less than the liquidation value as determined under regulation 35 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (**CIRP Regulations**) after paying off dues in the order of priority as defined under section 53 of the Insolvency and Bankruptcy Code, 2016. No value was attributable to the equity shares as per the liquidation value of the Company estimated by registered valuers appointed under the CIRP Regulations. Accordingly, the Resolution Plan proposes to extinguish all the equity shares (including any right to subscribe to, or be allocated to such equity shares, including any employee stock options, pre-emptive subscription rights or convertible instruments held by any person) held by the existing shareholders of the Company or any other person, by way of a capital reduction without payment of any price to the shareholders/ such person.

#### **F. IMPLEMENTATION:**

The key steps for implementation of the Resolution Plan are summarized below:

- Payment of CIRP costs
- Payment of workmen and employee (As set out above, there were no workmen in the Company, and therefore no claims were received from workmen);
- Payment of operational creditors;
- Balance financial debt of creditors to be modified and subsequently assigned in favour of RA;
- Payments to dissenting financial creditors and thereafter payments to assenting



- financial creditors;
- (f) Payments to other creditors;
- (g) RA is to infuse INR 1 cr. as equity;
- (h) Company to be delisted in accordance with law;
- (i) Selective capital reduction, where shares of any person other than the RA will be cancelled. After this step, the RA will hold 100% of the Company; and
- (j) RA is to be merged into the Company by way of a reverse merger.

**G. ADDITIONAL MATTERS:**

Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:	
(i) Pre and Post net-worth of the company;	Subject to Section F ( <i>Implementation</i> ).
(ii) Details of assets of the company post CIRP;	Subject to Section F ( <i>Implementation</i> ).
(iii) Details of securities continuing to be imposed on the companies' assets;	As per Section B and F
(iv) Other material liabilities imposed on the company;	Nil
(v) Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;	As per Section F ( <i>Implementation</i> )  It is proposed that the RA will hold 100% of the equity share capital of the Company, and thereafter, following the reverse merger of the RA with the Company, the shareholders of the RA will hold the shareholding of the resultant entity.
(vi) Details of funds infused in the company, creditors paid-off;	Please refer to Sections D and B

(vii) Additional liability on the incoming investors due to the transaction, source of such funding etc.;	Please refer to Section F. The RA is relying on letters of comfort provided by international banks of repute as well as the balance sheet of the parent for source of funds, to the satisfaction of the CoC and NCLT.
(viii) Impact on the investor – revised P/E, RONW ratios etc.;	Please refer to Sections B, E and F  The revised P/E, RONW ratios shall be as determined following completion of the steps in Section F.
(ix) Names of the new promoters, key managerial persons(s), if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;	Please refer to Section A.  The RA will appoint suitably qualified and experienced persons in the functions of sales & marketing finance, human resources and operations, as well as in the post of ‘Key Managerial Personnel’ of the Company (“KMP”) such as Chief Executive Officer, Chief Operating Officer and Chief Financial Officer.  The definitive list of KMPs will be finalized and shared on the date of implementation
(x) Brief description of business strategy.	(i) The RA intends to continue to run the business of Company as a “going concern”.  (ii) The RA has taken cognizance of the above and proposed the following strategy and action plan to turn around the business of the Company: (a) Build and institute systems and controls for improvement in the credit underwriting process (b) Leveraging existing customer base;



	(c) Building long term franchise; (d) Human Capital Strategy; (e) Adoption of New Technology; (f) Collections and Recovery; and (g) Geographical Expansion.
The details as to the delisting plans, if any approved in the resolution plan.	As per Section E
Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS	Not applicable, please refer Section E.

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