

**CONFIDENTIAL**

Date: May 8, 2024

To  
**The Board of Directors,**  
**Piramal Enterprises Limited,**  
 Piramal Ananta, Agastya Corporate Park,  
 Opposite Fire Brigade, Kamani Junction,  
 LBS Marg, Kurla (West), Mumbai (400070)

Dear Members of the Board:

**I. Engagement Background**

We understand that the Board of Directors of Piramal Enterprises Limited (the "Transferor Company" or "Company" or "PEL") and its wholly owned subsidiary, Piramal Capital and Housing Finance Limited (the "Transferee Company" or "PCHFL"), are considering a composite scheme of arrangement ("Scheme") under Sections 230 to 232 read with Section 52, Section 66 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) as may be applicable and the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof and other applicable provisions of the regulations and guidelines issued by the SEBI from time to time. The Scheme, *inter alia*, provides for (i) the amalgamation of PEL with PCHFL, (ii) reduction of the securities premium account and capital reserves of PCHFL, and (iii) various other matters consequential or otherwise integrally connected therewith. Further, the Board of the Transferee Company also proposes to apply for a certificate of registration to operate as an NBFC – Investment and Credit Company ("NBFC-ICC") with Reserve Bank of India ('RBI'). Upon receipt of the NBFC-ICC registration, PCHFL, subject to the regulatory approvals, will be renamed as Piramal Finance Limited ("PFL").

The Transferor Company and the Transferee Company are hereinafter jointly referred to as "Parties".

We understand from the management of the Company that, pursuant to the proposed amalgamation, the equity shareholders of the Transferor Company will be issued equity shares, and subject to the RBI approval, Non-Convertible Non-Cumulative Redeemable Preference Shares ("NCRPS"), of the Transferee Company as consideration for their respective shareholding in Transferor Company. The terms and conditions of the proposed amalgamation are more fully set out in the Draft Scheme of Arrangement shared with us on May 7, 2024 ("Draft Scheme"), the final version of which will be placed before the Board of Directors of the Parties for necessary approval and will be filed by the Parties with the appropriate authorities.

We further understand that the Share Exchange Ratio (*defined below*) in respect of the equity shares and NCRPS of the Transferor Company, has been arrived at based on the Valuation Report dated May 8, 2024, prepared by Banshi S. Mehta Valuers LLP (the "Valuer"), who has been independently appointed for this exercise by the Company.

Based on our perusal of the Valuation Report dated May 8, 2024 prepared by the Valuer, we understand that it has been proposed that pursuant to the amalgamation of the Transferor Company

  
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 For Piramal Capital & Housing Finance Limited

  
 Bipin Singh  
 Company Secretary



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with the Transferee Company, for every 1 (one) fully paid up equity share of the face value of INR 2 (Indian Rupees Two only) each held by the shareholders of Transferor Company, Transferee Company shall issue and allot 1 (one) fully paid up equity share of the face value of INR 2 (Indian Rupees Two only) each of Transferee Company. Additionally, only upon the receipt of the RBI approval, for every 1 (one) fully paid up equity share of the face value of INR 2 (Indian Rupees Two only) each held by the shareholders of Transferor Company, Transferee Company shall also issue and allot 1 (one) fully paid up NCRPS of the face value of INR 67 per share (hereinafter collectively referred to as the "Share Exchange Ratio").

Further, we understand from the Scheme and the Valuation Report that, in case the Company does not receive approval from RBI in the manner contemplated in the Scheme for issuance of NCRPS, then upon the Scheme becoming effective, the Transferee Company would only issue and allot Equity Shares of Transferee Company to the shareholders of the Transferor Company.

In connection with the aforesaid, you have requested our opinion ("Opinion"), as of the date hereof, as to the fairness of the Share Exchange Ratio, as proposed by the Valuer, from a financial point of view to the shareholders of the Transferor Company.

## **II. Basis of Opinion**

The rationale for the Scheme as shared with us by the management of Company is in the best interests of the Transferor Company, the Transferee Company, and their respective stakeholders for the following reasons:

### **a. Background:**

- I. The Transferee Company is registered as a Housing Finance Company ('HFC') with the RBI. The Transferee Company does not meet the requisite Principal Business Criteria to continue operating as an HFC with the RBI. Hence, the Board of the Transferee Company proposes to apply for a certificate of registration to operate as an NBFC-ICC with the RBI. Upon receipt of the NBFC registration, the Transferee Company will surrender its certificate of registration as an HFC.
- II. As per the RBI's (NBFC – Scale Based Regulation) Master Directions, 2023 ("Scale Based Regulations"), NBFCs those which are identified as upper layer ('NBFC-UL') are required to be mandatorily listed within three years of being identified as one. The Transferee Company was identified as an NBFC-UL (Non-deposit taking HFC) as per RBI release list dated September 30, 2022, and hence, the Transferee Company is required to be listed prior to September 30, 2025

### **b. Rationale:**

- I. Pursuant to the Scheme and upon receipt of NBFC-ICC registration from RBI, the Transferee Company will be renamed to PFL, subject to regulatory approvals for name change and operate as an NBFC-ICC, and get listed on a recognised stock exchange, ensuring compliance with the Scale Based Regulations applicable to NBFCs, as notified by RBI.



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- II. The amalgamation would lead to elimination of supervisory and management overlap, minimisation of regulatory and legal compliances with respect to business registrations and labour laws.
- III. The amalgamation would facilitate a unified approach to customer interactions, as well as lender engagement under a single platform, further simplifying operations, thereby enhancing customer and lender servicing experiences.
- IV. Unification of businesses would also result in the consolidation of financial, managerial, technical, and human resources, thereby creating a stronger base for future growth and stakeholder value accretion.
- V. The creation of a larger consolidated financial services entity will enable the Transferor Company and the Transferee Company to deliver an increased range of financial products to a broader customer base. Further, the Transferee Company would, subsequent to the amalgamation, benefit from economies of scale and operational efficiencies, leading to revenue and cost synergies.
- VI. An enhanced consolidated balance sheet would also bring efficiency with respect to its treasury operations, thereby helping in the overall liability management of the organization.
- VII. Moreover, the proposed amalgamation facilitates all the shareholders of the Transferor Company to gain direct ownership of the Transferee Company's operations in one single listed entity, thereby housing all the operations, profits, and in-effect the entire value of the lending business under one roof.

Based on the aforesaid considerations, the proposed amalgamation is expected to enhance optimization of the capital structure, comply with applicable regulatory requirements, and maximize shareholders' value. Accordingly, the Transferor Company management proposes that the Transferor Company be amalgamated on a going concern basis into the Transferee Company with mirror equity shareholding of the Transferor Company.

The resulting pro rata shareholding of an equity shareholder of Transferor Company in the Transferee Company, pursuant to the proposed Scheme would be a mirror image of the existing equity shareholding pattern of the Transferor Company (pre-amalgamation). As such, no shareholder is either advantaged or disadvantaged by virtue of the Scheme and there will be no impact on the economic beneficial interest of the shareholders of the Transferor Company.

Some key details related to each of the aforesaid companies is as under –

PEL is a company incorporated on 26 April 1947 under the provisions of the Indian Companies Act, 1913, having Corporate Identity Number L24110MH1947PLC005719. It is a public company within the meaning of the Companies Act, 2013. The registered office of PEL is at Piramal Ananta, Agastya Corporate Park, Kamani Junction, LBS Marg, Kurla (West), Mumbai - 400070, Maharashtra, India. PEL is a systemically important non-deposit taking non-banking finance company ("NBFC-ND-SI") under Section 45-IA of the Reserve Bank of India Act, 1934. PEL is engaged in the business of providing financial services, including wholesale and retail lending services, directly and indirectly. The equity shares, Non-Convertible Debentures ('NCDs') and Commercial Papers ('CPs') of PEL are listed on the recognized stock exchange(s).



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PCHFL is a company incorporated on 11 April 1984 under the provisions of the Companies Act, 1956, having Corporate Identity Number U65910MH1984PLC032639. It is a public company within the meaning of the Companies Act, 2013 and is registered as a housing finance company with the National Housing Bank. The registered office of PCHFL is at 601, 6th Floor, Amity Building, Agastya Corporate Park Kamani Junction, Opp. Fire Station, LBS Marg, Kurla (West), Mumbai - 400070, Maharashtra, India. PCHFL is engaged in the business of housing finance and various financial services businesses. The PCHFL NCDs and PCHFL CPs are listed on the recognized stock exchange(s).

The key features of the proposed amalgamation provided to us through the Draft Scheme are as under:

- (i) With effect from the Appointed Date (as defined in the Draft Scheme) and upon the Scheme becoming effective, the Transferor Company along with all its assets, liabilities, contracts, employees, licenses, records, approvals etc. shall stand transferred to and vest in or shall be deemed to have been transferred to and vested in the Transferee Company, as a going concern.
- (ii) The Transferor Company shall stand dissolved without winding up or without any further deed or act of a similar nature.
- (iii) The entire shareholding of the Transferee Company held by the Transferor Company shall stand cancelled.
- (iv) As consideration for the amalgamation of Transferor Company with Transferee Company, Transferee Company shall issue and allot equity shares and NCRPS, subject to the required approvals, to the equity shareholders of Transferor Company proportionate to their holding in Transferor Company in the manner provided in the Scheme.
- (v) Transferee Company shares to be issued and allotted by Transferee Company in terms of the Scheme shall be subject to the provisions of the memorandum and articles of association of the Transferee Company.
- (vi) The ESOP scheme of the Transferor Company shall be migrated to the Transferee Company with such modifications and amendments as the Board of the Transferee Company (or duly authorized committee thereof) may deem necessary such that the terms and conditions of the ESOPs of the Transferee Company shall not be prejudicial to the interests of the option holders of the Transferor Company.
- (vii) Share Exchange Ratio is based on the Valuation Report dated May 8, 2024, submitted by the Valuer.

We have relied upon the Draft Scheme shared with us and taken the abovementioned key features of the Scheme (together with other facts and assumptions set forth in section III of this Opinion) into account while determining the meaning of "fairness", from a financial point of view, for the purposes of this Opinion.

### **III. Limitation of Scope and Review**

Our Opinion and analysis are limited to the extent of review of documents as provided to us by Parties including the Valuation Report dated May 8, 2024, prepared by the Valuer and the Draft Scheme provided by the Management.

In connection with this Opinion, we have:

- (i) reviewed the Draft Scheme;
- (ii) reviewed the Valuation Report dated May 8, 2024, prepared by the Valuer;



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- (iii) reviewed certain publicly available historical and operational information with respect to each of the relevant entities available in their respective annual & interim reports and company presentations;
- (iv) current capital structure / shareholding pattern of the relevant entities;
- (v) reviewed certain historical business and financial information relating to each of the relevant entities, as provided by the respective companies, and sought certain clarifications with respect to the same;
- (vi) considered publicly available research on Parties as available with us as at the date hereof;
- (vii) sought various clarifications from the respective senior management teams of the relevant companies; and
- (viii) considered such other information and factors as we deemed appropriate.

We have assumed and relied upon the accuracy and completeness of all information and documents provided to us, data publicly available or otherwise reviewed by or discussed with us. We have relied upon assurances of the Parties that they are not aware of any facts or circumstances that would make such information or data incomplete, inaccurate or misleading in any material respect.

We have not carried out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of Transferor Company, Transferee Company, and / or their subsidiaries / affiliates. In particular, we do not express any opinion as to the value of any asset of Transferor Company, Transferee Company, and / or their subsidiaries / affiliates, whether at the current time or in the future. No investigation of Transferor Company's and Transferee Company's claim to title of assets has been made for the purpose of the exercise and the claim to such rights has been assumed to be fully valid. No consideration has been given to liens or encumbrances against the assets. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Further, we have not evaluated the solvency or fair value of Transferor Company and / or Transferee Company and / or their subsidiaries / affiliates under any law relating to bankruptcy, insolvency or similar matter.

We have assumed, with the Transferor Company's consent, that the Scheme will be in compliance with all applicable laws and other requirements and will be implemented on the terms described in the Draft Scheme, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no extraordinary delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Transferor Company or the Transferee Company and / or their relevant subsidiaries / affiliates and their respective shareholders. We have assumed at the direction of the Transferor Company that the final scheme will not differ in any material respect from the Draft Scheme. We understand from the Transferor Company's management that the Scheme will be given effect to in totality and not in parts.

We express no view or opinion as to any terms or other aspects of the Draft Scheme (other than the Share Exchange Ratio, from a financial point of view) including, without limitation, the form or structure of the proposed transaction. We were not requested to, and we did not participate in the negotiations for the proposed transaction. Our Opinion is limited to the fairness, from a financial point of view, of the Share Exchange Ratio proposed by the Valuer, to the shareholders of the Transferor Company. We express no opinion or view with respect to the financial implications of the proposed amalgamation for any stakeholders, including creditors of the Transferor Company and the Transferee Company.

We express no view as to, and our Opinion does not address, the underlying business decision of the Transferor Company to effect the proposed amalgamation, the relative merits of the proposed amalgamation as compared to any other alternative business strategy, the effect of the proposed



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amalgamation on the Transferor Company or its affiliates, including, without limitation, possible implications on ownership structure, listing format, capital structure or trading price of Transferee Company's shares post completion of the proposed amalgamation. The Transferor Company remains solely responsible for the commercial assumptions on the basis of which it has agreed to proceed with the proposed amalgamation. Our Opinion is necessarily based only upon information as referred to in this letter. We have relied solely on representations, whether verbal or otherwise, made by the management of the Transferor Company and the Transferee Company, for areas where the same has been made.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on Transferor Company, Transferee Company, and / or their subsidiaries / affiliates, and their respective shareholders, nor does our Opinion address any legal, tax, regulatory (including all SEBI regulations) or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, governmental investigation, or other contingent liabilities to which the Transferor Company, Transferee Company and / or their subsidiaries / affiliates, are / or may be a party.

Our Opinion is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us, as of the date hereof. It should be understood that subsequent developments may affect this Opinion and we assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance, shareholders' rights or any other equitable considerations. We have also not opined on the fairness of any terms and conditions of the Draft Scheme other than the fairness, from a financial point of view, of the Share Exchange Ratio proposed by the Valuer, to the shareholders of Transferor Company.

While we have provided our recommendation as to the fairness of the Share Exchange Ratio based on the information available to us and the Valuation Report dated May 8, 2024, provided by the Valuer and within the scope and constraints of our engagement, others may have a different opinion as to the Share Exchange Ratio. The final responsibility for the determination of the Share Exchange Ratio for the proposed amalgamation will be with the Board of Directors of the respective companies who should take into account other factors such as their own assessment of the proposed amalgamation.

We may have in the past provided, and may currently or in the future provide, investment banking services to the Transferor Company, Transferee Company and / or their subsidiaries or their respective affiliates, for which services we have received or may receive customary fees. Our engagement as a fairness opinion provider is independent of our other business relationships, which we may have with the Transferor Company, Transferee Company and / or their subsidiaries or their respective affiliates. In addition, in the ordinary course of their respective businesses, affiliates of Axis Capital Limited may invest in securities of the Transferor Company, Transferee Company and / or their subsidiaries or group companies, for their own accounts and for the accounts of their customers subject to compliance of SEBI (Prohibition of Insider Trading) Regulations and, accordingly, may at any time hold a position in such securities. We will not be responsible to any other person / party for any decision. Our engagement and the Opinion expressed herein are solely for the benefit of the Board of Directors of the Transferor Company (in its capacity as such) in connection with its consideration of the proposed amalgamation and for none other. Delivery of our Opinion does not create any fiduciary, equitable or contractual duties



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on Axis Capital Limited (including, without limitation, any duty of trust or confidence). It is hereby notified that any reproduction, copying or otherwise quoting of this document or any part thereof except for the purpose mentioned herein can only be done with our prior permission in writing. Further, our Opinion is being provided only for the limited purpose of complying with the SEBI regulations and the requirement of the stock exchanges on which the Company is listed or as required under applicable law, and for no other purpose. Neither Axis Capital Limited, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, make any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained therein.

The Transferor Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final Opinion.

The fee for our services is not contingent upon the results of the proposed amalgamation. This document is governed by and construed in accordance with the laws of India. Disputes, if any, regarding this Opinion shall be conducted at Mumbai Centre for International Arbitration, in accordance with Clause 3(b) of the SEBI master circular dated December 28, 2023, bearing reference number SEBI/HO/OIAE/OIAE\_IAD-3/P/CIR/2023/195 ("SEBI ODR Circular") at the option of the parties. The proceedings shall be carried out in English. The arbitral award shall be treated as final and binding on the parties hereto.

Our Opinion is not intended to and does not constitute a recommendation to any party as to how such party should vote or act in connection with the Scheme or any matter related thereto.

#### **IV. Conclusion**

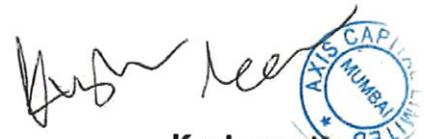
Based on and subject to the foregoing, we are of the opinion that, as of the date hereof, Share Exchange Ratio, as proposed by the Valuer, is fair to the equity shareholders of Piramal Enterprises Limited from a financial point of view.

Very truly yours,

**For Axis Capital Limited**



**Ravindra Goyal**  
Senior Vice President, Axis Capital Limited



**Kushagra Kumar**  
Executive Director, Axis Capital Limited



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Date: May 8, 2024

To  
**The Board of Directors,**  
**Piramal Enterprises Limited,**  
 Piramal Ananta, Agastya Corporate Park,  
 Opposite Fire Brigade, Kamani Junction,  
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Dear Members of the Board:

**I. Engagement Background**

We understand that the Board of Directors of Piramal Enterprises Limited (the "Transferor Company" or "Company" or "PEL") and its wholly owned subsidiary, Piramal Capital and Housing Finance Limited (the "Transferee Company" or "PCHFL"), are considering a composite scheme of arrangement ("Scheme") under Sections 230 to 232 read with Section 52, Section 66 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) as may be applicable and the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof and other applicable provisions of the regulations and guidelines issued by the SEBI from time to time. The Scheme, *inter alia*, provides for (i) the amalgamation of PEL with PCHFL, (ii) reduction of the securities premium account and capital reserves of PCHFL, and (iii) various other matters consequential or otherwise integrally connected therewith. Further, the Board of the Transferee Company also proposes to apply for a certificate of registration to operate as an NBFC – Investment and Credit Company ("NBFC-ICC") with Reserve Bank of India ('RBI'). Upon receipt of the NBFC-ICC registration, PCHFL, subject to the regulatory approvals, will be renamed as Piramal Finance Limited ("PFL").

The Transferor Company and the Transferee Company are hereinafter jointly referred to as "Parties".

We understand from the management of the Company that, pursuant to the proposed amalgamation, the equity shareholders of the Transferor Company will be issued equity shares, and subject to the RBI approval, Non-Convertible Non-Cumulative Redeemable Preference Shares ("NCRPS"), of the Transferee Company, as consideration for their respective shareholding in Transferor Company. The terms and conditions of the proposed amalgamation are more fully set out in the Draft Scheme of Arrangement shared with us on May 7, 2024 ("Draft Scheme"), the final version of which will be placed before the Board of Directors of the Parties for necessary approval and will be filed by the Parties with the appropriate authorities.

Further, in connection with the proposed Scheme, the Non-Convertible Debenture ('NCD') holders of the Transferor Company will become NCD holders in the Transferee Company on the same terms and conditions laid down at the time of issuance by the Transferor Company.

We further understand that the Fair Ratio of Entitlement (defined below) in respect of the NCDs of the Transferor Company, has been arrived at based on the Valuation Report / Fair Ratio of Entitlement Report dated May 8, 2024, prepared by M/s. Bansi S. Mehta Valuers LLP. (the "Valuer"), who has been

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For Piramal Capital &amp; Housing Finance Limited

*Bipin Singh*  
 Company Secretary

*llk*  


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independently appointed for this exercise by the Company. The Valuer has arrived at the following Fair Ratio of Entitlement:

For every 1 (one) NCD of the Transferor Company, 1 (one) NCD of the Transferee Company of equivalent face and paid-up value, coupon rate, tenure, redemption price, quantum and nature of security (hereinafter referred to as the "Fair Ratio of Entitlement")

In connection with the aforesaid, you have requested our opinion ("Opinion"), as of the date hereof, as to the fairness of the Fair Ratio of Entitlement, as proposed by the Valuer, from a financial point of view to the NCD holders of the Transferor Company.

## **II. Background and Rationale of the Scheme**

The rationale for the Scheme as shared with us by the management of Company is in the best interests of the Transferor Company, Transferee Company and their respective stakeholders for the following reasons:

### **a. Background:**

- I. The Transferee Company is registered as a Housing Finance Company ('HFC') with the RBI. The Transferee Company does not meet the requisite Principal Business Criteria to continue operating as a HFC with the RBI. Hence, the Board of the Transferee Company proposes to apply for a certificate of registration to operate as an NBFC-ICC with the RBI. Upon receipt of the NBFC registration, the Transferee Company will surrender its certificate of registration as an HFC.
- II. As per the RBI's (NBFC – Scale Based Regulation) Master Directions, 2023 ("Scale Based Regulations"), Those NBFCs which are identified as upper layer ('NBFC-UL') are required to be mandatorily listed within three years of being identified as one. The Transferee Company was identified as an NBFC-UL (Non-deposit taking HFC) as per RBI release list dated September 30, 2022, and hence, the Transferee Company is required to be listed prior to September 30, 2025.

### **b. Rationale:**

- I. Pursuant to the Scheme and upon receipt of NBFC-ICC registration from RBI, the Transferee Company will operate as an NBFC-ICC and get listed on recognised stock exchanges, ensuring compliance with the Scale Based Regulations applicable to NBFCs, as notified by the RBI.
- II. The amalgamation would lead to elimination of supervisory and management overlap, minimisation of regulatory and legal compliances with respect to business registrations and labour laws.
- III. The amalgamation would facilitate a unified approach to customer interactions, as well as lender engagement under a single platform, further simplifying operations, thereby enhancing customer and lender servicing experiences.
- IV. Unification of businesses would also result in the consolidation of financial, managerial, technical, and human resources, thereby creating a stronger base for future growth and stakeholder value accretion.



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- V. The creation of a larger consolidated financial services entity will enable the Transferor Company and Transferee Company to deliver an increased range of financial products to a broader customer base. Further, the Transferee Company would, subsequent to the amalgamation, benefit from economies of scale and operational efficiencies, leading to revenue and cost synergies.
- VI. An enhanced consolidated balance sheet would also bring efficiency with respect to its treasury operations, thereby helping in the overall liability management of the organization.
- VII. Moreover, the proposed amalgamation facilitates all the shareholders of the Transferor Company to gain direct ownership of the Transferee Company's operations in one single listed entity, thereby housing all the operations, profits, and in-effect the entire value of the lending business under one roof.

Based on the aforesaid considerations, the proposed amalgamation is expected to enhance optimization of the capital structure, comply with applicable regulatory requirements, and maximize shareholders' value. Accordingly, the Transferor Company management proposes that the Transferor Company be amalgamated on a going concern basis into the Transferee Company with mirror equity shareholding of the Transferor Company.

Some key details related to each of the aforesaid companies is as under –

PEL is a company incorporated on 26 April 1947 under the provisions of the Indian Companies Act, 1913, having Corporate Identity Number L24110MH1947PLC005719. It is a public company within the meaning of the Companies Act, 2013. The registered office of PEL is at Piramal Ananta, Agastya Corporate Park, Kamani Junction, LBS Marg, Kurla (West), Mumbai - 400070, Maharashtra, India. PEL is a systemically important non-deposit taking non-banking finance company ("NBFC") under Section 45-IA of the Reserve Bank of India Act, 1934. PEL is engaged in the business of providing financial services, including wholesale and retail lending services, directly and indirectly. The equity shares, Non-Convertible Debentures ('NCDs') and Commercial Papers ('CPs') of PEL are listed on recognized stock exchange(s).

PCHFL is a company incorporated on 11 April 1984 under the provisions of the Companies Act, 1956, having Corporate Identity Number U65910MH1984PLC032639. It is a public company within the meaning of the Companies Act, 2013 and is registered as a housing finance company with the National Housing Bank. The registered office of PCHFL is at 601, 6th Floor, Amity Building, Agastya Corporate Park Kamani Junction, Opp. Fire Station, LBS Marg, Kurla (West), Mumbai - 400070, Maharashtra, India. PCHFL is engaged in the business of housing finance and various financial services businesses. The Non-Convertible Debentures ('NCDs') and Commercial Papers ('CPs') of PCHFL are listed on recognized stock exchange(s).

The key features of the proposed amalgamation provided to us through the Draft Scheme are as under:

- (i) The Transferee Company will apply to the RBI to obtain a certificate of registration to operate as an NBFC-ICC and will continue its operations on an as-is basis in the interim
- (ii) With effect from the Appointed Date (as defined in the Draft Scheme) and upon the Scheme becoming effective, the Transferor Company along with all its assets, liabilities, contracts, employees, licenses, records, approvals etc. shall stand transferred to and vest in or shall be deemed to have been transferred to and vested in the Transferee Company, as a going

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concern.

- (iii) The Transferor Company shall stand dissolved without winding up or without any further deed or act of a similar nature.
- (iv) The entire shareholding of the Transferee Company held by the Transferor Company shall stand cancelled.
- (v) As consideration for the amalgamation of Transferor Company with Transferee Company, Transferee Company shall issue and allot equity shares and NCRPS, subject to the required approvals, to the equity shareholders of Transferor Company proportionate to their holding in Transferor Company in the manner provided in the Scheme.
- (vi) Transferee Company shares to be issued and allotted by Transferee Company in terms of the Scheme shall be subject to the provisions of the memorandum and articles of association of the Transferee Company.
- (vii) The ESOP scheme of the Transferor Company shall be migrated to the Transferee Company with such modifications and amendments as the Board of the Transferee Company (or duly authorized committee thereof) may deem necessary such that the terms and conditions of the ESOPs of the Transferee Company shall not be prejudicial to the interests of the option holders of the Transferor Company.
- (viii) Fair Ratio of Entitlement is based on the Valuation Report / Fair Ratio of Entitlement Report dated May 8, 2024, submitted by the Valuer.

We have relied upon the Draft Scheme shared with us and taken the abovementioned key features of the Scheme (together with other facts, assumptions and management representations set forth in section III of this Opinion) into account while determining the meaning of "fairness", from a financial point of view, for the purposes of this Opinion.

### **III. Limitation of Scope and Review**

Our Opinion and analysis are limited to the extent of review of documents as provided to us by Parties including the Valuation Report / Fair Ratio of Entitlement Report dated May 8, 2024, prepared by the Valuer and the Draft Scheme provided by the management.

In connection with this Opinion, we have:

- (i) reviewed the Draft Scheme;
- (ii) reviewed the Valuation Report / Fair Ratio of Entitlement Report dated May 8, 2024 prepared by the Valuer;
- (iii) credit rating reports of existing NCDs of the Transferor Company and Transferee Company;
- (iv) terms of the existing NCDs of the Transferor Company;
- (v) reviewed certain publicly available historical and operational information with respect to each of the relevant entities available in their respective annual & interim reports and company presentations;
- (vi) current capital structure / shareholding pattern of the relevant entities;
- (vii) reviewed certain business and financial information relating to each of the relevant entities, as provided by the respective companies, and sought certain clarifications with respect to the same;
- (viii) considered publicly available research on Parties as available with us as at the date hereof;
- (ix) sought various clarifications from the respective senior management teams of the relevant companies; and
- (x) considered such other information and factors as we deemed appropriate.



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We have assumed and relied upon the accuracy and completeness of all information and documents provided to us, data publicly available or otherwise reviewed by or discussed with us. We have relied upon assurances of the Parties that they are not aware of any facts or circumstances that would make such information or data incomplete, inaccurate or misleading in any material respect.

We have not carried out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of Transferor Company, Transferee Company, and / or their subsidiaries / affiliates. In particular, we do not express any opinion as to the value of any asset of Transferor Company, Transferee Company, and / or their subsidiaries / affiliates, whether at the current time or in the future. No investigation of Transferor Company's and Transferee Company's claim to title of assets has been made for the purpose of the exercise and the claim to such rights has been assumed to be fully valid. No consideration has been given to liens or encumbrances against the assets. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Further, we have not evaluated the solvency or fair value of Transferor Company and / or Transferee Company and / or their subsidiaries / affiliates under any law relating to bankruptcy, insolvency or similar matter.

We have assumed, with the Transferor Company's consent, that the Scheme will be in compliance with all applicable laws and other requirements and will be implemented on the terms described in the Draft Scheme, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no extraordinary delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Transferor Company or the Transferee Company and / or their relevant subsidiaries / affiliates and their respective shareholders. We have assumed at the direction of the Transferor Company that the final scheme will not differ in any material respect from the Draft Scheme. We understand from the Transferor Company's management that the Scheme will be given effect to in totality and not in parts.

We express no view or opinion as to any terms or other aspects of the Draft Scheme (other than the Fair Ratio of Entitlement, from a financial point of view) including, without limitation, the form or structure of the proposed transaction. We were not requested to, and we did not participate in the negotiations for the proposed transaction. Our Opinion is limited to the fairness, from a financial point of view, of the Fair Ratio of Entitlement proposed by the Valuer, to the shareholders of the Transferor Company. We express no opinion or view with respect to the financial implications of the proposed amalgamation for any stakeholders, including creditors of the Transferor Company and the Transferee Company.

We express no view as to, and our Opinion does not address, the underlying business decision of the Transferor Company to effect the proposed amalgamation, the relative merits of the proposed amalgamation as compared to any other alternative business strategy, the relative merits of operating under the NBFC-ICC license instead of a HFC license, the effect of the proposed amalgamation on the Transferor Company or its affiliates, including, without limitation, possible implications on ownership structure, listing format, capital structure or trading price of Transferee Company's shares post completion of the proposed amalgamation. The Transferor Company remains solely responsible for the commercial assumptions on the basis of which it has agreed to proceed with the proposed amalgamation. Our Opinion is necessarily based only upon information as referred to in this letter. We have relied solely on representations, whether verbal or otherwise, made by the management of the Transferor Company and the Transferee Company, for areas where the same has been made.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on Transferor Company, Transferee Company, and / or their subsidiaries / affiliates, and their respective shareholders, nor does our Opinion address any legal, tax, regulatory (including all RBI and



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SEBI regulations/circulars) or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, governmental investigation, or other contingent liabilities to which the Transferor Company, Transferee Company and / or their subsidiaries / affiliates, are / or may be a party.

Our Opinion is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us, as of the date hereof. It should be understood that subsequent developments may affect this Opinion and we assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance, shareholders' rights or any other equitable considerations. We have also not opined on the fairness of any terms and conditions of the Draft Scheme other than the fairness, from a financial point of view, of the Fair Ratio of Entitlement proposed by the Valuer to the shareholders of Transferor Company.

While we have provided our recommendation as to the fairness of the Fair Ratio of Entitlement based on the information available to us and the Valuation Report / Fair Ratio of Entitlement Report dated May 8, 2024, provided by the Valuer and within the scope and constraints of our engagement, others may have a different opinion as to the Fair Ratio of Entitlement. The final responsibility for the determination of the Fair Ratio of Entitlement for the proposed amalgamation will be with the Board of Directors of the respective companies who should take into account other factors such as their own assessment of the proposed amalgamation.

We may have in the past provided, and may currently or in the future provide, investment banking services to the Transferor Company, Transferee Company and / or their subsidiaries or their respective affiliates, for which services we have received or may receive customary fees. Our engagement as a fairness opinion provider is independent of our other business relationships, which we may have with the Transferor Company, Transferee Company and / or their subsidiaries or their respective affiliates. In addition, in the ordinary course of their respective businesses, affiliates of Axis Capital Limited may invest in securities of the Transferor Company, Transferee Company and / or their subsidiaries or group companies, for their own accounts and for the accounts of their customers subject to compliance of SEBI (Prohibition of Insider Trading) Regulations and, accordingly, may at any time hold a position in such securities. We will not be responsible to any other person / party for any decision. Our engagement and the Opinion expressed herein are solely for the benefit of the Board of Directors of the Transferor Company (in its capacity as such) in connection with its consideration of the proposed amalgamation and for none other. Delivery of our Opinion does not create any fiduciary, equitable or contractual duties on Axis Capital Limited (including, without limitation, any duty of trust or confidence). It is hereby notified that any reproduction, copying or otherwise quoting of this document or any part thereof except for the purpose mentioned herein can only be done with our prior permission in writing. Further, our Opinion is being provided only for the limited purpose of complying with the SEBI regulations and the requirement of the stock exchanges on which the Company is listed or as required under applicable law, and for no other purpose. Neither Axis Capital Limited, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, make any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained therein.



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The Transferor Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final Opinion.

The fee for our services is not contingent upon the results of the proposed amalgamation. This document is governed by and construed in accordance with the laws of India. Disputes, if any, regarding this Opinion shall be conducted at Mumbai Centre for International Arbitration, in accordance with Clause 3(b) of the SEBI master circular dated December 28, 2023, bearing reference number SEBI/HO/OIAE/OIAE\_IAD-3/P/CIR/2023/195 ("SEBI ODR Circular") at the option of the parties. The proceedings shall be carried out in English. The arbitral award shall be treated as final and binding on the parties hereto.

Our Opinion is not intended to and does not constitute a recommendation to any party as to how such party should vote or act in connection with the Scheme or any matter related thereto.

Our Opinion is provided solely for the benefit of the Board of Directors of the Transferor Company and is for the purpose of submission to the stock exchanges and SEBI under SEBI Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2023/108 dated July 29, 2022, as amended from time to time till the current date.

#### IV. Conclusion

- The proposed Scheme contemplates the amalgamation of the Transferor Company with the Transferee Company.
- Pursuant to the Scheme, NCDs of the Transferor Company shall be vested with the Transferee Company on the same terms & conditions, including the coupon rate, tenure, ISIN, redemption price, quantum, and nature of security defined at the time of issuance by the Transferor Company.
- Both the Transferor Company and the Transferee Company have the same credit ratings.
- Further, we understand from the Company's management that they are of the view that the credit rating of the Transferee Company pursuant to the implementation of the Scheme, would likely be the same as the credit rating of the Transferor Company.
- The NCRPS of the Transferee Company proposed to be issued pursuant to the Scheme would rank subservient to the NCDs in the priority of claims.

Based on the foregoing considerations, examination of the Valuation Report / Fair Ratio of Entitlement Report, Draft Scheme provided by the Transferor Company, such other information / undertakings / representation provided to us by the management, we are of the opinion that, as of the date hereof, Fair Ratio of Entitlement, as proposed by the Valuer, is fair to the NCD holders of Piramal Enterprises Limited from a financial point of view.

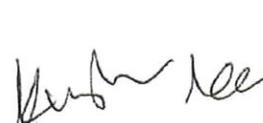
Very truly yours,

For Axis Capital Limited

  
Ravindra Goyal

Senior Vice President, Axis Capital Limited



  
Kushagra Kumar

Executive Director, Axis Capital Limited



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8<sup>th</sup> May 2024

To,  
 The Board of Directors,  
 Piramal Capital and Housing Finance Limited  
 601, 6<sup>th</sup> floor, Amity building,  
 Agastya Corporate Park, Kamani Junction,  
 Opposite fire station, LBS Marg,  
 Kurla (West), Mumbai- 400 070.

Dear Sir/Ma'am,

**Reg: Fairness Opinion in connection with the scheme of arrangement ("Scheme") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, read with Section 2(1B), and other applicable provisions of the IT Act, 1961 amongst Piramal Enterprise Limited ("PEL" or the "Transferor Company") and Piramal Capital and Housing Finance Limited ("PCHFL" or the "Transferee Company") and their respective shareholders and creditors regarding the impact of the Scheme on the Non-Convertible Debenture (NCD) holders of PCHFL.**

PL Capital Markets Private Limited ("PL" or "we" or "us") is a Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We understand that the Board of Directors of Piramal Capital and Housing Finance Limited is contemplating a Scheme of Arrangement amongst Piramal Enterprise Limited and Piramal Capital and Housing Finance Limited and their respective shareholders and creditors. The proposed Scheme is to be carried out pursuant to the Scheme of Arrangement under Sections 230 to 232 read with Section 66 and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

In connection with the aforesaid, we have been requested by the Board of Directors of PCHFL to issue a Fairness Opinion on the impact of the Scheme on the NCD holders of PCHFL in terms of SEBI Master Circular number SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/000000103 dated 01 December 2022. We have perused the documents / information provided by you in respect of the said Arrangement and the Valuation Report as issued by Bansi S. Mehta Valuers LLP ("BMV") dated 08<sup>th</sup> May, 2024 and state as follows:

#### Company Profiles:

##### **Profile of PEL:**

PEL was incorporated on 26 April 1947 under the provisions of the Indian Companies Act, 1913 [CIN: L24110MH1947PLC005719]. The registered office of PEL is at Piramal Ananta, Agastya Corporate Park, Kamani Junction, LBS Marg, Kurla (West) Mumbai-400070, Maharashtra, India. PEL is engaged in the business of providing financial services, including wholesale and retail lending services, directly and indirectly. The equity shares of PEL and the PEL Debentures are listed on the Stock Exchanges.

##### **Profile of PCHFL:**

PCHFL was incorporated on 11 April 1984 under the provisions of the Companies Act, 1956 [CIN: U65910MH1984PLC032639] and is registered as a housing finance company with the National Housing Bank. The registered office of PCHFL is at 601, 6<sup>th</sup> Floor, Amity building, Agastya Corporate Park Kamani

**CERTIFIED TRUE COPY**  
 For Piramal Capital & Housing Finance Limited

#### **PL Capital Markets Private Limited**

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SEBI Registration Merchant Banker Category I [MB / INM000011237]

Junction, Opp. Fire Station, LBS Marg, Kurla (West), Mumbai-400070, Maharashtra, India. PCHFL is engaged in the business of Housing Finance. The PCHFL Debentures are listed on the Stock Exchanges.

**Rationale of the Report:**

The proposed scheme would be in the best interest of the Transferor Company and Transferee Company and their respective stakeholders for the following reasons:

- The Transferee Company does not meet the requisite Principal Business Criteria to continue operating as an HFC. Accordingly, the Board of the Transferee Company has made an application to the RBI to obtain a certificate of registration to operate as a NBFC-ICC. Further, as per the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“Scale Based Regulations”) all NBFC’s which have been identified as an upper layer NBFC are mandatorily required to be listed on a recognised stock exchange within 3 (three) years of being identified as an upper layer NBFC. The Transferee Company was identified as an upper layer NBFC and accordingly, is required to be listed prior to [September 30, 2025] as per the said directions. Pursuant to the scheme of amalgamation, the Transferee Company will be listed on a recognised stock exchange thereby ensuring compliance with the Scale Based Regulations applicable to NBFCs, as notified by RBI.
- The Transferee Company has a much wider geographical presence, a merger of the Transferor Company into the Transferee Company would entail lesser disruptions in the retail business of the Transferee Company.
- Moreover, the Transferee Company has significantly larger operations and acts as the [primary sourcing engine]. Hence, the proposed approach of a merger would significantly minimise the administrative and operational inconvenience otherwise associated with the transfer of infrastructure, licenses, employees, assets, etc. pursuant to a merger.
- The merger would also lead to optimisation in [supervisory and management overlap], minimisation of regulatory and legal compliances with respect to business registrations and labour laws.
- In addition, the proposed approach of a merger would require minimum alterations in the policies, products and services in consideration of the Transferee Company’s widespread presence in India which caters to the majority of customers of the Transferor Company and Transferee Company.
- A unified approach to customer interactions, as well as lender engagement under a single platform would further simplify operations, thereby enhancing customer and lender servicing experiences. Further, the unification of businesses would also result in the consolidation of financial, managerial, technical, and human resources, thereby creating a stronger base for future growth and stakeholder value accretion.
- The creation of a larger consolidated financial services entity will enable the Transferor Company and Transferee Company to deliver an increased range of financial products to a broader customer base. Moreover, the proposed merger facilitates all the shareholders of the Transferor



Company to gain direct access and immediate holding in one single listed entity, thereby housing all the operations, profits and in-effect the entire value of the lending business under one roof.

- The Transferee Company would, subsequent to the amalgamation, benefit significantly from economies of scale, both in terms of revenue generation and cost management, and its consolidated balance sheet would be robust. Further, a single entity structure with a robust balance sheet would also bring [efficiency with respect to its treasury operations], thereby helping in the overall liability management of the organization. Further, pursuant to the amalgamation, the anticipated synergies, both in revenue and cost, would enhance the operational and financial efficiencies of the Transferee Company, paving the way for a stronger market position.
- Based on the aforesaid considerations, the proposed amalgamation is expected to enhance optimisation of the capital structure, comply with applicable regulatory requirements and maximise shareholders' value.

**Sources of Information:**

For arriving at the Fairness Opinion set forth below, we have relied upon the following sources of information:

1. Limited reviewed financial results of PEL for the period ended on December 31, 2023.
2. Cashflows of the Merged entity from FY 2024-25 to FY 2029-30.
3. Draft Scheme between PEL, PCHFL and their shareholders and creditors.
4. Other relevant information.
5. Answers to specific questions and issues raised by us after examining the foregoing data.

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

**Our Recommendation:**

As stated in the Valuation Report by Bansi S. Mehta Valuers LLP, they have opined the following:

“the economic interest of PCHFL Debenture holders would not be affected pursuant to the proposed Amalgamation”

The aforesaid scheme shall be pursuant to the Draft Scheme of Arrangement and shall be subject to applicable law, as may be applicable, and other statutory approvals as may be required. The detailed terms and conditions of the scheme are more fully set forth in the Draft Scheme of Arrangement. PL has issued the Fairness Opinion with the understanding that Draft Scheme of Arrangement shall not be materially altered, and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme of Arrangement alters the transaction.

Based on the information and data made available to us, including the Valuation Report, to the best of our knowledge and belief, the proposed Scheme would have no impact on the economic interest of the NCD holders of PCHFL, and in our opinion, as opined by Bansi S. Mehta Valuers LLP, the proposed draft



Scheme of arrangement is Fair to the NCD holders of PCHFL, since the same nature of security with the same paid-up value, coupon rate, tenure, redemption price, quantum and will be issued.

**Exclusions and Limitations:**

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by PCHFL for the purpose of this opinion. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of PCHFL. We have solely relied upon the information provided to us by PCHFL. We have not reviewed any books or records of PCHFL (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of PCHFL and neither express any opinion with respect thereto nor accept any responsibility, therefore. We have not made any independent valuation or appraisal of the assets or liabilities of PCHFL. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by PCHFL for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threatening claims and hence have not commented on the effect of such litigation or claims on this opinion. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of PCHFL with respect to these matters. In addition, we have assumed that the Draft Scheme of Arrangement will be approved by the regulatory authorities and that the proposed Transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Arrangement.

We understand that the management of PCHFL during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the Transaction that PCHFL may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and, on the information made available to us as of the date hereof. It should be understood that, although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving PCHFL or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to PCHFL for providing a Fairness Opinion and will receive a fee for our services.

In the ordinary course of business, PL is engaged in securities trading, securities brokerage, and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of PL may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Transaction.

