

CATALYST TRUSTEESHIP LIMITED

Registered Office: GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Pune-411038

CIN - U74999PN1997PLC110262 Phone: 020-25280081 Fax: 020-25280275

Email: dt@ctltrustee.com Website: www.catalysttrustee.com

Date: 05.08.2019

The Debenture Holders of Dewan Housing Finance Corporation Ltd.

Dewan Housing Finance Corporation Ltd. (**DHFL**) has issued various debt instruments like secured non-convertible debentures, unsecured subordinated debt / perpetual debt by way of private placement and debentures by public issuances, from time to time (**NCDs**). Catalyst Trusteeship Ltd. (**CTL**) is acting as the Debenture Trustee in respect of most of the said issues of NCDs. The said debt instruments were rated by credit rating agencies from time to time. However, since February 2019, the rating assigned to the respective NCD issues has been downgraded from 'AAA' to 'D'.

DHFL has executed the Debenture Trust Deeds (**DTDs**) in respect of NCDs issued under each Series from time to time. The secured NCDs under respective Series, are secured by way of a charge primarily over its housing loan receivables, shared on a "pari-passu" basis, with other secured lenders like banks, holders of NCDs under other issues, refinance by the National Housing Bank and lenders of external commercial borrowings, etc.

As per the terms of offer in respect of the NCDs under each of the Series / Tranche, DHFL was expected *inter-alia*, to pay to the holders of the NCDs (**Debenture Holders**), the amount of interest and principal on respective due dates and was also expected to adhere to the other terms and conditions of the NCD issues. However, DHFL has committed defaults in payment of principal and interest in respect of some of the privately placed NCDs and also delayed payments in respect of the NCDs issued under public issues. Necessary action has been taken by CTL in respect of relevant issue of NCDs viz. issue of notices to DHFL pointing out the non-compliances of terms of DTDs under public issues and demanding the amount due in respect of such privately placed NCDs issued at the request of the respective Debenture Holders, where default in payment of interest / principal has occurred.

Apart from raising of funds by way of debentures, DHFL has also been granted various credit facilities by Banks (**Lenders**), secured by its immovable and movable properties including the loan receivables on pari-passu basis with Debenture Holders.

The Reserve Bank of India (**RBI**) has issued directions on June 7, 2019 called the "Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019" (**Regulatory Framework**) containing the framework for early recognition, reporting and time bound resolution of stressed assets, which are applicable to *inter alia* scheduled commercial banks and term financial institutions. The Regulatory Framework requires that in cases where Lenders decide that a resolution plan has to be implemented, all lenders (to whom the Regulatory Framework is applicable) shall enter into an inter-creditor agreement (**ICA**) within the Review Period specified therein. The ICA has to provide for ground rules for finalisation and implementation of the resolution plan in respect of the relevant borrower.

Since DHFL has committed a default in respect of certain credit facilities availed by it, in pursuance of the Regulatory Framework, the Lenders have executed the ICA recently. During the Review Period, the Lenders have decided that implementation of a Resolution Plan is the desirable resolution strategy in relation to the facilities granted to DHFL.

The Lenders have approached CTL, being the Debenture Trustee, to consider acceding to the ICA which will allow the debenture trustee representing the Debenture Holders, to participate in the process of formulation of a resolution plan in respect of DHFL.

The salient features of the ICA are as follows:

- (a) the ICA provides for a 'standstill period' for enforcement of any legal rights of any creditor available under the relevant financing document or otherwise under the applicable law;
- (b) the ICA lays down a voting arrangement inter-se the creditors of the issuer, in respect of the resolution plan and

- (c) the ICA also provides for realization of liquidation value in the event the resolution plan (as approved by specified threshold of creditors of the issuer in accordance with the ICA), is not acceptable to a dissenting creditor.

The Regulatory Framework and the execution version of the ICA shared by Lenders, is uploaded on our website www.catalysttrustee.com for perusal of Debenture Holders.

In view of the above, the consent of the Debenture Holders, is sought to authorise CTL, the Debenture Trustee, to accede to the ICA executed by Lenders and to perform and observe obligations mentioned therein. This communication is being sent to Debenture Holders whose names are appearing as on 26.07.2019, on list of Debenture Holders provided by registrar and transfer agent. However, response is expected from Debenture Holders as on date of submission of Consent Letter.

Debenture Holders are requested to examine the issue in the light of the present status of DHFL vis-à-vis the options available and if considered acceptable, give their consent in the format attached.

The mandate given by the Debenture Holders for joining the resolution process as per the ICA, will be acted upon as and when the required threshold i.e. 75% of the value of debentures outstanding under each Series, is received. In cases where the threshold is not achieved and there is default, appropriate actions including enforcing the security, may be taken in respect of outstanding NCDs under such Series, as per the provisions of the respective DTD / applicable Laws.

The transaction documents in respect of NCDs provide for obtaining of the consent in writing of the Debenture Holders holding at least three fourth of the outstanding amount of the debentures, without convening a meeting of the Debenture Holders, to accord for modification of the terms of NCDs, which will be binding on all the debenture holders under such Series.

Only Debenture Holders who consider it acceptable, may sign the consent letter. In case of NCDs held other than by individual, the authorised representative of the Debenture Holder should sign the same with details as provided in the draft consent letter and should also attach the copy of resolution / power of Attorney etc. The consent letter may be sent in the self-addressed & pre-paid envelope, on or before 26.08.2019, at the following address:

Link Intime India Pvt. Ltd.
For Catalyst Trusteeship Ltd.-DHFL
C 101, 247 Park, L. B. S. Marg,
Vikhroli (West), **Mumbai - 400083**

Additionally, Debenture Holders may send a scanned copy of the consent letter to **Link Intime India Pvt. Ltd.** at its mail ID – ctl.dhflncds@linkintime.co.in. The Debenture Trustee shall take necessary action of acceding to the ICA or otherwise, depending upon whether the threshold consent is received or not under each of the Series, which will be binding on all the Debenture Holders under the respective Series.

The Debenture Trustee will forward to the Debenture Holders, the Resolution Plan presented by the Lead Lender specified in the ICA for their consideration and further appropriate action will be taken by the Debenture Trustee considering the mandate given by the Debenture Holders and the required threshold under particular Series and as per the provisions of the relevant trust deed / regulations and subject to the provisions of the ICA.

For Catalyst Trusteeship Ltd.

Compliance Officer

Encl: Format of Consent Letter

Instructions for filling in Consent Letter

1. Only Debenture Holders on date of submission of Consent Letter, should sign it.
2. If NCDs are transferred after cut-off date i.e. 26.07.2019, consent letter should accompany transferees' holding certificate.
3. Debenture Holders unwilling to give consent, need not respond / send Consent Letter.
4. Fill in the blanks under para 1 and 3 of the Consent Letter.
5. Affix your signature as per record, at para 5 and should fill-in the blanks thereunder. Debenture holders other than individual, must attach self-attested copy of relevant resolution / power of attorney authorizing to sign Consent Letter.
6. Consent Letter be sent through attached pre-paid envelope at given address & scanned copy of it may also be sent to email Id ctl.dhflncds@linkintime.co.in.