

STRICTLY CONFIDENTIAL

January 7, 2019

The Board of Directors,  
**Gruh Finance Limited,**  
Netaji Marg, Nr. Mithakhali Six Roads,  
Ellisbridge, Ahmedabad 380 006

Ladies / Gentlemen:

We refer to the engagement letter dated January 3, 2019 (“**Engagement Letter**”) whereby Gruh Finance Limited (“**Gruh**” or “**Company**”) has engaged JM Financial Limited (“**JM Financial**”), *inter alia*, to provide a fairness opinion to the Company on the share exchange ratio report dated January 7, 2019 (“**Share Exchange Ratio Report**”) issued jointly by Desai Haribhakti & Co., Chartered Accountants (“**DHC**” or “**Valuer**”) and SRB & Associates, Chartered Accountants (“**SRB**” or “**Valuer**”) (DHC and SRB are collectively referred as “**Valuers**”) for the proposed merger of Company into Bandhan Bank Limited (“**Bandhan Bank**”) on a going concern basis pursuant to a scheme of Amalgamation (the “**Proposed Scheme**”) under the provisions of Sections 230-232 of the Companies Act, 2013 and other applicable securities and capital market laws and rules issued thereunder to the extent applicable (the “**Proposed Merger**”).

**Company Background and Purpose**

Gruh, incorporated on 21<sup>st</sup> July 1986, is engaged in the business of providing home loans and is registered with the National Housing Bank as a housing finance institution. The equity shares of the Gruh are listed on BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**” and together with the BSE, the “**Stock Exchanges**”).

Bandhan Bank, incorporated on 23<sup>rd</sup> December 2014, is in the business of providing banking services and is licensed as banking company under the provisions of Banking Regulation Act, 1949. The equity shares of Bandhan Bank are listed on BSE and NSE.

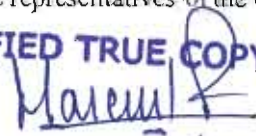
The proposal envisages, *inter alia*, the amalgamation of Gruh into Bandhan Bank, whereby equity shares of Bandhan Bank will be issued to the shareholders of Gruh. The Company appointed Valuer has arrived at a swap ratio of 568 (Five Hundred and Sixty Eight) equity shares of Bandhan Bank of INR 10/- each fully paid up for every 1,000 (One Thousand) equity shares of Gruh of INR 2/- each fully paid up (“**Share Exchange Ratio**”). The Company in terms of the Engagement Letter requested us to issue our independent opinion as to the fairness of the Share Exchange Ratio recommended by the Valuers (“**Fairness Opinion**”).

**Source of Information**

For the said examination and for arriving at the opinion set forth below, we have received:

1. Share Exchange Ratio Report issued by the Valuers;
2. Draft of the Proposed Scheme; and
3. Certain explanations and information from the representatives of the Company.

**CERTIFIED TRUE COPY**



**MARCUS LOBO**

**COMPANY SECRETARY**  
**Gruh Finance Limited**

**JM Financial Limited**

Corporate Identity Number : L67120MH1986PLC02784  
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### Scope 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 the Company for the purposes of this Fairness Opinion. We express no opinion, and accordingly, accept no responsibility with respect to or for such information, or the assumptions on which it is based, and, we have simply accepted this information on an "as is" basis, and, have not verified the accuracy and/or the completeness of the same from our end. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of the Company or Bandhan Bank and neither express any opinion with respect thereto nor accept any responsibility therefor. We have not made any independent valuation or appraisal of the assets or liabilities of the Company or Bandhan Bank, nor have we been furnished with any such appraisals. We have not reviewed any internal management information statements or any non-public reports, and instead, with your consent, have relied upon information that was publicly available or provided or otherwise made available to us by the Company or Bandhan Bank on an "as is" basis for the purposes of this Fairness Opinion. We are not experts in the evaluation of litigation or other actual or threatened claims, and accordingly, we have not evaluated any litigation or other actual or threatened claims. In addition, we have assumed that the Proposed Scheme will be approved by regulatory authorities and that the Proposed Scheme will be consummated substantially in accordance with the terms set forth in the Proposed Scheme. We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of the Company or Bandhan Bank.

We understand that the management of the Company, 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 Proposed Scheme, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the benefits of the Proposed Scheme that may have been 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 an obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving the Company or any of its assets, nor did we negotiate with any other party in this regard.

In the ordinary course of business, the JM Financial group 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 the JM Financial group 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 Proposed Scheme.

We express no opinion whatsoever and make no recommendation at all as to the Company's underlying decision to effect the Proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of Company should vote at their respective meetings held in



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connection with the Proposed Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Proposed Scheme. We also express no opinion, and accordingly, accept no responsibility for or as to the price at which the equity shares of the Company or Bandhan Bank will trade following the announcement of the Proposed Scheme or as to the financial performance of the Company or Bandhan Bank following the consummation of the Proposed Scheme. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders / investors should buy, sell or hold any stake in the Company or any of its related parties (holding company / subsidiary / associates etc) or Bandhan Bank.

### **Conclusion**

Based on our examination of the Share Exchange Ratio Report, such other information / undertakings / representations provided to us by the Company and our independent analysis and evaluation of such information and subject to the scope limitations as mentioned hereinabove and to the best of our knowledge and belief, we are of the opinion that the Share Exchange Ratio is fair for the shareholders of the Company.

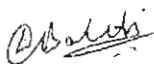
### **Distribution of the Fairness Opinion**

The Fairness Opinion is addressed only to the Board of Directors of the Company. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without JM Financial's prior written consent.

However, Company may provide a copy of the Fairness Opinion if requested / called upon by any regulatory authorities of India subject to Company promptly intimating JM Financial in writing about receipt of such request from the regulatory authority. The Fairness Opinion should be read in totality and not in parts. Further, this Fairness Opinion should not be used or quoted for any purpose other than the purpose mentioned hereinabove. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then, we will not be liable for any consequences thereof and shall not take any responsibility for the same. Neither this Fairness Opinion nor its contents may be referred to or quoted to / by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties. In no circumstances however, will JM Financial or its management, directors, officers, employees, agents, advisors, representatives and controlling persons of JM Financial accept any responsibility or liability including any pecuniary or financial liability to any third party.

Yours truly,

For **JM Financial Limited**



Authorized Signatory



