

INDEPENDENT AUDITOR'S CERTIFICATE ON THE PROPOSED ACCOUNTING TREATMENT SPECIFIED IN THE DRAFT SCHEME OF AMALGAMATION

To
The Board of Directors,
Bandhan Bank Limited

1. This certificate is issued in accordance with the terms of the Master Engagement Agreement (the "MEA") dated August 8, 2018 and the service scope letter (the "SSL") dated January 3, 2019 which serves as an addendum to the MEA.
2. We, the statutory auditors of Bandhan Bank Limited (hereinafter the "Company" or "Transferee Company"), have examined the proposed accounting treatment specified in Clause 7 'Accounting Treatment in the Books of The Transferee Company' of Part III of the draft scheme of amalgamation as approved by the Board of Directors of the Company in their meeting held on January 7, 2019 for amalgamation of GRUH Finance Limited ("Transferor Company") into and with the Transferee Company and their respective shareholders and creditors in terms of provisions of Section 230 to 232 of the Companies Act, 2013 ("Draft Scheme") to confirm whether the proposed accounting treatment specified in Clause 7 of Part III of the Draft Scheme is in compliance with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Companies Act, 2013 (the "Act") read together with paragraph 7 of the Companies (Accounts) Rules, 2014 as amended from time to time, the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India (the "RBI") to the extent applicable, and other generally accepted accounting principles (together referred to as the "Currently Applicable Accounting Standards") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations") and circulars issued there under.

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the Currently Applicable Accounting Standards and the SEBI Listing Regulations and circulars issued there under, is that of the Board of Directors of the companies involved in the Scheme.

Auditor's Responsibility

4. Pursuant to the requirements of Section 230 to 232 and other applicable provisions of the Act, our responsibility is to express reasonable assurance in the form of an opinion, based on our examination and according to the information and explanations given to us, as to whether the proposed accounting treatment specified in Clause 7 of Part III of the Draft Scheme complies with the Currently Applicable Accounting Standards and the SEBI Listing Regulations and circulars issued there under.
5. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the reporting criteria, mentioned in paragraph 4 above. Accordingly, we have performed the following procedures in relation to the certificate:
 - a) Read the Draft Scheme and the proposed accounting treatment as specified in Clause 7 of Part III of the Draft Scheme, which is attached as Annexure 1 to this certificate and initialed by us only for the purpose of identification.
 - b) Validated the accounting treatment as described in Clause 7 of Part III of the Draft Scheme with the accounting treatment as prescribed under the Currently Applicable Accounting Standards and the SEBI Listing Regulations and circulars issued there under.
6. Our examination did not extend to any aspects of a legal or propriety nature covered in Clause 7 of Part III of the Draft Scheme.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

7. Further, our scope of work did not involve us performing any audit tests in the context of our examination. We have not performed an audit, the objective of which would be to express an opinion on the specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity as the statutory auditors of any financial statements of the Company.
8. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
10. We have read clause 7 of Part III of the Draft Scheme containing the proposed accounting treatment, which has been prepared in accordance with the Currently Applicable Accounting Standards. It may be noted that, in accordance with Ministry of Corporate Affairs notification dated March 30, 2016 read with Reserve Bank of India circular no. RBI/2015-16/315 DBR.BP.BC.No.76/21.07.001/2015-16 dated February 11, 2016 and RBI press release dated April 5, 2018, all scheduled commercial banks are required to adopt Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from financial year commencing on or after April 1, 2019.

Opinion

11. Based on the procedures performed by us and according to the information and explanations given to us, read together with paragraph 10 above, in our opinion, the proposed accounting treatment as specified in Clause 7 of Part III of the Draft Scheme is in compliance with the Currently Applicable Accounting Standards and the SEBI Listing Regulations and circulars issued there under.

Restriction on Use

12. This certificate has been issued at the request of the Company and addressed to the Board of Directors of the Company, solely for the purpose to comply with the requirements of the SEBI Listing Regulations and circulars issued there under as well as the provisions of Section 230 to 232 and other applicable provisions of the Act for onward submission to the National Stock Exchange of India Limited, the BSE Limited and National Company Law Tribunal (the "NCLT"), as may be applicable and is not to be used or referred to for any other purpose or distributed to anyone other than submission to the National Stock Exchange Limited, the BSE Limited and the NCLT. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra

Partner

Membership Number: 094533

Place of Signature: Gurgaon

Date: January 7, 2019





Annexure 1

Certified true copy of Clause 7 of Part III of the draft scheme of amalgamation of GRUH Finance Limited (“**Transferor Company**”) into and with Bandhan Bank Limited (“**Transferee Company**”) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and other rules and regulations framed thereunder (“**Draft Scheme**”).

7. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEEE COMPANY

- 7.1 *The Transferee Company shall, upon this Scheme becoming effective and with effect from the Appointed Date, record the assets and liabilities of the Transferor Company (as appearing in the books of accounts of the Transferor Company at the close of business on the day preceding the Appointed Date) as vested in the Transferee Company pursuant to this Scheme, at the respective book values thereof.*
- 7.2 *The Transferee Company shall follow the method of accounting as prescribed for the ‘pooling of interest method’ under Accounting Standard 14 as notified under the Companies Accounting Rules, 2006.*
- 7.3 *The Transferee Company shall issue and allot equity shares to the shareholders of the Transferor Company in accordance with Clause 6 above and credit the face value of such equity shares to its share capital account.*
- 7.4 *Upon this Scheme becoming effective and with effect from the Appointed Date, the excess, if any, of the book value of the assets over the book value of the liabilities of the Transferor Company recorded by the Transferee Company in its books of accounts as mentioned above, as reduced by the face value of shares issued by the Transferee Company to the shareholders of the Transferor Company shall be credited to the capital reserve account in the financial statements of the Transferee Company as drawn up in compliance with the Scheme and applicable accounting standards of the Transferee Company. In case of there being a deficit, such amount shall be debited to the general reserve. In case of any difference in the accounting policies between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail and the difference, if any, will be quantified and adjusted in the general reserve mentioned earlier, to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy. Where the Transferee Company does not have sufficient general reserve, the balance amount remaining after adjustment with the general reserve of the Transferee Company, shall be adjusted against the capital reserve, if any, of the Transferee Company.*





Bandhan Bank

Bandhan Bank Limited

Head Office: DN 32, Sector V, Salt Lake City, Kolkata-700 091 | CIN No.: U67190WB2014PL1204622
Phone: +91 33-6609 0909 / 2706 2896 | Fax: 033 6609 0502 | Website: www.bandhanbank.com

- 7.5 *Notwithstanding the above, the Board of Directors of the Transferee Company is authorised to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the prescribed accounting standards under the Act and applicable RBI regulations and applicable generally accepted accounting principles as applicable to the Transferee Company. The identity of the reserves of the Transferor Company, if any and to the extent as required under any applicable regulation and as deemed appropriate by the Board of Directors of the Transferee Company, shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner, in which they appeared in the financial statements of the Transferor Company as prepared under the accounting standards applicable to the Transferee Company, prior to this Scheme becoming effective. Accordingly, if prior to this Scheme becoming effective there is any reserve in the financial statements of the Transferor Company available for distribution whether as bonus shares or dividend or otherwise, the same would also be available in the financial statements of the Transferee Company for such distribution pursuant to this Scheme becoming effective.*
- 7.6 *The balances of the profit and loss accounts of the Transferor Company (as appearing in the books of accounts of the Transferor Company at the close of business on the day preceding the Appointed Date) shall be aggregated and added to or set-off (as the case may be) with the corresponding balance appearing in the financial statements of the Transferee Company.*
- 7.7 *The Transferee Company shall record in its books of account, all transactions of the Transferor Company in respect of assets, liabilities, income and expenses, from the Appointed Date to the Effective Date. Any inter-company payables and receivables between the Transferor Company and the Transferee Company shall be cancelled and the Transferee Company shall accordingly not record any of such payables and receivables in its books.*
- 7.8 *As the Transferor Company shall stand dissolved without being wound up upon the Scheme becoming effective, hence there is no accounting treatment prescribed under this Scheme in the books of the Transferor Company.*

For Bandhan Bank Limited

Indranil Banerjee

Mumbai

7th January, 2019

