



Investment Banking

January 7, 2019

The Board of Directors

Bandhan Bank Limited
DN 32, Sector V, Salt Lake City,
Kolkata 700091, West Bengal

Dear Sirs,

Sub: Proposed merger of GRUH Finance Limited ("GRUH") with Bandhan Bank Limited ("Bandhan Bank" or the "Company") ("Proposed Transaction")

Bandhan Bank Limited has requested us to issue a fairness opinion ("Opinion") from a financial point of view of the Equity Share Exchange Ratio (as defined below) in relation to the Proposed Transaction.

Proposed Transaction background: Bandhan Bank and GRUH are proposing to enter into a scheme of amalgamation, which envisages merger of GRUH with Bandhan Bank, both listed on stock exchanges in India.

Our scope is restricted to providing an Opinion on the Equity Share Exchange Ratio for the merger of GRUH with Bandhan Bank.

In arriving at our Opinion, we have reviewed historical financial and listed stock price data. We have also reviewed certain publicly available information, and have taken into account such other matters as we deemed necessary including our assessment of general economic, market and monetary conditions. We have also reviewed the joint valuation report by SRB & Associates & Desai Haribhakti & Co. dated January 7, 2019 for the Proposed Transaction recommending Equity Share Exchange Ratio of 568 fully paid up equity shares of Bandhan Bank of face value Rs. 10 per share to be issued for every 1,000 fully paid up equity shares of GRUH of face value Rs. 2 per share (Equity Share Exchange Ratio). We have also assumed that the final Equity Share Exchange Ratio will be substantially the same in the scheme as discussed with you and reviewed by us.

We have received management representation letter from Bandhan Bank dated January 7, 2019 ("Management Representation Letters").

Further, we have had discussions with SRB & Associates, the valuation advisor, on such matters which we believed were necessary or appropriate for the purpose of issuing this Opinion.

Based on our examination and according to the information and explanation provided to us, we note that the Proposed Transaction entails Amalgamation of Bandhan Bank and GRUH.

Kotak Mahindra Capital Company Limited

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For Bandhan Bank Ltd.

[Signature]
Company Secretary

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed good and marketable and we would urge Bandhan Bank and GRUH to carry out an independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment. We have further assumed that the Transaction would be carried out in compliance with applicable laws, rules and regulations.

In giving our Opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of all information supplied or otherwise made available to us either in verbal or written form, discussed with or reviewed by or for us, or publicly available. We have been given to understand that all information required by us that was relevant for the purpose of our exercise was disclosed to us. We have not conducted any evaluation or appraisal of any assets or liabilities of Bandhan Bank or GRUH nor have we evaluated the solvency or fair value of Bandhan Bank or GRUH, under any laws relating to bankruptcy, insolvency or similar matters. In addition, we have not assumed any obligation to conduct any physical inspection of the properties or facilities of Bandhan Bank or GRUH.

Our Opinion does not factor overall economic environment risk, material adverse change and other risks and is purely based on the information and representations provided to us.

We express no view as to, and our Opinion does not address, the underlying business decision of or Bandhan Bank and GRUH to effect the Proposed Transaction or the merits of the Proposed Transaction. Our Opinion does not constitute a recommendation to any shareholder or creditor of Bandhan Bank or GRUH as to how such shareholder or creditor should vote on the Proposed Transaction or any matter related thereto. We are not expressing any opinion herein as to the prices at which the shares of the Bandhan Bank or GRUH will trade following the announcement or consummation of the proposed transaction or as to the prices at which the shares of Bandhan Bank or GRUH may be transacted.

Our Opinion is necessarily based on financial, economic, market and other conditions as in effect on the date of this issuing the Opinion, and the information made available to us as of, the date hereof, including the capital structure of Bandhan Bank and GRUH. Our opinion does not address matters such as corporate governance or shareholder rights. We have assumed the Proposed Transaction is legally enforceable.

We will receive a fee for our services in connection with the delivery of this Opinion from Bandhan Bank. In addition, Bandhan Bank has agreed to indemnify us from any claims arising from any material misstatements or omissions in any information supplied by Bandhan Bank or in relation to our engagement in providing the Opinion.

We and our affiliates in the past have provided, and currently provide, services to Bandhan Bank and GRUH and their affiliates unrelated to the Proposed Transaction for which services we and such affiliates have received and expect to receive compensation, including, without limitation as creditors

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For Bandhan Bank Ltd.


Company Secretary



Investment Banking

and as financial advisors for the purchase/sale of assets/businesses/securities by/to Bandhan Bank or GRUH (as the case may be).

In the ordinary course of business, we and our affiliates may actively trade or hold securities of companies that may be the subject matter of this transaction for our own account or for the account of our customers and, accordingly, may at any time hold long or short position in such securities. In addition, we and our affiliates maintain relationships with Bandhan Bank and GRUH, and their respective affiliates.

This Opinion is provided solely for the benefit of the Board of Directors of Bandhan Bank, and shall not confer rights or remedies upon, any shareholder of Bandhan Bank, or any other person other than the members of the Board of Directors of Bandhan Bank, or be used for any other purpose, except to the extent required by law. This Opinion may not be used or relied upon by nor is it issued for the benefit of any third party for any purpose whatsoever or disclosed, referred to or communicated by you (in whole or in part) except with our prior written consent in each instance. Provided however, this opinion may only be disclosed as may be required under any applicable law in India and may be kept open for inspection by shareholders of Bandhan Bank, but we take no responsibility or liability for or arising out of any such disclosure. We specifically disclaim any responsibility to any third party to whom this Letter may be shown or who may acquire a copy of this Letter.

The laws of India govern all matters arising out of or relating to this Opinion (including, without limitation, its interpretation, construction, performance, and enforcement).

With respect to any suit, action or any other proceedings relating to this Opinion the courts of competent jurisdiction in India shall have exclusive jurisdiction.

On the basis of and subject to the foregoing, it is our view that, as of the date hereof, the proposed Equity Share Exchange Ratio is fair from a financial point of view.

Yours faithfully,

For Kotak Mahindra Capital Company Limited

Authorised Signatory

Name: Kaushal Shah
Designation: Executive Director

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For Bandhan Bank Ltd.

Company Secretary