

30th January, 2019

STRICTLY PRIVATE AND CONFIDENTIAL

To

The Board of Directors
Equitas Holdings Ltd.

To

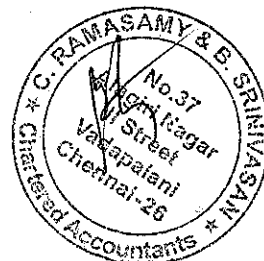
The Board of Directors
Equitas Small Finance Bank Ltd.

Report on Valuation of Fair Value of Equity share of M/s. Equitas Holdings Ltd and Equitas Small Finance Bank Ltd in connection with the proposed composite scheme of arrangement between Equitas Holdings Limited, Equitas Small Finance Bank Limited and their respective shareholders, and the Share Issuance Ratio in connection with the Scheme.

Dear Sirs,

We have been requested by the management of Equitas Holdings Limited (**hereinafter referred to as "EHL"**) and Equitas Small Finance Bank Limited (**hereinafter referred to as "ESFBL"**), (collectively referred to as "**Companies**") to issue a Valuation report determining the Fair Market Value ("FMV") of the respective companies and the Share Issuance Ratio for issue of equity shares by **ESFBL** of its Equity shares to the shareholders of EHL, in connection with proposed Scheme of Arrangement between EHL and ESFBL and their respective shareholders under the provisions of section 230 of the Companies Act 2013 read with section 52 and other applicable provisions (**hereinafter referred to as "Scheme"**).

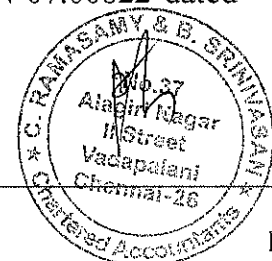
Share Issuance Ratio is defined as the number of equity shares of ESFBL of Rs. 10 each to be issued by ESFBL to the shareholders of EHL for every 1 share of EHL of Rs. 10 each held by the shareholders of EHL as on the Record Date.



1. BACKGROUND

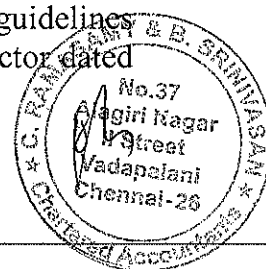
a. Equitas Holding Limited

Equitas Holding Limited (hereinafter referred to as "EHL") was incorporated as UPDB Micro Finance Private Limited on June 22, 2007 at Chennai as a private limited company under the Companies Act, 1956. Pursuant to a special resolution passed by its shareholders on December 17, 2007, the name of EHL was changed to Equitas Micro Finance India Private Limited to convey the principle of fairness and transparency, and a fresh certificate of incorporation consequent to change of name was issued by the Registrar of Companies on February 01, 2008. The microfinance business of EHL was demerged into Singhivi Investment and Finance Private Limited ("Singhivi") pursuant to a scheme of demerger with effect from April 01, 2011. Singhivi was subsequently renamed as Equitas Micro Finance Private Limited. Pursuant to the scheme of demerger, a resolution was passed by EHL's shareholders on January 30, 2012 and the name was changed to Equitas Holdings Private Limited and a fresh certificate of incorporation consequent to change of name was issued by the Registrar of Companies on February 29, 2012. Pursuant to an order issued by the RBI on December 03, 2012, EHL was designated as a Non-systemically Important Core Investment Company and pursuant to the request made by EHL, the certificate of registration dated March 13, 2008 granted to EHL as a non-banking finance company under Section 45-IA of the Reserve Bank of India Act, 1934 was cancelled. Thereafter, pursuant to a special resolution passed by EHL's shareholders on June 12, 2015, EHL was converted into a public limited company and the name was changed to Equitas Holdings Limited. The Registrar of Companies issued a fresh certificate of incorporation consequent to change of name on June 18, 2015. EHL made an initial public offer of its shares pursuant to which its shares were listed on the BSE and the NSE with effect from April 21, 2016. The Corporate Identity Number of EHL is L65100TN2007PLC064069. The registered office of EHL is located at 410A, 4th Floor, Phase II, Spencer Plaza, No. 769, Mount Road, Anna Salai, Chennai 600 002. Subsequent to initial public offer and to meet the licensing requirements for setting up a ESFBL, EHL was registered with the RBI as a non-deposit taking Systemically Important Core Investment Company vide certificate number N-07.00822 dated September 1, 2016.

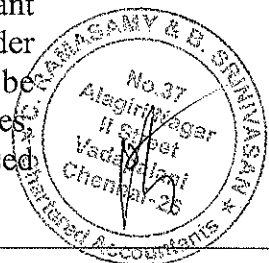


b. Equitas Small Finance Bank Ltd

- Equitas Small Finance Bank Ltd (hereinafter referred to as “ESFBL”) was incorporated on June 21, 1993 under the Companies Act, 1956 as “V.A.P Finance Private Limited”. The status of ESFBL was changed from a private company to a public limited company on March 02, 1994. Subsequently, the status was again changed from a public company to a private limited company and a fresh certificate of incorporation was issued dated March 30, 2011. The name of ESFBL was changed to ‘Equitas Finance Private Limited’ pursuant to a fresh certificate of incorporation dated August 12, 2011. The status of ESFBL was then finally converted into a public limited company and consequently its name was changed to “Equitas Finance Limited” in terms of a revised certificate of incorporation dated September 29, 2015. Equitas Micro Finance Limited and Equitas Housing Finance Limited were merged into ESFBL vide a scheme of amalgamation under Section 391 to 394 of the Companies Act, 1956 approved by the Hon’ble High Court of Judicature at Madras by order dated June 06, 2016 in Company Petition Nos. 119 to 121 of 2016. The name of ESFBL was changed to its current name of “Equitas Small Finance Bank Limited” in terms of a revised certificate of incorporation dated September 02, 2016. The Corporate Identity Number of ESFBL is U65191TN1993PLC025280. The registered office of ESFBL is located at 410A, 4th Floor, Phase II, Spencer Plaza, No. 769, Mount Road, Anna Salai, Chennai - 600 002.
- Pursuant to the Small Finance Bank license dated June 30, 2016, received by ESFBL from the RBI, ESFBL is operating as a small finance bank engaged in retail banking business with focus on micro-finance, commercial vehicle finance, home finance, loan against-property finance, corporate finance, and providing financing solutions for individuals and micro and small enterprises (MSEs) that are underserved by formal financing channels while providing a comprehensive banking and digital platform for all.
- EHL currently holds 100% of the equity shares of ESFBL. Consequently, ESFBL is a wholly-owned subsidiary of EHL. EHL is the promoter of ESFBL in accordance with the RBI guidelines for Licensing of ‘Small Finance Banks’ in the Private Sector dated November 27, 2014.



- As per the conditions laid down in the small finance bank license issued by RBI and the Guidelines for Licensing of 'Small finance bank' in the Private Sector dated November 27, 2014, the equity shares of ESFBL should be listed on a recognized stock exchange in India within a time period of 3 (three) years from the date of reaching a net worth of INR 500 crores. In the instant case, considering ESFBL commenced business with net worth in excess of INR 500 crores, the three year period for listing expires concurrently with the expiry of three years commencing the date of commencement of banking operations, the date of commencement of banking operations being September 05, 2016. Therefore, the equity shares of ESFBL are required to be listed on a recognized stock exchange by September 04, 2019 and EHL, as the promoter of ESFBL, would be required to maintain a minimum stake of 40% (forty percent) in ESFBL for a period of 5 (five) years from the date of commencement of business of the bank (i.e., until September 04, 2021).
- Based on our discussions with the management, in order to comply with the above directives of the RBI, the proposed Scheme contemplates the issuance and allotment by ESFBL of fully paid-up equity shares for no cash consideration to the shareholders of EHL as of the Record Date (to be fixed by the Board of Directors of both the companies) in the manner set out in the Scheme and the consequent reduction by ESFBL of securities premium account, the revenue and other reserves and the surplus in profit and loss account by an amount equal to the face value of the shares of ESFBL issued under the Scheme. The shares so issued under the Scheme shall be listed on a recognized stock exchange.
- c. For the aforesaid purpose, both the companies have appointed us to determine the Fair Market Value of each equity share of EHL and ESFBL and the Share Issuance Ratio in connection with the Scheme.
- d. This Report will be placed before the Boards / Audit Committees of the respective Companies, as applicable, as per the relevant SEBI circulars, and, to the extent mandatorily required under applicable laws of India. This Report may be required to be produced before the judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed scheme of Arrangement under applicable laws.

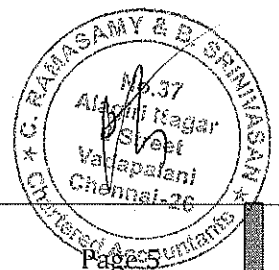


- e. We have received information/explanations/clarification from EHL and ESFBL and independently arrived at value per share. We have made appropriate minor adjustments / rounding off in arriving at the final value of share. We have considered financial information upto 30thSeptember 2018 and current market parameters in our analysis and made adjustments for additional facts made known to us till the date of our Report which may have a bearing on the valuation analysis to the extent considered appropriate. Further, the managements of both companies have informed us that all material information impacting the Companies have been disclosed to us.
- f. The Managements have informed us that there are no unusual / abnormal events in EHL since the last result declaration date till this Report date materially impacting their operating/ financial performance.
- g. We have relied on the above while arriving at the Fair Value of the Equity Share.
- h. This Report is our deliverable in respect of our determination of the Fair Value of Equity Shares and the Share Issuance Ratio in connection with the Scheme.
- i. Our opinion is based on prevailing market, economic and other conditions as at the date of this Report. These conditions can change over relatively short periods of time. Any subsequent changes in these conditions could have an impact upon our opinion. We do not undertake to update this Report for events or circumstances arising after the date of this Report.
- j. This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

2. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- a. Shareholding pattern of EHL and ESFBL as on December 31, 2018.
- b. Draft Composite Scheme of Arrangement between EHL and



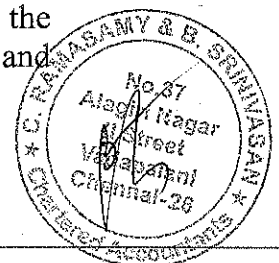
ESFBL and their respective shareholders under the provisions of section 230 of the Companies Act 2013 read with section 52 and other applicable provisions.

- c. Such other information and explanations as we required and which have been provided by the management of EHL and ESFBL.
- d. Annual Reports of EHL & ESFBL for the year ended 31 March 2018.
- e. Unaudited Financials of both the companies as on 30th September 2018.
- f. Management's inputs and representations in relation to the Share Issuance Ratio.
- g. Discussions with the management.
- h. Such other analysis, reviews and queries as we considered necessary.
- i. Financial statements for comparables analysis. In some cases, we have used interim unaudited financial statements where audited statements were not available. Also, we have used standalone financial statements where consolidated statements were not available for the relevant period.

3. PROCEDURES ADOPTED FOR THE PURPOSE OF THE VALUATION

We have performed the valuation analysis, to the extent applicable, in accordance with Indian Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India ("IVS"). In connection with this analysis, we have adopted the following procedures to carry out the valuation analysis:

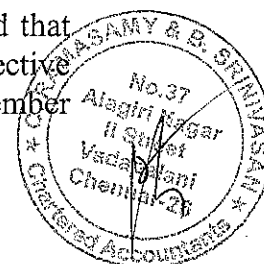
- a. Requested and received financial and qualitative information relating to the Companies.
- b. Obtained and analyzed data available in public domain, as considered relevant by us.
- c. Discussed with the management and representatives of the respective Companies, on understanding of the business and fundamental factors affecting the Companies.



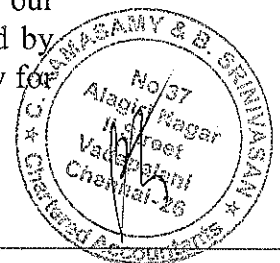
- d. Undertook industry analysis:
- a) Research publicly available market data including economic factors and industry trends that may impact the valuation.
 - b) Analysis of key trends and valuation multiples of comparable companies/comparable transactions, if any, using information available in the public domain.
- e. Analysis of other publicly available information.
- f. Selection of valuation approach and valuation methodology/(ies), In accordance with IVS, as considered appropriate and relevant by us.
- g. Determination of values of the equity shares of the Companies.
- h. Further, at the request of respective Managements, we have had discussions with by EHL and ESFBL on the valuation approach adopted and assumptions made.

4. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- a. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than the valuation date of 30th January 2019 (“Valuation Date”) mentioned in the Report and as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- b. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of our engagements; (ii) the Valuation Date and (iii) are based on the financial information of the companies till 30th September 2018. The management has represented that the business activities have been carried out in normal and ordinary course between 30th September 2018 and the Valuation Date and that no material changes have occurred in their respective operations and financial position between 30th September 2018 and the Valuation Date.



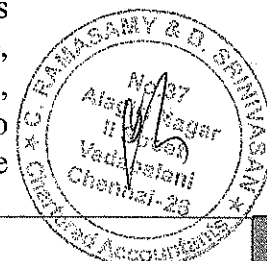
- c. A Valuation of Fair Market value of Equity share involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. This Report is issued on the understanding that the Management have drawn our attention to all the matters, which they are aware of concerning the financial position of the companies and any other matter, which may have an impact on the Fair value determined by us.
- d. We have no responsibility to update the Report for any circumstances occurring after the date of the Report.
- e. This Report is intended only for the sole use and information of the Board of the EHL&ESFBL and only in connection with the proposed Scheme of Arrangement including for the purpose of obtaining regulatory approvals as required under applicable laws of India.
- f. This Report and the information contained herein are absolutely confidential and is prepared for the stated purposes in this report. This Report should not be copied, disclosed, circulated, quoted or referred to either in whole or in part in correspondence or in discussion with any other person except to whom it is issued without our written consent. The Companies are required to submit this report to regulatory or judicial authorities, government authorities, stock exchanges, courts, shareholders their professional advisors including merchant bankers providing the fairness opinion on the Fair Market Value of equity share in connection with the proposed Scheme to the extent mandatorily required under applicable laws of India. We hereby consent to such disclosure of this report, on the basis that we owe responsibility only to the Board of EHL& ESFBL that have engaged us under the terms of our engagement, and no other person and that to the fullest extent permitted by law, we accept no responsibility or liability to the shareholders of the companies or any other party in connection with this report. The results of our valuation analysis and our report cannot be used or relied by the companies for any other purposes of by any other party for any purpose whatsoever.



- g. We are not responsible to any other person/ party for any decision of such person/party based on this report. Any person / party intend to provide finance/ invest in the shares/ business of the companies / their holding companies /subsidiaries / associates/ investee companies/other group companies, if any shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the companies) chooses to place reliance upon any matters included in the report, they shall do so at their own risk and without recourse to the Values.
- h. For the purpose of opinion on the valuation of the companies, We have used financial and other information provided to us by the Management and the information that was publicly available and formed substantial basis for this report which we believe to be reliable and conclusions are dependent on such information being complete and accurate in all material aspects. While information obtained from public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information as far as possible from sources generally considered to be reliable. We assume no responsibility for such information. Our scope of work refrains us to accept responsibility for the accuracy and completeness of the financial and other information provided to us by the management. Our conclusions on value assumes that the assets and liabilities of the companies, reflected in their respective latest balance sheets remain intact as of the Report date.
- i. In accordance with the terms of the engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical and projected financial information, if any, provided to us regarding the companies/ their holding/ subsidiary/ associates/ joint ventures/ investee companies, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the historical financials/ financial statements and projections. The assignment did not involve us to conduct the financial, legal, regulatory, tax, accounting, actuarial or technical feasibility study. We have not done any independent

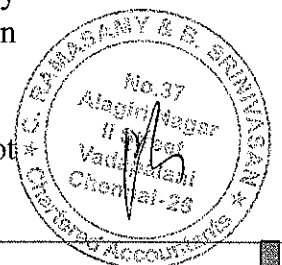
technical valuation or appraisal or due diligence of the assets or liabilities of the Companies. Also, with respect to explanations and information sought from the Managements, we have been given to understand by the Managements that they have not omitted any relevant and material factors about the Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt.

- j. Our conclusion is based on the assumptions and information given to us by/ on behalf of EHL & ESFBL. The Managements of EHL & ESFBL have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Managements and their impact on the report.
- k. It should be noted that we have determined the Fair Value of Equity Shares and the Share Issuance Ratio in connection with the Scheme and not examined any other matter including economic rationale for the Proposed Scheme per se or accounting, legal or tax matters involved.
- l. While all reasonable care has been taken to ensure that factual statements in the Report are accurate, neither us, nor any of our partners, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report.
- m. The Report assumes that the EHL & ESFBL comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheets of the



Companies/ their subsidiaries/ associates/ joint ventures/ investee companies, if any.

- n. Our Report is not nor should it be construed as our opinion or certifying the compliance of the proposed scheme with the provisions of any law/standards including companies, foreign exchange regulatory, securities market, accounting and taxation laws/ standards or as regards any legal, accounting or taxation implications or issues arising from such proposed scheme.
- o. Our Report is not nor should it be construed as our recommendation on the Proposed Scheme or anything consequential thereto/ resulting there from. Our scope of work is limited to expression of our view on the value of the Equity shares and the Share Issuance Ratio in connection with the Scheme. This Report does not address the relative merits of the proposed scheme as compared with any other alternatives or whether or not such alternatives could be archived or are available. Any decision by EHL & ESFBL/their Shareholders/ creditors regarding whether or not to be proceed with the proposed scheme shall rest solely with them. We express no opinion or recommendation as to how the shareholders/ creditors of the company should vote at any shareholders/ creditors meeting(s) to be held in the connection with the proposed scheme. This report does not in any manner address, opine on or recommend the prices at which the securities of the company could or should transact at following the announcement/consummation of the proposed scheme. Our report and the opinion/ valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.
- p. We have not conducted or provided an analysis or prepared a model for any individual assets/liabilities and have wholly relied on information provided to us by the Management in that regards.
- q. The fee for our valuation analysis and the Report is not contingent upon the results reported.



- r. This Report is subject to the laws of India.
- s. Any discrepancies in any table/annexure between the total and the sums of the amounts listed are due to rounding-off.

5. SHARECAPITAL DETAILS OF THE COMPANIES

a. Equitas Holdings Ltd

The paid-up Equity Share Capital of the company as at 31st December 2018, was Rs.34,130.73 lacs consisting of 34,13,07,334 equity shares of face value of Rs.10/- each fully paid up.

b. Equitas Small Finance Bank Ltd

The paid-up Equity Share Capital of the company as at 31st December 2018, was Rs.1,00,594.34 lacs consisting of 100,59,43,363 equity shares of face value of Rs.10/- each fully paid up.

6. VALUATION APPROACH

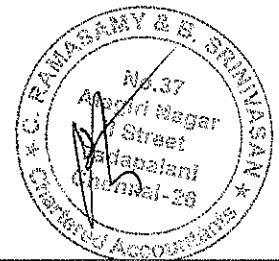
- a. The values of equity share of the companies are to be determined independently. The three main valuation approaches are the asset approach, market approach and income approach. There are several commonly used and accepted methods including those set out in the IVS, within the market approach, income approach and asset approach, for determining the fair value of equity shares, which can be considered in the present case, to the extent relevant and applicable, to arrive at the Fair Value of Equity Shares for the purpose of the Proposed Scheme, such as:

(i) Asset Approach including

- Net Asset Value (NAV) Method

(ii) Market Approach including

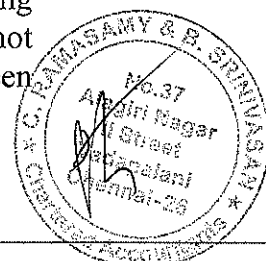
- Market Price Method
- Comparable Companies Multiple (CCM) Method



(iii) Income Approach including

- Discounted Cash Flow (DCF) Method
 - Earning Capitalization Value (ECV) Method
- b. It should be understood that the valuation of any Company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the company/ businesses, and other factors which generally influence the valuation of company and their assets.
- c. The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one purpose. Our choice of method of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature and our reasonable judgement, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.
- d. **Asset Approach:** The assetbased valuation technique is based on the value of underlying net assets of business either on a book value basis or realizable value basis or replacement cost basis.

Net Asset Value Method:The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach may be used in cases where the asset base dominates the earnings capability. A scheme of arrangement would normally be proceeded with, on the assumption that the Companies would merge as going concern and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book values.

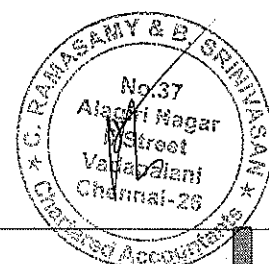


e. **Market Approach:** Market Approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

- **Market Price Method:** Under this method, the market price of an equity share of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investor's perception about the true worth of the company subject to the element of speculative support that may be inbuilt in the market price. But there could be situations where the value of the shares as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market.

- **Comparable Companies Multiple (CCM) Method :** Under this method ,one attempts to measure the value of the shares / business of the company by applying the derived market multiple based on the market quotations of comparable public/ listed companies, in an active market, possessing attributes similar to the business of such company to the relevant financial parameter of the company/ business (based on past and / or projected working results) after making adjustments to the derived multiples on the account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations , taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for the difference between the circumstances.

f. **Income Approach:** Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount. The value measurement is determined on the basis of the value Indicated by current market expectations about those future amounts.



Discounted Cash Flow (DCF) Method: Under the DCF method (the projected free cash flows of the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Such DCF analysis involves determining the following:

- Estimating future free cash flows.

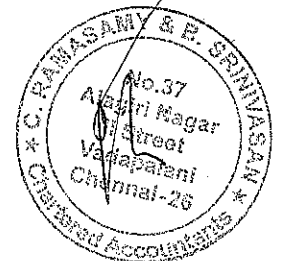
Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's capital - both debt and equity.

- Appropriate discount rate to be applied to the cash flows i.e. the cost of capital.

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and financial creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

Earnings Capitalization Value (ECV) Method: This method involves determination the maintainable earnings level of the company from its operations, based on past and / or projected working results. These earnings are then capitalized at a rate, which in the opinion of the valuer combines an adequate expectation of reward from the enterprise risk, to arrive at the value of the company

Out of the above methods, we have used approaches / methods as considered appropriate by us. The values arrived at under such approaches / methods has been tabled in the section 8 of this Report.



7. SHARE ISSUANCE RATIO

- a. We understand from the managements that it is proposed to issue 89,20,62,982 (Eighty Nine Crores Twenty Lacs Sixty Two Thousand Nine Hundred and Eighty Two only) fully paid equity shares (Scheme Shares) in the ratio of 2.6137 equity shares of Rs.10/- each fully paid up of ESFBL for every 1 (one) equity share of Rs.10/- fully paid up held in EHL to the shareholders of EHL as on the Record Date fixed by the Board of Directors of EHL and ESFBL.
- b. We understand from the Management that for the proposed Scheme of Arrangement, the ratio of allotment of equity shares in ESFBL is decided based on securities premium account, revenue and other reserves and closing balance in the surplus in the profit and loss account of ESFBL as on 31st March 2018 to comply with the directives of Reserve Bank of India as enumerated para 1(b) above.
- c. The ratio prescribed above is based on the balance sheet of EHL and ESFBL for the period ended 30th September, 2018 and the shareholding pattern of EHL and ESFBL as on December 31, 2018. EHL has outstanding employee stock options under the EHL ESOP Scheme, the exercise of which may result in further increase in the issued and paid-up share capital of EHL. Accordingly, the ratio as above would stand modified as appropriate to account for any increase in the number of fully paid-up equity shares issued by EHL consequent to exercise of any stock options on and from 1st January 2019, and until the Record Date, and the ratio in which the Scheme Shares shall be issued will be computed on the basis of the formula set forth below.

Share Issuance Ratio = Scheme Shares/Total number of fully paid equity shares of EHL as of the record date.

- d. We believe that the above ratio is fair.

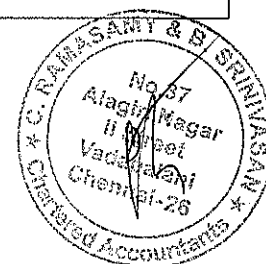


8. SHARE VALUATION

Further, in the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, in our opinion Fair Value of Equity share of EHL is Rs.124.00(Rupees One Hundred and Twenty Four only) and ESFBL is Rs.40.00 (Rupees Forty Only) as shown in the computation as under.

The Computation of Fair Value of Equity Share of EHL:

Valuation Approach	Value per share (In Rupees)	Weight	Value per share (In Rupees)
Asset Approach	69.34	0%	0
Income Approach	NA	NA	NA
Market Approach – Market Price Method	116.19	50%	58.10
Market Approach – Comparable companies Multiple Method	131.16	50%	65.58
Value per share			123.68
Value of each equity share of Equitas Holdings Ltd	123.68/- Rounded off to Rs. 124/-		

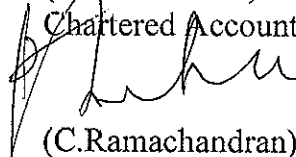


The Computation of Fair Value of Equity Share of ESFBL:

Valuation Approach	Value per share (In Rupees)	Weight	Value per share (In Rupees)
Asset Approach	21.01	0%	0
Income Approach	NA	NA	NA
Market Approach – Market Price Method	NA	NA	NA
Market Approach – Comparable companies Multiple Method	39.99	100%	39.99
Value per share			39.99
Value of each equity share of Equitas Small Finance Bank Ltd	39.99/- Rounded off to Rs.40.00/-		

For C.Ramasamy & B.Srinivasan
(FRN 002957S)

Chartered Accountants



(C.Ramachandran)

Partner

M.No.208117

