Strictly Private and Confidential

Report Reference Number: RVA2425BOMREP251

Date: 20/09/2024

The Audit Committee and The Board of Directors,
Utkarsh Small Finance Bank Limited
Utkarsh Tower, NH-31(Airport Road),
Sehmalpur, Kazi Sarai, Harhua,
Varanasi, Uttar Pradesh - 221105

The Audit Committee and The Board of Directors,
Utkarsh CoreInvest Limited
S-24/1-2, 4th Floor, Mahavir Nagar,
Orderly Bazar, Near Mahavir Mandir,
Varanasi, Uttar Pradesh - 221002

Sub: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Utkarsh CoreInvest Limited into Utkarsh Small Finance Bank Limited

Dear Sirs,

We refer to our engagement letter dated July 5, 2024, whereby RBSA Valuation Advisors LLP ("RBSA") has been jointly appointed by Utkarsh Small Finance Bank Limited ("USFBL") and Utkarsh CoreInvest Limited ("UCL") to recommend fair equity share exchange ratio for the proposed amalgamation of UCL into USFBL ("Proposed Amalgamation"), pursuant to scheme of arrangement under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme").

USFBL and UCL are hereinafter jointly referred to as the "Companies" and individually referred to as the "Company", as the context may require.

RBSA is hereinafter referred to as "Valuer" or "we" or "us" in this report.

The fair equity share exchange ratio for the purpose of this report refers to the number of fully paid-up equity shares of face value of INR 10/- each to be issued by USFBL to the equity shareholders of UCL, pursuant to the Scheme ("Equity Share Exchange Ratio").

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.

BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

USFBL:

USFBL was incorporated on April 30, 2016, and is registered with the Reserve Bank of India ("RBI") as a banking company (under the small finance bank segment) under the provisions of the Banking Regulation Act, 1949 and holds a registration bearing number MUM:125 dated November 25, 2016, issued by RBI for operating as a small finance bank ("SFB"). USFBL commenced its business of providing wide range of banking and financial services including retail banking 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 that are underserved by formal financing channels.

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USFBL is included in the second schedule to the RBI Act as a scheduled commercial bank pursuant to a notification dated October 4, 2017, issued by the RBI and published in the Gazette of India dated November 7, 2017. The equity shares of USFBL are listed on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE"). The NCDs of USFBL are listed on debt segment of the BSE. USFBL does not have any subsidiary, joint ventures or associate companies.

UCL:

UCL was incorporated on May 15, 1990, under the Companies Act, 1956 under the name and style '*Shre Pathrakali Finance Company Limited*'. On February 11, 2010, the company's name was changed to '*Utkarsh Micro Finance Private Limited*'. Subsequently, the RBI permitted the company to commence operations as a non-deposit taking NBFC under Section 45-IA of the Reserve Bank of India Act, 1934 and issued a registration certificate dated March 19, 2010, bearing the number B-07-00781 to this effect. On January 21, 2014, the company was registered with the RBI as NBFC Microfinance Institution (NBFC-MFI) and was issued a revised registration certificate with the same registration number (i.e. B-07-00781). On October 7, 2015, UCL received an in-principle approval from RBI to set up a small finance bank under the Guidelines for Licensing of Small Finance Banks in the Private Sector dated November 27, 2014.

Accordingly, UCL incorporated USFBL as its wholly owned subsidiary and transferred its microfinance business as a going concern by way of a slump sale on January 21, 2017. Post this business transfer, UCL ceased to operate as an NBFC-MFI and was converted into an NBFC - Core Investment Company ("NBFC-CIC"), with a new registration certificate dated May 3, 2018, issued by the RBI.

UCL presently is the promoter and the holding company of USFBL. The equity shares of UCL are not listed on any stock exchange. UCL does not have any subsidiary, joint venture or associate companies except its investment in USFBL.

As per the SFB Guidelines and RBI Clarifications read with the RBI Acquisition Directions, the promoter of a small finance bank is required to reduce its equity shareholding stake in the small finance bank to 40% within a period of 5 years from the date of commencement of business operations by the small finance bank. Thereafter, the promoter's equity stake in such small finance bank is required to be further brought down to 26% within a period of 15 years from the date of commencement of business operations by the small finance bank.

We understand that the management of the Companies (hereinafter referred to as "the Management") are contemplating the Proposed Amalgamation pursuant to the Scheme to comply with the above guidelines. In this context, the Board of Directors of the Companies have jointly appointed RBSA to recommend the share exchange ratio for the Proposed Amalgamation on a 'going concern' value premise, pursuant to the Scheme and submit a report recommending fair equity share exchange ratio to the Audit Committee / Board of Directors formulated by the respective Companies in this regard, for issue of USFBL equity shares to the equity shareholders of UCL, as consideration for the Proposed Amalgamation (hereinafter referred to as "Report").

We would like to emphasize that certain terms of the Proposed Amalgamation are stated in the Report, however, the detailed terms of the Proposed Amalgamation shall be more fully described and explained in the Scheme document to be submitted with relevant authorities in relation to the Proposed Amalgamation. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the underlying Scheme.

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For the purpose of this Report, we have considered the valuation date as September 19, 2024 ("Valuation Date").

The scope of our services is to conduct a relative (and not absolute) valuation exercise as at the Valuation Date to determine the equity value of the shares of Companies and arrive at the equity share exchange ratio using internationally accepted valuation methodologies as may be applicable to Companies and report on the same in accordance with generally accepted professional standards including ICAI Valuation Standards, 2018, issued by the Institute of Chartered Accountants of India and International Valuation Standards.

We have been informed that:

i. There would not be any capital variation in the Companies till the Proposed Amalgamation becomes effective, without approval of the shareholders and other relevant authorities.
ii. Till the Proposed Amalgamation becomes effective, neither of the Companies will declare any substantial dividend.
iii. There would be no significant variation between the draft Scheme and final Scheme approved and submitted with the relevant authorities.

We have been informed that, in the event either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares/ merger/ demerger/ reduction of share capital before the Proposed Amalgamation becomes effective, the issue of shares pursuant to the Equity Share Exchange Ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.

This Report is our deliverable for the above engagement.

SOURCES OF INFORMATION

In connection with this exercise, we have considered the following information received from the Management and/ or obtained from public domain:

- Limited reviewed financial statements of USFBL for the 3 months period ended June 30, 2024;
- Audited financial statements of UCL for the 3 months period ended June 30, 2024;
- Audited financial statements of UCL and USFBL for the years ended March 31, 2022, 2023 and 2024;
- Details of employee stock options of the Companies outstanding as on Valuation Date;
- Draft Scheme;
- Discussions with the Management to obtain requisite explanation and clarification of data provided;
- Information available in public domain and databases such as S&P Capital IQ and websites of NSE, BSE etc.;
- Other relevant information and documents for the purpose of this engagement.

During discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. Besides the above information and documents, there may be other information provided by the Companies which may not have been perused by us in detail, if not considered relevant for the defined scope.

USFBL has informed us that DAM Capital Advisors Limited ("Fairness Team") has been appointed to provide fairness opinion on the Equity Share Exchange Ratio for the purpose of the Proposed Amalgamation. Further, at the request of the USFBL we have had discussions with the Fairness Team in respect of our valuation analysis.

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PROCEDURES ADOPTED

Procedures adopted for our analysis included such substantive steps as we considered necessary under the circumstances, including, but not limited to the following:

- Requested and received financial and qualitative information;
- Discussions (physical/over call) with the Management to:
  - Understand the business and fundamental factors affecting earning-generating capability of the Companies
  - Understand historical financial performance and current state of affairs of the Companies
- Obtained and analysed market prices, volume data and other relevant information for USFBL;
- Obtained and analysed data of peer companies available in public domain, as deemed relevant by us for the purpose of the present exercise;
- Considered Draft Scheme;
- Considered shareholding pattern of the Companies and outstanding ESOP's; and
- Selection of appropriate internationally accepted valuation methodology/(ies), after deliberations and consideration to the sector in which the Companies operate and analysis of their business operations;
- Arrived at the relative value of equity shares of the Companies to determine Equity Share Exchange Ratio for the Proposed Amalgamation.

SHAREHOLDING PATTERN

USFBL

The issued and subscribed equity share capital of USFBL as of June 30, 2024, is ~INR 11,001 million comprising 1,100,142,960 equity shares of face value of INR 10/- each. The shareholding pattern is as follows:

Shareholder	No. of equity shares	Percentage
Utkarsh CoreInvest Limited *	759,272,222	69.02%
Public	340,870,738	30.98%
Total	**1,100,142,960**	**100.00%**

** Includes 6 shares held by individuals as nominees on behalf of UCL*
Source: www.nseindia.com

Equity shares of USFBL are listed on the BSE and NSE.

The following is the breakup of the ESOP's granted by the Company as of the Valuation Date which has been considered for USFBL's valuation,

Exercise Price	No. of Granted Options
INR 14.01	17,845
INR 27.00	19,760,538
INR 30.00	15,000
INR 31.80	906,484
INR 44.00	1,98,76,432
INR 44.14	15,812,718
Total	**5,63,89,017**

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<u>UCL</u>

The issued and subscribed equity share capital of UCL as of June 30, 2024, is ~INR 990 million comprising 99,126,244 equity shares of face value of INR 10/- each. The shareholding pattern is as follows:

Shareholder	No. of equity shares	Percentage
British International Investment PLC	13,726,978	13.85%
RBL Bank Limited	9,702,950	9.79%
NMI Frontier Fund KS	7,702,602	7.77%
Faering Capital India Evolving Fund II	7,660,082	7.73%
Others	60,333,632	60.86%
Grand Total	**99,126,244**	**100.00%**

Source: Management Information

The following is the breakup of the ESOP's granted by the Company as of the Valuation Date which has been considered for UCL's valuation,

Exercise Price	No. of Granted Options
INR 109.36	239,738
INR 125.00	768,695
Total	**1,008,433**

UCL holds ~69% of the equity share capital of USFBL. As at Valuation Date, apart from holding investment in USFBL, UCL does not have any significant assets / liabilities or business operations.

VALUATION APPROACH & METHODOLOGY

Valuation Base: Valuation base means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value. Considering the nature of this exercise, we have adopted Relative Value as the Valuation base.

Premise of Value: Premise of Value refers to the conditions and circumstances in which an asset is deployed. Considering the nature of this exercise, we have adopted 'Going Concern Value' as the Premise of Value.

Intended Users: This Report is intended for consumption of the Board of Directors of the Companies and may be submitted to the shareholders of the Companies and relevant regulatory and judicial authorities as may be mandatorily required under the laws of India, in connection with the Proposed Amalgamation.

It should be understood that the valuation of any entity or business 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 have relied on explanations provided by the Management and have made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. This valuation could fluctuate with the passage of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions financial and otherwise, of the Companies, and other factors which generally influence the valuation of any entity or business.

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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 value for 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 judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Commonly accepted approach/ methods for determining the value of the equity shares of a company/ business, include:

- Income Approach – Discounted Cash Flow method
- Market Approach
- Asset Approach – Net Asset Value method

There are several commonly used and accepted methods, within the market approach, income approach and asset approach, for determining the Equity Share Exchange Ratio, which have been considered in the present case, to the extent relevant and applicable, and subject to the availability of relevant information.

Income Approach – Discounted Cash Flow ("DCF")

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.

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the perpetuity value at an appropriate discount factor. The terminal value represents the total value of the available cash flow for all periods subsequent to the horizon period. The terminal value of the business at the end of the horizon period is estimated, discounted to its present value equivalent, and added to the present value of the available cash flow to estimate the value of the business.

Such DCF analysis involves determining the following:

- Estimating future free cash flows: Free cash flows to firm are the cash flows expected to be generated by the company/ assets that are available to the providers of the company's capital – both debt and equity.
- Appropriate discount rate to be applied to cash flows i.e., the cost of capital: This discount rate, which is applied to the free cash flows to firm, should reflect the opportunity cost to all the capital providers (namely shareholders and 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.

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.

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Market Price Method:

Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such companies as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price.

Comparable Companies Multiple (CCM) Method:

Under this method, the value of the shares of a company is estimated by applying the derived market multiple based on 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 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 differences between the circumstances.

Comparable Transaction Multiple ("CTM") Method

Under Comparable Transaction Method, the value of shares / business of a company is determined based on market multiples of publicly disclosed transactions in similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment, after consideration has been given to the specific characteristics of the business being valued.

Asset Approach

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. A net asset methodology is most applicable for businesses where the value lies in its underlying assets and not in the ongoing operations of the business.

Valuation Approach/ methodology adopted

For the present valuation analysis, the merger of the Companies is proceeded with on the assumption that the Companies would merge as going concern and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation, with the values arrived at on the net asset basis being ordinarily of limited relevance.

For USFBL:

The equity shares of USFBL are listed on BSE and NSE and are frequently traded. Hence, we have applied the Market Price Method under the Market Approach considering the share prices of USFBL on NSE over an appropriate period to arrive at the relative fair value of the shares for the purpose of arriving at the Equity Share Exchange Ratio.

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Considering the availability of comparable listed peer set in the business carried out by USFBL, we have also applied the CCM method under the Market Approach to arrive at the relative fair value of the shares of USFBL. We have used the Price to Earnings Multiple ("PE Multiple") and Price to Book Value ("P/BV") Multiple under CCM Method. We have carried out appropriate adjustments for ESOP's and proposed dividend to arrive at the value of USFBL's equity share under both methods. To arrive at average value under CCM, we have given equal weights to values per share arrived under PE Multiple and P/BV methods to determine the Equity Share Exchange Ratio.

Since USFBL is an operating company and operates as a bank, while we have calculated the value of the equity shares of USFBL under the Asset Approach, we have considered it appropriate not to give any weightage to the same in arriving at the Equity Share Exchange Ratio.

CTM method has not been used to value USFBL due to lack of information in the public domain on comparable transactions of similar scale. Further, the transaction multiples may include acquirer specific considerations, synergy benefits, control premium and minority adjustments.

Having regard to the business in which USFBL operates, all debt and all cash is operating. Therefore effectively, only the amount of cash not deployed in the business will flow into the value under the DCF method, which may not be representative of the intrinsic value of operations and business. Considering this, projecting financials of the USFBL on a reliable basis, to afford a relative comparison, is difficult and involves considerable subjectivity and hence such projections have not been made available for the present exercise. Hence, we have not considered the Income Approach for valuation of USFBL.

For UCL:

UCL operates as an NBFC-CIC mainly holding investment in USFBL. UCL does not have any business operations and primarily derives value through its investment in equity shares of USFBL. Hence for the valuation of equity shares of UCL, we have considered the Asset Approach - wherein we have considered the fair value of its investment in USFBL. We have also considered appropriate adjustments for ESOP's, proposed dividend and other matters to arrive at the value of UCL's equity share under the Asset Approach to determine the Equity Share Exchange Ratio.

Considering that UCL does not have any business operations and primarily derives its value through its investment held in equity shares of USFBL, the CCM method under the Market Approach has not been considered to arrive at the fair value of shares of UCL.

CTM method has not been used to value UCL due to lack of information in the public domain on comparable transactions of similar scale. Further, the transaction multiples may include acquirer specific considerations, synergy benefits, control premium and minority adjustments.

Considering that apart from holding investment in equity shares of USFBL, UCL does not have any significant assets or liabilities or business operations, projecting financials of the Company on a reliable basis, to afford a relative comparison, is difficult and involves considerable subjectivity and hence such projections have not been made available for the present exercise. Hence, we have not considered the Income Approach for UCL.

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SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The scope of our services is to recommend Equity Share Exchange Ratio for the Proposed Amalgamation. Valuation Standards ("ICAI VS") issued by the Institute of Chartered Accountants of India have been considered for the valuation.

The recommendation contained herein is as at the Valuation Date and is not intended to represent value at any time other than the said date. This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Valuation Date; (iii) are based on the data detailed in the section - Sources of Information. We have been informed that the business activities of the Companies have been carried out in the normal and ordinary course between June 30, 2024, and the Valuation Date and that no material changes have occurred in their respective operations and financial position between June 30, 2024 and the Valuation Date.

A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The recommendation rendered in this Report only represents our recommendation based upon information till date, furnished by the Management (or its representatives) and other sources and the said recommendation shall be considered to be in the nature of non-binding advice. Our recommendation will however not be used for advising anybody to take buy or sell decisions, for which specific opinion needs to be taken from expert advisors.

Valuation of a business or an entity is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed Equity Share Exchange Ratio. While we have provided our recommendation of the Equity Share Exchange Ratio based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the Equity Share Exchange Ratio at which the Proposed Amalgamation shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Amalgamation and inputs from other advisors.

In the course of the valuation, we were provided with both written and verbal information. We have evaluated the information provided to us by/ on behalf of the Management through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the information given by/on behalf of the Management. 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 financial statements. Our conclusions are based on the assumptions and information given by/on behalf of the Management. The Management has indicated to us that they have understood that any omissions, inaccuracies, or misstatements may materially affect our valuation analysis/results.

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The Report assumes that the Companies comply fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that they will be managed in a competent and responsible manner. Further, unless 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 litigations and other contingent liabilities that are not recorded/ reflected in the financial statements provided to us.

This Report does not look into the business/ commercial reasons behind the Proposed Amalgamation nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Amalgamation as compared with any other alterative business transaction or other alternatives or whether such alternatives could be achieved or are available.

We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and / or reproduced in its proper form and context. The valuation analysis is based on the exercise of judicious discretion by the valuer taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the financial statements but could strongly influence the value.

No investigation/ inspection of the Companies' claims to title of assets has been made for the purpose of this Report and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the financial statements. Therefore, no responsibility is assumed for matters of a legal nature.

Neither this Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties other than in connection with the Scheme, without our prior written consent. This Report does not in any manner address the prices at which equity shares of USFBL will trade following announcement of the Proposed Amalgamation and we express no opinion or recommendation as to how the shareholders of the Companies should vote at the shareholders' meeting(s) to be held in connection with the Proposed Amalgamation.

This Report and the information contained in it is absolutely confidential and intended only for the sole use and information of the Board of Directors of the Companies in connection with the Proposed Amalgamation including for the purpose of obtaining regulatory approvals, as required under applicable laws of India, for the Proposed Amalgamation. Without limiting the foregoing, we understand that USFBL and UCL may be required to share this Report with their shareholders, Indian regulatory or judicial authorities and merchant banker providing fairness opinion on the Equity Share Exchange Ratio, in connection with the Proposed Amalgamation (together, "Permitted Recipients"). We hereby give consent to such disclosure of this Report, on the basis that the Valuer owes responsibility only to the Companies that have engaged us, under the terms of the engagement, and to no other person; and that, to the fullest extent permitted by law, the Valuer accepts no responsibility or liability to any other party, in connection with this Report. It is clarified that reference to this Report in any document and / or filing with Permitted Recipients, in connection with the Proposed Amalgamation, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than USFBL and UCL.

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The Management has informed us that:

- There are no unusual / abnormal events in the Companies till the Report Date materially impacting their operating / financial performance. Further, the Management has informed us that all material information impacting the Companies has been disclosed to us.
- There would be no variation between the draft Scheme of Arrangement and the final scheme approved and submitted with the relevant authorities.

We owe responsibility to only the Board of Directors of the Companies that has appointed us under the terms of our engagement letter and nobody else. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to the Companies. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of the Companies, their directors, employees, or agents.

We shall not, under any circumstances have any direct or indirect liability or responsibility to any party engaged by USFBL and UCL or to whom USFBL and UCL may disclose or directly or indirectly permit the disclosure of any part of the Report and that by allowing such disclosure we do not assume any duty of care or liability, whether in contract, tort, breach of statutory duty or otherwise, towards any of the third parties.

We do not accept any liability to any third party (including Permitted Recipients) in relation to the issue of this Report. Accordingly, no one other than the Companies that have engaged us shall have any recourse to us with respect to the Report. It is understood that this analysis does not represent a fairness opinion on the Equity Share Exchange Ratio. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

Our Report can be used by the Companies only for the purpose, as indicated in this Report, for which we have been appointed. The results of our valuation analysis and our Report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person / party for any decision of such person / party based on this Report. Any person / party intending to provide finance / invest in the shares / business of the Companies, 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 USFBL and UCL) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to the Valuer. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this Report or any part thereof, except for the purpose as set out earlier in this Report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.

The Management of USFBL and UCL has been provided with the opportunity to review the draft report (excluding the recommended Equity Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final Report.

The fee for the engagement is not contingent upon the results reported.

This Report is subject to the laws of India.

The Report should be used in connection with the Scheme.

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DISCLOSURE OF RV INTEREST OR CONFLICT, IF ANY AND OTHER AFFIRMATIVE STATEMENTS

We do not have any financial interest in the Companies, nor do we have any conflict of interest in carrying out this valuation. Further, the information provided by the Management has been appropriately reviewed in carrying out the valuation.

BASIS OF SHARE EXCHANGE RATIO

The basis of share exchange ratio for amalgamation of UCL into USFBL would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies for USFBL, for the purposes of recommending Equity Share Exchange Ratio, it is necessary to arrive at single value for USFBL. It is however important to note that in doing so we are not attempting to arrive at the absolute value but at its relative value to facilitate the determination of Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology for USFBL.

The Equity Share Exchange Ratio has been arrived at on the basis of a relative valuation based on the various approaches/ methods explained herein earlier and various qualitative factors relevant to the Companies and the business dynamics and growth potential of the businesses, having regard to information base, key underlying assumptions, and limitations.

We have applied valuation methodologies discussed herein above as appropriate and arrived at the value per share of the Companies. To arrive at the Equity Share Exchange Ratio for the Proposed Amalgamation, suitable minor adjustments/ rounding off have been made.

The computation of the Equity Share Exchange Ratio is as under:

Valuation Approach	UCL (A)		USFBL (B)	
	INR per share	Weights	INR per share	Weights
Market Approach: Price / Book Value Multiple Method	NA	NA	47.23	25%
Market Approach: Price / Earnings Multiple Method	NA	NA	57.01	25%
Market Approach: Market Price Method *	NA	NA	50.96	50%
Asset Approach: Adjusted Net Asset Value Method	360.02	100%	28.34	0%
Relative Value per share	**360.02**	**100%**	**51.54**	**100%**
Share Exchange Ratio (A/B) (Rounded off)			**6.99**	

** Higher of 10 trading days VWAP or 90 trading days VWAP*
NA: Not adopted

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On the basis of the foregoing and on consideration of the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Equity Share Exchange Ratio for the amalgamation of UCL into USFBL:

699 (Six Hundred Ninety-Nine) equity shares of USFBL of INR 10/- each fully paid up for every 100 (One Hundred) equity shares of UCL of INR 10/- each fully paid up.

For RBSA Valuation Advisors LLP
Registration Number: IBBI/RV-E/05/2019/110

S. D. Shah

RBSA VALUATION ADVISORS LLP

Samir D. Shah
Partner
RV No.: IBBI/RV/06/2019/12263
Place: Mumbai
Date: 20/09/2024