



FAIRNESS OPINION

PAISALO DIGITAL LIMITED

&

AGARWAL MEADOWS PRIVATE LIMITED

February 23rd, 2018

Strictly Private & Confidential

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For the Board of Directors of Paisalo Digital Limited

Manish Kumar

COMPANY SECRETARY

Corporate Professionals Capital Private Limited

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Ref. No: CPC/MB/294A/2017-18

Dated 23.02.2018

SEBI Reg. No: INM000011435

The Board of Directors,
Paisalo Digital Limited
101, CSC, Pocket 52, CR Park, Near Police Station,
New Delhi – 110019

The Board of Directors
AGARWAL MEADOWS PRIVATE LIMITED
CSC, POCKET-52, Chittaranjan Park, Near Police Station
New Delhi -110019

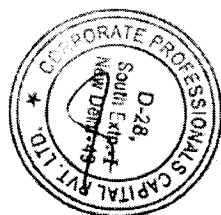
Subject: Fairness Opinion on the valuation report undertaken by "M/s SANJEEV JAGDISH CHAND ASSOCIATES , Chartered Accountants" dated 22.02.2018 for the Proposed Scheme of amalgamation of Agarwal Meadows Private Limited with Paisalo Digital Limited

Dear Sir,

We refer to our appointment for the purpose of arriving at an opinion on the share exchange ratio for the proposed amalgamation of Agarwal Meadows Private Limited (hereinafter referred to as "Agarwal Meadows") with Paisalo Digital Limited (hereinafter referred to as "Paisalo Digital"). Agarwal Meadows and Paisalo Digital are hereinafter collectively referred to as the "Companies".

Under the proposed amalgamation in accordance with the provisions of sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the "Scheme") and subject to necessary approvals, Agarwal Meadows would be amalgamated with Paisalo Digital on a going concern basis ("Proposed Amalgamation").

In terms of our engagement, we are enclosing our opinion along with this letter. All comments as contained herein must be read in conjunction with the Caveats to this opinion. The opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "listing regulations") read with SEBI Circular no. CFD/DIL3/CIR/2017/21 dated



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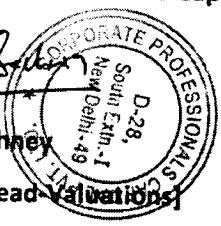
Manish Chandra

March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017, it should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Corporate Professionals Capital Private Limited, such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchanges, National Company Law Tribunal ("NCLT") and notices to be dispatched to the shareholder and creditors for convening the meeting pursuant the directions of NCLT and we provide consent for the same. Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully,

For Corporate Professionals Capital Private Limited

Chander Sawhney
Chander Sawhney
[Partner & Head-Valuations]



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For CORPORATE PROFESSIONALS CAPITAL PRIVATE LIMITED

Manoj Kumar

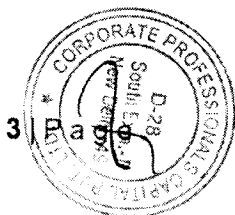
CHANDER SAWHNEY

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Manoj Kumar

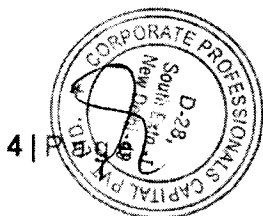


CONTEXT AND BACKGROUND

1. Paisalo Digital is listed on the National Stock Exchange of India Limited and BSE Limited. The proposed scheme of amalgamation provides for amalgamation of Agarwal Meadows with Paisalo Digital in accordance with the provisions of sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the "Scheme").
2. The opinion expressed here is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "listing regulations") read with SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Corporate Professionals Capital Private Limited, such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchange/NCLT and notices to be dispatched to the shareholder and creditors for convening the meeting pursuant the directions of NCLT and we provide consent for the same. Please feel free to contact us in case you require any additional information or clarifications.
3. With reference to the above, Corporate Professionals Capital Private Limited has been appointed as Merchant Bankers by the management of Paisalo Digital & Agarwal Meadows to provide the "Fairness Opinion" on the valuation Report issued by the Valuer dated 22.02.2018.

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Manish Kishor



BRIEF ABOUT COMPANIES**1. Paisalo Digital Limited**

- a) Paisalo Digital Limited was originally incorporated in the year 1992 as a private limited company; in year 1995 it converted to a public limited company and its registered office is located at 101, CSC, Pocket 52, CR Park, Near Police Station, New Delhi - 110019 .
- b) The Company is a Systemically Important Non Banking Financial Company, registered with Reserve Bank of India as Loan Company vide Certificate of Registration bearing registration No B-14.02997.
- c) The Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE), and BSE Limited (BSE) and Global Depository Receipt are listed on Luxembourger Stock Exchange. Currently, the Transferee Company is engaged in the financing business.

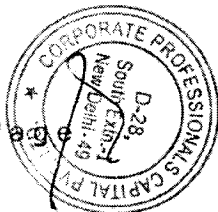
2. Agarwal Meadows Private Limited

- a) Agarwal Meadows Private Limited was a Company incorporated under the Companies Act, 1956 on 8th December, 1989 in the National Capital Territory of Delhi bearing registration no. 38586 and its registered office is situated at CSC, Pocket-52, Chittaranjan Park, Near Police Station New Delhi – 110019.
- b) The Company is engaged in the business of development, sale and letting out of immovable properties.

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KEY FACTS & KEY EXTRACTS OF THE SCHEME

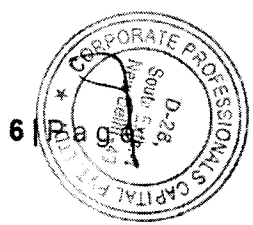
As per para 4.1 of the Scheme : Purpose of Scheme, the Board of Directors of the Transferor Company and Transferee Company are of the opinion that the proposed arrangement between the Transferor Company with Transferee Company will be for the benefit of both the Companies in the following manner:

- a) The amalgamation will enable pooling recourse of the Companies involved in the amalgamation to their common advantage, resulting in more productive utilization of such resources, cost & operational efficiencies which would be beneficial for all stakeholders.
- b) The amalgamation would result in the creation of a Transferee Company with larger asset base and net worth with strong financials enabling further growth and development of the Company and enable the transferee Company to withstand with the growing competition in the market scenario.
- c) The proposed amalgamation will result in reduction in overhead and other expenses, reduction in administrative and procedural work and eliminate duplication of work and will enable the companies concerned to effect internal economies and optimize productivity.
- d) The proposed amalgamation if comes into effect then it will strengthen the credibility of transferee company with the financial institutions, banks and general public and which would eventually benefit the shareholders of the Transferee Company and Transferor Company.

There is no likelihood that interests of any shareholder or creditor of either the Transferor Company or the Transferee Company would be prejudiced as a result of the Scheme. The Scheme of Arrangement will not impose any additional burden on the members of the Transferor Company or the Transferee Company.

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Manish Jindal



VALUER ANALYSIS

Based on the facts of the case, the valuer has applied Market Value Methodology (wherever applicable) and Adjusted Book Value (BV) Methodology.

ADJUSTED BOOK VALUE METHOD:-

Book Value Method (BV) views the business as a set of assets and liabilities that are used as building blocks to construct the base value of the company. This method is generally used to evaluate the entry barrier that exists in a business as well as this method is suited for companies having common management and shareholders as in case of group consolidation no assets or liabilities are moving outside the group.

Adjusted Book Value Methodology is distinguished from Book Value Methodology as it involves a determination of fair market value of assets and liabilities on a basis of going concern.

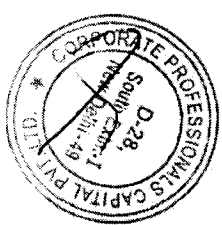
1. M/S Paisalo Digital Limited

The Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE), and BSE Limited (BSE). Currently, the Transferee Company is engaged in the financing business. However it has been observed that the shares of the company are not frequently traded, so the valuer has relied upon the SEBI(ICDR) Regulation, 2009 Refer Regulation 76, which mentions that the valuation need to be carried in case of infrequently traded shares as per Book Value, Comparable Trading multiple and such other parameters as are customary for valuation of shares of such companies. The valuer has carried the Valuation as per Comparable Company Methodology and Adjusted Book Value Methodology.

Valuation based on Adjusted Book Value Methodology - as on 30.09.2017	
Particulars	Amount in INR Millions
Share Capital	405.60
Reserves and Surplus	5,515.72
Appreciation or (Diminution) in the Value of Investment (Post suitable adjustments)#	228.86
Net Asset Value	6,150.17
Number of shares	40,560,000
Value per share INR	151.63

Notes:

- Management of the Paisalo Digital Ltd has represented the valuer that the Company has a WOS namely Nupur Finvest Private Limited and further it has made investment in Spring Infradev Limited in which it holds 6.97% equity shares, the valuer has calculated the appreciation in value of these Investment as per their NAV based on Audited balance sheet of these companies as on 31.03.2017.



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Mandy Arul
COMPANY SECRETARY

- Paisalo Digital Ltd also have land and Building and the valuer has taken appreciation in value of these as per the report issued by Er. Ajit Fauzdar dated 10.11.17.
- one land and Building is situated at Flat No 206 (II) floor, Prateek Tower, Block 54/4, Sanjay Place, Agra with the size of 102.19 square Meter and another land and building is situated at Unit No 4,5,6,7,8,9(1st Floor)Prateek Tower Block No 54/4, Sanjay Place, Agra with a size of 365.94square Meter.

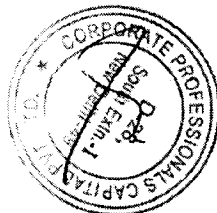
Valuation of Paisalo Digital Ltd as per Comparable Company Multiple Method Approach

Comparable Companies Multiples Method uses the valuation ratios of a publicly traded company and applies that ratio to the company being valued (after applying appropriate discount). The valuation ratio typically expresses the valuation as a function of a measure of financial performance or Book Value (e.g. Turnover, EBITDA, EBIT, EPS or Book Value). A key benefit of CCM analysis is that the methodology is based on the current market stock price. The current stock price is generally viewed as one of the best valuation metrics because markets are considered somewhat efficient. The difficulty here is in the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, and profitability and accounting practices. Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way similar enterprises are valued by public markets.

To arrive at the value of equity shares, the valuer has considered the Profit After tax (PAT) for the period ended 31.12.2017 as provided in the management certified financials for the period ended on 31.12.2017 and multiplied it with the average PE Multiple of listed peer companies as on 22.03.2017 after considering appropriate discount on account of lack of marketability (DLOM) and added the Fair value of Investments i.e. investment in Nupur Finvest Private Limited And Spring Infradev Limited.

Comparable Company Multiple Method

Particulars	Amount (INR Million)
Standalone PAT for 12 M ended 31.12.2017	590.80
Less: Other Income	-
Adjusted PAT for 12 Months ended 31.03.2017	590.80
Industry Average PE Multiple	23.69
Equity Value	13,996.05
Less:Discount on lack of marketability @15%	2,099.41
Equity value post discount	11,896.64
Add: Fair value of investment made in NUPUR FINVEST PRIVATE LIMITED	516.47
Add: Fair value of investment made in SPRING INFRADEV LIMITED	407.64
Adjusted Equity Value	12,820.76
No of Shares as on 31.12.2017	40,560,000
Value per Equity Share (INR)	316.09



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Mandeep Singh
SECRETARY

Being a Non-Banking Finance Company, the Book Value of the company is significantly less than the value based on Comparable companies method (CCM) as the revenue and Profits of the company are the true indicators and these drivers can be measured by CCM method, so the valuer has given 100% weighted to this methodology.

The valuer has not applied Income Approach because Transferee Company is a listed company and management has not provided the financial projections due to confidentiality.

2. Valuation of Agarwal Meadows Private Limited

The company is into Real Estate Business and is predominantly Asset Backed so the Asset Approach is the most Suited Approach in the instant case, the valuer has carried the Valuation as per Adjusted Book Value Methodology.

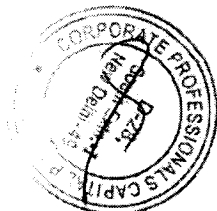
Valuation based on Adjusted Book Value Methodology as per Balance sheet dated 31.03.2017	
Particulars	Amount in INR Millions
Share Capital	2.93
Reserves and Surplus	1.05
Appreciation or (Diminution) in the Value of Investment (Post suitable adjustments)	543.56
Net Asset Value	547.53
No. of Equity Shares as on 31.03.2017	29,270
Value Per Share (INR)	18,706.30

Note : Valuer has taken the appreciation in value of Building as per valuation report issued by Er. Ajit Fauzdar dated 23.11.17. The building is situated at CSC, Pocket 52, EPDP colony, Chitranjan Park, Kalkaji, New Delhi and the total area of the Building is 665.15 square meter.

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For PAISALO DIGITAL LIMITED

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COMPANY SECRETARY



CONCLUSION & OPINION

In case of a merger valuation, the emphasis is on arriving at the "relative" values of the shares of the merging companies to facilitate determination of the "share exchange ratio". Hence, the purpose is not to arrive at absolute values of the shares of the companies. In the instant case, the valuer has considered all three valuation approaches and have also given reasons for selection or rejection of particular approaches.

On the basis of above analysis the share exchange ratio has been arrived at by the valuer and accordingly the Transferee Company shall, without any further act or deed and without any further payment, issue and allot equity shares on a proportionate basis to the shareholders of the Transferor Company as under:

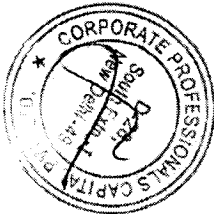
- 5,918 (Five Thousand Nine Hundred and Eighteen) Equity shares of face value of Rs.10/- (Rupees Ten) each in Paisalo Digital Limited for every 100 (One Hundred) Equity shares of face value of Rs.100/- (Rupee One Hundred) each of Agarwal Meadows Private Limited.

The valuation summary workings as required by BSE & NSE vide their circulars no LIST/COMP/02/2017-18 dated May 29, 2017 and NSE/CML/2017/12 dated June 01, 2017 respectively are as under –

Valuation Approach	Paisalo Digital Limited		Agarwal Meadows Private Limited	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach#	151.63	0	18,706.30	1
Income Approach##	NA	0	NA	0
Market Approach###	316.09	1	NA	0
Relative Value per Share (INR)	316.09		18,706.30	
Exchange Ratio per share (Rounded off)	1		59.18	
Exchange Ratio per 100 shares (Rounded off)	100		5,918	

Note: Since the asset base of Agarwal Meadows Private Limited dominates the earning capacity of the company, so the valuer has considered the Adjusted Net Asset Value Approach in this case and given 100% weight to Asset Approach after considering appreciation in the value of investment made in Property. However In case of Paisalo Digital Ltd the valuer has not assigned any weight to this method as Asset approach do not hold much meaning looking into the nature of business.

The valuer has not applied Income Approach in case Paisalo Digital Ltd as it's a listed company so, on confidentiality Basis Company has not provided the valuer with the future projections. While in case of Agarwal



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Meadows Private Limited also the valuer has not applied this methodology as the Asset base dominates the earning capacity in this case.

In case of Paisalo Digital Ltd, the valuer has given 100% weight to Market Approach as the company is a Non-Banking Finance company, and it's the most suited approach and the valuer has not assigned any weight to this approach in case of Agarwal Meadows Private Limited as company is heavy asset backed and this method not able to fetch a value based on its weak profitability and revenue line.

Thus

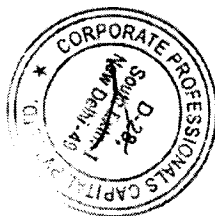
"Subject to above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017, we have reviewed the valuation report of the valuer pursuant to the scheme of Amalgamation and considered it to be fair and reasonable from the point of view of equity shareholders of the companies."

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AGARWAL MEADOWS PRIVATE LIMITED

Manish Kumar

COMPANY SECRETARY



CAVEATS

- We wish to emphasize that, we have relied on explanations and information provided by the respective managements, and other public available information while reviewing the valuation report of the valuer. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.
- We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed / validated the financial data except what is provided to us by the Companies.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Scheme, which might be relevant in the context of the transaction and which a wider scope might uncover.
- We have no present or planned future interest in Paisalo Digital/Agarwal Meadows and the fee payable for this opinion is not contingent upon the opinion reported herein.
- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Fairness Opinion. This opinion is issued on the understanding that the Management of Paisalo Digital/ Agarwal Meadows under the Scheme and the valuer through their Valuation report dated 22.02.2018 have drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Fairness Opinion.

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Mandy Singh

