

RANGAMANI & Co.,
CHARTERED ACCOUNTANTS

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CARD BANK BUILDING
WEST OF Y. M. C. A. BRIDGE
V. C. S. B. ROAD
ALLEPPEY - 688 001

CERTIFICATE ON BASIS FOR OFFER PRICE

11/12/2023

To,

The Board of Directors
Muthoot Microfin Limited
13th Floor
Parinee Crescenzo
Bandra Kurla Complex
Bandra East, Mumbai 400 051
Maharashtra, India
(the "Company")

ICICI Securities Limited
ICICI Venture House
Appasaheb Marathe Marg
Prabhadevi, Mumbai 400 025
Maharashtra, India

Axis Capital Limited
1st Floor, Axis House,
C-2 Wadia International Centre,
PB Marg, Worli,
Mumbai 400 025
Maharashtra, India

JM Financial Limited
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
Maharashtra, India

SBI Capital Markets Limited
1501, 15th Floor, Parinee Crescenzo,
G Block, Bandra Kurla Complex, Bandra (East),
Mumbai- 400051
Maharashtra, India

(collectively, with any other book running lead managers that may be appointed in connection with the Offer, the "Book Running Lead Managers")

Re: Proposed initial public offering of equity shares of ₹10 each (the "Equity Shares") by the Company and such offering, the "Offer".

Dear Ladies and Gentlemen,

We, Rangamani & Co, Chartered Accountants, (Firm Registration Number: 003050S), Independent Chartered Accountant of the Company, have received a request from the Company to provide certain calculation of the basis for Offer price of the Equity Shares in the Offer.



In this regard, we have reviewed the restated financial statements of the Company, as of and for the six month periods ended September 30, 2023 and September 30, 2022 and the financial years ended March 31, 2023, March 31, 2022, and March 31, 2021, prepared in accordance with the Companies Act, 2013, as amended (the "Companies Act") and Indian Accounting Standards prescribed under the Companies Act ("Indian Accounting Standards") Rules, 2015 and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations") and the reports issued thereon (the "Restated Financial Statements").

Accordingly, we certify that the following information is true, correct and complete and not misleading :

1. Basic and Diluted Earnings per Equity Share ("EPS"):

Fiscal	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Fiscal 2023	14.19	11.66	3
Fiscal 2022	4.15	3.94	2
Fiscal 2021	0.62	0.62	1
Weighted Average for the above three financial years	8.58	7.25	
September 30, 2023*	17.57	14.22	
September 30, 2022*	1.09	0.91	

* Not annualized

Note: 1. EPS has been calculated in accordance with the Indian Accounting Standard 33 – "Earnings per share". The face value of equity shares of the Company is ₹ 10.

2. Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

3. For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2. Price Earning Ratio (P/E) in relation to Price Band of ₹ 277 to ₹ 291 per Equity Share:

Particulars	P/E at the lower end of Price Band (number of times)	P/E at the higher end of Price band (number of times)
Based on basic EPS for Fiscal 2023	The price to earnings ratio based on diluted EPS for financial year 2023 for the company at the Higher End of the price band is as high as 24.96 times and at the lower end of the price band is 23.76 times.	
Based on diluted EPS for Fiscal 2023		

Industry Peer Group P/E Ratio

Particulars	P/E	Name of the company	Face value of the equity shares (₹)
Highest	551.18	Spandana Spoorthy Financial Limited	10
Lowest	9.33	Ujjivan Small Finance Bank Limited	10
Average	94.86	-	-

Source: Based on peer set provided below.

Note: The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this certificate. The industry P/E ratio mentioned above is as on financial year ended March 31, 2023.



3. Industry Peer P/B ratio

Based on the peer group information (excluding the Company) given below in this section, the highest P/B ratio is 5.15, the lowest P/B ratio is 1.07 and the average P/B ratio is 2.49.

Particulars	Industry Peer P/B	Name of the company	Face value of the equity shares (₹)
Highest	5.15	CreditAccess Grameen Limited	10
Lowest	1.07	Suryoday Small Finance Bank Limited	10
Average	2.49	-	-

Notes:

1. The industry high and low have been considered from the industry peer set provided later. The industry composite has been calculated as the arithmetic average P/B of the industry peer set disclosed in this certificate.

4. Return on Net Worth ("RoNW"):

As per the Restated Financial Statements:

Financial period	RoNW (%)	Weight
Fiscal 2023	10.08%	3
Fiscal 2022	3.55%	2
Fiscal 2021	0.79%	1
Weighted Average	6.35%	
September 30, 2023	11.14%	
September 30, 2022	0.86%	

Note: Return on Net Worth (%) = Net profit/(loss) after tax divided by net worth at the end of the period/year.

5. Net Asset Value per Equity Share:

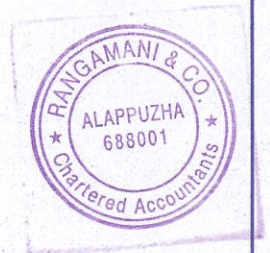
Net Asset Value per Equity Share	₹
As at March 31, 2023*	112.63
As at March 31, 2022*	97.74
As at March 31, 2021*	77.94
Six months ended September 30, 2023	127.61
Six months ended September 30, 2022	100.21
After the Offer	
- At Floor Price	151.47
- At Cap Price	152.64
- At Offer Price	[These details shall be provided once the Offer Price is determined]

* As per the Restated Financial Statements.

Note: Net Asset Value per equity share represents net worth as at the end of the fiscal year, as restated, divided by the number of Equity Shares outstanding at the end of the period/year. Equity Shares on fully diluted basis is considered for the purpose of calculation of NAV.

6. Comparison of accounting ratios with listed industry peers

Industry peer group price/equity ratio



We understand that listed industry peers of the Company have been identified as Equitas Small Finance Bank Limited, Ujjivan Small Finance Bank Limited, CreditAccess Grameen Limited, Spandana Sphoorthy Financial limited, Bandhan Bank Limited, Suryoday Small Finance Bank Limited and Fusion Microfinance Limited (the "Industry Peers").

Based on our review of the audited financial statements of such Industry Peers, as selected by the Company, for their last audited financial year i.e. (Fiscal 2023), we confirm: (a) the highest P/E ratio among the Industry Peers was 551.18times, while the lowest P/E ratio was 9.33times; and (b) the additional details as set forth below:

Name of the Company	Face value per equity share (₹)	Total income (₹ million)	P/B Ratio	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RoNW (%)	NAV (₹ per share)
Muthoot Microfn Limited *	10	14,463.44	[•]	[•]	14.19	11.66	10.08%	112.63
Equitas Small Finance Bank Limited	10	48,314.64	2.04	20.29	4.71	4.67	11.12%	46.44
Ujjivan Small Finance Bank Limited	10	47,541.90	2.70	9.33	5.88	5.87	27.79%	20.25
CreditAccess Grameen Limited	10	35,507.90	5.15	32.47	52.04	51.82	16.18%	326.89
Spandana Sphoorthy Financial Limited	10	14,770.32	2.20	551.18	1.74	1.74	0.40%	436.58
Bandhan Bank Limited	10	183,782.50	1.75	15.59	13.62	13.62	11.21%	121.58
Suryoday Small Finance Bank Limited	10	12,811.00	1.07	21.73	7.32	7.32	4.90%	149.28
Fusion Micro Finance Limited	10	17,999.70	2.52	13.46	43.29	43.13	16.67%	230.74

*Financial information for our Company is derived from the Restated Financial Statements as at and for the Fiscal 2023.

Notes:

1. All the Financial information for Listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual reports / financial results as available of the respective company for the year ended 31 March 2023.
2. P/E ratio for listed peers is calculated as closing share price (November 24th, 2023, - BSE) / Diluted EPS for year ended March 31, 2023.
3. P/B ratio for listed peers is calculated as closing share price (November 24th 2023, - BSE)/NAV per share for the year ended March 31, 2023.



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4. *Basic and Diluted EPS as reported in the annual report/financial results of the company for the year ended March 31, 2023.*
5. *Return on net worth (%) = Net profit/(loss) after tax / Net worth at the end of the year.*
6. *Net asset value per share (in ₹) = Net worth at the end of the year / Total number of equity shares outstanding at the end of the year.*
7. *Net worth includes share capital, reserve and surplus.*
8. *The audited financial statement for the year ended March 31, 2023 of CreditAccess Grameen Limited, Spandana Sphoorty Financial Limited, Fusion Micro Finance Limited and Muthoot Microfin Limited were prepared as per Ind AS and Equitas Small Finance Bank, Ujjivan Small Finance Bank Limited and Bandhan Bank Limited were prepared as per Indian GAAP.*

The computation of P/E ratio and P/B ratio for each of the industry peers above has been set out as **Annexure A**.

We have conducted our examination in accordance with the 'Guidance Note on Audit Reports and Certificates for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India.

We hereby confirm that while providing this certificate we have complied with the Code of Ethics and the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the Institute of Chartered Accountants of India.

We confirm that the information in this certificate is true and correct, and is in accordance with the requirements of the Companies Act, ICDR Regulations and other applicable law, and there is no untrue statement or omission which would render the contents of this certificate misleading in any material aspect. We confirm that the information in this certificate is adequate to enable investors to make a well-informed decision, to the extent that such information with respect to us is relevant to the prospective investor to make a well-informed decision.

This certificate is for information and for inclusion (in part or full) in the, the red herring prospectus ("RHP") and the prospectus ("Prospectus") filed in relation to the Offer (collectively, the "Offer Documents") or any other Offer-related material, and may be relied upon by the Company, the Book Running Lead Managers and the legal advisors appointed by the Company and the Book Running Lead Managers in relation to the Offer. We hereby consent to the submission of this certificate as may be necessary to SEBI, the Registrar of Companies, Maharashtra at Mumbai ("RoC"), the relevant stock exchanges, any other regulatory authority and/or for the records to be maintained by the Book Running Lead Managers and in accordance with applicable law. We hereby consent to this certificate being disclosed by the Book Running Lead Managers, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We confirm that we will immediately communicate any changes in writing in the above information to the Book Running Lead Managers until the date when the Equity Shares commence trading on the relevant stock exchanges. In the absence of any such communication from us, the Book Running Lead Managers and the legal advisors, each to the Company and the Book Running Lead Managers, can assume that there is no change to the above information until the Equity Shares commence trading on the relevant stock exchanges pursuant to the Offer.

We also consent to the inclusion of this certificate as a part of "Material Contracts and Documents for Inspection" in connection with this Offer, which will be available for public for inspection.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Offer Documents.

Yours faithfully,



RANGAMANI & Co.,

CHARTERED ACCOUNTANTS

For And on Behalf of Rangamani & Co, Chartered Accountants

Continuation Sheet No.

Partner

R.Sreenivasan

Membership No.: 020566

ICAI Firm Registration No: 003050S

UDIN: 23020566BGSMBX3621

Date: 11-12-2023

For RANGAMANI & Co.
Chartered Accountants
FRN: 003050 S


R. SREENIVASAN
Partner
M. No:020566



Encl: As above

Cc:

Cyril Amarchand Mangaldas

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Maharashtra, India

AZB & Partners

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Infantry Road, Vasanth Nagar
Bengaluru, 560 001
Karnataka, India

P/E ratio of industry peer group is calculated as closing share price / Diluted EPS per share for the year ended March 31,2023.

P/B ratio of industry peer group is calculated as closing share price/NAV per share for the year ended March 31, 2023.

Particulars	Muthoot Microfin Limited	Equitas Small Finance Bank Limited	Ujjivan Small Finance Bank Limited	CreditAccess Grameen Limited	Spandana Sphoorthy Financial Limited	Bandhan Bank Limited	Suryoday Small Finance Bank Limited	Fusion Microfinance limited
Total Income (in million)	14,463.44	48,314.64	47,541.90	35,507.90	14,770.32	183,732.50	12,811.00	17,999.70
Net worth (in million)	16,258.49	51,579.48	39,578.90	51,069.70	30,990.16	1,95,841.53	15,847.30	23,219.19
Net profit after tax (in million)	1,638.89	5,735.91	10,999.20	8,260.6	123.15	21,946.38	777.00	3,871.45
Weighted Average shares (in million)	13,67,74,326	1,11,05,58,154	1,95,47,06,625	15,62,31,902	7,09,83,269	161,08,36,480	10,61,58,749	10,06,30,735
Basic Earnings per share (EPS) (₹)	14.19	4.71	5.88	52.04	1.74	13.62	7.32	43.29
Diluted Earnings per share	11.66	4.67	5.87	51.82	1.74	13.62	7.32	43.13
Price Earnings Ratio (PE) [in multiple]	NA	20.29	9.33	32.47	551.18	15.59	21.73	13.46
Price to Book ratio (P/B) [in multiple]	NA	2.04	2.70	5.15	2.20	1.75	1.07	2.52

