

2023-24 / MML / TAK / 35

Eligibility Certificate

To,

The Board of Directors

Muthoot Microfin Limited

13th Floor

Parinee Crescenzo

Bandra Kurla Complex

Bandra East, Mumbai 400 051

Maharashtra, India

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") of Muthoot Microfin Limited (the "Company") and such offer (the "Offer").



Dear Sir/ Madam,

We, Sharp & Tannan Associates, Chartered Accountants, (Firm registration number: 109983W), Statutory Auditor of the Company, have received a request from the Company to verify, confirm and certify eligibility to undertake the Offer, under Regulation 6(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations") and relevant provisions of the Companies Act, 2013, as amended, for the fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021, as detailed out in Annexures A, B and C.

Management's responsibility

The preparation of the statement annexed to this certificate is the responsibility of the management of the Company including the preparation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation of internal control relevant to the preparation and presentation of the statement and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.

The Company is responsible for preparation of the Restated Financial Statements of the Company, as of and for six months period ended September 30, 2023 and September 30, 2022 and for the last three fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021 ("Restated Financial Statements"), in accordance with the Companies Act, 2013 ("Companies Act"), as amended and Indian Accounting Standards prescribed under the Companies Act (Indian Accounting Standards) Rules, 2015 ("Ind AS"), and restated in accordance with the ICDR Regulations.

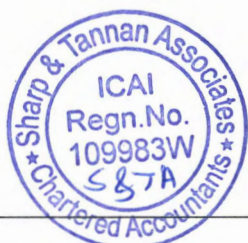
The Management is also responsible for ensuring compliance with the requirements of the ICDR Regulations.

Auditor's responsibility

We have performed the following procedures:

(i) Annexure A and Annexure C

- a. Traced the amounts for items included in Annexure A and Annexure C, compiled by management of the Company, from the Restated Financial Statements for the fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021.
- b. Recomputed the arithmetical accuracy of 'net tangible assets' and 'Monetary assets as a percentage of the net tangible assets' ratio as on March 31, 2023, March 31, 2022 and March 31, 2021.
- c. Recomputed the arithmetical accuracy of 'Net worth' for fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021.



(ii) **Annexure B**

- a. Traced the amounts for items included in Annexure B, compiled by management of the Company, with the corresponding amounts from Restated Financial Statements for the Fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021.
 - b. Recomputed the arithmetical accuracy of 'operating profit' for the Fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021.
 - c. Computed the average operating profit for the Fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021.
- (iii) Enquired with the management regarding changes in the name of the Company in the last year and obtained confirmation and representation in this regard and verified the same with the latest Memorandum of Association of the Company filed with the Registrar of Companies, Maharashtra at Mumbai ("RoC"), as well as the latest certificate of incorporation issued by the RoC.

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.

Opinion

Based on the above-mentioned procedures as carried out by us, we certify as follows:

- (i) the Company has net tangible assets of at least ₹ 30 million, calculated on a restated basis, in each of the preceding three full years (of twelve months each) of which not more than 50% are held in monetary assets as indicated in Annexure A;
- (ii) the Company has an average operating profit of at least ₹ 150 million, calculated on a restated basis, during the preceding three years (of twelve months each), with operating profit in each of these above mentioned periods, as indicated in Annexure B;
- (iii) the Company has a net worth of at least ₹ 10 million in each of the preceding three full years (of twelve months each), calculated on a restated basis, as indicated in Annexure C; and
- (iv) the Company has not changed its name in the past one year as on the date of filing the Red Herring Prospectus.

Accordingly, we report that the Company meets the criteria for undertaking the Offer under Regulation 6(1) of the ICDR Regulations.

We confirm that the information in this certificate is true and correct and is in accordance with Regulation 6(1) and Schedule VI of ICDR Regulations, including Para (14)(E) of Part A thereof 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.

Restriction on use

This certificate is for information and for inclusion (in part or full) in 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 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.

We undertake to inform the Book Running Lead Managers promptly, in writing of any changes, intimated to us by the management of the Company in writing, to the above information until the Equity Shares commence trading on the relevant stock exchanges, pursuant to the Offer. In the absence of any such communication from us, the above information should be considered as updated information until the Equity Shares commence trading on the stock exchanges, pursuant to the Offer.

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

Yours faithfully,

For **Sharp & Tannan Associates,**
Chartered Accountants
Firm registration no: 109983W



Tirtharaj Khot

Partner

Membership no.: (F) 037457

Mumbai, December 11, 2023

UDIN: 23037457BGYROX4996



Encl: As above

Cc:

Cyril Amarchand Mangaldas

3rd Floor, Prestige Falcon Tower
19, Brunton Road, Off M.G. Road
Bengaluru 560 025
Karnataka, India

Sidley Austin LLP

Level 31,
Six Battery Road
Singapore 049909

AZB & Partners

AZB House, Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Maharashtra, India

AZB & Partners

7th Floor, Embassy Icon
Infantry Road, Vasanth Nagar
Bengaluru, 560 001
Karnataka, India



ANNEXURE A

Statement showing the calculation of monetary assets as a percentage of the net tangible assets, composition of net tangible assets, and, the composition of monetary assets in each of the three preceding full years as per Restated Financial Statements: -

Description	As at March 31		
	2023	2022	2021
Net tangible assets (Note 1) (₹ in million)	81,307.24	53,406.07	39,033.60
Monetary assets (Note 2) (₹ in million)	11,504.13	9,999.15	7,449.79
% of monetary assets to net tangible assets	14.15%	18.72%	19.09%

Note 1: Composition of Net Tangible Assets as per Restated Financial Statements: -

(₹ in million)

Description	As at March 31		
	2023	2022	2021
All net assets	85,291.99	55,914.58	41,838.48
Less: Intangible assets			
- Goodwill	-	-	-
- Other intangible assets	2.92	0.84	1.25
- Intangible assets under development	-	-	-
- Right of Use Assets	1,121.72	791.19	700.16
- Deferred Tax Assets (Net)	57.75	47.75	100.35
- Sum of Total Liabilities excluding Borrowings and lease liabilities	2,802.35	1,668.74	2,003.11
Net Tangible Assets*	81,307.24	53,406.07	39,033.60

*Net tangible assets = Sum of total assets excluding intangible assets, right of use assets and deferred tax assets (net) less sum of total liabilities excluding Borrowings and lease liabilities.

Note 2: Composition of Monetary Assets as per Restated Financial Statements:

(₹ in million)

Description	As at March 31		
	2023	2022	2021
Cash and cash equivalents	7,594.55	7,058.27	5,190.76
Bank balances other than cash and cash equivalents	3,909.58	2,940.89	2,259.03
Monetary Assets #	11,504.13	9,999.15	7,449.79

Monetary assets represent aggregate value of cash and cash equivalents and other bank balances.



ANNEXURE B

Statement of average operating profits as per Restated Financial Statements: -

(₹ in Million)

Description	Years Ended March 31		
	2023	2022	2021
Operating profit / (loss)	4,361.88	1,758.74	1,412.79

Notes:

1. Operating profit / (loss) above represents aggregate value of profit before tax and Impairment on financial instruments.
2. The average restated operating profit/(loss) of the Company for the fiscals ending March 31, 2023, March 31, 2022 and March 31, 2021 is ₹ 2,511.14 million.

ANNEXURE C

Statement showing net worth for equity shareholders as per Restated Financial Statements

(₹ In Million)

Description	As at March 31		
	2023	2022	2021
Paid-up share capital	1,401.98	1,333.33	1,141.71
Securities premium	9,473.77	8,452.14	4,988.74
Other equity excluding securities premium	5,382.74	3,580.32	2,768.45
Share Warrants	-	-	-
Net worth	16,258.49	13,365.79	8,898.90

Note: - Net worth represents the Company's total equity, which includes equity share capital and other equity.

For the purposes of the above, "net worth" as per the ICDR Regulations means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation, each as applicable for the Company on a restated basis.

