

2023-24 / MML / TAK / 43

Certificate on Outstanding dues to MSMEs, Material Creditors and Other Creditors

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 certify the information in relation to amount outstanding to creditors of the Company as on September 30, 2023.

Management's responsibility

The preparation of the information in 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 fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021, ("Restated financial statements") in accordance with the Companies Act, 2013, as amended ("Companies Act") and Indian Accounting Standards prescribed under the Companies Act (Indian Accounting Standards) Rules, 2015 ("Ind AS") and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations").

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

Further, the board of directors of the Company have, pursuant to the resolution dated November 25, 2023, approved that a creditor of the Company, shall be considered to be material ("**Material Creditor**"), for disclosures in the red herring prospectus ("**RHP**") and the prospectus ("**Prospectus**") in relation to the Offer (collectively, the "**Offer Documents**"), if amounts due to such creditor exceeds 5% of the total trade payables of the Company as of the end of the latest period included in the Restated Financial Statements ("**Materiality Policy**"). A copy of the Materiality Policy is enclosed herewith.

Auditor's responsibility

We have performed the procedures stated below with respect to amount outstanding to creditors of the Company as on September 30, 2023.

- (i) Examined and reviewed the Restated Financial Statements of the Company prepared in accordance with the Companies Act, Ind AS and ICDR Regulations and have issued the examination report thereon.
- (ii) Obtained and reviewed, the schedule of creditors along with outstanding balances due to creditors of the Company, prepared by management of the Company, as on September 30, 2023 and compared the amount outstanding as per such schedule with the Restated Financial Statements, along with ledger accounts of creditors.



- (iii) Minutes of the meeting of the Board of Directors of the Company dated November 25, 2023, for approval of the Materiality Policy.

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 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.

Opinion

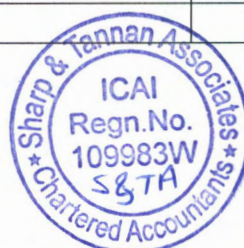
Based on the above-mentioned procedures as carried out by us, we hereby certify and confirm that, except as disclosed below, as on September 30, 2023, there are no outstanding dues by the Company, to micro, small and medium enterprises, and other creditors.

S. No.	Type of creditor	No. of parties	Amount outstanding (in ₹ Million)
1.	Dues to micro, small and medium enterprises	7	3.40
2.	Dues to Material Creditor(s) (as defined below)	6	93.42
3.	Dues to other creditors (i.e., other than the creditors mentioned in rows 1 and 2 above)	134	52.81
	Total	147	149.63

The trade payables of the Company as on September 30, 2023, as per the Restated Financial Statements, amounted to ₹ 149.63 million. Accordingly, a creditor has been considered as a Material Creditor, if the amounts due to such creditor as on September 30, 2023 exceeded ₹ 7.48 million.

Based on the Materiality Policy, we certify that the following details in relation to Material Creditors of the Company as of September 30, 2023 are true, complete, accurate, and not misleading:

S. No.	Name of Material Creditor(s)	Amount (₹) in Mn
1.	D.light Energy Private Limited	37.60
2.	Penco Enterprises P Ltd	8.56
3.	Amigo Agencies	8.25
4.	R P G Enterprises	12.47
5.	Muthoot Exim Private Limited	7.64
6.	Shah Rukh Khan	18.90
	Total	93.42



We confirm that the information in this certificate is true and correct and is in accordance with Schedule VI of ICDR Regulations, including Para (12)(A)(2) of Part A thereof, the Micro, Small and Medium Enterprises Development Act, 2006 and there is no untrue statement or omission, which would render the contents of this certificate misleading in any material aspect. 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 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 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.

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,

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



Tirtharaj Khot

Partner

Membership no.: (F) 037457

Mumbai, December 11, 2023

UDIN: 23037457BGYRPF4813



Encl: As above

Cc:

Cyril Amarchand Mangaldas

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



Materiality Policy

Muthoot Microfin Limited (“Company” or “MML”) is a Non-Banking Financial Company Microfinance Institution (NBFC- MFI) registered with the Reserve Bank of India, has formulated this Materiality Policy duly approved by its Board of Directors.

This policy (“Policy”) has been formulated to define the materiality policy pursuant to disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”) and for the purpose of disclosure in the offer documents in relation to the proposed initial public offering (the “Offer”), for;

- (i) identification of group companies and identifying outstanding litigations involving such group companies that may have a material impact on the Company,
- (ii) identification of ‘material’ litigation (excluding criminal proceedings, statutory/regulatory actions and taxation matters), and
- (iii) identification of ‘material’ outstanding dues to creditors

Identification of Group Companies

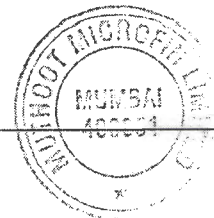
‘Group companies’ as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”) includes;

- (i) such companies (other than promoters and subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed in the draft red herring prospectus, the red herring prospectus and the prospectus in connection with the proposed initial public offering of the equity shares of the Company of face value of ₹10 each (the “Equity Shares”, and such documents, the “Offer Documents”), as covered under the applicable accounting standards, and
- (ii) other companies as considered material by the Board.

Accordingly;

Group Companies of our Company shall include

- (i) the companies (other than our Corporate Promoter) with which there were related party transactions, as per Ind AS 24 and as disclosed in the Restated Financial Statements (“Relevant Period”),
- (ii) any other companies considered material by the Board of Director of the Company; and
- (iii) Companies shall be considered material, that are a part of the Promoter Group (other than the Corporate Promoter), with which there were transactions in the most recent financial year, as disclosed in the Restated Financial Statements included in the Offer Documents, exceeds individually or in the aggregate, 10% of the total restated revenue of our Company for the most recent financial year for which Restated Financial Statements are included in the Offer Documents, shall also be classified as Group Companies.



Pursuant to the criterion defined above, for the purpose of disclosure in the Offer Documents, the following are identified as our group companies:

- a) M-Liga Sports Excellence Private Limited;
- b) Muthoot Exim Private Limited;
- c) Muthoot Pappachan Technologies Limited; and
- d) The Thinking Machine Media Private Limited.

The above policy on identification of group companies shall be without prejudice to any disclosure requirements under applicable law, which may be prescribed by SEBI and/ or such other applicable authority with respect to listed companies or disclosure requirements as may be prescribed by SEBI through its observations on the Offer Documents, or disclosures that may arise from any investor or other complaints. In this regard, it is clarified that the above policy on identification of group companies is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the Offer Documents and should not be applied towards any other purpose.

Identification of 'material' litigation

In relation to disclosure pertaining to pending material civil litigations involving the Company, individual Promoters and the directors of the Company, Board has considered any outstanding litigation involving a claim or an amount which exceeds Rs. 16.39 million, being the amount equivalent to 1% of the Profit After Tax as per the latest Restated Financial Statements of the Company, which was ₹1,638.89 million, as 'material'. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered 'material' only in the event that the outcome of such litigation has a material adverse bearing on the business, operations, performance, prospectus, reputation, results of operations or cash flows of the Company.

This will also include civil litigations where the decision in one case is likely to affect the decision in similar cases even though the amount involved in an individual litigation may not exceed the amount equivalent to 1% of the Profit After Tax as per the Restated Financial Statements. Further, given the nature and extent of operations of MFL, the Board has, considered the outstanding civil litigation involving MFL which exceeds 1% of the PAT of MFL, as per the consolidated financial statements of MFL, for the financial year ended March 31, 2023, to be material for the purposes of disclosure in the offer documents. Accordingly, all outstanding civil litigations involving MFL wherein the aggregate amount involved exceeds Rs. 45.98 million individually, shall be considered for disclosure. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered 'material' only in the event that the outcome of such litigation has a material adverse bearing on the operations or performance of the Company.

Additionally, pre-litigation notices (excluding statutory/ regulatory/ governmental/ tax authorities and FIRs as applicable), shall not be considered material and/ or shall not be



disclosed as pending matters until such litigation proceedings have been initiated before any judicial or arbitral forum.

Identification of 'material' outstanding dues to creditors

Outstanding dues to the creditors of the Company having a monetary value which exceeds 5.00% of the total trade payables (excluding provisions) of our Company at September 30, 2023 (which is the latest Restated Financial Statements of the Company disclosed in the Offer Documents), shall be considered material.

For outstanding dues to any party which is a micro, small or a medium enterprise ("MSME"), the disclosure will be based on information available with the Company regarding status of the creditor as defined under Micro, Small and Medium Enterprises Development Act, 2006, as amended, read with the rules and notifications thereunder, as has been relied upon by its statutory auditors.

The Company shall make the relevant disclosures before its audit committee of the Board/ Board as required by the applicable laws from time to time.

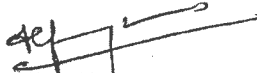
Accordingly, as on September 30, 2023, any outstanding dues exceeding ₹ 7.48 million shall be considered as material outstanding dues for the purposes of identification of material creditors and related information in the offer documents.

As on date of the policy, there is no pending litigation involving our Group Companies, the adverse outcome of which may have a material impact on the Company.

Review of the Policy

The Materiality Policy shall be reviewed by the Board from time to time to make amendments if considered necessary.

For Muthoot Microfin Limited


Neethu Ajay

Chief Compliance Officer & Company Secretary

