Ernst & Young Merchant Banking Services LLP
Registered Valuer
Registration No. IBBI/RV-E/05/2021/155
14th Floor, The Ruby,
29 Senapati Bapat Marg,
Dadar (West), Mumbai – 400 028.

Tel: +91 22 6192 0000
Fax:+91 22 6192 1000
ey.com

Date: 19 March 2025

To,
The Board of Directors
Manappuram Finance Limited
W-4/638A, Manappuram House,
Valapad – 680567.

Sub: Fair valuation of equity shares of Manappuram Finance Limited in connection with the proposed preferential issuance.

Dear Sir / Madam,

We refer to our engagement letter dated 28 February 2025 whereby Ernst & Young Merchant Banking Services LLP is appointed by Manappuram Finance Limited for fair valuation of its equity shares in connection with the proposed issuance of equity shares (including warrants) on a preferential basis ("Proposed Transaction") for the purpose of compliance with Regulation 166A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI (ICDR) Regulations") in connection with the Proposed Transaction ("Purpose").

Manappuram Finance Limited hereinafter is also referred to as "MFL" or "Company" or "Client".

Ernst & Young Merchant Banking Services LLP hereinafter is also referred to as "EY" or "Valuer" or "Registered Valuer" or "we" or "us" in this report.

For the purpose of this Report, we have considered the Valuation Date as 13 March 2025 ("Valuation Date") being the trading day preceding the Relevant Date for the Proposed Transaction i.e. 17 March 2025 as informed to us by MFL.

For the purpose of this valuation, the basis of value is 'Fair Value' and the valuation is based on 'Going Concern' premise.

SCOPE AND PURPOSE OF THIS REPORT

Manappuram Finance Limited, incorporated in 1992, is based in Thrissur, India. MFL is a gold loan non-banking financial company, provides retail credit products and financial services in India. MFL offers loans against the security of used household gold jewellery; gold loans and online gold loans; microfinance loans and other financial services to low-income populations in rural and semi-urban areas; loans for construction, extension, purchase, and improvement of homes; life and non-life insurance products; and IT solutions. The equity shares of MFL are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). For the 9 months ended 31 December 2024, MFL reported consolidated total income of INR 77.1 bn and consolidated profit after tax of INR 14.1 bn.

We understand that the management of MFL (hereinafter referred to as "the Management") is contemplating issue of equity shares (including warrants) on a preferential basis.

In this connection, MFL has appointed EY to provide a report on the fair value of equity shares as on the Valuation Date for the purpose of compliance with SEBI (ICDR) Regulations.

The scope of our services is to conduct fair valuation of equity shares of MFL for the Proposed Transaction in accordance with internationally accepted valuation standards.

We have been provided with the consolidated audited financials of MFL for the year ended 31 March 2024 and unaudited consolidated financials for the 9 months ended 31 December 2024. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the Valuation Date. There are no unusual/abnormal events in MFL materially impacting its operating/financial performance after 31 December 2024 till the date of this Report. Further, we have been informed that all material information impacting MFL have been disclosed to us.

We have relied on the above while arriving at the fair value of equity shares of MFL.

This Report is our deliverable for the above engagement.

This Report is subject to the scope limitations, assumptions, qualifications, exclusions, and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts.

SOURCES OF INFORMATION

In connection with this exercise, we have received/obtained the following information about the Company from the Management:

- Annual Reports of MFL for the year ended 31 March 2024 and earlier years.
- Unaudited consolidated financials of MFL for 9 months ended 31 December 2024.
- Consolidated financial projections of MFL from 1 January 2025 to 31 March 2027 (It includes forecast of profit and loss statements and balance sheet).
- Other relevant information and documents for the purpose of this engagement.

During the discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. The Client has been provided with the opportunity to review the draft report as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Report.

PROCEDURES ADOPTED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information.
- Used data available in public domain related to MFL and its peers.
- Discussions (physical/over call) with the Management to:
  - Understand the business and fundamental factors that affect its earning capability and historical financial performance.
  - Understand the assumptions and the basis of key assumptions used by the Management of the Company in developing the projections.
- Undertook Industry Analysis:
  - Research publicly available market data including economic factors and industry trends that may impact the valuation.
  - Analysis of key trends and valuation multiples of MFL using proprietary databases subscribed by us or our network firms.
- Selection of well accepted valuation methodology/(ies) as considered appropriate by us.

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- Carried out valuation calculations as per the selected valuation methodology/(ies).
- Arrived at fair valuation of equity shares of MFL as per the International Valuation Standards and applicable regulations.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

This Report is subject to the limitations detailed in our engagement letter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

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 Report Date; (iii) Unaudited consolidated balance sheet of MFL as of 31 December 2024; (iv) other information obtained by us from time to time. We have been informed that the business activities of MFL have been carried out in the normal and ordinary course between 31 December 2024 and the Report date, and that no material changes have occurred in its operations between 31 December 2024 and the Report date.

Valuation analysis and results are specific to the purpose of valuation and as per the agreed terms of the engagement. It may not be valid for any other purpose or as of any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature is necessarily based on the 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. This Report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of Company and any other matter, which may have an impact on our opinion, on the fair value of equity share for the Proposed Transaction. 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.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of our engagement, we have carried out relevant analysis and evaluations through discussions, calculations and such other means, as may be applicable and available, we have assumed and relied upon, without independently verifying (i) the accuracy of the information that was publicly available, sourced from subscribed databases and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Company. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. The valuation does not constitute as an audit or review in accordance with the auditing standards applicable in India, accounting / financial / commercial / legal / tax / environmental due diligence or forensic / investigation services and does not include verification or validation work. In accordance with the terms of our engagement / appointment letters and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical financials / financial information or individual assets or liabilities, provided to us regarding the Company / subsidiary. 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 such historical financials / financial statements. Also, with respect to explanations and information sought

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from the Company, we have been given to understand by the Company that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by / on behalf of the Company. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / results.

The Report assumes that the Company complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Company is managed in a competent and responsible manner. This Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited / limited reviewed / unaudited financials of the Company / subsidiary if any. No investigation of Company’s claim to title of assets has been made for the purpose of this Report and Company’s 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 accounts. Therefore, no responsibility is assumed for matters of a legal nature. Our conclusion of value assumes that the assets and liabilities of the Company, reflected in their respective latest balance sheets remain intact as of the Report date.

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Client is the only authorized user of this Report and is restricted for the purpose indicated in the engagement letter. We do not take any responsibility for the unauthorized use of this Report. 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 Client or Company, their directors, employees or agents. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

We have not carried out any physical verification of the assets and liabilities of the Company and take no responsibility for the identification of such assets and liabilities.

The valuation analysis and result are governed by concept of materiality.

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

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 to the Company. 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 Company, their directors, employees or agents.

This Report is subject to the laws of India.

Neither the 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 Proposed Transaction. In addition, this Report does not in any manner address the prices at which equity shares of the Company will trade following announcement of the Proposed Transaction and we express no opinion or recommendation as to how the shareholders of the Company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Transaction.

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The figures in the tables in the Report may not sum or cross cast, due to rounding differences.

DISCLOSURE OF REGISTERED VALUER'S INTEREST OR CONFLICT, IF ANY AND OTHER AFFIRMATIVE STATEMENTS

We do not have any financial interest in the Client, nor do we have any conflict of interest in carrying out this valuation.
Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation. Sufficient time and information was provided to us to carry out the valuation.

SHAREHOLDING PATTERN

The issued and subscribed equity share capital of MFL as of 13 March 2025 is INR 1,692.87 million consisting of 846,434,729 equity shares of face value of INR 2/- each.

Shareholding Pattern as on 13 March 2025	No. of Shares	% Shareholding
Promoters and Promoter Group	298,401,014	35.25%
Public	548,033,715	64.75%
Grand Total	**846,434,729**	**100.0%**

Source: Management

VALUATION APPROACH

For the purpose of current valuation exercise, we have based our analysis as per the valuation guidelines prescribed under Regulation 161 to 166A of SEBI (ICDR) Regulations.

As per Regulation 161 of SEBI (ICDR) Regulations:

For the purpose of this Chapter, "relevant date" means:

a. in case of preferential issue of equity shares, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue:

As informed to us, the Relevant Date for the purpose of determination of floor price will be 17 March 2025.

As per Regulation 164(1) of SEBI (ICDR) Regulations:

If the equity shares of the issuer have been listed on a recognized stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

a. the 90 trading days' volume weighted average price of the related equity shares quoted on the recognized stock exchange preceding the relevant date; or

b. the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date.

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Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

As informed to us the Articles of Association of the Company (being the issuer) does not provide for any method for determination of the floor price or issue price for issuance of equity shares or any other convertible securities.

As per Regulation 166A of SEBI (ICDR) Regulations:

1) *Any preferential issue, which may result in a change in control or allotment of more than five percent of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price.*

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable.

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso.

We understand that the proposed preferential issue/ Proposed Transaction will lead to allotment of more than 5% of the post issue fully diluted share capital of the Company. We have been informed by the Management that the proposed preferential issue will result in a change in control of MFL and the proposed allottee(s) will acquire control of MFL along with the existing promoters of MFL. We note that Regulation 166A of the SEBI (ICDR) Regulations requires that in case there is a change of control of the issuer, the registered valuer shall also cover guidance on control premium.

BASIS OF FAIR VALUE OF EQUITY SHARES

The fair value of equity shares has been arrived based on the various approaches / methods explained below and various qualitative factors relevant to the Company and the business dynamics and growth potential of the business of the Company, having regard to information base, key underlying assumptions and limitations.

There are primarily three approaches in valuation (viz., Asset Approach, Income Approach and Market Approach). For any valuation, all the approaches may not be relevant and therefore will not give a fair estimate of value. Hence, the approach most suitable for that specific business / company must be applied in the valuation exercise, based on the experience and common practices adopted by valuers.

According to International Valuation Standard 104 “Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

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We have adapted internationally accepted valuation standards and approaches in delivering our valuation conclusion. There are several principal valuation approaches under International Valuation Standard of which we have considered only those approaches to the extent, it is applicable and relevant.

The various approaches generally adopted in valuation are as under:

1. Asset Approach: Net Asset Value Method
2. Income Approach: Discounted Cash Flow Method
3. Market Approach: Market Price Method and Comparable Companies' Multiple Method

We have considered the Market Approach (i.e. Market Price (MP) Method), Income Approach (i.e. Discounted Cash Flow (DCF) Method) and Cost Approach (i.e. Net Asset Value (NAV) Method) for valuation of MFL.

Asset Approach – Net Asset Value (NAV) method: Under this approach, the net asset value method is considered, which is based on the underlying net assets and liabilities. In the present valuation analysis, we have not given any weight to NAV method as it does not capture the earning capacity of the business and hence NAV would not be representative of fair value.

Income Approach - Discounted Cash Flow (DCF) method: Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital/ cost of equity. The sum of the discounted value of such free cash flows is the value of the firm/ equity shareholders. Such DCF analysis involves determining the following:

- *Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company 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/ the cost of equity:*

This discount rate, which is applied to the free cash flows, 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.

We have considered Discounted Cash Flow method based on the forecasts provided by the Management.

Market Approach - Market Price (MP) 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.

The equity shares of MFL are listed on the BSE and NSE and are frequently traded in terms of Regulation 164(5) of the SEBI (ICDR) Regulations. Further, the highest trading volume in respect of the equity shares of MFL, during the preceding 90 trading days prior to the Relevant Date, has been recorded on NSE. Regulation 164(1) of the SEBI (ICDR) Regulations prescribes the approach to be followed for pricing of

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equity shares in case of a preferential allotment, which is based upon 90 trading days' and 10 trading days' volume weighted average price of the related equity shares on the recognized stock exchange with highest trading volume preceding the relevant date.

In these circumstances, for arriving at the value per equity share of MFL under Market Price method, we have considered the share prices observed on NSE till 13 March 2025 (being the trading day preceding the Relevant Date) under 2 scenarios:

(A) as per Regulation 164 (1); and
(B) based on 2 weeks daily volume weighted average for fair value.

In light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in order to arrive at the fair value of the equity shares of MFL, we have given equal weight to value based on MP method i.e. price based on 2 weeks daily volume weighted average and DCF method. The price computed as per MP method would not factor control premium. Also the price computed as per DCF method would not factor control premium, since the same is based on forecasts provided by the Management. Hence, a control premium is considered to estimate the fair value of the equity shares of MFL.

Control Premium:

As per International valuation standard 103 – Valuation approaches, Appendix A 10.17 (b), control premium can be quantified by comparing observed prices paid for controlling interests in publicly traded securities to the publicly traded price before such a transaction is announced. Accordingly, we have analyzed the details of takeover transactions as reported on website of Securities Exchange Board of India ("SEBI") from 1 April 2014 to 28 February 2025. The details were taken from the final letter of offers as available on the SEBI website. Out of the total transactions for the said period, we have excluded the following transaction (i) transactions where market capitalization of the target company was less than INR 50 billion (calculated at offer price), (ii) transactions where the target company shares were not frequently traded, (iii) transactions which were classified as consolidation of stake and consolidation of holdings, and (iv) transactions where full details were not available. For the selected transactions we computed the implied control premium % i.e. offer price over the 60 days volume weighted average price prior to the public announcement date which represents floor price as per the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. There were 23 relevant transactions wherein it was observed that the range of average and median control premium was 8.2% and 11.3% respectively. Accordingly, we have considered a control premium of 10% for the valuation.

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Value as per regulation 164(1) of the SEBI (ICDR) Regulations: The fair value per share of MFL basis the price calculated as per regulation 164(1)

Valuation Approach	Value per Share (INR)
Market Approach - Market price method	
- 90 trading days' volume weighted average price on NSE preceding the Relevant Date	184.5
- 10 trading days' volume weighted average price on NSE preceding the Relevant Date	201.9
Concluded value (higher of the above)	**201.9**

Fair value : The computation of fair value per equity share of MFL is tabulated as follows:

Valuation Approach	Value per Share (INR)	Weights
Market Approach - Market price method		
- 2 weeks average of daily volume weighted average price (VWAP) on NSE preceding the Relevant Date	203.0	50%
Income Approach		
- Discounted cash flow method	209.9	50%
Cost Approach		
- Net asset value method	150.9	0%
Fair value per equity share	**206.4**	

Hence, the concluded floor value as per the first proviso to Regulation 166A(1) of the SEBI (ICDR) Regulations is:

Particulars	Value per Share (INR)
Value as per 164(1) of the SEBI (ICDR) Regulations	201.9
Fair value	206.4
Concluded floor value (higher of the above)	**206.4**
Control premium (as explained above)	10%
Concluded floor value including control premium	**227.1**

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CONCLUSION

Accordingly, the floor price of the equity shares of MFL is INR 227.1 per equity share of INR 2/- each fully paid up.

It should be noted that we have not examined any other matter including economic rationale for the Proposed Transaction per se or accounting, legal or tax matters involved in the Proposed Transaction.

Respectfully submitted,
Ernst & Young Merchant Banking Services LLP
Registered Valuer
Registration No. IBBI/RV-E/05/2021/155

Mihir Kenia
Partner
IBBI Membership No.: IBBI/RV/05/2024/15546
Place: Mumbai
Date: 19 March 2025
Report No: EYMBS/RV/2024-25/153