JBPR & CO
CHARTERED ACCOUNTANTS

Determination of Fair Market Value of RA Business Division held by Manipal Technologies Limited

Under section 50B of the Income Tax Act r/w Rule 11UAE of the Income Tax Rules

May 2025

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Ref: Engagement letter dated May 21, 2025

Date: May 26, 2025

To,

The Board of Directors,
Manipal Technologies Limited,
Udayavani Building,
Press Corner,
Manipal - 576104

Dear Sir(s)/ Madam(s),

Sub: Determination of Fair Market Value of RA Business Division held by Manipal Technologies Limited (as defined below)

We, J B P R & Co, Chartered Accountants ('**JBPR CA**' or '**We**' or '**Us**'), have been appointed by Manipal Technologies Limited ('**the Client**' or '**MTL**' or '**the Company**') vide letter dated May 21, 2025, to determine the Fair Market Value of the Revenue Assurance Business Division ('**MTL(RA)**') on a going concern basis as per the Business Transfer Agreement ('**the BTA**') under section 50B of the Income Tax Act, 1961 ('**the Act**') r/w Rule 11UAE of the Income Tax Rules and other applicable provisions of the Act and the Rules made thereunder ("**the Transaction**").

We are pleased to present herewith our report ('Report') on the same. We have determined the fair value of the Division for the Transaction as at 31st March 2025 ('**Valuation Date**').

A summary of the analysis is presented in the accompanying Report, as well as a description of the methodology and procedure we used and the factors, we considered in formulating our opinion.

We believe that our analysis must be considered as a whole. Selecting a portion of our analysis or the factors we considered without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

This letter should be read in conjunction with the attached report.

For J B P R & CO,
Chartered Accountants
Firm Regn No. 019280S

K. R. Shenoy

J B P R & CO. Bengaluru Chartered Accountants

CA Ranjan K Shenoy
Partner
M.No. 237107
UDIN: 25237107BMLCLB2282

Encl: As Above

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1. Brief Background of the Company

MANIPAL TECHNOLOGIES LIMITED

1.1. Manipal Technologies Limited (CIN: U22219KA2000PLC026222) was incorporated on Jan 13, 2000. The registered office of MTL is located at Udayavani Building, Press Corner, Udupi, Manipal, Karnataka, India, 576104.

1.2. MTL is providing integrated solutions across industry verticals like Banking, Telecom, Education, Media Publishing, Consumer Goods and Retail, Financial services, Aviation & Transport and the Public sector. Their offerings have largely focussed on delivering secure and hassle-free financial transactions, and cutting-edge marketing and branding communications across the digital platform, to their clientele base.

MTL(RA) Business Division

1.3. MTL(RA) Business Division is one of the business divisions of MTL engaged in printing of Excise stamps, Holograms, VVPAT rolls and Authentication Solutions etc.

1.4. MTL(RA) has been supplying Excise Adhesive Labels (EALs) with Holograms to Excise Departments of various State Governments in India for over 17 years now. MTL(RA) have supplied solutions to State Governments of Karnataka, Punjab, Haryana, Himachal Pradesh and Chandigarh (UT).MTL(RA) have also supplied Track & Trace integrated tax stamps solutions. MTL's (RA) superior and secure solutions have helped the Excise Departments combat illicit and counterfeit products menace and increased the revenue collection.

1.5. Over the last Six financial years, including the current year up to March 2025, MTL (RA) has successfully supplied over 2,900 crore paper-based and polyester based excise adhesive labels to various state excise departments.

1.6. MTL (RA) has the capacity to print 0.10 crore multicolor security cheques/statements per day in sheets or continuous stationery format.

1.7. MTL(RA) has a total Turnover of more than Rs.950 crores from Revenue Assurance for the past 6 years with an average of more than Rs.150 crores per year from printing of labels, banking products, holograms and thermal rolls,

(Amount in Crores)

Year	Tax Stamps	Hologram	Thermal Product	ACCS	Other Security Products	Total
2019-20	74.96	5.09	20.66	-	14.44	115.15
2020-21	90.76	4.99	17.28	-	12.01	125.04
2021-22	116.63	3.04	11.57	-	18	149.24
2022-23	135.06	4.45	11.93	-	18.62	170.06
2023-24	134.94	7.9	62.46	0.1	21.36	226.76
2024-25	146.71	5.87	4.31	0.72	9.81	167.42
Total	**699.06**	**31.34**	**128.21**	**0.82**	**94.24**	**953.67**

Industry Overview

1.8. The global self-adhesive labels market size was estimated at USD 51.05 billion in 2024 and is predicted to increase from USD 54.18 billion in 2025 to approximately USD 92.04 billion by 2034, expanding at a CAGR of 6.07% from 2025 to 2034. The increasing industrial and manufacturing development is driving the growth of the market.

2. Purpose of Valuation

2.1. As part of the corporate restructuring, MTL is transferring the MTL(RA) Business Division to its subsidiary company M/s Manipal Payment and Identity Solutions Limited ("MPI" or "the Transferee") to achieve better synergies, cost optimization and increased focus on core business.

2.2. In this regard, we have been appointed to undertake the valuation to recommend the Fair Market Value of the Division as prescribed under Rule 11UAE of the Income Tax Act.

3. Terms of Engagement

Context and Purpose

3.1. JBPR CA has been appointed to determine the Fair Market Value of the Division for the Transaction as mentioned in para 2.1 of this Report. This Valuation Exercise and Valuation Report are solely for the purpose mentioned in the Report.

Restricted Audience

3.2. This Report and the information contained herein are absolutely confidential and are intended for the use of the Client only for submitting to the statutory authorities for compliance under Section 50B of the Income Tax Act, 1961 r/w Rule 11UAE of the Income Tax Rules. The results of our valuation analysis and our report cannot be used or relied on by the Company for any other purpose or by any other party for any purpose whatsoever.

3.3. This report will be placed before the board of directors of Manipal Technologies Limited and Manipal Payment and Identity Solutions Limited and intended only for their sole use and information only. To the extent mandatorily required under applicable laws of India, this report may be produced before judicial, regulatory or government authorities in connection with the Transaction. We are not responsible to any other person or party for any decision of such person or party based on this Report. Any person or party intending to provide finance / invest in the shares/ business of the Company or their holding companies, subsidiaries, associates, joint ventures shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/party (other than the Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to JBPR CA.

3.4. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this Report or any part thereof, except for the purpose set out earlier in this Report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.

3.5. Without limiting the foregoing, we understand that the Client may be required to share this Report with regulatory or judicial authorities, including Income Tax Authorities, Statutory Auditors, Tax Auditors, professional advisors of the Client, in connection with the Transaction ('**Permitted Recipients**'). We hereby give consent to such disclosure of this Report, on the basis that the owe responsibility only to the Client that has engaged us, under the terms of the engagement, and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to any other party, in connection with this Report. It is clarified that reference to this report in any document and/or filing with Permitted Recipients, in connection with the Transaction, shall not be deemed to be an acceptance by us of any responsibility or liability to any person/party other than the Client.

4. Caveats, Limitations and Disclaimers

4.1. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

4.2. This Report, its contents, and the analysis herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement, (ii) the Report Date and (iii) based on the data detailed in the section - Sources of Information. The management of the Company have represented that the business activities of the Companies have been carried out in the normal and ordinary course till the report date and that no material changes are expected in their respective operations and financial position to occur up to the Report Date.

4.3. We were provided with sufficient information and time to make our opinion for this valuation exercise. However, our opinion may change if any material information is not disclosed/hidden from us during our validation exercise.

4.4. The scope of this assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Accordingly, we express no audit opinion or any other form of assurance on this information on behalf of the Companies. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence or legal title search of the assets or liabilities of the Companies and have considered them at the value as disclosed by the Companies in their regulatory filings or in submissions, oral or written, made to us.

4.5. Further, this valuation report is based on the extant regulatory environment and the financial, economic, monetary and business/market conditions, and the information made available to us are used by us up to the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of the Companies. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this report, and we shall not be obliged to update, review or reaffirm this Report if the information provided to us changes. Further 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.

4.6. We have no present or planned future interest in the Company or any of their group entities.

4.7. The recommendation contained herein is not intended to represent value at any time other than the Valuation Date.

4.8. This report is subject to the laws of India.

4.9. The fee for this engagement is not contingent upon the outcome of the Report.

4.10. In rendering this Report, we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly, we do not assume any responsibility or liability in respect thereof.

This Report is based on the information received from the sources mentioned herein and discussions with the representatives of the companies. We have assumed that no information has been withheld that could have influenced the purpose of our Report.

4.11. We have assumed and relied upon the truth, accuracy and completeness of the information, data, and financial terms provided to us or used by us, we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Companies. Nothing has come to our knowledge to indicate that the material provided to us was misstated or incorrect or would not afford reasonable grounds upon which to base our Report.

4.12. For the present valuation exercise, we have also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified by us.

4.13. In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out herein, which may occur subsequent to the date of our Report or by virtue of the fact that the details provided to us are incorrect or inaccurate.

4.14. We have arrived at a relative value based on our analysis. Any transaction price may, however be significantly different and would depend on the negotiating ability and motivations of the respective buyers and sellers in the transaction.

4.15. Our scope is limited to the determination of Fair Market Value of the Division. The report should not be construed as our opinion or certifying the compliance of the Transaction with the provisions of any law, including the Companies Act 2013, Foreign Exchange Management Act 1999, taxation related laws, capital market related laws, any accounting, taxation or legal implications or issues arising from the Transaction.

4.16. The Report assumes that the Company complies fully with relevant laws and regulations applicable in all its areas of operation unless otherwise stated and that the Company will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this report has given no consideration to matters of legal nature, including issues of legal title and compliance with local laws litigation and other contingent liabilities that are not recorded in the financial statements of the Company.

4.17. This report does not look into the business/commercial reasons behind the Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Transaction as compared with any other alternative business transaction or any other alternatives, whether or not such alternatives could be achieved or are available. The assessment of commercial and investment merits in the Division is the sole responsibility of the transferee of the Division, and we don't express an opinion on the suitability or otherwise entering into any financial or other transactions with the Company.

4.18. Valuation is not a precise science, and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no single indisputable value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different opinion.

4.19. Whilst all reasonable care has been taken to ensure that the factual statements in the report are accurate, neither we nor any of our partners, officers, or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.

4.20. We owe a responsibility to only the board of directors of the Client and nobody else. 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 party to the Company. In no event shall we be liable for any loss common damages cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on the part of the Company, its directors, employees or agents. In the particular circumstances of this case, our liability, if any in (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, howsoever the loss or damage cost, shall be limited to the amount of fees actually received by us from the Client as laid out in the engagement letter, for such valuation work.

4.21. We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion. This report is not a substitute for any third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

4.22. We express no opinion or recommendation as to how the shareholders of the Company should vote at the shareholders' meeting(s) to be held in connection with the Transaction.

4.23. The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Companies (or its representatives) and other sources, and the set recommendation(s) shall be considered to be in the nature of non-binding advice, (Our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

5. Sources of Information

5.1. For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management and representatives of the companies/available in the public domain:

5.1.1. Detailed business profile and information of current business operations of the Division;

5.1.2. Provisional Carved out financial statements of the Division for the year ended 31st March, 2025 and Carved out financial statements of the division for the year ended 31st March, 2024;

5.1.3. Business Transfer Agreement;

5.1.4. Relevant data and information provided to us by the management and representatives of the Client either in written or oral form or in the form of soft copy and information available in the public domain;

5.1.5. Information provided by leading database sources (proprietary database is subscribed by us), market research reports and other published data (including Stock Exchanges); and

5.2. We have also obtained the explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise from the management of the Company. The Client has been provided with the opportunity to review the draft Report (excluding the recommended Fair Market Value) as part of our standard practice to make sure that factual inaccuracies/ omissions are avoided in our final Report.

6. Procedures Adopted

6.1. Procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including but not limited to the following:

6.1.1. Requested and received financial information;

6.1.2. Obtained data available in the public domain;

6.1.3. Undertook industry analysis such as researching publicly available market data including economic factors and industry trends that may impact the valuation;

6.1.4. Discussions (over call/emails/conferences) with the management of the Company to understand the business and fundamental factors;

6.1.5. Determining the Fair Market Value of the Division in accordance with Rule 11UAE of the Income Tax Rules.

7. Regulatory Guidance on the valuation

7.1. As per Section 50B of the Income Tax Act, 1961 r/w Rule 11UAE of the Income Tax Rules, the fair market value of the capital assets shall be the FMV1 determined under sub-rule (2) (Para 7.2 below) or FMV2 determined under sub-rule (3) (Para 7.3 below), whichever is higher.

7.2. The FMV1 shall be the fair market value of the capital assets transferred by way of slump sale determined in accordance with the formula -

A+B+C+D - L, where,

A= book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) as appearing in the books of accounts of the undertaking or the division transferred by way of slump sale as reduced by the following amount which relate to such undertaking or the division, —

(i) any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any; and

(ii) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;

B = the price which the jewellery and artistic work would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer;

C = fair market value of shares and securities as determined in the manner provided in sub-rule (1) of rule 11UA;

D = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property;

L= book value of liabilities as appearing in the books of accounts of the undertaking or the division transferred by way of slump sale, but not including the following amounts which relates to such undertaking or division, namely: —

(i) the paid-up capital in respect of equity shares;

(ii) the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company;

(iii) reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;

(iv) any amount representing provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;

(v) any amount representing provisions made for meeting liabilities, other than ascertained liabilities;

(vi) any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares.

7.3. FMV2 shall be the fair market value of the consideration received or accruing as a result of transfer by way of slump sale determined in accordance with the formula E+F+G+H, where,

E = value of the monetary consideration received or accruing as a result of the transfer;

F = fair market value of non-monetary consideration received or accruing as a result of the transfer represented by property referred to in sub-rule (1) of rule 11UA determined in the manner provided in sub-rule (1) of rule 11UA for the property covered in that sub-rule;

G = the price which the non-monetary consideration received or accruing as a result of the transfer represented by property, other than immovable property, which is not referred to in sub-rule (1) of rule 11UA would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer, in respect of property;

H = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property in case the non-monetary consideration received or accruing as a result of the transfer is represented by the immovable property.

8. Conclusion on Valuation

8.1. As per Rule 11UAE(2) of the Income Tax Rules we've determined FMV1 as below:

Particulars	in ₹	in ₹
A= book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property)as appearing in the books of accounts of the undertaking or the division transferred by way of slump sale	71,06,76,276	
Less: any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any; and	-	
Less: any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;	-	
Total A =		**71,06,76,276**
B = the price which the jewellery and artistic work would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer	-	
C = fair market value of shares and securities as determined in the manner provided in sub-rule (1) of rule 11UA;	-	
D = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property;	-	
L= book value of liabilities as appearing in the books of accounts of the undertaking or the division transferred by way of slump sale:	25,15,27,587	
ıe paid-up capital in respect of equity shares	-	
Less: the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company	-	
Less: reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation	-	
Less: any amount representing provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;	-	
Less: any amount representing provisions made for meeting liabilities, other than ascertained liabilities;	-	
Total L =		**25,15,27,587**
FMV1 = A+B+C+D - L		**45,91,48,689**

8.2. As per Rule 11UAE(2) of the Income Tax Rules we've determined FMV2 as below:

Particulars	in ₹	in ₹
E = value of the monetary consideration received or accruing as a result of the transfer;	3,60,00,00,000	
F = fair market value of non-monetary consideration received or accruing as a result of the transfer represented by property referred to in sub-rule (1) of rule 11UA determined in the manner provided in sub-rule (1) of rule 11UA for the property covered in that sub-rule;	-	
G = the price which the non-monetary consideration received or accruing as a result of the transfer represented by property, other than immovable property, which is not referred to in sub-rule (1) of rule 11UA would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer, in respect of property;	-	
H = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property in case the non-monetary consideration received or accruing as a result of the transfer is represented by the immovable property	-	
FMV2 = E+F+G+H + L		**3,60,00,00,000**

9. Major factors that were considered during the valuation

9.1. Group Structure and Shareholding of the Transferee Company;

9.2. Key operating/financial parameters of the Division;

9.3. Nature of operation of the MTL(RA) Division and its future business plans of the Company;

9.4. Business Transfer Agreement;

9.5. Discussion with the management of the Company.

10. Conclusion

10.1. Following is the recommended fair value of the Division in accordance with Rule 11UAE(1) of the Income Tax Rules:

Particulars	in ₹	Reference
FMV1 as determined under Rule 11UAE(2) of the Income Tax Rules	45,91,48,689	Para 8.1 above
FMV2 as determined under Rule 11UAE(3) of the Income Tax Rules	3,60,00,00,000	Para 8.2 above
FMV of the Division as per Rule 11UAE(1) - Higher of the above	**3,60,00,00,000**	

Fair Market Value of the MTL(RA) Business Division - ₹ 3,60,00,00,000/- (Indian Rupees Three Sixty Crores only)

For J B P R & CO,
Chartered Accountants
Firm Regn No. 019280S

J B P R & CO. Bengaluru Chartered Accountants

K. R. Shenoy

CA Ranjan K Shenoy
Partner
M.No. 237107
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