



“Conference call to discuss the recent developments at Manappuram Finance”

May 05, 2023



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Manappuram Finance Limited
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Moderator: Ladies and gentlemen, good day and welcome to the conference call to discuss the recent developments at Manappuram Finance Limited, hosted by Motilal Oswal Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhijit Tibrewal from Motilal Oswal Financial Services Limited. Thank you and over to you Sir!

Abhijit Tibrewal: Thank you Lizaan. Good afternoon everyone. Thanks for dialing into this conference call. We have assembled here today to discuss the recent developments at Manappuram Finance. The company has already put out a press release earlier today to explain the recent developments. We have with us today the senior management team from Manappuram Finance represented by Mr. V.P. Nandakumar, Managing Director; Dr. Sumitha Jaishankar, Executive Director and Ms. Bindu A.L., Chief Financial Officer, so without taking any more of your time let me now invite Mr. V.P. Nandakumar for his opening remarks post with which we will open up the floor to take questions from the participants on this call. Thank you and over to you Sir!

Nandakumar: So thank you to Motilal Oswal for arranging this investors’ call at a very short notice. Dear investors and bankers, good evening. First of all, let me place on record my sincere gratitude and appreciation to each one of you for your continued trust and patronage towards Manappuram Finance. Most of you may have learned about the unfortunate events of the last few days through the media. As you know, a team from the Enforcement Directorate Kochi visited our office on Wednesday and Thursday of this week, examined certain documents and recorded my statement as well as that of certain members of the staff. At the end of operation, they came up with an order freezing some of my assets purportedly on PMLA of 2002. This was an unfair and arbitrary act, to put it mildly I will shortly explain why. This morning I wrote a letter to the Board of Directors of Manappuram Finance Limited about this issue since I felt I needed to clarify the different aspects. We convened this meeting because I felt it is equally vital that I keep you all in the loop. First of all, it is more than a decade old case that was settled once and for all. Secondly, the action admittedly by the officials in the order has nothing to do with Manappuram Finance Limited but the now defunct Manappuram Agro Farms Limited of which I am the sole proprietor. I started Manappuram Agro Farms, an agricultural firm, because agriculture used to be one of the primary occupations for the people of Valapad. In short, this Manappuram Agro Farms is called Magro. Magro used to accept deposits and pay interest on the good faith that it was completely legal to do so after getting legal opinion from a few eminent lawyers. As on February 2012, the total quantum of deposits outstanding in Magro was 143.85 Crores; however, based on a directive from RBI, we not only stopped taking further deposits but also informed the public that we would be returning every rupee that we have collected with interest due to that and we have communicated this through mass media including leading newspapers both in English and Malayalam. In fact, I sold my shares in the company to raise an amount of 159 Crores to repay all the depositors. An amount of Rs.345635131 was repaid by cheque between February 1, 2012 and March 16, 2012 to those who came forward to claim their money. The unclaimed balance of

deposits as on March 17, 2012 along with accumulated interest was Rs.1191833132. This was deposited in an escrow account with Punjab National Bank. All subsequent repayments to the depositors were made out of this escrow account and the RBI was periodically informed about the progress. In its latest inspection report, the Apex Bank had acknowledged that as of September 2022 only Rs 929000 was left, the balance outstanding only because certain depositors have failed to claim their respective deposits. We have sent them repeated letters. Several times the transfer issued in their favour and sent by registered post returned unclaimed, that is the situation. RBI, SEBI and Registrar of Companies have separately conducted enquiries and nothing was found amiss. I understand that the ED visit was in connection with a malicious complaint filed by an individual who happens to be the same complainant who made the complaint 10 years back about the same issue of deposits that we have already returned; this is someone who harbours ill will against me and family and his complaint comes more than 10 years later. I have moved the High Court to get the FIR quashed and I am confident that the truth will prevail. Meanwhile, myself as well as the staff of Manappuram are fully cooperating with the Enforcement Directorate as we are confident that there was no wrong doing of any kind. We have complete faith in the laws of the land and compliance with the policy and guidelines of the regulators is the top most priority of Manappuram Finance, so I would be happy to clarify your doubts and answer your questions. What I want to highlight here again is that this is not related to Manappuram Finance Limited at all but it is related to the promoter V.P. Nandakumar that is myself, and this is an issue which was settled long back. In 2011-2012, this issue was settled, now the same individual has approached ED now even when the unclaimed deposit is only 9 lakhs and that also is parked in an escrow account. There is no sense in freezing assets and I am confident about getting the relief at the earliest. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Dhaval from DSP. Please go ahead.

Dhaval: Hi Sir. Thanks for the opportunity and all the clarification till now. I just had two follow-up questions to get a better understanding of the past and the current situation. First one is relating to the usage of the funds which were collected by Magro, so you mentioned that you had to sell stake for repaying the depositors. I just wonder what was the usage of the 143.85 Crores money before that and did you get that money back in your personal capacity and how did you use that so that is the first question about usage of funds and the second question that I had was there were some reports yesterday around 50 odd Crores where being cash repaid to this depositors with KYC traceability, etc., so if you could just clarify about whether RBI or other regulatory bodies were able to trace the depositors and if there is any lapse around KYC or any such points and what was the cash repayment. If you could clarify that that would be very useful? Thank you.

Nandakumar: The Manappuram Agro Farms is a proprietary concern owned by me. The purpose of that forum is promoting agriculture, so the money collected through deposits had been used for purchasing land for agriculture, etc., that was the major use of those funds. Second thing is the 50 Crores cash repayment from this 159 Crores totally along with interest. Yes, these cash payments are all below Rs 20000, so these are done in full compliance with the rules of the land. The second thing

is about KYC, so these are deposits accepted mostly prior to 2010, ie 12-13 years back. Remember this is a proprietary concern and it is not regulated, so we used to comply with Income Tax Act for Rs 20000 in both acceptance and repayments only by crossed cheque. So details of all the payments made both by cash and cheque including their door number, place, phone number all are available with us. For the small amounts, there may not be full KYC compliance as of today but the full name, address, amount, phone number, everything is available. That was not a regulatory entity and there was no need of any compliance, so the full address, all the vouchers, everything is available including discharged deposit receipt, full address, name, etc. If you ask why 50 Crores in cash, these are small, small deposits of less than 20000. That is the reason why we have made the cash repayment, the rest, ie, payment above 20000, was by way of cheque.

Dhaval: You said that majority of the money went into purchase of agri land. Is the land still there?

Nandakumar: All the lands are still there, nothing has been sold out. Even though that firm has been wound up, and Manappuram Agro Farms as a proprietary concern no longer exists, now these are in the name of a new company called Manappuram Agro Farms Limited. That company is no longer accepting any deposits. As and when RBI has asked us to stop accepting deposits, we have stopped it. As I mentioned, this is a complaint raised by one individual 13 years back and this is the same person who is raising the complaint about the same issue even now.

Dhaval: Sir, just one last data point if I may, is on the interest rate that you were offering on those fixed deposit, if you could give that percentage blended is also fine?

Nandakumar: It was somewhere around 10%.

Dhaval: Got it. Great sir, I will come back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Avinash Singh from Emkay Global. Please go ahead.

Avinash Singh: Good evening. My question is more on the business you are in. Unlike other lending businesses, the packet underlying the loan is with the lending company and that is why the trust has a different kind of role as far as your gold loan business is concerned. Now you explained nicely that okay how this is not related to Manappuram Finance and why the case is not bona fide but my question is more like do you see some kind of this trust deficit affecting your business here onwards? Do you have any impact as far as your business operations are concerned particularly with trust in the minds of borrowers who deposit gold, so what sort of impact you see at this point in terms of as far as business operations are concerned?. Thank you.

Nandakumar: First of all, I reiterate that there are no governance issues and the complaint pertains to something that happened 12-13 years back. Second is the trust factor amongst customers. See our business of gold lending or any other lending are not affected by this issue at all. In fact, those customers

are mostly from rural background and lower middle class. They are not interested in these affairs, what they look at is how fast the service delivery is and whether it is affordable to them. That is the general situation about our customers who are borrowing against jewelry and depending on other modes of lending.

Avinash Singh: Thank you.

Moderator: Thank you. The next question is from the line of Kushan Parikh from Morgan Stanley. Please go ahead.

Kushan Parikh: Thank you for taking my questions. So just wanted to understand the development from the perspective of Manappuram Finance the company, so I have three questions mainly. First is on the funding part. Just wanted to understand if this place any constraints or any restrictions in getting debt funds incrementally for our regular business, what has been the reaction or the feedback if any if you have got from the lenders on these developments, are they still comfortable to continue their lending to the company for the business or not. Second is on the day-to-day operations and the branch functioning and the branch expansion that we are doing in our MFI subsidiary. Does this order place any pause on any of that or any restrictions that may come on these day-to-day operations and functioning of the company. And I will just squeeze in one third last question. The article that came in yesterday spoke about key executives also being investigated under this development and just wanted to understand as the investigation would be ongoing. Would they continue to be able to participate or be involved in the daily activities and execution at the company?

Nandakumar: So, I will answer these one by one. So, one is the funding part. We have communicated with all our major lenders that these are the issues. We have a long association, so the funding will not get restricted because of some news. We have organised lenders' meet or bankers' meet in the past and we would plan that again. We have not received any frantic enquiry from any quarters on this. Proactively, we have communicated with them what the issue is about. The second question is about whether the business would be affected. I do not think so because we have immediately communicated to the RBI, lenders we have taken into confidence and the third step is to quash this case because we have immediately engaged the top lawyers in the country. They are very hopeful that by next week we will obtain a stay both in continuing with this investigation by the agency and to release whatever has been frozen now. We are moving the Kerala High Court on Monday and the case will come for hearing on Tuesday. Once these objectives are achieved, that also will be communicated. It is our experience that what is most important is the proactive communication with our stakeholders. We are doing this and we do not expect anything negative in this regard.

Kushan Parikh: That answers my question.

Moderator: Thank you. The next question is from the line of Bhavyesh Divecha from HDFC Asset Management Company Limited. Please go ahead.

- Bhavyesh Divecha:** Hi, good evening sir. I just had one simple book-keeping question for Manappuram Finance. What is the current level of cash that we have maintained and what is the liability like over next three to six months period for Manappuram Finance?
- Nandakumar:** See, we are always maintaining sufficient liquidity to meet any crisis so that has been maintained. I have not brought the figures right now but always sufficient liquidity is maintained in the form of deposit. We have a very large undrawn limit and we have communicated and we do not expect any serious issue because the issue of Manappuram Agro Farms which had crept up way back in 2012 is fully known to all our stakeholders, lenders as well as regulators. When they understand that the same person is creating problem, and the other details, they will understand, so we do not expect any serious issue with regard to our ALM.
- Bindu:** To give the exact numbers, in the month of May, majority will be working capital demand rollover and 100 Crores MCD repayment, so we have nearly 1000 Crores liquidity with us and undrawn lines of 3300 Crores which will support enough for the repayments and growth.
- Bhavyesh Divecha:** Just broad repayment total quantum over the next three months?
- Bindu:** Next three months it will be 3500 Crores. Majority will be working capital rollover to leverage on the pricing we used to avail the loans for 90 days, so this will be due for rollover.
- Bhavyesh Divecha:** That is helpful. Thank you.
- Moderator:** Thank you. The next question is from the line of Piran Engineer from CLSA. Please go ahead.
- Piran Engineer:** Hi thanks for taking my question. Just a follow-up. Has there been any communication or enquiry from the RBI right now? Have they asked for any clarification, data, any files?
- Nandakumar:** See, any news in the public media, the local RBI office seeks a clarification and this is a very routine thing. They have sought our clarification, so we have explained to them in detail and they appreciate our timely action.
- Piran Engineer:** If you could just maybe spend some time on what other businesses do you own and run outside of Manappuram Finance?
- Nandakumar:** That is already there in my disclosure. I own Manappuram Jewellers Limited, Manappuram Agro Farms Limited, Manappuram Healthcare Limited, etc. These are all disclosed.
- Piran Engineer:** That is all from me.
- Moderator:** Thank you. The next question is from the line of Pratik Chheda from Guardian Capital Partners. Please go ahead.

- Pratik Chheda:** Thanks for taking my question. Sir you mentioned in the start of the call that any deposit that you had accepted was in compliance with all the rules and regulations, so then what was the reason for RBI issuing a directive for repaying the loan at that point in time, why did RBI come back and say please repay the deposit?
- Nandakumar:** Any promoter owned entity accepting public deposit may not be a part of good governance so it was their advice that the company stop accepting any public deposits or any deposits so we repaid all the deposits in full by transferring whatever is the balance at that point of time along with interest to an escrow account. From that, all these were paid except some 9 lakhs as I mentioned where the customers were not traceable, so that is also lying in that account. From 2012 onwards this company has not accepted any public deposit other than this 9 lakh there are no deposits there.
- Pratik Chheda:** Sure and in the past you mentioned that we have been still awaiting nod from RBI to expand branches and one of the reasons for not getting that nod is that there is some compliance issue in terms of KYC of repayment of some deposits. Does this issue have anything to do with the branch expansion requirement that we are not getting for Manappuram Finance?
- Nandakumar:** I didn't say that. What I said is that there is some surplus in auction, this overdue gold loans just like any other lender we sell this through public auction in the presence of a public auctioneer. That is the process and after adjusting whatever is due to us, the surplus money is transferred to an escrow account with the bank and from that payments are made to the borrowers whose ornaments were auctioned. We were not able to find out some customers but the RBI wanted us to proactively find out and return the entire amount, so we have taken many initiatives and that surplus is coming down.
- Moderator:** Thank you. The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.
- Pratik Chheda:** You mentioned that 140 Crores of your personal assets have seized. Could you just give us some colour on what are the size of the assets that have been seized there and is there any promoter shareholding, any kind of restriction from the ED?
- Nandakumar:** See this 143 Crores of deposits outstanding in 2012 was repaid along with the interest to the respective customers by cheque and small amounts below 20000 all were returned by cash also of which the details of the customers, their address, their phone number, the amount returned everything is there as per records and majority of this amount was returned through the escrow account.
- VP Rajesh:** My question was similar to what the earlier participant asked, 140 Crores worth of assets were seized by ED, any of our shareholding in the public company is also part of that 140 Crores?

Nandakumar: See the entire amount has been repaid except the 9 lakh which is lying in escrow account. From that amount whatever was outstanding on that day of repayment nothing has come back to any of our companies through investments.

VP Rajesh: What I was asking is assuming that you get stay in the High Court, what happens to the assets that have been attached by ED? Will they be released back to you?

Nandakumar: First of all, the amount outstanding in the particular account is not as alleged 149 Crore or something it is only 9 lakhs that is also in the escrow account. An FIR was simultaneously registered with the police station that is already referred by the police and there is plenty of ground and this is 13 years, etc., I had a discussion and our lawyers who are very confident that by Tuesday we can get a stay for two things, one for releasing whatever is frozen -- it is not a seizure it is frozen only, frozen means they can defreeze, the same people can defreeze also provided we do certain things. We are moving High Court to clarify that this case has been already taken up and quashed by the High Court on previous occasion and this is just a repetition and this order from the High Court to be enquired by ED was without taking that into consideration. Our advocates are very confident about getting a stay on the execution of this order and also for restraining the ED from any further enquiry into this matter. Whatever is in the frozen account will be released.

VP Rajesh: Thank you. Best of luck. All the best.

Moderator: Thank you. The next question is from the line of Yash Jain from CNBC TV18. Please go ahead.

Yash Jain: Hello Sir, good evening. Thank you so much for taking the questions. I have a couple of questions to ask in this particular matter. The first one is I just want to understand from you till the time the investigation is on in that case, let us say if High Court assuming keeps the investigation on, do you think you should sort of move away from your current position at Manappuram Finance to avoid any conflict of interest? Do you think that will be very important as the first step till the time the investigation is on? That is my first question and the second question I am asking you is the Enforcement Directorate in its investigation has also stated that the deposits which were raised were sort of laundered towards immovable properties and used in buying shares of Manappuram Finance itself? Straightaway if you had to answer this particular allegation from the Enforcement Directorate, was any part of the deposits which were raised put in any immovable properties or shares for Manappuram Finance? yes or no, if you could answer that question?

Nandakumar: This is a very good case according to our lawyers, so next week itself we will be able to get the first order for stalling this case and other investigation will also get a stay, then it will continue after the stay till it is quashed, so it will get quashed. This is not a new issue, but an old issue which has happened 13 years back, so getting that relief from the court may not be difficult. This is what our legal counsels are very confident about so I do not think there is need of any change in between. The second is about the money accepted; majority of this is being used for the

purchase of landed property only for agriculture purpose and when the issue is quashed in the court of law, there is need to go into other details like I have invested money for buying shares.

Yash Jain: It is just a clarification, you do not think or are you sure the allegation is completely false from ED that you have not invested anything in shares?

Nandakumar: See that question does not arise because all the money was repaid. When the full amount along with the interest is repaid, where is the question?

Moderator: Thank you. The next question is from the line of Rishikesh Oza from Robo Capital. Please go ahead.

Rishikesh Oza: Hi Sir thank you for the opportunity. Just one question from my side. Is there or can there be any intervention from RBI?

Nandakumar: See as I mentioned earlier, whenever there is any adverse news, the concerned departments seeks our clarification. In this case also they have sought our clarification on certain things which we have immediately promptly replied.

Rishikesh Oza: Thank you.

Moderator: Thank you. The next question is from the line of Sai Naveen from Point. Please go ahead.

Sai Naveen: Good evening Sir. I would like to please understand, it is mentioned in the ED report that a lot of money was redirected and brought properties in the names of your family. Is there any comment on that Sir?

Nandakumar: This is what I have already explained to the previous caller. See these were mostly used for purchasing land for agriculture purpose and also for agriculture, that is the major use of that business so that has been aptly used for that business only and the second part is now the money along with the interest is fully repaid so that question does not arise now. When the money is fully repaid, when there is no liability whatever, and the 9 lakh pending is also in the escrow account, where is this question?

Sai Naveen: Got it thank you Sir.

Moderator: Thank you. The next question is from the line of Shreepal Doshi from Equirus Capital. Please go ahead.

Shreepal Doshi: Hello Sir. Good evening and thank you for giving me the opportunity. Sir my question was pertaining to the depositors, so how many depositors were there at Magro?

Nandakumar: All were small deposits from rural market of Valapad where our headquarters is situated, so there are a few thousands of customers. The actual number I do not know but the name, address, phone

number, how the repayments are made; how the money was collected everything is there on our records.

Shreepal Doshi: Were the deposits being taken at the Manappuram branch or some other setup was there?

Nandakumar: That was the issue raised by the regulators also. After that Manappuram Finance Limited has been fully refenced under the oversight of KPMG and Cyril Amarchand Mangaldas, etc. So this happened in early 2012 but a lot of changes have come after that.

Shreepal Doshi: Got it. Sir last question. Like you said almost all of the money is being repaid except the outstanding 9 lakh. Would we be having acknowledgment from our depositors that they have received the money back including all of the 50 Crores exposure also?

Nandakumar: Total along with interest was around 159 Crores. Out of that over 100 Crores was paid through bank account only, some 50 Crores has been repaid in cash. To whom it is repaid, the same deposits, everything is there, all of the deposit receipts are retained by us. As a token of receipt of the money, the depositor assigned and discharged the deposit receipt. Everything is there and the details are regularly shared to the inspection team conducting RBI inspection as and when these are called for.

Shreepal Doshi: Got it Sir. Thank you Sir.

Moderator: Thank you. The next question is from the line of Dev from Haitong Securities. Please go ahead.

Dev: My question was more related towards any kind of related party transactions between Magro and Manappuram Finance for which Manappuram could be held liable or did it stand as a guarantor or any kind of way that it come back to Manappuram Finance can it be made liable in any of these deposits?

Nandakumar: No allegations about related party have been made by anybody so far. There is no related party. Even the investigation here has not alleged that. There is no connection with Manappuram Finance Limited.

Dev: Thank you.

Moderator: Thank you. The next question is from the line of Vijay Anand from Karur Vysya Bank. Please go ahead.

Vijay Anand: Good evening Sir. Thank you for this opportunity. Sir just when you were briefing initially you said that from March 17, 2012 you have about 119 Crores deposited with escrow account, I just wanted to understand what is the modus operandi of this account? Why I am asking this is, is there any party apart from you whose authorization is required to access the funds I just wanted to understand that?

- Nandakumar:** These are parked in escrow account, whatever is needed for the repayment and these are regularly audited by the auditors and the payments are made as per the rules of the land; so the authorized persons who were authorized to withdraw the money, they do that and there are full trails in this regard.
- Vijay Anand:** So that means that 50 Crores which have been paid by cash has been withdrawn from the escrow account in cash and paid to the respective depositors?
- Nandakumar:** These are small accounts and the trails of payment as in the bank, we have the deposit receipt discharged etc., and the full name, address of all the customers are kept in the records.
- Vijay Anand:** Thank you very much for the clarification.
- Moderator:** Thank you. The next question is from the line of Raghav Madhavan from Vivirti Asset Management. Please go ahead.
- Raghav Madhavan:** Hi thanks for the opportunity. So I have two questions. So the first one is Mr. Nandakumar you mentioned to repay the public deposit you had raised shares and the proprietorship was converted into Agro Farms Private Limited which is also owned by you and the lands also you continued to own these lands so we want to understand these lands were held at personal capacity or are the land part of this new entity which was formed after 2012? That is first question and second I want to understand the impact this would have on Manappuram Finance and how that can trickle down to Asirvad given the relationship Manappuram strongly has and commitment towards Asirvad Micro Finance? Thanks.
- Nandakumar:** All the money has been repaid along with the interest by selling shares, etc. The mode of repayment, the source of money everything has been disclosed to everybody. This Manappuram Agro Farm proprietary has been wound down, so a new company was formed and the properties are mostly in that company. As for the second part of the question, will it affect Manappuram Finance Limited? See, this is not a new case, this is a case pertaining to the issue which happened 12 years back, so nothing new. There are no governance issues at all. The same person approached the ED and they have conducted the investigation. As I said earlier, our legal counsels are very confident about getting the case quashed in the High Court. The FIR filed along with that is already referred by the police it is quashed so why should it affect the business of Manappuram Finance Limited? If that does not affect Manappuram Finance Limited, its borrowing ability or anything then why should it affect the subsidiary of Manappuram Finance Limited? Even now there is no allegation against Manappuram Finance, it is very well capitalized company so it can support its subsidiaries also as and when it is required. Then why should somebody worry about whether the companies will be affected. I think that worry is baseless.

- Raghav Madhavan:** Understood Sir. Thanks for this. Just a follow-up question. Even in the current existing entity Agro Farms Private Limited, there are borrowings of I think about 21.7 Crores and odd I am just checking if any of these are related to Manappuram Finance or any of its subsidiaries?
- Nandakumar:** Manappuram Agro Farms Limited has no public borrowing. It is borrowing only from the shareholders that is me, it has no public borrowing and there is no related party now. Manappuram Finance body is very conservative in this regard to uphold the corporate governance standard so there is no intermingling and there is no intercorporate borrowing amongst the group companies.
- Moderator:** Thank you. The next question is from the line of Mithun Aswath from Kivah advisors. Please go ahead.
- Mithun Aswath:** Sir thanks for all your clarification but I think the ED has also tweeted they have mentioned that the search has happened in six premises of Manappuram Finance and its Managing Director on the allegations of money laundering from illegal selection of deposit. Why do they specify Manappuram Finance and not Magro which you speak about? So just wanted to understand that why are they bringing Manappuram Finance into the matter if it is not related to Manappuram Finance?
- Nandakumar:** I am sitting in Manappuram Finance, so in this connection they would have shared about my office that is Manappuram Finance office, other than that there is no significance and also some of the senior executives there they wanted to understand whether there is any connection between Manappuram Agro Farms and Manappuram Finance, etc. They have investigated that, that is a part of investigation and they have not alleged any irregularity or anything connected with Manappuram Finance Limited. Just as a part of their investigation they have investigated my office as well as some senior executives of Manappuram Finance Limited. It is a part of investigation only and I do not think there is any significance and they have not found anything. Nothing is there in their report or mention about any irregularity in Manappuram Finance Limited.
- Mithun Aswath:** Have all the depositors claimed all the money back or there is a reasonable amount of money lying in the escrow account?
- Nandakumar:** See it is 9 lakh, that also we have taken all the steps as per the direction from RBI not only once but from time-to-time to find out this we have sent this 9 lakh deposit also by demand draft and these all have been returning unclaimed from time-to-time. Even in the banks where full KYC everything is taken there are unclaimed deposits where the customer cannot be traced. If you look into that this is a similar percentage only.
- Mithun Aswath:** Got it and just wanted to get a sense, is RBI likely to make any sort of announcement regarding Manappuram Finance of you do not see anything should affect your lending or your business because of this?

Nandakumar: Here Manappuram Finance has not been mentioned as a party at all. It is about an incident which anybody can understand and RBI has already taken a stand on this particular issue of Magro deposit 10 years back and they have been constantly monitoring this so nothing is new other than this ED investigation. On the basis of ED investigation also as per regulator they may ask for some clarifications which we can easily clarify. We do not have any problem because they are already aware about the matter and have been monitoring this continuously for the last 10 years nothing is new so I do not expect anything because these are known to them fully.

Mithun Aswath: Sir one last question, is it possible the ED has provided you some orders regarding this Magro because the problem is there is quite a lot of miscommunication because your press release talks about that while the ED continues to mention Manappuram Finance so if there can be some sort of clarification where you have something in writing from the ED which is mentioning what order they are talking about that could be your immense clarity for the investment community.

Nandakumar: They have not alleged anything wrong in Manappuram Finance Limited. They have not made any allegations, so why should I seek clarification from them. They have not mentioned, they have not found out anything wrong in Manappuram Finance. They have all mentioned about Manappuram Agro Farms only and Manappuram Agro Farms also we are very confident about quashing this case very soon.

Moderator: Thank you. Ladies and gentlemen this would be the last question for today which is from the line of Manan an individual investor. Please go ahead.

Manan: I would just like to ask that since the legal team is confident about getting a stay on this order by next week, so how does this work the defreezing of assets happen in a week or so or does it take time for the counterparty to reverse their actions?

Nandakumar: I had a discussion with our legal counsels and discussed the whole of the matter, different aspects, etc and they are fully confident about that in a week's time.

Manan: Let us say the ED does not move it our way or the High Court does not move it our way so early what would be your next line of action or how would you expect it to move forward?

Nandakumar: See what is the role of ED and RBI? ED is an investigating agency and they investigate and report and whatever is the investigation. If the investigation report is not satisfactory to the affected party they have the only option of approaching the court of law and we have to do that.

Manan: Alright understood thank you.

Moderator: Thank you. As that was the last question for today I would now like to hand the conference over to the management for closing comments. Over to you Sir!



Manappuram Finance Limited
May 05, 2023

Nandakumar: So thank you. There were several interesting questions and I hope that I have clarified your questions and doubts, etc. Anymore clarifications needed in this regard I will be very happy to talk to you separately also and the progress of the case is in the court of law that will be intimated to you through the public media from time-to-time. Thank you so much.

Moderator: Thank you Sir. On behalf of Motilal Oswal Financial Services Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.