

**Manappuram Finance Limited**

May 09, 2023

**Credit Update**

Manappuram Finance Limited (MAFIL; rated CARE AA; Stable/CARE A1+) vide its intimation dated May 03, 2023, has intimated the stock exchange that the Enforcement Directorate (ED) has conducted a search at the registered office of the company. The company further clarified on May 04, 2023 that the ED search was with reference to the deposits accepted by Manappuram Agro Farms (MAGRO), an erstwhile sole proprietary concern of the promoter V P Nandakumar, prior to 2012, which were subsequently repaid, except the deposit of ₹9.25 lakh which could not be repaid despite MAGRO's continuous efforts.

Furthermore, the company had intimated the stock exchange on May 05, 2023 that the promoter V P Nandakumar has received an order from ED freezing his personal assets on May 04, 2023 under section 17 (1-A) of the Prevention of Money Laundering Act, 2002.

The company clarified that the investigation by ED is related to MAGRO and the promoter and it has no linkage with MAFIL and is not expected to have any impact on the operations of the company. It is to be noted that there is no freezing of assets or accounts held by MAFIL and its subsidiaries.

The ratings continue to derive comfort from the comfortable capitalization level of the company with net worth of ₹8,722 crore (reported) as on December 31, 2022 aided by healthy internal accruals, overall gearing of 2.23x (reported) as on December 31, 2022 and liquidity profile supported by short-term nature of the gold loans offered by the company. As on April 30, 2023, MAFIL had cash and bank balance including investments of ₹986 crore and un-availed lines of credit of ₹3,540 crore. It is to be noted that the contracted tenure of gold loan generally ranges from three months to nine months. Such shorter tenure nature of loan book adds comfort to liquidity position as in case of need, the company may reduce fresh disbursements to further strengthen its liquidity position. As on December 31, 2022, loans having tenure of up to six months stood at Rs.17,310 crore.

However, CARE Ratings Limited (CARE Ratings) will closely follow the developments in this regard and will consider taking appropriate rating action in due course.

Please [click here](#) for the last detailed press release of the company.

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