

## PRESS RELEASE

**April 12, 2012, Valapad, Thrissur:** Manappuram Finance Limited (“**MAFIL**”) is a leading gold loan company with its headquarters in Thrissur, Kerala.

This press release is being issued in furtherance of the press release dated February 11, 2012 issued by MAFIL. As mentioned therein, the Reserve Bank of India had directed MAFIL to completely disassociate its name, officials, manpower, infrastructure, systems etc. from Manappuram Agro Farms (“**MAGRO**”) and other entities owned or controlled by Mr. Nandakumar or his family (“**Promoter Entities**”). Towards this end:

- We understand that MAGRO has ceased accepting deposits and Mr. Nandakumar, the sole proprietor of MAGRO has made arrangements for repaying its depositors in full and has deposited the requisite amount in an escrow account maintained with Punjab National Bank, until it is claimed.
- It has been clarified that the “Manappuram” brand will not be used by any other entity in the financial services business and any Promoter Entities using the name “Manappuram” have approved the change in their respective names, and initiated the process for name change. Distinctive stationery and signage for MAFIL has been created and has been disseminated to all its branches.
- Appropriate arrangements have been made for separation of premises of MAFIL from that of any Promoter Entities, where there was any such sharing of premises. So also, the employees and officers of MAFIL are now exclusively devoted to MAFIL.
- Segregation of the information technology infrastructure of MAFIL from any Promoter Entities has been completed at the branch level and segregation of the server and network infrastructure is underway which will be completed within the timelines committed to the RBI.

In a meeting on 10 February 2012, the Board of MAFIL constituted an independent committee of its members (the “**Committee**”), under the chairmanship of Mr. Jagdish Capoor (former Deputy Governor of the Reserve Bank of India and former Chairman of HDFC Bank) to review all relevant aspects of the operations, systems, controls and organization structure including Board composition and effectiveness to enhance governance in MAFIL. Independent advisors, namely, Amarchand Mangaldas and KPMG, have assisted the committee in their review of certain aspects of MAFIL, including, internal controls and risk management, corporate structure, corporate governance and regulatory compliance. The Committee has deliberated the various steps required to be implemented by MAFIL with a view to further strengthening its systems and processes and ensuring operational excellence. Dr. A.K. Khandelwal, former Chairman and Managing Director of Bank of Baroda, has been appointed by MAFIL as Senior Advisor to advise on regulatory matters, strategic issues including institutionalizing the human resource policies and practices and matters of corporate governance.

Other significant measures being considered by MAFIL towards achieving operational excellence by strengthening its organizational structure, internal controls and level of compliance, systems and corporate governance to align the same with world class governance standards, include:

- Appointment of a reputable accounting firm, as an internal auditor of MAFIL to strengthen the internal controls, internal audit and compliance functions.
- Restructuring the core functions like finance and compliance, internal audit and operations, including their reporting structures, creation of new management positions, including chief financial officer and head of compliance.
- Strengthening the board through appropriate measures, including appointment of a lead independent director, aligned with world class corporate governance practices, amendment of the terms of reference of committees of the Board to effectively support the Board.

MAFIL reaffirms that it is committed to take all such steps and measures as are required to address and alleviate all concerns raised by the Reserve Bank of India. It is regularly informing the Reserve Bank of India of the measures taken and is committed to keep its various stakeholders such as creditors, credit agencies, customers, employees, investors, lenders and shareholders informed of the progress and the continuing measures being adopted to grow MAFIL into a company with stronger internal controls and processes to increase the value it delivers to all its stakeholders, in full compliance with the directions of the Reserve Bank of India and all applicable law.