

Man Industries (India) Limited
Conference Call
May 12, 2022

Moderator: Ladies and gentlemen, good day and welcome to Man Industries India Limited Conference Call to discuss in respect of recent disclosures. 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. Mahantesh from Man Industries. Thank you and over to you, Sir.

Mahantesh: Good evening all of you. This is Mahantesh – Manager Investor Relations at Man Industries. On behalf of Man Industries, I welcome you all to the call for discussions with respect to the recent disclosure on stock exchanges. On the call from management, we have Dr. Ramesh Mansukhani – Chairman, Mr. Ashok Gupta – CFO and the Company Secretary. Before I hand over the call to the management, I would like to highlight that this is a brief call to update the participants on the recent development and there would not be any discussion on the financial and business performance of the company for the quarter and the year gone by. So, request the participants to restrict the questions based on the topic of discussions. Now I would like to hand over the call to Mr. Ramesh Mansukhani for his opening comments post which we shall be happy to take few questions. Thank you and over to you, Sir.

Ramesh Mansukhani: Good evening everyone and thank you for joining this call. I would like to take this opportunity to interact with you and given an update on the recent disclosure on the stock exchanges. The company had received letter from SEBI date 22nd November 2021 to conduct a forensic audit and had appointed V. Singhi and Associates as a forensic auditor to review the financial statement of the company from year 2015 up to 2021 March. On receipt of the letter, we have reverted to them to reconsider and review their decision regarding audit based on those discussions the company had made a disclosure on stock exchange on 25 February 2022 informing the investor about the same and also inform about transaction audit of the company. Although we also requested SEBI the State Bank of India is already done this kind of audit in the same period and very recently and they concluded the audit led by consortium led by State Bank of India to their satisfaction and they continue to extent all their support to the company. Also on our request SBI has submitted the report to SEBI. On 10 May the said letter appeared on stock exchange upon which we have clarified the next day where the intimation regarding the same had already been provided. You may please also note that company had already provided all the requisite information to the auditors to their satisfaction and have extended

full cooperation in respect of the said audit and as on date no submission of information is pending from the company and as we understand because last two months there is no question from them as we understand audit report is completed and submitted to SEBI. Also company has maintained highest level of transparency and this call is to satisfy our all the stakeholders, shareholders in their regard. Now, I would like to open the floor for questions and would be happy to address the queries related to this method. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Vellum Rao an Individual Investor. Please go ahead.

Vellum Rao: I would like to know why this letter which is November dated is now put on the exchange?

Ramesh Mansukhani: Company has not made disclosure on 10th May this is uploaded by BSE NSE which is you are not aware although we already given our disclosure on 25th February and that is why we had given again the clarification to the Bombay Stock Exchange on 11th morning that we already informed to all the shareholders through BSE, NSE about the audit of the company.

Vellum Rao: Sir my questions is not that my question is why this SEBI letter was put on the exchange now the letter is very old who put it the company put it or SEBI put it?

Ashok Gupta: Please try to understand this letter is not posted by the company. This letter is posted by NSE and BSE at the request of SEBI. From our side we have already made the disclosure in the month of February.

Vellum Rao: That has been highly misleading such a old letter?

Ashok Gupta: That is the reason we have this call now.

Moderator: Thank you. The next question is from the line of Pawan Kaul from Lacuna. Please go ahead.

Pawan Kaul: So, mentioned here all that the auditors have already submitted the reports to SEBI do you get a copy of the report or do you know what concluded in the report?

Ashok Gupta: Since it is a forensic audit recommended by SEBI as regulator and auditor they never ever shared the copy of their report. Though they have discussed the issues so many times before reporting to SEBI, but final report is not shared with us.

Pawan Kaul: Is the issue around the consolidation of the subsidiary is that the only issue that we find now?

Ashok Gupta: Whatever information is brought by forensic auditor we have given all our report and we have submitted whatever the information asked by them and as we understand looking into the size of the company and networth of the company there is not any material there should not be any material aspect in the report.

Moderator: Thank you. The next question is from the line of Chirag Maroo from Keynote Capitals. Please go ahead.

Chirag Maroo: Sir I just wanted to know for what reason this forensic audit has taken place?

Ramesh Mansukhani: Chirag the most important issue here the major reason mainly why we have not consolidated our subsidiary company Marino with our main company listed company with the Man industry from 2015 because 2015-2016 onwards to the Bombay High Court the matter of pleading are pending of the demerger etc. and since there is no clarity as per the readings of the Bombay High Court that is why we have taken the legal opinion and that is why we have not consolidated the results over there. So, main of the region was on their question why you have not consolidated it, but we replied satisfactory if you could we could have consolidated it was a very mere impact on the company's financials. So, nothing material that is all, but because of there is SEBI we have to respect them, we have to reply them so we have completed the full audit as per their wish.

Chirag Maroo: Sir what can be that mere impact you are talking about if you can give a ballpark number to it?

Ramesh Mansukhani: I think this call is only for particular to give the clarification of this issue, but as a company general comment I give you company is doing very well and results are on the corner and we will keep the call once again in two weeks we will do this things, but recently we declare some good order from the IOCL one week before we already declare it. Company is doing well everything is very fine and good support from all the segment of the societies.

Chirag Maroo: Sir actually I asked the question related to this only that as you said that Marino consolidation did not have a mere impact on the numbers and we are not saying from how the performance of the company would be even I am very much a update results are going to come, so I just wanted to understand what kind of an impact that you are saying that would impact company or it is going to just have a mere impact related to the consolidation of Marino I just want a ballpark number related to that?

Ramesh Mansukhani: First half that was very minimum which is not going to impact the company balance sheet very small amount, but the auditor also given the figure to them which is submitted this is the method pending before the SEBI. So, it is very unfair from my side to give some figure to you even I do not know this moment but is a very small figure.

Chirag Maroo: Can I expect that the annual reports of earlier let us say numbers mentioned by the auditor is it like the same ballpark number?

Ramesh Mansukhani: Right now, the report is closed and submitted towards there as we understand, but what will be the impact, what will be there we even do not know, but whatever information we will be

available on time-to-time we will inform you if it is coming something from them. This moment is nothing.

Chirag Maroo: Next question I just wanted to know that what kind of timeline that we can expect from the SEBI so give an update regarding the same so that you might be able to inform the shareholders or the investors of the company or there is actually no impact regarding the forensic audit that has taken place?

Ramesh Mansukhani: You see the State Bank of India it was lead bank in the earlier conduct the transaction audit which we already we came to know because they called up the meeting and the matter close and they supported the company all the issues including the future expansion program of the company they sanction the loan also and they renew also that matter is over. The SEBI we do not know the SEBI was the query we replied satisfactory at our level there auditor has submitted the report when they will, what they will do, we do not have anything in this regard we do not know anything that was the event which is complete from our side. We do not know what is going to happen in future we do not know, but with regard to there is no fraud of the company, nothing is there. We are confident as Mr. Gupta said there is no material impact that is why you can guess whatever we are doing. We have submitted the last set of information somewhere mid of March and after that we do not have any information from either from the auditor for SEBI for any pending information. So, we presumed that forensic auditor must have submitted the report. Now next course of action that has to be decided by SEBI and there is no timelines for that.

Moderator: Thank you. The next question is from the line of Manish Gupta from Solidarity Investment Managers. Please go ahead.

Manish Gupta: Sir just one query you mentioned that your consortium of bankers has also had a forensic audit, so they have released some loans to you, were the loans that they released to you post their audit or pre their audit?

Ashok Gupta: Post their audit.

Manish Gupta: So, after they did an audit that is when they release the term loan?

Ashok Gupta: State Bank of India led consortium they have appointed transaction auditors I mean in the month of February 2021. They have submitted this transaction auditors submitted their report in June, and we had our consortium meeting in 20th of July 2021 where the report got discussed in totality and it is considered to be closed after due discussion in the consortium. State Bank of India after submission of that report they have sanctioned a fresh loan of 165 crore for our ERW expansion.

Manish Gupta: I just wanted to check that given that this transaction report if State Bank of India would you did mention that State Bank of India shared some report with SEBI on the transaction audit that they had done with you would you consider speaking to State Bank of India if that can be released in the public domain because it will give a lot of confidence to your stakeholders?

Ashok Gupta: See this report is submitted by this transaction auditor directly to State Bank of India. They have not shared the copy with us and they have transaction auditor they have made a presentation to the consortium on 20th of July and whatever issues reported by them that got discussed in length, but unfortunately they have not shared the copy with us. So, we are not aware whether State Bank of India they will upload the report on the exchanges or somewhere you know that is in the hand of State Bank of India. It is quite old that report now it is 8 months back.

Manish Gupta: My only point you could request them if they can share and bit can be put in the public domain and they might decide to say no I am sure you can request them that is for my suggestion would be?

Ramesh Mansukhani: We will do that Mr. Manish in the normal call they do not share because of their internal documents and even they are not given to us, but they are given to SEBI because it is between bank and government SEBI is a government organization, but they prepared the minutes clean chit, give the company their support and they inform to all the members of the company as well as to the other members of the banks also and we already inform to SEBI also that this is already done. So, that is why there is no procedure as I remember earlier also there was audit few year also 5 year, 7 year before also we did also copy we do not share it normally this is a confidential document, but they get the clarity if they need any doubt is there they get the clarity and their satisfaction and then they support the company and they have supported and they are supporting every time.

Moderator: Thank you. The next question is from the line of Manan Patel from Airavat Capital. Please go ahead.

Manan Patel: Sir my question is so the SBI audit was regarding the same matter of Marino or was that a different matter?

Ramesh Mansukhani: It started from the complaint from the brother's dispute few year before and that is why it arouse from there, but not only Marino the major issue was Marino why you not consolidated, but once they do the audit they do the audit for all the aspect of the company for few years and as Mr. Gupta already said there was not any material issue that is why our banks are supporting and hopefully I hope SEBI would be also satisfied the issue.

Manan Patel: Second question is yesterday we submitted a disclosure regarding purchase of 1 lakh shares from the market on 11th May, so from what I understand you would be in a trading closure

window, so how can we as a public entity purchase the shares in the middle of the window which is closed?

Ramesh Mansukhani: As regard to it is not my knowledge that will be by maybe from our group company which at this moment I am not aware of this issue.

Manan Patel: Sir it is clearly mentioned Man Finance Limited acting in concert with Mr. Ramesh Mansukhani, Mr. Nikhil Mansukhani if you can see that disclosure it is very clear that all of the current promoters are involved in that?

Ramesh Mansukhani: Myself Ramesh Mansukhani I am not involved that company Nikhil in USA I am not aware, but definitely once you are talking to me and I will check up with them.

Manan Patel: Because this again will we had been reported and insider trading few years back now if again this issue comes up we have to be very careful with these things?

Ramesh Mansukhani: Yes sir if any problem they will see it, but we never involve any insider trading company, history of the company if you see last 25 years there is not at all any insider trading where any issue on us maybe some other technical, but not an insider.

Manan Patel: So, if you can give a disclosure regarding what technical problem would have happened regarding this trade also it would be great it would help all the participants?

Ramesh Mansukhani: First let me check over there because the person is not here since you are asking and we will see sir.

Moderator: Thank you. The next question is from the line of Rohit Prakash from Marshmallow Capital. Please go ahead.

Rohit Prakash: So, my question is as you mentioned that last year SBI conduct the audit they were happy and they disburse the loan of 165 crore along with the consortium after the audit, I am curious to know post the SEBI letter in November where they ordered a forensic audit, has there been any change of stance by SBI or any of the other consortium because they were uncomfortable something or all the consortium bankers continue to be lenders to the company as was the case one year back?

Ashok Gupta: We are happy to announce that even after having that disclosures made by us. We have just inducted new bank in our consortium that is Indian banks and that shows the confidence reposed by our banks in the company and its performance. So, far as existing bankers are concerned all the bankers are very active and they have extended all their support in the best performance of the company.

Rohit Prakash: I mean just to reiterate this as far as this particular issue is concerned there is nothing that is to be done from the company's end the SEBI might or might not disclose as the forensic audit is complete and there is no issue also we can see and wait for something to happen and if nothing happens our business continuous am I right sir?

Ashok Gupta: Of course.

Moderator: Thank you. The next question is from the line of Mann Asher, an individual investor. Please go ahead.

Man Asher: I just want to point out certain things on SEBI letter which was posted on the BSE site here it is mentioned that they would be focusing on the provisioning of bad debts and genuineness of trade receivables and also for the diversion which you have not discussed as yet so what is this point all about?

Ramesh Mansukhani: We have consortium letter from different companies. This is a very standard letter in the every letter having the same language this is very standard scope which they sent to all the company which is under the audit.

Man Asher: And you mentioned that SBI audit which was last year also I point out certain things regarding consolidation, so have you considered consolidating this financial year or something because it was clearly pointed out the fact that it might arise problems since SBI had pointed out that it is arising problem so SEBI pointed out the same thing?

Ramesh Mansukhani: SBI also examined, but because of the Bombay High Court letter they were satisfied and opinion also and that is why they did not go into more serious this issue. SEBI has gone more serious this issue that is why this is our duty to convince them, satisfied them and there is a legal opinion because if any problem is there and matter is going in the court then we have some waiver them will come in the future also and you will see in near future definitely there will be consolidation and I think everything will be over.

Man Asher: And if in the matter of consolidation do you think that retrospective effect would be given as it is clearly mentioned that they would be inspecting the results from financial year 14-15?

Ramesh Mansukhani: No, we are not going to make the balance sheet to change anything that is past is past whatever it is going to be in the futuristic only that suddenly we are not going to make any impact. Again I am repeating this thing there is a very minimal impact which may be plus side, which maybe minus side which is not a material as Mr. Ashok Gupta said which I am also repeating this thing again sir.

Man Asher: What is the most limit that SEBI can take this matter to I mean outcome of it as said that you have to satisfy with your legal opinion and stuff, but if they do not get satisfy with your comments and audits that what is the next step that you are willing to take here?

Ramesh Mansukhani: Whatever then they will ask anything if they call us, ask us so we will satisfied them. This is auditor, auditor role was limited to submit the report which he is understanding which they did. Now the SEBI will call us, give the explanation and satisfied them.

Man Asher: And this sense it is of November the audit is completed by the auditors named V. Singh and Associates?

Ramesh Mansukhani: Yes right.

Moderator: Thank you. As there are no further questions from the participants I now hand the conference over to Mr. Mahantesh for closing comments.

Mahantesh: Thank you all for joining us today on this call. We hope you have addressed and solved all your queries and thank you once again. For any further queries please write to ask.

Moderator: Thank you. On behalf of Man Industries India Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.