

Manappuram aims to raise Rs300 cr through QIP

Wed, Dec 30 2009

Given a compounded annual growth rate of around 60% since fiscal 2007, the 60-year-old company needs funds to meet its capital needs

Kochi: Manappuram General Finance and Leasing Ltd, a non-banking financial company and the country's only listed gold loan institution, will raise Rs300 crore over the next month through qualified institutional placements (QIPs), a senior executive said on Tuesday.

At a Saturday meeting to look into fundraising options, the company board favoured the QIP route, chairman and managing director V.P. Nandakumar told Mint. The private placement of equity shares will be made to selected qualified institutional buyers in a month, he added.

A QIP is a speedy method of raising capital in which a listed company issues shares, convertible debentures and other securities to qualified institutional buyers. It is being increasingly preferred by cash-strapped Indian companies as it precludes the need to submit any pre-issue filings to market regulators.

In case the QIP fails to meet its target, Manappuram would consider a follow-on public issue or further private equity funding, Nandakumar said.

Given a compounded annual growth rate (CAGR) of around 60% since fiscal 2007, the 60-year-old company needs funds to meet its capital needs. With a credit book of more than Rs2,300 crore, it has to maintain a capital base of at least 15%, he said.

The company saw foreign direct investment of more than Rs170 crore during the last two years through private equity firms Sequoia Capital, India Equity Partners (Hudson Equity Holdings) and AlchemyAshmore, for a combined 35% stake.

Manappuram, which went public in 1995 and last week got judicial approval for merging subsidiary Manappuram Finance Tamilnadu Pvt Ltd with itself with retrospective effect from April 2008, recorded a net profit of Rs18.46 crore for the quarter ended September 2009.

The firm, which currently holds 22 tonnes of gold as collateral pledged by borrowers, has targeted business of Rs2,500 crore for the financial year ending March.