

Manappuram expects more glitter from gold

By G Balachandar May 05 2010 , Chennai

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Kerala-headquartered Manappuram General Finance and Leasing, which lends against the security of gold jewellery, backed by its branch expansion and endorsements by its brand ambassadors, has set an ambitious growth target for the present financial year.

The company expects about 88 per cent growth in gold loan disbursements for the present financial year. Manappuram, which disbursed about Rs 8,000 crore worth of gold loans in 2009-10, hopes to disburse about Rs 15,000 crore during financial year 2010-11.

"We have been growing at over 80 per cent in disbursements over the past two-three years and expect to maintain the same growth level this year also," V P Nandakumar, chairman, Manappuram General Finance and Leasing, said.

He also said the company would be able to shore up the capital as and when it required to support growth plans. The company recently raised about Rs 245 crore through a qualified institutional placement (QIP) for its capital requirements. About 12 investors participated in this exercise.

Manappuram will also expand its branch network by adding 500 more branches this year, taking the total number of branches to more than 1,600. The expansion will also see company entering five new states in the country. The lender has presence in 15 states.

The company has added about 700 new branches in the past two years and has staff strength of over 8,000 people for a customer base of over 500,000.

Nandakumar said that more branches would boost its gold lending business because the company's branches lend to people who are living in a radius of 5-10 km.

Nandakumar indicated that the company intends to explore new areas in gold loans by imparting liquidity to the vast privately held gold reserves in the country. All Indians put together are reported own about 20,000 tonnes of gold, which will be worth two-thirds India's gross domestic products. The total size of the mortgaged gold is estimated at 15,000 tonnes. Manappuram aims to impart liquidity to at least 10 per cent of such privately held gold. It presently manages over 24 tonnes of mortgaged gold assets.