

Business Standard

MAGFIL may raise Rs 3,250 cr

TE Narasimhan / Chennai August 12, 2009, 0:29 IST

The country's first listed gold loan company, Manappuram General Finance and Leasing Ltd (MAGFIL), is planning to raise around Rs 250 crore from the capital market and a loan of Rs 3,000 crore from banks. The proposed money infusion was to achieve the target of Rs 5,000 crore business by 2010-11, said VP Nandakumar, chairman and managing director, Manappuram Group of Companies.

He said in 2007-08, the non-banking finance company disbursed loans worth Rs 700 crore, which has risen to Rs 1,200 crore. The target for the current fiscal is Rs 2,500 crore.

The Kerala-based NBFC is a flagship company of the Manappuram group. Its exposure to gold loans is about 96 per cent. The average ticket size was around Rs 18,000 and duration a minimum of three months and a maximum 18 months, he said. "Our yield is around 30 per cent," he added.

On fund-raising, Nandakumar said the company would raise Rs 250 crore from the capital market and had tied up with banks to avail of a Rs 3,000 crore loan.

The company was planning to open 250 new branches and recruit another 1,000 people, he added. At present, the company operates 700 branches and employs 4,500 people.

We were looking at foraying into Singapore and UK by 2010-11, said Nandakumar.

Nandakumar said at present, 20,000 tonnes of gold was privately held in the country, of which only 10 per cent was pledged. The industry size is estimated at around Rs 3 lakh crore, while the potential size is Rs 30 lakh crore.