

Manappuram, group entity merger gets nod

By Sanjay Vijay Kumar Dec 24 2009

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Kerala-based gold loan lender Manappuram General Finance & Leasing (MAGFIL) has got approval from both the High Court of Madras and High Court of Kerala for the merger of its group company – Manappuram Finance Tamil Nadu, with itself. The company's board would meet on December 26, to consider raising capital via qualified institutional placements.

The merger is at a swap ratio 2.1:1 (21 MAGFIL shares for every 10 shares of Manappuram Finance Tamilnadu) and the combined entity will be called Manappuram General Finance & Leasing. The merged companies will have a presence of more than 830 branches across the country.

The combined entity saw its first half financial year 2009 profit jump 124 per cent to Rs 44.15 crore from Rs 19.75 crore. Total revenue increased 112 per cent to Rs 185.37 crore for the same period.

"The merger would lead to improved cost efficiencies and synergies in operations leading to enhanced shareholder value," Nandakumar, executive chairman of Manappuram Group said.

Meanwhile, MAGFIL's board would meet on December 26 to decide on raising capital via qualified institutional placements. In October, Nandakumar told Financial Chronicle that the company would raise Rs 300 crore via QIPs, dropping its original plan to take private equity route. He noted that the company already has a large number of private equity investors holding 32 per cent, which also lead the decision to go for QIPs.

He also had said the issue would happen in December or early next year after the merger of the two entities takes place.