

## 189% surge in gold loans drives Magfil profit



**AIMING HIGH:** Magfil, which made gold loan disbursements of Rs 8,000 crore in FY2010, expects 88 per cent growth in FY 2011

KERALA-BASED gold lender Manappuram General Finance & Leasing (Magfil) said its June quarter profit more than tripled, driven by an increase in revenue from its key segment as well as merger of Manappuram Finance (Tamil Nadu).

The company posted a net profit of Rs 46.2 crore for the quarter compared with Rs 14.2 crore in the same period last year.

Income from operations rose to Rs 186.1 crore from Rs 67.1 crore in the yearago quarter.

Revenue from gold loan segment, which accounts for more than 86 per cent of the company's business activities, rose 189 per cent to Rs 184.30 crore in the April-June period from Rs 63.70 crore, while profit leaped to Rs 74.70 crore from Rs 24.60 crore.

Magfil, which made gold loan disbursements of Rs 8,000 crore in financial year 2010, expects 88 per cent growth in the portfolio in financial year 2011.

The company also plans to expand its network by adding 500 more branches this year, taking the total number of branches to over 1,600. The expansion will see the company enter five new states.

The lender has presence in 15 states at present.

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

Magfil recently raised Rs 245 crore via qualified institutional placement, while venture capital firm Sequoia Capital exited the company last month with eight-fold returns.

The company has also proposed to increase its borrowing limit by 33 per cent to Rs 10,000 crore to drive growth in business volume. Out of the borrowing limit, Rs 1,000 crore is to be raised by the issue of fully secured redeemable non-convertible debentures (NCDs), pending shareholder approval.