

Business Standard

Manappuram to raise Rs 1,500 cr this fiscal

T E Narasimhan / Chennai July 26, 2010, 0:41 IST

Manappuram General Finance and Leasing Ltd (MGFL), a Kerala-based non-banking finance company which mainly focuses on gold loans, plans to raise around Rs 500 crore by way of Qualified Institutional Placement (QIP) and Rs 1,000 crore by way of issuing non-convertible debentures (NCDs).

The company's promoters also plan to infuse around Rs 100 crore into the company. The proposed fund-raising is to support the company's business target of around Rs 6,500 by end of the fiscal.

Speaking to Business Standard, V P Nandakumar, executive chairman, MGFL, said the initial business target for the current fiscal was Rs 5,000 crore, which would be achieved by end of September 30, 2010.

"We revised our business target (loan outstanding) to Rs 6,000-6,500 crore by end of the current fiscal, to support which the company has lined up various fund raising plans."

The plans include QIP to the tune of around Rs 400 crore, promoters will infuse around Rs 100 crore. The company is also planning for NCDs worth Rs 1,000 crore.

"As of now, our bank limit is around Rs 5,000 crore, of which 70 per cent is utilised, we may also look for commercial papers, and debt market," said Nandakumar.

"Promoters will infuse the money before September this year," he added. The company's net-owned fund was currently around Rs 670 crore and another Rs 225 crore would be ploughed back from the company's profit this year," he said.

As part of company's expansion plan, Nandakumar said, the company propose to open around 400 additional outlets during the current fiscal.

Currently the company employs around 8,000 people and plans to add 2,000 more by end of the current fiscal.

The company has posted a net profit of Rs 119.72 crore as compared to Rs 30.29 crore, an increase of around 295 per cent. Profitability was driven by the surge in company's gold loan book which went up to Rs 1,845.6 crore from Rs 397.5 crore, an increase of around 365 per cent.

"Last year, we undertook a major brand-building exercise by roping in leading film stars including Mohanlal, Vikram, Akshay Kumar and others for each region." The company had spent Rs 15 crore on the exercise.

The company's borrowers belong largely to the lower or lower-middle classes. The typical loan amount is between Rs 18,000 and Rs 25,000, taken for a period of no more than three or four months. "Surprisingly, this category has never been of interest to our commercial banks," said Nandakumar.