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Manappuram to acquire 85% stake in Asirvad MFI

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Manappuram Finance is in the process of acquiring 85 per cent stake in Chennai-based Asirvad Microfinance. The non-banking finance company has signed a non-binding term-sheet with Asirvad. After three years, Asirvad will become wholly owned subsidiary of Manappuram.

The acquisition would be made through a combination of secondary purchase of equity shares from existing shareholders, including VC fund Lok Capital and the promoters, and primary investment by way of subscription to equity shares in AMPL. Manappuram will be investing Rs 100 crore in Asirvad for the acquisition as well as growth capital. Asirvad, promoted by S V Raja Vaidyanathan, is a RBI registered NBFC-MFI, with operations in Tamil Nadu, Kerala, Odisha and Gujarat. It has a networth of Rs 35 crore and portfolio size of Rs 200 crore. Earlier in 2009, Lok Capital had invested about Rs 7 crore in Asirvad to pick up 24 per cent stake.

Manappuram wants to leverage the customer base of both the entities for each other's benefit. "Even if 10 per cent of Manappuram's clients go for micro finance, it will be a sizeable clientele for Asirvad. The microfinance business has become relatively safer with the NPA levels, barring in Andhra, at 0.3 per cent, as per a study by Crisil." said V P Nandakumar, MD and CEO of Manappuram Finance.

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