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Manappuram's credit rating moves to A1+

Our Bureau

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ICRA has upgraded the short-term rating of Manappuram General Finance and Leasing Ltd (MAGFIL), the flagship company of the Thrissur-based Manappuram Group, from A1 to A1+.

This is the highest credit quality rating awarded by ICRA to short-term debt instruments and the instruments rated under A1 Plus category reflect its stronger credit quality. The long-term rating of the company has also been upgraded by ICRA from LA to LA+, Mr V.P. Nandakumar, Chairman, Manappuram Group, said at a press meet.

He said that MAGFIL will soon be merged with another group company Manappuram Finance Tamil Nadu Ltd (MAFIT) and the merged entity will emerge much stronger in size of financial strength. Currently, these two companies have a network of 760 branches, a total business of Rs 3,000 crore, a workforce of over 5,000 and a net profit of Rs 47.69 crore during the last fiscal.

The group has been maintaining a tradition of doubling its working results every year and in the current fiscal too, he said.

According to Mr Nandakumar, the BASEL-II norms which are an international set of prudential standards applicable to commercial banks, the lending banks draw considerable regulatory comfort in respect of its lending to rated corporates such as Manappuram by way of lower capital adequacy. This comfort will be reflected in lower lending rates charged by banks to such corporates.

Manappuram Group has so far been sanctioned large working capital limits aggregating Rs 2,300 crore by various banks.