

Ratnakar Bank mulls ₹1,000-crore public issue this fiscal

Beena Parmar/K Ram Kumar

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Vishwavir Ahuja, MD and CEO, said*

Mumbai, April 7:

Kolhapur-headquartered Ratnakar Bank has drawn up plans to raise about ₹1,000 crore through an initial public offer in the current financial year.

According to Vishwavir Ahuja, MD and CEO, his bank has reached a tipping point, in terms of balance sheet size, profitability and number of branches, with all three parameters seeing robust growth in the last four years.

₹18,000-cr balance sheet

Ahuja said Ratnakar Bank is likely to end FY14 with a balance sheet size of ₹18,000 crore against ₹2,300 crore in July 2010, when the new management took charge.

Further, its profit is expected to be close to the three-digits mark in FY14 against ₹19 crore in 2010-11.

In FY13, the bank reported a net profit of ₹92 crore (₹66 crore in the year-ago period) on a balance sheet size of ₹13,000 crore (₹7,200 crore).

From about 50 branches, predominantly concentrated in Maharashtra and Karnataka, in 2010, the 71-year-old bank, which has been re-branded as RBL Bank, now has 175 branches spread across 12 States.

Pointing out that it has achieved all transformation goals, in terms of balance sheet size, profitability, geographical expansion, technology infrastructure, governance and capital, the new management set out to achieve four years ago, Ahuja said the bank has reached a tipping point whereby the next round of capital raising via an IPO will set the stage for the next three years of growth.

Ahuja said, “We might do it (IPO) in this calendar year or latest in the fourth quarter of this financial year.”

Receives ₹167-cr investment

On Wednesday, the bank received investment amounting to \$28 million (₹167 crore) from UK-based CDC Group. In the process, CDC picked up 4.8 per cent stake in the bank.

“The capital will be enough for this year,” said Ahuja.

In the last three years, the bank received investments aggregating ₹1,470 crore in three tranches. Shareholders who invested in the bank include HDFC, Norwest Venture Partners, Cartica Capital, International Finance Corporation, Faering Capital and Gaja Capital Partners.

Ahuja said the bank has managed to raise capital as and when the capital adequacy ratio (CAR) has fallen below 14 per cent. Post the CDC investment, the bank’s CAR has returned to 16-17 per cent.

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