

Bandhan Bank to offer 11.9 cr. shares

In what could be among the largest bank IPOs, private sector lender to issue 9.77 crore fresh shares

SPECIAL CORRESPONDENT
KOLKATA

The private sector Bandhan Bank Limited has filed a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI) for its proposed initial public offering of up to 119,280,494 equity shares of face value of ₹10 each.

The price would be determined through the book-building process.

The IPO consists of a fresh issue of up to 97,663,910 equity shares and an offer for sale of up to 14,050,780 equity shares by International Finance Corporation (IFC); and up to 7,565,804 equity shares by IFC FIG Investment Company.

The equity shares are proposed to be listed on the BSE and the National Stock Exchange.

Of Bandhan's present



New order: In 2014, Bandhan was among the first two to get an in-principle licence from the RBI in almost a decade.

equity, about 5% is held by GIC Singapore, a sovereign wealth fund, 4.9 % by IFC and IFC FIG, 0.32 % by SIDBI, 0.13 % by founder C.S. Ghosh and the balance is

held by Bandhan Non-Operating Holding Company. In 2014, the bank was among the first two to get provisional universal banking licence from RBI in almost a decade.

The book running lead managers to the Issue are Kotak Mahindra Capital Company Limited, Axis Capital Limited, Goldman Sachs (India) Securities Private Limited, JM Financial Institutional Securities Limited and J.P. Morgan India Private Limited.

'One-third for MFs'

At least one-third of the anchor investor portion shall be reserved for domestic mutual funds, subject to valid bids being received from this segment of investors at or above anchor investor allocation price.

In the event of under-subscription, or non-allocation in the anchor investor portion, the balance equity shares shall be added to the QIB portion.

Currently, Bandhan Bank operates across 33 Indian

States and Union Territories through a network of 864 branches, 2,485 Doorstep Service Centres and 386 ATMs, catering to more than 11 million customers.

2015 commencement

It has a workforce of about 25,200. Since its unveiling in August 2015, the bank has collected deposits exceeding ₹24,500 crore with an outstanding loan book of around ₹21,235 crore.

The Kolkata-headquartered bank has two divisions – general banking and micro banking – offering a suite of retail financial solutions, including a variety of savings and loan products.

As per the directives of the Reserve Bank of India, Bandhan had to make an initial public offer within three years of commencing banking operations.



In the market: If Bandhan Bank sells 12 crore shares, the post-IPO dilution will be 10%, says C.S. Ghosh.

'Raising funds will help spur growth'

Public offer as soon as possible: Ghosh

MANOJIT SAHA
MUMBAI

Bandhan Bank, one of the two lenders that received the universal banking licence in April 2014, will be hitting the capital markets with an initial public offer 'as soon as possible', said Chandra Sekhar Ghosh, the bank's MD and CEO, in an interaction with *The Hindu*.

Three-year deadline

Reserve Bank of India's new bank licence norm requires a bank to be listed within three years of commencing operations. The other lender that received the licence, IDFC Bank, is already listed on the exchanges.

"One of the objectives of the IPO is to strengthen the capital base for future growth of the bank," Mr. Ghosh said while explaining the rationale behind the IPO.

"Second, as per as the licensing norms, a bank needs to get listed within three years of starting operations. We started operations in August 2015," he added.

The Kolkata-headquartered bank, which converted itself from a micro-lender, has filed a Draft Red Herring Prospectus with the

Securities and Exchange Board of India for an IPO of up to 11.9 crore equity shares of face value of ₹10 each.

"If we are able to sell 12 crore shares, then the dilution will be 10%, after the IPO," according to Mr. Ghosh.

When asked about the timing of the initial public offer, Mr. Ghosh said, "As soon as possible... it depends on regulatory clearances and on the market conditions."

'Rise in income'

The lender had reported a more than 18% growth in net profit for the quarter ended September to ₹331 crore – driven by a substantial rise in both net interest income and non-interest income.

During that quarter, its loan book had grown by 23.42% to ₹22,111 crore, while deposits recorded a growth of 42.29% to ₹25,442 crore.

Bandhan Bank's gross non-performing assets were 1.26% as on September 30, while its net NPAs stood at 0.67%. The bank's capital adequacy ratio recorded a growth of 42.29% to 26.25%, with the tier-1 capital ratio at 24.86%.