

Ujjivan Fin IPO to open on April 28

Ahmedabad,

The initial public offer of Bengaluru-based microfinance institution Ujjivan Financial Services Ltd will hit the primary market from April 28-May 2 to raise Rs.875-882 crore. This constitutes a fresh issue of Rs.358.16 crore and the rest from an offer-for-sale of over 2.49 crore equity shares by existing shareholders.

The shares will be priced at Rs.207-210 a piece for a face value of Rs.10. The bid lot is 70 shares and multiples of 70.

The proceeds of the fresh issue will be used to augment the lending company's capital base. One of the conditions for microfinance institutions receiving the RBI's in-principle approval to convert into a small finance bank is

to reduce foreign shareholding to under 49 per cent. Through this IPO, Ujjivan will reduce its foreign shareholding from the current 77 per cent to 44-45 per cent, with partial and full exits by several foreign investors, including International Finance Corporation, Elevar Equity Mauritius, Sarva Capital and Mauritius Unitus Corporation.

The company raised Rs.291.83 crore in a pre-IPO placement round with institutional investors, selling over 1.42 crore shares at Rs.205 apiece.

Samit Ghosh, the 62-year-old founder and managing director of Ujjivan, is a first generation entrepreneur and an experienced banker with over 30 years at Citibank, Standard Chartered and HDFC Bank.

Samit Ghosh Managing Director said "I founded Ujjivan in 2005 for the 'Upliftment' of the unserved or underserved people by the mainstream financial services. We have been growing at about 50% CAGR because of our service and our business philosophy.

With assets under management of Rs.4,600 crore Ujjivan hopes to make its transition into a bank in the first quarter of 2017, the company's management said at a press conference here.

"We are looking at starting of operations by the first quarter of the next financial year. We will be building on our strengths and also build a core banking system and treasury operations," said Sudha Suresh, chief financial officer.