

No additional capital for 5 years after successful IPO: Ujjivan CEO

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Kolkata, April 26: Ujjivan Financial Services, which will be transformed into a small finance bank (SFB) by March next year with around 190 bank branches, would not require additional capital for the next five years if the currently launched IPO becomes successful in the primary market.

The Bengaluru-based microfinance company intends to raise about ₹900 crore from the IPO route as it has already raised ₹292 crore in a pre-IPO placement. "Following the initial public offering, we are confident of mopping up a total of ₹1,200 crore from the market. After raising the amount we will not require any additional capital for the company in the next four-five years," Ujjivan Financial Services MD & CEO Samit Ghosh told *FE*.

The IPO, which opens on April 28, consists of a fresh issue of equity shares, aggregating up to ₹358 crore by the company and an offer for sale of up to 24,968,332 equity shares by Elevar, FMO, IFC, IFIF, MUC, Sarva Capital, WCP and WWB.

"A major part of the IPO proceeds will be used to reduce foreign shareholding in Ujjivan by providing an exit route to some of the existing foreign shareholders.

Around ₹600 crore would come into the company from the proceeds. A portion of this will be utilised in building the physical infrastructure like IT, ATM and channel for the upcoming small finance bank," Ghosh said.

The micro-lender had an original foreign shareholding of about 90%. The offer, if fully subscribed, will bring down foreign shareholding from the current 77% to nearly 45% following the RBI's directive to bring down foreign investment in all SFBs below 49%.