

IFC & GIC Likely to Pump ₹500 cr More into Bandhan

Second round of funding for both, but timing of infusion and latest shareholding not clear

Atmadip Ray@timesgroup.com

Kolkata: Multilateral financier International Finance Corporation (IFC) and the Singapore government-backed GIC are likely to raise their investments in Bandhan after it got the final banking licence by the Reserve Bank of India.

The global investors may pump in fresh ₹500 crore equity, making it their second round of stake buy in the company this fiscal. IFC, GIC and state-run Small Industries Development Bank of India invested ₹1,020 crore in the Kolkata-based small lender in May.

"The fresh investment would directly go to the bank," Bandhan Financial Services chairman and managing director Chandra Shek-

har Ghosh told ET on Thursday, but did not divulge details about the timing of capital infusion or the latest shareholding pattern.

"What attracts investors towards Bandhan is its simple, but highly efficient structure of operations," said Abhijit Ray, co-founder and managing director of Unitus Capital, which helps social enterprises in Asia to raise capital.

Bandhan Financial Services would be the non-operative financial holding company which will hold Bandhan Bank, in line with the RBI's new private bank licensing guidelines. The objective is that the holding company should ring fence the bank from other activities of the group.

Bandhan said that it would begin banking operations on Au-

gust 23. RBI rule stipulates the new bank to get its shares listed on the stock exchanges within three years of the beginning of the operations.

Bandhan had received ₹640.87 crore from GIC in May, while IFC has put in ₹344 crore. Sidbi has invested ₹35 crore in the Kolkata-based lender, which is India's first microfinance company to transform into a bank.

The equity infusion took the lender's net worth to ₹2,616 crore. The expansion of capital was the last hurdle for Bandhan for getting

the final banking licence.

"These investors are committed to invest another ₹500 crore in Bandhan after it turns itself into a bank," Ghosh had said earlier.

Bandhan Bank would start its journey with 500-600 branches and ₹11,000-crore loan book. It would be present in 27 Indian states. All the existing microfinance businesses of the company and clients will be transferred to the bank.

There will be two distinct layers of business for the new bank. The first, which it will call 'micro banking', will be based on its proven expertise in the small loan business. The second vertical would be general banking, which would include SME, MSME, auto and small housing loans.



Bandhan Financial Services will be the holding company of Bandhan Bank