

PE firms, HDFC buy Ratnakar Bank's 30%

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MUMBAI: A string of private equity investors and one financial institution have bought a combined stake of over 30% in Ratnakar Bank, a sleepy private sector lender in Kolhapur, Maharashtra, at Rs 67 a share.

The financial investors picked up the unsubscribed portion of the bank's rights issue of Rs 720 crore. The shares have a face value of Rs 10.

The new institutional investors are Beacon India Private Equity Fund, Cartica Capital, Faering Capital, Gaja Capital Partners, Norwest Venture Partners and Samara Capital, and HDFC among others. None of the investors hold more than 5% of the bank's equity. None of the institutions, however, will have a board seat. Several individual investors, including NRIs, have also bought shares in the bank. The NRI holding is up to 5.4% from 5%.

"We don't plan to come out with an IPO for the next couple of years," Ratnakar CEO & MD Vishwavir Ahuja told ET. Ratnakar Bank is among the few old private banks that are not yet listed.

The bank posted a net profit of a little over Rs 19 crore for FY10. As of March 31, 2010, it had assets of Rs 2,086 crore and deposit of Rs 1,585 crore. Post-fund infusion, the book value will rise to Rs 51 from Rs 35.

Plans to rope in new investors and add branches began after Ahuja, who headed Bank of America for years, stepped in as CEO. Announcing the entry of new investors, a bank release issued on Thursday said Ratnakar will set up its main office in Mumbai. The number of branches, up from 85 to 98, will touch 100 by March.

Other senior professionals to join the bank include Rajeev Ahuja (ex-Head, fixed income capital markets and sales, Citibank), Nitin Chopra (ex-CEO of Bharti Axa Life Insurance), Sunil Gulati (ex-Group president, corporate & institutional banking of YES Bank), Suhas Sahakari (ex-head, SME business, Axis Bank), Shanta Vallury (ex-head, liabilities distribution of ICICI Bank) and Naresh Karia (ex-country controller, Citibank).

"We are keen to address this by providing modern financial services to emerging large companies, small & medium enterprises, retail banking segments and the largely untapped financial inclusion segment, and be the 'bank of choice' in the segments we operate," said a release quoting Ahuja. Ratnakar Bank, which was established in 1943, has a presence in Maharashtra, Gujarat, Delhi, Karnataka and Goa.