

Dena Bank to raise funds to sustain 12% loan growth

Abha Bakaya / Sunanda Jayaseelan

Have got board approval to raise Rs. 1,500 cr of Tier-I bonds and Rs. 2,000 cr of Tier-II bonds: CMD Aswani Kumar



Dena Bank is gearing up for a massive fund-raising plan — the lender plans to raise equity by diluting government stake from 65 to 52 per cent, raise Rs. 1,500 crore through Tier-I bonds and another Rs. 2,000 crore via Tier-II bonds. Speaking to Bloomberg TV India, Dena Bank CMD Aswani Kumar says the lender will raise equity when market conditions are favourable. The bank is also focusing on reducing non-performing assets (NPAs) drastically in the coming quarters.

Dena Bank has plans to bring down government stake from the present 65 per cent to 52 per cent over a period of time. The board has approved a plan to raise equity capital. What's the timeframe you are looking for the dilution of government stake and the other fund-raising plans approved by the board?

We have taken approval for raising additional Tier-I bonds to the extent of Rs. 1,500 crore and Tier-II bonds of Rs. 2,000 crore. And if the market conditions are good and if we get permission from the government and the RBI, then we can raise some equity also.

There is no defined timeframe. But as the market conditions improve we will go and raise some capital.

What do you intend to do with the funds? Any kind of details you can share with us?

Funds have to be raised because we expect credit growth of 11-12 per cent during the financial year. As of September, our CRAR was 11.22 per cent. So to maintain a CRAR of 11.5 per cent, we need to raise the capital. So we have to raise Tier-I bonds. We may be comfortable with the equity right now. As regards the common equity portion, that has also to come and we have to raise it as and when the market conditions improve and we find an appropriate time to enter the market.

Is there a timeframe by which you expect this will come down. Will you use any part of the funds that will be raised to write off the bad loans and bring down NPAs significantly?

No, no, I cannot give you any timeframe by which NPAs are going to come down. But we are pursuing recovery. Some accounts are likely to be upgraded during this remaining part of this fiscal.