

Allahabad Bank aims to raise ₹1,200 crore via QIP in FY20

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Lender posts Q4 net profit of ₹634 crore

Allahabad Bank is looking to raise close to ₹1,200 crore through Qualified Institutional Placement (QIP) this fiscal. According to SS Mallikarjuna Rao, MD and CEO, the bank will have to raise capital of close to ₹4,500 crore by October 2020 to bring down the promoter holding to 75 per cent, from the present 92 per cent.

“We will have to raise around ₹4,500 crore to bring down government holding to 75 per cent by October 2020. We will do that in three or more tranches and look at various fund-raising options, including QIP for the same,” Rao told newsmen here on Friday.

The QIP is likely to bring down the government holding by 7-8 basis points by the end of this fiscal.

To turn profitable in Q1

Allahabad Bank, which recently came out of the Prompt Corrective Action (PCA) framework of the Reserve Bank of India, is expecting to turn profitable by the first quarter of this fiscal. The bank is hopeful of registering an operating profit of close to ₹750-800 crore in the first quarter.

For the quarter ended March 31, 2019, the bank posted an operating profit of ₹634 crore, over five times that of the ₹123 crore it registered in the same period last year.

“We hope to be able to achieve an operating profit of ₹1,000-1,200 crore in each





quarter by Q4 of this fiscal,” he said. The bank has already witnessed an improvement in business, with its net interest income growing by nearly 16 per cent on a year-on-year basis. Its net interest margin also improved to 2.58 per cent (2.20 per cent) as on March 2019.

“The cost of deposits has been coming down, and yield on advances has been increasing. We are already on a growth trajectory, and we hope to be profitable by the first quarter of this fiscal,” he said.

On the back of higher provisioning for bad loans, the bank saw its losses widen to ₹3,834 crore for the quarter ended March 31, 2019, compared to a net loss of ₹3,509 crore in the same period last year.

Total provisioning went up by nearly 10 per cent to ₹5,284 crore (₹4,783 crore).

Net interest income grew by 41 per cent to ₹1,258 crore, against ₹889 crore in the same period last year. Net interest margin (NIM) improved to 2.36 per cent (1.62 per cent) during the quarter under review.

Gross non-performing assets (NPA) to advances increased to 17.55 per cent (15.96 per cent), while net NPA declined to 5.22 per cent (8.04 per cent).

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QIP Allahabad Bank

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