

MONEY BOOST The bank, impacted by bad loans, looks forward to getting ₹4,020 cr on its books before the fiscal ends

Will ICICI Get Proceeds of ISec IPO This Fiscal?

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Mumbai: Investment bankers are racing against time to ensure the proceeds of the initial public offering (IPO) of ICICI Securities flow into the account of parent ICICI Bank, which will cushion its earnings that are expected to be impacted by higher bad loans and provisioning for likely losses.

Bankers are working overtime to ensure they beat the holiday-shortened week to see to it that the amount — ₹4,020 crore — is credited into the account of ICICI Bank.

The issue closes on March 26 and banks have only two days in the week to March 31 as markets are shut for trading on March 29 and 30.

“We are trying our best to ensure the money comes in before the end of the financial year. The normal settlement is T+5 (trading plus five days) but that is the SEBI outer limit,” said a banker involved in the issue.

ICICI Bank CEO Chanda Kochhar said all the money raised from the IPO will move to the bank, but did not say by when it would come. “All I can say is that we will follow the procedures. The bankers will decide how things will happen,” she said.

ICICI Bank needs the money to come in before the end of the fiscal as it has delayed some provisions on loans that were taken to the bankruptcy courts under the Insolvency and Bankruptcy Code (IBC), said Asutosh Mishra, analyst at Reliance Securities.

“The bank will have to make provisions in the current quarter specially the accounts which were not provided for in the last quarter. RBI regulations also state that accounts



which are not resolved in a stipulated timeframe have to be provided 100% by March 31. If RBI does not provide a dispensation to banks, lenders like ICICI would need thousands of crores of fresh provisions,” Mishra said.

ICICI will also have to make provisions for treasury losses as the 10-year bond yield has risen to 7.7% so far this quarter from 7.32% at the end of December.

The bank board had approved the share sale in November 2017, following which a draft red herring prospectus (DRHP) was filed with the Securities and Exchange Board of India (SEBI) on December 15 2017. The SEBI go ahead came in February.

Results in the company's DRHP showed that ICICI Securities its net profit in the first half of the current fiscal rose 47% to ₹2,457 crore in the six months ended September 2017 from ₹1,669 crore a year earlier. Brokerage revenue, the bank's main income rose 19% year on year.