

Suryoday Bank Promoters Look to Inject ₹60 crore

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Kolkata: Promoters of Suryoday Small Finance Bank are looking to put more skin in the game by putting around ₹60 crore before the bank hits the capital market for raising another ₹200-225 crore equity later in the year.

Promoters' equity infusion would help them maintain a minimum 26% shareholding even after raising capital from other investors. Promoters hold 29% in the small bank while institutional investors have 58.8% interest.

Suryoday Managing Director R Baskar Babu confirmed it saying that the plan is subject to regulator's approval.

He said shareholders have approved promoters' plan to subscribe about 45 lakh shares at ₹140 apiece. Reserve Bank of India's stipulation requires Suryoday to lock in promoters' contribution at 26% for five years from January 2017, when it transformed itself into a bank from its previous avatar as a microfinance company.

RBI norm for small finance

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banks typically mandates promoters' minimum contribution at 40% with a 12-year window to pare it to 26%. However, the entities which had already lowered promoters' holding to below 40% but above 26%, are allowed to keep it at the minimum 26%.

After receiving the capital injection from promoters, Suryoday will hit the capital market. It has hired Edelweiss Financial Services to manage it. Backed by International Finance Corporation, the small bank has decided to invite both existing and new investors for capital.

"We plan to complete this exercise by FY19. The fresh capital will take care of our business growth for the next two years," said Babu, who holds 8% in it.

The fresh capital will also help it diversify investor base before it goes for public listing which it intends to do so in 2020.

IFC has 6.5% interest in the small finance bank as on March while Sarva Capital is the largest shareholder with 9.06%, according to the bank's annual report.