

Government to restructure equity capital of Punjab and Sind Bank

The government Friday decided to revamp the capital structure of Punjab and Sind Bank by restructuring its equity so that the public sector bank can raise money from the capital market.

The decision to revamp the capital structure of the weak bank was taken by the union cabinet here.

'Restructuring would enable the bank to go for initial public offer for raising additional capital from the market,' Science and Technology Minister Kapil Sibal told reporters after the cabinet meeting.

The restructuring of the equity capital will be done by converting Rs.1.6 billion into 'innovative perpetual debt instrument' and Rs.2 billion into 'perpetual non-cumulative preference shares'.

As much as Rs.1.83 billion will be retained as the equity capital by the bank.

Sibal said the enhanced capital will enable the bank to expand its business in compliance with Basel II requirements (international risk norms) and thereby improve its financial position.

He said the timing of the IPO would be decided by the board of the bank.

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