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FinMin relaxes norms for bankers for RVNL stake sale

BY PTI | MAY 26, 2017, 04:30 PM IST

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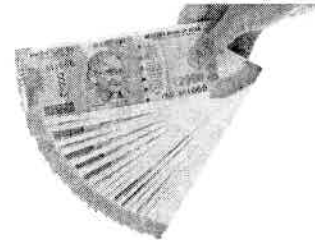
NEW DELHI: Tepid response from merchant bankers for RVNL stake sale has prompted the finance ministry to relax the eligibility criteria to encourage more entities participate in the tender process.

The Department of Investment and Public Asset Management (DIPAM) has come out with a revised Request for Proposal (RFP) to allow merchant bankers, who have handled at least one issue of Rs 250 crore, to participate in the bidding process.

The monetary limit was Rs 500 crore in the first RFP which was floated by the DIPAM in April for handling the IPO of Rail Vikas Nigam Ltd (RVNL).

Although DIPAM intended to appoint five merchant bankers, only three came forward because of the stiff conditions set in the first RFP.

The three bankers who made presentations to the DIPAM on May 24 were Edelweiss Financial Services, Yes Securities and IDFC Bank Ltd.



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In the revised RFP, the DIPAM said it will appoint only three merchant bankers, as against five earlier. The bankers would have to submit bids by June 19.



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The Union Cabinet had in April cleared disinvestment of RVNL along with four other railway PSUs – IRCTC, RITES, IRCON and IRFC.

The government currently holds 100 per cent stake in all these PSUs.

Finance Minister Arun Jaitley had announced in the Union Budget on February 1 the government's plan to list rail PSUs.

RVNL, which builds infrastructure for high speed rail, made a profit of Rs 287.59 crore in 2015-16 and its net worth was at Rs 2,827.83 crore.

A part of the public offering will be reserved for employees of the respective companies. The eligible employees and retail investors will be offered shares at a discount on the issue price, it added.

In the Union Budget 2017-18, the government set a mobilisation target of Rs 46,500 crore via minority stake sale and Rs 15,000 crore from strategic disinvestment.

In 2016-17 fiscal, the government had raised over Rs 46,247 crore from disinvestment.

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