

Govt revives strategic sale of IDBI Bk after scrapping bids

Explores Other Valuation Methods, Quick Disinvestment

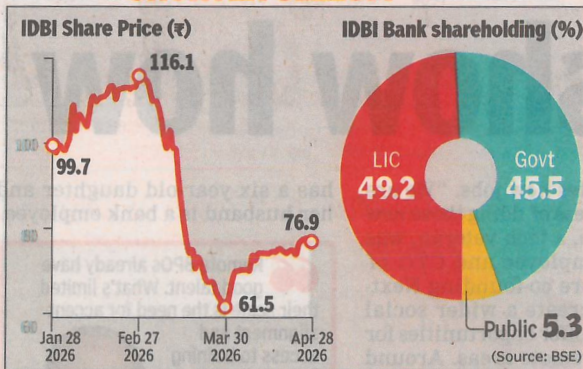
TIMES NEWS NETWORK

New Delhi: The Centre has revived the strategic sale of its stake in IDBI Bank, along with LIC's stake a month after the two bids were rejected as they were way below the reserve price.

Persons familiar with the discussions said a fresh valuation exercise is being undertaken, given that the bank has a small free float, making price discovery through that route difficult. At the same time, officials will examine whether the sale process should be limited to the existing set of bidders or the process should be undertaken afresh, although the idea is to expedite the exercise to ensure that global investors retain trust and govt also raises resources to meet its ambitious funding requirements for investment and schemes.

Retaining the pool for players, who had bid, may open up

EYEING SHORTER SELLOFF TIMELINE



the possibility of litigation, an official cautioned. At the same time, there is recognition in govt that the abandoned sale process was too long - lasting five years. And, keeping a shorter timeline is critical in whatever shape the process is revived. Besides, feedback from bidders is seen to be key as some of the interested play-

ers, such as Kotak Mahindra, dropped out due to high pension burden that was coming with the bank.

Similarly, govt's continuation as a stakeholder is another concern flagged by some of the bankers, who argued that many feared that the Centre may drive the operations in a way that it served

its interest and the new owner may not get a completely free hand. "If the govt is really serious about privatisation it should not have any remaining shares," said an executive with one of the entities that was interested in acquiring the bank.

The Centre holds a 45.5% stake in IDBI Bank, while LIC is the largest shareholder with 49.2% holding.

The exact details of the process is expected to be firm up in the coming months, but with the Centre chasing an ambitious disinvestment and asset monetisation target of Rs 80,000 crore in the current fiscal year, merely depending on InvITs by NHAH may not help govt.

IDBI Bank shares have recovered in recent days after FM Nirmala Sitharaman said that govt will divest its stake in the entity and closed at Rs 76.9 on BSE on Tuesday.