

# Divestment via OFS: DIPAM moves to empanel bankers, legal advisors

Appointment will be for 2 yrs, extendable by one year

## OUR BUREAU

New Delhi, September 30

The Department of Investment and Public Asset Management (DIPAM) has initiated a move to empanel merchant bankers and legal advisors for selling its stake in Central Public Sector Enterprises (CPSEs).

The empanelment will be for two years and comprise four categories. This indicates the government's intention to offload its share in a number of CPSEs. The tender document does not list the names of CPSEs identified for disinvestment.

"The GOI (Government of India) envisages to disinvest its

shareholding in CPSE's through the offer for sale through stock exchange mechanism/sale of shares in stock market (dribbling) from time to time for which this request for proposal (RFP) for empanelment of merchant bankers-cum-selling brokers is being floated," a tender document made available on the Central Government Procurement Portal said.

As on date, 54 CPSEs are listed on stock exchanges.

Offer for Sale (OFS) is a simpler and less time-consuming method for selling shares by listed companies. Introduced in

2012, this mechanism was mainly brought in to help promoters of listed entities achieve minimum public shareholding norms. Later, this became a key tool for the government to divest its shareholding in CPSEs.

### 4 categories

DIPAM's tender document said the government intends to empanel merchant bankers-cum-selling brokers for two years, which can be extended for one more year. The bidders can apply for empanelment under four categories, depending upon the capacity of the bidders in handling the transac-

tions. The first category will be called 'A++' for a transaction size of over ₹2,000 crore. The second category or 'A+' will be for a transaction size between ₹750 crore and ₹2,000 crore. The third category or 'A' will be for a transaction size of less than ₹750 crore and the fourth category 'B' will be for sale of shares on the stock exchanges (dribbling) and will be used for all transactions irrespective of size.

Selected merchant bankers will advise the government on the timing and the modalities of the OFS.

Legal advisors should be of reputed law firms – domestic and international – with experience and expertise in initial/further public offerings in capital markets.

