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CDC, GIC may pick up stake in IDBI Bank

By *Saloni Shukla*, ET Bureau | Updated: Mar 01, 2016, 06:45 PM IST

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MUMBAI: Government-owned **IDBI Bank** has received interest from UK's **CDC** and Singapore's **GIC** to acquire a stake in the bank, its chief executive confirmed on Tuesday.

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"You are talking about IFC, but there are many others -- CDC is there, GIC is there, these investors are looking for it (to pick up stake), because they know IDBI is a very credible bank," **Kishore Kharat**, CEO, IDBI Bank, said. ET had earlier reported that the government was in talks with the International Finance Corp to sell up to 15% in IDBI Bank.

The government directly owns 76.5% stake in IDBI Bank and has an additional 13.8% through public sector entities such as **Life Insurance Corp.** of India. IDBI Bank is also selling shares through a preference issue to **LIC** that would fetch the bank Rs 1500 crore.

The bank has also set an aggressive three-year target of doubling its business and sharply reducing bad loans, a day after finance minister Jaitley said he would consider ceding control of the state-run bank.

"The finance minister has worded it very clearly, they have the option to bring down the stake below 50%," said Kharat. "But if we are able to exhibit good performance and transform into a strong bank, they would like to keep the stake at 50%."

IDBI Bank is expecting to double its business to Rs 10 lakh crore till FY 2019 and reduce its gross non-performing assets below 3%. The lender said it expects to achieve a "near zero net NPA" in the next three years by stepping up recovery efforts. Gross non-performing assets made up for 8.94% of IDBI Bank's gross advances as of December 31, 2015, higher than 6.92% at the end of September.

The bank is also looking to sell non-core assets worth Rs 1200-1500 crore by the end of this month and has a plan to raise over Rs 3000 crore via sale of non-core assets over the next three years. It needs nearly Rs 20,000 crore to meet its growth requirements till 2019.

As part of its transformation plan, the bank will also reallocate its portfolio to bring down its exposure in the infrastructure and corporate sectors. Over the next three years, it bank will increase its retail advances to 41.1% of the total book as against 32.5% currently. The bank will also reduce its corporate book by 6% and bring it down to 37% till FY 2019.

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