

# Business Standard

## IDBI Bank to raise Rs 20,000 crore from bonds in FY17

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*(From left) Kishor Kharat, MD & CEO, IDBI Bank and B K Batra, Deputy MD, IDBI Bank at press conference to announce the lender's third quarter results in Mumbai (pic: Suryakant Niwate)*

State-owned IDBI Bank said Tuesday it plans to raise Rs 20,000 crore from bonds in one or more tranches next fiscal to fund business growth.

The bank, at its board meeting held today, approved in-principle the rupee bond issuance limit of Rs

20,000 crore, IDBI Bank said in a regulatory filing to stock exchanges.

The fund would be raised in one or more tranches comprising senior or infrastructure bonds, Basel-III compliant tier-II or additional tier-I bonds by way of private placement or public issue in 2016-17, it said.

Last month, the bank got market regulator Sebi's approval to raise Rs 3,771 crore through issue of shares to qualified institutional players, a move which would dilute the government's holding significantly in the lender.

The government's holding in the bank stands at 80.16%.

As per the existing norms, the government equity in a PSB cannot go below 52% to maintain the public sector character of state-owned banks.

Finance Minister Arun Jaitley had earlier indicated a change in the characteristics of IDBI Bank where government would have a majority stake, but at the same time maintain an arm's length distance.

In the Budget speech, Jaitley had said, "Our public sector banks will have to be strong and competitive. The Bank Board Bureau will be operationalised during 2016-17 and a road map for consolidation of the banks will be spelt out. The process of transformation of IDBI Bank has already started."

The government will take it forward and also consider the option of reducing its stake to below 50%, he had said.