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# SBI kick-starts merger operations, appoints external parties

By [Saikat Das](#), ET Bureau | Updated: Jul 27, 2016, 07:38 PM IST

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MUMBAI: [State Bank of India](#) has kick-started the formal process of merging associate banks and [Bharatiya Mahila Bank](#), which would create a banking entity with total assets worth about Rs 29 lakh crore. The bank has appointed merchant bankers, valuation consultants and law firms to complete the process.

The country's largest lender has mandated JM Financial as an independent merchant banker while E&Y, PWC, Grant Thornton, BDO Consulting are working on valuations of all the banks involved, including SBI, [State Bank of Bikaner and Jaipur](#), [State Bank of Travancore](#) and State Bank of Mysore, three people with direct knowledge of the matter told ET. Companies could not be contacted immediately for comments.

"We have appointed consultants (for valuations) and law firms for merger of associate banks and Bharatiya Mahila Bank," Arundhati Bhattacharya, chairman, State Bank of India, told ET, confirming the matter. "Our proposed mergers should be completed by March this financial year," she said.

AZB & Partners and Shardul Amarchand Mangaldas & Co are legal advisors for associate banks and Bharatiya Mahila Bank, which will die an early death before it actually sees the light of the day as a standalone entity. The UPA-government had launched Mahila Bank three years ago.

Ashwath Rau, partner at AZB, and Sapan Gupta, partner at Shardul Amarchand, are working on the deals.

"SBI Cap is helping us in the process," said [Neeraj Vyas](#), deputy managing director, SBI. "Since they are a group company, we have appointed an independent merchant banker to provide a fairness opinion on valuation report that will be given by the valuers."

Public share holdings in SBBJ, SBT and SBM are in the range of 10-25%, while the parent bank fully owns the State Bank of Hyderabad and State Bank of Patiala.

Earlier in June, the government gave the go-ahead to the merger of State Bank of India (SBI) with its five associate lenders and Bharatiya Mahila Bank.

This also will enhance SBI's global ranking, which was at 52 globally in terms of assets in 2015, according to Bloomberg. A merger will help the lender find a place in the top 50 banks worldwide.

The move would create a banking behemoth with a balance sheet size of Rs 37 lakh crore, SBI chairman Bhattacharya was quoted as saying earlier. That may be more than five-times the country's second largest lender ICICI Bank.

The associate banks have a little over 70,000 employees, about 35% of SBI's total employee base, show a market estimate.

But bank unions including AIBEA and AIBOA have opposed any mergers and have met finance minister Arun Jaitley expressing their reservations against the move.

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