

Public sector lender [IDBI Bank](#) has kicked off the process to appoint a transaction advisor to offload 25 per cent stake held by IDBI Capital Market in mutual fund subsidiary IDBI [Asset Management Company](#) (AMC).

The stake sale in the [AMC](#) is in addition to the ongoing work to pare stake in [NSDL](#) and insurance joint venture.

IDBI Capital Market, the investment banking arm, will reduce stake in the [AMC](#) from the current 33 per cent.

The balance 67 per cent is held by [IDBI Bank](#). Industry sources said it will be difficult for [IDBI Bank](#) to find buyers for its stake in the [AMC](#) business due to its small scale of operations.

The bank may also not get a desirable valuation for its stake since higher amount of equity assets generally means a higher valuation.

However, in the case of IDBI AMC, equity assets only account for 31 per cent of IDBI AMC's Rs 100 billion [assets under management](#) (AUM).

IDBI AMC is the 24th largest domestic AMC in terms of [AUM](#). Officials at IDBI AMC said they are not yet aware of any bid being made for the mutual fund business.

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IDBI hopes to conclude sale of its 30 per cent stake in [NSDL](#) which is valued around Rs 9 billion. There are certain issues associated with the sponsoring organisation's (IDBI Bank as sponsor of NSDL) stake which the Securities and Exchange Board of India (Sebi) is aware of.

As for the fate of its insurance venture, IDBI executive said the process of selling stake in IDBI Federal Life Insurance is expected to conclude by September.

There was a setback last week after Max Financial Services, one of the contenders, informed the stock exchanges that it decided not to pursue the current acquisition opportunity.

IDBI Federal Life Insurance was valued at Rs 60 billion by both [Max Financial Services](#) and [Birla Sun Life](#). The sale process, which started 15 months ago, has seen interest from nine insurance companies and private equity funds.

Investment bank JP Morgan is running the mandate for the stake sale by IDBI Federal Life Insurance. Max Life and [Birla Sun Life](#) were the two bidders shortlisted for the sale.

AT A GLANCE

- AMC stake sale part of non-core asset monetisation
- IDBI AMC's AUM around ₹100 bn
- IDBI Capital market holds 33% stake in the AMC
- Stake in IDBI Federal Life Insurance also on the block. Max Life, Birla Sun Life were the two bidders shortlisted for the sale