

Bank of Baroda, Dena Bank and Vijaya Bank to appoint valuers for merger

Applications are being invited from chartered accountancy firms to value each bank and decide on the probable swap ratio.

Bank of Baroda (BoB), Dena Bank and Vijaya Bank will appoint valuers ahead of their merger. The three public sector banks have floated a request for proposal (RFP) to appoint valuers for an independent valuation of their respective banks for the proposed merger.

"The boards of the three banks have already approved the process and intimated the government. Post that, the chiefs of the three banks met to decide on setting up internal committees to help the banks integrate their functions. Applications have also been invited from chartered accountancy firms to help with respect to the valuation by each bank and deciding on the probable swap ratios," a source told Moneycontrol.

The merger paves the way for the creation of the third largest bank in India, after State Bank of India (SBI) and HDFC Bank. The merged entity will have a total business of Rs 14.82 lakh crore and command 6.8 percent market share by loans.

In its RFP, Bank of Baroda has proposed that the valuer would work with his counterpart appointed by Dena Bank and Vijaya Bank to collectively value the three financial institutions.

BoB will also issue/sign a joint swap ratio report along with the valuer of each of the two banks for the proposed merger.

BoB's deadline to submit bids was October 16, while for Dena and Vijaya Bank it is October 26 and October 29, respectively, after which the banks will finalise the valuers.

According to a Mint report, the banks have decided to set up internal committees and the valuer appointed by one bank will evaluate the other two, before a common ratio is arrived at and sent to the government.

The internal committees will comprise the chief executive officers (CEOs) and executive directors of the three banks. "We have decided to form a few internal committees to integrate functions in the three banks. They include committees on credit, human resources (HR) and information technology (IT)," the report quoted a source as saying.

A Bank of Baroda official confirmed that the employees and staff will not get affected and would operate in an "assured environment".

(Money Control)