

Govt weighs options to revive IDBI Bank privatisation

Bloomberg

The Indian authorities are exploring ways to revive interest from potential buyers after their long-running efforts to divest a majority stake in IDBI Bank hit a snag, according to people familiar with the matter.

One of the options is to reduce the reserve price by as much as 20 per cent after buyers balked in the previous round, which was halted in March, said one of the people, asking not to be identified as the details are not public. Efforts are underway to make a deal feasible, including setting a price that captures the bank's intrinsic value and lowers the reliance on its share price, the people said.

The options are still preliminary and subject to change, the people said.



The government scrapped bids for IDBI Bank as they fell short of the minimum price, according to people familiar with the matter. Fairfax Financial Holdings Ltd., founded by Indian-born Canadian billionaire Prem Watsa, was the frontrunner to buy the stake, while Emirates NBD PJSC had also bid, people said.

Officials have also indicated their intention to restart the sale process with interested bidders, including Fairfax, one of the people said. IDBI Bank's shares have shed about 32 per cent this year,

underperforming a 10 per cent fall in the Nifty Bank Index. The Finance Ministry, IDBI Bank and Fairfax did not respond to requests for comments.

Kotak Mahindra Bank Ltd. was initially interested in IDBI Bank but did not put in a bid as the valuation was too high. The bank had shown a so-called expression of interest in IDBI Bank and received a fit-and-proper criteria by RBI, but did not submit a bid.

Authorities are assessing whether additional bidders can be brought into the process, although that may require fresh "fit and proper" approvals from the RBI, potentially pushing back timelines, the people said. So far, smaller stake sales or an offer-for-sale route are not under consideration, they said.