

BIGGEST FOREIGN INVESTMENT IN A LOCAL BANK

Fairfax to Take Over IDBI Bank in \$5.5b Deal

Prem Watsa-owned co to make open offer too; govt, LIC to gain over ₹26,000 cr each

Joel Rebello

Mumbai: The government has finalised Fairfax Holdings for the sale of its stake in IDBI Bank after the Canadian firm sweetened its offer, people aware of the development said.

The decision was made Tuesday after meetings at the finance ministry.

"Fairfax is now offering ₹81 per share, which is higher than their offer of ₹75 given last year," one of the people said.

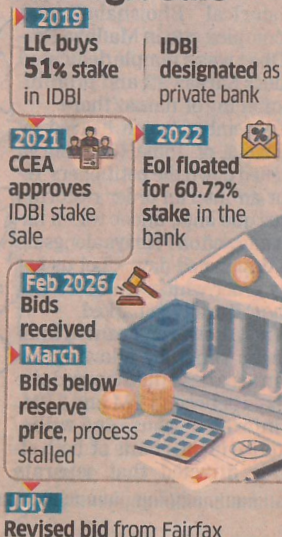
At this price, the government could raise around ₹26,620 crore by selling a 30.48% stake out of the 45.48% it holds in the bank.

State-run Life Insurance Corporation that owns just under 50% in the bank is also planning to sell 30.24%, which will take the total deal size to ₹53,000 crore (\$5.5 billion) and make it the biggest foreign investment in an Indian bank.

Prem Watsa-owned Fairfax Holdings will have to also make an open offer to the public shareholders.

Several Approvals Needed → 10

Strategic Sale



OTHER STRATEGIC SALE TRANSACTIONS IN PROCESS

NMDC Steel, HLL Lifecare, Projects & Development India (PDIL), BEML & Shipping Corporation of India (SCI)

Source: DIPAM

Disinvestment in FY27

₹20,272 crore so far

Central Bank of India	₹2,226 cr
Coal India	₹5,542 cr
NHPC	₹4,357 cr
GIC	₹3,090 cr



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"After much discussion, the government and Fairfax have agreed to shake hands and the official announcement could be made anytime now," the person said.

An empowered group of ministers that includes finance minister Nirmala Sitharaman has been apprised of the revised bids and subsequent developments, another person aware of the matter said. "A formal notification will come soon and post that a letter of intent will be issued, followed by signing of the share-purchase agreement."

In a late evening stock exchange fi-

ling responding to a query from the BSE, the bank said it is "not in a position to either confirm or deny" a news report on its divestment.

Fairfax did not respond to an email seeking comment till press time Tuesday.

Shares of the bank ended Rs 86.54 on the NSE Tuesday, 2.9% higher from the previous close. The shares have gained nearly 42% since hitting a 52-week low of Rs 61.01 on March 31 when the government suspended the sale process after bids came in below reserve price.

The successful bidder will have to go through a final assessment by the Reserve Bank of India to ensure that

it meets the regulator's 'fit & proper' standards. In addition, approvals will be needed from statutory and regulatory authorities, including the Competition Commission of India.

Fairfax's Indian unit currently holds a 40% stake in CSB Bank. "The promoters will have to merge these two banks although the RBI can give some extended time frame," said a banking sector executive.

The biggest foreign investment in a bank so far has been Emirates NBD's purchase of a 60% stake in RBL Bank for \$2.75 billion in 2025.

Emirates NBD had bid for IDBI Bank as well, along with Fairfax Holdings, in February. The process was

suspended in March as the offers fell short of the reserve price, which was confidential.

ET earlier reported that the government was examining legal provisions and that the stake sale process had never been "scrapped" despite financial bids falling below the reserve price.

IDBI was designated as a private sector bank in 2019 after LIC acquired a controlling 51% stake in the bank for Rs 21,624 crore. The country's largest insurer will get around Rs 26,440 crore from this deal.

The government has budgeted Rs 80,000 crore from asset monetisation this fiscal year. So far, it has raised around Rs 20,272 crore, largely by selling its stake in companies. The government is also evaluating stake sales in LIC and Coal India, among others.

With inputs from Dheeraj Tiwari