

Fairfax bid for IDBI may get nod in a week

● Bank's stock rises over 10% intraday

PRASANTA SAHU
New Delhi, August 24

BRINGING THE CURTAINS down on the five-year-old IDBI Bank strategic sale process, the Centre may within a week approve Canada's Fairfax Financial Holdings' bid to acquire a 60.72% stake in the lender from the government and Life Insurance Corporation of India (LIC).

Fairfax and Dubai-based Emirates NBD submitted revised bids for the lender last month after their initial offers fell well short of the government's reserve price.

An in-principle decision has been taken and the timing of the announcement is being worked out, sources said.

Investors cheered the prospect of the long-pending transaction finally going

SWEETER OFFER

■ Fairfax and Emirates NBD revised bids to acquire

60.72%
in IDBI Bank



■ The strategic sale was put on hold after their initial offers were below the Centre's reserve price

■ Total stake on offer in IDBI Bank is valued at around **₹56,500 crore** at Monday's closing price

through, with IDBI Bank shares rising 6.89% to close at ₹87.93 on the BSE on Monday. It rose nearly 10% in intraday trade.

Continued on Page 17

Fairfax bid for IDBI Bank may get nod in a week

THE STRATEGIC SALE was put on hold in early March after financial bids from the two contenders — Fairfax and Emirates NBD — fell short of the reserve price. Fairfax, led by billionaire Prem Watsa, is understood to have improved its offer in the revised bid.

Following the pause, the government explored ways to

revive the process, including a valuation methodology that would better capture the bank's intrinsic worth rather than rely primarily on prevailing market prices.

The Centre and LIC are jointly selling a 60.72% stake in IDBI Bank. The government currently owns 45.48% of the lender, while LIC holds

49.24%. Under the proposed transaction, the government will divest 30.48%, while LIC will sell 30.24%.

At Monday's closing price, the 60.72% stake on offer is valued at about ₹56,500 crore, or roughly \$6.1 billion, potentially making the deal one of the largest foreign investments in India's banking sector.

The disinvestment process, initiated in 2021, has faced repeated delays because of regulatory clearances and procedural hurdles. IDBI Bank, once weighed down by high levels of bad loans, has staged a turnaround over the past few years, aided by capital infusion, improving asset quality and sustained profitability.

The revived sale comes amid growing foreign interest in India's financial sector. Emirates NBD last year acquired a majority stake in RBL Bank, Mitsubishi UFJ Financial Group (MUFG) bought a 20% stake in Shriram Finance, while Sumitomo Mitsui Banking Corporation (SMBC) acquired a 24% stake in Yes Bank.