

IDBI Bank sale may spill over to FY26

PRASANTA SAHU
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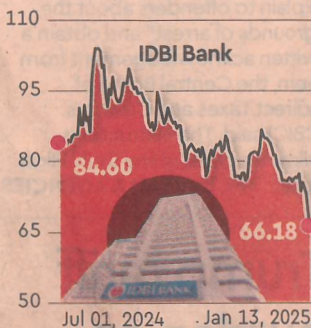
THE FINANCIAL BIDS for the strategic sale of IDBI Bank will likely be received by March, but the conclusion of the transaction may extend to the next financial year, sources told *FE*.

In December, the Reserve Bank of India (RBI) issued the 'fit and proper' certificate to the shortlisted bidders. Since investment bankers were on an extended leave for Christmas and New Year, the due diligence process is only beginning now and will take some time, the sources said. The bidders would get access to the banks' data room for assessment and clarifying doubts.

The government had received multiple expressions of interest (EOIs) on January 7, 2023, for a 60.72% stake in the bank, including 30.48% (approximately ₹21,690 crore at current prices) from the government and 30.24% from promoter Life Insurance Corporation (LIC), along with the transfer of management control in the bank. The bidders include Fairfax India Holdings (promoter of CSB Bank), Emirates NBD, and Kotak Mahindra Bank, according to reports.

The next phase is finalising the draft share purchase agreement (SPA) in consultation with the bidders, a senior official said.

TAKING TIME



- RBI's 'fit and proper' certificate of bidders came in December
- Due diligence by bidders to start now
- Financial bid expected by end-March

The bidders would go through the draft SPA in which the government and promoter LIC would work towards satisfying a set of conditions, including various regulatory approvals.

In the event of a bank winning the bid to acquire IDBI Bank, the promoters would be given reasonable time to merge both entities to comply with the RBI's norms that a promoter/promoters could have one bank licence only.

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THE REGULATORY PROCESSES would take some time, the official added. This will be the first strategic disinvestment of a bank with a significant government holding, an erstwhile public sector bank.

Following improvement in asset quality, IDBI Bank exited the prompt corrective action (PCA) framework of RBI in March 2021. After a gap of five years, it was back in the black with a net profit of ₹1,359 crore

for FY21. It posted a net profit of ₹2,439 crore in FY22, ₹3,645 crore in FY23, and ₹5.634 crore in FY24. The Centre may miss the disinvestment and asset monetisation receipts target of ₹50,000 crore for the current financial year. However, it won't impact the government's finances due to robust dividends from RBI and the central public sector enterprises (CPSEs), which boosted non-tax revenues.