

**Brief on the Strategic Disinvestment of IDBI Bank Ltd.
7th October 2022**

In the Budget speech for 2021-22, strategic disinvestment of Government of India's (GoI) equity in IDBI Bank Ltd. (henceforth, "**IDBI Bank**") was announced and consequently, an *in principle* approval for Strategic Disinvestment of GoI's and Life Insurance Corporation's (LIC) shareholding in IDBI Bank along with transfer of management control, was approved by the Cabinet Committee on Economic Affairs (CCEA) in May, 2021. Currently, the said Strategic Disinvestment is at the stage of inviting Expression of Interest (EOI) from Interested Parties (IPs) based on the Preliminary Information Memorandum (PIM) approved by the competent authority. The Key aspects of the PIM/EOI as follows:

Quantum of Sale

- A total of 60.72% of IDBI Bank's equity is being offered in the transaction, with GoI disinvesting 30.48% (post-sale GOI's residual equity to be 15%) equity and LIC disinvesting 30.24% equity (post-sale LIC's residual equity to be 19%).

Eligibility conditions for bidders

- Listed Private-sector Banking companies, Foreign banks, Non-banking Financial Companies (NBFCs) registered with RBI, Alternative Investment Fund (AIF) registered with SEBI or a fund/investment vehicle incorporated outside India are eligible to bid for the transaction.
- Bidders can bid either individually or as a part of the Consortium.
- Public sector enterprises, Large Industrial/Corporate Houses and Individuals (natural persons) are not permitted to participate in this bidding process.

- Interested Bidders need to have a minimum networth of Rs 22,500 Crore or USD 2.85 Billion as per the latest audited financial statements and a positive Profit After Tax (PAT) in at least three of the immediately preceding five financial years.

Consortium Conditions for bidders

- Interested bidders can also submit the bid as a consortium of not more than four members.
- Minimum equity contribution of the Lead Member (who is jointly and severally responsible) and Individual members (whose liability is limited to the extent of their proportional contribution in the shareholding of the Consortium) shall be 40% and 10% respectively.
- In case a consortium is shortlisted as the successful bidder, it may incorporate an Investment Vehicle at its discretion or a Non-Operative Financial Holding Company (NOFHC), if so required by RBI, to give effect to the Transaction.

Key Regulatory Restrictions

- Under the RBI directions, 40% of the aggregate paid-up equity capital of IDBI Bank would be subject to lock-in for a period of five years from acquisition.
- In case of a Consortium, such lock-in restrictions need to be maintained at the entire consortium level and will apply pro-rata to each consortium member in proportion to its equity in the consortium.
- The bidders would also need to be mindful of the minimum public shareholding norms specified by SEBI.
- The bidders would be subject to 'Fit and Proper' assessment of RBI and would also require a 'security clearance' from Ministry of Home Affairs.

Important Dates

- An advertisement for inviting EoI has been published on 7th October, 2022.
- Accordingly, the last date for submission of EoI (electronically) is 16th December, 2022 with the last

date for submission of the required physical copies being 23rd December, 2022.

- All queries may be routed through the transaction advisor KPMG.

About IDBI Bank & its Present Shareholding

- IDBI Bank has a wide physical network of 1,884 domestic branches, one overseas branch at Dubai International Financial Centre (DIFC), Dubai and one International Financial Services Centre (IFSC) Banking Unit at Gujarat International Finance Tec-City (“GIFT”), Gandhinagar.
- IDBI Bank turned profitable in FY21 backed by consistent improvement in Net Interest Margin and reduction in Gross and Net NPAs.
- Profitability was further boosted as Cost to Income ratio declined in FY22.
- The Capital Adequacy Ratio improved significantly over March 2018 to March 2022 to reach 19.1% .
- As on date, the Government of India shareholding in IDBI Bank is 45.48%, Life Insurance Corporation of India (LIC) shareholding is 49.24% and the non-promoter shareholding is 5.28%.