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NEWS BULLETIN FROM ALL INDIA BANK EMPLOYEES' ASSOCIATION

UAE's NDB Buys 60% Stake in RBL Bank for $2.75 Billion: Finance Ministry Should Reconsider and Scrap IDBI Sale

by E A S Sarma 8 Nov 2026

To

Dr. Arunish Chawla
Secretary
Department of Investment and Public Asset Management (DIPAM)
Ministry of Finance
Government of India

Dear Dr Chawla,

I write this letter in continuation of my earlier letter of November 2, 2026, addressed to the Finance Minister, demanding the scrapping of the CCEA-approved sale of IDBI.

In my earlier correspondence, including the above-cited letter, I had raised serious concerns about the process of disinvestment of IDBI being non-transparent and lacking competitive bidding, also involving possible conflicts of interest on several fronts. I had also pointed out several possible illegalities involved in the transaction.

NDB's Acquisition of Majority Share in RBL

While reiterating the concerns expressed in my earlier correspondence, I wish to refer here to a recent report on one of the bidders for IDBI, UAE's NDB, acquiring a 60% majority share in RBL Bank for $2.75 billion (approximately Rs 26,000 crores).

Since Fairfax's deal for buying a majority equity share in IDBI had been concluded more or less around the same time when the second bidder for IDBI, NDB, had finalised the acquisition of a majority equity share in RBL Bank, it is of interest to compare the financial indices of IDBI with those of RBL vis-à-vis the proceeds of acquisition.

The crucial financial indices of IDBI and RBL over 2020-21 to 2025-26 are tabulated below:

Financial indicator	Bank	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Net Profit	RBL	508	-75	883	1168	695	822
	IDBI	1359	2439	3645	5634	7515	9513
IDBI/RBL		2.68		4.13	4.82	10.81	11.57
Net NPA	RBL	2.12	1.34	1.10	0.74	0.29	0.39
	IDBI	1.97	1.27	0.92	0.34	0.15	0.15
Capital Adequacy Ratio (CAR)	RBL	17.50	16.82	16.92	16.18	15.54	14.25
	IDBI	15.59	19.06	20.44	22.26	25.05	26.65
Provision Cover Ratio (PCR)	RBL	72.20	70.4	68.08	72.73	89.02	73.57
	IDBI	96.90	97.63	97.94	99.09	99.48	99.39
Net Worth	RBL	12662	12618	13576	14796	15436	16429
	IDBI	36811	41662	45318	49881	60251	67637
IDBI/RBL		2.91	3.30	3.34	3.37	3.90	4.12

From the above, it is evident that IDBI's net profit, which was 2.68 times RBL's net profit in 2020-21, increased to 11.57 times that of RBL's net profit in 2025-26. During the timeframe 2020-21 to 2025-26, the cumulative profits earned by IDBI were Rs 30,105 crores, while RBL's cumulative profits during the same timeframe were only Rs 4,001 crores.

Over the same timeframe, the net NPA of IDBI has been consistently less than RBL's. IDBI's net NPA in 2025-26 was 0.15, against RBL's 0.39. During the timeframe 2020-21 to 2025-26, IDBI's Provision Cover Ratio (PCR) has been consistently higher than RBL's.

IDBI's Capital Adequacy Ratio (CAR) was 15.59 in 2020-21, compared to RBL's 17.50. IDBI's CAR increased to 26.65 by 2025-26, compared to RBL's 14.25. IDBI's CAR has consistently exceeded globally accepted norms.

The net worth of IDBI was 2.91 times that of RBL in 2020-21, whereas it was 4.12 times RBL's net worth in 2025-26. The total "enterprise value" of IDBI, with its robust financial indicators, rich human resources, wider urban, semi-urban and rural outreach, would be far higher compared to RBL.

In other words, apart from other factors referred to by me in my earlier correspondence, the proceeds derived from the majority sale of IDBI's equity to Fairfax do not match the proceeds that the government ought to have realised on the basis of IDBI's intrinsic value and a genuinely competitive disinvestment process to discover its value.

UAE's NDB Not a Serious Contender, Rendering the Bidding Process Non-Competitive

While it has been stated on behalf of the government that there were two bidders for IDBI, namely, UAE's NDB and the Canadian firm Fairfax, in reality, NDB did not offer any serious competition, leaving the field exclusively to Fairfax, as indicated by the following reports:

- Stockwatch report
- Financial Express report
- Reuters report

In other words, there was only one serious bidder for IDBI, which made it difficult for the bidding process to facilitate accurate price discovery. In my view, the government ought to have rescinded the ongoing auction process and thrown the field open to a wider set of institutions, including PSU banks, to ensure that the majority stake in IDBI may not be sold for a pittance. A recent Supreme Court judgment permits public authorities to revisit an auction for maximising the price of public property before a binding contract is concluded.

IRDA's Stipulation to LIC on Protecting Policyholders' Interests Violated

When LIC proposed to acquire an equity share in IDBI at a price of Rs 61.73 per equity share in 2018, IRDA accorded permission vide its letter of July 4, 2018, subject to several conditions, including the condition that LIC should ensure that acquiring an additional stake in IDBI is done in a prudent manner such "that the interests of the policyholders are safeguarded" and that LIC should make all efforts to "maximise returns from the deal" so that the returns may be commensurate with the average returns from overall investments of LIC.

Considering that the price paid on behalf of LIC's policyholders in January 2019 was Rs 61.73 per share, allowing Fairfax to buy IDBI shares at Rs 81 per share in the first quarter of 2026 would amount to realising an annualised return of

around 3.6%, which is far below the return that LIC expects to earn on its other investments and certainly far below what LIC's policyholders would reasonably expect LIC to earn.

In other words, selling LIC's equity in IDBI at Rs 81 per share to Fairfax has done a great deal of injustice to LIC's policyholders and violated the condition stipulated by IRDA.

If the Government Wants to Raise Rs 52,878 Crores to Add to Its Fiscal Resources, There Are More Prudent Ways to Do It

As I have time and again emphasised, instead of selling a majority stake in IDBI to a foreign firm, the government, as a sovereign, is in an eminent position to raise the same resources on much more advantageous terms by directly raising that amount from the market, without having to lose control over IDBI.

Also, it is fallacious and laughable that the government should consider entrusting the management of IDBI to a foreign firm, in preference to trusting itself!

Is Fairfax Buying IDBI Majority Equity Mostly with IDBI Funds?

In a statement filed by Fairfax before the US Securities and Exchange Commission, the promoter of Fairfax has dealt with the manner in which Fairfax would fund the disinvestment proceeds in the following words:

"Fairfax currently expects the purchase price for the Purchase Transaction to be satisfied through a combination of cash on hand or otherwise available to Fairfax through existing credit sources and potential asset sales. In connection with the Contribution Transactions, Digit and IIFL Capital would be contributed to IDBI Bank at their respective market prices, all in accordance with all applicable law and regulation."

It looks as though Fairfax would make up for a portion of the proceeds paid for disinvestment through "asset sales". Does it imply that Fairfax would strip IDBI of some of its highly valuable assets, including lands in prime urban areas, to make up for the amount it pays for disinvestment? Does it also imply that Fairfax merging Digit and IIFL Capital with IDBI would also make up partly for the amount it pays for disinvestment?

As already pointed out by me earlier, some of IDBI's prime land assets were acquired by the concerned States under the erstwhile land acquisition legislation in the name of "public purpose", a term defined as for a corporation wholly owned by the government. Therefore, it is not legally valid for the government to transfer such lands to a private company like Fairfax in the first instance, and not at all legal for Fairfax to sell those lands to another private agency.

The Social Costs of Selling IDBI Far Exceed the Perceived Social Benefits

As I have pointed out again and again, there is no net social advantage in disinvesting IDBI. With proper support and encouragement, IDBI can serve as an effective instrument in the hands of the Central government not only for development financing but also for promoting the State's welfare mandate envisaged in the Directive Principles of the Constitution. Once IDBI slips into the hands of Fairfax, its doors will permanently close to reservations for SCs/STs/OBCs and other disadvantaged sections. Also, there will be no certainty that Fairfax will safeguard the interests of employees presently with IDBI.

A development finance institution like IDBI can play an important role in advancing credit to priority sectors like agriculture and steadying industrial development.

I had earlier cited the case of how a South African government-backed Industrial Development Corporation (IDC) came to the rescue of the South African government by injecting funds to seize control of the ailing ArcelorMittal's steel plant, making it Pretoria's most decisive industrial intervention in decades.

The South African IDC's timely intervention ensured that thousands of workers in the steel plant may not lose their jobs.

In conclusion, once again, I demand that the Ministry of Finance revisits IDBI disinvestment, goes back to the CCEA, apprises it of the above-cited far-reaching implications and gets the decision taken on selling a majority stake in IDBI to Fairfax revoked.

Regards,

Yours sincerely,

E A S Sarma
Former Secretary to the Government of India
Visakhapatnam

9th November, 2026

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