

DIPAM SECY SAYS CABINET NOD TO BE SOUGHT SOON

HZL stake sale on the cards

Privatisation of Concor, IDBI; offloading part of SUUTI stakes in ITC and Axis top FY23 agenda

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WITH THE PRIVATISATION of BPCL now on the backburner, the sale of the residual stake in Hindustan Zinc Ltd (HZL) is likely to be the largest deal this year for the government in terms of revenue potential, Tuhin Kanta Pandey, secretary at the department of investment and public asset management (Dipam), told FE.

"The arbitration cases have

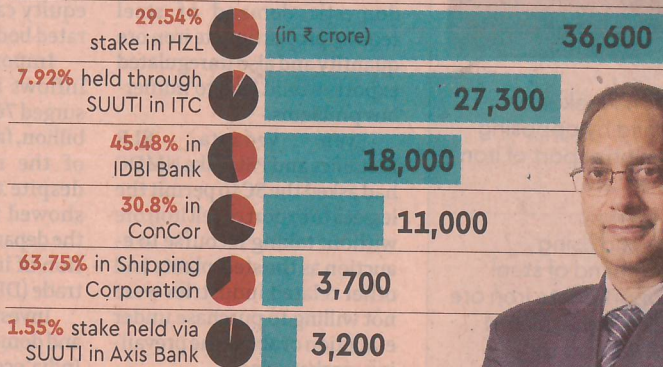
₹65,000 CRORE

Disinvestment target for FY23 excluding LIC IPO which fetched ₹20,516 cr

₹3,059 CRORE

Mobilised from 1.5% stake sale in ONGC

CURRENT MARKET VALUE OF CENTRE'S STAKE



(Actual stake sale size to be decided ahead of transactions)



Tuhin Kanta Pandey

been withdrawn and there are no pending issues with the disinvestment of the government's stake in HZL. It will go to the Cabinet soon," Pandey said, adding that the offer for

sale (OFS) route may be adopted for the sale.

As per the Supreme Court order dated November 18, 2021, the Centre can sell its 29.54% residual stake in HZL in

the open market in accordance with the Sebi rules. The stake is worth about ₹36,600 crore at the current market prices.

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The Centre and Vedanta (current promoter) had decided to end an arbitration concerning the second call option demanded by Vedanta in the residual stake sale.

Topping the government's disinvestment agenda will also be privatisation of IDBI Bank and Container Corporation and offloading a part of the indirectly-held stake in private-sector firm ITC, Pandey said. The government could also sell its stake held via the Specified Undertaking of the Unit Trust of India in Axis Bank at opportune times this year, besides trying to complete sale of Shipping Corporation of India (SCI), he added.

The LIC IPO has fetched the government ₹20,516 crore, a sum much less than it had targetted. This transaction was budgeted for last year, but the process spilled over to the current year. Without getting into whether the target of mobilising ₹65,000 crore via stake sale this year would be achieved, Pandey said: "Sometimes despite the best efforts, transactions don't happen. BPCL sale is not happening this year and that is the one which could have given us maximum revenues."

SUUTI's 7.92% stake in ITC is worth about ₹27,300 crore at present and 1.55% stake in Axis Bank is worth ₹3,200 crore at the current market prices. Excluding the LIC proceeds, the Centre has already raised ₹3,059 crore from 1.5% stake sale in state-run explorer ONGC.

Non-debt capital receipts to be mobilised via the disinvestment route is important for the government to keep the budget deficit in check.

The Centre may require to spend an extra ₹1.8 trillion in aggregate over the Budget Estimate on fertiliser and food subsidies in FY23, finance secretary TV Somanathan told FE recently, adding that the additional outgo could be offset by a steep jump in net tax receipts and higher disinvestment revenues. Somanathan said the government was hopeful of garnering budgeted ₹65,000 crore by way of disinvestment over and above ₹20,516 crore already mobilised through LIC IPO, which was not part of the budget estimate for this financial year.

A Cabinet note has been floated for inter-ministerial consultation on the land licensing fee (LLF) for industrial users of railway land, which will pave way for strategic disinvestment of state-run Container Corporation of India (ConCor). "The Cabinet will take up the LLF issue soon. Thereafter, expression of interest will be floated for ConCor," Pandey said. The Centre's proposed 30.8% stake sale in the multimodal logistics company was worth about ₹11,000 crore at the current market prices.

Expression of interest (EoI) for IDBI Bank and financial bids for SCI are likely to be invited soon. Currently, LIC (49.24%) and the government (45.48%) together hold 94.78% stake in IDBI Bank. The Centre's stake in IDBI Bank is worth about ₹18,000 crore. The proceeds from IDBI Bank will depend on how much it sells in the bank as LIC will also dilute stake in the lender.

Dipam is currently holding pre-EoI roadshows to gauge investors' interest as well as seeking regulatory relaxations with regard to post-acquisition stake reduction roadmap for the buyer to comply with norms.

BPCL's privatisation, which has been held up for over a year, has hit a dead-end, as potential investors have turned more sceptical of "the lack of pricing freedom" with state-owned fuel retailers, besides global shift for greener energy.