

Govt okays sale of residual HZL stake

Centre to also monetize assets of defunct Bharat Gold Mines

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NEW DELHI

The Union government has decided to sell its residual stake in Hindustan Zinc Ltd (HZL) and monetize the assets of defunct Bharat Gold Mines Ltd, a person aware of the development said. The two decisions were cleared at a meeting of the Cabinet Committee on Economic Affairs on Wednesday.

Two decades after its strategic divestment to Vedanta group, the government continues to hold a 29.5% stake in HZL, among the world's largest producers of zinc, lead and silver. The government had planned to sell this stake earlier, but the Supreme Court stayed the plan after its staff union alleged in 2016 that the company's shares were undervalued in its strategic divestment. Finally, in November, the apex court allowed the government to sell the stake in the open market.



EXIT ROUTE

FAST FACTS

THE decisions were cleared at a cabinet meeting

CENTRE continues to hold a 29.5% stake in HZL

SALE proceeds will help govt meet divestment target

Shares of HZL rose 3.14% to ₹305.5 on Wednesday after the cabinet's decision. At HZL's current market value of ₹1.28 trillion, the government can garner about ₹37,700 crore by selling its entire shareholding. Any proceeds from the stake sale will help it meet the divestment target of ₹65,000 crore for FY23.

Vedanta Group had acquired 26% in HZL for ₹445 crore in 2002-03. It acquired an additional 18.92% stake by exercising a call option in its shareholder's agreement with the government. It also acquired 20% more in HZL from the public. It now holds

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over 64% of the company and can buy up to 5% more.

Based on the market regulator's norms for listed companies, the government will have to maintain 25% public shareholding. It will sell its stake through the open market, but it is likely to happen in a staggered format, a government official had said earlier.

The Cabinet also decided to wind up Bharat Gold Mines and transfer its land and other assets to the National Land Monetisation Corp. This will be monetized. A part of its land will be transferred to the Kar-

nataka government for industrial development or building a township. The Cabinet also approved the modalities for the land transfer. The five-decade-old company under the department of mines has been mining and producing gold mainly from the Kolar goldfields, but its operation



Move comes two decades after HZL's strategic divestment to Vedanta group. **BLOOMBERG**

became unviable and has remained closed since 2001.

The idea is to raise resources for further economic and

social infrastructure investments, a person familiar with the development said. The government has been pursuing a disinvestment and asset monetization plan to mobilize resour-

ces for fresh investments into infrastructure, which is a vital part of its economic revival strategy.

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