

# Govt Invites Bids to Value HZL Stake

## May sell residual holding in other cos to raise funds

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NEW DELHI

The finance ministry on Friday invited proposals from merchant bankers and chartered accountant firms to determine the fair value of the government's stake in Hindustan Zinc Ltd (HZL), sending a signal that the new government is likely to press ahead with disinvestment.

The government holds a 29.54% stake that is worth nearly ₹23,000 crore at HZL's current stock price but would hope to get a premium if it is able to sell the stake in one block to one investor. The company's shares closed 3% up at ₹172.80 on the National Stock Exchange Friday.

The government has decided to undertake fresh valuation and assessment of fair share value of HZL, the finance ministry said. Proposals have been sought by June 27.

The previous BJP-led government had sold a majority stake in the company to the Vedanta group. At present, London-listed Vedanta holds a 64.92% stake.

In January 2012, Vedanta proposed to acquire the government's remaining stake in HZL and Bharat Aluminium Co (Balco) for ₹17,275 crore. Vedanta holds 51% of Balco while the balance is with the government.

The Vedanta board is now empowered to make an offer of up to ₹21,638.56 crore for the government's stake in HZL.

The Congress-led government had proposed to sell the entire 29.5% stake in HZL and 49% stake in Balco via an open auction.

According to a finance ministry official, after floating the request for proposal for the valuers, it may take around eight weeks for valuation. The government can then appoint merchant bankers for the stake sale.

The government is expected to sell its residual holding in other private companies as well to raise funds that can be used for specific goals. Its holds nearly ₹60,000 crore of assets through Specified Undertaking of UTI (SUITD), an entity created to hold the assets and liabilities of the now-defunct state-run mutual fund Unit Trust of India. These include significant stakes in Larsen & Toubro and ITC.

This government will aggressively pursue disinvestment and utilise all the proceeds which it desperately needs for its development agenda. We expect that the government will follow it with its stake sale in ITC and L&T, which it currently holds through SUITD, said Prithvi Haldea, chairman of Prime Database.