

● BPCL SALE WAS CALLED OFF EARLIER

Govt drops plan to sell Pawan Hans and Central Electronics

Questions on the integrity of winners forced govt's hand

PRASANTA SAHU
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IN A SETBACK to the strategic disinvestment drive, the Centre has decided not to proceed with privatisation of Pawan Hans and Central Electronics due to questions raised on the integrity of the winning bidders, sources told FE.

Earlier this year, the Centre had called off the sale process of fuel retailer-cum-refiner BPCL as shortlisted bidders did not put financial bids owing to changing dynamics in the petroleum sector and lack of enough pricing freedom for state-run fuel retailers.

"Even though the government followed an open and competitive bidding process in both CEL and Pawan Hans, the nature of allegations against the winning bidders has forced the government's hand," an official told FE.

The privatisation of these two entities was seen to be in the interest of employees as new investors would have infused more funds to turn around the businesses, especially for the loss-making Pawan Hans. No decision has yet been taken on whether the

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government will restart the privatisation process of these two companies, sources said.

Star9 Mobility, a consortium led by Almas Global Opportunity Fund, had won the bid by quoting ₹211 crore for the government's 51% stake in the loss-making helicopter firm.

On April 29, the empowered ministerial panel approved the winning bid by Star9. State-run ONGC owns a 49% stake in the helicopter firm, which has an ageing fleet of 41 helicopters.

However, on April 20, the Kolkata bench of the National Company Law Tribunal (NCLT) passed an order against Almas Global for failing to honour its

winning bid to acquire EMC Limited, a Kolkata-based power system solutions company. NCLT had sought action against the management of the Almas under section 74(3) of the Bankruptcy Code that could land the officials of the company in jail for 1-5 years. According to the order, Almas Global had failed to pay around ₹568 crore to EMC's creditors under the resolution plan that it had proposed, and which had been accepted, taking "the process for a ride."

Following the development, the government had put on hold issuing a letter of award to the consortium.

According to the government's strategic disinvest-

ment guidelines: "any charge-sheet by any governmental authority/conviction by a court of law for an offence committed by the interested bidder or any of the members of the consortium or by any of their respective sister concerns or any of their promoters, promoter group and directors would result in disqualification."

In January this year, the government also put on hold the sale of Central Electronics Ltd (CEL) to a Delhi-based firm Nandal Finance and Leasing following allegations of undervaluation by the employees' association. On November 29, the empowered ministerial panel approved the highest

price bid of Nandal Finance and Leasing for the sale of 100% government stake in CEL for ₹210 crore.

In December, the opposition Congress party had alleged undervaluation of CEL and opposed it being sold to a firm which has "no domain experience". CEL, under the ministry of science & technology, works to commercially exploit indigenous technologies developed by national laboratories and R&D institutions in the country.

Even though the firm is profitable (₹23 crore in FY21), its sales are largely to other state-run entities, seen as a vulnerability in open market conditions.

Govt drops plan to sell Pawan Hans, Central Electronics



THE CENTRE has decided not to proceed with privatisation of Pawan Hans and Central Electronics due to questions raised on the integrity of the winning bidders, sources told Prasanta Sahu in New Delhi. Earlier this year, the Centre had called off the sale process of BPCL as shortlisted bidders did not put financial bids owing to changing dynamics in the petroleum sector and lack of enough pricing freedom for state-run fuel retailers. No decision has yet been taken on whether the government will restart the privatisation process of these two companies, sources said.

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