

SCI Selloff to Set Sail with Roadshows from Next Week

Financial bids only after listing of demerged entity that will hold SCI's non-core assets

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New Delhi: The government is likely to kick-start roadshows to privatise the Shipping Corporation of India (SCI) next week offering its entire 63.75% equity in the state-run cargo carrier.

The disinvestment department has decided to start the process even as unions and a section of management raised objections to the ₹1,000 crore cash transfer to the proposed demerged entity that will hold SCI's non-core assets.

"The roadshow for SCI divestment will start from the next week as per the schedule. However, the financial bids will be invited only once the demerged entity is listed," an official aware of the proceedings.

The ministry of corporate affairs held a meeting on December 29, 2022, to decide on the demerger.

The ministry has asked the company to send its response to the objections raised, people aware of the proceedings said. The final nod to the demerger is expected this week once the ministry is satisfied with the responses to the objection.

The company's share surged 5.4% on Monday to ₹143.3 on the BSE. The government's stake is worth ₹4,250 crore at this price.

The Department of Investment and Public Asset Management (DIPAM) will call for financial bids once these objections are settled to avoid unnecessary litigation in the future.

"The SCI divestment is very much on track. However, DIPAM is careful not to leave any loose ends that may crop up later. So, everything is being doubly crosschecked," the official quoted above said.

DEMERGER PLAN

On May 6, 2022, the company's board approved a revised demerger scheme that proposed a ₹1,000 crore cash transfer to a spun-off entity – Shipping Corporation of India Land and Assets Limited (SCILAL).

This amount is for the upkeep and maintenance of its head office 'Shipping House' in South Mumbai and the Maritime Training Institute at Powai.

The company's lenders and shareholders have already approved the demerger scheme.

The employee union and a section of SCI officials objected to the transfer of ₹1,000 crore, saying the

Ship Shape

On offer: Entire 63.75% equity in state-run cargo carrier

Official order on demerger awaited

MCA has sought company's response

Financial bids after listing of demerged entity SCILAL

Co owns and operates around one-third of Indian tonnage

Objection raised over transferring ₹1000 crore to SCILAL

amount was excessive for the maintenance of the two assets.

It would also impact the day-to-day operation of the company post-privatisation, they argued.

They have earlier also raised objections, however many of the issues were settled by the company board.

For the quarter ended September 2022 (Q2), SCI reported a 49% decline in its consolidated net profit to ₹124 crore. The shipping company had reported a net profit of ₹243 crore in the corresponding quarter of the previous fiscal.

The company owns and operates around one-third of Indian tonnage. The Cabinet in November 2020

had given in-principle approval for the strategic divestment of its entire 63.75% stake in SCI along with the transfer of management. The Centre invited expressions of interest in December 2020, but there was not much progress due to the pandemic. The Centre revived the process this year, deciding first to hive off the non-core assets ahead of privatisation.

The government has raised ₹31,106 crore through disinvestment so far, this fiscal. In the current quarter, DIPAM is planning to invite financial bids for IDBI Bank and EoI for Container Corporation of India (Concor) and Rashtriya Ispat Nigam Limited (RINL).

