

Govt not to sell ITC stake in FY24

Seeks 'opportune time' to offload its balance HZL stake

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THE CENTRE HAS no plans yet to sell a portion of its 7.85% stake in ITC, worth about ₹41,000 crore, at the current market prices, a senior official told *FE*.

The ITC stake, the prized holding of the Specified Undertaking of the Unit Trust of India (SUUTI), fetched about ₹1,500 crore in dividends to the exchequer for FY23.

"The timing has not yet been worked out (to sell stake in ITC)," the official said.

The ITC share price, which recently touched a new 52-week high of ₹433.45 on the BSE, closed at ₹419.9 on Friday.

Even though a small stake sale in ITC would fetch a decent amount of revenue to meet its disinvestment revenue target of ₹51,000 crore for FY24, no such plan indicates the government's likely comfortable revenue position, due to expected better tax and non-tax revenue performances.

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PRIZED HOLDING

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March 31, 2023 (Q4FY23), aided by its fast-moving consumer goods (FMCG) and hotel divisions, even as the agri and paperboards businesses took a hit.

In February 2017, the government sold a 2% stake from SUUTI's holding in ITC to mobilise about ₹6,700 crore.

Thereafter, it hasn't reduced much stake in the company.

No stake sale in ITC after 2017 could be due to the likely re-merger of the conglomerate into several distinct entities that could help the government realise more value for its stake.

Among other major stake sales in the pipeline for FY24, the government will proceed cautiously in selling a portion of its 29.54% (worth ₹38,500 crore at the current market price).

The official said the government might sell a portion of its stake in HZL at an opportune time in the current fiscal keeping in mind how the metal market pans out and the investor sentiment linked to the HZL promoter's proposal of a related-party transaction late last financial year.

The Centre decided to postpone the sale of its residual stake in Hindustan Zinc (HZL) in the previous fiscal, considering the fall in investor sentiment after the Anil Agarwal-promoted company proposed to acquire Vedanta group's global zinc assets in a \$2.98-billion 'related-party' cash deal. The Centre has opposed the proposed deal as it was not in the interest of minority shareholders. A top official of the company said recently that HZL has not given up on the proposal.

HZL's share price closed at ₹308.45 on Friday, down 0.64% from the previous closing price.