

GOVT TO CUT STAKE IN AXIS, ITC, L&T

SALE OF SHARES WILL BE CONDUCTED VIA AN EXCHANGE TRADED FUND, SAYS BLOOMBERG QUINT

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The government is likely to trim its stake in Axis Bank, ITC and Larsen & Toubro as part of its divestment plan during the new financial year starting from 1 April 2017. The sale of shares, according to Bloomberg Quint, will be conducted via an exchange traded fund or ETF.

For the new financial year (2017-18), the divestment target set by the finance minister, Mr Arun Jaitley, in his Budget is Rs 72,500 crore, which analysts say suggests the government's keenness to meet its fiscal deficit target in the new financial year.

In the first week of February, the government through SUUTI or Specified Undertaking of Unit Trust of India had sold two per cent in ITC to Life Insur-

ance Corporation of India at Rs 275.85/share and raised Rs 6,690 crore in a bid to achieve its divestment target of Rs 56,000 crore for the current fiscal ending 31 March 2017.

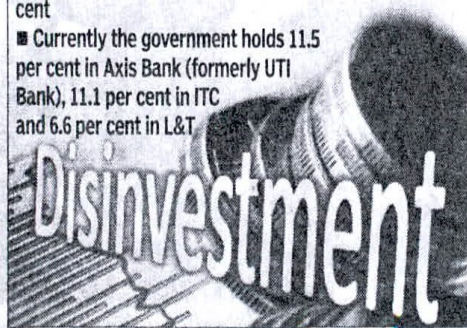
For the next fiscal, the target has been increased which analysts say will facilitate the finance minister to meet the lower fiscal deficit target of 2.9 to 3 per cent.

Currently the government holds 11.5 per cent in Axis Bank (formerly UTI Bank), 11.1 per cent in ITC and 6.6 per cent in L&T. Sources say the ETF for offloading stakes will be larger than the one set up by the government for Central public sector enterprises in 2014.

Bank shares, meanwhile, today recovered from the losses of last three sessions on buying on dip by investors irrespective of Morgan Stan-

MEETING THE TARGET

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ley's action to downgrade three major private lenders - ICICI Bank, HDFC Bank and Axis Bank.

The rating agency lowered HDFC Bank and Axis

Bank from "overweight" to "equalweight" and ICICI Bank from "overweight" to "underweight".

The rating agency reduced earning forecast

for ICICI Bank, the country's biggest private lender, by seven per cent and five per cent for FY18 and FY19, respectively.

In case of HDFC Bank, it said: "Significant earnings surprise appears to be a low probability event. The stock is over-owned by foreign investors and with better opportunities in Asia we find it tough to expect the stock to outperform at current levels."

For Axis bank the forecast is, it is unlikely to perform better for next couple of quarters.

Regardless of these downgrades, bank shares recovered some lost ground that enabled the Bank Nifty of National Stock Exchange to overcome, albeit partially, the losses of last three sessions and emerge into green zone, mainly due to positive global cues.

Overnight American

stocks reversed losing streak on continuing growth in the world's top economy.

Analysts say the present rally in emerging markets/economies is likely to persist because most foreign funds have increased their investment allocation - portfolio - for these markets, including India.

Meanwhile, Bombay Stock Exchange benchmark the Sensex today closed at 29,332.16 points, registering a gain of 164.48 points or 0.56 per cent.

The Nifty of National Stock Exchange finished 0.62 per cent or 55.85 points up at 9,086.30 points. The Bank Nifty ended at 20,895.50 points, up 114.15 points or 0.55 per cent.

In 30-share Sensex, 25 shares ended up and five were down. For the Nifty, the advance-decline ratio stood at 40 versus 10, while one share remained unchanged.