

Bhel may go off government's divestment target

Manas Pimpalkhare & Rituraj Baruah

rituraj.baruah@livemint.com

NEW DELHI: State-run Bharat Heavy Electricals Ltd (Bhel) may no longer be a potential divestment target as the government considers categorising the maker of rail coaches to power generation equipment as a "strategic" public sector unit, according to two people close to the development.

"Now that a parliamentary committee has also recommended the tag of strategic PSU for the company, there would be further thought on this," said one of the two people cited above, requesting anonymity.

The move reflects the importance of Bhel, which will be crucial as India looks to bolster local production of industrial equipment across sectors, including renewable energy and defence. The company—having forayed into electric mobility, and nuclear and renewable power—has seen its fortunes



BHEL is about 63.17% owned by the government, while the remaining 36.83% is held by the public.

PTI

revive with large thermal power and railway equipment orders.

While the government is not actively discussing disinvesting from the company, Bhel was among the first companies to be considered for stake sale. "Once categorized as strategic, it would be completely out of the stake sale considerations," said the second person quoted earlier.

Under the New Public Sector Enterprise Policy, the government identifies central PSUs in

non-strategic sectors for closure or privatization in consultation with the administrative ministries concerned, NITI Aayog, the department of expenditure (DoE), and the department of investment and public asset management (DIPAM). The ministry of heavy industries, DIPAM, and DoE will likely discuss the matter.

Queries emailed to the ministry and the two departments remained unanswered till press time.

Bhel is about 63.17% owned by the government, while the remaining 36.83% of its shareholding is held by public. Its stock closed 1.59% higher on the BSE at ₹213.95 on Friday, at a market capitalisation of ₹74,498.75 crore. In its December report, the committee on public undertakings noted Bhel's active participation in various critical sectors such as hydro power, nuclear power, defence, space, renewables, and international operations.

"The committee feels that as India steadily asserts its position as a global leader, safeguarding its strategic interests becomes imperative, and Bhel has the potential to make substantial contributions under these circumstances," the panel report said. "Therefore, the committee strongly recommends that the government consider bestowing upon Bhel the status of a strategic PSU."

Bhel received orders worth nearly ₹78,000 crore in 2023-24, the highest ever in a fiscal and

an over threefold jump from orders worth ₹23,548 crore in FY23, and a surge of nearly seven times from ₹11,470 crore in 2020-21.

The orders in the last fiscal largely came from the power sector, followed by railways, including for 80 Vande Bharat trains, and 20 units of super rapid gun mounts (SRGM) for the Indian Navy's warships.

The power ministry's push to set up an additional 80 gigawatts (GW) of coal-based power projects in the country by 2032 has led to Bhel having a full order book for boilers in power plants. The company's annual report for FY24 said, "Our thermal power business witnessed a resurgence, securing orders worth 9.6GW and achieving 100% market share."

Bhel would also focus on the transmission business as the need for a stable power grid grows with the addition of renewable power in the country. India targets 500GW of non-fossil capacity by 2030.