

Centre may divest Iacon stake in Sept

Aims to raise ₹6 billion through listing; divestment of stake in two other railway subsidiaries likely by December

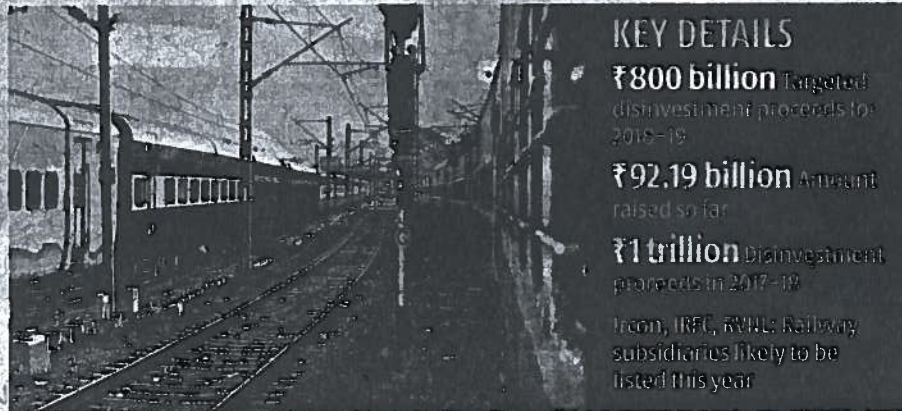
SHINE JACOB
New Delhi, 11 July

After a good response from investors for the Initial Public Offer (IPO) of equity from RITES, the government is set to divest a 10.5 per cent stake in another railway undertaking, Iacon International, in September this year.

It aims to raise around ₹6 billion through the listing of Iacon. Divestment of stake in two other railway subsidiaries, Rail Vikas Nigam and Indian Railway Finance Corporation (IRFC), is likely to be done in the quarter ending December.

The Iacon divestment is part of the department of investment and public asset management's aim of ₹800 billion in proceeds from these in the current financial year. As on July 5, the government has realised ₹92.2 billion of this target. Iacon had issued a draft prospectus on March 28.

It might, say sources on the a September



KEY DETAILS

₹800 billion Targeted divestment proceeds for 2018-19

₹92.19 billion Amount raised so far

₹1 trillion Divestment proceeds in 2017-18

Iacon, IRFC, RVNL: Railway subsidiaries likely to be listed this year

date, be waiting for formal closure of the March (final month of the financial year) accounts.

Railway public sector undertakings usually undertake audit during August and their annual general meeting in September. Iacon might

have to hasten this and complete its AGM by August to go for a September listing. And, get clearance from the board of directors, said an official. The company stated in its draft prospectus that 85 per cent of its projects, as of end-

December 2017, were from the rail sector. The order book was ₹223,872 million.

According to reports, RITES got bids for 1.68 billion shares or 66.8 times the demand for the 25.2 million on offer for its listing, held last month.

Last month, railways minister Piyush Goyal had said the listing of Indian Railway Catering and Tourism Corporation (IRCTC) and IRFC were on hold. "I have delayed the IRCTC listing because of valuation issues. The value of the database available with it has not been captured. Regarding IRFC, the listing is stuck because of a tax issue and we are trying to solve it with the ministry of corporate affairs," he had said.

The IRFC dispute is on an accumulated deferred tax liability of ₹63.92 billion. This was because its depreciation deduction was greater than its profit. The company did not pay tax under normal assessment and was subject to Minimum Alternate Tax of 21 per cent.

Besides, it had to make a provision for the deferred tax liability at 35 per cent.