

Govt to sell 15% stake in HAL to raise ₹5,020 cr

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The government plans to sell as much as 15% stake in state-run defense contractor Hindustan Aeronautics, through a public offering of shares, as Prime Minister Narendra Modi seeks funds to shore up government coffers.

The Indian government will sell a stake of about 10 per cent, with an option to sell a further 5 per cent in the company, according to a stock exchange filing on Wednesday.

At a floor price of ₹1,001 a share, the sale could fetch as much as ₹5,020 crore (\$680 million). Retail investors will get a 5 per cent discount on the offer price. The floor price is at a discount of almost 15 per cent to HAL's closing price of ₹1,177.80 on Wednesday.

Modi's administration is raising funds to bridge a fiscal deficit that's threatening to spiral out of control on the back of the worst economic decline in decades. The government hopes its drive to

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purchase weaponry from local players and attempts to move away from being the world's largest defense importer will draw investors to the offering.

India this month decided to stop importing more than 100 items used by its armed forces, which cost \$47 billion over the past 5 years, in a bid to boost local manufacturing, and had earlier said it plans to induct the indigenously-made Light Combat Aircraft from HAL.

Apart from the LCA, named Tejas, HAL makes the Su-30MKI under license from Russia's Sukhoi. It plans to build a medium lift helicopter and an unmanned aerial vehicle for the navy.