

Vedanta, DP World Eye Govt's Stake in Shipping Corp

Govt expected to issue EoI for sale process in early Dec

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New Delhi: Vedanta and Dubai's DP World have shown interest in acquiring Shipping Corporation of India after the government started the process of selling its stake in the vessel operator by organising investor road shows, according to people familiar with the matter.

Executives from both companies participated in virtual meetings involving SCI's management, advisers and officials from the government's Department of Investment and Public Asset Management over the past two weeks, the people said.

The roadshows attracted 8-9 potential investors, including shipping companies from Norway and South Korea, according to informed sources.

"There has been a lot of interest, a number of players are keen... We will be taking it to the next step, the expression of interest will be out early December," an official familiar with the development said, asking not to be identified.

The government plans to sell its entire 63.75% shareholding in SCI with management control to the strategic buyer. The Cabinet Committee on Economic Affairs first approved the strategic divestment in November 2019.

Based on Friday's share closing price of ₹56.05, the government's stake could fetch it about ₹1,664 crore. The transaction will also trigger an open offer for an additional 26% stake.

"We had wanted to move earlier, but things slowed down considerably due to the Covid-19 pandemic," the official added.

Vedanta declined to comment. DP World did not respond to queries.

RBSA Capital Advisors is the transaction advisor for the divestment process. L&L Partners are the legal advisers.

"Vedanta has large quantities of captive cargo of copper, iron ore and zinc, which require movement. They also have interests in oil and gas. Owning a company with a captive fleet could make commercial sense for them," said Anil Devli, chief executive officer of the Indian National Shipowners' Association.

Wind In Her Sails

Shipping Corp of India:

Owens India's largest fleet of 70 ships



Transports coal, oil, grains, chemicals



Customers: Mitsubishi, ONGC, Nayara Energy, Indian Oil



Owens prime real estate in South Mumbai

Revenues of ₹4,668 crore in FY 2019-20



Gol owns 67.5% stake

Profits of ₹302 crore in FY 2019-20

Granted Navratna PSU status in 2008

Other Navratna PSU companies: Engineers India, HAL, PFC, Oil India



DP World, which is among the top five global operators of cargo terminals at ports, has announced a \$3 billion investment in the country with the Indian government-backed National Investment and Infrastructure Fund Ltd. The company operates cargo terminals at Chennai, Vizag and Kochi ports.

SCI has a fleet strength of 70 vessels and is the largest Indian shipping company catering to the overseas and coastal transportation of goods. The company posted a net profit of ₹131 crore for the quarter ended September and total income of ₹876 crore.

The government is looking to mop up ₹2.1 lakh crore from disinvestment for FY21. Of this ₹1.2 lakh crore is expected from strategic stake sales.

Bharat Petroleum Corp. and Air India are the other two ongoing strategic divestments that the government wants to conclude within this financial year. Vedanta has also formally confirmed its interest for BPCL.