

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT

LOK SABHA
UNSTARRED QUESTION NO. 4658
TO BE ANSWERED ON 23rd MARCH, 2018
CHAITRA 2, 1940 (SAKA)

Strategic Sale Valuation of PSUs

4658. SHRI C.S. PUTTA RAJU: SHRI S.P. MUDDAHANUME GOWDA:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the Public Sector Undertakings (PSUs) that are going to be put on sale by the Government;
- (b) the number of PSUs in which the Government is planning to bring down its stake;
- (c) whether the Government is contemplating five different valuation methods for the sale of PSUs; and
- (d) if so, the details thereof and their helpfulness to PSUs?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAP SHUKLA)

- (a) Government has given "in principle" approval for strategic disinvestment of 24 CPSEs including subsidiaries, units and JVs. List of CPSEs, Subsidiaries, Units and Joint Ventures for which Government has given 'in principle' approval for Strategic Disinvestment is given at Annexure-I.
- (b) As a part of the strategy to keep shares readily available for transaction to take advantage of market conditions without any loss of time, the Government has identified 29 CPSEs (as on 20.03.2018) for minority stake sale in sectors including mineral & metal, oil & energy, capital goods as well as some mid-size and small stocks.
- (c) & (d) Valuation is necessary to determine the 'Reserve Price' as a benchmark when a CPSE is considered for Strategic Sale. NITI Aayog has recommended three main methods of equity valuation: (i) Discounted Cash Flow (DCF) method, (ii) Relative valuation, and (iii) Asset-based Valuation. Further, the scope of work of the Transaction Adviser appointed for each transaction stipulates that besides the above methods, the valuation shall be carried out on Balance Sheet method as well as Market Based Valuation. Guidance note for Strategic Disinvestment also stipulates that the Transaction Advisor undertakes Business Valuation exercise by adopting various prevailing valuation approaches as per national and international standards and advise to the Government on the issue of valuation.

List of CPSEs, Subsidiaries, Units and JVs for which Government has given 'in-principle' approval (Reference Lok Sabha Unstarred Question No. 4658 for reply on 23/03/2018).

- 1) Scooters India Ltd.
- 2) Bridge & Roof India Ltd.
- 3) Project & Development India Ltd.
- 4) Pawan Hans Ltd.
- 5) Bharat Pumps Compressors Ltd.
- 6) Central Electronics Ltd.
- 7) Hindustan Prefab Ltd.
- 8) Bharat Earth Movers Ltd.
- 9) Hindustan Newsprint Ltd. (subsidiary)
- 10) Ferro Scrap Nigam Ltd. (subsidiary)
- 11) Hindustan Fluorocarbon Ltd. (subsidiary)
- 12) Cement Corporation of India Ltd.
- 13) Nagarnar Steel Plant of NMDC.
- 14) Bhadrawati, Salem and Durgapur units of SAIL.
- 15) HSCC (India) Ltd.
- 16) National Projects Construction Corporation. (NPCC)
- 17) Engineering Projects (India) Ltd.
- 18) Air India.
- 19) Dredging Corporation of India Ltd.
- 20) HLL Lifecare Ltd.
- 21) Indian Medicines & Pharmaceutical Corporation Ltd.
- 22) Karnataka Antibiotics and Pharmaceuticals Ltd.
- 23) Hindustan Petroleum Corporation Ltd.
- 24) Units / JVs of ITDC.