

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 3462**  
TO BE ANSWERED ON MONDAY, DECEMBER 20, 2021  
AGRAHAYANA 29, 1943 (SAKA)

PRIVATISATION OF CEL

3462. DR. T.R. PAARIVENDHAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken a decision to privatise Central Electronics Limited (CEL);
- (b) if so, the details thereof;
- (c) whether all preliminary works/preparatory works are going on to complete the formalities and if so, the details thereof;
- (d) whether the Government has invited applications/quotations from interested private companies;
- (e) the reasons for selling out the profit making public sector company;
- (f) the time by which the CEL is likely to be privatised; and
- (g) the total amount earned through this privatisation?

**ANSWER**

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE**  
**(DR. BHAGWAT KISHANRAO KARAD)**

(a) & (b): Yes Sir. On the recommendation of NITI Aayog, the CCEA on 27<sup>th</sup> October, 2016 gave 'in principle' approval for strategic disinvestment of 100% shareholding of GoI in Central Electronics Ltd. (CEL).

(c) & (d): The first attempt to strategically disinvest CEL did not succeed as no financial bids were received. The process was re-launched with issue of Preliminary Information Memorandum (PIM) and request for Expressions of Interest (EOI) on 03.02.2020. After shortlisting of bidders and an elaborate process of due diligence, Request for Proposal (RFP)

document inviting financial bids, approved Share Purchase Agreement and Security Clearance format were issued to the shortlisted bidders on 17.02.2021. The last date of submission of financial bid was initially 10.03.2021 which was extended many times till 12<sup>th</sup> October 2021 due to disruptions caused by covid-19 and on the request from bidders. By the last date, two sealed bids were received along with non-financial bid documents from the two qualified bidders.

After receipt of sealed financial bids and in line with the approved procedure for strategic disinvestment, a 'Reserve Price' was fixed based on valuations by the Transaction Adviser (TA) and the Asset Valuer (AV) using respective methodologies as per the established process. After the independent fixation of Reserve Price, the already received sealed financial bids were opened in the presence of the bidders, which were as follows:

- (i) M/s Nandal Finance and Leasing Pvt Ltd
- (ii) M/s JPM Industries Ltd.

The higher of the two price bids submitted by M/s Nandal Finance and Leasing Pvt Ltd was found to be above the reserve price. The Alternative Mechanism (AM), comprising Minister of Road Transport and Highways, Finance Minister, and Minister of State (Independent charge) Ministry of Science and Technology, empowered by CCEA, approved the highest price bid of M/s Nandal Finance and Leasing Pvt Ltd for sale of 100% equity shareholding of GoI in Central Electronics Ltd (CEL) on 29.11.2021.

The entire disinvestment process has been carried out in a transparent manner, with due regard to confidentiality of the bidders, through multi-layered decision making involving Inter-Ministerial Group (IMG), Core Group of Secretaries on Disinvestment (CGD) and the empowered Alternative Mechanism (AM) at the apex Ministerial level. The transaction has been supported by professional advice from experts -Transaction Adviser, Legal Adviser and Asset Valuer, who have been appointed through a transparent, competitive process.

(e): NITI Aayog has identified CPSEs for strategic disinvestment based on the criteria of (i) National Security; (ii) Sovereign function at arm's length, and (iii) Market Imperfections and Public Purpose. Profitability/loss is not among the relevant criteria of strategic disinvestment. The policy on strategic disinvestment is based on the economic principle that Government should discontinue in sectors, where competitive markets have come of age and economic potential of such entities may be better discovered in the hands of strategic investor due to

various factors such as infusion of capital, technological upgradation and efficient management practices.

(f): It is expected that the transaction will be completed during current FY 2021-22.

(g): The winning bid for sale of 100 percent GoI equity in CEL is Rs. 210,00,60,000/- (Rs two hundred ten crore sixty thousand only).

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