



## HZL, Balco Stake Sale EC Nod Sought for Appointing Valuers

The Disinvestment Department has approached the Election Commission seeking its approval for appointing valuers for government's residual stake in Hindustan Zinc and Balco as reported by PTI.

"We have written to the Election Commission seeking their nod for floating RFP (request for proposal) for appointment of valuers for HZL, Balco stake sale," a senior official of the Department of Disinvestment said. "The valuers will take 6-8 weeks time for valuing the stake. We will then go ahead with appointment of merchant bankers," the official added. The government holds 49%

### Highlights for the Quarter

- The government holds 49% stake in Balco and 29.5% in Hindustan Zinc Ltd.
- The Finance Ministry has already initiated the process of valuation the two companies.

stake in Balco and 29.5% in Hindustan Zinc Ltd (HZL). The Finance Ministry has already initiated the process of valuation the two companies. The government had initially planned to sell the residual stake in these two companies last fiscal. However, in interim Budget it postponed the stake sale to the current fiscal. The government plans to

mobilise Rs 15,000 crore from the stake sale in HZL and Balco in the current fiscal. In January, the Cabinet had cleared the stake sale in HZL and Balco through auction route. During 2001-03, the government had sold majority stakes in the two erstwhile PSUs to Vedanta group. At present, London-listed Vedanta holds 64.92% stake in HZL and 51% in Bharat Aluminium Company (Balco). In January, 2012, Vedanta had proposed acquisition of government's remaining stake in the two erstwhile PSUs for about Rs 17,275 crore. In October, 2012, shareholders gave their nod to raise offers for acquiring the remaining government stake in HZL and Balco by up to 43% or Rs 24,663 crore. After shareholders approval, Vedanta Board is now empowered to make an offer of up to Rs 21,636.56 crore for the remaining government stake in HZL. For Balco, the offer can be up to Rs 3,026.14 crore. Hind Zinc stock price On April 07, 2014, at 14:35 hrs Hindustan Zinc was quoting at Rs 131.40, up Rs 1.35, or 1.04%. The 52-week high of the share was Rs 141.80 and the 52-week low was Rs 94.00. The company's trailing 12-month (TTM) EPS was at Rs 17.01 per share as per the quarter ended December 2013. The stock's price-to-earnings (P/E) ratio was 7.72. The latest book value of the company is Rs 76.39 per share. At current value, the price-to-book value of the company is 1.72.

## BHP Billiton may Spin off Nickel and Aluminium

There is mounting speculation that BHP Billiton is getting close to jettisoning its unloved nickel and aluminium businesses. A possible demerger of the two divisions from BHP's mainstays led by Pilbara iron ore would have major ramifications for thousands of WA workers employed at the Nickel West in the Goldfields and bauxite and Worsley alumina operations in the South West.

Goldman Sachs is also working on a broader Project River the code name for a strategic review of various options for BHP to maximize value from the two noncore metal divisions. It has been the long time corporate adviser to BHP, including on its unsuccessful takeover bid for Rio Tinto.

BHP responded to the Australian Securities Exchange a few hours ago saying a simplification of our portfolio is a priority and is something we have pursued for several years. It would not discuss specific measures



or a preference for a spin-off of the nickel and aluminium divisions, although it also did not deny the suggestion of a possible AUD 20 billion demerger.

BHP said that we believe that a portfolio focused on our major iron ore, copper, coal and petroleum assets would retain the benefits of diversification, generate stronger growth in free cash flow and a superior return

on investment. By increasing our focus on these four pillars, with potash as a potential fifth, we will be able to more quickly improve the productivity and performance of our largest businesses. We continue to actively study the next phase of simplification, including structural options but will only pursue options that maximise value for BHP Billiton shareholders.

