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NEW DELHI : The government has put the strategic sale of state-owned Pawan Hans Ltd on hold after the National Company Law Tribunal passed an adverse order against one of the members of the winning consortium, two people aware of the matter said.

The tribunal's order will be scrutinized before the department of investment and public asset management (DIPAM) issues a letter of award to the consortium, which was selected by the government as the winning bidder for Pawan Hans, one of the two people said on condition of anonymity. "The letter of award has not been issued yet. We will do a legal examination of the NCLT order before proceeding further," he added.

On 22 April, the Kolkata bench of the NCLT sanctioned Cayman Islands-based Almas Global Opportunity Fund SPC, the majority partner entity of the winning consortium Star9 Mobility, for wilful contravention of an approved resolution plan of EMC Ltd, and forfeited its performance bank guarantee of 30 crore. The tribunal also asked Insolvency and Bankruptcy Board of India and ministry of corporate affairs to lodge a complaint against the company in a special court under the Companies Act for contravention of the resolution plan, under which it was bound to pay 568 crore to EMC's creditors.

A copy of the order was seen by Mint.

This is the second instance where a strategic divestment process has been put on hold after the winning bid was selected by the government. Strategic disinvestments involve sale of the government's complete shareholding in a public sector enterprise along with transfer of management control to a private company.

Earlier this year, the Centre had put the divestment of Central Electronics Ltd on hold following allegations made by the company's employees association that the deal was undervalued, and Nandal Finance and Leasing Ltd, the winning bidder, and JPM Industries Ltd, which had also participated in the process, were related as the companies had one common director. This case is also pending before the National Company Law Appellate Tribunal. The Centre is consulting legal experts in this case as well.

A senior government official had told Mint last week that the reins of Pawan Hans will be given to Star9 Mobility, the special purpose vehicle created by a consortium of Big Charter Pvt. Ltd, Maharaja Aviation Pvt. Ltd, and Almas Global Opportunity Fund SPC, by June-end, subject to regulatory clearances. The consortium had placed a winning bid of 211.14 crore for the defence PSU.

The Pawan Hans divestment process was completed nearly five years after the Cabinet Committee on Economic Affairs approved the strategic disinvestment in October 2016. The government had received seven expressions of interest, and shortlisted four bidders.

Finally, it received three financial bids from a consortium of Skyone Airway Pvt. Ltd and Skyone FZE (181.05 crore), and Enormous Nivesh Pvt. Ltd, (153.15 crore), besides Star9 Mobility.

The reserve price for the sale of the government's 51% stake in Pawan Hans was fixed at 199.92 crore. ONGC will sell its 49% stake to the winning bidder at a price decided by the government.

However, the choice of taking that share will be with Star9 Mobility.

The second official said the disinvestment was done after scrutinizing records provided by the successful bidder at two separate stages, downplaying social media rumours and allegations from Congress party that the deal was done without due diligence and to a newly incorporated company without credentials. "The consortium of bidders had a net worth of 691 crore at the time of issuing preliminary information memorandum. It was 710.08 at the time of request for proposals, much higher than the 300 crore minimum eligibility," he added.

Queries sent to the ministry of finance did not elicit any response till press time.

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