

PRESS RELEASE

OVER RS. 61,000 CRORE OF PSU OFFERINGS IN NEXT 3 YEARS TO COMPLY WITH NEW PUBLIC SHAREHOLDING DEADLINE: PRIME DATABASE

SEBI yesterday announced that all PSUs shall need to raise their public shareholding to at least 25 per cent in the next 3 years. **According to Pranav Haldea, Managing Director of PRIME, the country's premier database on primary capital market**, this would mean that 35 PSUs (25 CPSEs, 9 PSBs and 1 SLPE) shall need to dilute stake worth Rs. 61,282 crore (based on 18th June market closing price).

Coal India leads the list with a dilution of nearly Rs. 36,500 crore or nearly 59 per cent of the total amount. At present, the public holding stands at 10.35 per cent. In terms of amount, this would be followed by NMDC, NHPC, NLC and SAIL. The complete list of 35 PSUs is given below:

CPSEs, PSBs and SLPEs with Public Shareholding less than 25%

(Based on Shareholding Pattern as on 31.03.2014)

SL. NO.	COMPANY	PUBLIC SHARE HOLDING (%)	REQUIRED TO REACH 25% PUBLIC SHAREHOLDING	
			%	AMOUNT AS PER CLOSING PRICE ON 18.06.2014 (Rs.crore)
CPSEs				
1	COAL INDIA LTD.	10.35	14.65	36466.05
2	NMDC LTD.	20.00	5.00	3471.17
3	NHPC LTD.	14.04	10.96	3184.67
4	NEYVELI LIGNITE CORP.LTD.	10.00	15.00	2459.94
5	STEEL AUTHORITY OF INDIA LTD.	19.99	5.01	2039.49
6	MANGALORE REFINERY & PETROCHEMICALS LTD.	11.42	13.58	1584.28
7	HINDUSTAN COPPER LTD.	10.00	15.00	1537.71
8	SJVN LTD.	10.03	14.97	1489.07
9	MMTC LTD.	10.00	15.00	1419.75
10	NATIONAL ALUMINIUM CO.LTD.	18.94	6.06	900.87
11	NATIONAL BUILDINGS CONSTRUCTION CORP.LTD.	10.00	15.00	558.90
12	HMT LTD.	10.00	15.00	536.05
13	FERTILIZERS & CHEMICALS TRAVANCORE LTD.	10.00	15.00	356.21
14	NATIONAL FERTILIZERS LTD.	10.00	15.00	333.72
15	MOIL LTD.	20.00	5.00	267.46
16	STATE TRADING CORP.OF INDIA LTD.,THE	10.00	15.00	196.06
17	RASHTRIYA CHEMICALS & FERTILIZERS LTD.	20.00	5.00	182.77
18	INDIA TOURISM DEVELOPMENT CORP.LTD.	12.97	12.03	157.04
19	ANDREW YULE & CO.LTD.	10.00	15.00	120.83
20	ITI LTD.	10.00	15.00	120.31
21	HINDUSTAN PHOTO FILMS MFG.CO.LTD.	10.05	14.95	92.34
22	SCOOTERS INDIA LTD.	6.26	18.74	49.83

23	DREDGING CORP.OF INDIA LTD.	21.44	3.56	43.81
24	MADRAS FERTILIZERS LTD.	14.73	10.27	38.14
25	BHARAT ELECTRONICS LTD.	24.98	0.02	2.89
				57609.36
PSBs				
26	CENTRAL BANK OF INDIA	11.37	13.63	1412.10
27	INDIAN BANK	18.49	6.51	516.41
28	STATE BANK OF MYSORE	10.00	15.00	405.76
29	BANK OF MAHARASHTRA	14.79	10.21	405.60
30	UNITED BANK OF INDIA	12.00	13.00	324.57
31	IDBI BANK LTD.	23.50	1.50	249.25
32	UCO BANK	22.80	2.20	225.49
33	PUNJAB & SIND BANK	18.58	6.42	124.61
34	STATE BANK OF BIKANER & JAIPUR	24.93	0.07	2.63
				3666.42
SLPEs				
35	GUJARAT STATE FINANCIAL CORP.	16.05	8.95	6.28
				6.28
				61282.06

Several large and prominent PSUs such as HPCL (public holding of 48.89 per cent), BPCL (45.07 per cent), GAIL (42.49 per cent), PGCIL (42.10 per cent), MTNL (41.77 per cent), BHEL (36.94 per cent) and NTPC have already met the revised public shareholding requirement.

According to Pranav Haldea, it is heartening to see that the same norms are being used for both private sector and public sector enterprises. It may be recalled that PSUs were initially asked to bring their public shareholding only to 10 per cent by August 2013 while the private sector companies had been asked to bring their shareholding up to 25 per cent by June 2013.

The total amount diluted by the Government in PSUs to achieve minimum public shareholding norm since 1st April 2011 has been **Rs. 2,510 crore** of which **Rs. 2,086 crore** was through the Offer for Sale through Stock Exchange mechanism (OFS) route and **Rs. 424 crore** through the Institutional Placement Programme (IPP) route. Both these instruments were designed specifically by SEBI for promoters to divest their holdings to meet with the norms.

OFS and IPP have not only been used for meeting the public shareholding norm. These are also tools for divestment of government holdings to meet the divestment target. In the last financial year (2013-14), **Rs. 968 crore** has been diluted by the Government in PSUs through **OFS** and **Rs. 358 crore** through **IPP** (another Rs. 7,389 crore has been diluted by the Government in PSUs through Block Deals, Rs. 5,340 crore from CPSE to CPSE sale, Rs. 3,000 crore through ETF, Rs. 2,135 crore through FPO and Rs.2,131 crore through Buyback). **Haldea noted that 'despite a disinvestment target of Rs.54,000 crore (this was however later revised to Rs.19027 crore), Rs. 21,321 crore (or 39.48 per cent of the disinvestment target) was realised.**

As far as the private sector is concerned, 104 companies were non-compliant with the 75 per cent public shareholding requirement on the 3rd June 2013 deadline, against which SEBI had passed penal orders. **According to Haldea, since then, 44 of these companies have complied with the requirement (31 through OFS, 5 through Bonus Issue, 3 through IPP, 2 through OFS & Bonus, 2 through Rights and 1 through OFS & IPP).**

According to PRIME, 67 private sector companies had already diluted their stake before the deadline of June 3rd (51 through OFS, 7 through IPP, 7 through Bonus and 2 through OFS & IPP together).

Overall, from 1st April 2011 onwards, the total amount of dilution by these companies has been **Rs. 8,227 crore** through OFS, **Rs. 4,960 crore** through IPP and **Rs. 9 lakhs** through a Right Issue (**a total of Rs. 13,187 crore**).

In addition, 9 companies had unsuccessful OFS, through which the promoters diluted shares worth Rs.922 crore.