

Centre to raise up to ₹2,720 cr via IRCTC OFS

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The central government will sell up to 5 per cent stake in the Indian Railway Catering and Tourism Corporation (IRCTC) through an offer for sale (OFS) on the exchanges on Thursday and Friday.

The floor price for the share sale is set at ₹680 per share, which is 7.4 per cent lower than the company's closing price of ₹734 on Wednesday.

IRCTC is the tourism and catering arm of the Indian Railways. At present, the government owns 67.4 per cent stake in IRCTC.

The stake sale will mop up close to ₹2,720 crore, offering the government some cushioning as it chases to meet its disinvestment target of ₹65,000 crore for the current fiscal year (2022-23, or FY23) ending March.

The proposed share sale will include up to 20 million equity shares of IRCTC, representing 2.5 per cent of the total issued and paid-up equity share capital, with the option to additionally sell 20 million shares (constituting 2.5 per cent paid-up share capital of the company in case of oversubscription), the company said in a regulatory filing on Wednesday.

A minimum of 25 per cent of the shares in OFS will be reserved for mutual funds and insurance companies; the rest 10 per cent will be set aside for retail investors.

The move is seen as a part of the Centre's plan to sell its stake in listed railway firms to raise money, particularly at a time when achieving the target looks thorny.

The Department of Investment and Public Asset Management, which handles government disinvestment exercises, has so far raised ₹62,433 crore from stake sales and dividends. This includes disinvestment receipts of ₹28,382 crore.

The OFS will open for non-retail investors on Thursday. Retail investors can bid for shares on Friday.

"The offer shall take place on a separate window of the stock exchanges on December 15 (T-day) and December 16 (T+1 day), from 9.15 am to 3.30 pm on both days," IRCTC said in a statement. The number of shares being offered in the OFS is equivalent to up to 0.5 per cent of the total paid-up equity share capital of the firm. Axis Capital, Citigroup Global Markets, Goldman Sachs, and JM Financial are brokers for the OFS. IRCTC's profit after tax increased 42.54 per cent for the second quarter of FY23 at ₹226 crore, against ₹158.57 crore a year ago.



THE STAKE SALE WILL MOP UP ₹2,720 CRORE; FLOOR PRICE AT ₹680/SHARE IS 7.4% LOWER THAN WEDNESDAY'S CLOSE