

Buybacks in 5 PSUs fetch ₹15,585 crore to Centre

fe Bureau

New Delhi, Nov 2: The Centre has raised ₹15,585 crore by selling back a portion of its shares in NMDC, Coal India, MOIL, Bharat Electronics and Nalco, taking the disinvestment revenue to ₹21,401 crore so far in FY17.

The state-run aluminium maker was the first company to complete a buyback transaction that fetched ₹2,831 crore.

NMDC buyback generated ₹7,519 crore, the highest amount through this route so far. Coal India buyback generated ₹2,638 crore, ₹1,803 crore from Bharat Electronics and ₹794 crore from MOIL.

While shareholders can proportionately tender shares in the buybacks, the government tendered shares for the entire ticket size of the buyback to ensure that it gets allocated the maximum in case other shareholders don't subscribe to the offer.

On May 27, the Centre had issued a capital restructuring order mandating every central PSU with net worth of above ₹2,000 crore and cash & bank balance of over ₹1,000 crore to exercise the option to



buy back a portion of their shares with effect from FY17.

The move, aimed at nudging the PSUs to utilise their idle cash to reward shareholders, is expected to be a money spinner for the Centre in the current fiscal.

Besides buybacks, the government has raised another ₹5,815 crore so far in FY17 via small stake sales in NHPC, Hindustan Copper, NBCC as well as from sale of small portions in Indian Oil, NTPC and Engineers India to their employees.

The Budget estimate for disinvestment comprises ₹36,000 crore from PSUs and ₹20,500 crore from strategic disinvestment. The government is trying to mobilise more revenue from small stakes sales in PSUs, including through buybacks as not much is expected to be realised from strategic sales this year.