

Plan to list profit-making PSUs ready

First Set Of Public Offers Of State-Run Cos Expected Around Diwali

TIMES NEWS NETWORK

New Delhi: The government on Friday said all public sector companies that have been earning profit for three years should be listed and put in place a detailed timeline to unlock value in state-run companies.

The guidelines, which come barely two weeks after the Budget announcement, have set the stage for listing of all central PSUs, although officials said only those with "some size" will hit the markets to ensure that there is enough investor appetite in the companies. Based on the detailed schedule, first batch of PSUs would be ready to hit the markets around Diwali as the roadmap fixed the timeframe for listing to 165 days after a company is identified for listing.

The government has set an ambitious disinvestment

TERMS & CONDITIONS

WHICH COMPANIES CAN BE LISTED?

- 1 PSU should have positive net worth
- 2 It should have no accumulated losses
- 3 Should be profit-making for at least three years

Road to listing reduced to five-six months from time of agreement over IPO

Step 1 | Agreement for IPO

15 days later | Board authorisation for listing

45 days | Preparation for draft prospectus, including appointment of auditor, directors, demat of shares etc

45 days | Finalisation of draft prospectus and filing with Sebi

30 days | Resolution of Sebi comments and filing of prospectus

30 days | Roadshows and marketing of IPO

To be decided on market conditions: Date of issue opening

target of Rs 72,500 crore for the next financial year, including sale of stake in five general insurance companies as well as strategic sale. Listing is one of the options for companies to raise fresh equity as well as for the government to cut stake and share

the wealth with the public. The move comes at a time when the government is also looking to initiate mergers and acquisitions in the PSU space with state-run oil companies being the first target.

The guidelines issued by the Department of Invest-

ment & Public Asset Management (Dipam) on Friday has asked all government departments to identify companies within a month of finalisation of audited accounts of the last financial year.

Officials said companies could start the listing process, based on audited accounts for the last quarter and update it at the time of filing of the draft prospectus with Sebi. Companies with positive net-worth, no accumulated losses and earning profit in the three preceding years would be considered eligible for listing. An inter-ministerial panel of officers has been proposed to work out details with the cabinet committee on economic affairs tasked with clearing the issues.

"We are in discussion with the administrative departments. Generally, they are very positive on listing of all public sector enterprises

and we are hoping that working closely with the administrative departments will be fruitful," Dipam secretary Neeraj Kumar Gupta said.

The government will sequence the issues based on fund requirement of companies as also market conditions and avoid bunching of IPOs. At present, 71 PSUs are listed with market capitalisation estimated at over Rs 15 lakh crore at January-end. These firms accounted for just around 13.5% of the total market cap of BSE and NSE. Only three of the top 10 companies by market cap — ONGC, State Bank of India Coal India — were PSUs, which tend to be undervalued compared to their private sector peers.

Sebi rules require at least 25% public shareholding although the initial listing will see government stake fall by a lower proportion.