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OPINIONS

ARADHANA JOHRI/DIVESTMENT SECRETARY

Retail amount from REC issue more than from Coal India

BY SAPNA DAS
CNBC-TV18

INTERVIEW

The sale of shares of the state-owned Rural Electrification Corp. Ltd (REC) on Wednesday set several records, said divestment secretary Aradhana Johri. She described the success of the sale as "resounding." She denied Power Finance Corp. Ltd (PFC) shares would be sold on Monday, saying newspaper reports with such speculation had harmed the stock.

Edited excerpts from an interview:

How has the divestment been?
First of all when you look at the numbers they are really good. We were expecting something like ₹1,500 crore approximately. The oversubscription adds up to about ₹7,621 crore. It is more than five-and-a-half times oversubscribed. We are very encouraged with retail, which is more than nine times oversubscribed. ₹2,887 crore has come in retail itself. Institution-

ally we have got about ₹4,734 crore, which is 4.66 times oversubscribed. And to the retail if I add mutual funds, ₹500 crore more, so it comes to ₹3,415 crore. By any standards it is huge for a day; it is the largest we have ever had. In fact the retail amount is even more than we got for Coal India, which was a huge issue and even a couple of other firsts. First of all we were subscribed fully at ₹320, so that is very heartening and it shows the kind of confidence now in the Public Sector Undertaking (PSU) stocks that are going confidence in the economy.

It also shows how well managed this Offer for Sale (OFS) has been and the retail subscription has been the highest of any OFS. The subscription of the OFS itself has been the highest of any OFS.

One very interesting thing happened this time which is happening perhaps for the first

The retail subscription has been the highest of any OFS

time: the price in the underlying stock has moved up.

Normally when in an OFS when you are letting loose a huge quantity of supply into the market—here also it was about 4.93 crore shares—which are several weeks of trading of this stock, you normally expect the market underlying also to move near your reserve price. The market moved up and closed at ₹330.30 whereas yesterday's closing was around ₹321 approximately. So, that is really interesting and even more so, we have in our OFS also the institutional indicative price was ₹322.97, almost ₹323 and the retail was



RAMESH PATHANIA/MINI

Clarifying reports: Johri denied reports that Power Finance Corporation Ltd (PFC) shares would be sold on Monday.

₹324.72 over and above yesterday's closing. So that is really encouraging and these are many firsts that this OFS has established. Also, we have been first off the block. At the start of the fiscal we had promised and we have come out with a resounding OFS right at the start.

Going forward what kind of roadmap can we expect? It was indicated just yesterday that the PFC

(Power Finance Corporation Ltd) issue definitely is not happening next week, what are your thoughts, what is the current agenda looking like?

This is market sensitive and I cannot tell you. I do want to make a comment here—that is some section of the media, they ran very authoritatively that the PFC stock is going in on Monday.

I do not know where they got it from. It is certainly not going in on Monday and it harmed the stock. I would really request that if there is some authentic information then only please take it out, otherwise it unnecessarily does hurt the stocks and the government revenues. Definitely PFC is not going on Monday.

There has been lot of expectation on the PSU ETF (Central Public Sector Enterprises Exchange-Traded Fund) front also. In fact lot us were expecting that probably you would start off with that first in April but you have gone with REC. So, any plan on that front because that is money just sitting there. Earlier they did ₹5000 crore, ₹3000 crore more has to be done on that front. So, can we expect that sometime soon?

I will not be able to tell you the timing but we have a whole lot of stocks lined up and ETF is one of them.

What about the cabinet approvals for issues like IOC, Nalco, NMDC, BHEL because we are not very sure whether those cabinet approvals have come through or not? We are not looking at any timelines as of now, just to get a heads-up.

We have the MoU that we will not get into stock specific future tense. So, we will keep that MoU intact and not talk too much about specific stocks.

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D. M. P. H. K.