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ALL PSUs COMPLY WITH MINIMUM PUBLIC SHAREHOLDING DEADLINE: PRIME DATABASE

SEBI's deadline for 10% minimum public shareholding in PSUs ended on 8th August and significantly, **8 PSUs/PSU Banks, namely Hindustan Copper, ITDC, MMTC, National Fertilizers, Neyveli Lignite, Rashtriya Chemicals & Fertilisers, State Bank of Mysore and STC complied with this deadline, according to Pranav Haldea, Director of PRIME, the country's premier database on primary capital market.** This puts to rest the continuing concerns raised by several analysts that PSUs shall not comply citing one reason or the other and that some relaxation shall be granted to them. Interestingly, Neyveli, under the pressure of the Tamil Nadu State Government, used IPP route with preferential allotment to its own State Undertakings.

As per a recent decision by the CCEA, the excess Government holding in 6 other listed PSUs-HMT, Fertilizers & Chemicals Travancore, ITI, Andrew Yule, Hindustan Photo Films and Scooters India- shall be transferred out of Government control to a Special National Investment Fund.

As far as the private sector is concerned, 105 companies were non-compliant with the 75 per cent public shareholding requirement on the 3rd June 2013 deadline, against whom SEBI had passed penal orders. **According to Haldea, since then, 20 of these companies have complied with the requirement (13-OFS, 3-Bonus Issue, 1-IPP, 1-OFS & IPP, 1-OFS & Bonus, 1-Rights).**

The total amount diluted by the Government in PSUs to achieve minimum public shareholding norm since 1st April 2011 has been **Rs. 2510 crore** of which **Rs. 2086 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.

According to PRIME, 64 private sector companies had already diluted their stake before the deadline of June 3rd (51-OFS, 7-IPP, 4-Bonus, 2-OFS & IPP together). Overall, from 1st April 2011 onwards, the total amount of dilution by these companies has been **Rs. 8227 crore** through OFS, **Rs. 4960 crore** through IPP and **Rs. 9 lakhs** through a Right Issue (**a total of Rs.13187 crore**).

In addition, 9 companies had unsuccessful OFS, through which the promoters diluted shares worth Rs.1055 crore.

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 running financial year, **Rs. 967 crore** has been diluted by the Government in PSUs through OFS and **Rs. 424 crore** through IPP. **Haldea, however, noted that 'despite a huge disinvestment target of Rs.54,000 crore and continuing announcements, only Rs. 1391 crore (or just 3 per cent of the disinvestment target) has been raised till date in this financial year'.**