

Cabinet approves listing of 11 CPSEs on stock exchanges

Posted On: 12 APR 2017 7:02PM by PIB Delhi

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi has given its approval for listing of the following 11 CPSEs (Central Public Sector Enterprises) on stock exchanges:

Sl. No.	CPSEs	
1.	Rail Vikas Nigam Limited (RVNL)	
2.	IRCON International Limited	
3	Indian Railway Finance Corporation (IRFC) Ltd.	
4.	Indian Railway Catering and Tourism Corporation (IRCTC) Ltd.	
5.	RITEs Ltd.	
6	Bharat Dynamics Limited (BDL)	
7.	Garden Reach Shipbuilders & Engineers (GRSE) Ltd.	
8.	Mazagon Dock Shipbuilders Limited (MDSL)	
9.	North Eastern Electric Power Corporation (NEEPCO) Ltd.	
10.	MSTC Ltd.	
11.	Mishra Dhatu Nigam Ltd. (MIDHANI)	

As approved, listing of CPSEs will be through public offer of shares upto 25 per cent of Government of India's shareholding, which may include offer of fresh shares for raising of resources from market. However, actual disinvestment in respect of each CPSE alongwith the mode of raising resources has been delegated for decision on a case to case basis to the Alternative Mechanism, headed by the Hon'ble Finance Minister.

The CCEA has also approved reservation of shares for the eligible employees of 11 CPSEs in accordance with the extant provisions of SEBI Regulations.

With a view to ensure wider participation by small investors in the CPSEs' disinvestment program, a price discount upto 5 per cent on the issue price has also been approved for the retail investors and eligible employees of 11 CPSEs participating in this offer.

From the economic and sectoral perspective, the decision to list 11 CPSEs on stock exchanges through public offer will have the following advantages for to the stakeholders:

- i. Post-listing, value of a CPSE has the potential to be unlocked in multiples of book value of its equity with respective increase in their market capitalization. Once the book value of 11 CPSEs is discovered through the listing process, it will facilitate raising of resources

by these companies at comparable cost and hence, achieve higher growth through their expansion/diversification. This will also be reflected in the performance at the sectoral level and overall economic growth.

ii. Listing of CPSEs will also promote 'people's ownership' by encouraging public participation in CPSEs. Reservation of shares not exceeding 5 per cent of the post-issue capital for the eligible employees of 11 CPSEs, with the further decision to allocate shares to retail investors and employees of CPSEs at a price discount will ensure wider participation of small investors in the CPSEs' disinvestment program.

iii. Listing of profitable CPSEs on the stock exchanges also triggers multilayered oversight mechanism, which not only enhances shareholders' value but also promotes corporate governance norms in such companies. As per the listing requirements of SEBI/ Company Law/Stock Exchanges, CPSEs are required to comply with a number of mandatory disclosure requirements.

iv. With general public becoming the shareholder in the company through the listing route, the management is open to public scrutiny and thus become more accountable to its shareholders, as per the extant disclosure norms and compliance for listed CPSEs.

Background:

The Government has made the following announcement in Budget 2017-18:

"Listing of Public Sector enterprises will foster public accountability and unlock the true value of these companies. The Government will put in place a revised mechanism and procedure to ensure time-bound listing of identified CPSEs on stock exchanges....."

AKT/VBA/SH

(Release ID: 1487730) Visitor Counter : 127

