

BSNL board clears \$10-b IPO plan

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NEW DELHI: The BSNL board has cleared the company's proposed \$10-billion listing, a top Department of Telecom (DoT) official told ET on Friday. This will bring the company in direct conflict with its employee unions, which have threatened to go on an indefinite strike if the PSU goes ahead with the IPO.

When contacted, a top BSNL executive said: "The BSNL board has recommended the IPO and asked the government to facilitate the listing of the company." The executive also added that the company has already begun the process of appointing merchant bankers.

On July 24, ET had reported that the government had initiated steps to put state-owned telecom major BSNL's proposed \$10-billion listing back on track. The report also said the finance ministry had asked BSNL to start preparing for the country's largest-ever listing.

The unions are against the BSNL management's contention that listing is necessary for expansion and grant of navaratna status. "It is also decided that if the government moves with the IPO proposal, the entire BSNL workforce of three lakh will get into direct action, including indefinite strike. Other PSUs, including HAL, have been granted navaratna status without listing. As such, the arguments put forth for IPO in BSNL are a ploy to disinvest BSNL and gradually privatise it like Videsh Sanchar Nigam (VSNL)," the employee unions of the PSU said in a statement late Thursday night.

Faced with opposition from its unions and the Left parties, the government had shelved BSNL's IPO twice. The DoT official said the government would try and bridge "differences between the BSNL management and its employee unions, to ensure that talks between the two sides continue and all outstanding issues are addressed". BSNL sources also added that the PSU was planning to offer ESOPs and other packages to employees to win their support for the IPO.

It also plans to deploy a portion of the proceeds for a new pension package and for training and redeployment of its employees.

If BSNL does manage to raise Rs 40,000 crore by selling a 10% stake, the telco would be valued at Rs 4,00,000 crore (around \$100 billion). This will catapult BSNL into the league of top telcos in the world in terms of market cap. Incidentally, the market valuation of Bharti Airtel is just around \$37 billion