

BSNL moots IPO plans

BS Reporter / New Delhi May 30, 2008, 19:49 IST

State-owned Bharat Sanchar Nigam Ltd (BSNL) might be back on track with its plans for its initial public offer (IPO). The public sector enterprise has put forward a proposal for approval of its IPO to its trade union which is expected to respond in positive by the 3rd of next month

A statement released by the department of telecom today says " Unions will respond positively to suggestion for listing of BSNL before 3rd June, which will help BSNL in getting Navratna status which is very essential in order to maintain the image of BSNL and its survival and growth."

Meanwhile, BSNL Chairman and Managing Director Kuldeep Goyal last month had ruled out an IPO for the company in the near future. "The plan for the IPO is put in backburner right now. If there is a need for it, we will go for it. Right now we have sufficient funds with us," he had said. Earlier, Minister for Communication & IT, Thiru A Raja has also ruled out the possibility of an IPO earlier.

Commenting on the recent development, a BSNL senior executive said, that the plans for the IPO were still stagnant without any new development, however he could not comment on this latest release.

Industry analysts had estimated the BSNL to be valued at over Rs 4,00,000 crore. The plan was to divest 10 per cent through the IPO. The valuation of India's largest telecom company was estimated by analysts to stand at over Rs 4,00,000 crore, larger than the combined market capitalisation of Bharti Airtel Rs 1,16,342 crore and Reliance Communications (RCom) at Rs1,19,125 respectively the second- and third largest telecom companies.

The company had earlier attempted to go for the IPO in 2005 which did not happen due to the disapproval of the former Telecom Minister Dayanidhi Maran. The situation is still unclear with the new minister in power. However, according to the BSNL executive the decision is still under consideration as many tricky factors are involved in such a step. The final decision will be taken by the government, since it is a state-owned company.

Earlier this year, Goyal had said, "An IPO might be necessary for us as we will invest around Rs 60,000 crore in the medium-term basis." Regarding the initial public offer, he said before taking a final call on the issue it would be examined by all the stake holders, including the government. BSNL is a pan-Indian telecom service provider, except for Mumbai and Delhi which is serviced by state-owned MTNL. BSNL employees, under the banner of Joint Forum of BSNL Unions, have been staging protests against the company's management by not merging 50 per cent of IDA with the basic pay. Representatives of Trade Unions of BSNL met A Raja yesterday.

The meeting is understood to have ended on a positive note with a collective decision on some issues which included 50 per cent IDA merger orders that will be issued by BSNL. It was also decided that the promotion policy for non-executives will be decided within 3 months of issues of wage revision orders for

executives of PSEs from the government. Such a time frame would help to avoid anomalies and conflicts between executive and non-executive pay scales. Finally, it was also decided that no dharna or agitation will be held on these issues

.....

BSNL may be listed on bourses; unions to respond positively

30 May, 2008, 1945 hrs IST, PTI

NEW DELHI: State owned BSNL will come out with a public offering, with the trade unions of the PSU likely to favour the move, an official statement said.

"Union will respond positively to suggestions for listing of BSNL before June 3, which will help BSNL in getting Navratna status which is very essential in order to maintain the image of BSNL and its survival and growth," it said.

The decision was announced after the representatives of trade unions of BSNL met Communication and IT Minister A Raja last evening.

BSNL had recently said that the Initial Public Offering (IPO) of up to 10 per cent of its equity could fetch a whopping \$10 billion (over Rs 40,000 crore) but the move was shelved after the trade unions opposed the move.