

Reliance MF files for 2nd tranche of CPSE ETF

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Mumbai: Reliance Mutual Fund has filed the offer document with markets regulator Sebi to raise between Rs 4,000 crore and Rs 6,000 crore for the government through the second tranche of CPSE Exchange Traded Fund (ETF). In this offer, the government will be divesting stakes in 10 blue-chip PSUs which include ONGC, Coal India, Indian Oil, Power Finance and Oil India. The fund-raising is part of the government's divestment plan for the current fiscal under which it has budgeted to raise Rs 56,500 crore.

A Reliance MF spokesperson confirmed that it has filed the draft prospectus for the second tranche of CPSE ETF with Sebi but declined to elaborate since it was being reviewed by the regulator.

In March 2014, Goldman Sachs Mutual Fund had launched this ETF on behalf of the government through which Rs 3,000 crore was raised. In October 2015, Reliance MF had announced it would buy Goldman Sachs MF and from November 5 this year started managing all the funds of the acquired entity.

CPSE ETF is a unique financial product which operates like a mutual fund and holds shares of 10 PSUs. Of the 10 companies, ONGC has a 26.4% share in the overall portfolio, followed by Coal India (20.9%), Indian Oil (16.8%) and GAIL (10.3%). The other six PSUs have weight in single-digit percentage points. The government will divest stakes in these companies in such a way that the current weight of these PSUs remain unchanged.