

CPSE ETF issue gets bids worth Rs12,000 crore

Issue receives subscriptions totalling two-and-a-half times the base size

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In its largest stake sale this financial year, the government is likely to garner Rs6,000 crore from the second tranche of the Central Public Sector Enterprises (CPSE) Exchange Trade Fund (ETF), which received subscriptions totalling two-and-a-half times the base issue size.

The issue size of the fund was Rs4,500 crore, with the option to raise another Rs1,500 crore. The issue closed on Friday with bids of around Rs12,000 crore.

"It has been a very successful ETF and showed attractive response across the board including FIIs (foreign institutional investors), financial institutions, anchor and retail investors," Neeraj Gupta, secretary in the department of investment and public asset management (DIPAM), told *Press Trust of India* after bids closed.

The ETF received applications from over 200,000 investors across 300 cities who got a 5% discount on the offer price. "This was the largest disinvestment program undertaken by the government of India using ETF and the largest fund offering by any mutual fund in India till date. Anchor investors submitted bids of Rs6,000 crore (\$895.5 million)," a finance ministry statement said.

Morgan Stanley, Nomura, Kotak MF, Employees' Provident Fund Organisation, State Bank of India and Life Insurance Corporation of India were among the prominent domestic and foreign

institutions that participated as anchor investors. The non-anchor portion received bids of Rs6,000 crore—two times the Rs3,000 crore base reserved for the category. The non-anchor portion was largely subscribed by retail investors and provident funds—both domestic and foreign.

Mint reported on 17 January that Employees' Provident Fund Organisation has agreed to invest at least Rs2,800 crore in the CPSE ETF. Retail investors will get first preference and assured allotment as part of CPSE ETF norms.

The National Democratic Alliance government has so far in the current financial year garnered Rs23,528.73 crore through disinvestment, which includes Rs21,432.38 crore through minority stake sales in 14 public sector units and Rs2,096.35 crore through strategic disinvestments. The government had set a disinvestment target of Rs56,500 crore for the current financial year.

The CPSE ETF was launched by Goldman Sachs Asset Management India on 18 March 2014, and comprises 10 firms: Oil and Natural Gas Corp. Ltd, GAIL (India) Ltd, Coal India Ltd, Rural Electrification Corp. Ltd, Oil India Ltd, Indian Oil Corp. Ltd, Power Finance Corp. Ltd, Container Corp. of India Ltd, Bharat Electronics Ltd and Engineers India Ltd. Currently, Reliance Mutual Fund manages the CPSE ETF after Goldman Sachs exited the mutual fund business in India. DIPAM has also started preparations for a new ETF comprising shares of listed CPSEs and some of stocks of the Specified Undertaking of Unit Trust of India (SUUTI) such as ITC Ltd, Larsen and Toubro Ltd (L&T) and Axis Bank Ltd.