GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:901
ANSWERED ON:12.11.2010
DISINVESTMENT
Kumar Shri Kaushalendra;Ramkishun Shri

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government has decided to disinvest Shipping Corporation of India (SCI);

(b) if so, the details thereof;

(c) the total money likely to be added to the exchequer therefrom;

(d) the action taken so far or likely to be taken by the Government in this regard;

(e) whether SCI proposes to issue its shares through Initial Public Offer (IPO); and

(f) if so, the premium of the share thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (S.S. PALANIMANICKAM)

(a)& (b) The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 5th October, 2010 approved the following proposals of the Ministry of Shipping (MoS) for disinvestment in Shipping Corporation of India (SCI):

(i) Issue of fresh equity of 10% by SCI of its existing equity amounting to 4,23,45,365 shares in the domestic market as per SEBI regulations.

(ii) Sale of 10% of the existing equity out of the Government shareholding amounting to 4,23,45, 365 shares in the domestic market as per SEBI regulations.

(iii) Discount of 5% to retail investors on the issue price.

(iv) Reservation of shares of 0.50% of the issue size (i.e. 4,23,454 shares) along with discount of 5% on the offer price

(c) The price band for the Further Public offering of SCI yet to be fixed.Therefore it is not possible to quantify the amount likely to be added to the exchequer.

(d) The process of Further Public Offering (FPO) of SCI has started.Book Running Lead Managers (BRLMs), Legal Advisor and Registrar for the Issue of SCI have been appointed. Draft Red Herring Prospectus (DRHP) has been filed with SEBI on 12.10.2010. Issue is likely to be completed by November/December, 2010 as per SEBI guidelines.

(e) SCI is a listed company and it proposes to issue its shares through Further Public Offering (FPO).

(f) Does not arise in view of reply to (e) above.