

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:2474
ANSWERED ON:24.11.2010
COAL INDIA'S IPO
Patil Shri C. R.

Will the Minister of COAL be pleased to state:

- (a) the reasons which necessitated Coal India Ltd. (CIL) to go for an Initial Public Offer (IPO);
- (b) whether CIL fixed a lower price band to its IPO causing loss to the company;
- (c) if so, the reasons therefor: and
- (d) the corrective measures, if any, taken/being taken by the Government in this regard?

Answer

MINISTER OF STATE (IC) IN THE MINISTRY OF COAL AND MINISTER OF STATE (IC) IN THE MINISTRY OF STATISTICS & PROGRAMME IMPLEMENTATION (SHRI SRIPRAKASH JAISWAL)

(aj) : The policy on disinvestment articulated in the President's Speech to Joint Session of Parliament on 4th June, 2009 and Finance Minister's Budget speech on 6th July, 2009 requires the development of 'people ownership' of Central Public Sector Undertakings (CPSUs) majority shareholding and control. In line with this policy announcement, the Cabinet Committee on Economic Affairs in its meeting held on 5th November, 2009 approved the following :

'with the objective of unlocking the true value of Government's enterprises, CPSUs having a positive net worth, no accumulated losses and having earned net profits in three preceding consecutive years, be required to achieve mandatory listing norms of 10% public ownership and all such unlisted CPSEs, be required to list on the stock exchanges thereafter'.

In addition, listing of CIL was one of the conditions for the company for its Navratna status conferred in October, 2008. In view of the above CIL, a profit making CPSU was listed on 4th November, 2010 through Initial Public Offer (IPO).

(b) & (c): No, Sir. The price band for CIL's IPO was fixed by the Government, keeping in view, inter alia, the following considerations :

- i) Investors feedback
- ii) Comparison with the peer companies
- iii) Need to ensure widespread participation by all classes of investors especially retail investors.

There was no loss to the company as a result of the price band fixed by the Government. The networth of CIL was Rs. 29,832 crore before listing. After listing the market capitalization of CIL has become more than 6 times its networth.

(d) : Does not arise in view of reply to part (b) & (c) above.