

Liberated from Left : BSNL's big-bang IPO back on track

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NEW DELHI: Liberated from the Left and buoyed by the trust vote, the government has initiated steps to put state-owned telecom major BSNL's proposed \$10 billion listing back on track.

ET has learnt that the finance ministry has asked BSNL to go ahead with laying the groundwork for the country's largest-ever listing. Top BSNL sources confirmed that the PSU would start reconciliation process with its employee unions soon, while also adding that the telco was all set to begin 'preparatory work' for the proposed listing.

The process of looking for a merchant banker has begun, though it may take a couple of months before the mandate is formally given. If the [IPO](#) goes ahead and the company does manage to raise Rs 40,000 crore by selling a 10% stake, it would value the telco at a whopping Rs 4,00,000 crore (around \$100 billion). Besides, it will also catapult BSNL into the league of top telcos in the world in terms of market cap. Incidentally, the market valuation of Bharti Airtel is just around \$37 billion.

Faced with union opposition and the Left, the government had put its plans to list BSNL on the backburner. In a bid to win over the employee unions, the BSNL management in June had even worked out a radical formula of offering shares only to government employees, with a 'considerable' reservation for BSNL staff.

However, the management did not have talks with the striking union leaders on this first-of-its-kind proposal following the government's decision to put the proposed listing on hold.

So far, the government has deferred its plans for a float twice. Earlier this year, the government announced that an IPO would be put off after employee unions threatened to go on an indefinite strike protesting the move. Again, in May-end, the issue was back in the news when the government issued a statement saying that unions were favorable to the proposal. This resulted in fresh protests as the unions denied giving any such assurance and accused the communications ministry of spreading misinformation.

BSNL is India's largest telco both in revenues and subscribers. The PSU, which has about 83 million customers (fixed line and mobile) will soon place orders for 93 million GSM lines and the contract is estimated to be worth \$10 billion.

The tenders for these 93 million lines will be opened next month. The PSU is also finalising plans for a full-fledged CDMA roll out across the country. For this fiscal, the company has said it would invest about Rs 15,000 crore to expand its mobile and broadband networks. The company has also committed to invest about Rs 60,000 crore by 2010 to expand its telecom infrastructure and operations