

BSNL unions reject share offer of Rs 2 lakh/employee

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NEW DELHI: Employee unions of state-owned telco, BSNL, have rejected the company's and communications minister A Raja's offer to give all the 3 lakh employees 500 shares at Rs 10 each. This would have fetched each employee a minimum of Rs 1.5-2 lakh at the time of BSNL's listing on the bourses. This offer was made in exchange for the unions dropping their opposition to BSNL's IPO — slated to be the largest in India.

According to Mr Raja, BSNL would list at Rs 300-400, pegging the BSNL's valuation at \$37-45 billion, which is not even half of the \$100 billion valuation that the company's management has been claiming since January 2008. While the rigid stand of the unions puts a question mark on the IPO, a BSNL source told ET that the company was hopeful of a breakthrough as a large number of employees and even the smaller unions were open to negotiate on the stock offer. However, the joint forum of the BSNL unions, the umbrella body for all employee unions of the PSU, rubbished BSNL's claims and said this was a 'ploy to divide the employees'.

As reported by ET last week, the BSNL board has cleared the proposal to offload upto 10% stake in the company. In the past, the employee unions have forced the PSU to put off IPO plans twice.

According to analysts, the \$37-45 billion valuation is a fair one. BSNL has about 81 million subscribers, 10 million more than the country's largest private operator, Bharti Airtel, which is valued just over \$38 billion. However, a top BSNL official said that this was only the book value of the company and did not include its asset value. "If we include the asset value, BSNL's valuation is much higher. The minister only wanted to make a point that this (Rs 300-400 per share) would be the minimum that employees can expect when it lists," he said.

Mr Raja, whose intervention failed to break the BSNL management-union deadlock, said that a final decision on this issue would be taken after further discussions with the company's employee unions. Adding a new twist, sources also told ET that Mr Raja was reluctant to push the unions to reach a deal with BSNL management. "The minister is from the DMK, the party which threatened to quit the UPA if the government went ahead with the disinvestment of Neyveli Lignite Corporation (NLC). The DMK has forced the UPA to put all disinvestment plans on hold since June 2006. Therefore it (DMK) does not want to be associated with BSNL's IPO. This explains why Mr Raja does not want to push it so hard," said a highly-placed source who is privy to the discussions between the BSNL management and the employee unions.

Following Thursday's meeting with the employee unions, Mr Raja told mediapersons that the decision to go in for an IPO was taken by the BSNL board.

"I only told them that the listing is good for the company. Even the BSNL chairman, the telecom secretary and others explained to the unions that an IPO would benefit the company. It would bring company accounts in the public domain, help maintain transparency and accountability and allow better management of resources," he added.