

# BSNL to offer 5% equity to public Another 5% for private investors

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**New Delhi, March 7:** State-run Bharat Sanchar Nigam Ltd (BSNL) plans to raise money through a maiden float and private placement of shares.

In a meeting held on Friday, the BSNL board decided to offload 5 per cent equity to the public and 5 per cent to private entities, said sources.

The board had cleared a plan to divest 10 per cent through an initial public offering (IPO) in 2008 to raise about Rs 10,000 crore.

The company's union is against divestment as it may lead to job losses. The BSNL board had proposed to give preferential shares to its employees to convince the union of the merits of listing the telecom firm. The proposal was rejected.

BSNL has been losing market share to private entities because of its inability to add to capacity and execute projects in time. It has also scrapped a tender to procure mobile equipment for expansion.

Sources said the state-run telecom firm had other plans in the pipeline, including the sharing of towers and optical fibre backbone with competitors and providing IT services such as security (firewalls) and managed network to other companies.

Earlier, the Sam Pitroda committee — set up by the Prime Minister's Office to bolster the deteriorating financial health of the company — had suggested the government should sell a 30 per cent stake in the company through an initial public offering and raise funds from the sale of infrastructure assets such as towers and real estate.

Prime Minister Manmohan Singh, worried about the steep decline in BSNL's profitability over the years, had appointed Pitroda as the head of the committee, which had banker Deepak Parekh and telecom secretary P.J. Thomas as members.

The Pitroda panel had also said BSNL, having 40,000 towers in 20 circles, should follow private companies such as Bharti and Idea Cellular that raised their valuations by selling towers for huge sums.

Another private player Aircel, too, sold 17,500 towers for Rs 8,400 crore to GTL Infrastructure in January.

BSNL's towers are now worth over Rs 19,200 crore. "The value can be unlocked through strategic sale or an initial public offering," said the committee.

