

Centre mops up ₹170 bn in CPSE ETF 4th tranche

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The Centre has managed to raise ₹170 billion through the fourth tranche of the CPSE ETF, a fund that comprises 11 state-owned firms. Senior government sources said the follow-on fund offering (FFO) saw subscription worth ₹250 billion, of which the government decided to retain ₹170 billion.

The CPSE ETF had a base issue size of ₹80 billion, with a green-shoe option to retain an additional subscription of ₹60 billion. However, gauging higher demand, the Centre enhanced the issue size to ₹170 billion.

People in the know said the offering saw broad-based participation from mutual funds, retirement funds, insurance companies and foreign institutional investors (FIIs). State-owned institutions, including Life Insurance

Corporation (LIC) and the Employees' Provident Fund Organisation (EPFO), too, submitted big ticket applications on the last day, said a source.

"This is the the largest-ever

domestic institutions."

The government didn't have the option of retaining more than ₹170 billion, given it would have led to dilution of its holdings in some of the underlying securities to below 53 per cent. The move would have required an approval of an alternative mechanism, headed by Finance Minister Arun Jaitley.

The 11 state-run firms that form the CPSE ETF include Oil and Natural Gas Corporation, Coal India, Indian Oil Company, Oil India, Power Finance Corporation, REC, and Bharat Electronics, while NTPC, SJVN, NLC and NBCC are new entrants.

The CPSE ETF ended at 1,968 on Friday, down 1.6 per cent, with eight of its components declining. The new units will be issued at a 4.5 per cent discount to investors who applied in the FFO.

Shot in the arm

Amount mobilised is more than previous six issues put together

| | Mode | Amount raised (₹ bn) |
|--------------|------------|----------------------|
| Midhani | IPO | 14 |
| Bharat22 ETF | ETF | 83 |
| Rites | IPO | 15 |
| Iron | IPO | 15 |
| Garden Reach | IPO | 13 |
| Coal India | OFS | 52 |
| CPSE ETF | ETF | 170 |
| Total | 322 | Target 800 |

SOURCE: DIPAM

equity fund raising through ETF route in India," said Sundeep Sikka, CEO, of Reliance Mutual Fund. "We have seen an overwhelming participation from FIIs, retirement and pension funds and