

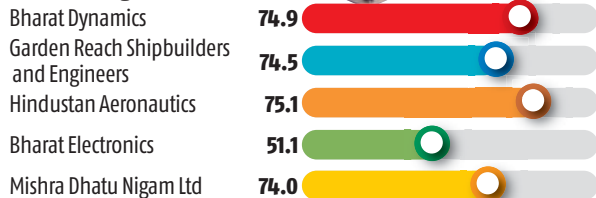
Defence PSUs to hold roadshows in Dubai, Abu Dhabi to woo investors

EYEING INVESTMENTS



Defence PSU

Centre's shareholding in %



These will set the stage for future stake sale by the government

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Defence public sector undertakings (PSUs) have been asked by the Centre to hold roadshows in Dubai and Abu Dhabi to share their financials and business plans to reel in investors.

Hindustan Aeronautics (HAL), Bharat Dynamics (BDL), Bharat Electronics (BEL), Garden Reach Shipbuilders & Engineers (GRSE), and Mishra Dhatu Nigam (MIDHANTI) have informed stock exchanges that they will conduct investor outreach programmes and participate in 'non-deal' roadshows and meetings with prospective investors from September 12-15. They will share their short- and medium-term growth plans, financial metrics, improvement in their stock performance/ market capitalisation — and make a pitch of sorts to prospective investors.

Even as these roadshows are not related to any share offering by the Centre, they will set the stage for future stake sales by the government. Such roadshows may be a precursor to the government's plan to come up with an offer for sale for such PSUs, observe sector experts.

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Defence PSUs...

The roadshows are a step by the Centre to nudge PSUs to actively engage in a dialogue with market participants and apprise potential investors of their performance. The step also underscores the Centre's efforts to place PSUs on a par with their private sector counterparts. The government has taken a series of steps to reinforce investor confidence in PSU shares that are undervalued compared to their private peers.

The Department of Investment and Public Asset Management has inserted new parameters into the memorandum of understanding PSUs sign with the government — these include holding investor

conference calls after declaring quarterly earnings and sharing the management's future plans. The holding of analyst/investor calls have shown results, with share prices reacting positively to management commentary.

Other steps taken to improve governance include adhering to better capital management practices, opting for debt financing, whenever required, against utilising internal accruals for funding projects, among others.

Defence PSUs have been outperforming non-defence PSUs, says Harshit Kapadia, vice-president at Elara Capital, and a defence sector expert.

The government wants to put PSUs on the same footing as their private peers, adds Kapadia. Of the five PSUs holding roadshows, the mandatory minimum public shareholding norms is met by all, except for

HAL. The government owns 75.15 per cent stake in HAL.

Shares of all these five defence PSUs have given handsome returns this year.

The share price of HAL has jumped 112 per cent year-to-date (YTD).

BDL's share price has surged 115 per cent YTD. BEL's and GRSE's share prices have risen 60 per cent each YTD. MIDHANI's share price has seen 13.6 per cent increase.

Stake sale in such PSUs may help the government increase its divestment mop-up as many privatisation proposals are staring at delays. The Centre has so far amassed ₹24,543 crore in divestment receipts, against its ₹65,000-crore target for 2022-23.

Big i-banks...

Typically, bankers earn a percentage of the funds raised