# ALL ABOUT THIS NEWS ⇨ IRCTC: Govt to sell up to 20% stake via OFS; floor price set at ₹1,367/share

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**WHAT IS OFFER FOR SALE?**

Offer for sale (OFS) is a simpler method of share sale through the exchange platform for listed companies. The mechanism was first introduced by India's securities market regulator Sebi, in 2012.

To make it easier for promoters of publicly-traded companies to cut their holdings and comply with the minimum public shareholding norms by June 2013.

Later, the government started using this route to divest its shareholding in public sector enterprises.

**HOW IT IS DIFFERENT FROM FPO?**

Unlike a follow-on public offering (FPO), where companies can raise funds by issuing fresh shares. The OFS mechanism is used only when existing shares are put on the block.

**WHAT IS THE NEWS?**


The government of India has proposed selling up to 2.4 crore shares in IRCTC, Representing 15% of the paid up equity share capital of the company through offer of sale route.

**Shareholding Pattern - Indian Railway Catering & Tourism Corporation Ltd.**

| Holder's Name | No of Shares | % Share Holding |
|---|---|---|
| NoOfShares | 160000000 | 100% |
| Promoters | 139840000 | 87.4% |
| ForeignInstitutions | 1401153 | 0.88% |
| NBanksMutualFunds | 1551046 | 0.97% |
| Others | 1473616 | 0.92% |
| GeneralPublic | 14634881 | 9.15% |
| FinancialInstitutions | 1099304 | 0.69% |

**WHY GOVT IS SELLING ITS STAKE?**

In August 2020, the government announced its plan to pare its stake in the company. To meet Sebi's public holding norms, the government has to lower its stake in the company to 75%.

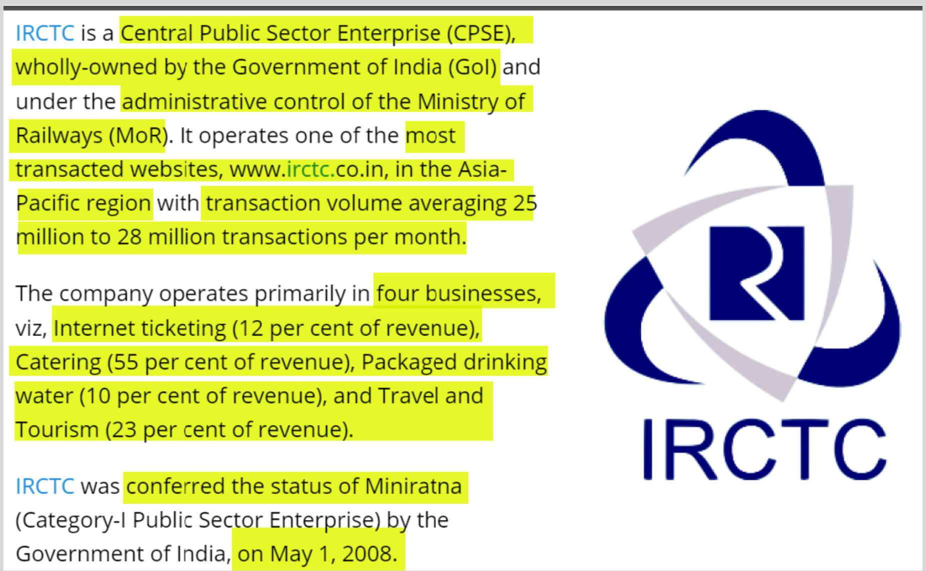
**BUT THEN HOW 20%?**

The government has also proposed an additional share sale of 0.8 crore shares, representing 5% of the paid up equity share capital, Under in the event of oversubscription. Combined, the base offer size and oversubscription option represent 20% of outstanding equity shares of the company or 3.2 crore shares.11-12-2020.

**WHEN THE SALE OF SHARES WILL TAKE PLACE?**

The IRCTC share sale will take place on a separate window of the stock exchanges on December 10 and December 11. Only retail investors shall be allowed to place their on December 11.

The floor price for the offer shall be₹1367 per share.



IRCTC is a Central Public Sector Enterprise (CPSE), wholly-owned by the Government of India (GoI) and under the administrative control of the Ministry of Railways (MoR). It operates one of the most transacted websites, www.irctc.co.in, in the Asia-Pacific region with transaction volume averaging 25 million to 28 million transactions per month.

The company operates primarily in four businesses, viz, Internet ticketing (12 per cent of revenue), Catering (55 per cent of revenue), Packaged drinking water (10 per cent of revenue), and Travel and Tourism (23 per cent of revenue).

IRCTC was conferred the status of Miniratna (Category-I Public Sector Enterprise) by the Government of India, on May 1, 2008.



IRCTC had reported a 67.3% slump in the net profit to₹32.63 crore for its second quarter ending 30 September, 2020 as compared to₹99.82 crore, a year ago.