

# NSE shareholder puts 5% stake on the block

MUMBAI: IDBI Capital Market Services has put up to 5% stake of National Stock Exchange (NSE) on the block on behalf of an undisclosed client. The stake could be worth about Rs 900 crore.

The merchant banker has invited bids from interested parties who are qualified to buy stakes in stock exchanges. Interestingly, the stake sale offer from one of the existing shareholders of NSE has come at a time when the market regulator Sebi is mulling the recommendations of the Bimal Jalan panel that recommended that stock exchanges should not be allowed to list. In effect, as various commentators have said, if this recommendation is accepted by Sebi, that will put a large number of investors in various stocks exchanges in a spot, limiting their options to exit such investments.

When contacted by TOI, the NSE spokesperson declined comment.

As per NSE's March 2010 balance sheet, its total equity capital of Rs 45 crore is divided into 4.5 crore shares of Rs 10 each. So 5% of the bourse's equity capital is about 22.5 lakh shares. Since the stock exchange is not listed, going by the price at which the last transaction in NSE shares were done, that of Financial Technologies selling 4.4 lakh shares at Rs 3,800 per share, this 5% stake is worth about Rs 855 crore.

Since the exchange is not listed, its exact shareholding pattern is also not known, although it is believed that about 38.1% is held by banks and financial institutions, 28% by foreign entities (including FIIs), 22.6% by private bodies and 11.2% by government-owned companies. Among the foreign holders are the NYSE group, Goldman Sachs, Citigroup, Morgan Stanley and Norwest Venture Partners.

The NSE website says the bourse, the largest in the country by volume of transaction, is promoted by financial powerhouses like SBI, LIC, ICICI Bank, IDBI Bank and several other entities most of which are government-controlled.

The advertisement for stake sale by IDBI Caps said that NSE, although not a party to the transaction, will have "the right to approve or reject any transfer of shares for any reason whatsoever as it may deem fit."