

## NSE shareholders fear revamp plans may delay bourse's listing

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*Apprehension of loss in investor value due to restructuring, potential tax liabilities*

Mumbai, January 21:

Nine shareholders of the National Stock Exchange have aired their apprehension on the proposed restructuring plans of the bourse.

Investors, including Aranda Investments, GTI Capital Epsilon, Norwest Venture Partners and SAIF, feel that the proposal to restructure will delay the listing process.

### **Naysayers at 35%**

The investors observed that there could be loss in shareholder value due to the restructuring and potential tax liabilities.

Adding that they were given to understand that the SBI had also opposed the move to restructure NSE's businesses, in a separate letter the investors said the NSE management should not seek SEBI's approval for restructuring as more than 35 per cent of the shareholders did not support the move.

Commenting on the development, Pratibha Jain of Nishith Desai Associates said: "NSE has not given a clear outline on what it wants to achieve by restructuring. There is apprehension that restructuring would create an entity which could be out of SEBI's purview. Even if you want to do it, do it after you list or do it simultaneously while taking up listing."

Tejesh Chitlangi, Partner, IC Legal, said despite the regulatory framework being available for listing, the reluctance shown by the NSE seems to be without any substantive reasons. "As is the case with any other investee entity, the private equity investors have a reasonable expectation to seek an exit vide listing. The NSE's proposed restructuring exercise and demands to allow self-listing for the fears of information getting leaked to rival exchange, will further delay the listing exercise," Chitlangi said.

### **Restructuring of biz**

It is gathered that the bourse in a shareholder meeting on June 26, 2015, had told its investors that it was undertaking a restructuring exercise aimed at creating a new entity comprising new lines of businesses, such as a trade receivables discounting system, International Financial Centre (GIFT City) and other potential mergers and acquisitions. The bourse's idea was to ensure that its regulated businesses were ring-fenced and that the holding company had the ability to grow without the framework applicable to a regulated entity.

The MD & CEO of NSE apparently told some founder shareholders that global investment bankers had said internationally large exchanges have adopted similar non-operating holding company structures.

It was added that self-listing would create shareholder value, help investors get the best price discovery platform with liquidity and hedge the price risk in the derivatives market.

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