

Headline: Big foreign investors vie for NSE stake

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Big Foreign Investors Vie for NSE Stake



Hillhouse, New Quest, Fairfax and Amansa Capital are

among overseas investors that have evinced interest in buying 3% stake in NSE being sold by IDBI Bank, reports

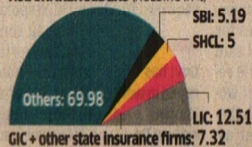
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13 Funds Line Up for IDBI Bank's 3% Stake in NSE

China's Hillhouse, HK's Janchor & New Quest, Fairfax India, RARE Entp, India Value Funds among the suitors

Taking Stock

NSE SHAREHOLDERS (HOLDING IN %)



13 SUITORS FOR NSE STAKE

Foreign Funds: Hillhouse CD Holding (China), Jancher Partners (HK), New Quest Capital Partners (HK), FIH Mauritius (Prem Watsa, Canada), DVI Fund Mauritius (Deccan Value Fund), Amansa Capital, Samarra Capital Partners, Think Investment, IIFL Pvt Wealth

Domestic Funds: RARE Enterprises (Rakesh Jhunjhunwala), Puran Associates (Burman family), India Value Fund (Haresh Chawla)

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New Delhi: Chinese hedge fund Hillhouse, Hong Kong's Janchor and New Quest, Prem Watsa's Fairfax India Holdings and Amansa Capital from Singapore are among leading overseas investors that have shown a keen interest in acquiring a 3% stake in the National Stock Exchange (NSE) being sold by IDBI Bank.

Domestic heavyweights such as RARE Enterprises of Rakesh Jhunjhunwala, India Value Funds and Puran Associates of the Burman family that owns Dabur are among 13 funds vying for a stake in the country's largest stock exchange that has just initiated the process of listing itself on Indian bourses, said people aware of the development.

Such a sale would be a guide to pricing ahead of the initial public offer (IPO), investors said. In a secondary sale last July, State Bank of India got ₹911 crore for a 5% stake at ₹4,050 per share, valuing NSE at ₹18,225 crore. IDBI Bank expects to raise ₹550-600 crore from the sale, according to those cited above, pegging the value at about ₹20,000 crore.

"Given the keen interest of such a large number of funds, the proposed transaction is expected to be at a marginal premium than the last transaction," said one of the people cited above.

Both NSE and the Bombay Stock Exchange have long been nurturing plans to list themselves as they look to raise money for expansion and broadbase ownership. BSE plans to offload a 30% stake sometime this year.

IDBI Bank started inviting bids on August 10, said executive director P Sitaran. "Our strategy regarding non-core assets is independent of the National Stock Exchange's proposed plans." It would prefer a negotiated deal as it may not be able to offload the entire 3% stake in the IPO, experts said.

"The proposed IPO will be for about 10% of the equity capital of NSE in which there are many foreign and domestic shareholders that will tender their share in the IPO," said one of them. "There is all likelihood that the combined offer from all the shareholders will be more than 10%." In that case, the shareholders will have to offload stakes in proportion to their hold-

ings, he said.

After the IPO, existing shareholders won't be able to exit for a year as there will be a lock-in period, said the people cited above.

One of the founding shareholders of NSE, IDBI Bank had a 5% stake, of which it sold 2% in March to state-owned Life Insurance Corporation of India. SBI holds a 5.19% stake while subsidiary SBI Capital Markets holds another 4.33%. Other major shareholders are LIC (12.51%), Stock Holding Corporation of India (5%) and IDFC (3.9%).

Earlier this week, NSE appointed Citibank, JM Financial, Kotak Mahindra and Morgan Stanley as lead managers of its much-awaited IPO. A draft paper for domestic listing is expected to be filed with the regulator by January 2017.

Investors say sale would be a guide to pricing ahead of NSE IPO