

## EXISTING INVESTORS FACE LONGER WAIT FOR EXIT

# NSE IPO Likely to be Delayed by a Year; Sebi Said to be in No Hurry to Give a Nod

Regulator may wait for agencies to take action in co-location scam, securities rules' violations

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**Mumbai:** Investors in India's largest bourse might have to wait even longer for an exit through an initial share sale after regulatory probes into the National Stock Exchange (NSE)'s former officials for alleged violations have set further back the timelines for a public listing.

With market regulator Sebi's latest order on NSE for violation of securities contract rules and a subsequent probe initiated by other agencies such as income tax and Central Bureau of Investigation (CBI) against former CEO Chitra Ramkrishna, the NSE share sale is likely to be delayed by at least a year, said bankers.

"Sebi is unlikely to give its nod to NSE to go public at the current situation, and it may take another year or so to clean up the entire system," said a top official at an investment bank. "More action on all those involved in the co-location scam and violation of securities contract rules is likely in the coming months from various agencies. Until then, the regulator may not consider NSE's request to go public."

Email queries sent to Sebi and NSE did not receive any response.

NSE filed its draft red herring prospectus (DRHP) with Sebi on December 28, 2016, for an offer to sell up to 111.4 million shares by the existing investors. However, the market regulator asked the exchange to take back the DRHP due to an ongoing investigation into the co-location scam, said bankers.

According to insiders, foreign investors in the exchange wanted the bourse to go public a decade ago, but it has been delayed on account of various controversies, including the co-location case.



In August 2016, the board appointed Citibank, JM Financial, Kotak Mahindra, and Morgan Stanley as lead bankers for the IPO.

On October 4, 2016, the NSE board passed a resolution for an initial public offering and consequent listing of equity shares.

Before Sebi passed orders against NSE and its former top officials in the co-location case, expectations were high that an IPO was likely in 2022.

Large institutional investors are, however, unlikely to exit in the current situation. The stock price in the unofficial

grey market has risen nearly four-fold in the past two years from ₹850 to ₹3,400 currently. Brokers said demand for the unlisted NSE shares remains robust but no large sellers exist due to the exchange's strong track record in profits.

India's largest bourse has reported a 56% year-on-year jump in net profit at ₹3,518 crore for the nine months ended December 2021.

**NSE had filed IPO papers in Dec 2016, but Sebi asked it to take back the DRHP due to an ongoing investigation into the co-location scam**