

BSE files draft prospectus for public offer

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BSE, Asia's oldest bourse, has filed its draft prospectus with market regulator the Securities and Exchange Board of India (Sebi), paving the way for an initial public offering (IPO) that could range anywhere between ~1,200 crore and ~2,000 crore. The board of directors, at its meeting on Wednesday, had given the nod to the draft prospectus.

About 29.95 million shares, or 27.43 per cent stake, in the exchange will be sold in the IPO, which were tendered during the offer for sale (OFS) process that ended last month. The issue size is expected to be close to ~1,200 crore, based on the percentage of shares tendered during OFS and assuming a share price of ~400 apiece.

However, the Street is abuzz that the shares could be priced even higher at ~500-650, which will push the issue size to ~1,500-2,000 crore. BSE shares are currently quoting ~375-380 in the grey market, an 'over-the-counter market'

where shares of a firm can be traded before it's listed.

Singapore Exchange, which had a 4.7 per cent holding in the exchange as on June 30, tendered all its shares during the OFS. George Soros' hedge fund Quantum's Mauritius investment arm Quantum (M) and Atticus Mauritius are the other major shareholders that have tendered all their shares.

Shareholders such as Acacia Banyan Partners, GKFF Ventures, Bajaj Holdings and Investment and Caldwell India Holdings, owned by Canada-based investor Thomas Caldwell, have opted for a partial exit.

Deutsche Boerse (holding of 4.7 per cent), State Bank of India (4.7 per cent), and Life Insurance Corporation of India (4.7 per cent) did not tender any shares in the OFS.

Shares not sold in the OFS shall be locked-in for a year from the date of allotment/transfer of shares in the IPO.

The sellers will receive the same sale price as the issue price for the IPO, net of expenses and applicable taxes.

The bourse's consolidated net profit for 2015-16 declined 38 per cent to ~96.7 crore from ~155.5 crore the previous year. The exchange has seen a dip in cash market volumes, its mainstay, and its volumes in the derivatives segment have dived to almost nil, after the exchange trimmed its incentive structure for market makers.

BSE is a professionally managed entity and doesn't have any promoter. The exchange's shareholders include foreign bourses Deutsche Boerse and Singapore Exchange as well as domestic entities such as Life Insurance Corporation of India and State Bank of India, among others.

Earlier this year, BSE had told Sebi that it had met the requirements of the amended regulations on the Stock Exchanges and Clearing Corporations

(SECC) rule, and was in a position to proceed with its IPO. Sebi had, via a January 1 notification, amended the SECC Regulations of 2012, making it easier for exchanges to list. The exchange had first approached Sebi with a listing plan in January 2013, but could not get the required in-principle approval, owing to a lack of clarity on SECC norms. In 2012, it had appointed 14 investment bankers to handle the IPO.

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