

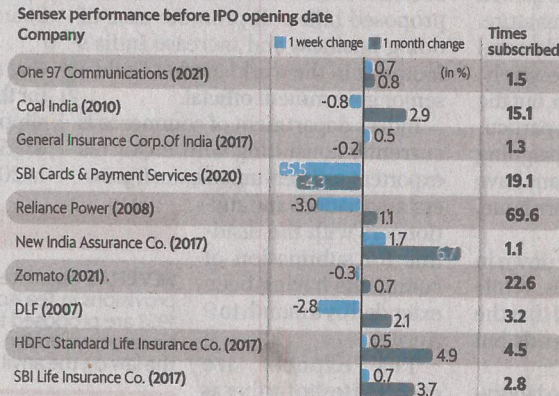
# The wait for a sweet moment for LIC's IPO: lessons from the past

Niti Kiran

niti.k@livemint.com

## Well-timed

Top 10 IPOs by issue amount



Source: primedatabase.com, Mint calculations

SARVESH KUMAR SHARMA/MINT

rising market (when indices rose 1-3% in the month prior to the launch) garnered an incredible response from investors: Reliance Power was oversubscribed nearly 70 times, Coal India 15.1 times and DLF 3.2 times. Interestingly, in each of these three cases, the bourses had slumped in the week before their launch.

SBI Cards and Payment Services, the fourth largest issue, received a mega response, getting subscribed 19.1 times despite turbulence in the markets in a week (the Sensex fell 5.5%) and a month ahead of its launch.

Adding to the list was Zomato, the first new-age internet startup that went public last year when the market sentiment was almost flat but caught investors' fancy with an oversubscription of 22.6 times.

On the other hand, the coun-

try's biggest IPO, the share sale of Paytm owner One97 Communications, which was launched in a stable market, turned out to be a damp squib with a subscription of just 1.5 times.

Paytm's example shows that opportune time does not necessarily lead to success. "In the case of large IPOs, the timing of the market does help, as a large base requires investment from a large number of investors, which a bull market can attract," said Sneha Poddar, assistant vice-president-research, broking and distribution, Motilal Oswal Financial Services.

"But it does not guarantee success. The most important underlying factor that drives IPO success is its fundamentals,

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moats it offers, and valuation. However, during bull markets, fundamentals often take a back seat and herd mentality takes over."

On the listing front, half of the 10 public issues failed to sparkle on debut, showed data from primedatabase.com.

LIC's stake sale would fetch the government around ₹65,000 crore and prop up its coffers, while its delay to the next fiscal year will put the disinvestment target for 2021-22 in limbo.

Yet, market observers said—the delay is a step in the right direction as an unexpected market rout wiped out around ₹1.15 trillion of investors' wealth from the stock market since LIC filed its draft share sale documents.

The fear index, India VIX, has risen nearly 12% in this period.