

# LIC'S IPO SET TO BE FIFTH-BIGGEST GLOBALLY IN CY22

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LIC's \$2.7-billion initial public offering (IPO) shall be the fifth-biggest globally in CY22. South Korean EV battery maker LG Energy Solution holds the record for the year's largest IPO at \$10.8 billion, while Chinese mobile communications provider China Mobile IPO, which raised \$8.6 billion, comes second.

Dubai Electricity and Water Authority's (DEWA's) \$6.1-billion IPO in March is currently the third biggest public offering for the year, followed by China National Offshore Oil Corporation's (CNOOC's) IPO; the firm had raised \$5.1 billion by issuing shares in Mainland China after delisting from the American bourses.

LIC's IPO is coming at a time when the global deal pipeline has slowed. During the first quarter of 2022, the number of IPOs globally dropped by nearly 40 per cent year-on-year, while volumes have nearly halved to \$54 billion. Most top deals this year — except DEWA and LIC — were announced last year. Given the slump in momentum, LIC's 10 investment banks have taken a cautious approach, slashing the deal size to \$2.7 billion (₹21,000 crore), from an estimated \$8 billion (₹60,000 crore) earlier.

Experts say LIC's earlier IPO size would have tested the depth of India's capital market. The lowered size, they say, won't be as big a test of appetite. "Though the



## THE BIG LEAGUE

	Amt raised (\$ bn)	Country	Month	Sector
LG Energy Solution	10.8	South Korea	January	EV battery
China Mobile	8.6	China	January	Mobile comms
DEWA	6.1	UAE	March	Power utility
CNOOC	5.1	China	April	Oil
LIC	2.7	India	May	Insurance
Jinko Solar	1.6	China	January	Energy
Nahdi Medical	1.4	Saudi Arabia	March	Healthcare

Source: Bloomberg

markets are volatile, there is enough liquidity in the Indian markets for a large issue like LIC to get enough subscriptions. If one looks at demand for some issues in the recent past, total amount committed is more or equivalent to the issue size of LIC. Moreover, LIC itself has made changes to the issue size. So, we cannot say this is a test of the depth of the Indian markets. The Indian markets have enough liquidity to absorb such issues," said Venkatraghavan S, head of equity capital markets and MD, Equirus.

"As the past two years have shown, there is enough and more liquidity available for good quality issuances at attractive valuations. \$2.7 billion or ₹21,000 crore is not a huge amount in the context of where the Indian market is today," said Pranav Haldea, MD, PRIME Database.