

## Pecking order

India's largest IPO received bids for nearly three times the shares on offer, helping the Centre raise ₹21,000 cr by selling a 3.5% stake in LIC. A look at India's largest IPOs:

Issue amount (₹ cr)	Total subscription (no. of times)
Life Insurance Corp. of India	21,000 2.95
One 97 Communications	18,300 1.48
Coal India	15,199 15.14
General Insurance Corp. of India	11,257 1.31
SBI Cards & Payment Services	10,341 19.09
Reliance Power	10,123 69.59

Source: primedatabase.com

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# LIC IPO shrugs off market jitters, gets subscribed 3 times

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India's largest initial public offering received bids for nearly three times the shares on offer, helping the government raise ₹21,000 crore by selling 3.5% in Life Insurance Corp. of India.

The IPO navigated choppy markets that have been on a decline since the Reserve Bank of India surprised the markets with an out-of-turn rate hike, combined with policy tightening by the US Federal Reserve that has unleashed a global sell-off in equities. The Russian invasion of Ukraine also cast a shadow on the share sale, with the government forced to slash

its fundraising target and the insurer's valuation.

Tuhin Kanta Pandey, secretary of the department of investment and public asset management (DIPAM), said domestic investors were primarily responsible for the IPO's success, also crediting other investor categories as well.

The IPO was most heavily subscribed by policyholders, with the portion reserved for them seeing the highest demand of 6.1 times the shares on offer. A small portion of the share sale reserved for the insurer's employees received bids for 4.4 times the shares on offer.

Shares reserved for institutional investors were subscribed 2.83 times on the final

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day, while those for high net-worth individuals were subscribed 2.91 times.

Retail investors also responded favourably, with the retail portion seeing bids worth more than ₹12,000 crore, or nearly double the shares on offer. LIC's shares will list on the stock exchanges on 17 May.

DIPAM's Pandey said the share sale showed India's capital markets and investors had the capacity to pull off a massive IPO like LIC, even as most foreign institutional investors (FIIs) largely stayed away.

"FIIs take their own call like all other investors. I think we should look at it from a positive angle that this issue is an example of Atmanirbhar Bharat—that

a big issue has been pulled off by India. The retail investors' interest shows that we, our capital markets' and investors' capacities have increased a lot such that we need not be totally dependent on FIIs to run the market. They're equally welcome and some have come, but it's true that predominantly, this issue has been domestically lifted," he said.

Department of financial services secretary Sanjay Malhotra said the inflow of investor money into LIC amid the outflow of FII funds spoke volumes of LIC as a company.

Pandey further said the long exercise for listing of LIC will not only deepen capital markets but also facilitate a large number of investors holding shares of a publicly owned company.

DIPAM joint secretary Alok

Pandey said while the issue size was ₹21,000 crore, the actual proceeds could be about ₹20,500 crore, after considering the discounts given to retail investors.

Answering a question on whether LIC would be included in the market indices from day one since it was the biggest IPO in stock markets or even be included in some foreign indices, Pandey said while the stock would be eventually included in the indices, it will have to follow all procedures and meet minimum requirements in terms of float and size first.

The government had facilitated investors to the best extent possible, Pandey said, adding: "Let us hope all goes well on listing day."

Pandey said the size of the IPO was decided after taking into consideration the overall situation, and with geo-political uncertainties, the investment pool gets reduced. The strong demand from policyhold-

ers and retail investors was in line with the trend witnessed in the anchor subscription, where domestic institutional investors came out in strong support of LIC. On 2 May, LIC raised ₹5,627 crore from anchor investors.

Domestic mutual funds subscribed to 74% of the share offered in the anchor allocation, even as foreign institutional investors largely stayed away, subscribing to just 17.7% of the anchor allocation. The mutual fund subscription was led by SBI Funds Management Pvt. Ltd, ICICI Prudential Asset Management Co. Ltd and HDFC Asset Management Co. Ltd.

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