

OFS fundraising at new high with govt push, LIC mega deal

Fundraising through offers for sale (OFS) on stock exchanges has hit a new high in 2026, led largely by the mega LIC stake sale earlier this month, as the Centre is increasingly utilising this route to shore up its revenues. However, the record fundraising has not been matched by secondary-market performance. Over half the firms that tapped the OFS route this year have delivered negative returns over the past 12 months, with public-sector companies accounting for six of the 11 laggards. In 2026 so far, 20 firms across 23 OFS deals have raised ₹62,730 crore, the highest-ever fund mobilisation via OFS since data became available. SUNDAR SETHURAMAN reports

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Govt push, LIC mega deal take OFS fundraising to new high

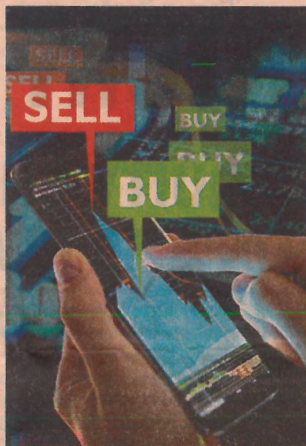
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Fundraising through offers for sale (OFS) on stock exchanges has hit a new high in 2026, driven largely by the mega Life Insurance Corporation of India (LIC) stake sale earlier this month, as the government is increasingly utilising this route to shore up its revenues.

In 2026 so far, 20 companies across 23 OFS deals have raised ₹62,730 crore — the highest-ever fund mobilisation through the mechanism since data became available. Three conducted two tranches of OFS each: Indian Railway Finance Corporation (IRFC), Andhra Cements, and East India Drums & Barrels. Over 93 per cent (₹58,425.12 crore) of the total fundraising was generated through government-owned companies.

Market participants said the success of stake sales in the Central Bank of India and Coal India in May boosted the Centre's confidence to launch further issues. Moreover, the Union government required funds to mitigate the impact of the US-Iran conflict on crude prices. Elevated crude prices remain a significant drag on the economy, swelling the oil import bill and constraining government spending.

The stake sales have helped the Centre achieve nearly two-thirds of its annual disinvestment target. According to the Department of Investment and Public Asset Management, ₹52,716.02 crore has been garnered so far. The target for



On the rise

Offer amount (₹ cr)
Figures in brackets represent number of issues



Biggest issuances of 2026 so far

Company	Offer amount (₹ cr)	12-month share price return (%)
LIC	31,445.84	-6.8
Coal India	5,511.74	5.9
BHEL	4,447.56	90.5
NHPC	4,324.80	-6.6
Hindustan Zinc	3,264.88	31.7

Source: primedatabase.com, Bloomberg

2026-27 (FY27) is ₹80,000 crore.

In terms of fund mobilisation, FY27 is the strongest year for divestments since FY19, when collections reached ₹84,972 crore. Over 98 per cent, or ₹51,787.29 crore, of total disinvestment receipts were generated via the OFS route, with LIC alone contributing ₹31,514.89 crore. LIC's ₹31,514.89 crore share sale stands as the biggest-ever OFS in Indian capital market history.

However, more than half of the companies that tapped the OFS route this year have

delivered negative returns over the past 12 months, with public-sector companies accounting for six of the 11 laggards.

IRFC recorded the steepest drop among PSUs, down 29.66 per cent over the past 12 months. It was followed by Central Bank of India (down 13.04 per cent); Cochin Shipyard (down 11.5 per cent); General Insurance Corporation of India (down 8.84 per cent); and LIC (down 6.84 per cent).

Across all 20 issuers, String Metaverse posted the sharpest decline, tumbling 61.53 per cent

over the last 12 months. Aaranchal Ispat, which rose 1,295.67 per cent, and Swan Defence & Heavy Industries (up 582.93 per cent) were among those that posted positive returns.

"An OFS is often used when promoters or existing investors need funds, or when they believe the stock is fairly valued at that point and want to monetise part of their holding. In PSU OFSs, government-linked institutions may provide support, while private OFSs may attract investors who are close to the promoters or have a medium-term view on the company. Ultimately, an OFS often reflects the liquidity requirements or investment decisions of promoters and other existing shareholders," said Deepak Jasani, independent equity analyst.

Ajay Garg, chairman and managing director of Equiris Capital, said the headline fundraising number needs to be seen in the context of LIC's outsized contribution. "If you exclude LIC, the numbers may not look as exceptional, though roughly ₹30,000 crore was still raised, which is among the highest levels in the last 15 years. That said, historical comparisons should also account for the changing value of money," he said. "I believe the government should progressively monetise stakes in commercial enterprises and use those resources for development needs. There is little reason for the government to own businesses such as insurance companies or banks," he added.