

LIC IPO, a race against time

The market regulator took average 76 days to decide on 110 DRHPs filed in the past two years

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Investment bankers and bureaucrats are burning the midnight oil in their race against the clock to ensure that the country's premier insurer Life Insurance Corporation of India's (LIC) offering hits the primary market by the end of this financial year.

With less than 60 working days left for the year to end, they have to follow tight timelines. The insurance megalith is expected to file its draft red herring prospectus (DRHP) with the Securities and Exchange Board of India (Sebi) by the end of this month.

The market regulator would then issue its so-called "final observations" before the company could launch its IPO.

Since 2020, the least number of days taken by Sebi to issue final observations is 30 days — for the IPO of Mrs Bectors Food; it was 32 days for state-owned Railtel Corp.

An analysis of data provided by PRIME Database shows the securities market regulator has taken an average of 76 days to give its final observations on 110 DRHPs filed since January 1, 2020. It has taken over 100 days for over a dozen companies, which include Gland Pharma, Aditya Birla MF and CAMS, to get their IPO documents cleared.

Under Sebi regulations, the regulator can issue its observations within 30 days of the filing of the offer document if certain conditions are met. These include investment bankers, other regulators or agencies, satisfactorily replying to any clarification or additional information sought by Sebi.

Sources said Sebi and other regulatory officials are already involved in the LIC's IPO filing process to ensure the DRHP has all the relevant information and there is no back and forth after filing of the prospectus.

Legal experts say the minimum LIC's DRHP can take to net Sebi's nod is 21 days, which is the time given by the regulator for public feedback.

Slated to be India's biggest, some bankers have described the public offering of LIC as India's Aramco moment. As with the Gulf oil giant's \$29.4 billion listing, the world's largest, LIC's debut will test the depth of the nation's capital markets and the global appetite for its state-owned crown jewel.

The government expect a ₹15 trillion market valuation for LIC and expects to raise as much as ₹1.5 trillion by selling a 10 per cent stake in the insurer. The government divestment target for FY22 is ₹1.75 trillion.

But success is far from assured. With about two months to the targeted launch, consultants have been pouring over reams of policy documents to come up with LIC's embedded worth (₹4-5 trillion as estimated by the actuary) -- a key valuation metric. Bankers say global investors worry about the autonomy of an institution regularly pressed into service to rescue teetering banks and floundering state assets. Local investors are sceptical the 65-year-old firm can compete against up-and-comers.

"If the listing happens, it could change the global image of India," said James Beeland Rogers, who's been investing in emerging markets for a few decades and is the chairman of Beeland Interests and Rogers Holdings.

Sizing up a giant

LIC is a household name in India. It is impressing upon financial investors its dominance in the agency distribution network in India's life insurance market. As of November, LIC had over 1.3 million individual agents, or over 55 per cent of 2.39 million individual agents in India's life insurance market as of November 2021, the data from Life Insurance Council shows. It had approximately ₹36.7 trillion in assets under management as of March 2021 -- even greater than the size of India's entire MF industry. With 2,000 branches and 286 million pol-



BIGGEST INSURANCE DEBUTS

(Figures in \$ bn)
LIC to sell at least 5% to raise as much as ₹75,000 cr in India's top debut

AIA Group	20.4
Dai-Chi Life	11.1
LIC (expected)	10.2
African Life	9.5
Japan Post Holding	5.8
BB Seguridada Participacoes	5.7
Ping An Insurance	5.0

NEED FOR SPEED

IPOs that obtained quickest Sebi nod after filing their DRHP

	Date of Sebi filing	Date of Sebi approval	Time gap
Mrs. Bectors Food	20-10-2020	19-11-2020	30
Railtel Corp	05-10-2020	06-11-2020	32
Seven Islands	15-02-2021	22-03-2021	35
Macrotech Developers	17-02-2021	24-03-2021	35
Paradeep Phosphates	16-08-2021	22-09-2021	37
IRFC	17-01-2020	25-02-2020	39
Medi Assist Health	12-05-2021	22-06-2021	41
Craftsman Automation	16-12-2020	28-01-2021	43
Windlas Biotech	17-05-2021	29-06-2021	43
Ami Organics	05-06-2021	19-07-2021	44

Note: Data since Jan 1, 2020; DRHP: Draft Red Herring Prospectus Source: Prime Database

Sebi nod to Delhivery's offering

Supply chain company Delhivery has received capital markets regulator Sebi's approval to raise ₹7,460 crore through an initial public offering (IPO). The IPO comprises fresh issuance of equity shares worth ₹5,000 crore and an OFS component

of ₹2,460 crore by existing shareholders, according to the draft red herring prospectus. Under the OFS, investors Carlyle Group and SoftBank as well as Delhivery's co-founders will divest their shareholding in the logistics company. PTI

ities, the Mumbai-headquartered company's sheer size lays bare the challenges of listing what is effectively a black box.

LIC declined to comment.

Ten bankers managing the listing spoke with almost all large funds that could be interested in buying shares, including GIC Re, Canada Pension

Plan Investment Board, Blackrock Inc. and Abu Dhabi Investment Authority, according to people familiar with the matter. GIC and Blackrock did not respond to requests for comment. CPPIB and Abu Dhabi Investment Authority declined to comment.

Many of Mumbai's globe-

trotting investors wanted to know whether LIC would have greater autonomy from India's government after the listing. But for deep-pocketed investors who don't have many places to park their money after China's technology curbs last year, LIC could still be a good bet. The company has one of the highest assets under management by an insurer globally, owning two-thirds of India's insurance market share.

"The Life Insurance Corporation's IPO is an excellent development not only for India's capital markets, but also for India's economic growth," said Mark Mobius, the veteran emerging-markets investor and founder of Mobius Capital Partners.

An All-India heave

As the deadline nears, India's labyrinthine bureaucracy has become a pressure cooker.

Officials from the Department of Disinvestment are pulling all-nighters, double-checking hundreds of filings and opening their doors to let in weak winter sunlight when New Delhi's power grid gives out. Bankers are working through holiday trips in the Himalayas and the Maldives. LIC executives said they are missing birthdays, giving up weekends and working through illnesses.

Indians in rural areas are rushing to ensure their eligibility for receiving a piece of the pie. LIC has started sending SMS blasts to its agents and publishing newspaper ads with the title: "It's best in life to be prepared."

Raj Kumar Shukla, a marketing manager who lives in Kiraoli, a village in northern India, said a friend alerted him to the IPO, which pushed him to download an app to track stock indices. He saved ₹50,000 (about \$670) and opened a demat account so he could invest in LIC.

"The government will benefit from this listing," he said. "They can use the money for the development of the nation."