

LIC IPO gets Sebi nod but no clarity on launch day

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The Securities and Exchange Board of India (Sebi) has cleared the draft red herring prospectus (DRHP) of the state-owned Life Insurance Corporation of India (LIC). According to investment banking sources, the so-called final observations were issued by the market regulator on Tuesday evening.

Following the market regulator's nod to the IPO papers, the insurer can launch its share sale. However, LIC may not launch its IPO immediately given the current volatile market conditions.

Investment bankers said they would want to wait until an improvement in market sentiment.

The benchmark indices have come off over 8 per cent this year amid a surge in global oil prices following Russia's attack on Ukraine.

The government is planning to divest a 5 per cent stake via the IPO to mop up between ₹60,000 crore and ₹65,000 crore. This would peg LIC's value between ₹12 trillion and ₹13 trillion, making it India's third most valued listed company.

The final valuation will be decided closer to the IPO.

The mega offering is coming at a time when foreign portfolio investors (FPIs) have hit the exit button. They have pulled out over ₹1 trillion from domestic stocks this year, so far.

The IPO will test the appetite and depth of the domestic market as it will



OFF THE BLOCKS

IPOs that have got Sebi nod in least number of days

	Year	No. of days*	Size (₹ cr)
Bank of India	1997	11	675
Maruti Udyog	2003	12	993
NTPC	2004	14	5,368
TCS	2004	19	5,420
Jet Airways	2005	20	1,899
Bank of Baroda	1996	20	850
Sun TV	2006	21	603
LIC*	2022	24	65,000

Note: *Between filing of DRHP and Sebi approval; only IPOs of more than ₹500 crore considered; *LIC not ranked; IPO size as per estimates
Source: PRIME Database

be by far the largest share sale in India. Paytm's IPO of worth ₹18,300 crore currently holds the record. Shares of Paytm have crashed more than 60 per cent since listing.

LIC, which is a household name in the country, thanks to its over 250 million policyholders, has created significant buzz among retail investors. The insurer is banking on large subscriptions from individual investors. The LIC share sale is being handled by 10 investment banks.

Quick approval

LIC is among the fastest to get Sebi approval for its IPO, just 24 calendar days. The government-owned insurer had filed its DRHP on February 12.

According to the data provided by PRIME Database, this is the quickest Sebi has cleared a DRHP since 2020.

Previously the record was held by Mrs Bector Food, the IPO of which took 30 days to get a final observation, while state-owned Railtel Corp took 32 days. However, if one looks at the historical data, for IPOs of at least ₹500 crore in size, Bank of India at 11 days holds the record for the fastest approval, shows PRIME data, followed by Maruti Udyog (now Maruti Suzuki) at 12 days.

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. Last week, Sebi had sought some clarity from investment bankers handling the LIC share sale. Sources said the query was routine.