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New India Assurance IPO Scrapes Through With LIC's Support

Our Bureau

Mumbai: The ₹9,600-crore initial public offering of state-owned New India Assurance Company was subscribed 1.19 times on the last day of the issue on Friday, with Life Insurance Corporation of India bidding for a large chunk of the shares.

An investment banker to the issue, who did not wish to be named, said LIC bid for ₹6,500 crore worth of shares in the IPO.

As of 8 pm, the IPO got bids for 14.32 crore shares as against 12 crore shares on offer, data on the National Stock Exchange of India's website showed.

The qualified institutional buyers' category was subscribed 2.3 times, while the portion reserved for non-institutional investors and retail investors was subscribed 0.1 time each. The employees' portion was subscribed 0.2 times. Retail investors and employees of the company were given a discount of ₹30 on the offer price.

New India Assurance had set a price band of ₹770-₹800 per share for the IPO, which comprises an offer for sale of 9.6 crore shares by the government besides a fresh issue of 2.4 crore shares. The offer constituted 14.56% of the post offer paid-up equity share

capital of the company.

Kotak Mahindra Capital Company, Axis Capital, Nomura Financial Advisory and Securities (India), IDFC Bank and YES Securities were the book running lead managers to the offer.

MUTED RESPONSE



**QIB category
subscribed 2.3
times, non-in-
stitutional investors' and
retail investors' portion
subscribed 0.1 time each**

“Given the undisputed leadership position in India, NIA is expected to continue its robust performance, as general insurance market is expected to witness 20% CAGR over the next few years as against 17% CAGR (compounded annual growth rate) through FY12-17,” Reliance Securities had said in its pre-IPO note, recommending subscribing to the issue.

However, SPTulsian.com, an investment research firm, had recommended avoiding the issue.