

LIC shareholding in listed companies drops to lowest in over a decade

Total number of firms in which it owns over 1% has also fallen

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India's biggest insurer has been scaling back its stock market bets.

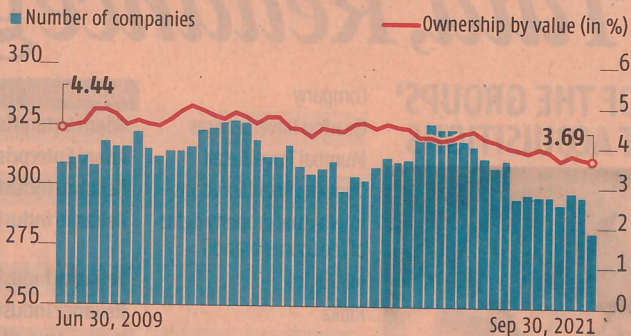
Life Insurance Corporation of India's (LIC's) stake in listed companies was at its lowest in 50 quarters for the quarter ended September 2021, shows the data from primeinfobase.com.

LIC owns 3.69 per cent of the total listed universe based on available disclosures, the lowest since at least June 2009, shows the data. This is a fall from the 3.74 per cent stake held in the June 2021 quarter. The stake has largely been in decline since June 2012. It then owned 5 per cent of the total value of companies listed on the National Stock Exchange (NSE).

The analysis is based on 1,688 of the total 1,732 companies listed on the NSE, and includes all companies that have met the deadline for filing shareholding data at the end of the quarter. The remaining companies are largely small-caps, which are unlikely to affect the overall trend. The analysis



LIC'S OWNERSHIP TREND



Note: This analysis is based on the shareholding patterns filed by 1,688 of the 1,732 companies listed on the NSE (main board) for the quarter ended September 30, 2021
Source: primeinfobase.com

considered companies in which LIC had at least 1 per cent stake. The ownership of more than 1 per cent requires compulsory disclosures.

LIC's stake had come down between June and December 2020, shows the data, indicating profit-booking. LIC may have continued to do so in the previous quarter as well, according to Pranav Haldea, managing director at Prime Database. He

said the declining share of ownership could mean that LIC is not buying as aggressively as other categories of investors in the recent past, amid talk of the markets becoming overheated. The insurer has usually bought shares during market falls, and has been more cautious otherwise, according to Haldea. "LIC traditionally has been a contrarian investor," he said.

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LIC ...

The consensus has been becoming increasingly bearish since the September quarter ended. Global financial services group Morgan Stanley said investors should take money off the table in the last week of October. Its peers, including Nomura and UBS, have also taken a similar stance. The S&P BSE Sensex has corrected 4.7 per cent from its October 19 high of 62,245.

The total disclosed LIC equity holdings are worth ₹9.39 trillion. Deven Choksey, managing director of KRChoksey Investment Managers, said LIC typically invests in companies which have a dividend track record, and often avoids new companies. This may have a role in reducing the overall stake in the listed space if there are a lot of new companies coming to the market, as has been the case in recent times, he suggested. Emails sent to LIC and the companies mentioned in the story did not immediately elicit a response.