

MF HOLDINGS IN NSE COMPANIES HIT A NEW HIGH

THE SHARE OF mutual funds in NSE-listed companies touched an all-time high of 8.81% at the end of the December quarter, reports **Siddhant Mishra**. However, LIC's share fell to an all-time low of 3.64% as on December 31, from 3.73% as on September 30. ■ PAGE 6

MFs' share in NSE firms rises to a new high

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DOMESTIC INVESTORS have strengthened their holdings in listed entities, buoyed by inflows from retail investors.

Data by primeinfobase show that the share of domestic mutual funds (MFs) in NSE-listed companies touched an all-time high of 8.81% at the end of the December quarter, up from 8.73% as on September 30, powered by a net inflow of ₹58,198 crore.

However, the share of Life Insurance Corporation of India (LIC) declined to an all-time low of 3.64% as on December 31, from 3.73% as on September 30. This was across 277 entities in which its holding exceeds 1%. According to Pranav Haldea, MD of PRIME Database Group, this was primarily on account of profit booking to take advantage of the bullish markets.

Insurance companies sold a net ₹15,622 crore during the quarter, mostly attributable to LIC as it commands a substantial chunk of investments by insurers in equities (close to 68% share or ₹13.02 trillion).

Overall, the share of domestic institutional investors, or DIIs, fell marginally to 15.96% in Q3, from 15.99% in September, despite net inflows of ₹54,925 crore.

The share of foreign institutional investors (FIIs) declined to 18.19%, down 21 bps from 18.40% as of September, despite net inflows of ₹50,588 crore.

The combined share of institutional investors (both FIIs and DIIs) declined to 34.15% from 34.39%.

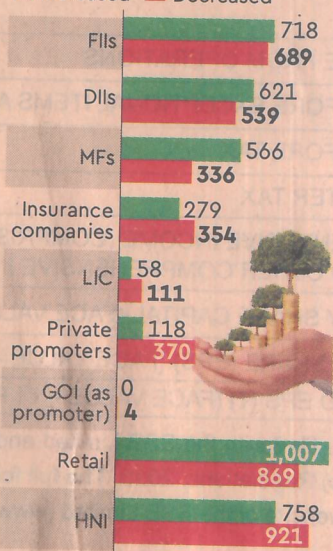
In what could be a sign towards DIIs gradually overtaking FIIs in the next few quarters, the gap between holdings by the two categories narrowed the most, with DII holding now just 12.23% lower than FIIs'. The widest gap was witnessed in the quarter ended March 31, 2015, when DII holding was 49.82% lower than the FII holding.

Sectorally, both DIIs and FIIs increased allocation in utilities the most while the maximum decline was seen in financial services companies.

The share of DIIs in utilities rose from 2.93% to 3.31%, and for FIIs, from 3.40% to 3.84%. At the same time, allocation in financial services was down from 27.60% to 26.92% for DIIs and from 31.90% to 30.90% for FIIs.

RETAIL BOOST

No. of companies where holding —
■ Increased ■ Decreased



Sept 2023 to Dec 2023 quarter
 Source: primeinfobase.com

Meanwhile, the share of the government (as a promoter) increased to a six-year high of 9.38% on the back of the strong performance of several PSUs, including LIC (BSE PSU index rose 23% against a 10% rise in the benchmark Sensex).

Broadly, over a 15-year period, the share of the government has declined considerably, from 22.48% as on June 30, 2009, primarily due to the divestment programme and not enough new listings, according to PRIME.

On the other hand, the share of private promoters declined to a 5-year low of 41.31% as on December 31, 2023. Over the last one year alone, it has fallen 330 bps from 44.61% on September 30, 2022.

Haldea said stake sales by promoters to take advantage of bullish markets, relatively lower promoter holding in some of the companies now coming out with IPOs and getting listed as well as the overall institutionalisation of the market have resulted in this.

The share of retail investors (individuals with up to ₹2 lakh shareholding in a company) decreased marginally to 7.57% in December from 7.62% in September.

Retail investors sold a net ₹12,163 crore during the quarter. Meanwhile, the share of HNIs (individuals with more than ₹2 lakh shareholding) increased marginally to 2.06% from 2.05% in September.