

Stocks held by super rich trigger investor euphoria

Companies in which HNIs increased their holdings in March have gained the most this year

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As stock markets beat the pandemic blues, investors' wealth ballooned when most businesses were struggling due to the severe disruptions caused by lockdowns and loss of income.

With limited options to spend due to curbs on travel and stay-at-home guidelines, a gush of fresh money found its way to stock markets in the past year. Many rode on the tailcoats of investors who were established and known for making a fortune by investing in stock markets.

Eight out of 10 stocks held mostly by high net-worth individuals (HNIs) or super rich investors in the March quarter soared this year, rising as much as 100%. In contrast, the benchmark Nifty gained around 12% in the same period.

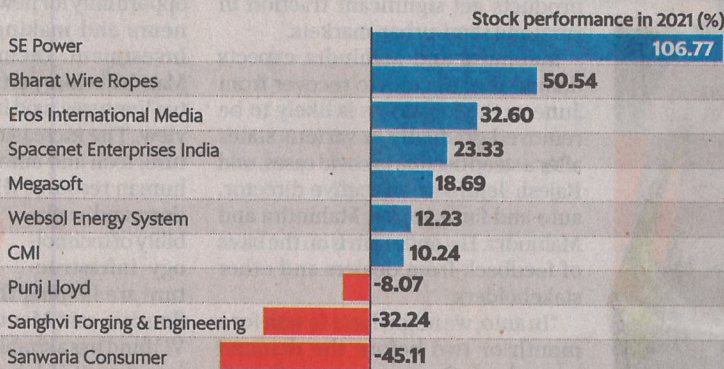
Companies where HNIs increased their holdings in the March quarter also gained this calendar year, mostly hitting 52-week highs in May.

Aggregate holding of HNIs in companies listed on NSE grew to 2% in the March quarter from 1.78% a year earlier, showed data compiled by Prime Database.

The data showed that the top 10 companies where HNIs had the highest shareholdings in the March quarter were Som Distilleries & Breweries Ltd at 49.06%, Ortin Laboratories Ltd (48.19%), Zenith Steel Pipes and Industries Ltd (47.04%), Cerebra Integrated Technologies Ltd (45.82%), Inventure Growth & Securities Ltd (45.40%), Vishwaraj Sugar Industries Ltd (43.80%), Subex Ltd (42.38%), Reliance Power Ltd (42.16%), Shree Ram Proteins Ltd (40.95%) and R Systems International

Midas touch

Seven out of 10 stocks where HNIs hiked their stakes in the March quarter have made super gains in the year so far.



Source: Prime Database

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Ltd (39.54%).

Stocks such as Inventure Growth and Securities Ltd (market cap of ₹207.06 crore) have rallied 107% in 2021 so far, gaining 73% alone in the March quarter. Subex and Reliance Power rallied 103% and 168% in year-to-date, with 25% and 29% respectively in the March quarter. Zenith Steel

to counters where leading investors have taken positions is a recurring feature in the market.

"However, HNIs do their asset allocation well and allocate a small part of their money in particular counters, which is not the case usually with retail investors. During euphoric times, fundamentals and valuations are given a

Power Ltd have jumped 23%, 33%, 50% and 107%, respectively, so far this calendar year.

Interestingly, Sanwaria Consumer Ltd, which saw an increase in shareholding by both HNIs and retail investors in the March quarter, has fallen 45% in 2021 so far.

Vishal Wagh, research head, Bonanza Portfolio, said it is normal for stocks to rise in line with any sharp changes in HNI holdings, but the rally does not sustain without strong company fundamentals.

He said investors should find the right time to enter and exit a stock with proper risk measures. "Irrespective of who is holding it, if one wants to buy stock, he should count the downside first. Following an expert investor is not wrong, but one should know his vision of investment and the period for which he has invested. Normally, this information is not available for the general public and the major problem arises there. For example, if some HNIs invest for the long term and retailers mimic him and expect short-term gains, then chances of getting failure are higher," Wagh said.

With stock markets offering robust returns, outperforming other competing asset classes such as real estate, gold or even traditional investment options like fixed deposits, new investors are entering the capital markets in India at a record pace.

Indian investors opened a record 14.2 million new demat accounts in FY21, a near threefold rise from the previous year's 4.9 million accounts, showed data from National Securities Depository Ltd and Central Depository Services Ltd.

In March 2021 alone, 1.9 million demat accounts were created, the highest monthly increase ever.

STOCK BETS

WITH limited ways to spend due to curbs, a gush of fresh money found its way to markets post-covid

TOTAL holding of HNIs in firms listed on NSE grew to 2% in March quarter from 1.78% a year earlier

8 out of 10 stocks held mostly by HNIs in the March quarter soared this year, rising as much as 100%

WITH stock markets giving robust returns, investors are entering the capital markets at a record pace

Pipes with a market cap of ₹11.38 crore, jumped 46% so far this year:

"Historically, stocks held by famous high-profile HNI investors, who have a good track record, create euphoria whenever they enter a counter," said Vinay Ahuja, executive director, IIFL Wealth. He said retail investors following high-profile investors and piling on

miss by retail investors as they chase stocks that they expect will be the next multi-bagger," he said.

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Stocks such as Spacenet Enterprises India Ltd, Eros International Media Ltd, Bharat Wire Ropes Ltd and SE