

LIC's ownership of shares in listed cos drops to record low

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MUMBAI

Life Insurance Corp. of India (LIC), the country's top institutional investor, has cut its stake in publicly traded companies in the first three months of 2021, even as the benchmark Nifty gained 5%, as the nation's largest insurer booked profits to take advantage of a stocks rally in the past year.

The insurer's shareholding slumped to an all-time low of 3.66% of the market value of all publicly traded companies at the end of March, data compiled by Prime Database showed.

LIC has been reducing its exposure to listed companies since June last year.

The state-run insurer's shareholding in these companies was at 3.7% at the end of December and 3.88% at the end of March last year.

LIC's shareholding in these companies was at a record high at 5% in June 2012. LIC shareholding data includes companies where its stake is more than 1%.

However, in value terms, LIC's holdings in these companies reached an all-time

Over the years

LIC's shareholding fell to 3.66% of the market value of all publicly traded companies.



Data for 296 NSE-listed firms in which LIC holds more than 1% stake

Source: Prime database

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high of ₹7.24 trillion by the end of March, an increase of 6.3% from the previous quarter. "Profit-booking is the main reason behind LIC reducing its stake in the companies. LIC continues to command the lion's share of investments in equities among insurance companies, with a 76% share," said Pranav Haldea, managing director, Prime Database Group.

Companies that saw the highest increase in LIC's holdings in percentage terms in the March quarter were Rail Vikas Nigam Ltd, New India Assurance, Bajaj Auto, Tata Communications, Jammu and

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Kashmir Bank, Adani Total Gas, Alembic Pharmaceuticals, PI Industries, Aurobindo Pharma and Biocon.

A spokesperson for LIC did not immediately respond to a query seeking comment.

Data, however, showed that equity holdings of all insurance companies declined to a five-year low of 4.8% as of 31 March.

Mutual funds' shareholding of companies also fell for the four straight quarter to 7.23% by March-end.

As a result, aggregate domestic institutional investors' (DIIs) holdings fell to a 10-quarter low of 13.03% in the March quarter from 14.42% in the year-ago period. DIIs, which include mutual funds, insurance companies, banks, financial institutions and pension funds, were net sellers of local shares worth ₹23,124 crore in the three months ended 31 March.

Holding of foreign institutional investors (FIIs) stood at 22.60% as of 31 March, down from 22.74% at the end of the December quarter, despite net inflows of ₹55,741 crore during the quarter.

In March last year, FII holding was at 21.17%.

"The top 10% of companies by market capitalization accounted for 91.55% of overall FIIs' holdings at the end of March (down from 92.25% as of 31 December), 85.15% of overall DII holdings (down from 86.69% in December) and 82.29% of overall mutual funds' holdings (down from 83.72% as of end-December), showing high concentration levels of institutional money," Haldea said.

Meanwhile, retail holdings (individuals with up to ₹ 2 lakh shareholding) in companies listed on NSE remained unchanged at 6.9% as of 31 March from the preceding quarter but increased from 6.54% in the year-ago period.

Overall, retail holding went up in 863 companies listed on NSE in the March quarter. The average stock price of these companies in the same period increased by 5.51%.