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LIC cut holding in Q2 as market hit record

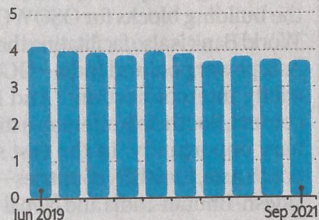
Domestic institutional investor ownership in stocks slips to 3-year low

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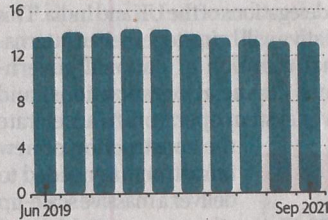
DOWNSIZING PORTFOLIO

Life Insurance Corp. of India's holdings in 281 NSE listed firms declined to 3.69% at the end of September on an aggregate basis, data showed.

LIC OWNERSHIP IN STOCKS BY VALUE (in %)



DII OWNERSHIP IN STOCKS BY VALUE (in %)



Note: Holding in stocks listed on NSE, DII: domestic institutional investor Source: Primeinfobase.com

MARKET FUNDA

LIC cut stake in 105 firms in which average stock prices increased 2.39%
HOLDING of insurance firms fell to a six-year low of 4.81% in Q2
OWNERSHIP of retail investors reduced marginally in the quarter

SARVESH KUMAR SHARMA/MINT

Life Insurance Corp. of India (LIC), the country's largest institutional investor, steadily cut its exposure to equities in the quarter ended 30 September even as benchmark indices gained 13% in the period, touching record highs.

LIC's holding across 281 NSE-listed firms, where it owns more than 1% of the shareholding, declined to 3.69% of the aggregate market value of these companies as of 30 September, according to data from primeinfobase.com. That's lower than the 3.91% it held at the end of September last year and the record 5% as of 30 June 2012.

Data showed LIC gradually cut its stake in equities since June last year when its stock ownership was at 3.98%. According to the latest market data, the overall shareholding of domestic institutional investors (DIIs) has slumped to a three-year low in the second quarter of FY22.

"Post-pandemic, Indian markets have been rising continuously, making massive profits compared to other asset classes. When mar-

kets rise, investors tend to take some money off the table. LIC, too, has booked profit to take advantage of strong markets," an analyst said, requesting anonymity.

The analysis showed that LIC cut its stake in 105 companies, in which average stock prices rose 2.39%, while it increased shareholding in 94 companies, the average stock prices of which rose 10%. As a result, LIC's investment in equities

hit an all-time high of ₹9.39 trillion as of 30 September, showing an increase of 11.4% from the preceding months.

Equity holdings of insurance companies declined to a six-year low of 4.81% as of 30 September compared to 5.16% in the year-ago period. Overall, the shareholding of domestic institutional investors,

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LIC continues paring stock holdings in Sep quarter

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which includes domestic mutual funds, insurance companies, banks, financial institutions and pension funds, fell to a three-year low of 13.12% as of September against 13.94% in the year-ago period. This is despite domestic institutional investor inflows rising to ₹32,019 crore in the quarter.

However, within domestic institutional investors, holdings of domestic mutual funds in NSE companies increased to 7.36% in September, following five quarters of consecutive decline.

"Their share has increased on the back of net inflows into domestic mutual funds of a huge ₹38,221 crore during the quarter," said Pranav Haldea, managing director, Prime Database group.

Foreign portfolio investors' (FPIs) holding in companies listed on NSE fell to 21.47% as of 30 September from 21.52% in the year earlier.

Disclosure of holdings of foreign portfolio investors by name is only available for holdings in a company greater than 1%, but such cases represent only 15.9% of the overall FPI holdings.

"FPIs are the largest non-promoter shareholders in the Indian market, and their investment decisions have a huge bearing on the stock prices and overall direction of the market. It is thus time that complete details of all their holdings are made mandatory to be disclosed in India," Haldea said.

Another analysis by Motilal Oswal Financial Services showed foreign portfolio investors increased their holding in consumer durables, telecom, insurance, metals, state-run banks, capital goods, oil and gas and real estate.

On the other hand, domestic institutional investors increased their stake in PSU banks, healthcare, private banks, insurance, automobiles, retail, consumer and non-banking financial companies in the second quarter of FY22.

Meanwhile, ownership of retail investors (individuals with up to ₹2 lakh shareholding) in companies listed on NSE reduced marginally to 7.13% in September from 7.01% in the year earlier.

However, in value terms, retail holding in companies listed on NSE reached an all-time high of ₹18.16 trillion, according to Prime Database.