

LIC continues to pare stock exposure in Q2

Overall ownership of DIIs has slumped to a three-year low in the Sep quarter of FY22

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

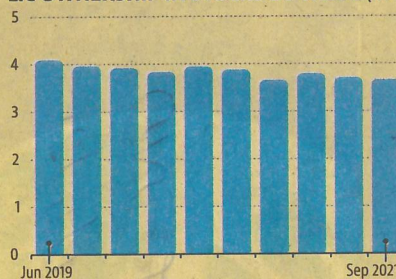
LIC's holding across 281 NSE-listed firms, where it owns more than 1% of the shareholding, declined to 3.69% on an aggregate basis as of September 30, latest market data showed. That's lower than the 3.91% it held at the end of September last year and the record 5% as of June 30, 2012.

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 has slumped to a three-year low in the second quarter of FY22.

Downsizing portfolio

LIC gradually cut its stake in equities of 281 NSE-listed firms since June last year to 3.69% in the September quarter, data showed.

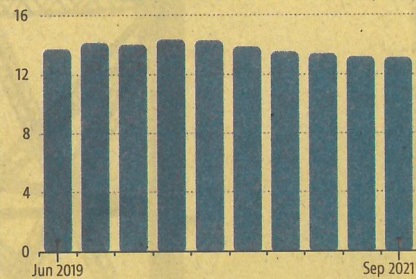
LIC OWNERSHIP IN STOCKS BY VALUE (in %)



Note: Holding in stocks listed on NSE, DII: domestic institutional investor

Graphic: Sarvesh Kumar Sharma/Mint

DII OWNERSHIP IN STOCKS BY VALUE (in %)



Source: Primeinfobase.com

"Post-Covid, markets have been rising continuously, making massive profits compared to other asset classes. When markets rise, investors tend to take 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 lakh crore as of September 30, showing an increase of 11.4% from the preceding months.

The shareholding of domestic institutional investors, which includes domestic mutual funds, insurance firms, 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.

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.