

LIC holdings at record high in Q4

YOUSEF KP
Mumbai, May 13

EVEN AS THE bourses are getting ready to launch LIC shares next week, the value of holdings by the insurance behemoth in BSE200 companies has surged to a record high of \$127 billion in March 2022, compared with \$124 billion at the end of December 2021, according to Kotak Institutional Equities. The combined holdings by banks and financial institutions (BFIs) as of March 2022 stood at \$167 billion, suggesting shares worth \$40 billion were held by other financial institutions, excluding Life Insurance Corporation of India.

As of March 2022, LIC held 4.5% of the BSE-200 universe, against 22.4% held by FPIs and 8% by mutual funds, whereas retail investors held 8.2% of the index. The portfolio of LIC comprises only stocks with more than 1% holding.

The surge in the value of investments by LIC is quite appealing, considering the volatile nature of the equity markets over the past few months. The Sensex has yielded a moderate return of 0.54% in the March quarter after falling 1.5% in the preceding quarter. Moreover, the index is down 9.4% so far in 2022 against the last year's gain of 22%.

During the March quarter, foreign portfolio investors (FPIs) offloaded equities worth \$14 billion in the secondary market. Despite local investors, including mutual funds and insurance players, lapped up equal worth of shares, 133 of the BSE-200 companies saw their stocks losing value during the quarter.

With DIIs increasing their stakes in banks, diversified financials and IT services stocks, their aggregate holding went up to 14% in the March quarter from 13.4% in the December quarter.

On the other hand, FPI holding (includ-

LIC holdings in BSE200 companies

Holding (\$ bn)



Source: Prime Database, Bloomberg, BSE, NSE, Kotak Institutional Equities

Analysed Mcap (BSE-200)

(\$ bn)

	Promoters	FPIs	MFs	BFIs	Retail	Others
\$ bn	1,396	627	224	167	230	155
% of BSE-200	49.9	22.4	8.0	6.0	8.2	5.5

Details on March 31, 2022 (BSE-30 Index: 58,569)

ing ADR and GDR) in the BSE-200 index declined to 22.4% in the March quarter from 23% in the December quarter.

LIC increased its holdings in L&T Technology Services, BPCL and Mahanagar Gas in Q4 whereas its stake in Hindustan Aeronautics, Atul and Godrej Industries was reduced. During the first nine month of FY22, the life insurance giant had booked profit worth ₹42,862 crore from sale of investments, showed its revised draft papers for the IPO. While BFIs bought more shares

of Tata Steel, PVR and Restaurant Brand Asia during the quarter, FPIs were hiking stake in Restaurant Brand Asia, Mindspace REIT and Lemon Tree Hotels during the quarter, noted KIE in its report.

The Indian equity markets have seen large flows from local investors over the last two years, especially after the outbreak of Covid-19. The large investment by domestic institutional investors simply reflects robust inflows into domestic mutual funds and an increase in SIP flows.