

# Domestic MFs gain ground, FIIs losing the plot

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MUMBAI

Stakes of domestic mutual funds (MFs) in listed companies rose to an all-time high of 8.92% on 31 March, up from 8.81% during the previous quarter, according to data collated by primeinfobase.com.

With this, the share of foreign institutional investors (FII) shrank to an 11-year low of 17.68% in the quarter, down by 51 basis points. One basis point is one-hundredth of a percentage point. These figures represent the value of shares held by investors as a percentage of the total value of shares of the companies analyzed.

In fact, mutual funds gained for the third consecutive quarter, driven by robust net inflow of ₹81,539 crore during January-March.

The analysis was based on the latest data on shareholding patterns of companies listed on the National Stock Exchange.

Among domestic institutional investors (DIIs), Life Insurance Corp. of India (LIC), saw its share in 280 companies, where it holds over a 1% stake, increase from 3.64% to 3.75%, sequentially, in Q4 FY24.

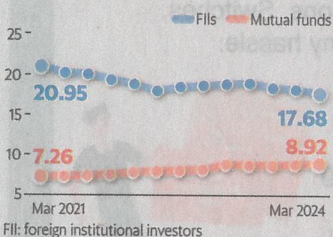
Considering that LIC commands a lion's share of investments in equities among insurance firms, the overall share of insurers also went up during the period. Consequently, the share of DIIs increased from 15.96% to 16.05% in the quarter ended March. However, the combined share of retail and high net-worth investors in NSE-listed companies declined marginally by 14 bps quarter-on-quarter. This narrowed the

## MF holdings in listed firms reach all-time high

Domestic mutual funds' stakes in listed companies rose to an all-time high of 8.92% as of 31 March, up from 8.81% a quarter prior, while that of foreign institutional investors (FIIs) shrank to an 11-year low, data from primeinfobase.com showed. This marked the third straight quarter of gains in mutual fund holdings. Meanwhile, the combined share of retail and high net-worth individual investors in NSE-listed companies declined marginally. Domestic investors closed in further on overseas investors, with the gap between their holdings narrowing to an all-time low: DIIs held just 9.23% less in stakes than FIIs.

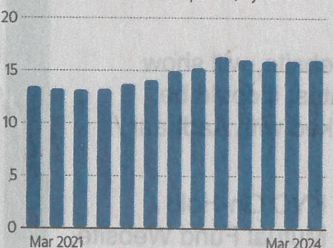
### Mutual funds' holdings on a rise, while FIIs' share dips

Ownership (%) of institutional investors in NSE-listed companies, by value



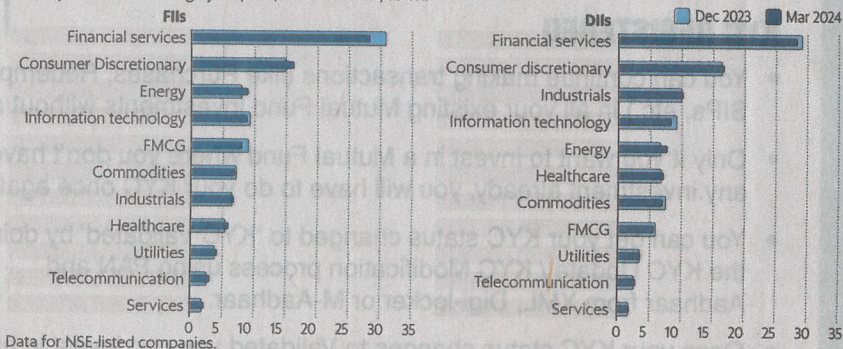
### The ownership of domestic institutional investors rose, too

Shareholding (%) of domestic institutional investors in NSE-listed companies, by value



### FIIs increased allocations in consumer discretionary, while DIIs go for energy

Industry-wise shareholding by FIIs/DIIs, as a % of total, as on:



### DIIs likely to overtake the FIIs in the next few quarters

% gap between FII and DII holdings\* in NSE-listed firms



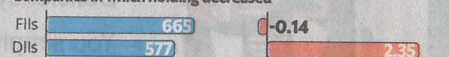
### Who made the smarter moves? Stock returns throw some light

■ No. of companies  
■ Average stock price change during the quarter (%)

#### Companies in which holding increased



#### Companies in which holding decreased



Sources: primeinfobase.com

gap between domestic and overseas investors to an all-time low, with DIIs holding just 9.23% less stakes than FIIs.

"Indian markets are moving towards *atmanirbharta* (self-reliance) with the share of DIIs set to overtake FIIs," said Pranav Haldea, managing director, PRIME Database Group. "For years, FIIs have been largest non-promoter shareholder category in the Indian market with

their investment decisions having a huge bearing on the overall direction of the market. Markets tanked when FIIs would pull out. But not anymore. DIIs, along with retail investors, have played a strong counter balancing role."

The largest gap between DIIs and FIIs was witnessed in the quarter ended 31 March 2015, with DII stakes at 49.82% lower than FII holdings. A deep dive

into primeinfobase.com's ownership data also revealed how FIIs' investments paid off. Among the 874 companies, where FIIs raised their holdings sequentially, the average stock price rose by 2.84%. In comparison, stock prices declined 0.14% on an average for the 665 companies where FII stakes dipped. In contrast, while the average stock price of the 609 companies where DIIs

raised stakes increased 2.47%, the 577 companies where their stakes fell also rose by 2.35%.

According to industry-wise ownership data, FIIs increased their investments in consumer discretionary and energy sectors by 1.24% and 1 percentage point, respectively, and scaled back investments in financial services and FMCG, DIIs raised their allocation by a fair margin in the energy sector.

SATISH KUMAR/MINT