

FII shareholding in stocks rises to 20%

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FUND FLOWS Foreign investors' share in 1,097 companies listed on the NSE stood at ₹20.14 lakh crore at the end of the June quarter

MUMBAI: Foreign institutional investors' (FIIs') shareholding in Indian companies rose for the second consecutive quarter in calendar 2016 as global economic uncertainties, and enhanced liquidity, continued to drive fund flows to emerging markets like India. India is among the fastest-growing economies, and has seen several reform measures by the National Democratic Alliance (NDA) government.

Foreign investors' holding in 1,097 companies listed on the National Stock Exchange (NSE) stood at 20.09% (of the total NSE market cap) at ₹20.14 lakh crore at the end of the quarter ended June 30, against 19.87%, or ₹18.38 lakh crore, across 1,079 companies at the end of March, according to data from Prime Database. At the end of December 2015, FII shareholding stood at 18.95% across 1,047 companies.

The sequential pickup in FII holdings in the listed companies comes amid a pickup in FII inflows post the Budget, after a sell-off in January (- ₹11,126 crore) and February (- ₹5,521 crore).

So far in 2016, FIIs have invested ₹37,193 crore against ₹17,808 crore in the whole of 2015, according to data from depositories.

"There have been positive inflows of about ₹14,600 crore in the April-June quarter. A combination of a good monsoon, recovery in the markets, and global uncertainty has all led to higher allocation by FIIs to the Indian market," said Pranav Haldea, MD, Prime Database.

The highest FII holding was in Housing Development Finance Corp (HDFC) at 76.86%, followed by Bharat Financial Inclusion (63%), Indiabulls Housing Finance (58.65%), Tata Motors (DVR) (57.15%) and SE Power (56.95%), according to Prime database.

It's not just the bluechips, FIIs have also increased stakes

ANALYSTS SAY THE ENHANCEMENT OF GLOBAL LIQUIDITY MEANS FIIS WILL CONTINUE TO INVEST IN INDIA.

in India's small-and-mid-cap companies.

On a quarter-on-quarter basis, Container Corp of India, Diamond Power Infra, KoltePatil Developers, Shakti Pumps and Britannia Industries, are among the companies that saw their FII holding increase in the 8-20% range.

Analysts say the enhancement of global liquidity means FIIs will continue to invest in India.

"The valuation of frontline stocks has risen," said Sudip Bandyopadhyay, chairman, Inditrade Capital.

"So, foreign investors are looking at interesting ideas in the mid and small cap sectors. It's not a top-down buy all strategy in mid and small caps, but they are stock picking selectively," Bandyopadhyay added.