

## Mutual Funds Update For March 2019

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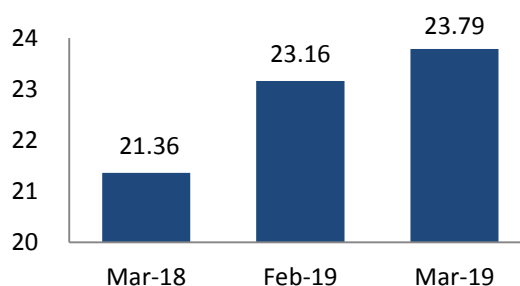
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Assets under Management (AUMs) of the Indian Mutual Fund (MF) industry grew to Rs.23.79 lk cr in March-19 registering a Y-o-Y growth of 11.4%, which translates to an asset base addition of Rs. 2.43 lk cr in FY19. However, this growth rate of 11.4% is the lowest since FY13.

**Chart 1: AUM of Indian MF industry (Rs. lakh crore)**



Source: SEBI

Along with the growth in AUMs, the industry grew in terms of number of folios. As of March-19, Indian MF industry had a total of 824 lakh folios, out of which ~76% were of equity/growth oriented schemes, ~14% of debt/income oriented schemes, ~8% of balanced schemes and remaining ~2% of Exchange Traded Funds (ETFs) and fund of funds investing overseas.

Private sector MFs have continued their dominance over public sector MFs with a share of ~80.7% as of March-19. However, the share has reduced from ~82.6% in March-18.

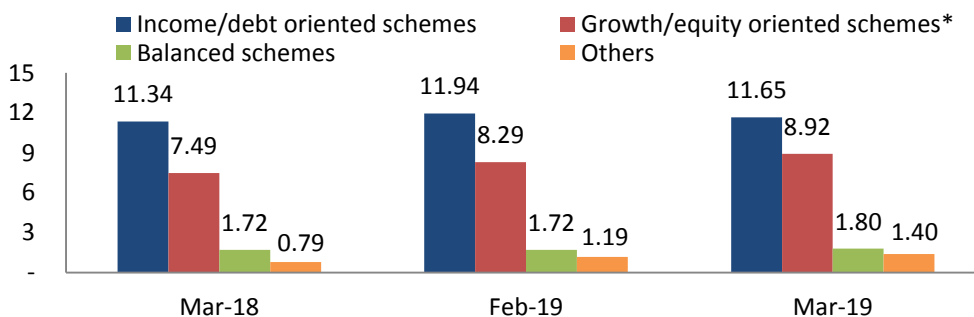
### Scheme wise resource mobilisation

As depicted in chart 2, FY19 witnessed AUMs of debt/income schemes growing by 2.7%, growth/equity oriented schemes grew 18.9%, balanced grew 4.9% and other schemes including Exchange Traded Funds (ETFs) and fund of funds investing overseas cumulatively grew by 78.1%.

A scheme-wise pattern reveals that share of equity in total AUMs has grown to reach 37.5% in March-19, compared with 35.1% in March-18. However, AUM shares of debt and balanced schemes fell to 49% and 7.6% respectively (compared with 53.1% and 8.1% respectively in March-18).

As of March-19, AUMs of debt, equity and balanced schemes stood at Rs.11.65 lk cr, Rs.8.92 lk cr and Rs. 1.8 lk cr respectively.

**Chart 2: AUMs in various schemes (Rs. lakh crore)**



Source: SEBI; Others include ETF and fund of funds investing overseas schemes

\* Growth/equity oriented schemes include equity funds, ELSS and arbitrage funds

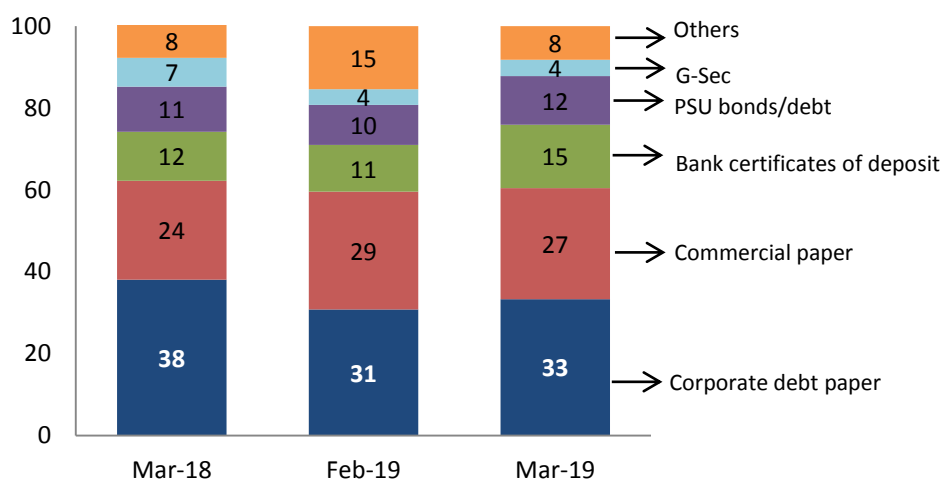
**Deployment of funds by MFs**

**(a) Debt MF**

Chart 3 depicts the funds invested by debt MFs in various instruments in March-18, Feb-19 and March-19. Key observations from the chart are as follows:

- Allocations to GSecs have almost halved since March-18.
- Corporate debt paper which includes floating rate bonds, non- convertible debentures, etc., saw a fall in share from 38% in March-18 to 33% in March-19, but rose when compared with previous month. Total exposure to this instrument is Rs.4.34 lkh cr in March-19.
- 27% of total funds deployed by debt MFs in March-19 are in CPs. As of March-19, debt MFs invested Rs.3.54 lk cr in CPs, a growth of Rs. 0.48 lk cr compared with March-18.
- The share of bank certificates of deposit and PSU bonds/ debt rose in March-19, compared with March-18.
- Investment in other asset types is back to the same level as March-18 at 8%. However, it almost halved compared with the last month. This category includes treasury bills, other money market investments, equity linked debentures/notes, asset backed securities, bank FD, etc.

**Chart 3: Deployment of funds by debt MFs (% of AUM)**



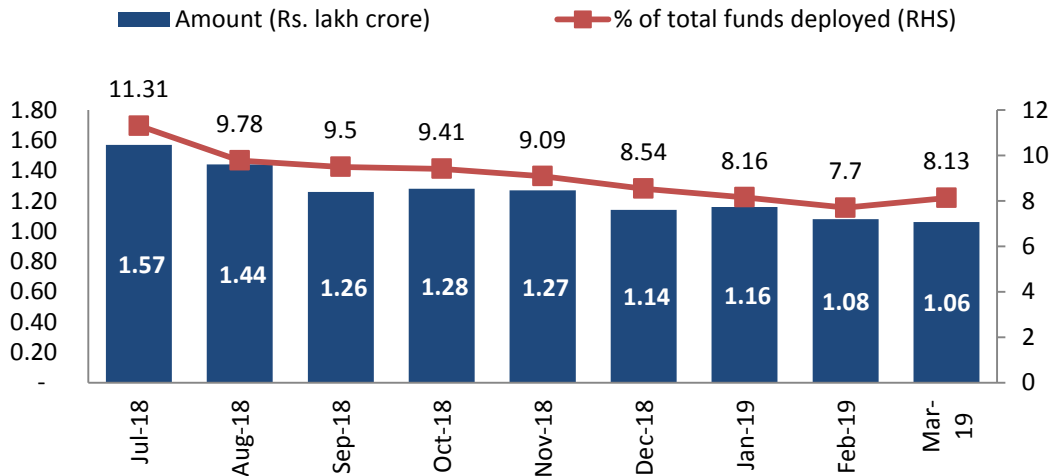
Source: SEBI; Note: figures are rounded off to the nearest digit

### Exposure of MFs to NBFCs

Overall exposure of MFs to NBFCs stood at Rs.2.16 lk cr in March-19, a drop of Rs. 0.49 lk cr since July-18. While the amount has reduced, the percentage share also dropped from 19.04% in July-18 to 16.59% in March-19.

As seen in chart 4, after the liquidity crisis triggered in the NBFC space, MFs withdrew more than 1/3rd of their investments from CPs. The percentage share of funds deployed by MFs in CPs of NBFCs in March-19 is at 8.13% and amount held is Rs. 1.06 lk cr. However, on comparing with the previous month, the amount reduced, while the percentage share rose.

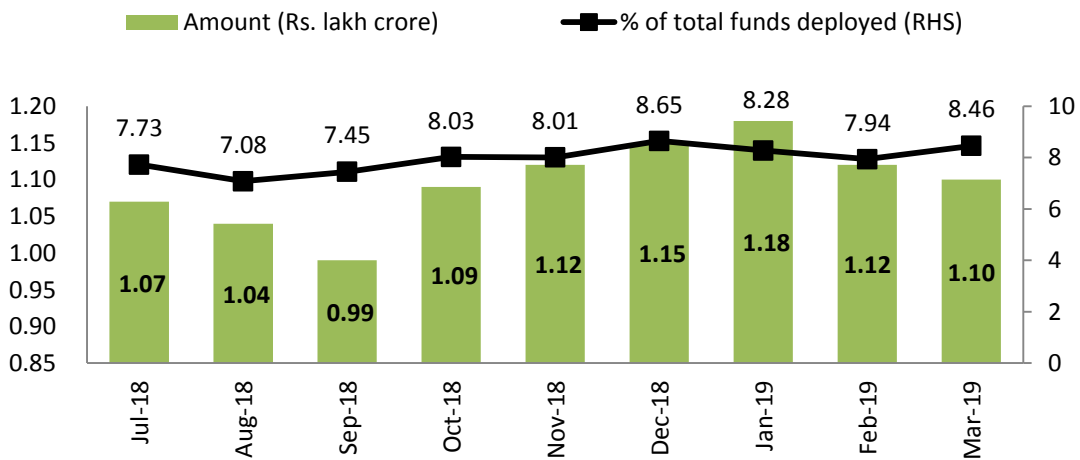
**Chart 4: Exposure of MF to CPs of NBFCs**



Source: SEBI

Deployment of funds in corporate debt paper of NBFCs show a different trend (chart 5) wherein Oct-18 onwards the exposure to NBFCs rose, but Feb-19 onwards saw a downward trend. In March-19, funds held in this segment were Rs.1.10 lk cr.

**Chart 5: Exposure of MF to corporate debt paper of NBFCs**

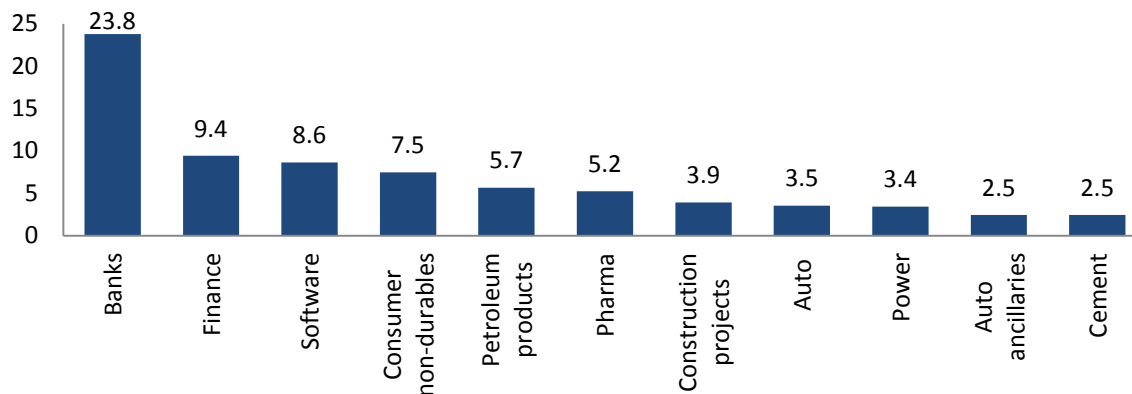


Source: SEBI

**(b) Equity MF**

Banks, finance, software, consumer non-durables and petroleum products were the top 5 sectors where equity MFs deployed their funds in March-19 and they cumulatively accounted for ~55% share. The top 10 sectors in March-19 are depicted in chart 6.

**Chart 6: Top sectors with highest deployment of funds by equity MFs (% of equity AUM)**



Source: SEBI

**Concluding remarks:**

- AUM of Indian MF industry grew 11.4% in FY19 to reach Rs.23.79 lakh cr, the lowest growth since FY13.
- Deployment of funds by debt MFs in FY19 has undergone a shift, in terms of increased allocations to CPs, banks certificate of deposit and PSU bonds/debt and reduced investments in corporate debt paper and GSecs.
- Overall exposure to NBFCs as of March-19 stood at Rs. 2.16 lakh cr with a share of 16.59% in total funds deployed by debt MFs. During the month, investments in CPs and corporate debt papers of NBFCs have fallen.

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