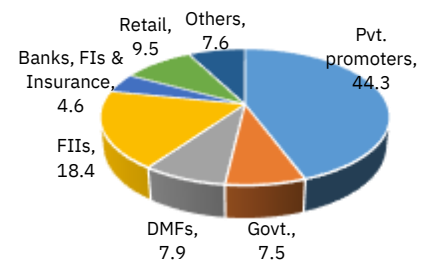
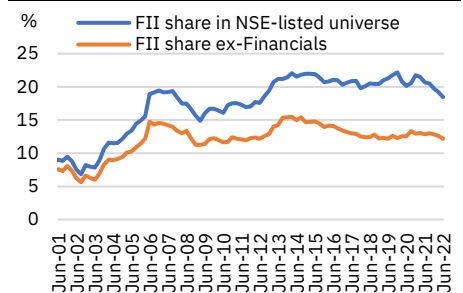


Who owns India Inc.? – DMFs share rises to record-high levels

In this edition of our quarterly report “India Inc. Ownership Tracker”¹, we extend our analysis of ownership trends and patterns in NSE companies to include the data available for the quarter ending Jun’22. We note: 1) A significant jump in Govt. share in the NSE listed space, thanks to the LIC issue; 2) The steepest sequential drop in private Indian promoter ownership in the quarter gone by, partly offset by an increase in foreign promoter stake; 3) A steady drop in FII² (foreign institutional investors) ownership to fresh decadal lows, in line with the foreign capital outflows seen over the past few quarters; 4) A gradual rise in DMF (domestic mutual funds) share to record high levels, thanks to strong DMF inflows into Indian equities, aided by robust retail participation via the SIP route; 5) Steady direct retail holding at near 15-year high levels; 6) FIIs broadly maintained their sector exposure³ in the quarter gone with an outsized OW⁴ bet on Financials, albeit incrementally less so, strengthened positive stance on Energy and Utilities, and sustained cautious view on India’s consumption as well as investment themes; 7) DMFs retained an OW position on Financials, turned incrementally bullish on Consumer Discretionary at the expense of strengthened negative stance on Consumer Staples and Utilities, and maintained positive bias on Industrials, and Healthcare; 8) While broad-based selling by FIIs have led to a reduced market concentration, DMFs portfolio has turned incrementally more concentrated, as reflected in a sequential jump in their allocation to Nifty 50 companies in the June quarter.

- Private Indian promoter ownership dipped meaningfully:** Total promoter share in the NSE-listed space inched up for the second quarter in a row by a steep 83bps QoQ to near eight-year high of 51.6% in the June quarter, thanks to a huge jump in Government share post the LIC issue and a modest increase in foreign promoter ownership, partly offsetting the sharp dip in private Indian promoter share. Promoter ownership in the Nifty 50 Index, however, fell by a marginal 19bps QoQ to 43% and remained broadly steady at 50.1% in the Nifty 500 companies, as decline in private Indian promoter share was almost entirely offset by increase in foreign promoter stake.
- Govt. share rose sharply in the NSE listed stock in the June quarter:** The LIC issue in the quarter gone by led to the Government ownership in the NSE listed space rising by a steep 158bps QoQ—the highest sequential jump in eight years—to a 10-quarter high of 7.5% as of June-end. Excluding LIC, however, the Government share remained broadly steady at 5.9%. While the Government share in Nifty 50 companies rose by a modest 22bps QoQ to a two-year high of 5.3%, it remained broadly steady at 6.2% in the Nifty 500 universe.
- Decline in FII ownership continued for the sixth quarter in a row:** FII ownership declined by a steep 65bps, 38bps and 77bps QoQ in Nifty 50, Nifty 500 and NSE-listed universe to decadal lows 24.8%, 19.8% and 18.4% respectively in the June quarter, marking the sixth consecutive quarter to record a dip. This is partly attributed to huge foreign capital outflows over the last few quarters in the wake of depressed sentiments due to protracted geopolitical tensions, China slowdown and tighter global financial conditions. FIIs, however, have recently turned strong buyers, with net outflows in the quarter thus far already surpassing US\$8.0bn (As on September 19th, 2022). This, in

Who owns India Inc.? NSE-listed in Jun’22

FII ownership in NSE-listed companies


Source: CMIE Prowess, NSE EPR.

¹ The “India Inc. Ownership Tracker” report examines ownership trends and patterns in Indian companies listed on the NSE since 2001.

² FII ownership includes ownership through depository receipts held by custodians.

³ Sector weights and comparisons here are based on the respective indices as benchmarks.

⁴ Overweight (OW), neutral (N) or underweight (UW) stance on any sector is with respect to the sector’s weight in the Index. An OW/UW position on a sector implies more than 100bps higher/lower allocation to the sector than its weight in the Index. A N position on a sector implies an allocation within +/- 100bps of the sector’s weight.

turn, should recoup some loss in FII ownership seen over the last few quarters.

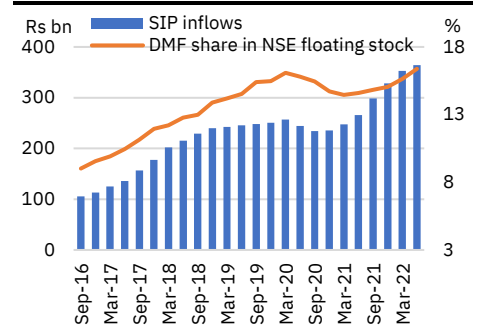
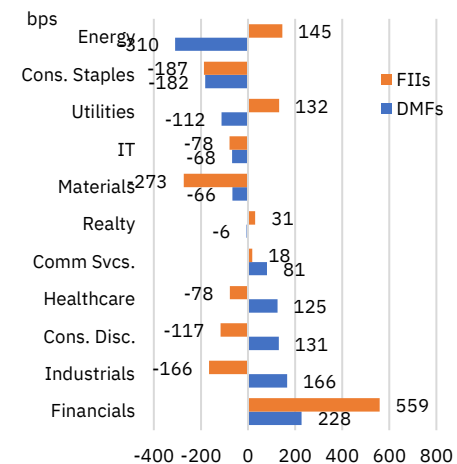
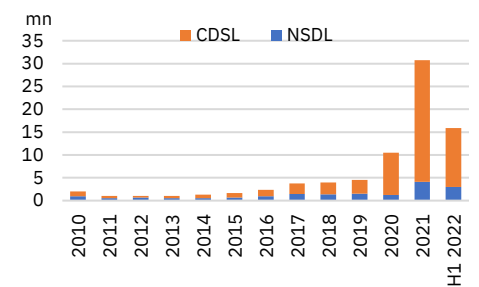
FIIIs broadly maintained their sector exposure during the last quarter. The outsized OW bet on Financials was retained despite steady trimming of exposure. They also strengthened their OW position on Energy and Utilities and remained negative on the investment as well as consumption themes for yet another quarter with an UW stance on Industrials, Materials, Consumer Staples and Consumer Discretionary.

- DMFs share rose further to all-time high levels:** DMFs stake inched up for the fifth quarter in a row by 50bps, 38bps and 23bps to all-time high of 9.4%, 8.4% and 7.9% in the Nifty 50, Nifty 500 and NSE listed companies respectively in the June quarter. This is primarily attributed to consistent buying by DMFs over the last several quarters, aided by strong retail participation through the SIP (Systematic Investment Plan) route. Average monthly SIP inflows in FY23 thus far have risen to Rs123bn from Rs104bn/Rs83bn in FY22/FY21.

Unlike FIIIs, DMFs' turned incrementally positive on financial companies as reflected from their strengthened OW position on the sector, reinforced their positive stance on Consumer Discretionary, and maintained OW on Industrials and Healthcare for yet another quarter. This came at the expense of incrementally more negative view on Consumer Staples and Utilities.

- Direct retail share dipped in the non-Nifty 500 companies:** While retail ownership in the NSE listed stock fell by a modest 15bps QoQ to 9.5% in the quarter ending June 2022, it remained broadly steady at near 15-year high of 8.6% and 9% in Nifty 50 and Nifty 500 Index respectively. Notably, the drop in retail share in the listed stock excluding Nifty 500 companies was the steepest in last 26 quarters. This is in line with some moderation in net retail inflows into Indian equities in the quarter gone by. After a total net buying of Rs1.6trn in FY22—the highest ever, net retail inflows into NSE listed companies (Calculated as the difference between buy traded value and sell traded value in the secondary market only) has moderated to Rs355bn during the first five months of FY22 (Apr-Aug'22).

- Institutional ownership concentration:** FIIIs were broad-based sellers of Indian equities in the June quarter, as reflected from a broadly unchanged mix of small and large companies in their portfolio. This has also resulted in incrementally fewer number of companies where FIIIs hold more than 5% of the company value. Increase in DMFs share, however, was more pronounced in larger companies. This is reflected in a 47bps QoQ increase in share of Nifty 50 companies in the overall DMF portfolio, marking the second increase in a row, partly attributed to relative outperformance of larger companies during the quarter gone by. Additionally, the share of companies where DMFs hold more than 5% has risen for the third consecutive quarter to eight-quarter highs.

DMF ownership in NSE-listed companies

FII and DMF portfolio OW/UW in Nifty 500 vs. the index (June 2022)

New investor account additions


Source: CMIE Prowess, AMFI, SEBI, NSE EPR.

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Listed universe ownership trends

Ownership pattern of the NSE-listed universe (June 2022)

Private promoter ownership fell sharply in the June quarter: Total promoter ownership in the NSE listed universe inched up for the second quarter in a row by 83bps QoQ to a 31-quarter high of 51.6% in the quarter ending June 2022, marking the highest monthly increase in the last nine quarters. This was led by a steep jump in Government and foreign promoter share, more than offsetting a huge drop in private promoter share in the quarter gone by. Following a steady increase over the previous five quarters, private promoter ownership fell by a steep 119bps QoQ to a five-quarter low of 35.2%. In terms of number of companies, nearly 87% of the NSE listed companies (Where shareholding data is available for the last two quarters) saw a dip in private Indian promoter stake in the June quarter. Foreign promoter ownership, however, rose by 42bps QoQ to 9.1% following a steep 238bps drop over the previous two years. Consequently, private promoter share fell by 77bps to 44.3% in NSE listed space after rising steadily over the previous four quarters.

June quarter saw private promoter stake falling sharply (-119bps QoQ to 35.2%) after a steady increase over the previous five quarters.

Total promoter share fell by 77bps QoQ to 44.3%, partly offset by jump in foreign promoter share.

Government ownership rose at the steepest pace in eight years: Government ownership (promoter as well as non-promoter) in the NSE-listed space has been coming off since 2010, in-line with its efforts to garner higher revenues through the disinvestment route. Additionally, fewer listings of Government-owned companies and their relative underperformance during this period weighed on the Government share in the listed space. The LIC issue in the quarter gone by, however, led to the Government ownership rising by a steep 158bps QoQ—the highest sequential jump in eight years—to a 10-quarter high of 7.5% as of June-end. Excluding LIC, the Government share remained broadly steady at 5.9%.

Government share rose at the steepest pace in eight years, thanks to the LIC issue, excluding which the share remained broadly steady.

FII ownership dipped for the sixth quarter in a row...: FII ownership declined by 77bps QoQ to a 10-year low of 18.4% in the June quarter, marking the sixth consecutive dip in FII share. With this, FIIs have seen a total drop of 3.1pp in their share in the NSE listed stock over the last six quarters. Protracted geopolitical tensions, China slowdown and tighter global financial conditions, thanks to steep rate hikes by the global central banks, notably the US Fed, have all weighed on the global risk appetite, leading to flight of capital away from riskier asset classes including emerging market equities. India has been no different, having seen net outflows to the tune of US\$28bn in the first half of 2022. The decline in FII ownership was fairly broad-based, with all major sectors, barring Consumer Staples and Consumer Discretionary, seeing a drop in share in the quarter gone by.

FII ownership dropped for the sixth quarter in a row by 77bps QoQ to a 10-year low of 18.4% in the June quarter, reflecting the impact of record-high FII outflows in the first half of 2022.

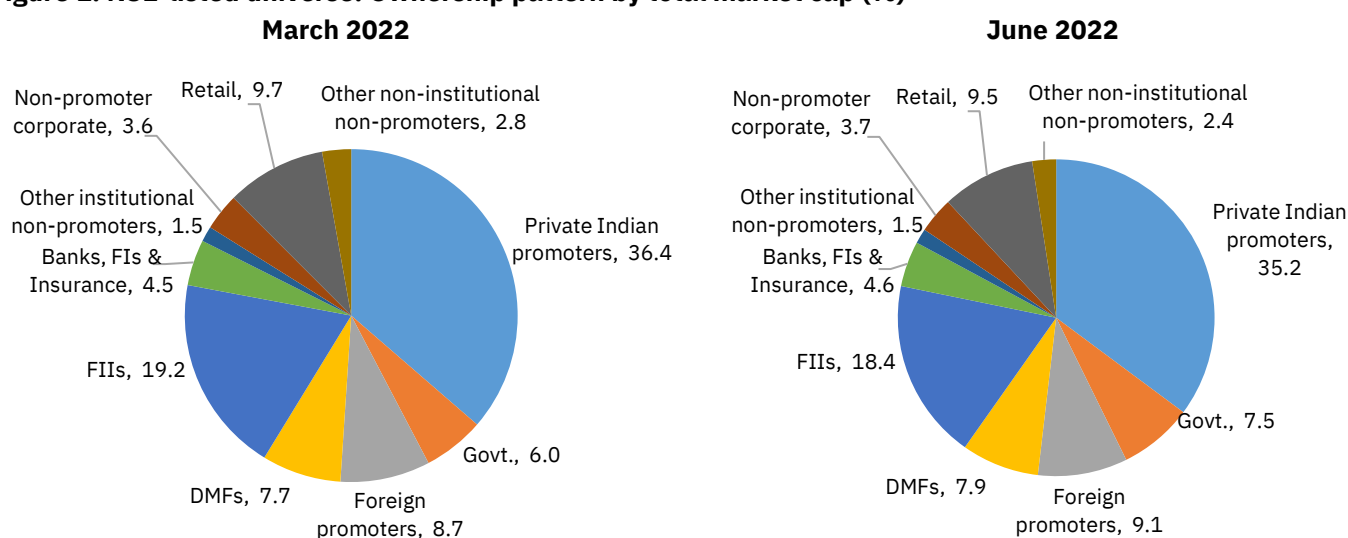
...While DMF share inched up for yet another quarter to record-high level: DMFs' stake in the NSE listed universe inched up for the fourth quarter in a row by 23bps QoQ to record high of 7.9% in the quarter ending June 2022. This is primarily attributed to consistent buying by DMFs over the last several quarters, aided by strong retail participation through the SIP route. DMFs injected a total of Rs1.91trn on a net basis into Indian equities in FY22 and the first quarter of FY23 of which nearly 62% or Rs 1.19trn came in the first half of 2022 alone. After witnessing some moderation in the first year of COVID (FY21), SIP inflows picked up meaningfully in the subsequent year and continue to rise, touching a monthly run-rate of Rs127bn. Average monthly SIP inflows in FY22 stood at Rs104bn vs. Rs80bn in FY21 and Rs83bn in FY20, and this has risen to nearly Rs123bn in FY23 thus far (Apr-August 2022).

DMF ownership inched up by 23bps to record high of 7.9% in the June quarter, aided by continued increase in retail participation through the SIP route.

The share of Banks, Financial Institutions and Insurance companies in the NSE-listed space inched up for the second quarter in a row by 18bps QoQ to 4.6% in the June quarter, up from an all-time low of 4.4% in the last quarter of 2021.

Retail investors' holding dipped marginally in the June quarter: After rising steadily over the last several quarters (+131bps between December 2020 and March 2022), individual retail investors' holding fell by 15bps QoQ to 9.5% in the quarter ending June 2022. This is in line with some moderation in net retail inflows into Indian equities in the quarter gone by. After a total net buying of Rs1.6trn in FY22—the highest ever, net retail inflows in NSE listed companies (Calculated as the difference between buy traded value and sell traded value) has moderated to Rs355bn during the first five months of FY22 (Apr-Aug'22).

Figure 1: NSE-listed universe: Ownership pattern by total market cap (%)



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Table 1: NSE-listed universe: Ownership trend across key stakeholders by total market cap over last three years

%	Private Indian promoters	Govt.	Foreign promoters	Domestic MFs	Banks, FIs & Insurance	FII *	Non-promoter corporate	Retail
Sep-19	32.2	7.9	10.1	7.7	5.5	21.8	3.6	8.5
Dec-19	32.2	8.2	9.8	7.8	5.4	22.2	3.5	8.4
Mar-20	33.3	6.9	11.1	7.9	5.5	20.8	3.3	8.4
Jun-20	34.1	6.7	10.4	7.8	5.5	20.2	3.2	8.7
Sep-20	35.4	5.6	10.0	7.6	5.2	20.5	2.8	9.0
Dec-20	34.6	5.7	9.7	7.4	5.1	21.7	3.0	9.0
Mar-21	34.7	6.2	9.4	7.2	5.1	21.5	3.1	9.0
Jun-21	35.3	6.5	9.1	7.2	5.0	20.7	3.2	9.4
Sep-21	36.0	6.0	8.9	7.3	4.4	20.5	3.4	9.3
Dec-21	36.4	5.7	8.7	7.4	4.4	19.7	3.7	9.7
Mar-22	36.4	6.0	8.7	7.7	4.5	19.2	3.6	9.7
Jun-22	35.2	7.5	9.1	7.9	4.6	18.4	3.7	9.5
<i>QoQ change</i>	<i>-119bps</i>	<i>158bps</i>	<i>42bps</i>	<i>23bps</i>	<i>18bps</i>	<i>-77bps</i>	<i>5bps</i>	<i>-15bps</i>

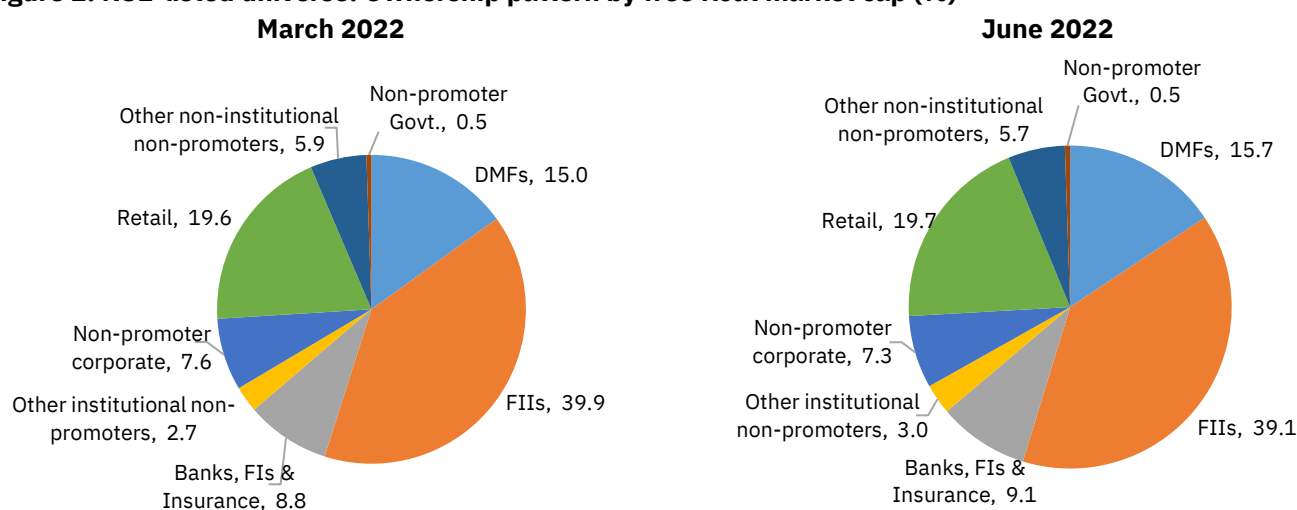
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Floating stock witnessed FII ownership dipping to 12-year lows: FII ownership in the NSE floating stock fell by a steep 91bps QoQ to a 12-year low of 38.1% in the June quarter. This came on top of nearly 425bps drop in FII share in the NSE floating stock in the previous five quarters. FII share in the NSE floating stock is now nearly 7.6pp below

the peak share seen eight years back (March 2014). DMF ownership of the NSE free-float market cap inched up for the fifth quarter in a row by 74bps—the steepest sequential jump in 11 quarters—to fresh record-high of 16.4%, beating the previous record of 16.1% seen the last pre-pandemic quarter (March 2020). Banks, Financial Institutions, and Insurance companies saw their share in the NSE floating stock also rising by 53bps QoQ to 9.6% in the June quarter, translating into a total increase of 78bps this year from a 21-year low of 8.8% in the last quarter of 2021. With this, the overall institutional share in the NSE floating stock has risen for the second quarter in a row by 46bps QoQ to 67.2% in the June quarter, even as it is still 4pp shy of the peak share seen in the quarter just before the onset of the COVID-19 pandemic (Q4 2019).

Retail investors managed to retain their share in the NSE free-float market cap at a 13-year high of 19.7% in the June quarter. That said, it is still 9.4pp below the peak share seen over the last 21 years.

Figure 2: NSE-listed universe: Ownership pattern by free float market cap (%)



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Table 2: NSE-listed universe: Ownership trend across key stakeholders by floating stock over last three years

%	Domestic MFs	Banks, FIs & Insurance	FII*	Non-promoter corporate	Retail
Sep-19	15.4	11.0	43.4	7.2	16.9
Dec-19	15.5	10.8	44.2	6.9	16.7
Mar-20	16.1	11.2	42.4	6.7	17.2
Jun-20	15.8	11.2	41.0	6.4	17.6
Sep-20	15.4	10.5	41.6	5.8	18.3
Dec-20	14.7	10.1	43.3	5.9	17.9
Mar-21	14.5	10.2	42.9	6.3	18.0
Jun-21	14.6	10.0	41.9	6.4	18.9
Sep-21	14.8	9.0	41.6	6.9	18.9
Dec-21	15.0	8.8	39.9	7.6	19.6
Mar-22	15.6	9.1	39.0	7.3	19.7
Jun-22	16.4	9.6	38.1	7.6	19.7
<i>QoQ change</i>	<i>74bps</i>	<i>53bps</i>	<i>-91bps</i>	<i>23bps</i>	<i>3bps</i>

Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Long-term ownership trend of the NSE-listed universe

Long-term trend shows a steady drop in promoter ownership during 2009-2019, followed by a marginal increase thereafter:

The long-term trend indicates a sharp rise in promoter ownership between 2001 and 2009 (To 19-year high of 57.6% in March 2009) that gradually tapered off since, coinciding with the SEBI's decision to increase the minimum required free float from 10% to 25% in 2010. However, the drop has been primarily led by a sharp decline in Government ownership over the years, and strategically so, with the aim of expanding public partnership in the ownership of CPSEs (Central Public Sector Enterprises) and augmenting its resources for higher expenditure towards economic development. On the other hand, overall private promoter ownership—Indian and foreign promoters combined—has increased by ~11.6pp between June 2010 to December 2021. Promoter share, however, has been inching up since last few years, primarily led by an increase in private Indian promoter share, while foreign and Government promoter shares have remained broadly stable.

Government ownership in the NSE-listed universe has been coming off since 2010, but private promoter ownership has been rising.

Sharp rise in DMF ownership during 2014-19 supported by rising SIP inflows:

Barring a drop in FY21, DMF ownership has seen a sharp increase over the previous six fiscal years (FY15-FY22), largely reflecting the sustained retail interest in equity mutual funds as an investment channel through SIPs. Drop in DMF ownership in FY21 (Apr-Mar'21) has been largely on the back of moderation in SIP inflows as well as high redemption pressures, thanks to macroeconomic slowdown and attendant drop in disposable incomes that got accentuated by the COVID-19 outbreak. This partly found its way to Indian equities via higher direct retail investments, as visible from a steady increase in direct retail ownership during this period. With indirect participation by retail investors seeing a renewed jump beginning June 2021 via the SIP route, DMFs have since managed to more than make up for the lost share seen in FY21. Banks, FIs & Insurance, on the other hand, has been gradually dropping off since 2012, only to rise modestly in the first half of 2022.

DMF ownership got support from rising SIP investments during FY15-20, only to see a dip in FY21 and recover thereafter.

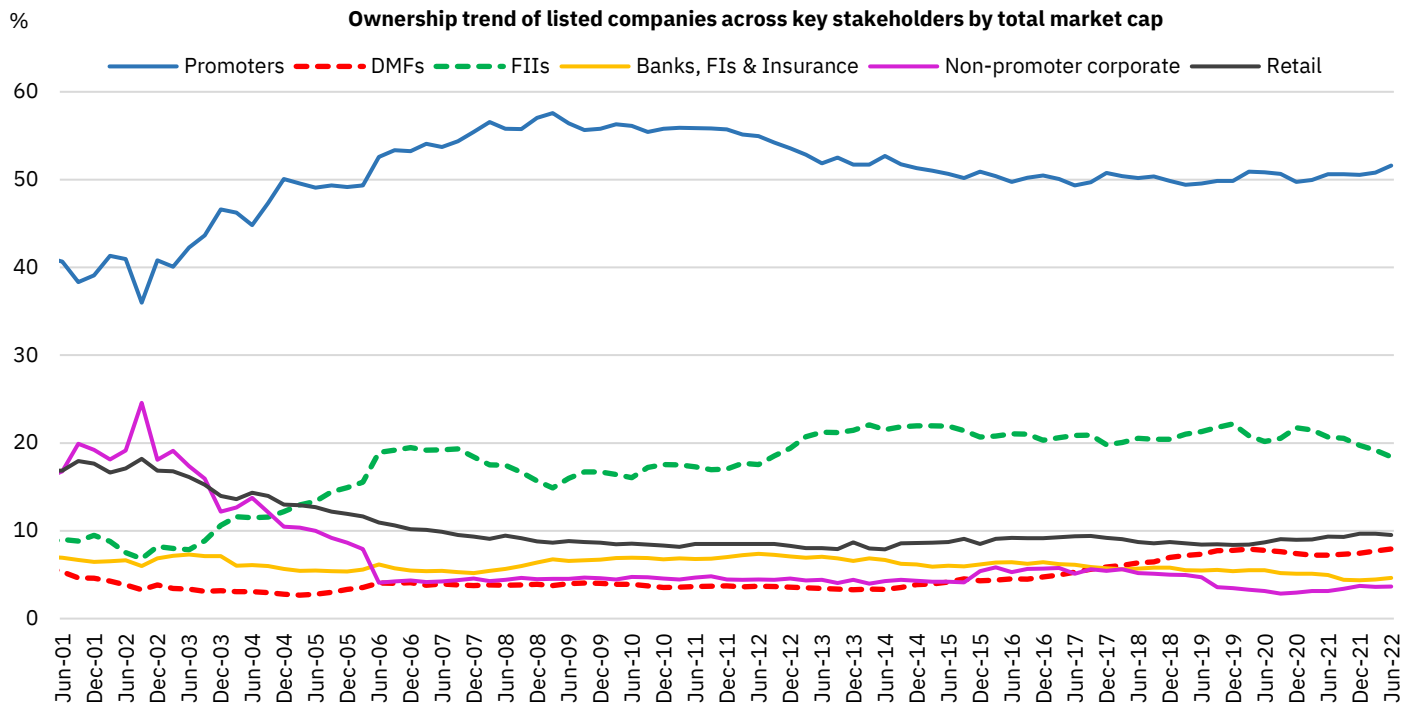
FII ownership has remained in the 19-22% range over the last decade:

FII ownership in the NSE-listed space saw a gradual increase between 2002 and 2015, except for a brief period around the 2007-08 financial crisis, but dropped marginally over the subsequent three years, reflecting negative global cues including the US-China trade war and Brexit concerns. FII share picked up over the next two years until December 2019 but fell sharply during the first two quarters of 2020 post the onset of the COVID-19 pandemic. This, however, was temporary as huge liquidity injection globally improved risk appetite, leading to jump in FII share in the second half. Since then, FII share has been trending down, reflecting weakened investor sentiments in the wake of recurring COVID waves, China slowdown, worsening growth-inflation dynamics, and rapid monetary tightening by global central banks, notably the US Fed. This has led to FII share in the NSE floating stock falling to 12-year lows.

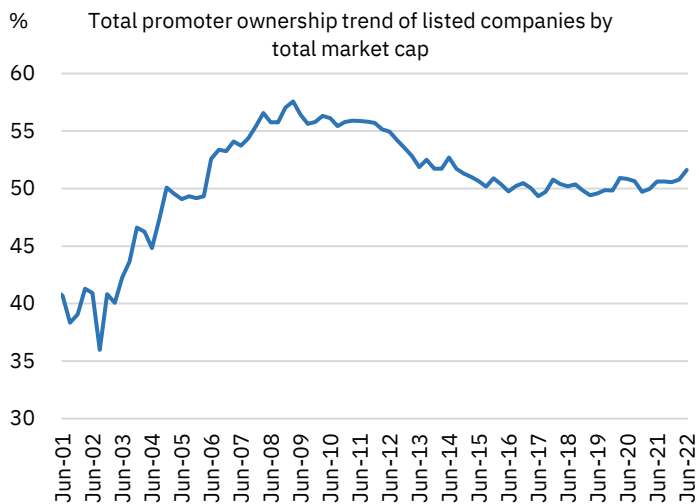
Direct retail holding has remained between 8 to 10% for more than a decade now:

Not surprisingly, while retail investments through the SIP route has been rising over last few years, barring a steady drop in FY21, direct retail participation in equity markets remained quite stable—a sign of maturing markets and indirect ownership. Retail ownership of the NSE listed universe declined steadily between 2001 and 2012, but has since been steadily rising, albeit at a modest pace, barring a drop seen in 2018 and 2019.

Direct retail ownership fell steadily between 2001 and 2012 and has since been in the range of 8-10%.

Figure 3: NSE-listed universe: Long-term ownership trend across key stakeholders by total market cap


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Figure 4: Total promoter ownership trend of NSE-listed companies by total market cap


Source: CMIE Prowess, NSE EPR.

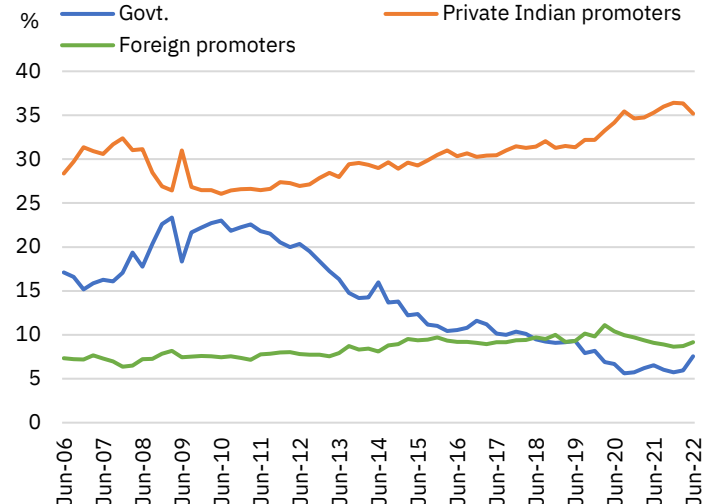
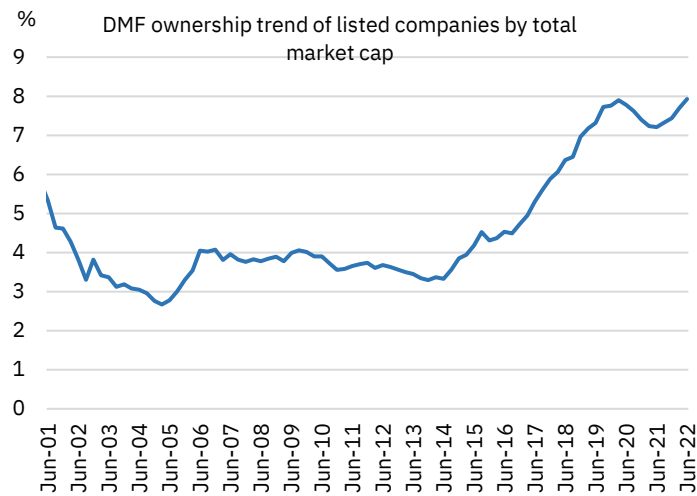
Figure 5: Indian and foreign promoter ownership trend of NSE-listed companies by total market cap


Figure 6: DMF ownership trend of NSE-listed companies by total market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 7: FII ownership* trend of NSE-listed companies by total market cap

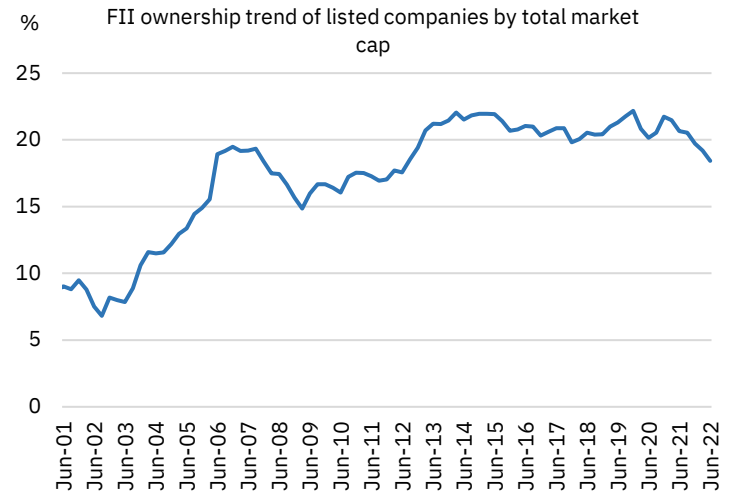
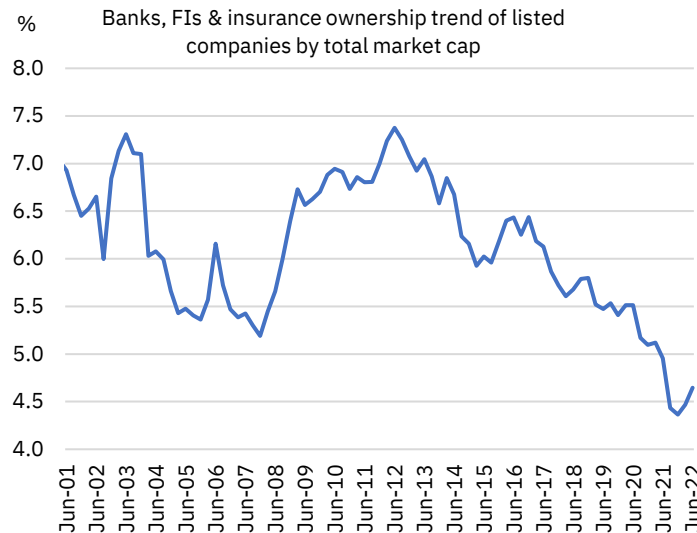


Figure 8: Banks, FIs & Insurance ownership trend of NSE-listed companies by total market cap



Source: CMIE Prowess, NSE EPR.

Figure 9: Retail ownership trend of NSE-listed companies by total market cap

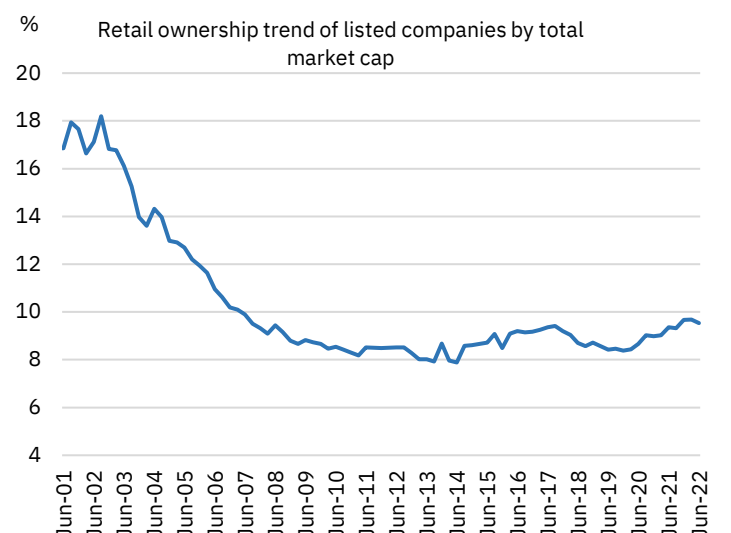
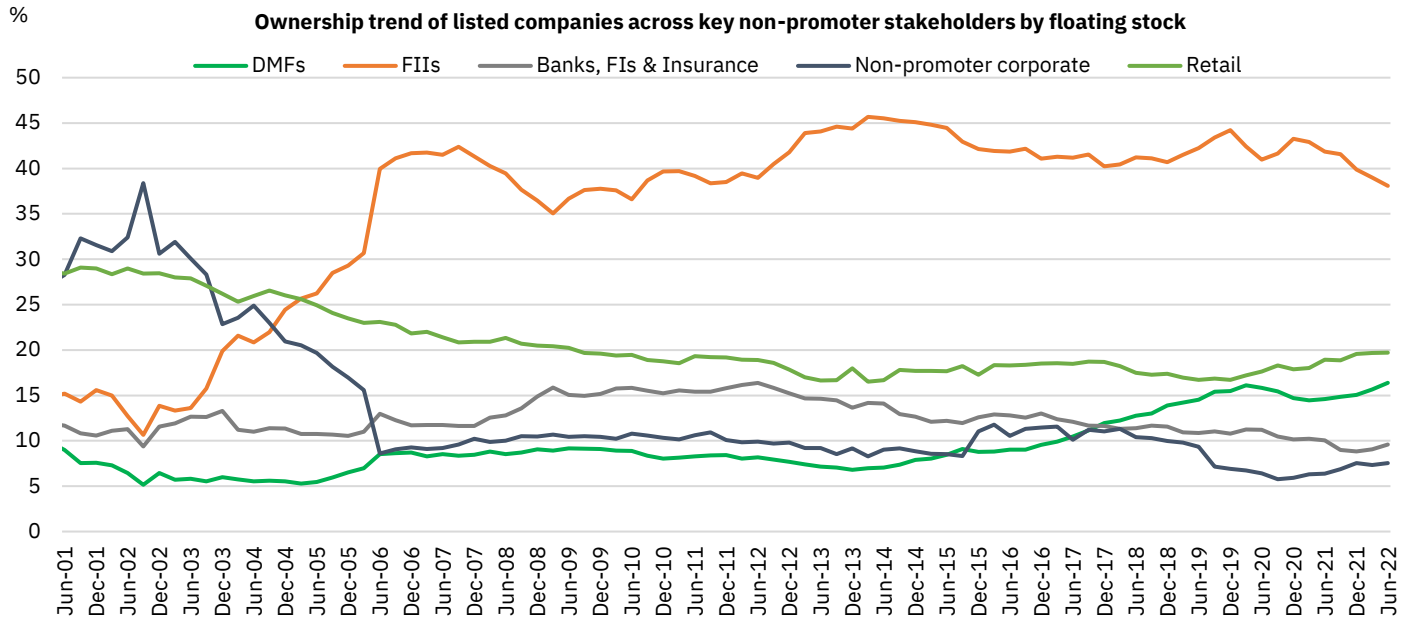
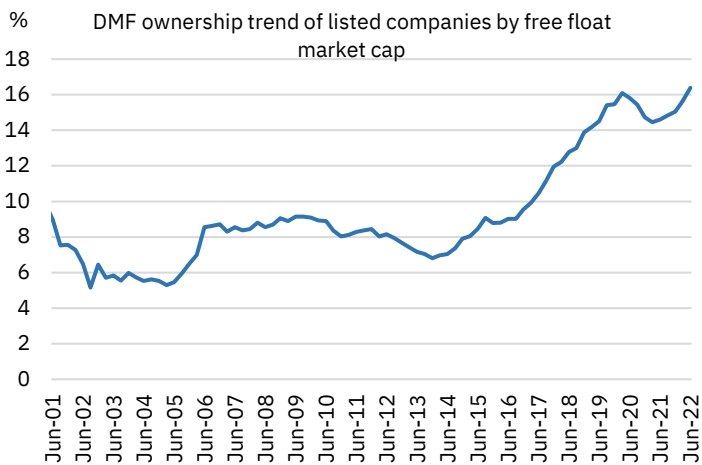
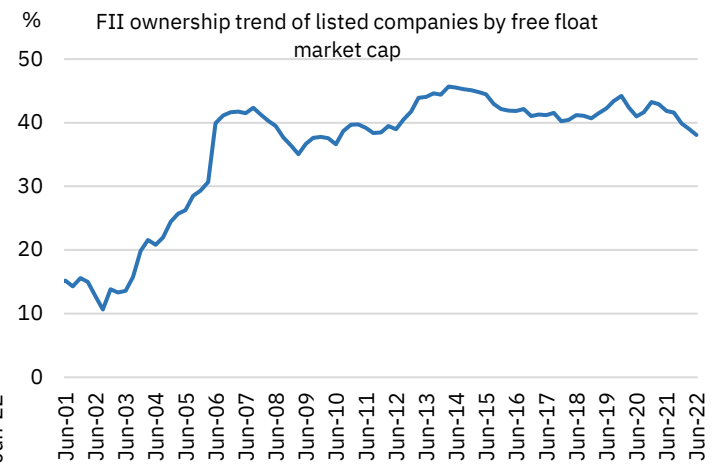
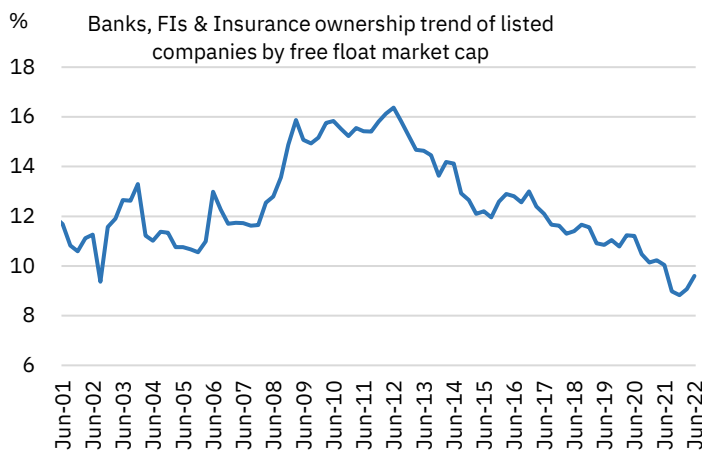


Figure 10: NSE-listed universe: Long-term ownership trend across key stakeholders by free float market cap

Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 11: DMF ownership trend of NSE-listed companies by free float market cap

Source: CMIE Prowess, NSE EPR.

Figure 12: FII ownership trend of NSE-listed companies by free float market cap**Figure 13: Banks, FI & Insurance ownership trend of NSE-listed companies by free float market cap**

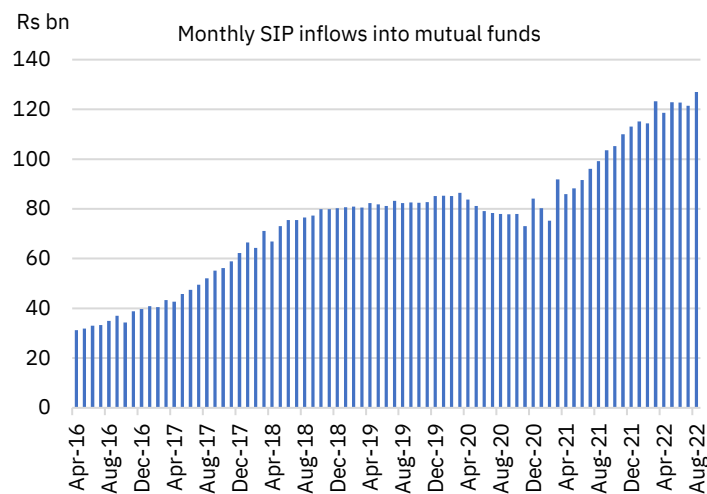
Source: CMIE Prowess, NSE EPR.

Figure 14: Retail ownership trend of NSE-listed companies by free float market cap

SIP inflows picked up sharply in FY22: SIPs have been a preferred route for retail investors to invest in equity markets barring FY20-21. After a drop in 2020, that saw retail investors shift away from being indirect investors to direct participants in the equity market, inflows into mutual funds through the SIP route found traction again in 2021, barring some moderation in April and May due to the virulent second wave. Monthly SIP inflows in the last fiscal year (Apr'21-Mar'22) averaged at Rs104bn vs. Rs80bn in FY21, rising further to Rs123bn during the first five months of current fiscal (Apr'22-Aug'22). Renewed surge in SIP inflows have helped mutual funds gradually increase their ownership in Indian equities over the last six quarters following a drop in 2020.

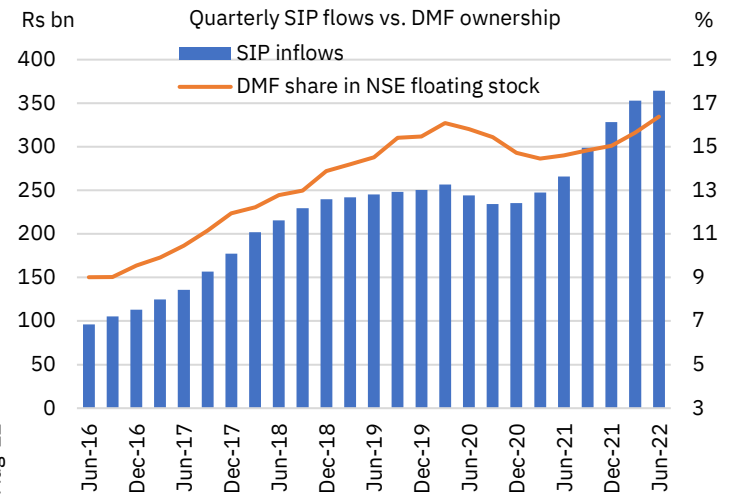
Average monthly SIP inflows in FY22 rose by 29.6% YoY and further by 18.0% during the first five months of FY23.

Figure 15: Monthly SIP inflows into mutual funds



Source: AMFI, NSE EPR.

Figure 16: Quarterly SIP inflows vs DMF ownership

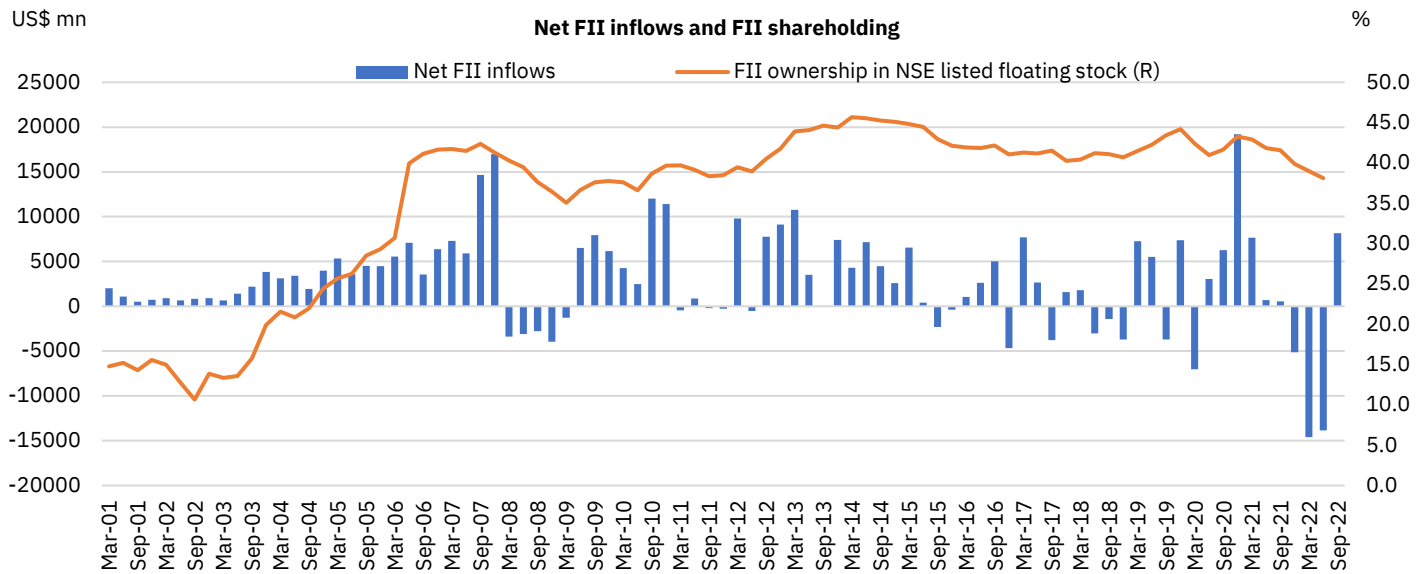


FII were strong sellers of Indian equities in the first half of 2022: After emerging as strong buyers of Indian equities in FY21 following muted participation in the previous three years, supported by global risk-on environment amidst an influx of global liquidity, FIIs turned big sellers in the second half of FY22. Persistent concerns on the COVID front amidst emergence of second and third waves, intensifying inflationary pressures and consequent rapid tightening by global central banks, slowdown in China and protracted geopolitical tensions have all weighed on global risk appetite over the last few quarters. This led to flight of capital away from riskier asset classes including EM equities to safe-haven assets such as Gold and US Dollar. Net outflows by FIIs in FY22 stood at a record high of US\$18.5bn, thereby resulting in drop in FII share in the NSE listed universe. Selling by FIIs remained equally strong in the first quarter of FY23 as well, with net outflows of US\$13.9bn, thereby further weighing on FII ownership in the quarter gone by.

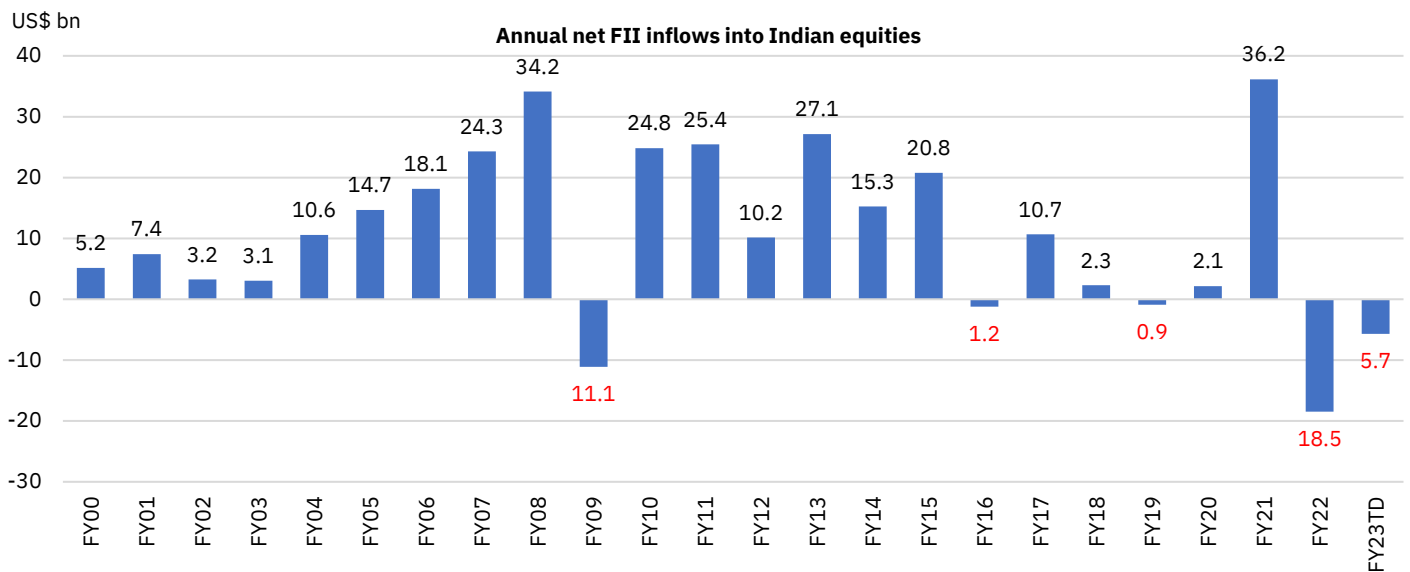
Huge selling by FIIs over the last few quarters until June 2022 has led to a significant drop in FII ownership in the NSE listed space.

With FIIs turning strong buyers of Indian equities in the current quarter, their share should see some

FIIs, however, have turned buyers in the current quarter, with net outflows in the quarter thus far already surpassing US\$8.0bn (As on September 19th, 2022). This, in turn, should lead to some increase in FII ownership.

Figure 17: Net FII inflows and FII shareholding in the NSE-listed floating stock


Source: Bloomberg, CMIE Prowess, NSE EPR. * FII ownership includes ownership through depository receipts held by custodians.

Figure 18: Annual net FII inflows trend


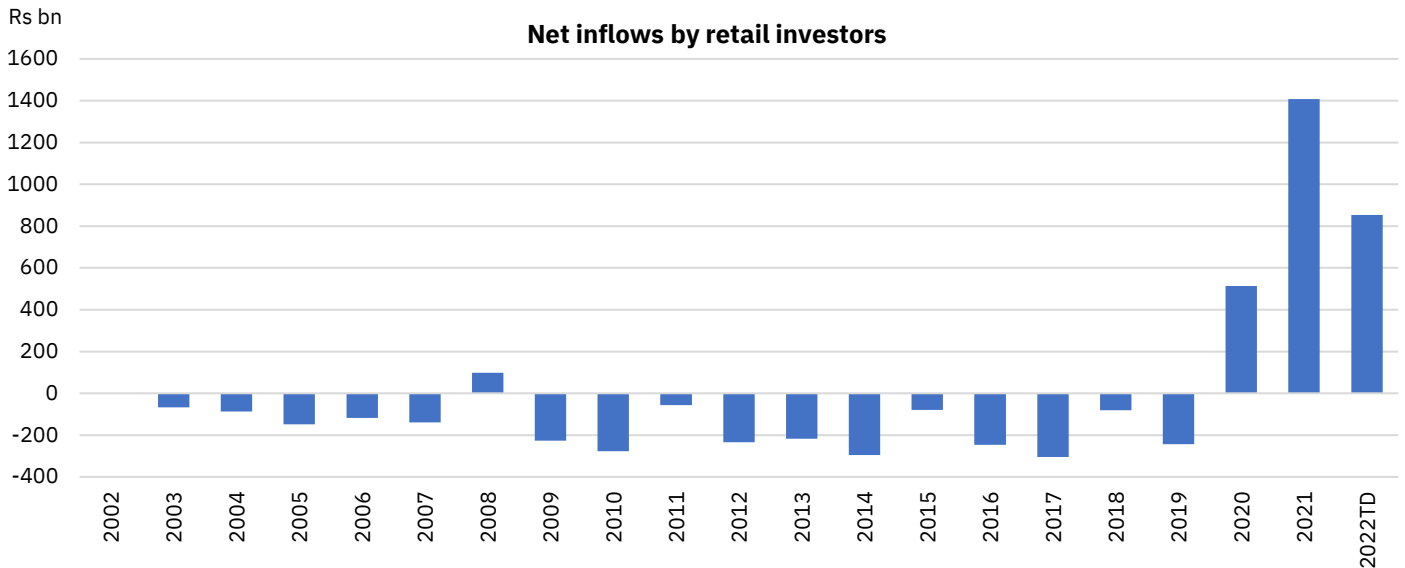
Source: Refinitiv Datastream, NSE EPR. * Data for FY23TD is as of September 19th, 2022.

Direct retail participation has strengthened meaningfully over the last couple of years:

Retail participation has picked up meaningfully over the last couple of years. A sharp market crash in March 2020 after the onset of COVID-19 pandemic lured retail investors into trading in equity markets, with a strong market rebound thereafter further strengthening their sentiments. Retail investors turned net buyers of Indian equities in 2020, after a 11-year long hiatus between 2009-19, further strengthening their participation in the subsequent two-and-a-half years. Since 2020 beginning, they invested a total of Rs2.85trn in NSE's capital market segment (secondary market only) of which Rs1.4trn and Rs931bn was invested in 2021 and H1 2022 respectively, notwithstanding weakened macroeconomic landscape and heightened market volatility this year. What started as increased retail interest in equities post COVID-19 pandemic in search of higher and probably easy returns has slowly transpired into a relatively steadier participation by the so-called mature investors.

The last two years have also seen a significant growth in new investor registrations, which has augmented net investments in the equity markets. The last fiscal year saw an addition of record 34.6m new Demat accounts by NSDL and CDSL combined, on top of 14.3m registrations in the previous year. The quarter gone by has seen a further increase of 6.8m in the outstanding Demat accounts of both the depositories.

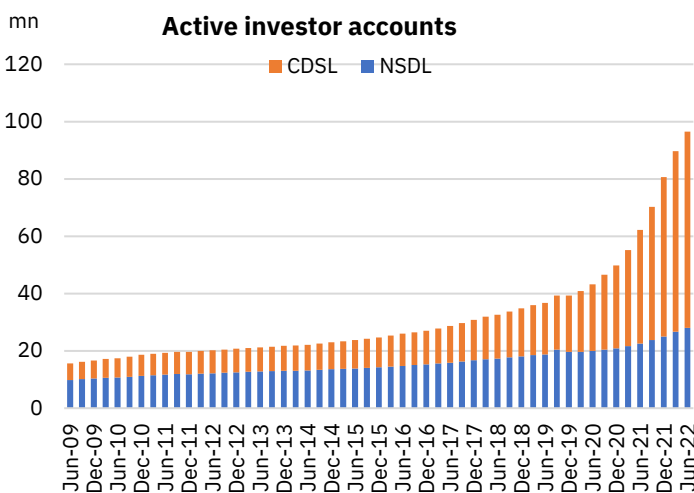
Figure 19: Net inflows by retail investors in the NSE's CM segment (2002-)



Source: NSE EPR.

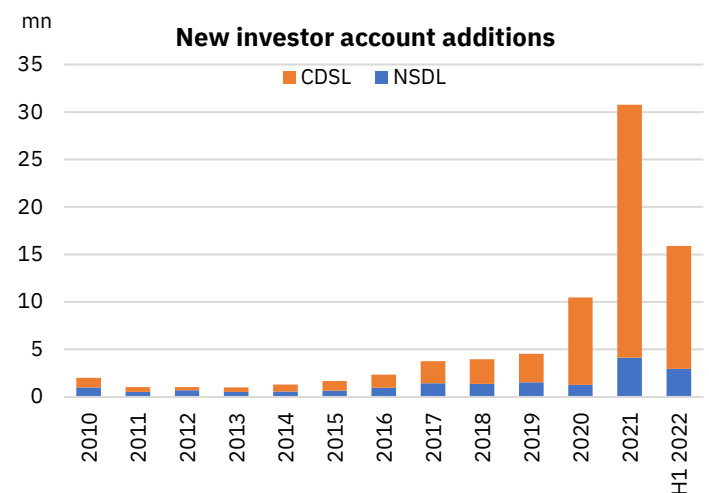
- Note: 1. Note: Retail investors: individual domestic investors, NRIs, sole proprietorship firms and HUFs.
 2. Net flows include investments in securities in EQ, BE, SM, and ST series including ETFs only.
 3. Net flows are calculated as buy traded value – sell traded value.
 4. Data for 2022TD is for the period Jan-August 2022.

Figure 20: Quarterly trend of number of active investor accounts with depositories



Source: SEBI Bulletin, NSE EPR.

Figure 21: Annual trend of new investor account additions with depositories



Sector-wise ownership of the NSE-listed universe (June 2022): The sector-wise ownership pattern of the NSE-listed universe across key stakeholders in the quarter gone by (Apr-Jun'22) shows that the Real Estate sector continues to lead in terms of promoter ownership at 66.7% (+20bps QoQ), followed by Utilities at 63.3% (+41bps QoQ), Materials at 56.3% (+35bps QoQ), Industrials at 55.5% (+50bps QoQ), Communication Services at 55.2% (+45bps QoQ) and Consumer Staples at 53.7% (-147bps QoQ). Barring Consumer Staples, all sectors have seen an increase in promoter share in the quarter gone by led by Energy. Sector-wise, Financials emerged as the top sector in terms of Government ownership in the June quarter, with the share rising by a steep 7.1pp to a 30-quarter high of 17.6%, while Utilities slipped to the second spot with 14.4% share. In fact, barring Financials, all other sectors have either seen the Government share remaining steady or dropping in the quarter gone by, with the latter led by Energy, Consumer Discretionary, Materials and Utilities.

Sector-wise, Financials had the highest DMF ownership of 10.8% (-9bps QoQ) in the June quarter, followed by Healthcare at 9.7% (+31bps QoQ) and Communication Services at 9.3% (+64bps QoQ). Consumer Discretionary moved a rank higher to the fourth position in terms of DMF share, replacing Industrials, with a 76bps QoQ jump in DMF ownership to a 21-year high of 8.9%. Except Utilities and Financials that saw marginal drop in DMF share, all other sectors have seen their DMF share rising on a sequential basis.

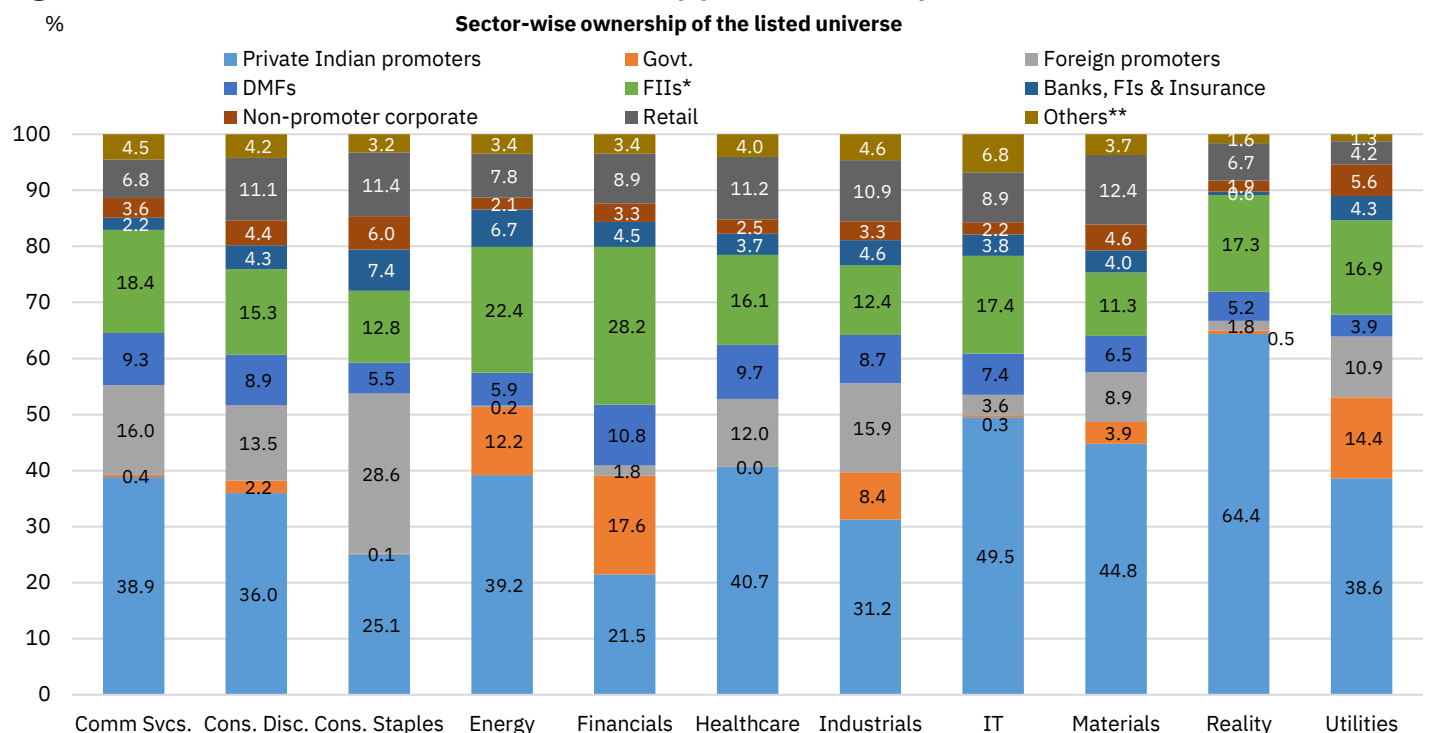
In terms of FII share, Financials sector lead with a 28.2% share, even as there has seen a meaningful drop over the last six quarters (-267bps in the June quarter and 7.8pp since December 2020). In fact, FII ownership in Financials within the NSE listed space is now the lowest in last 53 quarters. This is followed by Energy and Communication Services at 22.4% and 18.4% (-74bps QoQ). Barring Consumer Discretionary and Consumer Staples that saw a modest increase in FII share in the quarter gone by, all others have seen a drop, led by Financials, Information Technology, Communication Services and Materials.

Sector-wise, Financials overtook Utilities to become the top sector in terms of Government share, thanks to the LIC issue.

Financials remained at the top in terms of DMF ownership, followed by Healthcare and Communication Services.

Among sectors, barring Consumer Discretionary and Consumer Staples, all other sectors saw a drop in FII share in the June quarter.

Figure 22: NSE-listed universe: Sector-wise ownership pattern across key stakeholders (June 2022)



Source: CMIE Prowess, NSE EPR. * FII ownership includes ownership through depository receipts held by custodians. **Others include other institutional and non-institutional non-promoter investors

Sector allocation in the NSE-listed universe for key stakeholders (June 2022): The table below shows sector allocation for key shareholder categories in all NSE-listed companies as of June 2022. Government ownership remains concentrated to Financials, Energy, Utilities, and Industrials, together accounting for 90.4% of the Government's allocation in the listed space. Consumer sector—Discretionary and Staples—account for 43.0% of the exposure of foreign promoters to the NSE-listed space.

Except for an outsized exposure to Financials, DMF portfolio remains more diversified as compared to FIIs. While DMFs have 30.4% (+21bps QoQ) of their holdings in Financials, followed by Information Technology at 11.6% (-156bps QoQ) and Consumer Discretionary at 11.0% (+110bps QoQ), FIIs have a tad higher allocation to Financials at 34.1% within the NSE-listed space. That said the differential in portfolio allocation of FIIs and DMFs to Financials has fallen sharply over the last two years and was at a fresh 21-year low of 3.7pp in the quarter ending June 2022. This is owing to a sharp drop in the exposure of FIIs to Financials, even as DMFs' allocation to the sector has remained broadly steady during this period.

DMFs have 30.4% of their market holding (NSE-listed) in Financials, followed by IT (11.0%) and Consumer Discretionary (10.0%).

FIIs have a tad higher exposure to Financials at 34.1% even as it has come off meaningfully over the last two years.

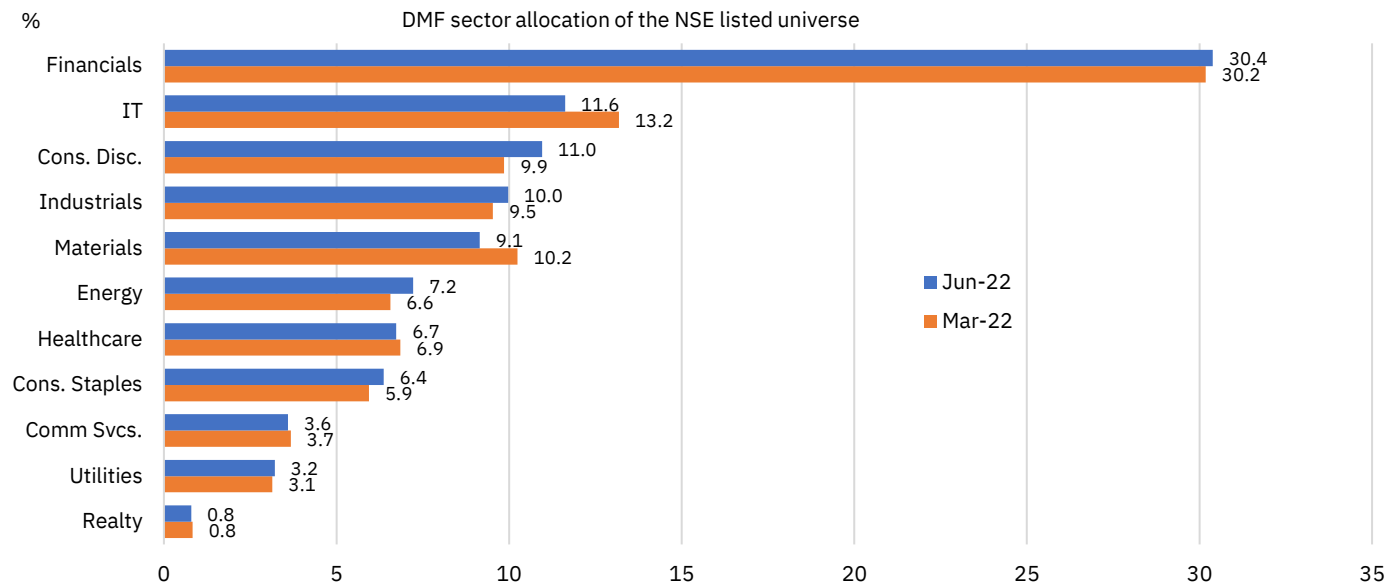
Table 3: Sector allocation of the NSE-listed universe for key stakeholders (June 2022)

%	Pvt. Indian promoters	Govt	Foreign promoters	Domestic MFs	FIIs*	Banks, FIs, Insurance	Non-promoter corporate	Retail
Communication Services	3.4	0.2	5.3	3.6	3.0	1.4	3.0	2.2
Consumer Discretionary	10.0	2.8	14.4	11.0	8.1	9.0	11.8	11.3
Consumer Staples	6.5	0.1	28.7	6.4	6.4	14.6	14.9	10.9
Energy	10.8	15.7	0.2	7.2	11.8	14.0	5.7	8.0
Financials	13.6	52.0	4.5	30.4	34.1	21.4	20.4	20.7
Health Care	6.4	0.0	7.2	6.7	4.8	4.4	3.9	6.5
Industrials	8.1	10.2	15.8	10.0	6.1	9.0	8.3	10.4
Information Technology	17.6	0.6	4.9	11.6	11.8	10.3	7.4	11.7
Materials	14.2	5.8	10.9	9.1	6.9	9.6	14.1	14.6
Real Estate	2.2	0.1	0.2	0.8	1.1	0.2	0.6	0.8
Utilities	7.2	12.5	7.8	3.2	6.0	6.1	9.9	2.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

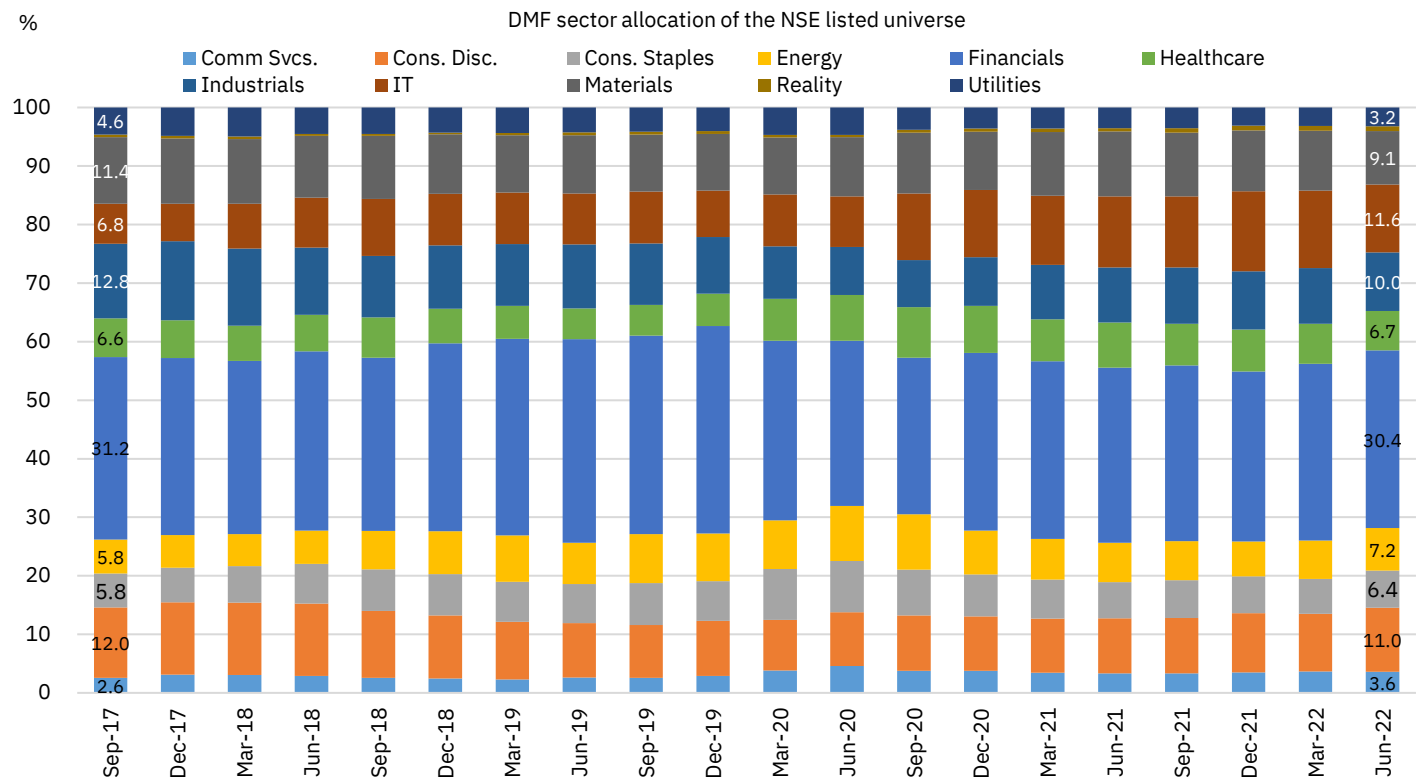
Source: CMIE Prowess, NSE EPR. * FII ownership includes ownership through depository receipts held by custodians.

Relative outperformance led to an increased exposure to consumption-oriented and Energy sectors for DMFs in the June quarter: DMFs significantly raised their exposure to Consumer Discretionary by 110bps QoQ to a 15-quarter high of 11.0% in the June quarter, followed by 67bps and 42bps QoQ increase in allocation to Energy and Consumer Staples to 7.2% and 6.4% respectively. Increase in DMF share in these sectors was partly attributed to their relative outperformance in the quarter gone by. For instance, Nifty Energy Index generated a return of 10.9% in the first six months of 2022 vs. a loss of 9.1% and 10.7% for Nifty 50 and Nifty 500 Index respectively, while Nifty Auto Index rose by 7% during this period. This largely came at the cost of reduced allocation to Information Technology, and Materials, some bit of which was due to huge sell-off in these sectors in the quarter gone by. Sectors where DMFs broadly maintained their exposure at a portfolio level in the quarter ending June 2022 included Communication Services, Healthcare, Utilities and Real Estate.

DMFs significantly raised their exposure to consumption-oriented and Energy sectors in the June quarter at the expense of reduced allocation to Information Technology and Materials.

Figure 23: DMF sector allocation of the NSE-listed universe (June 2022 vs. March 2022)


Source: CMIE Prowess, NSE EPR.

Figure 24: DMF sector allocation of the NSE-listed universe over last five years


Source: CMIE Prowess, NSE EPR.

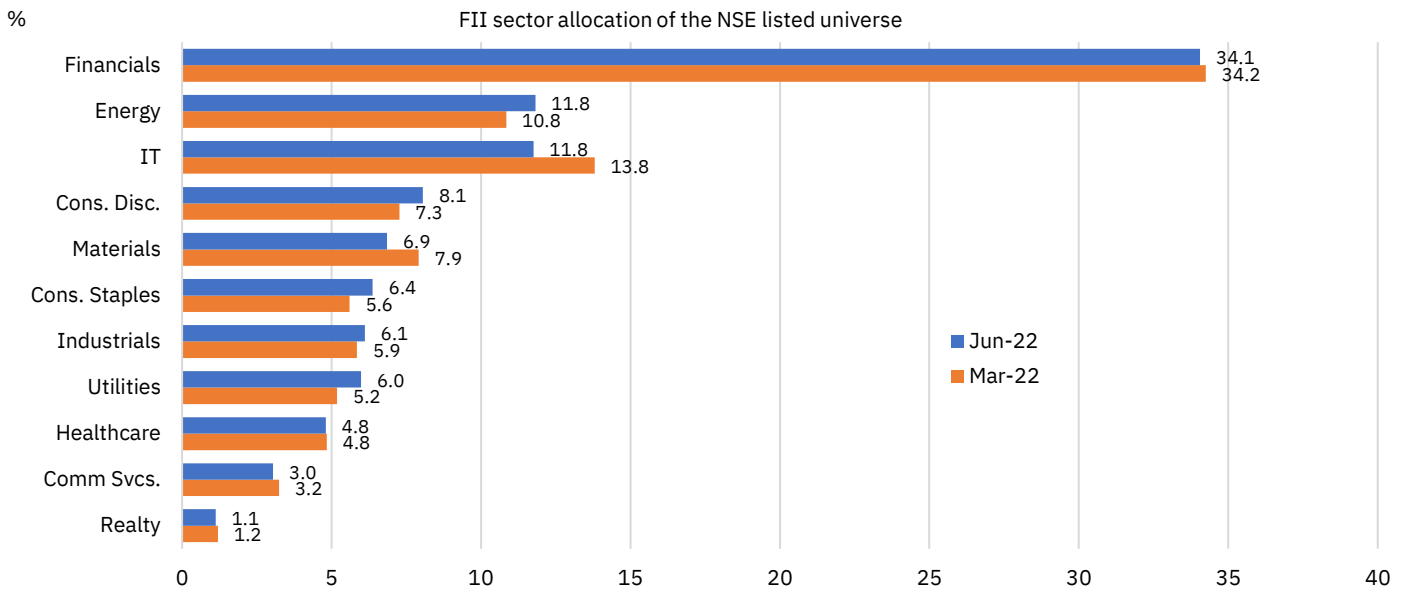
FII's also saw their allocation to Information Technology and Materials dipping sharply within the listed space:

Changes in FIIs sector exposure in the quarter gone by has been broadly in line with that of DMFs, reflecting the impact of relative sector performance during the quarter. In line with DMFs, FIIs witnessed their portfolio allocation to Information Technology and Materials within the NSE listed companies falling sharply in the quarter gone by. This reflects the impact of huge relative underperformance shown by these sectors in the June quarter in the wake of an impending recession in the US, prolonged geopolitical tensions and China growth

FIIs reduced their allocation to Financials for the fifth consecutive quarter, and increased their portfolio share in Energy.

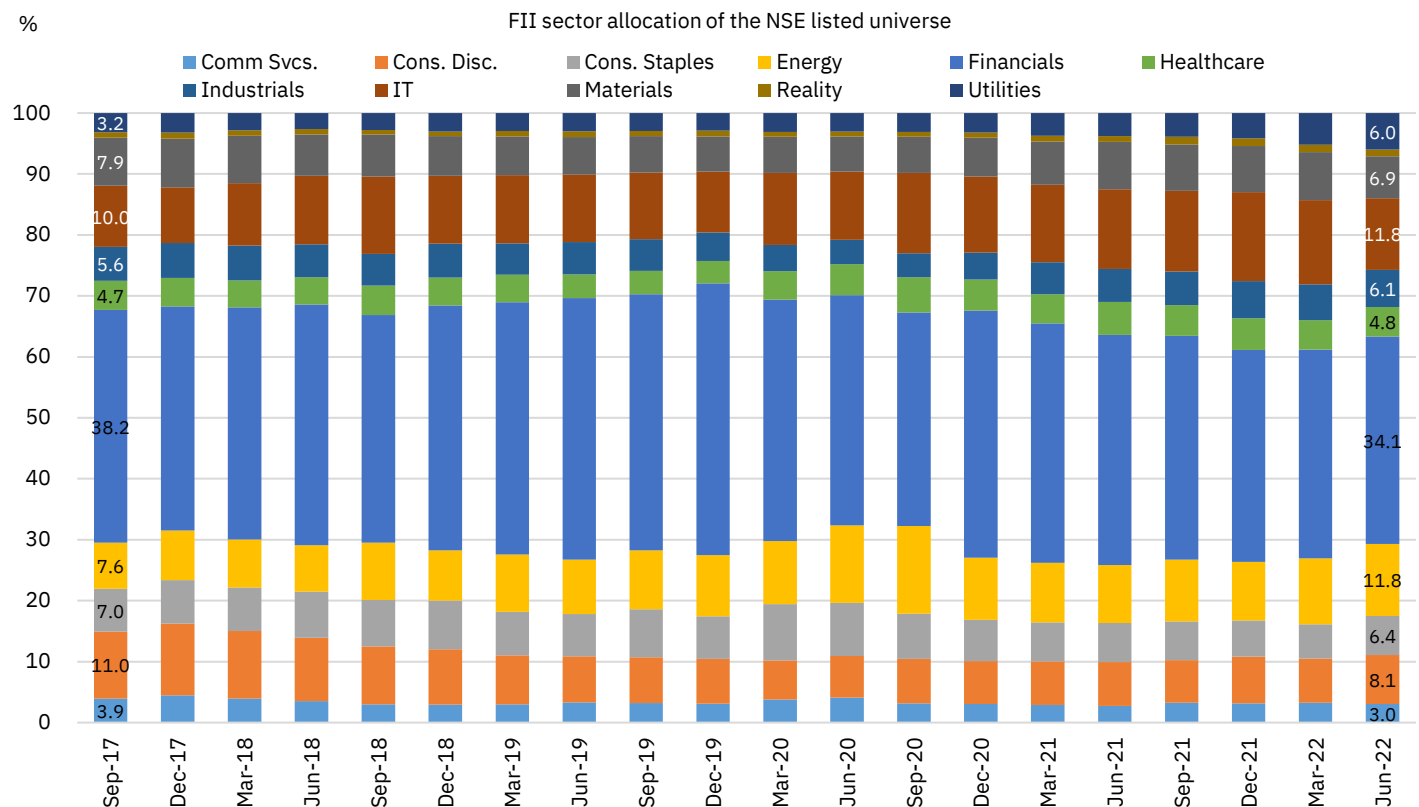
slowdown. FIIs further reduced their exposure to Financials within the NSE listed space by 19bps QoQ to a 22-quarter low of 34.1% by Jun 2022—nearly 10.5pp lower than the peak level of 44.6% observed in December 2019 quarter. Financials, being the dominant sector in the FIIs portfolio over the years, has seen the maximum drop in FII share amidst this huge outflux of foreign capital from emerging equities including India. Consumption-oriented sectors viz., Consumer Discretionary and Consumer Staples and Energy also saw an increase in FII allocation within the NSE listed space in the June quarter.

Figure 25: FII sector allocation of the NSE-listed universe (June 2022 vs. March 2022)



Source: CMIE Prowess, NSE EPR. * FII ownership includes ownership through depository receipts held by custodians

Figure 26: FII sector allocation of the NSE-listed universe over last five years



Source: CMIE Prowess, NSE EPR. * FII ownership includes ownership through depository receipts held by custodians

Nifty 50 ownership trends

Ownership pattern of the Nifty 50 universe (June 2022)

Promoter stake in the Nifty 50 universe dipped for the third quarter in a row: In line with the overall NSE listed universe, the Nifty 50 universe also saw a 29bps QoQ dip in private promoter ownership to a 10-quarter low of 37.8%, marking the third consecutive drop. This was primarily led by a steep drop in private Indian promoter stake that was partly offset by a strong sequential jump in foreign promoter stake for the first time in nine quarters. Private Indian promoter stake in the Nifty 50 universe fell by 118bps from a 16-year high of 32.5% in the March quarter to 31.3% in the June quarter. Foreign promoter stake, on the other hand, rose by 77bps QoQ to 6.5%, snapping the declining streak over the previous eight quarters. Unlike the overall NSE listed space where Government share rose sharply, that in the Nifty 50 Index inched up by a modest 22bps QoQ to a two-year high of 5.2%, given LIC is not a part of the Index as yet.

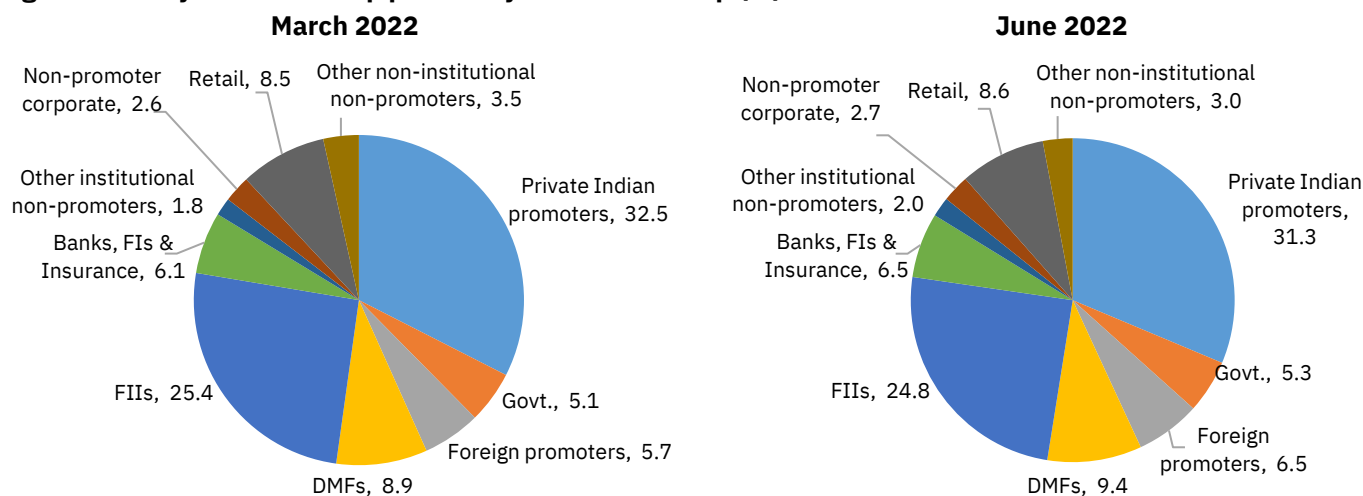
Institutional ownership inched up for the second consecutive quarter: In line with the broader listed universe, FII ownership in the Nifty 50 universe fell by 65bps QoQ—the steepest sequential drop in last nine quarters—to a nine-and-a-half year low of 24.8% in the quarter ending June 2022. This marked the sixth consecutive quarter to see a dip in FII share in the Nifty 50 universe, translating into a total drop of 2.7pp during this period. FII share in the Nifty 50 universe is now nearly 3.7pp shy of the all-time high share of 28.5% observed prior to the pandemic in December 2019. This is partly attributed to foreign capital outflows from emerging markets including India to safe havens, thanks to strengthening of risk-off environment during the quarter in the wake of an impending global recession, tighter monetary policy conditions, China slowdown and persistent geopolitical tensions.

DMF ownership on the other hand inched up for the fifth quarter in a row by 50bps QoQ—the highest in 11 quarters—to a fresh 21-year high of 9.4%, in line with the sequential increase seen in the overall listed universe. The share of Banks, Financial Institutions and Insurance in the Nifty 50 universe inched up for the third quarter in a row by 43bps QoQ—the steepest sequential gain in last 26 quarters—to 6.5% in the June quarter. That said, the share of BFI in the Nifty 50 space is mere 60bps above the 21-year low level of 6.1% seen three quarters back.

Retail ownership in the Nifty 50 index saw a modest increase in the June quarter: As opposed to a drop in the broader NSE listed universe, individual retail investors' holding in the Nifty 50 Index inched up by a modest 8bps QoQ—the third sequential jump in a row—to near 15-year high of 8.6% in the quarter ending June 2022. This translated into an increase of ~72bps from the pre-pandemic level (December 2019)—a tad lower than the increase in retail share seen in the broader listed universe during this period. Around 27/50 Nifty 50 stocks have seen an increase in retail share during the quarter.

Promoter stake in the Nifty 50 Index dipped in the March quarter, as an increase in private Indian promoter stake for the fifth time in a row was more than offset by sustained drop in foreign promoter stake.

FII share in Nifty 50 companies fell for the fifth quarter in a row by 45bps QoQ to 25.4% in the March quarter, while that of DMFs rose by an equivalent rate to 21-year high of 8.9%.

Figure 27: Nifty 50: Ownership pattern by total market cap (%)


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Table 4: Nifty 50: Ownership trend across key stakeholders by total market cap over the last three years

%	Private Indian promoters	Govt	Foreign promoters	Domestic MFs	Banks, FIs & Insurance	FII *	Non-promoter corporate	Retail
Sep-19	26.8	7.7	7.8	8.3	7.4	27.8	3.5	7.7
Dec-19	27.0	7.5	7.6	8.4	7.2	28.5	3.3	7.6
Mar-20	28.1	6.4	9.7	8.4	7.1	26.3	3.1	7.8
Jun-20	29.5	5.6	8.8	8.4	7.2	25.7	2.9	7.8
Sep-20	32.2	4.6	7.7	8.1	6.7	25.8	2.4	8.0
Dec-20	30.9	4.9	7.3	8.0	6.5	27.5	2.6	8.0
Mar-21	31.2	5.0	6.9	7.9	6.6	27.4	2.7	8.1
Jun-21	31.6	5.2	6.5	8.0	6.5	26.9	2.7	8.2
Sep-21	32.2	5.2	6.4	8.1	5.9	26.5	2.6	8.1
Dec-21	32.4	5.1	6.1	8.5	5.9	25.9	2.6	8.3
Mar-22	32.5	5.1	5.7	8.9	6.1	25.4	2.6	8.5
Jun-22	31.3	5.3	6.5	9.4	6.5	24.8	2.7	8.6
QoQ change	-118bps	22bps	77bps	50bps	43bps	-65bps	11bps	8bps

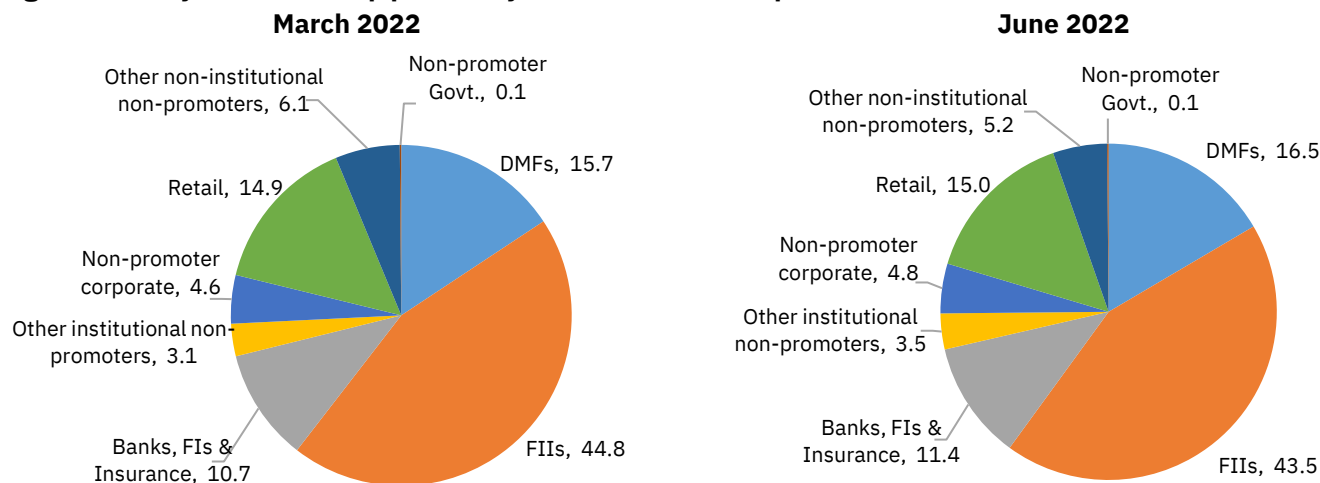
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

In terms of floating stock, FII share in the Nifty 50 Index fell by a steep 129bps QoQ to a decadal low of 43.5% in the quarter ending June 2022, translating into a total drop of 4.7pp since December 2020. This is in line with huge foreign capital outflows from India during this period after a surge seen in 2020. Share of DMFs in the floating stock of Nifty 50 universe rose by 83bps QoQ to a fresh 21-year high (since the beginning of our analysis) of 16.5% in the June quarter. This marked the fifth quarter in a row to see a sequential rise in DMF share, aided by strong SIP inflows. Notably, the differential between FII and DMF ownership of Nifty 50 has fallen to 18-year low levels.

Banks, Financial Institutions, and Insurance companies also saw their share rising by a strong 73bps QoQ, translating into a total increase of 100bps this year to 11.4% by June 2022. Overall institutional ownership in the Nifty 50 floating stock rose by 63bps QoQ to 74.9% in the quarter ending June 2022 on top of a 26bps increase in the previous quarter, partly reversing the steep fall seen in 2021. Besides FIIs, other non-institutional non-promoter investors (That are neither individuals nor corporates and primarily comprise of trusts, clearing members and HUFs) also saw their share in the Nifty 50 floating stock falling by a steep 91bps QoQ—the steepest sequential drop in 19 quarters—to 5.2%.

Individual retail investors' share in the free-float stock of the Nifty 50 Index rose by a modest 10bps QoQ to a decadal high share of 15.0% in the June quarter.

Figure 28: Nifty 50: Ownership pattern by free float market cap (%)



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Table 5: Nifty 50: Ownership trend across key stakeholders by free float market cap over last the three years

%	Domestic MFs	Banks, FIs & Insurance	FII*	Non-promoter corporate	Public
Sep-19	14.3	12.8	48.1	6.0	13.4
Dec-19	14.4	12.4	49.0	5.7	13.1
Mar-20	15.0	12.7	47.0	5.6	13.9
Jun-20	14.9	12.8	45.6	5.1	13.9
Sep-20	14.6	12.1	46.4	4.3	14.5
Dec-20	13.9	11.5	48.2	4.6	14.0
Mar-21	13.8	11.5	47.9	4.7	14.2
Jun-21	14.0	11.4	47.3	4.8	14.5
Sep-21	14.4	10.4	47.0	4.6	14.4
Dec-21	15.0	10.4	45.8	4.6	14.8
Mar-22	15.7	10.7	44.8	4.6	14.9
Jun-22	16.5	11.4	43.5	4.8	15.0
QoQ change	83bps	73bps	-129bps	18bps	10bps

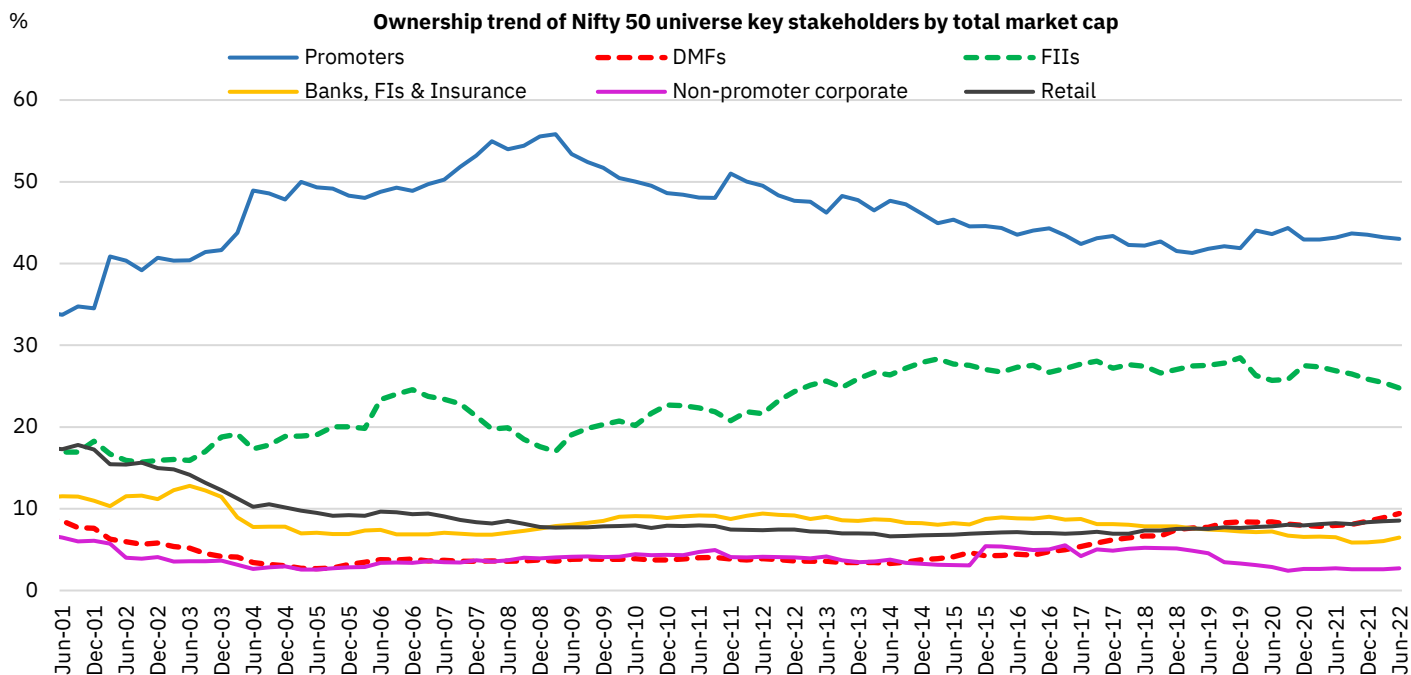
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Long-term ownership trend of the Nifty 50 universe: The long-term ownership trend of the Nifty 50 Index echoes the trend seen in the broader listed universe. Overall promoter ownership has seen a steady decline since 2009 until March 2019, only to see a gradual increase over the last three years. This has been largely led by a sharp decline in Government ownership, even as private Indian promoters' holding has increased since 2010 while foreign promoters' share has remained broadly steady over last several years.

While the DMF ownership has seen a sharp increase since 2014 barring the drop in 2020, FII ownership saw a steady increase since the Global Financial crisis until early 2015 and has since hovered around similar levels, witnessing some drop over the last few quarters. FII ownership excluding Financials, however, has seen a sharp drop over the last six years. Contrary to the overall NSE-listed universe, retail ownership in the Nifty 50 Index has been steadily rising over the last eight years, after falling to 13-year low of 6.6% in June 2014.

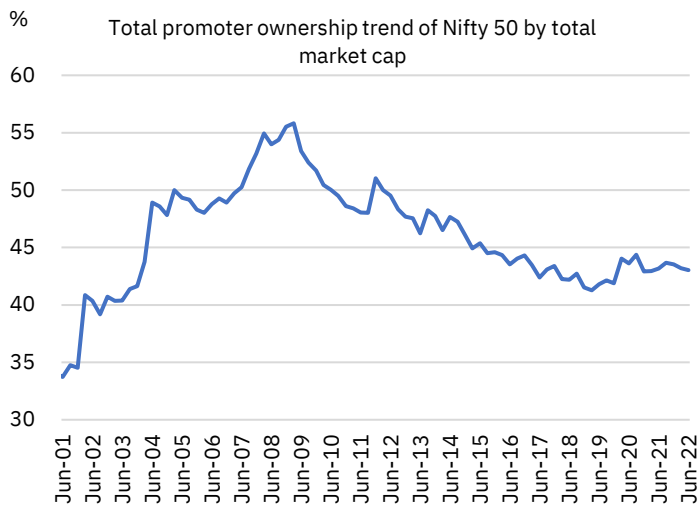
FII ownership excluding Financials has seen a steady drop since 2015.

Figure 29: Nifty 50: Long-term ownership trend across key stakeholders by total market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 30: Total promoter ownership trend of the Nifty 50 universe by total market cap



Source: CMIE Prowess, NSE EPR.

Figure 31: Indian and foreign promoter ownership trend of the Nifty 50 universe by total market cap

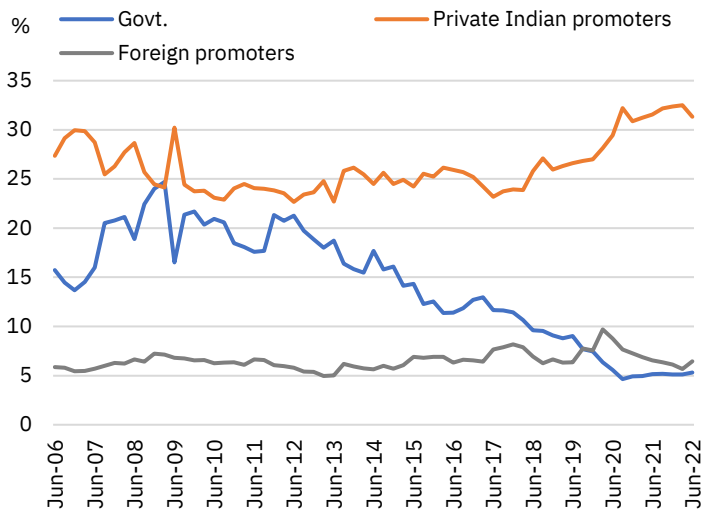


Figure 32: DMF ownership trend of Nifty 50 universe by total market cap

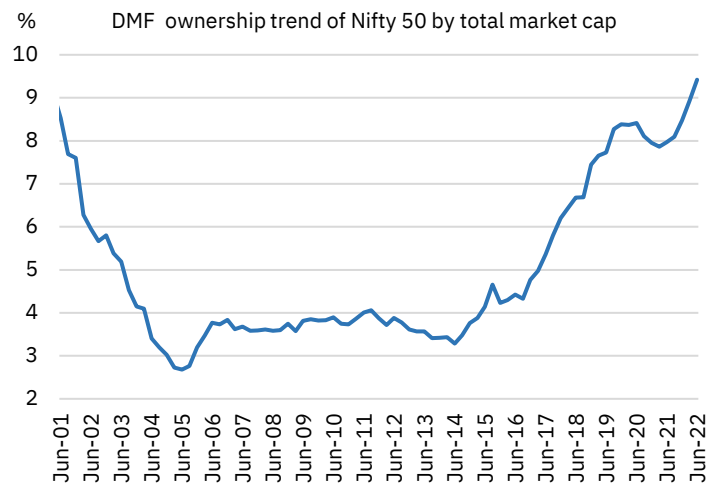
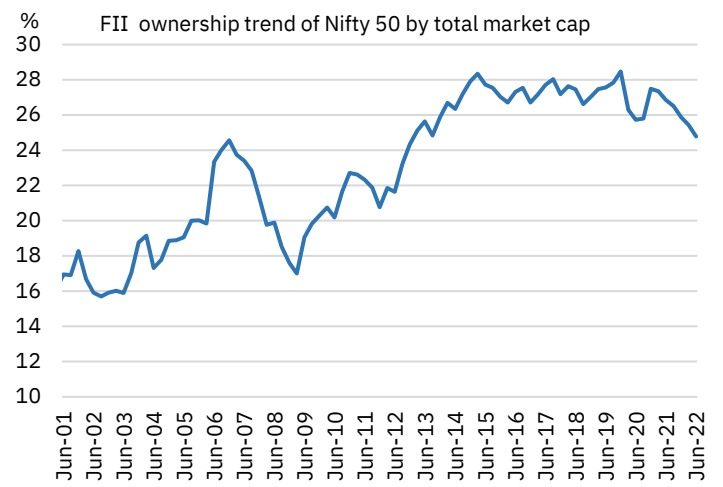


Figure 33: FII ownership trend of Nifty 50 universe by total market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 34: Banks, FIs & Insurance ownership trend of Nifty 50 universe by total market cap

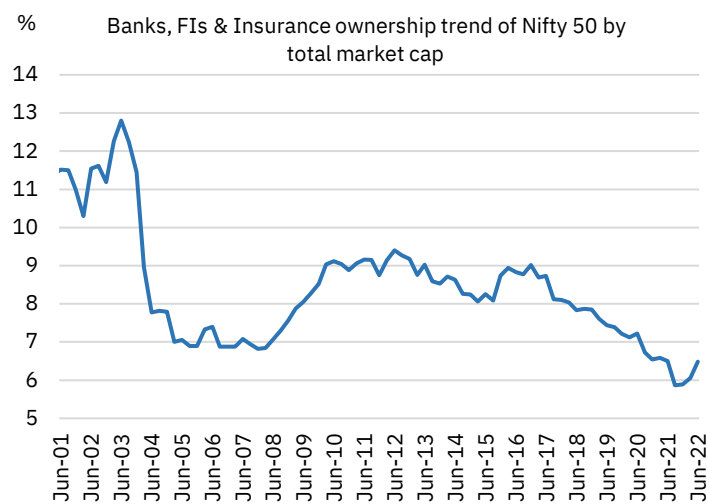
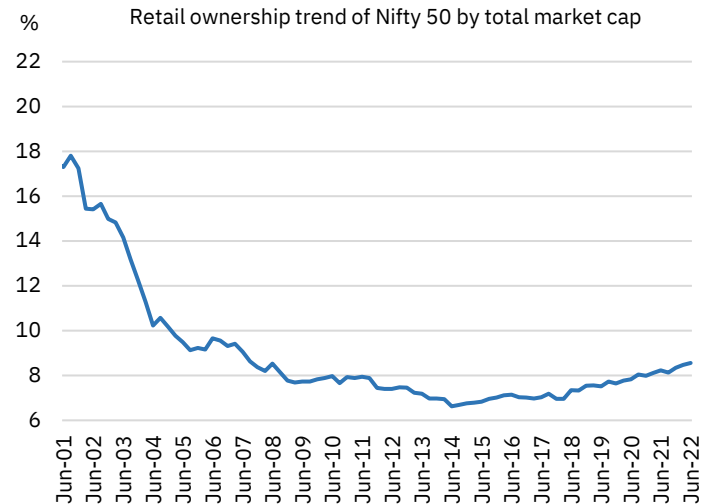


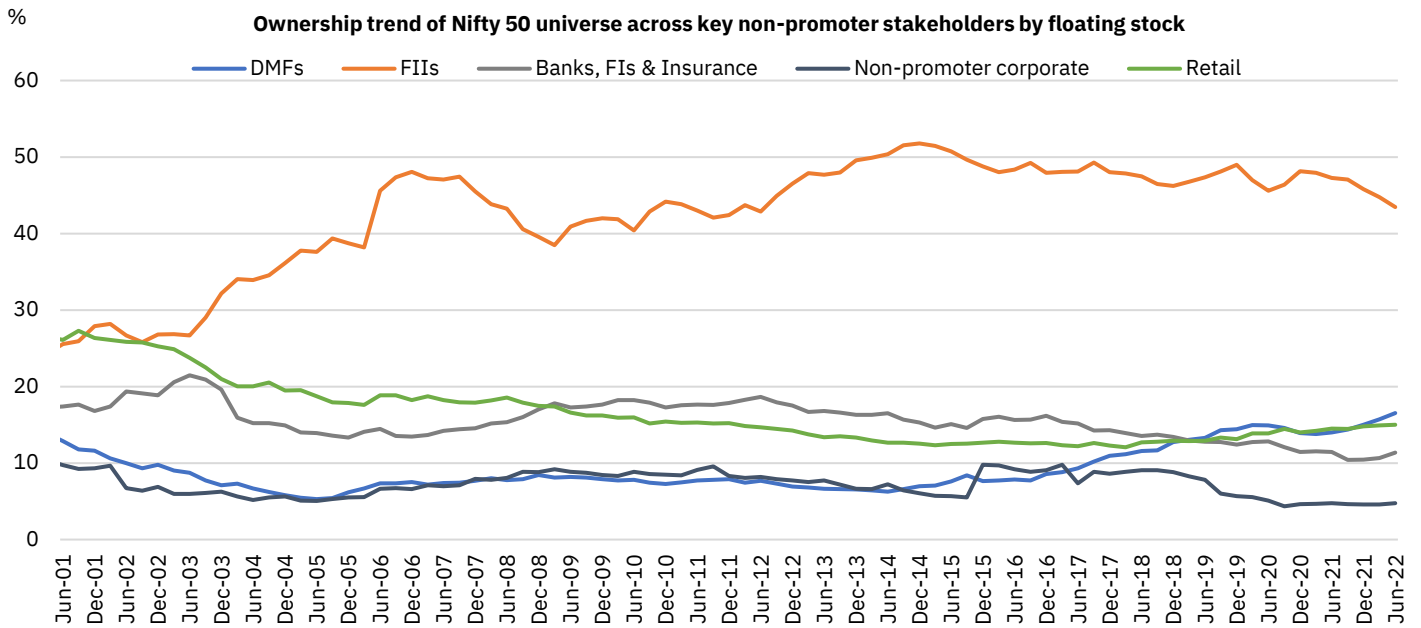
Figure 35: Retail ownership trend of Nifty 50 universe by total market cap



Source: CMIE Prowess, NSE EPR.

Our long-term ownership analysis on the free float market cap of the Nifty 50 Index also shows that while DMF ownership is currently hovering at a 21-year high of 16.5%, current FII ownership is nearly 8.3pp lower than the peak of 51.8% seen in December 2014.

Figure 36: Nifty 50: Long-term ownership trend across key stakeholders by free float market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 37: DMF ownership trend of the Nifty 50 universe by free float market cap

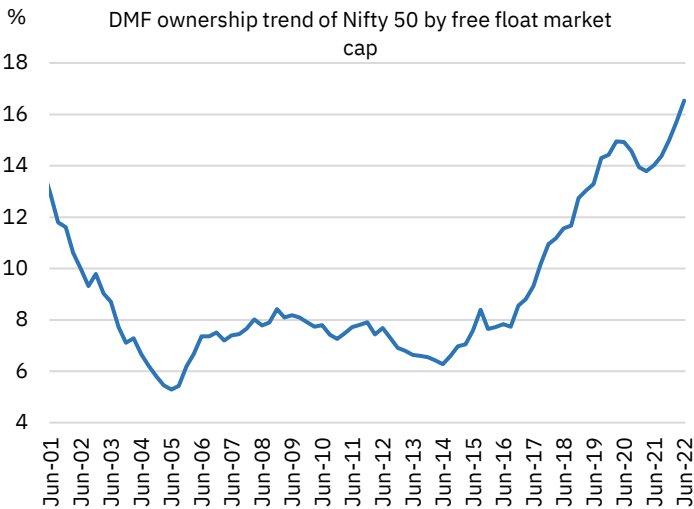
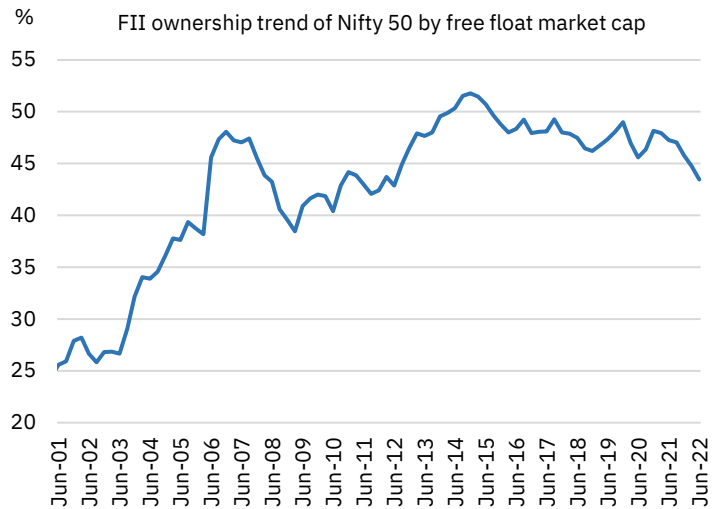
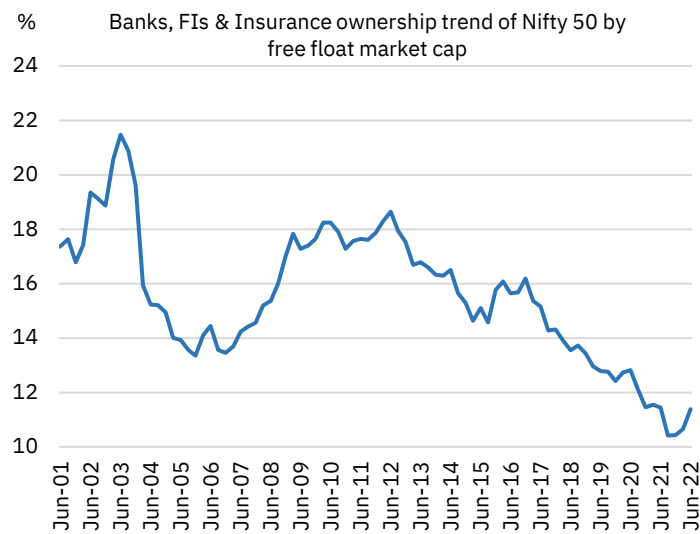


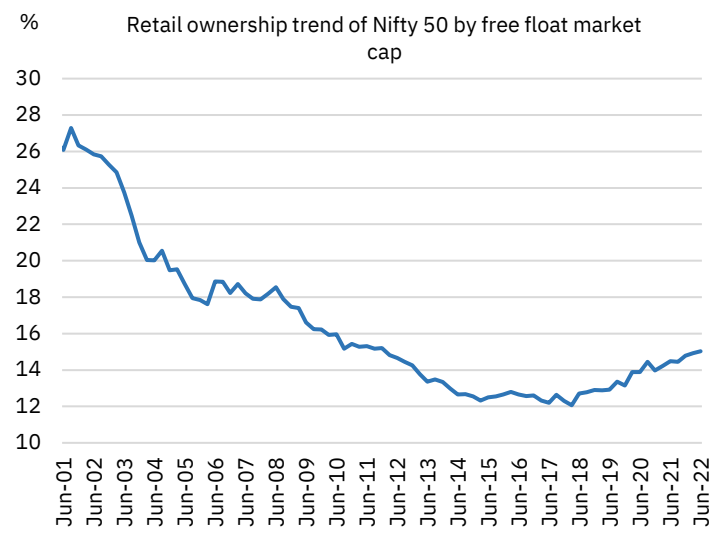
Figure 38: FII* ownership trend of the Nifty 50 universe by free float market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 39: Banks, FIs & Insurance ownership trend of the Nifty 50 universe by free float market cap


Source: CMIE Prowess, NSE EPR.

Figure 40: Retail ownership trend of the Nifty 50 universe by free float market cap


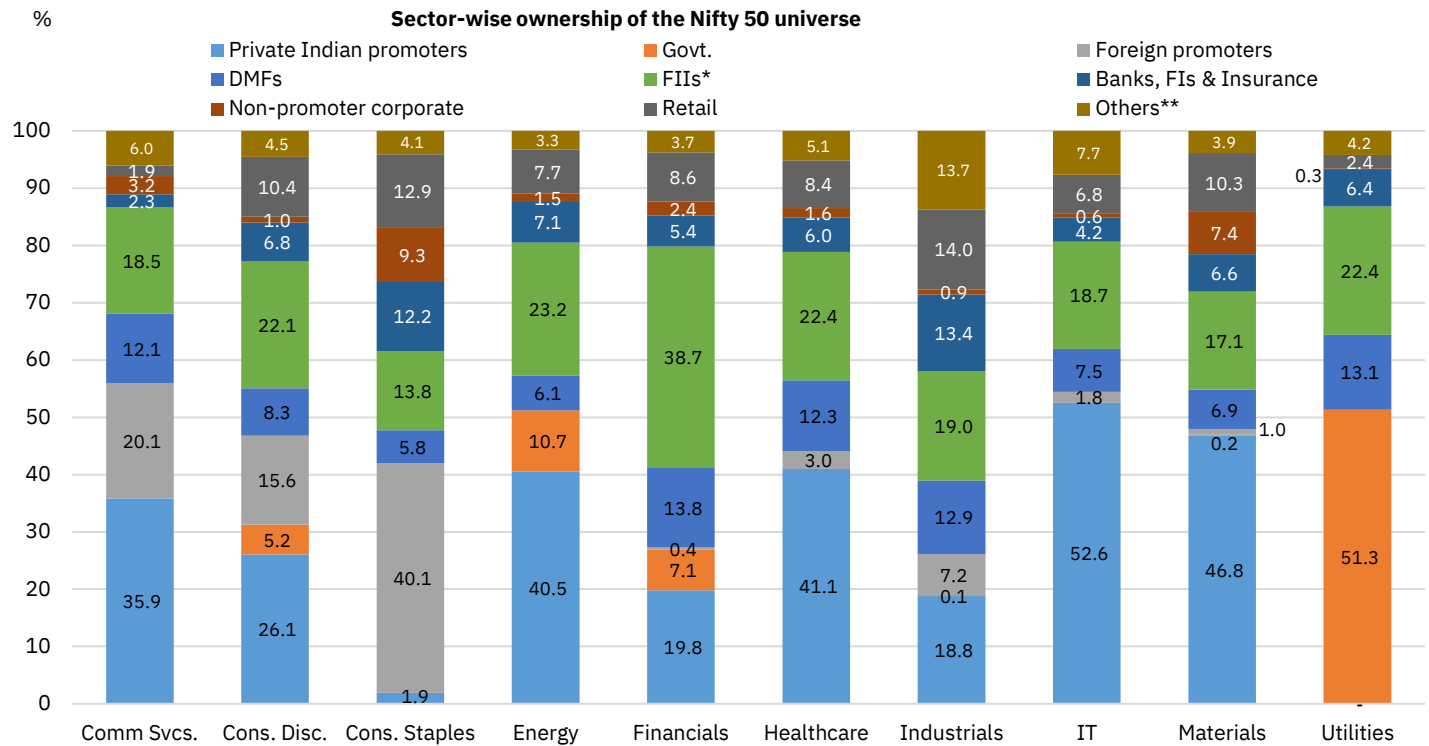
Sector-wise ownership of the Nifty 50 universe (June 2022): In the quarter ending June 2022, Communication Services within the Nifty 50 universe had the highest promoter ownership at 55.9% that has remained broadly steady at these levels over the last six quarters. This is followed by Information Technology at 54.4% (+116bps QoQ), Utilities at 51.2% and Energy at 51.0%. Utilities and Energy remained the top sectors in terms of Government ownership at 51.3% and 10.7% (-40bps QoQ) respectively, even as both the sectors have seen a significant drop in Government's ownership over the last few years.

In the quarter ending June 2022, Financials remained the top sector in terms of DMF ownership, with an 85bps QoQ increase in DMF share on top of an 89bps jump in the previous quarter to a fresh 21-year high of 13.8%. DMF share in Utilities and Industrials remained steady at the second and third position at 13.1% and 12.9% respectively in the quarter ending June 2022. Barring Consumer Staples where DMF share remained stable on a QoQ basis, all other sectors witnessed a jump in DMF ownership in the June quarter led by Consumer Discretionary (+114bps QoQ to 21-year high of 8.3%) and Financials.

FII's have remained the biggest non-promoter owners of Financials even as the share has fallen meaningfully over the last six quarters by ~6.1pp (-33bps in the last quarter) to a 12-year low of 38.7% in the June quarter. This is followed by Energy at 23.2% (-26bps QoQ), Healthcare and Utilities at 22.4% each.

Barring Consumer Staples where DMF share remained stable on a QoQ basis, all other sectors witnessed a jump in DMF ownership in the June quarter led by Consumer Discretionary and Financials.

FII's have remained the biggest non-promoter owners of Financials for yet quarter despite a 6.1pp drop in share since December 2020.

Figure 41: Nifty 50: Sector-wise ownership pattern across key stakeholders (June 2022)


Source: CMIE Prowess, NSE EPR.

* FII ownership includes ownership through depository receipts held by custodians **Others include other institutional and non-institutional non-promoter investors

Sector allocation of the Nifty 50 universe for key shareholders (June 2022): The table below shows the sector allocation for key stakeholders in Nifty 50 companies as of June 2022. The concentration of Government ownership in Financials, Energy and Utilities sector is much higher at 92.2% in the Nifty 50 universe vs 80.2% in the broader listed universe, with the latter finding support from the LIC issue. The Consumer sector accounted for 76.7% of the exposure of foreign promoters to the Nifty 50 companies as of June-end, up by a steep 3.9pp QoQ, even as it is still 7.3pp lower than the 16-year high share of 84.0% as of end of March 2020.

In case of institutional investors, DMFs have a much higher exposure to Financials at 39.5% in the Nifty 50 Index (-30bps QoQ) vs. 30.4% in the NSE-listed universe, even as it is 5.3pp lower than the two-decadal high share of 44.8% in the quarter ending December 2019. In contrast to DMFs, FIIs' allocation to Financials remained broadly steady at 42.0% in the quarter ending June 2022, snapping the declining streak seen over the last five quarters, even as it is hovering nearly 8.3pp below the peak share of 50.3% in December 2019.

While FIIs saw a steep drop in their portfolio allocation to Financials in the quarter gone by, DMFs saw a sharp increase. Consequently, difference in their allocation to the sector fell to 21-quarter lows in the March quarter.

Table 6: Sector allocation of the Nifty 50 universe for key stakeholders (June 2022)

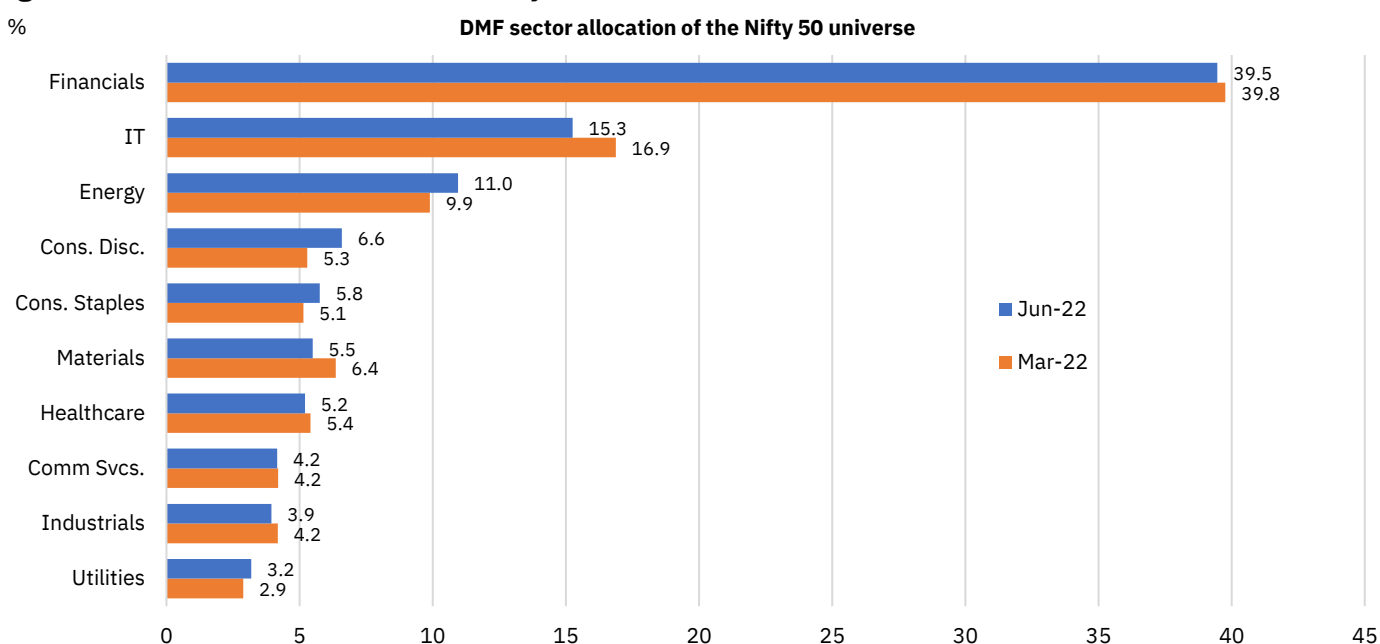
%	Private Indian promoters	Govt	Foreign promoters	Domestic MFs	FIIIs*	Banks, FIs & Insurance	Non-promoter corporate	Retail
Communication Services	3.7	0.0	10.0	4.2	2.4	1.1	3.8	0.7
Consumer Discretionary	6.2	7.3	18.1	6.6	6.7	7.9	2.8	9.2
Consumer Staples	0.6	0.0	58.6	5.8	5.3	17.8	32.2	14.2
Energy	22.0	34.1	0.0	11.0	16.0	18.6	9.2	15.2
Financials	17.0	36.0	1.7	39.5	42.0	22.4	23.6	27.1
Health Care	5.2	0.0	1.8	5.2	3.6	3.7	2.4	3.9
Industrials	1.7	0.1	3.2	3.9	2.2	6.0	0.9	4.7
Information Technology	32.3	0.1	5.4	15.3	14.5	12.6	4.4	15.3
Materials	11.3	0.2	1.2	5.5	5.2	7.6	20.5	9.0
Utilities	0.0	22.1	0.0	3.2	2.1	2.3	0.2	0.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

DMFs turned less bearish IT, Materials and Consumer Discretionary in the June quarter:

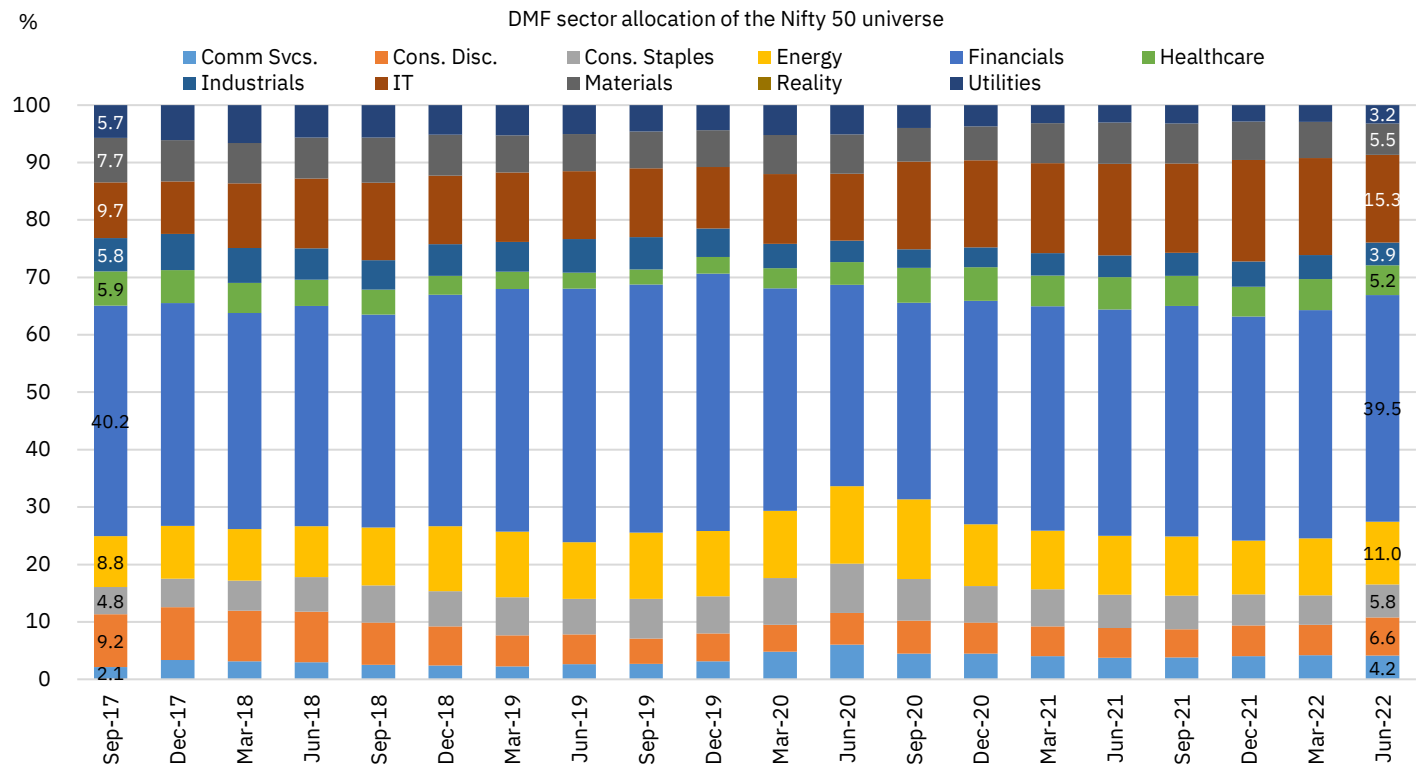
DMFs turned incrementally less negative on Information Technology at the cost of strengthened UW on Consumer Staples. This is partly attributed to respective sector returns in the quarter gone by. While increase in absolute allocation to Consumer Staples by DMFs was less than the increase in sector's weight in the Index, leading to reduced DMFs' exposure to the sector, drop in weight of Information Technology in the Nifty 50 Index was much higher than the dip in the sector's share in overall DMF portfolio within the Nifty 50 universe. DMFs also reduced their UW stance on Consumer Discretionary and Materials at the expense of slight tapering of OW positions on Financials and Healthcare. Besides Financials and Healthcare, DMFs maintained their OW stance on Communication Services, and Utilities, while strengthening their UW stance on Energy.

DMFs turned incrementally less bearish on IT, Materials and Consumer Discretionary at the expense of strengthened UW stance on Consumer Staples and reduced OW to Financials and Healthcare..

Figure 42: DMF sector allocation of the Nifty 50 universe (June 2022 vs. March 2022)


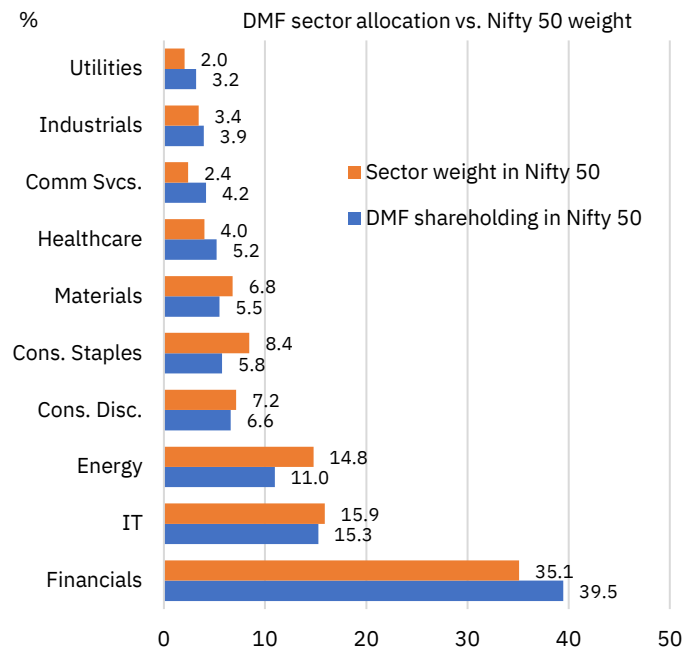
Source: CMIE Prowess, NSE EPR.

Figure 43: DMF sector allocation of the Nifty 50 universe over the last five years



Source: CMIE Prowess, NSE EPR.

Figure 44: DMF sector allocation vs sector weight in Nifty 50 (June 2022) **Figure 45: DMF sector-wise OW/UW in Nifty 50 relative to sector weight in the index (June 2022)**



Source: CMIE Prowess, NSE EPR.

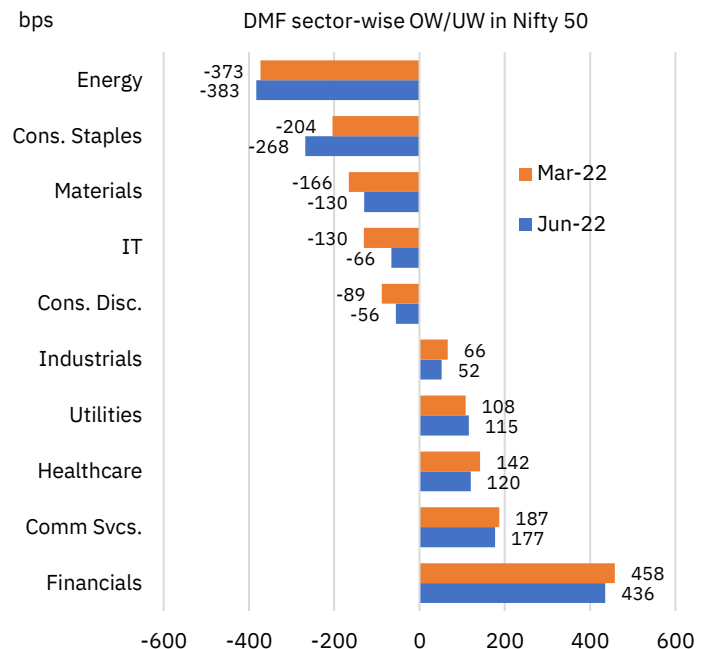
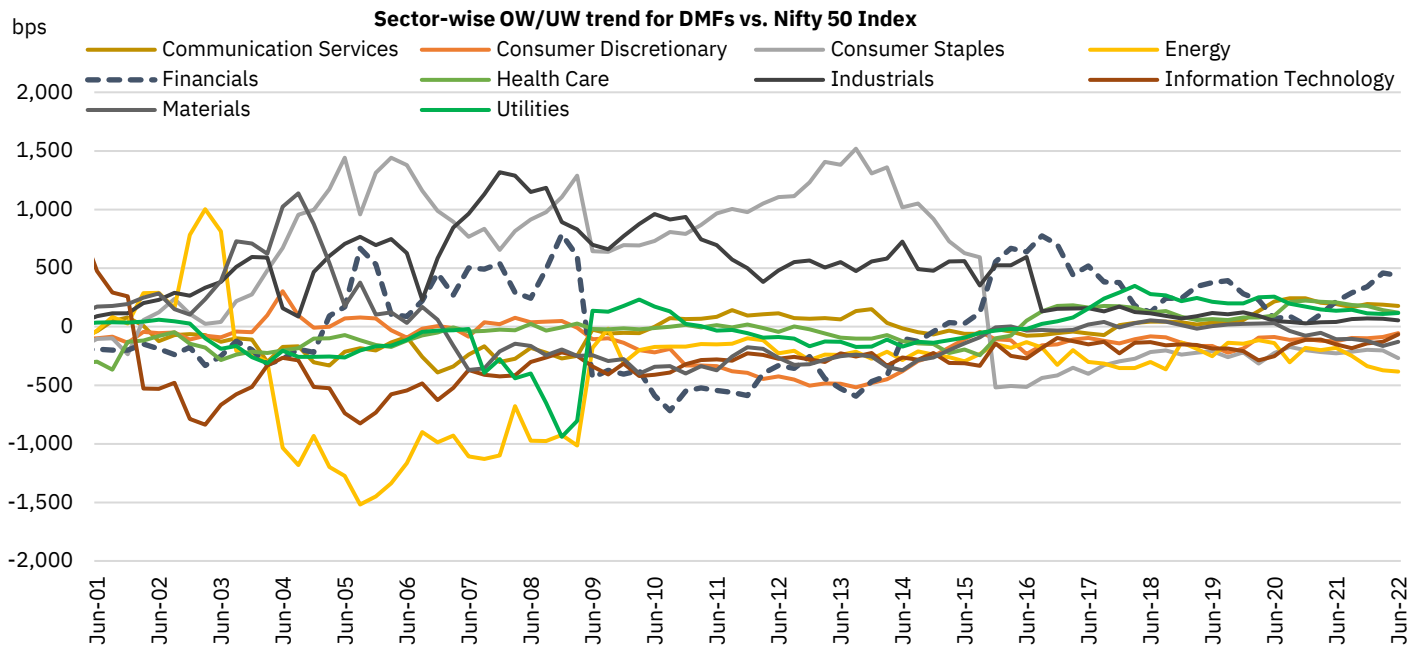


Figure 46: DMF vs Nifty 50—Sector-wise OW/UW trend (bps)

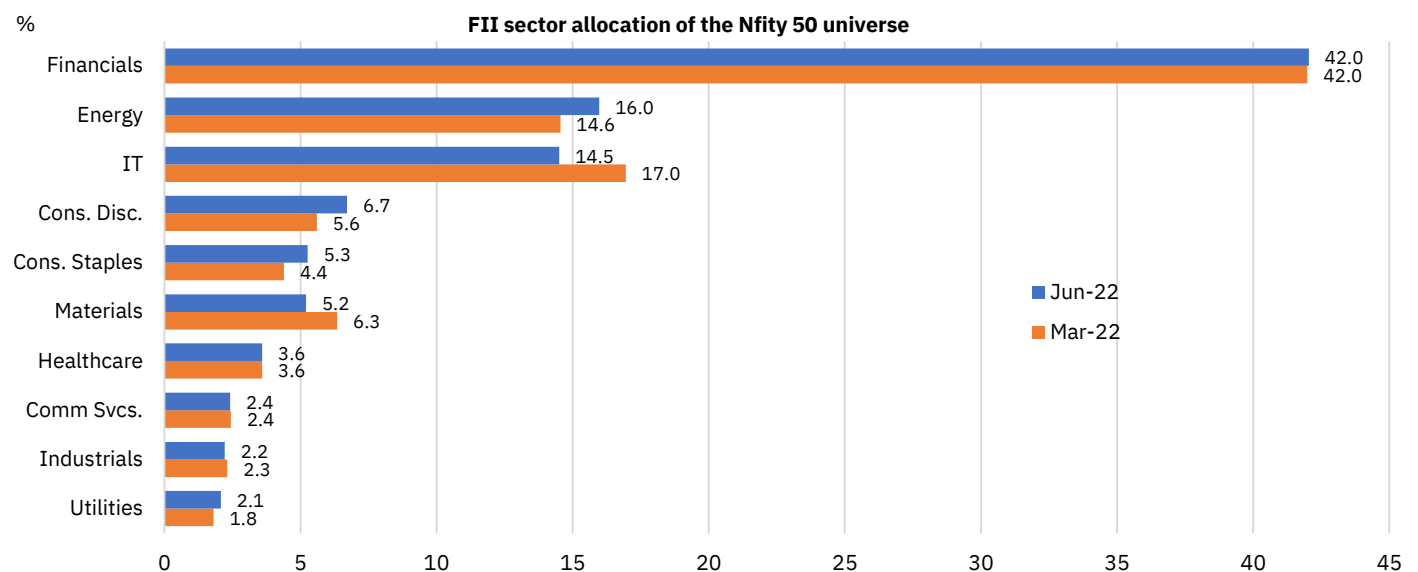


Source: CMIE Prowess, NSE EPR.

FII broadly maintained their sector positioning in the June quarter within the Nifty 50 universe: FIIs rejig of sectors within the Nifty 50 universe was fairly limited in the June quarter. In line with DMFs, FIIs maintained their perennial outsized OW bet on Financials relative to the Index, even as the extent of OW positioning has come off meaningfully over the last few years. FIIs also turned OW on the Energy sector at the expense of strengthened UW position on Consumer Staples and Information Technology in the quarter gone by. Among other sectors, FIIs maintained an UW stance on Materials and Industrials, and neutral stance on Communication Services, Consumer Discretionary, Healthcare, and Utilities.

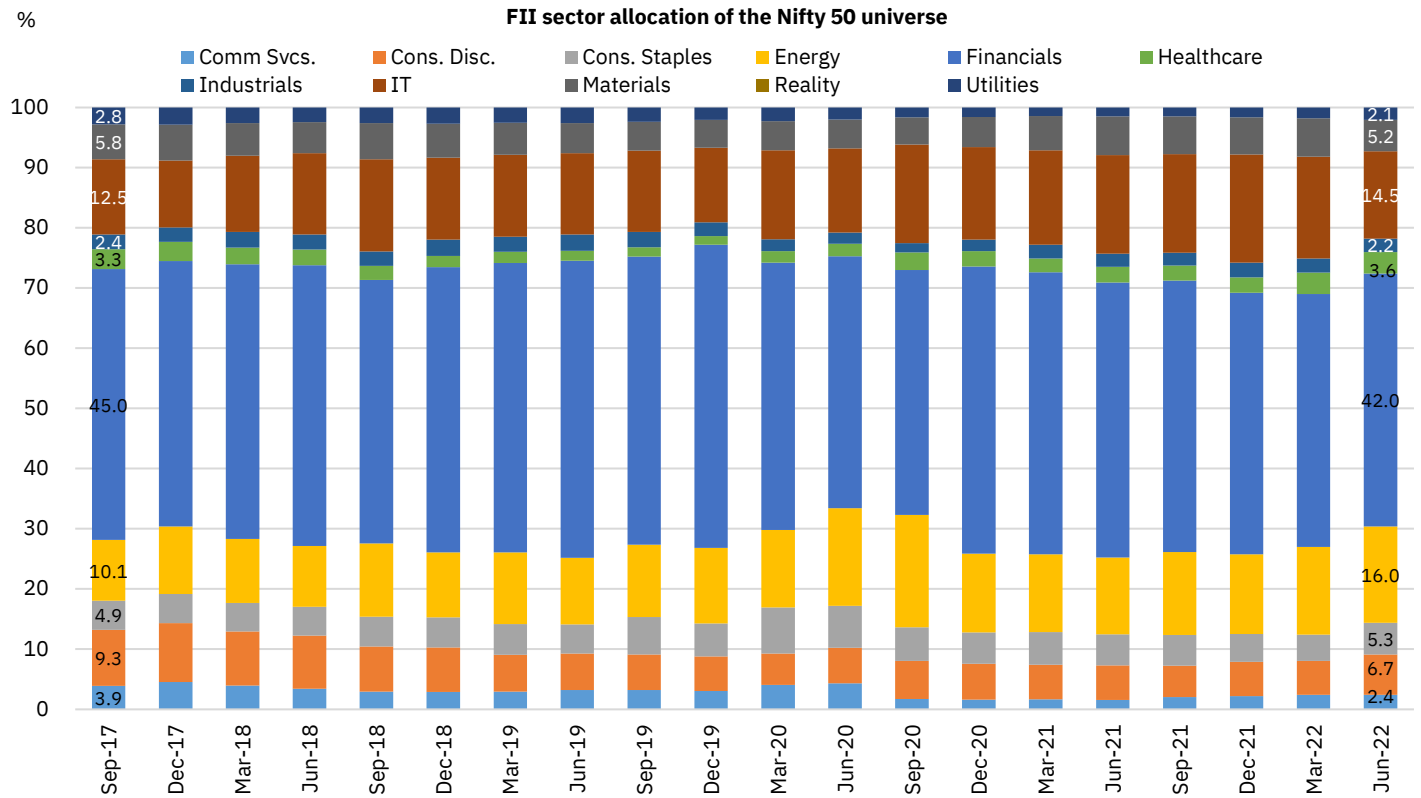
FIIs' portfolio churning within Nifty 50 universe in the June quarter was quite limited, with FIIs maintaining OW view on Financials and Energy, negative stance on Consumer Staples, Materials, IT and Industrials and neutral on others.

Figure 47: FII sector allocation of the Nifty 50 universe (June 2022 vs. March 2022)



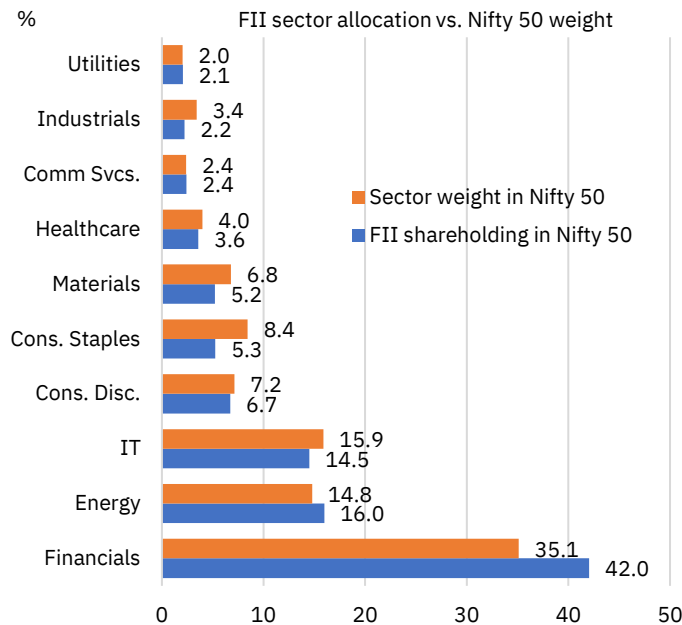
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 48: FII sector allocation of the Nifty 50 universe over last five years



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 49: FII sector allocation vs sector weight in Nifty 50 (June 2022)



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Figure 50: FII sector-wise OW/UW in Nifty 50 relative to sector weight in the index (June 2022)

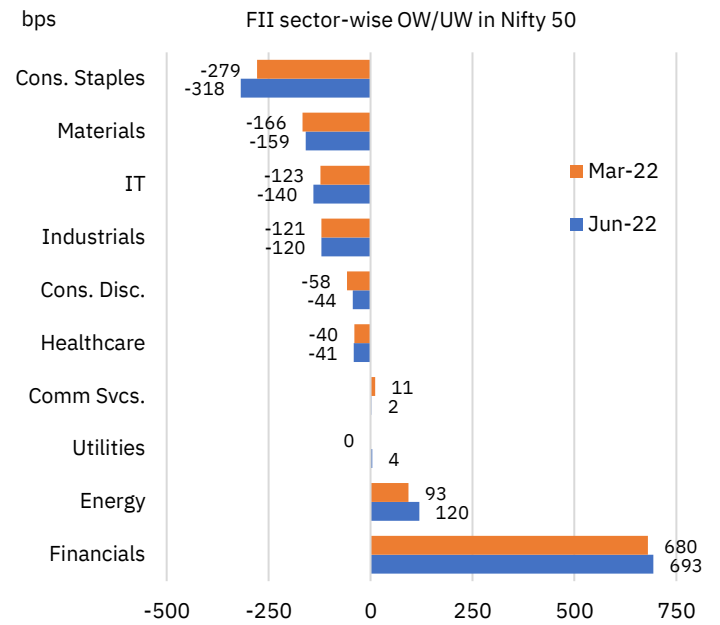
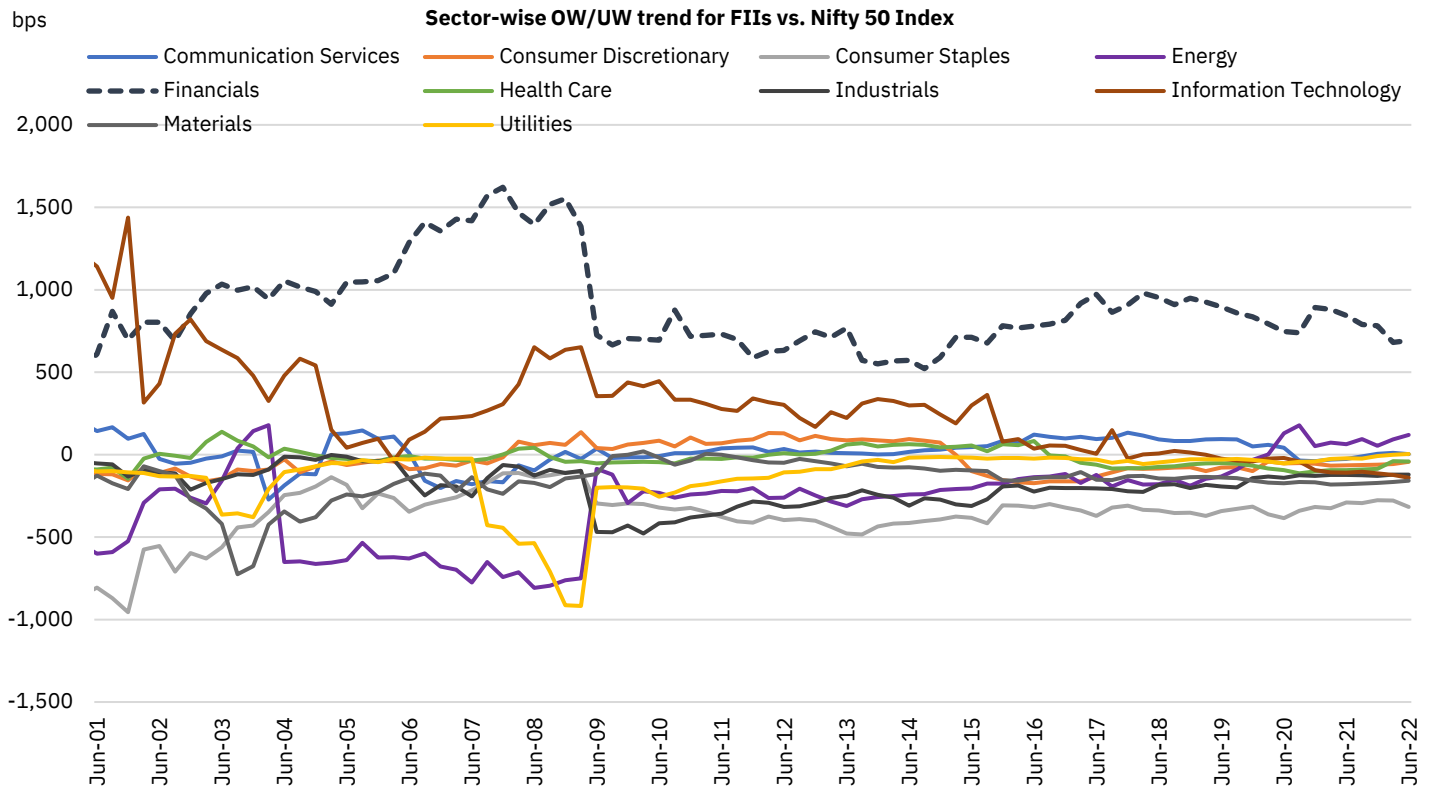


Figure 51: FII vs Nifty 50—Sector-wise OW/UW trend (bps)


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Nifty 500 ownership trends

Ownership pattern of the Nifty 500 universe (June 2022)

Promoter stake remained broadly steady in the Nifty 500 universe: Unlike the broader listed universe where promoter stake saw a meaningful jump owing to the LIC issue, promoter stake in the Nifty 500 universe remained broadly steady at 50.1% in the quarter ending June 2022. A strong increase in foreign promoter share was entirely offset by an equivalent drop in private Indian promoter share in the quarter gone by. While private Indian promoter share dipped for the second quarter in a row by 53bps QoQ to 35%, foreign promoter saw their stake in the Nifty 500 companies rising by 56bps to 9.2%, marking the first sequential increase in nine quarters that almost entirely reversed the dip seen in the previous three quarters. Government stake in the Nifty 500 universe remained steady at 6.2% in the June quarter unlike the broader listed universe that saw Government stake rising sharply thanks to the LIC issue.

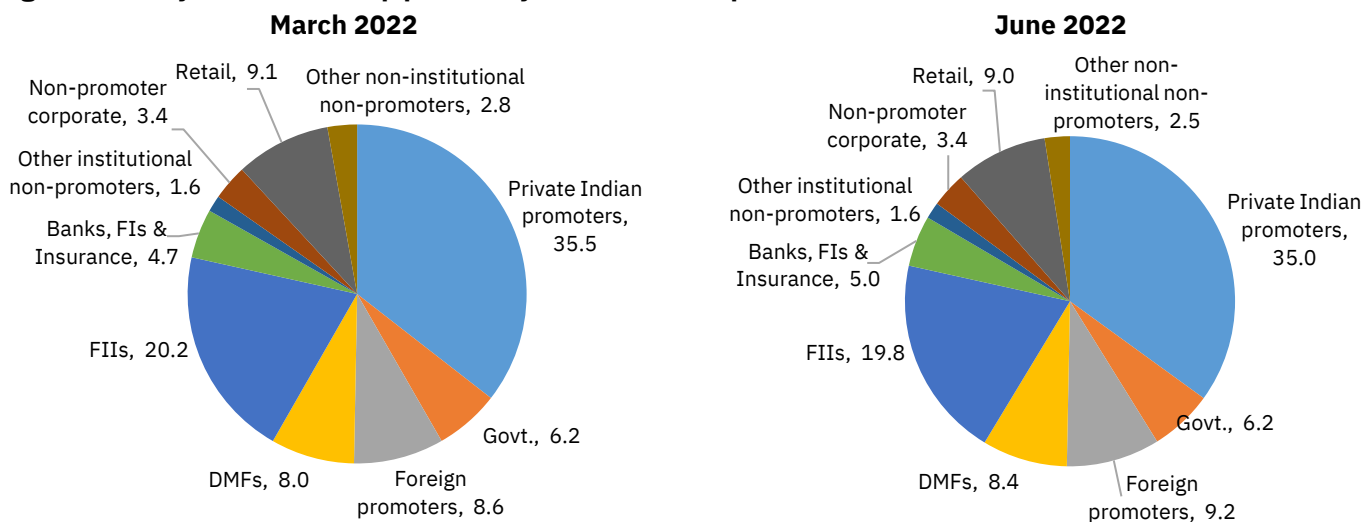
DMFs saw a steady increase in ownership for yet another quarter while FIIs' share continued to drop: In terms of institutional ownership, DMFs' aggregate share in Nifty 500 companies rose steadily for the fifth quarter in a row by 38bps QoQ to a 21-year high of 8.4% in the quarter ending June 2022—a tad lower than the increase seen in the Nifty 50 universe. FIIs, on the other hand, saw their share falling by an equivalent pace to a decadal low of 19.8% in the June quarter, marking the sixth drop in a row amounting to a total of 2.7pp since December 2020. The current FII share in the Nifty 500 universe is now 3.4pp below the peak share over the last 21 years. Banks, Financial Institutions, and Insurance companies' share moved up for the second quarter in a row by a 26-quarter high QoQ pace of 31bps to 5% in the June quarter. This marked the first meaningful increase in BFI ownership in Nifty 500 Index in last five years.

Retail ownership in the Nifty 500 universe remained stable at near 14-year high levels: Retail investors ownership in Nifty 500 companies dipped marginally by 6bps QoQ but remained closer to 55-quarter high of 9.0% in the June quarter. The drop was a tad lower than the broader listed universe and higher than the modest increase seen in the Nifty 50 universe, reflecting higher buying by retail investors in larger companies over last couple of quarter. This has translated into an overall increase of a modest 47bps in retail share in the Nifty 500 stock since December 2020.

Private promoter ownership in the Nifty 500 universe remained broadly steady in the quarter gone by as increase in foreign promoter stake was entirely offset by decline in private Indian promoter ownership.

FIIs saw their ownership falling further in the June quarter while DMFs' share rose for the fifth quarter in a row.

Figure 52: Nifty 500: Ownership pattern by total market cap (%)



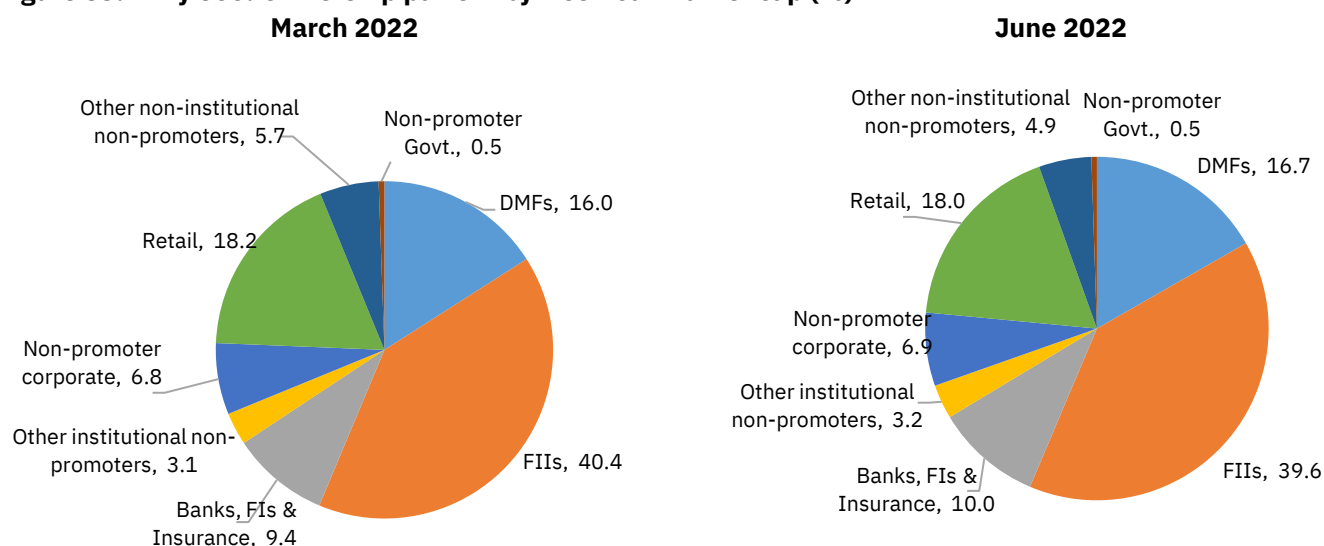
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Table 7: Nifty 500: Ownership trend across key stakeholders by total market cap over last the three years

%	Private Indian promoters	Govt	Foreign promoters	Domestic MFs	Banks, FIs & Insurance	FII's *	Non-promoter corporate	Retail
Sep-19	31.7	8.1	9.9	7.9	5.7	22.5	3.5	8.1
Dec-19	31.9	8.0	9.7	7.9	5.6	23.0	3.4	8.0
Mar-20	32.8	6.9	11.1	8.1	5.5	21.6	3.1	8.1
Jun-20	33.4	6.9	10.6	8.0	5.5	20.9	2.9	8.3
Sep-20	35.1	5.7	9.8	7.8	5.3	21.1	2.7	8.6
Dec-20	34.3	5.9	9.5	7.6	5.2	22.5	2.8	8.5
Mar-21	34.3	6.2	9.4	7.4	5.3	22.2	3.0	8.6
Jun-21	34.5	6.6	9.2	7.4	5.2	21.6	3.0	8.8
Sep-21	35.3	6.2	8.9	7.5	4.6	21.5	2.9	8.8
Dec-21	35.8	6.0	8.8	7.8	4.6	20.9	2.8	9.0
Mar-22	35.5	6.2	8.6	8.0	4.7	20.2	3.4	9.1
Jun-22	35.0	6.2	9.2	8.4	5.0	19.8	3.4	9.0
<i>QoQ change</i>	<i>-53bps</i>	<i>0bps</i>	<i>56bps</i>	<i>38bps</i>	<i>31bps</i>	<i>-38bps</i>	<i>3bps</i>	<i>-6bps</i>

Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

In terms of floating stock, FII share in the Nifty 500 Index fell by a steep 71bps QoQ on top of a 168bps drop in the previous quarter, translating into a total dip of nearly 4.7pp since December 2020. FII share in the Nifty 500 Index is now 7.8pp lower than the peak share over the last two decades. Share of DMFs in the Nifty 500 floating stock inched up by 77bps QoQ—the fifth increase in a row—to a 21-year high of 16.7% as of June-end. Retail ownership in the Nifty500 floating stock fell by a modest 11bps QoQ to 18.0%, marking the first sequential decline in last six quarters, and is 11.7pp below the peak share over the last 21-year period. Difference between retail share in Nifty 500 and Nifty 50 floating stocks came off for the second quarter in a row, reflecting continued retail interest in relatively larger companies during the quarter-ending June 2022.

Figure 53: Nifty 500: Ownership pattern by free float market cap (%)


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Table 8: Nifty 500: Ownership trend across key stakeholders by free float market cap over the last three years

%	Domestic MFs	Banks, FIs & Insurance	FIIIs	Non-promoter corporate	Retail
Sep-19	15.5	11.3	44.4	6.8	15.9
Dec-19	15.6	10.9	45.2	6.6	15.8
Mar-20	16.4	11.1	43.5	6.2	16.4
Jun-20	16.1	11.2	42.2	5.9	16.7
Sep-20	15.7	10.7	42.5	5.5	17.4
Dec-20	14.9	10.3	44.4	5.5	16.8
Mar-21	14.6	10.5	44.0	5.9	17.0
Jun-21	14.9	10.3	43.2	6.0	17.5
Sep-21	15.1	9.3	43.2	5.8	17.6
Dec-21	15.6	9.4	42.0	5.6	18.2
Mar-22	16.0	9.4	40.4	6.8	18.2
Jun-22	16.7	10.0	39.6	6.9	18.0
<i>QoQ change</i>	<i>77bps</i>	<i>62bps</i>	<i>-71bps</i>	<i>6bps</i>	<i>-11bps</i>

Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Long-term ownership trend of the Nifty 500 universe: Overall promoter ownership in Nifty 500 has also seen a steady decline since 2009, albeit at a slower pace than the Nifty 50 Index, entirely led by a sharp dip in Government ownership, while the share of private Indian promoters has significantly increased during this period.

DMF ownership in Nifty 500 saw a gradual increase beginning 2014 to reach the highest level in last two decades by December 2019. The fiscal year FY21, however, saw some dip in DMF share, partly reflecting moderation in SIP inflows post the COVID-19 pandemic as well as high redemption pressures. This, however, got more than reversed in the subsequent quarters, thanks to surge in retail inflows via the SIP route. FII ownership in the Nifty 500 universe improved meaningfully post the GFC until 2015 but has since hovered between 21-23% until last year. FII share has been steadily falling since the past five quarters as strengthened risk-off environment in the wake of recurring COVID variants followed by heightened geopolitical tensions, rising inflationary pressures and tightened monetary policy stance globally led to flight of capital away from riskier asset classes including Indian equities. Banks, financial institutions, and insurance, however, have been steadily reducing their exposure to Indian equities over the last decade until 2021 only to raise it modestly this year.

Retail ownership in the Nifty 500 Index fell sharply from the north of 16% in 2001 to sub-8% in 2013 and had hovered around these levels until December 2019 but has been rising steadily since.

FII ownership in Nifty 500 saw a steady rise post the GFC until 2015 and has since hovered between 21-23%.

DMF ownership in Nifty 500 has been gradually rising since 2014, barring a dip in FY21.

Figure 57: DMF ownership trend of the Nifty 500 universe by total market cap

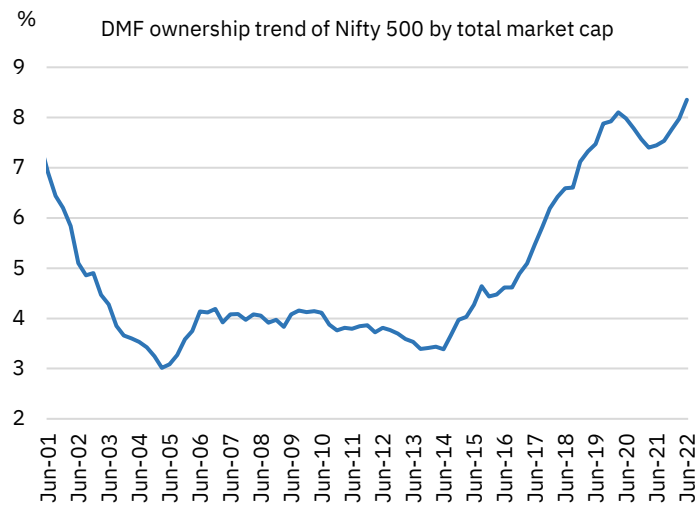
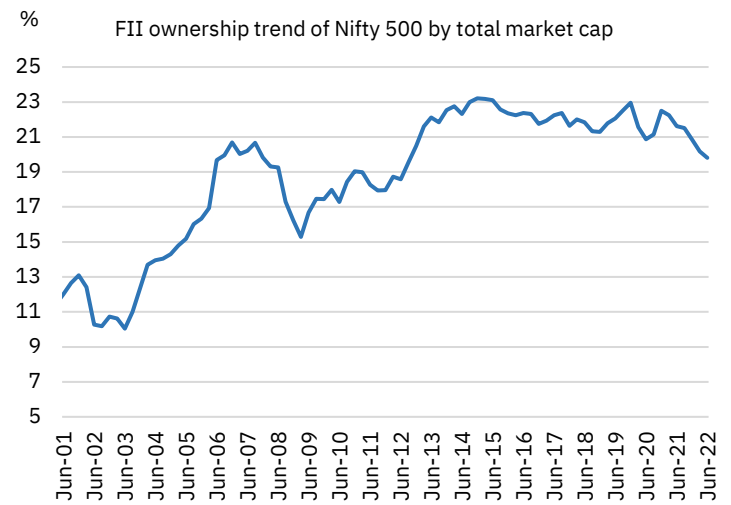


Figure 58: FII ownership trend of the Nifty 500 universe by total market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 59: Banks, FIs & Insurance ownership trend of the Nifty 500 universe by total market cap

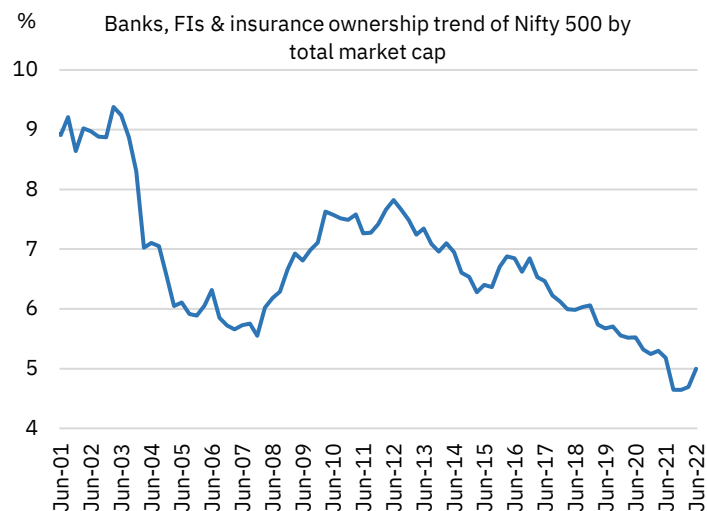


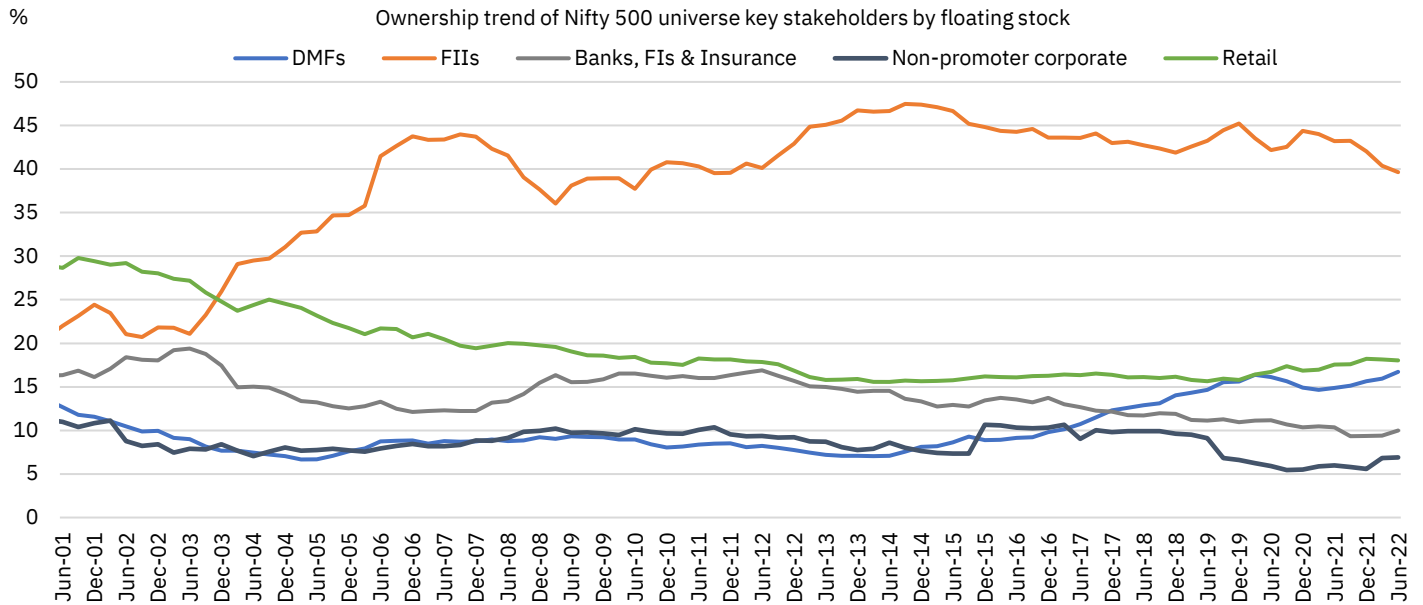
Figure 60: Retail ownership trend of the Nifty 500 universe by total market cap



Source: CMIE Prowess, NSE EPR.

Our long-term ownership analysis on the floating stock of the Nifty 500 Index also shows that while DMF ownership is currently hovering at the highest level since 2001, current FII ownership is 7.8pp lower than the peak of 47.5% observed in the quarter ending September 2014.

Figure 61: Nifty 500: Long-term ownership trend across key stakeholders by free float market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 62: DMF ownership trend of the Nifty 500 universe by free float market cap

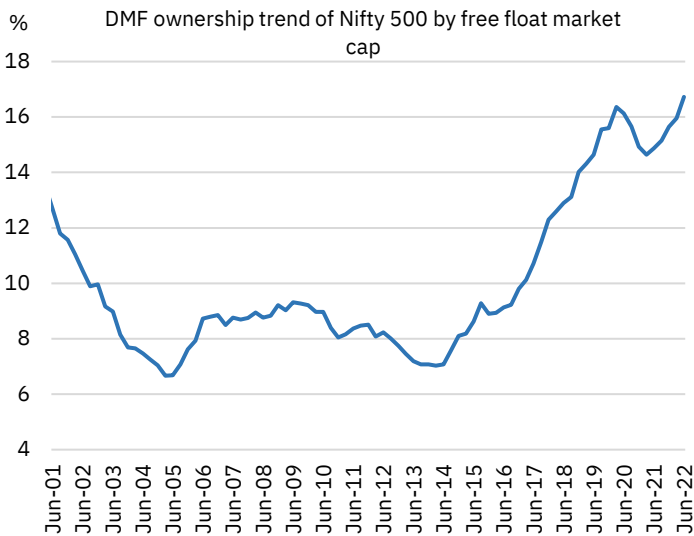
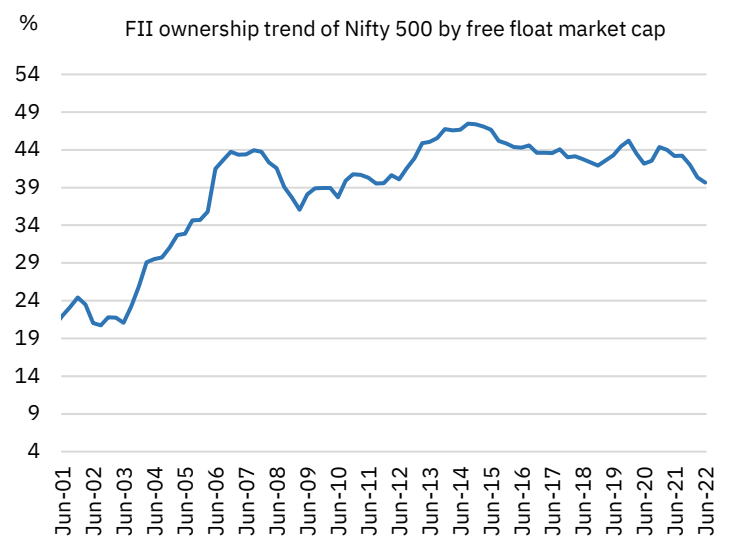
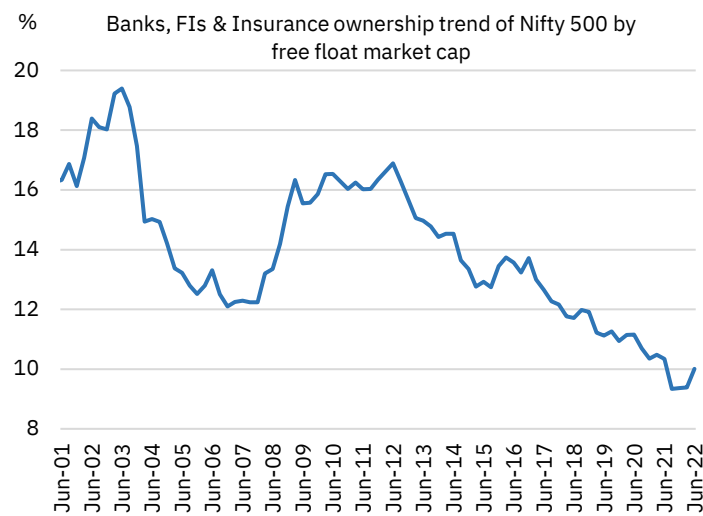


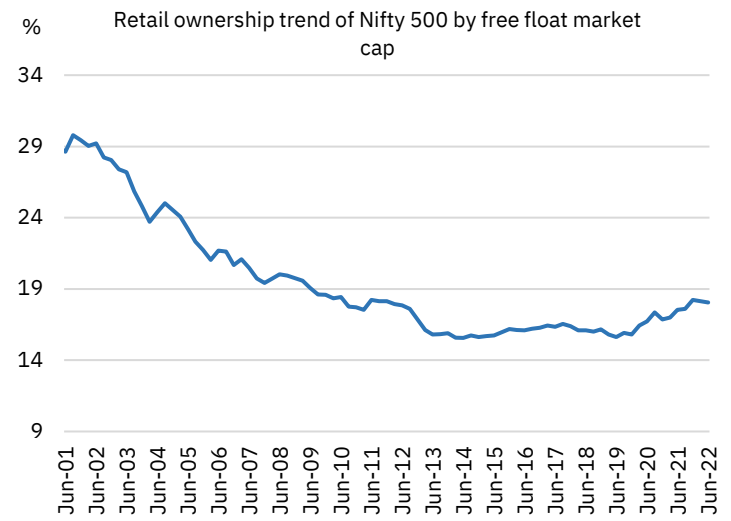
Figure 63: FII ownership trend of the Nifty 500 universe by free float market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 64: Banks, FIs & Insurance ownership trend of the Nifty 500 universe by free float market cap


Source: CMIE Prowess, NSE EPR.

Figure 65: Retail ownership trend of the Nifty 500 universe by free float market cap


Sector-wise ownership of the Nifty 500 universe (June 2022): As of June 2022, Real Estate sector had the highest promoter shareholding at 67.4%, up 27bps QoQ, followed by Utilities at 63% (+12bps QoQ). Industries sector moved two notches higher to rank third in terms of promoter share at near 18-year high of 56.2% (+138bps QoQ) in the June quarter. Barring Consumer Staples, Financials and Consumer Discretionary, all others saw an increase in promoter share in the quarter gone by led by Industrials, Information Technology, and Communication Services.

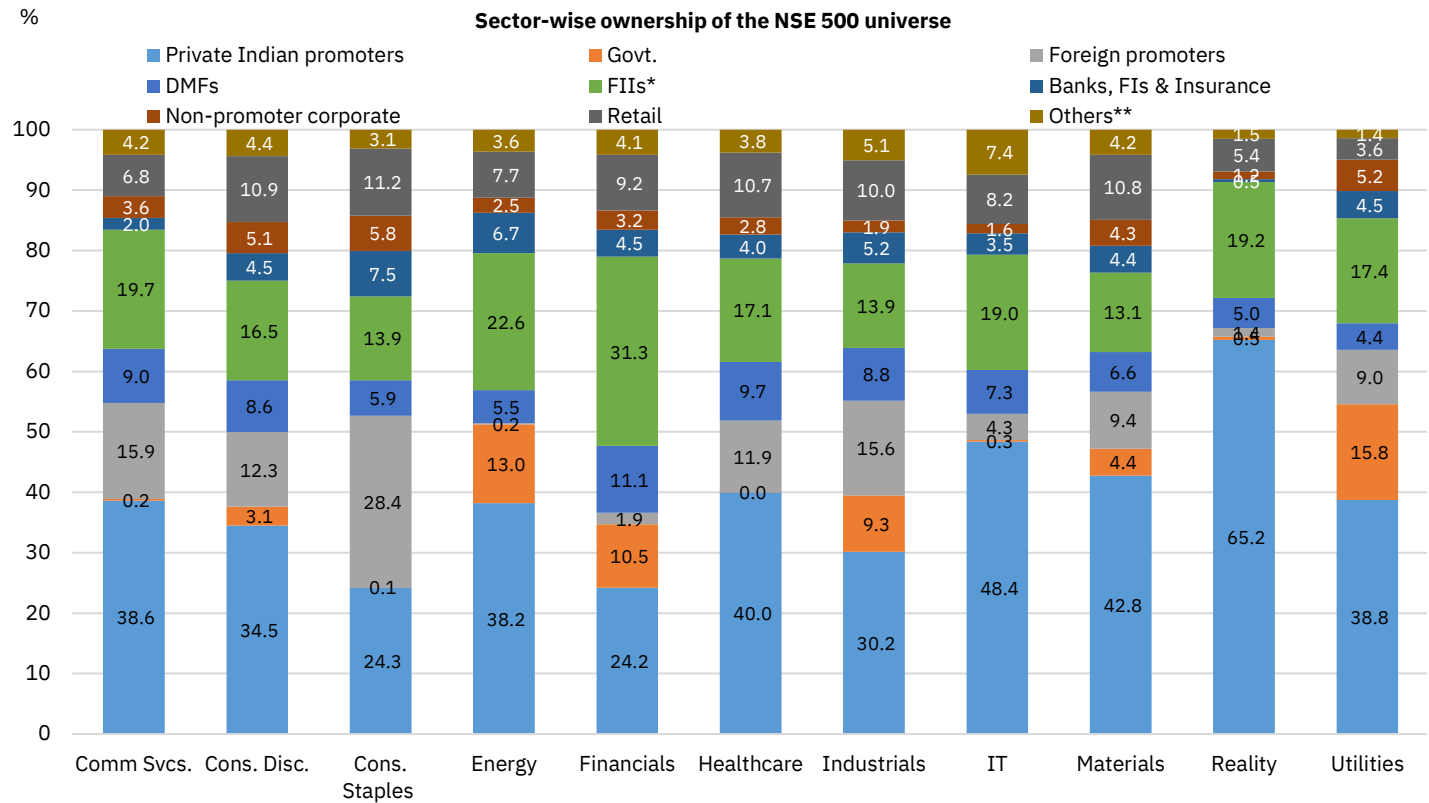
Utilities continued to lead in terms of Government ownership, even as the share has fallen sharply over the years, down 26.2pp and 22bps in last three years and the quarter ending June 2022 respectively to fresh all-time low of 15.6%. This was followed by Energy at 12.0% (-103bps QoQ) and Financials at 10.7% (+28bps QoQ). Barring Financials, all other sectors saw the aggregate Government ownership in the Nifty 500 universe either remaining broadly steady or falling on a sequential basis in the June quarter.

DMF share inched up or remained broadly steady on a QoQ basis across sectors but Utilities within the Nifty 500 universe. Sector-wise, Consumer Discretionary and Financials witnessed the highest jump in DMF share by ~80bps each on a QoQ basis, followed by Communication Services (+65bps QoQ), Energy (+45bps QoQ) and Healthcare (+36bps QoQ). While Utilities saw their DMF share falling by a modest 16bps QoQ, Consumer Staples had the share remaining broadly steady on a sequential basis.

FII's have remained the biggest non-promoter owners of Financials at 31.0% even as the share has fallen by a steep 5.3pp since December 2020 and 27bps in the June quarter. This was followed by Energy at 22.6% (-5bps QoQ) and Communication Services at 18.9% (-79bps QoQ). Contrary to DMFs, all sectors barring Consumer Discretionary saw their FII share declining on a QoQ basis in the quarter-ending June 2022.

DMF share inched up or remained broadly steady on a QoQ basis across sectors, but Utilities within the Nifty 500 universe led by Consumer Discretionary and Financials.

Contrary to DMFs, all sectors barring Consumer Discretionary saw their FII share declining on a QoQ basis in the quarter-ending June 2022.

Figure 66: Nifty 500: Sector-wise ownership pattern across key stakeholders (June 2022)


Source: CMIE Prowess, NSE EPR. * FII ownership includes ownership through depository receipts held by custodians
 **Others include other institutional and non-institutional non-promoter investors.

Sector allocation of the Nifty 500 universe for key stakeholders (June 2022): The table below shows the sector allocation for key stakeholders in Nifty 500 companies as of June 2022. The concentration of Government ownership in Financials, Energy and Utilities sector was at 75.7% as of June-end, up 186bps QoQ primarily led by a steep rise in Government portfolio exposure to Utilities and Financials. This is a tad lower than Government exposure to these three sectors in the overall listed universe (80.2%), thanks to the LIC listing in the quarter gone by but significantly lower than that in the Nifty 50 universe (92.2%). In case of institutional investors, DMFs have a lower allocation to Financials at 31.3% as compared to FIIs at 34.6%, even as the gap between the two has fallen to fresh 21-year lows. This is because while DMFs have broadly maintained their overall portfolio allocation to Financials over the last few quarters, FIIs have been trimming in their process of taking out money from Indian equities.

Table 9: Sector allocation of the Nifty 500 universe for key stakeholders (June 2022)

%	Private Indian promoters	Govt	Foreign promoters	Domestic MFs	FIIIs*	Banks, FIs & Insurance	Non-promoter corporate	Retail
Communication Services	3.5	0.2	5.8	3.7	3.1	1.3	3.1	2.2
Consumer Discretionary	8.8	3.6	13.3	10.2	7.8	8.8	11.1	10.6
Consumer Staples	5.8	0.1	29.2	6.4	6.4	14.7	16.1	11.2
Energy	11.9	20.6	0.2	7.5	12.0	14.3	6.4	9.0
Financials	14.6	38.4	4.7	31.3	34.6	21.6	22.4	22.7
Health Care	6.5	0.0	7.7	6.9	4.8	4.5	3.8	6.7
Industrials	7.4	13.0	16.2	9.3	6.0	8.8	4.7	9.2
Information Technology	18.9	0.7	5.0	12.0	11.9	10.5	7.9	12.4
Materials	13.1	6.5	10.7	8.7	6.6	9.3	13.4	12.7
Real Estate	2.2	0.1	0.2	0.7	1.1	0.2	0.4	0.7
Utilities	7.2	16.7	7.0	3.3	5.8	6.1	10.7	2.5
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

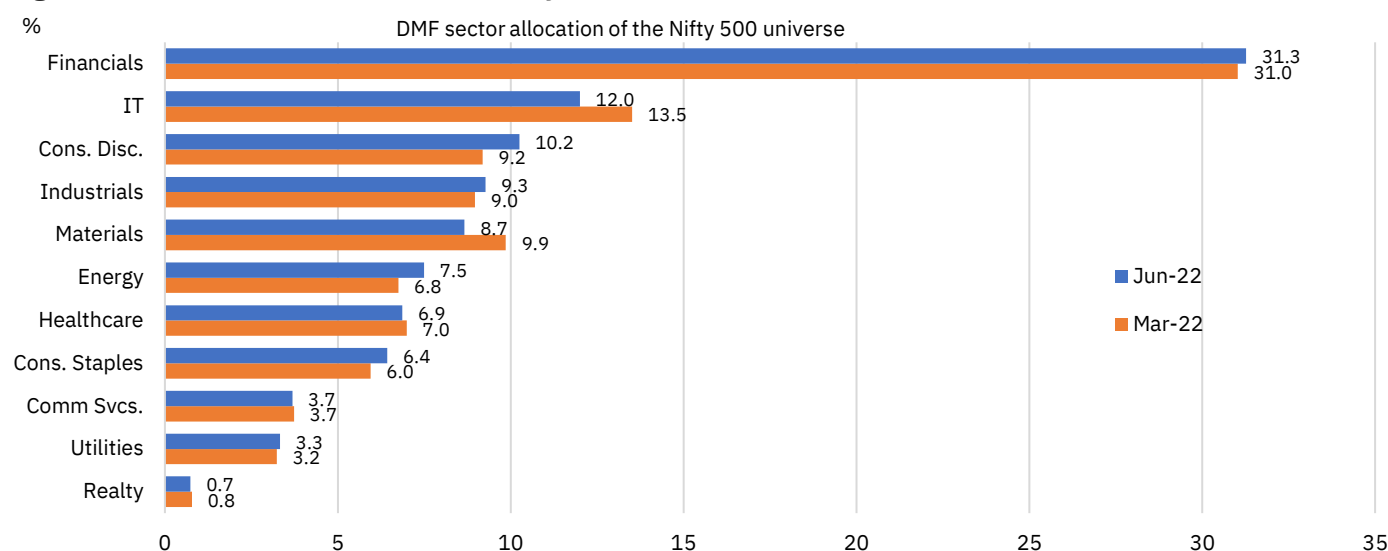
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

DMFs strengthened their OW position on Financials and Consumer Discretionary:

DMFs' turned incrementally positive on financial companies as reflected from their strengthened OW position on the sector within the Nifty 500 Index—the strongest in last 12 years. The extent of OW position, however, was much lower than that within the Nifty 50 Index, indicating a relatively more bullish view of DMFs on the larger financial companies. DMFs also reinforced their positive stance on Consumer Discretionary, with their OW position to the sector being the highest in last 14 years, and also maintained OW on Industrials and Healthcare for yet another quarter.

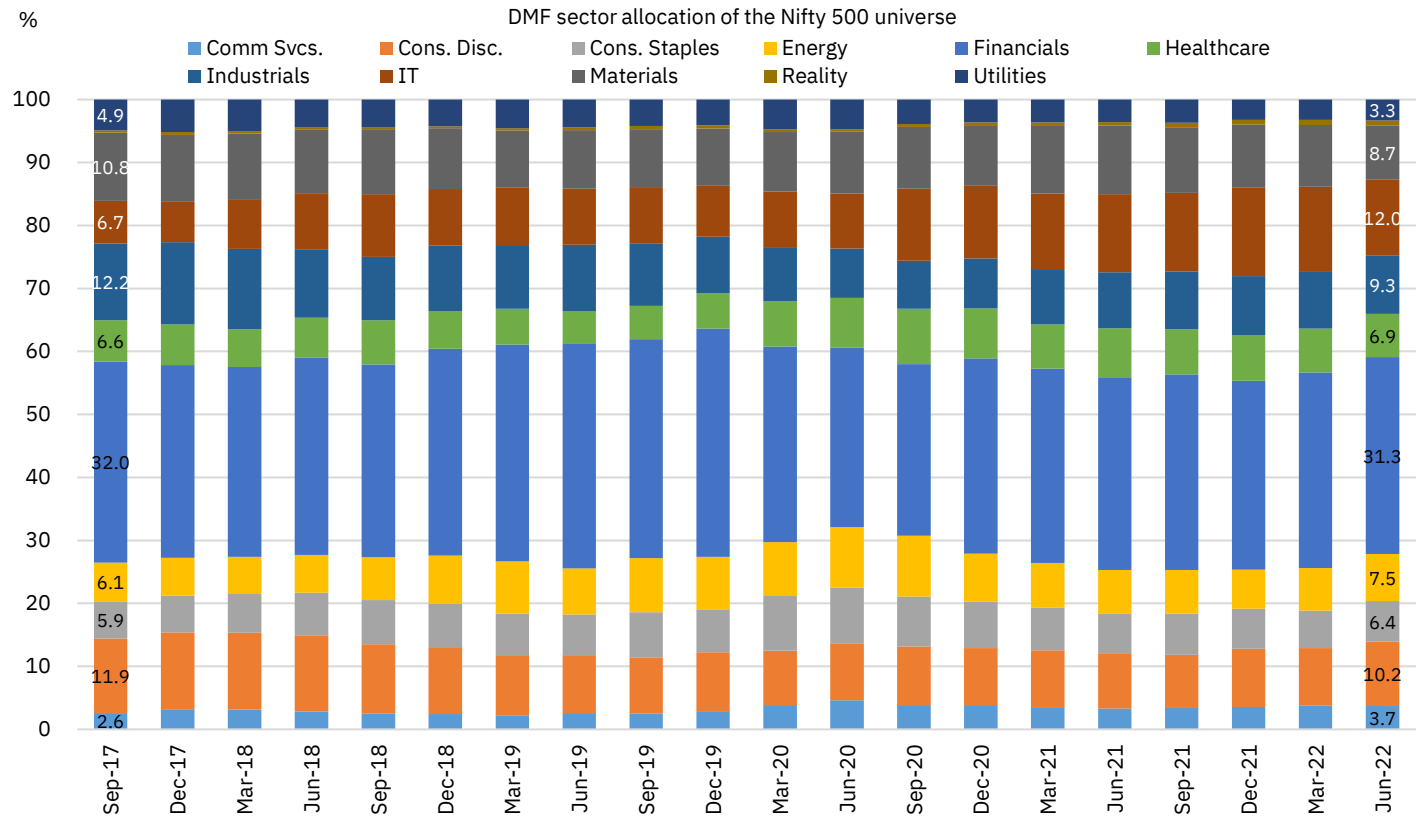
Incrementally positive relative bias to Financials, and Consumer Discretionary came at the expense of strengthened negative position on Consumer Staples and Utilities. In fact, DMFs turned UW on Utilities for the first time in eight years. Among other sectors, DMFs maintained a mild UW stance on Information Technology and Materials, neutral on Real Estate and mild OW on Communication Services. and Real Estate. In fact, DMFs portfolio allocation to Information Technology has been the closest to the sector's weight in the Index in last 18 years, possible reflecting the impact of tailwinds from rupee depreciation on IT sector revenues.

DMFs turned incrementally positive on Financials and Consumer Discretionary, maintained their OW stance on Industrials and Healthcare and further trimmed position on Consumer Staples and Utilities.

Figure 67: DMF sector allocation of the Nifty 500 universe (June 2022 vs. March 2022)


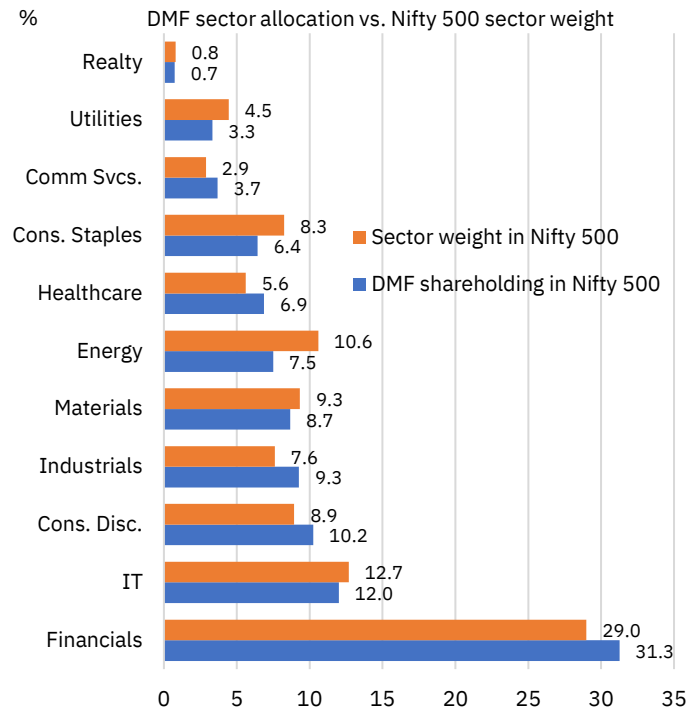
Source: CMIE Prowess, NSE EPR.

Figure 68: DMF sector allocation of the Nifty 500 universe over last five years



Source: CMIE Prowess, NSE EPR.

Figure 69: DMF sector allocation vs sector weight in Nifty 500 (June 2022)



Source: CMIE Prowess, NSE EPR.

Figure 70: DMF sector-wise OW/UW in Nifty 500 relative to sector weight in the index (June 2022)

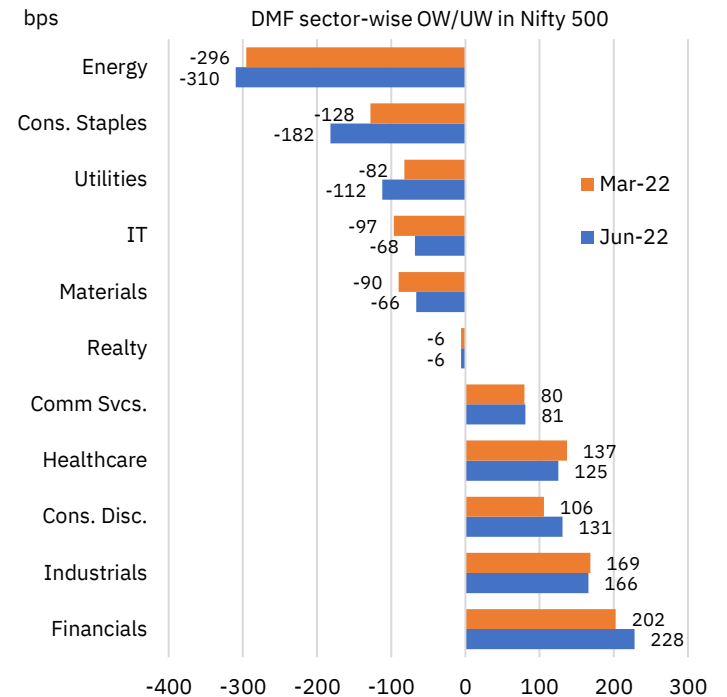
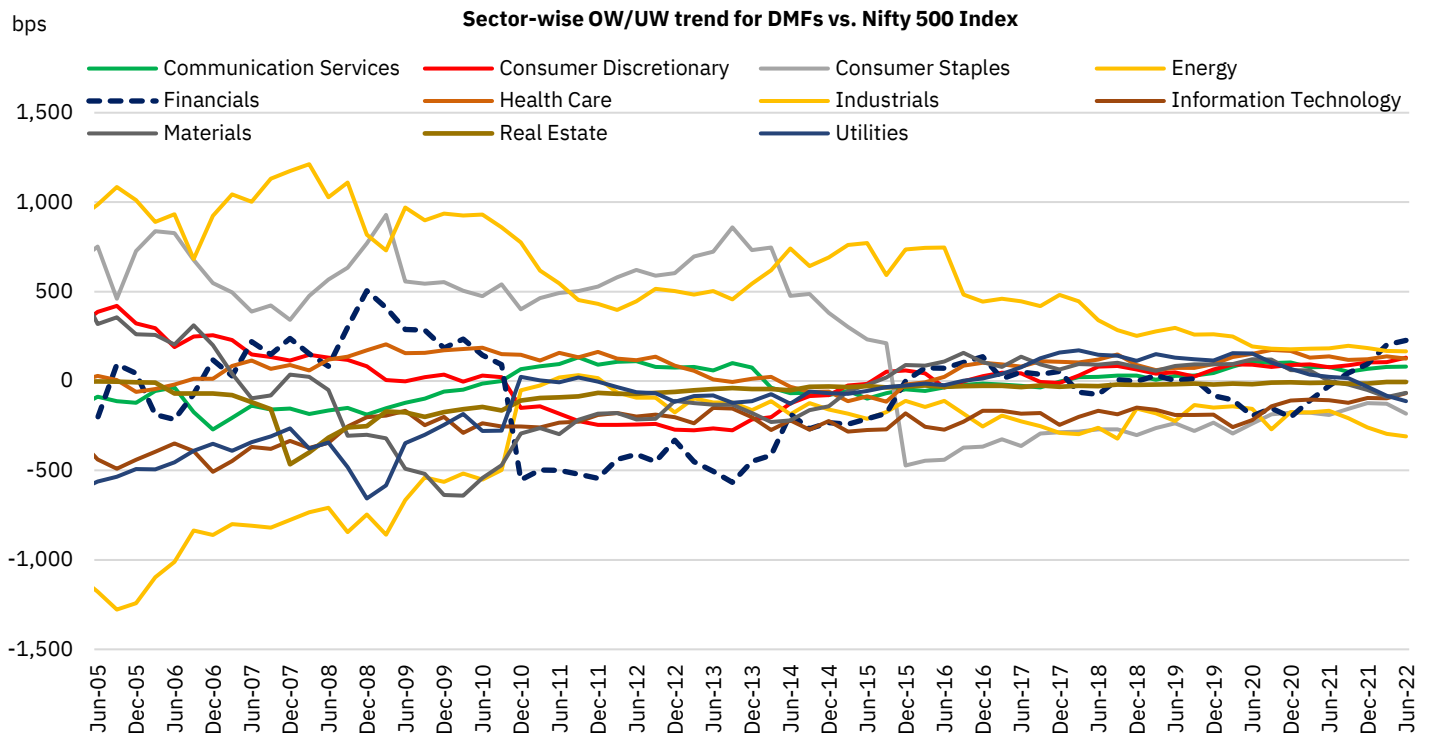


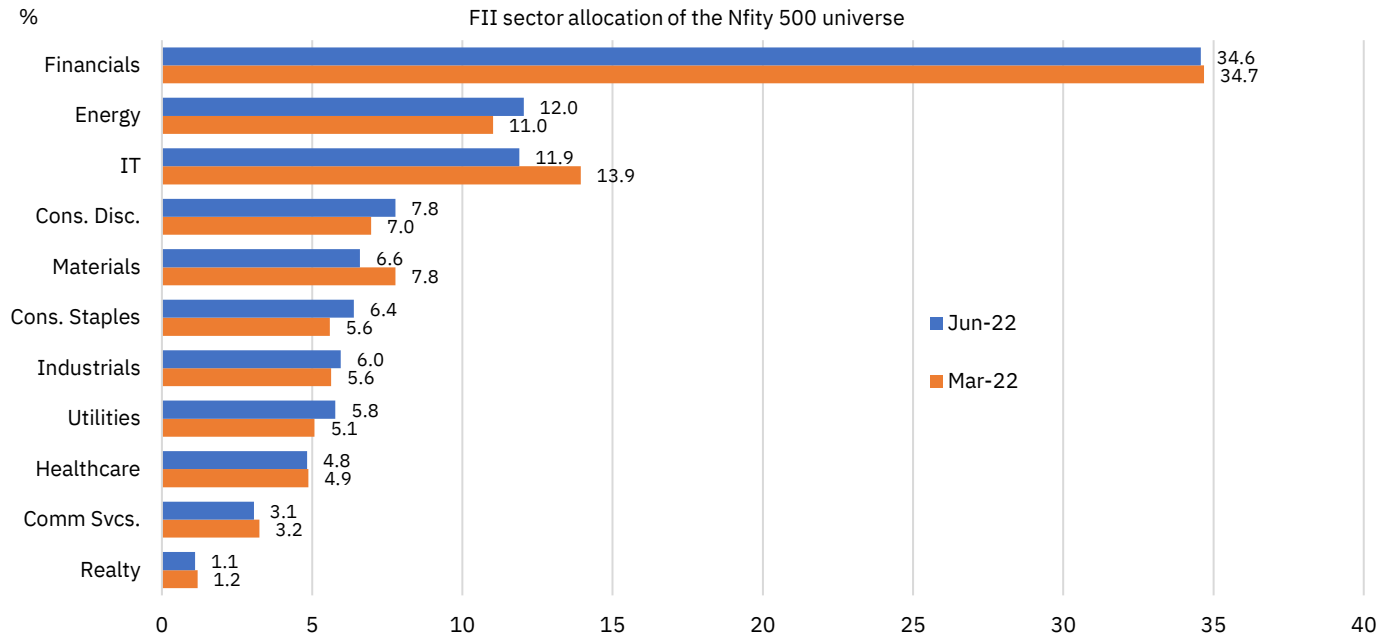
Figure 71: DMF vs Nifty 500—Sector-wise OW/UW trend (bps)


Source: CMIE Prowess, NSE EPR

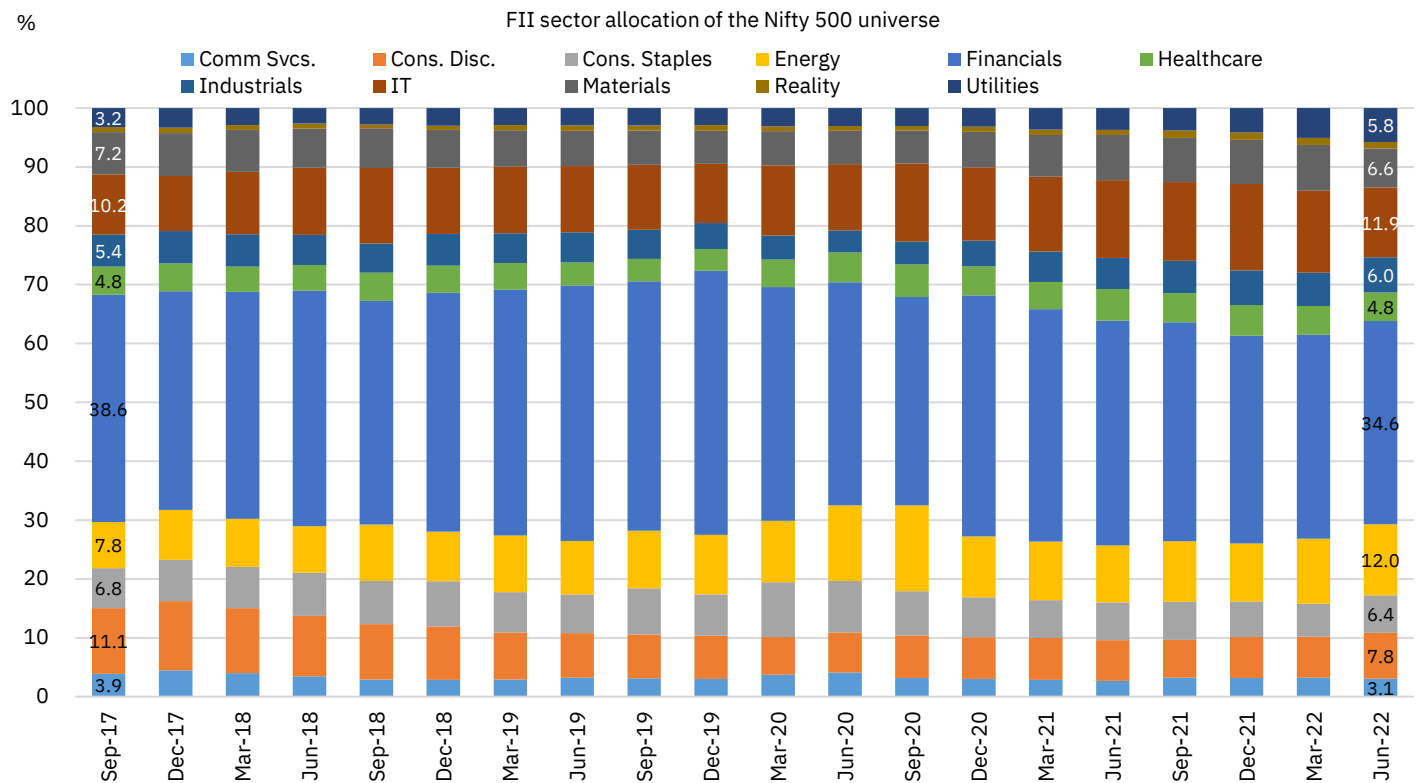
FII's maintained their portfolio allocation within the Nifty 500 Index: In line with the Nifty 50 universe, FIIs broadly maintained their sector exposure within the Nifty 500 Index as well in the quarter ending June 2022. FIIs maintained their outsized OW bet on Financials even as they have been trimming their exposure to the sector for quite some time now and further strengthened their OW position on Energy and Utilities. In fact, these are the only three sectors within the Nifty500 universe that FIIs have a positive bias on relative to the Index.

Contrary to DMFs, FIIs have perennially remained negative on the investment theme in the economy, maintaining their UW stance on Industrials and Materials since 2006. FIIs have also maintained their cautious view on India's consumption story and are UW on Consumer Staples as well as Consumer Discretionary for yet another quarter. This possibly reflects demand uncertainty in the wake of persistent inflationary pressures and attendant increase in interest rates. FIIs maintained a neutral stance on other sectors, viz., Information Technology, Communication Services, Healthcare, and Real Estate.

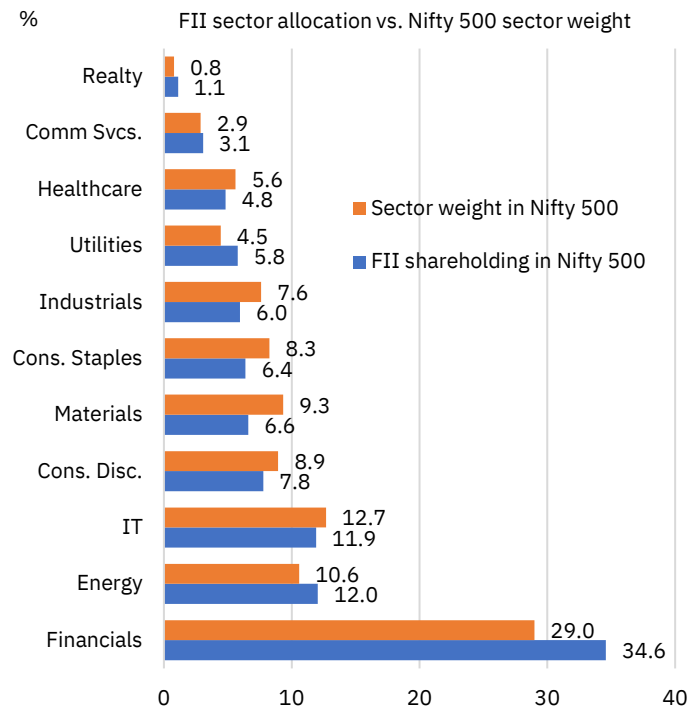
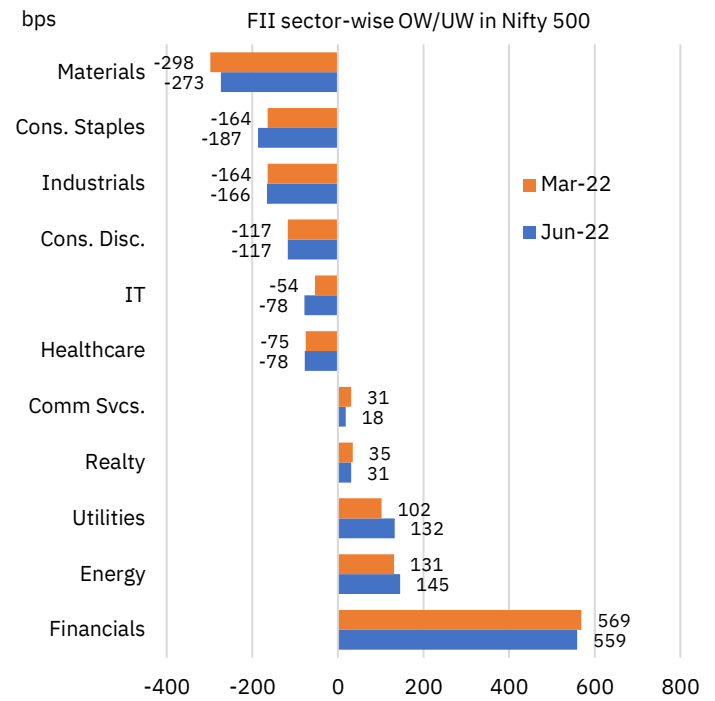
FIIs continued to play the India story through Financials, albeit with a sequentially smaller allocation, and Energy and Utilities where FIIs strengthened their OW position within the Nifty 500 universe.

Figure 72: FII sector allocation of the Nifty 500 universe (June 2022 vs. March 2022)


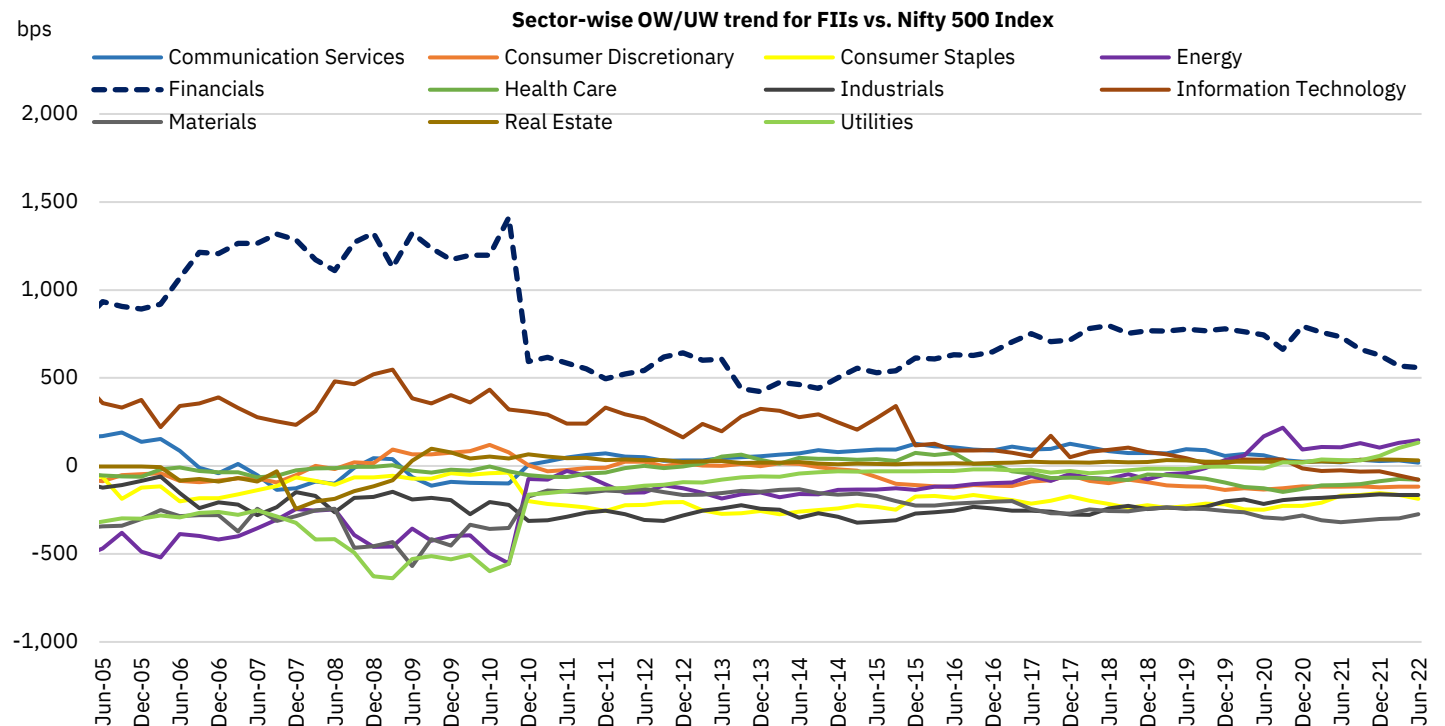
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Figure 73: FII sector allocation of the Nifty 500 universe over last five years


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Figure 74: FII sector allocation vs sector weight in Nifty 500 (June 2022)

Figure 75: FII sector-wise OW/UW in Nifty 500 relative to sector weight in the index (June 2022)


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Figure 76: FII vs Nifty 500—Sector-wise OW/UW trend (bps)


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Institutional ownership concentration analysis

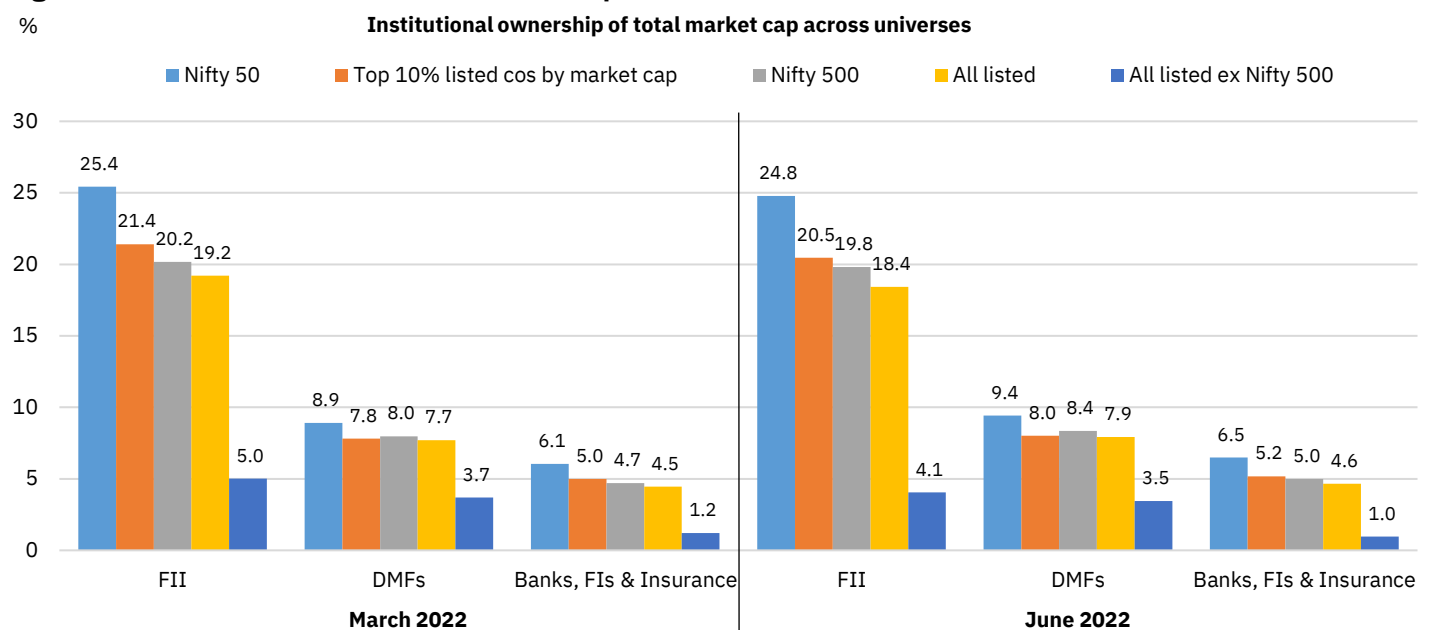
High market uncertainty led to further shift in institutional investment allocation to larger companies: The charts below depict how FII ownership (including ownership through depository receipts) fell across the board for yet another quarter, translating into net selling (drop in exposure) of Rs 1trn and Rs 1.8trn in the floating as well as total NSE-listed universe. DMFs, on the other hand, increased their ownership in equity markets for the fourth quarter in a row, with net buying (increase in exposure) by DMFs in the June quarter estimated at ~Rs857bn in the overall NSE-listed floating stock. Banks, FIs and insurance companies were modest buyers of Indian equity markets for the second quarter in a row, with net buying in the NSE floating stock amounting to ~Rs 614bn during the quarter.

While FII selling was broad-based in the quarter gone by, as reflected from a broadly unchanged portfolio mix of small and large companies, increase in DMFs share, while prevalent across the board, was more pronounced in larger companies. The share of Nifty 50 companies in the overall investments made by DMFs in the NSE listed stock rose sequentially for the second time in a row by 47bps QoQ to a five-quarter high of 61.8%, a result of relative outperformance and higher allocation. With FIIs taking out money from Indian equities over the last few quarters, and DMFs remaining net buyers and more so in bigger companies, the difference between DMF and FII allocation to Nifty 50 companies has fallen to fresh 21-year low levels in the quarter ending June 2022.

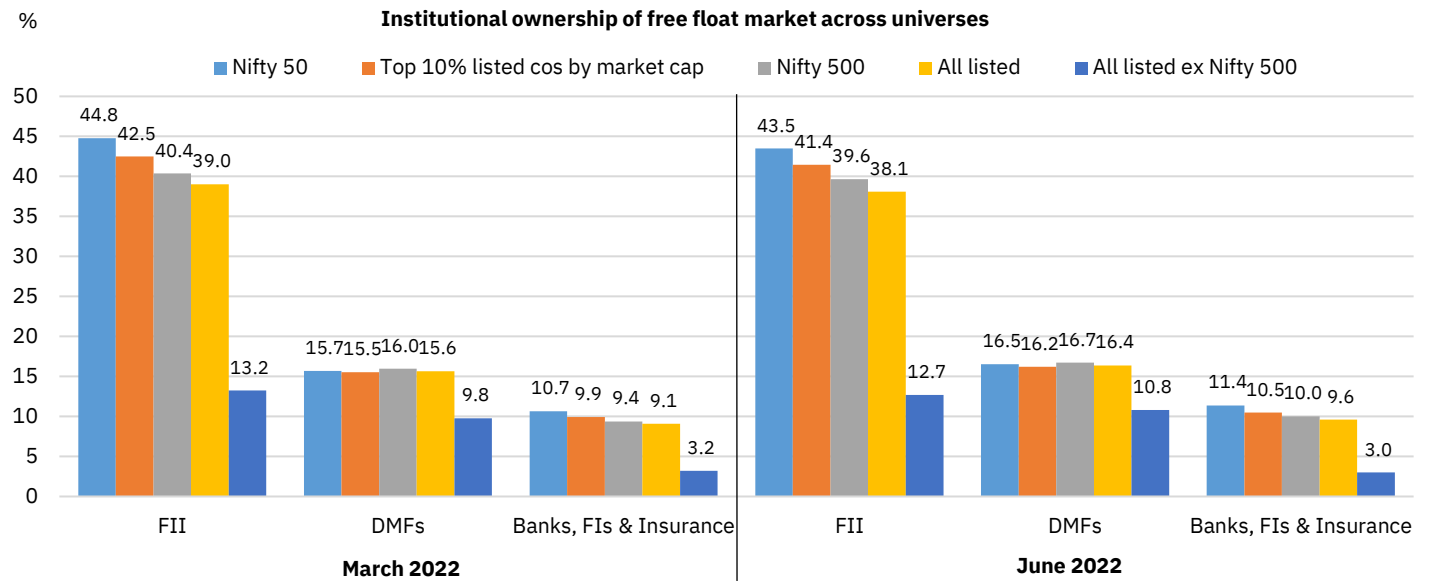
Banks, FIs and Insurance companies, however, have a slightly more concentrated portfolio vis-à-vis FIIs and DMFs. Their share of investments to Nifty 50 companies jumped for the second quarter in a row to a five-quarter high of 72.6% (+83bps QoQ), partly reflecting risk-off buying in these companies and their relative outperformance as compared to the broader market in the quarter gone by. That said, it is still much lower than the recent high of 77.9% witnessed in September 2019.

While FII selling was broad-based in the quarter gone by, as reflected from an unchanged portfolio mix of small and large companies, increase in DMFs share, while prevalent across the board, was more pronounced in larger companies.

Figure 77: Institutional share of total market cap (June 2022 vs. March 2022)



Source: CMIE Prowess, NSE *FII ownership includes ownership through depository receipts held by custodians.

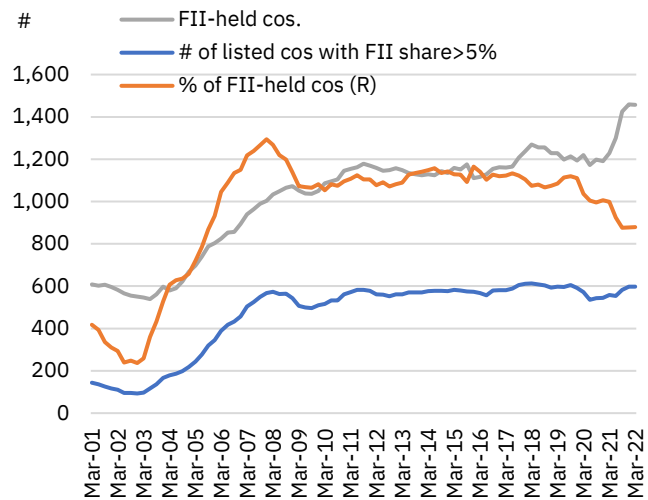
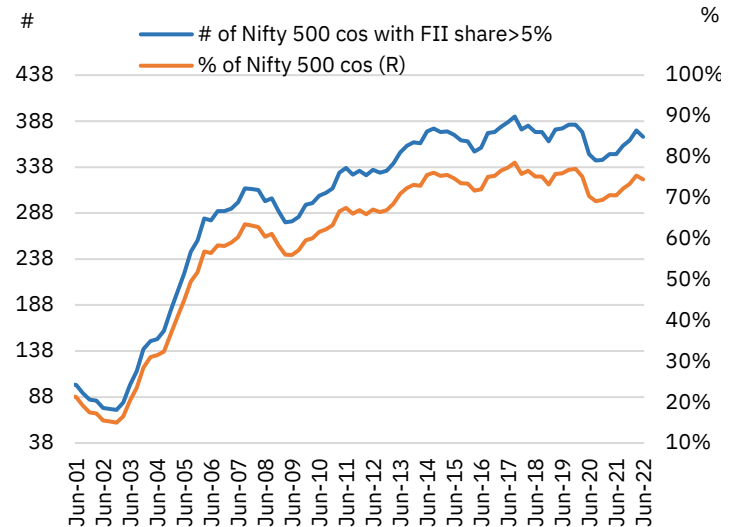
Figure 78: Institutional ownership of floating stock (June 2022 vs. March 2022)


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

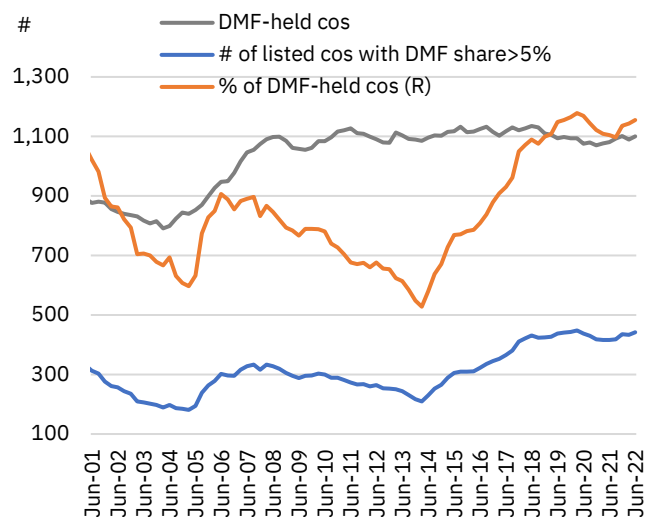
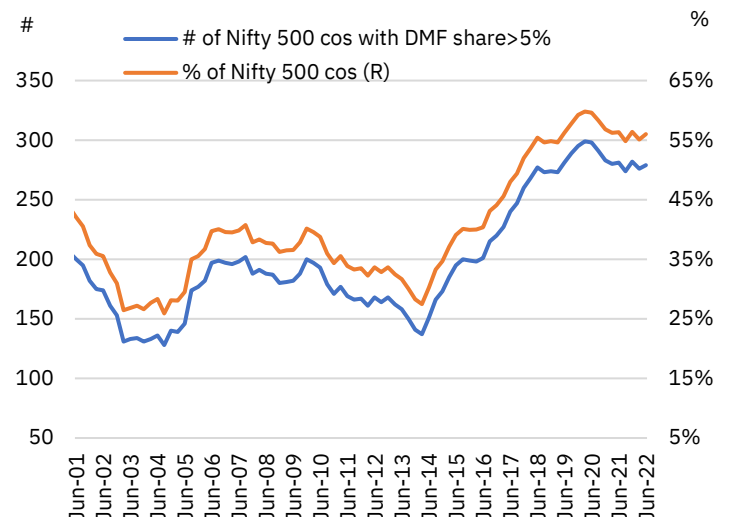
Ownership concentration in terms of no. of companies with holding greater than 5%:

We now combine the institutional ownership trends with concentration trends in the market. We consider the FII portfolio in India since 2001, not in terms of its value, but in terms of the *number* of stocks. FIIs meaningfully expanded their invested pool of companies in 2021, from near 1200 odd companies in December 2020 to 1450+ companies by December 2021 which has remained broadly steady at that level over the last two quarters. At the same time, FIIs have had incrementally fewer number of companies in the June quarter where they own at least 5% of the company value. The share of such companies in the total number of NSE listed companies where FIIs have a holding has fallen to 17-year low levels. Even as this is a consequence of persistent selling by FIIs over the last few quarters, when looked in conjunction with steady invested pool of companies, this points to reduction in concentration of FII investment in value terms in the quarter gone by.

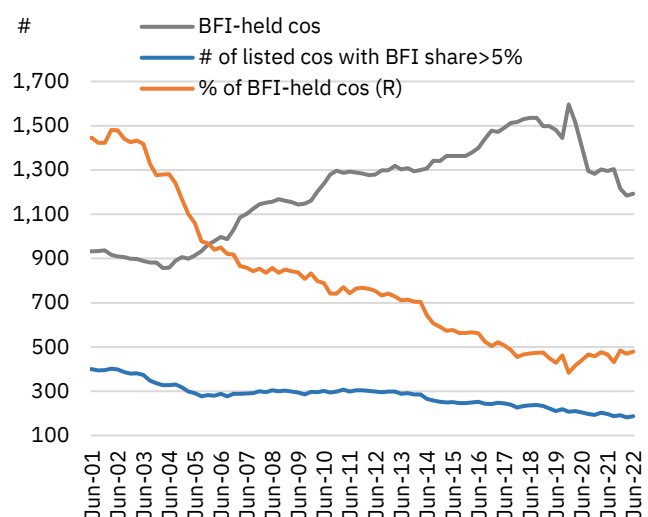
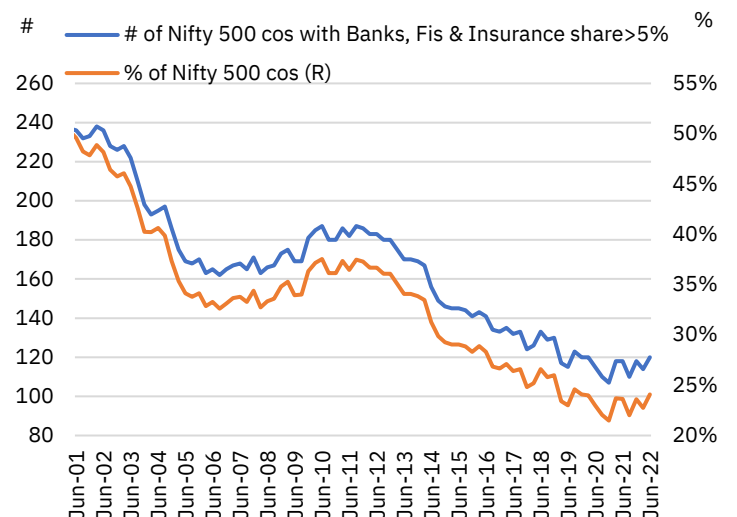
In contrast with foreign investors, the number of invested companies by DMFs within the NSE-listed universe has remained broadly steady at ~1100 mark over the last 16-year period. But the number of companies where DMF hold more than 5% has more than doubled from ~209 in March 2014 to 442 in June 2022 thanks to huge SIP inflows seen over the last six years. The share of such companies in the total companies from the listed universe where DMFs have a holding has risen for the third consecutive quarter to eight-quarter highs. This, coupled with a steady invested pool of companies, indicate an increase in portfolio concentration for DMFs, as also reflected in higher allocation of their overall investments to Nifty 50 companies as highlighted earlier.

Figure 79: Number of listed cos with FII holding >5%

Figure 80: Number of Nifty500 cos with FII holding >5%


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 81: Number of listed cos with DMF holding >5%

Figure 82: Number of Nifty500 cos with DMF holding >5%


Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Figure 83: Number of listed companies with Banks, FIs & Insurance holding >5%

Figure 84: Number of Nifty500 companies with Banks, FIs & Insurance holding >5%


Source: CMIE Prowess, NSE EPR. BFI = Banks, Financial Institutions, and Insurance Companies.

Concentration of Institutional money in the top 10% companies by market cap: The ‘foreign’ portfolio was highly concentrated in 2001, with ~98% of the entire holdings in just the top 10% of stocks. That has since changed with increased understanding of the markets, dropping to 85% in 2006, and then gradually rising, to reach ~93% in March 2020. Just to clarify here: The rise in concentration between December 2017 and March 2020 is merely a market feature—notice the commensurate (actually more acute) rise in the market-cap share of the top 10% of listed stocks during this period. The share of top 10% companies in FIIs’ portfolio fell gradually since March 2020 until last year to ~91% and has remained around that level over the last two quarters. This has been solely led by relative underperformance of such companies as compared to the overall listed universe, as reflected in a steeper drop in share of top 10% companies’ stock in overall NSE listed stock.

It is the DMFs that actually saw their portfolios turning far more concentrated between 2017 to early 2020. The top 10% of stocks by market cap occupied ~87% of their total portfolio in March 2020 vs. 78% in December 2017, even as the share has come off marginally over the last few quarters, in line with reduced share of these companies in the overall listed universe. That said, the difference between DMFs portfolio allocation to top 10% stocks and the share of such stocks in the overall listed universe has remained in the positive territory over the last three years, following a perennial under allocation for the previous 16 years. In fact, the differential has been inching up, barring a modest drop last quarter, signalling higher concentration of DMFs to larger companies.

Figure 85: Trend of FII portfolio allocation to top 10% companies by total market cap

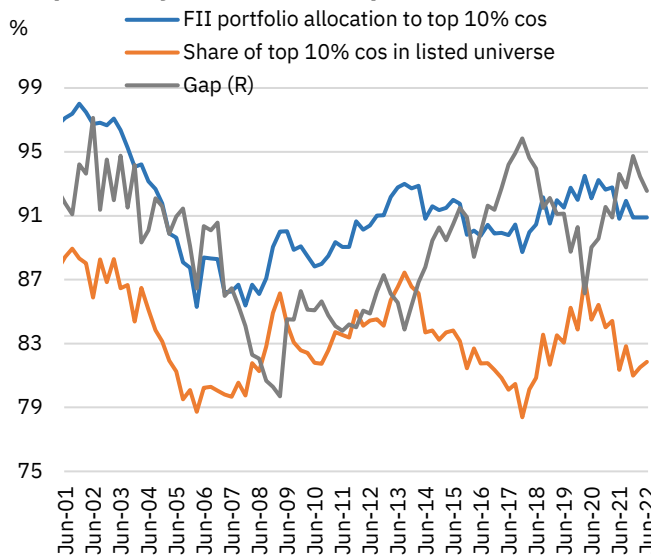
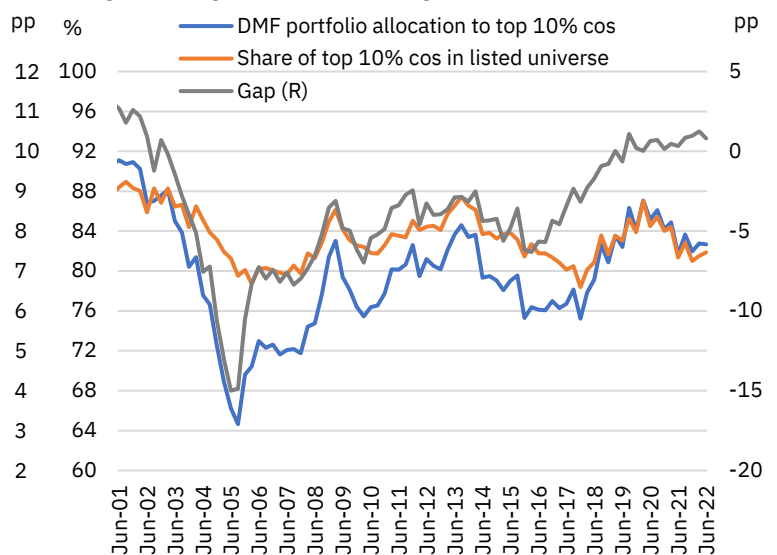
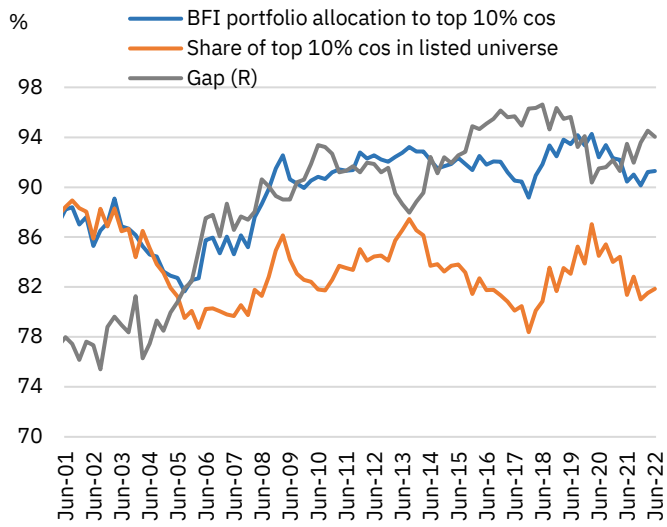
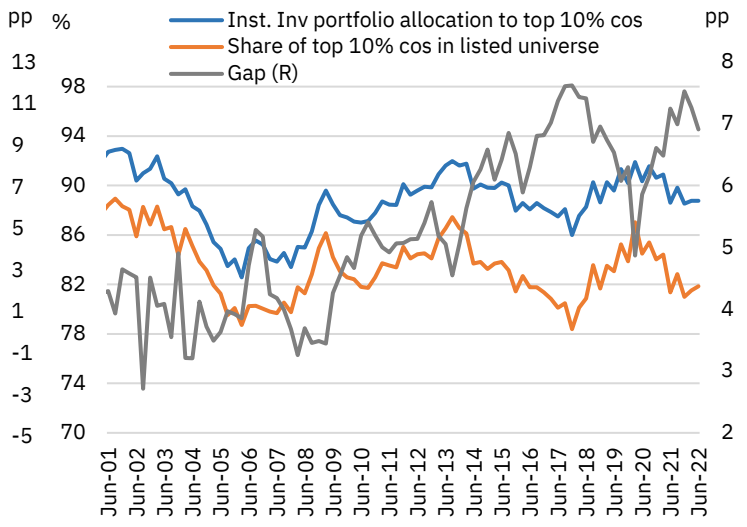


Figure 86: Trend of DMF portfolio allocation to top 10% companies by total market cap



Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

Figure 87: Trend of Banks, FIs & Insurance companies' portfolio allocation to top 10% cos by total market cap

Figure 88: Trend of institutional investment share in top 10% companies by total market cap


Source: CMIE Prowess, NSE EPR. BFI = Banks, Financial Institutions and Insurance Companies.

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