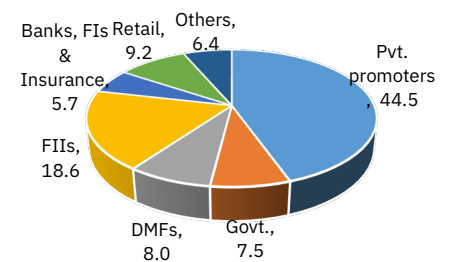
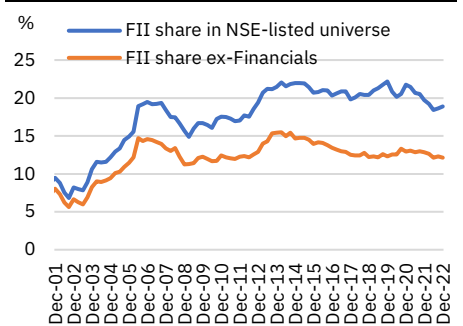


Who owns India Inc.? - FII share inches up; DMF share rises to new record highs

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 Dec’22. We note: 1) A significant jump in Govt. share in the NSE listed space, thanks to significant relative outperformance of PSU banks during the quarter; 2) A steep decline in private promoter share—Indian and foreign—to 12-quarter lows; 3) An increase in FII² (foreign institutional investors) ownership for the second quarter in a row, in line with huge foreign capital inflows seen during the second half of 2022; 4) A steady rise in DMF (domestic mutual funds) share to fresh record high levels, thanks to continued DMF inflows into Indian equities, aided by robust retail participation via the SIP route; 5) A slight moderation in direct retail holding, corroborated with net selling by individual retail investors for the first time in eight quarters; 6) FIIs broadly maintained their sector positioning³ in the quarter gone with an outsized OW⁴ bet on Financials with a sequentially higher exposure and cautious stance on India’s consumption as well as investment theme with an UW position on Consumer Staples, Consumer Discretionary and Industrials; 7) DMFs maintained OW stance on Financials and trimmed relative under-exposure to Consumer Staples and Utilities, at the expense of reduced OW position on Consumer Discretionary, Healthcare and Industrials; 8) Unlike FIIs, DMFs have not expanded their portfolio of stocks but have instead put fresh capital into existing holdings.

- Private promoter ownership dipped marginally in the December quarter....:** Total promoter share in the NSE-listed companies, Nifty 50 Index and Nifty 500 Index fell marginally on a QoQ basis to 51.4%, 42.7% and 50.9% respectively in the December quarter. This was primarily due to a steep drop in private promoter share—both Indian and foreign, that was partly offset by a significant jump in Government ownership during the quarter. In 2022, while promoter share fell over the entire year in the Nifty 50 Index, it rose in the Nifty 500 and overall listed universe, thanks to the LIC public issue during the year.
- ...Partly offset by a strong jump in Govt. share:** Government ownership (promoter as well as non-promoter) in the NSE listed companies and Nifty 500 Index rose by a steep 111bps and 118bps QoQ respectively to a 14-quarter high of 8.6% and 8.8% respectively in the December quarter. This is primarily attributed to strong relative outperformance of Government-owned companies, particularly PSU banks. The Nifty PSU Bank Index ended the December quarter with a gain of 44.2%, as compared to 11.3% for the Nifty Bank Index and 5.9% for the Nifty 50 Index. Government stake in Nifty 50, however, inched up by a modest 22bps QoQ to a 10-quarter high of 5.5%.
- FII ownership inched up for the second quarter in a row for NSE listed and Nifty 50 companies:** FII ownership rose by 49bps, 32bps and 24bps QoQ in the Nifty 50, Nifty 500 and NSE-listed universe to 25.2, 19.8% and 18.9% respectively in the December quarter. This marked the second increase in a row for NSE listed and Nifty 50 companies. This was in line with renewed risk-on environment during the second half of 2022, as strengthening global growth concerns and moderating inflation raised expectations of potential pivot by the US

Who owns India Inc.? NSE-listed in Dec’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.

Fed. FIIs turned buyers of Indian equities during this period, with net inflows of US\$11.9bn in H2 2022.

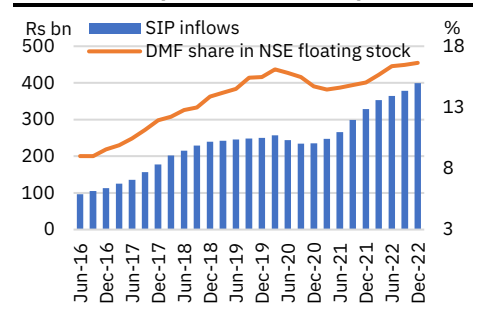
FIIs maintained their outsized OW bet on Financials with a sequentially higher exposure, turned incrementally less bearish on Industrials and Consumer Staples, while retaining the big UW stance, and trimmed exposure to Energy, Information Technology and Utilities. Overall, FIIs retained a cautious view on the investment as well as consumption themes for yet another quarter.

- DMFs share rose further to fresh record high levels:** DMFs stake inched up for the seventh quarter in a row by 17bps, 16bps and 13bps QoQ to all-time high of 9.5%, 8.4%, and 8.1% respectively in the Nifty 50, Nifty 500 and NSE listed companies respectively in the December 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 Rs129bn from Rs104bn/Rs83bn in FY22/FY21.

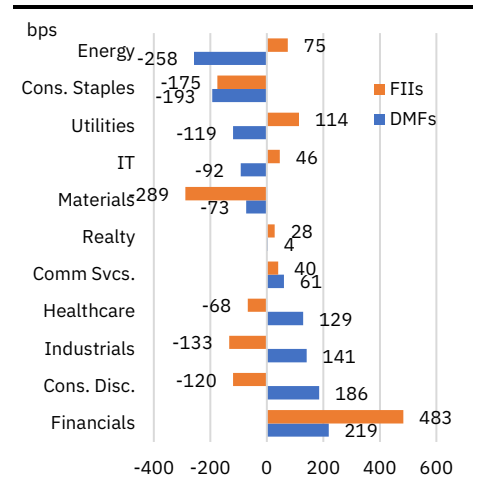
In line with FIIs, DMFs strengthened their OW stance on Financials, particularly in the Nifty 50 Index, and reduced negative stance on Consumer Discretionary and Consumer Staples. DMFs also reduced their positive bias on Healthcare and Communication Services but retained the OW position, and turned mildly cautions on Information Technology and Industrials. Among other sectors, DMFs retained their OW stance on Utilities and UW stance on commodity sectors including Energy and Materials, reflecting the impact of China slowdown.

- Direct retail share dipped for the third quarter in a row:** Individual retail investors' holding fell for the third quarter in a row, albeit marginally, by 5bps, 17bps and 9bps QoQ to a seven-quarter low of 9.2% and 8.1%, and a 10-quarter low of 8.5% in NSE listed universe, Nifty 50 and Nifty 500 Index respectively. This is in line with the moderation in direct retail investments into Indian equities during this period. 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 Rs537bn in FY23 thus far (Apr-Feb'23).
- Institutional ownership concentration:** Share of Nifty50 companies in overall institutional investments rose by 65bps QoQ to a six-quarter high of 68.3% in the December quarter—a result of a combination of relative outperformance of Nifty50 vis-à-vis smaller companies and incrementally higher allocation. We also compare the depth of institutional ownership with its width in the market. FIIs have meaningfully expanded their invested pool of companies over the last two years (~1200 in Dec'20 vs. 1770+ in Dec'22), but with a steady number of companies having 5%+ share, signalling limited fresh capital infusion. The invested pool of DMFs, however, has remained broadly steady at the ~1100 mark, even as the number of companies with 5%+ share has doubled in last eight years, thanks to fresh capital infusion into such companies, partly funded through rising SIP inflows.

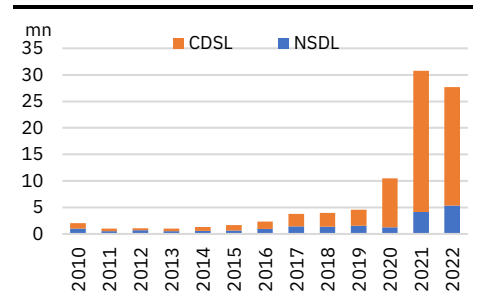
DMF ownership in NSE-listed companies



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

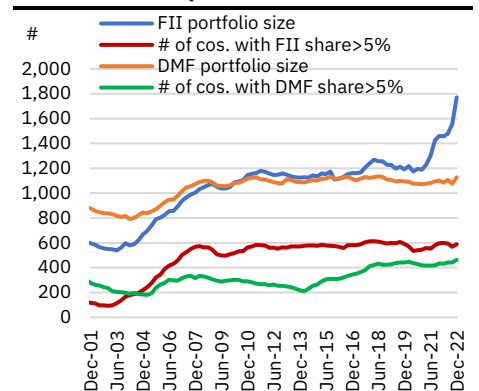


New investor account additions



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

Portfolio size vs. penetration



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

Table of Contents

Listed universe ownership trends	6
Nifty 50 ownership trends	19
Nifty 500 ownership trends	31
Institutional ownership concentration analysis	43

Table of Figures

Figure 1: NSE-listed universe: Ownership pattern by total market cap (%)	7
Figure 2: NSE-listed universe: Ownership pattern by free float market cap (%).....	8
Figure 3: NSE-listed universe: Long-term ownership trend across key stakeholders by total market cap	10
Figure 4: Total promoter ownership trend of NSE-listed companies by total market cap	10
Figure 5: Indian and foreign promoter ownership trend of NSE-listed companies by total market cap.....	10
Figure 6: DMF ownership trend of NSE-listed companies by total market cap	10
Figure 7: FII ownership* trend of NSE-listed companies by total market cap	10
Figure 8: Banks, FIs & Insurance ownership trend of NSE-listed companies by total market cap.....	11
Figure 9: Retail ownership trend of NSE-listed companies by total market cap	11
Figure 10: NSE-listed universe: Long-term ownership trend across key stakeholders by free float market cap	11
Figure 11: DMF ownership trend of NSE-listed companies by free float market cap.....	11
Figure 12: FII ownership trend of NSE-listed companies by free float market cap	11
Figure 13: Banks, FIs & Insurance ownership trend of NSE-listed companies by free float market cap	12
Figure 14: Retail ownership trend of NSE-listed companies by free float market cap.....	12
Figure 15: Monthly SIP inflows into mutual funds	12
Figure 16: Quarterly SIP inflows vs DMF ownership	12
Figure 17: Net FII inflows and FII shareholding in the NSE-listed floating stock	13
Figure 18: Annual net FII inflows trend	13
Figure 19: Net inflows by retail investors in the NSE's CM segment (2002-).....	14
Figure 20: Quarterly trend of number of active investor accounts with depositories	14
Figure 21: Annual trend of new investor account additions with depositories.....	14
Figure 22: NSE-listed universe: Sector-wise ownership pattern across key stakeholders (December 2022)	15
Figure 23: DMF sector allocation of the NSE-listed universe (December 2022 vs. September 2022)	17
Figure 24: DMF sector allocation of the NSE-listed universe over last five years	17
Figure 25: FII sector allocation of the NSE-listed universe (December 2022 vs. September 2022).....	18
Figure 26: FII sector allocation of the NSE-listed universe over last five years.....	18
Figure 27: Nifty 50: Ownership pattern by total market cap (%).....	20
Figure 28: Nifty 50: Ownership pattern by free float market cap (%).....	21
Figure 29: Nifty 50: Long-term ownership trend across key stakeholders by total market cap	22
Figure 30: Total promoter ownership trend of the Nifty 50 universe by total market cap	22

Figure 31: Indian and foreign promoter ownership trend of the Nifty 50 universe by total market cap.....	22
Figure 32: DMF ownership trend of Nifty 50 universe by total market cap	22
Figure 33: FII ownership trend of Nifty 50 universe by total market cap.....	22
Figure 34: Banks, FIs & Insurance ownership trend of Nifty 50 universe by total market cap.....	23
Figure 35: Retail ownership trend of Nifty 50 universe by total market cap	23
Figure 36: Nifty 50: Long-term ownership trend across key stakeholders by free float market cap	23
Figure 37: DMF ownership trend of the Nifty 50 universe by free float market cap.....	24
Figure 38: FII* ownership trend of the Nifty 50 universe by free float market cap.....	24
Figure 39: Banks, FIs & Insurance ownership trend of the Nifty 50 universe by free float market cap	24
Figure 40: Retail ownership trend of the Nifty 50 universe by free float market cap.....	24
Figure 41: Nifty 50: Sector-wise ownership pattern across key stakeholders (December 2022)	25
Figure 42: DMF sector allocation of the Nifty 50 universe (December 2022 vs. September 2022)	26
Figure 43: DMF sector allocation of the Nifty 50 universe over the last five years.....	27
Figure 44: DMF sector allocation vs sector weight in Nifty 50 (December 2022)	27
Figure 45: DMF sector-wise OW/UW in Nifty 50 relative to sector weight in the index (December 2022).....	27
Figure 46: DMF vs Nifty 50—Sector-wise OW/UW trend (bps).....	28
Figure 47: FII sector allocation of the Nifty 50 universe (December 2022 vs. September 2022)	28
Figure 48: FII sector allocation of the Nifty 50 universe over last five years	29
Figure 49: FII sector allocation vs sector weight in Nifty 50 (December 2022).....	29
Figure 50: FII sector-wise OW/UW in Nifty 50 relative to sector weight in the index (December 2022)	29
Figure 51: FII vs Nifty 50—Sector-wise OW/UW trend (bps)	30
Figure 52: Nifty 500: Ownership pattern by total market cap (%).....	31
Figure 53: Nifty 500: Ownership pattern by free float market cap (%)	32
Figure 54: Nifty 500: Long-term ownership trend across key stakeholders by total market cap	34
Figure 55: Total promoter ownership trend of the Nifty 500 universe by total market cap.....	34
Figure 56: Indian and foreign promoter ownership trend of the Nifty 500 universe by total market cap	34
Figure 57: DMF ownership trend of the Nifty 500 universe by total market cap.....	34
Figure 58: FII ownership trend of the Nifty 500 universe by total market cap	34
Figure 59: Banks, FIs & Insurance ownership trend of the Nifty 500 universe by total market cap	35
Figure 60: Retail ownership trend of the Nifty 500 universe by total market cap.....	35
Figure 61: Nifty 500: Long-term ownership trend across key stakeholders by free float market cap.....	35
Figure 62: DMF ownership trend of the Nifty 500 universe by free float market cap.....	36
Figure 63: FII ownership trend of the Nifty 500 universe by free float market cap	36
Figure 64: Banks, FIs & Insurance ownership trend of the Nifty 500 universe by free float market cap	36
Figure 65: Retail ownership trend of the Nifty 500 universe by free float market cap.....	36
Figure 66: Nifty 500: Sector-wise ownership pattern across key stakeholders (December 2022)	37
Figure 67: DMF sector allocation of the Nifty 500 universe (December 2022 vs. September 2022)	38
Figure 68: DMF sector allocation of the Nifty 500 universe over last five years.....	39

Figure 69: DMF sector allocation vs sector weight in Nifty 500 (December 2022)	39
Figure 70: DMF sector-wise OW/UW in Nifty 500 relative to sector weight in the index (December 2022).....	39
Figure 71: DMF vs Nifty 500—Sector-wise OW/UW trend (bps)	40
Figure 72: FII sector allocation of the Nifty 500 universe (December 2022 vs September 2022).....	41
Figure 73: FII sector allocation of the Nifty 500 universe over last five years	41
Figure 74: FII sector allocation vs sector weight in Nifty 500 (December 2022)	42
Figure 75: FII sector-wise OW/UW in Nifty 500 relative to sector weight in the index (December 2022)	42
Figure 76: FII vs Nifty 500—Sector-wise OW/UW trend (bps).....	42
Figure 77: Institutional share of total market cap (December 2022 vs. September 2022)	43
Figure 78: Institutional ownership of floating stock (December 2022 vs. September 2022).....	44
Figure 79: Number of listed cos with FII holding >5%	45
Figure 80: Number of Nifty500 cos with FII holding >5%	45
Figure 81: Number of listed cos with DMF holding >5%.....	45
Figure 82: Number of Nifty500 cos with DMF holding >5%.....	45
Figure 83: Number of listed companies with Banks, FIs & Insurance holding >5%	45
Figure 84: Number of Nifty500 companies with Banks, FIs & Insurance holding >5%.....	45

Table of Tables

Table 1: NSE-listed universe: Ownership trend across key stakeholders by total market cap over last three years.....	7
Table 2: NSE-listed universe: Ownership trend across key stakeholders by floating stock over last three years.....	8
Table 3: Sector allocation of the NSE-listed universe for key stakeholders (December 2022)	16
Table 4: Nifty 50: Ownership trend across key stakeholders by total market cap over the last three years.....	20
Table 5: Nifty 50: Ownership trend across key stakeholders by free float market cap over last the three years.....	21
Table 6: Sector allocation of the Nifty 50 universe for key stakeholders (December 2022).....	26
Table 7: Nifty 500: Ownership trend across key stakeholders by total market cap over last the three years.....	32
Table 8: Nifty 500: Ownership trend across key stakeholders by free float market cap over the last three years	33
Table 9: Sector allocation of the Nifty 500 universe for key stakeholders (December 2022)	38

Listed universe ownership trends

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

Private promoter share dropped to three-year lows in the December quarter: After remaining steady over the previous two quarters, total promoter ownership in the NSE listed universe fell slightly by 24bps QoQ to 51.4% in Dec'22, even as it was still up 84bps in 2022. This was primarily due to a steep drop in private promoter share—both Indian and foreign, that was partly offset by a sharp jump in Government ownership. Private promoter share fell by a steep 132bps QoQ to 43.2% in the December quarter, translating into a 189bps drop in 2022. Following a steady rise in the previous three quarters, foreign promoter share fell by 52bps QoQ to 8.9%, while private Indian promoter ownership dipped by 80bps QoQ to a 10-quarter low of 34.2%. In terms of number of companies, ~90% of the NSE listed companies (Where shareholding data is available for the last two quarters) saw a QoQ dip in private Indian promoter stake in the December quarter.

Government ownership rose sharply to 14-quarter highs, aided by relative outperformance of PSU banks: 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. The LIC issue in the June 2022 quarter, however, led to the Government ownership rising by a sequential pace that was the highest in previous eight years, only to remain fairly steady in the quarter following and rise by further 111bps to a 14-quarter high of 8.6% in the December quarter, partly reflecting the outperformance of Government-owned companies, particularly public-sector banks. The Nifty PSU Bank Index generated a return of 44.2% in the December quarter, as compared to 11.3% and 5.9% for Nifty Bank Index and Nifty50 Index respectively. In 2022, Government ownership in the NSE listed universe rose by 2.9 percentage points (pp)—the highest in last 14 years.

FII ownership rose for the second quarter in a row...: FII ownership increased by another 24bps QoQ to 18.9% in the December quarter, marking the second increase in a row, even as it is still down 85bps in 2022 and 3.3pp from the peak levels. This was in line with renewed risk-on environment during the second half of 2022, as strengthening global growth concerns and moderating inflation raised expectations of a potential ease in the pace of monetary tightening by global central banks. FIIs turned buyers of Indian equities during this period, with net inflows of US\$11.9bn in H2 2022. The increase in FII ownership in the quarter gone by was primarily led by Industrials, and domestic consumption sectors viz., Consumer Discretionary and Consumer Staples.

...While DMF share inched up further to fresh record-high level: DMFs' stake in the NSE listed universe inched up for the sixth quarter in a row to fresh record high of 8.1% in the quarter ending December 2022. This is primarily attributed to continued buying by DMFs over the last six quarters, even as the pace reduced in the second half of 2022, aided by strong retail participation through the SIP route. DMFs injected a total of Rs2.8trn on a net basis into Indian equities in 2022, 84% of which came in the first half. After witnessing some moderation in the first year of COVID (FY21), SIP inflows picked up meaningfully in the subsequent year and has continued to rise, touching a monthly run-rate of Rs137bn. Average monthly SIP inflows in FY22 stood at Rs104bn vs. Rs80bn in FY21 and Rs83bn in FY20, and this has risen to nearly Rs129bn in FY23 thus far (Apr-February 2023).

The share of Banks, Financial Institutions and Insurance companies in the NSE-listed space remained fairly steady on a sequential basis but rose by a steep 146bps QoQ to a 21-quarter high of 5.8% in the December quarter.

Total promoter share fell by a modest 24bps QoQ to 51.4% in the December, led by steep drop in private promoter share—both India and foreign, partly offset by steep rise in Govt. promoter share.

Significant outperformance of PSU banks in the December quarter led to Government ownership rising to a 14-quarter high of 8.6%.

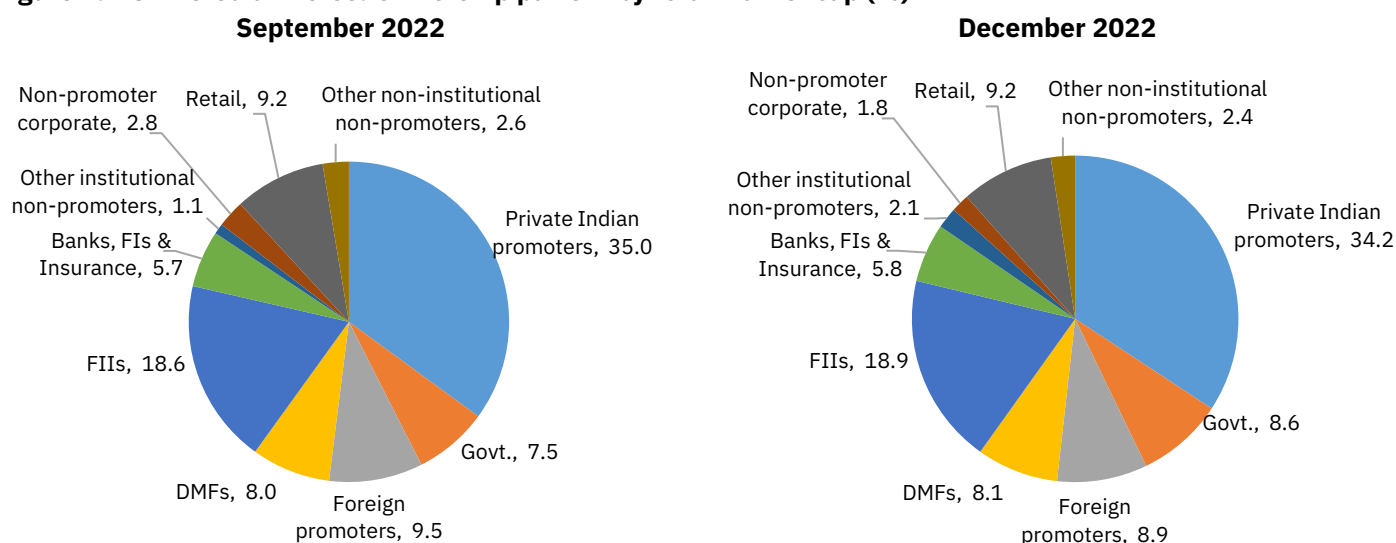
FII ownership rose for the second quarter in a row by 24bps to 18.9%, reflecting the impact of renewed FII buying of Indian equities during this period.

DMF share inched up for the sixth quarter in a row to fresh record high of 8.1% in Dec'22, aided by steady indirect retail participation via the SIP route.

Share of Banks, Financial Institutions and Insurance companies was steady at a 21-qtr high of 5.8%.

Retail investors' holding dipped for the third quarter in a row: After rising steadily in since the last quarter of FY20 and further in FY22 (+131bps between December 2019 and March 2022), individual retail investors' holding fell for the third quarter in a row, albeit by a modest pace of 5bps QoQ to a seven-quarter low of 9.2% in the December quarter. This has translated into a total drop of 52bps during the first three quarters of the fiscal, reflecting the impact of moderation in direct retail investments into Indian equities during this period. After a total net buying of Rs1.65trn 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 Rs537bn in FY23 thus far (Apr-Feb'23).

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
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	9.9	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	36.3	6.0	8.7	7.7	4.5	19.2	3.6	9.7
Jun-22	35.2	7.6	9.1	7.9	4.6	18.4	3.7	9.5
Sep-22	35.0	7.5	9.5	8.0	5.7	18.6	2.8	9.2
Dec-22	34.2	8.6	8.9	8.1	5.8	18.9	1.8	9.2
QoQ change	-80bps	111bps	-52bps	13bps	8bps	24bps	-97bps	-5bps

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

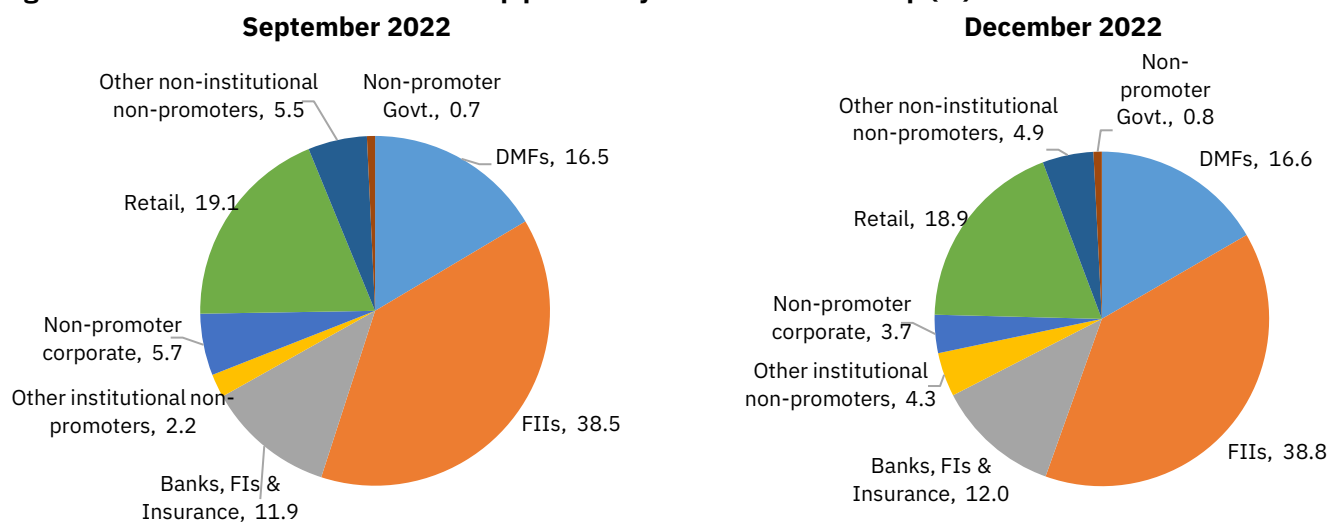
Floating stock witnessed institutional ownership rising at the steepest pace in three years:

FII ownership in the NSE floating stock rose for the second time in a row by 30bps QoQ to 38.8% in the December quarter, translating into a total increase of 75bps in the second half. However, this has come on after a 5.2pp drop in FII share in the NSE floating stock in the previous six quarters. FII share in the NSE floating stock is now nearly 6.9pp below the peak share seen eight years back (March 2014). DMF ownership of the NSE

free-float market cap inched up for the seventh quarter in a row by 18bps QoQ to fresh record-high of 16.6%. Banks, Financial Institutions, and Insurance companies saw their share in the NSE floating stock rising by 11bps QoQ, the fourth increase in a row to a 22-quarter high of 12.0%. With this, the overall institutional share in the NSE floating stock has risen for the fourth quarter in a row by a 16.5-year high pace of 268bps QoQ to 71.7% I the December quarter—the highest over our analysis period (March 2001-).

Retail investors saw their share in the NSE free-float market cap falling by a modest 20bps QoQ to 18.9% in the December quarter, translating into a total drop of 70bps in the second half of 2022. The share now is nearly 10.2pp below the peak share seen over the last 22 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*s*	Non-promoter corporate	Retail
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	15.5	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	15.7	9.1	39.1	7.3	19.7
Jun-22	16.4	9.6	38.1	7.6	19.7
Sep-22	16.5	11.9	38.5	5.7	19.1
Dec-22	16.6	12.0	38.8	3.7	18.9
QoQ change	18bps	11bps	30bps	-202bps	-20bps

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 Government share.

Government ownership in the NSE-listed universe has been coming off since 2010, barring a steep jump last year.

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, share of DMFs in the NSE listed universe has risen steadily to record-high levels. Banks, FIs & Insurance, on the other hand, has been gradually dropping off since 2012, only to see a significant jump last year (+147bps).

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

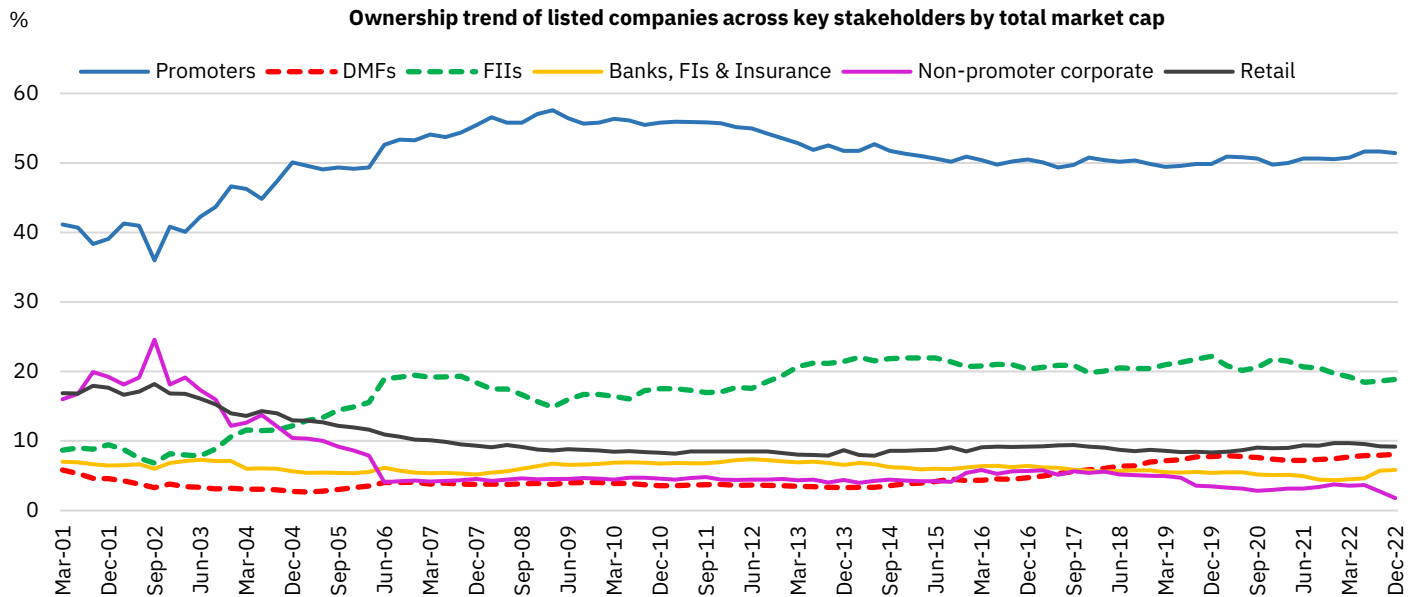
FII ownership dropped to sub 19% mark in 2022 after a decade of hovering in the 19-22% range:

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, Russia-Ukraine war, 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 in the quarter ending June 2022. Renewed risk-on buying over the subsequent two quarters has led to a small recovery in FII share in the NSE listed space.

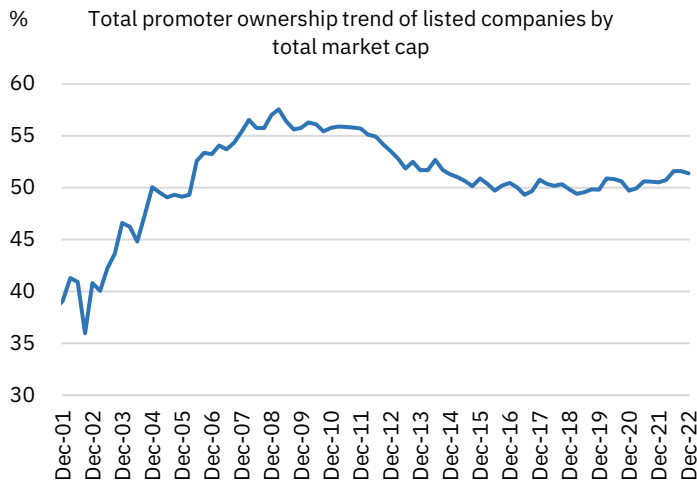
Direct retail holding has remained between 8 to 10% for more than a decade now:

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 remained fairly steady.

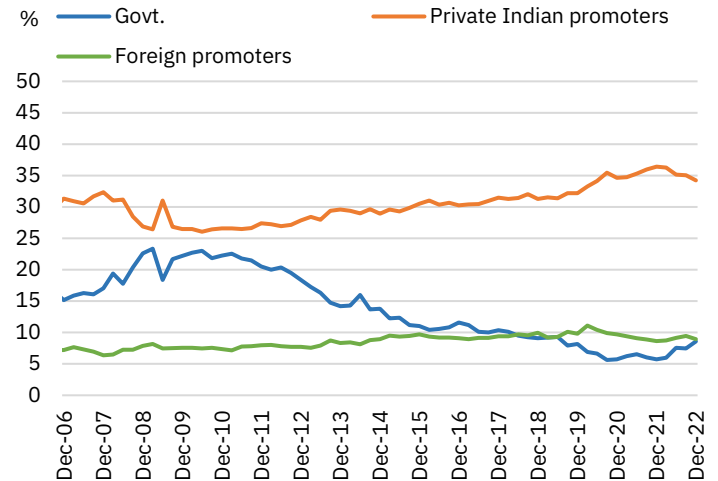
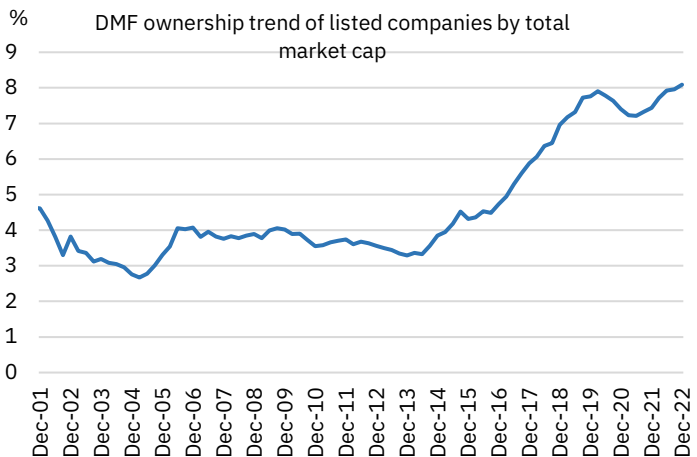
Direct retail ownership fell steadily between 2001 and 2012 and has since been in the range of 8-10%.

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

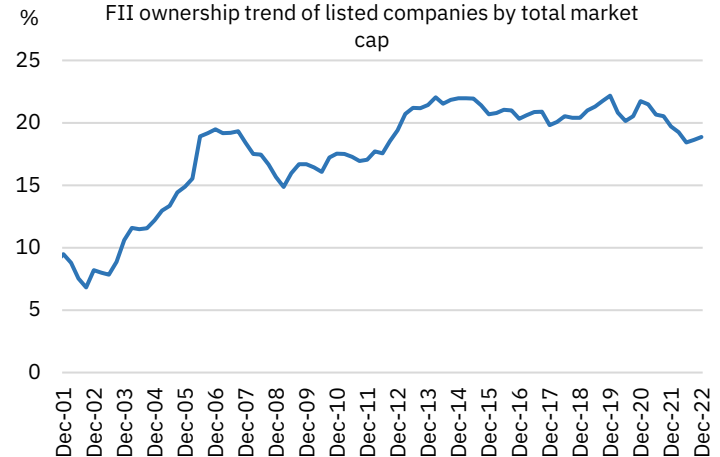
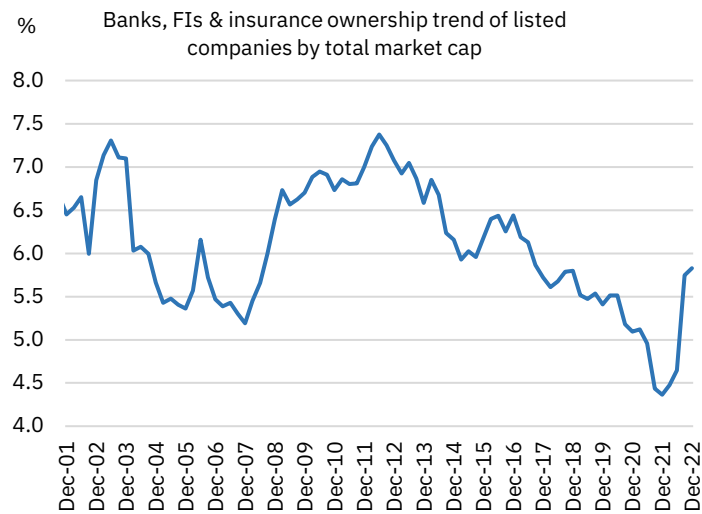
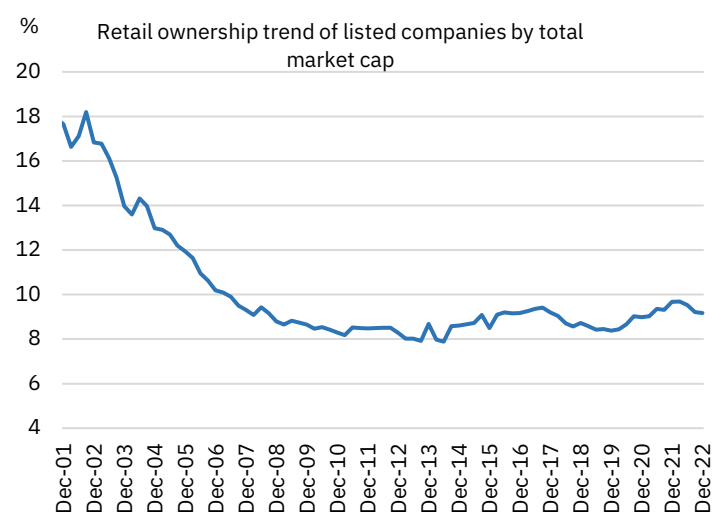
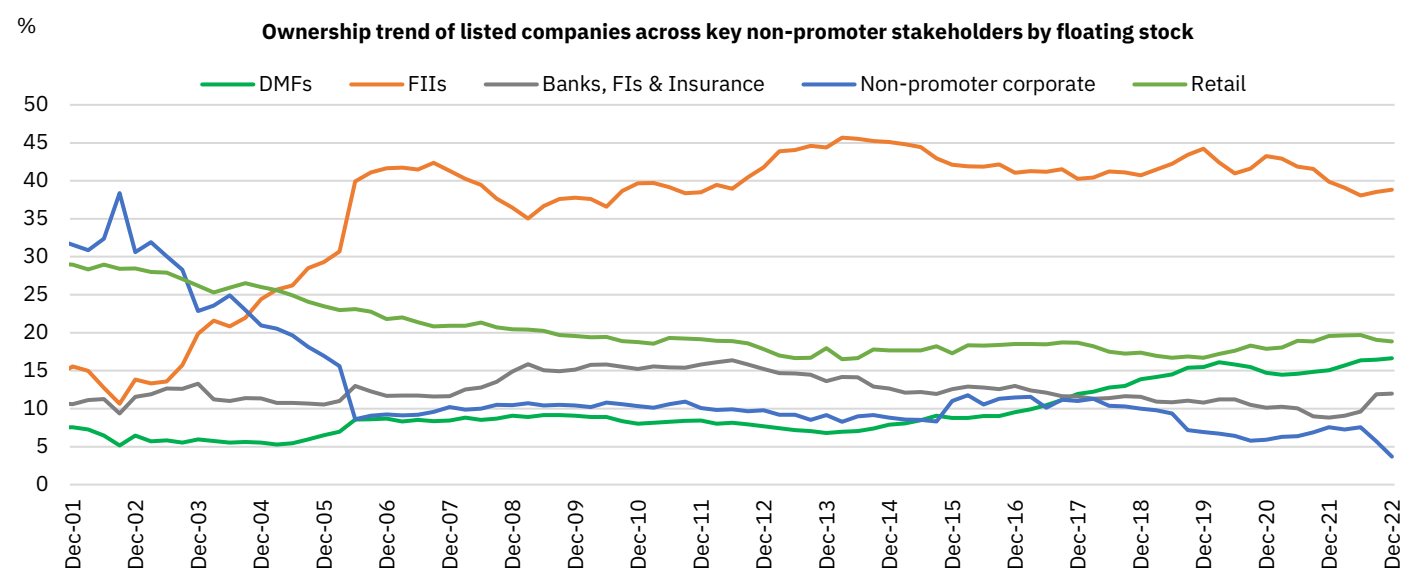
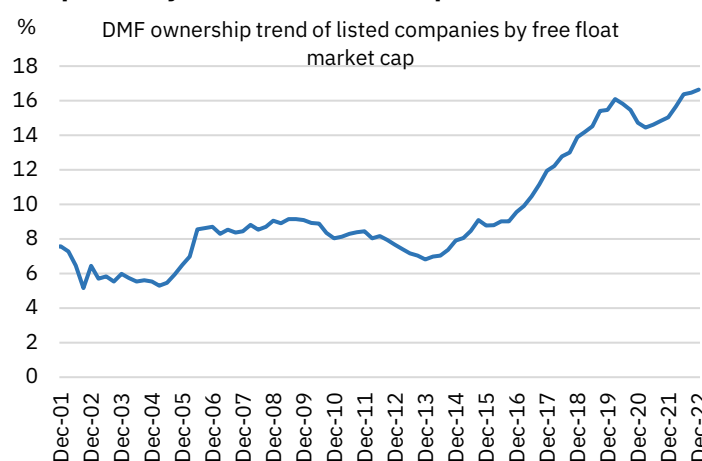
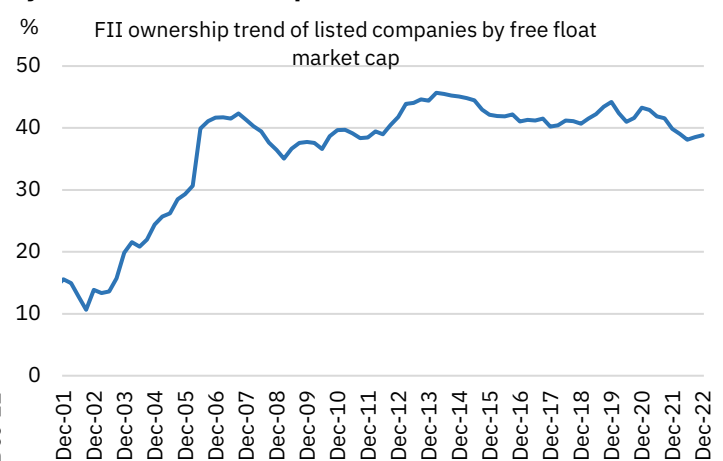
Figure 7: FII ownership* trend of NSE-listed companies by total market cap


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

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


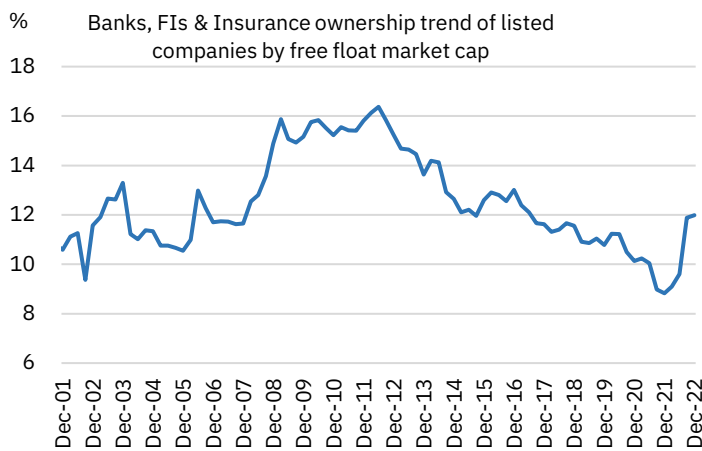
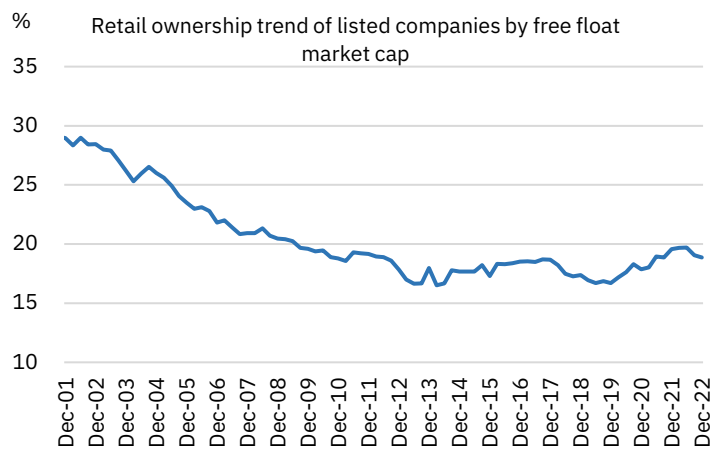
Source: CMIE Prowess, NSE EPR.

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

Figure 12: FII ownership trend of NSE-listed companies by free float market cap


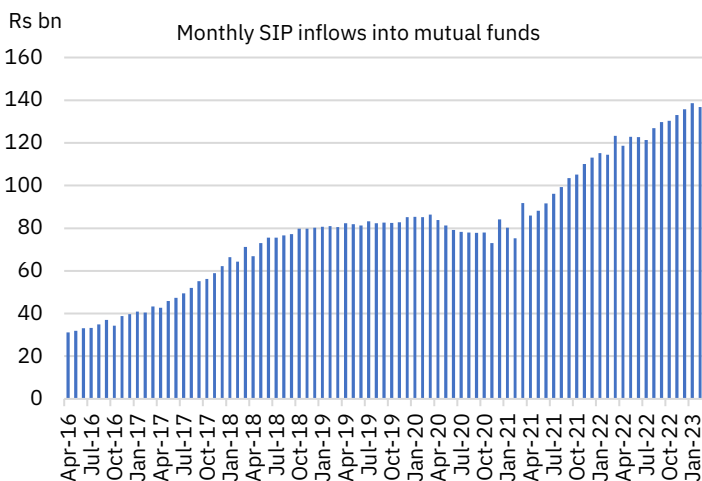
Source: CMIE Prowess, NSE EPR.

Figure 13: Banks, FIs & Insurance ownership trend of NSE-listed companies by free float market cap

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


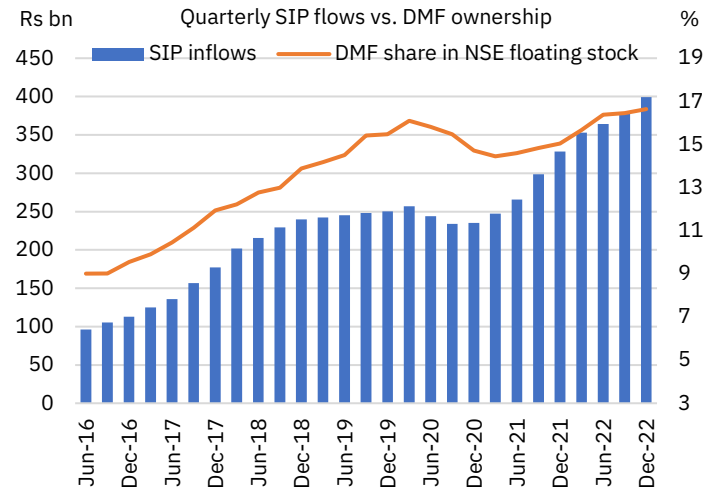
Source: CMIE Prowess, NSE EPR.

SIP inflows remain robust: 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 that year due to the virulent second wave. Monthly SIP inflows in FY22 (Apr'21-Mar'22) averaged at Rs104bn vs. Rs80bn in FY21, rising further to Rs129bn during the 11 months of the current fiscal (Apr'22-Feb'23). Renewed surge in SIP inflows have helped mutual funds gradually increase their ownership in Indian equities over the last seven quarters.

Average monthly SIP inflows in FY22 rose by 29.6% YoY and further by 24% in FY23 thus far (Apr-Feb'23).

Figure 15: Monthly SIP inflows into mutual funds


Source: AMFI, NSE EPR.

Figure 16: Quarterly SIP inflows vs DMF ownership


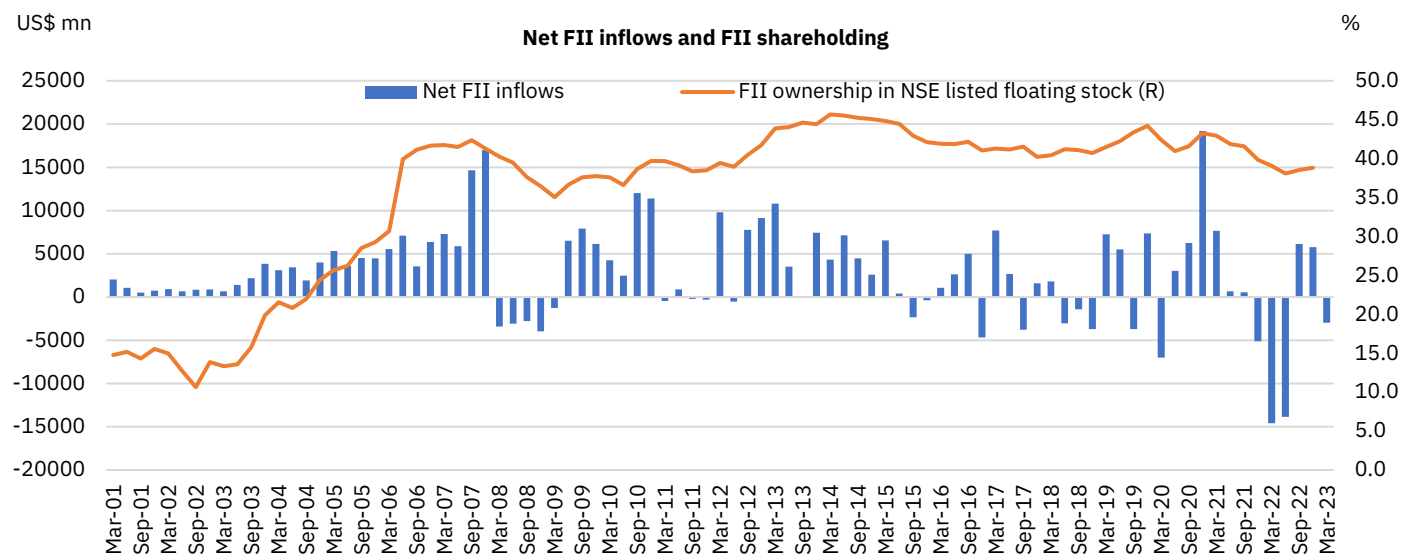
FII's remained strong buyers of Indian equities in the December quarter: After emerging as strong buyers of Indian equities in FY21 following muted participation in the previous three years, supported by global risk-on environment amidst an influx of global liquidity, FIIs turned big sellers in the second 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. 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

FIIs turned strong buyers of Indian equities in the second half of 2022, resulting in a modest increase in FII share in the NSE listed space.

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 June quarter.

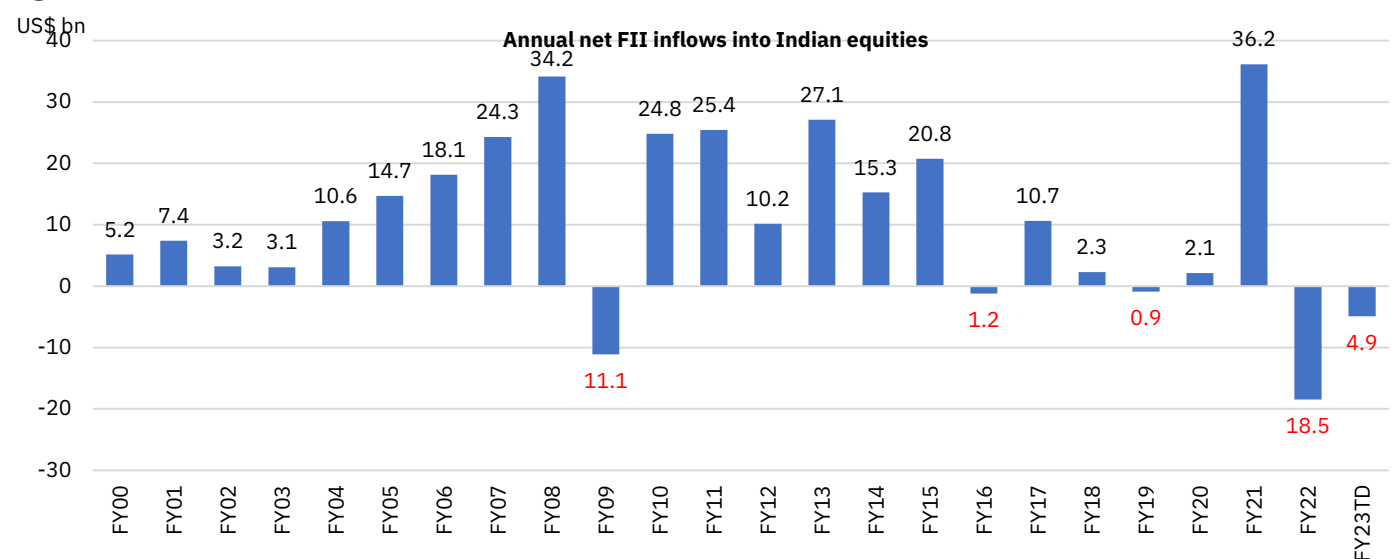
FIIs, however, turned buyers in the September quarter that continued in the following quarter, thanks to renewed risk-on environment amid expectations of a potential tapering of the pace of future interest rate hikes in the light of strengthening global growth worries and easing inflation. Net FII inflows in the second half of 2022 stood at US\$11.9bn, even as the trend has reversed in the current quarter. This, in turn, has resulted in a modest increase in FII ownership in H2 2022.

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



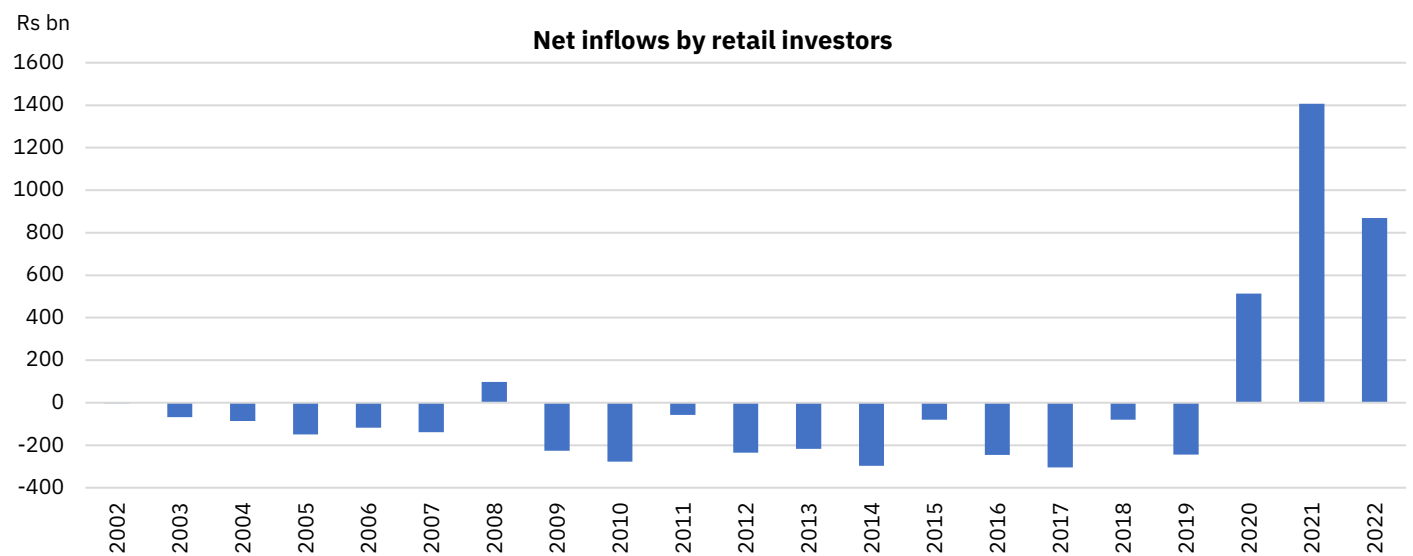
Source: Refinitiv Datastream, NSE EPR. * Data for FY23TD is as of December 30th, 2022.

Direct retail participation tapering off after strong show over the last two years: Retail participation in Indian equities picked up meaningfully over 2020 and 2021. 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. Between Jan 2020 and December 2022, they invested a total of Rs2.79trn in NSE’s capital market segment (secondary market only). Strong retail participation over the last few years is also visible in new investor registrations. The last two calendar years saw an addition of 58.4m new Demat accounts by NSDL and CDSL combined. This is about 54% of outstanding accounts with both the depositories.

Direct retail participation over the last few quarters, however, has been coming off, with individual investors selling a net of Rs142 bn in the last quarter of 2022—the first time in eight quarters. This, in turn, has resulted in a steady dip in retail ownership of Indian equities over the last three quarters.

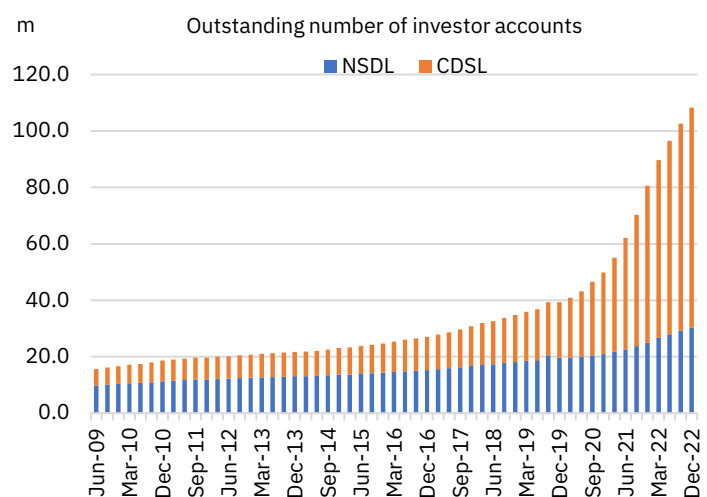
Figure 19: Net inflows by retail investors in the NSE’s CM segment (2002-)



Source: NSE EPR.

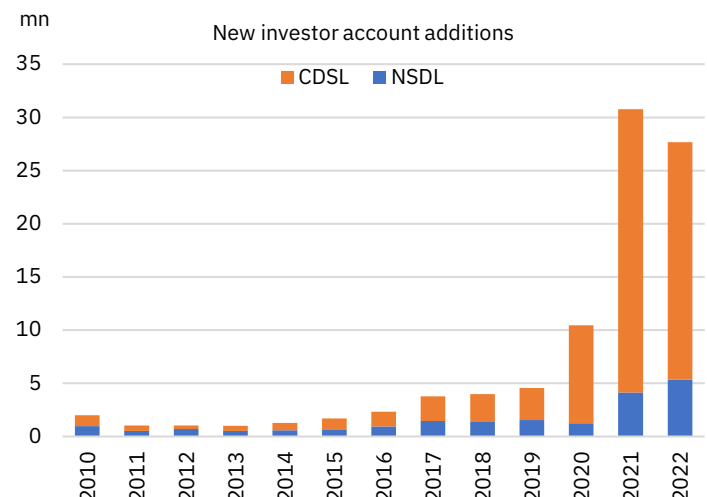
Note: 1. Note: Retail investors: individual domestic investors, NRIs, sole proprietorship firms and HUFs.
 2. Net flows include investments in securities in EQ, BE, SM, and ST series including ETFs only.
 3. Net flows are calculated as buy traded value – sell traded value.

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 (December 2022): The sector-wise ownership pattern of the NSE-listed universe across key stakeholders in the December quarter shows that the Real Estate sector continues to lead in terms of promoter ownership at 65.6% (-23bps QoQ), followed by Utilities at 64.3% (-26bps QoQ), Materials at 56.6% (+15bps QoQ), Industrials at 55.9% (-44bps QoQ), Communication Services at 54.6% (+11bps QoQ) and Consumer Staples at 53.4% (-38bps QoQ). The dip in overall promoter share during this period was led by Healthcare that saw the steepest sequential drop in the last 30 quarters to 50.5%—the lowest promoter share in the sector in the last 14.5 years. This was partly offset by an increase in promoter share in Financials (+43bps QoQ to a 71-quarter high of 40.9%) and Information Technology (+34bps QoQ to 53.4%).

Sector-wise, Financials remained the top sector in terms of Government ownership with an 8.7pp increase in 2022 to an eight-year high of 19%. This was due to the LIC listing in Q2 2022, followed by a significant rally seen in PSU banks in the Q4 of 2022. Energy stood second with a 15.1% share (+49bps), followed by Utilities at 14% (+146bps). All sectors in the December quarter saw Govt. share rising or remaining quite steady on a QoQ basis.

The diversity in DMFs' share across sectors was fairly low, with Financials leading at 10.9% (-5bps QoQ), followed by Healthcare (-32bps QoQ to 9.9%), Consumer Discretionary (+23bps to record-high of 9.7%) and Communication Services (+19bps QoQ to 9.1%). Barring Healthcare, all sectors saw the DMF share rising or remaining broadly steady on a QoQ basis in the December quarter.

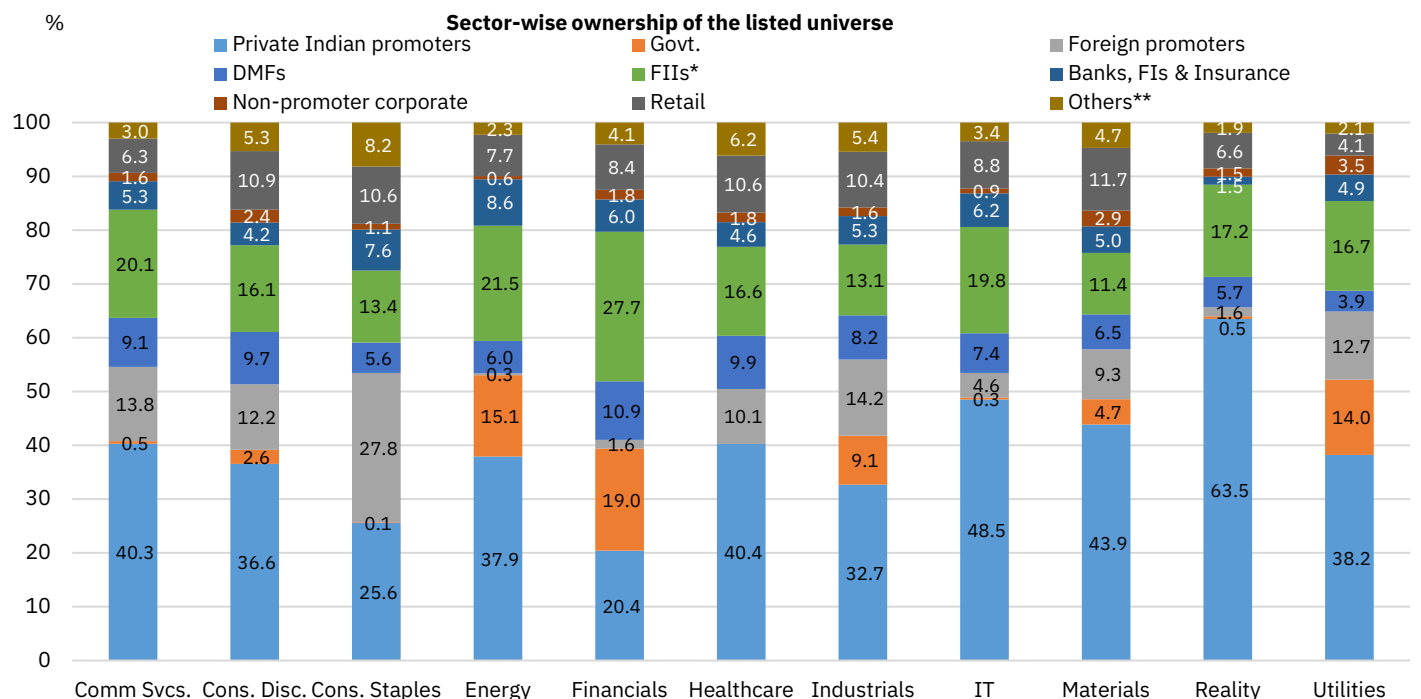
In terms of FII share, Financials sector leads with a 27.7% share, even as there has seen a meaningful drop over the last two years (-8.2pp since December 2020). In fact, FII share in Financials within the NSE listed space, despite an increase in their portfolio allocation to the sector as mentioned later, is now the lowest in last 55 quarters. This is followed by Energy and Communication Services at 21.5% (-25bps QoQ) and 20.1% (-11bps QoQ). All major sectors, barring Energy, Financials, and to some extent Utilities, saw the share of FIIs in the aggregate market cap rising in H2 2022.

Sector-wise, Financials remained the top sector in terms of Government ownership with an 8.7pp increase in 2022 to an eight-year high of 19%.

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

Sector-wise, FII share is the highest in Financials at 27.7% but with a 8.2pp drop since Dec'20.

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

The table below shows sector allocation for key shareholder categories in all NSE-listed companies as of December 2022. Government ownership remains concentrated to Financials, Energy, Utilities, and Industrials, together accounting for 90% of the Government's allocation in the NSE listed space. Consumer sector—Discretionary and Staples—account for 41.6% 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. Both FIIs and DMFs saw their portfolio allocation to Financials rising meaningfully in the December quarter, partly reflecting the impact of a strong rally seen in banking stocks during this period, particularly PSU Banks.

FIIs also saw their exposure to Financials rising at a portfolio level to a five-quarter high of 35.7%, followed by a modest increase in Industrials to a 45-quarter high of 7.1% (+35bps QoQ). Sectors where FIIs reduced their overall allocation in the December quarter included Utilities, Consumer Discretionary and Consumer Staples.

Both DMFs and FIIs saw their portfolio allocation to Financials rising sharply in Q4 2022, partly reflecting the impact of strong rally seen in banking stocks, particularly PSU banks.

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

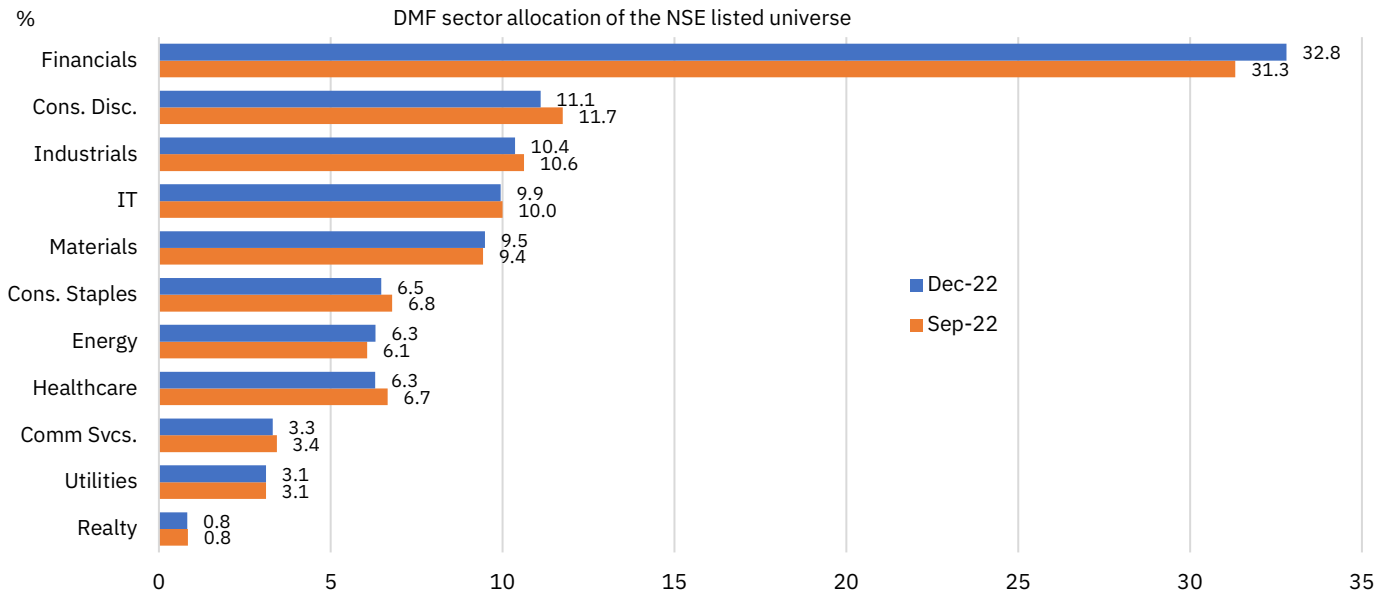
%	Pvt. Indian promoters	Govt	Foreign promoters	Domestic MFs	FIIs*	Banks, FIs, Insurance	Non-promoter corporate	Retail
Communication Services	3.5	0.2	4.6	3.3	3.2	2.7	2.6	2.0
Consumer Discretionary	9.9	2.8	12.7	11.1	8.0	6.7	12.4	11.0
Consumer Staples	7.0	0.1	28.9	6.5	6.6	12.1	5.5	10.8
Energy	9.4	14.9	0.3	6.3	9.6	12.6	2.7	7.1
Financials	14.5	53.7	4.3	32.8	35.7	25.2	24.3	22.4
Health Care	6.1	0.0	5.8	6.3	4.5	4.0	5.1	6.0
Industrials	9.7	10.7	16.1	10.4	7.1	9.3	9.0	11.5
Information Technology	15.4	0.4	5.6	9.9	11.4	11.6	5.6	10.4
Materials	15.1	6.4	12.2	9.5	7.1	10.0	19.1	15.0
Real Estate	2.2	0.1	0.2	0.8	1.1	0.3	1.0	0.9
Utilities	7.3	10.6	9.2	3.1	5.8	5.5	12.7	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.

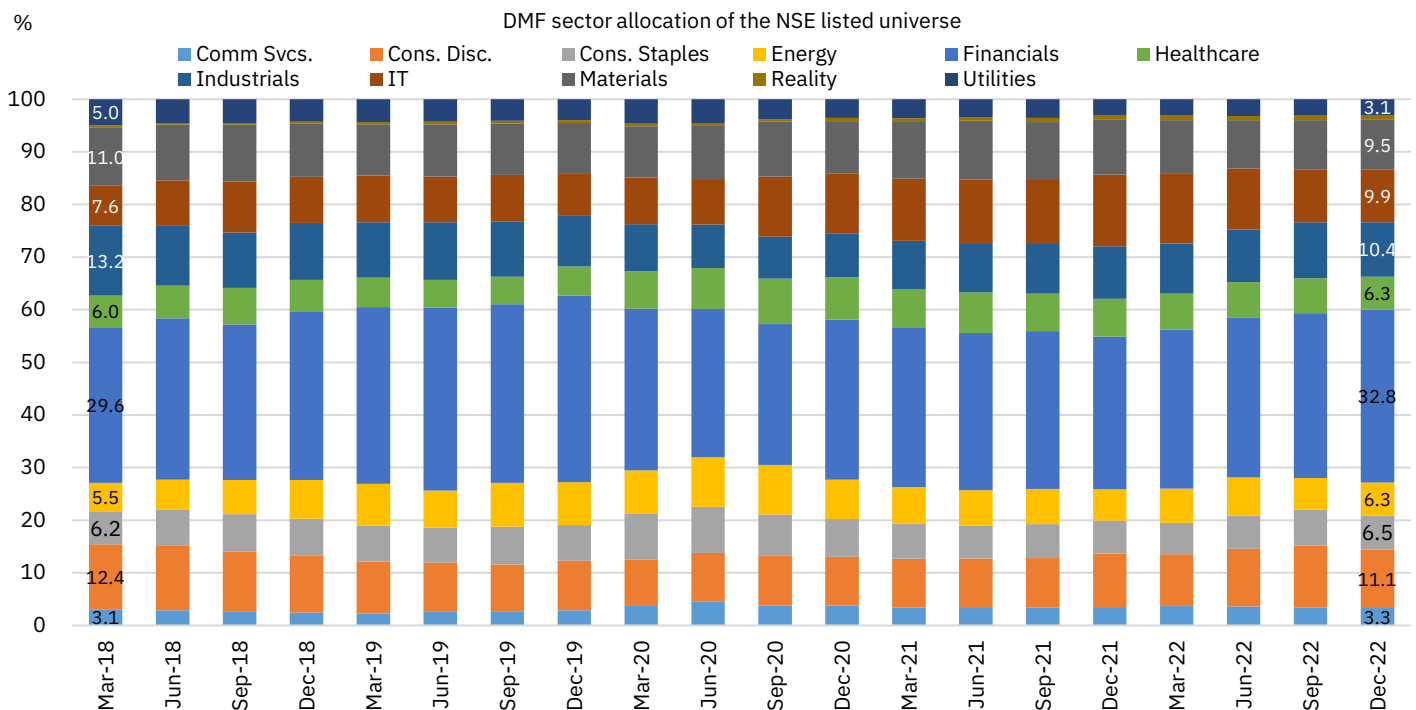
Relative outperformance led to an increased exposure of DMFs to Financials; allocation to Consumer and Pharma sectors dipped on muted performance:

DMFs increased their allocation to Financials for the fourth quarter in a row to a three-year high of 32.8% in the December quarter, thanks to a meaningful relative outperformance of the sector as compared to the overall market. This was followed by a slight increase in allocation to Energy (+25bps to 6.3%). Increase in exposure to these sectors came at the expense of sequentially lower portfolio shares in Consumer Discretionary (-65bps QoQ to 11.1%), Healthcare (-36bps QoQ to 6.3%), Consumer Staples (-32bps QoQ to 6.5%) and Industrials (-27bps QoQ to 10.4%), with the former three reflecting the impact of negative returns generated by these sectors as compared to the broader market. In fact, these were the only three large sectors to report losses in the quarter ending December 2022.

Sectors where DMFs broadly maintained their exposure at a portfolio level in the December quarter included Communication Services, Materials, Information Technology, Utilities and Real Estate.

Figure 23: DMF sector allocation of the NSE-listed universe (December 2022 vs. September 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.

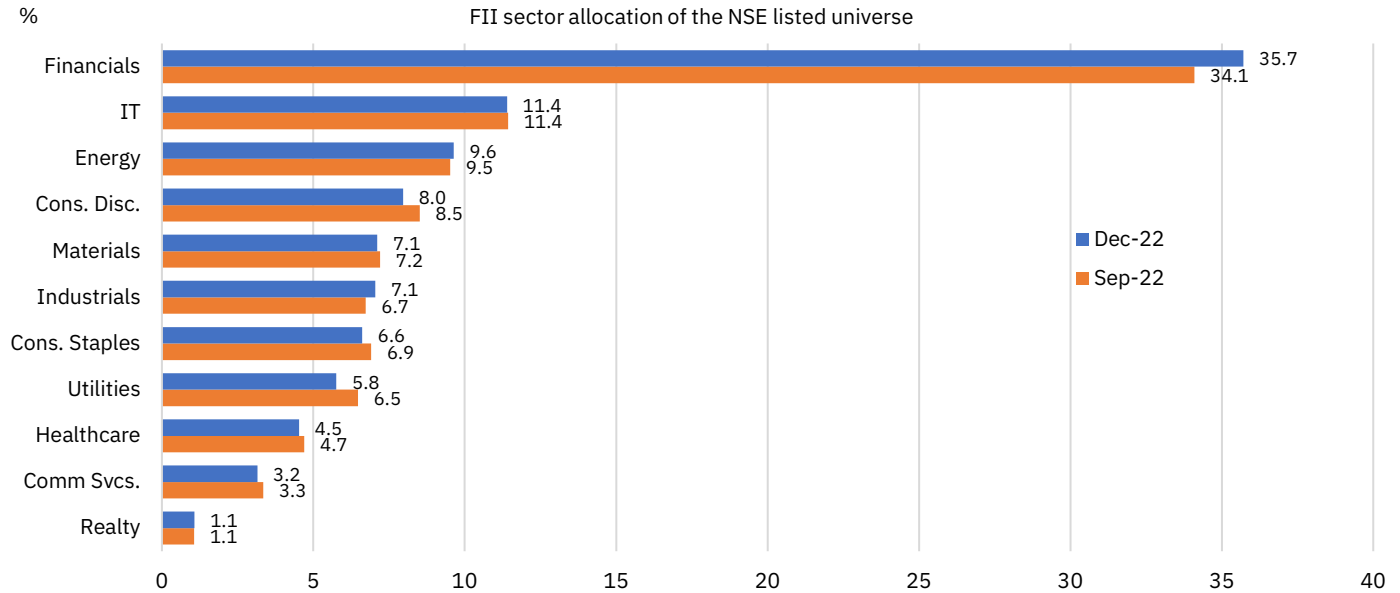
FIIIs also increased their outsized exposure to Financials in the December quarter:

Barring Utilities and Industrials, where directional changes in the FII exposure was in contrast to the DMFs', changes in other sectors were broadly in line, reflecting the impact of relative performance of respective sectors during the quarter. In line with DMFs, FIIIs witnessed their portfolio allocation to Financials within the NSE listed companies rising sharply in the quarter gone by, albeit at a tad higher pace than that for DMFs, and understandably so, thanks to a combination of relatively higher exposure and strong gains reported by the banking sector. Unlike DMFs, FIIIs slightly increased their allocation to Industrials, moderating their perennial negative stance on the sector, but reduced

FIIIs also saw their allocation to Financials rising, albeit at a tad higher pace than DMFs, in the December quarter.

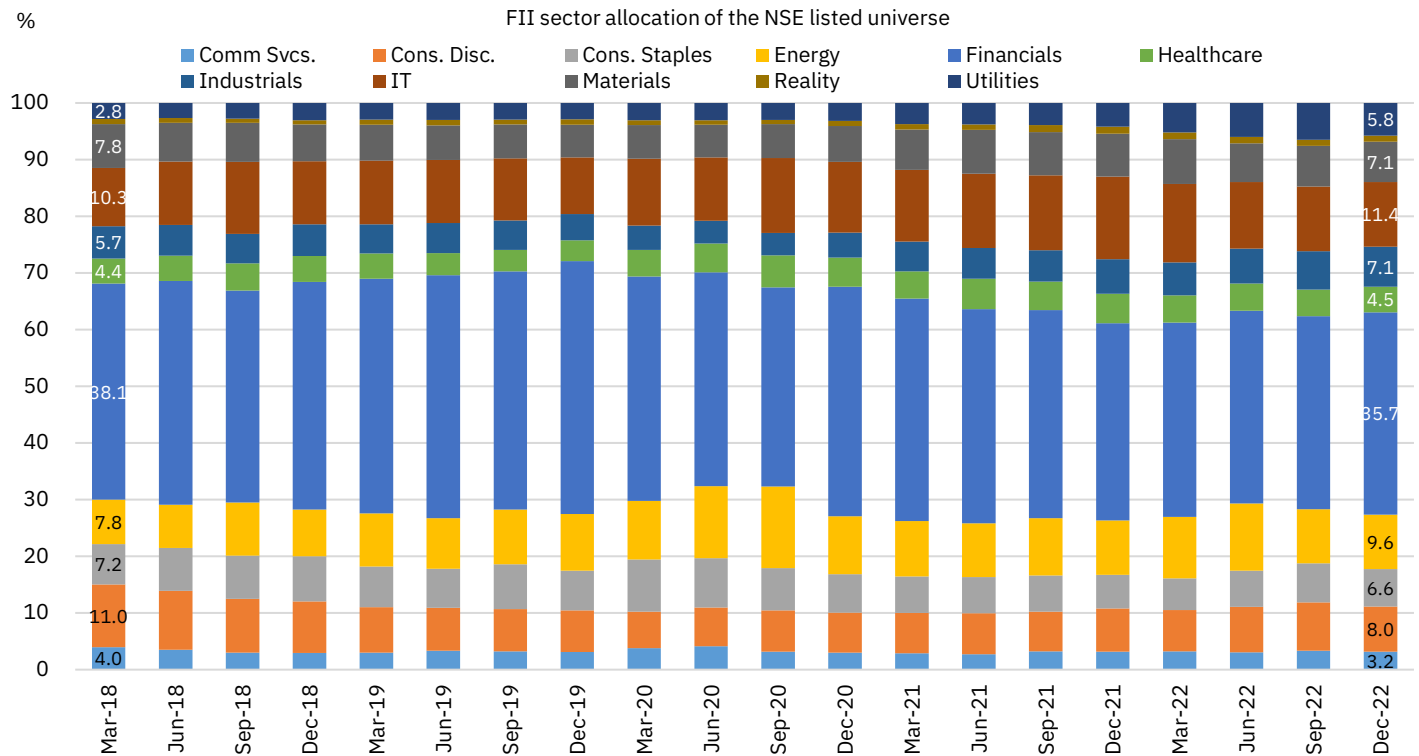
exposure to Utilities by 71bps QoQ to 5.8%. In fact, Financials and Industrials, and to a small extent Energy, are the only sectors where FIIs increased exposure last quarter, at the expense of Utilities and consumption-oriented sectors, viz., Consumer Discretionary and Consumer Staples.

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

Promoter stake in the Nifty 50 universe dipped marginally in the December quarter:

Following a modest increase in the previous quarter, the Nifty 50 universe saw a 67bps QoQ dip in private promoter ownership to a three-year low of 37.3%, similar to the trend seen in the overall listed universe, with both Indian and foreign promoters witnessing a drop. Private Indian promoter stake in the Nifty 50 universe fell by 28bps QoQ, marking the third drop in a row, to an eight-quarter low of 30.9% in the December quarter. Foreign promoter stake fell by a tad higher 39bps QoQ to 6.4%, partly reversing a steep 114bps jump seen in the previous two 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 10-quarter high of 5.5%. This is primarily due to fewer PSU banking stocks in the Nifty50 Index where the rally has been quite significant 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.

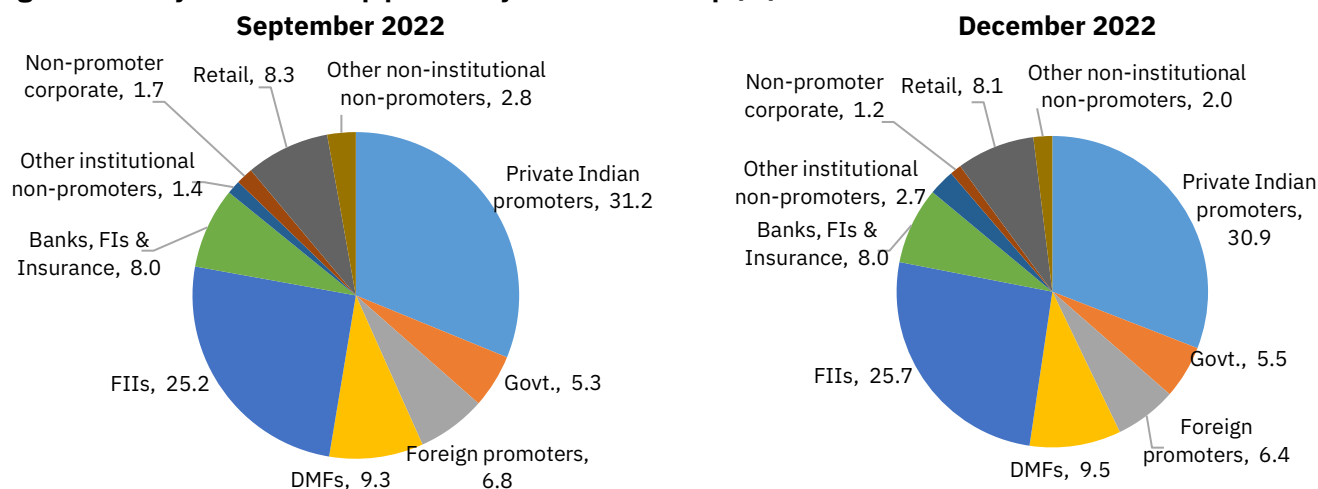
Institutional ownership inched up for the fourth consecutive quarter and at the steepest sequential pace in last 54 quarters:

In line with the broader listed universe, FII ownership in the Nifty 50 universe rose by 49bps QoQ to 25.7%, translating into a total increase of 92bps in the second half. FII share in the Nifty 50 universe is now nearly 2.8pp shy of the all-time high share of 28.5% observed prior to the pandemic in December 2019. The increase over the last two quarters is primarily attributed to strong foreign capital inflows into Indian equities, aided by renewed global risk-on environment, triggered by a potential Fed pivot, and easing COVID restrictions in China.

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%.

DMF ownership also inched up by 17bps QoQ to fresh record high of 9.5% in the December quarter, in line with the modest sequential increase seen in the overall listed universe. The share of Banks, Financial Institutions and Insurance in the Nifty 50 universe remained broadly steady at a five-year high of 8% in the December quarter after rising by a steep 215bps over the previous four quarters. That said, the share of BFI in the Nifty 50 space is still 4.8pp shy of the peak share—the last seen almost 20 years back.

Retail ownership in the Nifty 50 dipped to seven-quarter lows: Individual retail investors' holding in the Nifty 50 Index fell for the second consecutive quarter by 17bps QoQ to a seven-quarter low of 8.1% in the December quarter. This is a tad higher drop than that seen in the broader listed universe. That said, the retail share in Nifty50 total market cap is still ~50bps higher than the pre-pandemic share (December 2019). Around 35/50 Nifty 50 stocks saw a dip in retail share during the quarter gone by.

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

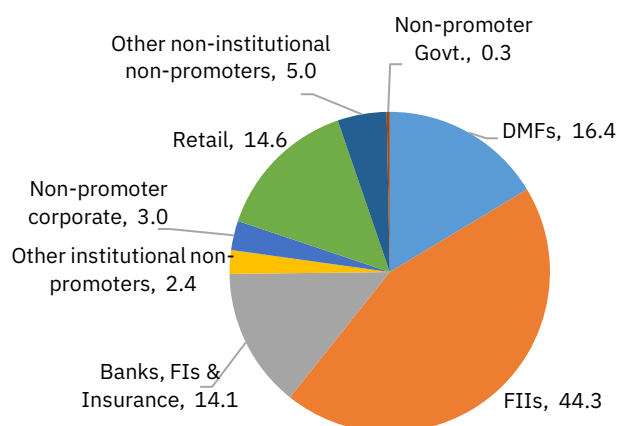
%	Private Indian promoters	Govt	Foreign promoters	Domestic MFs	Banks, FIs & Insurance	FII *	Non-promoter corporate	Retail
Mar-20	28.1	6.4	9.7	8.4	7.1	26.3	3.1	7.8
Jun-20	29.5	5.6	8.8	8.4	7.2	25.7	2.9	7.8
Sep-20	32.2	4.6	7.7	8.1	6.7	25.8	2.4	8.0
Dec-20	30.9	4.9	7.3	8.0	6.5	27.5	2.6	8.0
Mar-21	31.2	5.0	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
Sep-22	31.2	5.3	6.8	9.3	8.0	25.2	1.7	8.3
Dec-22	30.9	5.5	6.4	9.5	8.0	25.7	1.2	8.1
QoQ change	-28bps	22bps	-39bps	17bps	-3bps	49bps	-49bps	-17bps

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

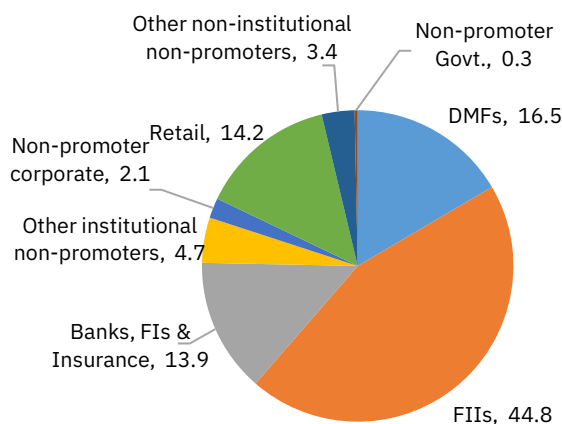
In terms of floating stock, FII share in the Nifty 50 Index rose by 50bps QoQ in the December quarter to 44.8%. This followed an 86bps QoQ jump in the previous quarter. The gain during the last two quarters has completely reversed the sharp fall seen in FII share in the June quarter. Share of DMFs in the Nifty 50 free float market cap rose by a modest 17bps QoQ to 16.5%, aided by strong SIP inflows, reversing an equivalent dip seen in the previous quarter.

Banks, Financial Institutions, and Insurance companies also saw their share falling by 17bps QoQ to 13.9% in the December quarter, following a steep 3.7pp increase over the previous three quarters of the calendar year 2022. Overall institutional ownership in the Nifty 50 floating stock rose by a strong 2.8pp QoQ—the steepest QoQ jump in more than 16 years—to an all-time high share of 80%. This translates into a total increase of 6.1pp in 2022. Among other shareholder categories, other non-institutional non-promoter investors (That are neither individuals nor corporates and primarily comprise of trusts, clearing members and HUFs) saw their share in the Nifty 50 floating stock falling by a steep 155bps QoQ, totaling to a total drop of 3.1pp in 2022. Overall, a huge jump in institutional share in Nifty50 floating stock in 2022 has come at the expense of reduced share for non-promoter corporates and other non-institutional non-promoter investors.

Figure 28: Nifty 50: Ownership pattern by free float market cap (%)
September 2022



December 2022



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

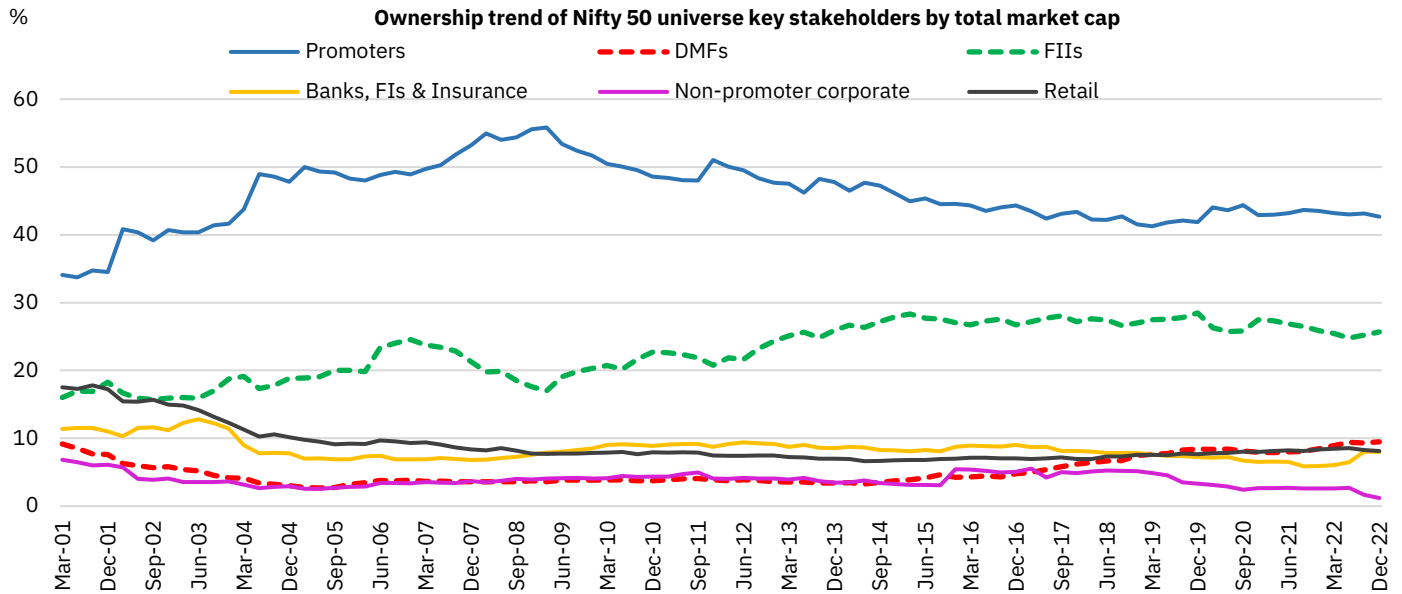
Table 5: Nifty 50: Ownership trend across key stakeholders by free float market cap over last the three years

%	Domestic MFs	Banks, FIs & Insurance	FIIs*	Non-promoter corporate	Public
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
Sep-22	16.4	14.1	44.3	3.0	14.6
Dec-22	16.5	13.9	44.8	2.1	14.2
QoQ change	16bps	-16bps	50bps	-88bps	-40bps

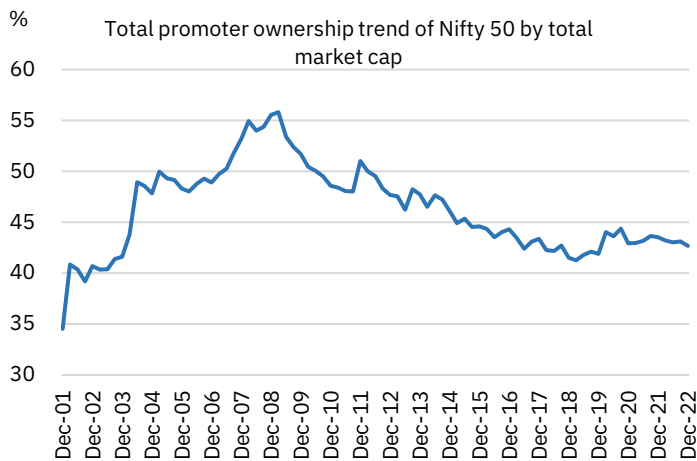
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

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 next one-and-a-half years and decline thereafter. This has been largely led by a sharp decline in Government ownership until September 2020, even as private Indian promoters' holding has increased since 2010 while foreign promoters' share has remained broadly steady barring the post-COVID volatility.

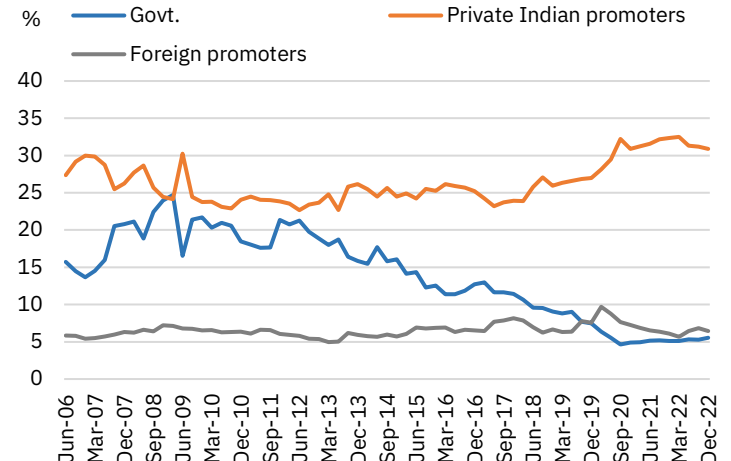
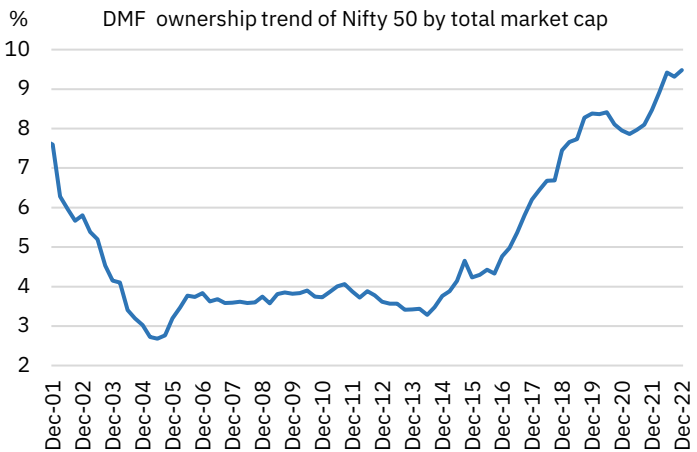
While the DMF ownership has seen a sharp increase since 2014 barring the drop in 2020, FII ownership saw a steady increase since the Global Financial crisis until early 2015 and has since hovered around similar levels, witnessing some drop over the last 7-8 quarters. Contrary to the overall NSE-listed universe, retail ownership in the Nifty 50 Index has been steadily rising over the last eight years, barring a modest drop over the last two quarters.

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


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

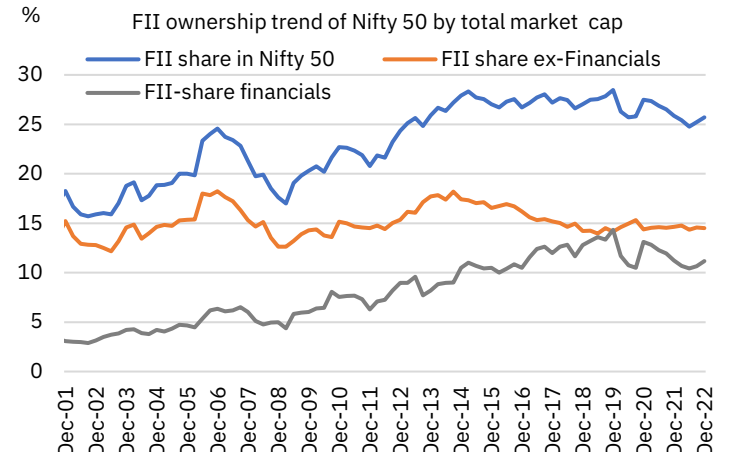
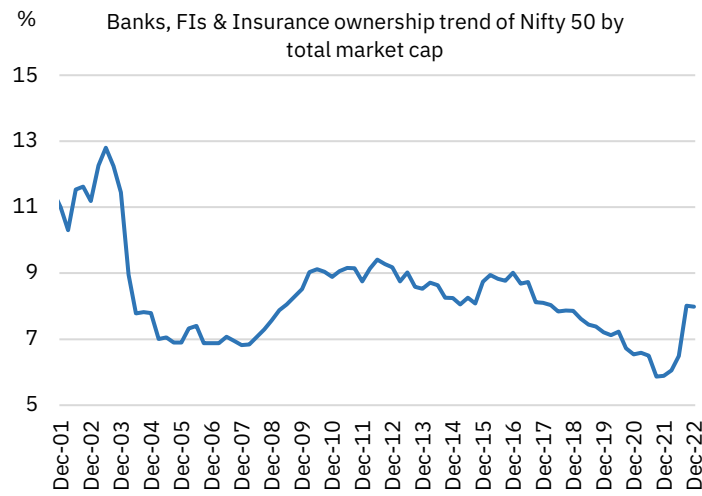
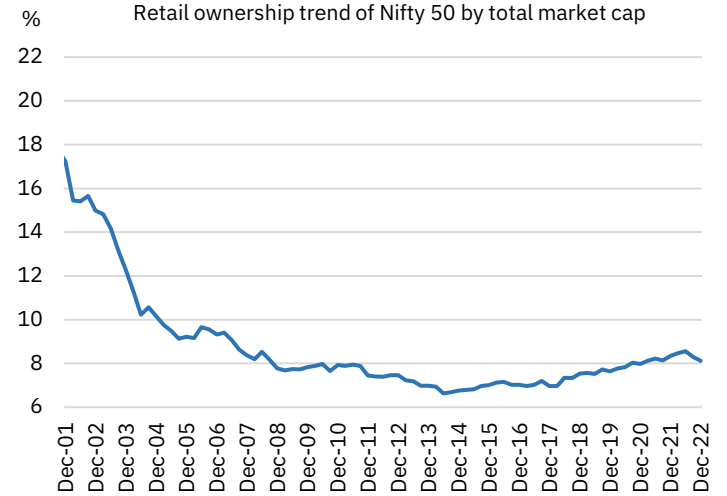
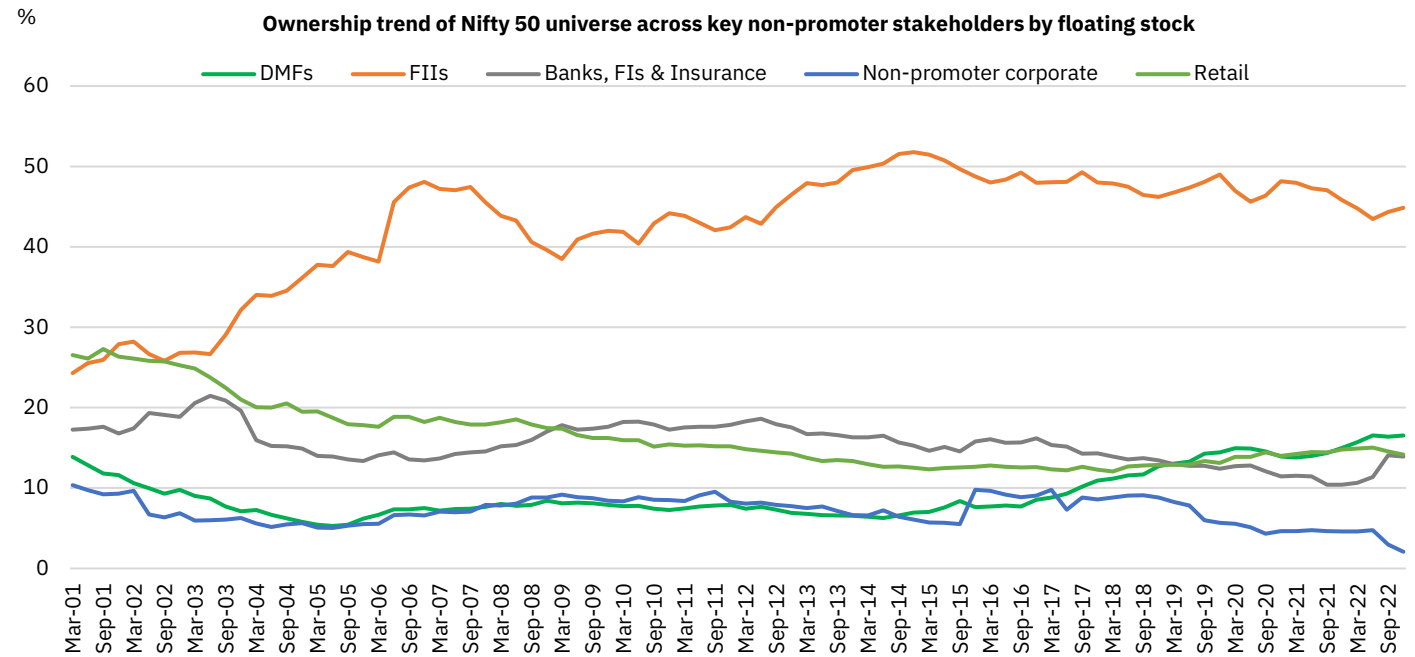
Figure 33: FII ownership trend of Nifty 50 universe by total market cap


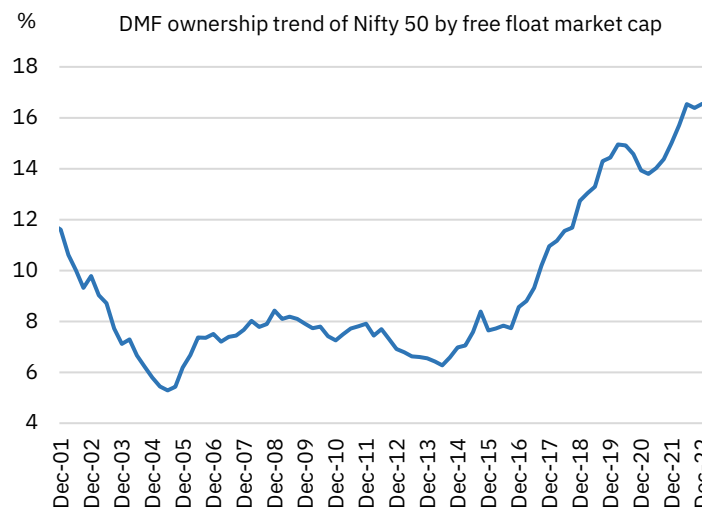
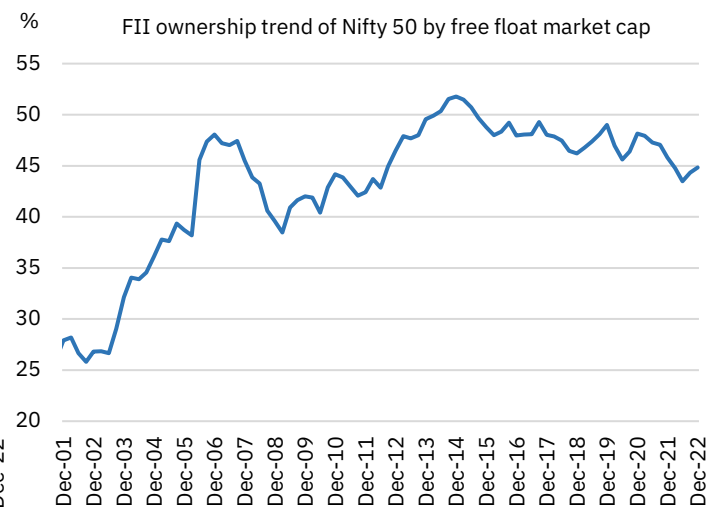
Figure 34: Banks, FIs & Insurance ownership trend of Nifty 50 universe by total market cap

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


Source: CMIE Prowess, NSE EPR.

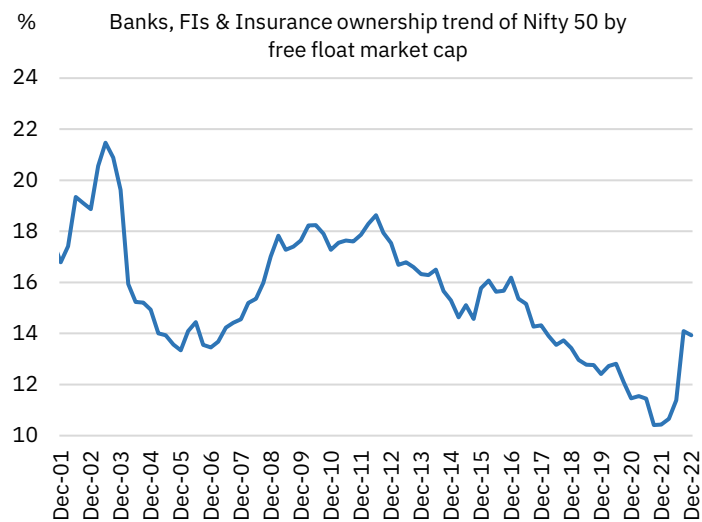
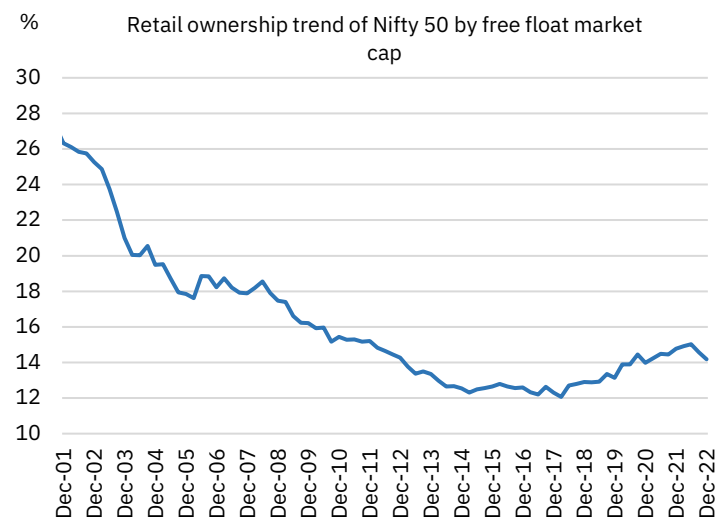
Our long-term ownership analysis on the free float market cap of the Nifty 50 Index also shows that while DMF ownership is currently hovering at a 22-year high of 16.5%, current FII ownership is nearly 6.9pp lower than the peak of 51.8% seen in December 2014.

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

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


Source: CMIE Prowess, NSE EPR.

Sector-wise ownership of the Nifty 50 universe (December 2022): In the quarter ending December 2022, Communication Services within the Nifty 50 universe had the highest promoter ownership at 55.2%. This is followed by Information Technology at 54.1% (+19bps QoQ), Utilities at 51.2% and Energy at 51.2%. Utilities and Energy remained the top sectors in terms of Government ownership at 51.3%—steady over the last eight quarters, and 12.3% (+35bps QoQ) respectively, even as both the sectors have seen a significant drop in Government’s ownership from pre-pandemic levels (2019).

Sector-wise, Financials remained the top sector in terms of DMF ownership in the December quarter, with a 34bps QoQ increase to a 22-year high share of 14.1% (+2pp in 2022). Barring Healthcare, Information Technology and Industrials, DMF share rose in all other sectors led by Consumer Discretionary (+51bps QoQ to 22-year high of 8.9%), Utilities (+46bps QoQ to 13.9%) and Financials.

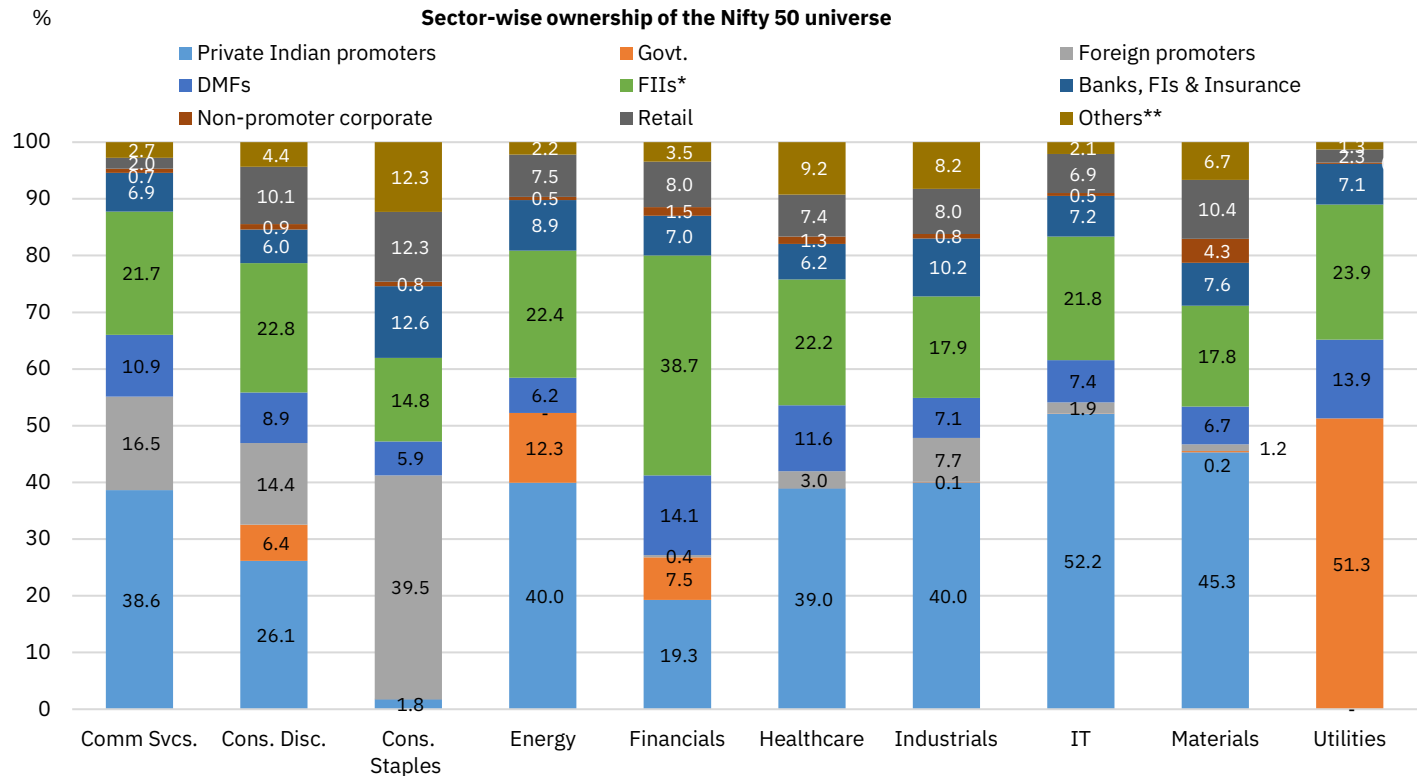
FIIIs have remained the biggest non-promoter owners of Financials with a 126bps QoQ jump to 38.7%, even as the share is still down ~6.1pp over the last two years. This is

Barring Healthcare, IT and Industrials, DMF share rose in all other sectors led by Consumer Discretionary, Utilities and Financials.

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

followed by Utilities at 23.9% (+74bps QoQ), Consumer Discretionary at 22.8% (+15bps QoQ) and Energy at 22.5% (-23bps QoQ).

Figure 41: Nifty 50: Sector-wise ownership pattern across key stakeholders (December 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 (December 2022): The table below shows the sector allocation for key stakeholders in Nifty 50 companies as of December 2022. The concentration of Government ownership in Financials, Energy and Utilities sector is much higher at 91.5% in the Nifty 50 universe vs 79.2% in the broader listed universe. The Consumer sector—Staples and Discretionary—accounted for 73.9% of the exposure of foreign promoters to the Nifty 50 companies as of December-end, down 149bps QoQ.

In case of institutional investors, DMFs have a much higher exposure to Financials at 42.9% in the Nifty 50 Index (+95bps QoQ, +3.9pp in 2022)—the highest share in last 12 quarters vs. 32.8% in the NSE-listed universe. Notably, DMF exposure to Financials within Nifty50 companies is now mere 1.9pp lower than the two-decadal high share of 44.8% in the quarter ending December 2019. In line with DMFs, FIIs' allocation to Financials also rose by 127bps QoQ to 43.5% in the quarter ending December 2022, marking the third consecutive increase, even as it still hovering nearly 6.8pp below the peak share of 50.3% in December 2019.

Both FIIs and DMFs increased their exposure to Financials in the quarter gone by.

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

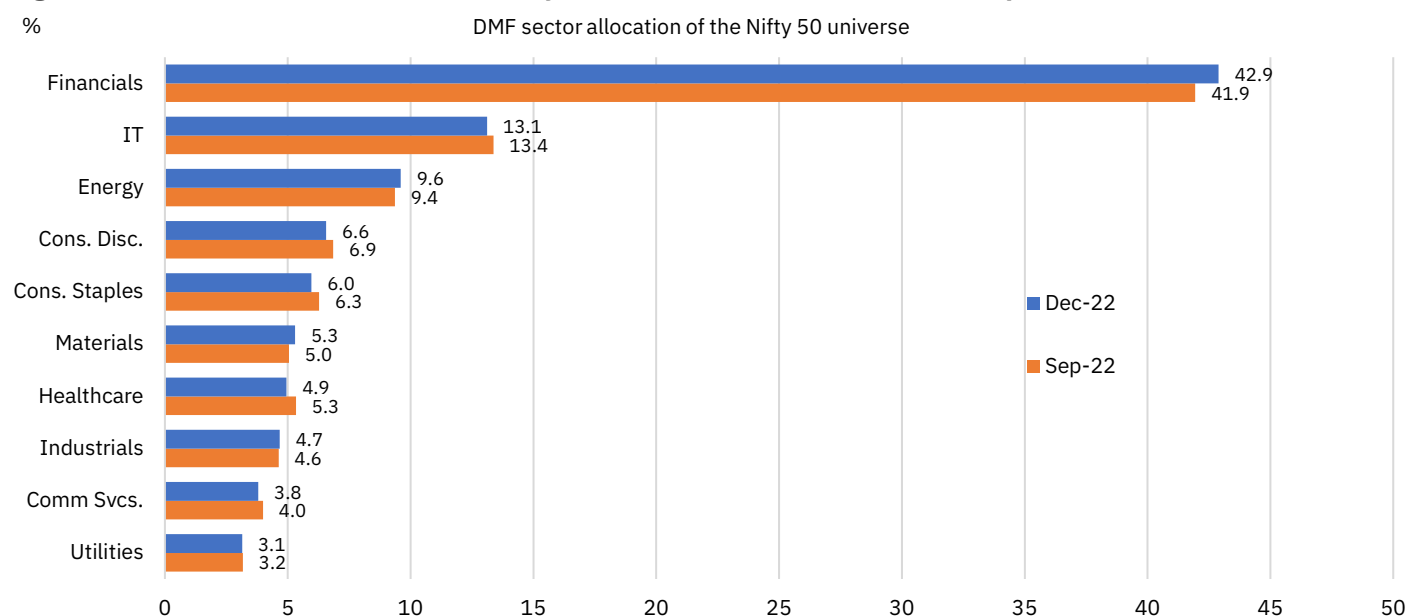
%	Private Indian promoters	Govt	Foreign promoters	Domestic MFs	FII*s*	Banks, FIs & Insurance	Non-promoter corporate	Retail
Communication Services	4.1	0.0	8.5	3.8	2.8	2.8	2.0	0.8
Consumer Discretionary	5.9	8.1	15.6	6.6	6.2	5.2	5.3	8.7
Consumer Staples	0.5	0.0	58.3	6.0	5.5	15.0	6.3	14.5
Energy	18.9	32.5	0.0	9.6	12.8	16.3	6.5	13.4
Financials	18.0	39.1	1.8	42.9	43.5	25.4	37.2	28.4
Health Care	5.1	0.0	1.9	4.9	3.5	3.2	4.4	3.7
Industrials	8.1	0.1	7.6	4.7	4.4	8.0	4.0	6.2
Information Technology	28.2	0.0	5.0	13.1	14.2	15.0	7.0	14.2
Materials	11.1	0.3	1.4	5.3	5.2	7.1	26.9	9.6
Utilities	0.0	19.9	0.0	3.1	2.0	1.9	0.4	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 on consumption sectors, strengthened their OW stance on Financials and reduced positive bias on Healthcare and Communication Services:

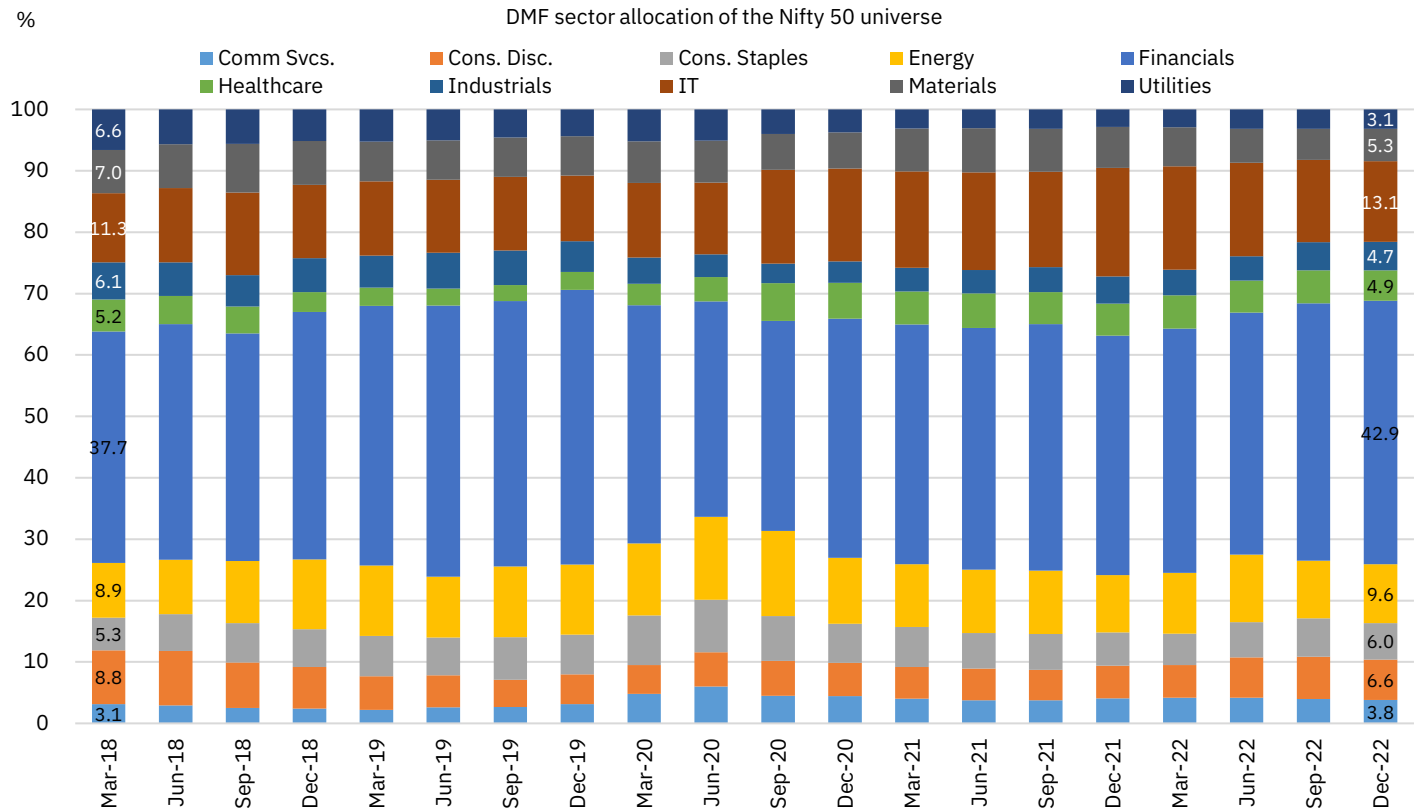
DMFs have significantly raised their bets on the Financials sector over the last two years, with their relative OW position to the sector in the December quarter being the highest in last six years. In fact, their outsized position on Financials at a portfolio level is now at par with that of FIIs. This is entirely led by strong gains generated by banking stocks during the quarter, as evident from a QoQ increase in DMF portfolio allocation to the sector that's equivalent to the jump in its weight in the Index. Further, DMFs turned less bearish on India's consumption story, with a sequentially trimmed UW stance on Consumer Discretionary and Consumer Staples—the lowest in last 29 quarters—a consequence of incremental buying and relative outperformance. DMFs also reduced their positive bias on Healthcare and Communication Services, while retaining the OW position, while turned mildly cautions on Information Technology and Industrials. Among other sectors, DMFs retained their OW stance on Utilities and UW stance on commodity sectors including Energy and Materials, reflecting the impact of China slowdown.

DMFs turned incrementally less bearish on consumption-oriented sectors, further strengthened their huge OW position on Financials and trimmed OW positions on Healthcare and Communication Services.

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


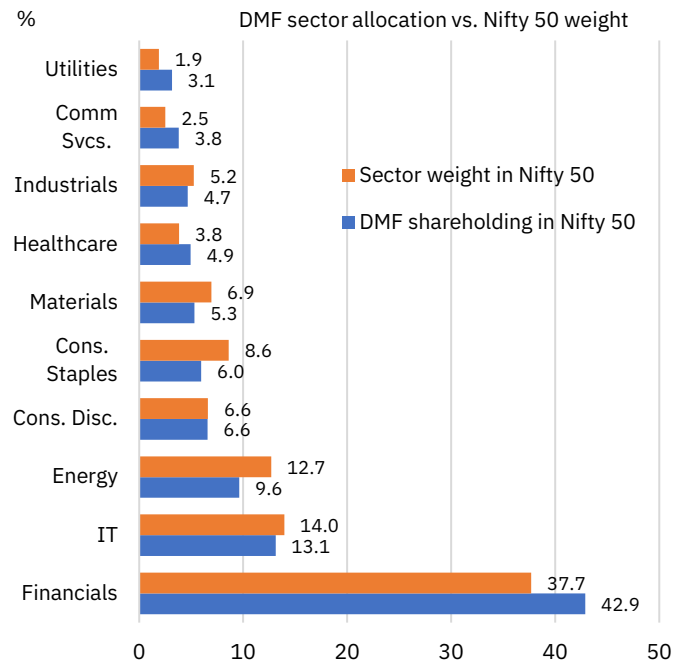
Source: CMIE Prowess, NSE EPR.

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 (December 2022)



Source: CMIE Prowess, NSE EPR.

Figure 45: DMF sector-wise OW/UW in Nifty 50 relative to sector weight in the index (December 2022)

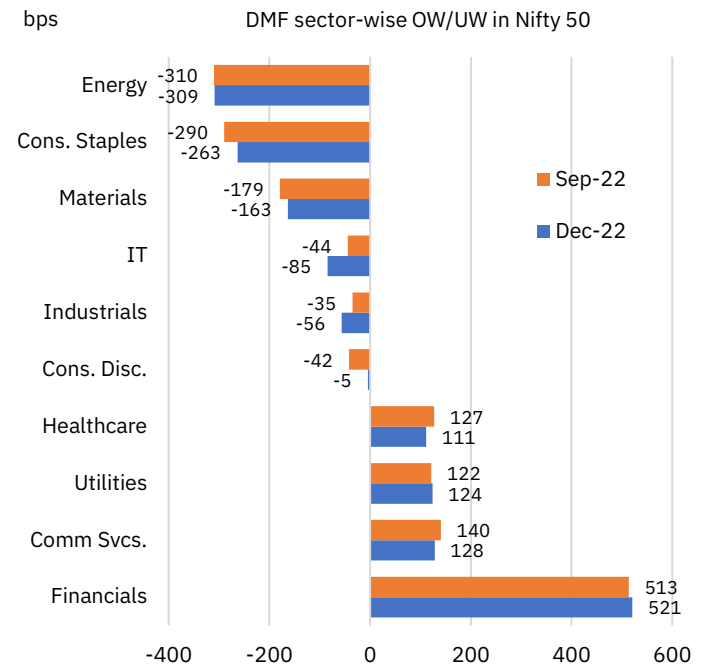
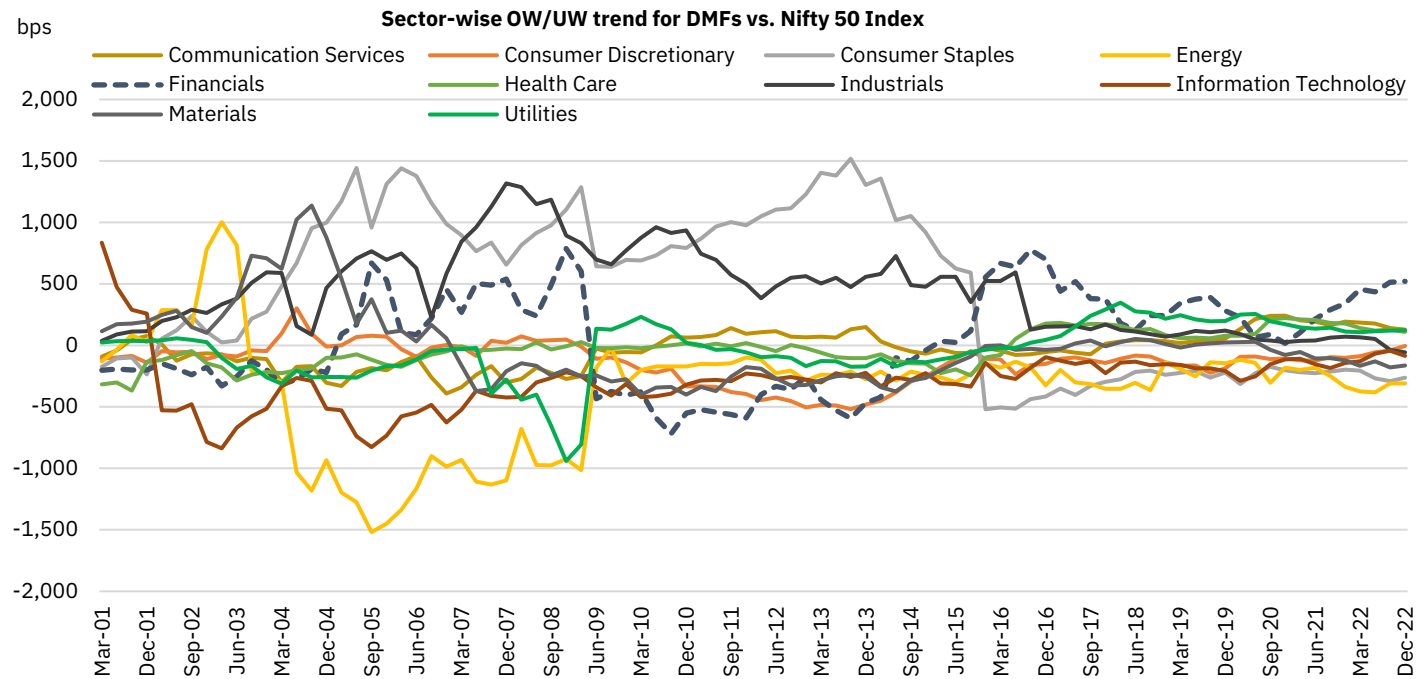
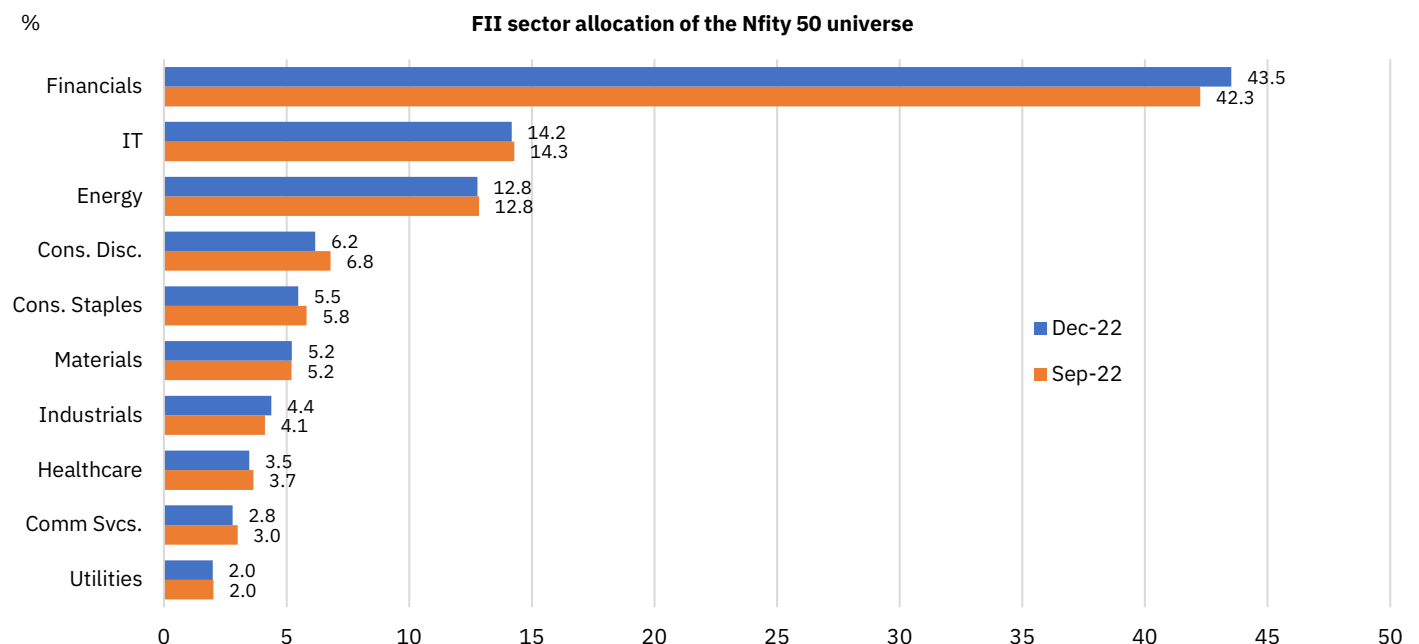


Figure 46: DMF vs Nifty 50—Sector-wise OW/UW trend (bps)


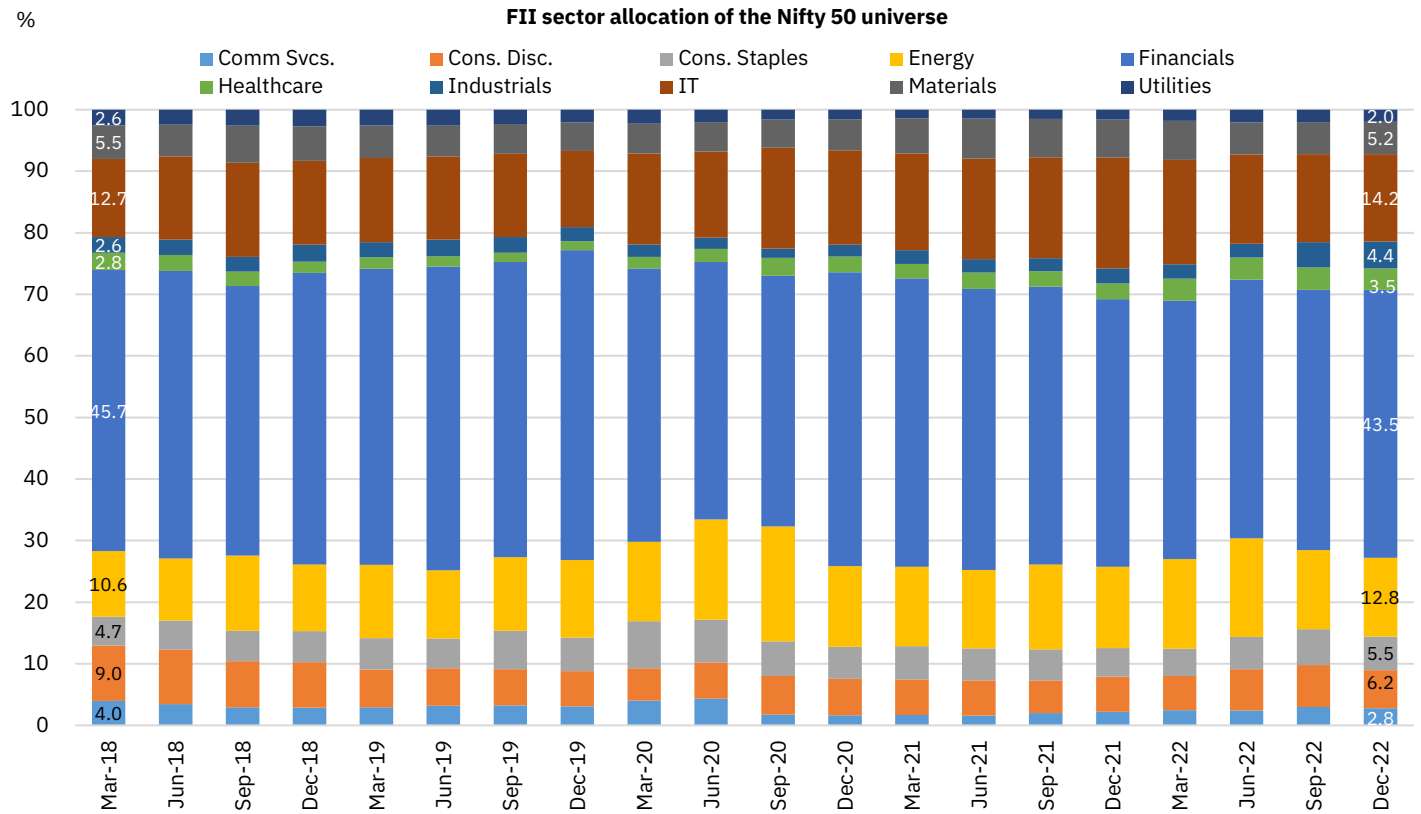
FII broadly maintained their sector positioning in the December quarter within the Nifty 50 universe: FIIs rejig of sectors within the Nifty 50 universe was fairly limited in the December quarter. In line with DMFs, FIIs strengthened their perennial outsized OW bet on Financials relative to the Index and turned incrementally less bearish on Consumer Staples. The increase in relative portfolio allocation to these sectors came at the expense of reduced exposure to Energy and Information Technology. Among other sectors, FIIs maintained a big UW stance on Materials, slight negative bias on Industrials and neutral stance on others. In fact, Financials is the only sector within the Nifty50 companies where FIIs have an OW position.

In the December quarter, FIIs maintained OW view on Financials, turned less bearish on Consumer Staples, and trimmed relative exposure to Energy and IT within the Nifty50 universe.

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


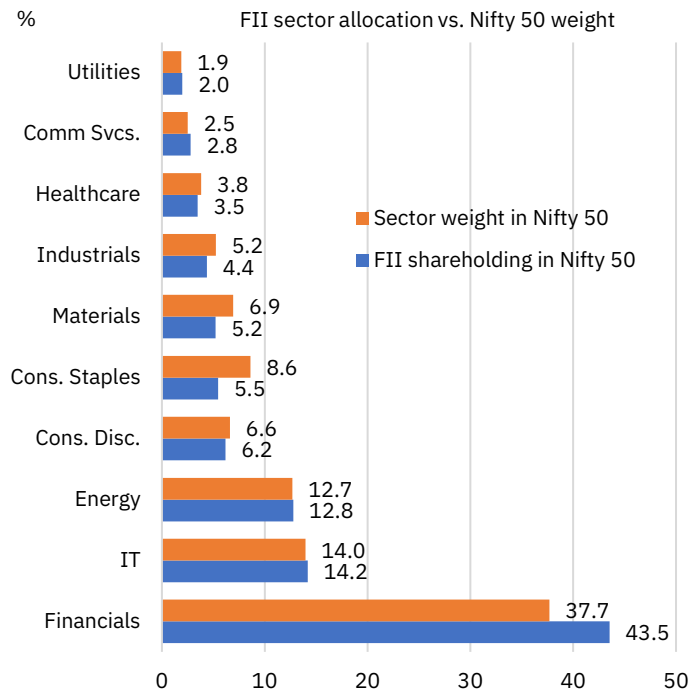
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

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 (December 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 (December 2022)

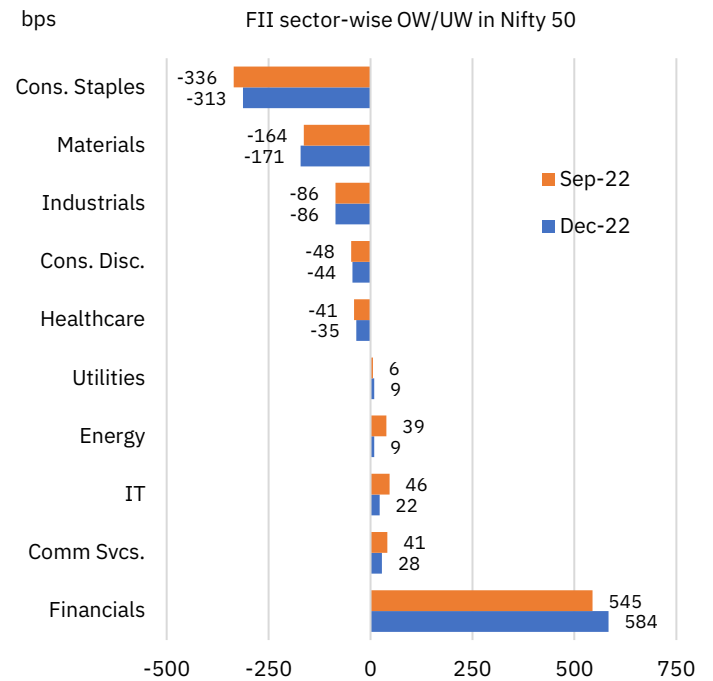
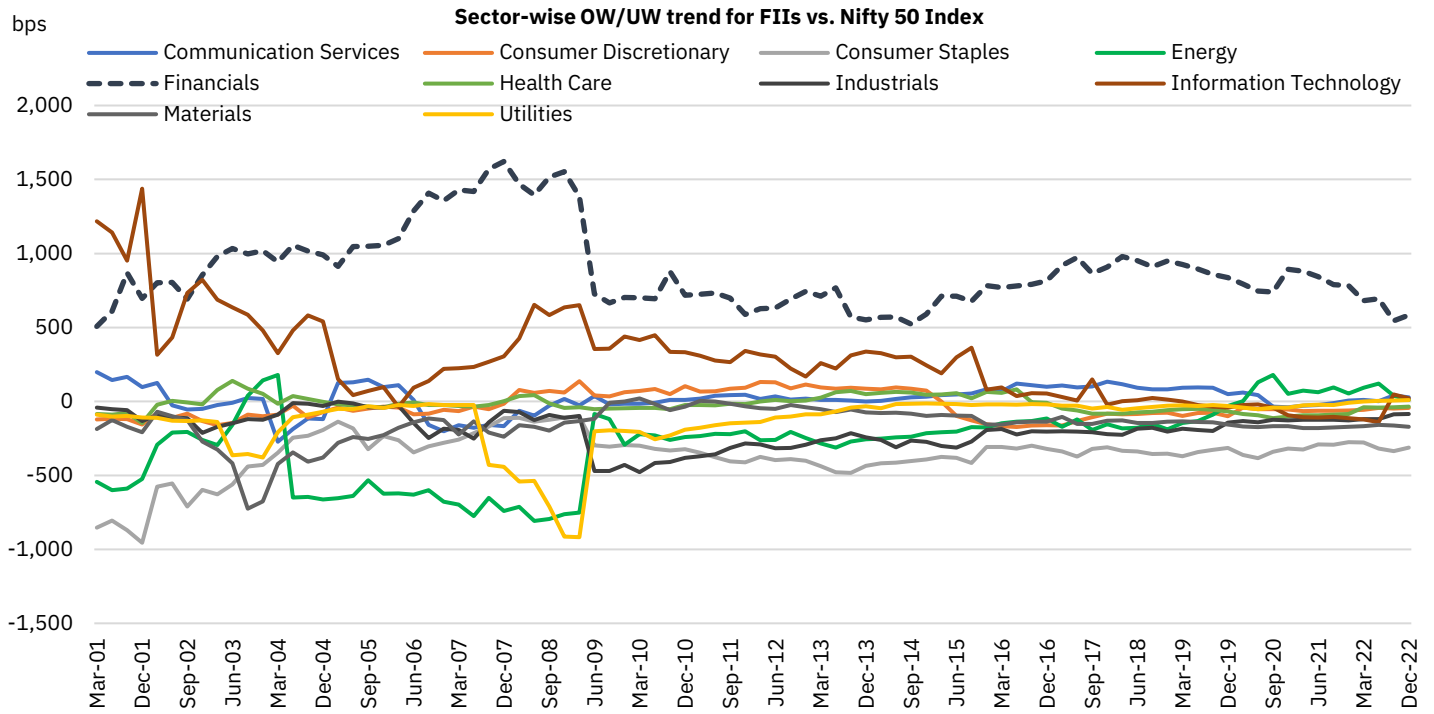


Figure 51: FII vs Nifty 50—Sector-wise OW/UW trend (bps)


Nifty 500 ownership trends

Ownership pattern of the Nifty 500 universe (December 2022)

Promoter stake in the Nifty500 universe dipped to three-year lows: After rising sharply in the previous quarter, promoter stake in the Nifty 500 universe dipped by a modest 27bps QoQ to 50.9% in the December quarter. A strong jump in Government ownership in the quarter gone by was more than offset by dip in both private Indian and foreign promoter share. While private Indian promoter share dipped for the fourth quarter in a row by 89bps QoQ to a 10-quarter low of 33.5%, foreign promoter saw their stake in the Nifty 500 companies falling by 52bps to 9.0%, partly reversing the big jump seen over the previous two quarters. Government stake in the Nifty 500 universe rose by a steep 118bps QoQ to a 14-quarter high of 8.8%, primarily reflecting strong relative outperformance of Government-owned companies during the quarter.

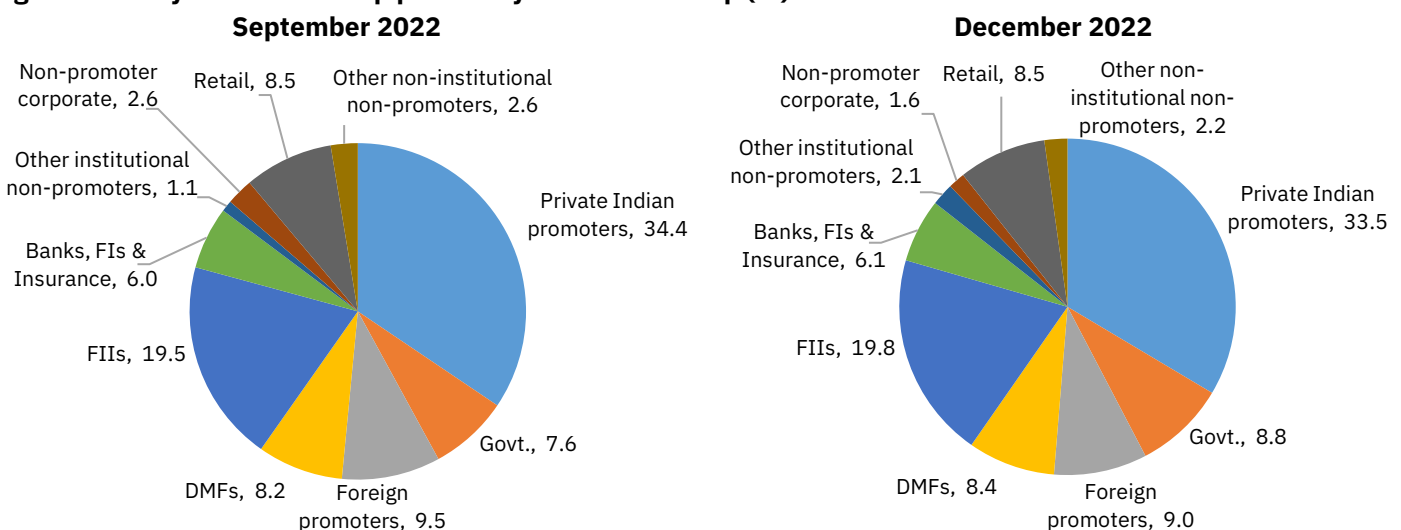
Promoter stake in the Nifty500 universe dipped to three-year lows, led by drop in private promoter ownership—both Indian and foreign, partly offset by steep rise in Government share.

Institutional ownership of the Nifty500 market cap rose sharply led by a broad-based rise across shareholder categories: In terms of institutional ownership, DMFs' aggregate share in Nifty 500 companies rose by a modest 16bps QoQ to 22-year high of 8.2% in the December quarter, more than reversing the dip seen in the previous quarter. FIIs also saw their share rising by 32bps QoQ (-107bps in 2022) to 19.8% in the December quarter, even as it is still 3.4pp below the peak share over the last 22 years. Banks, Financial Institutions, and Insurance companies' share moved up for the fourth quarter in a row by a modest 12bps QoQ to a 21-quarter high of 6.1% in the December quarter, translating into a total increase of ~150bps in 2022.

FIIs saw their ownership rising marginally in the December quarter, DMF ownership inched up to 22-year high levels.

Retail ownership in the Nifty 500 universe fell slightly in the December quarter: Retail investors' ownership in Nifty 500 companies dipped marginally by 9bps QoQ to 8.5% in the December quarter. This echoes with muted trading activity of retail investors in the NSE's cash market segment and reported net investment outflows during the quarter—the first time in eight quarters. That said, the drop has been fairly modest, indicating sustenance of retail interest in the equity market despite muted performance, also corroborated by rising SIP flows.

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



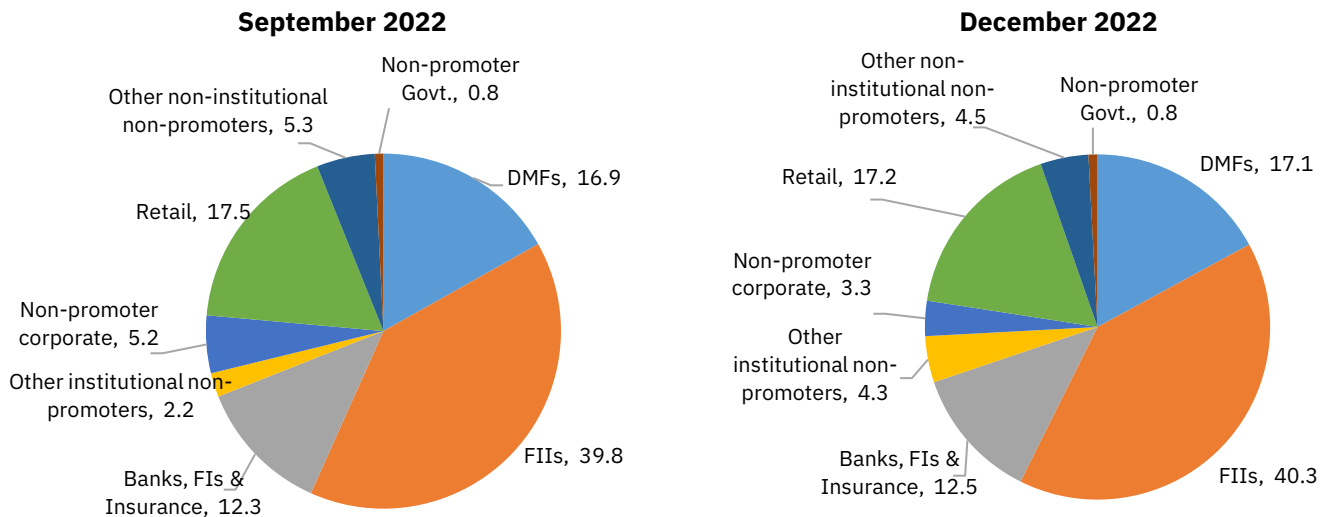
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

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
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	9.1	8.3	5.0	19.8	3.4	9.0
Sep-22	34.4	7.6	9.5	8.2	6.0	19.5	2.6	8.5
Dec-22	33.5	8.8	9.0	8.4	6.1	19.8	1.6	8.5
QoQ change	-89bps	118bps	-52bps	16bps	12bps	32bps	-94bps	-9bps

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 rose by 43bps QoQ to 40.3% in the December quarter, even as it is still ~180bps lower as compared to the year-ago period share. FII share in the Nifty 500 Index is now 7.2pp lower than the peak share over the last 22 years. Share of DMFs in the Nifty 500 floating stock inched up by a modest 23bps QoQ—the seventh increase in a row—to a 22-year high of 17.1% as of December-end. Retail ownership in the Nifty500 floating stock fell by a 29bps QoQ for the third time in a row to a seven-quarter low of 17.2% and is 12.6pp below the peak share over the entire analysis period (March 2001-).

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	FIIs	Non-promoter corporate	Retail
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	18.1
Sep-22	16.9	12.3	39.8	5.2	17.5
Dec-22	17.1	12.5	40.3	3.3	17.2
QoQ change	23bps	17bps	43bps	-195bps	-29bps

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

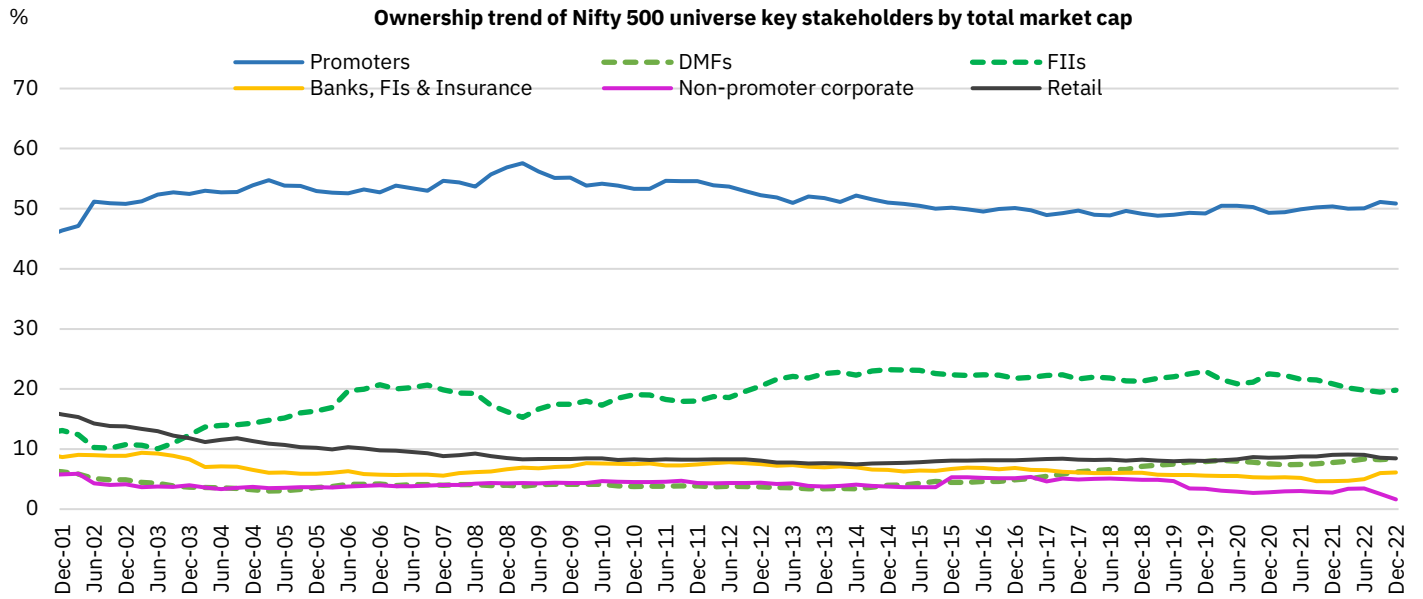
Long-term ownership trend of the Nifty 500 universe: Overall promoter ownership in Nifty 500 has also seen a steady decline since 2009 until March 2019, albeit at a slower pace than the Nifty 50 Index, entirely led by a sharp dip in Government ownership, while the share of private Indian promoters has significantly increased during this period. Promoter share, however, has been inching up since 2019, aided by higher Indian promoter share—both private and public, while foreign share has remained fairly steady.

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 years, 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 saw a steady decline over the subsequent seven quarters only to rise modestly in the December quarter, weighed down dampened sentiments owing to recurring COVID variants, followed by the Russia-Ukraine war, sky-rocketing inflation, steep rate hikes by global central banks and China slowdown. This led to flight of capital away from riskier asset classes including Indian equities during this period, even as the last two quarters have seen FIIs coming back. Banks, financial institutions, and insurance, however, have been steadily reducing their exposure to Indian equities over the last decade until 2021 only to see a meaningful spike the following year.

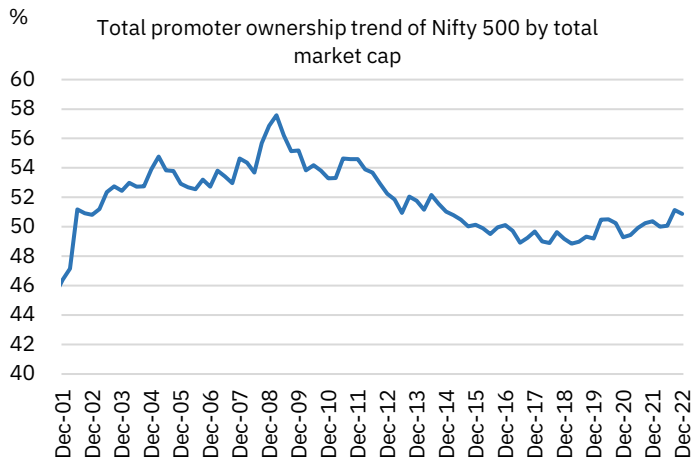
Retail ownership in the Nifty 500 Index fell sharply from the north of 16% in 2001 to sub-8% in 2013, hovered around these levels until December 2019 only to rise steadily until the last fiscal year (March 2022). The last few quarters, however, has seen a slight dip in retail share, mimicking the trend seen in their trading activity during this period.

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

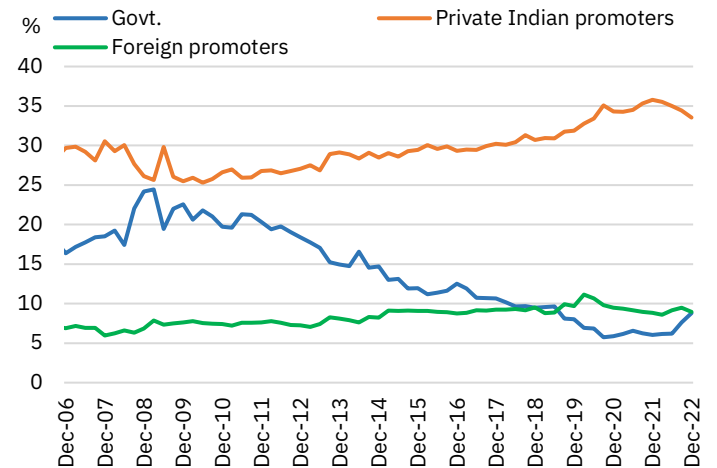
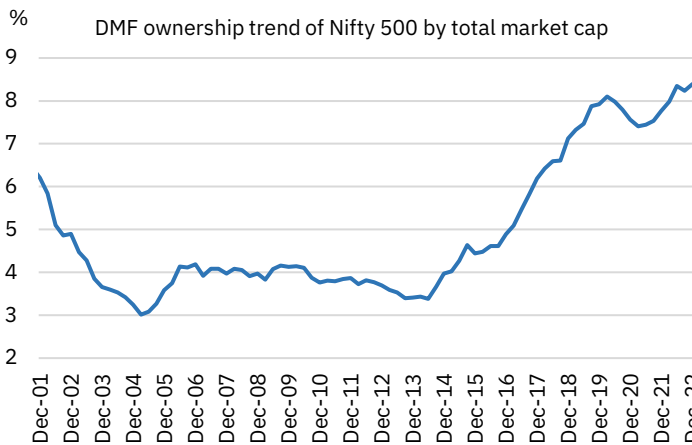
DMF ownership in Nifty 500 has been gradually rising since 2014, barring a dip in FY21.

Figure 54: Nifty 500: 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 55: Total promoter ownership trend of the Nifty 500 universe by total market cap


Source: CMIE Prowess, NSE EPR.

Figure 56: Indian and foreign promoter ownership trend of the Nifty 500 universe by total market cap

Figure 57: DMF 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

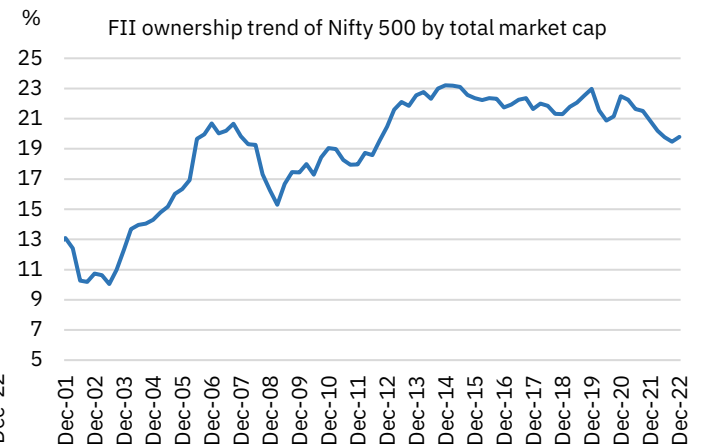
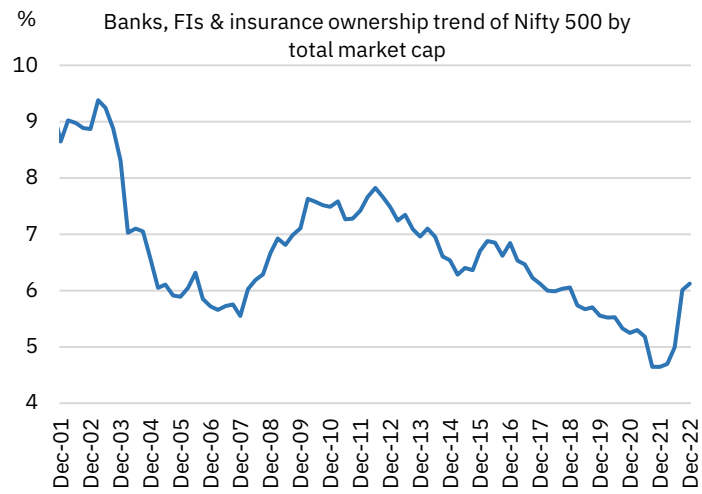
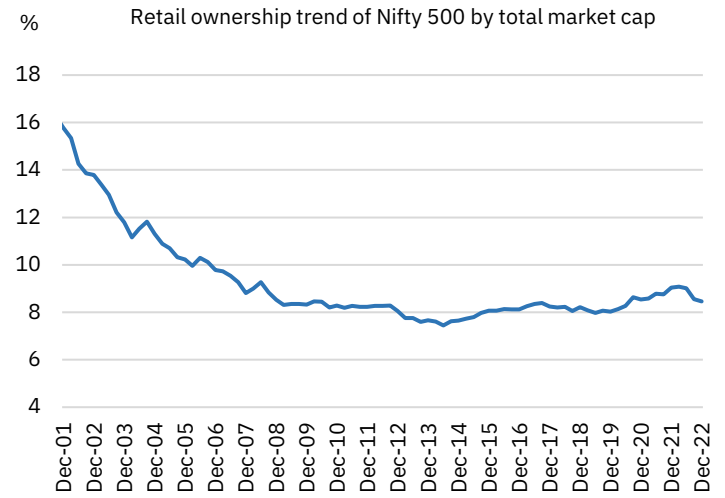
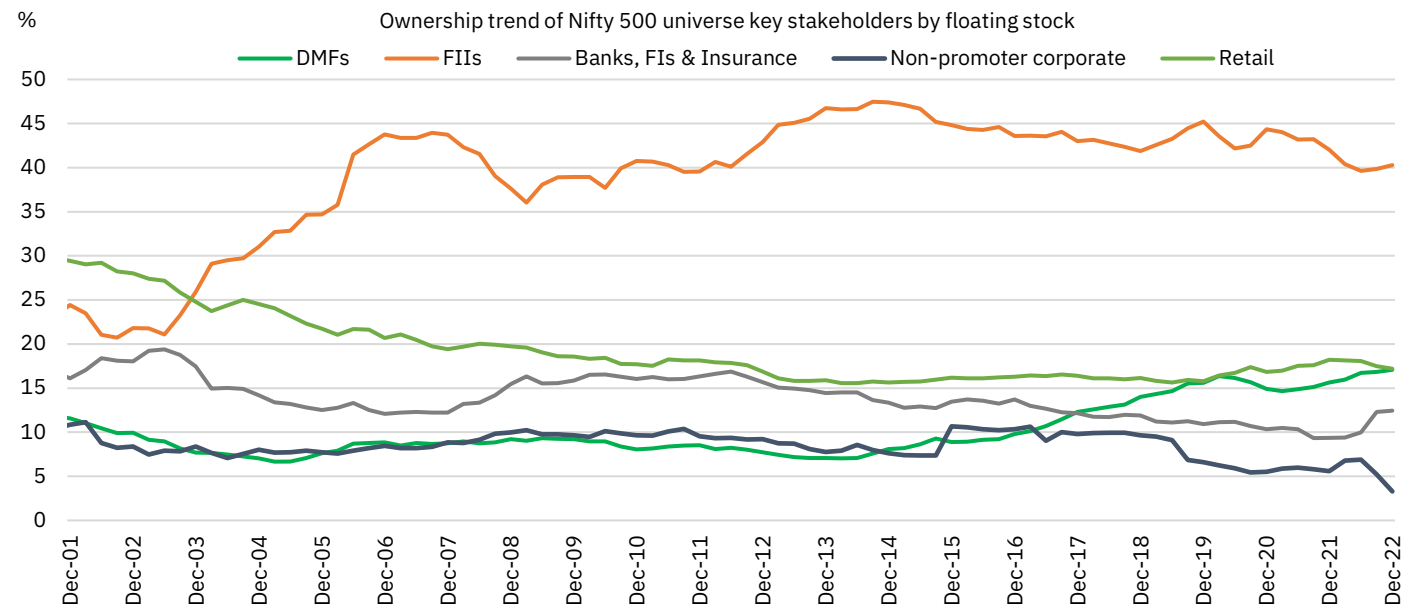
Figure 58: FII ownership trend of the Nifty 500 universe by total market cap


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


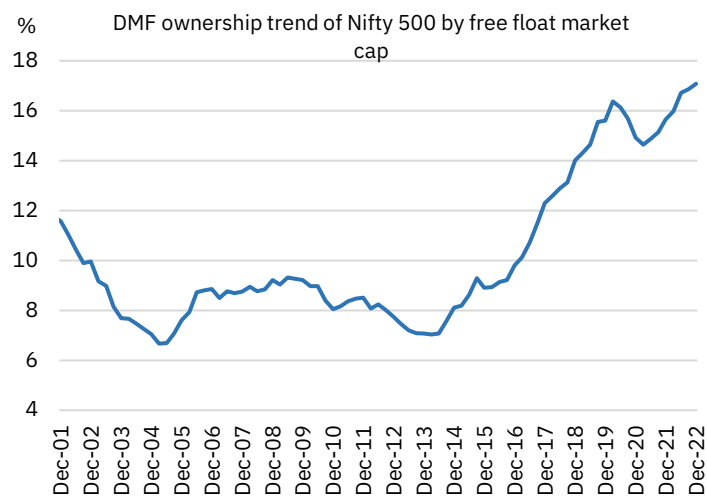
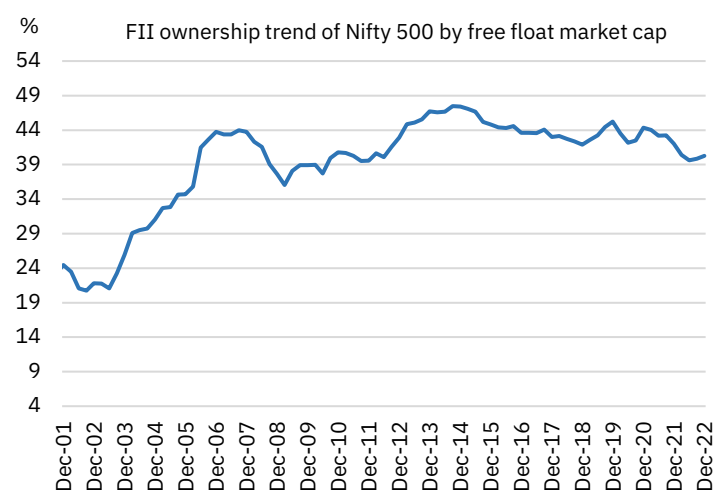
Source: CMIE Prowess, NSE EPR.

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


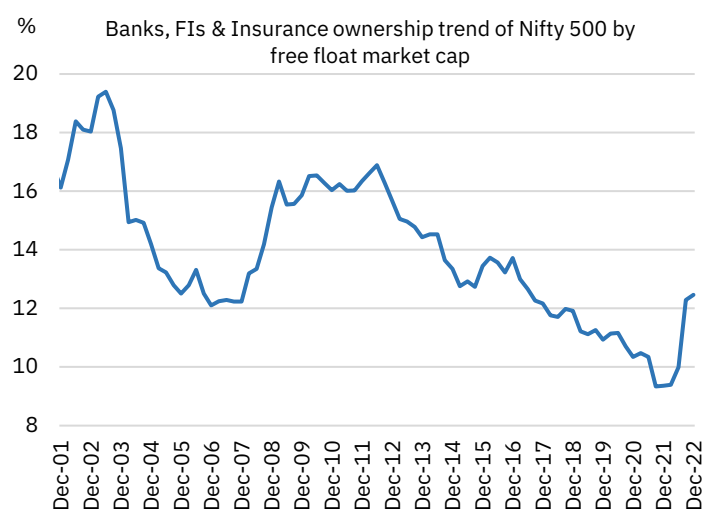
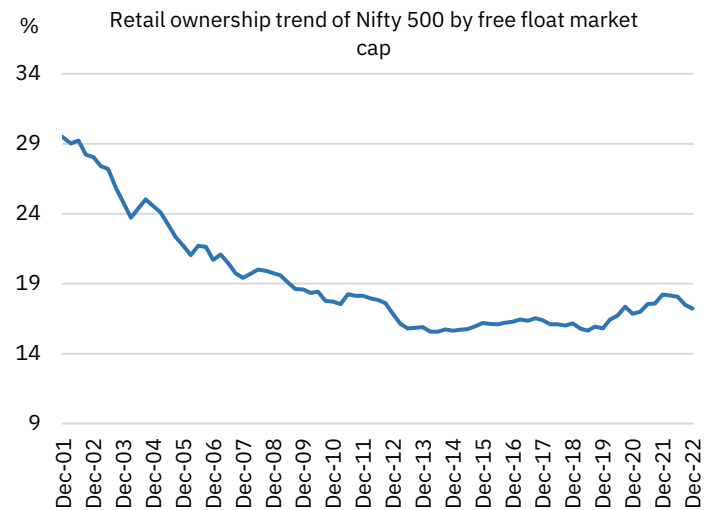
Our long-term ownership analysis on the floating stock of the Nifty 500 Index also shows that while DMF ownership is currently hovering at the highest level since 2001, current FII ownership is 7.2pp lower than the peak of 47.5% observed in the quarter ending September 2014.

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

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


Source: CMIE Prowess, NSE EPR.

Sector-wise ownership of the Nifty 500 universe (December 2022): As of December 2022, Real Estate sector had the highest promoter shareholding at 65.8%, down 65bps QoQ, followed by Utilities at 64.1% (-10bps QoQ). Materials sector moved a notch higher to rank third in terms of promoter share at 55.9% in the December quarter, while Industrials fell to the fourth spot with a 55.3% share (-66bps QoQ). Barring Financials and Information Technology, all other sectors saw the promoter share declining or remaining steady on a sequential basis.

Financials moved ahead of Utilities to become the top sector in terms of Government ownership, with a 2.8pp QoQ increase to an eight-year high of 19.1%. This was owing to the strong relative outperformance of PSU banks during the quarter. Utilities stood second with a 145bps jump in Government share to 15.2%. This was followed by Energy at 15.0% (+50bps QoQ) and Industrials at 9.6% (+46bps QoQ).

DMF share inched up or remained broadly steady on a QoQ basis across sectors but Healthcare within the Nifty 500 universe. Sector-wise, Utilities witnessed the steepest

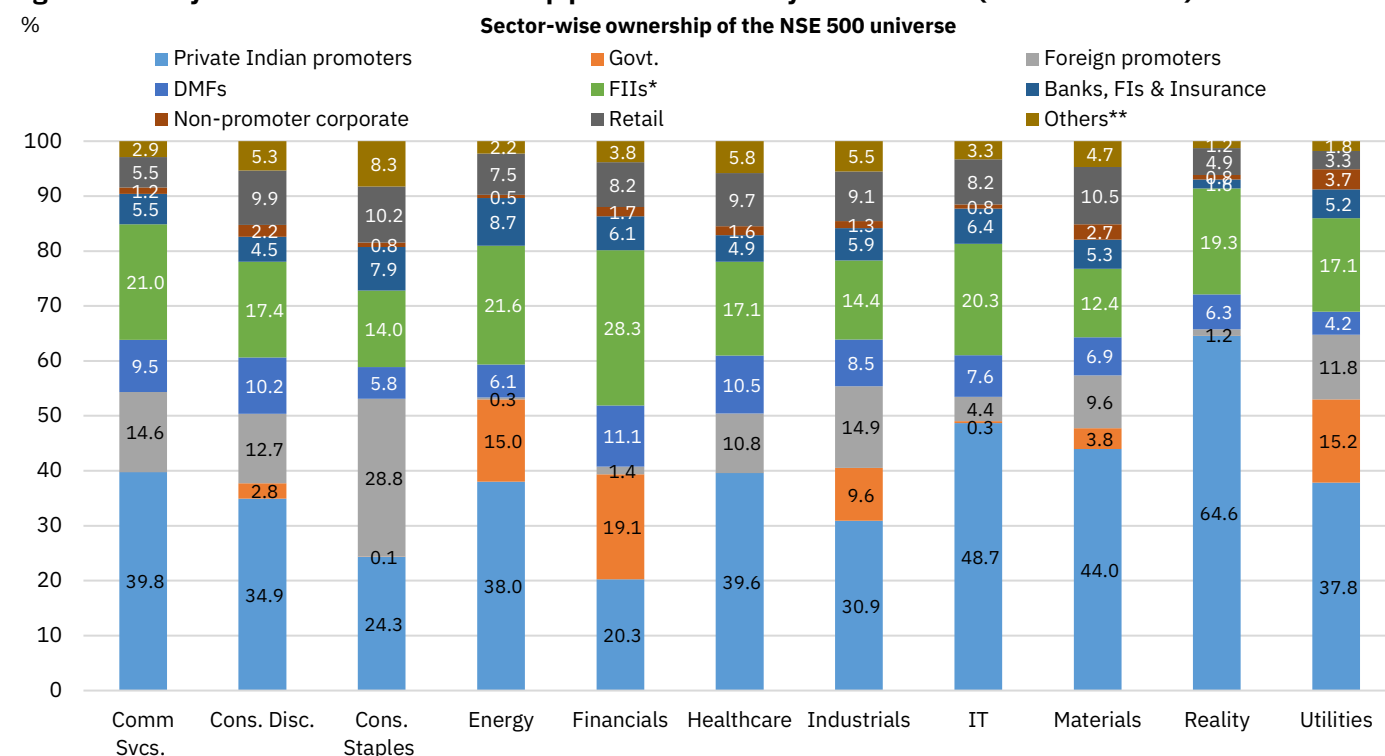
DMF share inched up or remained broadly steady on a QoQ basis across sectors but Healthcare within the Nifty 500 universe.

FII's have remained the biggest non-promoter owners of Financials at 28.3% despite a steady drop over the last eight quarters, as opposed to a steep increase of FII share in the sector within the Nifty50 universe.

QoQ jump in DMF share of 40bps QoQ to 4.2% (-6.2pp since March 2020), followed by Communication Services (+37bps QoQ to 9.5%), Consumer Discretionary (+31bps QoQ to 10.2%), Materials (+18bps QoQ to 6.9%), Consumer Staples (+16bps QoQ to 5.8%) and Energy (+11bps QoQ to 6.1%). All other sectors, viz., Financials, Industrials Information Technology and Real Estate, saw the share of DMFs remaining broadly steady on a sequential basis.

FIIIs have remained the biggest non-promoter owners of Financials at 28.3% in the December quarter even as the share has continued to drop for the eighth consecutive quarter, as opposed to a steep increase of FII share in the sector within the Nifty50 universe. This was followed by Energy at 21.6% (-27bps QoQ) and Communication Services at 21.0% (+7bps QoQ). Sectors that saw an increase in FII share in the December quarter included Industrials, Consumer Staples, Consumer Discretionary and Real Estate, while it dipped marginally for Energy, Healthcare, Utilities and Financials.

Figure 66: Nifty 500: Sector-wise ownership pattern across key stakeholders (December 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 (December 2022): The table below shows the sector allocation for key stakeholders in Nifty 500 companies as of December 2022. The concentration of Government ownership in Financials, Energy and Utilities sector was at 81.4% as of December-end, up 155bps QoQ primarily led by a steep rise in Government portfolio exposure to Financials. This is a tad higher than Government exposure to these three sectors in the overall listed universe (79.2%) but significantly lower than that in the Nifty 50 universe (91.5%). In case of institutional investors, DMFs have a lower allocation to Financials at 33.5% as compared to FIIIs at 36.2%, even as the gap between the two is hovering at near 22-year lows. This is because while DMFs have significantly increased their exposure to Financials in 2022, FIIIs have trimming it since the onset of the pandemic in the process of taking out money from Indian equities.

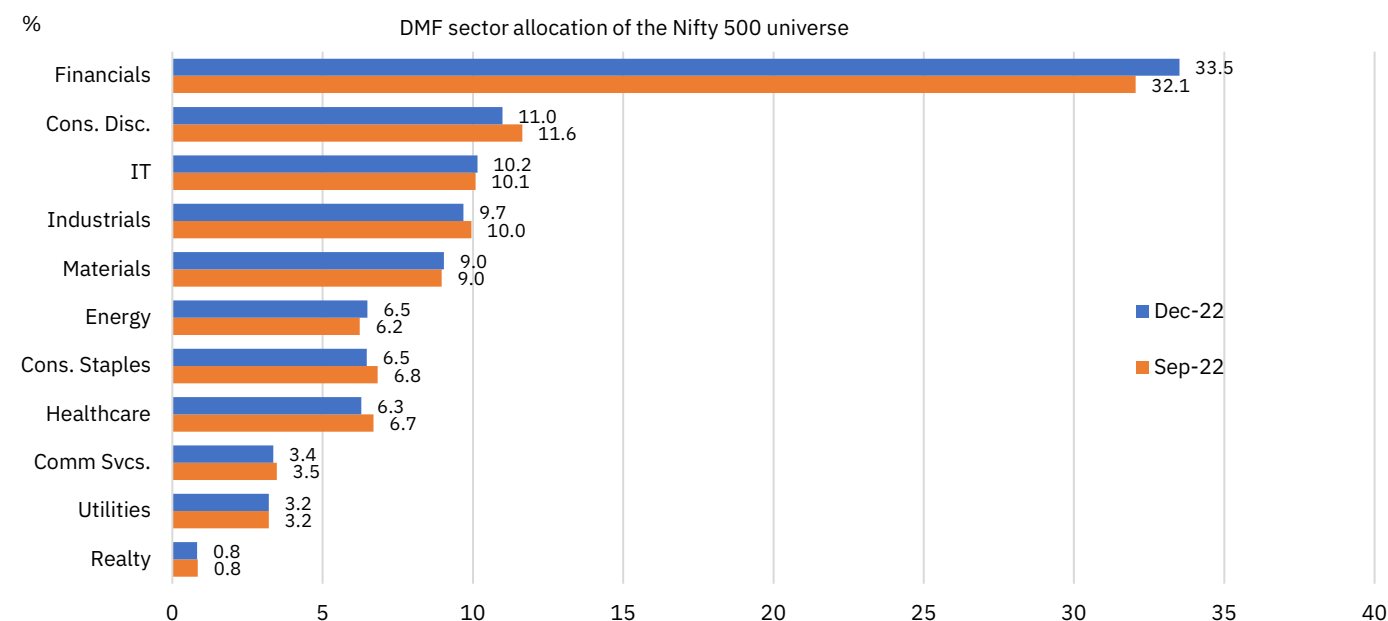
Table 9: Sector allocation of the Nifty 500 universe for key stakeholders (December 2022)

%	Private Indian promoters	Govt	Foreign promoters	Domestic MFs	FIIIs*	Banks, FIIs & Insurance	Non-promoter corporate	Retail
Communication Services	3.5	0.0	4.8	3.4	3.2	2.7	2.2	1.9
Consumer Discretionary	9.4	2.8	12.8	11.0	7.9	6.7	12.0	10.6
Consumer Staples	6.8	0.1	30.3	6.5	6.7	12.2	4.8	11.3
Energy	10.2	15.3	0.3	6.5	9.8	12.8	3.0	8.0
Financials	15.3	55.0	4.0	33.5	36.2	25.4	26.5	24.4
Health Care	5.9	0.0	6.1	6.3	4.3	4.0	4.9	5.8
Industrials	8.8	10.4	15.8	9.7	6.9	9.2	7.5	10.2
Information Technology	16.4	0.4	5.6	10.2	11.5	11.8	5.2	11.0
Materials	14.3	4.8	11.8	9.0	6.9	9.6	18.6	13.6
Real Estate	2.1	0.0	0.1	0.8	1.1	0.3	0.6	0.6
Utilities	7.3	11.1	8.4	3.2	5.5	5.5	14.6	2.5
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

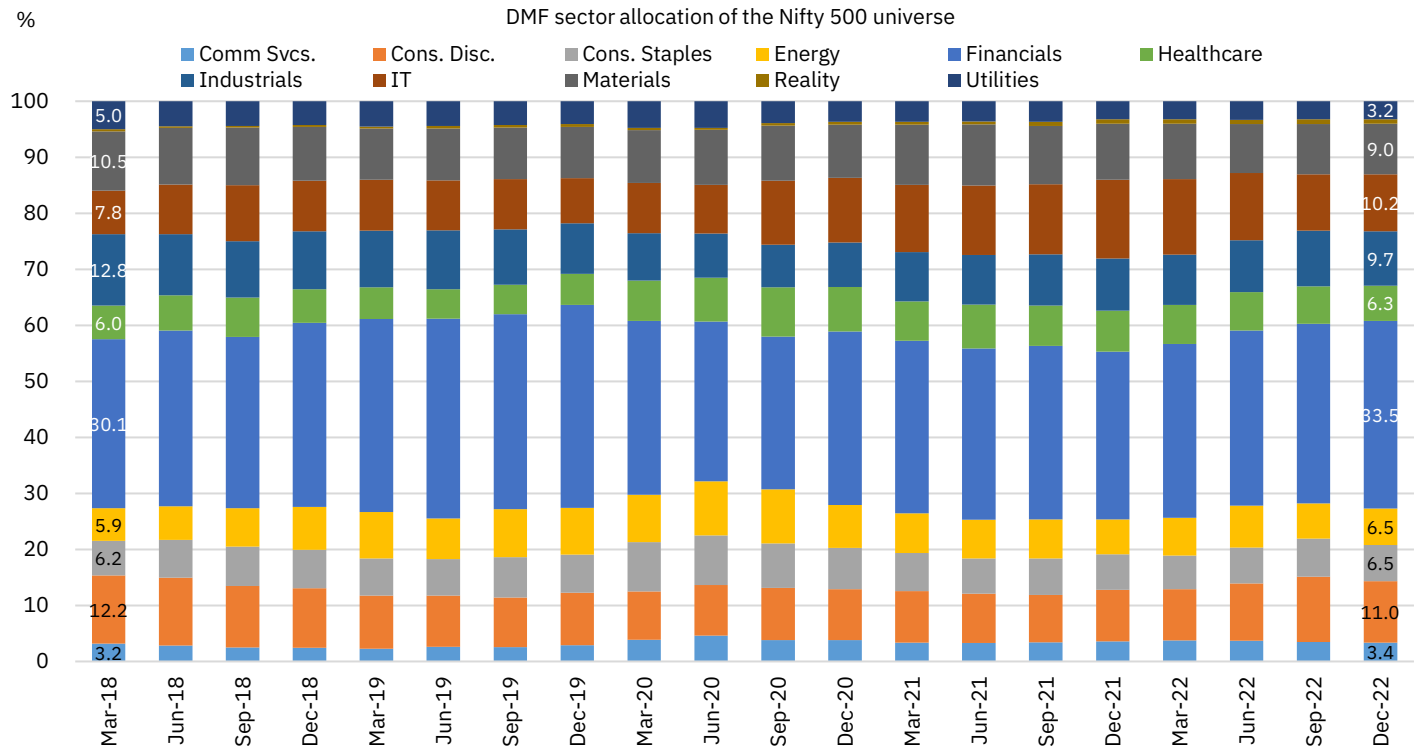
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

DMFs maintained OW stance on Financials and trimmed relative under-exposure to Consumer Staples and Utilities: DMFs turned OW on Financials in the March 2022 quarter and have remained so over the subsequent three quarters. The extent of OW position, however, has been much lower than that within the Nifty 50 Index, indicating a relatively more bullish view of DMFs on the larger financial companies. DMFs also slightly curtailed their negative positioning on Consumer Staples, Utilities and to some extent Materials. The sequential increase in exposure to these sectors relative to the Index came at the expense of trimmed OW stance on Consumer Discretionary, Healthcare and Industrials. Among other sectors, DMFs maintained a mild UW stance on Information Technology and Materials, neutral on Real Estate and mild OW on Communication Services.

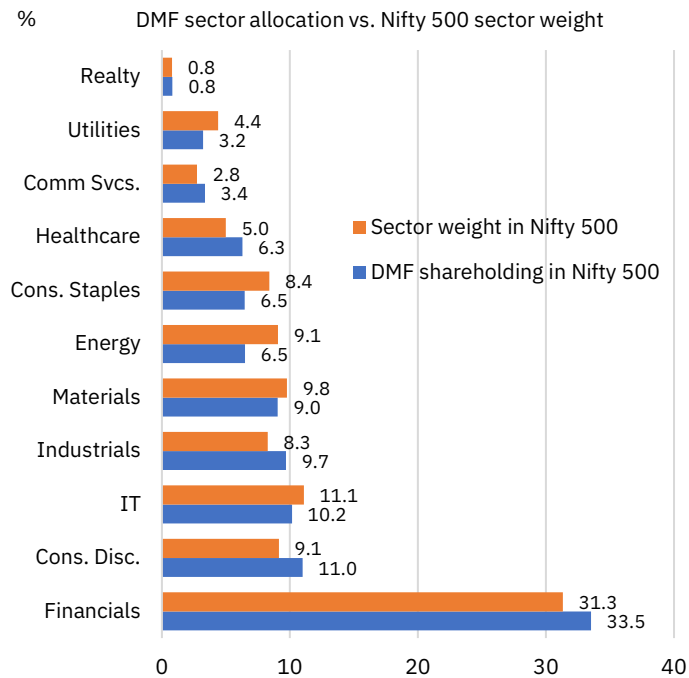
DMFs maintained OW stance on Financials and trimmed relative under-exposure to Consumer Staples and Utilities, at the expense of reduced allocation to Consumer Discretionary, Healthcare and Industrials.

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


Source: CMIE Prowess, NSE EPR.

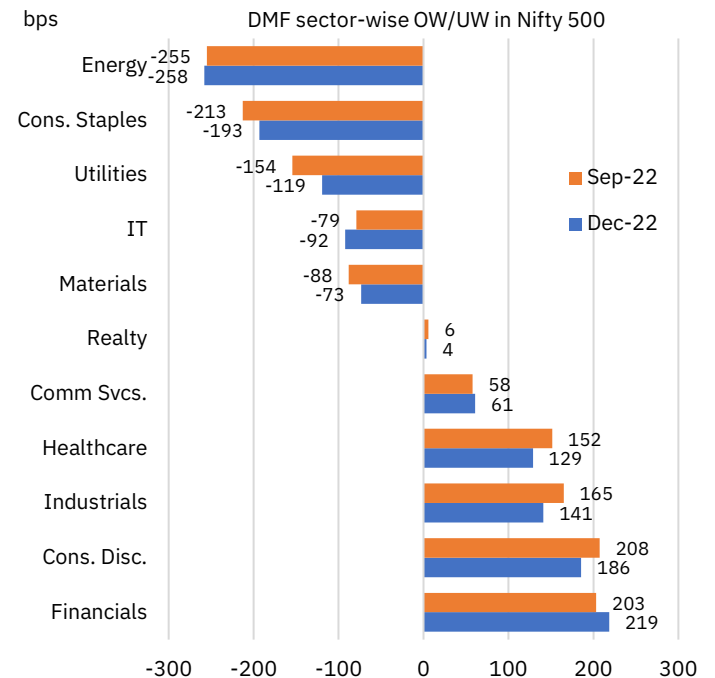
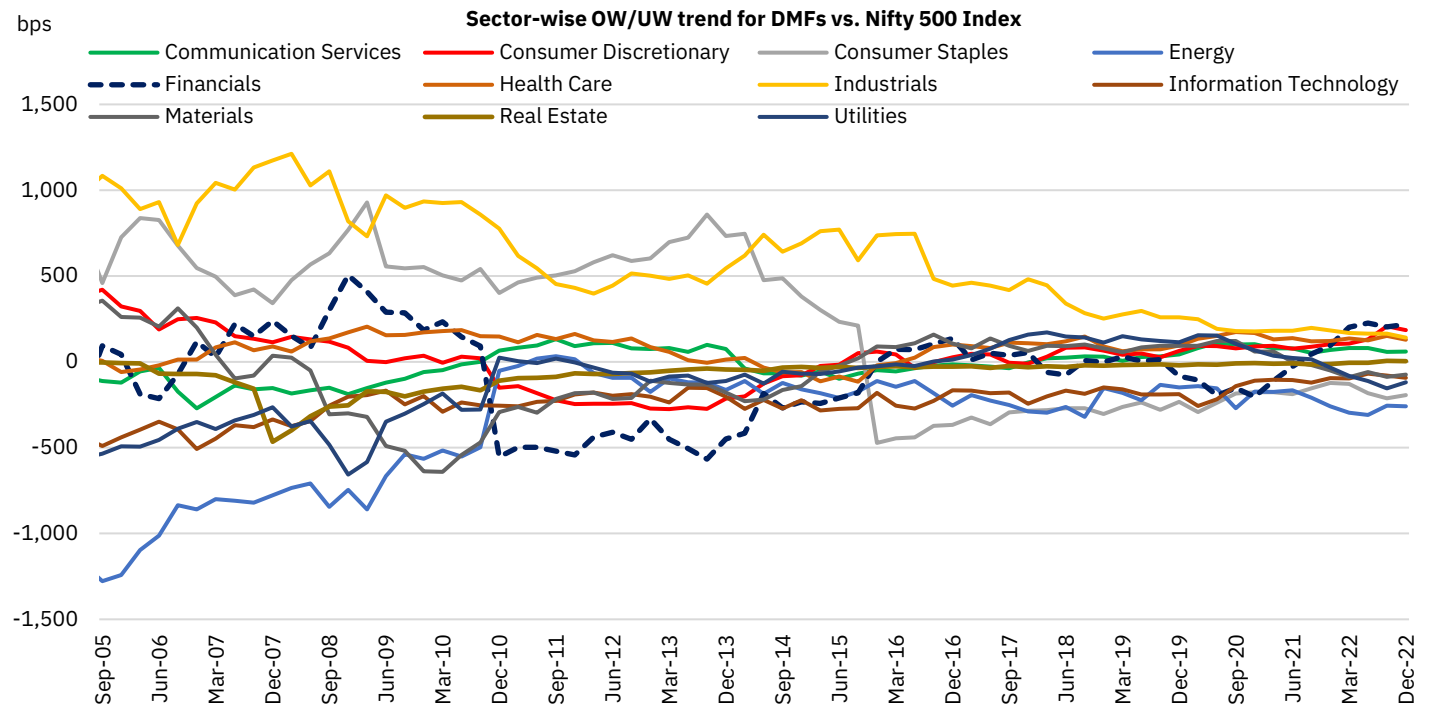
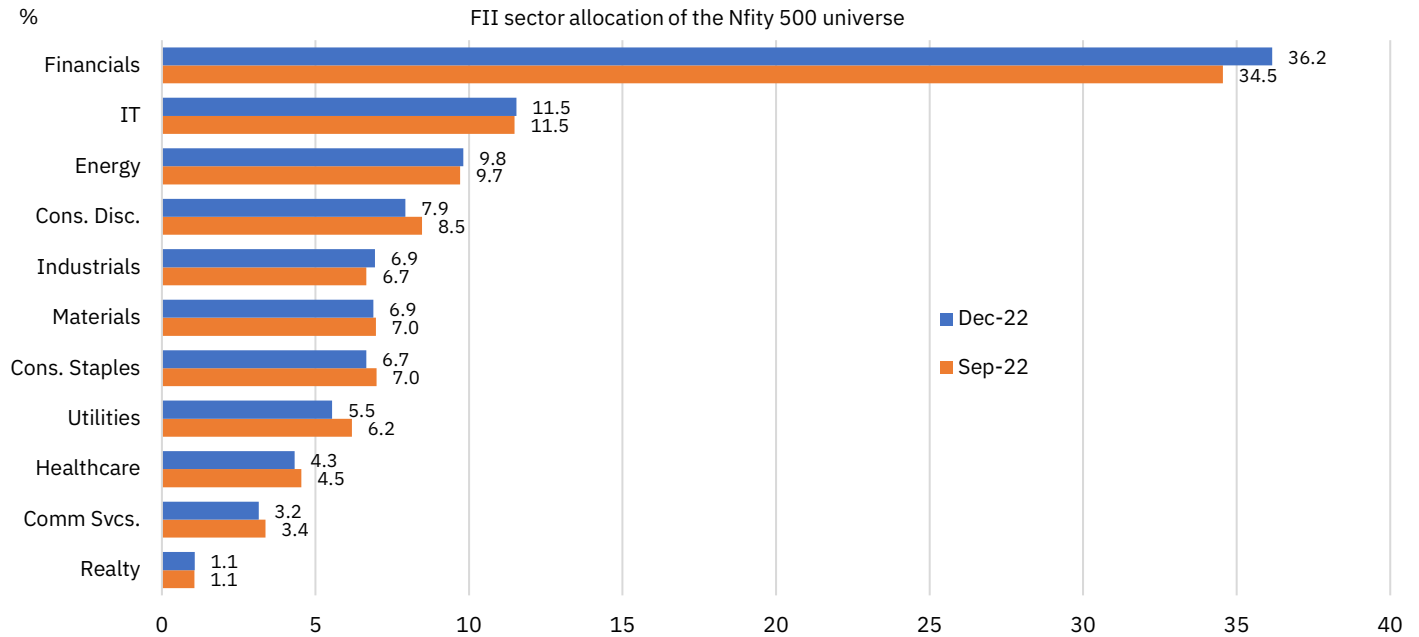
Figure 70: DMF sector-wise OW/UW in Nifty 500 relative to sector weight in the index (December 2022)


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


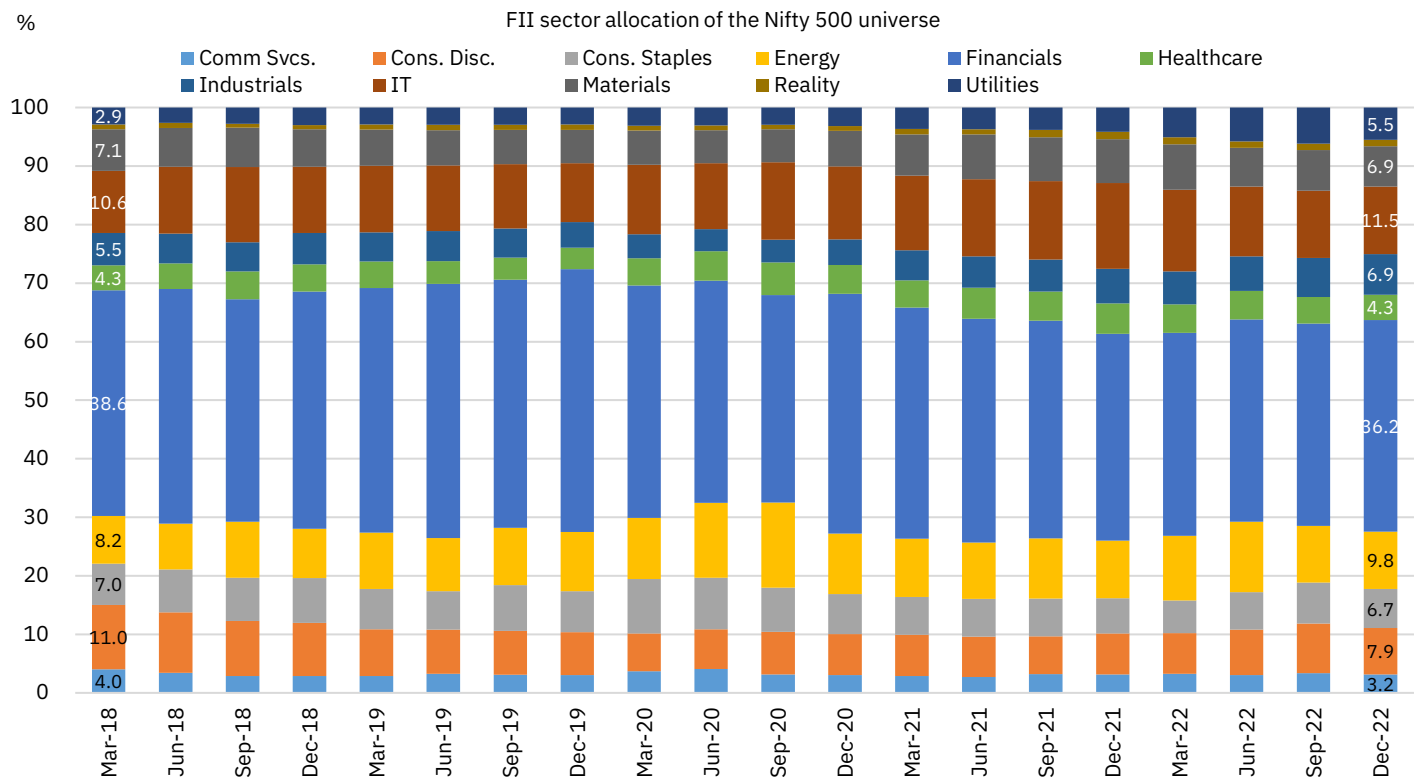
FII's strengthened their outsized bet on Financials within the Nifty 500 Index and turned less bearish on Industrials and Consumer Staples: FIIs maintained their outsized OW bet on Financials with an incrementally higher exposure, reduced their UW position on Industrials and Consumer Staples, and trimmed exposure to Utilities and Energy. While FII allocation at the sector level is more diversified for the Nifty500 universe as compared to Nifty50, Financials, and Utilities were the only sectors that FIIs were overweight on relative to the Index during the December quarter.

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 with sustenance of UW position on Consumer Staples as well as Consumer Discretionary for yet another quarter, while they maintained a neutral stance on other sectors, viz., Information Technology, Communication Services, Healthcare, and Real Estate.

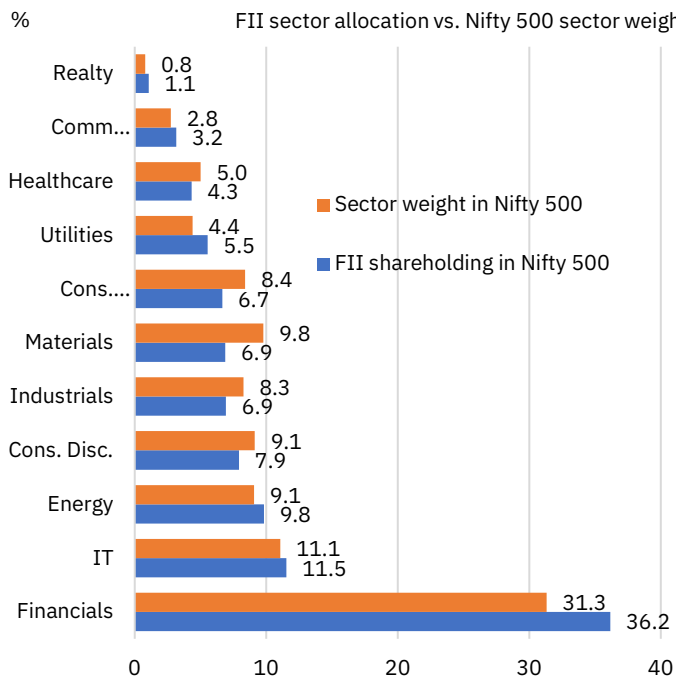
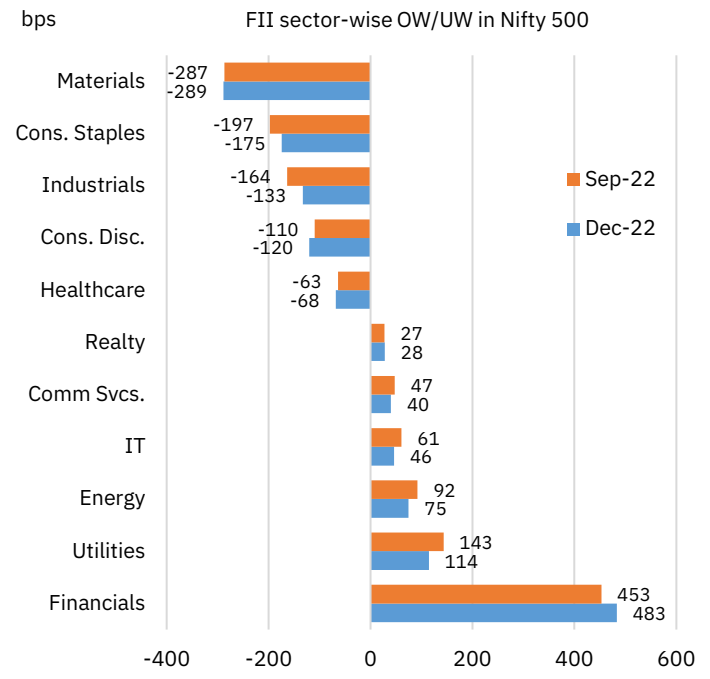
FIIs continued to play the India story through Financials with an incrementally higher allocation, trimmed OW exposure to Utilities and turned less bearish on Industrials and Consumer Staples.

Figure 72: FII sector allocation of the Nifty 500 universe (December 2022 vs September 2022)


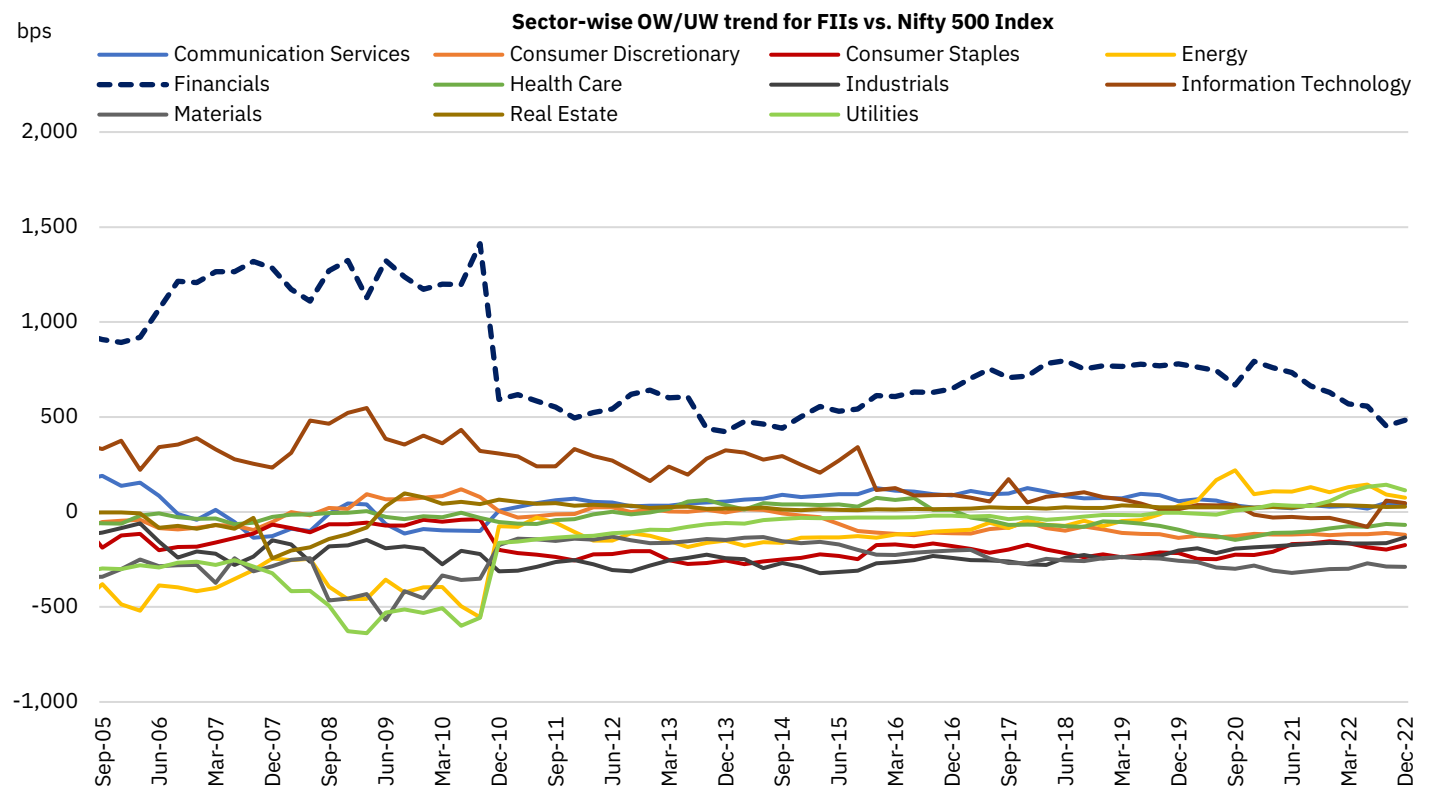
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

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 (December 2022)

Figure 75: FII sector-wise OW/UW in Nifty 500 relative to sector weight in the index (December 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.

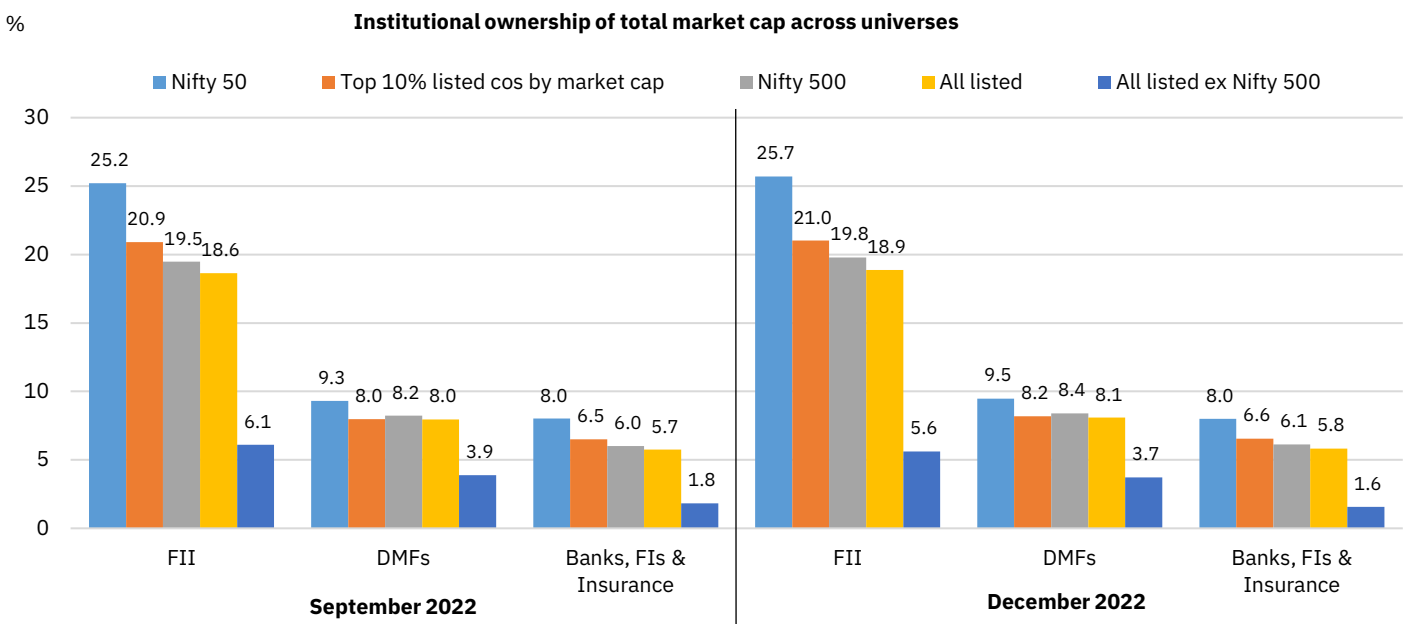
Institutional ownership concentration analysis

Institutional investor allocation to Nifty50 rose to six-quarter high in December quarter: The charts below depict how ownership for all institutional investor categories rose across the board in the December quarter, barring the listed universe ex Nifty500 companies. While FIIs exposure rose by Rs666bn and Rs407bn in the total and free float market cap of NSE listed companies, DMFs incremental exposure was a tad lower at Rs353bn and 243bn respectively. Banks, FIs and insurance companies were modest buyers of Indian equity markets for the fourth quarter in a row, with net buying in the NSE floating stock amounting to ~Rs 151bn during the quarter.

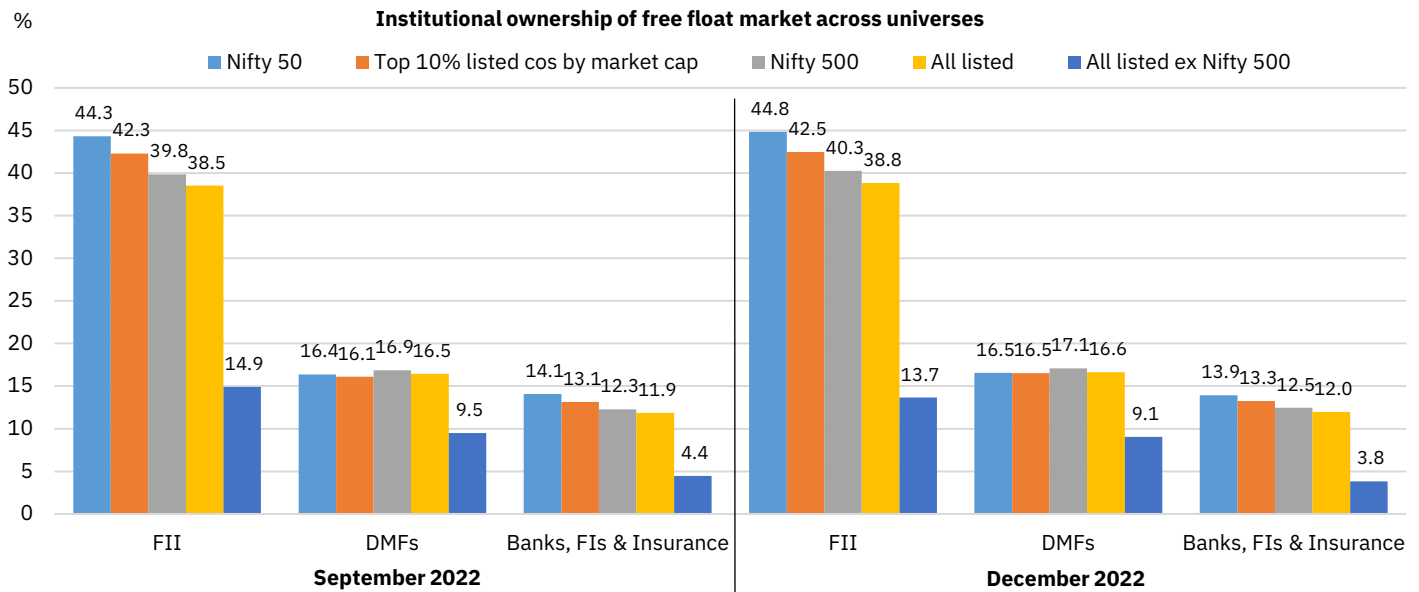
In the December quarter, share of Nifty50 companies in overall institutional investments rose by 65bps QoQ to a six-quarter high of 68.3%, translating into a 158bps increase over the entire year.

Institutional investments historically have remained concentrated to Nifty50 companies. In the December quarter, share of Nifty50 companies in overall institutional investments rose by 65bps QoQ to a six-quarter high of 68.3%, translating into a 158bps increase over the entire year. This is a result of a combination of relative outperformance of Nifty50 companies last year as compared to smaller listed companies and incrementally higher allocation of institutional investors to such companies. Among institutional investors, Banks, Financial Institutions and Insurance companies had the highest concentration to Nifty 50 companies at 71.1%, down 64bps QoQ, followed by FIIs at 70.7% (+107bps QoQ) and DMFs at 60.8% (+65bps QoQ).

Figure 77: Institutional share of total market cap (December 2022 vs. September 2022)



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

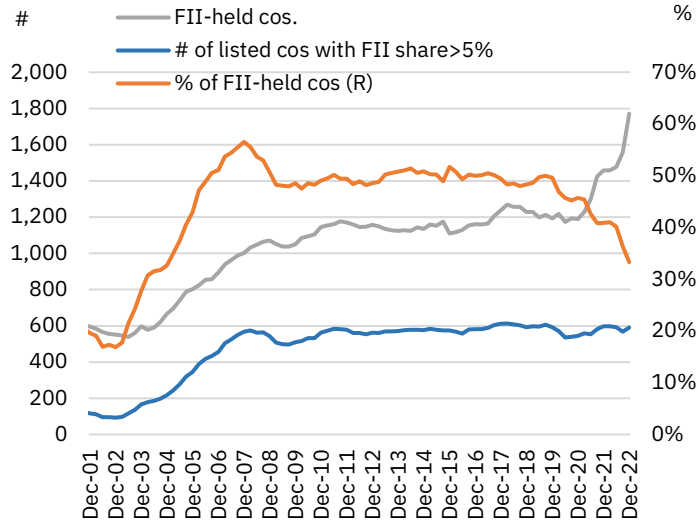
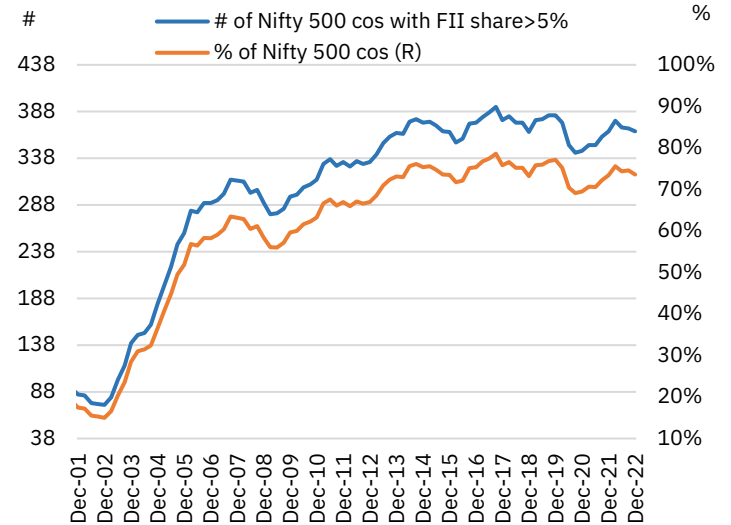
Figure 78: Institutional ownership of floating stock (December 2022 vs. September 2022)


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

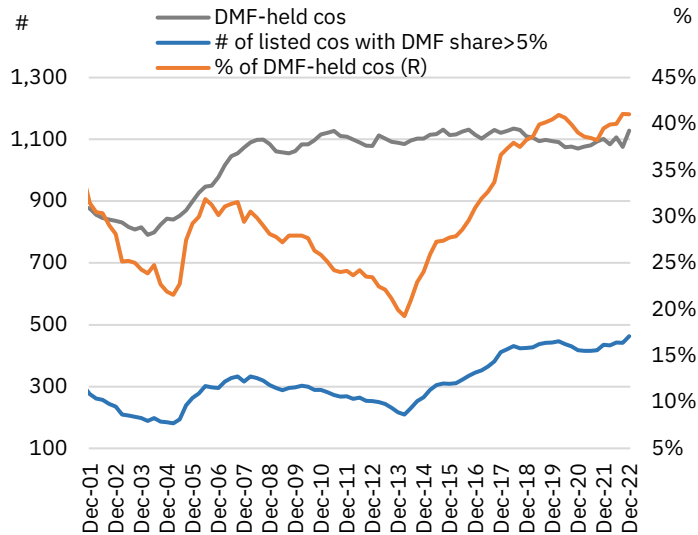
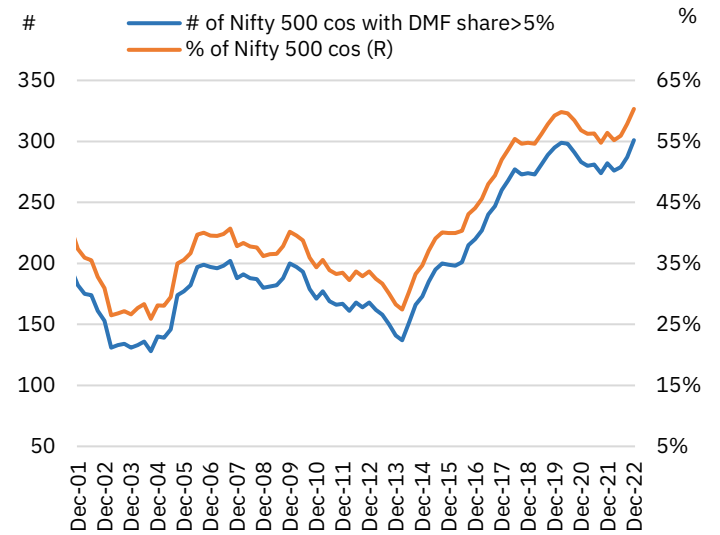
Ownership concentration in terms of no. of companies with holding greater than 5%:

We now compare the depth of institutional ownership with its width 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 have meaningfully expanded their invested pool of companies over the last two years, from near-1200 odd companies in December 2020 to 1450+ by December 2021 and 1770+ by December 2022. At the same time, the number of companies where FIIs owned at least 5% of the market cap has remained fairly steady at near-580 mark. That said, the ratio of count of such companies to the number of FII-owned companies in the NSE listed universe has declined meaningfully since the pandemic and is currently hovering at 18-year lows. While FIIs are buying into newer companies, they are not necessarily investing fresh capital into them. In other words, the existing portfolio funds purchases into new companies.

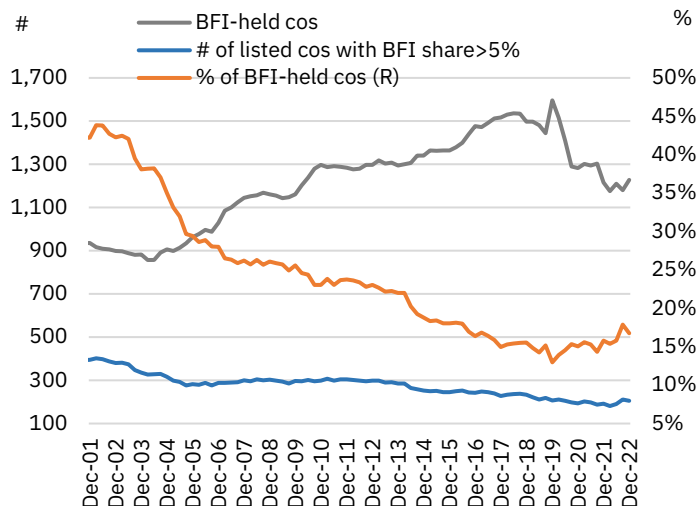
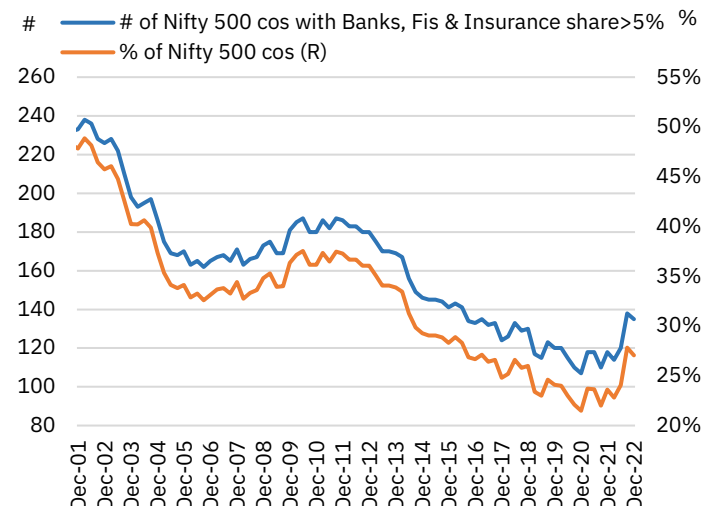
In contrast to foreign investors, the number of invested companies by DMFs within the NSE-listed universe has remained broadly steady at the ~1100 mark over the last 16 years. That said, the number of companies where DMF hold more than 5% has more than doubled from ~209 in March 2014 to 463 in December 2022, thanks to fresh capital infusion into such companies, partly funded through rising SIP inflows. The ratio of count of such companies to the total number of DMF-owned NSE listed companies now hovers at a 22-year high of 41%.

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.

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Tirthankar Patnaik, PhD	tpatnaik@nse.co.in	+91-22-26598149
Purna Singhvi, CFA	psinghvi@nse.co.in	+91-22-26598316
Ashiana Salian	asalian@nse.co.in	+91-22-26598163
Smriti Mehra	smehra@nse.co.in	+91-22-26598163
Anshul Tayal	atayal@nse.co.in	+91-22-26598163
Tanika Luthra	consultant_tluthra@nse.co.in	
Isha Sinha	consultant_ishinha@nse.co.in	
Krishnandu Ghosh	consultant_kghosh@nse.co.in	
Muskan Mundra	consultant_mmundra@nse.co.in	

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