

Who owns India Inc.?

The inaugural edition of our quarterly report “*India Ownership Tracker*” examines ownership patterns and trends in Indian companies listed on the NSE over the period March 2001-June 2019. The report covers all companies listed on the NSE since 2001, the narrow Nifty 50 Index and the broader NSE 500 Index at the aggregate as well as sector-level. We have also analysed the ownership trends of institutional investors in top 10% listed companies by market capitalisation to gauge investment concentration.

Quick takeaways from the analysis: 1) Decline in promoter ownership since March 2009 has been largely due to a fall in Government ownership, even as private promoter share has risen since then. 2) FIIs¹ are the largest non-promoter owners of India Inc., owning 42.3% of the available stock of NSE listed universe as of June 2019 (Nifty 50: 47.3%), much higher than 14.5% held by DMFs (Nifty 50: 13.3%). 3) Key overweight (OW) sectors for FIIs in the Nifty 50 as well as the NSE 500 universe² are Financials and Communication Services, while underweight (UW) sectors are Consumer Staples, Industrials and Materials. While DMFs are OW on Financials in the Nifty 50 universe, they are neutral on the sector in NSE 500. Unlike FIIs, DMFs are OW on Industrials and are UW on Information Technology. 4) There is a significant concentration of investments by FIIs and institutions grouped as *Banks, FIs & Insurance* in the larger companies, while DMFs have a relatively higher exposure to mid- and small-sized companies.

- **Government promoters leading the decline in promoter share since 2009:** The promoter ownership in the NSE listed universe, as of June 2019, was 49.5%, significantly higher than that in the narrow Nifty 50 index at 42% (NSE 500: 49%). Importantly, the promoter share has been falling since 2009, coinciding with the SEBI’s decision to increase minimum public shareholding from 10% to 25% in 2010. However, a large part of the decline has been on account of a fall in Government ownership, while private Indian promoter ownership has significantly increased since then.
- **FIIs—biggest non-promoter owners of India Inc.:** FIIs owned 42.3% of the free float market cap of the NSE listed universe—the highest in 15 quarters, but 340bps shy of the peak share since 2001, and a much higher 47.3% of the Nifty 50 (NSE 500: 43.3%), as of June 2019. Sector-wise, FIIs have maintained their OW position in Financials since 2001, with current exposure to the sector at 49%/43.5% in Nifty 50/NSE 500 index in June 2019 being the highest ever. FIIs are also positive on Communication Services, while the most under-owned sectors are Consumer Staples, Materials and Industrials.
- **DMF share continues to rise at the expense of other domestic investors:** DMFs held 14.5% of the available NSE listed stock in June 2019—the highest since 2001, and a tad lower at 13.3% in the Nifty 50 index. Sector-wise, DMFs are more bullish on larger financial companies as evident from their OW position on the sector in the Nifty 50 index but a neutral position in the NSE 500 index. Unlike FIIs, they are OW on Industrials and Utilities, and are UW on Consumer Staples, Energy and Information Technology. The ownership of Banks, FIs & Insurance, however, has been falling, and so is for retail investors.
- **FII ownership concentration to bigger companies remains high, but not so much in case of DMFs:** FII ownership in Nifty 50 is much higher compared to the broader universe. DMFs, however, have higher exposure to mid and small-sized companies, as signalled from their tad higher holding of the available stock in NSE 500 as compared to the Nifty 50 index. Moreover, more than 90% of the FII money is invested in top 10% listed companies by market cap, vs. 82% for DMFs. Interestingly, the investment concentration of Banks, FIs & Insurance to top 10% companies is even higher at ~93%. Lastly, the number of companies with FII share more than 5% has risen sharply from ~100 in 2002 (10% of the number of listed companies) to ~600 currently (35% of the listed companies). In case of DMFs, the number of such companies has increased sharply since March 2014.

¹ FII ownership includes ownership through depository receipts held by custodians.

² Sector weights and comparisons here are based on the respective indices as benchmarks.

Listed universe ownership trends

Ownership pattern of the NSE listed universe (June 2019): The ownership pattern of the NSE listed universe as of June 2019³ shows that 49.5% (+12bps QoQ) of the listed universe is owned by promoters, of which 31.4% is held by private Indian promoters and 9.3% by foreign promoters. Government owned 9.2% of the NSE listed universe as of June 2019. The institutional ownership stood at 34.5% (+42bps QoQ) of which foreign institutional investors (FIIs), including ownership through depository receipts, accounted for the highest 21.3% (+34bps QoQ), followed by domestic mutual funds (DMFs) at 7.3% (+15bps QoQ) and banks, financial institutions (FIs) and insurance at 5.5% (-5bps QoQ). The individual retail investors owned 8.4% (-15bps QoQ) of the NSE-listed space as of June 2019.

Of the free float market cap of the NSE listed space, FIIs accounted for a huge 42.3% share—the highest in 15 quarters, but 3.4pp shy of the highest share since 2001 (in March 2014), followed by retail investors at 16.7% (near the lowest level since 2001), DMFs at 14.5% (the highest since 2001), Banks, FIs & Insurance at 10.8% (the lowest since March 2006) and non-promoter corporates at 9.4%.

Figure 1: Listed universe – Ownership pattern by total market cap (% , June 2019)

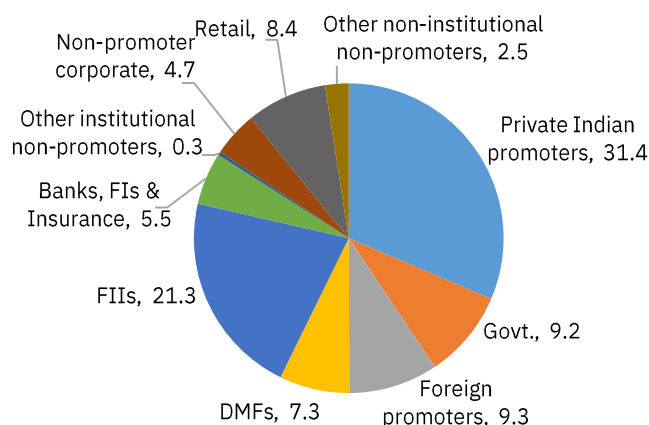
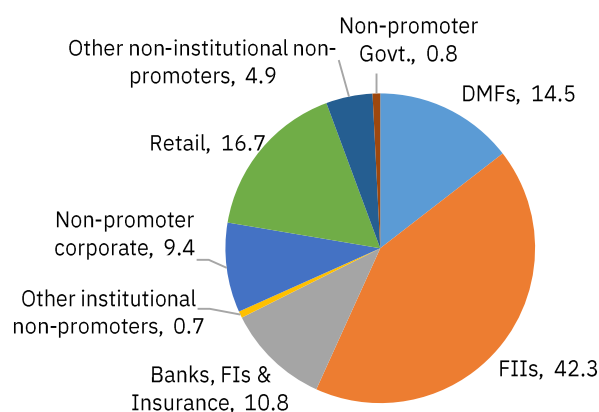


Figure 2: Listed universe – Ownership pattern by free float market cap (% , June 2019)



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

Figure 3: 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	FIIs *	Non-promoter corporate	Retail
Sep-16	30.6	10.8	9.2	4.5	6.3	21.0	5.6	9.1
Dec-16	30.3	11.6	9.1	4.7	6.4	20.3	5.7	9.2
Mar-17	30.4	11.2	8.9	4.9	6.2	20.6	5.8	9.3
Jun-17	30.4	10.1	9.2	5.3	6.1	20.9	5.1	9.4
Sep-17	31.0	10.0	9.1	5.6	5.9	20.9	5.6	9.4
Dec-17	31.5	10.4	9.4	5.9	5.7	19.8	5.4	9.2
Mar-18	31.3	10.1	9.4	6.1	5.6	20.1	5.6	9.0
Jun-18	31.4	9.5	9.7	6.4	5.7	20.5	5.2	8.7
Sep-18	32.0	9.2	9.5	6.4	5.8	20.4	5.1	8.6
Dec-18	31.3	9.1	10.0	7.0	5.8	20.4	5.0	8.7
Mar-19	31.5	9.2	9.2	7.2	5.5	21.0	5.0	8.6
Jun-19	31.4	9.2	9.3	7.3	5.5	21.3	4.7	8.4
QoQ change	-10bps	3bps	15bps	15bps	-5bps	34bps	-24bps	-15bps

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

³ Shareholding data for June 2019 was available for 1684 NSE-listed companies on CMIE Prowess at the time of analysis.

Figure 4: Listed universe – Ownership trend across key stakeholders by floating stock over last three years

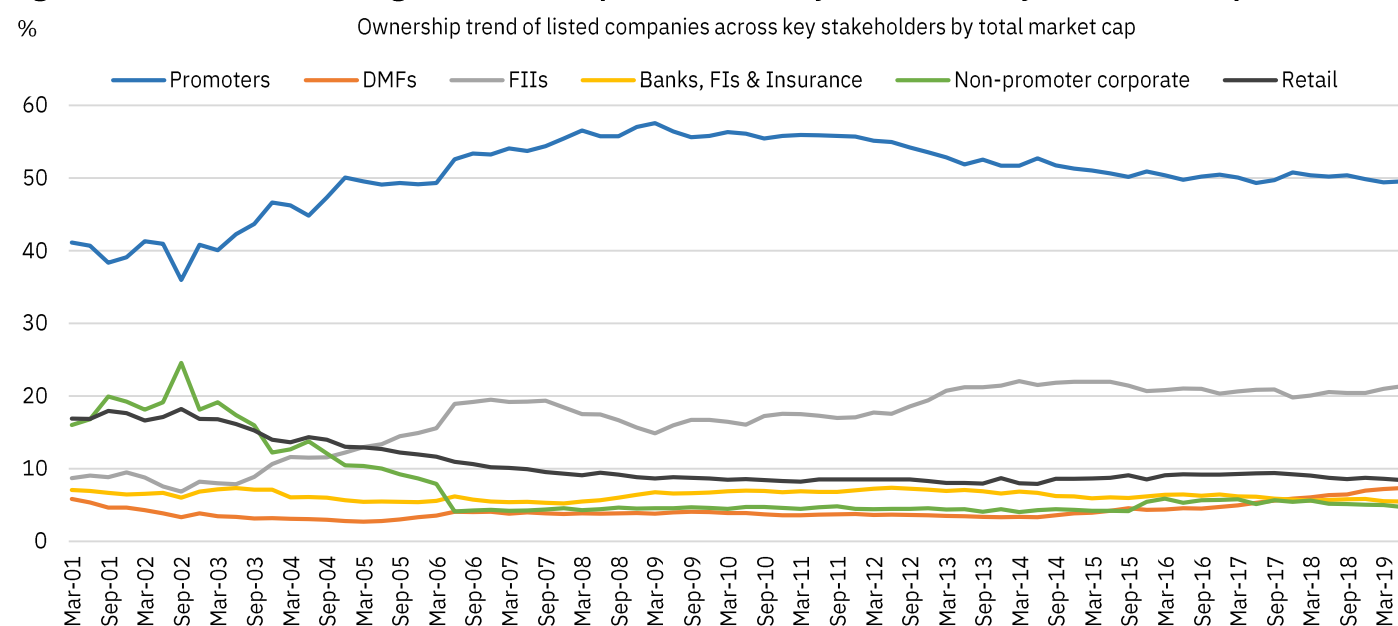
%	Domestic MFs	Banks, FIs & Insurance	FII*s*	Non-promoter corporate	Retail
Sep-16	9.0	12.6	42.2	11.3	18.4
Dec-16	9.5	13.0	41.1	11.5	18.5
Mar-17	9.9	12.4	41.3	11.6	18.5
Jun-17	10.5	12.1	41.2	10.1	18.5
Sep-17	11.1	11.7	41.5	11.2	18.7
Dec-17	11.9	11.6	40.2	11.0	18.7
Mar-18	12.2	11.3	40.4	11.3	18.2
Jun-18	12.8	11.4	41.2	10.4	17.5
Sep-18	13.0	11.7	41.1	10.3	17.3
Dec-18	13.9	11.6	40.7	10.0	17.4
Mar-19	14.2	10.9	41.5	9.8	17.0
Jun-19	14.5	10.8	42.3	9.4	16.7
QoQ change	33bps	-8bps	76bps	-45bps	-26bps

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

Long-term ownership trend of the NSE listed universe: The long-term trend indicates a sharp rise in promoter ownership between 2001 and 2009 (19-year high of 57.6% in March 2009) that has been gradually tapering off since, coinciding with the SEBI's decision to increase the minimum required free float from 10% to 25% in 2010. However, and surprisingly so, overall private promoter ownership—Indian and foreign promoters combined—has increased by ~720bps since June 2010.

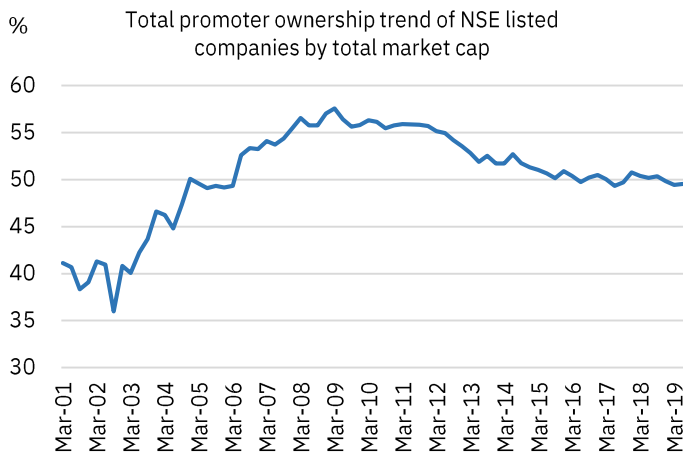
DMF ownership has, for a very long period, hovered in the range of 3-5%, and has been seeing a steady increase only since last few years, with the current 7.3% share in June 2019 being the highest since 2001. This largely reflects the increasing investments in equity mutual funds through sticky systematic investment plans (SIPs). FII ownership in the NSE listed space has seen a gradual increase since 2002, except for a brief period around the 2007-08 financial crisis, even as it has remained broadly stable over last few years. Ownership of Banks, FIs & Insurance, on the other hand, has been gradually dropping off since 2012.

Not surprisingly, while investments through SIPs are rising, direct retail participation in equity markets is declining—a sign of maturing markets and indirect ownership. This is evident from retail ownership of the listed universe that has been steadily falling—currently at five-year low of 8.4% and just ~50bps shy of the lowest level since 2001.

Figure 5: Listed universe – Long-term ownership trend across key stakeholders by total market cap


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

Figure 6: Total promoter ownership trend of NSE listed companies by total market cap



Source: CMIE Prowess, NSE

Figure 7: Indian (Govt./non-Govt.) and foreign promoter ownership trend of NSE listed companies by total market cap

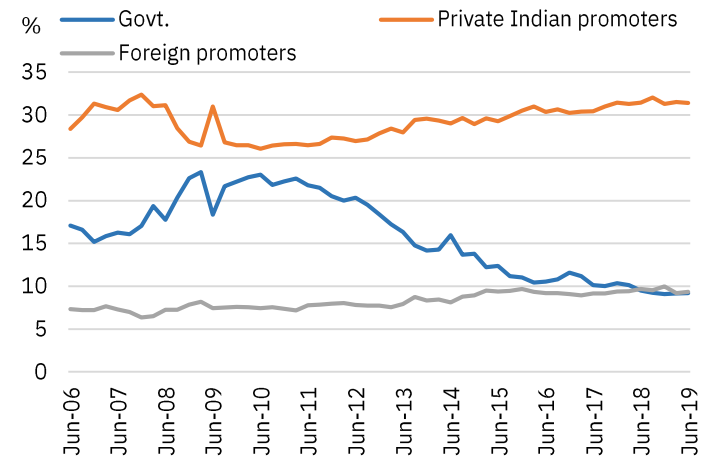


Figure 8: DMF ownership trend of NSE listed companies by total market cap

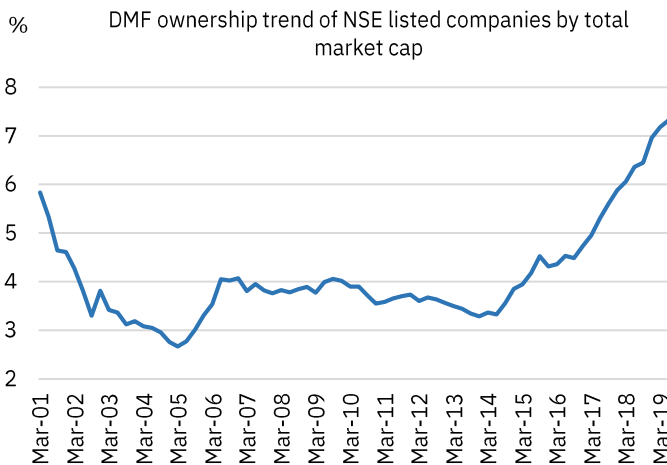
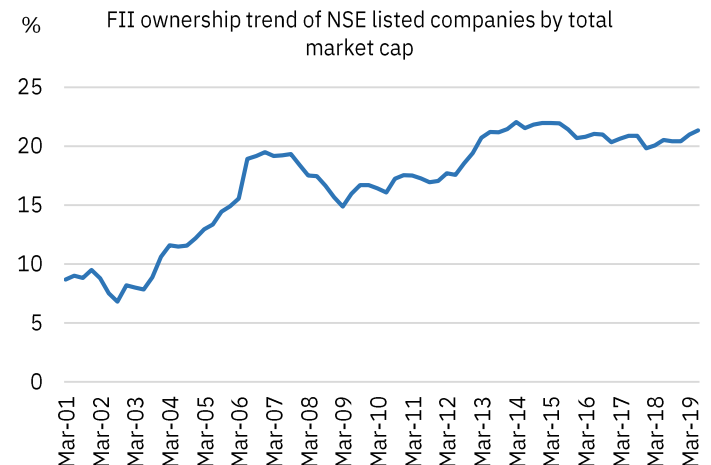


Figure 9: FII ownership* trend of NSE listed companies by total market cap



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

Figure 10: Banks, FIs & Insurance ownership trend of NSE listed companies by total market cap

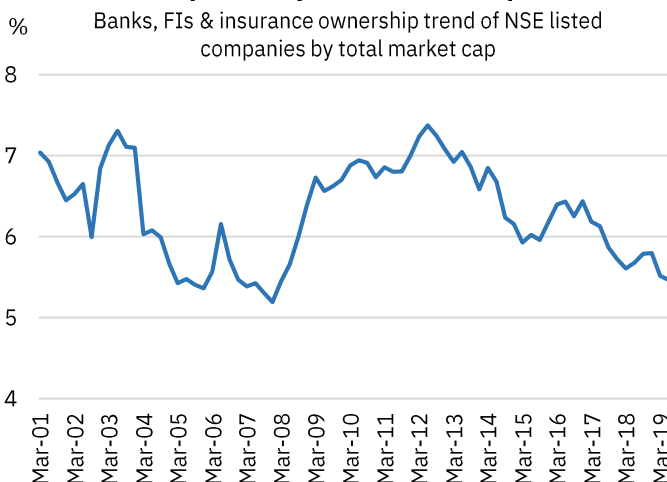
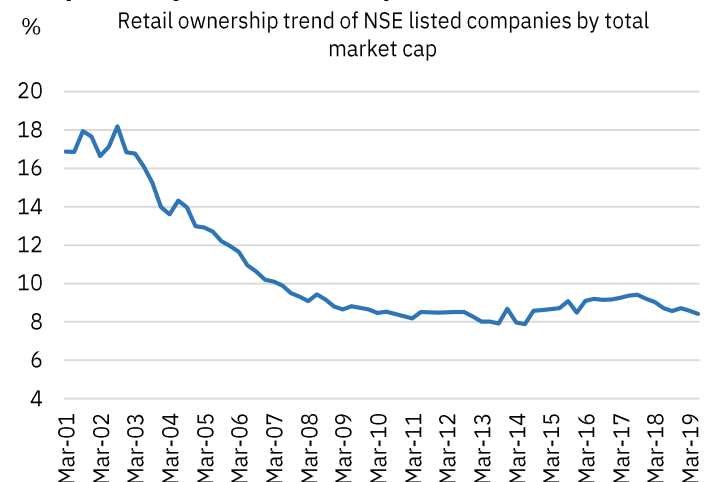


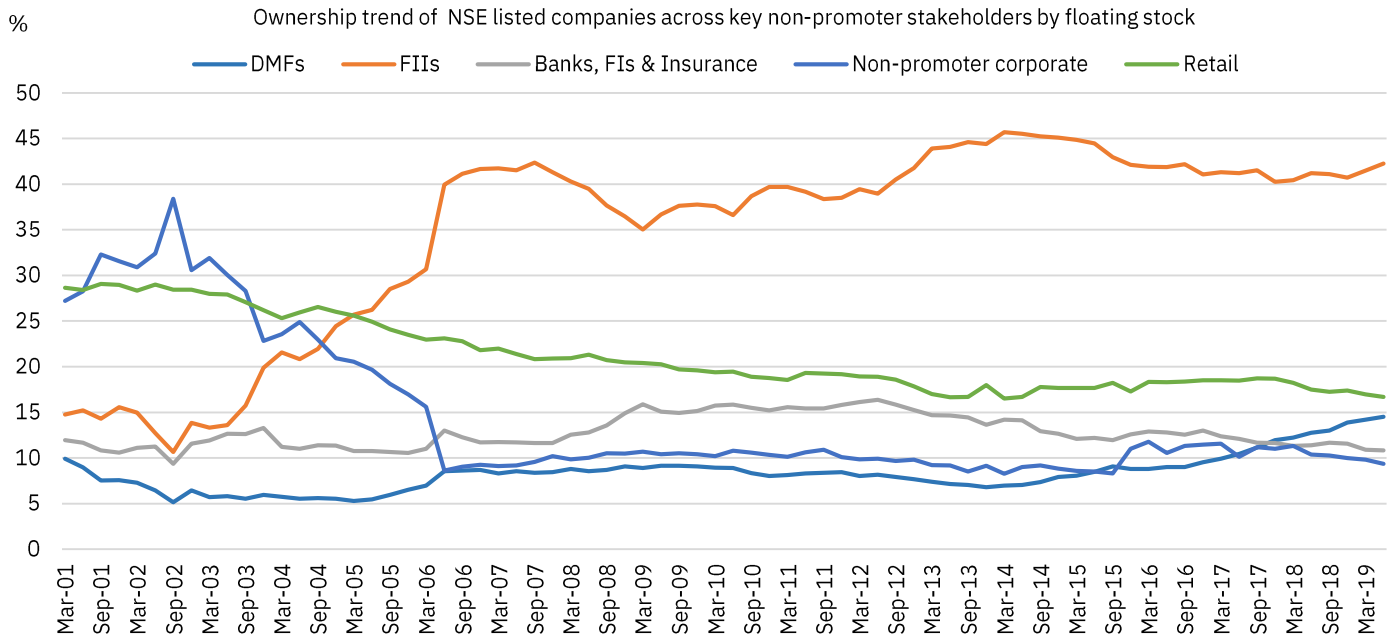
Figure 11: Retail ownership trend of NSE listed companies by total market cap



Source: CMIE Prowess, NSE

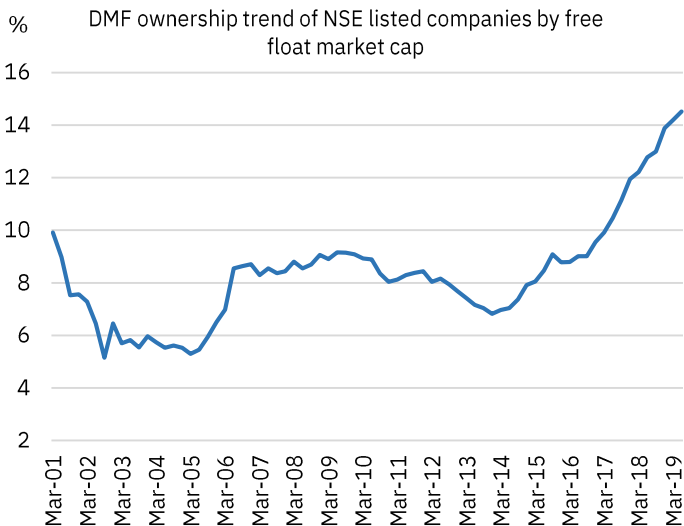
The ownership analysis on the free float market cap paints a somewhat similar picture. While DMF ownership of the free float market cap of the NSE listed universe remained at 19-year high in June 2019, that of FIIs has fallen slightly from the peak of 45.7% in 2014, even as it has been gradually inching up over last three quarters (+150bps this year) and continue to remain the biggest owners of India Inc. after promoters.

Figure 12: NSE listed universe – Long-term ownership trend across key stakeholders by free float market cap



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

Figure 13: DMF ownership trend of NSE listed companies by free float market cap



Source: CMIE Prowess, NSE

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

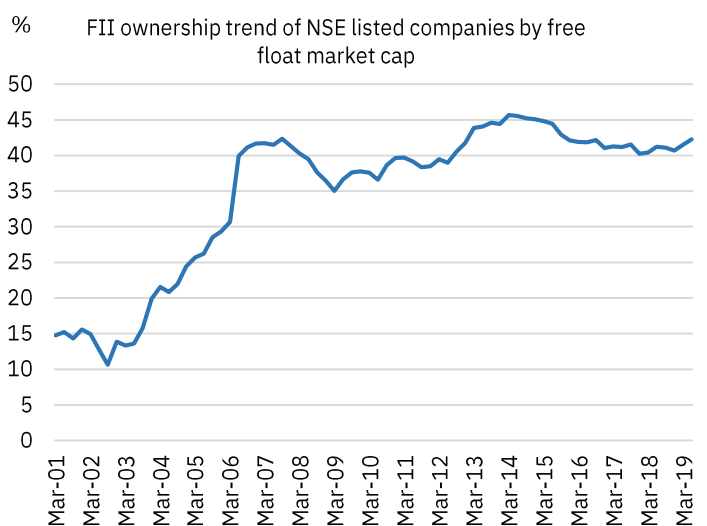
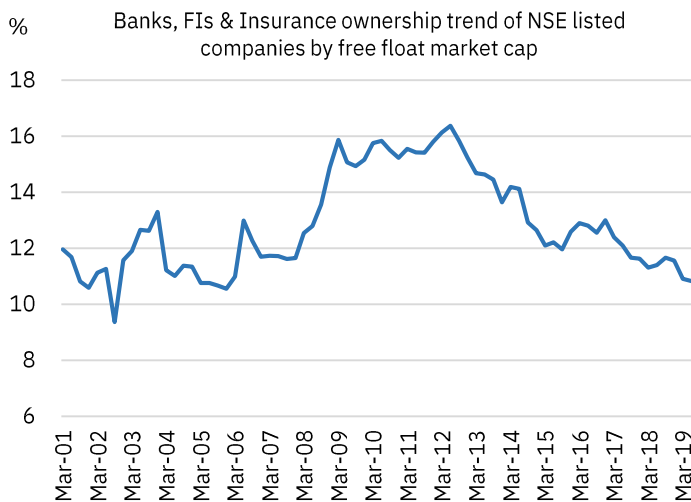
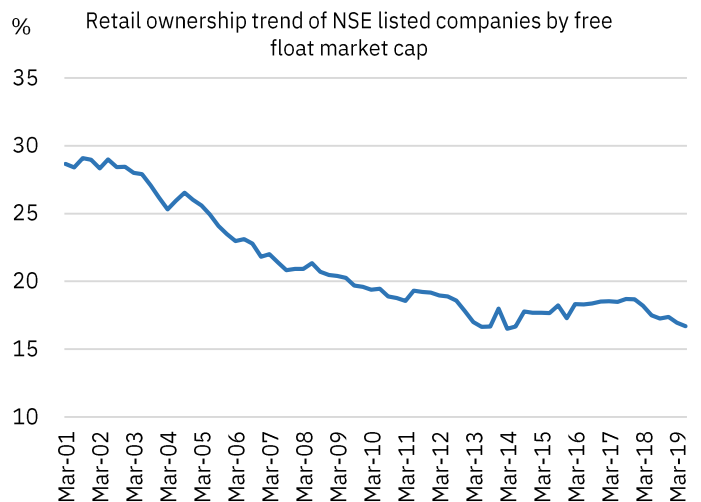
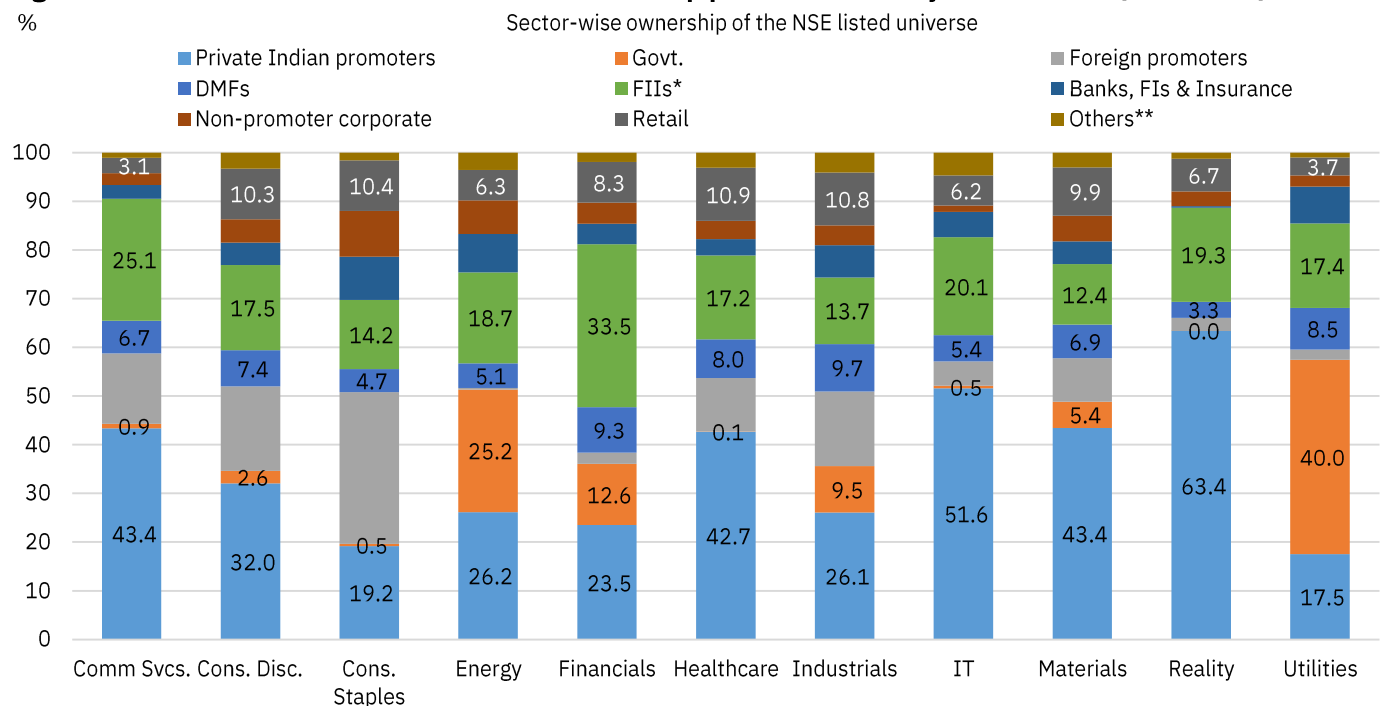


Figure 15: Banks, FIs & Insurance ownership trend of NSE listed companies by free float market cap

Figure 16: Retail ownership trend of NSE listed companies by free float market cap


Source: CMIE Prowess, NSE

Sector-wise ownership of the NSE listed universe (June 2019): The sector-wise ownership pattern of the NSE listed universe across key stakeholders shows that the Real Estate sector has the highest promoter ownership at 66.0%, followed by Communication Services at 58.7%, Utilities at 57.8%, Information Technology at 57% and Materials at 55.7%. Utilities, Energy and Financials have the highest Government ownership at 40.0%, 25.2% and 12.6% respectively.

The DMF ownership is the highest in Industrials at 9.7%, followed by Financials at 9.3% and Utilities at 8.5%. FIIs are the biggest non-promoter owners of Financials at 33.5%, followed by Communication Services at 25.1% and Information Technology at 20.1%.

Figure 17: NSE listed universe – Sector-wise ownership pattern across key stakeholders (June 2019)


Source: CMIE Prowess, NSE.

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

**Others include other institutional and non-institutional non-promoter investors.

Sector allocation of the NSE listed universe for key stakeholders (June 2019): The table below shows the sector allocation for key stakeholders in all NSE listed companies as of June 2019. Nearly 84% of the Government ownership is concentrated in Financials, Energy and Utilities. The Consumer sector, Discretionary and Staples combined, account for ~52% of the exposure of foreign promoters to the NSE listed space. While DMFs have 34.8% of the exposure to Financials, followed by Industrials at 10.9%, FIIs have a much higher allocation to Financials at 42.9%, followed by Information Technology at 11.1%. The retail portfolio is relatively more diversified across sectors.

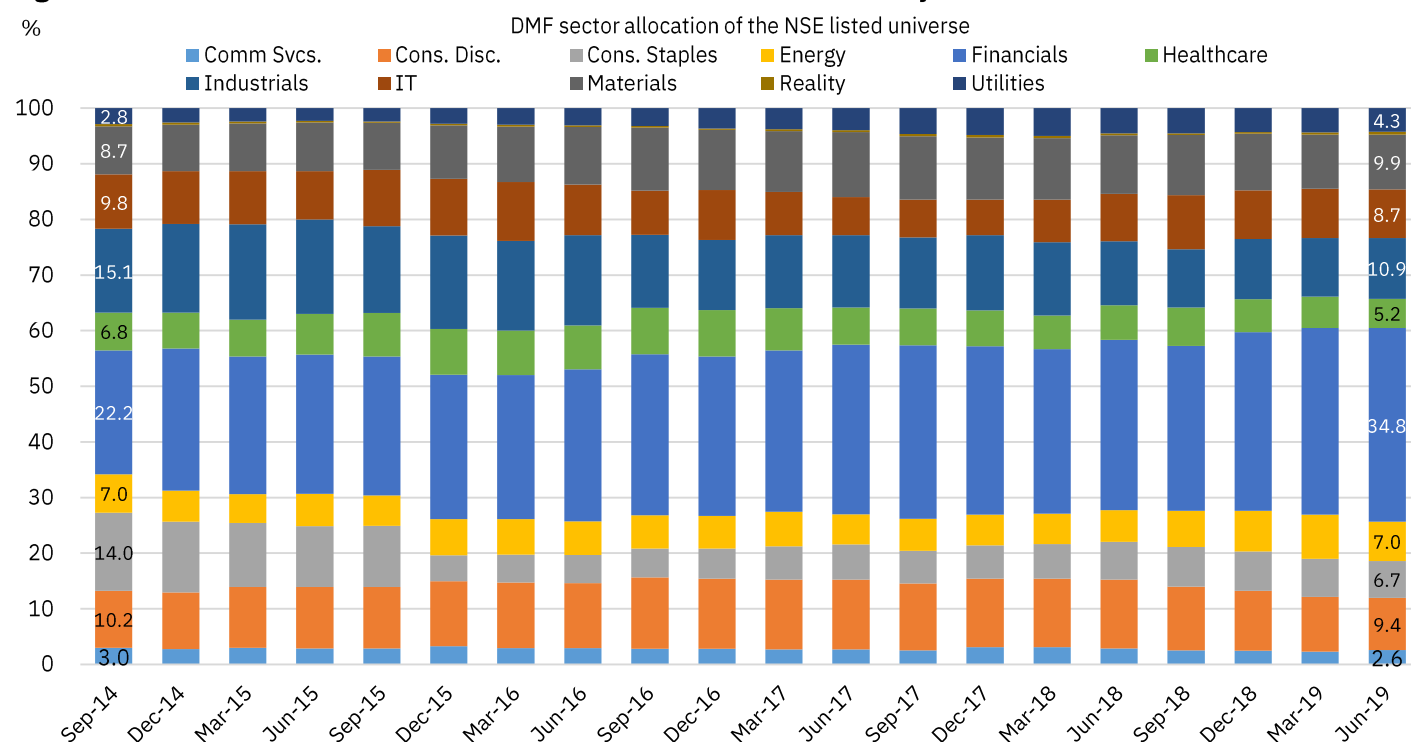
Figure 18: Sector allocation of the NSE listed universe for key stakeholders (June 2019)

%	Private Indian promoters	Govt.	Foreign promoters	Domestic MFs	FIIs*	Banks, FIs & Insurance	Non-promoter corporate	Retail
Communication Services	3.9	0.3	4.4	2.6	3.3	1.5	1.5	1.1
Consumer Discretionary	9.4	2.6	17.1	9.4	7.6	7.7	9.5	11.3
Consumer Staples	6.3	0.5	34.7	6.7	6.9	16.9	20.7	12.8
Energy	8.5	27.9	0.3	7.0	8.9	14.7	14.9	7.6
Financials	20.5	37.3	6.7	34.8	42.9	20.9	25.2	27.0
Health Care	6.5	0.0	5.7	5.2	3.9	2.9	3.8	6.2
Industrials	6.9	8.6	13.6	10.9	5.3	10.1	7.1	10.7
Information Technology	19.4	0.6	6.3	8.7	11.1	11.2	3.3	8.6
Materials	14.4	6.2	10.0	9.9	6.1	8.9	11.6	12.3
Real Estate	2.1	0.0	0.3	0.5	1.0	0.1	0.7	0.8
Utilities	2.1	16.0	0.8	4.3	3.0	5.1	1.8	1.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

DMF exposure to Financials in the NSE listed space is the highest since 2001...: DMFs have significantly increased their allocation to Financials over the years, in-line with the increase in sector share in the market, with current exposure at 34.8% being the highest since 2001. This has largely come at the expense of significant reduction in exposure to Industrials, Healthcare and Consumer Discretionary/Staples, reflecting investment as well as consumption slowdown.

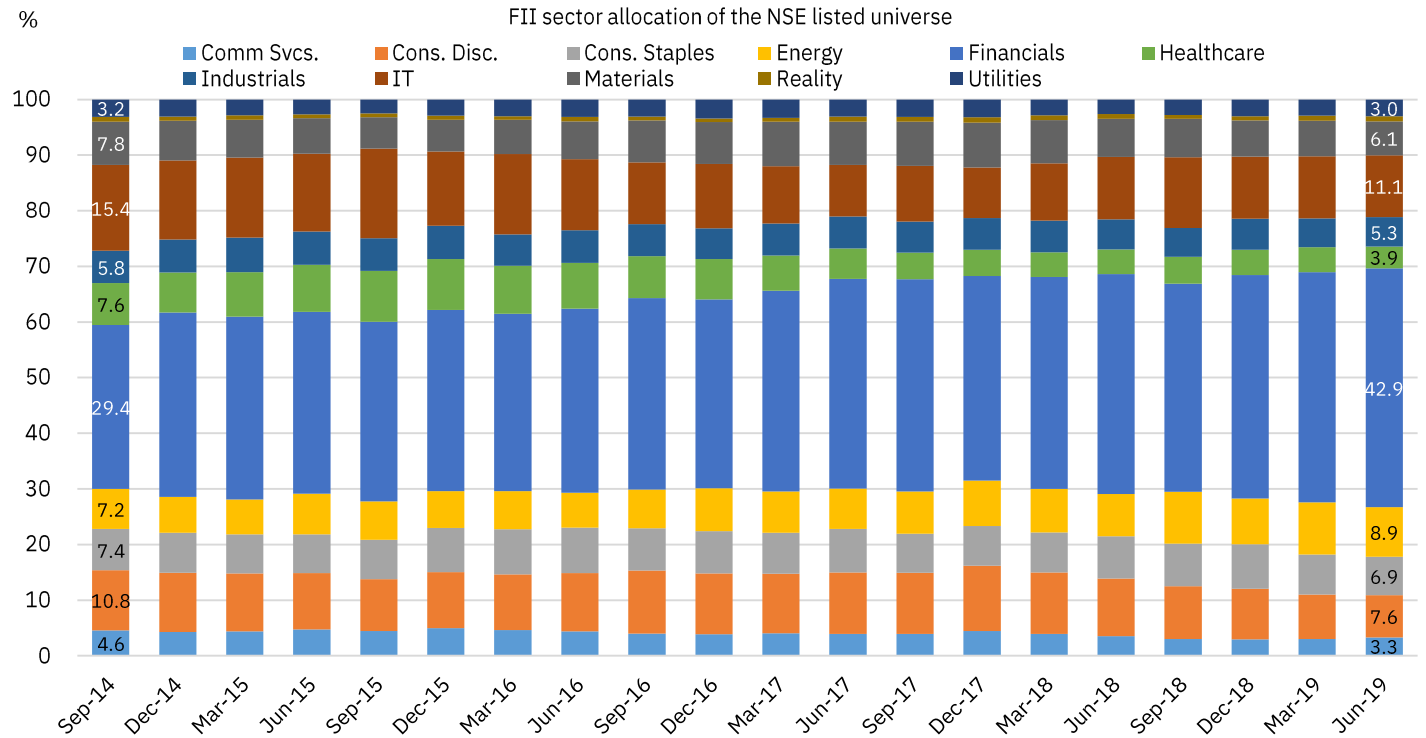
Figure 19: DMF sector allocation of the NSE listed universe over last five years



Source: CMIE Prowess, NSE

...and so is for FIIs: FIIs have increased their exposure to Financials at a much steeper pace than DMFs. Their current exposure to the Financials sector at 42.9% in June 2019 (vs. 41.4% in March 2019) is the highest since 2001. They have also increased allocation to Energy sector over last few years. FIIs have significantly reduced their allocation to Healthcare and Consumer Discretionary sectors, with exposure to both hovering at near eight-year low levels.

Figure 20: FII sector allocation of the NSE listed universe over last five years



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

Nifty 50 ownership trends

Ownership pattern of the Nifty 50 universe (June 2019): Our analysis of the ownership pattern of the narrow Nifty 50 Index as of June 2019 shows a lower promoter holding than the listed universe at nearly 42% (+55bps QoQ), even as the Government ownership remains similar at 9.0% (+22bps QoQ). The institutional ownership for the narrow universe is much higher at 42.9% (vs. 34.5% for the listed universe), signalling significant concentration of institutional money in the large-caps. Of this, FIIs, including ownership through depository receipts, accounted for the highest 27.5% (+8bps QoQ and nearly 6.2pp higher than the broader listed universe), followed by domestic mutual funds (DMFs) at 7.7% (+8bps QoQ) and Banks, FIs & Insurance at 7.5% (-16bps QoQ). The retail investors owned 7.5% (-4bps QoQ) of the Nifty 50 universe, a tad lower than that in the entire listed space, as of June 2019.

Our analysis on the free float market cap shows that while FIIs accounted for a huge 47.3% share in June 2019, it is 4.5pp lower than the highest share since 2006. The retail investors held 13% of the free float market cap, followed by DMFs at a tad higher 13.3%, Banks, FIs & Insurance at 12.8% and non-promoter corporates at 7.8%.

Figure 21: Nifty 50 – Ownership pattern by total market cap (% , June 2019)

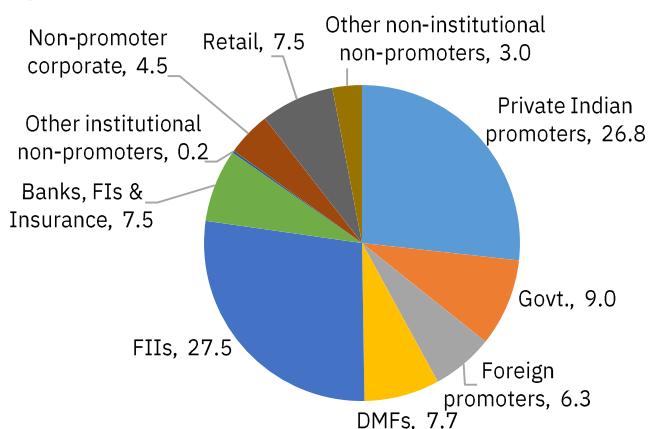
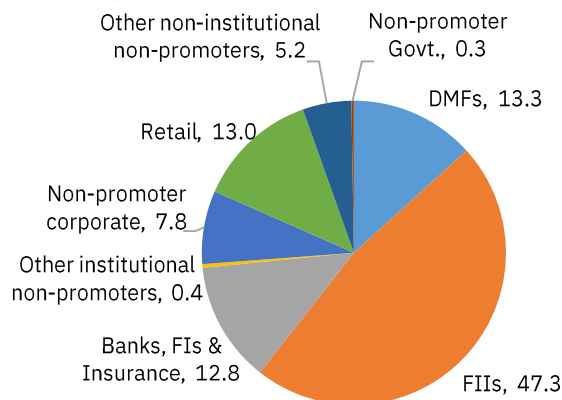


Figure 22: Nifty 50 – Ownership pattern by free float market cap (% , June 2019)



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

Figure 23: Nifty 50 – 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's *	Non-promoter corporate	Retail
Sep-16	26.0	11.7	6.5	4.3	8.8	27.5	5.0	7.1
Dec-16	25.5	12.6	6.5	4.7	9.0	26.6	5.1	7.1
Mar-17	24.5	12.8	6.4	5.0	8.7	27.1	5.5	7.0
Jun-17	23.4	11.6	7.6	5.3	8.7	27.6	4.2	7.1
Sep-17	24.0	11.5	7.8	5.8	8.1	28.0	5.0	7.2
Dec-17	24.2	11.3	8.1	6.2	8.1	27.1	4.9	7.0
Mar-18	24.1	10.6	7.8	6.4	8.0	27.6	5.1	7.0
Jun-18	26.0	9.5	6.9	6.7	7.8	27.4	5.2	7.4
Sep-18	27.2	9.5	6.2	6.7	7.8	26.6	5.2	7.3
Dec-18	26.1	9.0	6.6	7.4	7.8	27.0	5.2	7.6
Mar-19	26.5	8.7	6.3	7.6	7.6	27.4	4.9	7.6
Jun-19	26.8	9.0	6.3	7.7	7.5	27.5	4.5	7.5
QoQ change	29bps	22bps	3bps	8bps	-16bps	8bps	-33bps	-4bps

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

Figure 24: Nifty 50 – Ownership trend across key stakeholders by free float market cap over last three years

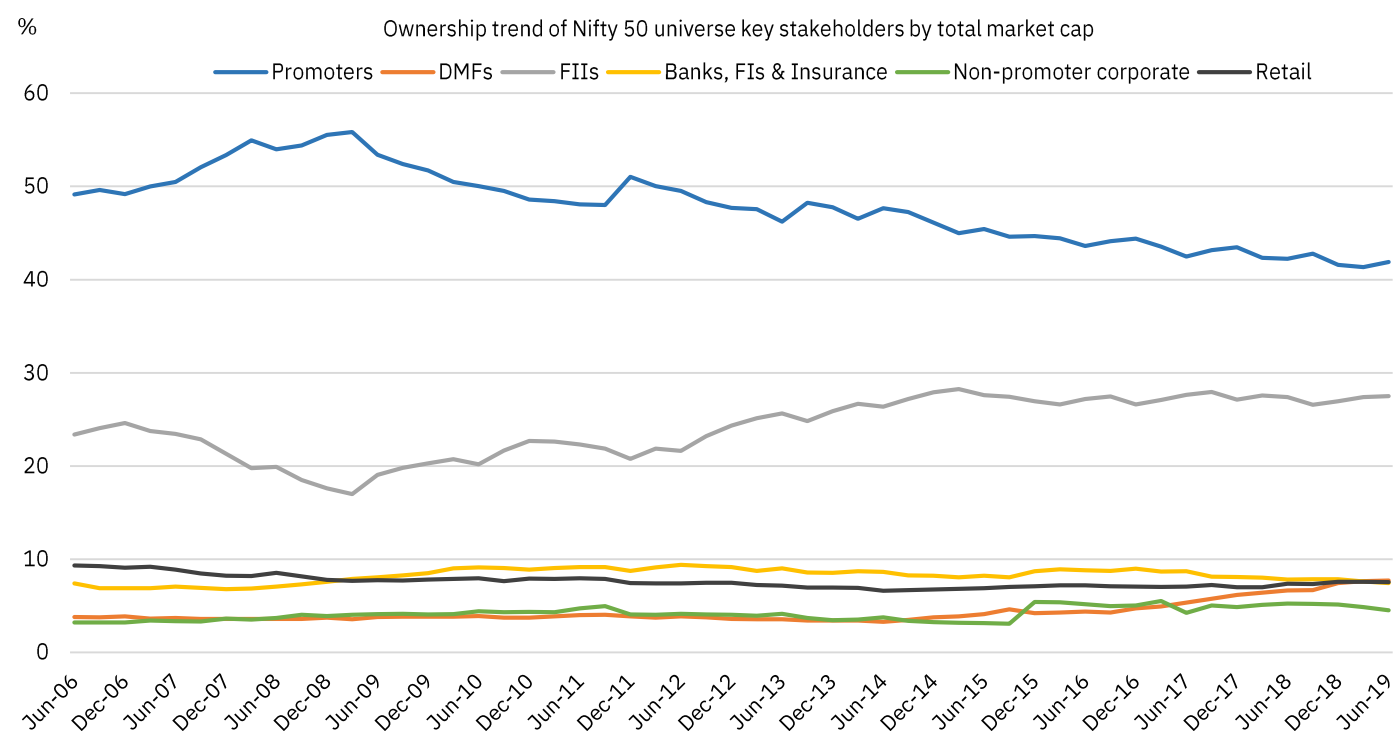
%	Domestic MFs	Banks, FIs & Insurance	FII*s*	Non-promoter corporate	Public
Sep-16	7.7	15.7	49.1	8.9	12.7
Dec-16	8.5	16.2	47.9	9.1	12.7
Mar-17	8.8	15.3	48.0	9.8	12.4
Jun-17	9.3	15.2	48.0	7.4	12.3
Sep-17	10.2	14.3	49.2	8.9	12.7
Dec-17	10.9	14.3	47.9	8.6	12.4
Mar-18	11.1	13.9	47.8	8.9	12.1
Jun-18	11.5	13.5	47.4	9.1	12.8
Sep-18	11.7	13.7	46.4	9.1	12.8
Dec-18	12.7	13.4	46.2	8.8	13.0
Mar-19	13.0	13.0	46.7	8.3	12.9
Jun-19	13.3	12.8	47.3	7.8	13.0
QoQ change	25bps	-15bps	59bps	-48bps	4bps

Source: CMIE Prowess, NSE. *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 is similar to the wider listed universe. Overall promoter ownership has seen a steady decline since 2009, largely on account of sharp decline in Government ownership, even as private Indian as well as foreign promoters' holding has increased since 2010, albeit at a much lower 370bps (vs. 720bps for the listed universe).

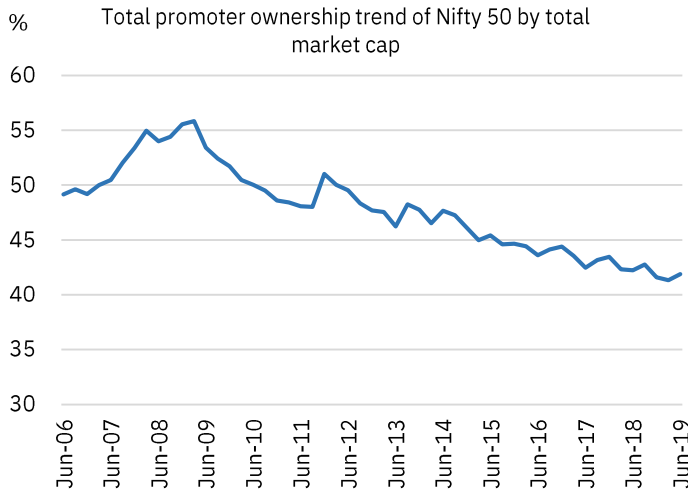
While the DMF ownership has been gradually increasing since 2014 and is currently at the highest level since 2006, FII ownership has improved sharply from the post-GFC low of 70% (in March 2009) to 27.5% currently, even as it is ~75bps shy of the peak share since 2006.

Contrary to the broader listed universe, retail ownership of the Nifty 50 Index has been steadily inching up over last few years, after falling to 13-year low of 6.6% in June 2014.

Figure 25: Nifty 50 – Long-term ownership trend across key stakeholders by total market cap


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

Figure 26: Total promoter ownership trend of the Nifty 50 universe by total market cap



Source: CMIE Prowess, NSE

Figure 27: Indian (Govt./non-Govt.) and foreign promoter ownership trend of the Nifty 50 universe by total market cap

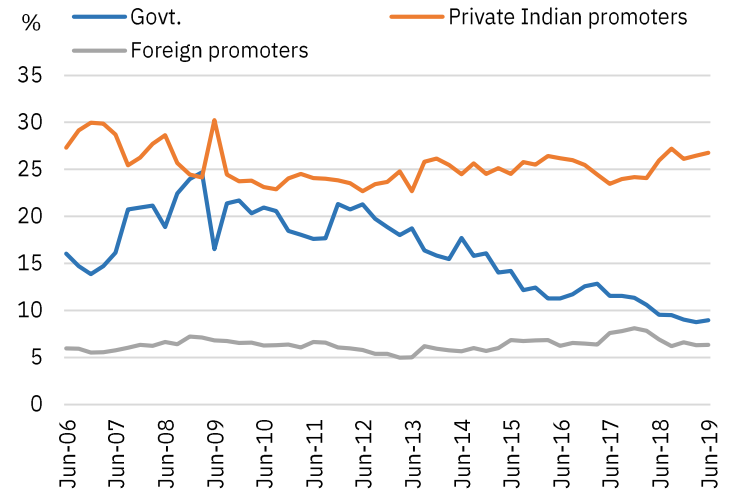
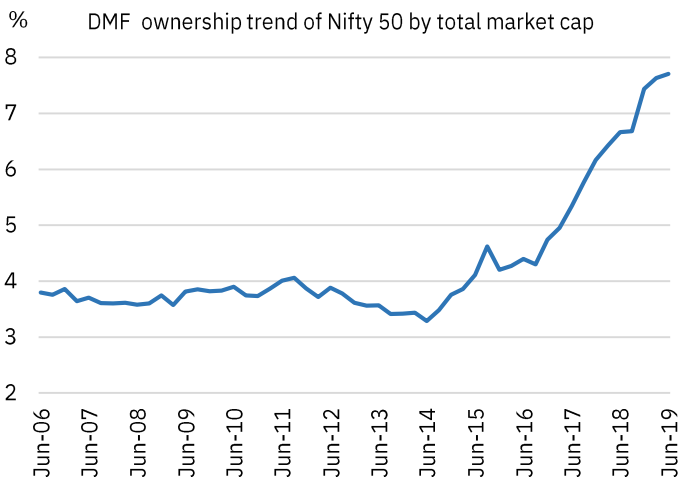


Figure 28: DMF ownership trend of Nifty 50 universe by total market cap



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

Figure 29: FII ownership trend of Nifty 50 universe by total market cap

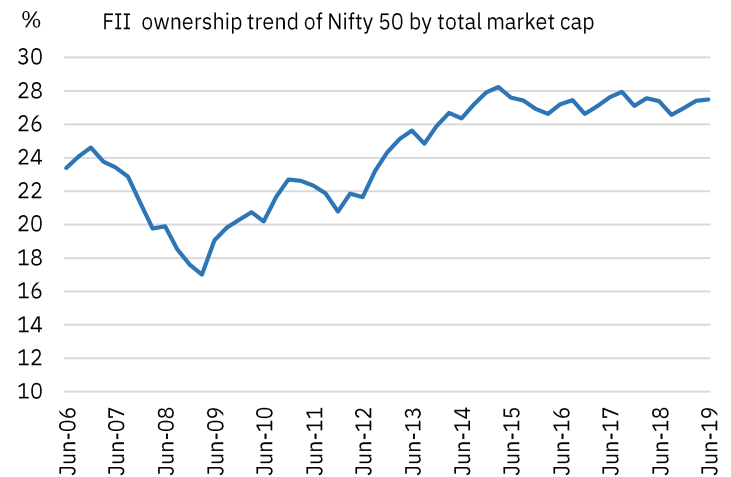
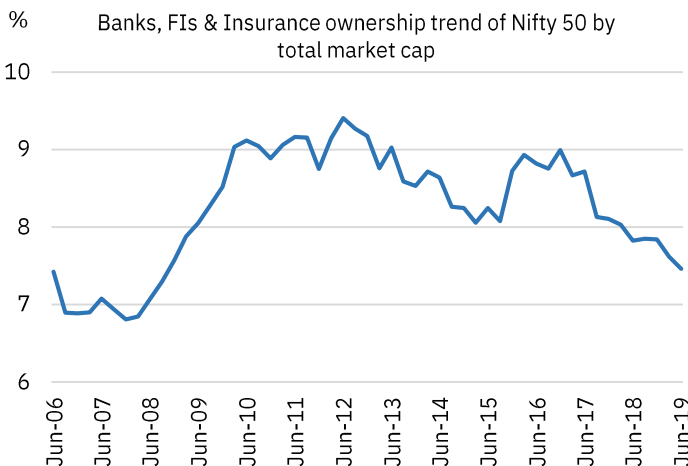
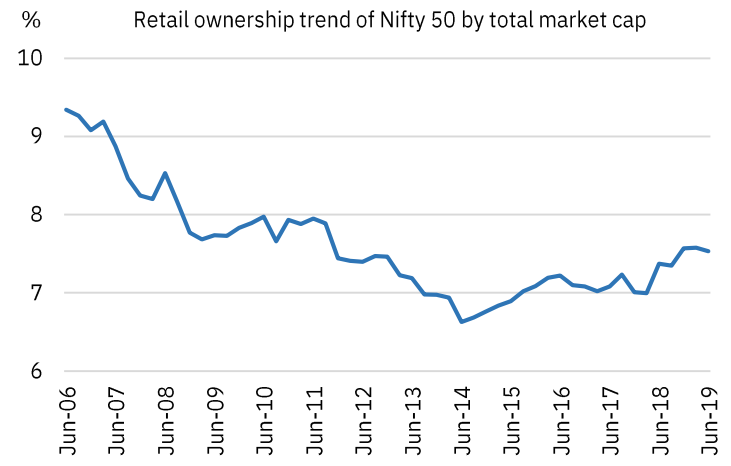


Figure 30: Banks, FIs & Insurance ownership trend of Nifty 50 universe by total market cap



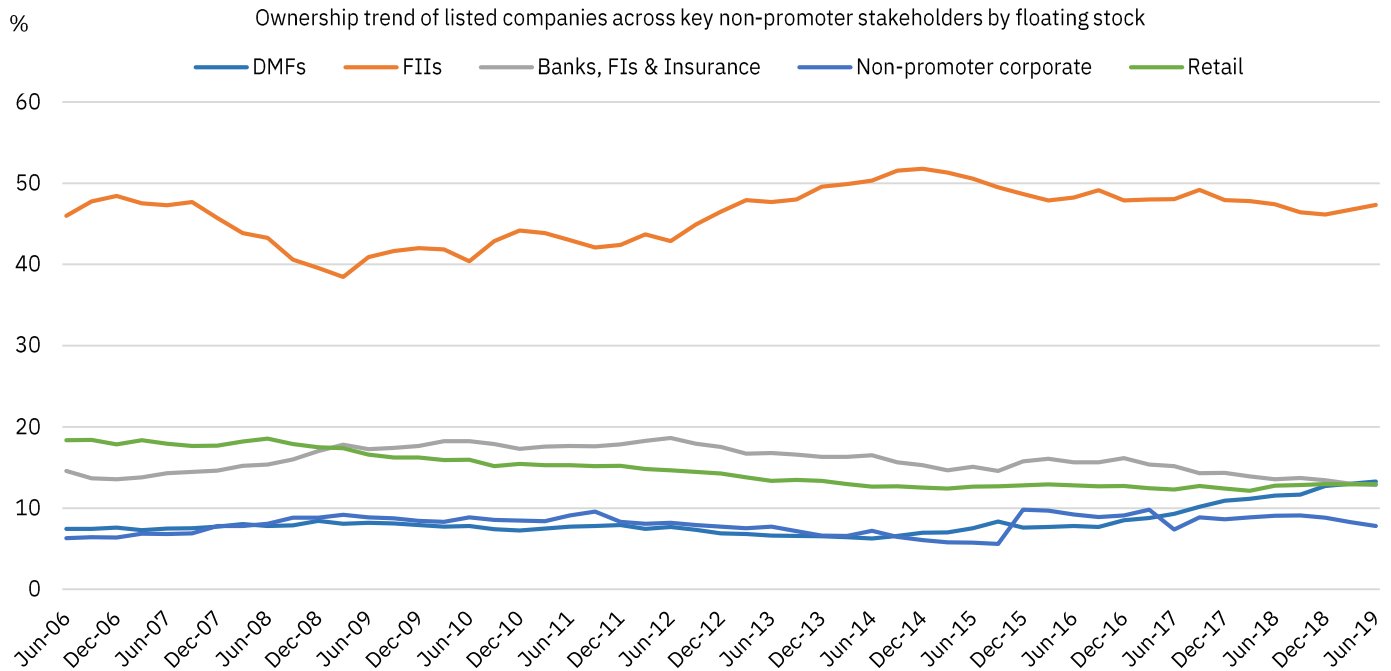
Source: CMIE Prowess, NSE

Figure 31: Retail ownership trend of Nifty 50 universe by total market cap



Our long-term ownership analysis on the free float market cap of the Nifty 50 Index also shows that while DMF ownership is the highest since 2006, current FII ownership is nearly 450bps lower than the peak of 51.8% in December 2014, even as the share has increased by nearly 120bps over last three quarters.

Figure 32: Nifty 50 – Long-term ownership trend across key stakeholders by free float market cap



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

Figure 33: DMF ownership trend of the Nifty 50 universe by free float market cap

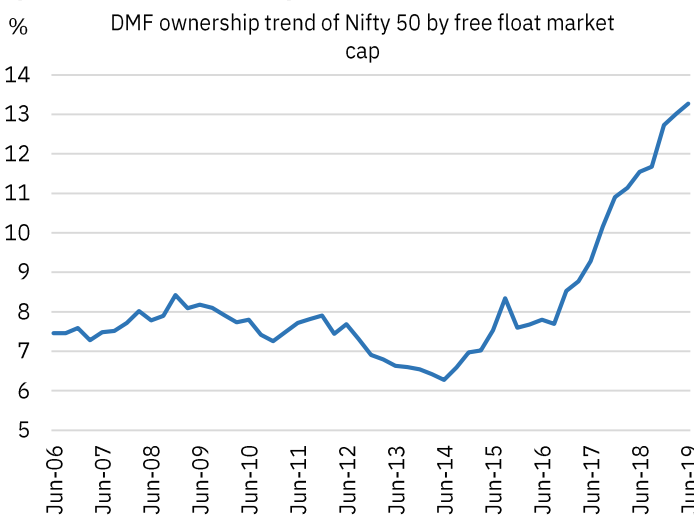
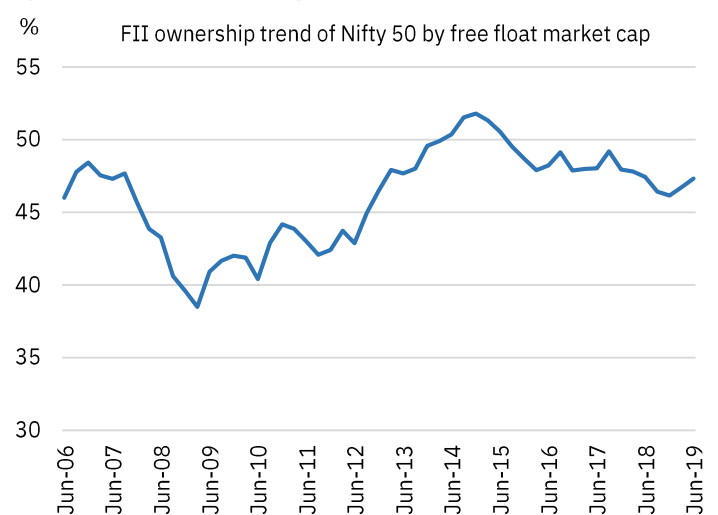
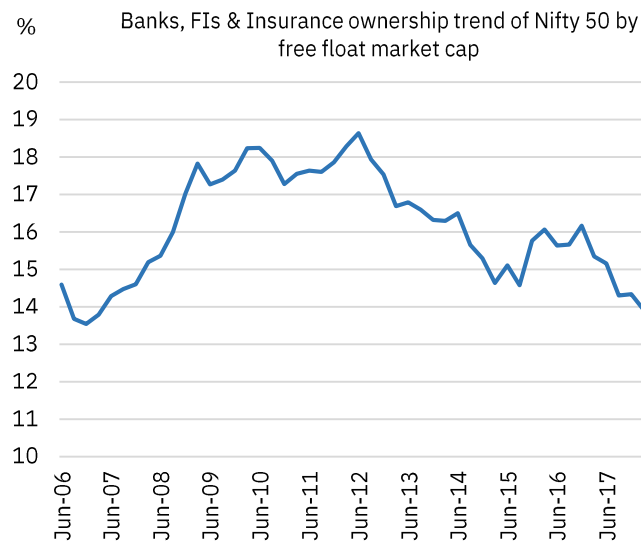
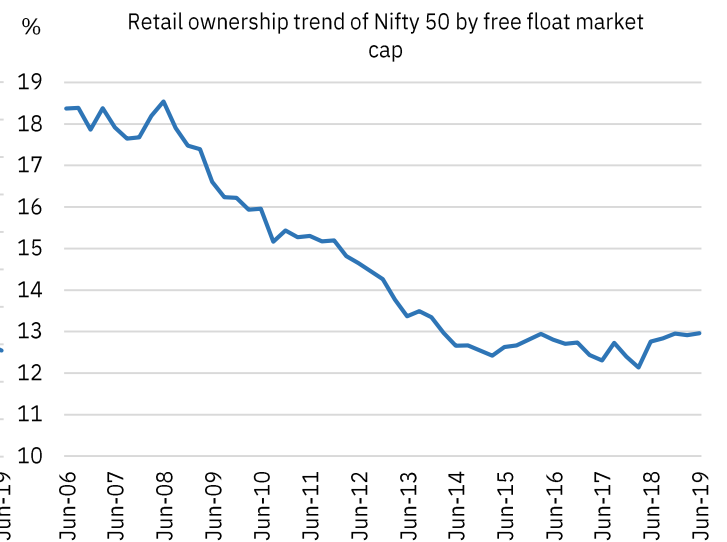


Figure 34: FII* ownership trend of the Nifty 50 universe by free float market cap

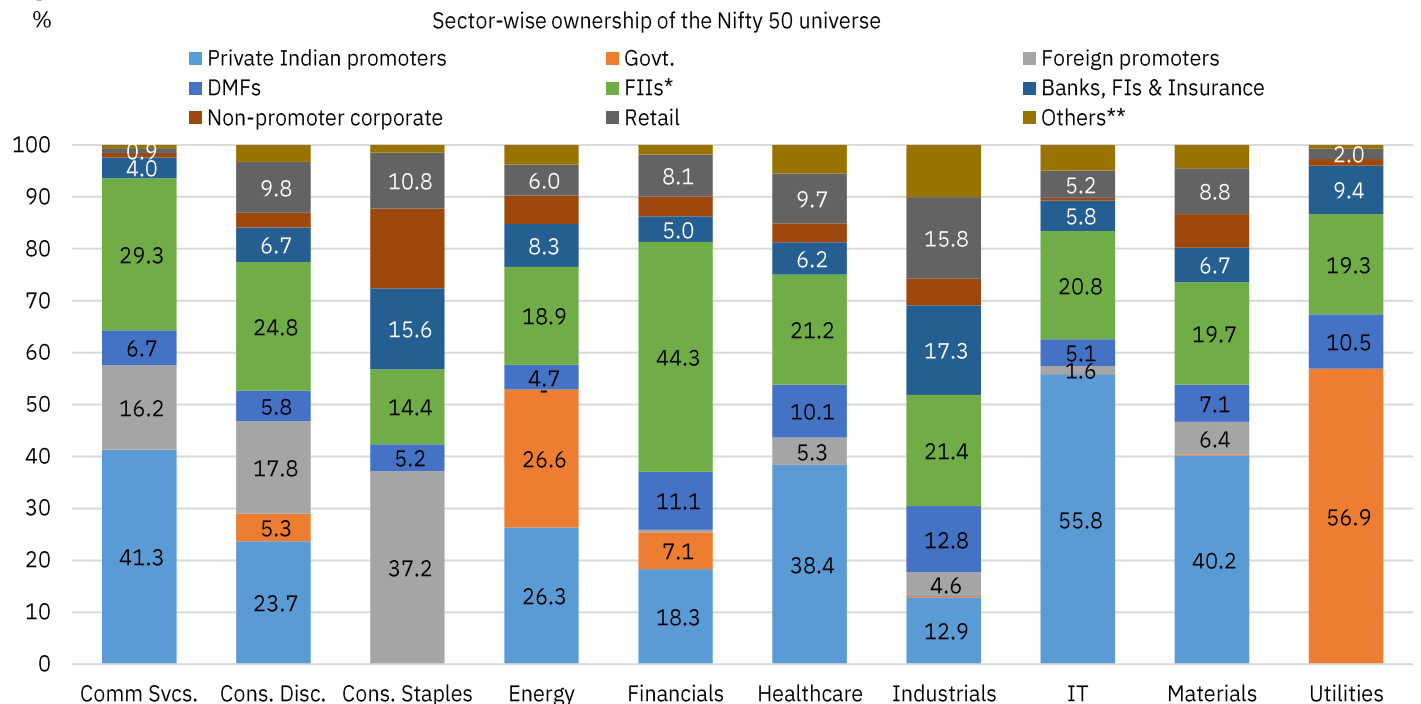


Source: CMIE Prowess, NSE. *FII ownership includes ownership through depository receipts held by custodians.

Figure 35: Banks, FIs & Insurance ownership trend of the Nifty 50 universe by free float market cap

Figure 36: Retail ownership trend of the Nifty 50 universe by free float market cap


Source: CMIE Prowess, NSE

Sector-wise ownership of the Nifty 50 universe (June 2019): In terms of promoter ownership, Communication Services sector leads with a 57.6% promoter share, followed by Information Technology at 57.4% and Utilities at 55.1%. Utilities and Energy have the highest Government ownership at 56.9% and 26.6% respectively. DMF ownership is the highest in Industrials at 12.8%, followed by Financials at 11.1% and Utilities at 10.5%. FIIs are the biggest non-promoter owners of Financials at 44.3%, followed by Communication Services at 29.3% and Consumer Discretionary at 24.8%. In terms of overall foreign ownership (including foreign promoters), Consumer Staples leads with a 51.6% foreign share, followed by Communication Services at 45.6% and Financials at 44.7%.

Figure 37: Nifty 50 – Sector-wise ownership pattern across key stakeholders (June 2019)


Source: CMIE Prowess, NSE.

* 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 stakeholders (June 2019): The table below shows the sector allocation for key stakeholders in Nifty 50 companies as of June 2019. The concentration of Government ownership in Financials, Energy and Utilities sector is much higher at ~95% in the Nifty 50 universe vs. ~81% in the broader listed universe. The Consumer sector, Discretionary and Staples combined, account for ~74% of the exposure of foreign promoters to the Nifty 50 companies. In case of institutional investors, DMFs have much higher exposure to Financials at 44% in the Nifty 50 Index (vs. 34.8% in the NSE listed universe), but 5pp lower than the FII allocation to the sector at 49%.

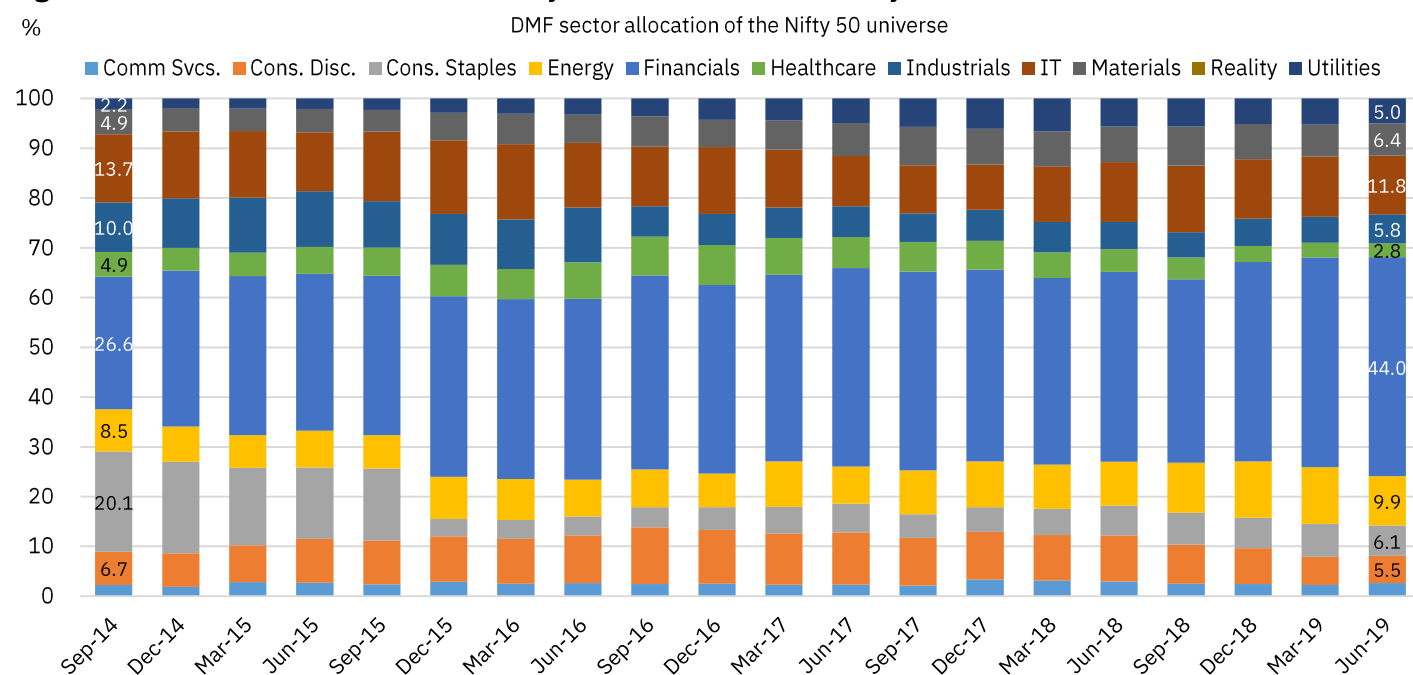
Figure 38: Sector allocation of the Nifty 50 universe for key stakeholders (June 2019)

%	Private Indian promoters	Govt.	Foreign promoters	Domestic MFs	FII*s*	Banks, FIs & Insurance	Non-promoter corporate	Retail
Communication Services	4.6	0.0	7.7	2.6	3.2	1.6	0.6	0.4
Consumer Discretionary	6.5	4.3	20.5	5.5	6.6	6.5	4.5	9.5
Consumer Staples	0.0	0.0	53.7	6.1	4.8	19.1	30.9	13.1
Energy	15.9	47.9	0.0	9.9	11.1	17.9	19.6	12.8
Financials	20.8	24.1	2.3	44.0	49.0	20.3	25.5	32.8
Health Care	3.0	0.0	1.8	2.8	1.6	1.8	1.7	2.7
Industrials	1.7	0.1	2.5	5.8	2.7	8.1	3.9	7.3
Information Technology	37.0	0.1	4.4	11.8	13.4	13.9	2.3	12.3
Materials	10.5	0.1	7.0	6.4	5.0	6.2	10.0	8.2
Utilities	0.0	23.4	0.0	5.0	2.6	4.6	1.0	1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

DMFs allocation to Financials in the Nifty index is the highest since 2006: DMFs have been increasing exposure to Financials over the years in the Nifty Index (Figure 39), partly explained by the increase in sector weight in the index. This has come at the expense of significant reduction in allocation to Consumer Discretionary and Staples, Healthcare and Industrials sectors, even as they have maintained neutral to mildly-OW position in Healthcare and Industrials sector.

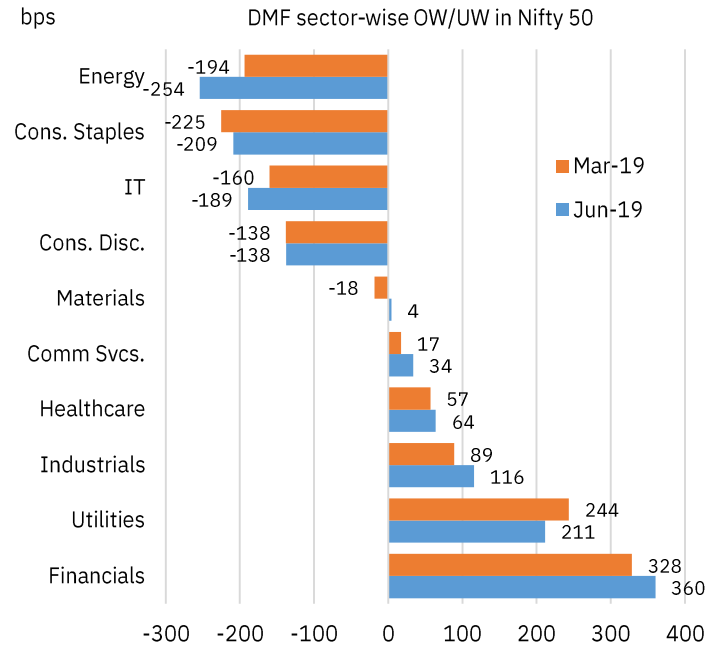
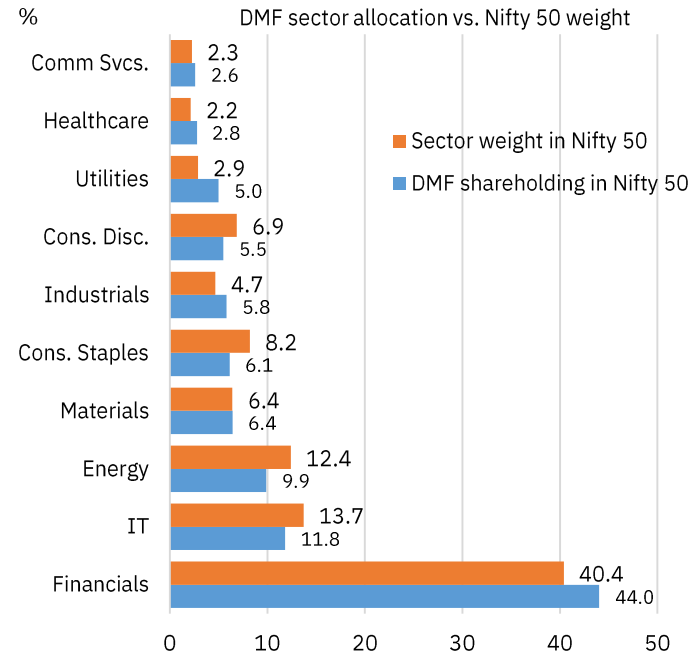
Figure 39: DMF sector allocation of the Nifty 50 universe over last five years



Source: CMIE Prowess, NSE

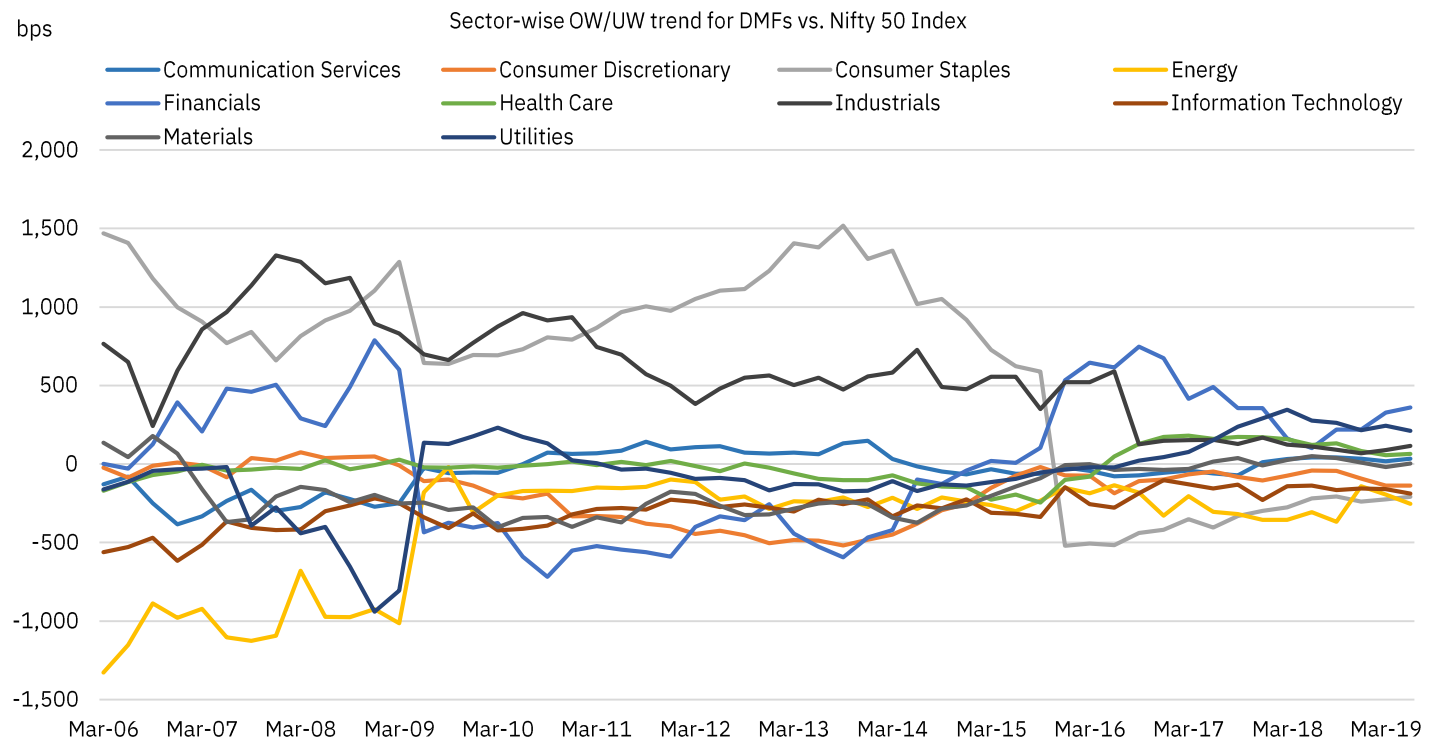
In terms of sector positioning with respect to the index, DMFs have maintained their overweight (OW) position on Financials for four years now, with the extent significantly rising over last six quarters. In the quarter ending June 2019, DMFs slightly increased the OW position in Industrials while marginally pared the OW position in Utilities. The most under-owned sectors were Energy, Consumer Staples, Information Technology and Consumer Discretionary.

Figure 40: DMF sector allocation vs. sector weight in Nifty 50 (June 2019) **Figure 41: DMF sector-wise OW/UW in Nifty 50 relative to sector weight in the index (June 2019)**



Source: CMIE Prowess, NSE

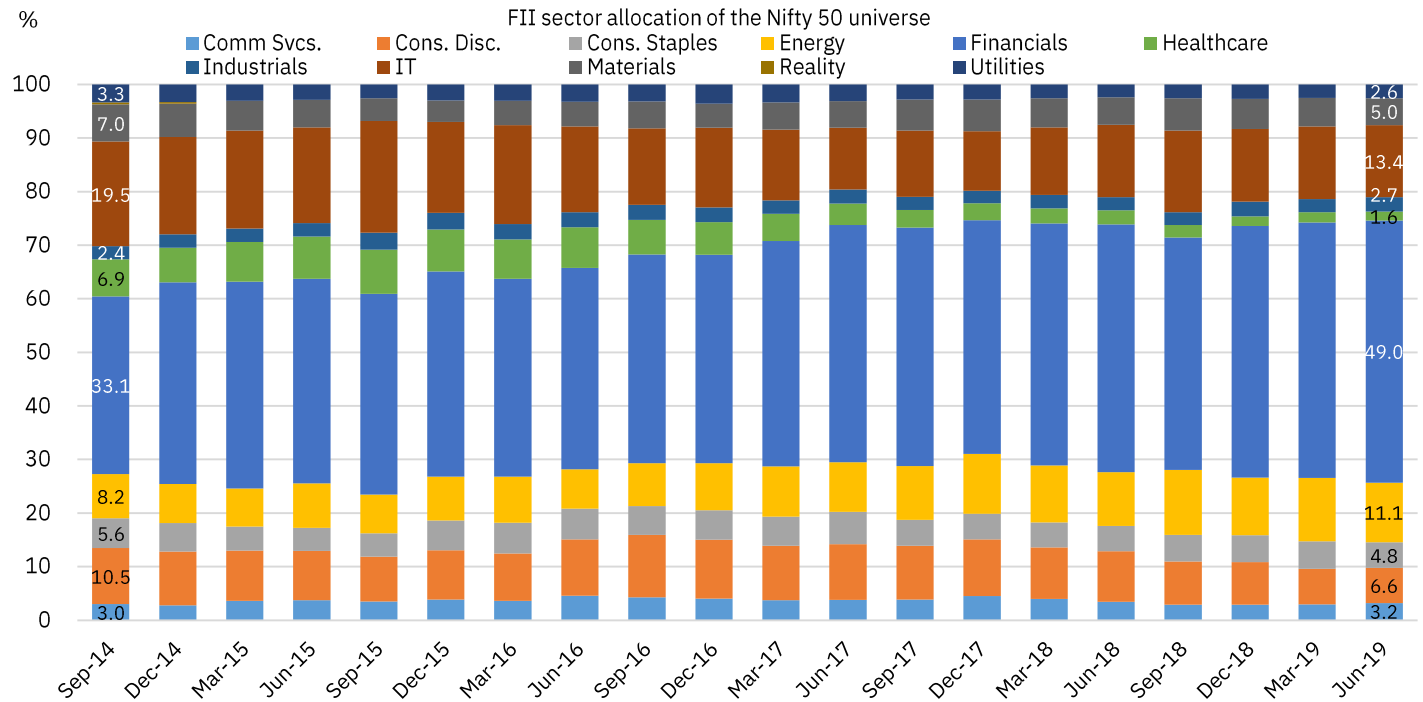
Figure 42: DMF vs. Nifty 50—Sector-wise OW/UW trend (bps)



Source: CMIE Prowess, NSE

FIIIs are more bullish on Financials than DMFs: Like DMFs, FIIIs have also been increasing their allocation to Financials sector, but with a much higher exposure. They have pared their allocation to Consumer Discretionary, Healthcare and Information Technology.

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



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

In terms of sector positioning with respect to the index, FIIIs have also maintained their overweight (OW) position on Financials but for a much longer period (since 2006), even as the OW position has slightly come off over last few quarters. The overall sector positioning for FIIIs in the Nifty 50 index has not changed much on a sequential basis in the quarter ending June 2019. Apart from Financials, FIIIs are mildly OW on Communication Services, with Consumer Staples, Industrials and Energy being the most under-owned sectors.

Figure 44: FII sector allocation vs. sector weight in Nifty 50 (June 2019)

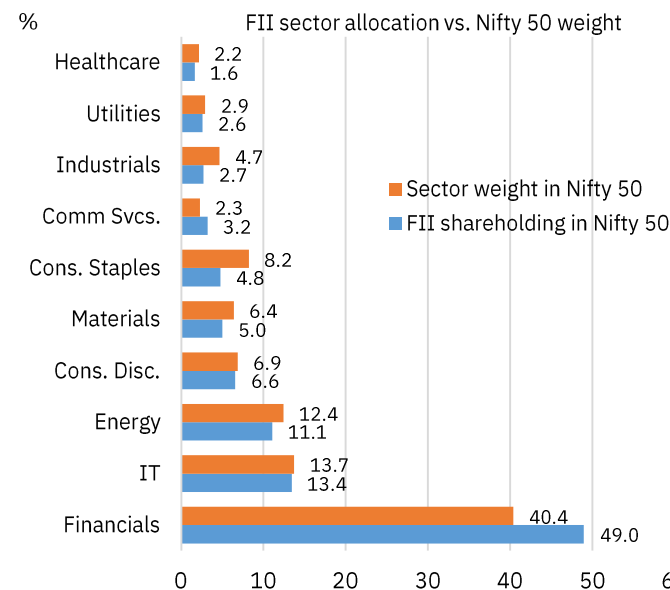
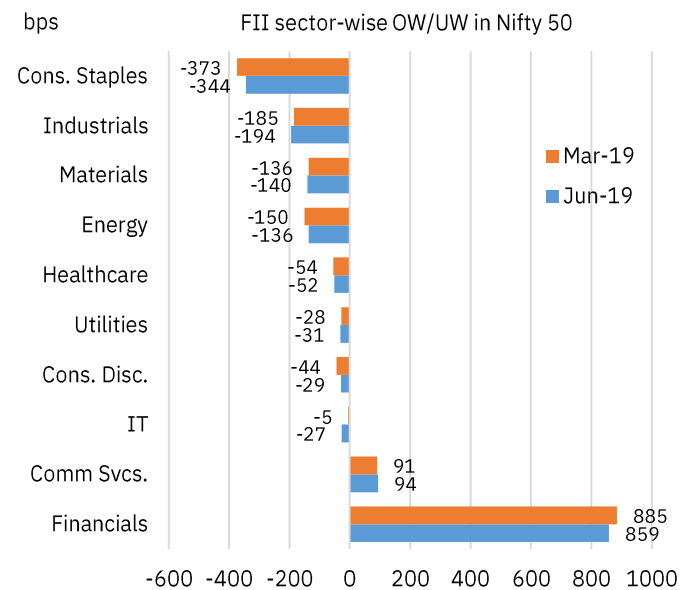
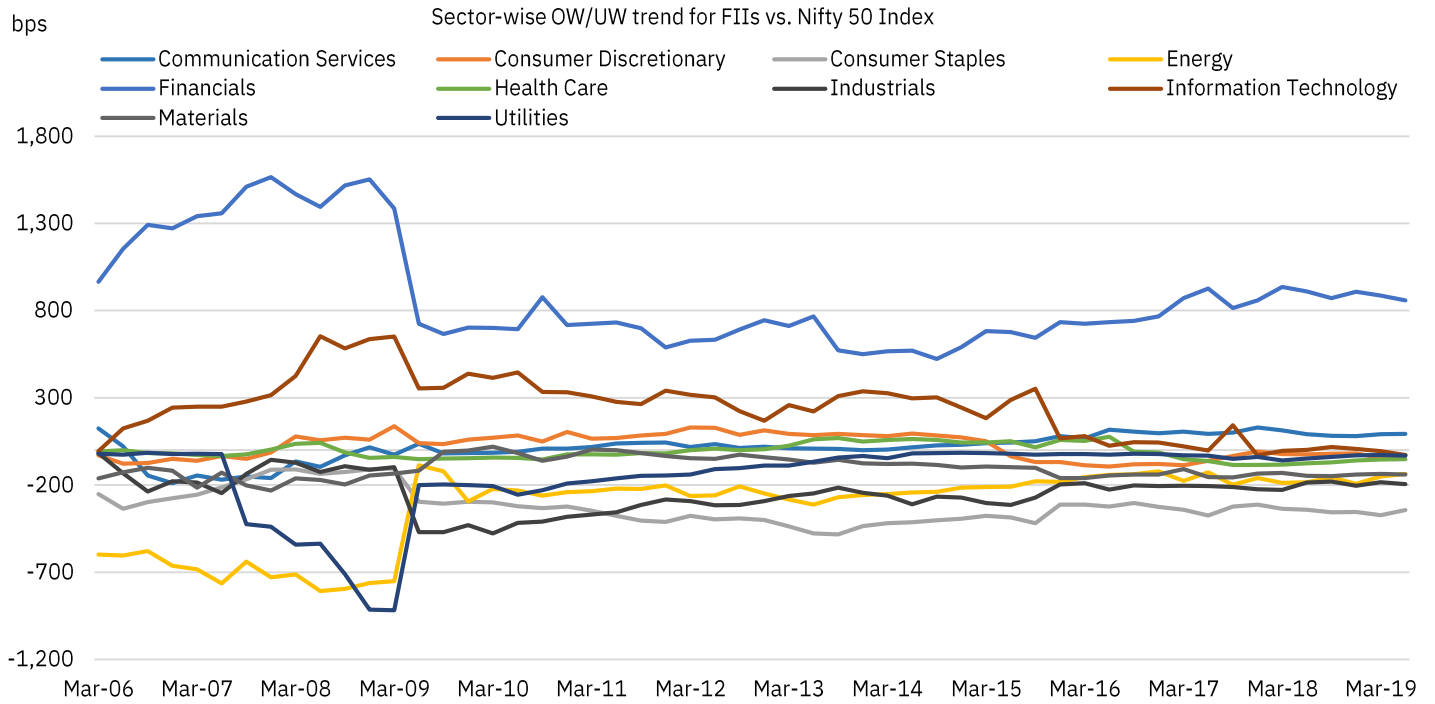


Figure 45: FII sector-wise OW/UW in Nifty 50 relative to sector weight in the index (June 2019)



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

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


NSE 500 ownership trends

Ownership pattern of the NSE 500 universe (June 2019): Our analysis of the ownership pattern of the broader NSE 500 Index as of June 2019 shows a tad lower promoter holding than the listed universe at nearly 49% (+10bps QoQ), but a slightly higher Government ownership at 9.5%. The institutional ownership in the NSE 500 index is slightly higher at 35.6% (vs. 34.5% for the listed universe), but is much lower than that in the Nifty 50 index of 42.9%. Of this, FIIs, including ownership through depository receipts, accounted for the highest 22.1% (+31bps QoQ and 77bps higher than the listed universe), followed by domestic mutual funds (DMFs) at 7.5% (15bps QoQ and is a mere 15bps higher than that in the listed universe) and Banks, FIs & Insurance at 5.7% (-7bps QoQ). The retail investors owned 8.0% (-11bps QoQ) of the NSE 500 universe, a tad lower than that in the entire listed space, as of June 2019.

Our analysis on the free float market cap shows that while FIIs accounted for a huge 43.3% share in June 2019, it is 4.2pp shy of the highest shares since 2001. The retail investors held 15.6% of the free float market cap, followed by DMFs at 14.6%, Banks, FIs & Insurance at 11.1% and non-promoter corporates at 9.1%.

Figure 47: NSE 500 – Ownership pattern by total market cap (June 2019)

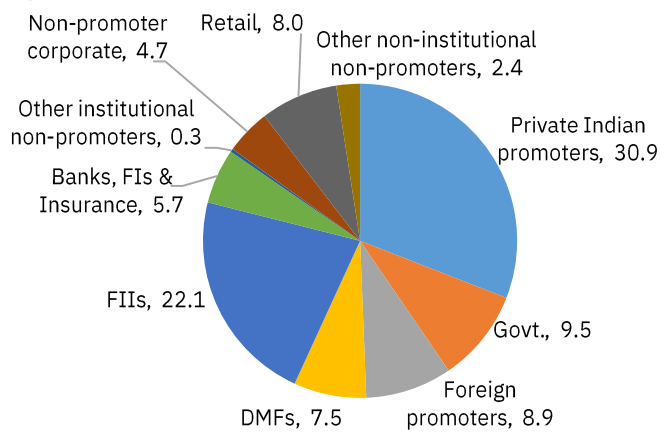
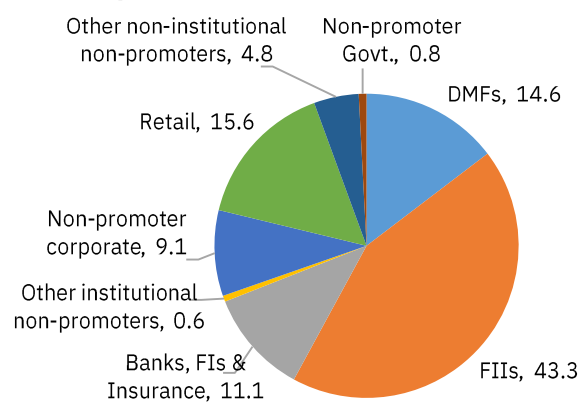


Figure 48: NSE 500 – Ownership pattern by free float market cap (June 2019)



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

Figure 49: NSE 500 – Ownership trend across key stakeholders by total market cap over last three years

%	Private Indian promoters	Govt.	Foreign promoters	Domestic MFs	Banks, FIs & Insurance	FIIs *	Non-promoter corporate	Retail
Sep-16	29.9	11.6	8.9	4.6	6.6	22.3	5.1	8.1
Dec-16	29.3	12.5	8.8	4.9	6.8	21.8	5.2	8.1
Mar-17	29.5	11.9	8.8	5.1	6.5	21.9	5.4	8.3
Jun-17	29.5	10.8	9.2	5.5	6.5	22.3	4.6	8.4
Sep-17	29.9	10.7	9.1	5.8	6.2	22.4	5.1	8.4
Dec-17	30.2	10.7	9.2	6.2	6.1	21.6	4.9	8.2
Mar-18	30.1	10.1	9.2	6.4	6.0	22.0	5.1	8.2
Jun-18	30.4	9.6	9.3	6.6	6.0	21.8	5.1	8.2
Sep-18	31.3	9.7	9.1	6.6	6.0	21.3	5.0	8.1
Dec-18	30.7	9.5	9.5	7.1	6.1	21.3	4.9	8.2
Mar-19	30.9	9.6	8.8	7.3	5.7	21.8	4.9	8.1
Jun-19	30.9	9.5	8.9	7.5	5.7	22.1	4.7	8.0
QoQ change	-3bps	-2bps	10bps	15bps	-7bps	31bps	-21bps	-11bps

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

Figure 50: NSE 500 – Ownership trend across key stakeholders by free float market cap over last three years

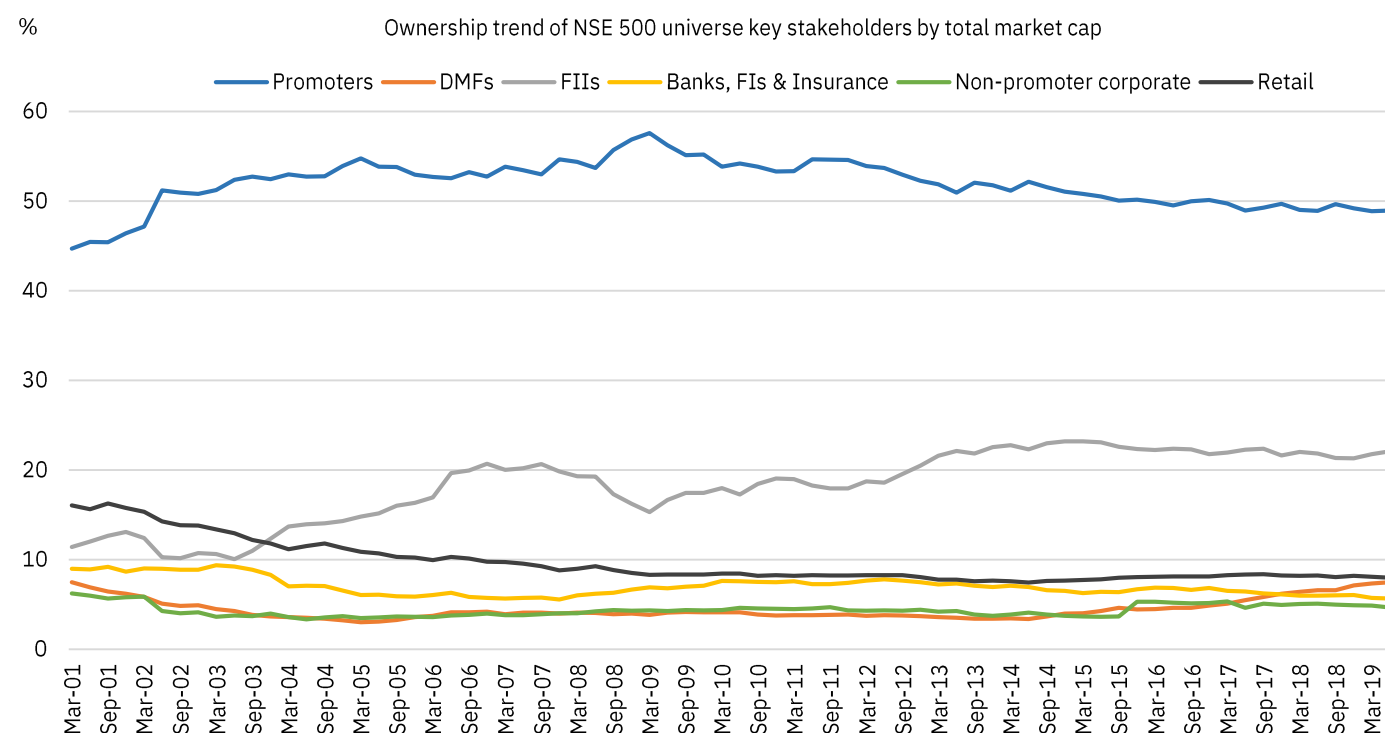
%	Domestic MFs	Banks, FIs & Insurance	FIIIs	Non-promoter corporate	Retail
Sep-16	9.2	13.2	44.6	10.2	16.2
Dec-16	9.8	13.7	43.6	10.3	16.3
Mar-17	10.1	13.0	43.6	10.6	16.4
Jun-17	10.7	12.7	43.6	9.0	16.4
Sep-17	11.5	12.3	44.1	10.0	16.5
Dec-17	12.3	12.2	43.0	9.8	16.4
Mar-18	12.6	11.8	43.1	9.9	16.1
Jun-18	12.9	11.7	42.7	9.9	16.1
Sep-18	13.1	12.0	42.4	9.9	16.0
Dec-18	14.0	11.9	41.9	9.6	16.2
Mar-19	14.3	11.2	42.6	9.5	15.8
Jun-19	14.6	11.1	43.3	9.1	15.6
QoQ change	32bps	-12bps	69bps	-40bps	-18bps

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

Long-term ownership trend of the NSE 500 universe: Overall promoter ownership in the broader NSE 500 universe has seen a steady decline since 2009, albeit at a smaller pace than the narrow Nifty 50 universe. However, like the narrow index, the decline has been on account of a sharp dip in Government ownership, even as private Indian as well as foreign promoters' holding has increased by nearly 700bps since June 2010.

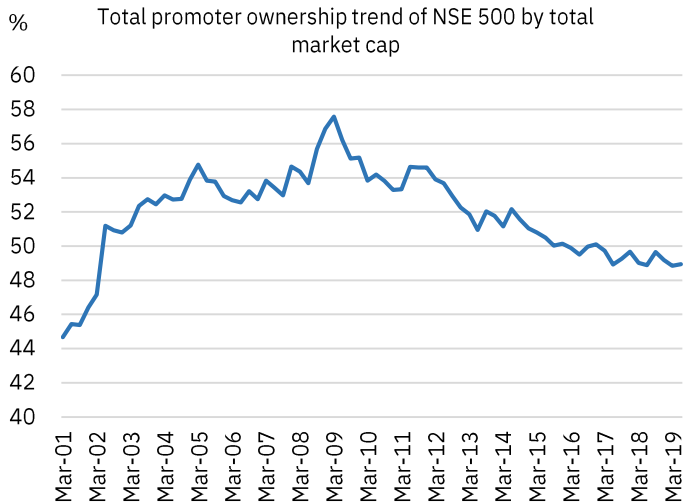
While the DMF ownership has been gradually increasing since 2014 and is currently at the highest level since 2001, FII ownership has improved sharply from the post-GFC low of 15.3% (in March 2009) to 22.1% currently and is just ~110bps shy of the peak share since 2001. Banks, financial institutions and insurance, however, have been reducing their exposure to Indian equities for quite some time now.

In-line with the overall listed universe and contrary to the narrow Nifty 50 index, retail ownership of the NSE 500 Index has been on a downward trajectory, and is currently hovering near 19-year low levels.

Figure 51: NSE 500 – Long-term ownership trend across key stakeholders by total market cap


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

Figure 52: Total promoter ownership trend of the NSE 500 universe by total market cap



Source: CMIE Prowess, NSE

Figure 53: Indian (Govt./non-Govt.) and foreign promoter ownership trend of the NSE 500 universe by total market cap

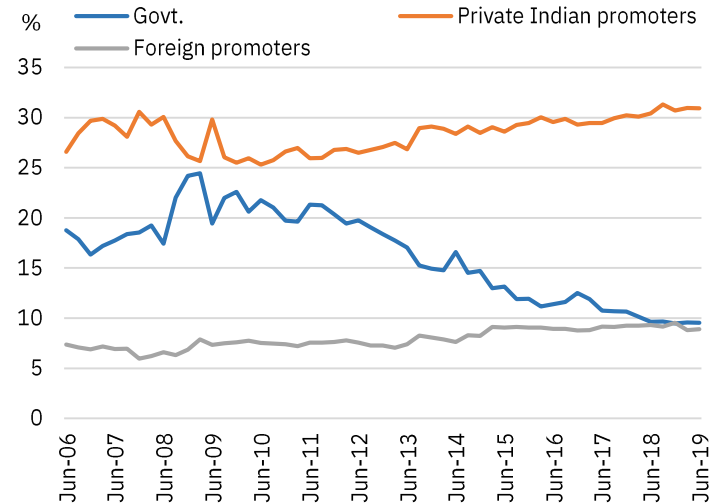
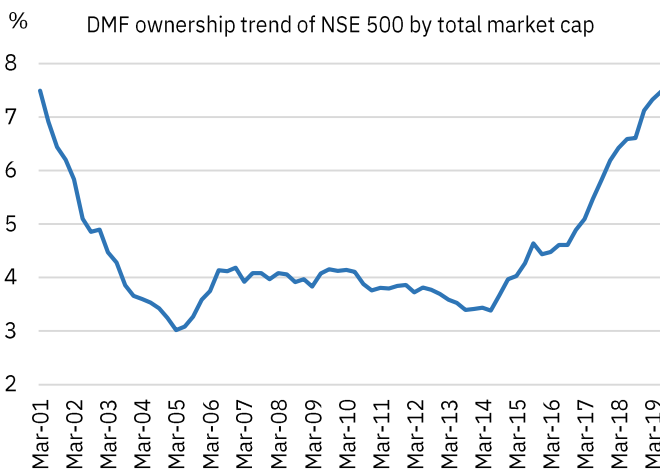


Figure 54: DMF ownership trend of the NSE 500 universe by total market cap



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

Figure 55: FII ownership trend of the NSE 500 universe by total market cap

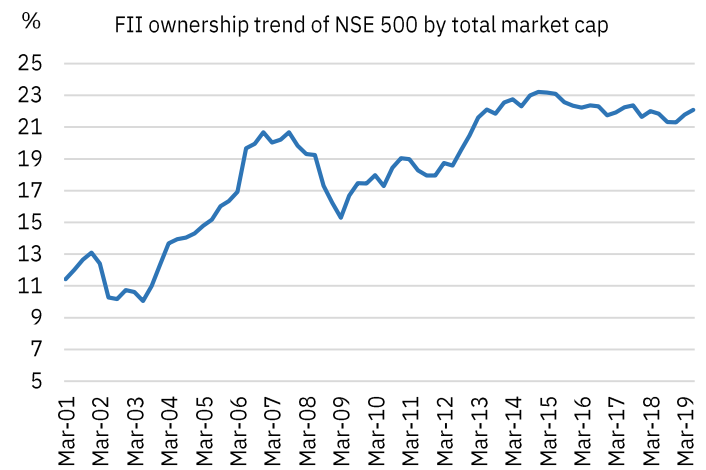
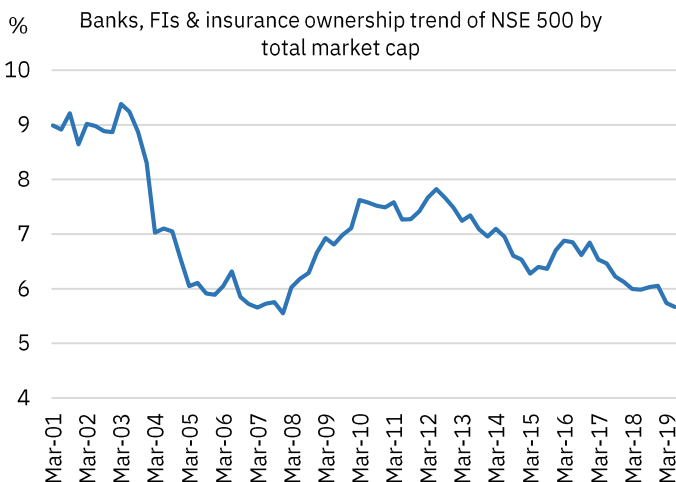
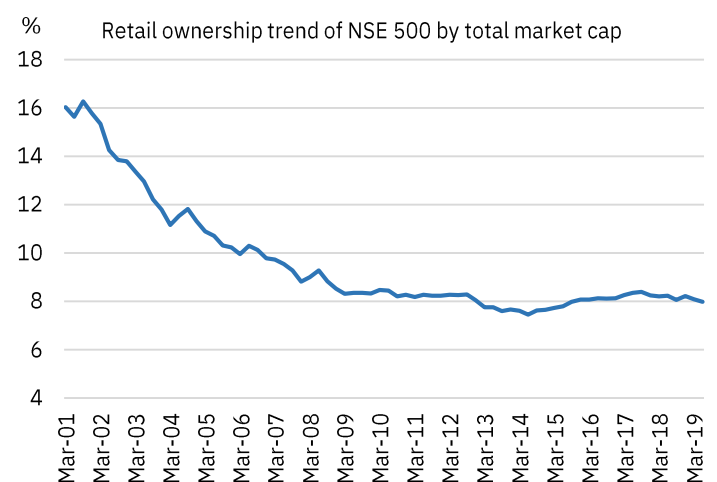


Figure 56: Banks, FIs & Insurance ownership trend of the NSE 500 universe by total market cap



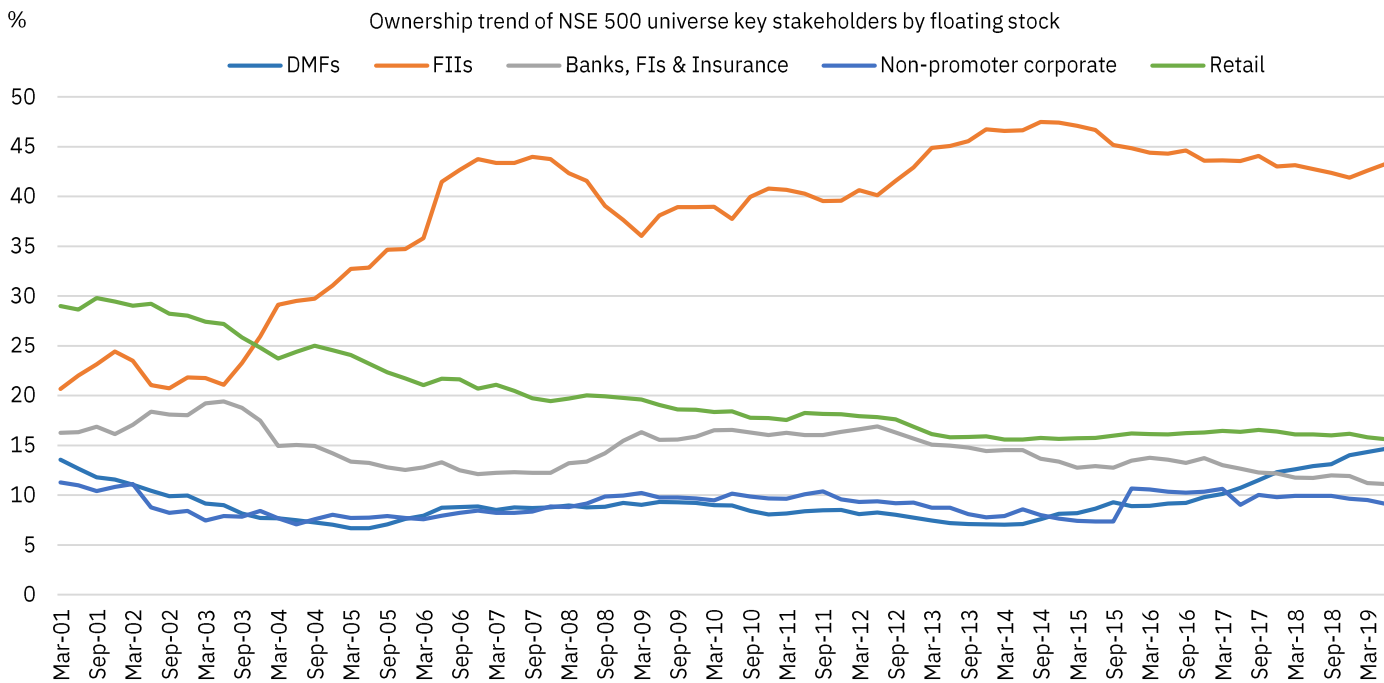
Source: CMIE Prowess, NSE

Figure 57: Retail ownership trend of the NSE 500 universe by total market cap



Our long-term ownership analysis on the free float market cap of the Nifty 50 Index also shows that while DMF ownership is the highest since 2001, current FII ownership is nearly 420bps lower than the peak of 47.5% in September 2014, even as the share has increased by nearly 140bps over last three quarters.

Figure 58: NSE 500 – Long-term ownership trend across key stakeholders by free float market cap



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

Figure 59: DMF ownership trend of the NSE 500 universe by free float market cap

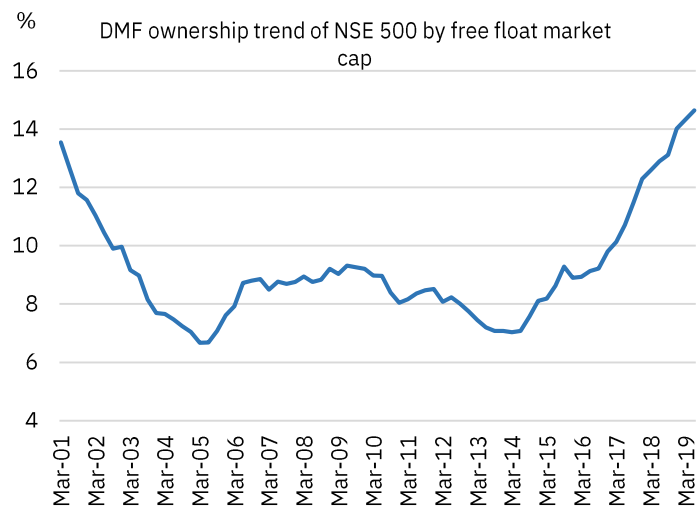
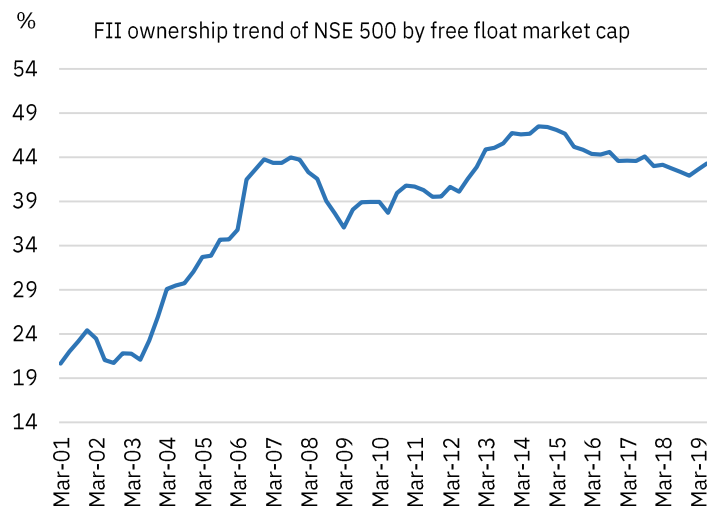
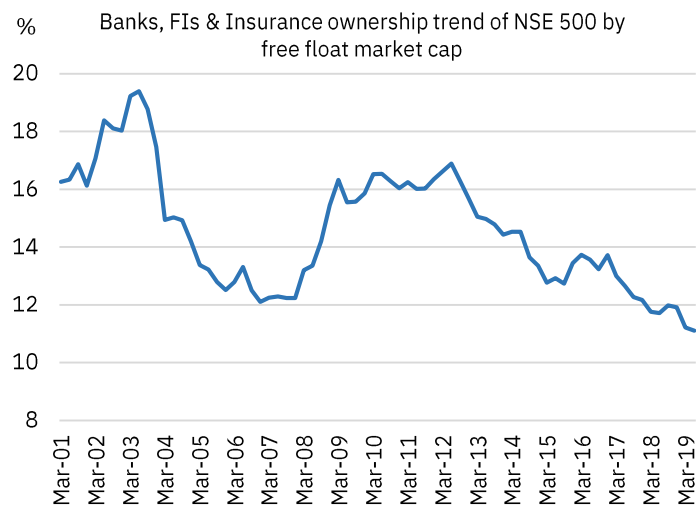
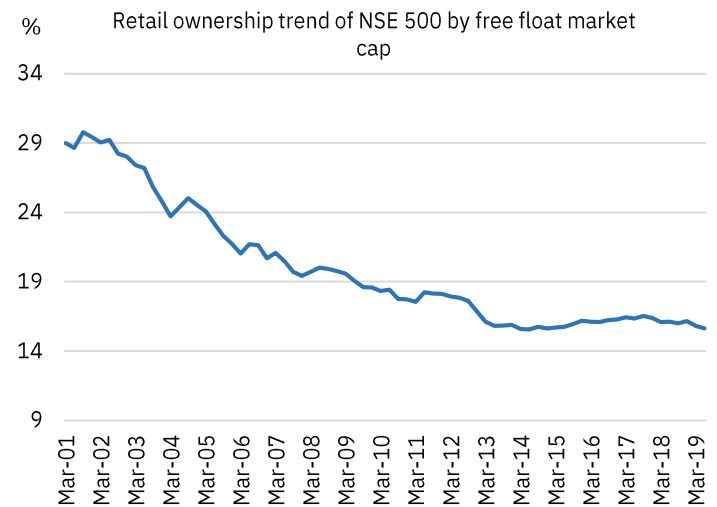


Figure 60: FII ownership trend of the NSE 500 universe by free float market cap

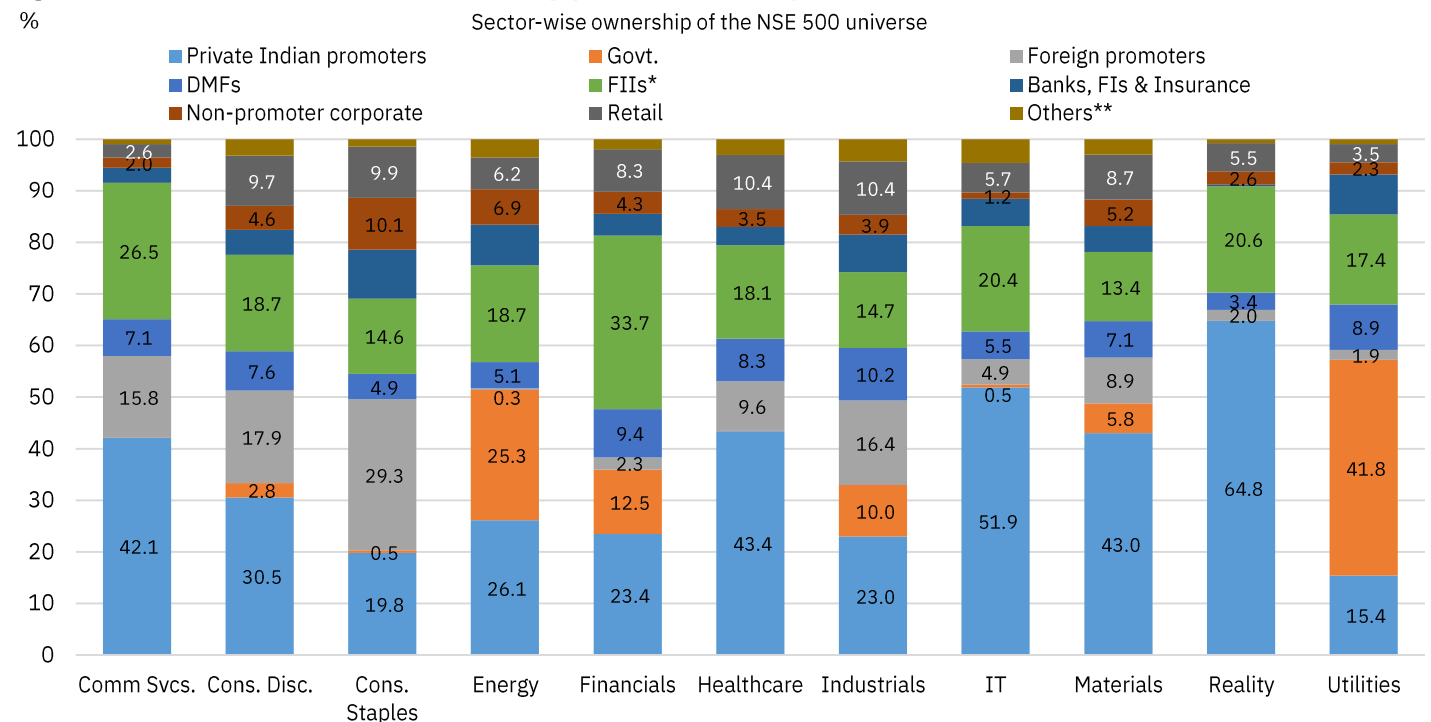


Source: CMIE Prowess, NSE. *FII ownership includes ownership through depository receipts held by custodians.

Figure 61: Banks, FIs & Insurance ownership trend of the NSE 500 universe by free float market cap

Figure 62: Retail ownership trend of the NSE 500 universe by free float market cap


Source: CMIE Prowess, NSE

Sector-wise ownership of the NSE 500 universe (June 2019): The sector-wise ownership pattern of the NSE 500 universe across key stakeholders is similar to the broader NSE listed universe. Real Estate sector has the highest promoter shareholding at 66.9%, followed by Communication Services at 58.0%, Utilities at 57.3% and Information Technology at 57.2%. Utilities, Energy, Financials and Industrials have the highest Government ownership at 41.8%, 25.3%, 12.5% and 10% respectively. In terms of DMF ownership, Industrials sector leads at 10.2% share, followed by Financials at 9.4%, Utilities at 8.9% and Healthcare at 8.3%. FIIs are the biggest non-promoter owners of Financials at 33.7%, followed by Communication Services at 26.5%, Real Estate at 20.6% and Information Technology at 20.4%. In terms of overall foreign ownership (including foreign promoters), Consumer Staples leads with a 43.9% foreign share, followed by Communication Services at 42.3% and Consumer Discretionary at 36.6%.

Figure 63: NSE 500 – Sector-wise ownership pattern across key stakeholders


Source: CMIE Prowess, NSE.

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

**Others include other institutional and non-institutional non-promoter investors.

Sector allocation of the NSE 500 universe for key stakeholders (June 2019): The table below shows the sector allocation for key stakeholders in NSE 500 companies as of June 2019. The concentration of Government ownership in Financials, Energy and Utilities sector is at 82.2%, a tad lower than that in the overall listed universe. In case of institutional investors, the exposure of DMFs to Financials sector at 35.7% is much lower than that of FIIs at 43.5%.

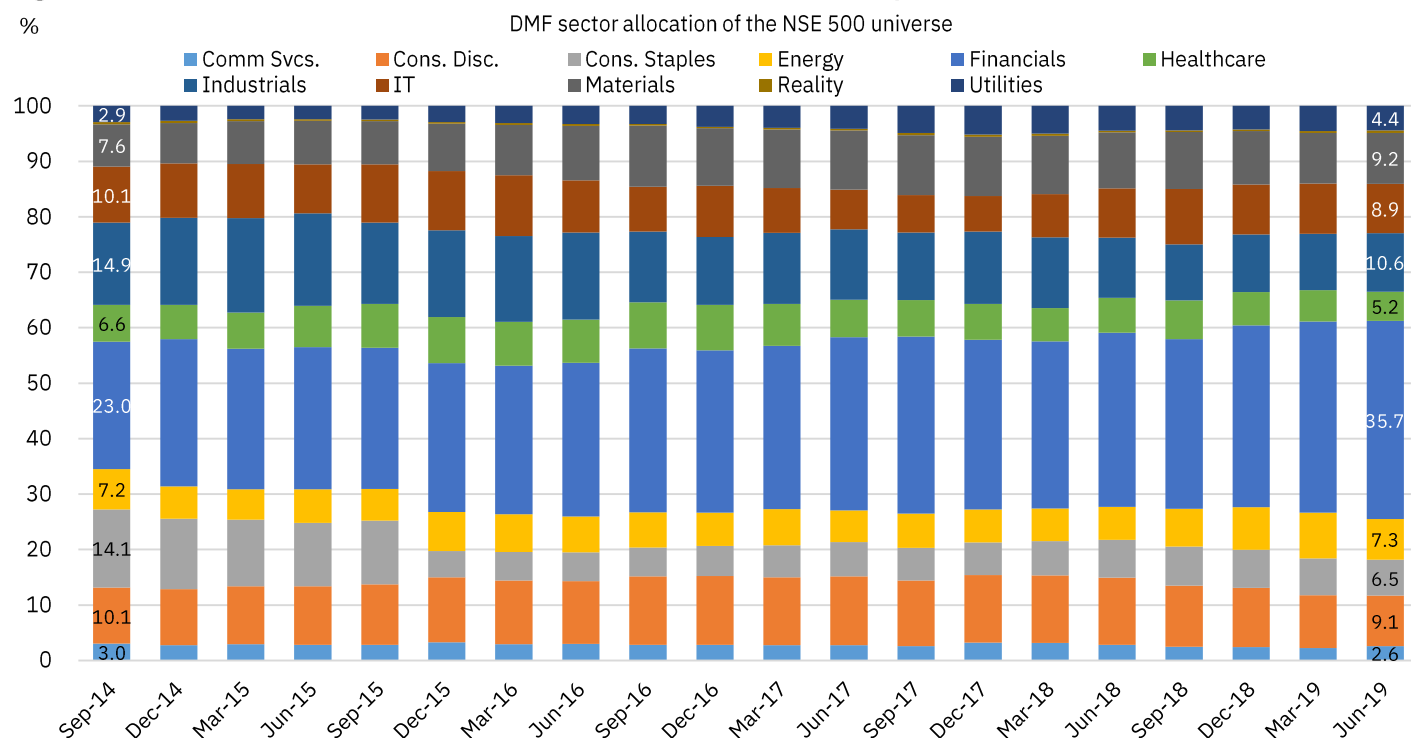
Figure 64: Sector allocation of the NSE 500 universe for key stakeholders (June 2019)

%	Private Indian promoters	Govt.	Foreign promoters	Domestic MFs	FIIs*	Banks, FIs & Insurance	Non-promoter corporate	Retail
Communication Services	3.7	0.0	4.8	2.6	3.3	1.4	1.2	0.9
Consumer Discretionary	8.8	2.7	17.9	9.1	7.5	7.7	8.9	10.9
Consumer Staples	6.3	0.5	32.6	6.5	6.6	16.6	21.4	12.3
Energy	9.1	28.5	0.4	7.3	9.1	15.0	15.9	8.3
Financials	21.6	37.4	7.4	35.7	43.5	21.2	26.3	29.6
Health Care	6.7	0.0	5.1	5.2	3.9	2.9	3.6	6.2
Industrials	5.8	8.1	14.3	10.6	5.2	9.9	6.4	10.1
Information Technology	20.5	0.6	6.7	8.9	11.2	11.4	3.1	8.8
Materials	13.5	5.9	9.7	9.2	5.9	8.7	10.8	10.6
Real Estate	2.1	0.0	0.2	0.5	0.9	0.1	0.6	0.7
Utilities	1.9	16.3	0.8	4.4	2.9	5.1	1.9	1.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

DMFs allocation to Financials increasing in-line with the sector weight in the NSE 500 Index: While DMFs have been increasing exposure to Financials in the NSE 500 index, this is largely explained by the increase in sector weight in the index which is the highest ever. However, relative to the index, DMFs have maintained their neutral position on Financials for 10 quarters in a row, unlike the narrow index where they have a huge OW position, signaling their not so bullish stance on the smaller banks and NBFCs. This has come at the expense of significant reduction in allocation to Industrials, Consumer Staples, Consumer Discretionary, Information Technology and Healthcare sectors over the years.

Figure 65: DMF sector allocation of the NSE 500 universe over last five years



Source: CMIE Prowess, NSE

In terms of sector positioning, DMFs have maintained their overweight (OW) position on Industrials since March 2006, even as the extent of OW positioning has come off meaningfully over the years, signaling a much steeper reduction in the sector weight in the DMF portfolio (-645bps since March 2015) vs. the sector weight in the index (-180bps in the same period). In the quarter ending June 2019, DMFs were also OW on Utilities, and have remained so for eight quarters in a row. The sectors where DMFs are underweight on in the broader index are Consumer Staples, Energy and Information Technology.

Figure 66: DMF sector allocation vs. sector weight in NSE 500 (June 2019)

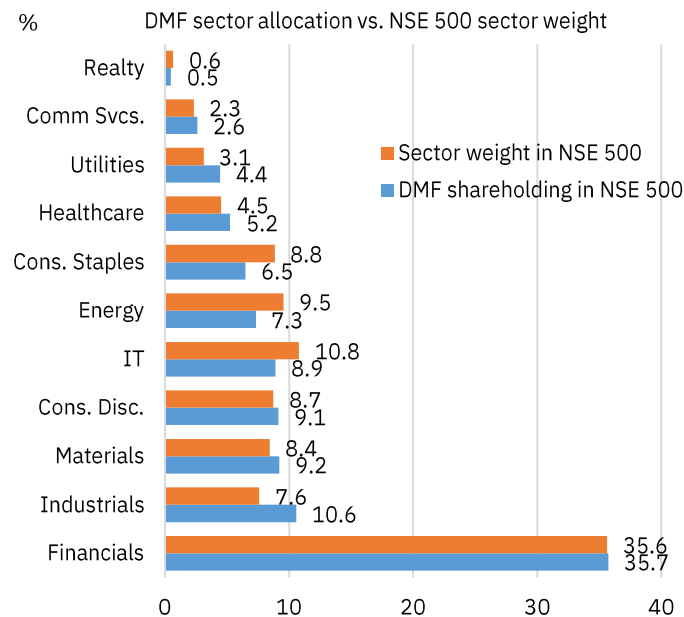
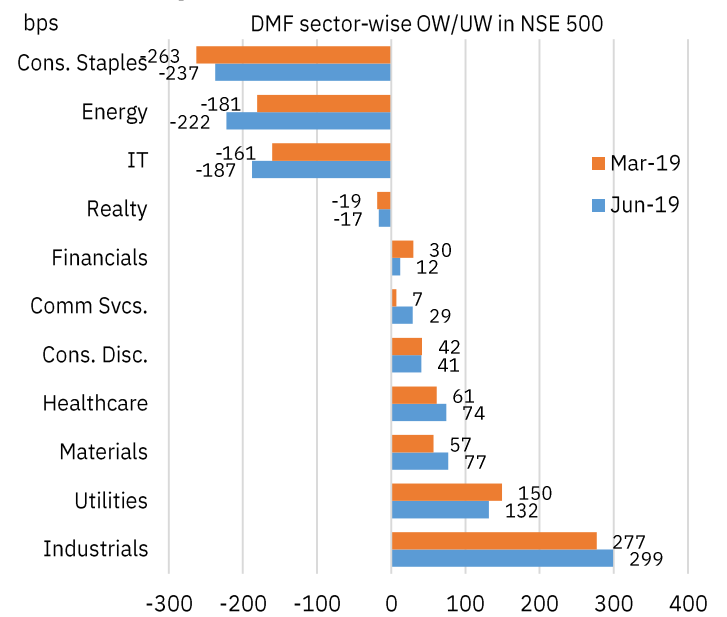
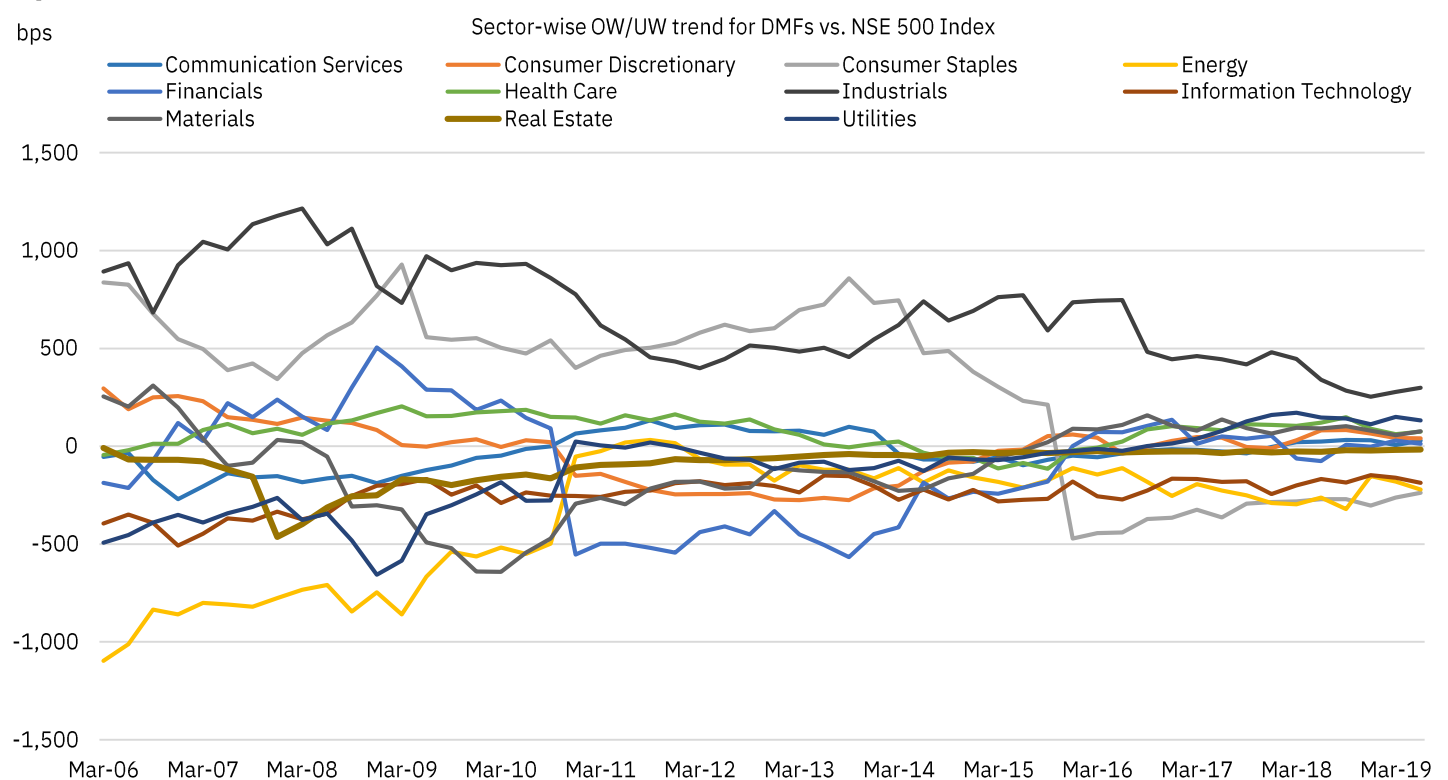


Figure 67: DMF sector-wise OW/UW in NSE 500 relative to sector weight in the index (June 2019)



Source: CMIE Prowess, NSE

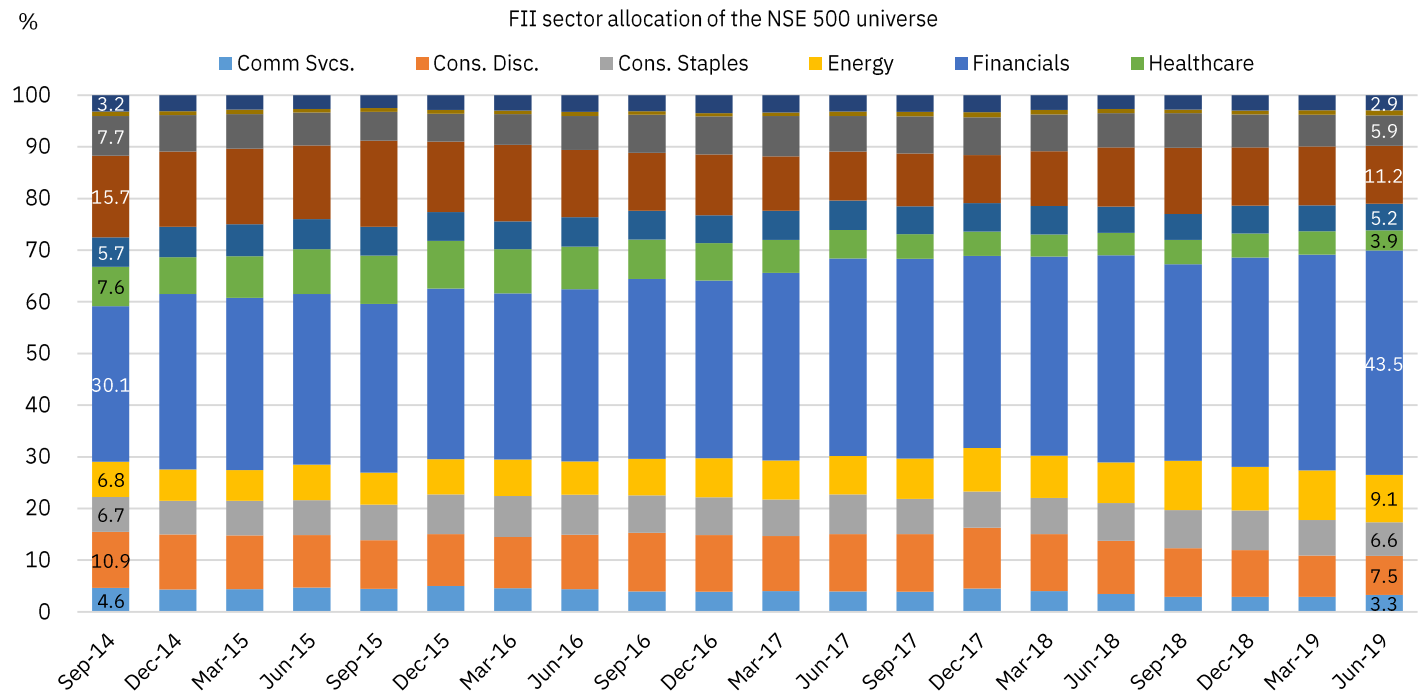
Figure 68: DMF vs. NSE 500—Sector-wise OW/UW trend (bps)



Source: CMIE Prowess, NSE

FIIIs are more bullish on Financials than DMFs in NSE 500 as well: Unlike DMFs, FIIIs have been bullish on the smaller banks/NBFCs, as signaled from the huge 43.5% exposure to the sector within the NSE 500 universe, which has increased by ~540bps over last four quarters, a tad bit higher than the increase in sector's weight in the index. Sectors where FIIIs have reduced their holdings over the years are Consumer Discretionary, Industrials, Healthcare and Materials.

Figure 69: FII sector allocation of the NSE 500 universe over last five years



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

In terms of sector positioning with respect to the index, FIIIs have maintained their overweight (OW) position on Financials since 2006. Apart from Financials, FIIIs have a mild OW position on Communication Services and are neutral on Information Technology. The most under-owned sectors by FIIIs within the NSE 500 universe include Consumer Staples, Industrials and Energy, similar to their position in the narrow index.

Figure 70: FII sector allocation vs. sector weight in NSE 500 (June 2019)

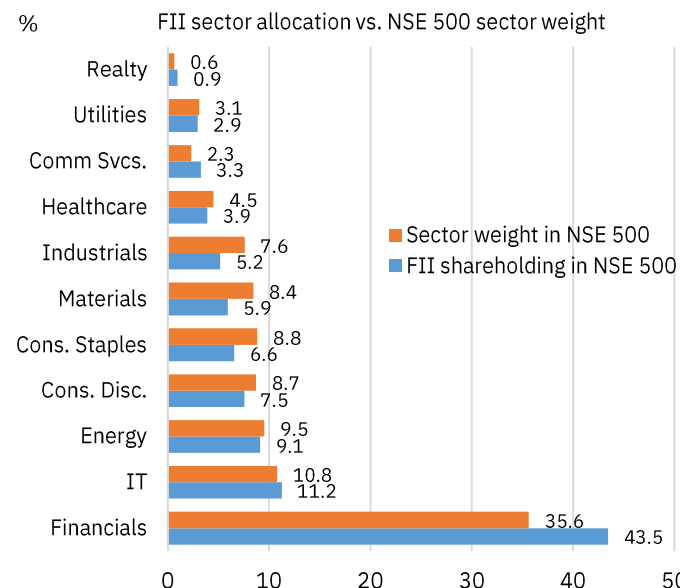
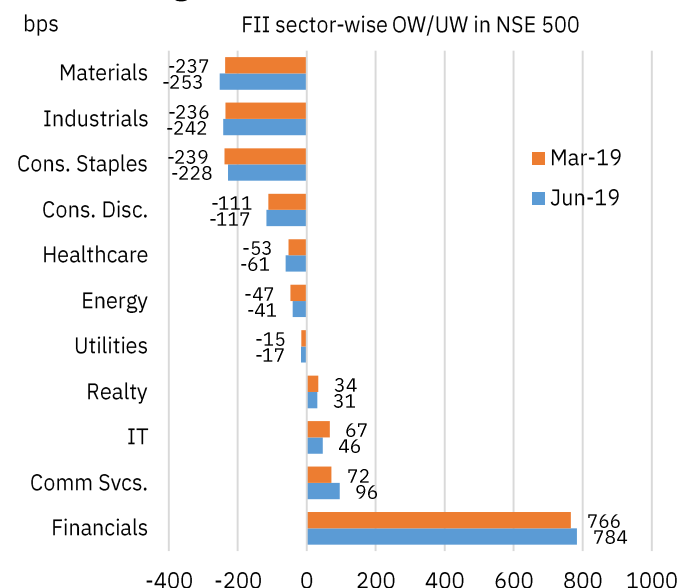
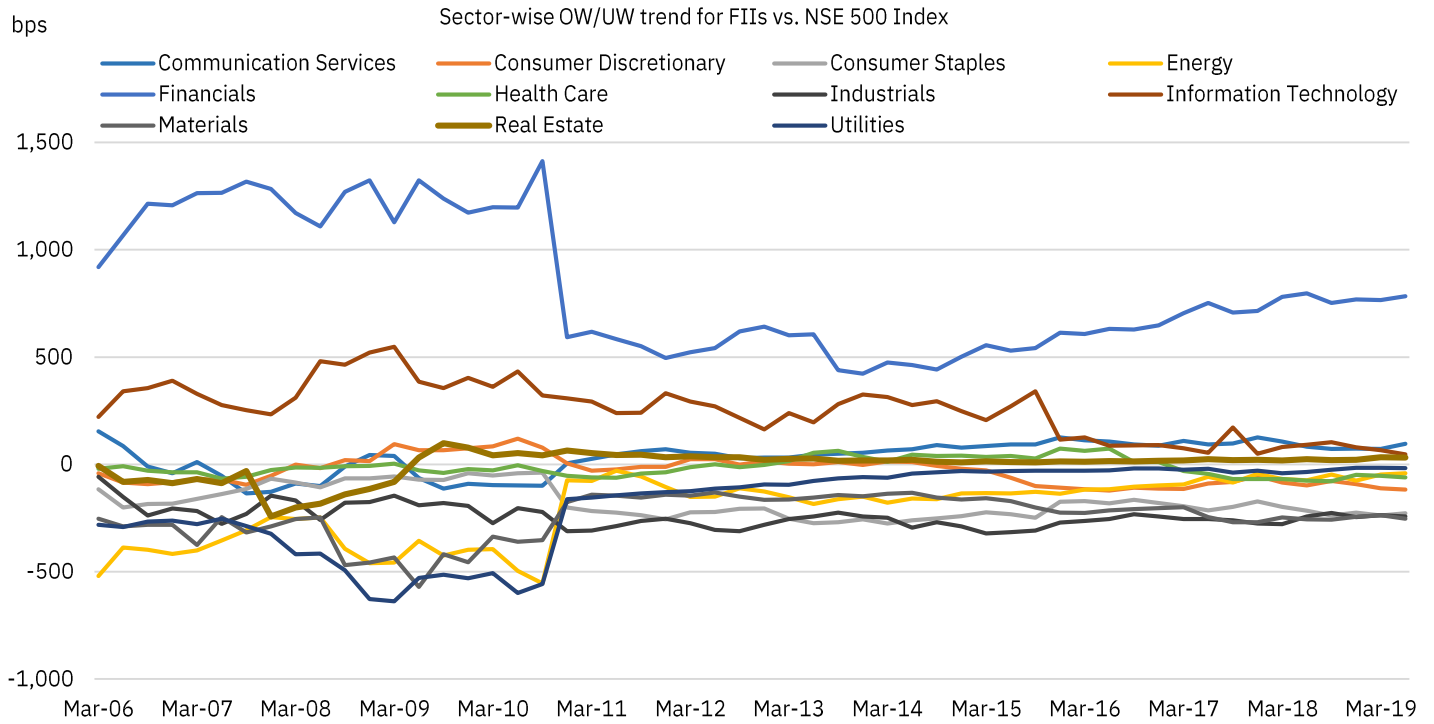


Figure 71: FII sector-wise OW/UW in NSE 500 relative to sector weight in the index (June 2019)



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

Figure 72: FII vs. NSE 500—Sector-wise OW/UW trend (bps)


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

Institutional ownership concentration analysis

Institutional money concentrated in large-caps: The charts below depict how institutional money is again being increasingly invested in the bigger companies, since December 2017. As of June 2019, while 27.5% of the Nifty 50 market cap was owned by FIIs (including ownership through depository receipts), the ownership in the listed universe excluding the NSE 500 companies was much smaller at 8.3%. The trend is similar for domestic institutional investors, and more pronounced in case of Banks, FIs & Insurance which are relatively more risk-averse as far as investments are concerned, where ownership in the smaller companies (listed universe excluding NSE 500) is in low single-digits.

The concentration analysis on the floating stock (figure 74) paints a similar picture for FIIs and Banks, FIs & Insurance, but not so much for DMFs, which have higher exposure to mid and small-sized companies.

Figure 73: Institutional ownership of total market cap across indices and stock universe (June 2019)

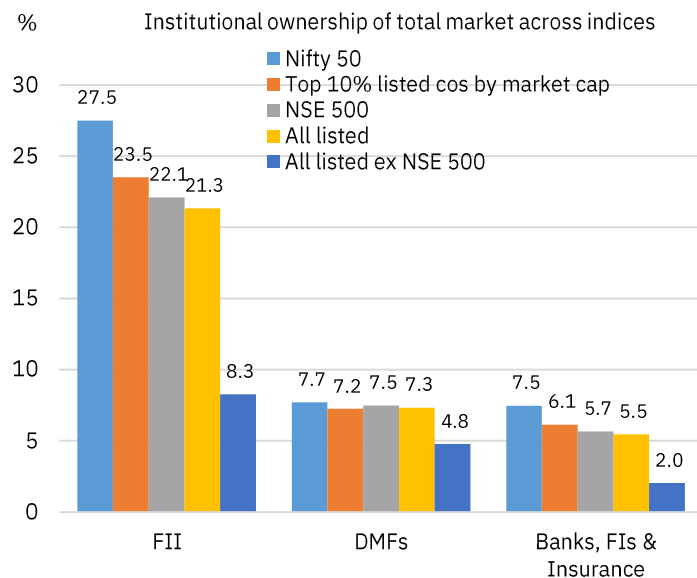
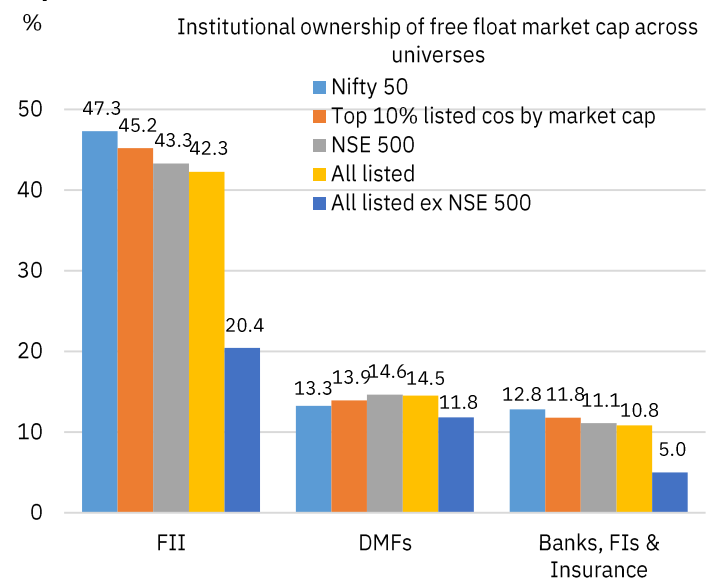


Figure 74: Institutional ownership of free float market cap across indices and stock universe (June 2019)



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

More than 90% of the FII money is invested in top 10% listed companies by market cap: The FII concentration in the Indian equity markets reduced significantly between 2001 and 2006, with the share of FII investments in the top 10% listed companies (by market cap) as a percentage of their overall investments in the listed universe declining from 98% in December 2001 to the lows of 85.3% in March 2006. However, since the crisis, the concentration has been gradually rising, with the top 10% companies accounting for a little over 90% of the FII investments in June 2019.

The concentration of investments by Banks, FIs & Insurance to larger companies is even higher, with their investment share in top 10% companies at 93.2% being near highest levels since 2001.

DMFs, on the other hand, have a lower share of 82% of their investments made towards top 10% companies, even as the share has risen sharply from the lows of ~65% in September 2005.

Figure 75: Trend of total institutional investment share in top 10% companies by total market cap

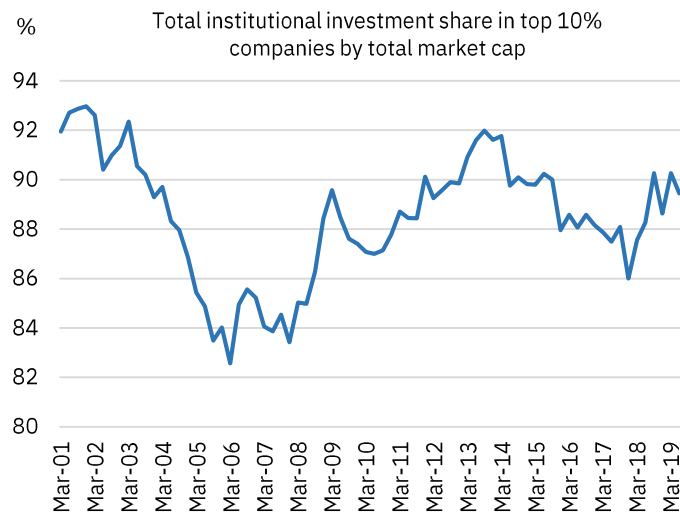
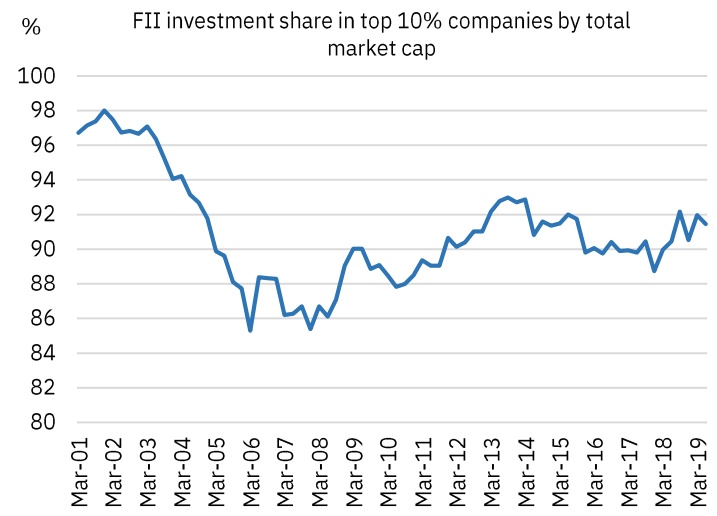


Figure 76: Trend of FII investment share in top 10% companies by total market cap



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

Figure 77: Trend of DMF investment share in top 10% companies by total market cap

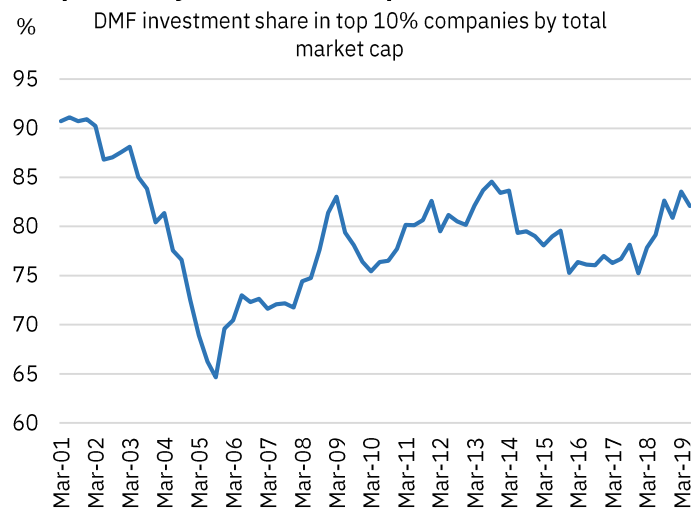
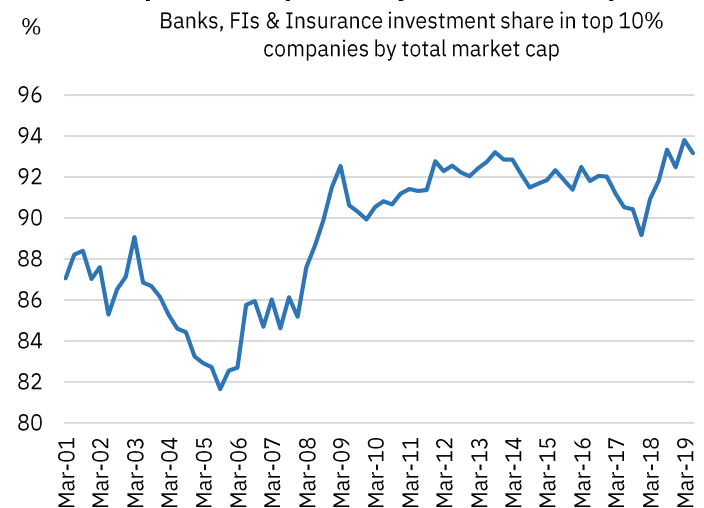


Figure 78: Trend of Banks, FIs & Insurance investment share in top 10% companies by total market cap

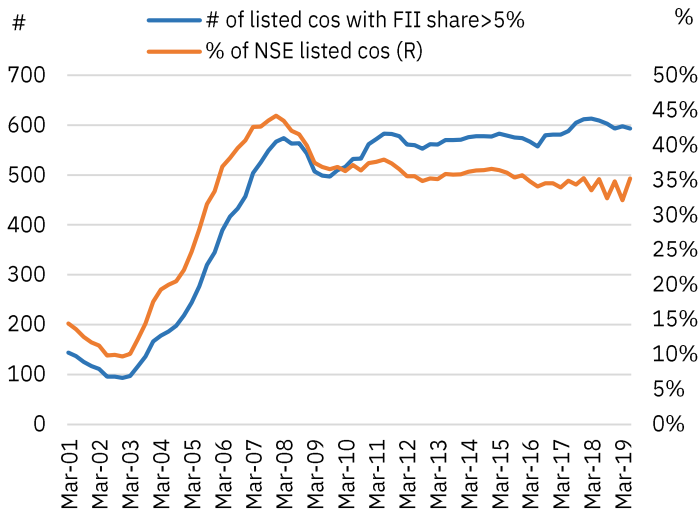
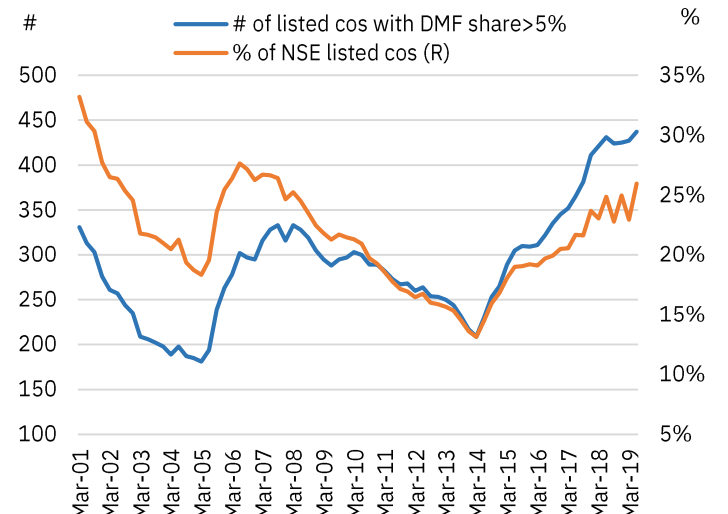


Source: CMIE Prowess, NSE

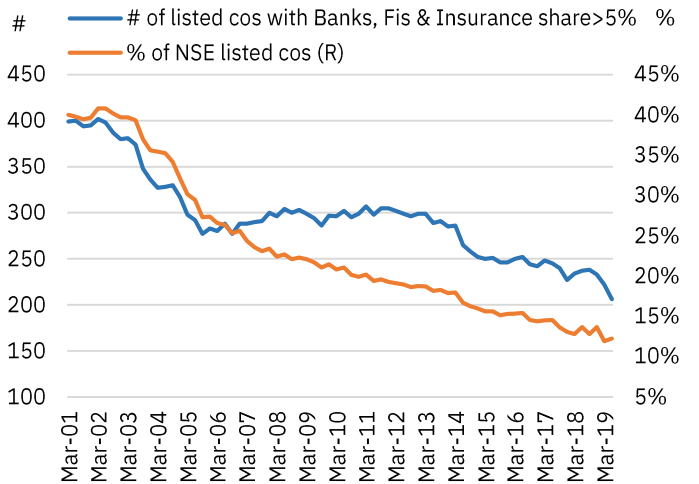
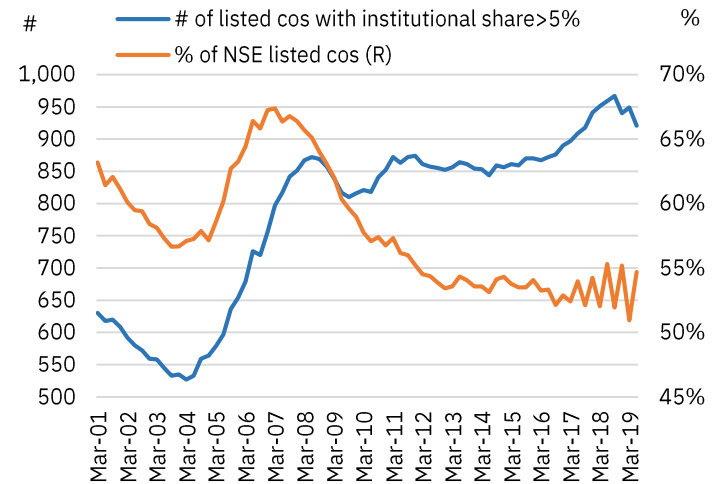
Ownership concentration in terms of number of companies with holding greater than 5%: The number of NSE listed companies where FII holding has been more than 5% has risen sharply over the last 16 years, from slightly less than 100 companies in 2002, accounting for 10% of the number of the NSE listed companies, to nearly 600 companies currently or 35% of the listed universe.

For DMFs, the number of companies with holding greater than 5% has more than doubled since March 2014, increasing from 209 companies, accounting for 13% of the number of listed companies, to 437 companies in June 2019 or 26% of the listed universe. However, while the number of such companies was much lower at 331 in March 2001, its share in the listed universe was much higher at 33%.

In stark contrast, for Banks, FIs & Insurance, the number of companies with holding greater than 5% has gradually fallen and is now nearly half of that in 2001. This, when looked in conjunction with their investment share in top 10% companies by market cap (figure 78), probably signals the shift in investment pattern from being big holders in several mid- and small-sized companies in early 2000s to relatively fewer and larger companies now.

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

Figure 80: Trend: Number of listed companies with DMF holding >5%


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

Figure 81: Trend: Number of listed companies with Banks, FIs & Insurance holding >5%

Figure 82: Trend: Number of listed companies with total institutional holding >5%


Source: CMIE Prowess, NSE

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