

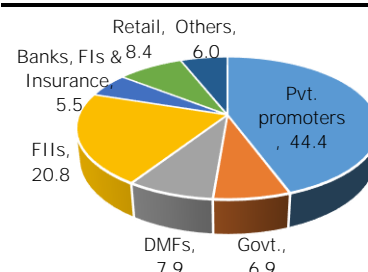
Who owns India Inc.? – FII ownership shrinks sharply; DMF share rises further

In this edition of our **quarterly report “India Ownership Tracker”**¹, we extend our analysis of ownership trends and patterns in Indian companies to include the data available for the quarter ending March 2020. We note 1) A contraction in the Government ownership to all-time low levels, reflecting efforts to expand public ownership and garner higher revenues; 2) An increase in private promoter ownership amidst a sharp market sell-off in the March quarter; 3) The steepest sequential (QoQ) drop in FII² (foreign institutional investors) ownership since 2001, reflecting the record high foreign capital outflows during the quarter; 4) A rise in DMF (domestic mutual funds) ownership for yet another quarter, touching new record high, thanks to sustained SIP inflows, even as other domestic institutional investors remained on the side-lines; 5) FIIs maintained their out-sized bet on Financials³ despite a drop in allocation to the sector and turned incrementally cautious on Consumer Staples; 6) DMFs increased their underweight⁴ (UW) position on Consumer Staples and IT, but remained positive on the investment theme with a strong overweight (OW) position on Industrials; 7) Institutional money got incrementally more concentrated to the top 10% companies by market cap, reflecting a heightened risk-off environment.

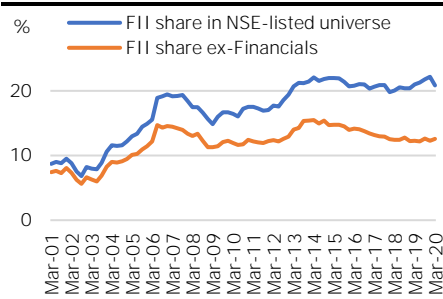
- Private promoters raise stake amid market sell-off; Government share declines to all-time low levels: Promoter ownership rose meaningfully in the March quarter as a sharp equity market sell-off provided an opportunity to promoters to increase their stakes. Nearly 20% of the NSE-listed universe saw promoter acquiring shares in the March quarter, resulting in total buying of ~Rs119bn. Government ownership (promoter and non-promoter), however, has come off further and is currently hovering at all-time low levels, reflecting the **Government’s efforts to expand public partnership in the ownership of CPSEs (Central Public Sector Enterprises) and augment its resources for higher expenditure towards economic development.**
- FIIs ownership drops sharply amidst record-high outflows: FII ownership fell by a huge 210bps, 136bps and 133bps QoQ to 26.3%, 21.6% and 20.8% in the Nifty 50, Nifty 500 and the overall NSE-listed universe respectively, marking the steepest sequential (QoQ) decline since the beginning of the analysis (2001). In fact, the FII ownership in Nifty 50 is now the lowest in the last six years. This reflects the record-high foreign capital outflows of US\$7bn in the March quarter due to flight of capital to safe havens amid strengthening concerns of an ensuing global recession.

The overall FII sector positioning has remained broadly steady in the March quarter. The out-sized bet on Financials was maintained for yet another quarter but with a reduced absolute portfolio allocation, largely explained by a significant underperformance of the sector with respect to the index. Consumer Staples, Materials and Industrials continued to remain the most under-owned sectors, reflecting the FIIs cautious view on India’s consumption as well as investment story.

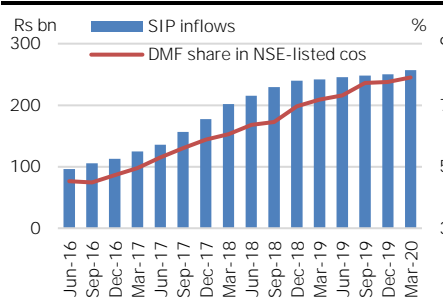
Who owns India Inc.? NSE-listed in Mar’20



FII ownership in NSE-listed companies



DMF ownership in NSE-listed companies



Source: CMIE Prowess, AMFI, NSE.

¹ The “India Ownership Tracker” report examines ownership trends and patterns in Indian companies listed on the NSE since 2001. The report also analyses ownership trends of institutional investors in top 10% listed companies by market capitalization to gauge investment concentration.

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.

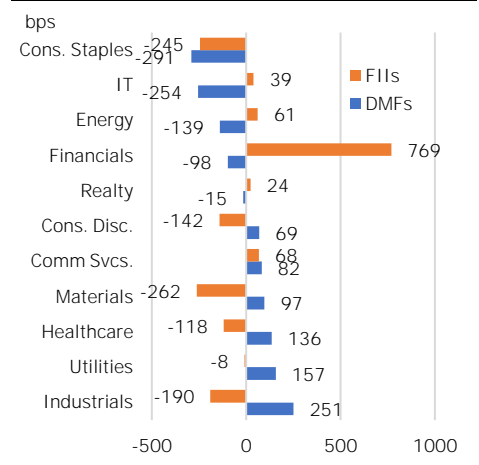
⁴ Overweight (OW), neutral (N) or underweight (UW) stance of FIIs and DMFs on any sector is with respect to the sector’s weight in the index. An OW/UW position on a sector implies a more than 100bps higher/lower allocation to the sector than its weight in the Index. A neutral position on a sector implies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

- DMF share inches up further to touch new record-high: DMFs continued to ride on the SIP wave, as their ownership in the Nifty 500 and the overall NSE-listed universe inched up further by 18bps and 14bps QoQ to 8.1% and 7.9% respectively in the March quarter—the highest since the beginning of the analysis (2001). DMF ownership in Nifty 50 remained steady at 8.4%. Despite a sharp market correction amid a worsening Coronavirus scare, retail participation through the SIP route has remained unscathed. In fact, SIP inflows in the month of March were the highest ever despite a 23% fall in the Indian equity markets (Nifty 50) during the month, translating into cumulative inflows of Rs10trn in FY20, +8% YoY. Direct retail participation in equity markets, however, has remained broadly steady for quite some time now.

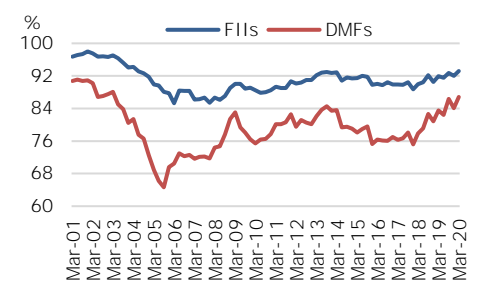
Sector-wise, DMFs have maintained their OW position on Financials within the Nifty 50 space but remained cautious on smaller banks/NBFCs given a modest UW position on the sector in the Nifty 500 Index. Unlike FIIs, DMFs are positive on the India's investment story with an OW position on Industrials, Utilities and Materials. However, DMFs echo the FIIs view on consumption, with a big UW position on Consumer Staples.

- Concentration of institutional ownership to larger companies rises: The drop in FII ownership in the overall NSE-listed universe excluding Nifty 500 stocks was much higher than that in Nifty 500 in the quarter ending March 2020. Further, an increase in DMF ownership in the NSE-listed space last quarter was led by Nifty 500 companies; excluding Nifty 500, DMF ownership in the NSE-listed universe fell meaningfully in the March quarter. Moreover, the top 10% companies by market cap accounted for 93% of the FII holding, up ~450bps since Dec'17. While DMFs have a relatively lower share of 86.7% of their investments made towards top 10% companies, it has risen by a sharp 276bps QoQ and is now hovering at near 17-year high levels.

FII and DMF portfolio OW/UW in Nifty 500 vs. the index (March 2020)



FII and DMF holding in top 10% companies by market cap



Source: CMIE Prowess, NSE.

Listed universe ownership trends

Ownership pattern of the NSE-listed universe (March 2020): Total promoter ownership in the NSE-listed universe shot up by ~110bps QoQ to near 5-year high of 50.9%, largely led by a 100bps QoQ jump in private promoter ownership (Indian and foreign combined) to a 14-year high of 44.4% as promoters rushed to raise their stakes in their companies amid a sharp sell-off seen in the March quarter. Around 360 out of 1,784 listed companies saw promoters acquiring shares in the March quarter, resulting in total buying of ~Rs119bn. Government ownership (promoter as well as non-promoter) in the NSE-listed space, however, has been coming off since 2010, in-line with the Government's efforts to garner higher revenues through the disinvestment route, with the share in the March quarter falling by 126bps QoQ to 14-year low of 6.6%.

Amongst institutional investors, FII ownership fell by a huge 133bps QoQ to a five-quarter low of 20.8%, marking the highest sequential decline on a quarterly basis over the last 19 years—reflecting the surge in foreign capital outflows in the March quarter (US\$7bn—the highest ever). This was largely owing to a huge decline in FII ownership in Financials and understandably so given the big overweight position on the sector, even as FII ownership in the listed universe excluding Financials has inched up on a sequential basis.

Domestic mutual funds' (DMFs) ownership, however, has been rising steadily, up by a modest 14bps QoQ to 7.9%—the highest since the beginning of the analysis (2001). The share of Banks, Financial Institutions and Insurance inched up by a modest 10bps QoQ to 5.5% but is a mere 32bps above lowest share in the last two decades. Individual retail investors holding remained broadly steady at 8.4%.

In terms of floating stock, FII ownership fell by 174bps QoQ to 42.5% in the March quarter following a strong 350bps rise in 2019, marking the highest sequential decline on a quarterly basis in more than 11 years and is now 3.2pp shy of the highest share since 2001 (in March 2014). That said, FIIs continue to remain the biggest owners of India Inc. after promoters. DMFs also continue to increase their share in the NSE-listed floating stock, with current ownership at 16.1% (+63bps QoQ) being the highest since the beginning of the analysis (2001). Retail ownership has seen the highest QoQ gain of 49bps in the last four years to 17.2%, even as it is just 68bps above the lowest share in the last two decades.

March quarter saw a huge jump in private promoter ownership as a sharp market sell-off provided an opportunity to promoters to raise their stakes.

FII ownership in the March quarter saw the highest QoQ decline in the last 19 years—reflecting record high foreign capital outflows.

Figure 1: NSE-listed universe: Ownership pattern by total market cap (% , March 2020)

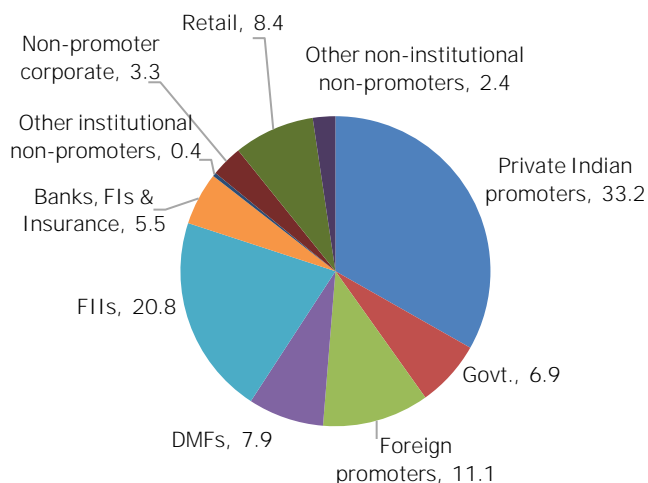
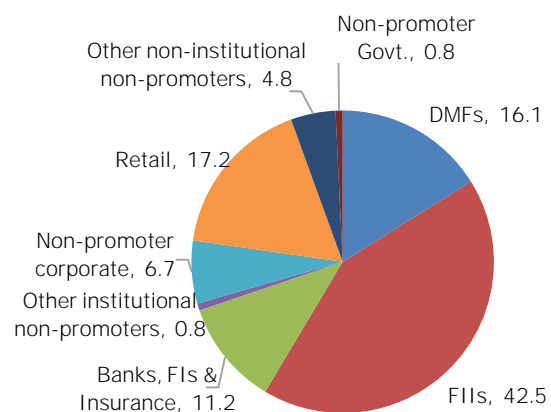


Figure 2: NSE-listed universe: Ownership pattern by free float market cap (% , March 2020)



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

Figure 3: Top 20 companies by value of shares bought by promoters in the March quarter

Companies	Sectors	Promoter stake (%)			Shares bought	
		Dec-19	Mar-20	QoQ chg. (bps)	Number (mn)	Value (Rsmn)*
Tata Consumer Products	Consumer Staples	34.5	34.7	23	102.2	30,129
Vinati Organics	Materials	74.0	74.0	4	38.1	29,490
Piramal Enterprises	Health Care	46.1	46.1	1	12.2	11,429
Mphasis	Information Technology	52.2	56.2	399	7.5	4,971
Tata Steel	Materials	33.1	34.4	129	15.5	4,188
H C L Technologies	Information Technology	60.0	60.3	35	9.6	4,170
D F M Foods	Consumer Staples	38.3	73.9	3568	17.9	3,123
Hindustan Foods	Consumer Staples	61.9	62.6	76	4.9	2,767
Bajaj Electricals	Consumer Discretionary	62.7	63.2	50	7.7	2,054
Tata Chemicals	Materials	31.1	34.6	351	8.9	1,999
GMR Infrastructure	Industrials	63.6	65.3	172	103.7	1,695
Adani Ports & Special Economic Zone	Industrials	62.5	62.8	33	6.7	1,680
JSW Steel	Materials	42.0	42.3	38	9.2	1,344
Sun Pharmaceutical Inds.	Health Care	54.6	54.7	13	3.1	1,085
JBM Auto	Consumer Discretionary	62.0	67.5	550	6.6	924
Maruti Suzuki	Consumer Discretionary	56.2	56.3	7	0.2	905
Tata Power	Utilities	36.2	37.2	101	27.3	896
Godrej Industries	Industrials	61.4	62.2	82	2.8	781
Bajaj Auto	Consumer Discretionary	53.5	53.7	13	0.4	777
Music Broadcast	Communication Services	73.9	74.1	12	51.5	768

Source: CMIE Prowess, NSE. * Value of shares bought in the March quarter is based on the quarter-end price.

Figure 4: 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's *	Non-promoter corporate	Retail
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	9.3	9.3	7.3	5.5	21.3	4.7	8.4
Sep-19	32.2	7.9	10.1	7.7	5.5	21.8	3.6	8.5
Dec-19	32.2	8.2	9.8	7.8	5.4	22.2	3.5	8.4
Mar-20	33.2	6.9	11.1	7.9	5.5	20.8	3.3	8.4
<i>QoQ change</i>	<i>101bps</i>	<i>-126bps</i>	<i>133bps</i>	<i>14bps</i>	<i>10bps</i>	<i>-133bps</i>	<i>-17bps</i>	<i>6bps</i>

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

Figure 5: 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
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	10.9	42.2	9.4	16.7
Sep-19	15.4	11.0	43.4	7.2	16.9
Dec-19	15.5	10.8	44.2	6.9	16.7
Mar-20	16.1	11.2	42.5	6.7	17.2
<i>QoQ change</i>	<i>63bps</i>	<i>44bps</i>	<i>-174bps</i>	<i>-20bps</i>	<i>49bps</i>

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, that has been largely on account of 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 augment its resources for higher expenditure towards economic development. On the other hand, overall private promoter ownership—Indian and foreign promoters combined—has increased by ~10.8pp since June 2010.

DMF ownership has seen a sharp increase over the last five years, largely reflecting the sustained retail interest in equity mutual funds as an investment channel through sticky systematic investment plans (SIPs). 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, and has been on an improving trajectory again since the last few quarters except for the last quarter. FII ownership fell sharply in the quarter ending March 2020, thanks to record FII outflows during the quarter as risk-off sentiments got strengthened in the wake of rising recessionary concerns due to COVID-19 outbreak. 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 fell steadily between 2001 and 2012 and has since remained steady in the range of 8-9%.

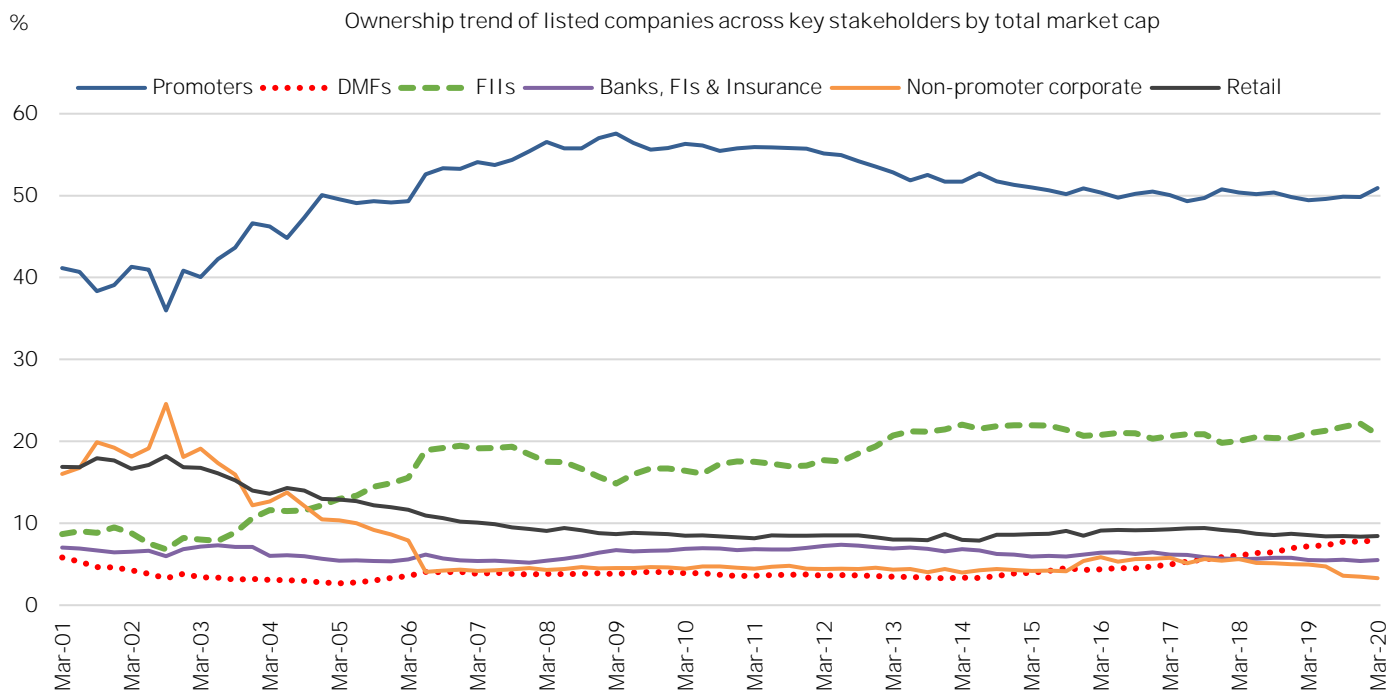
Government ownership in the NSE-listed universe has been coming off since 2010, but private promoter ownership has been rising.

DMFs continue to ride on the SIP wave.

A steady rise in FII ownership since the last couple of years was reversed in the March quarter by a surge in FII outflows.

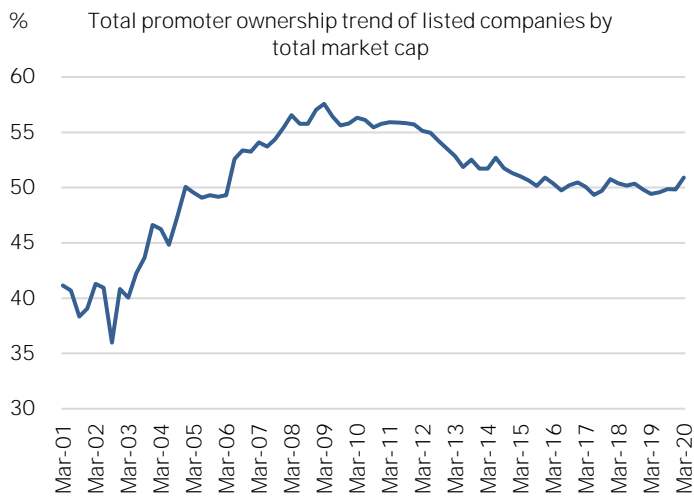
Direct retail ownership fell steadily between 2001 and 2012 and has since remained steady in the range of 8-9%.

Figure 6: NSE-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 7: Total promoter ownership trend of NSE-listed companies by total market cap



Source: CMIE Prowess, NSE

Figure 8: Indian and foreign promoter ownership trend of NSE-listed companies by total market cap

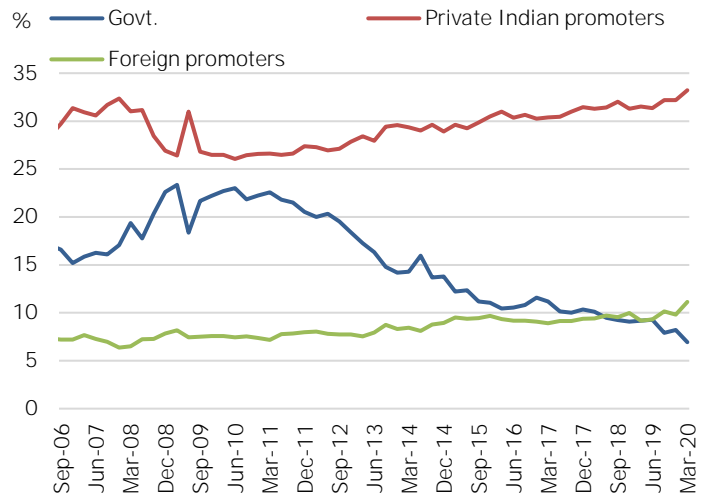
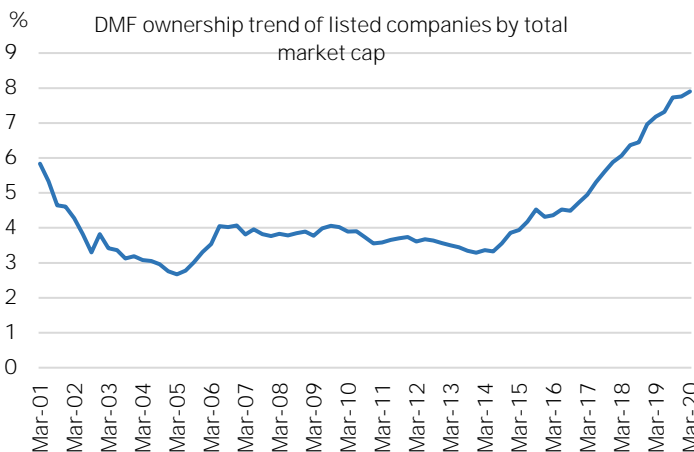


Figure 9: DMF ownership trend of NSE-listed companies by total market cap



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

Figure 10: FII ownership* trend of NSE-listed companies by total market cap

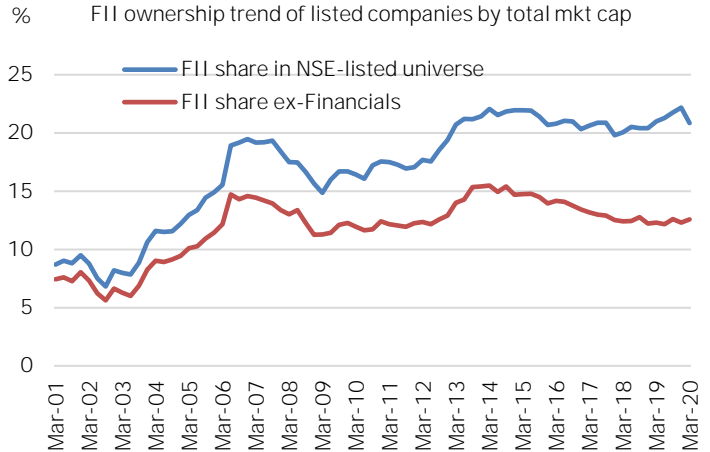
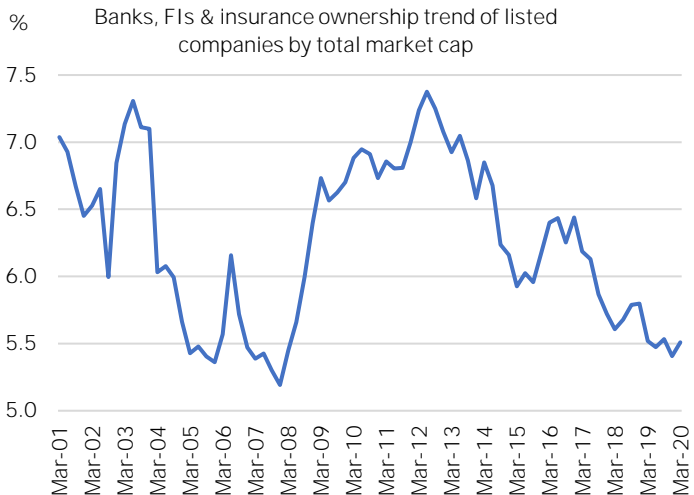


Figure 11: Banks, FIs & Insurance ownership trend of NSE-listed companies by total market cap

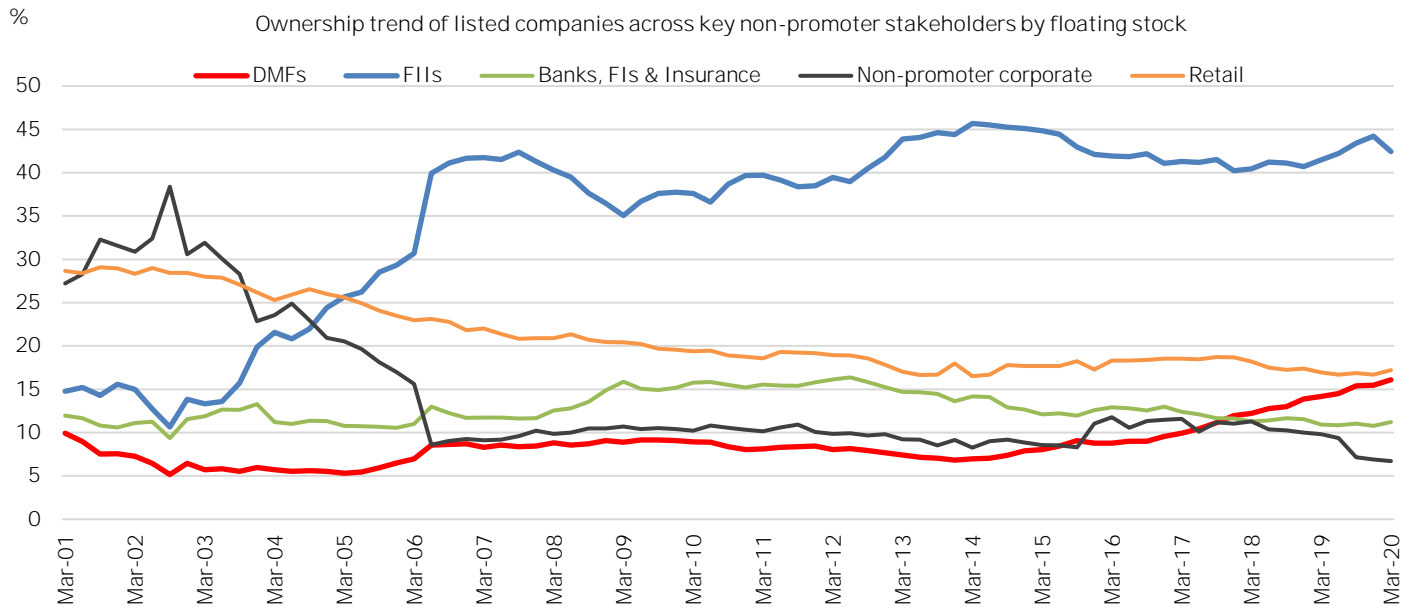


Source: CMIE Prowess, NSE

Figure 12: Retail ownership trend of NSE-listed companies by total market cap

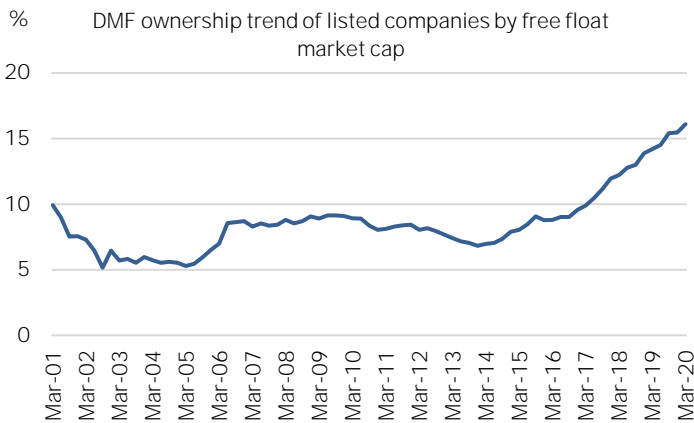


Figure 13: NSE-listed universe: Long-term ownership trend across key stakeholders by free float market cap



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

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

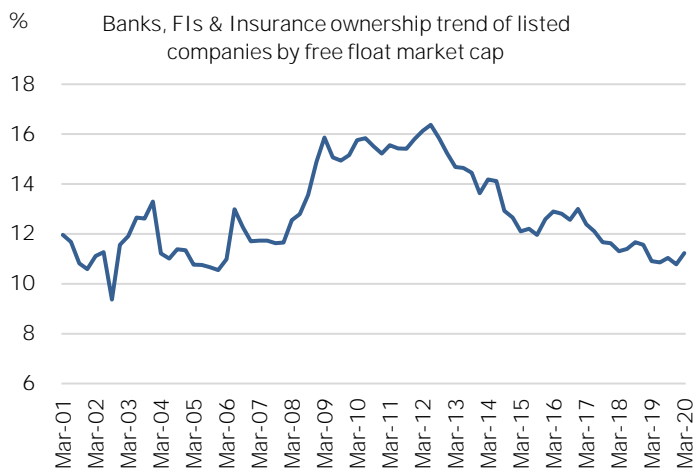


Source: CMIE Prowess, NSE

Figure 15: FII ownership trend of NSE-listed companies by free float market cap



Figure 16: Banks, FIs & Insurance ownership trend of NSE-listed companies by free float market cap



Source: CMIE Prowess, NSE

Figure 17: Retail ownership trend of NSE-listed companies by free float market cap



SIP inflows remained strong despite a sharp market sell-off: Systematic investment plans (SIPs) continue to be the preferred route for retail investors to invest in equity markets through mutual funds. Despite markets starting the year 2020 on a weak footing, with worsening Corona virus scare hurting investor sentiments, retail participation through the SIP route has remained unscathed. In fact, SIP inflows in the month of March were the highest ever despite a sharp 23% fall in the Indian equity markets (Nifty 50) during the month, translating into cumulative inflows of Rs10trn in FY20, +8% YoY. These sticky SIP flows have helped mutual funds significantly increase their ownership in Indian equities over the last few years, notwithstanding a volatile market.

SIP inflows in FY20 grew at 8% YoY on top of a 38% growth in FY19.

Figure 18: Monthly SIP inflows into mutual funds

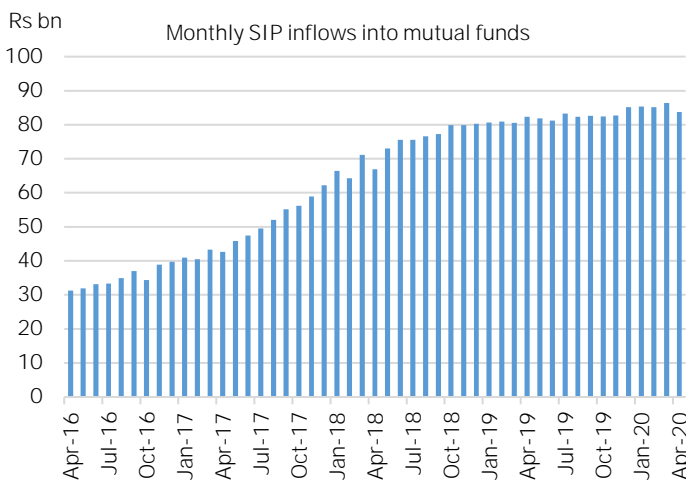
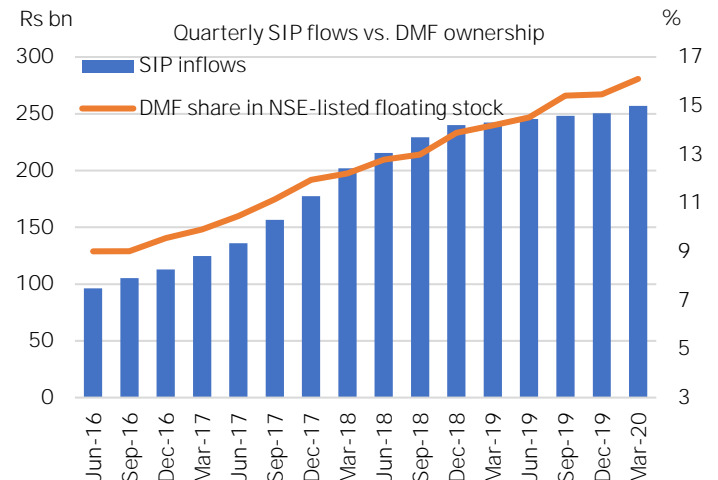


Figure 19: Quarterly SIP inflows vs. DMF ownership

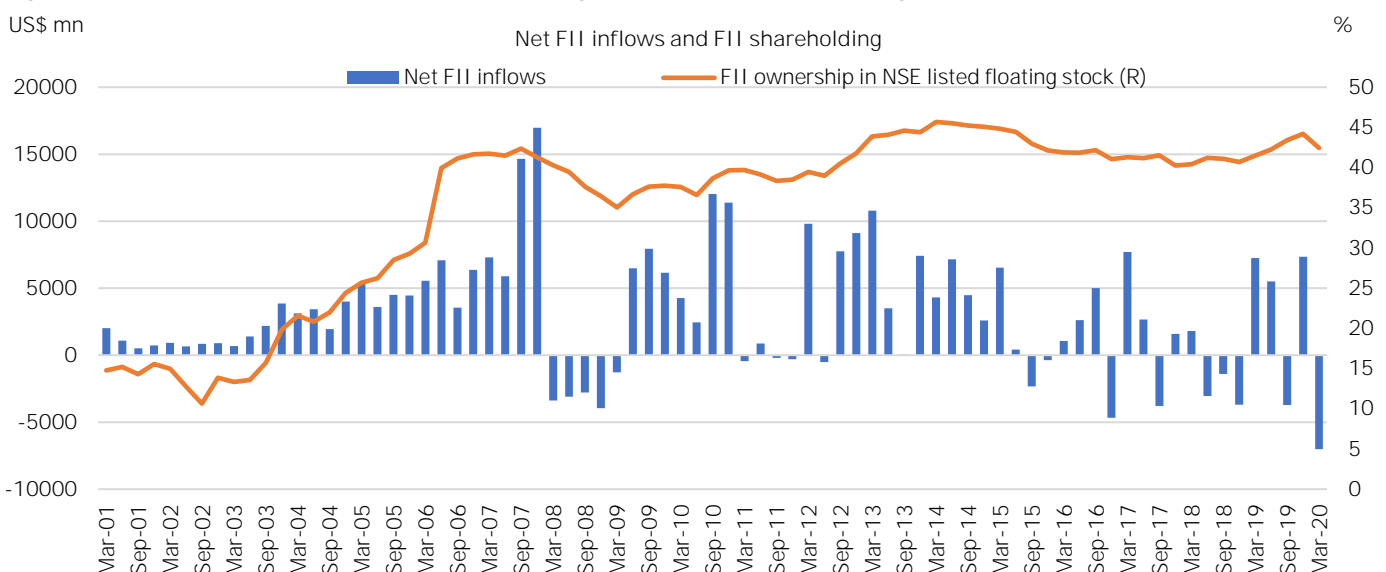


Source: AMFI, NSE.

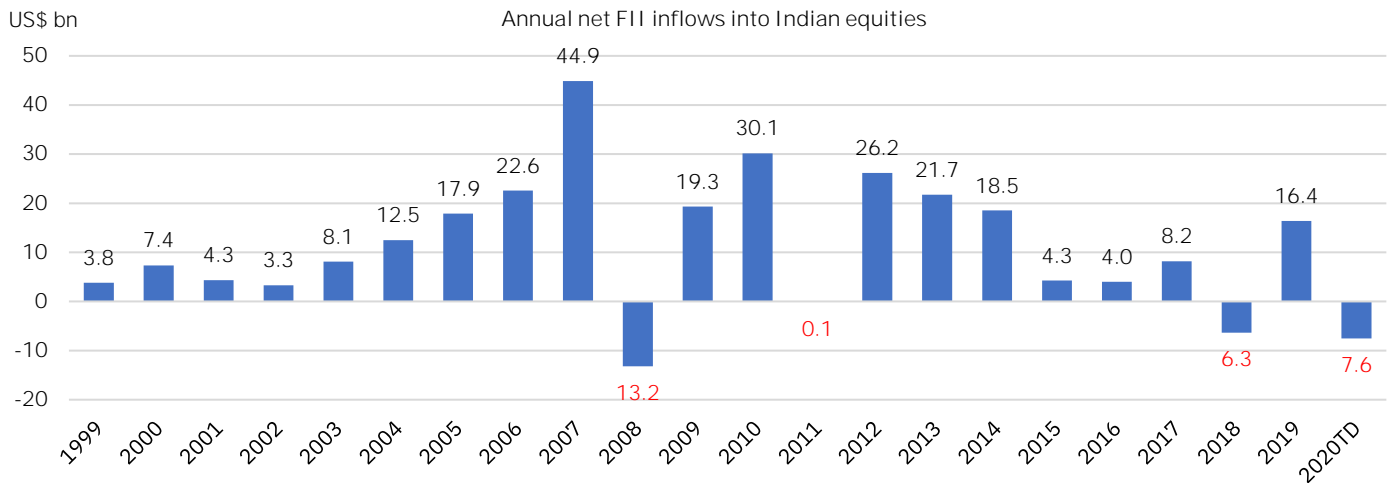
March quarter saw record FII outflows: After witnessing five-year high net FII inflows of US\$16.4bn in 2019, the quarter ending March 2020 saw record quarterly FII outflows of US\$7bn from Indian equity markets. This was on the back of a sharp drop in global risk appetite in the wake of rising concerns of an ensuing recession ahead due to COVID-19 pandemic. This led to a surge in foreign capital outflows from emerging markets, and India particularly got beaten down more given the rising FII ownership in Indian equities over the last three years.

March quarter saw record net FII outflows of US\$7bn.

Figure 20: Net FII inflows and FII shareholding in the NSE-listed floating stock



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

Figure 21: Annual net FII inflows trend


Source: Refinitiv Datastream, NSE

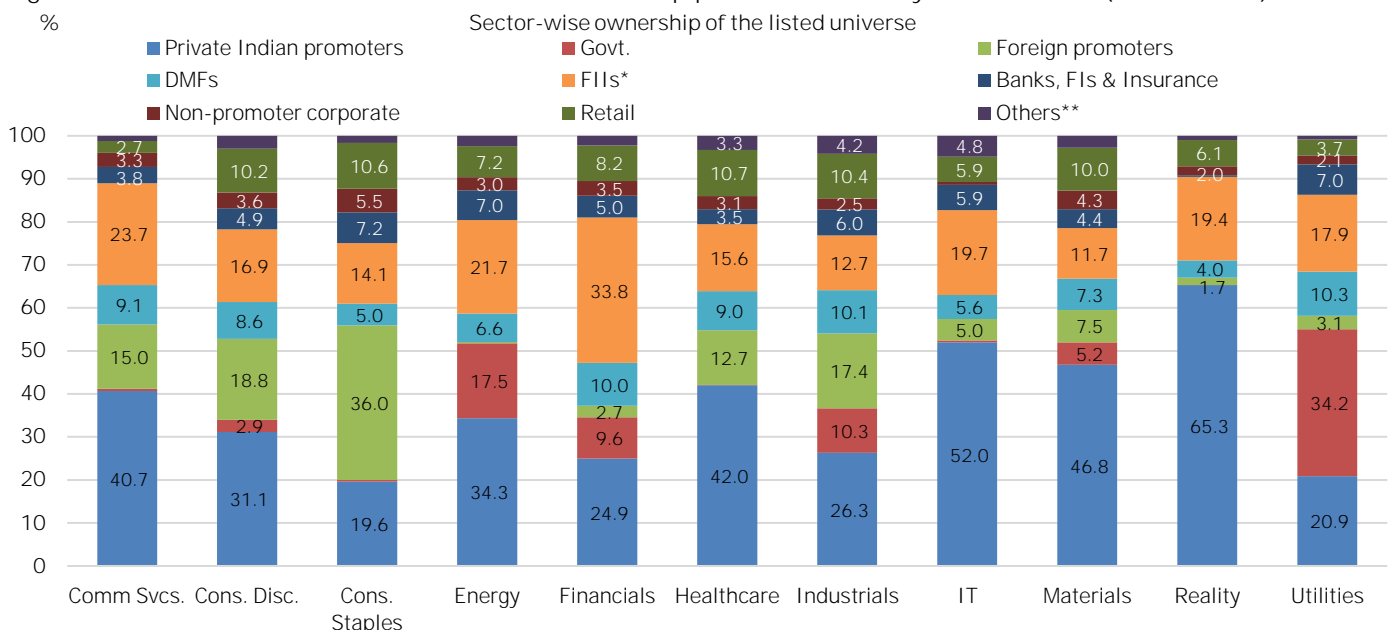
Sector-wise ownership of the NSE-listed universe (March 2020): The sector-wise ownership pattern of the NSE-listed universe across key stakeholders in the March quarter shows that the Real Estate sector has the highest promoter ownership at 67.0%, followed by Materials (+149bps QoQ) at 57.7% and Information Technology at 57.4%. Sector-wise, Utilities continue to lead in terms of Government ownership at 34.2%, even as the share has been gradually coming off over the years. In fact, Government ownership in the NSE-listed companies in Utilities sector is the lowest since June 2006. Other sectors that have high Government ownership include Energy, Industrials and Financials at 17.5% (-280bps QoQ), 10.3% and 9.6% (-133bps QoQ) respectively.

Utilities saw a 153bps QoQ jump in DMF ownership and now has the highest DMF ownership when compared with other sectors, followed Industrials at 10.1% (+6bps QoQ) and Financials at 10% (+30bps QoQ). Despite a decline in ownership, FIIs still remain the biggest non-promoter owners of Financials at 33.8% (-84bps QoQ), followed by Communication Services at 23.7% and Energy at 21.7% (+33bps QoQ).

Sector-wise, Utilities continues to lead in terms of Government ownership at 34.2%, even as it is the lowest since June 2006.

Utilities has the highest DMF ownership, followed by Industrials and Financials.

FIIs are the biggest non-promoter owners of Financials, followed by Comm. Svcs. and Energy.

Figure 22: NSE-listed universe: Sector-wise ownership pattern across key stakeholders (March 2020)


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 (March 2020): The table below shows sector allocation for key shareholder categories in all NSE-listed companies as of March 2020. Government ownership remains concentrated in Financials, Energy and Utilities, together accounting for ~77%. Consumer sector, Discretionary and Staples combined, account for ~57% of the exposure of foreign promoters to the NSE-listed space. Except for an outsized exposure to Financials at 30.8%, DMF portfolio is far more diversified as compared to FIIs. While DMFs have 30.8% of their holdings in Financials, followed by Materials at 9.7%, FIIs have a much higher allocation to Financials at 44.6%, followed by Energy at 10.0%. The retail portfolio remains relatively more diversified across sectors.

DMFs have 35.5% of their market holding (NSE-listed) in Financials, followed by Materials (9.7%).

FIIs have a much higher exposure to Financials at 44.6%.

Figure 23: Sector allocation of the NSE-listed universe for key stakeholders (March 2020)

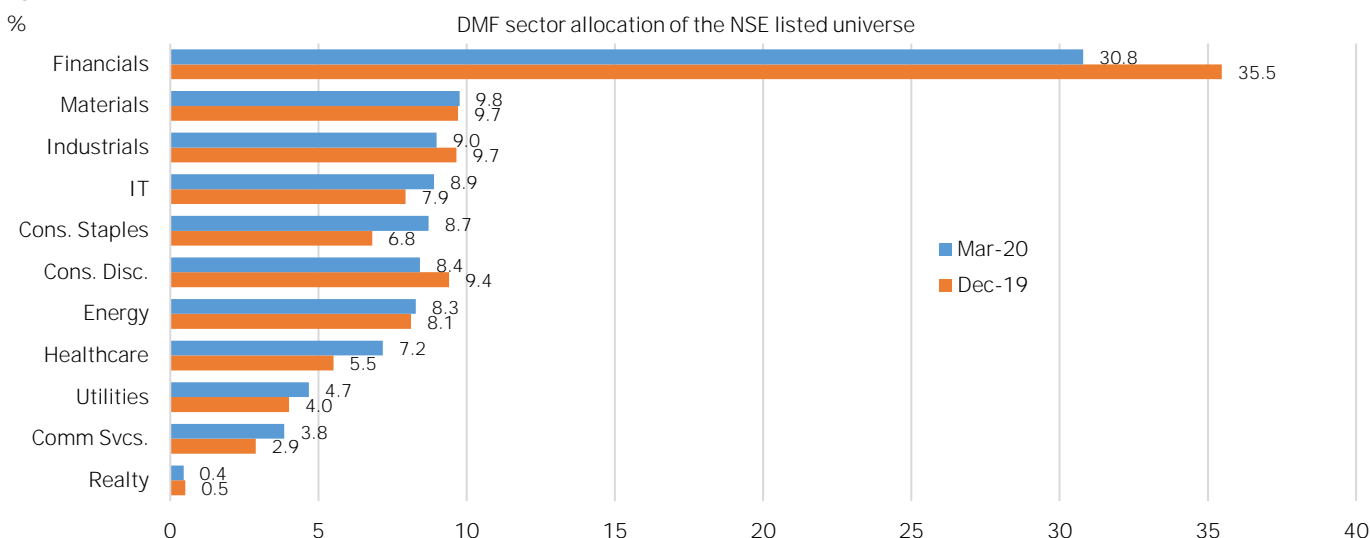
%	Private Indian promoters	Govt.	Foreign promoters	Domestic MFs	FIIs*	Banks, FIs & Insurance	Non-promoter corporate	Retail
Communication Services	4.1	0.3	4.5	3.8	3.8	2.3	3.4	1.1
Consumer Discretionary	7.3	3.2	13.1	8.4	6.3	6.9	8.5	9.4
Consumer Staples	8.1	0.7	44.2	8.7	9.2	17.8	22.7	17.2
Energy	10.3	25.0	0.3	8.3	10.3	12.5	9.2	8.5
Financials	18.4	34.0	5.9	30.8	39.7	22.4	25.7	23.9
Health Care	7.9	0.1	7.2	7.2	4.7	3.9	5.8	7.9
Industrials	5.6	10.4	11.0	9.0	4.3	7.7	5.4	8.7
Information Technology	19.6	0.8	5.7	8.9	11.9	13.4	2.7	8.7
Materials	14.8	7.9	7.1	9.8	5.9	8.4	13.8	12.4
Real Estate	1.7	0.0	0.1	0.4	0.8	0.1	0.6	0.6
Utilities	2.3	17.7	1.0	4.7	3.1	4.6	2.3	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.

DMFs reduced their exposure to Financials in the March quarter...: In the March quarter, DMFs' portfolio allocation to Consumer Staples, Healthcare, IT and Communication Services went up meaningfully, largely explained by relative outperformance of these sectors amidst a sharp market sell-off as these sectors were relatively less impacted by COVID-19 outbreak and attendant containment measures. This was achieved at the expense of reduction in exposure to Financials (-4.7pp QoQ), Consumer Discretionary (-100bps QoQ) and Industrials (-70bps QoQ). In fact, DMFs allocation to Industrials within the NSE-listed space is the lowest in last 17 years.

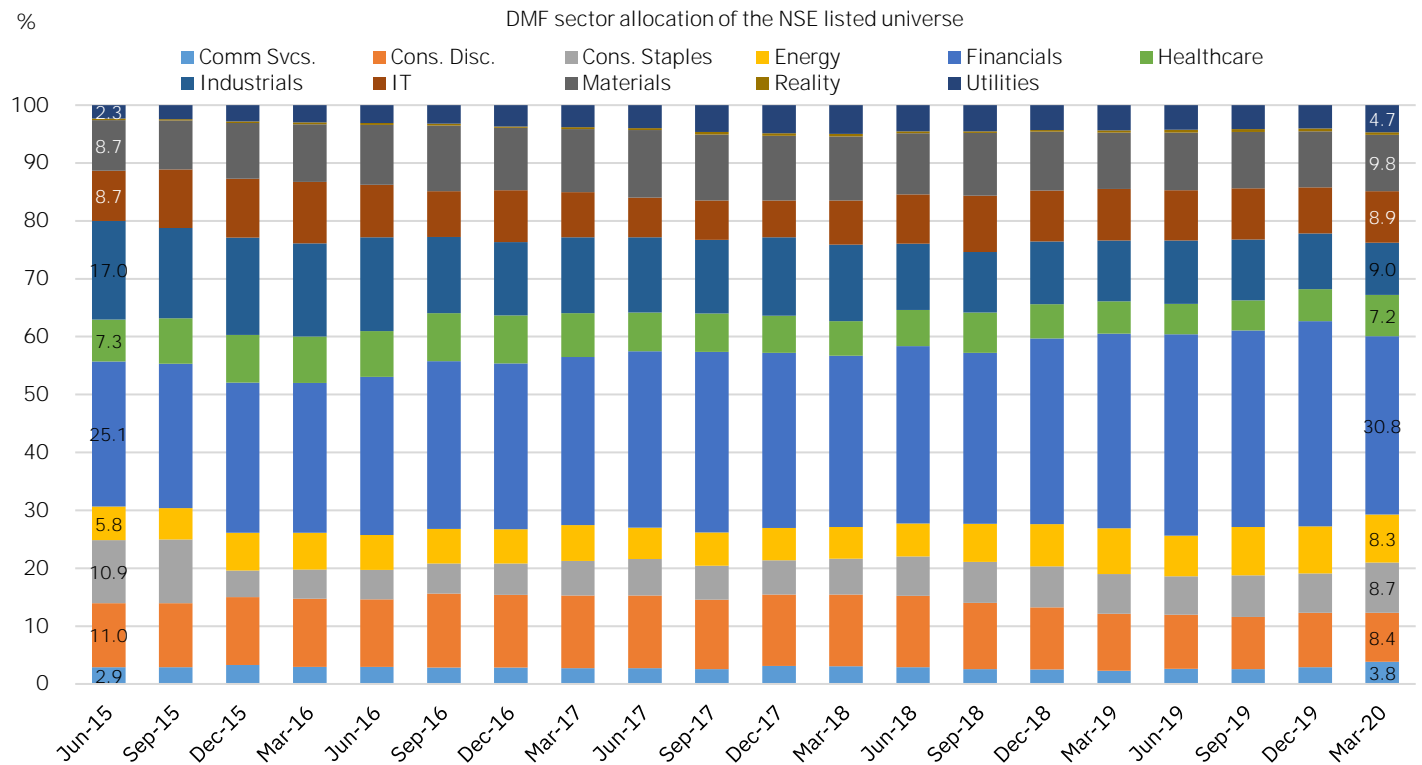
DMFs raised their exposure to Consumer Staples, Healthcare, IT and Comm. Svcs. during the quarter.

Figure 24: DMF sector allocation of the NSE-listed universe (March 2020 vs. December 2019)



Source: CMIE Prowess, NSE

Figure 25: DMF sector allocation of the NSE-listed universe over last five years

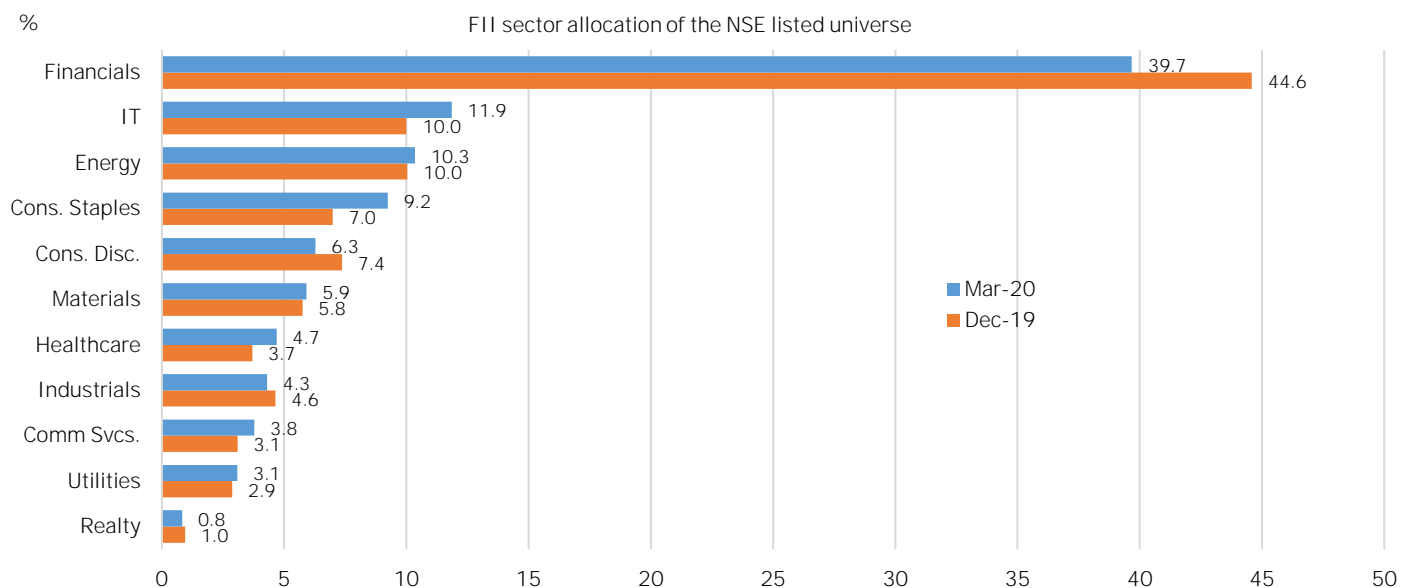


Source: CMIE Prowess, NSE

...and so did the FIIs: Unlike the trend witnessed over the last few quarters, the rejig in FII portfolio in the quarter ending March 2020 was in line with that seen in the DMF portfolio within the overall NSE-listed space. FIIs have also significantly cut down their exposure to Financials and Consumer Discretionary by 490bps and 110bps QoQ to a six-quarter and a 10-year low of 39.7% and 6.3% respectively. Sectors which have seen an increase in FII exposure in the NSE-listed space include Consumer Staples, Information Technology, Healthcare and Communication Services. Allocation to other sectors has remained broadly stable QoQ.

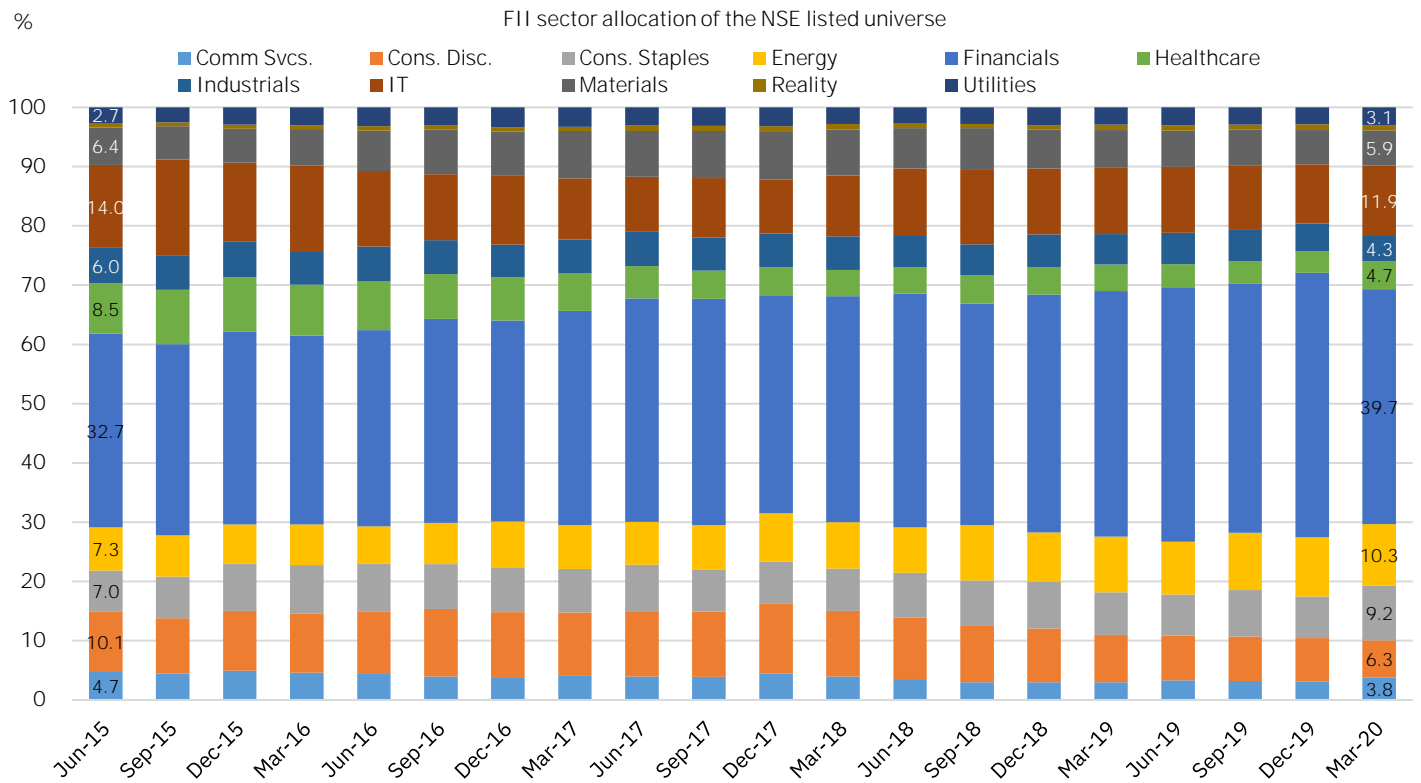
FIIs have also done a similar rejig to their allocation in the overall NSE-listed space.

Figure 26: FII sector allocation of the NSE-listed universe (March 2020 vs. December 2019)



Source: CMIE Prowess, NSE

Figure 27: 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 (March 2020): Overall promoter ownership in the Nifty 50 Index also increased sharply by 2pp QoQ to 44% in the quarter ending March 2020. This was largely on account of a sharp 3.1pp QoQ increase in private promoter ownership, Indian and foreign combined, to a 14-year high of 37.8%, as a sharp equity market sell-off provided an opportunity to promoters to increase their stakes. Within the Nifty 50 universe, 12 companies saw a jump in the promoter stake in the March quarter, translating into total promoter buying of Rs16bn. Government ownership, however, declined for yet another quarter and is currently hovering at a 14-year low of 6.4% (-108bps QoQ).

Institutional ownership has fallen for the Nifty 50 universe as well, down by 219bps QoQ to 44.05%, largely led by a 210bps QoQ fall in FII holding to a six-year low of 26.3%. In fact, the sequential decline in FII ownership in the Nifty 50 universe is the steepest since the period of the analysis on this sample (2006). That said, FII share excluding Financials actually rose by 40bps QoQ in the March quarter. DMF ownership, on the other hand, remained steady at 8.4%, thanks to steady SIP inflows. The share of Banks, Financial Institutions and Insurance fell for yet another quarter by 11bps QoQ to near 12-year lows of 7.1%. Retail ownership has remained steady over the last few years, with current share at 7.8% being just 66bps shy of their share in the overall NSE-listed space.

In terms of floating stock, FII share in the Nifty 50 Index fell by 195bps QoQ to 47.0% in the March quarter, following a 277bps increase in 2019 and is now 4.8pp lower than the peak share since 2006. Share of DMFs in the floating Nifty50 stock, however, rose by 55bps QoQ to all-time high of 15%, translating into a total increase of ~6.2pp over the last three years.

Private promoter ownership in the Nifty50 Index rose sharply in the March quarter while that of Government continued to decline.

FII share in the Nifty50 floating stock fell by 195bps QoQ, while that of DMFs rose by 55bps to 15%.

Figure 28: Nifty 50: Ownership pattern by total market cap (% , March 2020)

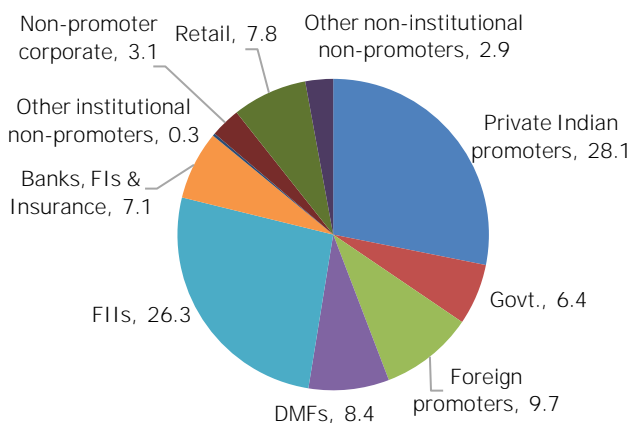
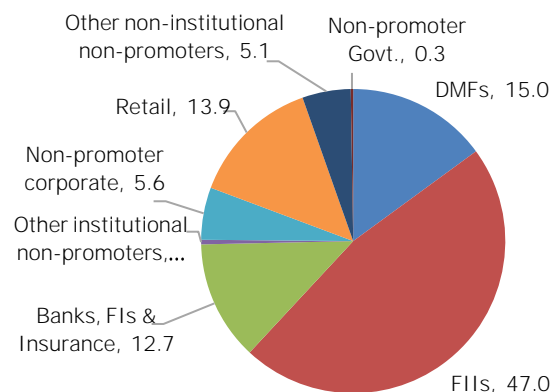


Figure 29: Nifty 50: Ownership pattern by free float market cap (% , March 2020)



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

Figure 30: Nifty 50 companies which has seen promoter buying during the March quarter

Companies	Sectors	Promoter stake (%)			Shares bought	
		Dec-19	Mar-20	QoQ chg. (bps)	Number (mn)	Value (Rsmn)*
Tata Steel	Materials	33.1	34.4	129	15.5	4,188.3
HCL Technologies	Information Technology	60.0	60.3	35	9.6	4,169.8
Adani Ports & Special Economic Zone	Industrials	62.5	62.8	33	6.7	1,679.8
JSW Steel	Materials	42.0	42.3	38	9.2	1,344.0
Sun Pharmaceutical Inds.	Health Care	54.6	54.7	13	3.1	1,084.8
Maruti Suzuki India	Consumer Discretionary	56.2	56.3	7	0.2	904.8
Bajaj Auto	Consumer Discretionary	53.5	53.7	13	0.4	776.6
Bajaj Finance	Financials	56.2	56.2	5	0.3	700.9
Bajaj Finserv	Financials	60.7	60.8	9	0.1	667.6
Grasim Industries	Materials	40.1	40.3	15	1.0	471.3
Britannia Industries	Consumer Staples	50.6	50.6	0	0.0	2.0
Asian Paints	Materials	52.8	52.8	0	0.0	0.1

Source: CMIE Prowess, NSE. * Value of shares bought in the March quarter is based on the quarter-end price.

Figure 31: 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's *	Non-promoter corporate	Retail
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
Sep-19	27.0	7.6	7.7	8.2	7.4	27.8	3.5	7.7
Dec-19	27.2	7.4	7.5	8.4	7.2	28.4	3.3	7.7
Mar-20	28.1	6.4	9.7	8.4	7.1	26.3	3.1	7.8
QoQ change	96bps	-108bps	217bps	1bps	-11bps	-210bps	-17bps	11bps

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

Figure 32: Nifty 50: Ownership trend across key stakeholders by free float market cap over last the three years

%	Domestic MFs	Banks, FIs & Insurance	FII's*	Non-promoter corporate	Public
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
Sep-19	14.3	12.8	48.0	6.0	13.4
Dec-19	14.4	12.5	48.9	5.7	13.2
Mar-20	15.0	12.7	47.0	5.6	13.9
QoQ change	55bps	26bps	-195bps	-9bps	69bps

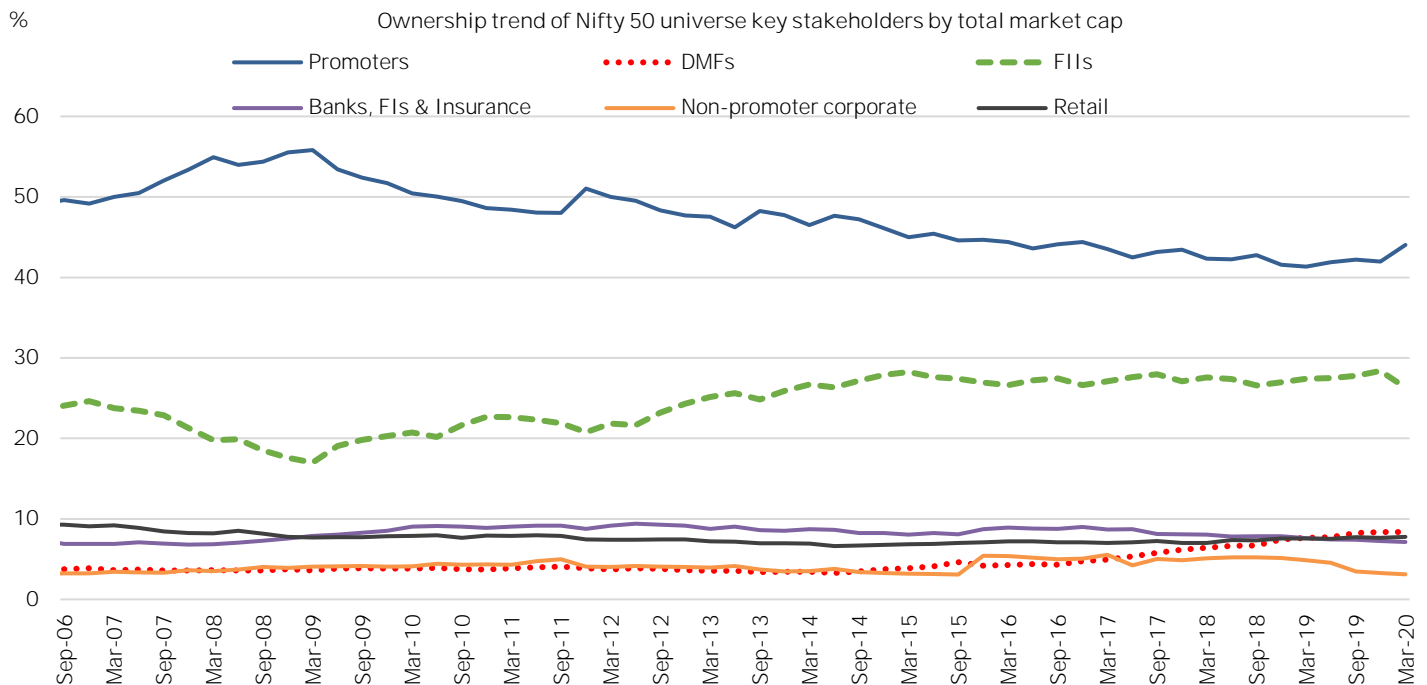
Source: CMIE Prowess, NSE. *FII ownership includes ownership through depository receipts held by custodians.

Long-term ownership trend of the Nifty 50 universe: The long-term ownership trend of the Nifty 50 Index is similar to the broader listed universe. Overall promoter ownership has seen a steady decline since 2009, largely on account of a sharp decline in Government ownership, even as private Indian as well as foreign promoters' holding has increased since 2010, albeit at a lower 8.5pp vs. 10.8pp for the listed universe.

While the DMF ownership has been gradually increasing since 2014 and is currently at the highest level since 2006, the steady increase in FII ownership seen over the last few quarters got reversed in the March quarter, even as it is still 9.3pp higher than the post-GFC low of 17% (in March 2009). That said, FII share excluding Financials has fallen steadily between 2013 and 2017 and has since remained fairly steady. Contrary to the broader listed universe, retail ownership of the Nifty 50 Index has been steadily inching up over the last few years, after falling to 13-year low of 6.6% in Jun'14.

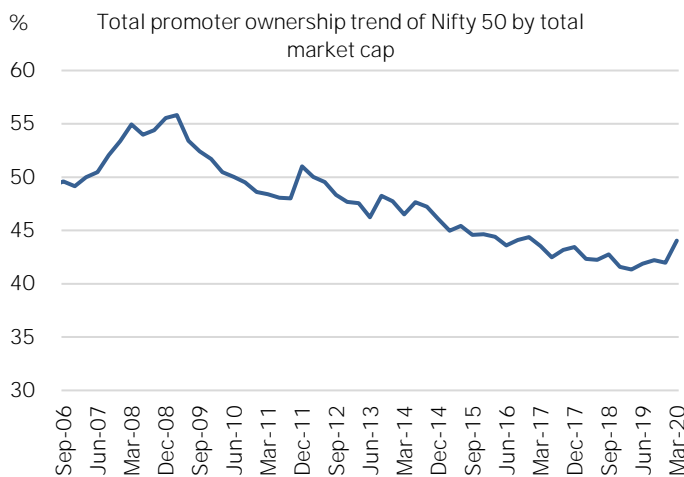
Notwithstanding a sharp drop in the March quarter, FII ownership in the Nifty 50 Index is still nearly 9.3pp higher than the post-GFC low of 17%.

Figure 33: 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 34: Total promoter ownership trend of the Nifty 50 universe by total market cap



Source: CMIE Prowess, NSE

Figure 35: Indian and foreign promoter ownership trend of the Nifty 50 universe by total market cap

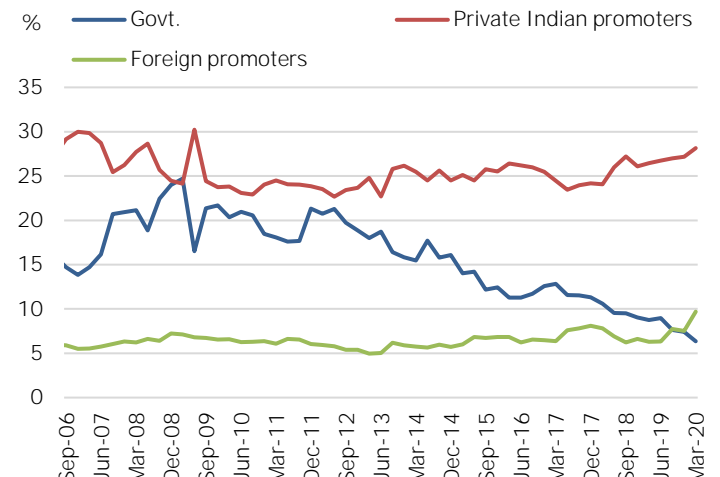


Figure 36: DMF ownership trend of Nifty 50 universe by total market cap

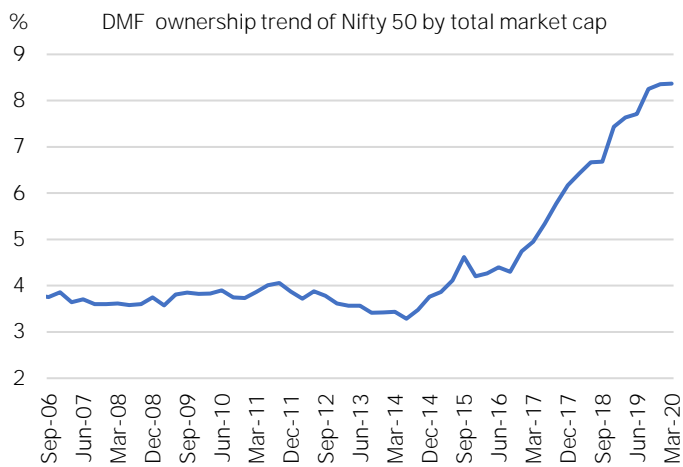
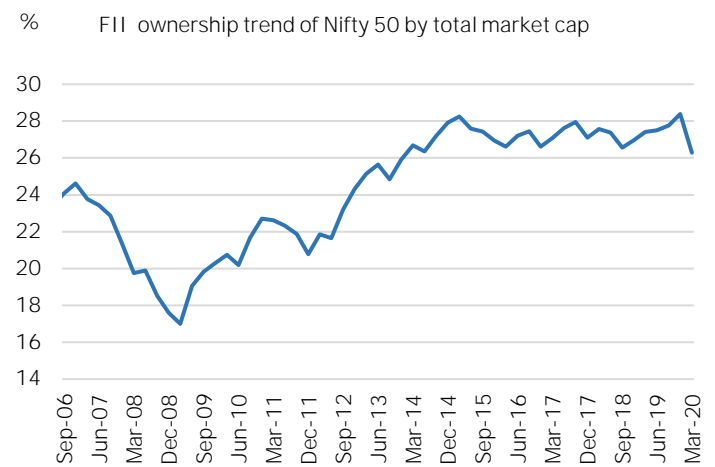


Figure 37: FII ownership trend of Nifty 50 universe by total market cap



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

Figure 38: Banks, FIs & Insurance ownership trend of Nifty 50 universe by total market cap

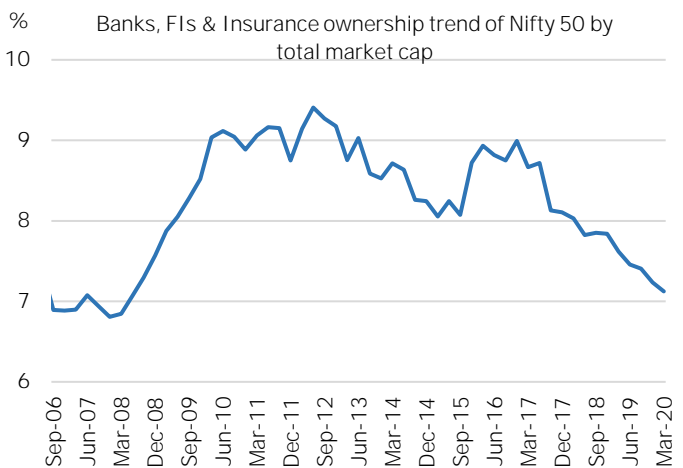
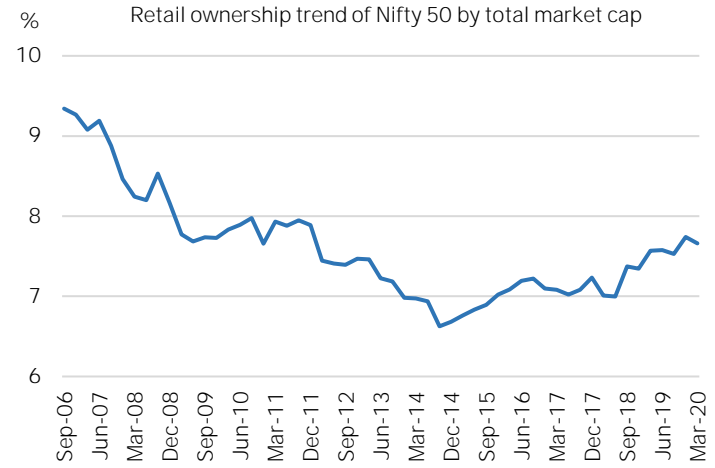


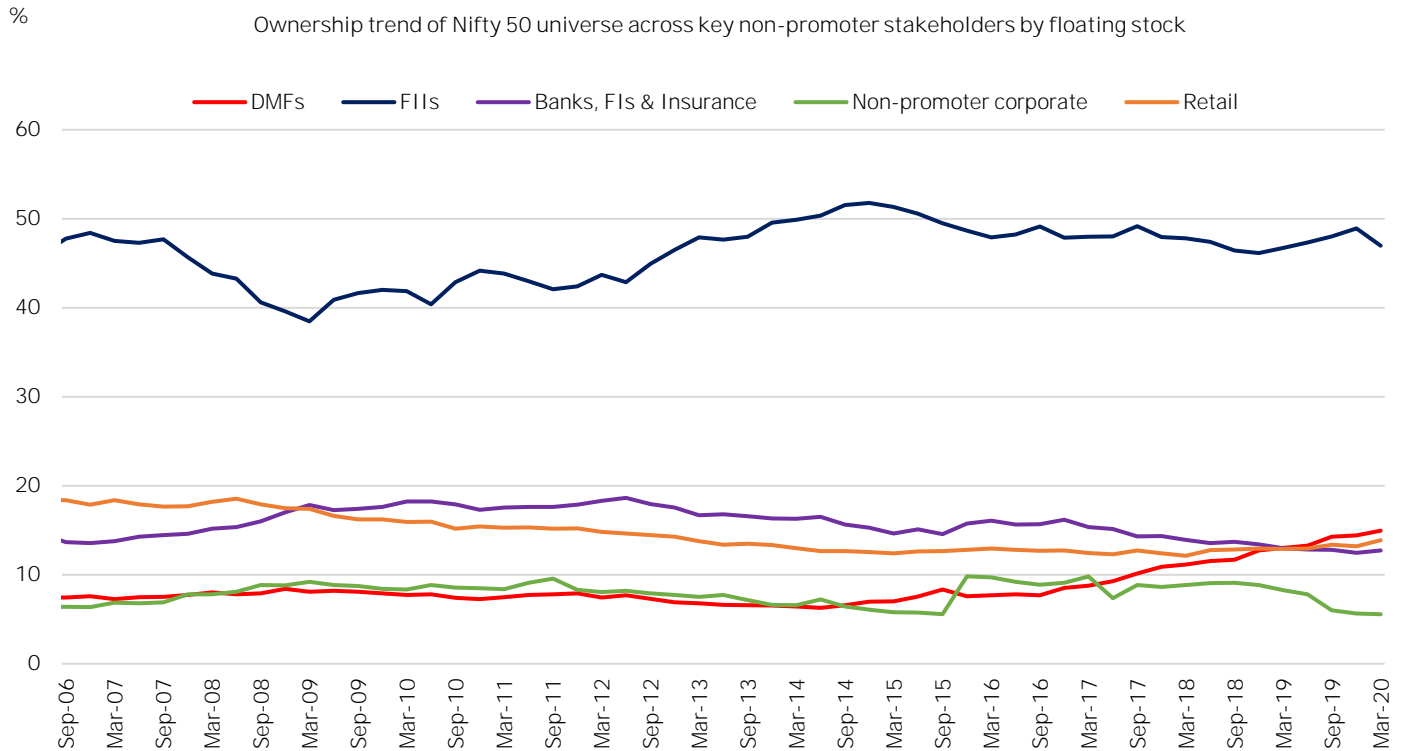
Figure 39: Retail ownership trend of Nifty 50 universe by total market cap



Source: CMIE Prowess, NSE

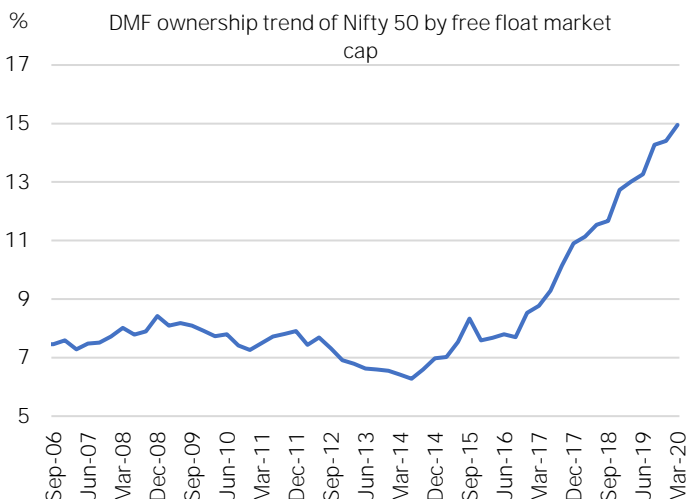
Our long-term ownership analysis on the free float market cap of the Nifty 50 Index also shows that while DMF ownership is the highest since 2006, current FII ownership is nearly 480bps lower than the peak of 51.8% in December 2014.

Figure 40: Nifty 50: Long-term ownership trend across key stakeholders by free float market cap



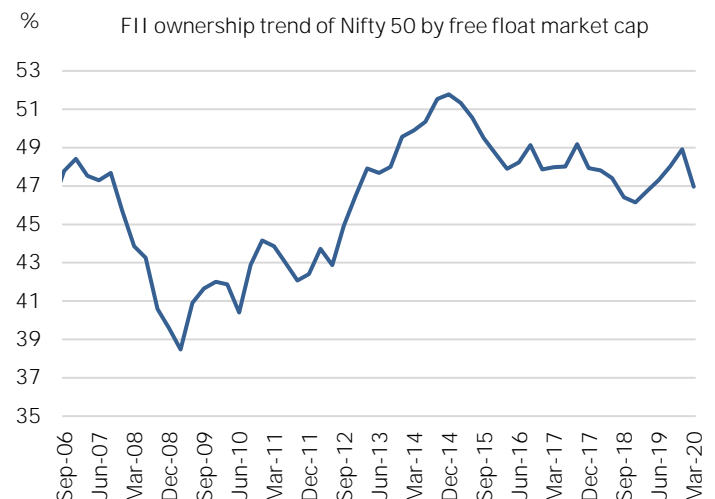
Source: CMIE Prowess, NSE. *FII ownership includes ownership through depository receipts held by custodians.

Figure 41: DMF ownership trend of the Nifty 50 universe by free float market cap

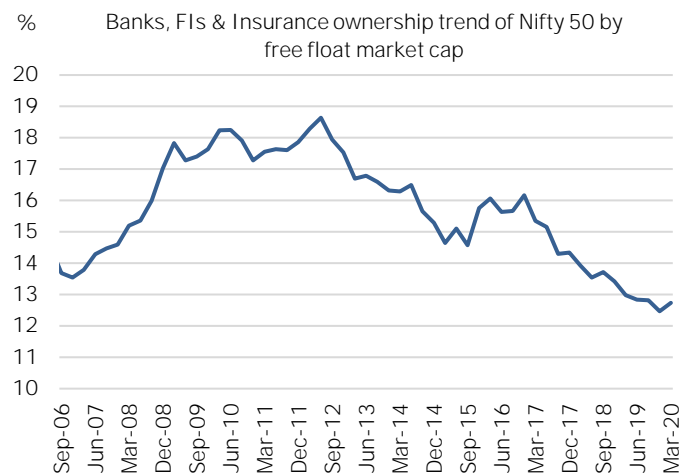
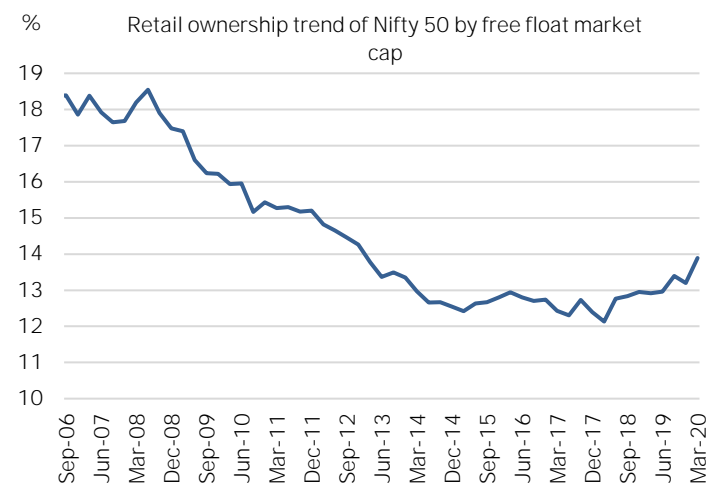


Source: CMIE Prowess, NSE. *FII ownership includes ownership through depository receipts held by custodians.

Figure 42: 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.

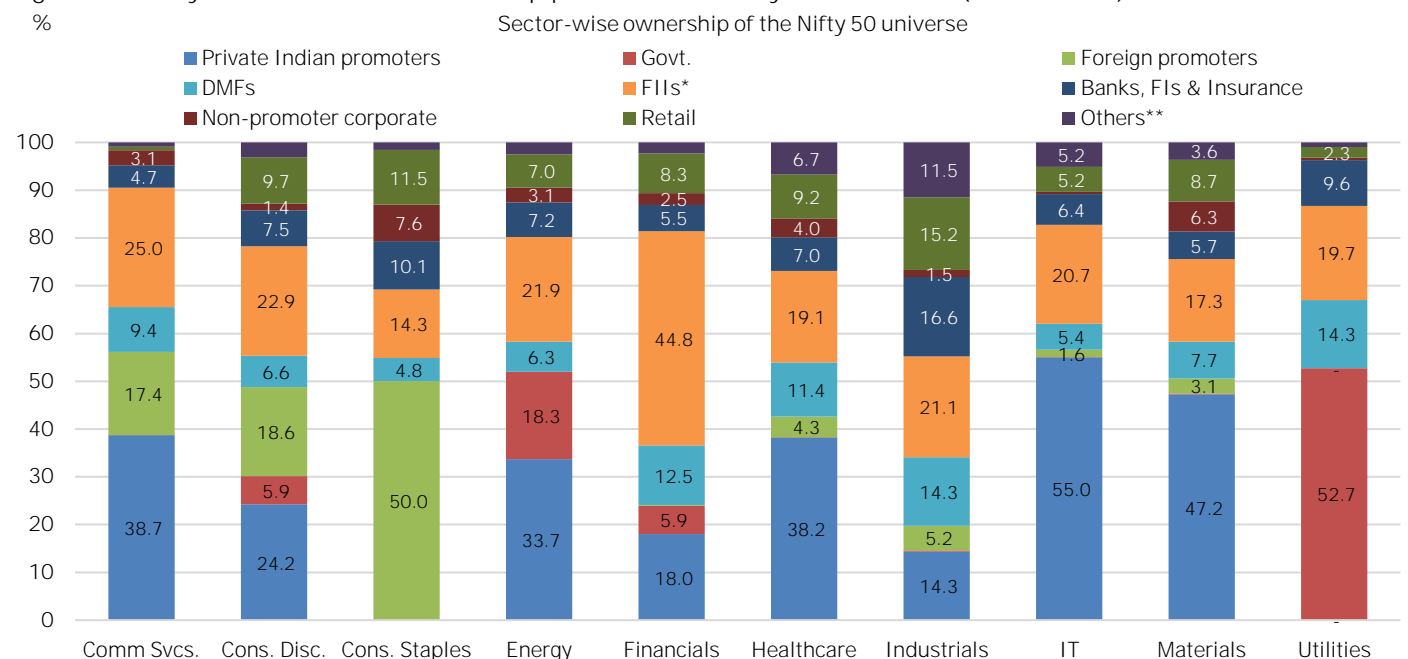
Figure 43: Banks, FIs & Insurance ownership trend of the Nifty 50 universe by free float market cap

Figure 44: 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 (March 2020): In the quarter ending March 2020, Information Technology had the highest promoter ownership at 56.6% (-31bps QoQ), followed by Communication Services at 56.1% and Energy at 51.8% (-92bps QoQ). Utilities and Energy remained the top sectors in terms of Government ownership at 52.7% (-290bps QoQ) and 18.3% (-285bps QoQ) respectively. DMF ownership is the highest in Industrials at 14.3% (-22bps QoQ), followed by Utilities at 14.3% (+221bps QoQ) and Financials at 12.5% (+55bps QoQ). FIIs are the biggest non-promoter owners of Financials at 44.8% (-49bps QoQ), followed by Communication Services at 25.0% (-40bps QoQ) and Consumer Discretionary at 22.9% (-138bps QoQ). In terms of overall foreign ownership (including foreign promoters), Consumer Staples leads with a 64.4% (+526bps QoQ) foreign share, followed by Financials at 45.0% (-79bps QoQ) and Communication Services at 42.4% (+37bps QoQ).

Industrials has the highest DMF ownership within the Nifty50 universe, followed by Utilities and Financials

FIIs are the biggest non-promoter owners of Financials in the Nifty 50 universe as well, followed by Communication Services and Consumer Discretionary.

Figure 45: Nifty 50: Sector-wise ownership pattern across key stakeholders (March 2020)


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 shareholders (March 2020): The table below shows the sector allocation for key stakeholders in Nifty 50 companies as of March 2020. The concentration of Government ownership in Financials, Energy and Utilities sector is much higher at 94% in the Nifty 50 universe vs. ~77% in the broader listed universe. The Consumer sector accounted for 78.7% of the exposure of foreign promoters to the Nifty 50 companies as of March-end, primarily on account of relative outperformance of the Consumer Staples companies. In case of institutional investors, DMFs have a much higher exposure to Financials at 38.8% (-580bps QoQ) in the Nifty 50 Index (vs. 30.8% in the NSE-listed universe), but 560bps lower than the FII allocation to the sector at 44.4% (-552bps QoQ).

DMFs have a much higher exposure to Financials at 38.8% in the Nifty 50 Index (vs. 30.8% in the NSE listed universe), but 560bps lower than the FII allocation to the sector at 44.4%.

Figure 46: Sector allocation of the Nifty 50 universe for key stakeholders (March 2020)

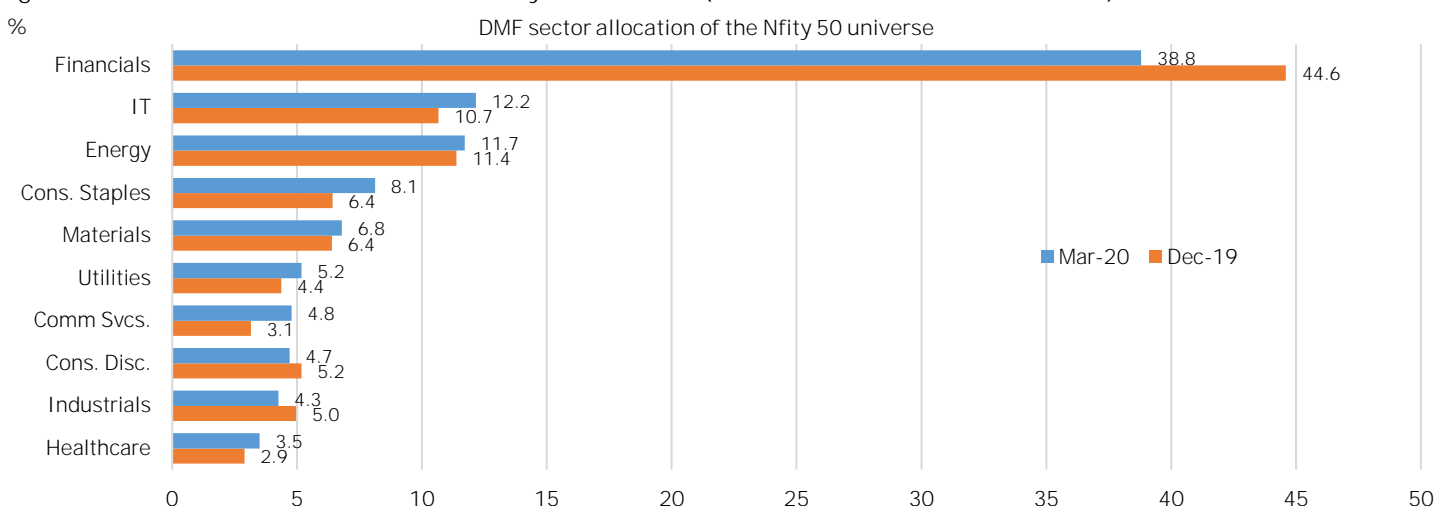
%	Private Indian promoters	Govt.	Foreign promoters	Domestic MFs	FII's*	Banks, FIs & Insurance	Non-promoter corporate	Retail
Communication Services	5.9	0.0	7.6	4.8	4.1	2.8	4.3	0.4
Consumer Discretionary	5.1	5.6	11.5	4.7	5.2	6.3	2.7	7.5
Consumer Staples	0.0	0.0	72.5	8.1	7.7	19.9	34.3	20.7
Energy	18.5	44.5	0.0	11.7	12.9	15.6	15.3	13.9
Financials	16.7	24.3	0.5	38.8	44.4	20.2	20.6	27.8
Health Care	3.5	0.0	1.2	3.5	1.9	2.5	3.3	3.0
Industrials	1.3	0.1	1.3	4.3	2.0	5.8	1.2	4.8
Information Technology	36.7	0.1	3.0	12.2	14.8	16.9	2.8	12.6
Materials	12.3	0.2	2.4	6.8	4.8	5.9	15.0	8.2
Utilities	0.0	25.2	0.0	5.2	2.3	4.1	0.5	0.9
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.

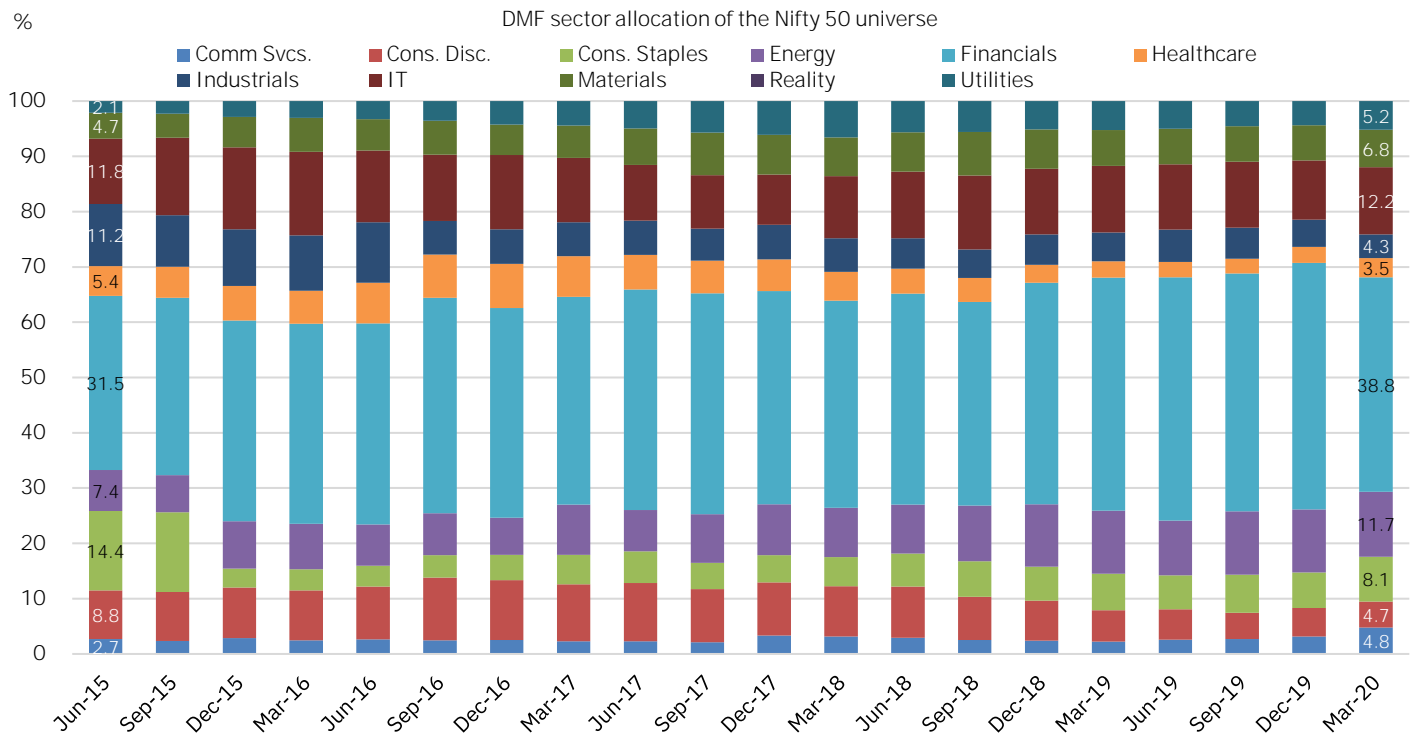
DMFs reduced their exposure to Financials but maintained an overweight stance: DMFs's allocation to Financials sector fell by 580bps QoQ to 38.8% in the March quarter but the overweight (OW) stance with respect to the index was maintained, even as the OW position has come off over the last few quarters. This has come at the expense of increase in exposure to Consumer Staples and IT, even as DMFs have maintained a huge underweight position on these sectors, and incrementally more so, for yet another quarter. While DMFs reduced their OW position on the Industrials sector, they have turned incrementally more bullish on Communication Services.

DMFs maintained a huge OW position on Financials despite a reduction in allocation and have incrementally turned more cautious on Consumer Staples and IT.

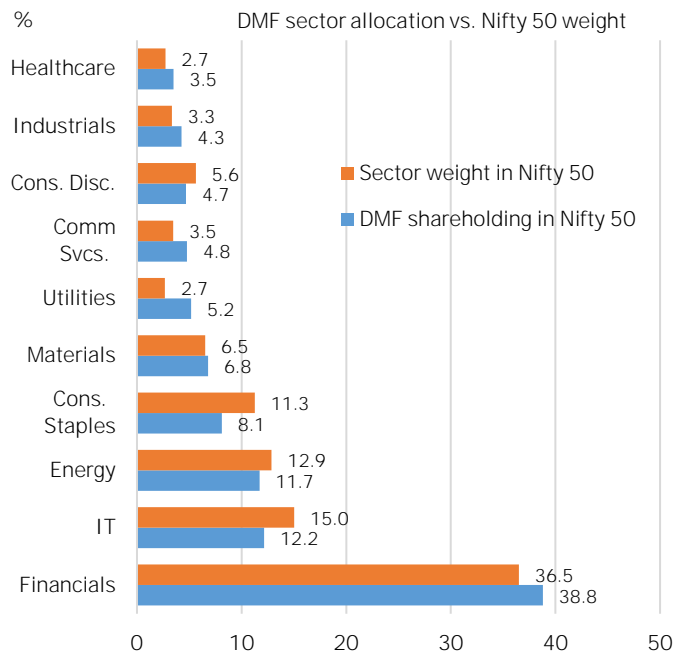
Figure 47: DMF sector allocation of the Nifty 50 universe (March 2020 vs. December 2019)



Source: CMIE Prowess, NSE

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


Source: CMIE Prowess, NSE

Figure 49: DMF sector allocation vs. sector weight in Nifty 50 (March 2020)


Source: CMIE Prowess, NSE

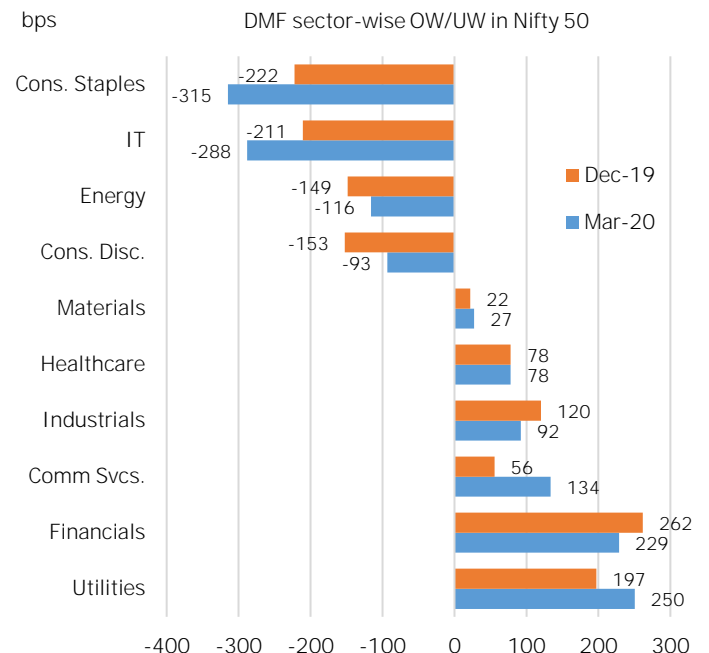
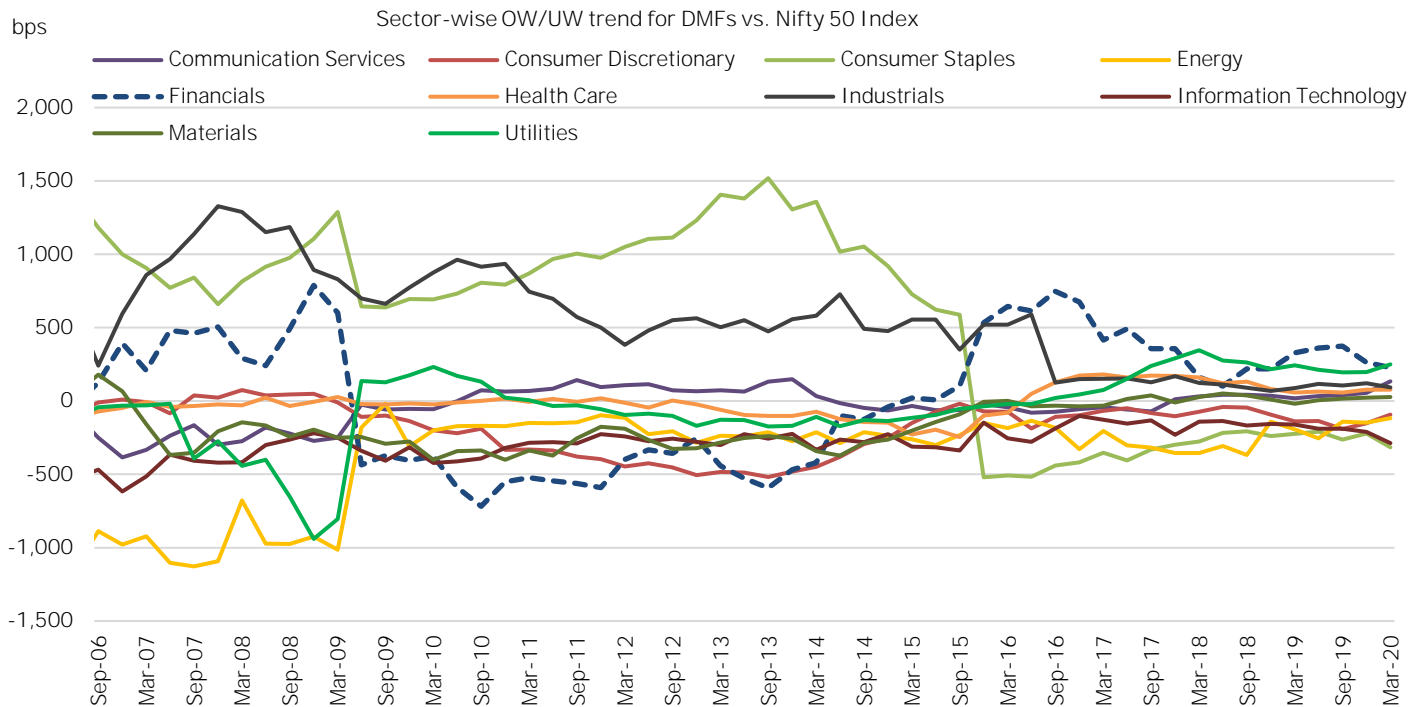
Figure 50: DMF sector-wise OW/UW in Nifty 50 relative to sector weight in the index (March 2020)


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

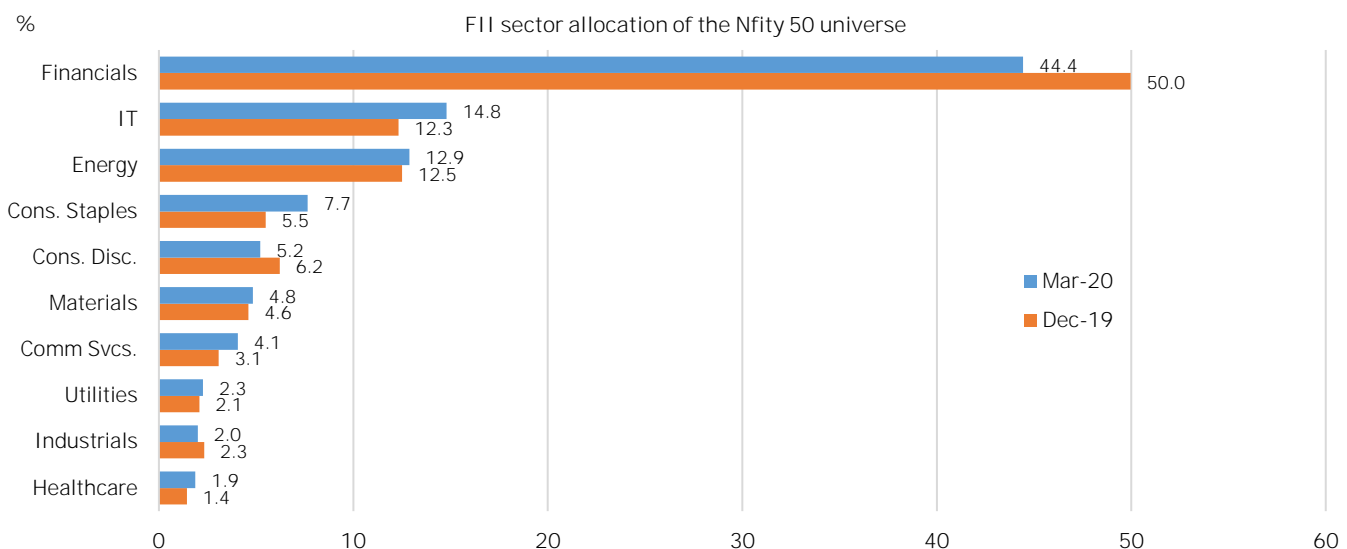


Source: CMIE Prowess, NSE

FII's retained a huge OW position on Financials for yet another quarter: The overall sector positioning for FII's in the Nifty 50 index has not changed much on a sequential basis in the March quarter. In-line with DMFs, a sharp fall in share prices of Financial sector companies led to FII allocation to the sector falling by 552bps QoQ, as evident in an equivalent fall in the sector's weight in the Nifty50 Index. FII's, however, have retained their huge OW position on Financials for yet another quarter. Despite an increase in exposure to Consumer Staples, and that's partly driven by relative outperformance of the sector during the quarter, FII's have turned incrementally more bearish on the sector. FII's have also maintained an UW stance on Materials and Industrials for yet another quarter, even as the UW position on the latter has been gradually coming off.

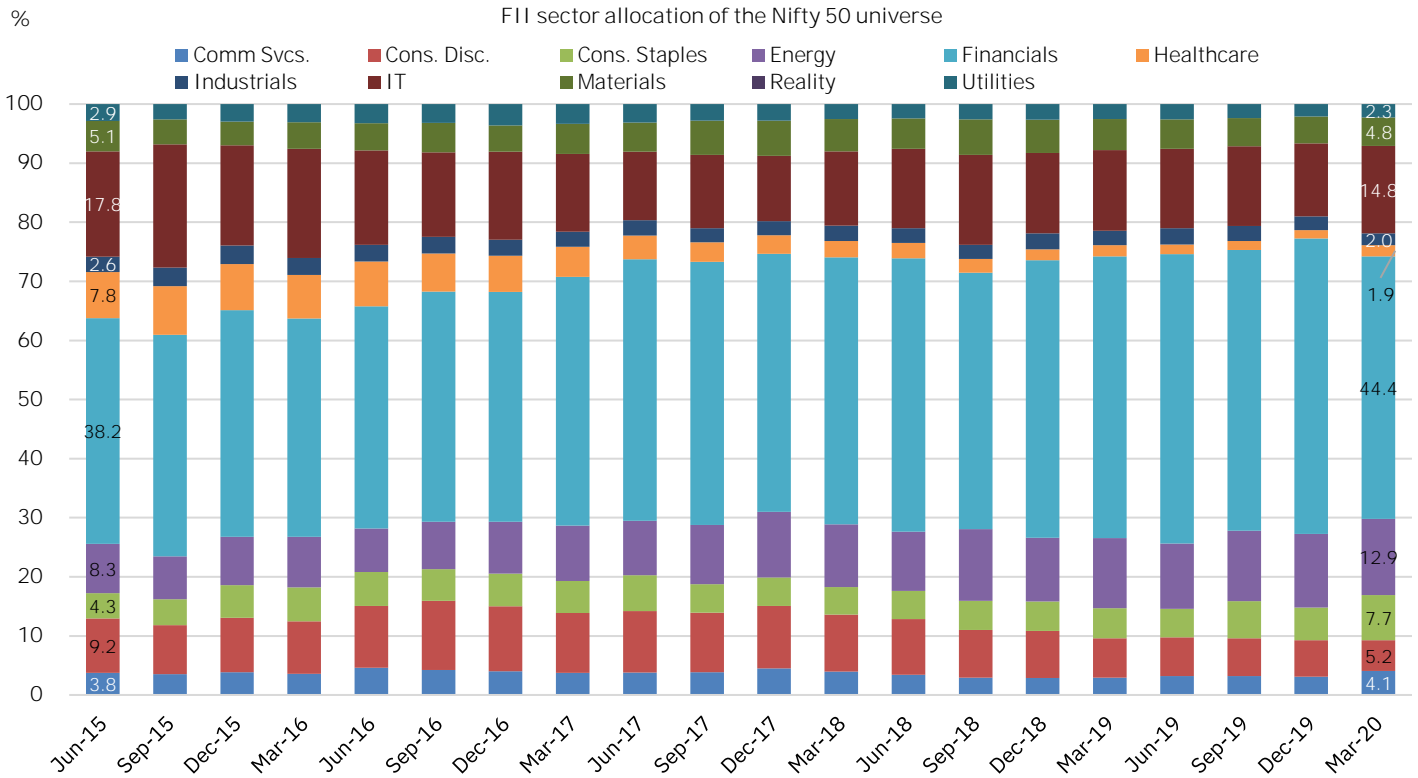
Even with a reduction in allocation to Financials in the March quarter, FII's have maintained their outsized bet on the sector in the Nifty 50 universe and have turned incrementally more cautious on Consumer Staples.

Figure 52: FII sector allocation of the Nifty 50 universe (March 2020 vs. December 2019)



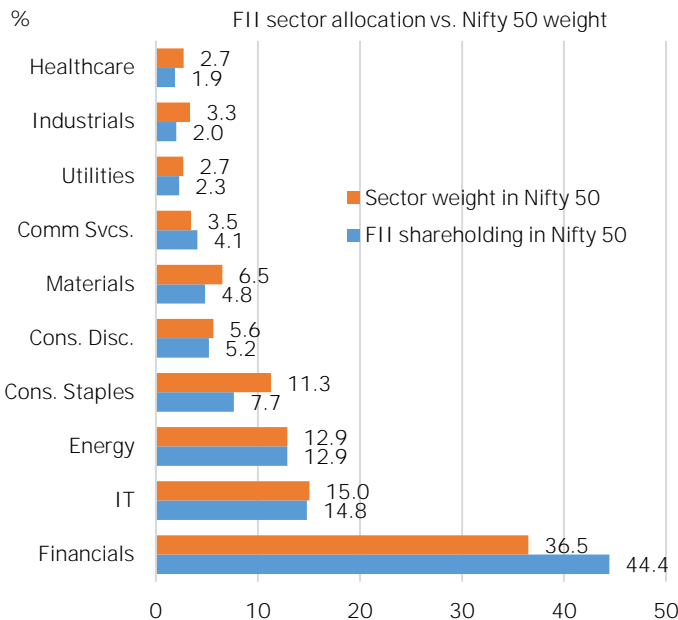
Source: CMIE Prowess, NSE. *FII ownership includes ownership through depository receipts held by custodians.

Figure 53: FII sector allocation of the Nifty 50 universe over last five years



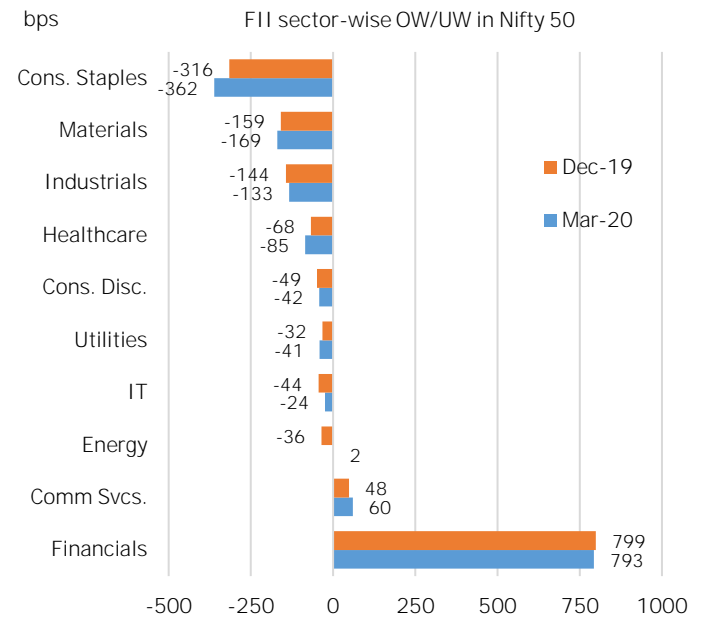
Source: CMIE Prowess, NSE. *FII ownership includes ownership through depository receipts held by custodians.

Figure 54: FII sector allocation vs. sector weight in Nifty 50 (March 2020)

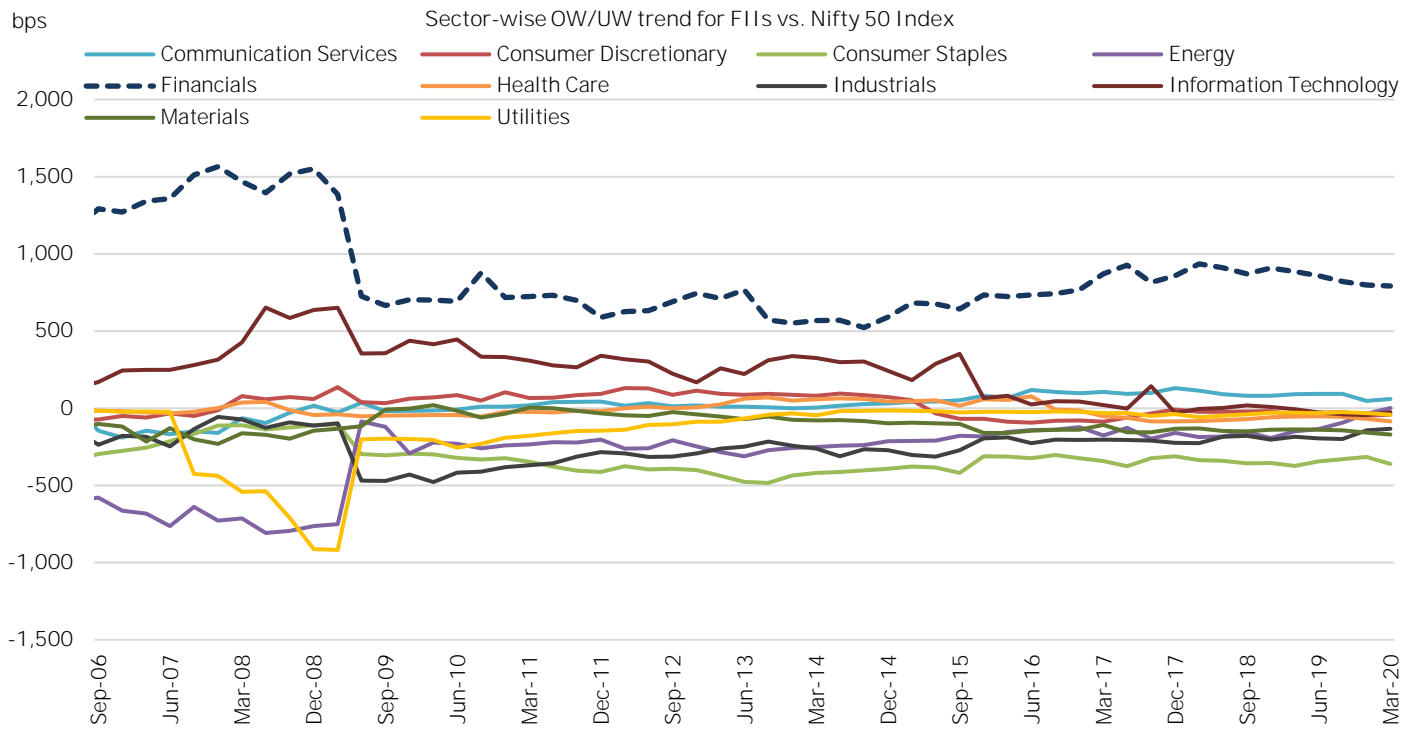


Source: CMIE Prowess, NSE. *FII ownership includes ownership through depository receipts held by custodians.

Figure 55: FII sector-wise OW/UW in Nifty 50 relative to sector weight in the index (March 2020)



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

Figure 56: FII vs. Nifty 50—Sector-wise OW/UW trend (bps)


Nifty 500 ownership trends

Ownership pattern of the Nifty 500 universe (March 2020): In-line with Nifty 50, Promoter ownership in the Nifty 500 Index increased by 121bps QoQ to five-year high of 50.5%, a tad lower than the promoter holding in the overall NSE-listed universe. While private promoter ownership, Indian and foreign combined, increased by 253bps QoQ to 14-year high of 43.9%, government ownership fell by 131bps QoQ to all-time low of 6.9%. Within the Nifty 500 universe, 93 companies saw an increase in shares owned by private promoters in the March quarter, translating into total buying of ~Rs103bn.

In terms of institutional ownership, while the DMFs' share in the Nifty 500 inched up by a modest 18bps QoQ to 8.1%, marking the new high since 2001, FII ownership fell by 136bps QoQ to 21.6%—nearly 164bps shy of the peak share since 2001. This was largely led by Financials; excluding Financials, FII share went up by 35bps QoQ to a six-quarter high of 13%. The share of Banks, Financial Institutions and Insurance fell by a modest 7bps QoQ to 5.5%—the lowest in the last two decades. Retail investors owned 8.1% of the Nifty 500 Index as of March-end, up by a modest 13bps QoQ, but has broadly remained at these levels for five years now.

In terms of floating stock, FII ownership in the Nifty 500 Index fell by 163bps QoQ to 43.6%, following a 330bps increase in 2019, marking the steepest QoQ decline since the Global Financial Crisis. DMF ownership of the Nifty 500 floating stock, however, has improved by 75bps QoQ to a two-decade high of 16.4%. Retail ownership also rose by 66bps QoQ to a 10-quarter high of 16.4% of the Nifty 500 free float stock.

Private promoter ownership inched up in the Nifty 500 universe, in-line with Nifty50 and overall NSE-listed space.

FII share in the Nifty500 floating stock fell sharply in the March quarter—the steepest fall since the GFC.

DMF share, however, inched up further in the March quarter to remain at all-time high level.

Figure 57: Nifty 500: Ownership pattern by total market cap (March 2020)

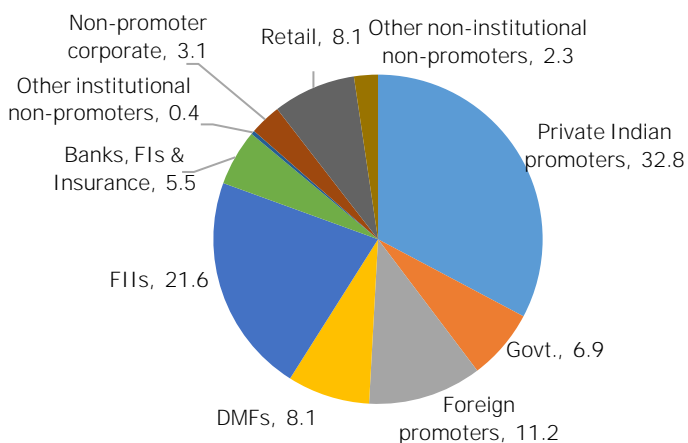
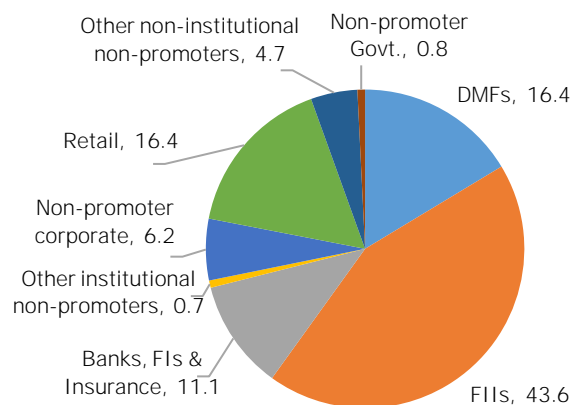


Figure 58: Nifty 500: Ownership pattern by free float market cap (March 2020)



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

Figure 59: Top 20 companies by value of shares bought by promoters in the Nifty 500 Index in the March quarter

Companies	Sectors	Promoter stake (%)			Shares bought	
		Dec-19	Mar-20	QoQ chg. (bps)	Number (mn)	Value (Rsmn)*
Tata Consumer Products	Consumer Staples	34.5	34.7	23	102.2	30,129.1
Vinati Organics	Materials	74.0	74.0	4	38.1	29,490.3
Piramal Enterprises	Health Care	46.1	46.1	1	12.2	11,428.9
Mphasis	Information Technology	52.2	56.2	399	7.5	4,971.3
Tata Steel	Materials	33.1	34.4	129	15.5	4,188.3
H C L Technologies	Information Technology	60.0	60.3	35	9.6	4,169.8
Bajaj Electricals	Consumer Discretionary	62.7	63.2	50	7.7	2,054.3
G M R Infrastructure	Industrials	63.6	65.3	172	103.7	1,694.7
Adani Ports & Special Economic Zone	Industrials	62.5	62.8	33	6.7	1,679.8
J S W Steel	Materials	42.0	42.3	38	9.2	1,344.0
Sun Pharmaceutical Inds.	Health Care	54.6	54.7	13	3.1	1,084.8
Maruti Suzuki India	Consumer Discretionary	56.2	56.3	7	0.2	904.8
Tata Power Co.	Utilities	36.2	37.2	101	27.3	896.1
Godrej Industries	Industrials	61.4	62.2	82	2.8	780.7
Bajaj Auto	Consumer Discretionary	53.5	53.7	13	0.4	776.6
Godrej Agrovet	Consumer Staples	69.1	70.1	100	1.9	705.3
Bajaj Holdings & Invest.	Financials	49.6	49.9	35	0.4	703.3
Bajaj Finance	Financials	56.2	56.2	5	0.3	700.9
Bajaj Finserv	Financials	60.7	60.8	9	0.1	667.6
Mindtree	Information Technology	73.6	74.1	47	0.8	643.7

Source: CMIE Prowess, NSE. * Value of shares bought in the March quarter is based on the quarter-end price.

Figure 60: 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
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	9.6	8.9	7.5	5.7	22.1	4.6	8.0
Sep-19	31.7	8.1	9.9	7.9	5.7	22.5	3.5	8.1
Dec-19	31.8	8.3	9.6	7.9	5.6	22.9	3.3	8.0
Mar-20	32.8	6.9	11.2	8.1	5.5	21.6	3.1	8.1
<i>QoQ change</i>	<i>97bps</i>	<i>-131bps</i>	<i>155bps</i>	<i>18bps</i>	<i>-7bps</i>	<i>-136bps</i>	<i>-25bps</i>	<i>13bps</i>

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

Figure 61: Nifty 500: Ownership trend across key stakeholders by free float market cap over the last three years

%	Domestic MFs	Banks, FIs & Insurance	FII's	Non-promoter corporate	Retail
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
Sep-19	15.5	11.3	44.4	6.8	15.9
Dec-19	15.6	11.0	45.2	6.6	15.8
Mar-20	16.4	11.1	43.6	6.2	16.4
<i>QoQ change</i>	<i>75bps</i>	<i>14bps</i>	<i>-163bps</i>	<i>-35bps</i>	<i>66bps</i>

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

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

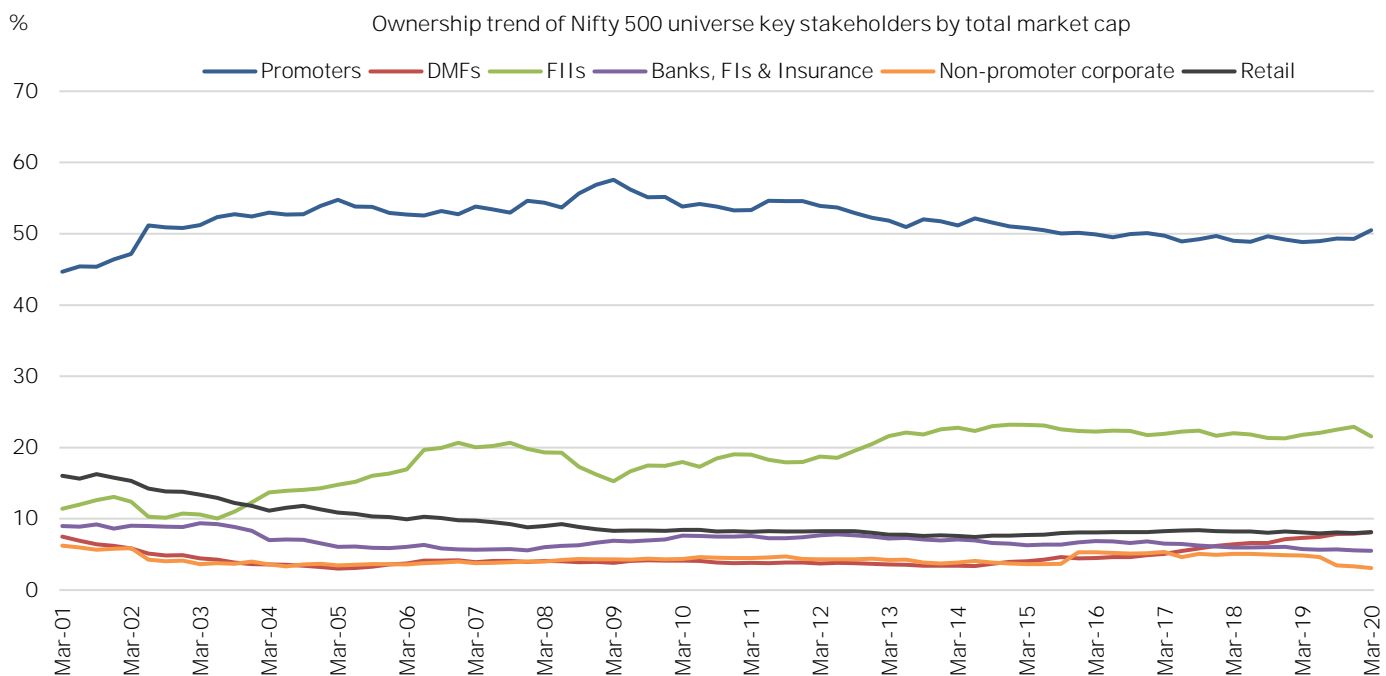
While the DMF ownership in Nifty 500 has been gradually increasing since 2014 and is currently at the highest level since 2001, FII ownership improved sharply post the GFC until 2015 but fell steadily between 2015 and 2018, only to see a sharp rise in 2019. But a sharp fall in the recent quarter led to the spread between current FII share and peak share since 2001 widening to 164bps. Banks, financial institutions and insurance, however, have been reducing their exposure to Indian equities for quite some time now.

Retail ownership in the Nifty 500 Index fell sharply from the north of 16% in 2001 to sub-8% in 2013 and has since hovered around these levels.

A sharp dip in FII ownership in the Nifty 500 Index in the March quarter has largely reversed the increase seen in 2019.

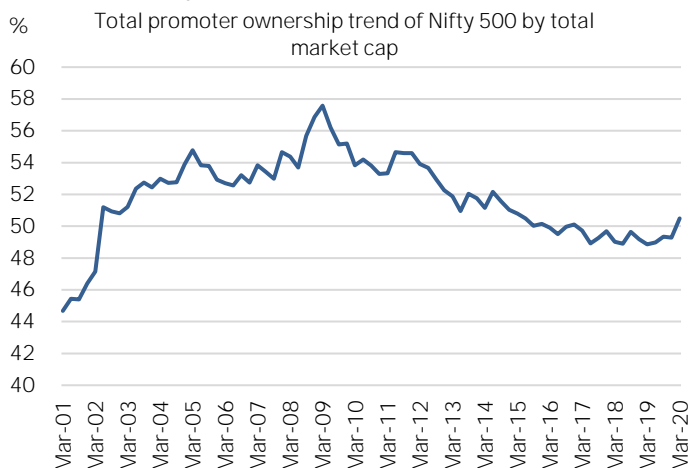
DMF ownership in Nifty 500 has been gradually rising since 2014.

Figure 62: Nifty 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 63: Total promoter ownership trend of the Nifty 500 universe by total market cap



Source: CMIE Prowess, NSE

Figure 64: Indian and foreign promoter ownership trend of the Nifty 500 universe by total market cap

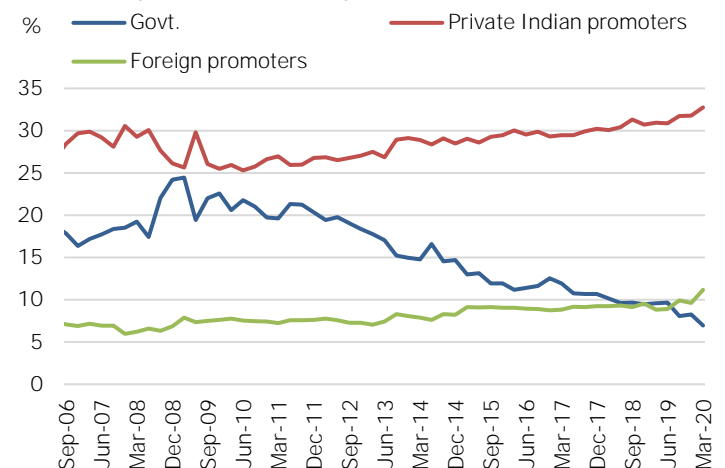


Figure 65: DMF ownership trend of the Nifty 500 universe by total market cap

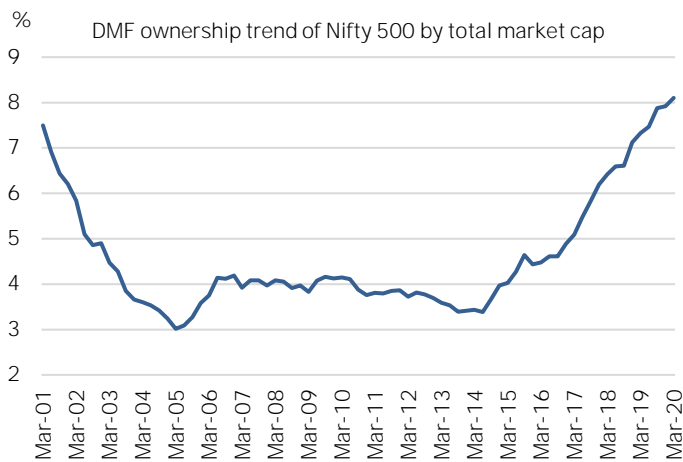
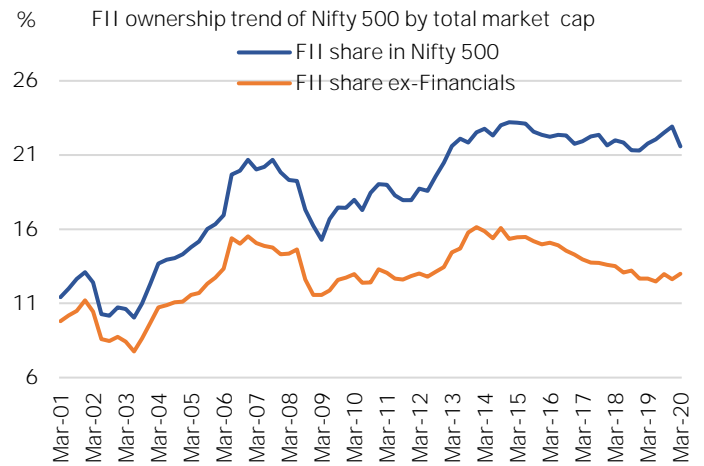


Figure 66: FII ownership trend of the Nifty 500 universe by total market cap



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

Figure 67: Banks, FIs & Insurance ownership trend of the Nifty 500 universe by total market cap

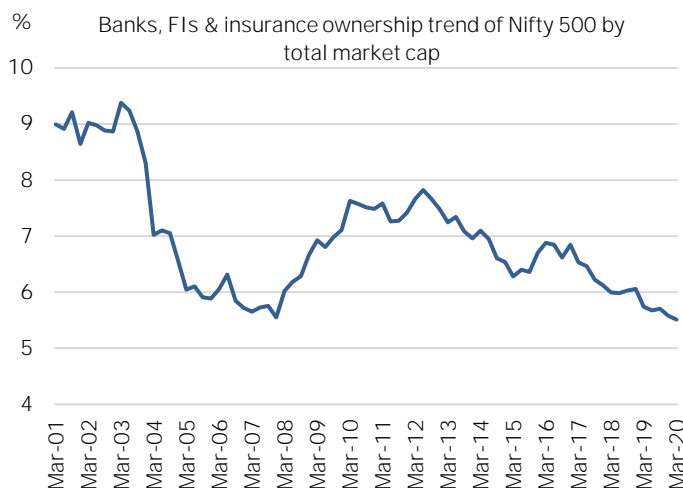
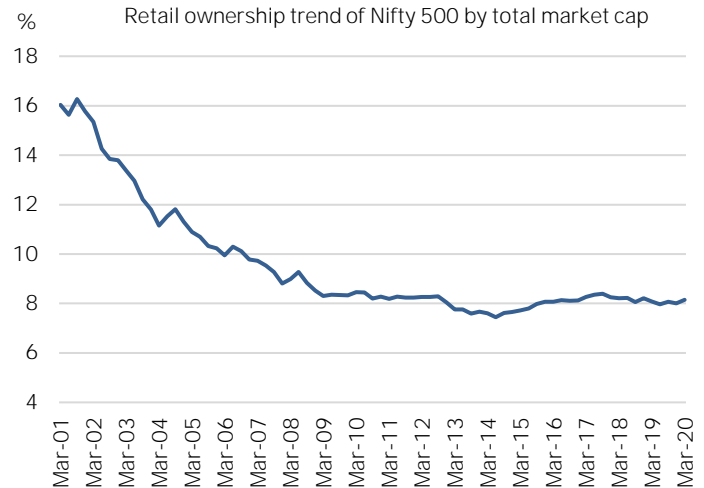
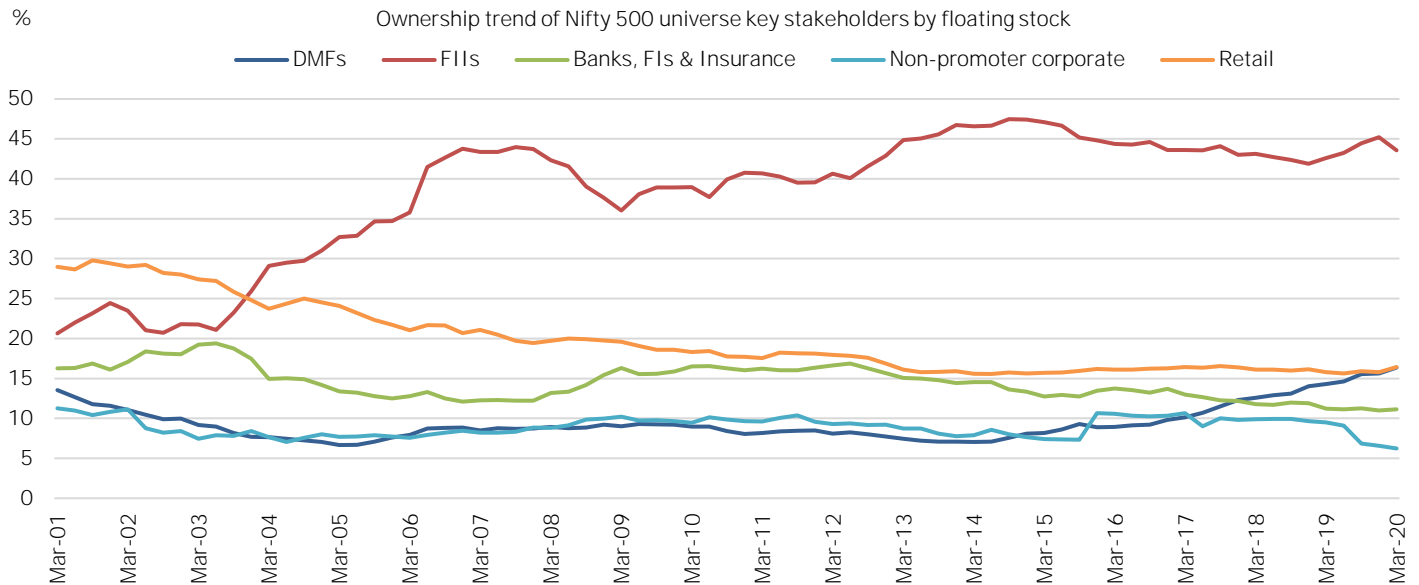


Figure 68: Retail ownership trend of the Nifty 500 universe by total market cap

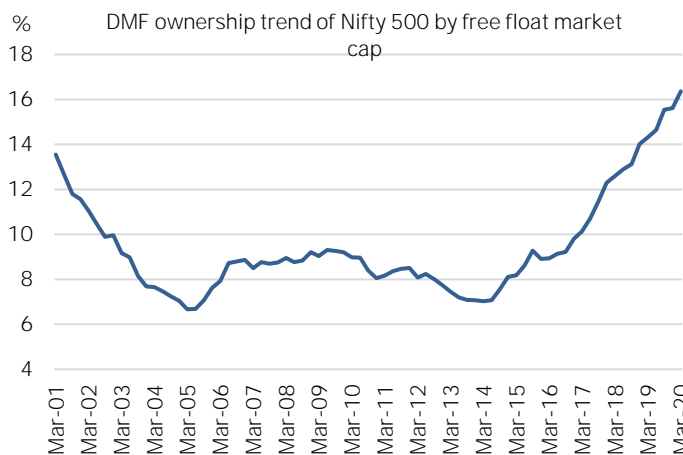


Source: CMIE Prowess, NSE

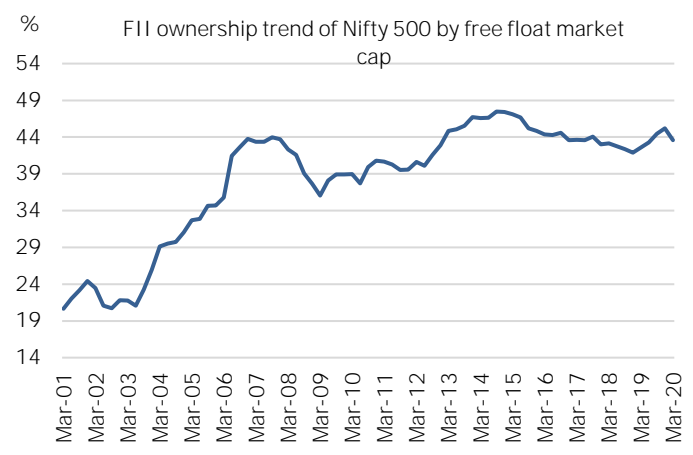
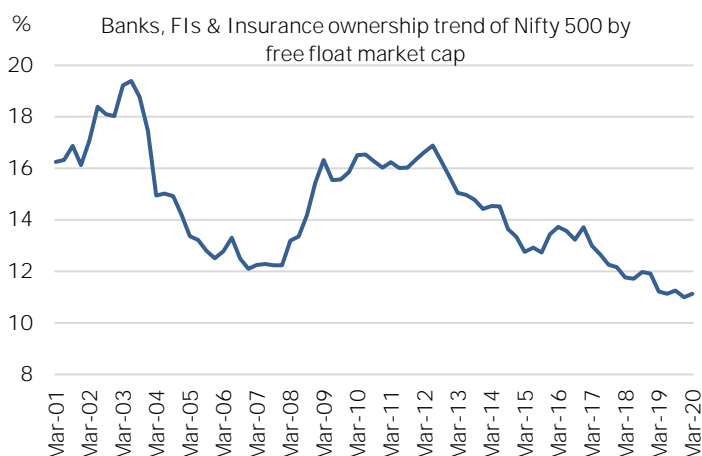
Our long-term ownership analysis on the free float market cap of the Nifty 500 Index also shows that while DMF ownership is the highest since 2001, current FII ownership is 391bps lower than the peak of 47.5% in September 2014.

Figure 69: Nifty 500: Long-term ownership trend across key stakeholders by free float market cap


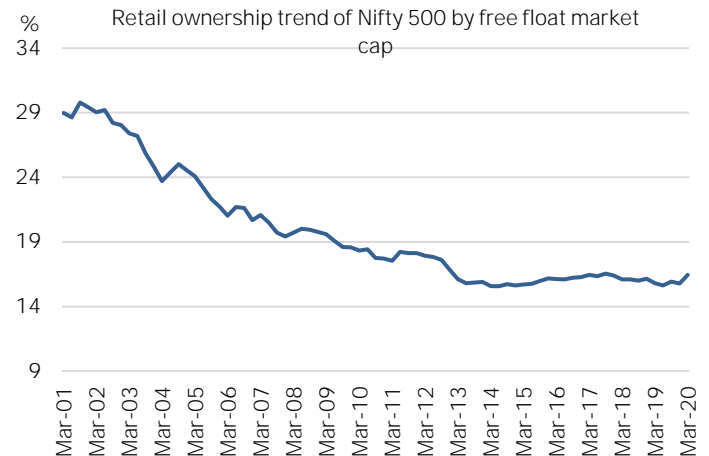
Source: CMIE Prowess, NSE. *FII ownership includes ownership through depository receipts held by custodians.

Figure 70: DMF ownership trend of the Nifty 500 universe by free float market cap


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

Figure 71: FII ownership trend of the Nifty 500 universe by free float market cap

Figure 72: Banks, FIs & Insurance ownership trend of the Nifty 500 universe by free float market cap


Source: CMIE Prowess, NSE

Figure 73: Retail ownership trend of the Nifty 500 universe by free float market cap


Sector-wise ownership of the Nifty 500 universe (March 2020): As of March 2020, Real Estate sector had the highest promoter shareholding at 67.4% (-27bps QoQ), followed by Information Technology at 57.4% (-7bps QoQ), and Materials at 57.2% (+155bps QoQ). Utilities, Energy, Financials and Industrials had the highest Government ownership at 34.4% (-60bps QoQ), 17.5% (-281bps QoQ), 9.8% (-108bps QoQ) and 9.5% (-81bps QoQ) respectively.

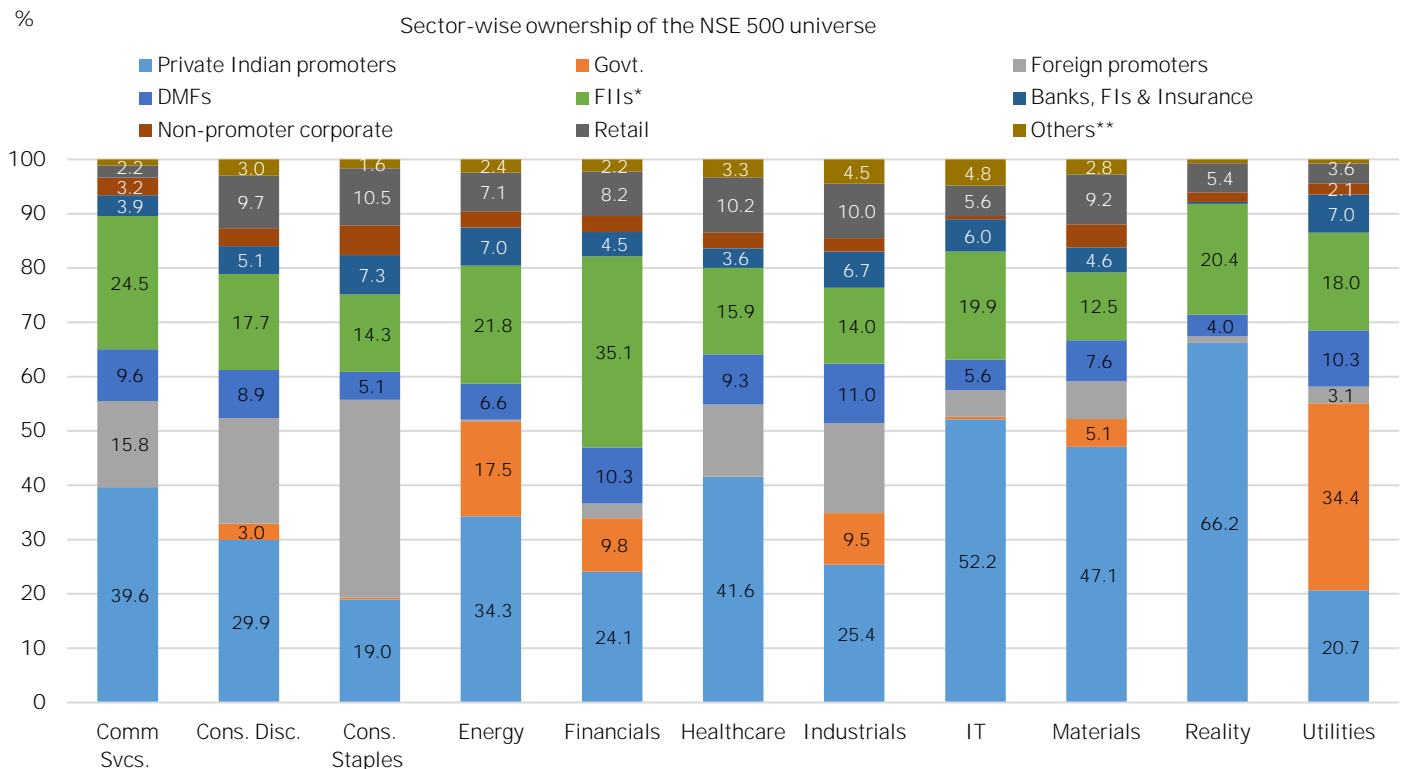
In terms of DMF ownership, Industrials sector leads at 11.0% share (+11bps QoQ), followed by Utilities at 10.3% (+153bps QoQ) and Financials at 10.3% (+55bps QoQ). FIIs remained the biggest non-promoter owners of Financials at 35.2% (+12bps QoQ), followed by Communication Services at 24.5% (-10bps QoQ), Energy at 21.8% (+32bps QoQ) and Real Estate at 20.4% (-28bps QoQ).

In terms of overall foreign ownership (including foreign promoters), Consumer Staples leads with a 50.7% foreign share (+330bps QoQ), followed by Communication Services at 40.4% (+110bps QoQ) and Financials at 37.9% (+15bps QoQ).

Sector-wise, Industrials leads in terms of DMF ownership within the Nifty 500 universe, in-line with the Nifty 50 and overall listed space.

FIIs are the biggest non-promoter owners of Financials in the Nifty 500 universe as well, followed by Communication Services and Energy.

Figure 74: Nifty 500: Sector-wise ownership pattern across key stakeholders (March 2020)



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 500 universe for key stakeholders (March 2020): The table below shows the sector allocation for key stakeholders in Nifty 500 companies as of March 2020. The concentration of Government ownership in Financials, Energy and Utilities sector is at 79.1%, a tad higher than that in the overall listed universe. In case of institutional investors, DMFs have a much lower allocation to Financials sector at 31.1% than FIIs at 39.8%, even as both have seen a dip in allocation in the March quarter owing to sharp fall in share prices of Financial companies.

Figure 75: Sector allocation of the Nifty 500 universe for key stakeholders (March 2020)

%	Private Indian promoters	Govt.	Foreign promoters	Domestic MFs	FII's*	Banks, FIs & Insurance	Non-promoter corporate	Retail
Communication Services	4.0	0.0	4.7	3.9	3.7	2.3	3.4	0.9
Consumer Discretionary	7.0	3.3	13.3	8.4	6.3	7.1	8.2	9.1
Consumer Staples	8.1	0.7	45.9	8.9	9.3	18.6	24.9	18.1
Energy	10.8	26.1	0.2	8.4	10.5	13.1	10.1	9.1
Financials	17.9	34.6	6.0	31.1	39.8	20.0	23.1	24.6
Health Care	8.0	0.0	7.5	7.2	4.7	4.1	5.9	7.9
Industrials	4.9	8.5	9.3	8.5	4.1	7.6	4.9	7.7
Information Technology	20.6	0.8	5.7	9.0	11.9	14.0	2.6	8.9
Materials	14.5	7.5	6.3	9.4	5.8	8.4	13.9	11.4
Real Estate	1.8	0.0	0.1	0.4	0.8	0.1	0.5	0.6
Utilities	2.4	18.5	1.0	4.8	3.1	4.7	2.5	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.

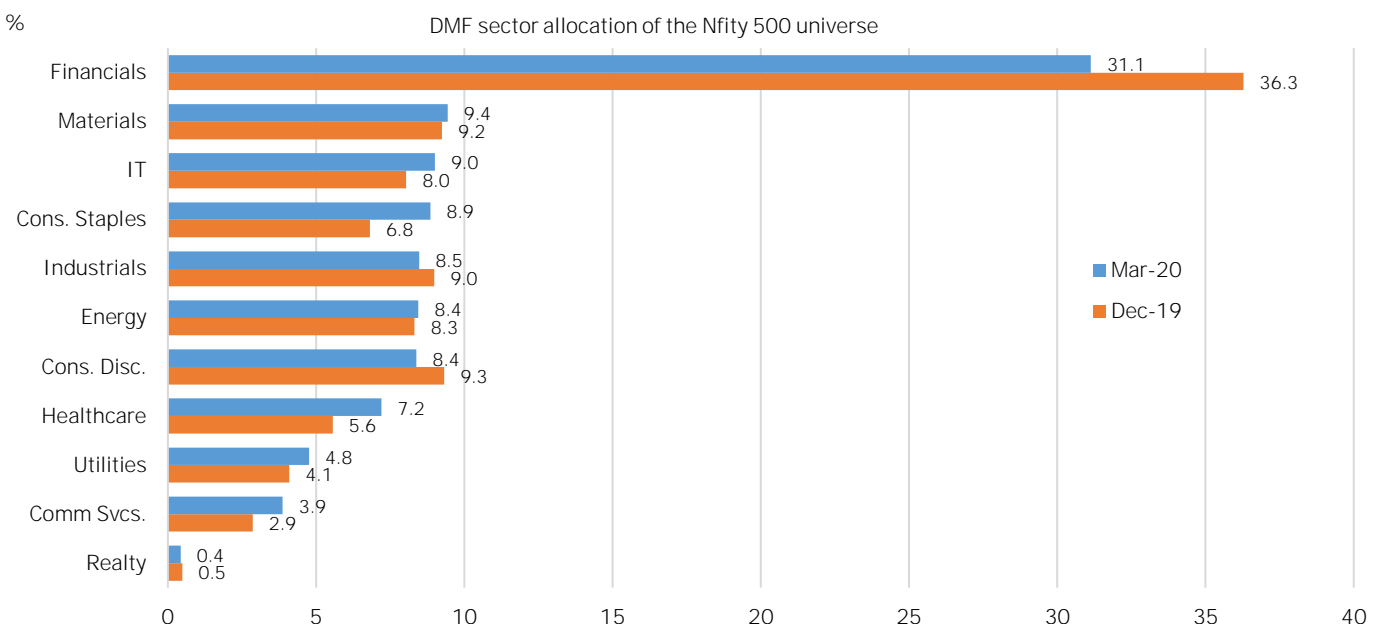
DMFs remained cautious on smaller financial companies: DMFs allocation to Financials declined by 514bps QoQ in the March quarter, in line with the fall in the sector's weight in the Index, resulting in the relative UW position being maintained. This contrasts with the DMFs' positioning to Financials in the Nifty 50 Index, indicating the sustenance of a cautious view of DMFs on smaller banks and NBFCs for yet another quarter.

DMFs have continued to play the investment theme in the economy, maintaining a strong OW position on Industrials within the Nifty 500 space for yet another quarter, even as the extent of OW positioning has come off meaningfully over the years. While DMFs turned incrementally more bullish on Utilities and Healthcare, they turned more cautious on Consumer Staples and IT, despite an increase in absolute allocation to the sectors, thanks to the outperformance of these sectors with respect to the overall market in the March quarter.

DMFs remained cautious on smaller banks and NBFCs. The OW stance on Industrials was retained despite a cut in allocation.

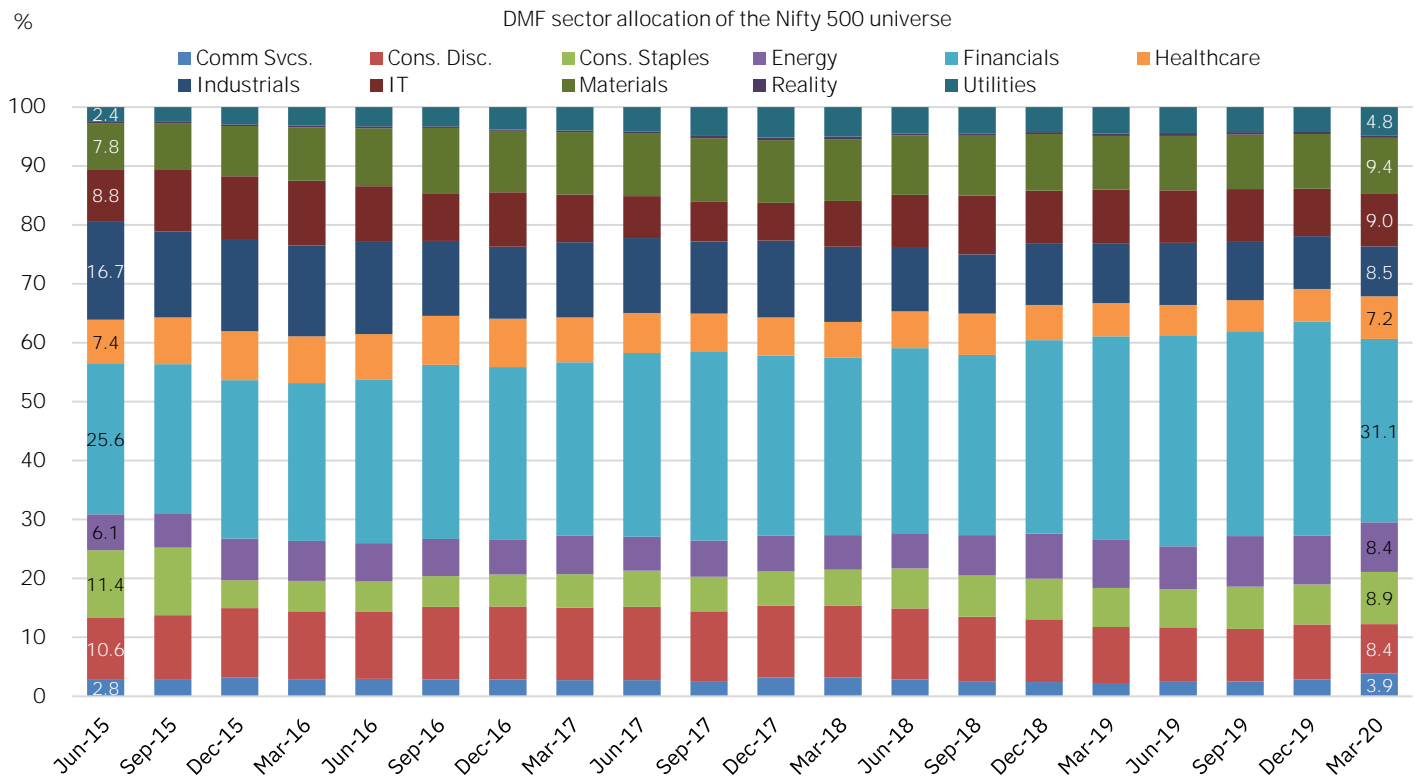
Under-owned sectors for DMFs remained Consumer Staples, IT and Energy.

Figure 76: DMF sector allocation of the Nifty 500 universe (March 2020 vs. December 2019)



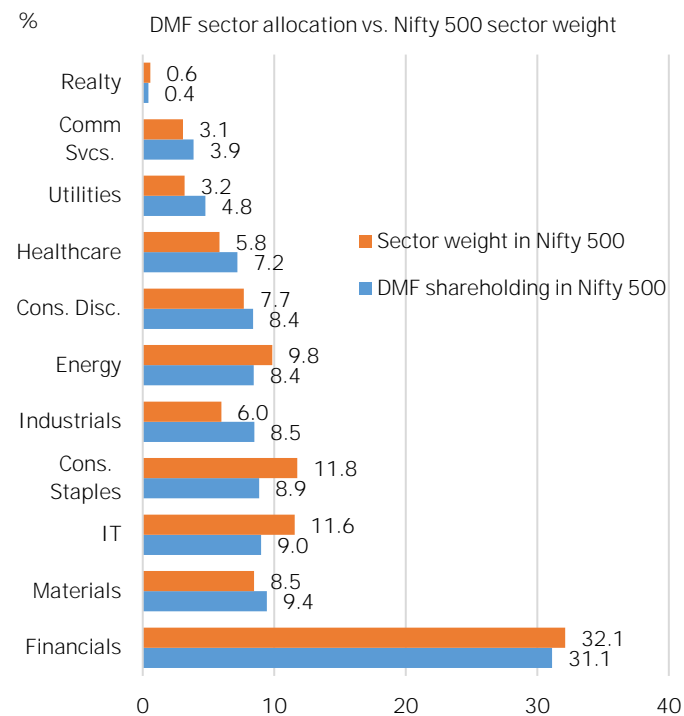
Source: CMIE Prowess, NSE

Figure 77: DMF sector allocation of the Nifty 500 universe over last five years



Source: CMIE Prowess, NSE

Figure 78: DMF sector allocation vs. sector weight in Nifty 500 (March 2020)



Source: CMIE Prowess, NSE

Figure 79: DMF sector-wise OW/UW in Nifty 500 relative to sector weight in the index (March 2020)

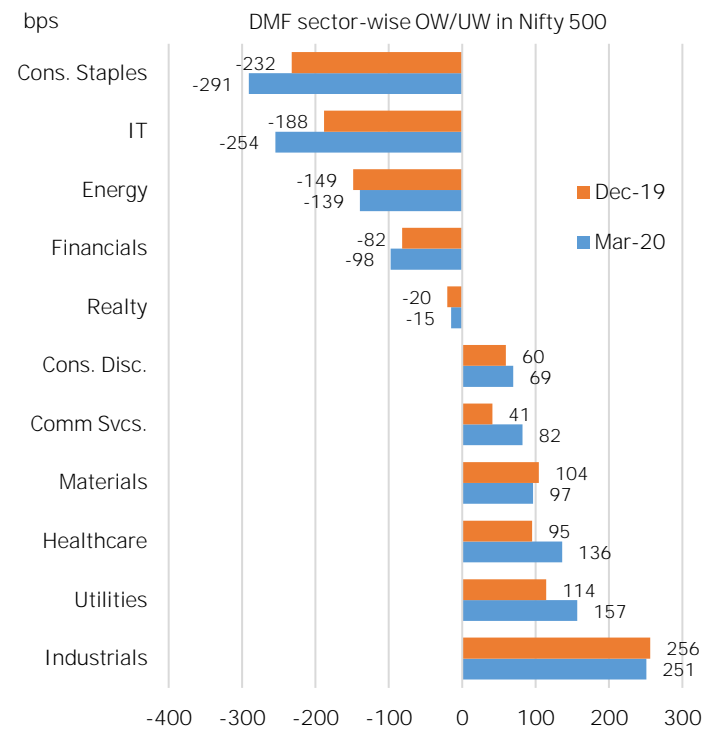
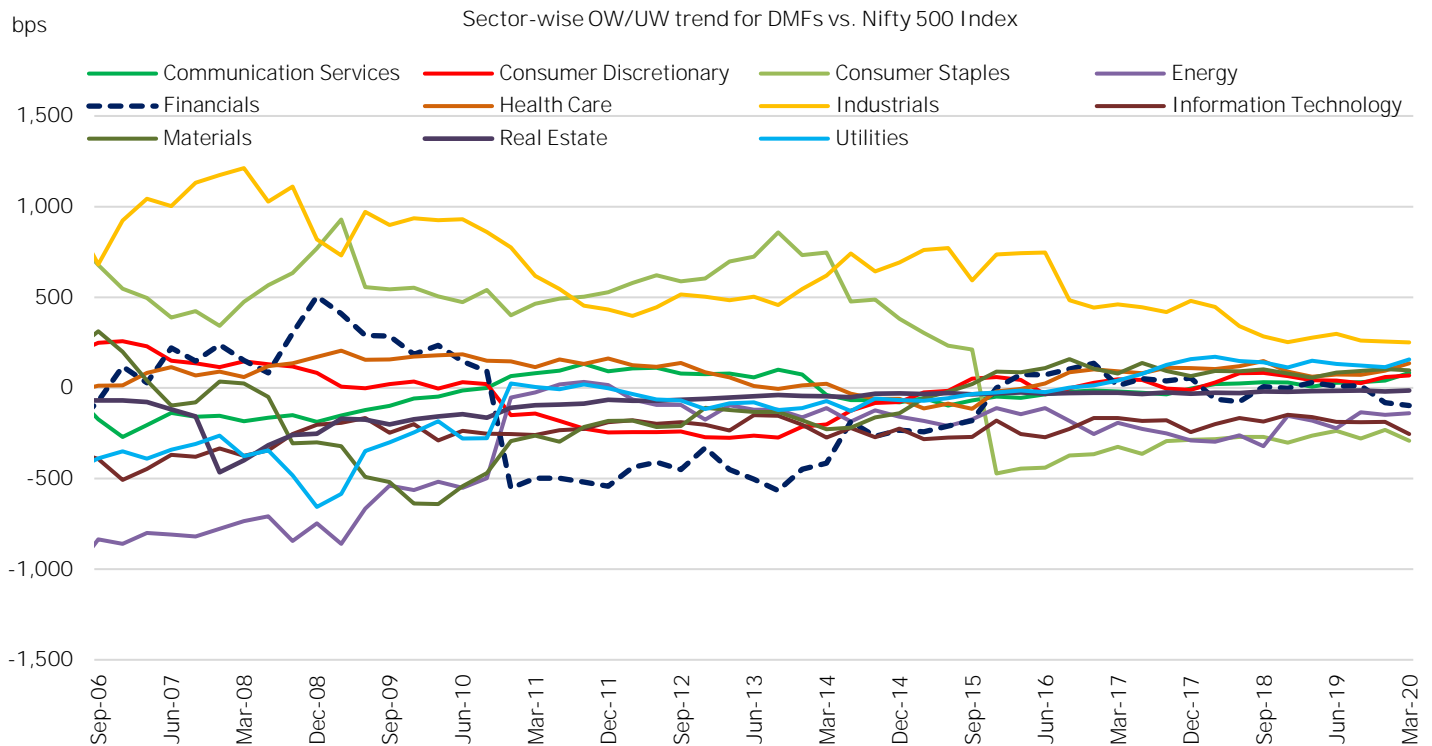


Figure 80: DMF vs. Nifty 500—Sector-wise OW/UW trend (bps)


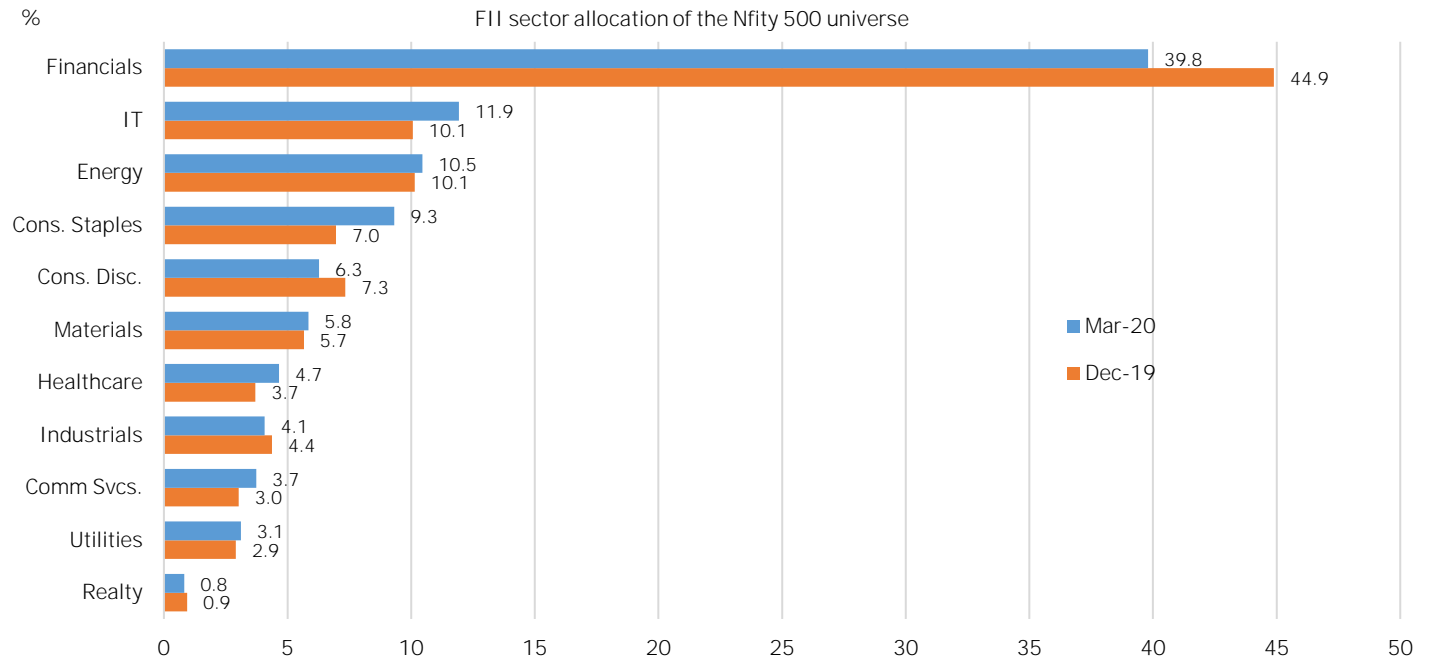
Source: CMIE Prowess, NSE

FII maintained a huge OW stance on Financials in the Nifty 500 Index as well: The relative sector positioning of FIIs in the Nifty 500 Index has remained broadly stable in the March quarter. The out-sized bet of FIIs on Financials was maintained for yet another quarter but with a 510bps QoQ lower exposure of 39.8%—the lowest in the last six quarters, largely explained by a 500bps QoQ dip in the sector’s weight in the index.

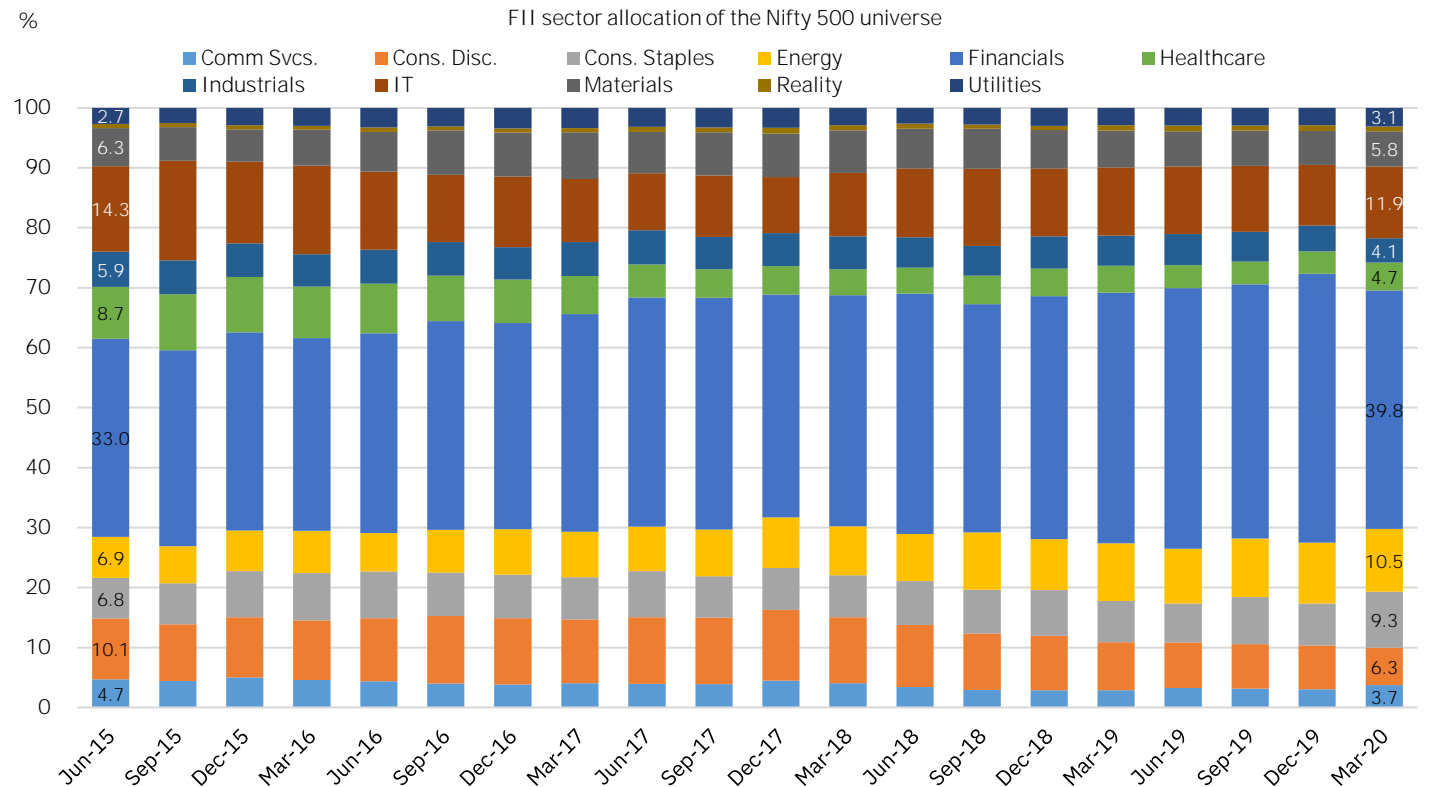
Financials aside, FIIs have a neutral or negative stance on all other sectors. Contrary to DMFs, FIIs have perennially remained negative on the investment theme in the economy, maintaining their UW stance on Industrials and Materials since 2006. FIIs have also maintained their cautious view on India’s consumption story, and understandably so given the weak domestic and global demand environment and are underweight on both Consumer Staples and Discretionary sectors. While they have turned incrementally cautious on Healthcare within the Nifty 500 Index, they have maintained a neutral stance with respect to the Index on Communication Services, Energy, Information Technology, Real Estate and Utilities.

FIIs are largely playing the India growth story through Financials, with an out-sized OW position on the sector in the Nifty 500 Index.

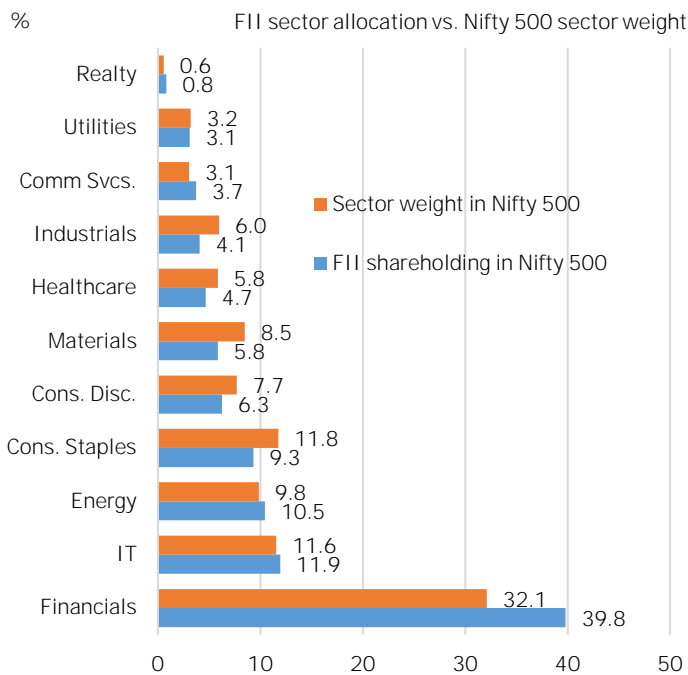
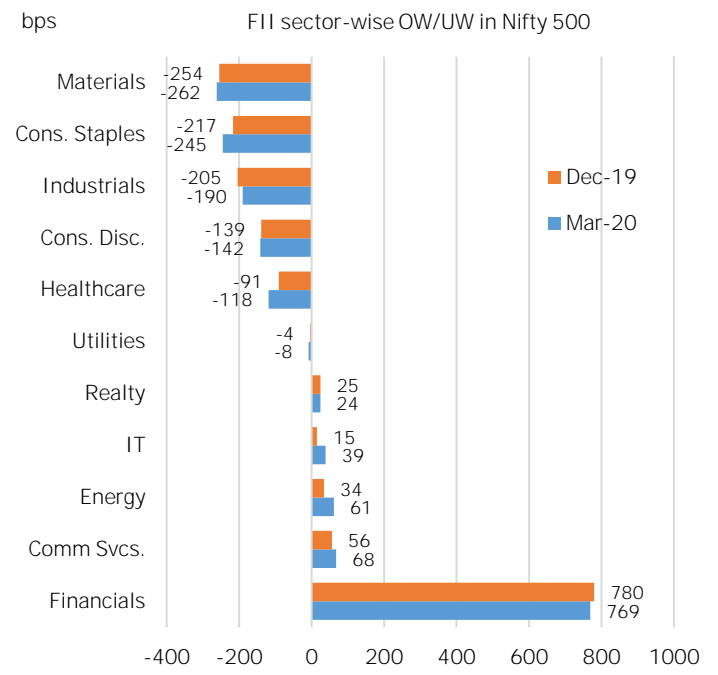
Apart from Financials, FIIs have maintained a neutral or UW on all other sectors.

Figure 81: FII sector allocation of the Nifty 500 universe (March 2020 vs. December 2019)


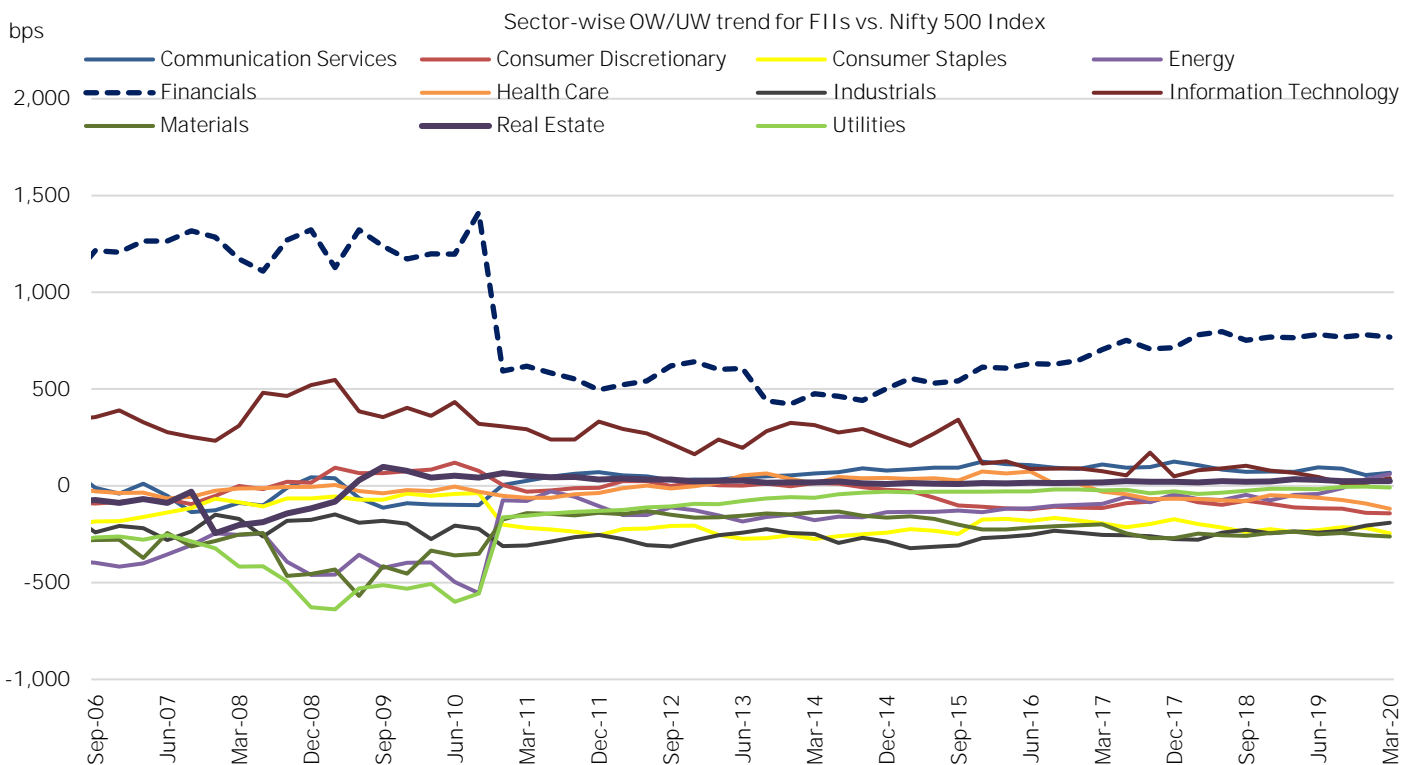
Source: CMIE Prowess, NSE. *FII ownership includes ownership through depository receipts held by custodians.

Figure 82: FII sector allocation of the Nifty 500 universe over last five years


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

Figure 83: FII sector allocation vs. sector weight in Nifty 500 (March 2020)

Figure 84: FII sector-wise OW/UW in Nifty 500 relative to sector weight in the index (March 2020)


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

Figure 85: FII vs. Nifty 500—Sector-wise OW/UW trend (bps)


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

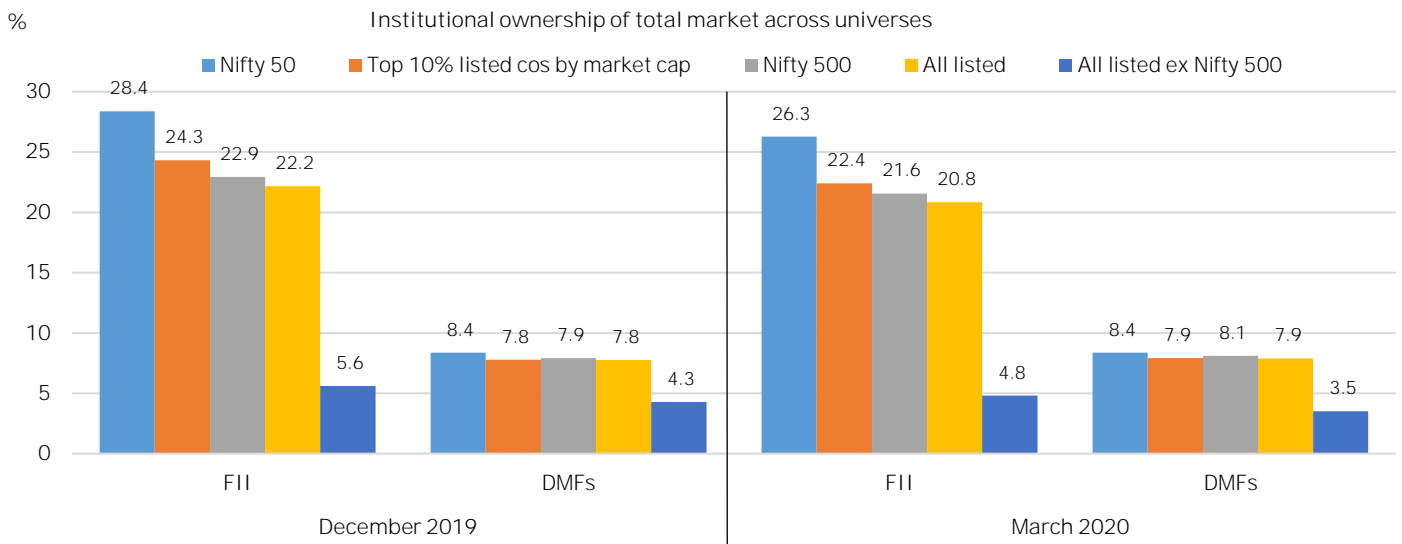
Institutional ownership concentration analysis

Institutional money gets incrementally more concentrated in large-caps amidst a risk-off environment: The charts below depict how institutional money is largely concentrated in the larger companies and the trend has strengthened in the March quarter in the wake of a sharp drop in investor risk appetite. As of March 2020, while FII ownership (including ownership through depository receipts) of the floating stock of Nifty 50/Nifty 500 fell by 195bps/163bps QoQ to 47.0%/43.6%, the ownership in the listed universe excluding the Nifty 500 companies declined by a much higher 274bps remained steady at 5.6%—the lowest in last three years.

Institutional money has got incrementally more concentrated in large caps amidst a strengthened risk-off environment.

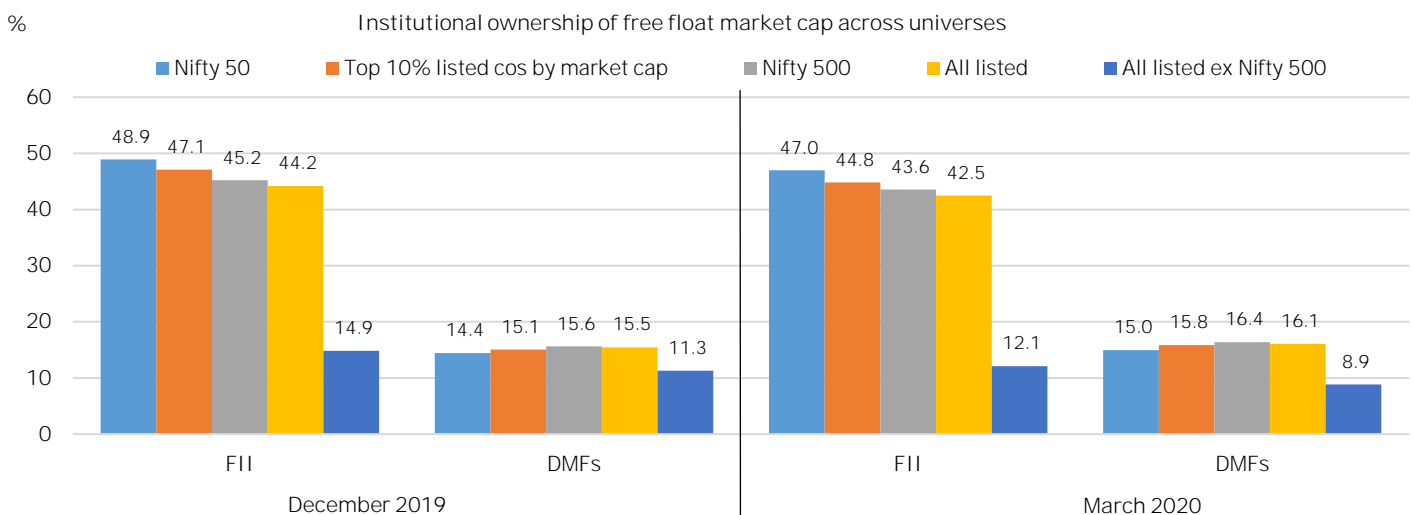
DMFs have also incrementally turned more cautious on smaller companies as reflected in the sharp decline in their ownership in listed companies excluding Nifty 500 (-243bps QoQ to 8.9% of the floating stock in March 2020). Moreover, their share in the floating stock of Nifty 500 Index is nearly 140bps higher than that in the Nifty 50 Index, signalling a relatively more diversified portfolio allocation.

Figure 86: Institutional ownership of total market cap across indices and stock universe (Mar 2020 vs. Dec 2019)



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

Figure 87: Institutional ownership of floating stock across indices and stock universe (Mar 2020 vs. Dec 2019)



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

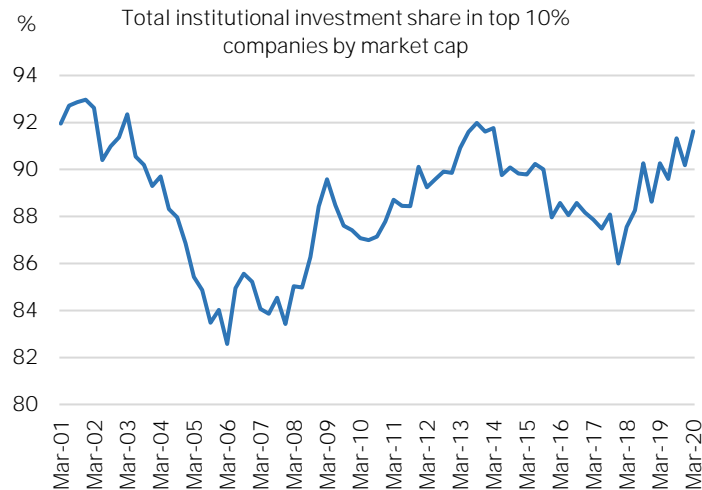
Concentration of FII money to top 10% listed companies by market cap surges to 16-year high: The FII concentration in the Indian equity markets reduced significantly between 2001 and 2006, with the share of FII investments in the top 10% listed companies (by market cap) as a percentage of their overall investments in the listed universe declining from 98% in December 2001 to the lows of 85.3% in March 2006. However, since the financial crisis, the FII concentration has been gradually rising, with the top 10% companies now accounting for 93.2% of the FII holding in the quarter ending March 2020—the highest in the last 16 years.

Within the NSE-listed space, nearly 93% of the FII money is invested in top 10% companies by market cap—the highest share in the last 16 years.

The concentration of investments by Banks, FIs & Insurance to larger companies is even higher with a 94% investment share in top 10% companies in the March 2020 quarter.

While DMFs have a relatively lower share of 86.7% of their investments made towards top 10% companies, it has risen by a sharp 276bps QoQ and now hovering at near 17-year high levels.

Figure 88: Trend of total institutional 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 89: Trend of FII investment share in top 10% companies by total market cap

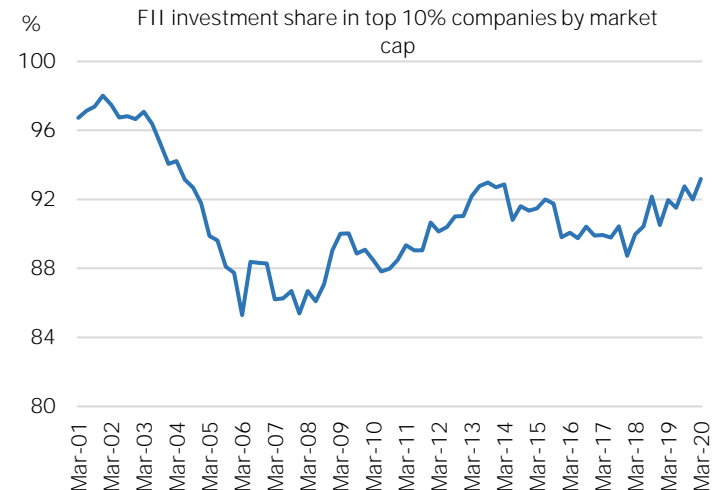
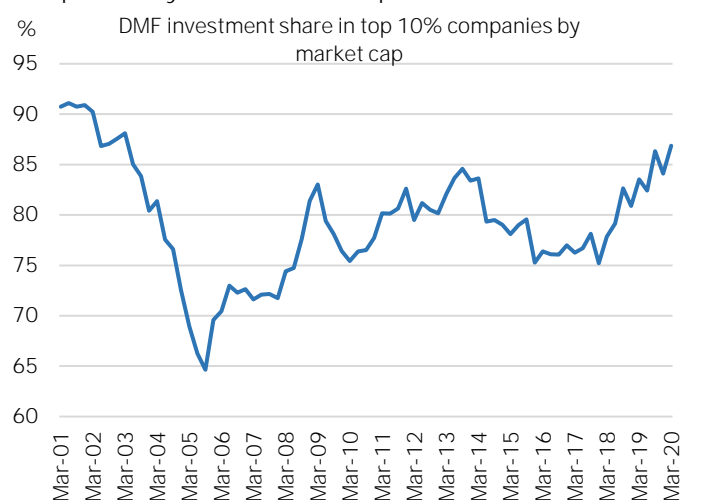
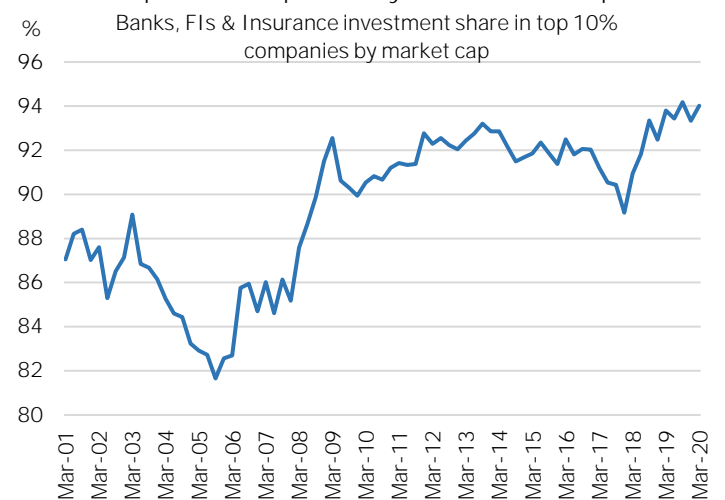


Figure 90: Trend of DMF investment share in top 10% companies by total market cap



Source: CMIE Prowess, NSE

Figure 91: Trend of Banks, FIs & Insurance investment share in top 10% companies by total market cap



Ownership concentration in terms of number of companies with holding greater than 5%: The number of NSE-listed companies where FII holding is more than 5% fell sharply in the March quarter—reflecting the consequence of a pervasive risk-off sentiment and flight of capital from riskier asset classes including Indian equities. These companies (565) accounted for 31.8% of the number of NSE-listed companies in the March quarter—the lowest in ~15 years.

FII's have more than 5% holding in nearly 32% of the listed universe as compared to 25% for DMFs.

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 445 companies in the March 2020 quarter or one-fourth 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 91), 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 92: Number of listed cos. with FII holding >5%

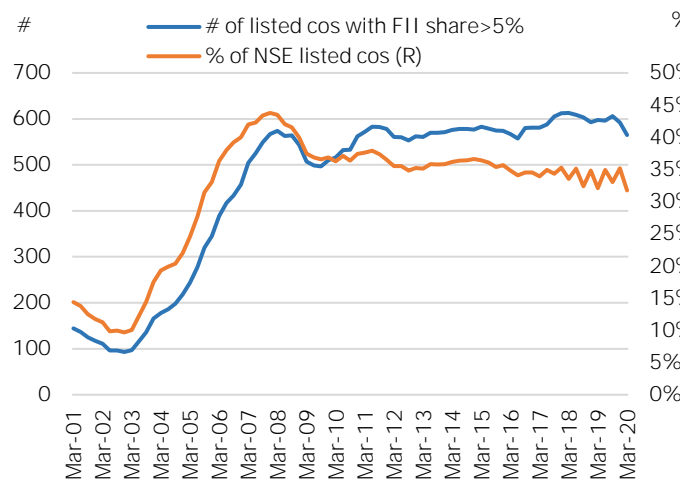
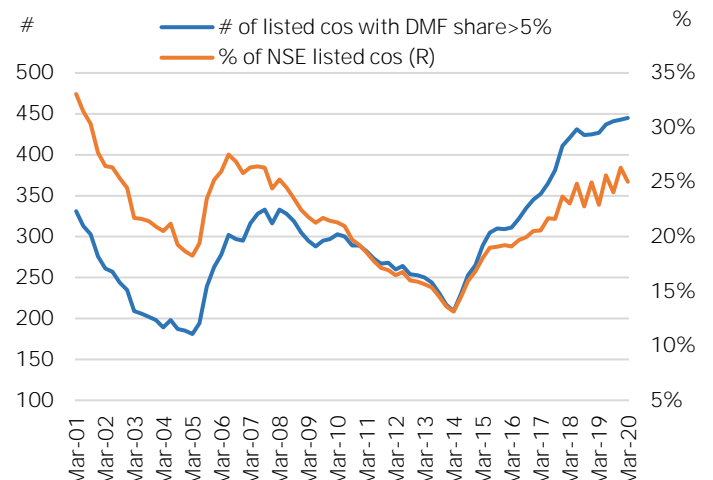


Figure 93: Number of listed cos. with DMF holding >5%



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

Figure 94: Number of listed companies with Banks, FIs & Insurance holding >5%

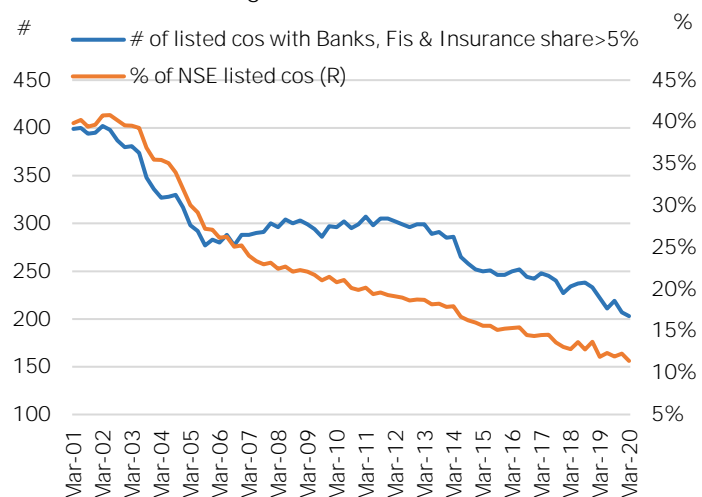
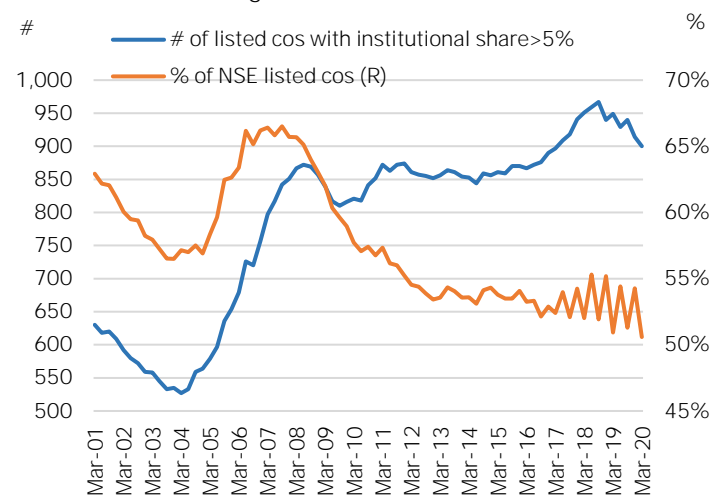


Figure 95: Number of listed companies with total institutional holding >5%



Source: CMIE Prowess, NSE

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