

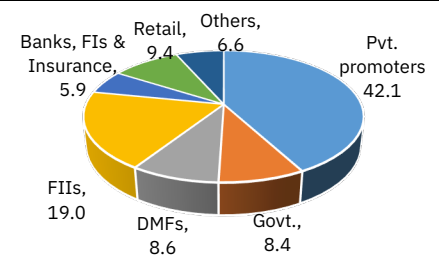
Who owns India Inc.? - FII share inches up; DMF share drops marginally

In this edition of our quarterly report “India Inc. Ownership Tracker”,¹ we extend our analysis of ownership trends and patterns in NSE companies to include the data available for the quarter ending Jun’23. We note: 1) A marginal rise in total promoter share, led by an increase in private Indian promoter share for the first time in six quarters; 2) A steady FII² (foreign institutional investors) ownership thanks to reduced share in some FII-heavy stocks such as Infosys, excluding which FII share inched up for the third quarter in a row, corroborating with significant foreign capital inflows; 3) A modest drop in DMF (domestic mutual funds) share from the record high level in the previous quarter, weighed by heavy redemptions; 4) A steady trend in direct retail holding after a rise in the previous quarter, reflecting the impact of muted inflows; 6) FIIs broadly maintained their sector positioning³ with an outsized and sequentially stronger OW⁴ bet on Financials, and cautious stance on India’s consumption as well as investment theme with an UW position on Consumer Staples, Consumer Discretionary and Industrials; 7) DMFs marginally trimmed the OW stance on Financials, more so on smaller companies, remained negative on commodity-led sectors for yet another quarter, and maintained an OW view on smaller Consumer Discretionary and Industrial companies; 8) A drop in the exposure of institutional investors to Nifty 50 companies, reflecting the impact of relative outperformance of mid- and smaller companies in the June quarter.

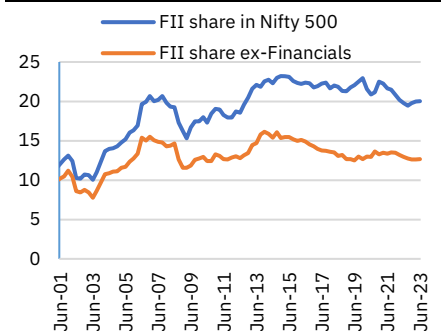
- Promoter share inched up marginally in the June quarter:** After a decline in ownership over the previous two quarters, total promoter ownership in the NSE-listed companies, Nifty 50 Index and Nifty 500 Index increased marginally on a QoQ basis to 50.1%, 41.8% and 41.4% respectively in the June quarter. A marginal rise in the share of private Indian promoters for the first time in six quarters was marginally offset by drop in foreign promoter share.
- Govt. holding in the listed universe remained broadly same:** Government ownership—promoter as well as non-promoter—in the listed companies remained steady at 8.4% in the June quarter. While the Government share in the Nifty 50 universe fell by 10bps QoQ to 5.5%, share in the Nifty 500 space strengthened by an equivalent 10bps QoQ to 8.7%.
- FII ownership inched up for the second quarter in a row for NSE listed and Nifty 50 companies:** After inching up throughout all four FY23 quarters, FII ownership in the listed universe moderated by 8bps QoQ to 19.0% in the June quarter, while it remained steady at 25.7% in the Nifty 50 Index and rose slightly to 20% in the Nifty 500 companies. This was owing to a significant sell-off in some FII-heavy stocks such as Infosys, Adani Total Gas and Adani Energy Solutions. Excluding these companies, FII share in the NSE listed space/Nifty 50 and Nifty 500 companies actually rose by 8bps/38bps/23bps.

FIIs maintained their outsized OW bet on Financials with a sequentially higher exposure relative to the benchmark indices, remained negative on India’s investment as well as consumption theme for yet another quarter with an UW position on Industrials and Consumer Staples, and trimmed exposure to Energy, Information Technology and Utilities.

Who owns India Inc.? NSE-listed in Jun’23



FII ownership in NSE-listed companies



Source: CMIE Prowess, NSE EPR.

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

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

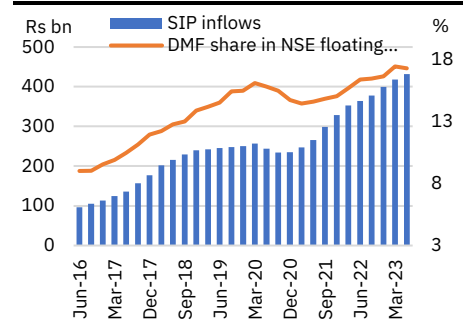
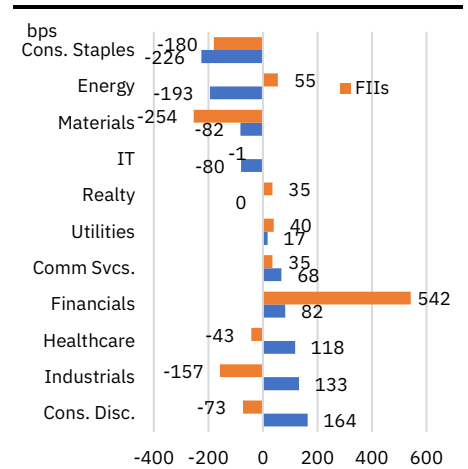
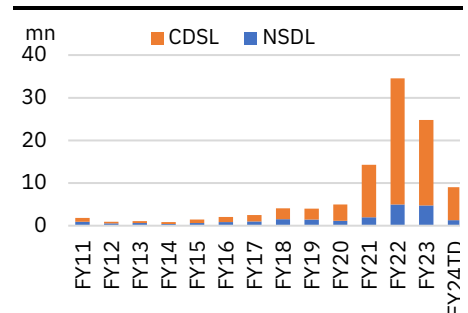
³ Sector weights and comparisons here are based on the respective indices as benchmarks.

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

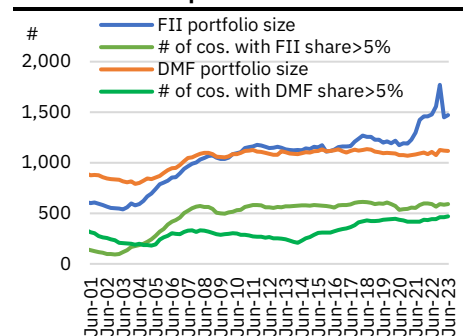
- DMFs share came off from all-time high levels:** After peaking in the last quarter of FY23, DMF share in the Nifty 50, Nifty 500 and NSE listed companies declined by 19bps, 7bps and 11bps QoQ to 9.8%, 8.9% and 8.6% respectively in the June quarter, corroborating with reduced net investments by DMFs during the quarter. This has been primarily due to a significant jump in redemptions from equity-oriented funds since April 2023 as investors booked profits following a sharp rally during this period, even as fund mobilisation via the SIP route has been fairly strong.

In contrast with FIIs, DMFs reduced their exposure to Financials, remaining OW in the Nifty 50 Index but turning neutral in the Nifty 500 Index. DMFs reduced their negative stance on Materials and Information Technology, and curtailed exposure to Consumer Discretionary as well as Industrials. Among other sectors, DMFs retained their OW stance on Utilities and UW stance on commodity sectors including Energy, reflecting the impact of China's slowdown.

- Direct retail share remained steady:** Individual retail investors' holding remained broadly unchanged over the entire listed universe at 9.4%, with marginal drop of 8ps and 3bps QoQ to 8.2% and 8.7% in the Nifty50 and Nifty 500 Index respectively. This corresponds with net outflows of Rs 211bn from the NSE listed companies by retail holders in the June quarter—the highest in last 25 quarters.
- Institutional ownership concentration:** The Nifty50 share in overall institutional money dropped by 162bps QoQ—the steepest drop in the last eight quarters—to a six-quarter low of 67.5% in the June quarter—a result of the outperformance of mid- and smaller companies vis-à-vis their large-cap counterparts. We also compare the depth of institutional ownership with its width in the market. FIIs meaningfully expanded their invested pool of companies between 2020 and 2022 (~1200 in Dec'20 to 1450+ by Dec'21 and 1770+ by Dec'22, only to drop back to ~1450 this year), with but steady number of companies with a 5%+ share. This possibly means that FIIs have been lately concentrating their bets in India. The invested pool of DMFs, however, has remained steady at ~1100, even as the number of companies with 5%+ share has doubled in last eight years, thanks to fresh capital infusion into such companies, partly funded through rising SIP inflows.

DMF ownership in NSE-listed companies

FII and DMF portfolio OW/UW in Nifty 500 vs. the index (June 2023)

New investor account additions


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

Portfolio size vs. penetration


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

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Listed universe ownership trends

Ownership pattern of the NSE-listed universe (June 2023)

Private Indian promoter share inched up for the first time in six quarters: After a steep decline in the previous quarter, total promoter ownership in the NSE listed universe increased by 16bps QoQ to 50.1% in the quarter ending June 2023. This was primarily led by a 27 bps QoQ increase in the share of private Indian promoters, the first sequential jump in six quarters, while foreign promoter share fell by 13bps QoQ to a nine-year low of 8.7%. Private Indian promoter share in the NSE listed universe is now nearly 3pp shy of the post-pandemic peak of 36.4% in December 2021. In terms of number of companies, a little over 10% of the NSE listed companies (Where shareholding data is available for the quarter gone by and the same period last year) saw an increase in private Indian promoter stake in the June quarter.

Government ownership remained largely unchanged in the June quarter: Government ownership (promoter as well as non-promoter) in the NSE-listed space has been coming off since 2010, in-line with its efforts to garner higher revenues through the disinvestment route, barring a steep rise last month, thanks to the LIC issue. The quarter gone by, however, saw the Government share in NSE listed companies remaining broadly steady at 8.4% in the June quarter. This was primarily owing to in-line performance of Government-owned companies with the broader markets during the quarter.

FII ownership dipped marginally led by Infosys...: Reversing the increasing trend observed over the previous three quarters, FII ownership in the listed universe decreased modestly by 8bps QoQ to 19.0% in the June quarter, notwithstanding strong FPI inflows during the quarter. This is owing to a significant sell-off in some FII-heavy stocks such as Infosys, Adani Total Gas and Adani Energy Solutions in the quarter gone by. Excluding these stocks, FII share actually inched up by a modest 8bps QoQ. Further, underperformance of some of the big banking stocks relative to the broader market where FIIs have a significant holding pulled down their overall share during the quarter. Sector-wise, the decrease in FII ownership in the quarter gone by was primarily led by Information Technology and Financials. Excluding these two sectors, FII ownership in the NSE listed universe rose by 20bps QoQ to a five-quarter high of 15.6%.

...While DMF share came off from record high levels: After rising to a record-high level in the March quarter, DMFs' stake in the NSE listed universe moderated by 11 bps to 8.6% in the quarter ending June 2023. This corroborates with reduced net investments by DMFs during the quarter, with net inflows at Rs 35.8bn in the June quarter being the lowest in the last nine quarters. This has been primarily due to a significant jump in redemptions from equity-oriented funds since April 2023 as investors booked profits following a sharp rally during this period, even as fund mobilisation via the SIP route has been fairly strong. SIP inflows touched a record-high monthly run rate of Rs 158bn in August 2023. Average monthly SIP inflows in FY24 stood at Rs149bn vs. Rs130bn in FY23 and Rs104bn in FY22.

The share of Banks, Financial Institutions and Insurance companies in the NSE-listed space moderated by 20 bps QoQ to 5.9% after rising steadily over the previous five quarters.

Retail investors' holding remained broadly steady: After declining over the first three quarters of FY23, retail holding in the equity market saw a reversal in the March quarter and remained fairly steady at 9.4% in the June quarter. After a total net buying of Rs 492bn in FY23, retail investors turned net sellers, with net outflows in NSE listed

Total promoter share rose by 16bps QoQ to 50.1% in the June quarter, led by an increase in private Indian promoter share for the first time in six quarters, partly offset by a fall in foreign promoter share.

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

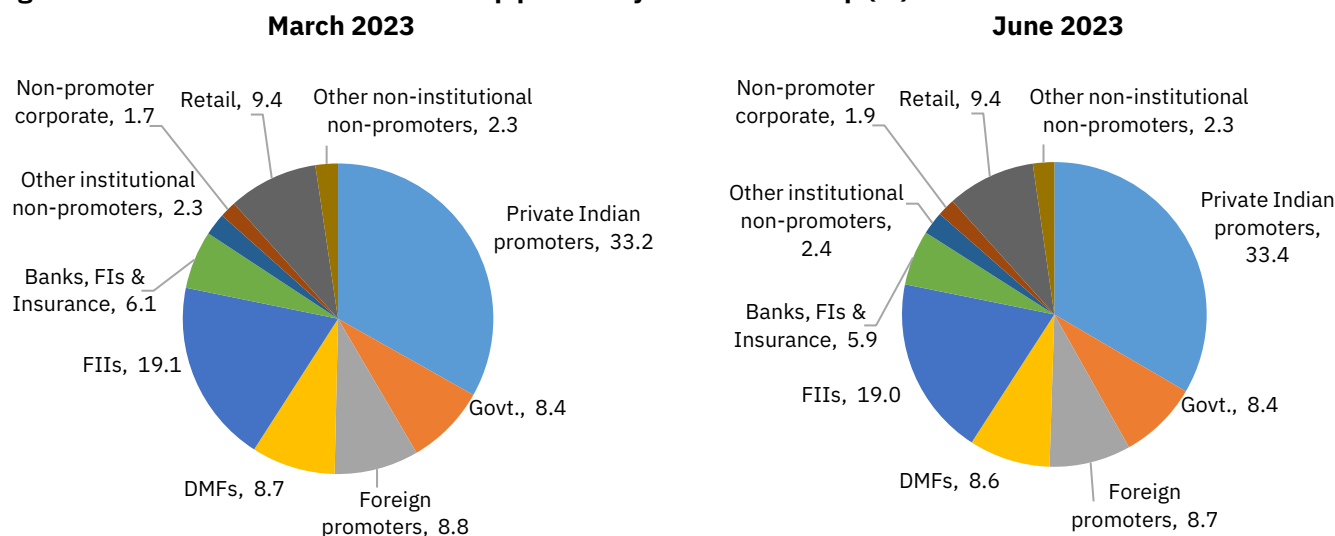
FII ownership declined by 8bps to 19.0%; Excluding Infosys, Adani Total and Adani Energy Solutions, FII ownership inched up by 8bps QoQ.

DMF share slipped after five consecutive quarters of increase to 8.6% in June '23, corroborating with moderation in net investments by DMFs during the quarter.

Share of Banks, Financial Institutions and Insurance companies fell to 5.9%.

companies (calculated as the difference between sell traded value and buy traded value) of Rs 211bn in Q1FY23. However, net retail inflows have turned positive again in the last two months, with inflows of Rs 141bn in Jul-Aug'23.

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



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

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

%	Private Indian promoters	Govt.	Foreign promoters	Domestic MFs	Banks, FIs & Insurance	FII *	Non-promoter corporate	Retail
Sep-20	35.4	5.6	9.9	7.6	5.2	20.5	2.8	9.0
Dec-20	34.6	5.7	9.7	7.4	5.1	21.7	3.0	9.0
Mar-21	34.7	6.2	9.4	7.2	5.1	21.5	3.1	9.0
Jun-21	35.3	6.5	9.1	7.2	5.0	20.7	3.2	9.4
Sep-21	36.0	6.0	8.9	7.3	4.4	20.5	3.4	9.3
Dec-21	36.4	5.7	8.7	7.4	4.4	19.7	3.7	9.7
Mar-22	36.3	6.0	8.7	7.7	4.5	19.2	3.6	9.7
Jun-22	35.2	7.6	9.1	7.9	4.6	18.4	3.7	9.5
Sep-22	35.0	7.5	9.5	8.0	5.7	18.6	2.8	9.2
Dec-22	34.2	8.6	8.9	8.1	5.8	18.9	1.8	9.2
Mar-23	33.2	8.4	8.8	8.7	6.1	19.1	1.7	9.4
Jun-23	33.4	8.4	8.7	8.6	5.9	19.0	1.9	9.4
QoQ change	27bps	2bps	-13bps	-11bps	-20bps	-8bps	16bps	4bps

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

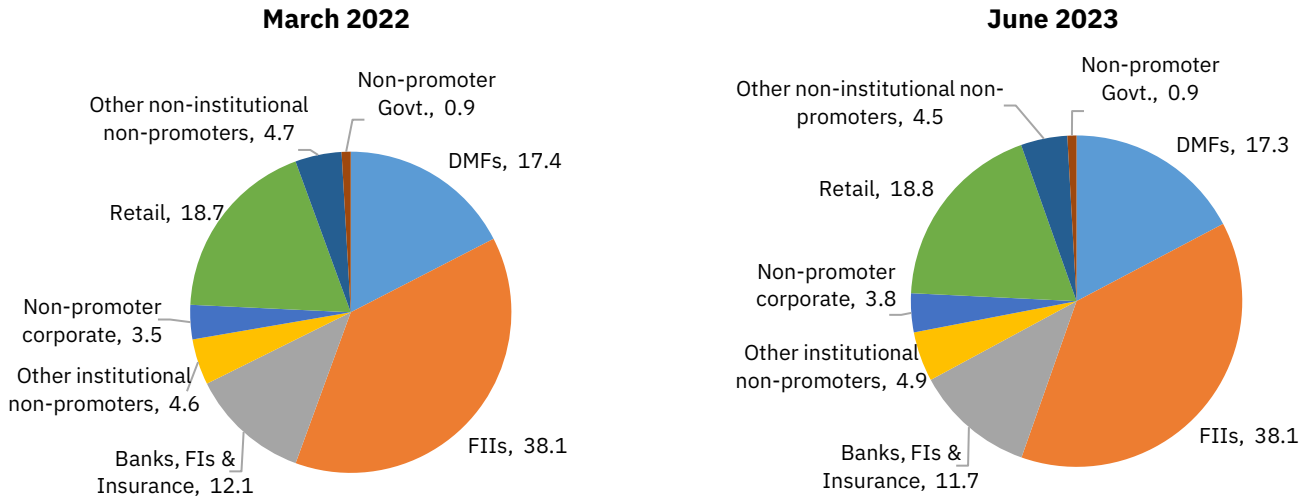
Institutional ownership in NSE floating stock moderated for the first time in six months:

After falling by ~70bps in the previous quarter, FII ownership in the NSE floating stock remained steady at near 52-quarter low of 38.1% in the June quarter. FII share in the NSE floating stock is now 7.6pp below the peak share seen eight years back (March 2014). DMF share, on the other hand, moderated from the all-time high of 17.4% in the previous quarter to 17.3% in June, marking the first sequential drop in nine quarters. The share of Banks, Financial Institutions, and Insurance companies in the NSE free-float stock also fell for the first time in six quarters by 36bps QoQ to 11.7%. Thanks to the decline in shares seen across the board, the overall institutional share in the NSE listed floating stock fell for the first time in six quarters by 31 bps QoQ to 72.0%.

After a steady decline over the previous three quarters, retail investors' share in the NSE free-float market cap rose by 14bps QoQ to 18.8% in the June quarter. The share now

still stands nearly 10.3% below the peak retail ownership level seen over the last 20 years.

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



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

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

%	Domestic MFs	Banks, FIs & Insurance	FII*s*	Non-promoter corporate	Retail
Sep-20	15.5	10.5	41.6	5.8	18.3
Dec-20	14.7	10.1	43.3	5.9	17.9
Mar-21	14.5	10.2	42.9	6.3	18.0
Jun-21	14.6	10.0	41.9	6.4	18.9
Sep-21	14.8	9.0	41.6	6.9	18.9
Dec-21	15.0	8.8	39.9	7.6	19.6
Mar-22	15.7	9.1	39.1	7.3	19.7
Jun-22	16.4	9.6	38.1	7.6	19.7
Sep-22	16.5	11.9	38.5	5.7	19.1
Dec-22	16.6	12.0	38.8	3.7	18.9
Mar-23	17.4	12.1	38.1	3.5	18.7
Jun-23	17.3	11.7	38.1	3.8	18.8
<i>QoQ change</i>	<i>-16bps</i>	<i>-36bps</i>	<i>-3bps</i>	<i>33bps</i>	<i>14bps</i>

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

Long-term ownership trend of the NSE-listed universe

Long-term trend shows a steady drop in promoter ownership during 2009-2019, followed by a marginal increase thereafter: The long-term trend indicates a sharp rise in promoter ownership between 2001 and 2009 (To 19-year high of 57.6% in March 2009) that gradually tapered off since, coinciding with the SEBI's decision to increase the minimum required free float from 10% to 25% in 2010. However, the drop has been primarily led by a sharp decline in Government ownership over the years, and strategically so, with the aim of expanding public partnership in the ownership of CPSEs (Central Public Sector Enterprises) and augmenting its resources for higher expenditure towards economic development. On the other hand, overall private promoter ownership—Indian and foreign promoters combined—has increased by ~11.6pp between June 2010 to December 2021. Promoter share, however, has been inching up since last few years barring FY23, primarily led by an increase in Government share.

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

Sharp rise in DMF ownership during 2014-19 supported by rising SIP inflows: Barring a drop in FY21, DMF ownership has seen a sharp increase over the previous six fiscal years (FY15-FY23), largely reflecting the sustained retail interest in equity mutual funds as an investment channel through SIPs. Drop in DMF ownership in FY21 (Apr-Mar'21) had been largely on the back of moderation in SIP inflows as well as high redemption pressures, thanks to macroeconomic slowdown and attendant drop in disposable incomes that got accentuated by the COVID-19 outbreak. This partly found its way to Indian equities via higher direct retail investments, as visible from a steady increase in direct retail ownership during this period. With indirect participation by retail investors seeing a renewed jump beginning June 2021 via the SIP route, share of DMFs in the NSE listed universe has risen steadily to record-high levels. Banks, FIs & Insurance share, on the other hand, has been gradually dropping off since 2012, only to see a significant jump in FY23 (+158bps).

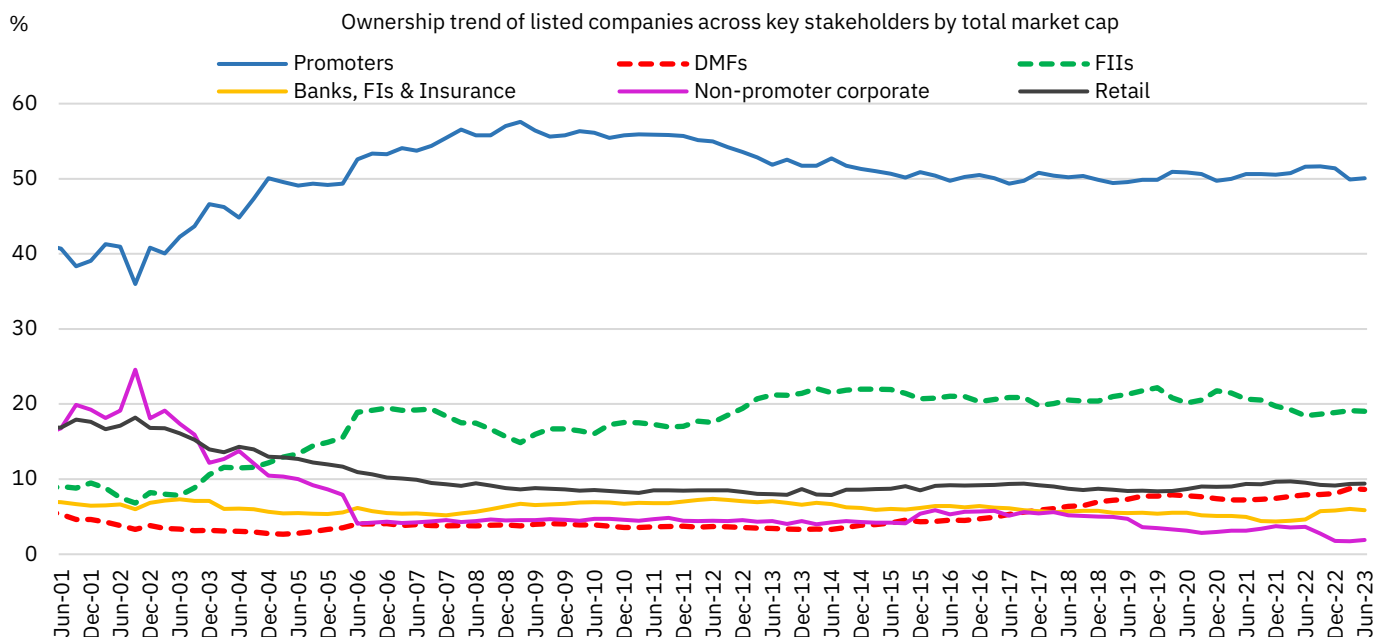
DMF ownership got support from rising SIP investments during FY15-20, only to see a dip in FY21 and recover thereafter.

FII ownership dropped to sub 20% in FY23 after almost a decade: FII ownership in the NSE-listed space saw a gradual increase between 2002 and 2015, except for a brief period around the 2007-08 financial crisis, but dropped marginally over the subsequent three years, reflecting negative global cues including the US-China trade war and Brexit concerns. FII share picked up over the next two years until December 2019 but fell sharply during the first two quarters of 2020 post the onset of the COVID-19 pandemic. This, however, was temporary as huge liquidity injection globally improved risk appetite, leading to a jump in FII share in the second half. Since then, FII share has been trending down, reflecting weakened investor sentiments in the wake of recurring COVID waves, China slowdown, Russia-Ukraine war, worsening growth-inflation dynamics, and rapid monetary tightening by global central banks, notably the US Fed.

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

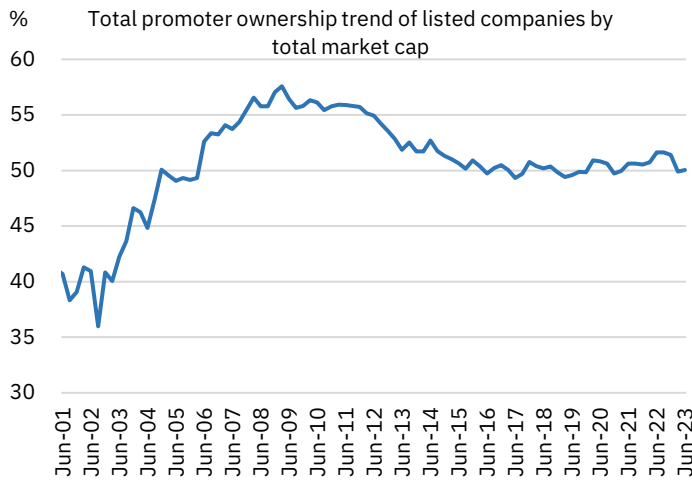
Direct retail holding has remained between 8 to 10% for more than a decade now: Not surprisingly, while retail investments through the SIP route has been rising over last few years, barring a steady drop in FY21, direct retail participation in equity markets remained quite stable—a sign of maturing markets and indirect ownership. Retail ownership of the NSE listed universe declined steadily between 2001 and 2012 but has since remained fairly steady.

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



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

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



Source: CMIE Prowess, NSE EPR.

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

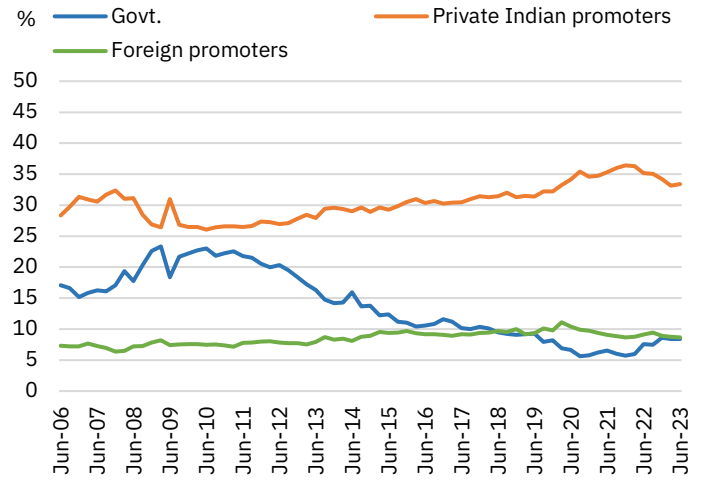
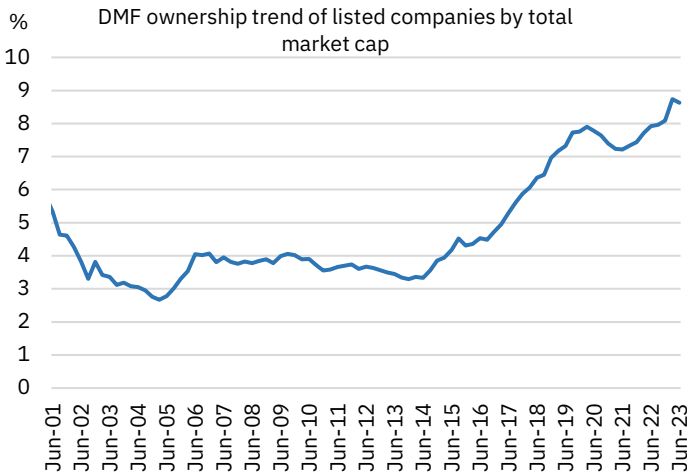


Figure 6: DMF ownership trend of NSE-listed companies by total market cap



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

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

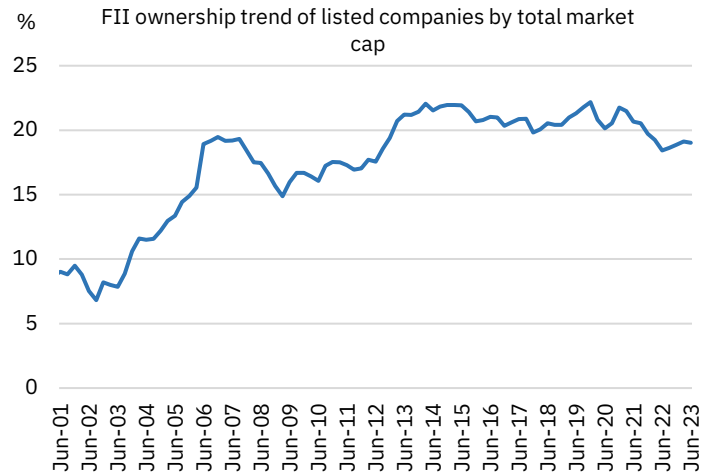
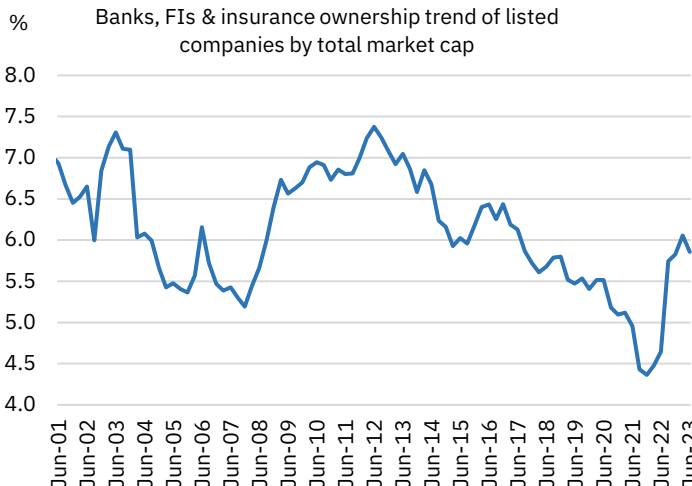


Figure 8: Banks, FIs & Insurance ownership trend of NSE-listed companies by total market cap



Source: CMIE Prowess, NSE EPR.

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

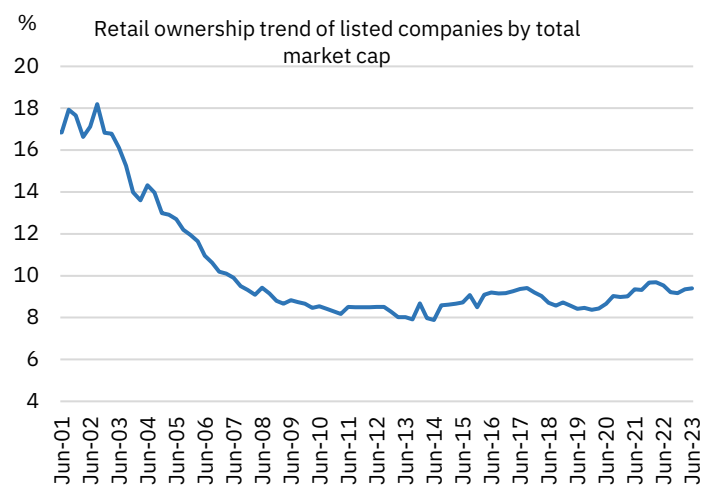
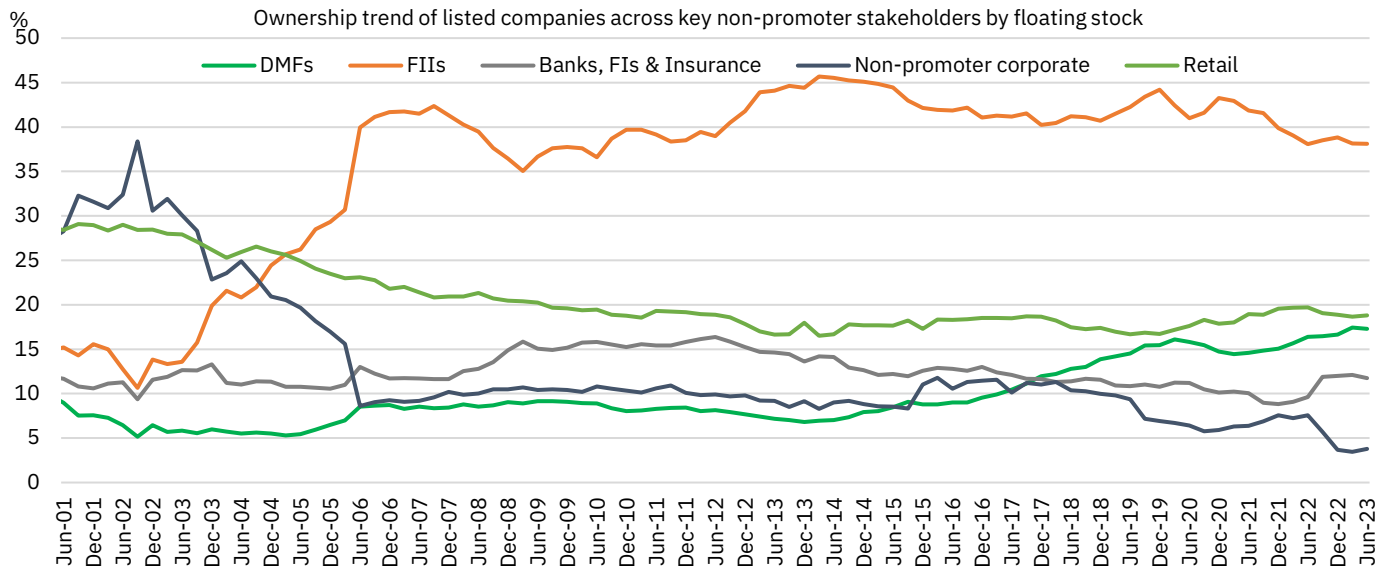
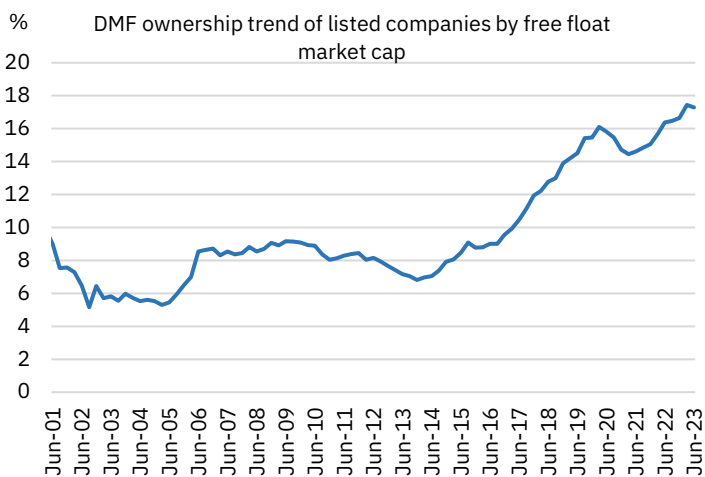
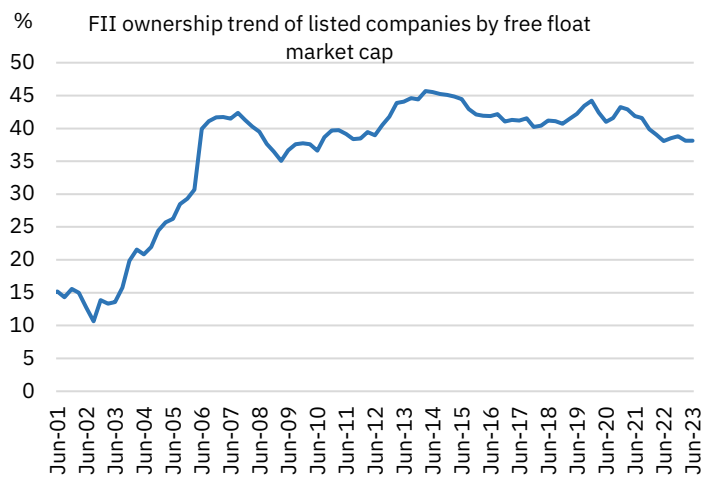
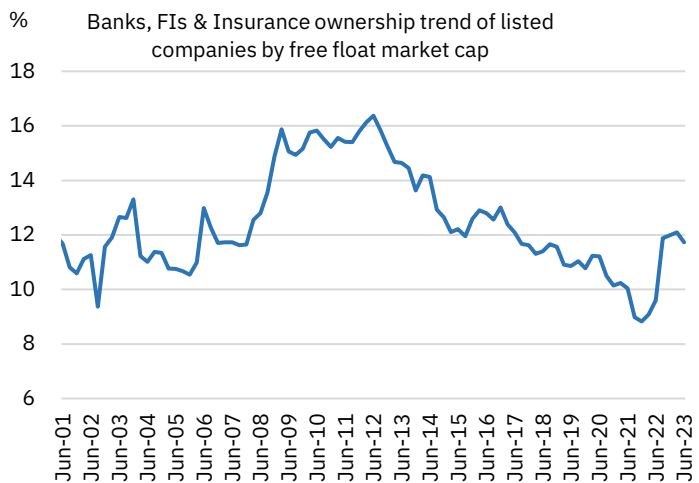


Figure 10: NSE-listed universe: Long-term ownership trend across key stakeholders by free float market cap


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

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


Source: CMIE Prowess, NSE EPR.

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

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


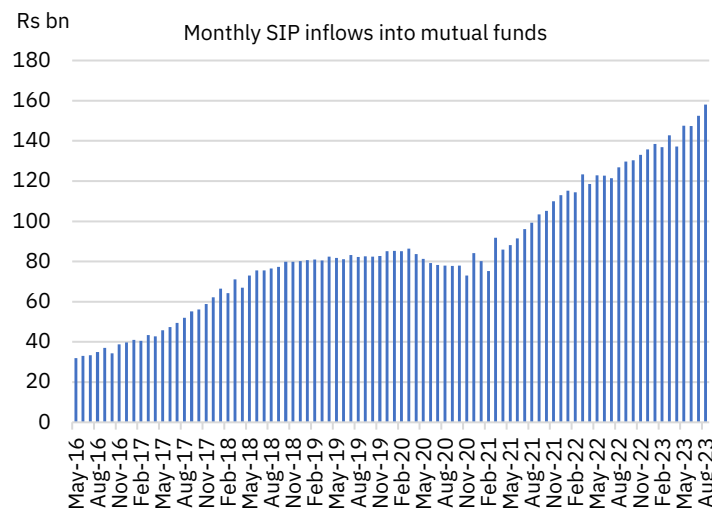
Source: CMIE Prowess, NSE EPR.

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


SIP inflows remained robust: SIPs have been a preferred route for retail investors to invest in equity markets barring FY20-21. After a drop in 2020, that saw retail investors shift away from being indirect investors to direct participants in the equity market, inflows into mutual funds through the SIP route found traction again in 2021, barring some moderation in April and May that year due to the virulent second wave of the pandemic. Monthly SIP inflows in FY23 (Apr'22-Mar'23) averaged at Rs130bn vs. Rs104bn in FY22, rising further to Rs149bn during the five months of the current fiscal (Apr'23-Aug'23). This has provided some downside support to mutual fund ownership in the quarter gone by, who otherwise took some money off the table to book profits, benefiting from the rally seen in the first quarter of the fiscal.

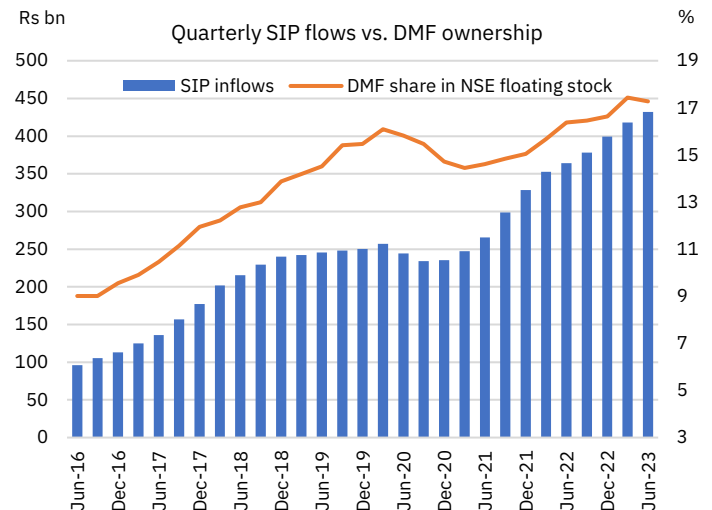
Average monthly SIP inflows in FY23 rose by 25.0% YoY and further by 14.6% in FY24 thus far (Apr-Aug'23).

Figure 15: Monthly SIP inflows into mutual funds



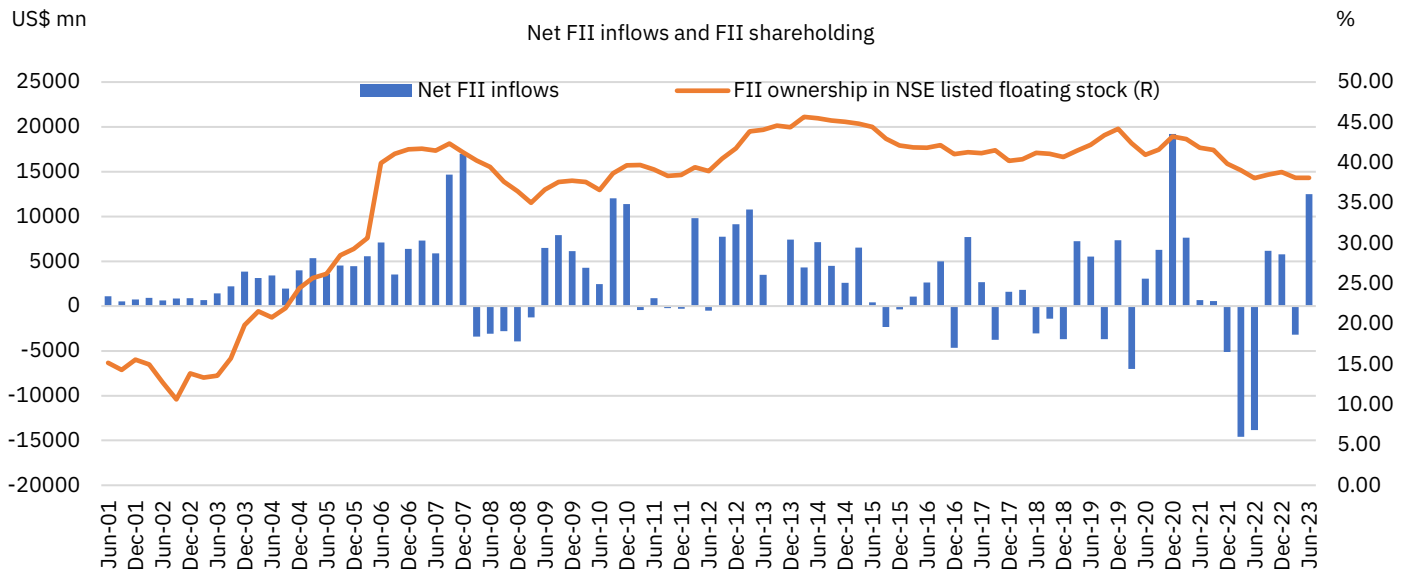
Source: AMFI, NSE EPR.

Figure 16: Quarterly SIP inflows vs DMF ownership

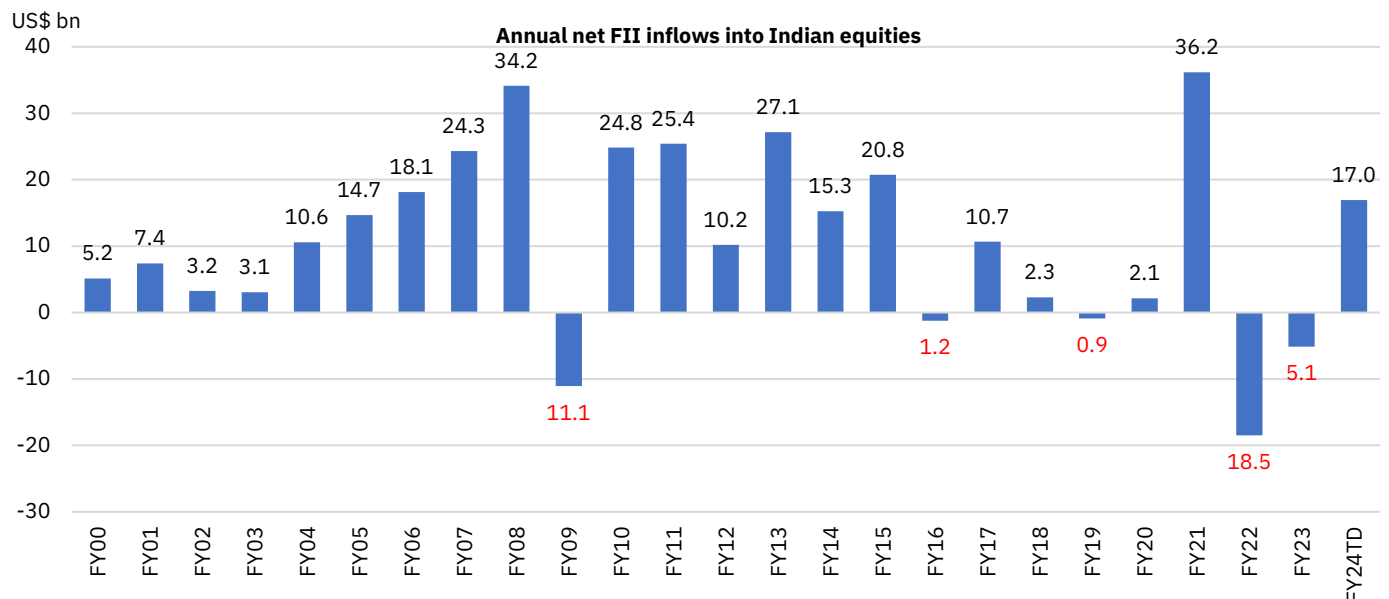


FII's turned aggressive buyers in the June quarter: The fiscal year gone by (FY23) saw a significant volatility in FII investments into Indian equities, with FIIs shifting from being heavy sellers in the first quarter to aggressive buyers over the subsequent two quarters only to resume being sellers in the last quarter. Since the beginning of FY24, however, FIIs have turned into strong buyers in the equity market, with net inflows of US\$12.5bn in the June quarter—the highest net investments by FIIs in the last 10 quarters. In spite of such strong foreign capital inflows, FII share in the NSE listed universe has moderated marginally in the June quarter, thanks to underperformance of some companies where FIIs are big owners, notably some IT (Infosys) and banking stocks. FIIs have remained buyers in the September quarter as well, even as the extent of buying has come off to US\$5.4bn in the quarter.

Net FII inflows at US\$12.5bn in Q1 FY24 was the highest in last 10 quarters.

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


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

Figure 18: Annual net FII inflows trend


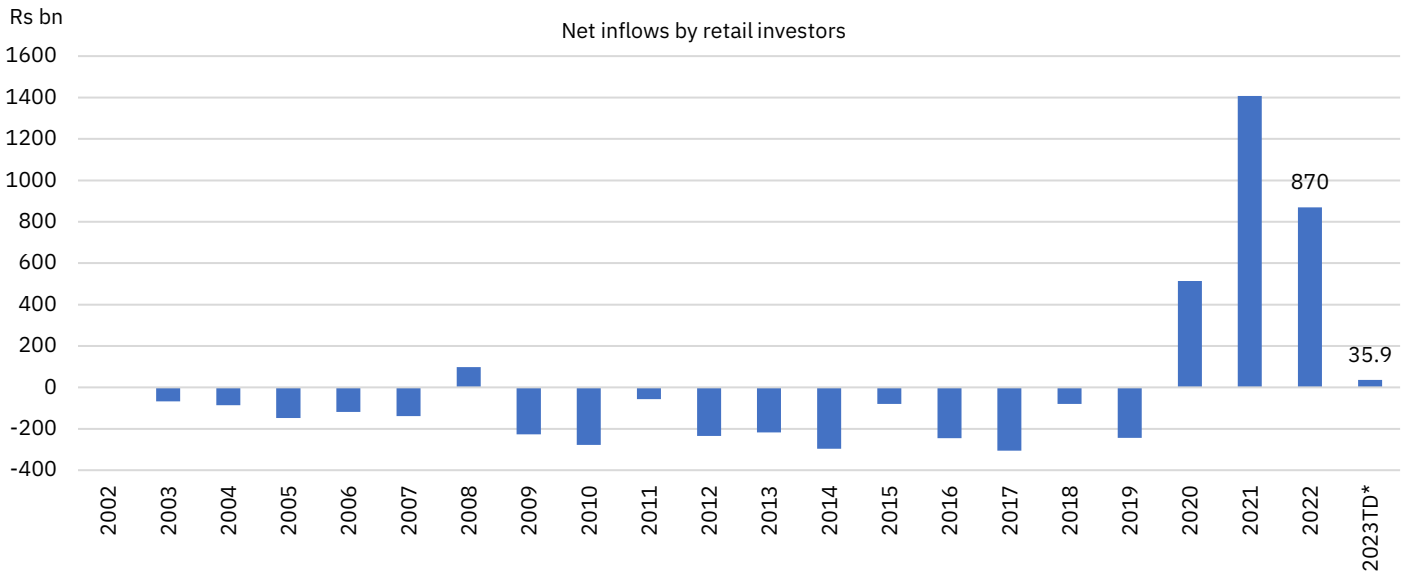
Source: Refinitiv Datastream, NSE EPR. * Data for FY24TD is as of September 30th, 2023.

Direct retail participation tapering off after strong show over the last two years:

Retail participation in Indian equities picked up meaningfully over 2020 and 2021. A sharp market crash in March 2020 after the onset of COVID-19 pandemic lured retail investors into trading in equity markets, with a strong market rebound thereafter further strengthening their sentiments. Retail investors turned net buyers of Indian equities in 2020, after a 11-year long hiatus between 2009-19, further strengthening their participation in the subsequent two-and-a-half years. Between Jan 2020 and December 2022, they invested a total of Rs2.79trn in NSE's capital market segment (secondary market only). Strong retail participation over the last few years is also visible in new investor registrations. The last three years ending June 2023 saw an addition of 77.3m new Demat accounts by NSDL and CDSL combined. This is about 64% of outstanding accounts with both the depositories as of June 2023.

Direct retail participation over the last few quarters, however, has been coming off, with individual investors selling a net of Rs 211bn in the first quarter of FY24. In spite of this, overall retail ownership remained broadly steady in this quarter. Retail investors, however, turned strong buyers in August, with net retail inflows in the NSE's CM segment at Rs 144bn during the month being the highest in last 11 months. This should result in some improvement in retail holding in the September quarter.

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



Source: NSE EPR.

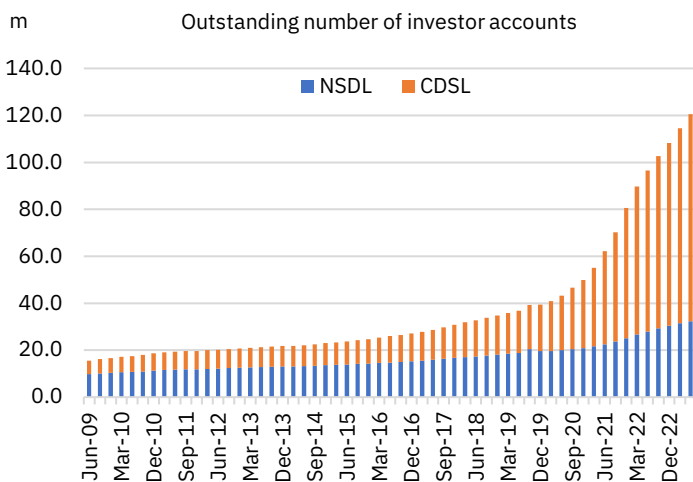
Note: 1. Note: Retail investors: individual domestic investors, NRIs, sole proprietorship firms and HUFs.

2. Net flows include investments in securities in EQ, BE, SM, and ST series including ETFs only.

3. Net flows are calculated as buy traded value – sell traded value.

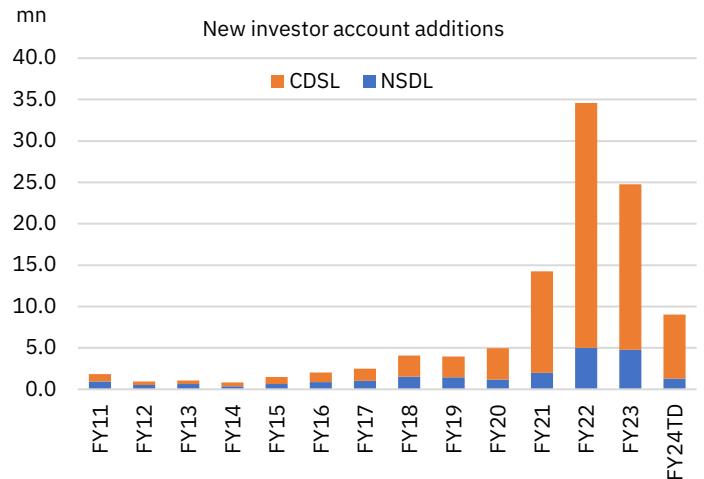
4. Data for 2023TD is for the period Jan'23-Aug'23.

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



Source: SEBI Bulletin, NSE EPR.

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



Sector-wise ownership of the NSE-listed universe (June 2023): The sector-wise ownership pattern of the NSE-listed universe across key stakeholders in the quarter gone (Apr'23-Jun'23) shows that the Real Estate sector continues to lead in terms of promoter ownership at 66.4% (+33bps QoQ), followed by Utilities at 58.0% (-93bps QoQ), Materials at 56.0% (+13bps QoQ), Communication Services at 54.1% (+54bps QoQ), Information Technology at 53.9% (+35bps QoQ) and Industrials at 53.9% (+33bps QoQ). The dip in overall promoter share during this period was led by Consumer Staples that saw 107bps QoQ drop to 49.9%—the lowest promoter share in the sector in the last 17 quarters, followed by Utilities and Consumer Discretionary. This was partly offset by an increase in promoter share in Financials (+108bps QoQ to 40.0%) and Healthcare (+79bps QoQ to 52.3%).

Sector-wise, Utilities remained the top sector in terms of Government ownership with a 1.1 pp QoQ increase to an 11-quarter high of 24.7%. Government holding in Financials dipped by 7 bps to 17.1 %; Energy stood third at 16.0% (-21bps), followed by Industrials at 10.1% (+63bps).

The diversity in DMFs' share across sectors was fairly low, with Financials leading at 11.1% (-39bps QoQ), followed by Healthcare (-41bps QoQ to 10.0%), Consumer Discretionary (-14bps to 10.0%) and Communication Services (-22bps QoQ to 9.5%). Barring Consumer staples, Utilities and Energy, all sectors saw reduction in the share of holdings by DMFs.

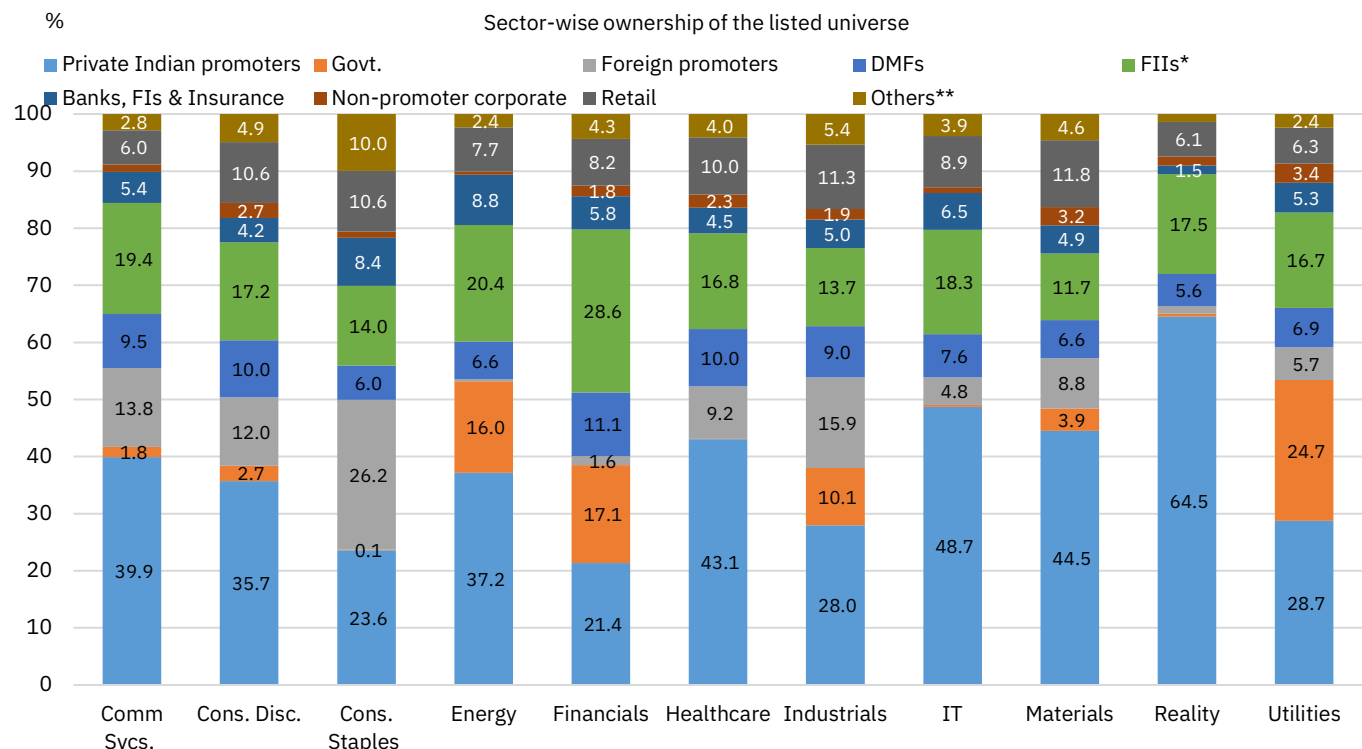
In terms of FII share, Financials sector leads with a 28.6% share, even as there has seen a meaningful drop over the last two plus years (-7.4pp since December 2020). This is followed by Energy and Communication Services at 20.4% (-25bps QoQ) and 19.4% (-27bps QoQ) respectively. Materials had the lowest FII ownership in the June quarter at 11.7%.

Sector-wise, Utilities remained the top sector in terms of Govt. ownership with a 12.1pp increase over the last four quarters.

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

Sector-wise, FII share is the highest in Financials at 28.6% but with a 7.4pp drop since Dec'20.

Figure 22: NSE-listed universe: Sector-wise ownership pattern across key stakeholders (June 2023)



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

Sector allocation in the NSE-listed universe for key stakeholders (June 2023): The table below shows sector allocation for key shareholder categories in all NSE-listed companies as of June 2023. Government ownership remains concentrated on Financials, Energy, Utilities, and Industrials, together accounting for 90% of the Government's allocation in the NSE listed space. Consumer sector—Discretionary and Staples—account for 43.8% (-81bps QoQ) of the exposure of foreign promoters to the NSE-listed space, followed by Industrials at over 15-year high of 19.7% (+131bps QoQ).

Except for an outsized exposure to Financials, DMF portfolio remains more diversified as compared to FIIs. DMFs saw their portfolio allocation to Financials declining in the June quarter by 51bps. A large part of this drop for DMFs was taken up by Consumer Discretionary, where DMF allocation rose by 64bps QoQ to a 20-quarter high of 11.8% in the June quarter. Industrials and Healthcare also saw a sizeable increase in DMF allocation.

On the other hand, FII exposure to Financials remained almost the same as in the last quarter; the biggest decline was in Information Technology (-150 bps to 10.4%). Most of this was compensated for by a 102bps increase in FII portfolio allocation to Consumer Discretionary to a 19-quarter high of 9.2%, followed by a 73bps QoQ increase in Industrials to a 47-quarter high of 7.7%. This indicates incrementally bullish view of FIIs on India's consumption as well as investment story.

Both DMFs and FIIs saw their portfolio allocation to Financials decreasing in Q1FY24.

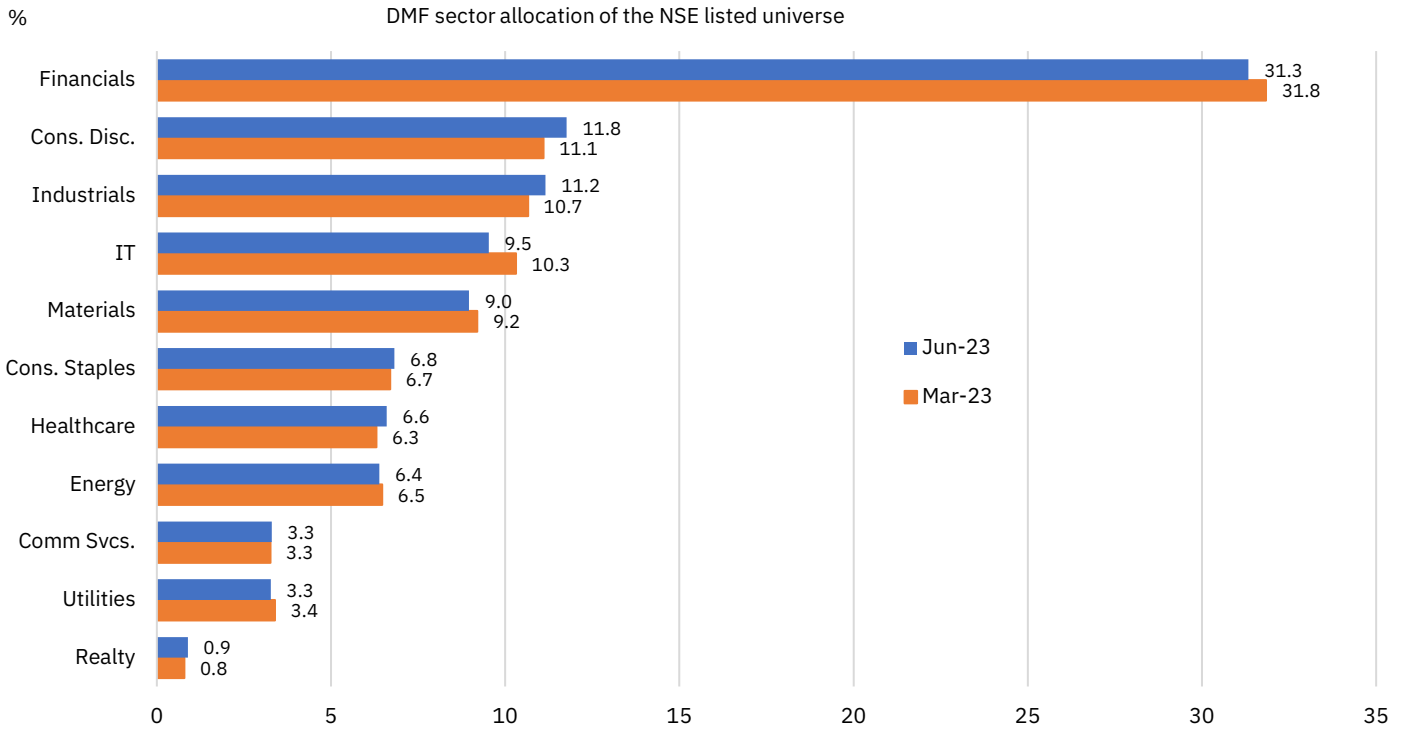
Table 3: Sector allocation of the NSE-listed universe for key stakeholders (June 2023)

%	Pvt. Indian promoters	Govt	Foreign promoters	Domestic MFs	FIIs*	Banks, FIs, Insurance	Non-promoter corporate	Retail
Communication Services	3.6	0.6	4.8	3.3	3.1	2.8	2.1	1.9
Consumer Discretionary	10.8	3.2	14.1	11.8	9.2	7.3	14.3	11.5
Consumer Staples	6.9	0.1	29.8	6.8	7.2	14.0	5.9	11.1
Energy	9.3	15.9	0.3	6.4	9.0	12.6	2.6	6.8
Financials	15.5	49.4	4.4	31.3	36.4	24.1	23.7	21.2
Health Care	7.3	0.0	6.1	6.6	5.0	4.3	7.0	6.1
Industrials	9.0	12.8	19.7	11.2	7.7	9.2	10.6	12.9
Information Technology	15.8	0.4	6.1	9.5	10.4	12.0	5.8	10.3
Materials	15.5	5.4	11.9	9.0	7.2	9.7	19.7	14.6
Real Estate	2.6	0.1	0.2	0.9	1.3	0.3	1.1	0.9
Utilities	3.5	12.0	2.7	3.3	3.6	3.7	7.3	2.7
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

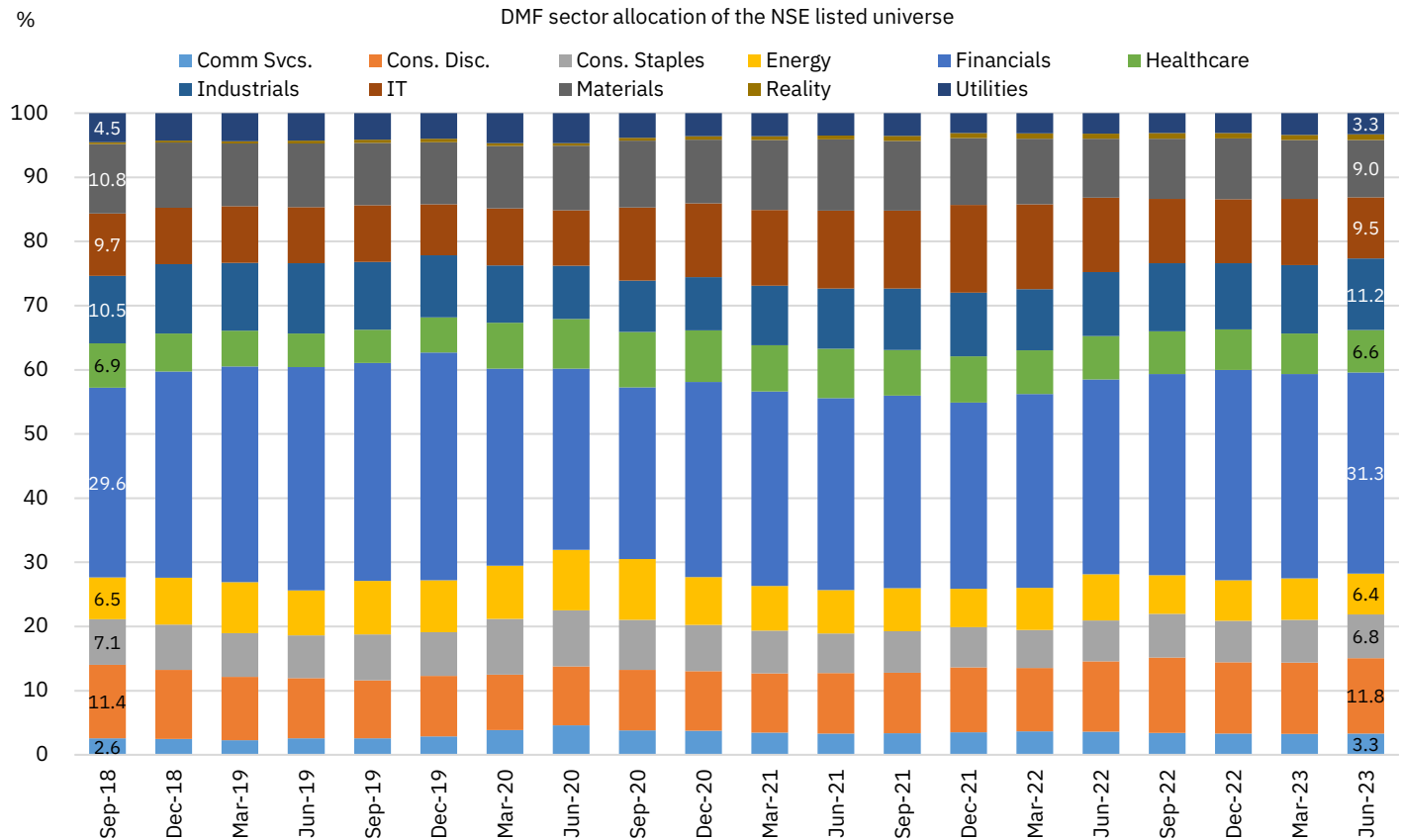
Source: CMIE Prowess, NSE EPR. * FII ownership includes ownership through depository receipts held by custodians.

DMFs' allocation in Financials dropped further, Industrials and Healthcare saw an increase: DMF exposure to Financials declined by 51bps to 31.3% in the June quarter, marking the second consecutive drop. DMFs also trimmed allocation to Information Technology by 78bps QoQ to a three-year low of 9.5%, partly attributed to relative underperformance of the sector compared to the broader market. Nifty IT sector generated a return of a mere 3% in the June quarter compared to 10.5% and 12.9% gains delivered by Nifty 50 and Nifty 500 Index respectively. Besides Financials and IT, Materials within the NSE listed universe also saw a slight decline in DMFs portfolio allocation to a 31-quarter low of 9.0%. Reduced allocation to these sectors was taken up by Consumer Discretionary (+67bps to 11.8%), Industrials (+50bps to 11.2%) and Healthcare (+29bps to 6.6%).

Sectors where DMFs broadly maintained their exposure at a portfolio level within the NSE listed universe included Energy, Consumer Staples, Communication Services, Utilities, and Real Estate.

Figure 23: DMF sector allocation of the NSE-listed universe (March 2023 vs. June 2023)


Source: CMIE Prowess, NSE EPR.

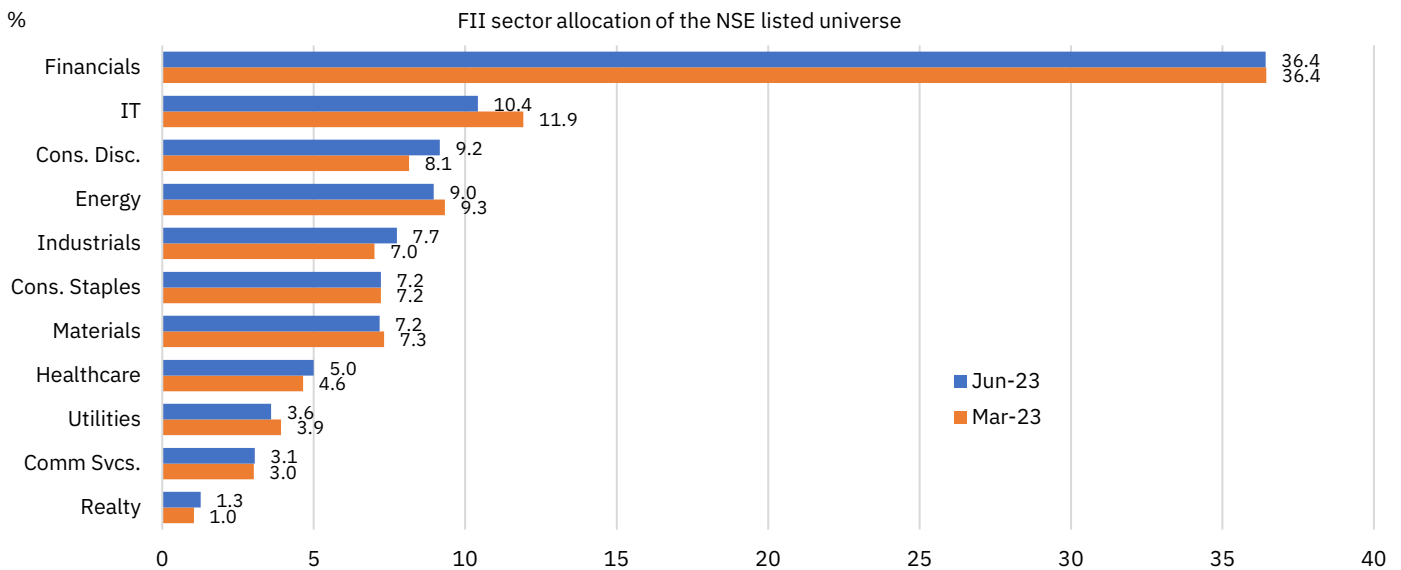
Figure 24: DMF sector allocation of the NSE-listed universe over last five years


Source: CMIE Prowess, NSE EPR.

Oversized exposure of FIIs in the Financial sector remained largely unchanged: FII portfolio allocation to Financials had increased consistently over the four quarters upto Mar'23; this share remained largely unchanged at 36.4% in the June quarter (-2bps QoQ). The highest jump in FII portfolio share was seen in Consumer Discretionary, which increased by 102bps QoQ to a 19-quarter high of 9.2%. In line with DMFs, FIIs also increased their exposure to Industrials (+73bps QoQ to a 47-quarter high of 7.7%) and Healthcare companies (+35bps QoQ to 5.0%). This came mainly at the cost of a steep decline in FII share in Information Technology (-150bps QoQ to 10.4%), Energy (-37bps QoQ to 9.0%) and Utilities (-32bps to 3.6%).

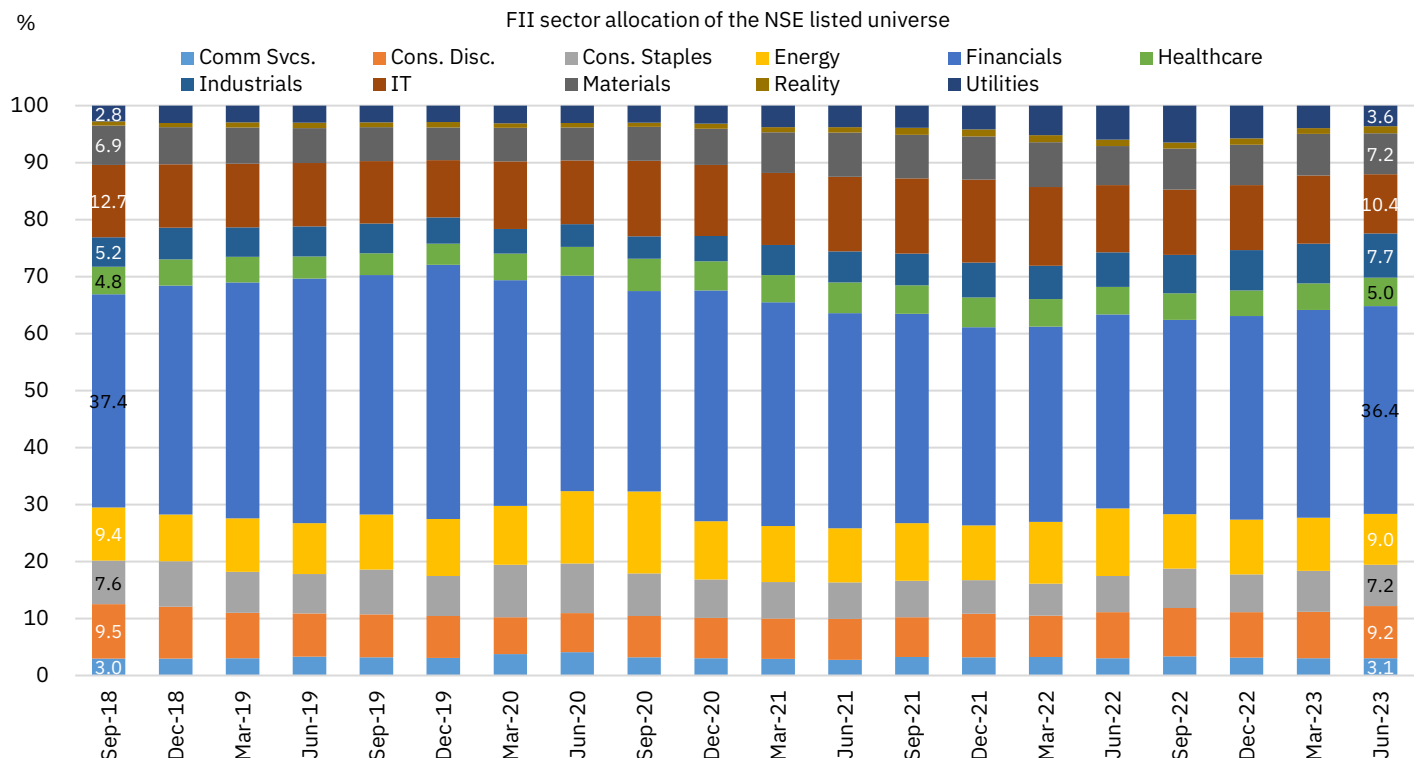
FII portfolio allocation to Financials remained steady in the June quarter, while that to Information Technology saw a dip.

Figure 25: FII sector allocation of the NSE-listed universe (June 2023 vs. March 2023)



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

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



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

Nifty 50 ownership trends

Ownership pattern of the Nifty 50 universe (June 2023)

Promoter stake in the Nifty 50 universe inched up marginally in the June quarter:

Following a 100 bps drop in the previous quarter, overall promoter share in the Nifty 50 universe inched up by a modest 8bps QoQ to 41.8%. This was primarily led by a 13bps QoQ increase in private Indian promoter share to 29.9%, marking the first sequential increase in six quarters, even as it is 2.6pp below the post-pandemic peak of 32.5% in March 2022. This was partly offset by a 10bps QoQ dip in Government share—promoter as well as non-promoter—to 5.5% in the June quarter, while foreign promoter ownership in the Nifty 50 universe remained fairly steady at 6.6%.

Institutional ownership remained broadly steady:

FII share in the Nifty 50 Index remained steady for the third quarter in a row at 25.7% in the June quarter. This is nearly 2.9pp away from the highest FII holding of 28.5% witnessed in the pre-covid period in December 2019. The steady share was despite strong foreign capital inflows (US\$12.5bn in Q1 FY24), primarily because of a meaningful underperformance of some IT companies, notably Infosys, and drop in FII share in HDFC Ltd during the quarter. Excluding these two, FII share in the balance 48 companies rose by 38bps QoQ to 23.7%.

DMF ownership, on the other hand, fell by 19bps QoQ to 9.7% in the June quarter from the record high of 9.9% in the previous, echoing the drop seen in the overall listed universe, thanks to heavy redemptions during the quarter. The share of Banks, Financial Institutions and Insurance also witnessed a modest fall of 12bps QoQ to 8.1%, even as it is still up 163bps in the last one-year period. That said, the share of BFI in the Nifty 50 space is 4.7 bps shy of the peak share—last seen almost 20 years back.

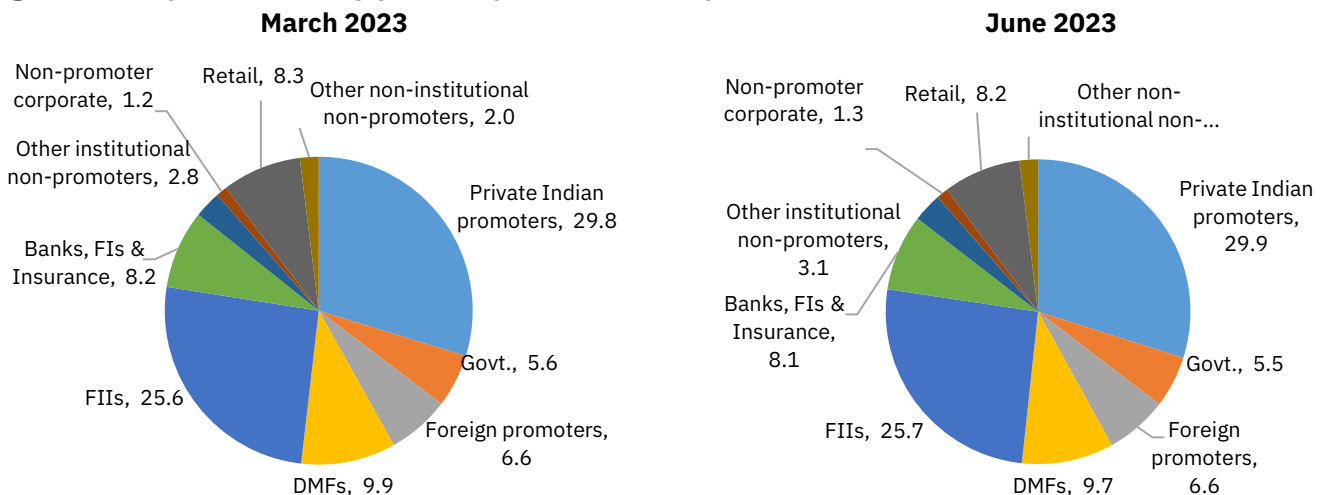
Retail ownership came off marginally in Nifty 50:

After rising in the previous quarter, individual retail investors' holding in the Nifty 50 Index fell by 8 bps QoQ to 8.2%, in the June quarter. This is in contrast to a marginal rise seen in retail ownership in the broader listed universe and corroborates with net outflows by retail investors during this period. Retail share is now up only 26bps up from the pre-pandemic level but is nearly 9.6pp below the peak of 17.8% seen in 2001 when retailers were the second largest non-promoter shareholders. Sector-wise, all sectors barring Information Technology and Utilities saw a sequential drop in retail share, with Industrials seeing the steepest drop.

Promoter stake in the Nifty 50 Index rose in the June quarter led by a steep rise in foreign promoter share, partly offset by drop in private Indian promoter share for the fifth quarter in a row.

FII share in Nifty 50 remained steady at 25.7% in the June quarter, while that of DMFs fell by a modest 19bps QoQ to 9.7%.

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



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

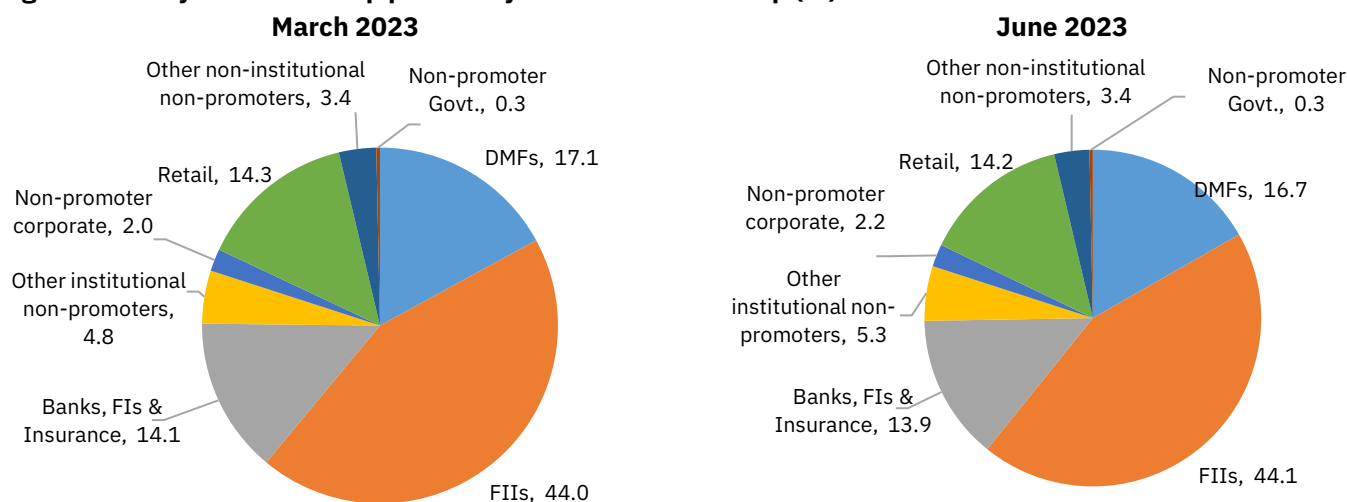
Table 4: Nifty 50: Ownership trend across key stakeholders by total market cap over the last three years

%	Private Indian promoters	Govt	Foreign promoters	Domestic MFs	Banks, FIs & Insurance	FII's *	Non-promoter corporate	Retail
Sep-20	32.2	4.6	7.7	8.1	6.7	25.8	2.4	8.0
Dec-20	30.9	4.9	7.3	8.0	6.5	27.5	2.6	8.0
Mar-21	31.2	5.0	6.9	7.9	6.6	27.4	2.7	8.1
Jun-21	31.6	5.2	6.5	8.0	6.5	26.9	2.7	8.2
Sep-21	32.2	5.2	6.4	8.1	5.9	26.5	2.6	8.1
Dec-21	32.4	5.1	6.1	8.5	5.9	25.9	2.6	8.3
Mar-22	32.5	5.1	5.7	8.9	6.1	25.4	2.6	8.5
Jun-22	31.3	5.3	6.5	9.4	6.5	24.8	2.7	8.6
Sep-22	31.2	5.3	6.8	9.3	8.0	25.2	1.7	8.3
Dec-22	30.9	5.5	6.4	9.5	8.0	25.7	1.2	8.1
Mar-23	29.8	5.6	6.6	9.9	8.2	25.6	1.2	8.3
Jun-23	29.9	5.5	6.6	9.7	8.1	25.7	1.3	8.2
QoQ change	13bps	-10bps	4bps	-19bps	-12bps	1bps	8bps	-8bps

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

In terms of floating stock, FII share in the Nifty 50 Index rose moderately by 7bps QoQ to 44.1% in the June quarter, following an 86bps QoQ drop in the previous quarter. This is 7.7pp away from the highest share of 51.8% in December 2014. Excluding Infosys and HDFC Ltd., FII share actually rose 54bps QoQ in the Nifty 50 free float stock. The share of DMFs in the Nifty 50 free float market cap fell by 31 bps QoQ to 16.7% in the June quarter, after a steady rise over the previous two quarters. Notwithstanding this drop, DMF share is still 2.3pp higher than the pre-pandemic share (December 2019).

Banks, Financial Institutions, and Insurance companies also saw their share falling by 19bps QoQ to 13.9% in the June quarter, entirely giving up an equivalent gain in the previous quarter. Overall institutional ownership in the Nifty 50 floating stock remained steady at 80% for the third quarter in a row stood at 80%. The holding of other non-institutional non-promoter (That are neither individuals nor corporates and primarily comprise of trusts, clearing members and HUFs) holdings reached the all-time high of 5.3% at the end of June quarter. Overall, a huge jump in institutional share in the Nifty50 floating stock since Dec-21 has primarily come at the expense of reduced share for non-promoter corporates and other non-institutional non-promoter investors.

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


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

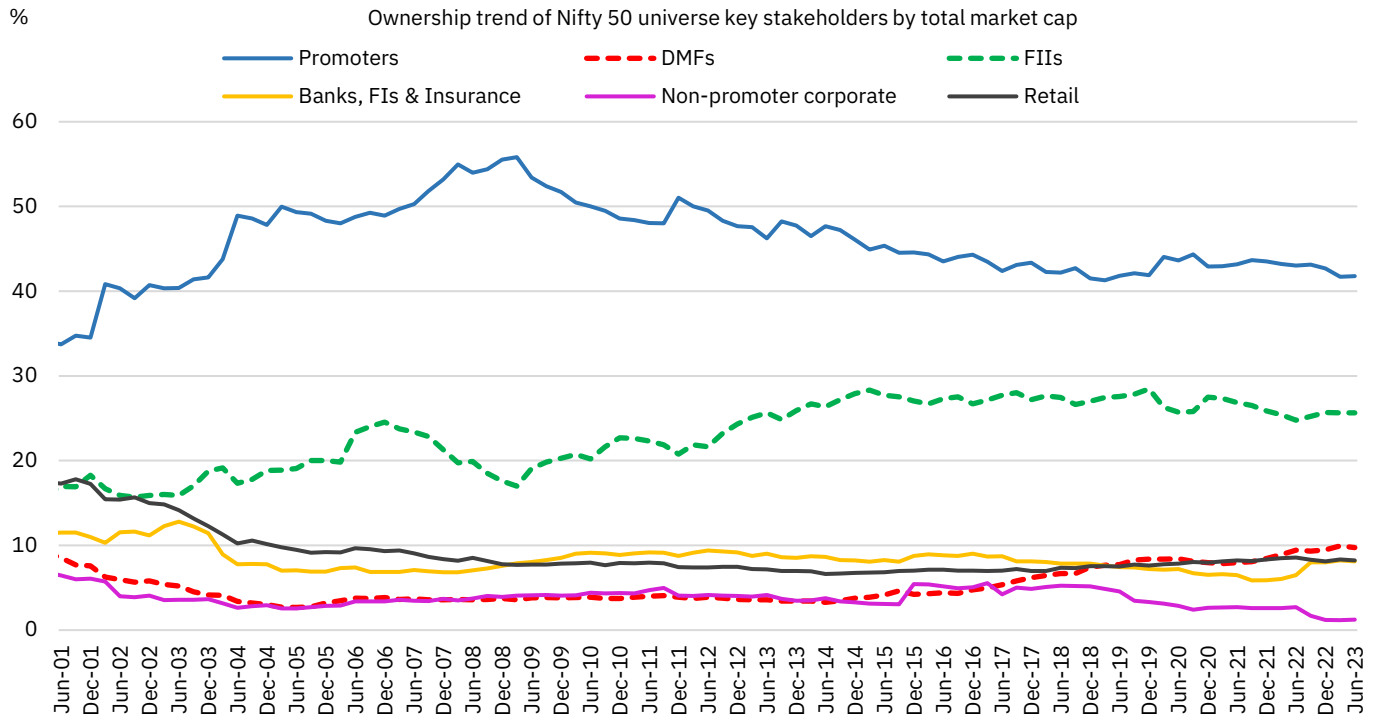
Table 5: Nifty 50: Ownership trend across key stakeholders by free float market cap over last the three years

%	Domestic MFs	Banks, FIs & Insurance	FII*s*	Non-promoter corporate	Public
Sep-20	14.6	12.1	46.4	4.3	14.5
Dec-20	13.9	11.5	48.2	4.6	14.0
Mar-21	13.8	11.5	47.9	4.7	14.2
Jun-21	14.0	11.4	47.3	4.8	14.5
Sep-21	14.4	10.4	47.0	4.6	14.4
Dec-21	15.0	10.4	45.8	4.6	14.8
Mar-22	15.7	10.7	44.8	4.6	14.9
Jun-22	16.5	11.4	43.5	4.8	15.0
Sep-22	16.4	14.1	44.3	3.0	14.6
Dec-22	16.5	13.9	44.8	2.1	14.2
Mar-23	17.1	14.1	44.0	2.0	14.3
Jun-23	16.7	13.9	44.1	2.2	14.2
<i>QoQ change</i>	<i>-31bps</i>	<i>-19bps</i>	<i>7bps</i>	<i>14bps</i>	<i>-12bps</i>

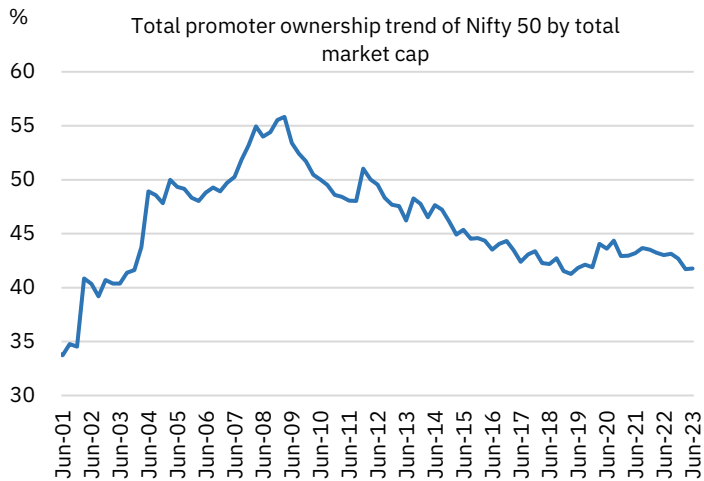
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

Long-term ownership trend of the Nifty 50 universe: The long-term ownership trend of the Nifty 50 Index echoes the trend seen in the broader listed universe. Overall promoter ownership has seen a steady decline since 2009 until March 2019, only to see a gradual increase over the next one-and-a-half years and decline thereafter. The decline in promoter share between 2019 and 2019 was primarily led by a sharp drop in Government ownership, even as private Indian promoters' holding increased during this period. Foreign promoters' share, on the other hand, has remained broadly steady barring the post-COVID volatility.

The DMF ownership has seen a sharp increase since 2014 barring the drop in 2020 and is currently only marginally lower than the peak seen over the last 22 years. FII ownership saw a steady increase since the Global Financial crisis until early 2015, reaching the highest level of 28.3% in Mar-15 only to hover around similar levels until Dec-19. Since the onset of the pandemic, FII share has been gradually falling barring a significant increase in the fourth quarter of 2020. Contrary to the overall NSE-listed universe, retail ownership in the Nifty 50 Index has been steadily rising over the last eight years, barring a modest drop over the last few quarters.

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


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

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


Source: CMIE Prowess, NSE EPR.

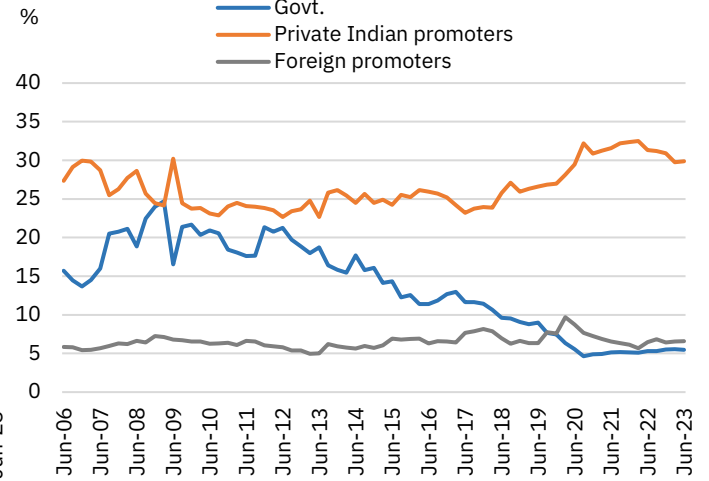
Figure 31: Indian and foreign promoter ownership trend of the Nifty 50 universe by total market cap


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

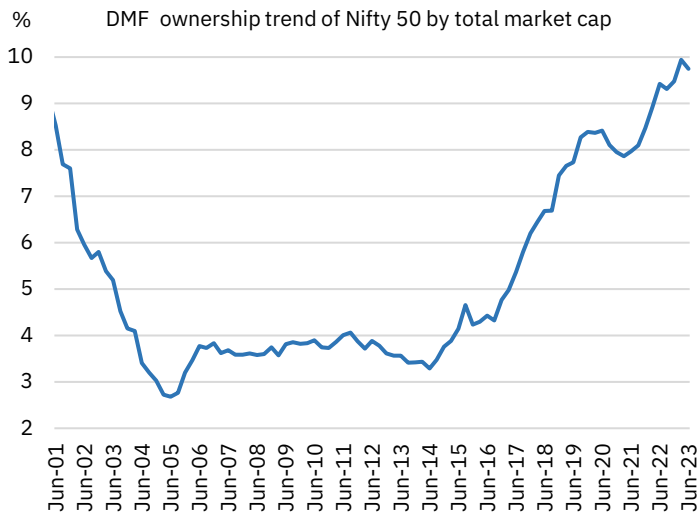
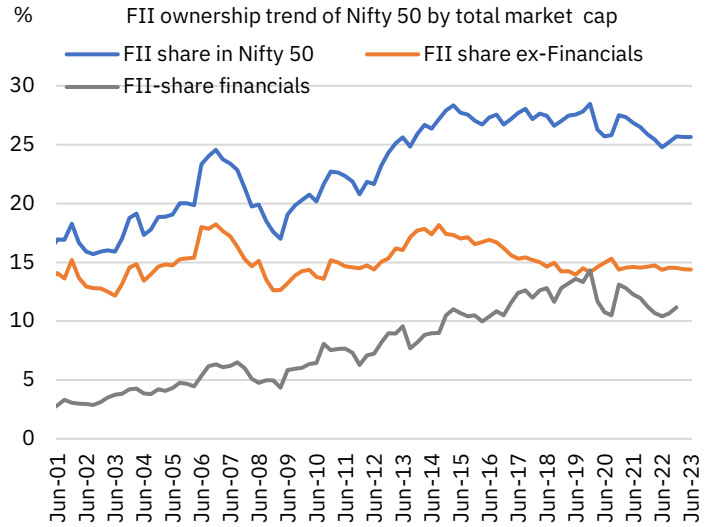
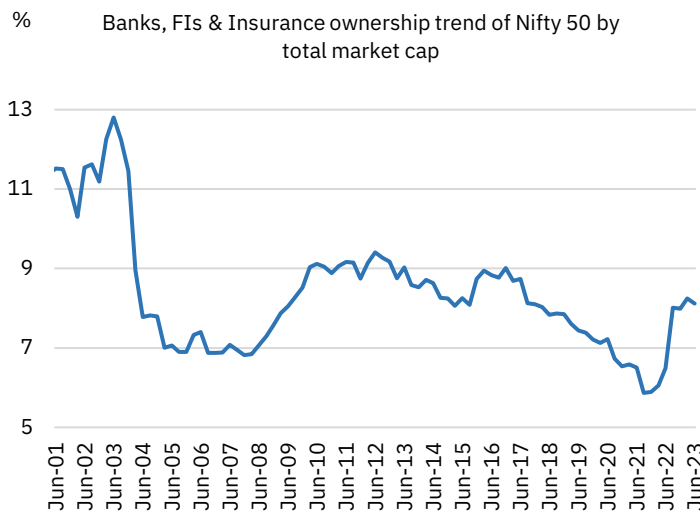


Figure 33: FII ownership trend of Nifty 50 universe by total market cap



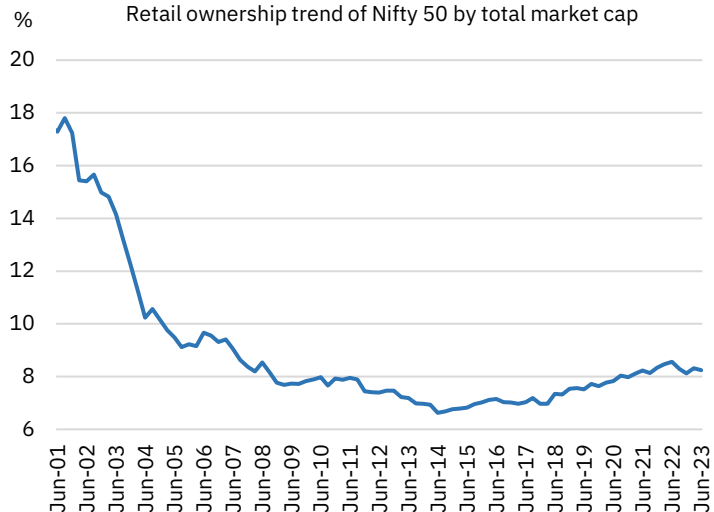
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

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

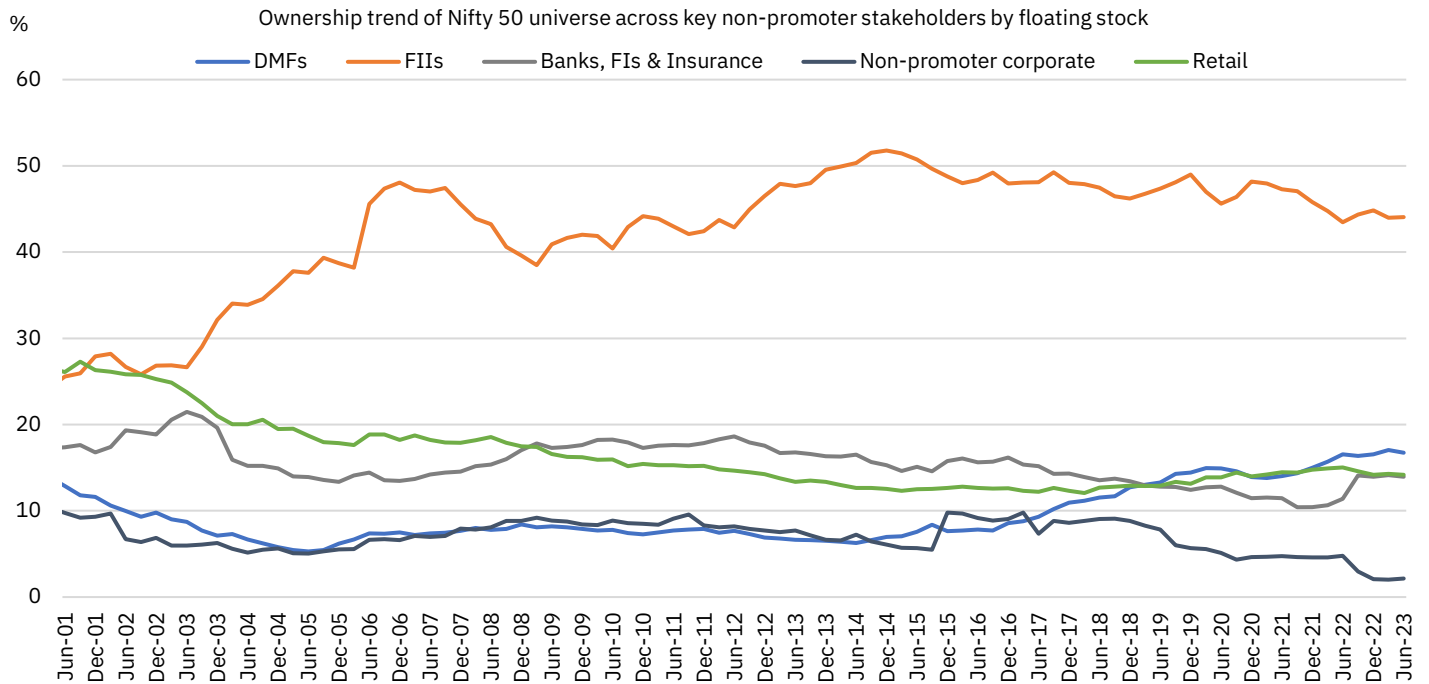


Source: CMIE Prowess, NSE EPR.

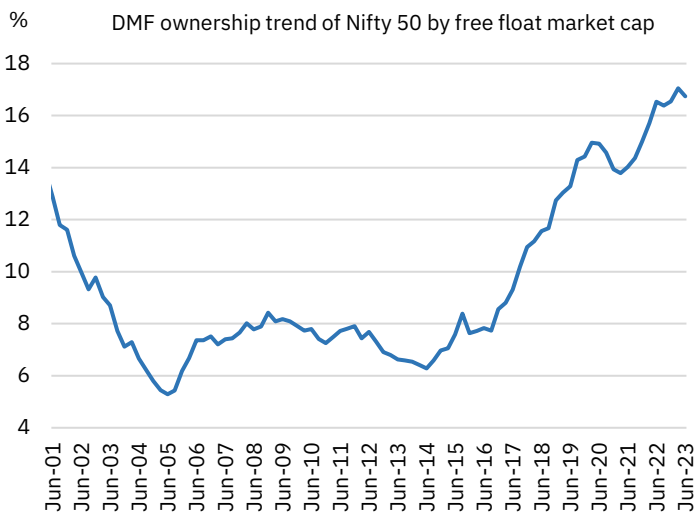
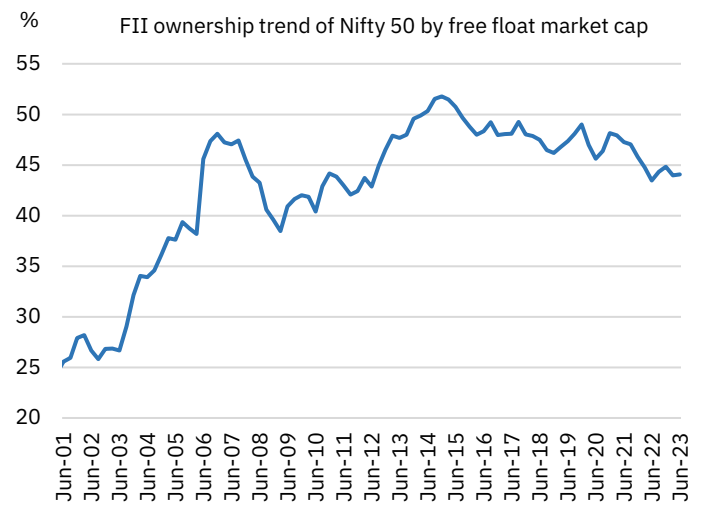
Figure 35: Retail ownership trend of Nifty 50 universe by total market cap



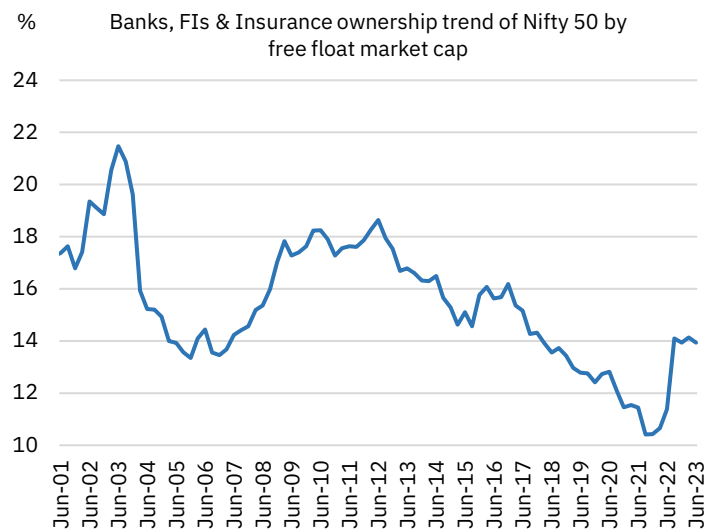
Our long-term ownership analysis on the free float market cap of the Nifty 50 Index also shows that while DMF ownership is currently only slightly shy of the all-time high level, FII ownership is nearly 7.7pp lower than the peak of 51.8% seen in December 2014.

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


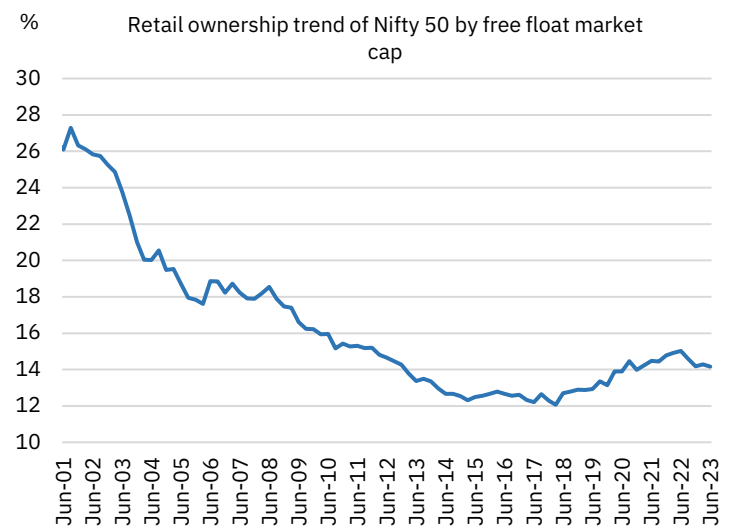
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

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

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


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

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


Source: CMIE Prowess, NSE EPR.

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


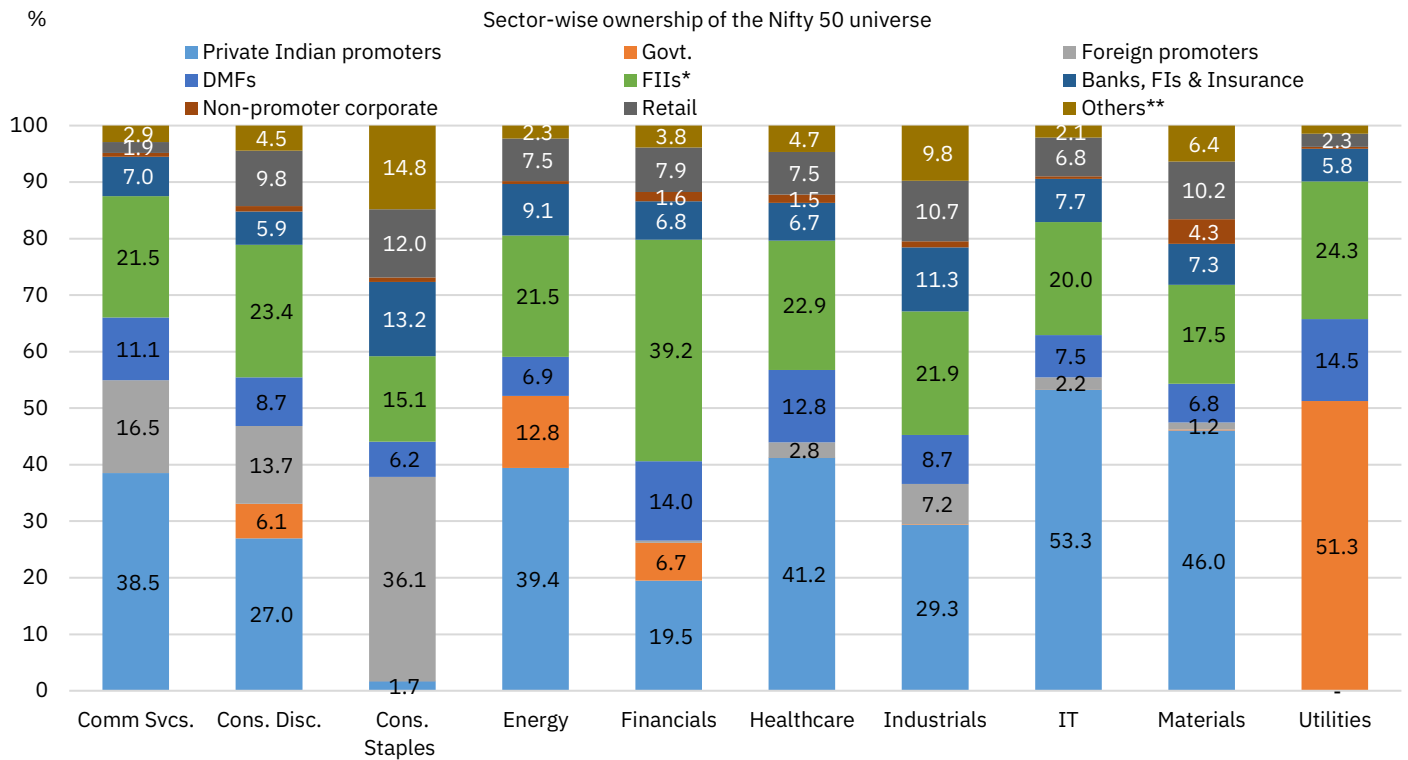
Sector-wise ownership of the Nifty 50 universe (June 2023): In the quarter ending June 2023, Information Technology within the Nifty 50 universe had the highest promoter ownership at an 11-quarter high of 55.5% (+99bps QoQ). This is followed by Communication Services at 55% (-6bps QoQ), Utilities at 51.2% and Energy at 51.1% (-23bps QoQ). Utilities, and Energy remained the top sectors in terms of Government share within the Nifty 50 Index at 51.3% and 12.8%, even as both the sectors have seen a significant drop of about 36pp and 11pp respectively since 2014.

Sector-wise, Utilities retained the top spot in terms of DMF ownership for the second quarter in a row despite a 21bps QoQ drop to 14.5% in the June quarter. Financials stood second with a DMF share of 14.0%, down 57bps QoQ from the all-time high level in the previous quarter. Barring Consumer Staples, Energy and Healthcare, all others saw DMF share in the sector's market cap falling in the quarter gone by led by Industrials (-54bps QoQ), Financials (-52bps QoQ), Consumer Discretionary (-51bps QoQ) and Communication Services (-35bps QoQ).

Barring Information Technology, Healthcare and Financials, all other sectors have seen the FII share in the sector's market cap rising in the June quarter, benefiting from robust foreign capital inflows. Notwithstanding a marginal drop, FIIs remained the biggest non-promoter owners of Financials at 39.2% (-7 bps QoQ), followed by Utilities at an all-time high of 24.3% (+70bps QoQ), and Consumer Discretionary at a 10-quarter high of 23.4% (+119bps QoQ).

Barring Consumer Staples, Energy and Healthcare, DMF share dropped in all other sectors led by Industrials, Financials, Consumer Discretionary and Communication Services.

FIIs have remained the biggest non-promoter owners of Financials for yet quarter despite a 7bps drop in share from the previous quarter.

Figure 41: Nifty 50: Sector-wise ownership pattern across key stakeholders (June 2023)


Source: CMIE Prowess, NSE EPR.

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

Sector allocation of the Nifty 50 universe for key shareholders (June 2023): The table below shows the sector allocation for key stakeholders in Nifty 50 companies as of June 2023. The concentration of Government ownership in Financials, Energy and Utilities sector is much higher at 90.5% in the Nifty 50 universe vs 77.3% in the broader listed universe. The Consumer sector—Staples and Discretionary, and Communication Services together accounted for 84.4% of the exposure of foreign promoters to the Nifty 50 companies as of June-2023.

In the case of institutional investors, DMFs have a much higher exposure to Financials at 41.4% in the Nifty 50 Index vs. 31.3% in the NSE-listed universe, even as it has been steadily declining since the last three quarters. DMF exposure to Financials within Nifty50 companies is now 3.3pp lower than the two-decadal high share of 44.8% in the quarter ending December 2019. FIIs' portfolio allocation to Financials within the Nifty 50 universe stood at a tad higher 43.9% in the quarter ending June 2023, marking the fifth increase in a row, reducing the gap from the peak last seen in December 2019 to 6.4pp.

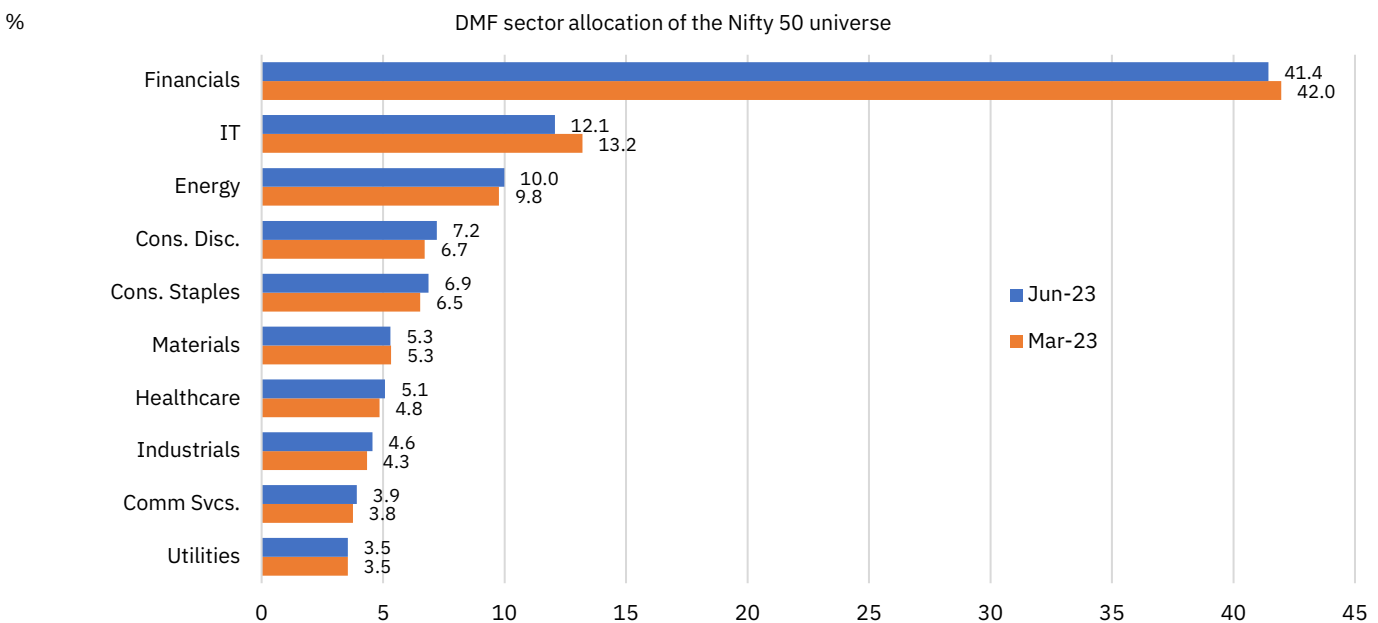
Table 6: Sector allocation of the Nifty 50 universe for key stakeholders (June 2023)

%	Private Indian promoters	Govt	Foreign promoters	Domestic MFs	FII*s*	Banks, FIs & Insurance	Non-promoter corporate	Retail
Communication Services	4.5	0.0	8.6	3.9	2.9	3.0	1.9	0.8
Consumer Discretionary	7.3	9.1	16.9	7.2	7.4	5.9	6.2	9.7
Consumer Staples	0.6	0.0	58.9	6.9	6.3	17.4	6.7	15.7
Energy	18.7	33.0	0.0	10.0	11.8	15.9	6.0	12.9
Financials	18.7	35.2	1.6	41.4	43.9	24.1	37.4	27.6
Health Care	5.3	0.0	1.6	5.1	3.5	3.2	4.5	3.5
Industrials	5.0	0.1	5.6	4.6	4.4	7.2	4.3	6.7
Information Technology	28.1	0.0	5.3	12.1	12.3	14.9	6.1	13.1
Materials	11.7	0.2	1.4	5.3	5.2	6.8	26.2	9.4
Utilities	0.0	22.3	0.0	3.5	2.3	1.7	0.7	0.7
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

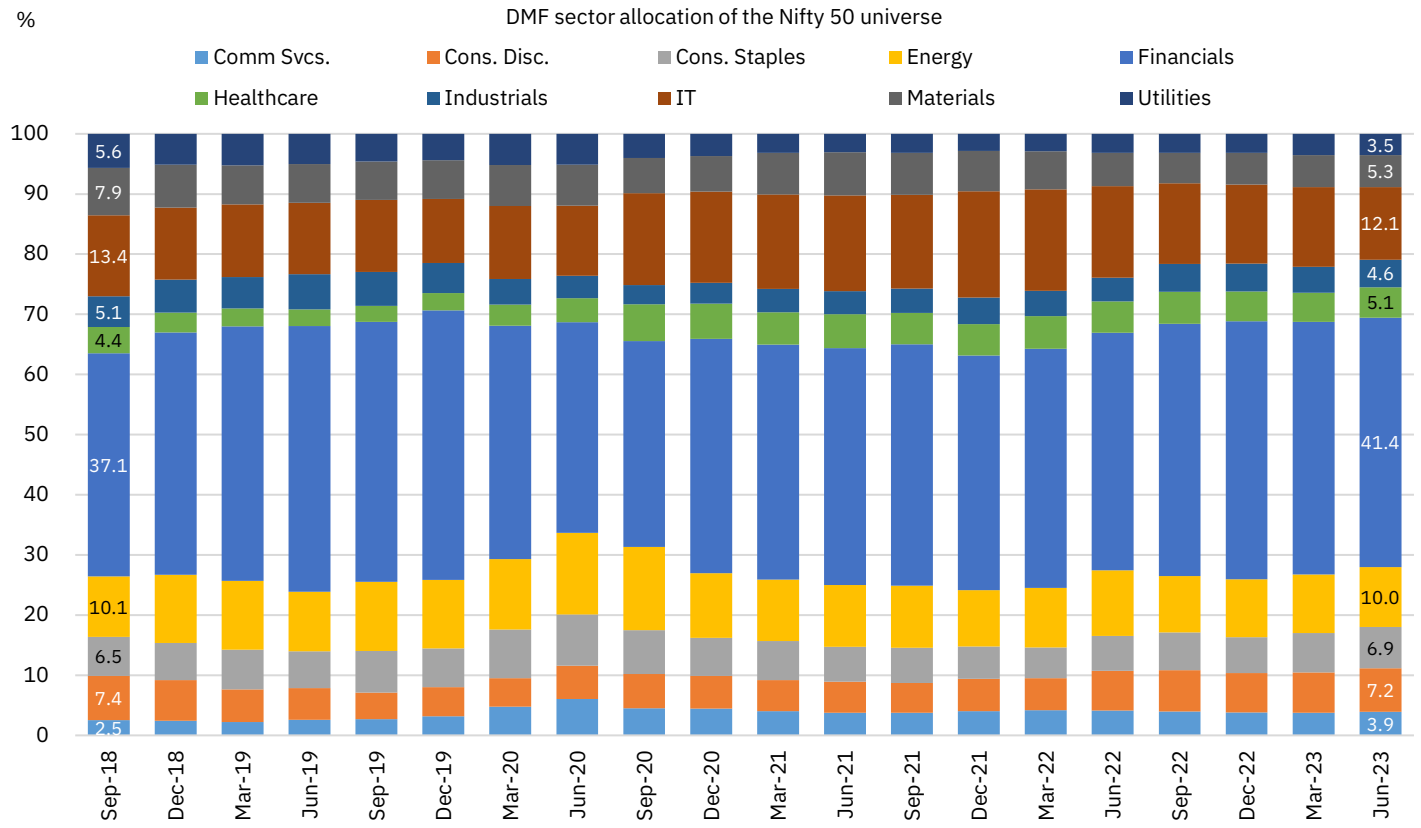
DMFs maintained an OW stance on Financials and remained negative on Consumer Staples and commodity-linked sectors: DMFs retained their OW position on Financials relative to the sector's weight in the Index for the 10th quarter in a row, even the extent has come off further. Other sectors that DMFs had a steady OW exposure to as of end of the June quarter were Utilities, Communication Services and Healthcare. DMFs have remained negative on Consumer Staples since the last 31 quarters, and turned incrementally bearish on Consumer Discretionary, indicating concerns on India's consumption story. They also remained negative on commodity-linked sectors such as Energy and Materials, and understandably so amid intensifying global growth slowdown and persistent geopolitical concerns.

DMFs maintained an OW stance on Financials and remained negative on Consumer Staples and commodity linked sectors, viz., Energy and Materials.

Figure 42: DMF sector allocation of the Nifty 50 universe (June 2023 vs. March 2023)


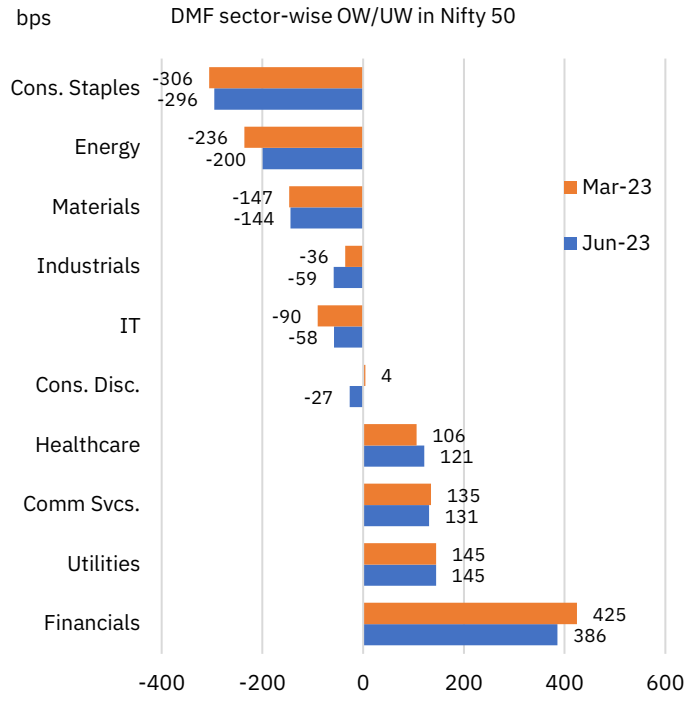
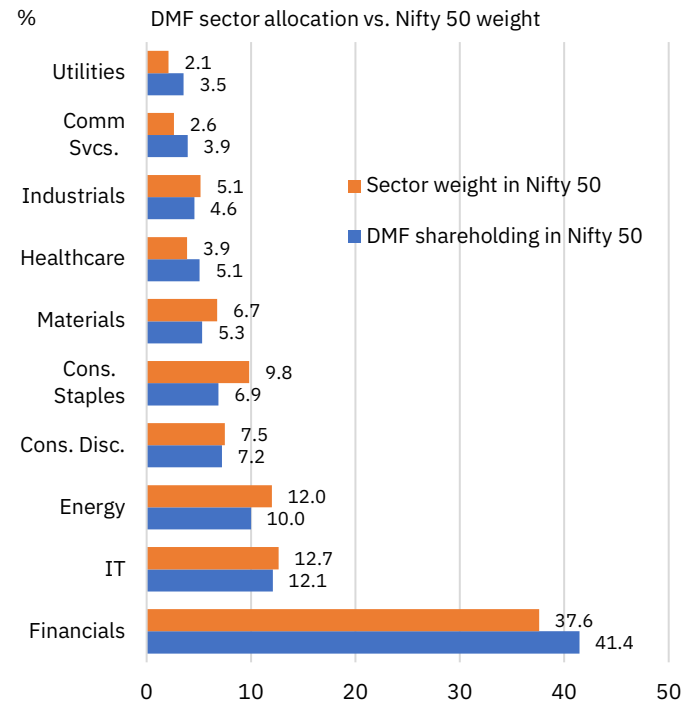
Source: CMIE Prowess, NSE EPR.

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

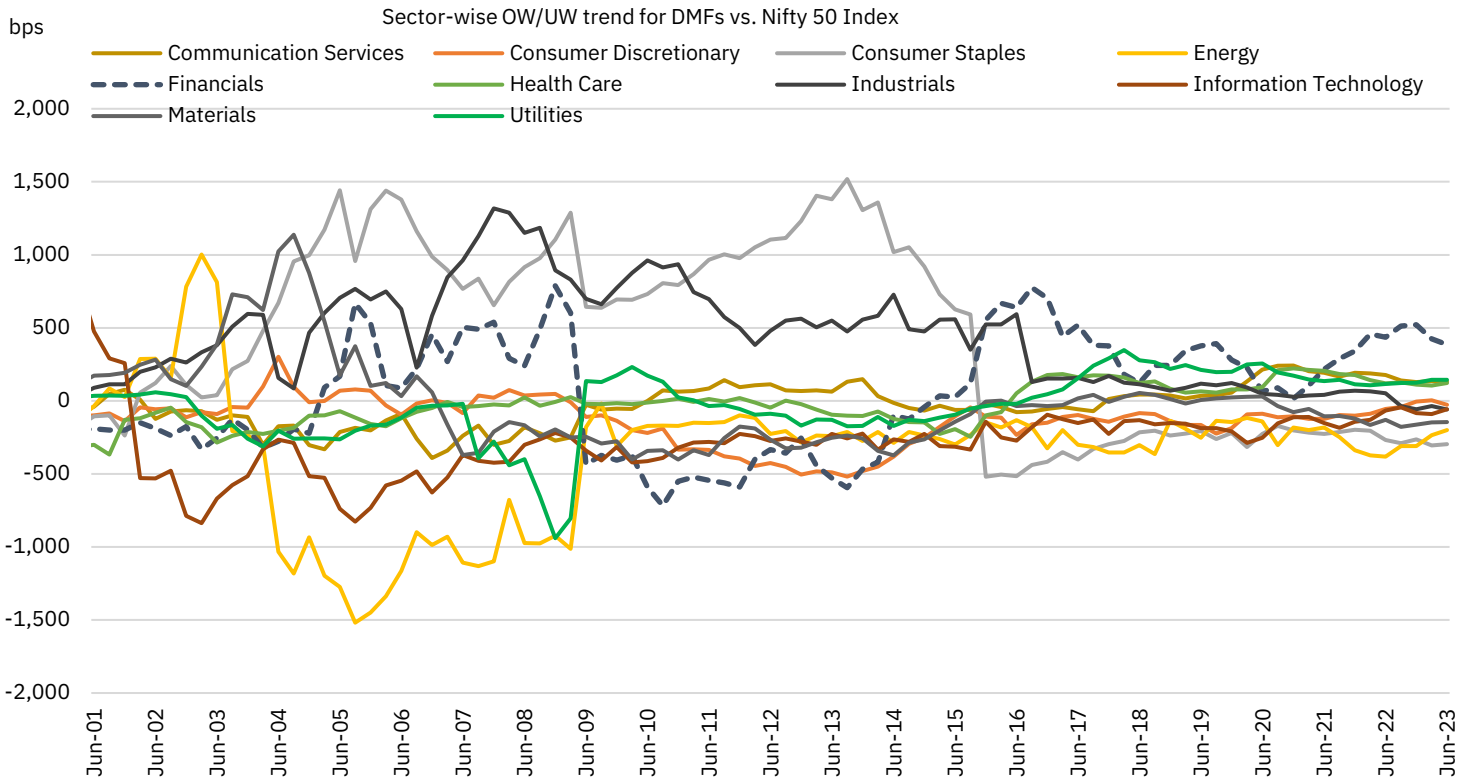


Source: CMIE Prowess, NSE EPR.

Figure 44: DMF sector allocation vs sector weight in Nifty 50 (June 2023) **Figure 45: DMF sector-wise OW/UW in Nifty 50 relative to sector weight in the index (June 2023)**



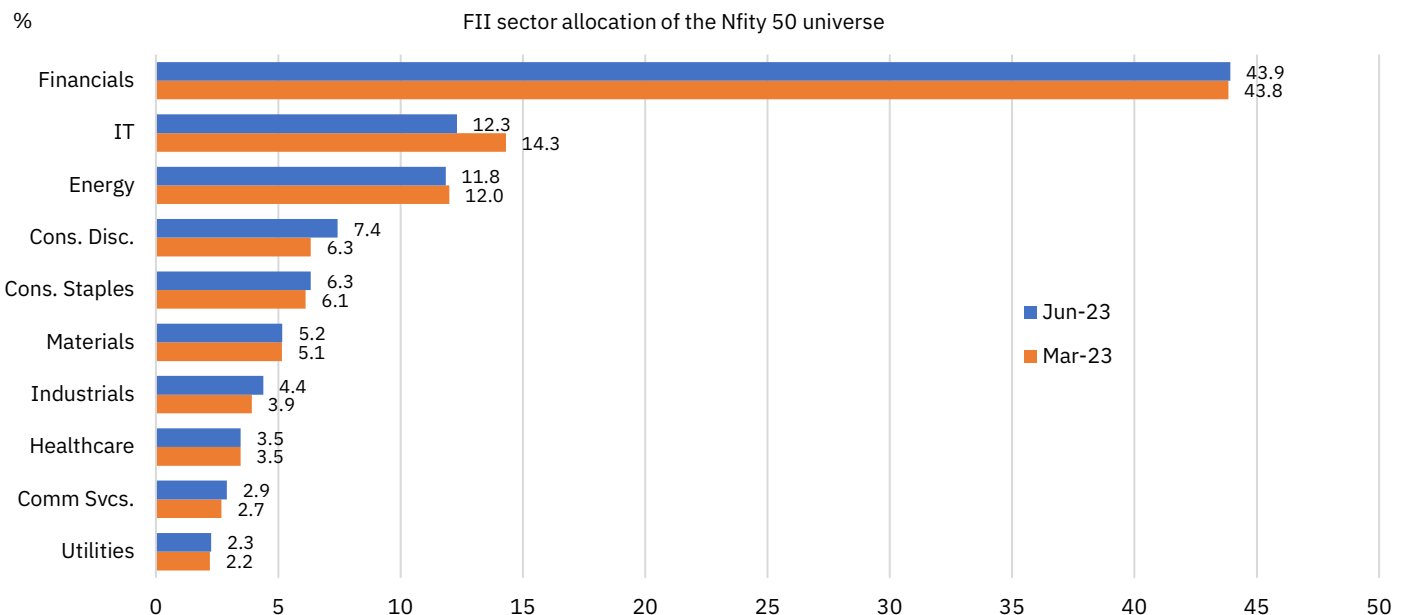
Source: CMIE Prowess, NSE EPR.

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


Source: CMIE Prowess, NSE EPR.

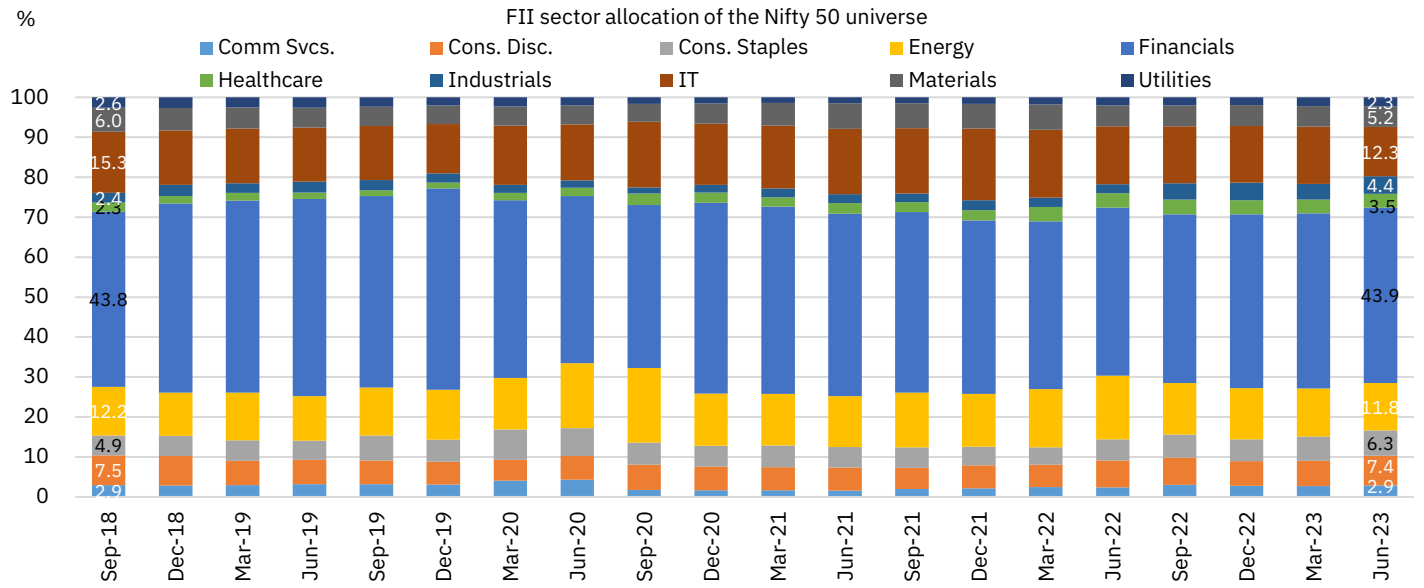
FII maintained their portfolio allocation in the June quarter: In line with DMFs, FIIs maintained their perennial outsized OW bet on Financials, albeit incrementally more so, and turned incrementally bearish on Information Technology, reflecting the impact of weakening global demand. In line with DMFs, FIIs also remained negative on Consumer Staples and Materials, with a neutral stance on other sectors including Communication Services, Consumer Discretionary, Energy, Healthcare, Industrials, and Utilities.

FIIs maintained OW view on Financials, turned negative on Information Technology, and remained negative on Consumer Staples and Materials.

Figure 47: FII sector allocation of the Nifty 50 universe (June 2023 vs. March 2023)


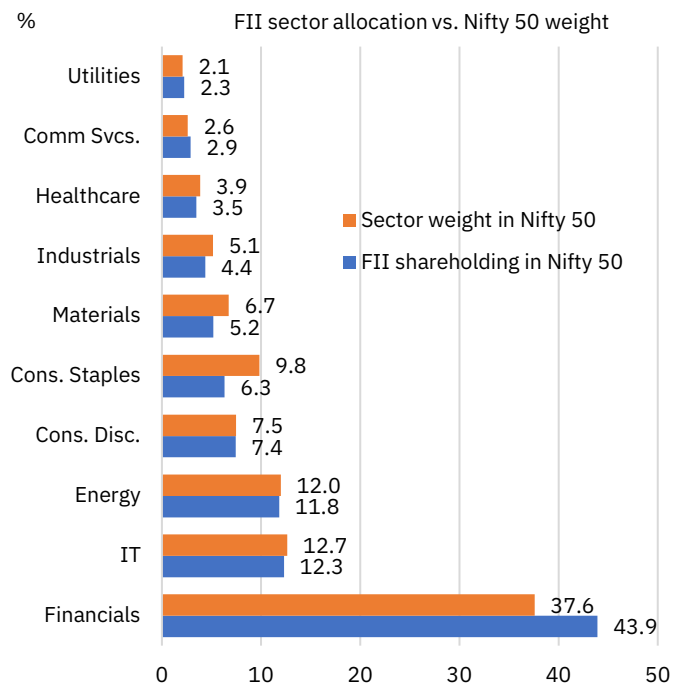
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

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



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

Figure 49: FII sector allocation vs sector weight in Nifty 50 (June 2023)



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

Figure 50: FII sector-wise OW/UW in Nifty 50 relative to sector weight in the index (June 2023)

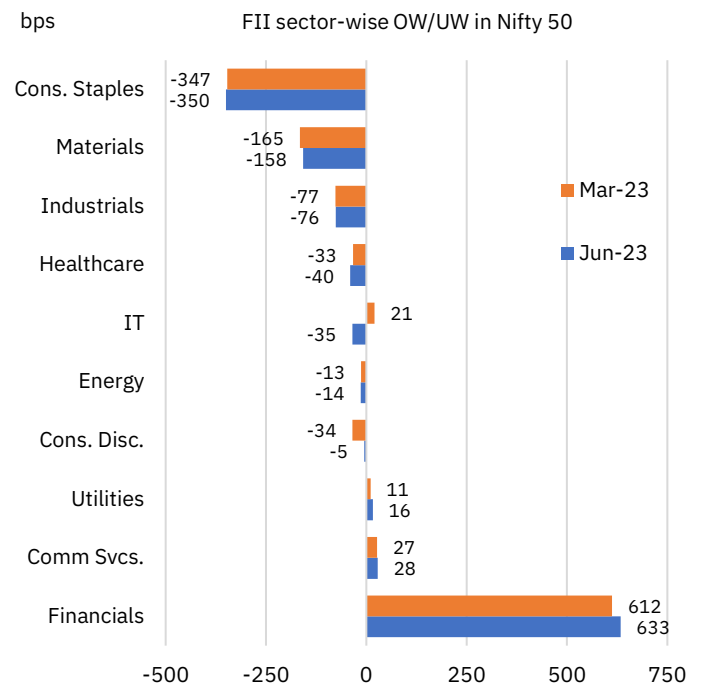
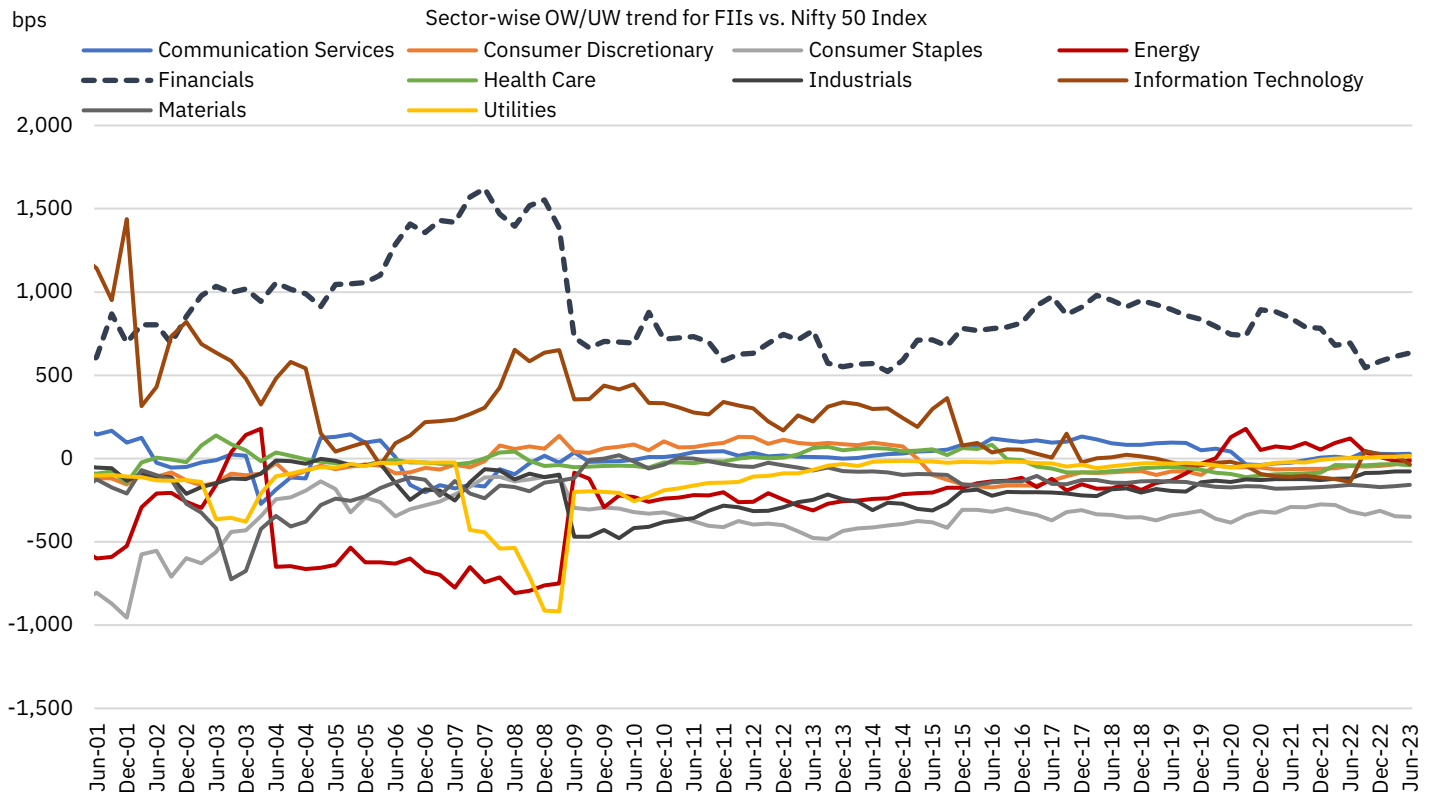


Figure 51: FII vs Nifty 50—Sector-wise OW/UW trend (bps)


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

Nifty 500 ownership trends

Ownership pattern of the Nifty 500 universe (June 2023)

Promoter stake in the Nifty500 universe remained steady in the June quarter: After falling sharply over the previous two quarters, total promoter ownership in the Nifty 500 universe inched up by a modest 6bps QoQ led by a marginal rise in Government share, offset by an equivalent drop in foreign promoter share. Government share—promoter as well as non-promoter—inched up by 10bps QoQ to 8.7%. Among private promoters, while foreign promoter ownership fell by 10bps QoQ to a five-quarter low of 8.75%, Indian private promoters’ share in the Nifty 500 companies remained broadly steady at 32.4%.

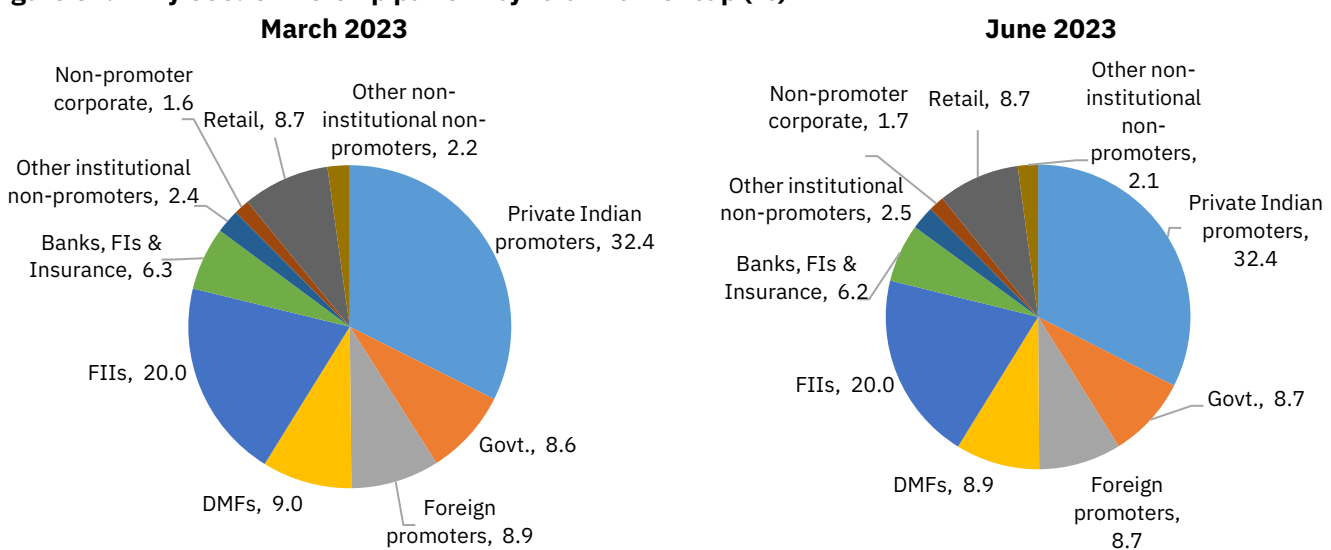
Private promoter stake in the Nifty500 universe remained steady, with an increase in Govt. share offset by a drop in foreign promoter share.

Institutional ownership of the Nifty500 total market cap remained constant: After a steep rise over the previous two quarters, total institutional ownership in the Nifty 500 universe remained steady at 37.6% in the June quarter. DMFs’ aggregate share in Nifty 500 companies moderated by a modest 7bps to 8.9% in the June quarter from an all-time high share in the previous quarter, thanks to high redemptions negating the impact of strong SIP inflows. On the other hand, FII ownership rose by a marginal 6bps QoQ to 20.0%, marking the third increase in a row, even as it is still 3.2pp below the peak share over the last 22 years. Excluding Infosys, Adani Total Gas and Adani Energy Solutions, FII share in Nifty 500 actually inched up 23bps QoQ. Financial Institutions and Insurance companies’ share had been on the rise for six quarters, but the June quarter saw a reversal in this trend with a 15bps QoQ decline to 6.2%.

DMF ownership in the Nifty 500 moderated marginally in the June quarter.

Retail ownership in the Nifty 500 universe was stable: Retail investors’ ownership in Nifty 500 companies remained stable at 8.7% in the June quarter. This echoed with muted trading activity of retail investors in the NSE’s cash market segment and reported net investment outflows during the quarter. Retail share in Nifty 500 now is 31bps lower than the near 14-year high share of 9.1% in March 2022. The drop from the peak has been fairly modest, indicating sustenance of retail interest in the equity market despite muted performance.

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



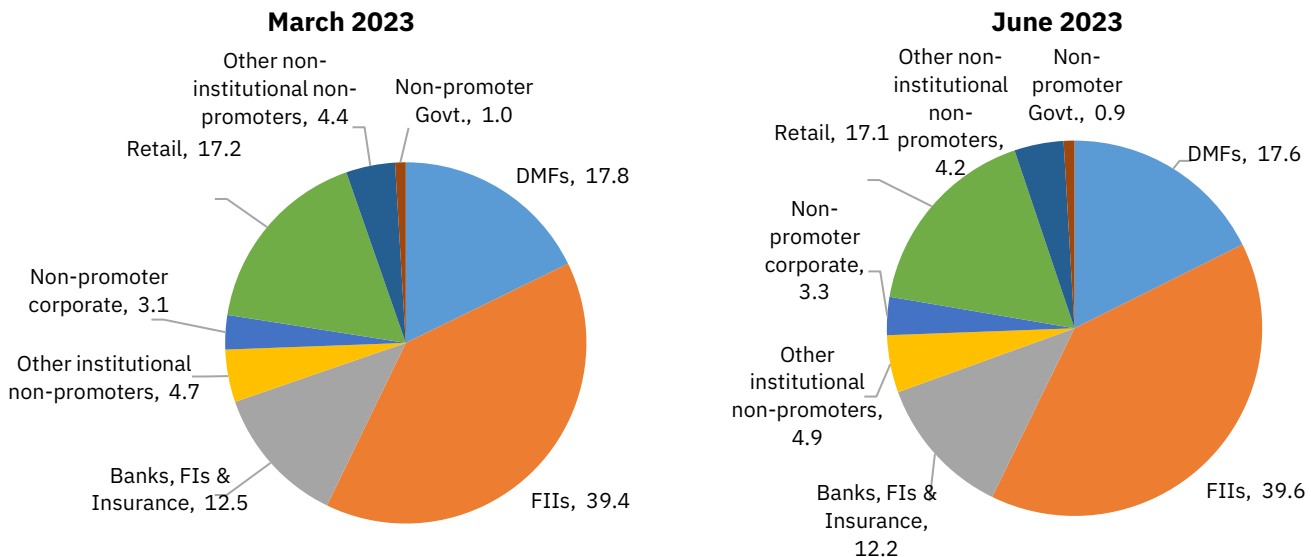
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

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

%	Private Indian promoters	Govt.	Foreign promoters	Domestic MFs	Banks, FIs & Insurance	FII's *	Non-promoter corporate	Retail
Sep-20	35.1	5.7	9.8	7.8	5.3	21.1	2.7	8.6
Dec-20	34.3	5.9	9.5	7.6	5.2	22.5	2.8	8.5
Mar-21	34.3	6.2	9.4	7.4	5.3	22.2	3.0	8.6
Jun-21	34.5	6.6	9.2	7.4	5.2	21.6	3.0	8.8
Sep-21	35.3	6.2	8.9	7.5	4.6	21.5	2.9	8.8
Dec-21	35.8	6.0	8.8	7.8	4.6	20.9	2.8	9.0
Mar-22	35.5	6.2	8.6	8.0	4.7	20.2	3.4	9.1
Jun-22	35.0	6.2	9.1	8.3	5.0	19.8	3.4	9.0
Sep-22	34.4	7.6	9.5	8.2	6.0	19.5	2.6	8.5
Dec-22	33.5	8.8	9.0	8.4	6.1	19.8	1.6	8.5
Mar-23	32.4	8.6	8.9	9.0	6.3	20.0	1.6	8.7
Jun-23	32.4	8.7	8.7	8.9	6.2	20.0	1.7	8.7
QoQ change	5bps	10bps	-10bps	-7bps	-15bps	6bps	11bps	-3bps

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

In terms of floating stock, FII share in the Nifty 500 Index strengthened by 17bps QoQ to 39.6% in the June quarter (+64bps excluding Infosys/Adani Total/Adani Energy Solutions) and is now 7.9pp lower than the peak share over the last 22 years. Share of DMFs in the Nifty 500 floating stock moderated by 13bps QoQ to 17.6% in June, after reaching the all-time high in the March quarter. Retail ownership declined by a modest 5bps QoQ to 17.1%, and now stands 12.7pp below the peak share over the entire analysis period (June 2001-).

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


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

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

%	Domestic MFs	Banks, FIs & Insurance	FII's	Non-promoter corporate	Public
Sep-20	15.7	10.7	42.5	5.5	17.4
Dec-20	14.9	10.3	44.4	5.5	16.8
Mar-21	14.6	10.5	44.0	5.9	17.0
Jun-21	14.9	10.3	43.2	6.0	17.5
Sep-21	15.1	9.3	43.2	5.8	17.6
Dec-21	15.6	9.4	42.0	5.6	18.2
Mar-22	16.0	9.4	40.4	6.8	18.2
Jun-22	16.7	10.0	39.6	6.9	18.1
Sep-22	16.9	12.3	39.8	5.2	17.5
Dec-22	17.1	12.5	40.3	3.3	17.2
Mar-23	17.8	12.5	39.4	3.1	17.2
Jun-23	17.6	12.2	39.6	3.3	17.1
QoQ change	-13bps	-28bps	17bps	21bps	-5bps

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

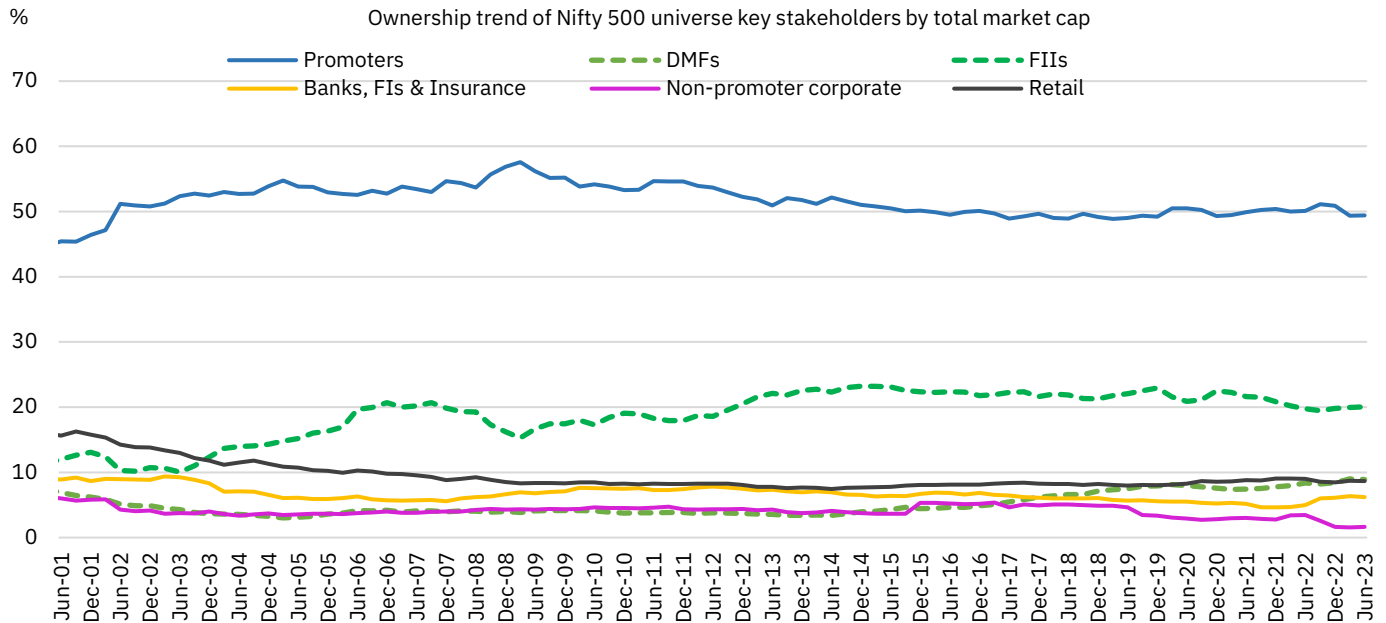
Long-term ownership trend of the Nifty 500 universe: Overall promoter ownership in Nifty 500 has also seen a steady decline since 2009 until March 2019, albeit at a slower pace than the Nifty 50 Index, entirely led by a sharp dip in Government ownership, while the share of private Indian promoters has significantly increased during this period. Promoter share, however, has been inching up since 2019, barring a dip in FY23, aided by higher Indian promoter share—with public share rising after the LIC listing and private share falling since 2021 onwards, while foreign share has remained fairly steady.

DMF ownership in Nifty 500 saw a gradual increase beginning 2014 to reach the highest level in last two decades by December 2019. The fiscal year FY21, however, saw some dip in DMF share, partly reflecting moderation in SIP inflows post the COVID-19 pandemic as well as high redemption pressures. This, however, was more than reversed in the subsequent years, thanks to a surge in retail inflows via the SIP route. FII ownership in the Nifty 500 universe improved meaningfully post the GFC until 2015 but has since hovered between 21-23% until 2021. FII share saw a steady decline over the subsequent few quarters only to rise modestly from the end of 2022, weighed by dampened sentiments owing to recurring COVID variants, followed by the Russia-Ukraine war, sky-rocketing inflation, steep rate hikes by global central banks and China slowdown. This led to flight of capital away from riskier asset classes including Indian equities during this period, even as the second half of 2022 onwards saw FIIs coming back. Banks, financial institutions, and insurance, however, have been steadily reducing their exposure to Indian equities over the last decade until 2021 only to see a meaningful spike last year, which has continued up to the most recent quarter as well.

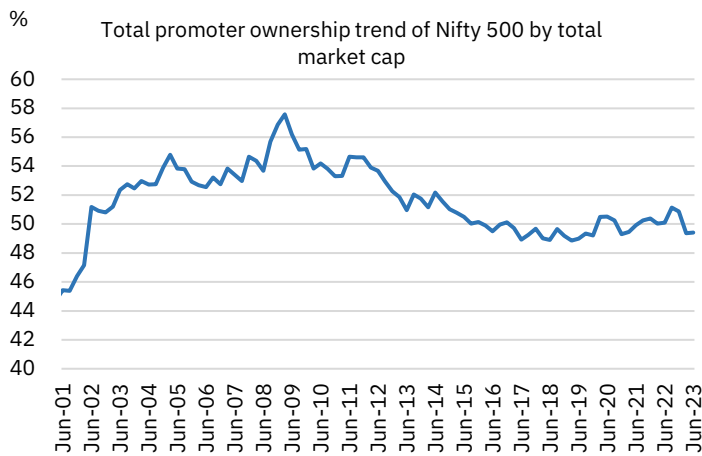
Retail ownership in the Nifty 500 Index fell sharply from the north of 16% in 2001 to sub-8% in 2013, hovered around these levels until December 2019 only to rise steadily until FY22. The last few quarters, however, have seen a slight dip in retail share, mimicking the trend seen in their trading activity during this period.

FII ownership in Nifty 500 saw a steady rise post the GFC until 2015, hovered in the 21-23% range until 2021 only to drop marginally after that.

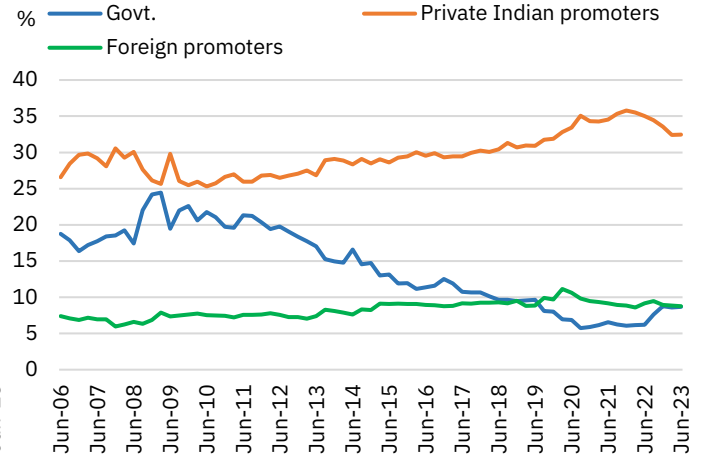
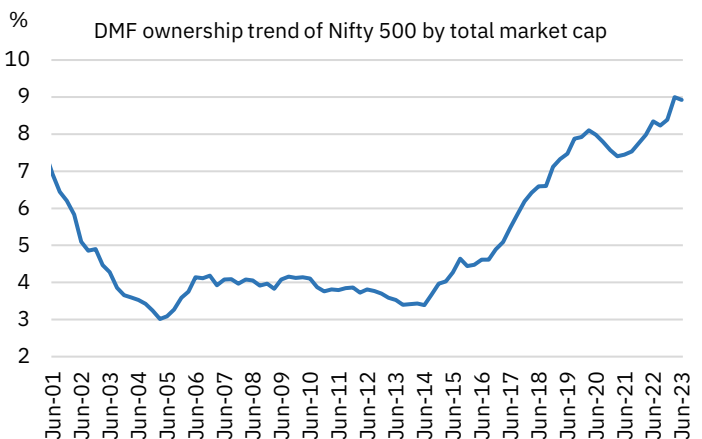
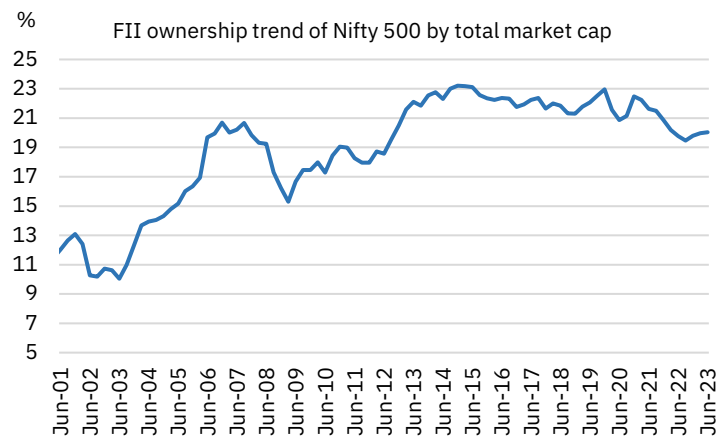
DMF share in Nifty 500 has been gradually rising since 2014, barring a dip in FY21, and is currently slightly lower than peak high levels.

Figure 54: Nifty 500: Long-term ownership trend across key stakeholders by total market cap


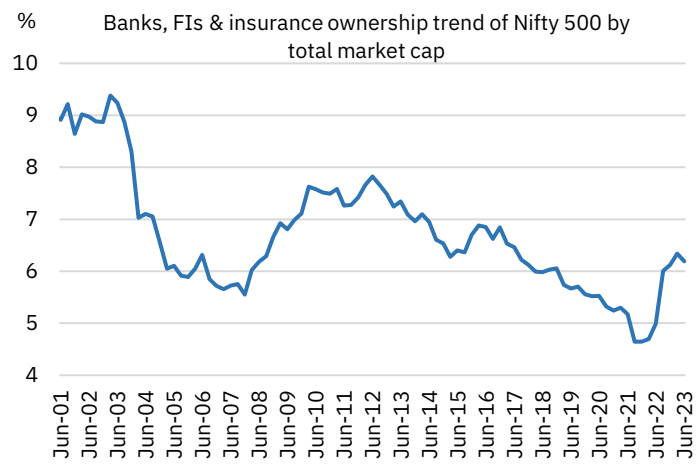
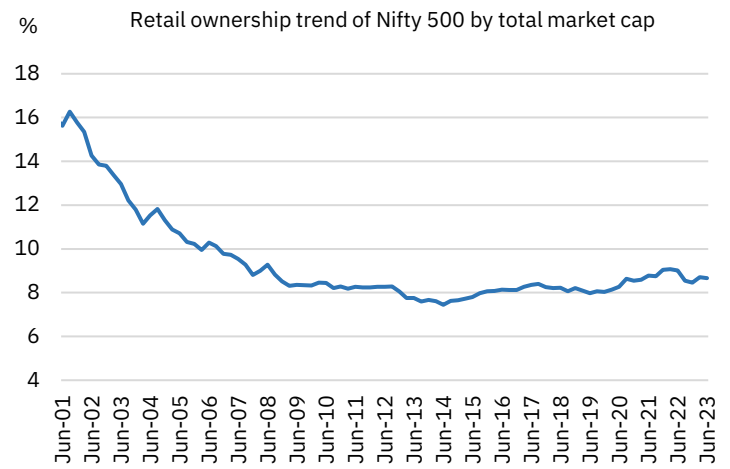
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians

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


Source: CMIE Prowess, NSE EPR.

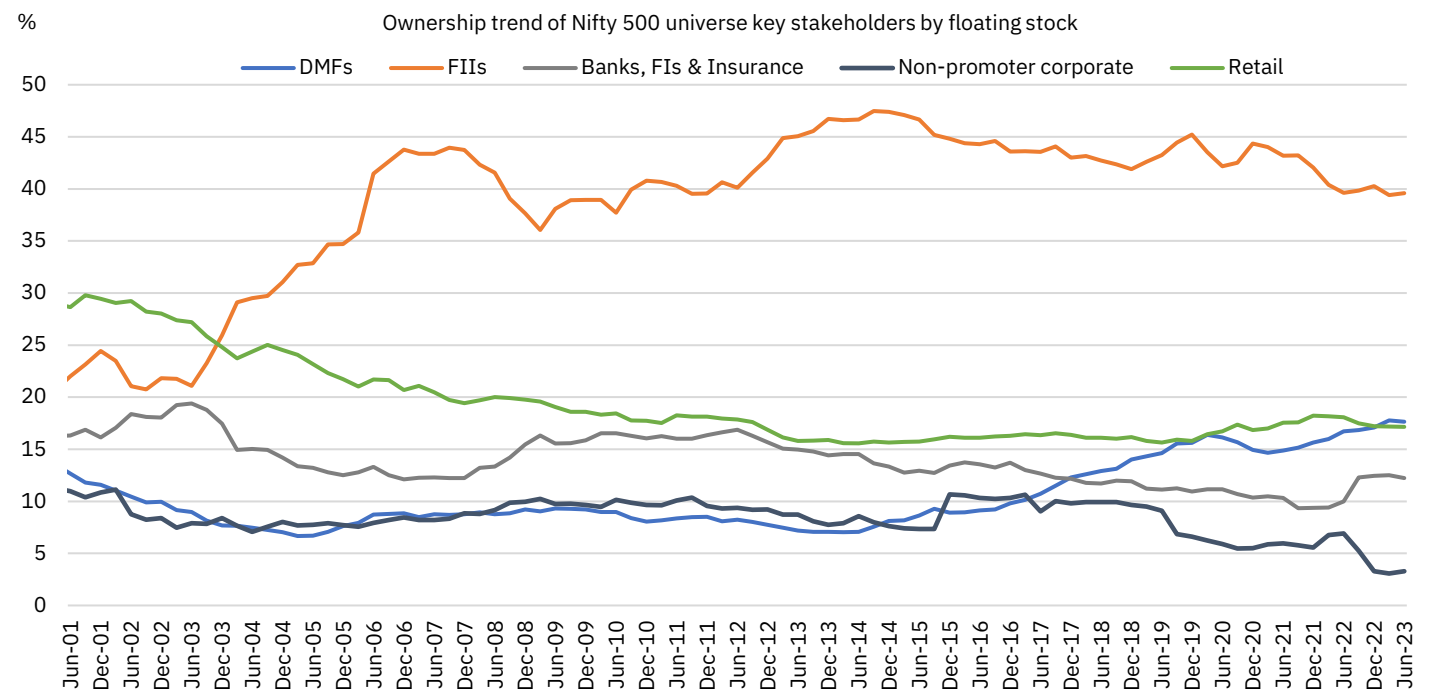
Figure 56: Indian and foreign promoter ownership trend of the Nifty 500 universe by total market cap

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

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


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

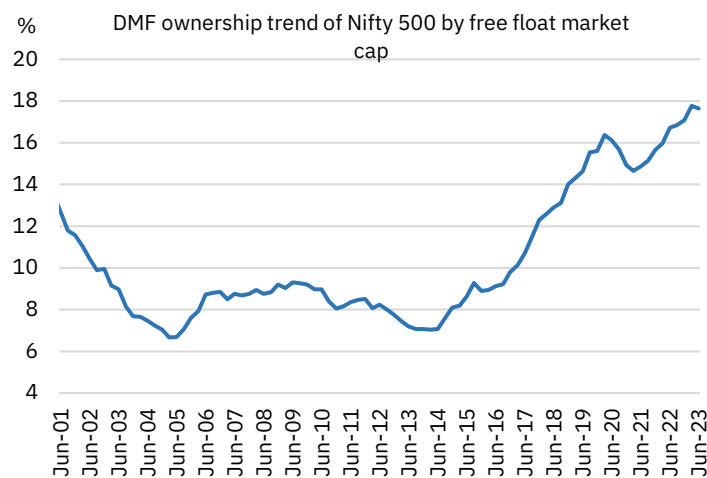
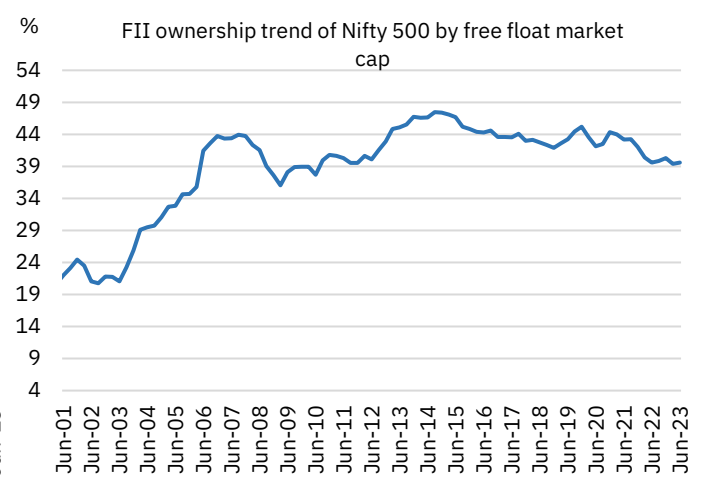
Figure 59: Banks, FIs & Insurance ownership trend of the Nifty 500 universe by total market cap

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


Source: CMIE Prowess, NSE EPR.

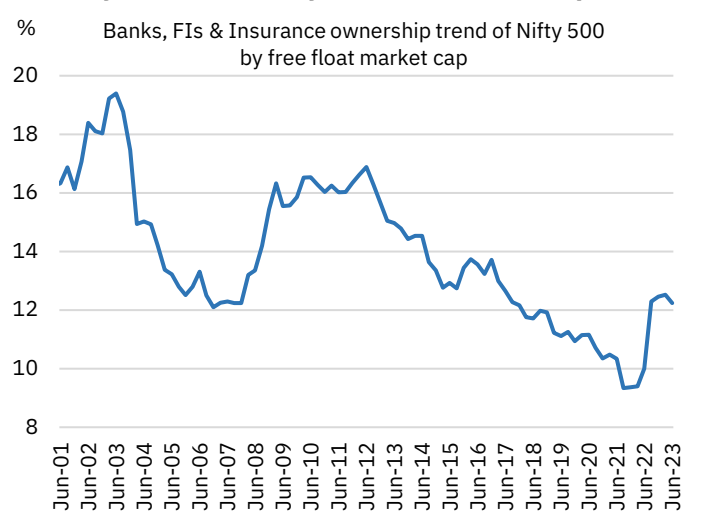
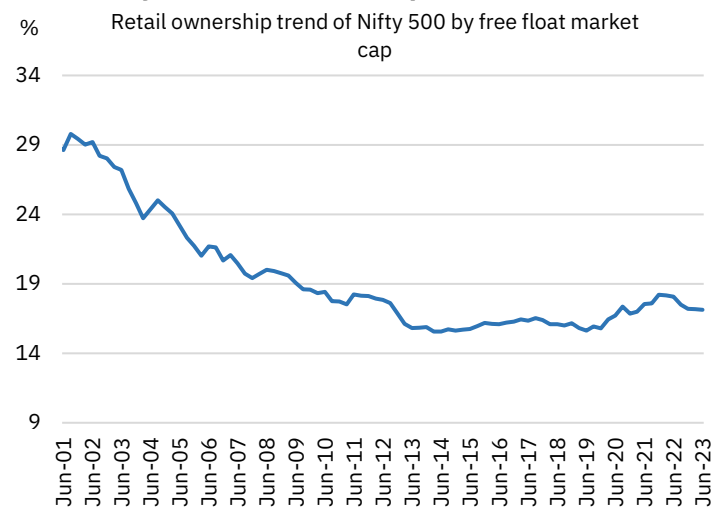
Our long-term ownership analysis on the floating stock of the Nifty 500 Index also shows that while DMF ownership is currently slightly below the highest level since 2001, current FII ownership is 7.9pp lower than the peak of 47.5% observed in the quarter ending September 2014.

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


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

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

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


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

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

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


Source: CMIE Prowess, NSE EPR.

Sector-wise ownership of the Nifty 500 universe (June 2023): As of June 2023, Real Estate sector had the highest promoter shareholding at 66.9%, up 36bps QoQ, followed by Utilities at 58.8% (-85bps QoQ) and Materials (+7bps QoQ). Financials recorded the largest increase in promoter stake (+110bps to 39.6%), while Consumer Staples and recorded the biggest decline of 113bps QoQ to 49.4%.

Utilities remained the top sector in terms of Government ownership, with a 121bps QoQ increase to an 11-quarter high of 25.3%. Financials stood second with a 6bps QoQ drop in Government share to 17.2%, followed by Energy (-25bps QoQ to 15.9%) and Industrials (+87bp QoQ to three-year high of 10.8%).

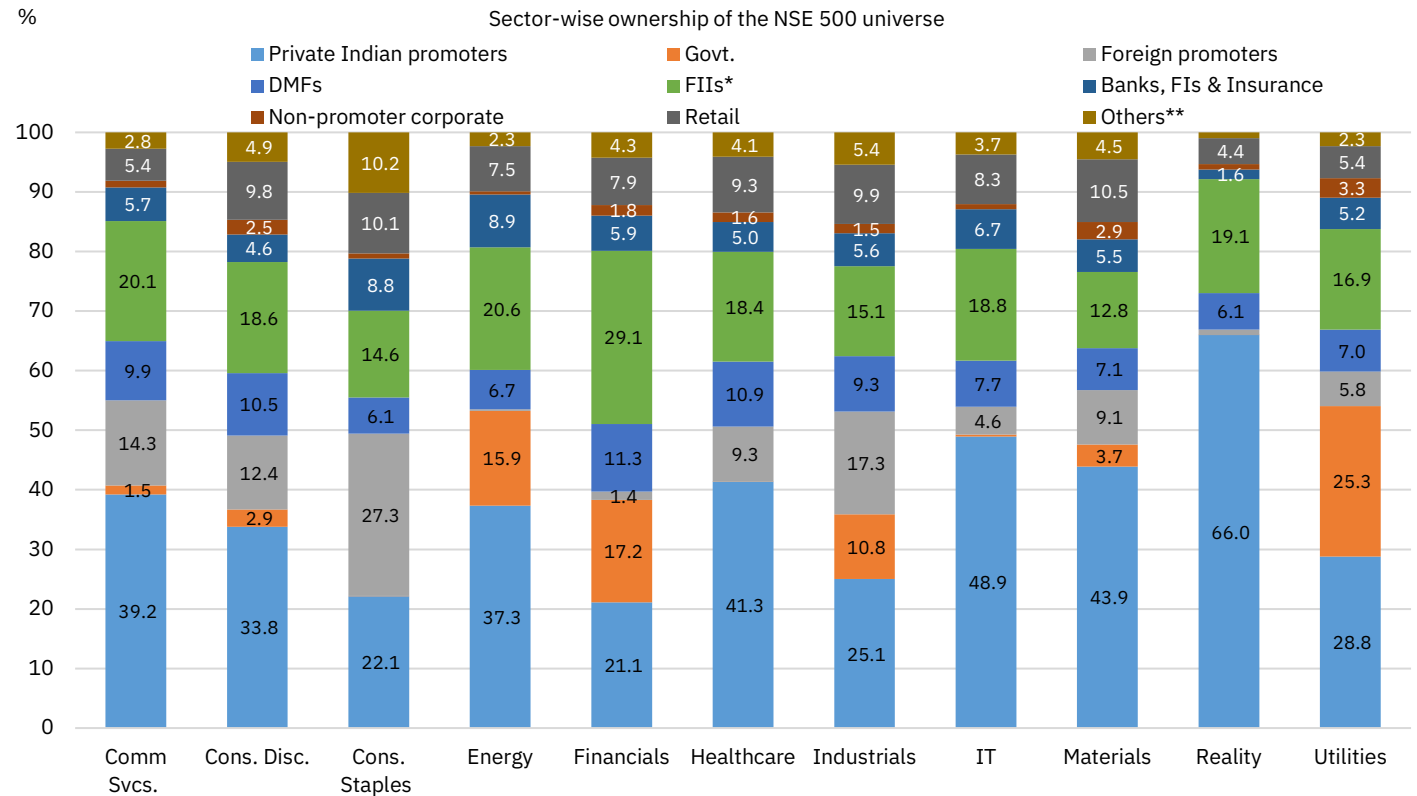
DMF share increased in the Nifty 500 universe in three sectors including Consumer Discretionary (+11bps QoQ to 6.1%), Consumer Staples (+16bps QoQ to 6.7%) and Utilities (+25bps QoQ to 7.1%). All other sectors saw the DMF share fall in the quarter gone by, with the steepest decline recorded in Financials (-37bps QoQ to 11.3%), followed by Industrials (-32bps QoQ to 9.3%) and Real Estate (-32bps QoQ to 6.1%). FIIs have remained the biggest non-promoter owners of Financials at 29.1% (-26bps

DMF share decreased or remained broadly steady or decreased on a QoQ basis across sectors other than Utilities, Consumer Staples and Consumer Discretionary within the Nifty 500 universe.

FIIs have remained the biggest non-promoter owners of Financials at 29.1% despite a decrease over the last ten quarters, as opposed to a steep increase of FII share in the sector within the Nifty50 universe.

QoQ). This was followed by Energy at 20.6% (+9bps QoQ) and Communication Services at 20.1% (-28bps QoQ). Besides Financials and Communication Services, Information Technology and Utilities also saw a fall in FII share, while all others saw the FII share within the Nifty 500 universe rise in the June Quarter.

Figure 66: Nifty 500: Sector-wise ownership pattern across key stakeholders (June 2023)



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

Sector allocation of the Nifty 500 universe for key stakeholders (June 2023): The table below shows the sector allocation for key stakeholders in Nifty 500 companies as of June 2023. The concentration of Government ownership in Financials, Energy, Industrials and Utilities sectors was at 91.1% as of June-end, down 11bps QoQ, primarily led by a steep decrease in Government portfolio exposure to Energy and Utilities, partly offset by a sharp rise in exposure to Industrials. This is a tad higher than Government exposure to these four sectors in the overall listed universe (90.1%). In the case of institutional investors, DMFs have a lower allocation to Financials at 32.2% compared to FIIs at 36.8%, and this gap has been steadily rising since the last three quarters. This is because while DMFs trimmed their exposure to Financials in the quarter gone by, FII holdings in this sector remained largely unchanged. That said, the gap still remains much lower than the average 9% over the last 22-year period.

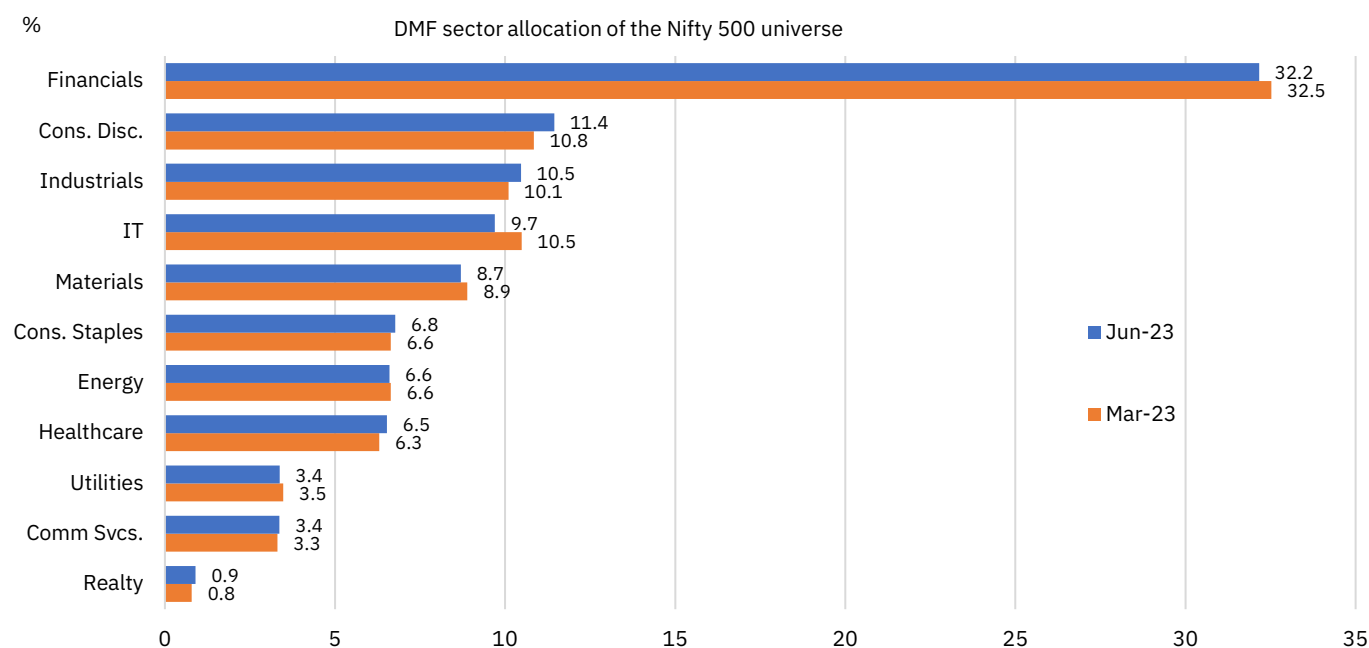
Table 9: Sector allocation of the Nifty 500 universe for key stakeholders (June 2023)

%	Private Indian promoters	Govt	Foreign promoters	Domestic MFs	FII*s*	Banks, FIs & Insurance	Non-promoter corporate	Retail
Communication Services	3.7	0.5	5.0	3.4	3.0	2.8	2.1	1.9
Consumer Discretionary	10.2	3.2	13.9	11.4	9.1	7.3	14.5	11.0
Consumer Staples	6.8	0.1	31.0	6.8	7.2	14.1	5.3	11.6
Energy	10.2	16.2	0.3	6.6	9.1	12.7	2.9	7.7
Financials	16.5	50.0	4.2	32.2	36.8	24.2	26.7	23.2
Health Care	6.8	0.0	5.7	6.5	4.9	4.3	5.3	5.7
Industrials	7.8	12.5	19.8	10.5	7.6	9.0	9.2	11.5
Information Technology	16.9	0.4	5.9	9.7	10.5	12.1	5.7	10.8
Materials	14.8	4.7	11.4	8.7	7.0	9.7	19.3	13.3
Real Estate	2.7	0.0	0.1	0.9	1.3	0.3	0.7	0.7
Utilities	3.8	12.4	2.8	3.4	3.6	3.6	8.5	2.6
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

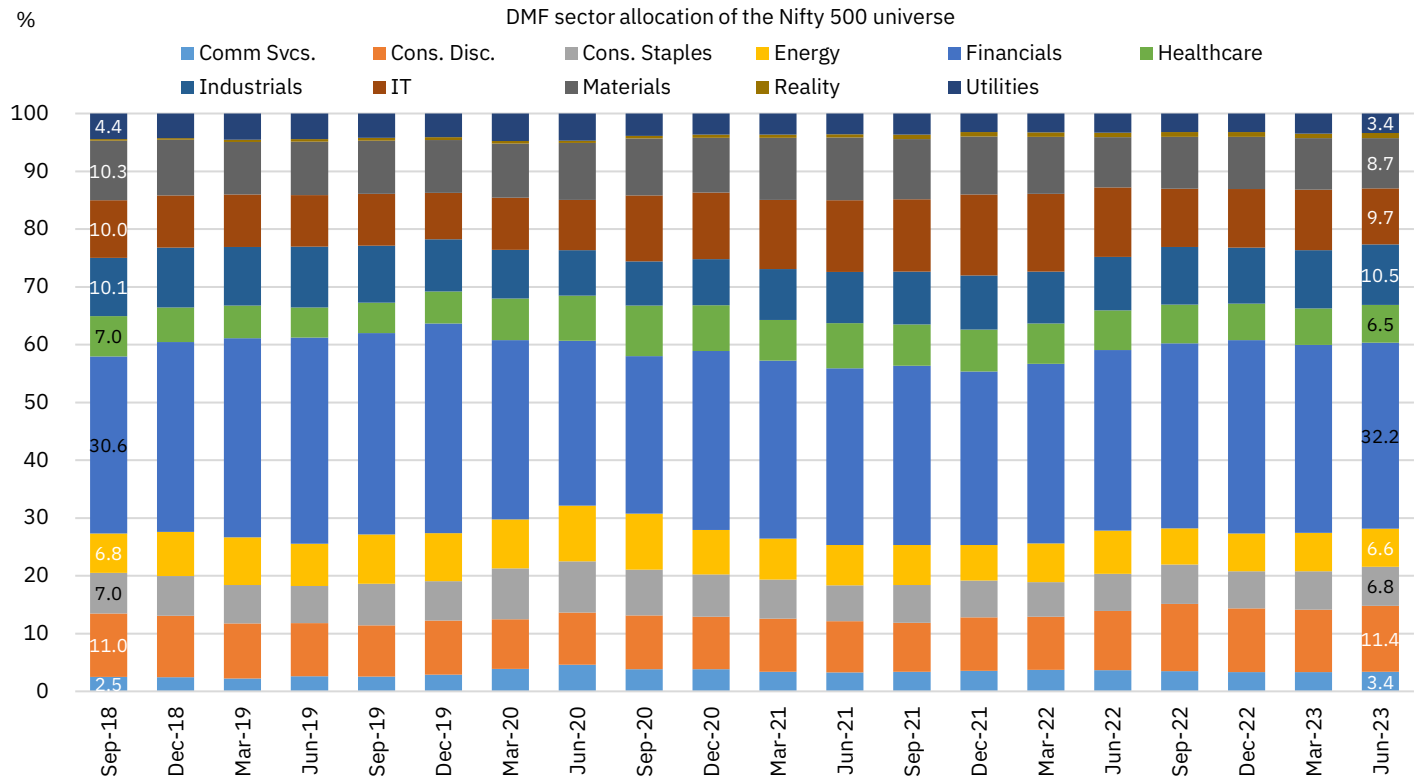
DMFs turned incrementally negative on Financials and Industrials: After remaining OW on Financials over the previous five quarters, DMFs turned neutral on the sector, contrasting the outsized OW bet on bigger financial companies, as seen from their allocation within the Nifty 50 universe. While DMFs remained OW in Consumer Discretionary and Industrials, their exposure in both sectors were brought down slightly in the June quarter. In fact, the extent of OW position in Industrials was the lowest since 2005. This decrease in exposure in these sectors was taken up by Consumer Staples, Energy and Information Technology, all of which saw the magnitude of UW position coming off in the quarter gone by. Among other sectors, DMFs maintained OW stance on Healthcare, Neutral on Communication Services, Materials, Real Estate and Utilities.

DMFs turned neutral on Financials and trimmed relative under-exposure to Consumer Staples and Energy, at the expense of reduced allocation to Consumer Discretionary and Industrials.

Figure 67: DMF sector allocation of the Nifty 500 universe (June 2023 vs. March 2023)


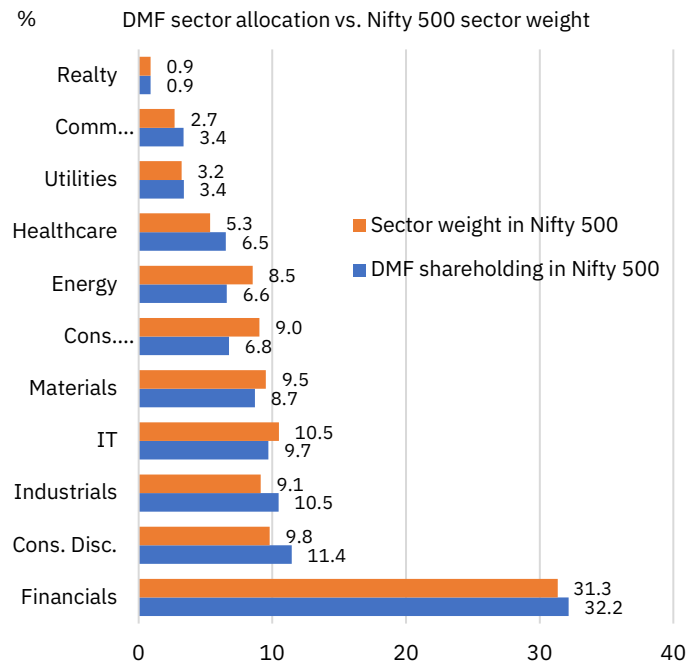
Source: CMIE Prowess, NSE EPR.

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



Source: CMIE Prowess, NSE EPR.

Figure 69: DMF sector allocation vs sector weight in Nifty 500 (June 2023)



Source: CMIE Prowess, NSE EPR.

Figure 70: DMF sector-wise OW/UW in Nifty 500 relative to sector weight in the index (June 2023)

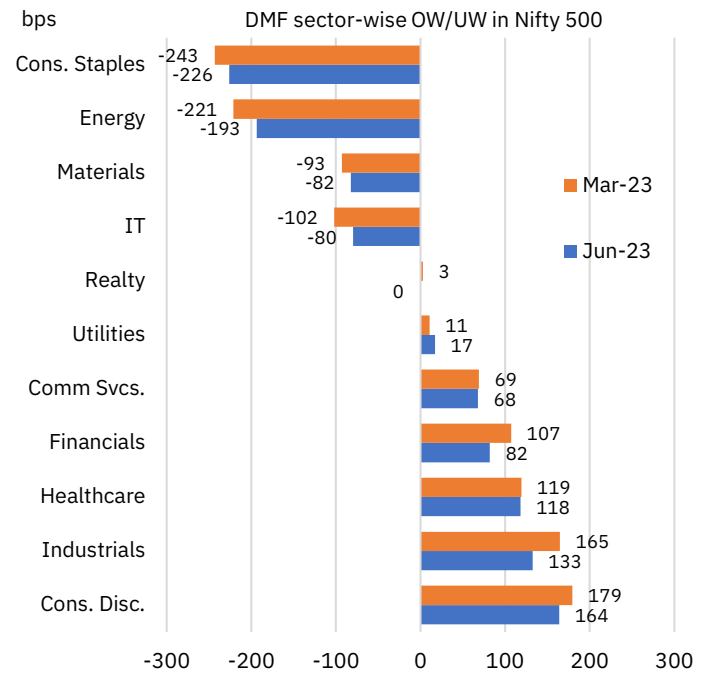
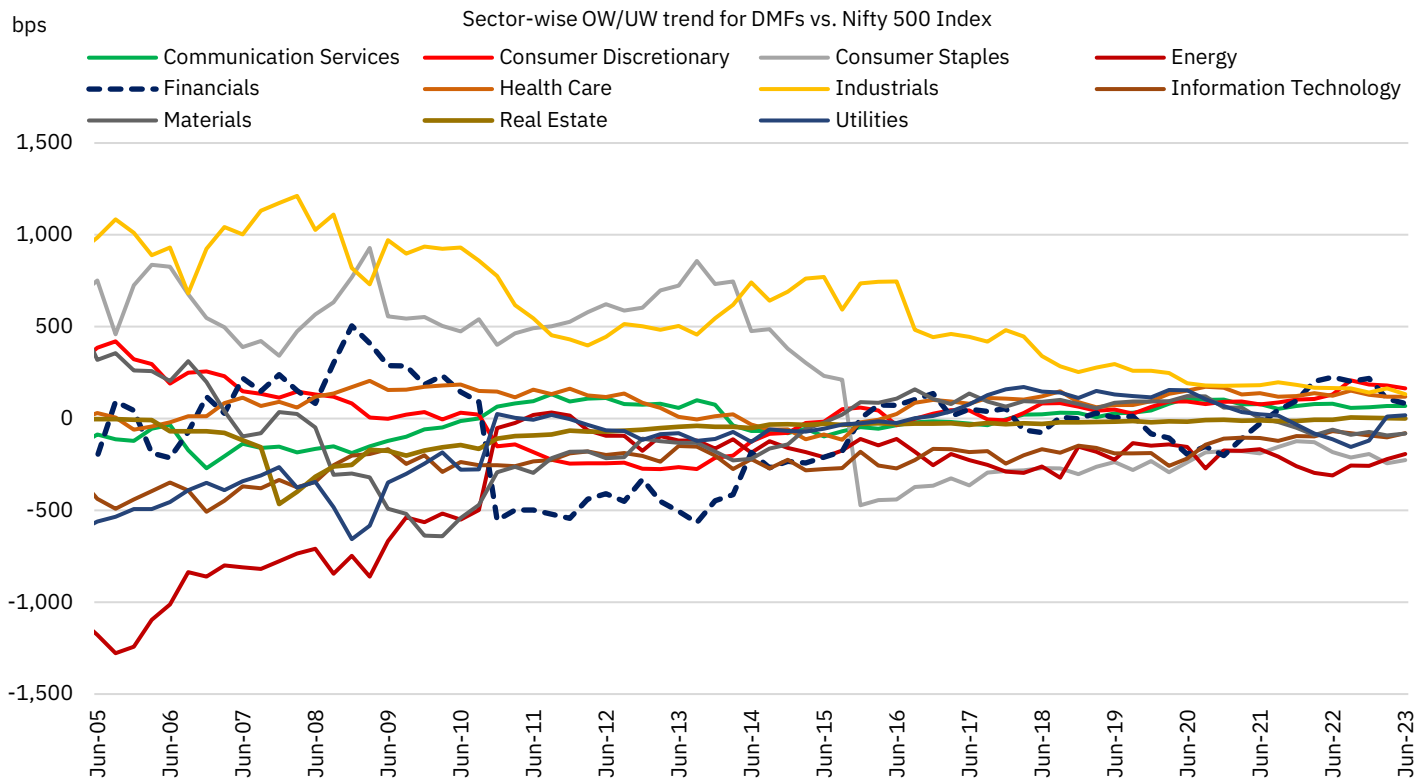
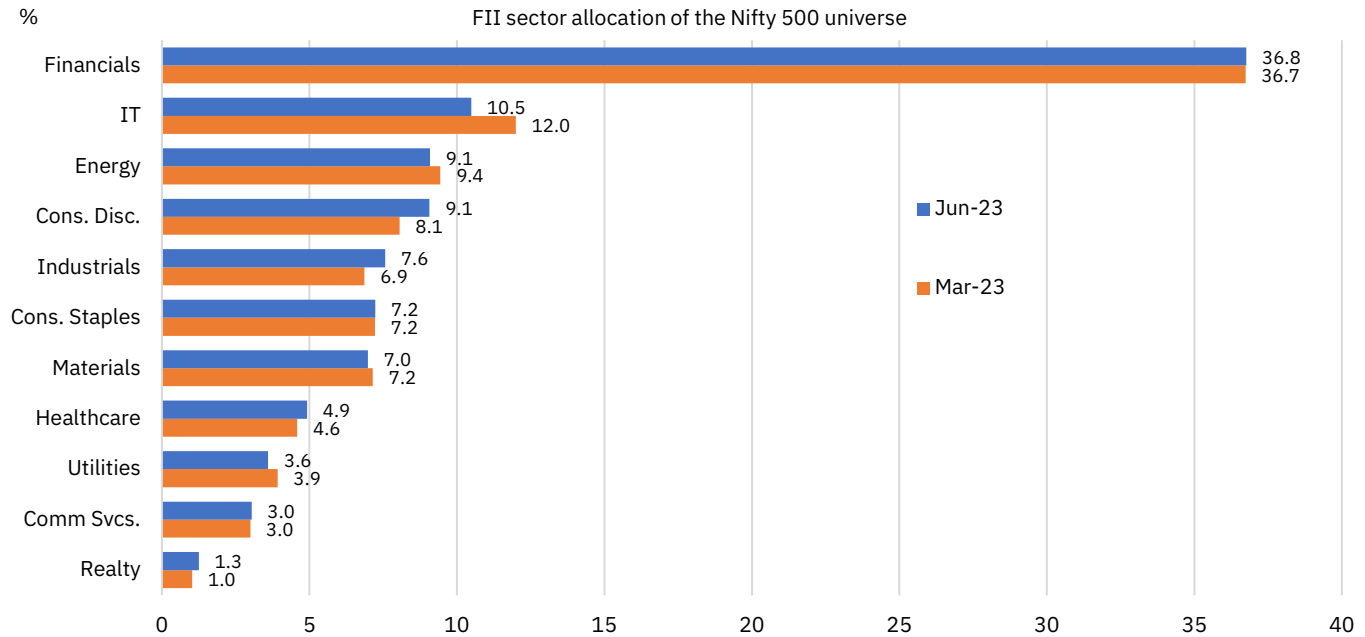


Figure 71: DMF vs Nifty 500—Sector-wise OW/UW trend (bps)


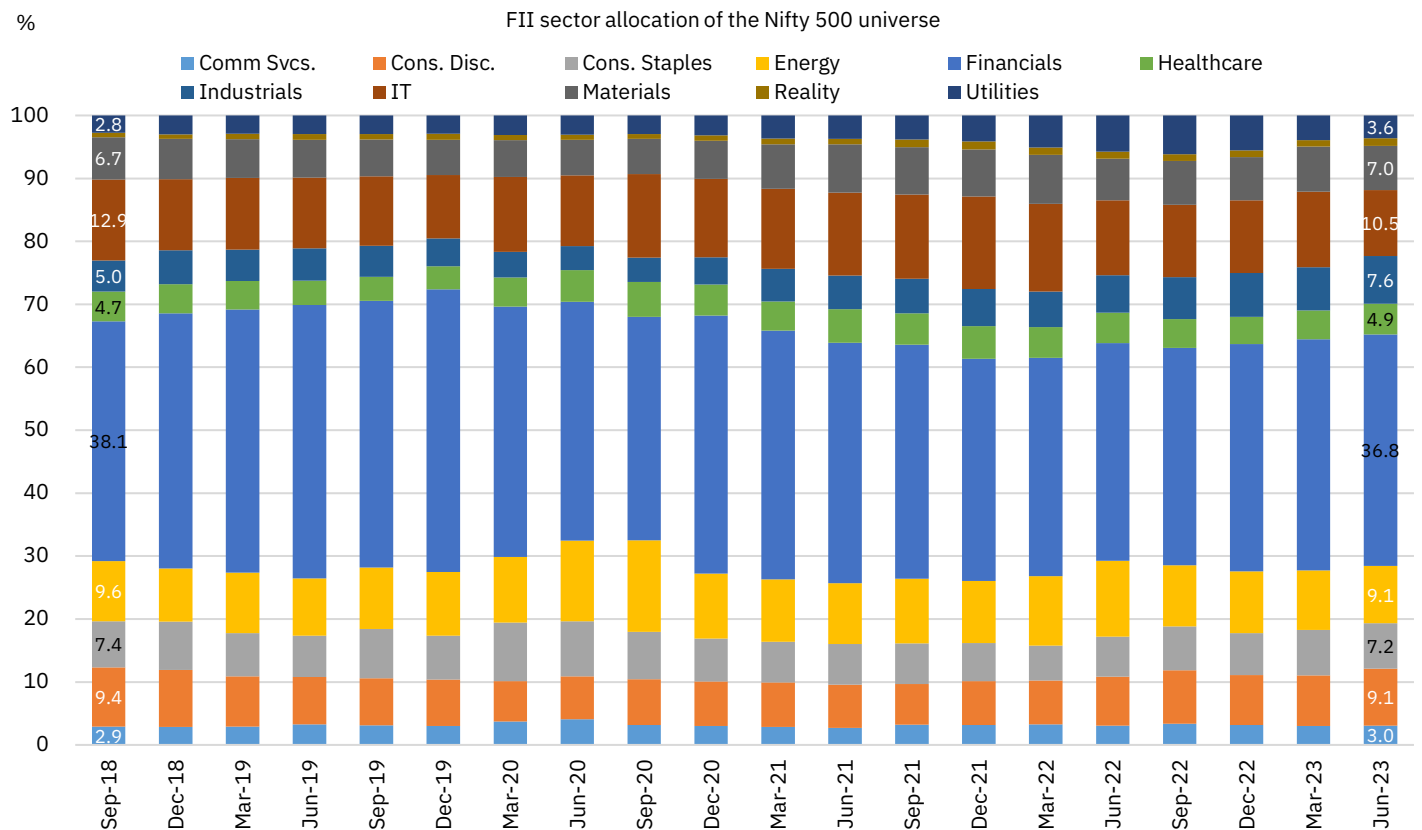
Source: CMIE Prowess, NSE EPR

FII's further increased outsized bet on Financials within the Nifty 500 Index and turned less bearish on India's consumption story: FIIs maintained their perpetual outsized OW bet on Financials with an incrementally higher exposure for the fourth consecutive quarter. FIIs turned slightly less negative on India's consumption story; while they remained UW in Consumer Staples, they turned neutral from UW on the Consumer Discretionary sector for the first time in eighteen quarters. No sector other than Financials had an OW position of FIIs compared to the Index in the June quarter. Contrary to DMFs, FIIs have perennially remained negative on the investment theme in the economy, maintaining their UW stance on Industrials and Materials since 2006 while they maintained a neutral stance on other sectors viz., Information Technology, Communication Services, Healthcare, Utilities, Energy and Real Estate.

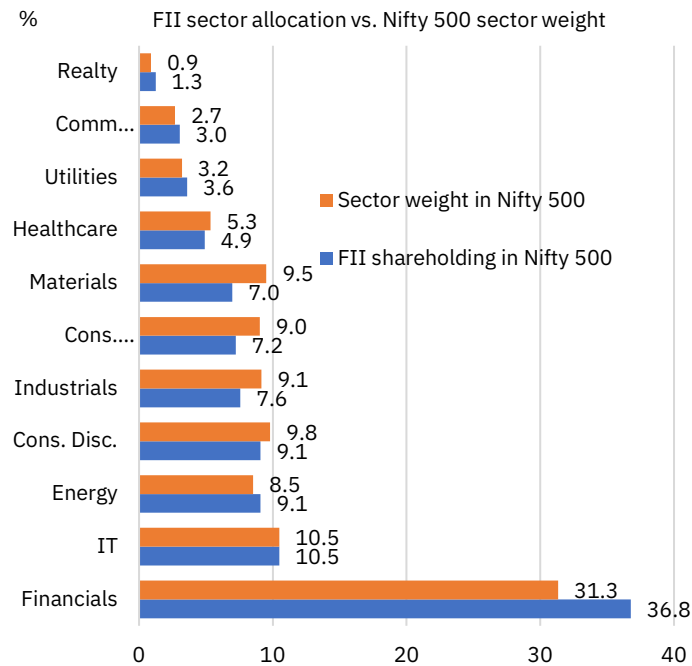
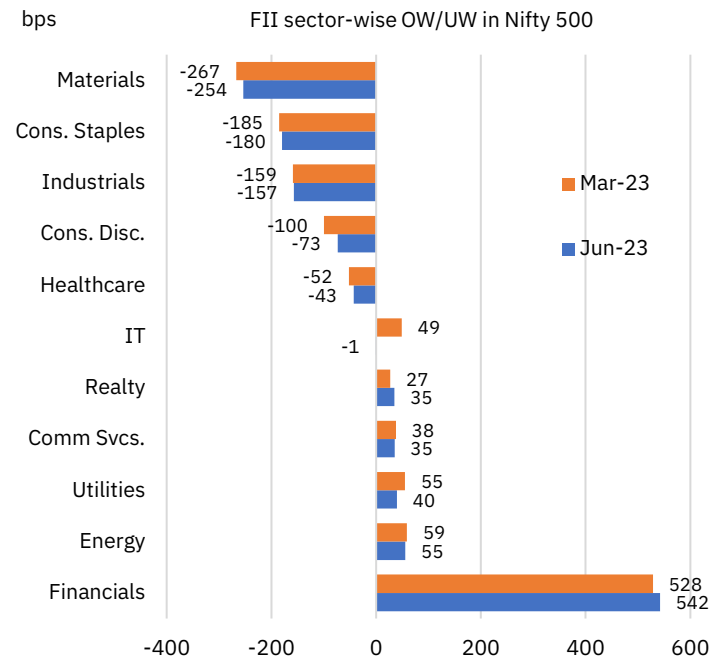
FIIs continued to play the India story through Financials with an incrementally higher allocation, trimmed OW exposure to Utilities and turned less bearish on Industrials and Consumer Staples.

Figure 72: FII sector allocation of the Nifty 500 universe (June 2023 vs. March 2023)


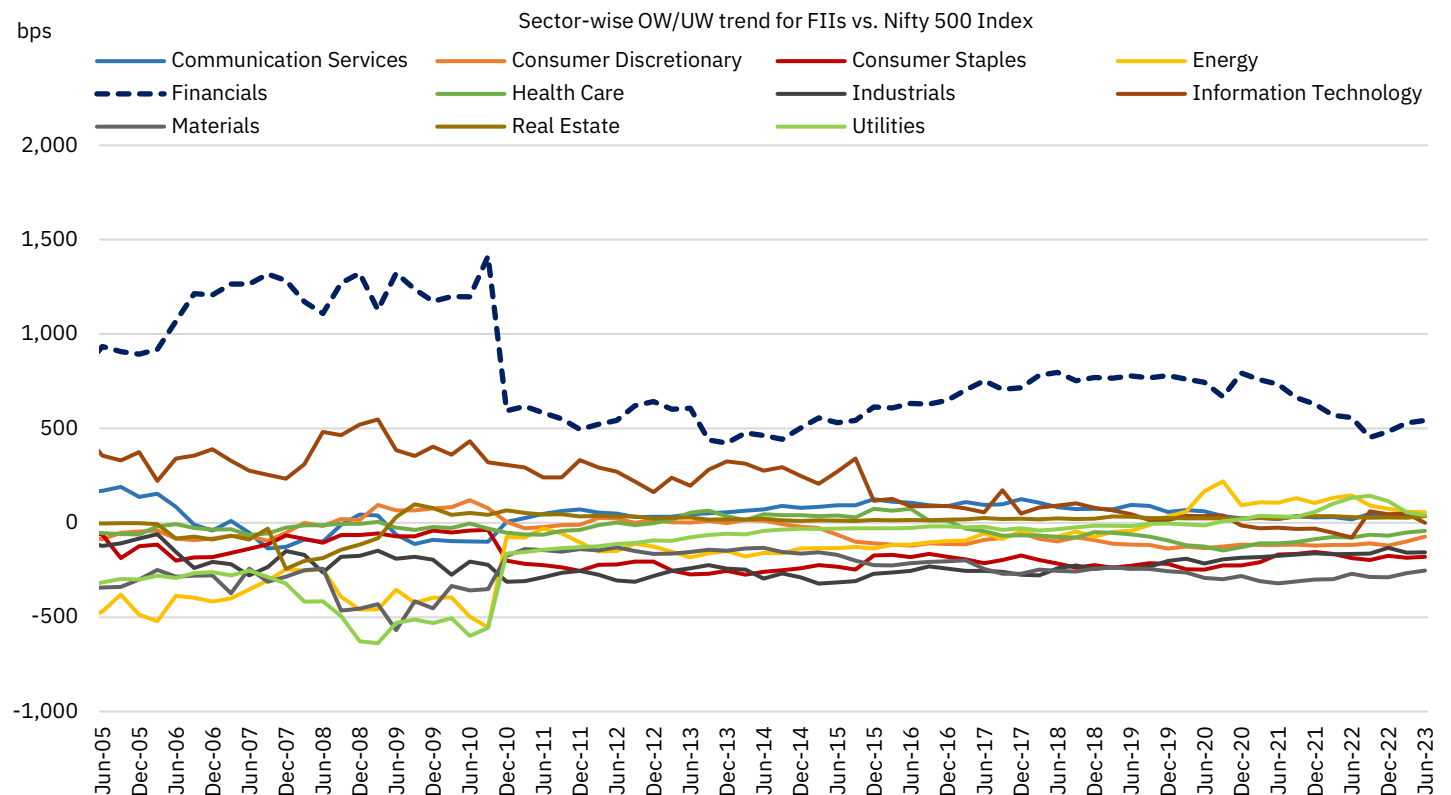
Source: CMIE Prowess, NSE EPR. *FII ownership includes ownership through depository receipts held by custodians.

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


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

Figure 74: FII sector allocation vs sector weight in Nifty 500 (June 2023)

Figure 75: FII sector-wise OW/UW in Nifty 500 relative to sector weight in the index (June 2023)


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

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


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

Institutional ownership concentration analysis

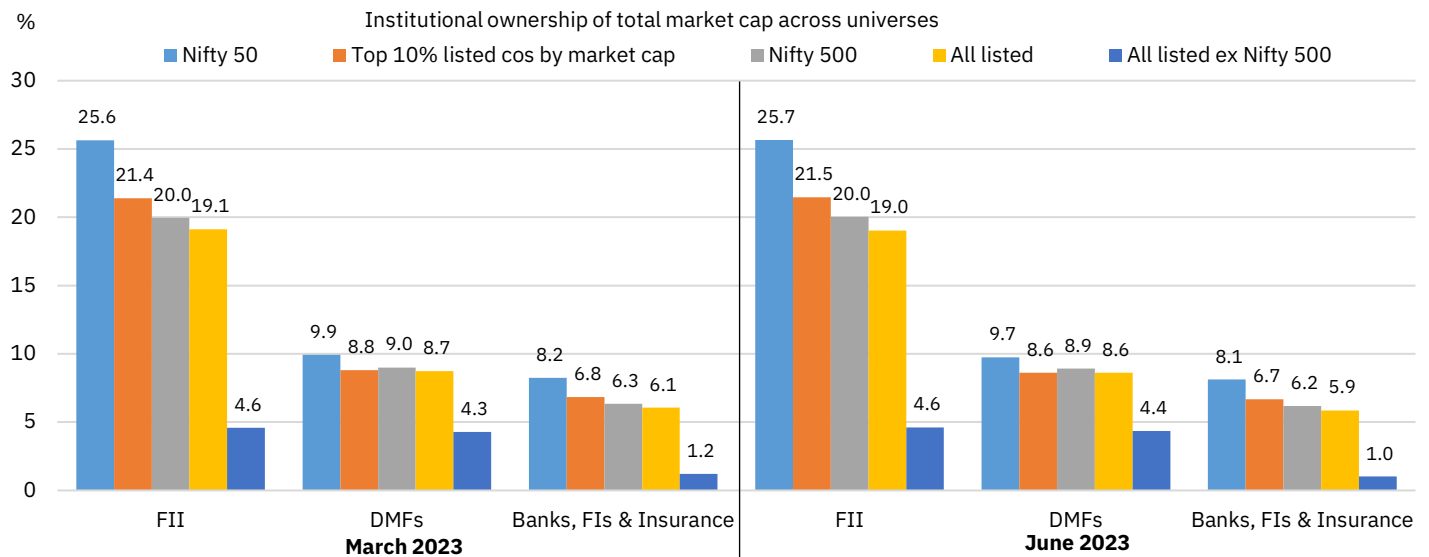
Institutional investor allocation to Nifty50 moderated after record highs in March:

The charts below depict how ownership for all institutional investor categories in the total market cap remained broadly steady across the board in the June quarter, barring a modest drop by BFIs in the listed universe ex Nifty500 companies.

Institutional investments historically have remained concentrated to Nifty50 companies. In the June quarter, however, share of Nifty50 companies in overall institutional investments fell by 176bps QoQ to 67.7%. This is primarily on the back of relative outperformance of mid- and smaller companies during the quarter and reduced allocation to some of the larger companies. This is evident in a 1.6pp drop in the share of Nifty 50 market cap in the total market cap of NSE listed companies. Among institutional investors, Banks, Financial Institutions and Insurance companies had the highest concentration to Nifty 50 companies at 72.2%, down 83bps QoQ, followed by FIIs at 70.2% (-183bps QoQ) and DMFs at 58.9% (-224bps QoQ).

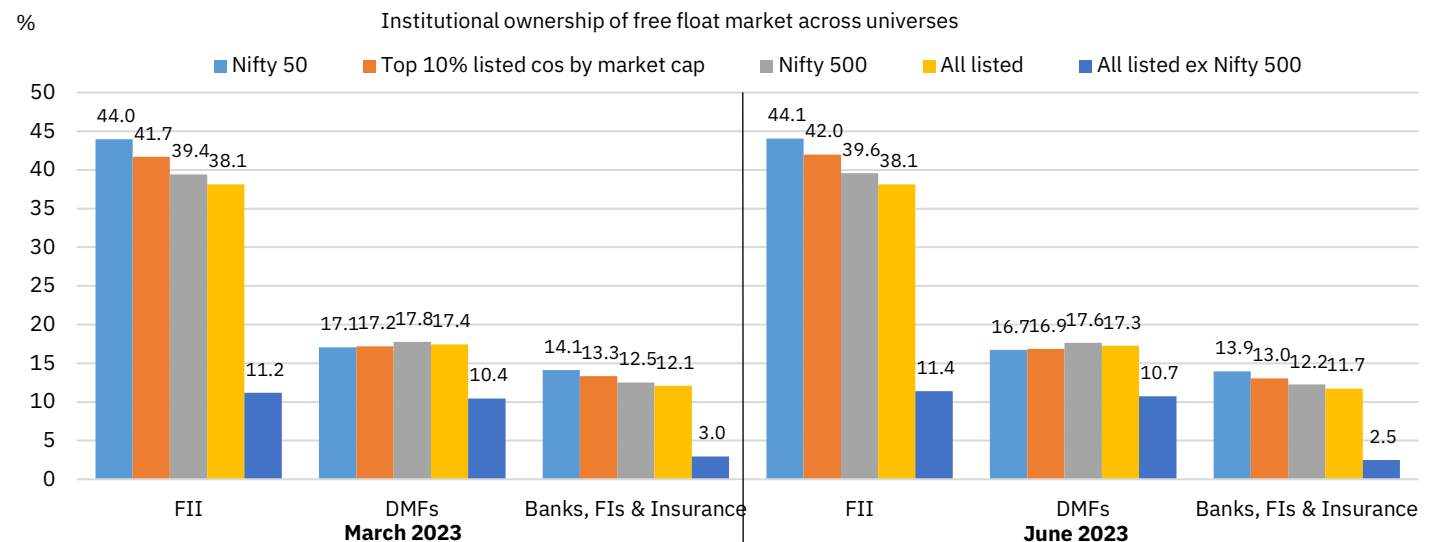
In the June quarter, share of Nifty50 companies in overall institutional investments declined by 176bps QoQ to 67.7%.

Figure 77: Institutional share of total market cap (June 2023 vs. March 2023)



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

Figure 78: Institutional ownership of floating stock (June 2023 vs. March 2023)



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

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

We now compare the depth of institutional ownership with its width in the market. We consider the FII portfolio in India since 2001, not in terms of its value, but in terms of the *number* of stocks. FIIs meaningfully expanded their invested pool of companies between 2020 and 2022, from near-1200 odd companies in December 2020 to 1450+ by December 2021 and 1770+ by December 2022, but the pool of companies dropped significantly in current year with figure at 1470+ at the end of June 2023. At the same time, the number of companies where FIIs owned at least 5% of the market cap has expanded marginally to 590-mark at the end of June 2023. That said, the ratio of count of such companies to the number of FII-owned companies in the NSE listed universe has declined meaningfully since the pandemic but expanded in the last two quarters and stood at 40.2% at the end of June 2023.

In contrast to foreign investors, the number of invested companies by DMFs within the NSE-listed universe has remained broadly steady at the ~1100 mark over the last 16 years. That said, the number of companies where DMF hold more than 5% has more than doubled from ~209 in March 2014 to 470 in June 2023, thanks to fresh capital infusion into such companies, partly funded through rising SIP inflows. The ratio of count of such companies to the total number of DMF-owned NSE listed companies now hovers at a 22-year high of 42.1%. Rise in the share of number of companies where FIIs and DMFs have 5%+ share points to strengthened portfolio concentration.

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

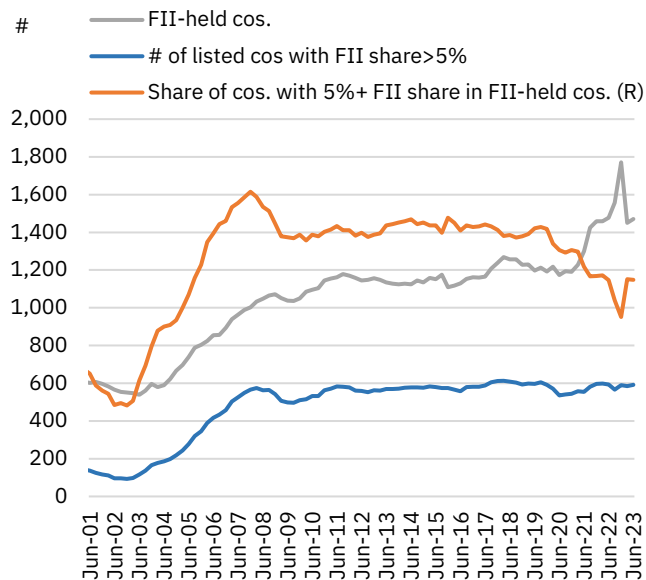
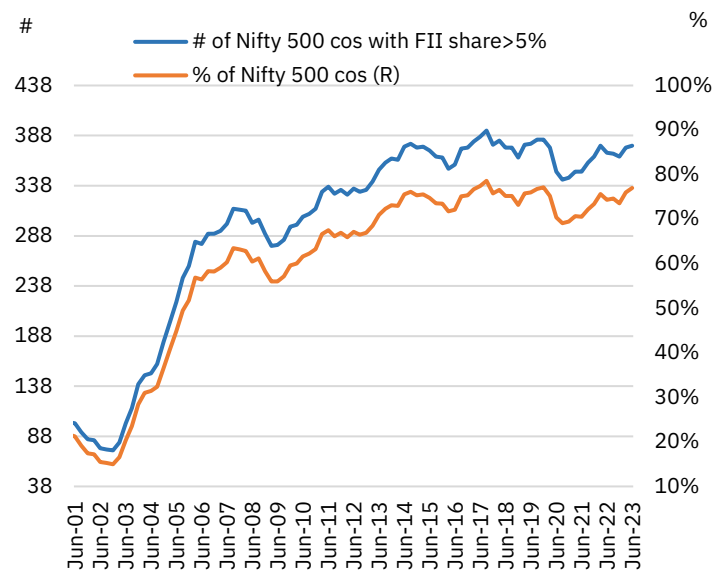
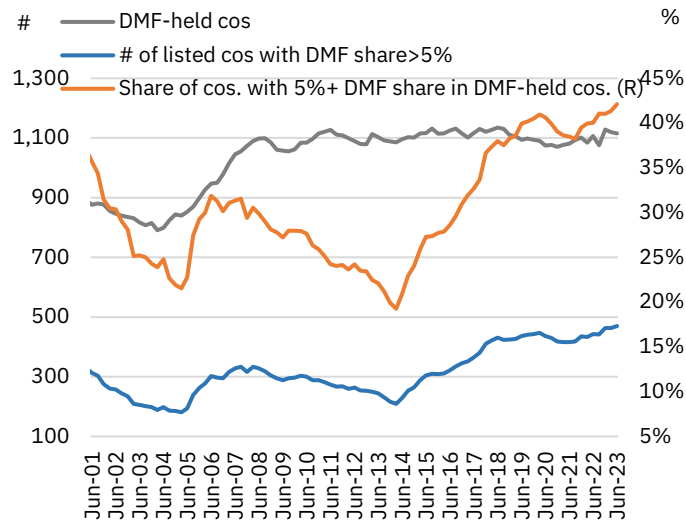
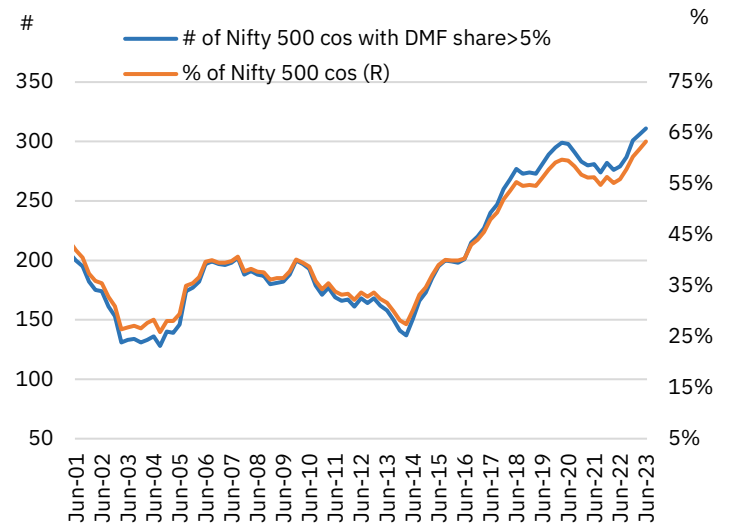


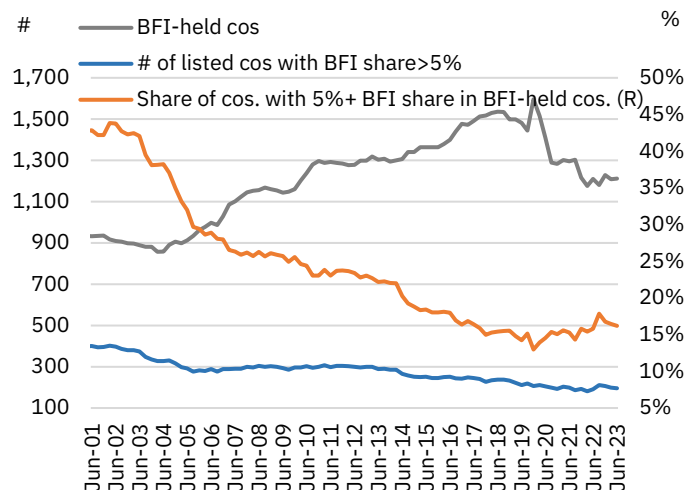
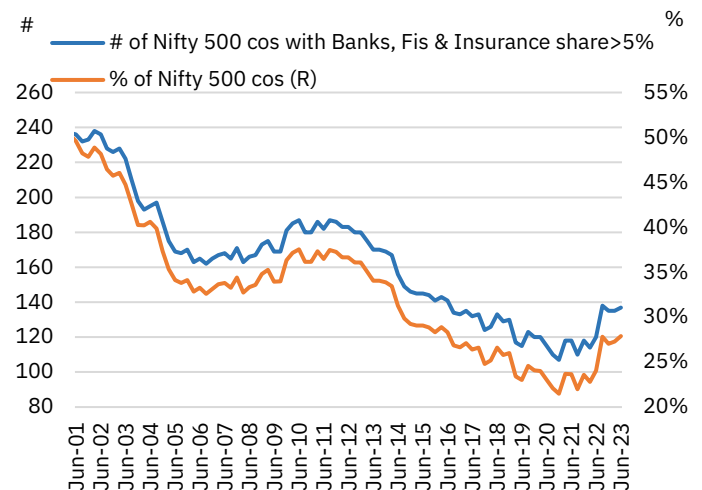
Figure 80: Number of Nifty500 cos with FII holding >5%



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

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

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


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

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

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


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

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