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FIIs' HOLDINGS FALL AMID GLOBAL UNCERTAINTY

Promoters Back to the Roots, Hike Stakes in NSE Cos

Collective ownership in Q1 at 2-yr high, sends a positive signal on biz long-term prospects

Kairavi Lukka

Mumbai: Indian promoters demonstrated enhanced commitment to the businesses they run as net stock buyers in the June quarter, driving ownership in NSE-listed companies to a two-year high, even as the collective holdings of foreign institutional investors (FII) slipped to the lowest in 14 years amid soaring oil prices.

Promoters bought shares worth ₹36,336 crore during the quarter, the most in four years since June 2022, showed data from primeinfobase.com.

At the end of the quarter, 41.36% of stock was held by private promoters, 8.83% by the government of India, 15.88% by FIIs, 19.15% for domestic institutional investors (DIIs), and 9.51% by retail and HNI investors. "There is no one who knows more or better about the business and its valuation than the promoters. Thus, their decision to buy shares is always a positive signal," said Pranav Haldea, managing director, Prime Database Group.

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Buy & Pie

Consolidated shareholding of all cos listed on NSE (%)

		Private promoters	FIIs^	DIIs*	Others
FY25	Q1	40.9	17.4	16.2	25.5
	Q2	41.4	17.5	16.5	24.6
	Q3	41.1	17.2	16.9	24.8
	Q4	40.8	17.2	17.6	24.4
FY26	Q1	40.6	17.0	17.8	24.6
	Q2	40.7	16.7	18.3	24.3
	Q3	40.8	16.6	18.7	23.9
	Q4	40.6	16.1	19.2	24.1
FY27	Q1	41.4	15.9	19.1	23.6

Source: primeinfobase.com

Note: Data as of end of each quarter

^FPIs, FDI, foreign SWFs & ownership via depositary receipts held by custodians

*Domestic MFs, insurance cos, banks/NBFCs, FIs, pension funds, domestic SWFs, ARCs

Attractive Valuations

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"After continuously selling during the market highs in 2023 and 2024, their return is a telling sign that valuations had become attractive and that the market may have bottomed out," said Haldea.

Shripal Shah, MD & CEO, Kotak Securities, said the increase in stakes by promoters is generally a sign of confidence in the business and its long-term prospects, but should always be evaluated alongside company-specific fundamentals and the broader industry outlook before any conclusions are drawn.

During the quarter, the Nifty 50 rose 5.2% despite the ongoing US-Iran conflict, which drove crude oil prices to nearly $120 a barrel.

Feroze Azeez, joint CEO, Anand Rathi Wealth, said that decline in FII shareholding was largely driven by lack of appetite for global risks due to a series of uncertainties in recent times, such as tariff tensions, and geopolitical escalations.

"From the market sentiment perspective, this trend should be viewed as constructive, as promoter buying reflects confidence from management, while declining FII ownership should not be viewed as a negative as it is driven by multiple global factors, and they eventually come back to markets once uncertainties settle," Azeez said.

DEEP POCKETS

DIIs, retail investors and HNIs have absorbed much of the foreign sell-off, as their combined ownership share reached an all-time high of 28.66% as on June 30, showed primeinfobase's data.

"While FPI ownership has continued to decline due to sustained foreign selling, this has largely been absorbed by domestic investors, including mutual funds, PMS investors and, in some cases, promoters themselves," said Shah of Kotak. "The trend highlights the growing strength of domestic participation in Indian markets."

Overseas funds have remained heavy sellers during this year, and net sold shares worth Rs 1.5 lakh crore in the first quarter.

Sectorally, while domestic institutions increased their allocation most to industrials, they decreased their allocation the most to information technology stocks, which was also the least favoured sector by foreign investors. Other than that, the FIIs increased their allocation most to financial services companies.