

# Retail investors' exposure in NSE cos at all-time high in Q1

In value terms, retail holding in NSE-listed companies jumped 16% to a record high of ₹16.18 tn

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**S**mall investors in India pumped more money into stock markets and lifted their holdings in listed companies to a record high in the June quarter, undeterred by a brutal second wave of the pandemic.

Retail investors increased their exposure to NSE-listed companies to an all-time high of 7.18% in June from 6.74% a year earlier, data compiled by Prime Database showed. At the end of March, this was 6.96%. In India, individuals with shareholdings of up to ₹2 lakh in a listed company are considered retail investors.

The benchmark Nifty gained 7% in the June quarter. In value terms, retail holding in companies listed on NSE jumped 16% to an all-time high of ₹16.18 trillion from ₹13.94 trillion as of March-end.

"A buoyant secondary market and a flurry of new listings have helped channelize retail savings into the capital market. These trends also show the willingness and preference of individual investors to invest directly, rather than indirectly via mutual funds," said Pranav Haldea, managing director, Prime Database Group.

As markets continued to rise in the last six months, mostly driven by liquidity, retail investors continued to put their money into stock markets, typically chasing returns. Investors opened a record 7.2 million demat accounts in the June quarter, according to Securities and Exchange Board of India (Sebi) data. A total of 2.6 million demat accounts were opened in May and June, rising significantly from the 1 million new demat accounts in June 2020 and 0.7 million demat accounts in May last year. There were 62.16 million demat accounts as of June-end. A demat account is opened by an investor with a depository

## Pumping money

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participant to invest in securities such as stocks and bonds. The securities are held in digital format.

Strong first-day gains of newly-listed stocks attracted retail investors with initial public offerings (IPOs) worth a total of ₹12,422.72 crore launched in the last quarter. Out of six issues in this period, three were subscribed more than nine

increased by a much higher 44.51%.

However, retail holdings in Nifty companies was a meagre 6.89% while they held 15.84% in mid and small cap firms in the June quarter.

As of June-end, the top 10 companies with the most increase in retail holdings in percentage terms are Ortin Laboratories, Asian Granito, UFO Movies India,



Retail holding increased in 958 NSE companies in the last quarter. MINT

earlier. The shareholding of insurance companies also fell to a five-year low of 4.89% as on June. Holding of foreign portfolio investors as of June-end was 21.66%, compared to 22.46% in the March quarter and 21.05% a year earlier.

Analysts expect the bullish market trend to continue with the economy emerging from regional lockdowns put in place to contain the covid-19 pandemic and progress on vaccinations. In the past year, MSCI India (up 41%) has outperformed the MSCIEI (up 18%). In the past decade, MSCI India has outperformed MSCIEI by 147%.

"Nifty now trades at a 12-months forward price to earnings and price to book of 20.5 times and 3 times, respectively. Thus, the risk-reward is relatively less lucrative in the near term," said Motilal Oswal Financial Services. The brokerage firm said the damage from the second covid wave and consequent lockdowns in April and May is much less than the national lockdown in the June quarter last year.

## ROBUST DEMAND

**AS** markets gained in the last six months, retail investors put their money into stock markets

**SMALL** investors opened a record 7.2 million demat accounts in the June quarter, as per Sebi

**STRONG** first-day gains of newly-listed stocks in the last quarter also attracted these retail investors

**HOWEVER**, holding of domestic mutual funds in NSE-listed companies fell to 7.25% as of June-end

times by retail investors alone.

Overall, retail holding increased in 958 companies listed on NSE in the last quarter. The average stock price of these companies in the same period increased by 37.79%. On the other hand, retail holding fell in 658 companies. The average stock price of these companies

Vikas Scotch, PIL Italica Lifestyle, Visagar Polytex, Uttam Galva Steels, Vaishali Pharma, Subex, and Libas Consumer Products.

Meanwhile, holding of domestic mutual funds in NSE-listed companies fell to 7.25% as of June-end from 7.26% in the March quarter and 7.81% a year