

Promoters sell \$10 b of equities in CY23: Report

BREAKING IT DOWN. Bulk of selling driven by efforts to pare 'high' purported debt

Our Bureau

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Calendar year 2023 has seen a sharp increase in sell-downs by promoters and PE/VC investors compared to the previous years.

Promoters have offloaded almost ₹87,000 crore (~\$10 billion) of equities this year, the highest in the past six years and 2.2x that in the previous year, a report by Kotak Institutional Equities observed. Adani Group promoters sold ₹37,000 crore, accounting for almost 40 per cent of overall promoter selling this year.

Automobiles and components, capital goods, electric utilities, IT services and transportation sectors have seen the bulk of the promoter



*through bulk/block deals in NSE-500 stocks Source: Prime Database, Kotak Institutional Equities

selling so far this year, while insurance and IT services accounted for a large portion of promoter selling over 2018-23.

“We would attribute only a small portion of promoter sales to bullish equity market conditions. A large portion of the sales by promoters pertains to holding companies of promoters raising cash to manage ‘high’ purported debt in promoter holding compan-

ies (Adani Group companies, Vedanta). Another meaningful portion is due to the exit of one of the promoters from a company (HDFC Life, CIE India) for strategic reasons (portfolio rationalisation),” the report said. As a result of these sell-downs, promoter holding in the BSE-200 Index has declined to 48.8 per cent in the June 2023 quarter from 50.3 per cent in the Dec-22 quarter, while the combined

holding of domestic investors has increased by 90 bps to 23.5 per cent at the end of the Jun-23 quarter.

FPI's holding

The holding of FPIs has increased by a modest 26 bps to 21.7 per cent over the same period, while the holding of others (such as AIFs and PMS) has increased 31 bps to 6 per cent.

Vivek Soni, Partner & National Leader - PE Services, EY India, said, “Indian equities are near lifetime highs, which may have prompted promoters to sell some of their stakes in their listed holdings. The recent promoter and PE sell-downs also showcase the increasing depth and liquidity of Indian markets which are making large block deals with minimal discounts possible.”