

Adani stocks now have prominent investor base

FPIs in question no longer have significant exposure to these stocks

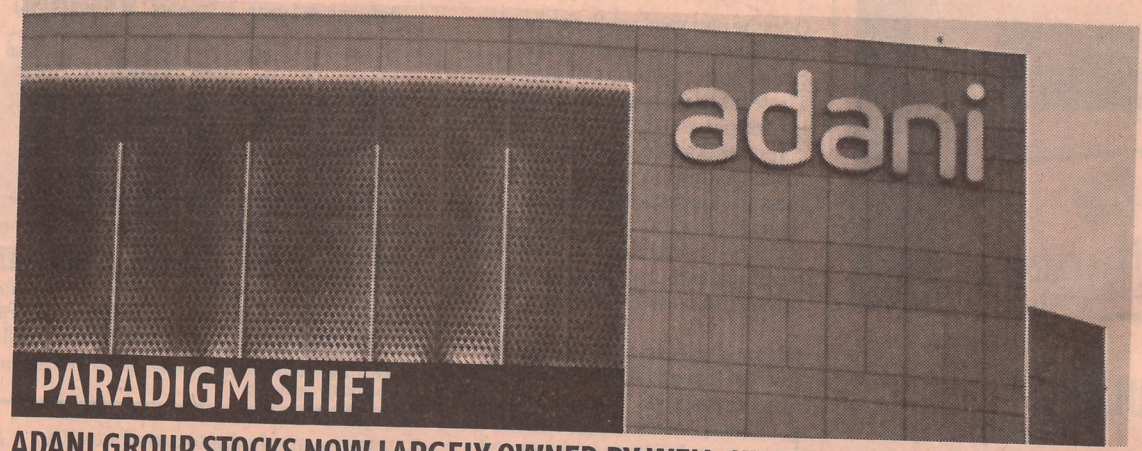
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Mumbai, 23 April

Amid intense scrutiny from short-sellers and regulators, Adani group stocks have seen a significant shift in their shareholder base: Relatively opaque foreign portfolio investors (FPIs) have given way to more recognisable investors and broad-based funds.

The list of large public shareholders — those directly holding at least 1 per cent — is now dominated by entities, such as the state-owned Life Insurance Corporation (LIC), US-based GQG Partners, Abu Dhabi-based International Holding Company, and Qatar Investment Authority's INQ Holding. Domestic mutual funds have also begun to embrace the stocks belonging to the ports-to-cement conglomerate, thanks in part to their inclusion in popular indices, such as the Nifty50 and Nifty Next 50, shows an analysis of publicly available shareholding data disclosed by stock exchanges.

“During the recently concluded March 2024 quarter, FPIs increased their holdings in seven out of 10 listed Adani group firms. Retail and domestic investors have also increased their stakes in most companies. Barring one or two legacy investments, there is no scope to point fingers at the existing structure of Adani group firms. As the group improves operational performance, reduces debt levels, and brings valuations to more acceptable levels, it will find even greater acceptance among a wider investor audience,” an analyst noted.

Rewinding a few years, the story was different: Large public shareholders in most Adani group companies were based in Mauritius. Even regulators are struggling to identify their ultimate beneficial ownership (UBO). Some of the funds currently under investigation by the markets regulator, Securities and Exchange Board



PARADIGM SHIFT

ADANI GROUP STOCKS NOW LARGELY OWNED BY WELL-KNOWN FUNDS

Top public shareholders (% equity)

	Mar '17		Mar '24	
ADANI ENERGY SOLUTIONS	Elara	4.26	GQG	4.53
	Cresta	3.83	Envestcom	3.82
	LIC	2.55	LIC	3.00
ADANI ENTERPRISES	Cresta	4.33	IHC	4.68
	Elara	3.07	LIC	3.93
	LIC	2.55	GQG	3.38
ADANI POWER	Opal Investments	5.53	GQG	5.20
	Elara	3.09	Opal Investments	3.39
	Emerging India	2.75	Quant MF	1.26
ADANI PORTS	LIC	4.26	LIC	7.86
	Cresta	1.58	GQG	4.07
	Baytree	1.46		

According to March 2024 shareholding data; Data on public shareholder directly holding at least 1% available

Source: Capitaline

of India (Sebi), had substantial stakes in Adani group firms, accounting for most of their exposure. The Adani group has consistently denied any wrongdoing or connections to any of these funds. Several funds, including Albula Investment Fund, Cresta Fund, APMS Investment Fund, Elara India Opportunities Fund, Vespera Fund, and LTS Investment Fund, have been served show-cause notices by Sebi for alleged violations of investment rules.

According to a recent news report based on comments from sources, these funds have filed a consent settlement plea

with the market regulator. Under the consent mechanism, an alleged wrongdoer can settle a pending matter with Sebi without admitting or denying the guilt by agreeing to pay a penalty.

Data provided by PRIME Infobase shows that the concentration of Adani group stocks in the portfolios of most of these funds has reduced drastically. For instance, at the end of the December 2023 quarter, Albula Investment and Vespera Fund each had holdings in four companies, while Cresta Fund had five firms in its portfolio — none of which belonged

to the Adani group. According to the earlier cited news report, Sebi has accused these funds of failing to maintain and disclose information about their UBOs and of breaching certain investment limits.

Sebi's submission to the Supreme Court in the Hindenburg Research matter revealed that the regulator drew a blank from regulators in the Cayman Islands, Malta, Curaçao, British Virgin Islands, and Bermuda while trying to obtain UBO information on some funds.

In response to this setback, Sebi tightened the FPI disclosure norms, demand-

The FPI story: Changing complexion

Top holdings (value in ₹ cr)*

Elara India Opportunities Fund	Adani Energy Adani Total Gas Balaxi Pharma	2,294 1,652 41
Vespera Fund	Raymond Wonder Electricals Dhanlaxmi Bank	170 50 34
Marshal Global Capital Fund	Balaxi Pharma	41
Cresta Fund	ABRL Jindal Saw Kiri Ind	218 189 146
Albula Fund	Jindal Stainless Lumax Auto Ashapura	1,642 223 200
APMS Fund	Adani Total Gas Adani Energy	2,485 1,268
LTS Investment Fund	Adani Energy Ashapura Pearl Global	1,786 146 43
Polus Global Fund	Shalby Bliss Mitcon	34 23 12
New Leaina Investments	Hinduja Global Orient Ceratech	70 22
Opal Investments	Adani Power	9,496

Note: *Data as on December 2023; Source: primeinfobase.com

ing more granular disclosures — around ownership, economic interest, and control — from foreign funds that have more than half of their holdings in a single corporate group or that hold equity assets of over ₹25,000 crore. Hindenburg alleged that some of these FPIs were being used as front entities, stating that the Adani group exposure for most of these funds was between 98 and 100 per cent. However, the latest shareholding data shows that only one or two funds could now be in breach of even the 50 per cent single group threshold.