

About a dozen cos record increase in holdings by promoters, domestic MFs as well as foreign investors in March quarter

# Promoter, FI Buying in These Stocks Hints at More Strength

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**Mumbai:** Promoters or insiders raising their holdings in companies is usually considered a reliable indicator of the prospects of the company and its shares. So, when large institutional investors also follow suit, the bullish signals only get stronger. About a dozen domestic companies in the March quarter witnessed a simultaneous increase in holdings by promoters, domestic mutual funds as well as foreign portfolio investors.

For instance, promoters, FPIs and mutual funds have increased stake in CG Power, which is in the process of turnaround with the Murugappa Group entity Tube Investments stepping in with ₹800 crore equity infusion and taking a controlling stake. CG Power had a market-leading position in both the domestic extra high voltage transformer and industrial products portfolios but the stock had been under pressure because of corporate governance concerns involving the erstwhile promoter group.

Similarly, all three categories of investors have increased stake in Nilkamal as analysts see bright prospects for the company due to market-share gains, sharper focus on non-plastic furniture, rising industrial activity and de-

## In Demand

Stocks where promoters, MFs and FPIs increased stake in Q4

| Stock           | LTP (₹) | YTD Return (%) | 2020 Return (%) | PE    | 5Y Avg PE |
|-----------------|---------|----------------|-----------------|-------|-----------|
| CG Power        | 84.7    | 88.85          | 309.59          | —     | 53.70     |
| Nilkamal        | 2,105.3 | 40.66          | 15.37           | 21.31 | 17.92     |
| IIFL Securities | 62.3    | 29.39          | 12.76           | 8.78  | 5.88      |
| Atul            | 8,222.4 | 27.87          | 58.35           | 37.27 | 26.67     |
| Motilal Oswal   | 720.7   | 19.88          | -26.58          | 57.86 | 38.17     |
| Sagar Cements   | 815.1   | 24.39          | 24.15           | 62.12 | 53.55     |
| Wheels India    | 478.9   | -0.59          | -20.27          | 22.83 | 28.40     |
| Thirumalai Chem | 99.4    | -1.10          | 39.03           | 42.12 | 17.86     |
| Huhtamaki India | 288.5   | -8.01          | 27.33           | 12.74 | 23.03     |
| HBL Power Sys   | 35.0    | -14.84         | 156.88          | 36.06 | 34.32     |

per penetration in e-commerce.

Promoters and institutional shareholders also raised their stakes in Atul Ltd, which is likely to benefit from favourable dynamics of Indian specialty chemicals sector supported by the China Plus One strategy by global companies. The stock is expected to be re-rated on a strong balance sheet, growth outlook and efficient capital management.

Other companies where promoters, FPIs and MFs increased stake include two broking firms — Motilal Oswal Financial Services and IIFL Securities — which are the beneficiaries of growing acti-

vity in the stock market. With retail investors trading in various securities like never before in the past few months, profits at various top stock brokers have more than doubled in FY21 driven by 50-75% growth in revenues despite challenges around stricter up-front margin norms.

Analysts said while promoters and big investors buying stocks are good indicators, investors need to be wary about piggybacking especially in stocks whose valuations are rich. These companies could be steady ones but that need not result in stock returns immediately.