

# Lenders seize smid shares as prices fall

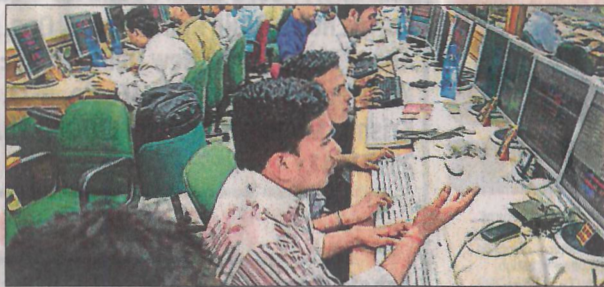
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**MUMBAI/BENGALURU:** A stock price plunge and, in some cases, a cash crunch has prompted creditors to take control of shares pledged by promoters of at least 15 small-cap companies over the past six months.

Solar project consultant and contractor Gensol Engineering Ltd and payment solutions provider AGS Transact Technologies Ltd, two companies that recently defaulted on loans, are among the small-cap firms that reported invocation of pledged shares, according to Prime Database, a Mumbai-based markets data tracking firm.

Other such companies that saw promoter shares taken over by lenders include renewable energy producer Orient Green Power Co. Ltd, digital services assistance provider Vakrangee



**Nifty 50 fell by nearly 13% between October and early March before a relief rally in the past month.**

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Ltd, ready-mix concrete provider NCL Industries Ltd, chemicals maker Sadhana Nitro Chem, and electric two-wheeler company Wardwizard Innovations & Mobility Ltd. These firms have a market cap between ₹5 crore and ₹1,500 crore.

Data showed that the number of stock invocations, including many in the same company, nearly doubled over the previous six months—from 52 in the first

half ended September 2024 to at least 100 in the second half until 24 March 2025. This tracked a correction in Indian markets from September's all-time highs amid global uncertainty.

However, the trend is not alarming, given that a record 342 stock invocations happened in the April-September quarter of 2022. Still, experts warned the latest round should serve as a cautionary tale for promoters

who have aggressively used their stock as collateral for raising loans for personal use or the company's capital requirements.

"The number of shares pledged by promoters has also increased in several small and mid-cap companies in the last six months," said Pranav Haldea, managing director at Prime Database. "This was most likely to maintain sufficient margin cover as share prices fell."

Gensol Engineering, the Ahmedabad-headquartered solar engineering, procurement, and EV leasing company, has seen creditors take control of 21.26% of promoter shares as the stock tumbled after credit rating agencies downgraded the company's long-term borrowing to default on 3 March. Promoters Anmol Jaggi and Puneet Jaggi, who owned 62.65% at the end of December 2024, now hold just over 40%.

Shares of Gensol are down

nearly 80% since 1 January.

At the start of the year, AGS Transact was the country's second-largest manager of automated teller machines, managing over 32,000 ATMs. On 4 February, Crisil Ltd and India Ratings and Research Ltd downgraded some of its borrowings to default. The company admitted that a cash crunch had forced it to default on bank loans, statutory payments and staff salaries. The stock has crashed nearly 90% since the beginning of the year, and creditors have invoked 6.27% of the promoter shares.

Save for Orient Green Power and Parsvnath Developers Ltd., the key trigger for the creditors taking over shares appears to be a 15-90% drop in the stock.

Nifty 50 fell by nearly 13% between October and early March before a relief rally in the past month. The index closed at 23,332.35 on Wednesday, down 7.6% in six months.