

# Creditors seize pledged small-, mid-cap shares as prices fall

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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 contactor 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 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.

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## Collateral damage

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	Promoter stake invoked* (%)	Share price (₹)	Change in share price* (%)
Orient Green Power Co.	2.5	12.25	-41.1
Vakrangee	1.6	10.38	-71.0
Parsvnath Developers	11.4	21.7	14.9
NCL Industries	0.1	189.75	-10.5
Gensol Engineering	21.3	166.3	-80.2
Sadhana Nitro Chem	0.2	16.87	-69.7
Wardwizard Innovations & Mobility	0.04	19.7	-59.9
Vipul Limited	2.9	10.56	-70.8
AGS Transact Technologies	6.3	7.6	-92.5
TV Vision	4.4	4.98	-64.1
SAB Events & Governance Now Media	4.8	4.41	-59.4

\*Since 1 October 2024

Source: BSE

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tember 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 hap-

pened 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.

The Nifty Smallcap 250 index had declined over 22% between 1 October and 10 March before the relief rally narrowed the losses to 17.6% in the past six months.

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