

**MARCH QUARTER MOVES** Pledges up in 27 Nifty 500 cos, down in 13 ● Market players cite need for capital, say no cause for worry unless fundamentals are not sound

# Promoters Raise Pledges in a Few Cos, Experts see Business as Usual

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**Mumbai:** Promoters' stake pledges went up for 27 companies out of the Nifty 500 companies during January-March, compared with 25 companies in the previous quarter, according to data from Primedatabase. Aadhar Housing Finance, Max Financial Services and Raymond Lifestyles were among the companies that saw promoters pledging their holdings during the quarter.

Promoters, or shareholders, put up their shares as collateral for loans. While promoters placing their shares as collateral is not uncommon, sudden increases in such pledging catch the attention of the investor community.

"Pledging of shares in itself is not necessarily a concern and may be a means of leveraging the stake when markets are performing well," said Abhilash Pagaria, head of Alternative and Quantitative Research, Nuvama. "However, if a company's fundamentals are not sound, then it can be a sign of caution."

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## Ownership Trends

Company	Mar Quarter FY25 (%)	Dec quarter FY25 (%)	Chg in Share Price in Q4 (%)
<b>Increase in Promoter Pledge (as % of total shares held)</b>			
Aadhar Housing Finance	67.5	0	0.3
Max Financial Services	28.7	0	3.0
Raymond Lifestyle	26.2	9.4	-50.4
Ashok Leyland	41.2	30.1	-7.4
Kalyan Jewellers India	24.9	19.3	-39.1
PVR Inox	10.2	5.9	-30.0
Emami	13.4	9.2	-3.5
Ola Electric Mobility	6.6	3.0	-38.2
<b>Decrease in Promoter Pledge (as % of total shares held)</b>			
Aster DM Healthcare	40.7	98.9	-5.6
Gmr Airports	17.8	29.5	-3.7
Swan Energy	8.3	14.5	-40.2
Jindal Steel & Power	11.4	12.8	-2.0
Lloyds Metals & Energy	16.8	18.2	4.4
Karur Vysya Bank	3.7	4.7	-3.7
Aurobindo Pharma	16.9	17.8	-13.1
JSW Steel	13.4	14.1	17.9

Source: primeinfobase.com, ETIG Databse

mentals are already under the scanner and there is pledging of shares, then it can amplify the negative impact and result in the shares declining," he said.

The fall in stock prices could also lead to an increase in share pledges by promoters as lenders seek fresh shares to make up for the drop in value of the collateral. In the March quarter, shares of several companies, which saw a rise in promoter pledges, had fallen 30-50%.

"When promoter pledges increase, it can indicate the genuine need for capital and tend to move up due to a decline in markets as witnessed in the March quarter," said Manish Bhandari, CEO, Vallum Capital.

Investors are wary of companies with consistently high pledging of stakes by promoters, as in the past, there have been some instances of these founders defaulting on the loan, forcing the lenders to sell the pledged shares in the open market to make up for the non-payment. "A higher amount of shares can be pledged if the share price falls, as part of margin call; however, this is not a concern unless the increase is substantial of around 30-40%," said Bhandari.