

Promoter pledging dips in March quarter

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India Inc seems to be turning averse to the idea of pledging shares. The percentage of pledged promoter holdings declined to 2.83 per cent during the March 2019 from 2.98 per cent in the preceding quarter. Outstanding promoters pledged shares were ₹ 1.95 trillion, 1.38 per cent of the market capitalisation, down from 1.47 per cent a quarter ago. Industry experts say after recent events at Essel Group and Anil Ambani-led Reliance Group have made both promoters and lenders cautious when it comes to borrowing and lending money through share pledging. Investors too have been punishing companies with huge debt and high share pledge, prompting some companies to reduce outstanding share pledges. Granules India, Strides Pharma, Reliance Communications and Coffee Day Enterprises are some companies that have seen a decline in promoter pledging. On the other hand, JK Tyre & Industries, Reliance Capital, Reliance Infrastructure and Dish TV India have seen the highest increase in pledge shares during the March quarter.



RISE AND FALL

Companies with highest increase in promoter pledging

	Mar-19	Change (% pts)
JK Tyre	28.9	28.9
Reliance Capital	96.9	22.4
Reliance Infra	98.3	14.7
Dish TV	94.6	12.5
VA Tech Wabag	12.4	12.4

Companies with highest reduction in promoter pledging

	Mar-19	Change (% pts)
Granules India	43.4	-17
Strides Pharma	16.3	-12.6
Reliance Comm	22.1	-8
Coffee Day	72.3	-7
Bajaj Consumer	63.6	-6.8

Source: Kotak Institutional Equities