

FIRMS WITH HIGH PLEDGING PUNISHED BY BOURSES

Firms that saw a steep increase in promoter share pledging, or invocation of share pledges by lenders, were hammered at the bourses. For instance, Eveready saw pledged promoter holding increase from 49.8 per cent at the end of March, to 88.5 per cent at the end of June (Q1).

Its share price plunged nearly 60 per cent in Q1. Similarly, Lemon Tree Hotel, Jindal Steel & Power, and Orient Cement saw their stock facing the heat. On the other hand, the Street rewarded those in which promoters took steps to reduce outstanding pledged shares. On an overall basis, promoter pledging declined in Q1.

According to a Kotak Institutional Equities analysis, pledged shares as a percentage of total holding fell from 1.38 per cent at March-end to 1.21 per cent at June-end. Total outstanding promoters pledged shares stood at ₹1.73 trillion, with promoters of 112 firms in the BSE500 universe pledging their holdings. Analysts say investors have turned wary of firms with high promoter pledging, given rising corporate debt.

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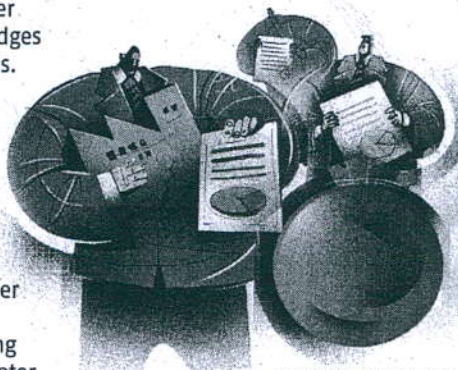


ILLUSTRATION: AJAY MOHANTY

LONG AND SHORT OF IT

Companies that have seen the highest increase and decrease in promoter pledging

HIGHEST INCREASE

	% of promoter pledged holding		% Chg points	*Share price chg (%)
	Mar '19	Jun '19		
Eveready Ind	49.8	88.5	38.7	-58.4
Lemon Tree Hotel	0	34.1	34.1	-17.11
Orient Electric	0	14.3	14.3	4.43
Chambal Fertilisers	0.5	11.8	11.3	4.82
Jindal Steel	54.1	64.9	10.8	-20.95
JK Tyre	28.9	35.4	6.5	-12.8
Reliance Power	78.7	83.3	4.6	-63.4
Orient Cement	7.6	11.9	4.3	-29.4
Gayatri Projects	72.3	75.7	3.4	-1.3
Coffee Day	48.1	51.5	3.4	-20.7

HIGHEST DECREASE

	% of promoter pledged holding		% Chg points	*Share price chg (%)
	Mar '19	Jun '19		
CG Power	100	—	-100	-33.14
Sterlite Tech	96.7	—	-96.7	-19.64
Indiabulls RE	61.1	—	-61.1	23.48
Himatsingka Seide	23.3	—	-23.3	-25.61
India Cements	45.7	27.2	-18.5	-7.85
Sadbhav Engg	49.2	35.9	-13.3	-0.95
Indiabulls Housing	12.7	—	-12.7	-29.2
Advanced Enzyme	12.5	—	-12.5	-7
Jubilant Food	12.6	2.4	-10.3	-23
Adani Ports	42.3	32.1	-10.2	-8.5

*During the June quarter

Sources: Prime Database, BSE, NSE, Kotak Institutional Equities