

**PLEGGED SHARES ROSE TO 1.86% OF TOTAL M-CAP FROM 1.23% AS ON JULY 31**

# Share Pledging by Promoters Rises in Aug on Cash Needs

## Pledging in NSE-listed Companies

In 2020 so far

Month	Value of Pledged Shares (₹ Lakh Cr)	Promoter Holding Pledged as % of Total M-cap	No. of NSE Cos. Pledged
Jan-20	2.01	1.32	478
Feb-20	1.87	1.32	477
Mar-20	1.56	1.42	473
Apr-20	1.59	1.27	468
May-20	1.63	1.32	466
Jun-20	1.98	1.45	464
Jul-20	1.78	1.23	461
Aug-20	2.77	1.86	463

Top 10: By value of pledged shares

Company	Value of Pledged Shares (₹ cr)	% of Total Promoter Holding Pledged
Hindustan Zinc	62,158	100.00
Vedanta	23,973	99.99
Ruchi Soya	18,404	99.99
TCS	17,969	2.94
Adani Ports	15,675	34.12
Asian Paints	11,254	11.70

SOURCE: Primeinfobase.com

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**Mumbai:** Pledging of shares by promoters in NSE-listed companies saw a surge in August, with the value of stock pledged climbing to ₹2.77 lakh crore.

Data compiled by primeinfobase.com showed that the quantum of stock pledged increased to 1.86% of the total market capitalisation from 1.23% as on July 31.

While Vedanta Resources contributed a major portion to the increase in pledge for delisting Vedanta, the others were in need of liquidity as the Covid-19 outbreak caused a decline in cash flows, said analysts.

"Besides the direct impact on demand and supply of goods and services, the pandemic has significantly impacted India Inc's cash flows," said G Chokalingam, CEO, Equinomix Re-

search & Advisory. "Generally, the pledge of shares reduces with the increase in stock prices, but this time it was the other way around because of falling operational cash flows."

Pledge creation transactions — fresh or additional pledge —

took place in 29 companies with shares worth ₹90,353 crore pledged in August 2020. The largest pledge creation in August 2020 was Vedanta Resources, which has pledged 211.69 crore shares of Hindustan Zinc worth ₹48,413 crore to SBI Cap Trustee Company.

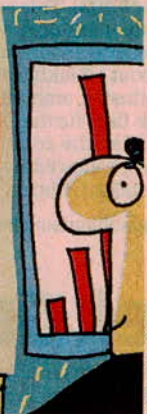
Other large companies that have increased pledge of shares include Adani Ports, Ajanta Phar-

ma, Apollo Hospitals, GMR Infra, Jindal Steel, JSW Energy, JSW Steel, Mahindra & Mahindra and Max Financial Services.

"High pledge levels are typically not considered a good sign by the investors as a downturn in the market price can lead to... change in management," said Pranav Haldia, MD, Prime Database Group. "Surprisingly, there were as many as 29 companies in which 100% of the promoters' holding was pledged."

While the Sensex gained 5% in August, BSE Midcap and Small-cap indices rose 8% each.

As on 31 August 2020, shares were pledged in 463 of the 1,656 main-board companies listed on NSE, as compared to 461 companies as on 31 July 2020, showed data from primeinfobase.com. In 81 companies including Max Financial and GMR Infra, over 90% of the promoters' shareholding was pledged.



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