

# Promoter pledging inches up in December qtr

YOUSEF KP

Mumbai February 16

**THE PROMOTER PLEDGING** in BSE-500 companies increased 10 basis points (bps) sequentially to 1.6%, valued at ₹1.97 lakh crore, at the end of the December quarter, according to Kotak Institutional Equities. The ratio, which was on a downward trend since December 2020, suddenly moved up during Q3, from 1.5% in the September quarter. Over the last two years, the March 2020 quarter witnessed the highest pledging of 2.34%.

The value of pledged shares accounts for 0.81% of the total BSE-500's market capitalisation. Moreover, the index represents nearly 93% of the country's market capitalisation and comprises all the 20 major sectors of the economy.

Among Nifty50 constituents, the promoters of Adani Ports & SEZ have pledged



15.3% of their holdings. The pledged ratio for Asian Paints stood at 7.6%, IndusInd Bank at 45.5% and JSW Steel at 17.8%. The Nifty50 declined 1.50% in Q3, against

gains of 12.06% in the September quarter.

As of December 2021, promoters of 78 companies in the BSE-500 Index pledged

part of their holdings. Among those firms, Max Healthcare, Solara Active Pharma Science and Strides Pharma Science reported substantial increase in pledged shares. Big decline in pledged promoter holdings was seen in HFCL, Delta Corp, Emami, Sun Pharmaceuticals and NOCIL, among others.

While promoters of Thyrocare Technologies have pledged more than 90% of their holdings, owners of HFCL and Delta Corp could release their entire pledged holdings during the quarter. Similarly, fresh promoter pledges were seen in Max Healthcare, IIFL Wealth, Bajaj Electricals and Gujarat Fluorochemicals.

However, it is to be noted that pledging of shares does not necessarily imply that a company or a promoter is under financial stress. Banks or financial lenders often seek addition security, when prices of pledged shares fluctuate.