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PRESS RELEASE

PLEDGING OF SHARES AT 7 YEAR HIGH: PRIME DATABASE

Pledging of shares by promoters in NSE-listed companies was at a 7-year high as on 30th June 2016, according to Pranav Haldea, Managing Director of PRIME Database.

Across all NSE listed companies (including companies with no pledging), **the percentage of promoter holding pledged went up from 15.57 per cent a year back to 16.00 per cent on 30th June 2016** (further increased to 16.21 per cent as on 11th August 2016). In value terms too, promoters' share pledging saw an increase of 11.29 per cent on a year-on-year basis with the **value of pledged shares going up to Rs 1.98 lakh crore as on 30th June 2016 compared to 1.77 lakh crore as on 30th June 2015** (further increased to Rs.2.08 lakh crore as on 11th August 2016). According to Haldea, this can be attributed mainly to the rise in share prices. As a percentage of total market capitalization too, it went up from **8.39 per cent a year back to 8.51 per cent** (further increased to 8.64 per cent as on 11th August 2016).

However, considering only those companies which have any pledging, it went down marginally from 47.37 per cent a year back to 46.68 per cent on 30th June 2016.

As on 30th June 2016, shares were pledged in as many as **509 of the 1517 NSE-listed companies** (further increased to 522 companies on 11th August 2016), **up from 496 companies a year back**. Promoter pledging status for the last 7 years is given in the table below:

Aggregate Promoters' Shares Pledged

Year	As % of Total Promoter Holding Pledged (across all companies)	Value of Pledged Shares (Rs.crore)	As % of Total Market Capitalisation	As % of Total Promoter Holding Pledged (for companies with at least some pledging)	No.of Companies which have at least some pledging	Total No.of Companies listed at NSE
11-Aug-2016 (Present Status)	16.21	2,08,125	8.64	46.66	522	1538
30-Jun-16	16.00	1,97,939	8.51	46.68	509	1517
31-Mar-16	15.43	1,81,474	8.28	45.60	506	1507
31-Dec-15	15.31	1,93,092	8.24	46.26	506	1498
30-Sep-15	15.70	1,73,186	8.43	47.19	508	1486
30-Jun-15	15.57	1,77,569	8.39	47.37	496	1463
31-Mar-15	14.88	1,87,091	8.14	45.36	490	1441
31-Dec-14	14.15	1,75,535	7.80	44.14	479	1432
30-Sep-14	13.59	1,65,512	7.61	41.77	472	1415
30-Jun-14	13.99	1,92,106	7.90	42.49	472	1411
31-Mar-14	13.87	1,49,901	7.86	42.82	461	1408
31-Dec-13	12.85	1,36,708	7.28	41.68	461	1399
30-Sep-13	12.63	1,22,751	7.17	40.76	462	1393
30-Jun-13	12.16	1,31,654	6.91	38.15	460	1384

31-Mar-13	10.74	1,24,150	6.15	36.20	452	1379
31-Dec-12	10.67	1,38,539	6.18	35.78	453	1373
30-Sep-12	10.95	1,26,916	6.35	37.23	450	1362
30-Jun-12	10.14	1,15,800	5.90	35.73	445	1357
31-Mar-12	9.83	1,13,839	5.74	34.88	438	1339
31-Dec-11	9.48	92,571	5.55	34.62	433	1330
30-Sep-11	9.21	1,06,889	5.35	32.59	422	1317
30-Jun-11	8.51	1,32,485	5.01	30.08	421	1288
31-Mar-11	8.49	1,39,450	5.00	31.17	418	1279
31-Dec-10	8.44	1,50,617	4.92	29.68	403	1247
30-Sep-10	8.27	1,49,730	4.81	27.46	393	1217
30-Jun-10	8.68	1,38,312	5.18	30.01	392	1187
31-Mar-10	8.36	1,37,308	4.96	28.67	381	1162
31-Dec-09	6.97	1,23,915	4.16	27.20	361	1134
30-Sep-09	7.08	1,26,015	4.24	27.84	362	1110
30-Jun-09	7.38	1,08,309	4.30	27.08	359	1099

Source: PRIME Database

High Pledges

According to Haldea, high pledge levels are typically not considered a good sign by the investors as a downturn in the market price can lead to invocation and change in management. Surprisingly, **there were as many as 31 companies in which the complete holding (100 per cent) of the promoters was under pledge as on 30th June 2016**, namely AGC Networks, Arshiya, Bajaj Hindusthan Sugar, Bharati Defence & Infrastructure, Consolidated Construction Consortium, Diamond Power Infrastructure, DQ Entertainment (International), Eastern Silk Industries, Flexituff International, Gokaldas Exports, IL&FS Investment Managers, Ind-Swift Laboratories, IVRCL, JMT Auto, MSP Steel & Power, Paramount Communications, Parenteral Drugs (India), PSL, Raj Rayon Industries, Reliance Defence & Engineering, Rohit Ferro-Tech, S.A.L.Steel, SEL Manufacturing Co., Servalakshmi Paper, Spentex Industries, STI India, Subex, Sujana Metal Products, Tantia Constructions, Venus Remedies and Visa Steel.

At another level, there were as many as 79 companies in which more than 90 per cent of the promoter's shareholding was pledged and 212 companies in which more than 50 per cent of the promoter's shareholding was pledged.

By value of pledged shares, the top 10 companies were as follows:

Top 10 companies by value of pledged shares

Company Name	Value of Pledged Shares (Rs.crore)	As % of Total Promoter Holding Pledged	As % of Market Capitalisation
TATA CONSULTANCY SERVICES LTD.	10,708	2.90	2.13
ADANI PORTS & SPECIAL ECONOMIC ZONE LTD.	9,514	39.18	22.21
CAIRN INDIA LTD.	9,072	57.49	34.43
ZEE ENTERTAINMENT ENTERPRISES LTD.	7,310	38.71	16.67
JSW STEEL LTD.	6,940	47.26	19.61
ASIAN PAINTS LTD.	6,699	13.18	6.96

RELIANCE POWER LTD.	5,754	53.27	39.95
EMAMI LTD.	5,321	29.29	20.84
JSW ENERGY LTD.	4,945	47.92	35.94
FORTIS HEALTHCARE LTD.	4,332	83.21	59.31

Source: PRIME Database

Top 10 companies which moved from zero per cent to a high per cent pledging of promoters' holding from 30th June 2015 to 30th June 2016 were JMT Auto (0 to 100 per cent), Diamond Power Infrastructure (to 100), STI India (to 100), Surana Corp. (to 98), Bannari Amman Sugars (to 83), Kirloskar Electric Co. (to 83), PC Jeweller (to 71), Khaitan Electricals (to 66), Vimal Oil & Foods (to 55) and Uniply Industries (to 52). **Other cases of huge increases (more than 50 per cent change)** were Pioneer Embroideries (6 to 86), Tree House Education & Accessories (32 to 99), Hindusthan National Glass & Industries (27 to 93) and Atlanta (30 to 88). Overall, **there were 204 companies in which the percentage of promoter holding pledged increased in this period.**

Low Pledges

There were **42 companies in which pledged shares were brought down to zero** during this period, the top 10 being Suryajyoti Spinning Mills (from 100 to 0 per cent), BPL (from 81), Golden Tobacco (from 72), Quintegra Solutions (from 60), Astec Lifesciences (from 54), JHS Svendgaard Laboratories (from 53), Mangalam Cement (from 52), GHCL (from 47), Balaji Amines (from 38) and Ashapura Minechem (from 36). Other case of huge decrease (more than 50 per cent change) was SVOGL Oil Gas & Energy (87 to 30 per cent). Overall, **there were 185 companies in which the percentage of promoter holding decreased in this period.**

The largest pledge creation transaction of the period (1st July 2015 till 30th June 2016) was that of Tata Sons Ltd., promoter of Tata Consultancy Services, pledging 1.70 crore shares on 22nd January 2016 to LIC (through Centbank Financial Services), the value of the pledged shares being Rs. 3,902 crore. In all, creation of pledges took place in shares of promoters of **258 companies** during this period.

The largest release of pledged shares transaction was of Vinod Shantilal Adani (Adani Ports & Special Economic Zone) on 11th September 2015. 7.30 crore shares worth approximately Rs. 2,359 crore were released. In all, release of pledges took place in shares of promoters of **210 companies** during this period.

Entity in whose favour pledge created

In terms of the pledgee, **maximum amount of shares were pledged to Kotak Group** followed by LIC in the last 1 year.

TOP 5 PLEDGEEES

Rank	Entity in whose favour pledge created	Value of Pledged Shares (Rs. crore)	Market Share (%)
1	KOTAK MAHINDRA ASSET MANAGEMENT CO.LTD.,KOTAK MAHINDRA BANK LTD.,KOTAK MAHINDRA INVESTMENTS LTD.,KOTAK MAHINDRA PRIME LTD.,KOTAK SECURITIES LTD.	5,960.60	10.31
2	LIFE INSURANCE CORP.OF INDIA	3,927.24	6.79
3	INDUSIND BANK LTD.	3,789.07	6.55
4	AXIS ASSET MANAGEMENT CO.LTD.,AXIS BANK LTD.,AXIS FINANCE LTD.	3,637.59	6.29
5	YES BANK LTD.	3,306.66	5.72

Source: PRIME Database

The above table excludes all cases where the eventual lenders name has not been provided in the disclosures and only the trustees' names have been provided. This is despite the SEBI circular on 5th August 2015 asking for both the name of the lender and the trustee to be filed. Such cases have been given below.

TRUSTEE COMPANIES

Rank	Entity in whose favour pledge created	Value of Pledged Shares (Rs.crore)
1	IDBI TRUSTEESHIP SERVICES LTD.	18,660.79
2	AXIS TRUSTEE SERVICES LTD.	7,349.95
3	IL&FS TRUST CO.LTD.	3,537.63
4	SBICAP TRUSTEE CO.LTD.	1,513.04
5	GDA TRUSTEESHIP LTD.	672.63

Source: PRIME Database

There were also share pledging transactions of Rs. 4,370 crore in the last 1 year in which no lenders name was disclosed at all.

Invocation of Shares

Shares of promoters of as many as 45 companies were invoked in the last 1 year. The company in which the maximum value of shares were invoked during last 1 year was United Breweries (Rs. 442 crore). In the previous year, shares of promoters of 47 companies had been invoked.