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# Promoter pledging increases in Q3

## EDGING HIGHER

Percentage promoter holdings pledged rose during the December 2021 quarter

Pledged holding as % of

	Promoter holding	Total holding
Dec '20	2.09	1.04
Mar '21	1.64	0.81
Jun '21	1.61	0.81
Sep '21	1.5	0.75
Dec '21	1.6	0.81

## DANGER ZONE

Some have pledged over half their holdings

Companies with the highest pledged holdings by promoters as percentage of their holding

	Value (₹ cr)	Pledged holding*
Thyrocare	3,870	92.9
Suzlon	1,290	88.5
Max Financial	3,170	63.6
Kalpataru Power	1,440	50
SpiceJet	1,190	48.8

## PLEDGING MORE

18 companies in the BSE 500 Index: At least 25% promoter holdings pledged

No. of companies with % promoter pledged shares

	90% or more	75-90%	50-75%	25-50%
Dec '20	1	2	6	14
Mar '21	0	3	6	12
Jun '21	0	2	-	14
Sep '21	1	2	4	11
Dec '21	1	1	1	15

Note: \*Pledged holding as % of total promoter holding Universe BSE 500 stocks Source: Kotak Institutional Equities Research

## SHARE PLEDGING BY PROMOTERS ROSE DURING THE DECEMBER 2021 quarter amid a spike in volatility.

According to a report by Kotak Institutional Equities (KIE), the value of pledged promoter holdings as a percentage of promoter holding rose to 1.6 per cent in December 2021 quarter, from 1.5 per cent in the September 2021 quarter. The value of promoter pledged holdings stood at ₹1.97 trillion, 0.81 per cent of the total market capitalisation of the BSE 500 index.

About 78 companies in the BSE 500 Index had at least some part of their holdings pledged at the end of the December 2021 quarter. Of this, 18 had at least 25 per cent of their promoter holding pledged.

Companies that saw substantial increase in pledged promoter holdings include Max Healthcare, Solara Active Pharma, Strides Pharma, and Lemon Tree Hotels.

While those that saw decline include HFCL, Delta Corp, Emami, and Sun Pharmaceuticals.

In the Nifty50 index, companies with highest promoter pledge include Adani Ports (15.3 per cent), Asian Paints (7.6 per cent), IndusInd Bank (45.5 per cent), and JSW Steel (17.8 per cent).

"Only one company had more than 90 per cent of its promoter holdings pledged. We clarify that pledging of shares does not necessarily imply that a company or a promoter is under financial stress; banks (lenders) could have sought additional security in the form of promoter shares," said KIE in a report.

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