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'Promoters pledged holdings drop to 7.8% in Dec qtr'

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THE AVERAGE SHARES pledged by promoters of top 500 companies listed on the BSE dropped to 7.8% in October-December from 8.3% in the preceding three months, according to a report by Kotak Institutional Equities Research.

Promoters pledged shares worth ₹1.98 lakh crore, about 1.47% of the total BSE-500 Index's market capitalisation in December 2017. According to the report, promoters of 129 companies pledged their holdings among BSE-500 index stocks, with nine firm, having more than 90% of

their promoter holdings pledged.

The companies whose promoters pledged more than 95% of their holdings are Bajaj Hindustan, CG Power and Industrial, Reliance Naval and Engineering, JBF Industries, Suzlon Energy, IL&FS Transportation Networks and Fortis Healthcare, the report noted.

"The percentage of promoter pledged holding reduced to 7.8% in December from 8.3% in September," the report noted. During the quarter under review, promoters of Granules India, Future Lifestyle, Reliance Communications, Crompton Greaves Consumer and Bombay Burmah were found to have decreased their pledged holdings.

On the other hand, the highest increase in promoters' pledged holdings was witnessed in companies like JSW Steel, DB Corp, Mleod Russel, Max Financial Services and Reliance Power. "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 promoters' shares," it added. Companies in the Nifty-50 with more than 5% of pledged promoter holdings are Adani Ports & SEZ (24.7%), followed by Asian Paints (14%), Indiabulls Housing Finance (12.5%), M&M (5.8%), Tata Motors (5.3%) and Zee Entertainment (45.7%), the report noted.