

Promoter pledged holdings in BSE 500 firms decline to 1.1% in Q4

LIGHTER INTEREST BURDEN. This marks the third consecutive quarter of decline and is the lowest in two years

Our Bureau
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The value of the promoter pledged holding in BSE 500 companies as a percentage of the promoter holding has come down marginally to 1.1 per cent in the March quarter (Q4) from 1.17 per cent a quarter ago, a report from Kotak Institutional Equities shows.

This marks the third straight quarter of decline. The percentage of promoters' pledged holdings is the lowest in the last two years and is 61 basis points lower than that recorded at the end of March 2022 (1.71 per cent).

Promoters of 73 companies in the BSE-500 index pledged

part of their holdings in Q4. This number has consistently declined from 90 in the year-ago quarter.

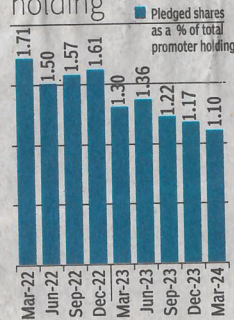
The value of pledged promoter holdings stood at ₹1.96-lakh crore, about 0.56 per cent of the BSE-500 index's market capitalisation. There was no company whose promoter had pledged more than 75 per cent of the hold-

SECURITY FOR LENDERS

"Promoters have taken advantage of high valuations and buoyant market conditions to reduce stake in the company, repay the loans and reduce the pledges.

"Doing so will not impact the hold on the company for large promoters and will help

Promoters' pledged holding



bring down the interest component that they have been paying to the banks," said Deepak Jasani, Head - Retail Research, HDFC Securities.

The BSE 500 index has risen 33 per cent in the past year.

Companies with highest pledged holdings in value terms (₹ bn)

Company	Pledged value
Adani Power	237.8
Hindustan Zinc	178.0
GMR Airports	169.4
Indus Towers	165.1
JSW Steel	138.6

Source: Prime Database, BSE, NSE, Kotak Institutional Equities; for quarter ended March 2024

Max Financial Services, Eris Lifescience, Ashok Leyland, Jubilant Foodworks, and Lloyd Metals are among the companies in which pledged promoter holdings increased. Companies in which pledged promoter holdings declined include Kalpataru Projects,

Bharat Forge, GMR Airports, Lemon Tree, and Tata Communications.

Companies in which promoters released almost their entire pledged holdings include Bharat Forge, Lemon Tree Hotels and Tata Communications.

Companies in the Nifty-50 with more than 5 per cent of pledged promoter holdings include Apollo Hospitals (16.1 per cent), Asian Paints (7 per cent), IndusInd Bank (45.5 per cent) and JSW Steel (15.2 per cent).

Pledging of shares does not necessarily imply that a company or a promoter is under financial stress as banks (lenders) could have sought additional security in the form of promoter shares.