

## Q19 ? Have the promoters pledged a large portion of their holding and why?

### Objective:

If the promoters have pledged a large portion of their holding, and are unable to meet their dues to lenders, the latter may be forced to liquidate the pledged shares, causing severe damage to the stock price.

### What to look for:

- ◆ Percentage holding of promoters pledged; a very high level of pledge should be viewed with caution.