Ownership Structure of Listed Companies in India

OECD

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Foreword

In October 2019, the OECD issued the report "Owners of the World's Listed Companies", which attracted significant attention. Building on that, this report focuses on the ownership structures in Indian listed companies.

The report shows some unique Indian characteristics with respect to the ownership landscape and the presence of institutional investors in Indian capital markets.

This report was developed in the context of the "India - OECD Programme on Corporate Governance". A delegation headed by Ms Gabriela Figueiredo Dias, Chair of the Portuguese Securities Regulator (CMVM) and Vice Chair of the OECD Corporate Governance Committee, and Ms Ronnie Talmore, Senior Director of Corporate Law and Financial Regulation at the Israeli Ministry of Justice, conducted a mission to India in January 2019. The team was welcomed by the Securities and Exchange Board of India (SEBI) and the Chair and Members of the Kotak Committee. Based on their valuable inputs, the report was prepared by Kenta Fukami and Catriona Marshall in the OECD Division for Corporate Governance and Corporate Finance. Support was also provided by colleagues, in particular Mats Isaksson, Fianna Jurdant, Daniel Blume, Serdar Çelik, Alejandra Medina and Katrina Baker of the OECD Division for Corporate Governance and Corporate Finance.

We would like to express the highest appreciation to SEBI, especially to Mr Amarjeet Singh, Executive Director, Ms.Barnali Mukherjee, Chief General Manager, Mr Pradeep Ramakrishnan, General Manager, and Ms. Ishita Sharma, Manager. Without their support, this report could not have materialized. We are also grateful to Mr Amit Tandon, Managing Director of Institutional Investor Advisory Services, for his kind support.

Executive Summary

An important feature of the Indian ownership landscape is the presence of “promoters” and “non-promoters”. In principle, “promoters” denotes those persons that were instrumental at the time of establishing the company and those who are in control of the company, for example through shareholdings and/or their management position. “Non-promoters” refer to other shareholders, including minority shareholders.

In India, promoters play a significant role in listed companies. Since 2001, the average proportion of shareholdings by promoters has been stable around 50%. Such a dominance of promoters could indeed be detrimental to the interest of minority shareholders, if promoters pursue their own interests at the expense of the minority shareholders. However, if the conflict of interest is well controlled, promoters could also bring benefits to the company by serving as a visible and informed owner, overcoming the agency problem. The securities market regulator, SEBI, has also introduced policy measures with reference to promoters and corporate governance. One example is the requirement to maintain a minimum public shareholding, which would result in an adequate free-floating stock, as the tendency of promoters to hold a higher percentage of their shareholdings for a longer period could harm market liquidity. SEBI has also strengthened disclosure requirements to safeguard the interest of minority shareholders, including disclosure of pledging of promoters’ shares and protection of minority shareholders’ rights in related party transactions.

Another important and related development is the steady growth in the size and influence of institutional investors in Indian capital markets. The aggregate market value of shareholdings by institutional investors increased from 21% of the overall market capitalizations in 2001 to 34% in 2018. An important force behind this increase has been foreign institutional investors. As a proportion of the overall institutional investment, shareholdings by foreign institutional investors increased from 11.3% in September 2001 to 46.0% in September 2014. In the most recent four years the proportion of shareholdings by domestic institutional investors shows an upward trend.

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1 Overall ownership landscape

Key characteristics of the Indian ownership landscape

The ownership structure in Indian companies is characterised by what is called promoters and non-promoters. In principle, promoters refer to founders or controlling shareholders while non-promoters refer to other shareholders, including minority shareholders[1].

The regulator, SEBI, has paid close attention to promoters and the implications for the economy in recent years. In the 2017 report on Corporate Governance of the Kotak Committee (*aka* Kotak Committee Report, 2017) set up by SEBI, it is noted that:

"Given the sizable number of promoter-led companies that are present in the Indian market, the challenges India Inc. faces are inherently unique. There are instances of promoters carrying out actions that are favourable to them but detrimental to the interests of minority shareholders. This has affected confidence in India Inc..

The "Custodian" model works on "Gandhian Principles" relevant for both promoter-managed as well as professionally managed entities. Under this model, promoters, boards and management wear the hat of "trustees" and act in the interest of all stakeholders – shareholders, investors, employees, customers et al, keeping stakeholder interests before self-interest. Corporate India needs to move in this direction" (Preface by Uday Kotak, Chairman of the Kotak Committee on Corporate Governance).

The importance of controlling shareholders is notable in many of the Asian economies, particularly in Malaysia, Vietnam, Singapore, and China[2]. Although there is a significant difference between regulatory frameworks on corporate governance in Asian economies, India's experience in addressing issues related to the prevalence of promoters can provide important lessons also to other economies.

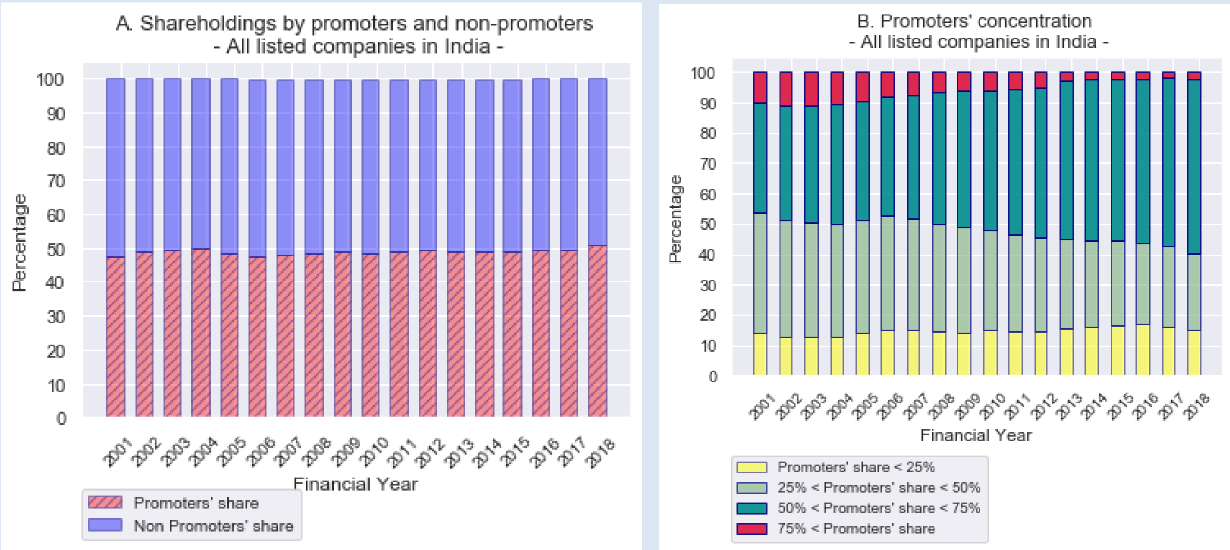
Figure 1.1 (Panel A) presents shifts in shareholdings of promoters and non-promoters for all listed companies. The average shareholdings of promoters have been fairly stable at around 50%, since 2001. Figure 1.1 (Panel B) shows how the concentration of promoters' shareholdings has shifted since 2001 where the listed companies in India have been grouped into four categories based on the proportion of shareholdings by promoters. As shown, the portion of companies where the promoter's share ranges between 50% and 75% has increased over the years.

[1] Companies Act, 2013 (Sub-Clause (69) of Clause (2)), defines a promoter as a person - (a) who has been named as such in a prospectus or is identified by the company in the annual return; or (b) who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or (c) in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act. In many instances, controlling shareholders are considered as promoters. See "Consultative Paper on Review of Corporate Governance Norm in India" (2013), SEBI

[2] De La Cruz, A., A. Medina and Y. Tang (2019), "Owners of the World's Listed Companies", OECD Capital Market Series, Paris,

Figure 1.1. Ownership structure for all listed companies in India

This figure shows the shareholdings by promoters and non-promoters for all listed companies. The proportion of shareholding by promoters and non-promoters is based on the number of shares that they hold. Panel A shows the average holdings of promoters and non-promoters at the company level. Panel B shows how the concentration of promoters' shareholdings has shifted. It presents the percentage of companies whose shareholdings by promoters range from i) 0 to 25% ii) 25% to 50% iii) 50% to 75%, and iv) 75% to 100% respectively.



Source: Prowess; see Annex for details.

Figure 1.2 shows the shift in ownership pattern for the top 500 listed companies by market capitalization.[3] While most corporate governance requirements in India like independent directors etc, are mandatory for listed entities, certain requirements are based on market capitalization. Listed entities with a higher market capitalization have additional corporate governance requirements. For example, business responsibility reporting is a mandatory requirement for top 1000 listed companies and optional for the remaining listed companies. Figure 1.2 (Panel A) shows that shareholdings by promoters in the top 500 listed companies have always been 4% to 7% higher than their holdings in all listed companies. In terms of market value, the aggregate shareholdings by promoters peaked at 58% in 2009 and has since then shown a slightly downward trend (Panel C). With respect to the ownership concentration attributed to promoters, the portion of companies where promoters hold more than 75% of the shares has increased from 5% in 2015 to 9% in 2018. In addition, the proportion of companies where promoters hold more than 50% has increased from 56% in 2001 to 66% in 2018.

[3] The portion of market capitalization for the top 500 listed companies is more than 99% of the overall market capitalization.

Figure 1.2. Ownership structure for the top 500 listed companies by market capitalization

Panel A shows the average shareholding of promoters and non-promoters at the company level.

Panel B shows how the concentration of promoters' shareholdings has shifted. For both Panel A and Panel B, the proportion of shareholdings by promoters and non-promoters are based on the number of shares that they hold.

Panel C. shows the aggregate shareholdings by promoters and non-promoters. For Panel C, the proportion of shareholdings is based on market value of shares.

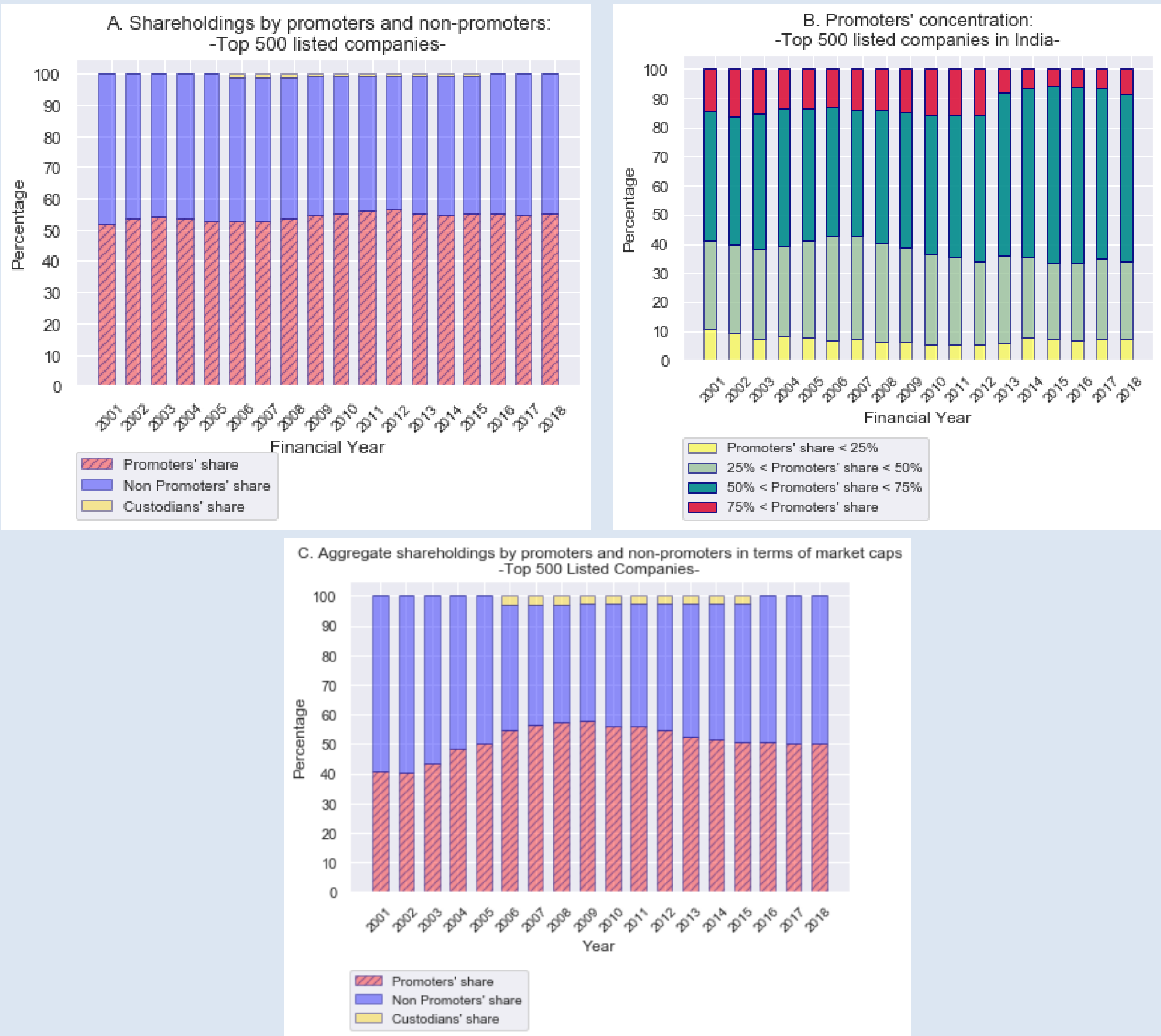


Figure 1.3 presents a breakdown of promoters for all listed companies and the top 500 listed companies. As SEBI has required listed companies to disclose a detailed breakdown of promoters and non-promoters since 2006[4], the figure presents a shift from 2006. As shown in the Figure, Indian individual promoters are the dominant category of promoters for all listed companies in India. On average, their holding has ranged between 48% and 53% since 2006. Among the top 500 listed companies, the largest category of promoter is other Indian companies. Their proportion has ranged between 44% and 48%. More notably, foreign promoters have been more significant in comparison with all listed companies (Panel B).

Figure 1.3. Breakdown of promoters

This figure shows a breakdown of promoters. The proportion of shareholdings by each category is based on the number of shares that they hold. Panel A presents all listed companies, while Panel B presents top 500 listed companies.

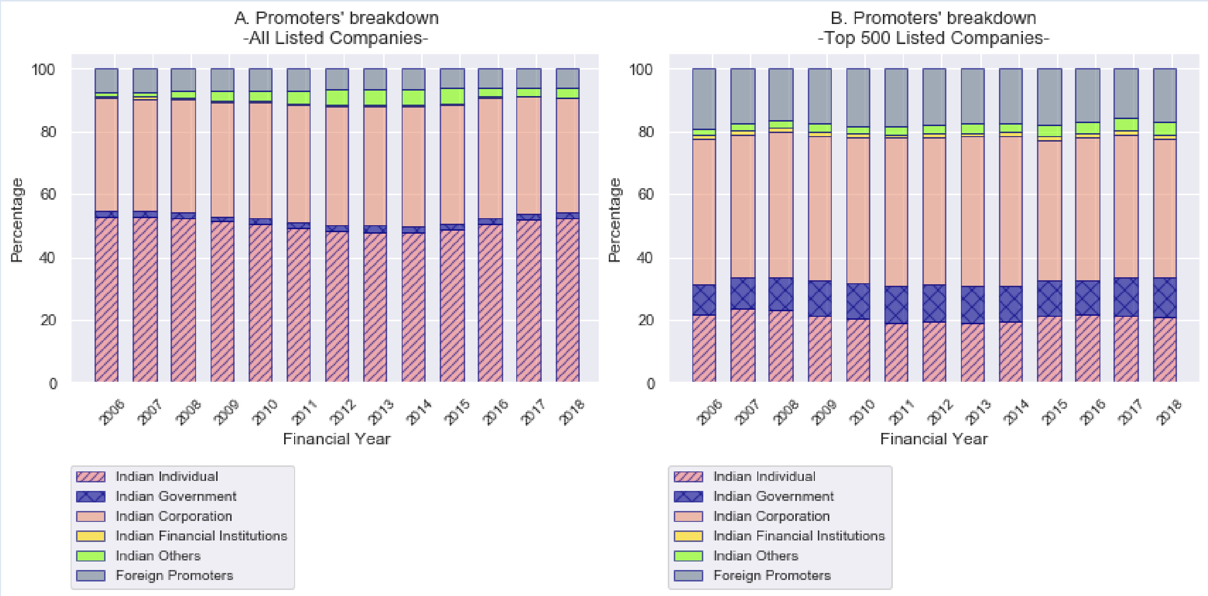
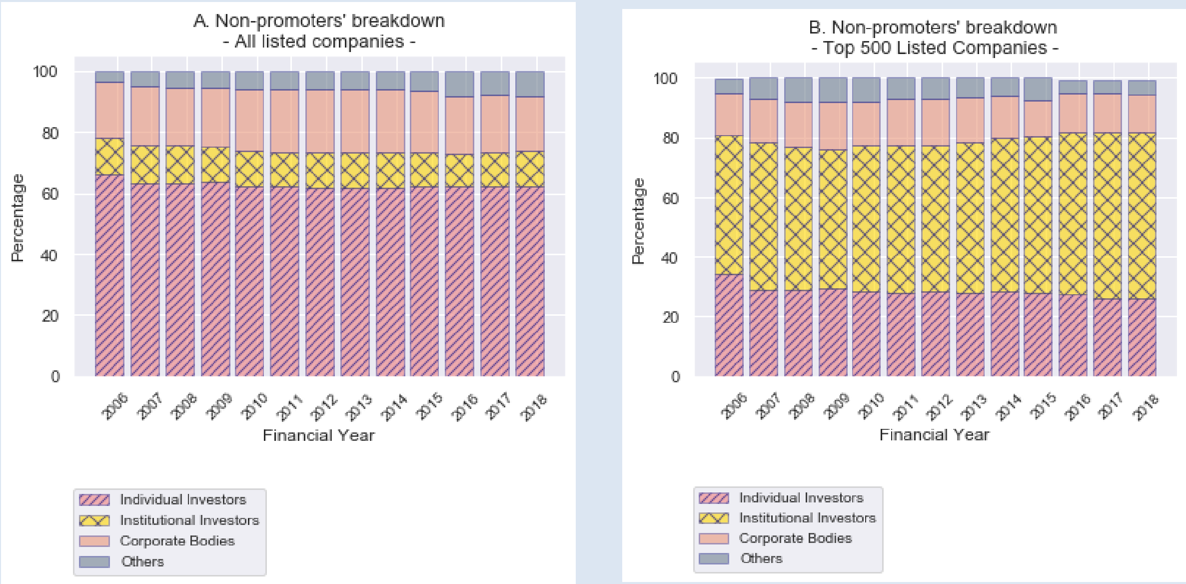


Figure 1.4. shows a breakdown of non-promoters for all listed companies and the top 500 listed companies. For example, among the top 500 listed companies, institutional investors have been the most dominant category of owner and increased their portion of shareholdings over the years (for further discussion on shifts in holdings by institutional investors in India's capital markets, please see section II). The proportion of individual investors among non-promoters however has decreased between 2006 and 2018 from 34.1% to 25.9%.

[4] Listing Agreement Clause 35

Figure 1.4. Breakdown of non-promotors

This figure shows a breakdown of non-promoters. The proportion of shareholdings by each categories is based on the number of shares that they hold. Panel A presents all listed companies, while Panel B presents top 500 listed companies.



Policy response to shifts in promoters' shareholding

Measure to increase free-floating stocks

Policy responses to the observed shifts in shareholdings by promoters are mixed. On the one hand, the government has taken measures to increase the free-float of stocks with an aim to increase market depth[5]. Given the tendency of promoters to hold their shareholding for a longer period, the measure to increase free-float stocks could be expected to lead to a decrease in promoters' shareholding, especially for promoter-led companies. In the following, the "free float" (or public shareholding) is defined as the shares held by non-promoters.

In India, the Securities Contracts (Regulation) Rules, 1956 (SCRR), and SEBI (Issue of Capital and Disclosure Requirements) Regulations (ICDR), 2018, provide the key requirements for free-float stocks.

Prior to September 1993, the SCRR prescribed that, at a minimum, 60% of a public offering should go to the public. However, the government was allowed to waive or relax this requirement. In addition, companies that got listed had an option to offer only 20% of the capital to the public at their IPOs and then to increase free-float stocks to 40% of the capital within three years of the IPO. However, a discussion paper published by the government stated that there was no proper mechanism to monitor if the companies actually made their second offer within three years.

[5] Discussion Paper: Requirement of Public Holding for Listing (2008), Department of Economic Affairs, Ministry of finance, Government of India

In 1993, the SCRR was amended to decrease the threshold from 60% to 25% with an aim to encourage IPOs. In addition, the government was allowed to relax the requirement, and in 1999, SEBI exercised this power to give special treatment to IT companies and allowed them to offer only 10% of the capital to the public[6]. The purpose of the relaxation included the following: a) as IT stocks were highly valued in the dot com bubble, capital dilution to the overseas market might negatively affect domestic investors' confidence. B) the excess capital might result in inefficient investments. In August 2000, this relaxation was extended to the media/entertainment and telecom sectors. In December 2000, it was made available to all sectors subject to the condition of minimum offering of 20 lakh (100 000) shares[7].

In 2001, SEBI introduced a new requirement for listed companies to maintain a minimum level of public shareholding. Until 2000, there was no regulatory requirement for maintaining the minimum free float on a continuous basis. However, the new guideline, introduced in 2001, required all new listed companies to maintain a level of free-floating stocks which was required at the time of the IPO.

In 2004, the continuous requirement was amended[8]. Under the new requirement, all new listed companies would be required to maintain at least a 25% free-float. There were, however, some exceptions. One was that the companies that were allowed to offer 10% to the public at the IPO would be required to maintain 10%, not 25%. Another exception was that SOEs and infrastructure companies, etc. were exempted from the 25% free-float requirement. In 2006, the continuous requirement was amended again[9]. The threshold of 25% was applied to all listed companies except for a) listed companies that offer a large number of shares (2 crore (10 million) or more) or large amount of capital (1000 crore or more in terms of market capitalization); b) listed companies that offered less than 25% but more than 10% of the total number of shares at the time of IPO, and; c) government companies. In 2010, the requirement for a minimum free-float was made uniform to 25% for all companies, listed or seeking to list. In cases where the post issue capital of companies was more than INR 4,000 crores, for initial listing, the company was permitted to offer a 10% public shareholding. All companies were required to increase their free-float to at least 5% per annum until the requirement of 25% was met. PSUs (Public Sector Undertakings) were to achieve minimum public shareholding of 10% within 3 years and the companies in private sector were to achieve 25% minimum public shareholding within 3 years. In 2014, the exemption given to the government companies was omitted, and all listed companies are currently required to maintain a minimum public shareholding of 25%. While most companies have complied, there are a few non-compliant companies against which SEBI has taken actions. Fresh non-compliances are subject to a standard operating structure of fines and other structures.

In addition, SEBI introduced the Qualified Institutions' Placement (QIP) in 2006, which is a form of private placement of securities. QIPs do not require the issuer to file a draft offer document with SEBI, while the lead manager(s) shall exercise due diligence and ensure the accuracy and adequacy of disclosure in the offer document[10]. Under the QIP, securities shall be allotted to qualified institutional buyers or in case promoters/ promoter group entities need increase free-floating stocks to meet the minimum public shareholding requirements, QIPs can be undertaken through an offer for sale by

[6] Those IT Companies were subject to minimum offering of 20 lakh (100,000) shares for an amount of not less than Rs.50 crore (10 million). See Annual Report 1999-2000 (2000), SEBI
It is noted that India recently introduced differential voting rights in order to make it easy for technology companies to get equity funding, while ensuring minority shareholders' rights. See Consultation Paper: Issuance of Differential Voting Rights (DVR) (2019) SEBI
[7] See Annual Report 2000-2001 (2001), SEBI
[8] See Annual Report 2005-2006 (2006), SEBI
[9] See SEBI/CFD/DIL/LA/2006/13/4 (2006), SEBI
[10] See regulations 175 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

promoters/ promoter groups[11]. Securities that were issued through QIPs amounted to 14,857 crore Rupee (2.1 billion USD) during 2015-2016, 8,464 crore Rupee (1.2 billion USD) during 2016-2017, and 67,257 crore Rupee (9.9 billion USD)[12].

Promoter's skin in the game

Another policy response with respect to the relative dominance of promoters is to ensure that a promoter has *'skin in the game'*. For example, promoters/ promoter groups must hold at least 20% of the post-issue capital for a period of three years after the IPO[13]. There is also an additional requirement that all pre-IPO shareholders (other than the promoters) should lock in their shareholding for a period of one year after listing. The background was that some companies with promoters tended to vanish after the IPO (so called ''vanishing companies" [14]) and the lock-in requirement was intended to ensure continuous commitments by companies that go public.

[11] See regulation 173 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and SEBI/CIR/MRD/DP/18 /2012

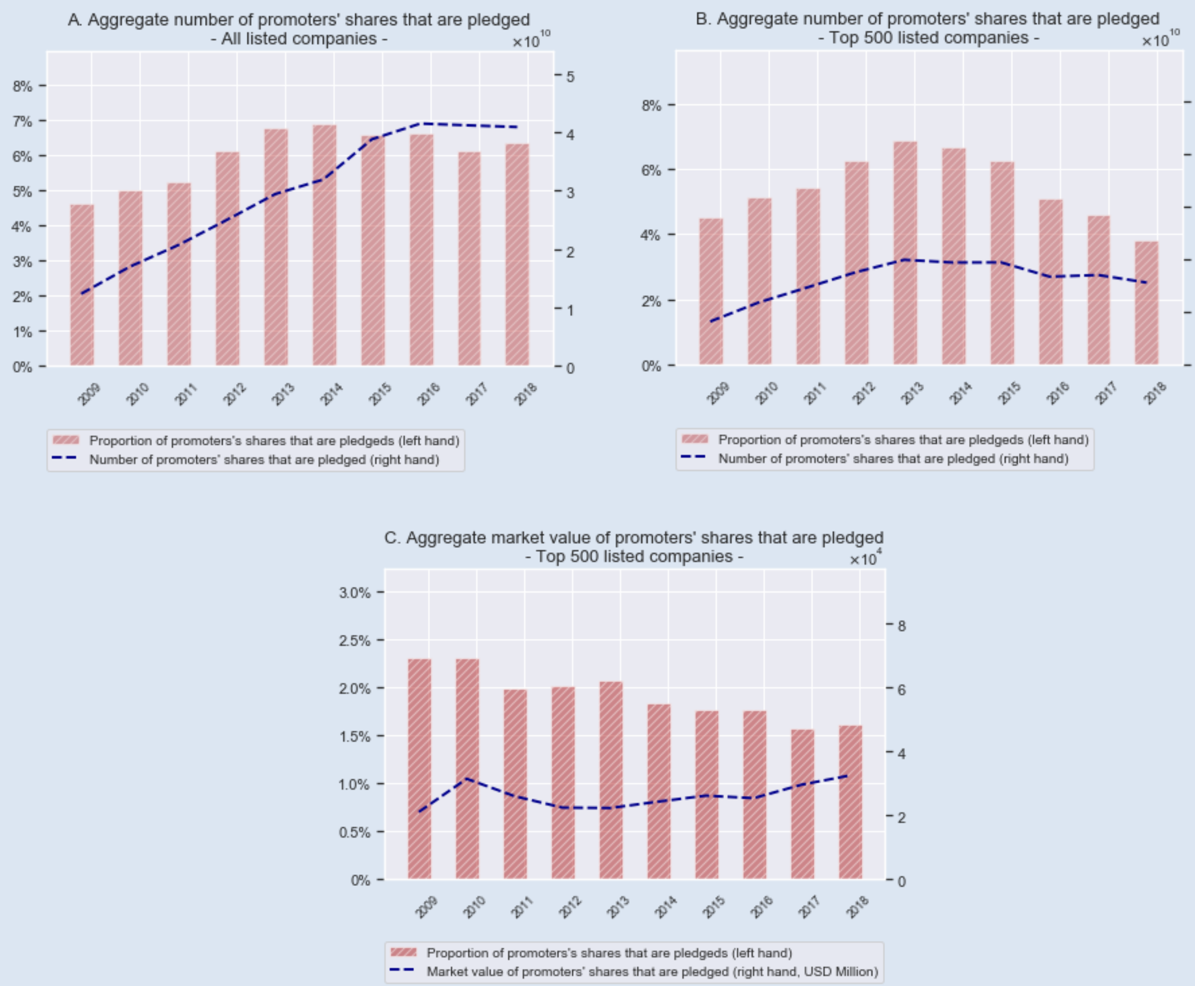
[12] The numbers are based on a calendar year and the exchange rates are on yearly average (cited from the website of the U.S. Internal Revenue Service).

[13] See regulations 14 and 16 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

[14] See Annual Report 2011- 2012 (2012), Ministry of Corporate Affairs. The government established the Co-ordination and Monitoring Committee in 1999 to address the problem.

Figure 1.5. Shifts in promoters' shares that are pledged

Panel A and Panel B show the aggregate number promoters' shares that are pledged, while Panel C shows the aggregate market value of promoters' shares that are pledged. For example, Panel C shows that the aggregate market value of shares pledged in 2018 amounts to 32.4 USD billion.



Source: Prowess; see Annex for details.

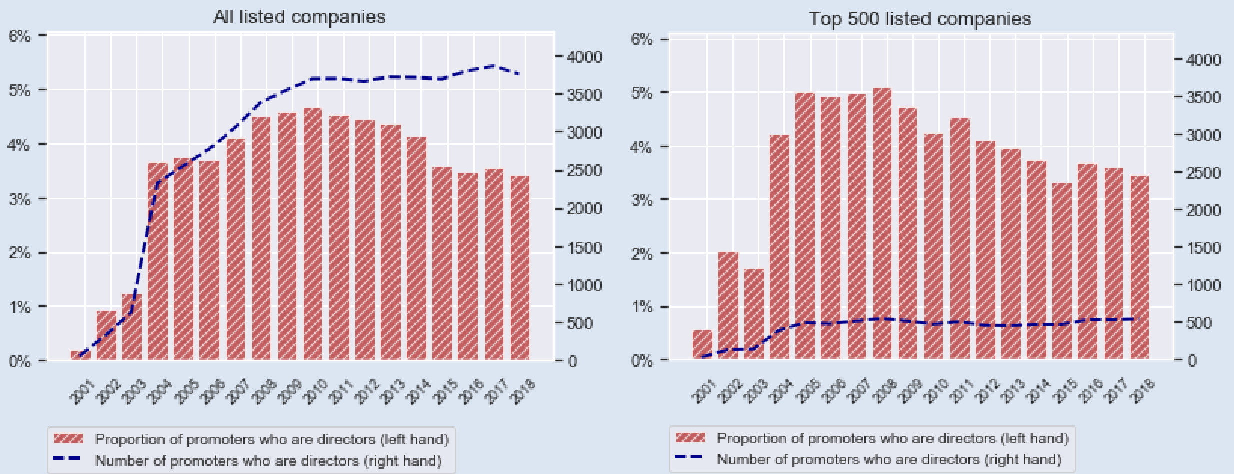
Pledging shares as collateral is another issue. In India, it is observed that promoters pledge their shares as collateral to borrow money. From investors' perspectives, this would enhance risks as the stock price could significantly fall if lenders are forced to sell the shares in the event of a default[15]. In 2009, SEBI

[15] The Financial Stability Report, December 2013, states that pledging of shares by promoters is perceived as a significant activity with many implications for risk to the markets, especially when the markets face tight condition. See "Financial Stability Report, December 2013" (2013), RBI

In the Financial Stability Report, December 2014, it is also noted that in some instances the shares pledged by unscrupulous promoters could go down in value and the promoters may not mind losing control the company as there is a possibility of diversion of funds before the share prices collapse. It also mentions that pledging of shares is practiced in other advanced economies too, but it has taken a significantly different form in India. In the case of introduced a new requirement to provide for disclosure of promoters' shares which are pledged[16]. Figure 1.5 shows the number and market value of promoters' shares that are pledged. For all listed companies, the number of pledged shares shows an upward trend until 2016. Among the top 500 listed companies, on the other hand, the market value of pledged shares has been stable while the number of pledged shares shows a slightly downward trend since 2013. Recently, SEBI has strengthened a disclosure requirement, and all listed companies are now required to disclose the reasons for pledging shares as collateral if the shares pledged by the promoter exceed 20% of the total shares of the company[17].

In some companies, promoters serve on the board of directors as India has a well-established tradition of family owned companies. Figure 1.6 shows the shifts in the number of directors who are promoters and the average proportion of promoter directors to all directors between 2001 and 2018.

Figure 1.6. Shifts in directors who are promoters



SEBI has also introduced regulations to safeguard minority shareholders rights for those companies with directors who are also promoters. One example is regulation with respect to the remuneration of executive directors who are also promoters. As shown in Figure 1.7, executive promoter-directors have historically received higher remuneration in comparison with executive non-promoter-directors. The difference is most prominent for the top 500 listed companies, except for 2018. To address concerns about disproportionate remuneration paid to executive promoter-directors, SEBI has implemented the proposal of the Kotak Committee that shareholder approval by special resolution is required if the total remuneration paid to executive promoter-directors exceeds a certain threshold[18].

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a typical Indian company, the promoters pledge shares not for funding outside business ventures but for the company itself. Given the vulnerabilities in some promoter-led companies, pledging of promoters' shares could pose risks to the financial stability. "Financial Stability Report, December 2014" (2014), RBI

[16] See Annual Report 2008- 2009 (2009), SEBI. This requirement was extended to other types of encumbrance in 2011.

[17] See SEBI/HO/CFD/DCR1/CIR/P/2019/90 (2019), SEBI

[18] See regulation 17 (6) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Figure 1.7. Total remuneration for executive directors who are promoters and executive directors who are non-promoters

Source: Prowess; see Annex for details.

In addition, SEBI recently strengthened provisions for related party transactions. Prior to 2018, certain promoters and promoter groups did not fall under related parties, and transactions with those promoters/ promoter groups were not categorized as related party transactions19. In 2018, SEBI revised the LODR (Listing Obligations and Disclosure Requirements Regulation) so that it captures all promoters/ promoter group entities that hold more than 20% of shareholding in the listed company. The new LODR also requires listed companies to disclose related party transactions half-yearly[20] .

[19] See Kotak Committee Report, 2017

[20] See regulation 23 (9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Like other economies, SEBI and recognized stock exchanges play a role of custodians for corporate governance. See “OECD Corporate Governance Factbook 2019” (2019)

2 Institutional Investors in Indian capital markets

Throughout the past 20 years, stock markets have undergone profound changes. Various forms of institutional ownership have increased in importance, at the expense of direct ownership by individual households; new investment strategies and investment vehicles, such as index investment and exchange-traded funds (ETFs) have also become much more common.

Much of the legal and economic doctrine that underpins corporate governance policies assumes the classical case of direct ownership by a physical person where incentives among market participants stem from a direct relationship between a company and an individual physical owner. However, today, ownership in many markets is dominated by different kinds of profit-maximising intermediaries that invest on behalf of the ultimate beneficiaries. All these investors, which include institutional investors such as pension funds, insurance companies and investment funds, have their own business models and vary with respect to their incentives to exercise their corporate governance functions in an informed manner.

In most economies in Asia, there has been an increase in institutional investors' ownership of financial assets since 2000. In OECD countries, the traditional institutional investors, such as pension funds, investment funds and insurance companies, have more than doubled their total assets under management from USD 36 trillion in 2000 to USD 84 trillion in 2017. In Asia, institutional investors' assets under management reached USD 16 trillion.[21] Most of the institutional investment in Asia is held by foreign institutions, partly as a result of low allocation to equity by domestic institutions.

In line with this broader trend, this section of the report will explore the trends in equity ownership by institutional investors in India. Institutional investors refer to financial institutions and banks as promoters, foreign institutions as promoters, qualified foreign promoter investors, and institutions as non-promoters (including mutual funds, banks, financial institutions, venture capital firms, and qualified foreign investors).

Despite a smaller role than in some OECD markets, the importance of institutional investors is notable also in India, especially in the largest 500 listed companies by market capitalisation. Institutional investors in India now represent an estimated investment of close to USD 400 billion in the public equity market, which is around 30% of total market capitalisation in India. Institutional investors have increasingly become a major driver of India's capital markets, and in 2018 represented a 34% equity holding (market capitalization) for the largest 500 Indian listed companies[22] .

SEBI regulates investments by institutional investors. Figure 2.1 shows that the proportion of equity holdings by institutional investors[23] in India has maintained a flat trend since 2001. In the top 500 listed

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[21] OECD (2019), OECD Equity Market Review of Asia 2019

[22] As the size and influence of institutional investors have increased in India, proxy advisors have been increasingly proactive in the country. In response to the emergence of proxy advisors, SEBI published for public consultation a report on issues concerning proxy advisors. See "Working Group's Report on Issues concerning Proxy Advisors", 2019

[23] The SEBI (Issue of Capital and Disclosure Requirements) Regulations (ICDR Regulations), 2018, defines the institutional investor as i) qualified institutional buyers and ii) family trust or intermediaries registered with SEBI with

companies, this has increased from 14% in 2001 to 26% in 2018. Panel D shows the aggregate shareholding by institutional investors in terms of market value. It shows that the proportion of the shareholdings by institutional investors has increased from 24% in 2008 to 34% in 2018 (Panel D).

Panel A, Panel B, and Panel C show the average shareholdings by institutional investors at the company level. For those Panels, the proportion of shareholdings is based on the number of shares that institutional investors hold.

Panel D shows the aggregate shareholdings by institutional investors. For Panel D, the proportion of shareholdings is based on the market capitalization.

Figure 2.1. Institutional ownership in Indian listed companies (2001-2018)

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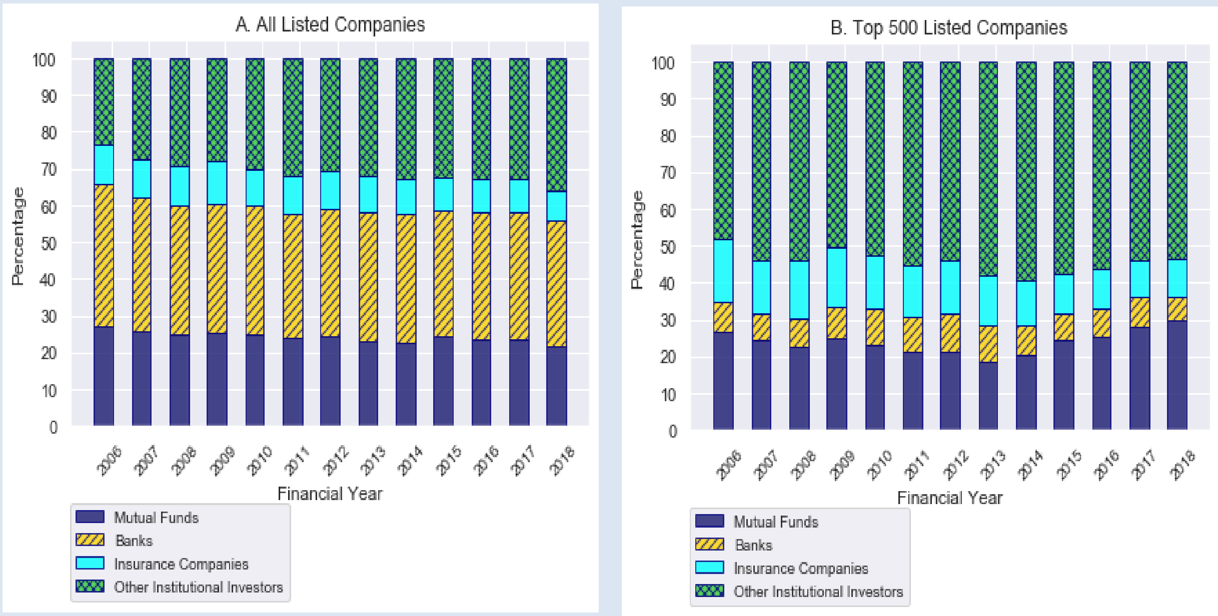
net worth of more than 500 crore (10 million) rupees. In addition, ICDR Regulation provides for the definition of qualified institutional buyers. Under the Listing Agreement, the listed companies are required to disclose the ownership patterns. Figures in this report is based on the disclosure by listed companies.

As a proportion of total institutional ownership, banks represent the largest share for all listed companies. In the past five years, this has remained above 30% since 2006. In the top 500 listed companies by market capitalisation, mutual funds have increased from 18% in 2013 to 30% in 2018 (see Figure 2.2).

Figure 2.2. Institutional ownership in Indian listed companies (2006-2018)

This figure shows a breakdown of institutional investors for all listed companies and top 500 listed companies. Other institutional investors include foreign institutional investors and venture capital funds. The proportion is based on the number of shares that they hold.



A growing number of foreign institutional investors have also been attracted by India’s developed primary and secondary markets. As shown in Figure 2.3, an initial surge in foreign institutional investment was observed from 2002 to 2007. Since 2010, India has seen a consistent increase in the outright number of shares held by foreign institutional investors, and their share as a proportion of holdings by institutional investors in India. In terms of market value, shares held by foreign institutional investors in India show a slightly downward trend since 2014 (Panel C).

Figure 2.3. Domestic and foreign institutional ownership (2001-2018)

Panel A, Panel B, and Panel C show the average shareholdings by domestic institutional investors and foreign institutional investors at the company level. For those Panels, the proportion of shareholdings is based on the number of shares that institutional investors hold. Panel D shows the aggregate shareholdings by institutional investors. For Panel D, the proportion of shareholdings is based on the market capitalization.

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Annex A. Coverage of the analysis

The analysis is based on the unbalanced panel data from 2001 to 2018. The analysis for all listed companies covers 8383 companies.

The composition of the top 500 and top 200 listed companies by market capitalization varies each year. The market capitalization for each year is calculated as an annual average. The portion of market capitalization for the top 500 listed companies is more than 99% of the overall market capitalization.

The reference date for each year is the end of September.

Annex B. Categories of shareholders

The methodology for grouping investors is based on disclosure formats for shareholding patterns. Shareholders are grouped into three categories (promoters, non-promoters or public shareholdings, and custodians), each of which is grouped into sub-categories.

				Institutional Investor
A	**Promoters and promoter group**			
	(1)	Indian promoters		
		(a)	Indian individuals / Hindu undivided Family	
		(b)	Central and state governments as promoters	
		(c)	Indian corporate bodies as promoters	
		(d)	Financial institutions and banks as promoters	X (D) *
		(e)	Other promoters	
	(2)	Foreign promoters		
		(a)	Foreign individuals as promoters	
		(b)	Foreign corporate bodies as promoters	
		(c)	Foreign institutions as promoters	X (F) *
		(d)	Qualified Foreign Investors	X (F) *
		(e)	Other foreign promoters	
	(3)	Promoter groups		
B	**Non-promoters (public shareholdings)**			
	(1)	Institutions as non-promoters		
		(a)	Mutual funds as non-promoter	X (D) *
		(b)	Financial institutions and banks as non-promoters	X (D) *
		(c)	Venture capital funds as non-promoters	X (D) *
		(d)	Insurance companies as non-promoters	X (D) *
		(e)	Foreign institutional investors as non-promoters	X (F) *
		(f)	Foreign venture capital investors as non-promoters	X (F) *
		(g)	Qualified Foreign Institutional Investors	X (F) *
		(h)	Other institutions as non-promoters	X (D) *
	(2)	Central and state governments as non-promoters		
	(3)	Non-institutional investors		
		(a)	Corporate bodies as investors	
		(b)	Individual investors	
		(c)	Qualified foreign non-institutional investors	
		(d)	Other investors	
C	**Custodians**			

Note: “D” denotes domestic institutional investors while “F” denotes foreign institutional investors.

Annex C. Average shareholdings by categories (all listed companies)

The following table shows the average shareholdings by each category of shareholders. The proportion is based on the number of shares that they hold.

	2006	2007	2008	2009	2010	2011	2012
A. Promoters and promoter group	47.5	47.7	48.2	48.8	48.7	48.9	49.2
(1) Indian promoters	43.3	43.5	44.0	44.6	44.6	44.9	45.3
(a) Indian individuals	23.1	23.3	23.4	23.2	22.9	22.2	22.2
(b) Central and state governments as promoters	1.3	1.2	1.2	1.2	1.3	1.3	1.3
(c) Indian corporate bodies as promoters	18.1	18.0	18.3	18.6	18.8	19.2	19.5
(d) Financial institutions and banks as promoters	0.3	0.3	0.3	0.2	0.2	0.2	0.2
(e) Other promoters	0.6	0.8	0.9	1.3	1.4	1.9	2.1
(2) Foreign promoters	4.2	4.2	4.2	4.2	4.1	4.0	3.9
(a) Foreign individuals as promoters	0.7	0.7	0.6	0.6	0.6	0.6	0.6
(b) Foreign corporate bodies as promoters	3.4	3.5	3.5	3.5	3.4	3.4	3.3
(c) Foreign institutions as promoters	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(d) Qualified Foreign Investors	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(e) Other foreign promoters	0.0	0.1	0.1	0.1	0.1	0.1	0.1
(3) Promoter groups	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Non-promoters (public shareholding)	52.2	51.9	51.4	50.8	50.8	50.5	50.3
(1) Institutions as non-promoters	5.8	6.1	6.0	5.4	5.4	5.2	5.1
(a) Mutual funds as non-promoter	1.3	1.3	1.2	1.1	1.1	1.0	0.9
(b) Financial institutions and banks as non-promoters	1.3	1.2	1.1	1.0	1.0	0.9	0.9
(c) Venture capital funds as non-promoters	0.0	0.0	0.0	0.0	0.1	0.0	0.0
(d) Insurance companies as non-promoters	0.8	0.8	0.8	0.8	0.7	0.7	0.7
(e) Foreign institutional investors as non-promoters	2.0	2.6	2.5	2.2	2.3	2.4	2.3
(f) Foreign venture capital investors as non-promoters	0.1	0.1	0.1	0.0	0.1	0.1	0.1
(g) Qualified Foreign Institutional Investors	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(h) Other institutions as non-promoters	0.1	0.1	0.1	0.1	0.1	0.1	0.1
(2) Central and state governments as non-promoters	0.1	0.1	0.1	0.1	0.1	0.1	0.1
(3) Non-institutional investors	46.4	45.8	45.5	45.4	45.3	45.3	45.2
(a) Corporate bodies as investors	9.7	10.2	10.0	10.0	10.4	10.6	10.8
(b) Individual investors	34.7	33.1	32.8	32.6	32.0	31.7	31.5
(c) Qualified foreign non-institutional investors	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(d) Other investors	1.9	2.5	2.7	2.8	2.9	2.9	3.0
C. Custodians	0.3	0.3	0.4	0.4	0.6	0.6	0.5

	2013	2014	2015	2016	2017	2018
A. Promoters and promoter group	49.0	49.1	49.0	49.2	49.5	50.8
(1) Indian promoters	45.1	45.2	45.3	45.6	46.1	47.3
(a) Indian individuals	22.0	22.1	22.6	23.8	24.5	25.7
(b) Central and state governments as promoters	1.3	1.2	1.3	1.2	1.2	1.4
(c) Indian corporate bodies as promoters	19.4	19.4	19.0	19.2	18.8	18.5
(d) Financial institutions and banks as promoters	0.2	0.2	0.2	0.2	0.1	0.1
(e) Other promoters	2.2	2.2	2.2	1.3	1.4	1.6
(2) Foreign promoters	3.9	3.9	3.7	3.6	3.5	3.5
(a) Foreign individuals as promoters	0.6	0.5	0.6	0.6	0.6	0.6
(b) Foreign corporate bodies as promoters	3.3	3.3	3.0	2.9	2.7	2.8
(c) Foreign institutions as promoters	0.0	0.0	0.0	0.0	0.0	0.0
(d) Qualified Foreign Investors	0.0	0.0	0.0	0.0	0.0	0.0
(e) Other foreign promoters	0.1	0.1	0.1	0.0	0.1	0.0
(3) Promoter groups	0.0	0.0	0.0	0.0	0.0	0.0
B. Non-promoters (public shareholding)	50.6	50.6	50.8	50.7	50.4	49.2
(1) Institutions as non-promoters	5.1	5.0	4.9	4.9	5.1	5.1
(a) Mutual funds as non-promoter	0.8	0.9	1.0	1.1	1.2	1.3
(b) Financial institutions and banks as non-promoters	0.8	0.8	0.7	0.7	0.8	0.7
(c) Venture capital funds as non-promoters	0.0	0.0	0.0	0.0	0.0	0.0
(d) Insurance companies as non-promoters	0.6	0.6	0.5	0.5	0.5	0.5
(e) Foreign institutional investors as non-promoters	2.4	2.5	2.2	2.3	2.3	2.4
(f) Foreign venture capital investors as non-promoters	0.1	0.1	0.1	0.0	0.0	0.0
(g) Qualified Foreign Institutional Investors	0.0	0.0	0.0	0.0	0.0	0.0
(h) Other institutions as non-promoters	0.1	0.1	0.2	0.2	0.2	0.2
(2) Central and state governments as non-promoters	0.1	0.1	0.1	0.1	0.1	0.1
(3) Non-institutional investors	45.5	45.6	45.9	45.6	45.2	44.0
(a) Corporate bodies as investors	10.9	11.0	10.9	9.8	9.8	9.2
(b) Individual investors	31.7	31.6	31.8	31.6	31.5	30.7
(c) Qualified foreign non-institutional investors	0.0	0.0	0.0	0.0	0.0	0.0
(d) Other investors	2.9	2.9	3.1	4.2	4.0	4.0
C. Custodians	0.4	0.3	0.2	0.1	0.1	0.1

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