

Investible Weight Factors (IWFs)

IWF as the term suggests is a unit of floating stock expressed in terms of a number available for trading and which is not held by the entities having strategic interest in a company. Higher IWF suggest greater number of shares held by the investors as reported under public category within a shareholding pattern reported by each company.

The IWF for each company in the index are determined based on the public shareholding of the companies as disclosed in the shareholding pattern submitted to the stock exchanges on quarterly basis. The following categories are excluded from the free float factor computation where identifiable separately:

1. Shareholding reported under promoter category
2. Depository Receipts (DRs) held by promoters and promoter groups
3. Associate/group companies/ cross-holdings
4. Family members of promoter
5. Trusts managed by promoter/ promoter group companies
6. Employee Benefit Trusts/ Employee Welfare Trusts
7. Directors
8. Public shareholder representing (nominating) member on Board
9. Public shareholder entitled to represent (nominate) member on Board
10. Key Management Personnel (KMP)
11. First right of refusal in favour of company/promoters in case shareholder intends to sell the stake
12. Strategic investment by corporate bodies
13. Direct/ indirect shareholding by Central/ State Government/ Government backed corporations, Governor in case of central/ state owned company (excluding insurance companies)
14. Direct/ indirect shareholding by Central/ State Government/ Government backed corporations, Governor in company where government is not a promoter (excluding insurance companies)
15. Foreign Direct Investment
16. Private Equity Investor
17. Private Equity Fund
18. Foreign Venture Capital Investors
19. Sovereign Wealth Funds
20. Shares under lock-in period reported under public category
21. Investor Education and Protection Fund (IEPF)
22. Persons acting in concert with promoters

Example: For XYZ Ltd.

	Shares	%
Total Shares	1,00,00,000	100.00

	Shares	%
Shareholding of promoter and promoter group	19,75,000	19.75
Foreign Direct Investment	50,000	0.50
Shares held by promoters through ADR/GDRs.	2,50,000	2.50
Equity held by associate/group companies (cross-holdings)	12,575	0.13
Employee Welfare Trusts	1,45,987	1.46
Shares under lock-in category	14,78,500	14.79

$$\text{IWF} = [1,00,00,000 - (19,75,000 + 50,000 + 2,50,000 + 12,575 + 1,45,987 + 14,78,500)] / 1,00,00,000. = \mathbf{0.61}$$