

Online Appendix

Foreign Institutional Investors, Controlling Shareholders, and Market Timing: Evidence from India

Table OA.1. Covariate Balance Test for the propensity-score matched sample

This table presents the covariate balance test for firm characteristics used as control variables. For each *FII Limit* firm, we find a control firm in the same industry and year that did not increase its FII limit. Matching is performed using the following lagged firm characteristics: *log assets*, *firm age*, *market-to-book ratio*, *promoter ownership*, and *FII ownership*. Figure OA.1 shows the corresponding covariate balance plot.

Covariate Balance Mean Values and Differences in Means Test Statistics								
	Unmatched Firms				Matched Firms			
	FII Limit	non-FII Limit	t-stat	p-value	FII Limit	non-FII Limit	t-stat	p-value
Log Assets	2.462	0.705	13.00	0.000	2.462	2.141	1.71	0.088
Capex Ratio	0.107	0.073	5.58	0.000	0.107	0.093	1.33	0.186
Cash Ratio	0.126	0.074	6.63	0.000	0.126	0.116	0.69	0.492
Dividend Payer	0.774	0.525	6.44	0.000	0.774	0.774	0.00	0.996
Firm Age	25.298	29.115	-2.58	0.010	25.298	25.192	0.05	0.958
Leverage	0.281	0.292	-0.73	0.465	0.281	0.276	0.22	0.823
Log Market-to-Book	0.802	-0.114	11.08	0.000	0.802	0.802	0.01	0.995
ROA	0.114	0.060	3.78	0.000	0.114	0.115	-0.09	0.930
Promoter Ownership	44.469	53.077	-6.34	0.000	44.469	48.433	-2.11	0.036
FII Ownership	18.002	2.627	33.90	0.000	18.002	10.800	5.95	0.000

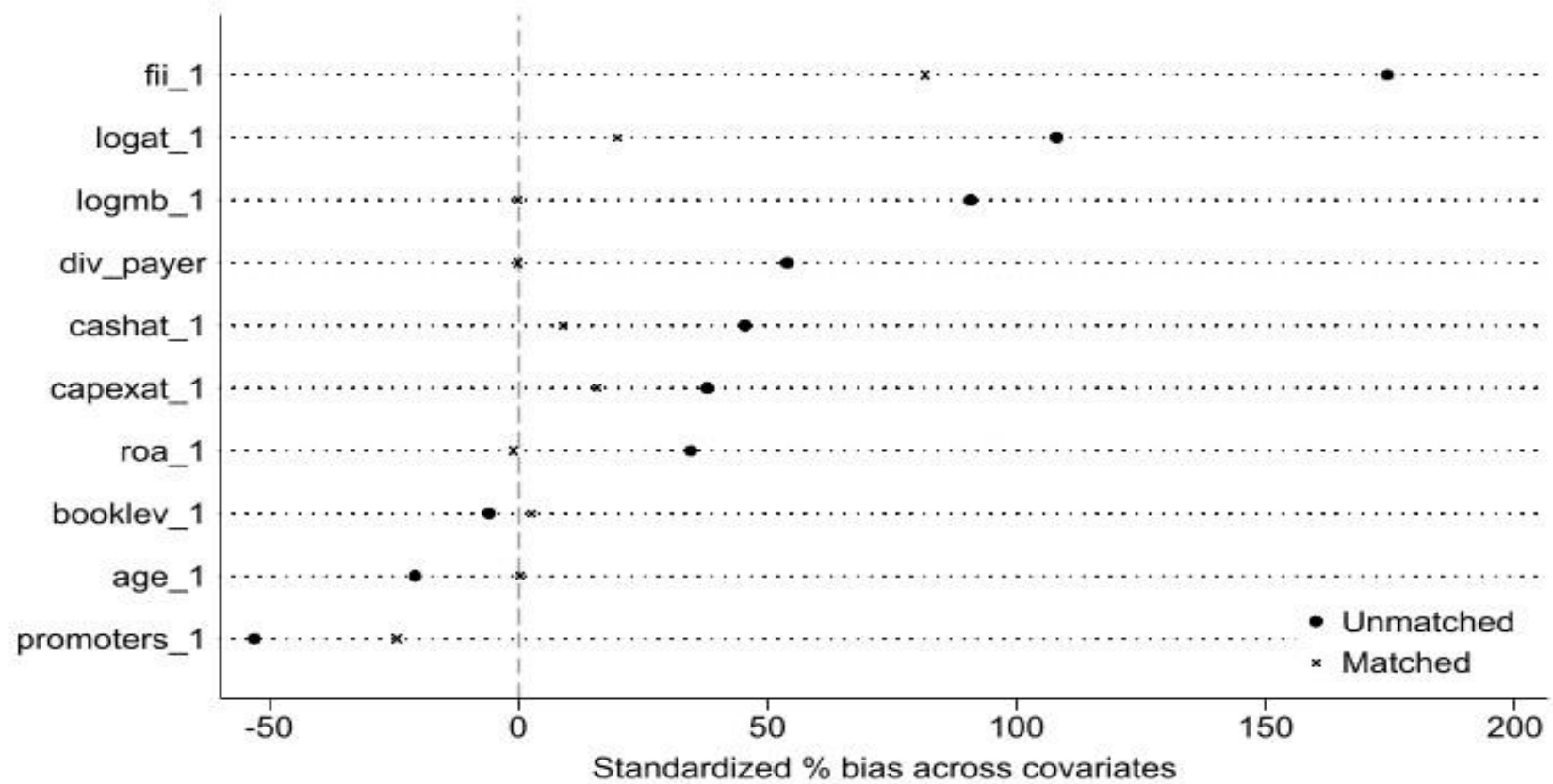


Figure OA.1. Covariate Balance Plot for the propensity-score matched sample

This figure shows the covariate balance plot for firm characteristics used as control variables. For each *FII* firm, we find a control firm in the same industry and year that did not increase its *FII* limit. Matching is performed using the following lagged firm characteristics: *log assets*, *firm age*, *market-to-book ratio*, *promoter ownership*, and *FII ownership*. Table OA.1 provides the corresponding covariate balance means.

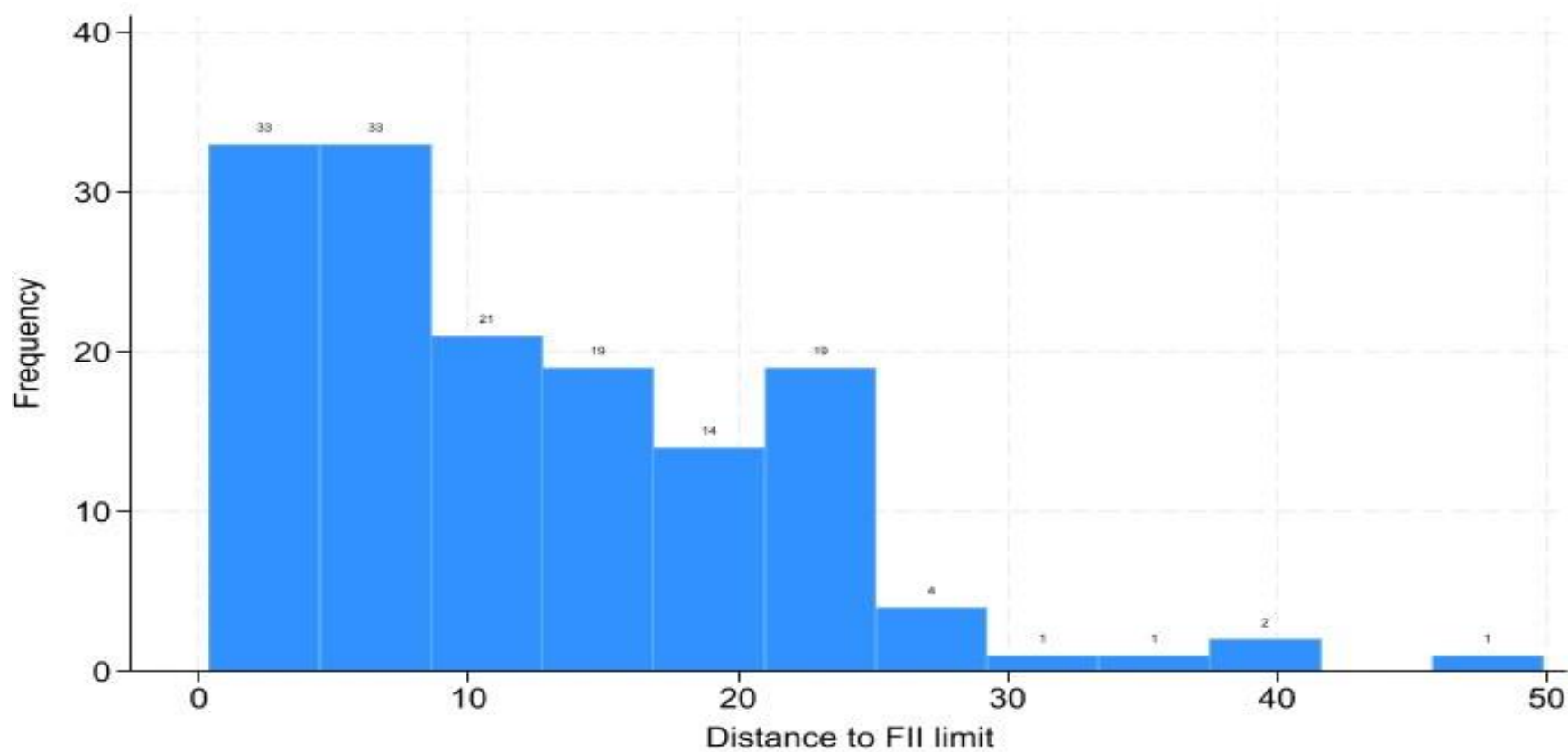


Figure OA.2. Distance of FII shareholding from existing FII limit for *FII Limit* firms

This figure shows the distribution of firm-years for *FII Limit* firms based on the distance of their FII shareholding from the existing FII limit. FII shareholding is within 5% of the current limit for 66 firm-years and exceeds 25% for approximately 28 firm-years.

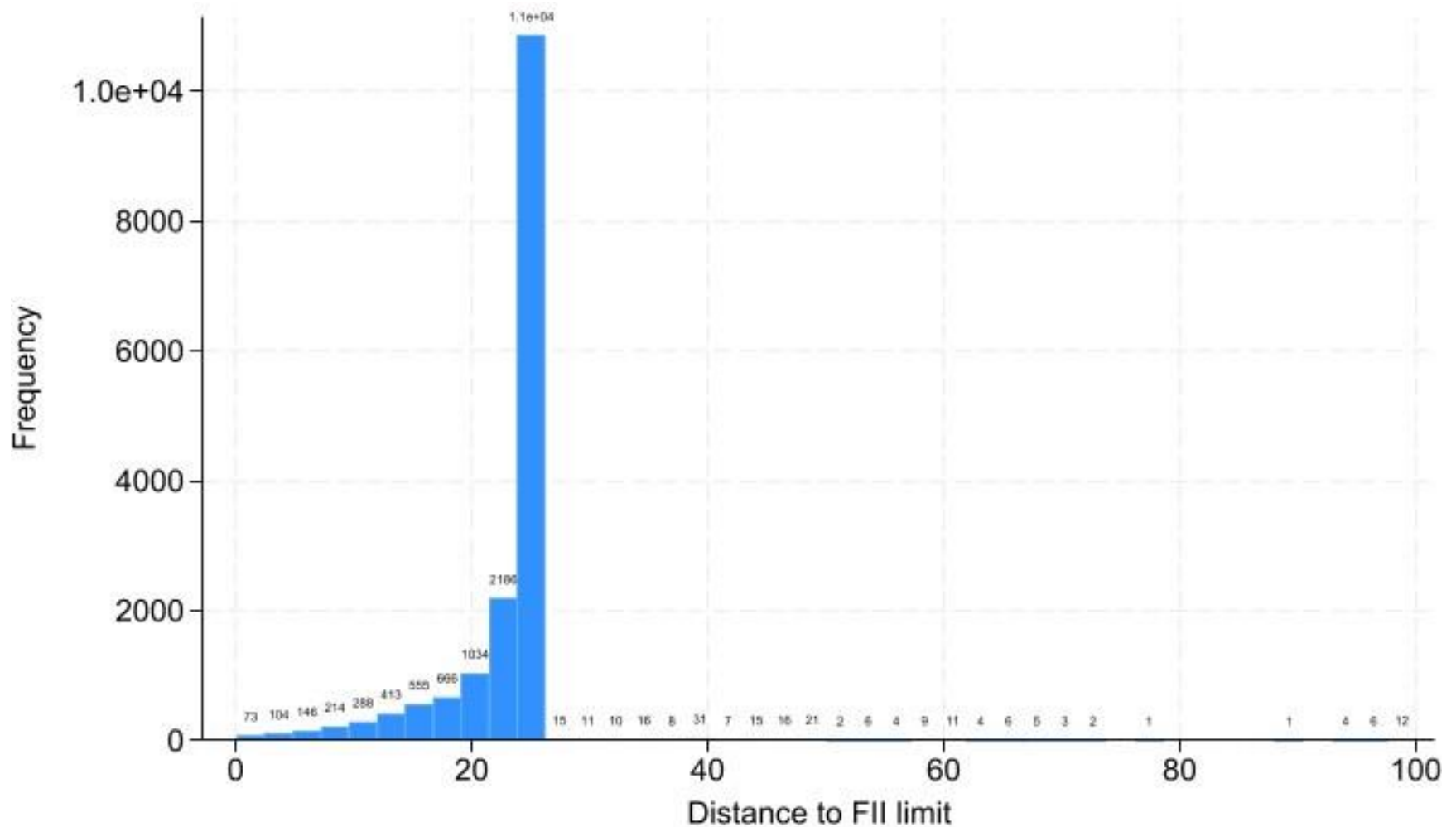


Figure OA.3. Distance of FII shareholding from existing FII limit for non-*FIILimit* firms

This figure shows the distribution of firm-years for non-*FIILimit* firms based on the distance of their FII shareholding from the existing FII limit. It excludes any firms that increased their FII limit at any point during our sample period. While FII shareholding for a large majority of firms is far from the current limit, there are approximately 225 firm-years where the distance is within 5%.