

Positioning: FII ownership makes a new peak!



Jyotivardhan Jaipuria >> +91 22 6632 8658
Research Analyst
DSP Merrill Lynch (India)
jyoti.jaipuria@baml.com

Anand Kumar >> +91 22 6632 8683
Research Analyst
DSP Merrill Lynch (India)
anand.k.kumar@baml.com

FII ownership at a new peak; GEM funds remain OW

FII continued to invest in India with December quarter witnessing FII flows of more than \$2bn. This was the 9th consecutive quarter of positive inflows from the FIIs. Strong inflows from the FIIs over the last five years have resulted in all-time high foreign ownership for Indian markets (see Chart 1). As of Dec'14, FIIs collectively held ~23% of the market and ~47% of the free float. This compares to ~15% of total market cap and 36% of free float in Mar 2009. India OW is at an all-time high for GEM funds and the consensus bullishness creates the biggest risk to markets, in our view. The good news, however, is that domestic mutual funds have seen inflows and have been buyers post-elections after being net sellers past few years.

Index changes make financials all-time high OW for FIIs...

Financials continue to remain the highest overweight (OW) sector for the FIIs (at 14.3% OW). Continuous buying in the sector coupled with the exclusion of most private sector banks from MSCI India due to lack of FII room has made the OW at such a high level. During the quarter, financials once again the most bought sector largely led by SBI & HDFC. Private sector banks have mere \$2.6bn headroom left for the FIIs (largely led by ICICI Bk & Kotak). However, PSU banks are not that well held and have headroom worth \$5.6bn (led by SBI, BOI & Canara Bank).

...IT at an all-time high FII UW... Pharma also sees its UW rise

IT on the other hand reached an all-time high underweight (UW) for the FIIs. All the three large software companies (Infosys, TCS and Wipro) are among the top- 10 UW stocks for the FIIs. Pharma has also witnessed its UW rise during the quarter. This is largely due to the combination of low flows in the sector (vs. its weight) and outperformance of the sectors over the past few quarters.

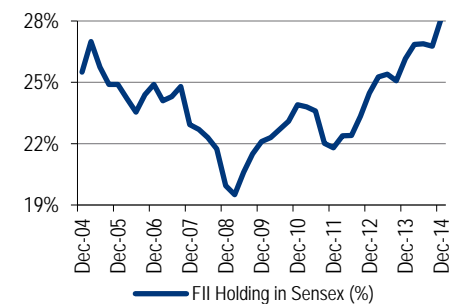
Domestic MFs: similarities and contrast with FII portfolio

1. The top four UW stocks for both FIIs and domestic MFs are the same – HDFC, Reliance, TCS and Infosys (though not in the same order).
2. Similar to FIIs, MFs are heavily UW software and energy. The UW on energy is largely driven by Reliance, similar to the FIIs.
3. Unlike FIIs, the biggest sector OW for domestic funds is industrials, where they have a massive 920 bps OW. Unlike FIIs, domestic MFs are UW financials (they are UW front line financials like HDFC Bank, HDFC and ICICI).

Domestic MFs flows becoming important for flows

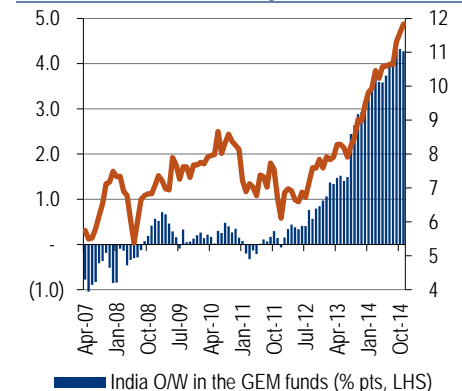
Flows from domestic MFs have been positive for the last nine consecutive months—a first since last 15 years. Overall MF ownership is at a 12 quarter high though still lower than the previous peak. We believe MFs could become an important source of flows for Indian markets going ahead as retail participation rises.

Chart 1: FII stake in Sensex at all-time high



Source: BofA Merrill Lynch Global Research, BSE, Bloomberg

Chart 2: India at all-time high GEM funds OW



Source: BofA Merrill Lynch Global Research

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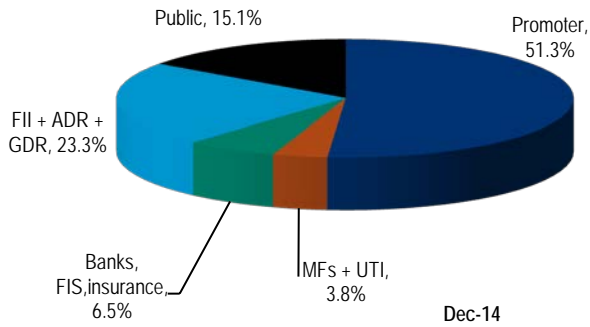
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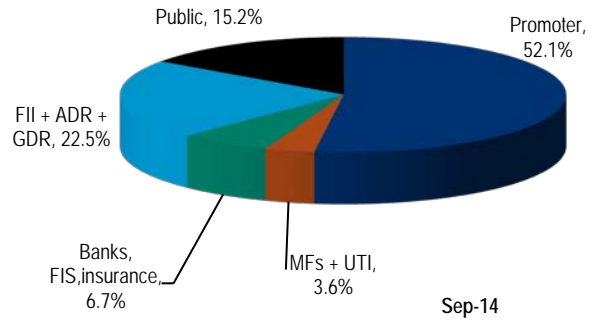
Refer to important disclosures on page 20 to 22.

Market ownership structure

Chart 3: Shareholding BSE500 Index

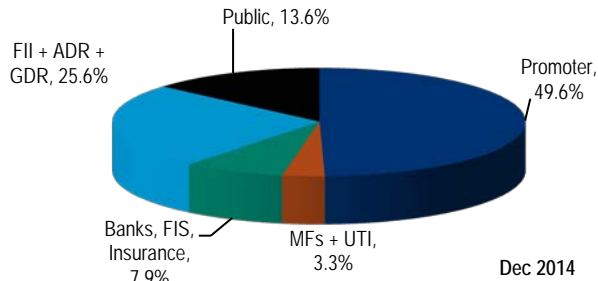


Source: BofA Merrill Lynch Global Research. exchange filings

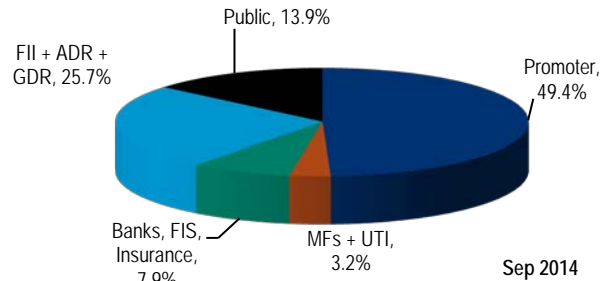


Source: BofA Merrill Lynch Global Research. exchange filings

Chart 4: Shareholding Pattern – MSCI Companies

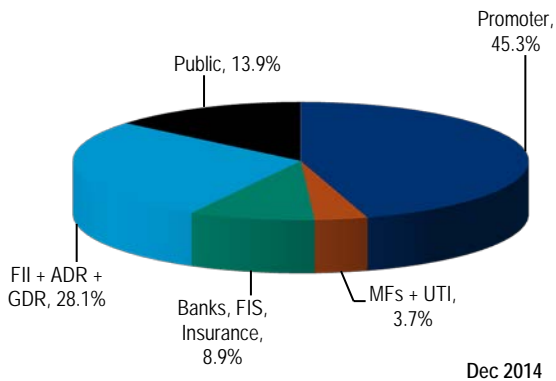


Source: BofA Merrill Lynch Global Research. exchange filings

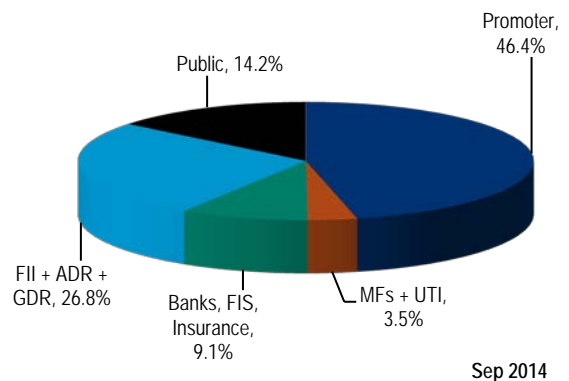


Source: BofA Merrill Lynch Global Research. exchange filings

Chart 5: Shareholding Pattern – Sensex Companies



Source: BofA Merrill Lynch Global Research. exchange filings



Source: BofA Merrill Lynch Global Research. exchange filings

FII Ownership analysis

- O/W on Consumer Discretionary declined due to inclusion of Zee and Motherson in MSCI Index.
- O/W on Financials increased due to removal of HDFC and Reliance Capital and buying in SBI.
- Utilities became O/W from U/W due to removal of Power Grid

Table 1: FII sectoral over-ownership/ under-ownership

Sector Name	Current MSCI Weight	Weight in FII Portfolio	Current OW/UW vs. MSCI	Sep 14 OW/UW
Consumer Discretionary	8.3%	11.2%	2.8%	4.2%
Consumer Staples	12.7%	9.1%	-3.6%	-2.9%
Cement	1.6%	2.4%	0.8%	1.0%
Energy	10.6%	6.1%	-4.4%	-4.3%
Financials	16.9%	31.2%	14.3%	10.5%
Industrials	5.2%	5.4%	0.2%	0.3%
Metals & Mining	5.4%	3.2%	-2.2%	-2.2%
Healthcare	8.6%	6.8%	-1.8%	-1.2%
Real Estate	0.3%	0.8%	0.4%	0.5%
Software	22.8%	15.2%	-7.6%	-6.2%
Telecom	2.8%	2.7%	-0.1%	0.1%
Utilities	3.1%	3.2%	0.1%	-0.7%
Others	1.7%	2.7%	1.0%	1.0%
Total	100.0%	100.0%	0.0%	0.0%

Source: BofA Merrill Lynch Global Research. exchange filings

During the quarter Bharti Airtel entered the top-10 O/W stocks for FIIs. HDFC Bank, Power Grid and Titan were excluded from MSCI index.

Table 2: FII top 10 over-owned stocks (MSCI Stocks)

Blbg code	Scrip Name	Current OW / UW	Sep-14	Remarks
ICICIB IN Equity	ICICI Bank Ltd	4.4%	4.3%	
TTMT IN Equity	Tata Motors Ltd	0.9%	1.1%	
HMCL IN Equity	Hero Moto	0.4%	0.3%	
TECHM IN Equity	Tech Mahindra	0.3%	0.3%	
UTCEM IN Equity	Ultratech Cement Ltd	0.2%	0.3%	
ADE IN Equity	Adani EnterprlNes Ltd	0.1%	0.2%	
ACC IN Equity	ACC Ltd	0.0%	0.1%	
Bharti IN Equity	Bharti	0.0%	0.1%	in
HDFCB IN Equity	HDFC Bank Ltd	5.3%	3.4%	out of index
PWGR IN Equity	Power Grid Corp of India Ltd	1.0%	0.4%	out of index
TTAN IN Equity	Titan	0.4%	0.4%	out of index

Source: BofA Merrill Lynch Global Research. exchange filings

No change in list of top 10 underowned stocks by FIIs

Table 3: FII top 10 under-owned stocks

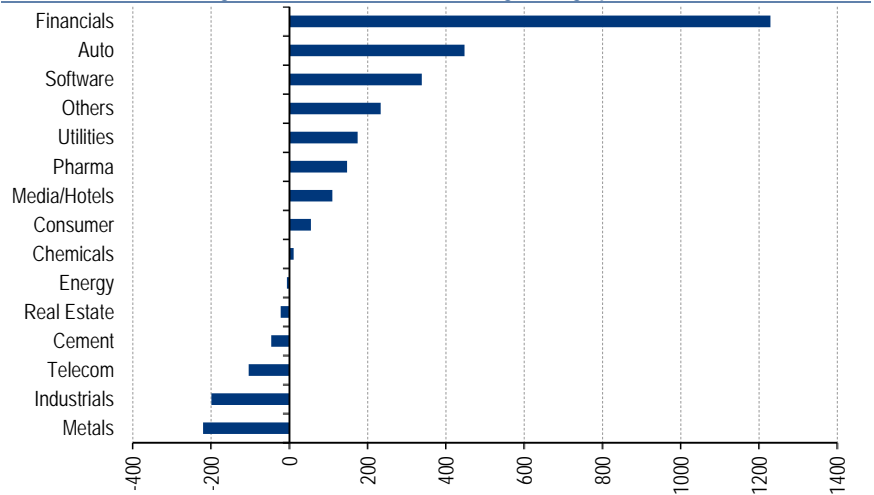
Blbg code	Scrip Name	Current OW / UW	Sep-14
INFO IN Equity	Infosys Technologies Ltd	-4.3%	-3.5%
RIL IN Equity	Reliance Industries Ltd	-3.8%	-3.8%
TCS IN Equity	Tata Consultancy Services Ltd	-3.0%	-2.7%
HDFC IN Equity	Housing Development Finance Corp	-3.0%	-2.5%
HUVR IN Equity	Hindustan Unilever Ltd	-2.2%	-1.9%
ITC IN Equity	ITC Ltd	-1.8%	-1.7%
SUNP IN Equity	Sun Pharmaceutical Industries Ltd	-1.7%	-1.4%
LT IN Equity	Larsen & Toubro Ltd	-1.4%	-1.3%
WPRO IN Equity	Wipro Ltd	-1.3%	-1.2%
SBIN IN Equity	State Bank of India	-1.0%	-0.9%

Source: BofA Merrill Lynch Global Research. exchange filings

Most bought sectors by the FIIs were:
Financials, Auto & Software

Most sold sectors by the FIIs were:
Metals, Industrials, Telecom

Chart 6: FII- Sector bought & sold (USD mn) (assuming average prices)



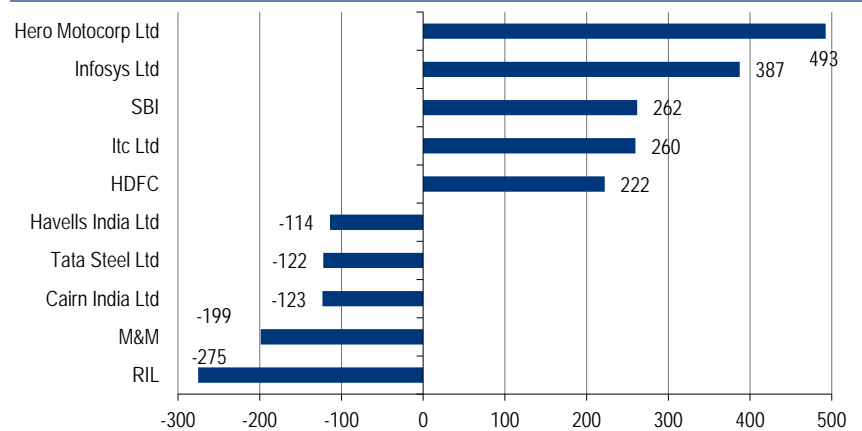
Source: BofA Merrill Lynch Global Research. exchange filings

Table 4: Sector-wise: Most actively bought/ sold by FIIs

Sector	Key Purchases	Key Sales
Financial	SBI (\$262 mn) HDFC (\$222 mn)	Shriram Transport (\$49 mn)
Auto	Hero Moto (\$ 493 mn) Bajaj Auto (\$127 mn)	M&M (\$199 mn) Tata Motors (\$96 mn)
Software	Infosys (\$387 mn) Wipro (\$125 mn)	Hexaware (\$76 mn) Tech Mahindra (\$75 mn)
Consumer	ITC (\$ 259 mn) Colgate (\$79 mn)	Asian Paints (\$ 96 mn) Tata Global (\$49 mn)
Metals	Coal India (\$62 mn)	Tata Steel (\$122 mn) NMDC (\$57 mn)
Pharma	Cipla (\$160 mn) Aurobindo (\$97 mn)	Sun Pharma (\$102 mn) Ranbaxy (\$96 mn)

Source: BofA Merrill Lynch Global Research. exchange filings

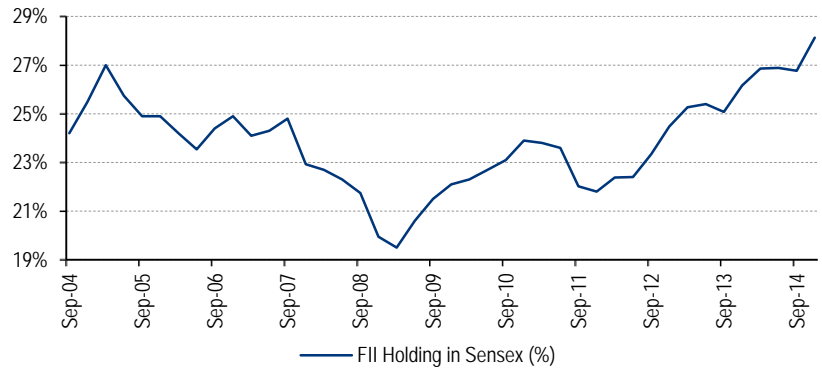
Chart 7: FII top 5 stocks bought and sold (US \$ mn) (assuming average prices)



Source: BofA Merrill Lynch Global Research. exchange filings

FII holding in Sensex companies has been rising continuously since 2009 and is now close to all-time peak of 28%

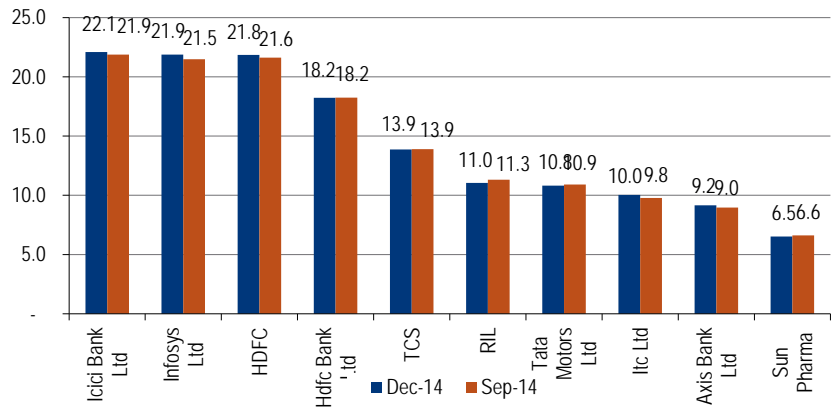
Chart 8: FII holding in Sensex Companies



Source: BofA Merrill Lynch Global Research. exchange filings

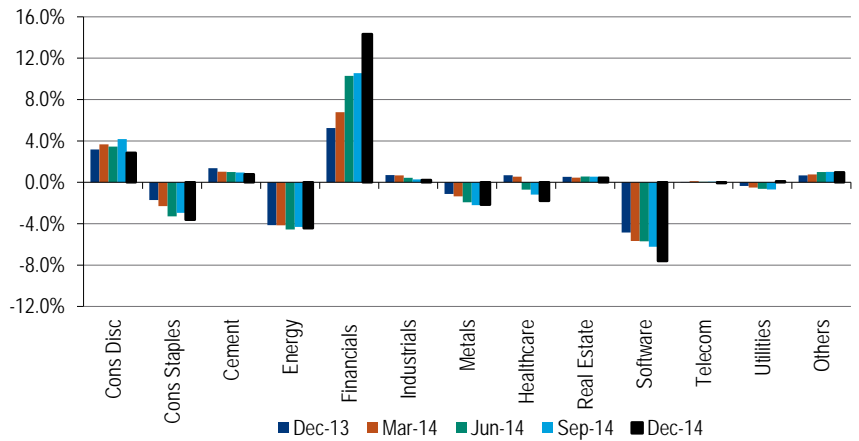
- Based on average prices ICICI bank is the largest holding of FIIs collectively.
- There are 4 financials (3 Pvt Banks & HDFC) among the top-10 holdings of the FIIs

Chart 9: Top 10 Holdings by value (US\$ Bn assuming average prices)



Source: BofA Merrill Lynch Global Research. exchange filings

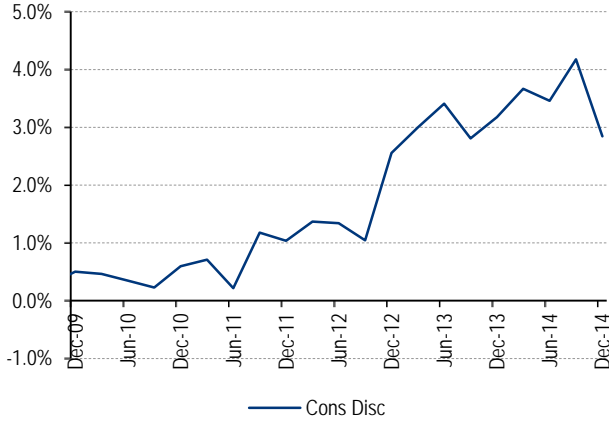
Chart 10: Sector ownership pattern (OW/UW with respect to MSCI)



Source: BofA Merrill Lynch Global Research. exchange filings

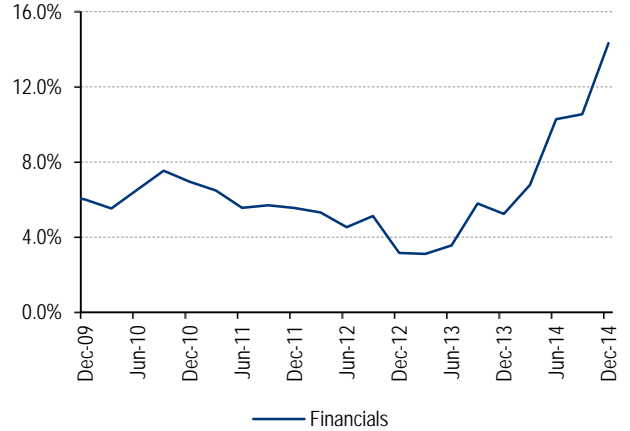
Long-term FII trends- O/W on Financials & Discretionary and U/W on Software gone up

Chart 11: FII O/W has gone down in Consumer Discretionary



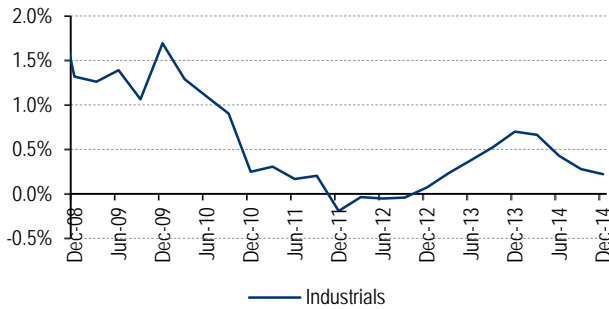
Source: BofA Merrill Lynch Global Research. exchange filings

Chart 12: FII O/W has gone up in Financials



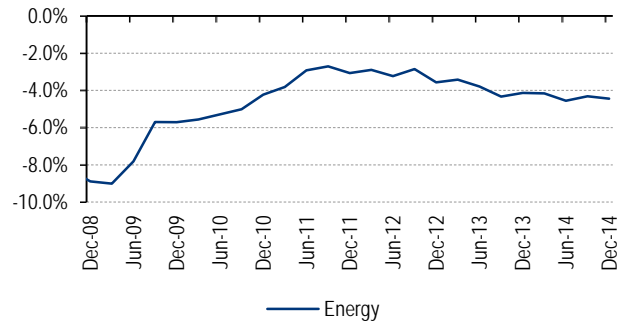
Source: BofA Merrill Lynch Global Research. exchange filings

Chart 13: FII O/W has gone down in Industrials



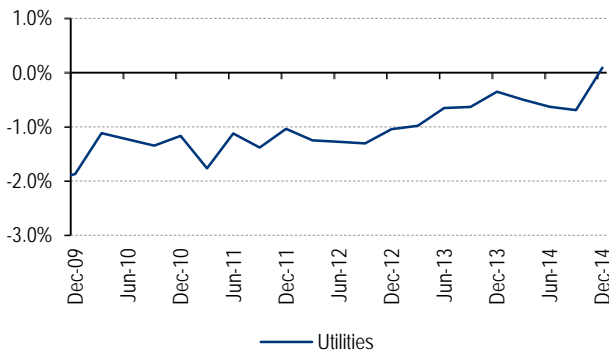
Source: BofA Merrill Lynch Global Research. exchange filings

Chart 14: FII U/W has gone down in Energy



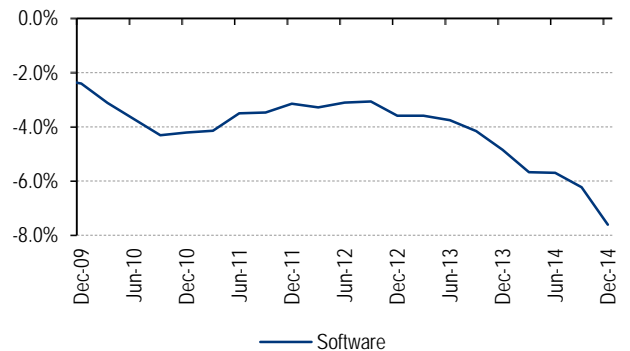
Source: BofA Merrill Lynch Global Research. exchange filings

Chart 15: FII U/W has gone down in Utilities and is now O/W



Source: BofA Merrill Lynch Global Research. exchange filings

Chart 16: FII U/W has gone up in Software



Source: BofA Merrill Lynch Global Research. exchange filings

Domestic MFs - Ownership analysis

- MF portfolio is in contrast with that of FIIs, with Financials being major underweight sector, sector on which FIIs are heavily O/W
- Industrial sector is the biggest O/W.
- Staples is another O/W sector for MFs where O/W reduced due to lower buying compared to its weight.

Table 5: Domestic MFs- sectoral over ownership/ under ownership

Sector Name	Nifty	MF+ UTI Portfolio	MF OW/ UW vs. Nifty	Sep 2014 OW/ UW
Cons Disc	10.3%	9.8%	-0.5%	-1.1%
Cons Staples	10.5%	14.9%	4.4%	5.2%
Cement	2.8%	2.8%	0.0%	-0.1%
Energy	9.3%	5.8%	-3.5%	-3.7%
Financials	29.5%	24.0%	-5.5%	-4.5%
Industrials	5.4%	14.6%	9.2%	9.2%
Metals & Mining	4.2%	1.8%	-2.4%	-3.0%
Pharma	6.2%	6.6%	0.4%	0.6%
Real Estate	0.2%	0.4%	0.1%	0.1%
Software	16.1%	10.0%	-6.1%	-6.1%
Telecom	1.9%	1.7%	-0.2%	-0.3%
Utilities	3.5%	2.8%	-0.8%	-0.6%
Others	0.0%	4.8%	4.8%	4.3%
Total	100.0%	100.0%	0.0%	0.0%

Source: BofA Merrill Lynch Global Research. exchange filings

The top O/W stocks for MFs vs. Nifty has remained unchanged with ITC being the most O/W stock.

Table 6: Domestic MFs- Top over owned stocks

Scrip Name	Weight in Nifty	Weight in MF portfolio	Current OW / UW	Sep-14
ITC Ltd	7.4%	10.8%	3.4%	4.2%
Larsen & Toubro Ltd	4.6%	5.9%	1.3%	1.6%
Bharat Petroleum Corp Ltd	0.6%	1.0%	0.4%	0.6%
Maruti Suzuki India Ltd	1.6%	1.9%	0.3%	0.4%
PNB	0.5%	0.6%	0.1%	0.1%
Bank of Baroda	0.0%	0.2%	0.1%	0.1%

Source: BofA Merrill Lynch Global Research. exchange filings

Table 7: Domestic MFs- Top under owned stocks

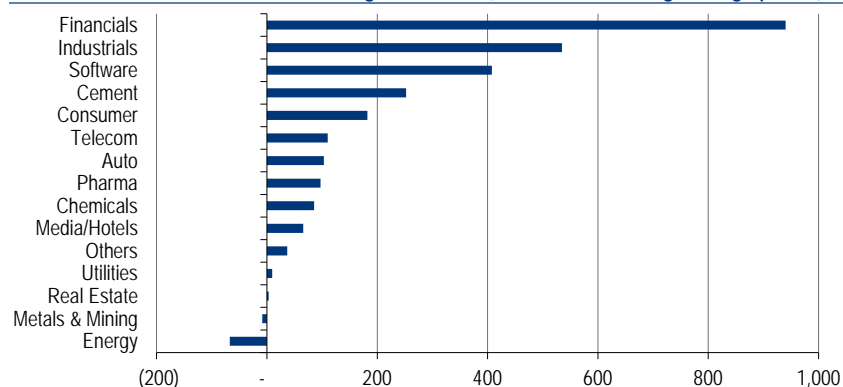
Scrip Name	Weight in Nifty	Weight in MF portfolio	Current OW / UW	Sep-14
HDFC	6.2%	1.1%	-5.1%	-5.2%
RIL	5.6%	2.0%	-3.6%	-4.1%
TCS	4.8%	1.3%	-3.5%	-3.5%
Infosys	7.0%	3.6%	-3.4%	-3.4%
ICICI Bank	6.9%	4.2%	-2.7%	-2.2%
Tata Motors	3.4%	0.9%	-2.5%	-2.7%
HDFC Bank	6.2%	3.9%	-2.3%	-2.4%
HUL	2.0%	0.1%	-1.8%	-1.8%
Sun Pharma	2.3%	0.6%	-1.7%	-1.7%
M&M	2.1%	0.5%	-1.6%	-1.8%

Source: BofA Merrill Lynch Global Research. exchange filings

The top U/W stocks for MFs vs. Nifty has also remained unchanged with HDFC being the most O/W stock.

- Key sectors bought by the Domestic MFs: Financials, Industrials, Software.
- Key sector sold by the Domestic MFs: Energy

Chart 17: Domestic MFs –Sectors bought and sold (US \$ mn, assuming average prices)



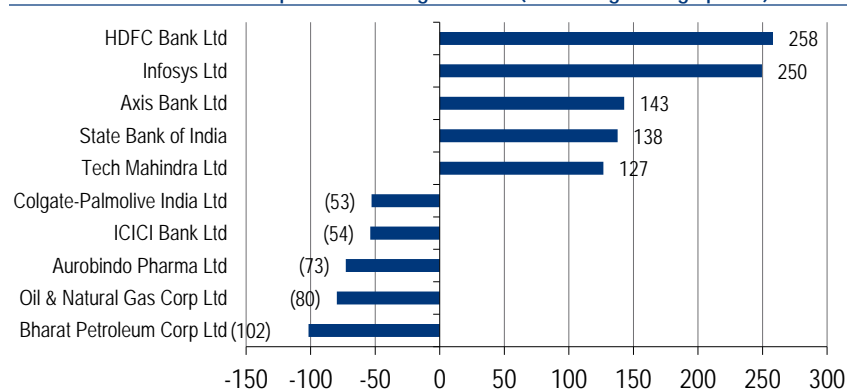
Source: BofA Merrill Lynch Global Research. exchange filings

Table 8: Domestic MFs: Sector-wise most actively bought/ sold

Sector	Key Purchases	Key Sales
Financial	HDFC Bank (\$258 mn)	ICICI bank (\$54mn)
	Axis Bank (\$143 mn)	LIC Housing (\$36 mn)
Industrials	L&T (\$105 mn)	Adani Port (\$25 mn)
	BHEL (\$90 mn)	
Software	Infosys (\$250 mn)	Info Edge (\$41mn)
	Tech Mahindra (\$127 mn)	
Energy	RIL (\$85 mn)	BPCL (\$102 mn)
	Cairn (\$63 mn)	ONGC (\$80 mn)
Autos	Tata Motors (\$121 mn)	Motherson Sumi(\$37 mn)
	M&M (\$30 mn)	
Pharma	Dr Reddy (\$25 mn)	Aurobindo (\$73 mn)
	Glenmark (\$21 mn)	

Source: BofA Merrill Lynch Global Research. exchange filings

Chart 18: Domestic MFs – Top 5 stocks bought & sold (Assuming average prices)

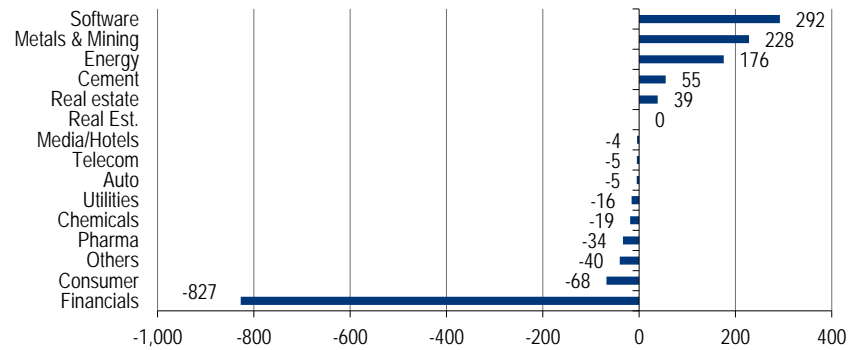


Source: BofA Merrill Lynch Global Research. exchange filings

Life Insurance Corporation

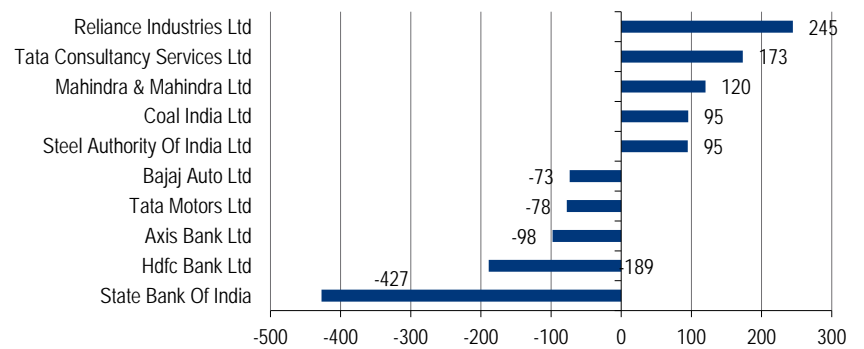
LIC were net sellers during the quarter. LIC bought Software (TCS and Infosys), Metals & Mining (Coal India). LIC sold Financials (SBI & HDFC Bank).

Chart 19: LIC – Sectors bought and sold (USD mn) (assuming average prices)



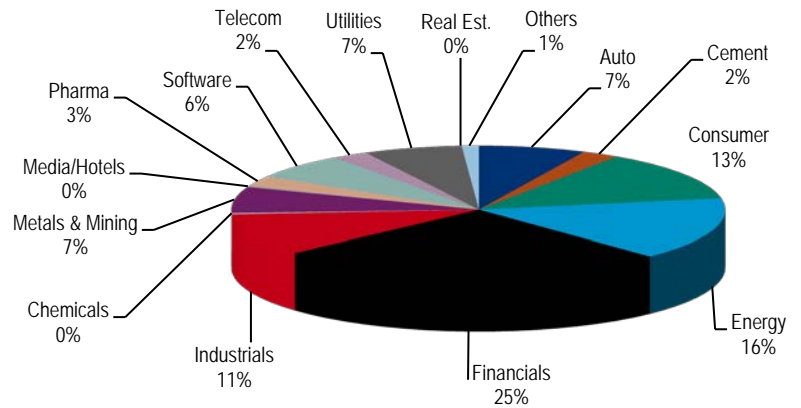
Source: BofA Merrill Lynch Global Research. exchange filings

Chart 20: Top 5 stocks bought and sold (USD mn) (assuming average prices)



Source: BofA Merrill Lynch Global Research. exchange filings

Chart 21: LIC Portfolio



Source: BofA Merrill Lynch Global Research. exchange filings

Promoter holding Analysis

Overall promoter stake in BSE-500 has decreased from 52.1% to 51.3%.
Promoter pledges remain high in many companies.

Table 9: Top-10 companies with increase in promoter stake

Company	Dec-14	Sep-14	Change
	Promoter (%)	Promoter (%)	
CCL International Ltd	44.6	29.4	15.2
Orchid Chemicals & Pharmaceuticals Ltd	44.0	32.3	11.8
Hexaware Technologies Ltd	71.5	64.5	7.0
JK Tyre & Industries Ltd	52.3	47.4	5.0
Future Lifestyle Fashions Ltd	56.3	52.2	4.1
Gati Ltd	41.4	38.1	3.3
NESCO Ltd	67.1	65.4	1.8
Reliance Communications Ltd	59.7	58.3	1.5
NCC Ltd/India	21.3	20.4	0.9
Bajaj Holdings & Investment Ltd	41.0	40.2	0.8

Source: BofA Merrill Lynch Global Research, exchange filings

Table 10: Top-10 companies with decrease in promoter stake

Company	Dec-14	Sep-14	Change
	Promoter (%)	Promoter (%)	
Texmaco Rail & Engineering Ltd	54.8	63.3	-8.4
Crompton Greaves Ltd	34.4	42.7	-8.3
Bajaj Corp Ltd	66.9	75.0	-8.1
Pfizer Ltd/India	63.9	70.8	-6.8
Ceat Ltd	50.8	57.1	-6.3
Suven Life Sciences Ltd	59.4	64.8	-5.3
Redington India Ltd	13.3	18.3	-5.0
Steel Authority of India Ltd	75.0	80.0	-5.0
Hathway Cable & Datacom Ltd	43.5	47.5	-4.0
Gateway Distriparks Ltd	32.9	36.7	-3.8

Source: BofA Merrill Lynch Global Research, exchange filings

Table 11: Top-10 companies with high promoter stake pledged (by % of promoter stake)

Company	Pledged Promoter		% of Promoter stake pledged
	Share (%)	Share (%)	
Essar Ports Ltd	74.8	75.0	99.7%
Pipavav Defence & Offshore Engineering C	44.4	44.5	99.7%
Alok Industries Ltd	39.1	39.3	99.4%
Suzlon Energy Ltd	31.8	32.2	98.6%
Unitech Ltd	43.0	45.0	95.7%
Abg Shipyard Ltd	58.9	61.6	95.5%
Lanco Infratech Ltd	65.1	68.6	94.9%
Jaypee Infratech Ltd	66.8	71.6	93.3%
Jaiprakash Power Ventures Ltd	55.8	63.6	87.7%

Source: BofA Merrill Lynch Global Research, exchange filings

Table 12: Top-10 companies with high promoter stake pledged (by value)

Name of company	% of Promoter stake pledged	Amt Pledged (Rs mn)
Cairn India Ltd	65.8%	198,482
Tata Consultancy Services Ltd	2.0%	73,766
Adani Enterprises Ltd	17.8%	67,999
JSW Energy Ltd	47.5%	48,994
Asian Paints Ltd	13.8%	48,130
JSW Steel Ltd	39.1%	43,105
Adani Power Ltd	39.9%	38,218
United Breweries Ltd	25.8%	37,869
GMR Infrastructure Ltd	63.7%	34,950
Apollo Hospitals Enterprise Ltd	64.1%	34,576

Source: BofA Merrill Lynch Global Research, exchange filings

Appendix 1: Methodology Recap

Based on FII holdings in individual BSE-500 companies, we calculated an aggregate FII portfolio in India and their percentage holdings in various stocks and sectors. We then compared this with the MSCI weight to determine sectors and stocks that FIIs are O/W/U/W on. One anomaly is in the companies that have issued ADRs/GDRs. Given that these are also partly held by non-FIIs, we should ideally have included only the FII holding of GDRs/ADRs in our analysis. However, since we do not get a separate break-up of the ADR/ GDR holding into FIIs/ non-FIIs, our analysis may show a higher FII weight in stocks with a high ADR/ GDR component, than is actually the case. We have also included FDI into the FII stake. We use average prices for the quarter for all your calculations. We have updated our analysis of FII holdings to determine the sectors and stocks that FIIs as a whole are OW / UW on, following availability of the shareholding pattern as on December 31, 2014. For our analysis, for every company in BSE500, we take the shareholding for each of the shareholder's categories for the current quarter (Dec'2014) and the previous quarter (Sep'2014) and the average prices for the quarter.

Appendix 2: Tables

Table 13: FIIs -Bought & Sold

Scrip Name	Dec-14			Sep-13			Scrip	Dec-14			Sep-13		
	FII + ADR + GDR	FII + ADR + GDR	Change	FII + ADR + GDR	FII + ADR + GDR	Change		FII + ADR + GDR	FII + ADR + GDR	Change	FII + ADR + GDR	FII + ADR + GDR	Change
Hero Moto	39.34	34.34	5.0	Ranbaxy Laboratories Ltd	12.23	14.49	-2.3						
Bharat Petroleum Corp Ltd	15.2	12.57	2.6	ACC Ltd	16.89	18.65	-1.8						
LIC Housing Finance Ltd	41.41	38.97	2.4	Tata Steel Ltd	19.09	20.82	-1.7						
Aurobindo Pharma Ltd	29.69	27.72	2.0	Mahindra & Mahindra Ltd	44	45.54	-1.5						
Cipla Ltd/India	25.66	23.7	2.0	Tech Mahindra	38.11	39.63	-1.5						
Motherson Sumi Systems Ltd	18.23	16.67	1.6	CAIRN India	15.33	16.83	-1.5						
Bajaj Auto Ltd	18.78	17.71	1.1	Adani EnterprINes Ltd	18.61	19.97	-1.4						
Zee Entertainment EnterprINes Ltd	51.91	50.84	1.1	Shriram Transport Finance Co Ltd	51.05	52.35	-1.3						
Infosys Technologies Ltd	58.72	57.68	1.0	Reliance Communications Ltd	21.86	22.89	-1.0						
State Bank of India	14.07	13.31	0.8	Asian Paints Ltd	17.25	18.14	-0.9						
Aditya Birla Nuvo Ltd	18.69	17.94	0.8	United Breweries	18.52	19.33	-0.8						
GAIL India Ltd	21.41	20.67	0.7	Idea	24.31	24.96	-0.7						
Housing Development Finance Corp	78.49	77.85	0.6	Hindalco Industries Ltd	36.7	37.32	-0.6						
ICICI Bank Ltd	70.95	70.33	0.6	Reliance Industries Ltd	22.21	22.77	-0.6						
Adani Ports and Special Economic Zone	18.49	17.92	0.6	JSW Steel Ltd	19.89	20.42	-0.5						
Wipro Ltd	11.57	11.03	0.5	Tata Motors Ltd	47.35	47.77	-0.4						
Divi's Lab.	19.63	19.09	0.5	Jindal Steel & Power Ltd	21.03	21.43	-0.4						
ITC Ltd	21.03	20.54	0.5	Ultratech Cement Ltd	21.27	21.65	-0.4						
Dr Reddy's Laboratories Ltd	55.94	55.45	0.5	Bharti	17.53	17.91	-0.4						
Ambuja Cements Ltd	32.07	31.59	0.5	Sun Pharmaceutical Industries Ltd	23.1	23.46	-0.4						
Power Finance	12.27	11.79	0.5	Larsen & Toubro Ltd	20.78	21.07	-0.3						
Apollo Hospitals	43.72	43.37	0.4	GlaxoSmith C H L	11.45	11.72	-0.3						
Dabur India Ltd	20.87	20.54	0.3	Sesa Sterlite	24.6	24.83	-0.2						
United Spirits Ltd	24.48	24.17	0.3	Hindustan Unilever Ltd	15	15.11	-0.1						
Bharat Heavy Electricals Ltd	15.95	15.71	0.2	HCL Technologies Ltd	29.01	29.1	-0.1						
Rural Electrification Corp Ltd	20.08	19.88	0.2	Godrej Consumer	28.97	29	0.0						
Coal India Ltd	5.54	5.37	0.2	Reliance Infrastructure Ltd	21.2	21.23	0.0						
Siemens India Ltd	4.51	4.37	0.1	Tata Consultancy Services Ltd	16.81	16.84	0.0						
Oil India	9.78	9.65	0.1	NTPC Ltd	10.42	10.43	0.0						
DLF Ltd	19.87	19.75	0.1	Tata Power Co Ltd	28.68	28.66	0.0						
Nestle	15.14	15.02	0.1	Oil & Natural Gas Corp Ltd	7.19	7.17	0.0						
M & M Financial	41.62	41.52	0.1	Piramal Healthcare Ltd	26.7	26.63	0.1						

Source: BofA Merrill Lynch Global Research, exchange filings

FII Ownership analysis with respect to MSCI

Table 14: FII ownership analysis

Bloomberg Code	Company name	FII O/W or U/W	Bloomberg Code	Company name	FII O/W or U/W
INFO IN Equity	Infosys Technologies Ltd	-4.3%	ICICIBC IN Equity	ICICI Bank Ltd	4.3%
RIL IN Equity	Reliance Industries Ltd	-3.9%	TTMT IN Equity	Tata Motors Ltd	0.8%
HDFC IN Equity	Housing Development Finance Corp	-3.0%	HMCL IN Equity	Hero Moto	0.4%
TCS IN Equity	Tata Consultancy Services Ltd	-3.0%	TECHM IN Equity	Tech Mahindra	0.3%
HUVR IN Equity	Hindustan Unilever Ltd	-2.2%	UTCEM IN Equity	Ultratech Cement Ltd	0.2%
ITC IN Equity	ITC Ltd	-1.8%	ADE IN Equity	Adani EnterprINes Ltd	0.1%
SUNP IN Equity	Sun Pharmaceutical Industries Ltd	-1.6%	ACC IN Equity	ACC Ltd	0.0%
LT IN Equity	Larsen & Toubro Ltd	-1.4%	Bharti IN Equity	Bharti	-0.1%
WPRO IN Equity	Wipro Ltd	-1.3%	DLFU IN Equity	DLF Ltd	-0.1%
SBIN IN Equity	State Bank of India	-1.0%	UBBL IN equity	United Breweries	-0.1%
MM IN Equity	Mahindra & Mahindra Ltd	-0.9%	Piel IN Equity	Piramal Healthcare Ltd	-0.1%
SSLT IN Equity	Sesa Sterlite	-0.8%	MMFS IN equity	M & M Financial	-0.1%
NTPC IN Equity	NTPC Ltd	-0.8%	ABNL IN Equity	Aditya Birla Nuvo Ltd	-0.2%
DRRD IN Equity	Dr Reddy's Laboratories Ltd	-0.7%	APHS IN equity	Apollo Hospitals	-0.2%
HCLT IN Equity	HCL Technologies Ltd	-0.7%	JSP IN Equity	Jindal Steel & Power Ltd	-0.2%
CIPLA IN Equity	Cipla Ltd/India	-0.6%	DIVI IN equity	Divi's Lab.	-0.2%
APNT IN Equity	Asian Paints Ltd	-0.6%	MSS IN Equity	Motherson Sumi Systems Ltd	-0.2%
ONGC IN Equity	Oil & Natural Gas Corp Ltd	-0.6%	RELI IN Equity	Reliance Infrastructure Ltd	-0.2%
BJAUT IN Equity	Bajaj Auto Ltd	-0.6%	SKB IN equity	GlaxoSmith C H L	-0.2%
COAL IN Equity	Coal India Ltd	-0.5%	POWF IN Equity	Power Finance	-0.2%
HNDL IN Equity	Hindalco Industries Ltd	-0.4%	GCPL IN equity	Godrej Consumer	-0.2%
NEST IN equity	Nestle	-0.4%	UNSP IN Equity	United Spirits Ltd	-0.2%
TATA IN Equity	Tata Steel Ltd	-0.4%	RECL IN Equity	Rural Electrification Corp Ltd	-0.2%
BHEL IN Equity	Bharat Heavy Electricals Ltd	-0.4%	TPWR IN Equity	Tata Power Co Ltd	-0.2%
ARBP IN Equity	Aurobindo Pharma Ltd	-0.4%	LICHF IN Equity	LIC Housing Finance Ltd	-0.2%
ACEM IN Equity	Ambuja Cements Ltd	-0.4%	RCOM IN Equity	Reliance Communications Ltd	-0.2%
CAIR IN Equity	CAIRN India	-0.3%	OINL IN equity	Oil India	-0.3%
BPCL IN Equity	Bharat Petroleum Corp Ltd	-0.3%	Z IN Equity	Zee Entertainment EnterprINes Ltd	-0.3%
IDEA IN Equity	Idea	-0.3%	GAIL IN Equity	GAIL India Ltd	-0.3%
SHTF IN Equity	Shriram Transport Finance Co Ltd	-0.3%	SIEM IN Equity	Siemens India Ltd	-0.3%
RBXY IN Equity	Ranbaxy Laboratories Ltd	-0.3%	DABUR IN Equity	Dabur India Ltd	-0.3%
JSTL IN Equity	JSW Steel Ltd	-0.3%	ADSEZ IN Equity	Adani Ports and Special Economic Zone	-0.3%

Source: BofA Merrill Lynch Global Research. exchange filings

Domestic MF Ownership

Table 15: Domestic MFs portfolio - Over owned & under owned

Code	Scrip Name	% of Shares held by MFs and UTI	Wt in		
			Weight in Nifty	Domestic MF portfolio	Ow/UW wrt Nifty
ITC IN equity	ITC Ltd	12.9	7.4%	10.8%	3.4%
LT IN equity	Larsen & Toubro Ltd	14.2	4.6%	5.9%	1.3%
BPCL IN equity	Bharat Petroleum Corp Ltd	7.3	0.6%	1.0%	0.4%
MSIL IN equity	Maruti Suzuki India Ltd	6.7	1.6%	1.9%	0.3%
BOB IN equity	Bank of Baroda	7.2	0.0%	0.2%	0.1%
PNB IN equity	PNB	6.1	0.5%	0.6%	0.1%
SBIN IN equity	State Bank of India	5.2	3.2%	3.2%	0.0%
JSP IN equity	Jindal Steel & Power Ltd	1.2	0.2%	0.0%	-0.2%
TECHM IN Equity	Tech Mahindra	7.0	1.4%	1.2%	-0.2%
ACC IN equity	ACC Ltd	4.2	0.5%	0.3%	-0.2%
GRASIM IN equity	Grasim Industries	6.9	0.8%	0.6%	-0.2%
IDFC IN equity	IDFC Ltd	7.9	0.7%	0.5%	-0.2%
DLFU IN equity	DLF Ltd	0.0	0.2%	0.0%	-0.2%
LPC IN equity	Lupin Ltd	5.3	1.2%	1.0%	-0.3%
WPRO IN Equity	Wipro Ltd	2.7	1.4%	1.1%	-0.3%
IIB IN equity	Indusind	7.2	1.1%	0.8%	-0.3%
CAIR IN equity	CAIRN India	1.3	0.6%	0.2%	-0.4%
NMDC IN equity	NMDC	0.1	0.4%	0.0%	-0.4%
PWGR IN Equity	Power Grid Corp of India Ltd	3.2	1.1%	0.7%	-0.4%
UTCEM IN equity	Ultratech Cement Ltd	2.4	0.9%	0.5%	-0.5%
TPWR IN equity	Tata Power Co Ltd	1.3	0.6%	0.1%	-0.5%
GAIL IN equity	GAIL India Ltd	1.6	0.8%	0.3%	-0.5%
BHEL IN equity	Bharat Heavy Electricals Ltd	1.6	0.8%	0.3%	-0.5%
ACEM IN equity	Ambuja Cements Ltd	0.8	0.6%	0.1%	-0.5%
CIPLA IN equity	Cipla Ltd/India	4.2	1.2%	0.6%	-0.5%
COAL IN equity	Coal India Ltd	0.4	0.8%	0.3%	-0.6%
HNDL IN equity	Hindalco Industries Ltd	1.4	0.7%	0.1%	-0.6%
Z IN Equity	Zee Entertainment Enterprises Ltd	0.9	0.7%	0.1%	-0.6%
SSLT IN equity	Sesa Sterlite	1.5	1.0%	0.3%	-0.6%
TATA IN equity	Tata Steel Ltd	3.4	1.1%	0.4%	-0.7%
HCLT IN equity	HCL Technologies Ltd	2.7	1.6%	0.9%	-0.7%
HMCL IN equity	Hero Moto	3.2	1.3%	0.6%	-0.8%
APNT IN equity	Asian Paints Ltd	1.8	1.1%	0.3%	-0.8%
BHARTI IN equity	Bharti	2.5	1.9%	1.1%	-0.8%
NTPC IN equity	NTPC Ltd	0.6	1.1%	0.2%	-0.9%
DRRD IN equity	Dr Reddy's Laboratories Ltd	3.5	1.5%	0.6%	-0.9%
BJAUT IN equity	Bajaj Auto Ltd	0.8	1.2%	0.2%	-1.1%
AXSB IN equity	Axis Bank Ltd	5.4	2.8%	1.7%	-1.1%
KMB IN equity	Kotak Mahindra Bank Ltd	1.8	1.8%	0.5%	-1.3%
ONGC IN equity	Oil & Natural Gas Corp Ltd	1.1	2.5%	1.0%	-1.5%
MM IN equity	Mahindra & Mahindra Ltd	2.2	2.1%	0.5%	-1.6%
SUNP IN equity	Sun Pharmaceutical Industries Ltd	1.2	2.3%	0.6%	-1.7%
HUVR IN equity	Hindustan Unilever Ltd	0.3	2.0%	0.1%	-1.8%
HDFCB IN equity	HDFC Bank Ltd	6.2	6.2%	3.9%	-2.3%
TTMT IN equity	Tata Motors Ltd	2.2	3.4%	0.9%	-2.5%
ICICIBC IN equity	ICICI Bank Ltd	7.7	6.9%	4.2%	-2.7%
INFO IN equity	Infosys Technologies Ltd	5.4	7.0%	3.6%	-3.4%
TCS IN equity	Tata Consultancy Services Ltd	0.9	4.8%	1.3%	-3.5%
RIL IN equity	Reliance Industries Ltd	2.3	5.6%	2.0%	-3.6%
HDFC IN equity	Housing Development Finance Corp	2.2	6.2%	1.1%	-5.1%

Source: BofA Merrill Lynch Global Research, exchange filings

Domestic MF Holding Changes

Table 16: Domestic MF changes

Scrip Name	Dec-14	Sep-14	Change	Scrip	Dec-14	Sep-14	Change
	MFs + UTI	MFs + UTI			MFs + UTI	MFs + UTI	
Tech Mahindra	7.0	5.9	1.2	Aurobindo Pharma Ltd	6.4	7.8	(1.5)
Shriram Transport Finance Co Ltd	4.3	3.3	1.0	Bharat Petroleum Corp Ltd	7.3	8.6	(1.3)
United Breweries	1.2	0.3	1.0	LIC Housing Finance Ltd	3.6	4.7	(1.1)
Bharat Heavy Electricals Ltd	1.6	0.7	0.9	Motherson Sumi Systems Ltd	5.0	5.7	(0.6)
CAIRN India	1.3	0.6	0.8	GAIL India Ltd	1.6	2.1	(0.5)
Infosys Technologies Ltd	5.4	4.8	0.7	Zee Entertainment Enterprises Ltd	0.9	1.4	(0.5)
Ranbaxy Laboratories Ltd	1.9	1.2	0.7	Hero Moto	3.2	3.6	(0.3)
Rural Electrification Corp Ltd	3.2	2.7	0.6	Adani Ports and Special Economic Zone	1.1	1.4	(0.3)
Tata Motors Ltd	2.2	1.7	0.5	Oil India	5.2	5.4	(0.3)
Asian Paints Ltd	1.8	1.3	0.5	Apollo Hospitals	0.2	0.4	(0.2)
Divi's Lab.	12.8	12.3	0.5	Cipla Ltd/India	4.2	4.4	(0.2)
Idea	1.7	1.3	0.5	Power Finance	4.1	4.3	(0.2)
GlaxoSmith C H L	0.7	0.3	0.4	DLF Ltd	0.0	0.2	(0.2)
Larsen & Toubro Ltd	14.2	13.8	0.4	Aditya Birla Nuvo Ltd	3.6	3.8	(0.2)
State Bank of India	5.2	4.8	0.4	Jindal Steel & Power Ltd	1.2	1.4	(0.2)
JSW Steel Ltd	2.0	1.6	0.4	ICICI Bank Ltd	7.7	7.8	(0.2)
Hindalco Industries Ltd	1.4	1.0	0.3	Oil & Natural Gas Corp Ltd	1.1	1.2	(0.2)
United Spirits Ltd	4.2	3.9	0.3	Ambuja Cements Ltd	0.8	0.9	(0.1)
M & M Financial	0.9	0.6	0.3	Coal India Ltd	0.4	0.5	(0.1)
Dr Reddy's Laboratories Ltd	3.5	3.2	0.3	Sesa Sterlite	1.5	1.6	(0.1)
Mahindra & Mahindra Ltd	2.2	2.0	0.2	Dabur India Ltd	0.1	0.1	(0.1)
Ultratech Cement Ltd	2.4	2.2	0.2	Bajaj Auto Ltd	0.8	0.9	(0.1)
Reliance Industries Ltd	2.3	2.1	0.2	HCL Technologies Ltd	2.7	2.8	(0.0)
Siemens India Ltd	3.1	2.9	0.2	Tata Power Co Ltd	1.3	1.4	(0.0)
Housing Development Finance Corp	2.2	2.1	0.1	Tata Consultancy Services Ltd	0.9	0.9	(0.0)
Bharti	2.5	2.4	0.1	Adani Enterprises Ltd	0.0	0.0	-
Hindustan Unilever Ltd	0.3	0.2	0.1	Piramal Healthcare Ltd	0.1	0.1	0.0
Reliance Infrastructure Ltd	0.6	0.5	0.1	Godrej Consumer	0.2	0.2	0.0
Sun Pharmaceutical Industries Ltd	1.2	1.1	0.1	Tata Steel Ltd	3.4	3.4	0.0
NTPC Ltd	0.6	0.6	0.1	Wipro Ltd	2.7	2.7	0.0
ACC Ltd	4.2	4.1	0.0	Nestle	0.5	0.5	0.0
ITC Ltd	12.9	12.8	0.0	Reliance Communications Ltd	1.1	1.0	0.0

Source: BofA Merrill Lynch Global Research, exchange filings

Promoter Pledges

Table 17: Companies with high promoter stake pledged (by % of promoter stake)

Company	Pledged Share (%)	Promoter Share (%)	% of Promoter stake pledged
Essar Ports Ltd	74.8	75.0	99.7%
Pipavav Defence & Offshore Engineering C	44.4	44.5	99.7%
Alok Industries Ltd	39.1	39.3	99.4%
Suzlon Energy Ltd	31.8	32.2	98.6%
Unitech Ltd	43.0	45.0	95.7%
Abg Shipyard Ltd	58.9	61.6	95.5%
Lanco Infratech Ltd	65.1	68.6	94.9%
Jaypee Infratech Ltd	66.8	71.6	93.3%
Jaiprakash Power Ventures Ltd	55.8	63.6	87.7%
Ksk Energy Ventures Ltd	58.8	67.6	87.0%
Db Realty Ltd	52.6	61.7	85.3%
Rattanindia Power Ltd	47.0	57.5	81.7%
Il&Fs Transportation Networks Ltd	54.7	70.8	77.3%
India Cements Ltd/The	21.5	28.2	76.2%
Fortis Healthcare Ltd	53.1	71.3	74.4%
Videocon Industries Ltd	48.0	65.6	73.1%
Essar Oil Ltd	17.8	24.9	71.5%
Hindustan Construction Co Ltd	31.1	43.5	71.4%
Bhushan Steel Ltd	44.6	63.0	70.8%
Relligare Enterprises Ltd	34.8	50.9	68.3%
Omaxe Ltd	50.7	75.0	67.7%
Punj Lloyd Ltd	24.8	36.9	67.2%
Future Consumer Enterprise Ltd	29.0	43.6	66.5%
Crompton Greaves Ltd	22.7	34.4	66.1%
Cairn India Ltd	39.4	59.9	65.8%
Future Retail Ltd	30.3	46.9	64.6%
Apollo Hospitals Enterprise Ltd	22.0	34.4	64.1%
Gmr Infrastructure Ltd	41.3	64.8	63.7%
Orchid Chemicals & Pharmaceuticals Ltd	27.4	44.0	62.3%
Max India Ltd	24.0	40.5	59.2%
Cox & Kings Ltd	28.4	48.0	59.2%
Edelweiss Financial Services Ltd	18.9	36.3	52.2%
Sintex Industries Ltd	20.0	38.7	51.6%
Himachal Futuristic Communications Ltd	19.4	39.0	49.9%
Gati Ltd	20.5	41.4	49.5%
Dish Tv India Ltd	30.8	64.5	47.8%
Jsw Energy Ltd	35.6	75.0	47.5%
Future Lifestyle Fashions Ltd	26.6	56.3	47.3%
Siti Cable Network Ltd	34.3	72.8	47.1%
Ballarpur Industries Ltd	23.2	49.4	46.9%
Ashok Leyland Ltd	16.7	38.8	42.9%
Adani Power Ltd	29.9	75.0	39.9%
Jsw Steel Ltd	15.5	39.6	39.1%
Lakshmi Vilas Bank Ltd/The	3.6	9.6	37.9%
Jyothy Laboratories Ltd	24.5	66.8	36.7%
Zee Entertainment Enterprises Ltd	15.7	43.1	36.5%
Dishman Pharmaceuticals & Chemicals Ltd	22.0	61.4	35.9%
Tata Teleservices Maharashtra Ltd	26.0	74.9	34.7%
Gitanjali Gems Ltd	11.4	35.3	32.4%
Db Corp Ltd	21.7	70.0	30.9%

Source: BofA Merrill Lynch Global Research, exchange filings

Table 18: Companies with high promoter stake pledged (by value)

Name of company	% of Promoter stake pledged	Amt Pledged (Rs mn)
Cairn India Ltd	65.8%	198,482
Tata Consultancy Services Ltd	2.0%	73,766
Adani Enterprises Ltd	17.8%	67,999
JSW Energy Ltd	47.5%	48,994
Asian Paints Ltd	13.8%	48,130
JSW Steel Ltd	39.1%	43,105
Adani Power Ltd	39.9%	38,218
United Breweries Ltd	25.8%	37,869
GMR Infrastructure Ltd	63.7%	34,950
Apollo Hospitals Enterprise Ltd	64.1%	34,576
Adani Ports & Special Economic Zone Ltd	7.8%	34,303
Essar Ports Ltd	99.7%	31,914
Tata Motors Ltd	6.5%	31,323
Essar Oil Ltd	71.5%	29,258
Fortis Healthcare Ltd	74.4%	27,680
Crompton Greaves Ltd	66.1%	27,041
Videocon Industries Ltd	73.1%	26,356
Motherson Sumi Systems Ltd	10.2%	24,503
IL&FS Transportation Networks Ltd	77.3%	24,409
Emami Ltd	19.5%	24,279
Max India Ltd	59.2%	23,679
Ashok Leyland Ltd	42.9%	22,895
Jaiprakash Power Ventures Ltd	87.7%	20,991
Religare Enterprises Ltd	68.3%	20,818
Unitech Ltd	95.7%	20,785
Jaypee Infratech Ltd	93.3%	19,966
Dish TV India Ltd	47.8%	19,791
KSK Energy Ventures Ltd	87.0%	17,389
RattanIndia Power Ltd	81.7%	15,967
Mahindra & Mahindra Ltd	7.7%	15,659
DB Corp Ltd	30.9%	14,665
Cox & Kings Ltd	59.2%	14,114
Suzlon Energy Ltd	98.6%	14,059
Reliance Capital Ltd	21.9%	14,046
Aurobindo Pharma Ltd	8.6%	14,030
Pipavav Defence & Offshore Engineering C	99.7%	12,915
Reliance Power Ltd	8.9%	12,846
Tata Steel Ltd	9.0%	12,209
Omaxe Ltd	67.7%	11,808
Jyothy Laboratories Ltd	36.7%	10,789
Lanco Infratech Ltd	94.9%	10,581
Bhushan Steel Ltd	70.8%	10,320
Jindal Steel & Power Ltd	11.6%	9,944
United Spirits Ltd	3.8%	8,485
DB Realty Ltd	85.3%	8,205
Edelweiss Financial Services Ltd	52.2%	7,703
Jubilant Foodworks Ltd	17.8%	7,595
Indiabulls Housing Finance Ltd	17.7%	7,583
Future Retail Ltd	64.6%	7,387
ABG Shipyard Ltd	95.5%	7,159

Source: BofA Merrill Lynch Global Research

Special Disclosures

In accordance with the SEBI (Foreign Institutional Investors) Regulations and with guidelines issued by the Securities and Exchange Board of India (SEBI), foreign investors (individuals as well as institutional) that wish to transact the common stock of Indian companies must have applied to, and have been approved by SEBI and the Reserve Bank of India (RBI). Each investor who transacts common stock of Indian companies will be required to certify approval as a foreign institutional investor or as a sub-account of a foreign institutional investor by SEBI and RBI. Certain other entities are also entitled to transact common stock of Indian companies under the Indian laws relating to investment by foreigners. BofA Merrill Lynch reserves the right to refuse copy of research on common stock of Indian companies to a person not resident in India. American Depositary Receipts (ADR) representing such common stock are not subject to these Indian law restrictions and may be transacted by investors in accordance with the applicable laws of the relevant jurisdiction. Global Depository Receipts (GDR) and the Global Depository Shares of Indian companies, Indian limited liability corporations, have not been registered under the U.S. Securities Act of 1933, as amended, and may only be transacted by persons in the United States who are Qualified Institutional Buyers (QIBs) within the meaning of Rule 144A under the Securities Act. Accordingly, no copy of any research report on Indian companies' GDRs will be made available to persons who are not QIBs.

DSP Merrill Lynch Limited

SEBI Regn no. : BSE - INB/INF 011348134 NSE – INB/INF 231348138

Address – Mafatlal Centre, 8th Floor, Nariman Point, Mumbai, India. 400021

Tel : +91 22 6632 8000

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
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Underperform	N/A	≥ 20%

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