

BSE Sensex: 32,401

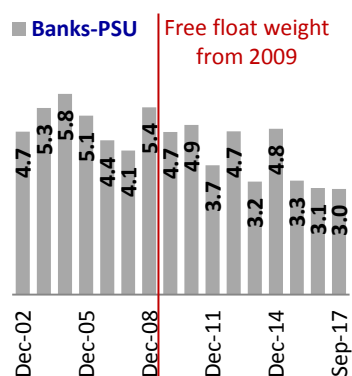
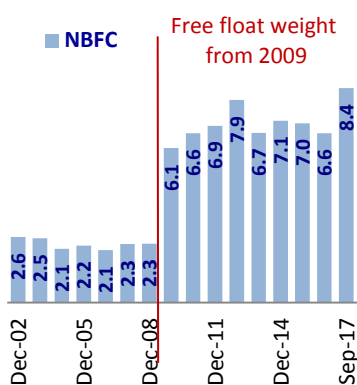
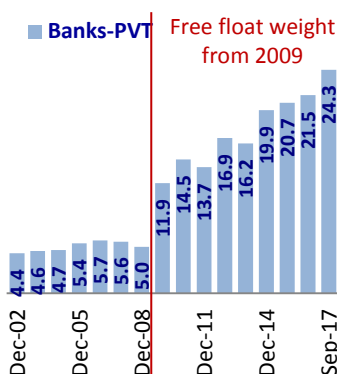
S&amp;P CNX: 10,141

## Sectoral weights in Nifty: A journey down the memory lane

### Financials lord over the indices; set to gain further strength

- Over the years, the sectoral representation in Nifty-50 has undergone a sea change, in consonance with the changes in the underlying economy – new sectors have evolved, while some of the erstwhile dominant sectors of the economy have lost relative importance in the new India.
- In this report, we take a deep dive to understand how the weights of various sectors/companies in Nifty-50 have changed in the last 15 years.

Index moving to free float basis have boosted weight of Pvt. Financials



### BFSI and Oil account for almost half of the index

- The weight of Financials has seen a secular rise in the benchmark indices. BFSI now contributes 35.6% (+3.1x in 15 years) of Nifty-50. The share of Private Banks/NBFC in the index has gone up, led by a) better earnings performance, coupled with capital raising from the markets (this boosted the free float of Financials), b) sub-par earnings growth witnessed in other sections of the market over the last eight years and c) index moving to a free float basis from June 2009.
- As more Insurance companies are listed and the relevance of NBFCs goes up (given the wider financialization of savings and broad-basing of financial disintermediation), we expect the weight of BFSI to inch up further.
- We note that 15 years back, PSU Banks' weight (4.7%) was higher than Private Banks (4.4%) in the index, with SBI alone contributing 4.4% of Nifty-50. Today, at 24.3%, Private Banks have the highest weight in Nifty-50, while PSU Banks have just 3% weight. HDFC Bank, at 9.8%, is the highest weighted stock today, much higher than 1.8% 15 years back.
- Six out of the nine BFSI companies in Nifty-50 today are private banks. In India, there are 22 listed PSU banks and only 17 listed private banks. This is significantly different from how things were 15 years back in Nifty-50 – five BFSI companies, of which only two were private banks. Notably, of the 19 listed private banks in December 2002, eight have merged till-date.
- Weight of Oil & Gas in the index has fluctuated significantly over the last 15 years, in line with the underlying volatile earnings stream of the sector. The sector weight was at 17.6% around 15 years back. However, with the inclusion of ONGC, it gradually climbed to the 1<sup>st</sup> position a decade ago to 25.4%. The sector's weight has been stable at ~11-12% over the last five years with moderation in earnings growth.

### 44% of Nifty-50 constituents unchanged over 15 years

- Out of the 50 stocks in Nifty, 22 have been part of the index since 15 years. Of these 22, three each are from Technology and Auto (they have been in the index for 15 years now). Private Banks, Consumer, Oil & Gas, Metals, Healthcare and Cement have two stocks each, while NBFC, Capital Goods, PSU Banks and Utilities have one stock in the index.
- Combined weight of these 22 stocks declined to 62.7% v/s 75.3% 15 years back, but is up from 44.3% as of December 2007.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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Some of listed new age Financials



**Staying in Top-10 is not easy – only Reliance could manage that**

- Over the last 15 years, Reliance Industries (RIL) is the only stock to maintain its position in the Top-10 in Nifty-50. However, the stock's weight in the index has declined by 41%, from 12.3% in December 2002 to 7.3% in September 2017.
- Notably, over the last five years, eight stocks have consistently featured in the top 10 list.
- HDFC Bank and LT have exhibited the strongest improvement in their rankings, moving up from 14<sup>th</sup> and 19<sup>th</sup> position then to 1<sup>st</sup> and 7<sup>th</sup> positions now, respectively.
- HUL, which was at number two position then, has slipped to 12<sup>th</sup> rank. Wipro, which was at 3<sup>rd</sup> position, has slipped to 34<sup>th</sup>. This in a way also underscores the underlying changes in the economy and evolution of new sectors over the past decade and a half.

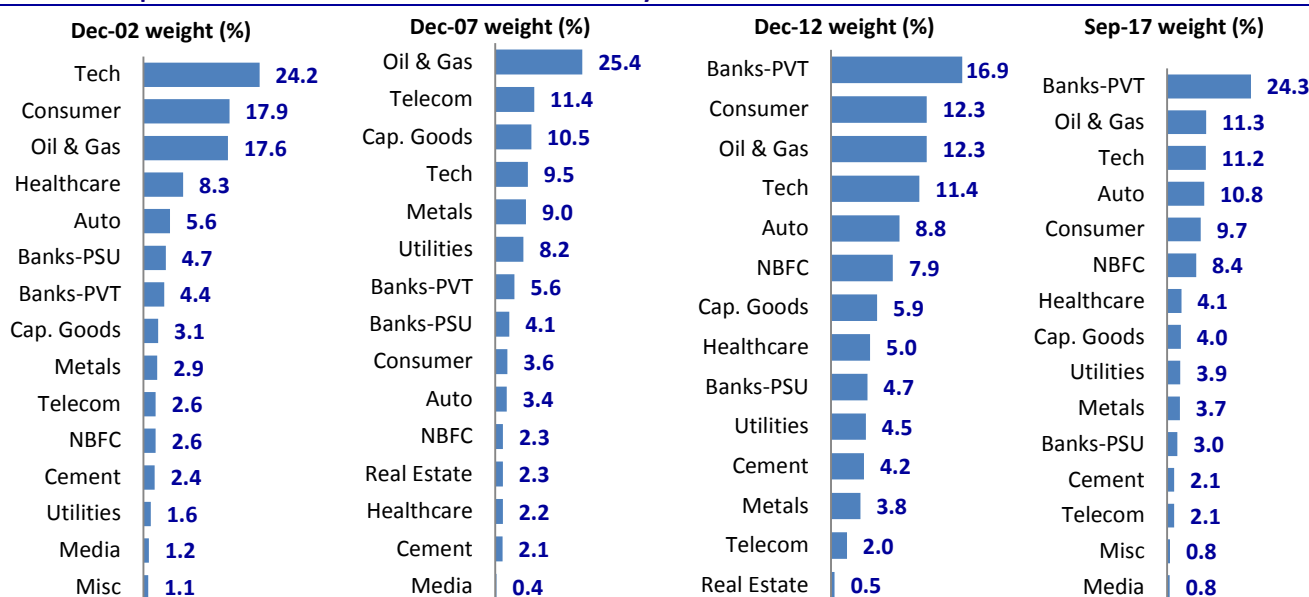
**Weight of new entrants over past five years has been quite stable**

- Out of the 17 new entrants in Nifty in the last five years, IndusInd Bank/Yes Bank are at new highs, with their weights increasing 2.6x/2.1x since they entered the index.
- Meanwhile, Bank of Baroda and Tech Mahindra's weights have halved.
- Lupin's weight is down significantly from its peak of 1.6% to 0.6% now due to the underperformance of the Pharma sector over the past two years.
- Stocks that have seen stable weights after entering the index are: Asian Paints, Ultratech, Zee Entertainment, Bosch, Adani Ports, Eicher Motors, Aurobindo Pharma, and Bharti Infratel.

**Crystal Ball Gazing: Financials set to extend its dominance**

- We expect the BFSI sector to strengthen its already strong leadership positioning in the index. Within BFSI, we expect Private Banks' weightage to move up further as the underlying theme of Value Migration from Public Sector Banks to Private Sector Banks plays out.
- As mentioned in the beginning, the listing of key Insurance companies (life as well as non-life) should further add to BFSI's weights.
- Evolution of Small Finance Banks, Payment Banks and New-age NBFCs will also lend support to the weightage of BFSI in the index.

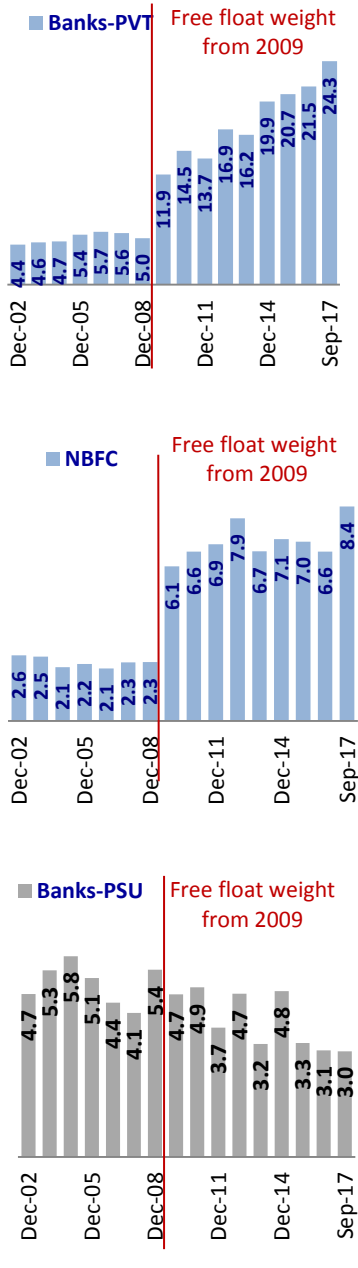
Exhibit 1: Sharp reversal in fortunes of BFSI over the last 15 years



Note: Prices and weight as of 18<sup>th</sup> Sep 2017

Source: NSE, MOSL

**Index moving to free float basis have boosted weight of Pvt. Financials**



**Interesting observations from sectoral weight changes in past 15 years: Private Financials at all-time high; PSU Banks at new lows**

- **Financials’ weights have kept rising over the years.** BFSI now contributes 35.6% of Nifty-50 (+3.1x in 15 years). 15 years back, PSU Banks’ weight (4.7%) was higher than Private Banks (4.4%) in the index.
- Today, at 24.3%, Private Banks have the highest weight in Nifty-50, while PSU Banks have just 3% weight. This underlines the extent of value migration from public to private sector banks over the past decade.
- Automobile, with 10.8% weight in the Nifty, now stands shoulder-to-shoulder with Oil & Gas and Technology, with ~11% weight. However, the fortunes of Technology sector have suffered significantly when compared with its peak weight of Dec-02 (24.2%).
- **Auto has gained at the expense of Technology:** Auto has bridged the gap versus Technology, especially over the last two years. The gap between Auto and Technology has come off from 640bp in CY15 to just 40bp now.
- **Oil & Gas’ weight in the index has been quite volatile in the last 15 years.** The sector’s weight was at 17.6% 15 years back; it gradually climbed to the 1<sup>st</sup> position in terms of weight a decade back to 25.4% with the inclusion of ONGC. The sector’s weight is stable at ~11-12% over the last five years
- **Consumer’ weight up significantly over the last decade; not as dominant as it used to be 15 years back, though.** Consumer sector’s weight is up 610bp over the last 10 years, given its sharp outperformance v/s the index. The rise in weight of Consumer also underscores the market’s overarching preference for high-quality defensive names in the immediate aftermath of Global Financial Crisis. Nonetheless, we note that these weights are nowhere near to 17.6% it used to enjoy way back in Dec’02, clearly underscoring the evolution of new-age sectors like Private Banks, Auto, NBFC, etc.
- **Healthcare’s weights have come off** due to the underperformance over the last couple of years. The sector has faced multiple headwinds of late – USFDA regulatory overhang, price erosion and buyer consolidation in the US markets, and numerous domestic regulatory changes.
- **Capital Goods’ weight is at a 14-year low** of 4% v/s 10.5% in Dec’07. The sector now has representation from only LT in the benchmark. This is a clear reflection of the pain that domestic private capex cycle has gone through in the last six years.
- **Metals’ weight has bounced off its lows** of sub-1% in CY15, but it is far off from the peak of 9.7% in CY03, underscoring the cyclical and volatile nature of the sector.
- **Real Estate** has no representation in the Nifty-50.

**Exhibit 2: Trend in Nifty-50 sectoral weights (%) – Private Financials at all-time high; PSU Banks at new low**

Sector	Weight in Nifty-50 (%)															
	CY02	CY03	CY04	CY05	CY06	CY07	CY08	CY09	CY10	CY11	CY12	CY13	CY14	CY15	CY16	Sep-17
Automobiles	5.6	6.2	6.7	6.8	6.4	3.4	2.5	5.2	7.5	8.1	8.8	8.9	9.3	9.9	11.8	<b>10.8</b>
Banks – PVT	4.4	4.6	4.7	5.4	5.7	5.6	5.0	11.9	14.5	13.7	16.9	16.2	19.9	20.7	21.5	<b>24.3</b>
Banks – PSU	4.7	5.3	5.8	5.1	4.4	4.1	5.4	4.7	4.9	3.7	4.7	3.2	4.8	3.3	3.1	<b>3.0</b>
NBFC	2.6	2.5	2.1	2.2	2.1	2.3	2.3	6.1	6.6	6.9	7.9	6.7	7.1	7.0	6.6	<b>8.4</b>
Capital Goods	3.1	4.5	4.0	5.0	8.6	10.5	7.7	10.7	8.7	5.5	5.9	4.9	5.2	4.2	4.0	<b>4.0</b>
Cement	2.4	2.9	2.8	2.5	3.3	2.1	1.7	3.4	1.9	3.1	4.2	3.2	2.8	2.8	3.0	<b>2.1</b>
Consumer	17.9	12.4	7.8	8.0	6.2	3.6	6.5	6.1	6.8	10.7	12.3	11.6	10.5	10.1	10.1	<b>9.7</b>
Healthcare	8.3	7.8	6.3	4.2	3.9	2.2	2.6	2.4	3.7	4.4	5.0	6.0	6.1	7.3	6.3	<b>4.1</b>
Media	1.2	1.0	0.8	0.5	0.6	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.7	0.8	0.8	<b>0.8</b>
Metals	2.9	9.7	8.2	5.5	5.0	9.0	4.8	8.8	8.4	5.6	3.8	4.4	3.1	1.3	1.5	<b>3.7</b>
Oil & Gas	17.6	21.8	27.1	25.5	21.1	25.4	24.5	17.9	14.7	13.3	12.3	11.7	9.3	9.1	9.4	<b>11.3</b>
Real Estate	0.0	0.0	0.0	0.0	0.0	2.3	3.0	1.6	0.6	0.5	0.5	0.4	0.2	0.0	0.0	<b>0.0</b>
Technology	24.2	15.4	14.5	20.0	19.4	9.5	9.0	12.6	14.3	15.8	11.4	16.9	15.7	16.3	14.4	<b>11.2</b>
Telecom	2.6	2.1	6.3	6.3	12.0	11.4	11.6	4.1	2.9	3.3	2.0	1.9	1.7	2.2	2.3	<b>2.1</b>
Utilities	1.6	2.1	1.9	1.5	1.1	8.2	13.3	4.7	4.5	5.4	4.5	4.0	3.6	4.1	4.4	<b>3.9</b>
Misc.	1.1	1.6	1.2	1.4	0.3									0.8	0.8	<b>0.8</b>
<b>Nifty-50</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

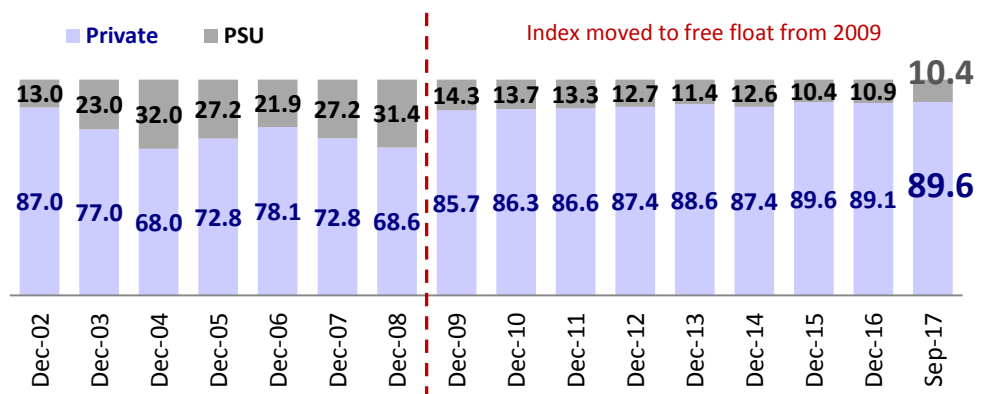
Note: Index weight from 2009 is on free-float market cap

**Exhibit 3: Sectors that saw increase/decrease in weights over a 5/10/15 year time-period**

Weight increase over 5 Yrs			Weight increase over 10 Yrs			Weight increase over 15 Yrs		
Banks - Private			Banks - Private			Banks - Private		
Automobiles			Automobiles			NBFC		
Media			Consumer			Automobiles		
NBFC			NBFC			Utilities		
Telecom			Health Care			Capital Goods		
			Technology			Metals		
			Media					
Weight decrease over 5 Yrs			Weight decrease over 10 Yrs			Weight decrease over 15 Yrs		
Consumer			Oil & Gas			Technology		
Cement			Telecom			Consumer		
Capital Goods			Capital Goods			Oil & Gas		
Banks - Public			Metals			Health Care		
Oil & Gas			Utilities			Banks - Public		
Health Care			Banks - Public			Telecom		
Utilities			Cement			Media		
Technology			Real Estate			Cement		
Metals								



**Exhibit 4: Private v/s PSU weights in Nifty-50 (%)**



PSU's weight in Nifty nearing single-digits

**Exhibit 5: Number of Private Banks in the Nifty have been on the rise**

Sector	No of Companies in Nifty-50															
	CY02	CY03	CY04	CY05	CY06	CY07	CY08	CY09	CY10	CY11	CY12	CY13	CY14	CY15	CY16	Sep-17
Automobiles	5	4	5	5	5	5	4	4	5	5	5	5	5	6	8	8
<b>Banks - PVT</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>
Banks - PSU	2	2	3	3	3	2	2	2	2	2	3	3	3	3	2	2
NBFC	1	1	1	1	1	1	1	3	3	2	2	2	2	1	1	2
Capital Goods	3	3	3	3	5	5	5	5	4	3	3	2	2	2	2	1
Cement	3	3	3	3	3	3	3	4	3	4	5	5	4	4	4	3
<b>Consumer</b>	<b>8</b>	<b>7</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Health Care	6	5	5	5	5	5	3	3	4	4	5	5	4	4	5	5
Media	1	1	1	1	1	1	1						1	1	1	1
Metals	2	4	4	4	4	5	5	5	6	6	4	5	5	3	2	3
Oil & Gas	4	5	6	6	6	6	6	5	5	5	5	5	5	5	4	5
Real Estate						1	2	2	1	1	1	1	1			
Technology	6	6	4	5	5	5	5	4	4	4	4	4	5	5	5	5
Telecom	2	2	3	3	4	4	4	3	2	2	1	1	1	2	3	2
Utilities	2	2	2	2	2	3	5	5	5	6	5	4	4	4	4	4
Misc	3	3	3	3	1									1	1	1
<b>Nifty-50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>51</b>	<b>51</b>

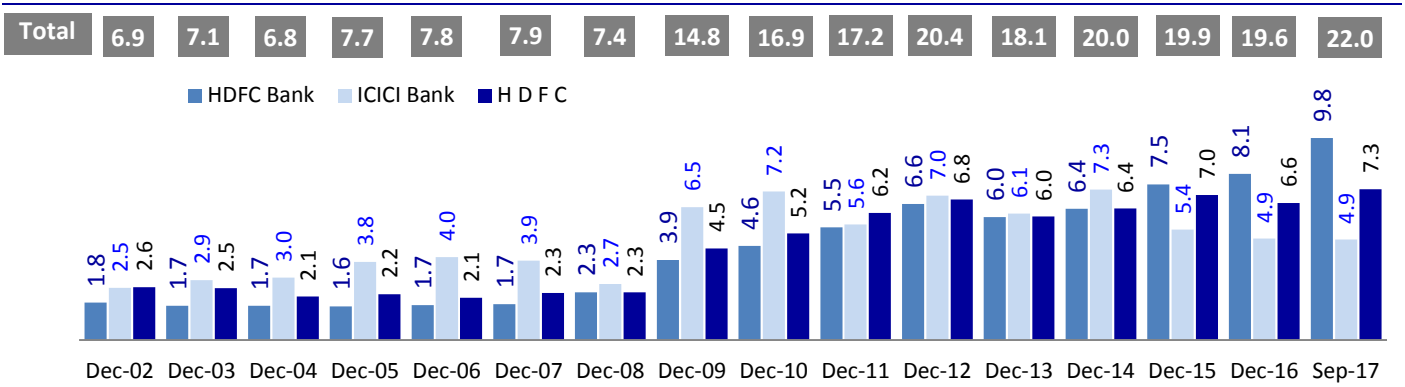
**44% of Nifty-50 constituents unchanged over 15 years**

- Out of the 50 stocks in Nifty, 22 have been part of the index since 15 years. Of these 22, three each are from Technology and Auto; two each from Private Banks, Consumer, Oil & Gas, Metals, Healthcare and Cement; and one each from NBFC, Capital Goods, PSU Banks and Utilities.
- The combined weight of these 22 stocks declined to 62.7% v/s 75.3% 15 years back, but up from 44.3% in Dec 2007.
- In Private Financials, all three stocks – HDFC Bank (+8%), HDFC (+4.7%) and ICICI Bank (+2.3%) – have seen an increase in weights over the last 15 years.
- Among these 22 stocks, Technology has been the biggest loser in terms of weight: Wipro (-10.1% decline), Infosys (-4.1% decline), and HCL Tech (relatively unchanged; -0.2% decline).
- In Consumer, HUL's weight has come off by a massive 900bp, while ITC's weight increased from 4.7% to 5.9%.

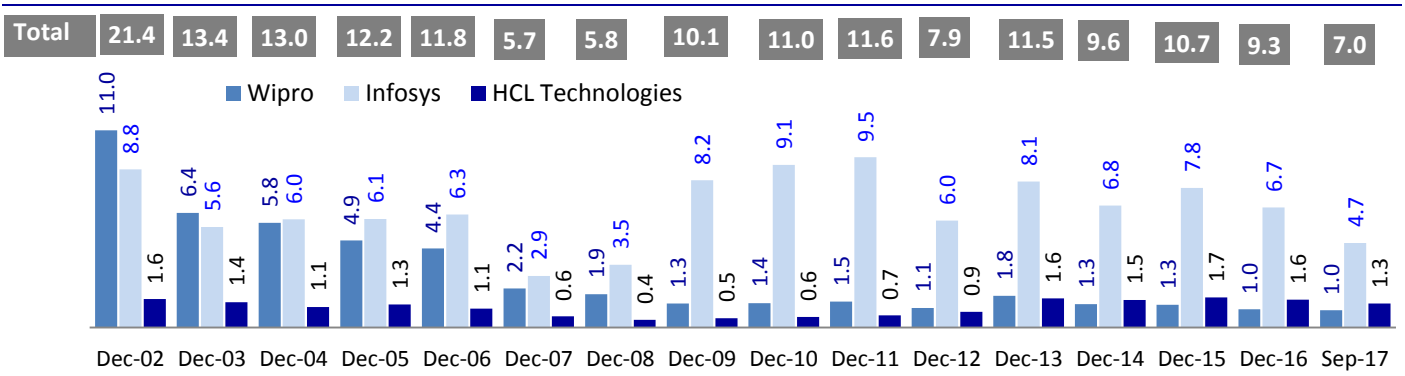
**Exhibit 6: Weights of the 22 common stocks of Nifty-50 since CY02 – Technology biggest loser**

Sector	No of stocks	Weight in Nifty-50 (%)															
		CY02	CY03	CY04	CY05	CY06	CY07	CY08	CY09	CY10	CY11	CY12	CY13	CY14	CY15	CY16	Sep-17
Automobiles	3	3.4	4.4	3.9	4.0	3.7	1.8	1.7	3.9	5.3	5.7	6.2	6.6	6.5	5.9	6.2	<b>4.9</b>
Banks-PVT	2	4.4	4.6	4.7	5.4	5.7	5.6	5.0	10.3	11.8	11.1	13.6	12.1	13.7	12.9	13.0	<b>14.7</b>
Banks-PSU	1	4.4	4.6	3.8	3.5	3.3	3.5	4.5	3.9	4.0	3.0	3.3	2.2	3.4	2.4	2.6	<b>2.6</b>
NBFC	1	2.6	2.5	2.1	2.2	2.1	2.3	2.3	4.5	5.2	6.2	6.8	6.0	6.4	7.0	6.6	<b>7.3</b>
Cap. Goods	1	1.5	2.1	1.4	1.8	2.1	3.5	2.5	6.7	5.8	3.8	4.6	4.2	4.4	3.7	3.7	<b>4.0</b>
Cement	2	1.5	1.4	1.5	1.5	2.0	1.2	1.1	1.1	1.2	1.6	1.5	1.2	1.1	1.0	0.9	<b>0.9</b>
Consumer	2	16.0	10.8	6.9	7.2	5.8	3.6	6.5	6.1	6.8	10.7	11.2	10.5	9.3	8.7	8.8	<b>8.3</b>
Healthcare	2	2.4	2.2	2.2	1.9	1.9	1.2	2.0	1.9	2.0	2.5	2.6	3.0	3.4	4.3	3.2	<b>2.2</b>
Metals	2	2.9	4.3	3.8	2.8	2.4	2.7	1.4	3.8	4.0	2.7	2.4	2.1	1.7	1.0	1.5	<b>2.1</b>
Oil & Gas	2	14.2	15.0	9.9	10.2	9.6	12.4	11.3	13.2	10.3	8.8	7.9	7.6	5.8	6.7	7.0	<b>8.3</b>
<b>Technology</b>	<b>3</b>	<b>21.4</b>	<b>13.4</b>	<b>13.0</b>	<b>12.2</b>	<b>11.8</b>	<b>5.7</b>	<b>5.8</b>	<b>10.1</b>	<b>11.0</b>	<b>11.6</b>	<b>7.9</b>	<b>11.5</b>	<b>9.6</b>	<b>10.7</b>	<b>9.3</b>	<b>7.0</b>
Utilities	1	0.7	1.0	0.9	0.6	0.6	0.9	0.9	1.5	1.2	1.0	1.0	0.7	0.5	0.4	0.5	<b>0.4</b>
<b>Total of above</b>	<b>22</b>	<b>75.3</b>	<b>66.2</b>	<b>54.2</b>	<b>53.4</b>	<b>50.9</b>	<b>44.3</b>	<b>44.9</b>	<b>66.9</b>	<b>68.6</b>	<b>68.5</b>	<b>69.0</b>	<b>67.8</b>	<b>65.8</b>	<b>64.8</b>	<b>63.2</b>	<b>62.7</b>

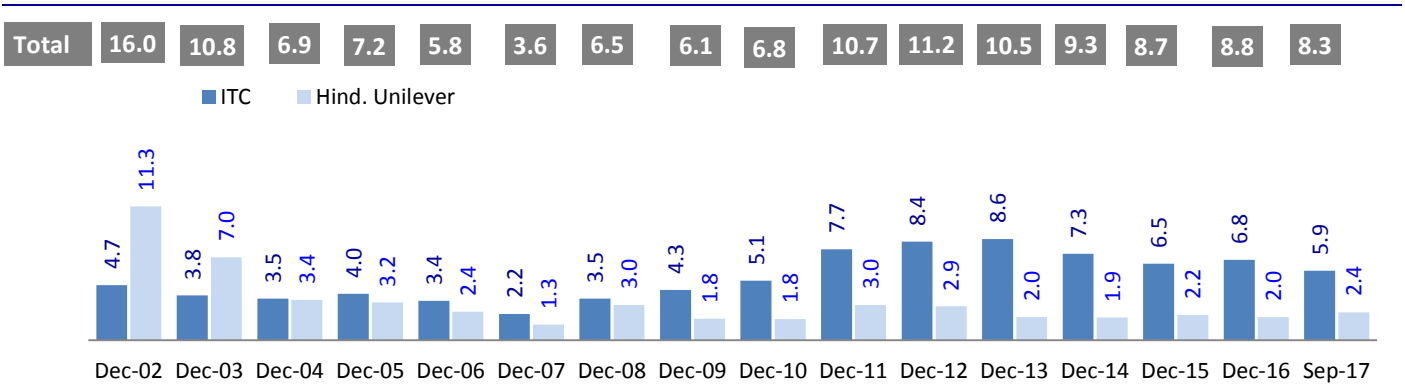
**Exhibit 7: The three common private financials in the index since CY02 saw consistent increase in weights; accounted for ~63% of BFSI weight increase since CY02**



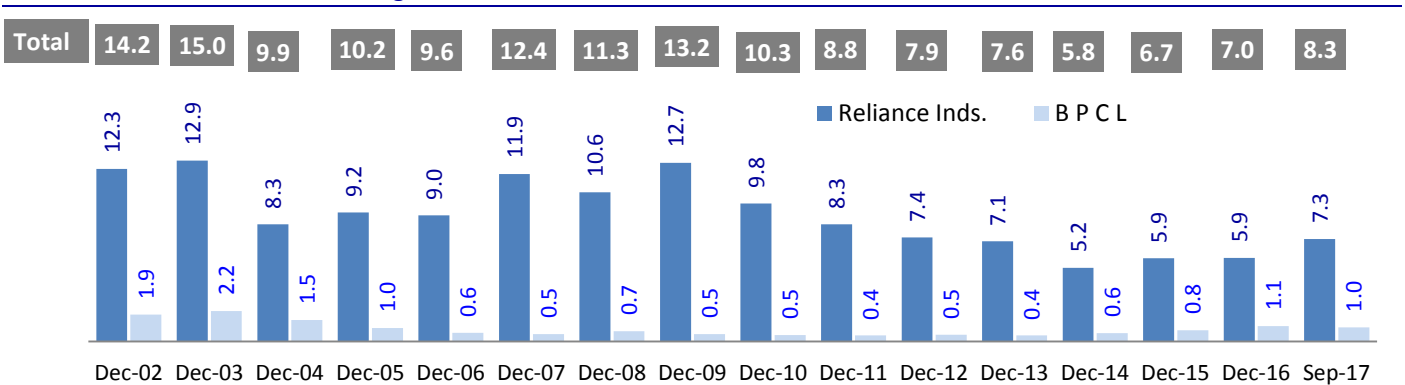
**Exhibit 8: Technology was biggest loser, with Wipro and Infosys seeing a sharp decline**



**Exhibit 9: In Consumer, HUL's weight declined by whopping 900bp, whereas ITC's weight increased from 4.7% to 5.9%**



**Exhibit 10: Reliance Industries' weight declined from 12.3% to 7.3%**





### Reliance Industries – The only stock to maintain its position in top-10

- Over the last 15 years, RIL has been the only stock to maintain its position in top-10 in the index. However, the stock's weight in the index has declined by 41%, from 12.3% in December 2002 to 7.3% in September 2017.
- Notably, over the last five years, eight stocks have consistently featured in the top-10 list.
- HDFC Bank and LT have exhibited the strongest improvement in their rankings, moving up from 14th and 19th position then to 1st and 7th positions now, respectively.
- HUL, which was at number two position then, has slipped to 12th rank. Wipro, which was at 3rd position, has slipped to 34th. This in a way also underscores the underlying changes in the economy and evolution of new sectors over the past decade and a half.

Exhibit 11: Top 10 stocks over different timeframes (%)

Company	Dec-02 weight	Company	Dec-07 weight	Company	Dec-12 weight	Company	Dec-15 weight	Company	Sep-17 weight
Reliance Inds.	12.3	Reliance Inds.	11.9	ITC	8.4	Infosys	7.8	HDFC Bank	9.8
Hind. Unilever	11.3	O N G C	7.5	Reliance Inds.	7.4	HDFC Bank	7.5	H D F C	7.3
Wipro	11.0	NTPC	5.9	ICICI Bank	7.0	H D F C	7.0	Reliance Inds.	7.3
Infosys	8.8	Bharti Airtel	5.4	H D F C	6.8	ITC	6.5	ITC	5.9
ITC	4.7	Rel. Comm.	4.4	HDFC Bank	6.6	Reliance Inds.	5.9	ICICI Bank	4.9
St Bk of India	4.4	ICICI Bank	3.9	Infosys	6.0	ICICI Bank	5.4	Infosys	4.7
Ranbaxy Labs.	3.2	B H E L	3.6	Larsen & Toubro	4.6	TCS	4.4	Larsen & Toubro	4.0
H P C L	2.9	St Bk of India	3.5	TCS	3.4	Larsen & Toubro	3.7	TCS	3.5
Satyam Com.	2.6	Larsen & Toubro	3.5	St Bk of India	3.3	Sun Pharma.Ind.	3.2	Kotak Mah. Bank	3.2
H D F C	2.6	S A I L	3.3	Tata Motors	3.0	Tata Motors	2.7	Maruti Suzuki	2.8

Exhibit 12: Rank change for common stocks in Nifty-50 over the last 15 years

Company	Sector	Weight in Nifty-50 (%)				Rank in Nifty 50				Rank Change		
		Dec-02	Dec-07	Dec-12	Sep-17	Dec-02	Dec-07	Dec-12	Sep-17	5 Year	10 Year	15 Year
Bajaj Auto	Automobiles	1.5	0.8	1.5	1.1	21	35	16	30	-14	5	-9
Hero Motocorp	Automobiles	1.5	0.4	1.0	1.3	22	48	31	22	9	26	0
M & M	Automobiles	0.4	0.6	2.3	1.6	40	41	13	18	-5	23	22
Tata Motors	Automobiles	1.5	0.8	3.0	2.0	20	34	10	15	-5	19	5
HDFC Bank	Banks – PVT	1.8	1.7	6.6	9.8	14	20	5	1	4	19	13
ICICI Bank	Banks – PVT	2.5	3.9	7.0	4.9	11	6	3	5	-2	1	6
St Bk of India	Banks – PSU	4.4	3.5	3.3	2.6	6	8	9	11	-2	-3	-5
H D F C	NBFC	2.6	2.3	6.8	7.3	10	14	4	2	2	12	8
Larsen & Toubro	Capital Goods	1.5	3.5	4.6	4.0	19	9	7	7	0	2	12
ACC	Cement	0.8	0.6	0.7	0.4	29	43	42	48	-6	-5	-19
Ambuja Cem.	Cement	0.7	0.6	0.8	0.5	32	38	39	46	-7	-8	-14
Hind. Unilever	Consumer	11.3	1.3	2.9	2.4	2	23	11	12	-1	11	-10
ITC	Consumer	4.7	2.2	8.4	5.9	5	16	1	4	-3	12	1
Cipla	Health Care	1.6	0.5	1.1	0.8	17	45	23	39	-16	6	-22
Dr Reddy's Labs	Health Care	2.0	0.4	1.2	0.7	12	49	20	42	-22	7	-30
Sun Pharma.Inds.	Health Care	0.8	0.7	1.5	1.5	28	37	18	19	-1	18	9
Hindalco Inds.	Metals	1.3	0.8	0.9	0.9	23	36	35	35	0	1	-12
Tata Steel	Metals	1.6	1.9	1.5	1.2	16	19	17	27	-10	-8	-11
B P C L	Oil & Gas	1.9	0.5	0.5	1.0	13	44	45	33	12	11	-20
Reliance Inds.	Oil & Gas	12.3	11.9	7.4	7.3	1	1	2	3	-1	-2	-2
HCL Tech	Technology	1.6	0.6	0.9	1.3	18	39	36	24	12	15	-6
Infosys	Technology	8.8	2.9	6.0	4.7	4	12	6	6	0	6	-2
Wipro	Technology	11.0	2.2	1.1	1.0	3	17	24	34	-10	-17	-31
Tata Power Co.	Utilities	0.7	0.9	1.0	0.4	33	28	33	49	-16	-21	-16



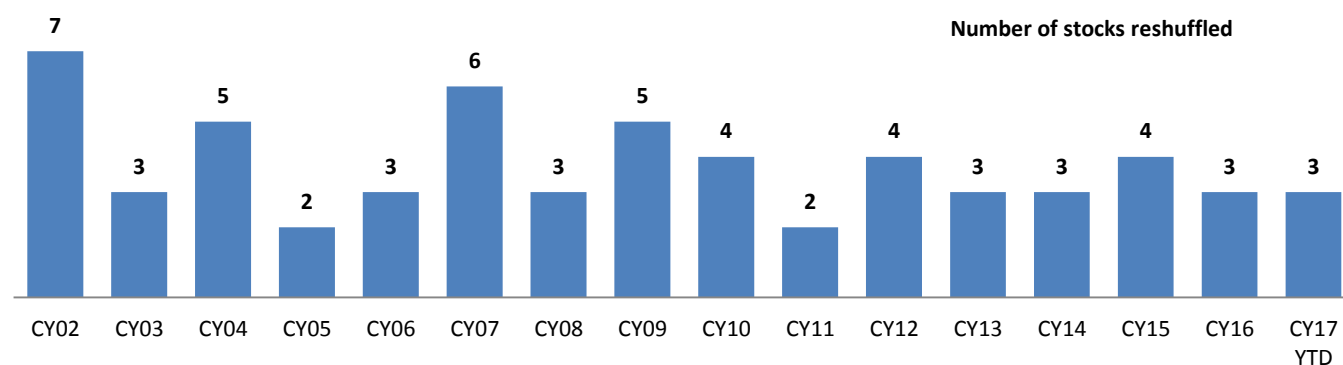
### Weight of new entrants over past five years is quite stable

- Out of the 17 new entrants in Nifty in the last five years, IndusInd Bank/Yes Bank are at new highs, with their weights increasing 2.6x/2.1x since they entered the index.
- Meanwhile, Bank of Baroda and Tech Mahindra's weights have halved.
- Lupin's weight is down significantly from its peak of 1.6% to 0.6% now due to the underperformance of the Pharma sector over the past two years.
- Stocks that have seen stable weights after entering the index are: Asian Paints, Ultratech, Zee Entertainment, Bosch, Adani Ports, Eicher Motors, Aurobindo Pharma, and Bharti Infratel.

**Exhibit 13: Out of the 17 stocks that entered in Nifty in last five years, IndusInd Bank and Yes Bank's weights are at new highs**

Company	Date of Inclusion	Weight (%)						
		Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Sep-17	
Asian Paints	27-04-2012	1.1	1.1	1.2	1.4	1.3	1.5	
Bank of Baroda	27-04-2012	0.8	0.6	0.7	0.5	0.5	0.4	
Lupin	28-09-2012	0.8	1.0	1.2	1.6	1.2	0.6	
UltraTech Cem.	28-09-2012	1.1	0.9	1.0	1.0	1.1	1.1	
IndusInd Bank	01-04-2013		0.9	1.2	1.7	1.8	2.3	
Tech Mahindra	28-03-2014			1.4	1.1	1.0	0.7	
Zee Entertainmen	19-09-2014			0.7	0.8	0.8	0.8	
Yes Bank	27-03-2015				0.8	1.3	1.8	
Bosch	29-05-2015				0.6	0.6	0.5	
Adani Ports	28-09-2015				0.8	0.8	0.8	
Eicher Motors	01-04-2016					1.0	1.1	
Aurobindo Pharma	01-04-2016					0.6	0.6	
Bharti Infra.	01-04-2016					0.6	0.7	
Tata Motors-DVR	01-04-2016					0.5	0.3	
I O C L	31-03-2017						1.1	
Indiabulls Hous.	31-03-2017						1.1	
Vedanta	26-05-2017	0.4	1.2	0.9	0.4	Drop	1.6	

**Exhibit 14: Number of stocks reshuffled each year over the years**



Source: NSE, MOSL



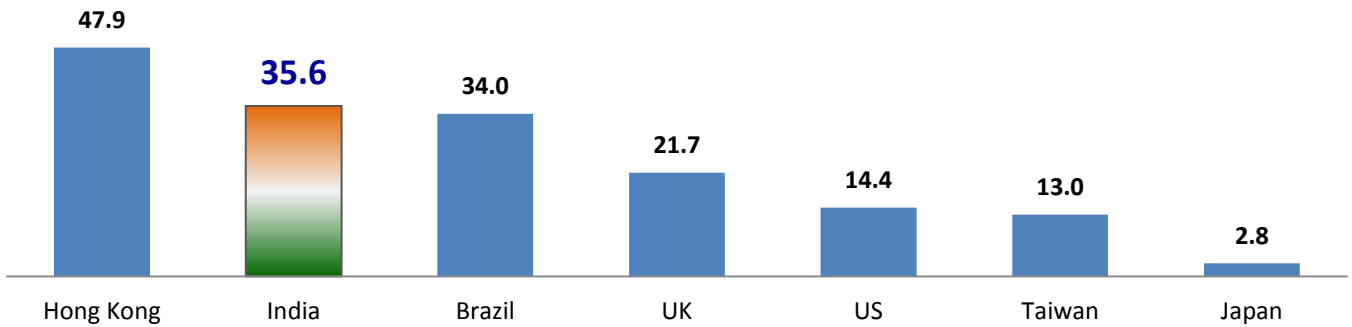
Some of listed new age Financials



**Crystal Ball Gazing: Financials set to extend its dominance**

- We expect the BFSI sector to strengthen its already strong leadership positioning in the index. Within BFSI, we expect Private Banks’ weightage to move up further as the underlying theme of Value Migration from Public Sector Banks to Private Sector Banks plays out.
- As mentioned in the beginning, the listing of key Insurance companies (life as well as non-life) should further add to BFSI’s weights.
- Evolution of Small Finance Banks, Payment Banks and New-age NBFCs will also lend support to the weightage of BFSI in the index

**Exhibit 15: Financials weights in World stock indices**



Note: Sector classified as per GICS

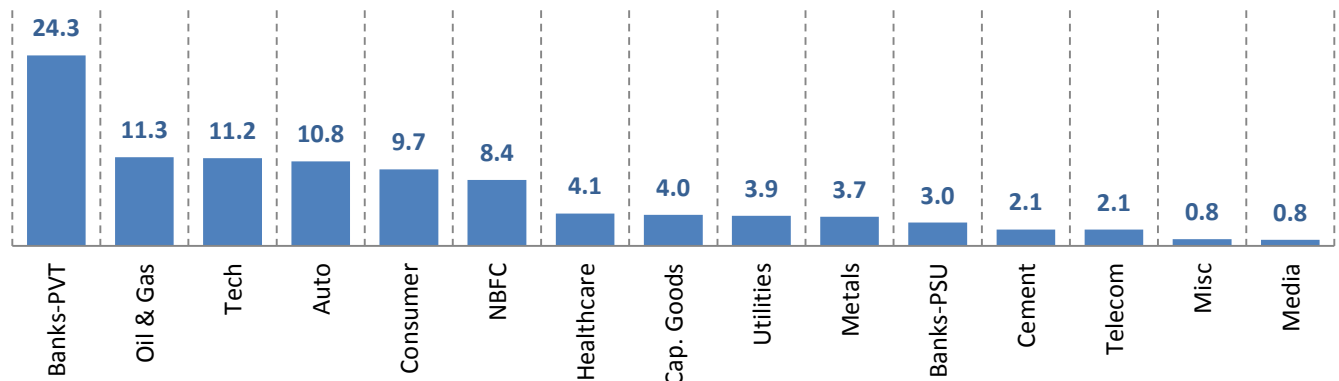
Source: Bloomberg, MOSL

**Exhibit 16: Trend in Financials weights - Financials have gained weights across the board**

Country	Index	Financials weight in benchmark index (%)					
		CY12	CY13	CY14	CY15	CY16	Sep-17
Hong Kong	HSI	47.1	46.6	47.1	46.1	47.5	47.9
<b>India</b>	<b>Nifty</b>	<b>29.5</b>	<b>26.1</b>	<b>31.7</b>	<b>31.0</b>	<b>31.2</b>	<b>35.6</b>
Brazil	IBOV	28.4	25.7	32.4	32.0	34.1	34.0
UK	UKX	19.0	19.7	21.0	21.8	20.8	21.7
US	SPX	15.6	16.2	16.6	16.5	14.8	14.4
Taiwan	TWSE	14.0	14.9	14.0	14.3	13.9	13.0
Japan	NKY	4.0	4.0	3.4	3.4	3.0	2.8

Source: Bloomberg, NSE, MOSL

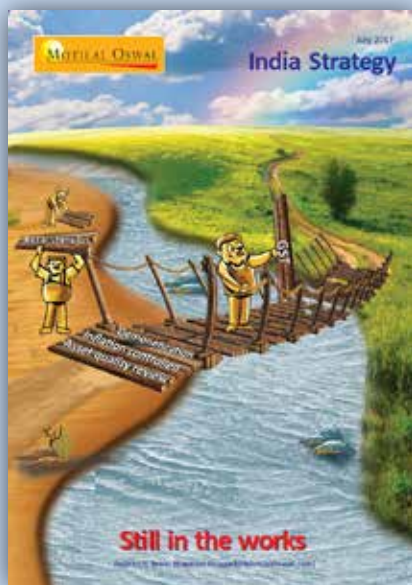
**Exhibit 17: Sectoral weights of India (Nifty-50) (%)**



Source: NSE, MOSL

**NOTES**

# THEMATIC/STRATEGY RESEARCH GALLERY



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