



Showcasing the growth of India's Next 50 blue-chip leaders



November 2024

Introduction

Think of the business world as a prestigious awards ceremony, like the Oscars. The Nifty 50 companies, India's top 50 blue chip companies, would be the stalwarts—the actors, directors, and films that have already earned their place in the spotlight. These are the names on everyone's mind, celebrated for their consistent excellence and market dominance.

The Nifty Next 50 index companies, which are the next 50 companies ranked below the top 50 companies, are like the nominees who haven't yet won an Oscar but are on the cusp of greatness. They're highly regarded, with impressive performances and promising careers. While they haven't reached the pinnacle yet, they are the ones everyone is watching closely, expecting them to break through and win big in the near future.

Investing in the Nifty Next 50 is similar to supporting these rising stars before they fully

ascend. It's a way to get in early on companies that are poised for greatness, with the potential to become the next celebrated market leaders. However, the journey of these promising stars can be unpredictable. Changes in leadership, shifts in consumer preferences, or economic downturns may derail even the most promising firms. While investing in the Nifty Next 50 presents an exciting opportunity for growth, it requires a discerning eye and a willingness to embrace both the potential rewards and the risks of few not making it to the top.

Ultimately, the appeal of the Nifty Next 50 lies in the thrill of discovering the next big winning companies before they ascend to the heights of the Nifty 50. As investors, understanding this duality of promise and peril can guide more informed decisions, allowing us navigate the dynamic landscape of the financial markets.

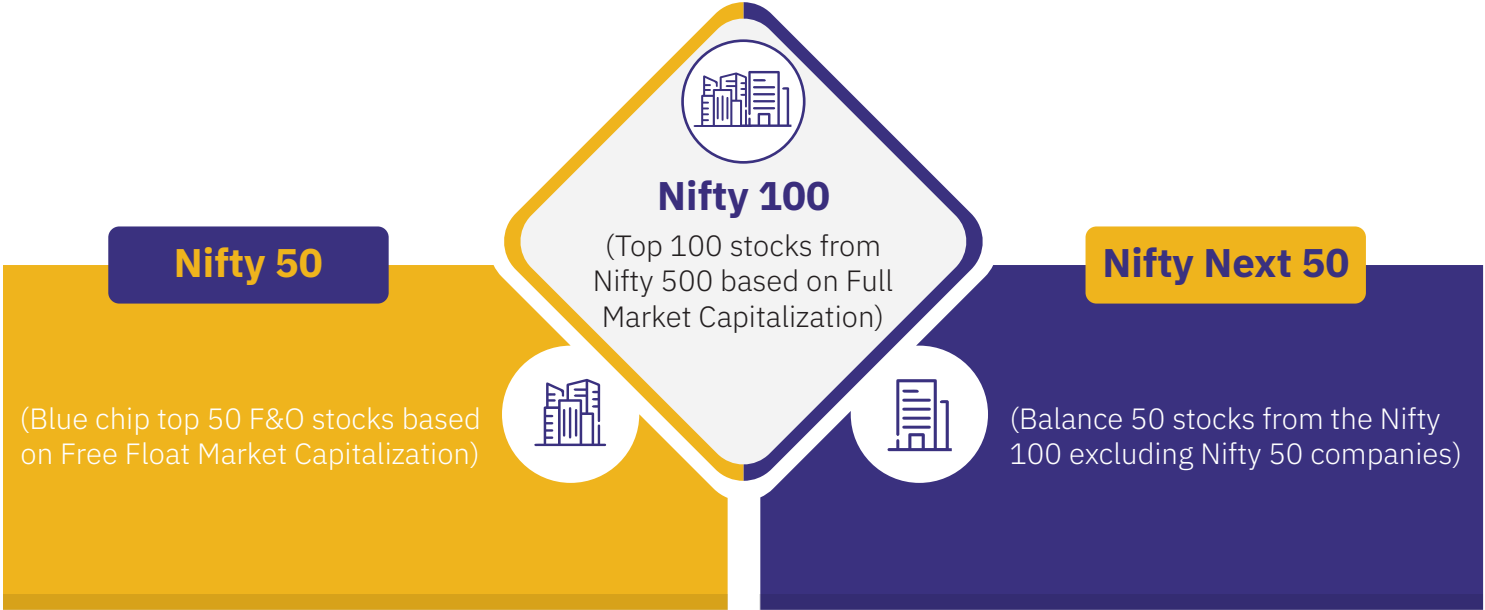
About the NIFTY Next 50 index

Nifty Next 50 represents the balance 50 stocks from Nifty 100 after excluding the Nifty 50 companies. The index has a base date of November 03, 1996, and a base value of 1000. The weights of the stocks in the index are based on

their free float market capitalization. Further, non F&O stocks in the index are individually capped at 4.5% and cumulative weight of all such non F&O stocks is capped at 10% on quarterly rebalance dates.



Exhibit 1: Methodology of Nifty Next 50



Nifty Next 50 attributes

Exhibit 2: Attributes of Nifty Next 50

Parameters	Nifty Next 50
No. of stocks	50
Weight of top 10 stocks (%)	36.93%
No. of large cap stocks (as per SEBI categorization Jan-Jun 2024)	46
No. of mid cap stocks (as per SEBI Categorization Jan-Jun 2024)	4
No. of F&O stocks	35

Weights as on October 31, 2024

Exhibit 3: Market cap coverage of Nifty Next 50

Parameters of Nifty Next 50	By Full Market Capitalization	By Free Float Market Capitalization
Largest Stock Mcap (in Rs crs)	6,45,768	1,44,566
Smallest stock Mcap (in Rs crs)	76,946	22,602
Mcap Coverage of the NSE listed and traded universe (%)	18%	13%

Data based on 6 month period ended October 2024.

Exhibits 2 and 3 above show attributes of Nifty Next 50 Index. The Full market capitalization of the stocks within the index ranged from Rs.76,946 Cr to Rs.6,45,768 Cr, while the Free Float market capitalization ranged from Rs.22,602 Cr to Rs.1,44,566

Cr. Nifty Next 50 covered 18% of the Full market capitalization of NSE listed and traded universe. As on October 31, 2024, the top 10 stocks of index contributed 36.93% to the total weight.

Nifty Next 50 exhibits a well sector diversified portfolio

Exhibit 4: Sectoral composition of Nifty Next 50 vis-à-vis Nifty 50

Sectors	Nifty Next 50	Nifty 50
 Financial Services	22.59	34.25
 Capital Goods	11.37	0.94
 Fast Moving Consumer Goods	7.50	8.22
 Automobile and Auto Components	7.49	7.43
 Consumer Services	7.06	1.46
 Healthcare	6.94	3.99
 Power	6.59	3.12
 Metals & Mining	6.10	3.54
 Oil, Gas & Consumable Fuels	6.02	10.76
 Services	3.76	0.93
 Construction Materials	3.69	2.08
 Realty	3.24	-
 Information Technology	2.83	12.92
 Chemicals	2.58	-
 Consumer Durables	2.22	2.47
 Telecommunication	-	3.98
 Construction	-	3.92

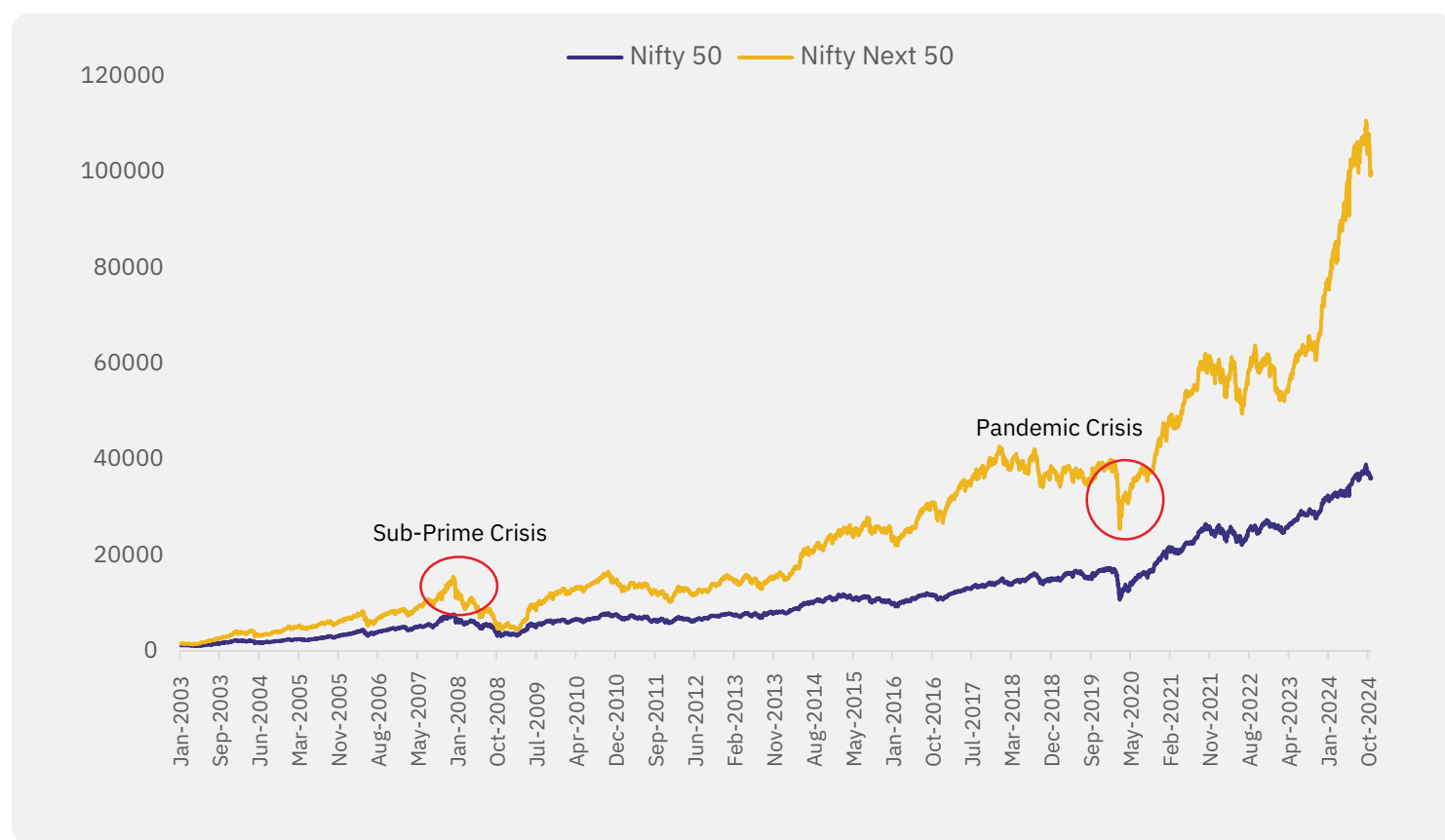
Source : NSE Indices. *All data as on October 31, 2024

As on October 31, 2024, the Nifty Next 50 had exposure to 15 sectors. Realty and Chemicals sector were part of Nifty Next 50 index but were not present in Nifty 50 index. Financial Services (22.59%), Capital Goods (11.37%), Fast Moving Consumer Goods (7.50%) were the sectors with highest weight in the Nifty Next 50

index. Similarly, Information Technology (2.83%), Chemicals (2.58%) and Consumer Durables (2.22%) were the sectors with lowest weights in the index. Financial Services held the highest weight in both indices.

Performance of Nifty Next 50 vis-à-vis Nifty 50

Exhibit 5: Performance of Nifty Next 50 Total Return (TR) Index vis-à-vis Nifty 50 TR Index since 2003



Source: NSE Indices. Data based on TR index values as on October 31, 2024. Inception date is 01 January 2003.

Exhibit 5 above shows that the Nifty Next 50 TR Index has exhibited significant growth since January 2003. Nifty Next 50 TR index also encountered several dramatic crashes linked to global economic downturns,

as illustrated in the chart. Despite these downturns, the index managed to recover each time and delivered strong returns and reached new highs, proving its resilience and enduring value to investors.

Exhibit 6: Annualised return and volatility profile of Nifty Next 50 and Nifty 50

Period	Annualised Returns		Annualised Volatility		Return to Risk	
	Nifty Next 50 TR	Nifty 50 TR	Nifty Next 50 TR	Nifty 50 TR	Nifty Next 50 TR	Nifty 50 TR
Since Jan 01, 2003	21.04%	16.77%	23.54%	21.51%	0.89	0.78
15 years	15.76%	12.88%	18.01%	16.76%	0.88	0.77
10 years	15.94%	12.63%	18.05%	16.54%	0.88	0.76
7 years	14.08%	14.31%	18.60%	17.54%	0.76	0.82
5 years	20.45%	16.63%	19.55%	18.94%	1.05	0.88
3 years	19.43%	12.39%	17.88%	14.17%	1.09	0.87
1 year	59.92%	28.39%	19.61%	13.41%	3.06	2.12

Source: NSE Indices. Data based on TR Index values as on October 31, 2024

Since January 01, 2003, till October 31, 2024, the Nifty Next 50 TR Index delivered CAGR of 21.04% as compared to 16.77% delivered by Nifty 50 TR index. Over the last 5 years (as on October 31, 2024), the Nifty Next 50 TR index delivered CAGR of 20.45% compared to 16.63% of Nifty 50 TR. For the short-term horizon of 1 year, the Nifty Next 50 TR delivered CAGR of 59.92% compared to 28.39% for the Nifty 50 TR index.

The annualized volatility for Nifty Next 50 TR index has also been higher for all the above horizons when compared to Nifty 50. For instance, in the 7-year horizon, the Nifty Next 50 TR index's historical volatility had been 18.60% compared to 17.54% for Nifty 50 TR.

For the 3-year horizon, the volatility for Nifty Next 50 TR had been 17.88% compared to 14.17% for the Nifty 50

In terms of return to risk ratio, the Nifty Next 50 TR had a higher return to risk ratio compared to Nifty 50 for all the above horizons except for 7 year investment horizon, where the ratio for Nifty Next 50 TR was 0.76 as compared to 0.82 for Nifty 50 TR. For instance, in the 10-year horizon, the ratio was 0.88 for Nifty Next 50 TR compared to 0.76 for Nifty 50 TR. For the short-term horizon of 1 year ended October 2024, the return-to-risk ratio for Nifty Next 50 TR was 3.06 compared to 2.12 for the Nifty 50 TR.

The Nifty Next 50 TR Index has outperformed the Nifty 50 TR index in 11 out of 21 calendar years

Exhibit 7: Calendar year performance of Nifty Next 50 index

Calendar Year	Nifty 50	Nifty Next 50
2004	13.04%	33.34%
2005	38.63%	26.39%
2006	41.90%	30.03%
2007	56.80%	77.36%
2008	-51.27%	-63.12%
2009	77.59%	130.52%
2010	19.22%	18.93%
2011	-23.81%	-31.11%
2012	29.43%	49.84%
2013	8.07%	6.03%
2014	32.90%	46.35%
2015	-3.01%	8.05%
2016	4.39%	8.41%
2017	30.27%	47.73%
2018	4.64%	-7.87%
2019	13.48%	1.62%
2020	16.14%	15.91%
2021	25.59%	30.87%
2022	5.69%	0.96%
2023	21.30%	27.24%
YTD	12.64%	31.80%
Count of outperformance of the Nifty Next 50 TR Index		11/21

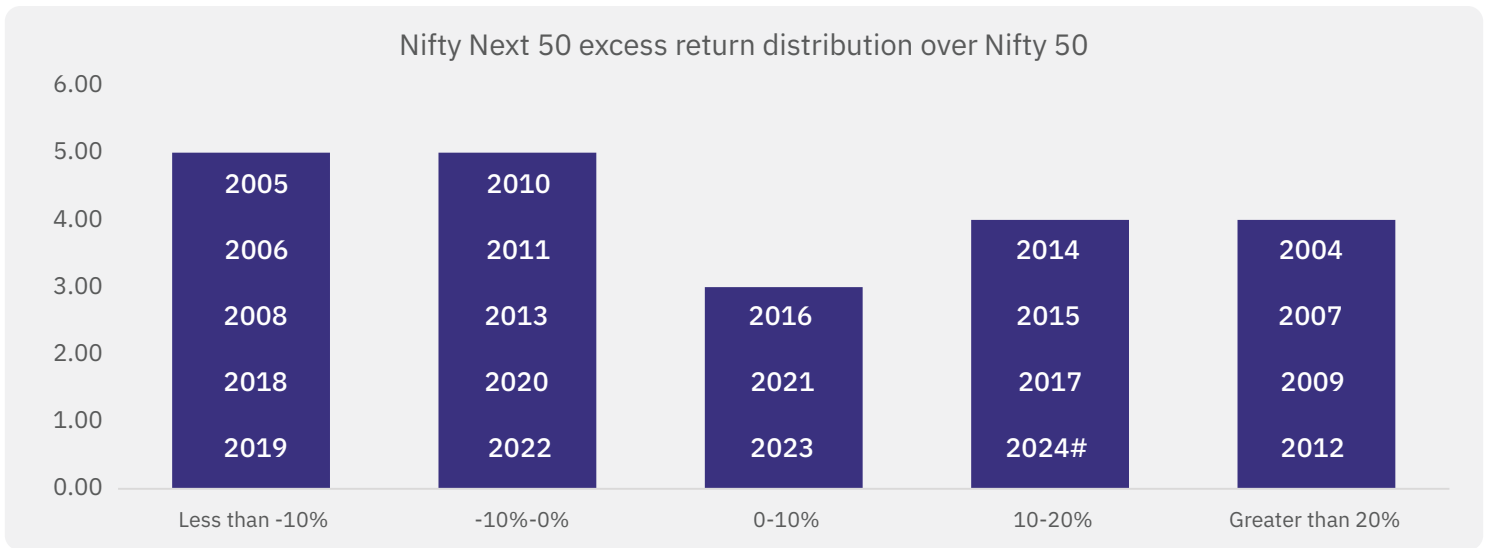
Source: NSE Indices. The cells highlighted in green are the calendar years when the Nifty Next 50 outperformed Nifty 50 and the cells highlighted in red are the calendar years when the Nifty Next 50 underperformed the Nifty 50 Index. Returns for 2024 (YTD) calculated till October 31,2024

Over the previous 21 calendar years, the Nifty Next 50 TR Index delivered positive returns in 18 calendar years. When compared to Nifty 50 TR, the Nifty Next 50 TR has outperformed it in 11 out of 21 calendar years.

As seen in the exhibit, the Nifty Next 50 TR Index had significantly outperformed Nifty 50 TR during the recovery period of major economic crisis. This can be

seen during 2009, when the whole world was recovering from the financial crisis of 2008. In this period, the Nifty Next 50 TR index delivered returns of 130.52% compared to 77.59% for Nifty 50 TR. Similarly, during the economic downturns, the Nifty Next 50 TR underperformed the Nifty 50 TR Index due to its volatile profile compared to Nifty 50.

Exhibit 8: Excess Return distribution of the Nifty Next 50 over Nifty 50



*For 2024#, returns calculated till October 31, 2024

The exhibit 8 above shows the frequency distribution of per annum excess returns of Nifty Next 50 TR over Nifty 50 TR. Out of the 11 years where Nifty Next 50 TR index outperformed the Nifty 50 TR, the index generated an excess return greater than 20% in 4 calendar years.

Out of the other 10 years where Nifty Next 50 TR underperformed the Nifty 50 TR, the underperformance was in the range of -10%-0% in 5 calendar years and less than -10% for the other 5 years.

Daily Rolling return analysis of the Nifty Next 50 TR index

Exhibit 9: Daily Rolling return performance of Nifty Next 50 TR index

Analysis based on daily rolling returns										
Investment Horizon	Percentage of total instances						Return Analysis			
	Negative returns	Positive returns					Return Attributes			
	<0% CAGR	>=0% CAGR	0-5% CAGR	5-10% CAGR	10-15% CAGR	>15% CAGR	Min CAGR	Max CAGR	Median CAGR	Average CAGR
10 years	0.00%	100.00%	0.00%	4.47%	35.28%	60.25%	7.14%	26.45%	15.72%	15.93%
7 years	0.00%	100.00%	0.00%	6.25%	48.76%	44.99%	6.13%	37.94%	14.70%	15.87%
5 years	0.00%	100.00%	5.71%	19.57%	27.72%	47.00%	0.26%	59.13%	14.46%	15.81%
3 years	7.41%	92.59%	6.64%	11.61%	18.23%	56.11%	-15.61%	76.59%	16.40%	17.85%
2 years	16.57%	83.43%	8.05%	9.27%	8.98%	57.13%	-26.12%	92.99%	18.65%	19.63%
1 year	20.85%	79.15%	8.50%	9.26%	6.53%	54.85%	-66.34%	199.85%	18.97%	25.54%

Source: NSE Indices. Analysis period is from January 01, 2003 to October 31, 2024; Data based on TR index values

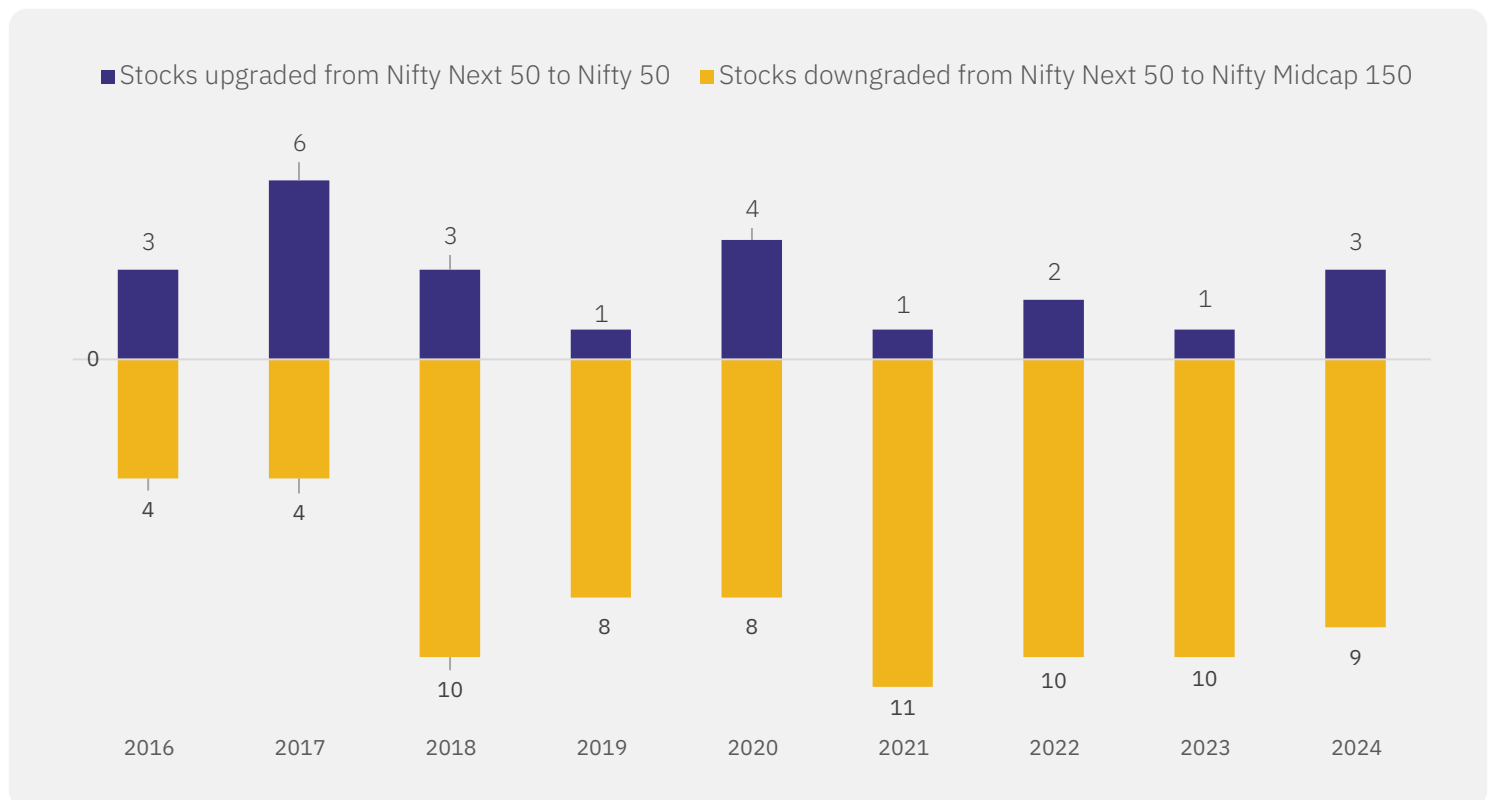
The Nifty Next 50 TR index has delivered positive returns 100% of the times over the long-term horizons of 5, 7 and 10 years based on daily rolling return analysis. Out of the 100% of the times where Nifty Next 50 TR index delivered positive returns for the 10-year horizon, the returns were greater than 15% for 60.25% of the times. For the 5-year investment horizon, the minimum return for the Nifty Next 50 TR index was 0.26% and maximum return was 59.13% with the average return being 15.81%. Similarly, for the 3-year horizon, the minimum return for the index was

-15.61% and maximum return was 76.59% with the average return being 17.85%. The average returns for the 7 year and 10-year horizon were 15.87% and 15.93% respectively.

For the shorter-term horizon of 1 year, the index has delivered negative returns 20.85% of the time. The returns were in the range of -66.34% and 199.85% over 1-year horizon based on daily rolling return analysis. For 2-year horizon, the returns were greater than 15% for 57.13% of the time.

In all, 24 stocks have graduated from the portfolio of Nifty Next 50 to Nifty 50 in past 9 years

Exhibit 10: Stocks moving from Nifty Next 50 to Nifty 50 and Nifty Midcap 150



#Source: NSE Indices.

Over the past 9 years, Nifty Next 50 has witnessed an upgrade to downgrade ratio of 1:3. This means that on an average for every 3 stocks that got downgraded from Nifty Next 50 index (and moved down to Nifty Midcap 150 index), 1 stock got upgraded (and moved up to Nifty 50 index). This

illustrates the competitive nature of the market, where only a select few manage to ascend to the forefront while many others struggle to hold their ground, reflecting broader economic and sectoral trends.

Sector wise contribution towards last 1 year return delivered by Nifty Next 50 TR index

Exhibit 11: Sector wise contribution of Nifty Next 50 TR Index vis-à-vis Nifty 50 TR

Period	Weights		Active weights of Nifty Next 50 over Nifty 50	Contribution	
	Nifty Next 50	Nifty 50		Nifty Next 50	Nifty 50
Consumer Services	9.95%	0.48%	9.46%	13.09%	-0.10%
Capital Goods	11.00%	0.29%	10.71%	10.89%	0.00%
Financial Services	22.78%	34.10%	-11.32%	7.83%	7.33%
Fast Moving Consumer Goods	10.67%	8.74%	1.93%	4.93%	1.10%
Oil Gas & Consumable Fuels	6.22%	11.83%	-5.61%	4.13%	3.21%
Automobile and Auto Components	6.38%	7.31%	-0.93%	3.98%	3.31%
Power	5.76%	2.84%	2.91%	3.78%	1.73%
Metals & Mining	4.53%	3.70%	0.83%	3.25%	1.30%
Healthcare	3.78%	4.13%	-0.35%	2.16%	1.93%
Chemicals	4.81%	0.11%	4.70%	1.55%	-0.05%
Services	3.04%	0.89%	2.15%	1.40%	0.59%
Realty	3.00%	0.00%	3.00%	1.40%	-
Construction Materials	4.15%	2.02%	2.13%	0.98%	0.72%
Consumer Durables	3.00%	2.93%	0.07%	0.87%	0.09%
Construction	0.00%	4.16%	-4.16%	-	1.12%
Telecommunication	0.00%	3.32%	-3.32%	-	2.08%
Information Technology	0.94%	13.14%	-12.20%	-0.31%	4.05%
Total	100.00%	100.00%		59.92%	28.39%

Source: NSE FixedIn attribution tool

Exhibit 11 above shows sector-wise contribution to the returns delivered by Nifty Next 50 TR and Nifty 50 TR index in the past 1 year (As of October 31, 2024). Nifty Next 50 has generated an excess return of 31.53% over Nifty 50 during the past 1 year. This excess return can be attributable to Sector allocation effect of -11.77% and Security Selection effect of 43.30%. The Sector allocation effect measures the impact of sector allocation decisions on the active return. The security selection effect measures the impact of security selection decisions on the active return. Consumer Services was the sector which contributed the most to this excess return. From the table above, it can be seen that Nifty Next 50

was overweight to Consumer Services by 9.46% as compared to Nifty 50, which generated an active return of ~13%. Information Technology is the only sector which has contributed negatively to the returns of the Nifty Next 50 index while it has contributed 4.05% to the returns of Nifty 50. Consumer Services, Capital Goods and Financial Services were the top contributors to the returns generated by Nifty Next 50 TR index with contributions of 13.09%, 10.89% and 7.83% respectively. Construction Materials, Consumer Durables and Information Technology were the sectors with the lowest contributions to the index returns with contributions of 0.98%, 0.87% and -0.31% respectively

Signing off...



Nifty Next 50 represents the balance 50 stocks from Nifty 100 after excluding the blue chip Nifty 50 companies



The Nifty Next 50 index represents 18% of the full market capitalization of the stocks listed on NSE, based on a 6-month average data as of October 31, 2024.



The Nifty next 50 index is currently overweight in the Financial Services and Capital Goods sectors, while it is underweight in the Consumer durables and Chemical sectors.



Since January 01, 2003 till October 31, 2024, the Nifty Next 50 TR Index has returned 21.04% CAGR with an annualized volatility of 23.54%



The Nifty Next 50 TR index has delivered positive returns in 18 out of 21 calendar years, while it has outperformed Nifty 50 TR in 11 out of 21 calendar years.



The Nifty Next 50 TR index has given positive returns 100% of the times for 10,7 and 5 year investment horizon based on daily rolling return analysis



Consumer Services, Capital Goods and Financial Services were the sectors with top contributions to the returns generated by Nifty Next 50 TR index in the past 1 year (As of October 31,2024)

For more information on the Index methodology and factsheet, please visit us at www.nseindia.com

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For more information, please visit: www.niftyindices.com

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