

Nifty Rebalancing

Nifty rebalancing: Probable Inclusions & Exclusions

Summary

The index represents 50 stocks selected from the universe of NIFTY 100 based on free-float market capitalisation and liquid stocks having average impact cost of 0.50% or less for 90% of the observations for a basket size of Rs100mn. The Nifty 50 broad based index is reviewed twice every year based on six month data ending January 31 and July 31. Eligibility criteria for newly listed security are checked based on the data for a three month period instead of a six month period. The stock to be added should meet the impact cost criteria and its free-float market capitalisation should be 1.5x of the free-float market capitalisation of the smallest constituent in NIFTY 50. Based on this, Indian Oil Corporation Ltd is likely candidates for exclusion from Nifty-50 Index and Apollo Hospitals Enterprise Ltd is likely candidates for inclusion in Nifty-50 Index.

Details

- **Index criteria for stock restructuring:** At the time of index reconstitution, a company which has undergone a scheme of arrangement for corporate event such as spin-off, capital restructuring etc. would be considered eligible for inclusion in the index if as on the cut-off date for sourcing data of preceding six months for index reconstitution, a company has completed three calendar months of trading period after the stock has traded on ex. basis subject to fulfilment of all eligibility criteria for inclusion in the index.
- **Index formation:** The NIFTY Indices are computed using a float-adjusted weighted market capitalization methodology. The methodology also takes into account constituent changes in the index and corporate actions such as stock splits, rights issuance, etc., without affecting the index value.

Source: Accord Fintech, Bloomberg; IDBI Capital

As mentioned in the below table, **Indian Oil Corporation Ltd** are likely candidates for exclusion from Nifty-50 Index.

Table: Likely Exclusion from Nifty

Stock	Sector
Indian Oil Corporation Ltd	Oil & Gas

Table: Likely Inclusion in Nifty

Stock	Sector
Apollo Hospitals Enterprise Ltd	Healthcare

As mentioned on the above table, **Apollo Hospitals Enterprise Ltd** are likely candidates for inclusion in Nifty-50 Index.

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