

Right, let's break down the DSJ 150 ranking methodology, focusing on how they assigned weights and created their "Super 50" and "Elite 100" clubs.

The Ranking Process: Weighting and Categorization

The DSJ team didn't just look at the raw numbers; they applied a smart system of weights and categories to reflect the different stages of a company's growth. Here's how:

- **Categorization by Market Capitalization:**

- They divided the companies into two main groups based on market capitalization (market cap), which is the total value of a company's outstanding shares.
 - **Category 1: "Super 50" (Large-Cap):** Companies with a market cap of over ₹10,000 crore (approximately \$1.2 billion USD).
 - **Category 2: "Elite 100" (Mid-Cap):** Companies with a market cap between ₹1,000 crore and ₹10,000 crore (approximately \$120 million to \$1.2 billion USD).

- **Weighted Parameters:**

- They assigned different weights to the four key parameters (Growth, Efficiency, Safety, and Wealth Creation) based on the company's market cap category.
- **"Super 50" (Large-Cap) Weighting:**

- **Higher Weight to Growth:** The logic here is that large, established companies have already proven their stability. What's crucial for them is their ability to continue growing.
- **Equal Weight to Safety and Efficiency:** Because these companies are already large and well-established, their safety and efficiency are considered relatively stable.
- **Shareholder returns are also considered.**

- **"Elite 100" (Mid-Cap) Weighting:**

- **Equal Weight to Growth and Safety:** For mid-cap companies, both growth and safety are critical. They need to demonstrate strong growth potential while also showing that they are financially stable.
- **Shareholder returns are also considered.**

- **Composite Ranking:**

- After applying the weighted parameters, they calculated a final composite score for each company.
- This score determined the company's ranking within its respective category.

- **The Result:**

- The top 50 companies in the large-cap category formed the "Super 50" club.
- The top 100 companies in the mid-cap category formed the "Elite 100" group.

Salient Points:

- **Strategic Weighting:** The weighting system reflects the different priorities for

companies at different stages of growth.

- **Market Capitalization as a Differentiator:** Market cap is a key indicator of a company's size, stability, and growth potential.
- **Focus on Long-Term Growth:** The five-year study period and the emphasis on growth show a focus on long-term value creation.
- **Clear Categorization:** The "Super 50" and "Elite 100" categories provide a clear and organized way to understand the rankings.
- **Composite Score:** The final ranking is based on a comprehensive assessment of multiple factors.

Facts and Figures:

- **₹10,000 crore:** The market cap threshold for the "Super 50" category.
- **₹1,000 crore to ₹10,000 crore:** The market cap range for the "Elite 100" category.
- **50 companies:** The number of companies in the "Super 50" club.
- **100 companies:** The number of companies in the "Elite 100" group.
- **Four parameters:** Growth, Efficiency, Safety, and Wealth Creation.
- **Two Categories:** Large cap, and Mid cap.

By using this method, the DSIJ 150 list provides a valuable resource for investors looking to identify companies with strong potential for long-term wealth creation.