



NSE Indices Limited

(Formerly known as India Index Services & Products Limited-IISL)

NIFTY 10 Year SDL Index

Methodology Document

September 2019

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Introduction

NIFTY 10 Year SDL Index seeks to measure the performance of a portfolio of State Development Loans (SDLs) with residual maturity of about 10 years.

The index contains SDLs issued by top 14 states selected every year based on their primary issuance volume during previous year. The index captures the total return, including price return and coupon return on the underlying SDL portfolio.

Highlights

- The index has a base date of September 03, 2001 and a base value of 1000
- With top 14 states reviewed annually, the index adequately represents the dynamics of the 10 year maturity bucket of the SDL market
- Most recently issued on-the-run 10 year SDL of each of the selected 14 states to be included in the index
- Weightage to each SDL based on the issue size of the SDL
- The index is computed using the total returns methodology including price return and coupon return
- The index is rebalanced and reconstituted on every auction

Methodology

Index Structure

- Index consists of SDLs with residual maturity of about 10 years
- Top 14 states based on their primary issuance volume within the maturity bucket are selected

State Selection

- States are selected based on their primary issuance pattern of 10 year SDLs during the previous year

Security Selection

- Most recently issued on-the-run 10 year SDL of each of the selected 14 states to be included in the index
- Existing SDLs to be retained till their residual maturity drops below 9.75 years. (9 years in case no replacement SDL is available)

Weight Assignment

- Weightage to each security based on the issue size of the SDL

Index Rebalancing and Reconstitution

- List of 14 states reviewed annually
- Index portfolio is rebalanced and reconstituted on every auction

Index Policy

Index Policy

The NIFTY indices uses transparent, researched and publicly documented rules for index maintenance. These rules are applied regularly to manage changes to the index. Index reviews are carried out semi-annually to ensure that each security in the index fulfils eligibility criteria.

Announcements:

All index-related announcements are posted on the websites of NSE Indices Limited and NSE. Changes impacting the constituent list are also posted on the Web site. Please refer to the www.niftyindices.com and www.nseindia.com.

Holiday Schedule:

For the calculation of indices, the NSE Indices Limited follows the official holiday schedule. A complete holiday schedule for the year is available on the NSE Indices Limited and NSE website. Please refer to the www.niftyindices.com and www.nseindia.com.

Index Precision

Index values are disseminated up to two decimal places.

Index Recalculations

All NIFTY family of indices are recalculated whenever errors occur. Users of the NIFTY indices are notified through appropriate channel of communication.

Market Feedback & Index Methodology Review

NSE Indices Limited is committed to ensure that all NIFTY indices are relevant for the market participants. In order to ensure this, NSE Indices Limited on an on-going basis interacts with the stakeholders inviting the feedback through various channels of communication. The feedback received from the market participants forms a key input for all index related aspects.

Review of methodology of NIFTY indices is carried out on an annual basis. Additionally, NSE Indices Limited also considers any feedback that it may receive with regards to index methodology as part of on-going market interactions. Any changes to the index methodology is approved by the Committee and the same is announced through a press release.

Other

In case of a market stress or disruption, NSE Indices Limited will review and deal with the situation on consultative basis with the respective source of price data for computation of these indices.

All indices are expected to reflect the performance of a basket of stocks selected based on the defined guidelines and theme. Every index user is advised to evaluate the benefits of index and take an informed decision before using the index for self or creation of index-linked products. NSE Indices Limited does not accept any liability for any losses, claims, expenses etc. that may be incurred by any person as a result of usage of NIFTY family of indices as a result of reliance of the ground rules, any errors or inaccuracies.

About Us

About National Stock Exchange of India Limited (NSE):

National Stock Exchange of India Ltd. (NSE) is the leading stock exchange in India and the second largest in the world by nos. of trades in equity shares from January to December 2018, according to World Federation of Exchanges (WFE) report. NSE was the first exchange in India to implement electronic or screen-based trading. It began operations in 1994 and is ranked as the largest stock exchange in India in terms of total and average daily turnover for equity shares every year since 1995, based on SEBI data. NSE has a fully-integrated business model comprising exchange listings, trading services, clearing and settlement services, indices, market data feeds, technology solutions and financial education offerings. NSE also oversees compliance by trading and clearing members with the rules and regulations of the exchange. NSE is a pioneer in technology and ensures the reliability and performance of its systems through a culture of innovation and investment in technology. NSE believes that the scale and breadth of its products and services, sustained leadership positions across multiple asset classes in India and globally enable it to be highly reactive to market demands and changes and deliver innovation in both trading and non-trading businesses to provide high-quality data and services to market participants and clients.

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

About NSE Indices Limited:

NSE Indices Limited (formerly known as India Index Services & Products Ltd. - IISL), a subsidiary of NSE, provides a variety of indices and index related services for the capital markets. The company focuses on the index as a core product. The company owns and manages a portfolio of indices under the NIFTY brand of NSE, including the flagship index, the NIFTY 50. NIFTY equity indices comprises of broad-based benchmark indices, sectoral indices, strategy indices, thematic indices and customised indices. NSE Indices Limited also maintains fixed income indices based on Government of India securities, corporate bonds, money market instruments and hybrid indices. Many investment products based on NIFTY indices have been developed within India and abroad. These include index based derivatives traded on NSE, NSE IFSC and Singapore Exchange Ltd. (SGX) and a number of index funds and exchange traded funds. The flagship 'NIFTY 50' index is widely tracked and traded as the benchmark for Indian Capital Markets.

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

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