

S&P BSE Dividend Stability Index *Methodology*

**S&P Dow Jones
Indices**

A Division of **S&P Global**



June 2021

Table of Contents

Introduction	3
Index Objective and Highlights	3
Index Family	3
Partnership	3
Supporting Documents	3
Eligibility Criteria	4
Eligibility Factors	4
Index Construction	5
Company Data Points	5
Constituent Selection	5
Constituent Weightings	5
Index Calculations	5
Index Maintenance	6
Rebalancing	6
Ongoing Maintenance	6
Additions	6
Deletions	6
Graded Surveillance Measure (GSM)	7
Corporate Actions	7
Currency of Calculation and Additional Index Return Series	8
Base Date and History Availability	8
Index Data	9
Calculation Return Types – Equity Indices	9
Index Governance	10
Index Committee	10
Index Policy	11
Announcements	11
Pro-forma Files	11
Holiday Schedule	11
Rebalancing	11
Unexpected Exchange Closures	11
Recalculation Policy	11

Real-Time Calculation	12
End-of-Day Calculation	12
Contact Information	12
Index Dissemination	13
Tickers	13
Index Data	13
Web site	13
Appendix – Methodology Changes	14
Disclaimer	15

Introduction

Index Objective and Highlights

The S&P BSE Dividend Stability Index is designed to measure the performance of companies in the S&P BSE LargeCap that have paid stable and sustainable dividends over the past nine fiscal years. Constituents are weighted by indicated annual dividend yield, and the index composition is reviewed annually in September.

Index Family

The S&P BSE Dividend Stability Index is part of the strategy family of S&P BSE Indices.

For more information on other S&P BSE Indices, please refer to www.spdji.com or www.asiaindex.co.in.

Partnership

On February 19, 2013, S&P Dow Jones Indices and the BSE Ltd. (formerly Bombay Stock Exchange ["BSE"]) announced their strategic partnership to calculate, disseminate, and license the widely followed BSE suite of indices.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology	Equity Indices Policies & Practices
S&P Dow Jones Indices' Index Mathematics Methodology	Index Mathematics Methodology
S&P Dow Jones Indices' Float Adjustment Methodology	Float Adjustment Methodology

This methodology was created by Asia Index Private Limited to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of Asia Index Private Limited so that the index continues to achieve its objective.

Eligibility Criteria

Eligibility Factors

Index Universe. The index universe is drawn from the constituents of the S&P BSE LargeCap, which is a size sub-index of the S&P BSE AllCap.

Listing History. Stocks must have a listing history of at least seven years on the BSE as of the rebalancing reference date.

Security Type. Only common stocks are eligible.

For details and index management rules of the S&P BSE AllCap and S&P BSE LargeCap, please refer to the S&P BSE AllCap Methodology available at www.spdji.com and www.asiaindex.co.in.

Index Construction

Company Data Points

As part of the constituent selection process, the following are calculated for each eligible company:

1. Annual Dividends per share (DPS)/Annual Earnings per share (EPS)
2. Annual Dividends per share (DPS)/Par value per share (PVPS)

Data point 1 is calculated based on an observation period defined as the company's prior nine fiscal years, as of the rebalancing reference date.

Data point 2 is calculated based on an observation period defined as the company's prior two fiscal years, as of the rebalancing reference date.

Constituent Selection

At each annual rebalancing, eligible companies must meet the following criteria:

1. The most recent DPS/EPS must be at least 4% and less than 100%.
2. The DPS/EPS for at least seven of the past nine years must be at least 4%.
3. The DPS/PVPS for the past two years must be at least 10%.

Companies that do not satisfy the above criteria are excluded from index consideration. Those companies meeting the criteria detailed above are selected and form the index.

Constituent Weightings

Every company in the index is weighted by indicated annual dividend yield.

For more information on weighting schemes, please see S&P Dow Jones Indices' Index Mathematics Methodology Methodology.

Index Calculations

The indices are calculated by means of the divisor methodology used in all S&P Dow Jones Indices equity indices.

For more information on the index calculation methodology, please refer to the Non-Market Capitalization Weighted Indices sections of S&P Dow Jones Indices' Index Mathematics Methodology.

Index Maintenance

Rebalancing

The index is rebalanced annually, effective at the open of the Monday following the third Friday of September. The rebalancing reference date is after the market close on the third Friday of August. The reference date for the prices used in the weighting process is after the close on the Wednesday prior to the second Friday of the rebalancing.

Share Updates. For more information, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Float Adjustment. Investable Weight Factors (IWFs), which define the available float for a company, are reviewed on an annual basis and are implemented at the open of the Monday following the third Friday of September.

Foreign investment limits are not applied while calculating the IWF for S&P BSE index constituents.

For a detailed description of float adjustment and Investable Weight Factors, please refer to S&P Dow Jones Indices' Float Adjustment Methodology.

Ongoing Maintenance

The index is also reviewed on an ongoing basis to account for corporate events such as mergers, takeovers, delistings, group changes, suspensions, spin-offs/demergers or bankruptcies. Changes to index composition and related weight adjustments are made as soon as they are effective. These changes are typically announced one to five business days prior to implementation date.

Additions

No companies are added to the index between annual rebalancings.

Deletions

If a company is removed from the S&P BSE LargeCap, it is also deleted from the S&P BSE Dividend Stability Index simultaneously.

In addition, a company can be deleted from the index between annual rebalancings due to corporate events such as mergers, takeovers, delistings, group changes, suspensions, surveillance objections, graded surveillance measure objections, spin-offs/demergers, or bankruptcies. In addition, index constituents removed from an index's underlying universe are also deleted from the index on the same effective date.

- Whenever possible, changes in the index's components are announced at least one to five business days prior to the implementation date.
- Whenever practicable, Asia Index Private Limited Indices uses the closing price for all deletions.

Graded Surveillance Measure (GSM)

On a monthly basis, companies added to the GSM list are dropped from the indices. The effective date of the drop is at the open of the Tuesday following the first Monday of each month. The reference date for the GSM list data is the third Friday of the previous month.

Any company dropped due to inclusion on the GSM list must remain off the list for six consecutive months prior to the rebalancing reference date to be reconsidered for index inclusion.

Corporate Actions

Corporate Action	Adjustment to Index	Divisor Adjustment ?
Spin Off	In general, the parent company is dropped from the index. However, if information regarding price adjustment is available, the parent company may remain in the index with an adjusted price, at the discretion of the Index Committee.	Yes
Rights Offering	The price is adjusted to the Price of the Parent Company minus the Price of the Rights Offering/ Rights Ratio. Index shares change so that the company's weight remains the same as its weight before the rights offering.	No
Stock Dividend (Bonus), Stock split, Reverse Stock Split	Index shares are multiplied by and price is divided by the split factor.	No
Change in Shares (new issue, repurchase, warrant conversion etc.)	None.	No
Special Dividend	Price of stock making special dividend is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.	Yes
Constituent Change	No intraday rebalancing.	No
	Deletions due to delisting, acquisition or any other corporate event resulting in the deletion of the stock from the index will cause the weights of the rest of the stocks in the index to change.	Yes
	Stocks that are reclassified into Z group between rebalancings are removed from the index as soon as practicable.	Yes
	Rebalancing changes including additions, deletions and weight changes	Yes

For more information, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Currency of Calculation and Additional Index Return Series

The index is calculated in Indian rupees and U.S. dollars.

Spot foreign exchange rates provided by Refinitiv are taken daily at 3:00 PM India time and are used in the end-of-day calculation for the U.S. dollar version of the index.¹

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to: currency, currency hedged, decrement, fair value, inverse, leveraged, and risk control versions. For a list of available indices, please refer to the [S&P DJI Methodology & Regulatory Status Database](#).

For information on the index calculation, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at www.spdji.com.

Base Date and History Availability

Index history availability, base date, and base value are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P BSE Dividend Stability Index	27-Jul-15	16-Sep-05	16-Sep-05	100

¹ WM/Reuters foreign exchange rates were used in calculating index history prior to April 23, 2009.

Index Data

Calculation Return Types – Equity Indices

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“.SDL”).

For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

For more information on the calculation of return types, please refer to S&P Dow Jones Indices’ Index Mathematics Methodology.

Index Governance

Index Committee

The S&P BSE Index Committee oversees the index. The Index Committee is composed of full time employees of S&P Dow Jones Indices and the BSE. The Index Committee meets regularly. At each meeting, the Index Committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts, or other matters.

Asia Index Private Limited considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Index Policy

Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (.SDE), delivered daily to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

Pro-forma Files

In addition to the corporate events file (.SDE), Asia Index Private Limited provides constituent pro-forma files each time the index rebalances. The pro-forma file is typically provided daily days in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing. Since index shares are assigned based on prices prior to the rebalancing, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

Please visit www.spdji.com for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The index is calculated on all business days when the BSE is open.

A complete holiday schedule for the year is available on the BSE Ltd. Web site at www.bseindia.com.

Special Trading Sessions. The index will be calculated on special trading sessions as declared by the Bombay Stock Exchange. Some examples include, but are not limited to, special trading sessions on Saturday and Mahurat trading. Asia Index Private Limited will issue a notice to inform market participants regarding such special trading sessions.

If the special trading session falls on the Saturday following the third Friday of any rebalancing month, the new portfolio will be effective at the discretion of the Index Committee. Asia Index Private Limited will issue a notice to inform market participants detailing when the new portfolio will become effective.

Rebalancing

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

Real-Time Calculation

Real-time, intra-day index calculations are executed for certain S&P BSE Indices on the BSE real-time platform, "EPIC". Real-time indices are not restated.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

End-of-Day Calculation

End of day index calculations are executed on an S&P proprietary platform.

Contact Information

For questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at www.spdji.com, Asia Index Private Limited's Web site at www.asiaindex.co.in, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to the [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

Index (Currency)	Bloomberg	RIC
S&P BSE Dividend Stability Index	SPBSDSIP	.SPBSEDSI
S&P BSE Dividend Stability Index TR	SPBSDSIT	--
S&P BSE Dividend Stability Index (USD)	SPBSDSUP	--
S&P BSE Dividend Stability Index TR (USD)	SPBSDSUT	--

Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact S&P Dow Jones Indices, www.spdji.com/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spdji.com.

Appendix – Methodology Changes

Methodology changes since January 1, 2015 are as follows:

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Index Maintenance	24-Sep-18	--	On a monthly basis, companies added to the GSM list are dropped. The effective date of the drop is at the open of the Tuesday following the first Monday of each month. The reference date for the GSM list data is the third Friday of the previous month. Any company dropped due to inclusion on the GSM list must remain off the list for six consecutive months prior to the rebalancing reference date to be reconsidered for index inclusion.
Constituent Selection	15-Sep-2017	At each annual rebalancing, eligible companies must meet the following criteria: <ul style="list-style-type: none"> • The most recent DPS/EPS must be at least 4% and less than 100% • The DPS/EPS for at least seven of the past nine years must be at least 4% • The DPS/PVPS for at least seven of the past nine years must be at least 4% 	At each annual rebalancing, eligible companies must meet the following criteria: <ul style="list-style-type: none"> • The most recent DPS/EPS must be at least 4% and less than 100% • The DPS/EPS for at least seven of the past nine years must be at least 4% • The DPS/PVPS for the past two years must be at least 10%
Weighing Scheme	16-Sep-2016	Float-adjusted market capitalization weighing scheme. Index constituents are weighted by float-adjusted market capitalization.	Modified market capitalization weighing scheme. Index constituents are weighted by indicated annual dividend yield.
Corporate Action: Rights Offering	16-Sep-2016	Rights price is adjusted and index shares are increased as per the Rights Ratio, with a divisor adjustment.	The price is adjusted to the Price of the Parent Company minus the Price of the Rights Offering/ Rights Ratio. Index shares change so that the company's weight remains the same as its weight before the rights offering. There is no divisor adjustment.
Corporate Action: Change in Shares (new issue, repurchase, warrant conversion etc.)	16-Sep-2016	Index shares and weights are changed as per the corporate action, with a divisor adjustment.	No impact on the index and no divisor adjustment.
Rebalancing Reference Date	18-Mar-2016	Last trading day of August.	Third Friday of August.

Disclaimer

Copyright © 2021 Asia Index Private Limited. All rights reserved.

The S&P BSE Indices (the “**Indices**”) are published by Asia Index Private Limited (“**AIPL**”), which is a joint venture among affiliates of S&P Dow Jones Indices LLC, a division of S&P Global (“**S&P DJI**”) and BSE Limited (“**BSE**”). Standard & Poor’s® and S&P® are registered trademarks of Standard & Poor’s Financial Services LLC, a division of S&P Global (“S&P”), and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“**Dow Jones**”). BSE® and SENSEX® are registered trademarks of BSE. These trademarks have been licensed to AIPL.

Redistribution, reproduction and/or photocopying in whole or in part are prohibited without written permission. This document does not constitute an offer of services in jurisdictions where AIPL, BSE, S&P DJI, S&P or their respective affiliates (collectively “**AIPL Companies**”) do not have the necessary licenses. All information provided by AIPL Companies is impersonal and not tailored to the needs of any person, entity or group of persons. AIPL Companies receive compensation in connection with licensing its indices to third parties. Past performance of an index is not an indication or guarantee of future results.

It is not possible to invest directly in an index. Exposure to an asset class represented by an index is available through investable instruments based on that index. AIPL Companies do not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. AIPL Companies make no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. AIPL and S&P DJI are not fiduciaries or investment advisors, and the AIPL Companies make no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. Prospective investors are advised to make an investment in any such fund or other vehicle only after carefully considering the risks associated with investing in such funds, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other vehicle. Inclusion of a security within an index is not a recommendation by the AIPL Companies to buy, sell, or hold such security, nor is it considered to be investment advice. Closing prices for S&P BSE Indices are calculated by AIPL or its agent based on the closing price of the individual constituents of the index as set by their primary exchange. Closing prices are received by AIPL from the BSE. Real-time intraday prices are calculated similarly without a second verification.

These materials have been prepared solely for informational purposes based upon information generally available to the public from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (“**Content**”) may be modified, reverse-engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of AIPL. The Content shall not be used for any unlawful or unauthorized purposes. AIPL and its third-party data providers and licensors and the other AIPL Companies (collectively “**AIPL Parties**”) do not guarantee the accuracy, completeness, timeliness or availability of the Content. The AIPL Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content.

The Content is provided on an “as is” basis. THE AIPL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT’S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR

HARDWARE CONFIGURATION. In no event shall the AIPL Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings and market analyses, are statements of opinion as of the date they are expressed and not statements of fact. Any opinion, analyses and rating acknowledgement decisions are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. AIPL does not assume any obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. AIPL has obtained information from sources it believes to be reliable; AIPL does not perform an audit or undertake any duty of due diligence or independent verification of any information it receives.

The AIPL Companies keep certain activities of their business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of the AIPL Companies may have information that is not available to other business units. The AIPL Companies have established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

The AIPL Companies provide a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in indices or model portfolios, evaluate or otherwise address.