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## PRESS RELEASE

### Revision in criteria and renaming of NIFTY Quality 30 index

The Index Maintenance Sub-Committee (IMSC) has decided to make revision in the criteria, composition and name of NIFTY Quality 30 index as detailed hereunder:

#### A. Revision in criteria:

Existing	Revised
<p><b>Initial Universe selection:</b></p> <ul style="list-style-type: none"> <li>Companies with top 200 rank by Free Float Mcap and average daily turnover with minimum trading frequency of 90% during previous 6 months.</li> <li>Top 100 from above are selected by average free-float market capitalization in the last six months.</li> </ul>	<p><b>Initial Universe selection:</b></p> <ul style="list-style-type: none"> <li>Stocks should form part of NIFTY 100 index.</li> <li>Minimum listing history of 1 year</li> <li>Stock should be available for trading in derivative segment (F&amp;O).</li> </ul>
<p><b>Security selection:</b></p> <ul style="list-style-type: none"> <li>Quality score is calculated on the basis of Return on equity (ROE), Debt equity ratio (D/E) and Average change/growth in PAT in the previous 3 financial year.</li> <li>Companies with negative PAT in previous 3 years are excluded.</li> <li>To derive Z-Score, 40% weightage is given to ROE &amp; D/E ratio and 20% to Average increase in PAT</li> <li>Companies which are not IRDA dividend norm compliant have been excluded from October 2014 onwards.</li> </ul>	<p><b>Quality scoring:</b></p> <ul style="list-style-type: none"> <li>Quality score is calculated on the basis of return on equity (ROE), debt-to-equity (D/E) ratio and EPS growth variability in the previous 5 years. D/E is not considered for companies belonging to financial services sector.</li> <li>Companies with negative EPS in the previous 6 years are excluded.</li> <li>To derive Z-Score, for non-financial service company, equal weightage is given to ROE, D/E and EPS growth variability in the previous 5 years. For Financial Service sector company, 50% weightage is given to ROE &amp; EPS growth variability.</li> </ul>

<b>Index rebalancing rule:</b> <ul style="list-style-type: none"> <li>Index rebalancing is done annually.</li> <li>Existing stocks in the index whose rank goes beyond 60 will be compulsorily excluded from the index.</li> </ul>	<b>Index rebalancing rule:</b> <ul style="list-style-type: none"> <li>Index rebalancing will be done on a semi-annual basis in June and December every year.</li> <li>Top 10 ranked stocks on the basis of quality score are compulsorily included in the index, whereas existing stocks in the index whose rank goes beyond 50 are compulsorily excluded from the index.</li> </ul>
<b>Weights and Capping:</b> <ul style="list-style-type: none"> <li>Index is based on free-float market capitalization methodology with stock cap of 10%</li> </ul>	<b>Weights and Capping:</b> <ul style="list-style-type: none"> <li>Weight of each stock in the index shall be based on a combination of stock's quality score and its free float market capitalization.</li> <li>Weights of stocks are capped at the lower of 5% or 5 times the weight of the stock in the index based only on free float Mcap.</li> </ul>

The revision in criteria along with change in composition shall be applicable with effect from July 16, 2018. It may be noted that the revision in stock selection criteria may result into a one-time change in the composition of the index. There shall be no change in the historical values of the index.

In accordance with the revised criteria, the Committee conducted a review of the index as given hereunder:

The following companies are being **excluded**:

Sr. No.	Company Name	Symbol
1	Bharat Petroleum Corporation Ltd.	BPCL
2	Castrol India Ltd.	CASTROLIND
3	Divi's Laboratories Ltd.	DIVISLAB
4	Dr. Reddy's Laboratories Ltd.	DRREDDY
5	Exide Industries Ltd.	EXIDEIND
6	Glenmark Pharmaceuticals Ltd.	GLENMARK
7	Hindustan Petroleum Corporation Ltd.	HINDPETRO
8	Lupin Ltd.	LUPIN
9	Motherson Sumi Systems Ltd.	MOTHERSUMI
10	MRF Ltd.	MRF
11	Sun Pharmaceutical Industries Ltd.	SUNPHARMA
12	Tech Mahindra Ltd.	TECHM
13	Vakrangee Ltd.	VAKRANGEE
14	Wipro Ltd.	WIPRO

The following companies are being **included:**

Sr. No.	Company Name	Symbol
1	Bajaj Finance Ltd.	BAJFINANCE
2	Bharat Electronics Ltd.	BEL
3	Bosch Ltd.	BOSCHLTD
4	Container Corporation of India Ltd.	CONCOR
5	Godrej Consumer Products Ltd.	GODREJCP
6	HDFC Bank Ltd.	HDFCBANK
7	Hindustan Zinc Ltd.	HINDZINC
8	LIC Housing Finance Ltd.	LICHSGFIN
9	Marico Ltd.	MARICO
10	Oracle Financial Services Software Ltd.	OFSS
11	Pidilite Industries Ltd.	PIDLITIND
12	Rural Electrification Corporation Ltd.	RECLTD
13	Sun TV Network Ltd.	SUNTV
14	Yes Bank Ltd.	YESBANK

## **B. Renaming of Index:**

Effective July 16, 2018, NIFTY Quality 30 will be renamed as NIFTY100 Quality 30 index.

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**For any clarifications please contact:**

Debojyoti Chatterjee  
Head, Corporate Communication & Media Relations  
Mobile: +91-9833368337  
Email id: [dchatterjee@nse.co.in](mailto:dchatterjee@nse.co.in) / [cc@nse.co.in](mailto:cc@nse.co.in)

Kumar Kartikey  
Manager, Corporate Communication  
Mobile: +91-9819549984  
Email id: [kumark@nse.co.in](mailto:kumark@nse.co.in)