

S&P BSE Indices Consultation

MUMBAI, APRIL 3, 2018: Asia Index Private Limited (“AIPL”) is conducting a consultation with members of the investment community on potential changes to certain S&P BSE Indices. The following proposed changes are under consideration:

S&P BSE 100

Parameter	Methodology	
	Current	Proposed
Index Universe	The constituents of the S&P BSE LargeMidCap.	The constituents of the S&P BSE 500.
Index Construction	<ul style="list-style-type: none"> At each semi-annual rebalancing, eligible companies must have an annualized traded value greater than or equal to INR 10 billion. Current index constituents with an annualized traded value of at least INR 8 billion remain eligible for index inclusion provided they meet the other eligibility criteria. Companies should not have more than five non-trading days in the past six months, as of the rebalancing reference date Companies satisfying the above criteria are then ranked by their average six month float-adjusted market capitalization. The top 80 companies are added to the index. Current constituents ranked 81-120 are added to the index in order of highest rank until the constituent count reaches 100 companies. If the target constituent count of 100 companies is still not met, non-constituents are added to the index in order of highest rank until the target constituent count is met. 	<ul style="list-style-type: none"> At each semi-annual rebalancing, eligible companies must have an annualized traded value greater than or equal to INR 10 billion. Current index constituents with an annualized traded value of at least INR 8 billion remain eligible for index inclusion provided they meet the other eligibility criteria. Companies should not have more than five non-trading days in the past six months, as of the rebalancing reference date Companies satisfying the above criteria are then ranked by their average six month total market capitalization. The top 80 companies are added to the index. Current constituents ranked 81-120 are added to the index in order of highest rank until the constituent count reaches 100 companies. If the target constituent count of 100 companies is still not met, non-constituents are added to the index in order of highest rank until the target constituent count is met.

S&P BSE 200

Parameter	Methodology	
	Current	Proposed
Index Construction	<ul style="list-style-type: none"> Companies meeting the eligibility factors are ranked based on their average six month total market capitalization, average six month float-adjusted market capitalization, and average six month value traded. Rank Full is determined by assigning a 75% weight to the average six month total market capitalization rank and a 25% weight to the average six month value traded rank. Rank Free is determined by assigning a 75% weight to the average six month float-adjusted market capitalization rank and a 25% weight to the average six month value traded rank. For all companies, Rank Full and Rank Free are added and a Combined Final Rank is determined based on this number. If an existing constituent has Rank Full and Rank Free greater than 220, it is excluded from the index. Non-constituents with Rank Full and Rank Free less than 200 are identified and sorted on Combined Final Rank. These are included in the index based on the best Combined Final Rank. In order to achieve the target constituent count, stocks are assessed based on their ranks and selected accordingly. 	<ul style="list-style-type: none"> At each semi-annual rebalancing, eligible companies must have an annualized traded value¹ of at least INR 5 billion. Current index constituents with an annualized traded value of at least INR 4 billion remain eligible for index inclusion provided they meet the other eligibility criteria. Companies satisfying the above criteria are then ranked by their average six month total market capitalization. The top 160 companies are added to the index. Current constituents ranked 161-240 are added to the index in order of highest rank until the constituent count reaches 200 companies. If the target constituent count of 200 companies is still not met, non-constituents are added to the index in order of highest rank until the target constituent count is met.
Multiple Share Classes	<p>Differential Voting Rights Shares (DVRs) are eligible for inclusion in the index provided that the ordinary share class is part of the index and the DVR shares outstanding are greater than 10% of the ordinary shares outstanding. In addition, the DVRs must individually satisfy all other index eligibility criteria. DVRs satisfying the index eligibility criteria are aggregated with the company's common stock and index construction is done based on the aggregated company data.</p>	<p>Differential Voting Rights Shares (DVRs) are eligible for inclusion in the index provided that the ordinary share class is part of the index and the DVR shares outstanding are greater than 10% of the ordinary shares outstanding. In addition, the DVRs must individually pass the liquidity criteria to be eligible for the index.</p>

¹ Annualized traded value is calculated by taking the median of the monthly medians of the daily traded values over the observation period. The annualization is calculated using 250 trading days in a year.

S&P BSE 500

Parameter	Methodology	
	Current	Proposed
Index Construction	<ul style="list-style-type: none"> Companies meeting the eligibility factors are ranked based on their average six month total market capitalization, average six month float-adjusted market capitalization, and average six month value traded. Rank Full is determined by assigning a 75% weight to the average six month total market capitalization rank and a 25% weight to the average six month value traded rank. Rank Free is determined by assigning a 75% weight to the average six month float-adjusted market capitalization rank and a 25% weight to the average six month value traded rank. For all companies, Rank Full and Rank Free are added and a Combined Final Rank is determined based on this number. If an existing constituent has Rank Full and Rank Free greater than 550, it is excluded from the index. Non-constituents with a Rank Full and Rank Free less than 500 are identified and sorted based on Combined Final Rank. These are included in the index based on the best Combined Final Rank. In order to then achieve the target constituent count, stocks are assessed based on their ranks and selected accordingly. 	<ul style="list-style-type: none"> At each semi-annual rebalancing, eligible companies must have an annualized traded value greater than or equal to INR 1 billion. Current index constituents with an annualized traded value of at least INR 800 million remain eligible for index inclusion provided they meet the other eligibility criteria. Companies satisfying the above criteria are then ranked by their average six month total market capitalization. The top 400 companies are added to the index. Current constituents ranked 401-600 are added to the index in order of highest rank until the constituent count reaches 500 companies. If the target constituent count of 500 companies is still not met, non-constituents are added to the index in order of highest rank until the target constituent count is met.
Multiple Share Classes	<p>Differential Voting Rights Shares (DVRs) are eligible for inclusion in the index provided that the ordinary share class is part of the index and the DVR shares outstanding are greater than 10% of the ordinary shares outstanding. In addition, the DVRs must individually satisfy all other index eligibility criteria. DVRs satisfying the index eligibility criteria are aggregated with the company's common stock and index construction is done based on the aggregated company data.</p>	<p>Differential Voting Rights Shares (DVRs) are eligible for inclusion in the index provided that the ordinary share class is part of the index and the DVR shares outstanding are greater than 10% of the ordinary shares outstanding. In addition, the DVRs must individually pass the liquidity criteria to be eligible for the index.</p>

S&P BSE SECTOR INDICES

The proposed changes detailed in the table below are applicable to all nine of the S&P BSE Sector Indices: S&P/BSE AUTO, S&P BSE BANKEX, S&P BSE CAPITAL GOODS, S&P BSE CONSUMER DURABLES, S&P BSE METAL, S&P BSE OIL & GAS, S&P BSE POWER, S&P BSE REALTY, and S&P BSE TECK.

Parameter	Methodology	
	Current	Proposed
Index Construction	<ul style="list-style-type: none"> Eligible stocks are selected based on their Rank Free order, as determined according to the S&P BSE 500 methodology, until a minimum market coverage of 90% of the average float-adjusted market capitalization per sector is achieved. To maintain a minimum count of 10 in the index, constituents are retained and non-constituents are included based on their Rank Free order with a 2% buffer, as determined according to the S&P BSE 500 methodology. 	<ul style="list-style-type: none"> Eligible stocks are selected based on their average float-adjusted market capitalization rank, until a minimum market coverage of 90% of the average float-adjusted market capitalization per sector is achieved. To maintain a minimum count of 10 in the index, constituents are retained and non-constituents are included based on their average float-adjusted market capitalization rank with a 2% buffer.

IMPACT ANALYSIS

The following table shows each index's theoretical turnover if the indices were rebalanced using the current and proposed methodologies previously detailed and using six months of data as of October 30, 2017.

Index Code	Index Name	Actual Turnover	Theoretical Turnover
		Current Methodology	Proposed Methodology
SPBSE1	S&P BSE 100	2.21%	1.88%
SPBSE2	S&P BSE 200	1.68%	1.64%
SPBSE5	S&P BSE 500	0.54%	0.31%
SPBSEAT	S&P BSE AUTO	0%	1.57%
SPBSEBK	S&P BSE BANKEX	0.003%	0.003%
SPBSECG	S&P BSE CAPITAL GOODS	1.65%	1.06%
SPBSECD	S&P BSE CONSUMER DURABLES	2.88%	5.11%
SPBSEMT	S&P BSE METAL	0%	0%
SPBSEOG	S&P BSE OIL & GAS	1.9%	1.9%
SPBSEPO	S&P BSE POWER	4.92%	4.88%
SPBSERE	S&P BSE REALTY	0.09%	3.06%
SPBSETE	S&P BSE TECK	0.14%	0.78%

QUESTIONS

Please answer the following questions and provide AIPL with the reasoning behind your answers:

1. Do you agree with the proposal to revise the index universe parameter for the S&P BSE 100?
2. Do you agree with the proposal to revise the index construction parameter for the S&P BSE 100?
3. Do you agree with the proposal to revise the index construction parameter for the S&P BSE 200?

CONSULTATION

4. Do you agree with the proposal to revise the multiple share classes parameter for the S&P BSE 200?
5. Do you agree with the proposal to revise the index construction parameter for the S&P BSE 500?
6. Do you agree with the proposal to revise the multiple share classes parameter for the S&P BSE 500?
7. Do you agree with the proposal to revise the index construction parameter for the S&P BSE Sector Indices?
8. Do you have any other comments or feedback regarding the proposed methodology revisions outlined above?

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. AIPL will make responses to consultations freely available upon request.² If you do not want your response to be made available, you must clearly state that in your response. Please respond to this survey by **May 2, 2018**. After this date, AIPL will no longer accept survey responses. Prior to the Index Committee's final review, AIPL will consider the issues and may request clarifications from respondents as part of that review. Alternative options to the proposed questions after the deadline require that the consultation be re-opened to the public.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact AIPL at index_services@spglobal.com.

Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, AIPL makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If AIPL decides to change the index methodology, an announcement will be posted on our website.

Thank you for taking the time to complete this survey.

For more information about S&P BSE Indices, please visit www.asiaindex.co.in.

About ASIA INDEX PRIVATE LIMITED

Asia Index Pvt. Ltd is a 50-50 partnership between S&P Dow Jones Indices LLC, the world's largest provider of financial market indices, and BSE Ltd, Asia's oldest stock exchange and home to the iconic SENSEX index – a leading indicator of Indian equity market performance. Asia Index Pvt. Ltd, which combines the benchmarks, market intelligence, and insights of both parent companies, each established more than 115 years ago, aims to provide a full array of indices enabling global and domestic investors to participate in South Asia's vibrant economies. The Company is best known for calculating, publishing, and maintaining a diverse family of Asian indices under the umbrella brand, S&P BSE Indices.

² Individual and company names as well as contact details will be redacted.

About BSE Ltd

BSE (formerly Bombay Stock Exchange) established in 1875, is Asia's first & now the world's fastest Stock Exchange with a speed of 6 microseconds. BSE is India's leading exchange group and has played a prominent role in developing the Indian capital market. BSE is a corporatized and demutualised entity, with a broad shareholder base that includes the leading global exchange-Deutsche Bourse, as a strategic partner. BSE provides an efficient and transparent market for trading in equity, debt instruments, equity derivatives, currency derivatives, interest rate derivatives, mutual funds and stock lending and borrowing. BSE also has a dedicated platform for trading in equities of small and medium enterprises (SMEs) that has been highly successful. BSE provides a host of other services to capital market participants including risk management, clearing, settlement, market data services and education. It has a global reach with customers around the world and a nation-wide presence. BSE's systems and processes are designed to safeguard market integrity, drive the growth of the Indian capital market and stimulate innovation and competition across all market segments. Indian Clearing Corporation Limited, a wholly owned subsidiary of BSE, acts as the central counterparty to all trades executed on the BSE trading platform and provides full novation, guaranteeing the settlement of all bonafide trades executed. BSE Institute Ltd, another fully owned subsidiary of BSE runs one of the most respected capital market educational institutes in the country. Central Depository Services Ltd. (CDSL), a subsidiary of BSE, is one of the two Depositories in India.

About S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500[®] and the Dow Jones Industrial Average[®]. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has become home to over 1,000,000 indices across the spectrum of asset classes that have helped define the way investors measure and trade the markets.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies, and governments to make decisions with confidence. For more information, visit www.spdji.com.

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