

BSE 1000 Indices *Methodology*

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Introduction

Asia Index Pvt Ltd is a 100% subsidiary of BSE India Ltd, Asia's oldest stock exchange and home to the iconic SENSEX index - a leading indicator of Indian equity market performance. We construct, calculate, maintain and disseminate indices which are used by clients around the world for benchmarking, running passive products and for other data related requirements.

Index Objectives, Highlights, and Index Family

The BSE family of indices measures the performance of BSE listed companies across various sizes, industries, themes, and strategies. Each index is designed to represent a certain segment of the Indian equities market.

Broad-based. The Broad-based indices act as market indicators for the Indian stock market, covering large-cap, mid-cap, and small-cap companies. Broad-based indices include the following:

- **BSE 1000.** The index measures the performance of 1000 of the largest and most liquid Indian companies within BSE AllCap.
- **BSE Next 500.** The index measures the performance of the 500 companies within BSE 1000 that are not a part of BSE 500.
- **BSE 250 MicroCap.** The index measures the performance of 250 of the largest and most liquid companies within BSE Next 500.
- **BSE Next 250 MicroCap.** The index measures the performance of the 250 companies within BSE Next 500 that are not a part of of BSE 250 MicroCap.

Strategy: Strategy indices include the following:

- **BSE 1000 MultiCap Equal Size Weighted (25%).** This is a combined index comprising the constituents of BSE 100 LargeCap TMC, BSE 150 MidCap, BSE 250 SmallCap and BSE Next 500 equally weighted in the ratio 25:25:25:25 respectively.

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
AIPL Equity Index Policy	AIPL Equity Index Policy
AIPL Index Mathematics Methodology	AIPL Index Mathematics Methodology
AIPL Indices' Float Adjustment Methodology	AIPL Indices Float Adjustment Methodology

The methodology is created by Asia Index Pvt Ltd. (AIPL) 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 AIPL so that the index continues to achieve its objective.

Eligibility Criteria and Index Construction

Asia Index Private Limited believes turnover in index membership should be avoided when possible. At times, a company may appear to temporarily violate one or more of the addition criteria. However, the addition criteria are for addition to an index, not for continued membership. As a result, an index constituent that appears to violate criteria for addition to that index will not be deleted unless ongoing conditions warrant an index change.

Multiple Share Classes

Differential Voting Rights Shares (DVRs) eligible for inclusion in the following indices provided that the ordinary share class is part of the respective Index Universe for each of the indices and the DVRs individually pass the liquidity criteria as detailed in the following pages:

- BSE 1000
- BSE 250 MicroCap
- BSE Next 500
- BSE Next 250 MicroCap

Data Sources

1. **Market Capitalization.** Market capitalization is calculated using the BSE Ltd. prices.
2. **Value Traded.** Traded value is calculated using composite volumes of Indian exchanges.
3. **Impact Cost.** Impact cost is sourced from the BSE Ltd.¹
4. **Trading Frequency.** This data is assessed based on trading information on BSE Ltd.

Calculation of Data Points

For all indices the rebalance portfolio of the universe is considered for the respective indices rebalancing, if the universe is rebalancing in the same month.

Stocks that have undergone a scheme of arrangement for corporate events such as spin-offs, capital restructurings, etc. are eligible for index inclusion if, as of the rebalancing reference date, the company has completed at least one month of trading after the scheme's effective date and all other eligibility and selection criteria are met. For such stocks, data from the scheme's effective date up to the reference date is considered for average free float market capitalization, average total market capitalization, and annualized traded value, wherever applicable.

¹ See <https://www.bseindia.com/markets/equity/EQReports/varmargin.aspx?flag=0>.

BSE 1000

Eligible Universe. The index is derived from the constituents of the BSE AllCap that are members of the BSE 500 and BSE Next 500. The inclusion of DVRs in the index will result in more than 1000 stocks in the index. However, the number of companies in the index remains fixed at 1000². Stocks in the eligible universe must satisfy the following eligibility factors in order to be considered for index inclusion:

- **Listing History.** Stocks must have a listing history of at least six months at BSE.
- **Trading Days.** The stock must have traded on every trading day at BSE during the six-month reference period.
- **Multiple Share Classes.** DVRs satisfying the above eligibility criteria are aggregated with the company's common stock and index construction is done based on the aggregated company data as detailed below.

Index Construction. All eligible companies are ranked based on 6-month average daily total market capitalization. The top 800 companies (whether a current constituent or not) are selected for index inclusion. Existing constituents ranked 801 – 1200 are retained in order of highest rank until the target constituent count of 1000 is reached. If after this step the target constituent count is not achieved, then non-constituents are selected in order of highest rank until the target constituent count is reached.

Constituent Weightings. Index constituents are weighted based on their float-adjusted market capitalization.

² The number of stocks in BSE 1000 may fall below 1000 in case the number of stocks in BSE AllCap fall below 1000

BSE Next 500

Eligible Universe. The index is derived from the constituents of the BSE 1000 that are not a part of BSE 500.

Index Construction. All companies part of the BSE 1000 that are not included in the BSE 500 would be included in the index.

Constituent Weightings. Index constituents are weighted based on their float-adjusted market capitalization.

BSE 250 MicroCap

Eligible Universe. The index is derived from the constituents of BSE Next 500.

Index Construction. All eligible companies are ranked based on average daily six-month total market capitalization. The top 200 companies (whether a current constituent or not) are selected for index inclusion. Existing constituents ranked 201 – 300 are selected in order of highest rank until the target constituent count of 250 is reached. If after this step the target constituent count is not achieved, then non-constituents are selected in order of highest rank until the target constituent count is reached.

Constituent Weightings. Index constituents are weighted based on their float-adjusted market capitalization.

BSE Next 250 MicroCap

Eligible Universe. The index is derived from the constituents of the BSE Next 500 that are not members of BSE 250 MicroCap.

Index Construction. All companies part of the BSE Next 500 that are not included on the BSE 250 MicroCap would be included in the index.

Constituent Weightings. Index constituents are weighted based on their float-adjusted market capitalization.

BSE 1000 MultiCap Equal Size Weighted (25%)

Eligible Universe. The index is derived from the constituents of the BSE AllCap that are members of BSE 100 LargeCap TMC, BSE 150 MidCap, BSE 250 SmallCap and BSE Next 500.

Index Construction. The index comprises of the following 4 size segment : BSE 100 LargeCap TMC, BSE 150 MidCap, BSE 250 SmallCap and BSE Next 500.

Each size segment is assigned a total weight of 25% on rebalancing dates.

Weight of each stock within each size segment will be based on its free float market capitalization.

Rebalancing. The index is rebalanced quarterly, effective after the close of the third Friday of March, June, September, and December. At each rebalancing, the weights of the constituents forming part of BSE 100 LargeCap TMC, BSE 150 MidCap, BSE 250 SmallCap and BSE Next 500 are reset to 25% each of the total index weight respectively.

Index Maintenance

Rebalancing

Index reconstitution occur as detailed in the table below. The table is arranged in chronological order.

Note: The Effective dates are at the market open and Reference dates are after the market close.

Category	Index	Frequency	Effective Date	Reference Date
Broad	BSE 1000	Semi-annual	Monday following the third Friday of June and December	Last trading day of April and October
	BSE Next 500			
	BSE 250 MicroCap			
	BSE Next 250 MicroCap			
	BSE 1000 MultiCap Equal Size Weighted (25%)			

Share Updates. Changes in shares outstanding of less than 5% are accumulated and made quarterly at the open of the Monday following the third Friday of March, June, September, and December. Changes in shares outstanding of 5% or more are made as soon as reasonably possible after the data has been verified.

For more information, please refer to AIPL Equity Index Policy.

Float Adjustment. Investable Weight Factors (IWFs), which define the available float for a company, are reviewed on a quarterly basis and are implemented at the open of the Monday following the third Friday of March, June, September and December. Changes to a company's IWF of five percentage points or more (for example from 0.80 to 0.85) are made as soon as reasonably possible after the data has been verified.

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

For details on float adjustment and Investable Weight Factors, please refer to AIPL Indices' Float Adjustment Methodology.

Ongoing Maintenance

The indices are also reviewed on an ongoing basis to account for events such as mergers, takeovers, delistings, group changes, suspensions, surveillance objections, graded surveillance measure objections, 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 the implementation date.

Additions

Broad-based Indices. Between rebalancings, if a company's ordinary share class is added to a Broad-based index, its DVR share class is also eligible for index inclusion provided it meets all of the criteria as specified in *Eligibility Criteria and Index Construction*. If a company is dropped from an index due to a corporate action, the most eligible non-constituent company as of the last business day of the previous month based on the specific index's eligibility and construction criteria is added to the index as a replacement in order to maintain the target count.

Fast-Tracked IPOs. To allow for the immediate inclusion or "fast track" of significantly sized IPOs in the BSE indices, the IPO must be among the top 10 companies, based on a respective index's construction ranking criteria. In addition, IPO stocks that include DVR stocks must satisfy all other criteria mentioned under the "*Eligibility and Index Construction*" section of each index. In such cases, the minimum listing history required is one month. For BSE SENSEX Index, stocks must also have a derivative contract. Companies meeting these criteria are added to the broad-based indices with five days' notice to clients. If a fast-tracked IPO is added to an index, then the smallest company, by the respective construction ranking criteria, is removed. The data reference period is one month from the IPO listing date.

Between rebalancings, a company can be deleted from an index due to 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 their implementation date.
- Whenever practicable, Asia Index Private Limited 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.

Regulatory Review

In addition to the index construction and constituent weighting rules employed by each index, the BSE SENSEX, BSE SENSEX Next 30, BSE SENSEX Next 50, BSE Bharat 22 Index, BSE 500, and BSE 100 are checked for consistency with the four Securities and Exchange Board of India (SEBI) norms on a quarterly basis.³ If the norms are found not to have been adhered to during the period under review, the index committee, at its discretion and on a case-by-case basis, will take appropriate measures to ensure compliance with the SEBI norms. Any changes resulting from the regulatory review will take effect at the open of the Monday following the third Friday of March, June, September, and December.

Corporate Actions

Float-Adjusted Market Capitalization Weighted Indices. The following table details the most common corporate actions and index treatment for the BSE 1000 Indices employing a float-adjusted market capitalization weighting scheme.

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	Rights price is adjusted, and index shares will be increased as per the Rights Ratio.	Yes
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.)	Index shares and weights will change as per the corporate action.	Yes
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 causes 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

³ For details on the four SEBI norms, please refer to SEBI circular no: SEBI/HO/IMD/DF3/CIR/P/2019/011, available at www.sebi.gov.in/legal/circulars/jan-2019/portfolio-concentration-norms-for-equity-exchange-traded-funds-etfs-and-index-funds_41588.html.

Index calculation schemes are detailed in the Market Capitalization Indices section of AIPL Index Mathematics Methodology.

Base Dates and History Availability

Index history availability, base dates, and base values are shown in the table below:

Index	Launch Date	First Value Date	Base Date	Base Value
BSE 1000	10-Feb-25	16-Sep-05	16-Sep-05	1000
BSE Next 500	10-Feb-25	16-Sep-05	16-Sep-05	1000
BSE 250 MicroCap	10-Feb-25	16-Sep-05	16-Sep-05	1000
BSE Next 250 MicroCap	10-Feb-25	21-Sep-15	21-Sep-15	1000
BSE 1000 MultiCap Equal Size Weighted (25%)	10-Feb-25	16-Sep-05	16-Sep-05	1041

Index Data

Calculation Return Types – Equity Indices

Asia Index Pvt. Ltd. (AIPL) calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by AIPL.

- 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.

In the event there are no regular cash dividends on the ex-date, the daily performance of the above two 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 calculation of return types, please refer to AIPL Index Mathematics Methodology.

Index Governance

Index Oversight Committee

The Asia Index Pvt. Ltd.'s Index Oversight Committee oversees the BSE Indices. The Index Oversight Committee meets quarterly. At each meeting, the Index Oversight Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, companies that are being considered as candidates for addition to an index, and any significant market events. In addition, the Index Oversight 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 Oversight Committee discussions are confidential.

Asia Index Pvt. Ltd.'s Index Oversight Committee reserves 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 Oversight 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, AIPL may publish a consultation inviting comments from external parties.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to AIPL Equity Index Policy.

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 indices rebalance. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents as well as their corresponding weights and index shares effective for the upcoming rebalancing.

Please visit www.asiaindex.co.in for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The BSE Indices are 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 BSE Indices will be calculated on special trading sessions as declared by the BSE Ltd. 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 Oversight 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 AIPL Equity Index Policy.

Recalculation Policy

For information on the recalculation policy, please refer to AIPL Equity Index Policy.

Real-Time Calculation

Real-time, intra-day index calculations are executed for certain 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 AIPL Equity Index Policy.

End-of-Day Calculation

End of day index calculations are executed on an AIPL proprietary platform.

Contact Information

For questions regarding an index, please contact: bseindex@bseindia.com

Index Dissemination

Index levels are available through BSE Ltd. Web site at www.bseindia.com, Asia Index Private Ltd'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.

Index Name	Bloomberg		Reuters	
	PR	TR	PR	TR
BSE 1000	-	-	-	-
BSE Next 500	-	-	-	-
BSE 250 MicroCap	-	-	-	-
BSE Next 250 MicroCap	-	-	-	-
BSE 1000 MultiCap Equal Size Weighted (25%)	-	-	-	-

Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact bseindex@bseindiacom

Web site

For further information, please refer to Asia Index Pvt. Ltd. Web site at www.asiaindex.co.in.

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