

BSE AII Cap ***Methodology***

April 2024

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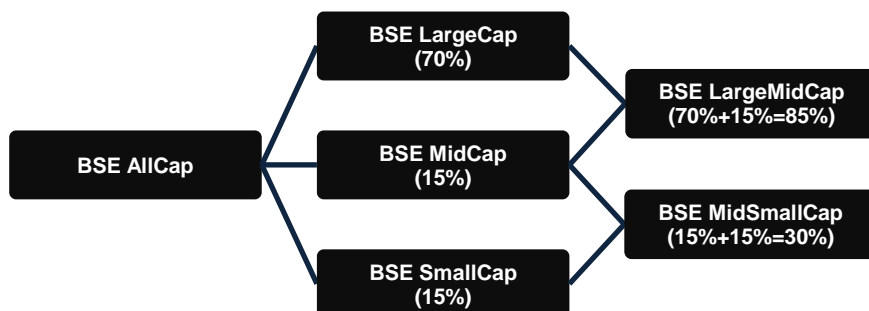
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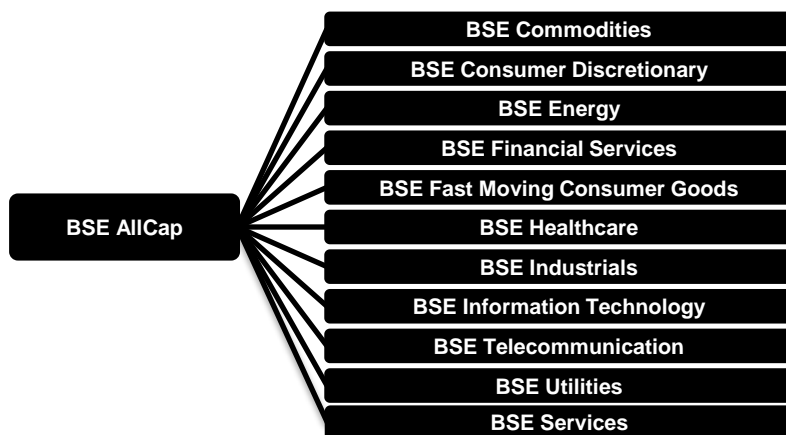
Index Objective, Highlights and Family

The BSE AllCap is a broad, comprehensive, rules-based index designed to reflect, and serve as a benchmark for, the Indian equity market. In addition to the BSE AllCap, size, sector, and select sub-indices are also calculated. The BSE AllCap and related size indices employ a float-adjusted market capitalization weighting scheme. The sector indices employ a float-adjusted market capitalization weighting scheme subject to capping constraints as detailed in constituent weightings section of sector indices.

Size Indices. The indices seek to measure the large-, mid- and small-cap segments of the market. The size splits are based on cumulative average daily total market capitalization of the companies in the BSE AllCap sorted in descending order. The companies with average daily total market capitalization accumulated to 70% are large-cap, the next 15% are mid-cap and the final 15% are small-cap. A buffer of $\pm 5\%$ is maintained between the three size ranges in order to reduce turnover. The structure of the size indices is as follows:



Sector Indices. The indices seek to measure 11 macro-economic indicators within the Indian equity market, as defined by the common India Industry Classification Structure. The structure of the sector indices is as follows:



Select Indices. Each index is designed to measure the largest and most liquid companies within its respective index universe while limiting excessive exposure to a particular common India Industry Classification Structure macro-economic indicator. The Select indices employ a float-adjusted market capitalization weighting scheme.

- **BSE MidCap Select Index.** The index consists of 30 of the largest and most liquid companies within the BSE MidCap.
- **BSE SmallCap Select Index.** The index consists of 60 of the largest and most liquid companies within the BSE SmallCap.

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

This 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

Eligibility Factors

Company Level Criteria. Companies must be domiciled in India and trading on the BSE. Companies with the following characteristics are not eligible for index inclusion:

1. Companies classified in Z group by BSE.
2. Companies traded under a permitted category at BSE.
3. Companies objected by the Surveillance Department of BSE.
4. Companies traded on BSE's SME platform.
5. Companies with a listing history of less than six months (one month for initial public offerings (IPOs) and spin-offs), as of the rebalancing reference date.
6. Companies suspended, as of the rebalancing reference date.
7. Companies on the Graded Surveillance Measure (GSM) list.¹ In addition, to become re-eligible for inclusion, a company previously dropped due to GSM must not be identified on the GSM list for the prior six consecutive months as of the rebalancing reference date.

Stocks which have undergone a scheme of arrangement for corporate events such as spin-offs, capital restructurings, etc., are considered eligible for inclusion in the index if, as of the rebalancing reference date, the company has completed at least one month of trading after the scheme's effective date and satisfies all other eligibility and selection criteria.

Share Class Level Criteria. In some cases, companies issue multiple share classes. With the exception of the BSE Select Indices, the following share classes are eligible:

1. Common Stock
2. Differential Voting Rights

For the BSE Select Indices, only common stocks are eligible for index inclusion.

Approaches

The BSE AllCap and related size indices employ a float-adjusted market capitalization weighting scheme, using the divisor methodology used in AIPL equity indices. For more information on weighting schemes, please see the Capitalization Weighted Indices section within *AIPL Equity Index Mathematics Methodology*.

For more information on the weighting schemes for sector indices, please see the Capped Market Capitalization Indices section within *AIPL Index Mathematics Methodology*.

Asia Index Private Ltd. 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 may not be deleted unless ongoing conditions warrant an index change.

¹ For more information on the GSM, including the list of stocks identified, please refer to the [GSM Information Page](#).

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.²
4. **Trading Frequency.** This data is assessed based on trading information on BSE Ltd.

BSE AllCap

The BSE AllCap is a broad, comprehensive, rules-based index designed to reflect, and serve as a benchmark for, the Indian equity market.

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

- | | |
|---|----------------------|
| 1. Average daily total market capitalization | 4. Turnover ratio |
| 2. Average daily float-adjusted market capitalization | 5. Trading frequency |
| 3. Annualized traded value | 6. Impact Cost |

The data points are calculated based on an observation period defined as the prior 12-month period (unless otherwise stated), as of the rebalancing reference date. If a company's listing history is less than 12 months, as of the rebalancing reference date, the factors are calculated from the listing date.

For stocks which have undergone a scheme of arrangement for corporate events such as spin-offs, capital restructurings, etc., data from the scheme's effective date up to reference date is considered for average market capitalization and annualized traded value.

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.

The turnover ratio is calculated by dividing the annualized traded value by the average daily float-adjusted market capitalization.

Where a company has multiple share classes the eligible share classes are combined to measure the company's data points 1-4 above. For assessing data point 5 at the company level the eligible share class with the highest trading frequency is used. Impact cost is assessed at the stock level.

Constituent Selection. Eligible companies must satisfy all of the following in order to be included in the index.

1. Have an impact cost of 1% or less over the prior six-month period.
2. Rank within the top 1200 by average daily total market capitalization.
3. Have a turnover ratio greater than or equal to 5%.
4. Have a trading frequency greater than or equal to 80% over the prior six-month period.
5. Have an average daily total market capitalization greater than or equal to INR 150 crores.
6. Have an annualized traded value greater than or equal to INR 50 crores.

Additionally, constituents' trading frequency and impact cost are also reviewed quarterly. If, over the prior six-month period, a constituent has a trading frequency less than 80% or an average impact cost greater than 1%, it is removed from the index effective as of market open on the Monday following the third Friday of March, June, September, and December, respectively.

² See <https://www.bseindia.com/markets/equity/EQReports/varmargin.aspx?flag=0>.

The index aims to have a minimum company count of 700 at each rebalancing. If a shortfall occurs, the threshold values outlined in steps 4 and 5 are reduced, first by 20%, then by 40%, then by 60% and finally by 80%, until a minimum of 700 companies are included in the index. If after the last threshold reduction above, the index still contains less than 700 companies, no further adjustments are made, and the index will contain fewer than 700 companies.

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

Size Indices

The size indices seek to measure the large, mid and small-cap segments of the Indian equity market. The following size indices are calculated:

- BSE LargeCap
- BSE MidCap
- BSE SmallCap
- BSE LargeMidCap
- BSE MidSmallCap

The size splits are based on cumulative average daily total market capitalization of the companies in the BSE AllCap sorted in descending order. The companies with average daily total market capitalization accumulated to 70% are large-cap, the next 15% are mid-cap and the final 15% are small-cap. A buffer of $\pm 5\%$ is maintained in order to reduce turnover. If a company moves in its ranking by average daily total market capitalization within the $\pm 5\%$ range where a size-split occurs, then that company does not change its size classification. The evaluation is done as part of the annual reconstitution process in September.

The table below displays the classification with the application of the buffer rule.

Cumulative Weight	New Company	Size Index Classification		
		Large	Mid	Small
00.0 – 65.0	<i>Large</i>	<i>Large</i>	<i>Large</i>	<i>Large</i>
65.0 – 70.0	<i>Large</i>	<i>Large</i>	<i>Mid</i>	<i>Large</i>
70.0 – 75.0	<i>Mid</i>	<i>Large</i>	<i>Mid</i>	<i>Mid</i>
75.0 – 80.0	<i>Mid</i>	<i>Mid</i>	<i>Mid</i>	<i>Mid</i>
80.0 – 85.0	<i>Mid</i>	<i>Mid</i>	<i>Mid</i>	<i>Small</i>
85.0 – 90.0	<i>Small</i>	<i>Small</i>	<i>Mid</i>	<i>Small</i>
90.0 – 100.0	<i>Small</i>	<i>Small</i>	<i>Small</i>	<i>Small</i>

Constituent Selection. At the annual reconstitution in September, index constituents are drawn from the BSE AllCap and are assigned to the size indices based on the criteria detailed above. All eligible share classes of a company are assigned the same size classification and included in the respective indices.

Size Classification Changes. Generally, a company's size classification remains unchanged until the subsequent annual September reconstitution. However, major capital events may result in changes to a company's size classification between annual reconstitutions. A company may change size classifications if a corporate event such as a spin-off, merger, or similar occurrence, results in, for example, the halving or doubling of the total market capitalization of the affected company. Price appreciation or depreciation does not give rise to a change in the size classification of a company.

If the size classification of a company changes between annual reconstitutions, the change is accounted for at the quarterly share update. Such changes take effect at market open on the Monday following the third Friday of March, June, September, and December, respectively. The reference date for data used in the analysis is the last trading day of January, April, July, and October, respectively.

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

Sector Indices

The sector indices are subsets of the BSE AllCap and are designed to measure the performance of various macro-economic indicators within the Indian equity market.

Constituent Selection. At the annual reconstitution in September, index constituents are drawn from the BSE AllCap and are assigned to a sector index based on the constituent's macro-economic indicator, as classified according to the common India Industry Classification Structure. All eligible share classes of a company are assigned to the same macro-economic indicator and included in the respective index.

Index	Macro-Economic Indicator(s)
BSE Commodities	Commodities
BSE Consumer Discretionary	Consumer Discretionary
BSE Energy	Energy
BSE Financial Services	Financial Services
BSE Fast Moving Consumer Goods	Fast Moving Consumer Goods
BSE Healthcare	Healthcare
BSE Industrials	Industrials, Diversified
BSE Information Technology	Information Technology
BSE Telecommunication	Telecommunication
BSE Services	Services
BSE Utilities	Utilities

Sector Classification Changes. If the macro-economic indicator classification of a company changes between annual reconstitutions, the change is accounted for at the quarterly share update. Such changes take effect at market open on the Monday following the third Friday of March, June, September and December, respectively. The reference date for data used in the analysis is the last trading day of January, April, July and October, respectively.

Constituent Weightings. Index constituents are weighted based on their float-adjusted market capitalization, subject to the following capping constraints which are applied quarterly, effective as of market open on the Monday following the third Friday of March, June, September, and December, respectively.

1. Single constituent weights are capped at 33%.
2. The aggregate weight of the top three index constituents shall not be more than 63% of the index.
3. If the above constraints are breached, any excess weight is proportionately redistributed to all uncapped stocks. As part of the redistribution, the ranking of stocks based on final weights will remain in line with their rankings based on FMC.

Select Indices

Each index measures the largest and most liquid companies within its respective index universe while limiting excessive exposure to a particular common India Industry Classification Structure macro-economic indicator.

Company Data Points. As a part of the constituent selection process, the following are calculated for each eligible company:

1. Average daily float-adjusted market capitalization
2. Annualized traded value
3. Turnover ratio
4. Number of non-trading days

The data points are calculated based on an observation period defined as the prior six-month period, as of the rebalancing reference date. Only common stocks with a listing history of at least six-months, as of the rebalancing reference date, are eligible.

Stocks that have undergone a scheme of arrangement for corporate events, such as spin-offs, capital restructurings, etc., are eligible for inclusion in the index if, as of the rebalancing reference date, the company has completed at least one month of trading after the scheme's effective date, and it satisfies all other eligibility and selection criteria. For such stocks, data from the scheme's effective date up to the reference date is considered.

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.

The turnover ratio is calculated by dividing the annualized traded value by the average daily float-adjusted market capitalization.

Constituent Selection. Constituent selection for each index is as follows:

BSE MidCap Select Index. The index universe is defined as the constituents of the BSE MidCap.

1. At each semi-annual rebalancing, eligible companies must satisfy all of the following in order to be considered for index inclusion.
 - a. Have an average daily float-adjusted market capitalization greater than or equal to INR 2000 crores. Current index constituents with a float-adjusted market capitalization of at least INR 1600 crores remain eligible for index inclusion provided they meet the other eligibility criteria.
 - b. Have an annualized traded value greater than or equal to INR 1000 crores. Current index constituents with an annualized traded value of at least INR 800 crores remain eligible for index inclusion provided they meet the other eligibility criteria.
 - c. Have a turnover ratio greater than or equal to 20%. Current index constituents with a turnover ratio of at least 16% remain eligible for index inclusion provided they meet the other eligibility criteria.
 - d. Have no more than five non-trading days in the past six months, as of the rebalancing reference date.
2. Companies satisfying the criteria in step 1 are then ranked within their common India Industry Classification Structure macro-economic indicator by average daily float-adjusted market capitalization. Companies with a rank greater than 10 are excluded.
3. The remaining companies after step 2 are then ranked based on average daily float-adjusted market capitalization. The top 20 companies (whether a current constituent or not) are selected for index inclusion. Existing constituents ranked 21-40 are selected in order of highest rank until the target constituent count of 30 is reached. If after this step the target constituent count is not achieved, then non-constituents ranked 21-40 are selected in order of highest rank until the target constituent count is reached.

BSE SmallCap Select Index. The index universe is defined as the constituents of the BSE SmallCap.

1. At each semi-annual rebalancing, eligible companies must satisfy all of the following in order to be considered for index inclusion.
 - a. Have an average daily float-adjusted market capitalization greater than or equal to INR 600 crores. Current index constituents with a float-adjusted market capitalization of at least INR 480 crores remain eligible for index inclusion provided they meet the other eligibility criteria.
 - b. Have an annualized traded value greater than or equal to INR 300 crores. Current index constituents with an annualized traded value of at least INR 240 crores remain eligible for index inclusion provided they meet the other eligibility criteria.
 - c. Have a turnover ratio greater than or equal to 20%. Current index constituents with a turnover ratio of at least 16% remain eligible for index inclusion provided they meet the other eligibility criteria.

- d. Have no more than five non-trading days in the past six months, as of the rebalancing reference date.
2. Companies satisfying the criteria in step 1 are then ranked within their common India Industry Classification Structure macro-economic indicator by average daily float-adjusted market capitalization. Companies with a rank greater than 15 are excluded.
3. The remaining companies after step 2 are then ranked based on average daily float-adjusted market capitalization. The top 40 companies (whether a current constituent or not) are selected for index inclusion. Existing constituents ranked 41-80 are selected in order of highest rank until the target constituent count of 60 is reached. If after this step the target constituent count is not achieved, then non-constituents ranked 41-80 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.

Index Maintenance

Rebalancing

BSE AllCap, Size, and Sector Indices. The indices undergo a reconstitution annually, effective as of market open on the Monday following the third Friday of September. The reference date for data used in the annual reconstitution is the last trading day of July. As part of the annual reconstitution, company size and sector classifications are reviewed.

BSE Select Indices. The indices are rebalanced semi-annually, effective as of market open on the Monday following the third Friday of March and September, respectively. The rebalancing reference date is the third Friday of February and August, respectively. The reference universe for the index is composed of the underlying index as of the market open on the upcoming rebalancing effective date.

Share Updates. Changes in a company's total shares outstanding of less than 5% are accumulated and made quarterly, effective as of market open on the Monday following the third Friday of March, June, September and December, respectively. 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 document.

Float Adjustment. Investable Weight Factors (IWFs), which define the available float for a company, are reviewed and implemented on a quarterly basis. 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 a detailed description of 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 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 with one to five days' advance notice.

Additions and Deletions

A company can be deleted from an index between rebalancings due to events such as mergers, takeovers, delistings, group changes, suspensions, surveillance objection, graded surveillance measure objection, 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 with one to five days advance notice.
- 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. The effective date of the drop begins at market open on 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.

In addition to the above, the following index specific addition and deletion rules are applied as follows:

BSE AllCap, Size and Sector Indices. The majority of additions occur as part of the annual reconstitution of the indices in September.

- **New Listings.** Between annual reconstitutions, direct listings that were listed six months prior to the last trading day of January, and IPOs and spin-offs listed one month prior to the last trading day of January, are added to the respective indices at the quarterly share update in March. In addition, stocks which have undergone a scheme of arrangement for corporate events such as spin-offs, capital restructurings, etc. are considered eligible for inclusion in the index if, as of the rebalancing reference date, the company has completed at least one month of trading after the scheme's effective date, and it satisfies all other eligibility and selection criteria. Additions of new listings take effect at market open on the Monday following the third Friday of March. The reference date for the data used in the analysis is the last trading day of January. The criteria for the inclusion of new listings are the same as that used at the annual reconstitution.
- **Market Capitalization.** Between annual reconstitutions, if a company's average daily total market capitalization falls below INR 50 crores, it is removed from the index. Evaluations are made in March using data from the reference date, which is last trading day of January. Deletions take effect at market open on the Monday following the third Friday of March.³
- **Fast-Tracked IPOs.** To allow for the immediate inclusion or "fast-track" of significantly sized IPOs, the IPO must be among the top 10 companies based on its one-month average daily total market capitalization and satisfy all other criteria mentioned under "Eligibility and Index Construction". Companies meeting this criterion are added to the index, with five days' notice to clients.

BSE Select Indices. No companies are added to an index between semi-annual rebalancings. As such, the number of stocks in an index may fall below the targeted constituent count due to any deletions made between rebalancings.

Regulatory Review

In addition to the index construction and constituent weighting rules employed by each index, the BSE AllCap, its size and sector indices, BSE MidCap Select Index, and BSE SmallCap Select Index are checked for consistency with the four Securities and Exchange Board of India ("SEBI") norms on a quarterly basis.⁴ 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 market open on the Monday following the third Friday of March, June, September, and December, respectively.

³ This rule is applicable from March 2015.

⁴ 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.

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	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

For more information, please refer to the Market Capitalization Indices section within AIPL Equity Index Policy.

Currency of Calculation and Additional Index Return Series

The indices are calculated in Indian rupees.

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 AllCap	15-Apr-15	16-Sep-05	16-Sep-05	1000
<i>Size Indices:</i>				
BSE LargeCap	15-Apr-15	16-Sep-05	16-Sep-05	1000
BSE MidCap ⁵	11-Apr-05	01-Apr-03	12-Apr-05	3122.25
BSE LargeMidCap	15-Apr-15	16-Sep-05	16-Sep-05	1000
BSE SmallCap ⁵	11-Apr-05	01-Apr-03	12-Apr-07	6682.53
BSE MidSmallCap	15-Apr-15	16-Sep-05	16-Sep-05	1000
<i>Sector Indices:</i>				
BSE Commodities	15-Apr-15	16-Sep-05	16-Sep-05	1000
BSE Consumer Discretionary	15-Apr-15	16-Sep-05	16-Sep-05	1000
BSE Energy	15-Apr-15	16-Sep-05	16-Sep-05	1000
BSE Financial Services	15-Apr-15	16-Sep-05	16-Sep-05	1000
BSE Fast Moving Consumer Goods ⁶	9-Aug-99	01-Feb-99	15-Apr-15	8368.14
BSE Healthcare ⁶	9-Aug-99	01-Feb-99	01-Jan-02	1240.46
BSE Industrials	15-Apr-15	16-Sep-05	16-Sep-05	1000
BSE Information Technology ⁶	9-Aug-99	01-Feb-99	15-Apr-15	11501.95
BSE Services	19-Aug-22	16-Aug-22	16-Aug-22	1000
BSE Telecommunication	15-Apr-15	16-Sep-05	16-Sep-05	1000
BSE Utilities	15-Apr-15	16-Sep-05	16-Sep-05	1000
<i>Select Indices:</i>				
BSE SmallCap Select Index	15-Jun-15	16-Sep-05	16-Sep-05	1000
BSE MidCap Select Index	15-Jun-15	16-Sep-05	16-Sep-05	1000

⁵ The base value of the index is the closing value of its legacy index on April 15, 2015. See the Appendix for details on methodology changes, effective April 15, 2015.

Index Data

Calculation Return Types

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

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at market 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 versions 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, please refer to AIPL Equity Index Policy.

For more information on the calculation of return types, please refer to AIPL Index Mathematics Methodology.

Index Governance

Index Committee

The Asia Index Pvt. Ltd.'s Index Committee oversees the indices. The Index Committee meets regularly. At each meeting, the Index 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 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.

Asia Index Private Limited's Index Committee 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, Asia Index Private Limited may publish a consultation inviting comments from external parties.

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, Asia Index Pvt. Ltd. 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.

Index methodology is constantly under review for best practices, and any changes are announced well ahead of time via the Web site and email to all clients.

Pro-forma Files

In addition to the corporate events file (.SDE), Asia Index Pvt. Ltd. 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. Since index shares are assigned based on prices one week prior to the rebalancing, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

Holiday Schedule

The BSE AllCap and related sub-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 indices will be calculated on special trading sessions as declared by BSE Ltd. Some examples include, but are not limited to, special trading sessions on Saturday and Mahurat trading. Asia Index Private Ltd. will issue a notice to apprise market participants of 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 Ltd. will issue a notice to inform market participants of the new portfolio's effective date.

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 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.

Contact Information

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

Index Dissemination

Index levels are available through BSE Web site at bseindia.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.

Index	Bloomberg	Reuters
	INR	INR
BSE AllCap	BSEALL	BSEALL
BSE AllCap TR	BSEALLT	BSEALLT
Size Indices:		
BSE LargeCap	BSELC	BSELC
BSE LargeCap TR	BSELCT	BSELCT
BSE MidCap	BSEMID	BSEMID
BSE MidCap TR	BSEMIDT	BSEMIDT
BSE LargeMidCap	BSELMC	BSELMC
BSE LargeMidCap TR	BSELMCT	BSELMCT
BSE SmallCap	BSESML	BSESML
BSE SmallCap TR	BSESMLT	BSESMLT
BSE MidSmallCap	BSEMSML	BSEMSML
BSE MidSmallCap TR	BSEMSMLT	BSEMSMLT
Sector Indices:		
BSE Commodities	BSECOMM	BSECOMM
BSE Commodities TR	BSECOMMT	BSECOMMT
BSE Consumer Discretionary	BSECDS	BSECDS
BSE Consumer Discretionary TR	BSEC DST	BSEC DST
BSE Energy	BSEENER	BSEENER
BSE Energy TR	BSEENERT	BSEENERT
BSE Financial Services	BSEFS	BSEFS
BSE Financial Services TR	BSEFST	BSEFST
BSE Fast Moving Consumer Goods	BSEFMCG	BSEFMCG
BSE Fast Moving Consumer Goods TR	BSEFMCGT	BSEFMCGT
BSE Healthcare	BSEHEAL	BSEHEAL
BSE Healthcare TR	BSEHEALT	BSEHEALT

Index	Bloomberg INR	Reuters INR
BSE Industrials	BSEIND	BSEIND
BSE Industrials TR	BSEINDT	BSEINDT
BSE Information Technology	BSEIT	BSEIT
BSE Information Technology TR	BSEITT	BSEITT
BSE Telecommunication	BSETELC	BSETELC
BSE Telecommunication TR	BSETELC T	BSETELC T
BSE Utilities	BSEUTIL	BSEUTIL
BSE Utilities TR	BSEUTIL T	BSEUTIL T
Select Indices:		
BSE SmallCap Select	BSESCS	BSESCS
BSE SmallCap Select TR	BSESCST	BSESCST
BSE MidCap Select	BSEMIDS	BSEMIDS
BSE MidCap Select TR	BSEMIDST	BSEMIDST

Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact Asia Index Private Limited, www.asiaindex.co.in/contact-us/.

Web site

For further information, please refer to Asia Index Private Limited's Web site at www.asiaindex.co.in.

Appendix – Methodology Changes

Methodology changes since January 1, 2015, are as follows:

Index	Change	Effective Date (After Close)	Methodology	
			Previous	Updated
BSE MidCap Select Index	Constituent Selection	16-Sep-22	Companies satisfying the criteria in step 1, as stated in constituent selection section, are then ranked within their BSE sector by average daily float-adjusted market capitalization. Companies with a rank greater than 10 are excluded.	Companies satisfying the criteria in step 1 are then ranked within their common India Industry Classification Structure macro-economic indicator by average daily float-adjusted market capitalization. Companies with a rank greater than 10 are excluded.
BSE SmallCap Select Index	Constituent Selection	16-Sep-22	Companies satisfying the criteria in step 1, as stated in constituent selection section, are then ranked within their BSE sector by average daily float-adjusted market capitalization. Companies with a rank greater than 15 are excluded.	Companies satisfying the criteria in step 1 are then ranked within their common India Industry Classification Structure macro-economic indicator by average daily float-adjusted market capitalization. Companies with a rank greater than 15 are excluded.
BSE AllCap Sector Indices	Index Objective, Highlights and Family	16-Sep-22	The indices seek to measure 10 economic sectors within the Indian equity market, as defined by the BSE Sector Classification System. The structure of the sector indices is as follows: <ul style="list-style-type: none"> • BSE Basic Materials • BSE Consumer Discretionary Goods & Services • BSE Energy • BSE Finance • BSE Fast Moving Consumer Goods • BSE Healthcare • BSE Industrials • BSE Information Technology • BSE Telecom • BSE Utilities 	The indices seek to measure 11 macro-economic indicators within the Indian equity market, as defined by the common India Industry Classification Structure. The structure of the sector indices is as follows: <ul style="list-style-type: none"> • BSE Commodities • BSE Consumer Discretionary • BSE Energy • BSE Financial Services • BSE Fast Moving Consumer Goods • BSE Healthcare • BSE Industrials • BSE Information Technology • BSE Telecommunication • BSE Services • BSE Utilities
BSE Basic Materials, BSE Consumer Discretionary Goods & Services, BSE Finance, and BSE Telecom	Name Change	16-Sep-22	<ul style="list-style-type: none"> • BSE Basic Materials • BSE Consumer Discretionary Goods & Services • BSE Finance • BSE Telecom 	<ul style="list-style-type: none"> • BSE Commodities • BSE Consumer Discretionary • BSE Financial Services • BSE Telecommunication
BSE SmallCap Select Index	Regulatory Review	17-Jun-22	--	In addition to the index construction and constituent weighting rules employed by the index, the index is checked for consistency with the four SEBI norms on a quarterly basis. 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 market open on the Monday following the third Friday of March, June, September, and December, respectively.

Index	Change	Effective Date (After Close)	Methodology	
			Previous	Updated
BSE AllCap, Size, and Sector Indices	Constituent Weightings	18-Mar-22	Index constituents are weighted based on their float-adjusted market capitalization ("FMC").	<p>The BSE AllCap and Size indices are weighted by FMC. The sector indices are weighted by FMC, subject to the following capping constraints which are applied quarterly, effective as of the market open on the Monday following the third Friday of March, June, September, and December, respectively.</p> <ol style="list-style-type: none"> 1. Single constituent weights are capped at 33%. 2. The aggregate weight of the top three index constituents shall not be more than 63% of the index. 3. If the above constraints are breached, any excess weight is proportionately redistributed to all uncapped stocks. As part of the redistribution, the ranking of stocks based on final weights will remain in line with their rankings based on FMC.
BSE AllCap, Size, and Sector Indices	Constituent Selection	18-Mar-22	<p>As of the rebalancing reference date, eligible companies must satisfy all of the following over the prior 12-month period in order to be included in the index:</p> <ol style="list-style-type: none"> 1. Rank within the top 1200 by average daily total market capitalization. 2. Have a turnover ratio greater than or equal to 5%. 3. Have a trading frequency greater than or equal to 80%. 4. Have an average daily total market capitalization greater than or equal to INR 1.5 billion. 5. Have an annualized traded value greater than or equal to INR 0.5 billion. 	<p>As of the rebalancing reference date, eligible companies must satisfy all of the following over the prior 12-month period (unless otherwise stated) in order to be included in the index:</p> <ol style="list-style-type: none"> 1. Rank within the top 1200 by average daily total market capitalization. 2. Have a turnover ratio greater than or equal to 5%. 3. Have a trading frequency greater than or equal to 80% over the prior six-month period. 4. Have an average daily total market capitalization greater than or equal to INR 1.5 billion. 5. Have an annualized traded value greater than or equal to INR 0.5 billion. 6. Have an impact cost of 1% or less over the prior six-month period. <p>Additionally, constituents' trading frequency and impact cost are also reviewed quarterly. If, over the prior six-month period, a constituent has a trading frequency less than 80% or an average impact cost greater than 1%, it is removed from the index effective as of the market open on the Monday following the third Friday of March, June, September, and December, respectively.</p>

Index	Change	Effective Date (After Close)	Methodology	
			Previous	Updated
BSE MidCap Select Index	Regulatory Review	21-Jun-19	--	In addition to the index construction and constituent weighting rules employed by the index, the index is checked for consistency with the four SEBI norms on a quarterly basis. 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 market open of the Monday following the third Friday of March, June, September, and December, respectively.
BSE AllCap, Size, and Sector Indices	Eligibility Criteria and Index Construction	21-Sep-18	--	Companies that are part of the GSM list on the rebalancing reference date are not eligible for index inclusion. Any company previously dropped due to its inclusion on the GSM list must remain off the GSM list for six consecutive months prior to the rebalancing reference date in order to be reconsidered for index inclusion.
BSE AllCap, Size, and Sector Indices	Index Maintenance	21-Sep-18	--	On a monthly basis, companies added to the GSM list are dropped. The effective date of the drop begins at market open on 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 previously dropped due to its inclusion on the GSM list must remain off the GSM list for six consecutive months prior to the rebalancing reference date in order to be reconsidered for index inclusion.
BSE AllCap, Size, and Sector Indices	Listing History for Spin-offs	21-Sep-18	Spin-offs require a listing history of at least six months as of the rebalancing reference date in order to be eligible for the index.	Spin-offs require a listing history of at least one month as of the rebalancing reference date in order to be eligible for the index.
BSE AllCap, Size, and Sector Indices	Constituent Selection	15-Sep-17	IPOs should have a listing history of at least six months, as of the rebalancing reference date, to be eligible for index inclusion.	IPOs should have a listing history of at least one month, as of the rebalancing reference date, to be eligible for index inclusion.
BSE AllCap, Size, and Sector Indices	Rebalancing Reference Date	15-Sep-17	Third Friday of the month prior to the rebalancing date.	Last trading date of January, April, July and October, respectively.
BSE AllCap, Size, and Sector Indices	Constituent Selection	15-Sep-17	Stocks must have an IWF, as of the rebalancing reference date, greater than or equal to 10% to be eligible for selection.	--
BSE MidCap Select Index	Float-adjusted Market Capitalization Buffer Rule for current index constituents	16-Sep-16	--	Current index constituents with a float-adjusted market capitalization of at least INR 16 billion remain eligible for index inclusion provided they meet the other eligibility criteria.
BSE SmallCap Select Index	Float-adjusted Market Capitalization Buffer Rule for current	16-Sep-16	--	Current index constituents with a float-adjusted market capitalization of at least INR 4.8 billion remain eligible for index inclusion provided they meet the other eligibility criteria.

Index	Change	Effective Date (After Close)	Methodology	
			Previous	Updated
	index constituents			
BSE MidCap Select Index	Annualized Traded Value Buffer Rule for current index constituents	16-Sep-16	--	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.
BSE SmallCap Select Index	Annualized Traded Value Buffer Rule for current index constituents	16-Sep-16	--	Current index constituents with an annualized traded value of at least INR 2.4 billion remain eligible for index inclusion provided they meet the other eligibility criteria.
BSE MidCap Select Index and BSE SmallCap Select Index	Turnover Ratio Buffer Rule for current index constituents	16-Sep-16	--	Current index constituents with a turnover ratio of at least 16% remain eligible for index inclusion provided they meet the other eligibility criteria.
All Indices	Rebalancing Reference Date	18-Mar-16	Last trading day of the month before the rebalancing date.	Third Friday of the month before the rebalancing date.
BSE MidCap and BSE SmallCap ⁶	Eligible Universe	15-Apr-15	All common stocks listed on the BSE.	Constituents of the BSE AllCap.
BSE MidCap and BSE SmallCap	Additions and Deletions between Rebalancings	15-Apr-15	Due to corporate actions only.	Due to corporate actions and size changes quarterly.
BSE MidCap	Index Construction	15-Apr-15	The index is comprised of companies with 80% to 95% of total market capitalization coverage.	The index is comprised of companies with 70% to 85% of total market capitalization coverage.
BSE SmallCap	Index Construction	15-Apr-15	The index is comprised of companies with 95% to 100% of total market capitalization coverage.	The index is comprised of companies with 85% to 100% of total market capitalization coverage.
BSE MidCap and BSE SmallCap	Rebalancing Effective Date	15-Apr-15	Monday following the third Friday of March, June, September and December, respectively.	Monday following the third Friday of September.
BSE MidCap and BSE SmallCap	Data Points	15-Apr-15	<ul style="list-style-type: none"> Trading frequency of 60% Listing history of three months Average total market capitalization 	<ul style="list-style-type: none"> Trading frequency of 80% Listing history of six months Turnover ratio Annualized traded value Average total market capitalization Average float market capitalization
BSE MidCap and BSE SmallCap	Rebalancing Reference Date	15-Apr-15	Last trading day of February, April, August and October.	Last trading day of August.
BSE Information Technology, BSE Fast Moving Consumer Goods, and BSE Healthcare ⁷	Eligible Universe	15-Apr-15	Constituents of the BSE 500.	Constituents of the BSE AllCap.
BSE Information Technology, BSE Fast Moving Consumer Goods, and BSE Healthcare	Additions and Deletions between Rebalancings	15-Apr-15	Due to corporate actions only.	Due to corporate actions and BSE sector classification changes quarterly.
BSE Information Technology	Index Construction	15-Apr-15	The index is comprised of companies that are part of BSE 500 with a minimum of 90% average float market capitalization coverage in the	The index is comprised of companies that are part of BSE AllCap belonging to the Information Technology sector.

⁶ The BSE MidCap and BSE SmallCap are the successor indices of the BSE MID CAP and BSE SMALL CAP (the “legacy indices”), respectively. Index history prior to April 15, 2015, is based on the legacy index and its associated methodology.

⁷ The BSE Information Technology, BSE Fast Moving Consumer Goods, and BSE Healthcare are the successor indices of the BSE IT, BSE FMCG, and BSE HEALTHCARE (the “legacy indices”), respectively. Index history prior to April 15, 2015, is based on the legacy index and its associated methodology.

Index	Change	Effective Date (After Close)	Methodology	
			Previous	Updated
			Information Technology sector based on float market capitalization final rank.	
BSE Fast Moving Consumer Goods	Index Construction	15-Apr-15	The index is comprised of companies that are part of BSE 500 with a minimum of 90% average float market capitalization coverage in the Fast Moving Consumer Goods sector based on float market capitalization final rank.	The index is comprised of companies that are part of BSE AllCap belonging to the Fast Moving Consumer Goods sector.
BSE Healthcare	Index Construction	15-Apr-15	The index is comprised of companies that are part of BSE 500 with a minimum of 90% average float market capitalization coverage in the Healthcare sector based on float market capitalization final rank.	The index is comprised of companies that are part of BSE AllCap belonging to the Healthcare sector.
BSE Information Technology, BSE Fast Moving Consumer Goods, and BSE Healthcare	Trading Frequency	15-Apr-15	The stocks must have traded 90% of the trading days.	The stocks must have traded 80% of the trading days.
BSE Information Technology, BSE Fast Moving Consumer Goods, and BSE Healthcare	Rebalancing Effective Date	15-Apr-15	Monday following the third Friday of June and December, respectively.	Monday following the third Friday of September.
BSE Information Technology, BSE Fast Moving Consumer Goods, and BSE Healthcare	Rebalancing Reference Date	15-Apr-15	Last trading day of April and October.	Last trading day of August.

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