

# PRESS RELEASE

## Differential voting right shares in S&P BSE Benchmark Indices

**India, Mumbai, Wednesday Feb 18, 2015** – S&P BSE Indices announces rules for considering differential voting rights shares (DVR's) in S&P BSE Benchmark Indices namely S&P BSE SENSEX, S&P BSE 100, S&P BSE 200 and S&P BSE 500.

**Differential Voting Rights:** Differential Voting Right Shares (DVRs) are similar to common equity (ordinary) shares listed and traded on the stock exchange; except in respect of dividend and voting rights. Companies generally compensate DVRs investors with higher dividends. It is observed that DVRs are mostly traded at a discount due to lesser voting rights offered, as compared with common equity shares. This allows an opportunity to the investors' to earn higher returns in lieu of surrendering their voting rights and also allows companies' to raise funds without diluting (in the same proportion as it would, if they were common shares) promoters' stake.

*Effective with the upcoming rebalance in June, 2015, differential voting right shares (DVR's) will be analyzed based on the below mentioned criteria's-*

○ **At Rebalance**

***Inclusion Criteria-***

1. DVR share class is eligible for inclusion in the above mentioned indices if ordinary share class is part of the new index portfolio.
2. DVR shares outstanding should be 10% or more of the total shares outstanding (inclusive of ordinary shares and DVR share class) of the company.
3. DVR's will be analyzed independently for inclusion provided it meets inclusion criteria for the respective index\*

***Exclusion Criteria-***

1. If the ordinary share class is dropped from the index, the DVR's will also be dropped from the index
2. Exclusion Criteria same as the respective index\*

○ **In between Rebalance**

***Inclusion Criteria-***

1. DVR share class is eligible for inclusion if ordinary share class of the particular stock is included in the index in between rebalance
2. DVR shares outstanding should be 10% or more of the total shares outstanding (inclusive of ordinary shares and DVR share class) of the company.
3. DVR of the ordinary stock that is included in the index, will be analyzed independently for inclusion provided it meets inclusion criteria for the respective index\*

### ***Exclusion Criteria-***

1. If the ordinary share class is dropped from the index on account of any corporate action, the DVR will also be dropped from the index.

**For Example-** Suppose a company “XYZ” has two share classes where “XYZ” is the ordinary share class and “XYZ DVR” is the differential voting right share class. If “XYZ” is part of S&P BSE 500, then “XYZ DVR” will be analyzed for inclusion in the index subject to a minimum of 10% shares outstanding of the company. If “XYZ DVR” clears the above mentioned criteria then it is analyzed for inclusion based on the S&P BSE 500 index inclusion rules. Similarly if the “XYZ” ordinary shares class is dropped from the index, “XYZ DVR” will also be dropped from the index.

\*A detailed stock selection criteria for S&P BSE Benchmark indices is available on [www.bseindia.com](http://www.bseindia.com) and [www.asiaindex.co.in](http://www.asiaindex.co.in)

This change will increase number of stocks in a fixed count index; however the number of companies will remain fixed as detailed in the index methodology. **For Example-** There could be 501 stocks in S&P BSE 500 if one DVR is included in the S&P BSE 500 index, but the total number of companies will be 500 only.

### **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.

### **About BSE Ltd**

BSE (formerly Bombay Stock Exchange Ltd.) – Established in 1875, BSE Ltd. (formerly known as Bombay Stock Exchange Ltd.), is Asia’s first & fastest Stock Exchange with the response time of 200 microseconds and one of India’s leading exchange groups and has played a prominent role in developing the Indian capital market. BSE is a corporatized and demutualised entity, with a broad shareholder-base which includes two leading global exchanges, Deutsche Bourse and Singapore Exchange as strategic partners. 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 (SME). 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 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, the wholly owned subsidiary of BSE, acts as the central counterparty to all trades executed on BSE platform and provides full novation guaranteeing the settlement of all bonafide trades executed on the BSE Platform. BSE Institute Ltd, a 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 is one of the two central depository services in India.

## **About S&P Dow Jones Indices**

S&P Dow Jones Indices LLC, a part of McGraw Hill Financial, is the world's largest, global resource for index-based concepts, data and research. Home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average™, S&P Dow Jones Indices LLC has over 115 years of experience constructing innovative and transparent solutions that fulfill the needs of investors. More assets are invested in products based upon our indices than any other provider in the world. With over 1,000,000 indices covering a wide range of asset classes across the globe, S&P Dow Jones Indices LLC defines the way investors measure and trade the markets. To learn more about our company, please visit [www.spdji.com](http://www.spdji.com).

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