Press Release
IISL launches CNX Millenium Index

The Indian economy has undergone tremendous transformation over the last few years. Till the early 1990's, the services sector contributed just about 20% to the Indian GDP while this figure now stands at nearly 50% and is likely to grow further in the coming years. Sectors like Information Technology, Telecommunication, Media & Entertainment and the Internet are expected to be the drivers of the Indian economy in the coming years.

Objective

The objective of developing the CNX Millennium Index is not only for the index to be a benchmark of this segment but also enable transactions based on the index. Currently, index based derivatives (index futures) are available only on the S&P CNX Nifty. It is felt that the CNX Millennium Index which comprises of companies belonging to the hi-tech, hi-growth sectors like IT, Telecom, media, internet etc. would attract a lot of trading interest from both domestic and international participants. Also, mutual funds, FIIs who have substantial exposure in these sectors might like to hedge against this index. Therefore, while developing this index, the potential of it being used extensively as a derivative product has been kept in mind.

The broad sectors taken into consideration in the CNX Millennium Index are:

1. Computer - Software
2. Computer - Hardware
3. Telecommunication - Services
4. Telecommunication - Equipment
5. Telecommunication - Cables
6. Media & Entertainment
7. Listed Internet companies

Methodology

The CNX Millennium Index is calculated using the market capitalisation weighted aggregate method. The base period of the index is the average market capitalisation of the month of December 1998, indexed to a value 1000.

Size of the Index

The Index will contain 25 stocks from the above sectors.

Selection Criteria

Trading Interest:
With the objective of enabling transactions based on the CNX Millennium Index, only companies with the lowest impact cost and therefore highest level of liquidity will be considered as eligible candidates.

Further, the companies are screened for trading activity. Only those companies, which are among the top 500 most frequently traded stocks in terms of annual turnover and have a trading frequency of over 90% are eligible. The index represents over 90% of the traded value of the segment.

Market Capitalisation:
A company's rank in the universe based on the average market capitalisation over a 6 month period should be less than 500. The index represents over 90% of the market capitalisation of the segment.

Index Maintenance

IISL has put in place comprehensive monitoring systems to continuously monitor the Index constituents based on the selection criteria and to make all adjustments for corporate actions that impact the market capitalisation of the constituent companies. This ensures that the index is dynamic and adheres to its objective of being a consistent benchmark of the segment.

IISL's Index Sub-Committee is responsible for management of CNX Indices in accordance with the policy guidelines stipulated by the Index Policy Committee. The performance and the composition of the CNX Millennium Index is reviewed by the Index Sub-Committee, in order to ensure that the constituent companies consistently meet the criteria for candidacy to the Index.

Constituent List with weightages as of August 25, 2000

Sr. No.	Company Name	Weightage
1.	Wipro Ltd.	28.87%
2.	Infosys Technologies Ltd.	22.03%
3.	Zee Telefilms Ltd.	7.82%
4.	HCL Technologies Ltd.	6.62%
5.	Satyam Computer Services Ltd.	6.54%
6.	Himachal Futuristic Communications Ltd.	4.46%
7.	Mahanagar Telephone Nigam Ltd.	4.14%
8.	Videsh Sanchar Nigam Ltd.	3.22%
9.	NIIT Ltd.	2.78%
10.	Hughes Software Systems Ltd.	1.93%
11.	Global Tele Systems Ltd.	1.89%
12.	SSI Ltd.	1.47%
13.	Visualsoft Technologies Ltd.	1.37%
14.	Silverline Technologies Ltd.	1.06%
15.	Polaris Software Lab Ltd.	0.88%
16.	Pentamedia Graphics Ltd.	0.77%
17.	Mastek Ltd.	0.71%
18.	Rolta India Ltd.	0.68%
19.	Digital Equipment (India) Ltd.	0.67%
20.	Aptech Ltd.	0.61%
21.	HCL Infosystems Ltd.	0.42%
22.	Moser Baer India Ltd.	0.41%
23.	Finolex Cables Ltd.	0.33%
24.	Sri Adhikari Brothers Television Network Ltd.	0.17%
25.	Leading Edge Systems Ltd.	0.15%

Performance of the CNX Millennium Index

Index-Name	1-month	3-months	6-months	1-year
CNX-Millenium-Index	18.46%	36.22%	-49.26%	90.66%
S&P-CNX-Nifty	4.78%	8.30%	-35.15%	-1.52%
S&P-CNX-500	6.38%	13.66%	-19.25%	0.85%

Place: Mumbai
Date : August 28, 2000

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