

Write-up on Inflation Indexed Bonds

The document describes in brief, the handling of Inflation Indexed Bonds on NDS-OM

Placing Orders

Dealer can place order for IIB's through Order Management menu by selecting Bid/Offer /Short Sale/Cover form. IIB can be selected by clicking on security browse button. Under Security List user can further filter the Bond Type for Inflation Index Bond. User can also insert the coupon and select the IIB security for placing an order.

The screenshot displays the NDS-OM software interface. At the top, there is a menu bar with options like 'Query', 'Dealer Query', 'Member Query', 'Basic Data Query', 'Messages', 'Settings', 'Dealer Management', 'Reporting', 'Help', and 'Log Off'. Below the menu, there are several data tables and a 'Security List' section.

Nomenclature (pointing to the top table):

Security	Maturity	Amount	Yield	Price	Price	Yield	Amount	LTP	LTY	LTA	TTA
01.50 GS IIB 2025	25-May-25	5	1.5458	99.5000	99.5000	1.5458	5	-	-	-	-
08.07 GS 2017	15-Jan-17	-	-	-	-	-	-	100.0100	8.0617	-	-
08.13 GS 2022	21-Sep-22	-	-	-	100.9500	7.9807	5	-	-	-	-

Bond Type Filter (pointing to the dropdown menu):

- ALL
- FIXED RATE
- FLOATING RATE
- INFLATION INDEX

Security Browse Button (pointing to the 'Security' field in the 'Bid' form):

Security List (table below the filter):

Mkt	Sub-Mkt	Security	Security Details
Reg	SD	09.81 GS 2013	09.81 GOVT. STOCK 2013
Reg	SD	12.00 GS 2013KZ	12.00 GOVT. STOCK 2013KZ
Reg	SD	GOI FRB 2013 T2	GOI FLOATING RATE BOND 2013 T2
Reg	SD	GOI FRB 2013 T3	GOI FLOATING RATE BOND 2013 T3
Reg	SD	GOI FRB 2013 T4	GOI FLOATING RATE BOND 2013 T4

Bid Form (bottom right):

Security: Amount(Rs Cr) Price(Rs)

NORMAL Disclosed Amount(Rs Cr) DAY

GTT BID Constituent Name

Yes No

RBI - NDS GILTS Order Matching Segment

Order Management Market Query Dealer Query Member Query Basic Data Query Messages Settings Dealer Management Reporting Help Log Off

08.07 GS 2017(WR) 100.0000 8.0681 (G) 12:54 NI GS 2023 (WN) 9.0000 0.0000 (G) 12:54

CG SG IB OD WI 08.07 GJ SDL 2018 100.0100 8.0636 (T) 12:44 362 DTB 10032014 8.0000 94.0819 (T) 12:45

Central Government				Bid			Offer			Trade		
Security	Maturity	Amount	Yield	Price	Price	Yield	Amount	LTP	LTY	LTA		
01.50 GS IIB 2025	25-May-25	5	1.5458	99.5000	-	-	-	99.5000 ▲	1.5458	5	T	
08.07 GS 2017	15-Jan-17	-	-	-	-	-	-	100.0000 ▼	8.0649	9985		
08.13 GS 2022	21-Sep-22	-	-	-	100.9500	7.9807	5	-	-	-		

Security List

Mkt REGULAR Sub-Mkt STANDARD Catg CG Issue INFLATION INDEX 1.50 OK

Mkt REGULAR Sub-Mkt STANDARD Catg CG Issue - INFLATION INDEX Coupon 1.50

Mkt	Sub-Mkt	Security	Security Details
Reg	SD	01.50 GS IIB 2025	01.50 GOVT. STOCK IIB 2025 25

Messages

- Orders Cancelled
- Orders Rejected
- Trades
- Reported Notification
- Deals Placed
- Deals Modified
- Deals Cancelled
- Deals Rejected
- Deals Matched

Bid

Security Amount(Rs Cr) Price(Rs)

NORMAL Disclosed Amount(Rs Cr) DAY

GTT BID Constituent Name

Yes No

Coupon

IIB's are traded on Real Price basis on NDS-OM. After selecting the security User needs to input the Amount (F.V cr) and Real Price.

Real Price

Bid

SD 01.50 GOVT. STOCK IIB 2025 5.0000 99.5025

NORMAL Disclosed Amount(Rs Cr) DAY

GTT BID Constituent Name

Amount(Rs Cr) Yes No

After Clicking on 'Yes' button a Pre Confirmation screen appears giving the details of Base Consideration, Accrued Interest, Consideration Amount, Nominal Price and IIR.

RBI - NDS GILTS Order Matching Segment

Order Management Market Query Dealer Query Member Query Basic Data Query Messages Settings Dealer Management Reporting Help Log Off

100.0000 8.0681 (G) 12:54 NI GS 2023 (WN) 9.0000 0.0000 (G) 12:54 01.50 GS IIB 2025 9

CG SG IB OD WJ 8.0000 RBI-NDS Gilts Order Matching Segment 12:44 362 DTB 10032014

Central Government Security

- 01.50 GS IIB 2025
- 08.07 GS 2017
- 08.13 GS 2022
- 10.00 GS 2014

You have entered the following BID details. Please click Buy to confirm

Order Type Bid

Order No. -

Sub-Market Standard

Security 01.50 GOVT. STOCK IIB 2025

Maturity 25 May 2025

Settlement 27 May 2013

Amount 5.0000

Real Price 99.5025

Real Yield 1.5456

Disclosed Amount -

AON N

Time Condition DAY

GTT Time -

Constituent Name -

Base Consd 7.20,22,894.58

Accrued Days 2

Accrued Interest 6,031.92

Consideration Amt 7,20,28,926.50

Nominal Price 144.0458

IIR 1.44766

Trade

TP	LTY	LTA	TTA
5000 ▲	1.5458	5 T	5
0000 ■	8.0649	9985 T	10065
-	-	-	-
8500 ▲	8.0514	15 G	15

Disclosed Amount(Rs Cr) DAY

Constituent Name

Yes No

Buy No

Messages

- Orders Cancelled
- Orders Rejected
- Trades
- Reported Notification
- Deals Placed
- Deals Modified
- Deals Cancelled
- Deals Rejected
- Deals Matched

Market Queries

Market Watch

The Real Price is displayed on the Market Watch and all other Market Queries like Market By Price and Market By Order.

The screenshot displays the 'RBI - NDS GILTS Order Matching Segment' window. At the top, there is a navigation bar with options like 'Order Management', 'Market Query', 'Dealer Query', 'Member Query', 'Basic Data Query', 'Messages', 'Settings', 'Reporting', 'Help', and 'Log Off'. Below this, a status bar shows several market entries: '00 8.0617 (T) 12:44', '08.07 GS 2017(WR) 100.0100 8.0636 (T) 12:44', and 'NI GS 2023 (WN) 9.0'. A callout bubble labeled 'Real price' points to the 'Price' column in the table below.

Central Government		Bid			Offer			Trade			
Security	Maturity	Amount	Yield	Price	Price	Yield	Amount	LTP	LTY	LTA	TTA
01.50 GS IIB 2025	25-May-25	5	1.5458	99.5000	99.5000	1.5458	5	-	-	-	-
08.07 GS 2017	15-Jan-17	-	-	-	-	-	-	100.0100 ▲	8.0617	10	T 55
08.13 GS 2022	21-Sep-22	-	-	-	100.9500	7.9807	5	-	-	-	-

At the bottom of the window, there is a 'Messages' panel with a tree view containing the following items:

- Notifications
 - Orders Placed
 - Orders Modified
 - Orders on Hold
 - Orders Released
 - Orders Cancelled
 - Orders Rejected
- Trades
- Reported Notifications
- System Messages

Market By Price

RBI - NDS GILTS Order Matching Segment

Order Management Market Query Dealer Query Member Query Basic Data Query Messages Settings Dealer Management Reporting Help Log Off

3:56 10.00 GS 2020L 99.0000 10.2013 (G) 13:13 01.50 GS IIB 2025 99.5025 1.5456 (T) 1

CG SG TB DD WI

Central Government		Bid			Offer			Trade			
Security	Maturity	Amount	Yield	Price	Price	Yield	Amount	LTP	LTY	LTA	TTA
01.50 GS IIB 2025	25-May-25	5	1.5002	99.9975	99.9975	1.5002	10	99.5025	1.5456	5	T 15
10.00 GS 2020L	16-Mar-20	-	-	-	99.0000	10.2013	5	99.0000	10.2013	5	G 10
06.00 GS IIB 2015	01-Aug-15	-	-	-	99.0000	6.4950	5	-	-	-	-

Market by Price

SD Security 01.50 GOVT. STOCK IIB 2025 ...

SD Security 01.50 GOVT. STOCK IIB 2025 Maturity 25 May 2025 14:12

Prev Close 99.5000 / 1.5450 Open 99.5025 / 1.5456 High 99.5025 / 1.5456

Low 99.5025 / 1.5456 LTP 99.5025 / 1.5456 Net Change 0.0025 / -0.0002

LTA 5.0000 LTT 13:56:01 TTA 15.0000

No of Bids	Bid Amount	Bid Yield	Bid Price	Offer Price	Offer Yield	Offer Amount	No of Offers
1	5.0000	1.5002	99.9975	99.9975	1.5002	10.0000	1
				100.5025	1.4542	5.0000	1
Total	1	5.0000			Total	15.0000	2

Real Yield Real Price

Query Close

Messages

Notifications

- Orders Placed
- Orders Modified
- Orders on Hold
- Orders Released
- Orders Cancelled
- Orders Rejected
- Trades

Reported Notifications

System Messages

Market By Order

RBI - NDS GILTS Order Matching Segment

Order Management | Market Query | Dealer Query | Member Query | Basic Data Query | Messages | Settings | Dealer Management | Reporting | Help | Log Off

100 10.2013 (G) 13:13 01.50 GS IIB 2025 99.5025 1.5456 (T) 13:56 10.00 GS 2020L 99.0000

CG SG IB OD WI

Central Government		Maturity	Amount	Bid Yield	Price	Price	Yield	Amount	LTP	LTY	LTA	TTA
01.50 GS IIB 2025	Security	25-May-25	5	1.5002	99.9975	99.9975	1.5002	10	99.5025	1.5456	5 T	15
10.00 GS 2020L		16-Mar-20	-	-	-	-	-	-	99.0000	10.2013	5 G	10

Market by Order

SD Security 01.50 GOVT. STOCK IIB 2025

SD Security 01.50 GOVT. STOCK IIB 2025 Maturity 25 May 2025 14:15

Prev Close 99.5000 / 1.5458 Open 99.5025 / 1.5456 High 99.5025 / 1.5456

Low 99.5025 / 1.5456 LTP 99.5025 / 1.5456 Net Change 0.0025 / -0.0002

LTA 5.0000 LTT 13:56:01 TTA 15.0000

Bid Amount	Bid Yield	Bid Price	Offer Price	Offer Yield	Offer Amount
5.0000	1.5002	99.9975	99.9975	1.5002	10.0000
			100.5025	1.4542	5.0000

Total 1 5.0000 Total 15.0000 2

Query Close

Real Yield

Real Price

Messages

Notifications

- Orders Placed
- Orders Modified
- Orders on Hold
- Orders Released
- Orders Cancelled
- Orders Rejected
- Trades

Reported Notifications

System Messages

Trades

A Dealer can view the trades done by him under Previous trades screen. For IIB's the Inflation Index Ratio is displayed with the help of Tool Tip.

RBI - NDS GILTS Order Matching Segment

Order Management Market Query Dealer Query Member Query Basic Data Query Messages Settings Dealer Management Reporting Help Log Off

12:54 NI GS 2023 (WN) 9.0000 0.0000 (G) 12:54 01.50 GS IIB 2025 99.5000 1.5458 (T) 1

12:44 362 DTB 10032014 8.0000 94.0819 (T) 12:45 08.07 GJ SDL 2018 100.0100 8.0636 (T)

Central Government			Bid			Offer			Trade			
Security	Maturity	Amount	Yield	Price	Price	Yield	Amount	LTP	LTY	LTA	TTA	
01.50 GS IIB 2025	25-May-25	5	1.5458	99.5000	-	-	-	99.5000 ▲	1.5458	5 T	5	
08.07 GS 2017	15-Jan-17	-	-	-	-	-	-	100.0100 ▲	8.0617	10 T	55	
08.13 GS 2022	21-Sep-22	-	-	-	100.9500	7.9807	5	-	-	-	-	

Dealer Previous Trades

Mkt ALL Sub-Mkt ALL Catg ALL Issue Account ALL

Security Order Type ALL

Mkt ALL Sub-Mkt ALL Catg ALL Issue Account ALL

Security Order Type ALL 14:14

Bid/Cover

Security	Maturity	Settlement Date	Type	Trade Amount FV(Cr)	Trade Price	Trade Yield
Total Trade Amount - Consideration						

Offer/Short Sale

Security	Maturity	Settlement Date	Type	Trade Amount FV(Cr)	Trade Price	Trade Yield
01.50 GS IIB 2025	25 May 2025	27 May 2013	O	5.0000	99.5000	1.5458
IRR : 1.44766						
Total Trade Amount				5.0000	Consideration	7,20,27,116.92

Print Deal Ticket Query Close

Messages

- Orders Cancelled
- Orders Rejected
- Trades
- Reported Notification
- Deals Placed
- Deals Modified
- Deals Cancelled
- Deals Rejected
- Deals Matched

Index Ratio

Central Government		Bid			Offer			Trade			
Security	Maturity	Amount	Yield	Price	Price	Yield	Amount	LTP	LTY	LTA	TTA
01.50 GS IIB 2025	25-May-25	-	-	-	-	-	-	99.5025	1.5456	5 T	15
10.00 GS 2020L	16-Mar-20	-	-	-	-	-	-	99.0000	10.2013	5 G	10
07.77 GS IIB 2015	20-Mar-15	5	7.7595	100.0000	-	-	-	-	-	-	-

Dealer Previous Trades

Mkt ALL Sub-Mkt ALL Catg ALL Issue Account ALL

Security Order Type ALL

Mkt ALL Sub-Mkt ALL Catg ALL Issue Account ALL

Security Order Type ALL 13:56

Bid/Cover

Security	Maturity	Trade Value(Rs)	Accrued Interest	Consideration
01.50 GS IIB 2025	25 May 2025	14,40,73,649.85	18,099.25	14,40,91,749.10

Total Trade Amount 10.0000 Consideration 14,40,91,749.10

- Messages
- Notifications
- Orders Placed
 - Orders Modified
 - Orders on Hold
 - Orders Released
 - Orders Cancelled
 - Orders Rejected
 - Trades
 - Reported Notifications
 - System Messages

Offer/Short Sale

Security	Maturity	Trade Value(Rs)	Accrued Interest	Consideration
01.50 GS IIB 2025	25 May 2025	7,20,36,824.93	9,049.63	7,20,45,874.56



Basic Data Query

Security List

The IIB's can be selected under Security List by filtering the Bond Type(Inflation Index) and inputting the coupon. The information on Index Ratio which will change on a daily basis is also displayed along with other details under this menu.

The screenshot displays the 'Security List' dialog box within the 'Basic Data Query' window. The dialog box includes the following fields and options:

- Mkt:** REGULAR
- Catg:** CG
- Issue:** (empty)
- Bond:** ALL (dropdown menu is open)
- Coupon:** 14:23

The 'Bond' dropdown menu is expanded, showing the following options:

- ALL
- FIXED RATE
- INFLATION INDEX STRIPS (highlighted)

A callout bubble points to the 'INFLATION INDEX STRIPS' option with the text: **Bond Type Filter**

Below the dialog box, a table of securities is visible:

Security	Maturity	Outs. Stock	Close Rate	Prev Close Date
09.81 GS 2013	30 May 2013	11000.00	100.0000	12 Sep 2011
12.00 GS 2013KZ	12 Jun 2013	-	-	-
GOI FRB 2013 T2	15 Jun 2013	7000.0000	-	-
GOI FRB 2013 T3	16 Jun 2013	8000.0000	-	-
GOI FRB 2013 T4	17 Jun 2013	7000.0000	-	-
GOI FRB 2013 T5	17 Jun 2013	8000.0000	-	-

01.50 GS IIB 2025 99.5025 1.5456 (T) 13:56 10.00 GS 2020L 99.0000 10.2013 (G) 13:13

CG SG IB OD WI

Central Government		Bid			Offer			Trade			
Security	Maturity	Amount	Yield	Price	Price	Yield	Amount	LTP	LTY	LTA	TTA
01.50 GS IIB 2025	25-May-25	5	1.5002	99.9975	99.9975	1.5002	10	99.5025	1.5456	5 T	15
10.00 GS 2020L	16-Mar-20	-	-	-	-	-	-	99.0000	10.2013	5 G	10

Security List

Mkt REGULAR Catg CG Issue Bond INFLATION INDEX 1.50

Mkt REGULAR Catg CG Issue - Bond INFLATION INDEX Coupon 1.50 14:27

- Messages
- Notifications
 - Orders Placed
 - Orders Modified
 - Orders on Hold
 - Orders Released
 - Orders Cancelled
 - Orders Rejected
 - Trades
 - Reported Notifications
 - System Messages

Security	Maturity	Outs. Stock	Notf. Amount	Inflation Index Ratio
01.50 GS IIB 2025	25 May 2025	5000.0000	-	1.44794

Index Ratio

OK Print

Deal Ticket and CSV

A sample Deal Ticket and CSV is enclosed for ready reference. There are no changes to the CSV format of the Deal Ticket.



IIB_dealticket.pdf



20130518_37296_Deal Ticket_20130518C

Calculation of Nominal Consideration for IIB's

Eg: Security: 01.50 GS IIB 2025
Issue Date: 25 May 2008
Maturity Date: 25 May 2025
Settlement date: 27 May 2013
Amount (F.V. Cr): 5
Real Clean Price (Rs): 99.5025
IIR: 1.44766

Real Clean Consideration: $50000000 * 99.5025 / 100 = \text{Rs. } 49751250$

(A) Nominal Clean Consideration: $\text{Rs. } 49751250 * 1.44766$ (Base Consideration * Index Ratio) = Rs. 72022894.58

(B) Nominal Accrued Interest: $50000000 * (1.5/100) * (2/360) = \text{Rs. } 4166.67 * 1.44766$ (Index Ratio) = Rs. 6031.92

Total Consideration **(A+B)** = Rs. 72028926.50