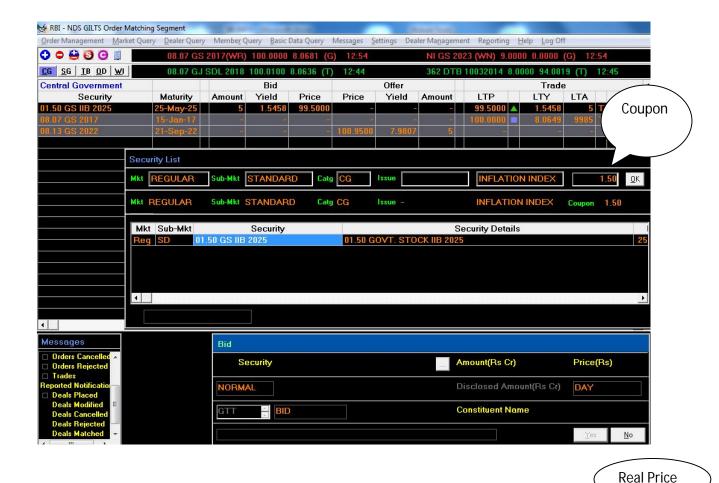
Write-up on Inflation Indexed Bonds

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.

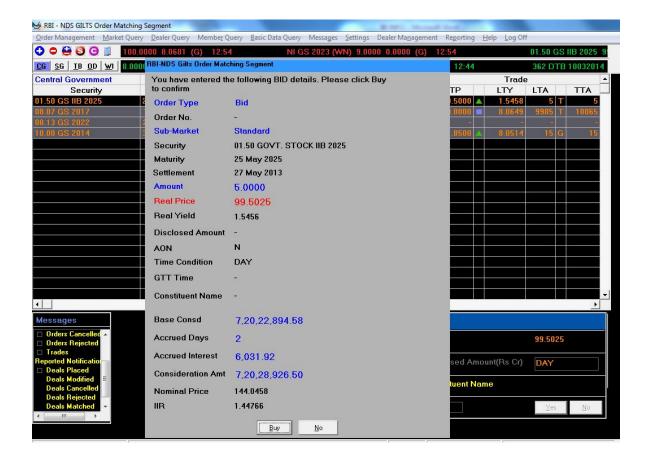




IIB's are traded on Real Price basis on NDS-OM. After selecting the security User needs to input the Amount (F.V cr) and Real Price.



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



Market Queries

Market Watch

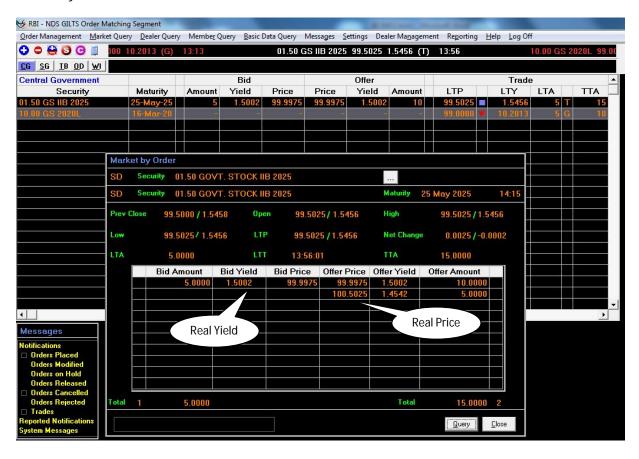
The Real Price is displayed on the Market Watch and all other Market Queries like Market By Price and Market By Order.



Market By Price



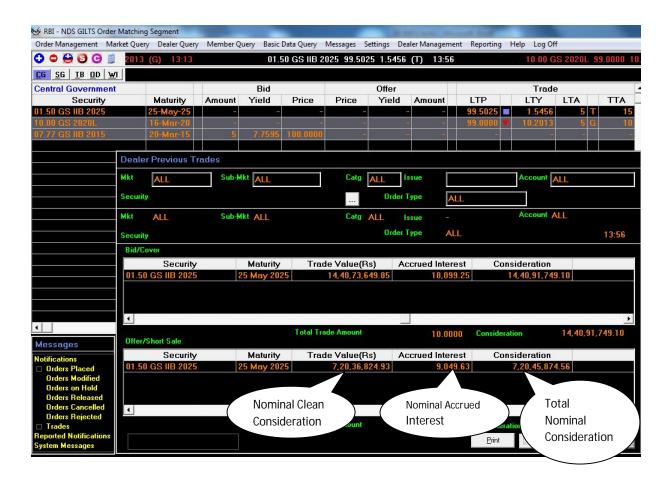
Market By Order



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.

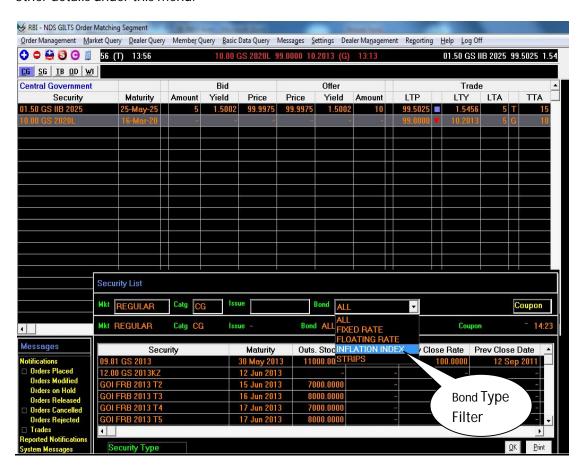




Basic Data Query

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.





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.





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 = Rs.49751250

(A) Nominal Clean Consideration: Rs.49751250*1.44766 (Base Consideration*Index Ratio) =Rs. 72022894.58

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

Total Consideration (A+B) = Rs. 72028926.50