

Annexure 1

Weighted average coupon allotment – Multiple Yield

Introduction

- Underlying calculations for Multiple Yield allotment have remained same but coupon calculations have been changed.
- Allotment coupon for the bidding will be calculated basis weighted average methodology for the successfully selected Bids.
- Premium or Discounts for the successful bidders shall be determined basis the IRR of the bid placed by investors.

Case Study

Multiple yield bidding has been sought by the issuer for a tenure of 39 months. Cash flows for the issue will be as follows.

Date	Amount factor
25-Oct-18	Pay In date
25-Jan-19	Coupon * 25.2%
25-Jan-20	Coupon * 100%
25-Jan-21	Coupon * 100%
25-Jan-22	Coupon * 100% + Face value*100%

Weighted average coupon allotment – Multiple Yield Cont....

Bid Book

Coupon bid	8.78%	8.79%	8.80%	8.81%
Amount	200	225	500	1,000
Cumulative amount	200	425	925	1,925

Acceptance details: INR
900 Crore
Cutoff Coupon: 8.80%

Coupon bid	8.78%	8.79%	8.80%
IRR Discount factor	8.7973%	8.8073%	8.8174%

Uniform Single Coupon allotment

Allotment Coupon	8.80%		
Price per Bond	100	100	100

Multiple Yield allotment at Cutoff Coupon

Allotment Coupon	8.80%		
Price per Bond	100.05468	100.02733	100.00000

Multiple Yield allotment at Weighted Average Coupon

Allotment Coupon	8.793%		
Price per Bond	100.03569	100.00835	99.98102