



Keyur Gilts

Redefining
Investments

MONEY TALKS WE TRANSLATE

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www.keyurgilts.com



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Redefining
Investments

The Dynamism of Hourglass

Money : Rewards & Risk

In the Mordern World, Money is most Effectively & Profusely Equated to Time.

The Hourglass Recognizes the Transient Nature of Our Lives with Time. Sand passing through it represents the Essence of Money.

Further, with increase in Time Horizon on Every Investment, Returns are Potentially Maximized & Risks are Minimized.



YIELD+

Philosophy

Create a Debt & Money Market Portfolio with Better Yields and Tax Efficient Products. To create a positive regular cash flow.

WHAT ARE TAX FREE BONDS?

- These are long term infrastructure bonds issued mostly by public sector enterprises.
- The maturity of these bonds range from 10 to 20 years.
- These bonds pay a fixed coupon rate (interest rate) on a specified date.
- The interest incomes from these bonds are exempt from Income Tax Act 1961 under Section 10 (15) (IV) (H).

WHAT ARE FIXED DEPOSITS?

- A fixed deposit (FD) is a financial instrument provided by banks which provides investors with a higher rate of interest than a regular savings account, until the given maturity date.

If you Invest Rs.10,00,000/- in below mention Scrip as on 01/05/2020:

ISSUE DATE	SCRIPS	F.V	COUPON	RATING	MATURITY DATE	MARKET PRICE*	YIELD TO MATURITY
01/05/2020	07.64% NABARD TFB 2031	RS.100	07.64	AAA	23/03/2031	117.20	5.50%

The below tables shows what makes Tax free Bonds Attractive.

PARTICULARS	TAX FREE BONDS	FIXED DEPOSIT
Interest Taxability	Tax Free	Taxable
Interest Rate *	5.25%-5.50%	5.00%-6.50%
Tenor	10-20 Years	1-5 years
Liquidity	High Liquidity/ Tradable	Low Liquidity with Reduced Interest Rate.
Safety	These are issued by PSU companies & rated by Credit Rating Agencies like ICRA & CARE.	FDs are insured upto INR 5 lakh by DICGC, beyond which FDs are unsecured.
Scope of Capital Appreciation	Yes	No
Interest Payments	Yearly basis	Monthly/Quarterly/Yearly/Cumulative
TDS	Not Applicable	Applicable
Mode of Holding	Demat	Physical
Return	Tax Free bonds offer higher Post Tax Returns compared to FDs.	Fixed deposits has moderate return and less compared to tax free bonds
Pre Tax Return	20.80% Tax Slab - 6.95% 31.20% Tax Slab - 8.38%	20.80% Tax slab - 6.50% 31.20% Tax Slab - 6.50%
Post Tax Return	5.50%	20.80% Tax Slab - 5.15% 31.20% Tax Slab - 4.47%

Note: Fixed deposit rates calculated at 6.50% and Bond rates calculated at 5.50%*

HOW TAX FREE BONDS HAVE FARED TILL NOW

SCRIP DETAILS	DOP	F.V	PURCHASE RATE	BOOK VALUE	SETTLEMENT AMT	HOLDING DAYS	MTM	BOOK VALUE	INTEREST	VALUATION	GROSS P&L	RETURN %	TRANS TYPE
				ACCRUED INTEREST	YTM		ACCRUED INTEREST	ACCRUALS	AMOUNT	NET P&L			
07.64% NABARD TFB 2031 ISIN : INE261F07032 I/P Date : 23/03	23-03-2016	10,00,000.00	100	10,00,000.00	10,00,000.00	1492	116	11,60,000.00 6,488.77	3,05,809.32	11,66,488.77	4,72,298.08 1,60,000.00	11.55	Primary
		10,00,000.00		10,00,000.00	10,00,000.00			11,60,000.00 6,488.77	3,05,809.32	11,66,488.77	4,72,298.08 1,60,000.00		

If you had invested Rs. 10,00,000/- in 07.64% NABARD 2031 at the rate of Rs.100 in 23.03.2016, Current gain would be Rs.4,72,298.08 & 11.55%

The tax free bonds are rated by credit rating agencies. Since tax free bonds are issued by government backed companies, the credit risk is low and mostly all papers enjoy 'AAA' rating.

Disclaimer

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A/606 Wall Street II
Opp Orient Club
Nr Gujarat College
Ellisbridge, Ahmedabad 380006



079-26427750/51
+91 9824001182



support@keyurgilts.com



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