THE INVEST IN BONDS LIBRARY

Bond Investing in India

A BEGINNER'S GUIDE

From the first question
to the first investment.

TEAM INVEST IN BONDS

UNDERSTAND. EVALUATE. BEGIN.

FIRST EDITION · SEPTEMBER 2026

Bond Investing in India

A beginner's guide, from the first question to the first investment.

Team Invest in Bonds

A note before we begin

You do not need to learn the entire bond market before asking your first useful question. Start with who owes you money, what they promise to pay and when. This guide builds from there, one idea at a time.

Read the chapters in order, or use the contents to revisit a question. Keep the workbook nearby. The calculations, diagrams and scenarios are original educational examples; fictional investments are labelled as such.

This is general information and education, not personalised investment, legal or tax advice. Verify current rules, the instrument's terms and your own circumstances before transacting. References do not imply endorsement by the institutions named.

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The current online edition: investinbonds.in/learn/bond-investing-guide.

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01

What is a bond?

A bond begins with a simple arrangement: someone needs money today and promises to pay you later.

Imagine that a business asks to borrow ₹10,000 from you. It offers to pay ₹800 at the end of each year and return your ₹10,000 after three years.

You might immediately ask three questions. Who is borrowing? Where will the repayments come from? What happens if something goes wrong?

Those are sensible questions. You have already begun thinking like a bond investor.

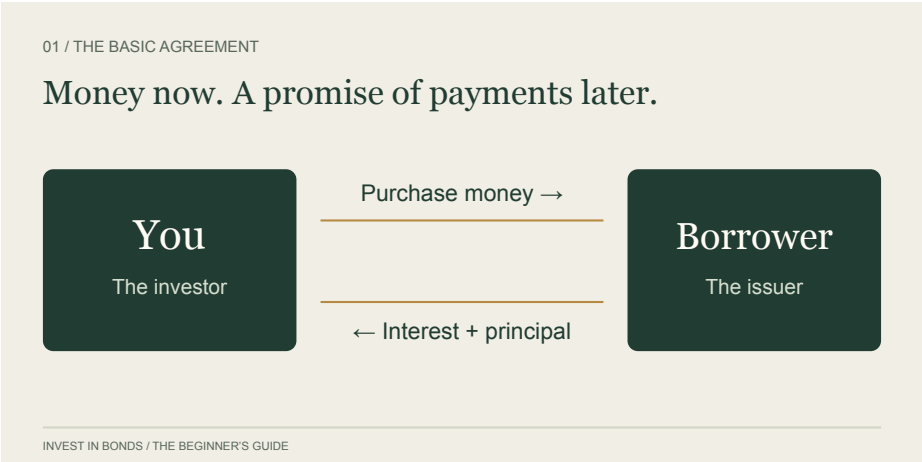
The arrangement above is a simplified, hypothetical example. It is not a real offer or a suggested return. We will return to it throughout this guide because understanding one straightforward bond is more useful than memorising a page of definitions.

A loan you can identify

A bond is a debt security: a documented borrowing arrangement with specified terms. The borrower is called the issuer. The investor who holds the bond has rights under those terms. Governments and companies use debt securities to raise money; the conditions differ across issuers and instruments. SEBI's introduction explains this basic relationship.

Think of the paperwork as a set of answers. It identifies the borrower, describes the payments and records the conditions under which they are due. In later chapters, we will learn to read those answers before looking at a large percentage on an investment screen.

A bond is not an informal favour. Your decision rests on an enforceable arrangement, the issuer's ability to meet it and the price you pay. The existence of a contract is useful. It does not make the borrower incapable of failing.



The basic relationship. Payments depend on the contract and the issuer meeting its obligations.

Follow the money

For our example, assume you buy the bond when it is issued, pay exactly ₹10,000, and receive every scheduled payment on time. Ignore taxes and charges for now. There is no early repayment option and no repayment of principal in instalments.

When	Money paid by you	Money received by you
At purchase	₹10,000	—
End of year 1	—	₹800 interest
End of year 2	—	₹800 interest
End of year 3	—	₹800 interest + ₹10,000 principal

The total money received is ₹12,400. Of that, ₹10,000 is the return of your original principal. Your interest receipts add up to ₹2,400 before tax and costs.

This distinction matters. A large repayment at maturity is not all profit. Some of the money is simply coming home.

Nor should we call ₹2,400 an annual return. It is interest received across three years. Timing matters when comparing investments. Receiving ₹800 each year is a different cash-flow pattern from receiving all the interest at the very end, even if the rupee total looks similar.

A lender and an owner ask different questions

Buying a company's shares gives you an ownership interest. Buying its bond makes you a creditor under a particular contract. An owner may benefit from a business becoming far more valuable. A holder of an ordinary fixed-rate bond is generally entitled to the agreed payments, rather than a share of every increase in the business's profits.

Imagine our hypothetical borrower doubles its profits. That does not automatically double the ₹800 coupon. Now imagine its cash position deteriorates. The obligation may still exist, but its ability to pay may be in doubt.

This explains why the bond investor's central question is often practical: can the borrower meet the payments when they fall due? A compelling business story is not, by itself, an answer.

You can buy a promise from someone else

Not every bond purchase gives fresh money to the issuer. A new issue is part of the primary market. A later trade between investors takes place in the secondary market.

Suppose another investor already owns our example bond and wants to sell it. You might agree to buy it at a price above or below ₹10,000. The remaining contractual payments do not become larger merely because you paid more. Your purchase price changes what those payments are worth to you.

We will calculate that difference in Chapter 5. For now, hold on to a useful separation: the issuer makes the payment promise; the market helps determine what someone will pay for that promise today.

Fixed income does not mean every outcome is fixed

The phrase fixed income can create an unfortunate shortcut in the mind: fixed payment, therefore fixed result. In practice, bonds have different structures. Some pay fixed coupons, some reset their interest rates, and some do not pay periodic interest at all. Selling before maturity introduces a price you may not know today. Default can interrupt the payment schedule.

Even when every payment arrives as agreed, inflation and taxes affect what those rupees can do for you. We will unpack these ideas gradually. You do not need to master them before continuing; you only need to avoid treating the payment schedule as a guarantee of the whole investment outcome.

> *A bond is easiest to understand when you can draw its promised payments on a timeline—and explain what might change them.*

Start with a sentence, not a percentage

Before researching a real bond, try completing this sentence: “I would pay this amount to receive these payments from this borrower, on these dates, subject to these conditions.”

If you cannot fill in one of the blanks, you have found your next research question. That is progress. Investing does not require knowing everything at once; it requires noticing what you do not yet know before committing money.

For this guide, keep a notebook or use the workbook at the end. Write unfamiliar terms down as you meet them. You will see the same small set of ideas—borrower, price, payments, time and risk—reappear in different forms.

A minute to think

If you lend ₹10,000 and receive ₹10,800 a year later, how much is interest and how much is returned principal? What would you need to know before deciding whether to lend? How would your decision change if you needed that money back in six months?

The arithmetic answer is ₹800 of interest and ₹10,000 of principal, assuming the full promised payment is received. The other questions take us into the next chapter: your money needs a job before it needs an investment.

CARRY THIS WITH YOU

Start by understanding who owes you money, how much, and when.

Sources & further reading

- SEBI Investor · Understanding Bonds
  Bond basics and the categories of investment risk.
- RBI · Government Securities Market in India — A Primer
  Foundational mechanics, pricing and risks. Published in 2020; current purchase procedures are checked separately.

02

Give your money a job

Before choosing an investment, decide what you need the money to do.

Picture two envelopes. One contains money for a course beginning in six months. The other contains savings you do not expect to use for several years.

The rupees are identical. Their jobs are different.

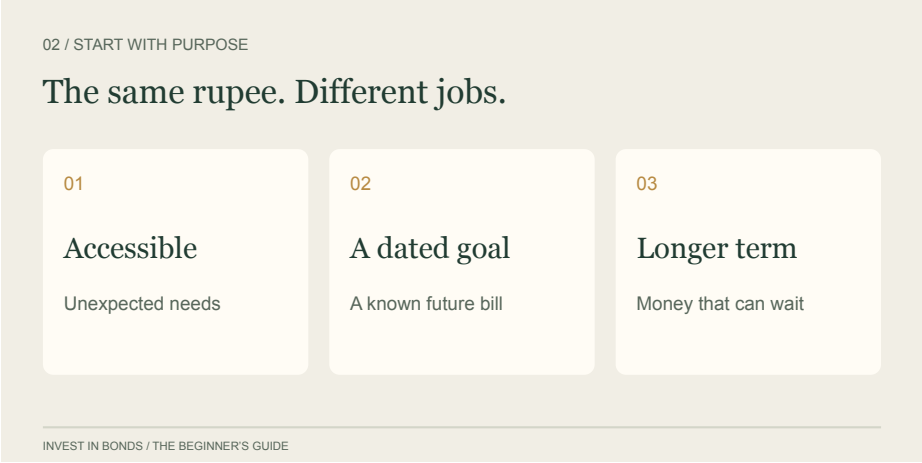
A bond that seems reasonable for the second envelope may be awkward for the first. The attractive interest rate has not changed. Your need for the money has.

Begin with the date

Write down what the money is for and when you may need it. Be specific enough to make the answer useful. “For the future” is difficult to evaluate. “For a payment due next June, with little flexibility” gives you something concrete to compare against a bond’s repayment schedule.

Next, ask whether the date could move forward. A planned purchase may be postponed; an emergency often cannot. If you might need the money suddenly, the ability to access it matters alongside the return. Selling a bond requires an available route and an acceptable buyer or quote. You cannot assume that a listed investment turns into spendable cash whenever you choose.

This is why an investment decision starts with your circumstances. SEBI's overview of asset classes connects investment choices with goals, time horizon and risk tolerance. There is no single percentage allocation in this guide that suits every household.



Give each pool of money a purpose before choosing its investment.

Income is a cash-flow question

Some investors want payments to spend. Others want their savings to accumulate. A bond with annual interest might fit one person's plan and leave another person waiting for cash they need each month.

Return to our hypothetical ₹10,000 bond paying ₹800 annually. Dividing ₹800 by twelve gives about ₹66.67. That arithmetic does not turn an annual payment into twelve monthly credits. A household budgeting from the bond needs to manage the actual payment date.

If you do not need the interest for spending, you face another decision: what will you do with each payment? Leaving it idle, reinvesting it and spending it create different outcomes. A payment pattern that looks convenient on a product page may create work you have not yet considered.

Bonds, bank deposits, shares and debt funds

These products can all appear in a conversation about saving or investing, but they do not give you the same relationship with your money.

Investment	What you hold	A useful question
Bank fixed deposit	A deposit with the bank, under its deposit terms	What are the withdrawal conditions and applicable deposit protection?
Individual bond	A claim under one security's terms	Can this issuer meet these payments, and can I manage the holding period?
Equity share	An ownership interest in a company	Can I accept uncertain profits, dividends and market prices?
Debt mutual fund	Units in a managed portfolio	What securities and risks does the scheme hold, and how can its unit value change?

An individual bond and a debt fund deserve particular attention. In the first, you follow an instrument's cash flows. In the second, you own units in a portfolio with its own expenses, investment policy and valuation. The securities inside the fund can mature without your units automatically paying you a fixed maturity amount. Some schemes follow target-maturity strategies, but that label still needs to be read with the scheme documents.

A fund can offer a different way to spread exposure and manage transactions. It does not remove credit, interest-rate or liquidity risk. The comparison is about the structure you understand and can manage, as well as the cost.

A bank name does not make everything a deposit

You may recognise the same institution on a savings account, a fixed deposit and a bond. Check what the product legally is. A bank-issued bond is not covered simply because the bank's eligible deposits have deposit insurance.

DICGC's current FAQ describes cover up to ₹5 lakh for principal and interest of eligible deposits per depositor per bank in the same right and capacity, with aggregation rules and exceptions. That is a deposit-insurance framework, not a general guarantee of securities carrying a bank's name.

For a beginner, the practical habit is simple: read the product category before transferring the trust you have in a familiar brand to an unfamiliar instrument.

Decide what loss would mean

“I do not like risk” is understandable, but incomplete. Try asking what a loss would do to the job you assigned the money.

Would a delay force you to borrow? Would selling for less than you paid prevent an essential payment? Would you be comfortable investigating a downgrade, or would you need someone qualified to help? These questions distinguish emotional discomfort from a financial constraint.

Consider a hypothetical investor with ₹50,000 reserved for a near-term obligation. A ₹5,000 shortfall is ten per cent of the reserve. It is also a missing ₹5,000 on a bill. Looking at the rupee impact can make a risk much clearer than looking at a percentage in isolation.

Do not borrow to create a first-investment experiment. An investment learning exercise becomes much more complicated when it also has an interest bill and a repayment deadline of its own.

It is acceptable to wait

A successful first decision can be to postpone buying. Perhaps the available denomination is too large for your planned allocation. Perhaps you need more accessible reserves, or the instrument’s risks are still unclear. You do not need to buy a bond to prove that you have understood bonds.

The purpose of this guide is to make you a better decision-maker. It is not a countdown to a transaction.

> *A return is useful only if the investment can serve the purpose you gave the money.*

Put it on paper

Complete four lines: “This money is for…”, “I may need it by…”, “I need income at these intervals…”, and “If payments are delayed or I lose money, the consequence is…”.

Keep those answers beside your research. They will help you reject unsuitable options before you become attached to an appealing yield. In the next chapter, we turn a bond’s details into a readable payment agreement.

CARRY THIS WITH YOU

A useful investment fits the job and the date you need your money.

Sources & further reading

- SEBI Investor · Investment Asset Classes
  Distinguishing shares, bonds and pooled investments.
- DICGC · Deposit Insurance FAQs
  Eligible bank deposits and the insurance limit; this is not bond insurance.
- SEBI · FAQs for Mutual Fund Investors
  Investor FAQ published in September 2024.

03

Learn to read a bond

Face value, coupon, maturity and ISIN become easier when you follow one example.

A bond listing can look like a secret code: a company name, a percentage, a date and a long string beginning with letters. The quickest way to make sense of it is to translate each field into a question about money.

We will use one deliberately simple example. “Example Company” is fictional. Its bond has a ₹10,000 face value, an 8% fixed annual coupon, three years until maturity and repayment of the full face value at the end. It has no call or put option. We assume all payments occur as scheduled. These are teaching assumptions, not terms to expect from every bond.

Who owes you the money?

The issuer is the legal borrower. A trading app, distributor or research website may display the bond without being responsible for its interest or principal. A well-known group’s name is not a substitute for the exact issuing company’s name.

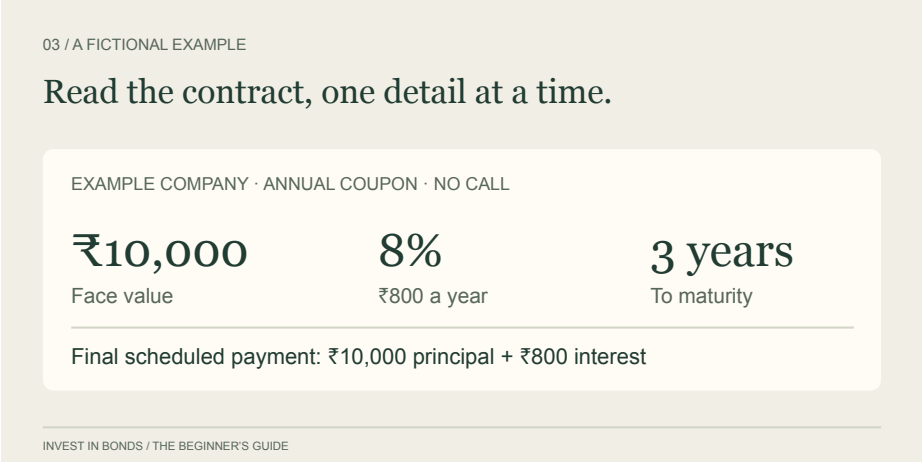
Write the legal name into your research sheet. If the issuer is a subsidiary, identify that fact. If someone says the parent supports it, ask whether the support is a contractual guarantee for this instrument or an expectation. We will investigate that distinction in Chapter 9.

Face value and purchase price

Face value is the nominal amount used in the terms. For our simple example, it is the amount on which the coupon is calculated and the amount due at maturity. The purchase price is what you actually pay for the bond, before or after accrued interest and charges depending on how the quote is presented.

If you pay ₹10,500 for a bond that redeems at ₹10,000, your higher purchase price does not increase the principal the issuer owes you. If you pay ₹9,500, it does not reduce the stated redemption amount. In both cases, the bond's remaining interest payments and repayment terms still need to be considered.

Some instruments repay principal in stages or have different redemption terms. Always read the schedule rather than treating the simplest example as a universal rule. SEBI's corporate bond FAQ is a useful starting reference for the terminology.



Our recurring example is fictional. Taxes, fees, default and early redemption are excluded unless stated.

Coupon and payment frequency

The coupon rate tells us how interest is calculated under the contract. For the unchanged ₹10,000 principal in our example, 8% means ₹800 a year.

Frequency tells us when it is paid. If the same annual coupon were split into two equal regular half-year periods, each coupon would be ₹400. That would not mean 8% every six months. Similarly, a monthly payment label does not mean that an advertised annual rate is earned every month.

Actual first or final coupon periods can be shorter or longer than a regular interval. Dates, day-count conventions, business-day adjustments and principal changes can affect the calculation. For a real bond, use the published schedule and verified amounts rather than dividing by twelve and assuming that is the final answer.

Maturity, remaining life and redemption

Maturity is the contractual final repayment date for an ordinary dated bond. Remaining life is the time between your purchase and that date. A bond originally issued for ten years may have only two years left when you encounter it.

Redemption describes repayment under the terms. A bullet bond repays its principal in one payment at maturity. An amortising bond repays principal in instalments. A callable bond gives the issuer specified early-redemption rights; a puttable bond gives the holder specified rights to request repayment. The notice periods and conditions matter.

For a perpetual instrument, a displayed call date is not a substitute for a fixed maturity date. If the issuer does not exercise a call, your holding can continue. Treating the call as a certain exit would put the wrong date into your plan.

ISIN: identify the exact instrument

An International Securities Identification Number, or ISIN, identifies a security. Use it to match a listing with an offer document, rating report and holding statement. One company can have many bonds with different maturities and rights.

Do not rely on a short marketing title when comparing documents. Two nearly identical names can describe different series. Our fictional example intentionally has no invented valid-looking ISIN. When researching a real investment, the real ISIN is one of the first fields to record.

The same discipline applies to a rating. A rating attached to another borrowing by the same issuer is not automatically the rating for the instrument you are considering.

Face value is not the whole minimum investment

A platform may require a minimum number of units or a minimum face amount. The cash needed also depends on the price, accrued interest and charges. A ₹10,000 face-value field does not by itself establish that ₹10,000 is enough to complete a transaction.

For example, two units priced at ₹10,100 each cost ₹20,200 before any additional settlement components. A minimum of two units changes the decision for someone who wanted to invest only ₹10,000. Check denomination, lot size and the final payable amount separately.

Translate the listing

Take a real listing only as a reading exercise. Without making a purchase, try filling in the following statements:

- The legal borrower is… and the exact security is identified by…
- The face amount per unit is… and the offered price is…
- The remaining interest payments are due on…
- Principal is scheduled to be repaid in this way…
- Early repayment can occur under these conditions…
- The minimum order requires this many units and approximately this much cash…

If a field is absent, write “not yet verified”. Leaving a blank visible is more useful than filling it with an assumption. The exercise is complete when you know which document or person can supply the answer, even if you decide not to pursue that particular bond.

> *Read a bond as a sequence of dated obligations, not as a collection of impressive labels.*

Next, we will organise the many kinds of bonds you may encounter. The aim is a usable map, not a vocabulary test.

CARRY THIS WITH YOU

The name identifies a bond. The terms explain what you are buying.

Sources & further reading

- SEBI · FAQs on the Corporate Bond Market
  Corporate debt, disclosures and routes to investment; October 2024.
- RBI · Government Securities Market in India — A Primer
  Foundational mechanics, pricing and risks. Published in 2020; current purchase procedures are checked separately.

04

Find your way around the bond market

Government, corporate, secured, floating-rate: these labels answer different questions.

Suppose a menu described one dish as vegetarian, another as spicy and a third as lunch. You would struggle to compare them because the labels answer different questions.

Bond labels can create the same confusion. “Government” describes the borrower. “Secured” describes a contractual protection. “Floating-rate” describes an interest formula. A single instrument can have several labels at once.

The market becomes easier to navigate when you sort those labels into separate drawers.

The first drawer: who is borrowing?

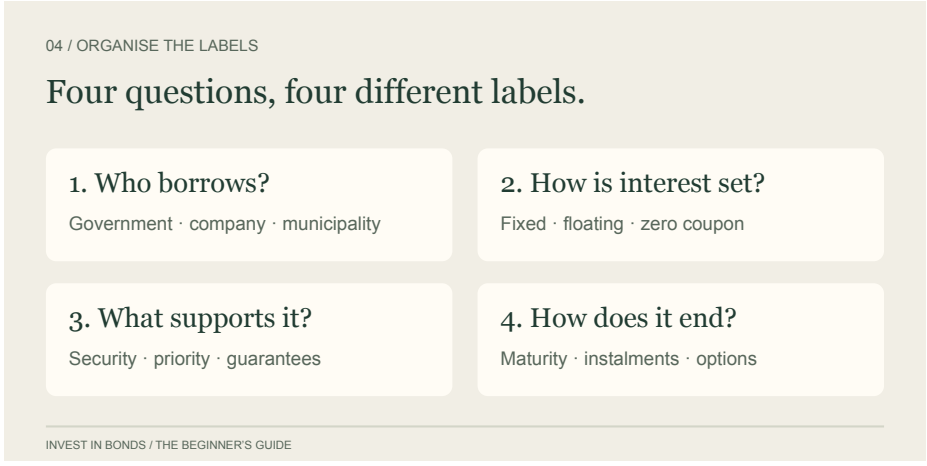
Central government dated securities are borrowings of the Government of India. Treasury Bills are shorter-term government instruments issued at a discount and redeemed at face value; they do not pay

periodic coupons. State Development Loans are borrowings of state governments. The RBI's government securities primer explains these categories and their mechanics.

Government securities in domestic currency are treated as free of credit risk in RBI's Retail Direct explanation. That does not make their traded prices constant or remove inflation and reinvestment questions. We will keep those risks separate throughout the book.

Corporate bonds are issued by companies, including financial and non-financial businesses. NCD means non-convertible debenture: a debt instrument that does not convert into equity under its terms. A bank, a housing finance company and a manufacturing company may all issue debt, but their businesses and instruments can have very different risks.

Municipal bonds involve municipal issuers. PSU bonds involve public-sector enterprises. Government ownership of an enterprise should not be silently replaced in your notes by "sovereign guarantee". Look for the actual obligation and any explicit guarantee covering the instrument.



Each row answers a different question. Several labels can apply to the same bond.

The second drawer: how is the interest determined?

A fixed-rate bond sets the coupon under its terms. A floating-rate bond uses a reference rate and a reset rule, often with a specified spread. To understand a floater, find the benchmark, how often it resets and whether the terms contain a floor, cap or other condition. A variable coupon may reduce one kind of sensitivity while leaving other risks intact.

A zero-coupon structure has no periodic coupon. The investor's return depends on the purchase amount and the redemption amount, among other factors. "No coupon" does not mean "no return". It means the payment pattern is different.

For illustration, paying ₹9,600 and receiving ₹10,000 one year later produces ₹400 before costs and taxes, or about 4.17% of the amount paid. That is an invented one-year arithmetic example, not a current Treasury Bill quote. Using shorter periods would require an appropriate annualisation method.

The third drawer: what protections and conditions apply?

Secured and unsecured describe whether specified security supports the obligation. Senior and subordinated describe aspects of payment priority. Callable and puttable describe early-redemption rights. These terms do not rank a whole investment from good to bad on their own.

Imagine two hypothetical bonds from the same issuer. One is secured against specified assets but has a long remaining maturity. The other is unsecured and matures sooner. The label "secured" cannot tell you

everything about the collateral, likely recovery, exit price or suitability for a short-term goal. The fuller contract still matters.

Similarly, a call option can change the payment horizon. A coupon that looks attractive for ten years may not remain available for ten years if the issuer has and exercises an earlier call right. Chapter 9 explains how to read those conditions.

Some familiar products need their own drawer

RBI Floating Rate Savings Bonds are a savings-bond product with particular holding and redemption conditions. They should not be treated as interchangeable with an actively quoted government security. Check the product's own current terms rather than carrying trading assumptions across from another instrument.

Sovereign Gold Bonds link the investment to gold and have scheme-specific interest, redemption and tax rules. They do not give the same economic exposure as an ordinary rupee fixed-coupon bond. A reference to the scheme in an old article does not establish that a new subscription window is open today.

Tax-free bonds and bonds associated with capital-gains relief also deserve careful separation. A tax description concerns a particular treatment subject to conditions. It is not a blanket statement that every receipt or transaction involving the bond is free of tax. Verify the exact instrument and your eligibility.

Green bonds describe a financing purpose or framework. That description does not itself eliminate the issuer's repayment risk. Read both the use-of-proceeds information and the financial terms.

Keep complex structures out of the fast lane

Perpetual instruments, loss-absorbing bank capital and market-linked debentures require additional analysis. A market-linked payoff can depend on an index or other underlying variable. A bank capital instrument can contain conditions very different from an ordinary deposit or senior bond.

You do not need to begin with every available structure. Recognising that an instrument needs more understanding is a useful skill. If you cannot draw its payment rules, explain its adverse outcomes and identify the relevant documents, it is reasonable to move on.

Make your own classification card

For each bond, answer four questions: Who owes the money? How are payments calculated? What rights and protections apply? When and how can principal come back?

Then add a fifth question: can I actually buy this issue through my chosen route, in a suitable denomination, under current rules? Being able to describe a bond does not establish that it is currently available to you.

> *Use categories to organise your questions. Use the instrument's documents to answer them.*

You now have enough vocabulary to read a basic listing. The next step is to understand the number that most often catches the eye: the return.

CARRY THIS WITH YOU

Classify the borrower and the contract separately.

Sources & further reading

- RBI · Government Securities Market in India — A Primer

  Foundational mechanics, pricing and risks. Published in 2020; current purchase procedures are checked separately.

- SEBI · FAQs on the Corporate Bond Market

  Corporate debt, disclosures and routes to investment; October 2024.

- RBI · Floating Rate Savings Bonds, 2020 (Taxable)

  Operational guidelines, updated June 2022. A savings product with different transfer and redemption provisions from traded government securities.

05

The coupon is only the beginning

Two people can buy the same bond and earn different returns. The price explains why.

Two investors buy the same bond on the same day. One pays ₹9,500; the other pays ₹10,500. Each receives the same ₹800 annual coupon and the same ₹10,000 principal repayment after three years, assuming the issuer pays as promised.

Would they earn the same return? Clearly not. One paid ₹1,000 more for the identical stream of money.

This is why a coupon alone cannot answer the question, “What will I earn?” It describes one part of the contract. Your return also depends on the price, timing, costs, taxes and actual outcome.

Start with the coupon

In our recurring hypothetical example, the face value is ₹10,000 and the annual coupon rate is 8%. With principal unchanged, annual interest is ₹10,000 × 8% = ₹800.

The issuer does not recalculate that fixed coupon using your secondary-market purchase price. Paying more or less for the instrument changes your economics, not this contractual calculation. The exception would be a change required by the instrument's own terms; we are discussing a plain fixed-rate example here.

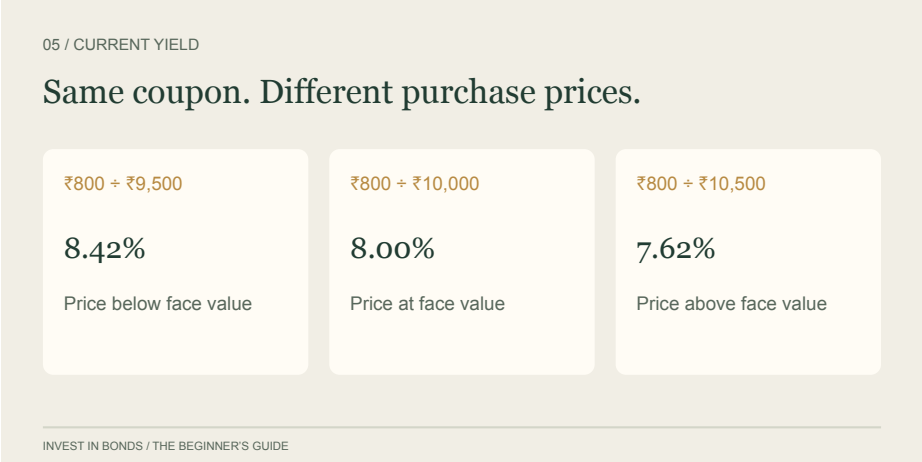
Current yield answers a smaller question

Current yield divides annual coupon income by the bond's price. It is a quick income-to-price comparison, with the price basis needing to be clear. In our simplified example, purchases happen exactly one year before the next coupon, with three full annual periods remaining and no accrued interest or charges.

Purchase price	Annual coupon	Current yield	Principal due at maturity
₹9,500	₹800	8.42%	₹10,000
₹10,000	₹800	8.00%	₹10,000
₹10,500	₹800	7.62%	₹10,000

These calculations are simply ₹800 divided by each price. They leave out the difference between the purchase price and the ₹10,000 redemption amount. That is why they do not describe the full return to maturity.

The buyer paying ₹9,500 has a potential ₹500 gain on principal repayment. The buyer paying ₹10,500 has a ₹500 difference to absorb. Both statements assume full repayment and ignore costs and tax.



Illustrative annual-pay bond; three years remaining, no accrued interest, fees, taxes or payment failure.

Yield to maturity brings the timeline into the calculation

Yield to maturity, or YTM, is the discount rate that equates the purchase price with the present value of the promised remaining cash flows. You do not need to memorise the formula to use the idea. It asks: what single annualised rate makes this price consistent with this payment schedule?

For the example above, the scheduled cash flows are ₹800 after one year, ₹800 after two years and ₹10,800 after three years. Solving for the annual rate gives approximately 10.01% at a ₹9,500 price, 8.00% at ₹10,000 and 6.13% at ₹10,500. These are mathematical illustrations, not available investment yields.

The price equation is:

Price = ₹800 ÷ (1 + y) + ₹800 ÷ (1 + y)² + ₹10,800 ÷ (1 + y)³, where y is the annual yield expressed as a decimal.

This is why the premium buyer's YTM is lower than the 7.62% current yield. The current-yield figure does not recognise the ₹500 difference between purchase price and redemption. See the NSE's bond explanation for the relationship between yield and the full set of payments.

A calculated yield is not a guaranteed outcome

The scheduled cash-flow calculation assumes the stated payments happen. If a payment is late, reduced or missing, the realised return changes. If you sell early, the sale price becomes part of your actual cash flows. Taxes and transaction costs can also change the result.

There is another distinction worth taking slowly. YTM is an internal rate of return on the assumed cash flows. To turn all interim coupons into a final accumulated sum growing at that same compound rate, you would have to reinvest those coupons at that rate. Spending the coupons or reinvesting them at a different rate gives a different terminal wealth outcome.

For example, our ₹10,000 bond at par has an 8% YTM under the assumptions. If you spend each coupon, you receive ₹2,400 of interest over three years and ₹10,000 principal at maturity. You do not also receive ₹10,000 × 1.08^3 as a separate maturity payment. That larger accumulated figure would involve reinvesting the coupons at 8%.

Dates and conventions belong beside the number

Real calculations can involve half-yearly coupons, odd periods, accrued interest, settlement dates and different day-count conventions. Compare quoted yields on a consistent basis. A calculation using yesterday's price is not necessarily the return implied by today's executable order.

The NSE yield calculator asks for conventions and instrument inputs for a reason. Entering the wrong coupon frequency or redemption date can produce a precise-looking answer to the wrong question.

Where an issuer can call a bond, yield to call models payments to a specified call date at the specified call price. It does not establish that the call will happen. A platform may also show a yield-to-worst measure based on particular permitted scenarios. Ask which scenarios and conventions were used.

Read the claim as a complete sentence

When a yield catches your eye, add the missing words: calculated from which price, settled on which date, assuming which payments, before which costs and taxes, and ending when?

A reader who can ask those questions is much harder to mislead than a reader who has merely learned the term YTM.

> *The coupon belongs to the contract. Your return belongs to the price you pay and the cash flows you actually receive.*

Try it yourself

Take our ₹800 annual coupon and a ₹10,200 purchase price. Current yield is about 7.84%. Would the three-year YTM be above or below that figure? It would be below it, because the assumed principal repayment is only ₹10,000. The exact answer requires the full timeline; the direction is already understandable.

CARRY THIS WITH YOU

Read the price, the cash flows and the assumptions behind the yield.

Sources & further reading

- RBI · Government Securities Market in India — A Primer
  Foundational mechanics, pricing and risks. Published in 2020; current purchase procedures are checked separately.
- NSE · About Corporate Bonds
  Market structure and bond return concepts.
- NSE · Bond Yield Calculator
  The role of dates, cash-flow frequency and day-count conventions in yield calculations.

06

Why the price moves

The payments can stay the same while the price changes. There is no contradiction.

You buy a bond and check its displayed value a week later. It has fallen. No payment has been missed. The issuer has not announced a problem. How can a fixed-rate investment have a changing price?

Because the fixed part is the coupon formula. Other investors are continuously deciding what they would pay for the remaining payments.

A familiar comparison

Imagine two otherwise identical hypothetical bonds. Both repay ₹10,000 in one year. One promises ₹800 of interest; the other promises ₹900. Assume the same payment risk and no costs or taxes.

If both cost ₹10,000, the higher payment would be more attractive. To compete, the bond paying ₹800 would have to be available at a different price. The contract can stay unchanged while the price does the adjusting.

This comparison is intentionally controlled: only the payments differ. In the real world, issuers, liquidity, settlement and contractual features may differ too. Do not attribute every price gap to interest rates.

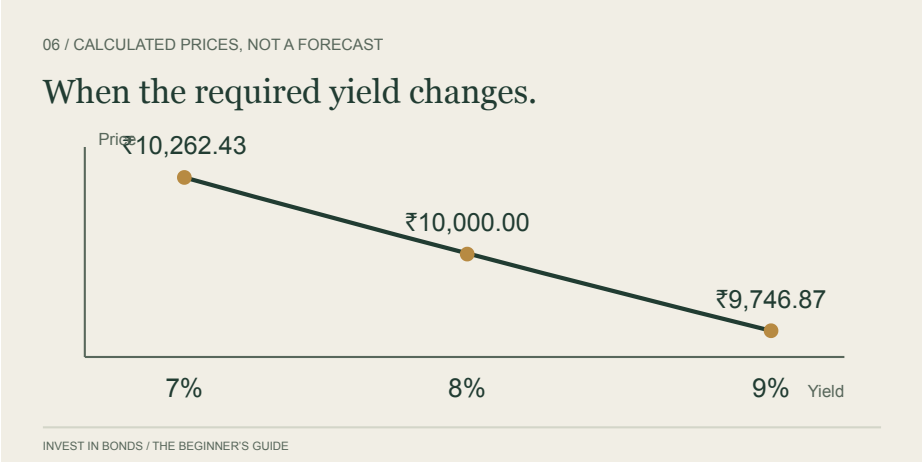
The inverse relationship

For fixed promised cash flows, a higher required yield produces a lower present value. A lower required yield produces a higher present value. That is the mathematical price–yield relationship described in the RBI's government securities primer.

Return to our example with ₹800 annual coupons and ₹10,000 repayment after three years. Hold the payment schedule constant and change only the discount rate:

Required annual yield	Calculated price
7%	₹10,262.43
8%	₹10,000.00
9%	₹9,746.87

These prices come from discounting each payment to today. They assume three complete annual periods, no accrued interest, no optionality and full payment. They are not forecasts of where a real bond will trade.



Calculated from the guide's hypothetical three-year, 8% annual-pay bond. All other assumptions are unchanged.

A policy rate is not every bond's yield

You may hear that the RBI changed a policy rate and wonder what that means for your bond. Market yields reflect expectations, the timing of payments, credit conditions, liquidity and other factors. A policy announcement is one input, not a mechanical instruction for every bond price to move by the same amount.

Some expectations may already be reflected in prices before an announcement. Different maturities can react differently. The practical lesson is to avoid turning a headline into a guaranteed trading rule.

If your plan needs a particular price gain after a rate decision, you are relying on a market outcome beyond the contractual cash flows. Recognise that as a separate assumption.

Time changes the sensitivity

A payment far in the future is discounted over more periods than a payment next month. All else equal, that often makes a longer-dated fixed-rate bond more sensitive to a change in required yield. Coupon size and the timing of principal repayments also affect sensitivity.

Duration summarises aspects of that timing. Modified duration is commonly used to estimate the percentage price change for a small yield change. It is not the same as maturity. A bond that pays coupons before maturity returns some cash sooner than one that pays everything at the end.

Here is a purely illustrative approximation. A bond with modified duration of 4 might fall by roughly 4% if its yield rises by one percentage point, all else equal. That uses the relationship “percentage price change ≈ minus modified duration × yield change”, with the yield change written as 0.01. It is an approximation, not an exact promise; curvature, larger changes and embedded options can make it less accurate.

You do not need to become a duration trader to use this knowledge. You need to understand that two bonds with similar yields can expose your savings to different price movements.

What if you hold to maturity?

If a plain bond makes all its scheduled payments and you hold it to contractual maturity, interim market prices do not change those promised receipts. But that sentence contains conditions. The issuer must pay, early-redemption features must be understood, and you must actually be able to keep holding.

Holding also does not erase the purchase price. Someone who paid ₹10,500 for ₹10,000 redemption still paid a premium. Nor does it remove the opportunity cost of being committed to one set of payments while new opportunities change.

The phrase “I will hold to maturity” is therefore a useful plan only when it fits your cash needs and the instrument’s actual terms. It should not become a way of dismissing every risk.

A displayed value is not necessarily an exit quote

Your account may show a market value based on a recent trade or a valuation. That number may not be an executable bid for the quantity you want to sell. A last-traded price from a small or old transaction is different from a current offer to buy your holding.

If you need to exit, ask what amount you would actually receive after the spread and charges, when settlement would occur and whether the quote is firm. That is more useful than debating a valuation change without a trading route.

Use the movement as a question

When a price changes, ask what information changed. Has the general yield environment moved? Has the issuer’s credit position changed? Is the price based on a stale or unusual trade? Are different sources using clean and dirty prices? You do not have to find an instant explanation for every tick, but you should avoid confusing these causes.

> *A bond can keep the same payment promise while the market changes its opinion of today's price.*

A minute to think

If market yields rise while our fixed ₹800 coupons remain unchanged, which way should the calculated price move, all else equal? Down. Does that prove that selling today is right for you? No. Your goal, time horizon, credit assessment and available quote are still part of the decision. Next, we put those risks into practical scenarios.

CARRY THIS WITH YOU

Your contract sets the cash flows; the market sets today's trading price.

Sources & further reading

- RBI · Government Securities Market in India — A Primer
  Foundational mechanics, pricing and risks. Published in 2020; current purchase procedures are checked separately.
- NSE · About Corporate Bonds
  Market structure and bond return concepts.

07

What could go wrong?

Risk becomes easier to judge when you name the event and follow its effect on your money.

Imagine planning to pay a bill from a bond's interest. Now imagine three different problems: the issuer pays late, you need the money earlier than expected, or the interest arrives on time but buys less than it used to.

Each is a different risk. Calling the bond simply "safe" or "risky" hides the distinction.

A useful risk assessment names the event, follows its effect on your money and asks whether your plan can cope. SEBI's bond guide identifies default, interest-rate, liquidity and call risks. We will translate these ideas into decisions you can make before buying.

The borrower may not pay as expected

Credit risk concerns the issuer's ability and willingness to meet its obligations. Payments can be delayed, reduced or missed. A promise to repay ₹10,000 is not the same thing as ₹10,000 already available in your bank account.

In a hypothetical severe outcome, you invest ₹10,000, receive one ₹800 coupon and ultimately recover only ₹6,000 of principal. Total receipts of ₹6,800 are below the original investment even before considering the time involved, tax or costs. The original 8% coupon has not protected you from a loss.

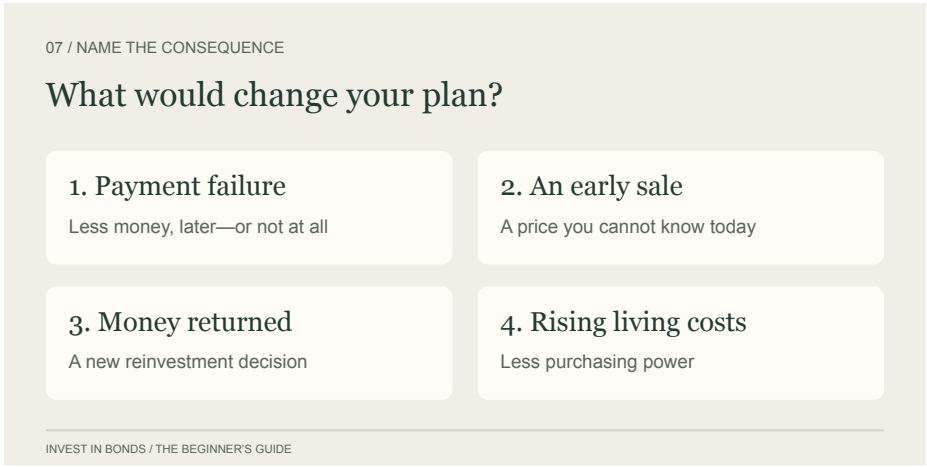
This example is invented to show the arithmetic, not to predict a recovery rate. Actual recoveries depend on the instrument, available assets, other claims and the resolution process. They may be small, delayed or absent. A higher promised coupon should therefore prompt a question about the risks behind it.

You may need an exit that is not available

Liquidity is about the ability to transact in the quantity you need at an acceptable price and time. An exchange listing establishes a place or framework for trading; it does not create a buyer for every holding at every moment.

Suppose you bought at ₹10,000 and later need cash urgently. A displayed valuation is ₹10,050, but the only available bid for your quantity is ₹9,700. Your practical choice concerns the executable bid and the settlement process, not the more comfortable screen value.

Ask how the sale would be arranged before buying. Is there an order book, a quote request, or a dealer-assisted process? What evidence is available about recent activity? A statement that the platform will “help you sell” is not the same as a contractual commitment to buy at a known price.



Risk is easier to assess when you connect an event to the money you need.

Market prices can move against your timing

Interest-rate risk matters particularly when the value of a fixed payment schedule changes and you need to sell. Chapter 6 explained the inverse relationship between price and yield. Longer exposure and different cash-flow structures can create different sensitivities.

Credit concerns can also push a required yield higher and a price lower, even if general government-bond yields are unchanged. A falling price is therefore not automatically a harmless interest-rate movement. Investigate the source of the change.

Money coming back can create a new problem

Reinvestment risk appears when you receive money and cannot place it again on the terms you expected. Coupons arrive during the holding period. Principal may return at maturity or earlier under a call or repayment provision.

Imagine you budgeted on earning a particular rate for several years, but a bond is called at an allowed date. You receive the contractual call payment, yet the next available investments may pay less. The borrower may have honoured the agreement while your income plan still needs adjusting.

Do not solve that gap by automatically reaching for a riskier borrower. Reassess the purpose and the available choices. An old rate does not become a requirement that the market must satisfy.

Inflation changes the meaning of a rupee

Nominal return counts rupees. Real return considers purchasing power. If an investment's after-tax return is lower than inflation over the same period, the money can buy less even though the balance has increased.

As a hypothetical one-year example, a 5% after-tax return alongside 6% inflation gives a real return of approximately 1.05 ÷ 1.06 – 1, or minus 0.94%. These are teaching assumptions, not inflation or investment forecasts. The formula shows why a positive nominal number can coexist with a reduction in purchasing power.

Several names may hide one concentration

Buying five bonds is not automatically diversification. They may be obligations of the same company, members of one corporate group, or businesses exposed to the same source of stress. Similar maturity dates can also concentrate the need to reinvest.

Start by listing exposure by legal issuer, connected group and business type. If one event could affect several holdings together, count that possibility in your assessment. The appropriate allocation depends on your wider finances; a beginner's guide should not invent a universal safe percentage.

Operational mistakes are risks too

You can choose a legitimate security and still make a harmful payment mistake. A mistyped account, an impersonated website, a wrong ISIN or a misunderstood quantity can derail the transaction. Slow down at the final confirmation screen and compare it with your research notes.

Keep the official route bookmarked, use the platform's authenticated payment instructions and check holdings after settlement. Do not share passwords or OTPs with someone offering to complete the purchase for you.

Make a small stress table

For your proposed investment, write three rows: "payment arrives late", "I need to sell early", and "reinvestment rates are lower". Beside each, write the practical consequence and the resources you would have available.

If the consequence is an essential bill you cannot meet, that is a constraint worth addressing before investing. If the answer is “I do not know what would happen”, identify the missing term or process.

> *Risk management begins with a question you can answer before the difficult event occurs.*

A rating can help with one part of this work. It cannot answer the entire table. That is the subject of the next chapter.

CARRY THIS WITH YOU

Ask what happens to your plan if payments are late or an early sale is difficult.

Sources & further reading

- SEBI Investor · Understanding Bonds
  Bond basics and the categories of investment risk.
- RBI · Government Securities Market in India — A Primer
  Foundational mechanics, pricing and risks. Published in 2020; current purchase procedures are checked separately.
- NSE · Request for Quote FAQs
  RFQ access through eligible trading members and transaction mechanics.

08

Read the rating, then read the reasons

A few letters can start your research. They cannot finish it.

You see a bond with a prominent rating badge. It looks reassuring. A few letters seem to have compressed a large amount of research into something you can understand at a glance.

That convenience is useful—and easy to overextend. Before letting the badge decide for you, open the report behind it.

What the opinion covers

A credit rating is an agency's opinion about repayment of a rated obligation. It is not a buy, hold or sell instruction. It also does not settle questions such as whether a quoted price is attractive, whether you can sell tomorrow or whether the bond fits your finances. SEBI's March 2026 FAQ makes these distinctions explicitly.

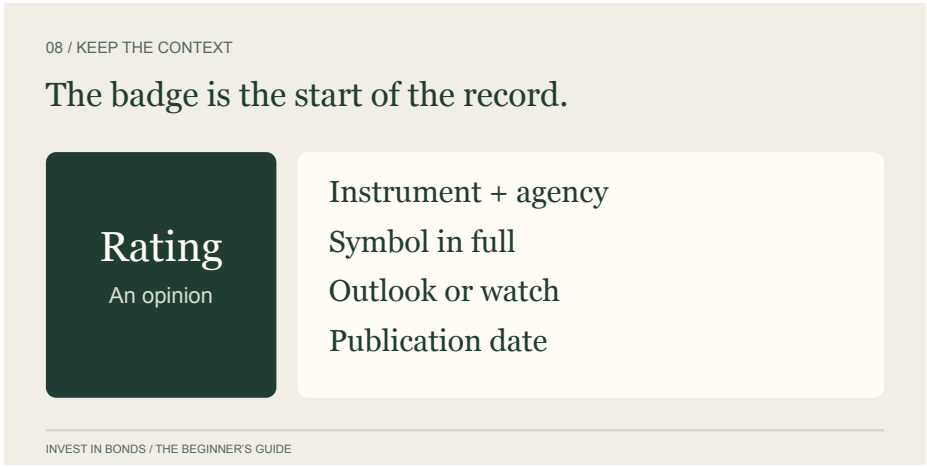
That gives you a way to use a rating well: treat it as a researched input to the credit question, then keep the other questions open. You are not rejecting the agency's work by asking about liquidity or time horizon. You are asking about things outside the conclusion you were shown.

Read the complete identity

A useful rating record has several connected pieces: the exact instrument or programme, the agency, the symbol, any outlook or watch, and the publication date. A screenshot showing only "AA" is an incomplete research note.

Check the report's instrument table. Does it include the issue you are considering? Does it cover an issuer rating, bank facility, deposit programme or a different debt series? If you cannot match the ISIN directly, ask the agency or issuer's official documentation to establish the link. Do not solve the uncertainty by assuming that all borrowing by the company has the same rating.

An issuer can have instruments with different priority, support or structure. A familiar name above the table does not make every row interchangeable.



Keep the full record together. The illustration does not rate any real security.

Understand the scale without inventing precision

Common Indian long-term rating categories run through AAA, AA, A, BBB, BB, B, C and D, with permitted modifiers in several categories. Broadly, the progression indicates increasing credit risk; D concerns default or an expectation of default soon under the applicable definition. Read the agency's own scale, such as CRISIL's published definitions.

The symbols are not interest rates or fixed probabilities that you can infer by counting letters. A move between categories need not represent the same change in risk each time. Short-term scales are different, so do not compare "A1" with "A" as if they belonged to one ladder.

Agency prefixes and special suffixes can also matter. A structured obligation or a credit-enhanced rating may depend on support arrangements that need to be understood. Copy the symbol in full before reading its definition.

Outlook and watch add context

An outlook indicates a possible direction over the agency's stated horizon. A watch often highlights an event whose effect is being assessed. Neither means that a particular future change must occur. A stable outlook is not a promise that the rating cannot change.

Consider a fictional rating note saying that a borrower is on watch following an acquisition. The sensible follow-up is to understand the acquisition, how it will be funded and what information the agency is awaiting. Converting "watch" into either "definitely unsafe" or "nothing to worry about" would skip the analysis.

Read the reasons in both directions

Rating rationales often discuss strengths, constraints, liquidity and factors that could change the rating. Start with those sections. Then translate them into plain questions.

If a report mentions a concentrated customer base, ask what happens if a large customer pays late or leaves. If it mentions refinancing dependence, ask when debt falls due and how that repayment is expected to be funded. If it cites support from a parent, ask what kind of support is assumed and whether your security has a direct guarantee.

These are original research prompts, not a formula for assigning your own rating. You are checking that you understand the reasoning and the conditions on which it relies.

Dates can change the conclusion

Suppose a platform shows a favourable report from nine months ago, while the agency has published a more recent update. The older document may still help you understand the history, but it should not silently become the current opinion.

Search the agency's site for subsequent actions. Record both the latest action date and the financial period underlying the analysis. A recently published report can still discuss accounts from an earlier period; later exchange disclosures may add relevant information.

Missing, withdrawn and issuer-not-cooperating designations should not be treated as synonyms. Read the explanation. A withdrawal does not itself prove that a debt has been repaid, and an information gap is not evidence of low risk. When you cannot establish the current status, preserve the uncertainty in your comparison.

Put the report beside your own plan

Even a strong credit assessment does not make a ten-year holding appropriate for money needed next year. It does not tell you the spread on a small secondary-market sale. Nor does it guarantee that you will remain comfortable with a single-issuer concentration.

For a hypothetical two-bond comparison, imagine that both have the same rating category but one matures in a year and the other in eight. You still need to compare the time horizon, sensitivity, trading conditions and terms. The matching badge has answered only part of the comparison.

> *A useful rating is an opinion you can locate, date, match to the instrument and understand.*

Try the five-line test

Open a public rating rationale for a reading exercise. Write down the instrument, agency, current symbol, outlook or watch and date. Underneath, write one stated strength, one constraint and one factor that could worsen the assessment.

If you can do that in your own words, the badge has become usable information. If you cannot, continue reading or choose a simpler instrument. Your next task is to connect that analysis with the rights written into the bond itself.

CARRY THIS WITH YOU

Keep the instrument, agency, rating, outlook and date together.

Sources & further reading

- SEBI · FAQs on Credit Rating Agencies
  2 March 2026; scope, limitations, symbols and surveillance of ratings.
- CRISIL Ratings · Rating Scales
  Agency definitions should be read alongside the instrument's rating rationale.

09

The small print changes the promise

Security, priority and early repayment rights can change what a bond means for its holder.

Two offers say “secured”. One is backed by clearly identified assets with a documented charge. The other gives you only the word in a colourful badge. You do not yet have enough information to treat them alike.

The small print is where broad descriptions become specific rights. Reading it is less about understanding every legal phrase than about finding the provisions that could change your payments or your recovery.

Ask what secures the debt

For a secured bond, identify the assets, the nature and rank of the charge, other claims on those assets and the monitoring arrangements. An asset-cover figure can be useful, but it needs a valuation date and an explanation of what is counted.

In a fictional example, an issuer says ₹15,000 of assets support ₹10,000 of debt. That does not mean an investor is certain to recover ₹10,000. The assets might sell for less than the reported value, several creditors might have claims, and enforcement can take time and money. Security affects the recovery analysis; it does not turn it into arithmetic based on one headline ratio.

Ask how the assets relate to the business. Cash receivables, land and specialised equipment have different characteristics. If the same conditions that harm the borrower also reduce the value of its collateral, both parts of the investment can weaken together.

Priority is a relationship between claims

Senior and subordinated describe where an obligation stands relative to other claims under its terms and applicable law. To understand the label, ask “senior to what?” and “subordinated to whom?”

A simplified diagram can help you visualise that some claims stand ahead of others. It cannot establish the actual distribution in a bankruptcy, bank resolution or enforcement process. Security interests, statutory claims, the type of entity and instrument-specific provisions can all matter.

For your notes, record the exact ranking language and the document location. If that language is too complex to interpret reliably, seek qualified help or leave the instrument outside your shortlist. A beginner does not have to solve a complicated capital structure to find a useful learning opportunity.



Conceptual illustration only. The actual ranking depends on the contract, entity and applicable law.

A guarantee needs a guarantor and a scope

A statement that an issuer belongs to a respected group does not identify an enforceable guarantee. Find the guarantor, covered obligations, limits, conditions and duration. Check whether the guarantee covers interest, principal or something narrower.

Then ask whether the guarantor can meet the obligation. A guarantee from an entity exposed to the same financial strain may offer less protection than a casual description suggests. “Supported by” is a phrase to investigate, not a replacement for the guarantee document.

Use the same discipline for government-related issuers. Ownership, an expectation of support and an explicit guarantee are different facts. Write down the fact you can establish rather than the reassuring interpretation you would prefer.

The trustee is part of the structure

A debenture trustee has defined responsibilities connected with the issue and investor interests. Monitoring security and dealing with certain grievances form part of the framework described in SEBI's trustee investor charter.

Find the trustee's name and official contact details in the issue documents. Keep them in your records. Appointment of a trustee does not make the trustee the borrower or create a general promise that the trustee will repay your investment from its own funds.

For the same reason, a timetable for responding to a complaint is not a timetable guaranteeing recovery after default. Distinguish a service obligation from an investment outcome.

Who controls early repayment?

A call option gives the issuer rights to redeem under specified conditions. A put option gives the holder specified rights to seek redemption. Neither should be understood without the eligible dates, prices, notice requirements and other conditions.

Imagine a hypothetical bond with a stated final maturity in ten years and an issuer call after five. If you assume five years in your income plan, ask what happens if the call is not exercised. If you assume ten years, ask what happens if it is. One printed maturity number does not answer both scenarios.

The call price can also differ from what you paid. Paying a premium immediately before a possible call needs particular attention. Model the contractual call payment rather than assuming your purchase cost will be returned.

Understand clauses that change the cash flows

Covenants are promises or restrictions in the agreement. They may relate to financial conditions, reporting, security or actions the issuer can take. Find what constitutes a breach, how it is addressed and who can act. A covenant helps only to the extent that its wording, monitoring and remedies provide the protection you think it does.

Also check for principal repayment in instalments, floating-rate resets, coupon deferral, conversion and write-down provisions. These features can change the timeline you drew earlier. If the timeline no longer fits on the simple example card, redraw it rather than forcing the bond into a familiar shape.

Bank capital requires a different level of understanding

Additional Tier 1 bank instruments can be perpetual, allow coupon cancellation and absorb losses through contractual and regulatory mechanisms. RBI's capital-adequacy directions, updated in July 2026, set out these features. A call date does not create a promise of repayment on that date.

This is enough to establish the beginner's decision rule: do not treat bank capital as an ordinary fixed deposit or plain senior bond. Learn the actual loss-absorption terms before considering it. A high coupon does not compensate for a mechanism you have not understood.

Market-linked debentures also need a separate payoff analysis. A principal-protection description can still depend on issuer solvency and contractual conditions. Draw both favourable and adverse

scenarios rather than relying on the product name.

> *The most useful clause is often the one that tells you when the outcome can differ from the headline.*

Your document-reading exercise

Find the sections for repayment, security, ranking, options, events of default and trustee details. Write a short explanation of each in your own words. Do not copy a paragraph you cannot explain. A clear “I need this clarified” is a better research result than a folder full of unread documents.

CARRY THIS WITH YOU

A reassuring label needs a precise contractual explanation.

Sources & further reading

- SEBI · FAQs on the Corporate Bond Market
  Corporate debt, disclosures and routes to investment; October 2024.
- SEBI · Investor Charter for Debenture Trustees
  Trustee services, monitoring and investor grievances. No recovery time or recovery amount is promised in this guide.
- RBI · Commercial Banks — Prudential Norms on Capital Adequacy Directions, 2025
  Updated 1 July 2026; capital instruments and loss absorption. Read alongside the actual instrument terms.

10

Follow the evidence

Build a research file that another person could check, starting with the exact issuer and ISIN.

Imagine returning to an investment decision six months later. Could you explain why you made it? Could you find the documents you relied on? Could someone else distinguish what you knew from what you assumed?

A small research file makes those questions easier. It also slows down the moment when an attractive offer tries to become an immediate purchase.

Begin with the exact obligation

Create a folder or note named with the issuer and ISIN. Record the legal borrower, series, face value, coupon, payment frequency, redemption terms and current offer price. Add the date you collected the information.

Use a research platform to discover and organise. Then verify transaction-critical details against the issue documents, exchange disclosures and current intermediary quote. A directory entry is not

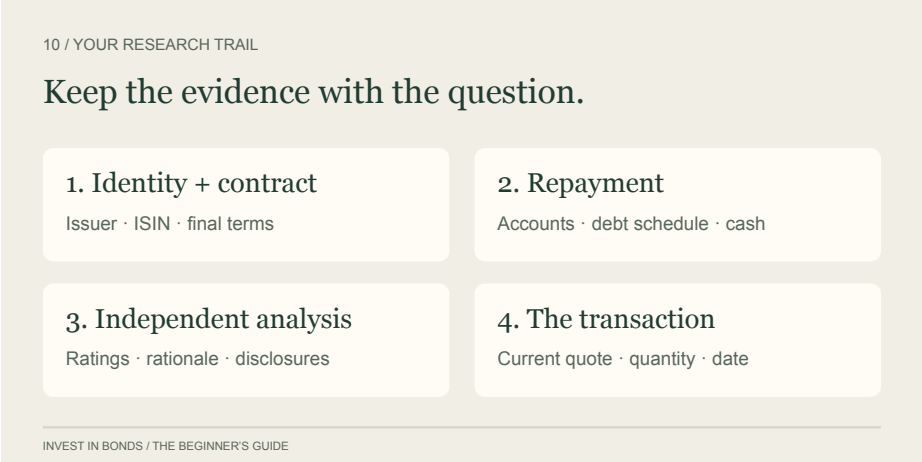
evidence that an order is available at that price or that every term has been independently confirmed.

This applies to Invest in Bonds too. Use our pages to explore and compare reported terms. For a decision involving money, follow the original documents and verify the current information.

Build an evidence ladder

Different sources answer different questions. The offer document and final terms describe the obligation. Exchange announcements record relevant disclosures. Financial statements describe the issuer's reported finances. Rating rationales provide an agency's analysis. A current quote describes an offered transaction under its stated conditions.

A social post may explain an idea well, but it does not replace the contract. A video interview can suggest questions, but it does not establish that a claim remains accurate. The SEBI corporate bond FAQ provides a starting point for understanding the documents and market framework.



Keep the source, publication date and the question each document answers.

Understand how the business gets cash

Start with a plain-English description of the issuer. What does it sell or finance? Who pays it? When does cash arrive? What commitments must it meet before your bond payments fall due?

A business can report profit and still face a cash shortage. Sales on credit are not the same as money already collected. A growing lender can depend on continued funding and borrower repayments. A project company may rely on particular contracts or milestones. The relevant questions vary by business model.

Try explaining the cash cycle without using the phrase “strong company”. If your explanation is mostly brand familiarity, keep researching. Recognition is useful for finding the business; it is not a financial analysis.

Read the numbers in context

Review recent financial statements and their notes, not just a single ratio. Look at borrowing, operating cash flows where relevant, cash and liquid resources, repayment schedules, guarantees and material contingent liabilities. Read the auditor's opinion and any qualifications carefully.

Ratios can help organise the questions. Interest coverage considers earnings relative to interest expense under the chosen definition. Leverage measures compare debt with some measure of resources or earnings. But there is no universal number in this guide that makes every borrower safe. A ratio appropriate for a manufacturer may be misleading for a bank or an NBFC.

In a fictional business, operating cash received is ₹100, committed operating cash costs are ₹75, and interest plus near-term debt repayments total ₹40. The simple gap is ₹15 before other funding sources or cash balances. The example does not establish default; it identifies a funding question. Where will the missing cash come from, and how dependable is that source?

Look forward to repayment dates

Historical performance is useful evidence. Your bond, however, depends on future payments. Find the obligations due during the period you expect to hold it and the resources the issuer expects to use.

If repayment depends on issuing new debt, recognise the refinancing assumption. If it depends on selling an asset, ask what happens if the sale is delayed or raises less cash. If a report cites undrawn bank lines,

understand their terms and availability rather than treating the headline amount as cash in hand.

You will not be able to prove every future outcome. The purpose is to identify the dependencies and decide whether you understand and can accept them.

Read strengths and concerns together

Take the latest rating rationale and write two columns: reasons supporting repayment and factors that could weaken it. Then compare those observations with subsequent announcements and financial statements.

Do not choose only the favourable passages. If a report discusses a concentration, a thin liquidity position or dependence on support, include it in your summary. A balanced note is more useful to your future self than a persuasive argument for a purchase you already want to make.

If two credible sources disagree, record both dates and scopes. One may refer to a different series or an older period. If the discrepancy remains unresolved, seek clarification through official channels. Missing information can justify leaving a bond off the shortlist.

Check the market evidence separately

Credit analysis does not tell you the current price at which you can buy or sell. Record whether the price is a historical trade, indicative valuation or executable quote. Add the quantity, timestamp, settlement terms, accrued interest and charges.

Suppose your investment case looks reasonable at a particular price, but the available quote changes before you order. Recalculate. “I already researched it” does not mean that any price now makes sense.

Write a one-page decision note

Use five short paragraphs: purpose, instrument, repayment case, risks and unresolved questions. Finish with the price and conditions under which you would consider the transaction. You can also decide to pass and record why.

For example: “This instrument’s minimum order would make my exposure to one issuer too large for the allocation I planned.” That is a complete reason to stop, even if every document is available and the company is well known.

> *Good research leaves a trail that you can check again when circumstances change.*

A minute to think

What would make you revisit the decision after buying? Write down two or three developments, such as a rating change, a material financing announcement or a change in your own cash needs. Research becomes more useful when it also defines what you will monitor later.

CARRY THIS WITH YOU

A claim is more useful when you can find its source and date.

Sources & further reading

- SEBI · FAQs on the Corporate Bond Market
  Corporate debt, disclosures and routes to investment; October 2024.
- SEBI · FAQs on Credit Rating Agencies
  2 March 2026; scope, limitations, symbols and surveillance of ratings.
- NSE · About Corporate Bonds
  Market structure and bond return concepts.

11

What leaves your account. What comes back.

Accrued interest, charges and taxes connect a headline yield to your own cash flows.

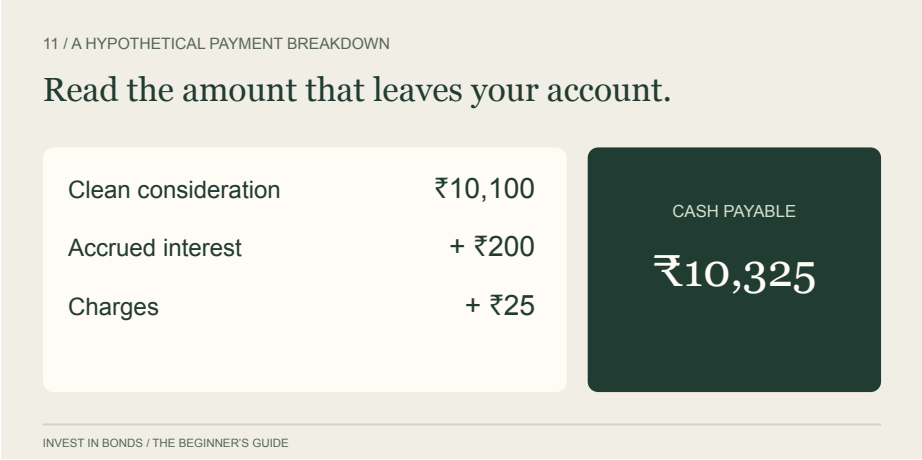
The bond screen shows ₹10,100. The final payment request is higher. Has something gone wrong?

Not necessarily. The quote may exclude interest that has accumulated since the last coupon, and the transaction may include charges. The important thing is to understand each component before authorising payment.

Separate the price from the amount payable

A clean price excludes accrued interest. A dirty price includes it. Charges, where applicable, may sit outside both. Check the convention used on the screen: some prices are expressed per unit, others per ₹100 of face value, and a quoted percentage is not always a rupee price.

For an illustrative order, assume a clean amount of ₹10,100, accrued interest of ₹200 and charges of ₹25. The cash payable is ₹10,325. This is an invented breakdown, not a typical fee schedule. The RBI primer explains accrued interest and bond-price conventions.



Illustrative amounts only. Actual day-count, settlement, charges and taxes must be checked for the transaction.

Accrued interest is not a surprise bonus

When a bond trades between coupon dates, the settlement convention may compensate the seller for interest accrued during their holding period. The next coupon paid to the buyer therefore needs to be considered alongside the accrued interest paid at purchase.

Suppose, purely for illustration, you pay ₹200 of accrued interest and later receive a ₹400 coupon. Treating the whole ₹400 as income earned only since your purchase would misdescribe the economic cash flows. You have already paid for part of that accrual. Tax reporting can require separate treatment; keep the transaction breakdown rather than improvising from the bank credit alone.

Record dates as well as amounts. A day-count convention determines how a period is measured. Odd coupon periods and record-date arrangements can complicate a simple proportional calculation. Use the verified settlement amount for the real order.

A zero brokerage label does not answer every cost question

Ask about brokerage, platform charges, applicable statutory charges, taxes on services and any custody costs. Also look at the bid–ask spread: buying at one price and being able to sell only at a lower price is economically relevant even if no separate commission line appears.

Compare the total amount leaving your account and the expected net amounts returning. A platform's fee label should not replace that calculation. Keep the order breakdown and final transaction record so you can reconcile the two.

Tax starts with classification

This chapter is written for a resident individual investing on personal account, with sources checked for the September 2026 edition. It explains the questions to resolve; it is not an individual tax computation. NRI treatment, business holdings, unusual structures and exemptions can require separate advice.

Distinguish interest from a gain or loss on transfer or redemption. Then identify the instrument, listing status, purchase and disposal dates, holding period and any special provision. The Income Tax Department's capital-gains guidance describes special treatment for

market-linked debentures and unlisted bonds/debentures, including the relevant date conditions. Holding longer does not automatically secure long-term treatment for every debt instrument.

Ordinary listed-bond capital gains, interest receipts, specified debt-fund units and market-linked instruments should not be put into one universal “bond tax rate” box. Nor should an exemption associated with listed equity be casually applied to bonds.

Receipt or event	What to establish before calculating tax
Coupon or other interest	Whether it is taxable or specifically exempt; when it is recognised; the investor’s applicable rate
Sale or redemption	Whether a capital gain arises, the allowed cost and expenses, and the applicable classification
Unlisted bond or market-linked debenture	Whether a special deemed short-term rule applies to this instrument and event
A product marketed as tax-free or tax-saving	The exact provision, eligible investor, covered receipt and conditions

The 2026 transition matters when reading old articles

The Income-tax Act, 2025 came into effect on 1 April 2026, with transitional provisions preserving the earlier framework for relevant earlier periods. The department’s official explanation distinguishes the new tax-year system from earlier assessment years.

An article citing a section of the 1961 Act may describe an earlier transaction correctly without being the right statutory reference for a new one. Match the rule to the period. For a filing decision, check the

applicable Act, amendments and official instructions rather than relying on an undated tax table.

TDS is a deduction mechanism

Tax deducted at source is money withheld under the applicable rules. It is not automatically your final tax liability, and the absence of a deduction does not by itself make a receipt exempt. Reconcile deductions with your tax records and the issuer's documentation. The department maintains TDS compliance guidance.

Use an intentionally simplified example. Suppose ₹800 of interest is taxable at an assumed effective rate of 20%, with all other complications excluded. The tax attributable to it is ₹160, leaving ₹640. If an assumed ₹80 was already withheld, that is a credit towards the calculation rather than an additional ₹80 tax on top. These are hypothetical rates for arithmetic, not a statement of the deduction or tax rate on your bond.

Avoid the shortcut of taxing the whole yield

Multiplying YTM by "one minus my tax rate" can be misleading when coupons, capital gains, timing and exemptions are treated differently. Instead, model the receipts, relevant taxes and costs on their dates. Then compare the resulting cash flows on a consistent basis.

For a first investment, keep the records simple and complete: purchase confirmation, accrued-interest split, coupons, deductions, sale or redemption proceeds and expenses. A tax professional can work with clear records much more reliably than with a single advertised yield.

> *The useful return is the one you can reconcile with the money leaving and entering your account.*

Before buying, identify any tax question that could materially change your comparison. Resolve it while you still have the option to choose a simpler investment.

CARRY THIS WITH YOU

Compare dated, after-cost cash flows and apply tax rules to the right instrument.

Sources & further reading

- RBI · Government Securities Market in India — A Primer
  Foundational mechanics, pricing and risks. Published in 2020; current purchase procedures are checked separately.
- Income Tax Department · Scope of the Income-tax Act, 2025
  The transition on 1 April 2026 and the continued application of the previous Act to earlier periods.
- Income Tax Department · Capital Gain
  Capital-gains categories and special treatment of specified debt instruments; read with the Act applicable to the relevant period.
- Income Tax Department · Income-tax Act, 2025 Guidance
  Official guidance for the current framework. Apply the relevant statute and amendments to the transaction; this guide does not replace a tax computation.
- Income Tax Department · Tax Deducted at Source
  Deduction and reporting obligations; rates and exceptions require checking for the relevant payment.

12

Compare the whole investment

A bigger number does not tell you which bond fits your purpose.

Imagine three bonds displayed side by side. The first shows 7%, the second 8% and the third 10%. Your eye goes to 10% before you have read anything else.

That is a natural response. It is also the reason to decide your comparison method before opening the offers.

A percentage is one field in a decision. The question is what you must accept to have a chance of earning it.

Compare against your purpose first

Bring back the four lines you wrote in Chapter 2: the job for the money, the date you may need it, the income pattern and the consequence of a delay or loss.

Use these as filters. If the minimum order is too large, the payment dates do not fit, or the structure is outside what you understand, there is no need to spend an hour comparing the yield. Excluding an instrument early is a useful result.

Consider a hypothetical goal eighteen months away. A five-year bond may be sellable before then, but choosing it would add an uncertain exit price to your plan. The maturity mismatch is real even if the borrower is well known.

Make the price basis consistent

Check that the numbers refer to the same date and price convention. Is the displayed rate a coupon, current yield, YTM or yield to call? Does the final price include accrued interest? Does the yield include charges? What quantity can actually be purchased?

If one platform supplies a quote from today and another displays a historical trade, you are not comparing two simultaneously available transactions. If one yield assumes an early call and another assumes final maturity, the horizons differ.

The NSE yield calculator illustrates why cash-flow dates and conventions belong in the calculation. Precision to two decimal places does not make incompatible inputs comparable.

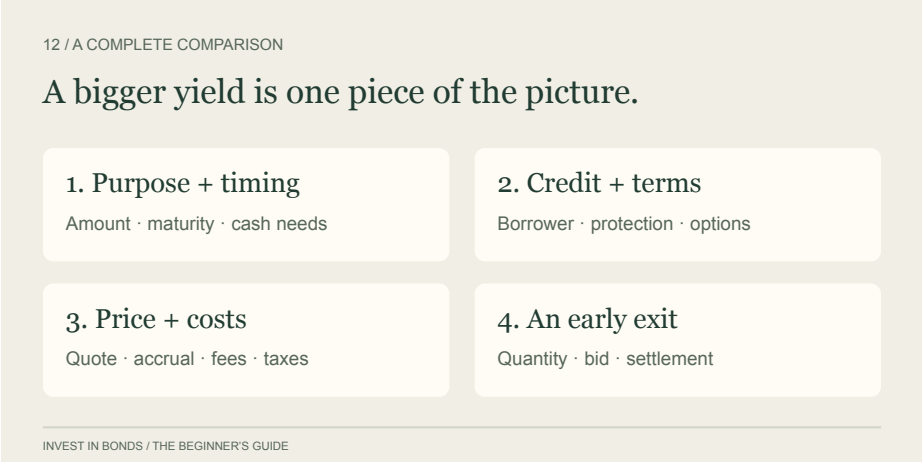
Use a deliberately incomplete example

The following options are fictional. The yields are assumed comparison inputs, not calculations or current offers. Their purpose is to show what a yield ranking leaves out.

Question	Bond A	Bond B	Bond C
Assumed quoted annual yield	7%	8%	10%
Remaining term	1 year	3 years	5 years
Coupon payments	Half-yearly	Annual	Monthly
Early issuer call	None in example	None in example	Allowed after year 2
Current exit evidence	Quote still needs checking	Recent trades only	No current bid found
Issuer research	Incomplete	Incomplete	Incomplete

You cannot choose a winner from this table. The issuer research is unfinished, the exit evidence differs and your goal has not been specified. Monthly payments do not establish greater safety. Bond C's larger assumed yield does not explain the credit risk or the probability of holding it for five years.

The responsible next step is to fill the missing information or remove the option, not to convert the table into an invented safety score.



Compare the complete investment against a defined purpose.

Put related risks beside each other

Compare legal issuer and group exposure, current rating and date, repayment analysis, security and priority, options, maturity, payment pattern, market liquidity and after-cost cash flows.

Read the rating rationale rather than assigning a universal score to a badge. A secured lower-rated bond and an unsecured higher-rated bond cannot be ordered reliably by adding arbitrary points for the words “secured” and “rated”. Their risks depend on the underlying facts.

Likewise, do not compare a bank deposit’s terms with a bond’s coupon while ignoring early access, insurance treatment, price and tax. Bring the differences into the table explicitly.

Translate an extra yield into rupees

Suppose two hypothetical one-year investments each require ₹20,000 and, under deliberately simplified assumptions, offer returns differing by one percentage point. The difference is ₹200 before tax and costs.

Now consider what you would be accepting for that additional amount. A longer term, less liquidity or a more difficult credit assessment might still be acceptable to a particular investor—but the decision looks clearer when the reward is expressed in rupees alongside the possible consequences.

Do not extend this simple calculation to bonds with different prices, maturities or payment patterns without adjusting the cash flows. Its purpose is perspective, not a substitute for a yield calculation.

Test a less comfortable outcome

Ask how the comparison changes if you must sell early, a coupon arrives late, or a callable bond is redeemed at the first allowed date. You do not need to forecast each event. You need to see whether the preferred option still fits your constraints when the favourable assumption is removed.

For the five-year fictional Bond C, write two timelines: called after year two and not called. If only one timeline works for your plan, you have identified an important dependency. That belongs in the decision note.

Make a decision you can explain

A useful conclusion sounds like this: “This instrument fits the amount and repayment date I planned. I understand its obligations and the risks I would retain. I have checked the source documents and the final quote.”

It can also sound like this: “None of the current options fits the purpose at a price and level of risk I understand.” Waiting does not create a failed comparison. It can be the clearest output of the comparison.

> *Choose a complete set of terms you can live with, not the largest number on the screen.*

Your comparison exercise

Use the workbook to place two actual instruments side by side as a research exercise. Mark each cell “verified”, “needs checking” or “not applicable”. Avoid assigning a numerical overall score. Instead, write the three facts that matter most for your purpose and the questions that remain.

When the comparison is complete, you are ready to understand the route through which a purchase would happen.

CARRY THIS WITH YOU

Compare like with like, and leave room for the answer to be ‘none of these’.

Sources & further reading

- SEBI Investor · Understanding Bonds

  Bond basics and the categories of investment risk.

- NSE · Bond Yield Calculator

  The role of dates, cash-flow frequency and day-count conventions in yield calculations.

13

Choose your route to market

Understand the difference between finding a bond, placing an order and owning it.

Finding a bond on a website is the beginning of a journey. Placing an order is another step. Owning the security after settlement is another. The same organisation does not necessarily perform all three jobs.

Understanding the route helps you know whose details to check, where the money should go and what evidence to expect afterwards.

Two markets, different starting points

In a primary issue, the issuer raises money through a new offering. Your application is subject to the issue's eligibility, process and allotment rules. An application does not guarantee that you will receive the amount requested.

In the secondary market, an existing holder or dealer sells a security. You assess the remaining terms and the offered price. Availability, quantity and the settlement process matter. The money paid for the

security normally goes to the selling counterparty through the relevant transaction arrangements, rather than becoming a fresh loan directly to the issuer.

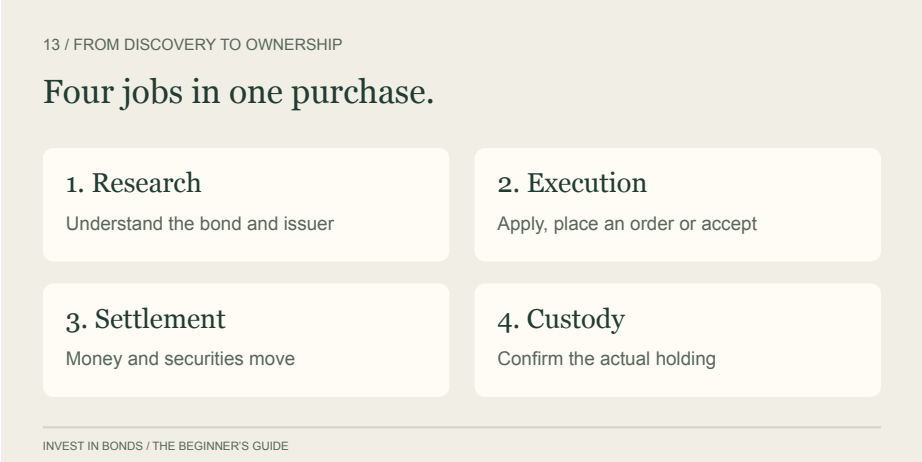
This distinction also explains why an original issue price is not necessarily the price you can obtain now.

Government securities through Retail Direct

RBI Retail Direct enables individuals to hold an RDG account and access eligible government securities through primary and secondary routes. RDG means Retail Direct Gilt. These holdings are distinct from securities held in an ordinary NSDL or CDSL demat account. The RBI FAQ explains the account and custody structure.

For a beginner, the useful comparison is practical: which securities can you access, how do orders work, what are the current minimums, and how do you view holdings and receive payments? Some government securities can also be accessed through other eligible intermediaries. Check the route rather than assuming every broker supports every instrument or feature.

The Retail Direct portal also contains product-specific facilities. Do not assume that a savings bond and a traded security use identical exit procedures simply because they appear within one service.



Research, execution and custody are separate parts of the investment journey.

Corporate bonds through eligible intermediaries

Brokers and online bond platforms can provide access to different parts of the corporate bond market. An Online Bond Platform Provider, or OBPP, operates within a specific registration framework. Start with SEBI's page linking to the NSE and BSE lists and match the legal entity, not just a trading brand.

Registration is a verification step. It does not guarantee the investment, establish that every item promoted elsewhere by a group has the same regulatory treatment, or make a bond suitable for you.

Compare the route's documentation, price transparency, charges, supported order sizes, custody arrangements, exit process and customer support. You do not need a "best platform" ranking to ask these questions. A clear explanation of what happens to your order is more valuable than a colourful list of benefits.

What is a quote request?

Some bond trading involves asking for a quote rather than clicking on a continuously available order-book price. A Request for Quote, or RFQ, is a mechanism for requesting and agreeing transaction terms. NSE's RFQ FAQ describes access through eligible trading members for retail participants.

A quote can have a quantity, validity period and settlement condition. Before accepting it, check whether the displayed yield is based on that actual quote and whether the total payable amount matches your understanding. If the quote changes, repeat the comparison. A previous screenshot does not lock in a trade unless the agreed process establishes that it does.

Know who does what

The issuer owes the contractual payments. The intermediary facilitates access or execution according to its role. Exchanges and clearing arrangements support relevant market and settlement functions. A depository records dematerialised securities through the account structure. A registrar and trustee have other defined responsibilities.

You do not need to learn the whole market's organisation chart. You do need to know which entity to approach when an order is unfilled, a holding is missing or an issuer payment is late. These are different problems.

Keep the official contact details with your transaction records. A support number in a forwarded message should not be the only route you have.

Verify the destination of both money and securities

Before funding an order, confirm the official payment route inside the authenticated service. Read the beneficiary and purpose. Do not send money to an individual merely because they claim to represent a registered platform.

Then confirm where the security should appear after settlement. For dematerialised holdings, an independent statement from your depository or participant helps reconcile the platform's display. NSDL's explanation of CAS describes the consolidated account statement. Retail Direct holdings should be checked through the relevant RDG records.

Avoid the reassuring shortcut "the money went through, so everything is complete". A transaction can be pending, partially filled, rejected or awaiting settlement. The status and records tell you which.

Choose a route you can operate confidently

Imagine you needed help selling or correcting an account detail. Could you find the instructions and official support channel? Could you download your records? Could you explain the charges and payment flow to another person?

If the answers are unclear, investigate before placing the first order. Ease of buying is only one part of a usable investment service.

> *Choose the investment and verify the route. Neither task replaces the other.*

The next chapter gathers the preparations that should be complete before your first purchase. It is deliberately a pause between understanding the market and sending money into it.

CARRY THIS WITH YOU

Verify the intermediary and the custody arrangements separately from the investment.

Sources & further reading

- RBI · Retail Direct Scheme FAQs
  RDG accounts, primary auctions, secondary trading and custody. The FAQ dates to 2021; confirm live limits and instructions in the portal.
- SEBI · Registered Online Bond Platform Providers
  Links to the exchange-maintained lists; check the current entity and website before transacting.
- NSE · Request for Quote FAQs
  RFQ access through eligible trading members and transaction mechanics.
- NSDL · Know Your Consolidated Account Statement
  Independent holdings and transaction records for dematerialised investments.

14

Before you press buy

A short pause can uncover a mismatch that a polished order screen hides.

The order is ready. The amount looks affordable. You are a few taps away from buying.

This is a good time to stop for five minutes.

Preparation is easiest before a transaction creates deadlines, payment questions and an actual holding. The checklist below is designed to reveal mismatches while changing your mind is still simple.

Decide the amount before browsing

Set a maximum amount consistent with the purpose of the money and your wider finances. Do not increase it solely because the minimum order is larger than expected or a temporary offer encourages you to hurry.

There is no recommended first-investment amount in this guide. A sum that is small for one household may be essential for another. Use money you can afford to commit under the actual terms, including the possibility of loss or an inconvenient exit.

Check the concentration after the purchase, including other exposure to the issuer or group. Two different platforms do not create two different borrowers when the underlying issuer is the same.

Get the right account ready

For an exchange-based dematerialised investment, establish the required trading and demat arrangements through the chosen intermediary. For Retail Direct, follow the official RDG account-opening process. They are different custody routes; one account does not automatically display the other's holdings.

Follow current KYC instructions and supply information through the official process. The SEBI KYC FAQ explains the framework, while the service you use should provide the current operational steps. Keep your name, PAN and account details consistent across the relevant records.

Do not rely on a copied list of acceptable documents from an old video. If something fails, use official support rather than sharing an OTP or letting an unknown person take remote control of your device.

Check the receiving bank account

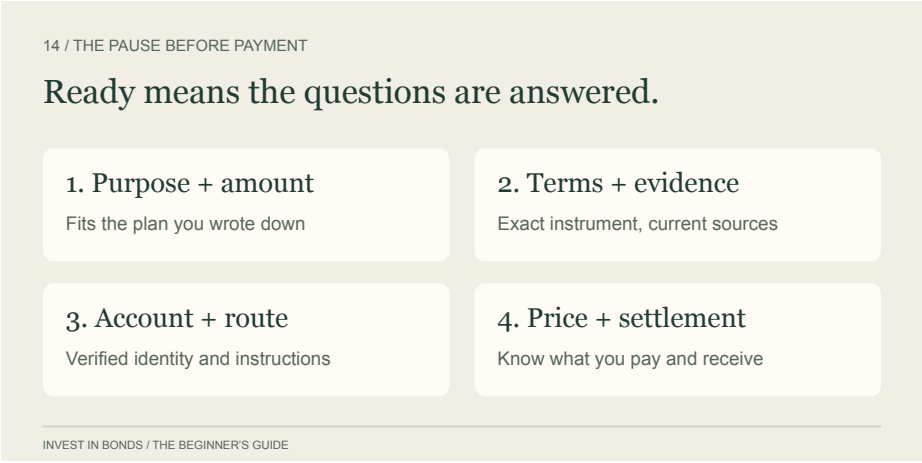
Know which bank account funds purchases and receives payments. Verify its details and keep it active. A correctly chosen bond cannot fix an incorrect account number or an outdated record.

If you change banks later, update the relevant account records and verify the change before the next payment date. Keep proof of the request and confirmation. This small administrative task can prevent a payment-query problem from becoming harder to diagnose.

Record nomination and access information

Complete the nomination or applicable choice through your account's current process. NSDL's online nomination guidance describes one route for eligible accounts; Retail Direct has its own account provisions.

Nomination is part of organising your affairs, not a replacement for understanding inheritance or estate-planning requirements. Keep a safe record of where the accounts are held and whom your family can contact. Do not store passwords or OTPs in an ordinary shared worksheet.



Complete the checks before authorising the payment.

Recheck the instrument, not just the issuer

Match the ISIN on your research note, order screen and supporting documents. Confirm the series, payment frequency, remaining term, options and minimum quantity. A search result can place similar instruments next to one another.

Check that the rating and disclosures you read are still the latest available. If something significant has changed since your research, revisit the decision. A completed checklist is not permanent approval for every later quote.

Read the final cash-flow summary

Confirm the clean price or quoted amount, accrued interest, charges and final payable amount. Record the settlement date and the date of the first payment you expect to receive. Understand any record-date or entitlement issue relevant to that payment.

Then check your assumptions about the exit. If a call is possible, what happens if it is exercised and what happens if it is not? If you need to sell before maturity, what process would you follow? If there is no current bid, recognise the uncertainty rather than writing a hypothetical sale price into your plan as a fact.

Verify the official route one more time

Use the verified website or app and inspect the payment instructions within the authenticated transaction. Match the intermediary's legal identity against the relevant official register. The SEBI OBPP page links to current exchange lists for that category.

Be wary of anyone making the transaction contingent on secrecy, remote device access, a personal transfer or a guaranteed return outside the documents. You can end a conversation without completing an investment.

Use a final six-question pause

1. Can I explain what I am buying and who owes the payments?
2. Does the amount and holding period fit the job for this money?
3. Have I checked the terms, current disclosures and relevant risks?
4. Do I understand the final amount payable and expected receipts?
5. Have I verified the official payment route and where the security will be held?
6. Do I know how to confirm settlement and seek help if something is wrong?

An unanswered question is a reason to pause, not a box to tick optimistically. If the opportunity disappears while you clarify it, another opportunity may be more appropriate than a transaction you did not understand.

> *Being ready to invest includes being ready to decide against the purchase.*

Prepare a transaction folder

Create a place for the order confirmation, payment acknowledgement, allotment or trade record, holding statement and original documents. Add a calendar reminder to check settlement. This takes little time and changes the first purchase from a series of screenshots into a traceable process.

With preparation complete, the next two chapters follow government and corporate purchases separately. Use the path relevant to you and read the other when you want to understand the differences.

CARRY THIS WITH YOU

Complete the checks before the money moves.

Sources & further reading

- RBI · Retail Direct Scheme FAQs

  RDG accounts, primary auctions, secondary trading and custody. The FAQ dates to 2021; confirm live limits and instructions in the portal.

- SEBI · KYC FAQs

  KYC Norms FAQ dated 14 May 2024; follow the current account-opening process.

- NSDL · Online Nomination Process

  Nomination facilities and account-specific eligibility.

- SEBI · Registered Online Bond Platform Providers

  Links to the exchange-maintained lists; check the current entity and website before transacting.

15

Your first government security

Follow a purchase through RBI Retail Direct, from choosing a security to checking your holdings.

Your first government-security purchase should end with a verified holding, not with a celebratory payment screen.

This walkthrough explains RBI Retail Direct using public documentation checked for this edition. Screen names, available securities, limits and funding options can change. Follow the current instructions inside the official portal.

Start at the official service

Reach the service through the RBI's Retail Direct information page and the official Retail Direct portal. Complete the account-opening and KYC process before trying to fund an investment. Review the linked bank details and nomination information.

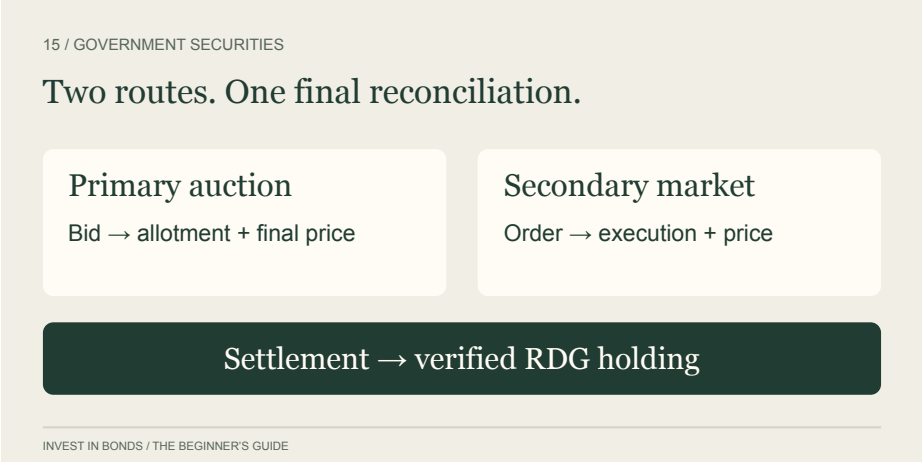
RBI's FAQ explains that an RDG account holds eligible government securities and supports primary and secondary access. The FAQ includes some values explicitly dated to 2021. Use those explanations to understand the process, then confirm current operational details in the portal rather than assuming every old figure still applies.

Choose the security before the order type

Identify whether you are considering a Treasury Bill, a dated central-government security or an SDL. Check the issuer, ISIN, maturity and payment structure. A Treasury Bill has a different cash-flow pattern from a coupon-paying security.

Write down your intended face amount and the maximum cash you can commit. If your goal has a fixed date, compare it with the actual repayment date. Government credit quality does not remove the need to match the investment to your cash needs.

Read the relevant auction announcement or secondary-market information. Do not choose a security solely because it appears first in the list or carries the highest coupon.



A process map, not a live screen or a promise of allotment.

Route one: a primary auction

For the non-competitive retail route described by RBI, you submit the amount you wish to invest within the applicable rules rather than bidding your own competitive yield or price. The final allotment price follows the auction process. It is not necessarily the face value or a number you select yourself.

Follow this sequence:

1. Open the current auction and verify the security and dates.
2. Review the permitted quantity, funding requirement and cutoff.
3. Enter the intended amount and check the summary carefully.
4. Authorise funding only through the portal's supported official route.
5. Retain the bid acknowledgement and check its status.
6. After the auction, review allotment, price, settlement and any refund or release of excess funds.

Funding an application does not eliminate allotment conditions. Follow the status rather than assuming that the requested quantity will definitely become a holding.

Understand the funding buffer

The amount needed before final auction pricing can include components such as accrued interest and a markup or buffer, depending on the security and process. RBI distinguishes the auction funding markup from a fee. Reconcile the final allotment amount and the treatment of any excess using the actual advice.

Here is a deliberately hypothetical reconciliation. You provide ₹10,300. The final allotment amount is ₹10,140 and no other adjustment applies. The difference is ₹160. You would check the official record showing how and when that difference is refunded or released. The figures and timing are not current auction terms.

If the amounts do not reconcile, ask support before repeating the payment. A second transfer can create a second problem rather than solving the first.

Route two: the secondary market

In a secondary purchase, you are assessing an existing security at a market price. Check the exact ISIN, remaining coupon schedule, price basis, quantity, accrued interest and settlement terms.

The Retail Direct service provides access to secondary trading through its designated facilities. The official mobile-app note describes access to primary and NDS-OM Retail services. Use the current interface and

help material for the precise steps rather than trying to reproduce an old screenshot.

Before confirming an order or accepting a quote, compare the final payable amount with your notes. A quoted yield is tied to the price and settlement assumptions. If the price changes, check the calculation again.

Know the difference between an order entered and a trade executed. An unfilled or partly filled order does not create the full intended holding. Do not assume an order has disappeared or completed solely because a screen has changed.

Check settlement independently of payment

After the stated settlement date, verify the ISIN and quantity in your RDG holdings and keep the transaction record. Match the bank debit with the final transaction amount. If a primary bid was partly allotted, the held quantity may differ from the original request.

If the security has not appeared when expected, use the official help route with the transaction reference. Keep the issue specific: account, ISIN, amount, date, reference and the discrepancy. Avoid sending unnecessary identity or account information through informal channels.

Put the first receipt on your calendar

For a coupon-bearing security, record the next payment date and expected amount using the verified schedule. For a Treasury Bill, record redemption. Check the designated bank account and retain the payment evidence when the money arrives.

If you bought partway through an interest period, remember the accrued-interest amount paid at purchase when assessing your economic return. The next full coupon is not automatically interest earned only during your holding period.

Plan the exit without promising yourself a price

Holding to maturity and selling early are different paths. If you intend to sell, use the available market route and check the executable quote and settlement. A government security can have a market price below your purchase cost before maturity.

You can write “intended hold to maturity” in your plan while also recording how you would sell in an emergency. The second note does not weaken the first; it makes the plan more complete.

> *The purchase is complete when the records, money movement and security holding agree.*

Your first government-security transaction is now a repeatable process: identify, verify, order, reconcile and monitor. Corporate bonds add a different set of issue and credit details, which we address next.

CARRY THIS WITH YOU

An auction bid and a secondary-market order follow different price and allotment paths.

Sources & further reading

- RBI · Retail Direct Scheme FAQs
  RDG accounts, primary auctions, secondary trading and custody. The FAQ dates to 2021; confirm live limits and instructions in the portal.
- RBI Retail Direct · Mobile App Features
  Primary and secondary-market access and single sign-on. Screen labels can change.
- RBI · Government Securities Market in India — A Primer
  Foundational mechanics, pricing and risks. Published in 2020; current purchase procedures are checked separately.

16

Your first corporate bond

Read the documents, review the final order and follow the transaction all the way to settlement.

You have researched a corporate bond and decided it may fit your plan. The remaining task is to turn that research into the correct transaction.

This chapter follows two routes: applying in a public NCD issue and buying an existing bond. It does not recommend an issuer or platform. The examples are hypothetical, and exact operational requirements must be checked with the issue documents and current intermediary process.

Begin with a verified intermediary

Identify the legal entity you will transact through and the service it is authorised to provide. For an OBPP, match it against the exchange lists linked by SEBI. Check the official website, contact details and grievance process.

Then verify the security itself. The intermediary's registration does not establish the issuer's ability to repay or the bond's suitability. These are separate checks that remain separate all the way to the order screen.

Route one: a public NCD issue

Obtain the current prospectus and applicable issue documents from the issuer, exchange or authorised issue channels. Read the risk factors and the specific series terms. Public issues may offer several series with different coupon frequencies, tenors or repayment patterns.

Do not choose only by the largest coupon in the table. Match the series to your cash-flow needs and compare the actual yield or effective return on a consistent basis. An accumulated payment at maturity and a periodic payout are different patterns.

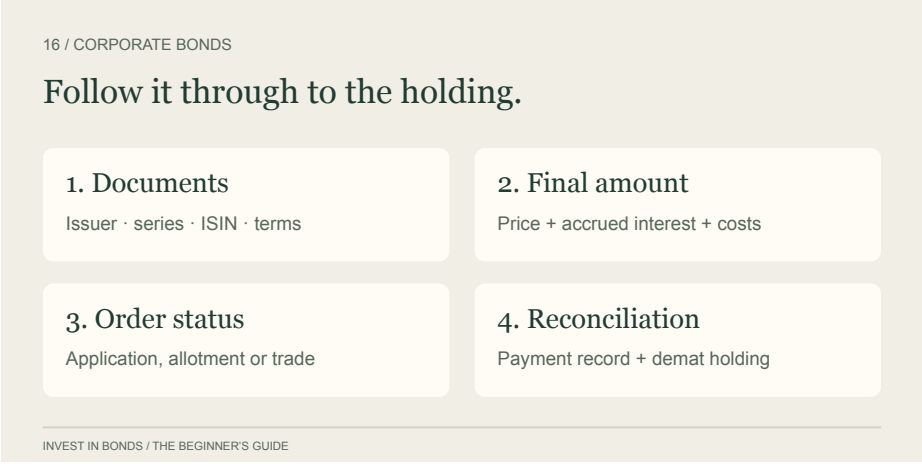
Before applying, record the issuer, series, application category, quantity, face amount, payment option and total application amount. Check current eligibility, minimum application, allotment method and issue dates. Avoid importing a minimum denomination from a different issue or an older general FAQ.

Submit the application through the permitted process

Follow the application and funding method specified for that issue and the intermediary you are using. Where funds are blocked under the stated process, distinguish a block from a completed debit. Where an authorisation is required, review its details inside the official service.

Retain the application reference. After closure and allotment, check the result, any debit or release of unused funds, and credit of the correct securities to your demat account. A valid application can receive less than the amount requested under the applicable allotment conditions.

Do not make a second application simply because you cannot immediately see the first. Establish the first application's status and the rules on multiple applications before taking further action.



An application, an executed trade and a settled holding are different stages.

Route two: a secondary-market purchase

For an existing bond, the original issue document remains important, but the current trade has its own price and settlement details. Review later disclosures, updated ratings and any amendments to the terms.

Ask for the quote for the quantity you intend to buy. Identify whether the amount is per unit, per ₹100 face value or expressed another way. Confirm whether accrued interest is included and which charges will be added. If the process uses a quote request, read the validity and acceptance conditions. NSE's RFQ FAQ describes the market mechanism.

Read a final order in rupees

Consider a fictional order for two units, each with ₹10,000 face value. The clean price is ₹10,050 per unit, accrued interest is ₹120 per unit and total charges are ₹30.

Component	Calculation	Amount
Clean consideration	2 × ₹10,050	₹20,100
Accrued interest	2 × ₹120	₹240
Total charges	Assumed for the example	₹30
Cash payable	Sum of the above	₹20,370

This is an arithmetic illustration, not a typical quote or fee schedule. Compare that ₹20,370 outflow with the actual future receipts, rather than calculating return from the ₹20,000 face amount alone. Taxes may further affect the outcome.

Before accepting, match the ISIN, issuer, series, quantity and settlement date. If a field differs from your research sheet, stop and resolve it. The correct issuer with the wrong series is still the wrong investment.

Pay only through the official instructions

Review the payment destination within the authenticated transaction process. Preserve the acknowledgement and trade reference. Do not rely on a beneficiary account sent by an unknown person or in a forwarded message.

Understand whether you have submitted an order, accepted an executable quote or completed a trade under the applicable workflow. Check status if you are unsure. An attractive price that was visible earlier may no longer be available, and an unfilled order should not be treated as a holding.

Reconcile the settled security

After settlement, compare the trade or allotment record with your independent depository/DP holding record. Check the ISIN and quantity, not just the total portfolio value. NSDL's CAS guide explains one consolidated source of account information; use the statement and alerts appropriate to your own depository and participant.

Keep the final payment breakdown and note any difference from the estimate. If settlement is delayed or the holding is wrong, raise a specific query through the official intermediary route. Include the reference and relevant dates, while protecting sensitive credentials.

The platform's order screen can be useful, but an independent holding record strengthens the reconciliation. You should be able to explain where the securities are held if you stop using the platform's app.

Set up the holding record immediately

Save the final terms, purchase cost, rating rationale and latest disclosures. Add the next interest date, maturity, relevant call or put dates and trustee contact. If the bond repays principal in instalments, record that schedule rather than one final number.

Also record why you bought it and what would prompt a review. This note helps separate a later change in facts from a temporary reaction to a market-price movement.

> *Buying the intended security is a sequence of checks, not a single button.*

The first corporate purchase is now complete as a process. The next chapter concerns the quieter work that follows: receiving, reconciling and monitoring the investment you actually own.

CARRY THIS WITH YOU

A payment confirmation is one step; verify the correct security reaches your account.

Sources & further reading

- SEBI · FAQs on the Corporate Bond Market
  Corporate debt, disclosures and routes to investment; October 2024.
- SEBI · Registered Online Bond Platform Providers
  Links to the exchange-maintained lists; check the current entity and website before transacting.
- NSE · Request for Quote FAQs
  RFQ access through eligible trading members and transaction mechanics.
- NSDL · Know Your Consolidated Account Statement
  Independent holdings and transaction records for dematerialised investments.

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The day after you invest

Keep track of payments, disclosures and the choices you may face before maturity.

The purchase is complete. For a moment, the work feels finished.

Then a coupon arrives, a rating update appears, or your own plans change. A bond does not require constant screen-watching, but it does benefit from a small, reliable system.

Your aim is to know what you own, what should happen next and what to do if the actual outcome differs.

Create one dependable record

For each holding, record the issuer, ISIN, quantity, face amount, purchase date, settlement date, total cost and payment schedule. Add the custody account, current rating details, relevant options and links to the documents you used.

Keep the order record, bank debit and holding statement together. NSDL's explanation of consolidated statements describes one way to view dematerialised investments. Reconcile with the records

appropriate to your own account; RDG holdings have their separate records.

Do not store passwords, PINs or OTPs in the tracker. It is an investment record, not a collection of account-access credentials. Keep sensitive account identifiers private if you share a worksheet with someone helping you.

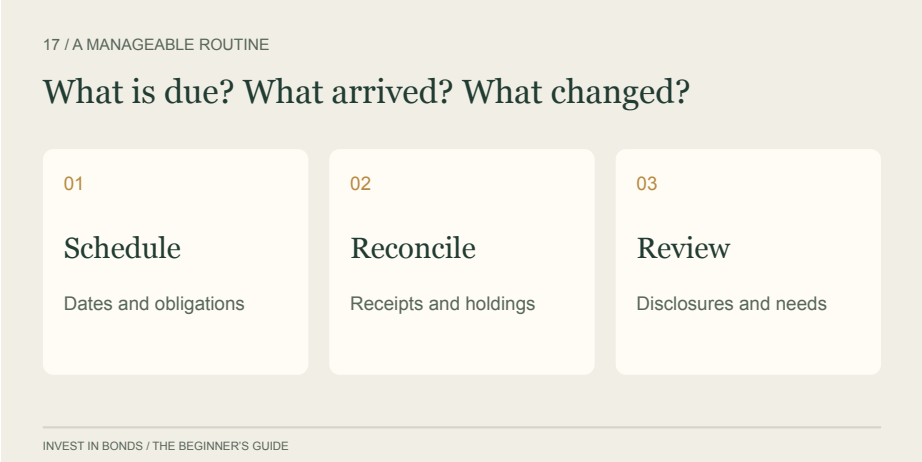
Track expected and actual payments separately

A calendar says when something should happen. A bank record shows whether it did. Keep both.

For our hypothetical bond, the schedule lists ₹800 at each annual coupon date and ₹10,000 principal at the end. Your actual record should separately show gross interest, any tax deduction, net bank credit and the date received. If principal is repaid in instalments, update the remaining face amount after each repayment.

Date due	Expected receipt	Actual gross receipt	Tax deducted	Net credited	Follow-up
Enter verified date	Interest or principal	Check advice	Check records	Match bank	Note any difference

Avoid using a rising portfolio valuation as evidence that income was received. A valuation and a cash payment answer different questions.



A simple routine is easier to maintain than constant price checking.

If a payment does not arrive

First establish the facts. Check the contractual due date and any applicable business-day adjustment. Confirm your entitlement and the registered bank details. Look for an issuer or registrar notice, a payment advice or a rejected-credit explanation.

Then contact the relevant official support channel with a specific record: ISIN, holding, due date, expected amount, transaction reference and what is missing. For a corporate issuer payment, the issuer/registrar and trustee may be relevant; an order or settlement issue may require the intermediary or depository participant. For Retail Direct service issues, use its official support route.

A delayed credit should be investigated rather than immediately labelled either harmless or a confirmed credit default. Equally, repeated reassurance without evidence is not a reason to stop following up. Keep a dated record of the responses.

For matters within SEBI's grievance framework, SCORES explains that you should first approach the entity concerned and can then use the applicable complaint process. Complaint facilitation does not guarantee repayment or compensation. Some disputes require other routes; follow the platform's current scope and guidance.

Monitor the facts that supported the purchase

Return to the review triggers in your decision note. Check new rating actions, material issuer disclosures, financial updates and notices affecting payments or security. SEBI's ratings FAQ describes ratings as opinions that can change as information and circumstances change.

There is no single monitoring frequency that suits every instrument. Use the payment schedule and material events, and set a periodic review that you can actually maintain. A complicated holding that requires attention you cannot provide may be a poor fit even if it looked manageable on purchase day.

Do not confuse a routine lower market value with a new credit problem, but do not dismiss a price move without checking whether credit information has changed. The record you built makes that distinction easier.

Selling before maturity

If your circumstances change, revisit the purpose and obtain an actual exit quote or order-book view for your quantity. Check clean versus dirty price, charges, taxes and settlement timing. A displayed valuation is not a promise of sale proceeds.

Compare the economic result using all cash flows: original purchase outflow, coupons already received, and net sale proceeds. Do not judge the result only by comparing the sale price with face value.

For example, if an invented investment cost ₹10,200, paid you ₹800 and was sold a year later for ₹10,000, the simple cash surplus before further costs and taxes is ₹600. That is not a universal annualised-return calculation; it is a reminder to include both income and price. Dates and charges are needed for a precise realised return.

Calls, maturity and reinvestment

Read any call or redemption notice and confirm the payment terms. An allowed call can end the investment earlier than your original plan. At maturity, reconcile both the final interest and principal, and check the holding record is updated appropriately.

Decide what the returned money is for before reinvesting. You do not have to reproduce the previous coupon. Your needs, tax position, market choices and issuer exposures may have changed.

If a repayment arrives in pieces or there is a restructuring, keep the records and seek appropriate help. Do not assume that a platform's old YTM continues to describe the holding after its actual payment terms change.

Make the records useful to someone else

Keep account-location and official contact information in a secure place your family can locate when needed. Review nomination details through the relevant service and consider your wider estate

arrangements separately. The purpose is continuity, not sharing access credentials casually.

> *Owning a bond means maintaining a small set of facts: what is due, what arrived and what changed.*

The first investment has now become a full cycle. The last chapter brings that cycle into a longer-term habit without turning a beginner's guide into a promise of a perfect portfolio.

CARRY THIS WITH YOU

Keep your records and your understanding up to date.

Sources & further reading

- NSDL · Know Your Consolidated Account Statement
  Independent holdings and transaction records for dematerialised investments.
- SEBI · FAQs on Credit Rating Agencies
  2 March 2026; scope, limitations, symbols and surveillance of ratings.
- SEBI · SCORES
  Complaint facilitation; first raise the issue with the entity concerned.
- RBI · Retail Direct Scheme FAQs
  RDG accounts, primary auctions, secondary trading and custody. The FAQ dates to 2021; confirm live limits and instructions in the portal.

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Build a habit, then a portfolio

Let diversification, a payment calendar and a repeatable process guide what comes next.

After a first purchase, the temptation is to repeat the transaction that felt comfortable. The issuer is familiar. The platform is already set up. Another bond appears with a slightly higher coupon.

Before repeating the purchase, zoom out. A collection of individually understandable bonds can still form an awkward portfolio.

The next decision should begin with the whole picture: purposes, repayment dates, exposures and the work required to manage them.

Count exposures, not certificates

Five ISINs from one issuer are five instruments but one concentrated borrower exposure. Different issuers within the same group may share dependencies. Several businesses can also be sensitive to the same economic conditions.

List your holdings by legal issuer and connected group, then by business type and maturity period. Include relevant exposure outside the bond list when judging your overall finances. A bond portfolio is not the whole household balance sheet.

Diversification can reduce the impact of a particular concentration, but it cannot make every outcome safe. Buying more instruments without understanding them can also increase the amount of research and administration you need.

Let dates do some of the planning

A maturity ladder spreads scheduled principal repayments across different dates. It can help organise cash needs and avoid having everything mature at once. It does not remove default risk, create guaranteed early liquidity or ensure that reinvestment rates will be attractive.

Consider a fictional ₹90,000 allocation split into three ₹30,000 face amounts, each assumed purchased at par. One matures in a year, one in two years and one in three. Assume ordinary bullet repayment, full payment and no calls. We are illustrating the maturity pattern, not recommending equal allocations or any issuer.

Scheduled maturity	Principal expected under the example
End of year 1	₹30,000
End of year 2	₹30,000
End of year 3	₹30,000

At the first maturity, you decide whether the money is needed for spending or can be reinvested. If you extend the ladder, the new instrument must be assessed on current terms. There is no obligation to buy a replacement simply to preserve a diagram.



Illustrative maturity ladder. Coupon cash flows are omitted; all principal payments are assumed to occur in full and on time.

Build an income calendar from actual dates

Different payment frequencies can be combined, but count the actual calendar rather than an average monthly yield. An annual coupon received in December will not pay a September bill unless you have other accessible money.

Use the tracker to view expected receipts alongside planned expenses. Allow for the fact that a bond payment can be delayed and that settlement from a sale may not be immediate. An income plan that works only when every date is perfect deserves another look.

If the administration becomes complicated, compare other structures you understand, including appropriate deposits or pooled debt investments. Complexity is a cost even when it does not appear on an invoice.

Rebalance when the purpose changes

A new job, a major expense or an approaching goal can change what you need from the portfolio. Review the allocation in that context rather than reacting to every movement in market value.

Selling has consequences: an available price, transaction costs, tax and a settlement period. Allowing a bond to mature and directing the proceeds elsewhere can be another route. Neither is automatically right; the choice depends on the facts and the urgency of the change.

Write the reason for the adjustment before making it. “My planned expense has moved forward” is a clearer basis than “this bond looks boring compared with a new offer”.

Recognise the habits that cause avoidable errors

Some mistakes begin before the first purchase: treating coupon as total return, accepting a rating as a guarantee, assuming a call date is maturity, or comparing after-tax and before-tax numbers as though they match.

Others appear later: adding to one group repeatedly, ignoring a changed rating, losing the payment records or treating an app’s valuation as an executable sale price. A checklist works because it

makes these easy-to-miss distinctions visible again.

Avoid inventing certainty from a good first experience. One issuer paying one coupon on time does not establish that every future issue is suitable or that a different structure is equally understandable.

Know when help adds value

Seek qualified assistance when the decision involves your overall allocation, a complex payoff, substantial concentration, a tax ambiguity, a default or an unfamiliar legal right. Personalised investment advice should come from an appropriately registered professional; tax and legal questions may require the relevant specialist.

Ask what the professional is responsible for, how they are paid and what the analysis covers. Getting help should make the decision more understandable, not replace one unexplained assurance with another.

Keep a repeatable five-step habit

Start with purpose. Identify the instrument. Check the evidence and terms. Reconcile the purchase. Monitor what you own.

This sequence will not predict every adverse event. It gives you a disciplined way to make decisions with the information available, notice uncertainty and respond when the facts change.

Before your next investment, return to the original sentence from Chapter 1: “I would pay this amount to receive these payments from this borrower, on these dates, subject to these conditions.” Add one more line: “This fits my finances because…”.

If you can complete both in plain language, you are bringing understanding to the decision. If you cannot, you have found the next question to answer.

> *The aim is to make decisions you understand, keep records you can trust and leave room to change your mind when the facts change.*

The workbook that follows turns these ideas into reusable pages. You can use it before a purchase, after a payment, or whenever you want to check that an investment still serves the purpose you gave it.

CARRY THIS WITH YOU

A portfolio should support your life, not require you to predict every market move.

Sources & further reading

- SEBI Investor · Investment Asset Classes
  Distinguishing shares, bonds and pooled investments.
- RBI · Government Securities Market in India — A Primer
  Foundational mechanics, pricing and risks. Published in 2020; current purchase procedures are checked separately.
- SEBI Investor · Understanding Bonds
  Bond basics and the categories of investment risk.

Glossary & investor workbook

Use these pages alongside the chapters. Print them, copy them into your own notes, or use the tables as the starting point for a private spreadsheet. There is no need to complete every field in one sitting.

Write “not verified” when information is missing. A visible uncertainty is more useful than an assumption that looks like a fact. Keep account identifiers and transaction documents private. Never put passwords, PINs or OTPs in a research worksheet.

Your investment purpose

Before comparing products, complete these statements in your own words:

- This money is intended for:
- The earliest date I might need it is:
- The date and amount of any planned payment are:
- I need income at these intervals:
- Other accessible funds available for unexpected expenses are:
- A delay or loss would affect my finances in this way:
- The maximum amount I am considering for this investment is:
- My existing exposure to this issuer or group is:

If the purpose is unclear, return to Chapter 2 before selecting a bond. If the consequence of a shortfall is an essential payment you cannot meet, reconsider the structure and the amount.

A bond research sheet

Field	Your record	Source and date
Legal issuer and corporate group	Write here	Write here
ISIN and series	Write here	Write here
Face amount and minimum order	Write here	Write here
Coupon structure and frequency	Write here	Write here
Remaining payment dates	Write here	Write here
Principal repayment schedule	Write here	Write here
Call, put or other options	Write here	Write here
Security and ranking	Write here	Write here
Guarantee and its scope, if any	Write here	Write here
Trustee and official contact	Write here	Write here
Rating, agency, outlook and date	Write here	Write here
Latest financial period reviewed	Write here	Write here
Main source of repayment	Write here	Write here
Material concerns or dependencies	Write here	Write here
Current price, quantity and timestamp	Write here	Write here
Accrued interest and charges	Write here	Write here
Settlement and custody route	Write here	Write here
Tax classification to confirm	Write here	Write here

Field	Your record	Source and date
Unresolved questions	Write here	Write here

Do not compress “guarantee” into yes or no without describing who guarantees what. Do not record a rating without matching its scope to the instrument. Keep the original documents or stable links with this sheet so that another review can follow the same trail.

A comparison without an invented score

Use the same date and cash-flow basis wherever possible. Mark each entry verified, needs checking, or not applicable. A missing critical field can be enough to remove an option from consideration.

Comparison question	Option A	Option B
Does the repayment date fit my purpose?	Write here	Write here
Is the minimum order suitable?	Write here	Write here
What repayment evidence have I checked?	Write here	Write here
What terms could alter the payments?	Write here	Write here
What happens if I need to sell early?	Write here	Write here
What is the final amount payable?	Write here	Write here
What yield is quoted, on what assumptions?	Write here	Write here
Which costs and taxes still need checking?	Write here	Write here
How does this change my concentration?	Write here	Write here
What remains unclear?	Write here	Write here

After completing the table, write a paragraph explaining the decision. “Neither option fits” is a valid conclusion. Avoid assigning points that imply a degree of safety you have not measured.

Before you buy

- I can explain the instrument, issuer and payment schedule in plain language.
- I have matched the ISIN across the order and supporting documents.
- I have reviewed current disclosures and the relevant rating rationale.
- I understand security, ranking, options and any unusual payoff or loss-absorption terms.
- The amount, maturity and income pattern fit the purpose I recorded.
- I understand the final price, accrued interest, charges and tax questions.
- I have verified the intermediary's legal identity and official transaction route.
- I know where the holding should appear and when settlement is expected.
- I know the steps for an early sale, including the possibility of an unfavourable or unavailable quote.
- I have decided what information would make me pause or decline the purchase.

Treat this as a decision aid, not certification that an investment is safe. A checklist cannot turn incomplete evidence into certainty.

After you buy

- Save the application or trade reference and final transaction record.
- Match the bank debit with the final payable amount.
- Confirm allotment or execution; do not confuse a submitted order with a completed trade.
- Verify the correct ISIN and quantity in the relevant holding record after settlement.
- Reconcile unused funds, partial allotments or other adjustments.
- Store the issue terms, research note and official support details.
- Add the next coupon, principal repayment and relevant option dates to your calendar.
- Record review triggers and keep nomination and bank details current.

If records do not agree, raise a precise query before making another transaction intended to fix it. Keep the acknowledgements and responses together.

Your payment tracker

Holding / ISIN	Date due	Interest / principal expected	Net amount received	Date received	Difference and follow-up
Write here	Write here	Write here	Write here	Write here	Write here
Write here	Write here	Write here	Write here	Write here	Write here
Write here	Write here	Write here	Write here	Write here	Write here

Keep gross receipts and any tax deduction in the underlying records even if this summary uses net bank credits. Update remaining principal when an instrument amortises. A zero entry should mean zero, not “I have not checked yet”.

A small stress test

Scenario	Effect on my plan	What I would do
A payment is delayed	Write here	Write here
I need the principal earlier	Write here	Write here
The only exit bid is below my purchase price	Write here	Write here
A permitted call is exercised	Write here	Write here
A call I expected is not exercised	Write here	Write here
Reinvestment rates are lower	Write here	Write here
The credit assessment deteriorates	Write here	Write here

The exercise is about consequences, not forecasting probabilities. If an outcome is hard to manage, change the plan or get appropriate help before relying on the favourable scenario.

A plain-English glossary

Accrued interest: Interest accumulated since the relevant coupon date under the instrument's calculation convention; it can form part of settlement between investors.

Allotment: The amount of a new issue assigned to an applicant under the offering's rules.

Amortising bond: An instrument that repays principal in stages rather than only in one final payment.

Basis point: One-hundredth of a percentage point. A change from 8% to 8.5% is 50 basis points.

Bid–ask spread: The difference between a quoted buying price and selling price, under the relevant quote conventions.

Bullet repayment: Principal repayment in one scheduled amount at maturity, subject to the terms and payment being made.

Call option: The issuer's specified right to redeem early, subject to conditions.

Capital gain or loss: A tax or economic result associated with disposal or redemption relative to the relevant cost; the precise tax calculation depends on the rules that apply.

Clean price: A quoted bond price excluding accrued interest.

Coupon: Interest calculated under the bond's terms; it may be fixed or variable, and is distinct from investment yield.

Covenant: A contractual promise or restriction, with defined conditions and remedies.

Credit risk: The possibility that an obligation is not met as expected, including delayed or missed payments.

Current yield: Annual coupon divided by the bond price on the stated basis; it does not capture the full return to maturity.

Debenture trustee: An entity with defined responsibilities concerning the issue and debenture-holder interests; not a general guarantor of repayment.

Default: Failure to meet an obligation as defined by the relevant contract or framework. Establish the facts and applicable definition.

Demat account: An account used to hold securities in electronic form through the depository system.

Dirty price: A bond price including accrued interest. Other charges may still be additional.

Duration: A measure connected with the timing of cash flows. Modified duration is used to estimate price sensitivity to small yield changes.

Face value: The nominal amount used in the instrument's terms; it need not equal the market purchase price.

Floating-rate bond: An instrument whose coupon changes under a specified reference-rate and reset formula.

ISIN: International Securities Identification Number, used to identify a particular security.

Issuer: The legal entity that issues the obligation and is responsible under its terms.

Liquidity: The ability to transact the desired quantity at an acceptable price and time.

Maturity: The contractual final repayment date for an ordinary dated instrument.

NCD: Non-convertible debenture; a debt instrument that does not convert into equity under its terms.

OBPP: Online Bond Platform Provider, a category operating within the relevant registration framework.

Perpetual: Having no fixed maturity date. A call opportunity does not make repayment at that date certain.

Primary market: New issuance in which an issuer raises funds, subject to the issue's rules.

Put option: The holder's specified right to seek redemption, subject to conditions and notice requirements.

Rating outlook or watch: Additional agency context about possible rating developments or events being assessed; read its definition and date.

RDG account: Retail Direct Gilt account with RBI, distinct from an ordinary depository demat account.

Redemption: Repayment under the instrument's terms, whether at maturity or through an allowed earlier event.

Reinvestment risk: The possibility that returned cash cannot be reinvested on the terms assumed in your plan.

RFQ: Request for Quote, a mechanism for requesting and agreeing transaction terms.

Secondary market: Trading in existing securities, rather than subscribing to a new issue.

Secured bond: An obligation supported by specified security. Recovery still depends on the assets, competing claims and enforcement.

Settlement: Completion of the agreed exchange of money and securities under the relevant process.

Subordination: A contractual or legal position behind specified other claims in the relevant circumstances.

TDS: Tax deducted at source. Deduction is distinct from the investor's final tax computation.

Yield to call: A calculated return using a specified call date and call price. It does not promise that the call will be exercised.

Yield to maturity: The discount rate equating price with the present value of assumed remaining payments, using stated conventions.

Zero coupon: A structure without periodic coupons; return depends on purchase and redemption amounts and other terms.

Calculation notes

The recurring bond is fictional: ₹10,000 face value, 8% fixed annual coupon, three complete years remaining, ₹10,000 bullet redemption, no optionality and full timely payment. Except where explicitly introduced, examples exclude tax, fees and accrued interest. Prices and yields are rounded for display.

Annual coupon: ₹10,000 × 0.08 = ₹800. Current yields at prices of ₹9,500, ₹10,000 and ₹10,500 are approximately 8.42%, 8.00% and 7.62%.

YTM solves the present-value equation using cash flows of ₹800, ₹800 and ₹10,800 at years one, two and three. The corresponding annual yields are approximately 10.01%, 8.00% and 6.13%. At required yields of 7%, 8% and 9%, the calculated prices are approximately ₹10,262.43, ₹10,000 and ₹9,746.87. Actual market instruments may require different conventions and dates.

The real-return illustration uses (1 + nominal after-tax return) ÷ (1 + inflation) − 1. With hypothetical inputs of 5% and 6%, the result is approximately −0.94%. This is not a forecast.

The corporate-order illustration is 2 × ₹10,050 + 2 × ₹120 + ₹30 = ₹20,370. The tax example uses an invented effective rate solely to explain arithmetic. None of these examples establishes an available investment, a standard fee or a rate of tax applicable to a reader.

About this guide and corrections

Written by **Team Invest in Bonds** for people beginning to understand Indian bond investing. First edition, September 2026. The illustrations, scenarios and worksheets are original educational material. Hypothetical examples are labelled and do not describe real investors or available offers.

The guide provides general information and education, not personalised investment, legal or tax advice or a recommendation to buy or sell a security. Bonds can lose value and issuers can fail to meet obligations. Apply current rules and instrument terms to your own circumstances; seek an appropriately qualified professional when needed.

References identify the materials used for the explanations. Their presence does not imply endorsement by a regulator, exchange or other institution. Some foundational documents are older; current limits, fees, availability and operational steps should be checked with the relevant official service.

The guide does not rank providers or use paid product examples. The website's advertising and affiliate disclosures apply when you explore its research pages.

For corrections, write to team@investinbonds.in with the chapter, passage and supporting source. The current online edition is at investinbonds.in/learn/bond-investing-guide. Keep the edition date with a downloaded copy so that later updates are easy to identify.