

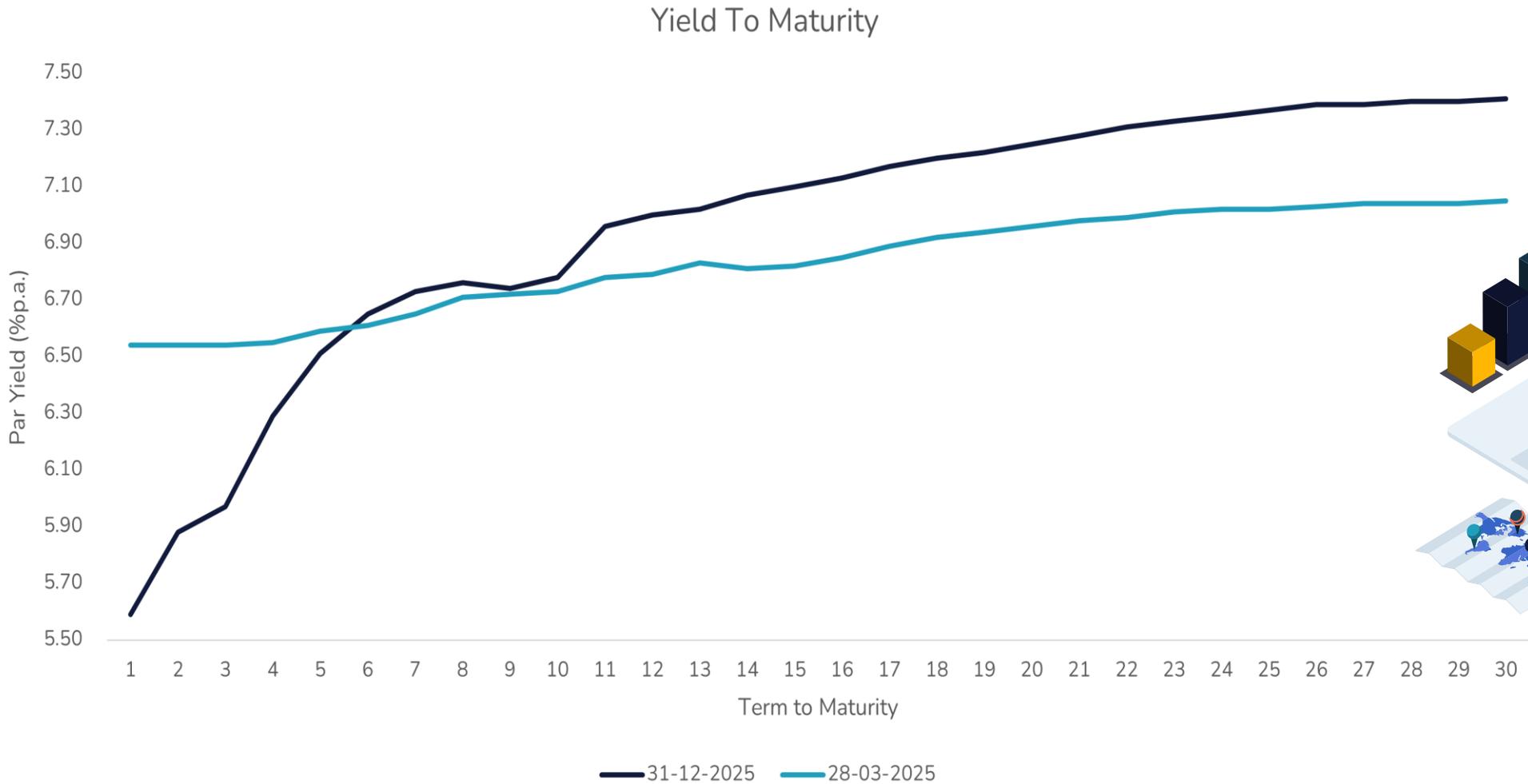


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KAP's Interest Rate Updates For Employee Benefits as on 31st December 2025

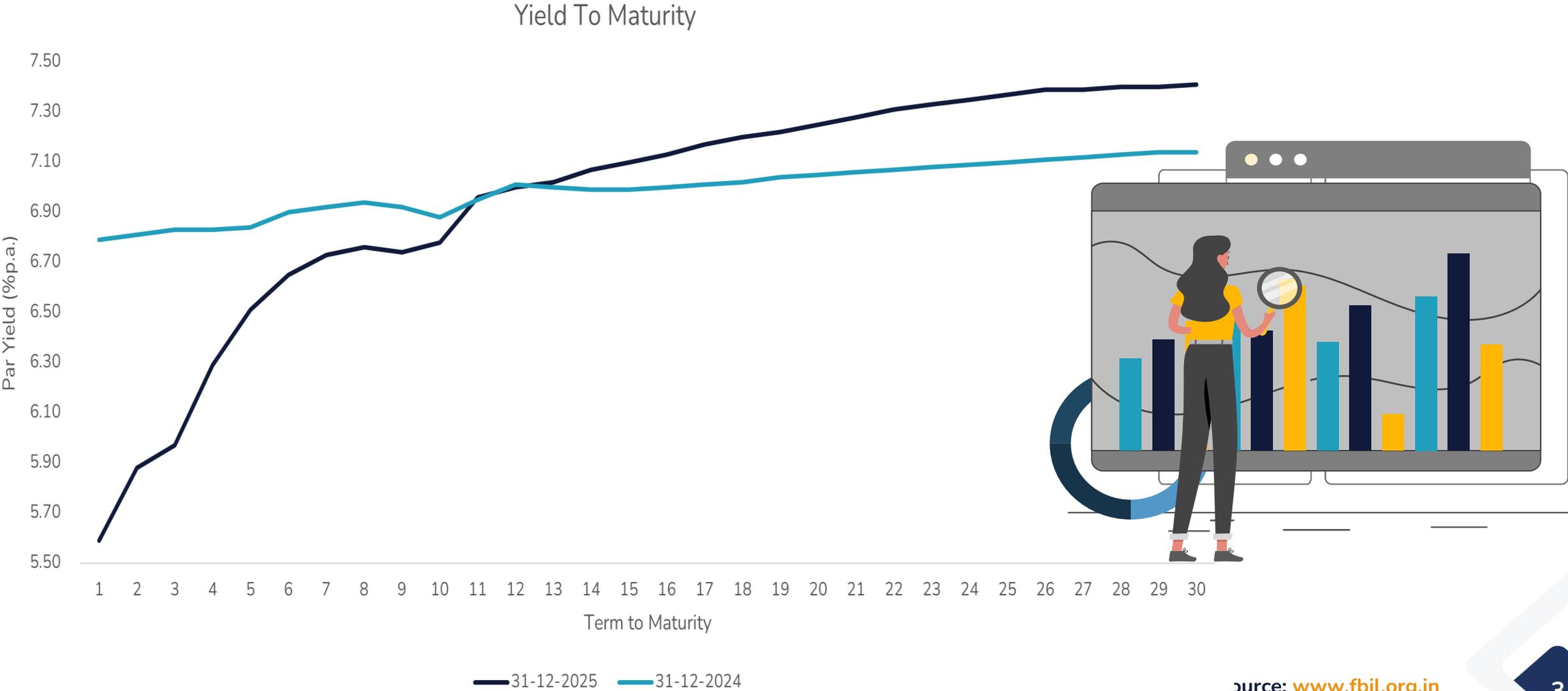
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G. Sec Rates as at 31-12-2025



**The rates shall be considered as the final rates for the quarter valuations as on 31-12-2025

Annualised Par Yields on G. Secs





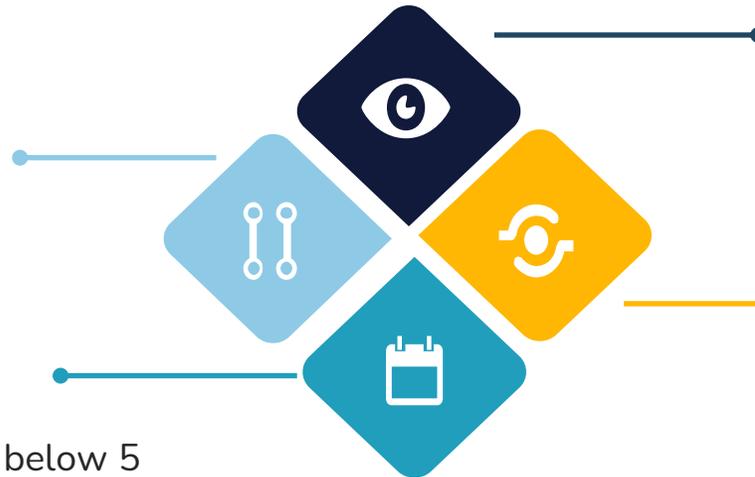
Comments & Insights

Interest Rates Around the World

Increasing government bond yields typically indicate investors prefer safe and risk-free government bonds, prompting a shift toward safer assets. This change might impact borrowing costs, investment preferences, and global capital movement. As a result, it often means risk-off sentiment and some kind of shifts from currency and commodity markets to government bonds and safer economic expectations.

Comparison of 31-12-2025 Yield

As compared to 28-03-2025, yields for tenures below 5 years have declined by an average of 50 bps, while yields for tenures above 5 years have increased by about 25 bps. Overall, the movement in the yield curve indicates that the impact will depend on the duration of plans and employee profile, plans with shorter-duration likely to see an increase in liabilities, while plans with longer-duration may see some relief.



Impact on Obligation

An increase in yield will lead to a decrease in the present value of obligations, thereby resulting in an actuarial gain due to changes in financial assumptions, assuming all other assumptions remain unchanged.

Impact on Asset

An increase in G-sec yields can lead to a decrease in the fair value of plan assets when a company performs a mark-to-market (MTM) valuation. This occurs because the inverse relationship between bond yields and prices results in higher valuations for bonds held in the plan.

Annualized Par Yields on G. Secs as on 31-12-2025



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Term	Annualized Yield (% p.a.)
1	5.59%
2	5.88%
3	5.97%
4	6.29%
5	6.51%
6	6.65%
7	6.73%
8	6.76%
9	6.74%
10	6.78%

Term	Annualized Yield (% p.a.)
11	6.96%
12	7.00%
13	7.02%
14	7.07%
15	7.10%
16	7.13%
17	7.17%
18	7.20%
19	7.22%
20	7.25%

Term	Annualized Yield (% p.a.)
21	7.28%
22	7.31%
23	7.33%
24	7.35%
25	7.37%
26	7.39%
27	7.39%
28	7.40%
29	7.40%
30	7.41%

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Thank you!



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