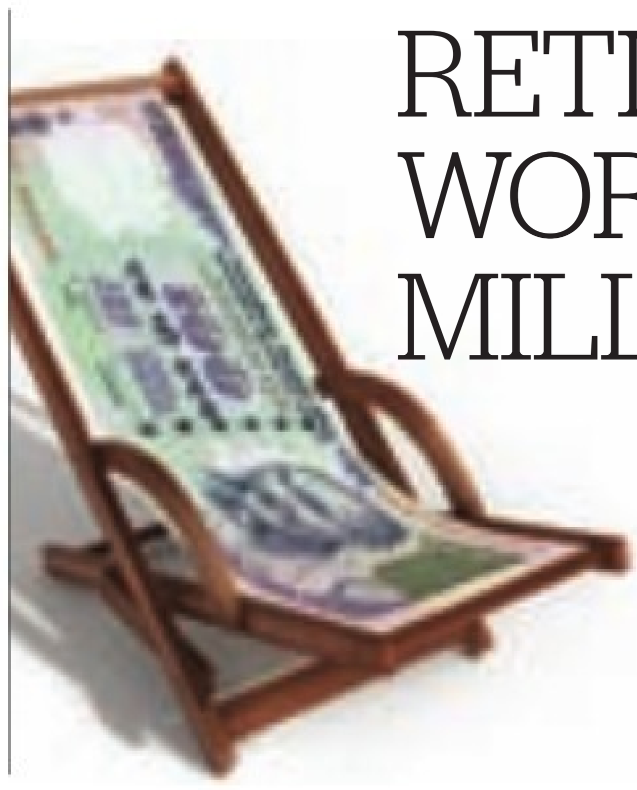
THE ECONOMIC TIMES wealth



RETIREMENT WORRIES MILLENNIALS
PAGE 16

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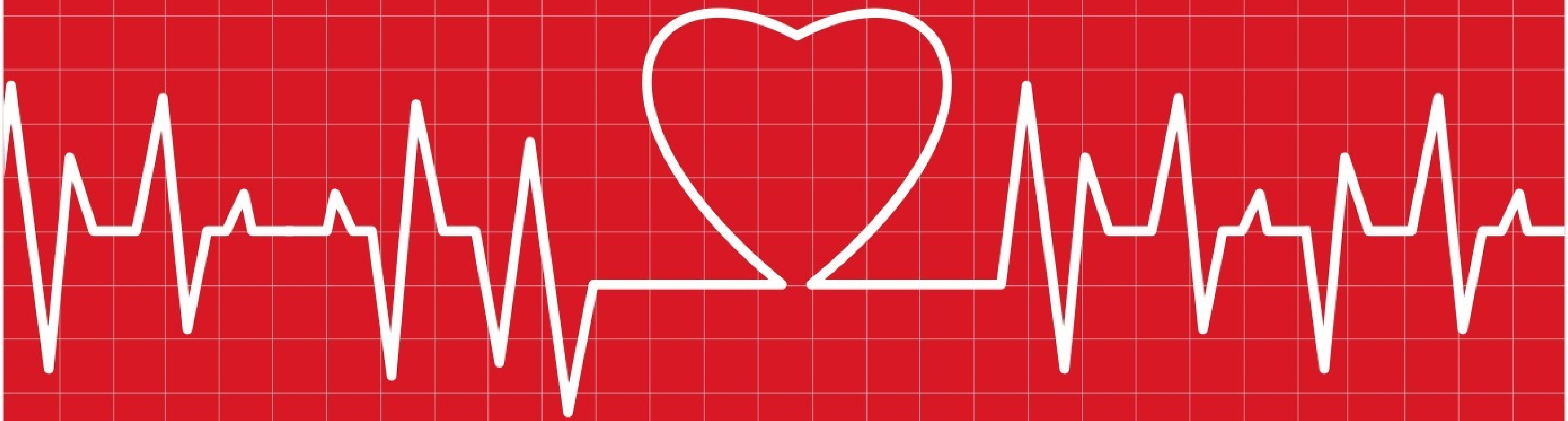
WHY YOU NEED



CRITICAL ILLNESS INSURANCE

The rising incidence of lifestyle diseases and high medical costs make it imperative to buy this insurance. Find out the factors you should keep in mind before opting for one. PAGE 2

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WHY YOU NEED CRITICAL ILLNESS COVER

The rising incidence of lifestyle diseases and high medical costs make it imperative to buy this insurance. Find out the factors you should keep in mind before opting for one.

YOGITA KHATRI

A serious illness, like most calamities, often arrives unannounced. And much like a natural disaster, takes a grievous toll: physical, emotional and financial. Worse, the diseases that were often encountered typically after 50 years of age, have now begun to strike as early as in one's 30s and 40s, given the stressful and unhealthy lifestyles.

According to the latest India Fit report from GOQii, a fitness technology platform, one in three people above the age of 30 suffers from a lifestyle disease, be it cardiac issues, diabetes or high cholesterol, which often escalate to serious health issues. A government report suggests there are more than three crore heart patients, while the World Life Expectancy data shows heart ailments, lung diseases and strokes to be the leading causes of death in India. The National Cancer Registry Programme of the Indian Council of Medical Research claims there were nearly 38 lakh Indians suffering from cancer in 2012-14.

While medical advancement has increased the chances of survival, it also means that one needs to be financially prepared to avail of the facilities. Whether it's a heart ailment, cancer or renal failure, a critical illness can cause a huge dent in your finances. Treating and managing these diseases can be a long-term ordeal and come at a high cost, ₹35 lakh in some cases (*see table*). It doesn't help that the high medical inflation—12.5% in 2016, as per the 2017 Global Medical Trends Survey Report—has shot up the cost of treatment. Since an average household can't lay access to high sums with ease, people are forced to fall back on their life's savings or borrow from family and financial institutions. "Sale of assets, liquidation of savings, and loans from friends and relatives to fund the treatment may put your family's financial future at risk," says Upendra Namburi, Chief Marketing and Innovation Officer, Bharti AXA General Insurance.

It's worse if the afflicted person is the sole breadwinner because such illnesses often eliminate or reduce one's ability to earn for a considerable period of time. For instance, it can take up to three months to recover from an open-heart surgery, which can include heart

Average cost of treating various critical illnesses

Find out how much you may have to shell out for these major medical problems. Add to it the loss of income that may ensue when you are out of action.

CARDIOLOGY / CARDIOTHORACIC SURGERY

- **ANGIOPLASTY** (one stent)
  ₹**1.9** lakh – ₹**4.12** lakh
- **BYPASS SURGERY** (CABG - coronary artery bypass graft)
  ₹**1.9** lakh – ₹**6.03** lakh
- **CONGENITAL HEART DEFECTS** (ASD/VSD closure)
  ₹**1.9** lakh – ₹**6.35** lakh
- **VALVE REPLACEMENT** AVR/MVR (including valves)
  ₹**3.81** lakh – ₹**7.62** lakh
- **VALVE REPLACEMENT** (AVR/MVR - minimal invasive procedure)
  ₹**4.95** lakh – ₹**5.2** lakh

TRANSPLANT

- **HEART TRANSPLANT**
  ₹**14.6** lakh – ₹**25.4** lakh
- **LIVER TRANSPLANT**
  ₹**25.4** lakh – ₹**35.56** lakh
- **KIDNEY TRANSPLANT**
  ₹**3.17** lakh – ₹**13.97** lakh
- **LUNG TRANSPLANT**
  ₹**13.97** lakh – ₹**15.87** lakh

ONCOLOGY (CANCER) TREATMENT

- **CHEMOTHERAPY** (per cycle)
  ₹**63,500** – ₹**1.9** lakh
- **BREAST CANCER SURGERY**
  ₹**1.9** lakh – ₹**4.25** lakh
- **PROSTRATE CANCER SURGERY**
  ₹**3.49** lakh – ₹**6.35** lakh

NEURO SCIENCE

- **DEEP BRAIN STIMULATION** (for Parkinson's)
  ₹**12.7** lakh – ₹**14.6** lakh
- **PERIPHERAL NERVE SURGERY**
  ₹**2.54** lakh – ₹**4.12** lakh

Source: India Healthcare Tourism, a government of India portal.
ASD: Atrial septal defect
VSD: Ventricular septal defect
AVR: Aortic valve replacement
MVR: Mitral valve replacement

valve replacement (HVR), coronary artery bypass grafting (CABG) and aorta surgery. This is why it's imperative to prepare oneself for such an exigency.

One of the most affordable options is to buy adequate insurance, more precisely a critical illness cover. "These covers are apt for those entering their 40s as one is genetically susceptible to ailments such as heart conditions and cancer at this age," says Antony Jacob, CEO, Apollo Munich Health Insurance. Agrees Sanjay Datta, Chief, Underwriting, Claims and Reinsurance, ICICI Lombard: "It is a must to buy this cover before the age of 40, and is advisable to buy it at a younger age to save on premium and maintain a continued coverage." So try to pick a suitable plan around 35 years of age as the incidence of these diseases at younger ages is increasing. More importantly, once a disease is contracted, it is difficult to secure insurance.

But how do you decide which cover to go for? In the following pages, we tell you how a critical illness plan works and the things you should consider before picking one.

WHAT DOES IT OFFER?

Unlike regular health plans, which are indemnity policies and pay only for in-patient hospitalisation, critical illness covers are defined benefit plans and offer a tax-free lump sum on the diagnosis of a specified illness. "The sum assured under the fixed benefit plan is higher than the cost of treatment. Hence, these plans serve the dual purpose of covering the cost of treatment and income replacement," says Subhrajit Mukhopadhyay, Chief and Appointed Actuary, Edelweiss Tokio Life. The most common illnesses covered under such plans are heart attack, cancer, stroke and kidney failure.

Typically, there is a waiting or cooling off period of 90 days, after which the claims become admissible. Apart from this, there is a survival period–30 days mandated by most insurers–which means that you will be eligible for the sum assured only if you survive for 30 days after the diagnosis. Some policies, such as Religare Assure and Star Criticare Plus, also have a zero survival period, which means that the claim is payable even if the insured person passes away on the day of the diagnosis. This is a useful feature, but also comes at a higher cost.

Remember, however, that these plans do not replace the basic health plan. "Critical illness plans should not be considered as a substitute for an indemnity plan and should be opted for as an add-on cover," says Jacob. Shreeraj Deshpande, Head of Health Insurance at Future Generali, concurs: "These plans complement the regular health plans and provide support mainly for the loss of income or earning capacity of a person due to the prolonged hardship."

"Though most regular health plans cover major critical illnesses, they come into play only in case of hospitalisation and do not provide cover for the entire cost of treatment," says Puneet Sahni, Head of Product Development, SBI General Insurance. More importantly, people don't buy big health covers, with most opting for a ₹5 lakh plan, which is not adequate for critical illnesses.

You should, therefore, have both the plans in your insurance kitty. "Regular health plans can be used for financing short-term medical expenses, while critical illness plans can be kept for financing long-term medical expenses and treatment," says Rakesh Jain, CEO, Reliance General Insurance.

"Critical illness plans serve the dual purpose of covering the cost of treatment and income replacement."

SUBHRAJIT MUKHOPADHYAY
CHIEF & APPOINTED ACTUARY, EDELWEISS TOKIO LIFE

Disease-specific plans: Apart from comprehensive critical illness plans, which cover a range of illnesses, there are some disease-specific plans, such as those for heart and cancer ailments, in the market. Their premium is usually lower due to limited coverage. You should consider these plans when you are aware of the predisposition to any particular hereditary ailment or lifestyle disorder. Otherwise, for most cases, comprehensive plans work better. "Diabetes, for instance, is a risk factor for heart-related conditions, strokes, as well as renal failure. In such situations, having a comprehensive critical illness plan is preferable to a standalone heart-related plan," says Datta.

THINGS TO CONSIDER BEFORE YOU BUY

Cover size

To determine the optimal size of cover, first consider medical inflation, which is usually in double digits. "A cover that is 2-3 times the current treatment cost will take care of medical inflation for the next 10-15 years," says Mukhopadhyay. Your current and future financial liabilities also play an important role. "Financial liabilities, such as a home loan and number of financial dependants, call for a higher coverage," says Anuj Gulati, CEO, Religare Health Insurance.

As a thumb rule, your cover should not be less than ₹10 lakh. Says Jacob: "For a person residing in a metro or tier-I city, the minimum sum insured should be ₹10 lakh." Other experts suggest going for a critical llness plan on the basis of your income and size of the regular health plan. "It should be 2-3 times that of a basic health cover," says Dhruv Sarin, Head, Health Insurance, Policybazaar. Deshpande, on the other hand, suggests a cover that is 3-4 times the annual income.

Illnesses covered

This is one of the most important things to consider. The number of illnesses covered can be as low as eight and as high as 37 (*see table*). A plan covering a higher number of illnesses may be the obvious choice, but be careful. "A single ailment may be split into different categories and shown as multiple ailments under a policy," says S. Prakash, Senior Executive Director and Chief Marketing Officer, Star Health and Allied Insurance.

Hence, pay attention to different organ systems, such as heart, lung, gastro or neuro, not just the number of illnesses covered, which are given as a list of procedures. Apollo Munich Optima Vital, for instance, covers the highest number of illnesses (37), some of which are very rare, but has many procedures that are a part of one system. The key is

Leading causes of death in India

The top 3 killer diseases fall in the critical illness category and can be covered.

CORONARY HEART DISEASE
DEATHS
12.15 lakh
(13.7%)

LUNG DISEASE
DEATHS
10.62 lakh
(11.9%)

STROKE
DEATHS
8.82 lakh
(9.9%)

Figures for 2014. Source: World Life Expectancy

Incidence of cancer in India

Number of prevalent cancer cases
38 lakh

New cancer cases added between 2012 and 2014
14 lakh

Cancer-related deaths
7 lakh

Source: National Cancer Registry Programme, Indian Council of Medical Research. Data for 2012-14

Pick your critical illness plan

Opt for a higher number of illnesses, but pay attention to the organ system, ensuring that a single ailment is not split into various procedures.

PLAN	Number of illnesses covered	Survival period (days)	Maximum sum insured	Annual premium
Apollo Munich Optima Vital	37	30-90	₹50 lakh	₹4,313
Max Bupa Health Assurance CI	20	30	₹2 crore	₹2,846
Religare Assure	20	Nil	₹1 crore	₹4,540
Edelweiss Tokio Life Criticare - Single Claim	17	28	₹1 crore	₹2,775
SBI Critical Illness Insurance Policy	13	28	₹50 lakh	₹2,450
Tata AIG Critical Illness Policy	11	30	₹15 lakh	₹9,100
Universal sompo Critical Illness Insurance Policy	11	30	₹20 lakh	₹4,084
Reliance Critical Illness Insurance Policy	10	30	₹10 lakh	₹3,149
Bajaj Allianz Critical Illness Insurance Plan	10	30	₹50 lakh	₹3,450
Star Criticare Plus Insurance Policy	9	Nil	₹10 lakh	₹16,790
HDFC Ergo Critical illness Plan- Silver	8	30	₹10 lakh	₹3,450

This is a sample, not a complete list of plans in the market. Most insurers mandate a waiting period of three months. Premiums are inclusive of taxes, for a cover of ₹10 lakh, for a 35-year-old male, non-smoker. Source: ComparePolicy

to consult a doctor and check for the occurrence of these diseases.

Interpretations & definitions
While most critical illnesses have standardised definitions, there are various conditions in the coverage. All diseases have to be of a specified severity to be able to make a claim. For instance, failure of both kidneys is usually considered for a claim. For cancer, only a specified severity is considered, while skin cancer is excluded from most plans. In short, for most illnesses, the loss has to be total and irreversible. So check with your family doctor and understand these interpretations clearly.

Sub-limits
Some plans have sub-limits for a particular treatment. For instance, Star Criticare Plus policy has a sub-limit of ₹1.5 lakh for a cerebrovascular accident, cardiovascular disease, cancer and renal complications for 60-65 year olds, while for all other major surgeries, the sub-limit is ₹1.2 lakh. So, make sure you check the sub-limits for the disease that you have a predisposition to.

Renewability
Most critical illness plans are renewed annually. For longer-term policies, such as those for 2-3 years, the premium is renewed after this period. It may be prudent to buy a plan that offers lifelong renewability as the possibility of contracting a critical illness increases as one gets older. "A few plans, such as Max Bupa Health Assurance Critical Illness Plan, Bajaj Allianz Critical Illness Insurance and Star Criticare Plus Insurance Policy, offer lifelong renewability," says Harjot Narula, CEO, ComparePolicy.

Exclusions
A critical illness plan usually covers a pre-listed set of illnesses. Pre-existing conditions are usually not covered before a waiting period of 3-4 years. It is, therefore, important to go through all the exclusions. Some of the common ones include treatments arising from pregnancy or childbirth, HIV infection, AIDS and injuries.

Premium
As in basic health covers, the premium increases with age if the policy is standalone and taken from a general insurance company. For plans from life insurers, the premium remains the same throughout the period as it is attached to the base policy. Also, standalone plans are usually costlier than riders, but they also offer wider coverage. Go for the plan that best suits your requirements even if it means you have to shell out extra. The SBI Critical Illness Insurance Policy, which covers 13 illnesses, comes for a premium of ₹2,450 per annum, for a cover of ₹10 lakh for a 35-year-old (non-smoker) male.

The premium paid for health policies, including critical illness plans, also offer a tax deduction under Section 80D of the Income Tax Act. The maximum deduction available under this section is ₹60,000 if you pay for your family and senior parents.

Claim settlement ratio
It is the ratio of claims approved by the insurer to the total claims it receives. The higher the CSR ratio, the better the claims service. So, before you buy, ask the company about its CSR details over the years. Also ensure that you present all the health facts to the company before buying a plan. If you misrepresent or forget to mention any relevant information about your health, the claim could be rejected.

Defined plus indemnity benefit vs defined benefit
Typically, critical illness plans are defined benefit plans, which means that the claim is paid after the 30-day survival period and the policy ends. But there are some plans that combine both the benefits, defined as well as indemnity (hospitalisation expenses). One such example is Star Criticare Plus policy, but it also has the highest premium (*see table*). "After one is afflicted with a critical illness, the person does not get health insurance at all. However, it is required even after that. So we provide both defined and indemnity benefits, which is why the premium is higher," reasons Prakash. The indemnity plan continues though it doesn't cover the illness for which the lump sum was paid. The basic policy is issued under a new name and the premium is proportionately lower.

Standalone or rider
Critical illness plans are available from both life and general insurance companies. While the former often offer these as riders to their base policies (say, a term plan), the latter offer it mainly on a standalone basis. Some may also offer it as a rider to the regular health plan.

Disease-specific plans

Pick one of these if you have a clear disposition to or a family history of the illness.

PLAN	Number of illnesses covered	Survival period (days)	Maximum sum insured	Annual premium
Future Generali Cancer Protect Plan - Lumpsum	1	7	₹40 lakh	₹858
Aegon Life I cancer	1	0	₹50 lakh	₹2,772
PNB MetLife Mera Heart and Cancer Care - Gold Plan	2	0	₹80 lakh	₹4,776
ICICI Prudential Heart & Cancer Protect	2	7	₹80 lakh	₹2,652

This is a sample, not a complete list of plans in the market. Premiums are inclusive of taxes, for a 35-year old male, non-smoker, for a cover of ₹10 lakh. Source: ComparePolicy

Are you financially prepared?

Take this quiz to find out if you are ready to fund a medical exigency.

1 How old are you?

- A Less than 20 years
- B 21-35 years
- C 36-50 years
- D More than 50 years

2 What is your current family status?

- A Single
- B Married, no dependants
- C Married, with dependants
- D Retired

3 Do you have a family history of heart attack, cancer, stroke, etc.?

- A No
- B Yes

4 Do you have a basic health insurance (indemnity) plan?

- A Yes
- B No

5 Are you the only earning member in the family?

- A No
- B Yes

6 Is it enough to have a basic health plan with a high sum assured?

- A No
- B Yes

7 How would you pay for the treatment of a critical illness?

- A I have a critical illness plan.
- B I have kept aside a substantial sum for this.
- C I will borrow from friends/ family or sell my assets.
- D I have no idea.

SCORING

Give yourself the following points for Qs 1, 2 & 7

A	B	C	D
4	3	2	1

Give yourself the following points for Qs 3, 4, 5, 6

A	B
3	2

WHAT YOUR SCORE MEANS

LESS THAN 14
You must immediately consider buying a basic, adequate health plan as well as a critical illness plan to be better prepared.

15-19
You need to assess your financial situation well and start planning for unexpected medical emergencies.

MORE THAN 20
You seem to be well prepared in case critical illness strikes. If you do not have a separate critical illness plan, consider buying one.

The biggest difference between the two is the tenure of the policy. "Critical illness plans from life insurers are usually long-term products (10 years or more), while those from general insurers have a tenure of not more than three years," says Sahni. You can, however, renew these plans after three years. Accordingly, the premium also varies. Life insurers offer a fixed and lower premium for the entire tenure of the policy, while general insurers offer a premium based on age, usually increasing with age. Independent plans may be expensive compared to riders, but also give better coverage.

Experts suggest going for a separate, standalone cover because it offers more flexibility. "You have the flexibility to choose a higher sum assured as per your requirement, whereas there is usually a cap in the case of a rider," says Datta. "On the other hand, managing rider plans is more convenient as the renewal is clubbed with the base plan," says Srinivasan Mahadevan, CEO, PlanCover.

Ideally, if your basic indemnity cover is less, buy a separate standalone critical illness plan. "If you have a very high basic coverage, which would take care of most of your hospitalisation expenses, you may consider buying a rider to the base cover," says Sahni.

Please send your feedback to
etwealth@timesgroup.com

I-T glare on benami holdings

In a country-wide crackdown, 400 cases identified, properties worth ₹600 cr attached.

Income tax authorities have launched a crackdown on benami properties and identified more than 400 such transactions, including bank deposits, plots, flats or jewellery.

The Central Board of Direct Taxes, the apex direct taxes body, set up 24 dedicated benami prohibition units or BPUs across India recently. These units will report to the principal directors of investigation to enable swift action.

Provisional attachment of properties has been carried out in more than 240 cases so far. The market value of properties that were attached is more than ₹600 crore.

Immovable properties have been attached in 40 cases, with a total value of more than ₹530 crore, in Kolkata, Mumbai, Delhi, Gujarat, Rajasthan and Madhya Pradesh. In one case, a chauffeur was found to be the owner of land worth ₹7.7 crore and the beneficial owner was a Madhya Pradesh-based listed company. His employer, a professional, held several immovable properties in the name of shell companies.

In another case, a jeweller in Sanganer, Rajasthan, was found to be the beneficial owner of nine immovable properties in the name of his former employee, a man of no means. Certain properties purchased through shell companies have also been attached by the income tax department in Kolkata.

The Benami Transactions (Prohibition) Amendment Act, 2016 came into effect in November 2016. Benami property includes movable or immovable property, tangible or intangible property, corporeal or incorporeal property.

The Act empowers provisional attachment and subsequent confiscation of benami properties. It also allows for prosecution of the beneficial owner, the abettor and inducer to benami transactions, which may result in imprisonment of up to seven years.

₹7,100 crore

is the estimated value of JK House in Mumbai's Breach Candy. The Singhanias, promoters of fashion retailer Raymond, are in the process of buying the property for ₹600 crore.

FATCA diktat for NPS members

The National Pension System (NPS) subscribers registered on or after 1 July 2014, are mandatorily required to submit FATCA self-certification. They can do so online instead of sending the documents physically, by logging on to *www.npscra.nsdl.co.in*.

Those who have already sent physical documents will still need to certify online. "You are requested to provide online self-certification even if you have submitted the physical self-certification form to CRA," an NSDL note said. Meanwhile, the Pension Fund Regulatory and Development Authority has clarified that the NPS accounts of investors who have not submitted the FATCA self-certification will not be blocked.

Airfares soar as Indians head abroad for summer holidays

Making last-minute plans for an international holiday this summer will leave you sweating.

Spot ticket prices to popular destinations have gone up by as much as 30% from last summer, with London witnessing the fastest jump in airfares.

Even these high spot fares are not deterring last-minute holidayers.

Indiver Rastogi, president of corporate travel at Thomas Cook (India) Limited, says airline bookings are witnessing a "surge of over 40%" compared to last year.

Given the sharp increase in outbound travel, airlines are not able to increase supply accordingly. John Nair, head of business travel at Cox & Kings, says, "Spot fares to long-haul destinations in June have gone up as the leisure traffic to these destinations has shot up and there is no commensurate increase in capacity from India to the UK, Europe and the US."

However, leaving on a jet plane this summer is proving tough as visa processing at the consulates of the most popular destinations is taking a lot of time. For instance, Tourism Australia has informed travel agents about increased waiting periods to get visas due to the rush.

quote of the week

"Suddenly, everyone has tips and multi-bagger ideas. This is a clear warning sign that a correction is due."

SUNIL SINGHANIA
CIO, EQUITY, RELIANCE MUTUAL FUND

Product launches

MUTUAL FUND

ICICI Prudential Mutual Fund has launched ICICI Prudential Capital Protection Oriented Fund Series XII, Plan B, 1,289 days. The scheme will invest a portion of the portfolio in debt securities and money market instruments and the rest in equity. The minimum investment is ₹5,000. The fund offer closes on 6 June.

IDBI Mutual Fund is launching IDBI Small Cap Fund on 1 June. The scheme will invest in equity and equity-related instruments of small-cap companies. The minimum investment required is ₹5,000 and the NFO closes on 15 June.

IDFC Mutual Fund has launched IDFC Dual Advantage Fund Series 1. The scheme will invest in a portfolio of debt and money market securities that will mature on the date of or before the maturity of the scheme. A portion of the portfolio will be invested in equity. The minimum investment needed is ₹5,000 and the scheme closes on 9 June.

UTI Mutual Fund has launched UTI Capital Protection Oriented Scheme Series IX-II, 1,462 days. The scheme will invest in high-quality fixed income securities as well as in equities. Minimum investment is ₹5,000. The issue closes on 5 June.

INSURANCE

HDFC Life has launched India's first life insurance e-mail Bot—SPOK—to improve customer experience. SPOK will automatically read, understand, categorise, prioritise and respond to customer e-mails within milliseconds.

domestic calendar

Wednesday MAY 31	Wednesday MAY 31	Wednesday MAY 31
Fiscal deficit figures to be announced.	GDP annual estimates to be announced.	Figures from 8 infrastructure industries.

Tweet corner

Shyam Sekhar@shyamsek
Entrepreneur
Last summer, i went on a thrilling hot air balloon ride in Luxembourg.
This summer, did the same ride in our stock markets.

Ajit Ranade@ajit_ranade
Economist
About 60% of India's GDP is services. Currently taxed at 15%. #GST will move it close to 18. Isn't this big fact enough to cause inflation?

Vishal Sikka's salary drops by 67%

This, when other senior executives' salaries rose in 2016-17, as per the Infosys annual report.

Infosys Chief Executive Vishal Sikka's high salary, which had prompted the founder members to voice concerns, has dropped over 67% in 2016-17 on lower bonus payout.

According to the annual report of Infosys, the cash component of Sikka's salary was ₹16.01 crore, down from ₹48.73 crore in 2015-16. His total compensation, including bonus and grant of stocks, fell 7% to ₹45.11 crore in 2016-17 from ₹48.41 crore in the previous fiscal.

Sikka received a base salary of $1 million in 2016-17, up from $900,000 in the previous year. His bonus and incentives dropped to $0.82 million as against the target of $3 million.

He also received restricted stock units worth $2 million, same as the previous year, and performance-based stock incentives of $2.88 million (nil last year).

This remuneration for the last fiscal year remains 283.07 times higher than the median remuneration of employees (MRE) of Infosys. The MRE of Infosys for 2016-17 stood at ₹5,65,585.

According to the annual report, while the total compensation of Sikka has fallen, other senior executives witnessed a

rise. Chief Operating Officer U.B. Pravin Rao's total salary increased to ₹11.80 crore in 2016-17 from ₹8.14 crore in the previous year. Likewise, compensation of Deputy Chief Operating Officer, Ravi Kumar S, went up to ₹14.87 crore from ₹8.27 crore.

Presidents Mohit Joshi, Sandeep Dadlani and Rajesh Murthy received a total compensation of over ₹14 crore. Joshi got ₹14.62 crore in 2016-17, up from ₹9.02 crore in the previous year, Dadlani got ₹14.97 crore as against ₹8.4 crore in the previous year, and Murthy got ₹14.25 crore compared to ₹8.55 crore.

In a letter to shareholders, Sikka said the best and most talented employees want to be measured on performance—not role maturity or tenure. So in 2016-17, stock incentive plan for top performers was introduced.

"It has been my personal endeavour since joining Infosys to enable all employees to share in the success of the company, and in 2017, we made the first step of this a reality.

"In addition, we restructured the compensation of senior leaders to be more performance-based, with a significant portion of their compensation now coming through stock incentives, creating a more direct alignment with the shareholders," he wrote.

Non-executive Chairman R. Seshasayee got ₹1.95 crore in remuneration in 2016-17 compared to ₹1.84 crore in the previous year. Other independent directors too got over ₹1 crore.

The steep hike in compensation awarded to top executives of Infosys has not gone down too well with IT employee groups. They flayed the hikes, calling it "painful" amid job losses in the industry.

Women CEOs in the US earned more last year

Women CEOs earned big bucks last year, but there are still very few of them running the world's largest companies.

The median pay for a female CEO was $13.1 million last year, up 9% from 2015, according to an analysis by executive data firm Equilar and The Associated Press. By comparison, male CEOs earned $11.4 million, also up 9%.

However, the number of women in CEO roles has barely budged. Just 6% of the top-paid CEOs in the US last year were women, according to the Equilar and AP analysis, a slight increase from about 5% in 2015 and 2014.

The highest paid woman was Virginia Rometty of International Business Machines Corp., bumping out Yahoo's Marissa Mayer from the top spot.

Rometty earned $32.3 million last year from the technology company, a 63% jump from the year before, mainly due to $12.1 million in stock option awards she didn't receive in 2015.

Mayer earned $27.4 million last year, making her the second-highest paid woman. However, she may be out of a job after Yahoo Inc. completes the sale of its websites and e-mail services to Verizon Wireless in June.

Mayer is not expected to join Verizon, and Yahoo has said she will receive a $23 million severance package if she departs.

And elsewhere

Indiana woos Infosys with incentive package

States in the US are rolling out the red carpet for Indian IT services companies, with Indianaoffering more than ₹200 crore in incentives to Infosys as it looks to drum up jobs in the sector.

The state plans to woo more Indian IT companies, which need to boost local hires given the political sensitivity over H-1B visas and immigration under President Donald Trump. The incentives—mostly in the form of tax abatements and one-time grants—are financed by development funds.

Indiana is offering Infosys one of the largest incentive packages it has ever handed out, more than covering the company's cost of setting up its centre. Infosys said it will spend about $8.7 million to lease and equip its office space in the state. Indiana's incentives are in the form of conditional tax grants and training grants.

"States, cities and counties can all offer incentives. The idea is to pick places that offer incentives and have a local college network which can provide talent that is cost-effective and can be trained. We aren't going to be hiring from Stanford or MIT," an IT executive told *ET*.

The Infosys deal took a few months to hammer out, Indiana Governor

Eric Holcomb said in a statement. Holcomb is also planning a trip to India to sell his state to other IT companies. The Indiana Economic Development Corporation plans to offer up to $15,250 in conditional tax credits for each job the company creates and up to $500,000 in training grants.

If the company hires all planned 2,000 workers, the maximum incentives from the state would be $31million. A second IT executive said companies were talking to states where they already have an outpost such as Texas to negotiate incentives to expand there. Companies like L&T Infotech have said they would look to boost their headcount in the tri-state area, which includes New York, New Jersey and Connecticut.

Raman Roy, chairman of Nasscom, said the incentives were related to the jobs that the IT industry creates.

Facebook adds more features to fundraising tool

Facebook is expanding its fundraising tools that let users ask friends and strangers to give them money to help pay for education, medical or other expenses. The company has been testing the tool, which is similar to online fundraising services such as GoFundMe, since March.

With the latest update unveiled recently, it has added sports and community fundraisers as options. It's also possible to raise money for medical expenses for pets, crisis relief, funerals, and a slew of other categories.

"Facebook's goal is to create a platform for good that's sustainable over the long term, and not to make a profit from our charitable tools," Facebook said in an announcement.

The feature is available for everyone in the US over 18. To protect users from being conned, Facebook will ensure that all fundraisers go through the site's policy and guidelines. Users can invite friends to join, donate and then share the campaign on Facebook.

Bitcoins hit a new high

Digital currency bitcoin hit a fresh high last week, surging above $2,400, as demand for crypto-assets soared with the creation of new tokens to raise funding for start-ups using blockchain technology. In India, bitcoin has almost tripled in value in the past 12 months as it traded at over ₹2 lakh last week.

Strong demand for bitcoins in Japan has also fuelled the rise of the virtual currency that can be moved like money around the world quickly and anonymously without the need for a central authority.

Fourth quarter results have not disappointed

Limited impact of demonetisation and Indian MNCs' performance have propped up the results.

NARENDRA NATHAN

The results season is progressing smoothly. Though we need to take the first set of numbers cautiously—usually companies with good numbers report results early—the aggregate results till now have been better than expected. For the 1,048 companies that have reported results so far, aggregate revenue and net profit have grown by 12% and 58% respectively. "The results that have come so far are good. If you rate them on a scale of 1-10, they will fall between 7 and 7.5," says Yogesh Nagaonkar, Fund Manager, Bonanza PMS.

Two major factors have contributed to this good performance: The impact of demonetisation was much less than expected in the fourth quarter. Since the remonetisation exercise was completed only in the second half of the fourth quarter, market participants were expecting a bigger negative impact. The second factor was the significant fall in net losses of some global companies such as Tata Steel.

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Sectoral analysis

As expected, the onslaught of Reliance Jio has hurt the performance of the other telecom companies. While the sector's aggregate revenue fell moderately to ₹35,641 crore from ₹39,747 crore year-on-year (y-o-y), the industry reported an aggregate net loss of ₹118 crore, compared to an aggregate net profit of ₹1,660 crore in the fourth quarter of 2015-16. Among listed players, Idea Cellular was the worst hit. It reported a net loss of ₹328 crore compared to a net profit of ₹576 crore in the fourth quarter of 2015-16. Bharti Airtel, however, has been able to show profit, though its net profit crashed 64% y-o-y. The telecom industry's pain will continue for some more time, say experts. "Telecom companies will remain under pressure at least for the next 2-3 quarters," says Andrew Holland, Chief Executive Officer, Avendus Capital Alternate Strategies.

Export-oriented sectors such as IT have also fared badly due to the industry-wide slowdown and appreciation of the rupee. Since several big pharma companies have not yet declared results, it is too early to take a call on this sector. However, several export-driven manufacturing sectors like auto ancillaries have done well and the trend is expected to continue in the coming quarters as well. "While we are bearish on sectors like IT and pharma, manufacturing exports like auto components, chemicals, etc., should do well in the coming years," says Holland.

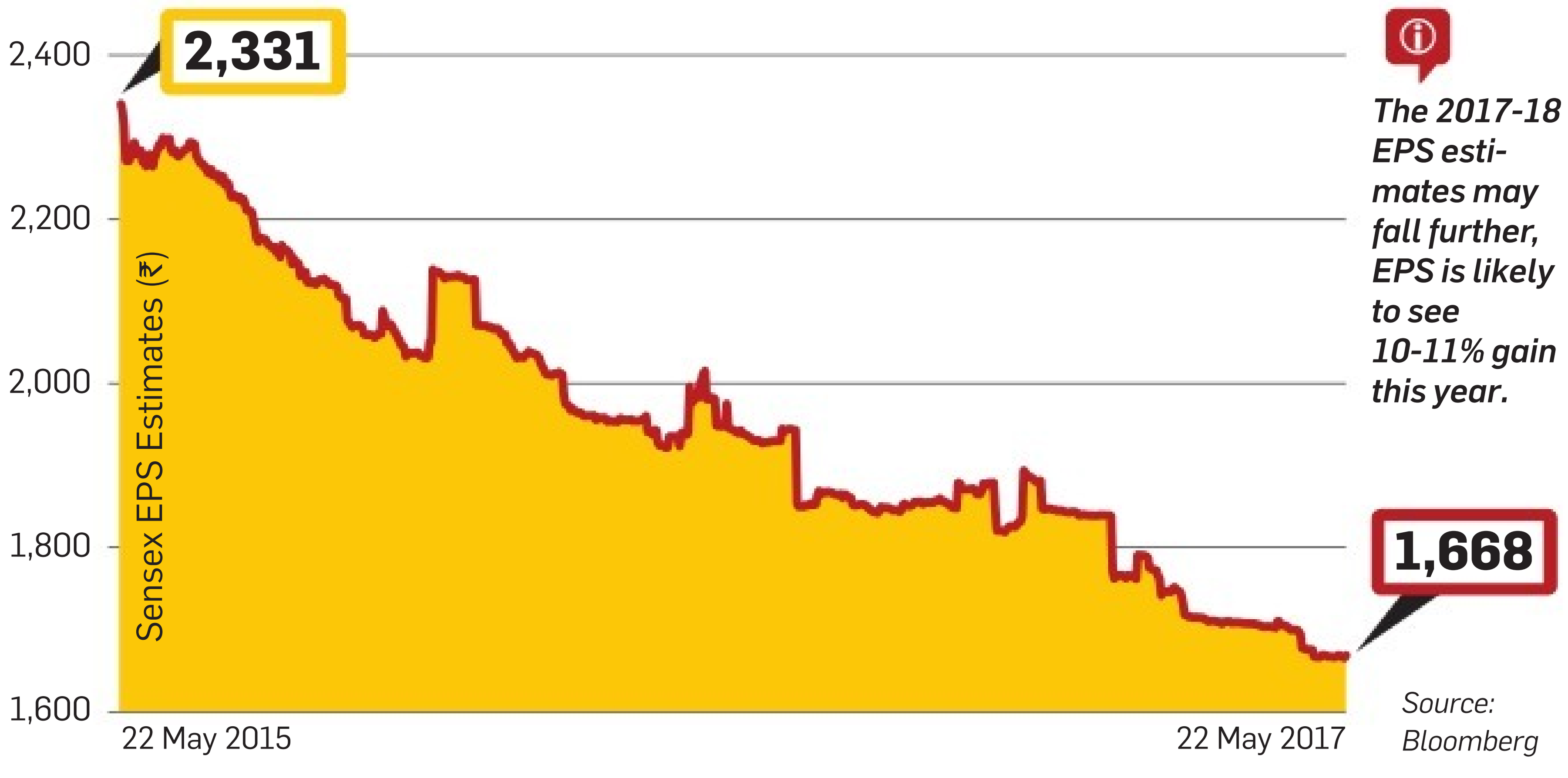
Banking sector has been a mixed bag. "While some PSU banks were able to reduce their non-performing assets (NPA), the others saw a jump in NPAs," says Nagaonkar. IDBI Bank, in particular, stands out for the spike in its NPAs. The bank's net loss widened to ₹3,200 crore from ₹1,736 crore a year ago. But retail-oriented private sector banks reported decent growth—HDFC Bank, saw 18% jump in its net profit. "Private sector banks and housing finance companies, especially the ones focusing on affordable housing segments, should do well in the coming years as well," says Holland.

Among sectors that did well, metals need a special mention. The quarterly net profit of Hindustan Zinc moved up from ₹2,149 to ₹3,057, an increase of 42%. Tata Steel also did well and its losses came down from ₹3,214 crore in the fourth quarter of last year to ₹1,168 crore.

Despite the demonetisation blues, domestic consumption-oriented sectors did well. FMCG major Hindustan Unilever increased its net profit by 9% to ₹1,183 crore y-o-y. Consumer non-durables, including auto, also performed reasonably well. However, the two-wheeler segment was hit by demonetisation. Bajaj Auto and Hero Motocorp reported a fall in net profit of 13% and 12%, respectively, y-o-y. "While the increase in metal prices is helping metal companies, it will continue to put pressure on margins of consumer non-durable companies," says Amit Nigam, VP and Head, Equities, Peerless MF.

Earnings' estimates continue to fall

Sensex EPS estimates for 2017-18 have fallen by more than 28% in two years.



Source: Bloomberg

Outlook for 2017-18

Two years ago, the 2017-18 consensus earnings per share (EPS) estimate for the Sensex was ₹2,331. It has come down to ₹1,668. It may come down further, say experts. However, the cut won't be as sharp as in the past. "For the past three years, we have started with a 15-16% growth expectation and have ended up with 0% growth. Though we are starting with similar expectations again, we may end up with only a small cut this time," says Nigam. This means 2017-18 could see 10-11% EPS growth.

Domestic growth should remain buoyant due to positive factors like a good monsoon, implementation of the GST, etc. A pick-up in global growth and stability in commodity prices will continue helping Indian multinationals, such as Tata Steel, Hindalco, Tata Motors, among others.

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How GST impacts FMCG firms

The impact of the Goods and Services Tax on FMCG firms will depend on their product mix, given that the tax rates have gone up for some products and have fallen for others.

SANKET DHANORKAR

The new Goods and Services Tax (GST) regime will bring several benefits for the economy, and could particularly vitalise the fast-moving consumer goods (FMCG) industry. Apart from driving supply chain efficiencies, bringing untaxed players into the tax net—a large section of the industry still operates in the unorganised segment—will level the playing field for the larger, established players in the industry. However, the GST rate structure shows that not all FMCG companies stand to benefit from the new regime.

GST beneficiaries

The rates for various FMCG segments have mostly been along expected lines. Items of mass consumption—toothpaste, soaps, hair oil—have been put under the 18% tax slab, significantly lower than the 22-24% tax rate they have been paying. This is in accordance with the government's stance of keeping tax rates low for mass consumption products. In fact, the GST rate schedule indicates that nearly 81% of all items are in the 18% tax bracket or below. The remaining 19% fall in the 28% tax slab.

The FMCG companies, whose tax incidence has come down under the GST regime, are likely to pass it on to the consumers in the form of lower prices. "With the anti-profiteering clause in place, companies would be required to pass on the benefit of tax rates to the consumer in the form of lower prices," says Sanjay Manyal, Analyst, ICICI Securities. Lower prices could potentially support volume growth for certain products, particularly in the rural segment. "We believe it could result in a faster consumption shift from unbranded to branded products, spurring volume growth for FMCG companies. Simultaneously, it will also bring operational efficiency with rationalisation of supply chain by removing bottlenecks," says Manyal. Analysts also point out that tax exemption provided to several critical products required for food processing—jaggery, cereals and milk—would benefit this industry.

So, which are the companies that stand to gain from a benign tax regime? The extent of impact would depend on the product mix of the companies. Oral care major Colgate Palmolive is likely to emerge as the biggest beneficiary. "Colgate pays an effective tax of 25-26%. The new 18% tax on toothpastes (make up 80% of the company's sales) is a positive, particularly as it levels the playing field against Dabur and Patanjali, who enjoy tax benefits," says a Motilal Oswal report. Hair and edible oil companies too will benefit. "Marginally lower rates in hair oil with no increase in edible oil rates will benefit Marico," says an Axis Capital report.

Adversely impacted firms

Surprisingly, some of the widely consumed products have been placed under the highest tax slab of 28%—slightly higher than the rate levied earlier. "Higher tax rate in paints and possibly baby food will marginally impact Asian Paints and Nestle," says the Axis Capital report.

Higher tax rate for detergents and shampoo is a real dampener since these are daily-use, mass consumption items. Manufacturers will have to pass on the higher tax incidence to consumers in the form of higher prices of these goods. However, it will not have much impact on the sale volumes, say analysts.

Most of the items belonging to the premium category have been put under the highest tax slab of 28%. These include health supplements, skin care, aerated drinks, liquid soap, among other goods. But this is not going to have a particularly negative impact on manufacturers as they had been paying similar taxes earlier. The increase, in some cases, is only marginal. However, the firms who were focusing on premiumisation of their product mix to drive profitability, could be hurt because of the higher taxes. These firms may have to rethink strategy and realign their portfolio.

Ayurvedic products—a segment that is seeing increased focus from leading FMCG players—are to be taxed at 12%, slightly higher than the prevailing rate. This may hurt Dabur, which has a wide portfolio of ayurvedic products. Emami too could come under pressure. Ayurvedic players were expecting the tax rate to go down, given the government's thrust on popularising traditional Indian medicine.

For most other FMCG majors, the GST rate structure is likely to be neutral or marginally positive, as their broad portfolios would see a mixed impact. In case of HUL, for instance, tax incidence has reduced for soap, toothpaste and tea, but increased for detergent, shampoo and skin care. For Godrej Consumer Products, lower tax incidence on soaps and insecticides is a positive, but higher tax rate for hair dye is a negative.

Products to be taxed at higher rate

	Detergents	Baby foods	Sanitary napkins	Shampoo
				
GST RATE	28%	18%	18%	28%
CURRENT RATE	23%	5-12%	10-11%	24-25%
COMPANIES IMPACTED	HUL, P&G, Jyothy Lab	Nestle	P&G Hygiene and Health Care	HUL, P&G, Dabur, Himalaya

	Skin care	Ayurvedic medicine	Hair dyes	Paints
				
GST RATE	28%	12%	28%	28%
CURRENT RATE	24-25%	7-10%	23-28%	25-26%
COMPANIES IMPACTED	HUL, Dabur	Dabur, Emami	Godrej Consumer Products (GCPL)	Asian Paints, Berger Paints, Kansai Nerolac, Akzo Nobel

Products to be taxed at lower rate

	Hair oil	Edible oil	Soap	Toothpaste	Tea
					
GST RATE	18%	5%	18%	18%	5%
CURRENT RATE	24-25%	5-10%	24-25%	24-25%	5-12%
COMPANIES IMPACTED	Emami, Marico, Dabur	Marico	HUL, GCPL, Jyothy Lab	Colgate, Dabur, Patanjali	Tata Global Beverages, HUL

Source: Axis Capital

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MONEY MYSTERIES

DON'T BE MISLED BY FALSE IMPRESSIONS ABOUT FUNDS

Understanding NAVs and dividends are basic requirements for making the right decisions while investing in mutual funds, says **Dhirendra Kumar**.

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The author has written about personal finance for more than two decades. He is the Founder and CEO of Value Research

The basic terminology of mutual funds is needlessly confusing, even misleading. Terms like NAV and dividend don't actually mean what a new investor would assume they mean. This is an unfortunate reality, one which is not going to change anytime soon. Therefore, it's best for investors to make a little effort to understand what's going on, rather than making bad decisions later.

Practically speaking, the first thing that a new investor learns about funds is that you buy a fund in 'units' and the price of each unit is called the NAV. This is the first pitfall. While buying anything else, from shoes to cars, we always prefer lower prices. You are thus primed to accept the idea that a fund with a lower NAV is better because it's cheaper.

It's possible—even likely—that the fund is being sold to you by a salesman who is actively pitching the lower NAV as a reason for you to buy the fund.

This idea is wrong. High or low fund NAV is a completely irrelevant characteristic. There's no reason to decide whether or not to invest in a fund based on it. In fact, this idea is so thoroughly wrong that it can serve as a good indicator to identify a fund salesperson or 'adviser' who is deliberately misleading you. Keep this in mind: anyone who is asking you to choose a fund simply because it has a low NAV is misguiding you. There are no exceptions to this rule.

What really matters is what a mutual fund invests in and how the fund manager runs it. A fund with an NAV of ₹10, and another with an NAV of ₹100 will generate the same returns if their portfolios are the same. The actual NAV and number of units you own are irrelevant. If a fund gains 20%, the ₹1 lakh you invested in it is going to grow to ₹1.2 lakh. This could be 10,000 units at an NAV of ₹12, or 100 units at an NAV of ₹1,200, it makes no difference. The only use of the NAV of a mutual fund is to compare it to its own earlier NAV. This is how the returns generated by a fund are calculated. Comparing the NAV of one fund to another is not only useless, it can actually lead you to make random investing decisions.

Then there are dividends. The problem with mutual fund dividends is that they are not dividends at all. To the investor, the term 'dividend' evokes the idea of corporate dividends, which are indicative of the profitability of a company, as well as a measure of how much of the profits are being distributed to shareholders.

> ***If someone tries to sell you a fund with the lure that it pays a lot of dividends, you can be sure that they are trying to misguide you.***

Mutual funds dividends, however, are nothing of the sort. They are just a withdrawal from your account. If the value of your investment in a mutual fund is ₹1 lakh, and the fund gives you dividends of ₹5,000, the value of that investment will be reduced to ₹95,000. There is no additional benefit at all. Getting a mutual fund dividend just means some of the money, which was yours anyway, was withdrawn and given to you. All mutual fund schemes have dividend options and non-dividend options. The dividend plan is convenient if you would like to withdraw money from the fund regularly. You don't get anything extra if you opt for it.

Just like low NAV, if someone tries to sell you a fund with the lure that it pays a lot of dividends, you can be sure that the salesperson is trying to misguide you. Avoid such people at all costs.

What is unfortunate is that both of these misconceptions are widespread, and yet the so-called investor education efforts of the fund industry never actively try to dispel them. Is this because using these misleading ideas are a good way to sell dud funds which have nothing else going for them? I suspect it is.

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Raise equity investment

Aggressive savings and investment mean the Noida couple will reach the goals with ease.

RIJU DAVE

Rajat and Shweta Gupta stay in Noida with their two-month-old child. Rajat's mother is also financially dependent on them. While Shweta is a homemaker, Rajat is a software professional and brings in a salary of ₹1.1 lakh a month. Of this amount, he manages to invest ₹11,500 and is left with a surplus of ₹48,313 a month. His goals include saving for contingencies, child's education and wedding, house and retirement.

According to the financial planning team from Fincart, he can begin by building an emergency corpus from his cash and fixed deposit, and saving ₹1,790 a month for one year. This amount should be invested in a short-term debt fund. As for buying a house worth ₹24 lakh in seven years, he can use his stocks to make a down payment of ₹5 lakh. For the remaining amount, he should start an SIP of ₹14,871 in a balanced fund.

Rajat also wants to amass ₹84.5 lakh and ₹88.6 lakh for the child's higher education at 18 and 22 years of age. For the former, he can assign a part of his mutual fund corpus, besides starting an SIP of ₹7,500 in an equity fund. For the latter too, he can start an SIP of ₹7,503 in an equity fund. No existing resource has been allocated for this goal. For the child's wedding in 26 years, he wants a sum of ₹1.7 crore. To build this amount, he can assign a part of the mutual fund corpus and also start an SIP of ₹5,428 in an equity fund. Finally for retirement, he will need ₹6.5 crore in 27 years. Fincart has suggested allocating his EPF, one insurance policy and one mutual fund corpus for this. For the balance he should start an SIP of ₹20,446 in an equity fund.

As for insurance, Rajat has two traditional plans, of which he should surrender one. He also needs to buy an online term plan of ₹1 crore for 30 years, which will cost him ₹1,062 a month. While he has a basic health plan of ₹3 lakh, Fincart suggests he port this and buy a ₹5 lakh family floater cover, along with a top-up plan of ₹20 lakh, for his wife and child. He should also pick a separate cover of the same amount for his mother as well. These will cost him ₹3,336 a month in premium and the additional premium can be sourced from the surplus.

Portfolio

Asset	Current value (₹)
Real estate	55 lakh
Cash	50,000
Debt	
EPF	4 lakh
Fixed deposit	2 lakh
Equity	
Mutual funds	8.11 lakh
Stocks	2.23 lakh
Total	**71.84 lakh**

Liabilities	Current value (₹)
Loans	4.5 lakh
Total liability	**4.5 lakh**

Net worth (approx) **₹67.34** lakh

Cash flow

	Existing (₹)	Suggested (₹)
Income	**1.1 lakh**	**1.1 lakh**
Outflow		
Household expenses	25,000	25,000
Dependants	15,000	15,000
Home loan EMI	5,400	5,400
Insurance premium	4,787	6,440
Investment	11,500	57,538
Total outflow	**61,687**	**1.09 lakh**
Surplus	**48,313**	**622**

Financial plan by **FINCART**

Rajat & Shweta Gupta, 33 & 31, Salaried, Noida

How to invest for goals

GOAL	Future cost (₹) / time to achieve	Resources used	Investment needed (₹/month)
Emergency fund	2.7 lakh / 1 yr	Cash, fixed deposit	1,790
Buying a house	24 lakh / 7 yrs	Stocks	14,871
Child's education	84.5 lakh / 18 yrs	Mutual funds	7,500
Child's higher education	88.6 lakh / 22 yrs	-	7,503
Child's wedding	1.7 crore / 26 yrs	Mutual funds	5,428
Retirement	6.5 crore / 27 yrs	EPF, mutual fund, insurance	20,446
Investible surplus needed			**57,538**

Annual return assumed to be 12% for equity, 8% for debt. Inflation assumed to be 7%.

Insurance portfolio

INSURANCE	Existing cover (₹)	Existing monthly premium (₹)	Suggestions	Suggested monthly premium (₹)
Life insurance				
Term plan	-	-	Buy ₹1 crore term plan	1,062
Traditional plan (2)	8 lakh	4,092	Surrender 1 plan	2,042
Total	**8 lakh**	**4,092**	**₹1 crore**	**3,104**
Health insurance				
Employer's	-	-	-	-
Own	3 lakh	695	Port existing plan; buy ₹5 lakh family floater + ₹20 lakh top-up plans for self and mother separately	3,336
Total	**3 lakh**	**695**	**₹25 lakh + ₹25 lakh**	**3,336**
Critical illness & accident disability	-	-	-	-
Total	-	-	-	-
Insurance cost	-	**4,787**	-	**6,440**

Premiums are indicative and could vary for different insurers.

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Looking for a professional to analyse your investment portfolio? Write to us at **etwealth@timesgroup.com** *with* **'Family Finances'** *as the subject. Our experts will study your portfolio and offer objective advice on where and how much you need to invest to reach your goals.*

THE MONEY QUESTION

Should you choose women-only banking products?

Rachna is a young entrepreneur in the fashion industry. As she is just starting out, banks are trying to woo her with women-oriented saving accounts, special credit cards and seemingly attractively priced loans. She is impressed with the fact that banks use extensive surveys and research to create products useful for women. Some of these offers seem rather enticing, but she is wondering if there are any issues that she should be aware of while evaluating these products. Will she really be better served by such products?

Rachna must carefully read the literature on such women-oriented products to see if there are any special benefits available to her compared to standard accounts. These could include a lower average quarterly balance requirement or add-on benefits, such as concessional loans, credit cards or some form of insurance. Most importantly, these freebies should be useful. Otherwise, it does not make financial sense for her to choose that bank account. Also, she must pay attention to the fine print as well as the terms and conditions to see whether there is a catch in terms of a limit or a precondition.

In the case of credit cards, Rachna must ensure that the benefits offered (shopping coupons, discounts at eateries and supermarkets) do not come with any pre-conditions. If a specific benefit such as a lower rate on loan for buying jewellery is offered, she must assess whether it is actually useful for her, or simply a hook to reel her in. Is that the loan she was looking for? Or would she rather take a concessional home loan, car loan, or even a personal loan. Such cards may even attract a higher issuance fee or annual fee or rate of interest than standard credit cards.

If she's offered a loan for women entreprenuers at special discounted rates, she should conduct a comparative study to see whether the 'special discounted rate' is a benefit or a sham. Similarly, for loans, it would be wise for her to see if there is a material difference in what the product offers, which would be beneficial for her.

Rachna must carefully evaluate these banking products to make sure that the benefits they advertise are real and tangible, and beneficial for her overall finances, not just marketing gimmicks.

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SMART THINGS TO KNOW: **Risk-return trade-off**

1 Investors seeking a high rate of return for their portfolios can hold a dominant portion in growth assets, which provide a high return, but also feature higher risk.

2 Investors seeking a low level of risk in their portfolios can primarily choose income assets, which also provide a low level of return.

3 The portfolio of an investor is optimised when he invests in products with the lowest level of risk for a given level of return; or one with the highest level of return for a given level of risk.

4 The investor's risk appetite and the level of downside risk he is willing to take, is a critical component of portfolio construction.

5 Asset allocation is the formal process of constructing a portfolio that meets the risk and return requirements of the investor.

The content on this page is courtesy Centre for Investment Education and Learning (CIEL). Contributions by Girija Gadre, Arti Bhargava and Labdhi Mehta.

Paper Work

Online transfer of EPF

When you move from one company to another, you need to transfer your Employee Provident Fund (EPF) as well. With the introduction of Unified Account Number (UAN) for EPFO subscribers, this process has become simpler as the account number remains unchanged. Here's how to initiate the EPF transfer process online.

Register on the EPF member portal

In order to initiate the claims transfer, you need to be a member of the EPF member portal. The registration on the portal can be carried out by logging on to the EPFO India website.

Portal for online claims transfer

The employee must access the Online Transfer Claim Portal and register a claim for transfer of EPF. The login details for this portal are the same as those for the member portal.

Check eligibility

It is important to check whether you are eligibile to make an online transfer claim. In some cases, a physical form (Form 13) must also be submitted.

Process

If you are eligible to make the transfer online, click on the 'Request for transfer of funds' and enter the PF numbers of your previous and current employer. The claim needs to be attested online by either your previous or current employer. On filling in the details, a PIN will be generated and sent to the registered mobile number.

Authentication

A tracking ID will be generated to track the progress of the online application. The printable Transfer Claim Form (Form 13) can be saved in the system. Print out Form 13, sign it and submit it to the employer to complete the process of claim submission.

Points to note

- The employer can view all claim requests, verify or correct member details, and approve and submit the requests online through this portal.
- Transfer claims forms can be submitted either by the previous employer or by the current employer.

See the world, but learn to save for it first

We all dream of exotic travel experiences, but it costs money. A sensible budget and some judicious asset allocation can fund your holidays year after year, says **Uma Shashikant**.

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Travelling to exotic destinations is quite common today. It is on the agenda of not just the well to do, but even families with limited means. People want to see the world. From mere tourists who want to tick places off their bucket lists, to travellers who want to soak in the local experience in unfamiliar corners of the world, the desire to go out there and enjoy seems to be pervasive and growing. So how should we goabout organising the money to join the club?

First, we need to have that attitude which will let us place experiences above material things. It is easy to spend when the end result is a material possession of some sort. To spend money and return with memories and experiences is immensely more valuable, only in a somewhat elevated philosophical sense. It takes effort to see such spending as important and worthwhile. Even those who are willing to do so find themselves cutting corners. The tourism industry is filled with deals and offers, discounts and rebates, only to accommodate this dilemma about spending for the experience and deciding how much is too much. The mental growth from tourist to traveller can take a lifetime of journeys.

Second, a budget is a good place to begin as is often the case in personal finance. Many of us dislike the idea and are put off by the detail orientation that we associate with the word 'budget'. The simple thing to do is to define what proportion of our annual income we are willing to spend on travel. If we get a month's off from work, or the blessed 30 days of privilege leave that the employer usually offers, we could say that we are willing to spend a month's earning on leisurely travel every year. This kind of relative and aggregate budgeting enables control, while not getting too tedious in detail. For a family that earns ₹10 lakh annually, a holiday that costs ₹5 lakh is extravagantly indulgent!

Third, a travel fund is a good idea to pursue. Not every holiday is the same. One that involves trekking to a mountain and staying in a camp could bring a great experience of the outdoors and provide excellent bonding opportunities for the family, and come at a reasonable cost. Another that involves an exotic beach and underwater exploration might come at a steep cost. To have a corpus that is earmarked for travel, in which money is put and drawn out as needed, will ensure that there is adequate buffer for interspersing luxury experiences with the ordinary.

Fourth, contributing to the fund will have to take place systematically and over time. There are two ways of doing this. The traditional route is to save and invest a small portion of the income every month with the discipline of setting aside something regularly. The other option is to draw on our ability to do mental accounting–treating some incomes differently from the routine income. The annual bonus is a good target to hit. Taking the holiday soon after the bonus and spending it on the holiday is a reasonable and relatively easy choice. Earmark some money and ensure that it is set aside.

Fifth, invest the corpus sensibly so that it can also work for you. If you set aside your bonus in year one, and take a simpler holiday that uses half that amount, you allow the other half to be available to grow in value and enable a better holiday later. In personal finance, delayed gratification is not just a virtue, it also represents time that you give your money to appreciate. Just five years of saving and investing will create a corpus that is a comfortable amount that can be tapped into, regularly.

Sixth, the travel corpus that you have now created should serve two purposes: ability to grow in value, and ability to fund a regular withdrawal for annual holidays. The first one is a growth objective and needs equity investing; the second is an income objective and needs debt investing. How much your withdrawal is compared to the corpus will determine what your asset allocation should be. If you begin with a corpus of ₹5 lakh, your first bonus, and spend ₹4 lakh in the first year, your asset allocation, given your withdrawal need, is 80% debt and 20% equity. It is easy to learn asset allocation when you work with simple goals like travel. For young earners who consistently juggle spending and saving, the travel corpus can be a good exercise in learning the principles of personal finance.

Seventh, check your corpus to see if you are postponing your holidays too much. Use it as a check point for taking rejuvenating breaks. We all know of senior citizens with a large corpus and a lot of free time, but weak limbs that won't take them to the places they dream of. If you are not drawing on the corpus, the only purpose is to fund another holiday that is coming later. If that later holiday is postponed over and over again, the corpus surely grows, but age won't be on your side when you finally decide to draw on it.

Eighth, keep your ears open to the changing trends in the travel business to make the most of the spend. The tourism business seems to be slipping out of hotels and resorts into the hands of individuals who are renting their homes, serving home-cooked meals and taking their guests on private guided tours. The Internet has emerged in a market place where rankings and ratings enable collaborative decision-making on a scale we have not seen before. Take a keen interest in the travel ideas you like to pursue and give yourself the opportunity to strike value deals.

Ninth, avoid the cardinal sin of holidaying on borrowed funds and overspending on credit card while travelling. It is easy to spend first and pay later, but the compulsion of allocating future money to a benefit that had already happened, is not a joyful experience at all. It compromises the uses you can put your income to, and it feels burdensome.

Tenth, stay clear of that granddaddy of all leisure plans–building yourself a home in the hills, to which you will retreat and enjoy your life with books and coffee on the porch. Sinking all your money into a single asset is not a very wise idea. Avoid locking yourself into one place, unless you have enough to own a farm and still be able to take annual holidays. Get out there and enjoy the lonely planet!

The author is Chairperson, Centre for Investment Education and Learning.

Should the EPFO reveal its investment portfolio?

For decades, *the Employees' Provident Fund Organisation (EPFO) has declared annual returns on the basis of the accounting surplus method.* ***Hiral Thanawala*** *asks three experts if the EPFO should revamp its investment disclosure norms and declare details of its portfolio on a regular basis.*

Sumit Shukla

Chief Executive Officer,
HDFC Pension Management Company

Yes

An opaque structure will not work. Disclosures will allow members to see where their money is being invested and the risks associated with that investment.

The EPFO was once considered an employee-unfriendly, bureaucratic organisation. However, over the past couple of years, superior, better managed and more transparent retirement products like the National Pension System (NPS) have been iroduced. So, the EPFO has been forced to transform itself into a service and customer-centric entity. E-governance initiatives alone have brought about a sea change in the manner in which it interacts with its members.

The EPFO has to ensure transparency in its mammoth investment operations and put in place a disclosure regimen that is missing today. As each member is contributing his or her life's savings into the fund, they have the right to expect transparency. An opaque structure will not work as the EPF aspires to move towards non-guaranteed, market-linked returns. As far as debt investments are concerned, disclosures like the corporate bonds invested in, their tenures and ratings will instil more confidence in members. The disclosures will allow the members to see where their money is being invested and the risks associated with that investment. The EPFO should share its investment guidelines and update the same on its website. Investment disclosures should be made every month.

These practices are followed by other money managers in the country such as pension funds, insurance companies and mutual funds. It is only the EPFO that has not lifted the cover off its investment portfolio. However, with the rising popularity of other retirement products and the EPFO's focus on becoming a customer-friendly organisation, it needs to urgently revamp its investment disclosure norms.

Arvind Laddha

Deputy CEO,
JLT Independent Insurance Brokers

Yes

The EPFO is India's largest retirement fund manager and has been declaring consistent returns for decades. Despite this, there have been debates on the performance of the fund and available distributable surplus, and this has not helped the investors' confidence. In recent years, there has been a move to diversify the portfolio with some exposure in equity investments, which, while helping deliver higher returns in the long term, could be unsettling for certain sections of employees. It may, therefore, be in the best interest of the fund to raise the standard of disclosures.

One of the key steps could be regularly disclosing the investment portfolio and performance. Disclosure of the portfolio may kick off a larger debate, but that will only help generate good ideas. Disclosure is also likely to result in an increased level of scrutiny, but most people would consider this to be fair, given the size of the fund and the ever-increasing corpus. Disclosures are not intended to affect the decision-making process, nor come in the way of the freedom the fund managers enjoy. Mutual fund managers have been required to maintain highest levels of transparency for a long time and this has never impacted their decisions. It has only resulted in a positive environment, raising the level of trust from the investor community.

Disclosure will quash debates on actual surplus and reduce the pressure on the government to maintain a minimal return in the event of adverse market conditions.

Increased disclosures will also allow employees to make informed choices about raising their contributions to the fund within the overall limit available as per the Act.

Last but not the least, disclosure of returns will quash the debates around actual available surplus and reduce the pressure on the government to maintain a certain minimal return in the event that adverse market conditions result in poor performance.

Amit Gopal

Senior Vice-President, India Life Capital

No

Critical needs include finding a solution to the accounting logjam in a manner that delivers the real benefits of the new investment guidelines to the members.

EPF returns have long been synonymous with stability. They mirror interest rates of the times, lack volatility and are attractive thanks to the tax breaks offered. Most importantly, they were, and remain, of an interest-credit nature, since the EPF is not unitised. These reflect the needs of large segments of the EPFO subscriber base who are low on financial literacy.

For years, a fixed income-centric asset allocation held sway in the EPF. This has only recently given way to small allocations to equities. These changes have resulted in a clamour for better governance and portfolio disclosures. While the need for better governance and monitoring of investments is a no-brainer, portfolio disclosures will be an exercise in futility. Consider the following attributes of the EPF to understand this. Low financial literacy among members, coupled with a design that does not permit members a choice in asset allocation; holding to maturity of government bonds with no mark to market; absence of complexities in liabilities (portability outside the EPF system is non-existent due to regulation), and an interest-bearing nature of returns. Simply put, portfolio disclosures from the EPF will not help its members design their retirement savings better. Governance is already enforced through its Trustee Board.

There are greater imperatives for the EPFO. On the investment front, critical needs include finding a solution to the accounting logjam in a manner that delivers the real benefits of the new investment guidelines to members. On the benefits delivery side, the list is much longer. Baby steps have been taken in the right direction. Better governance in the form of appointment of an investment consultant and disclosures of investment committee meetings have already commenced. Portfolio disclosures, while important, may not be a burning platform just yet.

“The GST rates suggest that it is likely to reduce inflation”

Siddhartha Bothra

Senior Vice-President, Fund Manager, Motilal Oswal AMC

Market volatility and consolidation are to be expected in the wake of a sharp move upwards, Siddhartha Bothra tells ***Sanket Dhanorkar.***

With the stock market at a record high, is the risk-reward ratio no longer in favour of the investors?

We are still positive on the Indian equity markets from the long-term perspective, if the growth opportunity and key catalysts remain intact. We believe investors should view the ongoing market correction and volatility in the context of the sharp up-move the Indian markets have seen in the past 12-15 months. Following such moves, market consolidation is not surprising and is often healthy for the market as a whole. In our opinion, the risk-reward ratio continues to be favourable for long-term equity investors.

Has the current earnings season delivered on expectations?

The ongoing earnings season has had its share of positive and negative surprises. But overall, it seems to be delivering on expectations. So far, the revenue growth has been broadly in line with expectations at about 8% for Nifty, but profitability growth has exceeded expectations at 6% year-on-year. There have been positive surprises in the discretionary consumption sectors like jewellery, cement and consumer electronics, which have reported better numbers than expected. Even in the consumer universe, volume growth has been better than anticipated as the impact of demonetisation seems to be fading. We have also seen some strong results in auto and financials, whereas large pharma companies have disappointed.

GST rates are finally in place. Are there any factors that have taken you by surprise?

While the expectation was that GST could be inflationary, the announced rates suggest it is likely to reduce inflation. Most primary articles and food categories have been assigned lower tax rates, which would reduce CPI inflation. Most of the rates are largely in line with what was anticipated. However, building materials, five-star hotels, detergents, hair creams, ayurvedic products and multiplexes have been assigned higher than expected tax rates. There have been a few positive surprises like cigarettes, SUVs and coal.

Which themes or sectors do you expect to do well over the next 3-5 years?

We are positive on the banking and financial services sector in general, and the housing finance and insurance sectors in particular. Some of the key themes we find attractive for the next three to five years are: financial savings moving from physical to financial assets, shift from unorganised sector to the organised, and plays benefiting from structural changes in rural India.

Do large-caps make more sense at current levels or do you think mid-caps still hold more potential?

Mid- and small-caps as a category have had a dream run over the past 3-4 years. Over 2014-16, the CNX Midcap 100 Index has posted 21.2% CAGR returns, while the large-cap CNX Nifty Index has posted only 9.1% returns. As the earnings trajectory for large-cap gains traction, the large-cap performance could revert to the mean. Going forward, in the medium term the risk-reward seems more favourable for large-caps, given the expectation of earnings revival and the valuation differential between large-caps and midcaps. Nonetheless, the long-term potential for mid-caps remains strong since the probability of finding fast-growing and emerging companies is higher in this category.

Is the buzz around realty stocks justified? Mutual funds have shunned this segment for some time now. Is that likely to change?

The real estate sector has seen some key developments in recent times. These include the implementation of the Real Estate Regulatory Authority (RERA), the push for affordable housing, and issuance of government sops like the Pradhan Mantri Awas Yojana. Successful implementation of RERA should be a key positive for large organised real estate companies as it would allow them to gain market share from the unorganised segment. While there are structural positives for the sector, in the near term it is witnessing oversupply in most of the key markets, due to the subdued demand over the past few years. It could take another 4-5 quarters, or more, for demand and supply in the sector to reach equilibrium. Moreover, given the poor corporate governance standards in this sector, our advise for investors is to choose and stick to quality companies that have proven track records.

“IT services companies are going through a major transition as their legacy business is being challenged by newer technologies.”

Is the long -term structural story for IT firms intact or should investors moderate return expectations?

Indian IT services companies are going through a major transition as their legacy business is being challenged by newer technologies in the digital era. The legacy business is witnessing major changes on two fronts—pricing and automation. As a result of this, both volumes and pricing are under pressure. These issues are reflected in Nasscom’s revenue guidance, which has been steadily declining for several years, and stands at 6-10% for 2017-18, down from a high of 13-15% in 2014-15. Though the digital vertical is growing rapidly, for many Indian IT services companies, its contribution to overall revenue is still low, and hence, not enough to negate the pressure from the legacy vertical. In the long term, many of the key Indian IT firms should be able to successfully transition their business models, but in the near to medium term, growth could continue to be challenged for most companies in the sector.

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RETIREMENT WORRIES MILLENNIALS

The economic challenges facing those born between 1980 and 1997 reflect in their retirement prospects, reveals HSBC's latest Future of Retirement survey.

Why are millennials worried?

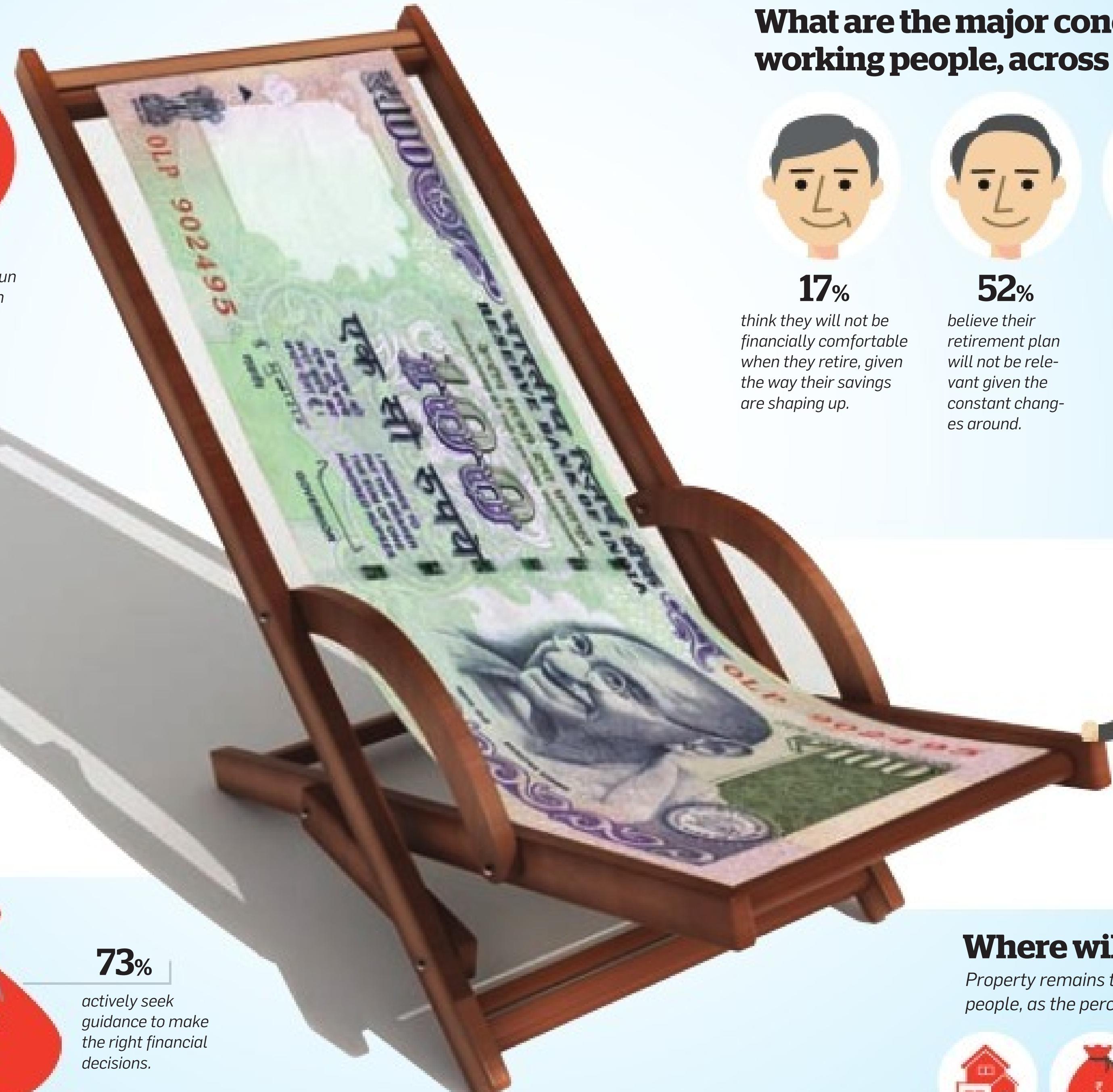
They are seen as less fortunate than previous generations.

- **52%** of respondents feel millennials have witnessed a weaker economic growth than previous generations.
- **60%** feel they are bearing the consequences of decisions taken by the older generation, like the global financial crisis and rising national debt.
- **46%** believe employer pension schemes will go bust and there will be no payouts for millennials.
- **57%** of millennials are convinced that their generation will live long and they will have to support themselves for long.
- **65%** are concerned that they will run out of money in their twilight years.

What are they doing about it?

On an average, millennials start saving for retirement at 27.

- **13%** say they have not begun saving yet.
- **68%** are willing to cut back on current expenses to save more for the future.
- **76%** think curbing spending is a difficult, but necessary, step.



How do they invest?

Millennials are open to taking investment risks.

- **48%** are willing to opt for risky investments that could pay off handsomely in the long run.
- **73%** actively seek guidance to make the right financial decisions.

What role is technology playing in retirement planning?

Working individuals are using new technology to plan for their retirement.

- **49%** are researching options on the Internet.
- **41%** are putting money into online savings accounts.
- **35%** are using online retirement calculators.
- **27%** speak to advisers online.
- **26%** use a retirement planning app.
- **16%** receive robotic financial advice.

What are the major concerns of working people, across age groups?

- **17%** think they will not be financially comfortable when they retire, given the way their savings are shaping up.
- **52%** believe their retirement plan will not be relevant given the constant changes around.
- **14%** have not been able to save anything at all.

What is their Plan B?

- **67%** of working people say they will continue to work to some extent even after retirement.
- **82%** want to defer their retirement by two years or more to make themselves more financially stable.
- **41%** wouldn't mind working longer or take on a second job to supplement their retirement savings.

The survey included Baby Boomers (born between 1945 and 1965) and Generation X (born between 1966-1979) as well.

How long will retirement last?

In India, most working people expect to retire at 61 and live till the age of 73. However, there are some variations in expectations among age groups.

- *Millennials expect to work till 60 and live till 70.*
- *Generation X expects to work till 62 and live till 75.*
- *Baby boomers want to work till 64 and live till 79.*

Where will the money come from?

Property remains the preferred route to saving for retirement among working people, as the perception is that returns from it are the highest.

51%	46%	38%	31%	28%	28%	10%	7%
Property	Cash savings	Employer pension schemes	Stocks and shares	Personal pension schemes	Government/ corporate bonds	Buying a business	Forex

Source: The Future of Retirement, Shifting Sands, study by HSBC. All figures do not add up to 100% due to multiple responses. The study represents the views of 18,414 people in 16 countries and territories. The India report represents the views of 1,000 people.

Is your personality impacting your investment?

Your personality traits may be keeping you from getting the most out of your money.

HIRAL THANAWALA

What is your investing personality? It's important you know the answer as your personality type can help or hurt you financially. Perceptions about risk and returns vary and accordingly, investor personalities can be categorised into four broad groups–aggressive, passive, ignorant and procrastinating. We look at the traits of each personality type to understand how investors behave in the market, how that behaviour impacts their investments and what they can do to enhance their investing experience.

GETTY IMAGES

AGGRESSIVE

What are the traits?
The higher the risk, the greater is the adrenalin rush for the aggressive personality. The tendency is to jump in head-first to achieve whatever goals they have set their eyes upon. They are the gamblers who are driven by the dream of earning high returns. Not too good at taking advice, they take responsibility for their actions.

How do they invest?
Where other investors see danger, an aggressive investor smells profits. According to Shiv Nandan Negi, Co-founder of robo-advisory firm, *MintWalk.com*, aggressive investors actively manage their portfolios and take risks beyond their risk-taking capacity. They invest in high-risk instruments like shares of small-cap companies, penny stocks, sector stocks or funds. They try to time the market to maximise gains. They over-expose themselves in equities even when the goals are short-term. "These investors are so over-confident about the prospects of their investments that they do not diversify to mitigate the risk. This can hurt their long-term and short-term goals," says Negi.

He could well be talking of Mumbai-based Ashwini Kalamkar, 49, who has been investing in equity since 1999. Buoyed by India's growth story, Kalamkar started by investing ₹3,000 a month in equities. In 2012, she took voluntary retirement and used her payout to buy shares. Today, Kalamkar's portfolio of ₹32 lakh comprises only equity. While ₹25 lakh is handled by a portfolio management service, ₹7 lakh worth of investments are handled by Kalamkar herself.

So confident is she of her abilities to pick the right stocks that she has sold off gold worth ₹4 lakh and mutual fund investments of ₹3 lakh to buy scrips.

However, her portfolio is not without its share of dead wood. Acting on the advice of brokers, she invested ₹95,000 in what turned out to be dud stocks. She refuses to get rid of them though, as she feels they will bounce back in the future.

"I know investing all my money in equities is a risk, but if I have to meet all my goals, I have to take high risks," is Kalamkar's way of justifying her style of investing.

How can the risks be overcome?
Chitra Iyer, Chief Operating Officer at financial advisory firm, *Happynessfactory.in* sounds a word of caution: "Such risk-takers can even lose their principal. That can affect all family goals like children's education, marriage and retirement."

ASHWINI KALAMKAR
49, *Mumbai*

The risk she faces

Her entire portfolio worth ₹32 lakh is in equity. A serious market downturn can wipe out all her money.

To minimise risk, such investors need to set realistic and achievable goals. Investing in equity for long-term goals and debt funds for short-term goals is a sensible option. Harsh Gahlaut, Co-founder and CEO of financial advisory firm, FinEdge, says, "Have a good exit strategy in place. Use your aggressive approach in profit booking as well." Negi suggests keeping a small part of savings aside for ultra-aggressive bets.

PASSIVE

GAURAV KAWALI
30, *PUNE*

The risk he faces

All his money is in fixed deposits and savings accounts. As the returns are poor, his wealth will not grow substantially.

What are the traits?
Confrontation and conflicts are not for such people. Safety is paramount. They are careful to a fault and rarely take any risks.

How do they invest?
Passive investors consider all options but end up putting their money in debt products like fixed deposits, Provident Fund or traditional life insurance schemes, etc. as they are comfortable with low risks and predictable returns. As Iyer says, they lack the confidence to take a decision even after understanding the pros and cons of other assets. Often money stays in the bank account or in long-term assets. They don't bother to review the performance of investments or align these with family goals.

Take for instance Pune-based Gaurav Kawali, 30. He invests only in fixed deposits and avoids equities like the plague. "I can't afford to lose money given my existing income," he reasons. He is referring to his experience in 2014 when he lost ₹40,000 by investing directly in stocks. At present his savings are 100% in debt—₹3.5 lakh in fixed deposits and ₹2 lakh in his savings account.

How can the risks be overcome?
Passive investors cannot create significant wealth as inflation eats into their returns and the power of compounding does not work for them. Turning to a financial adviser to find ways to align goals with investments can be a start. Gahlaut says, "While executing investments based on advice, start small but be decisive. Understand benefits of the recommended investment products. These small steps will make the investing journey less risky."

PROCRASTINATOR

MAYUR VYAWAHARE
28, *PUNE*

The risk he faces

Has not made any fresh investments in the past four years. As his monthly savings is idling in his bank account, he is losing out on the potential high returns he could have earned had he invested the money.

What are the traits?
The lazy ones. They lack the motivation to act on the overload of information they are privy to and lose out on opportunities in the process.

How do they invest?
"Procrastinators possess enough knowledge and money in the bank but they just postpone investing decisions in search of that best price," says Vijyananda Prabhu, Investment Analyst at Geojit Financial Services. Since they try to time the market or just can't decide where to invest, they lose out on the power of compounding.

Till 2013, Pune-based Mayur Vyawahare, 28, invested in equities based on his own research. However, in the past four years, he has been unable to make fresh investments. "I can't devote time to research. The monthly savings are just idling in my bank account," he says. By allowing ₹5 lakh to lie in his account, Vyawahare is denying himself the returns he could have potentially earned had he made the time and effort to invest the money.

How can the risks be overcome?
"A procrastinator needs to take a decision to start somewhere. There will never be a perfect time," says Gahlaut. For such investors, it's best to start immediately.

IGNORANT

JANE D'SOUZA,
34, *MUMBAI*

The risk she faces

Has blindly followed investment advice of friends and colleagues in the past and lost money repeatedly. Now only trusts fixed deposits, which will not give inflation-beating returns.

What are the traits?
They are forever waiting for others to tell them what to do because they know next to nothing about the matter on hand and are not willing to put in the effort to educate themselves.

How do they invest?
Ignorant investors fall for convincing lectures by flamboyant so-called advisers. Says Prabhu, "They neither have information about the markets nor the investment products. Their portfolio strength depends on the objectivity and trustworthiness of the adviser."

Such investors don't know what is happening to their investments till the losses hit home. As they are followers, they end up following the financial road map of their friends instead of investing as per their own goals.

Mumbai-based Jane D'Souza, 34, always invested on the advice of colleagues and relatives. "I invested blindly in whatever investment they suggested. I didn't do any research and ended up on the losing side," she says.

In 2006-7, D'Souza started investing in mid-cap and small-cap stocks on the advice of colleagues. She put in ₹40,000, but her portfolio value dropped to ₹11,000 in two years, forcing her to sell. Next she invested in mutual funds, again on the advice of colleagues. The funds underperformed, and D'Souza lost money again, this time around ₹35,000. She then invested in a Ulip after listening to an insurance adviser. She paid ₹80,000 over three years, only to have the investment value fall by half. She exited that plan too. In 2013, on the advice of a relative, D'Souza invested ₹50,000 in timeshare schemes for three years. On maturity in December 2016, she was supposed to get ₹70,000. However, when she went to claim the amount, she realised the company had shut shop and Sebi was looking into the settlement process. "After these setbacks, I have begun investing only in fixed deposits and traditional insurance plans to save taxes," she says.

How can the risks be overcome?
The ignorant investor needs to become financially literate. They should take the help of a financial planner to guide them in achieving their goals and follow the plan diligently.

Such investors should not act on market tips and advice from friends and colleagues to make a quick buck. They have to understand their financial goals and requirements, and act accordingly.

Upskill to survive tech layoffs

With IT giants declaring mass layoffs, new skills can help you stay relevant and find better opportunities.

YOGITA KHATRI

When 35-year-old Rupam Sri decided it was time to upgrade her skills to automation testing, she turned to a certification training in Selenium 3.0. It is an ultra-efficient software testing tool that helps automate Web applications. The Bengaluru-based techie had started her career with Java coding and worked in manual testing for several years before realising that she needed to upskill in order to progress. Her decision has paid off. "This certification has helped me land an international automation testing project in my current organisation," she says.

Of late, there has been a wave of layoff announcements in the IT sector. There are also fears about further downsizing during the year. Many technological skills are becoming outdated due to automation, but according to experts, this also presents an opportunity. "Robots might replace human beings, but you need intelligent humans to manage the robots," says Lovleen Bhatia, Co-founder and CEO, Edureka, an online learning platform. So, if you are able to upskill yourself and stay relevant to the current automation drive, you can become indispensable. The message is clear: identify a niche skill and master it to stay relevant in the industry.

There are various courses and certification programmes available for acquiring the latest technological skills. The skills that are currently in high demand include data science and analytics, machine learning, artificial intelligence, internet of things (IoT), digital marketing and product management. "According to NASSCOM's prediction, between now and 2025, digital-led IT services will grow four times, while traditional IT services will double the current numbers," says Arun Rajamani, Country GM, Pluralsight India, an online education company for IT professionals.

The cost of learning these skills ranges from ₹25,000 to ₹5.5 lakh, depending on the course, mode and duration. However, as these skills are niche and in high demand, you can expect a good return on investment. "Typically, there is a 20-50% jump in salary after picking up these skills," says Gaurav Vohra, CEO & Co-founder, Jigsaw Academy, an analytics education platform. Diwakar Chittora, CEO & Co-Founder, Intellipaat, a corporate training platform, adds, "We have seen professionals get hikes of up to 50%."

If you feel underutilised in your current job, acquiring new skills can help you fully leverage your potential. That's exactly what Neethu Pillai did. With a degree in mathematics and an MBA, she felt testing wasn't the right role for her. "I opted for a course in big data and data science since I'm good with numbers," says Pillai. "I learned statistics, predictive modelling and analytics tools like R, which helped me find a data scientist role at an MNC," she adds.

Another techie from Bengaluru, Anushaw N, quit her job in renewable energy consulting to seek more challenging avenues. Eager to learn the applications of analytics in different industries and functions, she opted for an executive programme in business analytics to align her skillset with her goals. Learning new skills before returning to the workforce after her maternity break has helped Anushaw bag a data scientist role at an analytics company. "There will be an acute shortage of 2 lakh professionals in the data analytics field by 2018. Further, 1.5-2 lakh jobs in digital marketing and thousands of jobs in the product management space are expected to emerge soon," says Mayank Kumar, Co-Founder, UpGrad, an online education platform.

Learning is a continuous process. Even while you are employed, you could keep learning newer skills, which would open up more opportunities. Somansh Anand, 29, is a Pune-based IT professional who opted for Hadoop Administration certification, while he was working in an information security admin domain. "After getting the certification, I started receiving various job offers, and have recently joined a start-up in the big data analytics space," says Anand.

It is also possible to make a complete career switch with some other IT-related courses, such as quant finance. Gopinath Ramkumar, who started as an IT professional, opted to take up a Quant Algorithmic Trading programme when growth options in IT started to seem limited. After the course, he bagged a job in quant valuation, and is now based in Poland. "In the age of data-driven IT services, it is crucial for IT professionals to learn new concepts and be able to solve specific industry-related problems," says Nitesh Khandelwal, Director of QuantInsti and Cofounder of iRageCapital.

If you are self-motivated, there are also plenty of free online resources such as Lynda and Youtube. Some employers also arrange for special courses to re-skill their employees. You can check with your employer and opt for such programmes. "These focus-group based learning methods work well, apart from participating in massive open online courses and forums," says Aditya Narayan Mishra, CEO, CIEL HR Services.

The IT industry is evolving rapidly, and professionals must stay updated if they want to keep pace. "The new mantra is 'upskill or perish'," says Vishal Mehra, Senior VP and Head of Industry Connect and Placements at Aptech, a computer education institute.

IT skills that are in high demand right now

Short-term certifications (4-6 months)

Course	Data science	Big data	Machine learning	Internet of Things (IoT)	Design thinking
Fee	₹25,000 - 45,000	₹28,000 - 50,000	₹30,000 - 50,000	Up to ₹55,000	₹30,000 - 1.2 lakh

Long-term certifications (8-12 months)

Course	Data science and machine learning	Analytics and big data	Product management	Digital marketing
Fee	₹3-3.3 lakh	₹5.4 lakh	₹3 lakh	₹75,000

Anushaw N,
33, *Bengaluru*

NEW SKILL GAINED
Business analytics

HOW IT HELPED
She switched careers and landed a new job as data scientist.

Salary hike after taking the course **30%+**

Gopinath Ramkumar
32, *Poland*

NEW SKILL GAINED
Algorithmic trading

HOW IT HELPED
He found an international opportunity in quant valuation.

Salary hike after taking the course **30%**

Somansh Anand,
33, *Pune*

NEW SKILL GAINED
Open-source technology framework (Hadoop Administration)

HOW IT HELPED
He got a job with a big data analytics start-up.

Salary hike after taking the course **40-50%**

Please send your feedback to
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In This Section

ET WEALTH TOP 50 STOCKS

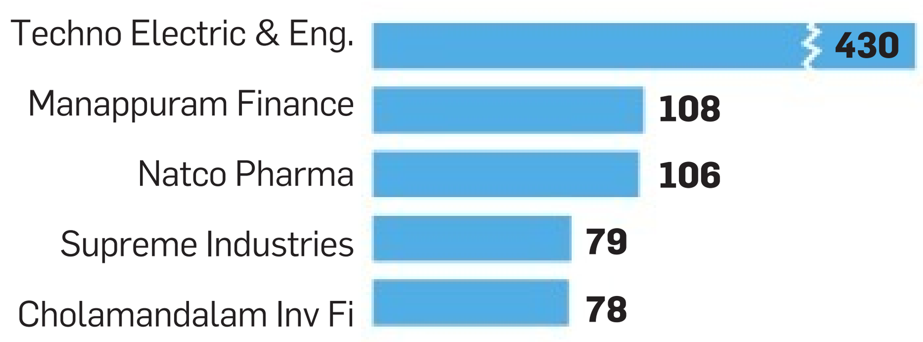
Every week we put about 3,000 stocks through four key filters and rate them on a mix of factors. The end result of this exercise is the listing of the top 50 stocks based on the composite rating to help ease your fortune hunt.

	RANK		PRICE ₹	GROWTH%*		VALUATION RATIOS				RISK		RATING	
	Current Rank	Previous Rank	Stock Price	Revenue	Net Profit	PE	PB	Div Yield	PEG	Downside Risk	Bear Beta	No. of Analysts	Consensus Rating
Power Grid Corporation	1	1	198.95	50.5	59.58	17.34	2.43	1.26	0.29	0.94	0.73	40	4.55
ONGC	2	2	174.15	26.1	83.16	15.9	1.22	4.27	0.18	1.02	0.72	37	4.03
Indian Oil Corporation	3	3	438.7	25.08	92	18.42	2.72	5.17	0.19	1.25	1.5	36	4.47
Vedanta	4	4	232.6	20.15	87.28	12.29	1.52	8.69	0.23	1.79	1.84	22	4.73
Mahindra & Mahindra	5	5	1,327.5	37.31	55.38	24.26	2.73	0.92	0.45	0.95	1.2	45	4.38
Manappuram Finance	6	6	88.75	107.85	137.73	21.17	2.71	1.73	0.15	2.26	3.35	11	5
GAIL India	7	8	401	30.73	45.36	20.11	1.72	2.21	0.44	0.97	0.84	39	3.51
Oil India	8	10	307.1	20.81	36.7	12.29	1.09	5.09	0.38	0.88	0.74	34	3.62
Tata Power Co	9	NR	80.35	24.89	142.58	29.25	1.64	1.62	0.16	1.04	1.47	28	3.11
VA Tech Wabag	10	9	683.15	46.04	98.06	40.28	3.75	0.59	0.41	1.19	1.07	22	4.77
Techno Electric & Engineering	11	11	394.3	429.92	115.76	32.08	4.44	0.26	0.28	1.07	0.44	16	4.69
Sun Pharmaceutical	12	14	591.55	25.41	68.65	30.05	4.51	0.17	0.45	1.19	-0.02	45	4.6
Shriram Transport Finance	13	16	963.6	24.57	49.52	17.16	1.92	1.06	0.32	1.41	2.3	38	3.66
Redington India	14	15	124.55	35.14	23.88	11.65	1.78	3.35	0.49	1.13	1.03	10	4.6
Aurobindo Pharma	15	20	525.55	32.6	40.74	15.57	4.38	0.37	0.38	1.33	1.7	39	4.67
CESC	16	7	888	13.36	25.11	16.99	1.11	1.14	0.27	1.42	1.17	26	4.27
Granules India	17	27	136.7	25.78	72.87	18.89	3.44	0.63	0.35	1.61	2	14	4.57
UPL	18	22	810.35	44.85	71.92	23.66	5.59	0.64	0.5	1.26	2.05	29	4.55
Ashoka Buildcon	19	23	199.55	30.94	133.71	63.46	2	0.41	0.48	1.39	2.04	22	4.73
Tata Motors	20	NR	476	15.96	104.47	21.8	2.8	0.04	0.21	1.61	2.92	46	4.35
J Kumar Infraprojects	21	21	288.75	50.53	43.33	19.81	1.74	0.71	0.51	2.42	2.4	17	4.88
NTPC	22	25	156.35	21.75	14.14	12.64	1.44	2.79	0.85	0.93	0.92	36	4.33
Indiabulls Housing Finance	23	26	1,045.6	73.35	27.62	15.47	3.84	3.46	0.57	1.39	1.83	14	4.36
JSW Energy	24	24	63.65	14.74	44.41	16.55	1	3.22	0.37	1.59	2.02	27	3.33
NMDC	25	30	117	47.58	11.18	15.71	1.54	10.8	0.4	1.45	2.28	25	2.84
Natco Pharma	26	29	892	105.85	219.52	98.18	11.99	0.76	0.46	1.39	0.38	19	4.11
South Indian Bank	27	32	25.7	33.35	29.37	9.92	0.95	1.79	0.73	1.33	2.04	14	4.21
Supreme Industries	28	NR	1,130.4	78.67	125.92	38.71	10.98	0.26	0.31	1.15	1.17	17	4.47
Dr Reddy's Laboratories	29	NR	2,427.7	14.66	65.65	33.54	3.24	0.79	0.5	1.14	0.22	45	2.93
Larsen & Toubro	30	31	1,768.85	25.44	27.89	32.18	3.73	1.08	1.12	0.92	1.09	42	4.5
Cholamandalam Inv & Finance	31	33	992.4	77.68	32.66	21.72	3.61	0.55	0.7	1.42	1.42	25	4.24
IRB Infrastructure	32	43	224.65	31.6	17.05	12.38	1.63	0.93	0.69	1.53	2.93	23	4.52
HSIL	33	13	341.5	20.3	50.15	24.25	1.77	1.18	0.48	1.38	1.83	11	4.09
Cyient	34	39	503.2	13.17	25.45	16.47	2.68	1.09	0.65	1.08	-0.23	22	4.32
Engineers India	35	18	154.5	38.18	35.41	31.71	3.68	2.27	0.86	1.59	1.71	21	4.29
Gujarat Gas	36	NR	763	35.32	142.27	46.75	4.85	0.33	0.33	1.06	1.13	20	3.75
Cipla	37	47	504	33.22	34.27	26.9	3.42	0.38	0.78	0.97	0.49	43	3.49
BPCL	38	42	726.85	22.46	11.34	13.1	3.73	5.48	0.89	1.14	0.44	37	3.87
L&T Finance Holdings	39	37	128.7	47.74	29.71	24.71	2.86	0.64	0.62	1.53	2.93	12	4.58
India Cements	40	45	197.25	21.48	150.88	44.43	1.74	0.54	0.32	1.97	3.23	21	3.71
Persistent Systems	41	49	583.8	12.58	19.05	15.43	2.45	1.03	0.81	0.88	0.29	34	4.09
Tech Mahindra	42	44	426	14.22	10.74	12.14	2.36	2.88	1.17	1.08	1.16	51	4.28
Lakshmi Vilas Bank	43	NR	183.6	57.75	25.18	13.74	1.65	1.65	1.03	1.55	1.54	10	4.2
Finolex Industries	44	48	588.85	39.82	38.47	30.57	7.35	1.71	0.79	1.08	1.01	10	4.4
Indraprastha Gas	45	50	984.45	40.38	43.38	38.64	5.57	0.97	0.9	0.97	1.35	33	3.82
HPCL	46	46	508.8	2.7	16.46	10.39	2.95	8.68	0.69	1.42	1.02	37	3.76
Dishman Pharmaceuticals	47	NR	268.1	15.36	68.95	29.62	2.97	0.45	0.43	1.73	1.4	11	4.27
JK Lakshmi Cement	48	40	476.5	28.1	158.4	65.27	4	0.05	0.4	1.46	1.98	25	3.84
Hindustan Zinc	49	NR	234.6	14.02	18.73	11.89	3.21	12.68	0.63	1.39	1.23	28	3.36
Balkrishna Industries	50	NR	1,491.65	43.47	40.48	25.08	5.18	0.37	0.62	1.42	0.95	19	3.79

* The figures under this head are for expected growth. NR: Not in the ranking. Data as on 25 May 2017. *Source: Bloomberg*

Fast **Growing** Stocks

Top 5 stocks with the highest expected revenue % growth over the previous year.



*See **revenue** column in the adjacent table.*

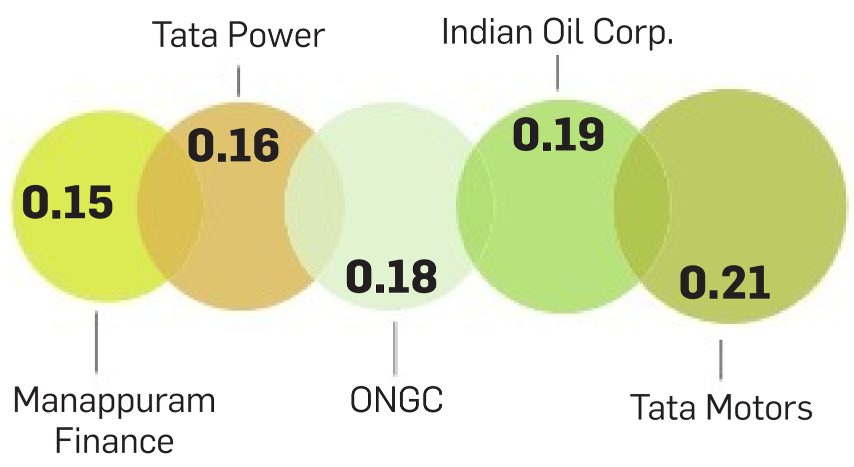
Least **Expensive** Stocks

The 5 stocks with the lowest forward PE.

*See **PE** column in the adjacent table.*

Best **PEGs**

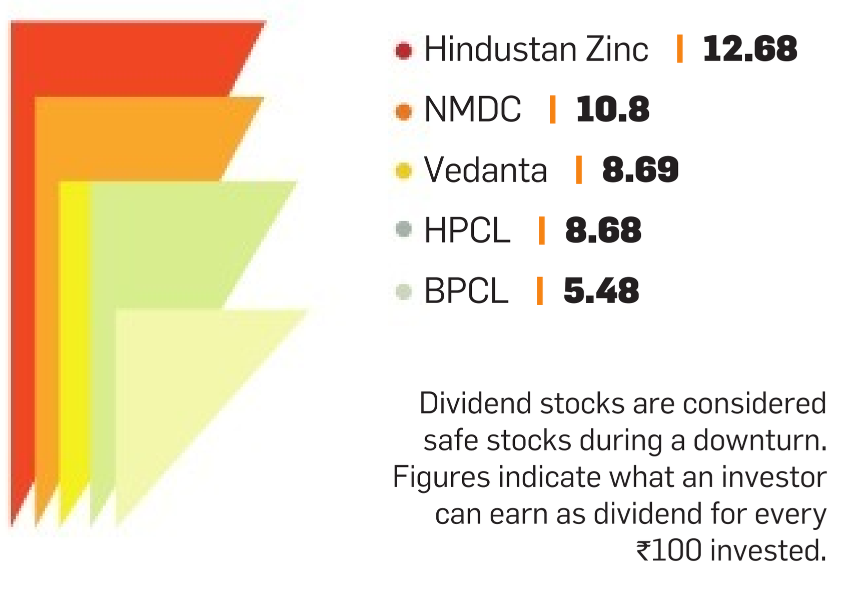
Top 5 stocks with the least price earning to growth ratio.



*See **PEG** column in the adjacent table.*

Income **Generators**

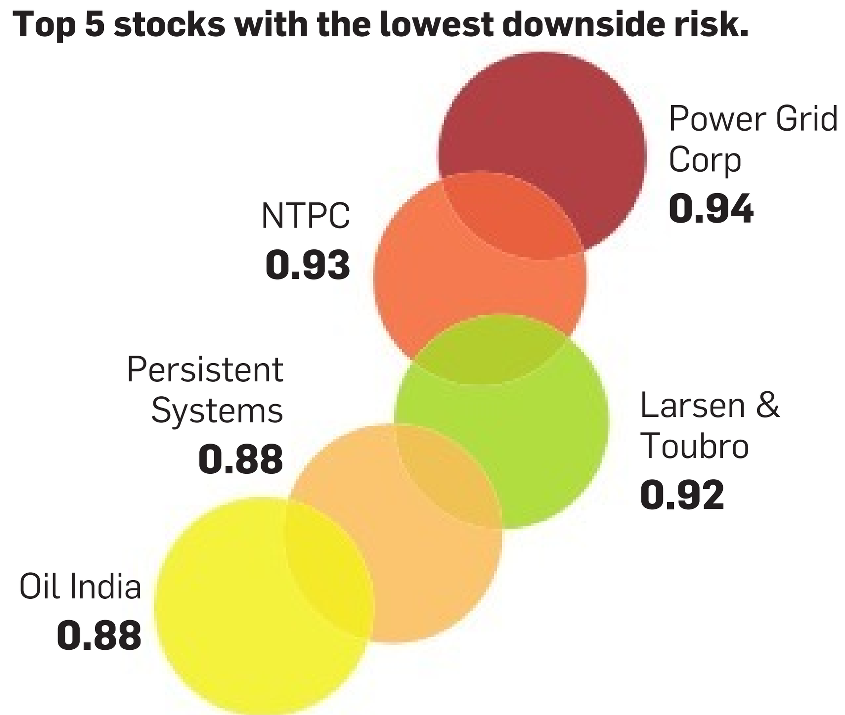
Top 5 stocks with the highest dividend yield.



Dividend stocks are considered safe stocks during a downturn. Figures indicate what an investor can earn as dividend for every ₹100 invested.

Least **Risky**

Top 5 stocks with the lowest downside risk.



*See **downside risk** and **bear beta** columns in the adjacent table.*

Methodology

The four filters used to arrive at the Top 50 stocks

Only traded stocks: Of the about 7,000 listed stocks, only actively traded stocks were considered.

Only big stocks: Only companies with an average market capitalisation and revenue of over ₹1,000 crore were considered.

Only well tracked: We picked stocks that are tracked by at least 10 analysts.

Only profitable and growing: We considered only those stocks that are expected to show growth in revenue, net profit and EPS (earnings per share) in the in the next four quarters. The final two filters were that the companies should have made profits in the past four quarters and have a positive net worth.

Rating rationale

Having arrived at the final stocks universe, we ranked them using the following four principles.

A percentile rating (on a 1-100 scale) is given to each parameter and the composite ranking is arrived at using the weighted average of these parameters.

1. **Growth is the key...** Total weight: 30%, which comprises 10% weight to revenue growth, 10% weight to net profit growth and 10% to growth in EPS (the higher, the better, for each parameter). Growth is calculated by comparing the 'consensus estimate' for the next 12 months with the historical 12-month values.
2. **... but only at reasonable valuation.** Total weight: 40%, which comprises 10% weight to PE ratio, 10% to PB ratio, 10% to PEG ratio (the lower, the better, for all three parameters) and 10% to dividend yield (the higher, the better).
3. **Analysts' views matter...** Total Weight: 20%, which comprises 10% weight to the total number of analysts covering the stock (the higher, the better) and 10% to consensus rating (a composite rating based on the recommendations by all analysts who track a stock. Again, the higher, the better).
4. **... and so do the risks.** Total weight: 10%. Two kinds of risks were considered. A 5% weight was assigned to downside risk and bear beta each (the lower, the better, in both cases).

The ranking methodology has been developed by Narendra Nathan. A detailed explanation of the methodology is available at www.economictimes.com/wealth

ETW **FUNDS 100**

BEST FUNDS TO BUILD YOUR PORTFOLIO

ET Wealth collaborates with **Value Research** to identify the top-performing 100 funds across 10 categories. Equity funds and equity-oriented hybrid funds are ranked on 3-year returns while debt-oriented hybrid and income funds are ranked on 1-year returns.

	VALUE RESEARCH FUND RATING	NET ASSETS (₹ cr)	RETURNS (%) 3-MONTH	6-MONTH	1-YEAR	3-YEAR	5-YEAR	EXPENSE RATIO
Equity: Large Cap								
Motilal Oswal MOSt Focused 25 Fund	★★★★★	546.90	6.11	18.89	30.06	17.75	—	2.81
Mirae Asset India Opportunities Fund	★★★★★	3,652.87	5.77	19.32	29.94	17.73	21.88	2.28
SBI Bluechip Fund	★★★★★	13,338.85	4.11	14.7	18.98	17.06	20.8	1.97
DSP BlackRock Focus 25 Fund	★★★★	2,426.57	3.91	14.81	22.68	16.12	18.4	2.49
Invesco India Growth Fund	★★★★	182.74	5.8	19.47	23.96	15.89	19.2	2.59
Franklin India Flexi Cap Fund	★★★★★	2,953.84	2.5	14.21	18.02	15.07	20.03	2.3
Reliance Top 200 Fund	★★★★	2,846.56	5.31	18.47	29.69	14.7	18.92	2.05
Invesco India Business Leaders Fund	★★★★	130.40	4.79	16.29	18.99	14.51	17.45	2.64
IDBI India Top 100 Equity Fund	★★★★	450.53	6.25	18.45	22.69	14.48	17.3	2.98
Kotak 50 Regular Plan	★★★★	1,339.14	4.21	16.5	20.13	14	17.03	2.18
Birla Sun Life Frontline Equity Fund	★★★★★	16,961.75	3.87	16.35	23.16	13.79	19.98	2.06
DHFL Pramerica Large Cap Fund	★★★★	265.42	5.56	18.46	21.71	13.33	17.66	2.55
SBI Magnum Equity Fund	★★★★	2,018.51	4.14	11.99	19.88	13.21	16.42	2.1
Birla Sun Life Top 100 Fund	★★★★★	2,803.33	3.13	16.05	23.66	13.11	19.81	2.22
ICICI Prudential Focused Bluechip Equity Fund	★★★★	13,155.67	3.56	15.82	25.52	13.02	18.15	2.07
Invesco India Dynamic Equity Fund	★★★★	187.25	4.24	16.31	22.86	12.91	17.43	2.47
Edelweiss Equity Opportunities Fund	★★★★	282.22	6.44	17.85	20.84	12.81	16.8	2.54
UTI Equity Fund	★★★★	5,344.30	3.28	13.93	16.12	12.3	17.27	2.06
Reliance NRI Equity Fund	★★★★	90.29	4.16	16.79	27.72	12.14	17.45	2.68
Equity: Multi Cap								
Motilal Oswal MOSt Focused Multicap 35 Fund	★★★★★	6,543.17	5.09	21.11	35.6	28.3	—	2.33
Franklin India High Growth Companies Fund	★★★★★	6,343.17	3.75	17.09	29.57	21.77	25.46	2.31
SBI Magnum Multicap Fund	★★★★★	2,151.24	3.62	16.54	24.17	19.9	21.72	2.1
Kotak Select Focus Fund Regular Plan	★★★★	10,270.33	5.92	19.83	32.01	19.63	22.81	1.98
Birla Sun Life Advantage Fund	★★★★	3,405.59	3.49	17.6	30.02	18.83	23.38	2.26
Kotak Opportunities Fund	★★★★	1,502.05	5.97	19.25	32.17	18.66	20.69	2.16
Invesco India Contra Fund	★★★★	502.94	5.99	19.62	27.87	18.51	21.99	2.46
DSP BlackRock Opportunities Fund	★★★★	2,344.02	4.35	16.58	33.09	18.49	21.85	2.54
Franklin India Prima Plus Fund	★★★★	10,963.74	3.14	15.25	19.07	17.61	20.64	2.24
Birla Sun Life Equity Fund	★★★★★	5,286.75	3.12	15.94	31.89	17.59	23.19	2.17
Birla Sun Life Special Situations Fund	★★★★	158.96	2.69	15.46	30.83	17.56	21.79	2.64
SBI Magnum Multiplier Fund	★★★★	1,843.09	4.01	16.14	22.43	16.96	20.38	2.12
Reliance ETF Junior BeES	★★★★	129.55	3.75	18.29	33.35	16.52	22.04	1
ICICI Prudential Nifty Next 50 Index Fund	★★★★	62.25	3.97	18.58	33.88	16.49	21.49	0.81
ICICI Prudential Indo Asia Equity Fund	★★★★	169.67	8.06	19.72	32.3	16.24	19.86	2.56
ICICI Prudential Value Discovery Fund	★★★★★	17,305.79	2.52	11.71	20.67	15.85	22.99	2.14
BNP Paribas Dividend Yield Fund	★★★★	332.12	4.58	16.91	22.83	15.57	19.52	2.69
Equity: Mid Cap								
Mirae Asset Emerging Bluechip Fund	★★★★★	3,768.74	6.95	22.99	40.53	29.37	31.87	2.3
Motilal Oswal MOSt Focused Midcap 30 Fund	★★★★	1,384.45	3.93	12.26	21.16	24.98	—	2.62
Principal Emerging Bluechip Fund	★★★★	981.66	5.71	19.25	35.85	24.15	27.94	2.45
L&T India Value Fund	★★★★★	3,898.51	5.52	19.03	37.28	23.73	26.92	2.03
Franklin India Prima Fund	★★★★	5,718.48	5.45	19.22	28.3	23.2	27.81	2.32
HDFC Mid-Cap Opportunities Fund	★★★★	16,684.82	5.38	17.66	33.45	22.93	26.37	2.27
UTI Mid Cap Fund	★★★★	3,985.54	3.91	15.02	21.6	21.98	26.07	2.24
Edelweiss Mid and Small Cap Fund	★★★★	488.96	7.92	18.91	27.1	21.5	26.56	2.46
Birla Sun Life Pure Value Fund	★★★★	1,215.34	2.06	18.32	32.98	15.83	27.25	2.5
Equity: Small Cap								
DSP BlackRock Micro Cap Fund	★★★★★	5,824.49	6.52	19.41	34.34	33.71	31.53	2.44
SBI Small & Midcap Fund	★★★★	710.31	5.39	17.11	28.3	33.3	32.17	2.37
Franklin India Smaller Companies Fund	★★★★	5,579.26	7.09	18.63	28.48	26.02	32.13	2.39
Equity: Tax Planning								
IDBI Equity Advantage Fund	★★★★	628.88	7.02	16.25	18.63	20.42	—	2.83
Birla Sun Life Tax Relief 96	★★★★★	3,354.94	6.27	18.01	21.37	19.68	22.22	2.31
Tata India Tax Savings Fund	★★★★	656.39	7.01	19.78	26.29	19.61	21.24	2.53
Birla Sun Life Tax Plan	★★★★	532.10	6.33	17.66	20.71	18.89	21.45	2.67
DSP BlackRock Tax Saver Fund	★★★★	2,632.54	4.78	15.78	30.8	18.14	22.3	2.5
IDFC Tax Advantage Fund	★★★★	592.93	8.67	23.27	27.83	18.09	22.12	2.42
Axis Long Term Equity Fund	★★★★★	12,915.63	6.19	15.74	18.36	17.97	23.74	1.97
Invesco India Tax Plan	★★★★	406.51	4.77	16.29	22.74	17.42	20.98	2.51
Franklin India Taxshield Fund	★★★★	2,959.12	2.75	13.84	18.21	17.1	20.01	2.41

17.8% The 3-year return of Motilal Oswal MOSt is the highest in its category.

28.3% The 3-year return of Motilal Oswal MOSt Focused 35 is the highest in its category.

29.4% 3-year return of Mirae Asset Emerging Bluechip is the highest in its category.

20.4% The 3-year return of IDBI Equity Advantage Fund is the highest in its category.

LAGGARDS & **LEADERS**

Taking a long-term view of fund returns, here is a list of 10 funds in each category—five leaders (worth investing) and five laggards (that may be a drag on your portfolio).

LAGGARDS LEADERS

Equity: **Large cap** 5-year returns

Laggards		Leaders	
HSBC Dynamic Fund	11.39	Mirae Asset India Opportunities Fund	21.88
LIC MF Index-Sensex Plan	13.1	SBI Bluechip Fund	20.8
Reliance Quant Plus Fund	13.23	JM Multi Strategy Fund	20.52
Tata Index Sensex Fund	13.3	Franklin India Flexi Cap Fund	20.03
IDBI Nifty Index Fund	13.42	Birla Sun Life Frontline Equity Fund	19.98

Equity: **Multi cap** 5-year returns

Laggards		Leaders	
Edelweiss Prudent Advantage Fund	12.26	Franklin India High Growth Companies Fund	25.46
LIC MF Equity Fund	12.81	Birla Sun Life Advantage Fund	23.38
Birla Sun Life International Equity Fund	13.73	Birla Sun Life Equity Fund	23.19
Union Equity Fund	13.77	ICICI Prudential Value Discovery Fund	22.99
UTI Dividend Yield Fund	14.01	Kotak Select Focus Fund Regular Plan	22.81

Equity: **Mid cap** 3-year returns

Laggards		Leaders	
Baroda Pioneer Midcap Fund	-3.05	Mirae Asset Emerging Bluechip Fund	29.37
HDFC Core & Satellite Fund	11.29	Kotak Emerging Equity Scheme	27.87
Birla Sun Life Dividend Yield Plus Fund	11.3	Canara Robeco Emerging Equities Fund	27.49
ICICI Prudential Dividend Yield Equity Fund	14.21	Escorts High Yield Equity Fund	27.04
Axis Midcap Fund	14.22	Motilal Oswal MOSt Focused Midcap 30	24.98

Equity: **Small cap** 3-year returns

Laggards		Leaders	
HDFC Small Cap Fund	20.03	DSP BlackRock Micro Cap Fund	33.71
HSBC Midcap Equity Fund	20.58	SBI Small & Midcap Fund	33.30
Sundaram S.M.I.L.E. Fund	24.61	Reliance Small Cap Fund	28.48
Birla Sun Life Small & Midcap Fund	25.85	L&T Midcap Fund	27.05
Franklin India Smaller Companies Fund	26.02	L&T Emerging Businesses Fund	26.77

Hybrid: **Equity oriented** 5-year returns

Laggards		Leaders	
Principal Equity Savings Fund	7.40	Tata Retirement Savings Fund	19.99
Tata Regular Saving Equity	8.66	ICICI Prudential Balanced Fund	19.83
DHFL Pramerica Equity Income	9.30	L&T India Prudence Fund	19.72
L&T Equity Savings Fund	9.60	SBI Magnum Balanced Fund	18.95
HDFC Equity Savings Fund	10.82	HDFC Balanced Fund	18.94

Annualised returns in % as on 24 May 2017.

ETW FUNDS 100

	VALUE RESEARCH FUND RATING	NET ASSETS (₹ cr)	RETURNS (%) 3-MONTH	6-MONTH	1-YEAR	3-YEAR	5-YEAR	EXPENSE RATIO
Hybrid: Equity-oriented								
Tata Retirement Savings Fund	★★★★★	112.01	6.06	18.93	26.89	20.48	19.99	2.81
L&T India Prudence Fund	★★★★	4,116.65	5.68	14.92	23.34	17.33	19.72	2.03
HDFC Balanced Fund	★★★★	10,920.00	5.16	12.3	24.35	16.48	18.94	2.03
ICICI Prudential Balanced Fund	★★★★	10,813.96	2.74	12.58	26.85	16.18	19.83	2.2
Birla Sun Life Balanced '95 Fund	★★★★	8,159.35	3.17	11.78	21.18	15.47	18.63	2.27
Tata Balanced Fund	★★★★	6,479.05	2.82	9.28	16.32	15.39	18.42	2.06
SBI Magnum Balanced Fund	★★★★	9,890.20	2.51	7.1	14.69	14.71	18.95	1.98
Hybrid: Debt-oriented Conservative								
SBI Magnum Monthly Income Plan	★★★★	1,051.17	2.54	2.72	13.44	12.22	11.39	2
SBI Regular Savings Fund	★★★★	609.35	2.5	3.79	12.88	10.68	10.72	1.2
SBI Magnum Monthly Income Plan	★★★★★	221.15	1.5	3.92	9.63	11.07	11.07	2.32
ICICI Prudential Regular Income Fund	★★★★	2,550.80	1.75	3.08	9.06	10.37	9.05	1.55
Debt: Income								
ICICI Prudential Banking & PSU Debt Fund	★★★★	6,957.71	2.14	1.09	10.4	9.84	9.52	—
DHFL Pramerica Medium Term Income Fund	★★★★	743.81	2.05	1.02	10.36	10.42	—	1.03
Kotak Medium Term Fund	★★★★★	3,958.22	2.11	2.11	10.23	10.08	—	1.7
UTI Medium Term Fund	★★★★★	158.16	1.98	2.36	10.05	—	—	1.25
L&T Resurgent India Corporate Bond Fund	★★★★	1,505.57	2.61	1.91	10	—	—	1.6
Birla Sun Life Treasury Optimizer Fund	★★★★	7,195.60	2.22	0.5	9.82	10.04	10.09	0.64
HDFC Medium Term Opportunities Fund	★★★★	8,839.44	1.62	1.97	9.44	9.38	9.5	0.31
Kotak Corporate Bond Fund	★★★★	588.23	1.63	2.84	8.9	10.05	8.76	0.5
Reliance Banking & PSU Debt Fund	★★★★	5,225.72	1.79	1.46	8.79	—	—	0.43
Invesco India Medium Term Bond Fund	★★★★★	1,359.34	1.9	3.42	8.44	8.92	8.48	0.85
Debt: Short Term								
UTI Banking & PSU Debt Fund	★★★★	1,508.28	1.74	2.4	10.11	9.33	—	0.3
Franklin India Low Duration Fund	★★★★★	3,427.12	2.01	4	9.95	9.71	9.74	0.78
Baroda Pioneer Short Term Bond Fund	★★★★★	473.24	1.98	3.91	9.69	9.17	8.99	1.23
BOI AXA Short Term Income Fund	★★★★	340.28	2	2.87	9.42	9.2	8.58	1.35
HDFC Regular Savings Fund	★★★★	4,648.42	1.78	2.97	9.29	9.75	9.42	1.69
Birla Sun Life Short Term Fund	★★★★	17,772.60	1.81	2.12	9.1	9.39	9.53	0.29
HDFC Short Term Opportunities Fund	★★★★	9,787.66	1.61	2.85	8.5	8.92	9.08	0.36
Reliance Medium Term Fund	★★★★	10,577.93	1.58	2.77	8.32	8.67	8.85	0.9
Indiabulls Short Term Fund*	★★★★	805.99	1.64	2.7	7.94	8.7	—	1.49
Debt: Ultra Short Term								
BOI AXA Treasury Advantage Fund	★★★★★	453.83	2.05	3.95	8.98	8.92	9.02	0.55
Baroda Pioneer Treasury Advantage Fund	★★★★	2,895.82	1.95	3.76	8.8	9.03	9.21	0.8
L&T Floating Rate Fund	★★★★	575.65	1.81	3.41	8.8	8.54	8.92	0.72
Kotak Low Duration Fund	★★★★	5,632.76	1.8	3.33	8.66	9.07	8.8	1
DHFL Pramerica Low Duration Fund	★★★★	2,127.13	1.76	3.45	8.44	9.02	9.13	1.13
Indiabulls Ultra Short Term Fund*	★★★★	1,119.51	1.75	3.4	8.29	8.7	8.92	1.05
JM Floater Long Term Fund	★★★★★	231.21	1.86	3.74	8.03	8.53	8.39	—
JM Money Manager Fund	★★★★	116.58	1.52	2.87	8.02	8.45	8.89	—
Principal Retail Money Manager Fund	★★★★	31.62	1.62	3.3	7.38	8.38	8.92	1.18
Invesco India Credit Opportunities Fund	★★★★	916.00	1.58	3.23	7.05	8.25	8.81	0.65
Debt: Dynamic Bond								
UTI Dynamic Bond Fund	★★★★	1,537.18	2.71	0.46	13.96	10.98	10.58	1.62
ICICI Prudential Long Term Fund	★★★★	2,126.15	3.31	0.04	13.45	12.17	11.88	1.27
Baroda Pioneer Dynamic Bond Fund	★★★★	19.13	2.18	0.2	10.79	11.02	—	1.57

All equity funds sorted on 3-year returns; debt funds ranked on 1-year returns

20.4% The 3-year return of Tata Retirement Savings Fund is the highest in its category.

10.4% The 1-year return of ICICI Pru Banking & PSU Debt is the highest in its category.

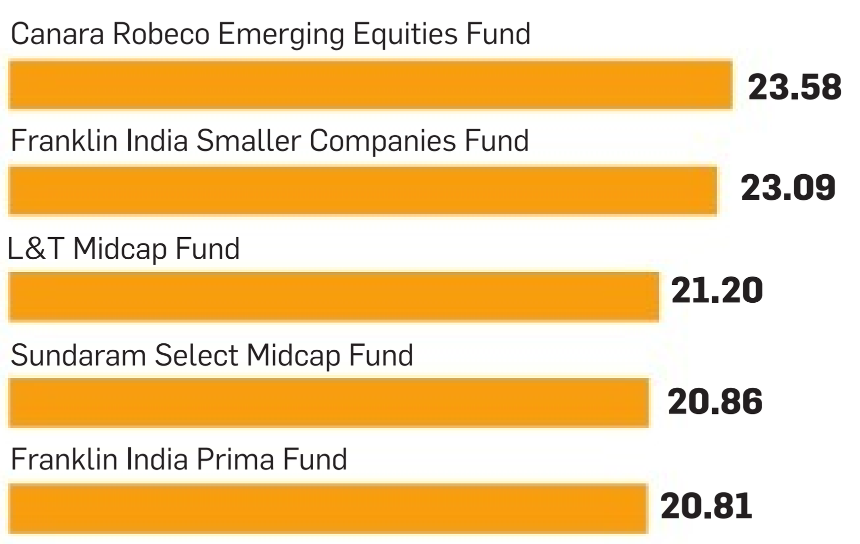
10.1% The 1-year return of UTI Banking & PSU Debt is the highest in its category.

8.9% The 1-year return of BOI AXA Treasury Advantage is the highest in its category.

Exp ratio as on 30 April 2017
**Exp ratio before 30 April 2017*
Returns as on 24 May 2017
Assets as on 30 April 2017
Rating as on 30 April 2017

Top 5 SIPs

Top 5 equity schemes based on 10-yr SIP returns.

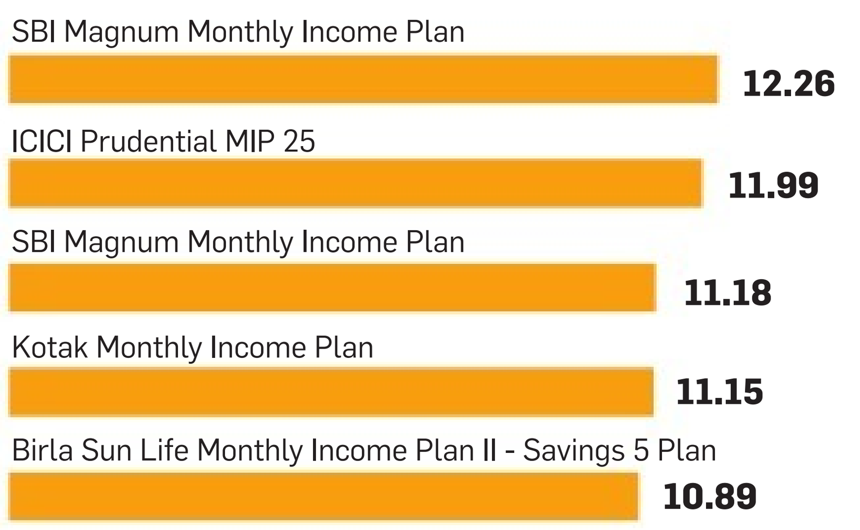


SIP: Systematic investment plan % annualised returns

As on 24 May 2017

Top 5 MIPs

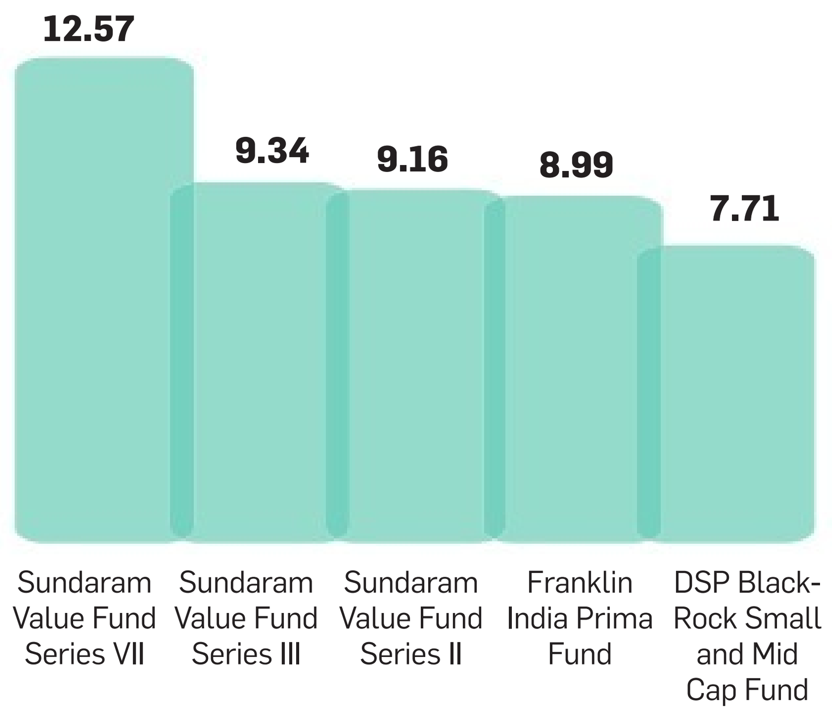
Top 5 MIP schemes based on 3-year SWP returns.



SWP: Systematic withdrawal plan % annualised returns

As on 24 May 2017

Mid Cap Cash Holdings



% as on 30 April 2017

Did not find your fund here?
Log on to **www.wealth.economictimes.com** for an exhaustive list.

Methodology

The Top 100 includes only those funds that have a 5- or 4-star rating from Value Research. The rating is determined by subtracting a fund's risk score from its return score. The result is assigned stars according to the following distribution:

★★★★★	Top 10%	
★★★★	Next 22.5%	
★★★	Middle 35%	(Not covered in ETW Funds 100 listing)
★★	Next 22.5%	(Not covered in ETW Funds 100 listing)
★	Bottom 10%	(Not covered in ETW Funds 100 listing)

Fixed-income funds less than 18 months old and equity funds less than three years old have been excluded. This ensures that all the funds have existed long enough to be tracked for consistency of performance. Given the focus on long-term investing, liquid funds, short-term funds and FMPs are not part of the list. For the same reason, we have considered only the growth option of funds that reinvest returns instead of offering dividends that increase the NAV of funds.

Despite these rigorous filters, the list includes 2/3 funds of each category to maximise choice from the best funds. The fund categories are:

EQUITIES (figures over the past one year)

Large-cap: Mostly invested in large-cap companies.

Multi-cap: Mostly invested in large- and mid-cap companies.

Mid-cap: Mostly invested in mid-cap companies.

Small-cap: Mostly invested in small-cap companies.

Tax planning: Offer tax rebate under Section 80C.

International: More than 65% of assets invested abroad.

Income: Average maturity varies according to objective.

Gilt: Medium- and long-term; invest in gilt securities.

Equity-oriented: Average equity exposure more than 60%.

Debt-oriented aggressive: Average equity exposure between 25-60%.

Debt-oriented conservative: Average equity exposure less than 25%.

Arbitrage: Seek arbitrage opportunities between equity and derivatives.

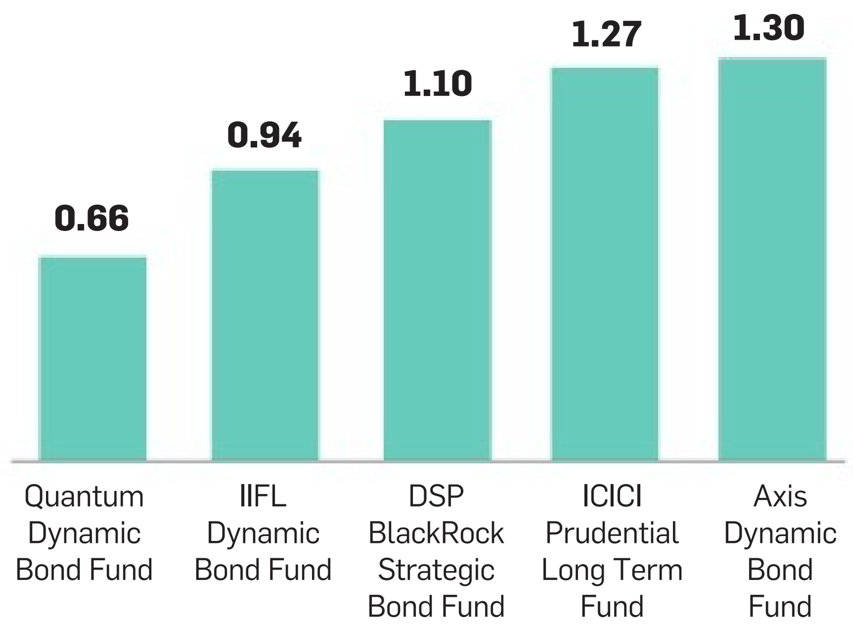
Asset allocation: Invest fully in equity or debt as per market conditions.

FUND RAISER

17%

Of the assets under management of mutual funds in 2016-17 comprised investments from the B15—beyond the top 15 cities—locations in India. A 1% increase over 2015-16, according to AMFI.

Debt: Dynamic Bond Lowest Expense Ratio



% as on 30 April 2017

% expense ratio is charged annually.

Methodology of Top 100 funds on www.wealth.economictimes.com

HDFC TAX SAVER

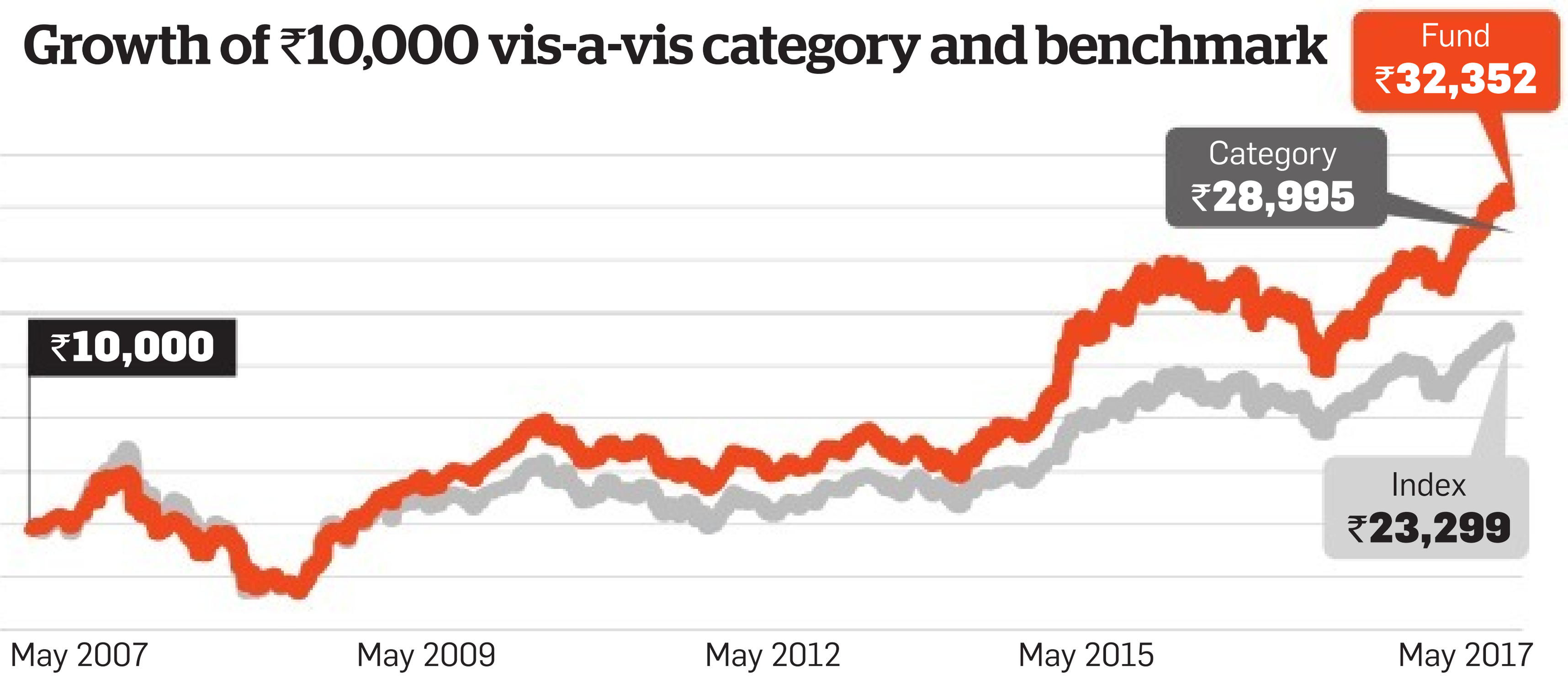
Peers have a better track record

ET Wealth collaborates with **Value Research** to analyse top mutual funds. We examine the key fundamentals of the fund, its portfolio and performance to help you make an informed investment decision.

HOW HAS THE FUND PERFORMED?

With a 10-year return of 12.35%, the fund has outperformed both the benchmark (8.75%) and the category average (11.23%).

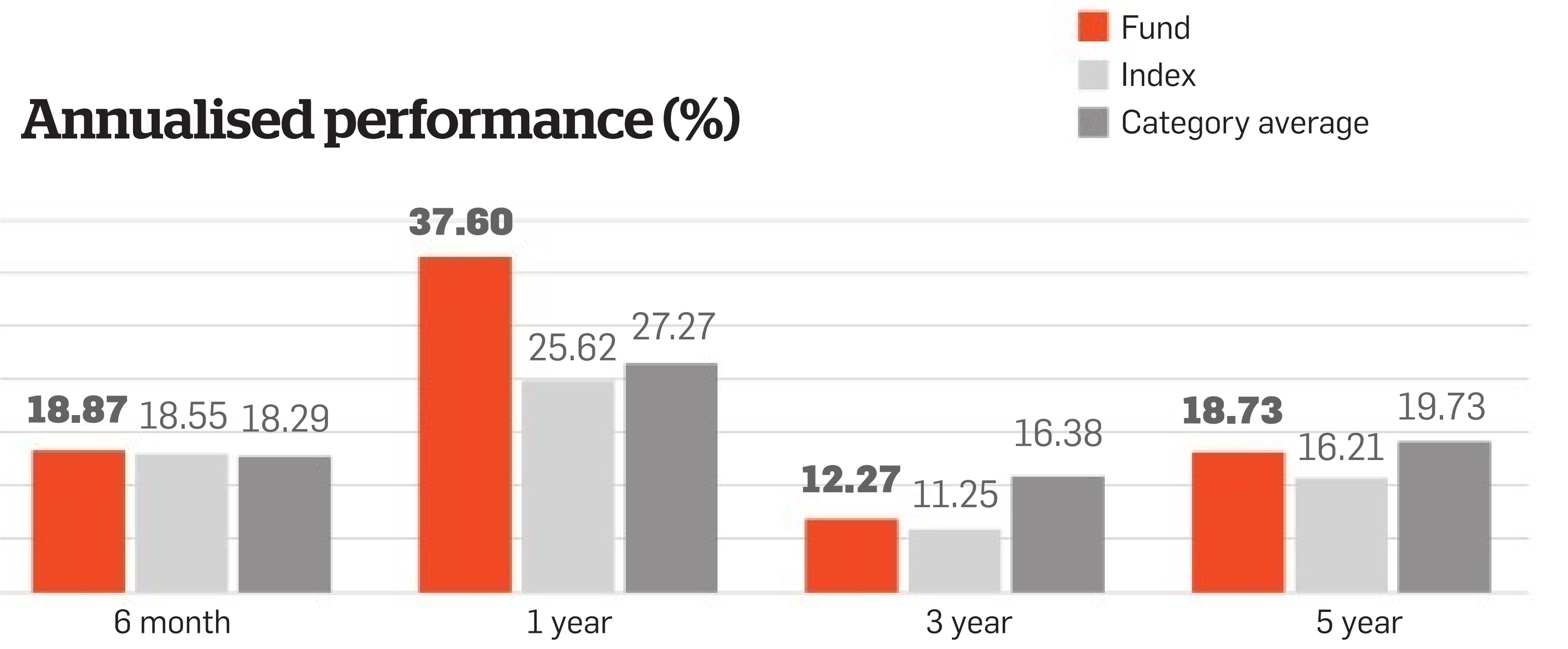
Growth of ₹10,000 vis-a-vis category and benchmark



As on 23 May 2017

The fund has a healthy long-term track record.

Annualised performance (%)



As on 23 May 2017

The fund has underperformed peers across 3- and 5-year time frames.

Yearly performance (%)

As on 23 May 2017

The fund's performance has improved since last year.

BASIC FACTS

DATE OF LAUNCH
31 March 1996

CATEGORY
Equity

TYPE
Tax Planning

AVERAGE AUM
₹6,309.22 cr

BENCHMARK
Nifty 500 Index

WHAT IT COSTS

NAVs*
GROWTH OPTION
₹479
DIVIDEND OPTION
₹62

MINIMUM INVESTMENT
₹500

MINIMUM SIP AMOUNT
₹500

EXPENSE RATIO^ (%)
2.30

EXIT LOAD
1% for redemption within 365 days

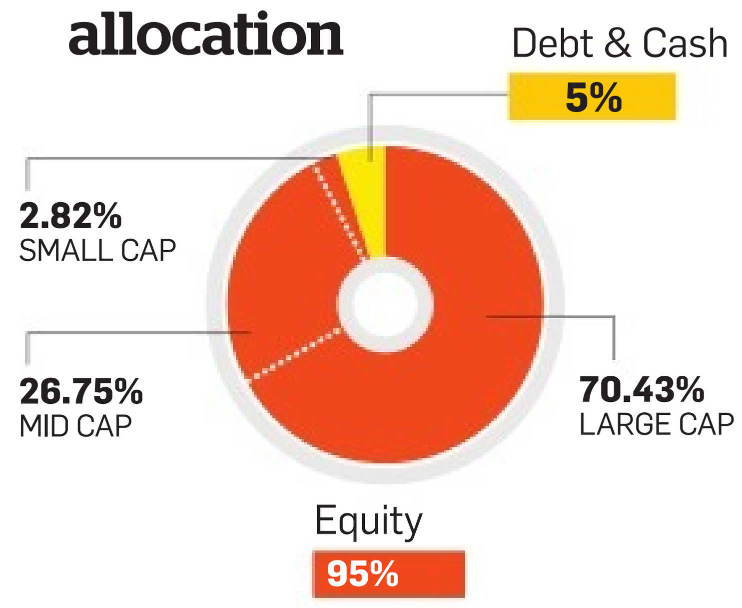
**As on 23 May 2017*
^As on 30 April 2017

FUND MANAGER

Vinay R. Kulkarni
TENURE: 10 YEARS AND 5 MONTHS
Education: BTech, PGDM

WHERE DOES THE FUND INVEST?

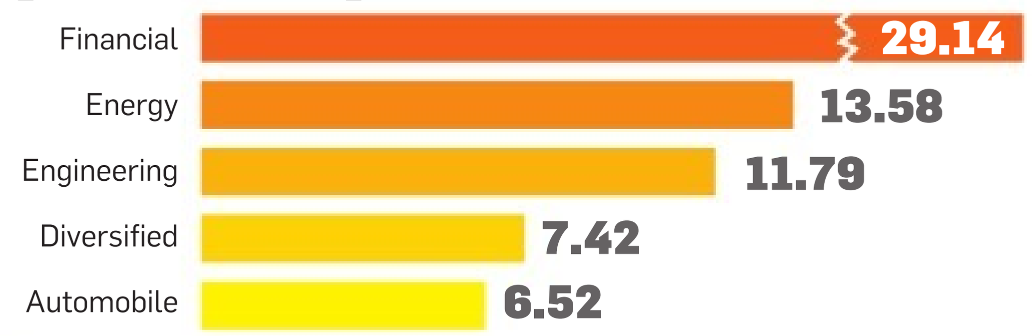
Portfolio asset allocation



Fund style box

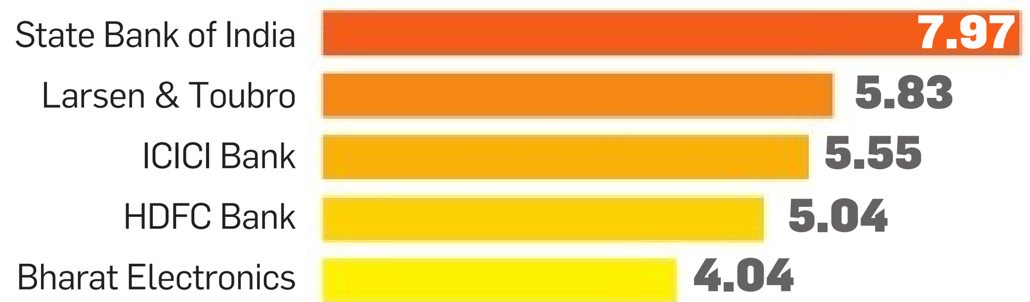
The fund's portfolio is tilted towards large-caps.

Top 5 sectors in portfolio (%)



The fund is heavily invested in financials.

Top 5 stocks in portfolio (%)



The portfolio is diversified, but takes healthy exposure to its top bets.

HOW RISKY IS IT?

	Fund	Category	Index
Standard Deviation	18.29	15.64	14.59
Sharpe Ratio	0.81	1.04	0.78
Mean Return	19.43	20.93	16.00

Based on 3-year performance

The fund's risk-reward profile is inferior to many of its peers.

Wherever not specified, data as on 30 April 2017. Source: Value Research

SHOULD YOU BUY?

This fund's return profile has improved since last year after a stretch of patchy performance pulled down its otherwise healthy long-term track record. The fund manager prefers to take large positions in his top bets, despite having a heavily diversified portfolio. Typical to the fund house's investing style, this fund continues to back its high-conviction stock and sectoral bets—only recently has this yielded some result. The fund's portfolio is tilted towards large-caps as compared to many of its peers. Its risk-reward profile is below average and exhibits higher volatility in returns. Investors may want to wait for sustained improvement in the fund's performance. There are other funds with a consistent and proven track record.

LOANS & DEPOSITS

ET Wealth collaborates with **ETIG** to provide a comprehensive ready reckoner of loans and fixed-income instruments. Don't miss the information on investments for senior citizens and a simplified EMI calculator.

Top five **bank FDs**

	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
Tenure: 1 year		
IDFC Bank	7.50	10,771
RBL Bank	7.40	10,771
DCB Bank	7.20	10,740
City Union Bank	7.10	10,729
Yes Bank	7.10	10,729
Tenure: 2 years		
RBL Bank	7.50	11,636
DCB Bank	7.25	11,545
IDFC Bank	7.25	11,545
Indusind Bank	7.15	11,523
Yes Bank	7.10	11,511
Tenure: 3 years		
RBL Bank	7.35	12,497
DCB Bank	7.25	12,405
IDFC Bank	7.20	12,387
Yes Bank	7.10	12,351
Lakshmi Vilas Bank	7.00	12,314
Tenure: 5 years		
RBL Bank	7.35	14,499
DCB Bank	7.25	14,323
IDFC Bank	7.20	14,287
Yes Bank	7.10	14,217
Dena Bank	7.00	14,148

Top five **senior citizen bank FDs**

	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
Tenure: 1 year		
RBL Bank	7.90	10,824
Indusind Bank	7.65	10,787
Yes Bank	7.60	10,782
Axis Bank	7.50	10,771
DCB Bank	7.50	10,771
Tenure: 2 years		
RBL Bank	8.00	11,751
IDFC Bank	7.75	11,659
DCB Bank	7.70	11,648
Indusind Bank	7.65	11,636
Yes Bank	7.60	11,625
Tenure: 3 years		
RBL Bank	7.85	12,682
DCB Bank	7.75	12,589
IDFC Bank	7.70	12,571
Yes Bank	7.60	12,534
Karur Vysya Bank	7.50	12,497
Tenure: 5 years		
RBL Bank	7.85	14,859
DCB Bank	7.75	14,678
IDFC Bank	7.70	14,642
Yes Bank	7.60	14,571
Lakshmi Vilas Bank	7.50	14,499

Top five **tax-saving bank FDs**

Tenure: 5 years and above	Interest rate (%)	What ₹10,000 will grow to
RBL Bank	7.35	14,499
DCB Bank	7.25	14,323
IDFC Bank	7.20	14,287
Yes Bank	7.10	14,217
Dena Bank	7.00	14,148

All data sourced from Economic Times Intelligence Group (etigdatabase@timesgroup.com)

Bank MCLR

Marginal Cost of funds-based Lending Rate (MCLR) is the new benchmark lending rate designated by RBI and will replace the base rate for new borrowers.

Top banks for **6 months**

BANK NAME	MCLR	WITH EFFECT FROM
HDFC Bank	7.95	8 May 2017
State Bank Of India	7.95	1 May 2017
Axis Bank	8.15	18 April 2017
ICICI Bank	8.15	1 May 2017
Bank Of Baroda *	8.30	7 May 2017

Top banks for **1 year**

BANK NAME	MCLR	WITH EFFECT FROM
HDFC Bank	8.15	1 May 2017
ICICI Bank	8.20	8 May 2017
Axis Bank	8.25	1 May 2017
Bank Of Baroda *	8.35	18 April 2017
Bank Of Baroda *	8.35	7 May 2017

Top banks for **2 years**

BANK NAME	MCLR	WITH EFFECT FROM
State Bank Of India	8.10	1 May 2017
HDFC Bank	8.25	8 May 2017
Axis Bank	8.30	18 April 2017
Union Bank Of India	8.55	1 May 2017
IDFC Bank	8.60	1 May 2017

Top banks for **3 years**

BANK NAME	MCLR	WITH EFFECT FROM
State Bank Of India	8.15	1 May 2017
Axis Bank	8.35	18 April 2017
HDFC Bank	8.45	8 May 2017
Bank Of Baroda *	8.50	7 May 2017
Punjab National Bank	8.50	1 May 2017

Top banks for **5 years**

BANK NAME	MCLR	WITH EFFECT FROM
Bank Of Baroda *	8.65	7 May 2017
Punjab National Bank	8.65	1 May 2017
Indian Bank	8.90	7 May 2017
Punjab & Sind Bank	9.10	7 May 2017

** Strategic Premium of 0.25%. # Business Strategy Spread of 0.30%.*
For any changes in MCLR rates, please email us at etigdb@timesgroup.com

Your EMI for a **loan of ₹1 lakh**

TENURE	5 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS
@ 8%	2,028	1,213	956	836	772
@ 10%	2,125	1,322	1,075	965	909
@ 12%	2,224	1,435	1,200	1,101	1,053
@ 15%	2,379	1,613	1,400	1,317	1,281

Figures are in ₹. Use this calculator to check your loan affordability. For example, a ₹5 lakh loan at 12% for 10 years will translate into an EMI of ₹1,435 x 5 = ₹7,175

Post office **deposits**

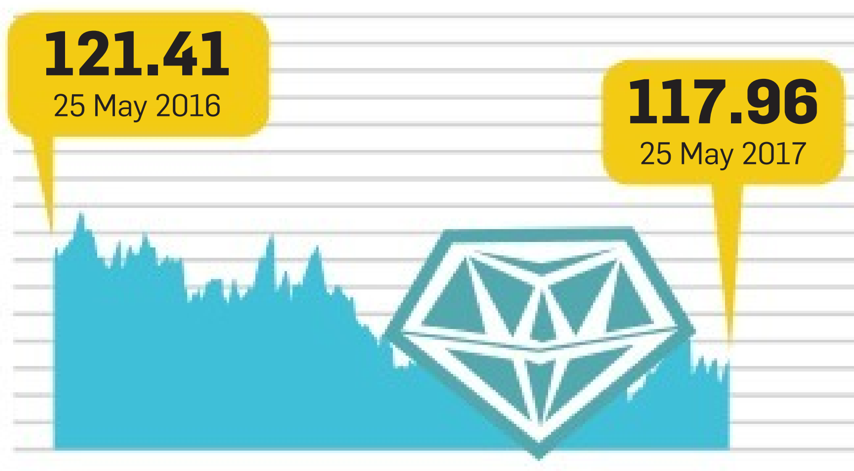
	Interest (%)	Minimum invt. (₹)	Maximum investment (₹)	Features	Tax benefits
Senior Citizens' Saving Scheme	8.4	1,000	15 lakh	5-year tenure, minimum age 60	80C
Sukanya Samriddhi Account	8.4	1,000	1.5 lakh per year	One account per girl child	80C
Public Provident Fund	7.9	500	1.5 lakh per year	15-year term, tax-free returns	80C
5-year NSC VIII Issue	7.9	100	No limit	No TDS	80C
Time deposit	6.9-7.7	200	No limit	Available in 1, 2, 3, 5 years	80C #
Post Office Monthly Income Scheme	7.6	1500	Single 4.5 lakh	5-year tenure, monthly returns	Nil
			Joint 9 lakh	5-year tenure, monthly returns	Nil
Kisan Vikas Patra	7.6	1,000	No limit	Can be encashed after 2.5 years	Nil
Recurring deposits	7.2	10	No limit	5-year tenure	Nil
Savings account	4	50	No limit	₹10,000 interest tax free	Nil

Benefit available only for 5-year deposit

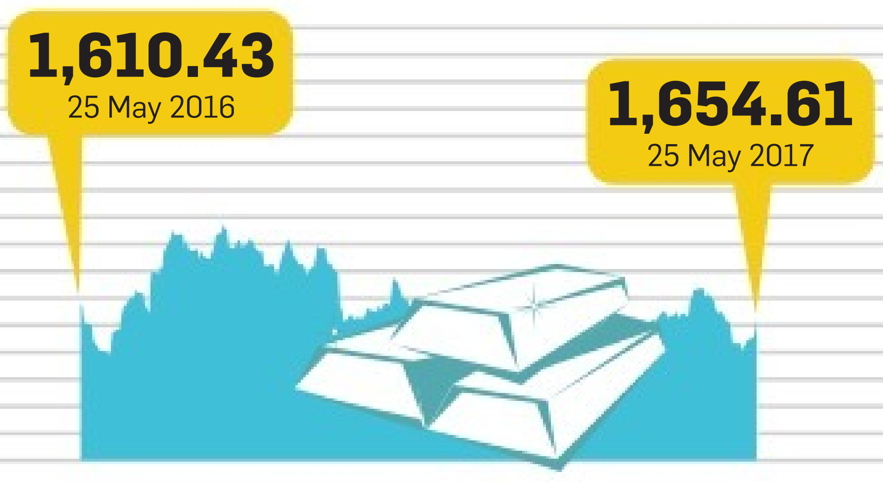
Alternative investment returns monitor

The scope and attractiveness of alternative investments is increasing. Here's a weekly tracker of returns from such investments. But don't compare these with returns from traditional investments since the proportion and purpose of alternative investments is vastly different.

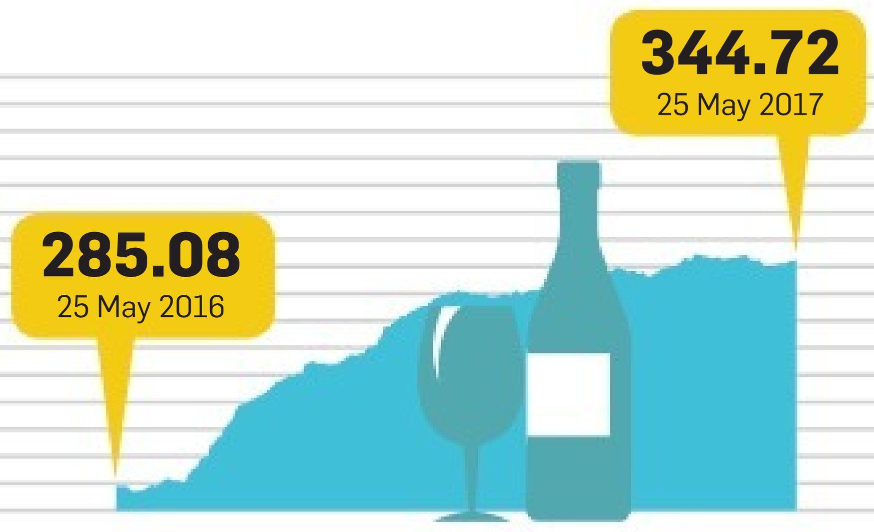
Diamond Index



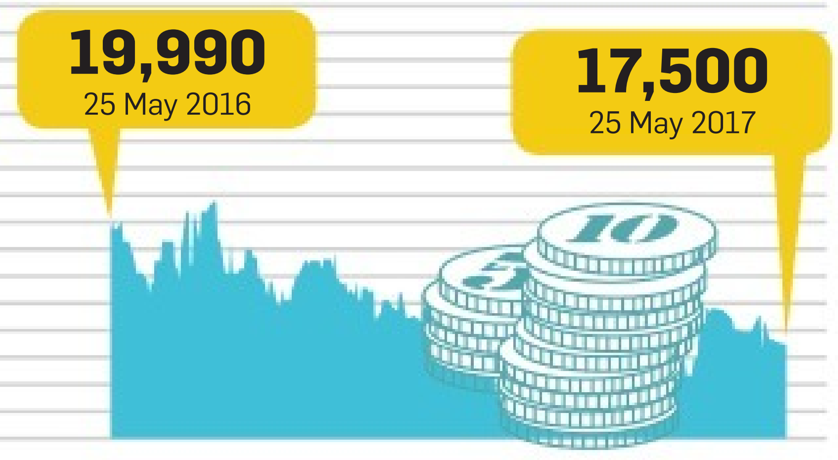
Precious Metals Index



Wine Index



Coin Index



CHANGE	Diamond Index	Precious Metals Index	Wine Index	Coin Index
1 WEEK	0.48%	0.32%	0.27%	0%
1 YEAR	-2.84%	2.74%	20.92%	-12.46%

Overall Diamond Index is based on actual transactions from 20 different market players and reflects price movements in the global diamond market. The index is updated daily.

The S&P GSCI Precious Metals Index comprises gold (91.33%) and silver (8.67%) and provides a benchmark for investment performance in the precious metals commodity markets. It is updated daily.

The Liv-ex Fine Wine 50 Index tracks daily price movement of the most heavily traded commodities in the wine market. It includes only the 10 most recent vintages and is updated daily.

The Krugerrand Coin index represents the denomination of a 22 carat gold bullion coin weighing one troy ounce that is listed for trading on the Johannesburg Stock Exchange.

Penny stocks update

Penny stocks as a recommended non-traditional investment? Not exactly. *ET Wealth* neither has the expertise nor does it recommend investing in such stocks. But since the relatively 'low' cost of investment attracts some investors to penny stocks, we provide a weekly snapshot of this most volatile and uncertain type of stock investing.

Top Price Gainers

Stock	Market price (₹)	1-week (%) change	1-month (%) change	1-month average volume (lakh)	1-month average volume change (%)	Market cap (₹ crore)
TPI India	5.79	26.97	169.30	0.01	-0.52	24.90
Shalimar Wires	8.14	22.96	55.34	0.02	197.19	30.61
Surat Textile Mills	6.81	-12.69	52.01	6.91	439.79	151.25
Indosolar	9.71	-13.46	48.47	10.95	640.60	347.74
Toyam Industries	3.19	10.00	47.00	1.89	10.21	67.79
Mangalam Industrial Fin.	1.93	-4.93	46.21	0.46	-13.88	185.59
Transgene Biotek	3.02	-6.79	43.81	0.64	126.98	22.88
KGN Enterprises	8.20	0.00	30.78	0.03	136.02	16.79
Vegetable Products	3.58	-10.72	28.32	0.74	-49.23	39.09
Dwekam Industries	2.50	-1.57	25.00	1.09	-15.94	12.50

Top Volume Gainers

Stock	Market price (₹)	1-week (%) change	1-month (%) change	1-month avg volume (lakh)	1-month avg volume change (%)	Market cap (₹ crore)
Empower India	0.49	0.00	0.00	40.54	7,79,465.51	57.03
Blue Circle Services	3.91	2.09	0.51	6.39	63,807.27	79.57
Shalimar Productions	0.49	0.00	0.00	2.97	16,351.99	48.23
Jackson Investments	4.11	-9.07	11.38	21.65	5,776.23	119.48
Negotium International	5.89	7.88	-31.51	0.62	3,590.50	23.09
Allied Computers Int.	0.80	0.00	-13.04	5.37	1,130.99	15.18
Samtex Fashions	4.10	0.24	-11.45	0.63	1,121.92	30.55
Alps Motor Finance	9.44	-9.84	-31.35	0.02	986.51	95.91
Indosolar	9.71	-13.46	48.47	10.95	640.60	347.74
Confidence Petroleum	8.00	-3.96	-4.31	7.24	624.98	207.04

Top Price Losers

Stock	Market price (₹)	1-week (%) change	1-month (%) change	1-month average volume (lakh)	1-month average volume change (%)	Market cap (₹ crore)
Gyscoal Alloys	7.02	-4.75	-43.02	2.59	-8.89	111.13
Mangal Credit and Fin.	3.25	-20.73	-30.70	1.67	205.70	51.38
Jaiprakash Associates	9.34	-24.92	-29.51	56.10	25.71	2271.91
JMT Auto	7.37	-17.93	-27.82	2.13	17.87	371.30
Visagar Polytex	1.53	-16.39	-26.09	15.21	89.90	37.67
eDynamics Solutions	8.68	-19.56	-24.59	1.08	41.73	22.18
Burnpur Cement	8.12	-13.34	-24.25	1.53	-68.53	69.93
VKJ Infradevelopers	8.66	9.21	-24.17	4.36	-3.38	154.58
Lloyds Steels Industries	1.81	-9.05	-23.95	2.24	100.82	162.66
Sterling International Ent.	1.99	-3.86	-22.57	1.48	-56.95	54.01

Top Volume Losers

Stock	Market price (₹)	1-week (%) change	1-month (%) change	1-month avg volume (lakh)	1-month avg volume change (%)	Market cap (₹ crore)
RattanIndia Infrastructure	3.61	-6.48	-16.82	2.72	-87.35	498.99
Gennex Laboratories	4.71	-19.21	-19.49	2.45	-84.12	59.58
Gammon Infrastructure	3.91	-8.22	-18.71	2.15	-80.13	368.26
Jyoti Structures	8.46	-8.34	-18.10	1.18	-78.79	92.68
Atharv Enterprises	2.03	18.71	-21.01	2.04	-78.35	34.51
Cals Refineries	0.12	0.00	0.00	3.25	-76.47	99.53
Electrosteel Steels	4.57	-15.37	-17.21	4.10	-75.57	1,101.02
KSK Energy Ventures	9.81	-5.58	-17.35	6.48	-73.82	415.93
Prakash Constrowell	4.11	-9.27	-14.55	1.29	-71.14	51.66
Burnpur Cement	8.12	-13.34	-24.25	1.53	-68.53	69.93

The stocks have been selected using the following filters: Price less than ₹10, one-month average volume greater than or equal to 1 lakh and market-capitalisation greater than or equal to ₹10 crore. Data as on 25 May 2017. *Source: ETIG Database and Bloomberg*

PI Industries: Will grow at a fast clip

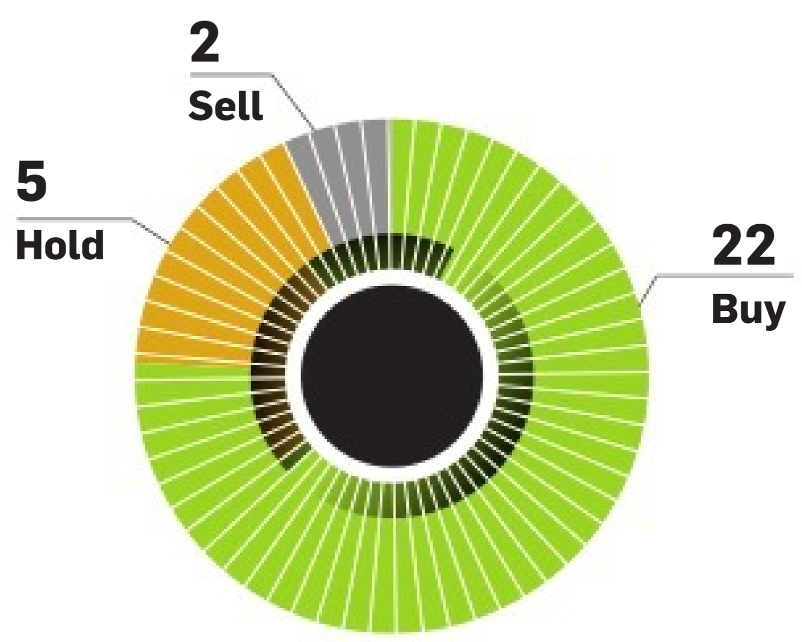
Capex, strategic partnerships and strong fundamentals will help PI Industries sustain its high growth.

PI Industries, a fast-growing agro science company, fell short of Street expectations of its revenue. The company's year-on-year (y-o-y) top line growth moderated to 4% in the fourth quarter of 2016-17. Weak global markets and challenges in the domestic markets due to delayed and uneven distribution of rainfall in the last season were the reason for this slow growth. However, the company's margin expanded by 350 basis points due to a favourable product mix and better operating leverage. Operating profit zoomed 42% y-o-y. A lower tax incidence helped PI Industries report 48% y-o-y net profit growth, better than the Street expectations.

The company has reported revenue and net profit growth of 18% and 28% respectively between 2010-11 and 2016-17. It is likely to maintain this growth momentum in the coming years as well. An early and good monsoon, as has been forecast, will also be good for agro companies like PI Industries. Its newly commissioned plant at Jambusar SEZ is operating only at 65%-70% capacity, so production can be increased immediately at no extra costs.

To maintain its high growth rate, PI Industries plans to spend around ₹200 crore in 2017-18 on research and development and scaling up operations. With a free cash flow of ₹167 crore in 2016-17, its cash flow position is comfortable and most of it capital expenditure will be met from internal accruals. The company also has a strong balance sheet and it debt-equity ratio stood at 0.05 in March 2017.

Analysts' views



Strong fundamentals, impressive revenue and net profit growth over the past six years, strategic tie-ups, and moderate valuations have made PI Industries analysts' top pick.

Strategic ties-ups will also boost PI Industries' growth. It has recently entered into a strategic partnership with BASF to co-market BASF's latest fungicides and herbicides. PI Industries will co-market four molecules, and two products are likely to be launched in 2017-18. This will enhance PI Industries' product range and market participation.

During 2016-17, the company reported 11% growthin exports. Though this growth may remain subdued in the coming quarters due to a weak global demand, things are expected to better in 2018. PI Industries is also taking up contract manufacturing—it recently entered into a joint venture with Mitsui—to increase its export reach.

The moderation in its valuation due to its recent underperformance—PI Industries fell 5% while Sensex gained by 6% during in the past three months—is another factor that is attracting analysts to this counter.

Selection Methodology: We pick the stock that has shown the maximum increase in 'consensus analyst rating' in the past one month. Consensus rating is arrived at by averaging all analyst recommendations after attributing weights to each of them (5 for strong buy, 4 for buy, 3 for hold, 2 for sell and 1 for strong sell) and any improvement in consensus analyst rating indicates that the analysts are getting more bullish on the stock. To make sure that we pick only companies with decent analyst coverage, this search is restricted to stocks that are covered by at least 10 analysts. You can see similar consensus analyst rating changes during the past week in the ETW 50 table. —*Narendra Nathan*

Fundamentals

	Actual		Consensus estimate	
	2015-16	2016-17	2017-18	2018-19
Revenue (₹ cr)	2,096.77	2,276.83	2,680.67	3,121.70
Operating profit (₹ cr)	382.02	516.84	588.25	722.95
Net profit (₹ cr)	315.33	459.44	469.82	558.84
EPS (₹)	23.05	33.39	34.62	41.23

Valuation

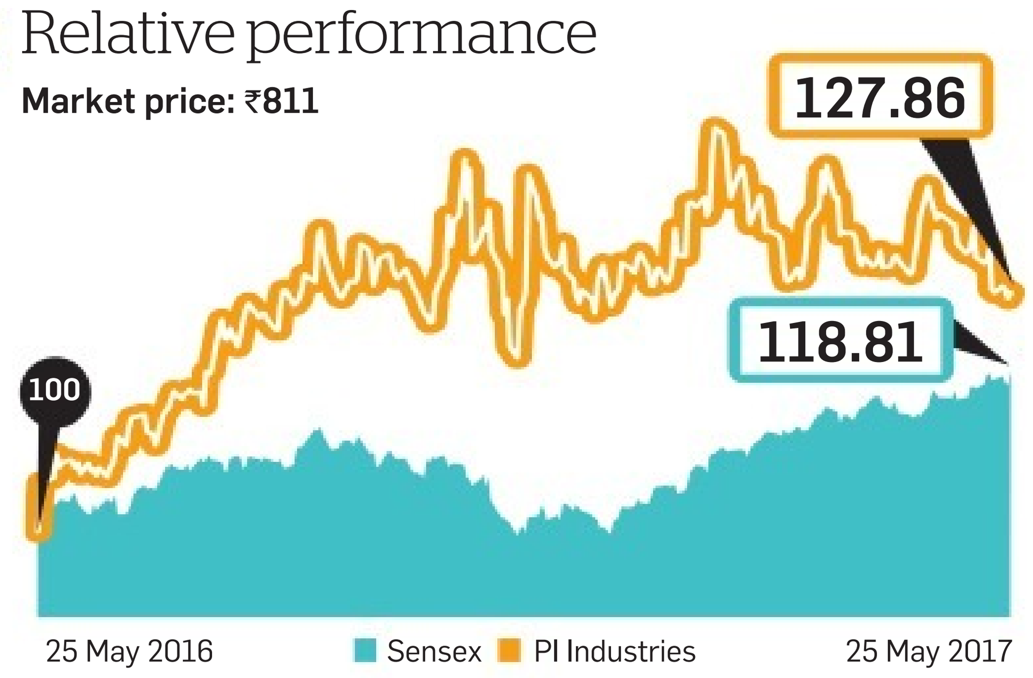
	PBV	PE	Dividend yield (%)
PI Industries	6.86	24.39	0.38
Dhanuka Agritech	7.09	56.31	0.48
Bayer Cropscience	7.39	45.73	0.38
Monsanto India	8.96	32.17	1.09
UPL	5.64	23.86	0.86

Latest brokerage calls

Reco date	Research house	Advice	Target price (₹)
23 May '17	Anand Rathi Securities	buy	1,003
19 May '17	Axis Capital Limited	buy	980
17 May '17	Emkay Share & Stock Brokers	buy	1,076
17 May '17	IDFC Securities	outperform	977
16 May '17	Ambit Capital	buy	1,100

Relative performance

Market price: ₹811



Performance of PI Industries compared with the Sensex. Figures are normalised to a base of 100. *Source: ETIG Database & Bloomberg*

What experts advise

BUY

Stock	Research house	Advice	Market price* (₹)	1-year target price (₹)	Comment
NRB Bearings	HDFC Sec	Buy	122	161	Initiate 'buy'. Largest manufacturer of needle roller bearings in India. Beacuse of thrust on weight reduction in vehicles and low space utilisation, use of needle roller bearings is increasing.
Bharat Financial Inclusion	Credit Suisse	Outperform	735	800	Upgrade to 'outperform'. Bharat Financial Inclusion's portfolio management has been superior than peers. It also remains the most cost-efficient microfinance institution.
Entertainment Network	ICICI Sec	Buy	748	860	Upgrade to 'buy'. The radio segment is likely to report 16-18% revenue growth over the next three to five years. Entertainment Network is a key beneficiary of the expanding reach of radio.
Hinduja Global Solutions	Anand Rathi	Buy	535	700	Upgrade to 'buy'. Hinduja Global Solutions has reported flat US dollar revenue and improved margins by 140 basis points (bps) q-o-q and 264 bps y-o-y despite adverse currency movements.
Heidelberg Cement	Prabhudas Lilladher	Buy	125	160	Upgrade to 'buy. Better quarterly numbers. Central region holds the best outlook among all regions because of a strong demand outlook, limited capacity addition and higher freight cost of northern plants.

SELL

*Market price as on 25 May

Stock	Research house	Advice		1-year target price (₹)	Comment
V-Guard Industries	Axis Capital	Sell	182	150	Downgrade to 'sell'. GST rates for cable / wires are higher than current levels and with this move, the price differential between an organised player like V-Guard and an unbranded player will widen.
ABB India	Geojit Financial Services	Reduce	1,478	1,354	Downgrade to 'reduce'. Rich valuations: 62-times expected earnings per share (EPS) in 2017 and 46-times expected EPS in 2018. Also, private sector capex still remains elusive.

BIG SCREEN PHONES ON A BUDGET

Phones with 5.5-inch screens are all too common today. If you want a bigger screen but don't want to spend too much for it, Karan Bajaj provides some options to consider.

UP TO ₹10,000

ALCATEL PIXI 4 (6)

The Pixi 4 comes with a 6-inch IPS display with a resolution of 1,280 x 720 pixels. While there are other options in the sub-₹10,000 range that come with 6-inch screens, most are older models that run Android 5.1 or below. The Pixi 4 is the best option in this price range. It is powered by a quad core Snapdragon 210 processor, 1.5 GB RAM, 16 GB storage and a 2,560 mAh battery. You get an 8 MP primary camera, 5 MP front facing camera, dual SIM, expandable storage along with 4G, VoLTE, Wi-Fi, Bluetooth and GPS.

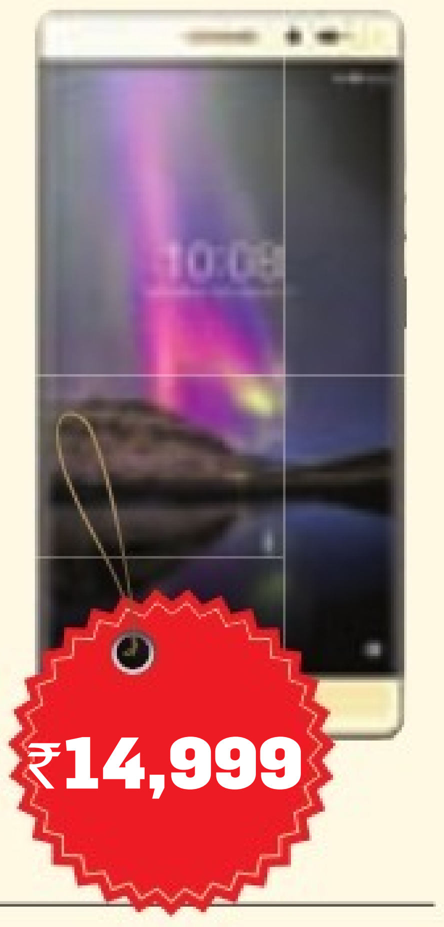
₹10,000-₹15,000

LENOVO PHAB 2

Lenovo's Phab 2 is the cheapest offering in the 6.4-inch display category. The screen has a resolution of 1,280 x 720 pixels, which means you might end up seeing individual pixels when reading text. Inside is a 1.3 Ghz quad core Mediatek 8,735 processor, 3 GB RAM, 32 GB storage and a large 4,050mAh battery. Other features include 13 MP rear camera, 5MP front camera, dual SIM, expandable storage, 4G, VoLTE, Wi-Fi, Bluetooth and Android 6.0.

LENOVO PHAB 2 PLUS

The bigger brother of Phab 2 takes care of the main issue we have with the Phab 2's display. The Phab 2 plus comes with a 6.4-inch screen with a resolution of 1,920 x 1,080 pixels which keeps everything on-screen pin sharp. Moreover, it has dual 13 MP camera on the rear with laser and phase detection autofocus, an updated 8 MP front camera and a fingerprint scanner on the rear. Hardware includes octa core Mediatek 8,783 processor, 3 GB RAM, 32 GB storage and 4,050 mAh battery.



MI MAX

Xiaomi's Mi Max offers a 6.4-inch full HD display (1,920 x 1,080 pixels) with slim bezels protected by Gorilla Glass 4. It is powered by Snapdragon 650 processor, 3 GB RAM, 32 GB storage and a massive 4,850 mAh battery. Other features include 16 MP primary camera, 5 MP selfie camera, fingerprint scanner, dual SIM, expandable storage, Infrared port, 4G, VoLTE, Wi-Fi, Bluetooth 4.2, GPS, FM with recording and USB OTG support. The phone comes with Android 6.0.

₹15,000-₹22,000

GIONEE M5 PLUS

At the time of writing, the Gionee M5 Plus which usually sells for ₹20,000 was available for less than ₹18,000 on Amazon. The M5 Plus has a 6-inch amoled display with 1,920 x 1,080 pixel resolution, delivering deep blacks and vivid colours. Hardware includes Mediatek 6,753 processor, 3 GB RAM, 64 GB storage (expandable, supports up to 128 GB cards) and a large 5,020 mAh battery. The phone has a USB Type-C port with fast battery charge support, fingerprint scanner, 13 MP rear camera, 5 MP front camera, dual SIM slot along with 4G and VoLTE support.

XIAOMI MI MAX PRIME

The Mi Max Prime is an upgraded variant of the Mi Max. The screen remains unchanged – a 6.4-inch IPS full HD display. However, under the hood is where all the upgrades have been done. It runs on a more powerful Snapdragon 652 processor, 4 GB RAM and increased internal storage of 128 GB. Rest of the features remain unchanged - 4,850 mAh battery, expandable storage (up to 256GB supported), 16MP rear camera with phase detection autofocus, 5 MP front camera, dual SIM, fingerprint scanner, 4G and VoLTE.

SONY XA ULTRA DUAL

Made for selfie lovers, the XA Ultra has a 16 MP front-facing camera with optical image stabilisation. You get a 6-inch IPS display with a resolution of 1,920 x 1,080 pixels that is protected by scratch-resistant glass. Inside the full metal body is a Mediatek Helio P10 processor, 3GB RAM, 16GB storage and a 2,700mh battery. The phone has a 21MP rear camera with phase detection autofocus (no OIS), dual SIM, expandable storage, 4G, VoLTE, WiFi, Bluetooth and NFC connectivity.

Our panel of experts will answer questions related to any aspect of personal finance. If you have a query, mail it to us right away.

QUESTION OF THE WEEK

Q I am 24 years old. From a monthly surplus of ₹12,000, I invest ₹4,000 in a recurring deposit and ₹2,000 in the PPF. I want to invest the rest of the money in mutual funds via SIPs. Please suggest some schemes.

Planning finances early in life helps one take care of all future goals and provides financial security. Since you are only 24, you can focus on wealth creation and invest a larger part of your savings in equities. You are already investing half your monthly surplus in fixed income securities, so put the rest in multi-cap and small-cap equity funds. You can invest ₹3,000 each month in either ICICI Value Discovery Fund or DSP BlackRock Opportunities Fund to make the most of market opportunities, in terms of valuation and growth potential. You can invest the remaining ₹3,000 in Reliance Small Cap or Franklin Smaller Companies Fund. This will boost the growth of your portfolio. Also, try to top-up your SIP contributions with lump sum investments during market corrections.

Naveen Kukreja
CEO AND CO-FOUNDER, PAISABAZAAR.COM

Q What should one consider before purchasing a term plan?

First, you need to ascertain how much life cover (sum assured) you need. This depends on one's age, number of dependants, current annual income and future financial requirements. It should also be enough to cover any liabilities. To arrive at the sum assured, you can use the human life value calculators that are available online. The policy term should be long enough to cover you till retirement. Finally, select a relatively affordable term plan from an insurer with a sound market standing and claim settlement ratio. Online plans are cheaper.

Abhay Raj
HEAD, PRODUCT MANAGEMENT, SBI LIFE

Q I am paying an EMI of ₹45,200 on my home loan. The interest rate is 8.45%. As I have a monthly surplus of ₹5,000, should I use it to start an SIP or pay more EMI to bring down the loan tenure?

Although it may seem like a rational strategy to pay a higher EMI, there is a better way to make the most of the ₹5,000 that you have. You need to think about the opportunity cost of this ₹5,000 if it was invested elsewhere. If you invest it in a good fund like Birla Frontline Equity, your investment value, going by the fund's historical returns, would be ₹2.26 lakh in three years. On the other hand, your additional loan repayment would be just ₹1.8 lakh in three years, ₹4.8 lakh in five years and ₹20 lakh in 10 years. So, investing in mutual funds can be a better option. However, investing in mutual funds is always subject to market risks and past performances may not be replicated in the future.

Anil Rego
FOUNDER AND CEO, RIGHT HORIZONS

Q I am 55 years old and 75% of my investments are in FDs, while the rest are in Ulips. I fall in the highest tax bracket. How can I ensure that my investments serve me for a longer period and provide better yields?

Debt mutual funds or monthly income plans (MIPs) are better than bank FDs because of better post-tax returns. Also, compared to bank FDs, accrual debt funds offer attractive yields. These funds invest 100% of their portfolio in bonds and money-market instruments. MIPs invest 75-90% of their portfolio in bonds or money-market instruments, while 10-25% of the portfolio is invested in equities. This is why MIPs carry a higher risk over the short term and also promise better returns than accrual funds. For regular income, you may invest in either accrual funds or MIPs, depending on your risk appetite. Also, opt for a systematic withdrawal plan (SWP). SWPs help you withdraw a pre-determined sum of money at regular periods in a tax-efficient manner in the short-term. If you do not want a regular income and are keen on capital appreciation, you can just invest in MIPs.

Rahul Parikh
CEO, BAJAJ CAPITAL

Q Last year, I bought a term plan through an agent. The annual premium was ₹17,000. Now, the same plan is available online at a premium of ₹8,000. Can one transfer the existing plan to the online plan? What options do I have?

You cannot transfer your existing plan to the online plan. It is advisable for you to buy a new policy. Once you get the new insurance plan, you can surrender the existing policy. If you have developed any disease in the last one year, it will be considered as a pre-existing disease in your new policy. In that case, you might get a revised premium rate rather than the one you checked online. The online plan will still be cheaper than the offline variant.

Yashish Dahiya
CO-FOUNDER AND CEO, POLICYBAZAAR.COM

Q My father wants to invest ₹5 lakh in mutual funds for 7-10 years to build a corpus for his grandson's higher education. Please suggest investment options. Would it be better to invest via an STP rather than a lump sum?

Consider investing in HDFC Balanced (40%), SBI Bluechip (20%), Franklin India Prima (20%) and debt fund DSPBR Income Opportunities (20%). Please use the STP route over 12-18 months for the equity and balanced funds by first investing in liquid funds from the respective fund houses.

C.R. Chandrasekar
CEO AND CO-FOUNDER, FUNDSINDIA.COM

Ask our experts

Have a question for the experts? Mail it to *etwealth@timesgroup.com* **with Query as subject.**

TAX OPTIMISER

Use NPS benefit to cut tax

Sudhir Kaushik of *Taxspanner.com* advises readers on how to restructure their income, investments and expenses to optimise their tax.

INCOME FROM EMPLOYER

INCOME HEAD	CURRENT	SUGGESTED	ACTIONS TO TAKE
Basic annual salary	8,35,812	8,35,812	
House rent allowance	4,17,900	4,17,900	
Special allowance	5,12,736	4,29,155	Reduce this taxable portion of the pay package.
Transport allowance	19,200	19,200	
Medical allowance	15,000	15,000	
Conveyance, fuel reimbursements	3,60,000	3,60,000	
LTA	80,000	80,000	
Newspapers and magazines	12,000	12,000	
Telephone reimbursements	48,000	48,000	
Employer contribution to Provident Fund	1,00,296	1,00,296	
Contribution to NPS under Sec 80CCD(2d)	Nil	83,581	Up to 10% of basic pay out in NPS is tax deductible.
TOTAL	24,00,944	24,00,944	

+ INCOME FROM OTHER SOURCES

Interest income	24,000	Nil	Shift from FDs to debt funds to cut tax.
Capital gains	Nil	Nil	
Rental income	Nil	Nil	
TOTAL	24,000	Nil	

All figures are in ₹

TAX-SAVING INVESTMENTS

	CURRENT (₹)	SUGGESTED (₹)	
Provident Fund contribution	1,00,296	1,00,296	
Insurance policies	90,000	90,000	
NPS under Sec 80CCD(1b)	Nil	50,000	Invest in this new tax saving option.
TOTAL ADMISSIBLE	1,50,000	2,00,000	

OTHER DEDUCTIONS

	CURRENT (₹)	SUGGESTED (₹)
Home loan interest	1,80,000	1,80,000
Medical insurance under Sec 80D	15,000	15,000
TOTAL ADMISSIBLE	1,95,000	1,95,000

Denotes suggestion to increase *Denotes suggestion to reduce*

Chander Prakash has a reasonably tax-friendly pay structure, but over 10% of his income still goes in tax. Taxspanner estimates that if he invests more for retirement in the NPS, his tax can come down by almost ₹36,000.

Prakash's company already offers the NPS benefit, so it will be easy for him. His company should reduce his special allowance and put 10% of the basic pay in the NPS under Section 80CCD(2d). If ₹7,000 is put in the NPS every month, it will reduce his annual tax by almost ₹26,000. The tax will come down further by ₹15,450 if Prakash puts ₹50,000 in the NPS under the new Section 80CCD(1b). Prakash is 31 and should, therefore, opt for the Aggressive Lifecycle Fund of the NPS, which allocates 75% of the corpus to equity. However, the NPS will lock up his money for the long term. Also, at least 40% of the corpus will have to be invested in an annuity plan to earn a pension. This is fully taxable.

Prakash has two home loans, but claims tax benefit for only one. Till last year, it made sense to rent out the property and claim a higher deduction for the interest paid on the second home loan. However, the overall limit of home loan interest deduction is now ₹2 lakh a year, so including the second loan will not make a big difference to his tax outgo.

PRAKASH'S TAX

	TAX ON SALARY	TAX ON OTHER INCOME	TAX ON CAPITAL GAINS	TOTAL
CURRENT	₹2,46,102	7,416	Nil	₹2,53,518
SUGGESTED	₹2,04,826	Nil	Nil	₹2,04,826

TOTAL TAX SAVED
₹48,692
PER YEAR

TAX RATIO
(Total tax as % of annual income)

CURRENT	SUGGESTED
10.5%	8.4%

WRITE TO US FOR HELP

Paying too much tax? Write to us at **etwealth@timesgroup.com** *with* **'Optimise my tax'** *as the subject. Our experts will tell you how to reduce your tax by rejigging your pay and investments.*

Readers' response, online and in print, to **ET Wealth** *stories has been overwhelming and enlightening. We pick some that add information and perspective to our articles from previous issues.*

Save the buyer from the housing mafia

This refers to the cover story, 'Is your house making you poor?' While RERA is a welcome step, the government needs to do more to free housebuyers from the grip of the politically connected mafia that still controls the real estate sector. Imprisonment if projects are delayed by more than two years, would be a good move.
Ratul Kaushal, e-mail

If everyone wants to buy real estate as an investment, so that they can earn high returns and retire early, who will do the work that is needed by the country to progress?
G. Bhange, e-mail

The cover story made me wonder how people find the courage to take up multiple loan commitments on meagre salaries. A part of the blame lies with the lenders. Persistent calls by tele-marketeers, acting on behalf of lenders, talk gullible individuals into taking costly loans they can ill afford. If the borrower defaults, he is hounded by the same lenders.
Kalyan S., e-mail

Despite the slump in the real estate sector, the fascination for buying multiple houses remains. We only need to buy one house, to live in and we should not buy it too early in life as it unnecessarily ties us down to one place. To invest, one should consider the vast array of financial instruments that are available and can fetch lucrative returns.
M. Fernandes, e-mail

The cover story was well written. All the facts and figures used in the story justified each point.
Ricky, e-mail

Shared spaces

The article, 'How to benefit from a shared workspace', highlighted the many plus points of this arrangement. It is indeed a boon for startups and freelancers. What is needed now is more such spaces and a more professional approach from those who operate them.
D. Das, e-mail

Lesson to learn

What Uma Shashikant talks about in her column, 'Are you fit to be an equity investor?' is very true. It is very well-explained, but some wannabe investors may still not understand.
Pankaj, e-mail

Don't write IT off so soon

This refers to the article, 'Surviving a tech lay-off'. I have been reading stories like this for the past 18 years. First it was in 1999-2000, then again in 2008. I think people enjoy predicting doom for the information technology industry. However, it's not so easy to write it off. The industry will survive and so will the people who work in it. As we have done before, we will innovate and continue to thrive.
Parag Naik, e-mail

The tips given in the article, 'Surviving a tech lay-off', are applicable for jobs in other industries as well. The author correctly points out the important things to consider while looking for and starting a new job.
Null, e-mail

Thematic funds

The Money Question, 'Is it wise to invest in sector and thematic funds?' addressed a very relevant concern. Many first-time investors get carried away by all the noise surrounding such funds and invest in them. However, as the article rightly points out, these funds only do well when the particular sector or theme performs well. Otherwise, it's a sob story.
D. Bhargava, e-mail

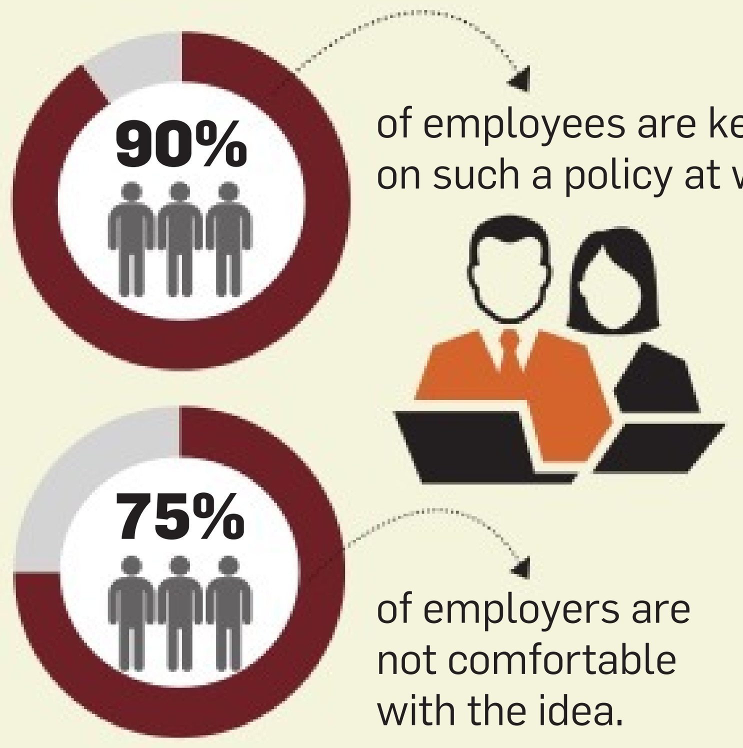
Give them support

The story, 'Taking education to the masses', was heartening. Any startup that addresses issues related to education should be encouraged. We need more entrepreneurs to find solutions that will end hunger and poverty.
Aarti, e-mail

Employers not keen on 'work from home'

A TimesJobs survey finds that three out of five organisations in the country do not have a formal work-from-home policy.

Employer vs employees



90% of employees are keen on such a policy at work.

75% of employers are not comfortable with the idea.

Does it affect productivity?

70% of employers feel productivity is hampered when employees work from home.

44% of employees feel working from home helps boost productivity.

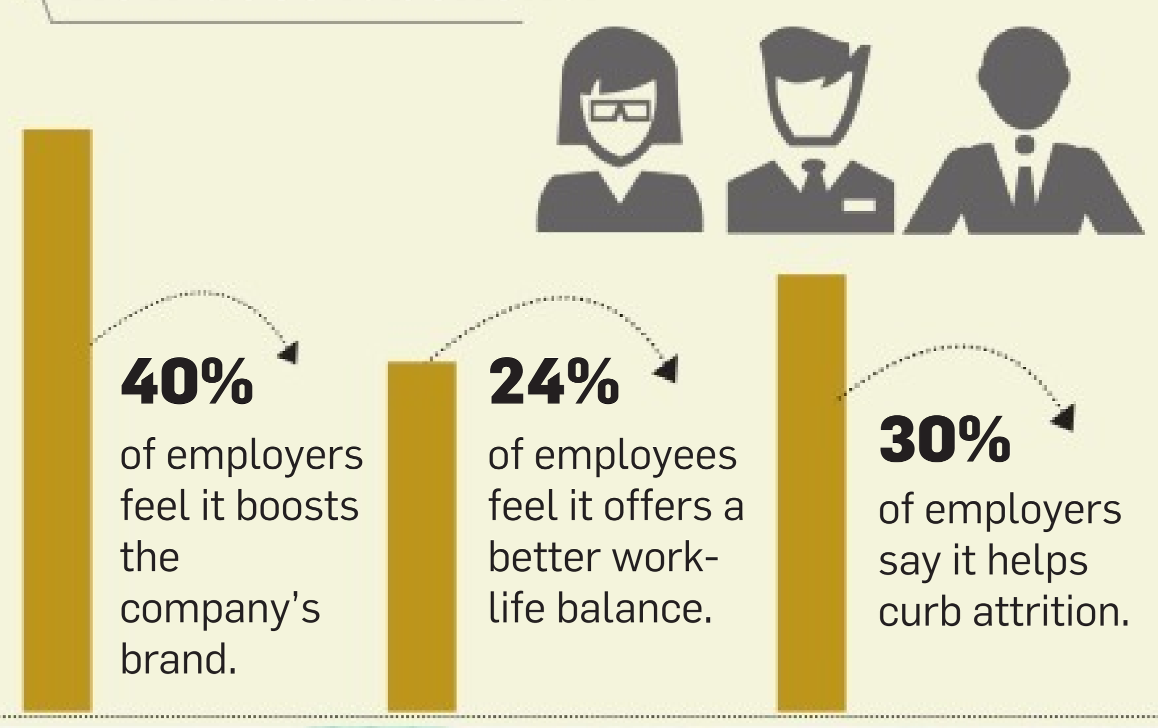
What are the challenges?

40% of employers feel it leads to lack of control.

30% of employers cite resistance from top management.

25% of employers believe there are many jobs that are not conducive to a work-from-home arrangement.

How does it benefit?



40% of employers feel it boosts the company's brand.

24% of employees feel it offers a better work-life balance.

30% of employers say it helps curb attrition.

Source: TimesJob survey covering 1,100 employees and 800 employers around the country. All responses do not add up to 100% due to multiple choices.

PUBLISHED FOR THE PROPRIETORS, Bennett, Coleman & Co. Ltd. by Rajeev Yadav at Times House, 7, Bahadur Shah Zafar Marg, New Delhi-110 002, Phone: 011-23322000, Fax: 011-23323346 and printed by him at The Times of India Press, 13 & 15/1, Site IV, Industrial Area, Sahibabad, UP. Regd. Office: Dr Dadabhai Naoroji Road, Mumbai 400 001. EDITOR: Babar Zaidi (Responsible for selection of news under PRB Act).
RNI NO. DELENG/2011/37994. MADE IN NEW DELHI VOLUME 07 NO. 22

Helping professionals network

This Mumbai-based startup helps professionals connect online and network via offline events.

VINAY DWIVEDI

When Shubham Rai's first venture did not take off, he had to start looking for a job. A friend, whom he had helped connect with influential people some years ago, came to his aid and offered him a job. Banking on his experience of how valuable professional networking can be, Rai started a WhatsApp group, Young Entrepreneurs Society (YES), to help entrepreneurs connect. Online networking among group members led to offline community meetings, and the meets led to several business deals, partnerships, funding and investments. The promise of this community led Rai to expand it by way of a business enterprise. In March 2016, along with Arpit Bajpai, Sanatan Dubey and Praleed Suvarna, he founded Nodd, a platform for professionals to network. "Through YES, we had solved the problem of professional networking for only a small set of people. It was time to scale it—Nodd has helped do just that," says 34-year-old Rai, Founder and CEO.

Mumbai-based Nodd is an app-based networking platform that helps people discover and meet like-minded people through curated experiences, using data analytics and algorithms. "We feel the best networking happens over common interests and via offline events," says Rai.

Co-founders, Nodd (from left): Sanatan Dubey, Shubham Rai, Arpit Bajpai and Praleed Suvarna

The startup's app helps people join communities of interest—Startup Investors, Founders, Mentors—view the profile of community members and chat with them. The app also allows members to create a 'NoddIn'—a proposal to get together at some venue for socialising or business. For instance, if you are playing poker at a particular time and place, and create a 'NoddIn', the app will let others in your vicinity, who are also interested in poker and share common interests, know about it, thus facilitating a meeting. "Nodd's USP is the strong community of achievers that we've built over the past one year through careful curation, managing engagement via the app, and helping members of our community meet each other regularly through our special events," says Rai. The startup has conducted more than 50 networking events in Mumbai, Delhi and Bengaluru. These events—which the startup refers to as 'curated experiences' include music fests, entrepreneurship meets and sports meets. "From playing table tennis with Commonwealth champion Moonmoon Mukherjee, and a game of cricket with CEOs and World Cup winning cricketing icon Kapil Dev, to seminars in HR management and operations, we have provided opportunities to connect across a range of experiences," says Rai.

Seeded with an investment of ₹1.3 crore, raised from a clutch of angel investors, Nodd generated a little over ₹90 lakh in revenue in its first year of operation. To spur revenue growth, Nodd is looking to introduce newer verticals, such as NoddVisors, where users can book appointments with luminaries in a particular domain, for guidance and helping solve their pain points. Currently, sponsored events are the startup's main source of revenue and through the aid of newer verticals Nodd estimates to raise it substantially. "We are in the process of raising more funding and if we seal the deal, our revenue for 2017-18 could be as high as ₹20 crore," says Rai.

Over time, through word of mouth, the startup's community has seen sizeable growth. In just about an year's time, its invite-only community has 8,500-plus members. The startup is now looking to scale up operations at an even faster pace: "We plan to expand our operations in New Delhi, Bengaluru, Mumbai, and across other metros such as Hyderabad and Chennai," says Rai. Nodd also has a small presence in Israel and London, and is working to strengthen its presence in these countries too.

Please send your feedback to
etwealth@timesgroup.com

Financial firms are looking to go public

These IPOs, to be launched in 2017-18, will help raise an estimated sum of ₹20,000 crore.

Several financial sector companies are looking to launch initial public offerings (IPO) in 2017-18. IPO is the first time the stock of a company is offered to the public. UTI Mutual Fund, SBI Life, state-owned general insurer New India Assurance and reinsurance firm General Insurance Corporation of India and HDFC Life are among the companies that are looking to go public. The IPOs could help them collectively raise an estimated ₹20,000 crore. Some of these companies have already approached the market regulator, Securities and Exchange Board of India (Sebi), with their draft proposals.

UTI Mutual Fund has been planning an IPO for a long time and could launch it in the next few months. Players like SBI Life and some public sector general insurers have indicated that their IPOs would hit the market before the end of the current financial year. The move will help the government inch closer to its disinvestment target of ₹72,500 crore.

State Bank of India has got its board's approval for the sale of 10% of its shares in SBI Life through an IPO. Housing Development Finance Corporation too, in April last year, agreed to sell up to 10% of its stake in HDFC

Standard Life Insurance Company. The government is also looking to sell up to 25% of its stake each in New India Assurance and GIC Re. ICICI Prudential Life Insurance became the country's first listed insurer, raising ₹6,000 crore in its IPO in 2016.

Following the route of insurance companies is UTI Mutual Fund. Its IPO will allow a partial exit to four of its investors—State Bank of India, Life Insurance Corporation, Bank of Baroda and Punjab National Bank. Each of these hold 18.5% stake in UTI Mutual fund, while the remaining 26% is held by the US-based investment firm T Rowe Price. With this IPO, UTI will become the first fund house to be listed in the country. IPOs will allow these companies to list shares on stock exchanges, help enhance their brand name and provide liquidity to stakeholders.

"Attractively priced IPOs will get a solid response from investors as their chances of listing with gains get higher. Conversely, if an IPO is over-priced, it may not be able to list attractively," says I.V. Subramaniam, Director, Quantum Mutual Fund. Last year, 26 companies collectively raised over ₹26,000 crore via IPOs—the largest sum raised in the past six years.

A proactive regulatory environment coupled with the general uplift in investor sentiment has prompted companies to take the IPO route. Market watchdog Sebi has taken several steps to encourage companies to get listed. Making ASBA (Application Supported by Blocked Amount) mandatory for investors, including retail investors, has been a key enabler in making the process fairer. In ASBA, an IPO applicant's account is not debited until the shares have been allotted to him. However, the application amount gets blocked till the allocation process is completed.

Sebi's approach to the IPO market has minimised chances of fraud and built investor confidence, say experts.

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