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Startup mistakes to avoid

Find out how to tackle financial and other challenges that can derail your new enterprise.

By **Riju Mehta**

To the unwary entrepreneur, it's the promised land, holding out the much-coveted riches of fame and financial glory. In truth, the startup world is a minefield strewn with mistakes, missteps and damning statistics—90% of all startups fail, 80% bow out in the first five years.

To add to these harrowing odds, last year was particularly harsh for this merry brigade of rainbow chasers. After a surge in 2021-22, the funding winter in 2023 saw a 72% decline in funding, with only two startups (InCred Finance, Zepto) achieving the unicorn status, compared to 21 and 45 in the previous two years. Yet, many see it as a blip in the overall startup scape. A recent KPMG report claims that venture capital investment in India doubled sequentially in the March 2024 quarter, to reach $3.2 billion across 354 deals, surpassing the global market. India also has the third largest startup ecosystem in the world, with 1.17 lakh entities (DPIIT), nearly 1,710 venture capital funds, 794 accelerators and incubators (Tracxn), and several government initiatives like Startup India.

Why do startups fail?

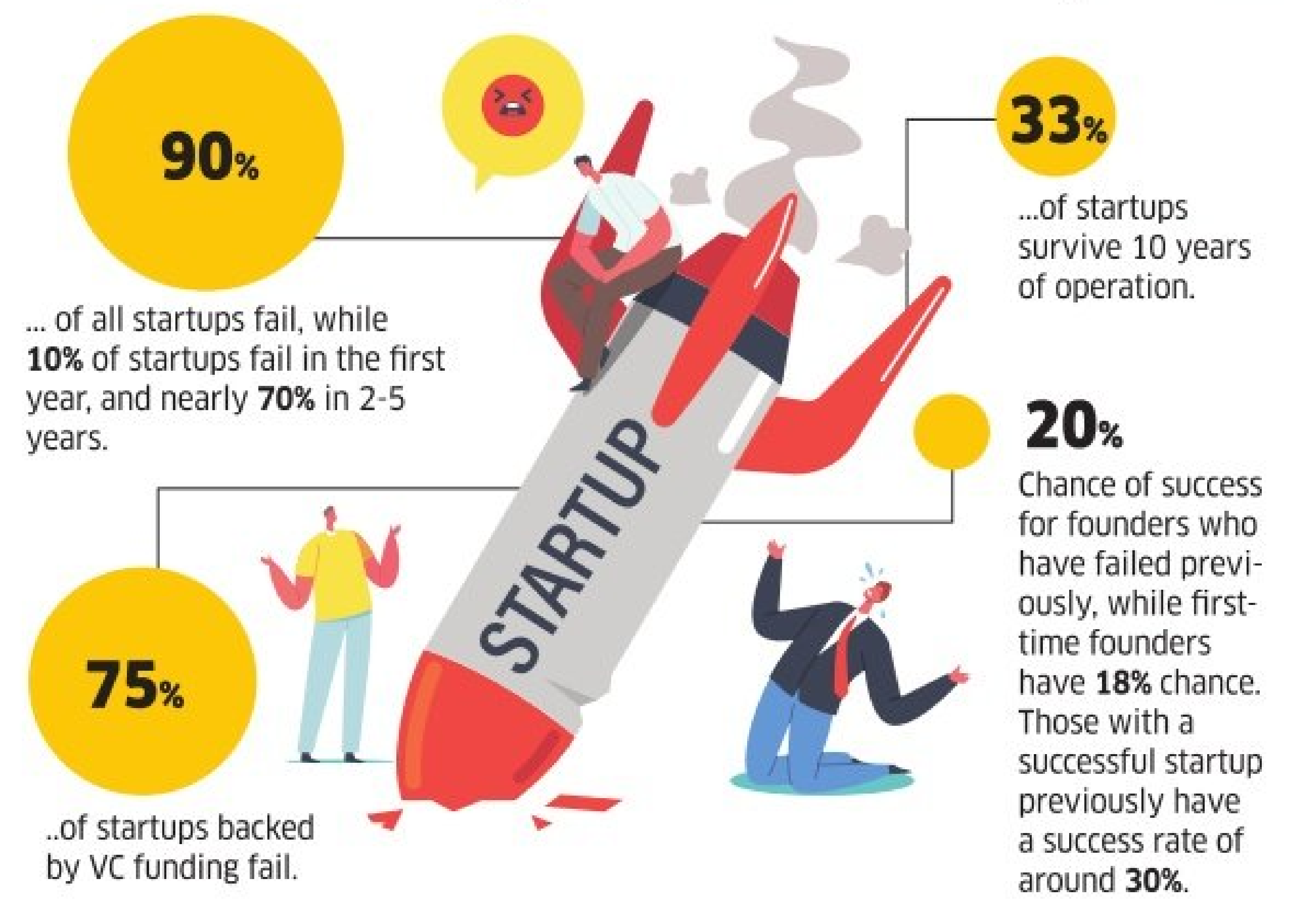
Despite this fervour and support, financial and otherwise, the startup journey is extremely difficult. Explains Devashish Chakravarty, Mentor and Founder, *SalaryNext.com*: "The difficulty can be summed up in one word: uncertainty. Not only is there uncertainty about the financial outcomes and business processes, but also in the ability of founders and their support systems to deal with it." Agrees Sachin Jaiswal, Co-founder of Niki.ai, which folded up in 2021 after nearly six years. "The founders' journey is very tough because mentally we are not prepared for the storm," he says.

Most founders are in uncharted waters, with no mentors, manpower or monetary support in early stages; inadequate financial and legal guidance; ignorance about business models or regulatory processes; and the misguided belief that product expertise is all that's needed to win. This is compounded by the fact that each sector has its own set of market dynamics, not to mention ruthless competition. The sheer number of unknown variables and pitfalls catches the founders off guard, mostly in early stages, resulting in either loss of funding or focus to plod on. Some of the top reasons a startup fails are lack of funding and cash-flow issues, wrong product-market fit, flawed marketing and distribution strategy, and founder conflicts.

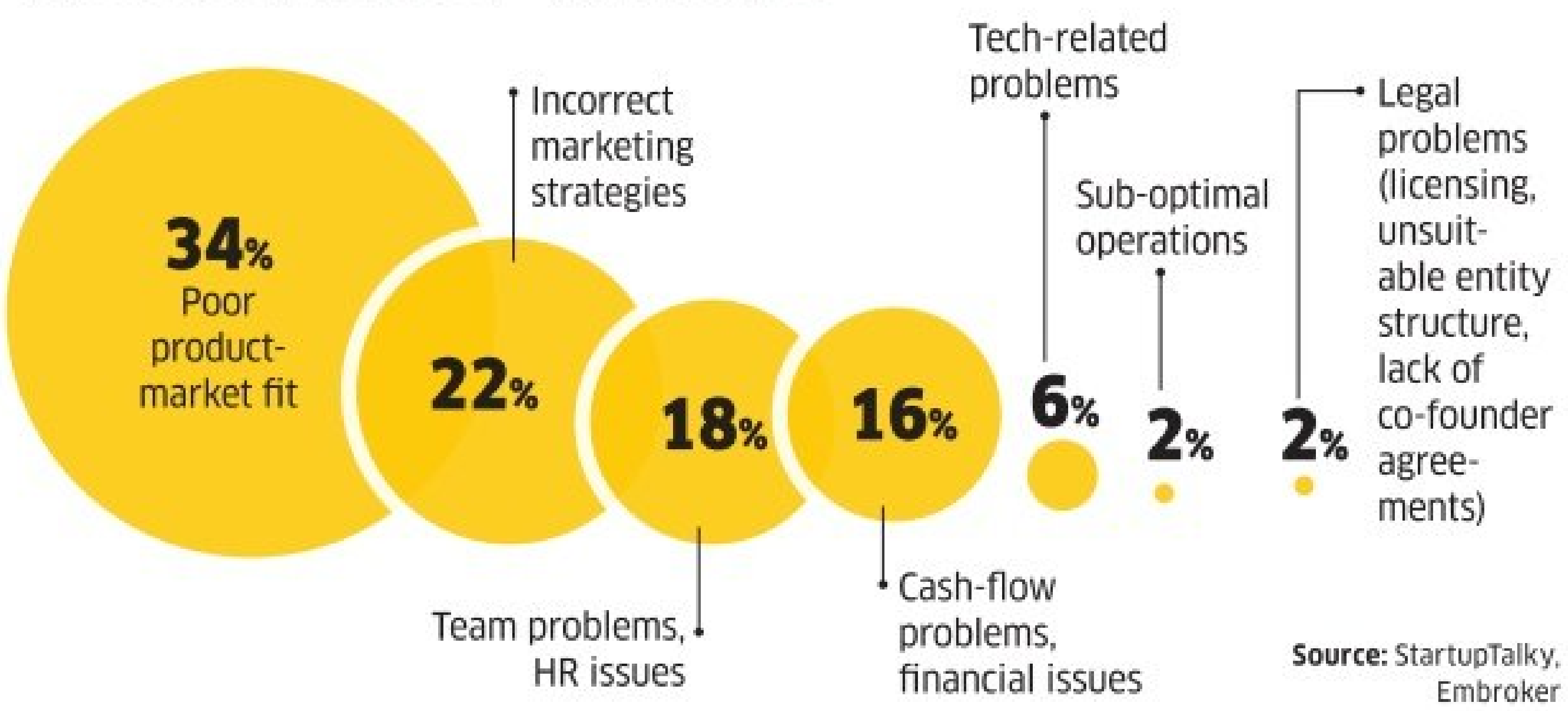
Another big oversight is not protecting personal finances from the financial vagaries of a startup. "Presuming that one's personal financial life can function on investors' money is erroneous. One needs to look at the minimum viable timeframe before the startup can begin generating revenue, and prepare for it," says Dinesh Rohira, CEO & Founder, *5nance.com*.

"If there are thousands of unknown variables in a startup journey, getting the right advice can be a known variable and can be solved easily by seeking a mentor," says Jaiswal. While we do not claim to be mentors and you would do well to seek professional guidance, we can list the typical mistakes most founders make and tell you how to tackle these. We hope it can serve as the first line of defence for your startup.

80% of startups fail in first 5 years



Reasons for failure



Source: StartupTalky, Embroker

Pre-startup mistakes

Not shoring up personal finances is one of the biggest mistakes, especially if you have a family, because it can mean the difference between trudging on and giving up on your dream .

Personal funds: "At least two years of personal expenses should be accounted for and be with the founder. Also identify alternative channels for additional funds, such as spouse's income, in case the project gets extended beyond two years. It need not be in the form of hard cash, and can be assets, insurance or inheritance," says Rohira. Agrees Nitin Babel, Co-founder, Vire Insights, an AI-based startup launched in 2023. "Plan for a two-year runaway because you don't want to regret that if you had experimented more, things would have gone right," he says.

Insurance: Having life, health and critical illness insurance in place is crucial and is best done while you are still employed and have just begun ideating. "I made sure to buy adequate insurance for me and my parents before the launch because I didn't want to worry about something going wrong and not being able to deal with it," says Babel, who was also a co-founder for Niki.ai.

Startup funds: Apart from personal funds, secure adequate funds for the startup for the initial stages so that you don't dip into the former to sustain the latter. "Have a detailed financial breakdown for three years and identify the sources from where these expenses will come, the time in which you can raise the money, and the repayment model," says Rohira. Take into account both direct and indirect expenses, including office maintenance, hiring and statutory expenses.

Startup mistakes

There are typically 5-6 growth stages, from ideation to maturity, that a startup goes through, in tandem with securing of funding (see *Problems during take-off*). Most mistakes happen in the early stages, which are the most difficult. Here are the issues that are the most likely to derail your startup.

PRODUCT-MARKET FIT & MARKET TESTING

The basic idea of a startup is to create a product or service that either meets a customer need, offers solution to a problem, or repackages an existing product so that consumers are willing to buy and pay for it. A critical part of this process is testing the product in the market and validating its financial feasibility. A flaw in this simple premise—wrong product-market fit—kills a large number of startups.

"We pivoted from our initial AI product concept, but failed to test its value proposition in the market. The app wasn't solving any problem for customers for which they would be willing to pay," says Jaiswal about their failed startup. "Since the value proposition was not clear, our business model did not work."

"Testing is critical if you are replicating a product from other markets because it may not be a good fit for the Indian market," says Chartered Accountant Namita Gad, Founder of New-age Growth Advisors, a startup advisory firm. "Founders fail to assess the paying capacity of Indian users; if you cut down incentives, they may not pay for it. So don't aim for the perfect product. Test gradually and check if the users will pay," she adds.

It's also important to zero in on the right market and customer segment. "You may have great talent and good founders, but at the end of the day, the market wins. Identifying the right market which is ripe to grow quickly is crucial," says Babel.

FUNDING & CASH-FLOW

Cash-flow estimation: "One of the biggest reasons startups fail is cash-flow estimation. Typically, when founders start, their exposure to finance and accounts is low and they are only looking at profits. Most sink because of cash-flow challenges and running out of cash," says Chakravarty. This is why it's critical to have ready funds in the early years for basic office operations, whether the bootstrapping is from your own savings or borrowed from family and friends. "Follow the 30-50 rule while calculating your financial needs for at least 3-5 years. Increase the estimated expenses by 30% and reduce the revenue estimates by 50%," says Rohira.

Mixing business & personal finances: While you may be forced to use personal funds for the startup, it's best to keep them separate to avoid risking your household finances and impacting your business. Use different bank accounts and credit cards, and conduct separate transactions for business and personal uses. This is a big corporate governance risk and investors will not look at you if you mishandle it.

Fiscal discipline: Another mistake crops from lack of fiscal discipline and incorrect handling of investor money. "We practised strict discipline in navigating the cash flow and providing credit periods," says Raja Sekhar Reddy, former co-founder of Innovsource. A manpower sourcing start

Shishir Modi (35), **Sachin Jaiswal** (36), **Keshav Prawasi** (34), **Nitin Babel** (34) (L to R)

STARTUP: Niki.ai

Founded in 2015

Shut down in 2021

Source of funding
Series A funding by Ratan Tata and VC firm Unilazer Ventures

Reasons for failure
- Wrong product-market fit after untimely pivoting.
- Not testing product in the market for value proposition.
- Business model failed as contribution margin was negative.
- Not hiring a mentor.

"For a business to be sustainable, contribution margin is the most important metric. If it's not positive, don't waste your time building it." —Sachin Jaiswal

Secure your personal finances

Ensure your household is not impacted by the financial risks of a startup, and vice versa.

Save 2-3 years of funds
It's best to calculate your monthly household expenses and have enough funds to last at least two years, the time it may take for your startup to get on its feet. These should include insurance premiums, loan EMIs, and investments. So if your monthly expenses are ₹1 lakh, save at least ₹24 lakh as corpus.

Have an emergency corpus
In addition to regular expenses, keep aside 6-12 months worth of household expenses for contingencies or if the startup requires more than the estimated time to establish itself.

Buy insurance
Buy sufficient health and critical illness cover for yourself and your family before launching. If you leave your regular job, convert the group insurance to individual cover and try to pay 2-3 years' premium in advance.

Have a back-up plan
Before launching, be clear about your exit plan if things don't work out and the startup fails. Keep your professional network intact in case you need to get back to a salaried job.

Protect personal assets
Buy separate insurance for your startup and carefully decide the corporate structure of your company in order to minimise the risk to personal assets.

Don't mix personal & startup finances
Strictly demarcate personal and startup finances. Do not dip into household funds for business capital or route your startup money for personal emergencies. Even if you have bootstrapped or sought money from family at launch, keep it under startup accounts.

Minimise debts
If you are already servicing a debt, account for the EMIs, but try not to take on more debt during the initial stages of startup.

STARTUP STAGES

PROBLEMS DURING TAKE-OFF

Here are the mistakes founders are likely to make at different stages of growth and funding of a startup.

	Growth stage	Mistakes	Funding stage
Stage 5	**EXPANSION/EXIT** At this stage, it's no longer a startup, but an established company. Founders look for extensive expansion through IPOs, acquisitions, or decide to sell the firm.		**IPO/ M&A/ Buyback** Public funding; mergers & acquisitions; buying back of shares from investors to retain equity and ownership.
Stage 4	**GROWTH** Scaling done; more funding comes; steady revenue stream; aggressive marketing to add segments, products, markets and customers. Business is established.	• Untimely and insufficient scaling. • Inability to secure funding. • Founders and investors pulling in different directions.	**SERIES B, C, D** **Source of funding**: Venture capital funds, private equity firms
Stage 3	**EARLY STAGE** First funding sourced; customer base formed; revenue generated; idea refined for customer retention; marketing strategy decided; growth strategy and profit plan decided to attract investors.	• No cash-flow discipline. • Skewed fund distribution for branding, marketing or hiring. • Wrong marketing strategy. • Poor corporate governance. • Lack of funding and investors due to improper growth strategy, founder differences. • Outsmarted by competition. • Excessive equity dilution.	**SERIES A** **Source of funding:** Venture capital and debt funds, bank loans
Stage 2	**VALIDATION** Idea takes tangible shape; prototype/ minimum viable product (MVP) created, tested; business strategy formed; corporate structure decided; employees hired; regulations & compliances carried out.	• Underestimating time and cost. • Insufficient MVP testing; failure to get customer feedback and improvise. • Not incorporating the right company structure. • No co-founder agreements. • Ignoring regulations & compliances (permits, licences, legal and tax issues).	**SEED** **Source of funding:** Angel investors, incubators, government loan schemes
Stage 1	**IDEATION** Idea is fleshed out; market need & viability checked; market research done; target audience fixed; competition scoped out; business model decided; costs and expenses are estimated.	• Poor product-market fit; product may have no market or need, or wrong customer segment. • Business plan not detailed, lacking clarity, strategy or budget estimation. • Insufficient market research.	**PRE-SEED** **Source of funding:** Bootstrapping, family & friends

What do investors look for in a startup?

Q How much will I get back and when?

Viable business model: The bottom line for any investor is return on investment. So he wants to know how soon and how much profit you can earn, and if you have a clear path and plan of achieving it. He wants a sharply focused business model, with realistic projections and estimates for revenue generation and profitability.

Q Can you grow in a sustained manner?

Scalability & traction: No one wants to invest in a business that loses steam after the initial burst of profit and proof of viability. Investors want to see growth projection plans, and ability to continue and increase the momentum over the long term.

Q Do you have skin in the game?

Passionate & focused team: For investors, a startup is only as good as its team. They want members with right credentials and expertise, ability to execute and deliver, and stay for the long term. They want founders to be fully invested, so excessive equity dilution in early stages is viewed negatively and will drive them away. They prefer more than one founder so that the startup can continue even if one member leaves or is incapacitated.

Q Can you sell to your customers?

Market, size & strategy: Investors want a large market they are familiar with, targeted customers, and efficient marketing and distribution strategy to optimise growth. They also want to know if you can tap new market segments, add geographies, diversify portfolio and deliver.

Q Can you outrun the competition?

Competitive edge: Even if the startup has a unique solution to a problem and first-mover advantage, it takes a short time for competitors to mushroom. With better execution and focus, it's not difficult to be shunted out. So investors want a business that can survive the competition.

up, it was set up in 2004 and bought in 2018 (along with another firm) by FirstMeridian for ₹350 crore.

Allocation of money: It is equally important to allocate money for the right purposes at the right stage. "Don't use investor money for branding at an early stage. Use it for getting right the product and market fit. Branding should come when you are sure your business is going to be profitable and is backed by data," says Rohira.

Raising funds & captable challenge: "Don't be desperate while raising funds. Find out if you are investment-ready and how much you need. Have business projections based on realistic assumptions to derive the need for funds," advises Gad.

"Follow the staircase model here," says Reddy. "Break investment into phases and every stage should take you to the next staircase landing. You should move from zero drain to zero drain with every investment phase, which means you may not make a profit, but should be able to grow and show deliverables at every stage," he adds.

Experts also caution against excessive equity dilution or 'captable' problem (capitalisation table, which shows startup ownership or shareholding percentage). It can be an issue if founders give away too much of their equity stake to investors early on. "If new investors don't find the captable suitable, they won't see a future and will go away, sending the startup downhill," says Chakravarty.

"The last stage of dilution before you reach benchmark growth rate should not go below 51%. If you do, it's as good as handing over your business; it will not be an investment, but a takeover," says Reddy.

FOUNDER CONFLICT

Founder conflicts can easily derail a startup. Even if promoters think they are the best of friends, things can unravel when it comes to money. "In the past three quarters, we have seen more disputes among co-founders due to disproportionate shareholding pattern, unclear roles and responsibilities, and salary disagreements," says Gad.

This is why it's important to have co-founder contracts in place right at the beginning. The contract should define how each possible scenario will be treated in the future so that it is fair to everyone. This is also crucial from the fund-raising perspective because investors look at internal synergies and consider whether the team

Raja Sekhar Reddy (right, 56) & **Shishir Gorle** (57)

STARTUP: Innovsource

Founded in 2004

Sold it in 2018 when FirstMeridian bought it, along with another firm, for **₹350 crore.**

Source of funding Angel investor

Reasons for success
- Cash-flow discipline
- Corporate governance
- Founders on same page

"Maintaining financial discipline in cash flow and credit, as well as following good governance practices are crucial for success." *–Raja Sekhar Reddy*

can execute the plan. The core team also brings in basic expertise, and if a split results in knowledge or skill set gaps, the viability of the startup can be impacted because it will suddenly entail a much higher hiring expense. "Founders, especially engineers, are not taught people skills and it can become a big issue. It may even be small things like micro-managing or not giving people enough freedom to innovate," says Babel.

FLEXIBILITY & PIVOTING

Startups operate in a VUCA (volatility, uncertainty, complexity, ambiguity), and as such, need to be extremely flexible to adapt and pivot to any changes that are required at any stage of growth. "Don't get emotional about your product. When entrepreneurs launch a product for MVP testing (minimum viable product is the first no-frills product with basic features tested in the market), the market may clearly indicate that things need to change, but they get stuck in thinking they know what they are doing," says Reddy. "Treat a startup like an experiment and you'll be comfortable accepting mistakes and failures," says Jaiswal. "When you hit the market, you will figure out how it's reacting and it can lead to a pivot or realisation that the value proposition is not working. But you need to be open to market signals," he adds.

REGULATIONS & COMPLIANCE

In recent times, Paytm's non-compliance with RBI regulations has highlighted the importance of compliance for startups. "Assessing the regulatory risks and their impact is critical as these can affect your pricing and profitability, or even make the business unviable," says Rohira.

Hence, it is crucial to consider Sebi, RBI and FEMA regulations, besides tax compliances. Despite government's regulatory support under the Startup India initiative, many startups complain of complexities, high expenses and tedious paperwork, which reduce the ease of doing business. Nevertheless, it's critical to abide by these. The best recourse is to hire a legal, taxation or finance expert to deal with these formalities.

MENTORS & MENTAL HEALTH

Having a mentor may be dismissed by founders as a superfluous expense, but it may become the reason for your survival. The right mentor can objectively oversee your progress and point out course corrections. "A good adviser can shrink the startup journey by at least five years as he can see through your mistakes," says Jaiswal.

Another factor that can shoot down your startup is your mental capacity to hold out through the entire journey. If you are unable to take the stress, you may lose the motivation to continue. The support of your friends and families at such times is critical. If necessary, take psychological counselling.

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Adani Ports & SEZ to replace Wipro in Sensex in June

Inclusion in key indices lead to inflows from passive funds tracking them

By **Nikhil Agarwal**

VARANI SAHU

Gautam Adani's cash cow Adani Ports and Special Economic Zone, the share price of which has nearly doubled in the past one year, would soon be included in the Sensex. S&P Dow Jones Indices on Friday announced that with effect from June 24, Wipro will be replaced by Adani Ports in the 30-share index.

While Adani Ports shares have been on a steady inclination path in the recent past with a 97% return in the past one year, Wipro has underperformed with a 16% rise during the period. Adani Ports is the first stock from the 10-pack Adani Group to have found a place in the 30-share Sensex. There are two Adani stocks - Adani Ports and Adani Enterprises – in the Nifty50 index, which has India's 50 largest stocks based on market capitalisation.

Inclusion in key indices lead to inflows from passive funds tracking the particular index and is therefore positive for investors in Adani Ports.

The BSE has also made some tweaks in the constitution of the Sensex 50, Bankex, BSE 100 and Sensex Next 50 in the semi-annual rejig of indices. BSE 100 will see the inclusion of REC, HDFC AMC, Canara Bank, Cummins India and PNB at the cost of Page Industries, SBI Cards, ICICI Prudential Life Insurance, Jubilant FoodWorks and Zee Entertainment Enterprises.

Tata Group retailer Trent will be added in the Sensex 50 in place of Divi's Laboratories. BSE Bankex will see the inclusion of Yes Bank and Canara Bank at the cost of AU Small Finance Bank and IDFC

First Bank. Sensex Next 50, on the other hand, will bid farewell to Trent, Page Industries, SBI Cards, ICICI Prudential Life Insurance, Jubilant Food and ZEEL.

Stocks that will be included in the index are REC, PNB, Divi's Lab, HDFC AMC, Canara Bank and Cummins India.

Designed to measure the performance of the 30 largest, most liquid and financially sound companies across key sectors of the Indian economy that are listed on the BSE, the Sensex is India's oldest bellwether index. Launched in 1986, it covers more than 40% of total market cap of the listed universe on the BSE.

Based on float-adjusted market cap weighted methodology, the index is rebalanced twice every year -- in June and December. The top 10 Sensex constituents by index weights include HDFC Bank, Reliance Industries, ICICI Bank, Infosys, L&T, ITC, TCS, Bharti Airtel, Axis Bank and SBI.

Sebi proposes easing norms for AIFs

The regulator acknowledged that there were fundamental differences between the way mutual funds and AIFs hold and value their investment portfolios.

Sebi has proposed relaxation of rules for the valuation of investment portfolios of alternative investment funds (AIFs). These easing of norms relate to change in the valuation methodology on material change, computing the valuation of investment portfolio of AIFs, eligibility criteria of independent valuers to be appointed by AIFs and the timeline for reporting the valuation of the portfolio to performance benchmarking agencies.

"Sebi is in receipt of representations from the AIF industry highlighting issues with regard to certain aspects of the valuation framework for AIFs," the regulator said in a discussion paper last week. The regulator said valuation of securities should be carried out as per mutual fund norms. However, valuation of unlisted securities should be done as per the International Private Equity and Venture Capital Valuation Guidelines (IPEV Guidelines).

The AIF industry submitted to Sebi that the valuation norms under the mutual fund regulations cannot be applied to private instruments held by AIFs as mutual funds follow a rule based framework. Whereas, AIFs mostly hold private investments where one needs to delve into and present a fundamental valuation based on cash flows pertinent to the underwriting thesis, which mutual fund guidelines do not cover.

Besides, the fundamental difference between investments by a mutual fund and AIF is their holding period strategy. A mutual fund holds its investments primarily as 'Available for Sale' while an AIF typically holds its investments as 'Hold Till Maturity'.

"...it is seen from industry's submissions that there are fundamental differences between MFs and AIFs on holding and valuing their investment portfolios. This becomes particularly stark, considering the variances in the nature of investments, duration for holding investments, open ended vs close ended nature of funds and frequency of valuation of investments," Sebi said.

PRODUCT LAUNCHES

MUTUAL FUNDS

Zerodha Mutual Fund has launched the Zerodha Nifty 100 ETF, an exchange traded fund that will invest in constituents of the Nifty 100 index in the same proportion as their weight in the index. The benchmark of the fund is the NIFTY 100 TRI. The minimum investment is ₹1,000. **The NFO is open till 7 June.**

Zerodha Mutual Fund has launched the Zerodha Nifty Midcap 150 ETF, an exchange traded fund that will invest in constituents of the Nifty Midcap index in the same proportion as their weight in the index. The benchmark of the fund is the NIFTY Midcap 150 TRI. The minimum investment is ₹1,000. **The NFO is open till 7 June.**

Baroda BNP Paribas Mutual Fund will launch the Baroda BNP Paribas Manufacturing Fund, a thematic equity fund that will invest in stocks of companies engaged in the manufacturing sector. The benchmark of the fund is the Nifty India Manufacturing TRI. The minimum investment is ₹1,000. **The NFO is open from 10 June to 24 June.**

Mahindra Manulife Mutual Fund will launch the Mahindra Manulife Manufacturing Fund, a thematic equity fund that will invest in stocks of companies engaged in the manufacturing sector. The benchmark of the fund is the S&P BSE India Manufacturing TRI. The minimum investment is ₹1,000. **The NFO is open from 31 May to 14 June.**

Sundaram Mutual Fund will launch the Sundaram Business Cycle Fund, a thematic equity fund that will identify medium term cycles that can impact business fundamentals and invest in stocks poised to gain at different stages of cycles in the economy. The benchmark of the fund is the NIFTY 500 TRI. The minimum investment is ₹100. **The NFO is open from 5 June to 19 June.**

Samco Mutual Fund has launched the Samco Special Opportunities Fund, an open-ended thematic equity fund that will invest in stocks of companies involved in special situations such as restructuring, turnarounds, mergers & acquisitions, digitization and other special corporate actions. The benchmark of the fund is the Nifty 500 TRI. The minimum investment is ₹5,000. **The NFO is open till 31 May.**

JM Financial Mutual Fund has launched the JM Small Cap Fund, an open-ended diversified equity fund that will invest in small-cap stocks. The benchmark of the fund is the Nifty Smallcap 250 TRI. The minimum investment is ₹5,000. There is a 1% exit load for redemptions within 180 days. **The NFO is open till 10 June.**

White Oak Mutual Fund has launched the WhiteOak Capital Special Opportunities Fund, a thematic equity fund that will invest in stocks faced with special situations, such as corporate restructuring, government policy and/or regulatory changes and technology-led disruption and innovation. The benchmark of the fund is the S&P BSE 500 TRI. The minimum investment is ₹500 and there is an exit load of 1% for redemption within one month. **The NFO is open till 29 May.**

One day *vs* many years

Patience will always win over knee-jerk reactions, says **Dhirendra Kumar**.

DHIRENDRA KUMAR
CEO, VALUE RESEARCH

MONEY MYSTERIES

True optimism should extend beyond immediate gains. A sustainable investment journey requires diligent planning, thoughtful strategy, portfolio diversification, and patience amidst market fluctuations. By embracing these principles, investors not only mitigate risks, but also position themselves for long-term growth through compounding returns.

A few days ago, during an interview, Prime Minister Narendra Modi said that the stock market would set new records on 4 June, when the election results are declared. A certain breed of trader, who lives by the proverbial 'tip', has latched on to it with glee. In fact, a whole lot of people who are interested in stock investing, but have not yet taken the plunge, have suddenly woken up, so to speak. A friend of mine desperately looking for some guidance on how to start investing is now convinced that he must invest as much as he can before 3 June.

It's funny how a single statement can set off such a frenzy. Suddenly, everyone's inner Warren Buffett is emerging, and even a person who has never looked at the stock market, is an enthusiastic fan. While the excitement is contagious, it's probably a good idea to remind my friend, and myself, that investing isn't a race. It's more like a marathon where slow and steady often wins the game. So, maybe, we should take a deep breath, conduct a bit of research, and not just dive in because of a hot tip, no matter how exalted the source of this tip.

In fact, this attitude reminds me of a famous Buffett quote from the 1997 letter to his shareholders. "A short quiz: If you plan to eat hamburgers throughout your life and are not a cattle producer, should you wish for higher or lower prices for beef? Likewise, if you are going to buy a car from time to time, but are not an auto manufacturer, should you prefer higher or lower car prices? These questions, of course, answer themselves. But now for the final exam: If you expect to be a net saver during the next five years, should you hope for a higher or lower stock market during that period? Many investors get this one wrong. Even though they are going to be net buyers of stocks for many years to come, they are elated when stock prices rise and depressed when they fall. In effect, they rejoice because prices have risen for the 'hamburgers' they will soon be buying. This reaction makes no sense."

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Buffett's wisdom is a gentle reminder that it's the long-term outlook that matters. Only if you are planning to buy now and sell on 5 June does this attitude make sense. So, while the buzz around 4 June might be exciting, it's important to keep our investment goals grounded in reality and not be swayed by short-term market predictions. Investing should be more about careful planning and less about chasing after the latest trend. Furthermore, it's crucial to understand that the stock market can be influenced by a myriad of factors, not just political events but also economic indicators, global market trends, and a lot more.

Having said that, I can understand the excitement. The past few years have been amazingly good for the Indian equity investor and, if all goes well, every investor is fully justified in being wildly enthusiastic about the future. However, 'the future' is not a particular day, or even a week or a month. The future stretches out into years and decades. For a genuinely sustainable and fruitful investment journey, it's best not to avoid the hard work. Develop a well thought-out strategy, choose investments carefully, diversify your portfolio, and remain patient amidst the market's inevitable ups and downs. This approach not only mitigates the risks, but also positions us to reap the rewards of compounding growth over the long haul.

Nothing that one single day can deliver can measure up to the actual wealth you can generate over the years. Let's aim for years, not mere days.

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₹28 lakh for denied insurance claim

The Delhi State Consumer Commission ruled that insurers can't deny claims for undisclosed pre-existing conditions if those conditions didn't cause the insured person's death. The commission directed HDFC Life (previously known as HDFC Standard Life) to pay ₹19.4 lakh along with the interest to a woman whose husband's claim was rejected for not disclosing that he suffered from diabetes. The insurer also has to pay ₹1 lakh for mental harassment of the complainant along with ₹50,000 litigation cost.

The complainant, Anita Gupta's husband purchased a critical illness policy from HDFC Life with a cover of ₹19.42 lakh in March 2017. Five months later, he passed away due to diabetes mellitus, chronic liver disease, and hypertension in hospital. Gupta submitted her claim, but the insurance company rejected it saying that her husband had concealed a vital fact — the preexisting condition of diabetes mellitus — at the time of purchasing the policy.

Gupta appealed to the state consumer commission, claiming service deficiency and unfair trade practices.

The commission ruled in favour of Gupta, stating that claims can't be denied solely due to undisclosed pre-existing conditions.

Advocate Rohini Musa says the state commission held the insurance company liable on two grounds. Firstly, there needs to be a direct link between the cause of death and the preexisting disease that had been suppressed. Here the death did not happen due to diabetes, also recognised as being a common lifestyle disease. Secondly, there was no proof that the insured was suffering from the disease at the time of purchasing the policy.

The insurance company must pay the complainant ₹19.42 lakh plus 6% interest from the claim date. Additionally, they owe ₹1 lakh for mental harassment and ₹50,000 for litigation costs. Gupta is likely to get ₹28.1 lakh from HDFC Life.

—*Anulekha Ray*

Bet on stocks with good entry points now

Stocks that have seen a recent correction and are fundamentally sound can prove good investment bets.

by **Sameer Bhardwaj**

The pre-election anxiety coupled with high valuations, a likelihood of a delay in the rate cut and ongoing geopolitical crisis in the Middle East has intensified market volatility in the past few weeks. The India VIX Volatility Index retreated to 21.48 on 24 May 2024 after closing at 21.81 on 21 May 2024, which was the highest since September 2022. It surged over 111% in the last 23 trading days.

Of the 2,700 listed companies with a market cap over ₹100 crore, 53% (1,455 stocks) delivered negative returns in the last month. Volatility has pushed 28% (756 stocks) below their 200-day simple moving average (SMA), a key indicator of a bearish price trend.

FPIs have sold over ₹23,000 crore in equities in 2024 (up to May 21), driven by higher US bond yields and China's market outperformance. The 10-year US bond yield averaged 4.47% in May, up from 3.87% at the year's start. The Shanghai Composite Index has returned 6.1% year-to-date, compared to the Nifty-50's 3.7%. Data is from Reuters-Refinitiv as of 21 May, 2024.

Market valuations are stretched, with the Nifty 50's 12-month forward PE 6.7% and 16.2% higher than its 5-year and 10-year averages, respectively. Despite a favorable beat-to-miss ratio, fourth-quarter earnings had no major surprises.

Of the largest 100 companies by market cap, 44 missed Reuters-Refinitiv net profit estimates. Among the 56 that beat estimates, 34 exceeded by over 5%. Only companies with estimates from at least three analysts were included.

Despite recent market volatility, experts are confident in India's long-term growth due to the government's focus on capital expenditure, supportive manufacturing policies, private sector investments in emerging sectors like electronics, EVs, and energy transition, and a moderating inflation rate.

Volatility is expected to gradually subside, with domestic factors driving long-term market direction. Analysts advise investors to use the current volatility to accumulate quality stocks, as markets may rally if Lok Sabha election results meet expectations.

Identifying recently corrected stocks with good fundamentals can be effective in the current market. Moving averages help distinguish between stocks in correction and those in a bear trend.

A moving average is a technical indicator that is used to study a trend. It is calculated by totaling the prices of a specific stock (or any other financial instrument) over a defined time period (such as 14-days, 50-days etc.) and dividing the total by the number of data points to arrive at an average. The next data point would drop the earliest price and then take the average of the next n periods, and so on.

Generally, a stock is said to be in bearish mode when the short-period moving averages fall below the long-period moving averages. On the other hand, when the price is falling but the short-period moving averages are above the long-period moving averages, it indicates corrective action, which does not imply a bearish trend.

ET Wealth identified stocks that have seen a correction in the past few weeks (one-month to three-month period) but their short-period SMAs (Simple Moving Average) are higher than long-period SMAs. In other words, stocks with 50-day SMA higher than 150-day SMA and those with 150-day SMA higher than 200-day DMA were identified. Among these, stocks with good growth prospects were screened. Those that have seen upgrades in the net earnings estimates for the full year 2024-25 (compiled by Reuters-Refinitiv) in the last three months were only included.

The following are the five such stocks that are covered by a decent number of analysts and are currently offering a double-digit share price potential. The share prices of neither of these five stocks are below 200-day Simple Moving Average.

Among these five stocks, Aptus Value Housing Finance tanked over 15% in the past three months and Apollo Hospitals fell by over 12%. The share prices of ACC and South Indian Bank lost over 5% during the period. On the other hand, Shriram Finance's share price movement was very volatile, and it generated 0.7% returns in the last three months; however, it tanked by over 7% month-to-date.

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Aptus Value Housing Finance India

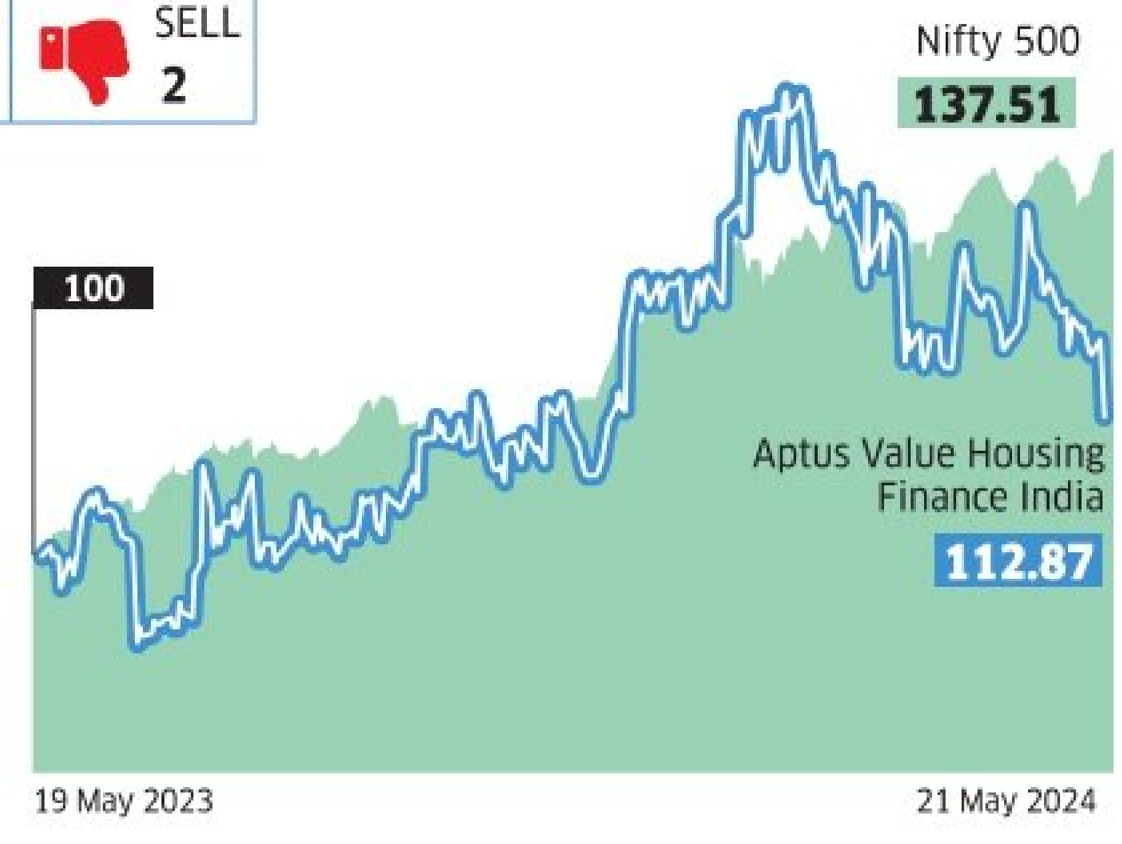
12-month forward P/BV	Current price (₹)	1-year target price (₹)	UPSIDE POTENTIAL
3.8	298	378	26.9%

ANALYSTS' RECOMMENDATIONS		
BUY	HOLD	SELL
9	2	2

THE AFFORDABLE housing loan company exceeded Reuters-Refinitiv estimates by 3.8% in the March 2024 quarter, driven by enhanced yields and robust growth in net interest income (NII). The assets under management (AUM) soared by 29% y-o-y, primarily fueled by significant expansion in Andhra, Telangana, and Karnataka. Additionally, disbursements surged by 45% y-o-y, with notable growth in home loans, quasi-home loans, and small business loans (SBL) segments.

The company's asset quality displayed notable improvement across various metrics, buoyed by enhanced collection efficiency and robust underwriting standards. Management remains optimistic about achieving a 30% AUM growth for 2024-25, supported by branch expansions in untapped territories and productivity enhancements. Plans to establish 35-40 new branches in 2024-25, coupled with a focus on non-branch channels for sourcing, are poised to sustain growth momentum. Moreover, the company stands to benefit from an anticipated reversal in the interest rate cycle, given that 80% of its loan portfolio carries a fixed interest rate.

A recent Centrum Broking report is bullish, citing compelling valuations, robust growth prospects, sector-leading profitability, and rigorous asset quality management. It expects AUM and PAT CAGR at 30% and 25% over 2023-24 and 2025-26 and expects RoA at 7.2% by 2025-26.



Apollo Hospitals Enterprise

12M forward EV/EBITDA	Current price (₹)	1-year target price (₹)	UPSIDE POTENTIAL
27.2	5,948	6,876	15.6%

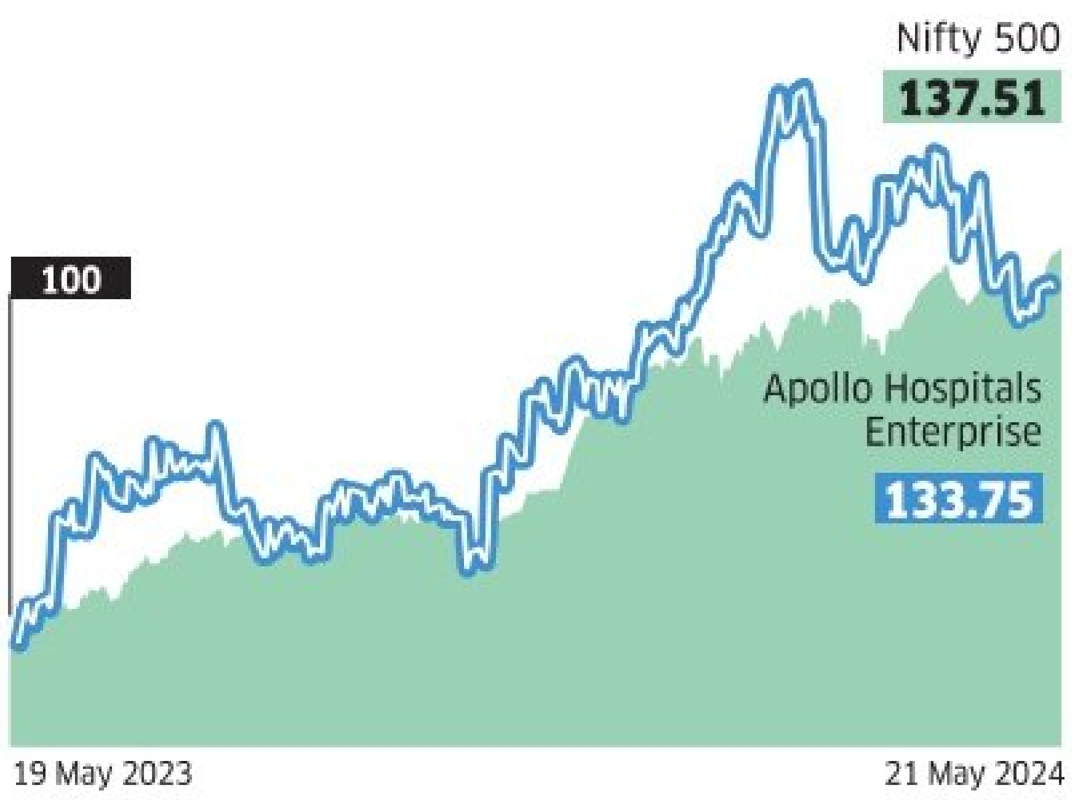
ANALYSTS' RECOMMENDATIONS		
BUY	HOLD	SELL
21	1	2

THE INTEGRATED healthcare service provider is expected to report a 14.9% and 83.2% year-on-year growth in revenue and net profit respectively in the March 2024 quarter, according to the consensus estimates of analysts compiled by Reuters-Refinitiv.

The company's recent announcement of a 16.8% stake sale in Apollo HealthCo (100% subsidiary) to Advent International and integration of Keimed Private Ltd (the distribution arm of Apollo group) into Apollo HealthCo in a phased manner is expected to create long-term value. The management expects the sales of the combined business to grow at 22% CAGR to ₹25,000 crore and EBITDA between ₹1,750 crore and ₹2,000 crore over the next three years.

Looking at other business segments, the hospital business is expected to see steady growth led by headroom to increase occupancy, steady growth in ARPOB (average revenue per occupied bed) on the back of improving case/ payor mix and bed capacity expansion over 2024-25 and 2026-27. On the other hand, the retail health and diagnostics business will see good traction in the coming years led by network expansion and gradual improvement in primary/ specialty care business.

A recent HDFC Securities report is bullish on the company due to its steady sales growth, margin expansion and improving return ratios visibility. It sees sales and EBITDA CAGR of 17% and 25% respectively over 2022-23 and 2025-26 and margin improvement to 14.8% in 2025-26.



ACC

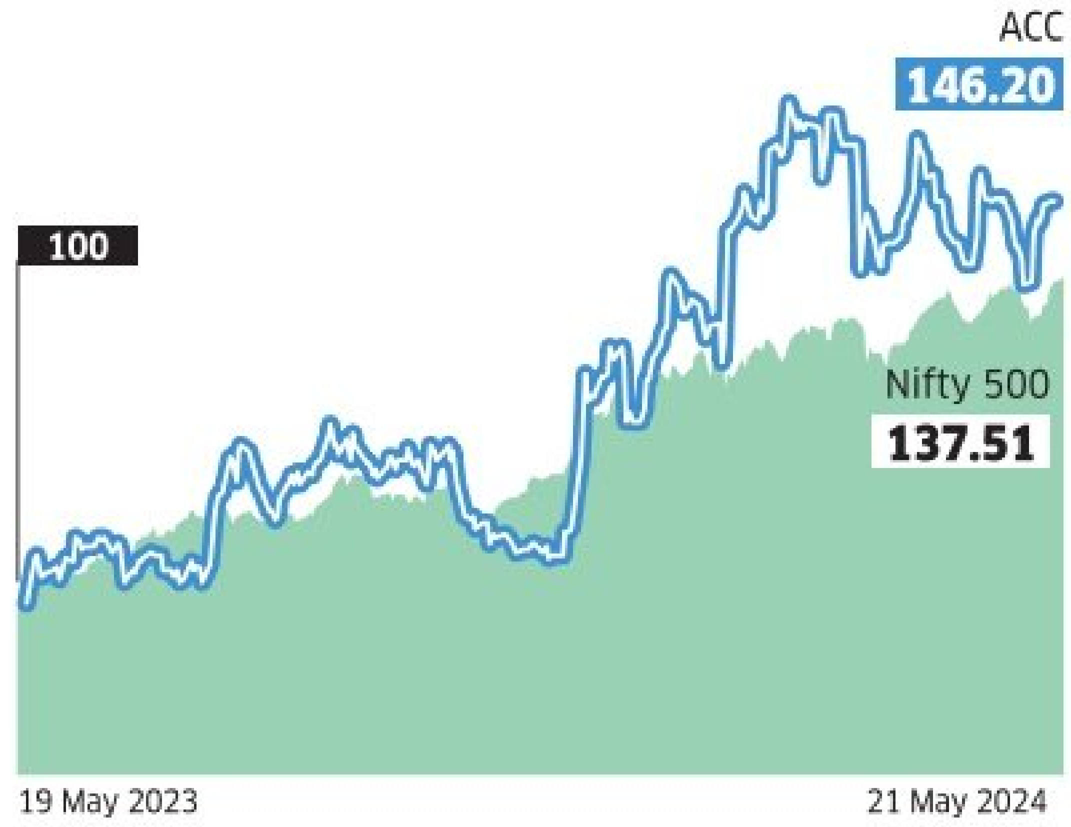
12M forward EV/EBITDA	Current price (₹)	1-year target price (₹)	UPSIDE POTENTIAL
12.1	2,528	2,796	10.6%

ANALYSTS' RECOMMENDATIONS		
BUY	HOLD	SELL
21	6	6

THE CEMENT company saw a robust 12.7% year-on-year revenue increase in the March 2024 quarter, surpassing Reuters-Refinitiv estimates by 4.4%. This growth was driven by a substantial 22% year-on-year rise in volumes, mainly attributed to a favourable low base effect and the commissioning of the Ametha plant. Despite a 7% year-on-year decrease in cement prices, reduced fuel, freight and employee expenses bolstered EBITDA, which surged by 79.5% year-on-year.

It is increasing the share of WHRS (waste heat recovery systems) in its fuel mix, which will help in managing fuel price volatility in the future. The capacity expansion is on track, and it plans to commission to two units in the March and June quarters of 2025. Moreover, the company will benefit from the cost-saving strategy of its Parent- Ambuja Cement that aims at optimisation across raw material sourcing, logistics and power and fuel costs.

An ICICI Securities report highlights ACC as an attractive investment opportunity despite softness in cement prices. It emphasises significant volume growth potential through a Master Supply Agreement with Sanghi Industries. ACC is deemed to have minimal risk of earnings downgrades, boasting appealing valuations, a robust balance sheet, high RoE and ample cash reserves.



South Indian Bank

12-month forward P/BV	Current price (₹)	1-year target price (₹)	UPSIDE POTENTIAL
0.75	28	34	21.9%

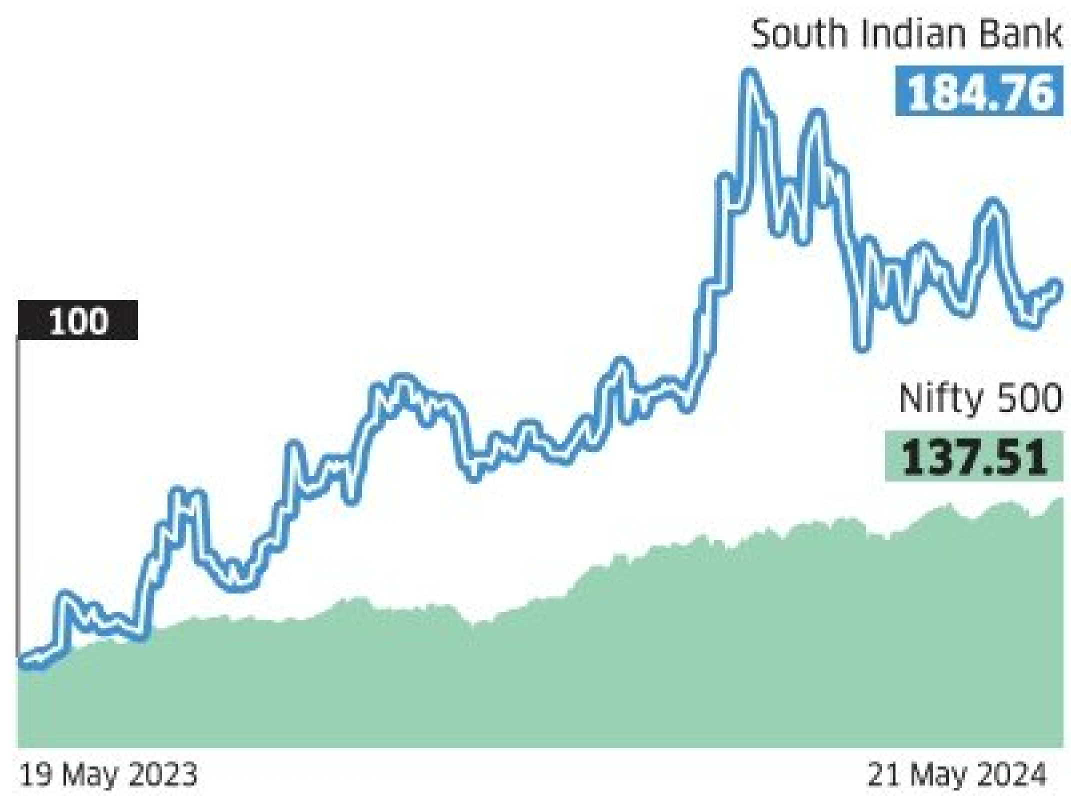
ANALYSTS' RECOMMENDATIONS		
BUY	HOLD	SELL
4	2	0

THE PRIVATE sector bank's net profit surpassed Reuters-Refinitiv estimates by 3.9% in the March 2024 quarter. The performance was supported by lower provisions, contained operating expenditures and sequential expansion in NIM (net interest margins). The asset quality improved across segments supported by lower slippages and strong recoveries.

The company's loan growth presently relies on corporate loans, but it plans to shift its loan mix towards SME and retail loans in the coming quarters to enhance yields. This strategic shift is anticipated to bolster future returns. Additionally, the bank introduced affordable housing, commercial vehicle/construction equipment (CV/CE), and revamped LAP (loan against property) offerings in the March quarter. The recent rights issue fundraise is set to fortify its balance sheet.

The bank emphasises bolstering portfolio resilience, boosting branch productivity, optimising costs, expanding non-branch distribution, and enhancing control/ compliance architecture.

An upbeat ICICI Securities report anticipates a rebound in Net Interest Margins (NIMs) by 2025-26. The report expresses confidence in the bank's ability to maintain low credit costs and forecasts RoA of 0.85% and 0.95% for 2024-25 and 2025-26, respectively.



Shriram Finance

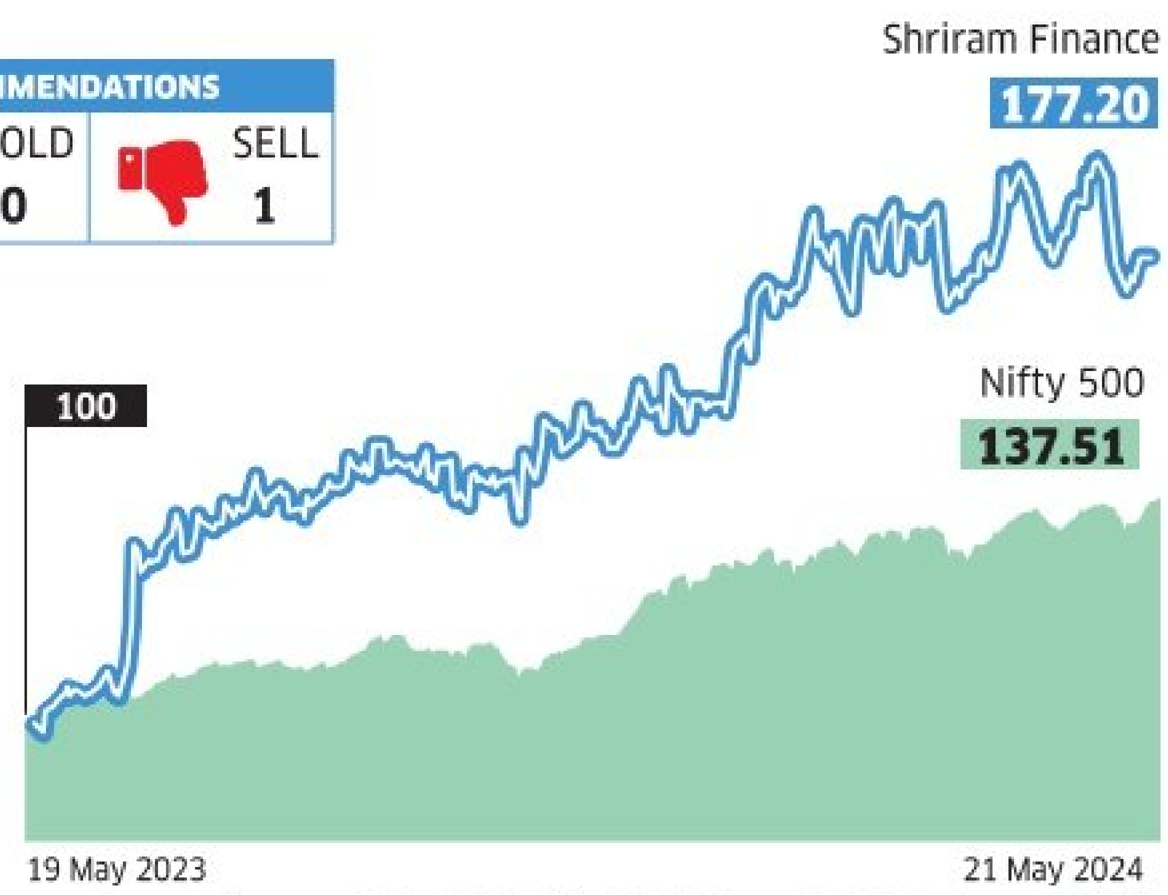
12-month forward P/BV	Current price (₹)	1-year target price (₹)	UPSIDE POTENTIAL
1.6	2,373	2,823	18.9%

ANALYSTS' RECOMMENDATIONS		
BUY	HOLD	SELL
30	0	1

THE NBFC reported a 48.7% year-on-year jump in the net profit in the March 2024 quarter led by strong margins that were driven by a change in product mix and peaking of the cost of funds. The net earnings surpassed Reuters-Refinitiv estimates by 3.9%. The disbursements grew by 27% whereas its AUM rose by 21% on a year-on-year basis.

The merger synergies are visible in terms of product mix which is now diversified into CV and non-CV or high-yielding segments like MSME, gold loans and personal loans. On the other hand, used CVs are expected to see steady demand over the next few years. It has also expanded branches and hired new employees in the recent past and the productivity gains were visible during the quarter. The opex to AUM ratio has declined on a sequential basis in the March 2024 quarter. The operating expenses are expected to moderate further as the company will leverage cross-selling opportunities to reach new customers.

A recent Systematix report is bullish on the company due to its attractive valuations and believes that high cross-selling opportunities in non-vehicle products and stable credit costs will support earnings growth in the future. The report expects RoA and RoE of 3.5% and 17.8% respectively in 2025-26.



Current price as on 21 May 2024. Nifty 50 12M forward PE: 20.4. **Source:** Refinitiv.

"Exit barrier is the biggest positive feature of the NPS"

The lack of liquidity in the pension scheme is not necessarily a negative factor because your money is deployed at the right place and gets more time to grow, Sriram Iyer tells **Babar Zaidi**.

Sriram Iyer
CEO, HDFC Pension

The NPS for the private sector has completed 15 years, but it still isn't the most preferred investment vehicle in India. What is holding it back?

Lack of awareness is one of the chief reasons that stops people from joining the NPS. There are also certain perceived drawbacks in the scheme. I say 'perceived' because these are actually positive features of the NPS, which are seen as negatives by individuals.

Let's take the lack of liquidity in the NPS. Many individuals have concerns that their money will get stuck in the NPS till retirement. That's not necessarily a bad thing because the money is at the right place. Investment returns can be enormous if held for the long term. Some mutual funds launched 25 years ago have delivered compounded annual returns of more than 22%. However, very few investors (less than 5%) actually stayed invested for so long and earned the 22% returns. Ironically, many of these long-term investors remained invested because they had either forgotten their investments or passed away.

The tendency to be an active investor has prevented many people from making serious money. Therefore, the NPS rule that doesn't allow you to exit before retirement actually works in your favour. We need to communicate to the investor that exit barrier is, perhaps, the biggest positive feature of the NPS.

How can these perceptions be changed so that more people get interested in joining the NPS?

As I said earlier, the problem is the communication. It's a fantastic product, but the benefits need to be communicated to the investor in a way that he feels incentivised. It is a long-term product and there is no immediate gratification. So you have to gratify the investor with tax benefits. The tax breaks offered under corporate NPS are a major incentive. If I tell you that your investment in the NPS vis-a-vis any market-linked productwill fetch you 42.8% more units on day 1, will you believe it? Most people will think this is not possible; it gets them thinking. If you factor in the tax savings on day 1, the contribution to the NPS vis-a-vis an investment in mutual fund, after tax, gets you 42.8% more units on day 1. We try to communicate using such powerful statements at webinars for corporate employees.

> "Investors who stay away from NPS are missing out on its magic. If one sticks with it for 20-30 years, the results can be mind-blowing."

Besides the tax benefits, the NPS offers other advantages too. The investor can choose his asset mix as per his ability to take risks. Investors who don't have time or knowledge can go for any of the three lifecycle funds that are customised for different risk profiles. These lifecycle funds restore the asset allocation every year on the birthday of the individual. There is no other product like this in India. The NPS is also a great rebalancing tool, which rebalances the portfolio without any tax implications.

Young people are not very serious about retirement planning. What is HDFC Pension doing to change that?

Nobody is interested in retirement planning in their 20s because the immediate benefit is not visible. However, if you start retirement planning at the age of 50, it is too late. How do I communicate this to the young investor? How do we get the person to start the journey? We talk to young people in a language they understand. We tell them, you go to a coffee shop four times a month and spend ₹1,200. Why not start putting a small amount, say ₹500 a month, in the NPS?

Still, there are so many distractions for them, so we have to catch their attention with a compelling narrative. Sometimes, we even have to make provocative statements that border on the outrageous. We also need to put a number to the opportunity loss. For example, if you start at 35, instead of 25, every single day of delay costs you ₹1,500.

The corporate NPS has grown, but remains far below its potential. What do you think stops corporates from rolling out the NPS for their employees?

It's a familiar problem that we deal with every day. We have aggressively focused on the corporate NPS in the past few years. The first step is to get the corporate to sign up. Till now, nearly 15,500 corporates have signed up for the NPS. Till date, we have onboarded over 2,500 corporates and over 2.75 lakh subscribers. However, we have seen that even if the corporates join the NPS, their employees don't sign up. You can take the horse to the pond, but you also have to make it drink. Getting individuals to sign up is the focus for us right now.

What can companies do to make more people join the NPS?

Some corporates are very progressive and are going that extra mile to encourage their employees to sign up for the NPS. For instance, one company offered to contribute ₹1,000 for six months for every employee who chose to open an NPS account. It's like a Swavalambam scheme for corporate employees. It acts as an incentive for the employee to open an account and start contributing.

We have observed that once an account is opened, the investor doesn't stop contributing. Just like the Provident Fund contribution, the amount automatically gets deducted from the salary and deposited in the NPS. You see a lot of people with very large Provident Fund corpuses of ₹2-3 crore. If 8.5% returns could build such a huge corpus over 25-30 years, imagine what the 10-10.5% returns from the NPS can do. The investors who are staying away from the NPS are missing out on the magic that is possible in the long run. If one sticks with this product for 20-30 years, the returns can be mind-blowing.

The financial toll of memories

We often link objects to memories, fearing their loss would erase the memory. Holding onto tangible assets due to emotional attachment can be detrimental to our health as well as wealth, says **Uma Shashikant**.

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UMA SHASHIKANT
IS CHAIRPERSON, CENTRE FOR INVESTMENT EDUCATION AND LEARNING

Enjoy all those objects that have been a part of your life—your house, garden, books, jewels and boxes full of memorabilia. But be aware that with your passing, they revert to being mere things. They will be tossed away, given off, left to rust and rot, or grudgingly cleared and sold. Make it your mission to leave this life with as little clutter as possible.

A friend of mine called to tell me that she is tired. I felt no empathy as I have heard this too often. She lives with her sons in the US and goes to India for a few months every year. She does not have any siblings or close relatives in India, and there are very few friends from the good old days. She goes because she has two houses in India that she likes to see, clean, maintain and dust.

Too many memories are associated with those houses, she says. This is where we sat and drank coffee every morning; this is where my son studied; this is where I fell and broke my leg; this is where I kept my large lamp, and so goes the list. I ask her to tell me more about those instances. She talks animatedly, lost in the minute details. "What remains in memory?" I ask her. "Is it the experience or the object?" She is now confused.

"When you recall those moments, you should have spoken about the balcony itself, right? Its rails, paint, the chairs, the floor? How is it you tell me about the conversations?" I asked her. "Isn't that the memory," she protested. That is what I am telling you: the comforting memory is the conversation, not the balcony of the now 50-year-old house.

Many of us fall into this trap. We strongly associate objects with experiences and memories. Then we cannot separate the two. It is as if the memory depends on the object. The memory is dear, but the object is even dearer. The object offers the support, the trigger, the cause that helps us jog back and retrieve the memory. Without the object, we fear that the memory would be lost. We think that we need something to see, touch and feel, so we awaken memories in our brains that we can't see, touch or feel. Do we really need it? What is truly the source of joy? Thus we become hoarders, putting aside little and big objects that seem to define many dear moments of our life. We can recall everything associated with that object, and tell the stories untiringly, with every detail repeated uncannily without being missed. There is no written script. However, the memory that remains etched in our memory somehow needs one physical manifestation that matters to us. Should it?

The memories of my mother are associated with the fragrance of the Mysore Sandal soap, her favourite fragrance. I inhaled it every time she fondly embraced me. My daughter gifted me a box of soap a few years ago, when I mentioned this to her, but I have not been able to use it. The sorrow of her passing away too soon hits me hard when I inhale the fragrance. That box of soap I will pass on to someone else, I think. The fact that objects will soon become mere objects is the reality. They don't have the power of memories to stay on and be passed around.

To not be attached to objects is liberating. Objects bring with them many limiting qualities that can impact our well-being and, yes, wealth. They are all subject to deterioration. Holding on because we have attached some sentiment and emotion to it is detrimental to our health and wealth.

My friend spends money, time and energy to maintain a house she has not lived in for the past 25 years since her husband passed. "The ritual of cleaning up and living there is like a pilgrimage," she tells me. I tell her she should be living there if it mattered so much to her. "I can't," she says. Then she should not keep it. Physical assets in our portfolios suffer from our inability and unwillingness to let them go.

I know of several investors who have jewellery passed on through generations. These are precious, but none of the subsequent generations ever wore them. I don't know if heirs are donating them to a museum or archives where such objects are curated and documented as part of the history and tradition of that age. These valuable pieces of heirloom are simply going to lie in the bank locker until some young inheritor decides to abandon these and not bother about them anymore.

My anguish is that the value locked up in these physical assets is overlooked for the disproportionate attachment one exhibits for the object. There are too many houses left locked and uncared for; too many precious objects lying in bank lockers, and too many objects hoarded and left behind for the next generation to deal with. This is not a happy situation.

When the person is gone, that story breaks down. With time, the object returns to being merely an object, but it has lost substantial value by then for anyone to care. I have written about this before, but I shall repeat it anyway. Parents who leave behind residential properties for their children are burdening them with a chunky asset that is tough to sell or use. It is a drag on the inheritor's time, money and energy. Look around to see how modern constructions have redefined living, and consider how a 25-year-old flat will compare.

Redevelopment, scream some, and I hear them. That is absolutely proof that the property is useless in its present form. There is a market that upgrades and helps one kick the can to the next generation that will inherit it 25 years later. Unless you live in it, or your heirs live in it, a residential property will remain a millstone around your heir's neck even if you deny it. Since houses are seen as perpetually valuable and, therefore, never sold by many, they are held until deterioration or redevelopment, but that story is so weak as we narrate it.

Enjoy all those objects that have been part of your life—your house, land, garden, clothes, books, jewels, boxes full of memorabilia, and every other knickknack that lived with you over the years. But be aware that with your passing, they revert to being mere things. They will be tossed away, given off, left to rust and rot, or grudgingly cleared and sold, if at all. Make it a mission to end this life and leave as clean as you can. Give away and redeploy in your lifetime. Embrace the joys of liquidity over hoarded assets; minimalism and the present moment, over nostalgia. Use it or you lose it, they say, for the limbs. That must apply to wealth too. Even if hoarded in an object. Or one too many.

Please send your feedback to
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Should you buy a second house with a loan?

Shoaib and Rakhee live in a two-bedroom apartment in Delhi with their six-year-old son. Both work in the advertising sector and have accumulated assets worth about ₹90 lakh. Their parents are advising them to buy another house in their native town, which is experiencing a real estate boom, for investment purposes. They are interested in a three-bedroom property worth ₹2 crore and are considering taking a home loan to make the purchase. Is this a wise decision? What factors should they consider? How will this impact their financial stability, considering the costs associated with property maintenance and loan repayments?

The key consideration in making this decision is to assess how it will impact their financial plan and goals. Shoaib or his wife might want to pursue alternative career options, take a break, or start their own business. They must ensure that they are not forced to continue with their jobs against their will because they find themselves in debt. With only one person employed, the loan EMI may become too high. If that happens, the home-buying experience may turn unpleasant. What if Rakhee quits voluntarily and Shoaib suddenly loses his job?

Such situations can never be planned. Blocking money in a large asset can make their finances inflexible. A good rule of thumb is to ensure that at least 50% of the value of the second house is held in other liquid assets.

Shoaib and Rakhee must also consider their parents' situation. They need to check if their parents will be financially independent once they retire. What is their current financial status, especially since their health expenses are likely to rise as they grow older? On the other hand, having parents who are financially stable could prove to be a big support in case of any unforeseen events, such as job loss, making it easier for them to take bold financial decisions. Shoaib and Rakhee must also consider future family responsibilities, such as financing a sibling's wedding or higher education, or covering costs for overseas travel. They must ensure such plans do not get cancelled or 'budgeted' due to shortage of funds. Financial planning is about prioritisation and other goals may need attention as well.

Buying a second house may be a good investment opportunity for the couple. However, it should not become a financial burden for them. They must take their financial decisions with foresight to ensure that their aspirations aren't hindered by the burden of loan EMIs. Another guideline, particularly applicable to young couples, is that they should ensure the real estate holdings constitute no more than 50% of their total assets. This means that they should focus on increasing their financial assets rather than investing in another property.

Content courtesy Centre for Investment Education and Learning (CIEL). Contributions by Girija Gadre, Arti Bhargava and Labdhi Mehta.

SMART THINGS TO KNOW Maternity insurance

1 Maternity Insurance is a type of health insurance policy that offers coverage for all pregnancy-related expenses.

2 It covers expenses for delivery, including caesarean section, and in-patient hospitalisation charges.

3 It also covers pre- and post-natal care expenses, newborn baby expenses like vaccination, etc.

4 All maternity insurance plans come with a waiting period ranging from nine months to six years.

5 Many corporates offer maternity benefits as part of their health insurance policies to women employees.

PAPER WORK

Capital Gains Account Scheme

The Capital Gains Account Scheme (CGAS) defers capital gains tax liabilities on asset sales like property, allowing taxpayers to park gains in specified accounts. Here's how one can open an account.

Who can open an account?

The taxpayer should have capital gains from the sale or transfer of assets specified in Sections 54 to 54GB. The CGAS scheme is applicable only to Indian residents. NRIs have to open a non-resident CGAS account. One must furnish proof of capital gains from the sale of assets.

How to open an account

To open a capital gains account, visit authorised bank branches, fill out forms, and provide PAN card, address proof, and asset sale details.

Types of accounts

There are two types of deposits that individuals can avail of under the CGAS:

- **Type A:** This works like a savings account, pays you an interest similar to that of a savings account. It offers liquidity, making it easy to withdraw it at any time.
- **Type B:** This works like a fixed deposit or a term deposit, with similar interest rates. This type of account can be held for a maximum of three years.

Making deposits

After opening the account, deposit the capital gains within the set time frame for tax benefits, ensuring it doesn't exceed the gains from the asset sale.

Utilising funds

Taxpayers can withdraw funds from their CGAS account for the purpose of reinvestment in eligible assets to claim tax exemptions. The withdrawn amount must be utilised within the specified time frame as per the provisions of Section 54 or Section 54F of the Income-tax Act.

Compliance

Taxpayers should adhere to CGAS requirements, maintain documentation, and monitor fund withdrawals to ensure smooth transactions, avoiding penalties or tax issues.

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SMART STATS

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 is the listing of the top 50 stocks based on the composite rating to help ease your fortune hunt.

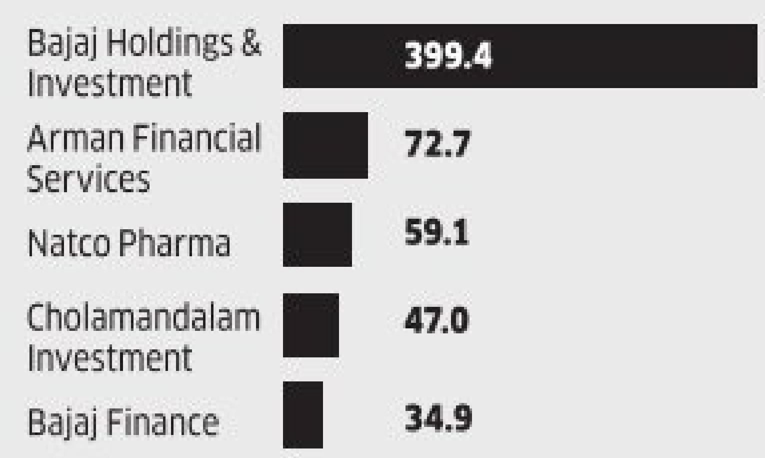
	RANK		PRICE ₹	GROWTH%*		VALUATION RATIOS				RATING	
	Current Rank	Previous Rank	Stock Price	Revenue	Net Profit	PE	PB	PEG (5-year)	Div Yield (%)	No. of funds	Value Research Stock Rating
Can Fin Homes	1	1	740.25	28.5	20.8	13.2	2.3	0.4	0.8	48	★★★★★
Manappuram Finance	2	2	178.50	29.0	51.9	7.4	1.4	0.4	1.7	13	★★★★★
Bajaj Finance	3	3	6,868.05	34.9	24.0	29.3	5.5	0.5	0.5	117	★★★★★
Gujarat State Petronet	4	4	296.80	15.3	35.9	10.1	1.5	1.0	1.7	56	★★★★★
Aavas Financiers	5	5	1,623.00	25.5	14.1	25.9	3.4	1.0	0.0	39	★★★★★
Coal India	6	6	495.00	2.9	10.2	8.2	3.7	0.8	5.1	110	★★★★★
PI Industries	7	7	3,643.65	14.0	42.9	33.0	6.4	1.3	0.4	64	★★★★★
Indraprastha Gas	8	8	457.40	-0.8	21.0	16.0	3.3	1.1	2.0	39	★★★★★
Nesco	9	9	882.70	24.2	24.8	17.2	2.7	1.4	0.7	7	★★★★★
Kotak Mahindra Bank	10	12	1,704.65	33.4	21.9	18.6	2.6	1.3	0.1	131	★★★★★
The Great Eastern Shipping	11	13	1,025.00	-7.6	1.5	5.6	1.2	0.0	3.5	23	★★★★★
Indraprastha Medical Corp.	12	18	244.25	13.3	43.9	18.2	4.7	0.8	1.8	5	★★★★★
Dr. Reddy's Laboratories	13	14	5,880.05	13.5	23.6	17.6	3.5	0.9	0.7	52	★★★★
Infosys	14	16	1,467.50	4.7	9.8	23.3	7.0	2.1	3.1	206	★★★★★
Narayana Hrudayalaya	15	17	1,250.45	17.0	53.7	33.2	9.5	0.5	0.2	25	★★★★★
Akzo Nobel India	16	15	2,560.15	4.2	27.3	27.3	8.8	2.3	2.9	13	★★★★★
Gulf Oil Lubricants India	17	19	1,024.95	9.5	32.4	16.7	4.0	1.9	3.4	8	★★★★★
Zensar Technologies	18	20	627.15	1.1	103.0	21.2	4.0	2.6	1.4	28	★★★★★
Persistent Systems	19	21	3,577.25	17.6	17.9	50.3	11.1	1.1	0.7	87	★★★★★
Sun TV Network	20	24	664.70	9.6	7.5	13.9	2.5	2.7	2.2	17	★★★★★
Amara Raja Energy & Mobility	21	22	1,169.00	7.4	19.8	25.1	3.4	2.2	0.5	16	★★★★★
Jamna Auto Industries	22	28	133.75	4.5	17.5	25.7	5.9	5.0	1.5	10	★★★★★
Arman Financial Services	23	26	2,100.55	72.7	106.2	13.8	2.6	0.4	0.0	9	★★★★★
Avanti Feeds	24	25	529.50	5.5	28.2	20.4	3.1	4.4	1.3	11	★★★★★
Muthoot Finance	25	27	1,692.95	20.8	14.4	16.6	2.9	1.3	1.3	52	★★★★★
Godfrey Phillips India	26	23	3,905.10	22.8	36.9	24.9	5.1	1.1	1.1	7	★★★★★
Repco Home Finance	27	10	512.80	19.1	34.1	7.7	1.1	0.2	0.5	10	★★★★★
Nestle India	28	30	2,465.15	10.3	2.8	74.6	71.4	0.7	1.3	61	★★★★★
Cholamandalam Investment	29	29	1,256.40	47.0	26.7	31.4	5.5	0.4	0.2	119	★★★★
Bajaj Holdings & Investment	30	33	8,092.60	399.4	49.8	12.5	1.7	1.0	1.6	9	★★★★★
Petronet LNG	31	--	305.15	-12.0	9.1	12.7	2.7	1.3	3.2	24	★★★★★
ITC	32	32	438.00	-0.2	8.3	26.8	7.4	2.8	3.1	143	★★★★★
Maruti Suzuki India	33	35	12,903.00	19.9	60.7	30.1	4.7	4.0	1.0	175	★★★★★
Just Dial	34	36	955.80	23.5	120.9	22.4	2.0	4.2	0.0	6	★★★★★
City Union Bank	35	37	144.40	11.8	8.3	10.5	1.3	2.0	1.0	27	★★★★★
Garware Technical Fibres	36	38	3,259.55	1.7	20.2	32.2	5.5	3.5	0.1	7	★★★★★
Abbott India	37	43	26,211.40	9.4	26.5	46.1	15.0	2.7	1.6	49	★★★★
Birlasoft	38	57	624.55	10.1	88.3	27.3	5.6	2.2	1.1	43	★★★★★
Cipla	39	34	1,490.35	13.3	47.0	29.2	4.5	1.8	0.9	104	★★★★
Cera Sanitaryware	40	39	7,157.90	4.1	14.1	39.0	6.9	2.7	0.8	14	★★★★
Natco Pharma	41	42	1,020.00	59.1	233.5	14.4	3.3	2.8	0.5	9	★★★★
Coforge	42	31	5,099.05	14.5	15.4	38.8	8.6	2.9	1.5	126	★★★★
Asian Paints	43	45	2,891.30	2.9	33.0	51.0	14.9	3.3	1.1	35	★★★★
Praj Industries	44	44	516.80	2.9	33.5	34.1	8.1	1.1	0.9	22	★★★★★
Eicher Motors	45	49	4,848.55	14.5	37.2	33.2	7.4	3.6	1.1	67	★★★★
Tata Consultancy Services	46	52	3,859.80	6.8	9.5	30.7	15.6	3.7	1.9	161	★★★★
Transport Corporation of India	47	58	905.05	5.4	8.1	20.1	3.5	1.0	0.8	9	★★★★★
Hawkins Cookers	48	48	6,350.05	-2.2	5.5	34.2	11.3	2.7	1.6	5	★★★★★
Avenue Supermarts	49	47	4,760.00	18.4	5.0	123.1	16.7	5.6	0.0	93	★★★★
Castrol India	50	50	193.40	5.7	11.2	21.8	8.5	5.2	3.9	14	★★★★★

*REVENUE AND EPS FIGURES BASED ON ONE-YEAR GROWTH. DATA AS ON 24 MAY 2024.

SOURCE: VALUE RESEARCH

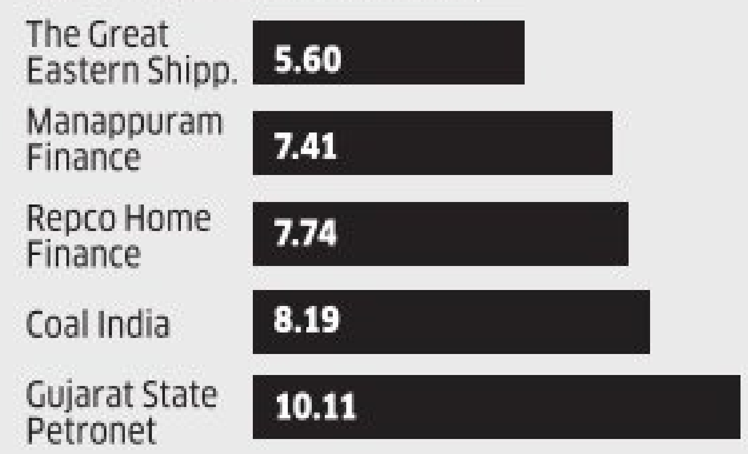
1 Fast growing stocks

Top 5 stocks with the highest revenue growth (%)



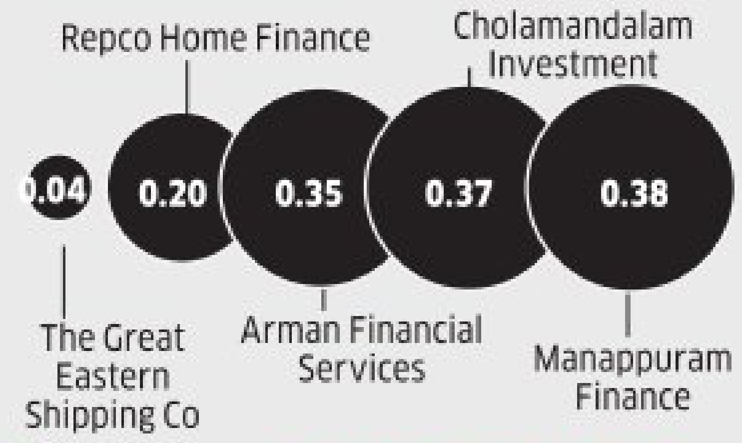
2 Least expensive stocks

Top 5 stocks with the lowest price-earnings ratio



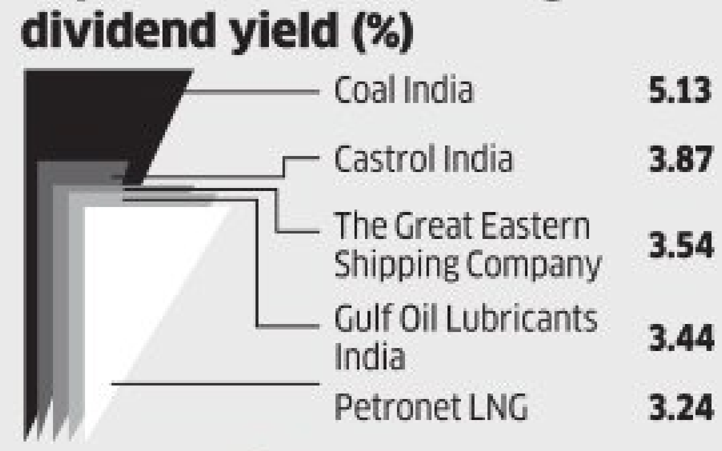
3 Best PEGs

Top 5 stocks with the least price earnings to growth ratio



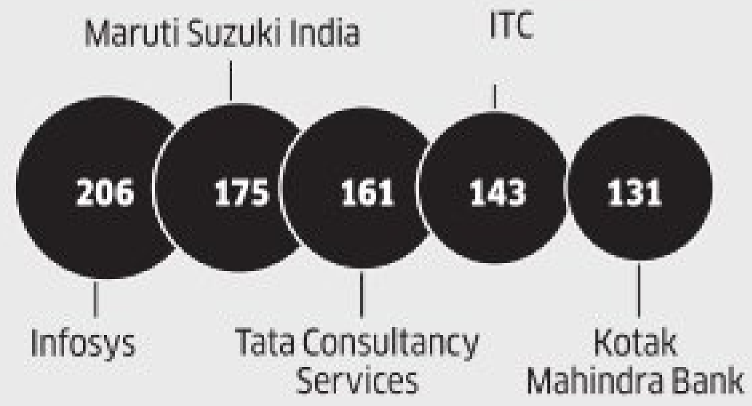
4 Income generators

Top 5 stocks with the highest dividend yield (%)



5 Most widely held

Top 5 stocks held by most number of mutual funds



SEE NUMBER OF MUTUAL FUNDS HOLDING THE STOCKS IN THE ADJACENT TABLE.

ETW FUNDS 100

BEST FUNDS TO BUILD YOUR PORTFOLIO

ET Wealth collaborates with **Value Research** to identify the top-performing funds across 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								
Nippon India Large Cap Fund	★★★★★	26,137.65	6.15	23.21	40.46	24.25	18.12	1.61
Quant Focused Fund	★★★★★	924.73	4.49	29.22	54.20	20.98	22.93	2.22
ICICI Prudential Bluechip Fund	★★★★★	54,904.23	4.16	21.30	39.30	20.77	18.29	1.49
HDFC Top 100 Fund	★★★★	33,170.08	3.58	18.70	35.60	20.26	15.99	1.62
DSP Nifty 50 Equal Weight Index Fund - Regular Plan	★★★★★	1,345.87	2.21	18.50	36.37	19.38	17.86	1.00
Baroda BNP Paribas Large Cap Fund	★★★★	1,930.52	6.36	24.78	39.96	19.00	18.16	2.07
Edelweiss Large Cap Fund - Regular Plan	★★★★	874.24	4.24	18.36	32.54	17.53	16.49	2.24
Kotak Bluechip Fund - Regular Plan	★★★★	8,027.99	5.36	19.07	31.65	16.57	17.00	1.76
SBI Bluechip Fund	★★★★	45,410.51	5.57	14.41	24.81	15.61	15.73	1.53
Canara Robeco Bluechip Equity Fund - Regular Plan	★★★★	12,830.12	4.59	18.32	29.36	15.34	17.38	1.69
EQUITY: LARGE & MIDCAP								
ICICI Prudential Large & Mid Cap Fund	★★★★★	13,117.39	6.71	25.11	46.87	26.34	22.17	1.72
Motilal Oswal Large and Midcap Fund - Regular Plan	★★★★★	4,036.22	8.67	25.95	52.54	25.82	–	1.86
HDFC Large and Mid Cap Fund - Regular Plan	★★★★	18,691.62	6.06	22.33	48.79	25.48	22.18	1.70
Kotak Equity Opportunities Fund - Regular Plan	★★★★	21,495.80	11.46	27.29	47.00	23.00	21.46	1.62
SBI Large & Midcap Fund	★★★★	22,689.50	4.37	18.01	33.20	20.53	19.89	1.65
EQUITY: FLEXI CAP								
ICICI Prudential Retirement Fund - Pure Equity Plan	★★★★★	729.80	9.18	32.56	59.75	30.39	22.57	2.27
JM Flexicap Fund	★★★★★	2,107.42	10.84	34.33	66.79	29.92	24.91	1.97
HDFC Focused 30 Fund	★★★★	11,246.61	5.94	22.74	41.60	27.50	20.33	1.71
Bank of India Flexi Cap Fund - Regular Plan	★★★★	879.32	11.96	34.31	66.40	27.34	–	2.25
HDFC Flexi Cap Fund	★★★★	52,874.12	5.61	23.52	42.89	25.26	20.12	1.50
HDFC Retirement Savings Fund Equity Plan	★★★★★	5,044.10	5.02	18.89	36.54	23.57	22.16	1.81
ICICI Prudential Focused Equity Fund	★★★★	7,872.07	8.76	26.50	47.49	23.23	21.14	1.77
Franklin India Flexi Cap Fund	★★★★	1,267.10	4.96	21.79	43.80	22.04	20.23	1.73
Parag Parikh Flexi Cap Fund - Regular Plan	★★★★★	63,933.76	4.42	18.24	36.94	21.01	23.87	1.37
360 ONE Focused Equity Fund - Regular Plan	★★★★	7,009.01	7.51	20.20	37.24	20.94	21.79	1.80
Franklin India Focused Equity Fund	★★★★	11,511.53	6.10	20.23	37.21	20.09	18.65	1.77
Union Flexi Cap Fund	★★★★	2,051.30	3.70	16.28	36.23	19.05	19.05	2.05
EQUITY: MID CAP								
Motilal Oswal Midcap Fund - Regular Plan	★★★★★	9,819.09	9.44	26.30	55.69	35.66	27.55	1.72
Quant Mid Cap Fund	★★★★★	6,920.17	12.54	39.04	78.46	33.42	34.64	1.77
Nippon India Growth Fund	★★★★	26,821.89	9.25	23.78	59.07	29.40	26.47	1.63
HDFC Mid-Cap Opportunities Fund	★★★★	63,413.49	7.31	23.83	57.36	29.02	25.93	1.44
Edelweiss Mid Cap Fund - Regular Plan	★★★★	5,534.33	9.11	25.67	53.27	25.76	26.53	1.80
Kotak Emerging Equity Fund - Regular Plan	★★★★	42,699.18	13.12	23.37	48.53	24.36	25.11	1.47
SBI Magnum Midcap Fund	★★★★	17,910.24	7.11	16.44	38.07	24.03	24.70	1.69
EQUITY: SMALL CAP								
Nippon India Small Cap Fund	★★★★★	50,422.78	10.54	23.00	58.55	33.84	32.10	1.47
Tata Small Cap Fund - Regular Plan	★★★★	6,951.59	8.22	19.91	44.17	28.24	28.45	1.74
ICICI Prudential Smallcap Fund	★★★★	7,658.95	6.76	17.92	44.54	27.28	26.94	1.77
Edelweiss Small Cap Fund - Regular Plan	★★★★	3,361.40	7.27	16.42	47.07	26.17	29.11	1.88
Axis Small Cap Fund - Regular Plan	★★★★★	20,136.63	4.27	13.32	38.44	23.87	26.92	1.63
EQUITY: VALUE ORIENTED								
JM Value Fund	★★★★	665.51	8.24	29.03	66.57	29.58	24.67	2.35
SBI Contra Fund	★★★★★	29,585.65	5.46	23.83	48.26	29.10	27.13	1.58
Templeton India Value Fund	★★★★	1,922.69	5.81	25.59	45.20	27.05	22.34	2.08
ICICI Prudential Value Discovery Fund	★★★★★	42,664.32	3.33	20.78	41.97	24.86	23.05	1.58
Bandhan Sterling Value Fund - Regular Plan	★★★★	8,943.61	5.63	22.37	42.20	24.67	22.66	1.76
EQUITY: ELSS								
Quant ELSS Tax Saver Fund	★★★★★	9,360.89	8.62	33.70	62.80	27.74	33.04	1.76
SBI Long Term Equity Fund - Regular Plan	★★★★★	23,411.67	8.00	32.53	59.90	27.52	22.92	1.62
Bank of India ELSS Tax Saver Fund - Regular Plan	★★★★★	1,297.72	9.28	31.77	58.02	24.78	26.35	2.11
Kotak ELSS Tax Saver - Regular Plan	★★★★	5,608.21	10.15	25.82	42.12	21.63	19.97	1.77
Parag Parikh ELSS Tax Saver Fund - Regular Plan	★★★★★	3,360.61	2.22	15.27	32.00	20.79	–	1.71
Bandhan ELSS Tax Saver Fund - Regular Plan	★★★★	6,432.29	4.01	17.83	35.86	20.39	20.62	1.75
DSP ELSS Tax Saver Fund	★★★★	14,859.56	5.75	23.47	42.70	19.96	20.28	1.66
Union ELSS Tax Saver Fund	★★★★	875.87	3.78	15.63	34.11	19.66	19.22	2.29
HYBRID: EQUITY SAVINGS								

24.25% THE 3-YEAR RETURN OF NIPPON INDIA LARGE CAP FUND IS THE HIGHEST IN ITS CATEGORY.

30.39% THE 3-YEAR RETURN OF ICICI PRU RETIREMENT FUND IS THE HIGHEST IN ITS CATEGORY.

35.66% THE 3-YEAR RETURN OF MOTILAL OSWAL MIDCAP FUND IS THE HIGHEST IN ITS CATEGORY.

29.58% THE 3-YEAR RETURN OF JM VALUE 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).

Equity: Large cap 5-year returns

LAGGARDS		LEADERS	
PGIM India Large Cap Fund	12.83	BHARAT 22 ETF	23.38
Groww Large Cap Fund	13.31	ICICI Prudential BHARAT 22 FOF	23.24
Axis Bluechip Fund	13.65	Quant Focused Fund	22.93
LIC MF S&P BSE Sensex Index	13.89	UTI Nifty Next 50 ETF	21.48
Tata S&P BSE Sensex Index	13.99	ABSL Nifty Next 50 ETF	21.41

Equity: Flexi cap 5-year returns

LAGGARDS		LEADERS	
ABSL Bal Bhavishya Yojna	11.64	Quant Flexi Cap Fund	32.08
ABSL Retirement 30s Plan	11.82	JM Flexicap Fund	24.91
Axis Focused Fund	12.11	Parag Parikh Flexi Cap Fund	23.87
Taurus Flexi Cap Fund	14.15	ICICI Pru Retirement Fund	22.57
Motilal Oswal Focused Fund	14.19	HDFC Retirement Savings Fund	22.16

Equity: Mid cap 3-year returns

LAGGARDS		LEADERS	
DSP Midcap Fund	17.24	Motilal Oswal Midcap Fund	35.66
PGIM India Midcap Opp Fund	18.63	Quant Mid Cap Fund	33.42
Axis Midcap Fund	20.68	Nippon India Growth Fund	29.40
LIC MF Midcap Fund	21.25	HDFC Mid-Cap Opportunities Fund	29.02
UTI Mid Cap Fund	21.38	Motilal Oswal Nifty Midcap 100 ETF	27.85

Equity: Small cap 3-year returns

LAGGARDS		LEADERS	
ABSL Nifty Smallcap 50	19.02	Quant Small Cap Fund	34.21
ABSL Small Cap Fund	19.81	Nippon India Small Cap Fund	33.84
ITI Small Cap Fund	21.97	Franklin India Smaller Companies	31.46
UTI Small Cap Fund	22.10	HSBC Small Cap Fund	30.95
Kotak Small Cap Fund	23.31	Bandhan Small Cap Fund	28.53

Hybrid: Aggressive 5-year returns

LAGGARDS		LEADERS	
ABSL Retirement Fund: 40s plan	10.53	Quant Absolute Fund	25.25
PGIM India Hybrid Equity Fund	10.91	BOI Mid & Small Cap Equity & Debt Fund	22.87
Axis Children's Gift	11.56	ICICI Prudential Equity & Debt Fund	20.84
Navi Aggressive Hybrid Fund	11.77	JM Aggressive Hybrid Fund	19.95
Axis Equity Hybrid Fund	11.94	HDFC Children's Gift Fund	17.56

ANNUALISED RETURNS IN % AS ON 22 MAY 2024.

ETW FUNDS 100

	Value Research Fund Rating	Net Assets (₹ Cr)	RETURNS (%) 3-Month	6-Month	1-Year	3-Year	5-Year	Expense Ratio
HSBC Equity Savings Fund	★★★★	274.96	6.66	12.95	22.89	12.69	11.13	1.51
Kotak Equity Savings Fund - Regular Plan	★★★★★	5,132.18	3.01	10.89	19.45	12.05	10.94	1.86
HDFC Equity Savings Fund	★★★★	4,180.30	2.31	10.07	17.85	11.20	10.54	1.94
UTI Equity Savings Fund - Regular Plan	★★★★★	357.05	2.53	8.82	17.11	11.13	10.61	1.54
SBI Equity Savings Fund - Regular Plan	★★★★	4,751.72	2.10	7.17	18.64	10.34	10.74	1.19
ICICI Prudential Equity Savings Fund	★★★★	10,118.19	1.49	4.45	10.62	8.14	8.06	0.97
HYBRID: AGGRESSIVE (EQUITY-ORIENTED)								
ICICI Prudential Equity & Debt Fund	★★★★★	34,733.09	4.50	20.00	38.79	23.95	20.84	1.62
JM Aggressive Hybrid Fund	★★★★	262.45	8.35	27.20	56.85	23.49	19.95	2.35
Bank of India Mid & Small Cap Equity & Debt Fund	★★★★★	724.24	7.28	19.06	50.30	23.47	22.87	2.39
Quant Absolute Fund	★★★★★	2,024.53	6.50	27.82	40.52	21.00	25.25	2.03
Edelweiss Aggressive Hybrid Fund - Regular Plan	★★★★	1,564.25	4.53	17.36	33.36	18.82	17.17	2.03
HDFC Children's Gift Fund	★★★★★	8,864.86	5.48	15.71	28.24	18.22	17.56	1.77
UTI Aggressive Hybrid Fund - Regular Plan	★★★★	5,487.53	4.69	16.14	31.70	17.72	16.31	1.94
Mahindra Manulife Aggressive Hybrid Fund - Regular Plan	★★★★	1,138.39	5.47	18.07	32.63	17.60	–	2.12
HDFC Retirement Savings Fund - Hybrid Equity Plan	★★★★	1,394.48	3.34	14.08	27.13	16.34	16.13	2.11
Kotak Equity Hybrid Fund - Regular Plan	★★★★	5,411.89	6.77	16.70	29.08	16.07	17.19	1.82
Baroda BNP Paribas Aggressive Hybrid Fund - Regular Plan	★★★★	1,022.15	5.09	17.86	31.70	14.97	16.76	2.17
HYBRID: CONSERVATIVE (DEBT-ORIENTED)								
SBI Magnum Children's Benefit Fund - Savings Plan	★★★★★	109.84	2.25	7.92	17.54	12.23	11.59	1.21
Kotak Debt Hybrid Fund - Regular Plan	★★★★★	2,414.67	2.14	9.47	16.16	10.35	11.49	1.71
HDFC Hybrid Debt Fund	★★★★	3,140.27	2.49	9.09	15.79	10.77	10.61	1.78
ICICI Prudential Regular Savings Fund	★★★★	3,402.04	2.91	7.64	14.44	9.38	9.66	1.71
SBI Conservative Hybrid Fund	★★★★★	9,789.02	3.21	7.63	13.95	10.44	10.86	1.11
Canara Robeco Conservative Hybrid Fund - Regular Plan	★★★★	983.88	1.89	6.03	10.85	7.20	9.18	1.83
HYBRID: DYNAMIC ASSET ALLOCATION								
HDFC Balanced Advantage Fund	★★★★★	83,548.61	5.53	20.80	41.67	24.00	19.10	1.38
Edelweiss Balanced Advantage Fund - Regular Plan	★★★★	11,135.73	3.99	15.75	25.45	13.34	14.77	1.68
ICICI Prudential Balanced Advantage Fund	★★★★	56,709.02	2.83	11.21	20.91	12.82	12.87	1.48
Tata Balanced Advantage Fund - Regular Plan	★★★★	9,107.02	2.76	12.66	21.41	12.70	12.97	1.69
DEBT: FLOATER								
SBI Floating Rate Debt Fund - Regular Plan	★★★★	1,153.49	2.21	4.00	8.08	5.87	–	0.46
Franklin India Floating Rate Fund	★★★★	271.22	2.15	3.88	7.69	5.55	5.74	0.96
Aditya Birla Sun Life Floating Rate Fund - Regular Plan	★★★★★	12,768.68	2.05	3.91	7.47	5.89	6.56	0.46
DEBT: BANKING AND PSU								
ICICI Prudential Banking & PSU Debt Fund	★★★★★	9,056.41	1.93	3.86	7.23	5.85	6.95	0.74
ITI Banking and PSU Fund - Regular Plan	★★★★★	30.05	1.58	3.95	6.85	5.35	–	0.70
HDFC Banking and PSU Debt Fund - Regular Plan	★★★★	6,205.47	1.76	3.86	6.73	5.21	6.77	0.79
Aditya Birla Sun Life Banking & PSU Debt Fund	★★★★	10,059.46	1.75	3.82	6.67	5.32	6.89	0.72
Kotak Banking and PSU Debt Fund - Regular Plan	★★★★	5951.91	1.78	3.82	6.61	5.46	6.96	0.76
Bandhan Banking & PSU Debt Fund - Regular Plan	★★★★	1,4207.57	1.79	3.70	6.30	5.12	6.90	0.63
DEBT: SHORT TERM								
ICICI Prudential Short Term Fund	★★★★	18,091.83	1.91	3.87	7.20	5.84	7.13	1.07
HDFC Short Term Debt Fund	★★★★	12,947.96	1.91	4.10	7.11	5.50	6.99	0.69
UTI Short Duration Fund - Regular Plan	★★★★★	2,680.40	1.71	4.02	6.88	7.00	5.18	0.84
Aditya Birla Sun Life Short Term Fund - Regular Plan	★★★★	7,274.29	1.75	3.91	6.69	5.53	6.87	1.07
Axis Short Term Fund	★★★★	7,944.42	1.81	3.98	6.54	5.27	6.66	0.90
Sundaram Short Duration Fund	★★★★★	187.10	1.75	3.82	6.44	7.44	5.19	0.85
DEBT: CORPORATE BOND								
ICICI Prudential Corporate Bond Fund	★★★★★	27,350.22	1.99	3.93	7.46	5.95	7.17	0.55
Aditya Birla Sun Life Corporate Bond Fund	★★★★	21,330.37	1.89	4.17	7.38	5.72	7.27	0.51
HDFC Corporate Bond Fund	★★★★	28,968.10	1.98	4.11	7.22	5.50	7.14	0.60
Kotak Corporate Bond Fund - Standard Plan	★★★★	12,144.90	1.91	4.04	6.92	5.44	6.58	0.67
Nippon India Corporate Bond Fund	★★★★★	2,892.76	1.84	4.09	6.92	5.88	6.64	0.70
Axis Corporate Debt Fund - Regular Plan	★★★★	5,336.26	1.80	3.92	6.63	5.27	6.19	0.95

All equity funds ranked on 3-year returns. Debt funds ranked on 1-year returns.

12.69% THE 3-YEAR RETURN OF HSBC EQUITY SAVINGS FUND IS THE HIGHEST IN ITS CATEGORY.

17.54% THE 1-YEAR RETURN OF SBI MAGNUM CHILDREN'S BENEFIT FUND IS THE HIGHEST IN ITS CATEGORY.

7.23% THE 1-YEAR RETURN OF ICICI PRU BANKING & PSU DEBT FUND IS THE HIGHEST IN ITS CATEGORY.

Expense as on 30 April 2024
Returns as on 22 May 2024
Assets as on 30 April 2024
Rating as on 30 April 2024

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 of a fund vis-à-vis other funds in its category is determined by subtracting a fund's risk score from its return score. The resulting number is assigned stars according to the following distribution:

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

Debt funds with less than 18-months performance history and equity and hybrid funds with less than three-years performance track record are not rated. This ensures that all the funds have existed long enough to be tracked for consistency of performance. Given the focus on long-term investing, we have considered only the 'growth' plan of funds as it reinvests interim gains unlike 'IDCW' plan which offers periodic payouts to investors, thereby reducing NAV. The fund categories are:

Categories

Equity: Large-cap: Funds investing at least 80% in large cap stocks.

Equity: Large & MidCap: Funds investing at least 35% each in large and mid caps.

Equity: Flexi Cap: Funds investing at least 65% in equity with no particular cap on large, mid or small.

Equity: Mid Cap: Funds investing at least 65% in mid caps.

Equity: Small Cap: Funds investing at least 65% in small caps.

Equity: Value Oriented: Funds following value/contrarian investment strategy and grouped under 'Value' or 'Contra' categories as per SEBI.

ELSS: Equity: with a lock-in of three years and tax benefit under Section 80C.

Hybrid: Aggressive: Funds investing 65-80% in equity, and the rest in debt.

Hybrid: Conservative: Funds investing 10-25% in equity, and the rest in debt.

Hybrid: Equity Savings: Funds investing at least 65% in equity and equity related instruments, and at least 10% in debt.

Hybrid: Dynamic Asset Allocation: Funds which dynamically manage the asset allocation between equity and debt.

Debt: Short Duration: Funds with Macaulay duration between 1 and 3 years at the portfolio level.

Debt: Corporate Bond: Funds investing at least 72% in AA+ and above-rated corporate bonds.

Debt: Banking and PSU: Funds investing at least 72% in the debt instruments of banks, PSUs, public financial institutions and municipal bonds.

Debt: Floater: Funds investing at least 58.5% in floating-rate instruments.

FUND RAISER

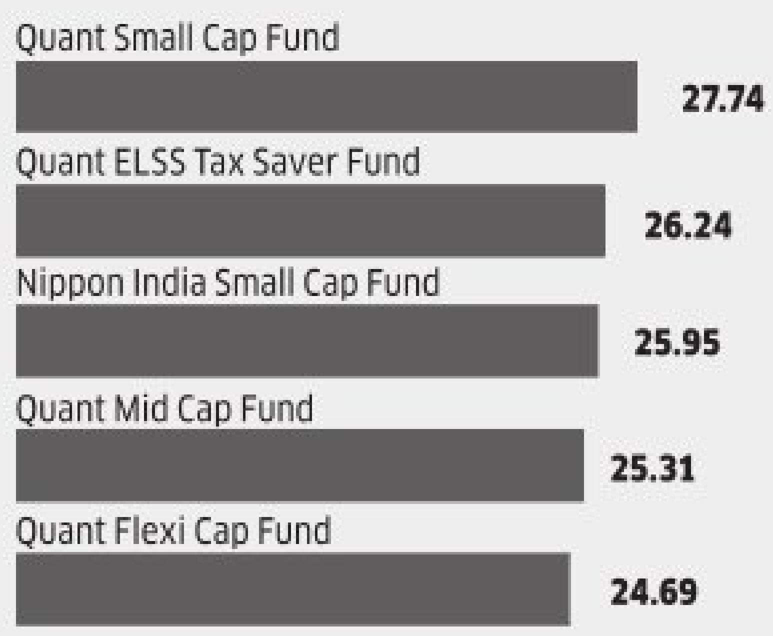
₹11.3 lakh crore

was the aggregate value of SIP investments in mutual funds in April 2024, up from ₹7.2 lakh crore in April 2023, a growth of 57% in a year.

SOURCE: AMFI

1 Top 5 SIPs

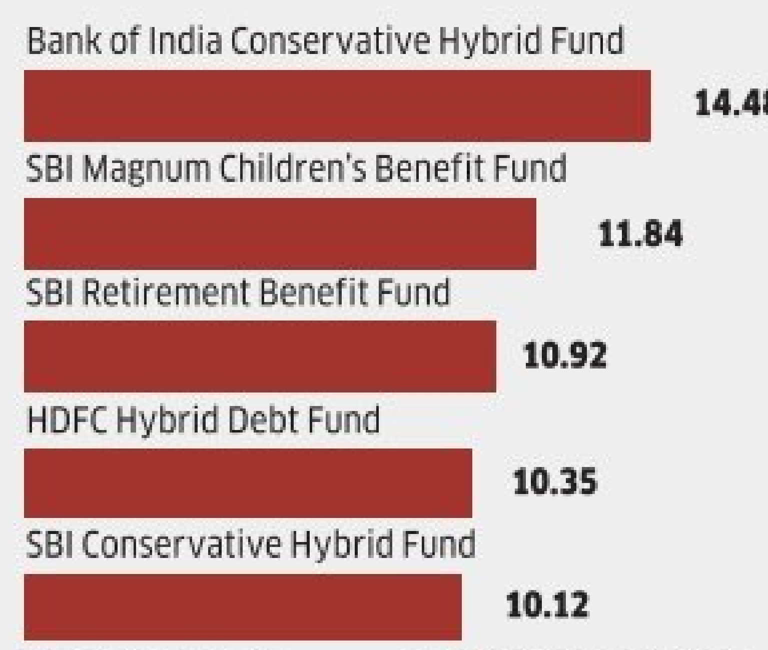
Top 5 equity schemes based on 10-year SIP returns



SIP: SYSTEMATIC INVESTMENT PLAN
% ANNUALISED RETURNS AS ON 22 MAY 2024

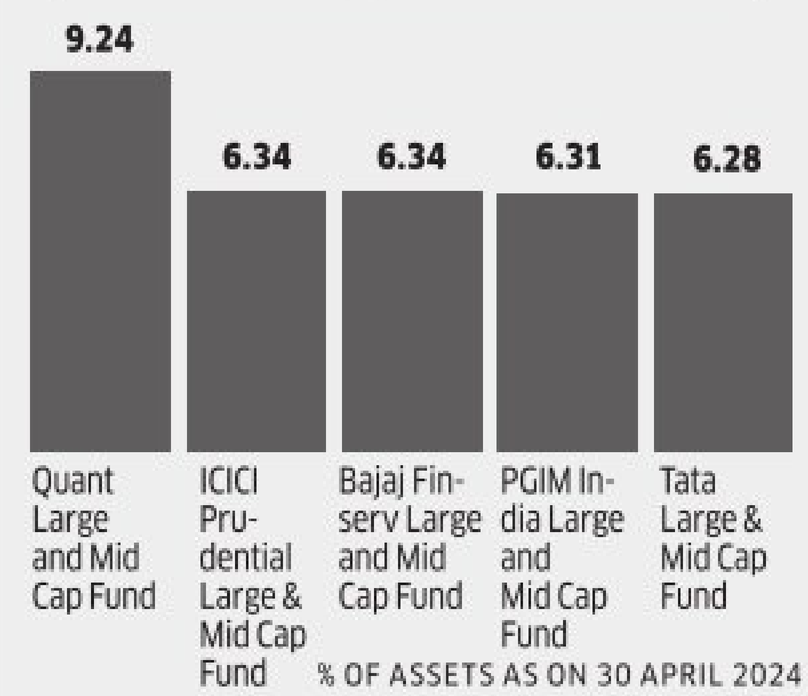
2 Top 5 MIPs

Top 5 Conservative Hybrid Schemes based on 3 year SWP Returns



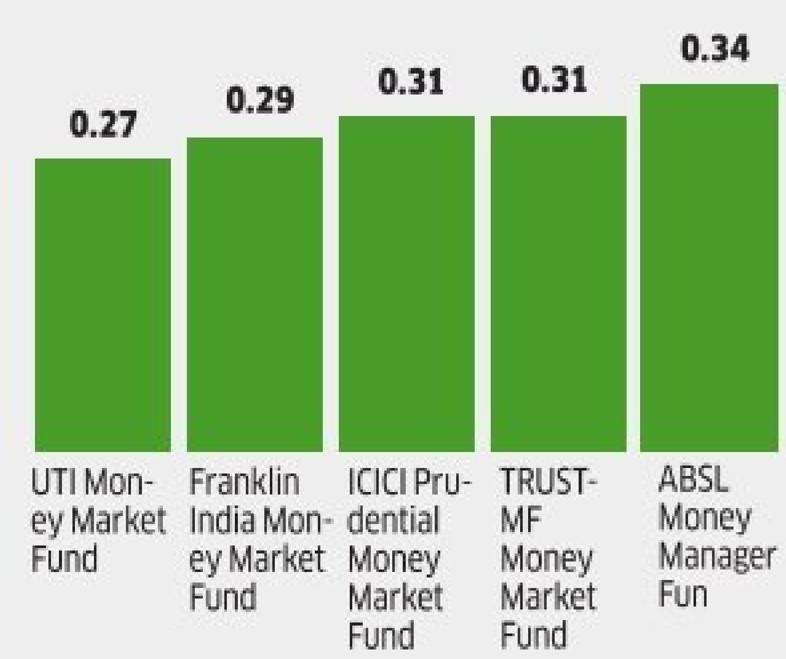
SWP: SYSTEMATIC WITHDRAWAL PLAN
% ANNUALISED RETURNS AS ON 22 MAY 2024

3 Large & MidCap: Cash holdings



% OF ASSETS AS ON 30 APRIL 2024

4 Debt: Money Market



% AS ON 30 APRIL 2024

% EXPENSE RATIO IS CHARGED ANNUALLY.
METHODOLOGY OF TOP 100 FUNDS ON WWW.WEALTH.ECONOMICTIMES.COM

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		
Bandhan Bank	7.85	**10,808**
IndusInd Bank	7.75	**10,798**
RBL Bank	7.50	**10,771**
YES Bank	7.25	**10,745**
Kotak Mahindra Bank	7.10	**10,729**
TENURE: 2 YEARS		
RBL Bank	8.00	**11,717**
IDFC First Bank	7.75	**11,659**
IndusInd Bank	7.75	**11,659**
DCB Bank	7.50	**11,602**
YES Bank	7.25	**11,545**
TENURE: 3 YEARS		
DCB Bank	7.55	**12,516**
RBL Bank	7.50	**12,497**
Bank of Baroda	7.25	**12,405**
IDFC First Bank	7.25	**12,405**
IndusInd Bank	7.25	**12,405**
TENURE: 5 YEARS		
DCB Bank	7.40	**14,428**
Dhanlaxmi Bank	7.25	**14,323**
IndusInd Bank	7.25	**14,323**
YES Bank	7.25	**14,323**
RBL Bank	7.10	**14,217**

Top five **senior citizen bank FDs**

	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
TENURE: 1 YEAR		
Bandhan Bank	8.35	**10,862**
IndusInd Bank	8.25	**10,851**
RBL Bank	8.00	**10,824**
YES Bank	7.75	**10,798**
Kotak Mahindra Bank	7.60	**10,782**
TENURE: 2 YEARS		
RBL Bank	8.50	**11,832**
IDFC First Bank	8.25	**11,774**
IndusInd Bank	8.25	**11,774**
DCB Bank	8.00	**11,717**
ICICI Bank	7.75	**11,659**
TENURE: 3 YEARS		
DCB Bank	8.05	**12,701**
RBL Bank	8.00	**12,682**
YES Bank	8.00	**12,682**
IDFC First Bank	7.75	**12,589**
IndusInd Bank	7.75	**12,589**
TENURE: 5 YEARS		
YES Bank	8.00	**14,859**
DCB Bank	7.90	**14,787**
Axis Bank	7.75	**14,678**
Dhanlaxmi Bank	7.75	**14,678**
IndusInd Bank	7.75	**14,678**

Top five **tax-saving bank FDs**

TENURE: 5 YEARS AND ABOVE	Interest rate (%)	What ₹10,000 will grow to
DCB Bank	7.40	**14,428**
Dhanlaxmi Bank	7.25	**14,323**
IndusInd Bank	7.25	**14,323**
YES Bank	7.25	**14,323**
City Union Bank	7.10	**14,217**

ALL DATA SOURCED FROM ECONOMIC TIMES INTELLIGENCE GROUP (ETIGDB@TIMESGROUP.COM)

HOME LOAN RATES

With effect from October 2019, all banks have made the transition to external benchmarks for pricing new home loans. Most banks have picked the RBI repo rate as the external benchmark.

REPO RATE: 6.50%

BANK		FOR SALARIED		FOR SELF-EMPLOYED (%)		
	RLLR (%)	FROM (%)	TO (%)	FROM (%)	TO (%)	WEF
City Union Bank	9.60	8.25	9.50	8.25	9.50	2 Apr 2024
IndusInd Bank	--	8.35	9.45	8.35	9.45	Not Given
UCO Bank	9.30	8.35	10.00	8.35	10.00	15 Mar 2023
Union Bank of India	9.25	8.35	10.75	8.35	10.75	11 Apr 2024
Indian Bank	9.20	8.40	9.80	8.85	10.35	3 Apr 2024
Punjab National Bank	9.25	8.40	10.10	8.90	10.60	9 Feb 2023
Indian Overseas Bank	9.35	8.40	10.50	8.50	10.60	13 Oct 2023
Bank of Baroda	9.15	8.40	10.60	8.40	10.60	Not Given
Bank of India	9.35	8.40	10.70	8.40	10.85	1 May 2024
IDBI Bank	9.10	8.45	10.75	8.55	12.25	12 Feb 2023
Canara Bank	9.25	8.50	11.20	8.55	11.25	12 Apr 2024
Punjab & Sind Bank	8.45	8.55	10.00	8.55	10.00	16 Feb 2024
Karnataka Bank	--	8.60	10.62	8.60	10.62	1 Apr 2024
Bank of Maharashtra	9.30	8.60	10.80	8.60	10.80	9 Feb 2024
Kotak Mahindra Bank	--	8.70	9.35	8.75	9.60	Not Given
South Indian Bank	9.85	8.70	11.20	8.75	11.70	Not Given
HDFC Bank	--	8.75	9.95	8.75	9.95	Not Given
Federal Bank	--	8.80	10.25	10.20	10.30	16 Feb 2024
Karur Vysya Bank	10.00	9.00	11.05	9.00	11.05	12 Feb 2024
J & K Bank	9.10	9.10	9.45	9.10	9.45	10 Apr 2024
SBI Term Loan	9.15	9.15	9.65	9.15	9.65	1 Feb 2024
Bandhan Bank	--	9.16	13.33	9.16	13.33	Not Given
ICICI Bank	--	9.25	9.90	9.40	10.05	Not Given

Your EMI for a **loan of ₹1 lakh**

TENURE	5 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS
@ 7%	1,980	1,161	899	775	707
@ 8%	2,028	1,213	956	836	772
@ 9%	2,076	1,267	1,014	900	839
@ 10%	2,125	1,322	1,075	965	909

FIGURES ARE IN ₹. USE THIS CALCULATOR TO CHECK YOUR LOAN AFFORDABILITY.
FOR EXAMPLE, A ₹5 LAKH LOAN AT 10% FOR 15 YEARS WILL TRANSLATE INTO AN EMI OF ₹1,075 X 5 = ₹5,375

Post office **deposits**

	Interest (%)	Minimum investment (₹)	Maximum investment (₹)	Features	Tax benefits
Sukanya Samriddhi Yojana	8.25	250	₹1.5 lakh p.a.	One account per girl child	80C
Senior Citizens' Savings Scheme	8.20	1,000	₹30 lakh	5-year tenure, minimum age 60 yrs	80C
Public Provident Fund	7.10	500	₹1.5 lakh p.a.	15-year tenure, tax-free returns	80C
Kisan Vikas Patra	7.50	1,000	No limit	Can be encashed after 2.5 years	Nil
5-year NSC VIII Issue	7.70	1,000	No limit	No TDS	80C
Time deposit	6.9-7.50	1,000	No limit	Available in 1, 2, 3, 5 year tenures	80C#
Post Office Monthly Income Scheme	7.40	1,000	Single ₹9 lakh	5-year tenure, monthly returns	Nil
			Joint ₹15 lakh	5-year tenure, monthly returns	Nil
Recurring deposits	6.70	100	No limit	5-year tenure	Nil
Savings account	4.00	500	No limit	₹10,000 interest tax-free	Nil

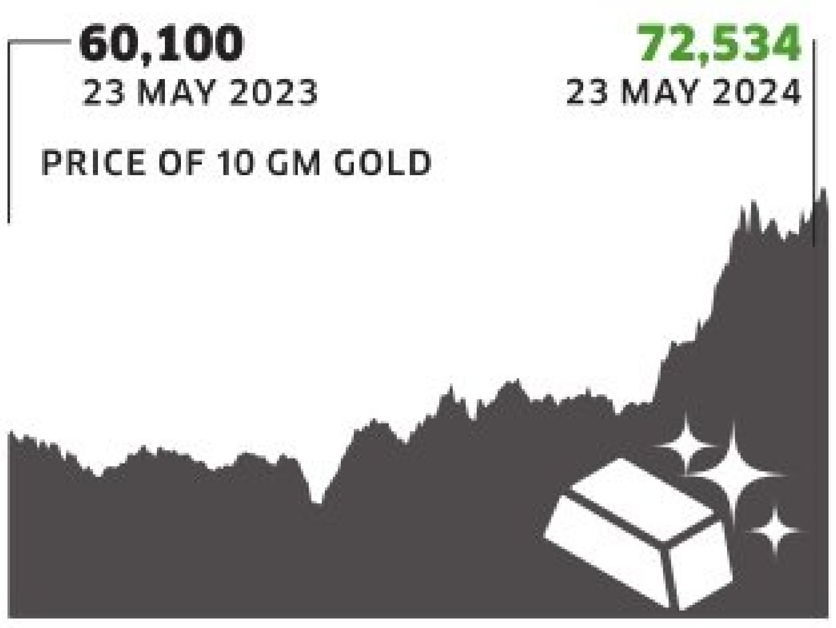
~~Data as on 9 May 2024~~

#Benefit available only for 5-year deposit

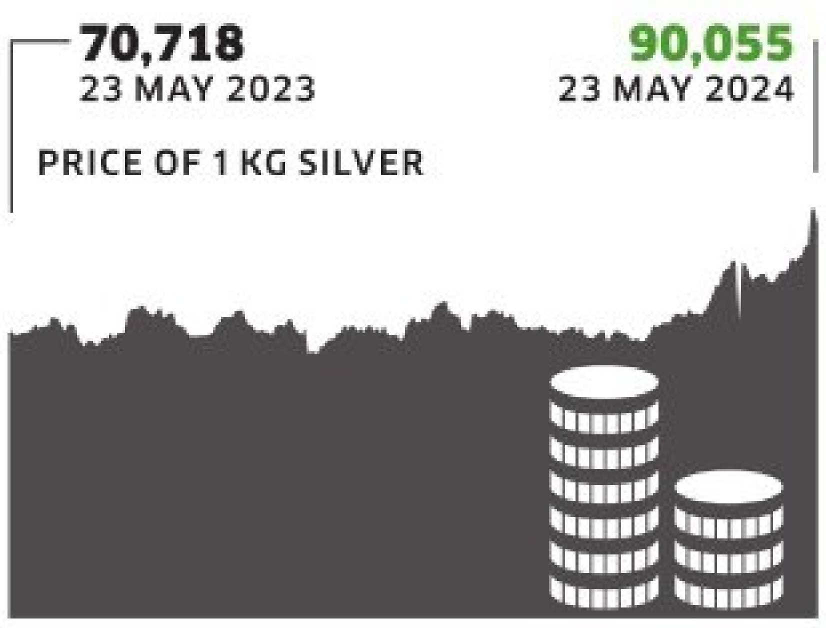
ALTERNATIVE INVESTMENT RETURNS MONITOR

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.

Gold (995) (₹)

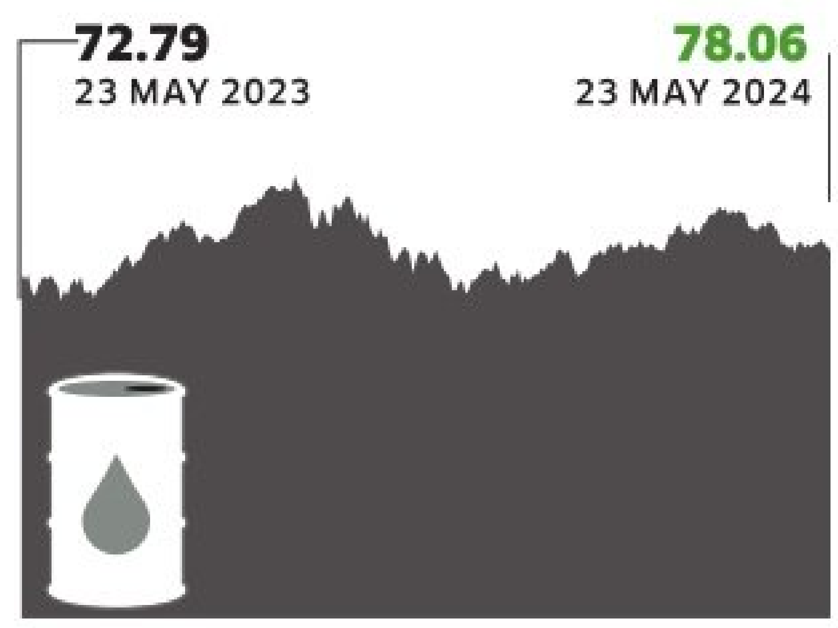


Silver (₹)



Platinum ($/troy ounce)

WTI Crude ($/barrel)

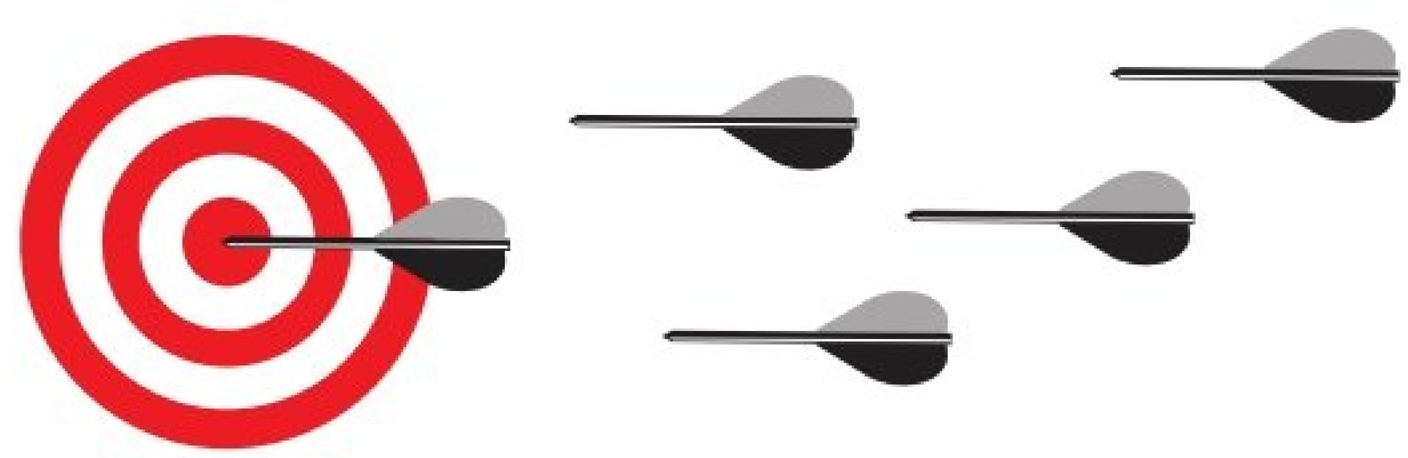


CHANGE

	Gold (995) (₹)	Silver (₹)	Platinum ($/troy ounce)	WTI Crude ($/barrel)
1 WEEK	-0.83%	4.44%	-2.41%	-1.16%
1 YEAR	20.69%	27.34%	-2.31%	7.24%

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-MTH (%) CHANGE	1-MONTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKT CAP (₹ CR)
Franklin Industries	7.15	27.22	**143.2**	4.5	3.7	103.39
Leading Leasing Finance	3.97	8.77	**80.45**	7.55	129.81	42.36
Radaan Mediaworks	2.54	22.12	**63.87**	0.4	102.05	13.75
Rollatainers	4.11	5.66	**58.69**	9.26	70.77	102.79
Baroda Extrusion	5.69	12.23	**51.33**	2.73	90.01	84.78
Johnson Pharmacare	1.16	10.48	**46.84**	20.95	41.24	63.8
Alps Industries	3.81	-2.81	**44.87**	1.3	239.63	14.9
Millennium Online Sol.	3.43	-2	**44.12**	0.86	23.35	17.15
CNI Research	6.89	10.06	**40.61**	2.16	22.71	79.1
Ashirwad Capital	7.52	23.68	**39.52**	0.97	22.27	45.12

Top price losers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MONTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKT CAP (₹ CR)
Brightcom Group	9.04	-22.47	**-39.85**	19.29	-65.14	1801.58
Unistar Multimedia.	6.69	-5.37	**-30.17**	1.28	-25.29	16.73
Atal Realtech	8.38	-1.06	**-26.43**	1.8	74.93	62.01
Sylph Technologies	2.29	-5.37	**-25.41**	16.74	34.85	53.38
White Organic Agro	7.6	0.8	**-23.54**	1.53	67.31	26.6
Rangoli Tradecomm	5.21	-7.3	**-22.59**	1.23	-6.44	12.88
Jackson Investments	0.72	10.77	**-21.74**	3.68	-48.24	20.93
Gautam Gems	8.96	2.75	**-19.86**	2.85	300.2	36.6
Standard Capital Markets	1.58	1.94	**-18.56**	45.19	7.93	232.26
Arshiya	5.93	3.31	**-17.64**	2.2	28.27	156.26

Top volume gainers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MTH AVG VOL (LAKH)	1-MONTH AVG VOL CHANGE (%)	MKT CAP (₹ CR)
Sawaca Business Machines	1.57	1.29	18.94	103.65	**1,436.46**	89.8
Creative Eye	6.15	1.15	36.06	0.18	**572.7**	12.34
Scanpoint Geomatics	5.94	-16.1	-3.73	12.19	**504**	99.85
Polo Hotels	8.03	-4.18	-27.66	0.26	**479.75**	17.96
Viji Finance	3.12	-4.29	13.04	0.99	**405.14**	44.46
Country Condo's	6.2	-5.92	2.99	1.21	**384.75**	48.11
Orchasp	3.91	-7.35	2.89	6.75	**383.69**	44.16
Gautam Gems	8.96	2.75	-19.86	2.85	**300.2**	36.6
Panafic Industrials	1.24	-2.36	5.08	2.03	**290.84**	10.18
TV Vision	6.6	19.78	29.41	0.12	**289.3**	24.25

Top volume losers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MTH AVG VOL (LAKH)	1-MONTH AVG VOL CHANGE (%)	MKT CAP (₹ CR)
Vivanza Biosciences	6.98	-7.3	-15.6	1.72	**-86.8**	27.92
Empower India	2.21	-8.3	-9.05	22.4	**-85.96**	257.2
Kenvi Jewels	5.82	0.34	-3.48	1.99	**-83.59**	73.56
Dipna Pharmachem	8.56	-5.31	-9.03	2.2	**-81.85**	21.35
East West holdings	5.75	-2.54	-8.59	1.05	**-76.05**	62.99
Teamo Prodyction HQ	1.14	-3.39	-11.63	6.63	**-73.76**	98.18
Gala Global Products	3.65	0.27	-4.7	1.51	**-72.22**	19.92
Gemstone Investments	1.57	-8.72	-6.55	1.95	**-72.19**	11.73
Akshar Spintex	2.66	4.31	11.3	2	**-72.17**	79.8
Sundaram Multi Paper	2.94	-2.97	-7.55	5.59	**-69.09**	139.33

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 23 MAY 2024. **SOURCE:** ETIG DATABASE AND BLOOMBERG.

Q&A

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

I am 42 years old earning ₹2.20 lakh per month, with monthly expenses of ₹1.2 lakh. My monthly investments: ₹9,000 in NPS, ₹5,000 in VPF, ₹22,000 in EPF, and ₹65,000 in equity MFs. My savings: NPS: ₹11 lakh in tier 1; PPF: ₹18 lakh; EPF: ₹19 lakh; MFs: ₹36 lakh (including ₹3 lakh in a debt fund for emergencies); FD: ₹3 lakh; Equity stocks: ₹5 lakh; Corporate FD and SGB: ₹12 lakhs. I also have a pending home loan of ₹8 lakh, which will be paid off in 2 years. I aim to build a retirement corpus of around ₹8 crore by 60.

You're on track for your retirement corpus. Consider raising your emergency fund to ₹7.2 lakh (6 times your monthly expenses). Opt for high-yield bank FDs from small finance banks for better income certainty, liquidity, and capital protection compared to debt funds. Your existing investments amount to ₹1.04 crore, of which ₹38 lakh is in equity instruments, ₹11 lakh is in NPS and ₹55 lakh in fixed-income products. Consider shifting your fixed-income-heavy investments to an active asset allocation option in NPS with 75% equity exposure. Allocate the rest to corporate and/or government bonds based on your risk appetite. With a projected 12% annualized return on equities and 5% post-tax return on fixed income, your investments could potentially grow to ₹5 crore in 18 years. Consider halting fresh contributions to VPF and capping NPS contributions at ₹50,000 annually (the maximum deduction under Section 80CCD(1B)), with 75% equity exposure. Maintain PPF with a nominal annual investment of ₹500 to keep it active. Invest surplus funds in a 70:30 equity-debt ratio. Note that equity funds offer better upside potential, liquidity, and flexibility compared to NPS and VPF. Sell non-core stocks and reinvest in equity mutual funds, except for high-conviction picks. Based on projected returns from equity and fixed-income, your additional monthly investments could potentially grow to ₹6.36 crore in 18 years. This would result in a total corpus of ₹11.36 crore by your retirement age. Distribute your existing and fresh equity fund exposure equally between large cap, flexicap and multi-asset funds. Secure your family's future with term insurance covering 20 times your annual expenses. Also, invest in health insurance with a minimum coverage of ₹1 crore, with a base cover of ₹5 lakh and a super top-up of ₹95 lakh.

Naveen Kukreja
CO-FOUNDER AND CEO, *PAISABAZAAR.COM*

Can ESPP in company stock listed overseas, awarded in the past, be declared in the IT return under foreign assets? Are there any exceptions or ESPP amounts for which there are exceptions? The ESPP was declared in Form 16 issued by the organisation under perquisite tax in the same year.

Employee Stock Purchase Plans (ESPPs) involving company stock listed overseas and awarded in the past must be declared in the income-tax return (ITR) under the schedule of Foreign Assets & Liabilities (FA). Reporting in Schedule FA is mandatory for taxpayers who are residents of India and hold any assets outside India. Residents must declare any financial interest in foreign assets, including stocks, under Schedule FA of the ITR form. Shares allotted by companies listed overseas need to be reported under Schedule FA, specifically in Table 3 (Details of Foreign Equity and Debt Interest held in any entity, including any beneficial interest). This requirement applies whether the stock is part of an ESPP or not. Even if ESPP benefits have already been taxed as perquisites and declared in Form 16, individuals must still comply with the reporting requirement while filing their ITR. There are no specific exceptions for ESPP amounts. The entire value of the ESPP shares must be reported, including the initial purchase price, peak value of the investment, and any subsequent appreciation or dividend income derived from those shares. Additionally, non-reporting of such ESPPs could lead to penalties under the provisions of the Black Money Act, 2015.

Amit Maheshwari
Tax Partner, AKM Global

I have invested my money in a Nifty 50 index fund. Suppose, when I redeem my units after more than 15 years, all the shares in the Nifty 50 index have been replaced by a new set of 50 shares. Will my return depend on the performance of the new set of Nifty 50 index shares at the time of redemption, or on the performance of the shares in the index at the time of my initial investment?

The composition of any index can change over time as companies are added or removed based on their market performance and other criteria. The return on your Nifty 50 index fund after 15 years will depend on the performance of the shares that make up the Nifty 50 index at the time of your redemption, not on the shares that were in the index when you initially invested. Thus, your investment's value will reflect the performance and valuation of the new set of companies in the index at the time you choose to redeem your units.

Adhil Shetty
CEO, BankBazaar

I have an elder sister who is 66 years old and still working in a private school. Last year, we sold our ancestral property, and she received a share of ₹18 lakh. She doesn't need this money for the next 3-5 years. I would appreciate your advice on where she can invest her money.

The investor's risk appetite and current asset allocation are not specified. Given the limited information, current market conditions, and investment horizon, a portfolio comprising two hybrid fund categories -- multi asset and balanced advantage (with one scheme from each) -- can be considered. These hybrid fund categories offer a mix of two or more asset classes primarily limited to equity, debt, and gold. The portfolio of such schemes moves across asset classes based on the market situation, pre-defined parameters and market outlook to reduce risk and enhance returns. The equity allocation predominantly favours large-cap stocks. Over a five-year period, the two categories have delivered two-year rolling returns ranging between 11% and 14%. The returns serve only as an indication of historical performance; future returns will depend on the specific schemes selected. Majority of the schemes fall under moderate-to high-risk group with either equity taxation or debt with indexation. However, if your sister's risk appetite is lower, then debt funds—active and passive (target maturity funds)—can be a good space to be in given the current interest rate scenario and possibility of rate cuts towards the end of this fiscal and next financial year. The returns from debt funds at the time of redemption will be taxable at income tax slab rates.

Prableen Bajpai
Founder, FinFix Research and Analytics

I was reviewing my old records and discovered 1,300 shares of Jindal Vijaynagar Steel Ltd, which is now 540 shares of JSW Steel due to a merger. These shares were originally purchased by a company managed by my late father. Since the company no longer exists, how can I transfer these shares to my mother's or my name? Please advise on the process.

Since you are holding shares of Jindal Vijaynagar Steel Ltd, which have now been converted into JSW Steel Ltd after the merger, a duplicate issue of shares will be required. Additionally, these shares may have been transferred to the IEPF Authority of the Government of India. However, in this case, the shareholder was a company, which is a separate legal entity. Thus, the process of issuing duplicate shares can only be carried out by the company. Since the company no longer exists, the only option is to revive the company. Reviving the company is a procedural task that involves substantial expenses. Therefore, you need to evaluate whether the revival of the company would be a feasible option for you, considering the value of the shares of JSW Steel Ltd.

Vikas Jain
Co-Founder, Share Samadhan

Ask our experts
Have a question for the experts?
etwealth@timesgroup.com

KIMS: Healthy prospects ahead

Capacity expansion, cluster-based approach, attractive valuations and industry tailwinds to drive growth.

The healthcare company missed estimates in the March 2024 quarter due to weakness in the Telangana cluster and some one-off expenses. The net profit of ₹65.5 crore was 24.4% lower than the consensus estimates of analysts compiled by Reuters-Refinitiv. The delay in the hiring of senior doctors and renovation costs in the Secunderabad unit impacted profitability during the quarter. Also, the decline in occupancy across units on a sequential basis impacted the performance during the quarter.

Despite a weak March quarter, analysts expect a performance revival driven by new doctor hires and additional specialties in Telangana units. Krishna Institute of Medical Sciences' cluster-based approach, doctor-equity participation, and affordable pricing model support industry-leading margins and returns.

The company operates a network of 12 hospitals across Telangana, Andhra Pradesh and Maharashtra with a total bed capacity of 3,975 beds. It offers healthcare services in more than 40 specialties and super specialties. It is expected to benefit from industry tailwinds like increasing health awareness, rise in non-communicable diseases, growing medical tourism, deeper penetration of health insurance and demand-supply mismatch in hospitals.

Private sector hospitals dominate India's healthcare services, and future capacity/bed expansion is expected to be led by them. An April 2024 report from AnandRathi predicts private hospitals' share in the healthcare delivery market (by value) will increase from the current 66% to 73% in the future.

KIMS is aggressively expanding its bed capacity and aims to increase the number of beds by 58% to 5,800 by 2026-27. It has planned a capex of ₹400-600 crore in 2024-25. Though the company is likely to face challenges in 2024-25 due to expansion into new areas, analysts expect a sharp jump in the margins in 2025-26 as all three greenfield units (Nashik, Thane, Bengaluru) will start contributing. The management aims to maintain debt-to-equity ratio at 0.5 times.

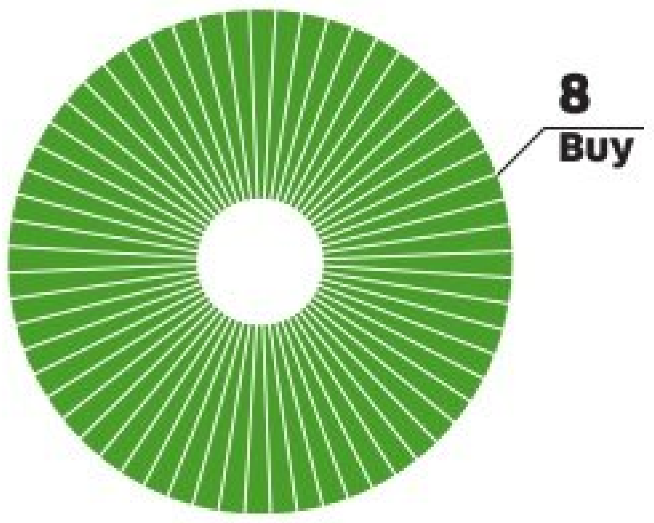
The company has displayed a track record of attracting and retaining talent and it is continuously focusing on investing in human capital and training medical professionals. The case mix is expected to improve as KIMS is adding cancer, M&C (Mother and Child) and rehab centers in most of its hospitals. Furthermore, insurance contracts are set for renegotiation in the near future and the expected price hike (of more than 10%) will boost ARPOB (average revenue per occupied bed).

A JM Financial report is bullish on the stock due to expansion-led growth, stable margins, and valuation comfort. It trades at a 12-month forward EV/EBITDA of 21.4 times, a 12.4% discount to the industry median, according to Reuters-Refinitiv data. The stock has significantly corrected since its February 2024 peak.

Selection methodology: We pick the stock that has shown the maximum increase in 'consensus analyst rating' during the past month. The consensus rating is arrived at by averaging all analyst recommendations after attributing weights to each of them (1 for strong buy, 2 for buy, 3 for hold, 4 for sell, 5 for strong sell). An improvement in consensus analyst rating indicates that the analysts are getting bullish on the stock. Only stocks with more than five analysts covering them are considered. You can see similar consensus analyst rating changes during the past week in ETW 50 table.

—Sameer Bhardwaj

Analysts' views



KIMS operates a network of 12 hospitals across Telangana, Andhra Pradesh and Maharashtra with a total bed capacity of 3,975 beds.

Fundamentals

	ACTUAL		CONSENSUS ESTIMATE	
	2022-23	2023-24	2024-25	2025-26
Revenue (₹ cr)	2,197.68	2,498.14	2,908.54	3,572.22
EBIDTA (₹ cr)	589.18	640.43	758.18	910.72
Net profit/loss (₹ cr)	321.49	310.15	354.03	437.00
EPS (₹)	4.02	3.88	4.33	5.35

Valuations

	PBV	PE	DIVIDEND YIELD (%)
KIMS	8.97	48.30	0.00
Apollo Hospitals	13.85	108.61	0.25
Max Healthcare	10.52	73.69	0.12
Narayana Hrudayalaya	12.02	33.20	0.20
Fortis Healthcare	4.89	64.09	0.21

Brokerage calls

RECO DATE	RESEARCH HOUSE	ADVICE	TARGET PRICE (₹)
19 May 2024	ICICI Securities	Buy	2,315
19 May 2024	Asian Markets Securities	Buy	2,032
18 May 2024	JM Financial	Buy	2,840
18 May 2024	Prabhudas Lilladher	Buy	2,100
17 May 2024	Ambit Capital	Buy	2,150

Relative performance

KIMS is compared with ET Pharma and Sensex. Stock and index values normalised to a base of 100. **Source:** ETIG and Reuters-Refinitiv

WHAT EXPERTS ADVISE

BUY

STOCK	RESEARCH HOUSE	ADVICE	STOCK PRICE (₹)	1-YEAR TARGET PRICE (₹)	POTENTIAL UPSIDE (%)	COMMENT
JK Cement	PhillipCapital	Buy	3,870	5,700	47.3	Maintain buy despite missing Q4 estimates due to its strong fundamentals. Moreover, given the performance consistency over the past five years, its valuation multiples will trade on a par with industry leaders.
Somany Ceramics	Systematix	Buy	621	883	42.2	Upgrade to buy due to likely revival in demand in the second half of 2024-25. Expectations of strong free cash flows and margin drivers like low gas prices and better plant utilisation are the key strongholds.
Jyothy Laboratories	Antique Stock Broking	Buy	439	559	27.3	Maintain buy as on-ground execution improvement, distribution expansion and margin expansion due to softening of raw material prices is expected to drive revenue and earnings over 2023-24 and 2025-26.
Tata Technologies	ICICI Securities	Buy	1,058	1,330	25.7	Initiate with buy due to support from Tata Motors for digital capability creation. Also, the company's new energy startup clientele and structural industry drivers like entry barriers, high switching costs and client stickiness will bode well for the company.
Camlin Fine Sciences	Axis Securities	Buy	97	120	23.7	Revise from hold to buy as the current valuations factor all negatives. Also, product mix optimisation, recalibrating costs at loss-making subsidiaries and focus on blends business are the key strongholds.
SJS Enterprises	SMIFS	Buy	695	841	21.0	Maintain buy as strong growth momentum from cross-selling opportunities, improving exports, introduction of new products and a trend towards premiumisation is expected to improve performance in 2024-25.

SELL

STOCK	RESEARCH HOUSE	ADVICE	STOCK PRICE* (₹)	1-YEAR TARGET PRICE (₹)	POTENTIAL DOWNSIDE (%)	COMMENT
Restaurant Brands Asia	Centrum Broking	Reduce	106	106	0.0	Incremental competition in QSR space, especially from McDonald's, will continue to impact performance. Moreover, it will take a long time for the company to match with the growth scale of the industry leader.

Perks, NPS can save ₹1 lakh tax

Sudhir Kaushik of *TaxSpanner.com* tells readers how they can optimise their tax by rejigging their incomes and investments.

Hyderabad-based software professional Surajit Ghosh earns well, but also pays a high tax because his salary structure is not very tax-friendly. TaxSpanner estimates that Ghosh can reduce his tax outgo by more than ₹1.1 lakh if his salary includes some more tax-free perks and he shifts from tax-inefficient fixed deposits to debt funds.

Ghosh already has some tax-free allowances, but should explore the possibility of getting leave travel allowance (LTA). An LTA of ₹1 lakh will reduce his tax by ₹31,200. He should also ask his company for gadget allowance. Under Section 17(2), gadgets and household appliances bought in the name of the company and given to the employee for personal use are taxed at only 10% of their value. This perk came into focus during the 'work from home' phase after the Covid-induced lockdown. If Ghosh buys items such as computers, white goods and ACs worth ₹1.2 lakh in a year (₹10,000 per month), his tax will be reduced by around ₹37,500.

Ghosh has opted for the NPS benefit from his company. If he invests ₹50,000 in the scheme on his own under Section 80CCD(1b), his tax will come down further by ₹15,600. At 33, Ghosh should adopt an aggressive allocation and put the maximum 75% of the corpus in equity funds.

Ghosh paid very high capital gains tax last year. He can reduce this by holding his investments for longer periods. More tax can be saved if he switches from fixed deposits to debt funds. While interest from deposit is taxed every year, gains from debt funds are taxed only in the year of withdrawal.

INCOME FROM EMPLOYER

INCOME HEAD	CURRENT	SUGGESTED
Basic salary	9,03,204	**9,03,204**
House rent allowance	2,89,200	**2,89,200**
Special allowance	12,65,820	▼ **10,45,820**
Gadget allowance	0	▲ **1,20,000**
Conveyance and fuel	26,400	**26,400**
Telephone and internet	24,000	**24,000**
LTA	0	▲ **1,00,000**
Food coupons	26,400	**26,400**
Performance bonus	5,00,000	**5,00,000**
Employer's contribution to Provident Fund	1,08,384	**1,08,384**
Contribution to NPS under Sec 80CCD(2)	90,312	**90,312**
TOTAL	**32,33,720**	**32,33,720**

Items purchased in the name of company are taxed at 10% of value.

This is tax-free if claimed twice in a block of four years.

+ INCOME FROM OTHER SOURCES

Interest income	60,000	**0**
Capital gains	50,000	**20,000**
Rental income	0	**0**
TOTAL	**1,10,000**	**20,000**

Defer tax by switching from fixed deposits to debt funds.

Optimise investment portfolio to reduce capital gains tax.

All figures are in ₹

▲ Denotes suggestion to increase ▼ Denotes suggestion to reduce

Tax-saving investments

INVESTMENT OPTION	CURRENT (₹)	SUGGESTED (₹)
Provident Fund	1,08,384	**1,08,384**
Life insurance	12,000	**12,000**
Tuition fee of children	55,000	**55,000**
NPS under Sec 80CCD(1b)	0	**50,000**
TOTAL ADMISSIBLE	**1,50,000**	**2,00,000**

Contribute ₹50,000 to the NPS to save more tax.

Other deductions

EXEMPTION OR DEDUCTION	CURRENT (₹)	SUGGESTED (₹)
Home loan interest	2,00,000	**2,00,000**
Medical insurance	57,000	**57,000**
Disabled dependant	45,000	**45,000**
TOTAL ADMISSIBLE	**3,02,000**	**3,02,000**

Surajit Ghosh's tax

	TAX ON SALARY	TAX ON OTHER INCOME	TAX ON CAPITAL GAINS
CURRENT	₹5,85,382	34,320	0
Total	**₹6,19,702**		
SUGGESTED	₹5,01,142	6,240	0
Total	**₹5,07,382**		

TOTAL TAX SAVED
₹1,12,320
PER YEAR

TAX RATIO
(Total tax as % of annual income)

EXISTING	SUGGESTED
18.5%	**15.2%**

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.

Ambitious targets require doubling of SIP amounts

Sanjay Dwivedi is investing for multiple goals. Here's what the doctor has advised him.

GOALS

1	2	3		4
EMERGENCY FUND IMMEDIATELY PRESENT COST: ₹**3 lakh** FUTURE COST: **N.A.**	**CHILD'S EDUCATION: 18** year PRESENT COST: ₹**50 lakh** FUTURE COST: ₹**2.77 crore**	**CHILD'S MARRIAGE: 27** years PRESENT COST: ₹**30 lakh** FUTURE COST: ₹**1.86 crore**	**WORLD TOUR WITH FAMILY: 8** years PRESENT COST: ₹**20 lakh** FUTURE COST: ₹**34.37 lakh**	**RETIREMENT INCOME: 20** years CURRENT NEED: ₹**3 crore** (₹1 lakh a month) CORPUS NEEDED: ₹**11.61 cr**

PORTFOLIO CHECK-UP

- Investing in a mix of diversified equity funds for the past 4-5 years.
- Has not been able to build large corpus due to irregular investing.
- Several underperformers in portfolio. Need to be removed.
- Targets are too ambitious and need to be reviewed.
- Retirement target of ₹1 lakh per month cut to ₹50,000.
- Monthly investments will have to be raised to ₹63,000.
- SIPs will also have to be increased by 5-10% every year.
- Not enough surplus for world tour plans. Avoid for now.

Note from the doctor

- Sectoral and thematic funds are volatile. Go for diversified schemes.
- Allocation to equity too high. Add fixed income investments as well.
- Defer retirement by 3-4 years so that you are able to build sufficient corpus.
- Allocate maximum 75% to equity funds in NPS portfolio.
- Consider taking loan for child's education.
- Review investments and rebalance at least once in a year.

Goal	INVESTMENT	AMOUNT INVESTED (₹)	EXISTING SIP (₹)	RECOMMENDED ACTION	NEW SIP (₹)
1	ICICI Pru Short Term	0	0	Start an SIP of ₹10,000 in this stable short-term debt fund to build an emergency fund.	10,000
2	SBI Magnum Midcap	2,39,000	5,000	Fund has slipped in recent months. Consider shifting SIPs and corpus to SBI Large & Midcap Fund. Hike amount by 10% every year.	5,000
2	SBI Contra	33,890	5,000	Continue SIPs in this value fund. Increase amount by 10% every year.	5,000
2	Parag Parekh Flexi Cap	39,350	5,000	Continue SIPs in this outstanding flexi-cap index fund. Hike by 10% every year.	5,000
2	DSP Midcap	1,81,000	0	Fund has consistently underperformed for past few years. Switch to ICICI Pru Value Discovery for better returns.	0
2	Sukanya Samriddhi Yojana/PPF	0	0	Open a Sukanya account in name of girl or PPF account in name of boy and start contributing ₹5,000 a month.	5,000
3	Nippon India Multi Cap	33,920	5,000	Continue SIPs in this outstanding multi-cap fund. Hike by 5% every year.	5,000
3	Franklin India Smaller Companies	2,38,000	0	Continue holding this small-cap fund but keep a close eye on performance. Small-cap returns are volatile.	0
4	BNP Paribas India Consumption	27,480	0	Thematic funds give lumpy returns. Shift to diversified scheme Baroda BNP Paribas Large Cap Fund for stable returns. Start SIPs of ₹5,000 in fund and hike by 10% every year.	5,000
4	HSBC Small Cap	2,42,000	5,000	Fund has slipped in recent months. Shift to HSBC Flexicap for stable returns. Hike SIPs by 10% every year.	5,000
4	BNP Paribas Flexi Cap	20,780	0	This new fund has done well since launch. But watch its performance.	0
4	SBI Energy Opportunities	52,720	0	Sector funds can be volatile. Switch to HDFC Retirement Savings Equity to consolidate portfolio.	0
4	Aditya Birla SL Flexi Cap	18,090	0	Fund has consistently underperformed. Switch to HDFC Retirement Savings Equity to consolidate portfolio.	0
4	Aditya Birla SL ESG	7,870	0	The small investment in these thematic funds is not adding value. Switch to HDFC Retirement Savings Equity to consolidate portfolio.	0
4	Quant PSU	5,240	0		0
4	HDFC Retirement Savings Equity	0	0	Start an SIP of ₹10,000 in this outstanding flexi-cap fund. Hike amount by 10% every year.	10,000
4	NPS	0	0	Open an NPS account and start contributing ₹4,000 per month to this low-cost scheme to build a retirement corpus. Hike amount by 10% every year.	4,000
4	Provident Fund	2,00,000	4,000	Keep contributing and do not withdraw before retirement. Hike amount by 5% every year.	4,000
	TOTAL	**₹13,39,340**	**₹29,000**	Goals can be reached using the funds and investments marked in the same colour.	**₹63,000**

PORTFOLIO DOCTOR

Not many investors know whether they have invested in the right funds and if their fund portfolio is on track. The Portfolio Doctor assesses the health of the fund portfolio, examines the schemes and their suitability with regard to the goals and, if required, recommends corrective measures. The advice given is based on the performance of the funds, the risk profile of the investor as well as his financial goals.

Assumptions used in the calculations

INFLATION

Education expenses	For all other goals
10%	7%

RETURNS

Equity funds	Debt options
12%	8%

PORTFOLIOS ANALYSED BY

RAJ KHOSLA, Managing Director and Founder, MyMoneyMantra

WRITE TO US FOR HELP

If you want your portfolio examined, write to etwealth@timesgroup.com with 'Portfolio Doctor' as the subject. Mention the following information:

- Names of the funds you hold.
- Current value of the investment.
- If you have SIPs running in any of them.
- The financial goals for which you invested.
- How much you need for each financial goal.
- How far away is each goal.

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

I am a government employee from Tamil Nadu. I have recently subscribed to *ET Wealth*. Over the past few weeks, I've enjoyed Uma Shashikant's writing. This week's column 'Spending at ease in retirement' is wonderful. Her articles provide guidance and direction that today's empowered women need. As a first-generation investor in modern financial instruments, her articles give me confidence that my strategies, which differ from those of my family members and peers, will work. Thank you for providing such insightful information on investments and new lifestyles.

Dhivya K.

Investors must remain cautious

This is with reference to the cover story 'Will polls halt the rally?' Reading the story on the stock market's current volatility has been insightful. The India VIX doubling to over 20 highlights the rising fear due to lower voter turnout concerns in the ongoing general elections. This, coupled with global factors, underscores the market's uncertain future, emphasising the need for cautious investment strategies.

C. Goyal

Uma Shashikant's insightful article serves as an excellent guide for any thoughtful retiree. It covers all the essential dos and don'ts, such as early and aggressive saving, avoiding reliance on debt instruments, investing primarily in equities to generate a corpus that beats inflation, asset monetisation, simplifying portfolios, and distributing accumulated wealth to the next generation. Above all, it emphasises the importance of focusing on health and maintaining a healthy lifestyle. However, there is no mention of health insurance, which is a must-have for any retiree.

B.P. Sarkar

Uma Shashikant's article brilliantly highlights how her cousin enjoys a well-planned, post-retirement life without relying on a regular monthly pension. This serves as a great example for anyone looking to save and enjoy the rest of their life travelling the world. While her cousin spends lavishly on travel, she minimises household expenses, redirecting the saved money toward enjoyment. She wisely diversifies her retirement benefits, investing not only in low-risk options like bank FDs but also in higher-risk, higher-return mutual funds. This is a perfect example for retirees on how to balance finances and expenses to ensure a happy and comfortable retirement.

B.L. Hedaoo

Uma Shashikant's column reflects her evolving experience with the changing risk dynamics in our investment world and the new, more liberal mindset towards Indian equities. The mindset to continue with equity investments during the retirement phase is commendable. It can be rewarding, with risks managed through passive index investing and balanced, diversified active investing in mutual fund schemes.

Gaurav Parikh

I am a regular reader of *ET Wealth* and have noticed your experts' responses to readers' queries. However, you often focus on individuals with crores of investment. For common people like me, who manage small investments, this advice is not very helpful. Wealthy individuals already have investment advisers. Please consider addressing the needs of small investors as well.

Chandra Mouli S.G.

4 PSU funds gave over 100% returns in a year

CPSE ETF was the topper with 121.18% returns, even as PSU funds offered an average return of 28.04% in 5 years.

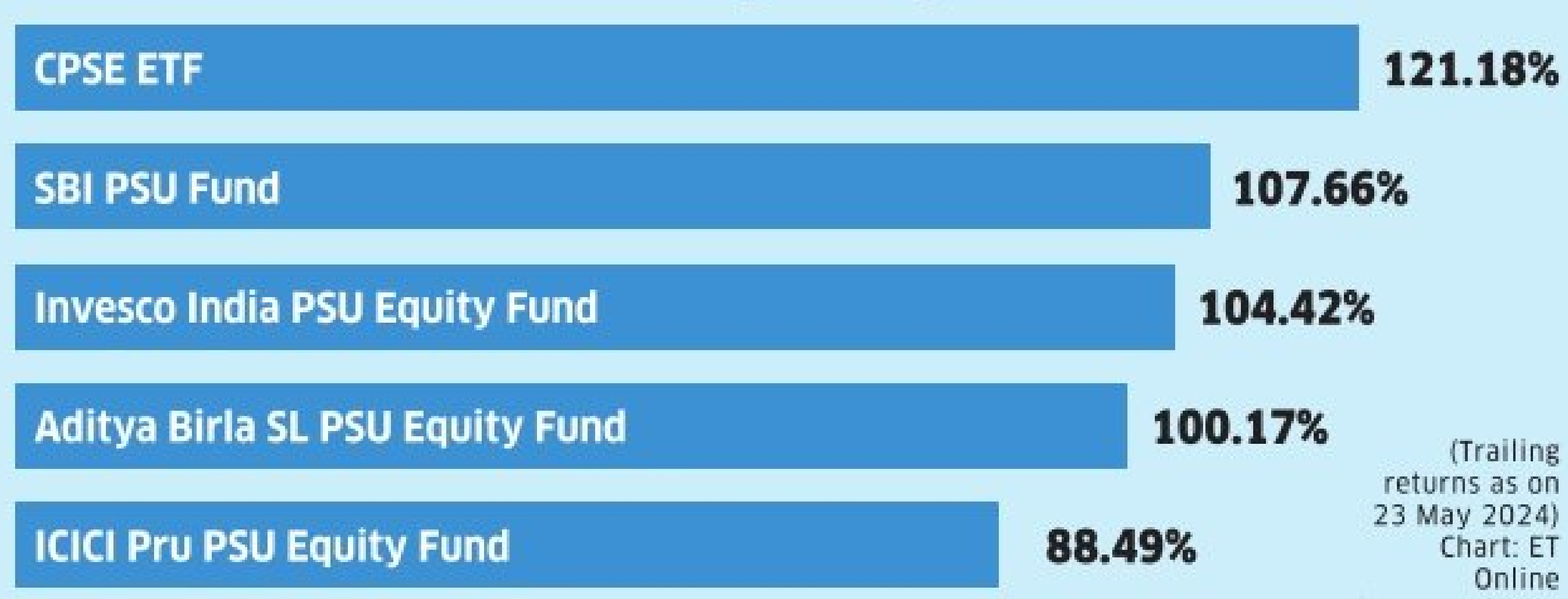
Four PSU theme-based mutual funds have offered over 100% returns in the last one year, data analysis by ETMutualFunds revealed. Five PSU funds have completed one year in the market and gave an average return of 104.38% in this period.

CPSE ETF, the topper in the category, gave an average return of 121.18% in the last one year, while SBI PSU Fund delivered 107.66%. Invesco India PSU Equity Fund and Aditya Birla SL PSU Equity Fund offered 104.42% and 100.17% returns, respectively, while ICICI Pru PSU Equity Fund gave 88.49% return.

"PSU companies had a dream run in 2023-24, which was driven by sharp rerating of multiples and better earnings growth as the core sectors did well on the back of strong economic growth. Since the PSU stocks came from a long period of underperformance prior to 2022, they have caught up now with spectacular gains. The valuations of most of the PSUs are now above average and even at the higher end in sectors like defence, railways, and capital goods," commented Mahesh Patil, CIO, Aditya Birla Sun Life Mutual Fund, on their performance.

In the past three years, these schemes have given an average return of 44.61%, while the top-performing fund CPSE ETF gave 54.8%.

PSU mutual funds: 1-year performance



(Trailing returns as on 23 May 2024) Chart: ET Online Source: ACE MF

PSU theme-based funds gave an average return of 28.04% in the past five years. Three schemes have completed five years of existence in the market. Invesco India PSU Equity Fund gave 30.3%, while CPSE ETF and SBI PSU Fund offered 27.88% and 25.92% returns, respectively.

These schemes are benchmarked against Nifty CPSE TRI and S&P BSE PSU TRI. These benchmarks delivered 121.97% and 122.78% returns, respectively, in the last one year.

Will the PSU funds or PSU sectors continue to deliver such performance after the election results?

"One can argue for some structural rerating of PSUs since the current government has been supportive of the PSUs, and is urging them to improve productivity and drive growth with right capital allocation. While we do not expect further rerating from here, if the BJP comes to power again with a larger majority in these elections, the PSUs can continue to do well, driven primarily by earnings growth and even some rerating in a few sectors like power and oil and gas, which are still reasonable compared to the broader market," said Patil.

While making the calculations, all regular and growth options were considered. The absolute returns were calculated for the last one year, as in equity mutual funds, the returns up to one year are absolute. One should always make investment decisions based on one's risk appetite, investment horizon, and goal. PSU funds are thematic funds that invest in stocks of PSUs. These companies are owned by the government, so they are influenced by government policies in the sectors they are operating.

One should invest in these schemes only if one has a long investment horizon or intimate knowledge about the sector to time the entry and exit in these schemes. Remember, every sector or theme can go out of fashion depending on the economic conditions. Don't make hasty decisions in those phases.

—Surbhi Khanna

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STARTUP MISTAKES TO AVOID
P2

KNOW MORE

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A PARTNER FOR LIFE

India's Automotive Credentials

4th largest automotive industry in the world **in terms of domestic sales.**

Auto component industry is set to become the **3rd largest** globally by 2025.

2nd largest manufacturer of **two-wheelers** in the world.

Largest tractor producer, 2nd largest **bus manufacturer,** and **3rd** largest **heavy truck manufacturer** in the world.

Source: IBEF

Automotive Ecosystem – Key Growth Segments

ORIGINAL EQUIPMENT MANUFACTURERS (OEMs)

- Opportunities across vehicle segments such as Two-Wheelers, Passenger Vehicles, Commercial Vehicles & Tractors etc.

AUTO ANCILLARIES

- Companies having diverse growth areas with presence across segments, products and technologies.
- Companies with strong order book & capital outlay.

OPTIMAL MIX OF THESE SEGMENTS TO OFFER BETTER RISK ADJUSTED RETURNS

AUTO EXPORT

- Companies having competitive advantage & benefitting from economies of scale.
- Forging, casting and off-highway tyres are just a few examples of export opportunities.

ELECTRIC MOBILITY (EM)

- Pure play EM OEMs as well as component manufacturers with a focus on EM specific parts like motors, battery, cooling systems etc.
- Companies having cost competitiveness, reasonable exposure to developed markets and technology tie-ups.

Participation in investment opportunities in the overseas markets in the companies within the automotive theme especially in mega trends, R&D, and those companies which has no presence in domestic listed space. The classification of companies following the automotive & allied business activities theme will be largely guided by AMFI industry classification. For detailed information on the Asset Allocation and Investment Strategy, please read the Scheme Information Document available on https://www.sbimf.com/

SBI Automotive Opportunities Fund : Fund Facts

Investment Objective	The investment objective of the scheme is to generate long-term capital appreciation to unit holders from a portfolio that is invested in equity and equity related instruments of companies engaged in automotive & allied business activities theme. However, there can be no assurance that the investment objective of the Scheme will be realized.
Plans & Options	Regular & Direct Plan; Both plans provide two options – Growth Option and Income Distribution cum Capital Withdrawal (IDCW) Option.
Application Amount	Minimum Investment Amount: Rs. 5000/- and in multiples of Re. 1 thereafter; Additional Purchase Amount: Rs. 1000/- and in multiples of Re. 1 thereafter.
Fund Managers	Mr. Tanmaya Desai and Mr. Pradeep Kesavan (Dedicated Fund Manager for Overseas Investments)
Benchmark	NIFTY AUTO TRI
Exit Load	1% of the applicable NAV - If units purchased or switched in from another scheme of the fund are redeemed or switched out on or before 1 year from the date of allotment. NIL - If units purchased or switched in from another scheme of the fund are redeemed or switched out after 1 year from the date of allotment.

For detailed information about the scheme, please refer the Scheme Information Document & Key Information Memorandum available on https://www.sbimf.com/