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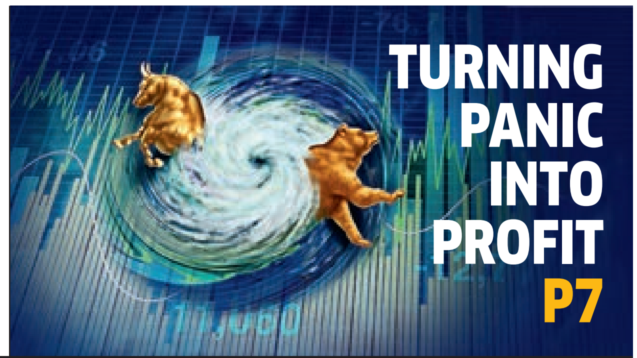

TURNING PANIC INTO PROFIT P7

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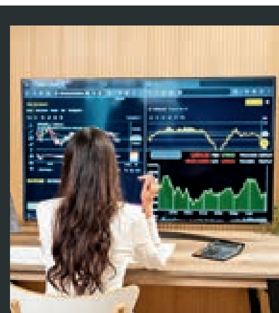
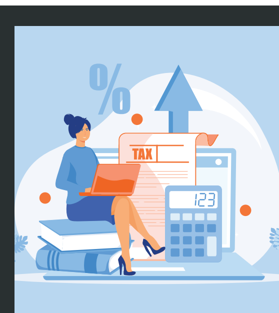
SHOULD YOU BUY A HOUSE NOW?

Instead of waiting for home loan rates to fall, it may be better to pick a house before property prices surge. P2

IS IT TIME TO RENT OR BUY? P5



IN POLL-SPOOKED MARKET, PICK STABLE STOCKS P8



LOWER TAX IN NEW TAX REGIME P20

SHOULD YOU BUY A HOUSE NOW?

Instead of waiting for home loan rates to fall, it may be better to pick a house before property prices surge.

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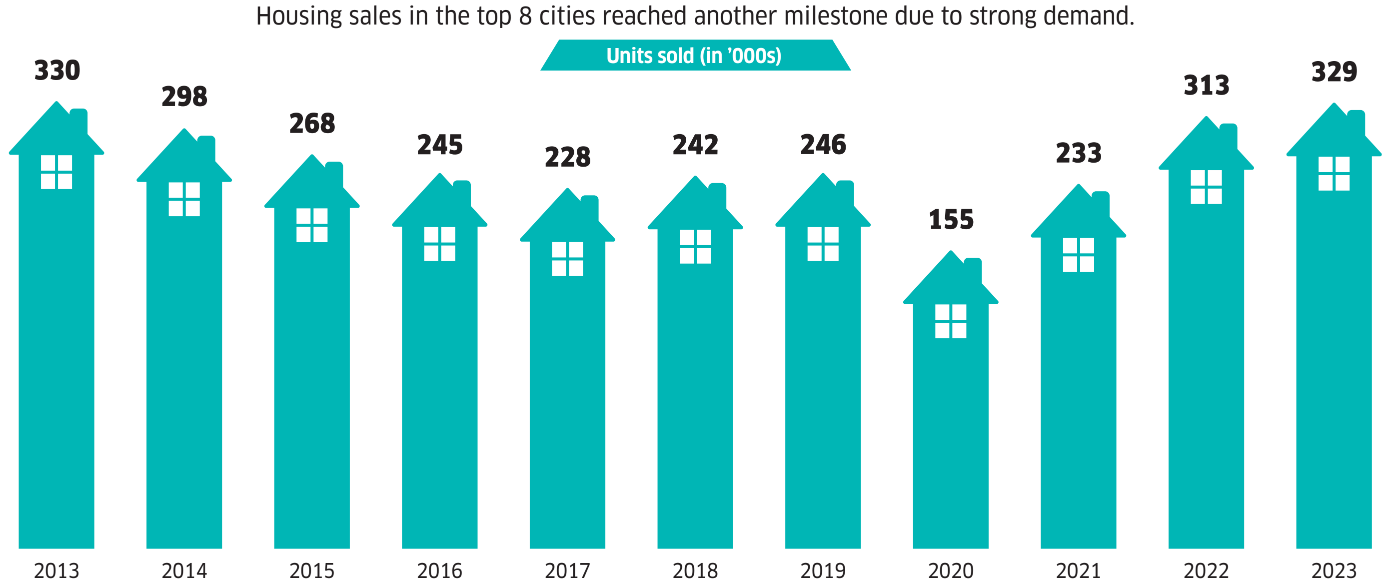
By **Sanket Dhanorkar**

India's housing market is experiencing a record-breaking surge. Residential apartments are selling rapidly, with nearly 5 lakh units sold in 2023-24, marking a decadal high, says ANAROCK data. In Gurugram, Godrej Properties sold houses worth over ₹3,000 crore within three days of launching its Godrej Zenith project, their most successful launch ever. Last month, Mumbai set a new record for real estate deals with 11,917 property registrations. Additionally, Indians are buying bigger houses, with apartments priced above ₹1.5 crore becoming the fastest selling category for the first time in 2023, as per JLL India.

This is despite home loan interest rates being at a multi-year high and home prices soaring rapidly. A favourable wealth effect, driven by a sharp rise in the equity markets, is enticing many first-time homebuy

Home sales hit decadal high in 2023

Housing sales in the top 8 cities reached another milestone due to strong demand.



Source: Knight Frank

ers to take the plunge, while affluent buyers are looking for second homes. If you are a fence-sitter, still unsure about when to buy a house, this market presents a big dilemma. Should you buy right away before house prices soar beyond comfort? Or should you wait for the property market to cool down for a better deal?

Is it still a buyer's market?

Buying a house in 2020-21 was a no-brainer. It was a buyer's market, with house prices stagnating or falling and builders offering discounts and freebies. The JLL Home Purchase Affordability Index showed affordability at its peak in 2021. JLL's latest report states, "Affordability improved markedly from 2014 to 2021 and hit peak values, marking a sustained period conducive for home purchases."

The landscape has changed a lot since then. "The market, once favouring buyers, appears to be shifting," suggests Deepanshu Chhabra, Principal Partner & Sales Director at Square Yards. The huge demand for housing has sent prices soaring across cities. "Customers have realised the importance of home ownership like never before. The interest in buying began sometime around early 2021 and is currently at its peak," states NoBroker in its 2023 annual report. Over the past two years, property prices across the top eight cities in India have surged by around 20%, according to a report by Credai, Colliers and Liases Foras. In the January-March quarter of this year, house prices in Bengaluru, Delhi /NCR, and Pune jumped a staggering 19%, 16%, and 13% year-on-year, respectively. "After a long period of 7-8 years, the dynamics of the residential real estate have changed, favouring demand. Residential housing is no longer a buyer's market," contends Samir Jasuja, MD and CEO, PropEquity.

Prices are expected to continue on an upward trajectory in the coming years. Analysts at Motilal Oswal observe in a report, "We believe that we are in the middle of a 7-8 year-long real estate growth cycle. Accordingly, we believe that growth momentum in both demand and pricing should continue." JLL India remarks in its report that this unprecedented growth cycle is no longer a surprising event, but a precursor to a sustained bull run.

Does this skew the affordability quotient? Despite the rising prices, home affordability has not deteriorated. The Knight Frank Affordability Index, which tracks the EMI-to-income ratio for households, shows improvement after a brief decline in 2022, as household incomes grow and inflation remains low. Anticipated interest rate reductions are expected to further enhance home ownership appeal. "The strong residential price growth over the past 12 months amid muted income growth and sticky interest rates did weaken affordability levels, but didn't act as a momentum inhibitor. In 2024, we are likely to see a renaissance with affordability levels expected to improve as macroeconomic fundamentals support a repo rate reversal and, thereby, an interest rate reduction, which could provide another fillip to the residential sales market," a JLL report mentions. "With prospects of reduction in benchmark lending rates this fiscal, affordability can improve in the near term, especially for the EMI-dependent home buyers," remarks Badal Yagnik, CEO, Colliers India.

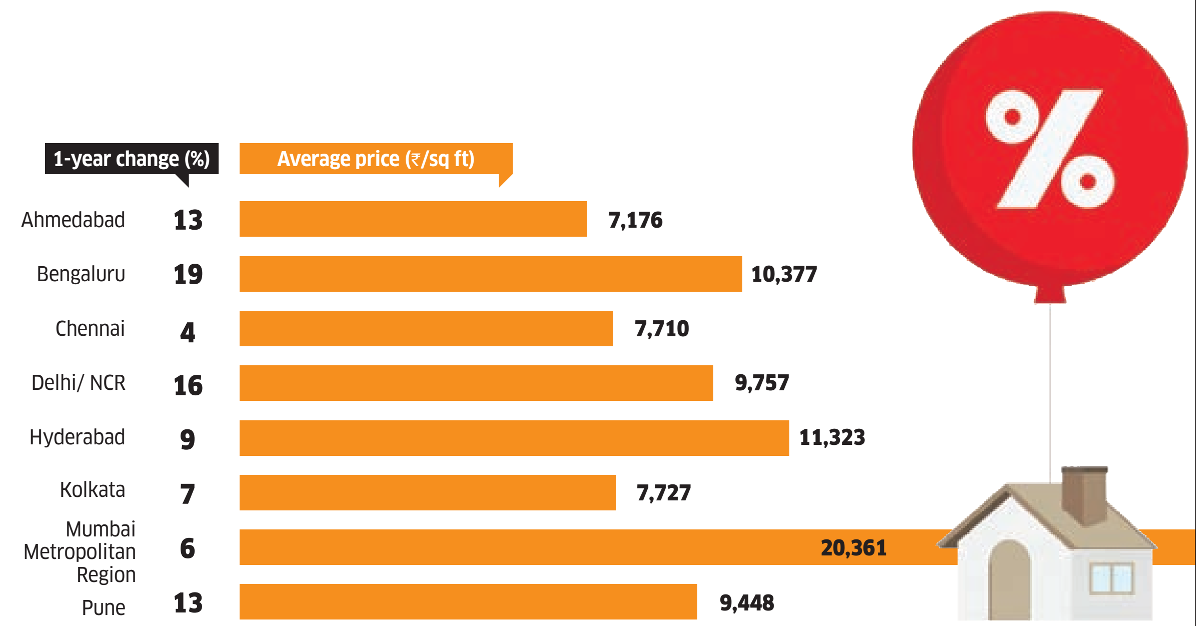
According to Knight Frank India, Ahmedabad is the most affordable housing market with an affordability ratio of 21%, meaning households spend 21% of their income on EMI. Pune and Kolkata follow at 24%. Mumbai exceeds the 50% affordability threshold, but is better than its 2010 index of 93%. Overall, affordability across cities has improved since pre-pandemic 2019. For instance, in NCR, the affordability index improved from 34% in 2019 to 27% in 2023, while for Bengaluru, it improved from 32% in 2019 to 26% in 2023.

Discounts, freebies dry up

During the Covid years, homebuyers were spoilt for choice, with developers offering price discounts and freebies, and state governments providing incentives like stamp

Prices have not increased uniformly

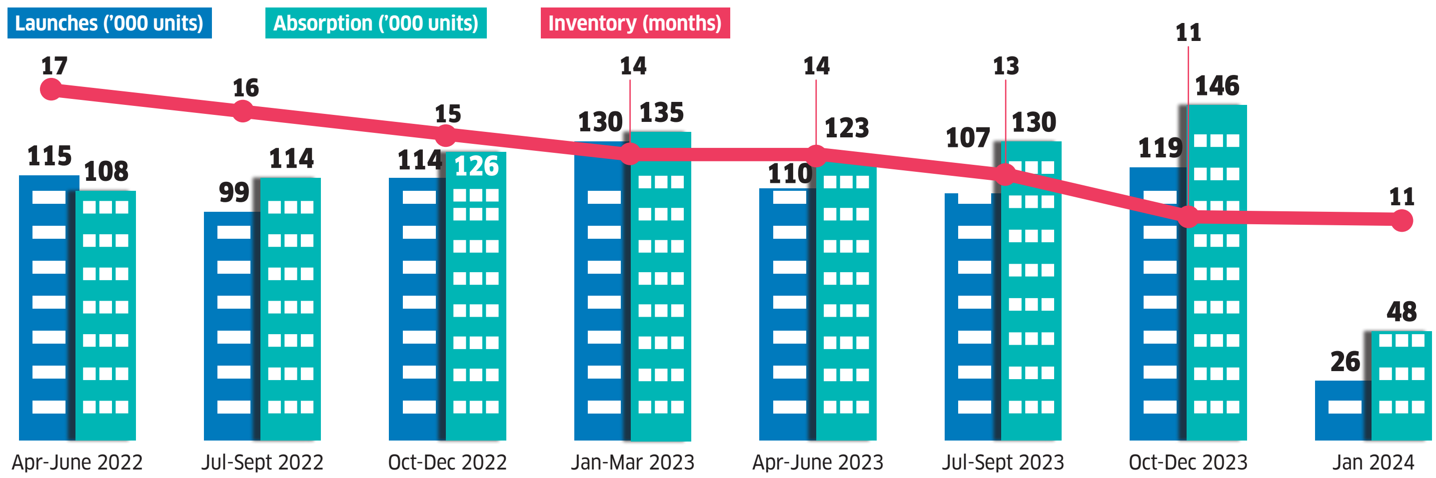
Some cities have witnessed a sharp rise, but others have seen low growth.



Source: Liases Foras, Colliers

High absorption of new units has reduced inventory surplus

Fewer unsold units give developers more control over pricing.

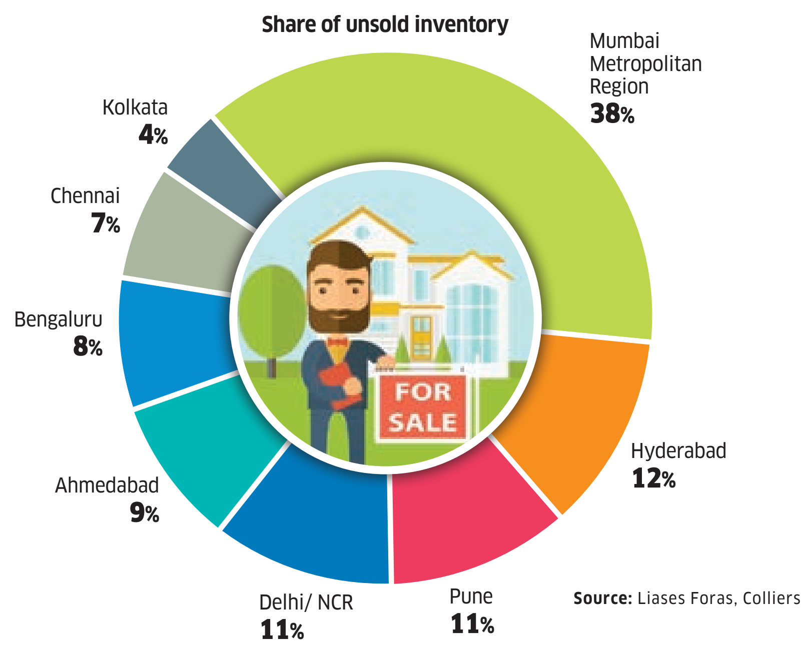


Source: Source: PropEquity, YES Securities

"After a long period of 7-8 years, the dynamics of the residential real estate have changed, favouring demand. Residential housing is no longer a buyer's market."

SAMIR JASUJA
MD & CEO, PROPEQUITY

Mumbai has highest unsold inventory



Source: Liases Foras, Colliers

duty cuts. With demand now buoyant, prominent builders have stopped offering such discounts and freebies, and offers of modular kitchen cabinets, sofa sets, or holiday packages are notably absent from marketing campaigns. "The developers today are trying to keep the prices growing at a moderate rate due to the rise in input costs. Hence, freebies and offers, incentivising purchases are minimal in the current market scenario," observes Anuj Puri, Chairman, ANAROCK Group. "Freebies and extravagant offers that developers used to attract buyers during the pandemic have waned. These offers are now mostly limited to festive seasons," adds Chhabra. Instead, builders are offering incentives in the form of zero floor rise, or deferred or flexible payment plans.

With new supply getting absorbed fast, buyers no longer have the upper hand. "Given the current demand dynamics, coupled with rising investor interest, projects, especially from branded developers, are being sold at a premium, giving them the advantage," says Chhabra. However, if you play your cards right, you can still get a good deal. "The serious buyer can still negotiate the price only at the time of closure," remarks Puri.

Negotiating a deal with a builder in this changed market environment requires a different approach. When expressing interest and discussing final pricing, expect resistance. You may hear that inventory is selling out fast, with only a few units or specific floors remaining. These are often tactics to pressure you into closing the deal quickly and at a more favourable price for the builder. Do not fall for this. If you are not comfortable with the apartment choice or final pricing, remain firm. "To strengthen your negotiation position, compare similar properties in the same location and conduct a property price analysis," Chhabra suggests.

"The developers today are trying to keep the prices growing at a moderate rate due to the rise in input costs. Hence, freebies and offers, incentivising purchases are minimal in the current market."

ANUJ PURI
CHAIRMAN, ANAROCK GROUP

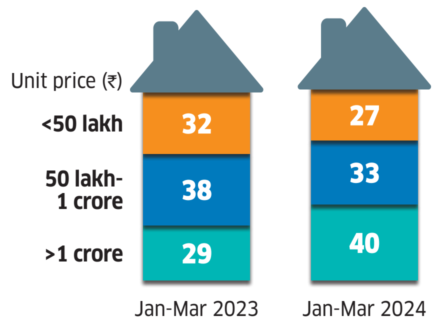
"Given the current demand dynamics and rising investor interest, projects, especially from branded developers, are being sold at a premium, giving them the advantage."

DEEPANSHU CHHABRA
PRINCIPAL PARTNER & SALES DIRECTOR, SQUARE YARDS

Costlier homes are selling more...

Need for bigger homes and price rise has seen ticket sizes jump.

% share in total sales

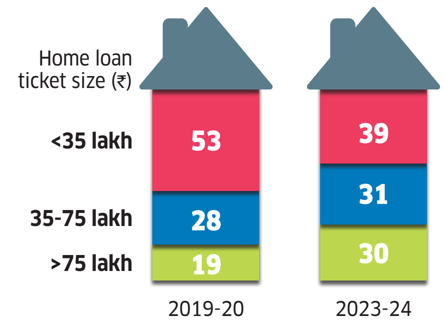


Source: Knight Frank Research

...so home loans are also getting bigger

Rising incomes are supporting bigger home loans.

% share of home loan by value



Source: CRIF, CBRE Research

Home affordability has improved in most big cities

Compared to the pre-pandemic levels in 2019, affordability has surged.

	2010 (%)	2021 (%)	2023 (%)
Mumbai	93	52	51
Delhi/ NCR	53	28	27
Bengaluru	48	26	26
Pune	39	24	24
Chennai	51	24	25
Hyderabad	47	28	30
Kolkata	45	25	24
Ahmedabad	46	20	21

The Knight Frank Affordability Index indicates the proportion of income that a household requires to fund the monthly instalment (EMI) of a housing unit in a particular city.

Source: Knight Frank Research

Opt for resale or under-construction homes?

The resale and near-completion housing markets are booming too. With a scarcity of newly constructed, ready-to-occupy properties, many homebuyers see these as viable alternatives. Demand for ready to move in (RTMI) apartments has increased as inventory dries up across major markets.

"Consider the resale market, which provides faster possession and possible value, particularly in the face of project delays," suggests Jayesh Rathod, Director, The Guardians Real Estate Advisory. These often afford a bigger carpet area relative to newer constructions, which is favoured by many. "For end-users, RTMI properties still rule the roost. There is a spike in demand for resale properties as they involve less set-up/interior cost and no waiting time," observes NoBroker in its report. According to NoBroker, the demand for RTMI properties increased from 78% in 2022 to 85% in 2023.

However, this preference for resale homes has caused a sharp price spike, eliminating the pre-2020 pricing gap. Good deals in the resale market are now rare. Chhabra comments, "This dynamic has shifted in recent times due to a post-pandemic preference for immediate occupancy, and a limited supply of new RTMI units. Hence, resale properties in projects with good amenities and upkeep are now trending at prices close to new projects, particularly in desirable locations. If considering resale properties, carefully evaluate the property's age and overall condition, as these factors heavily influence negotiation leverage."

If opting for a home in an under-construction project, buyers need to exercise caution. Instances of delays in construction and non-delivery of possession are rampant, particularly beyond grade A developers. "A lot more homework needs to be done by the buyer, especially on developer track record and his execution capability. You must also compare primary and secondary prices in the same region, as in many regions primary prices have overtaken secondary prices, which should not ideally happen," Jasuja remarks. "Legal due diligence is critical," exhorts Rathod. "Rigorous verification of project permissions and compliance guarantees transparency while minimising legal risks," he adds.

Buy now or wait?

It is not necessarily a bad time to buy a house if it's for personal use. "This continues to be a buyer's market as the price appreciation has remained modest after a long period of stagnancy," insists Puri. "The price increase will stabilise at the current levels for some time. If someone has not bought a house till now, it's a good time to explore the opportunity in the near future, before the prices start escalating again," maintains Ravi Shankar Singh, Managing Director, Residential Transaction Services, Colliers India.

Waiting for home loan rates to fall might not be wise. Floating rates mean future cuts will benefit homebuyers, and you can switch lenders for better rates. Waiting could be costly if rising house prices negate savings from lower interest rates.

However, the usual caveats apply. Your purchase decision should be based on personal circumstances and availability of funds. "Ultimately, the decision on when to buy a property hinges on one's financial readiness, credit capacity and housing needs," asserts Chhabra. Avoid stretching beyond your means to accommodate a larger house. Even if you can afford the down payment, ensure that the EMI commitments don't hinder your other financial goals. Experts advise keeping your EMI outflow below 40% of your income. "Monitoring affordability measures like interest rates and affordability indices is critical in navigating the ever-changing market environment," asserts Rathod.

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Is it time to rent or buy?

Consider your financial situation, lifestage, market condition and opportunity cost while taking a decision.

By **Riju Mehta**

Given the rising property prices and no further fall in home loan rates, many aspiring homebuyers are wondering whether to buy a house or continue to stay on rent. While property market dynamics play a big role in effecting this decision, equally important is your personal financial situation and lifestage.

If you don't have sufficient funds for down payment, stamp duty and registration, or a salary not big enough to afford a high EMI, it's a no-brainer that you should stay on rent. If you stretch your finances to buy a house, it will not only strain your household budget but also keep you from saving for other crucial goals. "Renting makes sense if one lacks the required funds for down payment and take on the responsibility of a home loan. This is often the case with young people who are just starting their careers or those in lower-paying jobs," says Santhosh Kumar, Vice-Chairman, ANAROCK Group.

There are other factors to consider. "Renting is a better idea for the upwardly mobile, who have an increased chance of relocating, and those who are looking for capital appreciation and are in no hurry to move to a new home till they get one of their choice and pricing," says Reshmi Panicker, Executive Director, Land Services and Residential, Knight Frank India.

"Renting offers us the flexibility to upsize or downsize without the high transaction cost of buying and selling," says Gurugram-based Sameer Gupta, who is plush with funds, but prefers to stay on rent. If you are close to retiring and don't want the tedium of frequent shifting, it's best to buy a house.

If you do have adequate funds, but are still in a dilemma, consider the market situation and opportunity cost.

Market situation

"The dip in interest rates from late 2023 highs translates to increased purchasing power, but with the rapid price increases in the past few years, the house you desire could be more expensive next year," says Ritesh Mehta, Senior Director, and Head (North and West), Residential Services and Developer Initiative, JLL India. "Since the inventory remains relatively low, it can lead to bidding wars and competitive environment, but there might be increase in listings, potentially offering more options in the coming months," adds Mehta.

If you currently don't have the requisite funds, it may be better to continue to rent because the potential rise in property prices may offset any gains from a drop in interest rates in the coming year. If, however, you do have funds, don't wait till next year to buy a house because even as property prices have risen since 2022, so have the rents (*see tables*). If you want to build an asset and stay permanently in a particular city, now may be the time to pick a house.

Opportunity cost

If buying a house is not an emotional decision and you're not looking at building an asset, you could also take a decision by considering the opportunity cost of both the options. Go for the choice in which you gain more by investing the non-recoverable costs. In buying a house, the non-recoverable costs include stamp duty, registration, brokerage, property tax and maintenance, and in renting, it's the rentals that increase over time. "For me, there's no financial difference between buying and renting. The money I save in buying a house helps make up for the rental increase beyond 3% yield and capital appreciation of property, since I invest it in equity, which gives over 12%," says Gupta. Do the math for rental investment as well before taking a final decision.

Rents have risen in Q1 2024...

CITY	2023-END (₹/ MONTH)	Q1 2024 (₹/ MONTH)	% CHANGE
Bengaluru (Sarjapur Road)	27,000-38,000	28,000-40,000	5%
Hyderabad (Kondapur)	25,000-30,000	26,000-32,000	5%
NCR (Sec 150, Noida)	20,000-25,000	21,000-27,000	7%
MMR (Chembur)	47,000-77,000	47,000-79,000	2%
Kolkata (Rajarhat)	14,500-22,000	15,000-22,000	1%
Chennai (Perambur)	17,000-23,000	17,000-24,000	3%

Average rents for 2 BHK 1,000 sq ft apartment

...so have property prices in top cities

CITY	2023-END (₹/SQ FT)	Q1 2024 (₹/ SQ FT)	% CHANGE
Bengaluru (Sarjapur Road)	7,500	8,650	15%
Hyderabad (Kondapur)	6,600	7,300	11%
NCR (Sec 150, Noida)	7,000	7,600	9%
MMR (Chembur)	23,000	24,500	7%
Kolkata (Rajarhat)	5,215	5,400	4%
Chennai (Perambur)	7,200	7,390	3%

Weighted average capital values for super built-up area.

SOURCE: ANAROCK Research

Factors to consider before renting or buying

Rent a house if....

You can't afford the cost of home ownership
The buying price is not the only cost you'll incur. While initial costs like registration fee, stamp duty and brokerage could add up to a hefty sum, you'll also have to spend on property tax, maintenance and home insurance premium every year.

Your EMIs are over 40% of salary
Experts advise limiting the EMI outgo to 35-40% of your salary. So if your EMI leaves you with no surplus to invest for other crucial goals like children's education or retirement, it's best to push this goal by a few years and stay on rent.

You haven't saved for 20% down payment
Don't forget that lenders can only finance up to 80% of the value of your house. So, if you are not ready with 20% down payment, you will be unable to buy a house.

You have a mobile job
If your job requires you to shift cities every few years or even go abroad, it's best not to buy a house because you will be forced to either rent it, leave it idle, or sell it every time you move.

You are likely to retire in a different city
If you have already decided you will settle in your home town or somewhere other than your current place of residence, it is pointless to buy a house, especially if you are only a few years away from retirement.

You can't buy in a prime location but want to live there
If you can't afford to buy a house in a posh or prime locality or housing society, but can pay the rent, opt for it.

Buy a house if...

Your salary rise can't keep pace with rent hikes
Rents typically rise by 5-10% a year, but have surged much higher in the first quarter of 2024. The landlord can also hike the rent at his own discretion.

Rent is the same or higher than the EMI
It may be better to build an asset if the rent amount is similar to EMI because the former is a non-recoverable cost.

Loan rates are low and property prices are likely to rise
Though there's no good time to buy a house if it's for self-occupation, it helps if interest rates are low or likely to fall and property prices set to appreciate.

You have surplus to save for other goals
If you can easily spare the EMI cost while investing for other goals, buying a house is a good idea for self-occupation.

You want to build an asset
If you want a house for self-use but also leave it for your children as a legacy, or as an asset you can bank upon in case of an emergency, buy a house.

You don't like to keep changing houses or deal with landlord
If you are averse to constantly moving houses or suffering the landlord's whims, it's a good idea to pick your own house.

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Taking a home loan? These moves can save you money

Home loan rates will not come down as the RBI has kept policy rates unchanged. If you are planning to buy a house with a loan, **Yasmin Hussain** suggests some ways to reduce the cost of borrowing.

1 Keep loan tenure as short as possible

THE LONGER THE tenure of a loan, the higher the interest burden. The compounding works against the borrower and inflates the interest outgo. For instance, if you take a ₹50 lakh loan at 9% for 10 years, you will pay a total interest of ₹26 lakh on the loan. Extend the tenure to 15 years and the interest outgo shoots up to ₹41 lakh. On a 20-year loan, the interest outgo is ₹58 lakh. The borrower will pay almost ₹5.4 lakh in the first year of a 20-year loan, but a large chunk of this will go in paying the interest. The principal outstanding will come down by only ₹93,000. Even if we assume that the interest rate will not remain static at 9% for the full tenure of the loan, the borrower will still end up paying a lot of interest. This is why experts suggest that borrowers should try to keep the loan tenure as short as possible.

2 Increase EMI when income rises

A SHORT LOAN tenure can be very challenging because the EMI shoots up. Young people aspiring to own a house may not be able to fit very high EMIs into their budget. If you are forced to go for a longer tenure of 15-20 years, it's a good idea to gradually increase the EMI amount. Increasing the EMI by 5% can shorten the tenure of a 20-year loan by almost eight years. If you tighten your belt and increase the EMI by 10% every year, the loan will end in just 10 years (*see table*).

Prepayment is not as difficult as it may appear. If you expect your income to rise by 8-10% every year, hiking the EMI by 5% will hardly pinch your household budget. Just keep in mind that prepayment has a bigger impact when the loan is new, so increase the EMI as soon as possible. Any surplus cash, such as a maturing investment, a gift or an annual bonus, should also be used to prepay the loan.

Reduce home loan tenure by hiking EMIs

If you take a loan of ₹50 lakh at 9% for 20 years, the EMI will be ₹44,986.

IF EMI IS...	LOAN WILL END IN...
Kept constant	**20 years**
Increased by 5% every year	**12 years 1 month**
Increased by 10% every year	**9 years 5 months**

3 Check if lender has sold insurance

IT'S A GOOD idea to take life insurance when you take a big-ticket loan. In case something untoward happens to you, your dependants will not be burdened with the unpaid debt. However, the life insurance that banks try to sell along with the home loan is not very useful because it is linked to the loan. They offer insurance for the unpaid loan amount and this cover decreases with every EMI that is paid by you. If the borrower passes away during the loan term, the insurance company pays the outstanding loan to the lender.

Besides, such loan insurance is often tied to a specific loan and may not be transferable if the loan is refinanced. If you decide to switch the lender during the tenure of the loan, the insurance policy will terminate. It is, therefore, better to buy separate term insurance because the cover will continue even if you prepay the loan or change your lender.

4 Understand link between benchmark and loan rate

MOST HOME LOANS are floating rate loans and linked to an external benchmark. The RBI allows banks to follow any of the various benchmarks. The most common is the RBI repo rate, which has remained unchanged at 6.5% since June 2023. The lender fixes the reset period, which can be quarterly, half-yearly, or annually. Find out the periodicity of the reset before you take a loan. Opt for a loan that has a quicker transmission of the changes in the external benchmark rate.

5 Consider joint home loan with spouse

TO ENCOURAGE HOME purchases, the government offers tax benefits on home loans. Under Section 24b, up to ₹2 lakh interest paid on a home loan can be claimed as a deduction. However, rising home prices mean that the average home loan is much bigger than it was about 4-5 years ago. In 2023-24, 30% of the loans were above ₹75 lakh (*see page 4*). At the prevailing rate of 9%, the annual interest of a ₹50 lakh home loan for 20 years works out to about ₹4.5 lakh. If you have a working spouse, you can together claim up to ₹4 lakh deduction if both husband and wife take a joint home loan and both claim ₹2 lakh deduction individually.

There are other benefits of a joint home loan. Some states charge lower stamp duty if the property is registered in the name of a woman. For instance, in Delhi, the stamp duty for male buyers is 6%, while female buyers have to pay only 4%.

Turning panic into profit

Simplicity is the key to navigating stormy markets, says **Dhirendra Kumar**.

DHIRENDRA KUMAR
CEO, VALUE RESEARCH

MONEY MYSTERIES

When things get tough, those who have managed to get the basics right—diversification, cost averaging, asset allocation—don't panic. Investors should have done this and been confident about it. This only comes with simplicity. Embracing simplicity in investment strategy is not just a defensive move, but a proactive approach to building a resilient portfolio.

It's pretty cliched to call every sharp drop in the equity markets either a buying opportunity, or a learning experience, or both. I know because I do it every single time that the market falls suddenly and sharply. However, I say it with utmost sincerity because after a few decades of investing, I genuinely believe it. Every single time the market falls sharply, you will come out of it a better investor, and if you keep calm, with some good investment made at a good price.

The reasons are the oldest in investing. The key is to resist the urge to panic and make rash decisions driven by fear. Maintain a long-term perspective and look at the underlying fundamentals of the companies you're invested in. Often, the best buying opportunities arise when the herd is selling indiscriminately. By going against the grain and buying when others are fearful, you can position yourself for potential gains when sanity returns to the markets.

However, we all know that this is easier said than done. On 4 June, when the Sensex was down 9% at one point, hardly any investor was bravely thinking of buying opportunities. Everyone thought only of how much they would lose and how long the carnage would continue. That's normal, of course.

Yet, there were different categories of investors. There were those who were worried and those who were in a blind panic. The worried investors may have felt a knot in their stomachs, but they stayed the course, perhaps even tentatively buying more shares. On the other hand, the panicked investors probably sold in a frenzy, locking in losses. This distinction is crucial, as it often determines who will ultimately benefit when the market recovers. Remember, history has repeatedly shown that those who keep their cool during downturns are often the ones who come out ahead. Sensible, informed investing, grounded in fundamental analysis, tends to weather the storm far better than speculative gambling on market whims. The merely worried people were those who had invested sensibly and understood the logic behind their investments, while the panicked investors were the punters who were betting on rumour and momentum alone.

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One characteristic that always distinguishes the two types of investors is the simplicity of their investing choices. In stocks as well as mutual funds, there are investments that are easy to understand and whose investment case is obvious. However, simplicity is easy to talk about and difficult to practise. We live in an environment where complexity and features are worshipped. No matter which product or service we buy, we're often most impressed by features, jargon and complexity. Perhaps our modern technological world has conditioned us to believe that the latest marvels are too intricate for the average person to understand and, therefore, complexity is equated with quality. However, in personal finance, this notion is dangerously misguided. When it comes to investments, simplicity isn't just beneficial, it's essential. The reason is straightforward. If an investor doesn't fully comprehend a financial product or service, he can't determine if it's even remotely suitable, no matter how highly it's touted by the seller.

So, how can you ensure you understand everything? The easiest way is to keep things simple. Unfortunately, the prevailing message is quite the opposite. When I look at today's market for savings and investment products, and the resulting portfolios that people are accumulating, it's evident that there's a pressing need for self-aware and assertive minimalism.

When things get tough, those who have managed to get the basics right—diversification, cost averaging, asset allocation—don't panic. What's important is that investors should have done this in their portfolios and been confident about it. This only comes with simplicity. Embracing simplicity in your investment strategy is not just a defensive move, but a proactive approach to building a resilient portfolio. By focusing on clear, comprehensible investments, you equip yourself to make informed decisions even in turbulent times. Of course, one hopes the times will not stay turbulent, but it's best to be prepared.

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etwealth@timesgroup.com

Update Aadhaar for free before 14 June

The deadline for updating Aadhaar details for free is 14 June 2024. Any updates beyond this date will incur a cost. The free service is available only on myAadhaar portal. The fee beyond the deadline is ₹50 to upload documents online or for submitting these physically.

How to update it online

Step 1: Log in to *https://myaadhaar.uidai.gov.in/* using your Aadhaar number and one-time password received on your registered mobile number.
Step 2: Check identity and address details in your profile.
Step 3: If the details are incorrect, click on the tab 'I verify that the above details are correct'.

Step 4: Select the identity document you wish to submit from the drop-down menu.
Step 5: Upload your identity document (size less than 2 MB; file format JPEG, PNG or PDF).
Step 6: Select address document from the drop-down menu.
Step 7: Upload address document (less than 2 MB; JPEG, PNG, PDF).
Submit your consent.

Documents to submit

Serve as identity and address proof: Ration card, voter identity card, government-issued identity card/certificate with address, Indian passport .
Only proof of identity: PAN card, driving licence, secondary or senior school mark sheet/school-leaving certificate with photo, government-issued identity card/certificate.
Only proof of address: Water/electricity/gas bill, bank/post office passbook, rent/lease/leave & license agreement.

How to update it offline

Step 1: Go to *https://bhuvan.nrsc.gov.in/aadhaar/*.
Step 2: To locate nearby Aadhaar centres, click on the 'Centres Nearby' tab.
Step 3: Enter your location details to view the centres.
Step 4: To locate centres within your PIN code area, click on the 'Search by PIN Code' tab.
Step 6: Enter your area PIN code to view Aadhaar centres.

—Sneha Kulkarni

In poll-spooked market, pick stable stocks

Even before the election-induced jolts, the markets had been witnessing volatility. To counter the near-term shocks, invest in companies that have shown stability in the past.

by **Sameer Bhardwaj**

GETTYIMAGES

The unexpected election results saw the Indian equity markets suffer extreme volatility in the first two trading days of June. In anticipation of a thumping majority by the ruling BJP, the market saw a 3% gain on 3 June. On 4 June, the Nifty 50 index witnessed its largest single-day drop in four years.

The substantial selling pressure, prompted by the BJP's failure to secure a Lok Sabha majority, caused the index to plummet by 5.93% from its previous close. On election result day, 2,589 (95.2%) out of 2,718 listed companies (with market caps over ₹100 crore) lost money. Share prices of 1,292 companies (47.5%) fell by more than 5%, and 296 stocks saw their prices crash by over 10%. In Nifty 100, 85 out of 100 stocks declined, with 49 falling by more than 5%. The markets recovered smartly after the result day, with the benchmark Nifty 50 index closing near its all-time high on 7 June 2024. The index is just 0.11% away from its lifetime closing high of 23,263.29 on 3 June 2024.

While the 4 June crash eroded investor wealth, it may have eased stretched valuations. "Indian equity valuations were already rich, and the election results provided a reason for correction," says Amar Ambani, Executive Director, YES Securities.

Are poll results going to impact economic growth?

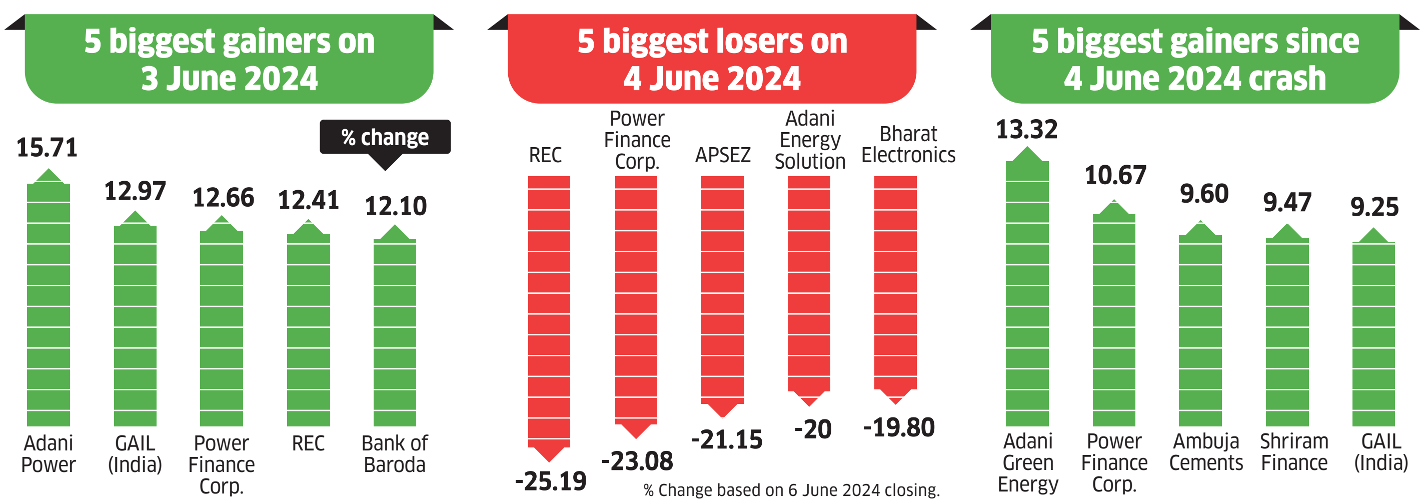
Experts believe the BJP-NDA government's economic agenda will largely remain unchanged, though some priorities will be adjusted. "The new government will continue its investment-led agenda, but may tweak priorities to support consumption and employment," states a Kotak Securities report.

Vinod Nair, Head of Research at Geojit Financial Services, says the BJP-led coalition mitigates substantial medium-term downside. This shift in political policy, focusing on social economics, will positively impact the rural economy. "As long as a stable coalition is put in place, markets will settle down after a while," says Ambani. However, he believes a lower valuation multiple is necessary to account for coalition risks.

A Citi Research report also sees limited implications of a narrower BJP victory margin. "The broad agenda of infra, manufacturing, technology to take India's economy forward will most likely not take a backseat. However, the contentious structural reforms might be delayed till some of the political headwinds for NDA recede, states the report. A report by Morgan Stanley also states that it is unlikely that the pace or direction of reforms will slow or change. "Most of the likely reforms in the coming five years are in the arena of execution rather than law changes," claims the report. Prima facie, evidence indicates that the BJP's loss of nearly 60 seats since 2019 is mainly due to local and non-economic factors. The Morgan Stanley report suggests that the BJP-led NDA government is unlikely to compromise macroeconomic stability in its economic policy.

There are other positives that could support the markets in the near term. The RBI's recent announcement of a dividend payout of ₹2.11 lakh crore (up 141% from the previous year) to the government for 2023-24 is expected to bolster the economy and financial markets. "The dividend indicates the RBI's strong financial health and confidence in the resilience of the economy. This can attract foreign investment and improve overall market sentiment," states a recent BNP Paribas report. Moreover, the dividend will help the government to meet the fiscal deficit target and support the bond market.

Movers and shakers of Nifty 100 last week



% Change based on 6 June 2024 closing.

Volatility was high even before the results

Despite the post-election volatility, markets have shown erratic movements since the start of 2024. Over 52% of listed stocks (1,404 out of 2,603 with over ₹100 crore market cap) delivered negative returns from the second week of January to May 2024. Besides election concerns, high valuations, geopolitical tensions and delayed interest rate cuts have fuelled the recent market volatility.

The market returns reflected the impact of stretched valuations. Despite hitting 14 new all-time closing highs in the first five months of 2024, the benchmark Nifty 50 index underperformed many global market indices. From January to May 2024, the Nifty 50 yielded 3.7% returns, while indices like the Nasdaq Composite (US), FTSE 100 (UK), DAX (Germany), CAC 40 (France), IBEX (Spain), and AEX (Amsterdam) generated returns ranging between 7-14.8%.

In Asia, the Nifty 50 trailed behind Topix (Japan), SSE Composite (China), and HangSeng (Hong Kong), with returns ranging from 3.8% to 17.2%. There has been a surge in stocks trading at high valuations. On 31 May 2023, 66 stocks were trading at over 50 times their 12-month forward PE ratio. By 31 May 2024, this number had risen to 129 stocks. This data is sourced from the Reuters-Refinitiv database. A May 2024 Kotak Securities report voiced concerns regarding stocks with extremely high PE ratios. It highlights that many of these companies operate in traditional sectors vulnerable to significant disruption in the future.

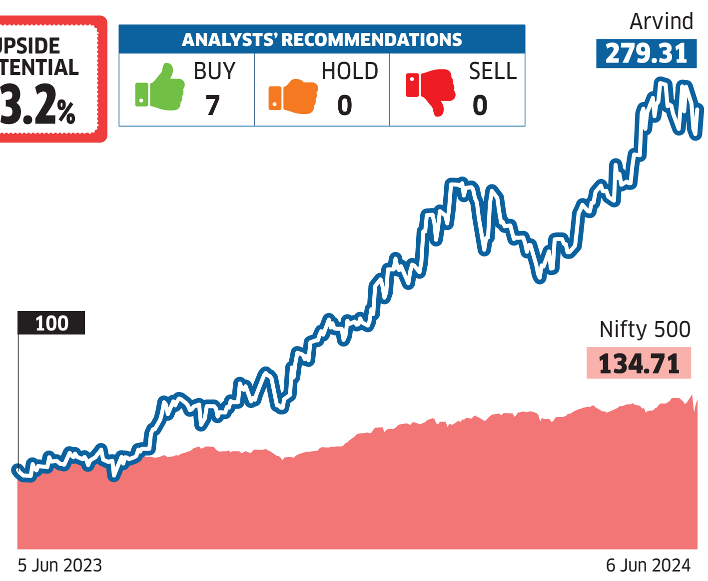
Amid near-term market uncertainties, investors can consider stable stocks to mitigate volatility. *ET Wealth* identified such stocks by analysing those with lower loss ratios and higher outperformance ratios. The loss ratio indicates the frequency of negative returns compared to total weeks, while the outperformance ratio reflects the frequency of weeks where a stock outperforms the benchmark Nifty 500 index. For example, a stock with a 10% loss ratio indicates it has delivered negative returns in one out of 10 weeks over the past year. A stock with a 20% outperformance ratio means it has outperformed the Nifty 500 index in two out of 10 weeks in the same period. The analysis considers the weekly returns of 2,561 stocks (market cap over ₹100 crore) over the past year, ending 31 May 2024. Stocks with a loss ratio in the bottom 15th percentile and an outperformance ratio in the top 85th percentile were selected. Here are five companies, analysed by numerous analysts, currently showing double-digit share price potential.

Arvind

12-month forward PE	Current price (₹)	1-year target price (₹)
18.4	363	447

UPSIDE POTENTIAL **23.2%**

ANALYSTS' RECOMMENDATIONS		
BUY	HOLD	SELL
7	0	0



THE VERTICALLY INTEGRATED textile company's revenue and EBITDA surpassed Reuters-Refinitiv estimates by 2.8% and 6.6%, respectively, in the March 2024 quarter. The performance was supported by volume growth in the denim and garment segments, and growth in the AMD (advanced material division) segment. Enhanced efficiency and stable raw material costs also supported EBITDA margins that improved by 156 basis points year-on-year.

The company's healthy order book in garments provides performance visibility for the next two quarters. The likelihood of increased sourcing by brands from India is expected to support the garments segment, whereas operating leverage and gradual improvement in volume will drive the denim segment. The management expects an improvement in AMD's business, led by new opportunities and strong growth in the domestic market. The company has planned a capex of ₹600 crore over the next two years, which will help it improve product quality.

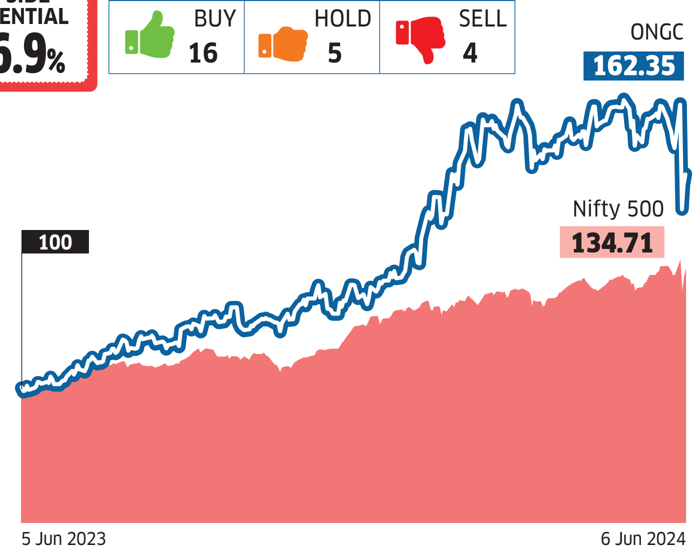
A recent Elara Capital report is bullish on the company's prospects and lists sustained margin expansion in the textiles business, continued 20%-plus growth in the AMD business, with improving margin and controlled debt as the key positives. Also, the company's asset-light strategy (investing in high asset turnover business and exiting non-core businesses and assets) should improve the balance sheet and ROCE.

ONGC

12-month forward PE	Current price (₹)	1-year target price (₹)
6.8	252	295

UPSIDE POTENTIAL **16.9%**

ANALYSTS' RECOMMENDATIONS		
BUY	HOLD	SELL
16	5	4



THE UPSTREAM OIL and gas player's EBITDA missed Reuters-Refinitiv estimates by 3.1%, while its PAT surpassed estimates by 11.2% on a standalone basis, in the March 2024 quarter. While higher operational expenses impacted EBITDA, the robust other income supported the bottom line.

The management is ramping up gas production in the KG Basin field, with incremental gas production of 1 bcm (billion cubic meters) expected in 2024-25. On the other hand, oil production is expected to jump from 12,000 bpd (barrels per day) currently to 45,000 bpd in the fourth quarter of 2024-25. It is using advanced drilling technologies to improve production from mature fields. Moreover, the company expects premium pricing to be applied to 24-25% of new gas production from KG Basin in 2025-26, which will improve its realisations.

It has also guided to improve the production of OVL (ONGC Videsh, an overseas subsidiary) to 11 million metric tonne (MMT) in 2024-25, compared to 10.5 MMT in 2023-24.

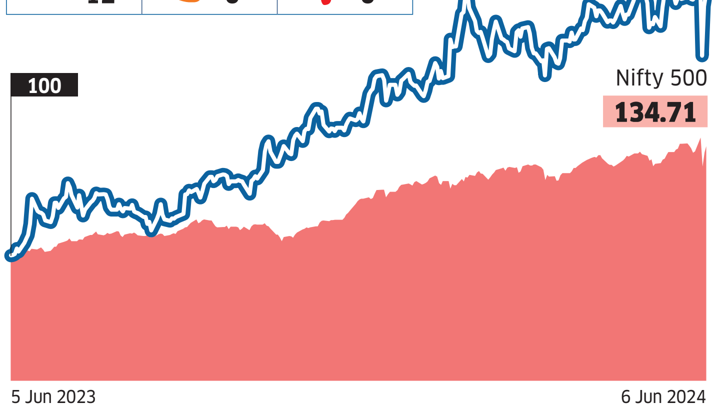
Analysts expect that firm oil prices and higher production will support stock re-rating. A recent report from Antique Stock Broking expects oil price and gas price realisations to remain strong, compared to historical levels, and will support strong free cash-flow generation. Also, incremental investments are likely to be value-accretive.

Karur Vysya Bank

12-month forward PBV	Current price (₹)	1-year target price (₹)
1.35	198	227

UPSIDE POTENTIAL **14.6%**

ANALYSTS' RECOMMENDATIONS		
BUY	HOLD	SELL
12	0	0



THE PRIVATE SECTOR bank's net profit for the March 2024 quarter surpassed Reuters-Refinitiv estimates by 19.9%. The performance was supported by healthy credit growth, higher other income and better margins. The credit growth was led by the CRB, agri and retail portfolios. It is focusing on reducing its exposure to low-yielding corporate book and scaling up its co-lending business.

The asset quality continues to improve, with sequential enhancement in non-performing assets during the quarter, led by stable slippage ratio and higher write-offs. It is strengthening its balance sheet by creating floating provisions. Moreover, the credit costs are expected to remain benign over the next few years, led by a higher share of secured loans.

A recent Ambit Capital report is bullish on the bank. It states that the structural changes undertaken to overhaul the board in favour of independent directors, and improved loan origination and underwriting are continuously yielding sustainable returns. The benefits are seen in terms of loan growth, asset quality and return ratios that are better than the peer banks. Another report from ICICI Securities is also bullish on the bank and states that it has the lowest cost of deposits, as well as the lowest net NPA compared to its peers. It also scores well on consistency, profitable growth and quality of earnings.

Zomato

12-month forward EV/EBITDA	Current price (₹)	1-year target price (₹)
107.8	184	223

UPSIDE POTENTIAL **21.6%**

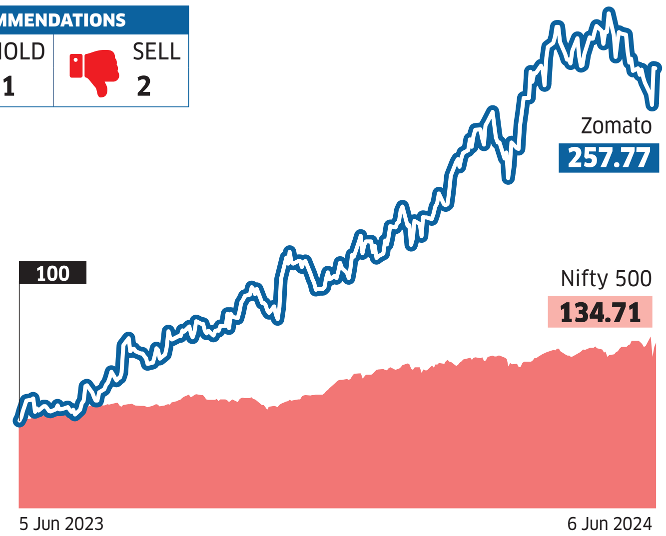
ANALYSTS' RECOMMENDATIONS

BUY	HOLD	SELL
21	1	2

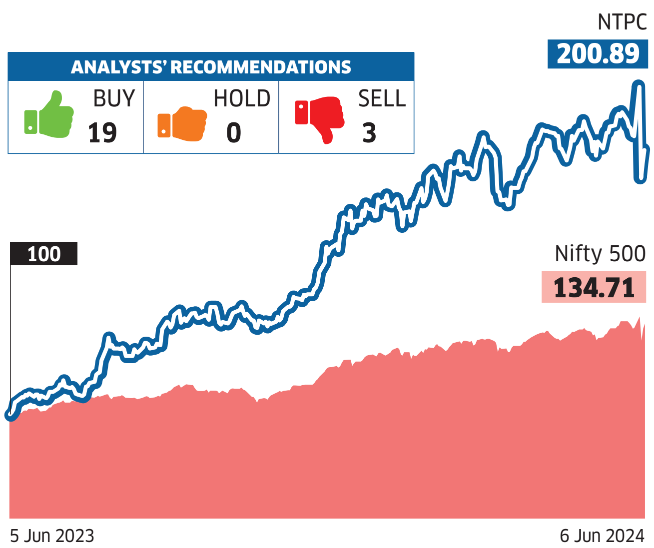
THE COMPANY REPORTED a 73.2% y-o-y growth in revenue in the March 2024 quarter, and surpassed the Reuters-Refinitiv estimates by 2.9%. The performance was supported by sequential growth across segments. While the GOV (gross order value) of food ordering business grew by 28.5%, Blinkit GOV jumped by 97.8% on a y-o-y basis. On the other hand, hyperpure revenue surged by 99% y-o-y.

The growth in ad revenue, user growth and higher platform fees are expected to aid momentum in the food delivery business, whereas growth in existing cities, change in product mix, delivery charges and increased penetration in cities like Hyderabad, Bengaluru, Kolkata and Mumbai are expected to drive momentum in the Blinkit business. However, the company's aggressive store expansion plan for Blinkit in the top eight cities is expected to impact profitability over the next few quarters.

A recent Axis Capital report states that Zomato presents a compelling investment opportunity to gain exposure to e-commerce in India. It lists factors such as under-penetration of the food delivery business despite the Covid push, long runway of growth for quick commerce, which is supported by expansion in new categories, multiple levers to support profitability beyond commission (such as platform fees and ad revenue), market leadership and strong management as the key strongholds of the company.



NTPC



ANALYSTS' RECOMMENDATIONS

BUY	HOLD	SELL
19	0	3

12-month forward PE	Current price (₹)	1-year target price (₹)
16.6	350	401

UPSIDE POTENTIAL **14.7%**

THE POWER GENERATION company's revenue and net profit for the March 2024 quarter surpassed the Reuters-Refinitiv estimates by 6.9% and 11.7%, respectively. The higher other income supported the net profit during the quarter. The regulated equity of the company rose by 11% y-o-y in 2023-24 on a consolidated basis.

It has 25 GW of thermal and 20 GW of renewable projects in the pipeline. Its strong thermal assets provide strong cash-flow visibility, whereas expansion of renewable business and entry in green hydrogen and pumped hydro storage are expected to drive growth in the future. The company will be a beneficiary of the rising power demand and requirement for energy security and energy transition. A recent ICICI Securities report expects power demand in India to grow at 6% per year over the next few years, and NTPC is likely to cater to the additional capacity requirements to meet the medium-term demand before storage solutions become economically viable.

The brownfield coal projects and lower cost of financing are also expected to improve equity IRR. It also has the potential to supply RE-RTC power, which can generate competitive tariffs.

A recent Axis Securities report states that NTPC is a good portfolio bet given its stable dividend yield, and a further rerating potential cannot be ruled out if the peak deficits increase in the future.

Current price as on 6 June 2024. Nifty 50 12M forward PE: 20.7. **Source:** Refinitiv.

₹15,000 crore gone! FIIs will still return

by **Nikhil Agarwal**

With FIIs having withdrawn around ₹15,000 crore in four days from India amid election-related uncertainties, Dalal Street is worried if a lower-than-expected mandate for Prime Minister Narendra Modi will accelerate the pace of outflow in the coming days. As a part of funds are moving towards China and out of a relatively expensive India, the total outflow of funds in 2023-24 is now nearing the ₹50,000 crore mark.

However, FIIs may flock to Dalal Street sooner than later as India remains one of the highest growth emerging markets despite a lower-than-expected mandate for the prime minister. Brokerages say despite BJP failing to get full majority, continuity of power is a powerful enough narrative to support the economy and even the markets. "Global investors haven't got much choice but to remain invested in India and, perhaps, increase allocations despite the political uncertainty. India is the fastest growing large economy today and is likely to remain so in the foreseeable future. The valuation premium had run up beyond rational levels and, hence, some correction in valuations in the near term cannot be ruled out," says Aditya Khemka of InCred Asset Management.

3 reasons FIIs may turn buyers

Underweight positioning

After recent selling, foreign investors are not overweight in India in any significant dimension. Many FIIs, who are waiting on the sidelines in risk-off mode, could quickly flood the Street once the new government's policies are clearer. "The best is yet to come for FII investments as net equity flows as a percentage of market capitalisation over the last 10 years have averaged well below 0.5%, much lower than the 2003-7 average of 2.5%. Moreover, the inclusion of Indian government bonds in global indices is expected to attract foreign capital inflows worth $100 billion over the next three years," said Hitesh Jain of YES Securities. Kislay Upadhyay, Smallcase Manager and Founder at FidelFolio, sees an inflow of ₹1.5 lakh crore over the next 5-6 months

China factor

The recent reversal of 'Buy India, sell China' policy in the past one-and-a-half months could be a temporary phenomenon. "I think FIIs realise that India is the future. They have already seen that China has problems and want to diversify away from China. Some of these FIIs who have been badly burned in China, do not even want to go back to China. That is probably a mistake because China is still a viable market. Nevertheless, India is going to benefit from the desire of FIIs to diversify and that is very important," says billionaire investor Mark Mobius.

Economic fundamentals

Given the fact that India's GDP growth and fiscal consolidation path remain intact, global investors will allocate more funds, say experts. "With Modi at the helm, it seems likely that the next phase of economic development will proceed and the long-term investment case for India, for now, remains solid," says Amol Gogate, Fund Manager, Carmignac Portfolio Emerging Discovery. Global brokerage Bernstein's Venugopal Garre says that while some focus on subsidies at the expense of capex is likely, material impact is unlikely in the near term. Experts are hoping that the government will be able to implement its promises as listed in the manifesto, but any chatter of key allies not supporting this agenda and having a common minimum programme would be disturbing for markets in general, especially FIIs.

PRODUCT LAUNCHES

MUTUAL FUNDS

Baroda BNP Paribas Mutual Fund has launched 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 till 24 June.**

Aditya Birla Sun Life Mutual Fund has launched the Aditya Birla Sun Life Quant Fund, a thematic equity fund that will invest in stocks based on a quant model theme. The benchmark of the fund is the Nifty 200 TRI. The minimum investment is ₹500 and there is a 0.5% exit load on redemptions within 90 days. **The NFO is open till 24 June.**

Sundaram Mutual Fund has launched the Sundaram Business Cycle Fund, a thematic equity fund that identifies medium term cycles that can impact business fundamentals and invests 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 till 19 June.**

Mahindra Manulife Mutual Fund has launched the Mahindra Manulife Manufacturing Fund, a thematic equity fund that invests 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 till 14 June.**

Kotak Mutual Fund has launched the Kotak 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, digitisation and other special corporate actions. The benchmark of the fund is the Nifty 500 TRI. The minimum investment is ₹100 and there is an exit load of 1% for redemption of more than 10% of the investment within one year. **The NFO is open till 24 June.**

Canara Robeco Mutual Fund will launch the Canara Robeco Balanced Advantage Fund, a hybrid scheme that will invest in a mix of fixed income securities and stocks. The benchmark of the fund is the CRISIL Hybrid 50+50 Moderate Index. The minimum investment is ₹5,000 and there is an exit load of 1% for redemption of more than 12% of the investment within one year. **The NFO will open from 12-26 July.**

No rate cut by RBI means FD rates will remain high

However, experts also believe that the interest rate cycle is close to turning.

There is good news for investors in fixed deposits. The RBI has kept the repo rate unchanged at 6.5%, so the high interest rates offered on fixed deposits are likely to continue for some more time. However, many experts believe the interest rate hike cycle is coming to an end and rates could start falling soon. Inflation was a critical factor that determined the RBI decision. When retail inflation was high at 7.79% in April 2022, the central bank went on a rate hiking spree. Policy rates were hiked by 250 basis points between May 2022 and February 2023. Since then, policy rates have remained unchanged as the RBI is waiting for retail inflation to remain near its comfort level of 4%. Retail inflation hit an 11-month low of 4.83% in April.

Experts are divided whether to expect a rate cut in the next Monetary Policy Committee meet to be held in August. "While an immediate rate cut may not be on the radar, the potential reduction in the rates is likely to happen some time around October," says Atul Monga, CEO & Co-founder of BASIC Home Loan. Others disagree. "This is probably the last time the RBI will maintain status quo. The repo rate may start its descent from the upcoming MPC meeting as higher kharif production is expected amid an above-normal monsoon, easing the prices of food items," says Shrinivas Rao, FRICS, CEO, Vestian. "The RBI's status quo on rates and stance was in line with market expectations, but the split in voting patterns clearly shows the increasing probability towards a pivot in the policies ahead. However, we believe the robust growth will give enough opportunity for the MPC to remain on a wait and watch mode until better clarity comes from monsoons and the Budget. We see room for stance change in the August policy, with a plausible easing from the October meeting," says Upasna Bhardwaj, Chief Economist, Kotak Mahindra Bank.

While the interest rate cycle is likely to reverse in a few months, the possibility of the rates going up in the short term can not be ruled out. "Interest rates on fixed deposits are also expected to rise, with banks offering competitive rates to attract more depositors," says Adhil Shetty, CEO, *Bankbazaar.com*.

If you have surplus cash, this may be a good time to lock in at prevailing high rates. Don't be tempted to invest in deposits of little known banks and corporate entities. For a small 100-200 basis point higher rate, you may end up endangering your entire principal if the issuer goes under. Experts say it is best to keep your exposure within the insurance limit of ₹5 lakh provided by the Deposit Insurance and Credit Guarantee Corporation. For higher deposits, use multiple types of account in different capacities, which will make you eligible for the ₹5 lakh cover separately on each account.

However, investors in fixed deposits should take into account the taxability of interest. Interest on deposits is fully taxable at the slab rate, which brings down the post-tax yield for the investor (*see table*). Also, the interest is charged on an accrual basis every year, even if the fixed deposit is cumulative. This is why some experts believe debt funds are a better option because the gains are taxed only at the time of redemption. Also, the gains can be set off against losses from other investments.

Though mutual funds don't give an assurance of returns, the yield to maturity (YTM) of a debt fund is a good indicator of the returns one can expect. Many target date funds have YTMs of more than 7.5%.

MIND THE TAX

Post-tax yield of a fixed deposit with 7.5% interest

TAX SLAB	POST-TAX YIELD
0%	7.50%
20%	5.94%
30%	5.16%

GETTY IMAGES

RBI raises limit for bulk FDs to ₹3 crore

Up to ₹3 crore put in fixed deposits will be considered retail deposits. Banks generally offer lower rates on bulk deposits as compared to retail deposits.

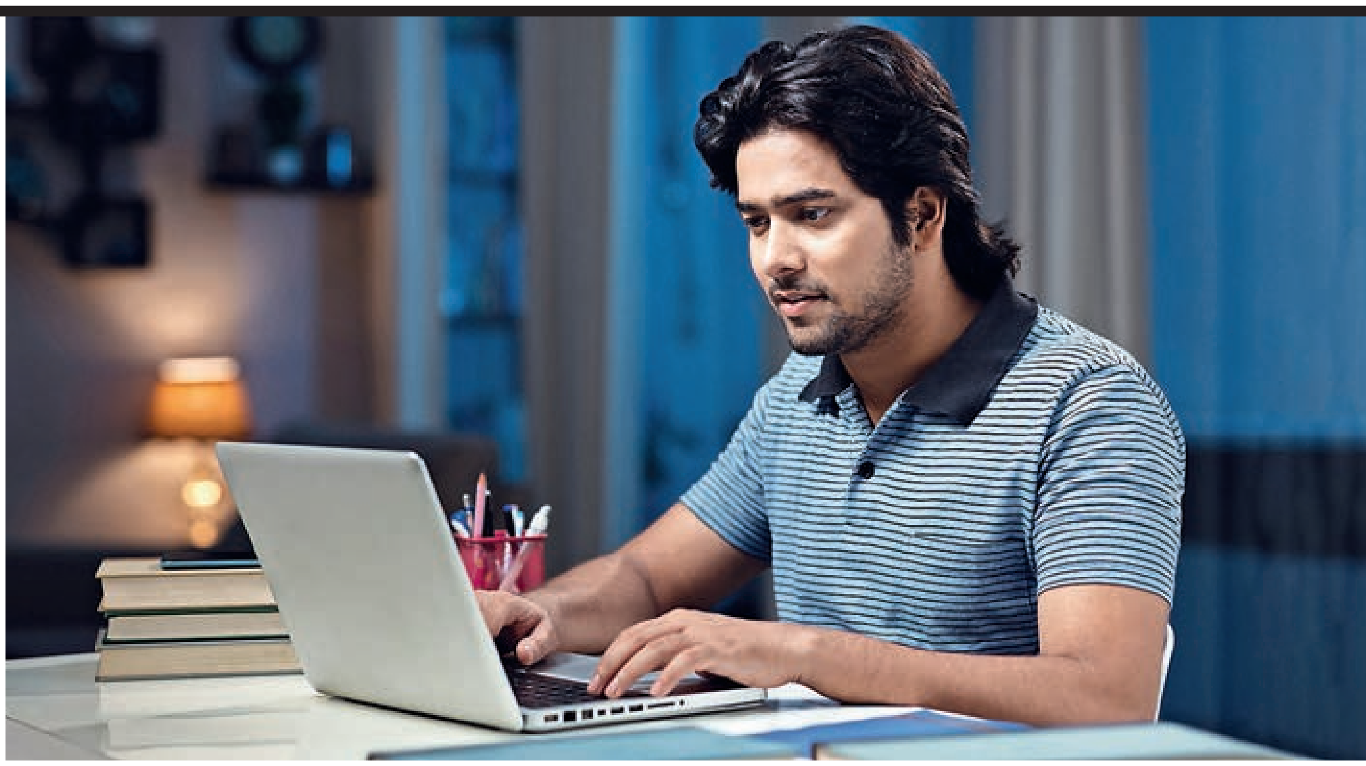
The RBI has revised the definition of bulk fixed deposits from ₹2 crore to ₹3 crore. Up to ₹3 crore put in fixed deposits will be considered retail deposits, instead of bulk deposits. Generally, banks offer lower rates on bulk deposits compared to retail deposits. The change will apply to scheduled commercial banks and small finance banks, excluding regional rural banks. Necessary guidelines will be issued shortly.

As per the RBI governor's statement, "On a review of the bulk deposit limit, it is proposed to revise the definition of bulk deposits as 'Single rupee term deposit of ₹3 crore and above' for SCBs (excluding RRBs) and SFBs. Further, it is also proposed to define the bulk deposit limit for local area banks as 'Single rupee term deposits of ₹1 crore and above', as applicable in case of RRBs."

REUTERS

Single rupee term deposit means that an investor having ₹6 crore, making three fixed deposits of ₹2 crore each, will imply that each deposit is considered a retail deposit. If he made a single deposit of ₹6 crore, then it would have been considered a bulk fixed deposit.

As per the RBI master direction on the interest rates on deposits, "Differential interest rate shall be offered only on bulk deposits."



GETTY IMAGES

Start early, save regularly to achieve FIRE

Akaash Choudhary is a 23-year-old MBA graduate from an elite business school and has just started his career as an investment banker. He plans to retire when he is 50 years old in order to work for a children's NGO, while maintaining a comfortable lifestyle through his savings. Choudhary has seen many people take an early retirement without amassing sufficient savings and wants to avoid this situation. How should he plan his finances to meet this aggressive retirement goal and follow his passion?

Financial independence, retire early (FIRE) is a movement focused on extreme savings and aggressive investment that aims to allow people to retire much earlier than is possible through traditional budgets and retirement plans. Detailed planning, budgeting discipline, and smart investment are key components to achieve an early retirement. The single most important factor that determines how soon one can retire comfortably is the size of investment corpus. If Choudhary is able to build a large corpus that is capable of replacing his regular salary income with investment income, he is technically ready to retire. He must target saving up to 70% of his income while working full-time. When he has saved approximately 30 times his yearly expenses, he may consider retirement from any form of employment. Since he can only save a portion of his current income, after accounting for his expenses, he needs to use the benefit of time and compounding to allow his corpus to grow in size. Beginning early and saving regularly comprise the most crucial first step.

Choudhary should first estimate the corpus he may need. This is not a simple mathematical exercise and involves a set of assumptions. The assumptions include rate of inflation and rate of investment return. Naturally, his investment rate needs to be higher than the rate of inflation, otherwise his money will lose value over time. This applies not just to building a corpus, but also its utilisation. This is because even after his retirement, his income needs will increase with inflation. Therefore, targeting a rate of return that is higher than inflation in the saving years is the best option for Choudhary.

Choudhary should also know that in the earning years, he may not need any income from his investments. So, choosing growth assets that will earn a higher return, such as equity, will help him build a bigger corpus. However, after retirement, he may find it challenging to invest heavily in growth assets due to associated risks. Hence, a higher allocation to equity now will help him manage with a lesser allocation to equity after retirement. Choudhary should focus on saving and investing systematically to build his investment assets. Since human capital can yield a high rate of return, he may find that as his earnings increase, his ability to save and invest also grows, allowing him to retire early if he chooses. Retirement planning is less about precise estimation and more about taking advantage of time and starting early.

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

SMART THINGS TO KNOW
Riders with insurance policies

1 Riders are options that enable a person to enhance the cover both qualitatively and quantitatively.

2 Riders are essentially additional benefits that one can purchase and add to an existing policy.

3 Riders are terminated either when they are utilised or when the main policy ends. They can be mixed and matched based on preferences for a small additional cost.

4 Riders are typically added while purchasing an insurance policy, though they can also be attached during the policy term.

5 Commonly taken riders include accident and disability benefits, critical illness, hospital cash benefits, and waiver of premium.

PAPER WORK

RFC account for returning NRIs

For non-resident Indians (NRIs) planning to return to India, managing foreign earnings and assets efficiently is crucial. One effective way to do this is by opening a Resident Foreign Currency (RFC) account.

What is RFC account?

An RFC account allows returning NRIs to hold their foreign currency earnings in India, maintained in major currencies like the USD, GBP, and EUR. The primary benefit is avoiding currency conversion charges and managing funds seamlessly.

Who can open RFC account?

Typically, returning NRIs who have lived abroad continuously for at least one year are eligible to open an RFC account.

Procedure to open RFC account

The first step is to select a bank in India that offers RFC accounts. Compare features, interest rates and services offered by different banks before making a decision. You can obtain the RFC account opening form from the bank or online, fill it out, and submit it along with required documents such as:

- KYC documents: Proof of identity, address, PAN card, passport and photographs.
- Proof of NRI status: Visa, work permit or employment certificate.
- Proof of returning to India: Passport entry stamp, tickets.

After verifying these documents, the bank will open the RFC account and provide details to the customer.

Fund transfer

After the account is opened, the customer can transfer foreign earnings into it by using wire transfer, foreign currency cheques, or by moving from existing NRE/NRO accounts.

Points to note

- Funds in an RFC account are fully repatriable and can be transferred back to an overseas account, if needed.
- Interest earned on RFC accounts is typically tax-exempt until the account holder attains resident status for tax purposes.

Why do we make poor investment decisions

Investors tend to display flawed behavioural patterns that focus on outcomes instead of processes because simple and staid methods over the long term are considered boring, says **Uma Shashikant**.

GETTY IMAGES

UMA SHASHIKANT
IS CHAIRPERSON, CENTRE FOR INVESTMENT EDUCATION AND LEARNING

Investing has come to mean a flurry of activity. One must go about acting with assumed expertise, buying, selling, booking profits, revising and reworking. Keeping it simple and staid over the long term is boring in comparison. Poor investment decision-making is here to stay. We will crib about outcomes for a while, and then go back to doing the same things.

Debating every possibility after an event is something we all do routinely. With the benefit of hindsight, we seem to know and analyse very well how something came to be, and what should have been done. One would then assume that this knowledge would make us better off. Everyone would know what should be done to win, and would do it without a qualm. It doesn't happen this way. Not in politics, nor in personal finance. We make mistakes again and again.

There does not seem to be a cure for poor investment decision-making. Why? We are not great at making informed decisions, say behavioural scientists. When it comes to investing, it seems to hurt us even more. Consider some common behavioural patterns most investors exhibit.

Conversations around investing tend to focus somewhat disproportionately on outcomes, not processes. People passionately describe how they bought something and it rose to become a multi-bagger. Or about how they stayed away from the markets and the crash came as expected. Any attempt to divert that conversation towards how to make it happen again usually fails. If something cannot be replicated and it won't lead to the same outcome again and again, it is a chance event. However, investors do not like to ascribe the outcome to chance or luck. They are likely to think that having got a positive reinforcing outcome once, or a few times, is enough. That is why we have tips and tricks, short-cuts and formulae, patterns and trends, and the whole bag of tricks that leads many into making poor decisions based on overt focus on what happened, rather than the why or how.

The few lucky instances tend to become big stories. He is a millionaire today because he bought that IPO; he is a smart day trader who can multiply money magically; he is the businessman with the ability to make every venture a unicorn, and so on. These stories and legends create an aura of method. Investors begin to believe that they have acquired a competence that is valuable. Every bull market will have its narrative, its 'fundamental' story, its popular jargon, and a framework that everyone will buy into. Another round of poor investment decision-making is in order when these two instances combine: a chance outcome that is glorified as an exceptional competence. Everyone is then India's own Warren Buffett.

There are more elements at play that perpetuate the processes of poor investment decision-making. Bring in social acceptance and approval. If others are in it, it seems like a good choice. A bull market attracts more and more investors because those who came in earlier have already made money. They have established that the outcomes are gainful for those who buy. They have added the aura of new, that makes it different this time. Then it becomes tough to not be a part of that party. The mere presence of others offers confidence.

There is another behavioural limitation at play—the fear of being left out. Many poor quality IPOs and ventures get investors' money even if they are grossly overpriced because investors do not want to be left out. Playing on this eagerness of the investor has been at play for a long time: creating 'exclusive' offerings, shutting the gate after the first tranche, asking to decide here and now, and so on. The world is full of instances where investors have gatecrashed into absolutely ludicrous investment ideas.

There is a need to sense privilege or feel smarter than the ordinary others. Why would they not seek information and lean on what the data shows, rather than focus on how they feel? That path is also strewn with obstacles. First, there is an overload of information. It is tough to sift through various reports and recommendations strewn with data and analysis, and each one arriving at diametrically opposite conclusions. Second, there is a trust deficit at play. Investors do not know if opinions being offered are backed by expertise. They fail to identify vested interests. Third, information is selectively used when they suffer from confirmatory and availability bias.

If asked to decide in the midst of a bull market, investors may seek information that confirms the markets would continue to rise. The best evidence that they are reaching new highs every other day is the most recent and available information that seems more pertinent than theories about market cycles. Research may establish that winners don't repeat themselves, or that it is nearly impossible to pick tomorrow's winner today. But investors decide on the basis of the current winner that looks good today, that is being chased by everyone, and is appreciating in value in the most recent period. Money always flows in the hope that it will keep rising.

What should one do instead, one may ask. This story has been told so many times. A simple market index bought and held for the long term would do quite well for most investors. How boring, most would exclaim. Here is the list of stocks and list of funds that did better than the market, they would say. But how would you pick these? How would you know in advance that you are picking well? Do you know enough to do that? Even if you did know, would you always be right? Wouldn't it all average out? Isn't this the same as the market index? Not everyone is interested in these questions.

Investing has come to mean a flurry of activity. One must go about acting with assumed expertise, buying, selling, booking profits, revising and reworking. This has come to represent dynamism and intelligence. Keeping it simple and staid over the long term is boring in comparison. Poor investment decision-making is here to stay. We will crib about outcomes for a while, and then go back to doing the same things again.

Please send your feedback to
etwealth@timesgroup.com

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.

I am 23 years old and have been working for a year. My monthly salary is ₹65,000, and expenses are ₹30,000. I invest ₹15,000 in equity mutual funds (large- and mid-cap) through monthly SIPs. Additionally, I have invested ₹1.25 lakh in stocks directly, ₹50,000 each in the PPF and the NPS, and ₹15,000 in ELSS. How should I plan my future finances for retirement, higher education, luxury car and an annual week-long trip?

At just 23, with only a year into your career, you've made commendable efforts toward your financial journey. As you move forward, establish a strong framework to achieve your financial goals.

- Create a safety net by setting aside funds equivalent to six months of household expenses. This amount can be parked as a sweep-in fixed deposit, liquid fund or an arbitrage fund.
- Track expenses. Maintain an Excel sheet to record monthly inflow and outflow to avoid unnecessary expenses.
- Goal-wise investing is an effective method to decide on asset allocation . For long-term goals like retirement, allocate a larger portion of your investments to equity mutual funds (mix of passive and active funds), and make the required contributions to the EPF. Continue investing in the NPS and PPF. With a long-term horizon, you can benefit from the power of compounding in both equity and fixed-income instruments. For medium-term goals (3-5 years), hybrid funds can be a good option. For near-term goals, such as a trip in the next few months, invest in safer options like debt funds.
- At this stage, avoid investing directly in stocks. You can explore this option further once you are more established in your career.
- Increase your investments with every increment in salary.
- As your responsibilities and family size grow, ensure sufficient life and health insurance.
- Avoid unproductive loans, such as personal loans, to fund any kind of purchases or travel.
- Follow the process and remain patient during market downturns.

Prableen Bajpai
Founder, FinFix Research and Analytics

I had a kidney transplant two years ago and currently don't have an insurance policy. Do any insurance providers offer policies for people with a history of kidney transplants?

While you can apply for health insurance with any reputed company, the decision to provide coverage will depend on the underwriting norms and may include limitations on the extent of coverage. It's better to get health insurance at an early age when you are less likely to contract an illness. Health insurance is designed to protect against high treatment costs. Many insurers, such as ICICI Lombard, Tata AIG and HDFC Ergo, cover the entire cost of organ transplants, including medical costs for the donor. Given your medical history, start the application process at the earliest. Declare all medical details and provide necessary documentation to show your stable post-transplant health. This helps the insurer assess your application accurately. Ensure you understand the exclusions clearly to align expectations with the insurer.

Sarbvir Singh
Joint Group CEO, PB Fintech

QUESTION OF THE WEEK

I'm 67 and retired. I have investments of ₹95 lakh in bank fixed deposits and ₹5 lakh in equity. I also own a house valued at ₹3.5 crore and have no debt. My monthly expenses are ₹40,000, while my pension is ₹50,000. I'm considering relocating the FDs for higher returns. What are my options? Also, I currently have a health insurance plan of ₹5 lakh. Would it be advisable to opt for a super top-up health insurance plan?

Assuming 7% inflation, your current monthly expenses of ₹40,000 will increase to ₹49,000 in three years to maintain your existing lifestyle. If your pension payout is not going to increase at a similar rate, you will have to draw down from your other savings. These savings need to grow at 7% (after tax) at least to maintain the purchasing power with time. Without equity allocation, it is not possible to generate this kind of return. So, you are right in considering relocation of FDs to generate higher returns.

The best way you can achieve this goal is to start SIPs of ₹1.5 lakh in dynamic asset allocation mutual fund schemes for three years. It will help achieve an appropriate balance of equity and debt in your overall investments, considering a conservative risk profile. Dynamic asset allocation funds are good for passive management, where a fund manager decides allocation between equity and debt depending on the market levels. Hence, these have a lower volatility compared to pure equity mutual funds. SIPs will ensure that the volatility is further reduced. You can consider investing in direct plans of mutual funds to get higher returns by saving on commissions.

A health insurance plan of ₹5 lakh is insufficient due to high medical costs. You must buy a super top-up plan of at least ₹25 lakh.

Sumit Duseja
Co-Founder & CEO, Truemind Capital

I am 53 and earn ₹3.2 lakh a month, while my wife (50) earns ₹1 lakh a month. Our investments include mutual funds worth ₹3.6 crore (monthly SIPs of ₹1 lakh), shares worth ₹65 lakh, ₹1 crore in the PPF (1.5 lakh annual contribution), and ₹1.4 crore in the General PF (₹13,000 monthly contribution). We own two properties worth ₹5 crore, generating ₹5.8 lakh annual rent. Our monthly expenses are ₹1 lakh, expected to rise by 30-40% after retirement at 60. We enjoy travelling and need ₹1.5 crore for our son's education in five years. Please advise for the next seven years.

Your current corpus is ₹6.65 crore. Assuming 10% growth and continuation of existing investments, it could reach ₹15 crore by retirement. With inflation and lifestyle adjustments, expect ₹30 lakh annually (₹2.5 lakh monthly) in expenses. A 10% growth rate should cover twice your needed income, considering 6% inflation. Rental income should rise to ₹8 lakh by retirement, adding an additional buffer. Ensure adequate health insurance. Your corpus can cover your child's education. To safeguard against market volatility, gradually move some funds to fixed deposits. Use liquid assets like FDs for education expenses and remain invested in high-return assets.

Adhil Shetty
CEO, BankBazaar

My father retired recently and has about ₹60 lakh from his Provident Fund and GPF. Should I invest the entire amount in a senior citizen fixed deposit in his name, or split it and invest half in my mother's name? The senior citizen fixed deposit offers 8.2% interest for a five-year term, while a regular fixed deposit for my 54-year-old mother offers a minimum of 7.5% interest. My dad's pension is less than ₹4 lakh a year, and my parents have no other source of income. I am concerned about the taxes on the interest earned. Could you suggest a better way to reduce their tax?

Splitting the investment won't help as any income earned by your mother will be clubbed with your father's income. This means that the interest earned on an FD in your mother's name will be considered your father's income and he will incur the tax liability. As a senior citizen, your father can benefit from deductions under Section 80TTB on interest income up to ₹50,000; ₹50,000 standard deduction from pension income; and up to ₹1.5 lakh under Section 80C for senior citizen saving schemes, assuming the entire amount is invested in the first year. Under the new tax regime, his tax liability will be calculated using reduced slab rates and ₹50,000 standard deduction from pension income, but other deductions won't be allowed. He can opt for the old scheme in the first year for increased deductions and switch to the new scheme later to reduce the tax burden. He can also invest in the PPF for tax-free interest, with a 15-year lock-in period and partial withdrawals allowed after five years.

Amit Maheshwari
Tax Partner, AKM Global

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

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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.

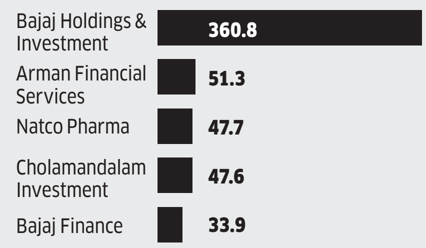
	RANK		PRICE ₹	GROWTH%*		VALUATION RATIOS				RATING	
	Current Rank	Previous Rank	Stock Price	Revenue	Net Profit	PE	PB	PEG (5-year)	Div Yield (%)	No. of funds	Value Research Stock Rating
Can Fin Homes	1	1	764.70	28.5	20.8	13.6	2.3	0.9	0.8	48	★★★★★
Manappuram Finance	2	2	177.80	33.3	46.3	6.9	1.3	-1.9	2	13	★★★★★
Gujarat State Petronet	3	3	277.70	15.3	35.9	9.5	1.4	0.9	1.8	56	★★★★★
Bajaj Finance	4	4	6,925.00	33.9	24	29.6	5.6	1.6	0.5	117	★★★★★
Coal India	5	5	472.40	2.9	10.2	7.7	3.5	0.8	5.4	110	★★★★★
Aavas Financiers	6	6	1,633.20	25.8	14.1	26.3	3.4	1.5	0	39	★★★★★
PI Industries	7	7	3,649.80	14	42.9	32.9	6.3	1.3	0.4	64	★★★★★
Indraprastha Gas	8	8	459.90	-0.8	21	16.3	3.4	1.1	1.9	39	★★★★★
Nesco	9	9	879.10	24.2	24.8	17.1	2.7	1.4	0.7	7	★★★★★
Kotak Mahindra Bank	10	10	1,735.90	33.4	21.9	18.8	2.6	1.3	0.1	131	★★★★★
The Great Eastern Shipping Co	11	11	1,064.90	-7.6	1.5	5.9	1.2	0	3.4	23	★★★★★
Indraprastha Medical Corp.	12	12	240.50	13.3	43.9	17.8	4.6	0.7	1.9	5	★★★★★
Gulf Oil Lubricants India	13	13	986.00	9.5	32.4	15.2	3.6	1.6	3.8	8	★★★★★
Narayana Hrudayalaya	14	15	1,241.60	11	30.2	32.3	8.8	0.6	0.3	25	★★★★★
Dr. Reddy's Laboratories	15	14	5,889.90	13.5	23.6	17.6	3.5	0.9	0.7	52	★★★★
Infosys	16	16	1,473.30	4.7	9.8	23.2	7	2	3.1	206	★★★★★
Akzo Nobel India	17	17	2,651.80	4.2	27.3	28.3	9.1	2.3	2.8	13	★★★★★
Sun TV Network	18	18	719.70	13.3	12	14.7	2.7	2.8	2.3	17	★★★★★
Zensar Technologies	19	19	664.10	1.1	103	21.6	4	2.6	1.4	28	★★★★★
Persistent Systems	20	21	3,689.00	17.6	17.9	51.9	11.5	1.1	0.7	87	★★★★★
Avanti Feeds	21	20	565.10	5.5	28.2	21.3	3.2	4.3	1.2	11	★★★★★
Jamna Auto Industries	22	22	121.50	4.4	21.9	23.5	5.3	3.3	2	10	★★★★★
Godfrey Phillips India	23	23	3,782.50	23.9	44.8	22.2	4.6	0.9	1.5	7	★★★★★
Muthoot Finance	24	25	1,756.90	26.9	19.7	16.3	2.8	-2.3	1.4	52	★★★★★
Repco Home Finance	25	24	493.20	17.3	34.1	7.4	1	-0.6	0.5	10	★★★★★
Petronet LNG	26	26	302.70	-12	9.1	12.4	2.6	1.2	3.3	24	★★★★★
Arman Financial Services	27	27	2,268.80	51.3	67.7	14	3	0.5	0	9	★★★★★
Bajaj Holdings & Investment	28	28	8,134.60	360.8	49.8	12.4	1.7	0.7	1.6	9	★★★★★
Nestle India	29	29	2,472.00	10.3	2.8	74.5	71.3	0.7	1.3	61	★★★★★
Cholamandalam Investment	30	30	1,339.90	47.6	26.7	32.8	5.7	1.8	0.1	119	★★★★
Just Dial	31	31	956.30	23.5	120.9	22.4	2	4	0	6	★★★★★
Maruti Suzuki India	32	32	12,680.00	19.9	60.7	29.5	4.6	3.8	1	175	★★★★★
Abbott India	33	33	26,999.00	9.4	26.5	47.8	15.5	2.8	1.5	49	★★★★
Amara Raja Energy & Mobility	34	34	1,280.90	8.4	23.2	25.2	3.5	2.2	0.8	16	★★★★
Natco Pharma	35	35	1,034.70	47.7	97.9	13.5	3.2	1.6	0.9	9	★★★★
Praj Industries	36	36	535.50	-1.8	18.1	34.7	7.7	1.2	1.1	22	★★★★★
Cera Sanitaryware	37	37	7,156.10	4.1	14.1	39	6.9	2.6	0.8	14	★★★★
Cipla	38	38	1,476.50	13.3	47	28.8	4.4	1.8	0.9	104	★★★★
Transport Corporation of India	39	39	893.90	5.4	8.1	20.1	3.5	1	0.8	9	★★★★★
Tata Consultancy Services	40	40	3,831.80	6.8	9.5	29.9	15.2	3.6	1.9	161	★★★★
Asian Paints	41	41	2,903.70	2.9	33	51.2	15	2.6	1.1	35	★★★★
Avenue Supermarts	42	43	4,689.50	18.4	5	121.7	16.5	5.6	0	93	★★★★
JK Lakshmi Cement	43	44	783.50	4.1	28.3	19.5	2.9	0.7	0.8	22	★★★★
Hawkins Cookers	44	42	7,155.00	1.8	15.9	34.6	11.4	2.6	1.7	5	★★★★★
Eicher Motors	45	45	4,723.90	14.5	37.2	32.1	7.1	3.4	1.1	67	★★★★
Castrol India	46	46	188.00	5.7	11.2	21.1	8.2	5	4	14	★★★★★
LG Balakrishnan & Bros	47	47	1,217.00	6.5	7.7	14.1	2.8	0.7	1.5	8	★★★★★
Shriram Finance	48	50	2,477.90	21.4	12.5	12.7	1.9	-1.6	1.8	106	★★★★
City Union Bank	49	48	145.00	11.8	8.3	10.6	1.3	2	1	27	★★★★★
Garware Hi-Tech Films	50	--	1,884.80	20.6	22.6	20.9	2.1	1.2	0.5	6	★★★★

*REVENUE AND EPS FIGURES BASED ON ONE-YEAR GROWTH. DATA AS ON 6 JUNE 2024.

SOURCE: VALUE RESEARCH

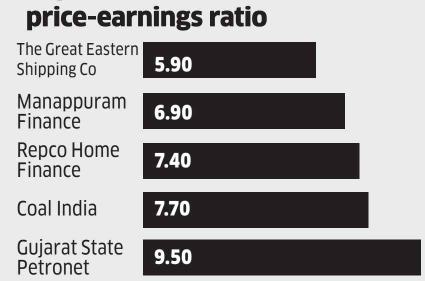
1 Fast growing stocks

Top 5 stocks with the highest revenue growth (%)



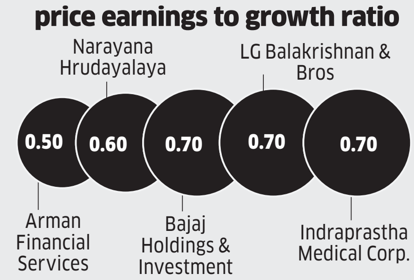
2 Least expensive stocks

Top 5 stocks with the lowest price-earnings ratio



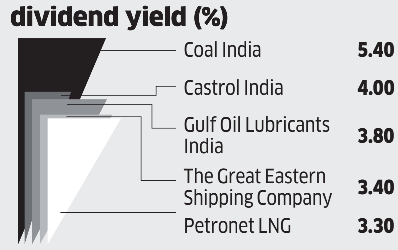
3 Best PEGs

Top 5 stocks with the least price earnings to growth ratio



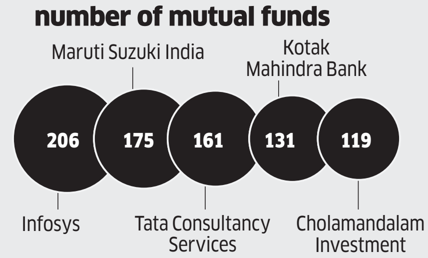
4 Income generators

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	3.57	16.19	35.63	22.47	17.20	1.62
Quant Focused Fund	★★★★★	924.73	3.82	22.27	53.14	19.83	21.92	2.19
ICICI Prudential Bluechip Fund	★★★★★	54,904.23	2.27	14.54	35.84	19.45	17.57	1.49
JM Large Cap Fund	★★★★★	144.17	1.59	17.83	41.05	19.34	17.18	2.41
HDFC Top 100 Fund	★★★★	33,170.08	1.12	11.28	31.82	18.65	14.99	1.62
DSP Nifty 50 Equal Weight Index Fund - Regular Plan	★★★★	1,345.87	1.81	12.20	32.60	17.91	17.23	1.00
Baroda BNP Paribas Large Cap Fund	★★★★	1,930.52	3.55	18.12	36.19	17.50	17.08	2.07
Edelweiss Large Cap Fund - Regular Plan	★★★★	874.24	2.92	12.69	28.89	16.27	15.77	2.24
Kotak Bluechip Fund - Regular Plan	★★★★	8,027.99	4.45	13.60	29.03	15.29	16.26	1.76
Canara Robeco Bluechip Equity Fund - Regular Plan	★★★★	12,830.12	3.96	12.88	27.17	14.13	16.70	1.67
EQUITY: LARGE & MIDCAP								
ICICI Prudential Large & Mid Cap Fund	★★★★★	13,117.39	5.23	17.63	42.12	24.74	21.17	1.74
HDFC Large and Mid Cap Fund - Regular Plan	★★★★	18,691.62	4.48	15.10	43.54	23.55	21.14	1.69
Motilal Oswal Large and Midcap Fund - Regular Plan	★★★★★	4,036.22	7.52	16.79	46.58	23.32	–	1.86
Kotak Equity Opportunities Fund - Regular Plan	★★★★	21,495.80	8.60	19.73	40.74	21.31	20.18	1.61
SBI Large & Midcap Fund	★★★★	22,689.50	5.41	14.16	30.66	18.99	19.24	1.64
EQUITY: FLEXI CAP								
ICICI Prudential Retirement Fund - Pure Equity Plan	★★★★★	729.80	4.74	20.94	50.16	28.35	21.17	2.25
JM Flexicap Fund	★★★★★	2,107.42	5.67	22.59	54.32	27.08	23.83	1.93
HDFC Focused 30 Fund	★★★★	11,246.61	6.24	17.19	39.87	26.69	19.59	1.70
HDFC Flexi Cap Fund	★★★★	52,874.12	5.23	16.97	40.33	24.11	19.30	1.49
Bank of India Flexi Cap Fund - Regular Plan	★★★★	879.32	5.14	19.60	55.28	23.80	–	2.19
ICICI Prudential Focused Equity Fund	★★★★	7,872.07	7.54	20.66	42.95	22.21	20.48	1.76
HDFC Retirement Savings Fund Equity Plan	★★★★★	5,044.10	4.14	13.83	33.80	21.75	21.37	1.81
Franklin India Flexi Cap Fund	★★★★	15,267.10	3.57	15.18	40.14	20.62	19.41	1.73
Parag Parikh Flexi Cap Fund - Regular Plan	★★★★★	63,933.76	3.53	13.87	32.68	20.34	23.79	1.37
360 ONE Focused Equity Fund - Regular Plan	★★★★	7,009.01	4.23	12.82	32.85	19.17	20.83	1.80
Franklin India Focused Equity Fund	★★★★	11,511.53	4.97	15.85	34.44	18.79	17.83	1.77
Union Flexi Cap Fund	★★★★	2,051.30	0.57	9.40	30.38	16.69	17.91	2.05
EQUITY: MID CAP								
Motilal Oswal Midcap Fund - Regular Plan	★★★★★	9,819.09	10.69	24.00	50.55	34.51	27.43	1.73
Quant Mid Cap Fund	★★★★★	6,920.17	7.41	28.29	68.91	31.46	32.66	1.75
Nippon India Growth Fund	★★★★	26,821.89	9.10	16.29	51.63	27.28	25.43	1.62
HDFC Mid-Cap Opportunities Fund	★★★★	63,413.49	5.34	17.00	49.58	27.25	24.64	1.43
Edelweiss Mid Cap Fund - Regular Plan	★★★★	5,534.33	7.92	19.05	47.37	24.15	24.94	1.79
SBI Magnum Midcap Fund	★★★★	17,910.24	8.47	14.21	34.58	23.03	24.07	1.69
Kotak Emerging Equity Fund - Regular Plan	★★★★	42,699.18	11.27	18.10	42.73	22.45	23.91	1.46
EQUITY: SMALL CAP								
Nippon India Small Cap Fund	★★★★★	50,422.78	6.66	14.55	46.95	30.48	30.00	1.47
Tata Small Cap Fund - Regular Plan	★★★★	6,951.59	5.85	11.59	34.48	25.00	26.74	1.74
Edelweiss Small Cap Fund - Regular Plan	★★★★	3,361.40	5.17	10.40	39.97	24.25	27.32	1.88
ICICI Prudential Smallcap Fund	★★★★	7,658.95	4.38	10.73	35.71	23.89	24.80	1.78
Axis Small Cap Fund - Regular Plan	★★★★★	20,136.63	3.83	8.34	31.73	22.22	25.35	1.63
EQUITY: VALUE ORIENTED								
SBI Contra Fund	★★★★★	29,585.65	2.93	16.02	42.61	26.85	25.76	1.58
JM Value Fund	★★★★	665.51	4.22	19.10	55.27	26.62	22.87	2.33
Templeton India Value Fund	★★★★	1,922.69	3.85	18.16	41.60	24.64	21.32	2.08
ICICI Prudential Value Discovery Fund	★★★★★	42,664.32	1.87	14.77	38.98	23.83	22.35	1.58
Bandhan Sterling Value Fund - Regular Plan	★★★★	8,943.61	3.31	16.28	36.79	22.99	21.43	1.76
EQUITY: ELSS								
Quant ELSS Tax Saver Fund	★★★★★	9,360.89	4.33	24.93	57.23	25.82	31.60	1.75
SBI Long Term Equity Fund - Regular Plan	★★★★★	23,411.67	4.53	23.25	52.95	25.36	21.71	1.62
Bank of India ELSS Tax Saver Fund - Regular Plan	★★★★★	1,297.72	2.67	17.74	47.56	21.58	24.24	2.10
Parag Parikh ELSS Tax Saver Fund - Regular Plan	★★★★★	3,360.61	0.91	10.16	28.34	19.69	–	1.71
Kotak ELSS Tax Saver - Regular Plan	★★★★	5,608.21	6.31	18.07	36.44	19.62	18.70	1.76
Bandhan ELSS Tax Saver Fund - Regular Plan	★★★★	6,432.29	2.04	12.19	30.40	18.87	19.53	1.75
DSP ELSS Tax Saver Fund	★★★★	14,859.56	5.30	16.43	40.17	18.80	19.57	1.65
Union ELSS Tax Saver Fund	★★★★	875.87	1.19	9.18	29.22	17.52	18.29	2.28

22.47% THE 3-YEAR RETURN OF NIPPON INDIA LARGE CAP FUND IS THE HIGHEST IN ITS CATEGORY.

28.35% THE 3-YEAR RETURN OF ICICI PRU RETIREMENT FUND IS THE HIGHEST IN ITS CATEGORY.

34.51% THE 3-YEAR RETURN OF MOTILAL OSWAL MIDCAP FUND IS THE HIGHEST IN ITS CATEGORY.

26.85% THE 3-YEAR RETURN OF SBI CONTRA 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	12.22	Quant Focused Fund	21.92
Groww Large Cap Fund	12.77	ICICI Prudential BHARAT 22 FOF	21.27
Axis Bluechip Fund	13.04	BHARAT 22 ETF	21.27
LIC MF BSE Sensex Index Plan	13.39	UTI Nifty Next 50 ETF	19.94
Mirae Asset Large Cap Fund	13.47	ABSL Nifty Next 50 ETF	19.89

Equity: Flexi cap 5-year returns

LAGGARDS		LEADERS	
ABSL Bal Bhavishya	10.97	Quant Flexi Cap Fund	30.88
ABSL -30s Plan	11.21	JM Flexicap Fund	23.83
Axis Focused Fund	11.47	Parag Parikh Flexi Cap Fund	23.79
Taurus Flexi Cap Fund	13.12	HDFC Retirement Savings Fund Equity	21.37
Motilal Oswal Focused Fund	13.17	ICICI Prudential Retirement Fund	21.17

Equity: Mid cap 3-year returns

LAGGARDS		LEADERS	
DSP Midcap Fund	15.81	Motilal Oswal Midcap Fund	34.51
PGIM India Midcap	17.29	Quant Mid Cap Fund	31.46
Axis Midcap Fund	19.16	Nippon India Growth Fund	27.28
UTI Mid Cap Fund	19.31	HDFC Mid-Cap Opportunities Fund	27.25
Taurus Mid Cap Fund	19.37	Mahindra Manulife Mid Cap Fund	25.53

Equity: Small cap 3-year returns

LAGGARDS		LEADERS	
ABSL Nifty Smallcap 50 Index	16.50	Quant Small Cap Fund	31.61
ABSL Small Cap Fund	16.85	Nippon India Small Cap Fund	30.48
ITI Small Cap Fund	19.49	Franklin India Smaller Companies	29.20
UTI Small Cap Fund	19.78	HSBC Small Cap Fund	28.15
Kotak Small Cap Fund	20.83	Tata Small Cap Fund	25.00

Hybrid: Aggressive 5-year returns

LAGGARDS		LEADERS	
ABSL -40s Plan	10.04	Quant Absolute Fund	24.05
PGIM India Hybrid Equity Fund	10.83	JM Aggressive Hybrid Fund	22.22
Axis Children's Gift	10.83	Bank of India Mid & Small Cap Equity	21.45
Navi Aggressive Hybrid Fund	11.39	ICICI Prudential Equity & Debt Fund	20.11
LIC MF Children's Fund	11.50	ICICI Prudential Retirement Fund	16.70

ANNUALISED RETURNS IN % AS ON 5 JUNE 2024.

ETW FUNDS 100

	Value Research Fund Rating	Net Assets (₹ Cr)	RETURNS (%) 3-Month	6-Month	1-Year	3-Year	5-Year	Expense Ratio
HYBRID: EQUITY SAVINGS								
Kotak Equity Savings Fund - Regular Plan	★★★★★	5,132.18	2.64	8.07	17.95	11.67	10.73	1.84
HSBC Equity Savings Fund	★★★★★	274.96	4.39	10.39	20.04	11.60	11.05	1.51
UTI Equity Savings Fund - Regular Plan	★★★★★	357.05	2.38	7.05	16.45	10.82	10.48	1.51
HDFC Equity Savings Fund	★★★★	4,180.30	1.37	7.39	16.49	10.36	10.15	1.93
SBI Equity Savings Fund - Regular Plan	★★★★	4,751.72	2.25	6.00	17.27	9.83	10.39	1.19
ICICI Prudential Equity Savings Fund	★★★★	10,118.19	1.58	4.43	10.61	8.20	7.96	0.97
HYBRID: AGGRESSIVE (EQUITY-ORIENTED)								
ICICI Prudential Equity & Debt Fund	★★★★★	34,733.09	2.08	14.15	35.54	22.70	20.11	1.62
JM Aggressive Hybrid Fund	★★★★	262.45	6.91	21.82	51.00	22.41	22.22	2.35
Bank of India Mid & Small Cap Equity & Debt Fund	★★★★★	724.24	3.30	11.43	42.96	21.11	21.45	2.37
Quant Absolute Fund	★★★★★	2,024.53	3.57	19.74	37.95	19.78	24.05	2.02
Edelweiss Aggressive Hybrid Fund - Regular Plan	★★★★	1,564.25	2.14	11.44	29.14	17.47	16.36	2.04
UTI Aggressive Hybrid Fund - Regular Plan	★★★★	5,487.53	4.31	12.61	29.61	16.97	16.08	1.90
HDFC Children's Gift Fund	★★★★★	8,864.86	3.42	9.58	24.19	16.63	16.69	1.76
HDFC Retirement Savings Fund - Hybrid Equity Plan	★★★★	1,394.48	2.67	9.70	24.73	15.00	15.43	2.11
Kotak Equity Hybrid Fund - Regular Plan	★★★★	5,411.89	5.01	12.09	26.16	14.75	16.24	1.81
Baroda BNP Paribas Aggressive Hybrid Fund - Regular Plan	★★★★	1,022.15	2.67	13.55	28.55	13.78	16.17	2.16
HYBRID: CONSERVATIVE (DEBT-ORIENTED)								
SBI Magnum Children's Benefit Fund - Savings Plan	★★★★★	109.84	2.40	7.09	16.47	11.73	11.36	1.21
Kotak Debt Hybrid Fund - Regular Plan	★★★★★	2,414.67	1.94	7.30	15.06	10.00	11.23	1.71
HDFC Hybrid Debt Fund	★★★★	3,140.27	1.58	6.91	14.46	10.27	10.11	1.77
ICICI Prudential Regular Savings Fund	★★★★	3,402.04	2.59	6.29	13.50	9.16	9.45	1.67
SBI Conservative Hybrid Fund	★★★★★	9,789.02	2.72	6.80	12.83	9.86	10.46	1.11
Canara Robeco Conservative Hybrid Fund - Regular Plan	★★★★	983.88	1.73	4.56	9.96	6.94	8.84	1.82
HYBRID: DYNAMIC ASSET ALLOCATION								
HDFC Balanced Advantage Fund	★★★★★	83,548.61	2.65	13.63	37.13	22.14	17.79	1.38
ICICI Prudential Balanced Advantage Fund	★★★★	56,709.02	2.51	8.93	20.23	12.52	12.63	1.48
Edelweiss Balanced Advantage Fund - Regular Plan	★★★★	11,135.73	2.81	10.77	22.54	12.36	14.11	1.71
Tata Balanced Advantage Fund - Regular Plan	★★★★	9,107.02	1.71	8.94	19.57	12.09	12.55	1.69
DEBT: FLOATER								
SBI Floating Rate Debt Fund - Regular Plan	★★★★	1,153.49	2.19	4.06	8.11	5.93	–	0.46
Franklin India Floating Rate Fund	★★★★	271.22	2.06	3.88	7.69	5.59	5.71	0.95
Aditya Birla Sun Life Floating Rate Fund - Regular Plan	★★★★★	12,768.68	1.97	3.87	7.45	5.90	6.49	0.46
DEBT: BANKING AND PSU								
ICICI Prudential Banking & PSU Debt Fund	★★★★★	9,056.41	1.75	3.77	7.12	5.83	6.76	0.74
ITI Banking and PSU Fund - Regular Plan	★★★★★	30.05	1.44	3.97	6.74	5.38	–	0.70
HDFC Banking and PSU Debt Fund - Regular Plan	★★★★	6,205.47	1.63	3.77	6.60	5.16	6.60	0.79
Kotak Banking and PSU Debt Fund - Regular Plan	★★★★	5,951.91	1.60	3.74	6.59	5.37	6.73	0.76
Aditya Birla Sun Life Banking & PSU Debt Fund	★★★★	10,059.46	1.62	3.73	6.55	5.28	6.67	0.72
Bandhan Banking & PSU Debt Fund - Regular Plan	★★★★	14,207.57	1.68	3.63	6.22	5.12	6.68	0.63
DEBT: SHORT TERM								
ICICI Prudential Short Term Fund	★★★★	18,091.83	1.78	3.78	7.12	5.84	6.98	1.07
HDFC Short Term Debt Fund	★★★★	12,947.96	1.81	4.06	7.07	5.48	6.88	0.69
UTI Short Duration Fund - Regular Plan	★★★★★	2,680.40	1.62	3.92	6.80	6.99	7.11	0.84
Aditya Birla Sun Life Short Term Fund - Regular Plan	★★★★	7,274.29	1.64	3.81	6.60	5.50	6.71	1.07
Nippon India Short Term Fund	★★★★	5,496.93	1.67	3.81	6.55	5.16	6.42	0.94
Axis Short Term Fund	★★★★	7,944.42	1.68	3.89	6.48	5.26	6.75	0.88
Sundaram Short Duration Fund	★★★★★	187.10	1.64	3.73	6.34	7.46	6.96	0.85
DEBT: CORPORATE BOND								
ICICI Prudential Corporate Bond Fund	★★★★★	27,350.22	1.85	3.85	7.32	5.95	7.02	0.57
Aditya Birla Sun Life Corporate Bond Fund	★★★★	21,330.37	1.75	4.11	7.22	5.69	7.11	0.51
HDFC Corporate Bond Fund	★★★★	28,968.10	1.85	4.09	7.12	5.46	6.96	0.60
Kotak Corporate Bond Fund - Standard Plan	★★★★	12,144.90	1.71	3.91	6.78	5.41	6.45	0.67
Nippon India Corporate Bond Fund	★★★★★	2,892.76	1.67	4.02	6.76	5.83	6.73	0.70
Axis Corporate Debt Fund - Regular Plan	★★★★	5,336.26	1.61	3.82	6.53	5.24	6.90	0.91

11.67%
THE 3-YEAR RETURN OF KOTAK EQUITY SAVINGS FUND IS THE HIGHEST IN ITS CATEGORY.

16.47%
THE 1-YEAR RETURN OF SBI MAGNUM CHILDREN'S BENEFIT FUND IS THE HIGHEST IN ITS CATEGORY.

7.12%
THE 1-YEAR RETURN OF ICICI PRU BANKING & PSU DEBT FUND IS THE HIGHEST IN ITS CATEGORY.

Expense as on 31 May 2024
Returns as on 05 June 2024
Assets as on 30 April 2024
Rating as on 31 May 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

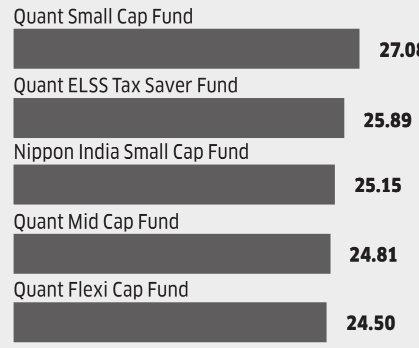
10.37%

was the loss suffered by Bank of India Flexi Cap Fund on 4 June when the Lok Sabha results came out. This was the highest among all equity diversified funds. The average loss suffered by 179 equity diversified funds was 6.5%.

SOURCE: ACE MF

1 Top 5 SIPs

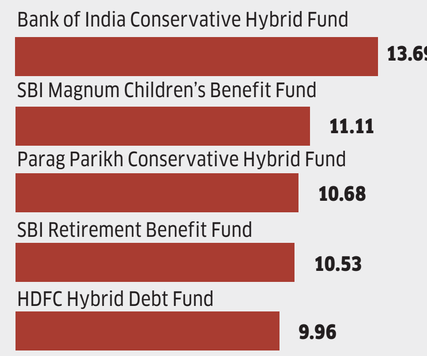
Top 5 equity schemes based on 10-year SIP returns



SIP: SYSTEMATIC INVESTMENT PLAN
% ANNUALISED RETURNS AS ON 5 JUNE 2024

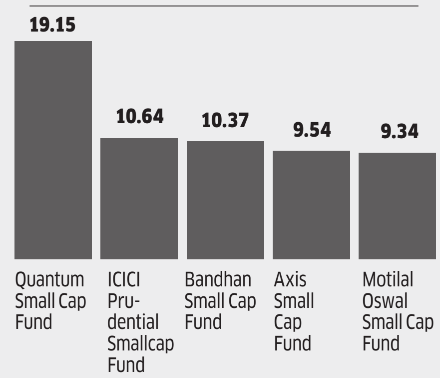
2 Top 5 MIPs

Top 5 Conservative Hybrid Schemes based on 3 year SWP Returns



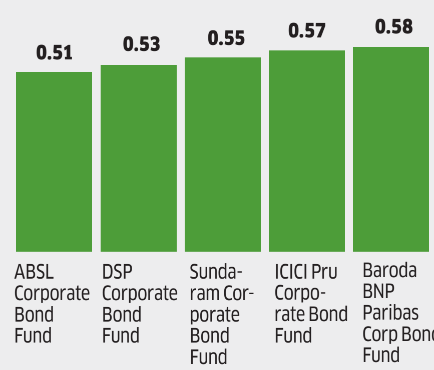
SWP: SYSTEMATIC WITHDRAWAL PLAN
% ANNUALISED RETURNS AS ON 5 JUNE 2024

3 Small Cap: Cash holdings



% OF ASSETS AS ON 30 APRIL 2024

4 Debt: Corporate Bond



% AS ON 31 MAY 2024

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

NG 3.7 PubDate: 10-06-2024 Zone: ETWealth Edition: 1 Page: ETWDP18 User: manish.kumar10 Time: 06-07-2024 20:22 Color:

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

TENURE: 1 YEAR	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
Bandhan Bank	7.85	**10,808**
IndusInd Bank	7.75	**10,798**
RBL Bank	7.50	**10,771**
YES Bank	7.25	**10,745**
Karnataka 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

TENURE: 1 YEAR	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
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**
Bandhan Bank	7.75	**12,589**
Bank of Baroda	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	9.70	8.25	10.50	8.25	10.50	23 May 2024
IndusInd Bank	--	8.35	9.45	8.35	9.45	Not Given
Bank of Maharashtra	9.30	8.35	10.40	8.45	10.90	9 Feb 2024
Union Bank of India	9.25	8.35	10.75	8.35	10.75	11 April 2024
Indian Bank	9.20	8.40	9.80	8.85	10.35	3 April 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	14 Feb 2023
Bank of India	9.35	8.40	10.70	8.40	10.85	1 June 2024
UCO Bank	9.30	8.45	10.30	8.45	10.30	15 Mar 2023
IDBI Bank	9.10	8.45	10.75	8.55	12.25	12 Feb 2023
Canara Bank	9.25	8.50	11.75	8.50	11.75	12 May 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 April 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 April 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 6 June 2024

#Benefit available only for 5-year deposit

NG 3.7 PubDate: 10-06-2024 Zone: ETWealth Edition: 1 Page: ETWDP19 User: manish.kumar10 Time: 06-07-2024 20:23 Color:

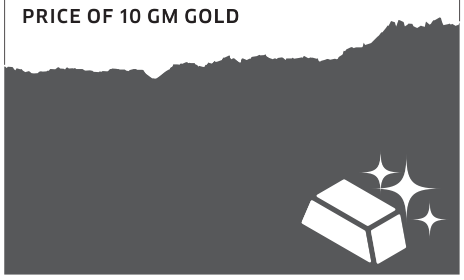
ALTERNATIVE INVESTMENT RETURNS MONITOR

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) (₹)

59,856 6 JUNE 2023 — 72,466 6 JUNE 2024

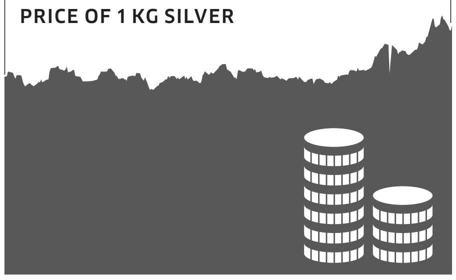
PRICE OF 10 GM GOLD



Silver (₹)

71,904 6 JUNE 2023 — 90,407 6 JUNE 2024

PRICE OF 1 KG SILVER



Platinum ($/troy ounce)

1,037.47 6 JUNE 2023 — 999.38 6 JUNE 2024

WTI Crude ($/barrel)

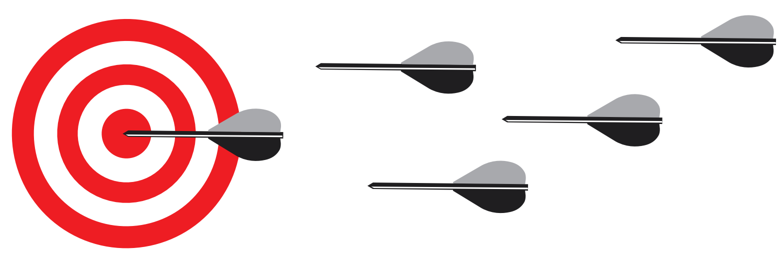
71.74 6 JUNE 2023 — 74.6 6 JUNE 2024

CHANGE

	Gold (995) (₹)	Silver (₹)	Platinum ($/troy ounce)	WTI Crude ($/barrel)
1 WEEK	0.89%	-2.45%	-2.42%	-5.94%
1 YEAR	21.07%	25.73%	-3.67%	3.99%

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)
iStreet Network	5.24	23.58	**105.49**	0.25	494.51	11.16
Wagend Infra Venture	2.49	18.57	**97.62**	3.61	-55.36	11.74
Franklin Industries	7.21	-9.19	**79.80**	6.36	17.81	104.26
Baroda Extrusion	7.08	16.83	**62.39**	6.54	800.99	105.49
LCC Infotech	2.98	1.36	**59.36**	1.71	741.27	37.73
Excel Realty N Infra	0.82	22.39	**54.72**	28.47	-17.21	115.69
TV Vision	7.39	1.79	**53.96**	0.24	888.72	27.15
Bombay Talkies	7.07	11.16	**51.07**	0.03	87.06	38.18
Shekhawati Poly-Yarn	4.12	9.57	**49.28**	3.61	162.04	142.02
CNI Research	8.02	10.01	**46.35**	1.86	-34.48	92.07

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)
Unistar Multimedia	5.7	-11.49	**-35.15**	1.44	27.3	14.25
Nila Spaces	7.38	-9.34	**-30.51**	1.18	-83.63	290.7
Brightcom Group	9.99	-13.21	**-23.51**	20.01	-31.74	1990.91
Rangoli Tradecomm	4.7	-8.91	**-23.20**	1.24	49.61	11.62
Avance Technologies	0.89	-3.26	**-22.61**	79.5	-73.32	176.39
Reliance Home Finance	3.31	1.85	**-19.85**	3.97	-61.74	160.55
Sylph Technologies	2.01	0	**-18.95**	17.09	210.36	46.85
Rajnish Wellness	5.71	-4.99	**-18.31**	15.42	77.15	438.81
Empower India	2.26	1.35	**-17.82**	54.3	-48.18	263.02
Vivanza Biosciences	5.86	-8.29	**-17.81**	1.64	-82.9	23.44

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)
Vardhman Polytex	9.45	3.5	1.83	0.98	**3,330.18**	257.89
Sawaca Business Machi.	1.29	-13.42	4.03	243.93	**2,814.74**	73.79
Davangere Sugar Comp.	9.91	0	8.42	1.69	**936.46**	932.33
TV Vision	7.39	1.79	53.96	0.24	**888.72**	27.15
Baroda Extrusion	7.08	16.83	62.39	6.54	**800.99**	105.49
LCC Infotech	2.98	1.36	59.36	1.71	**741.27**	37.73
Oriental Trimex	10	-0.79	17.23	0.34	**657.17**	28.52
Scanpoint Geomatics	6.91	2.67	15.94	18.54	**609.27**	116.16
Zee Learn	7.26	5.99	18.63	3.46	**606.96**	236.75
Siti Networks	0.62	-1.59	-3.13	7.47	**535.93**	54.07

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)
Dipna Pharmachem	8.2	-4.87	-5.2	1.36	**-88.45**	20.45
Nila Spaces	7.38	-9.34	-30.51	1.18	**-83.63**	290.7
Vivanza Biosciences	5.86	-8.29	-17.81	1.64	**-82.90**	23.44
Avance Technologies	0.89	-3.26	-22.61	79.5	**-73.32**	176.39
Reliance Home Finance	3.31	1.85	-19.85	3.97	**-61.74**	160.55
Kenvi Jewels	6.2	7.27	6.35	2.23	**-60.99**	78.37
Teamo Prodyction HQ	1.06	-4.5	-7.02	7.97	**-60.10**	91.29
Pressure Sensitive Syst.	7.69	-10.06	-0.9	7.46	**-59.30**	114.12
Sundaram Multi Paper	2.86	1.06	-5.92	5.42	**-57.96**	135.54
Luharuka Media & Infra	4.61	0	-5.92	1.35	**-56.68**	43.2

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 6 JUNE 2024. **SOURCE:** ETIG DATABASE AND BLOOMBERG.

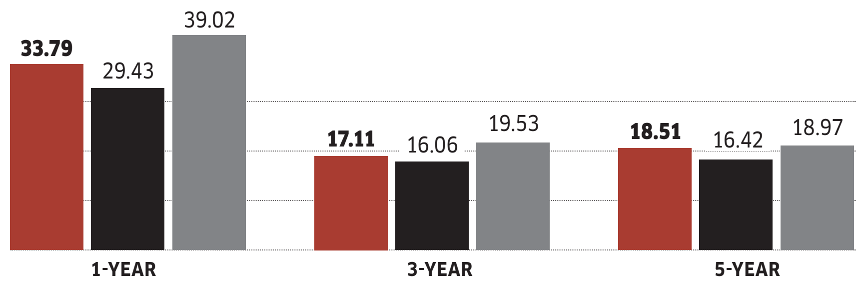
CANARA ROBECO EMERGING EQUITIES

Good long-term track record

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

HOW THE FUND HAS PERFORMED

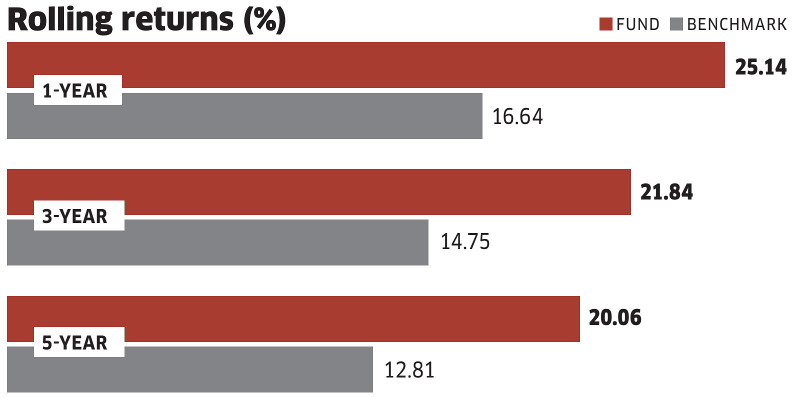
Point-to-point returns (%)



AS ON 5 JUNE 2024

The fund has outperformed the index, but has lagged behind its peers in recent years.

Rolling returns (%)



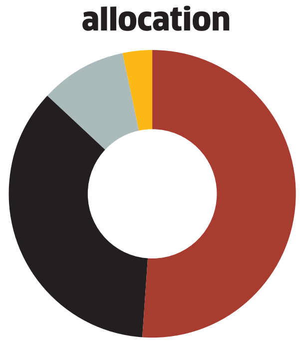
AS ON 5 JUNE 2024

The fund's past track record indicates healthy outperformance across time frames.

Note: Different benchmark (BSE Large Mid Cap TRI) has been used due to non-availability of the stated benchmark data. Returns have been rolled daily over the past decade for relevant time frames.

WHERE THE FUND INVESTS

Portfolio asset allocation



Equity	96.67%
Large cap	52.93
Mid cap	36.95
Small cap	10.12
Cash	3.33
Debt	0.00

Fund style box

The fund is currently evenly balanced in its exposure to frontline and broad market stocks.

AS ON 30 APR 2024

BASIC FACTS

DATE OF LAUNCH
11 MARCH 2005

CATEGORY
EQUITY

TYPE
LARGE & MIDCAP

AUM*
₹21,509 crore

BENCHMARK
NIFTY LARGE MIDCAP 250 TOTAL RETURN INDEX

WHAT IT COSTS

NAV**
GROWTH OPTION
₹225.09

IDCW
₹80.84

MINIMUM INVESTMENT
₹5,000

MINIMUM SIP AMOUNT
₹1,000

EXPENSE RATIO# (%)
1.63

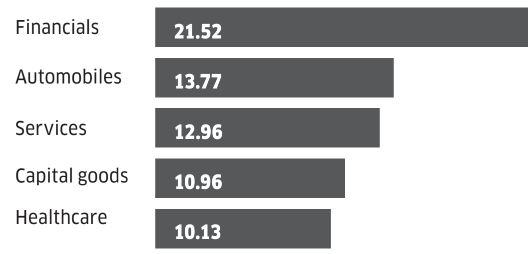
EXIT LOAD
1% for redemption within 365 days

*AS ON 30 APR 2024
**AS ON 5 JUNE 2024
#AS ON 30 APR 2024

FUND MANAGER

SHRIDATTA BHANDWALDAR
4 YEARS, 7 MONTHS

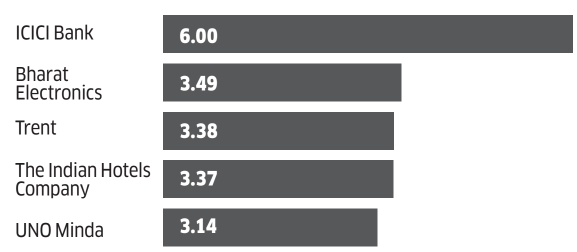
Top 5 sectors in portfolio (%)



The fund's biggest sector positions are in financials, automobiles and services.

AS ON 30 APR 2024

Top 5 stocks in portfolio (%)



The portfolio is highly diversified with modest positions in its top bets.

AS ON 30 APR 2024

Recent portfolio changes

New entrants

Cello World, Central Depository Services (India), HCL Technologies, Hero Motocorp, LTIMindtree, Zomato (Mar). Container Corporation of India, GAIL (India), Hindalco Industries, Indian Energy Exchange, Info Edge (India), Muthoot Finance, Pidilite Industries, United Breweries (April).

Complete exits

Ashok Leyland, Eicher Motors, HCL Technologies, Infosys, Mphasis, Sundram Fasteners, Supreme Industries, Zydus Lifesciences (April).

How risky is it?

	Fund	Category	Index
Standard Deviation	12.00	12.85	12.63
Sharpe Ratio	0.97	1.09	0.91
Mean Return	16.96	19.36	16.87

BASED ON 3-YEAR PERFORMANCE.

The fund's risk-return profile has slipped in recent years.

AS ON 31 MAY 2024

Source: Value Research

Should You Buy

This fund shifted its positioning from a mid- and small-cap offering to its current large- and mid-cap mandate a few years ago. It retains preference for businesses with improving fundamentals or experiencing temporary setbacks. The fund manager places lot of emphasis on downside protection and limiting drawdowns, apart from maintaining liquidity hygiene checks. It has shed its large-cap tilt in favour of a more balanced market cap exposure, even as its portfolio size has expanded from sub-60 to 77 stocks. The fund's long-term track record is impressive. In recent years, the fund has fared well compared to its index, but has lagged sharply behind many of its peers. The fund must improve its showing to be counted as a worthy offering in its category.

Affle India: Innovation-led growth

Digitisation, acquisition synergies, strong R&D and differentiated revenue model to drive growth in future.

The global technology company reported strong performance in the March 2024 quarter, with revenue and net profit growing by 42.3% and 40.3% year-on-year, respectively. This performance was driven by broad-based growth across various markets. Developed markets experienced a 105% year-on-year increase, while India and other emerging markets saw a 28% growth. Both revenue and profit after tax (PAT) exceeded Reuters-Refinitiv estimates by 2% and 14.7%, respectively.

The management aims for over 20% revenue growth in 2024-25 and is optimistic about better pricing and margin improvement. Analysts expect the near-term pressure from developed markets to subside in the current financial year.

The company offers a consumer intelligence platform for targeted mobile advertising. It benefits from increasing digitisation, supported by government initiatives, Internet and smartphone penetration with affordable data plans, rising mobile advertising, and strong digital commerce growth prospects.

Affle's 2022-23 annual report projects India's digital economy to reach $1 trillion by 2030 and forecasts the number of digital commerce users in India to grow 3-4 times between 2021-22 and 2029-30.

The management has expanded its focus beyond real money gaming (RMG) in India, targeting a premium user base to boost revenue. It aims to increase cost per converted user (CPCU) rates in 2024-25 by investing in premium inventory and revamping its subsidiary, Jampp. Fully integrating the subsidiary YouAppi will also support future growth.

The company has successfully integrated all acquired platforms into a unified platform, resulting in synergies through improved compliance and data privacy. Additionally, strong market opportunities are arising from increased spending by advertisers. Emerging industry trends in hyper-personalisation, connected TV, digital out-of-home, augmented and virtual reality, and generative AI are also promising for the company's future growth. The company has a strong R&D focus and a robust patent portfolio, with nine patents granted in the US and India for digital advertising, AI, and voice intelligence. It has recently filed 27 additional patents in the US, India and Singapore for innovative future use cases. The management's strategic plans for the next 3-5 years include vernacular verticalisation, adopting Gen AI capabilities for greater innovation and efficiency, and integrating use cases.

A recent DAM Capital report describes Affle as a versatile player in the fast-growing ad-tech industry with a differentiated ROI-linked revenue model. The company excels in acquiring relevant tech companies and turning them profitable. The report anticipates that operating leverage benefits in the core business will significantly improve EBITDA margins in 2024-25.

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

Analysts are confident about Affle because of increasing digital penetration and company's strategic plans to tap it.

Fundamentals

	Actual		Consensus estimate	
	2022-23	2023-24	2024-25	2025-26
Revenue (₹ cr)	1,434.00	1,842.80	2,233.90	2,706.60
EBIDTA (₹ cr)	288.80	360.00	449.90	562.60
Net profit/loss (₹ cr)	244.60	297.30	378.60	481.40
EPS (₹)	18.43	21.91	27.34	34.54

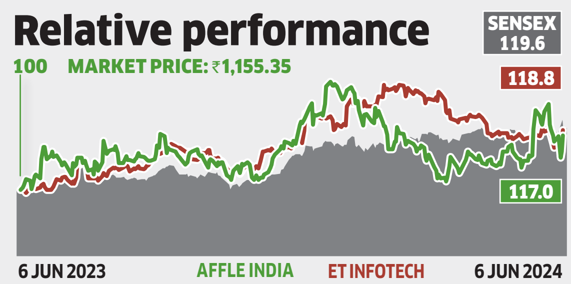
Valuations

	PBV	PE	Dividend yield (%)
Affle India	11.06	54.50	0.00
Tata Consultancy Services	15.53	30.53	1.89
Infosys	8.04	23.30	3.12
HCL Technologies	5.80	24.16	3.44
Wipro	3.10	21.82	0.23

Brokerage calls

Reco date	Research house	Advice	Target price (₹)
27 May 2024	Ambit Capital	Buy	1,410
27 May 2024	Asian Markets	Accumulate	1,357
26 May 2024	AnandRathi	Hold	1,360
25 May 2024	DAM Capital	Buy	1,440
25 May 2024	Elara Capital	Buy	1,475

Relative performance



Affle India is compared with ET Infotech 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
Entero Healthcare Solutions	Monarch Networth	Buy	1,031	1,515	46.9	Recommend 'buy' as expansion and increased wallet share from customers are expected to drive revenue in the next three years. Strongholds include extensive pan-India reach and successful execution of acquisitions.
Amber Enterprises	BNP Paribas	Outperform	3,510	4,700	33.9	Initiate with 'outperform' due to its transition into a B2B player from RAC manufacturer, aided by acquisitions. Also, likely improvement in margins and return ratios, backward integration benefits, strong order book and localisation trend for components procurement are key positives.
Mold-Tek Packaging	Centrum Broking	Buy	757	970	28.1	Upgrade to 'buy' due to strong growth outlook driven by capacity addition, strong product pipeline, favourable customer demand, reduction in client concentration and entry in high-margin products.
Sunteck Realty	Prabhudas Lilladher	Buy	471	600	27.4	Maintain 'buy' due to expectations of two-fold jump in pre-sales over the next three years, aided by ongoing projects and strong new launch pipeline. Also, strong cash-flow generation, JV with IFC and adoption of asset-light model are key positives.
Minda Corporation	Nuvama	Buy	426	530	24.4	Maintain 'buy' rating due to robust fourth quarter performance driven by revenue and other income improvements. Factors such as premiumisation, regulatory changes and disruptive trends are significant positives.
Titan Company	Motilal Oswal	Buy	3,242	4,000	23.4	Reiterate 'buy' due to expectations of healthy growth in the future, led by its diverse portfolio, expanding customer base, potential for market share gain, superior competitive positioning and strong business moats.

SELL

Stock	Research house	Advice	Stock price* (₹)	1-year target price (₹)	Potential downside (%)	Comment
Zydus Lifesciences	PhillipCapital	Sell	1,104	900	-18.5	Downgrade to 'sell' as likely competition in Asacol HD is likely to dent base business earnings. Also, a strong rally in share price in the recent past has pushed valuations to a historic high.

Lower tax in new tax regime

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

Jaipur-based marketing professional Vivek Jaiswal pays a low tax because his salary structure is fairly tax-friendly. However, he finds it difficult to pay his home loan EMI and invest in tax-saving options. TaxSpanner estimates that Jaiswal can have a surplus of almost ₹60,000 if his salary is rejigged to include tax-free perks and if he opts for the new tax regime. Though his tax outgo will not change much under the new regime, he will not have to put away money in tax-saving options.

Jaiswal should start by choosing some tax-free allowances among the flexi benefits offered by his company. If he opts for gadget allowance of ₹25,000 and food coupons worth ₹24,600, his taxable income will come down by almost ₹50,000. 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.

Three years ago, Jaiswal's company rolled out the NPS benefit. Under Section 80CCD(2), up to 10% of the employee's basic salary put in the pension scheme is tax-free. This deduction is available in the new tax regime as well. Jaiswal did not opt for the benefit because the contribution would have lowered his take-home salary. Under the new tax regime, he is not required to make tax-saving investments. He can consider stopping SIPs in ELSS funds and redirecting the money to the NPS.

Though the new tax regime does not offer deduction for life and health insurance premiums as well, Jaiswal should not discontinue these covers. The life insurance cover becomes even more critical because he has an outstanding home loan of almost ₹28 lakh and is the sole earner in his family.

INCOME FROM EMPLOYER

INCOME HEAD	CURRENT	SUGGESTED
Basic salary	5,04,000	5,04,000
House rent allowance	2,52,000	2,52,000
Special allowance	1,80,000	80,000
Gadget allowance	0	25,000
Conveyance and fuel	60,000	60,000
Telephone and Internet	12,000	12,000
Food coupons	0	24,600
Performance bonus	1,20,000	1,20,000
Employer's contribution to Provident Fund	60,480	60,480
Contribution to NPS under Sec 80CCD(2)	0	50,400
TOTAL	11,88,480	11,88,480

Reduce this taxable portion of the salary.

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

This is tax-free subject to actual usage and reasonable limits.

Up to 10% of basic salary put in the NPS is tax-free.

+ INCOME FROM OTHER SOURCES

Interest income	1,250	0
Capital gains	0	
Rental income	0	0
TOTAL	1,250	0

Defer tax by switching from fixed deposits to debt funds.

All figures are in ₹

Denotes suggestion to increase Denotes suggestion to reduce

Tax-saving investments

INVESTMENT OPTION	CURRENT (₹)	SUGGESTED (₹)
Provident Fund	60,480	60,480
Life insurance	12,500	12,500
ELSS funds	60,000	0
PPF	20,000	500
TOTAL ADMISSIBLE	1,50,000	0*

Stop SIPs in ELSS funds and invest in the NPS instead.

Reduce contributions to minimum amount.

Other deductions

EXEMPTION OR DEDUCTION	CURRENT (₹)	SUGGESTED (₹)
Home loan interest	2,00,000	2,00,000
Medical insurance	12,500	12,500
TOTAL ADMISSIBLE	2,12,500	0*

*No deduction under new tax regime

Vivek Jaiswal's tax

	TAX ON SALARY	TAX ON OTHER INCOME	TAX ON CAPITAL GAINS
CURRENT	₹42,848	260	0
Total	₹43,108		
SUGGESTED	₹42,162	0	0
Total	₹42,162		

TOTAL TAX SAVED

₹946

PER YEAR

TAX RATIO

(Total tax as % of annual income)

EXISTING	SUGGESTED
3.6%	3.5%

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.

Disciplined investing can achieve ambitious goals

Himanshu Sharma is investing for multiple goals. Here's what the doctor has advised him.

GOALS

1. **FIRST CHILD'S EDUCATION:** 19 years. PRESENT COST: ₹25 lakh. FUTURE COST: ₹1.53 crore
2. **SECOND CHILD'S EDUCATION:** 20 years. PRESENT COST: ₹25 lakh. FUTURE COST: ₹1.68 crore
3. **FIRST CHILD'S HIGHER EDUCATION:** 26 years. PRESENT COST: ₹30 lakh. FUTURE COST: ₹3.58 crore
4. **SECOND CHILD'S HIGHER EDUCATION:** 27 years. PRESENT COST: ₹30 lakh. FUTURE COST: ₹3.93 crore
5. **FIRST CHILD'S MARRIAGE:** 30 years. PRESENT COST: ₹1 crore. FUTURE COST: ₹7.61 crore
6. **SECOND CHILD'S MARRIAGE:** 31 years. PRESENT COST: ₹30 lakh. FUTURE COST: ₹8.14 crore
7. **RETIREMENT INCOME:** 28 years. CURRENT NEED: ₹3.76 crore (₹1.5 lakh a month). CORPUS NEEDED: ₹24.9 crore

PORTFOLIO CHECK-UP

- Has been investing in diversified equity funds for 4-5 years.
- Early start has helped build sizeable corpus.
- A few underperformers in portfolio need to be removed.
- Targets are ambitious but also long term. Regular investing can help reach them.
- Small 5% annual increase in SIPs can help reach targets.
- In case of shortfall for education goals, consider taking a loan.
- Allocation to equity is very high. Add some fixed income investments also.
- Fund portfolio has some mid-cap and small-cap funds. Be ready for volatility.

Note from the doctor

- Build an emergency fund to cover 6-8 months' expenses.
- Take adequate life insurance to safeguard financial goals.
- Allocate maximum 75% to equity funds in NPS portfolio.
- Review investments and rebalance at least once in a year.
- Reduce risk when goal is near so that you don't miss the target.

Goal	INVESTMENT	AMOUNT INVESTED (₹)	EXISTING SIP (₹)	RECOMMENDED ACTION	NEW SIP (₹)
1	Mirae Asset Large & Midcap	8,01,000	10,000	This large- and mid-cap fund has slipped in ratings in recent months. Stop SIPs and gradually shift corpus to ICICI Pru Bluechip.	0
1	ICICI Pru Bluechip	0	0	Start SIPs of ₹7,500 in this outperforming large-cap fund. Increase amount by 5% every year.	7,500
2	SBI Flexicap	4,77,000	5,000	Fund has slipped in recent months. Stop SIPs and gradually shift the corpus to SBI Large & Midcap Fund.	0
2	SBI Large & Midcap	0	0	Start SIPs of ₹7,500 in this outstanding large- & mid-cap fund. Hike amount by 5% every year.	7,500
2	Mirae Asset ELSS Tax Saver	1,21,000		Hold this oustanding ELSS fund for the long term.	0
3	Parag Parekh Flexi Cap	21,020	20,000	Continue SIPs in this outstanding flexi-cap fund. Hike by 5% every year.	20,000
4	Navi Nifty 50 Index	1,22,000	10,000	Continue SIPs in this large-cap oriented index fund. Hike amount by 5% every year.	10,000
4	Axis ELSS Tax Saver	1,31,000	0	This ELSS fund has been a consistent underperformer. Shift to Axis Growth Opportunities.	0
5	Navi Nifty Next 50 Index	1,48,000	10,000	Continue SIPs in this large-cap oriented index fund. Hike SIPs by 5% every year.	10,000
5	Quant Small Cap	15,000	15,000	Continue SIPs in this small-cap fund but keep a close eye on performance. Small-cap returns are volatile.	15,000
6	SBI Magnum Midcap	1,27,000	10,000	This mid-cap fund has slipped a bit. Watch performance closely and shift to SBI Large & Midcap fund if it slips further. Hike SIPs by 5% every year.	10,000
7	Quant Large and Mid Cap	15,000	15,000	Continue SIPs in this outstanding large- and mid-cap fund. Hike amount by 5% every year.	15,000
7	HDFC Top 100	7,73,000	25,000	Continue SIPs in this outperforming large-cap fund. Hike amount by 5% every year.	25,000
7	PPF	1,88,000	12,500	Continue contributing to this assured return scheme to build a tax-free corpus for retirement.	12,500
7	NPS	4,06,000	4,167	Keep contributing to this low-cost scheme to build retirement corpus. Hike amount by 5% every year.	4,167
7	Provident Fund	5,80,372	4,600	Keep contributing and do not withdraw before retirement. Hike amount by 5% every year.	4,600
	TOTAL	₹39,25,392	₹1,41,267	The goals can be reached using the mutual funds marked in the same colour.	₹1,41,267

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.

your feedback & more...

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 want to express my appreciation for Uma Shashikant's column, 'Managing finances after 80'. Her insights are so accurate that it feels she is writing about us. We, as elderly parents over 80, have already followed many of the suggestions given in the article. After 80, health care becomes crucial and many elderly people have become aware about this problem. While hiring domestic help is common, it can be risky. Additionally, seniors become lax about certain financial issues, such as failure to convert paper share certificates into demat format due to company name and address change, non-listing, or lack of trading. I have no solutions for these concerns and hope *ET Wealth* will address these in a future article.

Dr B.S. Rana

Uma Shashikant has correctly advised super seniors on ways to invest, make financial provisions for their spouse, nominate heirs, prepare a will, dispose of unnecessary properties, and maintain investments for easy liquidation. She also addresses the reluctance of super seniors in living with their children, whether abroad or in India. It's natural that the emotional attachment to a lifelong home makes relocation difficult. Those who live with their children in a joint family with three generations are fortunate. Following the author's practical advice can lead to a comfortable, secure and happy family life.

B.L. Hedaoo

Uncharted territory

The cover story 'Gold Mine or Minefield?' on unlisted shares highlights the risks of investing in unquoted shares due to lack of transparency, unresearched scrips, and absence of specific disclosures. While investing in unquoted shares, it is crucial to ascertain their valuation, whether it's based on NAV, book value or discounted cash flow, under Rule 11UA of the Income-tax Rules, 1962. However, several companies with robust financials and thriving businesses value their shares honestly. So, unlisted shares shouldn't be discredited outright. Due diligence and thorough research are essential while opting for such shares.

Vinod Johri

Uma Shashikant has correctly observed that it is never too early to simplify one's finances. If one understands that life is inherently complex, one is likely to keep everything simple, including expenses and future investments. Achieving simplicity requires a clear understanding of one's actions and plans.

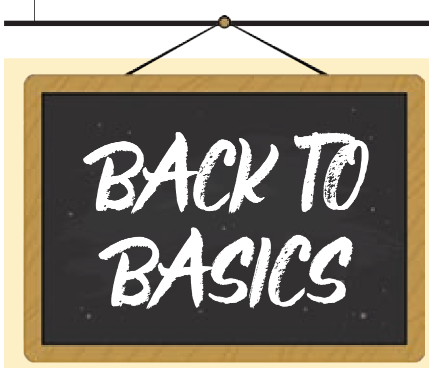
S. Ramakrishnasayee

Referring to the story "Cashless claims to be cleared in 3 hours," getting approval for cashless claims within an hour will greatly help patients and their families plan their out-of-pocket expenses in advance. Providing customer information sheets (CIS) will build trust between insurers and insureds. Health insurance is often filled with jargon that is difficult for the average person to understand, so CIS can clearly explain features, coverage details, exclusions, and waiting periods. This information is crucial during medical emergencies. Additionally, rewarding policyholders who have not made any claims in the previous year with increased sum assured or reduced premiums is a great initiative. These positive changes will hopefully encourage more people to get health insurance without delay.

Bal Govind

The story 'How listed firm conned investors' is cautionary and should be mandatory reading for all aspiring investors. The role of social media influencers in facilitating this malpractice should be probed further.

V. Nandakumar



What is bond yield?

If you are confused or confounded by personal finance terms, jargon and calculations, here's a new series to simplify and deconstruct these for you. In the second part of this series, **Riju Mehta** explains bond yield and how it is calculated.

Bond-related terms

To understand bond yield, you will first need to know about bonds and some terms associated with these.

Bond
It's a fixed-income debt instrument issued by a government or corporation. Simply put, it's a loan you give to an entity, which promises to return the invested amount after a fixed period, and gives you a pre-decided rate of return on the invested amount. So, the bond certificate is, in a sense, an IOU that the issuer gives to you.

Issue price
This is the price at which the entity or issuer sells the bond in the primary market.

Face or Par value
This is the amount that the issuer promises to return on maturity of the bond. The issue price may or may not be the same as par/face value.

Market price
This is the price at which bonds are bought or sold in the secondary market. If a bond is sold at less than its face value, it's at a 'discount', and if it's sold above its face value it's at a 'premium'.

Coupon rate
The fixed annual interest rate (in percentage) on the face value of the bond for the entire holding period is called coupon rate.

Maturity date
The date on which the issuer returns the entire invested amount to you is called maturity date.

To understand it with an example, suppose an issuer sells a bond in the primary market on 1 January 2024 at ₹1,000, at par, and offers an interest rate of 10%. He promises to return the capital after 10 years, on 1 January 2034.

Issue price	**₹1,000**
Face value	**₹1,000**
Holding period	**10 years**
Maturity date	**1 January 2034**
Coupon rate	**10%**

If you decide to buy it from the secondary market for ₹1,100, it will be at a 'premium', and if you buy it for ₹900, it will be at a 'discount'.

What is bond yield?

It's the annual return you get as a percentage of your total bond investment. It is expressed as the entire coupon payment reveived by you in a year (return), divided by the face value of the bond. Considering the earlier example...

$$\text{Bond yield} = \frac{\text{Annual coupon payment}}{\text{Face value}} \times 100 = \frac{100}{1{,}000} \times 100 = 10\%$$

What is current yield?

This depends on the current market price of the bond. So, if the market price of the bond is ₹1,100, then current yield will be the entire coupon payment you get in a year (return) divided by the market price, as follows:

$$\text{Current yield} = \frac{\text{Annual coupon payment}}{\text{Current bond price}} \times 100 = \frac{100}{1{,}100} \times 100 = 9.1\%$$

Bond yield *vs* price *vs* interest rates

Bond prices are inversely proportional to the interest rates and yield. Let us understand with an example.

If bond price is ₹1,000 and coupon rate is 5%, which is also the prevailing interest rate, then the annual coupon payment would be ₹50 and bond yield would be 5%.

If the interest rate rises to 6%, the existing bonds will become less attractive because the new bonds will give ₹60 coupon for ₹1,000 purchase price. Since the coupon of existing bonds is fixed at ₹50, the price of existing bonds will have to reduce to match the prevailing rate of 6%. Hence, in this case, it will fall to ₹833 (50/ 0.06). The yield, too, will rise to 6% (50/833 x 100).

If, on the other hand, interest rates fall to 4%, the price of existing bonds will rise because they will become more attractive as they are paying a higher coupon rate of 5%. So, you will need to pay more to match the prevailing rate. The price will rise to ₹1,250 (50/ 0.04), and yield too will fall to 4% (50/1,250 x 100).

The Economic Times Wealth is available at an invitation price of ₹8/issue. To book your copy, contact your newspaper vendor or call **011 - 39898090**; Email: crm.delhi@timesgroup.com; **SMS ETWS to 58888**

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