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THE ECONOMIC TIMES wealth

FLEXI FIXES TO MEET MONEY NEEDS

P16

Money tips for new parents

Find out how to set your finances in order so that the arrival of a baby does not send your household budget into a tizzy.

Kirat Dadwal, with her daughter, Harsheen

ASHWANI NAGPAL

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Money tips for new parents

The arrival of a baby can send the household budget into a tizzy. Find out how to retain financial stability and secure your child's future.

By **Riju Mehta**

To say that life changes radically after the arrival of a baby is an understatement. The surge in joy is in tandem with the spike in expenses, the physical and emotional turmoil at par with the financial stress. While one takes several measures to stabilise the body and mind, surprisingly very little financial preparation is undertaken to deal with the new development. The medical expenses during the pre-delivery period and the eventual delivery are often rustled up helter-skelter from the immediate cash flow; the functions felicitating the birth and charges associated with the start of school are taken care of by monetary gifts from family or personal loans; the investment for long-term goals is typically an erratic endeavour, laced liberally with ignorance. "Besides these, there are at least 10-15 other milestones for which you need a bigger corpus, but never plan for them," says Nitin Vyakaranam, CEO & Founder, ArthaYantra.

It would be so much easier to enjoy the process of having and raising a child if it were not marred by financial concerns or constraints. Ideally, the saving and investing should begin the moment you plan a baby, splitting it into two buckets–pre-delivery and post-delivery. The former not only includes saving for medical expenses leading up to the delivery, but also planning for leave if you are working, making the transition from a double to single income household, preparing for the rise in expenses after the baby, and saving for short-term goals that spring up in the first 3-4 years.

The latter includes securing the family's risks, and investing for the child's long-term goals. Typically, long-term goals are given top priority by parents, with 44% regarding education as the most important financial commitment, as per the HSBC Value of Education Survey 2017. However, only about one in four parents is actually preparing for the child's career, according to the Aviva Early Starters Survey 2016.

"People typically don't understand the financial implications of having a baby and nobody tells them either," says Vyakaranam. This is where *ET Wealth* comes in. In the following pages, we will take you through the entire gamut of financial planning associated with the birth of a child and hope it helps to relieve your stress, at least where your finances are concerned.

PRE-DELIVERY PLANNING

While there is an increase in expenses after the baby, there is a surge in the period leading up to the delivery as well. Besides the medical check-ups and diagnostic tests, the initiation of saving for the transition can take a big chunk out of the budget. Then, of course, one needs to find out about maternity leave and insurance cover. Here are some other areas you need to cover:

Save for medical expenses: Considering the high charges for medical tests and hospitalisation, and poor maternity benefits in health plans, it would be prudent to put away a small amount every month in a liquid fund right after you decide to have the baby. For most private clinics or hospitals, the combined

Richa & Vikrant Sharma

Baby due in 3 months, *Delhi*

ASHWANI NAGPAL

Medical expenses
Pre-delivery ₹1 lakh +
Delivery expenses ₹1.5 lakh
(both will be out of pocket)

Budget
Likely rise in household budget
20%

Insurance
Health Covered by government.
Life No term plan. ₹10 lakh from 3 traditional plans.

Investment
Long-term goals
- Will start investing in equity funds.
- Will start a recurring deposit.
- To buy traditional plans for the child.

Short-term goals
Will save ₹20,000 a month for ₹1 lakh on first b'day.

"We didn't invest separately for our first child, but for the second one, we will start a recurring deposit, increase mutual fund SIPs and buy separate policies."
VIKRANT SHARMA

expenses for pre-delivery tests and delivery can ratchet up to ₹3 lakh. "We will be spending nearly ₹1 lakh in the pre-delivery period and another ₹1.5-2 lakh during the delivery," says Richa Sharma, a Delhi-based homemaker, who is expecting her second child in August this year. "If you've just got married and are planning a baby after a couple of years, you have enough time to save," says Financial Planner Pankaaj Maalde. If not, you will either have to dip into your savings or cash flow, unless you are covered by your employer or the government. Noida-based Kirat and Nirbhay Dadwal avoided this by starting to save right after marriage. "We have always saved for needs that crop up from time to time. This is the reason we didn't have a problem in funding the nearly ₹1.3 lakh on pre-delivery and hospitalisation expenses when Harsheen was born," says Kirat.

Check for employer group insurance: The individual health plans offering maternity coverage typically come with limited payouts depending on the sum assured and these often fall short of the hospitalisation costs. They also have high premiums and a waiting period of 2-6 years. While they cover the pre- and post-hospitalisation period, along with baby's vaccination and critical care, it is advisable not to opt for such plans.

Instead, check if your employer provides a group health cover, which offers a better coverage at nominal cost. Hyderabad-based G. Mahesh did just that. "The entire hospitalisation expense of delivery, which came to ₹50,000, was taken care of by my company's group health cover," says Mahesh. "Such covers reduce your financial burden considerably and free up liquidity," says Jayant Pai, Head, Marketing, PPFAS Mutual Fund. Also make sure you complete the paperwork required for cashless reimbursement, if the option is available to you.

Know your company's leave policy: If you are employed, check the period of fully paid maternity leave available to you. According to the Maternity Benefit (Amendment) Act, 2017, a woman employee with less than two children is entitled to a maternity leave of 26 weeks. However, there could be a variation in the HR policy of your company, so you need to check this beforehand. If you want to extend the leave, find out how much will be paid for, if at all, and whether you can combine other forms of leave, such as privilege or medical leave. Also check the option of taking a sabbatical in case you want to be away for a slightly longer period. Finally, ensure that you complete the required paperwork prior to taking leave.

Build an emergency corpus: This is a crucial buffer you should have for any medical or non-medical emergency that may crop up before or after delivery. The amount should be equal to at least six months of your household expenses, and should be in addition to the medical corpus you build for pre-delivery check-ups and hospitalisation. This can also serve as a buffer for the financial constraints you may face after the baby arrives.

Plan a new budget: This is an exercise most people choose to ignore, but is essential for a smoother cash flow after the baby's arrival, especially in the first year (see *How much are you likely...*).

How much are you likely to spend in the first year?

Go through the tentative list of costs that will inflate your budget in the first year.

BABY PRODUCTS	ANNUAL COST (₹)	BABY-RELATED SERVICES	ANNUAL COST (₹)	FINANCIAL PRODUCTS	ANNUAL PREMIUM (₹)
Baby food	7,200	Maid	1.2 -1.8 lakh	Life insurance	6,000
Diapers	12,000	Vaccinations	15,000-20,000	Health insurance	12,000
Clothes	5,000	Doctor's fee	7,000-10,000		
Toys	3,000				
Accessories	5,000				
Furniture/ gadgets	10,000				
Total	**44,600**		**1.76 lakh**		**18,000**
TOTAL					**₹2.38 lakh**

*All prices and costs are indicative and can vary with time and place. Charges are typically higher for the first baby, especially in the first six months.
*Maid is live-in in a metro. Vaccinations are for 18 months.
*Life insurance is a ₹50 lakh term plan for 30 years, for a 30-year-old.
*Health insurance is a ₹5 lakh family floater plan for three family members, with oldest member's age as 30 years.

"People don't understand the financial implications of having a child and nobody tells them either. Financial stress levels can zoom if you are not prepared."

NITIN VYAKARANAM
CEO, ARTHAYANTRA

"Since your life changes completely, you will find that your expenses on eating out would have been replaced by those on diapers and maids," says Vyakaranam. "In fact, for the same product, you will be spending 1-3% higher in the first six months," he adds. This is because at the start you want the best and most expensive products for your child, but soon you realise how it impacts your budget and shift to cheaper products.

"You can expect at least a 10% rise in the household budget after the baby arrives," says Maalde. Instead of speculating, put it down on paper or Excel. To your existing budget, add the possible new expenses, segregating these into four categories—regular and one-time baby products; baby-related services; financial products to secure the child's future; and the investments you will need to make for child-related goals.

It is important to distinguish the essential spends from discretionary ones though it is difficult to stop splurging on a newborn, especially if it's your first child. Still, there are many products like clothes or accessories you can avoid buying (see *Don't buy these!*) as the child will either outgrow these within a few months or you will use these too sparingly to justify the amount spent. You would be better off investing this amount for the child's future goals.

The new budget you draw up might vary from the actual one, but at least it will give you an idea about the tentative rise in expenses and how to deal with these. The exercise is especially important if your income is set to whittle down because one spouse stops working.

Prepare for a single income household: If you are working and decide to quit for a considerable period of time, your budget will take a sharp hit. "If you plan a baby when you are already paying a big home loan EMI and the woman is set to quit work, the financial stress levels can zoom," says Vyakaranam. "It is important to prepare because it can grow into an emotional situation that can be difficult to handle," he adds.

If you cannot avoid the simultaneous spends, plan your finances well in advance, much before deciding about having the baby. Make an estimate of the total financial outgo and match it with your income to check for the shortfall. Since you cannot stop the EMIs, insurance premium, or mutual fund SIPs, you will either need to have a big contingency corpus to ride the shortfall, look for another source of income, or cut down your other household expenses drastically. "You could stop your SIPs and other investments for a certain period, but it's not a good idea," says Maalde.

A good option is to try to live on a single income for a few months before quitting work by saving the wife's entire salary. This will not only give you an idea about how easy or difficult it will be to sustain but also help build a substantial corpus to tide over the difficult period.

If nothing seems to work, the woman may have to rejoin work after the maternity leave. In such a case, you will need to have a support system at home to look after the baby. If you decide to hire a full-time maid or avail of daycare facilities, calculate the cost of both the options. A live-in maid in a metro city can shoot up your budget by ₹10,000-15,000 a month. The best and simplest option is to be careful about planning the baby and buying a house simultaneously, or combining it with other big spends.

POST-DELIVERY PLANNING

Immediate tasks

Get insurance: This should be among the first few financial tasks to undertake after having a baby. If you don't have life insurance, buy a term plan that is about 8-10 times your annual income. Understand that having 3-4 traditional plans will not typically

G. Mahesh & Shwetha

Samarth, 4 months
Hyderabad

Medical expenses
Pre-delivery ₹3,000 (out of pocket) + Delivery ₹50,000 (employer cover)

Budget
Rise in household budget after baby 18%

Insurance
Health: Increasing employer cover from ₹5 lakh to ₹10 lakh.
Life: Has ₹1.5 crore. No more cover required.

Investment
Long-term goals: ₹10,000 in equity funds.
Short-term goals: Investing ₹10,000 for ₹1.5 lakh on first b'day.

"I will raise the health cover provided by my employer instead of buying an independent one since I can port this plan if I leave the company."

G. MAHESH

Don't buy these!

Not splurging on these baby products can help you save a package.

BABY PRODUCTS	SAVINGS
Baby shoes	₹250-300
Too many newborn, expensive clothes	₹4,000
Baby cushions/ bedding	₹500-1,000
Bathtub	₹1,000-1,500
Baby cot/ crib	₹5,000-10,000
Car seat	₹5,000
Baby oil & powder	₹500
TOTAL SAVINGS	**₹16,250**

If ₹16,250 is invested in an equity fund giving 12% return, after 18 years it will yield...
₹1.24 lakh

provide a good cover and you will need to buy a pure term plan instead. "I already have ₹1.5 crore of term plan. So I will not need to buy any more cover," says Mahesh.

As for the medical insurance, if you have individual health plans, it is advisable to pick the more cost-effective family floater plan, which covers all the members of the family, including the child. Depending on the size of the employer's group health cover, buy a ₹5-10 lakh cover, which should be sufficient in a metro. Since Mahesh has a ₹5 lakh cover from his company, he has decided to increase it to ₹10 lakh by paying a nominal sum instead of picking a fresh family floater plan. "This is because I have the option of porting the cover if I leave the job and this option is more cost-effective for me," he says.

Make or update will: Though most people do not take this step, it is a good idea to make a will when you have a child, or if you already have a will, to update it by including the child. This will ensure that your assets pass on to the child without dispute. "Since the child is a minor, it is important to appoint a trusted guardian as well," says Rohan Mahajan, Founder & CEO, *LawRato.com*. "You can also make the child a nominee for your investments and can list it in the will, but again you will have to appoint a guardian for the minor," he adds.

Investing

Investing monetary gifts: At birth, the child invariably receives gifts in the form of money from family and friends. Unless this amount is stashed away in a proper investing avenue, it is likely to be frittered away or left idling in a bank account. It is a good idea to invest this money for the baby's long-term goals and let compounding work its magic. You could invest it in an equity fund or in the Sukanya Samriddhi Yojana.

Kirat & Nirbhay Dadwal

Harsheen, 6 months, Noida

Medical expenses
Pre-delivery ₹50,000 +
Delivery expenses ₹75,000
(both out of pocket)

Budget
Rise in household budget after baby
10%

Insurance
Health
Covered by government.
Life
Covered by government.

Investment
Long-term goals
Annual investment in Sukanya Samriddhi Yojana.
Started SIP of ₹10,000 in equity funds.
Short-term goals
From personal savings for ₹1 lakh on first b'day.

"Meeting pre-delivery and delivery expenses or short-term goals for the baby haven't been a problem because we have saved for such expenses right from the time we got married."

KIRAT DADWAL

Meeting short-term goals: While there is a definite rise in expenses after the child's birth, parents typically fail to take into account the array of short-term goals in the first few years. "After the initial 10% rise, there's another 10% increase in the budget after 3-4 years when the child's education starts," says Maalde.

In between, however, there are other money-guzzling events like ceremonies and functions linked to the baby's naming or baptism, the first birthday party, which is generally celebrated with gusto by the family, the start of playschool at 2-3 years, and finally the admission to a proper school at around four years. For each of these goals, a large corpus of ₹50,000-3 lakh may be required.

"You can expect at least a 10% increase in your expenses when you have the baby, and another 10% in 3-4 years when the child's education starts."

PANKAAJ MAALDE
CERTIFIED FINANCIAL PLANNER

How to meet your short- and long-term goals

Here's how you should invest for the immediate and distant goals for the child.

Short- & medium-term goals

	Goal value (₹) / Time horizon	Investment tool	Investment required per month (₹)
BABY FUNCTIONS	1 lakh 0-2 years	Liquid fund/ ultra short-term fund/ recurring deposit / FD	4,500
FIRST B'DAY	1 lakh 1 year	Liquid fund / ultra short-term fund / recurring deposit / FD	4,500
START SCHOOL	3 lakh 4 years	Debt fund	5,500
MONEY GIFT	1 lakh	Equity or diversified equity fund	Keep adding all gift money over the years for long-term goals

Long-term goals

	Goal value (₹) / Time horizon	Investment tool	Investment required per month (₹)
HIGHER EDUCATION	1 crore 18 years	Equity or equity diversified fund; Sukanya Samriddhi	14,000
WEDDING	1.3 crore 25 years	Equity or equity diversified fund; gold bond scheme	16,000

Investment shown is SIP value for mutual funds. Return for liquid fund assumed to be 7%, for debt fund 9% and for equity fund 12%. Current goal value for education is ₹30 lakh and for wedding is ₹25 lakh.

Which investment option should you consider for your child?

Find out which investment avenue suits your goals and needs the most.

INVESTMENT TOOL	RETURNS	PROS	CONS	SHOULD YOU INVEST?
Fixed deposit	7.4%	Safe option; fixed interest rate for entire term	Low returns; interest income fully taxable	**Only for short-term goals. Low interest, high tax bad for long-term goals.**
Recurring deposit	6.5%	Safe option, guaranteed returns; no limit on investment	Low returns; interest income fully taxable	**Only for short-term goals. Low interest, high tax bad for long-term goals.**
PPF	7.6%	Tax-free return & exemption under Sec 80C; long lock-in period of 15 yrs	Combined limit of ₹1.5 lakh per year for parent & minor child	**Yes, can retain as debt portion of portfolio.**
Sukanya Samriddhi Scheme	8.1%	Tax-free return & exemption under Sec 80C; long lock-in period of 21 yrs	Only for girls below 9 yrs; ceiling of ₹1.5 lakh per year; interest rate may not remain same	**Yes, good long-term option.**
Traditional insurance plans (moneyback/ endowment)	5-6%	Tax-free returns; inculcates disciplined long-term investing	Very low returns; insufficient cover	**No, very low returns.**
Ulips (insurance plans with equity investment)	10.1% (5 years)	Tax-free returns; ensures child's goals are met; forces long-term investing	High initial costs; low liquidity; good returns only in long term	**Maybe. Can retain for long-term safety of goals.**
ELSS	18.8% (5 years)	The only mutual funds that offer tax exemption under Sec 80C; high returns	LTCG tax of 10% for over ₹1 lakh	**Yes, can retain for tax gain and high returns.**
Hybrid funds (equity-oriented)	15.9% (5 years)	High returns; high liquidity	LTCG tax of 10% for over ₹1 lakh	**Yes, can retain for high returns.**
Equity (multi-cap) mutual funds	18.7% (5 years)	High returns over long term; high liquidity	10% LTCG tax or over ₹1 lakh; 15% STCG	**Yes, can retain for high returns.**
Real estate	13.4% (8 years)	High emotional value	Low liquidity; high transaction cost; high recurring cost	**Can buy for emotional value.**
Gold	2.6% (5 years)	High emotional value; jewellery can be worn; safe in market volatility	Low returns; no income or interest; lower resale value	**Only for emotional value; gold bond scheme may be a better option**

Data as on 28 May 2018. Gold and mutual fund returns for 5 years. Sources: Value Research, Morningstar, ACE Equity. Real estate returns for 8 years. Source for real estate returns: RBI HPIndex

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"If you are moving from a double income to a single income household, you will have to cut frivolous expenses, since you can't stop the home loan EMI or insurance premium."

JAYANT PAI
HEAD, MARKETING, PPFAS MUTUAL FUND

Instead of trying to break an investment or strain your cash flow, or worse, take a personal loan, plan for it even before the baby arrives. "Facing peer pressure and trying to avoid social stigma, people tend to take expensive personal loans for such occasions, which should be avoided," says Vyakaranam.

Fix the amount you are likely to spend and start investing it instead of letting it idle in a bank account with 3-4% interest. "Put it in the less volatile liquid fund or an ultra short-term fund, or even a recurring or fixed deposit, for goals that are a year or less than a year away," says Pai. For goals that are 3-4 years away, you can invest in debt funds. Mahesh is planning to start saving nearly ₹10,000 a month for his four-month son's first birthday, for which he intends to spend nearly ₹1 lakh. "Have a bucket for each goal and don't substitute any of these," advises Vyakaranam.

Meeting long-term goals: The two non-negotiable, long-term goals for most parents include higher education and wedding of their child. While looking for an investing instrument for these, consider two criteria. It should offer high returns over the longer time frame in order to beat the eroding effect of inflation, and it should enforce investing discipline so that you don't dip into the corpus for any immediate need (see *Which investment option...*). "Ideally, you should have a portfolio and invest as per the risk-reward profile. So for short-term goals, have more debt than equity, and for long-term goals, have a higher exposure to equity," says Vyakaranam.

Kirat and Nirbhay follow this advice well. "I have three buckets based on risk. So there are fixed deposits, PF, gold and Sukanya Samriddhi Scheme in the low-risk bucket, mutual funds in the medium risk, and stocks in the high-risk category," says Kirat. Richa and Vikrant too have spread their investments in real estate, mutual funds, fixed deposit and traditional insurance policies. "We want to secure our retirement through real estate, while the others can be used to fund the children's goals," says Vikrant. The traditional insurance plans like endowment or moneyback may not be a good option since they offer very low returns and an insufficient cover. Real estate and gold should also be picked only for emotional value or if you already have an adequate portfolio.

So, the options you can pick from are equity or equity diversified mutual funds and equity-linked saving schemes (ELSS), for equity, and for the debt option, the PPF and Sukanya Samriddhi Scheme.

Another lure for most parents is 'child plans', which are peddled by insurance companies and mutual funds alike. These typically fall into three categories: traditional insurance plans, Ulips and hybrid mutual funds. All such plans are prefixed with 'child' to lure anxious parents keen to save for their children and acts as a psychological barrier for them to redeem, sell or dip into these during the investing tenure.

While this is a good strategy to keep parents invested, it is important to understand that these are not different from other plans in their categories. So a 'child mutual fund' is essentially a hybrid or balanced fund with equity or debt orientation. Similarly, a Ulip is a unit-linked insurance plan, which combines insurance with investing, has a lock-in period of five years, very high initial charges and reasonable returns only after 10-15 years. The bottom line is that instead of blindly picking a 'child' product, understand what it offers and then decide.

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When a little knowledge is a dangerous thing

As long as financial literacy programmes are based on the 'see no evil' principle, they will be mostly useless for investors.

DHIRENDRA KUMAR
CEO, VALUE RESEARCH

MONEY MYSTERIES

In reality, financial service providers have no interest except to maximise their own earnings while sticking to the bare minimum letter of the law.

We hold the deep belief that more knowledge must be more useful. There can hardly be any doubt that the more you know, the better it is. The strange thing is that in personal finance, it's easy to doubt this idea. In 2006, a research study in the US actually found that individuals who were financially literate were more likely to fall victim to financial fraud than those who were less literate. The research found that those who became victims of fraudulent investment schemes had a higher score on a standardised financial literacy test than those who hadn't been such victims. The gap was a statistically significant 27 percentage points. There's no equivalent Indian study that I know of, but this is similar to what I have observed among savers and investors in India.

However, I think the problem actually lies in the meaning of the term 'financial literacy'.

Sticking to PPFs and FDs is not a solution because what you gain on one side will be eaten away by inflation on the other.

Look at it this way. By definition, if a person is making bad personal financial decisions, then he or she are not financially literate. Whatever knowledge they possess, it is not actual functional financial literacy. It's really the same issue as almost all education in India. One comes across MBAs who do not have even a rough idea of, for example, what India's population is, or how to calculate a percentage. Such a person may have a piece of paper that makes some educational claim, but he is actually illiterate. Similarly, a person who can pass a standardised test of financial questions, but cannot functionally manage his or her savings, is also not financially literate.

So does that mean that there's something wrong with financial literacy programmes? In all such programmes, people learn the basics of money, financial planning, different avenues of investment, insurance, loans, deposits, interest etc. How can learning about these things actually make one more susceptible to financial fraud? The simplest explanation may lie in the saying 'a little knowledge is a dangerous thing'. This learning gives them confidence to be more adventurous, and that turns out be dangerous.

Here's why. Almost all financial literacy programmes focus on what the saver should do, but pay no attention to what he or she should not do. Moreover, all of them conform to the view that there is no fundamental problem with the various entities that are selling you properly regulated and organised financial services. Supposedly, if don't get involved in chit funds and emu farming and things like that, you'll be OK.

This is the view of the financial world which is based on the behaviour of Gandhiji's second monkey. Since all personal financial services are regulated by some government regulator or the other, no harm can come upon the saver who avails of any such service. It's a no-criticism model of education, which is committed to not saying anything negative about anything which is legal.

Unfortunately, this is nonsense. In reality, financial service providers have no interest except to maximise their own earnings while sticking to the bare minimum letter of the law. The interesting thing is that those who are completely conservative about financial choices, and simply won't use financial products apart from the conventional ones that their grandparents used, are relatively immune to such problems. However, sticking to PPFs and FDs is also not a solution because what you gain on one side will be eaten away by inflation on the other.

What is needed is a real financial literacy programme. An aggressive, negatively-oriented financial literacy syllabus which tells people what not to do. Obviously, this won't be delivered through conventional channels. We will either learn through our own bitter experiences, or through those of others.

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Why NCDs are a good option now

High coupon rates make them an attractive investment.

by **Sanket Dhanorkar**

Given that bank fixed deposits are not offering attractive rates right now, NCDs (non-convertible debenture) and fixed deposits issued by companies could be good alternatives. With several companies vying for attention, investors may soon be spoilt for choice.

Better offers in store

Fixed income investors have endured muted returns for some time. The one year fixed deposit at SBI currently fetches 6.65%, while the five-year deposit earns 6.75%. Even bond funds have fetched insipid returns, clocking around 6%. But recent NCD issues suggest good times. On 22 May, Dewan Housing Finance Corp Limited (DHFL) launched its ₹12,000 crore NCD issue, offering a coupon rate of up to 9.1%. It received subscriptions worth ₹10,000 crore the very first day, getting fully subscribed soon after. Last week, JM Financial Credit Solutions' ₹750 crore issue—offering up to 9.75% coupon rate—got oversubscribed the first day. The rates NCDs are offering are at least 200-250 bps higher than bank fixed deposits of equivalent tenure. For investors in the lower tax brackets, these returns are very attractive. At 9% coupon rate, the post-tax return for an investor in the 10%, 20% and 30% tax brackets works out to 8.1%, 7.2% and 6.3% respectively. Most debentures offer 0.25% higher returns for senior citizens. Investors can opt for monthly, annual or cumulative payout based on their needs.

While the rates are attractive, investors should choose the tenure with care. Most NCDs offer tenures ranging from 1 to 10 years. Longer tenures typically offer higher rates of interest. With interest rates headed upwards, it is likely that upcoming NCD issues will offer even higher rates than those available now. So locking in a large sum of money at current yields for a long tenure may not make sense. If you opt for a lower tenure instrument instead, it may fetch a lower coupon but you could invest in a higher yield NCD when the current instrument matures. Alternately, you could opt not to jump in now and wait for higher yield NCDs to hit the market.

"RBI is likely to hike interest rates in the near future. Investors should wait and watch before jumping in," says Rohit Shah, CEO and Founder, Getting You Rich. Another option would be to deploy part of the surplus money at current rates. You can invest the remaining money as and when more attractive NCD offers come through. "There is no clarity on the interest rate situation. Rates may remain stagnant for some time. In this scenario, it would make sense to lock-in at current rates with part of investible surplus," says Suresh Sadagopan, Founder, Ladder 7 Financial Services. Either way, it is a better idea to spread your money across 2-3 companies rather than risking the entire capital with a single issuer.

Check rating along with rates

A low credit rating can put investor money at risk.

NCD	CREDIT RATING	RATE OF INTEREST (%) 1-YEAR	3-YEAR	5-YEAR
JM Financial	AA	NA	9.25	9.5
DHFL	AAA	NA	8.90	9
COMPANY FD				
Kerala Transport Dev Finance Corp	NA	8.5	8.5	8.25
Shriram Transport Finance - Shriram Unnati	CRISIL-FAAA	7.75	8	8.25
Mahindra Finance	CRISIL-FAAA	7.5	7.55	7.55
SMALL FINANCE BANK FD				
ESAF	NA	8.75	7	7
Ujjivan	NA	8	7.5	7
Fincare	NA	8	9	8

Do not blindly opt for higher yield; ascertain credit profile before investing.

Don't ignore credit profile

With NCDs, the high yield often comes with an added element of risk—of the company not being able to repay its obligations. Hence ascertain the credit rating assigned to the issue. Typically, companies rated lower than AA carry a high degree of credit risk, even though they offer a much higher coupon rate. Says Sadagopan, "Find out if the issuer has a healthy track record of repayment." Avoid opting for unsecured debentures that offer higher coupon; a secured NCD issue is a safer bet as it allows investors a claim on identified company assets in the event of non-payment of dues. "AAA and equivalent rated instruments are safer bets. If at all one has a risk appetite, a small portion of the portfolio may be deployed in lower rated instruments to boost yield," Shah adds. He feels investors should opt for credit risk funds instead. These allow one to capture higher yields, yet the exposure is spread across companies and the onus of evaluating the credit profile of businesses lies with the fund manager. Even though NCDs are offered in demat mode and can be traded in the secondary market, liquidity is often poor, which may not allow investors to exit at the desired price and time. This is not an issue in credit risk funds.

Other alternatives

Investors could also look beyond NCDs. Several company fixed deposits are on offer at attractive coupon rates. Kerala Transport Development Finance Corporation is offering 8.5% on its 36 month FD under both regular and cumulative payout option. Shriram Transport Finance – Shriram Unnati fixed deposit fetches 8.15% over a four year tenure under yearly and cumulative payout option. You could also park money in small finance banks. Fincare offers a coupon rate of 9% for 2-3 year tenures. ESAF Small Finance Bank offers 8.75% on its 365-727 day fixed deposit while Ujjivan Small Finance Bank offers 8% for similar tenure. But like NCDs, check the credit profile of the issuer.

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LOWER COSTS, NEARLY ZERO FUND MANAGER RISKS MAKE THESE FUNDS ATTRACTIVE TO INVESTORS

PASSIVE FUNDS GAINING POPULARITY AMONG INVESTORS

ILLUSTRATION: SACHIN VARADKAR

Passive investing, where the fund manager follows a pre-set benchmark index and replicates his portfolio exactly like the index and follows the benchmark as closely as possible, has been gaining popularity globally. Here, the investor eliminates the fund manager-related risks in the portfolio and carries only the market-related risks.

Scan this QR Code to know more about about Passive Investing

STEPS TO DOWNLOAD AND SCAN A QR CODE
- Download QR code app on your phone
- Run app and scan the QR code
- Your smartphone will read the code & navigate to the destination

According to fund managers and mutual fund industry officials, every investor should have a part of his money invested in passive funds.

While selecting a passive fund, one of the factors that an investor should keep in mind is the nature of the index that the fund is benchmarked to. The index should be a stable one and also a well thought out one.

An investor should also look at the cost structure while selecting a passive fund. For example, there are two passive funds following the same benchmark, other factors remaining the same, then the fund with a lower expense ratio should be the preferred one.

To judge a better fund manager among those who manage passive funds, one should look at the tracking error: This is the deviation that a passive fund has from its benchmark. The smaller the tracking error, better the fund manager is.

THE ADVANTAGES OF PASSIVE INVESTING

1. Lower fund management cost which could be just about 25-30% of the cost paid in active fund management
2. With lower costs, extra money from the investor is invested in the market through the fund itself
3. Over several years this extra money compounds and grows to be a substantially large amount that is added to the corpus of the investor
4. There is nearly zero fund manager-related risk when one invests through passive funds
5. The investor takes only the market-linked risks in his portfolio

After Manpasand and Vakrangee, learn to spot the red flags early

Investors should learn to look out for the tell-tale signs of a company facing trouble.

by **Rahul Oberoi**

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Sudden resignations by the auditors of a couple of companies have triggered a sharp drop in their share prices in recent times. Deloitte Haskins & Sells India quit as auditor of Manpasand Beverages a few days before the declaration of annual results. The stock plunged nearly 50% in five sessions following the announcement. Shares of Atlanta tumbled 20% on Friday after Price Waterhouse chartered accountants resigned as its auditors. Earlier, Vakrangee witnessed a similar development.

An auditor is responsible for the reliability of a company's financial statements. An unexpected resignation leaves shareholders as well as lenders in the lurch, as they wonder if there is anything amiss in its books of accounts.

Why do auditors quit?

Auditors no longer shy away from putting in papers if they find something suspicious in the accounts of a company. Recent regulatory developments have also made auditors more conscious.

"An auditor normally takes an easy way out, if he finds that the company management would not like his opinion," says Dinesh Kanabar, CEO, Dhruva Advisors.

According to him, there were issues earlier with the disciplinary powers of the Institute of Chartered Accountants and they have now been moved to an independent body, which looks at disciplinary cases. There is fear among the auditors. In a couple of cases, auditors have also been arrested and sent behind bars. Not surprisingly, no auditor would like to face that ignominy. "If something goes wrong in accounts of the company, there is an awareness that the regulators, be it CBI or SFIO or an institute, would pile on auditors," says Kanabar.

The red flags

We spoke to various market experts to identify early signs that can point to issues in a company. Arpinder Singh, Partner and Head, India and Emerging Markets, Fraud Investigation & Dispute Services, Ernst & Young, shared some pointers:

Skewed business performance

Organisations exhibiting unusual profitability in saturated markets or in comparison to peers can well have trouble brewing within. Another red flag could be organisations with significant changes in financial ratios from that of the previous year to the current.

Absence or low implementation of policies

Most organisations with global operations would need to comply with applicable Indian and foreign laws. Absence or low implementation of these policies can raise questions around corporate governance and ethical concerns.

Unusual related party transactions

Red flags can also be in the form of unusual related party transactions that would include inadequate disclosure of such transactions, fictitious or circuitous transactions.

Behavioural factors

Perpetrators of fraud can show certain behavioural signs that could signal trouble. These include an apparent change in lifestyle, financial or legal issues, frequent disagreements with the company and unusually close association with key vendors or customers. Value investors look for such aberrations in the books of accounts.

Frequent fundraising/ equity dilution

Normally, one should avoid companies that keep on raising funds by diluting equity. Ekansh Mittal, Research Analyst at Katalyst Wealth, says, "While it's not a sureshot sign of trouble brewing in a company, it does tell us the fact that either the company is trying to be too aggressive or the business is not self-sufficient enough to generate funds for expansion. It also tells us that promoters themselves don't value their equity much and a lot of times such promoters have even siphoned out funds from the company."

Too many acquisitions

No matter how much the promoters talk about the synergies from the acquisition, most times the acquisitions turn out bad. "An occasional acquisition of a company and that too of a manageable size is understandable. However, frequent acquisitions are most definitely a red flag for us," says Mittal.

Consistent increase of debt

There have been several examples such as Bhushan Steel and Amtek Auto where the companies' debt on balance sheets increased with every passing year. The common pattern found is sales and profits of such companies grow every year just like their debt, and suddenly one year, they report huge losses and become bankrupt.

If the company is consistently expanding by taking on huge debt then some day or the other it will find itself in trouble. Value investor Gaurav Sud, Managing Parner at Kanav Capital, says, "Many companies take debt to fund growth. This strategy works well in good times but any company where the debt-to-equity ratio is more than 1:1, one should study it carefully to see if it can sustain that debt in the case of a cyclical downturn."

Look at debt servicing ratio of a company

Amit Maheshwari, Partner, Ashok Maheshwary & Associates LLP says, "If the debt servicing coverage ratio is decreasing every year, it is being calculated by dividing EBIDTA with interest and loan repayment obligation in a year. If this ratio has come down to less than one, it means that the company has difficulties in repaying its debt and interest obligations. The possibility of converting the account into NPA is very high."

Formation of too many subsidiaries

It has been observed that companies that form too many subsidiaries are generally up to something. Mittal says, "Many times such subsidiaries are formed for siphoning off funds." The modus operandi is that the parent company offers loans to such subsidiaries, which then are unable to perform up to the mark or report losses and finally the loans and advances are written off. While there could be genuine cases as well, many times promoters take out money through such subsidiaries.

High receivables

When you see that the debtors of a company are growing at a rate faster than that of sales then there is reason to worry. Says Gaurav, "This implies one of two things—either the company is trying to increase sales by giving more credit in the market or the company is unable to collect money in a timely manner. At times this reflects outright fraud."

No or low tax payment

Sud also highlighted another important issue. "Many a time, there are companies reporting good profits but paying no or very low tax. This can happen because of tax exemptions or because the company is operating in a jurisdiction where there is no tax. While there could be genuine reasons for paying no taxes, sometimes a company may be showing profits because there is no cost for show increased profits. Satyam Computers is a great example, which showed non-existent profits as there was no tax it for IT companies."

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Small investors hit by Manpasand fiasco

Individual shareholders would have together seen market value erosion of around ₹50 crore.

by **Sanket Dhanorkar**

Investors in Manpasand Beverages have been left with a bitter aftertaste with the free-fall in the drinks maker's share price. Shares of Manpasand Beverages tanked nearly 50% after the company's auditor Deloitte resigned stating the company management had failed to share "significant information" requested at various points of time for the purpose of auditing of its financial results. The market reacted very strongly as the auditor quit just days before the results were due, raising red flags about the company's actual financial health. The company management refuted the allegations and postponed its scheduled fourth quarter earnings declaration. Clarity is awaited about the nature of information sought by the auditor.

Small investors exposed to the stock directly or indirectly have taken a hit. As per the March quarter filing with the BSE, there were around 15,957 individual shareholders who held upto ₹2 lakh each of the company's share capital amounting to a total of 2,848,950 shares. These small investors would have together seen market value erosion of around ₹50 crore. Besides, investors in some of the equity mutual funds that had invested in the company's shares would also carry exposure to the stock. According to Value Research, at least 21 equity schemes held stakes in the company as of end-April, amounting to a market value of ₹535 crore. Among open-ended equity schemes, ICICI Prudential FMCG and SBI Consumption Opportunities held more than 3.5% of the fund corpus in these shares. Motilal Oswal Multicap 35 and SBI Magnum Midcap's have investments to the tune of ₹233 crore and ₹105 crore, respectively. Given that fund managers are tasked with going through a company's financials with a fine-tooth comb, these large-ticket investments by mutual funds raise question marks over the vetting process adopted by them. Explaining the investment rationale, Motilal Oswal AMC stated, "We had taken exposure in the company believing in the theme of value migration from carobanted beverages to fruit based drinks which was reflecting in higher growth rate of fruit based drinks." While admitting that the due diligence was based on reliance on the audited numbers by a respectable audit firm, he points out that the downside has been minimal due to very low exposure compared to other holdings. "Every investment we make involves some degree of hypothesizing and precisely for that reason the investments are sized basis on conviction and potential of growth," it added.

Manpasand manufactures mango juice under the Mango Sip brand apart from other aerated fruit drinks under the Manpasand ORS and Fruits Up brands. A relative newcomer to the highly competitive beverages market, Manpasand claims to enjoy high market share in categories that have been dominated by established players. In the first nine months of 2018-19, Manpasand reported net sales of ₹701 crore, 28% higher compared to corresponding period previous year.

Many schemes had stake in the company

Vetting process being questioned

Fund	% of net asset	AUM (₹cr)
ICICI Prudential FMCG	3.73	389
SBI Consumption Opportunities	3.58	588
Baroda Pioneer Midcap	2.91	41
SBI Magnum Midcap	2.59	4,037
Motilal Oswal Multicap 35	1.77	13,131

Be an informer for tax dept and earn big

Sharing "specific information" with the income tax department about any benami transaction or property could earn you up to ₹1 crore, while the same for undisclosed black money stashed abroad could fetch up to ₹5 crore.

Besides, the 'Income Tax Informants Reward Scheme' has also been amended under which a person can get reward up to ₹50 lakh for giving specific information about substantial evasion of tax on income or assets in India, which are actionable under the Income-tax Act, 1961.

The CBDT announced the Benami Transactions Informants Reward Scheme, 2018, under which any person, including foreigners, can inform Joint or Additional Commissioners about benami transactions and properties which can be tried under the Benami Transactions (Prohibition) Amendment Act, 2016.

This reward scheme is aimed at encouraging people to give information about benami transactions and properties as well as income earned on such properties by such hidden investors and beneficial owners, the CBDT said. The tax department also assured full confidentiality of the informer for all the reward schemes.

Fund managers struggling to beat benchmarks

Maturing market and ballooning fund sizes to blame.

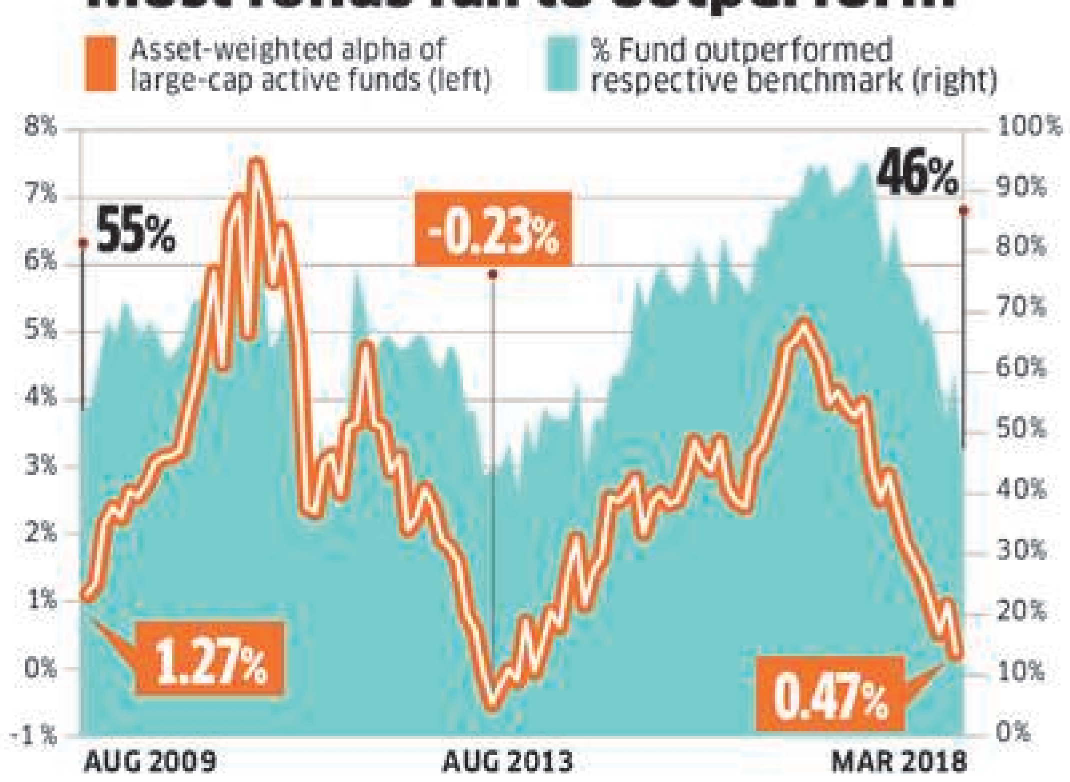
Helping funds generate better risk-adjusted returns compared to their benchmark (alpha) is fund managers' primary task. However, generating alpha becomes difficult when a stock market matures—falling alpha in the developed markets is a case in point. So, maybe, it is because our markets are maturing or, perhaps, it is due to the recent increase in mutual funds' assets under management, the alpha generated by Indian large-cap active funds has been declining.

According to Morningstar, at 46%, the number of large-cap funds outperforming their respective benchmark index has fallen significantly (*see chart*). In other words, 54% of all actively-managed large-cap funds fail to beat their benchmark indices. Alpha has been calculated using three-year rolling returns of the funds with monthly shift minus the respective benchmark returns.

A similar fall is visible in the asset-weighted alpha—category-level weighted average alpha. This value is generated by multiplying the alpha of each fund with its weight in the large-cap category. Though better performance by some funds with large assets under management helped asset-weighted alpha to stay at 0.47%, it has now slipped to a 4-year low. Since Indian large-cap funds charge around 2% expense ratio, this falling alpha is a major cause of concern for investors.

—*Narendra Nathan*

Most funds fail to outperform



SOURCE: Morningstar

PRODUCT LAUNCHES

Insurance

Star Health and Allied Insurance has reintroduced its Star Cardiac Care Insurance policy with lowered premium rates. **It covers hospitalisation for cardiac ailments, accidents and other (non-cardiac) ailments, outpatient medical expenses, and personal cover for accidental death**. The revised policy also covers all types of day-care procedures.

Mutual Fund

SBI Mutual Fund has launched SBI Long Term Advantage Fund Series VI. It will generate capital appreciation over a period of ten years by investing in equity. **The minimum investment is ₹500. NFO closes on 10 July.**

Mirae Asset Mutual Fund **has annouced Mirae Asset Healthcare Fund.** It will invest in equity benefiting theHealth-care and allied sectors. **The minimum investment is ₹5,000. The NFO closes on 25 June.**

BOI AXA Mutual Fund has launched BOI AXA Arbitrage Fund. The minimum investment required is ₹5,000. **The issue closes on 14 June.**

Why funds of funds are a viable investment option now

Introduction of LTCG tax on equity funds has levelled the playing field for funds of funds.

by **Narendra Nathan**

Most fund of funds (FoF)—schemes that invest in other mutual funds—launched in India have seen muted investor interest because of their tax disadvantage vis-a-via equity funds. While dividends and long-term capital gain (LTCG) from equity funds were tax free till a few months ago, investors were forced to pay tax on LTCG from FoF, even if the FoF portfolio comprised equity funds.

However, with the Budget 2018 introducing 10% tax on dividends as well as LTCG (without indexation benefit) from equity funds, FoFs' comparative tax disadvantage has been levelled, which is now drawing investors' interest in these funds. In fact, now FoFs have a distinct advantage over equity funds as they can shuffle the funds in their portfolio without any tax incidence. "As FoFs have pass-through status, their buying and selling of mutual funds does not result in a tax incidence. This works best for dynamic FoFs," says Amol Joshi, Founder, PlanRupee Investment Services. Since there won't be any tax incidence till the FoF is redeemed, it will help investors compound their wealth without any interruption.

Do FoFs suit you?

While FoFs have become relatively attractive, there is no need for investors to rush into them. "Investors need to see if the objective of the FoF is in sync with their investment objective," says Joshi. The FoF structure works better for investors who follow strict rule-based investing. For instance, there are some FoFs whose asset allocation is strictly based on Nifty PE—Franklin India Dynamic PE Ratio FoF is one such scheme. So, if you too are a strict rules-based investor, then instead of taking the trouble of revising your equity allocation based on, say, Nifty PE, which will involve redemptions and hence tax on gains, you can simply invest in FoFs for the long term.

How has the investing strategy based on Nifty PE worked? Franklin India Dynamic PE Ratio FoF has generated a return of 10.01% over the past 10 years, comparable to the large-cap equity fund category average of 10.45% over the same period. But Franklin India Bluechip, the equity fund in which Franklin India Dynamic PE Ratio FoF invests, has delivered 11.49% return during the past 10 years.

Since the long-term return of the underlying fund is higher, should you invest in the FoF instead? The answer lies in the risks associated with the two schemes. The strategy of reducing the equity component during high market valuations has reduced the risk of the FoF significantly. While the annualised standard deviation (a measure of the volatility in the fund's return) of Franklin India Bluechip is 22%, it is just 14% for the FoF.

However, FoFs are not the only schemes that lower risk by changing their asset allocation. "For asset allocation strategy, investors can also use asset allocation funds instead of dynamic FoF," says Vidya Bala, Head, Mutual Fund Research, FundsIndia.

While investors may appear to lose control over their portfolios by investing in FoFs, it should not be a cause of concern. "Rules-based FoF will be better at executing the strategy and at price discovery (compared to individuals investing in listed equity ETFs)," says Joshi.

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These schemes offer global exposure

Unlike offshore funds, FoFs allow you to make small-ticket investments in international equities.

Scheme	NAV (₹)	AUM (₹ cr)	RETURN (%) 1-year	3-year	5-year
Franklin India Feeder Franklin US Opportunities Fund	28.25	533.72	24.95	10.72	16.14
DSP BR World Gold Fund*	11.29	215.29	-9.51	3.07	-0.42
DSP BR US Flexible Equity Fund	23.36	179.18	18.46	10.66	13.78
ICICI Prudential Global Stable Equity Fund	14.19	90.62	5.92	5.68	-
Edelweiss ASEAN Equity Off-shore Fund	20.83	50.72	18.25	8.19	4.82

* Included because it invests in international gold refining stocks.

Better alternatives to gold ETFs

Despite the additional cost, Gold FoFs score over gold ETFs because of their higher liquidity.

Scheme	NAV (₹)	AUM (₹ cr)	RETURN (%) 1-year	3-year	5-year
Reliance Gold Savings Fund	13.24	655.99	5.46	3.33	1.65
SBI Gold Fund	9.96	365.52	7.10	3.59	1.58
HDFC Gold Fund	10.28	219.75	6.58	3.65	1.82
Kotak Gold Fund	13.13	163.78	7.41	3.52	1.59
Axis Gold Fund	9.81	51.92	5.79	1.89	0.09

Source: Value Research. Data as on 29 May. Sorted on the basis of AUM.

Interested in global equities, gold?

"The FoF route is useful for taking exposure to international equities," says Vikram Krishnamoorthy, a Sebi-registered investment adviser. You can either invest directly in international markets—stocks and offshore funds—or via FoFs. "Compared to offshore funds, FoFs allow you to make much smaller investments in the international market. The execution will also be much easier, because the documentation is much more complicated if one invests directly," says Joshi.

Open-ended gold FoFs, which invest in gold ETFs, is another useful category. Instead of buying gold ETFs, why should you opt for FoFs which come at an additional cost? As several gold funds are not traded frequently in India, gold FoFs help investors avoid the problem of liquidity.

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Companies with fall in interest costs tend to outperform

Among profitable firms, those with falling interest costs have hugely outperformed firms with rising interest cost.

GETTY IMAGES

by **Sameer Bhardwaj**

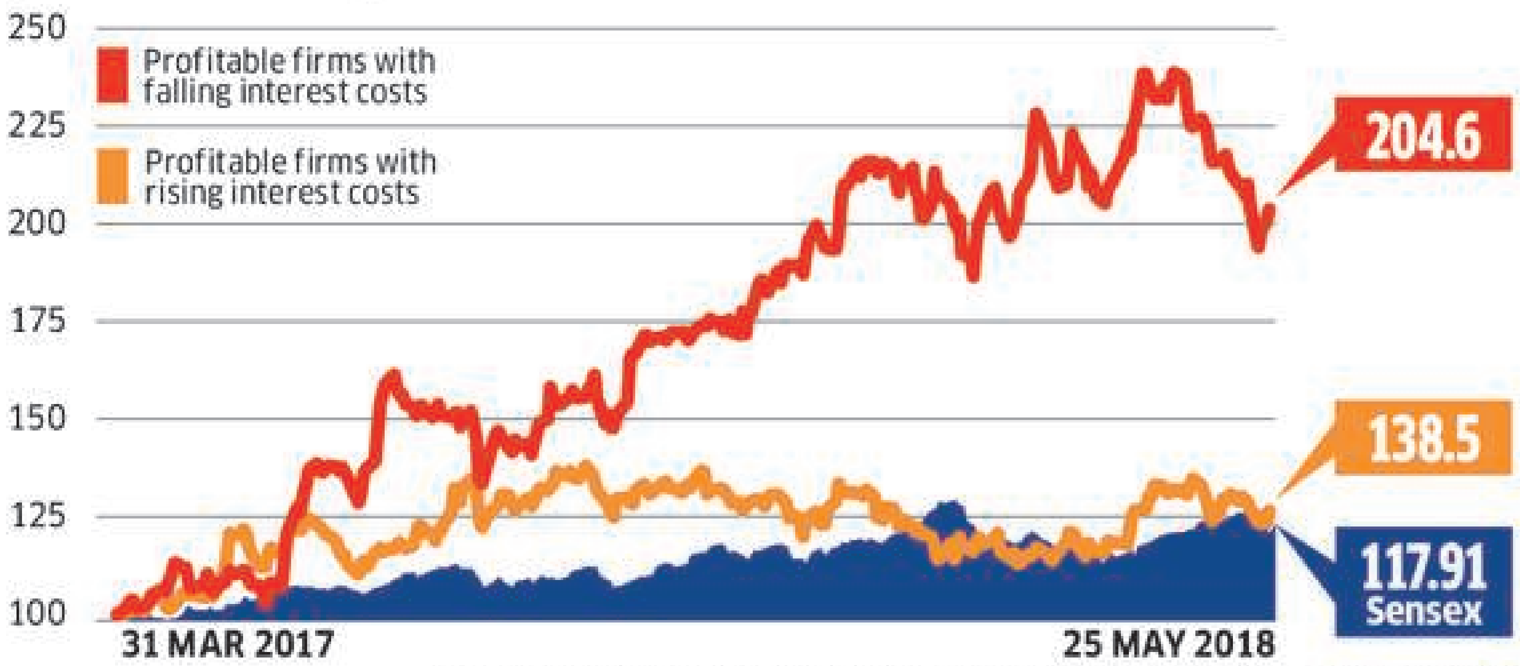
Profitability of a company is fundamental to evaluating a stock, and efficient cost controls—besides higher margins—are key to earning higher profits. Among costs, interest costs play a significant role in determining the bottom-line or net profit of a company. Interest costs are particularly significant as they have to be met regardless of the company making a profit or a loss. High interest costs can threaten a company's solvency, if its operating profits are not enough to cover such costs. So, how has the stock market reacted to companies based on the rise or fall in their interest costs?

We analysed 1,705 companies that have declared their fourth quarter results for 2017-18 (as on 29 May). Of these, 1,239 companies have reported net profits whereas 466 companies have declared net losses. We then analysed net profits growth and interest costs growth of these companies over the past five quarters—March 2017 to March 2018.

There were 19 companies whose net profits growth was positive and interest cost growth was negative in the past five quarters. Some 27 companies showed rising net profit growth accompanied by rising interest cost growth. After removing banking and finance companies from the two sets, we were left with 17 companies with rising net profit growth and falling interest cost growth and 10 companies whose net profit as well as interest cost had risen.

Lower interest cost, higher returns

High interest costs can threaten a company's solvency, if its operating profits are not enough to cover such costs.



Share prices of companies in the two groups have been averaged for each date and then the respective averages and the index value have been normalised to the base of 100.

These stocks promise outperformance

Rising profits accompanied by falling interest costs bode well for these companies.

COMPANY	Y-O-Y GROWTH%			
	REVENUE	OP PROFIT*	INTEREST COST	NET PROFIT
Gujarat Narmada Valley Fertilizers & Chemicals	34.3	318.1	-65.8	38
JK Paper	2.4	15.3	-23.6	30.7
Radico Khaitan	37.4	46.6	-21.4	105.6
Venky's (India)	20.3	10.0	-24.6	22.8

Note: Growth in the fourth quarter of 2017-18. *Operating profit includes other income. Source: ACE Equity and Bloomberg.

Point-to-point returns were calculated for both the groups between 31 March 2017 and 25 May 2018. The group that witnessed a decline in interest costs has delivered an average return of 104.6% whereas the group that witnessed an increase in interest costs delivered an average return of 38.5%. BSE Sensex has delivered 17.9% during the same time period. As both the groups contain profitable companies, their average returns are above the benchmark index. However, the first group has delivered almost 6-times the benchmark return while the average return of firms with rising interest costs is about twice the benchmark return. So, profitable companies with falling interest costs delivered almost 3-times the return compared to profitable companies with rising interest costs.

Let us look at the four most profitable firms that have seen a decline in the growth in their interest costs while their net profit growth has risen in the past five quarters.

Radico Khaitan: A manufacturer of alcohol and related products, Radico Khaitan operates three distilleries and one joint venture and has a total capacity of 150 million litres. According to a research report by Emkay, the company will witness significant gains in revenue and working capital from Uttar Pradesh. Its earnings growth will help in strong cash flow generation and improve its return on capital employed. The stock has delivered 221% returns between 31 March 2017 and 25 May 2018.

Venky's India: It is an integrated poultry company that deals in animal health products, processed chicken products, solvent oil extraction and other nutritional products. In March 2018, the company delivered good performance across business segments. According to a report by Firstcall Research, stable poultry industry, higher production volumes and completion of various projects will be the key growth drivers for the company. Since March 2017, the stock has delivered a return of 207.6%.

Gujarat Narmada Valley Fert & Chem: This diversified company manufactures and markets industrial chemicals, fertilizers, telecom and IT products. According to a report by Firstcall Research, improvement in agriculture sector due to increased investments in agricultural infrastructure and growing use of genetically modified crops will be the key growth drivers for this company and the industry. The stock has delivered 61.8% returns between March 2017 and May 2018.

JK Paper: It is a wood-based paper manufacturer with a capacity of 4.55 lakh tonnes per annum with manufacturing units in Odisha and Gujarat. According to a research report by Dalmia Securities, the company has displayed strong operational efficiency by increasing its production volumes to full capacity. It is likely to generate higher operating profits due to improving demand and profitability scenario of the paper industry. The stock has delivered 37.5% returns between March 2017 and May 2018.

Please send your feedback to etwealth@timesgroup.com

Denied health insurance? Chalk out a back-up plan

Insurers do not extend covers under some circumstances to healthy individuals. But a remedy is at hand.

by **Preeti Kulkarni**

Health insurance policies can get rejected due to a host of reasons, including age, lifestyle diseases, poor health and so on, but some applications get turned down despite the proposer's youth and healthy lifestyle. Flummoxed? Take a look at conditions that can lead to denial of health cover.

Organ donors

An individual who has donated her kidney is unlikely to be eligible for a health cover. "This, despite the fact that the donor can perform all routine activities without any hurdles," says Lalitha Raghuram, country director, Mohan Foundation, an NGO involved in promoting organ donation. Insurers, however, view the condition differently. "Such cases, except liver transplants, are treated as an impaired health condition and hence cover cannot be granted," says Nikhil Apte, Chief Product Officer, Product Factory (health insurance), Royal Sundaram General Insurance. Liver transplant is an exception as unlike other organs, it can regain its original size and capacity.

Cardiac history

Past ailments can haunt you even if you are completely cured. Financial planner Bhakti Rasal cites a case where her 42-year-old client's application for health cover was rejected because he had undergone a surgery to rectify atrial septal defect when he was 13. "The surgical closure of the hole in the heart was done 30 years ago. The patient, in such cases, enjoys a normal life and usually never suffers any illness because of this ailment. In this case, he is a sportsperson. Yet, the cover was denied by two private health insurers after submission of past medical records," she explains.

Cancer survivors

The chances of surviving cancer have grown brighter over the years. However, even those who are cured and have crossed the five-year survival threshold cannot buy a fresh health cover.

Clearly, insurance companies are not willing to extend coverage in case where the risk is perceived to be high. "Most of these will get rejected under retail plans as it is believed that they compromise the immunity and the normal functioning of the human body and that the chances of such persons falling ill or contracting some ailments are higher," says Jayesh Gadekar, Head, Health and Benefits, Innovative Solutions, Global Insurance Brokers.

Such individuals, therefore, will have to look out for themselves and frame a back-up plan to cushion the impact of rising healthcare inflation. Here's how you can mitigate the risks of not being insured.

Secure your health as early as possible

Lifelong renewal clauses will ensure future setbacks don't mean denial of cover.

PERSONAL ACCIDENT COVER

Age	Sum insured	PREMIUM
35 years	₹15 lakh	₹3,130-3,228

HEALTH COVER

Age	Sum insured	PREMIUM
25 years	₹5-5.5 lakh	₹5,288-10,719*

Source: Company websites; Coverfox.com. Premium to be paid annually.

Start early

The key to eliminating the scope for denial of cover is to buy one early. "Even if there is a situation in future where you have to, say, donate an organ, you will be covered as policies come with lifelong renewal clause," says Apte.

Bank on group covers

If your employer provides a corporate health policy, you have little to be worried about as pre-existing diseases are usually taken care of. Sign up for such policies even it means funding part of, or even the entire, premium. "Being a part of a group insurance program is the best alternative as of now. It is also advisable to go for a top-up plan offered by corporates," says Gadekar. Under such plans, employees are offered voluntary top-ups to enhance the base group cover. Employees are usually allowed to continue with such add-ons even after they quit their organisations. Moreover, you could also avail the option to port from your group policy to the same insurer's retail plan at the time of switching jobs or retirement to enjoy continuity benefits. This can be beneficial for cancer survivors, those suffering from lifestyle diseases or other ailments. However, approving such applications and computing premiums is at the insurer's discretion.

Build a financial shield

Create a corpus for medical needs.

Instrument	Tenure	Returns
Liquid funds	1 year	6.74%*
Short-term bond funds	1 year	5.39%*
Fixed deposits	1 year	6.65-6.85%

Source: *valueresearchonline.com, category average as on 28 May 2018; SBI and HDFC Bank websites.

Buy personal accident policy

A health insurance policy covers hospitalisation expenses, including for accident-related treatments. While a personal accident policy cannot compensate for lack of health cover, it can foot bills for accidents and consequent disabilities. "In this case, the applicant's income, and not health background, comes into the picture. You can opt for a personal accident plan to safeguard against accident risks," says Rasal.

Build a healthcare corpus

This is a measure all individuals ought to take, but it is simply indispensable for those with adverse health conditions. Rasal, for instance, got her client to create a special needs medical kitty comprising liquid and short-term debt funds. She took into account his age, inflation and occupation for estimating the kitty, while a floater plan was purchased to cover the rest of the family. "When you create a corpus for this purpose, remember that returns are not important. What is critical is that the money should be accessible at short notice," she adds. Depending on your requirements, allocate a part of your income towards these funds every month. You can also look at a sweep-in account where excess funds are automatically transferred into a fixed deposit and fetch higher returns of 7-8%. "Ensure you have a debit card with adequate cash withdrawal limit. Many people remain unaware of their debit card's daily cash withdrawal limit," she says.

Having your own emergency fund to dip into without waiting for approvals from health insurers or third-party administrators is key to ensuring peace of mind.

Please send your feedback to etwealth@timesgroup.com

Flexi fixes to meet money needs

Redeeming investments meant for major life goals can nix your financial plan. But some flexi features of long-term instruments can help meet short-term needs. **Preeti Kulkarni** examines the available options.

Public Provident Fund (PPF)

FIX 1

Premature withdrawal: PPF has a tenure of 15 years. Partial withdrawal is allowed from the seventh financial year. The amount can be up to 50% of the balance at the end of the fourth year immediately preceding the year of withdrawal or up to 50% of the balance at the end of the year before planned withdrawal, whichever is lower.

Example

Year of withdrawal: 2018-19

PPF balance at the end of 2014-15: ₹6 lakh

PPF balance at the end of 2017-18: ₹8 lakh

Eligible withdrawal amount: ₹3 lakh

FIX 2

Loan: Can be taken between third and sixth financial years. Maximum loan allowed is 25% of the PPF balance at the end of two years preceding the year in which loan is sought.

Example

Year of loan application: 2018-19

PPF balance at the end of 2016-17: ₹3 lakh

Eligible loan amount: ₹75,000

FIX 3

Premature closure: Allowed after five years if funds needed for children's higher education or treatment of life-threatening ailments of self, spouse, parents or children. Interest will be 1% lower than PPF interest at time of withdrawal.

Employees' Provident Fund (EPF)

THE FIX

EPF subscribers are allowed mid-term, partial withdrawal for buying/constructing a house through a registered society. The subscriber should have contributed to the fund for at least three years and has to be a member of a registered housing society with at least 10 members.

Eligible amount: 90% of EPF balance, which along with the spouse's, should be at least ₹20,000.

Senior Citizens' Saving Scheme (SCSS)

THE FIX

Premature closure: SCSS comes with a tenure of five years, but premature closure is allowed after the first and the second year.

Penalty: 1.5% of the deposit after year 1; 1% of the deposit after year 2.

Fixed deposits

THE FIX

Premature closure: Fixed and recurring deposits are highly liquid and can be withdrawn prematurely.

Penalty for premature closure: Interest will be 0.5% to 1% below rate applicable to period for which the deposit has been maintained, or 0.5% to 1% below original rate, whichever is lower.

SIP in mutual funds

THE FIX

SIP pause: An SIP pause can come to your aid when you are facing a cash crunch. Since your SIPs are discontinued only for a limited period, long-term goals do not suffer.

Typical SIP pause period: 1-3 months; resumption post this period is automatic.

Number of times the option can be availed during the tenure: Once

Endowment policies

THE FIX

Loans: You can take a loan against your endowment or money-back policies after at least three years' premiums have been paid. The loan can be taken from the life insurer or by pledging it with a bank.

Eligible loan amount: Up to 80-90% of the surrender value.

Interest rate: LIC charges 10%, to be paid every 6 months.

ULIPS

THE FIX

Partial withdrawal: Ulips come with a lock-in period of five years after which partial or full withdrawals are allowed.

Amount: 10% or 20% of total premiums paid to date, or 25% of the fund value, depending on the insurer and the policy's terms and conditions.

GETTYIMAGES

Careful planning can ease burden of Generation S

Caught between providing for self, spouse, parents and children, the 'sandwich' generation have it tough.

By **Preeti Kulkarni**

Home loan EMIs, parents' medical expenses, school fees, household expenses and saving for retirement are a just a handful of expenditures an individual in the 'sandwich' life-stage has to budget for regularly. Add to it taxes, holidays, insurance premiums, investment for children's higher education and unforeseen emergencies, and you have a recipe for a difficult financial situation.

The term sandwich generation refers to individuals who have to look after their ageing parents and plan for their children's future in addition to funding their own expenses. It defines a large section of the population in India, where taking care of parents is a responsibility working adults commonly shoulder. Their list of goals that entail a huge outgo is long. However, some deft planning, financial prudence and strict adherence to a financial plan can

P.R. VIJAYALAKSHMI, 47
T.G. RADHAKRISHNAN, 57
MUMBAI

MONTHLY INCOME	₹**1.25** lakh
CAR EMI	₹**19,950**
RETIREMENT SAVING	₹**1,600**
HOUSEHOLD EXPENSES	₹**60,000**
DAUGHTER'S COLLEGE FEES	₹**20,800**
ALLOCATION FOR MOTHER AND MOTHER IN LAW	₹**10,000**

BHARAT CHANDA

Insurance should cover all

Healthcare needs of elders should be dealt with as priority.

Product	Policyholder's age	Sum insured	Annual premium
Family floater cover	35 years	₹5 lakh for self, spouse and kids	₹10,000 - ₹18,000
Senior citizens' health insurance cover	65 years	₹5 lakh	₹21,000 - ₹26,000
Term insurance	35 years	₹1 crore	₹75,00 - ₹10,000

Source: Coverfox.com and insurers' websites. Term premium is for a 35-year-old woman choosing a 15-year tenure.

make the tightrope walk easier.

The great jugglers

Take the case of finance professional Amit Malkar (38) and his wife Meenal (35), a marketing and communications professional, who live with their four-year-old son Gaurav in Mumbai. The couple financially support Amit's parents who are in their 60s. From a monthly income of less than ₹2 lakh, the Malkars pay a home loan EMI of ₹75,000, meet household expenses of ₹35,000 and provide for their parents' expenses and their son's nursery and day care fees (*see picture*). They are keeping aside money for their retirement as well.

The situation that another Mumbai resident, T.G. Radhakrishnan, faces is more challenging. The 57-year-old businessman

The best antidote to navigating the hurdles is to start planning as early as possible—ideally as soon as you start working.

has his task cut out with a plethora of demands on his time and money. He funds his daughter Roshni's (22) studies, meets the expenses of his own household and takes care of his mother and mother-in-law who live in Kerala (*see picture*).

The Malkars have it sorted at the moment, with well-planned allocations and smart cash flow management. "I manage by making allocations towards each goal. I make it a point to keep my expenses under control. For example, I do not spend more than ₹12,000 a month on my credit card," says Malkar. He prepares a six-month cash-flow to manage expenses and sticks to it. His tweaks involve switching to CNG from petrol that saves him ₹3,000 a month.

Radhakrishnan's expenses are way too high. "Being the sole breadwinner, it's a challenge to look after everyone in the family. I take care of both my mother and mother-in-law, who live in Kerala. One of my daughters is pursuing her MBA in Bangalore. Taking care of them from a distance is a challenge," he says.

Back to basics

While it is a demanding phase of life, disciplined financial planning and implementation can reduce the strain on finances.

"Financially this is the most challenging phase. We must learn from our parents the habit of saving, being prudent and planning for the future. They didn't spend as much as we do and definitely planned for future expenses," says Mimi Parthasarathy, MD, Sinhasi Consultants. In fact, they managed despite greater challenges. "Many were single-income households as the mothers didn't earn income. Our parents also didn't have access to various investments opportunities, it was only fixed income instruments," she adds, listing proper budgeting, expenditure control and disciplined investments as key to expense management.

The must-dos

In case of elderly parents, the core expense is healthcare. "If parents are old, you have to plan for their healthcare. Either buy health insurance for them or create a separate emergency fund for them," says Pankaj Mathpal, financial planner and CEO, Optima Money Managers. Accord highest priority to buying a term cover that is capable of replacing your income and repaying your liabilities so that your dependents have a financially secure future. For children's education, invest in diversified equity mutual funds through SIPs.

Malkar has put in place a health insurance cover of ₹3.5 lakh for his parents, in addition to the corporate policy that covers the entire family. His total term cover amounts to ₹1.5 crore. He is also investing ₹10,000 per month through an SIP in a diversified equity mutual fund for his son's higher education.

Do not ignore your own retirement. "Start your own retirement contribution, however small it maybe," says Tejal Gandhi, CEO, Money Matters. Radhakrishnan has been setting aside

AMIT, 38
MEENAL MALKAR, 34
MUMBAI

MONTHLY INCOME	₹1.83 lakh
HOUSEHOLD EXPENSES	₹35,000
PARENTS' EXPENSES	₹10,000
SON'S NURSERY FEES	₹5,500
SON'S DAY CARE FEES	₹9,000
HOME LOAN EMI	₹75,000

₹20,000 a year in endowment policies, while Malkar has placed his faith on SIPs in equity funds to the tune of ₹8,000 per month, apart from contribution of ₹2,000 per month to Atal Pension Yojana.

Be an early bird

The best antidote to navigating the hurdles in this phase is to start planning as early as possible—ideally as soon as you start working. "Delay in financial planning is one of the biggest mistakes that should be avoided at any cost. Save whatever is possible at the early stages and gradually increase your savings," says Parthasarathy. When you start early, you can save just 5% of your salary every month. "It should gradually increase to 30% by the time you are 35," she adds. This cushion will help you tide over the high-responsibility phase later. "Those who make an early start will always be at an advantage. They would have safeguarded their parents' health and other expenses through various options that they would have left untouched and let it compound over the years," adds Gandhi. While the situation will not be unmanageable for those who start late, they will have to work doubly hard to maintain the balance and focus on the must-haves like insurance, emergency fund and allocation through SIPs for long-term goals.

Avoid common pitfalls

Cutting out impulsive purchases apart, make sure you do not rely on too many loans, particularly unsecured ones like personal loans or credit cards. "Keep an emergency fund ready for parents and children separately," advises Gandhi. Do not forget to make provisions for parents' expenses and some discretionary spends in your monthly budget. While health insurance for parents is critical, never buy a life insurance policy for them. "If they have some savings, the amount should not be locked into long-term investment schemes. Don't use their retirement funds for your personal goals with a promise that you would return them later. Let their money stay invested for their goals," asserts Mathpal. Finally, do not allow near-term goals to take precedence while neglecting retirement goal, even if it is several years away.

Please send your feedback to etwealth@timesgroup.com

When experts behave like uninformed traders

Even fund managers may not be discerning enough to see the difference between momentum and value.

The fault finding and finger pointing in the Manpasand Beverages case have hit a crescendo. Everyone seems to know what was wrong with the stock; and every fund manager who has it in the portfolio has been hung out to dry. The only hero in the saga is Amit Mantri, whose incisive blog post of 2016 is so much in the spotlight now that the website crashed under the weight of unexpectedly high activity. Why do such stories recur?

We love the rags to riches theme. Equity investing for many investors, both individual and institutional, is about discovering the next big multibagger and making tons of money off it. There is only one time-tested method of doing that; it is a meticulous and intensive approach called value investing.

However, not everyone has the patience for research and identifying stocks that they are convinced are undervalued, while waiting for prices to respond. A value investor buys a stock worth ₹100 for ₹50 and hopes to sell when prices move up. But a value stock can remain unnoticed for a long time, and the price could move down to ₹30 in the meanwhile. A true blue value investor will acquire more.

But then, the retail investor is unable to do this because of behavioural limitations. Social approval is important to the lonely investor who is searching for value, and except for a few dedicated loners who hold on to their beliefs, the others are disappointed when the stock fails to perform.

There is concern that institutional investors who should have done research, failed to see the shortcomings of the stocks.

Institutional investors are no exceptions. While they can afford high quality research, field visits and due diligence, and pursue strategies that enable them to identify and accumulate value picks, they operate too much in the public eye to afford the lack of price appreciation. A fund manager who holds a high conviction value pick will not be able to consistently explain the fall in price of the stock and the drain on the portfolio's value. We don't trust such justifications either, when stocks prices don't match the enthusiasm of the manager.

Enter momentum. Stock picking by most investors relies not on fundamental research, or intensive search for value, but on mere price action. It is somewhat reckless and short-sighted, but yields immediate results. A momentum investor who picks up a stock at ₹100 does not care if it is overvalued or undervalued, as long as it appreciates and can be sold at ₹150.

GETTY IMAGES

The proliferation of television shows that discuss stocks; the obsession about tickers and updates; the thirst for names in most online chat forums; the deterioration of most conversations about stocks to buying tips; and the surge in trading volumes around rising stocks are all the outcome of the overt focus on momentum investing.

The problem is not in the strategy itself, but its masquerading as if the stocks in question are potential cases of undiscovered value. This is endemic in the Indian markets, where entrepreneurship is cherished and encouraged by even the simplest of beginners in equity investing. Every IPO is exalted as the next big thing, and if it opens with a premium to issue price, investors laud themselves to have participated in the next big multi-bagger.

Momentum enables small investors to celebrate quick victories, and helps fund managers to stay above water as their portfolios appreciate with the prices. It is not uncommon for investors in mutual funds to highlight the stock picks of fund managers that have shown the highest momentum, and make it a talking point. There have been funds run by erstwhile star managers that moved up purely by momentum, only to crash and disappear as prices corrected. While the play was on, the said fund manager, who later quit the fund, was celebrated as a top value investor who identified unknown pearls. It is just that we are not discerning enough to see the difference between momentum and value, and fall into the trap too often.

That is how stocks like Manpasand Beverages and Vakrangee Ltd jump up even when their fundamentals are questionable. It is striking that the research note put out by Mantri is now being appreciated and celebrated, while it remained unnoticed in public domain until the dramatic exit of the auditors. Fundamental research is stamped out by price runs, and as long as the stock is moving up, every nay-sayer's concerns are brushed aside. When price falls, or when what we call a trigger event happens, all research that supports and explains the now exposed stock come into limelight. When we care more about price action, than about intrinsic value, we are not value investors by a long stretch.

There is valid concern that institutional investors who should have done fundamental research, failed to see the shortcomings of the stocks that have now lost so much in price. These are the perils of short termism, which is also a disguised phenomenon. For all the talk of long-term investing, NAV is a daily number and most funds won't get more than two quarters of time to correct their rankings in the league table.

Investors in mutual funds also chase momentum, by looking at past winning funds. There is evidence to show how performing funds attract the most new money and how investors and distributors highlight immediate past performance as an important metric. Therefore, appreciating NAV, and rank in the top quartile of the league are essential to keep the money flowing in. It is unthinkable how this can tie neatly with value investing as a strategy.

Fund managers would therefore follow a mixed approach – a few stocks for value, a few for growth, and a few for momentum. This not only provides a shot at consistent performance, but also reduces the overall risk due to diversification benefits. Now that these falling stocks are in the news, there is an animated discussion about funds that hold these stocks. There would then be justifications and eventual paring down of the losing stocks.

That would not, however, absolve institutional investors fully. Due diligence is a responsibility that institutional investors such as portfolio managers and mutual funds must bear. To know, verify and own up to each name in the portfolio is something we expect from professional investors. Instances like Manpasand and Vakrangee show up the shortfalls in that trust. If investors with expertise, access to research, and strength of size behave like noisy and uninformed traders, we have reasons to worry.

UMA SHASHIKANT
CHAIRPERSON, CENTRE FOR INVESTMENT EDUCATION AND LEARNING

Freelancer's guide to cash

The self-employed can streamline finances by first estimating annual revenue.

Sumit has been a freelance creative designer for the past two years. He gave up a cushy job to become self-employed. While he finds his work rewarding, the erratic cash flow makes money management difficult. As and when he gets a payment, he tends to blow up the money. He knows he needs to start saving in earnest. But he has saved very little since he started out on his own. He wants to know how to get his finances back on track.

For starters, Sumit needs to replicate the situation when he received a regular income. The first step would involve estimating his annual income. As his income is irregular, he can smoothen things by earmarking a monthly salary for himself based on the revenue he expects to generate. He should pay the salary by crediting a fixed amount to a separate bank account. It is best to make a conservative estimate of the possible revenue as otherwise he may find himself with less than enough money to pay himself.

Once he has an income as a base, the next step would be to estimate the expenses that he can meet out of this self-paid salary. For this, he must prioritise his expenses in order of importance. All mandatory and essential living expenses will have to be met first. Lifestyle expenses may need to be curtailed until the business stabilitses. Along with this, he must provide for health and life insurance and his tax liabilities, as these are big ticket expenses that can derail his financial situation.

Sumit must focus on creating an emergency fund, as this will be useful in bridging any unforeseen gaps between income and expenses. In case he draws from his emergency fund, he must replenish it as soon as he has excess income.

Sumit should try to factor savings from his income since he is no longer covered under any mandatory employee savings plan. He should also be disciplined and move any excess revenue earned above his salary into investments rather than increased spending.

GETTY IMAGES

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

SMART THINGS TO KNOW Keyman insurance

1 This is an insurance policy where the employer is the proposer and pays the premiums. The life insured is that of the employer's key employee and the benefit, in case of a claim, goes to the employer.

2 The objective is to safeguard the company in case of an untimely death of the keyman with insurance proceeds received.

3 The 'keyman' should hold less than 51% of the company's shares. The total number of shares of the company held by the keyman and his family should be less than 70% of the company's shares.

4 Maximum sum assured is limited to 10 times the keyman's compensation or 3 times the average gross profit of past 3 years or 5 times the last 3 years' net profit.

5 The premium paid by the company buying the keyman insurance policy is treated as business expenditure and on death, the claim proceeds are taxable as business income.

PAPER WORK

Changes in PAN data

A PAN card is one of the key documents that an individual needs to have, for tax purposes and also as a valid identity proof. For this, the data recorded on PAN must be accurate and up to date. it can be updated online and offline.

Updating PAN

Fill form named "Request for new PAN card OR/ And changes or correction in PAN data". Download it from *https://www.tin-nsdl.com/downloads/pan/download/PAN-CR-Form_NSDL%20e-Gov_01.06.16.pdf*

When can one use this form?

This form can be used for making changes in PAN data. Additionally, this form can be used when one has a PAN but wants a new PAN card to be issued.

Documents to be submitted

Following documents need to be furnished:

- Proof of PAN – copy of PAN card or PAN allotment letter.
- Proof of identity
- Proof of address
- Proof of date of birth
- Proof supporting change sought in PAN data.

Photographs

Two recent colour photographs on white background (3.5 cm x 2.5 cm) must be affixed in the space provided.

Fees

While submitting, fees of ₹110 need to be paid. If the communication address is outside India, processing fees of ₹1,020 must be paid.

Submission

Completed forms should be submitted at NSDL TIN facilitation centre or PAN centre. The new PAN card will be dispatched to the updated address.

Points to note

1. One should tick off the relevant box for the change sought to be made in PAN data.
2. The details mentioned in the form should be correct so as to avoid any further mistakes or changes to PAN data.

SMART STATS

The Economic Times Wealth June 4-10, 2018

In This Section

ET WEALTH TOP 50 STOCKS

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

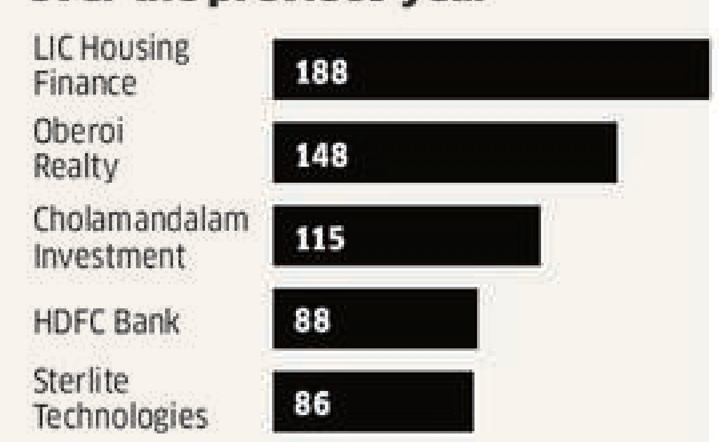
	RANK		PRICE ₹	GROWTH%*		VALUATION RATIOS				RISK		RATING	
	Current Rank	Previous Rank	Stock Price	Revenue	Net Profit	PE	PB	Div Yield	PEG	Downside Risk	Bear Beta	No. of Analysts	Consensus Rating
Redington India	1	16	119	11.70	288.98	9.93	1.36	1.92	0.03	1.55	1.45	11	4.73
PTC India	2	11	85	26.09	34.49	7.24	0.65	3.50	0.23	1.57	2.32	11	4.73
Apollo Tyres	3	12	269	20.93	57.76	20.25	1.59	1.09	0.38	1.28	1.85	22	4.59
Coal India	4	7	296	17.70	118.82	25.92	7.42	5.71	0.21	0.99	0.80	30	4.17
VA Tech Wabag	5	5	446	17.61	46.97	18.50	2.16	0.90	0.40	1.30	1.26	21	4.67
Allcargo Logistics	6	9	125	20.34	36.95	17.99	3.14	1.59	0.30	1.16	0.97	10	4.60
Apar Inds	7	14	706	6.27	53.65	18.70	2.61	1.38	0.35	1.08	0.38	11	4.82
Oil India	8	10	216	18.51	22.96	5.94	0.87	5.77	0.27	1.28	0.52	29	3.79
Jubilant Life Sciences	9	21	789	22.90	50.83	19.13	3.01	0.39	0.39	1.58	1.02	15	4.87
NCC	10	NR	120	28.73	470.16	42.97	1.95	0.33	0.10	1.76	1.98	19	4.79
Grasim Industries	11	23	1,040	19.32	74.00	25.47	1.54	0.53	0.31	1.06	1.46	14	4.36
NTPC	12	13	168	10.55	19.62	13.01	1.40	2.96	0.58	0.76	0.75	30	4.50
Oberoi Realty	13	20	507	148.01	174.48	37.75	2.84	0.39	0.22	1.60	1.93	23	4.09
LIC Housing Finance	14	24	475	187.80	15.60	11.92	1.88	1.30	0.59	1.09	1.45	44	3.80
Granules India	15	NR	78	19.17	34.02	15.08	1.99	1.25	0.40	1.71	2.04	12	4.42
Ceat	16	26	1,362	15.96	60.33	23.17	2.12	0.83	0.40	1.48	2.40	21	4.29
Motherson Sumi Systems	17	29	310	23.34	62.75	40.94	6.76	0.64	0.65	1.19	0.72	35	4.37
Dr Reddy's Laboratories	18	25	1,937	12.55	72.00	32.98	2.56	1.02	0.45	1.27	0.85	45	3.40
IRB Infrastructure	19	27	231	23.57	19.86	8.97	1.45	3.37	0.45	1.47	1.88	23	4.04
Jain Irrigation Systems	20	32	104	17.01	75.91	23.98	1.21	0.72	0.33	1.83	1.89	10	4.50
Maruti Suzuki	21	30	8,537	40.19	24.24	32.74	6.06	0.87	0.92	0.73	0.81	51	4.35
Skipper	22	46	183	21.81	30.95	15.80	2.93	0.93	0.52	1.04	0.96	11	4.55
Bajaj Auto	23	33	2,750	36.18	21.03	18.85	3.89	1.99	0.85	0.83	1.11	53	3.70
Bharat Heavy Electricals	24	18	84	15.71	195.62	69.96	0.94	1.59	0.36	1.25	1.75	40	2.60
CESC	25	37	1,019	7.26	29.95	13.60	1.22	1.16	0.49	1.04	1.50	21	4.38
Indiabulls Housing Fin.	26	31	1,243	23.37	24.33	13.71	3.94	3.42	0.61	1.21	1.35	15	4.27
Alkem Laboratories	27	NR	1,917	16.87	66.06	36.78	5.19	0.76	0.55	1.01	0.83	16	4.69
Apollo Hospitals Ent.	28	36	950	18.00	539.03	113.9	4.21	0.61	0.51	1.15	1.19	22	4.45
Gujarat Gas	29	41	866	26.39	94.36	40.25	6.31	0.35	0.36	0.99	0.44	22	3.95
Reliance Inds	30	40	921	20.08	23.82	15.12	1.86	0.60	0.78	0.95	1.58	40	4.25
Petronet LNG	31	35	220	42.32	16.01	15.63	4.03	1.15	0.98	1.15	0.75	39	4.26
NHPC	32	NR	27	26.75	18.19	15.41	0.94	4.59	0.77	1.03	0.69	10	3.90
Somany Ceramics	33	NR	528	17.61	38.98	28.25	3.85	0.50	0.72	1.21	0.75	17	4.76
APL Apollo Tubes	34	34	1,874	30.95	43.95	27.69	6.16	0.64	0.64	1.37	0.97	10	4.60
NBCC India	35	NR	92	36.42	51.14	46.43	8.38	0.58	0.23	1.25	1.35	14	4.43
Cholamandalam Invest.	36	43	1,529	114.82	28.99	24.59	4.65	0.42	0.85	1.19	1.32	25	4.52
Cipla	37	44	525	19.83	33.74	29.98	3.38	0.38	0.88	1.04	0.91	45	4.04
Jagran Prakashan	38	NR	164	11.89	24.79	17.12	2.50	1.82	0.67	1.01	0.84	19	4.00
HDFC Bank	39	NR	2,139	87.61	21.86	29.35	4.98	0.54	1.37	0.60	0.92	55	4.69
Arvind	40	50	388	15.97	61.71	32.15	2.63	0.61	0.51	1.36	1.73	17	4.18
HeidelbergCement India	41	39	153	13.59	33.89	26.11	3.32	1.34	0.62	1.35	1.46	12	4.58
DLF	42	42	210	1.61	150.90	8.41	1.53	0.58	0.06	1.71	2.72	16	3.00
Escorts	43	45	932	38.91	146.23	32.54	6.97	0.16	0.16	1.46	1.63	13	4.31
Bharat Electronics	44	28	114	21.19	21.70	19.61	3.66	2.14	0.96	1.23	1.39	23	4.30
Sterlite Technologies	45	47	330	86.34	140.64	38.39	11.12	0.23	0.28	1.86	1.86	12	5.00
Sun Pharmaceutical Ind.	46	NR	480	17.13	65.82	53.99	3.06	0.71	0.82	1.34	1.05	42	3.26
Torrent Pharmaceuticals	47	NR	1,412	31.29	34.07	35.45	5.53	0.97	0.98	1.14	1.12	30	3.93
Emami	48	NR	1,046	18.37	95.35	77.45	11.81	0.50	0.80	1.05	0.57	36	4.17
Hindustan Zinc	49	49	296	14.30	23.99	13.54	3.50	2.71	0.60	1.15	1.41	29	3.69
Mindtree	50	NR	1,008	21.37	37.87	29.39	6.05	0.98	0.74	1.27	0.93	33	3.09

* THE FIGURES UNDER THIS HEAD ARE FOR EXPECTED GROWTH. NR: NOT IN THE RANKING. DATA AS ON 31 MAY 2018.

SOURCE: BLOOMBERG

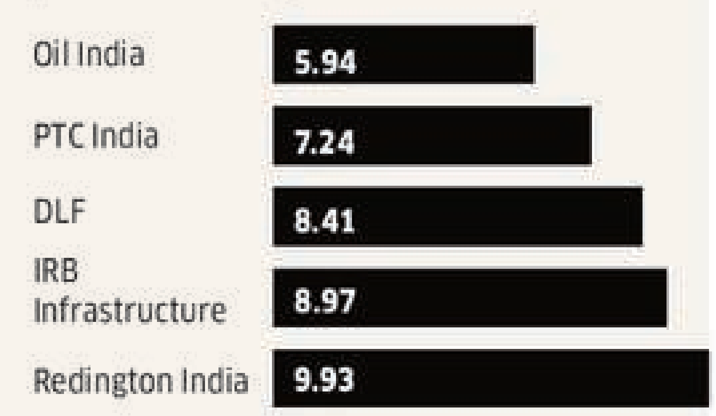
1 Fast growing stocks

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



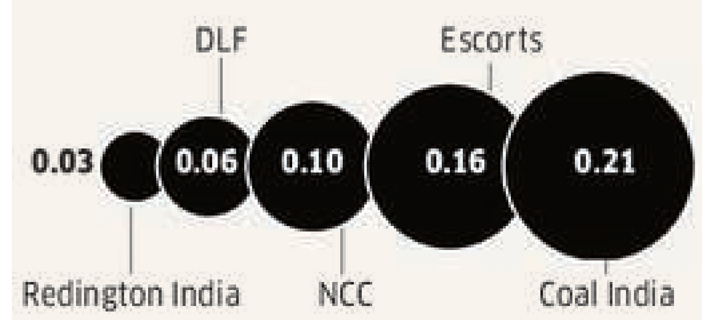
2 Least expensive stocks

Top 5 stocks with the lowest price-earnings ratio



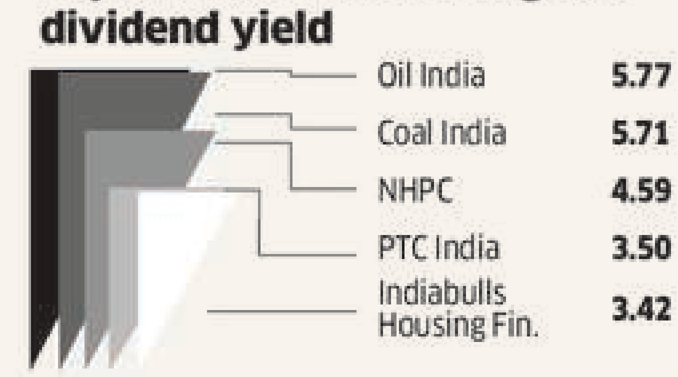
3 Best PEGs

Top 5 stocks with the least price-earnings to growth ratio



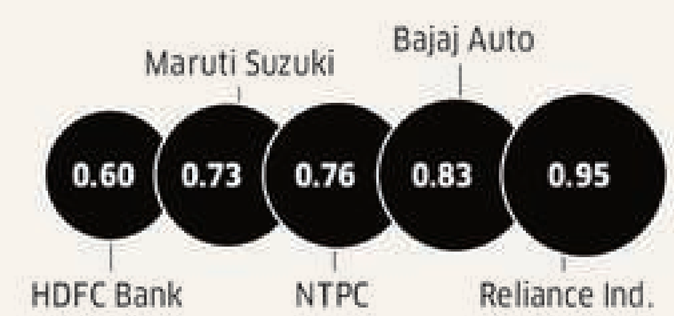
4 Income generators

Top 5 stocks with the highest dividend yield



5 Least risky

Top 5 stocks with the lowest downside risk



SEE DOWNSIDE RISK AND BEAR BETA COLUMNS IN THE ADJACENT TABLE.

ETW FUNDS 100

BEST FUNDS TO BUILD YOUR PORTFOLIO

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

	Value Research Fund Rating	Net Assets (₹ Cr)	RETURNS (%)					Expense Ratio
			3-Month	6-Month	1-Year	3-Year	5-Year	
EQUITY: LARGE CAP								
JM Core 11 Fund	★★★★	35	1.77	0.2	9.79	14.28	18.25	–
Mirae Asset India Equity Fund	★★★★★	7,479	-0.82	-0.55	10.42	12.7	20.08	2.26
Kotak Standard Multicap Fund	★★★★★	19,228	0.25	0.25	8.08	12.66	20.02	1.97
Reliance ETF Dividend Opportunities	★★★★	18	1.32	5.28	11.97	12.01	–	0.11
Invesco India Growth Opportunities Fund	★★★★★	484	1.7	3.55	17.71	11.82	18.47	2.49
JM Multicap Fund	★★★★	144	1.24	0.6	6.67	11.51	18.01	–
Kotak India EQ Contra Fund	★★★★	334	3.38	5.02	17.31	11.46	15.61	2.53
HDFC Balanced Advantage Fund	★★★★	1,181	-1.66	-1.2	9.45	11.36	15.26	2.29
ICICI Prudential Bluechip Fund	★★★★	17,142	0.18	1.14	12	10.85	16.24	2.12
SBI Bluechip Fund	★★★★★	19,088	0.85	1.3	9.69	10.52	17.46	1.97
Aditya Birla Sun Life Frontline Equity Fund	★★★★	20,451	-0.14	0.17	8.14	9.64	16.31	2.2
Reliance Large Cap Fund	★★★★	9,833	-2.01	-1.54	10.36	9.61	17.77	1.98
Motilal Oswal Focused 25 Fund	★★★★	1,080	2.18	3.73	11.14	9.59	16.83	2.44
Invesco India Dynamic Equity Fund	★★★★	1,008	0.81	0.39	10.02	9.36	15.07	2.06
Aditya Birla Sun Life Focused Equity Fund	★★★★	4,212	-0.86	-1.56	7.06	9.23	16.87	2.32
Invesco India Largecap Fund	★★★★	142	0.85	3.29	10.09	8.82	14.81	2.63
ICICI Prudential Value Discovery Fund	★★★★	16,652	-0.33	0.58	7.65	7.47	21.1	2.11
EQUITY: MULTI CAP								
Tata Retirement Savings Fund	★★★★	452	3.43	2.67	19.61	15.53	19.79	2.74
Tata Equity PE Fund	★★★★★	3,520	-0.18	1.38	14.04	15.34	24.01	2.15
SBI ETF Nifty Next 50 Fund	★★★★★	13	-0.15	-1.18	13.87	15.27	–	–
L&T India Value Fund	★★★★	8,073	-3.37	-2.36	8.57	15.01	24.6	1.99
Invesco India Contra Fund	★★★★★	1,442	0.86	3.19	19.68	14.87	23.35	2.18
Motilal Oswal Multicap 35 Fund	★★★★★	13,131	-0.11	0.85	12.08	14.58	–	2.04
Reliance ETF Junior BeES	★★★★	365	-0.08	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Principal Multi Cap Growth Fund	★★★★	684	-1.59	-2.2	13.91	14.44	20.62	2.38
ICICI Prudential Nifty Next 50 Index Fund	★★★★	230	-0.33	-1.49	13.07	14.36	18.84	0.8
Sundaram Large and Mid Cap Fund	★★★★	372	1.95	3.76	15.36	13.72	19.69	2.94
Aditya Birla Sun Life Equity Fund	★★★★	9,251	-0.19	0.27	9.57	13.59	21.56	2.28
DSP BlackRock Equity Opportunities Fund	★★★★	5,560	-1.18	-3.55	8.87	13.53	19.21	2.32
SBI Magnum Multicap Fund	★★★★★	5,166	0.13	0.02	12.16	13.25	20.31	2.01
HDFC Capital Builder Value Fund	★★★★	3,053	-1.13	-0.51	14.99	13.23	20.06	2.3
IDBI Nifty Junior Index Fund	★★★★	54	-0.88	-2.24	11.38	13.16	17.82	1.74
Parag Parikh Long Term Equity Fund	★★★★	1,056	0.43	3.42	16.84	12.08	18.71	2
Aditya Birla Sun Life Equity Advantage Fund	★★★★	6,184	-0.58	-4.79	7.01	11.42	21.73	2.3
SBI Large & Midcap Fund	★★★★	2,319	-1.66	-2.42	11.2	10.53	19.15	2.08
Franklin India Equity Advantage Fund	★★★★	2,853	1.56	1.35	10.93	8.41	18.56	2.33
EQUITY: MID CAP								
Mirae Asset Emerging Bluechip Fund	★★★★★	5,448	-1.41	-3.46	9.67	18.49	29.65	2.49
L&T Midcap Fund	★★★★★	2,739	-1.48	-2.66	14.06	18.14	28.85	2.06
Aditya Birla Sun Life Pure Value Fund	★★★★	3,866	-5.86	-6.09	15.62	17.44	28.33	2.33
Canara Robeco Emerging Equities Fund	★★★★	3,559	-0.26	-0.27	13.62	16.8	30.09	2.22
Principal Emerging Bluechip Fund	★★★★	1,841	0.16	-0.82	16.03	16.33	26.87	2.12
HDFC Mid-Cap Opportunities Fund	★★★★	21,357	-0.02	-0.82	12.29	14.95	25.9	2.21
Edelweiss Mid Cap Fund	★★★★	763	-1.88	-0.35	18.61	13.96	26.68	2.31
EQUITY: SMALL CAP								
L&T Emerging Businesses Fund	★★★★	5,001	-2.06	-0.12	19.32	24	–	2.01
SBI Small Cap Fund	★★★★★	836	-4.53	-4.26	33.49	23.45	34.4	2.32
Reliance Small Cap Fund	★★★★	7,207	-4.06	-2	22.16	22.3	35.81	1.99
EQUITY: TAX SAVING								
Motilal Oswal Long Term Equity Fund	★★★★★	1,045	0.61	3.94	15.28	18.01	–	2.16
Escorts Tax Plan	★★★★	8	-2.97	-3.88	9.41	14.7	22.09	–
Principal Tax Savings Fund	★★★★	409	-1.53	-2.23	13.82	14.33	20.59	2.31
L&T Tax Advantage Fund	★★★★	3,285	-0.33	1.11	13.66	14.05	18.96	1.84
BOI AXA Tax Advantage Fund	★★★★	178	1.73	1.71	27.59	13.72	19.18	2.53
Aditya Birla Sun Life Tax Relief 96	★★★★★	6,060	1.34	1.98	18.96	13.33	21.83	2.1
Tata India Tax Savings Fund	★★★★	1,398	-0.7	-2.14	12.9	13.32	20.04	2.09
IDFC Tax Advantage Fund	★★★★	1,429	-0.4	1.43	18.98	12.93	21.43	2.4
Aditya Birla Sun Life Tax Plan	★★★★	742	1.32	1.87	18.66	12.88	21.08	2.4
DSP BlackRock Tax Saver Fund	★★★★	4,366	-1.24	-2.85	7.04	12.51	19.4	2.15
Axis Long Term Equity Fund	★★★★	17,263	6.21	8.45	21.56	12.14	22.84	1.77

14.3% THE 3-YEAR RETURN OF JM CORE 11 IS THE HIGHEST IN ITS CATEGORY.

15.5% THE 3-YEAR RETURN OF TATA RETIREMENT SAVINGS IS THE HIGHEST IN ITS CATEGORY.

18.5% THE 3-YEAR RETURN OF MIRAE ASSET EMERG. BLUECHIP IS THE HIGHEST IN ITS CATEGORY.

18% THE 3-YEAR RETURN OF MOTILAL OSWAL MOST IS THE HIGHEST IN ITS CATEGORY.

LAGGARDS & LEADERS

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

LAGGARDS LEADERS

Equity: Large-cap 5-year returns

LAGGARDS		LEADERS	
9.67	HDFC Growth Opportunities Fund	21.1	ICICI Prudential Value Discovery Fund
10.9	Union Equity Fund	20.08	Mirae Asset India Equity Fund
11	Taurus Largecap Equity Fund	20.02	Kotak Standard Multicap Fund
11.08	IDBI Nifty Index Fund	18.47	Invesco India Growth Opportunities
11.14	LIC MF Index Sensex Plan	18.25	JM Core 11 Fund

Equity: Multi-cap 5-year returns

LAGGARDS		LEADERS	
10.04	LIC MF Multicap Fund	24.6	L&T India Value Fund
12.76	Taurus Starshare Fund	24.01	Tata Equity PE Fund
12.8	Aditya Birla Sun Life International Equity Fund	23.35	Invesco India Contra Fund
13.28	UTI Dividend Yield Fund	22.32	Escorts Leading Sectors Fund
14.01	Franklin India Life Stage Fund of Funds 20s	21.75	Escorts Growth Fund

Equity: Mid-cap 3-year returns

LAGGARDS		LEADERS	
4.8	Baroda Pioneer Midcap Fund	18.49	Mirae Asset Emerging Bluechip Fund -
6.68	Aditya Birla Sun Life Dividend Yield Fund	18.14	L&T Midcap Fund
8.18	Motilal Oswal Midcap 30 Fund	17.44	Aditya Birla Sun Life Pure Value Fund
8.37	SBI Magnum Global Fund	16.8	Canara Robeco Emerging Equities Fund
8.44	ICICI Prudential Smallcap Fund	16.41	DSP BlackRock Midcap Fund

Equity: Small-cap 3-year returns

LAGGARDS		LEADERS	
7.83	Union Small Cap Fund	24	L&T Emerging Businesses Fund
12.8	Sundaram Small Cap Fund	23.45	SBI Small Cap Fund
15.42	HSBC Small Cap Equity Fund	22.3	Reliance Small Cap Fund
15.56	Franklin India Smaller Companies Fund	21.8	HDFC Small Cap Fund
15.75	DSP BlackRock Small Cap Fund	19.41	Aditya Birla Sun Life Small Cap Fund

Hybrid: Equity-oriented 3-year returns

LAGGARDS		LEADERS	
6.4	Principal Equity Savings Fund	20.15	Tata Retirement Savings Fund
6.62	Tata Equity Savings Fund	18.64	HDFC Balanced Fund
8.69	LIC MF Equity Hybrid Fund	18.04	L&T Hybrid Equity Fund
8.93	L&T Equity Savings Fund	17.48	Escorts Balanced Fund
9.25	DHFL Pramerica Equity Savings Fund	17.29	ICICI Prudential Child Care Fund

ANNUALISED RETURNS IN % AS ON 30 MAY 2018.

ETW FUNDS 100

	Value Research Fund Rating	Net Assets (₹ Cr)	RETURNS (%) 3-Month	6-Month	1-Year	3-Year	5-Year	Expense Ratio
HYBRID: EQUITY-ORIENTED								
Principal Hybrid Equity Fund	★★★★	1,255	0.74	0.89	16.04	14.19	17.21	2.19
Tata Retirement Savings Fund	★★★★★	660	2.96	2.49	16.01	12.75	20.15	2.61
HDFC Balanced Fund	★★★★	21,779	-0.99	-0.46	7.75	10.93	18.64	1.92
ICICI Prudential Equity & Debt Fund	★★★★	28,807	-1.81	-1.51	6.86	10.82	17.19	2.11
L&T Hybrid Equity Fund	★★★★	10,572	0.9	1.39	8.46	10.72	18.04	1.98
HYBRID: DEBT-ORIENTED CONSERVATIVE								
SBI Magnum Children's Benefit Fund	★★★★★	60	1	1.5	14.95	14.94	15.27	2.45
UTI Regular Savings Fund	★★★★	1,209	2.2	1.99	7.87	8.46	10.55	1.6
BOI AXA Conservative Hybrid Fund	★★★★	213	0.29	0.86	7.85	8.69	9.78	2.01
SBI Multi Asset Allocation Fund	★★★★★	374	1.22	1.83	6.98	8.4	10.4	2.27
ICICI Prudential Ultra Short Term Fund	★★★★	2,365	1.68	2.98	6.58	8.23	8.07	1.21
HDFC Multi Asset Fund	★★★★	173	0.23	1.06	6.53	8.05	10.1	2.04
DEBT: INCOME								
Invesco India Ultra Short Term Fund	★★★★	1,136	1.75	3.04	6.6	7.91	7.86	0.9
Kotak Corporate Bond Fund	★★★★	1,282	1.71	2.83	6.45	7.85	7.75	0.55
Franklin India Corporate Debt Fund	★★★★	876	1.24	2.22	6.12	7.75	7.97	0.91
Axis Strategic Bond Fund	★★★★	1,420	1.21	1.87	6.02	8.11	8.11	1
UTI Medium Term Fund	★★★★	211	1.19	1.82	5.73	8.12	–	1.26
HDFC Corporate Bond Fund	★★★★	11,486	1.01	1.31	5.19	7.78	8.09	0.41
Aditya Birla Sun Life Treasury Optimizer Fund	★★★★	6,646	1.27	1.52	5.1	8.01	9.17	0.59
SBI Magnum Medium Duration Fund	★★★★★	1,701	1.13	1.45	5.07	8.37	9.15	1.2
Kotak Medium Term Fund	★★★★	4,836	1.09	1.4	4.96	8.07	–	1.7
ICICI Prudential Banking & PSU Debt Fund	★★★★	5,875	1.03	1.32	4.75	8.19	8.11	–
BNP Paribas Corporate Bond Fund	★★★★	91	0.43	1.05	4.74	7.34	7.68	0.45
L&T Resurgent India Bond Fund	★★★★	2,495	0.79	0.74	3.97	7.81	–	1.59
DEBT: SHORT TERM								
Franklin India Low Duration Fund	★★★★★	5,793	1.93	3.25	7.47	8.88	9.26	0.78
Franklin India Short Term Income Plan	★★★★★	9,971	1.58	2.62	7.11	8.14	8.75	1.57
Baroda Pioneer Short Term Bond Fund	★★★★★	264	1.74	2.69	6.29	8.1	8.23	1.3
Reliance Prime Debt Fund	★★★★	9,100	1.41	2.43	6.07	7.67	8.1	0.7
HDFC Short Term Debt Fund	★★★★	10,958	1.35	2.17	5.76	7.59	8.21	0.37
BNP Paribas Short Term Fund	★★★★	156	1.3	2.1	5.74	7.66	7.99	1.06
UTI Banking & PSU Debt Fund	★★★★	839	1.29	1.88	5.62	8.32	–	0.28
IDBI Short Term Bond Fund	★★★★	69	1.17	2.11	5.33	6.66	7.17	1.35
DHFL Pramerica Short Maturity Fund	★★★★	1,552	1.06	1.67	5.24	7.63	8.12	1.28
DEBT: ULTRA SHORT TERM								
BOI AXA Ultra Short Duration Fund	★★★★★	775	1.88	3.38	7.3	8.35	8.69	0.55
JM Dynamic Debt Fund	★★★★	258	1.8	3.51	7.28	8.02	8.36	–
L&T Money Market Fund	★★★★★	774	1.68	3.2	7.09	8.12	8.29	0.69
Baroda Pioneer Treasury Advantage Fund	★★★★	1,923	1.73	3.11	6.77	8.21	8.63	0.81
Indiabulls Ultra Short Term Fund	★★★★	685	1.7	3.09	6.65	7.81	8.28	0.69
Kotak Low Duration Fund	★★★★	6,001	1.71	2.9	6.57	8.03	8.1	1
DHFL Pramerica Low Duration Fund	★★★★	1,069	1.59	2.92	6.47	8.01	8.51	1.11
UTI Treasury Advantage Fund	★★★★	10,283	1.55	2.9	6.44	7.83	8.44	0.36
DEBT: DYNAMIC BOND								
ICICI Prudential All Seasons Bond Fund	★★★★	2,286	1.68	1.42	4.31	8.74	10.78	1.26
Baroda Pioneer Dynamic Bond Fund	★★★★	22	1.47	0.64	3.87	7.54	7.89	1.61
UTI Dynamic Bond Fund	★★★★	1,384	1.94	0.53	3.08	8.03	8.73	1.63

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

14.2% THE 3-YEAR RETURN OF PRINCIPAL HYBRID FUND IS THE HIGHEST IN ITS CATEGORY.

6.6% THE 1-YEAR INVESCO INDIA ULTRA SHORT TERM FUND. IS THE HIGHEST IN ITS CATEGORY.

7.5% THE 1-YEAR RETURN OF FRANKLIN INDIA LOW DURATION IS THE HIGHEST IN ITS CATEGORY.

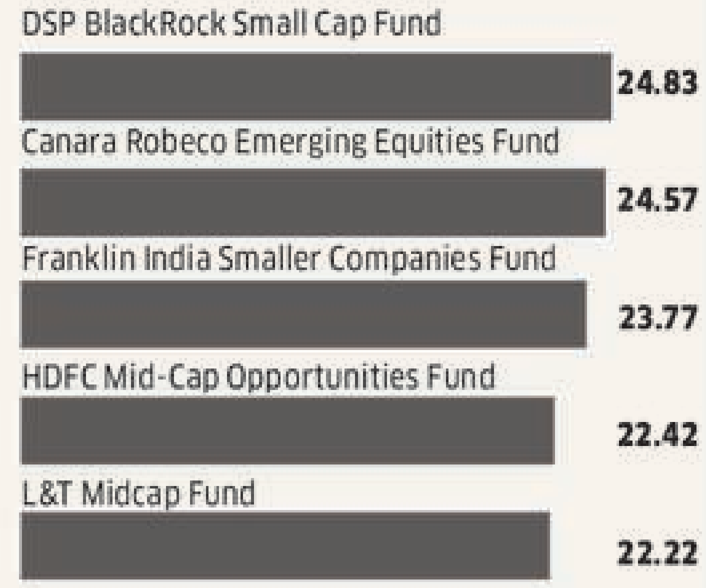
7.3% THE 1-YEAR RETURN OF BOI AXA ULTRA SHORT-TERM DURATION FUND IS THE HIGHEST IN ITS CATEGORY.

Exp. ratios as on 30 April 2018
Returns as on 30 May 2018
Assets as on 30 April 2018
Ratings as on 30 April 2018

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

1 Top 5 SIPs

Top 5 equity schemes based on 10-year SIP returns



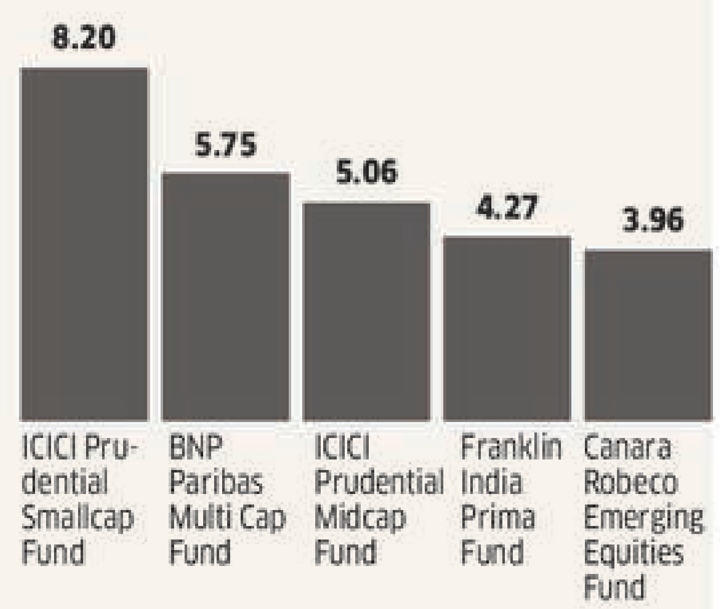
SIP: SYSTEMATIC INVESTMENT PLAN
% ANNUALISED RETURNS AS ON 30 MAY 2018

2 Top 5 MIPs

Top 5 MIP schemes based on 3-year SWP returns

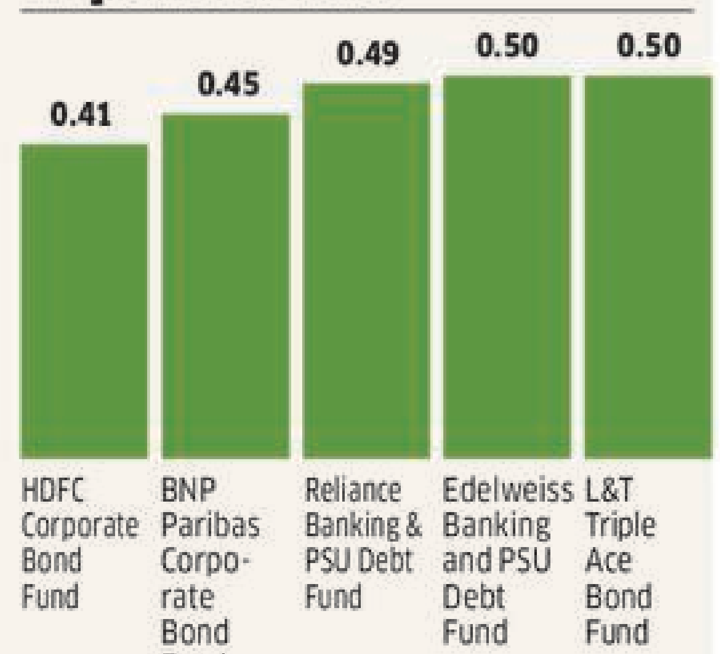
SWP: SYSTEMATIC WITHDRAWAL PLAN
% ANNUALISED RETURNS AS ON 30 MAY 2018

3 Mid-cap Cash holdings



% AS ON 30 APR 2018

4 Debt: Income Expense ratio



% AS ON 30 APR 2018

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

Methodology

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

- ★★★★★ Top 10%
- ★★★★ Next 22.5%
- ★★★ Middle 35%
- ★★ Next 22.5%
- ★ Bottom 10%

(Not covered in ETW Funds 100 listing)

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

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

EQUITIES (figures over the past one year)

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

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

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

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

Tax planning: Offer tax rebate under Section 80C.

International: More than 65% of assets invested abroad.

Income: Average maturity varies according to objective.

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

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

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

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

Arbitrage: Seek arbitrage opportunities between equity and derivatives.

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

FUND RAISER

₹70,773 crore

Is the value of the total investments in the IT sector by mutual funds as on 30 April. This is 7.4% of the total equity investments by funds. Funds are bullish on the exports-driven IT sector due to the fall in the rupee.

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
RBL Bank	7.35	10,756
Lakshmi Vilas Bank	7.30	10,750
Kotak Mahindra Bank	7.20	10,740
Axis Bank	7.10	10,729
City Union Bank	7.10	10,729
TENURE: 2 YEARS		
Lakshmi Vilas Bank	7.35	11,568
RBL Bank	7.35	11,568
DCB Bank	7.25	11,545
IDFC Bank	7.25	11,545
AU Small Finance Bank	7.15	11,523
TENURE: 3 YEARS		
DCB Bank	7.75	12,589
Lakshmi Vilas Bank	7.35	12,442
RBL Bank	7.25	12,405
AU Small Finance Bank	7.25	12,405
IDFC Bank	7.20	12,387
TENURE: 5 YEARS		
DCB Bank	7.75	14,678
AU Small Finance Bank	7.40	14,428
Lakshmi Vilas Bank	7.30	14,358
RBL Bank	7.25	14,323
IDFC Bank	7.20	14,287

Top five senior citizen bank FDs

TENURE: 1 YEAR	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
Lakshmi Vilas Bank	7.90	10,814
RBL Bank	7.85	10,808
Axis Bank	7.75	10,798
Kotak Mahindra Bank	7.70	10,793
Karnataka Bank	7.60	10,782
TENURE: 2 YEARS		
Lakshmi Vilas Bank	7.95	11,705
RBL Bank	7.85	11,682
DCB Bank	7.75	11,659
IDFC Bank	7.75	11,659
Axis Bank	7.65	11,636
TENURE: 3 YEARS		
DCB Bank	8.25	12,776
Lakshmi Vilas Bank	7.95	12,664
RBL Bank	7.75	12,589
AU Small Finance Bank	7.75	12,589
IDFC Bank	7.70	12,571
TENURE: 5 YEARS		
DCB Bank	8.25	15,043
Lakshmi Vilas Bank	7.90	14,787
AU Small Finance Bank	7.90	14,787
RBL Bank	7.75	14,678
IDFC Bank	7.70	14,642

Top five tax-saving bank FDs

TENURE: 5 YEARS AND ABOVE	Interest rate (%)	What ₹10,000 will grow to
DCB Bank	7.75	14,678
AU Small Finance Bank	7.40	14,428
Lakshmi Vilas Bank	7.30	14,358
RBL Bank	7.25	14,323
IDFC Bank	7.20	14,287

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

BANK MCLR

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

Top banks for 6 months

BANK NAME	MCLR (%)	WITH EFFECT FROM
State Bank Of India	8.00	1 May 2018
Allahabad Bank	8.15	1 May 2018
HDFC Bank	8.15	7 May 2018
Dena Bank	8.20	1 May 2018
Union Bank Of India	8.20	1 April 2018

Top banks for 1 year

BANK NAME	MCLR (%)	WITH EFFECT FROM
State Bank Of India	8.15	1 May 2018
Allahabad Bank	8.30	1 May 2018
HDFC Bank	8.30	7 May 2018
ICICI Bank	8.30	1 May 2018
Punjab National Bank	8.30	1 May 2018

Top banks for 2 years

BANK NAME	MCLR (%)	WITH EFFECT FROM
State Bank Of India	8.25	1 May 2018
Union Bank Of India	8.40	1 April 2018
HDFC Bank	8.45	7 May 2018
Allahabad Bank	8.50	1 May 2018
Axis Bank	8.60	18 May 2018

Top banks for 3 years

BANK NAME	MCLR (%)	WITH EFFECT FROM
State Bank Of India	8.35	1 May 2018
Punjab National Bank	8.45	1 May 2018
Union Bank Of India	8.45	1 April 2018
Allahabad Bank	8.60	1 May 2018
HDFC Bank	8.60	7 May 2018

Top banks for 5 years

BANK NAME	MCLR (%)	WITH EFFECT FROM
Punjab National Bank	8.60	1 May 2018
Indian Bank	8.85	10 May 2018
Karur Vysya Bank	9.20	7 May 2018

* STRATEGIC PREMIUM OF 0.25%. # BUSINESS STRATEGY SPREAD OF 0.30%. FOR ANY CHANGES IN MCLR RATES, PLEASE EMAIL US AT ETIGDB@TIMESGROUP.COM

Your EMI for a loan of ₹1 lakh

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

FIGURES ARE IN ₹. USE THIS CALCULATOR TO CHECK YOUR LOAN AFFORDABILITY. FOR EXAMPLE, A ₹5 LAKH LOAN AT 12% FOR 10 YEARS WILL TRANSLATE INTO AN EMI OF ₹1,435 X 5 = ₹7,175

Post office deposits

	Interest (%)	Minimum invt. (₹)	Maximum investment (₹)	Features	Tax benefits
Senior Citizens' Saving Scheme	8.3	1,000	15 lakh	5-year tenure, minimum age 60	80C
Sukanya Samriddhi Yojana	8.1	1,000	1.5 lakh per year	One account per girl child	80C
Public Provident Fund	7.6	500	1.5 lakh per year	15-year term, tax-free returns	80C
5-year NSC VIII Issue	7.6	100	No limit	No TDS	80C
Time deposit	6.6-7.4	200	No limit	Available in 1, 2, 3, 5 years	80C #
Post Office Monthly Income Scheme	7.3	1,500	Single 4.5 lakh	5-year tenure, monthly returns	Nil
			Joint 9 lakh	5-year tenure, monthly returns	Nil
Kisan Vikas Patra	7.3	1,000	No limit	Can be encashed after 2.5 years.	Nil
Recurring deposits	6.9	10	No limit	5-year tenure	Nil
Savings account	4	20	No limit	₹10,000 interest tax free	Nil

DATA AS ON 24 MAY 2018

BENEFIT AVAILABLE ONLY FOR 5-YEAR DEPOSIT

ALTERNATIVE INVESTMENT RETURNS MONITOR

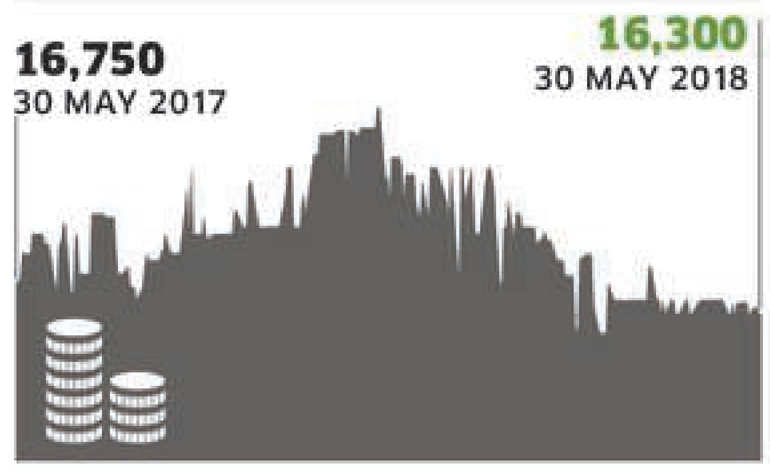
The scope and attractiveness of alternative investments is increasing. Here's a weekly tracker of returns from such investments. But don't compare these with returns from traditional investments since the proportion and purpose of alternative investments is vastly different.

Diamond Index

Precious Metals Index

Wine Index

Coin Index



CHANGE

	Diamond Index	Precious Metals Index	Wine Index	Coin Index
1 WEEK	-0.38%	0.9%	0.23%	-1%
1 YEAR	1.09%	2.3%	2.89%	-2.69%

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

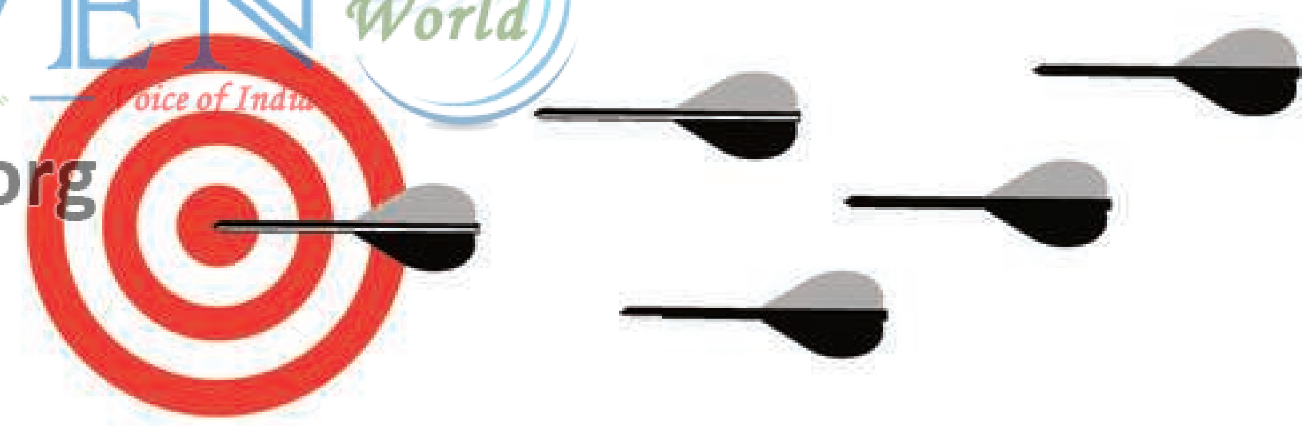
The S&P GSCI Precious Metals Index comprises gold (91.33%) & silver (8.67%) & provides a benchmark for investment performance in the precious metals commodity markets. It is updated daily.

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

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

PENNY STOCKS UPDATE

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



Top price gainers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MONTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKT CAP (₹ CR)
Gitanjali Gems	7.15	27.22	**123.44**	8.80	1,266.71	84.81
Mega Corporation	2.36	12.38	**87.30**	0.26	72.63	23.60
Virtual Global Education	1.34	25.23	**76.32**	7.91	-0.42	56.78
Pact Industries	6.36	1.92	**41.65**	0.47	951.06	31.42
Facor Alloys	2.73	26.39	**39.29**	1.69	14.99	53.37
ABans Enterprises	7.43	27.01	**33.15**	0.00	-100.00	10.36
Shantanu Sheorey Aqua.	3.43	16.27	**32.43**	2.12	5,235.70	11.96
Toyam Industries	3.94	5.35	**31.77**	13.75	177.63	83.72
Polo Hotels	9.80	13.29	**29.97**	0.07	369.91	13.22
SRS Finance	0.57	21.28	**26.67**	0.11	24.55	55.93

Top volume gainers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKT CAP (₹ CR)
Avance Technologies	0.72	-6.49	-16.28	3.70	**6,366.00**	14.27
Shantanu Sheorey Aqu.	3.43	16.27	32.43	2.12	**5,235.70**	11.96
Ushdev International	1.74	3.57	-5.95	8.41	**3,467.69**	58.90
Shreyas Intermediates	6.65	-4.59	-0.15	0.01	**1,992.82**	10.71
Gitanjali Gems	7.15	27.22	123.44	8.80	**1,266.71**	84.81
Landmarc Leisure Corp.	0.81	-3.57	1.25	2.12	**1,212.55**	64.80
USG Tech Solutions	4.40	0.00	4.76	0.00	**1,158.25**	17.34
Aishwarya Telecom	4.51	-4.04	-7.01	0.53	**1,075.07**	10.02
Provogue (India)	4.70	-3.29	-3.49	2.63	**1,059.69**	109.70
Pact Industries	6.36	1.92	41.65	0.47	**951.06**	31.42

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)
KSK Energy Ventures	3.43	-18.53	**-54.27**	5.00	280.73	145.43
Electrosteel Steels	1.01	10.99	**-47.40**	81.30	108.72	243.33
IVRCL	1.76	-13.73	**-46.18**	2.63	130.92	137.79
Sunil Hitech Engineers	5.33	15.12	**-29.03**	7.43	22.23	201.47
Burnpur Cement	5.52	9.74	**-27.46**	1.27	200.54	47.54
Gayatri Sugars	8.27	0.00	**-24.95**	1.48	-85.23	36.14
Jyoti Structures	4.14	-4.83	**-19.61**	1.19	14.83	45.35
Subex	6.22	0.16	**-18.80**	4.56	-42.25	349.56
Unitech	4.67	5.42	**-18.64**	32.56	-11.36	1,221.81
Sundaram Multi Paper	2.45	11.36	**-16.95**	3.85	133.63	66.54

Top volume losers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKT CAP (₹ CR)
Uttam Value Steels	0.19	0.00	0.00	6.50	**-89.59**	125.55
Gayatri Sugars	8.27	0.00	-24.95	1.48	**-85.23**	36.14
SRS	0.63	5.00	18.87	1.26	**-76.91**	17.55
Karuturi Global	1.90	7.95	-14.41	6.74	**-63.06**	153.84
Ferro Alloys Corp	7.06	26.07	24.96	1.48	**-56.20**	130.82
Subex	6.22	0.16	-18.80	4.56	**-42.25**	349.56
Urja Global	4.25	-4.71	-13.62	6.34	**-40.46**	215.56
Jaypee Infratech	5.75	7.88	13.64	14.59	**-38.45**	798.63
Jaiprakash Power Ven.	3.54	-1.12	-5.09	11.74	**-31.78**	2,122.58
3i Infotech	4.78	-2.45	-3.04	5.36	**-31.62**	772.21

THE STOCKS HAVE BEEN SELECTED USING THE FOLLOWING FILTERS: PRICE LESS THAN ₹10, ONE-MONTH AVERAGE VOLUME GREATER THAN OR EQUAL TO 1 LAKH AND MARKET-CAPITALISATION GREATER THAN OR EQUAL TO ₹10 CRORE. DATA AS ON 30 MAY 2018. SOURCE: ETIG DATABASE AND BLOOMBERG.

Skipper: Valuations are attractive

Analysts are bullish on the counter because of price correction and expected revenue and net profit growth.

Skipper, one of the leading manufacturers of power transmission and distribution (T&D) structures, has reported lacklustre results in the fourth quarter of 2017-18. While its net sales moved up 5%, net profit fell 15%, year on year (y-o-y). Muted performance of its core engineering products division—transmission business contributes around 83% of its sales—and its new PVC pipes business are the main reasons for this.

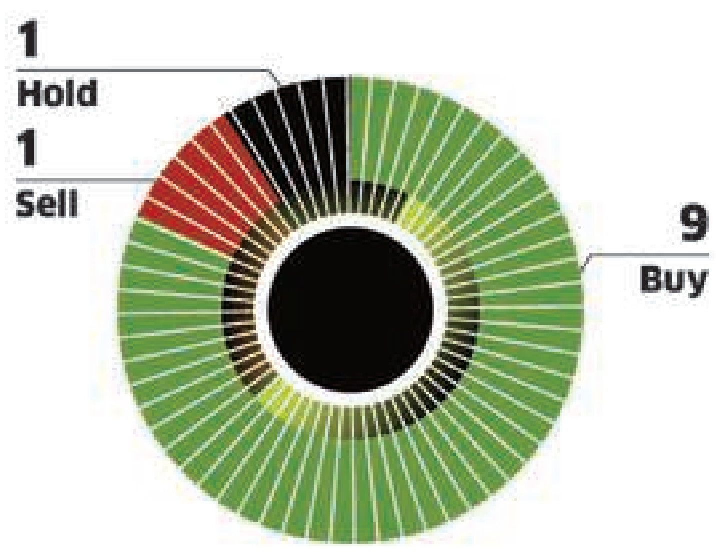
However, analysts believe that the current dull phase is a short-term phenomenon and Skipper will get back to high growth soon. Skipper continues to bag orders from companies such as Power Grid Corp, state electricity boards, telecom and solar operators, etc. It has bagged new orders—domestic and overseas—worth ₹620 crore in the fourth quarter.

The company is benefitting from the continued power infrastructure push by the central government in states like Jharkhand, Bihar, Odisha and the North-East. Overseas orders, mostly from Europe and South-East Asia, are also expected to get a boost because of the recent appreciation in the rupee—it will improve the company's price competitiveness. Since its order book of ₹2,627 crore (as of March) is larger than its annual sales, there is clear visibility on future earnings as well.

Diversification into PVC pipes business and its less-than-expected growth has been a drag on the company. For example, while the Ebitda margin of T&D division improved 245 basis points to 19.6%, margin from the pipes division fell 36 basis points to 7.5%. To streamline the operations from the PVC division, Skipper has engaged an agency that will advise it on improving its supply chain management and on tie-ups with channel partners across India. Analysts are confident that this segment will gain good market share by 2019-20.

After the 40% under performance during the past six months—34% price fall compared to 6% rise in the Sensex—the stock is now valued reasonably. This, coupled with clear revenue visibility because of its strong order book, increased business opportunity from its core T&D business and new pipe business, make Skipper a good buying opportunity now. If growth happens as expected by consensus estimate—annualised revenue and net profit growth of 17% and 26% respectively between 2017-18 and 2019-20—it will lead to a re-rating in the counter.

Analysts' views



Reasonable valuations, strong order book, improved opportunities in the core T&D business and expected jump in revenue and net profit growth has made Skipper anlaysts' top pick.

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

—Narendra Nathan

Fundamentals

	ACTUAL		CONSENSUS ESTIMATE	
	2017	2018	2019	2020
Net revenue (₹ cr)	1,702.96	2,073.72	2,451.94	2,842.99
EBITDA (₹ cr)	246.12	304.74	328.86	383.94
Net profit (₹ cr)	111.55	117.76	147.09	185.93
EPS (₹)	10.90	11.46	14.22	18.15

Valuation

	PBV	PE	DIVIDEND YIELD (%)
Skipper	2.95	15.87	0.85
KEC International	4.55	20.16	0.44
Kalpataru Power Transmission	2.66	21.36	0.37
GE Power India	6.94	215.32	0.00
Power Mech Projects	2.20	15.60	0.10

Latest brokerage calls

RECO DATE	RESEARCH HOUSE	ADVICE	TARGET PRICE (₹)
25 May '18	Anand Rathi Securities	Buy	287
25 May '18	Asit C Mehta Inv. Int.	Buy	245
21 May '18	Emkay Share & Stock	Buy	279
18 May '18	Reliance Securities	Buy	315
17 May '18	Asian Markets Sec.	Buy	271

Relative performance

PERFORMANCE OF SKIPPER COMPARED WITH THE SENSEX. STOCK PRICE AND INDEX VALUE NORMALISED TO A BASE OF 100. SOURCE: ETIG DATABASE & BLOOMBERG

WHAT EXPERTS ADVISE

BUY

STOCK	RESEARCH HOUSE	ADVICE	MARKET PRICE* (₹)	1-YEAR TARGET PRICE (₹)	POTENTIAL UPSIDE (%)	COMMENT
Inox Leisure	IDBI Capital	Buy	271	367	36	Initiate 'buy'. Inox's strong position, aggressive focus on 'super-premium' screens and traction in non-ticket revenue will help it to take advantage of big-ticket movies that are expected in 2018-19.
Cadila Healthcare	Anand Rathi	Buy	362	489	35	Upgrade to 'buy'. Pick-up in Cadila's US approvals, key launches and steady domestic formulations would help it maintain margins and earnings in the coming years.
Info Edge	Elara Capital	Buy	1,253	1,610	29	Upgrade to 'buy'. Core business revenue growth beat expectations. Despite the increase in advertisement, 99acres is expected to have lower cash demand in future.
Capacite Infraprojects	Edelweiss Research	Buy	312	397	27	Initiate 'buy'. It is in a sweet spot now due Rera-driven consolidation in the realty space, ability to bag repeat orders, better balance sheet and leaner working capital cycle compared to peers.
Indigo	J P Morgan	Overweight	1,217	1,510	24	Retain 'overweight'. Indigo's volume is expected to grow at a CAGR of 20% between 2017-18 and 2019-20 and will help it gain market share.

SELL

*MARKET PRICE AS ON 31 MAY

STOCK	RESEARCH HOUSE	ADVICE	MARKET PRICE* (₹)	1-YEAR TARGET PRICE (₹)	POTENTIAL DOWNSIDE (%)	COMMENT
Aegis Logistics	SBICAP Securities	Sell	273	177	-35	Maintain 'sell'. Performance has been weak. Time taken to ramp-up Haldia and Mumbai terminals has been longer than anticipated.
Berger Paints	Ambit Capital	Sell	298	217	-27	Retain 'sell'. Near-term headwinds, such as slowdown in real estate transactions and rising input costs are likely to affect the company's revenue and profitability.

How to lose your job in 10 days

Unlearn the habits that can lead to a pink slip. **Devashish Chakravarty** tells you how.

Like the Hollywood movie, *How to lose a guy in 10 days*, here is a take on how to lose your job in 10 days. There is also a long term plan in each case. What if you don't wish to lose your job? Then figure out if you are applying any of these job-losing tactics unconsciously. Stop what you are doing and undo the damage by learning an alternate set of behaviours.

Day 1 Show up late

Turn up late for work. Repeat daily. This works even better if you have just joined your new job. Reach late for team discussions since you believe nothing gets done in the first 30 minutes. As a long-term tactic, make a habit of missing deadlines and staying absent from meetings. Keep people waiting where possible and make their work suffer.

Day 2 Bad dress day

Did you party a little too hard last night? Let everyone know by showing up at work hung over and with a reluctant attitude. Or arrive unkempt, still dressed in what you wore to bed. Fail to find time for a shower on weekdays. That's what weekends are for. In the long term, apart from poor personal hygiene and being a eyesore, also ignore both stated and unspoken office etiquette, thus making people uncomfortable

Day 3 Not my problem

Learn your job description inside out and stick to it meticulously. Refuse to do anything that was not specified earlier. Take no responsibility and offer no help if people ask for it. For an extended strategy, do not volunteer for extra projects and stay away from initiative and leadership. Be the kind of employee who barely gets a 'Meets Expectations' rating every year.

Day 4 Gossip master

Start your day by speaking ill about someone you interacted with yesterday. Share any secrets and personal details you may have learnt about a colleague. Aim to master the art of office gossip and negativity over time. In the long term, experiment with false stories that attract attention. Lack of integrity works very well when you are seeking to get fired.

Day 5 Conserve energy

Indulge in an 'energy conservation day' and avoid work altogether. Preferably call in sick day at office and head out to the mall to unwind. If you are at the office, take time to catch up with friends and family over the phone. In the long term, make sure you exhaust all your leave and use office time for personal work. Never double check your work, and ensure that your colleagues are surprised when you actually meet a deadline.

Day 6 Don't speak

Silence is golden and today you will not speak. Ignore everyone because you are superior, or shy, or because no one is worth talking to. In the long term, keep to yourself and never get involved in any discussion. Shy away from professional conflict and connecting or bonding with colleagues. Never own up to your mistakes or apologise. Also, don't step forward to claim credit for your work. Surprisingly, staying invisible at work does not protect you. It gets you fired for being irrelevant.

Day 7 Say it all

Today is the day to speak without any filter. Complain to everyone about everything that is wrong with the office and your job. Take time to speak to the HR about the exit policy and how much money you will receive if you quit. For an extended impact, hog the spotlight and take credit for everyone else's work while pointing out their shortcomings in public.

Day 8 Don't listen

Make work simple today by refusing to listen to everyone. Keep to yourself, walk away when someone is speaking and ignore all directions, suggestions and queries. In the long term, stop learning new stuff on the job. Refuse to change and claim, "It's always been done this way". You should soon find yourself making way for a replacement.

Day 9 Go Social

Spend time with your cell phone today. Invest all your hours in Instagram, Snapchat and WhatsApp. Make sure the world knows what you are doing every moment. Over time your employer will know that you are always available online through your social media accounts. So why bother calling you to the office?

Day 10 Boss around

If you haven't been fired yet, here's your instant fix for today. Abuse your boss in public and end it all with a slap. Don't forget to pick up your bag while security escorts you outside. For a slower strategy, having an intimate personal relationship with your boss works the same way. The resentment of colleagues and senior managers to perceived favouritism and improper behaviour will cost you the job and a messy break-up will follow.

THE WRITER IS DIRECTOR AT HEADHONCHOS.COM AND QUEZX.COM

5 WAYS TO RUIN AN INTERVIEW

1 DRESS LIKE A SLOB

Turn up for an interview like you are headed to the supermarket. Bad grooming, informal dressing and a casual approach puts off the interview panel. The potential employer will also check out your social media and drop you when your posts are too wild or whacky for them to risk their reputation.

2 TAKE YOUR TIME

Show up late for an interview because the traffic was bad, or Google Maps couldn't locate the address, or your alarm didn't go off. None of these matter to the interviewer who is worried about your professionalism. Expect a polite rejection after the interview.

3 SHOW ME THE MONEY

It works only in Jerry Maguire. Start talking about the salary too early in the interview and you lose the plot. The employer does not expect you to start discussing money until you have sold yourself to the company and they have shown interest in knowing your expectations.

4 PHONE IT IN

Your cell phone rings during an interview and you take the call to tell a friend that you will call him back after your interview. You are obviously wedded to your cell phone and social life. Your unprofessional and rude behavior helps the interviewer decide that this job offer is not for you.

5 BLAMELESS, JOBLESS

When asked about your previous job or failures, you criticise your ex-employer, boss and colleagues. While you state that you are blameless, you convey to the employer that you are unwilling to take responsibility for outcomes. The interviewer does not want to risk being bad-mouthed, and prefers to leave you jobless.

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 want to build a corpus of ₹10-12 lakh in the next 20-22 months. I can invest ₹45,000 per month towards this goal. Please suggest where to invest.

You will need to earn a return of 19.68% per annum to build a corpus of ₹12 lakh in 22 months. While equity mutual funds have given stellar returns over the past few years, it would be optimistic to expect 20% return. Assuming a more realistic return of 12% per annum, you can expect to amass around ₹11.15 lakh. However, given your short time frame, it is not advisable that you invest in equity mutual funds, as there is a higher chance of capital loss. Other options like bank recurring deposits or liquid funds can earn pre-tax returns of 6%-7.5% per annum. Assuming 7% return per annum, you can expect to build a corpus of around ₹10.6 lakh in 22 months.

Jayant R. Pai
CFP and Head of Marketing, PPFAS Mutual FUND

I am a retired senior citizen and have been investing ₹7,500 per month each in Mirae Asset India Equity Fund and SBI Bluechip Fund and ₹5,000 per month each in Aditya Birla Sun Life Frontline Equity Fund, Mirae Asset Emerging Bluechip Fund and L&T Emerging Business Fund. Given that funds are being reclassified, do I need to change my schemes?

Fund reclassification is a positive move to bring the uniformity in the characteristics of similar type of schemes launched by different mutual funds. As far as your portfolio is concerned, there is no change in the fundamental attributes of the funds that you hold. There is just a name change and Mirae Asset India Opportunities Fund is now Mirae Asset India Equity Fund. Looking at your age, however, it is best you refrain from investing in the small-cap category, so you may choose L&T Large and Mid-Cap Fund instead of L&T Emerging Business Fund. The other funds chosen by you are quite good and you may continue investing in them.

Rahul Parikh
CEO, Bajaj Capital

QUESTION OF THE WEEK

I have been investing ₹4,000 per month in Mirae Asset Emerging Bluechip Fund since September 2017 with a five-year investment horizon. But, the fund's performance is not satisfactory, should I keep investing? If not, please suggest some other options in the mid-cap space.

Mirae Asset Emerging Bluechip is among the best funds in its category. The fall that you would have witnessed since September 2017 is not on account of poor performance of the fund. The market and, specifically, mid-cap stocks have fallen in general and this is reflecting in the fund's performance. These are opportunities to average—you'll be able to buy more fund units for the same monthly investment—so, continue SIPs in the fund. Kindly note that the fund's category is changing to large-and-mid-cap, however, its mid-cap holding continues to be high.

C.R. Chandrasekar
CEO and Co-Founder, FundsIndia.com

I am 58 and wish to gift ₹20,000 each month for the next five years to my wife, a homemaker. Please advise mutual funds in which she can invest the amount every month via SIP. What will be the tax implication of these investments?

Equity tends to outperform other asset classes if the investment horizon is five years and more. So, it is advisable that your wife invests her gift proceeds equally between a large-cap and a mid- and small-cap fund. In the large-cap category, she can opt for of any of the following three funds: ICICI Prudential Bluechip, Franklin India Bluechip and Reliance Large Cap. In the mid- and small-cap category, she can consider any one of the following schemes: Franklin India Smaller Companies, HDFC Small Cap and L&T Emerging Business. She should invest in the direct plans of the aforementioned funds as they have lower expense ratios compared to the regular plans and this helps build a bigger corpus over time. On redemption after one year, capital gains of more than ₹1 lakh will attract tax at 10%. In case she redeems her funds within one year of making the investment, the gains will be considered short-term capital gains tax and taxed at 15%. As your wife is a homemaker, these gains will be clubbed with your income.

Naveen Kukreja
CEO and Co-founder, Paisabazaar.com

I made capital gains of about ₹1 crore from the sale of property in the financial year 2017-18. The same year, I invested ₹50 lakh in infrastructure bonds to save capital gains tax. Can I invest the remaining ₹50 lakh in infrastructure bonds in 2018-19 as well to save tax?

Given that you have already exhausted the limit of ₹50 lakh in 2017-18, you will not be able to save tax on the balance ₹50 lakh by investing in infra bonds in 2018-19. According to Section 54EC of the Income-Tax Act, capital gains on the sale of a long-term capital asset will not be taxable if the investment is made in specified bonds within six months from the date of sale. But this investment cannot exceed ₹50 lakh in aggregate in the year in which the property is sold and the subsequent year.

Homi Mistry
Partner, Deloitte Haskins & Sells

My friend stays in a multi-storey building. It has a fire insurance policy and my friend has also bought fire insurance for his flat. If, during a fire, the flat's sprinkler system doesn't work, will he be reimbursed for his losses?

Yes, the insurance company will pay the claims in case of a fire in the house, even if the sprinkler system fails. Further, if one opts for value-added services, the insurer can help in reviewing fire protection equipment such as sprinklers.

Sanjay Datta
Chief, Underwriting Claims and reinsurance, ICICI Lombard

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

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.

Dhirendra Kumar's column, 'Don't be foolish to fall into the insurance trap', was very timely. As long as insurance companies keep investing in government bonds, the government will not do anything to regulate them. After all, the bonds mean easy money for the government. The new guaranteed returns policy of insurance companies only milk the customers. There is much that is wrong in the way the insurance industry works.
S.S.K.

The problem lies in lack of awareness. Most people have the money to invest but they cannot get through the maze of investment options available in the market today and their possible returns. These are the people who are fooled by insurance and investment agents who are there to earn fat commissions from the companies they are working for. Adding to the confusion are the multiple TV channels, financial newspapers and websites. There is a need for reliable financial advisers who can rid investors of their greed and advise them rationally. Then perhaps people will stop pouring money into insurance products that give low returns.
Arun Sharma

Great primer for new investors

The cover story, '7 stocks experts are bullish on now', was excellent. The methodology used to arrive at the final names appears sound. Looking forward to more such well-researched stories in future. They can be of immense use to investors who are new to the market.
Manas

I have become a fan of Dhirendra Kumar. His style of writing is bold and focused. He does not heed pressure from regulators and that's how it should be. His articles are very informative, particularly to new readers like me, who are just getting a hang of various investment options in the financial markets. Great writing. He has all my repect.
Goutam T.

This refers to the story, 'Seven rules for personal loans'. Till the bankruptcy code was introduced, people would create companies to borrow heavily from banks. They would then conveniently file for bankruptcy and flee with the money. While the big borrowers got away, it was the middle class who were left worrying about interest rates and pre-closure charges.
Manoj Bhandari

The guest column on the seven rules to follow when taking a personal loan gave good insights into the tactics used by financial institutions to entice people into taking such loans without understanding the consequences. It's also lack of financial literacy because of which the common man falls prey to such gimmicks. It's high time that the concepts of personal finance and investment are introduced in schools so that one learns the basics at a young age and make an informed choice later.
Arup Choudhury

The startup featured in the story, 'Own the experience, not products', made for a nice read. Taking furniture and consumer goods on rent can be utilitarian, especially for students or young professionals who may not be able to afford them otherwise. It is no surprise that a number of startups have sprung up offering goods on rent.
Jatin Khemani

REALTY HOT SPOT

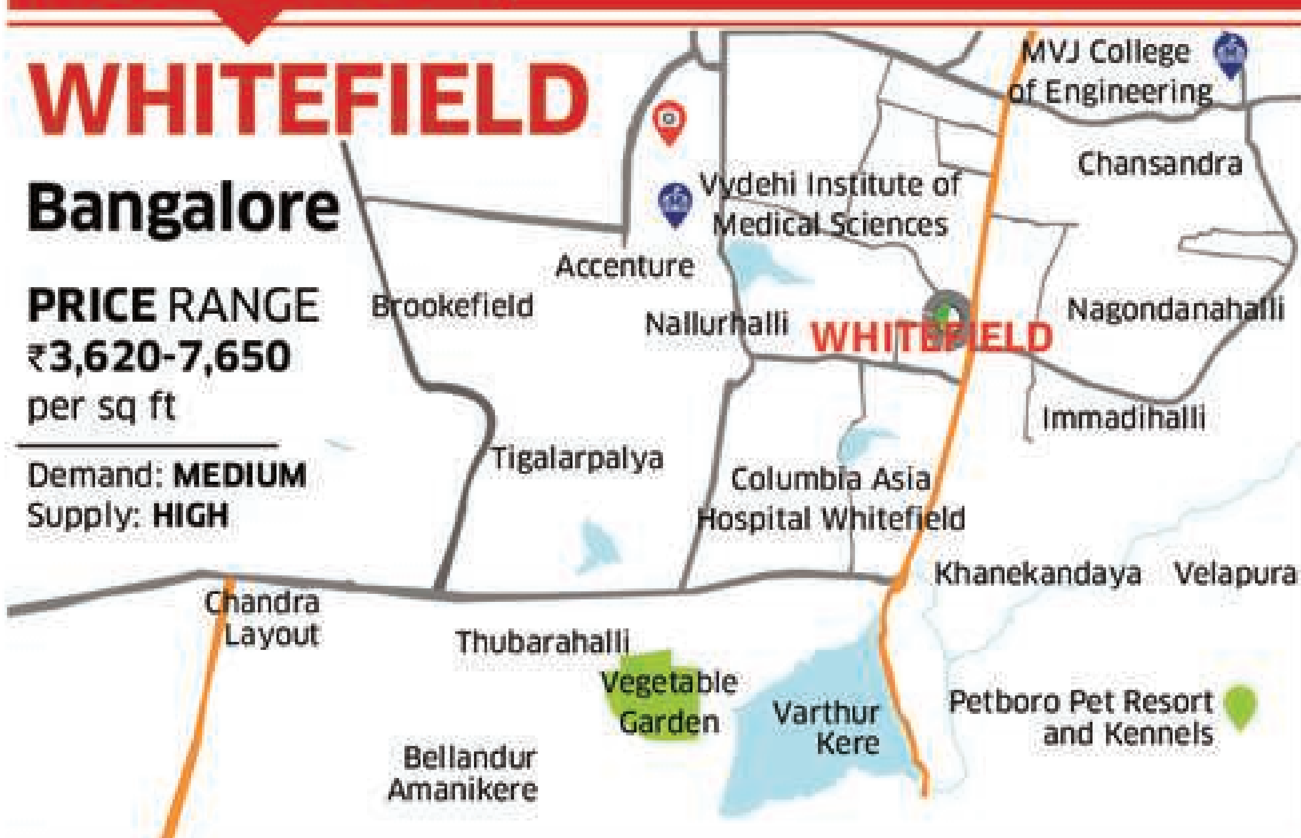
Connectivity is its main strength

This Bangalore locality will get an added boost when it becomes part of the Metro network in future.

WHITEFIELD
Bangalore

PRICE RANGE
₹3,620-7,650 per sq ft

Demand: **MEDIUM**
Supply: **HIGH**



Distance from:
Airport: 44 km | Railway station: 3 km | NH-44: 5 km

HIGHLIGHTS
- Proximity to major IT & business parks
- Presence of various popular malls including Inorbit Mall
- Hospitals including Sri Sathya Sai Super Speciality Hospital
- Good connectivity via major road networks of ORR & OMR
- Upcoming Phase 2 of Purple Line to boost connectivity

LOCALITY SNAPSHOT

Schools 15+	Hospitals 12+	Restaurants 10+
Banks 10+	Grocery Stores 15+	Petrol Pumps 8+

PROPERTIES AVAILABLE

₹35 lakh (avg)
1 BHK: 650 (avg sq ft)

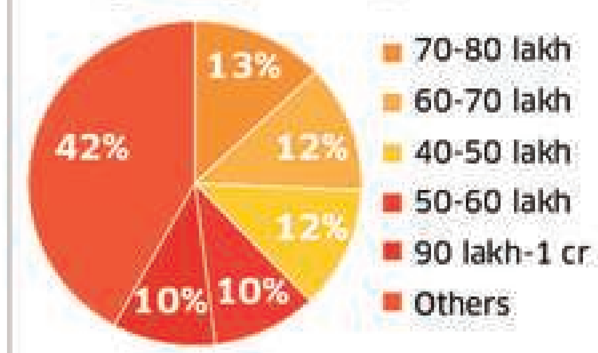
₹88 lakh (avg)
3 BHK: 1,600 (avg sq ft)

₹63 lakh (avg)
2 BHK: 1,180 (avg sq ft)

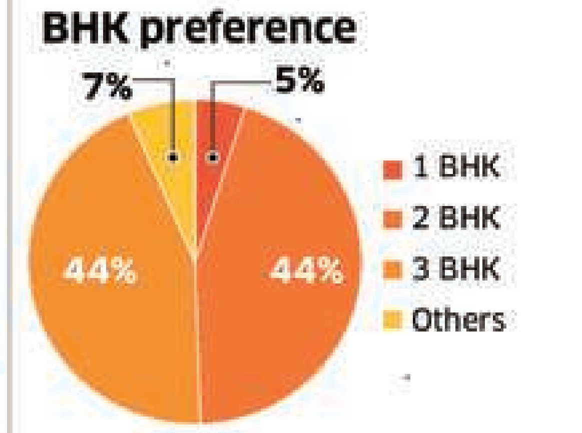
₹1.35 crore (avg)
4 BHK: 2,240 (avg sq ft)

LOCALITY	VALUES Price (₹/sqft)	Rental (₹/month)
Whitefield	4,140-6,930	22,400-35,500
Kadugodi	3,620-5,260	17,900-27,300
Hoodi Circle	4,540-7,030	21,400-32,100
Kundalahalli	4,470-6,780	17,100-25,400
ITPL	5,080-7,650	25,500-41,500
Hoodi	4,170-6,470	20,500-31,800
Brookefield	4,540-7,230	22,200-33,000

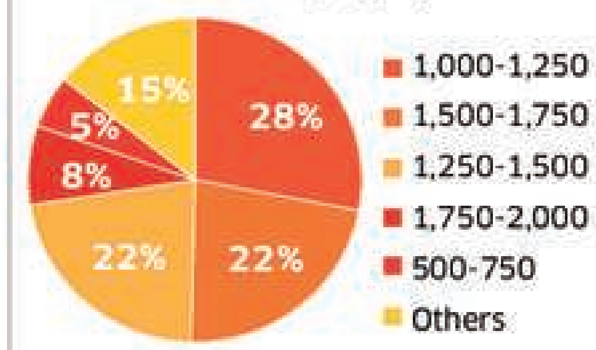
Consumer preference by budget segment (₹)



BHK preference



Consumer preference by covered area (sq ft)



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