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THE ECONOMIC TIMES wealth

Dreading the annual ritual of filing tax returns? Follow the steps to ease the process. P2

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TAX RETURN TAKE THE STRESS OUT OF IT

Dreading the annual ritual of filing tax returns? These steps can ease the process for salaried taxpayers.

By **Preeti Kulkarni**

The advent of online tax return filing websites and the income tax department's constant upgradation of its e-filing portal (*www.incometaxindiaefiling.gov.in*) have made the tax return filing process relatively easier in recent years, but for many individual salaried taxpayers and pensioners, it remains a dreaded activity which they put off until the last minute—even beyond 31 July, the due date for filing tax returns.

This year, though, such procrastination

WHICH TAX FORM SHOULD YOU USE TO FILE RETURN

ITR 1

Choose if...

(i) You are an ordinarily resident individual tax-payer with income from salary or pension

(ii) You own one house

(iii) You have earned income or incurred losses from other sources (except winnings from lottery, and horse racing, dividend received from Indian company exceeding ₹10 lakh, unexplained income* taxable u/s 115BBE)

Do not choose if...

(i) You are a non-resident or not ordinarily resident individual tax-payer

(ii) You own more than one house property

(iii) Your total annual income exceeds ₹50 lakh

(iv) You have income from agriculture (exceeding ₹5,000)

(v) You have winnings from lottery and horse racing

(vi) You have made capital gains or losses

(vii) You have foreign income or assets

ITR 2

Choose if...

(i) You are ordinarily resident, not ordinarily resident or an NRI individual taxpayer with income from salary and pension

(ii) You have income from other sources, including lottery winnings and horse racing

(iii) You have earned rental income/incurred losses from more than one house property

(iv) Your total income exceeds ₹50 lakh

(v) Your agricultural income exceeds ₹5,000

(vi) You have made capital gains or losses during the year

(vii) You own assets abroad or have earned income from foreign sources

(viii) You recieved dividends of over ₹10 lakh during the year

(ix) You have unexplained income/investment taxable under section 115BBE

Do not choose if...

(i) You can file returns in ITR-1

(ii) You have income taxable under the head "Profits or Gains of Business or Profession"

(iii) You are a partner in a firm and have received a share in profit or earned income in the form of bonus, interest or commission

*Includes cash credit, unexplained investments and expenses, gold, money, etc under sections 68, 69A, 69B and 69C.

Notes: 1. If an individual or Hindu Undivided Family (HUF) is in India for at least 182 days during a financial year and/or at least 60 days in that year and 365 days or more during the immediately preceding four years, she gets the 'Resident' tag as per the income tax rules; If not, then she is considered 'Non-resident'

Notes: 2. Further, the resident individual will be considered ordinarily resident if she is in India for at least two years out of the 10 years immediately preceding the year and the stay exceeds 730 days during the immediately preceding seven years; if not, then she is treated as 'Resident, but not ordinarily resident'.

Source: www.incometaxindia.gov.in and H&R Block.

CHANGES TO NOTE IN THE ITR FORMS FOR INDIVIDUAL TAXPAYERS

	ITR-1	DETAILS
1.	More details of salary and house property income**	Old ITR form required taxpayers to report only the taxable amount but the new ITR forms require you to give detailed calculation of income from salary and house property.
2.	Penalty for late filing of ITR**	A new field has been added where late filers need to provide the details of late filing fees paid.

	ITR-2	DETAILS
1.	Capital gains as a result of transfer of unquoted shares	A new field has been added for taxpayers to provide information on unquoted shares in accordance with the amendment in Section 50CA of the Finance Act, 2017.
2.	Reporting gifts	A field has been added to report the amount taxable as gift.
3.	Credit of refund to foreign bank account	A field has been added where NRI taxpayers can provide the details of foreign bank accounts in which they want the credit of the tax refund claimed by them.
4.	Claiming credit of TDS deducted in the name of another person	A new field has been added to facilitate the claim for TDS credit where the TDS was deducted in the name of another person or from a common pool or other similar situations.
5.	Change of applicability for a partner in a firm	Partners cannot use ITR-2 for assessment year 2018-19; an individual or an HUF, who is a partner in a firm, shall be required to file his ITR only in form ITR-3.
6.	Removal of gender field**	Taxpayers now do not need to mention their gender in the form.

** Applicable to both forms

Source: H&R Block

TAX RELATED DATES TO REMEMBER

31 JULY 2018
Deadline for salaried taxpayers to file tax returns for the assessment year 2018-19 (financial year 2017-18); missing this deadline will invite a late-filing penalty of ₹1,000-5,000.

31 DECEMBER 2018
Date till which taxpayers can file their return after shelling out a penalty of ₹5,000 (₹1,000 for those with income under ₹5 lakh), which will go up to ₹10,000 if they fail to meet this deadline too.

31 MARCH 2019*
Final deadline for filing returns for assessment year 2018-19. After this date, taxpayers will be allowed to file returns only if the tax authorities allow them to do so under exceptional circumstances.

***AY 2017-18 ONWARD**
You can file belated return only till the end of the assessment year. Until AY 2016-17, you could have done so till the completion of one year from the end of the assessment year. However, unlike earlier, your belated return can be revised till the end of the assessment year.

will mean paying a huge price. Literally. The penalty for late filing is ₹5,000, making it imperative to meet the 31 July deadline. If the delay is beyond 31 December, the fine is higher at ₹10,000 (*see box*). Therefore, it's best to kick off the process right away. Getting a grip on what all you need to file your return and some organised effort will see you through to the other side of 31 July without too many hassles. Read on to find out more.

Changes in tax rules

Before you embark on the process to file the return for the assessment year 2018-19 (financial year 2017-18), you need to be aware of some fundamental rules and key changes in the income tax return (ITR) forms this year. Some provisions may have also changed, so you need to avail of deductions and compute your tax accurately.

Knowledge of slab rates, for instance, can help you compute your tax liability correctly. The slab rate applicable to an individual drawing taxable income between ₹2.5 lakh and ₹5 lakh has been reduced from 10% to 5%. "Earlier, an individual with taxable income up to ₹5 lakh was entitled to a tax relief. Now, this limit has been reduced to ₹3.5 lakh. Also the tax rebate has been reduced from ₹5,000 to ₹2,500," says Alok Agarwal, Senior Director, Deloitte India. Those earning an income in the region of ₹50 lakh to ₹1 crore will have to shell out a surcharge of 10%. "Surcharge at the rate of 15% continues in respect of individuals with income more than ₹1 crore," he adds.

This is also the year when taxpayers who own more than one property and claim tax benefits on the home loan interest paid will feel the pinch. Till the financial year 2016-17, you could avail of tax break on the entire interest paid – considered 'loss' – on home loan for let-out (or deemed let-out) properties. "The entire loss was allowed to be set off against other income without any limit," adds Agarwal. But from this year, the tax rules have been changed. "The government has restricted the benefit of set-off loss from house property to a maximum ₹2 lakh per financial year and the balance loss can be carried forward to next eight years," explains Chetan Chandak, Head of tax research at tax consultancy firm H&R Block.

> *"Earlier, the entire interest on home loan was allowed to be set off against income if house had been let out. The deduction is now capped at ₹2 lakh in a year."*

ALOK AGARWAL
SR DIRECTOR, DELOITTE INDIA

While this has hurt taxpayers who had invested in property, another change in rule has made them smile. This pertains to capital gains/losses on investments and immovable properties. "Holding period for capital gains to be considered on immovable property has been reduced from three years to two years; also, year 2001 will now be the base year for calculating the capital gains instead of the existing 1981," says Chandak. The new cost inflation index, too, has been released.

Changes in tax forms

This apart, the ITR forms too have undergone several changes this year (*see graphic*). "Till last year, only net taxable figures of salary and house property income were required to be disclosed. This year, detailed calculations in respect of salary and house property income are required in ITR-1 and ITR-4. Address of property would also be required for house

NEED HELP TO FILE RETURN? USE THIS STEP-BY-STEP GUIDE

If you are a first-time return-filer, register yourself on the income tax department's official e-filing portal www.incometaxindiaefiling.gov.in. Your permanent account number (PAN) will act as your user ID.

Keep key documents handy, including the Form 16, Form 26AS (tax credit statement), bank statements, copy of returns filed last year, capital gains statement from mutual funds and brokers.

Go to the 'Downloads' tab to download the ITR preparation software (JAVA or Excel utility) for the relevant assessment year.

Prepare the return using the downloaded software application; pre-populate the personal details and tax payments/TDS by clicking on the 'pre-fill' button. Compare with the information you have to ensure that nothing is left out.

Enter all data and click on 'Calculate' to compute the tax and interest liability and final figure of refund or tax payable.

If tax is due, make the payment immediately and enter the details in appropriate schedule. Repeat above step so that tax payable turns 'zero'.

Generate and save the ITR data in XML format.

Login to the e-filing website, go to 'e-file' and click on 'Upload Return'.

Select the relevant ITR, Assessment Year and XML file saved.

Upload Digital Signature Certificate (DSC), if you have obtained one and it is registered with the portal, and click on 'Submit' button. In this case, your process will now be considered complete.

If you have not used DSC, ITR-V (verification form) will have to be downloaded; you can also choose to generate electronic verification code (EVC) through your bank ATM/netbanking or use Aadhaar-based OTP for e-verification.

In case of physical verification, you will have to send the printed and signed ITR-V form to the I-T department's CPC in Bengaluru by post within 120 days of e-filing your return; an acknowledgement from the department confirming receipt will complete the process.

property income," says Sandeep Sehgal, Director, Tax and Regulatory, Ashok Maheshwary & Associates.

Till last year, if an individual or Hindu Undivided Family (HUF) was a partner in a firm, ITR-2 could be used if they didn't have any other business income. "Now, such individual or HUF shall be required to file its return in ITR-3 only irrespective of it has any other business income or not," adds Sehgal. The forms this time provide a separate column for claiming capital gain exemptions under Sections 54, 54B, 54EC, 54EE, 54F, 54GB and 115F. "Further, to avail these exemptions, a taxpayer is required to mention the date of transfer of original capital asset which was missing in earlier ITR forms," he informs.

Which ITR form is for you

The next step is to identify the form that you need to use to file returns. "If you are using a private tax filing portal to file your return, it will automatically choose the correct form based on your income and assets," says Sudhir Kaushik, Co-founder of tax filing portal *Taxspanner.com*. However, if you are using the tax department's portal, you will have to choose the form yourself. The I-T department has released seven forms this year – for salaried professionals or pensioners, the most relevant forms are ITR-1 (Sahaj) and ITR-2 (*see graphic*). If you are a self-employed professional or run a small business, you should use ITR-4 (Sugam).

"Interest from FDs is a minefield. Some think that up to ₹10,000 is tax free while others believe there is no need to pay tax if TDS deducted. Both are incorrect."

SUDHIR KAUSHIK
CO-FOUNDER, TAXSPANNER

Ensure that you mention your name in the manner it appears on your PAN card. "The return will not be processed in case there is a PAN name mismatch," he adds. Do not forget to update your e-mail ID and mobile number so as to receive timely communication from the I-T department, particularly messages related to return and refund processing. Quoting Aadhaar is a must for resident taxpayers. "Thus, applying and obtaining an Aadhaar number for an individual becomes imperative where a tax return is to be filed," says Agarwal.

Verify TDS details in Form 26AS

To start with, access your Form 26AS – or tax credit statement – available on the e-filing portal and check whether the tax deducted by your employer and other deductors tallies with your Form 16 and TDS certificates. "All the tax credits for salaries and other income should be verified with 26AS. If there is any mismatch, it should be addressed to the employer or payer of such income," says Sehgal. You can also access your Form 26AS through your netbanking account.

"Two Forms 16 is a big challenge and usually results in heavy tax dues at the time of filing returns. The tax due must be paid as soon as possible to avoid penalty."

ARCHIT GUPTA
FOUNDER & CEO, CLEARTAX

When you sit down to file your return, keep certain key documents at hand, including the Form 16 issued by your employer, bank statements to know the interest income, records of investments and donations made and a copy of returns filed last year. This will reduce the time consumed to file returns as also the scope for errors.

What to watch out for

Kaushik of Taxspanner points out that interest income is a virtual minefield. "Many taxpayers think that interest income from fixed deposits is tax free up to ₹10,000 in a year. Others have the misconception that no tax is payable if TDS has been deducted," he says. Only interest earned on savings bank account is exempt under Section 80TTA. Interest earned from fixed deposits and recurring deposits is fully taxable at the rate applicable to the individual. Also, TDS is only 10% of the interest earned on deposits. If the individual falls in a higher tax bracket, he will have to pay additional tax.

Many taxpayers may be tempted to ignore reporting the interest income in their tax form. This can be a problem. If your Form 26AS shows TDS on interest income, the tax department will send you a demand for additional tax on the income.

Apart from reporting the taxable interest income, taxpayers are also required to report exempt income in the tax forms. Even though dividends, interest on Public Provident Fund and long-term gains from equity funds are tax free, it is best to report them in the tax form. "High value inflows to your bank accounts will be easier to explain when these are already reported in your tax return," says Archit Gupta, Founder and CEO of tax filing portal *Cleartax.in*.

Another common issue is the misreporting of salary income. Those who have switched jobs during the financial year have to deal with the complication of entering details after combining information from Forms 16 issued by two employers. "Two Forms 16 present a challenge for many as this usually throws up tax payable once the two forms are combined and income is reported. This happens for cases where the employee could not report salary from first employer to the second employer," says Gupta of Cleartax. "In such cases, a tax due is likely and must be paid soonest." Those with a total income of over ₹50 lakh have to furnish several details, leading to complications. "A lot of questions are received on reporting in Schedule AL," adds Gupta. Gathering all relevant documents beforehand can help ease this roadblock. If you rely on the online mode for investments, it is likely that your mailbox will contain most information that you need. Gupta lists reporting of income from all sources as another 'must do'.

Likewise, you must also ensure that you claim all tax benefits you are entitled for – even the ones you might have missed mentioning in the investment declaration submitted to your employer. Chief among these is donations made to charitable institutions, as employers usually do not account for deductions under section 80G. "All Section 80C deductions can be claimed at the time of filing tax returns as also interest on home loan and house rent allowance (HRA). However, leave travel allowance (LTA) and medical allowance claims can only be claimed via the employer, by submitting proofs," says Gupta.

"It's not necessary to take a home loan only from a bank. You can avail of tax deduction even if you borrow from a relative or friend to buy or build a house."

CHETAN CHANDAK
HEAD OF TAX RESEARCH, H&R BLOCK

Did you miss any deduction?

Keep an eye out for tax benefits you may have skipped due to oversight or lack of awareness. "Savings accounts generate income in the form of interest from deposits, which can be claimed as deduction to the extent of ₹10,000 under Section 80TTA of the I-T Act. This is not widely known," says Chandak. While deduction under Section 24 on interest paid for home loan is a commonly-known tax benefit, most assume that they are entitled to it only if the loan has been sanctioned by an institutional lender. "Many taxpayers ignore this deduction if the tag of home loan is not attached to their loan even if they use it to construct or purchase a house. You can avail the tax benefits offered by this section even if it was a personal loan taken from relatives or friends," points out Chandak. The only condition to be eligible for this tax benefit is that the loan should be used in the construction or purchase of a house.

You can also avail of tax relief up to ₹30,000 on interest paid on loan taken for revamp or reconstruction of your house.

While completing the tax return form, ensure that you furnish details of all your bank accounts correctly, especially the one you have chosen for receiving tax refunds. Verify the bank name, account number and IFSC code you have entered in the ITR form before submitting the return. "Tax refunds will be credited by the tax authorities only in the account furnished in the return. There any many instances where refunds are not granted to assessees on account of incorrect bank details," says Agarwal.

Finally, do not delay e-verifying your return or dispatching the printed and signed ITR-V to the CPC in Bengaluru only by regular or speed post within 120 days of filing the return. Your return filing will be considered incomplete without these and could attract late filing penalty.

Please send your feedback to etwealth@timesgroup.com

ITR-4: The 'sugam' return-filing tool for the self-employed

Small taxpayers engaged in certain businesses or professions have to follow a distinct return filing process.

By **Preeti Kulkarni**

Running an enterprise or professional set-up is considered difficult in India due to the complicated taxation rules and accounting procedures. This discourages many budding entrepreneurs from setting their sights higher. However, income tax rules allow some leeway to small taxpayers engaged in certain businesses and professions.

They can opt for the presumptive taxation scheme, which exempts taxpayers running small businesses from the tedious process of maintaining regular books of account. The person can declare income at a prescribed rate (6% if receipts are in form of e-payments or 8%) instead. They can file their returns in the much simpler ITR-4, instead of ITR-3, which individual businesspersons otherwise have to use. Here's a guide on filing returns using form ITR-4.

THE REFURBISHED FORM ITR-4

CHANGE	WHAT IS DIFFERENT
More details of salary and house property income* sought	Old ITR form required the taxpayers to report only the taxable amount but the new ITR forms require you to report detailed calculation of income from salary and house property.
Penalty for late filing of ITR*	A new field has been added where the late filers need to provide the details of late filing fees paid.
Reporting additional details under Schedule BP	There is an additional requirement to quote GSTR No. and turnover / gross receipts as per GST return filed under Schedule BP of the form. This is in respect of details of business and profession computed on presumptive basis u/s 44 AD or 44AE or 44ADA.
Claiming credit of TDS deducted in the name of another person	A new field has been added to facilitate the claim for TDS credit where the TDS was deducted in the name of another person or from a common pool or other similar situations.
Removal of gender*	Taxpayers now do not need to mention their gender in the form.

*Common to all ITR forms; the list is not exhaustive **Source:** H&R Block

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The applicability

The first step in the exercise, like in case of other forms, is to ascertain the applicability of the form. Form ITR-4 is to be used by resident individuals, Hindu Undivided Families (HUF) or partnership firms who draw income from any business or profession, barring certain specified ones like speculative or agency businesses or income in the form of commission or brokerage. If you are a salaried employee or a pensioner and are also drawing additional income from business or profession, you will need to use ITR-4. Other conditions include income from one house property and income from other sources. "The income computed shall be presumed to have been computed after giving full effect to every loss, allowance, depreciation or deduction under the I-T Act," says Chetan Chandak, Head, Tax Research, H&R Block India. You also need to be careful about the applicability of this form where the income of another person like spouse or minor child is being clubbed with yours. "This form can be used only if the income being clubbed falls into the above categories," he adds.

The exceptions

The presumptive taxation scheme cannot be availed of by non-residents, limited liability partnerships firms or corporates. You cannot use the form if you are drawing income from the business of plying, hiring or leasing goods carriages, running an agency business, or earning income in commission or brokerage. Assessees whose total turnover or gross receipts exceed ₹2 crore, too, are not eligible for the relief under this scheme. The list of exceptions is long. "The form cannot be used if there is income from more than one house property or where there is brought forward loss or loss to be carried forward under this head," adds Chandak. Those who have made short-term or long-term capital gains from the sale of house, plot or shares cannot use this form, neither can those who have netted winnings from lottery or horse-racing. Other exceptions include those with unexplained cash credit, investments, gold or money. Agricultural income of over ₹5,000, income from any source outside India, assets located abroad and claim for relief on foreign tax under Sections 90, 90A or 91 will also be disqualifiers.

The changes

ITR-4 has seen several changes (*see graphic*) this year, including requirement for furnishing detailed information related to income from salary and property and a field for providing details on late-filing fees paid, if any. "There is an additional requirement to quote GSTR No. and turnover/gross receipts. This is as per GST return filed under Schedule BP of the form in respect of details of business and profession computed on presumptive basis under Sections 44 AD or 44AE or 44ADA," says Chandak.

The requirement of additional details is a challenge you have to overcome this year. "Several businesses are unsure about Schedule BP where 'financial particulars of the business' are required to be submitted. This is a challenge for some, as presumptive businesses are not required to maintain detailed books of accounts," says Archit Gupta, Founder and CEO, *Cleartax.in*.

The process

If ITR-4 is the relevant form for you, you could find it easier to file your returns online. "Those filing return in ITR-1 or ITR-4 have the option of directly preparing and submitting the return on an e-filing portal. While submitting returns, they will need to select 'Prepare and Submit Online', fill all the details and submit the return. Then it is to be verified using DSC (digital signature), EVC (electronic verification code) or Aadhaar OTP," explains Sandeep Sehgal, Director, Tax & Regulatory, Ashok Maheshwary & Associates LLP. The other option is to download the excel utility and follow the steps applicable to other forms to complete the process.

Please send your feedback to etwealth@timesgroup.com

Why MF dividends should be abolished

Mutual fund dividend is a misleading, misnamed and misused feature. It's time for a big change to save further loss of investor money.

DHIRENDRA KUMAR
CEO, VALUE RESEARCH

MONEY MYSTERIES

Once upon a time, a method of investing called 'dividend reinvestment' was popular because it led to lower taxation. Now, it actually destroys your money because of the tax on dividends.

Mutual fund dividends need to die. They should be abolished and replaced by specially designed withdrawal plans that investors can choose according to their needs. That sounds like a radical suggestion but actually it's not because financially, there is already no such thing as dividends in mutual funds. What are called dividends are exactly what I'm suggesting—withdrawal plans. Except that currently, they are misnamed dividends and are arbitrarily structured by mutual funds to suit their own marketing needs.

The so-called dividends from mutual funds serve no purpose. They are artificial and misleading marketing tools. Worse, starting this year, new taxation rules mean that equity fund dividends also lead to investors paying more tax than they should. If you have opted for the dividend option of a fund, you are almost certainly paying needless tax.

I'd explained the basics of dividends in the first part of this column but apparently, many investors are unconvinced about their uselessness so let's delve a little deeper. The dictionary definition of dividend is, "a sum of money paid regularly (typically annually) by a company to its shareholders out of its profits (or reserves)." Investopedia says, "A dividend is a distribution of a portion of a company's earnings." The Wikipedia article starts with, "A dividend is a payment made by a corporation to its shareholders, usually as a distribution of profits."

These (and other) definitions all point to the same thing, that when companies make a profit, they bring some of it back in the business, and distribute the rest to shareholders. Obviously, the management of the company has a choice in the matter. It's up to them to decide how much (if any) dividend is to distributed. There are plenty of companies that distribute very little or none of the profits as dividends, for a variety of reasons.

Absolutely none of this applies to mutual funds. In a mutual fund, ALL the profits belong to investors, except for management expenses of up to about 3%. Whether the money comes to you as dividend or as withdrawal, there is no difference, except for the effect of taxation. As I'd explained last week, if the value of your investment in a mutual fund is ₹1 lakh, and then the fund gives you ₹5,000 dividend, the value of that investment will be reduced to ₹95,000. In debt funds, what you receive is actually ₹3,558 because the debt fund would withhold 28.84% of the dividend and pay that as tax. In equity funds, there was no such tax till this year. Now, even in an equity fund, there's a 10% tax. Accounting for the surcharges, you will get ₹4,353 as dividend

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while your investment goes down by ₹5,000. It makes no sense to opt for a dividend plan.

But what if you need a regular income? The answer is simple—instead of opting for the dividend plan, you should opt for the growth plan and just withdraw a certain amount regularly. The tax incidence is likely to be lower because in dividends, the entire amount is taxable, but in a withdrawal, only the gains part is taxable.

In fact, some older investments are getting an even worse deal. Once upon a time, a method of investing called 'dividend reinvestment' was popular because it led to lower taxation. Now, it actually destroys your money because of the tax on dividends. There's a 10% tax on both long-term capital gains and dividend. However, the tax on capital gains comes into play only when you actually sell your investment. The tax gets deducted by the mutual funds at source every time a dividend is paid out, or reinvested. In effect, in the reinvestment option, your money keeps getting reduced. Even though the percentage of tax on capital gains is the same as dividend, your eventual returns will be severely impacted because the dividend tax constantly reduces the amount available for further growth.

The alternative I'm suggesting is simple. Currently, there are Systematic Withdrawal Plans (SWPs), by which investors can specify a certain amount that is withdrawn automatically every month and credited to their bank accounts. These are almost good enough, provided you take care to withdraw only up to 3-4% of the gains. From the point of view of sustainable long-term income from funds, this can be improved upon by having plans that are keyed to a certain percentage of gains, say 50% or 75%. That would leave the rest for further compounding.

Either way, it's time that this dividend fiction is recognised as such, and an end put to it.

What you need to know about changes in TER

If the fund houses raise the TER frequently, the impact can be significant.

Of late, mutual fund investors have been receiving regular emails from fund houses explaining the changes in total expense ratio (TER) of their mutual fund schemes. To understand how these TER changes affect you, let us see why this is happening now. Market regulator Sebi feels fund houses are making frequent changes in the TER, but these changes are not prominently disclosed to the investors.

Despite the fund houses releasing advertisements in newspapers and hosting copies of these advertisements in their respective web pages, Sebi is calling for more transparency on TER. Sebi came out with a specific circular for this on 5 February.

"Though AMCs used to host these changes on their web pages, it was difficult for investors to find out these changes. Now, it simply reaches your mail box and this significantly increases the transparency," says Amol Joshi, Founder, PlanRupee Investment Services.

The pertinent question to ask here is – should you be worried if the TER is up or should you be delighted if it is down? There is no specific answer to this question because it depends on the quantum of these changes (*see table*).

Small changes in TER do not affect returns

Portfolio size (₹)	Annual impact of change in TER: 1 bps change (₹)	5 bps change (₹)
₹1 lakh	10	50
₹5 lakh	50	250
₹10 lakh	100	500
₹25 lakh	250	1,250
₹50 lakh	500	2,500
₹1 crore	1,000	5,000

As of now, most of these changes are small, in the range of 1-2 bps only. Since this will not have a meaningful impact on overall returns, there is no need for investors to be overly concerned about these changes.

However, they should not ignore them either. "Though there will be some changes in expense ratio due to normal business situations, investors need to keep a watch on these TER changes," Joshi explains.

Hence, investors need to keep a closer watch, as the emails being sent to them are 'event based' and 'calendar based'. In other words, fund houses will keep on sending emails whenever there is a change in expense ratio and this 1-2 bps change you see is for that specific event. If the fund house increases TER on regular frequency, the cumulative impact can be significant.

— Narendra Nathan

EPFO to allow more equity investments

Employees' Provident Fund Organisation (EPFO) subscribers may soon be allowed to invest more of their retirement contribution in stocks to earn higher returns, a senior labour ministry official said.

The labour ministry is likely to introduce a proposal to increase the stipulated equity investment limit of 15% at the next central board of trustees (CBT) meeting on 26 June. Any change in the norm will require the Finance Ministry to notify the new investment pattern. The EPFO has more than 50 million subscribers.

The National Pension System (NPS) under the Finance Ministry gives subscribers the choice of investing as much as 75% in stocks.

Now, risk-averse EPFO subscribers may also get the option to reduce their equity contribution under the plans being considered, said the official. Raising the investment limit could see more funds going into Indian stocks, bolstering them at a time when they have been rattled by looming trade wars. "Considering that we have a unitisation policy for equity investments in place, which will be operational soon, we are now planning to move a step forward and give the choice to our subscribers to either increase or decrease the investments in equity beyond the existing 15%," the official said.

— Yogima Sharma

QUOTE OF THE WEEK

"ETFs are accidents waiting to happen. The question is who do they happen to and when?"

MICHAEL EVERY, HEAD, FINANCIAL MARKETS RESEARCH ASIA-PACIFIC, RABOBANK INTERNATIONAL

Wrong account number costs man ₹49,000

Keying in 8 instead of 0 on the cash deposit machine (CDM) left a SBI customer poorer by ₹49,500 and brought a year of his efforts to nought at the consumer court.

While the court dismissed the case as one of 'human error', the bank said he was not eligible for a refund.

Mahindra Kumar Yamanappa deposited the amount into his savings account through a CDM in Kalaburagi, Karnataka on 18 July 2017 but the amount went to Khan Shabab, an SBI customer in Adilabad, Telangana, who withdrew the entire sum.

SBI's counsel argued that the bank was not at fault as the customer had entered the wrong account number. It stated that Yamanappa, in his initial complaint, failed to mention the erroneous account number.

$81.6 billion

is the worth of Facebook CEO Mark Zuckerberg. Now he is just $ 29 million away from becoming the world's third richest man, ahead of Warren Buffet. If approximated, both their networth is $81.6 billion.

RBI raises red flags to counter cloning of ATM cards

In the wake of an alarming number of card-skimming cases being reported at automated teller machines (ATMs), the Reserve Bank of India (RBI) has asked banks to install anti-skimming devices and 'white-listing' solutions by March 2019.

ATM skimmers are add-on devices that fraudsters attach over the cash machine's card slot. These devices read the information from the card's magnetic stripe and then either store or transmit the information to the fraudster, who then clones the card. Anti-skimming devices send out signals that prevent the skimmer from functioning.

Similarly, white-listing solutions allow only trusted applications to work on the ATM and block any other application. RBI also raised red flags over banks' progress made in upgrading machines from the Windows XP operating system.

DOMESTIC *CALENDAR*

Monday JUN 25
Data from eight infrastructure industries

Wednesday JUN 27
Bloomberg June India economic survey data

Friday JUNE 29
Fiscal deficit figures to be announced

You can file revised return after income tax notice, rules ITAT

Ruling follows litigation between Mumbai taxpayer and income tax officials.

In a relief for taxpayers, the Income Tax Appellate Tribunal (ITAT) has ruled that a tax benefit claimed by a taxpayer in his revised income-tax return cannot be denied outright by an income tax officer merely because the revised return was filed after issue of notice. The revised return needs to be filed within the time limits set out in the I-T Act.

This 20 June order of the Mumbai bench of the ITAT, will provide relief to several taxpayers. When a mistake is made in the original I-T return, such as not disclosing an income correctly or not claiming a tax deduction, Section 139 (5) the I-T Act permits a revised return to be filed to correct the errors. Currently, the time limit for filing a revised return is before the expiry of 12 months from the last day of the financial year or before the completion of I-T assessment, whichever is earlier.

In this case before the ITAT, Mahesh Hinduja had declared a total income of ₹4.91 lakh in his original return for the financial year 2010-11. He later filed a revised return declaring a total income of ₹6.24 lakh. In this revised return he also disclosed long-term capital gains of nearly ₹50 lakh. However, as he had invested ₹1.15 crore in a new house, he claimed a deduction under Section 54 of the I-T Act. Thus, capital gains were not offered for tax.

Varani Sahu

Under the Act, if an investment is made in another house in India, within the stipulated period of time, then the 'cost of the new house' is deducted and only the balance component of the LTCG is taxable. Thus, if the amount of capital gains is equal to or less than the cost of the new house, the entire LTCG is not taxable. To ensure that the taxpayer has not under-reported his income or paid less tax, officials can issue a notice asking for further evidence.

As the revised return was filed by Hinduja after he had received a notice under Section 143(2), the I-T official rejected his claim for deduction. The litigation finally reached the ITAT. The ITAT noted that the I-T official had rejected the revised return as invalid but had accepted the higher income offered in the revised return. Only the claim of deduction under Section 54 had been rejected. "The I-T official has adopted a very selective approach," remarked the ITAT. The ITAT held that the I-T Act does not bar a taxpayer from filing a revised I-T return after issue of notice under Section 143(2). Hinduja's case was sent back to the I-T official for examining.

—*Lubna Kably*

PRODUCT LAUNCHES

Mutual Fund

Tata Mutual Fund has launched Tata Value Fund Series. The closed-ended equity fund has a tenure of 1,103 days. It will invest in stocks that trade at a discount to their intrinsic value. **The NFO closes on 6 July.**

ICICI Prudential Mutual Fund has introduced ICICI Prudential Pharma Healthcare and Diagnostics Fund. It will invest in equity related securities of pharma, healthcare and allied companies. **The minimum investment is ₹5,000. The issue closes on 9 July.**

Mirae Mutual Fund has rolled out Mirae Asset Health Fund. **The issue closes on 25 June. The minimum investment is ₹5,000.**

Reliance Mutual Fund has rolled out Reliance Nivesh Lakshya Fund. The fund will generate optimal returns consistent with moderate levels of risk. **The minimum investment is ₹5,000. The issue closes on 2 July.**

WPI inflation rises in May

GETTY IMAGES

Amid rise in the prices of petrol and diesel as well as vegetables, inflation based on wholesale prices witnessed a sharp 14-month high of 4.43% in May. The Wholesale Price Index (WPI) based inflation stood at 3.18% in April and 2.26% in May last year.

Inflation in food articles was at 1.60% in May 2018, as against 0.87% in April. Inflation in vegetables climbed to 2.51% in May, while in April it was (-)0.89%.

Inflation in the fuel and power basket rose sharply to 11.22% in May from 7.85% in April as prices of domestic fuel increased in line with rising global crude oil rates, according to government data.

The May inflation at 4.43% was a 14-month peak. The previous high was in the month of March 2017, when the WPI inflation stood at 5.11%.

AND ELSEWHERE

Bhutan warns citizens not to hold Indian currency

In a bid to evade any 'demonetisation-type action', the Royal Monetary Authority (RMA) of Bhutan has warned Bhutanese citizens about the risks of holding Indian currency. The RMA stated that it would not be responsible for any future course of action—such as demonetisation—taken by the Reserve Bank of India (RBI).

RMA has advised citizens to deposit all their Indian currency in the banks and not to hold it in cash. "The RMA would like to inform the general public to deposit any INR earnings/receipts in their accounts maintained with any commercial banks and refrain from holding the INR currency notes in cash," a statement said.

"The RMA shall not be liable or responsible in case of any policy changes by the RBI, including demonetisation of Indian currency notes in the future," it said.

As the Indian currency is legal tender in Bhutan, the withdrawal of ₹500 and ₹1,000 notes by the government in November 2016 had caused hardships, especially for Bhutanese traders and pilgrims. At the time of the demonetisation, Bhutanese authorities had pointed out that the kingdom was adversely impacted as Bhutanese nationals held a substantial amount of Indian currency.

Within a day of the announcement of demonetisation, RMA had started to collect the withdrawn currency notes.

Starting from 11 June, individuals can bring in or take out currency notes of ₹500 subject to a total limit of ₹25,000. Even as RMA removed the ban on ₹500 notes, it warned against fake Indian currency notes.

"The RMA also cautions the general public of counterfeit notes of ₹500 denomination and requests all individuals to be vigilant and careful while accepting this denomination," the statement said.

GETTY IMAGES

Jobs drying up in IT, BPO sectors

The head of India's premier technical education body the All India Council for Technical Education (AICTE) has has said the future is grave for engineering and MBA students on the job front.

"Days for big recruitment sectors like the IT and BPO industry are over and there would be no mass hiring industries in India in the near future," said Anil Sahasrabudhe, Chairman, AICTE.

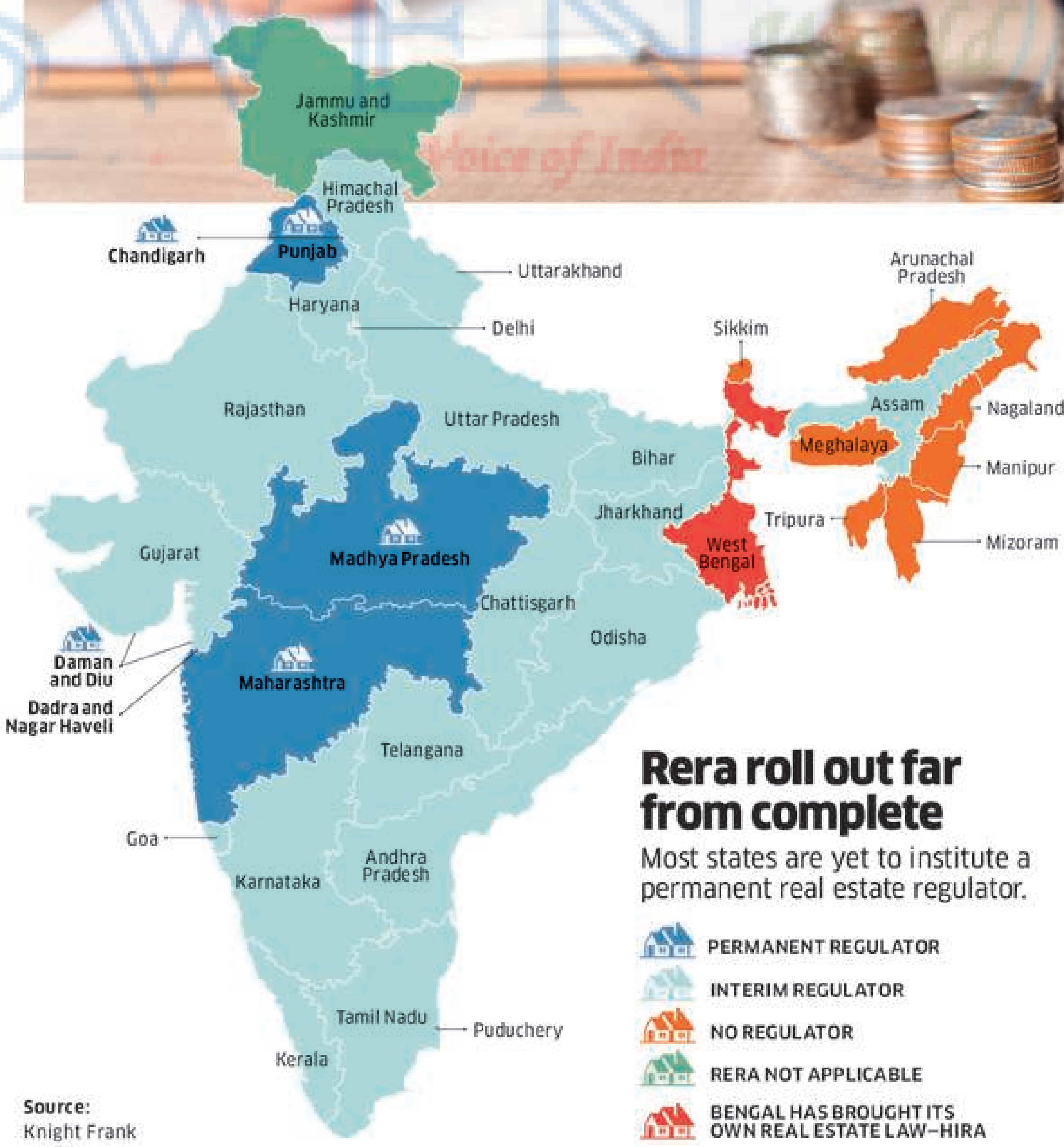
The job scenario in large-scale industries is stagnating but small and medium enterprises are holding out hope. IT and BPO have seen a steep decline in job offers, AICTE chief said.

According to a survey, the IT sector registered a 32% decline in job offers followed by BPO sector at 30%. Sahasrabudhe said jobs will now be generated outside the main sectors such as ancillary sectors and start-ups. He also expressed a word of caution for the pharma sector.

One year on, Rera is yet to make a major impact

While Rera has made realty transactions transparent, its reach is currently limited to just a few states.

by **Narendra Nathan**



Source: Knight Frank

It has been a year since the Real Estate Regulation and Development Act (Rera) was introduced and it is yet to be rolled out across the country. Several state governments have either delayed notifying the Act or have diluted its provisions. "Maharashtra has implemented Rera in its true sense and Madhya Pradesh is catching up now, but implementation is slow in other states," says Pankaj Kapoor, MD, Liases Foras. A majority of the states are continuing with an interim regulator and have not instituted a permanent regulator under Rera. "Of the 25,000-odd projects registered under Rera across the country, 62% are from Maharashtra alone," says Samantak Das, Chief Economist and National Director, Research, Knight Frank India. Bengal has taken a different route altogether, introducing its own housing law—Housing Industry Regulation Act (Hira).

"It's still early days for Rera, so there is no purpose in focusing on its slow implementation. In 3-4 years from now, real estate will be a totally different industry (courtesy Rera)," says Dhruv Agarwala, Group CEO, *Proptiger.com*, *Housing.com* and *Makaan.com*. The improving real estate environment is the key reason for experts' optimism. "Recent judgements by Maharashtra Rera—some of the judgements came within 30 days of filing complaint—have been successful in restoring buyer sentiment in under-construction projects," says Das.

Increased transparency

Rera has made real estate sector relatively transparent. For instance, builders can no longer give a false impression of a property's size by citing 'built-up' or 'super built up' areas, now it is mandatory for them to quote the 'carpet area' in all agreements. Buyers can also see the status of their project—the site plan, units sold, construction stage, possession date, etc., on the Rera website. "One website with all project details makes realty transactions hugely transparent. Home buyers can also see the number of ongoing projects by the same builder and see whether the builder is over stretching himself," says Kapoor.

Reduction in supply

Slowdown in new launches was a short-term negative impact of Rera. "Developers stopped indiscriminate launches. They are now extremely cautious about new projects and make sure that all approvals are in place before any launch," says Agarwala. The supply has now started picking up again. "With strong builders taking over projects from weak builders, the industry is getting organised now and the supply will increase soon," says Agarwala. Will the consolidation leave realty business in the hands of just a few builders making it a sellers' market? Kapoor does not think so. "While harsh on weak and bad builders, Rera has opened up the opportunity for small and good builders. Good and small builders can get credit from financial institutions. So, Rera is actually helping expand the market and not consolidate it," he says.

Extended possession dates

Rera has led to extensions in possession dates, in several cases by more than five years. Stiff penalty for project delays on builders has led them to extend the possession dates. "There are several approvals that need to come in at the time of project construction. Since builders are not sure about them, they have extended possession dates. Bringing municipal corporations' sanctioning authorities under Rera will help reduce corruption and streamline the approval systems," says Kapoor.

Some builders are trying to manage buyer discontent due to the extension of project deadlines by giving verbal assurances of finishing the project earlier than the date mentioned to Rera. Agarwala believes that most builders will deliver before the possession dates fixed under Rera rules, but accepting verbal assurances from builders will be risky for home buyers. "In addition to making sure that the project is Rera approved, buyers need to insist that all the commitments made by builder are given in writing," he says.

Rera not a magic wand

The transparency brought about by Rera aside, don't take all Rera-registered properties as worthy of investment. "Just like all companies in the stock market (regulated by Sebi) are not investment worthy, there may be several Rera-registered projects that may not suit you. Due diligence even on Rera-registered projects is a must," says Agarwala.

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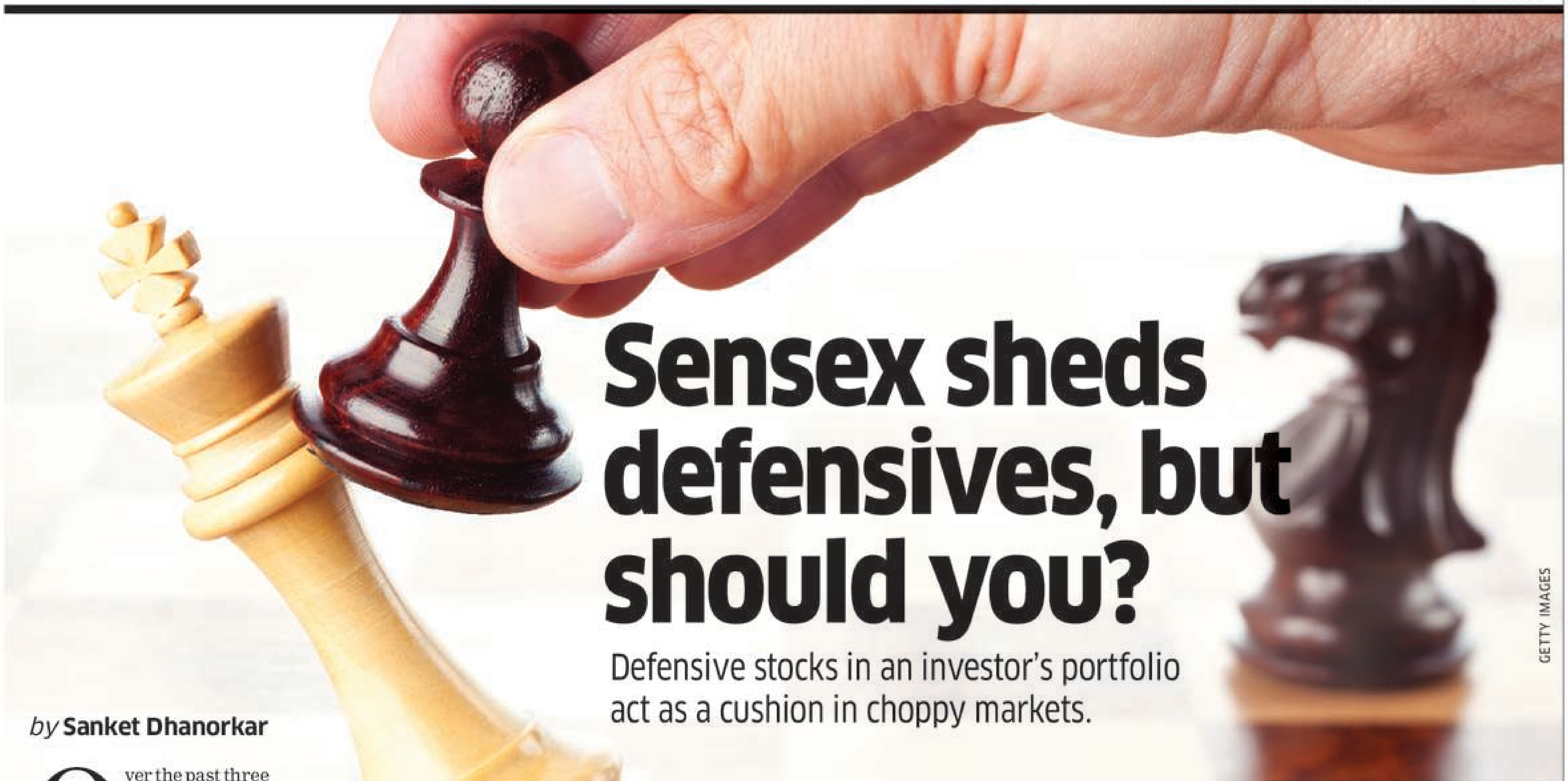


Sensex sheds defensives, but should you?

Defensive stocks in an investor's portfolio act as a cushion in choppy markets.

by **Sanket Dhanorkar**

Over the past three years, the composition of India's bellwether indices have changed dramatically. The space for defensive sectors, in particular, has shrunk rapidly. After the latest rejig of the BSE Sensex, the weight of defensive sectors—IT, pharma and FMCG—has fallen to 26%, from 39% of the index three years ago. What does this mean for investors?

Gradual phasing out

While FMCG companies continue to play a big role in the index, the same cannot be said of IT and pharma firms. Infosys and TCS have seen their weight in the benchmark index shrink. According to a Motilal Oswal report, the weight of the pharma sector is the lowest in eight years, with Sun Pharmaceuticals the only drug-maker in the index. What should concern investors is defensives in a portfolio act as a cushion in choppy markets. Defensives tend to exhibit a linear growth and can sustain healthy performance no matter what the broader economic conditions. Their stock prices typically exhibit less volatility and may even be buoyant in harsh times.

With defensives exiting, financials and cyclicals have taken their place. However, fortunes of these businesses ebb and flow in tandem with the economic climate. Cash flows can be erratic and profit margins can fluctuate wildly. Share performance of these companies reflect these vagaries.

With defensives pushed out, the indices may effectively lose some of their in-built ability to withstand turbulence, becoming more susceptible to volatility. But the definition of defensives is also prone to changes from time to time. "What is termed as a defensive bet at one point of time may not qualify for the tag at another. Similarly, more volatile sectors may grow to fit the bill of a defensive theme by virtue of sustained earnings growth," points out Pankaj Pandey, Head of Research, ICICI Securities. For instance, private sector banks and select NBFCs with a strong retail franchise have been able to clock consistent growth in the past few years despite slower credit offtake. These have emerged as defensive bets even though they are not traditionally bucketed in this category.

Skew reflecting in portfolios

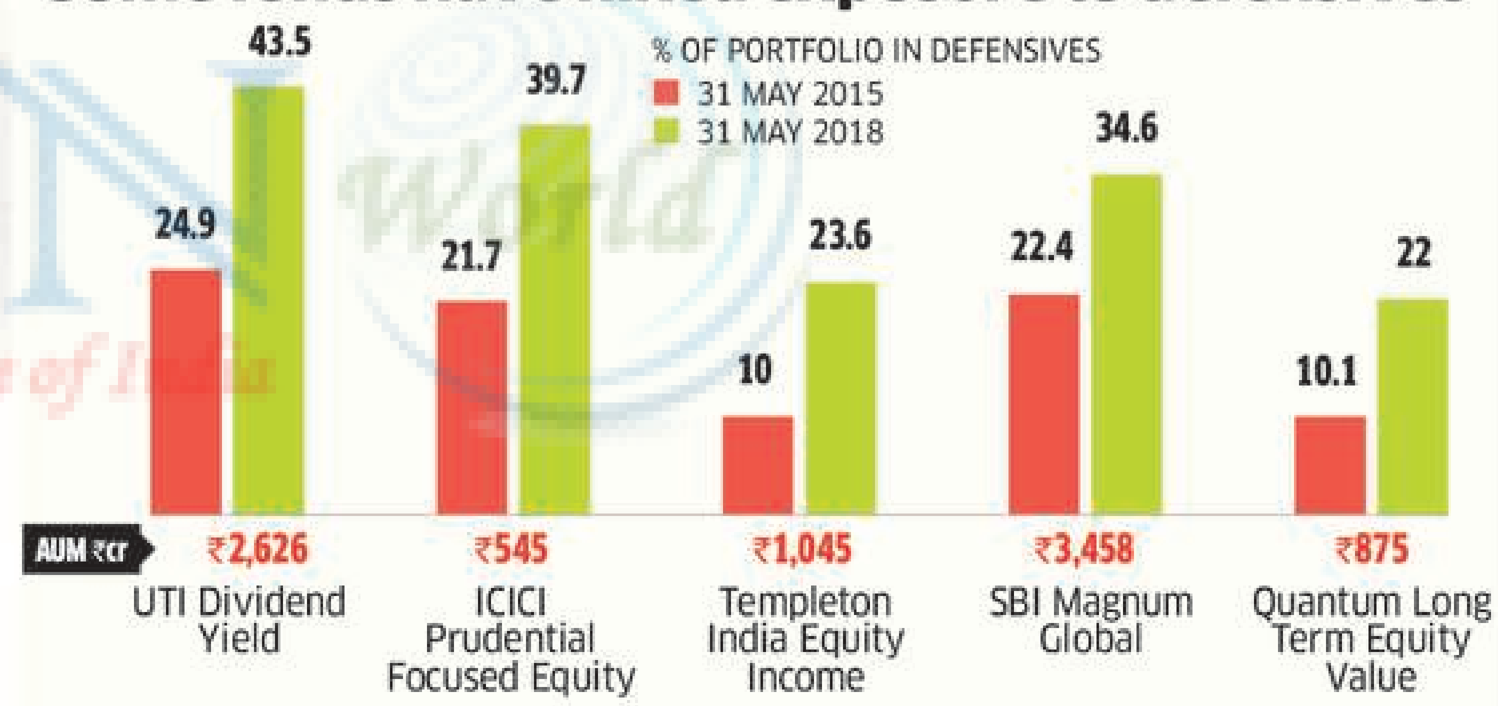
Mutual fund investors may also find themselves underinvested in traditional defensives. Many equity funds follow a benchmark-conscious approach, placing bets with an eye on the composition of the underlying index. These typically shy from taking substantial deviations for fear of underperforming the benchmark. Given this scenario, some equity funds will also reflect the same skew towards cyclicals. If you are invested in these funds, your presence in defensives will also be at a substantial low. Some large-cap funds are particularly vulnerable—the skew is more prominent in frontline indices that serve as the benchmark for many of these funds. Also, with large-cap funds now mandated to strictly invest at least 80% of their corpus in the top 100 stocks by market capitalisation, their portfolios will be a closer reflection of the underlying index.

Experts insist defensives have a key role to play in a portfolio. If your funds are unable to provide adequate protection on the downside, the return profile will suffer in the long run. "Containing volatility, and not merely capturing more of market upside, is the key to funds building wealth in the long term," says Vidya Bala, Head – Mutual Fund Research, FundsIndia.

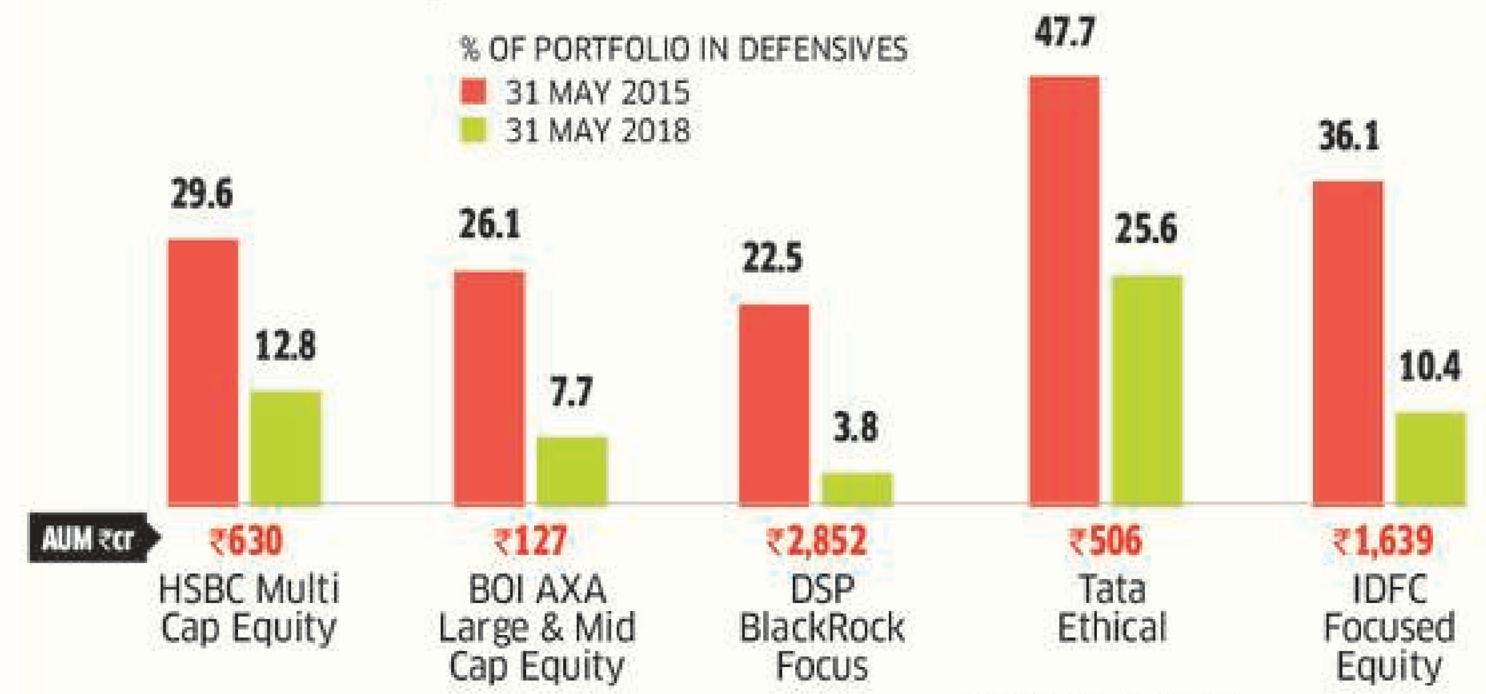
In this scenario, take note of the underlying portfolios of the funds you are invested in. Over the past three years, several equity funds have cut back on investments in traditional defensives. On the other hand, several funds have hiked exposure to this segment. Most of the funds that have taken favourably to defensives belong to the multi-cap category. "Investors may consider opting for multi-cap funds where the fund manager tends to enjoy more discretion in stock selection," says Rajeev Thakker, CIO and Director, PPFAS Mutual Fund.

Those seeking higher presence in defensives may even consider investing in pure-play sector funds, suggests Vikas Gupta, CEO and Chief Investment Strategist, OmniScience Capital. However, investors must not put more than 5-10% of their portfolio in such funds, keeping diversified equity funds as the core of the portfolio, he adds.

Some funds have hiked exposure to defensives



Others have pared down their investments



Source: Value Research

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Your guide to the best all-rounder stocks

Growth in revenue and profit margin, and fall in expenditure and interest cost makes these scrips your best bets.

by **Sameer Bhardwaj**

Relying on a single factor to judge the quality of a company can be misleading. For instance, a company may report good revenue but, due to a jump in employee or raw material costs, its profit after tax (PAT) may fall. Similarly, a company's operational income may fall, but its net profit margins may improve significantly due to increase in other income or one-time gains. When investing for the long term, it is imperative to identify companies that perform well across financial parameters. Such stocks have the ability to generate above average returns.

To ease your fortune hunt, we have identified companies that have shown all-round performance in the fourth quarter of 2017-18. We analysed more than 2,550 listed companies and calculated their year-on-year growth in the fourth quarter across vital parameters. After removing companies whose market-cap was less than ₹500 crore, we filtered out the ones with growth in sales, operating profits (including other income), net profits and earnings per share (EPS). Out of these, we selected companies whose total expenditure and interest costs saw a significant decline.

The final filter was growth in operating profit margin (OPM) and net operating profit margin (NPM). This left us with 20 companies that have not only demonstrated their pricing power by improving their top-line and operating profits but also shown cost efficiencies by reducing their expenditure and interest costs. Additionally, these companies have generated value for their shareholders by improving their bottomline, profit margins and EPS growth rates.

Among these 20 companies, we looked for businesses whose interest costs fell by more than 10% and operating and net profits and EPS grew by more than 10%. To make our selection even more rigorous, the minimum growth in OPM and NPM margins was kept at 150 basis points. These additional filters left us with 11 companies who have delivered an average point-to-point return of 52.25% between 31 March 2017 and 18 June 2018. During the same period, BSE500 delivered 17% returns.

Out of these 11 all-round performers, let us look at the five companies that have got the most buy recommendations from analysts:

Hindustan Unilever

It's the largest FMCG company in India and operates in home care, personal care and food space. According to a research report by JP Morgan, the company will continue to command premium valuations on expectations of better volume growth compared to peers. Going forward, Hindustan Unilever's cost efficiencies will further improve its margins due to GST-led savings in its supply chain, manufacturing and distribution operations. The stock has delivered 19.5% year-to-date (YTD) returns in 2018.

Music Broadcast

This is the oldest private radio broadcaster in India operating on 39 frequencies. The asset-light model of this company will treble its after-tax free cash flows during 2017-18 to 2019-20, according to a report by Ambit Capital. Improved pricing is the company's major growth driver in established markets. Moreover, its volume growth, led by new local advertisers, will sustain its outperformance. The stock has corrected nearly 15% since January.

Companies with growth in EPS, net and operating profits and fall in costs are better placed to generate above-average returns.

Suven Life Sciences

This clinical-stage biopharmaceuticals company manufactures and supplies drug intermediates and specialty chemicals to global innovator companies. According to a research report by Emkay, the company is a compelling play on the recovery in global R&D spending. In addition, consolidation in the global clinical development and manufacturing organisations will help catalyse the company's growth. The stock has delivered 12% YTD returns in 2018.

Multi Commodity Exchange of India

This listed commodity derivatives exchange facilitates online trading and clearing and settlement of commodity derivatives' transactions. The company will have a favourable operating environment in the near future due to regulatory reforms that are expected to increase institutional participation in commodity trading, enhancing its distribution reach, says a research report by HDFC securities. Moreover, it is well placed to defend liquidity and market share given its leadership position. The stock has corrected nearly 14% this year and is a good buy opportunity.

Mayur Uniquoters

The company manufactures artificial leather/foam leather, other leather substitutes. According to a research report by AnandRathi, Mayur Uniquoters has a healthy growth outlook driven by its leadership position, strong balance sheet and timely capacity expansion. It is likely to clock revenue and PAT compound annual growth rate of 20% and 17% respectively during 2017-18 to 2019-20, driven by growth in its key user industries—auto, footwear—and rising exports. The stock has corrected 9.5% since the January.

Why analysts are bullish on these performers

These companies' year-on-year EPS has risen by an average at 71%, while their interest costs have shrunk by an average 32%.

	Growth* %						Analysts' views		
Company	Revenue	Expenditure	Interest cost	EPS**	OPM^	NPM#	Buy	Hold	Sell
Hindustan Unilever	2.62	-2.57	-33.33	14.08	23.61	14.85	30	9	6
Music Broadcast	14.09	-2.76	-42.88	196.88	43.15	21.41	11	0	0
Suven Life Sciences	19.03	-7.20	-20.03	54.57	47.01	29.25	8	0	0
Multi Commodity Ex. of India	12.73	-4.07	-20.00	56.41	69.38	48.38	6	3	0
Mayur Uniquoters	3.47	-2.18	-43.52	32.83	28.86	17.82	5	1	0

*Year-on-year growth in the fouth quarter of 2017-18. **Not including extraordinary items. ^Operating profit margin. #Net profit margin. OPM also includes other income. Consolidated numbers, wherever available, have been used. **Source:** ACE Equity.

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Start investing on priority

Thane-based Kawathekars should put their money to work immediately if they want to reach their goals.

by **Riju Mehta**

Nilesh Kawathekar, a doctor, and his wife, Ashwini, a lecturer, stay in Thane in their own house. The couple has a combined monthly income of ₹1.8 lakh, besides ₹17,000 as rental income from another house bought as an investment. After considering household expenses of ₹70,667, home loan EMI of ₹40,000 and insurance premium of ₹7,791, they are left with a surplus of ₹78,542. The couple is not making any investments, letting ₹4 lakh idle in the bank. Their portfolio comprises two houses worth ₹70 lakh, insurance proceeds worth ₹60,000 and ₹4 lakh in cash. Their goals include saving for emergencies, future child's education, buying a car and a house, and retirement.

Financial Planner Pankaaj Maalde suggests the couple build their emergency corpus of ₹3.54 lakh, which is equal to three months' expenses, by allocating their cash. This should be invested in an ultra short-term fund. The Kawathekars want to buy another house worth ₹84 lakh in five years and can use their existing house, which will be worth ₹35 lakh by then, to fund this purchase. They can make a down payment of ₹19.6 lakh by starting an SIP of ₹25,000 in a balanced fund for three years and then reviewing the investment. For the remaining ₹29.4 lakh, the couple can take a loan, which will result in an EMI of ₹25,514 and can be sourced from the surplus. The couple also wants to save for their future child's education, which will cost ₹67.5 lakh in 19 years. To meet this goal, they can start an SIP of ₹10,000 in an equity fund. For retirement, they will need ₹10 crore in 23 years as they want to retire at 55 years. They can allocate their house worth ₹45 lakh to this goal and will also have to start an SIP of ₹40,000 in an equity fund. The couple also wants to buy a car worth ₹10 lakh in two years, but Maalde suggests they put off this goal for now due to lack of surplus.

As for life insurance, Nilesh has a term plan of ₹1 crore and a Ulip. Maalde suggests he surrender the Ulip and buy ₹50 lakh more of term plan for himself and ₹75 lakh for his wife. These will cost him ₹2,203 a month. As for medical cover, the couple has a ₹5 lakh family floater plan, but Maalde suggests he raise this to ₹10 lakh at a cost of ₹1,667. Nilesh should also pick a ₹25 lakh critical illness plan and ₹25 lakh accident disability plan for himself and the latter for his wife as well. These will come for ₹1,333 monthly premium.

Portfolio

ASSET	CURRENT VALUE (₹)
Real estate	70 lakh
Cash	4 lakh
Debt	
Insurance	60,000
Total	**74.6 lakh**

Liabilities	Current value (₹)
Home loan	14.85 lakh
Total liability	**14.85 lakh**
Net worth (approx)	**₹59.75 lakh**

Cash flow

	EXISTING (₹)	SUGGESTED (₹)
Income	1.97 lakh	1.97 lakh
Outflow		
Household expenses	70,667	70,667
Loan EMI	40,000	40,000
Insurance Premium	7,791	7,167
Investments	-	75,000
Total outflow	1.18 lakh	1.92 lakh
Surplus	78,542	4,166

FINANCIAL PLAN BY
PANKAAJ MAALDE
CERTIFIED FINANCIAL PLANNER

NILESH & ASHWINI KAWATHEKAR, BOTH 32, SALARIED, THANE

How to invest for goals

GOAL	FUTURE COST (₹) / TIME TO ACHIEVE	RESOURCES USED	INVESTMENT NEEDED (₹/MONTH)
Emergency fund	3.54 lakh	Cash	-
Down payment for a house	19.6 lakh / 5 yrs	Real estate	25,000
Child's education	67.5 lakh / 19 yrs	-	10,000
Retirement	10 crore / 23 yrs	Real estate	40,000
Investible surplus needed			**75,000**

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

Insurance portfolio

INSURANCE	EXISTING COVER (₹)	EXISTING MONTHLY PREMIUM (₹)	SUGGESTIONS	SUGGESTED MONTHLY PREMIUM (₹)
Life insurance				
Term plan (1)	1 crore	1,958	Buy ₹50 lakh (self) + ₹75 lakh (wife) term plans	2,203 + 1,958 (existing)
Traditional plan	-	-	-	-
Ulip (1)	6 lakh	5,000	Surrender	-
TOTAL	1.06 crore	6,958	₹2.25 crore	4,167
Health insurance				
Employer's	-	-	-	-
Own	5 lakh	833	Buy ₹10 lakh family floater	1,667
TOTAL	-	-	₹10 lakh	1,667
Critical illness & accident disability	-	-	Buy ₹25 lakh critical illness + ₹25 lakh (self) & ₹25 lakh (wife) accident disability plans	1,333
TOTAL	-	-	₹75 lakh	-
Insurance cost	-	7,791	-	7,167

Premiums are indicative and could vary for different insurers.

Write to us for expert advice

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

Why index ETFs should be the core portfolio of investors

An index represents the market. A few actively traded stocks can indicate which way the market is moving.

General Electric has just dropped out of the Dow Jones Industrial Average. It was one of the 12 stocks to be included in the index when it was created over 120 years ago, and the last one to get out. Changes to an index represent changing times and hold some important lessons about blue chips.

An index is a representation of the market. It is well established that tracking a few actively traded stocks is a fairly good indicator of the overall direction of the market. Indices are a parsimonious and efficient way to track the market. Some argue that every stock in the market should be included and tracked. Laborious efforts have been made, including by RBI and CMIE, to create broad-based indices. However, the correlation between these indices and the narrow ones like the 30-stock Sensex or the 50-stock Nifty, is very high. It is not worth tracking too many stocks to track the market.

To replicate the index is a better approach than trying to pick a few bluechip stocks and hold on to them for the long run.


GETTY IMAGES

A narrow index of 12, 30 0r 50 stocks tracks large and highly traded stocks listed in a market. It thus represents the blue chips or market leaders that are established businesses from various sectors. It is a diversified portfolio of top stocks. The index thus becomes a benchmark for forming risk and return expectations from investing in equity. Investors can simply buy the index at low cost using exchange traded funds (ETFs) that enable such investment strategies to earn market returns.

Returns from equity investing are also measured using the index. These results documented across many markets around the globe show the story of how equity returns beat inflation, bond yields and other investment opportunities over a long period of time. Investors consider buying and holding equity stocks for the long run based on such results.

The story of the index and replicable superior returns are both made possible not by buying and holding a chosen blue chip stock for the long run. It is primarily enabled by holding a portfolio of diverse stocks and by revisions that throw out what is not working and bring in new stocks that represent the current trends in business success. Therefore, there is no case for buying and holding without review.

Reviewing the names in our own Sensex will show how things change all the time and how favourites get edged out of the index. In 1986, when the index was released (and also back calculated to April 1979) it included blue chips of those times: Century Textiles, Mukund Iron and Steel, GSFC, Hindustan Motors and Scindia Shipping, to name a few.

All these stocks were blue chips at that time. They were large, well established successful businesses and were actively traded. However, with changes in the economy, business conditions, competitive environment or management within the company, these blue chips fell into bad times and faded off.

The story of blue chips is also about there being no formula for businesses to succeed. With the benefit of hindsight, we may be able to thread together practices that enable a business to excel. But none of these insights are adequate to define a successful business ahead of its actual stellar performance. And none of these metrics persist to keep the business at the top forever. Businesses that have featured in the books of management gurus who searched for excellence or listed business that were built to last or went from good to great, have all failed spectacularly.

Some businesses last and continue to lead the sectors they are in. Hindalco, Mahindra and Mahindra, L&T, Grasim and Tata Motors have been in the index for the longest time. But they have also gone through their trial and struggle as times changed, and modified their business strategies for the new world as they saw it.

The question for investors is whether they would have been able to isolate the handful of businesses that stood the test of time, from the ones that failed along the way, if they were shown the 30 or 50 names when these indices were built. Each one in that list was good enough at that time. To imagine that one could have picked the best, and left out the rest is unrealistic. Perhaps loads of luck would have to aid that decision.

To replicate the index is a better approach than trying to pick a few bluechip stocks and hold on to them for the long run. The business risks and management risks will persist, and the investor may lose out on newer businesses that hold better promise. Investors choosing from the Sensex stocks in 1986 and shutting themselves out to whatever came later, would have missed holding Infosys, HDFC Bank, TCS, Airtel, and Maruti Auto for example—stocks that rose to become blue chips much later.

The best shot at long-run returns from equity comes not from individual stocks held for the long-term, but from holding a diversified portfolio that is reviewed to weed out what is not working and include stocks that hold potential. This is done objectively by an index committee that works with defined parameters for inclusion and exclusion. With an ETF, it is possible to hold the index and benefit from this reviewed portfolio for the long term.

Active fund managers strive to do better than the index, by modifying the weights to the index stocks they hold—they overweight or underweight stocks based on their views. They also hold non-index large caps to take a shot at better returns. These large-cap funds also offer an opportunity to hold a diversified portfolio that benefits from review. Just as one cannot tell which stock will outperform in the future, one cannot tell which fund will do better than the index much in advance. Stock selection and fund selection, both are subject to risks of choosing and holding losers rather than winners. Winners don't persist in both cases, either.

Index ETFs that protect from selection risks, held for the long run without any effort at review or revision, and at a low cost, should be the core portfolio of an investor. To this core, a set of equity funds can be added to include the benefits of stock selection and review by a manager. This satellite portfolio will have to be reviewed and revised annually. Beta returns from the index, and alpha from fund managers is a combination that should work for most investors.

UMA SHASHIKANT
CHAIRPERSON, CENTRE FOR INVESTMENT EDUCATION ANDLEARNING

Make SWPs more efficient

SWPs can be a tax efficient option if the investments are held for the long term.

Sukrit is a IT professional based abroad and wants to ensure a regular monthly income for his mother, who lives in India. His mother holds equity and debt mutual funds and Sukrit plans to structure a regular cash flow from these investments using systematic withdrawal plans (SWPs). However, he does not fully understand how SWPs work and wants to learn more about the facility before he opts for it.

It may be more effective to do an SWP in a less volatile fund or a hybrid fund like a short duration debt fund.

In a systematic withdrawal plan (SWP), a few units will be sold automatically from Sukrit's mother's mutual fund holdings on a specific date every month. This will determine the amount she can receive each month and the number of units to be redeemed will be calculated based on the prevailing NAV on the SWP date. Besides monthly, one can choose weekly, quarterly or annual frequency, depending upon the requirement.

Sukrit must bear in mind that in an SWP, the rupee cost averaging works in reverse. What this implies is that he effectively sells more units when the markets are down and less when the markets are up. Due to this, his mother's equity portfolio could deplete much faster than expected. It may be more effective to do an SWP in a less volatile fund such as a shorter-duration debt fund or a hybrid fund. Sukrit must consider moving the requisite amount from an equity to a debt/hybrid fund and then set up an SWP in the latter.

The SWP may become a tax-efficient option if assets are held for the long term. For this, Sukrit may want to initiate SWPs from the debt funds to recieve the benefit of indexation. He can make the shift from equity to debt mutual funds, so that they are able to utilise the indexation benefit from debt mutual funds three years from now.

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 Taxability of life insurance money

1 Proceeds received by the nominee on the death of the insured is tax free in the hands of the nominee.

2 But, if a policy is a Keyman insurance policy then the proceeds are not tax free.

3 For a life insurance policy issued between 1 April 2003 and 31 March 2012 if the premium payable in any year exceeds 20% of the actual sum assured, then the policy proceeds would be taxable for the insured at the marginal rate of taxation.

4 For life insurance policies issued on or after 1 April 2012 if the premium payable exceeds 10% of the sum assured, the policy proceeds would be taxable at the marginal rate of taxation.

5 In case of severe disability or disease, as specified by the Income Tax Act, and if his/her policy was issued on or after 1 April 2013, then the limit of 10% will be increased to 15%.

PAPER WORK

Digital loan against mutual funds

The concept of availing a loan against securities is known to many. Now, loans can be processed online with mutual funds as security. This requires no physical paperwork and can be availed within minutes.

Prerequisites

The bank should have a tie up with the mutual fund registrar to offer this facility. The customer must have online access to the bank account. Login access to the mutual fund registrar's (CAMS in this case) portal is also needed.

Net banking

Visit the bank website and click on "Loan against Mutual Funds." Then type in the log in credentials of the net banking account.

Online form filling

After login credentials are validated, an online application form gets populated with details like customer name, email id and aadhaar number. Go through the terms and conditions and click on the proceed button.

myCAMS portal

Next, the myCAMS portal login page opens. Enter login id and password. List of all mutual fund holdings will be displayed on the screen with their current market value. The customer can choose the funds after which he/she can determine the eligibility of loan available against the security.

Opening current account

Once the customer is eligible for a loan, a current account can be created. Lien will be marked on the units selected as security. An overdraft facility will be provided after the current account is opened.

Points to note

1. Margin for equity funds is typically up to 50% and for fixed income securities it is upto 15%.
2. Banks decide the list of schemes that are approved to avail this facility.
3. A person without credit history can also avail this facility.

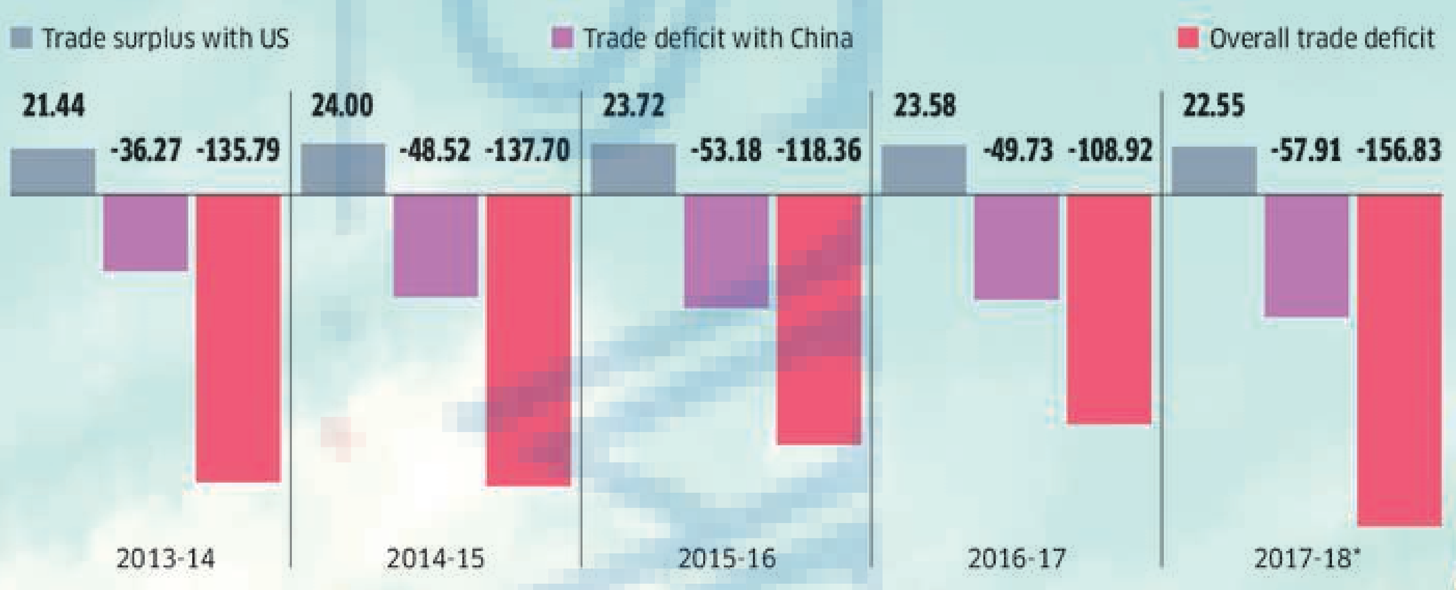
THE ECONOMIC TIMES wealth

ARE WE READY FOR A (TRADE) WAR?

With US President Donald Trump going all out to bridge his country's trade deficit, worries about a potential trade war have increased. **Narendra Nathan** scans the data and finds that India has little to worry even if the US imposes additional tax on Indian exports.

GLARE ON TRADE SURPLUS WITH US

Though India has an overall trade deficit, it is trade surplus with the US and therefore, is also getting caught in this trade war.

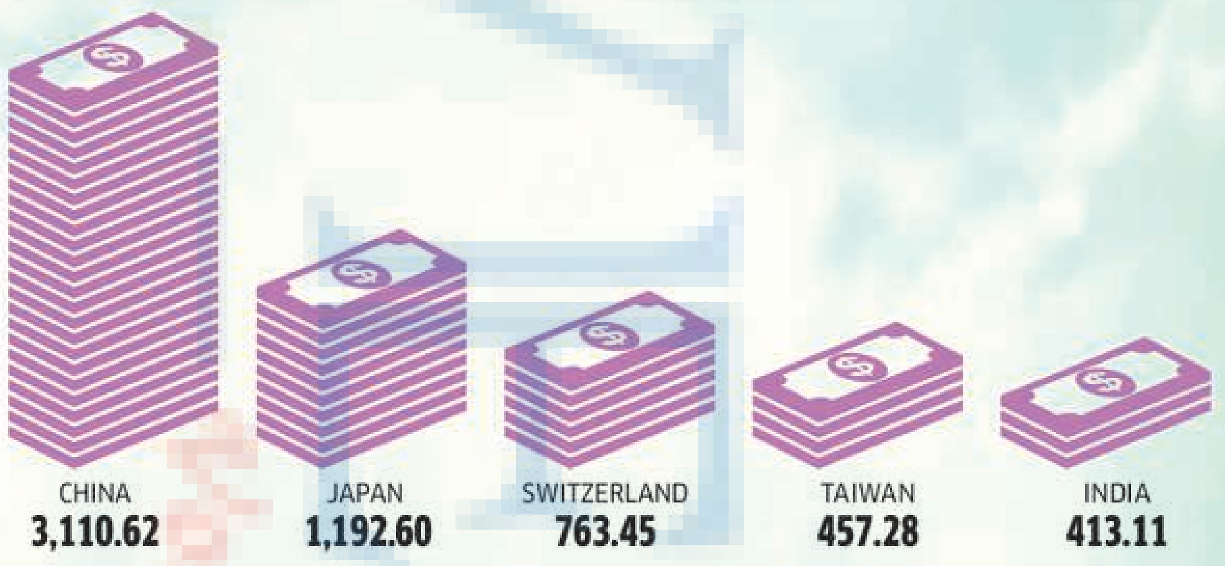


* TRADE DEFICIT VALUE FOR CHINA ONLY UPTO FEB 2018. DEFICIT/SURPLUS FIGURES IN US $ BILLION

SOURCE: BLOOMBERG; COMPILED BY ETIG DATABASE

INDIA HAS A REASONABLY LARGE FOREX RESERVE

A trade war can complicate global trade situations, but countries with large forex reserves are reasonably safe.



* VALUES IN US $ BILLION.

TRADE WAR FEARS HAVE CUT WORTH OF WEAK CURRENCIES

ARGENTINA 42.59%

BRAZIL 10.78%

TURKEY 25.73%

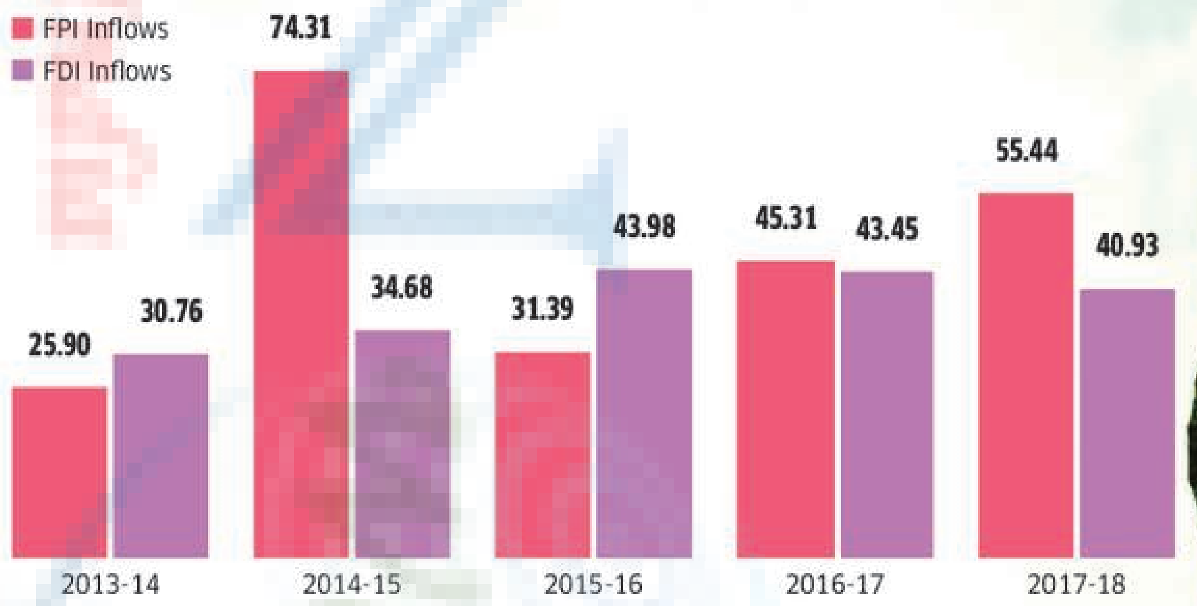
RUSSIA 9.19%

MEXICO 13.37%

With only a 5.36% cut in value in the past year, the Indian rupee has remained relatively safe.

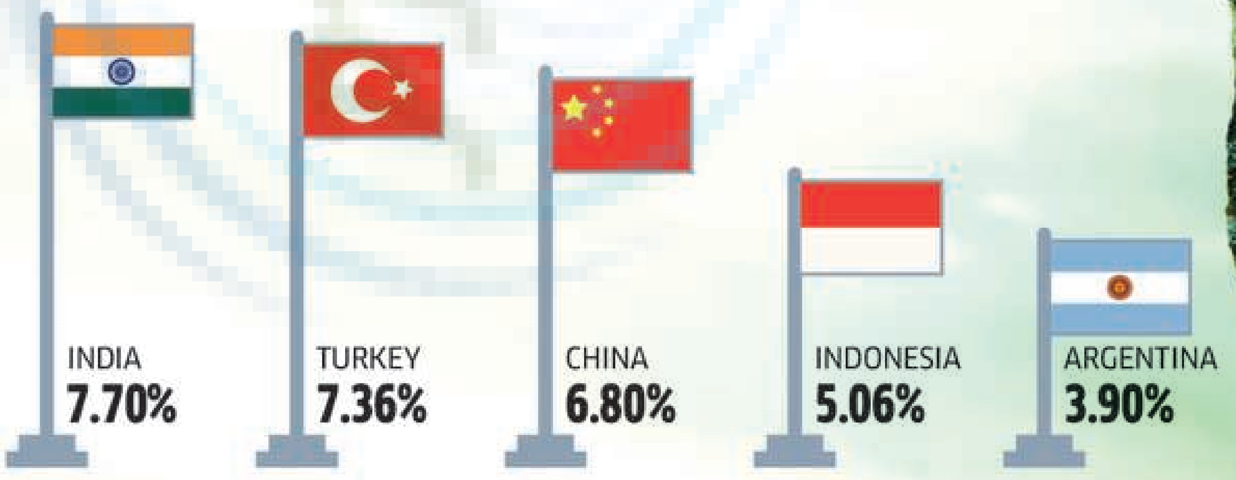
INDIAN WORRIES LIMITED DUE TO CONTINUED FDI/FPI INFLOWS

Though FDI inflows have moderated in the last few years, continued FPI inflows, mostly into sovereign debt, is helping the currency.



* VALUES IN US $ BILLION

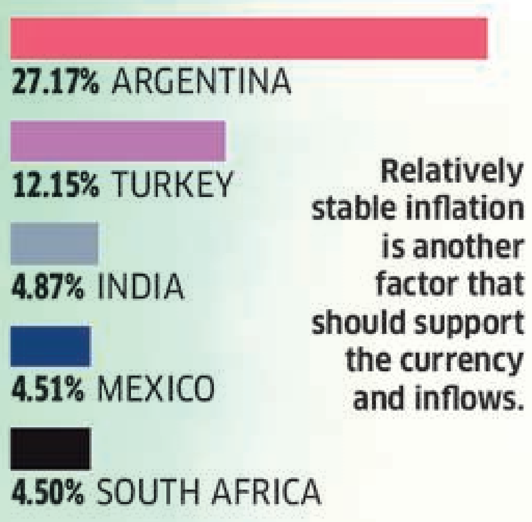
INDIA IS NOW ONE OF THE FASTEST GROWING ECONOMIES



India is expected to maintain the 'fastest growing major economy' tab in the coming quarters and this should help it get more FDI/FPI inflows.

* GROWTH BASED ON JAN-MAR 2018 GROWTH; ONLY G-20 COUNTRIES CONSIDERED

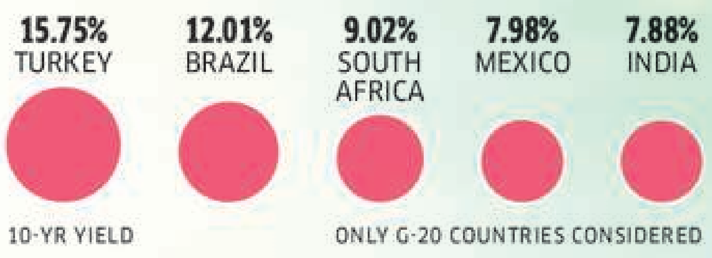
INDIA'S INFLATION IS ALSO UNDER CONTROL



Relatively stable inflation is another factor that should support the currency and inflows.

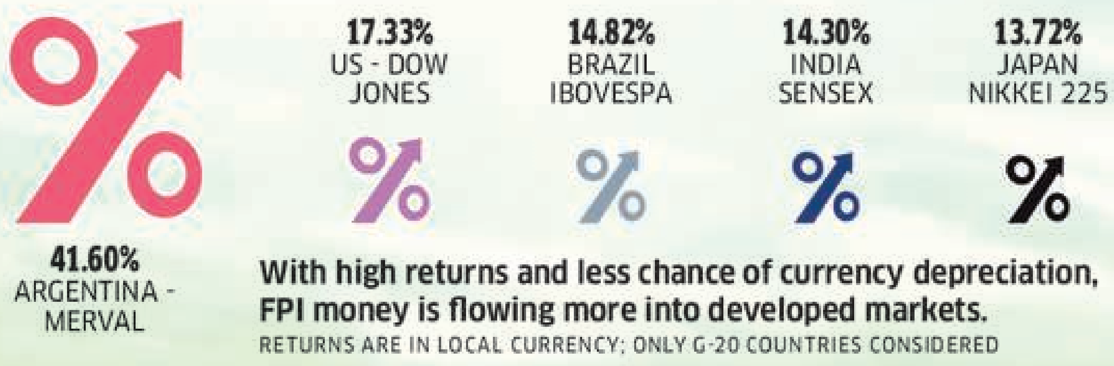
ONLY G-20 COUNTRIES CONSIDERED

DESPITE JUMP, INDIAN YIELD IS STILL NOT VERY HIGH



Recent flare-up in yield is supporting the FPI inflows into G-Secs.

DEVELOPED MARKETS ARE GENERATING GOOD RETURNS NOW



With high returns and less chance of currency depreciation, FPI money is flowing more into developed markets.

RETURNS ARE IN LOCAL CURRENCY; ONLY G-20 COUNTRIES CONSIDERED

"Earnings will accelerate if no macro headwinds occur"

Acceleration in demand in many sectors reflect the shift in overall economic activity levels. Even sectors like IT services and pharma have started to rebound Sailesh Raj Bhan tells **Sanket Dhanorkar**.

Sailesh Raj Bhan
Deputy CIO, Reliance Mutual Fund

Indian macros are weakening as we head into election year. How will these play on market sentiment?
After four good years of positive macro conditions, there has been a shift in the last six months. The sharp rise in oil prices, the associated pressure on current account deficit and its potential impact on inflation are factors investors are looking out for. However, we believe the earnings improvement and even distribution of growth are good signs. They indicate that the macro environment is not hurting earnings. Interestingly, the consumer was already paying full price for diesel and petrol and hence the underlying growth is already reflecting the impact of high oil prices. The depreciation in the rupee is a welcome shift for a large number of exporting sectors like IT and pharmaceuticals. There are significant advantages, despite the "imported" inflation. Unless further stress emerges on the macro front, the recovery in micro environment will continue.

Is earnings growth starting to catch up with valuations?
Demand recovery in India was uneven in the last 1-3 years due to implementation of GST and the bankruptcy code. Despite these challenging reforms, we have seen acceleration in demand in many sectors reflecting the shift in overall economic activity levels.

Commercial vehicles, construction equipment, passenger cars, two-wheelers, diesel consumption, air passenger traffic growth, power consumption are all witnessing a much stronger environment than in the last three years. Even sectors like IT services and pharma have started to rebound. Earnings recovery will accelerate, if no material macro headwinds occur from here on.

Do you think the interest rate cycle has firmly turned upwards?
The interest rate increase in the last six months is unlikely to have material impact on investment as capacity utilisation is on an uptrend. India is significantly underinvested in infrastructure and government spending on it is not contingent on shorter term rate changes.

The domestic market, impacted by GST implementation, is already on revival path and continues to offer sustainable growth potential.

What is your approach to mid- and small-caps after the recent sell-off?
The focus of the fund has always been on buying companies with strong credentials and execution track record, especially in the mid- and small-cap categories where growth longetivity of businesses is always in question. A major part of the recent correction has been in sub-scale and inferior balance sheet businesses. However, whereever there has been a valuations correction in high quality companies, we have taken advantage of the same and continue to do so.

Three closed-end equity funds under your watch will be maturing in the coming months. How are you manoeuvring these portfolios to ensure returns remain strong?
Some of our products are completing five years over the next few quarters as they were launched in 2013 to provide investors the advantage of attractive valuations of equities. We have constructed a multi-cap portfolio of growth companies, with considerable exposure to high quality liquid names. The focus has been on companies with sustainable earnings growth possibilities which acts as a strong buffer in case of volatility. Disciplined profit booking on valuation excesses is being rigorously followed to capture returns for investors.

Can NBFCs continue their strong showing in a rising interest rate environment?
Retail focused NBFCs that have material distribution and consumer base continue to have the ability to reprice assets, while NBFCs operating in highly competitive markets will get materially impacted as cost of funds move up. Within the universe of NBFCs our focus has been on fast growing retail focused businesses in less competitive asset markets.

The weight of pharma sector in Sensex has hit an eight year low. Is this the right time to bet big on pharma?
The sector has come out of its worst phase and is likely to witness an earnings uptrend in the next 1-3 years. The Indian pharma industry is one of the most globally competitive sectors, selling products to over 150 countries, while also catering to needs of the domestic market.

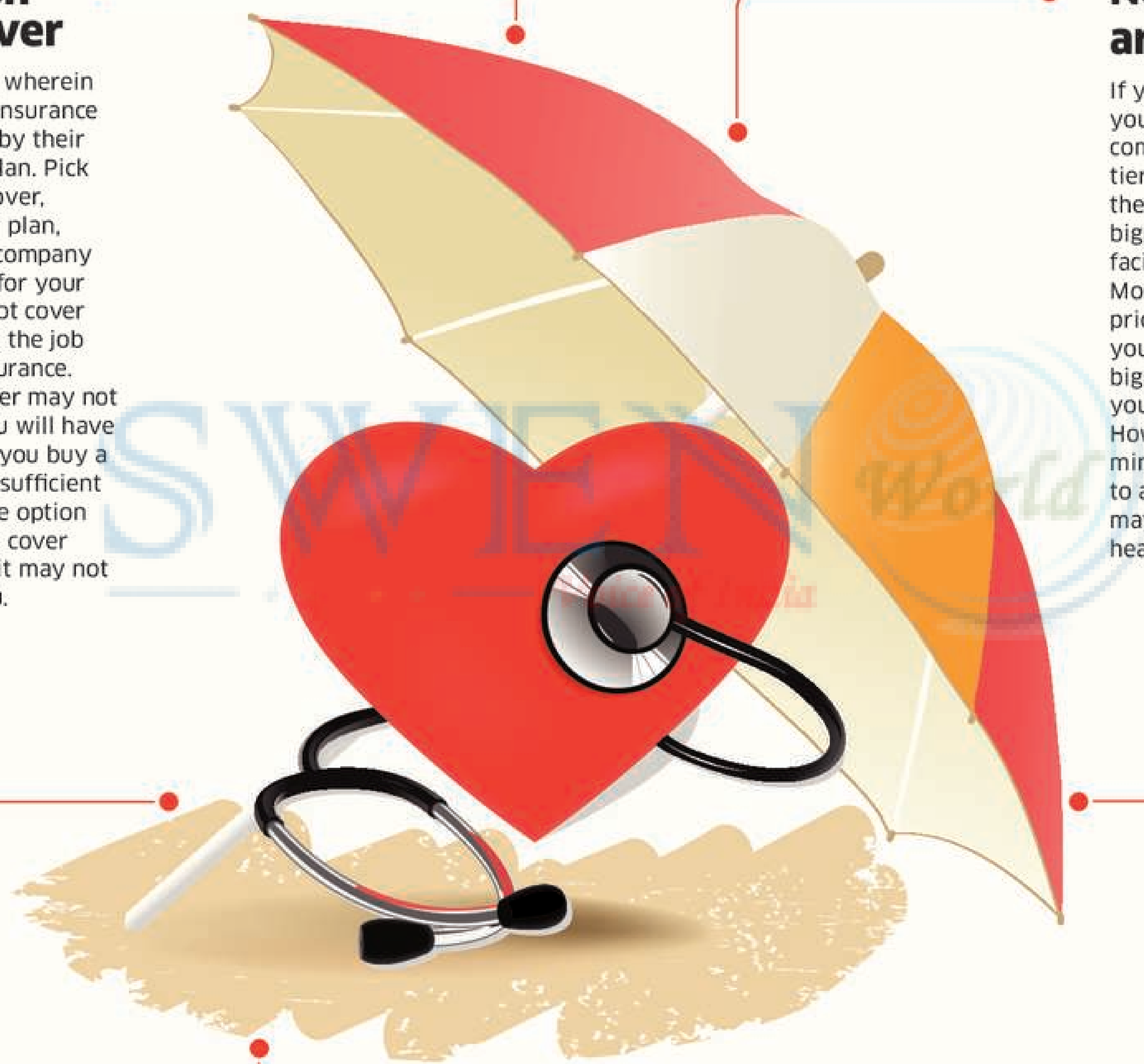
With negatives like high pricing pressure in the US and FDA related challenges easing, the sector is set to see stabilisation and uptrend in earnings. Indian companies have invested over 8-10% of revenues on R&D and the benefits will be visible in product portfolios over the next three years. The recent rupee depreciation will also positively contribute to earnings. The domestic market which got impacted due to GST implementations is already on revival path and continues to offer sustainable long-term growth potential.

What other sectors do you have strong conviction on for the next few years?
Domestic growth dependent sectors like corporate lending, engineering companies and select rural demand driven businesses are well positioned. On the export front, IT and pharma will benefit from rebound in growth and improvement in sector conditions. Secular growth entities like retail lenders continue to benefit from increased demand for retail credit and market share gains.

Please send your feedback to etwealth@timesgroup.com

5 mistakes to avoid while buying health insurance

From considering only premium and ignoring fine print to concealing medical history, here are some of the problem areas you should skip, says **Riju Mehta.**



Relying only on employer's cover

This is a common mistake, wherein people do not buy health insurance because they are covered by their employer's group health plan. Pick an independent medical cover, preferably a family floater plan, for two reasons. One, the company cover may be inadequate for your family's needs as it may not cover all members. Two, quitting the job will leave you without insurance. Besides, your new employer may not offer a health plan and you will have no protection till the time you buy a new one, unless you have sufficient medical buffer. There is the option of porting your company's cover while leaving the job, but it may not always be available to you.

Not considering area of residence

If you are in a metro or tier I city, you will need a higher health cover compared with that in a smaller, tier II/III city. This is because of the higher cost of treatment in bigger hospitals and more medical facilities available in larger cities. Most insurers offer this zone-based pricing, which implies that while you pay a higher premium in a bigger city, you can pay lesser for your health cover in a smaller city. However, you will need to keep in mind that if you move from a smaller to a bigger city, or vice versa, you may need to increase or reduce your health insurance accordingly.

Not going through the fine print

Expectedly, most people skip the tedious perusal of terms and conditions. It can be a serious mistake. Typically, this section carries crucial information, such as the limit on room rent, duration of waiting period for initial and pre-existing diseases, pre- and post-hospitalisation expenses, besides other exclusions. If you don't go through these, you could be in for a rude shock at the time of claim settlement. For instance, the room rent that the plan pays for could be much less than the one you eventually pick. In such a case, you would have to pay the difference from your own pocket. Similarly, you will be unable to make a claim for a fixed duration after buying the plan. To avoid such shocks, take the time to read the fine print carefully.

Considering only premium while buying

Various factors need to be considered while buying a health plan. These include your family's medical requirements and, hence, the size of the cover, limitations and exclusions, insurer's claim settlement record, waiting period for pre-existing diseases, hospital network and premium, among others. If you choose a plan based only on premium, you may buy a cheap cover, but it is likely to run short of your requirements and prove inadequate for the purpose you are buying. The premium should be seen in conjunction with your other needs, as well as the insurer's track record and performance.

Not revealing your medical history

Many people deliberately leave out information about crucial medical conditions or pre-existing diseases at the time of buying a health insurance plan in order to avoid paying a higher premium or fearing rejection by the insurance company. What they don't understand is that their claim is bound to be rejected at a later date due to the fraudulent concealment of medical history. Most insurers have a waiting period for pre-existing diseases after which they are covered. Not being honest will not only result in monetary loss in terms of the premium paid, but also cause inconvenience due to rejection of claim at a time when you need it the most.

Q&A

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

I am 37 and want to buy a critical illness insurance policy as there is a history of diabetes in my family. I already have an individual health insurance policy and a group policy with covers of ₹5 lakh and ₹4 lakh respectively. My family is covered by a separate floater health insurance policy. Please advise.

You could either buy a standalone critical illness plan or a term insurance plan with a critical illness rider. Since there is history of diabetes in your family, the insurer might ask you to go through a medical test. The premium will be decided after that. You may choose from the following standalone critical illness plans: Apollo Munich-Optima Vital, Max Bupa Health Assurance Criticare and Religare Health Insurance Assure. These plans offer lump sum benefits covering between 20 and 37 diseases and come with life-time renewability. Another plan you may consider is Future Generali Critical Illness. It provides coverage against 59 critical illnesses including heart diseases and you can choose the policy term as per your convenience.

Yashish Dahiya
Co-Founder and CEO, Policybazaar.com

Can pensioners claim the recently introduced ₹40,000 standard deduction? Can they claim the deduction for assessment year 2017-18?

The standard deduction of ₹40,000 is available for income from salary. So, if the pension is received from one's former employer, it would be eligible for a standard deduction of ₹40,000. But only from the current financial year. It cannot be claimed for assessment year 2017-18.

Amit Maheshwari
Partner, Ashok Maheshwary and Associates

QUESTION OF THE WEEK

I am 29 years old and have been investing in the following funds via SIPs: ₹1,000 each in Mirae Asset Emerging Bluechip, HDFC Top 100 Direct and SBI Small Cap Fund and ₹500 in HDFC Balanced. I want to raise my monthly investment by ₹4,000 and am looking to stay invested for 20 years. Please suggest schemes.

Your portfolio is quite evenly exposed to large and mid- and small-cap funds. Mirae Asset Emerging Bluechip used to be a mid-cap fund and has now been repositioned as a large and mid-cap fund. Given the rich valuations of mid- and small-cap companies, it is advisable that you equally distribute your incremental SIP investments in the direct plans of any two of the following large and multi-cap funds: ICICI Prudential Bluechip, L&T India Value and Reliance Large Cap.

Naveen Kukreja
CEO and Co-founder, Paisabazaar.com

I am 75 years old and can spare ₹25,000 from my pension every month. I don't want to put the money in fixed deposits as they come with lock-in periods or savings bank account. Please suggest where to invest this sum to earn returns that are better than savings bank.

Future utilisation may be combination of personal emergency reserve (conservative approach) and passing wealth to your loved ones (aggressive approach). For emergency reserve, allocate some portion to fixed income-oriented schemes. Short-term debt funds such as Franklin India ST Income Plan are a good option. You may also opt for liquid funds. They provide instant redemption/withdrawal facility of up to ₹50,000 per day. For creating reserves for your loved ones., you may invest in large and multi-cap funds via SIPs. You may choose from among UTI Value Opportunities, Motilal Oswal Multicap 35, SBI Bluechip and Aditya Birla Sun Life Frontline Equity. Being equity-oriented funds, they are subject to market fluctuations, but the SIP approach helps mitigate the impact of volatility. Equity funds' returns over longer periods have beaten deposit returns, especially in case of SIP investments.

Rahul Parikh
CEO, Bajaj Capital

What is the difference between portfolio management schemes and mutual funds? Can you please explain.

Your financial goals, the amount you intend to invest, and your risk appetite should determine your investment strategy. Portfolio Management Schemes (PMS) are ideal for large investments—₹25 lakh or more—and carry higher degree of risk. Mutual funds are much simpler and you can begin to invest via systematic investment plans (SIP), starting with just ₹500. Mutual funds are ideal for new investors looking for relatively stable returns.

Raj Khosla
Founder and Managing Director, Mymoneymantra.com

I am 38 and have a sizeable equity mutual fund portfolio. Now I want to invest a lump sum of ₹5 lakh in debt funds for more than three years. Please suggest schemes.

In the current scenario, you can consider an equal mix of short- and medium-term accrual funds such as ICICI Pru Savings, UTI Treasury Advantage, HDFC Short Term Debt and Reliance Prime Debt. There can be some near term volatility but it will pay to hold these funds for three years.

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

Ask our experts

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

SMART STATS

The Economic Times Wealth June 25-July 1, 2018

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ET WEALTH TOP 50 STOCKS

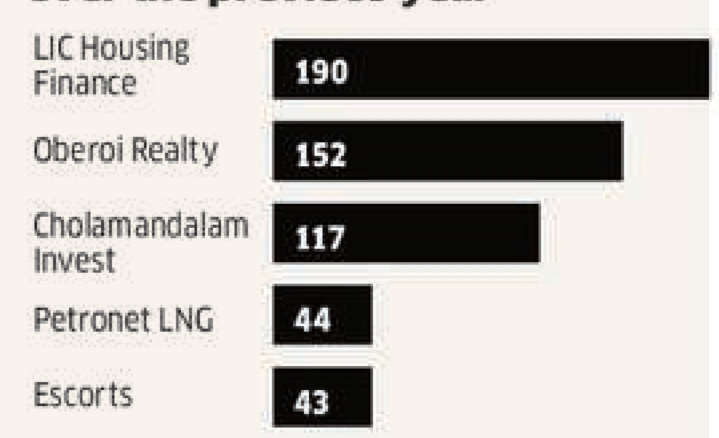
Every week we put about 3,000 stocks through four key filters and rate them on a mix of factors. The end result of this is the listing of the top 50 stocks based on the composite rating to help ease your fortune hunt.

	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
JK Cement	1	1	870	38.20	63.60	21.01	3.08	0.91	0.33	0.96	0.61	24	4.58
PTC India	2	2	81	27.36	36.98	6.76	0.61	3.60	0.20	1.57	2.28	10	4.90
Apollo Tyres	3	3	274	21.99	59.96	20.42	1.60	1.11	0.41	1.27	1.69	22	4.59
Redington	4	4	123	12.37	290.48	10.15	1.39	1.83	0.03	1.51	1.33	11	4.73
Coal India	5	5	268	18.38	126.19	23.67	8.37	6.10	0.19	1.00	0.79	31	4.45
Allcargo Logistics	6	6	108	21.87	37.96	15.47	2.70	1.81	0.28	1.24	0.89	10	4.60
Oil India	7	7	210	19.49	22.84	5.80	0.55	5.92	0.21	1.28	0.57	29	3.79
NCC	8	9	100	29.91	478.13	35.55	1.61	0.39	0.08	1.79	1.90	19	4.79
Apar Industries	9	8	720	12.65	44.96	19.12	2.50	1.39	0.42	1.07	0.45	11	4.82
Jubilant Life	10	10	736	24.51	54.78	17.85	2.81	0.41	0.33	1.63	0.97	14	4.86
VA Tech Wabag	11	13	407	16.61	38.53	16.97	1.98	0.98	0.44	1.31	1.29	20	4.60
Petronet LNG	12	11	210	44.08	21.60	14.91	3.21	1.17	0.69	1.15	0.77	40	4.25
GAIL India	13	15	339	26.31	19.19	15.96	1.84	2.26	0.83	1.11	0.94	37	4.41
NTPC	14	14	155	11.28	20.48	12.11	1.23	3.12	0.52	0.76	0.76	30	4.50
Grasim Industries	15	12	1,012	20.14	73.58	24.84	1.16	0.54	0.33	1.05	1.34	14	4.36
Oberoi Realty	16	17	501	152.18	175.08	37.10	2.79	0.40	0.22	1.60	1.92	23	4.17
Jain Irrigation	17	19	94	18.39	83.61	22.16	1.12	0.77	0.27	1.82	1.86	10	4.50
LIC Housing Finance	18	16	502	190.38	16.91	12.59	1.98	1.25	0.59	1.08	1.38	44	3.82
Motherson Sumi	19	18	307	24.25	62.97	40.40	6.67	0.65	0.64	1.18	0.67	35	4.37
Gujarat Gas	20	29	775	27.91	98.09	36.48	5.72	0.39	0.32	0.99	0.36	22	4.05
Indiabulls Housing	21	22	1,173	25.01	25.90	12.96	3.73	3.52	0.54	1.24	1.33	15	4.27
Ceat	22	20	1,313	17.55	53.80	22.32	2.04	0.87	0.43	1.46	2.20	21	4.29
Tata Steel	23	23	558	5.57	27.32	4.38	1.05	1.67	0.29	1.29	1.39	29	4.62
APL Apollo Tubes	24	21	1,793	33.45	44.74	26.38	5.86	0.67	0.60	1.36	0.62	11	4.73
Maruti Suzuki	25	26	8,863	41.26	25.18	33.97	6.29	0.84	0.90	0.74	0.89	51	4.35
CESC	26	27	955	8.65	28.53	12.65	1.14	1.27	0.45	1.07	1.56	22	4.32
BHEL	27	28	75	16.24	202.31	63.24	0.85	1.76	0.31	1.34	1.80	37	2.57
IRB Infrastructure	28	24	224	26.43	19.49	8.54	1.38	2.21	0.44	1.49	1.83	22	4.00
JK Lakshmi Cement	29	31	324	18.59	388.30	68.99	2.64	0.23	0.20	1.06	0.67	27	3.93
Dr Reddy's Lab	30	30	2,316	13.84	77.44	39.17	3.04	0.84	0.50	1.29	0.81	45	3.47
Alkem Laboratories	31	32	1,953	18.18	61.18	37.04	4.80	0.77	0.61	1.01	0.69	15	4.67
Granules India	32	25	86	20.01	27.62	16.44	1.67	1.14	0.56	1.75	1.97	12	4.42
Heidelberg Cement	33	35	134	14.18	36.89	22.68	2.89	1.50	0.51	1.38	1.47	12	4.50
Skipper	34	40	173	21.30	24.05	15.08	2.79	0.89	0.66	1.78	0.82	12	4.58
NBCC India	35	38	83	36.38	51.34	42.02	7.58	0.66	0.21	1.28	1.37	13	4.39
Cholamandalam Inv.	36	36	1,609	117.00	30.82	25.78	4.87	0.40	0.84	1.17	1.18	26	4.54
Escorts	37	39	889	42.92	154.58	31.41	6.72	0.17	0.14	1.45	1.57	13	4.31
Somany Ceramics	38	34	527	17.52	37.83	28.18	3.84	0.51	0.74	1.23	0.58	17	4.76
Reliance Industries	39	37	1,032	22.15	24.22	16.93	2.08	0.54	0.87	0.96	1.69	39	4.20
Finolex Cables	40	42	625	24.57	60.60	28.97	3.94	0.47	0.48	1.07	0.78	11	4.00
Apollo Hospitals	41	33	1,024	17.80	440.16	121.32	4.38	0.57	0.69	1.19	1.20	22	4.55
Cyient	42	44	709	19.02	20.93	19.68	3.40	1.97	0.93	1.36	1.31	28	4.46
India Cement	43	48	108	15.47	260.83	49.88	0.64	0.91	0.20	1.71	2.12	20	3.60
KEC International	44	NR	331	20.30	23.45	18.50	4.27	0.47	0.76	1.54	0.67	31	4.45
Arvind	45	46	410	17.24	61.72	34.28	2.81	0.59	0.54	1.37	1.74	17	4.18
InterGlobe Aviation	46	NR	1,176	31.46	23.83	20.15	6.38	2.99	0.82	1.47	0.99	20	3.95
Bharat Electronics	47	50	109	21.31	18.91	18.61	3.32	2.29	1.07	1.29	1.20	22	4.55
Exide Industries	48	45	252	15.43	39.28	30.85	3.93	0.95	0.78	1.06	1.15	33	4.03
Bharat Forge	49	NR	607	18.27	46.20	37.51	6.08	0.71	0.84	1.15	1.26	34	4.32
Balkrishna Industries	50	47	1,108	29.41	54.08	29.11	5.24	0.47	0.77	1.24	0.65	20	3.85

* REVENUE AND NET PROFIT GROWTH BASED ON CONSENSUS ANALYST EXPECTATIONS. NR: NOT IN THE RANKING. DATA AS ON 21 JUNE 2018. **SOURCE:** BLOOMBERG

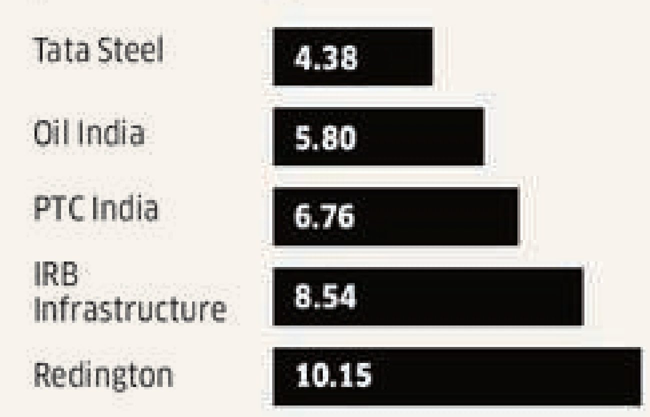
1 Fast growing stocks

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



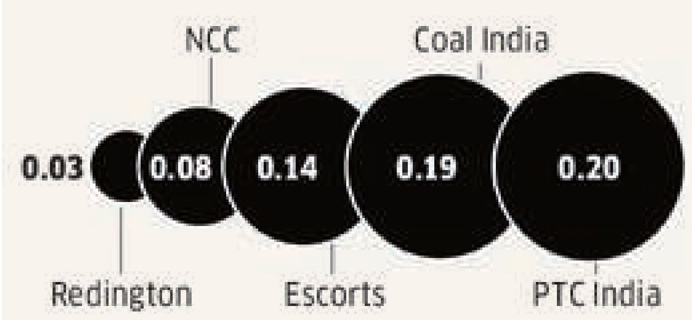
2 Least expensive stocks

Top 5 stocks with the lowest price-earnings ratio



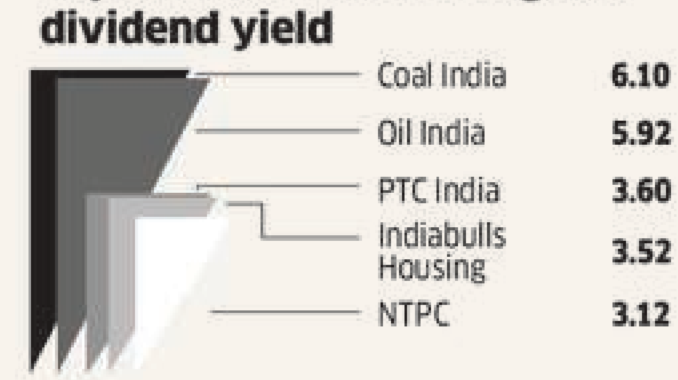
3 Best PEGs

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



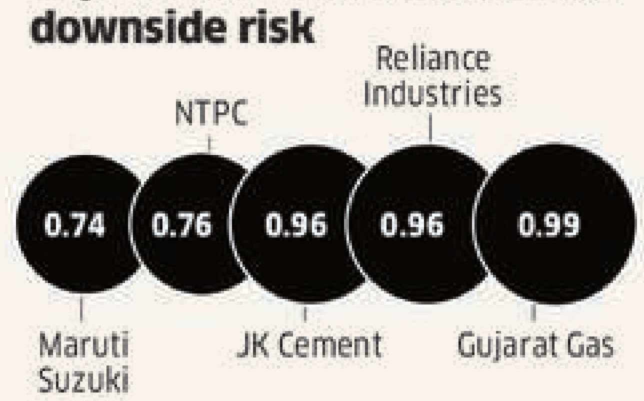
4 Income generators

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 (%) 3-Month	6-Month	1-Year	3-Year	5-Year	Expense Ratio
EQUITY: LARGE CAP								
Kotak Standard Multicap Fund	★★★★★	19,613.81	4.15	-1.57	7.44	13.75	21.68	1.97
Mirae Asset India Equity Fund	★★★★★	7,733.08	4.3	-1.83	9.93	13.7	21.94	2.28
JM Core 11 Fund	★★★★★	35.26	3	-3.47	8.23	13.19	19.87	–
Reliance ETF Dividend Opportunities	★★★★	18.15	3.93	2.24	11.73	12.81	–	0.11
Kotak India EQ Contra Fund	★★★★	381.64	7.27	3.39	17.84	12.65	17.46	2.53
Invesco India Growth Opportunities Fund	★★★★★	599.02	5.67	1.97	16.02	12.61	20.17	2.43
HDFC Balanced Advantage Fund*	★★★★	1,162.36	2.2	-3.18	7.84	11.75	16.66	2.29
ICICI Prudential Bluechip Fund*	★★★★	17,426.73	3.7	-1.38	10.52	11.65	17.67	2.12
JM Multicap Fund	★★★★	144.38	4.67	-2.8	5.74	11.61	19.72	–
UTI Equity Fund	★★★★	7,833.44	9.59	7.2	16.63	11.4	18.26	2.06
SBI Bluechip Fund*	★★★★★	19,121.11	3.39	-1.24	7.73	10.91	19.05	1.97
Reliance Large Cap Fund	★★★★	10,053.92	3.13	-2.9	8.72	10.79	19.63	1.97
Reliance Retirement Fund Wealth Creation Scheme	★★★★	1,252.13	2.59	-2.71	10.45	10.6	–	2.29
Invesco India Largecap Fund	★★★★	142.22	5.58	2.73	11.24	10.48	17.06	2.63
Aditya Birla Sun Life Frontline Equity Fund	★★★★	20,331.61	3.54	-1.99	6.44	10.4	17.84	2.13
Motilal Oswal Focused 25 Fund	★★★★	1,115.06	6.77	-0.22	7.29	10.23	18.06	2.44
Aditya Birla Sun Life Focused Equity Fund	★★★★	4,149.41	2.73	-3.61	5.88	10.16	18.46	2.32
Invesco India Dynamic Equity Fund	★★★★	1,059.74	3.4	-0.66	9.82	10.07	16.02	2.22
ICICI Prudential Value Discovery Fund*	★★★★	16,280.58	3.15	-0.83	7.1	8.22	22.84	2.11
EQUITY: MULTI CAP								
Tata Equity PE Fund	★★★★★	3,923.53	3.13	-0.81	10.38	16.88	25.54	2.14
Tata Retirement Savings Fund	★★★★	467.54	5.53	-0.96	13.32	16.59	21.18	2.69
Invesco India Contra Fund	★★★★★	1,688.77	4.91	0.34	17.29	15.36	24.76	2.14
SBI ETF Nifty Next 50 Fund	★★★★★	13.22	1.73	-5.12	8.69	15.29	–	–
Principal Multi Cap Growth Fund	★★★★	673.52	1.14	-5.69	8.38	14.78	21.73	2.47
Motilal Oswal Multicap 35 Fund	★★★★★	13,180.71	2.74	-3.05	9.02	14.7	–	2.04
L&T India Value Fund	★★★★	7,892.34	-1.6	-6.91	3	14.67	25.37	1.99
Reliance ETF Junior BeES	★★★★	381.81	1.81	-5.04	8.88	14.58	20.34	0.2
Aditya Birla Sun Life Equity Fund	★★★★	9,376.11	2.44	-2.94	6.73	14.43	22.97	2.26
ICICI Prudential Nifty Next 50 Index Fund*	★★★★	234.40	1.44	-5.41	7.91	14.42	19.79	0.8
HDFC Capital Builder Value Fund*	★★★★	3,193.32	2.3	-2.38	13.26	14	21.1	2.3
Sundaram Large and Mid Cap Fund	★★★★	377.57	4.36	1.26	12.34	13.69	20.36	2.98
DSP BlackRock Equity Opportunities Fund	★★★★	5,544.13	0.61	-7.27	6.63	13.61	20.1	2.31
SBI Magnum Multicap Fund*	★★★★★	5,338.40	3.19	-3.02	9	13.57	21.7	2.01
Parag Parikh Long Term Equity Fund	★★★★	1,077.02	6.17	3.94	16.59	13.55	19.58	2
IDBI Nifty Junior Index Fund	★★★★	52.35	0.98	-6.02	6.41	13.19	18.8	1.74
Aditya Birla Sun Life Equity Advantage Fund	★★★★	6,060.51	1.68	-8.52	3.28	12.05	22.97	2.28
Edelweiss Large & Mid Cap Fund	★★★★	283.91	3.39	-0.32	12.5	11.05	17.85	2.27
Franklin India Equity Advantage Fund	★★★★	2,834.97	4.51	-1.82	8.83	9.03	19.62	2.34
EQUITY: MID CAP								
Mirae Asset Emerging Bluechip Fund	★★★★★	5,428.64	2.45	-6.46	5.61	18.46	30.76	2.31
L&T Midcap Fund	★★★★★	2,804.54	-0.22	-6.8	6.4	17.72	29.15	2.06
Aditya Birla Sun Life Pure Value Fund	★★★★	3,895.07	-3.95	-11.34	8.22	17.13	28.26	2.33
Canara Robeco Emerging Equities Fund	★★★★	3,529.55	3.22	-4.37	8.1	16.88	31.12	2.22
Principal Emerging Bluechip Fund	★★★★	1,838.39	2.68	-5.14	10.72	16.43	27.65	2.32
Kotak Emerging Equity Scheme	★★★★	3,250.16	0.75	-5.48	6.39	15.36	26.93	2.04
HDFC Mid-Cap Opportunities Fund*	★★★★	20,616.48	1.45	-4.54	7.24	15.09	26.48	2.21
Edelweiss Mid Cap Fund	★★★★	757.05	-1.06	-6.66	10.16	13.36	26.7	2.33
EQUITY: SMALL CAP								
L&T Emerging Businesses Fund	★★★★	5,055.45	-1.97	-6.18	10.34	23.72	–	2.01
Reliance Small Cap Fund	★★★★	6,944.06	-1.93	-8.79	11.33	21.97	35.69	1.99
SBI Small Cap Fund*	★★★★★	808.86	-5.6	-15.53	18.76	20.81	34.65	2.32
EQUITY: TAX SAVING								
Motilal Oswal Long Term Equity Fund	★★★★★	1,065.07	1.72	-1.23	9.21	17.7	–	2.16
Principal Tax Savings Fund	★★★★	393.11	1.26	-5.85	8.16	14.65	21.66	2.39
Aditya Birla Sun Life Tax Relief 96	★★★★	6,102.48	4.75	-1.21	15.86	14.58	23.32	2.1
Tata India Tax Savings Fund	★★★★	1,401.49	1.94	-5.66	7.73	14.21	21.08	2.07
L&T Tax Advantage Fund	★★★★	3,236.43	1	-2.86	8.22	13.86	20.06	1.84
BOI AXA Tax Advantage Fund	★★★★	181.90	1.44	-2.43	18.04	13.59	20.15	2.67
DSP BlackRock Tax Saver Fund	★★★★	4,294.79	1.64	-6.1	5.55	12.84	20.38	2.16
Axis Long Term Equity Fund	★★★★	17,546.16	8.71	4.6	16.44	12.68	24.17	1.77
IDFC Tax Advantage Fund	★★★★	1,489.44	1.21	-3.49	12.45	12.28	22.04	2.32

13.8% THE 3-YEAR RETURN OF KOTAK STD. MULTICAP IS THE HIGHEST IN ITS CATEGORY.

16.9% THE 3-YEAR RETURN OF TATA EQUITY PE FUND. IS THE HIGHEST IN ITS CATEGORY.

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

17.7% THE 3-YEAR RETURN OF MOTILAL OSWAL LONG TERM IS THE HIGHEST IN ITS CATEGORY.

LAGGARDS & LEADERS

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

Equity: Large-cap 5-year returns

LAGGARDS		LEADERS	
11.04	HDFC Growth Opportunities Fund	22.84	ICICI Prudential Value Discovery Fund
12.66	Taurus Largecap Equity Fund	21.94	Mirae Asset India Equity Fund
12.85	Union Equity Fund	21.68	Kotak Standard Multicap Fund
13.06	HSBC Dynamic Asset Allocation	20.17	Invesco India Growth Opportunities
13.17	IDBI Nifty Index Fund	19.87	JM Core 11 Fund

Equity: Multi-cap 5-year returns

LAGGARDS		LEADERS	
11.65	LIC MF Multicap Fund	25.54	Tata Equity PE Fund
13.59	Aditya Birla Sun Life International Equity Fund	25.37	L&T India Value Fund
14.39	Taurus Starshare Fund	24.76	Invesco India Contra Fund
14.42	UTI Dividend Yield Fund	22.97	Aditya Birla Sun Life Equity Fund
15.17	Franklin India Life Stage Fund of Funds 20s	22.97	Aditya Birla Sun Life Equity Advantage

Equity: Mid-cap 3-year returns

LAGGARDS		LEADERS	
4.04	Baroda Pioneer Midcap Fund	18.46	Mirae Asset Emerging Bluechip Fund
7.05	Aditya Birla Sun Life Dividend Yield Fund	17.72	L&T Midcap Fund
7.39	ICICI Prudential Smallcap Fund	17.13	Aditya Birla Sun Life Pure Value Fund
8.37	Motilal Oswal Midcap 30 Fund	16.88	Canara Robeco Emerging Equities
8.39	SBI Magnum Midcap Fund	16.43	Principal Emerging Bluechip Fund

Equity: Small-cap 3-year returns

LAGGARDS		LEADERS	
7.45	Union Small Cap Fund	23.72	L&T Emerging Businesses Fund
12	Sundaram Small Cap Fund	21.97	Reliance Small Cap Fund
13.59	HSBC Small Cap Equity Fund	21.17	HDFC Small Cap Fund
15.1	DSP BlackRock Small Cap Fund	20.81	SBI Small Cap Fund
15.83	Franklin India Smaller Companies Fund	19.08	Aditya Birla Sun Life Small Cap Fund

Hybrid: Equity-oriented 3-year returns

LAGGARDS		LEADERS	
6.69	Principal Equity Savings Fund	21.32	Tata Retirement Savings Fund
6.74	Tata Equity Savings Fund	18.58	L&T Hybrid Equity Fund
9.18	L&T Equity Savings Fund	18.54	ICICI Prudential Child Care Fund
9.47	LIC MF Equity Hybrid Fund	18.43	Escorts Balanced Fund
9.6	DHFL Pramerica Equity Savings Fund	18.1	Principal Hybrid Equity Fund

ANNUALISED RETURNS IN % AS ON 20 JUNE 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	★★★★	1,349.14	2.58	-0.9	11.22	14.64	18.1	2.37
Tata Retirement Savings Fund	★★★★★	733.18	4.76	-0.31	11.13	13.59	21.32	2.54
Reliance Equity Hybrid Fund	★★★★	13,538.91	2.32	-1.33	7.89	11.55	17.99	1.97
ICICI Prudential Equity & Debt Fund*	★★★★	28,743.57	0.3	-3.31	5.73	11.4	17.95	2.11
L&T Hybrid Equity Fund	★★★★	10,655.70	2.22	-1.12	4.93	11.06	18.58	1.98
HYBRID: DEBT-ORIENTED CONSERVATIVE								
UTI Regular Savings Fund	★★★★	2,604.70	2.53	1.82	6.55	8.71	10.97	1.6
ICICI Prudential Ultra Short Term Fund*	★★★★	2,547.24	1.5	3.25	6.42	8.2	8.41	1.21
BOI AXA Conservative Hybrid Fund	★★★★	219.87	-0.56	-0.5	5.37	8.52	9.79	2.03
SBI Multi Asset Allocation Fund*	★★★★★	367.87	0.64	0.37	5.25	8.13	10.23	2.27
HDFC Multi Asset Fund*	★★★★	158.22	0.06	-0.3	4.9	7.82	10.13	2.04
DEBT: INCOME								
Invesco India Ultra Short Term Fund	★★★★	1,125.42	1.67	3.26	6.53	8.11	8.04	0.9
Kotak Corporate Bond Fund	★★★★	1,244.21	1.6	3.16	6.27	7.81	7.95	0.55
Franklin India Corporate Debt Fund	★★★★	866.73	0.58	2.31	5.4	7.73	8.15	0.94
Axis Strategic Bond Fund	★★★★	1,455.98	0.73	2.12	5.37	8.23	8.3	1
UTI Medium Term Fund	★★★★	205.17	0.66	1.95	5.01	8.07	–	1.26
HDFC Corporate Bond Fund*	★★★★	12,909.19	0.55	1.69	4.46	7.74	8.14	0.41
Kotak Medium Term Fund	★★★★	4,733.44	0.46	1.63	4.37	8.04	–	1.7
Aditya Birla Sun Life Banking & PSU Debt Fund	★★★★	6,309.19	0.88	1.93	4.32	8.05	9.15	0.6
SBI Magnum Medium Duration Fund*	★★★★	1,698.27	0.68	1.76	4.1	8.51	9.57	1.2
BNP Paribas Corporate Bond Fund	★★★★	92.24	-0.02	1.15	4.06	7.31	7.78	0.45
ICICI Prudential Banking & PSU Debt Fund	★★★★	5,891.05	0.58	1.72	3.61	8.23	8.26	–
L&T Resurgent India Bond Fund	★★★★	2,364.35	-0.17	0.79	2.94	7.69	–	1.6
DEBT: SHORT TERM								
Franklin India Low Duration Fund	★★★★★	5,812.36	1.63	3.51	7.29	8.87	9.26	0.78
Franklin India Short Term Income Plan	★★★★★	10,182.28	1.01	2.83	6.59	8.11	8.81	1.57
Baroda Pioneer Short Term Bond Fund*	★★★★★	253.30	1.39	2.87	6.05	8.04	8.26	1.3
Reliance Prime Debt Fund	★★★★	7,086.92	1.18	2.78	5.9	7.63	8.11	0.67
HDFC Short Term Debt Fund*	★★★★	10,460.44	1.03	2.53	5.49	7.57	8.22	0.37
BNP Paribas Short Term Fund	★★★★	152.42	1.16	2.5	5.41	7.69	8.05	1.08
UTI Banking & PSU Debt Fund	★★★★	830.12	1.01	2.26	5.17	8.26	–	0.28
DHFL Pramerica Short Maturity Fund	★★★★	1,489.66	0.57	1.81	4.6	7.61	8.16	1.3
DEBT: ULTRA SHORT TERM								
JM Dynamic Debt Fund	★★★★★	261.60	1.77	3.57	7.27	7.99	8.37	–
BOI AXA Ultra Short Duration Fund	★★★★★	753.45	1.83	3.52	7.24	8.32	8.69	0.55
L&T Money Market Fund	★★★★★	834.34	1.61	3.39	7.02	8.12	8.3	0.69
Baroda Pioneer Treasury Advantage Fund*	★★★★	1,763.42	1.57	3.29	6.7	8.16	8.63	0.81
Indiabulls Ultra Short Term Fund*	★★★★	404.66	1.63	3.29	6.62	7.78	8.28	0.69
Kotak Low Duration Fund	★★★★	5,382.16	1.55	3.21	6.55	8.01	8.19	1
DHFL Pramerica Low Duration Fund	★★★★	800.86	1.53	3.14	6.42	8	8.52	1.13
UTI Treasury Advantage Fund	★★★★	10,603.56	1.5	3.11	6.4	7.82	8.44	0.36
DEBT: DYNAMIC BOND								
Baroda Pioneer Dynamic Bond Fund*	★★★★	21.84	0.68	0.77	2.52	7.59	7.96	1.61
ICICI Prudential All Seasons Bond Fund*	★★★★	2,242.44	1.01	1.74	2.06	8.97	10.73	1.26
UTI Dynamic Bond Fund	★★★★	1,362.64	1.25	0.91	1.19	8.01	8.85	1.63

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

14.6% THE 3-YEAR RETURN OF PRINCIPAL HYBRID FUND IS THE HIGHEST IN ITS CATEGORY.

6.5% THE 1-YEAR RETURN OF INVESCO INDIA ULTRA SHORT TERM IS THE HIGHEST IN ITS CATEGORY.

7.3% THE 1-YEAR RETURN OF FRANKLIN INDIA LOW DURATION IS THE HIGHEST IN ITS CATEGORY.

7.3% THE 1-YEAR RETURN OF JM DYNAMIC DEBT FUND IS THE HIGHEST IN ITS CATEGORY.

Exp. ratio as on 31 May 2018
*Exp. ratio before 31 May 2018
Returns as on 20 June 2018
Assets as on 31 May 2018
Rating as on 31 May 2018

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

Methodology

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

★★★★★	Top 10%
★★★★	Next 22.5%
★★★	Middle 35%
★★	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.

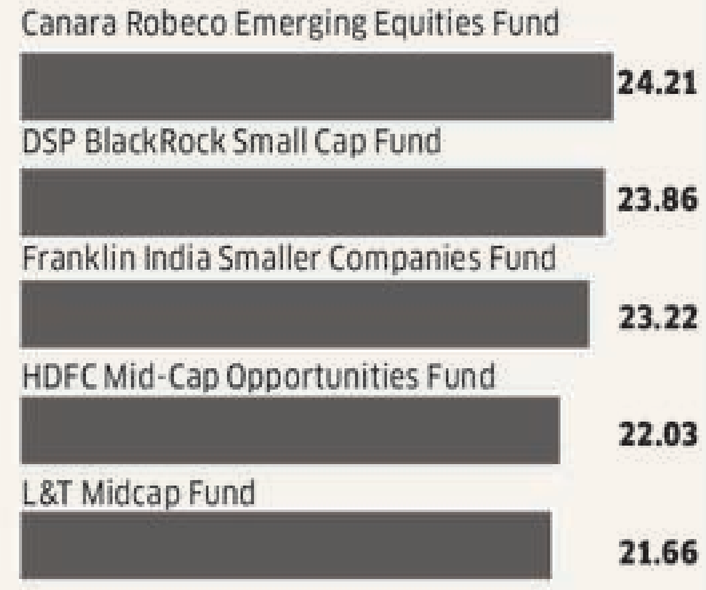
FUND RAISER

- 1.7%

is the return generated by Bharat 22 ETF over the past six months. The return is significantly lower than the BSE Sensex return of 7.5% over the same period and also lower than the large-cap funds' category average of 0.5%.

1 Top 5 SIPs

Top 5 equity schemes based on 10-year SIP returns

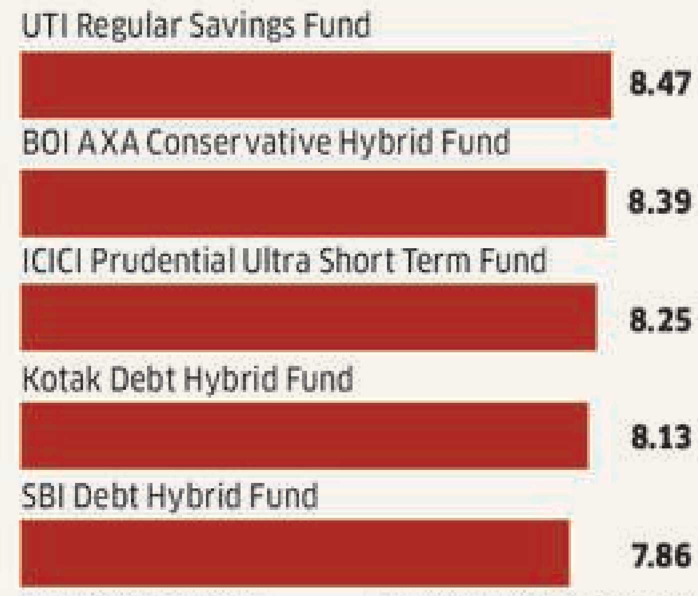


SIP: SYSTEMATIC INVESTMENT PLAN

% ANNUALISED RETURNS AS ON 20 JUNE 2018

2 Top 5 MIPs

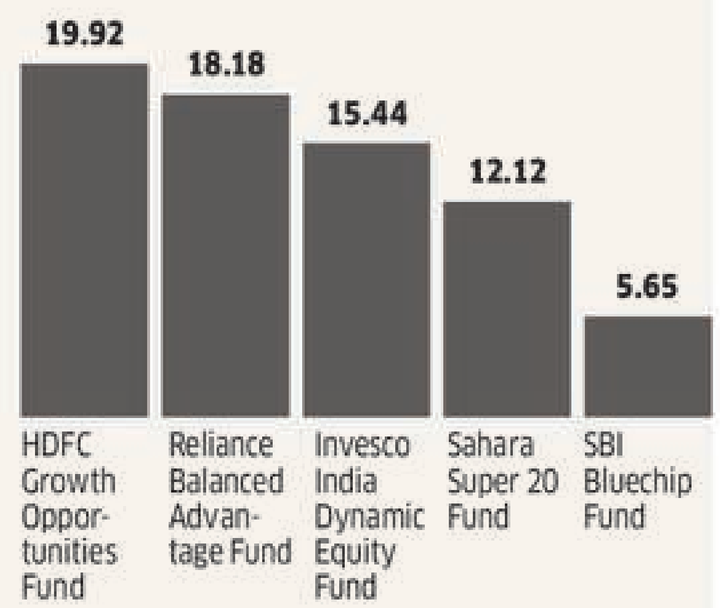
Top 5 MIP schemes based on 3-year SWP returns



SWP: SYSTEMATIC WITHDRAWAL PLAN

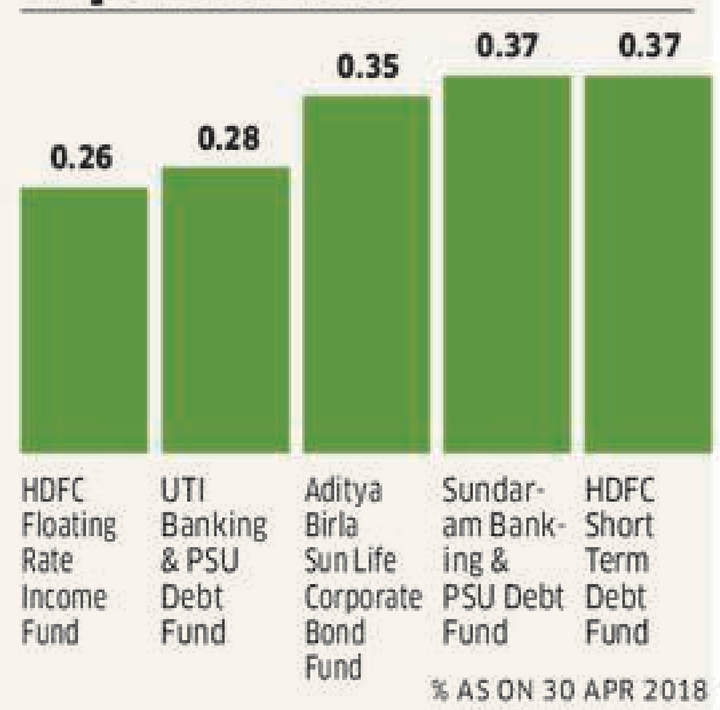
% ANNUALISED RETURNS AS ON 20 JUNE 2018

3 Large-cap Cash holdings



% AS ON 31 MAY 2018

4 Debt: Short Term Expense ratio



% AS ON 30 APR 2018

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

PRINCIPAL TAX SAVINGS

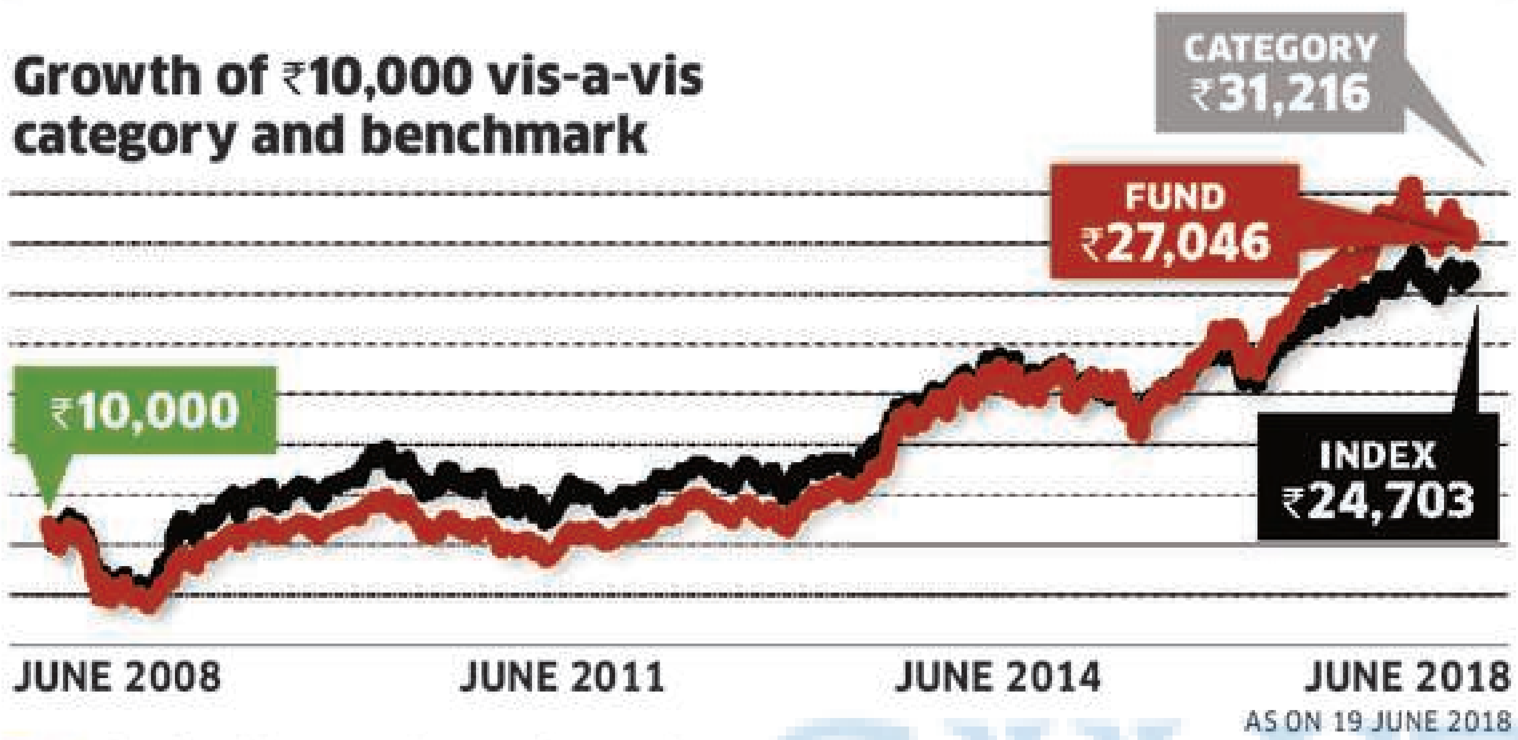
SUITABLE FOR HIGH RISK-TAKERS

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

HOW HAS THE FUND PERFORMED?

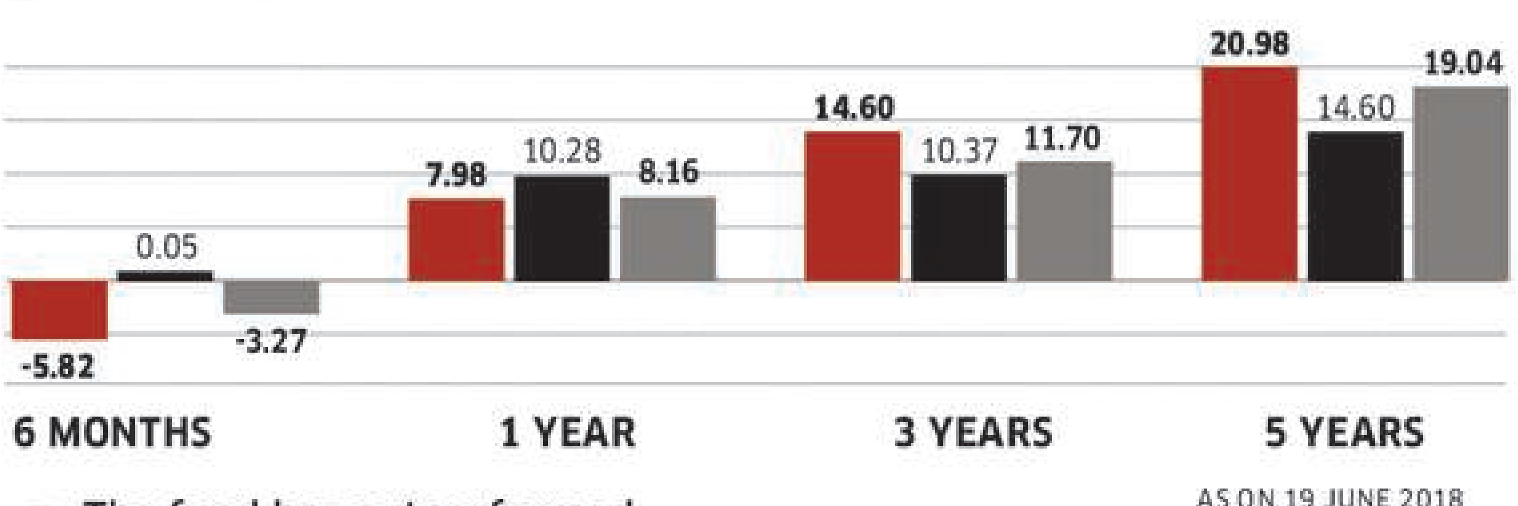
With a 10-year return of 10.46%, the fund has outperformed the benchmark index (9.46%) but lags behind the category average (12.06%).

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



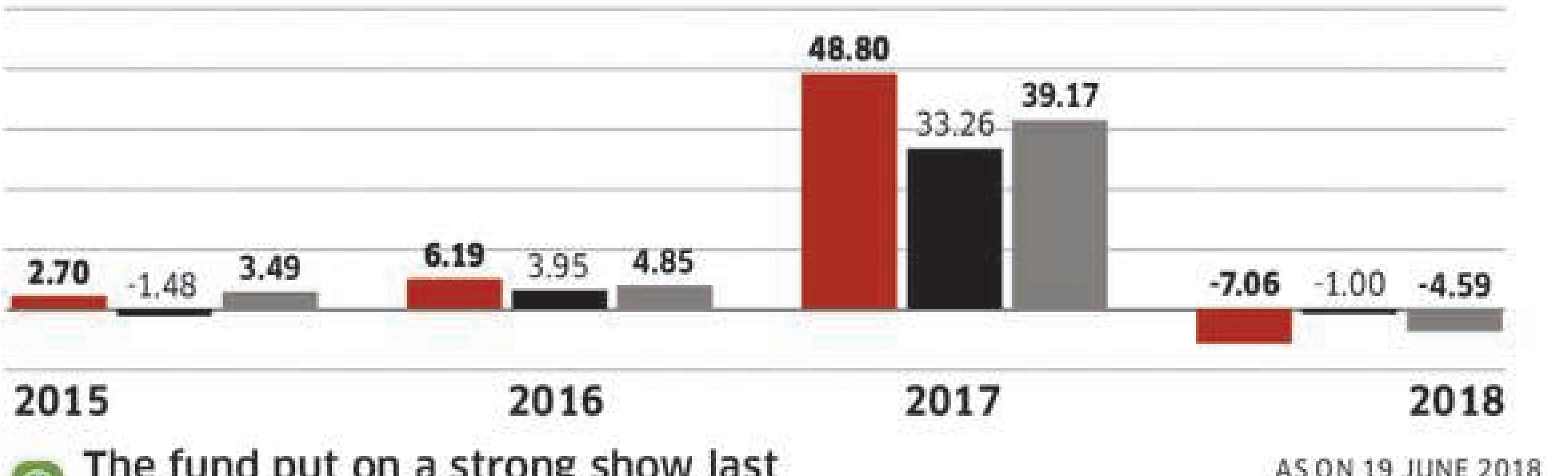
The fund has underperformed its peers over the past decade.

Annualised performance (%)



The fund has outperformed over 3- and 5-year periods.

Yearly performance (%)



The fund put on a strong show last year, but has slipped this year.

BASIC FACTS

DATE OF LAUNCH
31 MAR 1996

CATEGORY
EQUITY

TYPE
TAX SAVING

AVERAGE AUM
₹393.11 CR

BENCHMARK
S&P BSE 200 INDEX

WHAT IT COSTS

NAVs*
GROWTH OPTION
₹208

DIVIDEND OPTION
₹208

MINIMUM INVESTMENT
₹500

MINIMUM SIP AMOUNT
₹500

EXPENSE RATIO^ (%)
2.31

EXIT LOAD
1% FOR REDEMPTION WITHIN 365 DAYS

*AS ON 19 JUN 2018
^AS ON 30 APR 2018

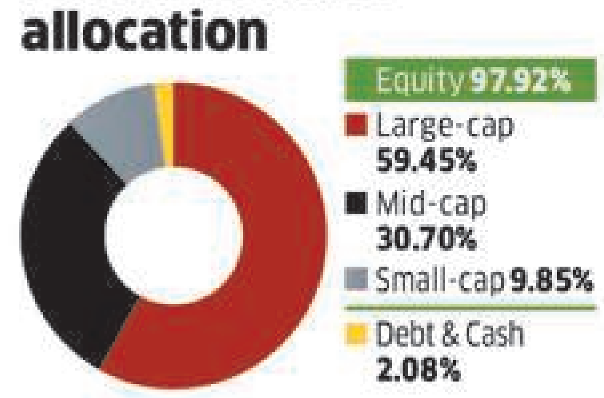
FUND MANAGER

P.V.K. MOHAN

TENURE: 7 YEARS AND 8 MONTHS
EDUCATION: B.E, MBA

WHERE DOES THE FUND INVEST?

Portfolio asset allocation



Fund style box

The fund has a multi-cap approach, and is currently tilted towards large-caps.

Top 5 sectors in portfolio (%)

Financial	27.93
FMCG	13.53
Construction	12.24
Energy	8.45
Automobile	8.19

The fund has overweight positions in FMCG and construction relative to index.

Top 5 stocks in portfolio (%)

HDFC Bank	5.28
ICICI Bank	4.04
Infosys	3.24
State Bank of India	3.12
Larsen & Toubro	2.98

The fund's top picks are mostly index heavyweights.

How risky is it?

	Fund	Category	Index
Standard Deviation	17.41	14.50	13.70
Sharpe Ratio	0.49	0.38	0.27
Mean Return	15.07	11.94	10.13

BASED ON 3-YEAR PERFORMANCE.

The fund retains a superior risk-return profile compared to peers.

WHEREVER NOT SPECIFIED, DATA AS ON 31 MAY 2018. SOURCE: VALUE RESEARCH

Should You Buy

This tax-saving fund has no market-cap bias. While currently tilted towards large-caps, it has the flexibility to invest in firms with lower market-cap. The fund prefers companies that are either leaders in their segment or have scalable, sustainable business models. While its top picks are mostly index heavyweights, it is comfortable picking stocks outside the index. The fund has not been consistent in recent years—it was among the top performers last year, but its returns have dipped this year. The fund has stuck with its mid- and small-cap positions, taking calibrated risk in conviction bets despite the short-term pain. It has the ability to capture higher market upside than many peers, but may fall harder during downturns. It is more suited for investors with high risk appetite.

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	7.75	10,798
Indusind Bank	7.65	10,787
Lakshmi Vilas Bank	7.35	10,756
Karnataka Bank	7.25	10,745
Kotak Mahindra Bank	7.25	10,745
TENURE: 2 YEARS		
Lakshmi Vilas Bank	7.50	11,602
RBL Bank	7.50	11,602
DCB Bank	7.25	11,545
Indusind Bank	7.25	11,545
Karnataka Bank	7.25	11,545
TENURE: 3 YEARS		
DCB Bank	7.75	12,589
Lakshmi Vilas Bank	7.50	12,497
RBL Bank	7.50	12,497
AU Small Finance Bank	7.25	12,405
IDFC Bank	7.20	12,387
TENURE: 5 YEARS		
AU Small Finance Bank	8.00	14,859
DCB Bank	7.75	14,678
Lakshmi Vilas Bank	7.50	14,499
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
RBL Bank	8.25	10,851
Indusind Bank	8.15	10,840
Lakshmi Vilas Bank	7.95	10,819
Axis Bank	7.75	10,798
Karnataka Bank	7.75	10,798
TENURE: 2 YEARS		
Lakshmi Vilas Bank	8.10	11,740
RBL Bank	8.00	11,717
DCB Bank	7.75	11,659
Indusind Bank	7.75	11,659
Karnataka Bank	7.75	11,659
TENURE: 3 YEARS		
DCB Bank	8.25	12,776
Lakshmi Vilas Bank	8.10	12,720
RBL Bank	8.00	12,682
AU Small Finance Bank	7.75	12,589
IDFC Bank	7.70	12,571
TENURE: 5 YEARS		
AU Small Finance Bank	8.50	15,228
DCB Bank	8.25	15,043
Lakshmi Vilas Bank	8.10	14,932
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
AU Small Finance Bank	8.00	14,859
DCB Bank	7.75	14,678
Lakshmi Vilas Bank	7.50	14,499
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	8.10	1 June 2018
Allahabad Bank	8.20	1 June 2018
Dena Bank	8.25	1 June 2018
HDFC Bank	8.25	7 June 2018
Bank Of Baroda *	8.30	7 June 2018

Top banks for 1 year

BANK NAME	MCLR (%)	WITH EFFECT FROM
State Bank Of India	8.25	1 June 2018
Allahabad Bank	8.35	1 June 2018
Dena Bank	8.40	1 June 2018
HDFC Bank	8.40	7 June 2018
ICICI Bank	8.40	1 June 2018

Top banks for 2 years

BANK NAME	MCLR (%)	WITH EFFECT FROM
State Bank Of India	8.35	1 June 2018
Union Bank Of India	8.50	2 June 2018
Allahabad Bank	8.55	1 June 2018
HDFC Bank	8.55	7 June 2018
I O B	8.60	10 April 2018

Top banks for 3 years

BANK NAME	MCLR (%)	WITH EFFECT FROM
State Bank Of India	8.45	1 June 2018
Punjab National Bank	8.55	1 June 2018
Union Bank Of India	8.55	2 June 2018
Allahabad Bank	8.65	1 June 2018
HDFC Bank	8.70	7 June 2018

Top banks for 5 years

BANK NAME	MCLR (%)	WITH EFFECT FROM
Punjab National Bank	8.70	1 June 2018
Indian Bank	8.95	11 June 2018
Karur Vysya Bank	9.30	7 June 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

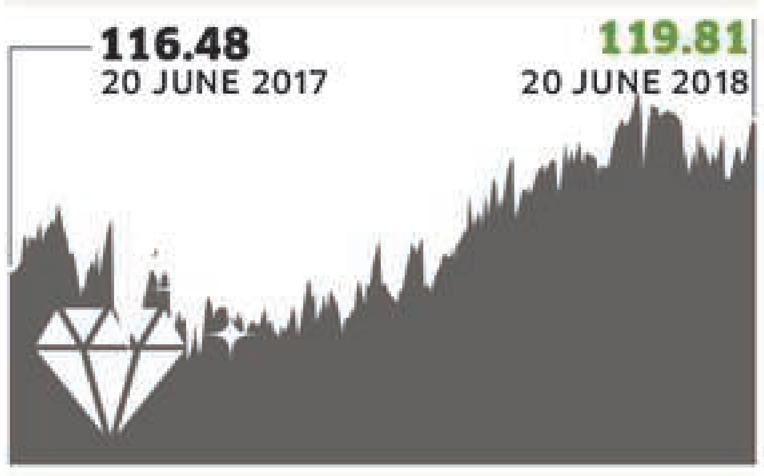
DATA AS ON 14 JUNE 2018

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
I WEEK	0.69%	-2.26%	0.04%	5.8%
I YEAR	2.86%	2.17%	3.7%	2.45%

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.

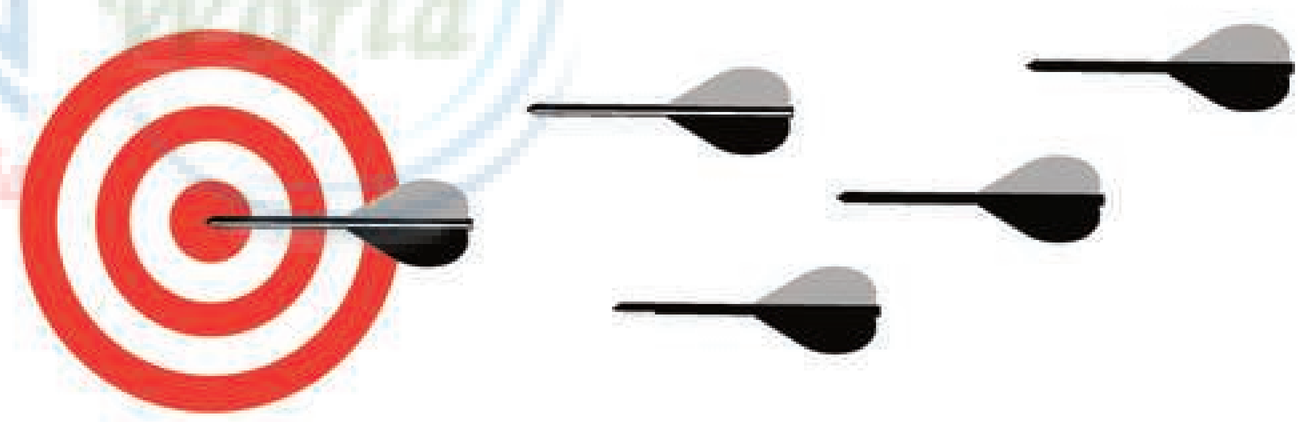
The S&P GSCI Precious Metals Index comprises gold (91.33%) & silver (8.67%) & provides a benchmark for investment performance in the precious metals commodity markets. It is updated daily.

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)
Zenith Health Care	2.01	18.24	**118.48**	0.50	380.60	10.79
Alok Industries	3.06	26.45	**102.65**	23.18	-44.83	421.46
Regent Enterprises	4.90	15.57	**75.00**	0.02	85.83	16.40
Usher Agro	3.18	25.20	**45.87**	0.16	-71.35	24.70
Sezal Glass	4.35	14.47	**45.00**	0.00	-85.40	14.59
Shantanu Sheorey Aq.	3.72	6.29	**38.81**	0.37	-85.87	12.98
Orchid Pharma	9.96	27.53	**38.72**	0.49	-9.24	88.60
NCL Research & Fin.	0.90	-10.00	**38.46**	0.17	-2.66	13.09
Ind Swift	9.72	21.05	**36.13**	0.12	103.83	52.63
Country Condo's	2.88	15.20	**30.32**	0.06	156.70	22.35

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	2.17	-14.23	**-51.35**	14.44	440.61	92.01
IVRCL	1.34	2.29	**-40.18**	13.16	1,133.61	104.91
Gammon Infrastructure	1.70	-23.42	**-26.09**	7.53	17.80	160.11
Avance Technologies	0.60	-4.76	**-24.05**	2.34	31.27	11.89
Assam Company India	2.98	-17.91	**-23.20**	1.12	0.81	92.32
Lycos Internet	4.21	-2.77	**-22.89**	4.55	-45.90	200.50
Virtual Global Education	0.76	-9.52	**-22.45**	6.26	-31.02	32.20
VKJ Infradevelopers	0.93	-11.43	**-19.13**	1.65	-6.13	22.13
Nitin Fire Protection Ind.	3.16	1.28	**-18.13**	1.25	190.63	92.35
Landmarc Leisure Corp.	0.73	-5.19	**-17.05**	2.10	805.33	58.40

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)
Advik Capital	3.20	-13.51	-23.08	0.01	**10,320.00**	14.69
Ram Minerals & Chem.	3.93	-7.53	-23.09	0.53	**3,130.12**	80.88
IVRCL	1.34	2.29	-40.18	13.16	**1,133.61**	104.91
Ruchi Infrastructure	2.80	7.69	-18.60	0.27	**1,020.93**	57.46
Indian Infotech & Soft.	0.19	0.00	0.00	0.86	**844.44**	19.11
Landmarc Leisure Corp.	0.73	-5.19	-17.05	2.10	**805.33**	58.40
Sulabha Enggineers	2.73	-22.00	-32.92	0.02	**693.82**	27.44
Kretto Syscon	9.66	-10.39	-30.50	0.15	**504.02**	13.77
KSK Energy Ventures	2.17	-14.23	-51.35	14.44	**440.61**	92.01
Zenith Health Care	2.01	18.24	118.48	0.50	**380.60**	10.79

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)
Jaypee Infratech	6.03	8.06	5.98	4.09	**-81.88**	837.52
Karuturi Global	1.75	4.79	2.94	5.26	**-71.27**	262.06
Uttam Value Steels	0.19	0.00	0.00	3.40	**-68.88**	125.55
Sunil Hitech Engineers	3.86	-5.62	-14.79	2.52	**-65.40**	145.91
Jaiprakash Power Vent.	3.27	-1.80	-7.37	5.65	**-63.59**	1960.69
Lloyds Steels Industries	1.16	-2.52	0.00	2.72	**-58.30**	104.25
Lanco Infratech	0.83	-7.78	15.28	6.59	**-56.18**	275.07
Gitanjali Gems	4.51	-14.10	-11.74	3.95	**-52.37**	53.50
Videocon Industries	9.14	27.12	-10.74	1.30	**-51.05**	305.70
Stampede Capital	4.97	15.58	-3.31	1.09	**-48.38**	142.29

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 20 JUNE 2018. SOURCE: ETIG DATABASE AND BLOOMBERG.

CG Power: Light at the end of tunnel

Divestment of it loss-making foreign subsidiaries should help it report consolidated profits.

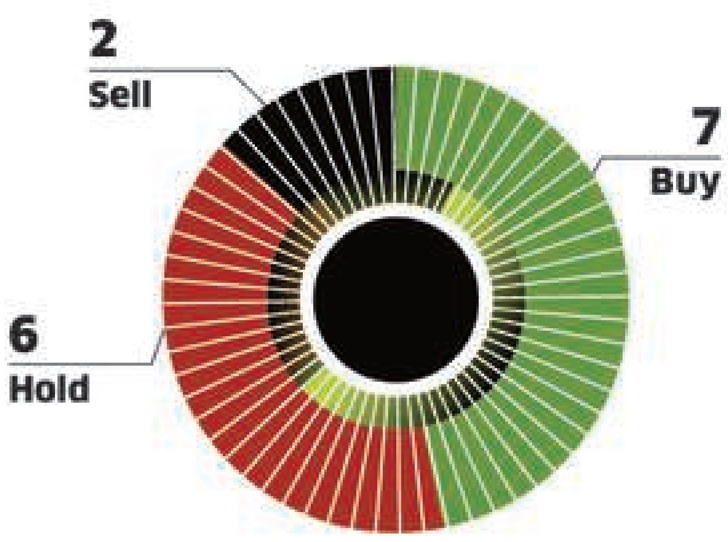
CG Power and Industrial Solutions reported a massive consolidated net loss of ₹1,166 crore in 2017-18, mainly due to the delay in the sale of its loss-making unit in Hungary. The sale was expected to be completed by March 2018, but got delayed due to general elections in the country. As a new government is now in place in Hungary, analysts are hopeful that the unit will be divested soon. Investors should note that the quarterly loss from this subsidiary—around ₹100 crore per quarter—will continue to impact the company's consolidated numbers till this sale happens.

Analysts are hopeful that CG Power's consolidated earnings will recover in the coming years because of the current low base and its planned exit from loss-making overseas assets. During the past two years, CG Power has sold several loss-making global subsidiaries as it focuses on its profit-making units.

The company's Indonesian power transformers business is doing well now and has an order book of ₹900 crore. Though not making net profits due to higher depreciation cost because of higher R&D expenses, its business in Sweden is also positive at the EBITDA level. EBITDA stands for earnings before interest, tax, depreciation and amortisation. Though CG Power was planning to sell its business in Belgium and Ireland, its management may now relook at them because of improvement in operations—Belgium operations have already turned EBITDA positive.

Continued good performance of its domestic business, which constitutes around 80% of the company's consolidated revenue, is another factor making analysts bullish on this counter. CG Power's domestic business grew 22% in the fourth quarter of 2017-18. Analysts are also hopeful about the company's debt restructuring plan. Its consolidated debt at the end of 2017-18 was placed at ₹24,500 crore. While ongoing businesses make up for 74% of this debt, the rest is attributable businesses whose operations have now been stopped. The debt therefore will come down when these businesses are divested. For instance, the sale of the Hungary unit will help CG Power bring down its debt by ₹2,500 crore. The company's plan to replace domestic debt worth ₹1,100 crore with foreign debt in 2018-19 will also help it to bring down interest costs. However, short-term pressures on the company will continue and, therefore, only investors with long-term investment horizon should consider getting into this counter.

Analysts' views



Divestment plans of loss-making overseas businesses, good performance of domestic business, debt reduction plans, healthy order book of its Indonesian unit have made analysts bullish on CG Power.

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	
	2016-17	2017-18	2018-19	2019-20
Net revenue (₹ cr)	6,119.75	6,188.63	6,943.73	7,730.22
EBITDA (₹ cr)	470.21	455.00	589.58	694.86
Net profit (₹ cr)	105.40	-83.40	184.15	296.49
EPS (₹)	1.68	-1.76	3.05	4.68

Valuation

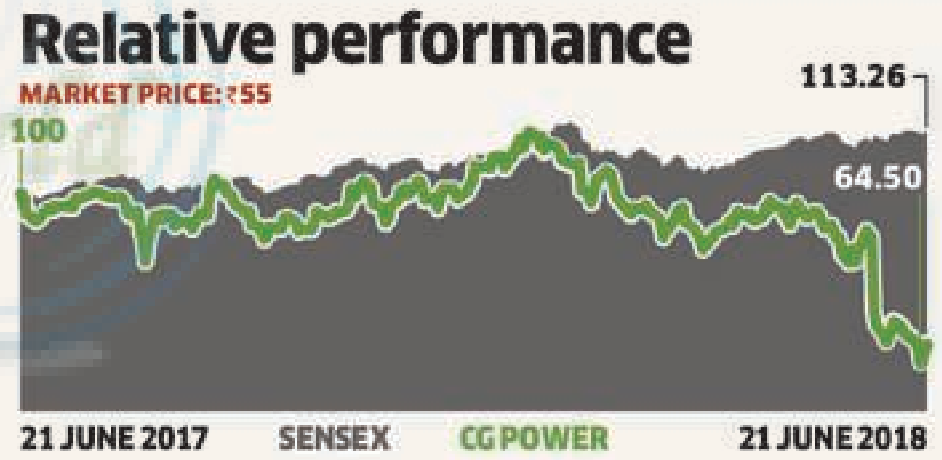
	PBV	PE	DIVIDEND YIELD (%)
CG Power and Industrial Solutions	1.27	-2.96	0.00
Siemens	4.61	29.60	0.70
Havells India	8.93	46.72	0.66
Bharat Heavy Electricals	0.85	34.20	1.40
ABB India	7.09	59.10	0.36

Latest brokerage calls

RECO DATE	RESEARCH HOUSE	ADVICE	TARGET PRICE (₹)
19 Jun '18	Kotak Securities	Buy	65
4 Jun '18	Elara Securities India	Buy	85
1 Jun '18	Antique Stock Broking	Buy	105
1 Jun '18	Edelweiss Capital	Hold	87
1 Jun '18	Macquarie	Outperform	83

Relative performance

MARKET PRICE: ₹55



PERFORMANCE OF CG POWER 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
IFGL Refractories	Centrum Broking	Buy	208	320	54	Maintain 'buy'. IFGL's revenue growth is expected at 15%-plus for 2018-19, led by pricing growth of 5-7% and volume growth of 8-10%. Margins are also improving due to operating leverage benefits.
Thangamayil Jewel.	HDFC securities	Buy	446	650	46	Initiate 'buy'. Thangamayil is a classic turnaround story. It is expected to deliver revenue and net profit CAGR of 18% and 31% respectively between 2017-18 and 2020-21.
RBL Bank	ICICI Securities	Buy	540	780	45	Initiate 'buy'. Due to its small size, high-growth rate and improving return on assets, RBL Bank has a huge opportunity to takeover the space being vacated by several PSU banks.
KNR Construction	Narnolia Securities	Buy	240	327	36	Upgrade to 'buy'. Due to order inflows of ₹4,500 crore in the fourth quarter, its order book stands at ₹6,793 crore and should help KNR report 30% revenue CAGR between 2017-18 and 2019-20.
Tejas Networks	Axis Capial	Buy	312	415	33	Reiterate 'buy'. Profitability should improve over 2-3 years as it stands to benefit from increasing fiber networks amid rising data demand, and increased demand for its products.
Amber Enterprises	Angel Broking	Buy	971	1,272	31	Initiate 'buy'. Amber Enterprises is in a sweet spot to capture the under-penetrated air conditioners market in India as it currently serves eight out of the 10 top room air conditioning brands in India.

SELL

*MARKET PRICE AS ON 21 JUNE

STOCK	RESEARCH HOUSE	ADVICE	MARKET PRICE* (₹)	1-YEAR TARGET PRICE (₹)	POTENTIAL DOWNSIDE (%)	COMMENT
Wipro	Jefferies India	Underperform	259	240	-7	Retain 'underperform'. Wipro has been a consistent underperformer with revenue growth trailing the industry each year since 2008-09 and its CAGR of 7% is half that of other tier-1 companies.

New taxpayer's outgo cut by 96%

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

Malavika Anil is 27 and works in Bengaluru. She has not done any tax planning yet and her only tax saving investment is the mandatory PF contribution. As a result, her tax will be close to ₹23,000 this year. Taxspanner estimates that Malavika can reduce her tax by more than ₹22,000 if she gets a few tax-free reimbursements, she utilises her Sec 80C investment limit and starts investing in the NPS.

Malavika's company has included LTA as a taxable allowance. If this is claimed once in a block of two years for travel, this allowance is tax free. Also, she should ask her company to offer some tax-free perks such as reimbursements of telephone and newspaper bills and also provide food coupons. If she gets ₹30,000 under these heads, her tax will reduce by about ₹6,200.

Next, she should invest under Sec 80C to reduce her tax. Given her age and the fact that she has no other investments, Malavika should start an SIP of ₹10,000 in an ELSS fund. She should also buy a term plan of ₹1 crore. It will cost her about ₹8,000-9,000 a year. These two steps will reduce her tax by almost ₹10,000. Another ₹5,200 can be saved if she invests ₹50,000 in the NPS under Sec 80CCD(1b). But this will also reduce her taxable income to less than ₹3.5 lakh, making her eligible for a relief of ₹2,500 under Sec 87A.

She can cut her tax further with a medical insurance plan for herself and her parents. A premium of ₹24,000 will cut her tax by ₹1,248.

INCOME FROM EMPLOYER

INCOME HEAD	CURRENT	SUGGESTED	ACTIONS TO TAKE
Basic salary and dearness allowance	2,71,356	2,71,356	
House rent allowance	1,08,540	1,08,540	
Special allowance	2,47,616	2,17,616 (reduce)	Reduce this taxable portion of the pay package.
Leave travel assistance	50,880	50,880	Can be tax free if claimed once in block of two years.
Telephone reimbursement	0	12,000 (increase)	These reimbursements are tax free against submission of actual bills.
Books and periodicals	0	6,000 (increase)	
Food coupons	0	12,000 (increase)	This is a tax free perk subject to limits.
Contribution to Provident Fund by employer	21,600	21,600	
Contribution to NPS under Sec 80CCD(2d)	0	0	Up to 10% of basic salary put in NPS is tax deductible.
TOTAL	6,99,992	6,99,992	

+ INCOME FROM OTHER SOURCES

Interest income	2,000	2,000
Capital gains	0	0
Rental income	0	0
TOTAL	2,000	2,000

All figures are in ₹

Denotes suggestion to increase Denotes suggestion to reduce

Tax-saving investments

INCOME HEAD	CURRENT (₹)	SUGGESTED (₹)	
Provident Fund contribution	21,600	21,600	
Life insurance	0	9,000	Buy a term insurance cover of ₹1 crore.
ELSS tax-saving mutual funds	0	1,20,000	Start SIP of ₹10,000 in an ELSS fund.
NPS under Sec 80CCD(1b)	0	50,000	Consider this new tax saving option to save for retirement.
TOTAL ADMISSIBLE	21,600	2,00,000	

Other deductions

INCOME HEAD	CURRENT (₹)	SUGGESTED (₹)	
HRA exemption	68,864	68,864	
Medical insurance for self, parents	0	24,000	Buy health insurance for self and parents.
TOTAL	68,864	92,864	

MALAVIKA ANIL'S TAX

	TAX ON SALARY	TAX ON OTHER INCOME	TAX ON CAPITAL GAINS
CURRENT	₹22,969	Nil	Nil
	₹22,969		
SUGGESTED	₹807	Nil	Nil
	₹807		

TOTAL TAX SAVED

₹22,162

PER YEAR

TAX RATIO

(Total tax as % of annual income)

EXISTING (₹)	SUGGESTED (₹)
3.3%	0.1%

WRITE TO US FOR HELP

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

6 WAYS TO MAKE FACEBOOK MORE SECURE

The debate rages on about data security on social media sites, and Facebook is no exception. **Karan Bajaj** tells you about some of the platform's less known privacy features that you can enable.

1 Protect your profile picture

Your profile picture is used as a primary tool for identification on social media. Trouble is, anyone can create a fake Facebook account using your name and even your actual profile picture. To stop this from happening, Facebook has added a feature called 'Profile picture guard'. Open your Facebook profile and click on the current profile picture (don't click on 'Update profile picture'). When the profile picture opens up, click on options at the bottom of the image and select 'Turn on profile picture guard'. A blue shield will appear on your picture and no one will be able to share or download it anymore.

2 Make your friends authenticators

If Facebook detects an unrecognised login or hacking attempt, it will lock down your account, and you wouldn't be able to access it. The process to regain access to your account used to be a long one and complicated one, but now Facebook allows you to simply choose up to five trusted friends who can help you regain access to your account. Go to Settings > Security and login > Choose friends to contact, and select at least three people from your friend list. If you get locked out, these friends can send you verification codes for authentication to help you regain access to your account.

3 Know which devices you use

Under Settings > Security and Login, Facebook shows a section called 'Where you're logged in'. This section lists all the devices (laptop, phone, tablet etc.) on which you have logged in to your Facebook account. Remove any devices you don't recognise or don't have access to anymore. If you're unsure of the status of certain devices, we recommend that you use the 'Log out of all sessions' option, and log in afresh. This will ensure no one else has access to your Facebook account.

4 View all your information

When you open your Facebook account settings, you will notice a new menu item on the left – 'Your Facebook information'. Facebook has consolidated access to all of your information on a single page. You can view information about you by category (posts, photos, comments, likes, etc.) and download any information you want. You can even view and manage your activity log from this page and control which of your activities appear on your friends' timelines.

5 Manage your Facebook data

In the Facebook Information page, you also have a shortcut to 'Manage your data'. When you access this feature, you need to select if you want to manage data on Facebook or Instagram. For Facebook, you get advanced control on how and where Facebook uses any of your data. You can manage your location data, control contacts uploaded to Facebook, face recognition setting, ad preference and various other features.

6 Control your third party login

The majority of websites and apps give you the option to log in using your Facebook account instead of creating a new account from scratch. While this makes things easier, we often forget to revoke Facebook access for these third-party apps and websites when we stop using them. Head to Settings > Apps and websites. You will see a list of all the active apps and websites that have access to your Facebook account. You can choose the apps you want to remove from the list, as well as delete any posts that a particular app or website might have published on your behalf.

Scale down retirement target to fit in other goals

Raghavendra Naik, 44, is investing in equity funds for his daughter's education and marriage, and his retirement. Here's what the doctor has advised him:

GOALS

1	2	3
DAUGHTER'S EDUCATION: 14 years	**DAUGHTER'S MARRIAGE: 21** years	**RETIREMENT: 16** years
PRESENT COST: ₹**15 lakh**	PRESENT COST: ₹**12 lakh**	PRESENT COST: ₹**1.25 crore**
FUTURE COST: ₹**57 lakh**	FUTURE COST: ₹**50 lakh**	FUTURE COST: ₹**3.57 crore**

PORTFOLIO CHECK-UP

- Investments are in in good equity schemes, but need to be consolidated.
- Child's education and marriage goals can be met by hiking the SIP amount by 10% per annum.
- Retirement target of ₹5 crore is too high; scaled down 33% to match income and investible surplus.
- Provident Fund not mentioned. Corpus is assumed to be ₹25 lakh and monthly contribution ₹8,000.

Note from the doctor

- As goals are long-term, equity funds are most suitable.
- Review investments and rebalance the portfolio at least once a year.

INVESTOR'S EXISTING PORTFOLIO

Goal	FUND NAME*	AMOUNT INVESTED (₹)	EXISTING SIP (₹)	RECOMMENDED ACTION	NEW SIP (₹)
1	Aditya Birla SL Frontline Equity	4,64,155	5,000	Continue SIPs in this large-cap fund and increase amount by 10% every year.	5,000
2	HDFC Mid Cap Opportunities	78,814	2,000	Continue SIPs in this outperforming mid-cap fund and increase amount by 10% every year.	2,000
	DSP BlackRock Small Cap	22,696	2,000	Continue investing in this outperformer and increase amount by 10% every year.	2,000
3	Franklin India Smaller Cos	14,936	2,000	Switch to better performing Franklin India Equity Advantage. Hike SIP by 10% every year.	2,000
	HDFC Hybrid Equity	77,102	2,000	Switch to better performing HDFC Capital Builder Value. Hike amount by 10% every year.	2,000
	HDFC Top 100	2,59,732	0		
	HDFC Hybrid Debt	51,510	0	Consolidate portfolio by switching to HDFC Capital Builder Value Fund.	
	HDFC Balanced Advantage	54,765	0		
	ICICI Pru Value Discovery	21,411	2,000	Continue investing in this outperforming large-cap fund. Increase SIP by 10% every year.	2,000
	ICICI Pru Bluechip Equity	4,26,427	5,000	Continue investing in this outperforming large-cap fund. Increase SIP by 10% every year.	5,000
	IDFC Multi-Cap	4,71,652	2,000	Switch to better performing IDFC Core Equity and hike SIP amount by 10% every year.	2,000
	UTI Equity	57,771	0	Hold this large-cap equity fund.	
	Provident Fund (assumed sum)	25,00,000	8,000	Continue contributing and don't withdraw till retirement.	8,000
	TOTAL	**₹45,00,971**	**₹30,000**	The goals can be reached using the mutual funds marked in the same colour.	**₹30,000**

Don't use fixed deposits for long-term goals

Arun Prasad, 41, has invested in equity funds and fixed deposits for the higher education of his two daughters. Here's what the doctor has advised him:

GOALS

1	2
FIRST DAUGHTER'S EDUCATION: 8 years	**SECOND DAUGHTER'S EDUCATION: 10** years
PRESENT COST: ₹**20 lakh**	PRESENT COST: ₹**20 lakh**
FUTURE COST: ₹**42.9 lakh**	FUTURE COST: ₹**51.9 lakh**

Goal	FUND NAME*	AMOUNT INVESTED (₹)	EXISTING SIP (₹)	RECOMMENDED ACTION	NEW SIP (₹)
1	Kotak Select Focus	32,450	5,000	It's a good scheme, so continue SIPs and increase amount by 10% every year.	5,000
	SBI Bluechip	31,670	5,000	It's a stable large-cap scheme, continue SIPs and increase amount by 10% every year.	5,000
	Fixed deposits	10,00,000	0	Switch to short-term debt fund and start systematic transfer plan of ₹10,000 per month into equity fund.	10,000
2	ABSL Frontline Equity	0	0	Start SIP of ₹7,000 in this well-performing multi-cap fund. Hike the amount by 10% every year.	7,000
	Fixed deposits	10,00,000	0	Shift to a short-term debt fund and start systematic transfer plan of ₹8,000 per month into equity fund.	8,000
	TOTAL	**₹20,64,120**	**₹10,000**	*Some of the fund names may have changed.	**₹35,000**

PORTFOLIO CHECK-UP

- Started late and yet not saving enough to meet goals. Must increase investment by at least ₹7,000.
- Marriage goals cannot be met because of paucity of resources.
- A large sum is invested in tax-inefficient and low-yield fixed deposits.
- Shift money from FDs into equity mutual funds in a systematic manner.

PORTFOLIO DOCTOR

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

Assumptions used in the calculations

INFLATION

Education expenses	For all other goals
10%	7%

RETURNS

Equity funds	Debt options
12%	8%

PORTFOLIOS ANALYSED BY

RAJ KHOSLA, Managing Director and Founder, MyMoneyMantra

WRITE TO US FOR HELP

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

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

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

This refers to the cover story, 'Home loan rate hike: What you should do'. Many of us realised long ago that locking up our savings by investing in real estate was not a lucrative idea. The maintenance cost and related expenditures that come with renting out a property are steep. At the end of the day, the returns are poor and this is one of the reasons why the property market is sluggish today. The investment is also illiquid and owners often struggle to sell their property when they need the money and end up selling at a loss.
Iyer Venkatakrishnan

For most Indians, who take a home loan of ₹50 lakh, a ₹317 hike in EMI will perhaps not matter much. As things stand today, the amount will not even be enough to pay for a meal for a family at a decent restaurant.
Kiran

The government should build high-speed corridors to encourage people and businesses to move out of cities. This would stop real estate prices from spiraling further.
Roger Snow

Further hike in rates needed

Apropos of the cover story, 'Home loan rate hike: What you should do', I think home loan interest rates should be raised further. That is because those who are buying now are actually investors. Actual home buyers, who do not have a house to stay in, cannot afford the real estate prices anyway.
A. Barbosa

This is in reference to the story, 'Why Bharat ETF is not a good option'. The days of making money from stocks are coming to an end. The real returns for honest investors will soon be around 5%, of which taxation will eat away a chunk.
Ravi Ramnath

This is in reference to Nimesh Shah's interview. The ICICI Bharat 22 ETF has given poor returns from the word go. Why should we buy into the second tranche of this fund given its terrible performance till date? It makes no sense at all for investors.
Nik

The story, 'Is the worst over for PSU banks'? was timely. Net NPA recognition in PSU banks involves the big-ticket loans. However, there are numerous defaults on small loans as well, that can add up to a lot. The worst is definitely not over. One should wait and watch to see how the net NPA figures unfold and how the banks deal with the stress.
R.Ghosh

I think the RBI needs to answer why it did not see the NPA crisis coming. If it did, why didn't it nip the problem in the bud, instead of letting it get out of hand?
Shivam Dave

The story, 'Get ready for a hike in PPF, NSC rates', was informative. The time is ripe for a hike in interest rates of small savings schemes. It will provide necessary relief from increasing inflation and expenses that the common citizen have been burdened with. Hope the rate hike will be substantial as it used to be earlier.
S. Challawala

REALTY HOT SPOT

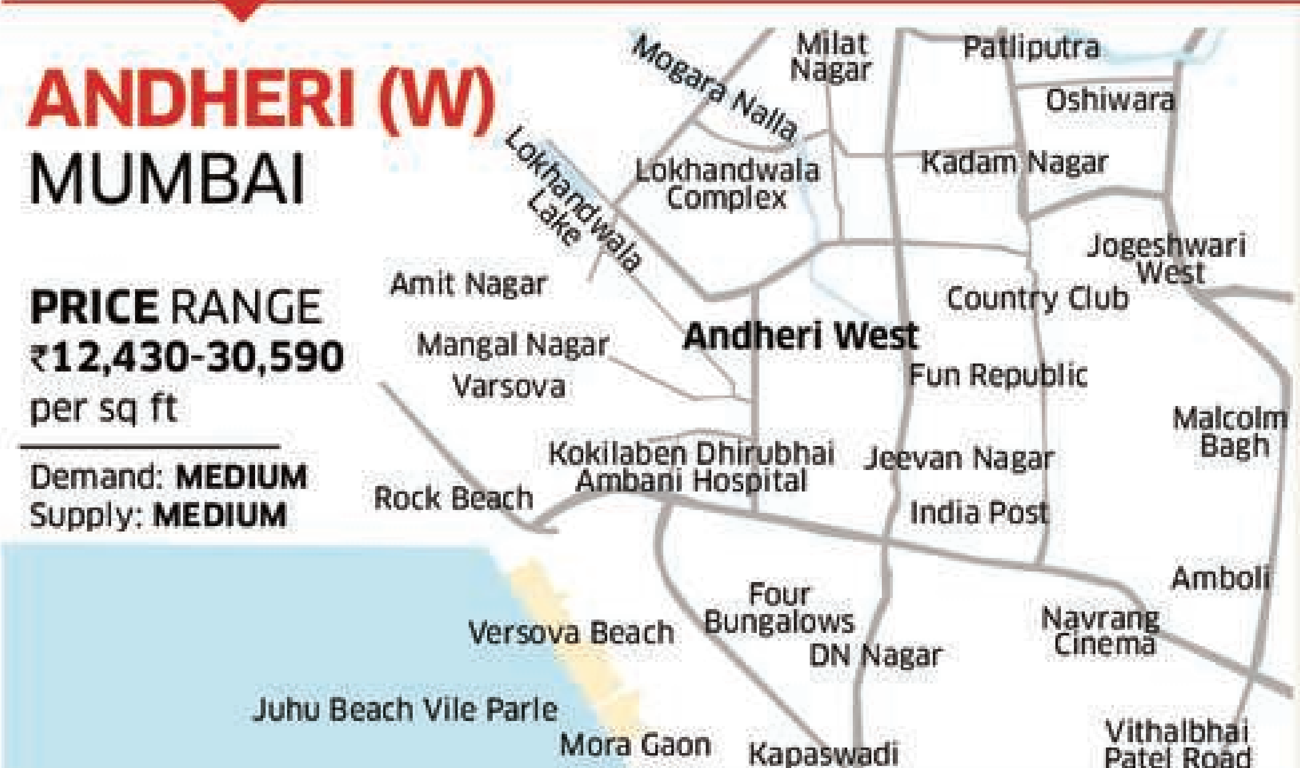
An old favourite of home buyers

Great connectivity and infrastructure have kept prices buoyant in this Mumbai suburb.

ANDHERI (W)
MUMBAI

PRICE RANGE
₹12,430-30,590 per sq ft

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



Distance from:

Airport: 11 km | Railway station: 5 km | WEH: 4 km

HIGHLIGHTS

- Well-connected to IT parks in proximity
- Close to a number of famous shopping malls
- Andheri and Laxmi Industrial Estates provide jobs
- Key hospitals situated close to the locality
- Extensive connectivity through roads, metro and rail

LOCALITY SNAPSHOT

Schools 15+ | Hospitals 10+ | Restaurants 15+
Banks 12+ | Grocery Stores 14+ | Petrol Pumps 8+

PROPERTIES AVAILABLE

₹1.15 crore (avg)
1 BHK: 620 (avg sq ft)

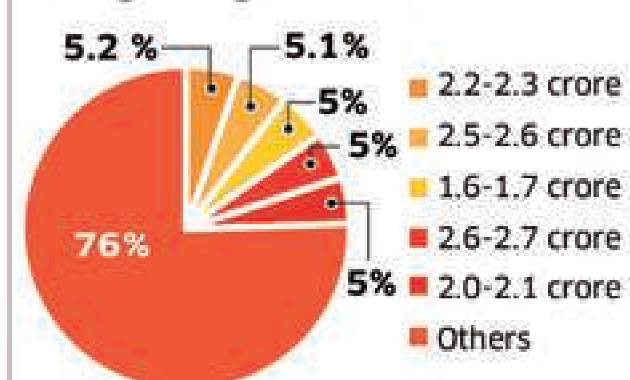
₹3.80 crore (avg)
3 BHK: 1,660 (avg sq ft)

₹2.10 crore (avg)
2 BHK: 1,080 (avg sq ft)

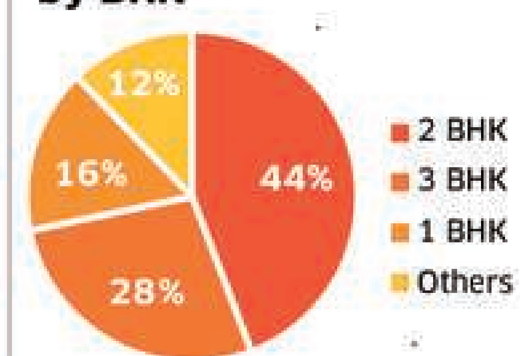
₹6.50 crore (avg)
4 BHK: 2,430 (avg sq ft)

LOCALITY	VALUES: Price (₹/sqft)	VALUES: Rental (₹/month)
Andheri West	17,840-28,740	51,400-81,300
Lokhandwala	20,080-30,590	51,000-78,600
Amboli	16,690-27,120	31,300-47,300
Versova	16,050-28,540	38,400-66,300
Jogeshwari West	12,430-20,280	31,300-49,500
Seven Bungalows	19,780-28,980	45,700-69,800
DN Nagar	17,500-28,930	62,800-95,700
Oshiwara	14,770-27,180	56,700-87,600

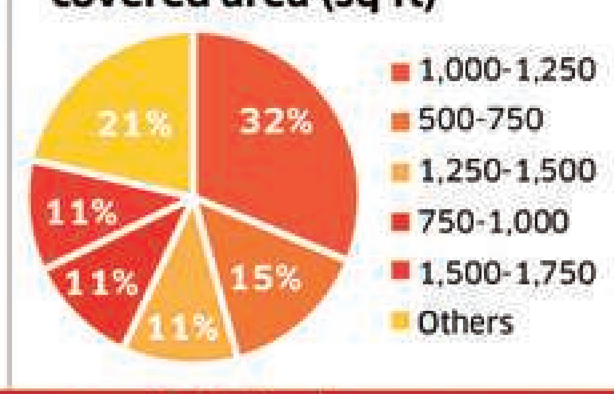
Consumer preference by budget segment (₹)



Consumer preference by BHK



Consumer preference by covered area (sq ft)



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Delivering goods at your doorstep

This NCR-based hyperlocal delivery platform offers last mile delivery solutions to local businesses.

by **Vinay Dwivedi**

The entrepreneurial culture at Flipkart inspired Vivek Pandey to start his own business. He was particularly impressed by the last mile delivery network built by his former employer. "I wanted to extend the same reach and delivery capabilities to offline stores to enable quick and economical last mile delivery," says 38-year-old Pandey.

In January 2016, along with Bharat Khandelwal, he founded NOW Delivery, an on-demand delivery platform providing last mile logistic services to offline retail players. "We started out as a hybrid platform for bike taxis and last mile delivery, however, we soon pivoted to just last mile delivery services," says Pandey, Co-founder and CEO.

The startup operates as a marketplace and has 200-plus retailers including food and beverage companies and pharma chains on its platform. Prominent clients include Pizza Hut, KFC, Burger King, Subway, Fortis and Apollo Pharmacies. Retail clients push orders to NOW Delivery and the orders are then executed by delivery partners, who are paid on per order basis. The Noida-based startup has more than 1,500 delivery partners on its platform and operates in NCR and Bengaluru.

The initial challenge for NOW Delivery was to train its delivery partners on using its platform. "While in the cab-hailing space, app usage has been quite prevalent, it was a relatively novel concept in the delivery space—bikers using an app to access delivery opportunities," says Pandey.

The men in charge: Vivek Pandey (left) and Bharat Khandelwal

In addition to creating a comprehensive and easy-to-understand training module for delivery partners, the co-founders personally trained them on how to use their app to take orders. "We introduced our app in both English and Hindi to reduce language constraints and make it easy for our delivery partners to use it," says 35-year-old Khandelwal, Co-founder and COO. The founders also trained merchants on how to push orders via the NOW Delivery platform.

The startup's other challenge was to bring about a behavioural shift. People in the logistics sector, those with experience in the courier/e-commmerce space, were used to making scheduled deliveries, so picking up instant orders required a shift from the fixed, time-table based work culture. NOW Delivery has managed to helped bring about this change: The platform now helps execute more than 5,000 deliveries per day for about 100 clients across outlets.

The founders, who invested ₹25 lakh in building the product, and bringing delivery partners and merchants on the platform, have drawn investors' interest. They raised seed funding of about ₹3.5 crore in 2016 and another ₹3.5 crore in the first half of 2017 from a clutch of investors.

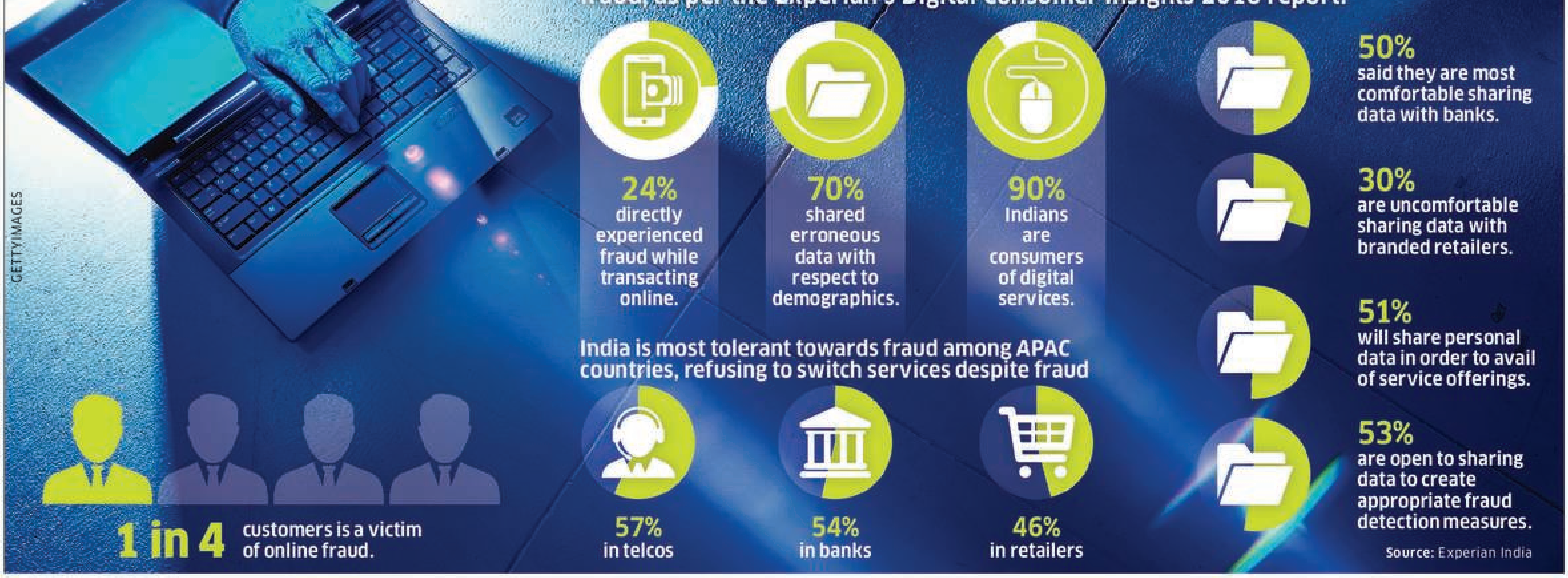
The company, which closed 2017-18 with a revenue of ₹3.5 crore, expects to increase its top line to ₹18 crore in 2018-19. "We have all the top F&B and healthcare chains in India as partners, so we have a huge captive business from our existing clients. They have close to 1,500 outlets across India which implies a potential of over 50,000 orders a day," says Pandey.

The startup is currently focusing on greater penetration in NCR and Bengaluru—scaling to 25-30,000 orders a day—and aims to start operations in other metros in the next 12-15 months. "Business expansion would also include launching new delivery categories such as milk, fresh fruits, and diagnostics, among others. This will increase the utilisation of our delivery partners," says Khandelwal.

Please send your feedback to etwealth@timesgroup.com

Digitally active Indians are neither aware, nor secure

The demand for online convenience in India is linked to a heightened threat of fraud, as per the Experian's Digital Consumer Insights 2018 report.



Source: Experian India