GST: The Game Changer

If the government overcomes legislative hurdles, GST can transform the economy.
Is there money to be made in Liquid Funds?

Saving money is a good habit, but investing it in Liquid Mutual Funds is even better. Your money does better in a liquid mutual fund than in a current or savings account. You can even invest for a single day!

To know more email: deutsche.mutual@db.com

An investor education initiative from
Deutsche Mutual Fund

www.dws-india.com

Mutual Fund investments are subject to market risks; read all scheme related documents carefully.
Investing in mutual funds is a lot like getting married. You need to think long-term.

To get the most out of mutual funds, you need to stay invested in them for a reasonable period of time. Staying invested in the right funds takes you one step closer to a smarter tomorrow - the dream of being financially secure and unburdened.

To know more, visit smarTomorrows.in or call 1800 209 2726.
GST: Will It, Won’t It

The Goods and Services Tax (GST) Bill is a piece of Central government legislation that has lauded as the single biggest reformist measure taken up by the Narendra Modi government. But as the first week of the Monsoon Session indicates, the Parliament may end up conducting very little business, washing away the already slender hopes of the GST Bill being passed. Many perceptive analysts have likened GST to a ‘free trade agreement’ that India must enter with itself. Our cover story argues that given its transformative potential, the government would be vindicated if it invests a big chunk of its political capital in making GST a timely reality.

In the piece, leading market analyst Phani Sekhar says that our current system of indirect taxation is a cesspool of inefficiency representing institutionalized adhocism in formulating tax policies. Ill conceived tax policies do more harm to the economy than under-taxation. As a result, tax evasion became a norm for business survival leading to creation of vested interests. We have a labyrinth of taxes at the Central and State Level which levy cascading taxation on the same value added to the product inflating the selling price in the hands of the consumer. In this backdrop, the move towards a nationwide Goods and Services Tax (GST) is a step in the right direction; albeit a delayed one.

Gold as an asset class has lost its sheen over the last couple of years. With prices tumbling further in the last few weeks, bearishness reigns in the global markets about the yellow metal. After data emerged of lower than expected accumulation of gold by the Chinese central bank over last few year, there was a massive attack on gold prices. It slid past the technically significant level of $1143/troy oz and dropped all the way to $1077/troy oz before recovering a bit.

In a special story on gold, KP Jeewan tries to find an answer to the question how much further the precious metal will fall. Technically $1064/troy oz is a strong Fibonacci level, above which $1084 zone is minor support level. Next strong support is at $940 levels.

Downside momentum usually is dictated by trader positioning. Given the prolonged disinterest in the asset class it would be surprising if there are significant long positions left at this level to unwind. Hence analyst predictions of $800 or Rs 22,000 are probably an exaggeration. Contrary to the prevailing analysis, it may not be a bad time to plate your portfolio with a bit of gold!
MANY HAVE POTENTIAL.
WE PICK THOSE THAT ARE
A CUT ABOVE THE REST.

Invest In SBI Magnum Global Fund.

SBI Magnum Global Fund, an open-ended equity scheme, is focused on opportunities in the mid-cap space. The fund follows a bottom-up investment approach with an aim to capture potential in these high-growth companies, thereby enabling your investment to grow.

Add SBI Magnum Global Fund to your portfolio and aim for long-term growth potential.

<table>
<thead>
<tr>
<th>This product is suitable for investors who are seeking ^:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Long-term growth opportunity.</td>
</tr>
<tr>
<td>• Investments in Indian equities, PCDs and FCDs from selected industries with high-growth potential to provide investors maximum growth opportunity.</td>
</tr>
</tbody>
</table>

^ Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.
CONTENTS

18 GST Goldmine
If the government can solve the legislative puzzle, GST could be a game changer

24 Balancing
How to ensure inflation does not eat into your investments

34 Interview
Jinesh Gopani, Fund Manager, Axis AMC

Yashish Dahiya
ULIPs – From Chequered Past, To An Unsure Future?

Jeffrey D. Sachs
Germany, Greece, And The Future Of Europe

Arvind Jain
Buying A Home: The Problems With Waiting Too Long
With the proliferation of smartphones and tablet devices, reading habits are slowly but surely changing. We understand the importance of giving readers a cross-platform choice to access the magazine. The Finapolis is now available in a digital avatar as well via a global publishing platform such as Magzter and Indiamags. Besides allowing you to read on the go, the digital version offers an enhanced reading experience. It also eliminates delivery delays. You can download the digital magazine on the first day of every month. Go to www.magzter.com, Indiamags.com or Rockstand mobile app, search for 'The Finapolis', sample some pages of the digital magazine, and buy a subscription through your netbanking or credit card account. A one-year subscription for The Finapolis digital costs only Rs 540. You need to have a device that runs on Apple’s iOs, Android or Windows 8 operating system. Do let us know what you think of the digital experience by writing in to feedback@thefinapolis.com.
inbox

Filmy way to explicate Financial Planning Lessons

July edition had very filmy cover story by your magazine. I could have never imagined drawing financial planning lessons from romantic comedy movie like *Tanu Weds Manu Returns*. After reading the article, I felt getting connected with lesson three since it seemed my own story of multiple love interests with varied asset classes. I have even decided to move on from non performing stocks lying idle in the portfolio from long time.

- Ankur Tanna, Udaipur

Understanding ‘Mutual Fund Risk’ The IPL Way

The investment connect with Indian Premier League was very creative thought. The risk involved while investing in mutual funds is explained in very lucid way. After understanding the investment cycle and behaviour of returns from mutual fund over the long term have decided to continue with investments in systematic way despite changing environment.

- Milan Sheth, Mumbai

Lessons from Telangana

The industrial policy framed by Telangana government led by Mr K Chandrasekhar Rao seems business friendly. Implementing such policies by Modi government at a national level could be a challenging task. However, if such policy is executed at national level I am expecting turnaround time for clearance of major projects to decrease drastically and contributing to growth in economy at higher pace.

- Ritesh Chopra, Chandigarh

Tips to get home loan

I believe due to excess supply of houses in tier I and tier II cities the prices of real estate has dropped marginally compare to last year. Article on “Ways to Increase Your Home Loan Chances” has explained each point acutely with supportive examples.

- Lokesh Ranawat, Nashik

Drink, Drunk, Drive, Dead

Your article about Alcohol and Insurance was indeed an informative piece. There has been an increase in drunk and driving accidents over the last few months. It’s very well said, “Driving under the influence of alcohol is a serious offence as it could result in loss of life – either of the alcohol consumer (driver) or of a third party.” The information in article with respect to getting insured for health and life policies under an addiction of alcohol was valuable.

- Ranjit Patil, Solapur

Disclaimer: The technical studies / analysis discussed here can be at odds with our fundamental views / analysis. The information and views presented in this report are prepared by Karvy Consultants Limited. The information contained herein is based on our analysis and upon sources that we consider reliable. We, however, do not vouch for the accuracy or the completeness thereof. This material is for personal information and we are not responsible for any loss incurred based upon it. The investments discussed or recommended in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advice, as they believe necessary.

While acting upon any information or analysis mentioned in this report, investors may please note that neither Karvy nor Karvy Consultants nor any person connected with any associate companies of Karvy accepts any liability arising from the use of this information and views mentioned in this document. The author, directors and other employees of Karvy and its affiliates may hold long or short positions in the above mentioned companies from time to time. Every employee of Karvy and its associated companies is required to disclose his/her individual stock holdings and details of trades, if any, that they undertake. The team rendering corporate analysis and investment recommendations are restricted in purchasing/selling of shares or other securities till such a time this recommendation has either been displayed or has been forwarded to clients of Karvy. All employees are further restricted to place orders only through Karvy Consultants Ltd. This report is intended for a restricted audience and we are not soliciting any action based on it. Neither the information nor any opinion expressed herein constitutes an offer or an invitation to make an offer, to buy or sell any securities, or any options, futures or other derivatives related to such securities.

Send your feedback and views on *The Finapolis* to feedback@thefinapolis.com
EVERY EARNINGS SEASON, INDIA CHOOSES CNBC-TV18.

Every quarter, India’s biggest companies speak FIRST to CNBC-TV18, India’s most trusted and preferred business news channel. When it comes to important economic events, India chooses CNBC-TV18. Follow the Leader.

62% 22% 8.1% 7.8%

CNBC-TV18 ET Now NDTV Profit Bloomberg TV

Viewership Last Earnings Season

Source: TAM | Viewership Last Earnings Season (Wk 15 to Wk 22) | CS AB Males 25+ | All India Weekdays, 06 to 24 hours | Market shares basis GTVs | Excluding NDTV Prime

BOARDROOM EARNINGS SEASON
All through this month
It’s PE Season On Deal Street

Private equity (PE) deal activity has seen substantial growth in terms of volume and value, even though average deal size has reduced due to the ripple effect created by the e-commerce boom and increased investor interest in start-ups, according to a new report on the sector by Grant Thornton. Mergers and acquisitions (M&A) and PE deals in first half (H1) of 2015 grew 33% year in volume.

### M&A and PE deals between 2013–H1 2015

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Volume</th>
<th>Value ($ mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>116</td>
<td>114</td>
</tr>
<tr>
<td>Cross-border</td>
<td>114</td>
<td>133</td>
</tr>
<tr>
<td>Merger &amp; internal restructuring</td>
<td>25</td>
<td>22</td>
</tr>
<tr>
<td>Total M&amp;A</td>
<td>255</td>
<td>269</td>
</tr>
<tr>
<td>Private equity</td>
<td>206</td>
<td>285</td>
</tr>
<tr>
<td>Grand Total</td>
<td>461</td>
<td>554</td>
</tr>
</tbody>
</table>

Source: Grant Thornton Report

Some M&A highlights

➤ The market had 739 deals worth $22.8 billion (between Jan-June 2015) which is higher in volume compare to 554 deals worth $22.3 billion (calendar year 2014) but in value terms it remains flat.

➤ M&A deal value dropped to $15.8 billion (277 deals) in H1 2015 compared to $17.1 billion (269 deals) in calendar year 2014.

### The key PE deals reported in H1 2015 include:

➤ Apax Partners Llp’s investment in Shri Ram City Union Finance ($371 million)

➤ DST Global’s investment in Ola Cabs ($400 million)

➤ Carlyle Group’s investment in Magna Energy Ltd ($500 million)

The top three M&A deals reported in H1 2015 include:

➤ Enterprise Products Partners Ltd’s acquisition of Reliance Industries Ltd’s Eagle Ford Shale ($1.07 billion)

➤ Centerbridge Partners’ acquisition of Suzlon’s Senvion SE ($1.2 billion)

➤ Vedanta Ltd and Cairn India Ltd ($2.3 billion)

PSUs Turn To Tax Free Bonds For Rs 40k Crore Mop Up

The Central Board of Direct Taxes (CBDT) gave approval to seven Public Sector Undertaking (PSU)s for raising Rs 40,000 crore in FY16 by issuing tax free bonds. The National Highways Authority of India will raise Rs 24,000 crore, Indian Railways Finance Corporation Rs 6,000 crore, Housing Urban Development Corporation Rs 5,000 crore and few other PSUs.

The minimum denomination for these bonds could vary from Rs 1,000 to Rs 5,000. The investment tenure in these bonds will be between 10 to 20 years. The interest rates will be decided during the time of issue, higher then government securities (G-sec) rates at that time. As per circular, retail investors which include Hindu undivided family and Non-resident Indians can invest upto Rs 10 lakh in these bonds. Besides retail investors, qualified institutional buyers, corporates, trusts, partnership firms, limited liability partnerships, co-operative banks, regional rural banks and high net-worth individuals (HNIs) are entitled to subscribe in these bonds. The PSUs are eligible to raise 70% of the issue size through public offer and out of it 40% is reserved for retail investors. The remaining 30% of the issue size can be raised through private placement route.

An interest earned by investing in these bonds does not attract tax. These bonds are a win-win investment avenue for both the government PSUs and the investors.
The government is proposing a fixed deposit (FD) scheme as a gift for your beloved sister on the auspicious festival of Raksha Bandhan. The government proposes to top up the FD scheme free life and accident insurance cover to make it more attractive. The one-year life cover and accidental insurance scheme will be of rupees two lakhs respectively. The finance ministry has suggested brothers can gift FD of at least Rs 5,000 to their sisters under this scheme. The scheme will be called ‘Uphaar Yojana’ or ‘Raksha Bandhan Yojana’ when it gets rolled out. By introducing this scheme during festival period, government is hoping to bring the household savings of the lower income groups to the financial mainstream.

Lost Money In The Markets? Don’t Complain To Consumer Court

Usually, when equity markets zoom, small investors flock herdlike, often mistiming the entry. Many invest on the basis of recommendations offered by dodgy analysts and punters. However, when tide changes and investment starts registering losses same investors file a complaint against the brokerage firm at the consumer court.

Retail investors who lost money while trading in the stocks based on recommendations provided by the brokers can’t complain to consumer court clarified by the Securities and Exchange Board of India (SEBI).

To control rising number of such complaints, SEBI has put out a notice saying, “It may be noted that as per settled law, regular trading in shares to earn profits are in the nature of commercial transactions. Where a person engages a broker for the purpose of regular purchase and sale of shares, it falls within the scope of ‘commercial purpose’. Hence, any dispute arising solely out of such commercial transactions may not fall within the scope of the Consumer Protection Act, 1986 for the purpose of seeking any relief there under.” Don’t trust your broker blindly. Do your own research.

No Bundling Of Insurance With Loans

To stop the growing menace of insurance misselling by bancassurance and insurance companies, the insurance regulator has tightened the rules further. The Insurance Regulatory and Development Authority of India (IRDAI) is seeking an undertaking from banks that such forceful selling of policies doesn’t happen. The regulator has not taken kindly to some banks forcing customers to buy insurance as part of taking say a home or vehicle loan from the banks who also happen to be insurance distributors. The customers have the inviolable right not to buy insurance from the bank that is extending them the loan.

Government Plans To Introduce Raksha Bandhan Yojana
Controversial Housing.com CEO Finally Sacked

Online realty platform Housing.com sacked its CEO and co-founder of the company Rahul Yadav with immediate effect as on 1st July, 2015. Board members announced, “He will no longer be an employee of Housing and be associated with the company in any manner.” This decision was taken by board members of the company taking into account his controversial behavior towards investors and other CEOs.

The company was considered as one of the hottest startups with a vision to achieve great heights under the leadership of Rahul Yadav when it commenced operations 2012. During this term, the company expanded from its rent and resale postings to include paying guest/hostels facility, service apartments and plot projects across cities. During his term as CEO, company managed to obtain funding from venture capitalists at regular intervals which include SoftBank, Nexus Venture Partners, Helion Venture Partners, Falconedge, Zishan Hayath and Sequoia Capital. Until June’15, the company managed to raise $120 million across four institutional rounds.

The decision to sack co-founder and CEO of the company highlights power of investors to sack company promoter when they are non-performing or conducting inappropriate behavior with investors/competitors, etc. After ten days of firing CEO Rahul Yadav, board has appointed Rishabh Gupta to take over as Housing.com interim CEO.

Costly controversies between March-June 2015

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>March, 2015</td>
<td>Rahul Yadav sends an bold email to Sequoia India partner Shailendra Singh after he poached one the employees to join Sequoia Capital</td>
</tr>
<tr>
<td>March, 2015</td>
<td>Sends an email to his staff claiming rival MagicBricks, is trying to stop funding of Housing.com and is behind him to remove from the post of CEO</td>
</tr>
<tr>
<td>May, 2015</td>
<td>Sends resignation letter to board members and investors, saying they are not “intellectually capable enough for any discussion”</td>
</tr>
<tr>
<td>May, 2015</td>
<td>After five days of resignation - He withdraws the resignation letter with an apology to board members</td>
</tr>
<tr>
<td>May, 2015</td>
<td>Gives up all his shares worth up to Rs 200 crore to 2,251 employees</td>
</tr>
<tr>
<td>June, 2015</td>
<td>Remains in the news for controversial remarks to Infosys CEO Vishal Sikka, Zomato CEO Deepinder Goyal and Ola Cabs CEO Bhavish Aggarwal.</td>
</tr>
<tr>
<td>July, 2015</td>
<td>Board member sacked Rahul Yadav as CEO</td>
</tr>
</tbody>
</table>

“We are in the midst of or at the beginning of a super-cycle in domestic liquidity into equity shares into India. That story will play out over the next several months and quarters.”

- Ridham Desai, Managing Director and Head of India Research at Morgan Stanley.
Iran and six global powerful countries sealed a historic deal to restrain it from making a nuclear weapon and in return ending sanctions on the country which is likely to be positive for India and corporates.

**Benefit for Indian Economy**

India is one of the major importers for crude oil. Analysts expect, oversupply of crude oil in future post this deal. So, experts are expecting drop in prices of crude oil to $40 per barrel in excess supply situations. There may be less volatility in rupee which could bring down subsidy bill for the government.

**Benefits for Indian Corporates**

➤ The shipping and insurance costs will be lower while importing crude oil from Iran.
➤ Iran offers 90 days of credit period against 30 days by other Gulf countries.
➤ Working capital requirement of the companies will reduce leading to improvement in financials.
➤ The companies in oil / gas production and exploration also having business links to Iran may benefit the most. Some of the companies to gain from this deal are Mangalore Refinery and Petrochemicals Limited (MRPL), Aban Offshore, Oil India, Oil and Natural Gas Corporation Limited (ONGC), etc.
We take a look at the first quarter results and performance of some companies’ and figure out what impact it will have on their share prices.

**HDFC Bank**

HDFC Bank’s Q1FY16 results were beyond analyst estimates as the earnings grew by 29.7% YoY (3.2% QoQ) to Rs 29 bn mainly led by strong net interest income (NII) growth and improvement in cost to income ratio. NII has reported a strong growth of 23.5% YoY (6.2% QoQ) to Rs 41.9 bn. Advances grew by 22.4% YoY and 4.5% QoQ led by strong growth in retail advances which includes personal, business banking and home loans. Net interest margin (NIM) dipped by 10 bps QoQ to 4.3%. An asset quality also dipped marginally as gross non-performing asset (GNPA) and net non-performing asset (NNPA) increased by 5 and 7 bps to 0.95% and 0.27% respectively. HDFC Bank continues to report best in class asset quality. HDFC Bank has reported another quarter of stable performance backed by strong advances and core-fee income growth and stable capital adequacy ratio (CAR) whereas NIMs and asset quality dipped marginally. Analysts are expecting the earnings of the bank to grow by CAGR of 24% over FY15-17 led by 22% growth in advances. Based on valuation, it is likely stock price could move up to Rs 1198 offering a potential upside opportunity of 9%.

**Asian Paints**

Asian Paints Ltd’s (APL) Q1FY16 results beat analyst estimates. During the quarter, revenue increased 7.8% YoY to Rs 36.2 bn. Domestic paint business recorded 7.2% growth during the quarter whereas international business reported 10% YoY growth. Operating profit jumped 28.6% YoY to Rs 6.8 bn. Operating margin expanded by 310 bps YoY to 18.9%. A 370 bps decline in raw material cost was partially offset by 50 bps and 10 bps increase in other expenses and employee cost respectively. Net profit increased 34.4% YoY to Rs 4.6 bn which came significantly ahead of analyst estimates primarily due to higher than expected operating profit during the quarter.

APL’s Q1FY16 net profit after tax beat analyst estimates primarily due to softening in commodity prices. Considering quarterly performance, analysts have revised EPS estimates to Rs 19.3/share and Rs 22.3/share from Rs 18.5/share and Rs 21.8/share respectively. Considering, Q1FY16 performance and softened commodity prices APL is valued at 38x FY17. At current market price of Rs 816/share, the stock has potential upside of 5%.

**Lovable Lingerie**

Lovable Lingerie Ltd’s (LLL) revenue grew by 8% this year with a fall in EBITDA margin by 300 basis points. The rise in employee expenses and raw material cost coupled with lack of price hike created a pressure on EBITDA margins.

The board of LLL disclosed that it has entered into a Brand Sub-licensing Agreement with “Global Merchandising” (an Overseas company of Adidas Group) and acquired license of its brand to manufacture, distribute and sell the products in the Indian market as per terms and conditions stipulated in the agreement and thereby expand the market operations of the company by using the brand and developing its reputation as on November 10, 2014. However, investors are still awaiting for the details of the pact as if this gets implemented successfully, it can be a turnaround for LLL.

LLL is a focused player in the women innerwear segment of Indian apparel industry, with strong brand recall value. There are very few organized players in this industry in India and the market growth is in this sector is more than 13%, Lovable has immense opportunities in this sector. It’s likely that the company will be able to sort out its issues related to distributors. This would lead to improved revenues in the coming years, with the possibility of converting its potential into performance.

At current market price of Rs 295, the stock is trading at 23.5x and 19.2x of FY16 and FY17 EPS earnings respectively. With change in strategy, better realizations and improving operational efficiency and return ratios, there is an upside potential of 9%. The stock price could rise to Rs 320 over the next 12 months.
Inox Leisure

Inox Leisure Ltd (Inox) is the second largest player in the Indian movie exhibition industry and is narrowing its gap with the industry leader PVR on most of the metrics. Inox is expanding its presence and strengthening its foothold in movie exhibition industry. It has 372 screens in its kitty and is second largest player in Indian multiplex industry with market share of 22%. The company is planning to add 55-60 screens per annum for the next couple of years and has target of 557 screens by 2018. It’s expected the occupancy to improve on the back of improving movie content with couple of Salman Khan and Shahrukh Khan movies lined up in FY16 and FY17 along with Hollywood movies. Footfalls are likely to increase from 411 mn in FY15 to 55 mn in FY17 and grow at CAGR of 16% for FY15-17 and occupancy level is likely to be at 26% and 27% for FY16 and FY17 respectively.

Analysts value the company on the basis of EV/EBITDA and assign multiple of 10x to arrive at a target stock price of Rs.239 representing an upside of 20% over an investment horizon of 9-12 months.

Hindustan Unilever

During Q1FY16, Hindustan Unilever Ltd’s (HUL) revenues jumped 5.0% YoY to Rs 81.1 bn. The performance was much below estimates of analysts. The domestic consumer business grew by 5.3% led by 6% volume growth and flattish price realization. Operating profit increased 14.4% YoY to Rs 15.1 bn which was in line with estimates. The operating margin expanded by 150 bps YoY to 18.6% led by 360 bps drop in raw material costs but was partially offset by 200 bps increase in advertising and promotion spends. Net profit increased 3% YoY to Rs 10.6 bn. The net profit after tax decreased 0.7% YoY to Rs 10.5 bn.

Analysts continue to remain concerned about the rural growth, slowdown in the economy and trend reversal in the commodity prices. Based on valuation, it is likely stock price could decline to Rs 839 from current market price of Rs 891 with a downside of 6%.

ACC

ACC Ltd (ACC) Q2CY15 net sales was in-line with estimates by analysts though the cement volumes came marginally higher (declined 2.4% YoY against estimate of -4%) and realisation a tad lower (up 1% YoY vs. expectation of +2% YoY). EBITDA at Rs 2.8 bn was 9% lower than estimates on account of lower realisation. On account of lower margin and other income, adjusted PAT declined 45% YoY to Rs 1.3 bn.

Cement volumes declined by 6.3% YoY in HICY15 on account of poor demand across the regions and lack of expansion. Analysts believe growth in volumes driven by Jamul capacity expansion and pick-up in demand post monsoon. This might lead to enhance in EBITDA/tonne to Rs 873 by CY16 from Rs 516/tonne in CY14 with EBITDA CAGR of 35% over CY14-16. Considering positive factors discussed, it is likely stock price could move up to Rs 1556 with a potential upside opportunity of 5%.

Greaves Cotton

Greaves Cotton Ltd (Greaves) to gain from supply of engines to original equipment manufacturers (OEM) as the volumes are expected to reach to 4.1L and 4.7L during FY16-17 respectively and sales to reach to Rs 21,060 mn by growing at a CAGR of 11% by FY17.

It’s expected OEMs automotive segment to grow between 7-12% during FY16-17, which constitute a market of close to 50-55%, contributing over 60% of revenues by FY17. The non-automotive segment which comprises of powergen, industrial engines and farm equipment is estimated to grow at a CAGR of 12% between FY15-17 and to contribute close to 40% of revenues by FY17.

Greaves is expected to expand its EBITDA margin by over 515bps to 14.4% by FY17. The growth in EBITDA is estimated at a CAGR of 39% during FY15-17 which is mainly driven by the stable material cost, operational efficiency and close down of loss making infrastructure equipment business. This could be a sizeable saving to the operating earnings.

Analysts value Greaves at 18x FY17 EPS to one year forward Sensex P/E at 16.9x for FY16 EPS. Greaves share price could rise to Rs 149 implying an upside potential of 16% over the next one year.
The Ambition To Leap

If India continues on its current growth course, it could have a $5.6 trillion economy in 20 years. To create a $10 trillion economy, India will need to accelerate its growth to 9% CAGR over the next 20 years. A recent report by services firm PwC suggests the way forward.

The National Ambition

Building a $10 trillion economy

Creating New Capabilities

Five key themes for the corporate sector
To lead the Winning Leap, companies will have to address five key themes requiring new capabilities.
Solving Problems Across Sectors

Achieving the Winning Leap means finding solutions to some of India’s most persistent problems. As the country transforms, these must become vectors of growth not weights slowing the country’s rise.

### Healthcare
- Raising life expectancy
- 80 years
- 2034
- 2014: 66 years

### Manufacturing
- Increasing value-added manufacturing
- >25% of GDP
- 2034
- 2014: 12% of GDP

### Education
- Keeping children in school
- 10 years
- 2034
- 2014: 7 years

### Agriculture
- Improving productivity
- 7.4 tonnes/hectare
- 2034
- 2014: 4 tonnes/hectare

### Financial services
- Providing banking to more people
- 90% access
- 2034
- 2014: 35% access

### Retail
- Increasing the market share of organised retail
- 50% share
- 2034
- 2014: 8% share

### Power
- More and better power to more people
- 100% access
- 2034
- 2014: 75% access

### Urbanisation
- Modernising urban areas
- 650 mn people
- 2034
- 2014: 400 mn people

### Digital connectivity
- Broadening the network
- 80% access
- 2034
- 2014: 15% access

### Physical connectivity
- Reduce logistics cost
- 8% of GDP
- 2034
- 2014: 13% of GDP

---

**Taking The Right Sub-leaps**

<table>
<thead>
<tr>
<th>Fierce Catch-up</th>
<th>Significant Leap</th>
<th>Leapfrog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using traditional approaches or technologies—to surmount challenges—at an accelerated pace</td>
<td>Adopting new or different approaches and technologies that may have been developed elsewhere but that would also work in India</td>
<td>Skip a generation or create an entirely new method of business model or technology</td>
</tr>
</tbody>
</table>

Source and visualization: PwC, Future of India - The Winning Leap
A Goldmine Called GST

If legislative hurdles can be overcome in the current session of Parliament to pass the GST bill, it could virtually transform the Indian Economy By P Phani Sekhar

Our current system of indirect taxation is a cesspool of inefficiency representing institutionalized adhocism in formulating tax policies. Ill conceived tax policies do more harm to the economy than under-taxation. As a result, tax evasion became a norm for business survival leading to creation of vested interests. We have a labyrinth of taxes at the Central and State Level which levy cascading taxation on the same value added to the product inflating the selling price in the hands of the consumer.

Need for Goods and Services Tax (GST)

Under the current system of taxation, taxes cascade leading to higher overall taxation. For instance, a manufacturer buys raw material for Rs 100 paying an input taxation of Rs 10. If the manufacturer adds a value of Rs 50, the sale price to the wholesaler will be Rs 176 (Rs 100 + Rs 10 (Tax) + Rs 50 (Value addition) + Rs...
16 (10% Tax on Rs 160)). If the wholesaler adds a value of Rs 24, the before tax price of the product becomes Rs 200. The end consumer will ultimately pay Rs 220 (Rs 200 + Rs 20 (Tax at 10%)). The total tax paid on the product thus equals Rs 46 (Rs 10 + Rs 16 + Rs 20) while the intended tax was Rs 17.4 (Rs 10 + Rs 5 + Rs 2.4). Thus the consumer an additional tax of Rs 28.6 compared to that computed on the basis of value added at each stage.

Cascading taxes are turnover taxes which are applied at every stage in the supply chain, without any deduction for the tax paid at earlier stages. Such taxes are distorting in that they create an artificial incentive for vertical integration. They have been replaced in Europe and many other locations by a value added tax (VAT).

GST is a value added tax over the entire supply chain that avoids cascading of taxes. In the above example, the GST would have worked out to Rs 17.4 (Rs 10 + Rs 5 + Rs 2.4). Therefore the GST is a special sort of sales tax, commonly referred to as a value-added sales tax. This type is distinctive in that it only taxes the monetary value added to a product at different stages of the production process.

GST has the following two characteristics:

- **Consumption sales tax**: The GST is a consumption sales tax, which means that the party purchasing the product (the consumer) is responsible for paying the tax, as opposed to the “seller” of the product. If you purchase a candy from a candy store, you (as the consumer) are charged the GST in that particular transaction. This principle operates at all stages of production and distribution. Whenever a transaction occurs, be it at the manufacturing, distribution or retail stage, the party purchasing the good or service is required to pay the GST.

- **Percentage consumption tax**: It means that the amount of tax you pay is based on a certain percentage of the sale cost (before taxes) of the good or service you have purchased.

In India, GST will subsume the Central taxes such as Central Excise, Additional Customs Duty, Central Sales Tax, and CENVAT along with State Level taxes such as State Sales Tax, VAT and Municipal taxes such as Octroi, Entry tax, etc.

Moreover GST will have direct benefits for a variety of sectors in the economy. Few examples are:

1. **Banking and Financial Services**:
   - Banking operations will achieve greater scale as a large part of the economy comes under the purview of GST in order to claim input tax credits.
   - GST credits on purchase of goods expected to increase the overall credit pool.
   - Interest on loans expected to be taxed under GST.

2. **Infrastructure and real estate**:
   - Simplified levy and valuation on composite transactions by eliminating multiplicity of taxes such as VAT, service tax, entry tax etc.
   - Composite contracts likely to be

**Benefits of GST**

- **Avoidance of tax cascading**: Tax cascading significantly inflates the product prices while GST being a value added tax would reduce the end product prices.
- **One tax**: Subsuming all central and state taxes into one tax called GST will cut down on tax administration costs leading to lower cost of doing business.
- **India - A single market**: Currently, India is a fragmented market for a large number of products due to variety of municipal and state level taxes that hinder the free movement of goods from one part of the country to the other.
- **Elimination of tax controversies**: Many tax controversies exist including but not limited to classification, concept of manufacturing, identification and undue enrichment which will become redundant with the advent of GST.
- **Faster turnaround**: Productivity will improve by leaps and bounds as logistics service providers experience faster turnaround times as they no longer have to comply with entry formalities in different provinces.
- **Destination principle and zero rating**: GST will be collected by states that will consume (destination principle) while exports will benefit due to the principle of zero rating as taxes can’t be exported.
treated as “Services” eliminating the prospect of a lot of litigation.

3. IT & Telecom:
   i. Simplified levy and valuation on composite transactions by eliminating multiplicity of taxes such as VAT, service tax, entry tax etc.
   ii. End to classification disputes between goods and services for items such as sim cards, franchisee fees, AMC, etc.

4. Services:
   i. End to classification disputes between goods and services.
   ii. Lesser negative list to ensure higher tax compliance.

5. Manufacturing and retail:
   i. Full credit of tax on inter-state sale will reduce cost of procurement and production.
   ii. Credit of imported goods will make them cheaper for retailers.
   iii. Elimination of entry tax.
   iv. Increased fungibility of credit on goods and services.

6. Media and Hospitality:
   i. Eliminates multiplicity of taxes such as entertainment tax, luxury tax, VAT, etc.
   ii. Fungible credits between goods

   and services will benefit the media and entertainment sector the most. However GST implementation is not expected to be a smooth affair with a myriad of challenges. Some of the prominent challenges include:
   - Passage of constitutional amendment bill: A constitutional amendment bill requires 2/3 of present and voting members to ratify it. While the government can muster the numbers in the lower house, it will face an uphill task to get it passed in the Rajya Sabha. At least 15 state assemblies need to ratify the bill which will test the political skills of any government.
   - Threshold limit for business under GST: Different states and centre have varied threshold limits for levying service tax, central excise duty and the state VAT. As of now there is no consensus on a uniform threshold limit for GST.

   - Training of tax administration: It is a humongous task to train the tax bureaucracy for effective implementation of GST.
   - Robust IT network: It will be a herculean task to synchronize the Central and State tax networks which is crucial for the success of the GST.

Conclusion

“The king should take wealth from his subjects at the proper time. Like an intelligent man milking his cow every day, the king should milk his kingdom every day. As the bee collects honey from flowers gradually, the king should draw wealth gradually from his kingdom for storing it.”

- Bhishma counseling Yudhishtara on good governance, Mahabharata, Santi Parva (Book 12), Rajadharma Anusasana Parva (chapter 88)

Though our ancient texts hold enormous wisdom on good governance and taxation, the essence of such sage advice has somehow escaped the collective conscious of our rulers. In this backdrop, the move towards a nationwide Goods and Services Tax is a step in the right direction; albeit a delayed one. However it is important to be realistic in one’s expectations. It is being believed that GST will bring down inflation which requires nuanced understanding. While GST would avoid tax cascading, the government would be loath to give up on the absolute amount of tax that it is used to collect which has set it in the search of a Revenue Neutral Rate (RNR) which will increase the GST rates to such a level that the taxes being paid remain the same.

However in the long term, as tax compliance improves, there is an opportunity for the GST rates to come down which will bring relief to the consumers. Right now, the government must focus on bringing in the long awaited tax reform to ensure equitable tax collection.
Step by step investment through SIP - goes a long way towards achieving financial goals

SIP is a smart investor’s means to wealth creation the step by step way. What is more important, SIP’s offer you the powerful advantages of ‘Compounding’ and ‘Averaging’.

**Power of Compounding:** Through SIP, your small investments have the potential to earn a return which, in turn, carries the potential to earn further return.

**Averaging:** Over a period of time, your investment becomes an average of the highs and lows in the market. This concept is called ‘Rupee Cost Averaging’ and minimizes the price risks.

Begin by identifying your financial needs, invest systematically and realize your financial goals.

**An Investor Education & Awareness Initiative**

IDBI Asset Management Limited. CIN No. U65100MH2010PLC193319. Regd. Off.: IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai - 400 005. Corp. Off.: 5th Floor, Mahatma Centre, Nariman Point, Mumbai - 400 021. All India Toll Free No.: 1800-419-4324. Tel. No.: (+91 22) 6644 2800. Fax No.: (+91 22) 6644 2801. Email ID: contactus@idbimutual.co.in. SMS: IDBIIF to 09220092200. Website: www.idbimutual.co.in

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.
State Of The Economy

Sustained economic revival needs a slew of measures, at regular intervals, over a period of time, and in a coordinated manner

By Alam Srinivas

last week, a friend accosted me at a Delhi club. He asked me, “Why don’t you write a book on the slow-down in the Indian economy and when the good days are likely to arrive? Everyone I meet – from a mid-level manager to owners, big and small, from an auto rickshaw driver to a construction worker – wants to know the answers.” The conversation set me thinking. My friend was right. As a journalist, I am asked the same questions by almost everyone I meet.

So, what’s happened to the “achche din” that Prime Minister Narendra Modi confidently promised during and after his election campaign. He made us dream big, and convinced us that the economy will take off within months after he became the PM. What’s gone wrong? What else is likely to break down in the near future? More importantly, when will the economy recover? All that we hear is that the government has initiated steps that will yield results within months. But after 14 months of being in power, a string of bad news seems to still outweigh the good ones.

Intent and promises are important. But most of the economic downturns are reversed by a combination of several factors, which are interlinked to each other, and also to peripheral issues. An econometric model of a nation, especially a large one like India, will require powerful computers to yield any results. Therefore, to expect one individual – Modi – or two – PM and Finance Minister Arun Jaitley – or even a full cabinet – NDA-2 – to come with quick-fix solutions is idiotic and unfair. However, our expectations are high because we were sold a dream.

It’s the Sentiments, Stupid

A few days ago, Apple, which had a market capitalization of over $750 billion, announced its third quarter results for this fiscal. Its revenues, at nearly $50 billion beat the street’s expectations. Its profits, at almost $11 billion, were up 38 per cent compared to the same period the previous year, and represented the fastest quarterly growth in the past three years. The average selling price of its iPhone range shot up from $99 to $660 in 12 months, which proved that consumers were enamored by the more expensive iPhone 6 Plus that was launched recently.

Yet in the after-hours trading that day, the stock plunged by over 8 per cent and...
lost over $60 billion in market capitalization within three minutes. Why did this happen? Negative sentiments gripped the investors only because Apple sold 47.5 million iPhones in the quarter, which was 3 per cent less than what the market analysts had predicted. A whiff of bad news amidst a plethora of good ones was enough for the investors to virtually dump the stock within minutes.

The same is true for any economy. The government in power can shout from the various rooftops that it has taken steps to improve the business and investment climate in the country. It can claim that it has laid out a new red carpet for domestic and foreign investors. It can say that it has achieved a fiscal balance. But no one will take out even a rupee out of his or her pocket unless he or she feels good about what’s happening around. Everyone will wait for another one to bite the bait, or unless he or she has seen positive changes on the ground.

Theoretically, smart businessmen will invest when the economy is at the cusp of an upswing. When they feel that the worst has happened and the outlook can only be positive from now on, they will accelerate their investment and growth plans. However, the reality is different. Most wait for the ‘achche din’ first, and then put their money on the table.

Not a Fool’s Paradise

Any government can fool all the people for some time and some people for all the time. NDA-2 has realized this the hard way. It tinkered around with the formula to calculate economic growth and, voila!, India’s annual growth crossed the 7 per cent. Jaitely proudly claimed that his regime had turned around the fortunes of the nation. But not many people were fooled, and not for very long. They saw that the scenario around them hadn’t improved. The buyers hadn’t flocked to the markets; both the urban and rural consumers were still unwilling to spend.

The same is true with the inflation figures. Within months, NDA-2 claimed that inflation was down considerably and that prices of several products had reduced.

Smart businessmen will invest when the economy is at the cusp of an upswing. When they feel that the worst has happened and the outlook can only be positive from now on, they will accelerate their investment and growth plans.

But the consumers realized that this wasn’t true. Lower inflation figures don’t imply lower prices. The former only mean that the rate at which the prices were going up has come down; prices still go up. In addition, while the government focused on wholesale inflation, the buyers were more worried about retail prices. The truth is that over the past few months, wholesale inflation is down but retail inflation is up.

For years, the BJP criticized the UPA 1 and 2 regimes for being shamelessly corrupt. It then cited the examples of successful auctions of spectrum and coal blocks during its tenure that generated Rs 400,000 crore (including the blocks given to state-owned entities). This showed how NDA-2 had reduced corruption, which would result in effective governance. Even the die-hard BJP loyalists aren’t sure if the auction of coal blocks was good or bad. Some critics contend that the public sector banks could lose Rs 200,000 crore of loans extended to the previous owners.

Investment Conundrum

One of the most-touted mantras of NDA-2 is ‘minimum government, maximum governance’. One of the objectives of it is to kick-start the investment cycle. In his first Budget, Jaitely claimed that his policies will woo private investments, especially through Public-Private Partnerships (PPP). Modi went on a whirlwind tour to dozens of countries to woo foreign investors. The PM grandstanded on his ‘Make in India’ scheme that would transform India into a China within years. In his second Budget, Jaitely largely forgot about PPPs and said that public funding would lead the investment cycle.

Modi and Jaitely forgot two critical issues. First, when a regime woos investors, the latter clamor for more, especially when they feel that the government is stuck in a corner. The same happened this time. Knowing that NDA-2 had to achieve higher growth to survive politically, potential investors asked for additional incentives. ‘Yeh dil mange more’ became their mantra. Foreign institutional investors said they did not wish to pay taxes on their profits through tax havens. Manufacturing firms insisted on a stable tax regime and the removal of ‘tax terror’.

Second, any investment cycle has a lag time. It cannot be accelerated like an automobile – from zero to 100 miles per hour within a few seconds. This is especially true of public spending, which requires several clearances. The only way in which investment cycle can rejuvenate faster is through spending in welfare schemes and altruistic measures that leave larger disposable incomes with people, who then use it buy additional products. The additional demand helps firms to use higher capacities, and coax them to invest in additional capacities.

Thus, within two to three years, the nation is back on a higher growth path. This government has done the opposite. It has indeed initiated policies to attract investments. It has forced the state-owned entities to invest more. But it has reduced the money spent on welfare schemes, especially in areas like education and health. More importantly, it has pushed the onus of such investments on the respective states. It may be a good idea in the long run, but it can lead to higher corruption in the short run as the states clamor to pocket this huge largesse.

In the end, there are no short cuts to solve economic problems. There are no five or six things that any government can do to improve the economy. It needs a slew of measures, at regular intervals, over a period of time, and in a coordinated manner. The first thing one requires is a ‘grand vision’ and that is something one hasn’t seen in the case of NDA-2.
I
flation is perhaps the strangest of strange things. Most people would curse this monster; the one which eats up the value in their money. Yet the Reserve Bank of India has an inflation target of 6%.

Why Inflation Is A Two Headed Monster And Not A Single Headed One?
The answer lies in the famous idiom, “there are two sides of every coin”. Recently a very interesting post was doing the rounds on “WhatsApp”. It went something like this; two women discussing among themselves about their families.

Says the first one to the second, “How is your daughter-in-law”? Without batting an eyelid gets the answer, “She is horrible. She wakes up late. She does not help in cooking and other household chores. In the evening, invariably she watches a movie with my son and they eat out almost on all days”.

Now the woman asks her about her son-in-law and instantly comes the reply, “My son-in-law is a gem. He does not let my daughter wake up early. He ensures that she does not do any household chores. Every other day he takes her for a movie and often they eat outside.”

Both answers identical in a sense but for the daughter-in-law, she is unhappy whereas for the son-in-law all is well.

Inflation is a similar concept. While most of us think of inflation when we go out for a dinner and are stung by the bill at the end, please spare a thought for the restaurant owner. For him “inflation” is also a sign of increasing demand. The fact that he can sustain higher prices indicated that there is huge demand in the market. It is also a sign that he may consider opening up another restaurant and hire more staff. Thus a little inflation augurs well for business. In other words for the business man, inflation is like the son-in-law whereas for the consumer it is like the lazy daughter-in-law.

The Businessman And Employee
When the inflation monster is on the prowl, the shopkeeper / the barber / the doctor / the restaurateur have the option to raise the prices of their services and goods. Many a times they go ahead and do that. In this manner they insulate themselves from the depreciating effects of inflation. When you run your own show you do have that option of whether to raise prices or not.

An entrepreneur can thus decide for himself. But many a times he may not increase prices despite it is his prerogative because the competition does not increase prices. So while the entrepreneur has the liberty to tinker with prices, he doesn’t do so due to other market com-

The Play of Inflation with Equity and Debt
Inflation adversely impacts fixed returns products like FDs which remain more constant causing ‘real returns’ to diminish By Dharmendra Satapathy

Says the first one to the second, “How is your daughter-in-law”? Without batting an eyelid gets the answer, “She is horrible. She wakes up late. She does not help in cooking and other household chores. In the evening, invariably she watches a movie with my son and they eat out almost on all days”.

Now the woman asks her about her son-in-law and instantly comes the reply, “My son-in-law is a gem. He does not let my daughter wake up early. He ensures that she does not do any household chores. Every other day he takes her for a movie and often they eat outside.”

Both answers identical in a sense but for the daughter-in-law, she is unhappy whereas for the son-in-law all is well.

Inflation is a similar concept. While most of us think of inflation when we go out for a dinner and are stung by the bill at the end, please spare a thought for the restaurant owner. For him “inflation” is also a sign of increasing demand. The fact that he can sustain higher prices indicated that there is huge demand in the market. It is also a sign that he may consider opening up another restaurant and hire more staff. Thus a little inflation augurs well for business. In other words for the business man, inflation is like the son-in-law whereas for the consumer it is like the lazy daughter-in-law.

The Businessman And Employee
When the inflation monster is on the prowl, the shopkeeper / the barber / the doctor / the restaurateur have the option to raise the prices of their services and goods. Many a times they go ahead and do that. In this manner they insulate themselves from the depreciating effects of inflation. When you run your own show you do have that option of whether to raise prices or not.

An entrepreneur can thus decide for himself. But many a times he may not increase prices despite it is his prerogative because the competition does not increase prices. So while the entrepreneur has the liberty to tinker with prices, he doesn’t do so due to other market com-
INVESTMENTS

pulsions. The actions of the competition in a way restrict his action. But still he is the master and can decide the way in which he wants to.

But what about the ‘employee’? Invariably his salary continues to remain steady despite the change in the value of money brought about by inflation. Even if he were to get some kind of an increment, it would happen with a lag and many a times not enough to off-set the complete impact of rising prices. Where does the employee go? Leaving the job because of such reasons is a “non-option” because if that were so, he better be ready to move on a constant basis and there better be employers willing to embrace such a rolling stone.

Thus an ‘employee’ to some extent has to bear the burden of rising prices without having any other option. However, many organizations alleviate his pain by announcing increments which brings more money into his hands. But all said and done, the employee is at the mercy of his employer. He has no other option other than hope for the employer to see reason.

Inflation And Equity Investing

The above example throws light on the nature of equity and debt in the face of inflation. Equity which is business ownership has the flexibility to act in the face of inflation whereas debt (a promise to pay a fixed sum) continues to trudge along the steepening slope of inflation.

It is interesting to see how inflation impacts equity (Equity Mutual Fund) and debt (Fixed Deposit).

When inflation rises, businesses interpret it as increase in demand. They feel a sense of optimism. It is a signal for them to:

1. Increase capacity to meet the rising demand: Higher demand means more production which in turn means more machinery.
2. Hire more people to man the enhanced capacity.

They also feel emboldened to raise prices enhancing profitability or alternately enhance their profits by way of increased volumes because of increased demand.

Either way the company makes more wealth for itself and its share holders. Hence entrepreneurs are not known to get worry some in the face of inflation. Inflation within limits actually acts as a stimulant for businesses.

As a consequence, share prices too move in the direction of optimism. The rising demand scenario provides traction to share prices to climb on. Equity funds during such times have no reason to falter and the climate becomes conducive for equity.

With rising stock prices, one also sees more retail participation leading to higher returns. The momentum builds in favor of the company that stands to gain from increased prices.

Inflation And Debt Investing

However, inflation adversely impacts fixed returns (products like fixed deposits) which remain more or less constant causing ‘real returns’ to diminish. “Real returns” is defined as the difference between nominal returns and inflation. If the nominal returns are 8% and inflation is 7%, it means that real returns are only 1% (the difference between 8% and 7% = 1%). Hence if inflation were to rise from 7% to 8% what in effect happens is real returns falls from 1% to 0%.

Therefore inflationary conditions blunt fixed income ‘returns’. The word ‘fixed’ ironically seems to say that earnings would remain fixed because while income stays ‘fixed’, the value of money falls. Therefore being invested disproportionately in fixed income products hurts during inflationary times.

To make matters worse, RBI many a times increases interest rates to tame inflation and this hurts the value of the debt portfolio whose NAV comes down to accommodate the higher “current” interest rate scenario for the buyer. Otherwise why would anybody buy your product in the secondary market if your product’s return is not commensurate with the prevailing interest rate regime?

Conclusion

This shows the attitude of entrepreneur- ship whether in the form of owning businesses directly or indirectly by owning ‘equities’ is much better poised to stare inflation in the ‘eye’ than fixed return products because while ‘returns’ remain ‘FIXED’, the value of money falls.

Dharmendra Satapathy is the Founder Director, Next Level Education
Global financial volatility and uncertainty have become the ‘Writing on the Wall’ for emerging markets including India. However, India’s large foreign exchange reserves cushion has made the rupee more resilient to global shocks.

Apart from developments like the Greek debt issue and Chinese meltdown, the divergent central bank policies and commodity markets losing their way in the changed environment pose risks of a new crisis. For India, with its appetite for foreign capital amid a number of pressures like the weak domestic activity, poor public finances, indifferent export performance, massive need for international investment in infrastructure and banks and an inflated asset market, the threat of instability in international money markets is real.

Emerging markets have been beneficiaries of strong capital inflows due to low rates prevailing in developed countries coupled with abundant liquidity. The amount of money pumped into global markets has been as much as $10-12 trillion. Today, $200-250 billion in fresh liquidity each quarter may be required globally to simply maintain asset prices. The world is entering a period of asynchronous monetary policy, with divergences among individual central banks. Such a scenario carries the potential to destabilise asset markets.

A ‘Band-Aid’ approach as a solution by Greece and China is working against the ethos of market based solutions. This can cause currency upheavals to recur. The commodity markets are not as volatile as the stock and currency markets. The currency and equity markets are closely connected because of the hot money movement.

The Greek debt and Chinese equity meltdown issues have merely been postponed. In case of Greek crisis only a political bridge amongst creditors – European Countries, European Central Bank (ECB) and International Monetary Fund (IMF)– has been successfully created. This will have to be quickly followed by economic and social measures to enable realization of the objectives of the European Union. This appears to be a tall order. According to the IMF, the Greek deal is not viable. Two earlier bailouts could not become successful. How can the third bailout which is far stricter than the previous two work? Greece has reluctantly agreed to wide-ranging reforms in order to secure a third bailout from the Euro group. It faces a strict timetable to approve and implement those changes. The conditions agreed will require not only a restructuring of its economy but even its society. Greece, in a way, has now become a financial colony of its creditors. The situation is akin to being in an intensive care unit of fiscal austerity and structural reforms for five years now.
The problems Greece is facing, or the course it is being forced to adopt aren’t altogether novel. Countries in Latin America and Africa been in this territory before. Even the more industrialized and prosperous southern European nations, Spain, Portugal and Italy stared at a similar crisis not too long ago. Only in Greece’s case, the problems are of a much bigger magnitude.

Greece’s debts amounted to €330 billion in 2010, when it first emerged that there could be a he crisis. At that time, its GDP was a mere €226 billion. After five years of EU-ECB-IMF trio’s prescriptions, Greece’s debt stands at €320 billion while its GDP has shrunk further to €178 billion. A consortium of creditors have lent Greece money in this time to repay its old debts, but with a fast contracting economy and no room for public expenditure, the Greek citizens have had to endure high levels of unemployment.

Coming to Chinese slowdown, some damage to its reputation has happened as its actions to stem the meltdown went against the spirit of market principles. Chinese actions can even affect its new increasing role being visualized as a reserve currency in the global economy. China will have to quickly undo the damage. As the process of the data dissemination from China is not sufficiently transparent, it is difficult to surmise and predict exactly what is going to happen next in China.

It is felt that such upheavals would not impact the Indian equity market to a major extent. The Chinese meltdown has not led to a devastating blow to the Indian equity market. Reasons being (1) Chinese markets, despite falling by 30% in a matter of less than a month, wiping out some $3.5 trillion in wealth, more than the total value of India’s stock market, are still up by 80% over the last one year. Even with this steep fall, the Chinese market continues to be one of the best performing market. (2) The stock market wealth effect in China is much smaller than that of the US. Stocks represent less than 15% of household financial assets in China. Consumption growth in China is largely driven by rise in income rather than change in wealth. (3) Largely Chinese banking sector is not so closely linked to the stock market. China has become much insulated from the two crisis due to its improving economic fundamentals (downward trend of interest rates, declining inflation and long awaited shift of household savings from physical to financial assets finally happen) coupled with prospects of a good monsoon. India has today emerged far stronger and resilient economy than at the time of earlier global financial meltdown.

The Chinese slowdown impacting the Indian economy favourably in the long term will mainly depend on Indian authorities’ policy response and agility in executing the decisions taken to counter destabilizing forces and the corporates adopting a pro-active approach of taking advantage of new opportunities.

According to some, the Chinese market crash indicates deeper crisis in China. According to the Economist magazine, “China embraces the markets…A panicked response to tumbling stocks casts doubt on the pace of reform”. The danger now is that China has become more vulnerable to instability.

The stability of the rupee during the China sell-off might have lessons for the future, particularly about the impact of other global ‘shocks’ that might follow. It was as if the market had chosen to ignore the short-term panic and focused on the medium-term benefits such as falling commodity prices and fund flows from China to India. Clearly, a shrinking current account deficit and a large pile of reserves have acted as positives. The Indian rupee may no longer be vulnerable to global events as the country’s foreign exchange reserves are now adequate to fund imports for nearly 11 months. But issues like a growing pile of unhedged foreign currency debt and foreign ownership of local debt are risks that cannot be ignored.

In sum, lesson from recent crisis is that India should concentrate on making its economy strong and growing, avoiding policy flip-flops; it should not be spending beyond its means. The recent Chinese wiping away over 50% of China’s stock market flows illustrates the delicate situation in which one has to contend with the not-so-free market of irrational expectations. SEBI and investment banks have to ensure that the imminent IPO boom does not degenerate into doom as in China. Any sign of irrational exuberance has to be nipped in the bud.
Gold prices broke below the technically significant level of $1143 per troy ounce in the third week of July. Every analyst worth his salt advised his clients to exit positions as we near the much speculated Fed rate hike in September.

Should One Write Off Gold?
We decided to dig a bit deeper before taking a call.

In the hands of a Central Bank, interest rates have a double role as both brake and accelerator. When a central bank wishes to slow down an economy it increases rates and when it wishes to stroke growth it reduces interest rates. The objective for applying brakes is to prevent economy from overheating, inflation being the ugliest effect of it. Similarly, the accelerator is pressed to speed up stalling economy that is growing below its potential.

The idea behind starting the article from the basics is because most talked about event in town is forthcoming rate hike by Federal Reserve.

While mainstream media and analyst community are convinced about the inevitability, recent US economic data did not quite pass the smell test for a booming economy that needs to be slowed down. Sample some of them US GDP growth has not exactly been on fire. After sharp rebound from 2009 lows, GDP has been clocking mostly around 2-3% growth till 2013. Post 2013 it has been barely averaging 2% growth with March 2015 quarter actually growing at 0.2%.

The basis for assumption of strong growth has been based on trends in housing, unemployment and consumer spending.

All technical and fundamental indicators point to the fact that this may be the best time to buy gold despite most analysts advising otherwise says KP Jeewan

Buy or Sell?

US GDP Growth

US Core CPI
US Core CPI, Feds preferred indicator has been hovering between 1.5-2% with little signs of spiking higher. With commodity prices at decadal lows and China continuing to export deflation (we had highlighted global over capacity problem in the November 2014 Issue of Finapolis), it is very difficult to visualise CPI spiking in US.

This was a data market was much exited about last week. While per se the number is good, look at from the context of data prior to 2007, it is hardly sign of an overheated market. Current data is at least 50% lower than the lowest number printed between 2000 to 2007!

In view of stochastic nature of this data, we relied on a 12Moith moving average to detect a trend. The picture actually looks quite dismal. For an economy which gets close to 70% of its GDP from personal consumption, this actually is bad news.

The current expansion which started in 2009 is already one of the longest in history. (The boom and bust, better defined as expansion and contraction, business cycles of the U.S. economy averaged 38.7 months in expansion and 17.5 months in contraction between 1854 and 2009. According to the National Bureau of Economic Research). We are probably close to the end of expansion cycle by historic standards.

In little few cycles Fed had started tightening about 3-3.5 years into expansion. This time however we are into sixth year of expansion and without any rate hike.

To sum what we have is: inflation nowhere in sight, economy barely cruising along, severe global headwind to growth, reasonable employment scenario, consumers refusing to loosen purse strings (who can blame them with their near death experience barely six years back?).

Given above what explains the eagerness by Fed to hike rates? Actually what it wants to do is normalise rates as far as possible before next down cycle hits.

Looking at the US treasury yields (10 Year UST at 2.25% today, down from 3% in December 2013) the US bond market does not seem unduly worried.

US dollar index is at 96.70 which is well below 100.39 hit in March 2015.

In fact except for the base commodity market which are influenced by Chinese slowdown, every market which should be jittery about rate hike, is sanguine.

**It does make sense to buy a little insurance in form of gold. After all insurance is cheapest when nobody foresees likelihood risk**

Only market which has corrected sharply is gold. Post data about lower than expected accumulation by Chinese Central Bank over last few year triggered massive attack on gold price (actually should be good news for gold as it has managed to hold above $1150 without Chinese help all these years!). It sliced through the technically significant level of $1143/ troy oz and dropped all the way to $1077/troy oz before recovering.

**Will It Fall Much Further?**

Technically $1064 is a strong Fibonacci level, above which $1084 zone is minor support zone. Next strong support is at $940 levels.

Downside momentum usually is dictated by trader positioning. Given the prolonged disinterest in the asset class it would be surprising if there are significant long positions left at this level to unwind. Hence analyst predictions of $800 or Rs 22,000 are probably an exaggeration.

Another supporting factor is cost of mining, which being around $1000-1100 should offer support (There have been analyst reports suggesting cost of mining is far lower, but the profit and loss statements of major miners do not show that kind of margin).

**Why Should One Buy?**

The elaborate ritual being played out by Federal Reserve of normalising rates is based on the assumption that US economy can cruise along without favourable rate environment. Given that the current US expansion is into its sixth year and also commodity markets deflating, all major economies slowing, there is a significant chance of global recession if not outright deflation going forward.

China has over last decade exported inflation across globe with its vociferous appetite for raw material. With its economy sharply slowing, it will export deflation not only in commodities but also in finished products like we are currently witnessing in steel, tyre etc.

The factors which resulted in the collapse in 2007, have not gone away, they have only grown bigger.

If above outcome materialises, what would be the response of central banks?

One can argue Indian equity markets would be an attractive safehaven. Perhaps it will be, one never knows. But it does make sense to buy a little insurance in form of gold. After all insurance is cheapest when nobody foresees likelihood risk!
In Q1FY16, automobile industry witnessed subdued volumes amid ongoing slowdown coupled with lower monsoon expectation impacting rural economy. Moreover, subdued sentiment across geographies impacted sales in urban markets. An excise duty roll back continues to impact sales during the quarter. Majority of the segments like motorcycles, light commercial vehicles (LCV), tractors, utility vehicles (UV), three wheelers witnessed YoY decline except passenger cars (PC), medium and heavy commercial vehicles (M&HCV) and scooters. Ancillary companies are likely to have similar impact of original equipment manufacturer (OEM) slowdown coupled with muted replacement sales.

The companies with higher exposure to global markets are expected to undergo rough patch over the near term. Auto makers could benefit from low commodity prices, while low volume and higher incentives is likely to offset the benefit of lower raw material cost to some extent in Q1FY16. It is expected YoY margin to improve for commercial vehicle (CV) companies and ancillary segment in Q1FY16. Due to depressed tractor volumes, analysts expect sharp YoY negative impact on margins of the tractor companies during the quarter.

Analysts are expecting volume recovery by H2FY16 across the segments. It’s likely CV cycle uptrend to continue and MHCVs would outperform other auto segments over next two years. Also, sales volume of tractors is expected to bounce back in Q4FY16. Overall, analysts are maintaining moderate positive view on the sector.

Result Expectations
On YoY basis, the automobile OEMs are expecting bottom line (net loss/profit) growth in the range of -68% to 80% and the ancillary companies in the range of -13% to 41% in Q1FY16. For Ashok Leyland, analysts are expecting turn around and estimating to report net profit as against net loss reported in Q1FY15. Similarly for Escorts, it’s expected to report sharp fall of 68% YoY in net profit, amid sharp fall in volume. Overall, Maruti and Ashok Leyland are likely to outperform with growth in bottom line. On the other hand, there is an expectation of subdued performance from Escorts, Bajaj Auto, Exide, Tata Motors and Mahindra & Mahindra in Q1FY16.
The recent proposal to make mandatory 25% of Unit Linked Insurance Plan (ULIP) investment in government securities (G-sec) has left many surprised and disheartened. While insurers fear it might make policyholders apprehensive about investing in ULIPs owing to lower return on investments, policyholders are concerned about not having an option to invest in pure equity funds. Should this proposal come into force, it would have serious implications on the dynamics of this product.

So, What Are ULIPs And The Rationale Behind Proposing New Guidelines?

ULIP funds are market-linked insurance products that combine the benefit of insurance and investment under a single plan. The premium paid is primarily divided into two parts. While the first part goes towards the cost of life cover, the second part is invested in debt, equity or hybrid funds – depending on the policyholder’s choice. As of now, it permits a minimum investment of 80% in equities.

ULIPs were revived after the 2010 regulatory changes that turned around the product and made it more investor-friendly. From overcharging investors to becoming one of the low-cost investment products, the turnaround was remarkable. They allowed investors to merge investments with insurance at a low premium. And then there were the tax benefits an investor could avail under Section 80C.

The proposed 25% investment in G-Sec is directed towards financing long-term infrastructure projects, thereby providing much needed boost to government’s infrastructure projects. While the intention behind the proposal is noble, it could have repercussions on ULIPs, given that this product has witnessed many ups and downs in the past.

The IRDAI proposal has been drafted keeping in mind the interests of the government and not the consumer.

How Will The Recommendations Affect You The Investor?
The proposal will whittle down choices available to you as a policyholder. Many of us who look for pure equity funds may not be interested to continue with ULIPs. The proposed recommendation will force investors into a product that is likely to generate less than 8% returns. When equity market is slow, government securities’ exposure could provide cushion. However, in a scenario when the market is rising, 100% equity exposure can help generate good returns.

How Will It Affect ULIP As An Investment Instrument?
To begin with, ULIPs never were the first thing on an investor’s mind and had only recently picked up speed. If the draft proposal is accepted, it would slow down its growth prospects. As part of ULIPs, insurance companies offer four main fund options— debt, balanced, secured and equity funds. But if each fund has to comply with the mandated 25% investment in government securities, there will be no equity funds. As a result, a lot of investors will be dissuaded from buying ULIPs and insurers will find it tough to sell the product to investors wanting 100% equity exposure. Currently, insurance companies invest in approved securities, including bonds that are rated ‘AA’ and higher bonds that are secured by assets. On the equity side, ULIPs can invest in companies having a track record of paying 4%-5% dividend for at least nine years. By mandating 25% exposure to government securities, limited investment options will be available.

Conclusion

The IRDAI proposal has been drafted keeping in mind the interests of the government and not the consumer. The mandatory 25% investment in government securities does limit the risk but this may have other repercussions as many policyholders who are looking for pure risk cover may not find it attractive anymore. If a majority of policyholders want to invest in equity funds, fund managers won’t be able to comply with their wishes. The proposal is, therefore, going to push people away from ULIPs toward investment instruments that offer pure equity fund option or higher returns. Ideally, a customer should be allowed to make an investment in funds of their choice, a practice followed around the globe. Forcing companies to invest money in certain types of securities is not a good idea. Further, when there are traditional plans that offer the guaranteed return option, there is no need to have a separate 25% investment clause.

In order to create finance long-term projects, the government can alternately directly approach people by listing government bonds on the stock exchange. The move will garner lots of cheer as the investors will be in control of their money and will choose to invest. Plus, ULIPs will remain undisturbed and continue to be attractive.

The author is the CEO & co-founder, Policybazaar.com
It’s quite common to see alluring advertisements in business publications, online platforms and television channels about the magical wealth creating potential that currency trading offers. Currency trading is often pitched to consumers as less riskier than buying or selling stocks, and more steadily profitable.

In general, forex or currency trading is a big black box for small investors. Those who get into it, taking the bait of offers by clever marketers, often find themselves trapped in a vicious cycle of loss making trades. The promised Eldorado never materializes. This leads them to reach the quick conclusion that currency trading is nothing but a scam. Now let’s look at the realities about trading in currency markets. Here are some popular myths that need busting.

1. Forex trading is the easiest way to make money!

**Fact:** As they rightly say “Money doesn’t grow on trees.” Forex or currency trading is certainly not for the people who are looking for a way to become wealthy overnight. However it doesn’t mean that money can’t be made by trading forex. There are many investors across the globe who have been making a living and generating consistent returns from trad-
ing currency markets. Therefore one can expect decent returns by trading in currencies, but few things life come with a guarantee card.

2. Forex trading gives sure shot returns without any efforts!
   
   **Fact:** There is a hard but interesting fact that one should know about trading in general and before investing your hard earned money in any risky asset class. Approximately 80-85% of participants who enter trading without proper understanding or knowledge of financial markets functioning tend to lose money in trading and only other 15-20% participants make money. Efforts made in right direction to understand the markets are one of the major decisive factors for your success in currency trading. Therefore forex trading is not a way to generate sure shot financial returns and it requires efforts too like any other business.

3. Brokers offering the highest leverage on your margin money are the best.
   
   **Fact:** Well, to break this myth let’s get familiar with the term “leverage” first. As per Investopedia, leverage in trading implies “the use of various financial instruments or borrowed capital, such as margin, to increase the potential return of an investment” or in simple words, when you take leverage from your broker for trading purpose that means you are trading with borrowed money or the money you don’t own. Just like any other business, the more borrowed money you begin with, the more difficult you make your money management and risk management. Therefore one should always try to begin trading with least or no leverage, to remain in the business longer.

4. RBI allows Forex trading with brokers abroad.
   
   **Fact:** Today we have a large number of websites or brokers abroad who claims to provide with the best trading services and highest leverage on deposited margin money. But beware of such websites and online trading portals, as per RBI circular No. 53 dated April 7th, 2011 and circular No. 46 dated September 17th, 2013, it has been clarified that overseas forex trading through digital trading portals, in respect of the margin payments being made by their customer for online forex trading transactions (directly /indirectly) through their credit cards / Net Banking is prohibited for resident Indians. Therefore one must know that transferring your money to a forex trading account with a broker abroad is violation of Foreign Exchange Management Act (FEMA), 1999 and may cause legal action against you.

   However it doesn’t mean that an individual can’t trade in currency markets. There are legal ways of trading forex in India as Indian exchanges like National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and Metropolitan Stock Exchange (MSEI) provides an opportunity to trade in currency derivatives and the list of registered brokers for currency derivatives segment can be easily be found on Securities and Exchange Board of India’s (SEBI) website.

   To be continued...
‘Prospects of earnings growth very attractive given India’s economic foundations’

Jinesh Gopani is one of the bright young stars in the Indian asset management business. He has been an equity fund manager at Axis Asset Management Company since 2011. A B.Com graduate from Mumbai university, Gopani’s ELSS fund at Axis has been ranked one of the best performing in its category. Before joining Axis, he was a portfolio Manager at Birla Sun Life AMC. He speaks to The Finapolis about how he took Axis AMC to the top of the rankings tree and the market outlook for the next few years.

In last couple of months investors have seen massive volatility in the stock markets. What do you advice to investors in such volatile period?

Jinesh Gopani: Volatility in the short term is a near permanent feature of equity markets and in that sense the recent events have been no different. For any serious long term investor, the key lies in ignoring short term market noise and look at the long term prospects of the market.

After disappointing results from Q4FY15. What are your expectations across sectors from Q1FY16 results?

JG: Given the India is emerging from a multi-year weak growth phase, consumer sentiment and economy will take time to turn around. Hence earnings can remain under pressure in the short term. Over the medium term – over the next 2-3 years – prospects for earnings growth is very attractive given the foundation that we are putting in place for a sustained improvement in economic growth.

Can you describe your investment philosophy for our readers?

JG: At Axis we believe in looking at quality companies that have the potential to generate sustainable long term earnings growth. This philosophy focuses on the long term prospects of companies and avoids looking at the short term market conditions or top down factors while selecting stocks.

It is a diversified fund that invests across market capitalization. The fund runs a high conviction compact portfolio of stocks that have the ability to generate superior cash flows over 3-5 years.
The fund minimizes allocations to sectors that have excessive cyclical or regulatory exposure.

What makes Axis Long Term Equity Fund consistent top performer in ELSS category?
JG: We have a unique long term approach to the portfolio. We are interested in stocks that can perform across cycles over a 3-5 years period. We run a very high conviction and stable portfolio and are happy to maintain allocations to good ideas over many years as long as they keep delivering as per our expectations. We don’t get too distracted by short term market noise and top down factors.

Axis Long Term Equity Fund is heavy on Banking and Automobile sector which make up almost half of the portfolio. Both sector’s health in particular has been a subject of debate and slowdown respectively. What makes you bullish?
JG: The portfolio construction process is completely bottom-up and stock specific. Our focus is on investing in high quality ideas across sectors. We have demonstrated that in our holdings across all sectors and also in the sectors mentioned. We expect the stocks to participate in the long term growth prospects of the economy.

There have been mixed messages from global markets such as Greek debt crisis and China’s economy slowing down. What’s your view whether this could impact Indian fundamentals and growth?
JG: Global market events are going to be an ongoing challenge for investors. Given the high participation of foreign investors in the Indian stock market, the biggest impact for India is likely to be through the sentiment channel.

Global market events are going to be an ongoing challenge for investors. Given the high participation of foreign investors in the Indian stock market, the biggest impact for India is likely to be through the sentiment channel.

markets and outlook for FY 2015-16?
JG: As explained earlier, India is emerging from a multi-year weak growth phase and consumer sentiment and economy will take time to turn around. Hence earnings can remain under pressure in the short term. The key things that we are looking for this year is continued progress from the government on the policy front (GST, food, land acquisition) and turn-around in consumer sentiment hopefully by the second half of the year.

Axis AMC has filed for New Fund Offer (NFO), Axis Focused Bluechip Fund with SEBI and you are appointed as Fund Manager for this scheme. Please highlight the objective of this NFO and what will be your investment philosophy for this scheme?
JG: Axis Mutual Fund has been extremely rigorous in maintaining a tight basket of clearly positioned funds. Of course, we keep looking for innovative long term ideas that can generate value for investors. We would be in a position to talk more about individual new funds once we receive SEBI go-ahead on the same.

Is it possible to recognise a bear market before it’s too late?
JG: Bear markets are characterized by falling valuations and they tend to have sharp corrections over relatively shorter periods. For most investors trying to time the markets is a tricky endeavor that is best avoided. We have seen over the last 20-25 years that disciplined, regular investing for the long term has the best chance of generating wealth for investors. Moreover given that the economy has kept growing and the markets have grown with the economy, even investors that have bought at the peak of previous market booms, have ended up making returns provided that have remained invested. The key is to invest in quality, diversified funds and not get too swayed by thematic or other such marketing ideas that tend to destroy value.

Do you believe that portfolio churning is required to create an alpha?
JG: We have no target for portfolio churning. We are typically stable investors and the core holdings tend to remain over the long term. However given the high volatility in the Indian market, some amount of trading does tend to add value for the investor.

Are there any particular sectors investors should be betting on?
JG: We do not look at top down sector allocations, as that has not worked in India. We are seeing bottom up stock opportunities in a host of sectors as the economy revives over the next few years including financials, auto and logistics, industrials and consumer sectors.
Our team of analysts pore through technical charts to offer some smart trading tips for the next couple of months **By Team Finapolis**

**NCC** has surged over 6.63% during the current week outperforming the broader markets. The stock has corrected around 51% from its 52 week high of Rs 118.15 in April 2015 to Rs 57.7 in June 2015 and bounced back strongly from there to Rs 87.3 levels in last week indicating the end of correction in the stock. The stock was consolidating for past 27 trading sessions between Rs 76-86 levels and has given a breakout from that range on 24th July 2015. We expect the stock to start a fresh leg of rally from these levels to the said targets.

**Points of Observation**

- On the daily charts, the stock is trading above all of its short term and long term moving averages. In weekly chart the stock is trading above its 50/100/200 EMA levels indicating the bullish bias in the counter.
- The stock has seen fresh accumulation in last couple session indicated with a V shape recovery along with the increase in the volumes followed by a consolidation phase.
- Among oscillators, RSI on weekly chart is trading at Rs 54.58 and is pointing northwards indicating the strength in the counter and possibility of strong uptrend and the Heiken candlesticks on weekly chart also confirms the up-trend in the stock.
- It is observed in Bollinger bands on monthly charts the price has moved above the middle band and is moving towards the upper band indicating a medium to long term rally in the stock.
- On fundamental side, the company’s has witnessed significant reduction in trade receivables and working capital needs. The debt equity ratio is between 1-0.9 which is a very good number for an infra company indicating its debt reduction efforts are paying off.
Jubilant has consolidated in a range of Rs 160-185 levels for more than two months. Since then the stock has gained almost 30% once it broke the said consolidation range and has made a recent high at around Rs 243 levels. It seems that the stock has bottomed out and in spite of the fact that the stock has moved significantly, further upside in the stock cannot be ruled out and it seems well set to head higher. In the recent rally the stock has moved higher with spur in volumes, indicating strength in the counter. The stock is likely to consolidate near its current levels and take a pause before it resumes its fresh up move, hence giving an ideal opportunity to buy and even accumulate on any declines.

Points of Observation
► On the daily charts, the stock is in the process of forming inverted head and shoulders pattern the neckline of which is placed at Rs 142, with the probable right shoulder in the range of Rs 142-134.
► On daily charts the stock has closed above its 20 SMA with lower BB at Rs 130.3 which is key support in the short term to medium term.
► On monthly charts the stock has taken support at the trend line break out indicating strength in the counter. The stock is likely to consolidate near its current levels and take a pause before it resumes its fresh up move, hence giving an ideal opportunity to buy and even accumulate on any declines.

Jubilant has consolidated in a range of Rs 160-185 levels for more than two months. Since then the stock has gained almost 30% once it broke the said consolidation range and has made a recent high at around Rs 243 levels. It seems that the stock has bottomed out and in spite of the fact that the stock has moved significantly, further upside in the stock cannot be ruled out and it seems well set to head higher. In the recent rally the stock has moved higher with spur in volumes, indicating strength in the counter. The stock is likely to consolidate near its current levels and take a pause before it resumes its fresh up move, hence giving an ideal opportunity to buy and even accumulate on any declines.

Points of Observation
► On the daily charts, the stock is trading above most of its major moving averages namely 21/50/100/200 –DEMA, indicating the inherent strength in the counter and is likely to head northward towards Rs 310-320 levels in the short to medium term.
► The stock has been witnessing huge accumulation from the last 10-12 trading sessions indicating steep rise in price backed with higher volumes. The stock has a strong support at around Rs 200 levels and is likely to head towards Rs 310-320 levels, where it is likely to face some resistance.
► Among oscillators, the 14-day RSI line is pointing northwards, indicating strength in the counter.
► The stock has given a trend line break out at around Rs 203 levels on the monthly charts when drawn from the highs of Rs 248.60 on 27 December 2012 with the highs of Rs 222 on 26 June 2014.
► The price of the stock is trading above the Parabolic-SAR indicator indicating that the upward trend is likely to continue in the counter.
Gati Limited is India’s pioneering express distribution and supply chain provider. The company was the first to foray into cold storage 30 years back. The company has a strong market presence in the Asia Pacific region as well as the SAARC countries. It offers an integrated Express distribution as well as Customized Supply Chain Solutions to customers across diverse industry verticals. Gati is also present internationally having offices in China, Hong Kong, Singapore, Nepal, and Thailand.

Gati has outperformed the Nifty last week and close the week with gain of 2.67% where the Nifty has closed the week with negative return of 0.96%. The stock has seen profit taking from the high of Rs 342 levels which dragged the stock to the low of Rs 140 levels. Where the price action in the stock has reflected bullish engulfing pattern near its 200 DEMA on daily chart and resumed its up move. Thereafter the stock has spent approximately a month in the range of Rs 156-176 levels. However the stock has given breakout of said consolidation range and trading well above the same with notable volume suggest stock is well placed to resume its up move. The stock may face minor resistance around 200 DEMA paged at Rs 195 levels and any move above the said levels will open the broad room for the target of Rs 230-240 levels in near term.

Points of Observation
- Technically, stock is hovering near its 200-DEMA which is currently placed at Rs 414 levels, and it is also holding above its 21 and 50-DEMA placed in the same vicinity of its major moving average. On the technical setup 14-period RSI on weekly chart managed to hold 40-levels during the phase of price correction and recently moving higher above equilibrium level, indicating bulls are in control and ready to take prices higher.
- From the above observation, it seems that after recent price correction, the stock is attractively placed and offers an excellent opportunity to accumulate stock at current levels and one may average the stock price on any dip towards Rs 395-400 levels keeping a stop loss below Rs 370 levels, for an upside target of Rs 515 and Rs 550 levels over next 8-12 months time frame.

Mayur Uniquoters is engaged in manufacturing of artificial leather and they are the largest manufacturer in India. The company concentrates mainly on three segments – Footwear (accounting for 55% of its revenue), Auto (25%) and Furnishing (10%). The artificial leather industry is now on a high growth trajectory. It is the only company from India and among the only second in Asia to cater to the US auto OEM requirements.

The stock witnessed stellar rally in less than one year time frame from the lows of Rs 101 levels to Rs 485 levels posted in the end of July’14 gain of more than 377%, post which stock entered into a long consolidation mode in last one year.

In last one year stock witnessed more of time consolidation, as price correction remained restricted to 23.6% retracement of mentioned rally. Meanwhile it also attempted to move higher, but failed to sustain at higher levels, in the course stock posted fresh life time high of Rs 515 in mid of March 2015 and once again drifted lower below Rs 380 levels in last month.

Points of Observation
- Technically, stock is hovering near its 200-DEMA which is currently placed at Rs 414 levels, and it is also holding above its 21 and 50-DEMA placed in the same vicinity of its major moving average. On the technical setup 14-period RSI on weekly chart managed to hold 40-levels during the phase of price correction and recently moving higher above equilibrium level, indicating bulls are in control and ready to take prices higher.
- From the above observation, it seems that after recent price correction, the stock is attractively placed and offers an excellent opportunity to accumulate stock at current levels and one may average the stock price on any dip towards Rs 395-400 levels keeping a stop loss below Rs 370 levels, for an upside target of Rs 515 and Rs 550 levels over next 8-12 months time frame.
The Taxman is eating into your savings. Are you doing anything about it?

Share less with the Taxman & save up to ₹ 46,350* by investing in an ELSS (Equity Linked Savings Scheme).

To know more, contact your distributor today.

An investor awareness initiative by Axis Mutual Fund.

*Assuming the investor is an Indian Resident aged 60, falling in the highest tax bracket but total taxable income is less than ₹1 Crore and invests ₹1.5 lakhs. Investments in ELSS falls under Sec 80C of the IT Act, 1961.

Statutory Details: Axis Mutual Fund has been established as a Trust under the Indian Trusts Act, 1882, sponsored by Axis Bank Ltd. (liability restricted to ₹ 1 lakh). Trustees: Axis Mutual Fund Trustee Ltd. Investment Manager: Axis Asset Management Co. Ltd. (the AMC). Risk Factors: Axis Bank Ltd. is not liable or responsible for any loss or shortfall resulting from the operation of the scheme. Mutual Fund investments are subject to market risks, read all scheme related documents carefully.
I have been helping countries to overcome financial crises for 30 years, and have studied the economic crises of the twentieth century as background to my advisory work. In all crises, there is an inherent imbalance of power between creditor and debtor. Successful crisis management therefore depends on the creditor’s wisdom. In this regard, I strongly urge Germany to rethink its approach to Greece.

A financial crisis is caused by a country’s excessive indebtedness, which generally reflects a combination of mismanagement by the debtor country, over-optimism, corruption, and the poor judgment and weak incentives of creditor banks. Greece fits that bill.

Greece was heavily indebted when it joined the eurozone in 2001, with government debt at around 99% of GDP. As a new member, however, Greece was able to borrow easily from 2000 to 2008, and the debt-to-GDP ratio rose to 109%.

When a country’s prosperity depends on the continued inflow of capital, a sudden stop or reversal of financial flows triggers a sharp contraction. In Greece, the easy lending stopped with the 2008 global financial crisis. The economy shrunk by 18% from 2008 to 2011, and unemployment soared from 8% to 18%.

The most obvious cause was lower government spending, which reduced aggregate demand. Public-sector workers lost their jobs, and construction projects ground to a halt. As incomes declined, other domestic sectors collapsed.

Another factor in Greece’s economic collapse is less obvious: the contraction of bank credit. As banks lost their access to interbank credit lines from abroad, they restricted lending and called in outstanding loans. Domestic savers also withdrew their deposits, fearing for the banks’ solvency and – thanks largely to German Finance Minister Wolfgang Schäuble – for their country’s continued eurozone membership. Like shrinking aggregate demand, the contraction of bank loans had a multiplier effect, with growing financial fragility inducing depositors and overseas financial institutions also to withdraw credits and deposits from Greek banks.

In normal circumstances, economies overcome a debt crisis by cutting government deficits, shifting production from domestic sales to exports, and recapitalizing banks. The budget surplus and export revenues allow the economy to service its foreign debt, while bank recapitalization permits renewed credit expansion.

If the export boost is large enough and rapid enough, the earnings it brings largely offset the decline in domestic demand, and overall output is stabilized or even returned to growth. Spain, Ireland, and Portugal were all able to cushion their post-2008 slumps with a surge in export earnings. Remarkably, Greece could not. In fact, Greek export earnings in 2013, at €53 billion, were actually €3 billion lower than in 2008, even after domestic demand collapsed. That is not surprising, for three reasons. First, because the European rescue packages did not recapitalize the Greek banking sector (the focus was on bailing out German and French banks), potential exporters could not obtain the operating credit required to support their retooling needs. Second, Greece’s economic base is too narrow to support a significant short-term increase in exports. Third, administrative, regulatory, and tax obstacles hindered the export response, especially as the tax increases in the rescue packages made it even harder for small and medium-size enterprises to grow and establish new markets abroad.

In my view, the policy response by Greece’s partners, led by Germany, has been unwise and highly unprofessional. Their approach has been to extend new
loans so that Greece can service its existing debts, without restoring Greece’s banking system or promoting its export competitiveness. Greece’s initial €110 billion bailout package, in 2010, went to pay government debts to German and French banks. As a result, Greece owes an ever-larger share of its debt to official creditors: the International Monetary Fund, the European Financial Stability Fund, and, increasingly, the European Central Bank. While Greece’s debts to private creditors have been partly cut, this was too little too late, because it cannot even service its debts to official creditors.

Year after year, Greece’s creditors have promised that the bailout packages would bring about a meaningful rebound in output, employment, and exports. Instead, the country has experienced a depression comparable to the decline in output and employment that Germany suffered from 1930 to 1932, the years that preceded Hitler’s rise. Many Germans may despise Greece’s current Syriza government, which pledged to end the policy of creditor-imposed austerity; but four consecutive governments – center-left, technocratic, center-right, and left – have implemented it.

All of these governments have failed. Perhaps Antonis Samaras’s center-right government from 2012 to 2015 came closest to succeeding, but it could not survive, politically, the severe austerity that it was being forced to impose. Nor did Greece’s creditors do anything to help Samaras’s government out of its political bind, even though it was a government they liked.

To overcome an economic crisis, the creditor must be smart and measured. It is right to demand strong reforms of a mismanaged debtor government; but if the debtor is pushed too hard, it is the society that breaks, leading to instability, violence, coups, and pervasive human suffering. While the debtor loses the most, the creditors also lose, as they are not repaid.

Year after year, Greece’s creditors have promised that the bailout packages would bring about a meaningful rebound in output, employment, and exports. Instead, the country has experienced a depression comparable to the decline in output and employment that Germany suffered from 1930 to 1932, the years that preceded Hitler’s rise.

The formula for success is to match reforms with debt relief, in line with the real needs of the economy. A smart creditor of Greece would ask some serious and probing questions. How can we help Greece to get credit moving again within the banking system? How can we help Greece to spur exports? What is needed to promote the rapid growth of small and medium-size Greek enterprises?

For five years now, Germany has not asked these questions. Indeed, over time, questions have been replaced by German frustration at Greeks’ alleged indolence, corruption, and incorrigibility. It has become ugly and personal on both sides. And the creditors have failed to propose a realistic approach to Greece’s debts, perhaps out of Germany’s fear that Italy, Portugal, and Spain might ask for relief down the line.

Whatever the reason, Germany has treated Greece badly, failing to offer the empathy, analysis, and debt relief that are required. And if it did so to scare Italy and Spain, it should be reminded of Kant’s categorical imperative: Countries, like individuals, should be treated as ends, not means.

Creditors are sometimes wise and sometimes incredibly stupid. America, Britain, and France were incredibly stupid in the 1920s to impose excessive reparations payments on Germany after World War I. In the 1940s and 1950s, the United States was a wise creditor, giving Germany new funds under the Marshall Plan, followed by debt relief in 1953.

In the 1980s, the US was a bad creditor when it demanded excessive debt payments from Latin America and Africa; in the 1990s and later, it smartened up, putting debt relief on the table. In 1989, the US was smart to give Poland debt relief (and Germany went along, albeit grudgingly). In 1992, its stupid insistence on strict Russian debt servicing of Soviet-era debts sowed the seeds for today’s bitter relations.

Germany’s demands have brought Greece to the point of near-collapse, with potentially disastrous consequences for Greece, Europe, and Germany’s global reputation. This is a time for wisdom, not rigidity. And wisdom is not softness. Maintaining a peaceful and prosperous Europe is Germany’s most vital responsibility; but it is surely its most vital national interest as well.
Investing has always been a daunting task for the common man. The main reason attributed is the lack of financial awareness i.e. most investors find this topic to be completely Greek and Latin to them. However, there is another reason although more hygienic which many investors ignore is the proper documentation of their personal finance documents.

In the past, it would have been difficult to manage and arrange them as everything was offline. However, in last five years, thanks to technology, organising personal finance affairs has become the least of concern. In this article, we will share what mobile apps and online applications can make you managing your financial life much easier.

**Digilocker (www.digitallocker.gov.in)**

Digital Locker (Digilocker) is a website/portal by Government of India where you upload and store your documents like PAN card, passport, mark sheets and degree certificates. This locker will be linked to one’s Aadhaar number. Going forward the Government agencies will issue the documents in electronic form which will be uploaded on the website. So, basically it is like a physical locker where you store your jewellery and documents but this locker is digital i.e. on website and will store digital information.

Digital Locker offers much more than a place to store the documents.
- You can upload scanned copies of your documents, like in other websites. But these scanned documents which, if required, can be digitally signed thus making the e-document at par with the original one.
- Going forward the locker will be repository or store house of all your government issued e-documents. These electronic e-documents will be uploaded by issuers, government departments or agencies such as CBSE, registrar office, income tax department.
- The documents you upload can be shared via email, the e-documents from governments agencies viewed by an authorised list of requesters such as a bank, university, the passport office or the transport department.

**Alternative Options - Dropbox, Google Drive**

**Lastpass - For Password Management**

I am sure you must be utterly bitterly confused (spoof on Amul) in remembering so many passwords (Banks, Credit Cards, Emails, Facebook, Twitter, online bill payments, etc) and to make matter worse you are asked to change the passwords on a frequent basis. The torture doesn’t end there. They ask us to use a combination of capital letter, a small letter, a character, a numerical and should be anywhere between 8 to 15 characters. Even after finding this magical combination, the screen pops up saying “Your password should be different from last three passwords”.

Feels like smashing your screen. I too have been facing this madness for a long time and was struggling to find a solution. Just like you, I was keeping all data in my email or my phone or worse in a diary which was very dangerous. Thank goodness, technology has come to my rescue yet again and I have found a brilliant solution in Lastpass to help me manage my passwords. Lastpass is not a pure personal finance app in the true sense but I think indirectly it helps us to safeguard all our financial data.
online through safe use of passwords.

LastPass is a password manager that makes web browsing easier and more secure. It is the last password you’ll ever have to remember. Yes you heard it right. And it is highly secure.

These are the following advantages of LastPass -

- Its easier to setup
- Its 100% safe. Protect yourself against phishing scams, online fraud, and malware
- Its secure. The company uses the same security level which Government of USA does it for their data security. The data is completely encrypted and LastPass employees do not have access to your data. The data is stored locally on your computer in a encrypted form.
- Its everywhere. You can automatically synchronize your data; access it from anywhere at anytime.
- Forbes, Economist, PC World 100, CNET have all given amazi ng reviews about this application
- And lastly it’s FREE!!!(And we just love anything which is FREE)

Alternative Options - Dashlane, Safari Keychain for Mac/iOS users

**Aditya Birla - MyUniverse**

The Aditya Birla Group has launched a personal finance website and mobile app called My Universe, which intends to give users a single window view into their finances. Users can link their online bank accounts and browse through credit card bills, debit card expenses, loans, mutual funds, fixed deposits, and other financial instruments. They can also add physical assets such as gold and jewellery, real estate and offline investments and savings to the list, manually.

The website also allows users to add bill reminders for utility and other payments, and offers a payment gateway with Billdesk to facilitate online bill payments. It has also integrated a trading and investment service from Aditya Birla Money, the broking and distribution company of Aditya Birla Group, and a tax planning service. You can monitor all your expenses across categories automatically, track unnecessary spends so that you know where your money is going month on month, and set budgets. The site does not offer money transactions across bank accounts but claims to help users understand their financial health. Users of the site also receive instant e-mail and text alerts notifying them of any large transactions.

The site claims that it protects the confidentiality, integrity and security of users’ personal information during storage and transmission of data. It clarifies that no one at MyUniverse has access to the users’ individual accounts, funds, investments and the site uses VeriSign’s SSL encryption to secure data, which is stored and transmitted in an encrypted format.

Alternative Option - Perfios

**LastPass is a password manager that makes web browsing easier and more secure. It is the last password you’ll ever have to remember**

**My Tax India**

Ever wondered that how much taxes you are paying to the Government of India? Normally, our Chartered Accountant gets the job done and hence we are least bothered about it. Moreover, calculating taxes taking into account investments and other deductions can be intimidating, but My Tax India makes the process really simple. The tax calculator doesn’t actually file the taxes for you - but it makes it simple to understand how much tax you do need to pay, and you can experiment with the different settings to learn what the optimum level of investment will be for you. Even if you understand absolutely nothing about personal finance you will be able to use this app. This way, when the time comes to file your returns, you will already know what to expect, instead of getting a surprise at the time. Welcome to the world of easy tax saving on your finger tips. Just enter your income and investments into the tax calculator app “My Tax India” and it does it all.

What’s more it is available for both Android and iPhone users.

**iExpense Diary**

One of the biggest problems that many of us face does not know how much money you actually need every month. Knowing how much you take home and how much you spend on recurring expenditures like rent is a start, but you need to know a lot more than that to properly manage your money. This app lets you enter your income and expenses quickly and comes with a large number of categories you can sort your spending into. By doing this, you can track whether your movie watching budget is out of hand, for example.

You can also save recurring expenses like payments to domestic help and rent, so they get deducted from your balance automatically. This makes it simple to keep track of your money, and if you keep the app on your phone, then you can add an expense in just a few seconds, right as it happens.

That’s part one of the process, but part two is why I really liked this app. You can then see charts showing your daily, weekly and monthly spending, analyse it by category (or subcategory - for example, food could be divided into groceries and restaurants) and you can see detailed reports as well.

Alternative Option - Spendee

These are some of the many apps which I have listed based on my usage. There are many more wonderful apps like moneycontrol.com for managing stocks on mobile, bankbazaar.com for comparing various financial products online, respective mutual funds apps, respective banks and credit cards app which can make money management a breeze. Now let your fingers make your money harder for you. ∎
tax e-filing

CLEAR TAX CONTENT TEAM

7 Easy Steps For Filing Tax Returns

Tax filing is in full swing and thousands of taxpayers are busy e-filing their income tax returns. Websites like ClearTax capture the data from your Form 16 when you upload the document on the website, and offer tax benefits you are eligible for automatically. Follow these 7 simple steps to file your return online.

Step 1: Gather All The Documents
Form 16 is the single-most important document for filing income tax return for salaried individuals. Form 16 is an annual statement issued by the employer to salaried individuals carrying details of the employer, salary paid, tax deducted and investments declared. Also refer to your passbook or bank statement to find out savings bank account interest earned during the year and interest from fixed deposits.

Banks are required to deduct tax of 10% if total interest income from all fixed deposits exceed Rs 10,000. You will receive a Form 16A from the bank in such a case. If you trade on the share market, or have SIPs, then download the summary of your transactions from your demat account.

Ask your lender for a home loan interest certificate to avail tax benefits that are available to you as a homeowner. The home loan interest certificate shows you the split between your principal repayment and interest payments. Both of these can be claimed as a deduction in your income tax return.

Step 2: Claim All The Deductions You Are Eligible
Your employer calculates your salary and TDS deductions based on the investments you had declared at the beginning of the year. But you could have invested more under Section 80C during the year than you originally declared to your previous employer.

If you are concerned that you have not any investments under Section 80C, you’ll be happy to know that 80C offers tax relief on some of your expenses too.

Your contribution to the provident fund, life insurance premium payments (provided the premium is less than 10% of the sum assured), tuition fee if you have school-going children. This are few expenses that can be claimed as a deduction under Section 80C. Expenses related to stamp duty and registration charges can be deducted under Section 80C if you bought a house between April 2014 and March 2015.

Section 80TTA, a common deduction that most people forget to claim, allows for a tax deduction on interest income from bank savings account of up to Rs 10,000. Make sure you avail this deduction.

Step 3: Check your Form 26AS For Information On Taxes Deducted
Download the tax credit statement Form 26AS from the Income Tax Department website. This contains information on all the taxes paid on your behalf by say, your employer or the bank. Make sure the entries in your Form 26AS match with the ones mentioned on your Form 16 or Form 16A.

Step 4: Pay outstanding taxes
When tax deducted is not adequate, you will be shown a tax due. This is a common case with fixed deposits. Interest from fixed deposits as taxed just like your salary income. But banks only deduct 10% TDS when the interest income exceeds Rs 10,000. You might have to pay the additional tax on the fixed deposit if you fall on the 20% or 30% tax bracket.

Another instance where there is a tax payable is when employees change jobs and fail to submit investment proofs to their current employer. The current employer might have not deducted taxes as much as they should have.

Step 5: Fill up the fields correctly
Enter your name as it is mentioned on the PAN card. There are new details that are required to be reported in the income tax return this year. Make sure you fill them up correctly. Irrespective of whether you are seeking a refund or not, you must select the bank account where you’d like the refund credited. Taxpayers with a passport must enter their passport number in the income tax return with the exception of those filing ITR-1. Taxpayers who hold an aadhaar card have to mention it in their income tax return. This has been added in all the new forms.

Step 6: Review And e-File Your Income Tax Return
Review your income tax return before you proceed to submit it to the Income Tax Department. You will receive a 15-digit acknowledgment number.

Step 7: E-verify Your Tax Return Or Send ITR-V To The CPC Bangalore
After you have successfully e-filed your tax return, you must verify your return using any one of options mentioned below:

Send the ITR-V, the one page verification document to the Income Tax Department in Bangalore or e-verify using an electronic verification code (EVC) generated on the department website, or aadhaar card, or your Netbanking account.
Hard to believe Dad was once a little kid!

Sundaram Select Mid Cap

An open-end equity scheme

Creating Midcapthis!

Just like a child, investors have trouble believing that blue-chip, large cap companies of today were once mid-cap companies.

It is this truism that Sundaram Select Mid Cap invests in. The fund has created scores of Midcapthis!

So get the power of potential blue-chips in your portfolio. Talk to your investment advisor now to become a Midcapthis.

SUNDARAM MUTUAL UNEARTHING OPPORTUNITIES

Call: 1800-103-7237  SMS: SFUND to 56767  www.sundarammutual.com  f/SundaramAMC  t/SundaramMF

This product is suitable for investors who are seeking:

- long term capital growth
- investment in diversified stocks that are generally termed as mid-caps

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them. Mid-cap stock prices are subject to more volatility compared to large caps.

Investors understand that their principal will be at moderately high risk

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.
Multi-channel banking using internet, mobile and phone banking are making things easy for customers; but nevertheless these are potentially riskier. The fraud matrix too is increasing with these technologies, and more over, customers are worried about maintaining multiple passwords. Banks and financial companies are therefore working to introduce new ways to preempt hacking and phishing attempts. Thankfully, technology is now able to provide answers for these with the introduction of various biometric tools. Biometrics uses various biological identifications like voice, face, fingerprint scan or retina scan for logging into your account or to make financial transactions over phone or at ATMs, making it secure and foolproof.

**How Does Biometrics Work?**
Imagine being able to login to your online banking account using your fingerprint. This is exactly what this technology tries to bring out. The various biometric techniques initiated by banks across the world include palm reading, fingerprint scanning, retina scan, voice recognition and facial-identification biometrics.

**Finger Prints:** Fingerprint sensing will be the commonly used biometric identifier in the coming years. This is expected to be a more popular tool for mobile transactions as well as in ATMs. For example, to access accounts, customers can use fingerprint at ATMs instead of PINs. Biometric-authentication devices on ATMs have already proven as a success in Japan and in the US. For mobile banking, the customer needs to put his finger on the lens of his smartphone for a fingerprint scan to enable access to his banking account.

**Voice Recognition:** This technology, which has already been put into practice in India, will be used for endorsing phone banking. This prevents unauthorized and tele-banking frauds by hackers who steal your PIN number.

**Iris Scanning:** This is also a method similar to fingerprints, where users can operate inter-
net as well as mobile transactions. This approach is based on your iris and retina pattern, which are captured initially through a video based image acquisition system of the bank.

Technology experts believe that the future of banking will extensively use biometrics, and this will be soon replacing the traditional passwords. Online banking is going to be the biggest beneficiary of biometric technology as customers using passwords need the shield of biometric tools to avoid compromise of their accounts. Banks worldwide are slowly introducing various biometric tools.

**Biometrics in Indian Banking**

In India, ICICI Bank has been the first to hop on to the biometric safety mechanism bandwagon and has introduced a voice recognition protection system for customers. To enable a voice recognition system, ICICI Bank started building a database of customers' voice sample from the registered mobile phone, starting from April this year.

For those ICICI bank customers who have not given their voice sample till now can call the bank's customer care helpline number and an instant voice sample would be taken automatically by the voice recognition system put in place by the bank. For any future financial transactions, the bank would use the voice sample and confirm it with their system to enable you access to banking accounts.

If however a customer calls from another number which is other than the registered mobile number, he would need to key in the PIN and other details for authentication. Voice recognition system is initially working only for registered mobile numbers. ICICI Bank’s savings account and credit card customers are covered under the umbrella of biometric voice authentication.

HDFC Bank, however, has made use of this technology to offer instant loans to their customers. Using biometric devices available at branches and at dealer points (for car loans), customers can login with their fingerprint. Your fingerprint, which will be linked to your Aadhaar number and unique identification, instantly pulls your details. So with just additional income details, customers can avail loans like car loan and personal loan in just 30 minutes.

Fingerprint biometrics is now successfully being used in more than 35 countries. The Indian government has given a go-ahead for bio-metric enabled ATMs to leverage the biometric-based Aadhaar number.

So other banks too are likely to follow this soon. This opens up a whole new dimension of customer identification, leading the banking industry to a new era beyond the use of passwords and PINs.

**The Long and Short of Biometrics Technology**

There is no denying the fact that biometric technology is an idea whose time has come. However, the detrimental factors in the initiation of this technology is the high cost involved in it, ambiguity related to its various standards, and the proliferation of technologies in different forms. Having an organized back-end process to ensure an accurate processing is also challenging for the banking industry.

However, mobile devices with fingerprint technology can transfer the cost burden from banks to customers. But, customers relying on mobile technology need to be cautious, as we have seen the failure of technologies in smartphones like Motorola’s Atrix. Global regulators meanwhile suggest multi-factor authentication to be put in place and not relying only on biometrics till the technology becomes absolutely foolproof.

So as technology develops, tomorrow everything from your body odor to the shape of your ears can be used to prove your identity. This can only be good news for an industry wracked by online frauds and identity thefts.
## Indian Indices: Performance

<table>
<thead>
<tr>
<th>Index</th>
<th>Close July 23, 2015</th>
<th>Close June 30, 2015</th>
<th>Return (%)</th>
<th>Return 6 M (%)</th>
<th>Return 12 M (%)</th>
<th>PE Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sensex</td>
<td>28370.84</td>
<td>27780.83</td>
<td>2.12</td>
<td>-3.58</td>
<td>7.46</td>
<td>22.48</td>
</tr>
<tr>
<td>Nifty</td>
<td>8589.80</td>
<td>8368.50</td>
<td>2.64</td>
<td>-3.15</td>
<td>9.28</td>
<td>22.28</td>
</tr>
<tr>
<td>BSE 500</td>
<td>11269.09</td>
<td>10903.53</td>
<td>3.35</td>
<td>-0.97</td>
<td>12.78</td>
<td>23.25</td>
</tr>
<tr>
<td>BSE Auto</td>
<td>19170.06</td>
<td>18712.17</td>
<td>2.45</td>
<td>-5.35</td>
<td>20.39</td>
<td>20.82</td>
</tr>
<tr>
<td>BSE Bankex</td>
<td>21633.35</td>
<td>20982.18</td>
<td>3.10</td>
<td>-6.39</td>
<td>20.99</td>
<td>18.10</td>
</tr>
<tr>
<td>BSE Capital Goods</td>
<td>18423.92</td>
<td>17517.90</td>
<td>5.17</td>
<td>7.33</td>
<td>15.75</td>
<td>31.52</td>
</tr>
<tr>
<td>BSE Consumer Durables</td>
<td>11303.82</td>
<td>10745.62</td>
<td>5.19</td>
<td>10.74</td>
<td>32.45</td>
<td>33.48</td>
</tr>
<tr>
<td>BSE Oil &amp; Gas</td>
<td>10242.53</td>
<td>9859.23</td>
<td>3.89</td>
<td>3.08</td>
<td>-7.37</td>
<td>13.56</td>
</tr>
<tr>
<td>BSE Metal</td>
<td>8885.13</td>
<td>9335.29</td>
<td>-4.82</td>
<td>-15.87</td>
<td>-34.58</td>
<td>37.09</td>
</tr>
<tr>
<td>BSE Realty</td>
<td>1370.34</td>
<td>1413.26</td>
<td>-3.04</td>
<td>-18.99</td>
<td>-31.48</td>
<td>15.62</td>
</tr>
<tr>
<td>BSE PSU</td>
<td>7806.72</td>
<td>7637.76</td>
<td>2.21</td>
<td>-6.83</td>
<td>-5.60</td>
<td>10.53</td>
</tr>
<tr>
<td>BSE Power</td>
<td>2109.26</td>
<td>2022.14</td>
<td>4.31</td>
<td>-4.05</td>
<td>-4.41</td>
<td>142.34</td>
</tr>
<tr>
<td>BSE Teck</td>
<td>6248.47</td>
<td>5924.88</td>
<td>5.46</td>
<td>0.33</td>
<td>12.82</td>
<td>22.23</td>
</tr>
</tbody>
</table>

## Global Indices: Performance

<table>
<thead>
<tr>
<th>Index</th>
<th>Close July 23, 2015</th>
<th>Close June 30, 2015</th>
<th>Return (%)</th>
<th>Return 6 M (%)</th>
<th>Return 12 M (%)</th>
<th>PE Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI World Index</td>
<td>1762.80</td>
<td>1735.61</td>
<td>1.57</td>
<td>3.22</td>
<td>0.37</td>
<td>18.63</td>
</tr>
<tr>
<td>MSCI Asia Pacific Ex Japan</td>
<td>458.99</td>
<td>476.04</td>
<td>-3.58</td>
<td>-4.51</td>
<td>-9.77</td>
<td>12.77</td>
</tr>
<tr>
<td><strong>ASIA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hang Seng</td>
<td>25398.85</td>
<td>26250.03</td>
<td>-3.24</td>
<td>1.12</td>
<td>4.09</td>
<td>10.86</td>
</tr>
<tr>
<td>Singapore Straits Times (STI)</td>
<td>3356.37</td>
<td>3317.33</td>
<td>1.18</td>
<td>-1.77</td>
<td>-0.09</td>
<td>15.13</td>
</tr>
<tr>
<td>S. Korea</td>
<td>2065.07</td>
<td>2074.20</td>
<td>-0.44</td>
<td>5.67</td>
<td>0.95</td>
<td>17.21</td>
</tr>
<tr>
<td>Nikkei 225</td>
<td>20683.95</td>
<td>20683.95</td>
<td>0.00</td>
<td>17.32</td>
<td>34.41</td>
<td>23.25</td>
</tr>
<tr>
<td><strong>AMERICA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dow Jones</td>
<td>17731.92</td>
<td>17619.51</td>
<td>0.64</td>
<td>0.34</td>
<td>3.79</td>
<td>15.17</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>2102.15</td>
<td>2063.11</td>
<td>1.89</td>
<td>2.45</td>
<td>5.74</td>
<td>18.42</td>
</tr>
<tr>
<td>NASDAQ</td>
<td>5146.41</td>
<td>4986.87</td>
<td>3.20</td>
<td>8.17</td>
<td>15.08</td>
<td>19.43</td>
</tr>
<tr>
<td>Brazil Bovespa</td>
<td>49806.63</td>
<td>53080.88</td>
<td>-6.17</td>
<td>2.11</td>
<td>-14.09</td>
<td>30.43</td>
</tr>
<tr>
<td><strong>EUROPE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FTSE-100</td>
<td>6655.01</td>
<td>6520.98</td>
<td>2.06</td>
<td>-2.23</td>
<td>-2.07</td>
<td>21.11</td>
</tr>
<tr>
<td>DAX 30</td>
<td>11512.11</td>
<td>10944.97</td>
<td>5.18</td>
<td>8.34</td>
<td>17.81</td>
<td>18.58</td>
</tr>
<tr>
<td>CAC 40</td>
<td>5086.74</td>
<td>4790.20</td>
<td>6.19</td>
<td>10.24</td>
<td>15.99</td>
<td>25.79</td>
</tr>
</tbody>
</table>
### July International Commodity Futures Price Trends

<table>
<thead>
<tr>
<th>Commodity</th>
<th>July 23, 2015</th>
<th>June 30, 2015</th>
<th>% Change</th>
<th>52 Week High</th>
<th>% Change from 52 Week High</th>
<th>52 Week Low</th>
<th>% Change from 52 Week Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>LME Lead 3 Month ($/t)</td>
<td>1732.00</td>
<td>1760.00</td>
<td>-1.59%</td>
<td>2307.00</td>
<td>-24.92%</td>
<td>1676.50</td>
<td>3.31%</td>
</tr>
<tr>
<td>LME Zinc 3 Month ($/t)</td>
<td>1981.00</td>
<td>2000.00</td>
<td>-0.95%</td>
<td>2416.00</td>
<td>-18.00%</td>
<td>1906.00</td>
<td>3.93%</td>
</tr>
<tr>
<td>LME Nickel 3 Month ($/t)</td>
<td>11430.00</td>
<td>11980.00</td>
<td>-4.59%</td>
<td>19940.00</td>
<td>-42.68%</td>
<td>10430.00</td>
<td>9.59%</td>
</tr>
<tr>
<td>Comex Silver (S.oz)</td>
<td>14.68</td>
<td>15.55</td>
<td>-5.58%</td>
<td>20.83</td>
<td>-29.51%</td>
<td>14.10</td>
<td>4.13%</td>
</tr>
<tr>
<td>LME Copper 3 Month ($/t)</td>
<td>5272.50</td>
<td>5765.00</td>
<td>-8.54%</td>
<td>7198.25</td>
<td>-26.75%</td>
<td>5191.50</td>
<td>1.56%</td>
</tr>
<tr>
<td>Nymex Crude Oil ($/bbl)</td>
<td>48.45</td>
<td>59.47</td>
<td>-18.53%</td>
<td>103.31</td>
<td>-53.10%</td>
<td>42.03</td>
<td>15.27%</td>
</tr>
<tr>
<td>LME Aluminium 3 Month ($/t)</td>
<td>1636.00</td>
<td>1691.00</td>
<td>-3.25%</td>
<td>2199.50</td>
<td>-22.81%</td>
<td>1631.50</td>
<td>0.28%</td>
</tr>
<tr>
<td>ICE Sugar (cents/lb)</td>
<td>11.51</td>
<td>12.28</td>
<td>-6.27%</td>
<td>17.33</td>
<td>-33.58%</td>
<td>11.10</td>
<td>3.69%</td>
</tr>
<tr>
<td>Comex Gold (S/oz)</td>
<td>1094.10</td>
<td>1171.80</td>
<td>-6.63%</td>
<td>1322.10</td>
<td>-17.25%</td>
<td>1072.30</td>
<td>2.03%</td>
</tr>
<tr>
<td>CBOT Soy Oil (cents/lb)</td>
<td>31.19</td>
<td>33.56</td>
<td>-7.06%</td>
<td>37.11</td>
<td>-15.95%</td>
<td>29.32</td>
<td>6.38%</td>
</tr>
<tr>
<td>ICE Coffee (cents/lb)</td>
<td>121.55</td>
<td>130.65</td>
<td>-6.97%</td>
<td>225.50</td>
<td>-46.10%</td>
<td>120.65</td>
<td>0.75%</td>
</tr>
<tr>
<td>ICE Cotton (cents/lb)</td>
<td>65.92</td>
<td>67.51</td>
<td>-2.36%</td>
<td>71.49</td>
<td>-7.79%</td>
<td>57.05</td>
<td>15.55%</td>
</tr>
<tr>
<td>LIFFE Sugar (S/t)</td>
<td>349.50</td>
<td>370.30</td>
<td>-5.62%</td>
<td>454.80</td>
<td>-23.15%</td>
<td>343.60</td>
<td>1.72%</td>
</tr>
<tr>
<td>Nymex Natural Gas ($/mmbtu)</td>
<td>2.82</td>
<td>2.83</td>
<td>-0.56%</td>
<td>4.54</td>
<td>-38.03%</td>
<td>2.44</td>
<td>15.27%</td>
</tr>
<tr>
<td>CBOT Soybean (cents/bushel)</td>
<td>1010.00</td>
<td>1056.25</td>
<td>-4.38%</td>
<td>1336.25</td>
<td>-24.42%</td>
<td>904.00</td>
<td>11.73%</td>
</tr>
<tr>
<td>CBOT Corn (cents/bushel)</td>
<td>403.25</td>
<td>414.00</td>
<td>-2.60%</td>
<td>438.75</td>
<td>-8.09%</td>
<td>318.25</td>
<td>26.71%</td>
</tr>
<tr>
<td>CBOT Soy Meal ($/t)</td>
<td>359.00</td>
<td>359.50</td>
<td>-0.14%</td>
<td>463.80</td>
<td>-22.60%</td>
<td>296.30</td>
<td>21.16%</td>
</tr>
<tr>
<td>CBOT Wheat (cents/bushel)</td>
<td>521.50</td>
<td>614.75</td>
<td>-15.17%</td>
<td>677.00</td>
<td>-22.97%</td>
<td>460.00</td>
<td>13.37%</td>
</tr>
</tbody>
</table>

### Commodities: July Gainers and Losers (%)

**MCX**
- Mentha Oil - 14.6%
- Cardamom - 7.7%
- Silver - 4.6%
- Nickel - 1.5%
- Zinc - 0.4%
- Natural Gas 0.6%
- Crude Oil - 17.6%
- Copper - 8.2%
- Gold - 6.6%
- Aluminum - 2.6%
- Lead - 1.5%
- Cotton - 0.3%

**NCDEX**
- Barley - 3.6%
- Soy Oil - 2.9%
- Rm Seed - 1.8%
- Jeera - 1.6%
- Wheat 2.1%
The loss in WTI crude price. Overproduction figures globally and Iran nuke deal has crashed oil prices.
**CURRENCY**

Rupee Movement

**ENERGY**

Brent Crude (US$/bbl)

**METALS**

Gold (US$/OZ)

**ECONOMY**

Inflation (%)

IIP (%)

Real GDP Growth

FII vs. MF (Rs cr)

15%

Fall in MCX Mentha Oil.

Oversupplied market due to the rush of farmers to sell old stock, as well as the newly harvested produce to the physical markets pulled down the counter.

**10%**

Fall in NCDEX soybean.

Resumption of monsoon rainfall in major soybean producing areas of Madhya Pradesh eased concerns of soya output fall. That pushed prices down.

All figures as on July 23, 2015
# Performance of Mutual Funds

## Equity Diversified

<table>
<thead>
<tr>
<th>Mutual Fund Scheme</th>
<th>NAV</th>
<th>1 yr</th>
<th>2 yr</th>
<th>3 yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICICI Pru Exp&amp;Other Services-RP (G)</td>
<td>46.54</td>
<td>36.5</td>
<td>47.2</td>
<td>42.5</td>
</tr>
<tr>
<td>Franklin (I) Smaller Cos (G)</td>
<td>39.33</td>
<td>35.1</td>
<td>56.0</td>
<td>42.1</td>
</tr>
<tr>
<td>SBI Magnum Midcap Fund (G)</td>
<td>61.30</td>
<td>43.7</td>
<td>57.4</td>
<td>41.6</td>
</tr>
<tr>
<td>DSP-BR Micro Cap Fund - RP (G)</td>
<td>41.89</td>
<td>50.0</td>
<td>67.8</td>
<td>40.2</td>
</tr>
<tr>
<td>Mira Emerging Bluechip Fund (G)</td>
<td>31.34</td>
<td>43.7</td>
<td>58.0</td>
<td>40.0</td>
</tr>
<tr>
<td>Reliance Small Cap Fund (G)</td>
<td>25.52</td>
<td>34.6</td>
<td>66.8</td>
<td>39.5</td>
</tr>
<tr>
<td>UTI Mid Cap (G)</td>
<td>82.15</td>
<td>40.5</td>
<td>60.2</td>
<td>39.3</td>
</tr>
<tr>
<td>Can Robeco Emerg-Equities (G)</td>
<td>62.16</td>
<td>42.0</td>
<td>62.7</td>
<td>38.8</td>
</tr>
<tr>
<td>Franklin Build India Fund (G)</td>
<td>30.00</td>
<td>43.0</td>
<td>53.7</td>
<td>38.5</td>
</tr>
<tr>
<td>JPMorgan (I) Mid and Small Cap (G)</td>
<td>20.03</td>
<td>41.4</td>
<td>54.6</td>
<td>38.4</td>
</tr>
<tr>
<td>Principal Emerging Bluechip(G)</td>
<td>70.99</td>
<td>41.0</td>
<td>52.4</td>
<td>37.3</td>
</tr>
<tr>
<td>Axis Mid Cap Fund (G)</td>
<td>27.17</td>
<td>36.2</td>
<td>50.2</td>
<td>37.1</td>
</tr>
<tr>
<td>BNP Paribas Mid Cap Fund (G)</td>
<td>26.04</td>
<td>39.1</td>
<td>50.7</td>
<td>37.0</td>
</tr>
<tr>
<td>Franklin India Prima Fund (G)</td>
<td>682.98</td>
<td>36.0</td>
<td>48.1</td>
<td>37.0</td>
</tr>
<tr>
<td>Religare Invesco Mid N SmallCap (G)</td>
<td>36.70</td>
<td>34.3</td>
<td>50.0</td>
<td>36.7</td>
</tr>
<tr>
<td>Franklin High Growth Cos (G)</td>
<td>30.38</td>
<td>37.7</td>
<td>47.4</td>
<td>36.4</td>
</tr>
<tr>
<td>Birla SL Pure Value Fund (G)</td>
<td>39.80</td>
<td>22.3</td>
<td>55.4</td>
<td>36.0</td>
</tr>
<tr>
<td>Sundaram SMILE Fund (G)</td>
<td>72.76</td>
<td>45.6</td>
<td>65.8</td>
<td>35.7</td>
</tr>
<tr>
<td>Tata Mid Cap Growth Fund (G)</td>
<td>105.66</td>
<td>40.4</td>
<td>55.1</td>
<td>35.7</td>
</tr>
<tr>
<td>Religare Invesco Mid Cap (G)</td>
<td>35.69</td>
<td>34.9</td>
<td>51.2</td>
<td>35.6</td>
</tr>
<tr>
<td>ICICI Pru MidCap Fund (G)</td>
<td>73.62</td>
<td>32.1</td>
<td>60.7</td>
<td>35.1</td>
</tr>
<tr>
<td>L&amp;T India Value Fund (G)</td>
<td>25.33</td>
<td>34.1</td>
<td>47.6</td>
<td>34.8</td>
</tr>
<tr>
<td>Sundaram Select Midcap -RP (G)</td>
<td>354.80</td>
<td>39.8</td>
<td>51.8</td>
<td>34.6</td>
</tr>
<tr>
<td>SBI Magnum Global Fund (G)</td>
<td>136.75</td>
<td>36.6</td>
<td>44.1</td>
<td>34.6</td>
</tr>
<tr>
<td>L&amp;T Midcap Fund (G)</td>
<td>90.00</td>
<td>37.0</td>
<td>53.9</td>
<td>34.5</td>
</tr>
<tr>
<td>Kotak Emerging Equity - Regular (G)</td>
<td>26.81</td>
<td>42.7</td>
<td>54.4</td>
<td>34.2</td>
</tr>
<tr>
<td>Taurus Discovery Fund (G)</td>
<td>31.96</td>
<td>36.7</td>
<td>47.9</td>
<td>33.6</td>
</tr>
<tr>
<td>ICICI Pru Value Discovery Fund (G)</td>
<td>117.07</td>
<td>27.3</td>
<td>51.9</td>
<td>33.3</td>
</tr>
<tr>
<td>Reliance Mid &amp; Small Cap Fund (G)</td>
<td>34.57</td>
<td>32.3</td>
<td>52.9</td>
<td>32.9</td>
</tr>
<tr>
<td>HDFC MidCap Opportunities (G)</td>
<td>38.34</td>
<td>32.6</td>
<td>49.6</td>
<td>32.8</td>
</tr>
</tbody>
</table>

Source: moneycontrol.com; Note: All returns are annualized and expressed in percentage; all NAVs as on July 24, 2015

## ELSS

<table>
<thead>
<tr>
<th>Mutual Fund Scheme</th>
<th>NAV</th>
<th>1 yr</th>
<th>2 yr</th>
<th>3 yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axis Long Term Equity Fund (G)</td>
<td>31.32</td>
<td>30.7</td>
<td>44.8</td>
<td>35.3</td>
</tr>
<tr>
<td>ICICI Pru RIGHT Fund (G)</td>
<td>31.41</td>
<td>31.3</td>
<td>45.5</td>
<td>35.1</td>
</tr>
<tr>
<td>SBI Tax Advantage Sr-2 (G)</td>
<td>23.48</td>
<td>27.3</td>
<td>44.5</td>
<td>33.1</td>
</tr>
<tr>
<td>Birla SL Tax Relief 96 (G)</td>
<td>22.07</td>
<td>32.2</td>
<td>40.4</td>
<td>30.9</td>
</tr>
<tr>
<td>SBI Tax Advantage Sr-1 (G)</td>
<td>23.58</td>
<td>27.3</td>
<td>44.6</td>
<td>30.9</td>
</tr>
<tr>
<td>Reliance Tax Saver (ELSS) (G)</td>
<td>47.00</td>
<td>24.8</td>
<td>49.4</td>
<td>30.8</td>
</tr>
<tr>
<td>IDFC Tax Advantage (ELSS)-RP (G)</td>
<td>41.01</td>
<td>29.7</td>
<td>37.2</td>
<td>30.1</td>
</tr>
<tr>
<td>Birla Sun Life Tax Plan (G)</td>
<td>27.92</td>
<td>30.8</td>
<td>39.0</td>
<td>30.0</td>
</tr>
<tr>
<td>BNP Paribas Long Term Equity (G)</td>
<td>31.38</td>
<td>30.9</td>
<td>38.3</td>
<td>29.9</td>
</tr>
<tr>
<td>Religare Invesco Tax Plan (G)</td>
<td>36.93</td>
<td>29.4</td>
<td>39.8</td>
<td>29.7</td>
</tr>
<tr>
<td>DSP-BRTax Saver Fund (G)</td>
<td>33.38</td>
<td>24.3</td>
<td>35.6</td>
<td>28.3</td>
</tr>
<tr>
<td>Franklin India Tax Shield (G)</td>
<td>438.19</td>
<td>31.9</td>
<td>37.4</td>
<td>28.1</td>
</tr>
<tr>
<td>JM Tax Gain Fund (G)</td>
<td>12.28</td>
<td>26.0</td>
<td>37.5</td>
<td>28.0</td>
</tr>
<tr>
<td>Principal Tax Savings</td>
<td>145.21</td>
<td>18.7</td>
<td>36.3</td>
<td>27.7</td>
</tr>
<tr>
<td>ICICI Pru Tax Plan (G)</td>
<td>275.27</td>
<td>18.3</td>
<td>38.0</td>
<td>27.0</td>
</tr>
<tr>
<td>Edelweiss ELSS Fund (G)</td>
<td>3719</td>
<td>27.8</td>
<td>30.8</td>
<td>26.4</td>
</tr>
<tr>
<td>SBI Magnum Tax Gain (G)</td>
<td>116.56</td>
<td>21.7</td>
<td>34.9</td>
<td>26.0</td>
</tr>
<tr>
<td>HSBC Tax Saver Equity Fund (G)</td>
<td>27.54</td>
<td>19.6</td>
<td>32.9</td>
<td>25.3</td>
</tr>
<tr>
<td>BOI AXA Tax Advtg -Eco (G)</td>
<td>40.30</td>
<td>23.5</td>
<td>32.1</td>
<td>25.0</td>
</tr>
<tr>
<td>LIC NOMURA Tax Plan (G)</td>
<td>50.84</td>
<td>24.8</td>
<td>31.7</td>
<td>24.7</td>
</tr>
</tbody>
</table>

Source: moneycontrol.com; Note: All returns are annualized and expressed in percentage; all NAVs as on July 24, 2015

## Equity (Banking)

<table>
<thead>
<tr>
<th>Mutual Fund Scheme</th>
<th>NAV</th>
<th>1 yr</th>
<th>2 yr</th>
<th>3 yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICICI Pru Bkg &amp; Fin Serv-RP(G)</td>
<td>38.41</td>
<td>26.1</td>
<td>39.7</td>
<td>29.3</td>
</tr>
<tr>
<td>Reliance Banking Fund (G)</td>
<td>182.51</td>
<td>22.2</td>
<td>36.4</td>
<td>23.9</td>
</tr>
<tr>
<td>Religare Invesco Banking - RP (G)</td>
<td>36.01</td>
<td>27.9</td>
<td>34.2</td>
<td>23.3</td>
</tr>
<tr>
<td>Sundaram Fin-Serv. Opp.-RP (G)</td>
<td>29.32</td>
<td>22.2</td>
<td>30.4</td>
<td>19.1</td>
</tr>
<tr>
<td>UTI Banking Sector (G)</td>
<td>67.56</td>
<td>20.0</td>
<td>30.3</td>
<td>19.0</td>
</tr>
<tr>
<td>Sahara Bkg &amp; Fin. Services (G)</td>
<td>46.63</td>
<td>17.0</td>
<td>30.6</td>
<td>18.8</td>
</tr>
<tr>
<td>Baroda Bank &amp; Financial Serv. (G)</td>
<td>16.22</td>
<td>19.5</td>
<td>28.3</td>
<td>17.9</td>
</tr>
<tr>
<td>Taurus Banking&amp;Financial Serv. (G)</td>
<td>17.53</td>
<td>13.4</td>
<td>26.6</td>
<td>17.2</td>
</tr>
</tbody>
</table>

Source: moneycontrol.com; Note: All returns are annualized and expressed in percentage; all NAVs as on July 24, 2015
## Performance of Mutual Funds

### Equity (FMCG)

<table>
<thead>
<tr>
<th>Mutual Fund Scheme</th>
<th>NAV</th>
<th>1 yr</th>
<th>2 yr</th>
<th>3 yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICICI Pru FMCG Fund (G)</td>
<td>160.50</td>
<td>21.9</td>
<td>14.8</td>
<td>19.0</td>
</tr>
</tbody>
</table>

### Miscellaneous

<table>
<thead>
<tr>
<th>Mutual Fund Scheme</th>
<th>NAV</th>
<th>1 yr</th>
<th>2 yr</th>
<th>3 yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>UTI Transport &amp; Logistics (G)</td>
<td>88.22</td>
<td>40.2</td>
<td>69.9</td>
<td>47.1</td>
</tr>
<tr>
<td>Birla Sun Life Buy India (G)</td>
<td>95.88</td>
<td>40.9</td>
<td>44.4</td>
<td>34.4</td>
</tr>
<tr>
<td>JM Basic Fund (G)</td>
<td>22.48</td>
<td>26.1</td>
<td>36.9</td>
<td>24.8</td>
</tr>
<tr>
<td>Reliance Media &amp; Entertain (G)</td>
<td>53.19</td>
<td>13.3</td>
<td>22.7</td>
<td>22.8</td>
</tr>
<tr>
<td>Religare Invesco PSU Equity (G)</td>
<td>14.68</td>
<td>22.5</td>
<td>30.2</td>
<td>15.9</td>
</tr>
<tr>
<td>Reliance Diver. Power - RP (G)</td>
<td>78.65</td>
<td>5.2</td>
<td>35.0</td>
<td>14.8</td>
</tr>
<tr>
<td>UTI Energy Fund (G)</td>
<td>12.87</td>
<td>3.9</td>
<td>25.7</td>
<td>13.3</td>
</tr>
<tr>
<td>Sundaram PSU Opportunities (G)</td>
<td>12.22</td>
<td>9.0</td>
<td>22.3</td>
<td>9.5</td>
</tr>
</tbody>
</table>

### Equity (Tech)

<table>
<thead>
<tr>
<th>Mutual Fund Scheme</th>
<th>NAV</th>
<th>1 yr</th>
<th>2 yr</th>
<th>3 yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICICI Pru Tech. Fund (G)</td>
<td>40.92</td>
<td>17.3</td>
<td>35.5</td>
<td>32.8</td>
</tr>
<tr>
<td>Birla SL New Millennium (G)</td>
<td>34.90</td>
<td>15.8</td>
<td>25.8</td>
<td>27.7</td>
</tr>
<tr>
<td>DSP-BR Technology.Com -RP (G)</td>
<td>52.97</td>
<td>14.7</td>
<td>25.5</td>
<td>26.3</td>
</tr>
<tr>
<td>Franklin Infotech Fund (G)</td>
<td>115.58</td>
<td>15.8</td>
<td>24.0</td>
<td>26.2</td>
</tr>
</tbody>
</table>

### Equity (Pharma)

<table>
<thead>
<tr>
<th>Mutual Fund Scheme</th>
<th>NAV</th>
<th>1 yr</th>
<th>2 yr</th>
<th>3 yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI Pharma Fund (G)</td>
<td>142.29</td>
<td>48.2</td>
<td>45.8</td>
<td>39.9</td>
</tr>
<tr>
<td>Reliance Pharma Fund (G)</td>
<td>137.85</td>
<td>38.5</td>
<td>38.8</td>
<td>31.7</td>
</tr>
<tr>
<td>UTI Pharma &amp; Health (G)</td>
<td>95.46</td>
<td>35.1</td>
<td>34.6</td>
<td>31.0</td>
</tr>
</tbody>
</table>

### Balanced

<table>
<thead>
<tr>
<th>Mutual Fund Scheme</th>
<th>NAV</th>
<th>1 yr</th>
<th>2 yr</th>
<th>3 yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI Magnum Balanced Fund (G)</td>
<td>96.44</td>
<td>22.1</td>
<td>31.0</td>
<td>25.9</td>
</tr>
<tr>
<td>Tata Balanced Fund - Regular (G)</td>
<td>172.39</td>
<td>26.7</td>
<td>34.1</td>
<td>25.7</td>
</tr>
<tr>
<td>L&amp;T India Prudence Fund (G)</td>
<td>19.76</td>
<td>25.2</td>
<td>32.3</td>
<td>25.5</td>
</tr>
<tr>
<td>L&amp;T India Eq and Gold Fund (G)</td>
<td>20.60</td>
<td>24.9</td>
<td>34.1</td>
<td>25.3</td>
</tr>
<tr>
<td>ICICI Pru Balanced Fund (G)</td>
<td>93.76</td>
<td>19.7</td>
<td>30.3</td>
<td>25.0</td>
</tr>
<tr>
<td>Franklin India Balanced Fund (G)</td>
<td>92.83</td>
<td>27.8</td>
<td>30.9</td>
<td>24.0</td>
</tr>
<tr>
<td>Birla Sun Life 95 Fund (G)</td>
<td>571.89</td>
<td>22.2</td>
<td>30.7</td>
<td>23.5</td>
</tr>
<tr>
<td>HDFC Childrens Gift (Inv)</td>
<td>84.95</td>
<td>17.9</td>
<td>30.1</td>
<td>23.5</td>
</tr>
<tr>
<td>HDFC Balanced Fund (G)</td>
<td>108.96</td>
<td>19.8</td>
<td>34.4</td>
<td>23.1</td>
</tr>
<tr>
<td>ICICI Pru CCP - Gift Plan</td>
<td>102.98</td>
<td>11.0</td>
<td>36.1</td>
<td>22.4</td>
</tr>
<tr>
<td>Reliance RSF - Balanced (G)</td>
<td>40.65</td>
<td>19.2</td>
<td>30.4</td>
<td>22.3</td>
</tr>
<tr>
<td>Can Robeco Balance (G)</td>
<td>116.13</td>
<td>23.8</td>
<td>30.7</td>
<td>22.0</td>
</tr>
<tr>
<td>HDFC Prudence Fund (G)</td>
<td>381.27</td>
<td>13.9</td>
<td>33.2</td>
<td>21.7</td>
</tr>
<tr>
<td>JM Balanced Fund (G)</td>
<td>38.62</td>
<td>10.7</td>
<td>25.7</td>
<td>21.7</td>
</tr>
<tr>
<td>UTI CCP Advantage Fund (G)</td>
<td>27.46</td>
<td>18.0</td>
<td>27.8</td>
<td>21.3</td>
</tr>
</tbody>
</table>

### MIP

<table>
<thead>
<tr>
<th>Mutual Fund Scheme</th>
<th>NAV</th>
<th>1 yr</th>
<th>2 yr</th>
<th>3 yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>DWS Equity Income Fund - Dir (G)</td>
<td>25.58</td>
<td>21.2</td>
<td>15.8</td>
<td>--</td>
</tr>
<tr>
<td>DWS Equity Income Fund (G)</td>
<td>24.96</td>
<td>19.9</td>
<td>14.7</td>
<td>11.0</td>
</tr>
<tr>
<td>Birla SL MIP II-Wealth 25-DP (G)</td>
<td>30.13</td>
<td>19.3</td>
<td>20.2</td>
<td>--</td>
</tr>
<tr>
<td>Birla SL MIP II-Wealth 25 (G)</td>
<td>29.66</td>
<td>18.3</td>
<td>19.4</td>
<td>16.0</td>
</tr>
<tr>
<td>Sundaram MIP-Aggressive -Dir (G)</td>
<td>15.44</td>
<td>16.7</td>
<td>15.8</td>
<td>--</td>
</tr>
<tr>
<td>Sundaram MIP-Aggressive (G)</td>
<td>15.31</td>
<td>16.3</td>
<td>15.4</td>
<td>11.7</td>
</tr>
<tr>
<td>Franklin India MIP -Direct (G)</td>
<td>44.74</td>
<td>15.8</td>
<td>15.6</td>
<td>--</td>
</tr>
<tr>
<td>SBI Magnum MIP - Direct (G)</td>
<td>31.06</td>
<td>15.3</td>
<td>14.0</td>
<td>--</td>
</tr>
<tr>
<td>Reliance MIP - Direct (G)</td>
<td>34.40</td>
<td>15.1</td>
<td>16.5</td>
<td>--</td>
</tr>
<tr>
<td>Franklin India MIP (G)</td>
<td>43.99</td>
<td>14.9</td>
<td>14.9</td>
<td>13.4</td>
</tr>
<tr>
<td>ICICI Pru MIP 25 - Direct (G)</td>
<td>31.30</td>
<td>14.9</td>
<td>17.4</td>
<td>--</td>
</tr>
<tr>
<td>L&amp;T MIP Wealth Builder -Direct (G)</td>
<td>14.75</td>
<td>14.9</td>
<td>15.7</td>
<td>--</td>
</tr>
<tr>
<td>IDFC MIP - Direct (G)</td>
<td>17.26</td>
<td>14.9</td>
<td>14.5</td>
<td>--</td>
</tr>
<tr>
<td>Tata MIP Plus Fund - Direct (G)</td>
<td>25.18</td>
<td>14.9</td>
<td>15.5</td>
<td>--</td>
</tr>
<tr>
<td>SBI Magnum MIP Floater -Direct (G)</td>
<td>21.11</td>
<td>14.7</td>
<td>15.3</td>
<td>--</td>
</tr>
</tbody>
</table>

Source: moneycontrol.com; Note: All returns are annualized and expressed in percentage; all NAVs as on July 24, 2015
Canara Rob Eq Diver Fund-Reg (G)

Fund Objective/Mission
To generate capital appreciation by investing in equity and equity related securities.

Fund House Details
AMC Name: Canara Robeco
Website: www.canararobeco.com

Financial Details
AUM As On (June 30, 2015)  782.79
NAV As On (July 22, 2015)  100.16
Min Investment (in Rs.)  Lumpsum 5000
NAV (52WeekHigh){March 03, 2015}  102.71
NAV (52WeekLow){August 08, 2014}  81.37

Investment Information
Scheme Information
Scheme: Open ended scheme
Launch Date: September 16, 2003
Fund Manager: Ravi Gopalakrishnan
Bench Mark: S&P BSE 200
Max.Entry Load (%): NA
Max.Exit Load (%): 1.00

Top 10 Companies
<table>
<thead>
<tr>
<th>Name</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Bank</td>
<td>7.9</td>
</tr>
<tr>
<td>ICICI Bank</td>
<td>4.6</td>
</tr>
<tr>
<td>Hindustan Petroleum Corporation</td>
<td>3.7</td>
</tr>
<tr>
<td>Larsen &amp; Toubro</td>
<td>3.3</td>
</tr>
<tr>
<td>State Bank Of India</td>
<td>3.2</td>
</tr>
<tr>
<td>Axis Bank</td>
<td>3.0</td>
</tr>
<tr>
<td>Infosys</td>
<td>2.7</td>
</tr>
<tr>
<td>Kotak Mahindra Bank</td>
<td>2.7</td>
</tr>
<tr>
<td>Reliance Industries</td>
<td>2.5</td>
</tr>
<tr>
<td>Yes Bank</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Top 10 Sector Wise Holding
<table>
<thead>
<tr>
<th>Industry Name</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank - Private</td>
<td>22.6</td>
</tr>
<tr>
<td>IT - Software</td>
<td>7.8</td>
</tr>
<tr>
<td>Refineries</td>
<td>6.2</td>
</tr>
<tr>
<td>Engineering - Construction</td>
<td>5.9</td>
</tr>
<tr>
<td>Pharmaceuticals &amp; Drugs</td>
<td>4.1</td>
</tr>
<tr>
<td>Engineering - Industrial Equipments</td>
<td>3.3</td>
</tr>
<tr>
<td>Cement &amp; Construction Materials</td>
<td>3.3</td>
</tr>
<tr>
<td>Chemicals</td>
<td>3.2</td>
</tr>
<tr>
<td>Bank - Public</td>
<td>3.2</td>
</tr>
<tr>
<td>Auto Ancillary</td>
<td>2.9</td>
</tr>
</tbody>
</table>

5 Years History
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV in ₹ (as on 31st March)</td>
<td>98.04</td>
<td>70.11</td>
<td>59.32</td>
<td>55.39</td>
<td>54.98</td>
</tr>
<tr>
<td>Net Assets (₹ Crores. ) (as on 31st March)</td>
<td>805</td>
<td>629</td>
<td>638</td>
<td>543</td>
<td>383</td>
</tr>
<tr>
<td>Returns(%)</td>
<td>39.96</td>
<td>17.81</td>
<td>6.73</td>
<td>0.64</td>
<td>10.09</td>
</tr>
<tr>
<td>CNX NIFTY Returns(%)</td>
<td>26.33</td>
<td>17.53</td>
<td>6.86</td>
<td>-9.11</td>
<td>10.27</td>
</tr>
<tr>
<td>Category Rank</td>
<td>144(274)</td>
<td>114/(217)</td>
<td>78/(204)</td>
<td>30/(207)</td>
<td>74/(209)</td>
</tr>
</tbody>
</table>

Source: ACEMF
Tata Dividend Yield Fund (G)

Fund Objective/Mission
To provide income distribution and/or medium to long term capital gains by investing predominantly in high dividend yield stocks.

Fund House Details
AMC Name: Tata Asset Management
Website: www.tatamutualfund.com

Financial Details
AUM As On (June 30, 2015) 310.16
NAV As On (July 22, 2015) 60.56
Min Investment (in Rs.)
Lumpsum 5000
SIP 500
NAV (52WeekHigh)(March 05, 2015) 61.65
NAV (52WeekLow)(August 08, 2014) 47.25

Investment Information
Scheme Information
Open ended scheme
Launch Date November 22, 2004
Fund Manager Rupesh Patel
Bench Mark CNX 500 Index
Max.Entry Load (%) NA
Max.Exit Load (%) 1.00

Top 10 Companies

<table>
<thead>
<tr>
<th>Name</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCL Technologies</td>
<td>5.7</td>
</tr>
<tr>
<td>HDFC Bank</td>
<td>5.3</td>
</tr>
<tr>
<td>ICICI Bank</td>
<td>5.0</td>
</tr>
<tr>
<td>CBLO</td>
<td>4.8</td>
</tr>
<tr>
<td>Axis Bank</td>
<td>4.7</td>
</tr>
<tr>
<td>Strides Arcolab</td>
<td>3.8</td>
</tr>
<tr>
<td>Infosys</td>
<td>3.8</td>
</tr>
<tr>
<td>Bajaj Auto</td>
<td>3.7</td>
</tr>
<tr>
<td>Credit Analysis And Research</td>
<td>3.6</td>
</tr>
<tr>
<td>Coal India</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Top 10 Sector Wise Holding

<table>
<thead>
<tr>
<th>Industry Name</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank - Private</td>
<td>20.5</td>
</tr>
<tr>
<td>IT - Software</td>
<td>16.0</td>
</tr>
<tr>
<td>Pharmaceuticals &amp; Drugs</td>
<td>11.8</td>
</tr>
<tr>
<td>Automobile Two &amp; Three Wheelers</td>
<td>6.7</td>
</tr>
<tr>
<td>Other</td>
<td>4.7</td>
</tr>
<tr>
<td>Diesel Engines</td>
<td>4.7</td>
</tr>
<tr>
<td>Finance - NBFC</td>
<td>4.5</td>
</tr>
<tr>
<td>Ratings</td>
<td>3.6</td>
</tr>
<tr>
<td>Mining &amp; Minerals</td>
<td>3.4</td>
</tr>
<tr>
<td>BPO/ITeS</td>
<td>3.4</td>
</tr>
</tbody>
</table>

5 Years History

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV in ₹ (as on 31st March)</td>
<td>59.70</td>
<td>41.45</td>
<td>34.90</td>
<td>34.43</td>
<td>32.83</td>
</tr>
<tr>
<td>Net Assets (₹ Crores. (as on 31st March)</td>
<td>320</td>
<td>293</td>
<td>322</td>
<td>296</td>
<td>185</td>
</tr>
<tr>
<td>Returns(%)</td>
<td>43.26</td>
<td>17.87</td>
<td>0.89</td>
<td>4.21</td>
<td>14.34</td>
</tr>
<tr>
<td>CNX NIFTY Returns(%)</td>
<td>26.33</td>
<td>17.53</td>
<td>6.86</td>
<td>-9.11</td>
<td>10.27</td>
</tr>
<tr>
<td>Category Rank</td>
<td>7(37)</td>
<td>20(36)</td>
<td>47(54)</td>
<td>5(57)</td>
<td>10(58)</td>
</tr>
</tbody>
</table>

Source: ACEMF
HDFC Multiple Yield Fund (G)

**Fund Objective/Mission**
The primary objective of the Scheme is to generate positive returns over medium time frame with low risk of capital loss over medium time frame.

**Fund House Details**
AMC Name: HDFC Asset Management Company
Website: www.hdfcfund.com

**Financial Details**
- AUM As On (June 30, 2015): 70.20
- NAV As On (July 22, 2015): 26.38
- Min Investment (in Rs.):
  - Lumpsum: 5000
  - SIP: 500
- NAV (52WeekHigh)(July 16, 2015): 26.42
- NAV (52WeekLow)(August 08, 2014): 24.71

**Investment Information**
- Scheme: Open ended scheme
- Launch Date: September 17, 2004
- Fund Manager: Vinay R. Kulkarni
- Bench Mark: Crisil MIP Blended Index
- Max.Entry Load (%): NAh
- Max.Exit Load (%): 1.00

**Top 10 Companies**

<table>
<thead>
<tr>
<th>Name</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export Import Bank of India -365D (20-Nov-15)</td>
<td>27.6</td>
</tr>
<tr>
<td>Canara Bank (10-Mar-16)</td>
<td>20.3</td>
</tr>
<tr>
<td>Tata Sons Ltd. 9.67% (31-Aug-15)</td>
<td>14.3</td>
</tr>
<tr>
<td>HDFC 9.58% (29-Aug-15)</td>
<td>10.0</td>
</tr>
<tr>
<td>Bharat Petroleum Corporation</td>
<td>2.5</td>
</tr>
<tr>
<td>Power Finance Corporation</td>
<td>2.2</td>
</tr>
<tr>
<td>NHPC Ltd. SR-S1 STRRP-A 8.49% (26-Nov-15)</td>
<td>2.1</td>
</tr>
<tr>
<td>Net Current Asset</td>
<td>2.1</td>
</tr>
<tr>
<td>Britannia Industries</td>
<td>1.9</td>
</tr>
<tr>
<td>Gujarat State Petronet</td>
<td>1.6</td>
</tr>
</tbody>
</table>

**Top 10 Sector Wise Holding**

<table>
<thead>
<tr>
<th>Industry Name</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank - Private</td>
<td>30.4</td>
</tr>
<tr>
<td>Bank - Public</td>
<td>22.4</td>
</tr>
<tr>
<td>Finance - Investment</td>
<td>14.3</td>
</tr>
<tr>
<td>Finance - Housing</td>
<td>10.0</td>
</tr>
<tr>
<td>Power Generation/Distribution</td>
<td>4.9</td>
</tr>
<tr>
<td>Refineries</td>
<td>2.9</td>
</tr>
<tr>
<td>Gas Transmission/Marketing</td>
<td>2.7</td>
</tr>
<tr>
<td>Other</td>
<td>2.2</td>
</tr>
<tr>
<td>Finance Term Lending</td>
<td>2.2</td>
</tr>
<tr>
<td>Consumer Food</td>
<td>1.9</td>
</tr>
</tbody>
</table>

**Scheme Performance as on July 23, 2015**

<table>
<thead>
<tr>
<th>Period</th>
<th>Returns (%)</th>
<th>B'mark (%)</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Months</td>
<td>5.26</td>
<td>1.28</td>
<td>31/(50)</td>
</tr>
<tr>
<td>6 Months</td>
<td>1.96</td>
<td>1.98</td>
<td>45/(50)</td>
</tr>
<tr>
<td>1 Year</td>
<td>5.84</td>
<td>11.24</td>
<td>50/(50)</td>
</tr>
<tr>
<td>3 Years</td>
<td>9.80</td>
<td>10.35</td>
<td>37/(50)</td>
</tr>
<tr>
<td>5 Years</td>
<td>9.10</td>
<td>8.44</td>
<td>21/(42)</td>
</tr>
<tr>
<td>Since Inception</td>
<td>9.36</td>
<td>8.54</td>
<td>NA</td>
</tr>
</tbody>
</table>

**SIP Details: Invested Rs 5000 Every Month**

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Invest (₹)</th>
<th>Scheme (₹)</th>
<th>Bench mark (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year</td>
<td>60,000</td>
<td>61,048</td>
<td>62,284</td>
</tr>
<tr>
<td>3 Years</td>
<td>1,80,000</td>
<td>2,06,925</td>
<td>2,09,871</td>
</tr>
<tr>
<td>5 Years</td>
<td>3,00,000</td>
<td>3,78,199</td>
<td>3,80,420</td>
</tr>
<tr>
<td>10 Years</td>
<td>6,00,000</td>
<td>9,79,233</td>
<td>9,26,561</td>
</tr>
</tbody>
</table>

**Fund Structure**

- Total Stocks: 21
- Total Sectors: 18
- P/E Ratio: NA
- P/B Ratio: NA
- Avg. Market Cap Rs. on (June-2015): 9779.80

**Volatility Measures**

- Fama: -0.03
- Beta: 0.42
- Std Dev: 0.29
- Sharpe: 0.01

**5 Years History**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV in ₹ (as on 31st March)</td>
<td>25.91</td>
<td>23.12</td>
<td>20.81</td>
<td>19.69</td>
<td>17.82</td>
</tr>
<tr>
<td>Net Assets (₹ Crores. (as on 31st March)</td>
<td>73</td>
<td>72</td>
<td>98</td>
<td>88</td>
<td>45</td>
</tr>
<tr>
<td>Returns(%)</td>
<td>11.68</td>
<td>10.46</td>
<td>5.21</td>
<td>9.77</td>
<td>7.18</td>
</tr>
<tr>
<td>CNX NIFTY Returns(%)</td>
<td>26.33</td>
<td>17.53</td>
<td>6.86</td>
<td>-9.11</td>
<td>10.27</td>
</tr>
<tr>
<td>Category Rank</td>
<td>45/(55)</td>
<td>6/(58)</td>
<td>54/(60)</td>
<td>2/(60)</td>
<td>5/(52)</td>
</tr>
</tbody>
</table>

Latest As on 31 March, 15
India's highly respected personal finance magazine!

- Offers you useful insights on investments
- Highly experienced editorial team
- A ringside view of Finance & Economy

### SUBSCRIPTION CHARGES

<table>
<thead>
<tr>
<th>Years</th>
<th>Cover Price</th>
<th>Offer Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rs 540</td>
<td>Rs 510</td>
</tr>
<tr>
<td>2</td>
<td>Rs 1080</td>
<td>Rs 960</td>
</tr>
<tr>
<td>3</td>
<td>Rs 1620</td>
<td>Rs 1370</td>
</tr>
</tbody>
</table>

**Address for communication**

I would like to subscribe to *The Finapolis* for the period indicated below **by post**:

- 1 Year: ₹510
- 2 Years: ₹960
- 3 Years: ₹1370

I would like to subscribe to *The Finapolis* for the period indicated below **by courier**:

- 1 Year: ₹750
- 2 Years: ₹1440
- 3 Years: ₹2090

**Name**

Mode of payment: Please pay by Cheque / DD/NEFT in favor of "Karvy Consultants Ltd." payable at Hyderabad. For outstation cheques (other than Hyderabad), please add Rs 25/- as collection charges to the above amount. This subscription request form, along with your Cheque / DD, should be mailed to:


You can also deposit your subscription form along with cheque / DD at your nearest Karvy Branch.

**DEVELOPMENT FOR NEFT**

<table>
<thead>
<tr>
<th>Beneficiary Name</th>
<th>Account No.</th>
<th>Location &amp; Branch</th>
<th>IFSC Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>KARVY CONSULTANTS LTD</td>
<td>0021030000005400</td>
<td>HYDERABAD – LAKDI KA POOL</td>
<td>HDFC0000021</td>
</tr>
</tbody>
</table>

Note: The contact details provided by you, are private and confidential. These details will be used for subscription related queries only.
Despite increasing prosperity, and centuries-old tradition of philanthropy, India of today remains a country of hesitant givers. Wealth creation without a moral purpose may be futile

By Viiveck Verma

A few years ago, in an interview with Barkha Dutt, Sunil Mittal of Bharti Airtel was asked why India lagged far behind countries like US when it comes to philanthropy. Mittal in his usual cavalier fashion responded that India has not yet seen a prolonged period of prosperity and therefore was not in a position to become a nation that wholeheartedly practices philanthropy.

Indeed India holds a distant 69th position in the World Giving Index that is led by Myanmar and US tied for the first place.

Whether one agrees with Mittal or not, the question that arises is how come Myanmar, a country not fully out of the grips of a self-imposed isolation, is so far ahead of India and tops the list of all nations when it comes to charity? Obviously Mittal’s explanation is in sharp contrast to the simple fact that a country’s prosperity has nothing to do with its propensity to be charitable.

According to the World Giving Index, an annual report based on data provided by Gallup and published by the Charities Aid Foundation, India has jumped up from the 93rd position in 2013 to the 69th position in 2014. The World Giving Index ranks over 130 countries across the world according to how charitable its citizenry is. It also aims to provide an understanding into the capacity and type of giving that exists throughout the world.

‘Woh Uthe hain le ke khum-o-subu, arre O Shekeel kahan hai tu, Tera jam lene ko bazin mein koi aur haath badha na de’

-- Shakeel Badayuni

According to the latest statistics on distribution of wealth, it is evident that the disparity be-
between the haves and the have-nots is only increasing alarmingly. This chasm between extreme destitution and obscene wealth that is attributed to many challenges faced by the world today and can only be alleviated by a mass consciousness on giving back with no holds barred.

‘Giving’ in the dictionary is defined as “the act of freely transferring something to someone”. Even Winston Churchill, directly responsible for some three million Bengalis dying of engineered famine between 1942 and 1944, in a moment of rare enlightenment was moved enough to say, “We make a living by what we get, but we make a life by what we give”.

There are many who quietly and steadily give away both tangible and intangible assets that they have acquired over time. They keep the feeling of gratification to themselves, yet sharing these feelings when someone else reaches out to give. They form movements and groups. They share ideas and build communities. They multiply and grow. And thus, giving flourishes. The receivers benefit. The whole ecosystem evolves.

As urban India becomes more prosperous, the art of giving is also becoming a more integral part of our entire thought process. People feel proud to give and they feel proud to ask, if someone else needs it. A far cry from the olden days, where those who needed felt embarrassed to ask.

Giving is not a new phenomenon in India. It is spoken about widely in our scriptures and mythology. It is an age old tradition but the difference lies in the way giving happened. Tales of giving are mostly about powerful and rich people giving away to the poor with the aim of being honorable and attaining moksha. However, that was mythology. In the context of today’s world giving may not assure one moksha but it will surely guarantee satisfaction. So the recent news that Azim Premji of Wipro who has committed Rs 50,000 crore towards charity is very heartening and may begin the process of other corporate honchos opening up their purse strings for the poor.

The government of India has wisely made Corporate Social Responsibility (CSR) initiative as mandatory for corporate India strongly signaling its commitment to bring about a social change in the country. The profit making corporate houses will be required to allocate funds and recruit people to run these CSR activities, as part of a giving process. The Corporate Social Responsibility act mandates that companies with a turnover of above Rs 50 crore should spend at least 2% of their average net profit before tax in the previous three years on CSR activities.

According to consulting firm Bain and Company philanthropy by Indians, account for only 0.6% of GDP. The proportion of Indians donating money went up from 14% in 2009 to 28% in 2013. India is the country with the third-largest number of billionaires in the world and yet we languish at a lowly 135th on the Human Development Index rankings. These figures tell us that we have the ability to give even more and bridge the disparity that exists between these two ends of the spectrum. The report also states that Indians are major donors to religious causes. There needs to be a shift in our mindset to move away from religious philanthropy to social philanthropy. More communities and groups need to come together and create a lasting influence through the course of giving.

The Corporate Social Responsibility act mandates that companies with a turnover of above Rs 50 crore should spend at least 2% of their average net profit before tax in the previous three years on CSR activities.
Viiveck changed roles from a successful business leader with over 28 years of corporate experience to an entrepreneur. He is a Coach – (people and organizational growth), Start-Up Consultant – (mentor and guide) and Social Worker – (driving social change)

TED is another such body that recognized the importance of giving and decided that the best way to do it was to share the latest ideas in Technology, Engineering and Design, propagated in the form of talks.

There is however, a deep churn in the conscience of our Nation on the question of charity. This change of heart seems to be evident in the many initiatives across the country not just the Government but also the NGOs, pressure groups and more importantly by civil society itself. Ordinary people like you and me. There is also a reverse brain drain that is evident in this regard. Several person of Indian origin (PIO)s settled abroad and mainly from the US have left lucrative careers and headed back home to pursue a line of work that is centred on helping the marginalised communities.

There are quite a few International organisations that have done stellar work at the grassroots level. The Bill & Melinda Gates Foundation is one of them. TED is another such body that recognized the importance of giving and decided that the best way to do it was to share the latest ideas in Technology, Engineering and Design, propagated in the form of talks. Little did TED understand the power of the brand that they were creating. Soon the TED communities are generating impact ripples, globally, slowly spreading across different countries and addressing local issues.

Like Khalil Gibran said: “You often say, “I would give, but only to the deserving”. The trees in your orchard say not so, nor flocks in your pastures. They give that they may live, for to withhold is to perish. Surely he who is worthy to receive his days and his nights is worthy of all else from you. And he who has deserved to drink from the ocean of life deserves to fill his cup from your little stream.”
Buying A Home: The Problems With Waiting Too Long

Buyer paralysis – or, as it is popularly known these days, the ‘wait-and-watch’ syndrome – is one of the main reasons today why aspiring home owners do not make their move. There are various reasons why people prefer to sit on the fence rather than in their dream home. Probably the most significant one is negative market messaging via various information channels.

In India today, fence-sitting buyers are waiting for one of two things to happen – for property prices to come tumbling down, and for home loan interest rates to be brought so low as to become irresistible. Of these two factors, a correction in property prices would definitely be the stronger incentive. Obviously, a combination of both would be the most preferred scenario.

There are also other reasons why people who long to own a home do not take the plunge. For instance, they may have become confused by conflicting objectives and are looking at the whole issue of home ownership from an investor’s viewpoint. Such a mind-set results in people either waiting for the right ‘entry point’ (the lowest point to which prices will drop) or worrying about the ‘non-liquid’ nature of property (gold or stocks can be turned into cash much faster if a financial crisis arises).

Another reasons for buyer paralysis can be the expectations one has set with regards to the desirable size for a home. Many aspiring home buyers feel that their dream home should be large enough to make their own senses boggle, and the source of envy for all their friends and relatives.

Since homes beyond a certain size are beyond their purchasing power, they plan to save until they have enough to make a sizable down payment. For homebuyers-in-waiting, a deeper understanding of the dynamics of the real estate market – and the various options open to them – can often bring them closer to finally achieving their goals:

**Waiting For Prices To Come Down**

Price corrections do not happen the way most people imagine, if they happen at all. In the first place, they do not take place uniformly across all cities, but only in cities – and more importantly, in locations – where there is too much stock and no sales. If sales are taking place, even at a slower rate, prices will not drop. This is, in fact, one of the main reasons why investment in the right property at the right location is such a safe bet.

**Waiting For Home Loan Interest Rates To Reduce**

Home loan rates are decided by the state of the economy – banks cannot arbitrarily bring down interest rates, even if doing so would increase disbursals and therefore their own business. When the economy improves, so do lending norms.

The factors that positively affect economic performance cannot be willed into motion, but depend on a huge plethora of macro factors. Moreover, the monthly outgoings on an existing home loan will automatically decrease when interest rates come down (provided that the loan is on a floating and not fixed rate of interest).

**Waiting To Buy A Bigger Flat**

Size DOES matter – but not all that much. If you are in the position to buy a 2 BHK in a good location today, you can be assured that it will appreciate in value. Assuming that you expect your income to grow steadily as well, you will always be able to upgrade to a bigger home in a few years. The appreciating nature of well-chosen property also means that waiting until you can make that hefty down-payment on a larger home may not work simply because the prices for such homes would also have increased.

**Home Purchase Vs. Property Investment**

Home purchase and property investment are two very separate concepts. A home is one of the things we buy because we intend to put them to use and make our lives more secure and comfortable. An investment property is something we buy in order to sell it at a sizable profit a few years down the line, and to rent it out until then. Homeowners view their homes as a source of stability and security, while investors see their holdings as tradable commodities.

Like all mind-sets, the wait-and-watch stance can become a chronic one for no better reason than that it has become a habit. The decision to postpone the purchase of a home should not be on the basis of limited information. In fact, such a course can be self-defeating and put your dream home further and further out of reach.
A monthly series in The Finapolis where we talk to a diverse set of families to understand their attitude towards financial planning. Our in-house financial advisor offers his suggestions for a more robust portfolio. If you’d like to talk to us and be featured, write in to: feedback@thefinapolis.com

Monish Selvadia, 32, was born and raised in Mumbai. The family is into the business of trading and manufacturing of diamonds and diamond jewellery. He joined into family business 15 years ago while studying his B.Com degree. His wife Jeenal, 29 delivered twin boys (Mitansh and Tarush) 14 months ago. Jeenal worked in the human resource department at a private company but quit after the children were born. Currently, Monish is only sole income earner in the family, and looks after the business along with his uncle.

Being into family business, Monish’s income varies through the year, but on an average, he takes home about Rs 10-12 lakh per annum. His monthly expense on an average in last three to four months was Rs 50,000 to 70,000 and monthly savings is between Rs 25,000 to 35,000. He is an aggressive investor and has allocated most of his savings into stocks. The current investments in stocks is Rs 15 lakh, bank fixed deposit is Rs 2.5 lakh and Rs 50,000 in infrastructure bonds.

Monish’s asset allocation strategy is to invest 50% of savings into A and B group stocks which gives regular dividend income also has potential to grow and remaining 50% is invested into midcap stocks for long term growth. He does his own research while investing in stocks and tracks the performance of overall portfolio. He expects returns of 20-24% per annum from his overall portfolio.

His contingency fund includes fixed deposits and balance in bank savings account which is equivalent to three months of expenses. Health insurance coverage for his family is of Rs 5 lakh through the family floater policy (excluding parents). He has endowment insurance policy to cover his life with sum assured of Rs 20 lakh.

His financial goals are to build a corpus of Rs 1 crore for each of his sons by the time they are 18, and have a retirement kitty of Rs 1.5 crore when he hangs up his boots at the age of 60.
If we are facing the right direction, all we have to do is keep on walking,” goes a Buddhist proverb. The benefits of being on the right side of 30s is that we become more serious about our hard earned money and want to plan for future financial goals however the adrenaline rush of 20s which don’t die with growing age, somehow pursue us to take unreasonable risk. Before we create a roadmap for Mr. Selvadia’s financial future, we want to caution him that thinking independently and doing own research carries behaviour biases which may harm the portfolio return, in addition as Sir John Templeton said “The market will tell you are perpetually wrong” by proving time and again about the wrong selection in equities. We believe that for building wealth involves allocating resources across diversified assets in a systematic manner and constantly rebalancing the mix. For taking care of any emergency we suggest Mr. Slevadia to use Arbitrage funds which are more liquid and tax efficient than Fixed deposit and carry very low risk. As for the amount of contingency fund, they can be saved and invest equivalent of six month of expenses, considering the fluctuation in his monthly business income.

Further, he needs to buy a term insurance policy, at least for a cover of one crore rupees by diverting the premium of his endowment policy into buying the term insurance policy. We strongly believe that insurance policies like endowment or money back can be avoided as they are just a saving cum insurance tool which in many case provide less return than saving account. He also need to step up his medical coverage to 100% which will adequately cover his whole family. To foolproof any negative unforeseen event we advise Monish to take a critical illness and accidental policy upto Rs 50 lakh.

Coming to his asset allocation, it is necessary for Mr. Selvadia to rebalance his portfolio according to his financial goals. As he don’t have any near term goals, he has done the right thing by putting majority of his saving into equity which provide superior long term return than any other asset class. While the dividend yield strategy in stocks provide regular stream of income, we advise him to reinvest the dividend till his working life so that the size of portfolio will increase over the period of time. For his children’s higher education and marriage Mr. Selvadia wants to accumulate a corpus of one crore rupees for each child in today’s rate in next 17 year, which, if accounted for inflation (assuming: 6%) the same corpus will be close to Rs 2.7 crore for each child. Mr. Selvadia is very astute in investing in equity, however investing systematically in equity mutual fund will eventually take him one step closer to his goals and at the same time provide discipline in investment. Through Mutual funds, many of his financial goals can be linked. He can maintain the investment in Fixed deposit however upon maturity, the same can be transferred to income funds which in most cases provide slightly higher return.

Concluding remark: More than knowledge or skill or luck it is the behaviour which determine the success in investment. the father of value investment, Prof. Benjamin Graham, who was Warren Buffet’s mentor, said “The investor’s chief problem—and even his worst enemy—is likely to be himself.” In other words don’t let your emotions in the way of smart investment moves. Beside this, reviewing the portfolio periodically and rebalancing it with changing times and needs, help individual to avoid any losses.
Every month our resident expert on all things personal finance will answer all your queries related to the world of investments, taxation and financial management. The Personal Finance Advisor will be able to diagnose the health of your portfolio and offer better advice if your questions are precise, and the description of the ailments detailed.

Write in to feedback@thefinapolis.com

Sir, I had applied for home loan at one of the PSU bank in the month of April this year with required documents. The loan got rejected with my low CIBIL score as the reason. Please tell me how to improve my CIBIL score and what’s the good CIBIL score considered by banks for home loan?

~ Nagarjun, Chennai

Dear Nagarjun,

A good CIBIL score has become very important for borrowers because all the banks look at the CIBIL score first. It has to be close to 750 to be considered for loan. There are ways to improve CIBIL score but there is no short cut.

Few steps you can take immediately:

- Check if you have defaulted on any past payment and it is still pending. If yes, clear it. Defaults can really wreck your credit score. Avoid default on any payment in future.
- Always pay your credit card bills on time. Pay in full. At the same time, don’t take too many cards. With too many cards, you end up with more expenses and may begin missing the payment deadlines.
- Pay all your bills on time. Any credit outstanding in your name for a long time works against your score.

Sir, what are the parameters to consider before buying an online term plan from any life insurance companies? While enquiring with one of the representative of insurance company came across some variants in term plan such as life cover and increasing monthly income plan. Is advisable to opt for any such variants or stick with basic term plan?

~ Arun Kumar, Cuttack

Dear Arun,

The advantage of term plan is that it is pure insurance. You can take a term plan with big sum assured at a lower premium. In case of any eventuality, the family gets the insured amount. If nothing happens, no amount is paid. There are variants of it such as monthly income along with term insurance. However, these come at a price. Moreover, these features either increase your premium or reduce sum assured. Moreover, the monthly income paid is so small that it will hardly make any difference to your life. It is suggested to go for a pure basic term plan. If you need monthly income, put money in MIP (monthly income plan) mutual funds offered by fund houses.

Dear Sir, I keep getting calls from credit card companies stating I am eligible for pre-approved loan between Rs 5 lakh – Rs 10 lakh. Should I take a loan from such pre-approved loan option from credit card bank or apply to my savings bank for the same. I require Rs 7 lakh for my business. Are there any advantages to such pre-approved loans?

~ Mihir Kambli, Mumbai

Dear Mihir,

Pre-approved loans are based on basic, available credit information of people. While it certainly clears the first hurdle, the loan process will still be followed with proper documentations and verification. When you go for loan, your concern should be interest rate and loan processing charges. It hardly matters whether the loan is
given by credit card banks or your regular bank. Ask the credit card bank about the rate and other charges and the clauses. Compare with your regular bank and then decide. Personal loans are an expensive way to fund your business though. The interest rates can be as high as 18% to 20%. See if there are other ways to arrange the Rs 7 lakh that you need for your business.

Sir, I will be paying my last EMI against home loan in month of August 2015. Please let me know some important procedures I need to be careful about while closing my home loan with the bank.

- Sai Iyer, Chennai

Dear Sai,

Closure of home loan is a very important step. It is simple though. Once the last EMI is paid, write to the bank about closing your loan and returning the documents kept with the bank. It is better if you have a list of documents that you had submitted to bank.

Also, you should take NOC (no objection certificate) from bank stating that there is no outstanding amount left and hence bank has no interest in the property for which the loan was given. The NOC is important because it is indication of a final closure of the loan. Communicate with the bank and have a record of all the communication.

Dear Sir, Recently I had come across preventive healthcare plans offered by Indian Health Organisation Pvt. Ltd. So, keen to know what’s the difference between health insurance plan offered by general insurance companies and this preventive healthcare plans?

- Ajay Dalal, Rajkot

Dear Ajay,

Preventive healthcare plan focuses on prevention rather than cure which is core of health insurance. Hence preventive healthcare plan includes periodic check-ups, discussion and communication with doctors on your health, and consultation on healthcare and possible treatment. Health insurance involves treatment of disease and hospitalization. This is the major difference. Health insurance is necessary in today’s times where the cost of treatment is constantly going up. Preventive healthcare

is a new concept in India while it has been there in the West for a long time.

Sir, I have been investing into gold funds for the last few years on monthly basis. In November this year my daughter is getting married. Can I take a physical delivery by selling these gold funds or is the only option to redeem the units in cash?

- Richa Singh, Kanpur

Dear Richa,

Gold funds are certainly a better option to invest in gold than buying physical gold because you don’t need to worry about storing gold at a safe place in case you accumulate significant amount of gold.

You have to encash them; there is no option of physical delivery. Once you sell your fund units, the redeemed amount will be deposited in your bank account. Hence you have to take only the cash. There is another option to invest in e-Gold which allows you to take delivery into physical Gold in select locations. E-Gold is offered by NSEL (National Spot Exchange Limited). Moreover, there is no management fee involved in this unlike in mutual fund and hence the return on e-Gold is always higher.

Sir, I have taken a home loan from one of the PSU bank. I have a query, “Is it mandatory to take property insurance for home loan? The bank is insisting on property insurance and saying it’s required as per RBI rules.”

- Raghu Patil, Nashik

Dear Raghu,

Property insurance is not mandatory to take along with home insurance. If the bank is insisting, ask for the features that the property insurance provides and know who the insurance company is. If it suits you, take it. Otherwise you can refuse to take property insurance.

Sir, Is it advisable to invest in ULIP schemes to build a corpus for my children education when he completes 18 years of age? Current age of my child is 5 years.

- Swathi Iyer, Hyderabad

Dear Swathi,

ULIP is not a good investment for building corpus. It is essentially an insurance plan where the sum assured and bonus depends on market returns.

For building corpus, you should find something to invest which can give better returns. Moreover, you have long time horizon. The best investment will be to start an SIP (systematic investment plan) in a good equity mutual fund. Most of the fund houses offer equity mutual funds. Equity mutual funds give best return in the long run. Investing in mutual funds is easy. You have to walk down to any of the fund houses office, fill up a form, and start an SIP of any amount starting with Rs 1000 a month.

Dear Sir, I took a home loan of Rs 50 lakh for 25 years tenure in November 2011 at a fixed interest rate of 10.75%. Now, I have a corpus of Rs 3 lakh from bonus and savings. Please advise which is a better choice either to prepay partial amount from outstanding loan or invest this in fixed deposits / mutual funds / direct equities?

- Salil Jaju, Indore

Dear Salil,

Investing lump sum amount in equities or mutual funds is not advisable because of short term fluctuation in these investments. Fixed deposit is a better option but the rates are lower than 10.75%, your home loan rate. Hence this is also not good since you have option of prepayment.

I would suggest, you can prepay the partial amount. This will reduce your EMI, no matter how marginally. Start an SIP (systematic investment plan) with any mutual fund with the saved amount on EMI. This way, you have reduced the possibility of impact on your investment by market fluctuation as well as prepaid the loan (which is equivalent of getting 10.75% on your investment from a bank).
Momentum Investing

It is a general belief that long-term investors tend to outperform short-term traders but as we have witnessed in the aftermath of 2008 financial meltdown and recession, it took half a decade for many investors to recoup their losses and get to break even. While the “buy low, sell high” approach is probably most often talked about, however figuring out when to sell is common obstacle faced by investors. There are other schools of thought which suggest that securities which have performed well relative to peers on average continue to outperform, and securities that have underperform or relatively lower to peers continue to underperform. The academic study of price momentum has intensified since Jegadeesh and Titman (1993) found that buying winning stocks and selling losers generated significant positive returns over three to twelve months ownership. Momentum strategy in other words can be sum up as buying the winners and getting rid off of the losers.

How it works
As the prestigious Wagner Award winner Gary Antonacci said, “Momentum means persistence in performance.” Additional periods of superior performance tend to follow initial periods of superior performance. But it is more than that, momentum is also a systematic rules-based approach for entering and exiting the markets based on specific, proven criteria. In momentum investment, the investor focuses on stocks that are moving significantly in one direction on high volume. In this interpretation, momentum investing is a game of kabaddi—buying rapidly appreciating stocks, holding them for a relatively short period, and selling them before their price trends reverse direction. And in favourable conditions (Read: bull market) it works very well. As a momentum investor, one seeks to identify stocks that have the potential to yield spectacular returns within a short to medium holding period. When the market rallies, the filtered momentum stocks are usually better place to lead the rally.

Spotting the winners
It is very important for investor to understand the dynamic of the momentum strategy as momentum is attributed to factors like market size, risk, macro-economy, data mining biases, liquidity, etc. None of them are conclusive and full proof. One can use moving average convergence divergence (MACD), moving average or relative strength index to see the short and medium term momentum of stocks. Investor should not ignore the psychological aspect of investing. There are number of mistakes and behavioural biases that investors exhibit while riding on the data and passing the emotional and overconfidence biases. It must be borne in mind that all equity risk factors are time-varying.

Conclusion
Momentum strategies attracts short term taxes, and they call for more frequent re-balancing. While many investors believe that momentum is inherently risky, research suggests the opposite is actually true. Used alone or in combination with a value investing strategy, momentum can help produce higher risk-adjusted portfolio returns over the long term. It provides the opportunity for capital appreciation at relatively low risk, as usually the trend continues for some time, and there are enough signals of trend reversal during which the investor can take out his investment, but for a common investor it is difficult to pick up the trend at early stages. They join when most of the potential gains have been factored in by either the research analysts or the institutional investors.

To find success in momentum investing, investors need to time their positions i.e. when it is time to buy and when to sell.
Trade on BSE, India’s fastest trading platform.

TRADE AT SPEEDS OF 200 MICROSECONDS ONLY ON BSE, INDIA’S FASTEST EXCHANGE.

Up to 10x faster than other trading platforms | Advanced German technology | Unprecedented reliability and security

www.bseindia.com | Follow us on: Facebook | Twitter | LinkedIn
We’ll keep it safe. We’ll help it grow.

Introducing Monthly / Quarterly / Annual Interest Income Fixed Deposit Schemes.

Highest Safety Rating-“CRISIL FAAA”

Loan facility up to 75% of deposit

No tax to be deducted at source on interest income up to ₹5000 per financial year

Nomination facility available

We are a subsidiary of Punjab National Bank

Call: 1800 120 8800 • SMS: ‘FDPNBHFL’ TO 56070 • Email: deposit@pnbhfl.com • Website: www.pnbhfl.com

CIN: U65922DL1988PLC033856