

## **Market Trends**

STOCK INDICES		%	% CHANGE	
Nifty 50	8104.35		0.43	
Sensex	26374.7		0.43	
MSCI India	644.11		0.83	
MSCI EM	1803.7		0.48	
MSCI BRIC	440.85		0.48	
MSCI World	6893.05		0.08	
Values in US \$, Gross		At	At 7 pm IST	

### GOLD RATE Prices per Troy Ounce (\$) US India 1245.83 OPEN 1136.10

LAST\* 1140.00 1246.98 \*At 10.30pm, After adjusting for import duty, Indian spot gold lower by \$7.02 to US Comex gold price on Monday. The premium on local gold is due to tight supply following import curbs.

Market on Twitter@ETMar

## Laurus Labs **Ends up 12.3%** on Debut Day



₹480.50 on its first day of trading on Monday. The stock opened at ₹490, at a 14.5% premium to the issue price of ₹428 and hit a high of ₹498 intraday. Nomura India Investment Fund bought 7.35 lakh shares at an average price of ₹477.56. The Hyderabad-based company's ₹1,332-crore IPO was subscribed 4.6 times earlier this month, with strong bidding from QIBs, whose portion was subscribed more than 10 times. "At a price band of ₹426-428, the issue is priced at 30.1x PE (post-issue; at upper end) for 1HFY17 annualised consolidated EPS of ₹14.2 which appears fairly priced when compared with peers," said Motilal Oswal Securities in

a pre-IPO note. – Our Bureau

**INTEREST RATES ARE FALLING** across the board, but debt investors don't need to lose heart. EPF is still attractive and government savings bonds and mutual funds are likely to offer better returns going ahead

# Why EPF is A Good Bet Despite Rate Cut Since inflation fell faster than this

## Sanket.Dhanorkar@timesgroup.com

Mumbai: In a falling interest rate tion) has widened further. This regime, the Employees' Provident Fund Organisation (EPFO) has detrend may continue in the future as EPF will continue to get priority cided to reduce interest rate on the treatment over other instruments in EPFto8.65%, from 8.8% earlier. This terms of interest rates. And that is cut may leave the sala-

**EPF Vs NPS** ried class feeling aggrieved, but financial plannersmaintain the **Final corpus from** EPF still remains EPF is completely among the better vehicles for retirement tax-free and guarsavings in the fixed income space. Manoj Nagpal, CEO, Outlook

anteed, while only 40% of the corpus tends investors are is tax free for NPS trend in interest rates suggested a

yond a point, unlike bank fixed deposits," says Sadagopan. This cut in EPF rates comes at a

small EPF rate cut, the real interest

rates (i.e. over and above the infla-

Ladder 7 Financial Services, says the EPF should remain one of the key pillars to an individual's retirement funding. The rate offered on the EPF is a market anomaly which is not likely to go away, as the government cannot lower it be-

why financial plan-

ners like Suresh

Sadagopan, founder,

time when the historical returns

from National Pension System

portion of NPS will yield similar return over the long run. Besides, the NPS still has some issues related to taxation and annuity." The final corpus from EPF is completely tax-free and guaranteed, while only 40% of the corpus is tax free for NPS. Besides, NPS subscribers have to buy taxable annuities (i.e. pension) from insurance using 40% of the corpus.

## **Investors Turn to Gol Savings Bonds** as FD Rates Soften

Product best suited for conservative depositors, for whom safety is a priority

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Mumbai: Amid dipping deposit rates, Government of India Savings Bonds are attracting retail investors as these sovereign securities are mostly seen as a proxy for bank fixed deposits.

The bonds offer about 8% returns compared with benchmark 10-year government bonds, which trade at a vield of less than 7%

'Technically, the government savings bond is safer than bank fixed deposits," said Anil Chopra, group CEO of Bajaj Capital. "We can see increasing number of investments coming into such schemes in the past one month. With the demonetisation drive. bank savings deposits are swelling. which need to be deployed in a place that will offer best possible assured returns. This is where the savings scheme makes sense.

In the past month, fund flows to the scheme have surged, according to brokerages. One-month collections may have run into hundreds of crores of rupees, equal to the sum garnered in all of 2015-16, according

to some market estimates. The 8% Government of India Savings (Taxable) Bonds were introduced in 2003 and are issued by the Reserve Bank of India on behalf

of the government. The bonds can be purchased at State Bank of India and HDFC Bank branches as well as through brokerages and advisor firms. Besides individuals, recognised charitable trusts and Hindu



Undivided Families can invest in the bonds. 'We are witnessing increased

flows into the scheme," said Vineet Arora, executive vice president at ICICI Direct, adding that the 8% rate is lucrative, especially when this is a sovereign security.

The scheme normally loses sheen whenever fixed deposit rates are higher. Interest on the bonds is paid cumulatively or non-cumulatively. In the latter option, interest income is credited on the first day of February and August. Investments should be made in multiples of ₹1,000, which is the

minimum The bonds can amount. The cube purchased mulative value of at SBI and ₹1,000 at the end of **HDFC** Bank six years will be branches ₹1,601. Interest inas well as come is taxable. through bro-"The benchmark kerages and

yield will trend advisor firms lower, bringing

down overall rates for the next one year," said Ajay Manglunia, executive vice president at Edelweiss Financial Services. "With this, investors still can earn handsome returns over a six-year period. The product is best suited for conservative depositors, who prioritise safety first.

Bond gains are exempted from wealth tax, making it an attractive investment for wealthy investors, who bear the levy. Non-resident Indians are not eligible to invest in these bonds

## INTEREST RATES ON OTHER SMALL SAVINGS PRODUCTS ALSO LIKELY TO HEAD DOWN Go Long on MFs as Company FDs Disappoint

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Asia Capital, con-

still better off as the

the cards," he adds

sharper cut in EPF rate. "The EPFO

has recommended the minimum

cut when a sharper rate cut was on

Mumbai: You will get lower returns on deposits in top-rated companies in the coming months. Interest rates on deposits by large non-bank finance companies have been cut by 25-50 basis points in the last couple of weeks, in line with the broader decline in returns from the fixed income segment.

The latest to cut deposit rates are HDFC Ltd, PNB Housing Finance and Shriram Transport Finance, which have slashed deposit rates by 25 basis points (100 basis points is 1 percent). Shriram Transport Finance is reducing its 3-year fixed

deposit rates from 8.25% to 8%, while PNB Housing Finance will now offer 7.4% on its deposits as compared to 7.8% offered earlier.

"Over the past couple of months there has been a flurry of news with respect to decline in rates across the fixed income space," said Ashish Shanker, head-Investment Advisory at Motilal Oswal Private

Wealth Management. On Monday, the employees' provident fund (EPF) scheme rates were cut to 8.65% - the lowest in seven yearsfrom 8.8%

In the last couple of years, rates on fixed deposits have fallen from 9-10% to 7.5-8.25%.

ings products also likely to head down, many distributors are pushing investors to mutual funds. In equity mutual funds, they are assuring that returns could be in the

range of 12% to 15%. In debt schemes, distributors said it could be as high as 10%. As per AMFI data, income

funds saw inflows of ₹52.000 crore and ₹18,000 crore in the last couple of months, while gilt funds saw inflows of ₹1,350 crore and ₹900 crore, respectively.

In the past one year, returns from the dynamic bond fund category was 13.36%. The income fund category fetched 11.87%, while the gilt

funds category returned 15.46%, as per Value Research. Three-year returns from mid- and small-cap schemes was 25.73%. Last year, their returns were 9.5%.

Financial planners, however, advise investors against investing in mutual fund products based on past returns.

'Investors should always understand the risk in the product. There is no guarantee of returns in any mutual fund product," says Gajendra Kothari, founder, Etica Wealth. He believes a fixed deposit investor has a very low-risk profile and should not invest in high-risk products both in the fixed income and equity space.

**GL** BALGroup Enterprise



(NPS) have been robust. The government bond and corporate debt plans of NPS have yielded around 13.5 -18.5% over the past year. So should you ditch EPF and go for NPS? While some investors may be tempted to make the transition due

to the high historical NPS returns. experts suggest investors not to do away with the EPF. This is because the higher return in NPS now is due to mark-to-market valuations.

With interest on other small sav-

## Net speeds, digital drive push for IOT adoption in India

nectivity is the buzzword of the times as the global population of 7.4 billion are latching on to 6.4 billion linked 'things' through 'internet', such as smartphones, fitbits, wearable devices, among others. And according to Gartner, there will be 21 billion connected devices by 2020.

India is no stranger to such global upheaval as consumers and enterprises adapt to the changing sce-nario. Along with reduced cost of devices, improved network connectivity is leading to large-scale adoption of such connected devices. Welcome to the new world of Internet of Things (IoT). "Bandwidth is no more a constraint for us to connect devices via the internet. Packet drops are not an issue either for us to  $use high \, bandwidth \, for \, options \, like \, video \, surveillance$ and remote monitoring," says Amit Bhingare, Head NOC, GTL Limited.

Apart from network availability and reduced cost of devices, IoT thrives on the ability to process enormous amounts of data, analyze it and provide actionable insights that can drive business value. A Gartner report on IoT adoption in India highlights that connected devices will generate billions of data points to be stored and managed.

'Today devices are being talked about in IOT but it is the connecting network especially the data center infrastructure and application management, which ena-

bles these devices that is the critical element for network operations. There are many device manufacturers, application developers and hardware suppliers but the gap in the market is for system integrators and service providers," points out Deven Buch, Business Head, OME, GTL Limited.

## **GTL and its IoT business**

GTL Limited, which is a network engineering services company, manages operation, maintenance and energy for about 28,000 towers of GTL Infrastructure Limited that is spread across the country. This solution which has given GTL Infrastructure a first-mover advantage in automation, is now ready to serve other top telecom operators too.

The intelligent remote monitoring solution rests on an IoT platform, which has the capability to process various ensor data, temperature units which can help operate it remotely and automatically. For example, it can help save energy by maintaining tower shelter temperature based on environmental conditions.

GTL believes that this intelligent NOC platform which is called the Command Center can extended its capabilities to other verticals as well. "We can look at opportunities in retail, real estate, enterprise, trans-

> Bandwidth is no more a constraint for us to connect devices via the internet. Packet drops are not an issue either for us to use high bandwidth for options like video surveillance and remote monitoring"



port, auto, process engineering, instrumentation and oil & gas as well for example. The same technology that is used to manage towers can be used for smart meters as well. We can process the data that comes in from the meters and

SECURITY

SURVEILLANCE &

VISUALIZATION SOLUTIONS

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HEALTHCARE REMOTE PATIENT

MONITORING

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**In Various** 

**REAL ESTATE** 

CONNECTED

HOMES &

BUILDINGS

Sectors

ENERGY

SMART GRIDS, SMART METERING

RETAIL

PERSONALIZED CUSTOMER EXPERIENCE

aid the utility and consumer with insights of energy usage and provide solutions to reduce costs and optimize operations," explains Buch. The company is already talking to customers in the enterprise space to expand its solution to non-telecom verticals.

Despite the interest AUTOMATION in IoT and connected HICLE TRACKING, TELEMATICS, devices, the adoption of IoT in India is NFOTAINMEN still in its nascent stages. Many organizations are wary of investments in storage and the business benefits that it provides.

Bhingare claims that they are tailor-making solutions which suit the needs of a sector and provide a holistic solution that yields cost benefits for e.g. business logic around footfalls that can benefit the retail sector.

## Infrastructure & capability

GTL has already made investments in security, networking, storage, and technical capabilities. The Company's Command Center, located in Hinjewadi in Pune, which has the infrastructure to remotely monitor, process and analyze large volumes of data. It can later provide reports in the form of dashboards that can be used to take prescriptive actions. This center can cut down the vast storage investments to be made by a user organization. High server investments in times of slimming IT budgets is one of the many reasons for slow adoption of IoT in India. GTL says that its IoT solution backed by its Command Center, can sweep away that disadvantage. GTL also claims to have made all the necessary invest-

ments in technology to ensure that it can handle businesses from a wide range of verticals. "We built scalability, capability and maturity into this solution which can address the needs of a large section of industry. It can also handle various inputs like sensor data,

surveillance data, web logs data and much more, to process into information that provides business value," says Bhingare. Æ

GTL's systems are IoT compliant and has refined its network operations and machine-to-machine interactions to provide its customers with an end-to-end solution, by creating an ecosystem of partners across MANUFACTURING CONNECTED DEVICE CONTROL solutions. The company is also

expanding its employee base to cover multiple sectors. "Building on our existing base in the telecom domain, we have now added new technical skillsets in the IoT, big data and application management to strengthen our customer offering. We fol-

low a program of training, tooling and testing while investing in resources for our business," says Venkatesȟ Iyer, Head HR, OME, GTL Limited.

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tions. There are many device manufacturers, application developers and hardware suppliers but the gap in the market is for system integrators and service providers'

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### GTL Command Centre **IoT landscape in India** Hinjewadi, Pun

Industry body Nasscom predicts that IoT market will reach \$15 billion by 2020, growing at a healthy clip of 28%. The opportunity is spread across a large section of verticals (See Infographic), and GTL is planning to target them all. GTL also hopes that its experience of providing IoT solutions in the telecom space can offer it an edge in the extremely fragmented market. Currently, there are as many as 120 IoT service providers and over 70% of them are startups, which entered the market in the last six years.

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## Venkatesh Iyer, Head HR, OME, GTL Limited

## **Biggest IoT Opportunity-Smart Cities**

Since GTL has already proved that it can operate large projects and processes millions of data points a day, it is targeting the biggest IoT opportunity in India-smart cities. India is planning as many as 98 smart cities across the country and has already released the list of the first 20. The country is expected to invest as much as \$150 billion over the length of the development. Smart cities will have intelligent traffic automation along with smart lighting, net-connected dashboards that provide temperature and other key information, along with many other innovations. The cities will depend on technology for spatial management and building maintenance. By 2017, smart cities across the world are expected to have 2.3 billion connected devices, opening an array of opportunities for players in the segment. "We are eveing various verticals and particularly smart cities. They will use a large number of devices to power the city, right from lighting to traffic management. They would need centralized management of these devices, right from batteries to cameras. We have the capability to offer efficient solutions to derive humungous benefits. From our point of view, this is a sweet spot for us," says Buch.