

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

GOLD RATE

Prices per Troy Ounce (\$)

	US	India
OPEN	1136.10	1245.83
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@ETMarkets

Laurus Labs Ends up 12.3% on Debut Day

MUMBAI: Shares of Laurus Labs ended up 12.3% over its issue price at ₹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

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Mumbai: In a falling interest rate regime, the Employees' Provident Fund Organisation (EPFO) has decided to reduce interest rate on the EPF to 8.65%, from 8.8% earlier. This cut may leave the salaried class feeling aggrieved, but financial planners maintain the EPF still remains among the better vehicles for retirement savings in the fixed income space. Manoj Nagpal, CEO, Outlook Asia Capital, contends investors are still better off as the trend in interest rates suggested a sharper cut in EPF rate. "The EPFO has recommended the minimum cut when a sharper rate cut was on the cards," he adds.

EPF Vs NPS

Final corpus from EPF is completely tax-free and guaranteed, while only 40% of the corpus is tax free for NPS

Since inflation fell faster than this small EPF rate cut, the real interest rates (i.e. over and above the inflation) has widened further. This trend may continue in the future as EPF will continue to get priority treatment over other instruments in terms of interest rates. And that is why financial planners like Suresh Sadagopan, founder, 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 beyond a point, unlike bank fixed deposits," says Sadagopan. This cut in EPF rates comes at a time when the historical returns from National Pension System (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, while EPF still values on cost basis. Nagpal says, "Both EPF and debt 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.

INTEREST RATES ON OTHER SMALL SAVINGS PRODUCTS ALSO LIKELY TO HEAD DOWN

Go Long on MFs as Company FDs Disappoint

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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 years — from 8.8%. In the last couple of years, rates on fixed deposits have fallen from 9-10% to 7.5-8.25%.

With interest on other small savings 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 were 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.

GTL

GLOBAL Group Enterprise

Net speeds, digital drive push for IOT adoption in India

THE Intelligent NETWORK

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 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 in IoT and connected devices, the adoption of IoT in India is 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.

IoT In Various Sectors

SECURITY SURVEILLANCE & VISUALIZATION SOLUTIONS  
HEALTHCARE REMOTE PATIENT MONITORING  
RETAIL PERSONALIZED CUSTOMER EXPERIENCE  
MANUFACTURING CONNECTED DEVICE CONTROL  
REAL ESTATE CONNECTED HOMES & BUILDINGS  
ENERGY SMART GRIDS, SMART METERING  
AUTOMATION VEHICLE TRACKING, TELEMATICS, INFOTAINMENT

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

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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 eyeing 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.