

WARREN BUFFETT

Games are won by players who focus on the playing field – not by those glued to the scoreboard

IDOWU KOYENIKAN

When money realises that it is in good hands, it wants to stay and multiply in those hands.

On small savings, India's interest rates are extraordinarily high. And high interest rate prevents growth



Arun Jaitley, Finance minister

BROKERS BYTES

Minda Corp gets Edelweiss buy tag

Minda Corporation Ltd (MCL), a diversified auto component supplier, is well-placed to outperform the industry, riding deepening penetration in existing OEMs, new client wins and enhanced growth in new businesses like wiring harness, sensors and steering roll connectors among others. Moreover, joint ventures JVs with global players Furukawa, Stoneridge and VAST, besides ensuring access to technology, also entail potential to widen products basket. While MCL has respectable market share across its product segments, rising share of business from Hero MotoCorp, Honda Motorcycle and Royal Enfield will boost two-wheeler market share. In fact, its product basket has already expanded versus initial agreements in a few cases. For instance, JV with Furukawa, apart from making wiring harness has been extended to junction boxes and steering roll connectors. Similarly, Minda Stoneridge JV has been extended to sensors, apart from speedometers.

Broking firm: Edelweiss Financial Services
Ratings: Buy
Closing price: 109.20



LIC Housing gets...

ALL ABOUT CAPITAL GAINS TAX ON MFs

BEFORE YOU INVEST IN A PRODUCT, YOU MUST FIND OUT POST-TAX RETURNS. SO HERE IS THE TAXATION FOR MUTUAL FUNDS



Money talk
Adhil Shetty

Many of us who invest in mutual funds focus only on the potential returns on their investment. Unlike taxation of traditional investments like fixed deposits, taxation of returns from equities and MFs is not a much sought-after topic. However, taxation norms for MFs must be taken into consideration to calculate the effective post tax returns on mutual fund investment.

CAPITAL GAINS TAX

When you make a profit by selling any non-inventory asset, you are liable to pay a capital gains tax. This tax is further classified as long-term or short-term depending on the tenure of investment. However, the definition of long-term and short-term differs for equity and debt funds. For equity funds, the threshold for long-term gains is one year, while it is three years for debt funds.

culated based on how long you are staying invested.

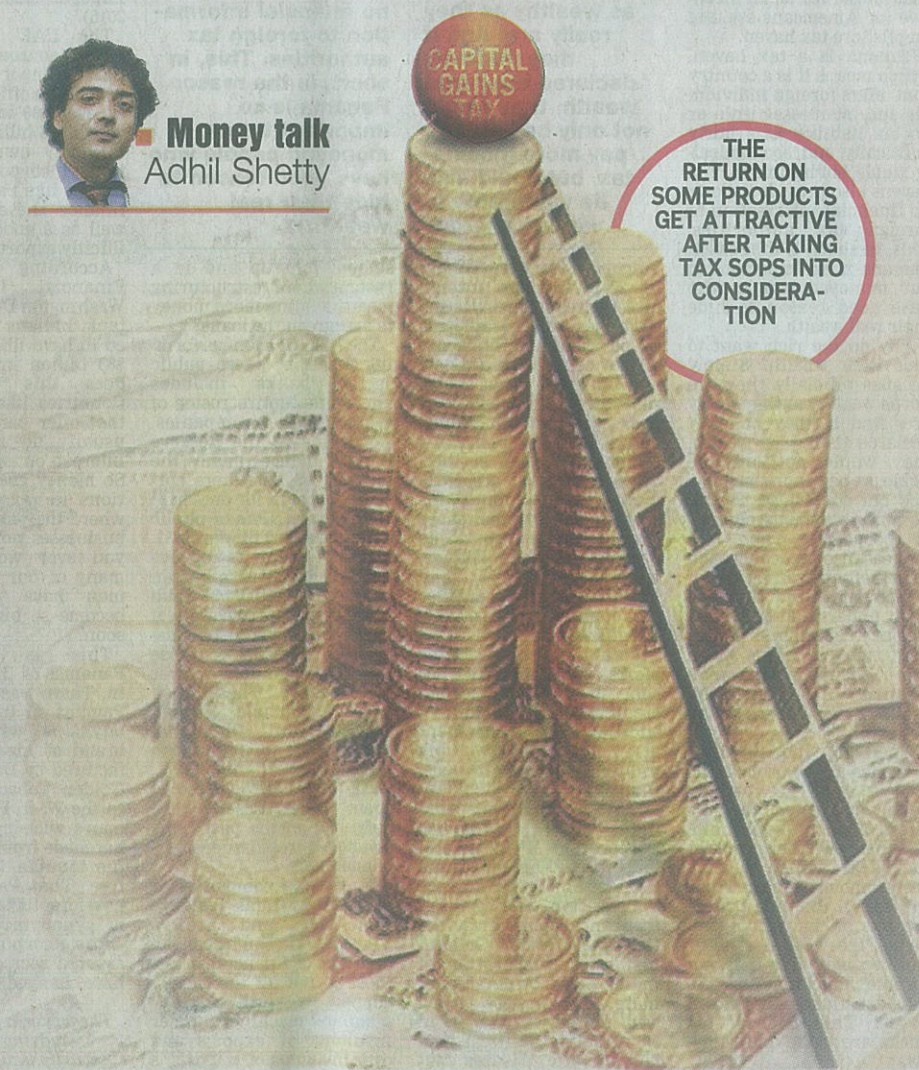
UNDERSTANDING THE MUTUAL FUNDS TAXATION

Mutual fund taxation depends on the...

TAXATION FOR FY2016-17

A WORD ON TDS AND STT

A Security Transaction Tax, or STT, is applicable for both NRI and resident Indian investors.



Invest talk
R. Balakrishnan

Annuity for retirement

In my last column, I had talked about the use of Systemic Withdrawal Plan and how using that gives an edge over the annuity product. I had promised to touch on how to use the annuity product and under what circumstances one should use them.

During our working period, we will keep saving and investing in different forms and hopefully have a corpus when we stop working for a living. Let us assume this event to happen when we are 60 years old.

We have a choice to use a corpus, put it in a Balanced Fund and keep using SWP for a period of, say 20 years. Our corpus will also be growing, even if I keep it in a liquid fund. And let us assume that the corpus will earn five per cent interest a year. In such a case, I can

ing the product.

Personally, I may put some money in to annuity, but gradually. Say, start at age of 60 and keep on increasing the contribution every year. Till the money is shifted there, it is hopefully earning a return of anything from 10 to 12 per cent per annum in a Balanced Fund.

To give a simple illustration, if I have a corpus of ₹100 lakh when I am 60 years, I will keep half in a Balanced Fund and keep withdrawing around ₹38,000 every month. My assumption is that this will last me around 25 years.

If I die earlier, the balance will go to my nominee or legal heir. The balance ₹50 lakh will continue to be in a Balanced Fund, and at the end of 25 years, it should have grown to ₹135 lakh at a conservative seven per cent per annum. At the end of 25 years, I can now buy annuities that give me a higher return, if I think I will last another 20 or so years. If I think I will last less than that, I will simply switch the entire corpus to an annuity that will give me around 18 per cent of the corpus every year for the rest of my life.

The purpose behind the whole exercise is:
i) give in partly to the fear of living very long;
ii) Not give up entirely on better returns on

An annuity will score if we live for very long. Say beyond 25 years from the time we buy the annuity.