

Dead But Still Online:
India's
DIGITAL
INHERITANCE
CRISIS



INSIDE

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What Happens to Your FB, Gmail, and IG account When You Die in India

By *Ira Alok Puranik*

You have a nominee on your bank account. You have a name on your insurance policy. You have probably even thought about your property. But who gets your Gmail? Who inherits fifteen years of your WhatsApp history? Who speaks for your Instagram when you can't? In India, legally speaking, nobody.

With over 1.2 billion internet users, India has one of the world's largest digital populations, which also means that it has one of the world's biggest legal vacuums around what happens to their digital lives after death. No specific statute. No clear framework.

Somewhere in India right now, a family is sitting in front of a laptop trying to get into their dead son's Gmail. They have a death certificate. They have a court order. They have grief. What they don't have is a password, and Indian law has nothing to offer them.

So, how can you ensure this is not your family? Read on to know the fine print of preserving your digital legacy and assets long after you or your family members are gone.



What does the law say on this?

Neither the Hindu Succession Act, 1956, nor the Indian Succession Act, 1925, clearly defines digital assets. They explicitly mention and explain the succession of land, jewellery, and even securities, but not digital accounts, cloud storage, social media profiles, and email inboxes. The Digital Personal Data Protection Act, 2023, provides for the processing of personal data. Section 14 allows nomination of a per-

son for post-death/incapacity data rights management, but lacks integration with succession laws or clarity on surviving privacy rights.

Just last year, the Madras High Court recognised cryptocurrency as a form of property that can be owned and held in trust. Even the Income Tax Act now includes provisions related to virtual digital assets under Section 2(47A). However, some experts argue that digital assets with economic value would theoretically fall

within the scope of "property" that can be inherited.

As per Advocate Surbahi Sayankar of LegaLogics, a pan-India law firm, "Traditional Indian succession laws recognise both movable and immovable property that can be inherited. Under the Hindu Succession Act, 1956, 'property' includes all assets capable of being disposed of by will or that can devolve through intestate succession. The Indian Succession Act similarly allows testators to dispose of 'any property which is capable of being so disposed.'"

This includes:

1. Cryptocurrencies and virtual digital assets
2. Domain names and monetised social media accounts
3. Online business assets
4. Financial accounts accessible online

Sonam Chandwani, managing partner, KS Legal & Associates, concurs, explaining that under Indian law, digital assets are capable of being bequeathed through a will. "The Indian Succession Act does not restrict testamentary disposition to physical property; movable assets, including online accounts, securities, balances in wallets, trading accounts, cryptocurrency holdings, and even intellectual property stored digitally, can form part of the estate."

"However, while a will can legally cover such assets, practical enforcement depends on whether the executor can identify, locate, and

access them. Most traditional wills are silent on email IDs, cloud storage, UPI-linked applications, broking accounts, or digital wallets. In the absence of clarity, heirs may know they are entitled in law but be unable to retrieve the asset in fact," she adds.

Facebook, Apple, and Instagram: Memorialised, But Locked

When an Indian user dies, what does Meta, the parent company of both Facebook

While your email, social media accounts may contain valuable information, they may not be transferable or inherited per platform policies and India law

and Instagram, actually do?

If a family member or friend reports the death to Facebook with appropriate documentation, the account can either be memorialised or permanently deleted. A memorialised account displays "Remembering" next to the person's name, freezes the profile, and prevents anyone from logging in. Existing posts remain visible per the deceased's original privacy settings. Friends can still leave tributes.

Facebook and Apple offer a legacy contact feature glob-

ally, which is active in India as well. Facebook allows users to predesignate a trusted person to manage limited aspects of their account after death, such as pinning a memorial post or updating a profile picture. A legacy contact cannot read private messages, access financial information, or remove content. However, most Indian users are entirely unaware that this setting exists.

Instagram, also owned by Meta, follows a similar policy but offers no legacy contact equivalent. Accounts can be memorialised or deleted upon request with a death certificate, but family members get no access to private messages, DMs, or archived stories. In other words, a deceased person's account simply freezes.

If no one reports the death, neither platform takes proactive action. The profile continues to exist indefinitely, appearing in algorithms, surfacing in memories and generating engagement, but without an owner to consent to any of it.

Chandwani continues, "When an Indian dies, their Gmail, Instagram, or Facebook accounts do not automatically pass to family members. These are governed by the contractual terms of global platforms such as Google and Meta. In practice, the account remains active until someone reports the death. Platforms may memorialise, deactivate, or, in limited cases, pro-

CAN YOU INHERIT DIGITAL ASSETS ?



Category	Examples	Inheritability Status
 ◆ Assets with Economic Value	Cryptocurrencies, domain names, monetised YouTube channels, online businesses, digital wallets, NFTs	Generally inheritable as "property" under succession laws, though access may be difficult
 ◆ Financial Accounts	Online banking, PayPal, investment accounts, digital payment wallets	Inheritable as financial property; banks have procedures for legal heirs
 ◆ Personal Digital Assets	Email accounts, social media profiles, cloud storage (photos, documents)	Uncertain - subject to platform terms of service; may contain valuable data, but the account itself may not be transferable
 ◆ Service Subscriptions	Netflix, Spotify, Amazon Prime, streaming services	Generally NOT inheritable - personal licenses that terminate on death

Platform Policies: What Actually Happens



Facebook & Instagram (Meta)

◆ On Death Reported	Account can be memorialised ('Remembering' tag) or permanently deleted.
◆ Legacy Contact	Facebook allows pre-designation of one person to pin posts or update profile photo, but cannot read DMs or remove content. No Legacy Contact equivalent on IG: Account simply freezes; no access for family
◆ If Death Not Reported	IG profile stays live indefinitely, appears in algorithms, 'memories' and suggestions with no owner to consent



Gmail / Google

◆ Inactive Account Manager	Users can designate up to 10 people to download data after 3-18 months of inactivity
◆ 3 Paths for Families	Close the account / Request funds / Obtain data, but closure permanently blocks any later content request
◆ Mandatory Documents	Requester's govt-issued photo ID + death certificate, both mandatory before form is even reviewed
◆ Translation Burden	Aadhaar or PAN in Hindi or regional language not accepted — requires certified, notarised English translation by professional translator
◆ Google's Discretion	Even with all documents submitted correctly, Google retains full discretion on whether to release any data

vide access, but they do not recognise heirs in the same manner as Indian succession law recognises legal representatives for property."

"Access is typically granted only upon submission of prescribed documentation, including a death certificate and proof of relationship. Delays in obtaining certificates, lack of nomination, regional language barriers, and limited digital literacy often make these processes slow and uncertain for Indian families", she adds.

Gmail: Google's Discretion Reigns Supreme

Google provides an Inactive Account Manager tool, which allows users to set up instructions for their account, including up to 10 people downloading a copy of their data, in the event of extended inactivity ranging from three to eighteen months of non-use.

For families of users who made no such arrangement, the process is gruelling. Google will not provide passwords or login credentials to next of kin under any circumstances. Families have three distinct paths: closing the deceased user's account entirely, submitting a request for funds from the deceased user's account, or obtaining data from the deceased user's account. But before any of this begins, Google pushes users toward its Inactive Account Manager tool. Two non-negotiable restrictions apply regardless of which option is chosen. First, Google

will under no circumstances provide login credentials to family members. Second, if a family member closes the account first, Google will be permanently unable to process any subsequent request for its contents.

Google's form for accessing a deceased person's account requires three mandatory uploads: the specific Google product involved, a government-issued photo ID to verify identity, and the death certificate of the deceased. A significant caveat will catch most Indian families off guard: documents not in English require a certified, notarised English translation prepared by a professional translator. Aadhaar or PAN cards issued in Hindi or any regional language will not be accepted as-is, adding both cost and considerable time to an already difficult process.

Under a Madras High Court ruling in *A.L. Vijay & Ors*, the right to privacy was held to end with death, suggesting heirs may have limited grounds to claim a deceased person's private digital correspondence.

No clear legislation on digital assets of economic value

Sayankar continues, "Even where digital assets carry clear inheritable value, gaining actual access presents serious practical difficulties. Legal heirs typically do not have the passwords or login credentials needed to access

the deceased's devices and accounts. Most platforms require identity verification through the deceased's own phone number or registered email address, creating an immediate dead end. If the physical device itself is locked and the unlock code is unknown, heirs may find themselves completely shut out. Even when a family approaches a platform directly, service providers will often refuse to grant access to legal heirs unless they produce a court order compelling them to do so."

India does not yet have comprehensive legislation specifically designed to govern the succession of digital assets. "This legal vacuum creates a particularly dangerous situation for grieving families: a legal heir who attempts to log into a deceased relative's account without the platform's explicit authorisation could potentially face criminal liability under Sections 43 and 66 of the Information Technology Act, 2000, which penalise unauthorised access to computer systems, even where the person's intention is entirely legitimate," says Sayankar.

So, while your email and social media accounts may contain valuable information, the accounts themselves may not be transferable per platform policies. Valuable digital assets such as cryptocurrency can be inherited through proper will planning, though access may require navigating platform



PRACTICAL PROBLEMS FAMILIES FACE

Access & Password Issues

No Credentials

Legal heirs typically don't have passwords or login credentials to the deceased's devices or accounts

Two-Factor Block

Most platforms verify identity via deceased's own phone or email, creating an immediate dead end

Locked Devices

Without device unlock codes, heirs may be completely shut out of all linked accounts

Court Orders Required

Service providers often refuse access to legal heirs without a court order, adding time, cost and legal process



WHAT FAMILIES CAN DO RIGHT NOW

Digital Estate Planning Checklist

Include in Will

Explicitly list all digital assets in your will — financial accounts, crypto, domain names, online businesses

Create a Digital Inventory

Document all online accounts (email, social, financial, cloud storage) with access information — stored securely in a bank locker

Secure Device Access

Share device unlock codes with a trusted person; use a password manager with emergency access features

Use Platform Tools — Now

Set up Apple Legacy Contacts, Google Inactive Account Manager, and Facebook Legacy Contact before it's too late

Brief Your Executor

Ensure your executor knows digital assets exist and has the information needed to access or close each one

Review Regularly

Update digital asset information whenever accounts change — treat it like updating a nominee on a bank account

policies and potentially obtaining court orders.

What Families Can Do Right Now

First off, make it a point to include digital assets in a will. Address all your digital assets in your wills. Then, follow this checklist:

Create a comprehensive digital asset inventory listing all online accounts (financial, social media, email, cloud storage), cryptocurrencies, and digital wallets with access information, domain names, and online businesses.

Make your device's access available by providing trusted persons with your device unlock codes, and consider using a password manager with emergency access fea-

tures. Store this information securely.

Specifically, bequeath cryptocurrency and other digital assets with economic value. Grant authority to executors to access, manage, or close digital accounts and specify your wishes regarding social media accounts (memorialise, delete, or transfer access).

Use platform-specific legacy features, e.g., set up Apple Legacy Contacts, configure Google Inactive Account Manager, designate Facebook legacy contacts or memorialisation preferences, and inform both executors and beneficiaries of these arrangements.

Ensure executors know about digital assets and have the necessary informa-

tion to access them. Also, review and update digital asset information regularly.

The bottom line

That family sitting in front of the laptop with a death certificate and a court order and no password- they are not a cautionary tale. They are what happens when the law hasn't moved, and neither has the person who died. Ten minutes on Google's Inactive Account Manager. One paragraph in a will. One conversation with your executor. That is the difference between a family that grieves and a family that grieves and then spends six months fighting a corporation for a password. The choice, while you still have it, is entirely yours.

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Investing overseas through MFs

By Neil Borate and Anil Poste

There are three ways to invest overseas via Indian mutual funds. The first is pure feeder funds investing

abroad. The second is combo funds, which invest partly in India and partly abroad, such as Parag Parikh Flexicap. The third is ETFs listed in India, which invest abroad, like Motilal Oswal Nasdaq ETF. Since

2022, RBI's cap on overseas investments stopped these funds from investing abroad. Some reopen when they have individual limits due to redemptions. ETFs trade at a premium to NAV due to the RBI ban.

OVERSEAS MFs OPEN FOR SUBSCRIPTION



Returns in % (CAGR)

1 year 3 year Lumpsum SIP

	1 year	3 year	Lumpsum	SIP
Franklin U.S. Opportunities Equity Active Fund	9.5	23	✓	✓
Edelweiss US Technology Equity Fund	16	30	x	✓
Edelweiss Greater China Equity Off-shore Fund	40	14	x	✓
PGIM India Global Equity Opportunities Fund	4	19	✓	✓
PGIM India Emerging Markets Equity Fund	40	25	✓	✓
PGIM India Global Select Real Estate Securities Fund	21	14	✓	✓
Axis Global Equity Alpha Fund	24	22	✓	✓
Axis Greater China Equity Fund	40	15	✓	✓
Axis Global Innovation Fund	17	21	✓	✓
Kotak Global Innovation Overseas Equity Omni Fund	22	22	✓	✓
Franklin Asian Equity Fund	42	17	✓	✓
Edelweiss US Value Equity Offshore Fund	17	16	x	✓
Edelweiss Emerging Markets Opportunities Equity Offshore Fund	60	22	x	✓
Edelweiss Europe Dynamic Equity Offshore Fund	41	23	x	✓
Edelweiss ASEAN Equity Off Shore Fund	25	12	x	✓
Kotak Global Emerging Market Overseas Equity Omni Fund	54	21	✓	✓

(Source: Returns as on 2nd March 2026, Value research)

All SIPs/STPs in Edelweiss MF's international schemes are capped at ₹5,000 per PAN per day

All SIPs/STPs in PGIM India MF's international schemes are capped at ₹500,000 per PAN per month

NRIs, Residents Can Now Build a USD Retirement Corpus at GIFT IFSC

BY Anil Poste

You may soon be able to build your retirement nest egg in dollars and invest it across global markets, all from India's off-shore financial hub. The International Financial Services Centres Authority (IFSCA) is set to roll out a new pension framework at GIFT IFSC that will allow NRIs, PIOs and even resident Indians (via LRS) to invest in globally diversified, USD-denominated retirement products.

In an interaction with Thefynprint, Mahipal Shetty, Executive Director at IFSCA, explains how the new regime will work, who can launch products, what investment flexibility fund managers will have.

What new pension framework is being introduced at GIFT IFSC?

With the new pension fund regulations, which have been approved by the IFSCA Board and are awaiting Gazette notification, pension will become a distinct and strong

pillar within IFSC. Given the long-term nature of retirement savings, pensions naturally complement the other three verticals.

How will the structure work?

Pension Fund Manager (PFM) will manage the scheme. Individuals will be subscribers and participation is voluntary.

Eligible subscribers include Non-Resident Indians (NRIs), Persons of Indian Origin (PIOs), and resident Indians investing under the LRS route.

Will there be separate pension plans for NRIs/PIOs and resident Indians?

Yes, products will be different. All schemes will be USD-denominated, not INR.

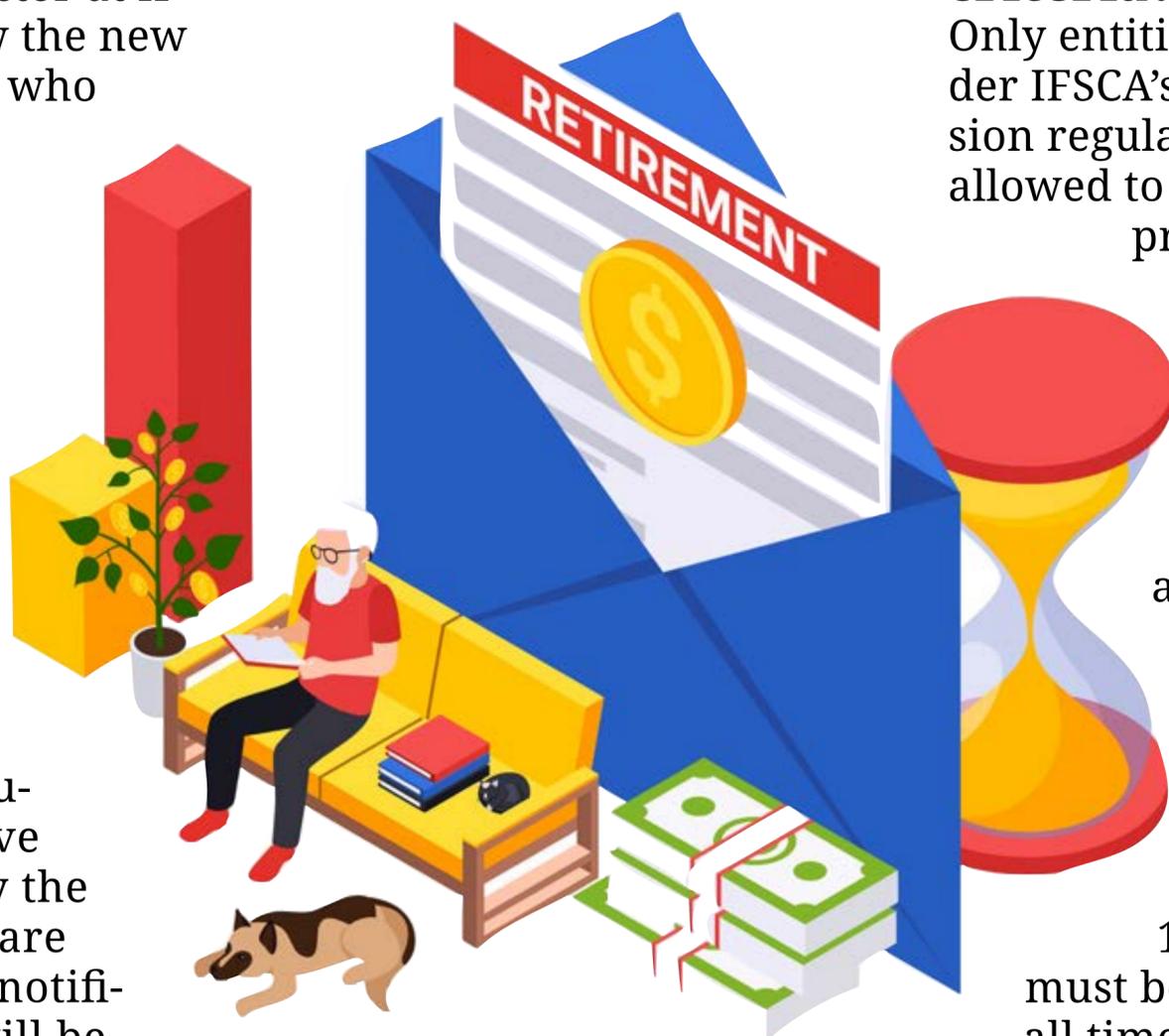
They are not meant to compete with domestic pension products but to complement them. There will be separate schemes depending on what each Pension Fund Manager proposes and gets approved under the regulatory framework.

Who can launch these pension offerings and what are the eligibility criteria?

Only entities registered under IFSCA's dedicated pension regulations will be allowed to launch these products. These

rules are separate from the existing Fund Management Entity (FME) framework and are awaiting formal notification.

To qualify, an applicant must have a minimum net worth of USD 1 million, which must be maintained at all times. In addition, the entity should have at least



IFSCA PLANS DOLLAR PENSIONS FOR INDIANS IN GIFT CITY



Who Can Invest?

- ◆ NRIs & PIOs (inbound + global exposure)
- ◆ Resident Indians (via LRS route)
- ◆ Participation is voluntary

Who Can Launch These Products?

- ◆ Registered Pension Fund Managers (PFMs) under IFSCA regulations
- ◆ Minimum USD 1 million net worth (to be maintained at all times)*
- ◆ At least 10 years' experience in pension or related retirement businesses

Currency & Structure

- ◆ Fully USD-denominated
- ◆ Separate schemes for: Residents & NRIs/PIOs

Contribution Rules

- ◆ Contribution limits decided by each fund manager

Vesting & Withdrawals

- ◆ 10-year vesting period
- ◆ Continue up to age 75
- ◆ Payout via Systematic Withdrawal Plan (SWP)
- ◆ ~80% via SWP
- ◆ Up to 20% lump sum

Investment Flexibility

Equity

- ◆ Global exposure allowed 100%
- ◆ Up to 100% equity
- ◆ US cap: 50%
- ◆ Other countries: ~20% cap

Debt

- ◆ Up to 100% debt 100%

Alternatives

- ◆ Up to 15% total 15%
- ◆ Max 5% per alternative asset class

Possible structures:

- ◆ 100% Equity
- ◆ 100% Debt
- ◆ Fully Global 100%
- ◆ Hybrid options



K. Mahipal Reddy
Executive Director at IFSCA

Portability

- ◆ Can shift from IFSC Pension to NPS
- ◆ Reverse portability (NPS to IFSC) under consideration
- ◆ Switching allowed if residency status changes

Health insurance feature linked to the pension product

- ◆ Optional health benefit
- ◆ Triggered in cases like: Critical illness, Extreme medical emergencies

Tax Treatment

- ◆ Not yet finalised
- ◆ Proposal: Similar to NPS or long-term mutual funds

*Existing FME licence holders who meet the USD 1 million net worth requirement can undertake pension activity within the same entity



10 years of experience in pensions or related areas such as life insurance annuity products, retirement-focused financial services, or similar long-term investment businesses.

The idea is to ensure that only experienced and credible players manage what is essentially a long-term retirement product, especially in the initial phase.

What about existing FME licence holders who already meet the net worth requirement?

The USD 1 million requirement must be earmarked specifically for the pension fund activity.

Within the same legal entity, pension can be undertaken as an additional activity. However, operations must be ring-fenced. That means separate staff and clear operational separation for the pension business. Separate physical space is not mandatory, but functional segregation is.

How will contributions work under this pension plan? Are there any minimum or maximum limits?

The regulations do not set any fixed minimum or maximum contribution amounts. Since the scheme is voluntary, IFSCA has chosen not to be overly prescriptive.

Instead, pension fund managers will decide the contribution structure based on their target investors,



whether NRIs, PIOs or resident Indians, and lay it out in their Scheme Information Documents (SIDs). IFSCA will review these to ensure basic prudential safeguards and investor protection.

Where can these pension funds invest, and how does this differ from NPS?

Equity exposure can go up to 100% of the portfolio. Within equities, there will be sub-limits across large-cap, mid-cap and small-cap segments to manage risk, especially in the early phase.

For global equity exposure, up to 100% is allowed, with geographical caps, up to 50% in the US as the largest investable market, and lower caps for other geographies, typically around 20% per country.

Debt exposure can also go up to 100% if a fund manager chooses a debt-only strategy.

Alternatives, such as private equity, venture capital,

REITs and commodities, are permitted up to 15% of the overall portfolio. Within that 15%, no single alternative asset class can exceed 5%.

This means fund managers can design 100% equity schemes, 100% global schemes, or 100% debt schemes, subject to prudential caps on alternatives and geography.

Can investors decide their own equity and debt allocation, like in NPS?

It will depend on how each pension fund manager designs its scheme. Some may offer multiple allocation choices, while others may run a single investment strategy.

What is the vesting and withdrawal framework?

The vesting period is 10 years. Subscriber then becomes eligible for withdrawal. There is also a six-year reference in the regulations as a normal post-vesting period, depending on how the scheme is structured.

The maximum continuation age is 75 years, with or without continued contributions.

At or after vesting, the subscriber must opt for a Systematic Withdrawal Plan (SWP). Broadly, around 80% of the corpus is intended to be drawn down through SWP, while up to 20% may typically be taken as lump sum, subject to the scheme structure.

Will subscribers have the option to buy an annuity?

Not for now. The pension product will offer payouts only through a Systematic Withdrawal Plan (SWP).

In India, life insurers can currently only offer annuities under existing laws. Allowing pension fund managers at IFSC to provide annuities would require legal changes, which are not yet in place.

Will the same pension scheme apply to both residents and NRIs? Can the money be invested in India and abroad?

No, there will be separate schemes for residents and NRIs/PIOs. Their funds cannot be mixed, mainly for

regulatory and compliance reasons.

A resident-focused scheme will typically invest outside India, in line with the Liberalised Remittance Scheme (LRS) and IFSC's offshore nature. An NRI scheme, on the other hand, can invest in both Indian and global markets, subject to limits.

If a subscriber's residency status changes, they can continue in the system, but their investments may need to be shifted to the appropriate scheme.

Portability is also planned. Investors will be able to move their corpus from an IFSC pension product to the National Pension System (NPS). The reverse move, from NPS to IFSC, is being considered, though the details are still evolving

What about taxation during accumulation and withdrawal?

Taxation is not yet finalised. We are proposing that IFSC pensions receive treatment similar to NPS or long-term mutual fund investments. However, the final decision rests with the Government and revenue authorities.

Is there any health insurance feature linked to the pension product?

Yes. One distinctive feature is an optional health add-on benefit. Subscribers may opt for health coverage that can be triggered in situations such as critical illness or extreme medical emergencies. PFRDA has since introduced a similar concept domestically in its sandbox framework.

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Coming Soon

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The Belong Standard

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No paperwork
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Tax Efficiency

0% TDS and tax for India focussed investments

No commissions

Direct Mutual Funds



The 100% digital GIFT City investment app
Open for NRIs and OCIs from 40+ countries



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What SEBI's New Rules Mean for Every Type of Mutual Fund You Own

By Neil Borate and Vedant Vichare

SEBI's first major mutual fund overhaul since 2017 is here and it does not tinker around the edges. Here is what changed:

- ◆ Children's and retirement funds are gone. Existing schemes must merge into funds with similar risk profiles.
- ◆ Lifecycle Funds are a new category entirely. They automatically rebalance from equity to bonds as your goal date approaches.
- ◆ Thematic fund clones have a 3-year deadline. Port-

folios overlapping more than 50% must diverge or face forced merger.

- ◆ Credit risk funds must now actually take credit risk. SEBI moved the threshold one notch lower.
- ◆ Arbitrage funds' fixed income portion is now restricted to government securities under one year and repo only.
- ◆ Every fund now has a multi-asset window. Gold, silver, REITs, and foreign stocks can fill the residual non-core portion of almost any fund.

To cut through the details and tell us what this means for your money, we spoke with Niranjana Avasthi of

Edelweiss Mutual Fund.

Let's start with what's been discontinued. SEBI just axed solution-oriented categories like children's and retirement funds. Were these ever actually serving investors?

Not exactly. They actually had great track records. The problem was not the funds themselves but human psychology. A retirement fund typically offered three separate plans: aggressive, moderate, and conservative. The logical move is to start aggressive and switch to conservative as you age. But investors are

SEBI REWRITES MUTUAL FUND RULES: HERE IS WHAT SHIFTED



In conversation with Niranjana Avasthi, Senior VP at Edelweiss Mutual Fund

Why did SEBI discontinue traditional children's & retirement funds?

- ◆ Human bias and taxes. Investors rarely switched to safer assets as goals neared due to return-chasing.
- ◆ New Life Cycle funds automate equity-to-debt glide path.

Are days of repetitive thematic funds over?

- ◆ Yes. SEBI now mandates a strict 50% maximum overlap.
- ◆ Fund houses can no longer repackage identical stocks under new themes to gather more money.

Why change the way Gold ETFs are valued? Was the old system broken?

Yes. Investors were paying for the mismatch.

- ◆ ETFs bought gold locally but valued it globally. The gap hurt existing investors.
- ◆ MCX spot price now standardises gold valuation.



Niranjana Avasthi

How does new residual portion rule affect standard equity funds?

It gives fund managers more freedom and turns funds into potential multi-asset funds.

Eg: Mid-cap fund can keep the non-core 35% into gold, silver, InvITs, or even US stocks.

- ◆ Watch out for SID amendments for funds soon.

reluctant to switch when the aggressive fund is delivering strong returns. And even if they wanted to switch, moving the money triggered an immediate tax penalty. Decent products, ultimately undermined by human bias and tax friction.

So SEBI has replaced them with Life Cycle Funds, taking a cue from the NPS playbook. How do these actually fix the problem?

They automate the discipline. A Life Cycle Fund starts with high equity, up to 80% or 90% when you are in your 30s or 40s, and gradually scales down to as low as 25% as you approach your target year. It aligns with your changing risk appetite automatically, and because everything happens within one fund, there is zero tax incidence during the transition.

But if equity drops below 65%, doesn't the fund lose its favorable equity taxation and fall into slab rate? Nobody

wants that.

SEBI built a smart work-around. While the pure equity allocation drops, the fund can take additional arbitrage positions to keep the gross equity level at 65%. The remaining portion can be parked in bonds, gold, silver, or REITs. Fund houses will



Niranjana Avasthi
Senior VP at Edelweiss Mutual Fund

Life cycle funds reduce any human biases which actually restrict us to get into the right asset allocation.

ensure the bond allocation never exceeds 65%, keeping the tax benefits intact.

Let's talk about the proliferation of thematic funds. SEBI is finally addressing portfolio overlap.

Absolutely. Fund houses were

launching thematic funds in rapid succession. Now SEBI mandates that thematic funds must not have more than 50% overlap with existing equity funds, excluding large caps. AMC's are required to bring this down in a phased manner over three years. If you launch a theme now, it has to be genuinely distinct, which is a meaningful win for investors.

Another significant shift: valuing gold ETFs. We are moving away from the global London Bullion Market Association benchmark to local domestic prices. Why was the old system problematic?

Because ETFs buy gold in the domestic market but were valuing it based on global prices plus currency and tax conversions. This created a mismatch driven by local demand and supply dynamics, and someone, usually existing investors, was absorbing the cost of that mismatch. Moving to the MCX spot price via bullion dealers brings transparency and consistency across the board.

When this new valuation rule kicks in, will we see a sharp readjustment in NAVs of gold ETFs?

Not necessarily. Many AMC's are already aligning their prices to domestic MCX spot prices, so there should be no sudden disruption. What this really delivers is standardization across all ETFs. And the same rule applies to sil-



ver as well.

Let's look at the new residual portion rule. Historically, a midcap fund needed 65% in midcaps and the remaining 35% was typically large caps or bonds. Can that 35% now go anywhere?

SEBI has opened up significant flexibility. That residual portion can now go into InvITs, REITs, gold, or silver. A midcap or flexi-cap fund can essentially operate like a multi-asset fund, provided the AMC amends its Scheme Information Document accordingly.

Moving to fixed income. Credit risk funds have largely avoided actual credit risk since the market stress of 2018 to 2020. SEBI is now pushing them to change that.

Exactly. Until now, these funds could hold AA+ rated paper. The new circular requires them to hold 65% of their portfolio in AA and below. It forces the category to do what it was always meant to do. If managed well, this should push up yields for investors over time.

On the other side, we now have Sectoral Bond Funds targeting real estate, infrastructure, and energy. Is that not quite a high risk?

Less so than it sounds, because SEBI has put in strong guardrails. Investments are restricted to AA and above



rated paper only, so fund managers cannot load up on lower-quality real estate credit. These sectors also already have a significant pool of highly rated PSU bonds outstanding, so there is investable paper available.

The fixed income portion of arbitrage funds has been restricted to government securities under one year and repo only. Will this affect returns?

It will have some impact. SEBI acted because certain arbitrage funds were taking on credit risk within their fixed income allocation to boost returns, which is not in keeping with what is fundamentally a short-term parking product. Restricting to G-Secs removes access to instruments like commercial paper and certificates of deposit, which will compress returns by a few basis points. The industry has a six-month window to adapt, and we are hoping SEBI allows some flexibility for money market instruments before the deadline.

Finally, let's untangle multi-asset funds. The category has expanded into passive, active, and omni structures. What is the framework?

It is important to understand the distinctions now. A traditional multi-asset fund must hold a minimum of 10% in at least three asset classes. Then you have Fund of Fund structures, purely active, purely passive, and omni which combines both. These FoFs cannot invest in overseas stocks. And then there is the SIF asset allocator, which is far more flexible, it can move to 100% equity, drop significantly, and use derivatives extensively, without the strict 10% minimum requirement.

There is clearly a great deal for the investors to absorb, but this circular is a meaningful step towards keeping funds true to their labels and protecting investors from hidden risks. The mutual fund landscape is getting a long overdue reality check, and it will be worth watching how AMCs respond in the months ahead. Thank you, Niranjana.



Are the new Sectoral Debt funds hiding massive credit risks?

No. SEBI installed heavy guardrails. They are limited to four specific sectors and capped at high-quality 'AA and above' bonds, preventing them from becoming credit risk funds.

Will credit risk funds do what their name implies?

Yes. Since 2018–2020 debt crisis, these funds stayed safer.

- ◆ SEBI now mandates 65% in 'AA' and below, rather than 'AA+'.
- ◆ Yields may rise, but credit risk will also increase.

Why did SEBI restrict Arbitrage funds' debt holdings?

- ◆ Arbitrage funds are meant for safe 3–6 month parking.
- ◆ Some funds took more credit risk to boost returns.
- ◆ SEBI now restricts debt to 1-year G-secs,
- ◆ **Expect a slight hit to returns.**



Why did SEBI force strict equity limits on Hybrid funds?

- ◆ Funds were drifting into each other's mandates.
- ◆ SEBI enforced strict, non-overlapping equity bands: Equity Savings (15–40%), Balanced (40–60%), Aggressive (65–80%).
- ◆ You now get exact risk you choose.

How does one make sense of Multi-Asset category?

- ◆ Standard MAAFs must maintain **min. 10%** per asset class.
- ◆ FoFs are classified as active, passive, or omni, with no overseas exposure allowed.
- ◆ SIF asset allocator has **no min. 10%** condition, and can move between 100% equity, pure debt, or derivatives.

Outbound funds explained

GIFT city funds are taxed at the fund level, not the investor level. The fund pays tax at the maximum marginal rate (42.7%) if it sells stocks within 2 years and at the

long-term capital gains rate (14.95%) after 2 years. Since the fund pays tax, you do not owe tax when redeeming from a GIFT city fund. You can invest via the Liberalized Remittance Scheme (LRS), with many AMC's of-

fering fully digital journeys, such as DSP Mutual Fund through their direct plan. While the short-term capital gains tax is steep, funds minimize churn within the first two years.

GIFT CITY: OUTBOUND FUNDS

AIFs



Fund house	Strategy	Allocation	Pros	Cons
Ionic	Focus on mid tier IT companies	Invests across all markets	No churn tax through cayman islands route	Fortnightly redemption only
Mirae	Invests in ETFs across global markets	50-70% in developed markets, 30-50% in emerging markets	Wider diversification through ETFs	3 years lock-in, drawdown based investing, can't invest upfront
Baroda BNP Paribas	Feeds into BNP Paribas US Small Cap Fund, bottom-up approach	100% exposure to US Small-Cap	Underlying fund has outperformed 10 out of 12 years, experienced management	Concentration risk in smallcap, 2-year lockin.
Marcellus	Bottom up, 25-30 stocks, invests across market cap	62% in US, rest in EU & Canada	No churn tax through cayman islands route	2 years lock-in
ABSL	Feeder fund, invests in - Lyptus Capital Master Fund LP, 25-30 stocks	66% in US, rest in EU & others	Fund manager with 15 years' experience at Fidelity.	Low flexibility: feeder structure, 4-year lock-in.
Rational	Invests gold and silver mining stocks	80% in Gold miners & rest in silver	Stocks in the fund are reasonably valued.	Concentration risk in gold
WhiteOak	Bottom-up, long-only	Invests in emerging markets ex-India across Asia, Latin America, Middle East, and select developed markets	No tax on churn, fund feeds into an Irish-domiciled UCITS	Concentration risk in Emerging Markets

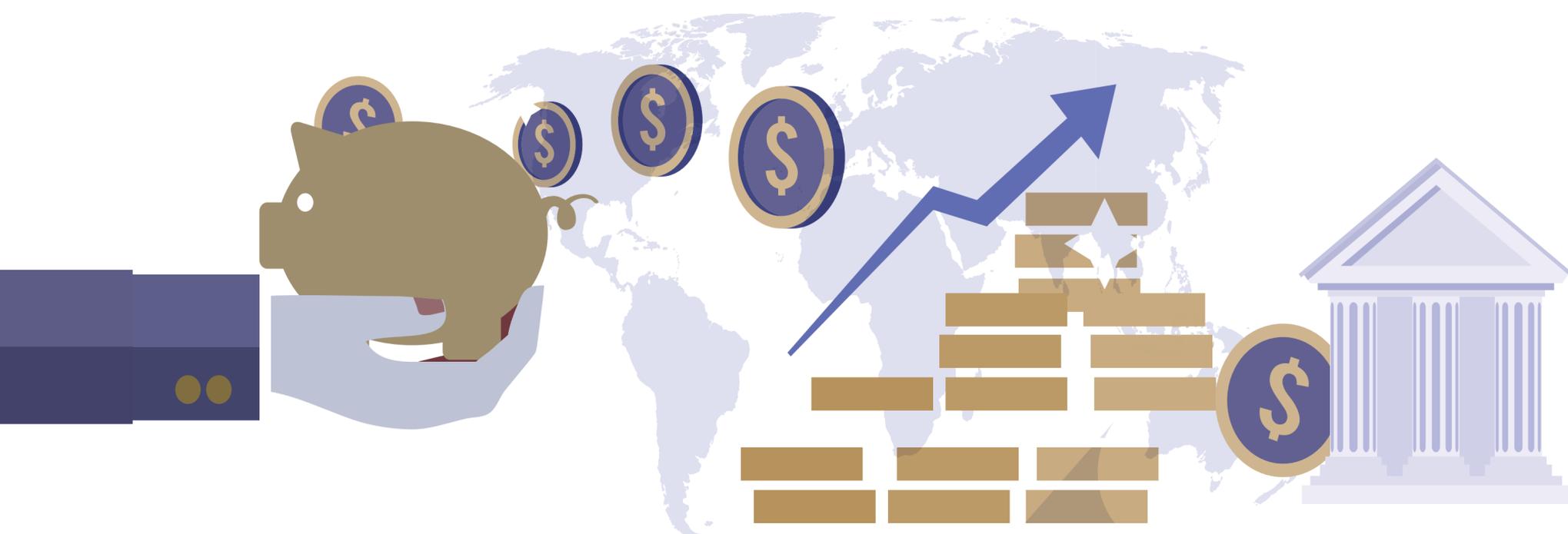
Retail fund: Ticket Size - \$5,000

Fund house	Strategy	Allocation	Pros 	Cons 
DSP	Focus on value, 30-50 stocks, market cap and country agnostic	40% in US, 32% in EU & rest in Japan & China	Lower ticket size	Fund-level taxation, investor exits can increase your tax burden.
PPFAS Nasdaq 100	Invests Nasdaq 100 linked UCITS & ETFs, passive style	Invests 90% in index, 10% in cash/debt for liquidity	Lower ticket size. \$5,000, lower fee ~0.55%	Higher valuations, Concentration risk (64% in tech)
PPFAS S&P 500	Invests S&P 500 linked UCITS & ETFs, passive style	Invests 90% in index, 10% in cash/debt for liquidity	Lower ticket size. \$5,000, lower fee ~0.4%	Higher valuations, Concentration risk (33% in tech)
Edelweiss Greater China Fund	Feeds into JP Morgan China Fund	China, Taiwan, Hongkong	Exposure to China theme at a relatively low valuations than India	Single-region concentration risk

GIFT CITY RETAIL OUTBOUND FUNDS

PMS Strategies : Ticket Size - \$75,000

Fund house	Strategy	Allocation	Pros 	Cons 
Phillip Capital	Focus on fundamentals, Invests in ETFs listed in US, sector agnostic	67% in US, rest in Japan, Taiwan & others	Wider diversification through ETFs	Tax on churn
Marcellus	Bottom up, 25-30 stocks, invests across market cap	62% in US, rest in EU & Canada	Flexible fee structure, zero exit load	Tax on churn
PPFAS	Value investing, sector exposure 25% capped, single company exposure 10% capped.	Invests in global companies with diversified revenues.	Lower fees, zero exit load	Tax on churn



GIFT CITY INBOUND FUNDS

Min ticket size: \$150,000

Fund house	Investment strategy	K1 compliant (For US NRIs)
HDFC Feeder Funds	Feeds into its own schemes, flexicap, mid & smallcap	✓
Motilal Gift City Fund	Invests across marketcap, high-growth and quality	✓
Alchemy India long-term Fund	Growth style, long-only with bottom-up approach	✓
Carnelian India Amritkaal Fund	Focus on megatrends, flexicap approach, sector agnostic	✓
ABSL India Flexicap Fund	Feeds into its own flexicap fund	✓
Unifi Rangoli India Fund	Multi-theme, bottom-up, value-focused investing	✓
Edelweiss	Open-Architecture Multi-Manager, Invests across multiple AMC funds	✗
Mirae	Multi-Fund (AMC + Select Others), Basket of schemes largely within AMC	✗

Retail funds

Tata (Min: \$500)	Invests in Tata's schemes. 60% broad based schemes, 40% thematic funds	✗
Sundaram (Min: \$5,000)	Feeds into its own midcap fund	✗

Footnote: K-1 compliant GIFT City funds offer a cleaner, more efficient investment route for U.S. NRIs

First IPO in GIFT City: What NRIs and Foreign Investors Need to Know

By Anil Poste

XED Executive Ltd is all set to list its IPO in GIFT City, making it the first Indian company to do so. John Kallelil, Founder & CEO, spoke with Thefynprint to explain the company's business model, how the IPO works, and the process for non-resident investors to apply. Here's everything you need to know about the upcoming IPO and the steps to take if you're interested in investing.

What is XED and what does the company do?

XED started its business in executive education in 2015, with the company being incorporated in 2018. It provides upskilling, leadership, and training programmes for professionals, focusing on people with more than 10 years of experience.

Who do you cater to?

The company caters to B2B (corporate clients) and B2C (individual customers). Our client base include senior professionals such as CEOs, CFOs, and COOs,

Until 2020, XED was exclu-

sively B2B, focusing on custom programmes for large corporations. However, after COVID and the shift to online learning, XED launched B2C programmes

pecting 50%+ growth in the coming years. The company's net profit has increased from a loss of (\$489,066) in FY22-23 to a profit of \$142,992 in FY24-25.

Who are your competitors?

Executive education is a \$50 billion market. The company's main competitors include universities offering direct executive education (like IIMs, ISB), and Emeritus/Eruditus..

How is XED different from other Edtech companies?

XED provides customised solutions rather than reselling generic programmes. We partner with top universities like Cornell and Oxford to deliver these programmes. The content (lectures, teaching materials) comes from universities and faculty, the programmes are tailored to XED's design based on the needs defined by clients, XED owns the programme design and manages the logistics of program delivery..

What are your core offerings?

Oxford and Cornell Senior



What are the company's financials?

For FY22–23, revenue was approximately \$1.7 million, and the company expects to reach \$5 million in revenue in FY25-26, with a current run rate of \$7 million.

For the following year (FY26–27), XED projects revenue of \$7–8 million, maintaining a 60–65% CAGR over the last three years and ex-

XED'S FIRST IPO IN GIFT CITY: A GUIDE FOR NRIS & FOREIGN INVESTORS



What does XED do?

- ◆ Provides leadership and training programmes for professionals with 10yrs of exp
- ◆ It partners with universities like Cornell and Oxford

IPO Size \$12 million

Who can apply

NRIs/Foreign Nationals

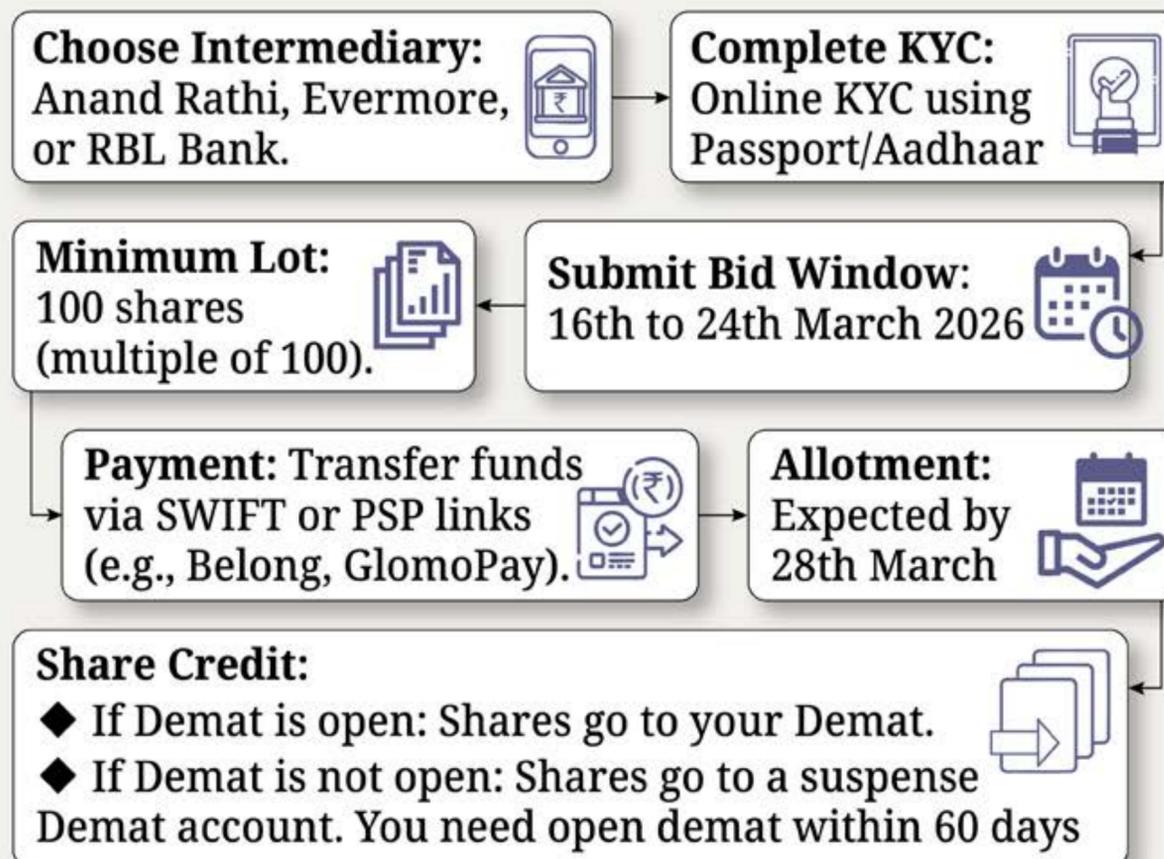


John Kallelil, Founder & CEO of XED Executive Ltd

Company financials

Net profit improved from a \$489,066 loss in FY22-23 to a \$142,992 profit in FY24-25.

Step-by-Step IPO Application Process



Demat Requirement

- ◆ **Before Application:** Not required.
- ◆ **Post Allotment:** Must open a Demat account within 60 days to receive shares.

Pros

- ◆ 0% capital gains tax, no STT or stamp duty*
- ◆ Flat 10% withholding tax on dividends
- ◆ No need to file ITR in India

Cons

- ◆ May have limited liquidity, and high volatility.
- ◆ Limited choice of IPOs/stocks in GIFT City.

*You may be liable to tax on gains from the IPO in home country.

Leadership Programmes (SLPs), which are hybrid 9–10 month courses costing around \$28,000. We have recently partnered with Harvard Graduate School of Education to offer the Education Leadership Program for K12 institutions.

What is the end objective of these programmes?

Networking with peers from diverse backgrounds, and enhancing their career prospects. The programmes help them gain updated, applied knowledge from top professors, build a global network, and add prestigious university names to their CVs, which can open doors to better roles and career progression.

Does the university make money in this set-up?

Yes, approximately 45-50% of the revenue goes to the universities.

Which countries do you operate in?

Mumbai, Bangalore, and Delhi, as well as internationally in Abu Dhabi, Riyadh, the US, and Singapore.

What is the revenue split between B2B:B2C?

Approximately 40:60

How much money are you raising?

\$12 million in total, with approximately 20% (\$2.4 million) as Offer for Sale (OFS) for early investors, and the

XED's planned IPO in GIFT City marks the first such listing by an Indian company, opening participation primarily to NRIs and foreign investors.

remaining \$9.6 million as fresh capital.

What will the fresh capital be used for?

To scale operations, tech level improvements, AI-driven enhancements, and inorganic growth, including potential acquisitions, XED is also looking to establish a physical campus to enhance the learning experience of our participants.

Who can apply for XED's IPO?

NRIs & foreign citizens

What are the documents required?

1. Identity/KYC: Passport is primary; NRIs can also use Aadhaar (with OTP). KYC, including video KYC, is done online. Existing bank KYC with a participating entity may be reused (e.g., RBL Bank).
2. Funding bank account details: Any overseas account that supports SWIFT transfer to the IPO escrow account or payment via supported PSPs (e.g., Belong, Glomopay).

Q. How to apply for XED IPO - Step-by-Step

Application Process

1. Confirm Eligibility: Must be an NRI or Foreign National (Non-resident of India).
2. Choose Intermediary: Select a participating broker/bank/platform (e.g., Anand Rathi, Evermore, RBL Bank).
3. Complete KYC (Online): If new, complete online KYC using Passport/Aadhaar and video verification. Existing customers of participating entities may reuse KYC.
4. Submit Bid: During the bidding window (Mar 6, 10:00 AM – Mar 18, 5:00 PM), submit your bid within the \$10.0 to \$10.5 price band.
5. Minimum shares: 100 shares, multiples thereof
6. Fund transfer: Transfer the bid amount via SWIFT from your overseas bank account or use the intermediary's online PSP links.
7. Allotment: Expected around March 23
8. Share Credit:
 - ◆ If Demat is open: Shares are credited directly to your GIFT Demat.
 - ◆ If Demat is not open: Shares are credited to a suspense Demat account. You have 60 days from allotment to open your own Demat and transfer the shares.
9. Listing & Trading: Expected around March 25–27. Shares can be traded once listed and credited to your Demat account.

Do you need a demat to apply for this IPO?

Not needed, but must open one within 60 days post-allotment to receive their shares



GIFT City: Interest rates on USD deposits and savings account for NRIs



Interest rates on deposits (In %)

Bank Name	1 year	3 years
 IDFC	4.5	4.5
 Axis	3.9	4
 Yes	4.6	3.9
 Indusind	4.3	3.8
 Canara	4.1	3.6
 SBI	3.8	3.6
 Federal	4	3.4
 Bank of Baroda	4.1	3.4
 ICICI	3.9	3.4
 Kotak	3.9	3.2
 IDBI	4.1	3
 HDFC	3.8	2.9
 RBL	3.6	2.7

Interest on savings account (In %)

Bank Name	Interest rate
IDFC	4.75
RBL	4.5
Yes	4.25
Indusind	4.25
ICICI	3.65
Federal	3.25
Axis	2.5
SBI	2.5
Canara	2
Bank of Baroda	2
HDFC	2
IDBI	0.1

(Source: Bank websites, as of Dec 2025)

How Much Does It Actually Cost to Cash In Your ESOPs?

By Vedant Vichare

For most of the last decade, Employee Stock Ownership Plans (ESOPs) occupied no significant place in Indian salary structures. That changed meaningfully between 2021 and 2023, when a wave of startup IPOs including Zomato, Nykaa, Policybazaar and Delhivery created the first large-scale ESOP liquidity events the Indian ecosystem had seen.

Employees across mid-to-senior levels walked away with significant payouts. ESOPs shifted from being a speculative perk to a credible component of total compensation.

However, vesting and actually realizing wealth in your demat account as shares or cash are two very different things. Exercising ESOPs requires substantial upfront capital. That is why ESOP financing is now becoming part of the discussion.

The Reality of Perquisite Tax

To understand why ESOP financing is being discussed in the first place, one must understand the liquidity crunch inherent in the exercise process. Employees face two overlapping problems:



a steep cash requirement, a heavy taxation burden.

Consider an example.

Atul was granted 50,000 ESOPs at a strike price of ₹20. His company has grown steadily, and today the Fair Market Value is ₹400 per share. On paper, his shares are worth ₹2 crore.

He decides to exercise them.

Step one: Atul must pay ₹10 lakh in cash to convert his

options into shares.

50,000 shares multiplied by ₹20 strike price equals ₹10 lakh.

Step two: The Income Tax Department considers the difference between the strike price and the Fair Market Value as a perquisite.

The difference is ₹380 per share.

₹380 multiplied by 50,000 shares equals ₹1.9 crore.

This ₹1.9 crore is treated as

WHAT IS ESOP FINANCING?



ESOP Financing is taking a loan for exercising rights to buy employee stock options and pay tax on it.

Example

ABCD Pvt Ltd granted
50,000 ESOPs to Atul in 2011

Price at which they gave the option
to exercise (Strike Price) **₹20**

Latest market value **₹400**

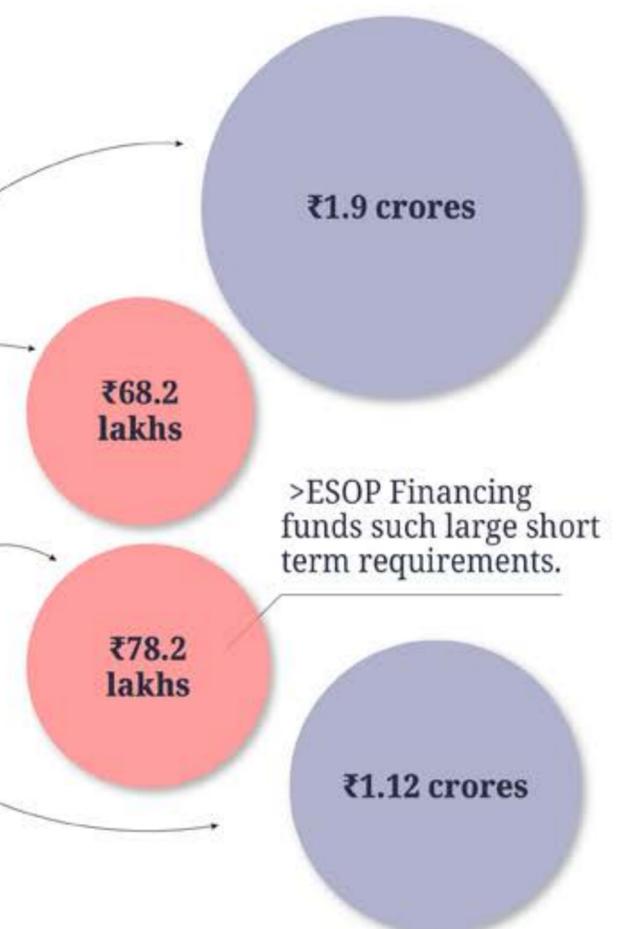
Current income tax slab **35.88%**
(incl surcharge + cess)

	Calculation	Total
Exercise price	$50,000 \times ₹20$	₹10 lakhs
Pre tax gain	$(₹400 - ₹20) \times 50,000$	₹1.9 crores
Tax payable at slab rate (@35.88%)	₹68.2 lakhs	
Total Cash Required	Exercise price (10 lakhs) + Perquisite tax (68.2 lakhs)	₹78.2 lakhs
Total share value	$50,000 \times ₹400$	₹2 crores
Net Value After Tax*	$₹2 \text{ Cr} - ₹78.2 \text{ L} - ₹10 \text{ L}$	₹1.12 crores



Why ESOP Financing?

- ◆ Provides large upfront cash for exercise + tax
- ◆ Loan secured against ESOPs, not personal assets
- ◆ No need to break FDs or liquidate investments
- ◆ Preserves personal liquidity



Note: The example only illustrates the upfront liquidity required to exercise ESOPs and pay perquisite tax. It does not include capital gains taxation on sale of shares later.

ESOP - Employee Stock Ownership Plan

taxable income in the year of exercise. Since this pushes him into the highest tax bracket, the liability could be approximately ₹68.2 lakh, assuming an effective rate of 35.88 percent including surcharge and cess.

Importantly, he has not sold a single share. So the total cash required to unlock ₹2 crore of paper wealth is: ₹10 lakh as exercise cost. ₹68.2 lakh as perquisite tax. Total: ₹78.2 lakh.

If the company is unlisted and does not provide a deferred tax mechanism, Atul must arrange this amount in cash. He owes tax on wealth he cannot yet access. This is the core tension that makes ESOP financing relevant.

What Are Your Options Before Borrowing?

Before reaching for a loan, it is important to examine the alternatives.

1. Company-Supported Structures

Some companies, particularly large multinational technology firms offering Restricted Stock Units (RSUs), manage the tax and exercise cost internally. They may sell or withhold a portion of the shares to cover the strike price and TDS.

For instance, roughly one-third of the shares may be liquidated to cover costs, and the remaining two-thirds are credited to your demat account or paid out in cash.

This reduces the immediate cash burden. However, you lose potential compounding

on the shares that were sold to cover taxes. If you strongly believe in the company's long-term growth, this trade-off matters.

2. Secondary Sales

In certain cases, employees can sell shares to secondary buyers, subject to company policies. This option depends entirely on transfer restrictions and whether the company permits such transactions.

It is not universally available, but where permitted, it can provide liquidity without personal borrowing.

3. Liquidating Personal Investments

The most direct method is to fund the exercise from your own portfolio by liquidating fixed deposits, mutual funds, or other investments.

However, this requires caution.

If you deploy ₹78 lakh from your existing portfolio into one private company, you may end up concentrating 90 to 95 percent of your net worth into a single illiquid asset.

If the ESOP value is relatively small compared to your overall net worth, self-funding may be straightforward. But if the ESOP exposure becomes disproportionately large, asset allocation risk becomes significant.

When ESOP Financing Makes Sense

ESOP financing involves taking a short-term loan secured against your options to cover

both the exercise cost and the tax liability.

It is not a default solution. It makes sense only when:

Your broader financial position is stable. You have reasonable visibility on liquidity, such as an IPO window or confirmed secondary transaction.

You are confident enough in the company's trajectory to justify the financing cost.

If these conditions are absent, financing simply adds leverage to an already uncertain outcome.

Navigating the Lenders in This Space

Where you seek financing depends largely on your company's stage.

Listed or Near-IPO Companies

If your company is listed or approaching IPO, traditional NBFCs and bank-backed lenders are typically more comfortable extending credit due to clearer liquidity.

Bajaj Finance offers loans of up to 40 percent of ESOP value, capped at ₹175 crore, with tenures between 6 and 36 months and interest rates ranging from 8 to 15 percent.

Infina, backed by Kotak, provides up to 50 percent loan-to-value, with interest rates starting around 8.5 percent and processing fees capped at 3 percent.

For high net worth individuals seeking integrated wealth management, Nuva-ma Wealth offers up to 50 percent loan-to-value, pri-



Ways to Fund ESOPs Before Borrowing

- ◆ Company-managed sell-to-cover
- ◆ Self-funded ESOP exercise
- ◆ Secondary market share sale

When ESOP Financing Makes Sense

- ◆ Stable personal balance sheet
- ◆ Visibility on liquidity event
- ◆ High conviction in company growth
- ◆ Financing cost is manageable

Players in ESOP Financing

Company	Loan-to-Value / Eligibility	Tenure	Interest rate	Fees & Charges	Best Suited For
Bajaj Finance	Up to 40% of ESOP value	7 days - 36 months	8-15% p.a.	Processing fee up to 4.72% ; 4.72% prepayment charges; other charges as applicable	Listed entities, Pre-IPO companies
Nuvama Wealth	Up to 50% LTV; minimum ₹2 lakh of ESOP value required	–	–	Relationship-based structure; linked wealth account	Listed and select Pre-IPO companies
ESOPDhan	Startups valued above \$500M or EBITDA positive	3- 5 years	10-12% fixed + 2-3% equity	No monthly EMIs; profit-sharing on exit	Late-stage unlisted startups, early IPO stage
Infinia (by Kotak bank)	Up to 50% LTV	7 days - 60 months	Starting ~8.5%	Processing fee up to 3% + ₹50,000 ; prepayment up to 3%	Listed and near-IPO companies

LTV- Loan To Value

Source: Company websites

marily for listed or select pre-IPO companies. It is worth noting that such financing may be linked to broader wealth management relationships, including demat and brokerage accounts.

Unlisted Startups

If your company is unlisted and far from IPO, traditional lenders are often unwilling to take the risk.

Specialist firms like ESOP-Dhan cater to this segment. They typically focus on startups valued above \$500 million or those that are EBITDA positive.

The trade-off is cost and structure. Tenures may range from 3 to 5 years with no monthly EMIs, but pricing can include 10 to 12 percent

interest plus a 2 to 3 percent share of eventual ESOP profits upon exit.

This structure reflects the higher illiquidity risk involved.

A Critical Perspective Before Taking Debt

Before opting for specialized financing, experts advise evaluating whether pruning lower-priority investments can fund the exercise internally.

Anuj Kesarwani, founder of Zenith Finserve, emphasizes that exercising ESOPs is an investment decision, not an act of loyalty to the company.

He cautions against external borrowing if visibility is unclear:

"Do not go for outside

money. If the situation does not work in your favor, it becomes a vicious circle. The collateral will be hit, and you may have to arrange more money at a higher rate."

If liquidity gets delayed or valuations fall, the employee faces a double risk of declining stock value and compounding interest. The math must work.

If financing costs erode projected upside, or if exit timelines remain uncertain, walking away from the options can sometimes be the most rational decision.

ESOPs can be genuinely life-changing. But paper wealth becomes real only when taxation, financing cost, and exit timing align.

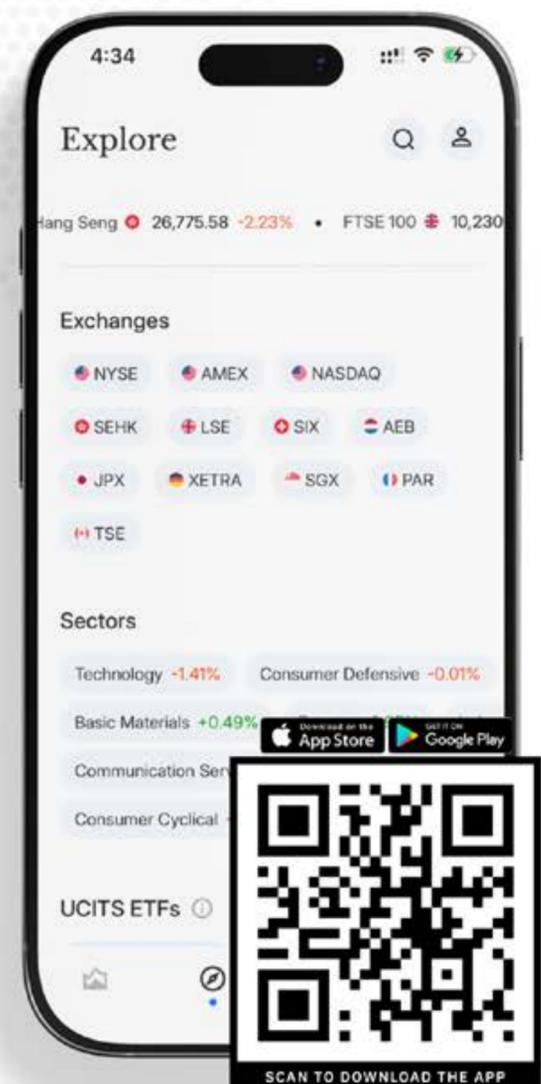


Invest in Global Markets from India

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Why International ETFs in India Are Struggling to Track Their True NAV

By Anil Poste

This constraint also widens the gap during periods of sharp global rallies, when demand for US and global tech exposure

spikes suddenly. Since domestic funds cannot freely add overseas allocations beyond regulatory caps, secondary market prices absorb the demand shock. This structural imbalance makes short-term premium spikes more

likely, especially in thematic or sector-focused international ETFs. Premiums have also risen over the past week, reflecting the recent pickup in global market momentum and renewed investor demand for overseas exposure.



Name	NSE Ticker	Market price	I-Nav	Premium
Motilal Oswal NASDAQ 100 ETF	MON100	223	219	2%
Motilal Oswal Nasdaq 50 ETF	MONQ50	98	92	7%
Mirae Asset Hang Seng TECH ETF	MAHKTECH	24	19	23%
Mirae Asset S&P 500 Top 50 ETF	MASPTOP50	70	58	21%
Mirae Asset NYSE FANG+ ETF	MAFANG	155	128	21%
Nippon India ETF Hang Seng BeES	HNGSNGBEES	520	445	17%

As on 02-Mar-2026

Source: NSE

Municipal Bonds: How Investing in Your City Could Also Earn You 8% yield

By Ira Alok Puranik

India's public infrastructure is broken, and it's a problem that can be seen from space. Indian cities, whether big metros like Pune, Hyderabad, or Chennai or quieter ones like Vadodara, Indore, or Rajkot, are running out of money to keep pace with their repairs and development.

And yet, sitting largely untouched in India's financial market is an instrument that could fund infrastructure development in our cities while offering yields of 7-10%.

For most Indian retail investors, municipal bonds barely register, since most of us don't look beyond corporate bonds, debt mutual funds, government securities, and FDs for fixed-income investments. But cities like Pune, Ahmedabad, Hyderabad, and Indore have

quietly raised thousands of crores from public markets over the years. And investors who see tax incentives and are tired of sub-7% FD returns are asking: Should I be lending money to my city?

The answer is complicated. Here's the fine print on municipal bonds and when you should consider them.

What are municipal bonds?

Think of municipal bonds, also known as 'munis', as loans raised by local municipal corporations to fund city projects like building water plants or flyovers. Since government grants seldom suffice, cities borrow from the public by issuing fixed-tenure bonds that pay a fixed interest. However, all municipal bonds must be listed on the stock exchange. According to SEBI data, as of September

30, 2025, around 30 municipal corporations have raised a total of Rs 4,240.34 crore.

Investors can access munis in 2 ways: either through a public issue, where the issuer decides the minimum subscription amount, disclosed in its offer document, or by private placement, where, previously, the minimum investment required was Rs 10 lakh. This was a major deterrent for most small retail investors.

However, effective December 2025, SEBI has relaxed the norms, allowing eligible municipal corporations to issue a municipal bond with a face value of as low as Rs 10,000, even under private placement. This year, Tiruppur, Coimbatore, and Greater Chennai have raised a combined total of Rs 456.44 crore.

While investors can exit early via secondary markets, this might not always be easy, since municipal bond liquidity is typically low due to lower trading volumes.

What are the tax benefits offered by municipal bonds?

Interest is taxed exactly like bank FD interest, i.e., added to your total income and taxed at your applicable slab rate. "Not all municipal bonds are, by default,



MUNICIPAL BOND ISSUANCES IN INDIA



As on 30 Sept 2025

Total Issuances:
26 Municipalities

Total Amount Raised:
₹3,783.90 Crore

Name of Municipality	Coupon (%)	Tenure	ISIN(s)
1 Pune Municipal Corp.	10.23	10 yrs	INE807X08017
2 Greater Hyderabad Municipal Corp.	10.00	10 yrs	INE477Z08014
3 Indore Municipal Corp.	9.55	10 yrs	INE00QS07014
4 Greater Hyderabad Municipal Corp.	9.38	10 yrs	INE477Z08022
5 Bhopal Municipal Corp.	9.25	10 yrs	INE01OI24013
6 Greater Vishakhapatnam Municipal Corp.	8.90	10 yrs	INE423G07051
7 Ahmedabad Municipal Corp.	8.70	5 yrs	INE117E24018
8 Surat Municipal Corp.	8.68	5 yrs	INE05NX24015
9 Greater Hyderabad Municipal Corp.	8.50	10 yrs	INE477Z24011
10 Lucknow Municipal Corp.	8.25	4-10 yrs	INE05OC24017 – INE05OC24074
11 Ghaziabad Nagar Nigam	8.15	4-10 yrs	INE0GVF24014 – INE0GVF24071
12 Vadodara Municipal Corp.	8.15	5 yrs	INE0KDG24012
13 Indore Municipal Corp.	8.10	3-9 yrs	INE00QS24019 – INE00QS24035
14 Pimpri Chinchwad Municipal Corp.	8.07	5 yrs	INE0P1K24010
15 Ahmedabad Municipal Corp.	8.01	5 yrs	INE117E08029
16 Vadodara Municipal Corp.	8.00	5 yrs	INR0KDG08023
17 Rajkot Municipal Corp.	8.00	4-5 yrs	INE0T7907021 – INE0T7907013
18 Agra Nagar Nigam	7.97	4-7 yrs	INE1N2P24034 – INE1N2P24026
19 Prayagraj Nagar Nigam	7.90	4-7 yrs	INE1QL524016 – INE1QL524024
20 Varanasi Nagar Nigam	7.90	4-7 yrs	INE1OK924029 – INE1OK924037
21 Greater Chennai Corp.	7.90	6-10 yrs	INE1SKA24011 – INE1SKA24052
22 Pimpri Chinchwad Municipal Corp.	7.85	4-5 yrs	INE0P1K24036 – INE0P1K24028
23 Gandhinagar Municipal Corp.	7.80	5 yrs	INE1NT924013
24 Bhavnagar Municipal Corp.	7.65	5 yrs	INE2EGM24012
25 Surat Municipal Corp.	7.59	4-5 yrs	INE05NX24023 – INE05NX24031
26 Nashik Municipal Corp.	7.15	4-5 yrs	INE579F24016 – INE579F24024

0 2 4 6 8 10

tax-free,” adds CA and Advocate Treasurer Kinjal Bhuta, BCAS.

“Interest on municipal bonds is tax-free only if specifically notified under Section 10(15)(iv)(h) of the Income Tax Act, 1961. New notifications have been halted; instead, the government offers Rs 13 crore interest subvention per Rs 100 crore raised, replacing the earlier tax-free model. Since 2021, all major municipal bond issues have been taxable, with interest taxed like bank FDs. However, government subvention enables higher coupons (8%+), making them attractive post-tax for taxpayers in the lower tax bracket,” she adds.

Hence, do not assume every municipal bond is tax-free. To verify if a municipal bond is tax-free, investors must check 3 things: Central Government notification under Section 10(15)(iv)(h) of the Income Tax Act

Bond prospectus/Information Memorandum explicitly stating tax status.

SEBI filing on BSE/NSE bond listing portals for the specific ISIN.

All listed muni bonds offer tax-efficient 12.5% LTCG (no indexation) on gains after 12 months if sold on the stock exchange. Under Section 193 (as amended in 2023), TDS applies to interest on listed securities unless exempt under Section 10(15) of the Income Tax Act, 1961. Taxable muni bonds face TDS deductions, while notified tax-free



bonds don't.

Bhuta adds that municipal bonds are for money that the investor does not need for at least three to five years. They are not emergency funds; they are 'goal-based' assets suitable for defined objectives like children's higher education, retirement planning, or building a predictable income stream after a specific date.

How do municipal bonds compare to debt mutual funds and FDs?

The most popular option, bank FDs, is easily the simplest and safest for most people. Your money is insured up to Rs 5 lakh, the returns are fixed, and there are no surprises. The only flipside is that with interest rates currently between 6% and 7%, inflation can quietly eat into your FD income, and breaking the FD early costs you a penalty.

Debt mutual funds are the most flexible, offering average returns of 7-10% and greater liquidity through

T+2 redemptions. But your investment's value can fluctuate depending on interest rates and the quality of bonds the fund holds.

Municipal bonds are backed by government bodies, not the consolidated fund of India (unlike G-Secs), and repaid through a dedicated pool of property tax collections, making them fairly reliable and less risky. However, they're hard to sell quickly since not many buyers exist in the market, so you should only invest money you won't need in a hurry. As of February 28, 2026, the NIFTY India Municipal Bond Index has yielded 8.06% over a 3-year period and 6.81% since inception in 2021.

How do I evaluate whether or not a municipal bond is good?

Aditi Mittal, co-founder of IndiaBonds, says investors must follow these steps to evaluate a bond issuer's creditworthiness, apart from credit ratings. This matters since municipal corporation financial disclosures can often be unavailable, and even when available, may not be standardised or easily understandable for retail investors.

First, check whether the bond has strong ring-fencing, i.e., a dedicated escrow account and a clearly defined payment structure that prioritises bond servicing before other outflows.

Next, identify the source of repayment: credible

LISTED MUNI BOND VS DEBT MUTUAL FUND VS ARBITRAGE FUND



Ground	Taxable Listed Muni Bond	Debt Mutual Fund	Arbitrage Fund
Diversification 	Concentrated. <ul style="list-style-type: none"> ◆ Single issuer, single city. ◆ Unlike GSecs, they are not guaranteed by the consolidated fund of India. 	Diversified. <ul style="list-style-type: none"> ◆ Risk is spread by professional mandate. 	Diversified. <ul style="list-style-type: none"> ◆ Holds equity + derivatives across many stocks. ◆ No single issuer concentration.
Professional Management 	<ul style="list-style-type: none"> ◆ Investor must independently evaluate issuer creditworthiness 	<ul style="list-style-type: none"> ◆ Dedicated credit team monitors portfolio. 	<ul style="list-style-type: none"> ◆ Fund manager manages arbitrage between cash and futures markets.
Liquidity 	<ul style="list-style-type: none"> ◆ Low due to lower trading volumes. ◆ Hard to sell quickly 	<ul style="list-style-type: none"> ◆ T+2 redemptions. 	<ul style="list-style-type: none"> ◆ T+2 redemptions.
Tax 	<ul style="list-style-type: none"> ◆ Interest: Slab rate ◆ Capital gains (on sale after 12mths): 12.5% LTCG, no indexation" 	<ul style="list-style-type: none"> ◆ Interest/income: Slab rate (post Apr 2023) ◆ Capital gains (after 24 mths): 12.5% LTCG, no indexation 	<ul style="list-style-type: none"> ◆ Gains taxed as equity: 12.5% LTCG (after 12 mths) / 20% STCG 

Tax	Status
Are munis tax-free?	Since 2021, all major municipal bond issues have been taxable, interest taxed like bank FDs.
Any new tax-free munis notified	All listed muni bonds offer tax-efficient 12.5% LTCG (no indexation) on gains after 12 months if sold on the stock exchange
How to verify tax status	Check: (1) Central Govt notification under Sec 10(15)(iv)(h) (2) Bond prospectus/IM tax status (3) SEBI filing on BSE/NSE portals for the ISIN.

structures typically rely on predictable, trackable cash flows such as property tax collections, water/sewerage charges, or other user fees.

Then assess their own-revenue quality, like collection efficiency over time; the stability of revenues, and whether the city has undertaken reforms like digitised billing, GIS-based property tax mapping, and wider metering, which usually improve collections structurally.

Next, evaluate dependence on state transfers: if transfers are material, the key is predictability and whether the bond structure protects servicing even if transfers are delayed.

Finally, look for governance signals like timely audited accounts, manageable arrears/payables, and evidence of execution discipline. “Credit ratings are also critical for investors, but in municipal bonds, structure & cash flow visibility will matter more to investors”, adds Mittal.

What red flags should I look out for?

Before investing, there are a few warning signs worth checking across five areas, explains Mittal.

First, look at the structure. If there’s no escrow account or unclear rules on who gets paid first, or if repayment depends on income that isn’t guaranteed yet, those are concerns.

Second, watch for governance issues like delayed au-

dit, overly optimistic budgets, and poor collection reporting, all of which point to a weak issuer.

Third, be wary of revenue concentration: if the issuer relies too heavily on one income source or government transfers with no backup plan, repayment could be at risk.

Fourth, for project-linked bonds, red flags include shifting timelines, funding gaps, and no contingency for cost overruns.

Fifth, check liquidity. Bonds with very low trading activity can be hard to exit when you need your money back.

As a general rule, retail investors are better off sticking to higher-rated bonds, choosing issues with clear and simple structures, and avoiding putting too much money into any single bond. The good news is that recent municipal bond offerings in India have improved significantly in terms of disclosures and transparency, making them easier to evaluate than before.

What protection mechanisms are in place for municipal bond investors?

The issuer must maintain a structured payment mechanism with a dedicated escrow account for debt servicing. Interest payments go into a legally ring-fenced account, separate from the municipality’s general funds, so even if the city hits financial trouble, your inter-

est is already set aside.

A separate sinking fund must also be maintained for repaying the bond principal at maturity, with the city legally required to keep building it up over the bond’s life.

In addition, a no-lien escrow account must be created, ensuring that funds earmarked for bond obligations cannot be claimed by any other creditor.

Every issue must be rated by at least one SEBI-registered credit rating agency. If multiple ratings are obtained, all of them, including any unaccepted ones, must be disclosed.

The municipality must also contribute at least 20% of project costs from its own resources or grants. If the minimum subscription isn’t met, all money is refunded within 12 days of issue closure, with 10% annual interest on delays. Delayed allotment attracts 15% annual interest on the overdue amount. A listing failure triggers a full refund within seven days.

Any extension of the bond’s maturity requires 75% bondholder consent by value, and any investor who withholds consent must be fully repaid. You cannot be forced to stay invested beyond the original term.

Investor complaints must be resolved within 21 calendar days of receipt. SEBI can also designate a body corporate specifically to handle and monitor grievance redressal.

TAXABLE LISTED MUNI BOND VS DEBT MUTUAL FUND VS ARBITRAGE FUND



RED FLAGS TO WATCH

Aditi Mittal, Co-founder, IndiaBonds

1. Structure	◆ No escrow account, unclear payment priority, or repayment dependent on income that isn't guaranteed yet.
2. Governance	◆ Delayed audits, overly optimistic budgets, poor reporting on actual money collected.
3. Revenue concentration	◆ Over-reliance on one income source or government transfers with no backup plan.
4. Project-linked bonds	◆ Shifting timelines, funding gaps, no contingency for cost overruns.
5. Liquidity	◆ Bonds with very low trading activity hard to exit when you need your money back.

PROTECTION MECHANISMS

Escrow Account	◆ Your interest sits in a ring-fenced account, untouchable by the city.
Sinking Fund	◆ City legally builds a dedicated fund to repay your principal.
No-Lien Account	◆ No creditor can seize your repayment funds.
Mandatory Credit Rating	◆ Credit ratings, even rejected ones, to be disclosed.
20% City Contribution	◆ City puts in 20% of project cost, not dependent only on your money
Refund Guarantees	◆ Not subscribed? Refund in 12 days. ◆ Delayed allotment? 15% p.a. penalty. ◆ Listing fails? 7 days.
Can't Force a Lock-In	◆ Maturity extension needs 75% consent. ◆ Disagree? Full repayment guaranteed.
Grievance Deadline	◆ Complaints resolved in 21 days. SEBI-monitored.

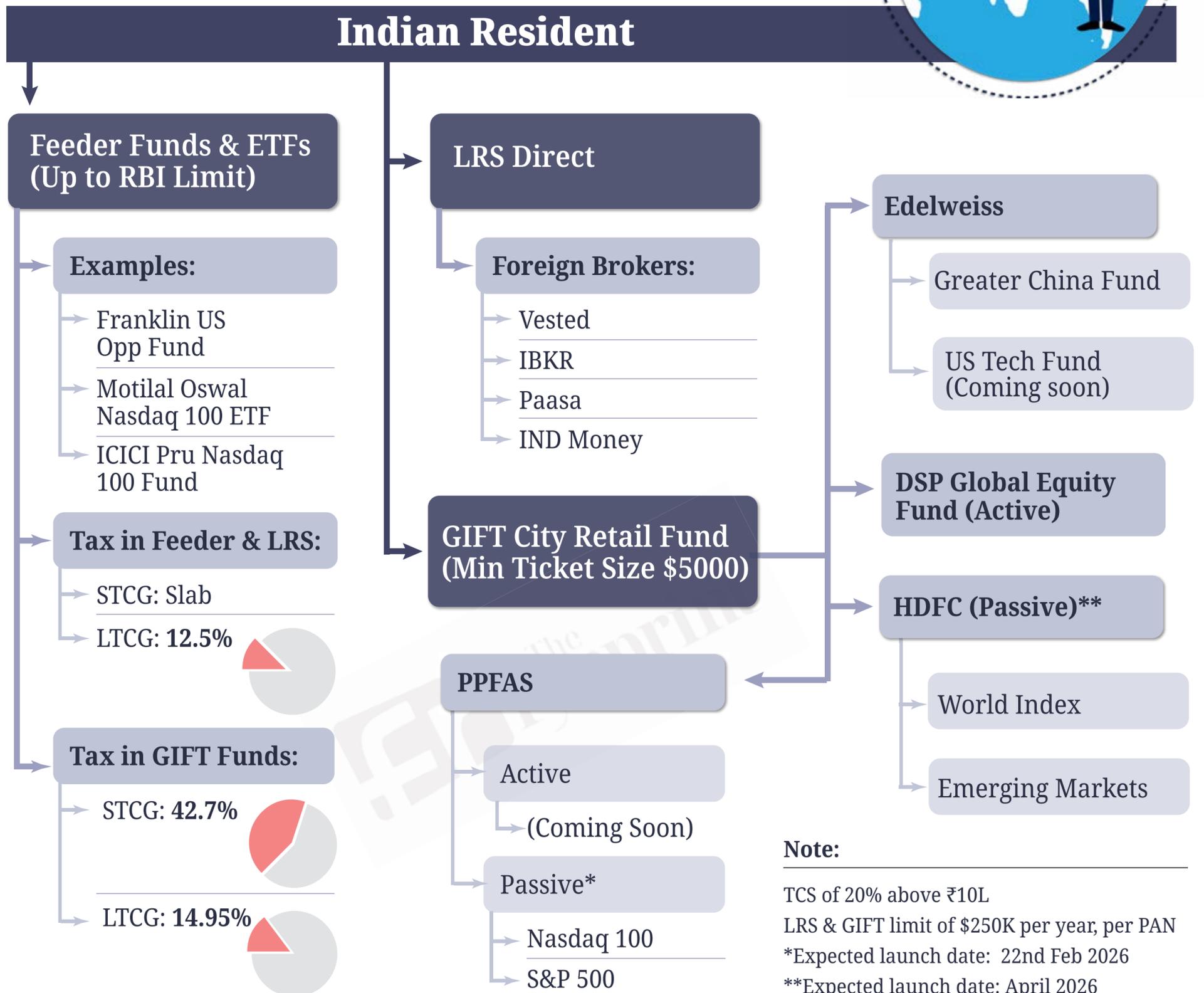


Global Investment Options for Indian Residents

Indian investors have several ways to go global, each with its own rules and tax implications. One option is international feeder funds and ETFs offered by Indian mutual funds, providing exposure to markets like the US. Those

seeking direct ownership can invest via the Liberalised Remittance Scheme (LRS) through foreign brokers, within the \$250,000 annual limit. GIFT City-based retail funds also invest globally with defined minimum ticket sizes. Some AMC's offer ac-

tive and passive global funds tracking world indices, offering diverse investment paths.





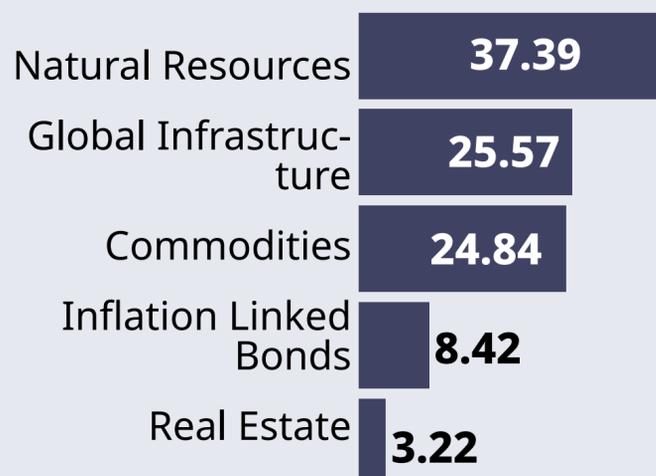
Article written by
Arham Jain, CFA
Investment Advisor
at Paasa

State Street Multi-Asset Real Return ETF(RLY)

RLY is built around a single, distinctive objective: delivering real returns, that is returns in excess of inflation, by allocating exclusively to assets with natural inflation-hedging characteristics. Rather than a traditional balanced portfolio of equities and bonds, RLY invests across infrastructure, natural resources equities, commodities, real estate, and inflation-linked bonds. SSGA uses a proprietary quantitative model, layered with fundamental macroeconomic views, to determine weights among these asset classes. The portfolio is rebalanced monthly, though frequency can vary with market conditions.

Current AUM stands at approximately \$864 million. The equity sleeve totals roughly 61%, though all equity exposure is concentrated in real assets sectors namely, natural resources, infrastructure, and REITs, rather than broad market equities. The fixed income component is exclusively TIPS and international inflation-linked sovereigns. Commodities are accessed through diversified futures-based ETFs.

Top 5 Exposure



Returns in USD



UCITS Equivalent (for non-US / Europe-friendly portfolios)

Amundi Multi-Asset Portfolio UCITS ETF (F701)

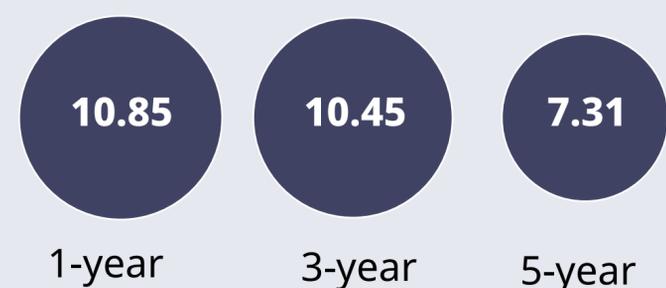
As a passively managed, rules-based fund-of-funds, this ETF offers a comprehensive, fire-and-forget portfolio spanning the entire breadth of global capital markets at a low all-in cost. The 60/30/10 allocation is deliberately conventional designed to serve as a standalone core holding or a single-fund solution for investors who want global market exposure with a systematic commodity overlay, without the complexity of managing multiple separate positions. For European investors unable to access US-listed ETFs, F701 represents one of the very few

UCITS products offering genuine equities-bonds-commodities diversification in a single ETF wrapper.

With approximately €243 million in AUM as of early 2026, a TER of 0.41%, it a unique niche in the European UCITS landscape: it is one of the only single-ticker solutions providing genuine exposure to all three traditional asset classes, from a large, reputable issuer.

Returns in USD

Annualized Returns (in %)



A nascent industry rises in GIFT bringing global investing to Indians

By Neil Borate

The conference was sold out in 2 days. No easy feat to achieve in a city 500 km away from India's financial capital Mumbai that has long been seen as a 'sarkari' (government) initiative, close to the heart of Prime Minister Modi but far removed from commercial reality. What was even more curious was that almost all its sponsors were players introducing global stocks to Indians, a contradiction with the stated purpose of GIFT - to bring India to the world. Yet, this was also a sign of maturity among the regulator and government - a recognition that a highway must open both its lanes to function - going out and coming in.

Indian investors for most of their history have been a largely insular people, restricting their investments mostly to the domestic market. This behavior was increasingly at odds with their global mobility as immigrants, entrepreneurs and consumers. Indians are huge buyers of global brands in areas like mobile phones, cars and tech and they power industries like tech or health-care in major western economies. A major reason behind

this insularity was the government's attitude imposing tight controls on currency movement and heavy tax compliance for assets owned overseas. But foreign investing was not unknown. Indian mutual funds started launching global feeder funds from the early 2010s with Motilal Oswal Nasdaq fund making a debut in 2011. A US broker Interactive Brokers also established a presence in India in 2007

But Interactive or IBKR as it is popularly known did not aggressively market itself. It stayed on the sidelines - accessible to the affluent and savvy domestic investors in the off and the first few fin-

techs space. It was in building a market for Indians. Companies like Stockal and Vested Finance built partnerships with a little known US broker (Drive Wealth) marketing themselves in India. Around the same time INDmoney, another was entering into the space as a wedge to distinguish itself from the increasingly crowded space of domestic stock broking.

In 2020 the Covid-19 pandemic hit India. After an ini-

tial correction both Indian and global markets rallied strongly around the nascent 'US stock investing' industry in India took off. Among the early players, IND took a far more aggressive approach with influencer marketing and 'free' US fractional shares cornering the market overall. Vested also joined the party - offering shares in itself to large influencers in return for promotion. Unlike domestic markets, US stocks space was unregulated and there were no pesky Sebi regulations to worry about. By December 2021 the Nasdaq Index had risen 64% from its pre-pandemic peak of around 9,500 in Feb 2020 and Indian investors were investing in a big way along with a boom in building a market for Indians. Companies like Stockal and Vested Finance built partnerships with a little known US broker (Drive Wealth) marketing themselves in India. Around the same time INDmoney, another was entering into the space as a wedge to distinguish itself from the increasingly crowded space of domestic stock broking.

for investing in equity/debt overseas spiked - rising from about USD 400 million to 1.2 billion USD in 2022-23

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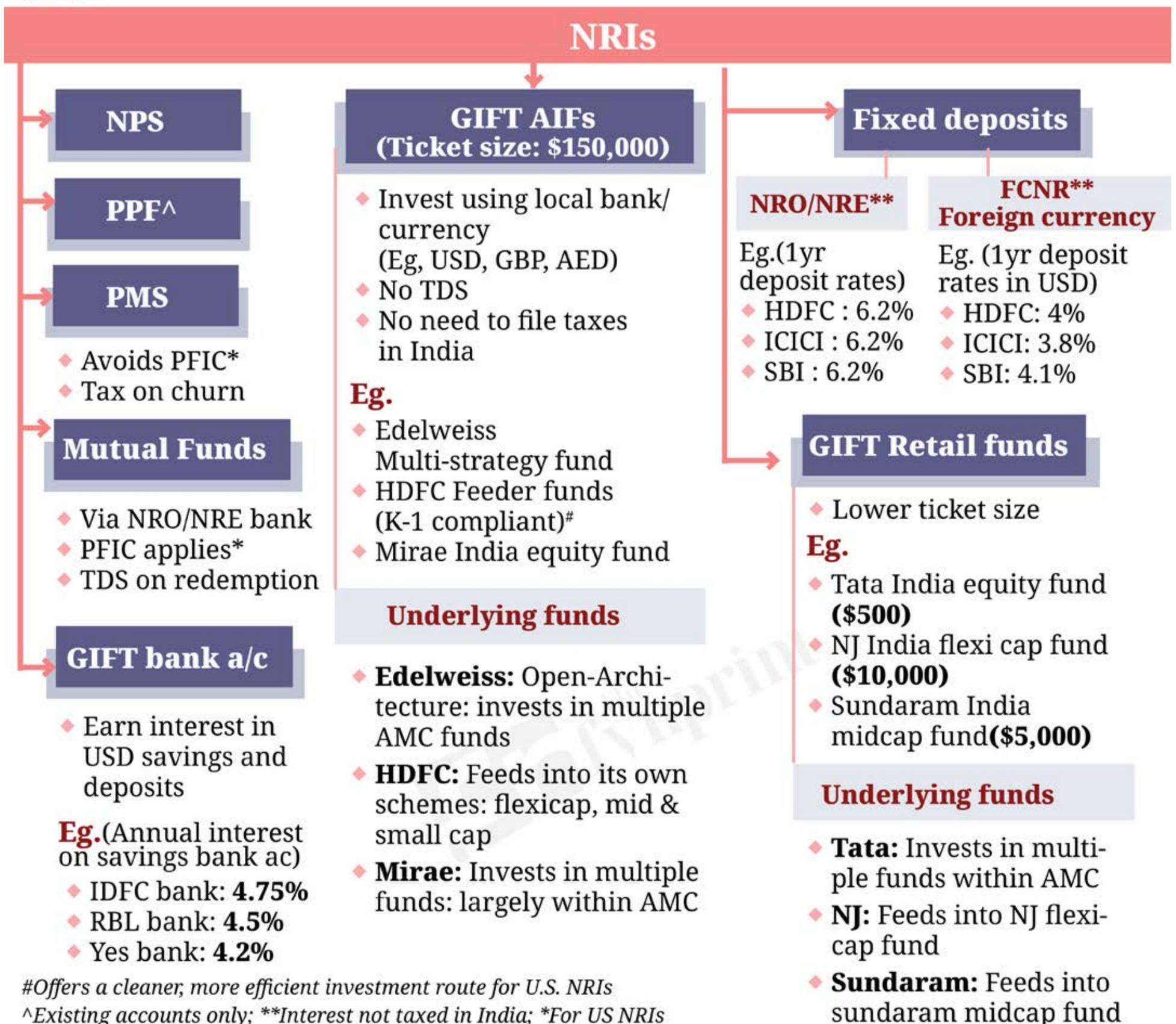


How NRIs Can Invest in India

NNRIs have multiple ways to invest in India, depending on their goals, ticket size and tax preferences. Traditional routes include mutual funds, PMS, NPS and bank fixed de-

posits through NRE or NRO accounts, though taxation and TDS rules vary. NRE and FCNR deposits remain popular for stable, tax-efficient returns in rupee or foreign currency. Newer options such as GIFT City AIFs and retail

funds allow investments in India using global currency with simpler structures and potentially easier tax treatment. Together, these avenues give NRIs flexible ways to stay connected to and participate in India's growth story.



Specialized Investment Funds (SIF)

Specialised Investment Funds (SIFs) continued to reflect market softness this week amid global uncertainties. Schemes posted negative absolute returns, with qsif Ex Top 100 Long-Short at -9.33%, qsif Equity Long-Short at -4.23%, and iSIF Equity Ex Top 100 Long-Short at -3.90%. Positive performers included Magnum Hybrid Long-Short (1.29%), Altiva Hybrid Long-Short (3.28%), and Arudha Hybrid Long-Short Fund (0.77%). Investors may watch how SIF strategies perform as market volatility persists.

Absolute Returns (as of 4th March 2026)

Scheme Name	Absolute return (%)	Scheme type	Expense ratio (Direct)	Benchmark	Strategy	Inception date
qsif Equity Long-Short Fund	-4.23	Open Ended	0.91	NIFTY 500 (TRI)	Flexicap +	8 Oct 2025
qsif Hybrid Long-Short Fund	-1.05	Interval Fund	0.64	NIFTY 50 HYBRID COMPOSITE DEBT 50:50 INDEX	Balanced Advantage Fund +	20 Oct 2025
qsif Ex Top 100 Long-Short Fund	-9.33	Open Ended	0.82	NIFTY 500 (TRI)	Small and Midcap +	13 Nov 2025
Magnum Hybrid Long-Short Fund	1.29	Interval Fund	0.47	NIFTY 50 Hybrid Composite Debt 50:50 Index	Equity Savings Fund +	29 Oct 2025
Altiva Hybrid Long-Short Fund	3.28	Interval Fund	0.68	NIFTY 50 Hybrid Composite Debt 50:50 Index	Arbitrage +	24 Oct 2025
Diviniti Equity Long-Short Fund	-3.54	Open Ended	0.87	Nifty 50 (TRI)	-	3 Dec 2025
Titanium Hybrid Long-Short Fund	-0.75	Interval Fund	0.56	CRISIL Hybrid 50+50 - Moderate Index (TRI)	-	17 Dec 2025
iSIF Hybrid Long-Short Fund	-2.47	Open Ended	0.99	Nifty 500 TRI	Small and Midcap +	5 Feb 2026
iSIF Equity Ex-Top 100 Long-Short Fund	-3.90	Open Ended	0.80	CRISIL Hybrid 50+50 Moderate Index	Balanced Advantage Fund +	5 Feb 2026
Arudha Hybrid Long-Short Fund	0.77	Interval Fund	0.29	CRISIL Hybrid 85+15 Conservative Index	-	4 Feb 2026



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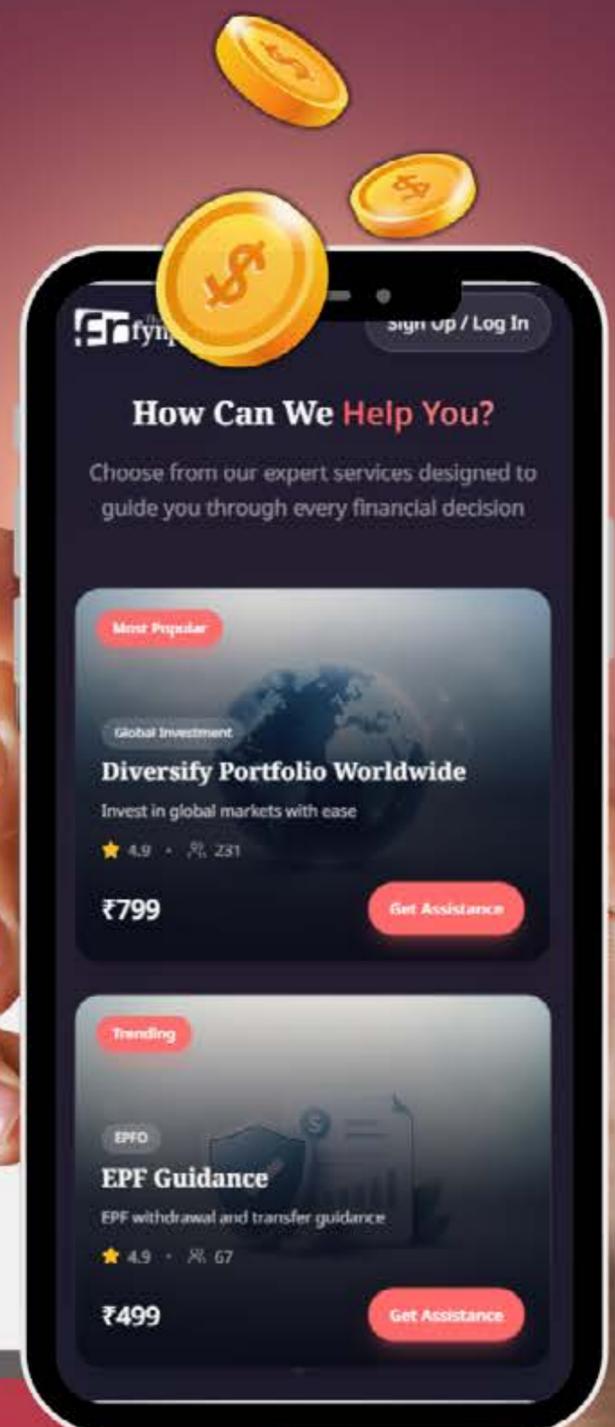
- *Wealth Management*
- *Will & Inheritance Planning*
- *Your Global Investment Concierge*
- *NRIs Financial Management*
- *Unlock power of NPS*
- *EPF Guidance*
- *And more as per your financial needs*



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