

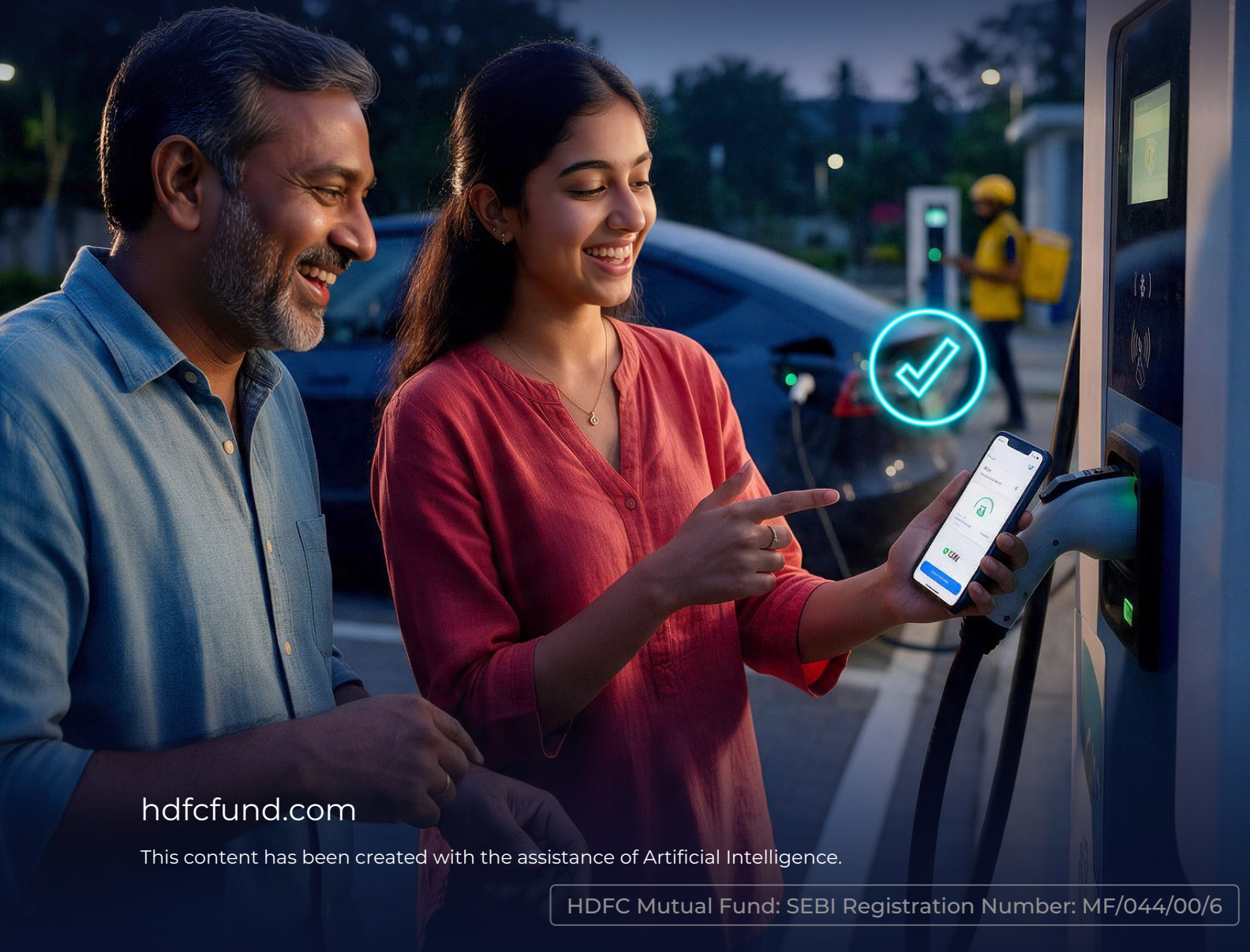


HDFC MF

Weekend Bytes

A weekly series from HDFC Mutual Fund

Innovation – Next leap of wealth generation opportunities



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This content has been created with the assistance of Artificial Intelligence.

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Illustration

Rajesh and his daughter Meera are on a long weekend drive in the family's new electric car.



Meera Dad, it's been such a quiet drive. Missing the sound of the engine?

Honestly, yes. For thirty years a car meant petrol, a noisy engine and a stop at the pump. This one is quite better to drive.

Rajesh

Meera Not only Quiet, it is cost efficient and environment friendly too. Last night it even got smarter with software update while it was parked at home.

Woah!! A car that improves while it sleeps! My old car was an engine on four wheels. This one is a computer on four wheels. I need to adapt to newer innovative tech.

Rajesh

Meera Exactly, Dad. **Innovation in automobiles, from batteries and electronics to software and charging networks, will change how India travels driving future growth. The new cars can drive the future growth.**

A little later, they pull into a charging station for a quick top-up.

Here we are. Let me take out some cash. It's great that I always keep physical currency for the pump.

Rajesh

Meera Not anymore, Dad. Just scan the QR code on the charger and pay with UPI. **"Payment successful"**, and see, the car has started charging. Another example that **Innovation is making the world faster and even safer, as we did not need physical cash.**

UPI, indeed a convenient option. How long will the charging take?

Rajesh

Meera About forty minutes.

Then let's use the time. There's a grocery shop nearby, and we need to shop for home.

Rajesh

Meera

That would take longer. Instead let's order all the groceries online. Order placed, payment done, and it should reach home before we do. **Innovative businesses now provide wider coverage and access for faster delivery just through a smartphone – Quick, Easy and Convenient.**

(laughing) One stop, three innovations. The car is charging, UPI paid for it, and our groceries are already on their way home.

Rajesh

Meera

In today's world **Investing, Manufacturing and Adopting** to new innovative ideas can potentially change the future. Innovation is the only constant and leads with the question "can this be done better?"



India's Innovation Story: Bridging Potential and Progress

India's innovation story is no longer limited to a few technology companies. It now shows up in global rankings, in the country's digital backbone and across sectors. India stands tall in Innovation growth story:

Climbing the global innovation ladder:

India's rank in the Global Innovation Index improved from 66 in 2016 to 38 in 2025, despite its per capita income far lower than most peers. This signals significant headroom to add value.

More ideas, more patents, more start-ups:

Patent applications rose to over 1.1 lakh in FY25, a growth of ~18% in last 5 years. India also ranks 3rd globally in number of unicorns, with 69 unicorn companies as of 2025.

Digital public infrastructure as a launchpad:

Aadhaar, UPI, ONDC and Account Aggregators have given businesses ready-made digital rails to build on. UPI has changed the way we transact with UPI having ~87% of total digital transaction volumes (FY26).

New business models in everyday life:

Quick commerce GVA* has grown from US\$0.2 bn in FY20 to US\$16.6 bn in FY26 and is estimated to reach about US\$45.8 bn by FY29. The top two fintech broking platforms' share of active clients roughly doubled in last 5 years.

Autos and the energy transition:

EV, Hybrids, flex fuels should eventually revamp and improve the Auto industry. Adoption is expected to rise substantially over the next 5 to 7 years. India is targeting 500 GW of renewable capacity by 2030, opening room for local manufacturing of batteries for vehicles and storage.

Defence and healthcare Go indigenous:

India's defence capital expenditure has more than doubled from about ₹1.03 lakh crore in 2021 to ₹2.19 lakh crore in 2026-27, focused on R&D and Inhouse production such as BrahMos. In healthcare, the Indian biopharma sector is estimated to grow from US\$57 bn in 2025 to US\$195 bn by 2035 backed by innovation.

Business Impact –

Innovation has been driving Market share and leadership, provide competitive edge, optimizing cost and Increase Profit pools and eventually create Value

Source - IP India FY25 report, Global Innovation Index Database, WIPO (2024), International Monetary Fund (World Economic Outlook – April 2025), World Population Review (2024). Morgan Stanley estimates, Vaahan data; SIAM data, Data presented as of Mar 2026. Atal Innovation Mission, Indus Valley - Funding Trends (2024), PIB, CLSA, Budget document. Bernstein Report 2025, Ministry of Defence, Motilal oswal. *GVA - Gross Value Added .

Participating in Innovation

Invest in the theme with traditional companies focused towards driving Innovation, with HDFC Innovation Fund - An open-ended equity-oriented scheme following the innovation theme.



The fund offers a way to participate in India's next leg of growth led by innovators and early adopters, using a score-based, bottom-up stock selection across sectors and market capitalisations.

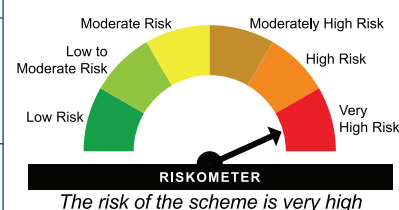
HDFC Innovation Fund (An open-ended equity-oriented scheme following the innovation theme) is suitable for investors who are seeking*

- Capital appreciation over long term
- To invest in equity and equity related instruments of companies that are adopting innovative themes and strategies

*Investors should consult their financial advisers, if in doubt about whether the product is suitable for them

#For latest riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.hdfcfund.com

Riskometer#



The Scheme being thematic in nature carries higher risks versus diversified equity mutual funds on account of concentration and theme specific risks.

Scheme Riskometer as of 30th September, 2026

Views expressed above are indicative and should not be construed as investment advice or as a substitute for financial planning. Due to the personal nature of investments, investors are advised to seek professional advice before investing.

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS,
READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**

Mission: To be the wealth creator for every Indian

Vision: To be the most respected asset manager in the world