



## Knowledge Initiative

**Dear Patrons,**

**Season's Greetings.**

Here we are with the Twelveth Issue of our monthly newsletter "**Knowledge Initiative**".

We trust you will enjoy reading this newsletter, even while soaking in the contents. We would very much appreciate your feedback which consistently helps us in improving and upgrading the contents.

Also send us your questions or queries related to any financial product.

**The Twelveth Issue includes:**

1. Invest Smartly in Current Market Conditions
2. Why Financial Planning is Important?
3. Health Insurance: Basic Necessity of Life
4. Interest Rate Hikes in Home Loans: A Challenge Forever or A Permanent Solution
5. Yamuna Expressway Vs Noida Extension
6. Your Real Estate Menu Card



**Akhil Chugh**  
**Director**

**Warm Regards,**  
**Akhil Chugh**



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## Invest Smartly in Current Market Conditions

Indian investors are rejoicing as Sensex crossed 22000 mark on 10<sup>th</sup> March 2014. Suddenly the mood among the investors has changed and there's an increase in the equity inflows in last six months. The change in perception is because of the stock market factoring Narendra Modi led government at the centre and strong economic indicators i.e lower current account deficit (CAD) due to fall in oil prices and import curbs on gold; rupee appreciation and fall in inflation.

Despite good economic indicators and strong Modi wave, investors should be cautious while investing their hard earned money. An election year is always volatile. You never know the outcome. A hung parliament or a weaker coalition will change the market sentiment in the short term, thereby leading to correction in equities. Globally also there are many events taking place. The US Federal Reserve has further cut its monthly purchases of US Treasuries and mortgage – backed securities from \$65 billion to \$55 billion and has hinted at a hike in interest rates in May to June next year. Russia is having its own geopolitical issues and in China, there are serious concerns of capacity build up and credit issues as well.

**Despite all this, India looks very stable and has managed to hold on to its fort largely because the government was able to get its macros on track and expectations of a favourable or pro-reform party at the centre have been driving the optimism. In the long run, Indian equity markets are poised to deliver good returns.**

**Sticking to Asset Allocation is extremely critical at this point of time.** One should carefully analyse his risk appetite, needs, requirements and financial goals before making any investments. Having a right balance of equity and debt in your portfolio is very important.

At the moment, there is pre-election rally and everybody is buoyant. But the real scenario will emerge only after the elections. Don't get into market with an objective of making money in next three to six months. Get into the market only if you have a minimum horizon of three years. Any horizon below this should be invested in short to medium term debt as current rates are extremely attractive.

Whether you are allocating money to market from your cash pile or profit from debt investments, make sure you do it in a staggered manner to reduce risk. Take help of systematic investment plans (SIP) offered by mutual funds while investing in equities. SIP gives dual benefit of Rupee Cost Averaging and Power of Compounding. Rupee Cost Averaging is a strategy involving investing a fixed amount of money at regular intervals, irrespective of market conditions. It enables investors to buy less when prices are high and buy more when prices are low.

According to us, an ideal portfolio should consist of four - five mutual fund schemes – Large Cap, Multi Cap/Mid Cap, Balanced Fund and an accrual based Income Fund. Selection of mutual fund schemes will depend upon the risk appetite and financial goals of the investor.

**For more information on Asset Allocation, contact us on [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)**



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## Why Financial Planning is Important?

Here are ten powerful reasons why financial planning – with the help of our expert financial advisor – will get you where you want to be.

1. **Income:** It's possible to manage income more effectively through planning. Managing income helps you understand how much money you'll need for tax payments, other monthly expenditures and savings.
2. **Cash Flow:** Increase cash flows by carefully monitoring your spending patterns and expenses. Tax planning, prudent spending and careful budgeting will help you keep more of your hard earned cash.
3. **Capital:** An increase in cash flow, can lead to an increase in capital. Allowing you to consider investments to improve your overall financial well-being.
4. **Family Security:** Providing for your family's financial security is an important part of the financial planning process. Having the proper insurance coverage and policies in place can provide peace of mind for you and your loved ones.
5. **Investment:** A proper financial plan considers your personal circumstances, objectives and risk tolerance. It acts as a guide in helping choose the right types of investments to fit your needs, personality, and goals.
6. **Standard of Living:** The savings created from good planning can prove beneficial in difficult times. For example, you can make sure there is enough insurance coverage to replace any lost income should a family bread winner become unable to work.
7. **Financial Understanding:** Better financial understanding can be achieved when measurable financial goals are set, the effects of decisions understood, and results reviewed. Giving you a whole new approach to your budget and improving control over your financial lifestyle.
8. **Assets:** A nice 'cushion' in the form of assets is desirable. But many assets come with liabilities attached. So, it becomes important to determine the real value of an asset. The knowledge of settling or cancelling the liabilities comes with the understanding of your finances. The overall process helps build assets that don't become a burden in the future.
9. **Savings:** It used to be called saving for a rainy day. But sudden financial changes can still throw you off track. It is good to have some investments with high liquidity. These investments can be utilized in times of emergency or for educational purposes.
10. **Ongoing Advice:** Establishing a relationship with a financial advisor you can trust is critical to achieving your goals. At Net Brokers, our financial advisor will meet with you to review your current financial circumstances, anticipated changes, future goals and develop a comprehensive plan customized for you.

For more information on Financial Planning, contact us [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)



## Health Insurance: Basic Necessity of Life

No one plans to get sick or hurt, but most people need medical care at some point in their life. Medical emergencies can strike anyone anytime leaving you devastated emotionally as well as financially. Keeping in mind the rising expenses of medical facilities one thinks of a product which could take care of such expenses. Health Insurance is a protection that you take for unforeseen circumstances in future that could fall heavy on you and your pocket.

### What health insurance does?

- It covers the expenses that a person has to incur on surgeries, checkups, heavy bills of hospitals etc.
- The government has introduced impressive tax benefits on health insurance under Sec 80D of the Income Tax Act on premium paid for a health insurance policy.
- It releases the pressure on an individual of incurring unexpected expenses on health emergencies.

### What things to look at?

There are certain things one has to look at before going for a policy which are:

- What the policy covers for example whether it covers your cost of checkups, pre and post hospitalization expenses, etc.
- One should not select a policy based on premium itself they should look at the past records of the company in settling claims.
- One should be aware of the average health cover required for them.

There are many policies available in the market for health insurance. Some of the big names in the market are **Apollo Munich**, **Max Bupa** and **ICICI Lombard**. Before choosing any of them one should carefully scrutinize what the companies are offering and even before that one should assort his need and requirements for a plan for himself and his family.

### Why Net Brokers?

Sometimes despite having required information a person is not able to choose the best plan. This is because there are many insurance companies in the market offering various health insurance policies. We at Net Brokers help you compare the benefits of different health insurance policies and accordingly advice on the right plan based on your needs and requirements.

We strongly recommend you to consider buying health insurance or increase existing health cover of your family.

**For more information on Health Insurance, contact us on [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)**



## Interest Rate Hikes in Home Loans: A Challenge Forever or A Permanent Solution

Every second individual, salaried or self employed, approaches the bank to finance his new home. The interest rate charged by various banks or NBFC's range anywhere between 10% to 11% p.a.

The challenge comes when the interest rate hikes touches the common man & hampers his savings. The resolution can be discussed in the following way:

1. **PROACTIVE BORROWER:** The borrower has to be well aware of the current interest rates and the new policies declared by RBI and the lending institution, in order to make best use of the policy that comes into effect. The introduction of the Base Rates system has brought some transparency into the system. To the flipside, there are only few banks following the base rate system. Many housing finance companies offer attractive benefits to new customers, thereby discriminating with the existing ones.
2. **EXPRESS CONCERNS:** In case at any point of time, a proactive borrower has been charged a higher rate of interest, then the first thing he should do is to approach the bank authorities and express concerns.
3. **NEGOTIATE:** The new policy issued by the RBI gives the customer rights to negotiate the best possible deal with the financier. If the banker still does not listen to the concern of the customer, then he can approach the banking ombudsman or transfer his loan to another bank. But, otherwise, the current bank itself will adjust the rate of interest, to keep his customers happy and satisfied.
4. **READJUSTMENT OF INTEREST:** A proactive borrower can approach the bank, to give an option/facility of reducing the interest rate and being at par with the new customer. A percentage of the loan outstanding is decided by the bank & called **CONVERSION CHARGE**, is levied on the customer by the bank. RBI is looking at removing this charge for the customers, as they are already levied with processing charge and pre – EMI interest. The downward readjustment of interest must be looked into the early years of repayment. For instance, in a 20 year term, the lowering of interest rate makes no sense after 10 years of repayment, as maximum interest has been paid in the first 10 years of the loan.
5. **READJUSTMENT OF TENURE:** A borrower should try to lower his tenure during the loan repayment. It helps in reducing his interest burden. In situations of increasing interest rates by RBI and the EMI instalment not covering principal portion at all, the bank may propose the customer to increase the EMI amount and lower the tenure. This can work in favour of the customer and he should look at following the approach to prepay the loan before the stipulated period.

For more information on Home Loans, contact us on [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)



## YAMUNA EXPRESSWAY VERSUS NOIDA EXTENTION

HOT REALTY AREA COMPARISON	
NOIDA EXTENTION	YAMUNA EXPRESSWAY
The size of holdings that developers hold here is anything between 2 to 20 acre	Land holdings are as big as 100 acres and even 5000 acres
Noida Extention has a clear positioning	For many, Yamuna Expressway is primarily a second home destination
In Noida Extention, units are available anywhere between Rs 30 lacs to Rs 60 lacs	Products are still available in the range of Rs 15 lacs to Rs 50 lacs
Delivery will happen first in Noida Extention and so will infrastructure development. In that respect, this area definitely has a better chance than Yamuna Expressway, which is primarily a long-term play	While apartments will be delivered in a few years from now, one is likely to get good tenants or rental values once the IT zone gets developed & the area is populated

**GREAT VALUE FOR MONEY** – Yamuna Expressway will continue to attract investors because of its Formula 1 track, great connectivity all the way to the tourist destination of Agra, three universities and top corporate eyeing its office space.

PROMINENT DEVELOPERS ON YAMUNA EXPRESSWAY					
DEVELOPER	Project	Average Size (SqFt)	Type (BHK)	Launch Price	Current Price
Jaypee Group	Aman 3	750 -	2 -3		
ATS Group	Allure	1150 – 1350	2 -3	2900	3000
Nimbus Group	Golden Palms Village	1021 -1467	2 -3	2700	3000
Gaursons Group	Yamuna City	1000 – 1375	2 -3	2095	2095 – 2730
Lotus Group	Lotus Greens	1000 – 1750	2 – 3	2750	2750

Source:PropEquity

Big Developers in the area are expected to play an anchor role in helping Yamuna Expressway come up as real estate destination. The maximum demand in this area is for 1 BHK & 2 BHK units of sizes 700 sqft and 1000 sqft. Once the Night Safari opens or the F1 returns, studios are also likely to be rented by visitors. Since these are small ticket size units, they will work well for families wanting to get away from the main city during the weekends.





## Your Real Estate Menu Card



Net Brokers presents to you March recommendations for Residential & Commercial Projects in Delhi/NCR.

RESIDENTIAL	Location	Size	Budget	BSP/sqft
Jaypee Udaan	Jaypee Sports City, Yamuna Expressway	2, 3 BHK	43.98 lacs onwards	Rs 3665
Vipul Gardens	Dharuhera	1,2,3 BHK	37.20 lacs onwards	RS 3000
ATS Allure	Yamuna Expressway	2, 3 BHK	34.50 lacs onwards	Rs 3000
Raheja Revanta	Sector 78, Gurgaon	1,2,3,4,5,6 BHK	96 lacs onwards	Rs 7975
Lotus Zing	Sector 168, Noida	2,3 BHK	73.42 lacs	Rs 5500
Mahagun Mantra	Sector 10, Greater Noida West	2, 3 BHK	30.75 lacs	Rs 3000

The commercial projects offer an assured return of 11/12%.

COMMERCIAL	Location	Size	Budget	BSP/sqft
Cyberwalk	Manesar	250sqft & in multiples of 500 sqft	15 lac onwards	Rs 6000
WTC Noida	Yamuna Expressway	450 sqft & multiples	28.12 lac onwards	Rs 6250
Vatika Mindscape	Mathura Road	500 sqft	35 lac onwards	Rs 7800

For more information on Real Estate Projects, contact us on +91 9810865345 / mail@netbrokers.co.in

## New Investment Offers

- **Mutual Funds**

### New Fund Offers

Fund	Category	Type	Open	Close	Asset Allocation (Debt: Equity)
HDFC Banking and PSU Debt Fund	Debt-ULST	Open Ended	20- Mar	25- Mar	100% Debt
R*Shares Consumption Fund	Equity	Open Ended	14- Mar	28- Mar	80:20
ICICI Prudential Capital Protection Oriented Series V Plan D	Hybrid Debt	Closed Ended	12- Mar	26- Mar	80:20
ICICI Prudential Multiple Yield Fund Series 6 C	Hybrid Debt	Closed Ended	19- Mar	02- Apr	80:20
ICICI Prudential Multiple Yield Series 6 B	Hybrid Debt	Closed Ended	11- Mar	24- Mar	80:20
Reliance Dual Advantage FTF V Plan E	Equity	Closed Ended	12- Mar	26- Mar	80:20
Reliance Dual Advantage FTF V Plan F	Equity	Closed Ended	25- Mar	02- Apr	80:20
SBI Tax Advantage Series III	Equity: Tax	Closed-end	28- Dec	27-Mar	70:30
Sundaram Hybrid Fund Series F	Hybrid Debt	Closed Ended	18- Mar	31- Mar	80:20

### Fixed Maturity Plans

Fund	Tenure (Days)	Opening	Closing	Asset Allocation
DWS FMP Series 60 Fund	1125	20- Mar	24- Mar	100% Debt
HDFC FMP 1095D March 2014 (1)	1095	14- Mar	24- Mar	100% Debt
HDFC FMP 1127D March 2014 (1)	1127	20- Mar	24- Mar	100% Debt
ICICI Prudential FMP Series 73 1120 Days Plan L	1120	14- Mar	24- Mar	100% Debt
IDFC FTP Series 89	742	20- Mar	26- Mar	100% Debt
JP Morgan India FMP Series 35	1831	13- Mar	24- Mar	100% Debt
Reliance FHF XXV Series 35 Fund	1832	14- Mar	24- Mar	100% Debt
Reliance FHF XXVI Series 4 Fund	1094	19- Mar	24- Mar	100% Debt
SBI Debt Fund Series A-15	745	18- Mar	24- Mar	100% Debt

- **NCDs**

Issue Name	Interest Rate	Opening	Closing	Face Value Per NCD	Minimum NCDs
India Infoline Housing Finance Ltd	12.68% p.a.	12-Mar	24-Mar	Rs.1,000	10 NCD and in multiples of 1 NCD thereafter

For more information on New Investment Offers, contact us on [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)

## FIXED DEPOSITS

**Earn Assured Returns up to 12.28 % p.a.**

**Offered By Renowned Companies**

S.No.	Company Name	Period			3 Years Yield (In %)	Senior Citizen	
		1 Year	2 Year	3 Year		(additional Rate)	(Yield in %)
1	Shriram Transport Finance	9.25	9.75	10.75	11.94	0.25	12.25
2	Kerala Transport Development Finance Corporation LTD	10.25	10.25	10.25	11.94	0.25	12.28
3	Mahindra & Mahindra Finance Ltd	9.25	10.00	10.25	11.34	0.25	11.64
4	Bajaj Finance Ltd	9.75	9.75	10.00	11.03	0.25	11.34
5	DHFL	10.00	10.00	10.00	11.33	0.50	11.98
6	HDFC Ltd. Platinum Deposit 15 Months	9.60%			9.78	0.25	10.04

\* The rates of interest are applicable as on the data mentioned herein above. The rate may be revised at the sole discretion of the respective companies inviting the Fixed Deposits without Further Notice.



**net brokers**  
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 we know your investment needs

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