



## Knowledge Initiative

Net Brokers is pleased to share the *Inaugural Newsletter* titled "**Knowledge Initiative**" with its Clients, Associates and Business Partners.

The intention behind the newsletter:

- Is to create investor awareness on the various products and services available in the market.
- To provide guidance in order to help investors make informed decisions keeping in view their financial goals and risk appetite.
- To simplify investment decisions by providing in dept analysis.

Knowledge Initiative first issue will include:

- Union Budget 2013-14 Analysis
- Importance of Financial Planning
- Five reasons to invest in Debt Mutual Funds
- Tax Planning Under Section 80 C – Don't wait till the end
- Real Estate – Investment Opportunities



**Akhil Chugh**  
Director

The Team at Net Brokers is dedicated and committed to provide highest standard of service levels.

You are requested to send your feedbacks and suggestions on the topics to be included in the upcoming issues in order to help us enhance the quality of the newsletter.

We hope the newsletter is informative and helpful in creating awareness and selecting right investment products depending on one's age, income, asset allocation, etc.

We also hope the coming Financial Year 2013-14 is good for you in terms of financial investments and other areas of life.

**Happy Reading!!**



## Union Budget 2013 -14 Highlights

### POSITIVE SIGNALS BY GOVERNMENT

To control Current Account Deficit

Household sector attempted to be weaned away from gold through three measures:

- Rajiv Gandhi Equity Savings Scheme (RGESS) increase in applicability to individuals - Rs12 Lacs income limit from Rs10 lacs
- First home loan up to Rs. 25 lacs in FY14 will have additional deduction of interest up to Rs 1 lac (in addition of existing deduction up to Rs 1 Lac under section 80C of Income Tax Act 1961)
- In consultation with RBI, government to launch inflation indexed national savings certificate and bonds

To incentivize investments

- Investment allowance 15% of investment for minimum capex of Rs 1bn in FY14 and FY15
- Micro, Small and Medium enterprises to continue enjoying benefit of preferences for up to 3 years even after they move out of the category

### INCREASED TAXATION

- TDS of 1% on the value of immovable properties where transfer consideration exceeds INR 5mn; agricultural land to be exempted

- Surcharge for corporate increased from 5% to 10% (companies above Rs100mn revenue) Additional 10% surcharge on individuals with above Rs10mn income
- Dividend distribution tax surcharge increased from 5% to 10%
- Customs duty on set-top boxes increased from 5% to 10%
- Specific excise duty on cigarettes increased by about 18%
- Excise duty on SUVs increased from 27% to 30%

### OTHER POSITIVE STEPS INTRODUCED RECENTLY

- To contain gold imports, import duty increased on gold from 4% to 6%
- FDI in Retail, Aviation & Broadcasting. Further liberalization in Insurance & Pension
- Divestment approvals

### EQUITY MARKET OUTLOOK

- Markets will likely remain volatile on account of political (pre-election period) and economic reasons
- Budget announcements of increased taxation may act as catalysts for reasonable returns from equities in 2013



## Importance of Financial Planning

Financial Planning is a process which will enable you to meet your life goals through the proper management of your finances. Net Brokers designs for you a strong financial plan to make sure that you are financially prepared to deal with unexpected events and stormy seas of the market.

Financial Planning broadly includes:

### Investment Planning

Investment Planning involves identifying your financial goals throughout your life, and prioritizing them such as buying a house, car, planning a vacation every year, etc. Our experts do a thorough analysis of your financial goals and ensure the investment product chosen is aligned with the tenor required to achieve the desired goal.

### Children Future Planning

Two needs which need maximum attention and planning from parents are higher education and marriage. At Net Brokers, our experts spend adequate time in understanding the dreams and aspirations you have for your child based on which we suggest a plan and the investment process along with the tenor required to achieve the target amount.

**Example:** Monthly SIP of Rs 5000 for a tenor of 22 years @ 15% annualized will give your child a corpus of Rs 1 Crore plus.

### Retirement Planning

Every individual dreams of a comfortable retirement life. At Net Brokers, we emphasize on the need of planning early in life. We study the individual requirements and frame a plan depicting the investment products and the tenor required to achieve the retirement goal.

**Example:** Monthly Sip of Rs 20,000 for a tenor of 25 years @ 15% annualized will create a retirement corpus of Rs 6.5 Crore.

### Insurance Planning

Insurance Planning is concerned with ensuring adequate coverage against insurable risks. Calculating the right level of risk cover is a specialized activity, requiring considerable expertise. Coverage areas include Health, Disability, Life, Motor, Home, etc. At Net Brokers, we take into account all the factors and chalk out a customized plan giving you the most suitable option.

### Tax Planning

We help you compare the advantages of several tax saving schemes and depending upon your age, social liabilities, tax slabs and personal preferences decide upon a right mix of investments, which shall reduce your tax liability to zero or the minimum possible.

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



## Five Reasons to invest in Debt Mutual Funds

Though debt funds have got their own advantages, they are mostly ignored by common investors. Debt funds have got a unique place in your portfolio. Here are five simple situations, in which debt funds can be used by prudent investors.

### 1) To meet short term goal:

If you have a goal, which you are planning to achieve in a short term like one year or 2 year, then debt funds are the ideal place to invest. Debt funds are less volatile when compared to equity funds. Also you will have predictable returns. You also have a choice of different debts funds which can be matched to different short term horizons like 1 month, 6 months, 9 months, 1 year, 18 months and so on.

### 2) Any time money:

Under some circumstances, you may need the money at short notice. Say situations like the down payment money which you keep it when searching for a property. Debt funds are the ideal place to keep our emergency reserve. Now-a-days liquid funds of a few mutual fund companies come with debit card facility. So you can keep your entire emergency reserves in these kinds of debt funds with far more superior returns than Bank Savings Account.

### 3) Lesser tax than FDs:

After one year of investment, the income from a debt fund is treated as a long-term capital gain and is taxed at either 10% or at 20% after indexation. In indexation, the cost of investment is raised to account for inflation for the period the investment is held. The longer you hold a debt fund, the bigger is the

indexation benefit. There is also no TDS in debt funds. In fixed deposits, if your interest income exceeds Rs 10,000 a year, the bank will deduct 10.3% from this income. If you are not liable to pay tax, you will have to submit either Form 15H or 15G to escape TDS. The other problem is that the income from fixed deposits is taxed on an annual basis. You may get the money after the deposit matures 5-6 years later but the income is taxed every year. In debt funds, the tax is deferred indefinitely till the investor redeems his units.

### 4) As a launching pad for large equity investments:

If you are planning to invest a lump sum amount in equity funds, then it is generally suggested not to invest at one go. You need to stagger your investments in order to take advantage of the volatile stock market. You can keep the entire money in debt fund and slowly invest them into equity funds in a staggered manner. You can opt for STP – systematic transfer plan where you give a standing instruction to transfer a fixed sum from a debt fund to an equity fund periodically.

### 5) To generate regular income:

If you would like to generate regular income, then debt fund is one of the ideal investments for you. You can get regular income by way of choosing dividend payout option.

One more way to generate regular income from debt funds is to opt for SWP from debt funds. SWP is systematic withdrawal plan which is the reverse of SIP. From a large sum of investment, you can opt to withdraw the appreciation or a fixed sum on a regular basis.



## Tax Planning Under Sec 80 C – Don't wait till the end

Most preferred tax saving instruments these days are Public Provident Fund (PPF), Bank Fixed Deposit for 5 Years, Equity Linked Saving Schemes (ELSS) of Mutual Funds and Unit Linked Insurance Plans (ULIP).

- PPF are tax free instruments giving 8.7% annualized fixed rate of interest and carry a 15 year lock in period.
- ELSS are 100% market linked with 3 year lock in period and generally have a potential of delivering more than 12% annualized depending upon the market conditions.
- Bank Deposit of 5 Years gives 9% and the interest is added to the income, thereby making the overall yield unattractive.
- Ulip is market linked with 5 year lock in, but come with heavy front loaded and other miscellaneous charges. Smart investors want to separate their insurance from their investments. They no longer see insurance as an investment; they see insurance as a protection plan. So smart investors go only for pure term insurance and reject ULIPs.

We have observed from last several years that most investors have the habit of completing their Tax planning in last quarter of the Financial Year (January – March). As new Financial Year 2013-14 has started, we urge all the investors to do their Tax Planning in advance. Investors who are risk averse and don't want equity participation can opt for PPF or any other tax saving debt instrument. Investors who are willing to take risk and believe in the India growth story can opt for Tax Saving Mutual Funds (ELSS) depending upon their asset allocation and financial goals.

### Consider SIP for ELSS

#### **One of the better ways to invest in an ELSS is through a Systematic Investment Plan (SIP).**

We recommend a three-year SIP in an ELSS, whereby every month a fixed sum of money goes into your ELSS. This way investors don't have to bother to choose a new ELSS every year and the investment continues automatically. Moreover, you free yourself from timing the market and waiting for the last days to come. SIP gives superior returns in the long run as one benefit from Rupee Cost Averaging and Power of Compounding.

Note that an ELSS scheme comes with a lock-in of three years. Every SIP installment gets locked in for three years and the lock-in starts once that particular installment gets invested in. Say, you start a three-year SIP on 1 January 2013. Your last installment will get invested in 1 December 2015. The lock-in of the last installment (made in December 2015) will end only in December 2018. That shouldn't matter if you do your due diligence and invest in a well-managed scheme. Equities are, after all, long-term investment vehicles; the probability of them making a loss goes down as the time horizon of investment goes up.



## Real Estate – Investment Opportunities

Net Brokers has done a tie up with 50 plus developers across Delhi/NCR and will be dealing in New Bookings, Under Construction Properties and Completed Projects.

### Why Net Brokers ?

- We have a team of Property Advisers who are trained professionals and provide unbiased advice.
- Short listing of suitable properties from a list of 150 plus projects across Delhi/NCR.
- Comparison of multiple properties.
- Site Visits
- Market Analysis

### List of Top Projects:

S.No	Developer Name	Project	Location	BSP	Type	Budget	Possession
1	DLF	Sky Court	Sec – 86,Gurgaon	Rs.7000 per sq.ft	Residential	1.3Cr Onwards	December 2016
2	Raheja	Revanta	Sec-78,Gurgaon	High Rise- Rs 7275,Low Rise- Rs 6475	Residential	1Cr Onwards	December 2015
3	Vatika	Gurgaon 21	Sec- 81,82,82A,83,84 ,85, Gurgaon	Rs 6400 per sq.ft	Residential	85Lakh Onwards	December 2015
4	Adani	Oyster Grande	Sec-102, Dwarka Expressway,	Rs 6300 per sq.ft	Residential	1.6Cr Onwards	December 2016
5	Spire Group	SpireTec	Yamuna Expressway, Greater Noida	Rs 6800 per sq.ft	Commercial	6.8Lakh Onwards	December 2014
6	Lotus	Zing	Sec-168,Noida	Rs 5500 per sq.ft	Residential	45Lakh Onwards	June 2014
7	Eros	Sampoornam	Greater Noida West	Rs 3300 per sq.ft	Residential	27Lakh Onwards	December 2015

For more details on Real Estate, contact us on [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)



# Fixed Deposits

## Earn Assured Returns

### UP TO **15.07** % p.a.

Offered By Renowned Companies

Sr. No.	Company Name	Period			3 Years Yield	Senior Citizen	
		1 Year	2 Year	3 Year	(in %)	(additional Rate)	(Yield in %)
1	Jaypee Associates	12.00	12.25	12.50	15.07	NA	NA
2	Jaypee Infra	12.00	12.25	12.50	15.07	NA	NA
3	Neesa Leisure	11.75	12.25	12.50	14.89	NA	NA
4	Bilcare Ltd	11.00	11.50	12.00	14.29	NA	NA
5	Ind Swift Lab	11.00	11.50	12.00	14.19	0.50	14.89
6	Ansal Housing & Construction Ltd	11.00	11.00	11.50	13.66	NA	NA
7	Shriram Transport Finance	9.75	10.25	10.75	11.94	0.50	12.57
8	Deewan Housing	10.25	10.25	10.25	11.66	0.50	12.30
9	Mahindra & Mahindra Finance Ltd	9.25	10.00	10.25	11.34	0.25	11.64
10	HDFC Ltd.	8.90	9.05	9.15	10.01	0.25	10.31

# Interest @12.50% compounded monthly under 3 years Cumulative Scheme.

\* 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.



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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.



**net brokers**

Private Wealth Management  
we know your investment needs

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