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Knowledge Initiative

Dear Patrons,

Greetings from Net Brokers!

We are pleased to share our monthly newsletter **"Knowledge Initiative"** for March 2015.

We thank you for reading and acknowledging our newsletter every month. Knowledge Initiative Team is committed to bring you more educative and informative articles in the Financial Year 2015-16.

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 Issue includes:

1. Highlights of Budget 2015 - 16
2. Financial Planning Tips for Single Parents
3. Global Funds: Diversify Your Portfolio
4. Insurance: Way Forward 2015
5. Investment Opportunities in Real Estate

Akhil Chugh

Warm Regards,

Akhil Chugh
Director

Warren Buffet quotes "SOMEONE IS SITTING IN THE SHADE TODAY BECAUSE SOMEONE PLANTED A TREE LONG TIME AGO"

Net Brokers helps you build a SHADE OF WEALTH by taking systematic steps TODAY.

Your BIG DECISIONS are on the priority list of NET BROKERS. Let us help you with them.

HEALTH INSURANCE

LIFE INSURANCE

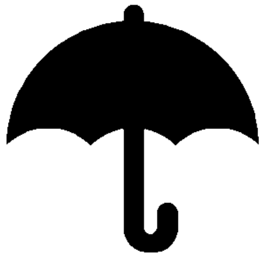
CHILDREN EDUCATION

RETIREMENT

REAL ESTATE

TAX PLANNING

How much health insurance do I need?



How much life insurance do I need?

How much money would I require for my child's higher education?

How much should I save for retirement?

Should I rent or buy a house?

How much tax can I save for this year?

For more information, contact us on mail@netbrokers.co.in

Highlights of Union Budget 2015-16

Key Highlights:

Gross Domestic Product (GDP)

- Nominal GDP is projected to grow at 11.5% year-on-year (YoY) - mainly due to lower GDP deflator
- Real GDP growth in financial year 2015-16 (FY16) is expected to be between at 8% - 8.5%

Revenue and Expenditure

- Greater Autonomy to states - higher tax allocation (up 55%)
- Planned expenditure growth to remain flat
- Centrally controlled plan expenditure higher by 37% vis-à-vis FY15 Budget Estimates
- Gross tax revenues are budgeted to grow 16% in FY16 vs 9.9% in FY15
- Optimism on Excise (diesel related) and Service tax
- Reduction on dependence on market debt; Gross and Net market borrowing stable at INR 6.0 trillion and INR 4.56 trillion
- Divestment target increased by 122% to INR 695 billion

Fiscal Consolidation

- Fiscal deficit target at 3.9% for FY16 - 0.3% higher than the fiscal roadmap
- Provisional estimate of the FY15 fiscal deficit is 4.1% of GDP, in line with the budget
- Consolidation to continue in the medium term; target deficit 3.5% in FY17 and 3.0% in FY18

Subsidies

- Budgeted at INR 2.4 trillion – low slippage risk on account of lower oil prices
- Subsidy burden fell from 2.1% in FY15 to 1.7% in FY16
- Rationalization of subsidy delivery is a positive

Tax Proposals

- Corporate tax rate to be reduced from the current level of 30% to 25% over a four year period, along with rationalization of exemptions
- Service tax rate increased from 12.36% to 14% and the negative list for exempted services has been pruned – Negative for companies in the services sector

- Surcharge of 12% to be levied on domestic companies having an annual income higher than INR 100 million
- Removal of wealth tax, which is being substituted by an increase in surcharge for the super rich (individuals with income higher than INR 10 million per annum)

Other Key Announcements

- Plan for Monetary Policy Committee in 2015
- Goods and Service Tax (GST) implementation by April 2016
- General Anti Avoidance Rule (GAAR) - prospective applicability from 2017

The Equity Markets Perspective

- Commitment to Fiscal discipline, credible revenue estimates and targets are positive
- Journey to 3% fiscal deficit to be achieved in 3 years rather than 2 years while providing for funding infrastructure investment seems to be a sensible move
- Thrust on kick starting Investment capex to be led by the government and the Public Sector Undertakings (PSUs)
- Focus on ease of doing business
- Roadmap for reducing corporate tax rates from 30% to 25% over 4 years - to be funded by rationalization of exemptions and incentives

The Debt Markets Perspective

- Fiscal deficit is a little higher; however reliance on market borrowing is low
- Given the buoyant markets divestment target looks achievable
- Budgeted growth of 16%* on tax revenue seems a little optimistic
- Increase in centrally funded planned expenditure and more funds to the states
- Could provide the much needed room for monetary easing by the RBI over a period of time
- Expect government securities (G-sec) yields to remain range bound
- Tax free bond issuance would help corporate credit spreads to reduce
- Duration funds may provide an attractive opportunity over a one year horizon as market reliance for fiscal borrowing is limited

To Summarize

- Positive intent while acknowledging constraints, the budget stood out as a refreshing departure which portrays that the government is indeed listening to the stakeholders of the economy
- Significant focus on building social security, improving rural infrastructure and skill development
- Incentivizing savings and focus on development of the agriculture sector is a positive development
- Overall, Budget 2015-16 looks like an honest attempt at balancing growth with existing fiscal compulsions

Financial Planning Tips for Single Parents

Long term financial planning for single parent becomes extremely crucial in this challenging environment.
These are some important things to look at:

Estate Planning

It is essential to make arrangements for your children if you die or become incapacitated. There are three important documents that need to get prepared:

- **Will**: A will specifies who will take care of your children if you die and how your assets will be passed on to them. He/she will act as a guardian for your children. Hence, this person should be well versed with financial matters and should be well organized.

- **Power of Attorney:** This gives someone a legal right to take decisions on your behalf, if you're unable to do so.

- **Additional Power of Attorney**: This is specifically for healthcare, giving someone the right to coordinate with doctors about their care when one is incapacitated. Also, the children should be made aware of the decisions you take regarding estate planning and the power of attorney.

Regular Cash Flow

If you are divorced or widowed, you may have received a lump-sum payment or social security benefits, and you may be receiving alimony payments for child support. Hence, your income is not regular. Also, these payments may reduce or stop over a period of time. In such a scenario, it becomes extremely important to plan for the future. Investment in Mutual Funds through Systematic Investment Plan (SIP)'s becomes a good option. This can be attached to a goal - Retirement or Children's education and marriage.

For example: Ms. X requires Rs 15 lacs for her daughter's marriage, Rs 5 lacs for education and Rs 20 lacs for her retirement.

	AMOUNT REQUIRED	RETURN	TENOR	MONTHLY SIP
MARRIAGE	15 lacs	12%	20 years	**Rs 1500**
EDUCATION	5 lacs	12%	20 years	**Rs 500**
RETIREMENT	20 lacs	12%	20 years	**Rs 2000**

SYSTEMATIC INVESTMENT PLAN (SIP) is the answer to achieving your financial goals. SIP in mutual funds is to have a dedicated amount of your savings invested in equity or debt mutual funds on monthly/weekly basis. Mutual funds are a pool of money of various investors, managed by a set of professional called Fund Manager, who invest in the equity and debt markets on behalf of the investors.

By doing this, you're saving & investing today to create a good amount of corpus for tomorrow for you and your child. This will not put any pressure on you in the future.

Contingency Fund

One of the first steps in financial planning or what any financial advisor would recommend is to create an EMERGENCY FUND. This fund is a sum total of six months of your expenses or income collected in savings account or a separate account. The amount should remain untouched at all times and could be used at an emergency situation.

Health Cover

It is common to lose health insurance after a divorce or loss of a spouse. Hence, it becomes extremely important to have a cover for these expenses. In India, the government does not give any concession or leverage in such a scenario. The individual should be proactive in taking a health cover as well ensuring the health & hygiene conditions of the family are maintained.

Term Insurance

When purchasing term insurance, the question really isn't how much you need, but how much capital your family will need at the time of your death, which depends on two variables:

How much will be needed at death to meet immediate obligations?
This amount takes into account all final expenses: uncovered medical bills, funeral and estate - settling costs, outstanding debts, mortgage balance and college costs to name a few.

How much future income is needed to sustain the household?
This is the number you'll arrive at after calculating the "present value" of cash-flow streams your family will need after your death.

Disability Coverage

Disability insurance can be especially crucial for single parents who don't have a second income from a spouse to help cover the gap. Check with your employer to see whether it offers the benefit.

Retirement Savings over Education

If you have to choose between saving for retirement over paying for a tuition fee for college of your child, go for the former. Yes, it is a hard decision, but ultimately it will give you peace of mind financially in the long run. A student can go to college with a grant, scholarship or loan, but the retirement cannot be delayed. In India, the retirement is at the age of 60.

A financial plan for your retirement and children's education & marriage should be the best thing. A financial advisor can help you choose the appropriate equities or fixed income instruments to invest in. They can create a comprehensive plan for a family's current as well as future financial requirements.

For more information on Financial Planning, contact us on mail@netbrokers.co.in

Global Funds: Diversify Your Portfolio

A Global Fund of Funds is an investment avenue that allows domestic investors to participate in global equity markets through investments made locally. Investors can do this through a domestic mutual fund house (AMC) offering a scheme that invests in global funds.

Because the world is a single market, a global fund of fund allows investors to benefit from major international developments. Moreover, investing in specific markets can help investors leverage their inherent strengths, for example, Latin America (commodities), Asia region (services), US (has a highly diversified economy and is a key market for emerging regions), BRIC (highly promising developing economies) all have specific industries that outperform others.

Diversification: Global funds help an investor in diversification across a wider range of markets reducing exposure to country-specific risks. Spreading investments across geographies is a good thing, because global markets don't move in the same direction and thus this helps the portfolio from risks of volatility.

Taxation: These funds are treated as debt funds and taxed accordingly. Long-term returns are levied at 20% with indexation and 20% without indexation. Short-term gains are included to the income and taxed according to the applicable slab rates.

Reasons for Investing in Global Funds

- Diversifying risk factors across different economies, as they react differently to international developments
- Access to expertise of international fund managers
- Prevents loss or risk by spreading your investments
- Provides access to specialized international markets

Risks Involved

- ***Currency Risk:*** Investment returns on international funds also depend on the performance of the local currency. For example, if you are an Indian investor and you have invested in stocks in America; your gains are affected by two parameters - the change in the price of the stocks and the change in the value of the US Dollar and the Indian Rupee. So, if you gain 10% in your US stocks but the US Dollar depreciates by 15% against the Indian Rupee, the effective gain will be nil.

- ***Geopolitical Risk:*** Any unfavorable condition, such as earthquake, riots etc, can influence the return on investment in these funds. Investors are advised to invest insider geographical scenario, so that they can freely exit affected regions without losses.

Global Funds is a good option to diversify your portfolio. They will not only mitigate your domestic risk, but give you access to international markets as well.

For more information on Global Funds, contact us on mail@netbrokers.co.in

Insurance: Way Forward 2015

The insurance Sector is one of the most competitive sectors in India today. With 28 players in the non life insurance business and 24 life insurance players, the industry has come a long way since the time when there was only one player in the market - Life Insurance Corporation.

Going forward in 2015, the insurance sector is expected to see changes in the operational as well as ownership levels. The year 2015 looks positive for insurance providers as well as buyers. The key trends to watch out for are:

1. Fall in Term Insurance Premium: Currently, there are very less number of people in India who buy term insurance. But, with new entrants and existing companies bringing about lucrative plans for the masses, we are likely to see an uptrend in this industry. These plans will have huge coverage with minimum monthly premiums to pay by the buyers.

2. Online Research: In today's tech-savvy environment, every individual compares the product/policy he wishes to buy before investing his hard earned money. So, the analysis & research is online, but the product is ultimately purchased offline. The insurance companies foresee a change in this trend.

3. Rise of Health Insurance as a Product: The government plans to get at-least 60% of the Indian population under the health coverage ambit. The general insurance companies are planning to bring more innovative health schemes which will minimize administrative costs and increase spending on consumer care. Awareness about health insurance through the online channel is being proposed for greater penetration and proposed in various MNC's.

4. Customer Engagement: In today's world, where the customer is the 'KING', one cannot just sell off the policy and forget about the customer till the end of the policy. The client expects to be updated on the existing and new products and policies regularly. Insurance investment is a long term investment, and customer relationship becomes a critical element in this.

5. Deeper Penetration: Lucrative schemes with cut down in costs will penetrate into newer sections of society which have been out of the insurance ambit. With increased investor education & awareness about the products and policies, the impact is going to be more. Higher disposable income will mean higher household savings that can be channelized into these affordable but necessary products in the long run. Customized products to suit the niche will be introduced as well.

2015 seems to be a good year for insurance providers and buyers. IRDA's proactiveness will give the sector the right environment to grow. New players will enter the market and bring in healthy competition. The buyers will have a variety to choose from and that too affordable insurance premium to pay with huge coverage.

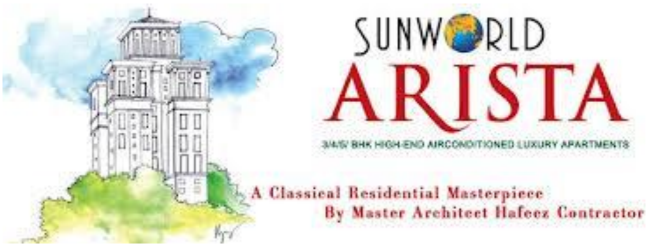
For more information on Insurance, contact us on mail@netbrokers.co.in

Investment Opportunities in Real Estate

The RBI will most likely cut interest rates and this will see more spending in the residential real estate segment. The Ministry of Statistics Program and Implementation and PwC Analysts predict a growth of 8 to 9 per cent. Added to this, the introduction of REITs, improved market sentiment and more efforts by the government to reduce project loopholes and bottlenecks in transactions will go a long way in clearing the way for positive trends in 2015.

Net Brokers presents to you lucrative options in the Real Estate for March 2015:

Project	Type	BSP/sq.ft	Cost
Spaze Privy, Gurgaon, Sector 72	Residential	7800	1.69 Cr onwards
Godrej Aria, Sector 79, Gurgaon	Residential	6849	1.35 cr onwards
Raheja Revanta, Sector 78, Gurgaon	Residential	7675	1.20 Cr onwards
Emaar MGF, Gurgaon Greens, Sector 102, Gurgaon	Residential	7250	1.19 Cr onwards
ATS Pristine, Noida,Sector-150	Residential	6000	1.05 Cr onwards
Vatika City homes, Sector- 83, Gurgaon	Residential	6000	84 Lacs onwards
Sunworld Arista, Sector 168, Noida Expressway - Assured Buyback, Returns @ 35% p.a	Residential	-	43.50 Lacs onwards
Mahagun Mywoods III, Greater Noida West	Residential	3475	33.36 Lacs onwards
Emaar MGF, Capital Towers, M. G. Road, Sector 26, Gurgaon	Commercial	19500	2.65 Cr onwards
Cyberwalk, Manesar, Gurgaon – Assured Returns @ 12% p.a & Assured Buyback	Commercial	6000	15 Lacs onwards



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Offered By Renowned Companies

S.No.	Company Name	Period			3 Years Yield	Senior Citizen	
		1 Year	2 Year	3 Year	(In %)	(additional Rate)	(Yield in %)
1	Shriram Transport Finance Unnati Deposits	9.25	9.75	10.25	11.34	0.25	11.64
2	DHFL 14 Months/ 40 Months	9.75/ 9.85			9.87/11.06	0.40	10.28/ 11.56
3	Bajaj Finance LTD	9.25	9.40	9.65	10.61	0.25	11.52
4	Mahindra & Mahindra Finance Ltd	9.00	9.25	9.25	10.13	0.25	10.43
5	HDFC LTD	9.15	9.15	9.20	10.07	0.25	10.37

* 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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