INVESTMENT IN WORTHY ASSETS

Alternative investment mutual funds are mutual funds that invest in assets other than traditional investments of stocks, bonds, cash, or property. The term is a relatively loose one and includes tangible assets such as art collection, wine, antiques, coins or stamps, gems & jewelry etc. For a long time, these strategies have been available mainly to institutional investors only in the form of hedge funds and private partnerships. However, increasingly, these alternatives strategies are now being made available in liquid, public mutual funds, exchange-traded funds, or closed-end fund formats that are tradable and accessible to retail investors, HNI individuals and smaller institutions. This means today's investors have the potential to build more diversified portfolios than ever before due to low correlation of these funds with those of standard asset classes.

These funds are available in a wide range, and hence limited domain knowledge of the same may lead to huge losses for investors. Hence it is advisable to identify opportunities of alternate investment funds at regular interval with the help of wealth or portfolio managers to achieve additional risk mitigation and potential return enhancement especially when stocks are under performing.

Register on our website **www.valueplusinv.com** to receive Weekly Article, Monthly E-newsletter and many other benefits.

ASK THE EXPERT

H. P. Shah, LUTCF (USA), RFC (USA)

Can NRIs and PIOs acquire any immovable property in India by the way of inheritance? - *Bhavin Patel, USA*

Yes, foreign citizens of Indian origin can acquire immovable property (IP) in India by the way of inheritance. However, citizens of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal and Bhutan (whether resident in India or not) are prohibited from acquiring or transferring any IP in India without prior approval of the RBI.

Can NRIs avail loans against their bank accounts in India? If yes, then for what purposes? - *Darshan Shah, USA*

There are certain banks authorised by the Reserve Bank of India that are permitted to grant loans to NRIs holding NRE, NRO and FCNR accounts in India against their security of term deposits.

NRIs can avail loans for the acquisition of flat/house in India against NRE or FCNR fixed deposits on repatriable basis, provided the amount to be repatriated is governed by Foreign Exchange Management Regulation (Acquisition and Transfer of Immovable Property in India).

What is mortgage insurance? - *Usha Jain, Vadodara*

An insurance policy designed specifically to repay mortgage debt in the event of the death of the borrower. These policies differ from traditional life insurance policies in that, for a traditional policy, the death benefit is paid out when the borrower dies; however, a mortgage life insurance policy doesn't pay unless the borrower dies while the mortgage itself is still in existence.

There are two basic types of mortgage life insurance: decreasing term insurance, where the size of the policy decreases with the outstanding balance of the mortgage until both reach zero; and level term insurance, where the size of the policy does not decrease. Level term insurance would be appropriate for a borrower with an interest-only mortgage.

I have sold a property and made profit. If the sale amount is reinvested in purchase of a site, is my profit exempt from tax? - *Manish Joshi, Vadodara*

No. For getting exemption the nature of property sold is relevant. If you have sold a residential property, the gain received on sale should be reinvested in another residential property [which may include land and building] to qualify for exemption [section 54]. Even if you have sold a property other than a residential property, you will qualify for exemption only if the net consideration is reinvested in a residential property which may include land and building [section 54F].

Follow us on

For any query, contact our expert team.

VALUE PLUS for your Growth • Safety • Happiness

VALUE PLUS The Family Office

Grow Safely..Be Happy

A unit of Value Plus Investment Advisors Pvt. Ltd.
GF 4-8, Productivity House, Productivity Road, Alkapuri,
Vadodara - 390 007, India
Tel.: +91-265-2324600, 6629800 (M): +91 89800 35701
E-mail: info@valueplusinv.com Web: www.valueplusinv.com
Vadodara | LA (USA) | Surat | Bhavnagar | Jamnagar | Ahmedabad

Design : beingdesign.in

LIFELINE

Volume : 1 | Issue : 12 | November, 2012

Happy Diwali & Prosperous New Year

33 year of your support

VALUE PLUS for your Growth • Safety • Happiness

VALUE PLUS The Family Office

WHAT's INSIDE

FROM THE DESK OF CEO

Hello friends!

Positive global and domestic developments have given a kick start to the languishing economy. Globally the US Fed officially started open ended bond buying programme. Closer home, our government came out with many announcements such as opening up the Indian retail sector to foreign chains, which reinforced their intention to continue reforms and tighten the fiscal situation.

Bank interest rates have started dropping and are expected to further go down by 1% in a year. This will impact the appreciation of high interest bonds and other such securities and decrease the borrowing cost of companies.

Investments in the market come with volatility and thus there is a psychological as well logical element. Each one of us needs to keep in mind the volatility and risk tolerance factor by way of adjusting our lifestyle and other commitments.

On a different note, last month I was invited as a panelist by SME Chamber of India for II Edition Annual National Flagship Conference at Mumbai and the speech was delivered on topic of **"Strategy for Building Sustainable Family Managed Businesses"**. It was a very electrifying and motivating summit for the young and emerging corporates. Some of the other panelists were **H.E. Dr. Samuel Kaveto Mbambo** - High Commissioner of Republic of Namibia to India, **Mr. Ajai Kumar** - Chairman & MD, Corporation Bank, **Mr. N.K. Maini**- Deputy Managing Director, SIDBI. Many other prominent dignitaries were also present. The proceedings were telecasted live and for those who have missed it, the event will continue to be there for viewing at their convenience.

I take this opportunity to wish you all Deepavali Greetings! May the beauty of Deepavali season fill your home and business with safe & sound growth, and may this be the reason to double the happiness for you and your family in the coming year!

Grow Safely...Be Happy.
Best Regards

Rtn. H. P. Shah
CEO, Value Plus Investment Advisors Pvt. Ltd.

valueplusceo | valueplusceo | @h_p_shah

FAMILY OFFICE

Total Liability Management

In the rush to earn quick profit or desire to grow very fast, investors have the tendency to oversee the key fact that the profile of their financial investments does not match with their risk-taking capability and they end up taking higher risk! This leads to substantial and painful financial consequences resulting in compromising on or deferring ambitious financial plans such as child's higher education or repayment of loans or grand celebration of important events. Such financial crunch situation can create social, health and family problems too!

Let us understand quickly two important scopes of liability management:

Individual Asset & Liability Management

Asset Management include handling individual client portfolio as well product structuring to assist you in selecting investments that are appropriate based upon your risk tolerance and long-term goals.

Liability Management includes solutions for cash flow, credit cards, pledge of assets, real estate financing, and credit lines to help minimize payment defaults and debts.

Company Asset & Liability Management

Asset Management for businesses generally comprises of cash management and working capital, product structuring in line with long term business needs and interests.

Liability Management consist of debt, mezzanine & equity finance, intercompany financing, project finance etc. in a way to favorably affect their net earnings.

The role of Family office, here, is to strike a balance between pure investment and liability offered by financial institutions in view of business, personal and family needs of high net worth individuals.

In our next issue we will cover topics like Will, Living will and Panchmantra. Don't Miss It!!!

TAX FUNDA

Avail Tex benefit by participating in Rural growth story.

Mr. Bharat Popat. Prominent Chartered Accountant of Gujarat.

Sections 54G and 54GA of the Income tax Act provide for proportionate exemption of capital gain arising on transfer of assets in cases of shifting of industrial undertaking from urban area either to non-urban area (section 54G) or to any Special Economic Zone (section 54GA). As per these sections, if the assessee has an industrial undertaking situated in an urban area, he can transfer the capital assets – machinery, plant, building, land or any rights in building or land; used for such purpose. The capital gain arising out of such transfer, whether short term or otherwise, is eligible for claim of exemption under either of the two sections, if corresponding investment is made in purchasing new machinery or plant or for acquiring building or land or constructing building etc., for the purposes of shifting of such industrial undertaking. This investment is required to be made either within a period of one year before the date on which transfer takes place or three years after that date. This exemption can also be claimed by depositing the appropriate amount in designated Bank Account or Institution before the date of furnishing the return of income under section 139 of the Act. In such a case, the amount so deposited is required to be utilized for above referred purpose within the time limit as specified in these sections.

For the purposes of the above sections, an urban area is defined to mean as any such area within the limits of a Municipal Corporation or a Municipality, as the Central Government may, having regard to the population, concentration of industries, need for proper planning of the area and other relevant factors, by general or special order, declare to be an urban area.

With spiraling of the price of immovable properties, it may be advantageous for the industrial undertaking operating from an urban area to relocate the unit to either a non-urban area or to a Special Economic Zone. In certain situations, the entity may earn a sizeable amount of capital gain, a part of which may even be short term in nature and still save the corresponding tax in full by investing the amount in relocating elsewhere. The saving of capital gains tax may enable such a unit to substantially expand its manufacturing capacity.

CORPORATE ZONE

A Web Based CRM for Small Business

Today's entrepreneurs are investing in Web based customer relationship management software (CRM) for small and medium enterprises in order to scale their sales and service operations by sharing crucial information throughout an organization. Web Based CRM is a collection of tools that a business can use to enhance customer service and satisfaction, track and maintain sales records, and overall increase profitability. Here all the information is stored online and accessible through the Web Based CRM software. The use of such CRM for SMEs provides the company with various benefits as under:

Cost effective: Making use of web based CRM is considered cheaper compared to using non-web based tools. All you need is internet web browsers to work with these programs for employees to access or enter data into it.

Real Time: A web based CRM application allows the company's employees to share a database that can be updated constantly in real-time anywhere in the world from various gadgets with web based applications like PDAs, notebooks etc to prove extremely beneficial for businesses with multiple branches.

Efficient services: SMEs can increase their service effectiveness by investing in specific Web based CRM applications such as salesforce.com

Increased sales & marketing: Firms can use Web based CRM that allows for automated emailing services. This allows the company to market its products well among target prospective customers through the World Wide Web. Also real time update enables strong sales efforts at all the levels contributing to overall profitability of the business.

Using a Web based CRM tool will help SMEs to grow but it is not enough to ensure profit gains. Proper integration of internal systems and training to employees for using such CRMs are pre-requisites. For small-business owners, however, familiarity with such web based CRM software suite can become a filter for hiring strong team members.

IDEA OF THE MONTH

Approach will decide the Destination....

Stock investing is all about the future, you invest today with the expectation of a return tomorrow. And when it comes to anything about the future, we are prone to believe in predictions and predictors. Our belief may range from mild interest to strong conviction; so much so that we may not do anything significant without consulting the stars and the astrologer/forecaster. So, where stock investing is concerned, how do we differentiate between say, an act of prediction (a forecaster approach) and sound analysis (an Analyst approach)?

What is the difference between these two approaches?
Ultimately, forecasters/astrologers also analyze a lot of data, don't they? So, let's get some insights about this through our favorite game, cricket. Some of us follow it more ardently than others and all of us are familiar with it. One thing fans cannot resist is talking about what will happen in the next match, who will win, who will score how much, especiall Sachin? And some of us get so excited by this that we place bets, big and small, on it. When the bets are about the next match, especially who will score how much, how fast etc. we are indulging in predicting, in forecasting.

Instead, suppose we were trying to estimate Sachin's average score in the next 10 matches or the next 40 matches, wouldn't it be possible to be significantly more accurate? The answer is Yes, it would be.

And which would be more accurate, the 10 matches average or the 40 matches? When it comes to averages we are safer betting on the larger 40 matches. Why? Because we have proof of Sachin's talent, know his performance track record and we know that he is paranoid about playing well. There may be some matches where he may not score well, either due to his own mistake, his partner's mistake or just a wonderful delivery from the bowler, or he may not be in full form for a season! But we can still analyze his past performance and estimate how close he will be to his long term average. And we will definitely be more accurate.

So here we follow an analyst's approach for taking a right investment decision and creating wealth for our valued client

Nimesh Thaker | Manager: Research and Analysis

BILLIONAIRE BUSINESS FAMILIES

They value amassing a fortune

"I always knew I was going to be rich. I don't think I ever doubted it for a minute." – Warren Buffett

We dream of being a billionaire, but very few of us succeed in amassing a billion rupees over the course of a lifetime. With some planning, strategic thinking and smart risk, however, this dream can be a reality too. Start with this step-by-step guide to building your fortune.

Be smart: People do not become billionaires by accident. Demystify as many of the variables as you can before you assemble a plan, such as interest rates, tax brackets, dividends and so on. We recommend you to take up a professional class or training online or at a university, on financial management along with reading books about investing wisely. Using the services of a well known and proven wealth management and advisory firm is one of the smart ways of utilizing your resources in the best possible way to amass more of it in future.

Start saving: Saving is the "new spending". Savings have not been as much of a priority for most of us in recent years, but the turbulent world economy in the past couple of years has made everyone more aware of the need to take control of personal finances. It is now advisable to take a certain amount of money out of your paycheck depending upon your need and put it in a savings account to be used in "rainy days". If you decide to put that money toward a high-risk investment, then you're only risking what you can afford to lose.

Make a five-year plan: Make a conservative estimate of how much money you can save over a period of five years. Depending on the amount, decide how your money should be allocated to yield higher returns whether it's investing in assets, starting a venture or simply allowing the money to continue to collect interest. Keeping a written record of all your plans and revising them at regular intervals is a key to sound financial planning.

Mr. H.P.Shah delivering the speech on different opportunities for the SME's. Some other distinguished speakers present were:

- **Dr. J. N. Mishra** (Chief GM SBI Maharashtra and Goa Circle)
- **Mr. Chandrakant Salunkhe** (President SME of Chamber of India)
- **Mr.Jignesh Shah** CEO Financial Technologies India Ltd.
- **Mr.Ajai Kumar** (CMD Corporation Bank)
- **H.E.Mr.Peter Haas** (Consul General, Consulate General Of USA, Mumbai India)

Mr. H.P.Shah being awarded certificate by **Mr. Bhargav** (Exe: Director of LIC) for attending a training session on General Management organized at Indian School of Business (ISB), Hyderabad. Also visible is **Prof. S. Ranganathan**, faculty at ISB, Hyderabad who conducted the sessions.