

ARIHANT'S



VALUE *Plus*

Issue : January 2016

HAPPY NEW YEAR

INSIDE THE ISSUE

WAY AHEAD 2016

PAGE 5

COMMODITIES – WILL IT BE A SWEET '16?

PAGE 7

MUTUAL FUND PICKS

PAGE 9-10

PLANNING FOR YOUR CHILD'S FUTURE

PAGE 12-13





MOVERS & SHAKERS

INDIAN INDICES

Indices	Dec-15	Monthly Change (%)	Yearly Change (%)
SENSEX	26117.54	-0.11↓	-5.03↓
NIFTY 50	7946.35	0.14↑	-4.06↓
NIFTY BANK	16922.20	-2.92↓	-9.68↓
NIFTY MIDCAP	13396.70	1.12↑	6.46↑
NIFTY 500	6724.75	0.58↑	-0.72↓
NIFTY IT	11212.55	0.06↑	-0.03↓
NIFTY REALTY	172.60	-0.40↓	-15.02↓
NIFTY INFRA	2769.05	-0.08↓	-8.91↓

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	Dec-15	Monthly Change (%)	Yearly Change (%)
AUTO	18519.08	-2.35↓	-0.60↓
BANKEX	19328.74	-2.95↓	-9.92↓
CD	11997.51	-3.76↓	24.02↑
CG	14128.32	-3.15↓	-8.51↓
FMCG	7871.83	-0.51↓	1.36↑
HC	16905.20	3.72↑	15.06↑
IT	11061.31	1.02↑	4.51↑
METAL	7397.96	3.93↑	-31.20↓
OIL&GAS	9555.61	2.44↑	-3.43↓
PSU	6813.67	-0.99↓	-17.18↓
REALTY	1344.33	0.03↑	-13.55↓
TECK	6052.92	1.85↑	3.61↑

(Source: BSE)

GLOBAL INDICES

Indices	Dec-15	Monthly Change (%)	Yearly Change (%)
DOW JONES	17425.03	-1.66↓	-2.23↓
NASDAQ	5007.41	-1.98↓	5.73↑
HANG SENG	21914.40	-0.37↓	-7.16↓
FTSE	6242.32	-1.79↓	-4.93↓
NIKKEI	19033.71	-3.61↓	9.07↑

(Source: Telequote software)

COMMODITIES

Particular	Dec-15	Monthly Change (%)	Yearly Change (%)
MCX GOLD	24931.00	-0.55↓	-6.63↓
MCX SILVER	33299.00	-0.54↓	-7.48↓
MCX CRUDE OIL	2493.00	-10.90↓	-26.00↓
MCX-NATURAL GAS	155.90	3.73↑	-17.56↓

(Source: Telequote software)

FOREX

Particulars	Dec-15	Monthly Change (%)	Yearly Change (%)
MCX-SX USDINR	66.14	-0.77↓	4.22↑
MCX-SX EURINR	72.47	2.31↑	-6.03↓
MCX-SX GBPINR	98.42	-2.08↓	-0.50↓
MCX-SX JPYINR	55.14	1.34↑	3.67↑

(Source: Telequote software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/ Sales
Total for Dec 2015	80,016.57	82,833.22	-2,816.65↓
Total for 2015 *	11,60,962.60	11,43,157.20	17,806.10↑

(Source: SEBI)

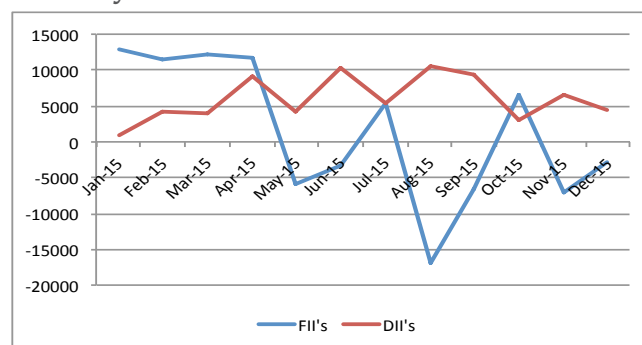
MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/ Sales
Total for Dec 2015	22,096.70	17,552.60	4,544.20↑
Total for 2015*	2,73,826.50	2,01,629.60	72,197.70↑

*From Jan - Dec, 2015

(Source: SEBI)

Monthly FII's and DII's Net Investment in 2015



YEAR GONE BY- KEY ECONOMIC REFORMS

INSURANCE BILL

Government raised FDI cap in insurance from 26% to 49% through a notification issued by the DIPP.



BLACK MONEY BILL

A Bill to deal with black money stashed abroad was passed in May 2015. The Bill is aimed at bringing to justice and punishing Indians who have undeclared accounts/assets abroad.



NEW UREA POLICY

The Cabinet approved the New Urea Policy 2015, which looks at adding urea production capacity in the country to make India self-sufficient in the next four years.



SPECTRUM SHARING

The government approved spectrum sharing between telecom companies to tackle the issue of spectrum shortage. Telecom companies can now trade frequencies in 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz and 2500 MHz bands, but only two years after being assigned or winning an auction.



MAT EXEMPTION

Government exempted Foreign Portfolio Investor (FPIs) from MAT.



ONE RANK ONE PENSION POLICY

Government announced One Rank One Pension policy for ex-servicemen with effect from July 1, 2014.



MERGER OF FMC WITH SEBI

In the first ever merger of two regulators, over 60-year-old commodities regulatory body Forward Markets Commission (FMC) merged with the capital markets watchdog Securities and Exchange Board of India (SEBI).



SWACHH BHARAT MISSION

The Government of India launched Clean India Mission or Swachh Bharat Mission covering 4,041 statutory cities and towns, to clean the streets, roads and infrastructure of the country. The campaign was officially launched on 2nd October 2014. World Bank approved \$1.5 bln loan for Swachh Bharat Mission in December.



7TH PAY COMMISSION

The Seventh Central Pay Commission's recommendation of a 23.55% hike in pay scales and pension of central government employees is expected to generate a \$15-billion stimulus (Rs 1 lakh crore approx) for consumption demand in India. The move has largely lifted the spirit of India's consumer-focused companies and is expected to boost their overall growth.



UDAY POWER SECTOR REFORM

Cabinet cleared a \$7 billion debt recast and reform package to revive loss making state utilities in November. Under this, state can also issue bonds and the balance discom debt will be converted into loans or bonds at concessional rates.



SUGAR SECTOR REFORM

The Cabinet Committee on Economic Affairs (CCEA) decided to pay a production linked subsidy of Rs 4.50 per quintal directly to cane farmers in 2015-16 season to help cash-starved sugar mills clear arrears a move that would cost the exchequer about Rs 1,147 crore.



FOREIGN DIRECT INVESTMENT (FDI)

The government announced big bang Foreign Direct Investment (FDI) reforms across 15 sectors including defence, banking, construction, single brand retail, e-commerce, agriculture & animal husbandry, broadcasting and civil aviation. The government also raised the limit of Foreign Investment Promotion Board from current Rs 3,000 crore to Rs 5,000 crore.



GOLD MONETISATION SCHEME

This scheme will allow holders of gold to earn some regular interest on personal gold and save carrying costs as well. It is a gold savings account which will earn interest for the gold that you deposit in it.



LPG SUBSIDY - GIVE IT UP

The government launched a 'Give It Up' campaign in a bid to encourage well-to-do individuals or families to give up their LPG subsidy. This was aimed at providing LPG to the needy and poor (especially those in rural India).



Dhan Yojana cross Rs 26,819 crore as on December 2015.

PRADHAN MANTRI MUDRA YOJANA (PMMY)



The scheme was launched in April 2015. Over Rs 42,520 crore has been disbursed under the MUDRA Yojna to more than 66 lakh borrowers. Under the scheme, loans between Rs 50,000 and Rs 10 lakh are provided to small entrepreneurs.

MAKE IN INDIA

PM Modi's aggressive push to revive an ailing manufacturing sector found resonance with India Inc. Measures like single-window clearances, minimal procedures and cutting out of red-tapism under Make in India campaign are going to act as a vital impetus for employment and growth.



- India-Russia have signed landmark deal for Kamov 226 choppers during PM Modi's Russia visit.
- Japan offers bullet train and nuclear power assistance to India; Japan will provide \$12 billion for constructing India's first bullet train, as well as an incentive of \$12 billion for Japanese companies investing in India.
- Micromax to invest Rs 300 cr for 'Make in India'.

DIGITAL INDIA MISSION



- Government has launched digital employment exchange for mapping skills.
- Union HRD Minister launched Kendriya Vidyalaya Sangathan's (KVS) e-initiative 'KV ShaalaDarpan' aimed at providing information about students electronically on a single platform.
- Government announced that major tourist spots like Sarnath, Bodhgaya and Taj Mahal will have Wi-Fi facility as part of digital India initiative.
- Facebook, BSNL come together to set up 100 WiFi hotspots in rural India.
- Railway partners with Google for Wi-Fi at 400 stations.

SMART CITIES MISSION

Government has launched an initiative to create 100 smart cities as well as Atal Mission for Rejuvenation and Urban Transformation (AMRUT) for 500 cities with an outlay of Rs 48,000 crore and Rs 50,000 crore respectively.



PRADHAN MANTRI JAN DHAN YOJANA (PMJDY)



The Pradhan Mantri Jan Dhan Yojana, launched in August 2014 aims to make sure that every Indian has a bank account. The zero-balance account comes with several benefits such as insurance & RuPay cards to withdraw money. Deposits in accounts under Jan

ECONOMIC DATA WRAP UP - DECEMBER

- India Oct IIP grew by 9.8% in October from 3.8% in Sep 2015.
- India Nov WPI inflation rose to 10-month high of (-) 1.99% from (-) 3.81% in Oct 2015.
- India Nov CPI inflation rose to 14-month high of 5.41% from 5% in Oct 2015.
- India Jul-Sep GDP rose to 7.4% from 7% in Apr-Jun 2015. The high growth was driven by a robust 9.3% rise in manufacturing sector.
- India Oct FDI inflows rose to \$6.20 bln from \$3.76 bln YoY.
- India Nov trade deficit narrowed to \$9.78 bln vs \$16.24 bln YoY.
- India Jul-Sep current account deficit narrowed to \$8.2 bln or 1.6% of GDP vs \$10.9 bln or 2.2% of GDP YoY.

ATAL PENSION YOJANA



The scheme looks to provide monthly pension to subscribers from 60 years of age. The scheme mainly focusses on workers in the unorganised sector and is open to Indian citizens who are between 18-40 years of age.

SKILL INDIA MISSION



Launching 'Skill India', Prime Minister Narendra Nodi had said that India should emerge as the 'human resource capital' of the world as China has become a global 'manufacturing factory'. Skill India Mission is a part of the government's 'war against poverty'. The NDA government said it will work towards equipping over 40 crore people with adequate skill by 2022.

DEEN DAYAL UPADHYAYA GRAM JYOTI YOJANA



This scheme launched by the NDA government is an Indian program which aims to provide 24*7 power supply to all homes in rural India.





MARKET OUTLOOK



The 4% correction in Nifty in the calendar year 2015 brings it at attractive levels for longer term investment coupled with stronger fundamentals amidst weak global economies.

WAY AHEAD 2016

Strong macro-economic fundamentals and large order book

On the macro- economic front, India's current account deficit narrowed to 1.6% of GDP at \$8.2 bln in Q2, FY16, mainly due to lower trade deficit. However, India's balance of payments (BoP) turned negative during Q2, FY16 after a gap of seven quarters. The country witnessed \$0.86 bln depletion of reserve assets, as per the data released by the RBI. This was due to the FII outflow of \$6.5 bln during Q2, FY16.

Nevertheless, the Financial Stability report released by the RBI pointed to relative stability in India's financial system supported by its relatively strong macroeconomic fundamentals. Loans & deposits grew by 11% (y-o-y).

Within the infrastructure space, India's road transport and highways ministry has lined up projects worth Rs 500 billion to be awarded under public-private partnership mode in FY17. This will be the largest chunk of highways projects to be awarded by the ministry under the PPP mode in a single financial year. Furthermore, with considerable improvement in fuel availability in India, the power supply position, as well as power prices, eased considerably during 2015. Global forecasts from Japan to Europe expect La Nina- a phenomenon associated with stronger monsoons across Asia- to hold sway in 2016. That could be good news for India, which is suffering from two consecutive drought years.

Global sovereign, pension funds will be permitted to invest in NIIIF, making India very attractive destination for longer term investment. The 4% correction in Nifty in the calendar year 2015 brings it at attractive levels for longer term investment coupled with stronger fundamentals amidst weak global economies. We suggest investors to invest in fundamentally good stocks at low levels for long-term perspective.

Technical Outlook: January



The current price action on the monthly chart has formed a candlestick pattern that resembles a high wave "Doji" pattern where prices have closed near the high range of the candle. This suggests that the down move is losing breath.

In coming month if Nifty trades and close above 8029 level then it is likely to test 8154 - 8279 - 8425 levels. However, if Nifty trades and closes below 7863 level then it can test 7738 - 7613 - 7468 levels.

Broadly, the monthly trend is down. However, only a monthly close below 7600 level would resume the downtrend. Hence 7600 level is a make or break level.



AUTO SECTOR

December Sales



Maruti Suzuki

Total Sales: 119,149 units, 8.5% yoy Up
PV Sales: 91,043 units, 11.6% yoy Up
Domestic Sales: 111,333 units, 13.5% yoy Up
Exports: 7,816 units; 33% yoy Down



TVS Motor

Total Sales: 202,086 units, 3.9% yoy Up
2Wheeler Sales: 194,066 units, 5.2% yoy Up
3Wheeler Sales: 8,020 units, 19.8% yoy Down
Exports: 32,771 units, 0.6% Up



Mahindra & Mahindra

Total Sales: 37,915 units, 4.4% yoy Up
PV Sales: 18,197 units, 1.2% yoy Up
CV Sales: 12,465 units, 0.8% yoy Up
Exports: 3,076 units, 65% yoy Down



Atul Auto

Total Sales: 4,005 units, 8% yoy Up



Tata Motors

Total Sales: 39,973 units, 4% yoy Down
PV Sales: 8,069 units, 33% yoy Down
CV Sales: 27,347 units, 6% yoy Up
M&HCV Sales: 12,673 units, 2% yoy Up
LCV Sales: 14,674 units, 11% yoy Up
Exports: 4,557 units; 15% yoy Up



Escorts

Total Sales: 2,751 units, 8.9% yoy Down



Bajaj Auto

Total Sales: 289,003 units, 0.08% yoy Down
CV Sales: 41,221 units, 4% yoy Down
Motorcycle Sales: 247,782 units, 0.63% yoy Up
Exports: 145,477 units, 12.4% yoy Down



Ashok Leyland

Total Sales: 12,209 units, 31% yoy Up
M&HCV Sales: 9,758 units, 35% yoy Up
LCV Sales: 2,451 units, 18% yoy Up



Hero MotoCorp

Total Sales: 499,665 units, 5% yoy Down



Eicher Motors

Total Sales: 5068 units, 44.3% yoy Up
CV Sales: 4,951 units, 45.7% yoy Up
Domestic Sales: 4231 units, 40.42% Up
Exports: 837 units, 117.4% yoy Up



COMMODITIES- WILL IT BE A SWEET '16?

The year 2015 will be remembered for effective continuation of the primary bearish trend in commodities that started to emerge in late 2011 and gained strong foothold in next couple of years. Be it Gold, Silver, Crude Oil, Copper or Natural Gas, bears left an overwhelming impact on trade. For agro commodities, 2015 was another roller coaster ride and there was no unanimous trend following. Let us check how sweet will be the New Year turn out to be:

BULLION

Gold is expected to extend its southward journey as the prices are already in a long term primary bearish trend. It won't be surprising to see gold trading in the range of \$950 to \$900 in 2016. **In Indian market, we may see prices sliding towards Rs 23000-22000 range.** Silver is also likely to shed another 10-15% and find a support at \$11. **In Indian market, prices may see a downside range of Rs 30000-27000.** However, Silver is likely to get the benefit of being a semi-industrial commodity. So, if industrial growth outside U.S. starts picking up in second half of 2016, it will get an edge over gold in terms of investment.

ENERGY

Crude oil may break below its crucial support of \$32 and may extend the fall in the range of \$28-\$25 in the first half of 2016 which means that **we may see prices crushing below Rs 2000 in Indian markets.** It is clear that still a big chunk of bearish trend is remaining and buying will come only after prudent growth emerges outside US or if OPEC decides to end the tussle with US by going for a production cut. However, any disruption in Iranian crude oil supply or any geopolitical tension may provoke short covering which may shape into a relief rally. Natural Gas prices are likely to recover strongly in first half of 2016. **We may see a quick rally towards Rs 225-Rs 260 range once prices break above Rs 180.** Prices may take a U-turn in post June period.

BASE METALS

Copper is expected to face another bearish tsunami in 2016. As for Nickel, the worst is still not over. Both of the base metals have tumbled with the rout in Chinese markets. Fundamentals in the largest market, China don't seem to improve in near term that further confirms the bearish trend. Aluminium, Zinc and **Lead will also see some selling pressure as they are better on fundamental level.** Any new announcement from China regarding easing policy may provide a temporary support to metals. **Copper is likely to trade below Rs 300** for most part of the year whereas **Nickel is feared to break below psychological support of Rs 500 anytime soon.**

AGRO COMMODITIES

Turmeric is likely to lead spices segment as the therapeutic commodity has a high voltage presence on technical chart coupled with an exciting high demand at fundamental level. **Prices may touch higher levels of Rs 11000-Rs 13000 per quintal.** Dhaniya and Jeera are likely to remain range bound to negative in first quarter. Positive trend will start only in second half of the year. In soy complex, Soybean & Mustard seed may regain momentum in next couple of weeks since both the commodities are broadly in a positive trend. **Soybean may reclaim Rs 5000 level with soy oil following the suit for a target of Rs 850 while Mustard seed can touch Rs 6500 mark post June.** Guar complex is also likely to perform positively from here. Since prices are at a comparatively lower level against upcoming demand, buying may take a sharp rise. **Guar seed may display a huge rally above Rs 3500 with a target of Rs 7000** whereas **Guar Gum will go strong above Rs 7000 with a target of Rs 11000 for the year.**



2016 ANOTHER OUTSTANDING YEAR EXPECTED FOR US DOLLAR

We recommend buying in USD-INR December contract at Rs 66.30 – 66.10 for the target of Rs 67.65 -68.20 with strict stop loss below Rs 65.70.

CMP: ₹ 66.30 - 66.10 (As on 31st Dec, 2015)

Buy on decline : ₹ 66.30 - 66.10

Target Price : ₹ 67.65 - 68.20

Stop-Loss: < ₹ 65.70

The US dollar (USD) bull trend remains well-entrenched. The USD will regain renewed impetus in the year ahead, fuelled by growth and interest rate differentials. In addition, the USD will benefit from the structural liquidity premium provided by deep equity and debt securities. Many market participants are already heavily invested in the USD-strengthening trade. The USD is poised to resume an appreciating trend against most “core” currencies supported by growth and interest rate differentials.

The US economy is showing moderate growth averaging around 2¼% y-o-y. While the latest reports have been somewhat mixed, consumer spending and housing activity remain well supported by pent-up demand, a robust job market, rising income gains, solid household balance sheets, cheap gasoline prices and low borrowing costs.

The Indian economy continues to gain momentum gradually. Real GDP is expected to pick-up to 7.6% y-o-y in 2016-17. India’s industrial sector, led by manufacturing, is showing signs of improvement with sentiment recuperating and output increasing by 4.7% y-o-y in the third quarter, the fastest pace of expansion since the second quarter of 2011. Inflation is expected to pick up further in the coming months, though it is likely to remain below the Reserve Bank of India’s (RBI) 6% target (set for January 2016). Monetary conditions will likely remain accommodative for the foreseeable future.

For this month also, we recommend to stay firm on our last month’s USD-INR buying outlook. There was some volatility witnessed in intraday charts of USD-INR prices. But, USD-INR long term chart is still looking in a smooth uptrend as indicated by ascending trend channel pattern.





MUTUAL FUND COMMENTARY

MUTUAL FUND ROUNDUP

Indian equity markets registered negative returns in calendar year 2015. The barometer index, S&P BSE Sensex delivered negative return of 5.03% to settle at 26117.54 and Nifty 50 lost 4.06% ending the month at 7946.35.

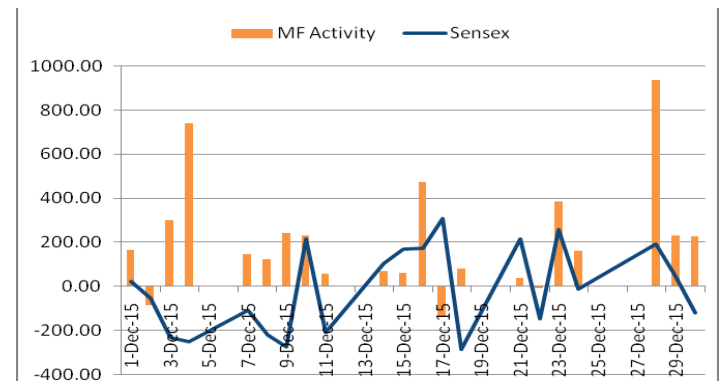
MF ACTIVITY

Indian mutual funds turned net buyers of equities to the tune of Rs 72,197.70 crore in the year 2015; and bought Rs 4,544.20 crore for the month of December 2015. Highest buying was recorded in the fourth week of the month when the fund houses made total net buy of Rs 1,481.30 crore of equities.

On the other hand, the net investment by foreign institutional investors (FIIs) into Indian equities was Rs 17,806.10 crore in the year 2015 and sold Rs 2,816.65 crore worth of equities in December 2015.

MUTUAL FUND ACTIVITY IN DEC 2015

Rs in Crores	Gross Purchases	Gross Sales	Net investment
1 st Week	3780.00	2657.10	1122.90
2 nd Week	3806.00	2998.80	807.30
3 rd Week	4932.00	4381.00	550.90
4 th Week	3224.00	2642.20	581.80
5 th Week	6354.70	4873.50	1481.30
Total	22096.70	17552.60	4544.20



MUTUAL FUND ACTIVITY IN 2015 (Rs in cr)

Date	Gross Purchases	Gross Sales	Net Purchases/ Sales
Jan-15	19,290.80	18,411.30	879.50
Feb-15	21,207.70	16,898.80	4,309.20
Mar-15	21,788.70	17,848.20	3,940.30
Apr-15	24,367.40	15,123.10	9,243.90
May-15	21,700.50	17,524.20	4176.7
Jun-15	25,608.00	15,282.50	10,325.50
Jul-15	23,107.60	17,665.70	5,442.10
Aug-15	28,255.90	17,723.00	10,533.00
Sep-15	23,398.30	14,078.30	9,320.20
Oct-15	21,691.10	18,756.00	2,935.40
Nov-15	21,313.80	14,765.90	6,547.70
Dec-15	22,096.70	17,552.60	4,544.20
Total	273,826.50	201,629.60	72,197.70

(Source: SEBI)

EQUITY SCHEME RECOMMENDATION

Scheme Name	Latest NAV*	Launch Date	Returns (%)				Min. Investment Amount		Fund Type
			One Year	Three Years	Five Years	Since Inception	SIP	Lumpsum	
IDFC Premier Equity Fund	73.04	Sep-05	8.29	22.04	15.98	21.38	2,000	10,000	Mid-Cap Fund
DSP BlackRock Micro Cap Fund	44.16	Jun-07	20.37	36.09	20.84	18.97	500	1,000	Small-Cap Fund
Franklin India Bluechip	344.81	Dec-93	2.02	13.37	8.59	21.12	500	5,000	Large Cap Fund
HDFC Prudence Fund	374.38	Feb-94	0.29	15.81	11.20	17.97	500	5,000	Hybrid Fund
Canara Robeco Emerging Equities Fund	62.94	Mar-05	10.86	30.90	21.41	18.57	1,000	5,000	Small-Cap Fund
ICICI Prudential Focused Bluechip Equity Fund	28.57	May-18	-0.21	15.78	10.46	14.79	1,000	5,000	Large-Cap Fund
SBI Bluechip Fund	29.03	Feb-06	5.30	17.89	12.58	10.78	500	5,000	Multi-Cap Fund

Note: NAV and Returns as on 31st Dec 2015, Returns < 1 yr annualised, > 1 yr compounded annualised

DEBT SCHEME- LIQUID FUNDS RECOMMENDATION

Scheme Name	Latest NAV*	AAA/ LAAA/ A1+/P1+/ PR1+/F1+ SOV	AUM as on 31 st Dec 2015 (Rs in Cr.)	Returns (%)				
				One Month	Three Months	Six Months	One Year	Since Inception
Axis Treasury Advantage Fund	1649.17	100.00%	1689.75	6.72	7.44	8.20	8.53	8.36
Birla Sun Life Cash Plus	396.31	99.10%	21433.00	7.08	7.48	7.76	8.38	7.22
Reliance Money Manager	2030.79	100.00%	12648.60	6.24	7.20	7.94	8.44	8.39
HDFC Cash Mgmt Fund	3094.22	97.26%	8719.00	7.20	7.44	7.68	8.27	7.25
Kotak Treasury Advantage	23.66	100.00%	3984.80	6.48	7.44	8.20	8.63	7.86

Note: NAV and Returns as on 31st Dec 2015, Returns < 1 yr annualised, > 1 yr compounded annualized.

ELSS SCHEME RECOMMENDATION

Scheme Name	Latest NAV*	Launch Date	Returns (%)			
			OneYear	Three Years	Five Years	Since Inception
Axis Long Term Equity Fund	30.61	Dec-09	6.70	27.36	18.67	20.47
IDFC Tax Advantage Fund	38.68	Dec-08	6.90	20.47	12.79	21.27
Franklin India Taxshield	418.21	Apr-99	4.05	20.12	13.71	24.99
ICICI Prudential Long Term Equity Fund	273.97	Aug-99	4.33	20.12	12.64	22.40

Note: NAV and Returns as on 31st Dec 2015, Returns < 1 yr annualised, > 1 yr compounded annualized.



Want to Invest in Mutual Funds?

Email us at: mutualfunds@arihantcapital.com
SMS: <Arihant MF> to 56677

ELSS–Equity Linked Savings Scheme

Create your wealth in a tax-efficient manner



2 IN 1 BENEFIT

Create Wealth + Save Taxes

Does the tax filing deadline of 31st March haunt you? Tax planning is not a last minute exercise. If you as a taxpayer want to do your tax planning, the time is NOW. Do not worry, we at Arihant will provide you with various tax saving investment options to help you in making the right tax saving investments.

WHAT IS AN ELSS?

ELSS is a type of diversified equity mutual fund that invests primarily in equity markets. It qualifies for tax deduction under section 80C of the Income Tax Act, where investments upto Rs 1.5 lakhs are eligible for deduction from total income. It offers twin-advantage of capital appreciation and tax benefits. It comes with a lock-in period of three years.



Superior Returns

Since ELSS invests in equity related instruments, it helps you to grow your money when the stock market grows over a period of time.



Tax advantage

- Investment in ELSS is eligible for tax deduction up to Rs 1.5 Lakh under section 80C of the Income-tax Act, 1961
- Dividend received is tax-free in the hands of investors
- Long-term capital gains is not applicable on sale of ELSS as investment is held for over an year



Shorter lock-in period

ELSS offer the advantage of one of the lowest lock-in period as compared to other tax saving instruments



NEXT STEPS

Visit www.arihantcapital.com/knowledge-centre/taxsavings to get more tax tips



PLANNING FOR YOUR CHILD'S FUTURE:

YOUR SEARCH FOR BEST CHILD PLAN ENDS HERE

By Umesh Rathj, CFP^{CM}



The standard child plans provide enough money to take care of rising cost of education, disability or death of parents or handle issues like guardianship of children. To address all these issues we need a customized plan instead of readymade plans available in the market.

Every parent wants their child to have the best of everything in life. In today's times, parents start planning and saving for their child's future the moment or even before their child is born. Let's face it, with the cost of living and inflation going up day by day, raising a child has become even more expensive.

The easiest way for planning your child's future is to look for investment plans especially designed for children. Unfortunately the financial product manufacturer, whether it is a bank, mutual fund or an insurance company, is aware about your emotional attitude towards your children and hence advertises expensive child plans with rosy promises to fulfill child dreams even when parents are not alive. With such marketing gimmicks, it is easy for any individual to get lured by "child plans" that are generally designed to charge more for similar or lesser benefits than standard investment options.

Here is a simple guide on how to create a customized plan

to secure your child future that will take care of all their needs - education, marriage and even unfortunate death or disability of parents.

1. **Set the Goal:** When it comes to estimating the amount for the child education most of us do guess work and underestimate the effect of inflation. To set the child goals you should first assess the amount required for the goal in today's value then decide target year and finally calculate the corpus required in goal year by giving effect of inflation. Let's assume you need corpus Rs 15 lacs in today's value for child higher education after 15 years, considering inflation of 8% you would require approx Rs 47.50 lacs at the goal year.
2. **Understand your Risk profile:** Different asset classes have different levels of risk. Bank fixed deposits fetch you a post tax return of 5.5% - 6.5% and carry inflation risk.

If you chose to invest in equity funds for long term say over ten years, you can expect a return of 13% - 14% pa, however in short-term your investment can even deliver negative return. As each individual has a different level of risk appetite you need to understand how much risk you are ready to take. For your child's long term needs, it is recommended to invest a higher portion of your money in equity.

3. **Asset Allocation:** Depending on your risk appetite and investment horizon you can choose different mix of products spanning across asset classes like bank FD, debt funds, direct equity, equity funds, gold and gold ETFs. You should avoid traditional child insurance plans, ULIPs and bank/post office fixed deposits because post tax returns on these investments are not able to beat the inflation. Under fixed income you can consider investment in:

- public provident fund (PPF) which gives post tax return of 8.7% p.a.(current rate)
- Sukanya Samriddhi account, for girl child, which gives post tax return of 9.2% p.a. (current rate).

Under equities you can choose equity mutual funds and under gold you can choose gold ETFs.

4. **Decide monthly investment amount:** With the help of a financial planner, or by yourself, you can decide how much money you need to invest every month to achieve the targeted amount you need for your child at various stages of their lives. Say you need Rs 47.5 lacs after 15 years for your daughter's college education, first you need is to estimate return on your investments. Assuming the expected return is 12% pa, then you need to invest Rs 9,987 per month to achieve the targeted amount.

5. **Start as early as possible:** Delaying investment for child education can compel you to take undesired risk or compromising with your other goals which is not recommended. Let's assume you need Rs 47.5 lacs after 15 years and you can generate 12% p.a. return on your investments. If you choose to start investing today you will have to save Rs 9,987 p.m. even if you decide to invest only for initial 10 years then also you will need to invest only Rs 12,039 p.m. Whereas if you delay your investment by 5 years you will have to save Rs 21,210 pm to achieve your targeted amount. So start investing as early as possible to get benefit of power of compounding.

6. **Rebalancing:** If you choose to invest in high risk investments such as equities/ equity mutual funds then before 3-4 years of the goal year you should start shifting your investments in safe avenue like bank FD or debt funds and bonds so that market volatility does not affect your goals. Your investment planner can help you rebalance your portfolio.

7. **Get Insured:** Life is full of uncertainties, and it is imperative that you secure your child's future. You should take pure term plan (life insurance), accidental insurance, disability insurance and critical insurance of adequate sum assured so that even in the unfortunate event of premature death, disability or critical illness your child's future remains protected.

8. **Estate Planning:** You should also consider writing a WILL early on so that assets and insurance amount which you have allocated for your children can be utilized for their benefit. While writing your WILL you should also mention who will be the guardian of your children in case of premature death of both the parents. If you fail to appoint guardians in your WILL, the decision to appoint the guardians goes in the hands of the courts

Managing and optimizing your investments may be a very complex exercise. To help those who lack the time and expertise when it comes to investments, our team of experts can help you with planning child's future.

but they won't necessarily choose the people that you would have preferred to take care of your children.

By appointing guardians you can ensure that your children are looked after by the people that you have chosen as the best people for the job.

9. **Creating a child trust for tax saving:** For taxation purpose, income of minor child is clubbed in the income of the parent whose total income is higher, hence attracting higher taxes. However if a one hundred percent beneficiary trust for a minor is created with the provision of deferment of the benefit until the child is a minor child then income arising in this trust would not be clubbed with the income of father/mother of the child. Trust route will not only help you save substantial taxes but is also helpful in clearly demarcating the funds for children.

The bottom line...

Time is your strength when you are trying to save, so start investing early and make sure to take proper tax planning into consideration. More importantly, invest in the right product and do not get lured by the emotional advertising used by the financial companies.



LEARN MORE

Talk to us about child planning. Call **9406683366** or Email us at fp@arihantcapital.com for arranging child planning session.



INVEST TO MEET YOUR FINANCIAL DREAMS

*Get Rs. 1 Cr or more just by investing
Rs. 4000 per month for 25 years**



ARIHANT Capital Markets Ltd.

Plan systematically &
invest regularly to meet your goals

For more details:

SMS: <Arihant MF> to 56677

Email at research@arihantcapital.com

Visit us at www.arihantcapital.com

Equities & Derivatives | Commodities | Currency | Bonds | IPO | Mutual Fund Advisory | PCG | Depository | Online Trading | Mobile Trading | Merchant Banking

Registered Office: E-5 Ratlam Kothi, Indore – 452001 (M.P.). BSE - INB/INF 010705532; NSE – INB/INF 230783938;
NSDL : IN-DP-NSDL-165-2000; CDSL: IN-DP-CDSL-317-2005; AMFI – ARN 15114

Regional Offices

Ahmedabad: 079-40701700/40701719

Bangalore: 080-41509992-93/ 09341690342

Bhilwara: 01482-220390, 227070/09829046070

Bhopal: 0755-42274672/4223672/09302167358

Chennai: 044-42725254/25387808/09841160104

Dibrugarh: 094350-31452/09435747381/0995440958

Gurgaon: 0124-4371660-61/3241102/09999355707

Gwalior: 0751-4070634/4072127/09301105571

Indore-Lad Colony: 0731-4217100-101/09302104504

Jabalpur: 0761-4037990/91/93/09755005570

Jaipur: 09828024688/0141-4107659/0141-4030321

Jodhpur: 0291-3266000/2440004-6/09414128888

Kolkata: 033-40052638, 32407373/09830268964

Kota: 0744-2366255-2366355/09414178394

Mumbai-Andheri(E): 022-42254800

Panipat: 0180-4016357-358/09215124767

Pune: 020-41064921/020-41064901/ 0986070881

Secundrabad: 040-66148831-33-34/09348849901

Surat: 0261-3253597/09374718168

Ujjain: 0734-4050201-235/09425092746

CONNECT WITH US



022-42254800

www.arihantcapital.com



[facebook.com/
arihantcapitalmarkets](https://facebook.com/arihantcapitalmarkets)



[twitter.com/
arihantcapital](https://twitter.com/arihantcapital)



contactus@arihantcapital.com

Disclaimer: This document has been prepared by Arihant Capital Markets Ltd (hereinafter referred to as Arihant). This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way responsible for its contents. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Arihant and/or its affiliates and/or employees may have interest/positions, final or otherwise in securities/commodities, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Any decision to purchase or sell as a result of the opinions expressed in his report will be the full responsibility of the person authorizing such transactions. The products/instruments discussed in this report may not be suitable for all investors. Any person subscribing to or investing in any product/instruments should do so on the basis of and after verifying the terms attached to such product/ instrument. Products/instruments are subject to market risks and returns may fluctuate depending on various factors. Past performance of the products/instruments does not indicate the future prospects & performance thereof. Such past performance may not be sustained in future. The investors shall obtain, read and understand the risk disclosure documents, offer documents and/or any other relevant documents before making any decision for investment. This information is subject to change without any prior notice. No matter contained in this document may be reproduced or copied without the consent of the firm.

*This is for illustrative purposes only; the actual rate of return will fluctuate with market conditions and is subject to changes in tax law. This is not intended to represent the performance of any specific investment.