

# Life



# Line

VALUE  
PLUS

Insure and Ensure a Good Life

A Quarterly Newsletter of Value Plus Investment Advisors Pvt. Ltd.

April-June 2006



## Message from the CEO

Dear Friends

The first quarter of this fiscal year brings cheer all around us. India is emerging as an ASIAN STAR, full of promise and prospect. The US President George Bush recently remarked that there is no stopping India now. Our country is developing as a million megawatt economic

powerhouse and its current is being felt in many countries across the world.

But, along with this affluence comes the responsibility of acting as a mature, level headed and far-sighted economy. Only then will our wealth be worth acclaim.

Likewise, at a personal level, even our individual wealth needs to be managed in a mature and responsible manner. This is the job of seasoned professionals. Wealth needs able management to multiply, and that is exactly what we have been doing since last 26 years - Providing studied, stable and steadfast advisory on money matters.

Friends, the coveted Million Dollar Round Table (MDRT), an august body of world's leading insurance and investment advisors, has invited me to attend its Conference to be held in Los Angeles, USA, from 11 to 14 June 2006. I hope to reap a rich harvest of exposure to the world's latest developments in investment and insurance field at this conference. I will be delighted to share this rich experience in the next issue of LIFE LINE.

With warm regards and best wishes

HP Shah

CEO, Value Plus Investment Advisors Pvt. Ltd.

મિત્રો

નવા નાણાકીય વર્ષનું પહેલું ત્રી-માસીક આપણા માટે આશા અને ઉમંગનો જુસ્સો લઈને આવ્યું છે. ભારત દેશ ખુબ ઝડપથી ASIAN STAR તરીકે ઉભરી રહ્યો છે. તેની ગતિ અને પ્રગતિમાં આશાસ્પદ આત્મવિશ્વાસની છોળો છલકાઈ રહી છે. અમેરિકાના પ્રેસીડન્ટ શ્રી જ્યોર્જ બુશ પણ ખેલદીલીપૂર્વક સ્વીકાર્યું છે કે હવે ભારતને પ્રગતિ કરતું કોઈ રોકી શકે તેમ નથી. આપણો દેશ અપાર શક્તિથી સભર એવા ECONOMIC POWERHOUSE તરીકે તેની વિસ્તાર વધારી રહ્યો છે, જેનો કરંટ વિશ્વના અનેક દેશો મુઠ્ઠી પહોંચી રહ્યો છે. પણ આર્થિક સંઘર્ષતાના મોહાને નિભાવી રાખવા માટે સ્થિર પુખ્તતા અને જવાબદારીપૂર્વકનું વૈશ્વિક વલણ આવશ્યક છે. જે આપણે આમ કરી શકીએ તો જ આપણી આર્થિક સંઘર્ષતા લેખે લાગે.

આવી જ રીતે અંગત સ્તર પર પણ આપણી અસ્કયામતોના ગુણાકાર માટે તેનું આયોજન અને કારોબાર અનુભવી, જાણકાર અને જવાબદારીભર્યા પ્રોફેશનલો કરે તે જરૂરી છે. છેલ્લા ૨૬ વર્ષ થી અમો મુડી રોકાણ અને વીમા ક્ષેત્રે લોકોને લાભકારી એવું નિષ્ઠાપૂર્વકનું માર્ગદર્શન આપવામાં જ કાર્યરત છીએ.

મિત્રો, અમેરિકા સ્થિત MILLION DOLLAR ROUND TABLE (MDRT), જે આર્થિક નિષ્ણાતોનું વિશ્વ સ્તરનું વિખ્યાત સંગઠન છે, તેમના તરફથી મને તેમની Los Angeles ખાતે તા. ૧૧ થી ૧૪ જુન ૨૦૦૬ દરમિયાન યોજનારી કોન્ફરન્સમાં ભાગ લેવાનું આમંત્રણ મળ્યું છે. બેશક આ કોન્ફરન્સથી મુડીરોકાણ અને વીમાક્ષેત્રમાં વૈશ્વિક ધોરણે આવી રહેલા આમુલ ફેરફારોથી વાકેફ થવાનો લાભ મને મળશે, જે હું LIFE LINE ના આવતા અંકમાં રજૂ કરીશ.

આપના સાથ - સહકાર બદલ સદા આભારી

HP Shah

CEO, Value Plus Investment Advisors Pvt. Ltd.

## Unique Scheme

**Loan liability coverage with lowest premium plus risk coverage of Rs. 1 crore right from day one.**

Call Amarjit on 9825804501 for more details

## WATCH OUT

To meet the challenges of modern investment scenario, we are upgrading our services to become an Integrated Investment Center where you can get all investment and insurance related services under one roof. An IT-friendly platform and knowledgeable and responsive manpower will be our strength.

Following Services will be available FREE at this Center:

- Life Insurance diagnosis, planning, execution and monitoring for all segments and categories.
- Mutual Fund advisory with research.
- Investment planning for individuals, HUF, etc.
- Retirement planning for all segments and categories.
- Corporate advisory with custom solutions for tax planning.
- Exclusive Wealth Management Cell for NRIs and HNIs.

*Always.....*

**Always make your future brighter than present.**  
**Always make your learning greater than your experience.**  
**Always make your contribution bigger than your rewards.**  
**Always make your confidence greater than your comfort.**  
**Always make your action greater than your achievement.**  
**Always make your practise bigger than your preaching.**  
**Always make your questions bigger than your answers.**

## WIN-WIN OFFER

**Invest just Rs. 2 lac for 12 years and get Rs. 2 lac for 53 years!!!**

Call Amarjit on 9825804501 for details.

Mr. HP Shah will address a distinguished audience of NRIs on 10-6-2006 in Los Angeles. Subject: Make your money work harder than you.

## Success Management

You have been noticed by the world. You possess the swankiest of the cars, a week-end villa, monogrammed bath robes and a wardrobe that would put Harrods to shame. And oh, you must have that quarterly vacation to some of the most exotic locales in the world.

Finally, you are successful.

What next?

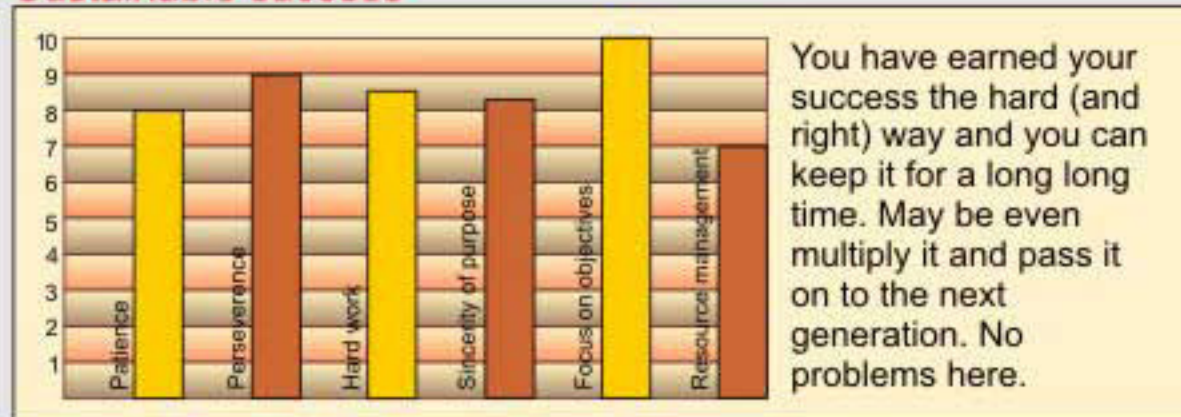
Like all achievements, success can play a spoilsport if it is not reigned in by discipline and responsible management. Here is food for thought for successful people who intend to remain that way.

Measure the factors which contributed to your success on a scale of 1 to 10:

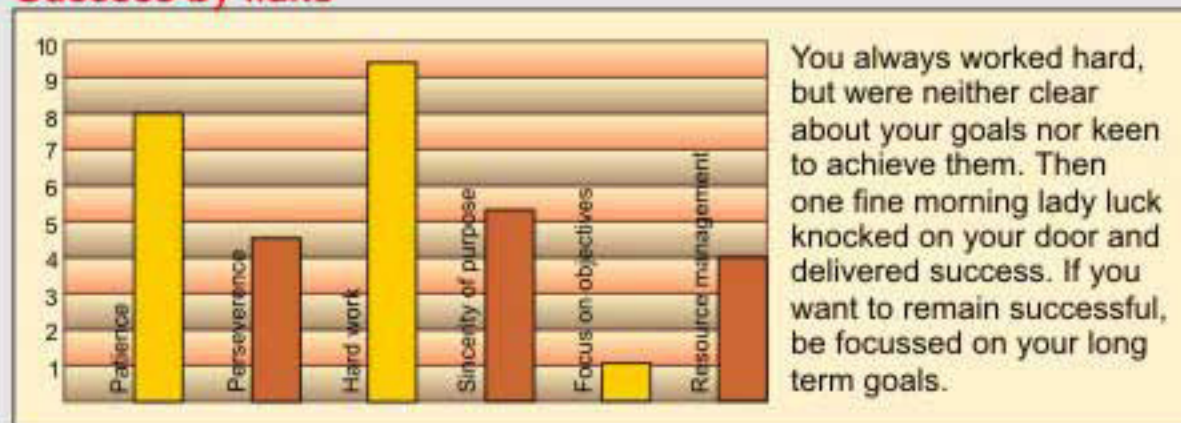
- ✓ Patience
- ✓ Perseverance
- ✓ Hard work
- ✓ Sincerity of purpose
- ✓ Focus on objectives
- ✓ Resource management

Then compare it with these two graphs for self analysis:

### Sustainable success



### Success by fluke



## Banks fail to promote insurance

A recent report in ET mentions that as many as six recent partnerships between banks and life insurance companies have failed due to the banks' inability to promote the life insurance instruments. One reason for this failure could be, that the banks are not as informed and motivated as professional agents to deal with such highly subjective and specialised task. At an individual level too, the bank employee is not likely to be as effective as an insurance agent.

## Unique e-Portfolio service by Value Plus

Now our valued clients can have their complete investment portfolio with all its details like investment tools, due returns, due premiums, etc. on a CD. This will facilitate them to carry their investment with them, wherever they are. Further, they can also register on our interactive web site and access the e-Portfolio.

एक अनोखा

हे !  
मुझे इतनी  
कि कुटुंब और  
मेरी हर जिम्मेवारी मैं हमेशा  
हे !  
मुझे इतनी  
कि जीवन में जो अलग अलग  
पति या पत्नी से लेकर दादा  
उसे निभाने मे मैं तन-  
क्यों कि यदि तन और  
तो मैं विवश और लाचार हूँ,  
हे !  
मुझे यह  
कि आज अगर जीवन  
तो कल पतज  
इस निश्चितता को  
निश्चंतता मे  
हे !  
मुझे इतना सुर  
कि मेरी स  
तब भी जो  
उन पर कोइ

*One must forever strive for excellence  
in any task, however small,  
and never be satisfied with second best*  
- JRD Tata

## Did you know?

- LIC has recently raised the returns on annuity plans like Jeevan Akshay by 0.5%
- India has about 70000 bank branches- amongst the highest in the world!
- Bank deposits in India are more than 50% of its GDP! Amongst the highest in the world!
- India consumes a fifth of the world's gold output.

प्रभु  
योग्यता दो  
समाज के प्रति  
उचित तरह से नीभा सकु  
प्रभु  
शक्ति दो  
लग किरदार मुजे निभाने हैं  
दादी या नाना-नानी तक  
मन-धन से सक्षम रहु  
मन है पर धन नहीं है  
मानो बिना तैल का दिपक हुँ  
प्रभु  
अनुभूति दो  
में वसंत फूली फाली है  
ड निश्चित है  
में योग्य आयोजन से  
बदल सकु  
प्रभु  
बद एहसास दो  
स जब रुके  
मेरे अपने हैं  
आंच न आए

*Between my past, present and future,  
there is one common factor -  
Relationship and trust.  
This is the foundation of our growth.  
-Dhirubhai Ambani*

## Expert's Column Mukesh M. Patel, leading Tax Consultant

### Planning house rent and interest payments - Keep it within the family as you save income-tax!!!

Payment of house rent and interest on housing loan carry valuable opportunities for income-tax saving. Replies to two queries provide an interesting insight.

#### Interest on housing loan

Query: I am desirous of investing in a house and need a housing loan of Rs. 20 lakh. An institutional loan would mean adhering to a strict schedule of interest and instalment payments and hence I am considering the option of availing such loan at 8% interest P.A. from my senior citizen father, who would have no objection in granting me accommodation in payments so as to suit my liquidity convenience. I belong to the top tax bracket. I would like to know if I can avail tax deductions for housing interest and instalments, if they are not actually paid during the term but deferred for payment in the later years as per my convenience?

Reply: Section 24(b), which provides for deduction of interest on housing loan refers to the term "interest payable" and "interest paid". Since this deduction is available on "actual basis", you can claim the benefit of interest deduction of Rs. 1,60,000 (at 8% of the Rs. 20 lakh) and save tax of Rs. 48,000., though the interest is not actually paid by you during the year. You will be required to furnish a certificate from your father from whom you have borrowed the capital specifying the amount of interest payable by you for the year. Your father may also be well advised to show this interest income on accrual basis and being a senior citizen, he may be able to plan zero tax liability.

However, as regards the deduction for payment of instalments of housing loan under section 80-C, the same is available only in respect of actual repayment and that too if the amount is borrowed from the government, bank, LIC, housing finance institution or an employer being a company, co-operative society, local authority, university or college.

Repayment of housing loan instalments from a private source, as in your case, is not eligible for deduction under section 80-C. You would, therefore, be required to plan other investment options for availing the benefit of this deduction.

#### HRA exemption of rent paid

Query: My family is living jointly with my parents in a residential bungalow owned by my father. My company pays me annually a basic salary and DA of Rs. 2,50,000 and HRA of Rs. 1,00,000, apart from other taxable perks and allowances worth Rs. 1,50,000. If I pay a fair rent of Rs. 12,000 per month to my father, can I claim any benefit of HRA exemption? What would be the tax liability for my father, who is a senior citizen earning annual taxable income of around Rs. 80,000?

Reply: You would be eligible to claim exemption in respect of HRA under section 10(13A) on the basis of the least of the following three amounts:

- ☐ Annual rent paid (Rs. 1,44,000) in excess of 10% of your basic salary and DA (Rs. 2,50,000), that is Rs. 1,19,000 (1,44,000 - 25,000).
- ☐ HRA received from your employer, that is Rs. 1,00,000.
- ☐ 40% of your basic salary & DA (Rs. 2,50,000), that is Rs. 1,00,000.

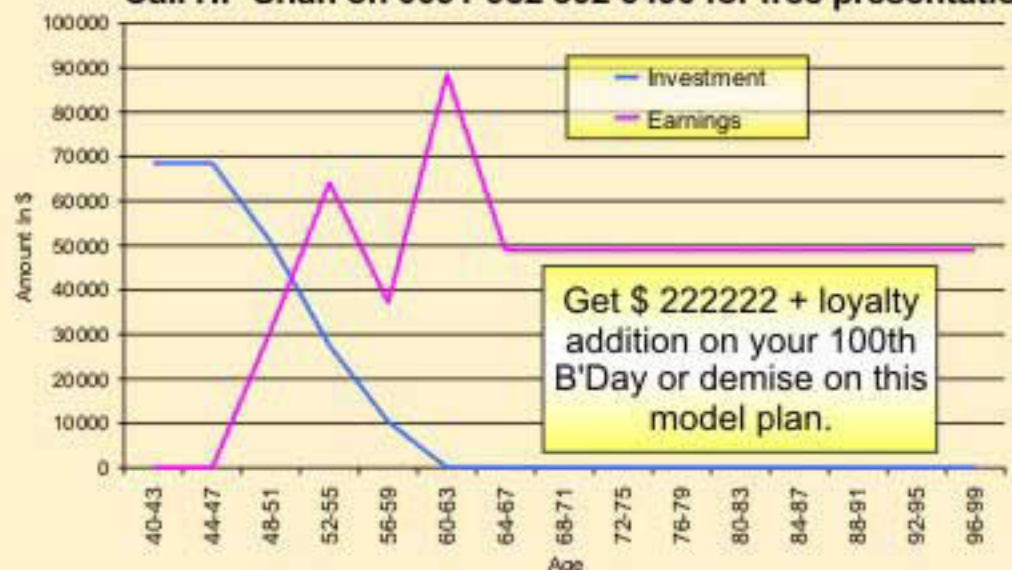
The entire HRA of Rs. 1,00,000 can thus be claimed exempt, on which you can save income-tax of Rs. 30,000 at the rate of 30% as applicable in your case.

In your father's case, from the amount of rent of Rs. 1,44,000 received by him, he would be entitled to a standard deduction of 30% amounting to Rs. 43,200 and hence his taxable rental income would be Rs. 1,00,000. Keeping in view the exemption limit of Rs. 1,85,000 in the case of senior citizen, he would not attract any tax liability on his taxable income of Rs. 1,80,000 (Rs. 80,000 + 1,00,000).

With the rent remaining tax free with your father and your own tax saving of Rs. 30,000 it would be a win-win situation for your family.

## Specially for NRIs Earn in \$ In India too!!

Call HP Shah on 0091-982 502 6490 for free presentation



Get \$ 222222 + loyalty addition on your 100th B'Day or demise on this model plan.



**FUSE OF STOCK MARKET GONE!!!!**  
SENSEX CRASHES OVER 800 POINTS ON 18-5-06



**STOCK MARKET BALOON BURSTS!!!!**  
SENSEX FURTHER DOWN BY 500 POINTS



**KATI PATANG!!!!**  
SENSEX DOWN 1100 POINTS ON 23-5-06  
BSE SUSPENDS WORK FOR ONE HOUR

**STOCK MARKET INVESTMENT NEEDS DEEP STUDY, EXPERIENCE AND ANALYSIS BY PROFESSIONALS. IT IS IDEAL TO INVEST IN REPUTED MUTUAL FUNDS HANDLED BY EXPERT FUND MANAGERS TO MINIMISE THE RISK IN STOCK MARKET EXPOSURE. EVEN THE FINANCE MINISTER HAS RECOMMENDED\* MUTUAL FUNDS FOR SAFE, SECURE AND HIGH RETURNS ON YOUR HARD EARNED MONEY.**

\*IN ELECTRONIC MEDIA ON 23-5-06.

**Top Performing Mutual Funds**

Fund name	Return in last one yr.
Magnum Global	117.35%
Magnum Contra	112.84%
Reliance Growth	94.07%
Birla Mid Cap	76.60%
Franklin India Prima	65.19%

*Wise Words*

Too low they build,  
who build below  
the skies.  
-Edward Young

**Q&A Column**

**Uday Majumdar Vadodara:** What will be the approx. rate of inflation in 5, 10, 15, 20 and 25 years from now?

**Life Line:** Numerous factors like change in government policies, GDP, liquidity in economy, etc. affect the rate of Inflation. In the past, rate of Inflation has ranged between 2-13%. Thus while planning we must consider 8% inflation rate.

**Ranjan Majumdar, Vadodara:** What is the best insulation to protect our investment from inflation?

**Life Line:** The best insulation is certainly a right mix of investment instruments that can cushion all future shocks.

**Valmik Dhruv, Rajkot:** I have a seven year daughter and a 4 year son. Which insurance policy should I buy for them?

**Life Line:** Your children are like beautiful flowers. However, it is best to protect the plant on which the flowers have budded. Hence, protect yourself first.

**Ramakant Dave, Nadiad:** I am a 40 year government servant. Please suggest an ideal insurance cum mediclaim plan for me.

**Life Line:** It will depend upon one's income, pattern of liabilities, pattern of investment, growth of Income, liquidity, one's needs, etc. So consult a good Insurance professional and get your assessment done by him.

*Silly Bone*

Teacher: There is no such word as impossible in my dictionary.  
Student: Aapne dictionary dekh kar nahi kharidi honghi.

**Dont wait for last minute tax planning in March.**

**Call HP Shah on 9825026490 for highly rewarding and comprehensive tax planning.**

**Value Plus Now in USA!!!!**  
at below mentioned address

[www.valueplusinv.com](http://www.valueplusinv.com)  
*A Whole New Investment Experience on the web!!!*

*Life is not an open book.*

**Investors are keen to get a piece of action in private life insurance. But lack of information makes it extremely difficult to take a call on their value, as per a recent report in ET.**

This Newsletter is for private circulation only. All the information in it, including text, statistics and images, are sourced, compiled and given in good faith for general information only and we are not responsible for any eventuality resulting from following it without our knowledge or consultation by an expert. While every care is taken to publish the latest and accurate data, we are not responsible for any misprint, oversight or inaccuracy in it.

Insurance is a subject matter of solicitation. Mutual Funds are subject to market conditions. For exclusions and final detailed rules, refer scheme circular.

**VALUE PLUS INVESTMENT ADVISORS PVT. LTD.** Corporate office: GF 4-8, Productivity HOUSE, Productivity Road, Alkapuri, Vadodara 390 007.

Ph.: 0265-5529800/5529900. Web site: [www.valueplusinv.com](http://www.valueplusinv.com) e-mail: [info@valueplusinv.com](mailto:info@valueplusinv.com)

Mumbai: Mr. Naitik Shah 9820556695. Surat: Mr. Hardik Shah 9825151008. Bhavnagar: Mr. MP Shah 9825205006. Jamnagar: 9824465200

**NEW OFFICE IN USA: Mr. Jay H. Parikh, Value Plus Investment Advisors Pvt. Ltd. JN International, 9090, Moody street, Suite 228, Cypress, CA 90630. Ph.: 714-348-4884. e-mail: [usa@valueplusinv.com](mailto:usa@valueplusinv.com)**