

## Top 5 Companies To Work For In India

### Google

**Business:** Search, YouTube, Gmail, apps, mobile, enterprise, social

Google stays on top by celebrating the many facets of its employees in more ways than one.

The internet search company that is heavily betting on mobile internet usage, online video growth and small and medium businesses, has strict abhorrence towards those who look upon hierarchy as a sign of success, work in silos and are complacent

### Intel Technology

**Business:** Microprocessors, chipsets, motherboards, adaptors for desktops, laptops

Intel embeds its employees with reminiscences and does not change them into job-hopping Joes.

Like any other firm, the company has its litmus test to ensure it has the best pick. However, a job interview with Intel is not about knowing a product but making sure if you are a right fit. At Intel, one of the tenets strictly followed is that a new hire does not feel isolated.

### American Express

**Business:** Charge and credit cards, corporate cards,



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## Impact Of Inflation On Investments

Everyone knows that inflation eats into savings and increases costs (to understand how inflation can affect your cost of living. But what a lot of people grapple with is how does one insure oneself against inflation?

### Post-Tax Real Rate Of Return

Consider the post-tax, real rate of return Whenever you consider an investment option, remember to evaluate the expected rate of return in real terms. In other words, deduct your expected compound annual rate of inflation for the investment period from the compound annual rate of return that you expect from your investment.

For example, say you are considering a bank fixed deposit that promises you an 11% annual rate of return over the next five years and your expectation of inflation during this period is 7% (compound annual). For this investment, your real compound annual rate of return is only 4%. If your income from this investment attracts a 30% tax rate, then your post-tax real rate of return diminishes further to 0.7% only! A number nowhere near the 11% that you might be using to evaluate this investment option!!

An investment with such characteristics is a classical example of running to stand still.

### How To Earn more returns

Let's look at how you could improve your 0.7% return. If you are willing to take on a slightly higher level of risk, you could invest this money into an income mutual fund with a dividend investment plan option. Such an investment is likely to yield around 11% post-tax return (since dividend income from mutual funds is non-taxable). This would effectively result in a post-tax, real rate of return of 4%, far higher than the 0.7% that the bank fixed deposit would earn for you.

On a 10-year perspective, Rs10,000 invested today in bank deposits (yielding 0.4% post-tax, real rate of return) would be worth Rs10,722 whereas the same amount invested in an income mutual fund is likely to be 38% higher at Rs14,802. Presumably, this should compensate you for the slightly higher risk to which your investment is exposed.

### Bottomline

The above example highlights that inflation and taxes are important factors to consider while evaluating investment returns and how a little more attention to your investment decisions can result in a significant improvement in your financial health.

It is no secret then that Amex has one of the strongest retention rates in the financial sector with an attrition rate in the low-teens.

### NIIT

Business: Learning Solutions

At NIIT, compatibility and competence go hand in hand to strike a unique balance.

'EMPLOYEE' is a taboo word at the Gurgaon headquartered learning solutions firm NIIT. All professionals working with the company are referred to as NIITians. Chief Executive Officer Vijay K Thadani feels the company has consciously stayed away from using the terms 'employee' and 'employer' as they create a divide.

### Forbes Marshall

Business: Steam engineering and control instrumentation

With second and even third generation employees, Forbes Marshall projects a home away from home.

Almost 14% of the workforce at Forbes Marshall comprises second-generation employees, with some on the shop floor even from the third generation. One thing that's obvious is that this is a company that takes its people seriously.

## "Credit Cards Can Make Money For You"

CREDIT cards of late have a negative connotation, and are pronounced as complete no-no by many, because of the high interest rates that are charged on late payments/defaults. Don't let this negativity cloud perception of the product. You would be surprised to know that, if you are judicious in using this product, you stand to benefit monetarily, and of course it eliminates the need for you to carry cash everywhere.

### Understand the Credit Limit

More often than not the problem is that people do not understand the product well and hence are not able to use it to their advantage. The credit card company offers you a free credit period of around 50-55 days. The misconception most people have is that this free credit period is from the date of purchase. It is actually from the date of billing.

For example, Mr. A's billing cycle date is 28th of December to 27th of Jan and his credit free period is 50 days. If his purchase was on 22nd Jan, he would enjoy credit for 25 days. However if he made the same purchase on say 1st Jan, he would enjoy credit free period of 47 days. So if you plan properly, you can enjoy maximum credit every month, which will help you manage your cash flows effectively, and will also help you earn the extra bit of interest on the cash that you have currently not spent on making the purchase.



### Things To Watch Out For

You need to keep two key things in mind: i). Cost of default: The interest rate on defaults ranges from anywhere between 2%-3.5% per month. So in effect it is a whopping 24%-42% p.a. Also, the interest starts from the date of purchase and not the billing date i.e. you do not get any interest-free credit period and all future purchases also start attracting the interest charges from the date of purchase. So use the credit card if and only if you're sure of having the means to pay the bills in time. Also, don't forget that your credit score will get impacted too which will impact your future borrowing. ii) Credit Limit: Keep a tab on your credit limit. Overshooting your credit limit will also have dire consequences for you with respect to the interest charged and your credit score.

### How To Ensure Credit Card Earns Money

Widen the usage of your credit card (small and big purchases): You might as well earn bonus points and interest on the cash that you have not currently used, to make the purchase. You can use the credit card to pay monthly rentals, grocery bills, utility bills, gift expenses, subscription expenses etc. So the cash that you have not used to make the purchase will earn interest for you or will be used for fulfilling other immediate needs.

For instance, Ms. B purchased an electrical appliance for Rs. 28,000 using the credit card she possessed. The purchase was made such that she could enjoy a credit free period of 45 days. The cash that she would have used to purchase this appliance is now lying in her savings account which is earning her an interest of 3.5% p.a.

So if she decides to pay the bill after enjoying 40 days of free credit, she earns an interest of Rs. 107 in her savings bank account. Not only that, she has also earned some reward points on the purchase. The other advantage of using the credit card is your payments are recorded which makes it easier for you to keep track of your expenses.

Appropriate use of Bonus points: Use the bonus points that have accumulated on buying necessities (house hold appliances, clothes, groceries etc.) rather than using it on using it on things (luxuries) that aren't really important to you. Only if the bonus points are used practically, you are actually saving cash because had to now have the bonus points, you would have to anyways spend cash on buying the same.

### Conclusion

Credit cards if used prudently will help you in managing your cash flow better, and at the same time, will provide you monetary benefits. That's because you get interest free money for some period of time and you also earn reward/bonus points on the same. But if you use it without deliberation, it can prove to be disastrous as interest rates charged on payment delays are very high. Also, your credit rating will take a beating, as banks report these things to the credit rating agencies, which in turn will include it as part of your credit report. Don't forget that credit score will not only determine whether you will get a loan but will also determine at what interest.

Let not easy availability of credit and attractive rewards offered fool you into making impulsive purchases. It will prove to be rather costly.