

# Indbankonline

## MARKETS FOR YOU

Private Circulation only

February - 2013

Issue - 69

### From the President's Desk

*This is the time of the year when most of us re-assess our investments, the pre-dominant reason being our employers. Employers? Because this is the time of the year to submit proofs of the investments we made to avail the different tax exemptions. However invariably most of us start doing the tax planning only during the beginning of February, leading to harried investment decisions. The drastic increase in the subscriptions to Tax Saving Funds and ULIPs during the month of January is the best example of this harried planning. Further there is always the option of investing through Systematic Investment Plans in both ELSS and ULIP, which many of us miss out.*

*As in case of other investment decisions, tax saving is also a yearlong exercise, which needs adequate time and effort. The last minute investment decisions will not only drain your finances but also may not always be the right choices. The ever increasing issues related to ULIPs are a classic example of misplaced choices. Small acts during the entire year will go a long way in avoiding last minute hassles. Two examples of these are*

- *Preserving Bills on Educational Expenses – Tuition Fees paid for first two children are eligible for exemption on production of the bills. All of us spend on our children's education and preserving the bills will help us in availing this exemption.*
- *Leave Travel Allowance – Similar to medical allowance, LTA is exempted from tax on production of travel receipts. We all go on travel atleast once during the year and preserving such receipts will help us during tax planning.*

*Similarly if we have a disabled dependent, then the amount incurred on supporting them can be claimed as exemption. The disability includes low vision, blindness, hearing disability, loco-motor impediment etc.*

*This year the Government of India has introduced "Rajiv Gandhi Equity Savings Scheme" (RGESS) giving tax exemption of up to Rs. 25000 for investments in Equities up to Rs. 50000. SEBI has recently introduced "Basic Services Demat Account" (BSDA) where, the AMC for DP account if holding stocks worth Rs. 50,000 is NIL. There are talks of making this tax concession a yearly feature. This scheme is an excellent tool for long term investing, which has always yielded good returns historically.*

*As the saying goes "If you fail to plan, you plan to fail". Hence always, plan your investments, choose schemes which will fit you and reap its benefits.*

**HAPPY INVESTING!!**



**Mr. BANABIHARI PANDA**  
President & Whole time Director  
Indbank Merchant Banking Services Ltd

02/02/2013

**Banabihari Panda**

President and Whole Time Director  
Indbank Merchant Banking Services Ltd



**Our website : [www.indbankonline.com](http://www.indbankonline.com)**

## IMPORTANT HAPPENINGS

### A. Economic Updates

- Highlights of the RBI's Third Quarter Monetary Review on 29.01.2013
  - Repo Rate (Rate at which RBI lends to banks) reduced by 25 bps to 7.75%. Consequently Reverse Repo is reduced to 6.75%
  - Cash Reserve Ratio (CRR) reduced by 25 bps to 4.00%.
  - GDP growth projection revised downwards to 5.5% from 5.8% earlier.
  - Expectation of inflation numbers reduced to 6.8% by March 2013 from 7.5%.
  - Money supply growth estimate reduced to 13% from 14%, but credit growth estimate maintained at 16%.
- Life Insurance Corporation gets license from the Singapore Government to start operation in the country.
- Railways hike passenger fares by upto 20%. The hike is effective from 21<sup>st</sup> January 2013.
- Government de-regulates diesel prices for Bulk buyers i.e. cement, mining, telecom, transport and power companies. Diesel prices for bulk consumption hiked by Rs.9.25 per liter. It has also approved a hike between 40-50 paisa per month for retail consumption.
- Cap on LPG subsidized cylinders raised to 9 from 6 per household per year effective from April 2013.
- Government hikes import duty on Gold and Platinum to 6% from 4%.
- To bridge the Current Account Deficit, RBI hikes FII investment limits in Government Securities and corporate bonds by \$5billion each, taking the total cap to \$ 75 billion. Further the 3-year lock-in period has also been abolished for the first time.
- The Central Government and the States have resolved the contentious issue of Compensation for the States, which has brightened the prospectus for the roll out of Goods and Services Tax (GST).
- Government decides not to convert unsold non-levy (free sale) sugar for the first 6 months of this season to levy sugar (sugar sold through PDS). This will help in improving the revenues of sugar mills.

### B. Regulatory Updates

- Government of India allows Indian Companies to merge with firms overseas through the issue of Indian Depository Receipts (IDR).
- SEBI proposes wide-ranging changes to the Buyback Regulations. Some of the key proposals are:
  - 25% of maximum amount of the proposed buyback should be kept in an Escrow Account.
  - Companies to complete buyback within 3 months compared to the current practice of 1 year.
  - Buyback of 15% or more of share capital to be done only through tender offer.
  - Companies doing share buyback cannot raise capital for 2 years.
- SEBI notifies new norms for "Associated Persons", making it mandatory for them to get necessary certifications to operate in equity and derivative markets.
- SEBI notifies Investment Advisors Regulations, 2013. Prescribes a minimum network of Rs. 25 Lakhs for investment advisors that are corporate bodies and Rs. 1 Lakh for individuals.

## Snap Shots

Inflation (%)	7.18 (Dec. 2012)	7.24 (Nov. 2012)	7.24 (Nov. 2012)	7.45 (Oct. 2012)	7.45 (Oct. 2012)
Particulars	25 <sup>th</sup> Jan. 2013	18 <sup>th</sup> Jan. 2013	11 <sup>th</sup> Jan. 2013	04 <sup>th</sup> Jan. 2013	28 <sup>th</sup> Dec. 2012
91-Day Cut-off (%)	7.9770	7.9770	8.0604	8.1022	8.1857
10-yr G-Sec yield (%)	7.9268	7.8971	8.0210	8.0210	8.1767
1-10 yr spread (bps)	8	6	11	11	14
USD/INR(Rs)	53.8515	53.9465	54.5390	54.8458	54.8473
USD 6m LIBOR	0.48	0.48	0.50	0.50	0.51
10 Y US Treasury	1.95	1.84	1.88	1.91	1.71
USD/Euro Spot	0.743154	0.751953	0.748876	0.766149	0.755963

## Global Indices

Indices	Country	Index as on 26 <sup>th</sup> Dec. 2012	Index as on 28 <sup>th</sup> Jan. 2013	Variation (%) (Inc/ Dec)
NASDAQ	United States	2,985.91	3,154.30	5.64
DJIA	United States	13,096.31	13,881.93	6.00
S&P 500	United States	1,418.10	1,500.18	5.79
Hang Seng	Hong Kong	22,619.78	23,671.88	4.65
Nikkei 225	Japan	10,322.98	10,824.31	4.86
Straits Times	Singapore	3,183.93	3,273.91	2.83
FTSE 100	United Kingdom	5,954.30	6,294.40	5.71
CAC 40	France	3,674.26	3,780.89	2.90
DAX	Germany	7,655.88	7,833.00	2.31
SENSEX	India	19,323.80	20,103.35	4.03
NIFTY	India	5,870.10	6,074.80	3.49

## Institutional Investments

Category	Debt / Equity	Gross Purchases (Rs Crores)	Gross Sales (Rs Crores)	Net Investment (Rs Crores)
FII Investments (in Jan. up to 29.01.13)	Equity	69359.80	49556.20	19803.80
	Debt	16524.80	13162.00	3362.80
Mutual Fund (in Jan. up to 28.01.13)	Equity	10389.70	14270.40	(3880.90)
	Debt	128108.10	86820.10	41287.90
FII Derivative Trades (in Jan. up to 29.01.13)	INDEX FUTURES	INDEX OPTIONS	STOCK FUTURES	STOCK OPTIONS
- Buy	21413.38	241795.27	37263.46	34486.35
- Sell	22175.17	233062.59	37618.31	35830.93

## Editorial Team

**Banabihari Panda**  
President and Whole-time Director

**S. Rajalakshmi**  
SSO

# IPO and NFO Review

## IPO NEWS

- Despite several initiatives “discipline” missing in IPO pricing states SEBI Chairman Mr. U K Sinha. Further, he also stated that SEBI may introduce the concept of “Safety Net”.
- A leading provider of environmental services, RAMKY ENVIRO ENGINEERS LTD. is looking to raise \$200 Million to finance a power plant driven by urban refuse. The company may file its papers next month.
- Vishwaraj Sugar Industries (VSL) is planning to go public with an IPO
- to raise up to Rs. 374 Cr. The Karnataka based company is looking to use the proceeds for expansion and doubling its production capacity.
- TATA Sky, is planning to raise Rs. 2500 Cr. through IPO and has selected Kotak Mahindra Capital Co., Morgan Stanley and Citigroup to manage its offering.
- Owners of matchmaking portal [www.bharatmatrimony.com](http://www.bharatmatrimony.com), Consim Info Pvt. Ltd plans to raise \$100 – 125 million in the 2<sup>nd</sup> half of 2013.
- ACB (India) Ltd, a coal washery operator is planning to raise upto Rs. 1000 Cr. through IPO and Offer For Sale (OFS) routes in this fiscal.

## CORPORATE ACTIONS

### NEW LISTINGS

Company Name	Offer Price (Rs.)	Exchange	Listing Date	List Price (Rs.)	Latest Traded Price	% Change to List Price (Rs.)
Virtual Global Education Ltd.	10.00	BSE	10.01.2013	8.50	10.70	25.88
Eco Friendly Food Processing Park Ltd	25.00	BSE	14.01.2013	24.50	23.25	(5.10)
Jay Mahesh Infraventures Ltd	10.00	BSE	23.01.2013	32.45	35.30	8.78

### FORTHCOMING ISSUES

Company Name	Face Value (Rs.)	Issue Open Date	Issue Closing Date	Premium (Rs.)	Issue Type	Listing on
V Mart Retail Ltd	10.00	01.02.2013	05.02.2013	205.00	Public Cum Offer for Sale	BSE, NSE

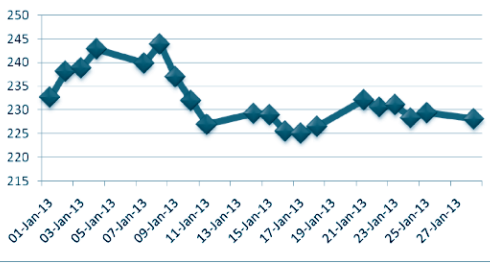
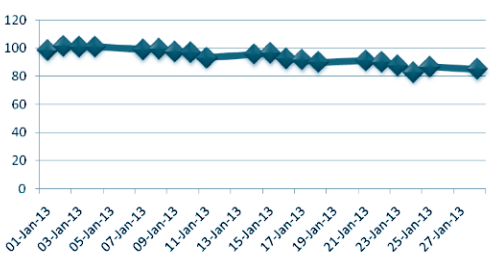
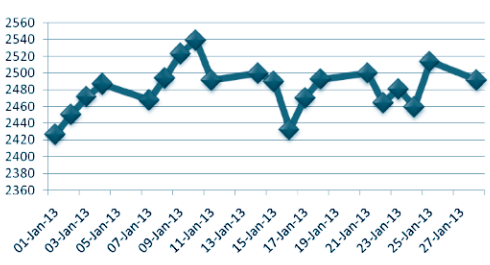
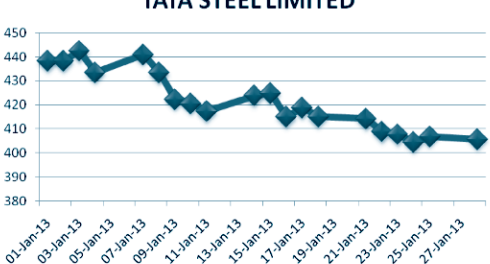
### FORTHCOMING CORPORATE ACTIONS

Company Name	Symbol	Record Date	Ex Date	Purpose
Transport Corporation of India Limited	TCI	04-Feb-13	01-Feb-13	Interim Dividend
Gandhi Special Tubes Limited	GANDHITUBE	04-Feb-13	01-Feb-13	Interim Dividend Rs 6 Per Share (Purpose Revised)
Indiabulls Financial Services Limited	INDIABULLS	04-Feb-13	01-Feb-13	Interim Dividend Rs 5.50 Per Share
Torrent Pharmaceuticals Limited	TORNTPHARM	04-Feb-13	01-Feb-13	Interim Dividend
Power Finance Corporation Limited	PFC	05-Feb-13	04-Feb-13	Interim Dividend
India Infoline Limited	INDIAINFO	05-Feb-13	04-Feb-13	Interim Dividend
Banaras Beads Limited	BANARBEADS	05-Feb-13	04-Feb-13	Interim Dividend
HIL Limited	HIL	06-Feb-13	05-Feb-13	Interim Dividend Rs 7.50 Per Share
Bharat Heavy Electricals Limited	BHEL	06-Feb-13	05-Feb-13	Interim Dividend
EID Parry India Limited	EIDPARRY	06-Feb-13	05-Feb-13	Interim Dividend
Edelweiss Financial Services Limited	EDELWEISS	07-Feb-13	06-Feb-13	Interim Dividend Re 0.55 Per Share
Gravita India Limited	GRAVITA	07-Feb-13	06-Feb-13	Interim Dividend Re 0.30 Per Share
Signet Industries Limited	SIGNETIND	07-Feb-13	06-Feb-13	Interim Dividend @ 12% On Equity Shares.
TVS Motor Company Limited	TVSMOTOR	07-Feb-13	06-Feb-13	Interim Dividend
Godrej Consumer Products Limited	GODREJCP	08-Feb-13	07-Feb-13	Interim Dividend
Financial Technologies (India) Limited	FINANTECH	08-Feb-13	07-Feb-13	Interim Dividend Rs 2 Per Share (Purpose Revised)
Rural Electrification Corporation Limited	RECLTD	11-Feb-13	08-Feb-13	Interim Dividend
Surya Roshni Limited	SURYAROSNI	11-Feb-13	08-Feb-13	Interim Dividend
IRB Infrastructure Developers Limited	IRB	12-Feb-13	11-Feb-13	Interim Dividend
Aarti Drugs Limited	AARTIDRUGS	12-Feb-13	11-Feb-13	Interim Dividend
Aarti Industries Limited	AARTIIND	12-Feb-13	11-Feb-13	Interim Dividend
Sundaram Clayton Limited	SUNCLAYLTD	14-Feb-13	13-Feb-13	Interim Dividend
MOIL Limited	MOIL	15-Feb-13	14-Feb-13	Interim Dividend
Steel Authority of India Limited	SAIL	18-Feb-13	15-Feb-13	Interim Dividend
Madras Cements Limited	MADRASCCEM	19-Feb-13	15-Feb-13	Interim Dividend
Page Industries Limited	PAGEIND	21-Feb-13	20-Feb-13	Interim Dividend

### NEW FUND OFFERS

Scheme	Type	Class	Open Date	Close Date	Offer Price	Min. Inv. Amount
Union KBC CPO S2	Close	Debt – Income	21.01.2013	04.02.2013	10	5000
DWS Hybrid FTF S11	Close	Debt – FMP	22.01.2013	04.02.2013	10	5000
HDFC FMP 448D Jan13	Close	Debt – FMP	31.01.2013	04.02.2013	10	5000
BirlaSL FTP S GJ	Close	Debt – FMP	01.02.2013	04.02.2013	10	5000
ICICI PruFMP S66 420	Close	Debt – FMP	05.02.2013	06.02.2013	10	5000
BirlaSL FTP S GK	Close	Debt – FMP	01.02.2013	06.02.2013	10	5000
Reliance FHF XXIII S1	Close	Debt – FMP	06.02.2013	11.02.2013	10	5000

## OUR PICKS

<p><b>BHARAT HEAVY ELECTRICALS LTD.</b> Indian state owned engineering and manufacturing enterprise.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> <li>↗ Foray into solar equipment manufacturing.</li> <li>↗ Import duty on electrical insulators imported from China.</li> <li>↗ Operational Efficiency.</li> <li>↗ Strong financial history.</li> <li>↗ EPS: 29.00.</li> <li>↗ PE Ratio: 8.40.</li> <li>↗ Book Value: Rs. 103.80.</li> </ul>	<p><b>BUY – Long Term</b></p> <p><b>CMP : Rs. 223.75*</b></p> <p><b>Target : Rs. 290.00</b></p> <p><b>52W H/L : Rs. 328/195.10</b></p> <p><b>Potential Upside – 20.00%</b></p>	<p><b>BHARATH HEAVY ELECTRICALS LTD</b></p>  <p><b>BSE Code: 500103</b> <b>NSE Code: BHEL</b></p>
<p><b>JAIPRAKASH ASSOCIATES LTD.</b> Diversified infrastructure conglomerate, leader in engineering &amp; construction of hydropower projects.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> <li>↗ De-Merger of Cement business.</li> <li>↗ Diversified presence across sectors.</li> <li>↗ Focus on reducing leverage.</li> <li>↗ New infrastructure projects.</li> <li>↗ EPS: 3.00.</li> <li>↗ PE Ratio: 31.30.</li> <li>↗ Book Value: Rs. 54.00.</li> </ul>	<p><b>BUY – Long Term</b></p> <p><b>CMP : Rs. 86.45*</b></p> <p><b>Target : Rs. 114.00</b></p> <p><b>52W H/L : Rs. 106.7/54.6</b></p> <p><b>Potential Upside – 22.00%</b></p>	<p><b>JPASSOCIATES LIMITED</b></p>  <p><b>BSE Code: 532532</b> <b>NSE Code: JPASSOCIAT</b></p>
<p><b>STATE BANK OF INDIA.</b> Leading PSU Bank in India.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> <li>↗ Strong Financial performance.</li> <li>↗ Capital infusion by Government.</li> <li>↗ Strategic initiatives to improve asset quality.</li> <li>↗ Probability of rate cuts by RBI.</li> <li>↗ EPS: 174.50.</li> <li>↗ PE Ratio: 14.30.</li> <li>↗ Book Value: Rs. 1251.10.</li> </ul>	<p><b>BUY – Long Term</b></p> <p><b>CMP : Rs. 2462.00*</b></p> <p><b>Target : Rs. 2990.00</b></p> <p><b>52W H/L : Rs. 2550/1800</b></p> <p><b>Potential Upside – 20.00%</b></p>	<p><b>STATE BANK OF INDIA</b></p>  <p><b>BSE Code: 500112</b> <b>NSE Code: SBIN</b></p>
<p><b>TATA STEEL LTD.</b> Part of the TATA group, India's largest industrial conglomerate.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> <li>↗ Significant demand growth potential.</li> <li>↗ Geographically well diversified.</li> <li>↗ Higher volumes; consolidated revenues.</li> <li>↗ Capacity Addition.</li> <li>↗ EPS: 55.50.</li> <li>↗ PE Ratio: 7.30.</li> <li>↗ Book Value: Rs. 466.70.</li> </ul>	<p><b>BUY – Long Term</b></p> <p><b>CMP : Rs. 397.75*</b></p> <p><b>Target : Rs. 481.00</b></p> <p><b>52W H/L : Rs. 501/348</b></p> <p><b>Potential Upside – 18.50%</b></p>	<p><b>TATA STEEL LIMITED</b></p>  <p><b>BSE Code: 500470</b> <b>NSE Code: TATASTEEL</b></p>



## OUR PICKS FOR MEDIUM TERM BUYING

<b>AMBUJA CEMENT LIMITED.</b> <b>The most profitable and innovative cement company.</b> <b>Stock Return</b> <ul style="list-style-type: none"> <li>3 Months – 0.50</li> <li>6 Months – 16.20</li> <li>9 Months – 20.50</li> </ul> Beta: 1.20 Market Cap: Rs. 309.70 Billion	BSE Code : 500425 NSE Code : AMBUJACEM  CMP : Rs. 196.60* Target : Rs. 220.00 Stop Loss : Rs. 192.00 52W H/L : Rs. 220.7/199.7
<b>HINDUSTAN PETROLEUM CORPORATION LIMITED.</b> <b>A Global Fortune 500 &amp; Forbes Global 2000 Company with a Navratna Status.</b> <b>Stock Return</b> <ul style="list-style-type: none"> <li>3 Months – 5.10</li> <li>6 Months – 12.30</li> <li>9 Months – 3.00</li> </ul> Beta: 1.00 Market Cap: Rs. 991.80 Billion	BSE Code : 500104 NSE Code : HINDPETRO  CMP : Rs. 332.50* Target : Rs. 342.00 Stop Loss : Rs. 275.00 52W H/L : Rs. 294.1/283.1
<b>IDFC LIMITED.</b> <b>India's leading infrastructure finance player engaged in providing financial services.</b> <b>Stock Return</b> <ul style="list-style-type: none"> <li>3 Months – 12.60</li> <li>6 Months – 32.80</li> <li>9 Months – 33.20</li> </ul> Beta: 1.60 Market Cap: Rs. 277.90 Billion	BSE Code : 532659 NSE Code : IDFC  CMP : Rs. 171.10* Target : Rs. 210.00 Stop Loss : Rs. 165.00 52W H/L : Rs. 184.5/90.4
<b>STERLITE INDUSTRIES LIMITED.</b> <b>Principal subsidiary of Vedanta Resources and fastest growing private sector company.</b> <b>Stock Return</b> <ul style="list-style-type: none"> <li>3 Months – 19.40</li> <li>6 Months – 12.10</li> <li>9 Months – 7.00</li> </ul> Beta: 1.70 Market Cap: Rs. 403.10 Billion	BSE Code : 500900 NSE Code : STER  CMP : Rs. 113.05* Target : Rs. 138.00 Stop Loss : Rs. 108.00 52W H/L : Rs. 138.4/88.6
<b>NHPC LIMITED.</b> <b>A Miniratna company engaged in hydro power generating business.</b> <b>Stock Return</b> <ul style="list-style-type: none"> <li>3 Months – 20.90</li> <li>6 Months – 38.20</li> <li>9 Months – 28.50</li> </ul> Beta: 0.40 Market Cap: Rs. 315.50 Billion	BSE Code : 533098 NSE Code : NHPC  CMP : Rs. 27.05* Target : Rs. 32.00 Stop Loss : Rs. 22.00 52W H/L : Rs. 26.1/14.7
<b>SUZLON ENERGY LIMITED.</b> <b>World's 5<sup>th</sup> largest wind turbine supplier, engaged in selling and installation of wind turbine generators.</b> <b>Stock Return</b> <ul style="list-style-type: none"> <li>3 Months – 19.90</li> <li>6 Months – (2.00)</li> <li>9 Months – (20.60)</li> </ul> Beta: 2.20 Market Cap: Rs. 34.30 Billion	BSE Code : 532667 NSE Code : SUZLON  CMP : Rs. 21.20* Target : Rs. 24.00 Stop Loss : Rs. 15.00 52W H/L : Rs. 32.4/14.75
<b>HCL TECHNOLOGIES LIMITED.</b> <b>A \$4 billion global company, is India's 4<sup>th</sup> largest IT services provider.</b> <b>Stock Return</b> <ul style="list-style-type: none"> <li>3 Months – 17.20</li> <li>6 Months – 47.60</li> <li>9 Months – 46.70</li> </ul> Beta: 0.70 Market Cap: Rs. 489.40 billion	BSE Code : 532281 NSE Code : HCLTECH  CMP : Rs. 692.00* Target : Rs. 774.00 Stop Loss : Rs. 675.00 52W H/L : Rs. 720.9/410.5
<b>ESSAR OIL LIMITED.</b> <b>Company engaged in exploration and production of oil, natural gas, refining of crude oil and marketing of petroleum products.</b> <b>Stock Return</b> <ul style="list-style-type: none"> <li>3 Months – 22.30</li> <li>6 Months – 42.90</li> <li>9 Months – 43.40</li> </ul> Beta: 1.30 Market Cap: Rs. 105.80 Billion	BSE Code : 500134 NSE Code : ESSAROIL  CMP : Rs. 75.35* Target : Rs. 90.00 Stop Loss : Rs. 70.00 52W H/L : Rs. 80.9/42.1

For detailed analyst reports, please visit: [www.indbankonline.com](http://www.indbankonline.com) ⇨ Reports & Downloads ⇨ Equity Research \*Closing price as on 29.01.2013 on NSE

## Mutual Fund Corner

### Scheme of the Month

#### RELIANCE TAX SAVER - GROWTH

**Fund Manager:** Mr. Ashwani Kumar /  
Mr. Virel Berawala

#### Investment Objective

The scheme aims to generate long-term capital appreciation from a portfolio that is invested predominantly in equity and equity related instruments.

Current Statistics & Profile	
Latest NAV	24.1447 (28/01/13)
52-Week High	25.1967 (07/01/13)
52-Week Low	19.2122 (30/01/12)
Fund Category	Equity-Tax Planning
Type	Open End
Launch Date	September 22, 2005
Net Assets (Cr)	2104.51 (31.12.2012)
Benchmark	BSE 100

#### Trailing Returns

As on 28.01.2013	Fund Return	Category Return
Year to Date	(2.16)	1.20
1-Month	(1.64)	1.35
3-Month	3.77	6.65
1-Year	23.98	19.69
<b>3-Year</b>	<b>11.19</b>	<b>7.98</b>
<b>5-Year</b>	<b>7.31</b>	<b>2.45</b>
Return Since Launch 12.73		

Note: Return up to 1 year are absolute and over 1 year are annualized

Asset Allocation	
As on 31/12/12	% Net Assets
Equity	99.85
Cash & Cash Equivalents	0.15

Investment Details	
Minimum Investment Amount	Rs.500
Additional Investment	Rs.500 & in multiples of Rs.500
Options	Dividend
Standard Deviation	2.4954
Sharpe Ratio& Beta	0.044 & 0.82

Fund Style	Portfolio Characteristic - As on 31-12-2012												
<div>Investment Style</div> <table><tr><td>Growth</td><td>Blend</td><td>Value</td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr></table>	Growth	Blend	Value										<div>Avg. Mkt. Cap – 6851.35 Cr</div> <div>Market Capitalization</div> <div>Giant – 11.08%</div> <div>Large – 7.84%</div> <div>Mid – 51.49%</div> <div>Small – 29.59%</div> <div>Portfolio P/B Ratio: 3.70</div> <div>Portfolio P/E Ratio:25.38</div>
Growth	Blend	Value											

#### PORTFOLIO – Top 10 Holdings as on 31/12/2012

Sl. No.	Name of Holding	Instrument	% Net Assets
1.	Eicher Motors	Equity	6.53
2.	State Bank of India	Equity	6.25
3.	Maruti Suzuki India	Equity	4.96
4.	Madras Cements	Equity	4.60
5.	Sanofi India	Equity	3.73
6.	Divis Laboratories	Equity	3.67
7.	TVS Motor Company	Equity	3.47
8.	Cummins India	Equity	3.33
9.	Alstom T & D	Equity	3.24
10.	Bharat Forge	Equity	3.17

#### Top Sector Weightings – As on 31/12/2012

Sector	% Net Assets
Automobile	23.93
Engineering	21.40
Financial	15.78
Construction	9.74
Services	8.59

## DERIVATIVES – PART V – OPTION PAY OFFS

In the previous issue, we got practical insights of the basic Option Pay offs. This issue we will explore some of the higher models of Option Payoff's.

### 1. Bull Call Spread

This strategy is adopted when the investor is moderately bullish on the markets going up in the short term.

This spread is formed by buying an "In the Money Call Option" and selling an "Out of the Money Call Option". Both the options should have the same underlying security and expiration month.

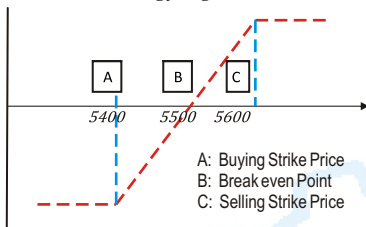
Here the Risk and the Rewards are "LIMITED" and Break even is **Strike Price of Buy Call+ Net Premium Paid.**

Illustration

Stock / Index	Type	Strike Price	Premium
NIFTY (Lot size 50)	Buy CALL	5400	150 (Outflow)
	Sell CALL	5600	50 (Inflow)
	Net Out Flow		100 (Outflow)

The pay-off schedule and chart for the above strategy is given below:

NIFTY @ Expiry	Net Payoff (Rs.)
5100 - 5400	(5000)
5500	0
Above 5600	5000



In the above chart, the break even happens the moment NIFTY crosses 5500 and the risk is also limited to maximum of Rs. 5000 (Lot size\* Net Premium Received i.e. (50\*100)).

Alternatively A Bull Put Spread can also be adopted. In case of above illustration, there will be a Inflow of Rs. 100 when a bull put strategy is adopted, all the rest remaining the same.

### 2. Bear Call Spread

This strategy is adopted when the investor is moderately bearish on the markets falling in the short term.

A Bear Call spread is formed by buying an "Out of the Money Option" and selling an "In the Money Option". Both the options should have the same underlying security and expiration month. Here the investor receives a net credit because the call bought is at a higher strike price than call that's sold.

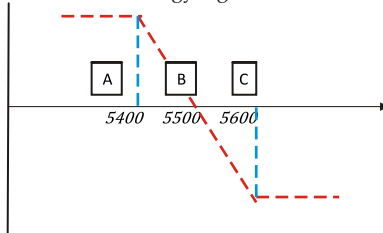
Here the Risk and the Rewards are "LIMITED" and Break even is **Strike Price of Short Call+ Premium Paid.**

Illustration

Stock / Index	Type	Strike Price	Premium
NIFTY (Lot size 50)	Buy CALL	5600	50 (Outflow)
	Sell CALL	5400	150 (Inflow)
	Net In Flow		100 (Inflow)

The pay-off schedule and chart for the above strategy is given below:

NIFTY @ Expiry	Net Payoff (Rs.)
5100 - 5400	(5000)
5500	0
Above 5600	5000



A: Buying Strike Price  
B: Break even Point  
C: Selling Strike Price

In the above chart, the break even happens the moment NIFTY crosses 5500 and the risk is also limited to maximum of Rs. 5000 (Lot Size\* Premium Received).

### 3. A Bear Put Spread

This strategy can also be adopted, wherein the investor forms the same spread but by buying and selling PUTS instead of Calls. The net effect of these strategies is to bring down the cost and raise the breakeven on the buying.

Illustration

Stock / Index	Type	Strike Price	Premium
NIFTY (Lot 50)	Buy PUT	5600	150 (Outflow)
	Sell PUT	5400	50 (Inflow)
	Net Out Flow		100 (Outflow)

The pay-off schedule and chart for the above strategy is given below:

NIFTY @ Expiry	Net Payoff (Rs.)
5100	(17500)
5200	(12500)
5300	(7500)
5400	(2500)
5500	0
5600	2500

The pay off chart remains the same as in the case of Bear Call Spread. The risk is limited to maximum of Rs. 5000 (100\*50).

### 4. Call Back Spread

This strategy is used by the investors when they are bullish on the market direction as well as volatility.

This strategy involves selling an "In the Money Call Option" and buying two lots of "Out of the Money Call Option", both having the same underlying security and expiration month. Here the investor makes profit when prices fall, although the gains are greater if the market rallies.

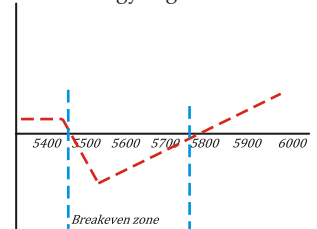
Here the Risk is Limited to difference between the two Strikes +/- net premium paid/ received. The Rewards are "UNLIMITED" on upside and "LIMITED" on the downside.

Illustration

Stock / Index	Type	Strike Price	Premium
NIFTY (Lot 50)	Sell CALL	5400	210 (Inflow)
	Buy CALL - 2 Lots	5600	90*2 = 180 (Outflow)
	Net In Flow		30 (Inflow)

The pay-off schedule and chart for the above strategy is given below:

NIFTY @ Expiry	Net Payoff (Rs.)
5200 - 5400	1500
5430	0
5500	(3500)
5600	(8500)
5700	(3500)



From the above chart we can infer that the breakeven happens the moment Nifty crosses 5430 or 5770 and the risk is limited to a maximum of Rs. 8500 (Buy Call Strike - Sell Call Strike - Net Premium Received)\* Lot Size.

*We trust that the information about Options were useful. Look out for the subsequent issues of our magazine for more Strategies on other derivative products.*

**HAPPY INVESTING!!!**

### DISCLAIMER

The information and opinions contained herein have been compiled or arrived at based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guarantee, representation of warranty, express or implied is made as to its accuracy, completeness or correctness. The information has appeared in various external sources / media for public use or consumption and is now meant only for members and subscribers. The views expressed and/or events narrated/stated in the said information/ news items are perceived by the respective source. All such information and opinions are subject to change without notice. This document is for information purpose only. No one can use the information as the basis for any claim, demand or cause of action. While we would endeavor to update the information herein on a reasonable basis, we do not undertake to advise you as to any change of our views expressed in this document. This report has been produced

independently of the company, and forward looking statements, opinions and expectations contained herein are entirely those of Indbank and given as part of its normal research activity. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this document is not, and should not be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. Indbank, its directors, analysts or employees do not take any responsibility financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of the shares and bonds, changes in the currency rates, diminution in the NAVs reduction in the dividend or income, etc. IBMS and its affiliates, officers, directors and employees including persons involved in the preparations or issuance of this report may from time to time have interest in securities thereof, companies mentioned there in.

# Indbankonline

All you have to do is open  
an Indnet Banking Account with Indian Bank,  
and both Demat  
and Online Trading Account with  
Indbank Merchant Banking Services Limited

## CONTACT US

1. Chennai	1st Floor, Khivraj Complex 1, No. 480 Anna Salai, Nandanam, Chennai 600 035, Ph: 044-24313094-97 (General), 044-24313092 (DP Direct), Fax: 044-24313093, Mobile: 9445797102, <a href="mailto:chennai@indbankonline.com">chennai@indbankonline.com</a> , <a href="mailto:imssbc@eth.net">imssbc@eth.net</a>
2. Harbour	Indian Bank, Harbour Branch (Ground Floor) 66, Rajaji Salai, Chennai 600 001, Ph: 044-25212057, Mobile: 9445797113, <a href="mailto:parrys@indbankonline.com">parrys@indbankonline.com</a>
3. Anna Nagar	Indian Bank, Ground Floor, W100 2nd Avenue, Anna Nagar, Chennai 40, Ph: 044-26280055, Mobile: 94457 97168, <a href="mailto:annanagar@indbankonline.com">annanagar@indbankonline.com</a>
4. CMDA	Indian Bank, CMDA Towers, No 1, Gandhi Irwin Road, Egmore, Chennai 600 008, Ph: 044-28547228, Mobile: 9445797114, <a href="mailto:cmda@indbankonline.com">cmda@indbankonline.com</a>
5. T. Nagar	Indian Bank, No. 7, Prakasam Road, TNagar, Chennai 600 017, Ph: 044-28150134, Mobile: 9445797117, <a href="mailto:tnagar@indbankonline.com">tnagar@indbankonline.com</a>
6. Adyar	Indian Bank, 91, 1st Main Road, Gandhi Nagar, Adyar, Chennai 600020, Ph: 044-24430080, Mobile: 94457 97153, <a href="mailto:adyar@indbankonline.com">adyar@indbankonline.com</a>
7. Ashok Nagar	Indian Bank, Ashok Nagar Branch, No. 69, 1 <sup>st</sup> Avenue, Ashok Nagar, Chennai 600 083, Ph: 044-24717736, Mobile: 9445797142, <a href="mailto:ashoknagar@indbankonline.com">ashoknagar@indbankonline.com</a>
8. Nanganallur	Indian Bank, Nanganallur Branch, Plot: 7B/8, 6 <sup>th</sup> Main Road, Nanganallur, Chennai 600 061, Ph: 044-22243317, Mobile: 9445797106, <a href="mailto:nanganallur@indbankonline.com">nanganallur@indbankonline.com</a>
9. Mylapore	Indian Bank, Ground Floor, 21 North Mada Street, Chennai 600004, Ph: 044-24618718, Mobile: 9445797118, <a href="mailto:mylapore@indbankonline.com">mylapore@indbankonline.com</a>
10. Purasawalkam	Indian Bank, No. 30/275 Purasawalkam, Vepery, Chennai 600 007, Ph: 044-26420924, Mobile: 9445797145, <a href="mailto:purasawalkam@indbankonline.com">purasawalkam@indbankonline.com</a>
11. Vellore	Indian Bank, Vellore Main Branch, 46-51, TKM complex, Katpadi Road, Vellore 632 004, Ph: 0416-2229785, Mobile: 94457 97161, <a href="mailto:vellore@indbankonline.com">vellore@indbankonline.com</a>
12. Delhi	Indian Bank Zonal Office, RBS Branch, Upper Ground Floor, World Trade Centre, Babar Road, New Delhi 110 001, Ph: 011-43537660/23414286, Mobile: 9871700661, <a href="mailto:delhi@indbankonline.com">delhi@indbankonline.com</a>
13. Preet Vihar	Indian Bank, Preet Vihar Branch, C-47, Preet Vihar, New Delhi 110 092; Ph: 011-22452969, Mobile: 9871700664, <a href="mailto:preetvihar@indbankonline.com">preetvihar@indbankonline.com</a>
14. Shantiniketan	Indian Bank, Shantiniketan Branch, DDA Market, Shantiniketan, New Delhi - 110021. Ph.: 011-24112289 / 40520442, <a href="mailto:shantiniketan@indbankonline.com">shantiniketan@indbankonline.com</a>
15. Noida	Indian Bank, B 258, Sector 50, Noida Uttar Pradesh 201 307; Ph: 0120-2500595, Mobile: 9871700662; <a href="mailto:noida@indbankonline.com">noida@indbankonline.com</a>
16. Mumbai	Varma Chambers, Ground Floor, 11, Homeji Street, Fort, Mumbai 400 001. Ph: 022-22634641, Fax: 22634642, Mobile: 93222 90461 / 98923 30762, <a href="mailto:mumbai@indbankonline.com">mumbai@indbankonline.com</a>
17. Vile Parle	Indian Bank, Indian Bank Vile Parle (East), 325 Gitanjali Arcade, 1st Floor, Nehru Road, Vile Parle (East), Mumbai 400 057; Ph: 022 - 26122263, Mobile: 9969487763; <a href="mailto:vileparle@indbankonline.com">vileparle@indbankonline.com</a>
18. Matunga Bazar	Indian Bank, Basement, No. 266 A Temple Avenue, Deodhar Road, Matunga East, Mumbai 400 019; Ph: 022-24142443 / 44, Mobile: 9699020170; <a href="mailto:matunga@indbankonline.com">matunga@indbankonline.com</a>
19. Pune	Indian Bank, Pune Cantonment Branch, 35 Aurora Towers, East Wing, 9 Moledina Road, Pune 411 001, Ph: 0420-26113687 / 26111387, Mobile: 7588682391, <a href="mailto:pune@indbankonline.com">pune@indbankonline.com</a>
20. Chandigarh	Indian Bank, S C 038-39, Madhya Marg, Sector 7C, Sector 19, Chandigarh - 160 019, Ph: 0172 - 2790042, Mobile: 9780529029, <a href="mailto:chandigarh@indbankonline.com">chandigarh@indbankonline.com</a>
21. Ahmedabad	Indian Bank, Maruti House, Opp. Popular, Old High Court Way, Ashram Road, Ahmedabad 380 009. Ph: 079-40076020, Mobile: 9925113060, <a href="mailto:ahmedabad@indbankonline.com">ahmedabad@indbankonline.com</a>
22. Coimbatore	I Floor, 31, Variety Hall Road, Coimbatore 641 001. Ph: 0422-2391616, 2394343, Mobile: 94457 97121, <a href="mailto:coimbatore@indbankonline.com">coimbatore@indbankonline.com</a>
23. Salem	Indian Bank, Salem Fort Branch, Door No. 45, Sannathi Street, Fort, Salem 636 001, Ph: 0427 - 2222866, Mobile: 9445797159, <a href="mailto:salem@indbankonline.com">salem@indbankonline.com</a>
24. Tiruppur	Indian Bank, P O Box: 101, No. 83. Court St, Tiruppur 641 601, Ph: 0421-4325343 / 2230720, Mobile: 9445797123, <a href="mailto:tiruppur@indbankonline.com">tiruppur@indbankonline.com</a>
25. RS Puram	Indian Bank, Door No. 434, DB Road, RS Puram, Coimbatore 641 002, Ph: 0422-2470602 / 4521720, Mobile: 9445797125, <a href="mailto:rspuram@indbankonline.com">rspuram@indbankonline.com</a>
26. Udumalpet	Indian Bank, 130 Palani Main Road, Udumalpet 642 126, Ph: 04252-222293, Mobile: 9445797130, <a href="mailto:udumalpet@indbankonline.com">udumalpet@indbankonline.com</a>
27. Emakulam	Indian Bank, Door No. 40 / 8005 & 40 / 8006, MG Road, Nr. Padma Junction, Emakulam - 682 035, Ph: 0484-4061532 / 2362060, Mobile: 9446032060, <a href="mailto:emakulam@indbankonline.com">emakulam@indbankonline.com</a>
28. Bangalore	Indian Bank, City Branch, No. 10, Kempegowda Road (KG Road), Bangalore 560 009; Ph: 080 - 22879082, Mobile: 8050681463, <a href="mailto:bangalore@indbankonline.com">bangalore@indbankonline.com</a>
29. Bangalore Cantonment	Indian Bank, No. 35, Lady Curzon Road, Shivaji Nagar, Commercial Street, Bengaluru 560 001, Ph: 080 - 25589081, Mobile: 9886012017, <a href="mailto:bangalorecantt@indbankonline.com">bangalorecantt@indbankonline.com</a>
30. Mangalore	Indian Bank, P B No: 109, KS Rao Road, Hampakatta, Mangalore 575 001, Ph: 0824-2412528 / 4261482, Mobile: 9483506528, <a href="mailto:mangalore@indbankonline.com">mangalore@indbankonline.com</a>
31. Udipi	Indian Bank, Krishna Arcade, Opp. Shankar Vittal Garage, G B Panth Road, Udipi 576 101; Ph: 0820 2526187; Mobile: 9538417747, <a href="mailto:udupi@indbankonline.com">udupi@indbankonline.com</a>
32. Tirunelveli	Indian Bank, 1 <sup>st</sup> Floor, New No. 33 (Old No. 5J), Madurai Road, Tirunelveli Junction, Tirunelveli 627 001. Ph: 0462-2330471 / 72, Mobile: 9445797135, <a href="mailto:tirunelveli@indbankonline.com">tirunelveli@indbankonline.com</a>
33. Palayamkottai	Indian Bank, No. 39, No. 84, Thiruvanthampur Road, Palayamkottai, Tirunelveli 627 002, Ph: 0462-2580086, Mobile: 94457 97138, <a href="mailto:palayamkottai@indbankonline.com">palayamkottai@indbankonline.com</a>
34. Sivakasi	Indian Bank, No. 55 New Road, Sivakasi 626 123, Ph: 04562-279188, Mobile: 9445797137; <a href="mailto:sivakasi@indbankonline.com">sivakasi@indbankonline.com</a>
35. Rajapalayam	Indian Bank, Rajapalayam Branch, 825 Tenkasi Road, Rajapalayam 626 117; Ph: 04563-221333; Mobile: 9445797166; <a href="mailto:rajapalayam@indbankonline.com">rajapalayam@indbankonline.com</a>
36. Madurai	Indian Bank, Zonal Office, Third Floor, 100 / 101, Avani Moola Street, Madurai 625 001, Ph: 0452-2332128 / 4514126; Mobile: 94457 97143, <a href="mailto:madurai@indbankonline.com">madurai@indbankonline.com</a>
37. KKNagar	Indian Bank, No. 1, Vinayaka Nagar, KKNagar, Madurai 625 020, Ph: 0452-2523126 / 4381140, Mobile: 94457 97141, <a href="mailto:kknagar@indbankonline.com">kknagar@indbankonline.com</a>
38. Hyderabad	I Floor, 3-6-150, Himayat Nagar, Hyderabad 500 029. Ph: 040-23261167 / 68, Fax: 040-23261169, Mobile: 7382620474, <a href="mailto:hyderabad@indbankonline.com">hyderabad@indbankonline.com</a>
39. Secunderabad	Indian Bank, 201, Karan Center, Sarojini Devi Road, Secunderabad, Andhra Pradesh 500 003, Ph: 040-27811200, Mobile: 7382620475, <a href="mailto:secunderabad@indbankonline.com">secunderabad@indbankonline.com</a>
40. Srinagar Colony	Indian Bank, 127, Srinagar Colony road, Srinagar Colony, Hyderabad, Andhra Pradesh 500 073, Ph: 040-23753200, Mobile: 7382620476, <a href="mailto:srinagarcolony@indbankonline.com">srinagarcolony@indbankonline.com</a>
41. Guntur	Indian Bank, Brodipet Branch, 5-37-57, IV Line, Guntur 522 002; Ph: 0863-2220143; Mobile: 7382620472, <a href="mailto:guntur@indbankonline.com">guntur@indbankonline.com</a>
42. Puducherry	Indian Bank, Puducherry Main Branch, No. 288, 2 <sup>nd</sup> Floor, Amudha Surabhi, M G Road, Puducherry 605 001, Ph: 0413-2226822, Mobile: 9445797167, <a href="mailto:puducherry@indbankonline.com">puducherry@indbankonline.com</a>
43. Erode	Indian Bank, Erode Main Branch, No. 9, Gandhiji Road, Erode 638 001, Ph: 0424-2268890, 4020335, Mobile: 9445797149, <a href="mailto:erode@indbankonline.com">erode@indbankonline.com</a>
44. Kangeyam	Indian Bank, No. 451 / 3 Rajaji Street, Opp. Surya Agency, Kangeyam 638 701, Ph: 04257-222890, Mobile: 9445797152, <a href="mailto:kangeyam@indbankonline.com">kangeyam@indbankonline.com</a>
45. Srirangam	Indian Bank, S.N. Towers, No. 121, Thiruvalluvar Street, Srirangam, Trichy 620 006, Ph: 0431-2431911 / 4200998, Mobile: 9445797144, <a href="mailto:srirangam@indbankonline.com">srirangam@indbankonline.com</a>
46. Tiruchy	Indian Bank, Sree Naga Arcade, No. 5 Williams Road, Cantonment, Trichy 620 001, Ph: 0431-2461632 / 4001170, Mobile: 9445797154, <a href="mailto:trichy@indbankonline.com">trichy@indbankonline.com</a>
47. Tuticorin	Indian Bank, 92 N Devar Puram Road, Melur, Tuticorin 628 003, Ph: 0461-2331130, Mobile: 9445797156, <a href="mailto:tuticorin@indbankonline.com">tuticorin@indbankonline.com</a>
48. Thanjavur	Indian Bank Micro-State Branch, Ground Floor, No:1087, Mission Street, Thanjavur 613 001, Ph: 04362-232186, Mobile: 9445797162, <a href="mailto:thanjavur@indbankonline.com">thanjavur@indbankonline.com</a>
49. Kumbakonam	Indian Bank, Kumbakonam Main Branch, TS No. 492-32, Dr. Besant Road, Kumbakonam 612 001; Ph: 0435-2400110; Mobile: 9445797163; <a href="mailto:kumbakonam@indbankonline.com">kumbakonam@indbankonline.com</a>
50. Vishakhapatnam	Indian Bank, 30-9-3, 1 <sup>st</sup> Floor, Sarada St, Dabagardens, Visakhapatnam 530 020, Ph: 0891-2525775, Mobile: 7382620477, <a href="mailto:visakhapatnam@indbankonline.com">visakhapatnam@indbankonline.com</a>
51. Calicut	Indian Bank, Kozhikode Branch, LIC Building, SM Street, Kozhikode 673 001, Ph: 0495-2720070, Mobile: 9495605777, <a href="mailto:calicut@indbankonline.com">calicut@indbankonline.com</a>
52. Thrissur	Indian Bank, Kollannur Devassy Building, Round East, Thrissur, Kerala 680 001; Ph: 0487 - 2331222; Mobile: 9495563300; <a href="mailto:thrissur@indbankonline.com">thrissur@indbankonline.com</a>
53. Vijayawada	Indian Bank, 1 <sup>st</sup> Floor, M G Road, Opp. Fortune Murali Park, Labbipet, Vijayawada 520 010. Ph: 0866-2490402, Mobile: 7382620470, <a href="mailto:vijayawada@indbankonline.com">vijayawada@indbankonline.com</a>
54. Kolkatta	Indian Bank, 3 / 1, R N Mukherjee Road, Sriram Chambers, Kolkatta 700 001, Ph: 033 - 22624958, Mobile: 8100243564, <a href="mailto:kolkatta@indbankonline.com">kolkatta@indbankonline.com</a>

## FRANCHISEE OFFICE

176 A, Coimbatore Main Road, Mettupalayam 641 301, Ph. : 04254 222788