Indbank@nline

MARKETS FOR YOU

January - 2014 Private Circulation only Issue - 80

From the President's Desk

Going, going and gone. Yes, 2013 is gone. And it is time for resolutions again!! Every New Year begins with hope and happiness for a better tomorrow. 2014 is no different and it promises to be an exciting year ahead. Globally, Fed has started its long awaited tampering of the QE and locally we will be facing the General Election. The State Election Results which were touted to be a precursor has led to more questions than answers.

While everyone is trying to predict the Indian economy, the election results, the movement of markets etc. my suggestion would be to concentrate on Building Wealth for our future needs. This topic is often spoken by many, but few hardly execute their plans. How to build wealth and make our money work for us? The following six steps will help you in the same:



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

- 1. Start Early
- 2. Invest Regularly
- 3. Invest for Long Term
- 4. Review Regularly
- 5. Update your knowledge
- 6. Understand Budgets

The above are not new and also not difficult to implement. However the above are what most people fail to do so. Most people are unaware of the power of Compounding. The savings in Pension Funds is a classic example of how compounding helps in value addition. For example if a person who is 25 years old starts investing Rs.1500 every month for the next 35 years he will build a corpus of Rs. 57.4 lakhs at a rate of return of 10%. However if he starts investing when he is 30 years, to build the same corpus he has to invest Rs. 2525 per month. Similarly one has to invest regularly and for a longer term. The other thing is never invest in instruments which you don't understand, however phenomenal the returns are. We have seen a quite few of our customers invest in Derivatives market, without fully understanding the risks involved and ultimately losing their hard earned money. Finally know your needs and invest your surplus inflows. Keep track of your expenses and always be prepared for a rainy day.

We have continued our series on Options in our "Beginners Corner" and have listed out a few practical strategies which we believe you to find useful. Finally,

WISHING ALL OUR CLIENTS A VERY HAPPY NEW YEAR, PONGAL & SANKRANTI!

Banabihari Panda

02/01/2014

President and Whole Time Director Indbank Merchant Banking Services Ltd



Markets for You

IMPORTANT HAPPENINGS

- 1. Surprising everyone, the Reserve Bank of India has kept Repo Rates unchanged. The prevailing rates are Bank Rate: 8.75%; Repo Rate: 7.75%; Reverse Repo Rate: 6.75%; Marginal Standing Facility Rate: 8.75%; Current Reserve Ratio (CRR): 4%.
- 2. India's GDP for Q2FY2014 came in at Rs. 13,68,594 crores, registering a year-on-year growth of 4.8%, which was largely in line with market estimations.
- 3. In a move to regulate Research Analysts and Research reports SEBI has come out with a discussion paper and invited public comments.
- 4. Insurance Regulatory and Development Authority of India (IRDA) has allowed insurance companies to sell some products and then take approval, whereas the current practice is to get approval first and then sell. This might lead to more innovative tailor-made insurance products.
- 5. IRDA is in the process of fixing the process related issues related to newly launched "Insurance Repository System". Insurance Repository System allows policyholders to keep insurance policies in electronic form and undertake changes and revisions in the policy with accuracy and security.
- 6. The Reserve Bank of India has come out with detailed guidelines on banks undertaking insurance business.
- 7. To reduce credit and liquidity risks in clearing corporations of stock exchanges, a working group of RBI and SEBI is planning to shift the settlement of funds from commercial banks to RBI. The group has sought responses from clearing corporations of BSE, NSE&MCX.
- 8. The RBI is planning to announce a separate category of "TOO **BIG TO FAIL**" banks which will have to set aside more capital to cover risks and be subject to more regulations by the banking regulator.
- 9. SEBI has eased the account opening process for Trading and **Demat accounts** and also reduced the number of investor signatures required on forms.
- 10. SEBI has decided to permit stock exchanges to introduce cashsettled interest rate futures on 10-year Government of India securities.
- 11. A high level committee of SEBI has proposed to bringing in Public Servants handling share price sensitive information under "Insider Trading" purview. SEBI is in the process of overhauling the Insider Trading Regulations.
- 12. The Bombay Stock Exchange has waived transaction charges for currency derivatives.
- 13. The Government of India has modified the FDI policy to allow unlisted companies to directly list on stock exchanges abroad to raise funds for acquisitions or retiring overseas debt.
- 14. SEBI has modified the eligibility norms for illiquid stocks & relaxed rules on trading of thinly traded stocks.
- 15. SEBI does away with Stamp Duty for Agreements on Demat Accounts.

Snap Shots

Inflation (%)	7.52 (Nov. 2013)	7.00 (Oct. 2013)	6.46 (Sep. 2013)	6.46 (Sep. 2013)
Particulars	20 th Dec. 2013	13 th Dec. 2013	06 th Dec. 2013	29 th Nov. 2013
91-Day Cut-off (%)	8.6456	8.7712	8.6456	8.9388
10-yr G-Sec yield (%)	9.0115	9.1639	9.0525	8.9250
1-10 yr spread (bps)	27	38	32	29
USD/INR(Rs)	62.2420	62.1266	61.6673	62.3948
USD 6m LIBOR	0.35	0.35	0.34	0.35
10 Y US Treasury	2.89	2.87	2.88	2.74
USD/Euro Spot	0.731444	0.728490	0.730380	0.735124

Global Indices

Indices	Country	Index as on 25 th Nov. 2013	Index as on 27 th Dec. 2013	Variation (%) (Inc/ Dec)
NASDAQ	United States	3,994.57	4,156.59	4.06
DJIA	United States	16,072.54	16,478.41	2.53
S&P 500	United States	1,802.48	1,841.40	2.16
Hang Seng	Hong Kong	23,684.45	23,243.24	(1.86)
Nikkei 225	Japan	15,619.13	16,178.94	3.58
Shanghai Composite	China	2,186.11	2,101.25	(3.88)
Straits Times	Singapore	3,180.65	3,149.76	(0.97)
FTSE 100	United Kingdom	6,694.60	6,750.90	0.84
CAC 40	France	4,301.97	4,277.65	(0.57)
DAX	Germany	9,299.95	9,589.39	3.11
SENSEX	India	20,605.08	21,193.58	2.86
NIFTY	India	6,115.35	6,313.80	3.25

Institutional Investments

Category	Debt / Equity	Gross Purchases (Rs Crores)	Gross Sales (Rs Crores)	Net Investment (Rs Crores)
FII Investments	Equity	61492.60	45939.70	15552.90
(in Dec. up to 27.12.2013)	Debt	15121.50	9741.50	5379.90
Mutual Fund	Equity	8180.10	8732.00	(551.70)
(in Dec. up to 29.12.2013)	Debt	100125.40	53828.50	46296.60
FII Derivative Trades (in Dec. up to 27.12.2013)	INDEX FUTURES	INDEX OPTIONS	STOCK FUTURES	STOCK OPTIONS
- Buy	46907.31	239029.34	63933.74	16827.48
- Sell	43399.57	234724.53	68014.61	16976.12

Editorial Team

Banabihari Panda

President and Whole-time Director

Indbank@nline

S. Rajalakshmi

SSO

IPO and NFO Review

IPO NEWS

- > The Bombay Stock Exchange Limited has said that it is in the process of completing all formalities for its IPO. The exchange is seeking an offering that would value it at about Rs. 4000-5000 Cr. and raise Rs. 800-1000 Cr.
- > Mr. G Mohan Kumar, Steel Secretary, Government of India, has hinted that the IPO of state owned steel maker Rashtriya Ispat Nigam Limited (RINL) is likely to take more time to hit the markets due to un-favorable stock market conditions.
- ➤ In a move to revive the dwindling primary market, SEBI has done away with Mandatory grading of Initial Public Offers. From now on, IPO grading is Voluntary.
- > Bangalore headquartered GMR Infrastructure has hired

- Citigroup, JP Morgan, Axis Capital & IDFC for managing the listing of its airport business that is expected to raise US\$ 300-350 million.
- > SEBI chief Mr. U K Sinha has said that companies can go creative in their advertisements to lure investors as long as they are complying with risk disclosure requirements. However, he also stated that SEBI will not compromise on disclosures on risk factors and substantial facts.
- ➤ Mumbai based telecommunication infrastructure provider Suyog Telematics has filed document with SEBI to go for public issue of 18.12 lakh equity shares of Rs. 10 each at a price of Rs. 25 per share aggregating to Rs. 4.53 Cr.

CORPORATE ACTIONS

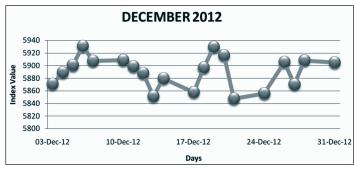
FORTH COMING CORPORATE ACTIONS					
Company Name	Symbol	Ex Date	Record Date	Purpose	
Raisaheb Reckhchand Mohota Spinning &					
Weaving Mills Limited	RAIREKMOH	02-Jan-14	03-Jan-14	Interim Dividend Re.0.10 Per Share	
NELCO Limited	NELCO	06-Jan-14	-	Annual General Meeting	
Wheels India Limited	WHEELS	06-Jan-14	07-Jan-14	Interim Dividend Rs.4/- Per Share	
Siemens Limited	SIEMENS	15-Jan-14	-	Annual General Meeting / Dividend - Rs 5/- Per Share	
Walchandnagar Industries Limited	WALCHANNAG	16-Jan-14	-	Annual General Meeting / Dividend - Re 0.40/- Per Share	
MphasiS Limited	MPHASIS	22-Jan-14		Annual General Meeting / Dividend - Rs 17/- Per Share	

NEW LISTINGS						
Company Name	Offer Price (Rs.)	Exchange	Listing Date	List Price (Rs.)	Latest Traded Price	% Change to List Price (Rs.)
Captain Polyplast Ltd.	30.00	BSE – SME	11.12.2013	33.00	35.00	6.06
Modex International Securities Ltd.	10.00	BSE – SME	27.12.2013	16.00	16.75	4.69
B P Capital Ltd.	10.00	BSE – SME	27.12.2013	9.00	9.00	0.00

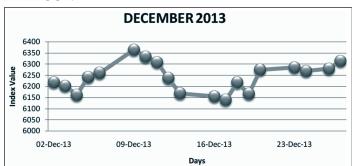
FORTHCOMING ISSUES					
Company Name	Offer Price (Rs.)	Exchange	Issue Type	Issue Opening Date	Issue Closing Date
RCI Industries	40.00	BSE – SME	Public Issue	30.12.2013	06.01.2014
Suyog Telematics Ltd.	25.00	BSE – SME	Public Issue	30.12.2013	07.01.2014

NEW FUND OFFERS						
Scheme	Туре	Class	Open Date	Close Date	Offer Price	Min. Inv. Amount
SBI Tax Advantage SIII	Close	Equity – ELSS	28.12.2013	27.03.2014	10	5000
BirlaSL FTP S JN	Close	Debt – FMP	31.12.2013	02.01.2014	10	5000
BirlaSL FTP S JO	Close	Debt – FMP	03.01.2014	06.01.2014	10	5000
BirlaSL FTP S JP	Close	Debt – FMP	01.01.2014	07.01.2014	10	5000

MARKET COMPARISON



Indbank@nline



OUR PICKS

CUMMINS INDIA LTD

Cummins India Ltd (CIL) established in 1962, is a group of complimentary business units that design, manufacture, distribute and service engines & related technologies. The engines include fuel systems, air handling, filtration emission solutions & electrical power generation systems. It's a part of Cummins Inc. with presence across 200 locations and a combined turnover of Rs. 11560 Cr. in 2012.

Investment Rationale

- A Margins maintained due to increased focus on cost efficiencies despite dismal financial performance.
- ◆ Long Term growth opportunities.
- 4 Expected rise in prices, post CPCB implementation.
- Weak power availability and high power generation demand.
- Well focused on expanding facilities, with an eye on long term growth.
- ← Increased Capital Expenditure.

KEYRISK:

- ← Slow down in domestic markets.
- Increasing Competition due to foray of new players.
- ♠ Low liquidity.
- ← EPS: 27.60.
- ♠ PE Ratio: 15.70.
- → Book Value: Rs. 86.10.

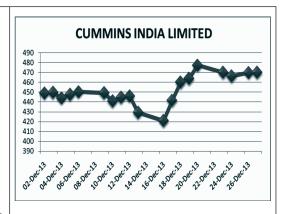
BUY – Long Term

CMP : Rs. 469.95*

Target : Rs. 520.00

52W H/L: Rs. 542.4/369.1

Potential Upside - 13.50%



BSE Code: 500480 NSE Code: CUMMINSIND

CADILA HEALTHCARE LIMITED.

Ahmedabad based company founded in 1952. CHL is a well known research oriented, technology driven pharma company focused on research areas of biotechnology, formulations and Active Pharmaceutical Ingredients (APIs). With 20 discovery research programmes under various stages of clinical development, the group invests over 7% of its turnover in research.

Investment Rationale

- ← CHL revenue growth expected at 17% CAGR.
- Plans to strengthen its presence in domestic formulations market through its patented diabetes drug.
- ◆ Growth opportunities in US formulation business.
- ♠ Robust export growth.
- ♠ Improved margins.
- ◆ New product launches.
- ♠ New Drug Policy.

KEYRISK:

- 4 High Competition due to entry of new players, putting pressure on prices.
- Developing new medicines becoming increasingly expensive business.
- Delay in Regulatory Approvals, Weak Seasonal Demand.
- ♠ EPS: 31.90.
- ◆ PE Ratio: 23.10.
- ◆ Book Value: Rs. 143.80.

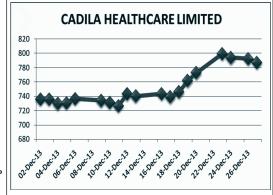
BUY – Long Term

CMP : Rs. 787.20*

Target : Rs. 850.00

52W H/L : Rs. 913.3/629

Potential Upside – 15.20%



BSE Code: 532321 NSE Code: CADILAHC

Indbank@nline

January - 2014

OUR PICKS FOR MEDIUM TERM BUYING

TILAK NAGAR INDUSTRIES LIMITED.	BSE Code : 507205
A leading player in the liquor industry and manufactures Indian Made Foreign Liquor (IMFL). Over 75 years of existence, owns more than 40 brands across categories.	NSE Code : TI
Stock Return	CMP : Rs. 58.10*
3 Months – (1.20)	Target : Rs. 72.00
6 Months – (15.40)	Stop Loss : Rs. 50.00
1 Year – (11.02)	52W H/L : Rs. 89.7/44.8
ø Beta: 0.26	
Market Cap: Rs. 7.07 Billion	
JUBILIANT FOODWORKS LIMITED.	BSE Code : 533155
India's largest food service company with a network of 650 Domino's Pizza Restaurants	NSE Code : JUBLFOOD
across 137 cities and 19 Dunkin Donuts Restaurants.	
Stock Return	CMP : Rs. 1259.90*
3 Months – 26.20	Target : Rs. 1640.00
6 Months – 19.70	Stop Loss : Rs. 1200.00
1 Year – 5.80	52W H/L : Rs.1391.9/927.
ø Beta: 0.31	
Market Cap: Rs. 79.52 Billion	
ATUL AUTO LIMITED.	BSE Code : 531975
3 wheeler manufacturing company with a production capacity of 48000 units. Has aggressive expansion plans and is debt free.	NSE Code : ATULAUTO
Stock Return	CMP : Rs. 289.95*
3 Months – 68.30	Target : Rs. 350.00
6 Months – 51.70	Stop Loss : Rs. 260.00
1 Year - 75.90	52W H/L : Rs. 314/139.90
ø Beta: 0.11	
Market Cap: Rs. 3.33 Billion	
BHARTI INFRATEL LIMITED.	BSE Code : 534816
India's leading provider of tower and related infrastructure. The company deploys, owns and manages telecom communication structures for various mobile operators.	NSE Code : INFRATEL
Stock Return	CMP : Rs. 168.65*
3 Months – 20.90	Target : Rs. 200.00
6 Months – 2.50	Stop Loss : Rs. 156.00
1 Year – (9.40)	52W H/L : Rs. 216/126.3
a Beta: 0.61	
Market Cap: Rs. 326.00 Billion	
UST DIAL LIMITED.	BSE Code : 535648
India based search engine company providing information and user reviews from the Company's database of local businesses, products & services.	NSE Code : JUSTDIAL
Stock Return	CMP : Rs. 1381.85*
3 Months – 62.80	Target : Rs. 1650.00
6 Months – 120	Stop Loss : Rs. 1230.00
	52W H/L : Rs. 1439/581
1 Year - 128.30	
1 Year - 128.30 Beta: 0.47	

 $For \textit{detailed analyst reports, please \textit{visit:}} \underline{\textit{www.indbankonline.com}} \quad \Longrightarrow \textit{Reports \& Downloads} \quad \Longrightarrow \textit{Equity Research} \quad *\textit{Closing price as on 27.12.2013 on NSE}$

Indbank@nline

Mutual Fund Corner

Scheme of the Month

AXIS LONG TERM EQUITY - GROWTH

LEVEL OF RISK: BROWN (HIGH RISK)
Fund Manager: Mr. Jinesh Gopani

Investment Objective: To generate income and long-term capital appreciation from a diversified portfolio of predominantly equity and equity-related securities. Axis Tax Saver has been renamed as Axis Long Term Equity Fund with effect from September 2, 2011.

Cur	Current Statistics & Profile				
Latest NAV	17.27 (27.12.2013)				
52-Week Range	13.54 – 17.26				
52-Week High	17.27 (27.12.2013)				
52-Week Low	13.54 (28.08.2013)				
Fund Category	Equity – Tax Planning				
Туре	Open End				
Launch Date	December 21 2009				
Net Assets (Cr)	Rs. 640 (30.09.2013)				
Benchmark	S&P BSE 200				

Trailing Returns

As on 27.12.2013	Fund Return	S & P BSE Tri Sensex Return	Category Return		
Year to Date	16.53	4.39	6.48		
1-Month	4.31	4.62	5.62		
3-Month	16.44	9.27	12.59		
1-Year	17.22	5.14	7.25		
3-Year	10.74	0.73	2.72		
Return Since Launch 14.64					

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

Asset Allocation				
As on 30/11/2013	% Net Assets			
Equity	97.96			
Cash & Cash Equivalents	2.01			

Investment Details				
Minimum Investment Amount	Rs. 500			
Additional Investment	In multiples of Rs. 500			
SIP	Yes; Min Rs.1000; Min Months:30			
Options	Dividend			
Expense Ratio (%)	2.85 (Regular); 0.00 (Direct)			
Exit Load	Nil			

Fund Style	Portfolio Characteristic - As on 30.11.2013
Investment Style	Avg. Mkt. Cap – 26760.69 Cr
Growth Blend Value	Market Capitalization
Cal	Giant – 43.12%
e la p	Large – 10.45%
Ge Medium Sr	Mid – 35.75%
ium	Small –10.68%
ion Sn Sn	Portfolio P/B Ratio: 6.25
Small	Portfolio P/E Ratio: 50.11

PORTFOLIO – Top 10 Holdings as on 30/11/2013

SI. No.	Name of Holding	Instrument	% Net Assets
1.	Larsen & Toubro	Equity	6.83
2.	HDFC Bank	Equity	6.47
3.	Kotak Mahindra Bank	Equity	6.19
4.	HDFC	Equity	5.80
5.	Tata Consultancy Services	Equity	5.59
6.	ITC	Equity	5.31
7.	Divi's Laboratories	Equity	4.44
8.	TTK Prestige	Equity	3.96
9.	Sun Pharmaceutical Industries	Equity	3.77
10.	Tech Mahindra	Equity	3.42

Top Sector Weightings – As on 30/11/2013

Sector	% Net Assets	
Financial	26.83	
Technology	13.11	
Healthcare	12.08	
Automobile	11.58	
FMCG	7.27	

Indbank@nline 6 January - 2014

Beginner's Corner

DERIVATIVES - PART 3 - OPTION STRATEGIES - I

In our series on Derivatives during the last two months, we have detailed the option basics and option chain. In this issue we move to Strategies for trading in If you have missed our earlier issues, please visit our website www.indbankonline.com→ Research & Downloads → Newsletter and go through the required month's issue.

Type of Options

There are 3 types of Options based on their Strike Price and the resultant value of the option.

- In the Money Option (ITM): An ITM is an option which would yield a positive cash flow to the holder of the option, if it were to be exercised immediately. A call option on the index is said to ITM, when the current index stands at a level higher than the strike price i.e. SPOT PRICE > STRIKE PRICE. If the index is much higher than the strike price, the call is said to be deep ITM. For puts, the put is ITM if the index is below the strike
- At the Money Option (ATM): An ATM is an option which would lead to Zero cash flows to the holder of the option, if it were to be exercised immediately. Here SPOT PRICE = STRIKE PRICE.
- Out of the Money Option (OTM): An OTM is an option which leads to negative cash flow if exercised immediately. A call option on the index is OTM, if the current index stands at a level which is lower than the strike price i.e. SPOT PRICE < STRIKE PRICE.

Value of an Option

The value of an Option consist of broadly two parts

- Intrinsic Value: The intrinsic value of an option is the amount by which the option is ITM. If the option is OTM, then its intrinsic value is Zero.
- Time Value: The time value of an option is the difference between its premium and its intrinsic value. Only ATM or OTM options have time value. The Time Value is highest when the option is ATM. The longer the time to expiration, the greater is an options time value.

Options don't have any time value at expiration.

Flew Options Contracts for: Select Index 💌 OR Search for an underlying							tock:	GO	Filte	er byt	Expiry D	este 28NI	0V201:	3 💌		Futures o	ontract	s				
CALLS															PUT	s						
hart	OI	Chng in	Volume	IV	LTP	Het Chng	Bid	Bid Price	Ask Price	Ask	Strike Price	Bid	Bid Price	Ask Price	Ask	Net Chng	LTP	IV	Volume	Chng in	о	Char
1							1,250	181.70	205.35	1,250	660.00											
7							1,250	164.30	182.85	1,250	680.00											
7							1,250	144.35	162.90	1,250	700.00											
1							1,250	124.40	142.65	1,250	720.00											100
1	-			-			1,250	104.45	122.95	1,250	740.00		-				-					12
1	1,250	-	-	-	-		1,250	86.05	101.50	1,250	760.00	-	-	0.90	250	-	-	-	-		1,500	12
1	1,250						250	70.30	77.70	1,500	780.00	250	0.40	1.20	250						15,750	P
1	2,000	-	-	-		-	1,500	50.30	54.70	250	800.00	4,000	0.50	0.90	250	-0.55	0.60	30.21	35	-2,750	90,750	12
1	6,750	-1,250	20	26.30	35.60	3.40	250	32.65	35.30	250	820.00	250	1.40	1.75	250	-1.10	1.50	25.54	336	3,000	119,000	12
1	57,750	2,750	427	26.89	20.00	2.95	250	17.60	18.05	250	840.00	250	4.90	5.10	10,500	-2.55	5.05	22.45	1,174	46,250	425,000	P
1	542,000	89,250		24.42		-1.25		7.05	7.15	500	860.00	9,500	13.15		250		13.50		1,307		475,250	
1	654,500	-21,750		26.61	2.75	-0.95		2.65	2.70	250	880.00	750	28.45	29.80	250		27,65		254		205,000	
1	1,354,250	250		29.75		-0.70		1.25	1.35	250	900.00	250	46.85	48.35	500		46.00	25.62	18		180,750	
1	863,750	-2,500		34.03		-0.40		0.60		2,500	920.00	500		67.75	250		65,45		3	-250		
1	392,500	-500		39.36			7,750	0.30		1,500	940.00	1,250	80.60		1,250	11.90	86,65		2		27,750	
1	324,500	-2,000	12	43.88	0.35		750	0.25		250	960.00	1,250		114.35	1,250						1,250	
1	124,250						1,500	0.10		3,500	900.00		115.90		1,250						1,250	
1	218,750	-250		48.36			2,250	0.10		2,000	1000.00		135.85		1,250	-	-				1,750	
1	13,750		- 1	49.96	0.05	-0.10				3,000	1020.00		155.80		1,250						1,250	
7	1,750		-	-	-		1,000	0.10	0.25	2,000	1040.00	1,250	173.20	196.80	1,250	-	-	-	-	-	1,250	

PICTURE 1 - OPTION CHAIN

In above picture, for the options which are shaded, the Strike Price (s) is below the Spot \dot{P} rice of Rs. 850.40. It shows that call options in the left hand side of the chart are In the Money as long as the Strike Price is below the Spot Price of Rs. 850.40. Similarly, Put Options in the right hand side of the Chart are In the Money as long as the Strike Price is above the Spot Price of Rs. 850.40.

Option Strategies

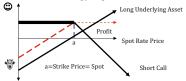
Option Strategies can be used to hedge one's holding position as well as to speculate. Also, different options can be combined to create different synthetic instruments to fit into one's risk and return profile. For example, an investor can purchase or sell either a call option or put option alone (NAKED OPTION STRATEGY); or trade the option with underlying asset at the same time (HEDGING STRATEGY); or trade calls or puts with different exercise prices or different expiration dates (SPREAD STRATEGY); or combine calls and puts in one transaction (COMBINATION STRATEGY). We will explain few of these strategies in this and the next month's issue.

A. Covered Call

- Market Outlook Neutral to Slightly Bullish
- Buv Stock; Sell Calls equal to the value of stock purchased. Thus the position is Short Call, with long underlying asset.

In this strategy the risk and the reward is limited. However, if there is high volatility in the markets, the positions can get hurt. This strategy of covered call writing is used by Risk Averse Speculators. It gives the investor (who sells a call) to receive the option premium. If the option is exercised by the buyer, the seller can use his long position in the asset to fulfill the obligation under the call. Here the losses arising from the sell of the option will be offset by the gains on the long underlying asset position. However, if the price decline is more than the premium received then there will be a loss on the underlying asset position. Exporters can use this strategy in the Currency Option Market.

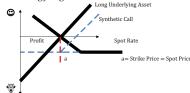
The Pay off Matrix for this strategy is given below



As opposed to the above strategy, importers can use covered put writing strategy (Short put option against short underlying asset).

B. Synthetic Call Strategy (Long Put + Long Underlying Asset which in turn

- will give the profile of a long call option).
- Market Outlook Bullish.
- Purchase Stock. b.
- Buy Put on Stock Strike Price of the put can be price at which the stock is bought (ATM) or slightly below (OTM)
- This is low risk strategy, which limits the loss in case of fall in market but the potential for profit is unlimited when the stock price rises. This strategy in the currency option market is ideal for risk averse exporters too.
- The Pay off Matrix for this strategy is given below:



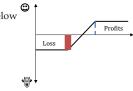
Synthetic Put Strategy (Long Call + Short on Underlying Asset).
As opposed to Synthetic Call, under Synthetic Put Strategy one creates long position on call option with short position on underlying asset, which in turn will give the profile of a Long Put Option. This strategy in Currency Option market is ideal for Risk Averse importers.

Protective Strategy D.

- Market Outlook Cautiously Bullish
- Buy Stock; Sell Puts equal to the number of stock purchased
- In this strategy the risk is limited but reward is unlimited. This is also the ideal strategy when the market volatility is high.
- The Pay off Matrix for this strategy is given below

Bull Spread E.

- Market Outlook Bullish
- Buy 1 Call (ITM); Sell 1 Call at higher strike price (OTM)
- In this the risk and the reward is limited.
- Similarly if the Market Outlook is Neutral then the same strategy can be followed by buying Puts.
- The Pay off Matrix for this strategy is given below



We will discuss other option strategies like Collar, Butterfly, Straddle, Strangle etc. in our next issue.

DISCLAIMER

The information and opinions contained herein have been complied 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/s now meant only for members and subscribers. The views expressed and/or events narrated/stated in the said information have items are perceived by the respective source. All such information and opinions are subject to change without notice. This document is for information proseounly. No one can use the information as the basis for any claim, demand or cause of action. While we work elevator 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 by noticition in the prices of the shares and bonds, changes in the currency rates, diminution in the NA/s reduction in the dividend or income, etc. IBMBS 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 there of, companies mentioned there in.

Indbankanline

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,
2.	Harbour	Mobile: 9445797102, chennai@indbankonline.com, imssbc@eth.net Indian Bank. Harbour Branch (Ground Floor) 66. Raiaii Salai. Chennai 600 001. Ph; 044-25212057, Mobile: 9445797113, parrys@inbankonline.com
3.	Anna Nagar	Indian Bank, Ground Floor, W100 2nd Avenue, Anna Nagar, Chennal 40, Ph: 044-26280055, Mobile: 94457 97168, annanagar@indbankonline.com
4.	CMDA	Indian Bank, CMDA Towers, No 1, Gandhi Irwin Road, Egmore, Chennai 600 008, Ph: 044-28547228, Mobile: 9445797114, cmda@indbankonline.com
5.	Adyar	Indian Bank, 91, 1st Main Road, Gandhi Nagar, Adyar, Čhennai 600020, Ph: 044-24430080, Mobile : 94457 97153, <u>adyar@inbankonline.com</u>
6.	Ashok Nagar	Indian Bank, Ashok Nagar Branch, No. 69, 1st Avenue, Ashok Nagar, Chennai 600 083, Ph: 044-24717736, Mobile: 9445797142, ashoknagar@indbankonline.com
4. 5. 6. 7. 8.	Nanganallur	Indian Bank, Nanganallur Branch, Plot: 7B/8, 6 th Main Road, Nanganallur, Chennai 600 061, Ph: 044-22243317, Mobile: 9445797106, nanganallur@indbankonline.com
8.		Indian Bank, Ground Floor, 21 North Mada Street, Chennai 600004, Ph: 044-24618718, Mobile: 9445797118, mylapore@indbankonline.com
9. 10.	Purasawalkam	Indian Bank, No. 30/275 Purasawalkam, Vepery, Chennai 600 007, Ph. 044 - 26420924, Mobile: 9445797145, purasawalkam@indbankonline.com
10. 11.	Vellore Delhi	Indian Bank, Vellore Main Branch, 46-51, TKM complex, Katpadi Road, Vellore 632 004, Ph: 0416-2229785, Mobile: 94457 97161, vellore@indbankonline.com Indian Bank Zonal Office, RBS Branch, Upper Ground Floor, World Trade Centre, Babar Road, New Delhi 110 001, Ph: 011-43537660/23414286, Mobile: 9871700661,
11.	Dellii	delhi@indbankonline.com
12.	Shantiniketan	Indian Bank, Shantiniketan Branch, DDA Market, Shantiniketan, New Delhi - 110021. Ph.: 011 - 24112289 / 40520442, shantiniketan@indbankonline.com
13 .	Mumbai	Varma Chambers, Ground Floor, 11, Homeji Street, Fort, Mumbai 400 001. Ph: 022-22696386, Mobile: 93222 90461, mumbai@indbankonline.com
14.	Matunga Bazar	Indian Bank, Basement, No. 266 A Temple Avenue, Deodhar Road, Matunga East, Mumbai 400 019; Ph: 022-24142443/44, Mobile: 9699020170;
4-	Pour e	matunga@indbankonline.com
15.	Pune	Indian Bank, Pune Cantonment Branch, 35 Aurora Towers, East Wing, 9 Moledina Road, Pune 411 001, Ph: 0420-26113687/26111387, Mobile: 7588682391, pune@indbankonline.com
16.	Chandigarh	Indian Bank, S C 0 38-39, Madhya Marg, Sector 7C, Sector 19, Chandigarh - 160 019, Ph: 0172 - 2790042, Mobile: 9780529029, chandigarh@indbankonline.com
17.	Ahmedabad	Indian Bank, Maruti House, Opp. Popular, Old High Court Way, Ashram Road, Ahmedabad 380 009. Ph: 079-40076020, Mobile: 9925113060.
		ahmedabad@indbankonline.com
18.	Colmbatore	Floor, 31, Variety Hall Road, Coimbatore 641 001. Ph: 0422-2391616, 2394343, Mobile : 94457 97121, coimbatore@indbankonline.com
19.	Salem	Indian Bank, Salem Fort Branch, Door No. 45, Sannathi Street, Fort, Salem 636 001, Ph: 0427-2222866, Mobile: 9445797159, salem@indbankonline.com
20. 21.	Tiruppur R S Puram	Indian Bank, P O Box: 101, No. 83. Court St, Tiruppur 641 601, Ph: 0421-4325343/2230720, Mobile: 9445797123, <u>tiruppur@indbankonline.com</u> Indian Bank, Door No. 434, D B Road, R S Puram, Coimbatore 641 002, Ph: 0422-2470602/4521720, Mobile: 9445797125, rspuram@inbankonline.com
22.	Udumalpet	Indian Bank, 130 Palani Main Road, Udumalpet 642 126, Ph. 04252–222293, Mobile: 9445797130, udumalpet@indbankonline.com
23.	Emakulam	Indian Bank, Door No. 40/8005 & 40/8006, M G Road, Nr. Padma Junction, Ernakulam - 682 035, Ph: 0484-4061532/2362060, Mobile: 9446032060,
	_	ernakulam@indbankonline.com
24.	Bangalore	Indian Bank, City Branch, No. 10, Kempegowda Road (KG Road), Bangalore 560 009; Ph: 080 - 22879082, Mobile: 8050681463, bangalore@indbankonline.com
25.	Bangalore Cantonment	Indian Bank, 35, Lady Curzon Road, Shivaji Nagar, Commercial Street, Bengaluru 560 001, Ph: 080 - 25589081, Mobile: 9886012017, bangalorecantt@indbankonline.com
26.	Mangalore	Indian Bank, P B No: 109, K S Rao Road, Hampakatta, Mangalore 575 001, Ph: 0824–2412528/4261482, Mobile: 9483506528, mangalore@indbankonline.com
27.	Tirunelveli	Indian Bank, 1st Floor, New No. 33 (Old No. 5J), Madurai Road, Thirunelveli Junction, Thirunelveli 627 001. Ph: 0462-2330471/72, Mobile: 9445797135,
		<u>tiruneveli@indbankonline.com</u>
28.	Palayamkottai	Indian Bank, P.B. No. 39, No. 84, Thiruvanathampuram Road, Palayamkottai, Tirunelveli 627 002, Ph: 0462–2580086, Mobile: 94457 97138,
29.	Sivakasi	palayamkottai@indbankonline.com Indian Bank, No. 55 New Road, Sivakasi 626 123, Ph: 04562–279188, Mobile: 9445797137; sivakasi@indbankonlline.com
30.	Rajapalayam	Indian Bank, Najapalayam Branch, 825 Tenkasi Road, Rajapalayam 626 117; Ph:04563-221333; Mobile: 9445797166; rajapalayam@indbankonline.com
31.	Madurai	Indian Bank, Zonal Office, Third Floor, 100/101, Avani Moola Street, Madurai 625001, Ph: 0452-2332128 / 4514126; Mobile: 94457 97143, madurai@indbankonline.com
32.	K K Nagar	Indian Bank, No. 1, Vinayaka Nagar, K K Nagar, Madurai 625 020, Ph: 0452–2523126/4381140, Mobile: 94457 97141, kknagar@indbankonline.com
33.	Hyderabad	Floor, 3-6-150, Himayat Nagar, Hyderabad 500 029. Ph: 040-23261167 / 68, Fax: 040-23261169, Mobile: 7382620474, <u>hyderabad@indbankonline.com</u>
34.	Secundarabad	Indian Bank, 201, Karan Center, Sarojini Devi Road, Secunderabad, Andhra Pradesh 500 003, Ph: 040-27811200, Mobile : 7382620475, secundarabad@indbankonline.com
35.	Srinagar Colony	Indian Bank, 127, Srinagar Colony road, Srinagar Colony, Hyderabad, Andhra Pradesh 500 073, Ph: 040-23753200, Mobile: 7382620476,
· ·	omagai oolony	srinagarcolon/@indbankonline.com
36.	Guntur	Indian Bank, Brodipet Branch, 5-37-57, IV Line, Guntur 522 002; Ph:0863 - 2220143; Mobile: 7382620472, guntur@indbankonline.com
37.	Tirupathi	No.24, 293-294, Gandhi Road, Tirupathi 517 501; Phone No: 0877 - 2259199; Mobile: 9912415516; <u>tirupathi@indbankonline.com</u>
38.	Puducherry	Indian Bank, Puducherry Main Branch, No. 288, 2 nd Floor, Amudha Surabhi, M G Road, Puducherry 605 001, Ph: 0413–2226822, Mobile: 9445797167,
39.	Erode	puducherry@indbankonline.com Indian Bank, Erode Main Branch, No. 9, Gandhiji Road, Erode 638 001, Ph: 0424-2268890, 4020335, Mobile: 9445797149, erode@indbankonline.com
40.	Kangeyam	Indian Bank, No. 451/3 Rajaji Street, Opp. Surya Agency, Kangeyam 638 701, Ph. 04257–222890, Mobile: 9445797152, kangeyam@indbankonline.com
41.	Srirangam	Indian Bank, S.N. Towers, No. 121, Thiruvalluvar Street, Srirangam, Trichy 620 006, Ph. 0431-2431911/4200998, Mobile: 9445797144, srirangam@indbankonline.com
42.	Tirchy	Indian Bank, Sree Naga Arcade, No. 5 Williams Road, Cantonment, Trichy 620 001, Ph. 0431-2461632 / 4001170, Mobile: 9445797154, trichy@indbankonline.com
43.	Tuticorin	Indian Bank, 64 Beach Road, 1st Floor, Tuticorin 638 001, Ph: 0461-2331130, Mobile: 9445797156, tuticorin@indbankonline.com
44. 45.	Thanjavur Kumbokonom	Indian Bank Micro-State Branch, Ground Floor, No:1087, Mission Street, Thanjavur 613 001, Ph: 04362-232186, Mobile: 9445797162, thanjavur@indbankonline.com Indian Bank, Kumbakonam Main Branch, T S No. 492-32, Dr. Besant Road, Kumbakonam 612 001; Ph: 0435-2400110; Mobile: 9445797163;
40.	Kumbakonam	lindian Bank, Kumbakonam Main Branch, 1 S No. 492-32, Dr. Besant Road, Kumbakonam 612 001; Ph. 0435-2400110; Mobile: 9445797163; kumbakonam@indbankonline.com
46.	Vishakapatanam	Indian Bank, 30-9-3, 1* Floor, Sarada St, Dabagardens, Visakhapatnam 530 020, Ph: 0891-2525775, Mobile: 7382620477, visakhapatnam@indbankonline.com
		h a

Indian Bank, Kozhikode Branch, LIC Building, S M Street, Kozhikode 673 001, Ph: 0495–2720070, Mobile: 9495605777, calicut@indbankonline.com Indian Bank, Kollannur Devassy Building, Round East, Thrissur, Kerala 680 001; Ph: 0487 - 2331222; Mobile: 9495563300; thrissur@indbankonline.com

Indian Bank, 3/1, R N Mukheriee Road, Sriram Chambers, Kolkata 700 001, Ph: 033 - 22624958, Mobile: 8100243564, kolkata@indbankonline.com

Indian Bank, 1st Floor, M G Road, Opp. Fortune Murali Park, Labbipet, Vijayawada 520 010. Ph: 0866-2490402, Mobile: 7382620470, vijayawada@indbankonline.com

Calicut

Thrissur Vijayawada Kolkatta