

Indbankonline

MARKETS FOR YOU

Private Circulation only

November - 2013

Issue - 78

From the President's Desk

It's time for the Festival of Lights and I take this opportunity to "WISH OUR CLIENTS A VERY HAPPY AND PROSPEROUS DIWALI"

Any festival brings joy and hope and the fervor is higher for Diwali. The celebration of Diwali as the "victory of good over evil" refers to the light of higher knowledge dispelling all ignorance, the ignorance that masks one's true nature, not as the body, but as the unchanging, infinite, immanent and transcendent reality. This Diwali is more joyful as the indices are at their all time high. The various measures put in place by the Government has started yielding results, combined with good results of the companies has restored the confidence of the investors in the Indian Economy. With the global economy also picking up, this run has turned out to be an outstanding one.



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

With the festivities around, we tend to give our budgets a go. We tend to splurge and enjoy the goodness around. The words of wisdom from the greatest investor are given below:

"Don't save what is left after spending, spend what is left after savings" – Warren Buffett

Let the first expense of every month be that of saving, goes another famous line. Diwali as much as its time for celebration is also a time for new beginning. Diwali used to mark the end of the harvest season, when the farmers thank Gods for the good harvest for the year gone by and pray for another good harvest for the year to come.

Hence let's start by investing a part of savings in equities starting with this Diwali. Equities are one asset class which has yielded good returns over longer terms. Over the years equity markets have evolved to include derivatives, exchange traded funds, mutual funds, commodities etc. Summarizing this Diwali let's make a determined effort to make a disciplined investment plan. In our "Beginners Corner" we have started a series on Options to help our clients understand the nuances of the options better. We trust you to find the information useful. However, we will always be happy to help you on your investments.

Until next issue, DILIGENT INVESTING!!

Banabihari Panda

President and Whole Time Director
Indbank Merchant Banking Services Ltd

08/11/2013



Our website : www.indbankonline.com

IMPORTANT HAPPENINGS

A. Economic Updates

- Key points from 2nd Quarter Review of the Monetary Policy by Reserve Bank of India.
 - Repo Rate increased by 25 bps to 7.75% from 7.50%. Reverse Repo Rate also changed from 6.50% to 6.75%, keeping the gap between these two rates at 1%.
 - Cash Reserve Ratio left unchanged at 4.00%.
 - Increase in term repo cap by 0.25% to 0.50% of Net Demand and Time Liabilities.
 - Marginal Standing Facility (MSF) rate reduced by 25bps to 8.75% from earlier 9%.
 - Gap between repo rate and MSF brought back to 100 bps.
- Inflation data for September 2013.
 - CPI Inflation at 9.84% vs 9.52% (Month on Month (MoM) basis).
 - WPI Inflation at 6.46% vs 6.10% (Month on Month (MoM) basis).
- The Bombay Stock Exchange has allowed mutual fund distributors to use its infrastructure for purchase and redemption of Mutual Fund units directly from Asset Management Companies on behalf of their clients.
- SEBI is proposing to put in place a uniform policy for trade cancellation following recent incidents of freak trades in stock exchanges.
- SEBI announces draft rules to allow establishment of Real Estate Investment Trusts (REITs).
- The RBI has allowed banks to raise funds from Global Multilateral Institutions until November 30, 2013 as long as the money raised is for general banking purposes and not for capital enhancement.
- Securities and Exchange Board of India (SEBI) would seek an approval from its board for revision in illustrative format of statements of assets and liabilities as well as profit and loss to be furnished by listed companies. Amendments are being proposed to the SEBI (ICDR) regulations, 2009, to align the norms with that in the Companies Act, 2013.
- SEBI is planning to make it mandatory for fund houses to record votes on resolutions and provide the rationale for their decisions to protect investors and make disclosures more transparent and reliable.
- The Insurance Regulatory and Development Authority (IRDA) has extended the deadline to withdraw old products in the traditional category from the market to December 31, 2013. The earlier deadline was October 1, 2013.
- The Reserve Bank of India has said that Non Banking Finance Companies (NBFC) will get priority for new commercial bank licenses.
- To make it easier for Overseas Entities to invest in Indian Markets, SEBI has proposed to grant registration to them within 10 days of application under the new Foreign Portfolio Investor (FPI) regime.
- SEBI will soon be appointing a Self Regulatory Organization (SRO) for mutual fund distributors.
- SEBI is in the process of framing guidelines to check possible misuse of social media in capital markets.
- SEBI has proposed new norms for settlement of administrative and civil proceedings against suspected market defaulters, except in cases of serious violations like illicit pooling of funds from investors, insider trading and fraudulent and unfair trades.
- Giving boost to SME sector, SEBI has issued SEBI (Listing of Specified securities on Institutional Trading Platform) Regulations, 2013.

Snap Shots

Inflation (%)	6.46 (Sep. 2013)	6.10 (Aug. 2013)	6.10 (Aug. 2013)	5.79 (July 2013)
Particulars	25 th Oct. 2013	18 th Oct. 2013	11 th Oct. 2013	04 th Oct. 2013
91-Day Cut-off (%)	8.7712	8.8969	8.8550	9.5686
10-yr G-Sec yield (%)	8.8088	8.8024	8.6678	8.8108
1-10 yr spread (bps)	26	19	1	(15)
USD/INR (Rs.)	61.6250	61.2760	61.1570	61.4050
USD 6m LIBOR	0.35	0.36	0.36	0.37
10 Y US Treasury	2.50	2.59	2.68	2.65
USD/Euro Spot	0.724921	0.730186	0.737496	0.736249

Global Indices

Indices	Country	Index as on 30 th Sep. 2013	Index as on 30 th Oct. 2013	Variation (%) (Inc/ Dec)
NASDAQ	United States	3,771.48	3,930.62	4.22
DJIA	United States	15,129.67	15,618.76	3.23
S&P 500	United States	1,681.55	1,763.31	4.86
Hang Seng	Hong Kong	22,859.86	23,304.02	1.94
Nikkei 225	Japan	14,455.80	14,502.35	0.32
Shanghai Composite	China	2,174.67	2,160.46	(0.65)
Straits Times	Singapore	3,167.87	3,230.44	1.98
FTSE 100	United Kingdom	6,462.20	6,777.70	4.88
CAC 40	France	4,143.44	4,274.11	3.15
DAX	Germany	8,594.40	9,010.27	4.84
SENSEX	India	19,379.77	21,033.97	8.54
NIFTY	India	5,735.30	6,251.70	9.00

Institutional Investments

Category	Debt / Equity	Gross Purchases (Rs Crores)	Gross Sales (Rs Crores)	Net Investment (Rs Crores)
FII Investments (in October up to 31.10.13)	Equity	57051.30	41344.90	15706.20
	Debt	14770.90	28348.60	(13578)
Mutual Fund (in October up to 29.10.13)	Equity	6319.80	9892.70	(3573.00)
	Debt	83906.60	46766.70	37140.10
FII Derivative Trades (in October up to 31.10.13)	INDEX FUTURES	INDEX OPTIONS	STOCK FUTURES	STOCK OPTIONS
- Buy	57560.22	346108.12	60442.59	24896.90
- Sell	52994.25	350879.12	64468.65	25530.11

Editorial Team

Banabihari Panda
President and Whole-time Director

S. Rajalakshmi
SSO

IPO and NFO Review

IPO NEWS

- Twitter is planning to raise USD 1.4 billion in an IPO as per the documents filed with US Securities & Exchange Commission reveals. Twitter will list on NYSE as "TWTR" and the price range is between \$17- \$20 per share.
- Indian Companies fund raising through IPO's in the first half of the current fiscal registered a growth of 36% at Rs. 1050 Cr. as compared to Rs. 772 Cr. There were 16 firms which raised funds through IPO and out of them 15 were in the SME segment. The only non-SME firm was Just Dial whose IPO raised Rs. 919 Cr.
- Taking strong action in IPO fraud case, SEBI has ordered attachment of bank accounts of 3 individuals to recover penalties worth over Rs. 12 Cr. slapped on them for irregularities in IPO's of various firms between 2003-05. The three individuals are Roopalben Nareshbhai Patel, Arjav Nareshbhai Panchal and Biren Kantilal Shah.
- SEBI has directed Cals Refineries not to issue equity shares or any other instrument convertible into equity shares or alter their capital structure in any manner till further directions. Cals had already undergone prohibition imposed on it for a period of two years due to GDR manipulation charges against the company.

CORPORATE ACTIONS

FORTH COMING CORPORATE ACTIONS

Company Name	Symbol	Record Date	Ex Date	Purpose
Foseco India Limited	FOSECOIND	01-Nov-13	31-Oct-13	Interim Dividend- Rs 4.50/- Per Share
Gujarat Ambuja Exports Limited	GAEL	01-Nov-13	31-Oct-13	Interim Dividend Re.0.70 Per Share (Purpose Revised)
Sundaram Clayton Limited	SUNCLAYLTD	04-Nov-13	31-Oct-13	Interim Dividend Rs.9/- Per Share (Purpose Revised)
Motilal Oswal Financial Services Limited	MOTILALOSFS	01-Nov-13	31-Oct-13	Interim Dividend Re 1 Per Share (Purpose Revised)
Hindustan Unilever Limited	HINDUNILVR	01-Nov-13	31-Oct-13	Interim Dividend Rs.5.50 Per Share (Purpose Revised)
Indiabulls Securities Limited	IBSEC	01-Nov-13	31-Oct-13	Interim Dividend Re 1/- Per Share
Indiabulls Real Estate Limited	IBREALEST	01-Nov-13	31-Oct-13	Interim Dividend - Re. 1/- Per Share
K.P.R. Mill Limited	KPRMILL	01-Nov-13	31-Oct-13	Interim Dividend Rs.4/- Per Share
IPCA Laboratories Limited	IPCALAB	01-Nov-13	31-Oct-13	Interim Dividend Rs.2.50 Per Share (Purpose Revised)
Indiabulls Housing Finance Limited	IBULHSGFIN	02-Nov-13	31-Oct-13	2nd Interim Dividend Rs.7/- Per Share
Marico Limited	MARICO	05-Nov-13	01-Nov-13	Scheme Of Arrangement And First Interim Dividend
R Systems International Limited	RSYSTEMS	05-Nov-13	01-Nov-13	2nd Interim Dividend Rs.8.50 Per Share (Purpose Revised)
Nestle India Limited	NESTLEIND	05-Nov-13	01-Nov-13	Second Interim Dividend
Muthoot Finance Limited	MUTHOOTFIN	06-Nov-13	05-Nov-13	Interim Dividend
Exide Industries Limited	EXIDEIND	06-Nov-13	05-Nov-13	Interim Dividend Rs.1.10 Per Share
Dabur India Limited	DABUR	06-Nov-13	05-Nov-13	Interim Dividend
MRF Limited	MRF	06-Nov-13	05-Nov-13	2nd Interim Dividend Rs.3/- Per Share
Mastek Limited	MASTEK	06-Nov-13	05-Nov-13	Interim Dividend Rs.1.75 Per Share (Purpose Revised)
Sesa Sterilite Limited	SSLT	07-Nov-13	06-Nov-13	Interim Dividend
Colgate Palmolive (India) Limited	COLPAL	07-Nov-13	06-Nov-13	First Interim Dividend
NHPC Limited	NHPC	08-Nov-13	07-Nov-13	Buy Back- Tender Offer
NMDC Limited	NMDC	08-Nov-13	07-Nov-13	Interim Dividend - Rs 3/- Per Share
Sasken Communication Technologies Ltd.,	SASKEN	08-Nov-13	07-Nov-13	Interim Dividend-Rs.2.5/- Per Share+Special Dividend - Rs.2.5/- Per Share
Wockhardt Limited	WOCKPHARMA	08-Nov-13	07-Nov-13	Interim Dividend Rs.5/- Per Share
Navin Fluorine International Limited	NAVINFUOR	08-Nov-13	07-Nov-13	Interim Dividend Rs.7.50 Per Share
KSB Pumps Limited	KSBPUMPS	08-Nov-13	07-Nov-13	Interim Dividend - Re 1/- Per Share
S Mobility Limited	SMOBILITY	11-Nov-13	08-Nov-13	Interim Dividend
Monsanto India Limited	MONSANTO	11-Nov-13	08-Nov-13	Interim Dividend Rs.12/- Per Share
Crompton Greaves Limited	CROMPGREAV	15-Nov-13	13-Nov-13	Interim Dividend
Shriram Transport Finance Company Ltd.,	SRTRANSFIN	15-Nov-13	13-Nov-13	Interim Dividend - Rs 3/- Per Share
Solar Industries India Limited	SOLARINDS	15-Nov-13	13-Nov-13	Interim Dividend - Rs 5/- Per Share
Godrej Consumer Products Limited	GODREJCP	19-Nov-13	18-Nov-13	Interim Dividend
MT Educare Limited	MTEDUCARE	22-Nov-13	21-Nov-13	Interim Dividend

NEW LISTINGS

Company Name	Offer Price (Rs.)	Exchange	Listing Date	List Price (Rs.)	Latest Traded Price	% Change to List Price (Rs.)
Satkar Finlease Ltd.	18.00	BSE – SME	11.10.2013	19.90	33.00	65.83
Newever Trade Wings Ltd	10.00	BSE – SME	17.10.2013	12.20	12.80	4.92
Subh (Tex) India Ltd	10.00	BSE – SME	22.10.2013	12.00	12.60	5.00
VCU Data Management Ltd	25.00	BSE – SME	23.10.2013	36.25	36.25	0.00
Thirthankar Infra Ltd.	10.00	BSE – SME	24.10.2013	24.00	23.90	(0.42)
SRG Securities Finance	20.00	BSE – SME	29.10.2013	23.90	22.05	(7.74)

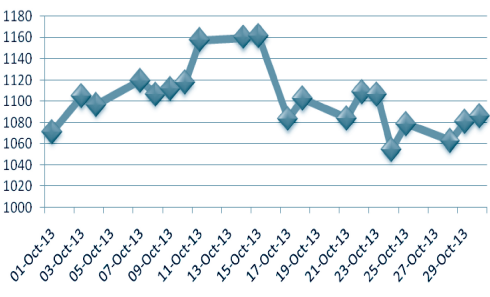
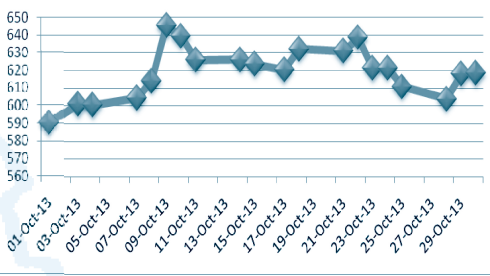
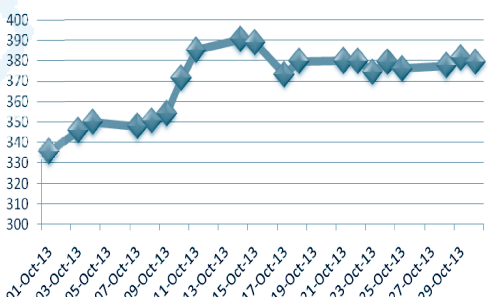
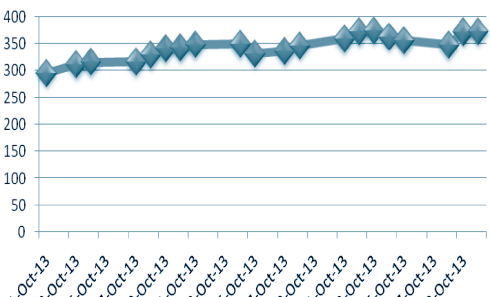
CLOSED ISSUES

Company Name	Offer Price (Rs.)	Exchange	Issue Type	Issue Opening Date	Issue Closing Date
Stellar Capital Services Ltd.	20.00	BSE	Public Issue	15.10.2013	18.10.2013
Mitcon Consultancy Ltd.	61.00	NSE	Public Issue	15.10.2013	18.10.2013
Amarpali Capital Ltd.	100.00	BSE	Public Issue	15.10.2013	18.10.2013

NEW FUND OFFERS

Scheme	Type	Class	Open Date	Close Date	Offer Price	Min. Inv. Amount
ICICI Pru FMP S70 1285T	Close	Debt – FMP	22.10.2013	05.11.2013	10	5000
Reliance FHF XXIVS24	Close	Debt – FMP	31.10.2013	05.11.2013	10	5000
DSPBR FMP S125 12M	Close	Debt – FMP	01.11.2013	05.11.2013	10	5000
HDFC FMP 371D Nov 13	Close	Debt – FMP	01.11.2013	05.11.2013	10	5000
BirlaSL FTP S IS	Close	Debt – FMP	24.10.2013	07.11.2013	10	5000
Sundaram FTP EQ	Close	Debt – FMP	29.10.2013	07.11.2013	10	5000
Reliance FHF XXIVS25	Close	Debt – FMP	01.11.2013	07.11.2013	10	5000
BirlaSL FTP S IV	Close	Debt – FMP	29.10.2013	08.11.2013	10	5000

OUR PICKS

<p>HCL TECHNOLOGIES LTD. A leading technology and IT enterprise, engaged in providing a range of software services, business process outsourcing and infrastructure services.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> Booked 12 multiyear deals in Q\$FY 13. Has declared over US \$10 billion + deal wins over last eight quarters. Hike in FDI from 49% to 74%. Decent performance in Q4F13. Acquisition of big clients. KEY RISK: US comprehensive immigration reform. EPS: 58.00. PE Ratio: 18.90. Book Value: Rs. 188.90. 	<p>BUY – Long Term</p> <p>CMP : Rs. 1085.95*</p> <p>Target : Rs. 1227.00</p> <p>52W H/L : Rs. 1119.5/534.3</p> <p>Potential Upside – 12.00%</p>	<p>HCL TECHNOLOGIES LIMITED</p>  <p>BSE Code: 532281 NSE Code: HCLTECH</p>
<p>SUN PHARMACEUTICAL S INDUSTRIES LTD. An international, integrated, speciality pharmaceutical company.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> Good Financial Performance. Diversified geographical business. Strategic Acquisitions in USA. Focus on research. KEY RISK: High Competition, Developing New medicines. EPS: 28.80. PE Ratio: 21.70. Book Value: Rs. 144.70. 	<p>BUY – Long Term</p> <p>CMP : Rs. 618.50*</p> <p>Target : Rs. 713.00</p> <p>52W H/L : Rs. 650/328</p> <p>Potential Upside – 14.00%</p>	<p>SUN PHARMACEUTICALS INDUSTRIES LIMITED</p>  <p>BSE Code: 524715 NSE Code: SUNPHARMA</p>
<p>TATA MOTORS LTD. World's 5th largest truck manufacturer & 4th largest bus manufacturer.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> Strong foothold in geographical markets. Launch of new models & higher selling price in JLR. Sluggish Sales Growth. Higher contribution from Chinese market. KEY RISK: Higher interest rates, input costs. EPS: 31.00. PE Ratio: 12.30. Book Value: Rs. 118.00. 	<p>BUY – Long Term</p> <p>CMP : Rs. 379.60*</p> <p>Target : Rs. 440.00</p> <p>52W H/L : Rs. 393.3/245</p> <p>Potential Upside – 16.00%</p>	<p>TATA MOTORS LIMITED</p>  <p>BSE Code: 500570 NSE Code: TATAMOTORS</p>
<p>YES BANK LTD. India's 4th largest private sector bank providing entire range of financial services.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> 1st bank to raise funds using RBI's new swap rules. Stable Net Interest Margin (NIM). Emphasis on low cost operations. Strong Risk Management strategies. Strengthening its presence in North Eastern and North India. EPS: 36.30. PE Ratio: 9.80. Book Value: Rs. 161.90. 	<p>BUY – Long Term</p> <p>CMP : Rs. 372.35*</p> <p>Target : Rs. 500.00</p> <p>52W H/L : Rs. 547.7/216.1</p> <p>Potential Upside – 40.70%</p>	<p>YES BANK LIMITED</p>  <p>BSE Code: 532648 NSE Code: YESBANK</p>

OUR PICKS FOR MEDIUM TERM BUYING

RELIANCE POWER LIMITED. India's leading private sector power generation company. Stock Return <ul style="list-style-type: none"> 3 Months – 5.50 6 Months – (1.20) 1 Year – (31.60) ↗ Beta: 1.10 ↗ Market Cap: Rs. 193.55 Billion	BSE Code : 532939 NSE Code : RPOWER CMP : Rs. 73.05* Target : Rs. 80.00 Stop Loss : Rs. 63.00 52W H/L : Rs. 106.7/58.55
ADITYA BIRLA NUVO LIMITED. A USD 4.5 billion conglomerate with presence across Financial Services, Telecom, F&L, ITES & Manufacturing. Stock Return <ul style="list-style-type: none"> 3 Months – 22.50 6 Months – 32.00 1 Year – 16.10 ↗ Beta: 1.30 ↗ Market Cap: Rs. 150.80 Billion	BSE Code : 500303 NSE Code : ABIRLANUVO CMP : Rs. 1213.90* Target : Rs. 1370.00 Stop Loss : Rs. 1210.00 52W H/L : Rs. 1291/885.5
PIDILITE INDUSTRIES LIMITED. Company operating in Consumer & Bazaar products, Industrial Products & Others. Stock Return <ul style="list-style-type: none"> 3 Months – (0.70) 6 Months – 4.00 1 Year – 23.60 ↗ Beta: 0.70 ↗ Market Cap: Rs. 134.31 Billion	BSE Code : 500331 NSE Code : PIDLITIND CMP : Rs. 279.45* Target : Rs. 295.00 Stop Loss : Rs. 245.00 52W H/L : Rs. 302.8/188.6
CASTROL INDIA LIMITED. Company engaged in the business of manufacturing & marketing of automotive, non-automotive lubricants & related services. Stock Return <ul style="list-style-type: none"> 3 Months – 22.50 6 Months – 32.00 1 Year – 16.10 ↗ Beta: 0.20 ↗ Market Cap: Rs. 152.50 Billion	BSE Code : 500870 NSE Code : CASTROL CMP : Rs. 307.65* Target : Rs. 355.00 Stop Loss : Rs. 285.00 52W H/L : Rs. 372/284.5
INFOSYS LIMITED. The global leader in consulting, technology and outsourcing solutions. Stock Return <ul style="list-style-type: none"> 3 Months – 20.70 6 Months – 45.10 1 Year – 43.90 ↗ Beta: 0.30 ↗ Market Cap: Rs. 1903.30 Billion	BSE Code : 500209 NSE Code : INFY CMP : Rs. 3323.90* Target : Rs. 3620.00 Stop Loss : Rs. 3300.00 52W H/L : Rs. 3367/2186
BAJAJ FINSERV LIMITED. 26 year old NBFC with business presence across the financial sector. Stock Return <ul style="list-style-type: none"> 3 Months – 2.40 6 Months – 16.90 1 Year – 28.10 ↗ Beta: 0.57 ↗ Market Cap: Rs. 100.64 Billion	BSE Code : 532978 NSE Code : BAJAJFINSV CMP : Rs. 627.80* Target : Rs. 770.00 Stop Loss : Rs. 575.00 52W H/L : Rs. 968/561
ZEE ENTERTAINMENT ENTERPRISES LIMITED. India's leading television media and entertainment company. Stock Return <ul style="list-style-type: none"> 3 Months – 3.00 6 Months – 20.30 1 Year – 16.70 ↗ Beta: 0.84 ↗ Market Cap: Rs. 256.94 Billion	BSE Code : 505537 NSE Code : ZEEL CMP : Rs. 263.25* Target : Rs. 340.00 Stop Loss : Rs. 240.00 52W H/L : Rs. 273.5/173.70

For detailed analyst reports, please visit: www.indbankonline.com ⇨ Reports & Downloads ⇨ Equity Research *Closing price as on 30.10.2013 on NSE

Mutual Fund Corner

Scheme of the Month

BIRLA SUN LIFE TOP 100 FUND

LEVEL OF RISK: BROWN (HIGH RISK)

Fund Manager: Mr. Mahesh Patil

Investment Objective:

The scheme seeks to provide medium to long-term capital appreciation, by investing predominantly in a diversified portfolio of equity and equity related securities of top 100 companies as measured by market capitalization.

Current Statistics & Profile	
Latest NAV	27.48 (30.10.13)
52-Week Range	22.76 – 27.48
52-Week High	26.68 (15.01.2013)
52-Week Low	20.40 (23.05.2012)
Fund Category	Equity – Large & Mid Cap
Type	Open End
Launch Date	September 28 2005
Net Assets (Cr)	304.28 (30.09.2013)
Benchmark	CNX Nifty

Trailing Returns

As on 30.10.2013	Fund Return	Category Return
Year to Date	5.85	1.29
1-Month	9.73	8.36
3-Month	13.28	9.65
1-Year	14.97	8.44
3-Year	4.74	0.02
5-Year	20.05	18.35
Return Since Launch 12.26		

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

Asset Allocation	
As on 30/09/2013	% Net Assets
Equity	95.89
Debt	4.11

Investment Details	
Minimum Investment Amount	Rs.5000
Additional Investment	In multiples of Rs.1000
SIP	Yes ; Min Rs.1000; Min Months:8
Options	Dividend
Expense Ratio (%)	2.86 (Regular); 0.00 (Direct)

Fund Style	Portfolio Characteristic - As on 30.09.2013												
<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> <div>Capitalisation</div> <div>Large Medium Small</div>	Growth	Blend	Value										<div>Avg. Mkt. Cap – 44324.55 Cr</div> <div>Market Capitalization</div> <div>Giant – 55.29%</div> <div>Large – 18.84%</div> <div>Mid – 22.59%</div> <div>Small – 1.42%</div> <div>Portfolio P/B Ratio: 4.40</div> <div>Portfolio P/E Ratio: 24.54</div>
Growth	Blend	Value											

PORTFOLIO – Top 10 Holdings as on 30/09/2013

Sl. No.	Name of Holding	Instrument	% Net Assets
1.	ITC	Equity	5.12
2.	Infosys	Equity	5.02
3.	HDFC Bank	Equity	4.77
4.	Reliance Industries	Equity	4.47
5.	ICICI Bank	Equity	3.99
6.	HDFC	Equity	3.62
7.	Tech Mahindra	Equity	3.41
8.	Bharti Airtel	Equity	3.30
9.	Tata Consultancy Services	Equity	3.13
10.	Indusind Bank	Equity	2.90

Top Sector Weightings – As on 30/09/2013

Sector	% Net Assets
Financial	20.58
Technology	16.13
Energy	12.07
FMCG	10.46
Healthcare	7.98

CRISIS AT THE NATIONAL SPOT EXCHANGE LIMITED (NSEL)

DERIVATIVES-OPTIONS

Of late we are seeing higher volumes in the Derivative Segment of the Stock Exchanges. The definition for Derivatives has been reproduced here for easy reference:

The term "Derivative" stands for a contract whose price is derived from or is dependent upon an underlying asset. The underlying asset could be a financial asset such as currency, stock and market index, an interest bearing security or a physical commodity.

In the Stock Market parlance, the Securities Contract Regulations Act, 1956 defines the term "derivative" as

- A security derived from a debt instrument, share, loan, whether secured or unsecured, risk instrument or contract for differences or any other form of security;
- A contract which derives its value from the prices, or index of prices, of underlying securities.

The Derivate Segment consists of Options & Futures.

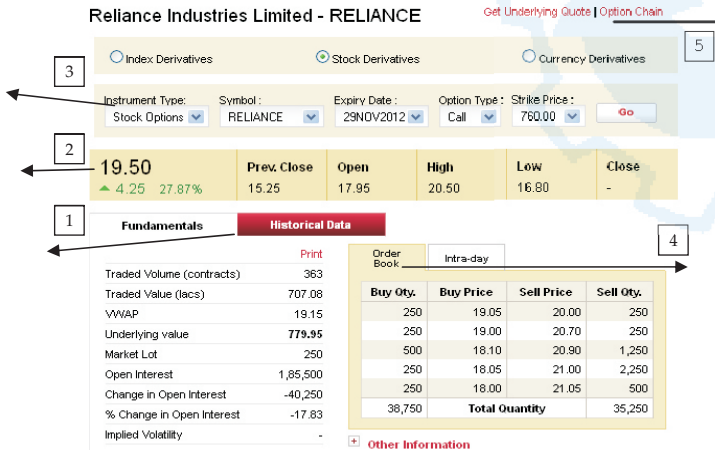
What are Options? Options give the buyer a right but not an obligation to buy or sell an asset. Options are of two types

- * **CALL** – Calls give the buyer the right but not the obligation to buy a given quantity of the underlying asset, at a certain price on or before the given future date.
- * **PUT** – Puts give the buyer the right but not the obligation to sell a given quantity of the underlying asset, at a certain price on or before the given future date.

The **main features** of an Option are

- **Strike price:** The price specified in the option contract is known as the strike price. It is the price at which the underlying asset must be bought or sold.
- **Option Price/Premium:** Option price is the premium which the option buyer pays to the option seller. It is total value of the option.
- **Expiration date:** The date specified in the option contract is known as the expiration date or the exercise date or the strike date or the maturity date.

Reliance Industries Limited - RELIANCE



The above is how Option quotes are displayed in the NSE website (www.nseindia.com).

1. A) Fundamentals

- Under this we get to know the fundamentals of the Option.

- Traded Volume in terms of the number of contracts and in terms of Rs. in Lakhs is given.
- Volume Weighted Average Price (Option Premium)
- Underlying Value is the price of the Underlying stock i.e. Stock of Reliance Industries Ltd.
- Market Lot is the number of equity shares that constitute a lot. In the above mentioned example, 250 equity shares of Reliance Limited is equal to one option.
- The open-interest position that is reported each day represents the outstanding option contracts on that day. Any increase or decrease in the number of contracts for that day is shown as a positive or negative number respectively. The market trends with respect to the Open Interest position is detailed below:

Bullish: - an increasing Open Interest in a rising market

Bearish: - a declining Open Interest in a rising market

Bearish: - an increasing Open Interest in a falling market

Bullish: - a declining Open Interest in a falling market

As the Settlement Date approaches, the open interest decreases and is reduced to Zero on the Settlement day.

- Below that is the "Change in the Open Interest " which represents addition (+) or reduction (-) in terms of No. and % of open interest Positions compared to the previous trading day.
- B) Historical Data, gives the Open, High, Low, Close and Settling prices (Last price paid on the trading day) of the Option for a week, month and selected time periods.

2. **Current Price (Premium)** of the Option is Rs. 19.50. Below that is the **Price Change for the Day**.

- Price changes for the Day in terms of closing price in Rs. and % change as compared to the previous day. Further other details like previous day's closing price (premium) and the opening, high, low and closing prices (premiums) of the current day are also given.

3. Details of the Option

- Gives the details of the Instrument Type (Stock Option or Stock Future) of the Derivative selected, symbol of the company, expiry date (of that particular option), option type (call or put) and the strike price of the option.

4. Order Book

- Order Book gives the top five Buy and Sell Quantities and Prices. The less the difference between the buy bid and sell bid, the more is the liquidity of the option. Also, higher buying bids implies higher demand for the option and vice versa if the selling bids is higher.

5. Option Chain

Option chain gives the details of all the Option Contracts in existence for a particular stock. The option chain gives a host of information about the options. We will be detailing the option chain and its various features in our next issue.

LOOK OUT FOR THE SUBSEQUENT ISSUES OF OUR MAGAZINE.

HAPPY INVESTING!!!

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