

# Indbankonline

## MARKETS FOR YOU

Private Circulation only

November - 2014

Issue - 90

### From the President's Desk

At the outset, on occasion of the Silver Jubilee celebration of our Company, we are happy to launch 3-In-1 product in association with Indian Bank. Our beloved Chairman, IBMBS and Executive Director, Indian Bank Shri. B Rajkumar, launched the product by issuing Welcome Kits to our valuable clients who have opened 3-In-1 account with us. The product gives the client the ease of managing their portfolio i.e operating and handling their Bank accounts with Indian Bank and their Demat & Trading account with IBMBS.

Banking industry has grown tremendously in terms of their network of operation, concept of NextGen Banking, improved technology, novelty in products and services they offer. Financial Inclusion campaigns have helped to include large number of society into main stream banking. However, in spite of large network of banks operating throughout the country, the number of Demat accounts has not been increased and large numbers of investors are yet to be part of the stock market. Data of NSDL and CDSL, the depositories, shows that only 21.5 million people maintain Demat account. There are several reasons for the low growth of Demat accounts across the country. One of the main reason is the lack of knowledge of the investors on, How and Where to open a Demat and Trading account?? How to Invest in stock market?? and also fear of investing in capital market.

Our move of introducing 3-In-1 account will answer the clients on how to open and manage their Demat and Trading account. We have 49 terminals within the premises of Indian Bank across the country and this Tie up with our parent bank, Indian Bank, will be a one stop services to the clients to avail Banking, Demat and Trading services. Investors can approach any of Indian Bank branches for opening Demat and Trading account which are near to our terminals. Our terminal heads are well qualified and give investment tips/calls on how to invest.

It is important to note that SEBI and Stock Exchanges are taking various measures to protect the investors' interest from the risks involved in the capital market. New platforms like SME IPOs are created to motivate the companies to mobilize capital from public. More and more companies are coming forward to mobilize funds through public offerings.

*"It's now the time to Invest in capital market to reap good returns in long run"*



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



**Banabihari Panda**

President and Whole Time Director  
Indbank Merchant Banking Services Ltd



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

## Important Happenings

- India plans to hike FDI limit in insurance sector from the current 26% to 49%. A Bill to amend the existing insurance law for this purpose is currently awaiting Parliament approval. The Government may present the Bill in the winter session. Private Insurers are keenly looking forward to the FDI limit hike as it would open the door for more capital to flow into the Indian Insurance Sector.
- The government plans to raise around 5,000 crore (\$ 813.4 million) this financial year by selling stakes in companies including ITC, Larsen & Toubro and Axis Bank. The sales could be made through an exchange traded fund that could be launched before the end of March 2015. The exchange- traded fund (ETF) would be made up of the government's stake holdings in up to 10 companies, including stakes in companies held through an offshoot of the Unit Trust of India known as SUUTI.
- Prime Minister launched a Universal Account Number (UAN) for provident fund subscribers on 17th October, 2014, which will enable to link PF account to UAN. This will, thereafter, allow easier portability as well as ease of transfer directly to bank accounts.
- The Government will invest about Rs. 50,000 crore to revive four fertilizer plants and set up two new plants at Jabalpur in Madhya Pradesh and Karnataka.
- First India-owned Special Economic Zone in foreign land would come up in Iran. The Government is in talks with the Iranian Government for setting up a joint venture fertilizer plant in Iran with an investment of Rs. 10,000 crore. The plant in Iran will be in line with Oman India Fertilizer Company which is 50% owned by Oman Oil Company.
- As a part of the Digital India Campaign, the Centre has launched an Aadhaar-based system developed by the National Informatics Center (NIC) to track attendance of Government employees. The new system, [www.attendance.gov.in](http://www.attendance.gov.in), aims to ensure that the attendance of all Government employees will be visible in real time on the common attendance portal, ensuring transparency and accountability
- The Indian Space Research Organization (ISRO) is gearing up for the first suborbital test flight of GSLV Mark III experimental mission with unmanned crew module within few days taking a step closer to sending astronauts into space. The Mark III will be one of the heaviest indigenous launch vehicles, said K Radhakrishnan, Chairman of ISRO.
- Overseas investors have pulled out a massive Rs 3,755 crore from the Indian stock market since the beginning of this month, mainly on account of profit booking. Foreign Institutional Investors or Foreign Portfolio Investors had pumped in a little over Rs 5,100 crore in Indian equity markets in September, making it the lowest net investment since February when they had infused Rs 1,404 crore.

## Snap Shots

Inflation (%) (WPI)	2.38% (Sep 2014)	3.74 (Aug 2014)	5.19 (Jul 2014)	5.43 (Jun 2014)
Particulars	24 <sup>th</sup> Oct. 2014	17 <sup>th</sup> Oct. 2014	10 <sup>th</sup> Oct. 2014	03 <sup>rd</sup> Oct. 2014
91-Day Cut-off (%)	8.4364	8.4782	8.4782	8.5201
10-yr G-Sec yield (%)	8.4828	8.5191	8.5784	8.6396
1-10 yr spread (bps)	2	1	4	12
USD/INR(Rs)	61.2355	61.6165	61.1624	61.7511
USD 6m LIBOR	0.32	0.32	0.32	0.32
10 Y US Treasury	2.29	2.22	2.31	2.42
USD/Euro Spot	0.788991	0.784067	0.791490	0.784695

## Global Indices

Indices	Country	Index as on 25 <sup>th</sup> Sep 2014	Index as on 29 <sup>th</sup> Oct 2014	Variation (%) (Inc/ Dec)
NASDAQ	United States	4,094.31	4,090.55	-0.09%
DJIA	United States	17,210.06	16,974.31	-1.37%
S&P 500	United States	1,998.30	1,982.30	-0.80%
Hang Seng	Hong Kong	23,768.13	23,819.87	0.22%
Nikkei 225	Japan	16,374.14	15,553.91	-5.01%
Shanghai Composite	China	2,345.10	2,373.03	1.19%
Straits Times	Singapore	3,290.99	3,224.03	-2.03%
FTSE 100	United Kingdom	6,639.71	6,450.26	-2.85%
CAC 40	France	4,355.28	4,110.64	-5.62%
DAX	Germany	9,510.01	9,082.81	-4.49%
SENSEX	India	26,468.36	27,098.17	2.38%
NIFTY	India	7,911.85	8,090.45	2.26%

## Institutional Investments

Category	Debt / Equity	Gross Purchases (Rs Crores)	Gross Sales (Rs Crores)	Net Investment (Rs Crores)
FII Investments (in October up to 29.10.2014)	Equity	58254.33	61631.24	-3376.91
	Debt	27818.53	11009.04	16809.49
Mutual Fund (in October up to 28.10.2014)	Equity	13860.90	8731.60	5129.20
	Debt	90731.10	62033.30	28698.0
FII Derivative Trades (in Oct up to 29.10.14)	INDEX FUTURES	INDEX OPTIONS	STOCK FUTURES	STOCK OPTIONS
-Buy	34329.26	216495.80	55954.13	39339.36
-Sell	31908.65	207022.0	56895.42	39898.55

### Editorial Team

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

**Sujay K S**  
**S. Rajalakshmi - SSO**  
**M. RVS Hemanth**

# IPO and NFO Review

## IPO NEWS

- The market regulator SEBI informed that Direct to Home service provider Videocon D2H has filed for an Initial Public Offer (IPO) to rise up to Rs 700 crore. The company had taken the regulator's approval in March 2013 for its proposed IPO but did not open the same due to bad market conditions said The Chairman And Managing Director, Venugopal Dhoot
- Tapping strong investor sentiments, as many as 12 Small and Medium Enterprises came out with their IPOs in September 2014, the highest in a single month, since the launch of dedicated SME platforms in March 2012, most of them to be listed on BSE SME platform had come out with their Initial Public Offering (IPO). Among the 12 firms that hit the Capital Markets with their IPOs in September, Momai Apparels topped the chart with Rs 30 crore initial share sales. The firm is the only one listed on NSE's platform for SMEs - NSE Emerge, among the 12 companies.
- As per data compiled by capital market regulator SEBI, together these SMEs have mopped-up Rs 160 crore in the first eight months of this year, as compared to Rs 367 crore garnered in the entire 2013.
- Hathway Cable & Datacom, one of the largest Digital Cable TV and Broadband Internet Services provider in India, informed that the board of company has approved the proposal to raise Rs 150 crore through preferential allotment of equity share. The issuance of up to 47,00,000 fully paid-up equity shares of face value of Rs 10 each to CLSA Global Markets Pte. Ltd at a price of Rs 320 per equity share aggregating to Rs 150.40 crore by way of a preferential allotment. The approval of the shareholders for such issuance and allotment will be sought at an extraordinary general meeting to be held.

## Forthcoming Corporate Actions

Company Name	Symbol	Purpose	Ex Date	Record Date
Shree Cements Limited	SHREECEM	Annual General Meeting	3-Nov-14	-
Marico Kaya Enterprises Limited	MAKE	Annual General Meeting	3-Nov-14	-
MM Forgings Limited	MMFL	Interim Dividend - Rs 3/- Per Share	3-Nov-14	5-Nov-14
HCL Infosystems Limited	HCL-INSYS	Annual General Meeting	3-Nov-14	-
Sesa Sterlite Limited	SSLT	Interim Dividend	3-Nov-14	5-Nov-14
Navin Fluorine International Limited	NAVINFLUOR	Interim Dividend Rs 7.50/- Per Share	5-Nov-14	7-Nov-14
R Systems International Limited	RSYSTEMS	3rd Interim Dividend	5-Nov-14	7-Nov-14
Kaveri Seed Company Limited	KSCL	Interim Dividend Rs.2.50 Per Share	7-Nov-14	10-Nov-14
Kalindee Rail Nirman (Engineers) Limited	KALINDEE	Annual General Meeting	10-Nov-14	-
Godrej Consumer Products Limited	GODREJCP	Interim Dividend	11-Nov-14	12-Nov-14
Page Industries Limited	PAGEIND	2nd Interim Dividend	17-Nov-14	18-Nov-14

## New Fund Offers

Fund Name	Type	Open Date	Close Date	Min Inv Amount	Offer Price
Reliance Dual Advantage FTF - VI - Plan F (G)	Close	27-Oct-14	10-Nov-14	5,000.00	10
Reliance Dual Advantage FTF - VI - Plan F (D)	Close	27-Oct-14	10-Nov-14	5,000.00	10
Reliance Dual Advantage FTF - VI - Plan F - Dir(G)	Close	27-Oct-14	10-Nov-14	5,000.00	10
Reliance Dual Advantage FTF - VI - Plan F - Dir(D)	Close	27-Oct-14	10-Nov-14	5,000.00	10
Tata FMP - Sr.48 - Scheme G (G)	Close	27-Oct-14	10-Nov-14	5,000.00	10
Tata FMP - Sr.48 - Scheme G (D)	Close	27-Oct-14	10-Nov-14	5,000.00	10
Tata FMP - Sr.48 - Scheme G - Direct (G)	Close	27-Oct-14	10-Nov-14	5,000.00	10
Tata FMP - Sr.48 - Scheme G - Direct (D)	Close	27-Oct-14	10-Nov-14	5,000.00	10
Reliance Dual Advantage FTF - VI - Plan F (G)		27-Oct-14	10-Nov-14	5,000.00	10
Birla Sun Life FTP - Series MD - Direct (G)	Close	29-Oct-14	4-Nov-14	5,000.00	10
Birla Sun Life FTP - Series MD (D)	Close	29-Oct-14	4-Nov-14	5,000.00	10
Birla Sun Life FTP - Series MD (Div-Q)	Close	29-Oct-14	4-Nov-14	5,000.00	10
Birla Sun Life FTP - Series MD (G)	Close	29-Oct-14	4-Nov-14	5,000.00	10
Birla Sun Life FTP - Series MD - Direct (Div-Q)	Close	29-Oct-14	4-Nov-14	5,000.00	10
ICICI Pru FMP - Series 75 - 1103Days Plan P-Reg(G)		30-Oct-14	5-Nov-14	5,000.00	10
ICICI Pru FMP - Series 75 - 1103Days Plan P-Reg(D)		30-Oct-14	5-Nov-14	5,000.00	10
ICICI Pru FMP - Series 75 - 1103Days Plan P-Dir(G)		30-Oct-14	5-Nov-14	5,000.00	10
ICICI Pru FMP - Series 75 - 1103Days Plan P-Dir(D)		30-Oct-14	5-Nov-14	5,000.00	10
DWS FMP - Series 80 - 1100Days - Direct (Div-Q)	Close	4-Nov-14	11-Nov-14	5,000.00	10
DWS FMP - Series 80 - 1100Days - Direct (Div-A)	Close	4-Nov-14	11-Nov-14	5,000.00	10
DWS FMP - Series 80 - 1100Days (Div-A)	Close	4-Nov-14	11-Nov-14	5,000.00	10
DWS FMP - Series 80 - 1100Days (Div-Q)	Close	4-Nov-14	11-Nov-14	5,000.00	10
DWS FMP - Series 80 - 1100Days - Direct (D)	Close	4-Nov-14	11-Nov-14	5,000.00	10
DWS FMP - Series 80 - 1100Days - Direct (G)	Close	4-Nov-14	11-Nov-14	5,000.00	10
Franklin India Multi-Asset Solution Fund (G)	Open	7-Nov-14	21-Nov-14	5,000.00	10
Franklin India Multi-Asset Solution Fund - Dir (D)	Open	7-Nov-14	21-Nov-14	5,000.00	10
Franklin India Multi-Asset Solution Fund - Dir (G)	Open	7-Nov-14	21-Nov-14	5,000.00	10
Franklin India Multi-Asset Solution Fund (D)	Open	7-Nov-14	21-Nov-14	5,000.00	10

## OUR PICKS

### GUJARAT PIPAVAV PORT LTD.

Gujarat Pipavav Port Ltd (GPPL), incorporated in 1996, is the country's first private sector port managed and operated by APM Terminals. APM Terminals is the ports and terminals company of the maritime giant, the A.P. Moller - Maersk Group. The company is engaged in providing port handling and marine services for container cargo, bulk cargo, and LPG cargo. Apart from that, GPPL is also engaged in operating Container Freight Station (CFS) and it also generates revenue from land - related and infrastructure activities. GPPL has emerged as an important gateway port on the West Coast of India for containers, bulk and liquid cargo. Location in Gujarat offers the distinct advantage of being a gateway to vast North and North West hinterland (Rajasthan, Delhi/NCR and Punjab), which account for ~60% of the total cargo traffic in India.

#### Investment Rationale:

- Lower finance cost to aid profitability further, expects revenue CAGR of ~39% over CY13 -15E.
- Prime assets with strong parentage.
- Volume rise and tank farms revenue addition provide valuation upside.

#### KEYRISK:

1. Minimal consistency in container cargo.
  2. Competition and upcoming capacity may impact volume growth.
- EPS: 4.9
  - PE (x): 33.1
  - Book Value Per Share: Rs. 34.0

**BUY**  
**Long Term**

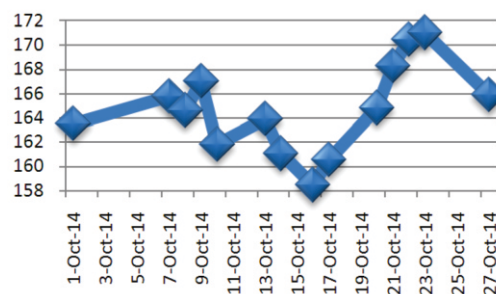
**CMP** : Rs.165.9

**Target** : Rs.192

**52W H/L** : Rs.182.40/44.60

**Potential Upside:** ~17.00%

### GPPL



**BSE Code:** 533248

**NSE Code:** GPPL

### ENGINEERS INDIA LIMITED

Engineers India Limited (EIL) is a distinctive company in the listed engineering space with the core focus being the consultancy business in the hydrocarbon space. EIL is the leader in the domestic market and it has made its presence felt in the international market with its recent big ticket success in the MENA region. We are positive on the growth prospects of EIL backed healthy order book. Further, we believe that EIL will be the major beneficiary, given the recovery in domestic capex coupled with order wins in international segment. On the back of higher revenue visibility, we expect PAT to grow at ~12.7% CAGR between FY14 -16E.

#### Investment Rationale:

1. Revenue to grow at a CAGR of ~12.9% over FY14-16E.
  2. Diversified revenue mix to augur well for the company.
  3. Strong order backlog to provide higher upside.
- EPS: 14.3.
  - PE (x): 16.3.
  - Book Value Per Share: Rs. 74.80

**BUY**  
**Long Term**

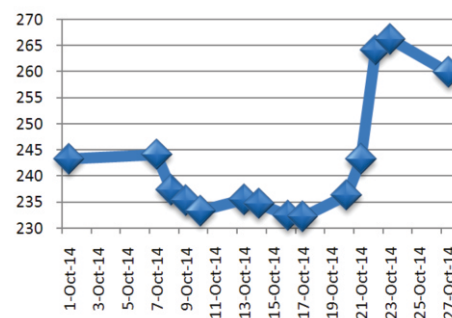
**CMP** : Rs. 259.90

**Target** : Rs. 280.00

**52W H/L** : Rs.331.0/142.1

**Potential Upside:** ~19.90%

### ENGINEERS INDIA LTD



**BSE Code:** 532178

**NSE Code:** ENGINEERSIN



## OUR PICKS

### SUN PHARMACEUTICALS LTD

Sun Pharmaceuticals Ltd (Sun Pharma), established in 1983, is an international specialty pharma company. The company is engaged in the manufacturing and marketing of pharmaceutical formulations such as branded generics, as well as generics in India, the US and several other markets across the world. Operating primarily in four segments, namely, Indian Branded Generics, US Generics, International Branded Generics (ROW) and Active Pharmaceutical Ingredients (API), Sun Pharma is a leader in niche therapy areas of psychiatry, neurology, cardiology, nephrology, gastroenterology, orthopedics and ophthalmology. With its 18 manufacturing sites worldwide, the company markets over 200 generics in the US with another 150 awaiting approval from the US Food and Drug Administration (USFDA).

#### Investment Rationale:

1. Witnessed healthy numbers in Q1FY15.
  2. Acquisition of Ranbaxy will make Sun Pharma India's largest pharma firm by market share.
  3. Strong product pipeline augurs well for Sun Pharma.
- EPS: 31.0.
  - PE (x): 25.70.
  - Book Value Per Share: Rs.114.70.

**BUY**  
**Long Term**

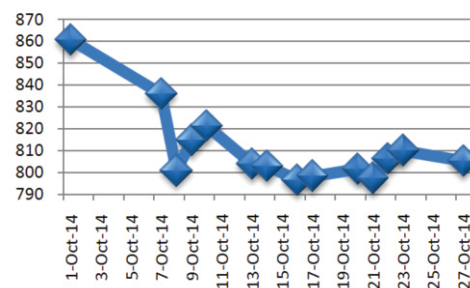
**CMP** : Rs.805.2

**Target** : Rs.900.00

**52W H/L** : Rs.878.4/552.6

**Potential Upside:** ~12.90%

### SUN PHARMACEUTICALS LTD



**BSE Code:** 524715

**NSE Code:** SUN PHARMA

### INSECTICIDIES (INDIA) LTD.

Established in 2001, Insecticides (India) Ltd (IIL) is a public limited company engaged in the manufacturing of pesticide formulations for crop protection as well as technical up-gradation of products. IIL has an extensive portfolio of 15 technical and 120 products constituting of insecticides, herbicides, fungicides and Plant Growth Regulators (PGRs) among others. The company deploys five state-of-the-arts ultra-modern production facilities with world class automated machineries for the formulation and technical synthesis of agro chemicals. IIL have their plants at Rajasthan, J&K and Gujarat. It has its presence throughout the country with North and South being the primary markets.

#### Investment Rationale

1. Robust performance supported by encouraging response from IIL's new products
  2. Existing & new product launches to drive revenue growth for the company
  3. Revenue to grow at a CAGR of ~32.5% over FY14-16E
- EPS: 55.30
  - P/E (x): 25.1
  - Book Value Per Share: Rs.194.40

**BUY**  
**Long Term**

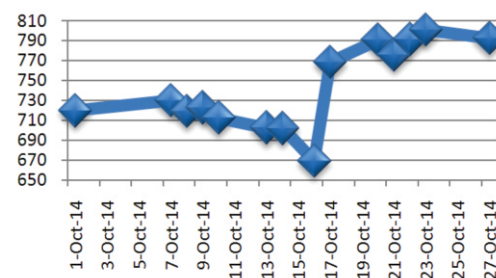
**CMP** : Rs.792.55

**Target** : Rs.940.00

**52W H/L** : Rs.832.00/200.00

**Potential Upside:** ~18.70%

### INSECTICIDES INDIA LTD



**BSE Code:** 532851

**NSE Code:** INSECTICID

For detailed analyst reports, please visit: [www.indbankonline.com](http://www.indbankonline.com)

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\* Closing price as on 27.10.2014 on NSE

# Mutual Fund Corner

## Scheme for the Month

### ICICI PRUDENTIAL BANKING & FINANCIAL SERVICES FUND - REGULAR PLAN

**LEVEL OF RISK: BROWN (HIGH RISK)**

**FUND MANAGER: Mr. VENKATESH SANJEEVI**

#### Investment Objective:

The scheme seeks to maximize long term capital gains by investing in equity and equity related securities of banking, financial and non-banking financial companies that form a part of Banking and Financial Services Industry. A large share of the assets of the scheme will be invested in the stocks comprising the benchmark, BSE Bankex Index.

Asset Allocation	
As on 30/09/14	% Net Assets
Equity	96.02
Debt	4.32
Cash & Cash Equivalent	(0.34)

Current Statistics & Profile	
Latest NAV	32.63
52-Week Range	19.47 - 32.47
52-Week High	32.47 (17th October 2014)
52-Week Low	23.49 (07th November 2013)
Fund Category	Banking
Type	Open Ended
Launch Date	August 22 2008
Net Assets (Cr)	471 (30th September 2014)
Benchmark	S&P BSE BANKEX

#### Trailing Returns

As on 25 <sup>th</sup> Sep 2014	Fund Return	S & P BSE 100 Return	Category Return
Year to Date	46.98	45.74	43.45
1-Month	4.18	6.10	5.39
3-Month	7.16	8.01	6.61
1-Year	60.82	52.26	52.34
3-Year	27.29	19.97	17.35
5-Year	18.60	14.37	12.50
Return Since Launch 21.08 %			

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

Investment Details	
Minimum Investment Amount	Rs.5000
Additional Investment	In multiples of Rs.1000
SIP	Yes ; Min Rs. 1000
Minimum Balance	5000
Options	Growth & Dividend
Dividend History (Rs./Unit)	2013-14 -1.00; 2012-13-2.0; 2010-11-0.5.
Expense Ratio (%)	2.76 (31.03.2014)
Exit Load (%)	1% (for redemption within 365 days)

Fund Style	Concentration & Valuation																								
<div><div>Investment Style</div><table><tr><td>Growth</td><td>Blend</td><td>Value</td></tr><tr><td><div></div></td><td><div></div></td><td><div></div></td></tr><tr><td><div></div></td><td><div></div></td><td><div></div></td></tr><tr><td><div></div></td><td><div></div></td><td><div></div></td></tr></table></div> <div><div>Capitalisation</div><table><tr><td>Large</td><td>Medium</td><td>Small</td></tr><tr><td><div></div></td><td><div></div></td><td><div></div></td></tr><tr><td><div></div></td><td><div></div></td><td><div></div></td></tr><tr><td><div></div></td><td><div></div></td><td><div></div></td></tr></table></div>	Growth	Blend	Value	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	Large	Medium	Small	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div>No. of Stocks - 22</div> <div>Top 10 Holdings - 67.04%</div> <div>Top 5 Holdings - 45.50%</div> <div>Top 3 Sectors - 96.02%</div> <div>Portfolio P/B Ratio:2.19</div> <div>Portfolio P/E Ratio: 18.73</div>
Growth	Blend	Value																							
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#### PORTFOLIO - Top 10 Holdings as on 30/09/2014

Sl. No.	Name of Holding	Instrument	% Net Assets
1.	HDFC Bank	Equity	18.54
2.	ICICI Bank	Equity	11.43
3.	Bajaj Finserv	Equity	5.28
4.	City Union Bank	Equity	5.15
5.	Max India	Equity	5.1
6.	Sundaram Finance	Equity	4.97
7.	State Bank of India	Equity	4.52
8.	Punjab National Bank	Equity	4.24
9.	Repc Home Finance Ltd.	Equity	4.08
10.	ING Vysya Bank	Equity	3.73

# Beginner's Corner

## EXCHANGE TRADED FUNDS - 1

An Exchange-Traded Fund (ETF) is an investment fund, traded on stock exchanges, much like stocks. An ETF holds assets such as Stocks, Commodities, or Bonds, and trades close to its Net Asset Value over the course of the trading day. ETFs may be attractive as investments because of their low costs, tax efficiency and stock-like features. ETFs aim to capture the major sectors of the Indian Economy by owning a diversified mix of major companies that represent the majority of the total market capitalization of the Indian Economy.

Exchange-Traded Funds have grown increasingly popular in recent years and the number of offerings has swelled. The difference between an ETF and a mutual fund is that when you buy an ETF you buy it from someone else in the market, and not from the ETF Trust, however, when you buy a Mutual Fund you buy it directly from the fund house. In this respect an ETF is like a share that trades on the stock exchange.

The question here arises is how the ETFs are created??

An ETF is a "basket" of numerous stocks and other investment assets combined into a single investment product. They can only be created by huge Financial Management Institutions.

First, the company plans out the ETF, deciding exactly what assets will be included and details such as fees and the number of shares it'll be creating. Then the regulatory body approves the plan. At that point, Authorized Participants like large dealers / brokers / jewelers or other institutional players can begin to buy shares of the ETF. ETFs don't sell their shares individually instead, they sell huge chunks of shares called Creation Units, which may contain tens or even hundreds of thousands of shares. Creation units aren't purchased, instead, they're traded for the equivalent amounts of the assets that the shares represent.

The Authorized Participants who now hold thousands of shares of the ETF can then trade those shares on the Open Stock Market, selling them to individual investors. It's now where the ETFs are available for individual investor to buy and sell ETFs on the stock market whose volume can be even one share.

If Authorized Participants want to cash out, they have to buy up enough shares to make up their initial Creation Unit and simply trade the shares back to the ETF Sponsor, receiving the equivalent assets in return, which is known as Redemption Unit. It's important to keep in mind that when you buy a Gold ETF or Nifty in the stock market – that has no effect on the gold holding or Nifty stock holding of the ETF trust. That's only affected by the issue and redemption process of Authorized Participants. This process also helps to keep the NAV close to the traded value of the ETF because the Authorized Participants can arbitrage and make money whenever there is a difference between the two.

At the end of the day, both ETFs and Mutual Funds are investment vehicles that let you take a position on an asset class without exposing yourself to too much of one company's shares or bonds.

*We trust the above information to be informative! HAPPY SAVING!!*

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